



Volume 35, Number 26

September 20, 2013

Dear Client:

For years, Austinites have complained about the traffic in Houston. Now Houstonians are claiming traffic in the Austin area is worse than Houston's. And they have a point.

Years ago, during a vocal “no-growth” period in Austin’s history, city leaders did not scramble for precious state highway dollars. **As a result those bucks went to other cities that were begging for help to ease their traffic problems.** The Austin mantra was something like if we don’t build roads, they won’t come. We don’t want to be like Houston. Or Dallas.”

Well, guess what? They came anyway. And how! Austin lagged behind building roadways. And the population kept growing and growing. As an example, one Austin mayor vigorously fought against the development of Loop1/MoPac, claiming the only people who wanted to build that roadway were landowners who would profit by owning frontage on the proposed roadway. Obviously, he ultimately lost his battle.

But, as a result, the development of Loop1/MoPac was delayed and other projects suffered. Austin kept growing. Now Austin drivers are feeling the effect. In fact, construction to speed-up traffic on Loop1/MoPac will begin in a few weeks. The bottom line: **drive times in Austin now take longer than they do in traffic-plagued Houston or Dallas.**

Wait a minute. Are you sure? There are more cars in Houston and Dallas and both those cities have been growing at a fast pace as well. What do you mean Austin’s traffic is worse?

The TexasA&M Transportation Institute has been conducting traffic analyses for decades. The institute looked at *rush hour* statistics, the time of day when there is **the most traffic pressure on area roadways.** For Austin the numbers are staggering. **TexasA&M reports it takes 32% longer on average, than the same drive when traffic is flowing freely.**

Sure, you say, it always takes more time during rush hour. Yeah, but. **In Houston and Dallas-Fort Worth, it only takes 26% more time to traverse the same roadways, compared to 32% in the Austin area.** There you have it. Oh yeah, Austin’s 32% ties for #3 in the nation with Washington DC, behind #1 Los Angeles (37%) and New York/Newark (33%).

One effort to increase mobility in traffic-clogged Austin is to add *transit priority* lanes in the Central Austin area. In other words, convert a lane for autos to a bus lane.

Later this month construction will begin on the transit priority lanes. **The right lane on both Guadalupe and Lavaca Streets between Cesar Chavez Street and Martin Luther King Jr will be designated as transit priority lanes.** Bike lanes will replace parking spaces outside the lanes. **Road resurfacing** will begin, **conduits for new traffic signals** will be installed and **new striping** will be added. This is expected to take about a month.

This will make room for those elongated buses. Transit Priority Lanes are part of Capital Metro's new MetroRapid premium service that features larger than standard buses, with **more frequent service.**

What does this mean for you if you are trying to negotiate this new designation in your jalopy? **The lanes can only be used by authorized transit vehicles and drivers turning right.** Capital Metro says this will help relieve congestion for drivers and for commuters using MetroRapid. But, it removes parking spaces.

After testing of these lanes later this fall, the plan is for **existing Capital Metro bus routes on Congress Avenue to move over to these streets.** Capital Metro says this should reduce traffic congestion along Congress Avenue.

Speaking of downtown Austin, downtown thinkers are considering copying a successful idea from Seattle. They are eyeballing Seattle's Pike Place Public Market as an idea that might work in downtown Austin.

The privately-funded Downtown Austin Alliance (DAA) acknowledges that, in addition to Austin's creative sector of musicians, filmmakers artists and gamers, there is another creative activity that is making an impact in Austin. Austin's food sector is another area where creativity and entrepreneurship thrive.

So the idea is being floated that maybe a **daily market should be established in downtown Austin.** Seattle's Pike Place is thriving. So why couldn't that serve as a model for Austin? After all, **Austin's food sector supports 3,000 jobs and adds \$4.1 billion in economic output to the region,** according to DAA.

