



# The State of the Economic Region

**Betty Voights**

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Executive Director  
Capital Area  
Council of Governments

*December 8, 2004*



# Population 2000-2025

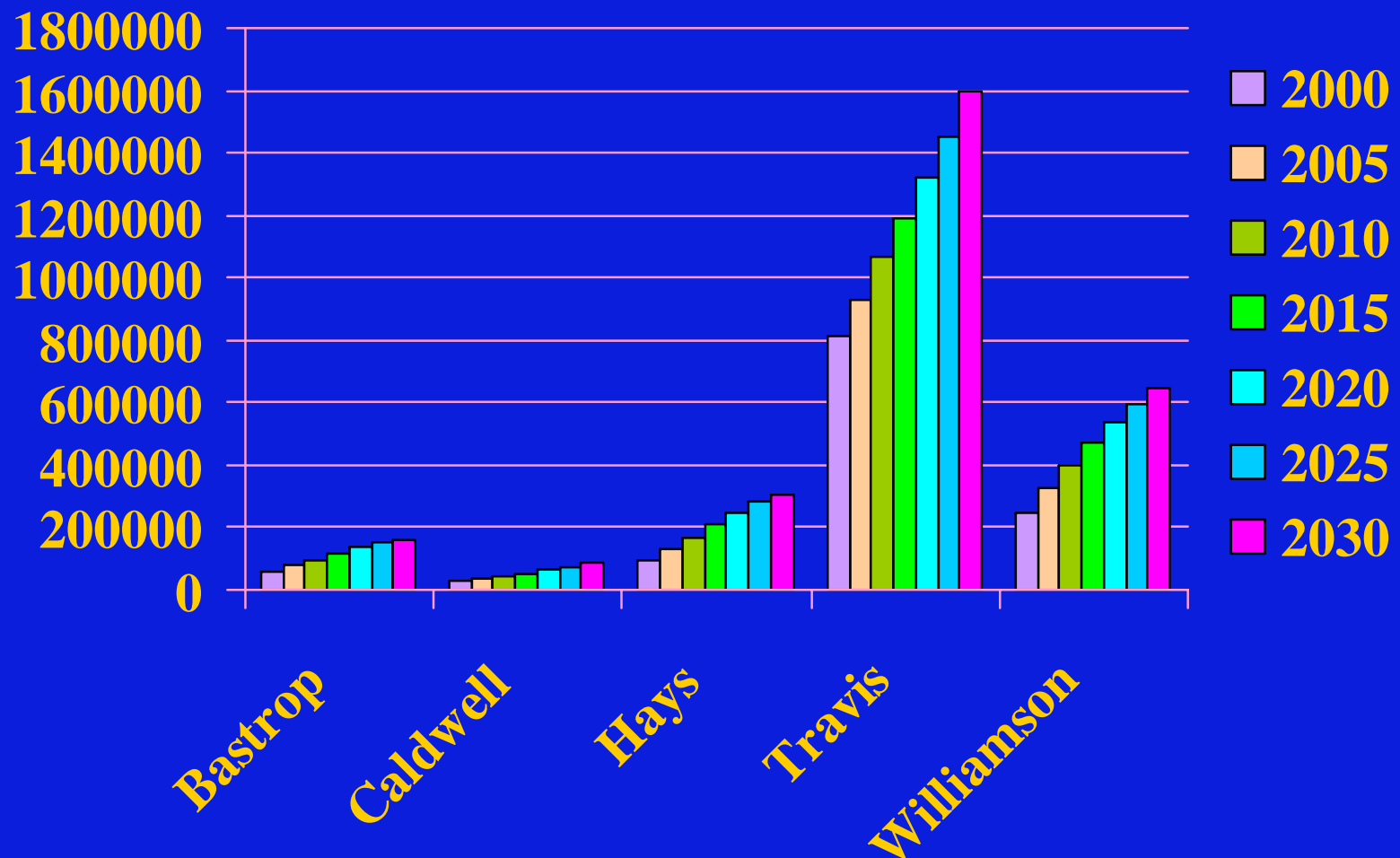
*thousands*

	2000	2005	2010	2015	2020	2025
Bastrop	58	77	97	118	136	149
Caldwell	32	37	44	52	62	74
Hays	99	129	169	211	249	279
Travis	818	932	1,066	1,192	1,317	1,449
Williamson	255	327	402	475	540	595
<b>Total</b>	<b>1,263</b>	<b>1,502</b>	<b>1,778</b>	<b>2,048</b>	<b>2,304</b>	<b>2,548</b>



# Population 2000-2030

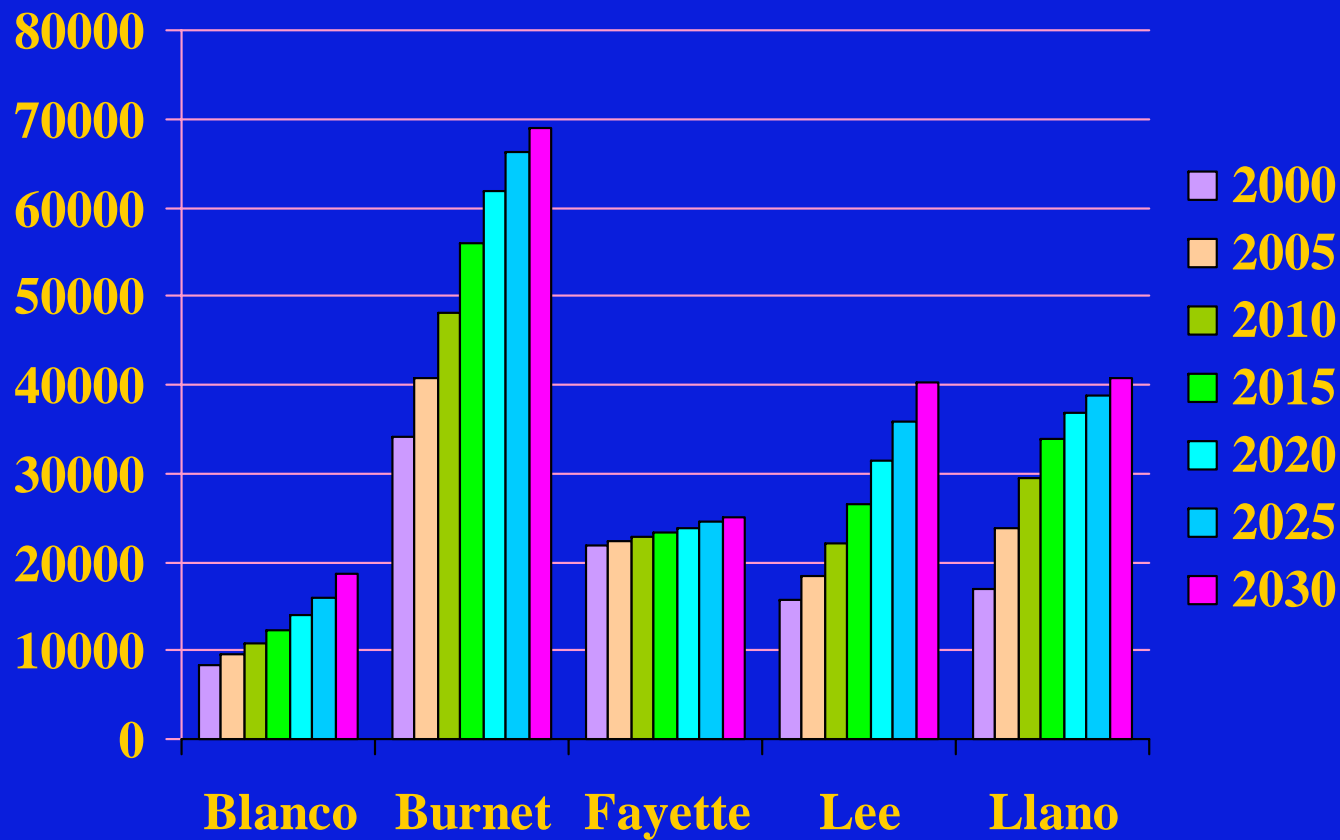
## MSA Counties





# Population 2000-2030

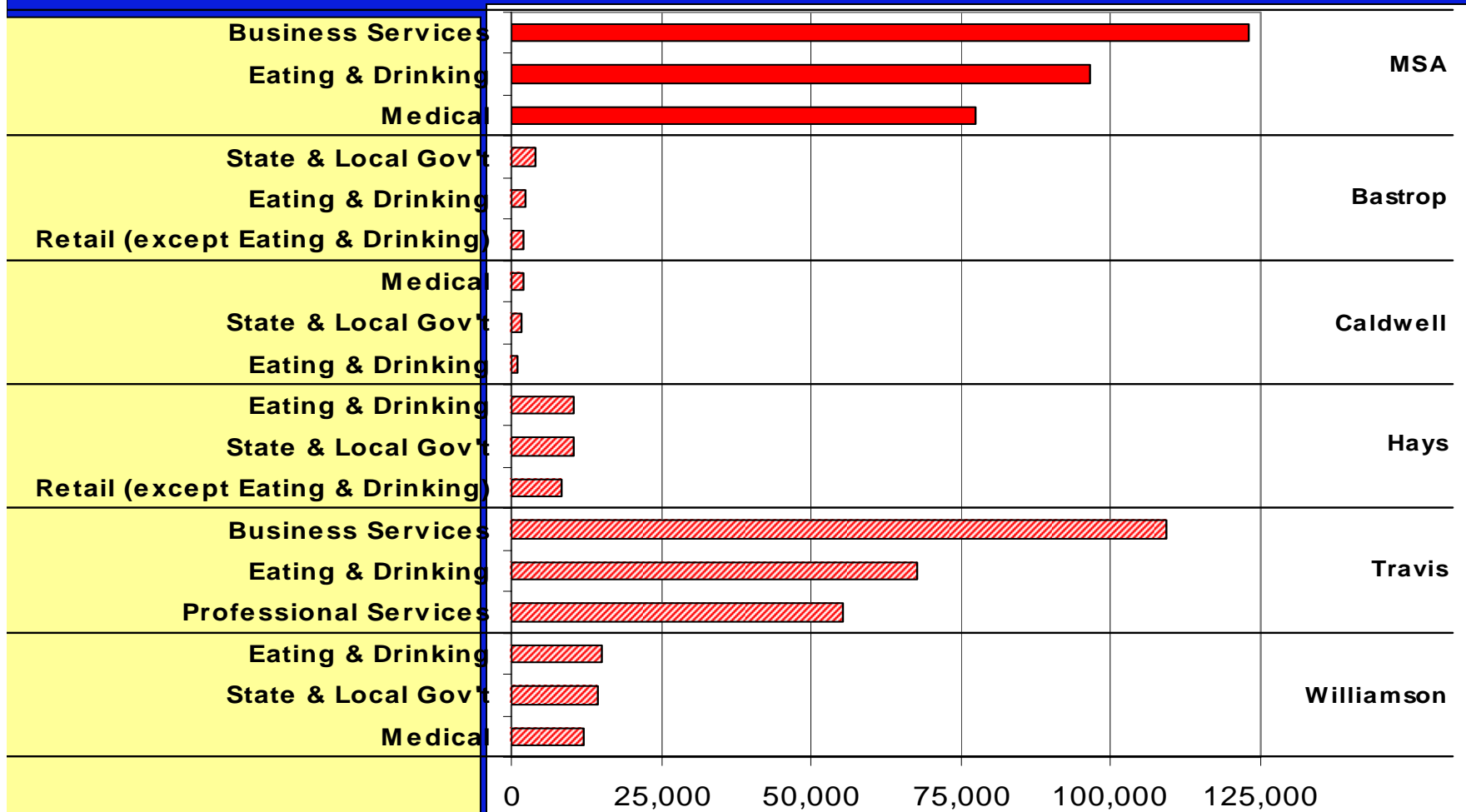
## Non MSA Counties





# Industry Growth, 2000-2025

## Top 3 Job-Gaining Industries per County





# Austin – San Marcos MSA

## Average Wage Rates

Employment Sector	1993	2003
Durables Manufacturing	\$38,368	\$72,577
Non-Durables Manufacturing	\$23,762	\$36,495
Construction	\$17,737	\$28,604
Transportation & Public Utilities	\$23,343	\$43,518
Financial, Insurance & Real Estate	\$17,088	\$24,122
Retail Trade	\$11,882	\$18,912
Wholesale Trade	\$28,710	\$110,378
Services	\$16,869	\$32,572



# Median Home Values For Travis County Communities

	1990	2000
<b>Travis County</b>	<b>\$77,700</b>	<b>\$134,700</b>
<b><i>Austin</i></b>	<b>\$72,100</b>	<b>\$124,700</b>
<b><i>Bee Cave</i></b>	<b>\$110,200</b>	<b>\$470,000</b>
<b><i>Briarcliff</i></b>	<b>\$94,000</b>	<b>\$156,500</b>
<b><i>Creedmoor</i></b>	<b>\$48,800</b>	<b>\$92,200</b>
<b><i>Jonestown</i></b>	<b>\$47,000</b>	<b>\$87,700</b>
<b><i>Lago Vista</i></b>	<b>\$90,600</b>	<b>\$143,500</b>
<b><i>Lakeway</i></b>	<b>\$152,600</b>	<b>\$230,200</b>
<b><i>Manor</i></b>	<b>\$33,600</b>	<b>\$58,000</b>
<b><i>Mustang Ridge</i></b>	<b>\$67,100</b>	<b>\$83,600</b>
<b><i>Pflugerville</i></b>	<b>\$78,100</b>	<b>\$134,900</b>
<b><i>Rollingwood</i></b>	<b>\$155,200</b>	<b>\$290,800</b>
<b><i>San Leanna</i></b>	<b>\$91,800</b>	<b>\$141,400</b>
<b><i>Sunset Valley</i></b>	<b>\$109,100</b>	<b>\$173,300</b>
<b><i>West Lake Hills</i></b>	<b>\$184,300</b>	<b>\$330,900</b>



# Median Home Values Across CAPCO

	1990	2000
<b>Travis County</b>	\$77,700	\$134,700
<i>Austin</i>	\$72,100	\$124,700
<b>Williamson County</b>	\$72,100	\$125,800
<i>Round Rock</i>	\$69,800	\$119,600
<b>Hays County</b>	\$80,400	\$129,400
<i>San Marcos</i>	\$57,700	\$83,400
<b>Bastrop County</b>	\$52,400	\$93,400
<b>Caldwell County</b>	\$43,800	\$68,000
<b>Fayette County</b>	\$53,300	\$71,600
<b>Lee County</b>	\$46,400	\$75,000
<b>Burnet County</b>	\$58,500	\$93,600
<b>Blanco County</b>	\$56,800	\$93,000
<b>Llano County</b>	\$68,400	\$102,100



# Economic Development?

- Provides tax revenue to local govts
- Provides good wage jobs & benefits
- Is sustainable in the region i.e. not likely to move offshore.
- Good corporate citizen.
- Provides product/service needed.
- Expansion opportunities.
- Multiplier effect.



# Businesses in Clusters

- Years of research show:
- Employment growth
- Wage growth
- High value of exports/ worker
- Increased productivity/output



# Definitions

- **Cluster**

A cluster is a group of interconnected companies because they share suppliers, technique and technology, labor supply, and markets segments.

Cluster of businesses = critical mass to support trade associations, R&D/ institution support, workforce training, transportation networks, etc.

**Benefits of Clustered Businesses:**

Foundation for innovation

Ease of entry for new businesses

Collective ability to recruit infrastructure and labor pool

Knowledge creation and sharing in region.

