



Volume 40, Number 26

September 28, 2018

Dear Client:

Within the next few weeks, Capital Metro is planning to unveil an ambitious, long-term plan to bring high-capacity public transit to the Austin metro area. What form will it take? Well, that's what will be revealed. Project Connect could include any, or all, autonomous buses, light rail, extensive expansion of the existing MetroRapid bus service, or other rapid bus service. It could be a big deal. And highly controversial.

Big – because the plan would probably propose a system so large it will provide a **major alternative transportation mode** attractive to motorists who currently drive city streets.
Controversial – because it will likely result in the **removal of car lanes.**

Underlying whatever is proposed may be the biggest concern of all: **which routes will the system run along, and importantly, what dedicated right of way will be needed?** Remember Capital Metro doesn't have jurisdiction over roads their vehicles use. In other words, CapMetro can't dictate what happens to acquire needed right-of-way. These roads either belong to the city, county or state.

Why right-of-way? Without it, buses simply line up in the same slog cars get bogged down in. Okay, what about light rail? Well, in most cases, you would probably convert **vehicle lanes to rail lanes.** You would likely also build boarding **platforms in the middle of roadways.** Again, right of way problems.

For a transformative transit system to be successfully instituted, you will need **leaders of differing governmental entities heavily involved, making serious decisions** – and, in some cases, probably angering some of their constituents. Complicated? Oh, yeah.

And cost? No estimate yet. But local leaders like to look to Seattle and other similar cities for examples. **Seattle committed several billion dollars to convert a major downtown artery entirely to bus service. It runs as many as 200 buses an hour on the roadway.** It worked. Seattle has seen a major reduction in car use. But, at what price in dollars and to auto mobility?

What can you expect? First of all, this is – as we said – ambitious planning and it is very, very long-term. **CapMetro will likely take the first public step within a few weeks to begin a more extensive planning and coordination effort.** The implications are huge. Stay tuned.

While on the topic of transportation, the Texas Bullet Train project is quietly rolling along on its goal of launching construction in 2019. It's a rare privately-financed transit project, and it recently announced it had secured a loan of up to \$300 million. The company, Texas Central Partners LLC, is working to build and operate a bullet train that will speed between the Dallas-Fort Worth area and Houston. Future plans could include Austin.

Texas Central is planning to incorporate technology from Japan that has been used successfully for years in that nation. **And, the \$300 million loan is from Japanese interests.** According to the Texas bullet train interests, funding will be used on preliminary work such as design and engineering, etc.

Texas entrepreneurs such as **Drayton McLane, former owner of the Houston Astros, and Jack Matthews** have already ponied up big bucks for equity in the project. It's gonna take a lot more. In fact, Texas Central estimates this project will ultimately cost anywhere between \$12 billion and \$15 billion. Outsiders say the costs could run as much as \$20 billion.

Will this very ambitious project become a reality? Good question. Its very size is daunting. The cost is almost overwhelming. **But if these smart, successful Texans can pull it off by its target date for service, 2024, it will be an amazing private sector achievement.**

Several months ago we predicted passenger traffic at Austin-Bergstrom International Airport (ABIA) would soon set a record of more than 1.5 million monthly passengers. Admittedly this was an easy forecast to make because of the pace of increasing monthly travelers. But when the latest monthly stats showed a huge 15.4% increase over the previous year, it was "Katy bar the door." Down came all the records.

This is important not just for numbers nerds, but because **this is another economic barometer for the Austin area.** Remember ABIA serves the entire Central Texas region as the airport of choice for many cities and counties. It doesn't matter if the travel is for business or leisure, the traveler is spending money. This is a healthy economic indicator for the area.

In case you are wondering, this traveler tide is raising all (air)ships. #1 in the Austin market, **Southwest Airlines, is up 9%** for the year so far ... #2 **American Airlines is up 7.5%** ... #3 **United Airlines is up 3.4%** ... and #4 **Delta is up a whopping 22.5%.**

When you look ahead, better buckle up your seat belt. Sure, July is always a big air travel month, but October has major crowd-attraction events -- such as two weekends of the Austin City Limits festival featuring **Paul McCartney**, Longhorn football games, and the world-wide Formula One races (featuring **Bruno Mars** and **Britney Spears**). See what we mean.

