

http://www.statesman.com/business/economist-austin-economy-keeps-outperforming-nations-as-a-1696191.html?cxtype=rss_ece_frontpage

Economist: Austin economy keeps outperforming nation's as a whole

By [Shonda Novak](#)

AMERICAN-STATESMAN STAFF
Thursday, Aug. 4, 2011

Against the worst national economy in more than 60 years, the Austin area stands out as the best market in the nation.

That's the bottom line from Mark Sprague, an expert who follows the economy and housing markets both locally and nationally.

Sprague, director of business development for Mission Mortgage in Austin, gave an overview of the economy and housing picture and delivered his 2012 forecast for the nation, state and Austin area to a group of real estate and mortgage lending professionals Thursday.

Sprague said the housing market has bottomed out in Austin and Houston, but nationally "has a ways to go." He said mortgage defaults and residential foreclosures will remain high, but he noted that more than half of the nation's foreclosures are concentrated in a handful of metro areas, including Atlanta, Los Angeles, Las Vegas and Phoenix.

Sprague said he "tends to be negative" and conservative in his outlook, but the data show the local economy is outperforming the nation as a whole on several fronts. Its unemployment rate is 6.7 percent, lower than the statewide 7.9 percent rate and the U.S. rate of 9.2 percent.

Housing prices have held relatively stable — Austin didn't have the appreciation bubble and thus no major price drops — and the foreclosure rate isn't nearly as high in the five-county area as some other places — 1 per 1,044 homes compared with 1 in 60 in Las Vegas.

The Austin area also has a low supply of newly built homes on the market, with about a three-month inventory. Six months is considered a healthy balance . That comes amid growing demand, with 56,000 people a year — 153 a day — moving to the area.

"There's tremendous demand coming to this city," Sprague said. But there is a tight supply of apartments and houses to lease, and only 1,500 apartment units being built this year.

Sprague's positive local outlook was in contrast to a gloomy national forecast delivered Wednesday by Mark Dotzour, chief economist and director of research for the Real Estate Center at Texas A&M University.

Dotzour did predict good news for Austin, saying the area would continue to add jobs in the next year, at a 1.1 percent clip.

For 2011, the five-county Austin metro area is expected to add 7,000 to 11,000 jobs, with the gain probably closer to 15,200 more jobs this year than last, according to the Federal Reserve Bank of Dallas, Sprague said.

Austin has doubled its population every 20 years, he said, through every downturn for the past 100 years.

Nationally, Sprague said, recovery may take time. Economists project substantive growth will not occur until late 2012, he said.

But there are positive signs, he said. Among them: Corporate profits are up, credit markets have stabilized and housing prices have firmed in most markets.

In Texas, the state should see job growth of 1.5 percent and possibly 2 percent for this year, Sprague said. The state gained 133,100 jobs from August 2009 to August 2010 — about 48 percent of the 278,000 jobs added in the United States during that time.

"We're in a good place," Sprague said. And unlike Dotzour — who said he opened an account in Canada as a potential "escape value" — "I'm still keeping my money in the states," Sprague said.

Courtesy of JB Goodwin