Sustained productivity

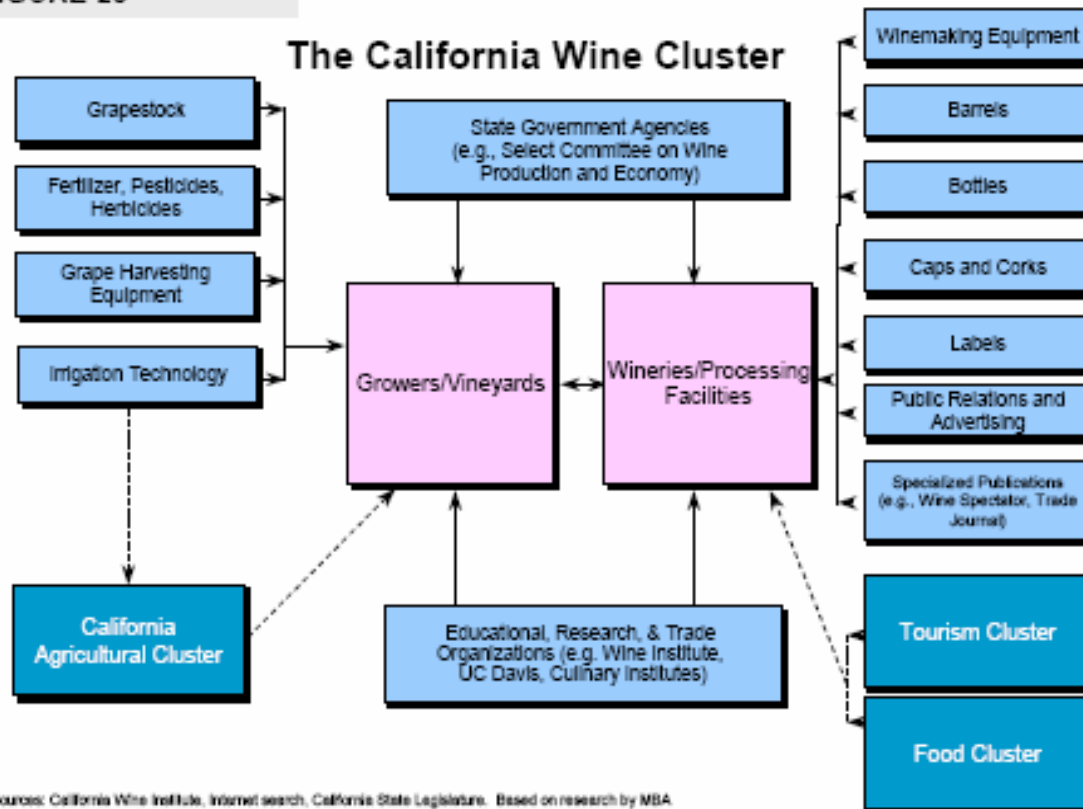
Attraction of capital.

Advantage of Place!



# Example: California Wine Cluster

FIGURE 25



Sources: California Wine Institute, Internet search, California State Legislature. Based on research by MBA 1997 students R. Alexander, R. Arney, N. Black, E. Frost, and A. Shivarenda.



# State Cluster Analysis

## Texas Profile of the State Economy

Prepared for  
**Governor Rick Perry**

By  
**Professor Michael E. Porter**  
INSTITUTE FOR STRATEGY AND COMPETITIVENESS  
HARVARD | BUSINESS | SCHOOL

The Austin American-Statesman 

**Perry seeking more cash to lure jobs**

**Governor says he will ask the Legislature to replenish the Texas Enterprise Fund**

- **Advanced technologies and manufacturing, including chip and automotive industries**
- **Aerospace and defense**
- **Biotech**
- **Information and computers**
- **Petroleum refining and chemicals**
- **Energy and power generation**

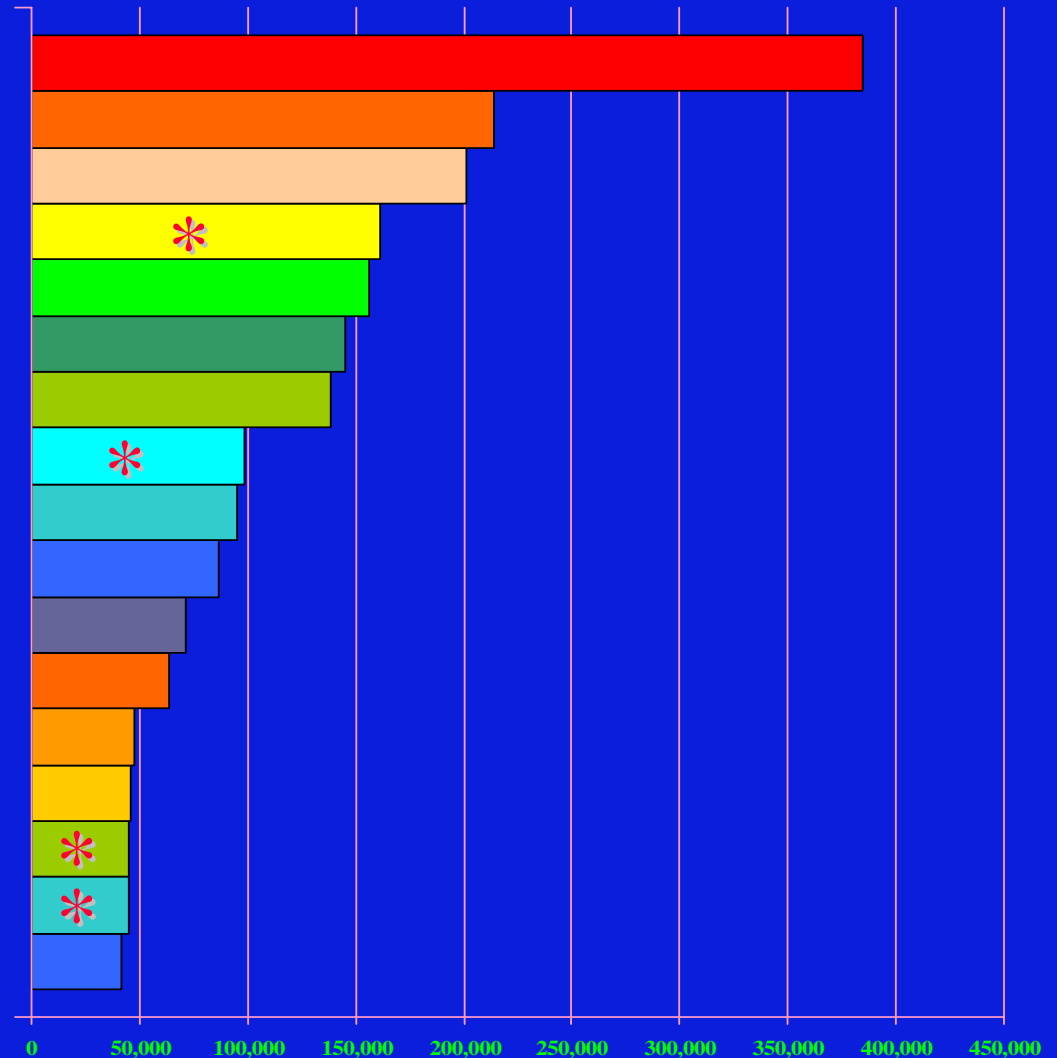
A 2002 report analyzing the Texas Economy

Governor Perry's Strategy



# Texas Employment by Cluster—Top 17

- Business Services
- Financial Services
- Heavy Construction Services
- Oil and Gas Products and Services
- Transportation and Logistics
- Distribution Services
- Hospitality and Tourism
- Information Technology
- Education and Knowledge Creation
- Processed Food
- Metal Manufacturing
- Plastics
- Publishing and Printing
- Building Fixtures, Equipment and Services
- Analytical Instruments
- Chemical Products
- Communications Equipment

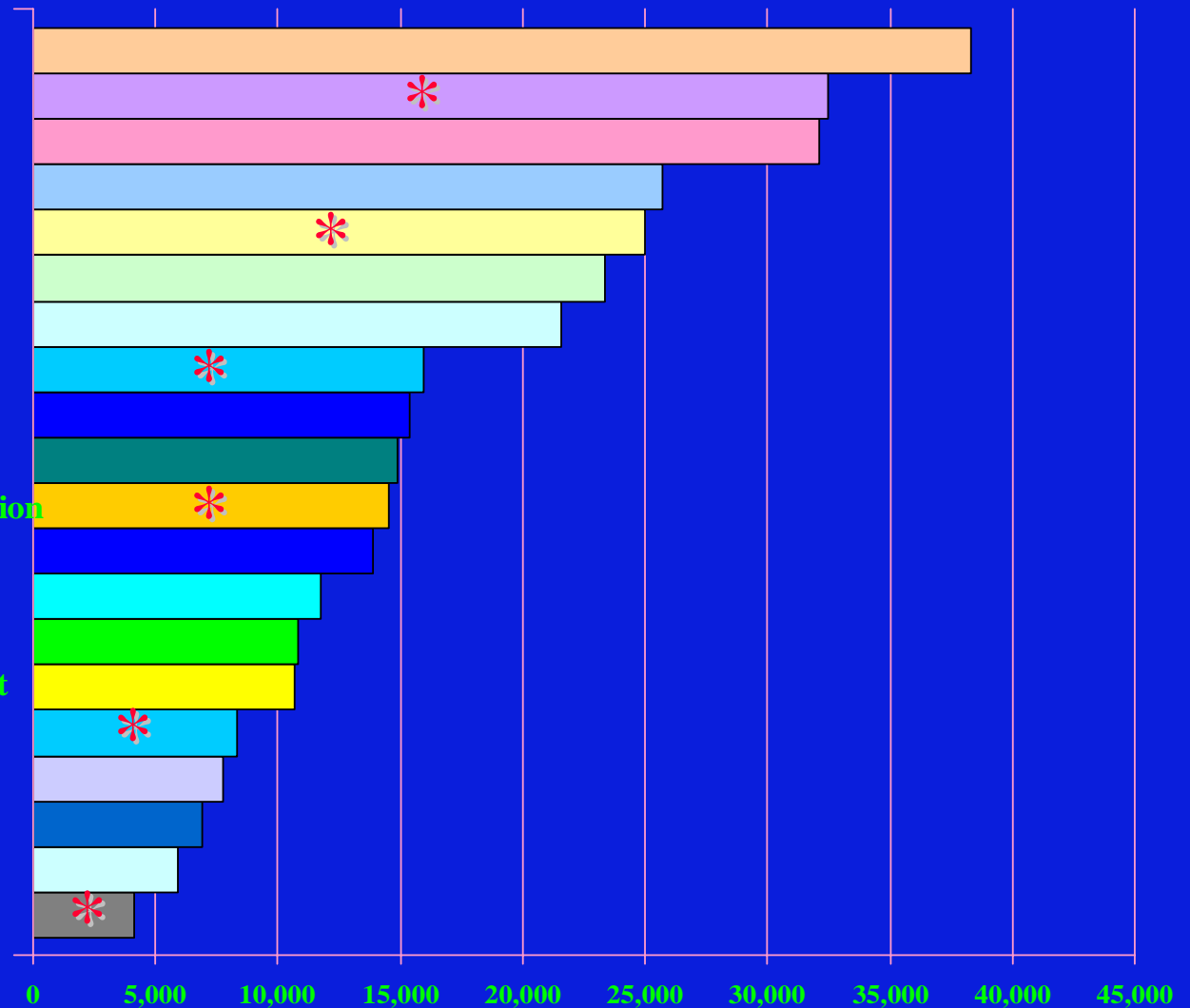


\* = Governor's list



# Texas Employment by Cluster- 2

- Entertainment
- Aerospace Vehicles and Defense
- Production Technology
- Apparel
- Automotive
- Motor Driven Products
- Heavy Machinery
- Medical Devices
- Prefabricated Enclosures
- Agricultural Products
- Power Generation and Transmission
- Forest Products
- Construction Materials
- Furniture
- Lighting and Electrical Equipment
- Biopharmaceuticals
- Leather and Related Products
- Jewelry and Precious Metals
- Textiles
- Aerospace Engines

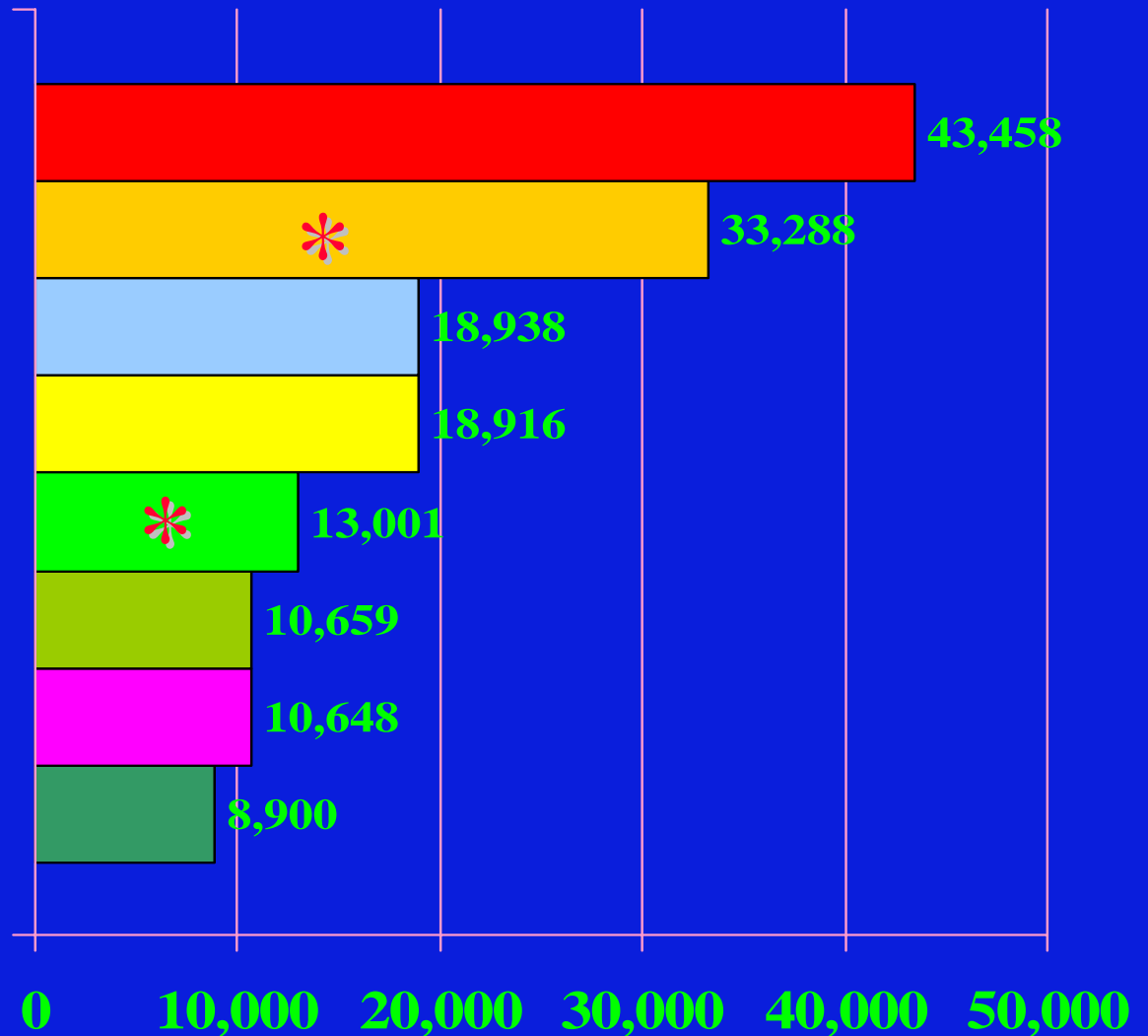


\* = Governor's list



# Capital Area Employment by Cluster—1

- Business Services
- Information Technology
- Financial Services
- Distribution Services
- Analytical Instruments
- Hospitality and Tourism
- Heavy Construction Services
- Education & Knowledge Creation

