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Dear Client:

Remember when the controversial Circuit of the Americas (COTA) racetrack was proposed east of Austin to host the only Formula One race in America – the US Grand Prix? “Hey, Austin is a laidback football/music town, not some hoity-toity international jet-set city,” critics shouted. “It’ll never make it here.” But that carping didn’t allow for varied uses of the facility year-round, including superstar concerts (Taylor Swift last year) and even a world speed record set last week by a car with no driver -- from China of all places.

Well, here we are 5 years after it opened in 2012 and COTA continues to be the site of some amazing events. Mark your calendar for this year’s **Grand Prix October 20, 21 and 23, even if you don’t plan to take part in COTA’s parties, concerts and festivities.** Why? Because the **Texas Longhorns will also pack the 100,000+-seat DKR-Memorial Stadium**, hosting the ever-dangerous Oklahoma State Cowboys that Saturday. Talk about full hotels! Talk about the airport’s busiest weekend of the year! Talk about a travel/gridlock nightmare!

The COTA venue is east of the city limits on 1,500 Travis County acres. It’s quite a unique sight, featuring **a 3.4-mile road circuit, punctuated by a modernistic 251-foot signature tower.** But before, after – and even during the Formula One 100+ mph races – downtown Austin will be overflowing that weekend. This is a topic for later discussion. For now, let’s talk about driverless cars.

Austin is one of the epicenters for development of driverless cars. **For instance, Google has been testing various driverless vehicles on Austin streets for some time now.** And COTA has been used as a test site for all kinds of automotive activities over the years.

But this past week, a million-dollar driverless test car zipped around the COTA track and beat driverless car speed records in Germany and France. **The NIO EP9 car traveled the 3.4-mile distance in 2 minutes, 40.33 seconds. It reached a top speed of 160 mph.** By the way, it accelerates from zero to 124.2 mph in 7.1 seconds. (It was the only car on the track, so it didn’t have to worry about traffic.)

To learn more about the vehicle, NIO is planning a **launch event here in Austin during SXSW** at the Coppertank Event Center from March 10-12. Its CEO will speak at the JWMarriott on March 11. Such a high performance driverless car probably will not be mass produced, but it indicates the fast development of the technology. And Austin/COTA have a seat at the table.

Not only Austin, but the State of Texas, has been named a proving ground for the testing of connected and automated vehicle technologies. The Lone Star State was one of ten regions selected from an applicant pool of more than 60. UTAustin will play a key role going forward.

The official word is the USDepartment of Transportation named Texas a national Automated Vehicle Proving Ground. The designation establishes Texas as a **leader in the research and development of new transportation technologies that could make roads safer and less congested.**

UTAustin, TexasA&M and the Southwest Research Institute in San Antonio will be three of the research institutions that will be heavily involved. They already have existing controlled research environments on their campuses.

Additionally, there are testing environments around the state that will be part of this proving ground effort. These include unique settings such as **barrier-separated lanes, medical districts, bus corridors and border crossings.** All these will be tapped to develop guidelines for automated vehicle technologies.

What's all the fuss? Sure, driverless cars have been on the drawing boards for some time. But what does it really mean that Texas is about turn into the biggest laboratory for connected cars in the nation?

Pretty soon, local roadways could be home to cars that can talk to each other and possibly the traffic signal ahead via wireless connections. There's more. **But hanging over all this progress is the question of safety.** Just imagine some of the difficult situations you have seen in high-speed or crowded corridors.

One of the people deeply involved in this effort is the Director of TexasA&M's Transportation Institute. **Ginger Goodin told the *Houston Chronicle* "there is no established method for determining if these vehicles are safe."** That's what this statewide proving ground is all about – a real-world safety test.

Also, this isn't just about cars. Trucks and buses are a key component of this research effort. Freight, along with public transit, are two transportation sectors that can benefit from the connectivity and communication. Big rigs roll along the Texas roadways, while buses are common on city streets. And, they are predicted to increase in number, vying with passenger cars for space on ever-more-crowded roadways.

Much of the past attention has been focused on small-ish vehicles that can move around without a human being behind the steering wheel. **But the technology needed for such cars will soon expand to other modes of transportation.** A study of the safety factors right now is essential.

