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Dear Client:

Austin this week was ranked #1 in the world for tech companies. *In the world.* Savills plc., a London-based global real estate provider with operations worldwide, made that proclamation, saying Austin was “a small city that is a big hitter on the global stage.” This is huge.

In recent years, Austin has been at the forefront of a number of state and national rankings as “Top *This*” or “Top *That*.” All that is well and good. It has enhanced the reputation of the area in many different ways. **Now comes a ranking the likes of which you’ve not seen before.** You’ll see the Top Twelve cities in just a minute. But, right now, here is how Savills says it came to name Austin #1 in the world:

“The Savills Tech Cities research programme aims to understand the **many diverse drivers that make good cities for the tech sector.** The firm has identified the 12 global centres at the forefront of tech. All have thriving and growing tech industries and are at the top of global shopping lists for tech companies looking for space in which to locate.

“**Access to human capital is a key driver in locating tech firms, and vibrant cities are where the talent wants to live and work** – factors ranging from access to venture capital, through the quality of a flat white available at the neighbourhood café, are all included in the metrics,” Savills noted. (Translation for the non Brits: “flat white” is a type of latte.)

Savills plc. is “**an international network of more than 600 offices and associates** throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East.” Here is its list of the top ranking cities worldwide for tech companies, in order:

Austin ... San Francisco ... Tel Aviv ... New York ... Stockholm ... London ... Singapore ... Dublin ... Berlin ... Hong Kong ... Seoul ... and Mumbai. It classifies Austin, Dublin and Berlin as “smaller” cities – compared to the other “megalopolises.”

This is a minor thing, but really telling: **Austin is referenced by a single word -- no state or nation designation.** This certainly has not been the case in the past. **In many ways, this reflects the stature of the city.** Check the next item for insight into why Austin ranked #1.

SXSW is one of the reasons Austin is succeeding as a tech city. Huh? How's that? You mean the music festival that started back in 1987? Yeah, that SXSW. Only now it's not the music that's the thing for the tech folks. It's the Interactive portion of SXSW. In fact, it is bigger than the music portion. And the world tech community has taken notice.

It shouldn't be overplayed, but SXSW has contributed to Austin's tech supremacy. We'll come back to this assertion. But first, the bigger picture. Savills plc. analyzed the **business environment, tech environment, quality of life, talent pool and property costs when it named Austin as the best place in the world to work in tech.** Here are the advantages Savills cites in its report that was released this week:

“Smaller cities with their significant creative population offer some things that mega cities just can't. City living on a smaller footprint can give residents **shorter commutes** (Savills finds the average commute for tech cities employees is 31 minutes), **accessibly by bike, easier to access amenities and a better work/life balance** – but with all the **buzz of larger urban centres.**”

“Austin has also seen recent population growth, GDP growth, and house price growth – its standout **economic growth rivals the bigger cities and the median average age is only 31 years.** Smaller cities such as Austin, Dublin and Berlin (provide) **affordable accommodation near to the city centre, a lesser level of pollution and access to restaurants.**”

The head of corporate real estate at Savills UK, **Jon Hutt**, says “location decisions are predicated on far more than simply the cost of property.” Then he goes on to say:

“In today's world, it is fundamental that companies look closely at how they **retain their existing talent pool, attract new talent** and keep themselves ahead, in what is an increasingly competitive employment market. **The nature of their space, the areas in which they locate, the quality of life that they can offer their teams and the access they have to talent,** as they grow, significantly outweigh saving a few dollars on rent. This applies to all companies but **for the tech community in particular it is crucial.**”

Now, what about this SXSW thing? Here's what Savills said: “Austin's SXSW festival brings together film, music and tech, whilst Dublin's Web Summit is Europe's largest tech conference – **these vibrant mixed use communities are at the centre of the new tech industry spirit.**”

As for SXSW itself, Managing Director **Roland Swenson** recently told *Texas Monthly* that the Interactive portion of SXSW coming up in a couple of weeks is “**about technology and new ideas. It's about social media. But it's also about all kinds of endeavors and how they interact with social media and technology.**” He also said in some ways SXSW “is more famous outside of the US than we are here.”

