



Volume 38, Number 3

April 15, 2016

Dear Client:

**Is downtown Austin becoming “an adult Disneyland with plenty of civic restaurants, shops and festivals,” a place blissfully removed from reality, except perhaps in the persistence of the homeless problem? Is downtown turning into a playground for moneyed, childless whites while pushing out the poor, the working-class, immigrants, seniors and anyone else not plugged into “the knowledge economy? If so, what are the ramifications?**

Much of the evolution you are seeing in the Texas Capital City is fundamentally **re-making the city in numerous ways**. Change is evident not just in aspects like increased traffic and construction. It’s so much more than that. **It is changing the very fabric of our area.**

**Jed Kolko**, an economist who until recently was the chief of analytics for one of the nation’s largest real estate service companies, was quoted recently in *Newsweek* as pointing out that from 2000 to 2014, **more Americans moved out of urban centers than into them**. He recently wrote on his blog:

**The people who continue to move to city centers are “increasingly young, rich, childless and white.”** These are the creatives, the hipsters, the pioneers, who fled the countryside for the big city, where cultures would clash and ideas foment. He wasn’t speaking specifically about downtown Austin, but look around you.

Given that, what about the middle class and families with small children, not to mention those who may be struggling? “While well-educated, higher-income young adults have become much more likely to live in dense urban neighborhoods, **most demographic groups have been left out of the urban revival**, he noted.

**Austin’s economy is so much more than what is happening downtown.** Don’t forget UTAustin and State Government are still the economic underpinning of this area. But the employees of those bedrock institutions are becoming less and less a part of downtown Austin life. As a result, **what is happening downtown is forcing change throughout our 5-county metro.**

This is a discussion that needs to take place. In the next item, let’s bring in the views of **Joel Kotkin, a demographer who is an unabashed defender of the suburbs/middle class**. He is often controversial in his criticism of the New Urbanism that has been adopted by some in Austin.

**Many in Austin metro's middle class live outside the city limits of Austin. More specifically, not in the downtown area. Demographer Joel Kotkin argues the suburbs are where middle class families want to live, and middle class families are the "bedrock of the Republic." A city hostile to the middle class is, in Kotkin's view, a sea hostile to fish. This view is at the heart of the changing fabric of Austin.**

Austin is in a unique position of being **a tale of two cities**. On the one hand, **Austin's downtown is booming**. While many cities see their downtowns decaying, **downtown Austin is thriving**. Just check out the new high-rise apartments, condos and office buildings, as well as supporting development. It's a far cry from what was seen just a few years ago when high-rises were called "see-through" buildings because they were all but empty. But is it becoming home to "increasingly young, rich, childless and white" as suggested in our previous story?

But, on the other hand, Kotkin notes **Austin is joined by fast-growing major urban areas such as Denver, Seattle, Fort Worth, Miami, Charlotte and Raleigh where "sprawl" is the watchword** – as growth is surging in the outlying areas. San Marcos, to the south, has been called the fastest-growing city in the US. Check out Round Rock to the north. Or Cedar Park and Leander to the northwest. There are more examples. Their population growth and economic development are impressive.

"To me," Kotkin says in a recent *Newsweek* article, **"sprawl is just an effect of people trying to seek out a middle class lifestyle."** He criticizes the New Urbanist city saying it is "by definition unwelcoming to the sorts of people who, in centuries past, came to cities with dreams of making it (remind me to tell you of a NYC quote that is so apropos of this). **If the streets of lore were once paved with gold, today they are paved with fair-trade coffee beans.**"

And therein lies the debate and the opportunity that is somewhat unique to bi-furcated Austin. Yes, there is sprawl and yes, downtown is for those who "have it made" (or are at least spending like it, to enjoy the lifestyle.) **Alexander Nazaryan** criticizes the now-maturing New Urbanist philosophy that claims "density is better than sprawl, that young people working on laptops in coffee shops is better than middle-aged people working in cubicles in office parks; that bikes are very good, while cars are very, very bad."

This is a discussion that needs to take place in broader terms than just the current talks about 1) affordability or 2) the future of Austin's musicians and venues where they can play. It's bigger than that and more important to the Austin area's future.

