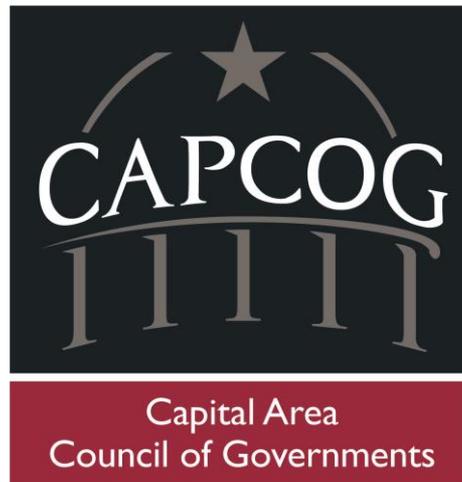


# COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY 2015 - 2020



**2016 UPDATE**

# INTRODUCTION

*The 2016 Update to the 2015-2020 Comprehensive Economic Development Strategy (CEDS) features updated data and analysis for the region, with particular focus on:*

- Population Growth,*
- Jobs and Employment,*
- Workforce and Education,*
- Challenges the Capital Area faces, and*
- Updated Performance Metrics for the region.*

*Many of the trends identified and discussed in detail in the initial edition of the 2015-2020 CEDS are still relevant and are observed in the updated data. Population continues to grow, adding roughly 50,000 people per year to the Capital Area. The highest rates of population increase are in the counties that contain the IH-35 corridor, but growth is increasingly taking place to the east and west as well. Many of the newcomers to the region are highly-skilled and highly-educated workers, promising strong, innovation-driven economic growth and opportunity for the region in years to come.*

*The unemployment rate in the region is at or below 4%, and regional job creation numbers have been quite strong. Government jobs still represent a strong segment of local employment, but that sector is increasingly complemented by employment in the retail, professional services, healthcare, and entertainment/accommodation sectors. The wholesale trade and construction sectors, while not as large in the region in employment terms, are also growing quickly. Despite the strong overall job growth, there is an unevenness in the types of jobs being created in the region. Jobs created in the retail or accommodation sectors are not typically jobs that pay wages sufficient to keep up with rising costs in the region, and in Austin in particular. Many of the workers who perform these jobs must commute in from communities outside of Austin, resulting in long commutes, congestion, and increased suburbanization of low-income households.*

*Workforce development and educational attainment remain key issues for the region in order to make sure that the benefits of the Capital Area's economic growth are broad-based and accessible for all residents. Currently, average educational attainment rates vary from very high to very low, often depending on one's race/ethnicity or location of residence.*

*CAPCOG is working with local communities and elected officials, to develop thoughtful, data-driven, and context-specific approaches to addressing the challenges that the region faces. This CEDS represents a key tool in developing awareness and aligning responses to the policy and programmatic needs of the Capital Area.*

