



Annual Report 2006–07

Texas and Beyond



It has been evident over the past couple of years that the Real Estate Center's sphere of influence is expanding beyond the Texas border. This year, the signs were unmistakable — our reputation at the national level is well established.

Our researchers are now frequently quoted in the pages of major newspapers such as the *Wall Street Journal* and the *Chicago Tribune*, and on high-profile websites such as Morningstar Mutual Funds, CNNMoney.com, MSNBC.com and MSN Money. Associated Press reporters phone Center staff for data and analysis of real estate markets. The *NewsHour with Jim Lehrer* on the Public Broadcasting System chose our chief economist to join a panel of economists from around the country to comment on regional housing markets.

It's gratifying to see our reputation as a respected source of information grow. It's humbling, too, because we understand that respect and trust must first be earned and then maintained. The people who turn to us for information — homeowners, investors, licensees and public policy makers alike — deserve our best efforts.

To that end, we are continuing to search for new ways to serve our constituents, including expanding our educational programs, finding new sources of data and enhancing our website.

As always, we are committed to our mission — ensuring that Texas licensees and consumers have access to the information they need to make sound real estate decisions. Rest assured our goal is excellence in everything we do.

A handwritten signature in black ink that reads "Gary W. Maler". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Gary W. Maler
Director

Tierra Grande

Timely topics. Insightful analysis. Award-winning presentation. These are the hallmarks of the Center's most recognizable publication — *Tierra Grande*. Readers count on the magazine to cover the trends influencing the real estate industry. They also depend on our researchers to give them a heads-up about what's coming down the pike.

A sample of this year's articles gives an idea of the scope of Center research. From the earth to the stars and many places in between, there was something of interest for most everyone.

- Skyrocketing land prices
- Housing affordability
- 40- and 50-year mortgages
- Multi-parcel auctions
- Deed in lieu of foreclosure
- Rise of megachurches
- Cotenancy
- Investing in seniors housing
- Water availability forecast
- Trucking or tourism in Big Bend
- Impact fees
- The value of subprimes
- Spaceports



2006 *Tierra Grande* Readership Survey

Periodically, the Center surveys *Tierra Grande* readers to find out what they think of the publication's content and appearance. The results of this year's survey were overwhelmingly positive but still gave us plenty to think about as we try to make the magazine even better. Here are some of the findings.

- 95 percent of respondents said they find at least one article of interest in each issue.
- 44 percent of respondents reported that they typically read three to five articles in an issue thoroughly.
- 55 percent of respondents "Agreed" and 37 percent "Strongly Agreed" that "*Tierra Grande* articles contribute to my knowledge and understanding of real estate."
- 66 percent of respondents "Agreed" and 21 percent "Strongly Agreed" that "Articles are clear and easy to understand."

Three percent of respondents submitted negative comments, including the following:

- I love charts and statistics, but some of them are too technical or difficult to understand. Keep it simple. Need articles comparing Texas real estate to national or hot spots in other states.
- Articles are written in "safe" mode with no controversy. Where is age vs. value study? Where is growth vs. value study? Where is crime vs. value study?
- Would enjoy more down-to-earth real estate situations, less technical/statistical.



Got Info?

The Center's website, under Information Technology Director Mark Baumann, is a destination of choice for a lot of people. An average of 161,000 individuals each month visited the Center's website this year, and monthly page views averaged 1.5 million.

The cornerstone of the site is an extensive data library collected from a variety of sources, including the Multiple Listing Service, U.S. Bureau of the Census and U.S. Bureau of Labor Statistics. Population, employment and building permit data are consistently the most frequently visited sections of the site.

The site also offers online versions of *Tierra Grande* and RECON, along with an impressive library of articles and reports on real estate topics from appraisal to zoning, and a directory of real estate software.

This year, the events calendar and registration sections were combined and redesigned to improve ease of use.

On the Texas Stage . . .

Real Estate Center researchers spend significant amounts of time traveling around Texas speaking to real estate organizations and other business groups. Nearly 130 presentations were made this year to a total of more than 10,000 people.

Anybody who yawns at the thought of a speech on economics clearly hasn't heard one of Chief Economist Mark Dotzour's presentations. Widely known for his candid analysis and wry sense of humor, Dotzour is in great demand as a speaker. Audiences are eager to hear what Dotzour can tell them about the U.S. and Texas economies — where they've been, where they are and where they're going.



