A caring community honoring our past and innovating for the future
Population
67,176
In the first nine months of FY21, 2,088 new residential building permits were pulled inside the city limits and another 515 in the City’s ETJ.

The number of permits issued inside the city limits in the first nine months of FY21 is nearly double the entire number pulled in FY20 (~1,332), which was a historic record.
SALES TAX

FY20 - $19.1 Million

FY20 - $19.1 Million

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td></td>
</tr>
<tr>
<td>FY18</td>
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<tr>
<td>FY19</td>
<td></td>
</tr>
<tr>
<td>FY20</td>
<td></td>
</tr>
<tr>
<td>FY21</td>
<td></td>
</tr>
</tbody>
</table>
SALES TAX
FISCAL YEAR 2020

Wholesale 6.3%
Food 9.5%
Information 5.3%
Manufacturing 12.6%
Other 15.8%
Retail 48.4%
COST OF SERVICE CHART

LOWEST PROPERTY TAX IN THE AREA
How are we managing growth?

- Planning
- Infrastructure
- Projects
- Economic Development
Water Resources

Surface Water (BRA/LCRA)

Ground Water

Conservation

Infrastructure
- Lakes (Georgetown, Stillhouse, Belton)
- Pipeline (Stillhouse/Belton)
- Wells

State Water Plan
- Every 5 Years
  - Region G - 2021
  - State - 2020
- 50 Year Horizon

440 SQUARE MILES
WATER/WASTEWATER

$25M

Investments in FY2021
MOBILITY BOND

Passed by voters May 2021

Proposition A: $90 Million
Projects included:

- SE Inner Loop
- Shell Road
- Williams Drive
- DB Wood Road
- Leander Road
- Austin Avenue Bridges
- Rockride Lane
- Westinghouse Road
- Sam Houston Avenue
- Sidewalks, bike lanes, intersections
ECONOMIC DEVELOPMENT

$112.6M

700+ JOBS
ECONOMIC DEVELOPMENT
2021

TITAN NORTHPARK35
GATEWAY COMMERCE 35
WOLF LAKES
CHAMPION SITE PREP
COSTCO
LORAM TECHNOLOGIES, INC.
TEXAS OUTDOOR EQUIPMENT
Wolf Lakes Village
BUSINESS RETENTION & EXPANSION PROJECT

Loram Technologies, Inc.

90,000 SF Research & Development Manufacturing Facility

317 NEW JOBS
DOWNTOWN GEORGETOWN
NEW BUSINESS 2021

City Post Chophouse
District Six
Foundry 42
Grow Salon
Hydrate
Kilwin’s
Mikey V’s Taco Shop
Tejas Meat Supply
Wish Well House

FUTURE PROJECTS

Parking & sidewalk improvements

BY THE NUMBERS

23
Number of Projects in 2020

6.1M
Downtown Reinvestment 2020

16
Number of Projects YTD 2021

10.9M
Downtown Reinvestment YTD 2021
THANK YOU
Choppy Waters After the Storm

Dr. Mark G. Dotzour
College Station, Texas
Choppy Waters Ahead

The supply chain just keeps getting worse.
Lots of experimentation with government programs.
A possible tax increase on real estate.
Significant inflation for the next year.
Enormous pent up demand.
Reduction in demand for “COVID-related" goods and services.
Lots of volatility ahead.
Strap on your seat belt, hold on tight and enjoy the ride!
Topics for Today

The Outlook for Job Growth in 2022
The Outlook for Inflation and Interest Rates
The Outlook for the Housing Market
The Outlook for Moves to the Suburbs
The Black Swan
Job Openings in America
Looking for Workers

Source: Bureau of Labor Statistics
Small Business Confidence: “Hiring Plans in the Next Three Months”

Source: National Federation of Independent Business
## Large Corporate Hiring Plans: Next 6 Months

<table>
<thead>
<tr>
<th></th>
<th>Q2-21</th>
<th>Q1-21</th>
<th>Q4-20</th>
<th>Q3-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Jobs</td>
<td>60%</td>
<td>51%</td>
<td>34%</td>
<td>31%</td>
</tr>
<tr>
<td>Less Jobs</td>
<td>7%</td>
<td>13%</td>
<td>26%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Source: Business Roundtable
How Long to Recover Jobs?
from 2001 to 2020

Source: Federal Reserve Bank of St. Louis

We are still missing 5.7 million jobs

47 months
77 months

Source: Federal Reserve Bank of St. Louis
Employment Recovery

Still short 5.7 million jobs
Averaging 617,000 per month in 2021
Will take another 9 months to get back.

