



Volume 35, Number 2

April 5, 2013

Dear Client:

Of the nation's 100 biggest metros, only 14 have more jobs now than they did before the 2008-2009 recession. Six of those are in Texas. And Austin added more jobs percentage-wise than any other major metro in the nation.

Think about this. It's been five years since the recession slammed the US and – to put it another way – **86 of the nation's major metros still have not returned to their pre-recession job levels**, as reported by researchers at the Brookings Institution. Yes, as we've documented for you time and again, the Austin metro has done well. However, consider this context.

It is one thing if all major metros were thriving and Austin rode the wave to the top of the heap. (Recall the old saying “a rising tide raises all ships?”) **But for Austin to move so far ahead of the metro job pack when others continue to lag – the divide is astonishing.** Remember many economic factors are the same everywhere, such as lending regulations, interest rates and federal government business guidelines.

There is no question the Austin metro benefits greatly from being the capital of Texas and operating under various *state* laws and guidelines that, for the most part, give the state an economically-favorable edge over other areas of the US. This is evidenced by the fact that **El Paso, McAllen, San Antonio, Dallas and Houston** also are on the list of only 14 US major metro areas whose job picture is better than just before the recession. No other state has more than one on the list.

Oh sure, critics will argue the Texas oil and gas boom gives the state an unfair advantage. But this just underscores the point about “favorable” Texas laws in the preceding paragraph. A study just released by the University of Southern California reported **development of the oil and gas in California's Monterey shale formation (the largest in the US) would result in 2.8 million jobs.** But California lawmakers have so far blocked horizontal drilling and hydraulic fracturing, such as is generally credited with the Texas oil and gas boom.

A final factor: it's not just that many jobs are being *created* in Austin and around the state, it's important that the jobs are being rapidly *filled*. For instance, **Austin's unemployment in February dropped to an impressively-low 5.4%.** Texas notched a 6.4% rate while the national unemployment rate hovered around 7.7%.

How does the tremendous variation in the duration and rate of recovery break down among the nation's major metros? While no area is doing as well as the Austin metro, there are a few pockets of improvement outside Texas.

Eight non-Texas cities are on the list of 14 metros that now have more jobs than they did before the recession – **Oklahoma City, Omaha, Salt Lake City, Pittsburgh, San Jose, Knoxville, Washington DC and Charleston.** Looking at these cities, it is obvious the job recovery has come from a variety of industries, according to the Brookings Institution. Particularly cited: energy in Oklahoma City, health care and university in Knoxville, etc.

“In parts of the country hit hardest by the housing crisis – California, Florida and the Mountain West – where **recessions were deep, recent growth has been swift but a full recovery remains far off,**” Brookings noted.

High-tech metro areas in the **Pacific Northwest and those in the Carolinas and Tennessee are growing strongly,** according to Brookings. “In contrast, **metro areas in the Northeast,** where the recession was relatively minor, are exhibiting **much slower growth** today.”

Closer to home, based on annual housing starts, five neighborhoods stand out as topping the Austin metro's “fastest” list.

The TexasA&M Real Estate Center cites a Metrostudy report that shows the homebuilding strength of suburban areas in the five-county Austin metropolitan area. Here's the Top Five, based on 2012 activity:

- #1 **Teravista, Round Rock,** 272 housing starts, \$179,000 starting price.
- #2 **Sun City Texas by Del Webb, Georgetown,** 236 housing starts, \$145,000 starting price.
- #3 **Crystal Falls, Leander,** 222 housing starts, \$170,000 starting price.
- #4 **Ranch at Brushy Creek, Cedar Park,** 179 housing starts, \$285,000 starting price.
- #5 **Paloma Lake, Round Rock,** 161 housing starts, \$180,000 starting price.

A quick generalization: **families with young children buying their first homes appear to be the target of the builders** in these neighborhoods, with one exception. The Ranch at Brushy Creek in Cedar Park – with a starting price much higher than the others – appears to be targeting **more mature families moving into the Austin area and/or a “move-up” market of buyers.**

But the bottom line is clear: as the Austin metro is among the tops in the nation in jobs and population growth, the **suburban neighborhoods, focusing on families,** are feeling the effect.