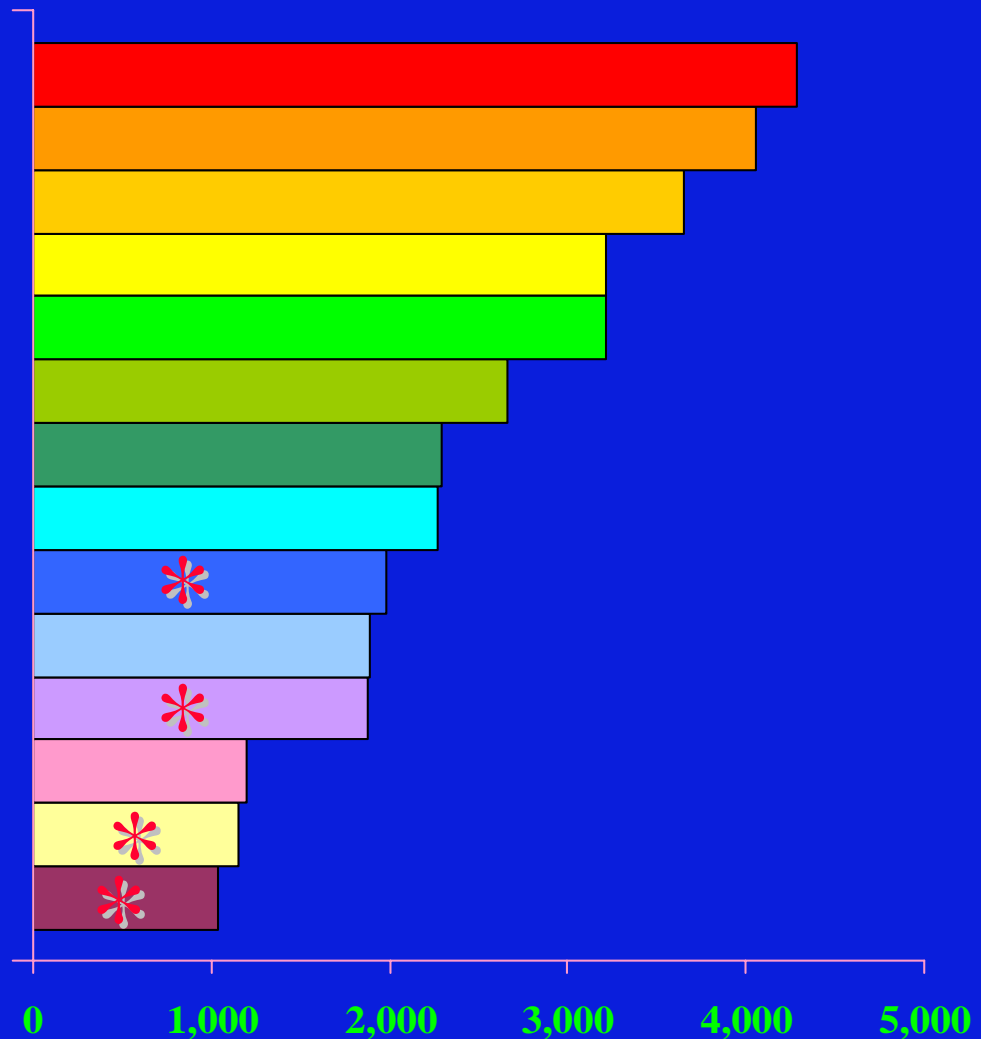


\*=Governor's list



# Capital Area Employment by Cluster—2

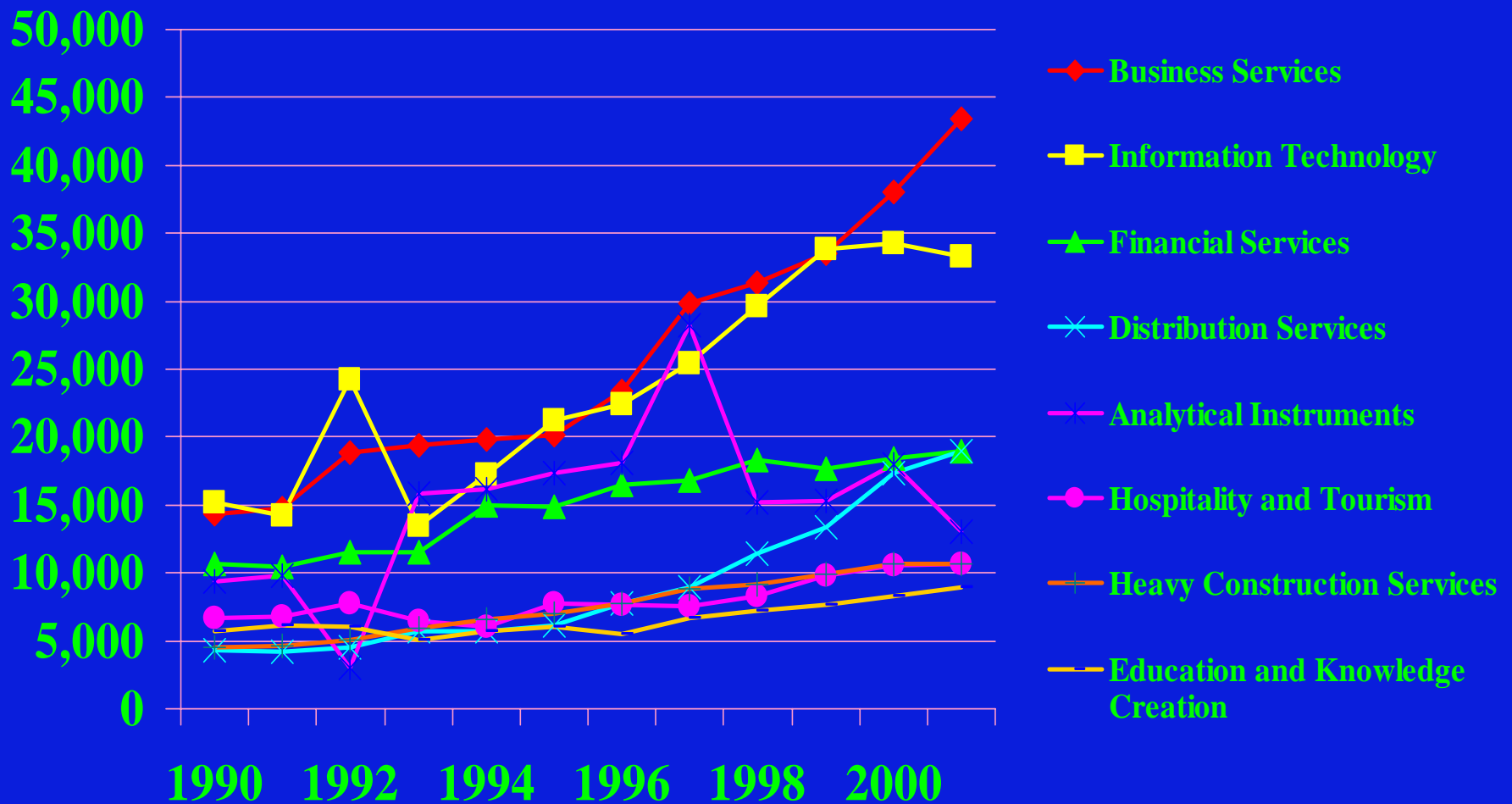
- Transportation and Logistics
- Publishing and Printing
- Entertainment
- Processed Food
- Communications Equipment
- Building Fixtures, Equipment and Services
- Plastics
- Metal Manufacturing
- Medical Devices
- Jewelry and Precious Metals
- Biopharmaceuticals
- Construction Materials
- Chemical Products
- Oil and Gas Products and Services



\*=Governor's list

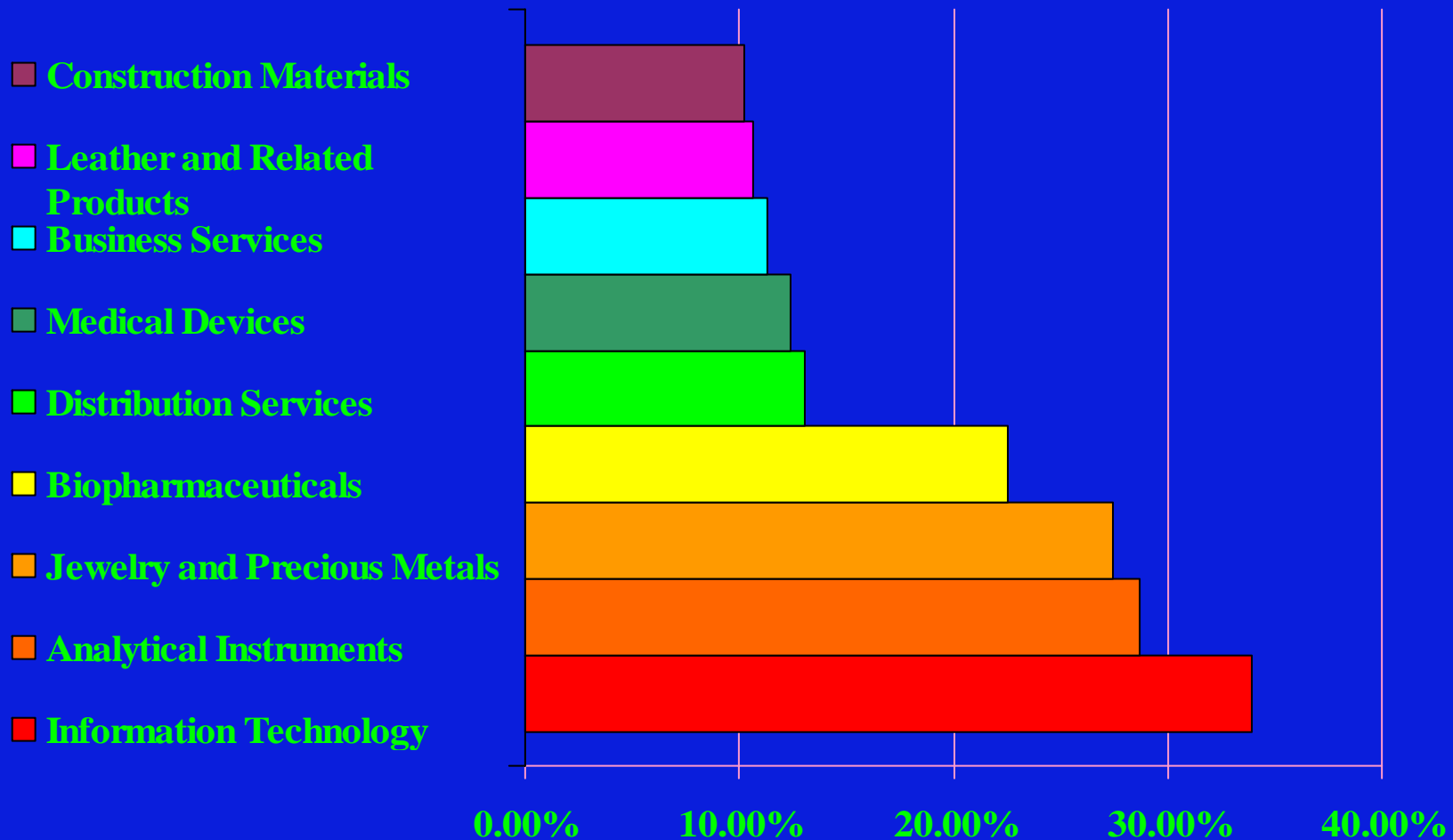


# Employment Growth Capital Area





# Capital Area Share of Texas Employment-selected clusters





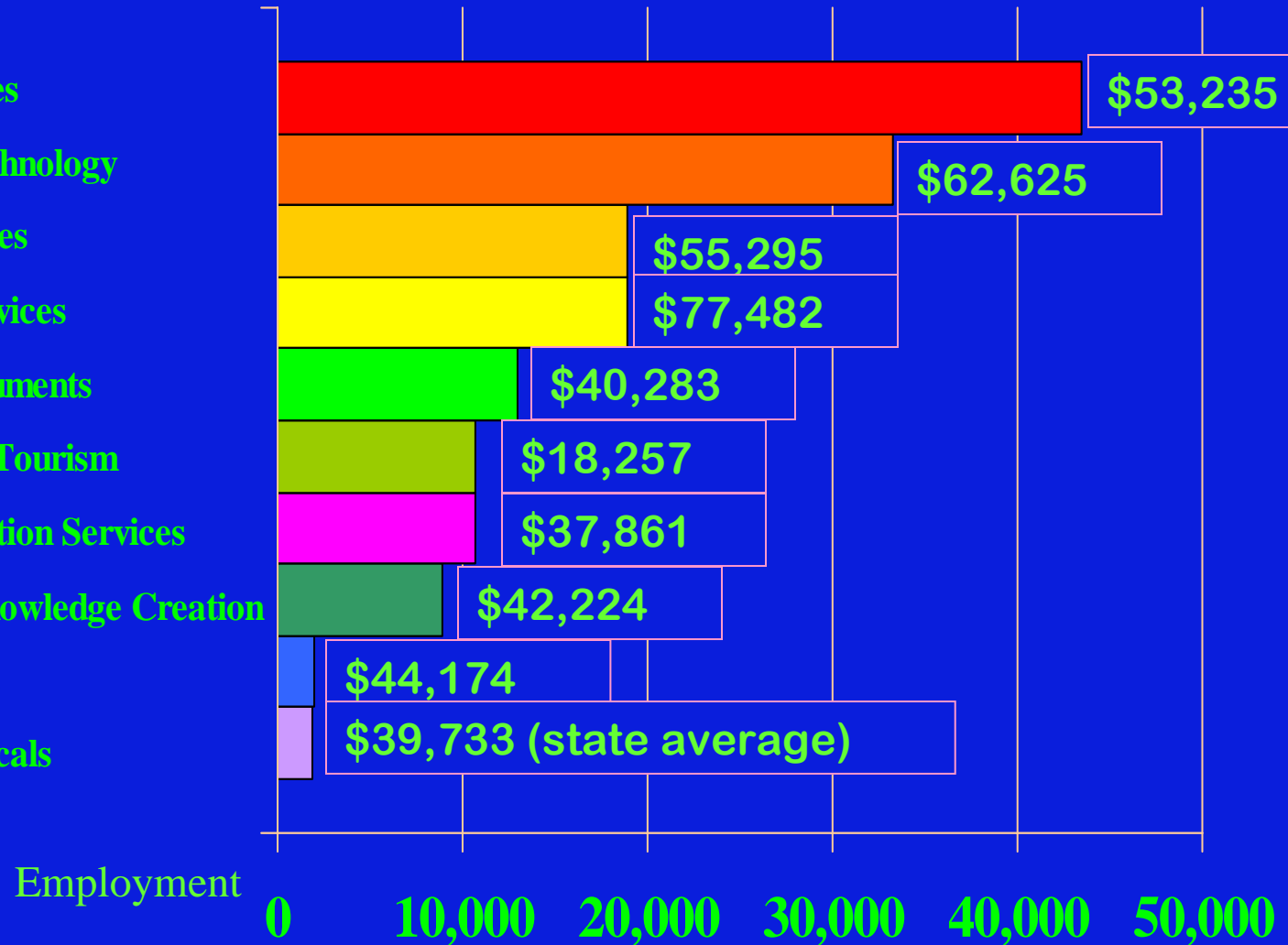
# Capital Area Clusters – what do we know so far?

- **Clusters with large employment and regional significance**
  - Business Services
  - Financial Services
  - Distribution Services
  - Hospitality & Tourism
  - Heavy Construction Services
  - Education & Knowledge Creation
- **Clusters that are very large in absolute and/or relative terms, growing, and potential fit with the Governor's Strategy:**
  - Information Technology
  - Analytical Instruments
  - Biopharmaceuticals
  - Medical Devices



# Capital Area Ten Clusters (Employment and Average Wage)

- Business Services
- Information Technology
- Financial Services
- Distribution Services
- Analytical Instruments
- Hospitality and Tourism
- Heavy Construction Services
- Education & Knowledge Creation
- Medical Devices
- Biopharmaceuticals





