

# TEXAS REAL ESTATE INDUSTRY REVIEW 2008

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# Texas Real Estate Industry Review, 2008

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The Texas real estate industry plays a critical role in the state's economy. Key points are detailed below.

## Economic Impact: Multiplier Effects (Table 1)

- \$1 million of revenue (or output) in the Texas real estate industry generates \$0.54 million dollars of revenue in other parts of the state economy, resulting in a total of \$1.54 million of revenue or output.
- \$1 million of revenue (or output) in the Texas real estate industry generates 5.16 jobs in the state real estate industry and five jobs in the rest of the state economy, yielding an employment multiplier of 1.97.
- \$1 million of value added in the Texas real estate industry generates \$0.47 million of value added in the rest of the state economy, resulting in a value added multiplier of 1.47.
- \$1 million of sales tax in the state real estate industry leads to \$1.26 million of sales tax in the entire Texas economy.

## Contribution to Gross Domestic Product (Table 2)

- The GDP of the state's real estate industry made up 7.8 percent of the Texas GDP in 2006, ranking fourth among Texas industries after manufacturing, the government sector and mining.
- Taxes paid by the state's real estate industry accounted for 18.7 percent of total Texas business taxes in 2007.
- Wages and salaries paid by the Texas real estate industry accounted for 1.1 percent of total state wages and salaries paid in 2007.

## Employment

- The real estate industry has the largest proportion of self-employed persons of all industries. Most incomes generated in this industry are in the form of proprietors' profits.
- Gross operating surplus of the state's real estate industry accounted for 14.1 percent of total gross operating surplus of all industries in Texas in 2007 (Table 2).
- Nearly 552,000 persons, including self-employed individuals, were working in the Texas real estate industry in 2007, representing 3.9 percent of statewide employment (Table 3).

## Wealth Creation

- The aggregate value of Texas real estate wealth in 2007 was \$1,509.9 billion or \$63,164 per Texan. The aggregate value of single-family residences in 2007 was \$847.2 billion, accounting for 56.1 percent of the aggregate value of the state's real estate wealth (Table 4). The aggregate value of multifamily residences in 2007 stood at \$77 billion, accounting for 5.1 percent of the aggregate value of the state's real estate wealth (Table 4).
- Commercial real estate in Texas was valued in excess of \$251 billion in 2007 (Table 4).
- Texas industrial real estate was valued in excess of \$85 billion (Table 4).
- The aggregate value of Texas real estate wealth in oil, gas and other minerals in 2007 was \$95.1 billion (Table 4).
- The aggregate value of Texas real estate wealth in utilities in 2007 was \$44.7 billion (Table 4).
- Real estate owners paid an estimated \$24 billion in school tax in 2007.
- Housing units in Texas made up 7.4 percent of the total number of occupied housing units in the United States in 2007 (Table 5). Total building permits for Texas accounted for 12.7 percent of the total permits issued in the nation (Table 5). Owner-occupied housing units in Texas represented 7.1 percent of owner-occupied units in the United States (Table 6). Texas renter-occupied housing units accounted for 7.8 percent of total renter-occupied units in the United States (Table 6).
- Texas Hispanic or Latino householders represented 19.2 percent of total occupied housing units by Hispanic or Latino householders in the United States (Table 7).
- Homeownership is more affordable for householders with lower incomes in Texas than in the United States as a whole. The percentages of houses owned by householders with an annual income of less than \$25,000 were higher in Texas than in the nation in 2007 (Table 8).

Table 1. Multipliers for Real Estate Industry

Multiplier	Texas	United States
Output	1.54	2.05
Employment	1.97	2.59
Value added	1.47	1.89
Sales tax	1.26	1.44

Source: Input-output model of the Texas economy, Real Estate Center at Texas A&M University.

Table 2. Texas Gross Domestic Product in 2006 and Relative Importance of Texas Industries

