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Dear Client:

Where does UTAustin rank worldwide on a list of universities that produce the most millionaires? Pretty doggone high. This is not only an argument for getting an education at UTAustin, but it also bodes very well for academic excellence.

You've heard forever that a person with a college education earns more money than those who never walk on a college campus. This truism has now been quantified to determine the number of college alums who are millionaires. **WealthInsight**, a data research company, teamed with **Spear's**, a business magazine, to come up with a worldwide tabulation.

UTAustin ranked #17 in the world, #13 in the US and the highest in Texas for producing the most millionaires. **Harvard University** topped the list. **Southern Methodist University** ranked #71, **TexasA&M** #75 and the **University of Houston** was ranked #83 on the list of the Top 100.

While this ranking in and of itself has some value, **it has broader implications for the financing of UTAustin.** An institution that has more rich alums can cast a wider net for raising philanthropic dollars. And UTAustin is increasingly dependent on philanthropy.

"As state funding continues its decades-long decline as a share of our budget, and as we focus on **keeping tuition affordable**, we need to cultivate new streams of funding to close the gap and to raise the bar of excellence," said UTAustin president **Bill Powers** in his recent State of the University address. **"Only through philanthropy will we be able to realize our founders' vision for national and world-class greatness."**

"To achieve this vision, seven years ago we launched the Campaign for Texas," Powers continued. **"We set a goal three times larger than anything attempted before – \$3 billion."** The campaign is now in its final year. So where does it stand? **"We are within striking distance of our goal**, but before we can claim victory we will need one more extraordinary year, an effort that dwarfs anything we have seen so far."

That long list of UTAustin millionaire alums will continue to be targeted to give, and give again – along with friends, foundations and corporations.

So, how is UTAustin progressing toward its goal of becoming the top public research university in the nation?

We've recently reported UTAustin has been ranked as the 25th and 26th best university in the world by two different highly-regarded international university rankings services. **But what about the *individual departments and organized research units***? What's happening in the trenches, where the work of a university is done?

“These are the organic units of a university. They are where the widgets are made. **They are where the teaching and the research take place,**” Bill Powers, UTAustin's president points out. “We have progressed as a university because we have progressed at the level of our individual programs.”

He went on: “the number of programs ranked in the top five has gone from 16 to 20 in eight years, **an increase of 25%**. Top five graduate programs have grown by **more than 75%** in eight years, from nine to 16. **We now have 59 top-10 programs and 111 top-25 programs.**”

“These rankings are just a reflection of a more important underlying reality,” he said. “They are the results of the fact that **we are actually getting better at what we do.**”

“**We are teaching better.** We are doing **deeper and more extensive research.** We are **engaging our students and the community** in richer and more meaningful ways. **We are more diverse,** both in our student body and our faculty. We have refocused and re-energized our **undergraduate experience,**” said Powers as he ticked off UTAustin's status in his State of the University annual report.

Because UTAustin is such a large enterprise, he also spoke to other aspects of running a university: “we have focused on the **cost of a UT degree and on the time it takes our students to get a degree.** We are leading efforts across the state and nation to **incorporate new technologies and teaching methods** into our curriculum.”

“We have become and are becoming even **more efficient in our business practices.** Put bluntly,” he said, “we have become **more productive at what we do.** That is good change. **Critically, we measure our success against the criteria of what it means to be a world-class teaching and research university.**”

Memo for next year: avoid departing from Austin-Bergstrom International Airport the Monday following the Formula One race weekend. 21,769 passenger departures this year broke a record set the first year of Formula One. (An average day is about 13,000 passenger departures.)

Is Seattle the next tech mecca? Some techies think so and they credit Amazon Web Services (AWS).

Those backing this assertion claim **Seattle is where the cloud is happening**. They point to the recently concluded AWS re:Invent Conference that recently attracted 9,000 people after the first session last year drew about 6,000 people. **“That’s pretty impressive growth for a conference based on a product – AWS – that has only existed for six years,”** reported **Emily Parkhurst** with the *Puget Sound Business Journal*. The cloud’s AWS is a unit of Seattle-based Amazon.com.

Parkhurst noted that **thousands of cloud engineers are flooding the Seattle area to work for Amazon and for Microsoft’s cloud system, Azure**. It’s like the early days of Microsoft, she reported.

No need to worry about job growth in other markets. The Austin metro area continues to be a job creation machine -- adding jobs, and workers to fill those jobs, at a steady, consistent rate.

More than 11,000 jobs were added in the 5-county Austin metro area during September and October. And they were being filled. The unemployment rate dropped to 5.1% in October – lower than the same month a year ago.

Job growth continues to translate into new tenant leases and expansions in the Austin area office market, particularly in the suburbs.

According to commercial real estate firm REOC Austin, **available office space is dwindling to the point that the citywide vacancy rate tightened to 11.8%, compared to 14.1% a year ago**. And of course this means **rental rates are on the rise**. Keep an eye on the next 12 months, because REOC Austin calculates that 1.3 million square feet of office product currently under construction is scheduled to come online over the next dozen months.

Speaking of fewer vacancies, Austin’s apartment market continues to be the tightest of the big city Texas metros.

At the end of October, **Austin apartments were 94.83% full** according to O’Connor & Associates. Other Texas cities are close behind Austin. **Compare Austin’s 94.83% to 93.10% in Dallas/Ft. Worth ... 92.17% in San Antonio and 92.10% in Houston**. And, of course, this tight-as-a-tick situation means apartment rental rates continue rising in Austin.

Austin area home prices have risen about 40% in the past five years. And they are still rising. A Texas real estate economist says rising home prices are reason to celebrate. Why? Because he says a lot of good things happen when house prices appreciate.

The chief economist and Director of Research at TexasA&M's Real Estate Center, **Mark Dotzour**, ticks off three reasons why rising home prices, in general, are good news.

First, **he says increasing prices reignite buyer psychology**. He points out when prices are flat or falling, potential homebuyers have little urgency to make an offer.

Second, **when prices increase, it means fewer American homeowners are underwater on their mortgage**, he noted. "This frees them up to refinance or to sell their property. As price appreciation continues, more and more homeowners will go from negative to positive equity."

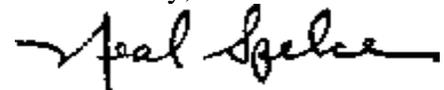
Third, **"when prices go up it means that the expected losses for Fannie Mae, Freddie Mac and FHA will go down**. This will save the American taxpayers billions of dollars," Dotzour observed.

As a result of these three items, he says that **"with increasing buyer enthusiasm, look for prices to continue to increase in 2014."**

In Austin, the number of homes for sale is near a historic low. This means a lot of buyers are scrambling to find a house they like. And when they do, they generally bid aggressively to buy it. Naturally, this leads to a run-up in prices. Dotzour does not consider this a crisis. "The only housing crisis is many households that would like to buy a home cannot do so because of the **government's mishandling of Dodd-Frank regulations regarding qualifying mortgages.**"

Even though it is not "official," Friday after Thanksgiving for most has become a day-off (except those working in retail). So we are uploading this edition of the newsletter early. **Dr. Louis Overholster** says Thanksgiving is that magical time of year when obesity statistics go up!

Sincerely,



Editor/Publisher