A city in the heart of California's Silicon Valley is going bust, while its neighbors thrive. San Jose is a case study that is the opposite of the Silicon Hills of Austin's success.

San Jose has **cut its police force, reduced hours for libraries, fire stations and community centers. Its roads are in disrepair.** So, how is a city which serves as home base to some of the world's leading tech companies so down in the dumps? **Gina Hall** offers a few key reasons:

Not enough shops and businesses. The average San Jose resident produces just \$142 in sales tax for the city each year, compared to **Palo Alto** (\$340), **Cupertino** (\$338) and **Santa Clara** (\$320).

Too many residents leave to work elsewhere. Of the 20 largest cities in the country, **San Jose is the only city where there is a loss of population** – 50,414 residents exit each day to work in a neighboring town.

Not enough jobs. Only 18% of the land in San Jose is set aside for workplaces.

Public services still need to operate, even while residents are away. Even though many workers leave San Jose in the morning only to return in the evening, **someone has to pay the police, fire department and other emergency services** to monitor what is essentially a ghost town.

Property taxes aren't enough to fill the gap. San Jose's latest downtown high-rise condos were built using re-development bonds that need to be **paid off using the property taxes they generate.**

Lesson learned: San Jose draws in less tax money per capita than most other major US cities.

It finally happened. Austin's flagging #2 air carrier in terms of passenger traffic, American Airlines, has been edged out of 2nd place by United Airlines.

The dominant airline at Austin-Bergstrom International Airport (ABIA) has always been Southwest Airlines. And it continued in the latest passenger totals. Southwest's passenger **totals in January 2015 were up 3%**, compared to January 2014. That was good enough to earn Southwest a **36.9% share** of all passengers flying out of ABIA.

By contrast, **American Airlines**, which has held the #2 slot for many years, saw its **January totals drop 2.5%** from the year before. (The overall Austin market was up 6%.) **United Airlines passengers jumped up 15%**. That moved **United to a 17.5% share** of the Austin market, enough to outstrip **American's 17.3% market share**. The difference is miniscule, but it capped a trend of American's downward slide while United was on an upward track.

This week, 179 years ago, the commander of the Alamo, under siege, wrote a letter proclaiming “Victory or Death.” You can walk up and examine this single most revered and studied document in Texas history. But hurry. William Barret Travis’ letter is on display in Austin for just a few days.

It was February 23, 1836 when **General Antonio Lopez de Santa Anna**’s army descended upon the Alamo. Travis was the commander of the mission-turned-fortress. He was only 26 years old. His ragtag group of defenders included a former Congressman from Tennessee, **Davy Crockett**, and the renowned knife-fighter **Jim Bowie**.

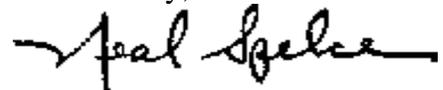
The way the defenders saw it, **the Alamo was the key to the defense of Texas. They were ready to give their lives rather than surrender.** Travis’ letter, on the 2nd day of the siege, was addressed “To the People of Texas and All Americans in the world.” He asked for reinforcements while declaring “Victory or Death.” On the 8th day, 32 volunteers arrived from Gonzales, bringing the defenders to nearly 200, to face an army of around 1,500. On the 13th day, March 6th, the Alamo fell.

While the facts surrounding the siege of the Alamo continue to be debated, there is no doubt what the battle has come to symbolize. People worldwide continue to **remember the Alamo as a heroic struggle against impossible odds – a place where men made the ultimate sacrifice for freedom.** To this day, the Alamo in San Antonio remains hallowed ground and the Shrine of Texas Liberty.

Now you can come face-to-face with one of the most important pieces of the shared heritage of Texas. It will be on rare display until March 6th in the State Archives and Library Building, 1201 Brazos, on the southeast corner of the State Capitol grounds. But you can’t touch it. The document is kept in a specially-designed case which limits harmful effects of light, to ensure it will be a **lasting treasure to be enjoyed and studied for years to come.**

Dr. Louis Overholster, with a keen appreciation of history (as well as twisted word play), says he can’t remember much history because he has a photographic memory which was never developed!

Sincerely,



Editor/Publisher