

Austin beginning to compete with other Texas cities for wealthy immigrants from Mexico

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His original plan was to open a restaurant in his native Monterrey, but the opening salvos of a mushrooming drug war changed his mind.

Miguel couldn't know it at the time, but those first whiffs of violence three years ago would transform Mexico's wealthiest city into a battleground for warring drug cartels, unleashing a terrifying wave of kidnappings, carjackings and extortion rackets.

"Can you imagine starting a new business and you have people coming in and asking for money?" he said. "You're not even breaking even and you have to pay protection money?"

So Miguel (who asked that his last name not be used) moved with his wife and three children to Austin and opened a restaurant. In the process, he became part of a new wave of immigration to Austin: well-educated, wealthy business owners and entrepreneurs, many of whom are fleeing violence in Mexico.

Although no government agency is counting the new immigrants, there are glimpses of their growing presence: Private aircraft traffic between Austin and Mexico has more than doubled since 2006 and is on pace to triple this year to more than 500 arrivals, according to the Department of Homeland Security. Local immigration lawyers say they've seen a sudden jump in wealthy Mexican clients seeking visas to live here. Robert Loughran of the Austin immigration law firm FosterQuan said that since last summer, his firm's Austin office has had to hire three more attorneys to handle the influx. And heavily Anglo St. John Neumann Catholic Church in Westlake recently celebrated its first Spanish-language communion Mass.

The new arrivals are buying or building high-end homes in Westlake, Lakeway and the northern suburbs, according to real estate agents. They're also buying apartment complexes, opening restaurants and investing in high-tech businesses. In October, information technology firm Evox, based in Monterrey, Nuevo León, invested \$2.4 million in an Austin office, hiring 11 employees.

That money helps the company bypass the long waiting list that forces many of their countrymen to wait years to immigrate legally. Many receive visas that give them legal residency in return for investing large sums of money in the U.S. and creating jobs. Some receive EB-5 visas, given to immigrants who invest at least \$1 million — and in some cases \$500,000 — and create or preserve 10 jobs.

Many more arrive with E series visas, available to immigrants who make "substantial" investments — generally more than \$100,000 — in a business venture. Last year, the State Department issued 1,965 E1 and E2 visas to Mexicans, a 49 percent increase since 2005. According to the Organization for Economic Cooperation and Development, the number of Mexicans with college degrees working in the U.S. more than doubled between 2005 and 2010 to 1.1 million.

But in the race to lure these well-off immigrants, Austin trails Texas cities that have served as more traditional landing spots. The Houston Convention and Visitors Bureau has paid consultants representing the city in Mexico. San Antonio has had representatives in Mexico since 1991 and spends about \$200,000 a year to staff offices in Monterrey, Mexico City and Guadalajara, Jalisco.

The influx of an estimated tens of thousands of immigrants to San Antonio is credited by newspaper editorials and former Mayor Henry Cisneros with boosting the city's high-end real estate and shopping sectors and injecting more vitality into the local economy.

Houston, Dallas and the Rio Grande Valley have all created investment centers for the new immigrants, who have put their money into everything from oil and gas to hotels and movie theaters. Known as EB-5 centers, they act as nets for foreign money that is invested in local projects.

Austin has no permanent presence in Mexico and sends few delegations to Mexico to represent the city. But local officials are trying to give Austin a bigger profile among Mexicans looking to escape the drug violence in Monterrey and other cities.

Last month, the Greater Austin Hispanic Chamber of Commerce and the City of Austin hosted their first seminar in Austin for Mexican investors. More than 40 business owners and investors came to the AT&T Executive Education and Conference Center at UT to learn about the legal steps to starting an enterprise in Texas.

"It certainly is a disadvantage to Austin not have a presence (in Mexico), but that's why we are doing these kinds of efforts, to bring people here," said Nayeli Gallegos, the chamber's director of economic development.

At a seminar in Mexico City in March, Gallegos asked a crowd of about 80 investors how many knew about Austin.

"About 20 people raised their hands," she said. "Right now we need to do a better job of promoting Austin. It's only a select group of people" who know the city.

In addition to Austin's lack of name recognition south of the border, many would-be newcomers are turned off by the few direct flights to Mexico, say economic development officials and recent arrivals.

Despite the challenges, Austin is beginning to see more success in luring Mexican expatriates who are seeking something they can't get in other Texas cities.

"We're seeing the younger generation, people with school-aged kids, who prefer Austin, with its kind of hipper, more dynamic community," Loughran said. "They go to San Antonio for the comfort level. They come to Austin for the quality of life."

Andy Martinez, director of the Greater Austin Hispanic Chamber of Commerce, said the city's political geography is helping recruitment.

"Once they know it's the state capital, they like the idea of being able to rub elbows with people from all over the state," he said. "That's the thinking in Mexico. It's who you know, the relationships. And Austin is the place to be, where you can make the biggest connections."

