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Dear Client:

The Austin area is being flooded by people. How do you turn off the spigot? Should you turn off the spigot? The answers are really irrelevant because it is happening now and shows no sign of a letup.

The numbers are mind-numbing. Take the 30 fastest-growing US metro areas with a population of at least a million and look at their rate of growth from 2011 to 2012. **By far, the Austin metro is the fastest growing in the United States.** These are the latest official figures from the USCensus Bureau, by the way.

Austin's rate of growth was 3%. This is huge. The #2 and #3 metros of **Orlando** and **Raleigh** were midway between 2.0% and 2.5%. #4 **Houston** was a tad above 2.0%. All the rest of the 30 biggest US metros were below 2%, with metros such as Indianapolis and Minneapolis falling below 1.0%. This compilation is from the City of Austin's demographer, **Ryan Robinson.**

Okay, percentages can sometimes be a bit misleading. After all, smaller metros can show a high *percentage* increase with smaller *actual* numbers. So, Ryan, **how did Austin stack up against much bigger metros when you analyzed the actual numbers** from 2011 to 2012?

Austin's actual population increase was more than 50,000. This placed the Austin metro at 11th in the nation. Not bad, especially when you consider Austin's actual number increase was **greater than bigger metros like Denver, San Diego, Boston, Chicago and Philadelphia.**

Okay, so who are these newbies? We've asked this question before. But Robinson can crunch numbers with the best of them. So he looked at the **educational level of those who are migrating to the Austin area.** Are they a bunch of dummies or dunces? Nope.

He turned to the American Community Survey and determined, once again, the **Austin metro leads the nation -- this time, in the net number of migrants with at least a Bachelor's degree per 10,000 total population,** followed closely by Raleigh, with a big drop-off for every other major metro. So, "our newbies are smarter than your newbies," or something like that. He has further fascinating facets of what's happening in the Austin area – in the next item.

Is the City of Austin, the undisputed bedrock of the 5-county metro, losing some of its clout? Recent population changes indicate there *may* be a shift in that direction.

As you know, Travis, Williamson, Hays, Bastrop and Caldwell counties are encompassed in the Austin-Round Rock-San Marcos metropolitan area. The City of Austin is the Big Kahuna in the mix. In fact, there are about **17,000 Williamson County residents included in the city limits of Austin – making Austin the 3rd largest city in Williamson County**, in addition to being the dominating force in Travis County. So, how could Austin's clout be waning?

Take a look at where those who are moving to the metro actually choose to live. First, let's go back to what was happening from **1990 to 2000**. There was also a growth spurt during those years, with more than a **404,000 population increase**. In retrospect, the handwriting on the wall started at that time.

Of those who moved to the 5-county metro area, 52.7% opted for suburban outlying metros, while only 47.35% picked Austin as the place to live, according to City of Austin demographer **Ryan Robinson**, after examining US Census Bureau data. Now, fast forward to current data – from 2000 to 2010. Only 28.7% of those who moved to the 5-county metro picked Austin as a place to live. **And, a whopping 71.3% of the more than 466,000 migrants chose to put down roots in the suburban metro areas**. While the trend was established a decade earlier, this is a huge jump in the trend toward living outside Austin's city limits.

To give you an idea of the overall impact of this trend, just look at what has happened **since 1960, when 65.0% of the entire 5-county population lived *inside* the Austin city limits**. By 1990 that percentage, which had been steadily declining, dropped to 55.0%. Then, in 2000, 52.5% of the metro area's population lived in the City of Austin.

The trend continued with a dramatic acceleration. The nose-counting USCensus is conducted every ten years. It was the 2010 census count that punched the trend over the edge in a big way. The official count showed that **in 2010 only 46.1% of all the people in the 5-county metro area counted the City of Austin as their residence**.

Let's put this in perspective. **How does the in-city/suburb population mix compare to other US cities?** As an example, **Atlanta is considered "completely surrounded"** as only 8% of its metro population is inside the city limits. At the other end of the spectrum, **Jacksonville is deemed to be "wide open," with 61%** of the metro population living inside the Jacksonville city limits.

With 46.1% of its metro population inside the city limits, **Austin falls somewhere in the middle**. Portland is there also, with 26% of its metro population within the city limits. Bottom line: **Austin suburban voices are getting louder and should be more forceful in the future**.