Industry	Millions of Dollars				Percent of Total Texas GDP			
	GDP	Wages & Salaries	Taxes & Subsidies	Gross Profit	GDP	Wages & Salaries	Taxes & Subsidies	Gross Profit
<b>Total Gross Domestic Product</b>	<b>1,068,119</b>	<b>546,931</b>	<b>81,177</b>	<b>440,011</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Private industries</i>	953,147	448,445	81,728	422,974	89.2	82.0	100.7	96.1
Agriculture, forestry, fishing and hunting	7,807	1,947	-321	6,181	0.7	0.4	-0.4	1.4
Mining	104,170	22,880	8,747	72,543	9.8	4.2	10.8	16.5
Utilities	36,120	5,159	3,977	26,984	3.4	0.9	4.9	6.1
Construction	55,325	33,475	532	21,318	5.2	6.1	0.7	4.8
Manufacturing	142,850	70,204	3,806	68,840	13.4	12.8	4.7	15.6
Wholesale trade	68,229	36,690	12,471	19,068	6.4	6.7	15.4	4.3
Retail trade	65,733	35,550	15,286	14,896	6.2	6.5	18.8	3.4
Transportation and warehousing, excluding postal service	36,584	23,081	2,7373	10,766	3.4	4.2	3.4	2.4
Information	43,829	16,564	5,513	21,752	4.1	3.0	6.8	4.9
Finance and insurance	62,675	35,427	3,623	23,626	5.9	6.5	4.5	5.4
<b>Real estate and rental and leasing</b>	<b>95,070</b>	<b>9,234</b>	<b>16,087</b>	<b>69,750</b>	<b>8.9</b>	<b>1.7</b>	<b>19.8</b>	<b>15.9</b>
<b>Real estate</b>	<b>83,732</b>	<b>6,272</b>	<b>15,217</b>	<b>62,243</b>	<b>7.8</b>	<b>1.1</b>	<b>18.7</b>	<b>14.1</b>
Rental and leasing services and lessors of intangible assets	11,338	2,961	871	7,507	1.1	0.5	1.1	1.7
Professional and technical services	68,384	44,403	1,356	22,626	6.4	8.1	1.7	5.1
Management of companies and enterprises	13,494	6,043	583	6,869	1.3	1.1	0.7	1.6
Administrative and waste services	32,567	23,189	1,029	8,349	3.0	4.2	1.3	1.9
Educational services	5,482	4,789	75	618	0.5	0.9	0.1	0.1
Health care and social assistance	60,262	45,185	555	14,521	5.6	8.3	0.7	3.3
Arts, entertainment and recreation	6,465	3,641	614	2,210	0.6	0.7	0.8	0.5
Accommodation and food services	25,644	15,999	3,073	6,573	2.4	2.9	3.8	1.5
Other services, except government	22,458	14,986	1,986	5,486	2.1	2.7	2.4	1.2
<i>Government</i>	114,972	98,486	-551	17,036	10.8	18.0	-0.7	3.9

Source: U.S. Bureau of Economic Analysis

**Table 3. Texas Employment Including Self-Employed Persons, 2007**

	Number	Percent of Total
Total employment	14,160,490	100.0
<i>Private employment</i>	11,993,904	84.7
Forestry, fishing, related activities and other	66,640	0.5
Mining	307,628	2.2
Utilities	48,811	0.3
Construction	1,024,796	7.2
Manufacturing	990,343	7.0
Wholesale trade	578,038	4.1
Retail trade	1,482,267	10.5
Transportation and warehousing	527,934	3.7
Information	260,173	1.8
Finance and insurance	689,614	4.9
<b>Real estate and rental and leasing</b>	<b>635,024</b>	<b>4.5</b>
<b>Real estate</b>	<b>551,780</b>	<b>3.9</b>
Rental and leasing services	80,685	0.6
Professional and technical services	892,791	6.3
Management of companies and enterprises	87,122	0.6
Administrative and waste services	963,823	6.8
Educational services	197,090	1.4
Health care and social assistance	1,260,029	8.9
Arts, entertainment and recreation	219,929	1.6
Accommodation and food services	954,432	6.7
Other services, except public administration	807,420	5.7
<i>Government and government enterprises</i>	1,888,302	13.3

Source: U.S. Bureau of Economic Analysis

**Table 4. Taxable Values of Texas Real Estate Properties, 2007 and 2006**

Property by Category	2007		2006	
	Value, \$Billion	Percent of Total	Value, \$Billion	Percent of Total
Single-family residences	847.2	56.1	\$759.3	56.0
Multifamily residences	77.0	5.1	67.9	5.0
Commercial real	251.8	16.7	219.8	16.2
Industrial real	85.9	5.7	77.4	5.7
Oil, gas, minerals	95.1	6.3	92.9	6.8
Utilities	44.7	3.0	41.3	3.0
Vacant lots	37.8	2.5	34.5	2.5
Rural real	70.4	4.7	63.9	4.7
<b>Total*</b>	<b>1,509.9</b>	<b>100.0</b>	<b>1,357.0</b>	<b>100.0</b>

Source: Texas Comptroller of Public Accounts and Real Estate Center at Texas A&M University.

\* Components may not add up to total due to rounding.