Austin area home prices are going to continue to go up. It's a foregone conclusion. C'mon, why can such a definitive statement be made, even as Austin's economy is cooling off a bit? Simple economics. Supply and demand. Especially for homes priced less than three-quarters-of-a-million dollars.

This is because of an “extreme imbalance” in the supply and demand equation, according to housing consultant **Eldon Rude**, as quoted in the *Austin American-Statesman* this week. Not only has it been this way for more than four years, Rude sees it continuing. Why?

Rude said that as of February 2017, all price ranges below \$750,000 had less than four months of inventory. Break it down more precisely: the supply of homes in the \$200,000-\$300,000 range was only 1.3 months. **Homes are selling almost as fast as they come on the market. The demand is strong. The supply is low.**

Real estate experts have long agreed that if the amount of homes for sale (inventory) can satisfy demand for 6-6.5 months it is “balanced” – neither favoring the buyer or seller. **But four months? Much less, 1.3 months?** This strong demand will continue to push home prices higher and higher.

How long will this imbalance last? Good question. No good answer is readily available, especially as our overall economy is slowing down (even though other cities would die for Austin's current economic numbers). One wild card that is not discussed out loud are changes in the migrant labor situation in Austin's construction industry. Check the next item.

Immigrants are one of the hottest debate topics in Austin and around the US these days. Most of the passion involves the possibility of deportation. Migrant workers are everywhere. Let's be honest. Drive around Austin construction sites, and while many workers are there legally, it's common knowledge many are not. Texas economist Ray Perryman weighed in this week on the role of immigrant workers all around the state. The numbers are significant.

For instance, Perryman reports immigrants make up 21.7% of the state's workforce. This is a lot. But when you break it down by category, the numbers are even more daunting, though maybe not surprising. **In Texas, immigrants make up about 60% of painters, and around 50% of grounds maintenance workers, construction laborers and carpenters. Also he reports immigrants make up close to 40% of welding, soldering and brazing workers.**

These are statewide numbers, but the Austin situation should not be drastically different from the state norm, given the large amount of construction in the metro. **However, immigrants are an important part of the new housing workforce in the Austin area. It will be interesting to see how their status may impact construction of new homes.** Perryman, meanwhile, has done an in-depth study of the impact of immigrants on Texas. This may be a future topic.

When the sequel to the popular movie “*Jaws*” was released, the teaser line was “Just when you thought it was safe to go back in the water again.” Well, this phrase could soon be updated to “Just when you thought it was safe to go back into Mexico again.” The reason: disturbing signs from Mexico that an “an all-out fight” may ratchet up among the dangerous drug cartels along the Texas-Mexico border, just a few hundred miles from Austin.

You haven’t heard much about the violence among drug cartels in Mexico recently, that earlier cut off most tourist travel to the area. This could be about to change. The reason for possible increased bloodshed revolves around the Sinaloa drug cartel kingpin **Joaquin “El Chapo” Guzman** who is locked down tight in a US prison. **It’s all about a battle to seize control of drug trafficking in the absence of Guzman.**

Disturbing photos have recently emerged in *Blog del Narco* showing large weapons and vehicles massing as a show of force in preparation for what the Associated Press is calling a “**bloody turf war**” that could break out to “**fill the power vacuum**” left by Guzman’s extradition to the US.

How big could this war be along the Texas border? *Blog del Narco* reported La Linea, a subgroup of Cartel de Juarez, arrived in Sinaloa this week to assist Guzman’s godson. Get this: the publication reported **the group is made up of 5,000 men who work along the Texas-Mexico border**. This is not a small street gang.

Last month, Guzman’s sons were injured in an attack from a rival cartel. *Blog del Narco* reported **groups across Mexico are readying for an all-out fight to stake claim to territory and business long controlled along the Texas border by Guzman and his affiliates**. Good luck trying to cross the border for inexpensive tequila, cheap pharmaceuticals at the Farmacias and maybe a little souvenir shopping or sight-seeing.

In view of possible future dangers for traveling to Mexico border towns, **Dr. Louis Overholster** predicts “tickets” may no longer be sold at the bridge crossings; but “chances” will!

Sincerely,



Editor/Publisher