If there was ever any doubt the City of Austin was going all-in on renewable energy sources to supply electricity to its customers, that doubt should have been erased this week.

Plans were announced Monday to seek proposals for a **huge solar energy project**. And it comes just a few weeks after Austin committed to a **major increase in its wind power capacity**. Let's break it down, because this is a big deal.

First of all, consider that the city-owned Austin Energy (AE) already has **one-third of the installed solar capacity** in the entire Electric Reliability Council of Texas (ERCOT) grid. *One third*, just for one city. **This one-third is reached by using 30 MW of solar power**. Now it is expanding this tremendously.

This week Austin Energy is going out to get proposals for a **50 MW utility-scale solar energy project** to be in operation no later than the end of 2016. And AE said it would purchase all of the energy it produces for a 25-year period.

Do the math. Okay, we'll do the math for you. Depending upon what other cities do in the interim, reaching 50 MW just for solar energy, **Austin Energy could conceivably be using close to one-half of ERCOT's installed solar capacity**. *One half*, just for one city.

What's the cost for this significant undertaking? After all, what AE pays for its electricity impacts what it charges you on your utility bill. Well, Austin Energy is not saying – obviously waiting for the proposals. The only comment from AE's GM **Larry Weis** was: “the extension of the **federal business energy investment tax credit** and the continued **decline in the cost of utility-scale solar** make this an ideal time to invest in more solar power for our community.”

Now, about *wind* power. AE currently has agreements for 850 MW of electricity generated by wind. Remember, we told you as far back as 7.19.13 AE entered into three huge contracts for wind-generated electricity. When that electricity comes online by 2015 it will **push the wind-powered portion up to 1,225 MW**.

Also, on 8.23.13, we told you AE's GM Weis sent a memo to the Austin City Council saying “**solar remains a challenge due to its costs**.” (Click on the “Archives” button at the top of the page to get the details from both the 7.19.13 and 8.23.13 editions). What has changed in just 60 days?

Meantime, Austin Energy issued a news release this week saying these recent forays into wind and solar would “**help Austin Energy meet its 35% renewable energy resource goal by 2016 – four years ahead of the 2020 deadline imposed by the Austin City Council**.” Overhanging all this is the cost to you, when you pay your monthly electric bill (that has skyrocketed recently). Austin Energy's current electricity generators – natural gas, coal and nuclear – are relatively inexpensive. Yet, utility bills are at record highs. It deserves watching.

Is the Lone Star State America's future? *TIME* magazine devoted a cover story to exploring that question and came up with ten reasons why this could be true.

The illustration on the cover was pretty clever. **The headline on the cover was “The United States of Texas.”** The illustrator scrunched a multi-colored outline of all the states into one big outline of Texas. It graphically demonstrates the thesis of the writer, economist **Tyler Cowen**, who makes the case that Texas is the future of the US. Some of his ten reasons:

“Everyone’s moving there.” Noting that Texas contains three of the top five fastest-growing cities in the country (Austin, Dallas and Houston), Cowen points out that **“since 2000, 1 million more people have moved to Texas from other states than have left.”**

“Cheap land, cheap houses.” He suggested that part of the motive to move is that people leave their current states **“when their incomes aren’t keeping pace with the rising cost of living.”**

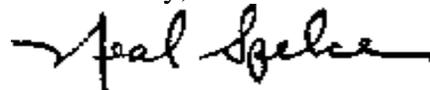
“Jobs.” “Of course, it’s not just cheap living that draws people to Texas, it’s also jobs,” observed Cowen. He noted that just in the past 12 months, **Texas created 12% of all jobs added nationwide.**

“Low taxes.” Cowen’s calculations show that **Texas collects roughly \$3,500 in all state and local taxes per resident.** By contrast, he reports **California collects \$4,900 per resident and New York collects a whopping \$7,400 per resident.**

He also said Texas excelled when you considered such items as the **“middle-class squeeze,” “automation”** and **“the skills gap.”** Texas, he writes, is “America’s America,” where Americans go when they need a fresh start. And a little more Texas could go a long way.

Dr. Louis Overholster tells his patients that the appendix is a fascinating body organ in that it apparently serves no useful purpose – much like the brain in members of Congress!

Sincerely,



Editor/Publisher