(Oh yeah, I asked you to remind me about the NYC quote I just mentioned. Remember the old Frank Sinatra/Liza Minnelli song about New York City that claimed **"New York. New York. If you can make it here, you can make it anywhere."** It was a huge hit. With city prices skyrocketing in NYC as in other major cities, some wags are suggesting the new version should be **"New York. New York. If you can make it here, you probably have a trust fund!"**)

**Ponder this quote from Austin Mayor Steve Adler: “Simply put, mobility is a life or death issue for our city.” Life or death? Is that an exaggeration? No matter ... it shows the mayor’s strong feelings about what many Austinites feel is *the* major issue facing the Austin area. So, how is the mayor walking-the-walk to match his talk?**

First of all, no one thinks the mobility issues that are hammering one of the fastest-growing cities in the nation will be solved overnight – or even anytime soon. And many, except the most hard-core single-issue advocates, don’t think there needs to be one solution – and only one solution – to solving all the problems. **The most reasonable of those among us realize a variety of options is needed to address this “life or death” mobility issue.** That said, let’s examine the most recent – and some say the most ambitious -- of Mayor Adler’s initiatives.

We’re talking about Mayor Adler’s leadership to get \$50 million federal dollars. **The grant money will go toward using technology to make mobility safer, cheaper, cleaner and more effective for everyone.** Austin is one of seven finalists in the USDepartment of Transportation’s Smart City Challenge

**“No city needs this more and no city is better situated to take advantage of all the Smart City Challenge offers on mobility,”** the mayor told the feds. “What we can accomplish with mobility technology can provide ladders of opportunity for everyone in Austin, as well as greater mobility for everyone in the country.”

Just how big a deal is this to you, mayor? “You don’t get opportunities like this all the time, **and we’re going all out to win it.**” Declared Adler:

**“We can, and because we can, we must. And because we must, we will.”**

Austin already has somewhat of a head start – including the **testing of automated Google cars** (click on the Archives button at the top and go to the April 1, 2016 newsletter edition for details on the Google effort). Also the city has already **partnered with UTAustin’s Center for Transportation Research to coordinate data to better manage traffic.** What if Austin loses out? Adler told the feds “Austin is moving ahead, no matter what.”

**Wait a minute. What’s this? Austin has more luxury homes for sale than much-larger Dallas. C’mon. Can that be?**

As reported by the National Association of Realtors, Coldwell Banker Previews International’s latest annual *Luxury Market Report* found **Austin had 460 listings of homes priced at \$1 million or more, while Dallas had 420.** Yeah, but are they selling? Yep. In terms of sales, Austin did especially well. The report also found that **“sales of \$1 million-plus homes last year jumped 32% year-over-year in Austin.”**

**You wanna know just how hot the Austin hotel market is? One of the best gauges is the money being invested to be a part of the booming hotel scene. Take the venerable Four Seasons Hotel on the banks of Lady Bird Lake. Guess how much it sold for recently?**

Less than a year ago, the luxurious property sold for \$197 million. But wait. As part of a deal *last month*, **the Four Seasons changed hands again – this time, for \$359.7 million.** Talk about a real estate flip!

We've been writing for some time now about the **vibrancy of the Austin hotel market and about more hotels continuing to be built.** (Hang on for the opening of the prestigious Fairmont Hotel opening soon smack-dab up against the Convention Center.) These Four Seasons sales put a huge, bold-faced exclamation point at the end of the sentence.

**The City of Austin Public Works Department is scrambling to keep up with more than 75 new drivers hitting Austin streets each day. (It may seem like all those new drivers are in front of you as you slowly navigate Austin streets every day.) These new drivers not only add to driving frustration, they also add to the deterioration of city streets. So what is being done to offset that?**

Between now and September, weather permitting, city crews will be performing maintenance on 400 streets and 360 lane miles within the Austin city limits. This maintenance is designed to **delay costly full reconstruction of these roadways that are aging and cracking.** Another obvious note: this roadwork could further slow your driving times. So, keep in mind that traffic fines are double in work zones, do we.

**Dr. Louis Overholster** takes pride in the fact that horn-honking is a rarity among Austin drivers. Some say it simply reflects the civility and even the laid-back nature of many Texans. Others joke that a “middle-finger salute” takes the place of horn-honking. But Dr. Overholster attributes it to a bumper sticker that reads: “Keep honking. I’m re-loading!”

Sincerely,



Editor/Publisher