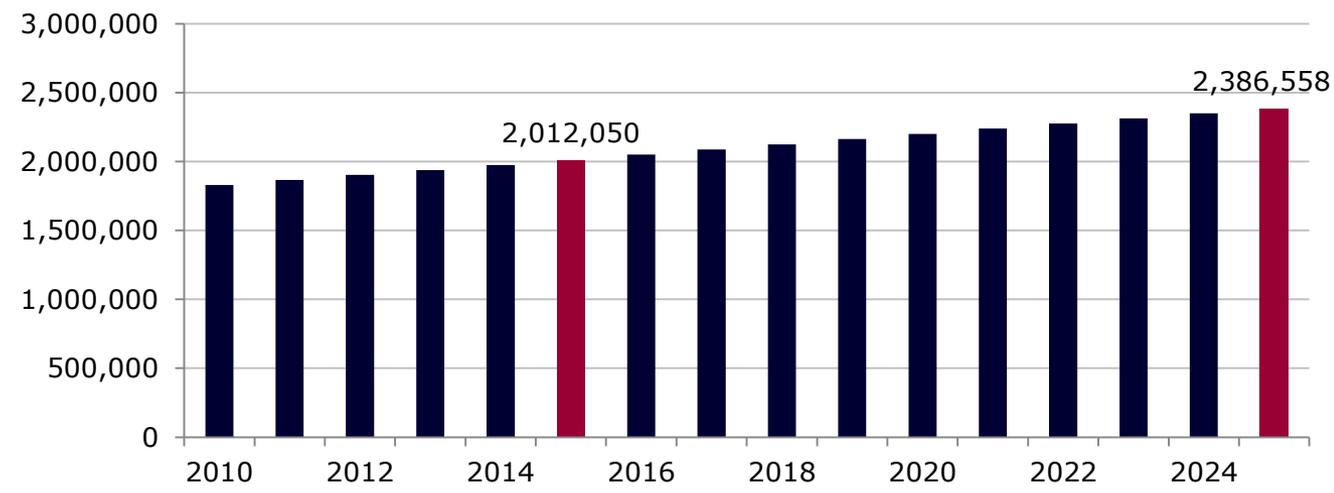
# POPULATION GROWTH

2015 saw the Capital Area's population surpass 2 million residents. Modest forecast immigration rates from the Texas State Data Center (half the immigration rate the region experienced between 2000 and 2010) still show the region adding another 375,000 people by 2025.

In absolute terms, the population is growing fastest in Hays, Travis, and Williamson counties – those counties through which IH-35 passes. But strong double-digit population growth rates are expected over the next 10 years in Bastrop and Caldwell counties as well, as population spreads out more thoroughly through the Metropolitan Statistical Area.

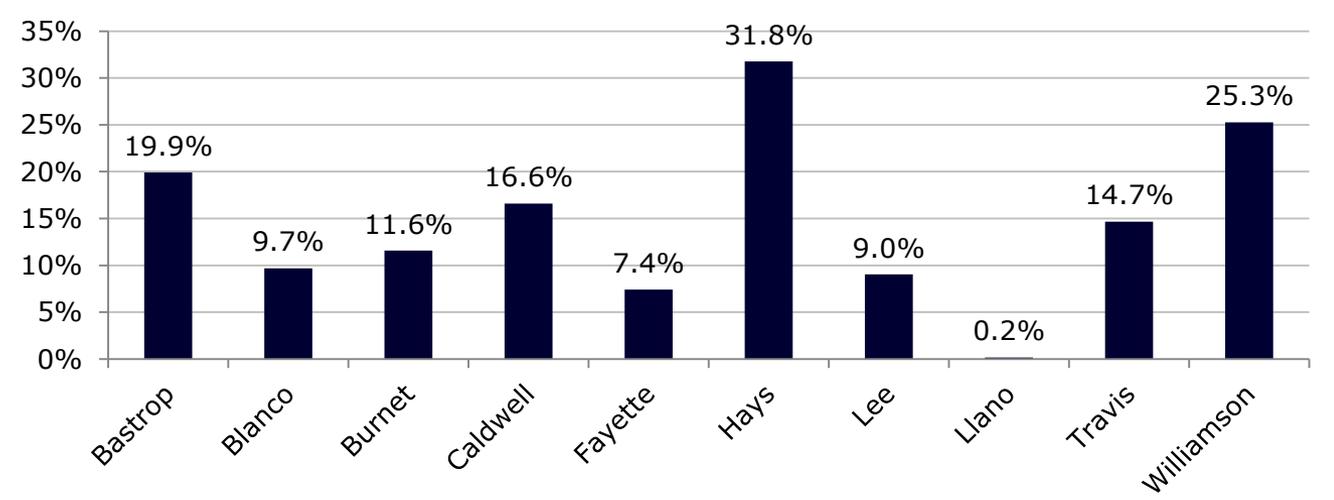
Expectations for population growth are more varied in more rural counties. Burnet County is expected to lead the way, with 11.6% growth over the next 10 years. Blanco, Fayette, and Lee counties all show positive growth as well, while Llano County is expected to remain largely flat in terms of population growth.