# Subclusters

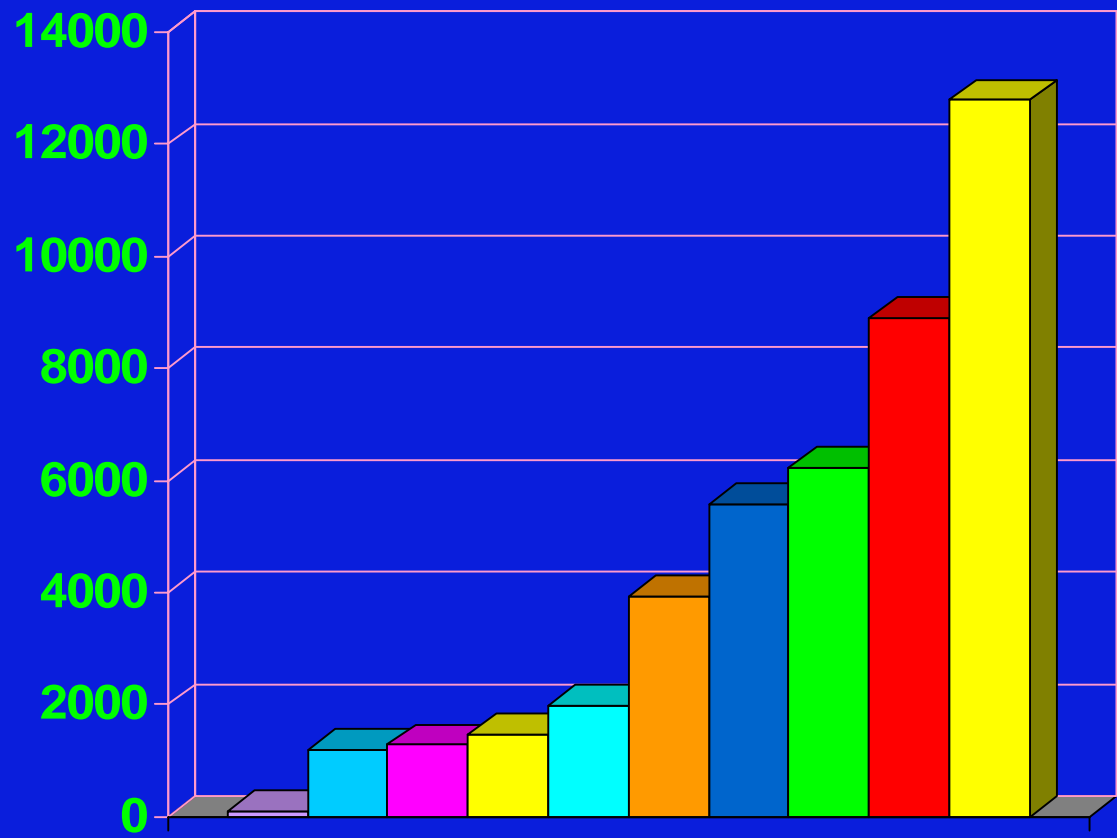
**Each cluster contains subclusters**

**For the 10 Capital Clusters, let's look  
at the subclusters**



# Subclusters of Business Services-Capital Area

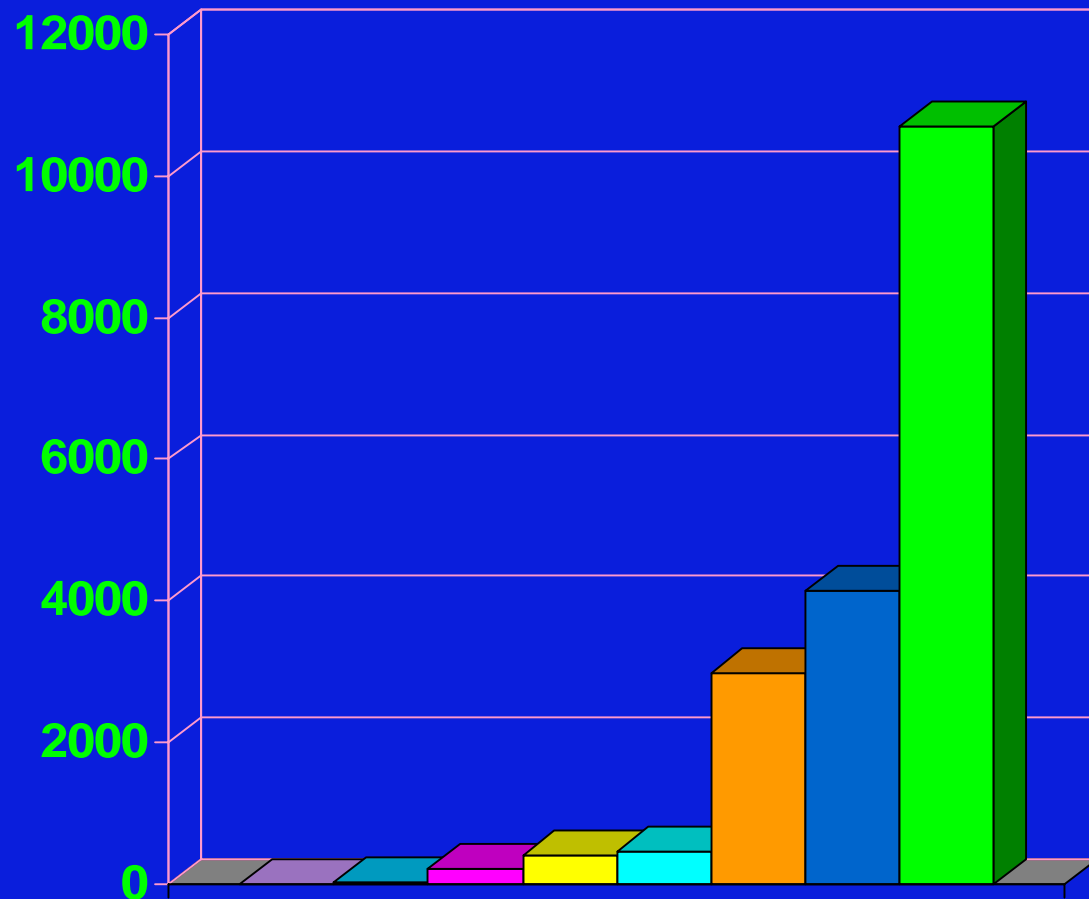
- Laundry Services
- Photocopying
- Online Information Services
- Marketing Related Services
- Facilities Support Services
- Computer Services
- Professional Organizations and Services
- Engineering Services
- Management Consulting
- Computer Programming





# Subclusters of Financial Services-Capital Area

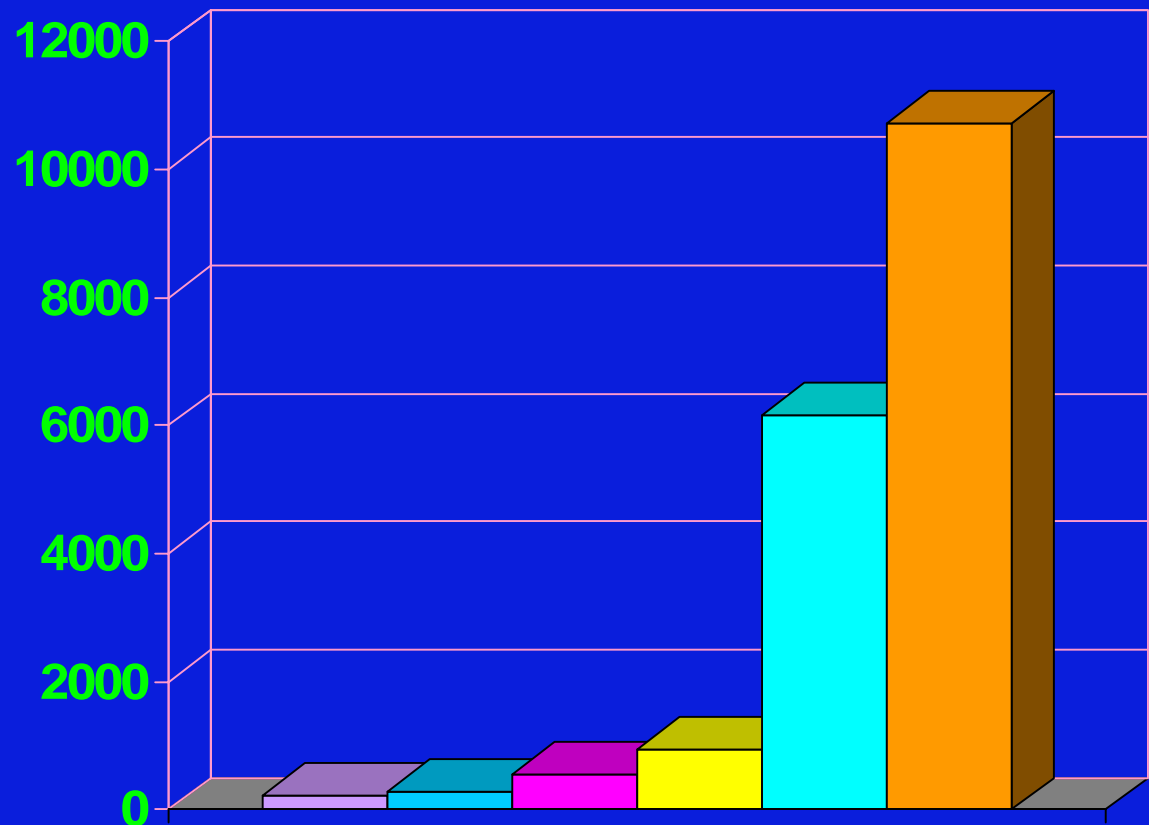
- Passenger Car Leasing
- Investment Funds
- Real Estate Investment Trusts
- Health Plans
- Risk Capital Providers
- Depository Institutions
- Securities Brokers, Dealers and Exchanges
- Insurance Products





# Subclusters of Distribution Services-Capital Area

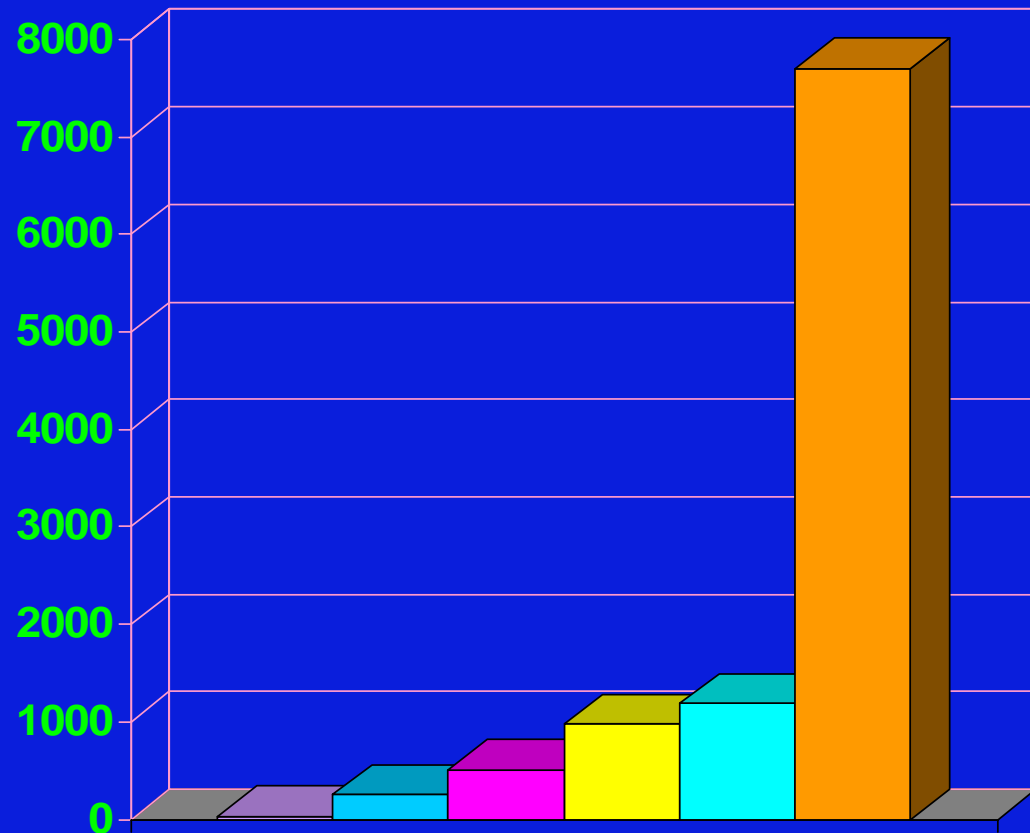
- Apparel and Accessories Wholesaling
- Transportation Vehicle and Equipment Distribution
- Food Products Wholesaling
- Farm Material and Supplies Wholesaling
- Catalog and Mail-order
- Merchandise Wholesaling





# Subclusters of Hospitality & Tourism-Capital Area

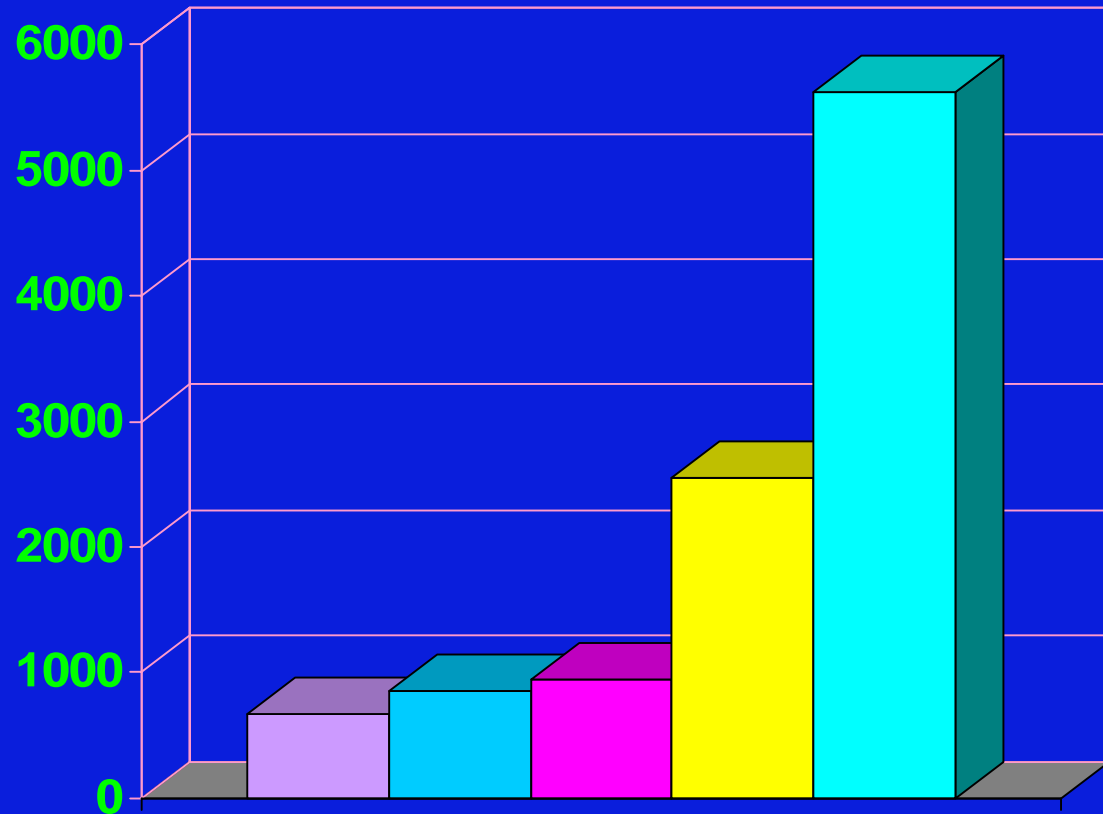
- Water Passenger Transportation
- Boat Related Services
- Ground Transportation
- Tourism Related Services
- Tourism Attractions
- Accommodations and Related Services





# Subclusters of Heavy Construction -Capital Area

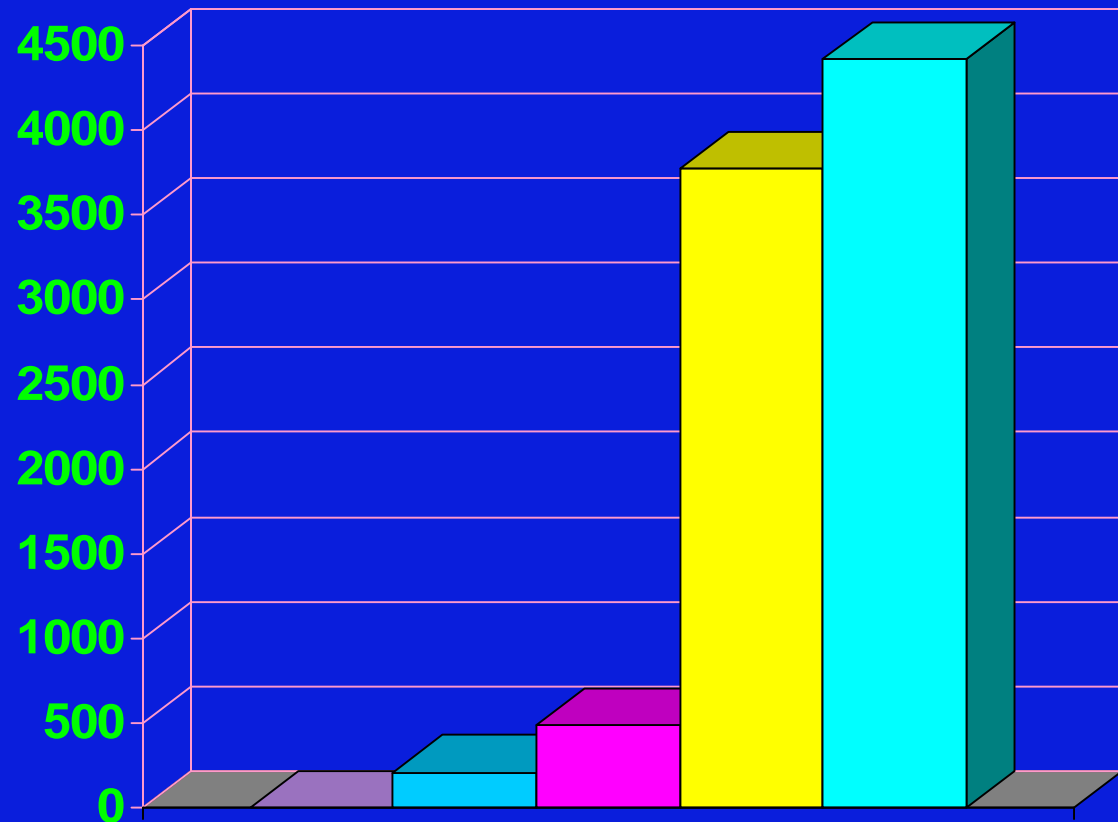
- Equipment Distribution and Wholesaling
- Fabricated Metal Structures and Piping
- Primary Construction Materials
- Subcontractors
- Final Construction





