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Dear Client:

Is it time to re-visit whether the relatively-new Austin Convention Center should be modified, possibly even expanded? Rather than react, it could make economic sense to get ahead of the curve as the visitor industry in Austin is on the verge of exploding.

Austin is already nationally-recognized as a great visitor destination. And that reputation is growing by the day. Set aside for the moment what makes Austin so attractive to visitors and focus on the **economic benefits to the local economy. Visitor dollars are clean dollars.**

Visitors – for either leisure, conventions/meetings or business reasons – **spend a lot of money, then leave.** Those dollars provide jobs and the money circulates throughout the area. Taxpayers don't have to build schools for them or provide many other services on a daily basis that residents require. **Many communities around the world have successfully built their entire economies around visitors.**

The Austin area of course has *other* major economic underpinnings, such as government, technology companies, educational institutions, etc. But expanding the visitor segment would **diversify and solidify the area economy** for years.

The Austin area has the basic qualities for a good visitor destination. The various types of visitors usually have several “needs” in common: **a good place to stay, shopping, a variety of eateries, things to see-and-do, etc.** Shopping, eateries, things to see-and-do are already present.

But there is also a chicken-and-egg facet to the visitor industry. To make the equation complete, a city needs an **abundance of places to stay.** And for the convention-goer, **adequate facilities in which to meet are essential.** Hotels and facilities feed off each other. To Austin's credit, it got ahead of the curve several years ago when it invested in a really good convention center. And now it could be that **major new hotels are about to leap ahead of the convention center's adequacy.**

A visitor will be hard-pressed to find a hotel room in Austin this next week. But help is on the way. Check out the next item to see **what is happening on the new hotel front** and why this building boom could limit the Convention Center's future ability to handle more visitors.

In the first week of this month, a new large downtown Austin hotel opened its doors for business and another said it plans to break ground in June. In addition to these projects, bigger hotels could soon be open for business, creating the support foundation for an even more vibrant visitor industry in Austin.

When it officially opened this week at San Jacinto and East Third downtown, the operators of the new **296-room Hyatt Place hotel claimed it is the largest Hyatt Place in the nation.** At about the same time, operators of the proposed **327-room, 16-story Hotel Van Zandt** said it expects to break ground at Red River and Davis in June.

And if you've tried to negotiate downtown streets lately, you no doubt noticed a humongous hole in the ground that is the beginning of a **1,000-room JW Marriott** downtown. There's more. So, to wrap it all up in a neat package, let's take a look at the status of hotel projects:

JW Marriott. This upscale portion of the Marriott worldwide brand is claimed to be its largest so far. It will be 34-stories tall and contain 1,000 hotel rooms along with expansive, and flexible, meeting space. It is talking about a 2015 opening, between Congress Avenue and the Austin Convention Center.

Fairmont Austin. A strong competitor to the JW Marriott when it opens in 2016, it is closer to the Convention Center – in fact, just across the street. And at 50 stories, it will be second in height to only the Austonian condominiums. It, too, is boasting it will contain 1,000 rooms.

Hotel Zaza. The Austin City Council has approved a 24-story hotel for this modern and chic hotel brand. It will be built on West Fourth Street between Guadalupe and Lavaca Streets.

Westin Hotel. Another upscale brand, this hotel is planning to put up 17-stories of hotel rooms on the east side of Congress Avenue at East Fifth and San Jacinto.

Hyatt Place. As mentioned above, it opened its 296 rooms this week, just in time for the visitor-bloated SouthBySouthwest activities.

Hotel Van Zandt. This project had been on hold during the recent recession, but this week it is kick-starting its downtown project that will be operated by the Kimpton Hotels group.

There may be others that we've overlooked. But this impressive new-construction list underscores our premise that the visitor industry may be on the verge of exploding. Remember, **each of these properties has big marketing budgets to attract visitors – adding muscle to ongoing efforts of the past few years.** All this could suggest a re-evaluation of the Austin Convention Center may be in order – to further boost the economic visitor industry potential.

Passenger traffic at Austin-Bergstrom International Airport (ABIA) set a new January record this year. The 4.5% increase over 2012 could portend good gains for 2013.