## HISTORICAL & PROJECTED POPULATION GROWTH RATES



SOURCE: U.S. CENSUS BUREAU / TEXAS STATE DATA CENTER

## PROJECTED POPULATION GROWTH RATES (2015 – 2025)



SOURCE: U.S. CENSUS BUREAU / TEXAS STATE DATA CENTER

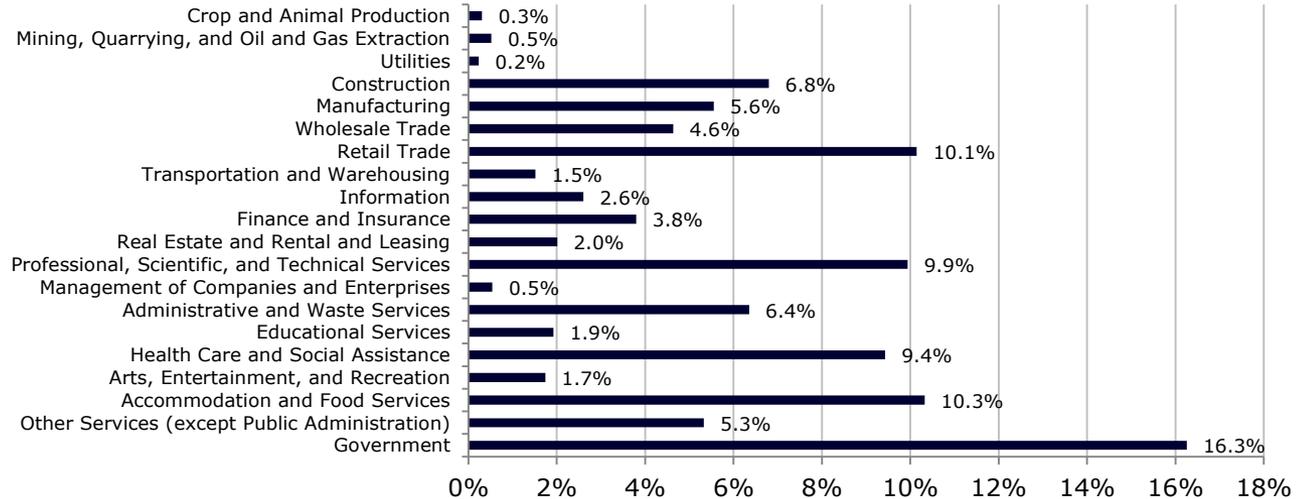
# JOBS AND EMPLOYMENT

The Capital Area added over 45,000 jobs between 2015 and 2016. Some of the largest year over year job gains came in the Professional Services (8,188 jobs), Accommodation and Food Services (7,461), and Construction (5,819) sectors. In percentage terms, the Arts and Entertainment as well as Wholesale Trade sectors also grew significantly.

In addition to fast growing sectors, government, retail trade, and healthcare are significant sources of employment.