# Subclusters of Education & Knowledge Creation-Capital Area

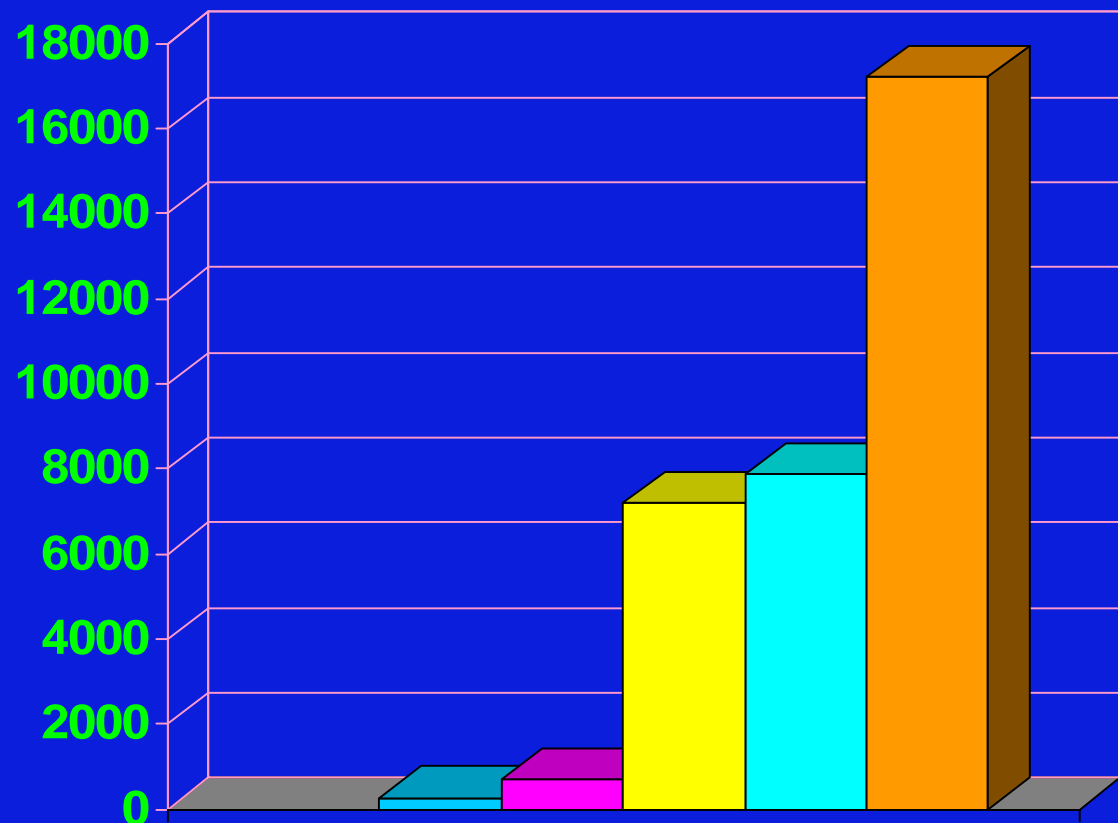
- Supplies
- Patent Owners and Lessors
- Educational Facilities
- Educational Institutions
- Research Organizations





# Subclusters of Information Technology -Capital Area

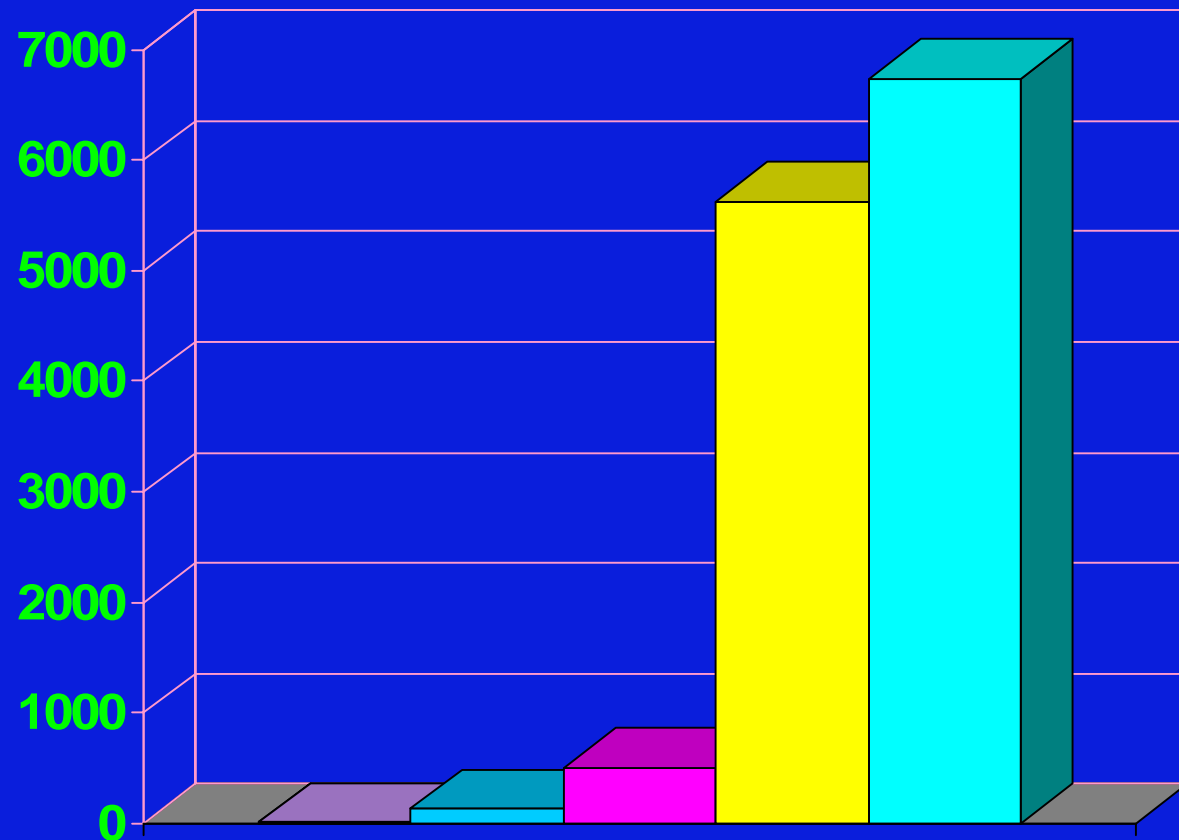
- Communications Services
- Peripherals
- Software
- Computers
- Electronic Components and Assemblies
- Electronic Components and Assemblies





# Subclusters of Analytical Instruments -Capital Area

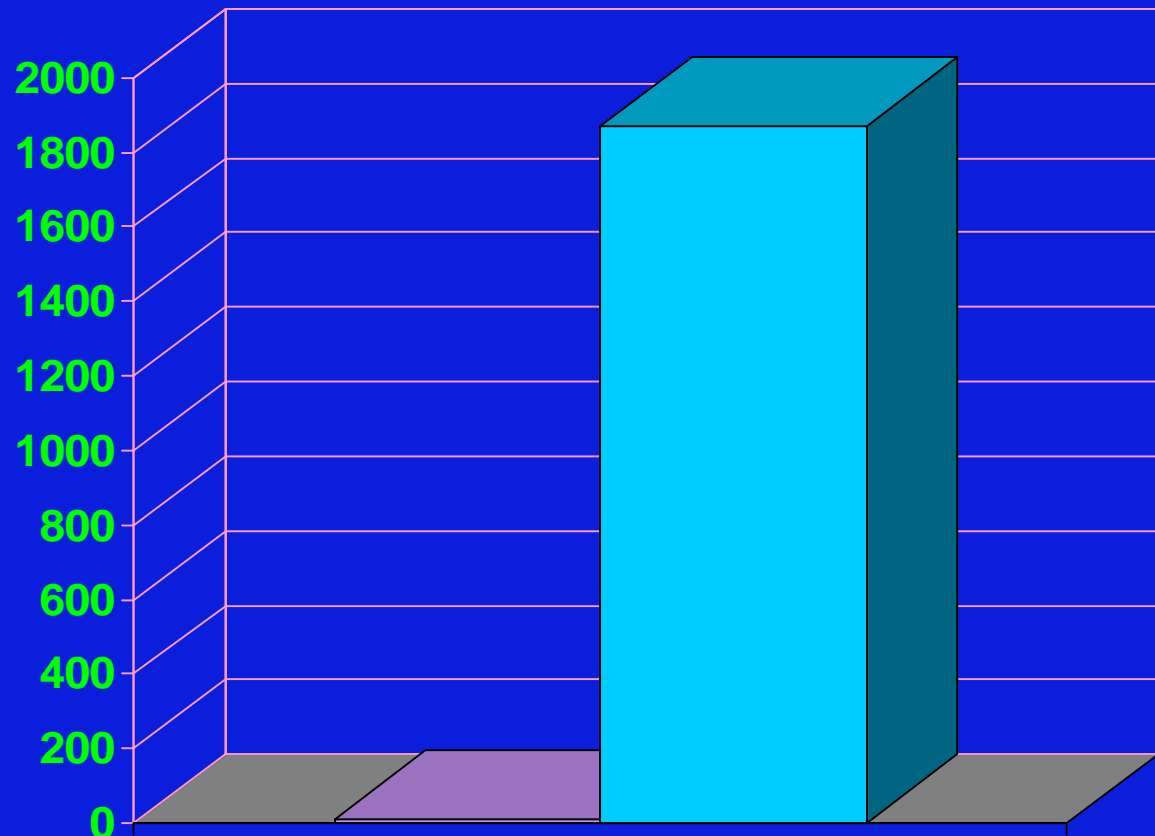
- Optical Instruments
- Search and Navigation Equipment
- Laboratory Instruments
- Process Instruments
- Electronic Components





# Subclusters of Biopharmaceuticals Capital Area

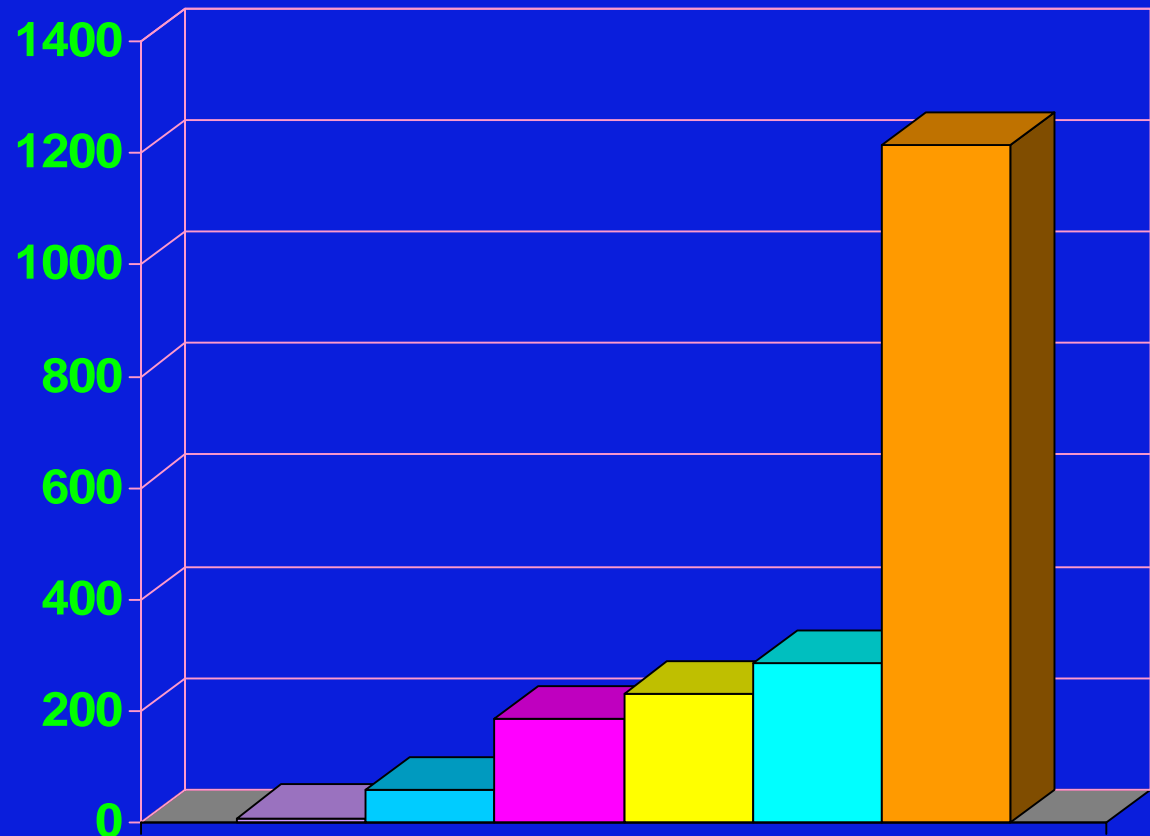
- Health and Beauty Products
- Biopharmaceutical Products





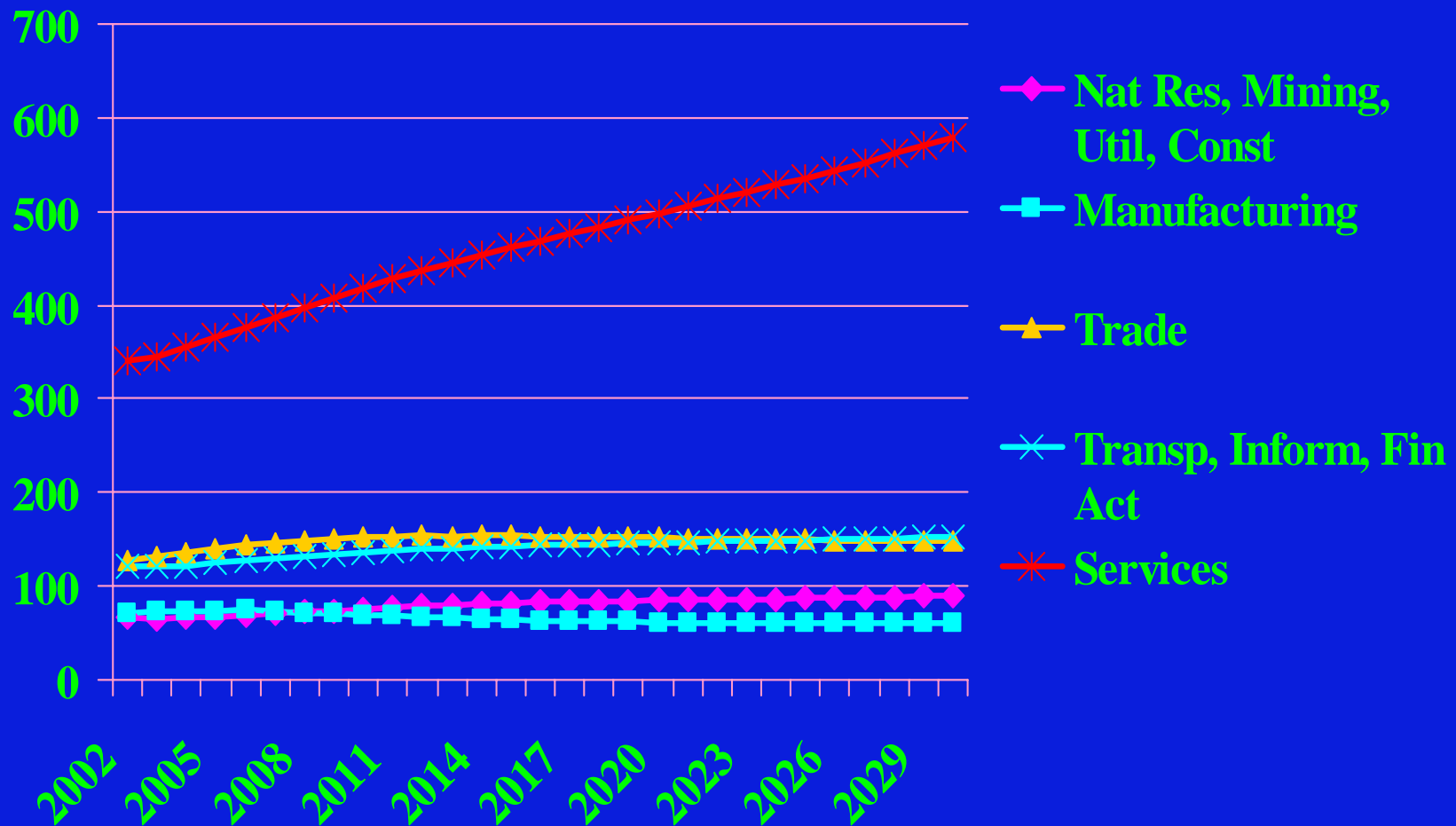
# Subclusters of Medical Devices Capital Area

- Dental Instruments and Supplies
- Ophthalmic Goods
- Diagnostic Substances
- Medical Equipment
- Biological Products
- Surgical Instruments and Supplies



