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Dear Client:

**With all the lip service given to Austin area problems and concerns, topic-A is generally transportation: how you get from here to there. For the moment, let's forget about rail and bikes to focus on Austin area roadways. Transportation solutions take years, sometimes decades, to plan and implement. And, in today's warp-speed, tech-centric environment many solutions become obsolete before they are implemented. So what needs to be considered?**

Vehicles sharing Austin roadways will be vastly different in just a few short years. It's not just hybrids and electric vehicles showing up in increasing numbers on our crowded streets. **We're talking about *automated* vehicles.** You may have seen the test vehicles on Austin streets. As we've mentioned, **Austin is one of the few test areas in the US where manufacturers are perfecting the craft of these vehicles.** How will this affect roadway planning?

**"Automated vehicles have the potential to radically change transportation systems,"** said the National Association of City Transportation Officials (NACTO). Austin is one of more than 40 major US city members of this organization. **Policies are needed that make automated vehicles part of a city roadway strategy.** What are some elements of NACTO's recommendations?

**"Ensuring safe operation on city streets, including limiting automated vehicles to 25 miles per hour"** was one of NACTO's policies. Another: **"Changing planning models to incorporate the disruptive impact of this technology."** It also mentioned **"rethinking streets and expressways"** and **"not half-measures."**

It's not just automated vehicles that will make an important impact. **Tech advances on regular cars need to be a part of the planning.** And, roadways will likely have complicated systems with intelligent sensors embedded in city streets and expressways.

Consider another not-too-faraway scenario: If a car around the next corner hits the brakes because there's an obstruction, that information could be used to signal to the drivers behind to **slow down ahead of time, resulting in smoother, more efficient journeys, and a lower risk of accidents.** This works *if* all cars can speak and understand the same language.

This is not the only "gee whiz" advancement. They are coming fast and furiously. The planning for the next few decades of Austin area roadways must include these realities.

**Spending millions on roadway expansion will afford economic benefits greater than the expenditures, according to a new analysis by the State Comptroller's office. The study indicates that \$25 million in road spending in urban areas can add as much as \$43 billion – with a “b” – to the state economy over time.**

**“In addition to immediate employment in construction and related industries, road projects yield long-term benefits by improving our productivity and economic competitiveness,”** reports Texas Comptroller **Glenn Hegar**.

How? “By connecting businesses, customers, good and services more efficiently, which in turn enhances business expansion and road safety,” the Comptroller's study reveals. “Reliable transportation infrastructure is critical to economic development industries that can **thrive or die depending on the reliability and speed of their transportation options.**”

This report **focused solely on the economic impact of spending mountains of money** on roadways (not on the very important frustrations of drivers). And it laid out a powerful argument to **“spend more if we want to keep traffic moving across our rapidly growing state.”** And nowhere is the transportation problem more evident than in Austin.

**Austin is experiencing the best economy in a generation. People are moving here to participate in this economic success. Moving here, from where? Well, of course, many are leaving other cities and towns in Texas to make their home here. But, according to new data from the IRS – most people moving to Travis County are coming from other states.**

How many are we talking about? **An estimated 265,000 people moved to Travis County from other states in 2011-2014,** reported Civic Analytics' **Brian Kelsey**. This was the third-highest among US counties, behind larger Maricopa (Phoenix) and Los Angeles. While you may not have known the numbers, you probably knew this intuitively.

Why do you intuitively feel there are so many out-of-state transplants fueling population growth? It's possible you have stared at a lot of California or Florida license plates while sitting in Austin's legendary traffic. **Or maybe you – or someone you knew – was outbid on a house from an “out-of-state buyer paying cash.”** Situations like this may have something to do with the perception.

