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Dear Client:

At least twelve new hotels are under construction in downtown Austin. Twelve. This doesn't count the 1,012-room JWMarriott that opened for business last month. So, is the downtown area maxed out for hotels? Don't know. But there is an emerging under-served downtown area that could see the next hotel wave. UTAustin's Dell Medical School is the trigger.

Twelve hotels on ten sites are in various stages of development downtown. Alphabetically, they include: **Austin Proper ... Element and Aloft Hotels (at the same location) ... Fairmont ... Homewood Suites ... Hotel Indigo and Holiday Inn Express (at the same location) ... Hotel Van Zandt ... Hotel ZaZa ... Hyatt House ... Kimber Modern ... and Westin.**

The concentration of these hotels in a small area of a very vital downtown is understandable. **But the next cluster of hotels could emerge just north of the Capitol, around the UTAustin area.** The handful of properties in that area are standard hotel facilities (even though UTAustin's AT&T Conference Center's name masks the fact that it features a full hotel operation). But none were built with a healthcare concentration in mind.

The Dell Medical School should be a magnet for hotels. All you have to do is drive by its construction site. You can see the **incredibly fast pace of progress toward a world-class \$650 million medical campus and hospital.**

If you've paid attention to the way hospitals handle their patients, it appears to be a "get-'em-up-and-get-'em-out-the-door" approach. Lengthy hospital stays appear to be for the seriously ill and, even then, both patient and hospital appear eager to end the stay. But what about those who need continuing treatment? Check out Houston's medical center complex. It's bigger than Austin will be, but there are a number of hotels that cater to the healthcare community.

How is a healthcare-oriented hotel different? **Elevators, for one: bigger to handle stretchers and large wheelchairs. Also special rooms near those elevators, with wider doors and bath facilities to make it easy for the injured or ill.** The other rooms in the hotels will have a market catering to families of patients or those who do business with the med school and associated enterprises. This could be the next wave of hotel development in Central Austin.

One hotel not announced for Austin is one that is the subject of a lot of buzz. It's a new chain designed by a trendsetter architect Philippe Starck who says his new Seattle hotel will be a place where people "will be more sexy, more intelligent, more creative, more in love."

Would a concept like that work in downtown Austin? Don't know. But the French architect is being paid big bucks to design the 184-room Seattle SLS, that is part of an office/hotel project under construction in downtown Seattle with a target opening date in 2017. Wait and see.

Back to UTAustin where "world-class" is a phrase being bandied about quite a bit. And don't forget its slogan "What happens here changes the world." Well, UTAustin president Bill Powers has trotted out some numbers that seem to say "it ain't braggin' if it's fact."

Citing recent graduate program rankings of universities, Powers said "in all, **more than 50 science, social science, humanities, and professional programs and disciplines are ranked in the top 15 nationally** according to the rankings, which are based on quantitative and qualitative measures, including GRE scores, student/faculty ratio, research expenditures, job placement success, and ratings of academic experts, national faculty members, and administrators."

Want specifics? **Engineering** ranks #10 (#5 among public universities) with eight specialty programs in the top 15. **Law** repeated as #15 nationally (#4 among publics). **Education** is #10 in the nation (#3 among publics) with 5 top-15 specialty areas. **Nursing** ranks #13 nationally (#5 among publics). And **Business** ranks #17 in the country (#5 among publics) with eight specializations in the top 15, including **accounting** as #1.

These are 2015 rankings. All graduate disciplines are not ranked every year. Powers is proud of these not-yet-revised 2014 rankings: **Pharmacy** ranks #4 both nationally and among publics ... **Geosciences** ranks #8 for **earth sciences** (#4 among publics) ... **Computer Science** ranks #9 (#4 among publics) ... **Information School** is #6 (#5 among publics) ... **Social Work** ranks #7 (#5 among publics) ... and the **LBJ School of Public Affairs** is #16 (#8 among publics).

Board rooms in many big Austin banks and in the mega law firms have generally been quite fancy, with specially-made board tables, plush chairs, pricey art work and the latest A/V devices. But one Austin board room – just opened in this fit-conscious city – sets a new bar.

The sports apparel company, **Under Armour**, just moved its **Connected Fitness** technology division into the re-purposed Seaholm Development downtown, alongside Lady Bird Lake. Its board room contains treadmill desks and eight spin bikes to be used during meetings.