There is no question **downtown Austin is emerging as a vital city core,** after being left for dead years ago when suburban shopping centers lured area residents away from downtown. (Austin mayor **Lee Cooke** saw downtown's potential years ago and started a fledgling effort to revitalize the area.) Now, DAA is hosting a session Wednesday, September 25th, at Brazos Hall, 204 East 4th, from 8-9 pm to **explore the possibility of a downtown public market.**

Austin continues its grasp on the top spot in one national economic ranking (8 times during the last 10 months), but it is bolstered by the fact other Texas metros are crowding the top.

The On Numbers Economic Index measures the relative vitality of 102 major US markets with more than 500,000 residents. The 18-part formula assesses **private-sector job growth, unemployment, personal earnings, housing-price appreciation, and construction and retail activity**. By these measures, Austin ranked #1 in the US.

Of particular note, **Austin's private-sector job base has blossomed by 11.2% since 2008, the fastest five-year growth rate in the nation.**

Two other Texas metros made the Top Seven: **Dallas-Fort Worth** (just one of seven markets where private-sector employment growth has exceeded 4% in the past 12 months) and **Houston** (where home values have risen 6.1% since 2008 – counter to the national trend where 91 of the other 101 major markets suffered five-year *declines*). As a result, the South and the West are the most vibrant economic regions in America.

The Texas office market is making a comeback. And there are two main reasons.

First, Texas has added a whopping 302,300 nonagricultural jobs in just the last 12 months. During this same time, **63,300 jobs were added in the professional and business services sector**. And, according to two real estate economists at the TexasA&M Real Estate Center, most of these new workers find themselves occupying office space.

Second, **there has been very little new supply added to the Texas office landscape since the collapse in 2008**. But construction is starting to pick up again. Texas A&M's **Mark Dotzour** and **Harold Hunt** predict "bankers' appetite for new commercial real estate development loans will improve."

However, and this is a big "however," "I don't expect that to happen in a big way until all of the myriad rules coming from Dodd-Frank are finally written," said Dotzour. "**Look for occupancy and rents to continue their positive trends in Texas until then.**"

Who is buying Texas homes (besides Californians)? Increasingly, they are international homebuyers, according to the Texas Association of Realtors.

In fact, **the Lone Star State ties with Arizona for the third most international sales in the country**. Anecdotally, just chat with some high-end Austin Realtors and you will find that, very quietly, many wealthy citizens of Mexico have been buying homes in the Austin area.

In an industry listing of the top domestic destinations for American travelers, Austin ranks 16th – ahead of such popular spots as Denver, Seattle and Anaheim.

Places like Austin, Denver and Atlanta have been perennial favorites in the Hotel Price Index, but moved up in the ranks of popularity this year. Anaheim, home of Disneyland, dropped from 16th to 20th. **In addition to Austin, the ranking of Houston (#9), San Antonio (#10) and Dallas (#15) prove the pull of Texas.** Las Vegas was #1, New York City #2 and Orlando #3.

Even though there will be no home Longhorn football game the first two weekends in October, you can look for almost 100,000 people to converge on the downtown area for the Austin City Limits Festival (ACLFest).

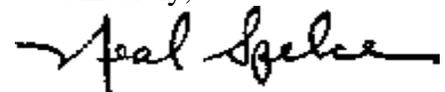
Unlike football weekends that attract the same amount of people for about a 6-hour period on one day, **ADLFest starts Thursday and runs through Sunday each weekend** (10/3/13-10/5/13 and 10/10/13-10/12/13), with concerts lasting a lot longer than any football game. The impact will be significant.

Because it will be staged in Zilker Park, you can look for a **traffic spillover effect for quite a distance south of Lady Bird Lake and in the downtown area.** And, as with any outdoor concert, **sound will carry quite a distance** into the Central Business District where living units are growing at a fast pace and into the normally-quiet South Austin and Rollingwood neighborhoods.

ACLFest is a big deal in the concert world. **It could pack about 75,000 people, or more, into the area -- most of them from out of town.** Hotels, restaurants and bars will be staffed up to handle the influx. Dollars and booze are expected to flow freely.

Speaking of booze, **Dr. Louis Overholster** says alcohol doesn't make you fat, it makes you lean – you lean against tables, chairs, floors, and walls!

Sincerely,



Editor/Publisher