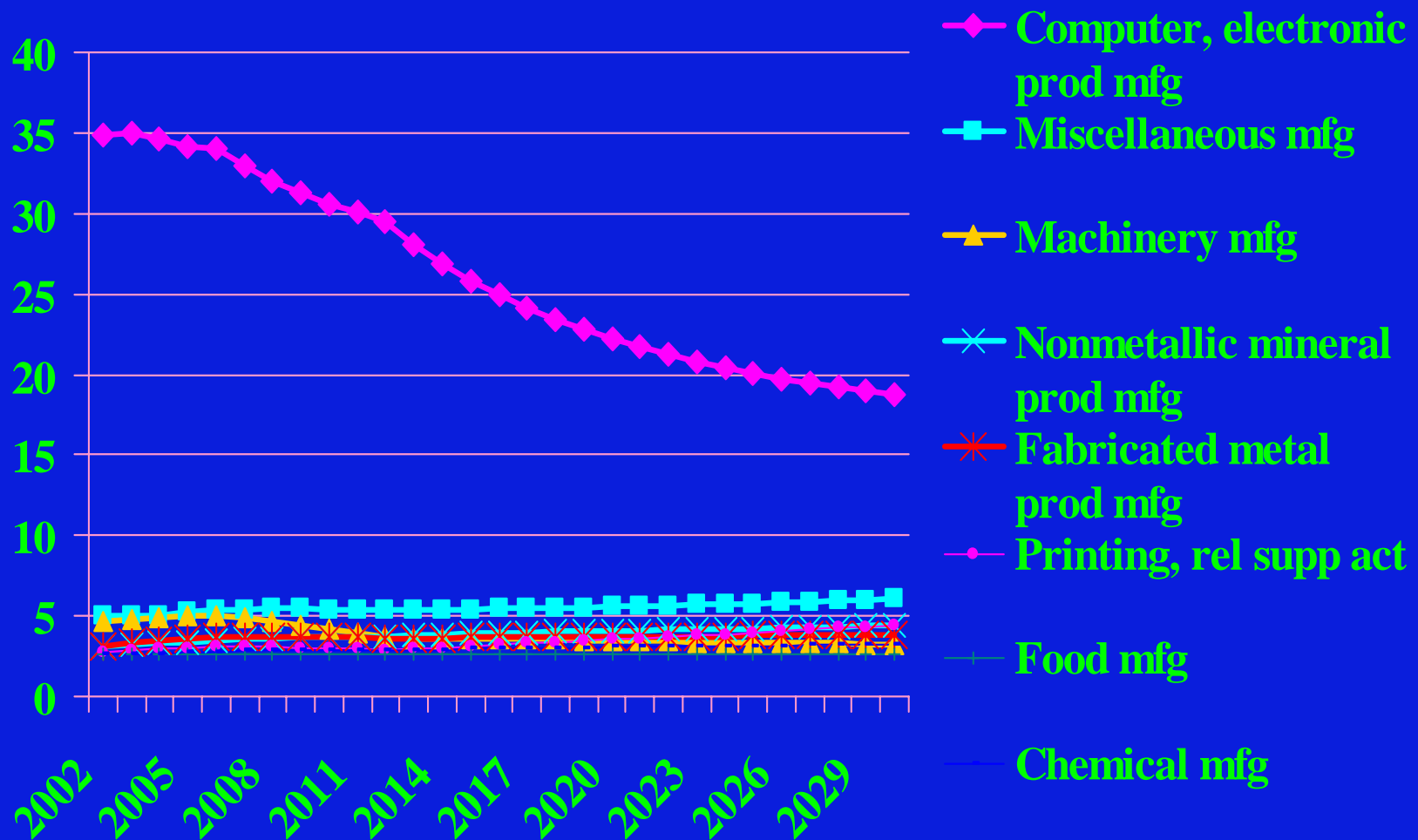


# Employment Forecast- Capital Region (thousands)



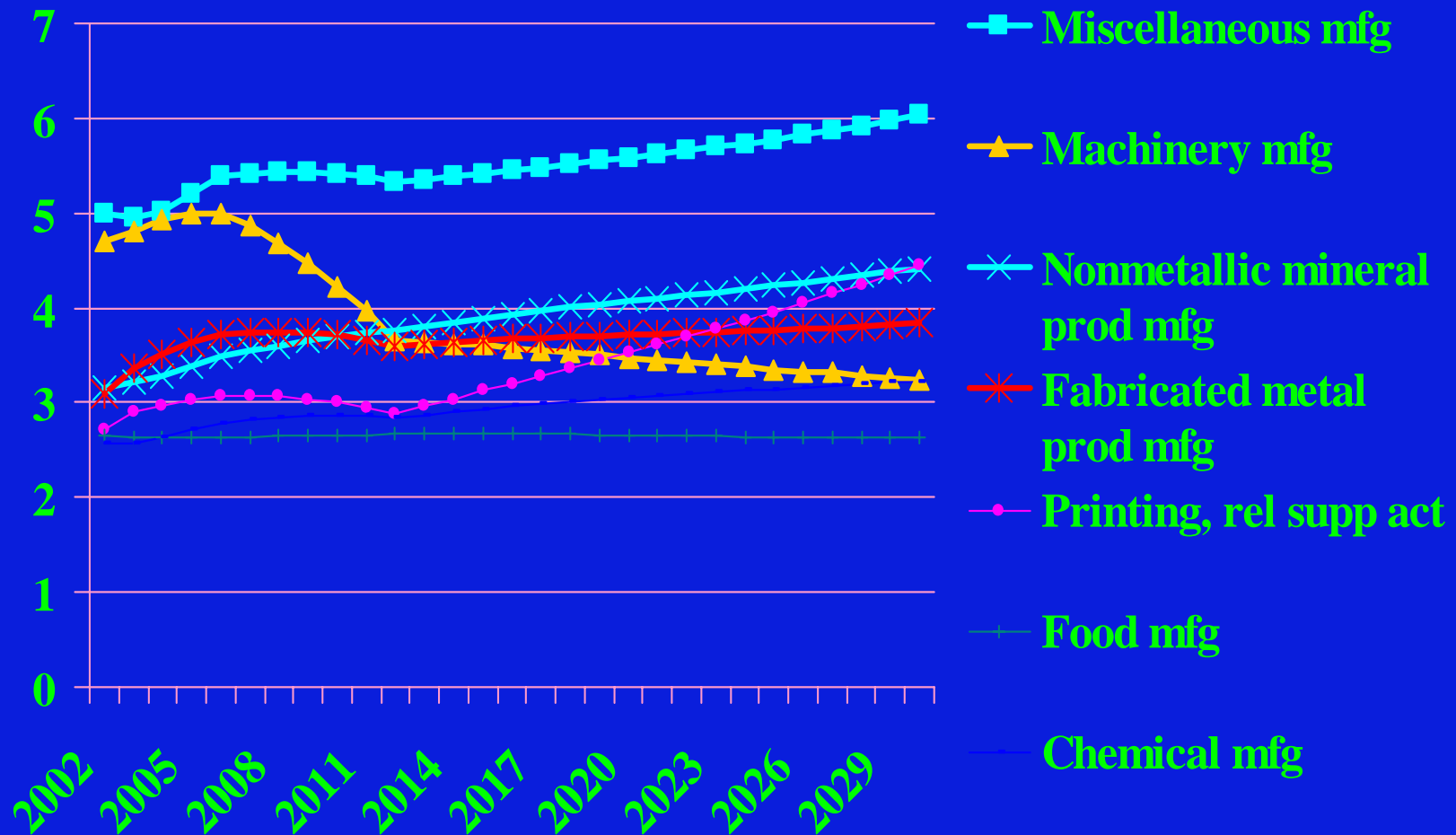


# Employment Forecast-Capital Region-Manufacturing



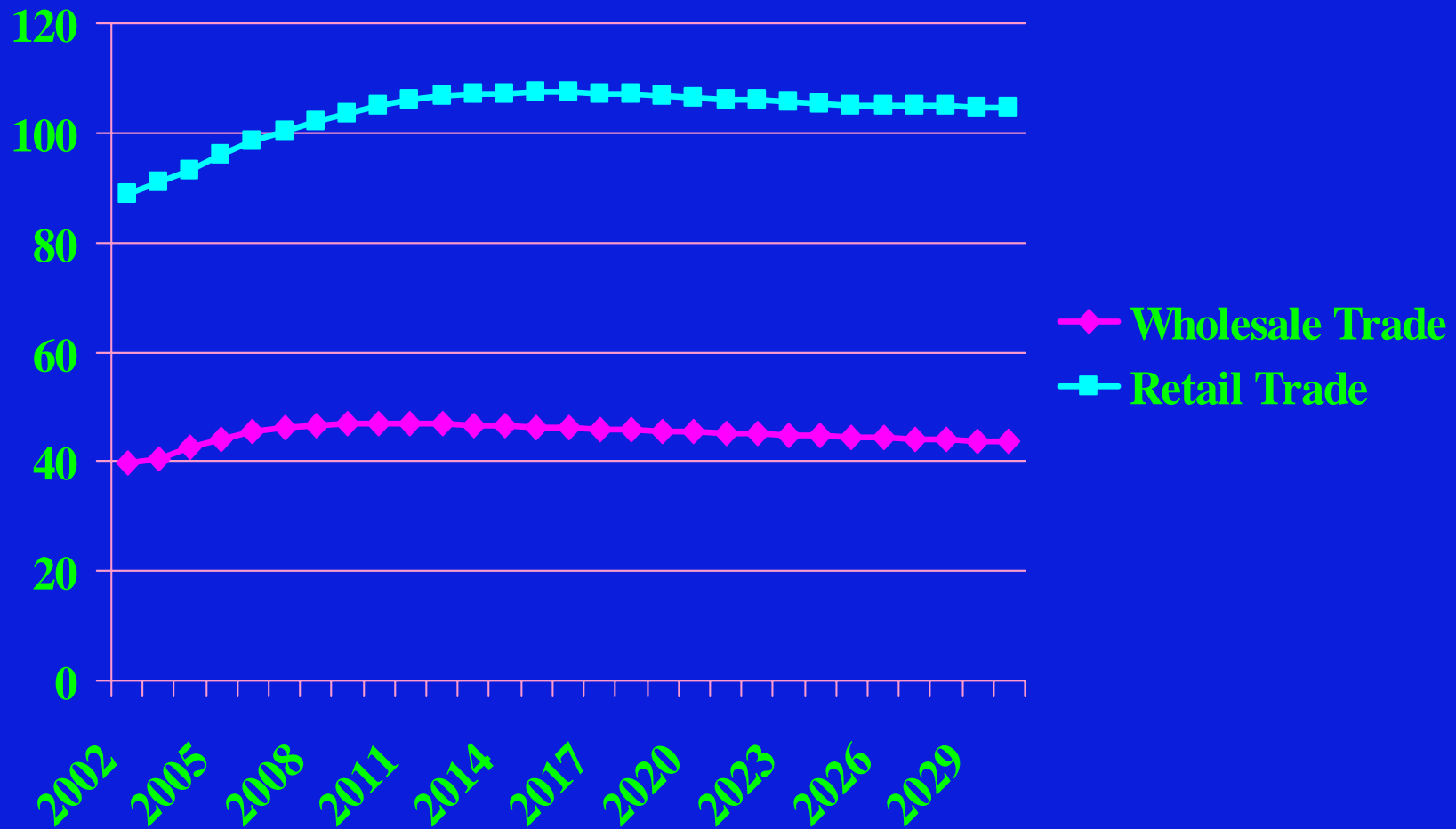


# Employment Forecast-Capital Region-Manufacturing-2



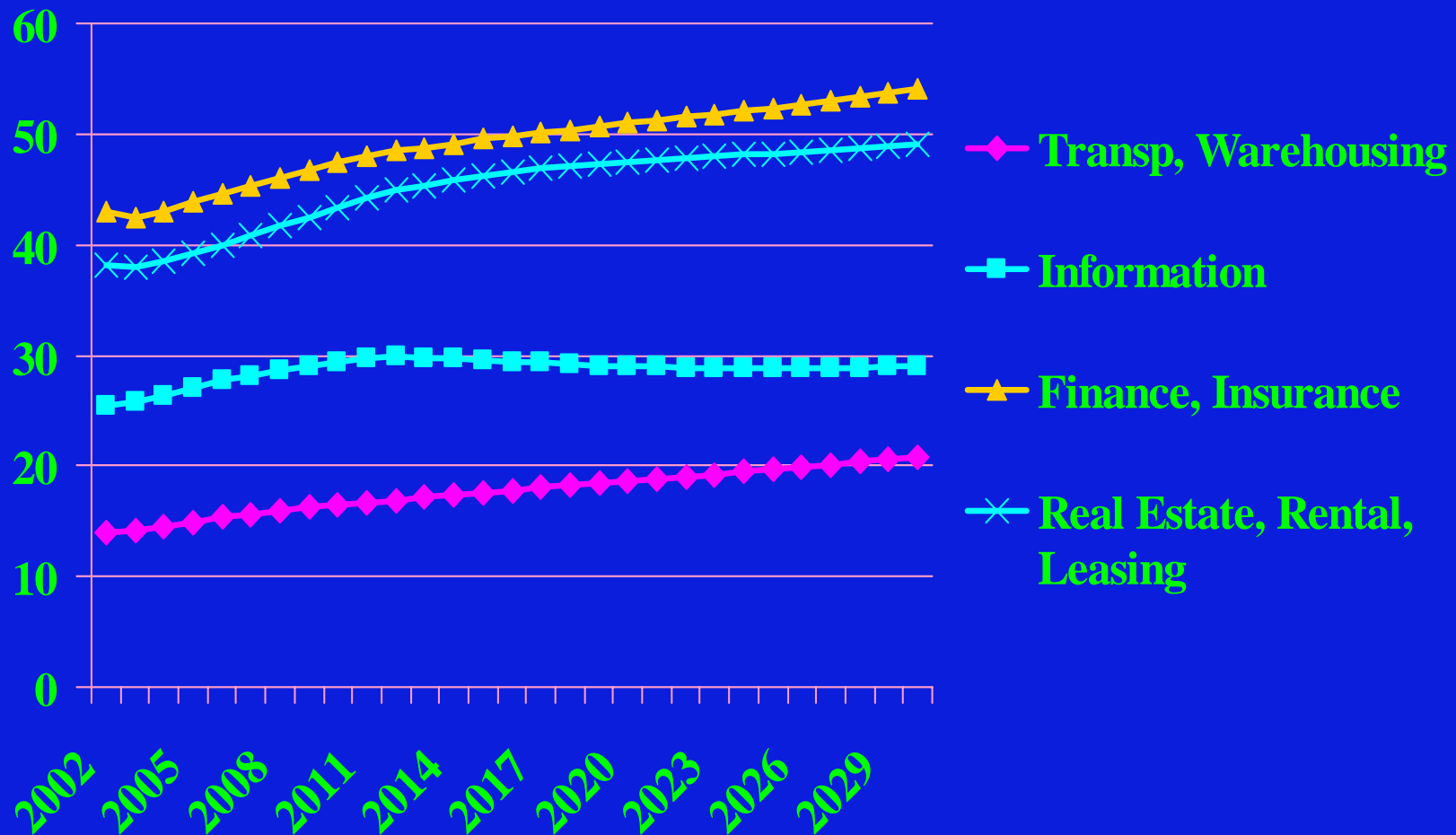


# Employment Forecast-Capital Region-Trade



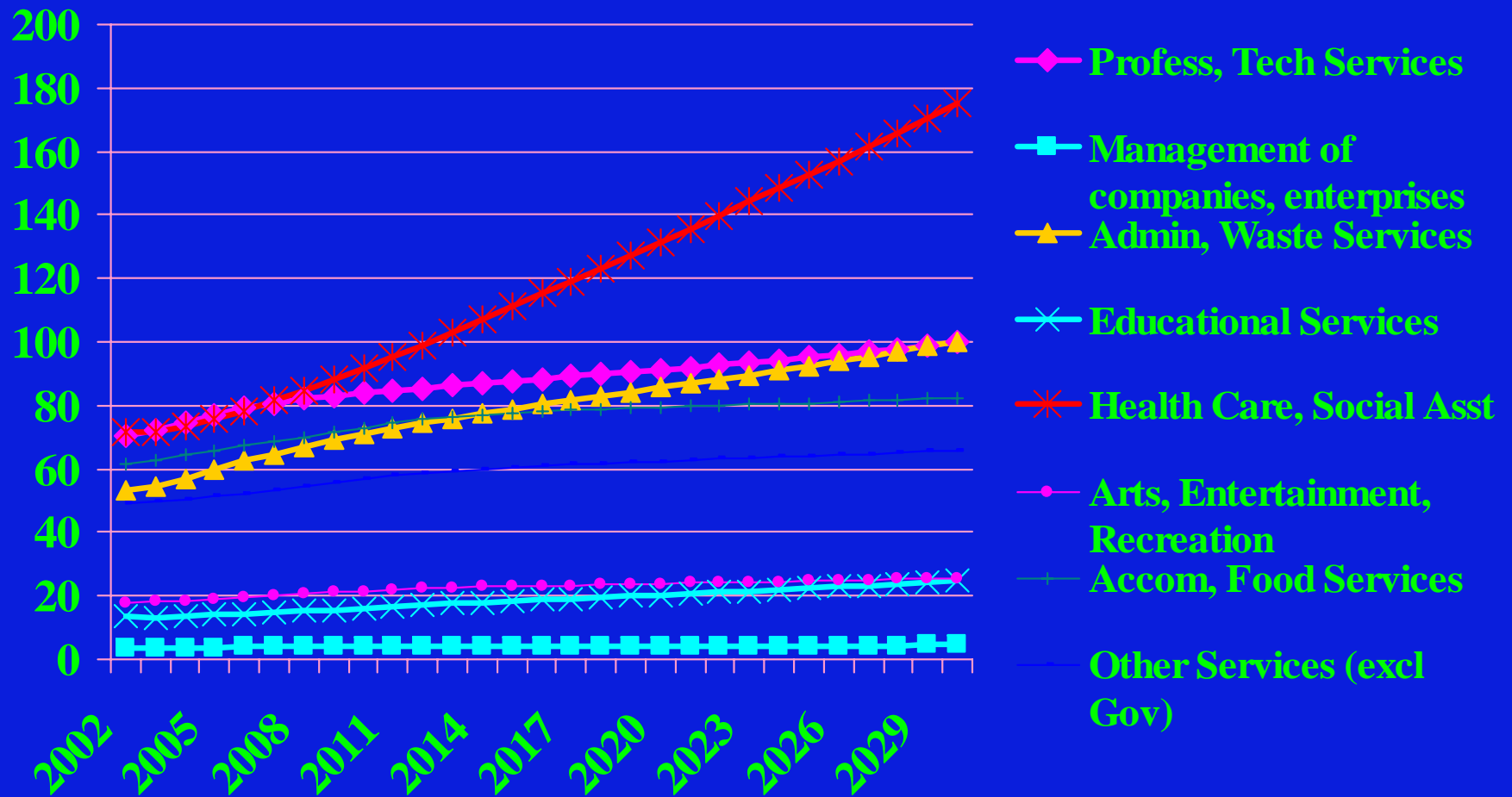


# Employment Forecast-Capital Region-Transportation, Information, Finance, Real Estate



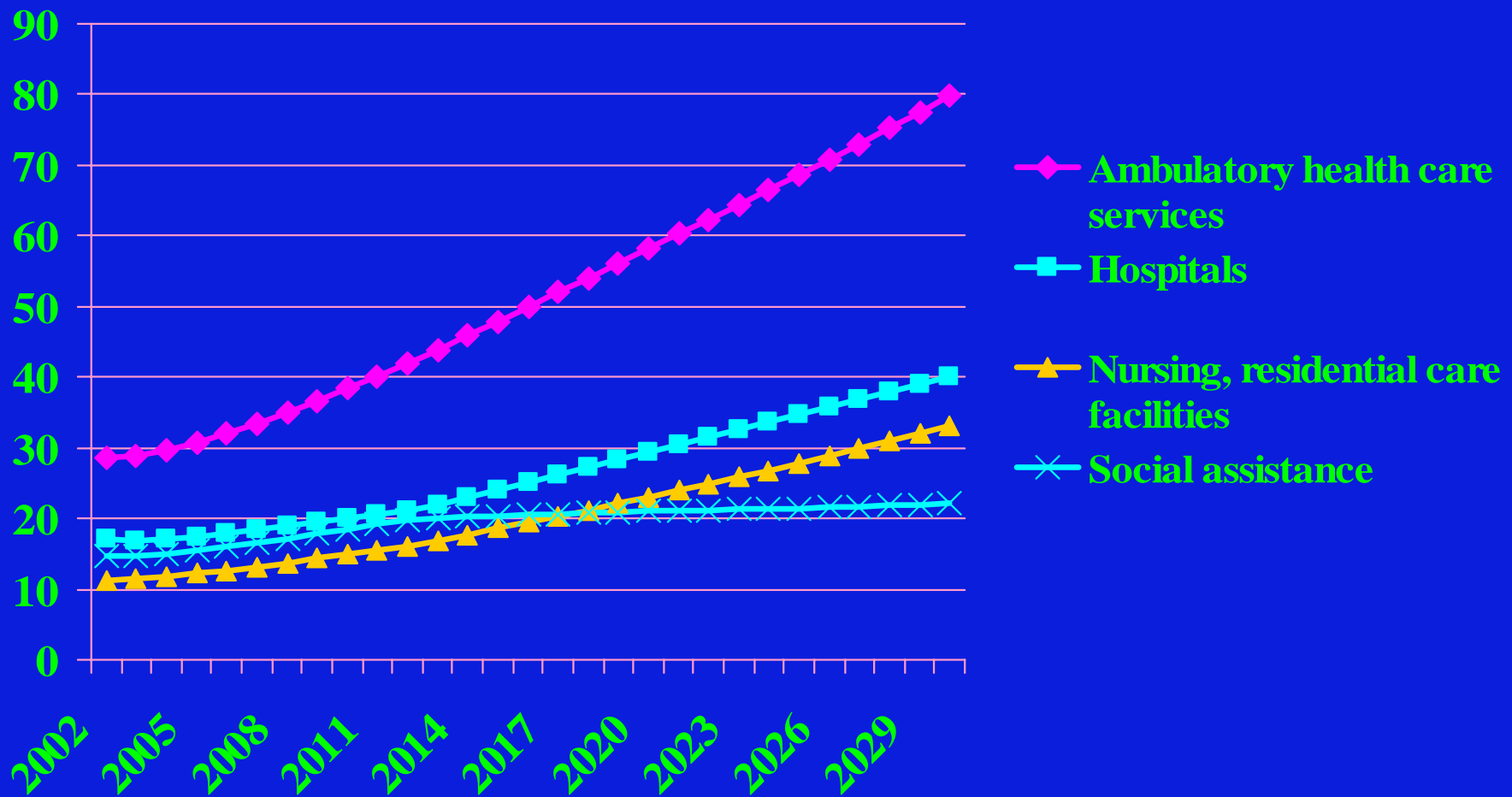


# Employment Forecast- Capital Region-Services



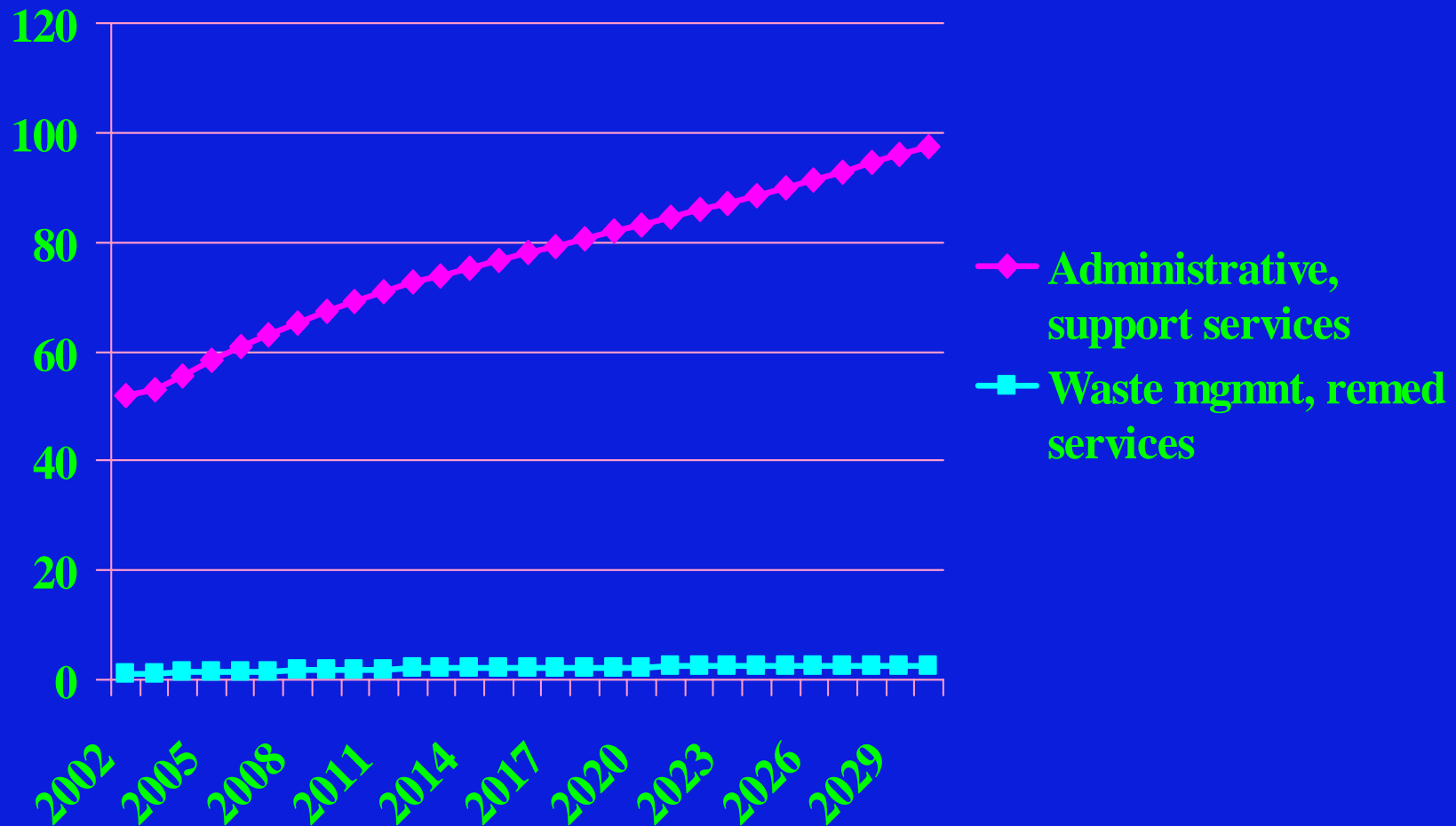


# Employment Forecast-Capital Region- Services-Healthcare



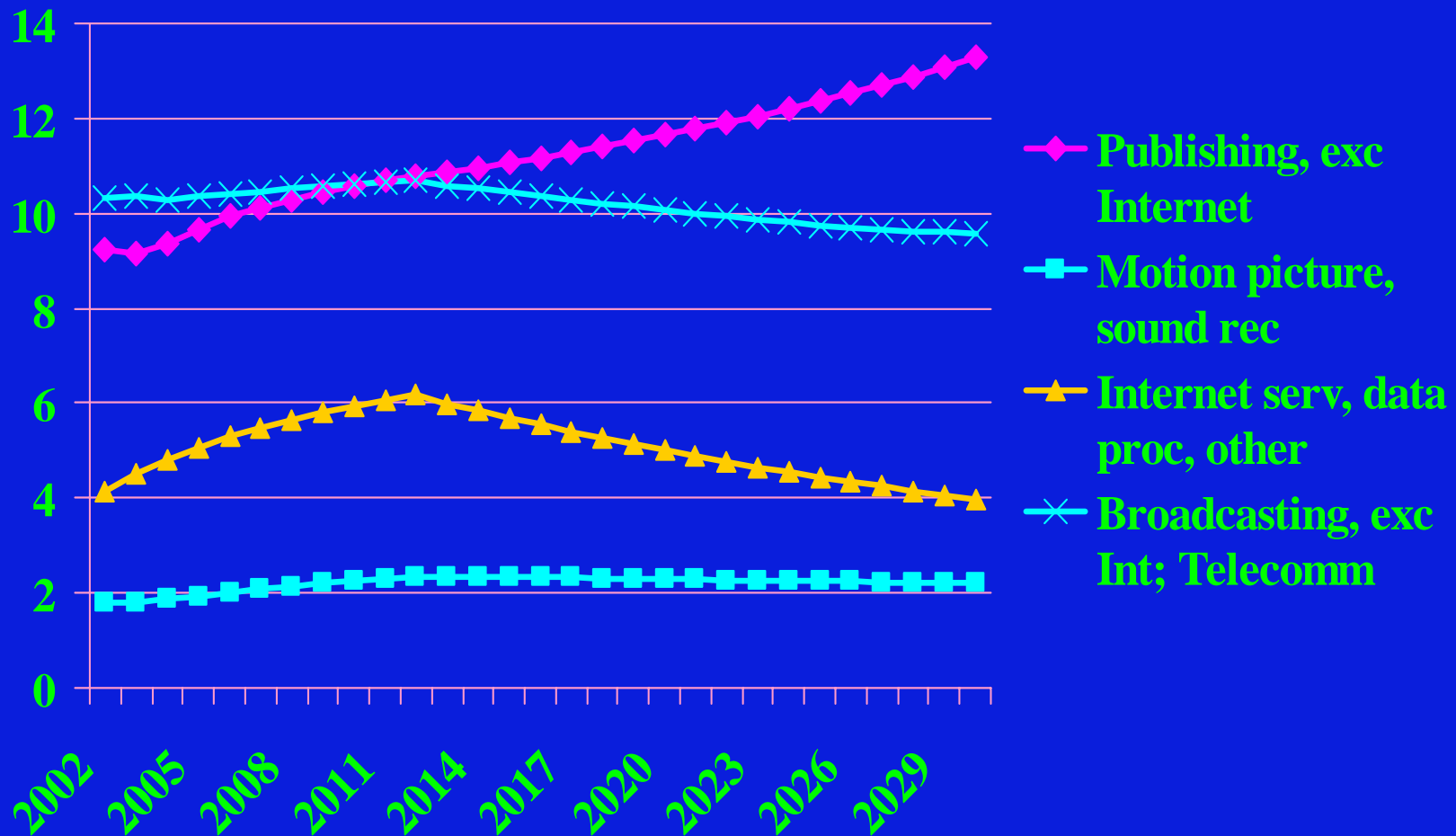


# Employment Forecast-Capital Region-Services-Admin, Wastemngt





# Employment Forecast- Capital Region-Information





What does all this  
mean?