With the growth of suburban Austin areas, traffic increases exponentially on major roadways because many of those who live *outside* Travis County commute to work *inside* Travis County. What does the long-term trend look like?

Our friend, **Ben Wear** at the *Austin American-Statesman*, is a top mobility expert because of his years covering, on a daily beat basis, the transportation issues for the Austin area. And he recently researched **travel patterns** within the five-county Austin metro area. He uncovered some interesting info that impacts **how you try to get from here-to-there each day**.

Take the metro's northernmost county, **Williamson, home of Round Rock, Georgetown and Cedar Park**. Wear points out that based on the latest stats (though admittedly outdated because they covered 2006-2010), almost 90,000 residents of Williamson County commute to-and-from work daily to Travis County. And **Bell County (Temple/Killeen)** 2,104. **Visualize the traffic traveling those routes to the north.**

Now, visualize the routes from the *south*. Commuters from **Hays County (San Marcos)**, 28,880 ... **Bexar County (San Antonio)**, 2,927 ... and **Comal County (New Braunfels)**, 1,353 – and you have 33,000 more commuters going back and forth to the *south* of Travis County.

To the *east*, it's not as heavy. But there are fewer roadway options. **Bastrop County**, 15,872 commuters and **Caldwell (Lockhart/Luling)**, 4,506, add another 20,000 to the daily traffic load roaring into and out of Travis County.

The *west* would appear to be easier with **Burnet County (Marble Falls) contributing only 2,266 commuters**. But this doesn't take into account the rocket-paced growth in western Travis County that pours commuters into downtown Austin and nearby environs.

Don't know how long it will be before **Burnet County is added to Travis, Williamson, Hays, Bastrop and Caldwell counties to make up the Austin metro area**. But the trend is there, as commercial interchange is trending in this direction. It will be interesting to survey how many residents of Burnet County drive the short distance to The Galleria area in west Travis County. Burnet County residents interact with Travis County as much as those in Caldwell County. But that's another story for another time.

Will this movement of workers/residents between counties continue or continue to grow? The verdict is still out. **But there is a trend developing that could curtail the growth of this commuter mobility. Job-creating companies are locating in these suburban areas**. As this trend continues, traffic problems will be ameliorated (though never obliterated). Wear quoted Round Rock Mayor **Alan McGraw**: “one of the cheapest solutions to the regional traffic problems in Central Texas is to generate more jobs in Williamson County.”

Should UT Austin's new moniker be Supercomputer U.? It qualifies, if having the largest system available to scientists across the US is a criterion.

This is a big deal. This is an example of what it means to be a **strong national research university**. UT Austin's newest supercomputer is named, fittingly, Stampede. Just how super is this supercomputer? Consider this -- it is a mind-boggler:

Stampede is capable of processing nearly 10 quadrillion mathematical computations per second! *Ten quadrillion per second!* Unless you're a computer scientist, it is difficult to comprehend such size and speed.

UT Austin president **Bill Powers** explains its value this way. Thousands of scientists across the US will use Stampede "to conduct scientific research and make discoveries as diverse as **isolating new drug compounds, modeling the effects of climate change, searching for gravitational waves, and developing more efficient energy resources.**"

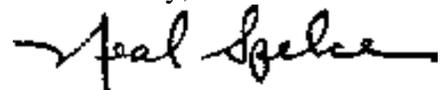
The home of Stampede is UT Austin's Texas Advanced Computing Center. The professors who were the principal investigators who developed this monster are **Jay Boisseau, Tommy Minyard, Bill Barth, Dan Stanzione and Karl Schulz**. Three Texas Congressmen witnessed its formal dedication last month.

This has to be an expensive animal, right? So what was the **source of funds to build this creature?** Did the Texas Legislature set aside the big bucks for this?

Nope. **UT Austin won a nationwide competition for a \$51.5 million grant from the National Science Foundation to build Stampede.** As Powers put it: "That's good for your university, good for the advancement of science, and good for Texas."

Staring at his clunky desktop, **Dr. Louis Overholster** is convinced that all a computer *upgrade* does is to remove old bugs and replace them with new bugs!

Sincerely,



Editor/Publisher