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Dear Client:

How far into the future will it be before Austin outgrows its airport? Austin outgrew its former airport just 16 years ago, when Austin-Bergstrom International Airport (ABIA) opened in 1999. The Austin area is growing even faster now and, in fact, faster than most metros in the nation.

Austin was really fortunate when the old Robert Mueller Municipal Airport was bursting at the seams. City leaders were seriously considering buying land for a new airport. Then, boom! Bergstrom Air Force Base was decommissioned by the feds. Jobs were lost. Dollars quit flowing into the community. At first it was considered an economic development disaster. But fortunately, back in the 1940s the City of Austin kept ownership of the land when Bergstrom Army Airfield was opened. **Now, the city had a made-to-order location for a new airport. Soon a spiffy ABIA opened on time and under budget in 1999.**

But no such opportunity is on the horizon if ABIA is overwhelmed. And, remember, **it's not just the citizens of Austin who use ABIA.** Williamson County, to the north, is burgeoning. To the south, San Marcos is growing at the fastest rate in the state. **Other growing nearby counties also count on ABIA.**

Now is the time to start planning for a new regional airport between Austin and San Antonio. The San Antonio area is experiencing much the same job and population growth rate. If you've driven IH35 it's hard to tell where various city limits begin and end. In addition to this current growth, **Austin and San Antonio each are expected to gain more than 1 million in population by 2040.**

San Antonio's forward-thinking mayor Ivy Taylor has broached the topic of a joint regional airport with the mayors of Austin and San Marcos. This isn't the first time for this suggestion. Back in the 1980s, then-Congressman **Jake Pickle** posed the same solution. But the immediacy of converting a close-in Bergstrom AFB to a municipal airport won out.

A successful working model is just up the road. Dallas and Fort Worth have both benefitted from the massive DFW airport, while existing smaller close-in airports like Dallas' Love Field have thrived. **An Austin-San Antonio airport, somewhere in the San Marcos area, would mean more non-stops and more international flights. Now's the time for a collaborative effort. It takes years for such a project to come to fruition. Time's a-wastin'.**

Shortly after we wrote the previous item, Austin-Bergstrom International Airport (ABIA) reported numbers this week that underscored what we are saying. The passenger record was broken for the third month in a row when 1.6 million travelers traveled through the airport in July. This is a significant 16% increase over the same month the year before. And it reinforces the long-term urgency to plan for a larger, regional airport.

Austin airline passenger growth is not an economic blip on the radar. It is part of an increasing trend. **ABIA has now experienced passenger growth in 34 consecutive months and 66 of the last 67 dating back to January 2010.** Let that sink in. Then, project that growth out for the next few years. Sure, expansion efforts are underway at ABIA as we speak. But because a new airport can take years before it comes to fruition – especially if several city, state and federal governmental bodies are involved – current expansion can quickly become inadequate.

A further complication – some call it an opportunity – is the proposal for a commuter rail line that would connect the Austin and San Antonio areas. The Lone Star Rail District (LSTAR) plans would make for quick, easy access to a regional airport serving the entire area.

As we mentioned last week (click on the “Archives” button to access the August 14, July 24 and March 27 editions for greater detail), the LSTAR project is in its early stages. It is being touted as helping IH35 congestion. If all goes as planned (don’t bet the ranch on it) **commuter trains would be running along the existing Union Pacific tracks in about four years.**

Linking LSTAR to an Austin-San Antonio regional airport would result in a futuristic transportation solution involving “planes, trains and automobiles” (to steal from an old movie title). **A lot of money, a lot of foresight, a lot of collaboration and a lot of persistence are needed to make all this happen.**

A quick indicator of continuing strength in the Austin economy: the latest sales tax collection totals are up almost 16%. Pretty strong.

The numbers from the State Comptroller were reported in August. But they actually reflect sales in June that were forwarded by the local entities to the state in July. So, the June sales figs were up 15.82% in Austin. **For the 2015 year, the totals are still strong – up 7.80%.**

Still on the subject of numbers. For your planning, the experts are continuing to suggest the Federal Reserve will raise short-term interest rates by a quarter percentage point in September. They also agree the rates will not be raised a second time this year. We’ll see.