Source: Federal Reserve Bank of St. Louis
Employment to Population Ratio

Source: Bureau of Labor Statistics
Rate of Wage Growth
1965 to present

Source: Federal Reserve Bank of St. Louis
Household Net Worth
1980 to present

Source: Federal Reserve Bank of St. Louis
Household Debt Service Payments as a Percent of Disposable Personal Income

Source: Federal Reserve Bank of St. Louis
Why Inflation is Temporary

Lumber (LBS)

ADD TO WATCHLIST

MENU:
Summary
Historical Data
News Headlines

Aug 18, 2021

Open an account.

E*TRADE

1M 6M YTD 1Y 5Y MAX

$1544

$468

PREVIOUS CLOSE $456.20
Why Inflation is Temporary

Sudden Nosedive
The value of iron ore has fallen sharply following a May record.

Spot iron-ore price

$250 a metric ton

Note: Price for benchmark 62% iron-content fines
Source: S&P Global Platts
Why Inflation is Temporary
Home Prices Up in June: 17.2% Year Over Year

Get an early indication of home price trends based on public record, servicing and securities real-estate databases as well as 40+ years of transaction history.

View Report

---

Home Price Trends From CoreLogic Through June 2021

- CoreLogic reports annual home price growth of 17.2% in June, the highest level since 1979
Household Owners Equity in Real Estate

$33 Trillion equity levels minimize foreclosure

Source: Federal Reserve Bank of St. Louis
New Single-Family Housing Starts
Since 1959

Last time over 1 million
July 2007

1965 Population: 194 million
2018 Population: 328 million

Source: Federal Reserve Bank of St. Louis
Williamson County House Prices
1976 to present

Source: Federal Reserve Bank of St. Louis
<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
<th>Change</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2011</td>
<td>$175,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan 2014</td>
<td>$198,678</td>
<td>+13%</td>
<td>in 3 years</td>
</tr>
<tr>
<td>Jan 2017</td>
<td>$265,250</td>
<td>+33%</td>
<td>in 3 years</td>
</tr>
<tr>
<td>Jan 2020</td>
<td>$277,990</td>
<td>+5%</td>
<td>in 3 years</td>
</tr>
<tr>
<td>Jan 2021</td>
<td>$323,000</td>
<td>+16%</td>
<td>in one year</td>
</tr>
<tr>
<td>June 2021</td>
<td>$445,000</td>
<td>+38%</td>
<td>in six months</td>
</tr>
</tbody>
</table>

**Normal inventory is 6 months**

**June 2021 inventory is 2 weeks!!**

Source: Real Estate Center at Texas A&M
Inventory of Unsold Homes
Austin MLS

Source: Real Estate Center at Texas A&M University
Is There a Housing Bubble?

I see intense demand for SF houses due to:

- relentless increase in population
- a shortage of construction that has gone on for 12 years now
- a massive increase in investor demand for SF houses
  - a whole generation that is tired of living in apartments and being single
- a global realization that you can no longer retire with a portfolio of bonds
- an investment asset that you can get 70% leverage with a 3.5% mortgage
- an underlying fear that investors have about runaway inflation

In my opinion,

- bubbles form from unsustainable borrowing to purchase an asset
- I don't see any crazy mortgage lending schemes.
- borrowers are scrutinized before mortgages are made.
- even the millions that are behind are their mortgage payments are unlikely to get foreclosed because of growing equity in their home.
The Urban Vibe is in Jeopardy

Rampant shoplifting leads to another Walgreens closing in S.F.

Source: San Francisco Chronicle 10/18/20
“I honestly think in the last three years, we’ve seen a massive decline in the quality of life and that was only enhanced over COVID,” she said. “The homelessness has been a severe problem, people are not feeling safe walking their dog... the number of break-ins seem to be constantly on the rise.” 80% of residents say crime has worsened in recent years, 70% feel that quality of life has declined, and 88% say homelessness has worsened. 76% also believe that increasing the number of police officers in high crime neighborhoods should be a high priority.”

Source: CBS Bay Area 6/30/21
Movement Away From Urban Areas

Renters Flock to Suburbia, Upending an Urbanization Trend

By Peter Grant

Apartment rents are rising in suburban markets across the U.S., as city dwellers look for bigger spaces in smaller towns.

Many of suburbia’s new tenants say that this year’s shift to a work-at-home model removed a longstanding barrier to living in these neighborhoods, namely a sometimes aggravating commute to a downtown city office building.

Suburban homes also offer more room and outdoor space for the dollar. These towns, more limited cultural and cul- tural attractions attract more leisure when many city residents work, enjoy, and restaurants have closed or are operating at partial capacity.