Now the IRS reports this perception is actually a reality. **Out-of-state moves to Travis County outnumbered out-of-state moves to 24 states and Washington DC.** This sort of new data always makes a big splash, Kelsey notes. As he put it: **“but, for you, it's yet another reminder that you are living in the best economy you're likely to experience – that is, if you are able to keep up.”**

**The people moving to the Austin area are not just *any* people – they are among the best and brightest in the nation. In fact, this headline appeared nationally late this week: *Austin Ranks in Top Five of Brain Gain Markets*. Brain Gain! Whoa! How do they know that? Let's dig deeper into this statement to determine how and why they came to this conclusion.**

First of all, it focused on tech talent that, for the most part, puts a premium on smart people. Secondly, the annual *Scoring Tech Talent* report by CBRE Group Inc. examines a number of metrics in **50 US and Canadian markets with regard to their ability to attract and grow tech talent**. According to GlobeSt.com, the CBRE report highlighted several influential factors shaping both large and small tech markets today.

We'll get to the nitty-gritty of what went into the ranking in a moment, but first let's go directly to the rankings. **In the "brain gain" category Austin, at #5, was outranked only by the San Francisco Bay Area, Washington DC, Seattle and New York City.** Petty heady (pun intended) company. Austin moved up three spots from the 2015 scorecard.

Nearly 70% of the top 50 tech talent markets have an educational attainment rate above the US average of 30%. **Austin was the #7 market for educational attainment at 47.6% -- way above the average.** Okay, okay, but what about specific numbers for Austin? What did the report find when it examined Austin's labor force?

To begin with, the report found the Austin area added more tech jobs than UTAustin, ACC and other nearby universities could produce. Specifically? **The Austin area produced 9,758 tech grads between 2010 and 2014, and added 24,590 tech jobs between 2011 and 2015, for a net gain of 14,832.**

What were *all* the factors considered in the analysis? It listed "**13 unique metrics**" including **tech talent supply, growth, concentration, cost, completed tech degrees, industry outlook for job growth, and market outlook for both office and apartment rent cost growth.**

Why was real estate included in these metrics? GlobeSt.com reported "according to Moody's Analytics, 36 of the top 50 tech talent markets have a cost of living above the US national average, using the affordability benchmark that allocates 30% of income to housing." **Austin falls in the middle of the pack for apartment-rent to tech-wage ratio, at 15.7%.**

CBRE's summary: "Austin is no longer solely a location for Bay Area companies to grow in a central time zone, but a **holistic tech market with a healthy entrepreneurial spirit and startup scene.**" And now, companies such as Home Depot and General Motors have **opened tech-focused offices to take advantage of the tech savvy workforce**, as well as the continued influx of in-migration. Now what? It's obvious. One of Austin's biggest challenges is matching supply with demand.

**A noticeable increase in Austin sales tax revenue helped drive a statewide 2.3% increase over the same period last year. Dallas, San Antonio and Fort Worth also notched increases, but energy-centric cities such as Houston and Midland saw decreases in sales tax receipts.**

These figures were just released this week, but they are **based on sales in May** that were forwarded to the state in June and reported in July. This is important because the **numbers reflect, in large measure, sales by retailers.** In the bigger picture this is a major source of revenue for the state of Texas. And an overall statewide increase of 2.3% -- albeit not huge -- is still good news for state agencies that rely on legislative appropriations.

**Speaking of increases, passenger traffic at Austin-Bergstrom International Airport (ABIA) has now increased for 44 consecutive months. When you look back more than six years, the total is 76 of the last 77 months when the number of passengers using ABIA has increased month after month.**

The May passenger traffic was up 6% compared to May 2015. And, the year-to-date passenger tally was up 8.5%, compared to the same timeframe last year. **This steady growth reflects the Austin area's population growth and the economic vitality of the region.** The expansion and upgrading that is kicking into high gear at ABIA can't come too soon.

Construction of a nine-gate addition will **increase the total number of jet bridge gates in the Barbara Jordan Terminal from 24 to 33.** When will they be operable? It will be 2019 before the expanded number of gates will be put to use.

Other airport construction projects are also underway. In fact, **a new Hyatt Place Hotel has entered the framing and rough carpentry phase.** It's due to open in spring 2017.

Because he often puts his foot in his mouth when he speaks, **Dr. Louis Overholster** responds that he's only responsible for what he thinks he says -- not for what others might *think* he said.

Sincerely,



Editor/Publisher