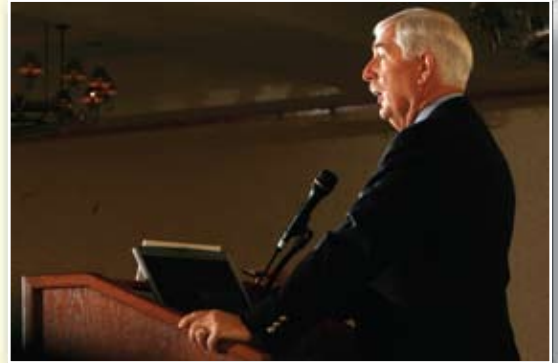
"I'm a big fan of yours," wrote an Austin Board of Realtors meeting participant. "Most Americans do not have access to unbiased economic advice, so it is refreshing to hear someone with clear, easy-to-digest information."

Research Economist Jim Gaines logged a lot of mileage on the speaking circuit, too, helping audiences understand how employment growth, interest rates, consumer price levels and demographics affect Texas housing markets.

One thank-you message paid Gaines a compliment most economists can only dream of.

"You didn't put us to sleep," a woman wrote. "We have heard many speakers talk about the same issues. You made it most interesting and brought humor to the podium as well. We would sit through the program again in a heartbeat."

When it came to land markets and property taxes, Research Economist Charlie Gilliland was the man audiences looked to. His perspectives on land sales and price trends have become a staple among resources used to staying on top of the red-hot Texas land market.



Center Presentations, 2006–07

4-States Ag Landowners • Abilene Board of Realtors and Chamber of Commerce • AgTexas Farm Credit Association • American Society of Appraisers International Appraisal Conference • Animal Science Department, Texas A&M University • Asian American Real Estate Association • Austin Realty Roundup • BGK Texas Property Management • Bastrop Board of Realtors Expo • Beaumont Board of Realtors • Birkle Group • Board of Directors, Natural Resources Foundation of Texas • Bolivar Peninsula Realtors Group • Brazoria Board of Realtors • Brazoria County Association of Realtors • Brazos Valley Bank • Brenham Association of Realtors • Brownsville–South Padre Island Board of Realtors • Bryan–College Station Chamber of Commerce • Bryan–College Station Homebuilders Association • Building Owners & Managers Assoc. Minneapolis • Business Intelligence Group Conference • Capital City A&M Club • CB Richard Ellis • CB Richard Ellis Capital Markets Conference • Certified Commercial Investment Member–Austin, Houston, North Texas • Coldwell Banker Outlook Conference • Coldwell Banker–Richard Smith • Commercial Real Estate Women of Fort Worth, Houston, San Antonio • Corpus Christi Board of Realtors • Dallas Federal Reserve Bank • D'Ann Harper Realtors • Direct Energy • El Paso Realtors Rally • Estate Planning Seminar for Landowners • Farm Bureau Regional Meeting • Farm Credit Bank • Fidelity–Alamo Title • Fort Bend Society of Commercial Realtors • Fort Worth Association of Realtors • Frost Bank & Ernst & Young Executive Economy Outlook • Galveston Association of Realtors • Guaranty Bank • Hood County Economic Development • Home Builders Association of Greater Dallas • Houston Apartment Association Board of Directors • Houston Association of Realtors–Fort Bend • Houston Association of Realtors Expo • Hunt County Alliance for Economic Development • Institute for Property Taxation–Dallas • Independent Brokers Association–Dallas • Independent Real Estate Brokers Association • Institute of Luxury Home Marketing • J.P. Weigand & Sons Forecast • Jim Howard, CPA • Kerrville Board of Realtors • KPMG Real Estate Symposium • Landowner's Association of Texas • Landowners of Freestone & surrounding counties • LBJ School of Public Affairs Assessor's Institute • Leadership Conference • MetroTex Association of Realtors Forecast • Near Northwest Network Group • North Houston–Greenspoint Chamber of Commerce • Paris Board of Realtors • Professional Mortgage Women's Association • Ranching and Wildlife Expo Session • Real Estate Council of Austin • Risk Management Association • San Antonio Board of Realtors • San Antonio Real Estate Council • San Patricio Board of Realtors • Society of Commercial Realtors • South Central Board of Realtors • South Texas College of Law Commercial MCE Course • Southwest Securities Bank • Staubach Company • Texas Aggregate & Concrete Association • Texas Alliance of Land Brokers • Texas Association of Appraisal Officers Conference • Texas Association of Builders Executive Committee • Texas Association of Realtor–Member Director Forum • Texas Bankers Association • Texas Department of Banking • Texas Development Summit • Texas Parks and Wildlife Seminar • Texas Real Estate Teachers Association • Texas Society of CPAs • Tomorrow's Top Agricultural Program • Victoria Board of Realtors • Weingarten Realty Investors–Ad Hoc Conference • Women's Council of Realtors, Central Houston Chapter •