# Targeted Industries

- **Automotive/Aviation**
- **Bioscience**
- **Computer/Peripheral**
- **Back Office**
- **Film & Music**
- **Healthcare**
- **Logistics/Distribution**
- **Semiconductors**
- **Hospitality/tourism**
- **Plastics**
- **Electronic Components**
- **Restaurants/retail**
- **Med equip & supplies**
- **Wireless**
- **Value-added processing (agric)**
- **Measuring/controlling instruments**
- **Software**
- **Truckstops/motels**



# Targeting Clusters

**Informal survey of regional economic development groups found 4 popular clusters :**

- **Biotech**
- **Computers & Electronics**
- **Retail**
- **Distribution & Warehousing**

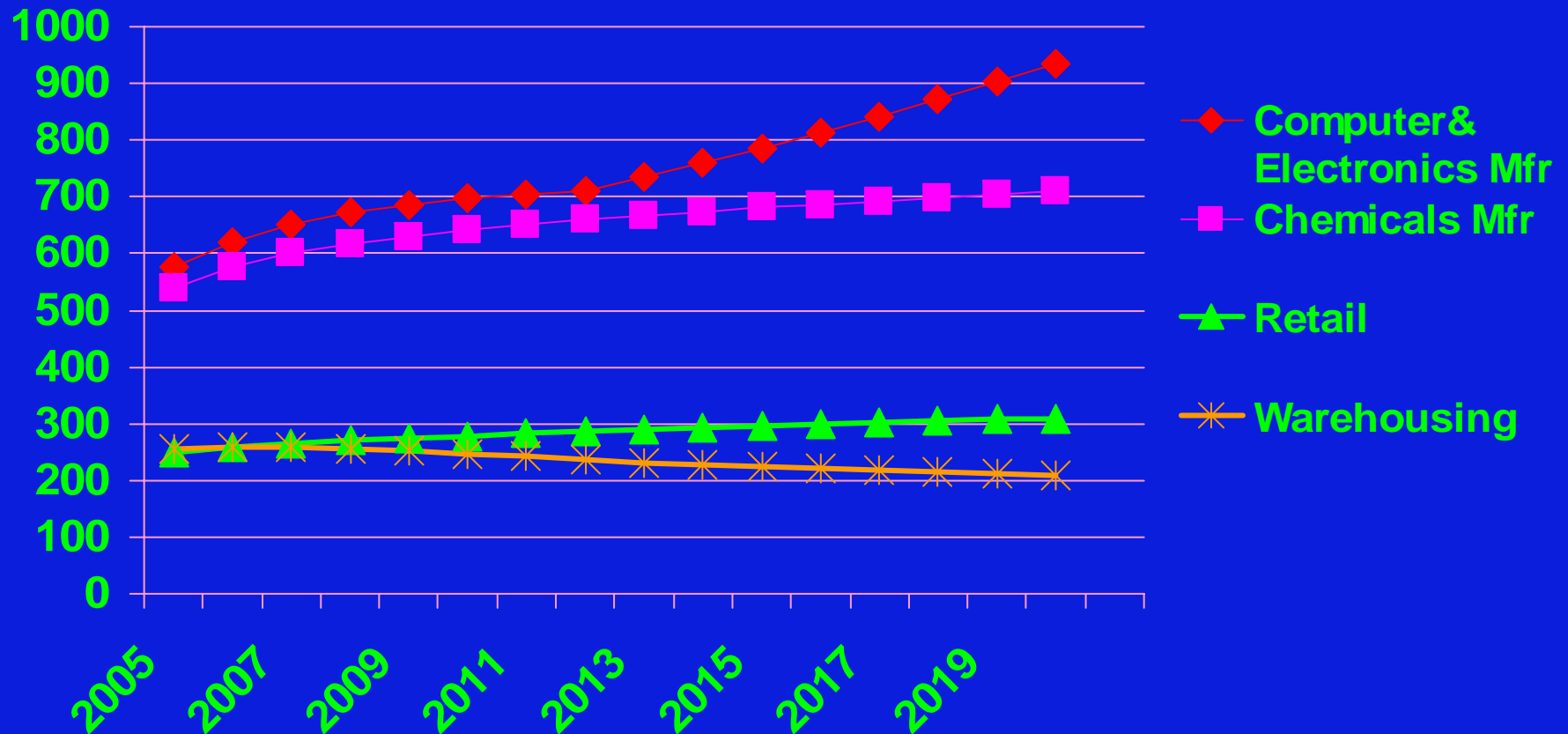


## Regional Experiments- Different Targets

1. Bastrop /Caldwell each get 100 jobs in Chemical manufacturing
2. Hays gets 200 Computer & Electronics jobs
3. Lee and Llano each get 100 Retail jobs
4. Williamson gets 200 Warehousing jobs