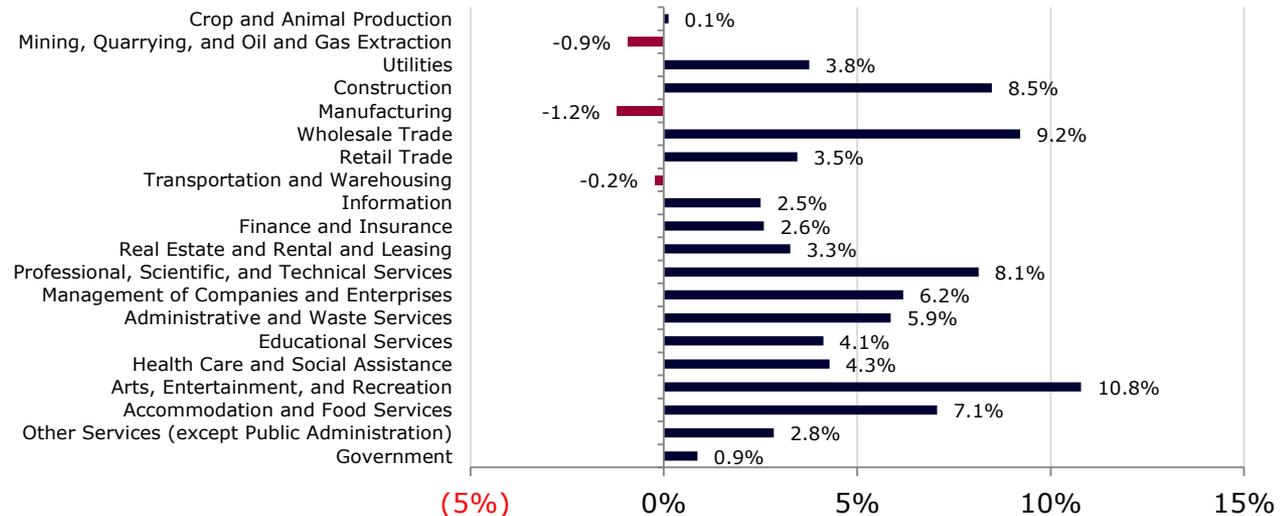
While strong job growth in so many different sectors reflects the strength of the economy in the Capital Area (unemployment has fallen under 4% in several Capital Area counties), affordability challenges have exacerbated. One driver of this is the low average wage paid by several large sectors of the economy, notably Retail Trade as well as Accommodation and Food Services. Using prior year data – between 2014 and 2015 – only about 40% of the jobs created in the Capital Area paid an average wage above \$20 per hour.