**Table 5. Housing Sector Economic Indicators, 2007**

	United States	Texas	Percent of United States
Housing units	127,895,430	9,433,119	7.4
Building permits, 2007	1,404,376	178,908	12.7
Single-family	985,621	120,366	12.2
2-4 family	59,641	5,346	9.0
5+ family	359,114	53,196	14.8
Median value of owner-occupied units	\$194,300	\$120,900	69.0

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

**Table 6. Occupied Housing Units in United States and Texas, 2007**

	United States	Texas	Texas as Percent of United States
<b>Total</b>	<b>112,377,977</b>	<b>8,244,022</b>	<b>7.3</b>
<i>Owner-occupied housing units</i>	75,515,104	5,373,524	7.1
1, detached	61,605,279	4,737,263	7.7
1, attached	4,427,436	121,785	2.8
2	1,070,218	13,786	1.3
3 or 4	700,111	15,950	2.3
5 to 9	607,522	17,375	2.9
10 to 19	487,209	10,586	2.2
20 to 49	507,643	8,179	1.6
50 or more	886,100	15,932	1.8
Mobile home	5,155,077	421,955	8.2
Boat, RV, van, etc.	68,509	10,713	15.6
<i>Renter-occupied housing units</i>	36,862,873	2,870,498	7.8
1, detached	9,560,184	846,698	8.9
1, attached	2,107,951	97,028	4.6
2	3,171,248	149,324	4.7
3 or 4	4,104,352	244,925	6.0
5 to 9	4,615,873	369,502	8.0
10 to 19	4,290,786	479,982	11.2
20 to 49	3,124,939	227,664	7.3
50 or more	4,084,905	300,227	7.3
Mobile home	1,770,619	152,162	8.6
Boat, RV, van, etc.	32,016	2,986	9.3

Source: U.S. Census Bureau, 2007 American Community Survey

**Table 7. Occupied Housing Units by Race in United States and Texas, 2007**

Race	United States	Texas	Texas as Percent of United States
White alone householder	87,486,191	6,038,660	6.9
White alone no Hispanic or Latino householder	80,690,054	4,546,434	5.6
Black or African American alone	13,247,930	975,783	7.4
Hispanic or Latino householder	12,311,308	2,366,579	19.2
Asian alone	4,182,621	252,436	6.0
Other race	5,029,193	823,873	16.4
Two or more races alone	1,522,608	108,956	7.2
American Indian or Alaska Native alone	787,328	40,140	5.1
Native Hawaiian and other Pacific Islander alone	122,106	4,174	3.4

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

**Table 8. Occupied Housing Units by Household Income in United States and Texas, 2007**

	United States		Texas		Texas as Percent of United States
	Number	Percent of Total	Number	Percent of Total	
<b>Total</b>	<b>112,377,977</b>	<b>100.0</b>	<b>8,244,022</b>	<b>100.0</b>	<b>7.3</b>
<i>Owner occupied:</i>	75,515,104	67.2	5,373,524	65.2	7.1
Less than \$5,000	1,116,835	1.0	91,910	1.1	8.2
\$5,000 to \$9,999	1,669,470	1.5	143,948	1.7	8.6
\$10,000 to \$14,999	2,774,169	2.5	213,940	2.6	7.7
\$15,000 to \$19,999	2,899,533	2.6	218,941	2.7	7.6
\$20,000 to \$24,999	3,261,557	2.9	247,778	3.0	7.6
\$25,000 to \$34,999	6,794,518	6.0	502,722	6.1	7.4
\$35,000 to \$49,999	10,374,308	9.2	741,803	9.0	7.2
\$50,000 to \$74,999	15,659,996	13.9	1,064,562	12.9	6.8
\$75,000 to \$99,999	11,232,567	10.0	767,076	9.3	6.8
\$100,000 to \$149,999	11,538,638	10.3	806,748	9.8	7.0
\$150,000 or more	8,193,513	7.3	574,096	7.0	7.0
<i>Renter occupied:</i>	36,862,873	32.8	2,870,498	34.8	7.8
Less than \$5,000	2,217,776	2.0	187,530	2.3	8.5
\$5,000 to \$9,999	3,226,855	2.9	226,971	2.8	7.0
\$10,000 to \$14,999	3,564,324	3.2	271,074	3.3	7.6
\$15,000 to \$19,999	3,166,420	2.8	257,615	3.1	8.1
\$20,000 to \$24,999	3,027,254	2.7	258,724	3.1	8.5
\$25,000 to \$34,999	5,278,834	4.7	451,264	5.5	8.5
\$35,000 to \$49,999	5,931,438	5.3	481,840	5.8	8.1
\$50,000 to \$74,999	5,628,196	5.0	420,315	5.1	7.5
\$75,000 to \$99,999	2,443,831	2.2	167,654	2.0	6.9
\$100,000 to \$149,999	1,613,819	1.4	100,765	1.2	6.2
\$150,000 or more	764,126	0.7	46,746	0.6	6.1

Source: U.S. Census Bureau, 2007 American Community Survey



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