In case you were wondering, the Austin area robust housing market is going to keep-on, keeping-on. Oh sure, there are the doom-and-gloomers who will say there has to be a *slowdown* if not an *end* to rising home prices and housing shortages in the area. They also say the job boom has to taper off at some point. They may be right – *at some point*. But current indicators are the current job/housing boom will continue for the immediate future.

Home prices are in record territory and the trend is still upward. Jobs are still being created at a vigorous pace throughout the five-county metro area. **The pressure for housing is spilling over into less pricey areas of the metro.** New jobs are being created in cities other than Austin. It's almost like water flowing away from overflowing areas (Austin) to outlying areas (San Marcos, Round Rock, etc.) where there is capacity.

According to the Austin Board of Realtors, the **highest grossing sales for any August on record** were notched last month in the five-county metro. Along with that, **the median home sales price jumped more than 8%** over the same time a year ago. Even with these aggressive residential real estate numbers, aren't **increasing mortgage rates on the horizon? Yes, but the rise will be in small increments into the next year and should not adversely affect sales.**

Other small indicators of the housing momentum: check out the number of self-storage units springing up, and the quantity of mattress stores (yes, *mattress* stores) that hammer you with advertising. Yeah, they are not big economic indicators, but they do reflect housing activity.

Customers of self-storage units are, by and large, newcomers to the area who will be looking for homes at some point, or even down-sizers seeking new digs. **They reflect residential real estate activity.** Same with mattress stores. Mattresses are not impulse items or even a frequent purchase. But, **the basic item for someone moving into a new home is a mattress.** Even moving into an apartment.

For years, one of the goals for UTAustin has been to increase the rate of graduation. It was not too long ago many UTAustin students spent six years to earn a 4-year degree. Or to put it another way, only about half of all entering freshmen graduated in four years. With an enrollment cap, this effectively restricted the number of new students who could be accepted.

And, it was a costly proposition for the university to spend six years educating one student to get an undergrad degree. **So UTAustin implemented steps to increase course loads,** including financial incentives for parents to stick to the 4-year standard.

It has taken the perseverance of several UTAustin presidents to keep the pedal to the metal to make this happen. **This year, almost 70% of freshmen earned a 4-year degree.**

Want another sign – literally, a *sign* – there are those who continue to “Keep Austin Weird?” Well, there was one this past week. It appeared to be in a humorous spirit – such as previous Austin electronic highway signs that were hacked to warn against “Zombies Ahead.” This time it involved a famous name, as did another previous incident involving Austin roadways.

We’re not talking graffiti – much of it unintelligible -- that is visibly scrawled on surfaces all around the city. **In fact, those who drove by this latest incident regularly may never have seen it. It was just one small street sign that was altered.** The sign is at Lady Bird Lake, near the converted Seaholm electric plant. **The street name is B. R. Reynolds Drive, named in honor of a deceased Austin recreational/parks advocate.**

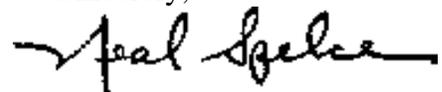
What happened? **B. R. Reynolds Drive was altered to read BuRt REYNOLDS Drive**, recognizing the veteran movie and TV actor (a visitor to Austin on occasion) who died a few weeks ago. Harmless? Yeah, except the City had to make a little effort to correct the sign. But, still an indicator of Austin weirdness.

This was not the first such incident. After English singer-songwriter **David Bowie** died in 2016, **Bowie Street in downtown Austin was altered by pranksters to read David Bowie Street. Bowie Street was originally named for James Bowie, one of those who died defending the Alamo** and for whom the Bowie Knife was named. (FYI, David Bowie pronounced his name BOH-ee, while James Bowie pronounced his name BOO-ee.)

Shifting gears a bit, but speaking of names, **which baby name do think is the most popular American baby name ever?** Before your quick reaction, think about names such as John, Jane, etc. over the years. Those would be obvious, right? So, it wouldn’t trigger such a question. Biotechnologist **David Taylor** conducted the laborious research, including popular names in any given era. His finding was neither common nor obscure, it was, surprise: **Linda.**

Dr. Louis Overholster: no street is named for famous American outlaw Billy The Kid, because no one crossed Billy The Kid and lived (groannnn!).

Sincerely,



Editor/Publisher