## CAPITAL AREA EMPLOYMENT BY INDUSTRY SHARE (2016)



SOURCE: EMSI

## CAPITAL AREA EMPLOYMENT CHANGE BY INDUSTRY (2015 - 2016)



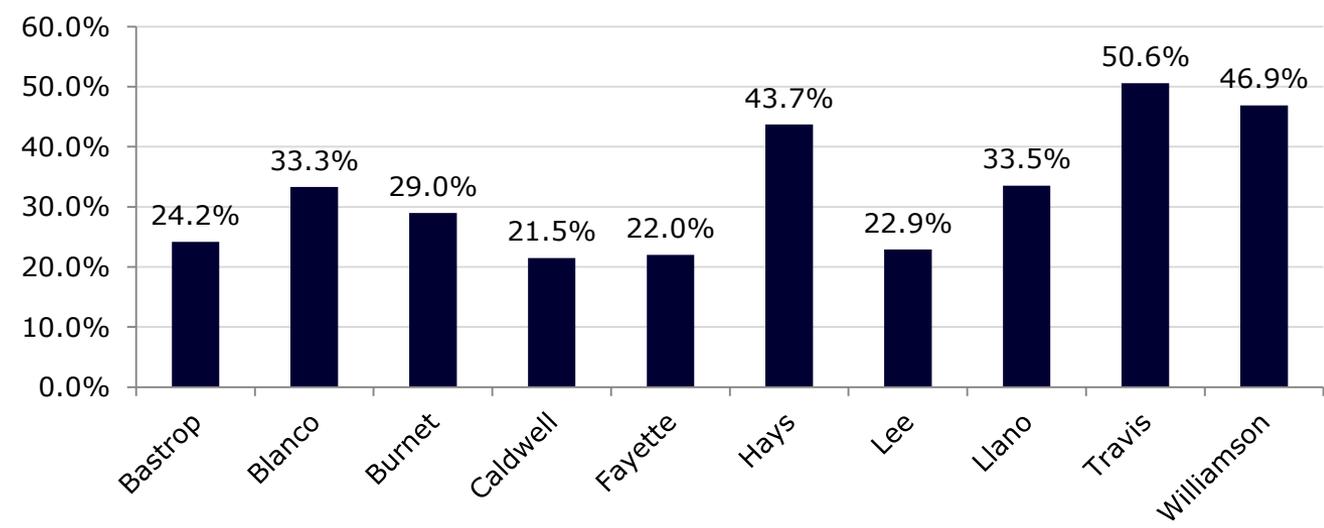
SOURCE: EMSI

# EDUCATION AND WORKFORCE

Educational attainment rates overall for the Capital Area are higher than in most other parts of the country. Within the Capital Area, educational attainment rates are highest in Travis, Williamson, and Hays counties, to some extent reflecting the presence of several large and well-established universities and community college systems in those counties. More rural counties in the Capital Area have somewhat lower levels of educational attainment, with attainment of an Associate's Degree or higher ranging from 21.5% in Caldwell County to 33.5% in Llano County.

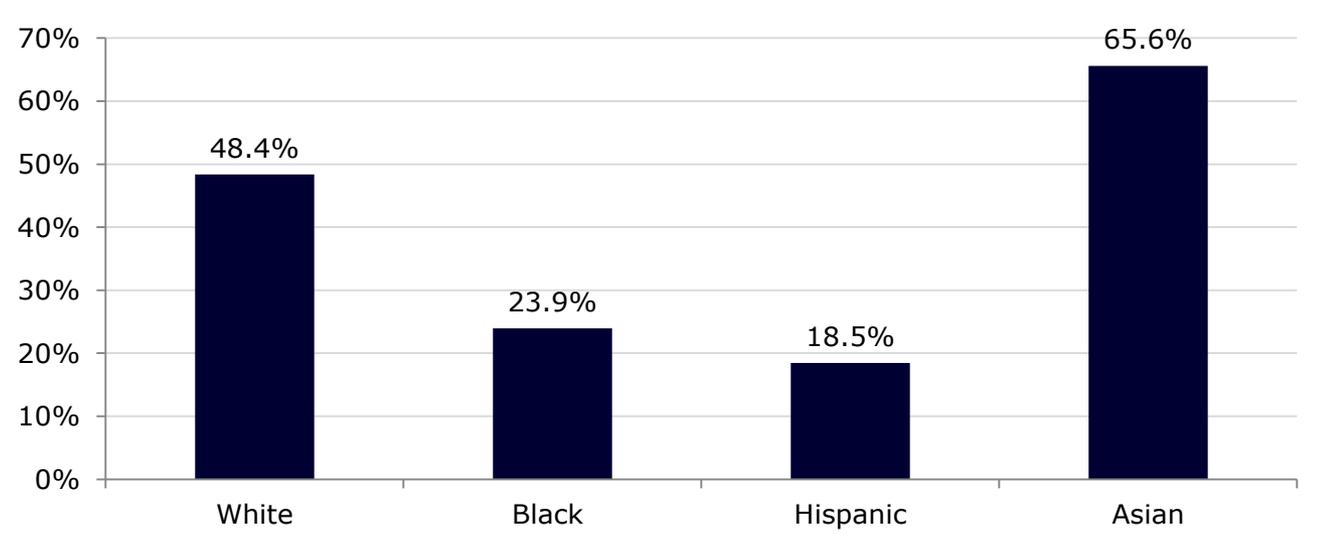
In addition to variation across counties, there is significant variation in educational attainment outcomes along racial/ethnic lines in the Capital Area. Non-Hispanic Whites and Asians are more than twice as likely as Blacks or Hispanics to have attained a Bachelor's Degree or higher, reflecting issues of access and equity in the region.