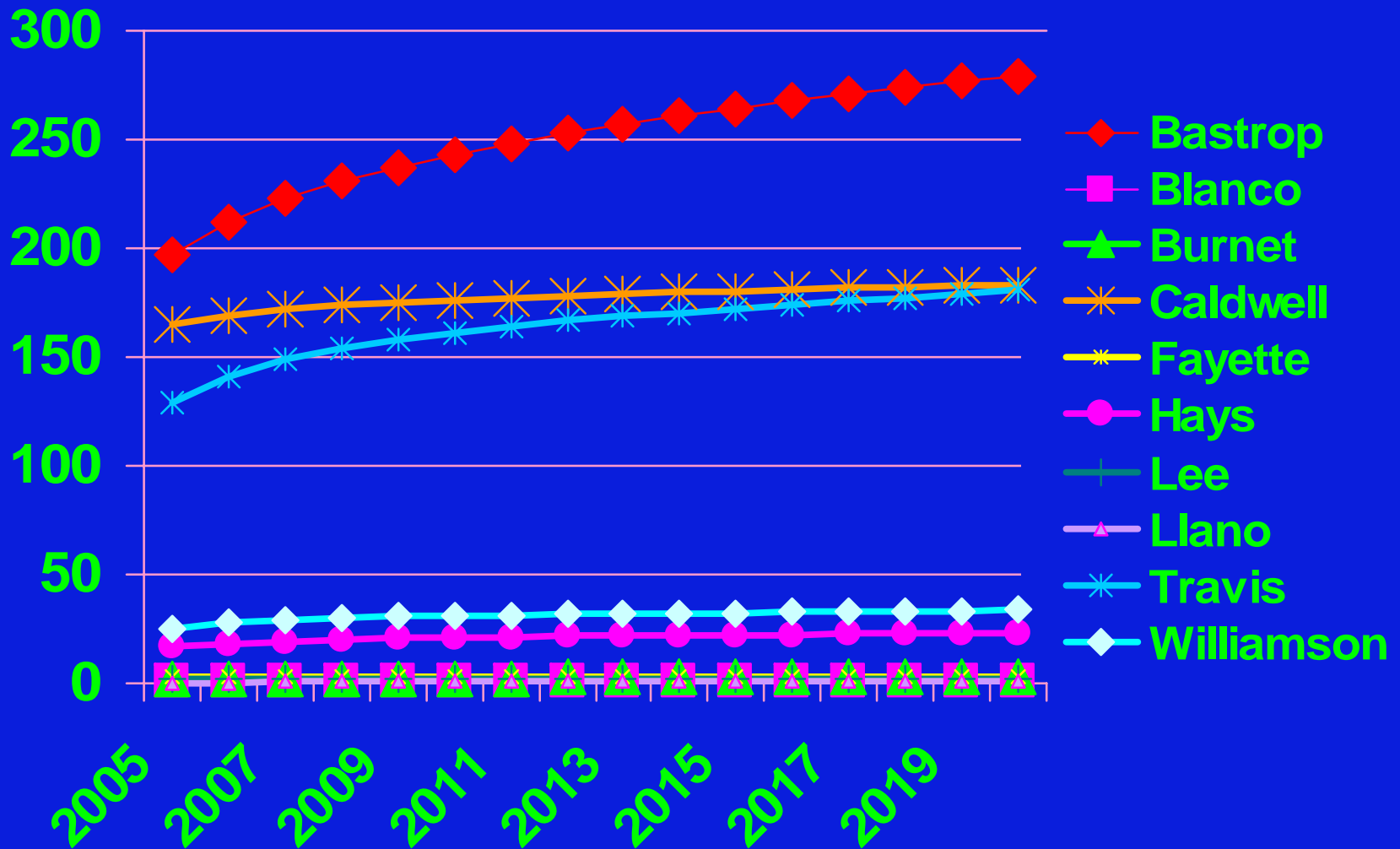


# Regional Results—Jobs



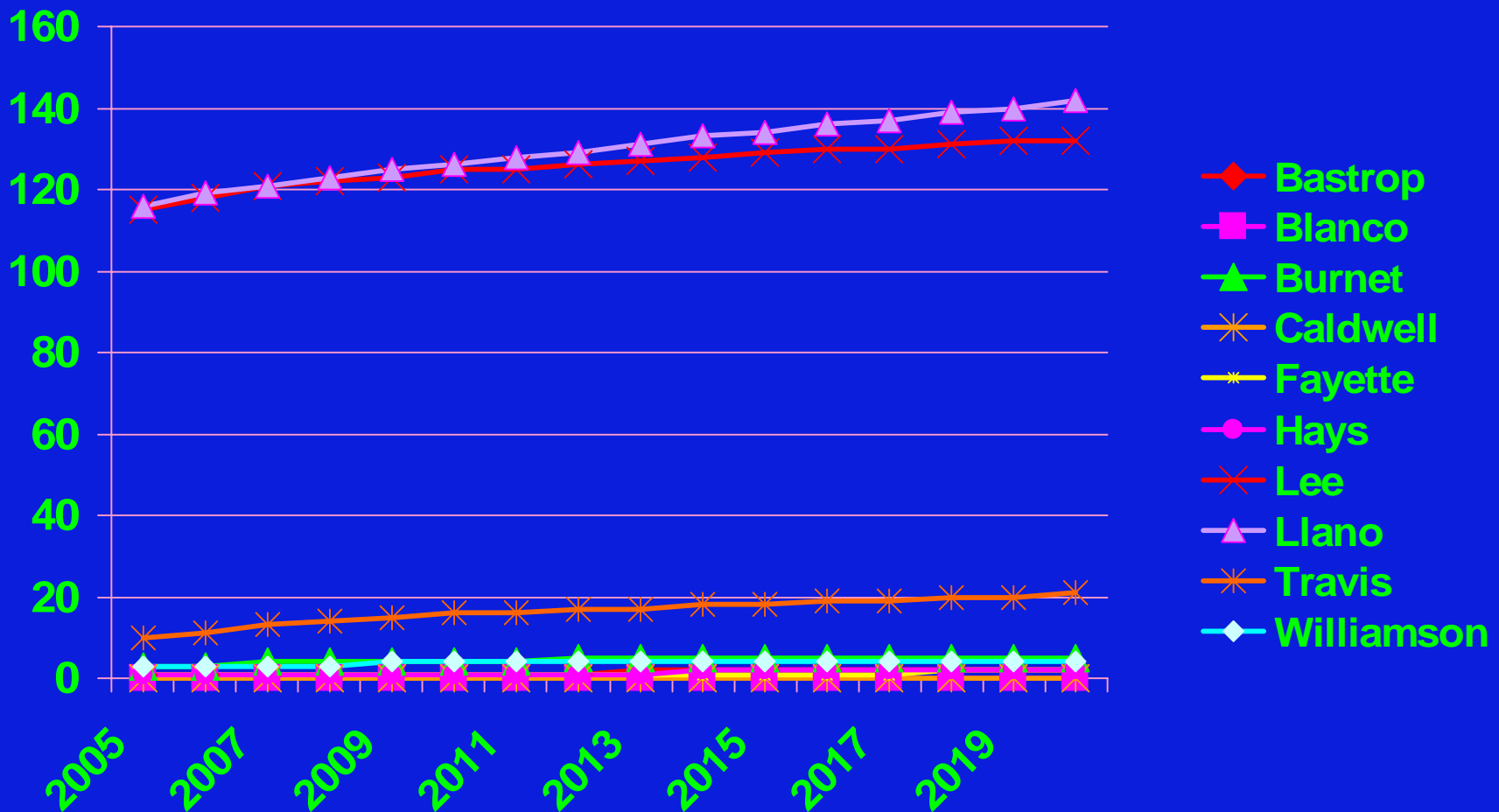


# County-by-County jobs added when Bastrop & Caldwell each get 100 in Chemical manufacturing



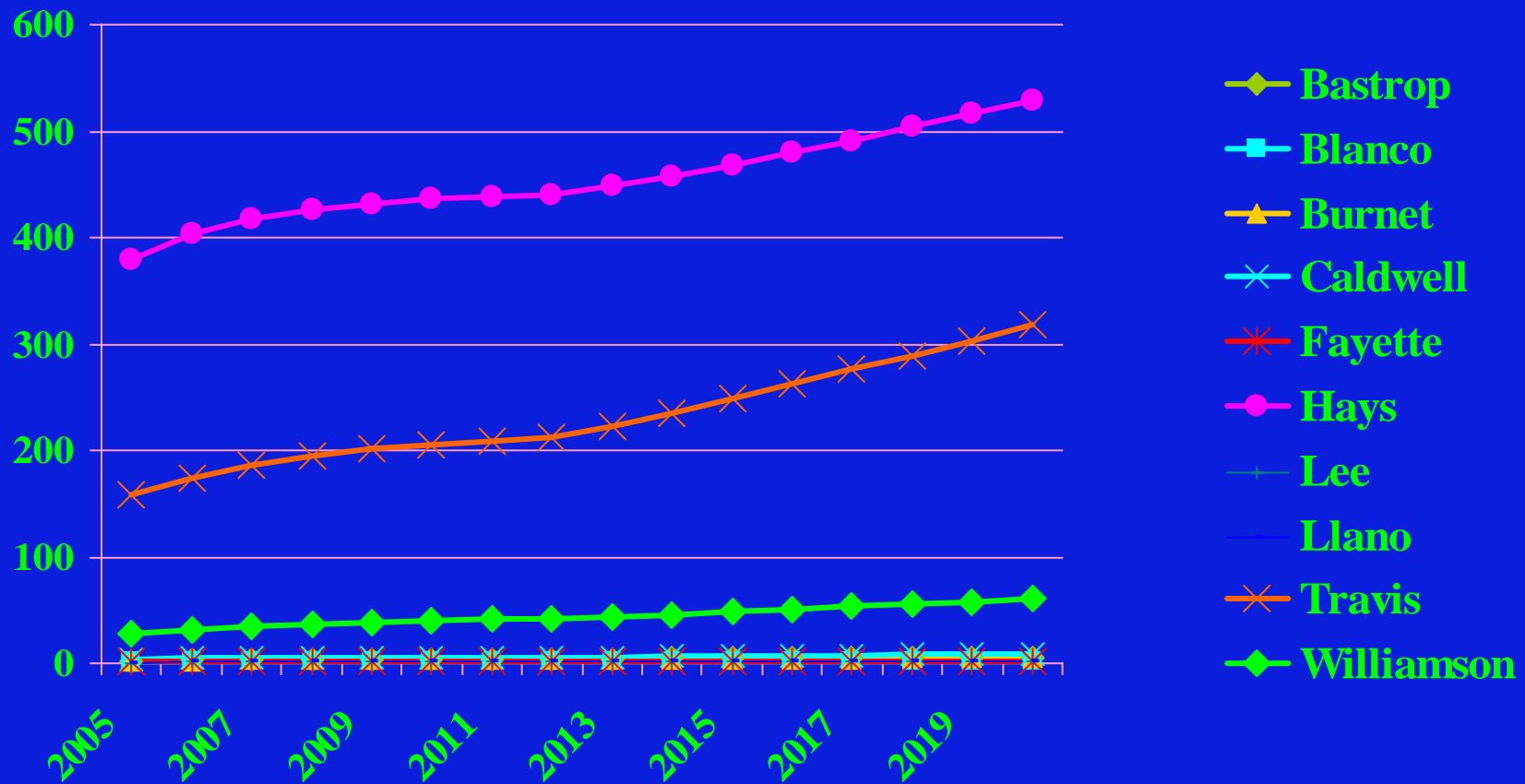


# County-by-County jobs added when Lee and Llano each get 100 in Retail





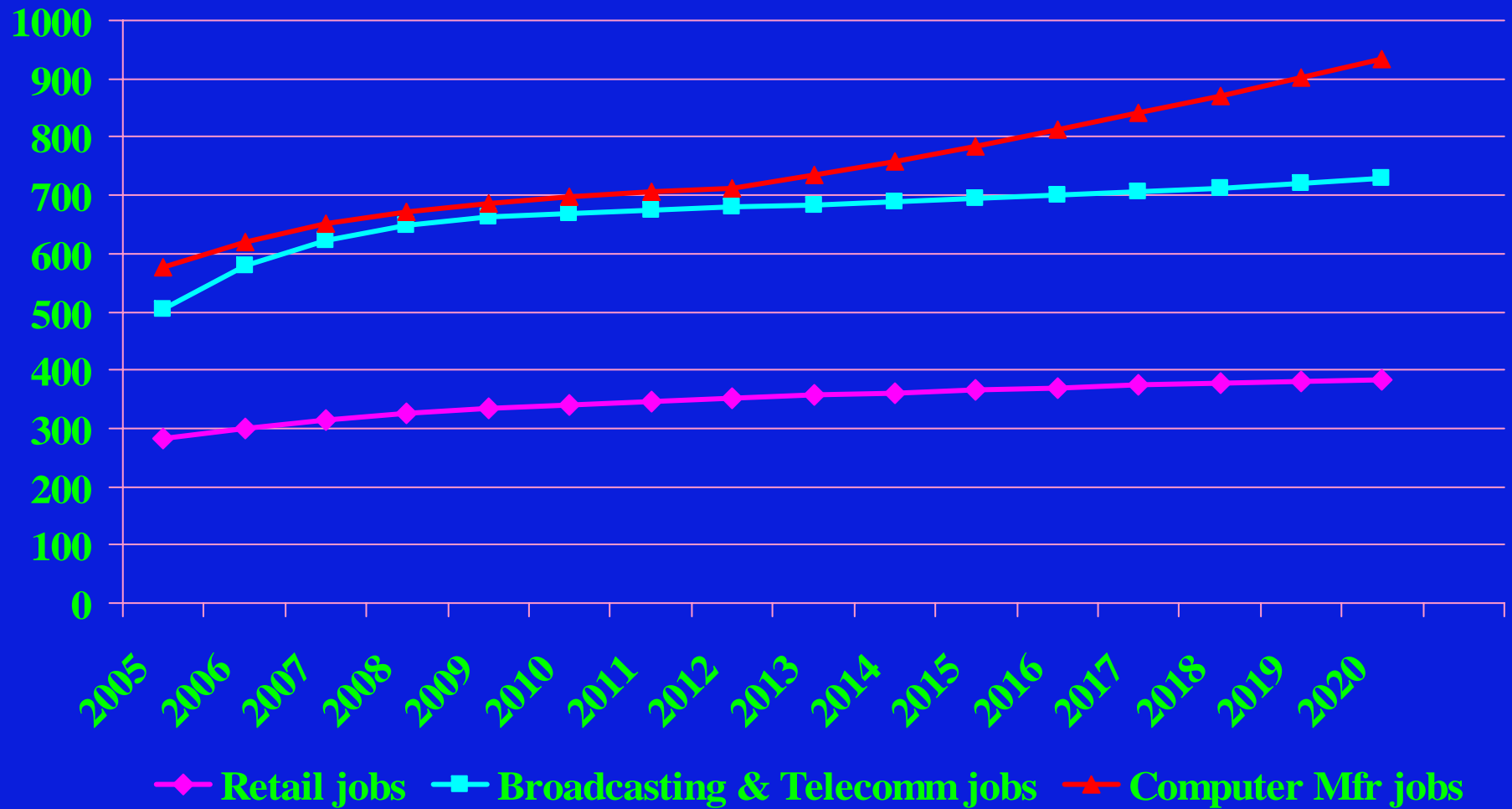
# County-by-County jobs added when Hays gets 200 in Computers & Electronics







# Experiment: Hays County- 200 jobs





# Summary

- It matters what kinds of jobs
- It matters where the jobs go
- The regional effects are very different for different strategies
- Traded vs. Local
- Caveat- Job growth is not the only goal for economic development; focusing on other goals would change the results.



**Thank you.**

**Betty Voights**

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Executive Director  
Capital Area Planning Council