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Dear Client:

All too often the Austin area is portrayed as dominated by a young culture. And while there is some truth to that, it doesn't take into account the metro has the nation's fastest-growing percentage of pre-seniors – the 55 to 64 age group. And for those over 65, Austin ranks as the nation's 2nd fastest-growing. This has important implications now and in the future.

Look around. You'll probably notice as much real grey hair as the current hip hairstyle containing streaks of pink and orange and green and no-telling-what color. **Austin is leading this trend toward an aging population, but it is by no means unique. It's happening all over the country to some degree.**

People are living longer and working past the old benchmark of “retiring at 65.” And their habits are changing. Many of them are deciding to age in place, not dash off to retirement havens such as Florida or Arizona, as did their parents or grandparents. Many are moving to Austin because of the jobs, and if the trend continues, they will stay here as they age.

Austin Mayor Lee Leffingwell said he was “taken aback” by Austin's aging numbers. And he took action. He created a Task Force on Aging that reported to him yesterday. As the mayor put it: “I hope the Task Force on Aging recommendations will allow us to **stay ahead of the trends, as opposed to reacting to them.**”

Two key problems need to be addressed. For one, zoning regulations could be changed to **encourage aging in place in familiar neighborhoods.** Example: innovative living spaces promoting more flexible multigenerational lifestyles. A separate living space with small kitchen (currently considered a duplex) added to an existing home could allow a friend or family member to live more independently, while still maintaining ties to love and support.

Another problem: what about **mobility**? Taking the bus or train often requires long walks and long waits – a strain on the stamina of many as they age. And, oh yeah, how many 70+ folks have you seen bicycling Austin streets? Younger Austinites can hop a bus, bicycle or train without giving it a second thought, but **how will mobility of the aging be addressed?**

Much is being made about Austin voting blocs. **The City Council will soon be expanded and divided into single member districts.** Check the next item for how aging impacts this change.

The way Austin elects its leaders will soon undergo a dramatic change, possibly altering the influence of various voting groups. One such group that may grow in influence, little discussed up to now, includes aging baby boomers and those Austinites who are even older.

Many will agree Austin is portrayed as a society that is incredibly youth-oriented. **“The Live Music Capital of the World” is seen, nationally, as a fun-seeking, vital and dynamic place.** Lots of things-to-do, attractions-to-enjoy, places-to-dine-and-drink – you get the picture. It’s almost as if Austin tends to deny that old age happens. Of course this is an exaggeration, but it contains a kernel of truth.

Austin’s mayor **Lee Leffingwell**, has been a leader and participant in the actions of the Austin City Council for years and, even though he is no spring chicken himself, he said **“quite frankly, I was taken aback by the numbers we saw – especially in light of Austin’s reputation as a young population.”** The numbers he saw (mentioned in the previous story) **show a 110% population surge of 55-to-64 year-old Austinites from 2000-2010.**

So it is safe to assume **decisions by city leaders since 2000 have been made without considering this growth surge within the 55+ age group.** As previously mentioned, the Mayor’s Task Force made recommendations for action Thursday 8/29/13. But, while this is happening, the very makeup of the city’s governance structure is about to change dramatically.

You may recall city voters last November approved a City Charter amendment to elect City Council members from **10 geographic single-member districts with only the Mayor elected from the city at-large.** It’s commonly called 10-ONE. (Currently all six council members and the mayor are elected citywide.) A 14-member independent commission is drafting the boundary lines with a deadline of December 2013. The first election under 10-ONE will be November 2014.

One criticism of the current election process is that a majority of the City Council has been elected by a **heavier turnout of voters in the Central city. As a result, council actions have tended to reflect that support.** Other city interests have complained about getting short shrift while dollars have been dumped into the central city for bicycle improvements, including a hike-and-bike boardwalk spanning Lady Bird Lake, as examples.

With councilmembers elected from every geographic part of the city, it will be interesting to see if the **growing 55+ age group begins to flex a voting muscle and, as a result, impacts policy and budget decisions in the immediate future.**

By the way, the increasing political strength of the 55+ age group (and they generally vote in greater numbers) could also have a major impact on *other* elections. For instance, **will these older adults be less supportive of school bond issues financed by increased property taxes?** The dynamics are changing. It will be interesting to see how this demographic shift plays out.