— ATTAINMENT OF AN ASSOCIATE'S DEGREE OR HIGHER, POPULATION AGE 25+ (2014) —



SOURCE: U.S. CENSUS BUREAU

— ATTAINMENT OF A BACHELOR'S DEGREE OR HIGHER, POPULATION AGE 25+ (2014) —



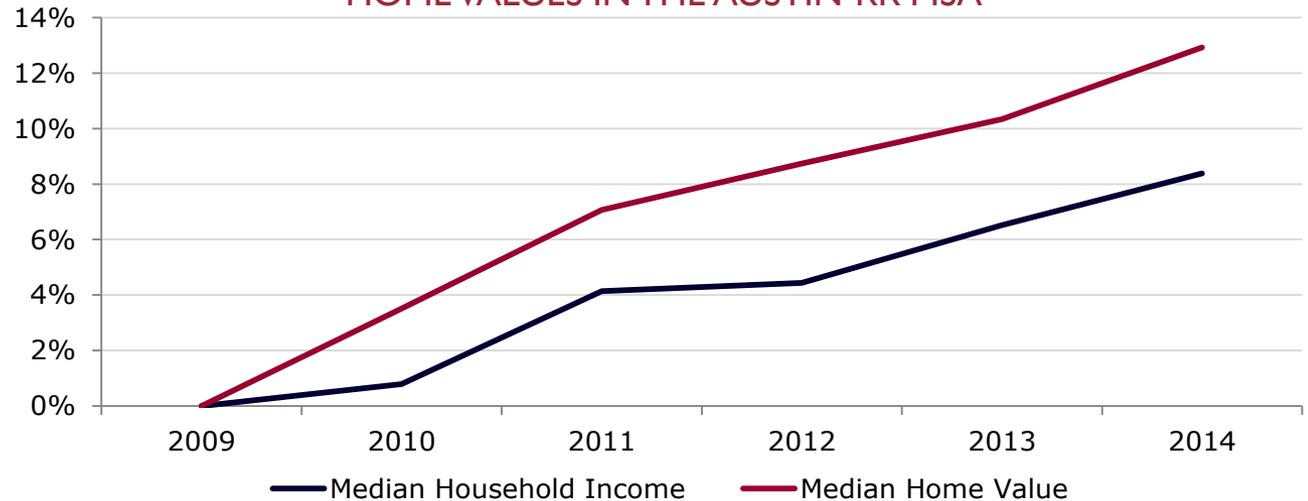
SOURCE: U.S. CENSUS BUREAU

# CHALLENGES

Though many of the trends in the region are positive, particularly as it relates to population and economic growth, the Capital Area also faces strong challenges. Many of the region's challenges in fact stem from managing the consequences of such strong growth. For example, between 2009 and 2014, median home values in the 5-County MSA rose 13%, while incomes only rose 8%. Within the city of Austin, home prices have risen even faster, creating widespread housing affordability challenges.