... in the Texas News

Many members of the Texas media have the Center on speed dial. Steve Brown, who covers real estate for the *Dallas Morning News*, made a point to travel to College Station to meet our staff in May.



"We in the media rely so much on your data and research," Brown wrote in a thank-you note, "it was great to finally meet the gang who puts all this together."

Our researchers are being quoted more frequently in the *San Antonio Express-News*, the *Fort Worth Star-Telegram*, the *Austin American-Statesman*, the *Corpus Christi Caller-Times* and other smaller Texas outlets.

... and in the National Spotlight

In addition to his many in-state presentations, Dotzour boosted the Center's national visibility by speaking to the following trade groups:

- National Association of Business Economics national convention, Boston;
- National Association of Industrial and Office Properties (NAIOP) National Developers Symposium, Las Colinas;
- International Council of Shopping Centers-NAIOP Capital Marketplace Conference, New York City;
- Institute for Luxury Marketing national meetings, Las Colinas;
- Certified Commercial Investment Member, Minnesota/Dakotas regional meeting, Minneapolis;
- NAIOP, South Florida chapter, Fort Lauderdale;
- Hedge fund and private equity fund advisors, Boston and New York City; and
- NAIOP National Forum Symposium, San Diego.

Gaines spoke at the Federal Reserve Bank of Dallas' homeownership and foreclosure issues seminar and fielded dozens of calls from reporters for out-of-state newspapers.

National media outlets and professional groups this year discovered the "gold mine" of real estate expertise the Center has. Dotzour appeared on PBS' "The NewsHour with Jim Lehrer" in June, discussing how housing market conditions in Texas differ from those in other parts of the country.

Dotzour, Gilliland and Gaines were quoted in high-visibility publications including the *Wall Street Journal*, *Chicago Tribune*, *New York Times*, *Baltimore Sun*, *Los Angeles Times*, *Miami Herald*, *San Francisco Chronicle*, *Seattle Times*, and *Forbes* and *Money* magazines, along with dozens of other smaller newspapers across the country.

Law of the Land

Center attorney Judon Fambrough receives more inquiries for information than anyone else at the Center. This year he answered an average of 120 phone calls, e-mails and letters per month from licensees, state and U.S. senators and representatives, attorneys, reporters and the public.

When he's not helping constituents one-on-one, he's traveling the highways and byways of Texas making speeches. He visits the major metros, of course, but he has a soft spot for the smaller venues. This year his travels took him to (among other places) Quinlan, Beaumont, Brownwood, Kerrville, Texarkana, Valley Mills and Rosharon.

Fambrough's audiences are looking to keep themselves on the right side of the law when it comes to oil and gas leases, landowner liability, condemnation, pipeline easements, recreational land use, groundwater leasing and myriad other legal issues.

Fambrough's articles on legal topics are consistently among the most frequently viewed publications on the Center's website. Visitors viewed his publications an average of 8,000 times each month.



Demography at the Top

We don't want to name-drop, but sometimes we can't help ourselves.

Steve Murdock, state demographer of Texas and a Center research fellow who has been writing for *Tierra Grande* for years, has been nominated by President Bush to serve as director of the U.S. Census Bureau.

If confirmed, Murdock will head the agency that counts Americans and keeps track of statistics about them.



News — Short, Longer, Longest

Real estate news happens everywhere, every day, every hour. Keeping up with it is a Herculean task. Here at the Center, we offer our constituents news in multiple formats.