The Austin lifestyle, as well as the city's high-tech reputation, hooked Jorge Eurán. The 37-year-old father of two moved to Austin from Monterrey in January on a corporate transfer visa to open the U.S. office for his company Alveni, which develops and manufactures electronic kiosks.

Shortly after arriving, Eurán was closing deals over drinks at Molotov, a trendy, open-air bar on West Sixth Street and finding running groups through online meet-ups. He marveled at Austin's openness and the lack of a rigid class system that can define social and business life in Mexico. "It doesn't matter if you're a CEO or an employee," he said. "I love that camaraderie."

Alveni is among a growing number of Mexican companies arriving in Austin through TechBA, a cooperative effort between the government of Mexico and the University of Texas that serves as an incubator for Mexican companies trying to break into the American market. Since launching in 2005, TechBA companies have done more than \$40 million in U.S. sales and created 27 local jobs, said General Director Luis Medina. Sixteen TechBA companies now have permanent offices in Texas.

"Last year, we had to be more proactive to get companies," Medina said. "This year we probably got 10 companies that have inquired about the possibility of getting into TechBA because they want to get out of Mexico."

Eurán, who said he came here more for business opportunities than out of fear of violence in Monterrey, believes Austin enjoys a particular advantage over other Texas cities for certain affluent immigrants.

"Houston, Dallas and San Antonio really didn't make sense for us because there are a lot of Hispanics there," he said. "You would think that would be better, but no. What we want is our kids to learn English in the proper way, and if we moved to Houston, we'd be speaking Spanish 90 percent of the time. So Austin is better — it helps us get to know the culture, and if you are trying to do business with American people, you have to get to know the culture."

Officials and observers say Austin is luring a wealthier set than some other cities.

"Austin attracts a demographic that has their own planes," said Mehron Azarmehr, an immigration attorney who also conducts seminars in Monterrey.

Maru Davis, an Austin real estate agent who sells high-end properties primarily to Mexican immigrants, agrees that Austin is seeing a more affluent population. Davis, whose listings include a \$3.9 million, 7½-bath home in Westlake Hills, said some new arrivals are choosing to build their own lavish homes.

"In Mexico, they are used to having quarters for the nanny, the housekeeper, and here the homes are not built like that," she said.

But Davis said nearly all the families share a common worry. "Security is a huge concern," she said. "They want a gated community."

The Rev. Bud Roland started seeing the new families last summer, just after the school year ended in Mexico. It was unusual to see Mexican families at St. John Neumann, which is in one of the most affluent areas of Austin. About 80 percent of parishioners are Anglo, making it one of the few Austin-area Catholic churches without a large Hispanic presence.

"I would step out of the office and meet someone who had just arrived from Monterrey," said the priest, who speaks Spanish. "My first thought was, 'That's unusual.' Then it happened over and over and over again."

Until just a few years ago, Monterrey enjoyed a reputation as Mexico's safest city. The city is home to many of Mexico's largest companies and is the wealthiest of Mexico's large cities. But in recent years a raging battle between the Gulf cartel, based in Matamoros, Tamaulipas, and its former enforcers, the Zetas, has descended on the city, causing a spike in killings from 99 in 2009 to 610 in 2010 and sending many wealthy residents north.

Church officials began to compile a list of new families and held a reception to welcome them. Roland addressed the church's pastoral council. The newcomers "share a lot of the same things as our original community: They are businessmen, highly educated; they make a lot of money; they share our Catholic faith," Roland said. "I told them very plainly we have an obligation to care for them."

At the same time, nearby Westlake High School began seeing a dramatic increase in the number of students entering the school from Mexico.

Kevin Yeoman, an English as a second language teacher who teaches a transition class in American culture, said that last year he taught maybe five students from Mexico. This year, the number jumped to about 25. Most are from Monterrey.

"Many of these kids have attended private schools in Mexico so many have very good English skills already," Yeoman said. "And students here are very accepting so they are assimilating very well."

Yeoman said in his class students often write about their experiences in Mexico and share them with the class.

"Many of these kids are coming from situations where they have left because of the insecurity in the Monterrey area, from hearing gunfire at night or knowing someone who had experienced some violent act," he said.

At St. John's earlier this year, a group of mothers approached Roland about celebrating a First Communion Mass for seven of their children in Spanish. Although most of the families were bilingual, relatives from Monterrey were coming who didn't speak English.

Roland resisted at first — he didn't want a divided parish to develop — but eventually agreed to celebrate St. John's first Spanish Mass earlier this month. He said the church is preparing for more Mexican families to come into the parish once the Mexican school year ends.

Eurán, the businessman from Monterrey, says Mexico's loss is Austin's gain. "If you want to look at the positive, if everything was OK in Mexico right now, there wouldn't be as much investment coming into the U.S.," he said. "You're getting a lot of highly educated people."