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Dear Client:

UTAustin's Dell Medical School has been called the Next Big Thing for the Austin area. So, how can Austin businesses be a part of this? DellMed, even before its opening in 2016, has designated a contact person as a gatekeeper to one of the biggest projects Austin has ever seen. And she is keeping that gate wide open.

Mini Kahlon carries the title of Vice Dean for Partnerships & Strategy at DellMed. **She is getting a lot of calls, especially from Austin startups.** She says they want connections to clinical trials, introductions to doctors who can guide their biotech, medtech and healthcare innovations. In other words, they want in on Austin's Next Big Thing.

It's important to understand DellMed is an entirely new model of medical school. "We are putting health front and center in everything that we're doing, which sounds a little like 'well, you're a medical school, why is that a big deal?" Kahlon said. **"But it's a very big deal because medical schools, in fact, I would argue, do not put health front and center."**

"If you asked any medical school what are the metrics they measure their successes by, they'd come up with things like the amount of **research dollars and the success of their clinical enterprise,**" she continued. "But none of those things are like, **'have we measurably improved the health of people in our region and our city – and developed as a result new models of care in health that can influence our national direction?'** That actually is our metric."

Well then, what's the bottom line for Austin – both for health and the economy? **DellMed will largely focus on getting university research to market.** It plans to create a competitive and open proposal process where **anyone can pitch an idea of how to solve the issue at hand. Once accepted, innovators will have access to health and business experts** who can help leapfrog steps in product testing and development and avoid costly regulatory mistakes.

This is not just theory. **Land near DellMed, at 15th Street and Trinity, has been set aside to house new medical-focused businesses. It's called an "Innovation Zone."** Once you start bringing in more research companies as well as pharmaceutical and biotech companies, they'll attract more companies, to go along with the startups that are given a boost by DellMed.

Construction is a major driver of the Austin economy and it has been going full throttle for some time now. Construction cranes and traffic disruption downtown are so pervasive they have become a part of the daily fabric due to major projects underway. But just north of downtown's core is one project that dwarfs most other single projects. It is UT Austin's most intense construction effort in decades.

Eight construction cranes -- the tallest is about 26 stories tall -- swing above 25-acres of concrete, steel and machinery with about 370 people in hard hats scurrying around, rushing the **UT Austin Dell Medical School to completion. The number of construction workers will swell to around 750 in a final push to be ready for the first DellMed students less than a year from now – June, 2016, to be specific.** If you haven't driven that area lately, you will be impressed with the scope of the effort.

It's a large shopping mall's worth of development. **About a million square feet of classrooms, hospital rooms and offices are being built on top of parking lots, open space and one-time tennis courts** – adjacent to the Erwin Special Events Center (that will one day be demolished to make room for even more DellMed construction).

Oh yeah, the nearby University Medical Center-Brackenridge Hospital will be “de-commissioned” and be **replaced by the Seton Healthcare Family's \$295 million hospital.** It is scheduled to open in 2017 as both DellMed's primary teaching hospital and a regional safety-net hospital serving much of the same functions as the aging Brackenridge Hospital.

Those construction cranes we mentioned moments ago cover a lot of air space. **They are at different heights so the swinging arms will not collide.** To insure safety, they are linked by an on-site computer that sends an alarm and hits the brakes before they can bump or get tangled. This coordination is further complicated by the fact that three general contractors are each working on different parts of the site. Quite a massive project.

Speaking of construction, the announcement months ago of a wobbly-looking, 58-story stacked condo tower planned for downtown has generated a lot of comment. Some have sharply criticized the unusual Jenga-style design that would be Austin's tallest building if built. Others have praised it as a “signature” structure that would Keep Austin Weird.