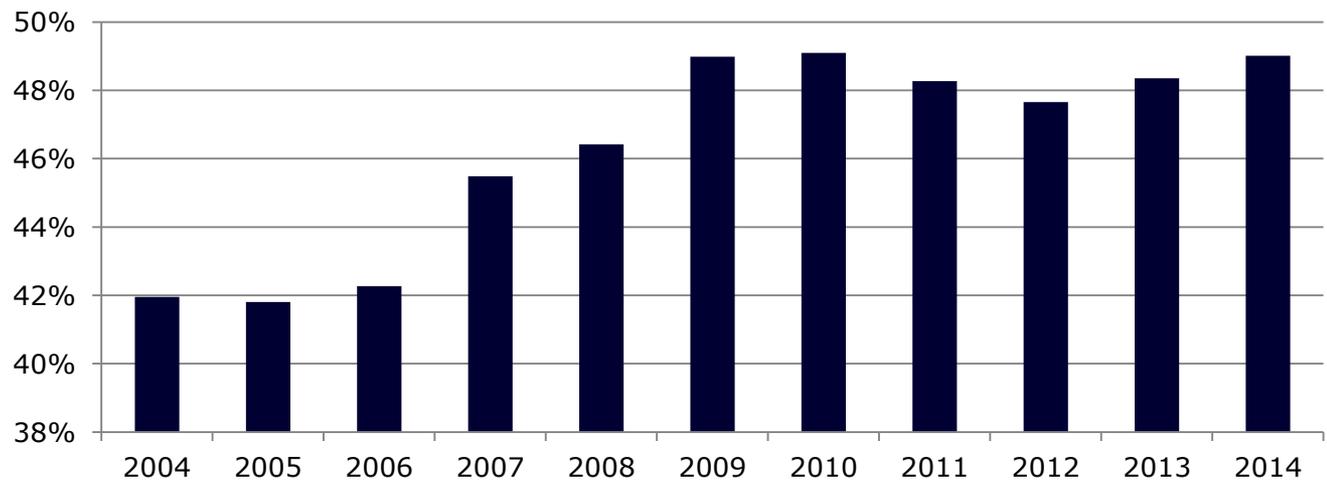
And the large influx of people moving into communities throughout the region in recent years, paired with a concentration of jobs in central Austin has created transportation challenges that threaten connectivity and access throughout the Capital Area. Nearly 50% of Capital Area residents cross a county line as part of their daily commute, and the addition of many more workers, half of which make these long commutes, has pushed the existing transportation infrastructure to the limits of its capacity.

— PERCENTAGE CHANGE IN MEDIAN HOUSEHOLD INCOMES AND MEDIAN HOME VALUES IN THE AUSTIN-RR MSA —



SOURCE: U.S. CENSUS BUREAU

— PERCENTAGE OF CAPCOG WORKERS WHO CROSS A COUNTY LINE TO REACH THEIR PLACE OF EMPLOYMENT —



SOURCE: U.S. CENSUS BUREAU

# PERFORMANCE METRICS

## THEME 1: WORKFORCE DEVELOPMENT

| METRIC  | INITIAL CEDS VALUE  | CURRENT VALUE  | TREND  | SOURCE  |
|---|---|--|--|---|
| Increase in the share of the population aged 25+ in all Capital Area counties with a post-secondary degree          | In 2013, 46% of Capital Area residents aged 25+ had a post-secondary degree.  | In 2014, this estimate remains at 46%.   |   | U.S. Census Bureau, American Communities Survey             |
| Increase in the share of households in all counties in the Capital Area earning an annual income more than \$35,000 | In 2013, 71.4% of Capital Area households earned more than \$35,000 per year.   | In 2014, this estimate rose slightly to 71.9%.   |   | U.S. Census Bureau, American Communities Survey             |
| Increase in the number of vocational certificates awarded by the region's post-secondary institutions               | In the 2012-2013 academic year, 6,660 vocational certificates and Associate's Degrees were awarded by Capital Area post-secondary institutions. | In the 2013-2014 academic year, 5,208 vocational certificates and Associate's Degrees were awarded.    |   | National Center for Education Statistics, College Navigator |
| Increase in the share of jobs added to the regional economy that pay average hourly wages above \$20.               | The Capital Area added 29,700 jobs in 2014, of which 13,000 (44%) paid over \$20 in average hourly wages.                                       | The Capital Area added 33,845 jobs in 2015, of which 13,500 (40%) paid above \$20 per hour on average. |  | Economic Modeling Specialists International                 |