It is not widely known, but there is a move afoot to ask Austin area voters to approve a major funding proposal for roadways. You'll recall when voters resoundingly defeated a rail proposal late last year, funding for roads included in that measure also failed. Now there is a serious effort to go back to the voters for money for roadways alone.

The new funding proposal probably won't look anything like the roadway items included in the failed rail effort. After all, it was generally acknowledged that *those roadway items – some calling for a study, not construction – were included in the rail effort as a “sop” to attract voters, who wanted to alleviate traffic congestion, to support rail.* The proof of that is the rail and roads issues were lumped together in one package. You couldn't vote for them separately. It was all or nothing and voters decided “nothing,” primarily due to the strong opposition to the rail proposal.

Fast forward to now. As you know, **roadway congestion is growing worse with each passing day. And any roadway construction takes years to complete** partially because of the various studies that must be undertaken – environmental impact not the least of these – along with a wide array of activities to get public input, before a massive construction project can begin.

There is also a growing awareness that any **long-term solution to relieve congestion should involve a wider geographic area than just within the boundaries of Austin or Travis County.** This also increases the complexity of putting together a plan. And it also raises the cost.

Obviously this is in the **very early stages**, so much can change. Stay tuned.

Remember this name: Robert Durst. You're going to see it quite a bit over the next few months. He is the wealthy New York real estate heir who actually admitted to a grisly bizarre murder in Texas and his Austin-born lawyer got him off. Now the 71-year-old is implicated in several other murders and the same lawyer has his work cut out for him.

There was no question Durst committed the Texas murder. He admitted killing a neighbor in Galveston and chopping the victim's body into small pieces that he dumped into the Gulf of Mexico. **He said he did it. And yet, Dick DeGuerin convinced a jury to find Durst not guilty.** With this verdict, DeGuerin's already impressive reputation for successfully handling high-profile murder cases was enhanced even further.

DeGuerin is a wealthy man these days. Some time ago, we had the chance to brazenly ask the former Austinite the hourly rate he charges clients. **He simply smiled and said “I'm not a craftsman. I'm an artist.” And he charges clients accordingly.** He now gets another chance to put his high-priced courtroom artistry to work.

Austin and San Antonio continue their momentum toward moving economically closer together, in addition to their suburbs narrowing the distance between the two. It's important to keep track of the developments in the San Antonio area – just as their leaders keep an eye on Austin's progress.

Austin and San Antonio are 74 miles apart, as the crow flies. But since you are not a crow, the separation between the cities is 81 miles by car. The driving time? Hah! Google will tell you it's 1 hour, 24 minutes. Good luck, with the increasing traffic. **Let's take a look at a couple of things happening in the Alamo City that deserve your attention.**

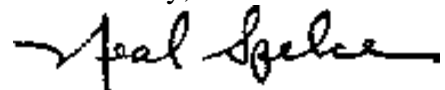
First of all, San Antonio is being aggressive about getting another professional sports franchise. **The odds are against getting an expansion franchise from Major League Soccer, but the move of the Oakland Raiders pro football team is more likely.** The Raiders management has for several years tried to get a new stadium in Oakland, to no avail. San Antonio is “a viable alternative,” according to the Raiders – though it may take awhile for the puzzle pieces to come together.

In addition to San Antonio's well-known economic assets – such as tourism – it has emerged as a **major player in the oil and gas expansion of South Texas' Eagle Ford shale development** that, even with low oil prices, is still going strong. A number of the major Eagle Ford shale players have set up shop in San Antonio, the closest major metro to the area. And now, the South Texas future is taking on a new dimension that will benefit the Alamo City.

Oil has gotten much of the notoriety, but **natural gas is a significant part of the Eagle Ford development.** And to handle this, a **major new export terminal is planned to be built inside the Port of Brownsville** on the southern tip of Texas. Along with that, there **at least four, maybe five, liquefied natural gas (LNG) companies** planning to take natural gas from Eagle Ford to Brownsville's port to ship it to Mexico. This is an important long-term play. And it will add immeasurably to the economic vitality of San Antonio and all of South Texas.

Dr. Louis Overholster's twisted wisdom: “To write with a broken pencil is pointless!” (Groan!)

Sincerely,



Editor/Publisher