With the cost of living in Austin rising regularly, and with the topic of housing affordability being batted around in widening circles of influence, it may be time to expand the thinking. Sure, you can still pursue traditional stick-built homes or subsidized low-income apartments, but maybe it's time to widen the discussion to include manufactured housing (MH). Yep, the very efficient, inexpensive homes that used to be called trailer homes. No kidding.

No less a respected real estate authority than the TexasA&M Real Estate Center is seriously examining the possibility. Research economist **Harold Hunt** points out that “in Texas, **manufactured homes have not been included in the discussion of affordable housing development. However they can be when developments are well thought out and restrictions are reasonable.**”

Yeah, yeah, I know – the stigma. Hunt doesn't mention it, but you've heard the comments about “**trailer trash**” and **mobile homes**. As an example, *Austin American-Statesman* humor columnist **John Kelso**, writing prior to a Texas Longhorns/Oklahoma Sooners annual football rivalry, **referred to the Sooners in a derisive tone as being from Mobilehoma**. (Insert your own wisecracks here.)

But Hunt is serious. And he points to three successful Central Texas Hill Country Manufactured Home developments as models of **very affordable living**. Located in the Kerrville area, **Windmill Ridge, The Wilderness and Scenic Valley are all doing quite well. Get this: all three properties are 99% occupied**. They are clean, well-kept, with rules and regs – much like Home Owners' Associations – and the homes have actually increased in value over the years.

Without going into all the details – we don't want your eyes to glaze over – Hunt points out the residents pay a **ground lease somewhere between \$200 and \$400 per month and the MH unit is owned by the resident**. Some combination of services are typically included in the ground lease payment, including such things as water, sewer, garbage pickup or basic cable TV.

Each of these affordable developments **requires rock skirting and do not have short-term spaces for recreational vehicles**. Other rules range from requiring two-car garages for multi-section homes and mandating concrete driveways to banning “for sale” signs in yards to keep through traffic to a minimum.

That raises the question of cost/value. **The median sales price in Windmill Ridge is about \$90,000 – a far cry from an “affordable” home in Austin**. However, one 10-year old 1,800 sq.ft property, reported Hunt, sold for \$158,000. And Hunt lists a number of financial institutions who handle transactions.

Of course, there are problems. For instance, because of land values, these developments probably need to be outside city limits. But, hey, people are moving away from cities to get shed of high living costs. Maybe MH is an option that should be on the affordability table.

How did Austin’s restaurant evolution contribute to a national reputation for barbecue, Tex-Mex and the next new food thing? The author of *Historic Austin Restaurants*, Melanie Haupt, has her thoughts on the essential moments in the city’s dining evolution.

It all started way back in 1866 with restaurant/beer garden **Scholz Garten**, that is still in business, serving a hodgepodge of food that also reflects its German heritage. Others:

It was a very good year for iconic Austin restaurants back in 1934. **Harry Akin** opened his first Night Hawk restaurant featuring Top Chop’t Steaks and the Hamby brothers opened a no-frills steak house, the **Hoffbrau**. But the year before, 1933, **Kenneth Threadgill** got Travis County’s first post-prohibition beer license and opened a food/drink/music business in a former Gulf filling station.

In 1952, **Matt Martinez and his wife Janie** opened a 10-seat **Matt’s El Rancho** on East First (where you had to walk thru the kitchen as you entered) to become the linchpin of Tex-Mex food. Then in 1975, Mexican food was elevated to an elegant level when **Tom Gilliland** and Chef **Miguel Ravago** opened **Fonda San Miguel**. Upscale dining received another major boost in 1975 when **Ron and Peggy Weiss** and **Jeffrey Weinberger** opened **Jeffrey’s**. Another type restaurant debuted in 1978, when **The Omelettry**’s success triggered a whole host of imitators.

Haupt claims **Tyson Cole’s Uchi** kicked off a domino effect that “raised this food scene’s profile so profoundly that we’re still seeing the effects. There is Uchi DNA in half of the new restaurants opening in this city on any given day.”

Finally, she gives a nod to a “beloved Austin icon” when the last Holiday House closed in 2004 after **Ralph Moreland** introduced signature charbroiled burgers in 1952.

Dr. Louis Overholster realized things really have changed in Austin’s restaurant world when a waiter asked a customer who ordered sushi if she wanted to eat it or to post pics on Instagram!

Sincerely,



Editor/Publisher