Even with the U.S. economy in recession, apartment rents in the suburban markets of San- francisco, Los Angeles, and Washington, D.C., that allow enough people to be close enough to go into the office if they really needed to, but far enough to save,” said John Affleck, Co-Gen. vice president in charge of market analytics.

Home sales in the suburbs are also strong, prices at the end of June were 3.2% higher than a year earlier, according to Zillow Group Inc.

Meanwhile, rents in central business districts in popular cit- ies have been tumbling. San Francisco, where these rents are down 2.5% since the peak, has been hardest hit, CoStar said. These district rents are down 8.9% in Boston and be- tween 5% and 6% in New York.

Los Angeles and Philadelphia. Overall, central-business- district rents that fell to the activities and energy of cities, driving up rents and stoking hundreds of new apartment develop- ments as more people chose to live near where they worked.

Now, many real-estate ana- lysts suggest that the shift to the suburbs could continue. Work from home remains widespread, and prices in the sub- urb still look relatively cheap. Even with recent rent reductions, up to 10% of the middle class pay less than $1,000 a month in these markets.

Suburban residents are also ris- ing for apartments that target the middle class paying less than $1,000 a month. Demand has increased as people worry about job security, but there has been little new supply be- cause most recent develop- ment has focused on higher end units and urban markets.

In the Boston area, interest has been strong for working-class communities like Lawrence and Lowell, Mr. Affleck said. “They’ve been starved of new supply,” he said.

Many renters leaving the city for the suburbs are young cou- ples that have put off getting married and having children and now want space to start a family. Some landlords say they are also seeing less doubling up during this recession than prev- ious downturns because of concerns about contagion.

These renters are saying: “If I’m going to work from home, I want to be by myself,” Mr. Campo said. “I don’t want to share a room and worry about their contacts.”

Landlords point out that even before the pandemic, renters were starting to move out of higher cost markets like New York City and San Fran- cisco to places like Austin and Denver, where they could get more space for their money.

“We’ve continued to see those patterns, but now they’re at a higher clip,” said Rob West, founder and chief executive of GreyStar Real Estate Partners LLC in Charleston, S.C., the country’s largest multifamily landlord, with 690,000 units owned and managed globally.
The Black Swan Event

China invades Taiwan
Japan, Korea and US Respond

The whole Pacific supply chain is disrupted, creating supply shortages, price spikes and production cuts all over the world.
Dallas Fed’s Texas Economic Index

Source: Federal Reserve Bank of Dallas
Austin Regional Business-Cycle Index

Austin – Round Rock Business-Cycle Index

Index, October 1980 = 100*

Source: Federal Reserve Bank of Dallas
## Population Projection: Austin Metro Area

### Table 2: Metro SA (Feb 2013) Level

<table>
<thead>
<tr>
<th>Migration Rate</th>
<th>Year</th>
<th>Area Code</th>
<th>Area Name</th>
<th>Age</th>
<th>Total Pop</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2010</td>
<td>2010</td>
<td>12420</td>
<td>Austin-Round Rock</td>
<td>All (0-85+)</td>
<td>1,716,289</td>
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<tr>
<td>2000-2010</td>
<td>2015</td>
<td>12420</td>
<td>Austin-Round Rock</td>
<td>All (0-85+)</td>
<td>1,990,437</td>
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<tr>
<td>2000-2010</td>
<td>2020</td>
<td>12420</td>
<td>Austin-Round Rock</td>
<td>All (0-85+)</td>
<td>2,306,857</td>
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<tr>
<td>2000-2010</td>
<td>2025</td>
<td>12420</td>
<td>Austin-Round Rock</td>
<td>All (0-85+)</td>
<td>2,653,615</td>
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<tr>
<td>2000-2010</td>
<td>2030</td>
<td>12420</td>
<td>Austin-Round Rock</td>
<td>All (0-85+)</td>
<td>3,035,547</td>
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<td>2000-2010</td>
<td>2035</td>
<td>12420</td>
<td>Austin-Round Rock</td>
<td>All (0-85+)</td>
<td>3,466,270</td>
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<td>2000-2010</td>
<td>2040</td>
<td>12420</td>
<td>Austin-Round Rock</td>
<td>All (0-85+)</td>
<td>3,960,317</td>
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<td>2000-2010</td>
<td>2045</td>
<td>12420</td>
<td>Austin-Round Rock</td>
<td>All (0-85+)</td>
<td>4,528,746</td>
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<td>2000-2010</td>
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<td>12420</td>
<td>Austin-Round Rock</td>
<td>All (0-85+)</td>
<td>5,176,940</td>
</tr>
</tbody>
</table>

Source: Texas State Data Center at UTSA
QUESTIONS?