Austin's office market is heating up big-time and according to two separate reports, the enviable *job* situation is what's driving demand for office space.

While this is good for the area economy, you know what it also means: **tenants looking for space can expect to pay higher rental rates.** Both local commercial real estate brokerage firm NAI REOC and real estate tracker Marcus & Millichap are reporting heightened leasing activity from their differing perspectives.

According to the TexasA&M Real Estate Center, Marcus & Millichap predicts "asking rents for available office space will reach \$26.50 per sq.ft. by year-end." **This will be a 4.5% increase from 12 months earlier.** For comparison, during 2012, asking rents ticked up 2.2%.

The Center also said NAI REOC reported "**demand for downtown office space led developers to start three long-awaited projects this quarter** after nearly a decade following completion of Frost Bank Tower (the last office tower delivered to the market)."

What these two reports had in common is their assessment that **dynamic job growth in the Austin-Round Rock-San Marcos metro is responsible for these developments.** And Marcus & Millichap went further to say "the city's tech sector is driving office demand this year."

A recently-released national ranking of top high-tech cities showed Austin topping the list ahead of Washington DC, Atlanta and New York.

The Jones Lang LaSalle index ranked each city based on **high-tech employment, share of US venture capital funding, intellectual capital and innovation**, according to the *Houston Business Journal*. The pub also noted **Texas ranks as the 4th fastest-growing technology employment state in the nation**, as reported by the tech job search website Dice.com.

But the Texas job growth success is more than just high tech. Longtime Texas economist **Ray Perryman** in Austin last week said **Texas gained twice as many jobs as it lost during the recession – adding 800,000 jobs following the loss of about 400,000 jobs.** And he pointed out the **oil and gas boom** is playing a large role in this job growth.

One of the reasons Texas performs so well in creating jobs is "we have the best tasting Mexican food on the planet," claims TexasA&M economist **Mark Dotzour** (tongue in cheek, we think). He says one of the most important factors in job creation is that "we have a **lower cost of living** than many other parts of America" allowing Texans "to have a **higher quality of life on a lower wage scale.**" No matter the reasons, the result is the same – more jobs.

What's that old saying? "Early to bed, early to rise, makes you healthy, wealthy and wise." Well, the Austin metro has been named a leading market for both health and wealth (no mention of wise).

According to a report by California-based RealtyTrac, **Austin is one of 12 US cities cited as a leading market for both good health and building real estate wealth.** "This report not only features those top markets for appreciation, but also highlights important health and wealth related factors for families to research in any market before they make a decision to buy a home," said a RealtyTrac VP. It referred to the 12 cities as **"head and shoulders above the rest where healthy living is evident and the prospect of appreciating home prices is solid."**

Austin is back in first place in the On Numbers Economic Index of 102 major US metros. It has been #1 each month from February through June, dropping to 3rd in July, and back to #1 in August – ahead of Provo Utah, San Jose, Dallas-Fort Worth and Oklahoma City.

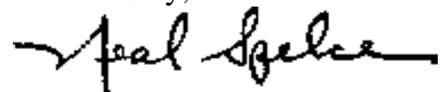
The Index's 18-part formula assesses private-sector job growth, unemployment, personal earnings, housing-price appreciation, and construction and retail activity.

The chant of "we're number one, we're number one" is echoing around the UT Austin campus as football season kicks off this weekend. But the chant does not refer to a game.

For the 8th straight year, **burnt-orange UT Austin-licensed goods have been the best-sellers of any US college** – ahead of schools that have won recent national championships, such as Alabama. UT Austin earns from \$8-\$10 million off the sale of these licensed goods each year.

Speaking of sports, **Dr. Louis Overholster** reminds us it was quarterback Joe Theisman who said "the word 'genius' is not applicable in football. A genius is a guy like Norman Einstein."

Sincerely,



Editor/Publisher