Subscriptions to Real Estate Center Online News (RECON), the Center's popular twice-weekly electronic news digest, grew to 30,000 this year, with an additional average of 20,000 online readers each month. This newsletter features brief stories gathered from a variety of Texas news sources — print and online newspapers, real estate industry websites, and state and government websites, to name a few. RECON focuses on transactions in the 100,000+ square-foot category. Busy real estate professionals have told us they appreciate this "bite-sized" news format, which allows them to scan the publication and read the items pertaining to their specific business interests.

RECON readers tend to have strong opinions about the newsletter. Fortunately for us, most often those opinions are positive.

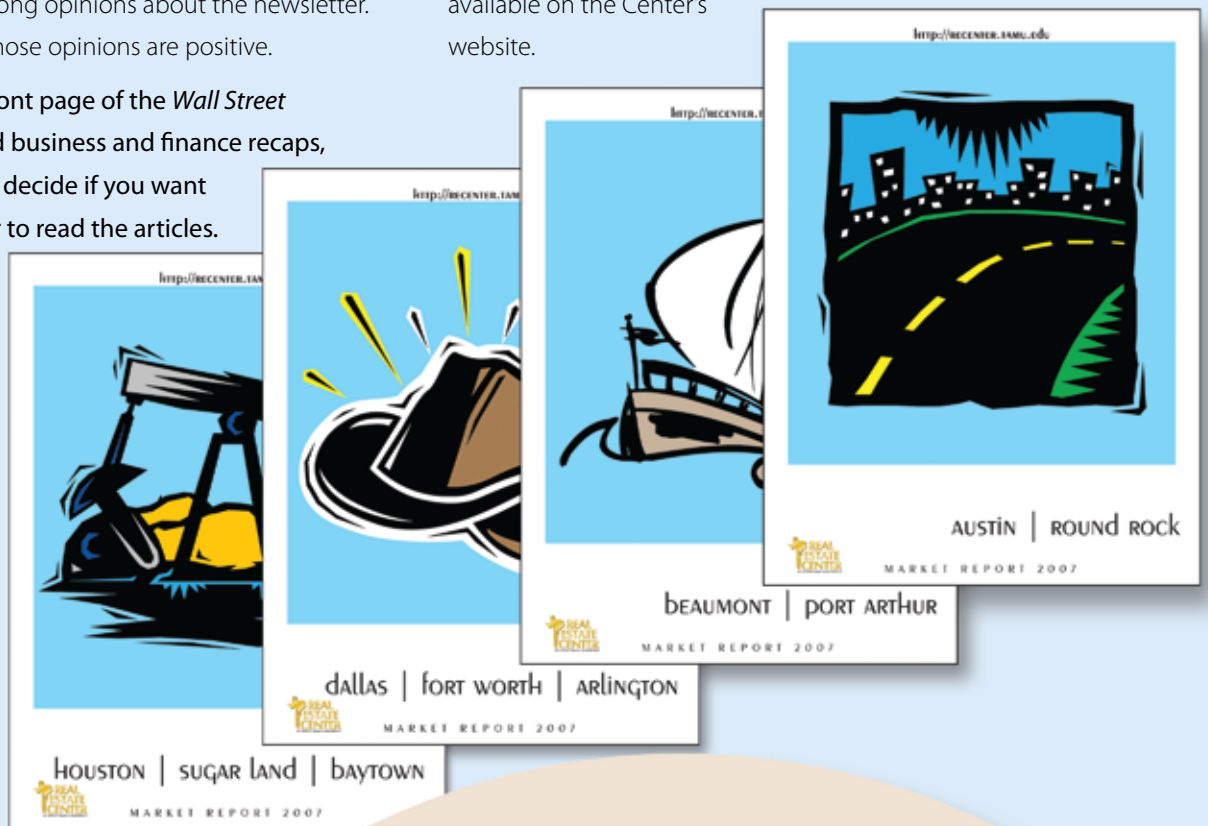
"I think of [RECON] as the front page of the *Wall Street Journal*, where you can read business and finance recaps, and world recaps, and then decide if you want to go further into the paper to read the articles. Quite lovely." — Anne Snider Reese, Steve Snider Inc.