# PERFORMANCE METRICS

## THEME 2: ENTREPRENEURSHIP AND GROWTH ACCELERATION

| METRIC  | INITIAL CEDS VALUE  | CURRENT VALUE   | TREND  | SOURCE   |
|---|---|---|--|--|
| Increase in the number of new firms created in the Austin-RR MSA each year                    | In 2012, 3,313 new firms were established in the Austin-RR MSA.                                 | In 2013, 3,360 new firms were established in the Austin-RR MSA.                                 |   | U.S. Census Bureau, Business Dynamics Statistics |
| Increase in the number and value of venture capital investments in the Austin-RR MSA          | In 2014, 114 venture capital deals were completed in the MSA worth a total of \$620.6 million.  | In 2015, 99 venture capital deals were completed in the MSA worth a total of \$740.0 million.   |   | National Venture Capital Association             |
| Increase in the number of patents awarded to intellectual property owners in the Capital Area | 2,810 patents were awarded to intellectual property owners in the Capital Area in 2014          | 2,715 patents were awarded in 2015.   |   | U.S. Patent and Trademark Office                 |
| Increase in the number of jobs created through expansion of existing businesses               | In 2014, 4,871 jobs were created by firms in the Austin-RR MSA that announced major expansions. | In 2015, 4,970 jobs were created by firms in the Austin-RR MSA that announced major expansions. |  | Greater Austin Chamber of Commerce               |

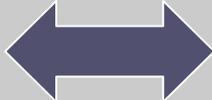
# PERFORMANCE METRICS

## THEME 3: ECONOMIC RESILLIENCE

| METRIC  | INITIAL CEDS VALUE  | CURRENT VALUE  | TREND   | SOURCE                                      |
|---|---|--|---|---|
| Increase in the value of exports from the Capital Area in each county                       | The value of goods exported outside the Capital Area was \$108.1 billion in 2013  | In 2014, the value of goods exported outside the Capital Area was \$124.6 billion.   |    | Economic Modeling Specialists International |
| Increase in the number of industry clusters that have developed in the region               | As of 2014, 7 sectors (3 digit NAICS) account for 46% of regional employment. 3 sectors (local government, food services, and professional services) account for 28%. | In 2015, the top 7 sectors accounted for 48% of regional employment. Local government, food services, and professional services accounted for 27%. |    | Economic Modeling Specialists International |
| Reduction in per capita water use in the Capital Area                                       | In 2012, water use was 0.20 acre-feet per capita in the Capital Area.   | In 2013, water use was 0.19 acre-feet per capita in the Capital Area.  |   | Texas Water Development Board               |
| Sufficient reduction in ozone levels to maintain compliance with EPA's air quality standard | In 2014, the Austin-RR MSA averaged 69 ozone parts per billion (ppb), below the current 75 ppb standard.  | In 2015, the Austin-RR MSA averaged 68 ozone parts per billion (ppb), below the revised 70 ppb standard.   |  | Texas Commission on Environmental Quality   |

# PERFORMANCE METRICS

## THEME 4: PLACE BUILDING

| METRIC   | INITIAL CEDS VALUE  | CURRENT VALUE   | TREND   | SOURCE                                   |
|--|---|---|---|--|
| Increase in number of communities using place-building scoring criteria in economic development incentives | Data did not previously exist   | 57% of communities that completed CAPCOG's survey used place-building scoring criteria  |    | CAPCOG survey of local communities       |
| Reduction of daily vehicle miles traveled per capita   | In the 2013-2014 TxDOT Fiscal Year, Capital Area residents drove 21.1 vehicle miles per capita. | In the 2014-2015 TxDOT Fiscal Year, daily vehicle miles traveled per capita in the Capital Area fell to 20.6.                       |    | Texas Department of Transportation       |
| Reduction of share of workers in the Austin-RR MSA that drive to work alone                                | In 2013, 75.9% of those employed in the Austin-RR MSA drove alone to work                       | In 2014, the share of workers employed in the Austin-RR MSA that drove alone to work fell to 71.8%.                                 |    | U.S. Census, American Communities Survey |
| Increase in amount of downtown investment in communities across the Capital Area                           | Data did not previously exist   | For communities outside Austin that completed CAPCOG's survey, a total of 19 projects took place in downtowns, worth \$2.3 million. |  | CAPCOG survey of local communities       |