

Angelou: Coming years should be fruitful

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According to projections by AngelouEconomics Inc., 2007 is shaping up to be a very good year.

The Austin economic research firm forecasts strong economic growth for the metro area, with Austin employment expanding by 24,400 jobs in 2007 and 26,100 jobs in 2008. Last year, 22,400 new jobs were added to the Austin economy.

Job growth is expected to accelerate in retail, hospitality, professional services and information sectors. However, the wholesale trade and manufacturing space will remain slow.

Professional services is expected to add the most jobs in 2007 and 2008, continuing the growth in high-wage industries, while extended expansion of the information and financial sectors will take Austin's average wage to a new high.

Angelos Angelou, principal and chief economist of the firm, continued his emphasis on fostering entrepreneurs, saying that Austin's economic development efforts should be focused on them. AngelouEconomics points to the growing venture capital activity nationwide, saying the amount of available venture capital in 2006 was the largest since 2001. With venture funding set to increase, emerging industries such as clean energy are expected to benefit, the company's report says.

The medical and life science sectors in particular are lacking entrepreneurs, Angelou says. Those two sectors are poised to be significant players in Austin's economy.

In the tech industry, the semiconductor space is expected to grow by 11 percent. With the construction of Samsung Electronics Co. Ltd.'s new 300mm semiconductor plant and AMD Inc.'s expanded building, AngelouEconomics remains "especially optimistic" about the semiconductor industry's growth, Angelou says.

On the real estate front, the office market saw strong growth last year. Northwest Austin saw most of the absorption in 2006 and that trend is expected to continue. The Central Business District lags behind the northwest market, Angelou says, but he adds that the addition of many Second Street mixed-used projects may add more strength to the downtown office market.

More than 17,000 new homes were built in 2006, and AngelouEconomics predicts similar levels in 2007. The average home price went up 9.3 percent to \$230,000 in 2006. While home prices remained within reasonable range, in terms of the average income, AngelouEconomics found that first-time home buyers are increasingly being priced out of the market.

The level of inventory compared to demand will show that next year will be a seller's market, Angelou says.

The multi-family market is also expected to improve, and rents rose to almost 95 cents per square foot, strong by historical standards, AngelouEconomics says. Downtown Austin, in particular, will be a hot market, with 1,300 apartments under construction and another 1,300 planned over the next two to three years.