"Thanks everyone for RECON! I get the essence without spending a lengthy amount of time. I call RECON my 'Readers Digest' version of what's happening in our real estate world." — Mary E. Parker

Texas Market News is an up-to-the-moment database of news items from the same sources used to produce RECON. This database can be accessed on the Center's website and searched by Metropolitan Statistical Area (MSA) or by category of real estate.

"I've created an Access database for myself to start retaining articles for use in [information] packages but every once in a while, a good one will get by me. I can always sleep happy, though, knowing that they never seem to get by you." — Blake Lacy, Capmark Finance Inc.

Market Reports are annually updated publications on each Texas MSA. They contain detailed information on demographics, education, employment, economy, infrastructure, public facilities, multifamily, housing, retail, hotel, office and industrial markets. The reports are available on the Center's website.



Getting to Know You

There's nothing like chatting in person to help us stay on top of what our constituents consider important. The Center's communications staff had booths at the Texas Association of Realtors Convention in Arlington, the Austin Board of Realtors Round Up and the Houston Association of Realtors Convention.

Our writers and editors enjoyed visiting with real estate professionals and answering questions about the resources the Center has to offer. They handed out hundreds of copies of the latest Center market reports and came home with a truckload of helpful feedback from attendees.

Learning Large

Center-hosted conferences and seminars are popular with real estate teachers, residential and commercial brokers and agents, assessors, appraisers, attorneys, lenders, accountants and corporate managers, all of whom want to stay on top of Texas markets.

Attendance at one of our most popular conferences, the Outlook for Texas Land Markets, has grown steadily over the years and finally outgrew its College Station venue. This year it was held in San Antonio and attracted 500 participants. This year's other educational seminars were also well attended.

20th Annual Legal Seminar on Ad Valorem Taxation (San Antonio)

September 2006
720 attendees

Real Estate Roundup (Dallas)

Fall 2006
400 attendees

Real Estate Roundup (Houston)

Spring 2007
300 attendees

Commercial Real Estate Course, cosponsored with South Texas College of Law (Houston)

October 2006
225 attendees

Instructor Training (College Station)

November 2006, April–May 2007
100 attendees

Educators Conference (College Station)

January 2007
100 attendees



Texas Development Summit (College Station)

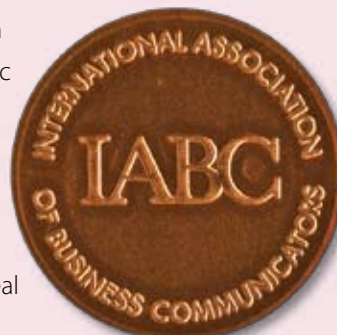
March 2007
130 attendees

23rd Annual Real Estate Industry Leadership Conference (Austin)

March 2007
20 attendees

Publication Kudos

Tierra Grande received recognition again this year, bringing home the Texas Public Relations Association Award of Merit, International Association of Business Communicators, Brazos Valley Chapter (IABC-BV), Award of Excellence and Award of Achievement. The 2005–06 Real Estate Calendar also earned an IABC-BV Award of Excellence.



From VHS to DVD to Total Web Access



For the past three years, the Center has been sending its video magazine, "Close-Ups", to brokerage firms with ten or more salespersons. With subjects as diverse as online license renewal, security tips to keep licensees safe while showing properties, changes in property tax legislation and dealing with the threat of wildfires, "Close-Ups" appealed to a broad audience.

From the start, our goal has been to expand distribution of the program to reach more real estate professionals and property owners in general. Thanks to advances in computer technology and the increasing number of people with broadband access, we were able to meet that goal.

Now, videos are posted to our website so people can view them at their convenience. Many are taking advantage of the easy access, with video hits averaging 9,000 per month.

Advisory Committee

Governor Rick Perry, who formerly served on the Center's Advisory Committee, appointed six new members (indicated by *) to serve six-year terms. Committee members review the research agenda, offer advice and counsel as needed, and approve the operating budget.

David E. Dalzell, chairman
Abilene

D. Marc McDougal, vice chairman*
Lubbock

James M. Boyd*
Houston

Catarina Gonzales Cron*
Houston

Tom H. Gann
Lufkin

Jacquelyn K. Hawkins*
Austin

Barbara A. Russell*
Denton

Douglas A. Schwartz
El Paso

Ronald C. Wakefield*
San Antonio

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