As usual, Southwest Airlines led the pack, notching an 8% gain, with American Airlines increasing its January year-over-year totals by 6.5%. **Southwest enjoyed a 37.8% market share of ABIA travelers, with #2 American at 20.6%.**

Quick – what were the Top Ten Most *Stolen* Vehicles in Texas in 2012? Or more specifically, what *types* of vehicles were the three most popular for thieves to grab? SUV's, sedans, pickups, hybrids, small cars, foreign or domestic makes?

Hey, this is Texas. The Top Three most stolen were domestic pickups -- **#1 Ford Pickup, #2 Chevrolet Pickup and #3 Dodge Pickup.** Rounding out the Top Ten: **#4 Honda Civic ... #5 Chevrolet Tahoe ... #6 Honda Accord ... #7 GMC Pickup ... #8 Chevrolet Impala ... #9 Toyota Camry and #10 Ford Taurus.** Vehicles are stolen for a variety of reasons, and contrary to popular belief, the most stolen vehicles are several years old, according to data provided by the Texas Department of Public Safety.

Texas was just honored as the state with the most new and expanded corporate facilities announced during 2012. Betcha can't guess the #2 state, nor the size of the margin between #1 Texas and the #2 state.

Each year, *Site Selection Magazine* compiles all the announcements and, with Texas taking the top spot this year, it was “**the first time the winning state has crossed the 700-project line since 2005**” – which Texas won that year with 842 projects. The Texas 2012 tally was 761 projects, 270 projects more than the second best state, Ohio, with 491 projects.

Speaking of rankings, UTAustin moved up five spots in a ranking that compares the reputations of the *world's* top 100 universities.

The 2013 Times Higher Education World Reputation Rankings this year moved UTAustin up to **#27 on its worldwide list.** This is based on academic opinion. **Published scholars were asked to name 15 institutions they believe to be the best, based on their own experience.**

TexasA&M barely made the cut, coming in with a #98 ranking. Harvard University was #1. Massachusetts Institute of Technology, the University of Cambridge and University of Oxford rounded out the Top Four. The University of California at Berkeley was ranked #5.

Austin will change quite a bit this coming week. After all, it's Spring Break so families with school age kids and those associated with one of the nation's largest educational institutions, UT Austin, are altering their routine. But nowhere will change be more obvious than in downtown Austin. Why? South By Southwest (SXSW) shifts into high gear today (Friday).

This is your annual heads-up (warning?): **if you need to be in downtown Austin between now and St. Paddy's Day, Sunday March 17th, do some careful planning.** First of all, the usual downtown travel is difficult right now due to torn-up streets, reduced lanes and re-routed traffic from underground infrastructure repairs. Plus there are construction roadblocks from projects like the new hotels referenced earlier. So, adding SXSW to the mix will cause quite a headache.

Want examples? **Sixth Street will only be open for cars from 6am-to-10am each weekday and the first weekend of SXSW.** And the *only* downtown streets that will remain open throughout the festival include 4th, 7th, 8th, 9th and 10th, according to the City of Austin Transportation Department.

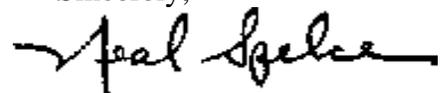
The city's transportation folks are suggesting you **avoid downtown if you are traveling east and west** and take 15th and 11th streets. Also, east of IH35, **East 5th Street will be closed evenings** starting March 11th. Get the picture? Need more?

The city's Transportation Department suggests "those heading to Downtown Austin are encouraged to **share rides, bike or use public transportation** when possible" and it points out Capital Metro is expanding its service during this period, including increased frequency and extended hours for some services.

Helpful suggestion if you must travel downtown: go to the City of Austin's website where you will find a **smartphone-friendly interactive map** highlighting street closures, parking, ground transportation options and other city-related info.

Dr. Louis Overholster concurs with Albert Einstein who said "only two things are infinite -- the universe and human stupidity. And I'm not sure about the former!"

Sincerely,



Editor/Publisher