“Jenga” is a Parker Brothers game where players take turns removing blocks from a tower and balancing them on top, creating a taller and increasingly unstable structure. The losing player causes the tower of blocks to collapse ... not a good reference to the tallest building in Austin. Construction documents examined by the *Austin Business Journal* revealed developers are planning to **start construction of the tower at 301 West Avenue in January 2016.**

Okay, okay, you're probably tired of all the statistics that show the Austin area's population is growing at one of the fastest rates in the nation. And you don't need stats to tell you that as you try to get from Point A to Point B every day on congested roadways. But there is one number that has not been widely reported -- how much money are all these newbies bringing to the Austin area? In two words: a lot.

To begin with, you need to acknowledge there are those who – believe it or not – move *away* from Austin each day. They need to be considered. You also have those who move here with very few dollars in their jeans, looking for jobs and/or a better life. Those who move away and those low-or-no income job-seekers are part of the equation when you calculate the **amount of net income gained as a result of population growth.**

Then you have people re-locating to Austin who have a history of making a solid income. Those folks may have moved here because they were recruited, at a higher salary, by an existing Austin company like Apple or Google. Or they were part of a company HQ re-location to Austin from California, New York or elsewhere. Or they were a rising-star faculty member lured to UT Austin away from another university. Etc. Etc. You get the picture.

When you count those who moved away along with the lower-income job-seekers, then add-in the high earners, you can calculate the **net income gained as a result of the Austin area's population growth.** The number is a whopper. And it has been true for several years.

Are you ready for it? Hang on! **“Net adjusted gross income flowing into Travis County in 2012-2013 totaled about \$2.3 billion, more than double the amount for 2011-2012, and nearly all (97%) of it came from people moving to Travis County from other states,”** reported **Brian Kelsey**, Principal and Founder of Austin-based CivicAnalytics.

These figures are truly stunning. Kelsey also reported that **Mike Maciag** “pointed out in *The Counties Where Wealthier People Are Moving* that **Travis County ranked second nationally in the amount of net income gained as a result of people relocating.**” This was for 2011-2012. And, remember, the 2012-2013 numbers were more than double that amount.

Kelsey notes IRS data shows in-state movers had little impact on Travis County's net increase in population due to migration: **“Virtually the same number of people moved into Travis County from other counties in Texas as moved out.”** It's those folks from other states who have impacted the area's extraordinary growth.

Talk about a steroidal impact on the economy. It's now been quantified why homes are selling for sky-high prices – many for cash – and pricey restaurants have proliferated in recent years, etc. The money is there and these new residents are not shy about spending it.

Surprised that Austin’s two major air carriers are going gangbusters in terms of revenue and new hires? Didn’t think so. Southwest Airlines and American Airlines (both based in Texas) broke their all-time records for traffic in July. If you’ve flown recently, or tried to book flights at the last minute, you can attest to the fact most airline seats are full on most flights.

How much money are they making? **American posted a record profit of \$1.7 billion in the second quarter this year and Southwest also set a record with net income of \$608 million.** Look at those figures closely. They are *net* numbers. What’s happening?

First of all, **the price of jet fuel is low** – just as it is for you when you pull up to the pump to top off your gasoline tank. The price of oil is at its lowest level in more than six years. And you may have noticed more new planes are being added to the carriers’ fleets. Overall, the **new aircraft operate more efficiently** and they have been configured to cram more passengers into their cabins. As a result, the entire airline industry is saving billions of dollars.

Also, the airlines show **no signs of letting up in charging fees-for-this and fees-for-that** – because they are generating billions of dollars in fees for services that formerly were included in the ticket prices.

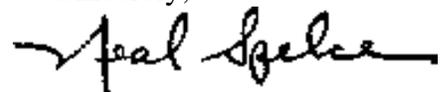
Another sign of good times: employment is up at both American and Southwest. **American’s total workforce is up 6.4% from a year ago, while Southwest’s is up 4.9%.**

The weather guys are still standing steadfast in their prediction that rainier months are ahead, because of El Nino. So, when should you make a back-up rain plan for an outdoor event?

It won’t be long. October-thru-December are predicted to be wetter-than-normal.

Dr. Louis Overholster: “into every life rain must fall – usually when your car windows are down!”

Sincerely,



Editor/Publisher