

Austin keeps growing in the downturn

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Silva Laukkanen, eight months into her pregnancy, made the trek from Ann Arbor, Mich., to Austin in pursuit of a better quality of life for her growing family. Artists Grant and Dena Reid left Scotland — with no jobs in hand — in search of a community with a creative vibe. Entrepreneur Ryan Koonce left his California home in search of a bustling high-tech community where he could start his next company.

These are just a handful of examples of how Austin's population continues to grow even in the face of the toughest economy in a generation. The reasons are as diverse as the new residents.

"We're both into live music, the outdoor lifestyle and eating good food," said Grant Reid.

"We're both artists, and there was a welcoming community here for artists," added Dena Reid, sitting on the floor of their new Southwest Austin home. "We had friends come before us, and I've never heard one bad thing."

From July 2007 to July 2008, Austin added 18,461 residents, a growth rate of 2.5 percent, and moved past Columbus, Ohio, to become the 15th-largest city in the country.

Round Rock's 8.2 percent gain made it the second-fastest growing city in the country behind New Orleans, according to U.S. census figures.

Ryan Robinson, Austin's city demographer, said the growth is continuing, despite the recession. He said he expects Travis County to add more than 30,000 people this year, including births.

New residents help keep the local economy humming. They rent apartments, buy homes and cars, and in some cases start new businesses, creating jobs. Some economists say they also could create pressure on the region's job market. The local unemployment rate spiked in June to 7.1 percent, and the region has begun to lose jobs.

Robinson said some of the new residents are seeking cover from a tougher economy elsewhere.

"They are moving from the economically devastated parts of the country," he said. "Because Texas is at the top of the nation in terms of economic health, we have attracted a lot of these economic migrants."

But the city also attracts people who can choose where they want to live, like Jim Flanary.

The new chief executive of Austin-based HelioVolt Inc. had been living in Greece, where he was a top executive for a solar firm. He and his wife also own a home in Houston and were familiar with Austin.

So when Flanary got a call from a headhunter about the HelioVolt opportunity, he jumped at it.

Austin "has a very rich culture, it has a very diverse mix of people and it has a lot of restaurants and entertainment," Flanary said. "Then there's the atmosphere of the university. We want to move to Austin permanently."

Robinson says Austin offers a triple threat: a robust higher education community led by the University of Texas and its synergy with local industry, a healthy private sector and high-tech business cluster and the state Capitol.

At the center of Austin's appeal, he said, is its high quality of life.

"It's the culmination of everything, from our weather, to access to recreation, to the creative class culture," he said. "There are so many different scenes: a music scene, an art scene, a book scene, a just-do-nothing and be scruffy scene. ... When you go around the world and talk about Austin, people know Austin."

Charles Lowell, 33, a software developer and Austin native, runs a consulting firm out of his home. Laukkanen, 29, is a professional modern dancer, and she wanted to move to a community where she could continue her training after their baby is born.

"I always thought Austin was an artistic, vibrant city where I wished to live one day," Laukkanen said.

The couple considered moving closer to Laukkanen's family in her native Finland, as well as other U.S. cities such as Boston or Chicago. In the end, they wanted a place where they could be closer to relatives and a place that was a high-tech community that could help Lowell's business thrive.

"You couldn't ask for a better place than Austin in terms of networking and building a work-related community and seeking out new prospects," said Lowell, whose 4-year-old firm, The Frontside Software, has three employees.

Koonce, 35, left San Francisco with his wife and their two children for Austin two years ago in search of a better business climate and quality of life.

Koonce decided to move after he sold his last business, an online advertising technology firm.

He wanted to launch his newest business venture, an online rewards firm, in a new city where the family could live for at least five years.

They considered Denver and San Diego. But "California is sort of adversarial to business – high taxes and lots of fees – it's a bad place to start a business," he said. "You want low income taxes, and open minds, and I think Austin fit the mold."

Additionally, Koonce's wife is from Dallas, and she wanted to come back to Texas.

Koonce said he has not regretted his decision.

"When I got here, everyone was willing to meet with me, talk to me, and it was really great," Koonce said. "People weren't snobby, people weren't like 'Who are you?' You would see that in other places, but you don't see that here, and that was refreshing."

His latest company, SuperPoints Network, is adding 10 to 15 workers in the next six months.

Local economy expert Brian Kelsey says that communities with a high quality of life also have high levels of entrepreneurs and self-employed residents.

Of the country's largest metropolitan regions, the Austin-Round Rock area has the fourth-highest rate of self-employment, behind San Francisco, Los Angeles and Miami, said Kelsey, who is director of community and economic development for the Capital Area Council of Governments.

Twenty-two percent of the Austin-area work force meets that qualification, he said. That can be an asset or a liability, depending on the state of the economy.

"Self-employment cuts both ways during a recession. It can be tough finding customers when companies and people have less money to spend, but self-employment can also be a reliable insurance policy compared to others faced with layoffs at a large company," Kelsey said. "Austin has a reputation for nurturing entrepreneurs, and that in part drives our economic growth."

Kelsey says he isn't concerned about an inflow of new residents wreaking havoc with the job market, because Austin's economy is much more diversified than it was during the tech crash earlier in the decade. However, it's something to watch, he said.

The Central Texas unemployment rate last month was 7.1 percent, the highest in at least 20 years, and tech companies have cut thousands of manufacturing jobs.

"Rising unemployment here is a real concern if we continue to see stronger-than-expected population growth," he said.

Grant and Dena Reid, meanwhile, are trying to get to know their new home and find work. Both are painters, but Dena works with disabled adults while Grant takes photos to help pay the bills.

The couple, who married about a year ago, saw the move from Scotland as an adventure.

"We have no children yet, so this opportunity might not come again," Dena Reid said.

Two doors down from the Reids' home, Jill and Hayden Yates took a big gamble themselves. Last month, the couple and their two young children left California for Austin.

Jill Yates is looking for work as a teacher; her husband, a filmmaker, is cultivating contacts in the industry here. Jill Yates' parents retired to the Hill Country, and she had grown tired of seeing co-workers in California losing their jobs.

"We felt it was more affordable here, and the quality of life would be better," her husband said.

"Texas seems to be very receptive to filmmaking," Hayden Yates said. "There's a feeling of collaboration here I haven't seen in L.A. It's quite different, and that's very exciting."

Courtesy of JB Goodwin