



In the aftermath of the Great Recession, how strong is Texas' real estate industry?

An ongoing Real Estate Center research program monitors the relative importance of the Texas real estate industry and the state's real estate wealth. Most recent data show the state's real estate industry is maintaining its standing among the state's industries and that real estate wealth continues to grow.

Industry's Effect on Texas Economy

The real estate industry accounted for 8.4 percent of Texas' gross domestic product (GDP) in 2011 compared with 11.7 percent for the United States (Table 1). The lower than national average share is mainly attributable to lower than national average Texas home prices.

Real estate was the third largest Texas industry in 2011, after manufacturing and mining (Table 1). It was the second largest in 2010.

Texas' real estate industry has the largest proportion of self-employed persons. Including the self-employed, 521,684 persons worked in the Texas real estate industry in 2011, representing 3.6 percent of statewide employment; nationwide, they were 4.0 percent (Table 2). The corresponding percentages for Florida, California and Arizona were 5.1, 4.8 and 5.5, respectively. Real estate's share in Texas' total employment increased from 2.6 percent in 1999 to 3.5 percent in 2011 (Figure 1).

Table 1. Value Added by Industry, Texas and United States, 2011

	Value Added, \$Million		Percent of Total	
	Texas	United States	Texas	United States
All industries total	1,308,132	14,981,020	100.0	100.0
Private industries	1,161,971	13,097,365	88.8	87.4
Agriculture, forestry, fishing, and hunting	9,897	177,795	0.8	1.2
Mining	118,578	287,584	9.1	1.9
Utilities	24,234	250,825	1.9	1.7
Construction	57,970	520,340	4.4	3.5
Manufacturing	192,024	1,837,031	14.7	12.3
Durable goods	83,212	989,258	6.4	6.6
Nondurable goods	108,812	847,774	8.3	5.7
Wholesale trade	85,753	844,928	6.6	5.6
Retail trade	76,625	916,951	5.9	6.1
Transportation and warehousing	43,200	418,807	3.3	2.8
Information	44,903	662,324	3.4	4.4
Finance and insurance	89,757	1,256,198	6.9	8.4
Real estate and rental and leasing	109,657	1,751,682	8.4	11.7
Professional, scientific and technical services	92,107	1,171,145	7.0	7.8
Management of companies and enterprises	12,411	282,487	0.9	1.9
Administrative and waste management services	40,137	444,313	3.1	3.0
Educational services	8,052	169,315	0.6	1.1
Health care and social assistance	81,953	1,151,187	6.3	7.7
Arts, entertainment, and recreation	7,727	144,058	0.6	1.0
Accommodation and food services	35,777	441,647	2.7	2.9
Other services, except government	31,209	368,747	2.4	2.5
Government	146,162	1,883,655	11.2	12.6

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

Every \$1 million of real estate industry revenue generates:

- just over half a million dollars of revenue in other parts of the Texas economy,
- 5.2 jobs in the state's real estate industry and
- five jobs in other industries.

Real estate taxes are a big contributor to the state's overall wealth:

- Taxes paid by the real estate industry accounted for 14.8 percent of total Texas business taxes in 2009.
- Texas' property tax revenue in 2009 was more than \$40 billion or 47.8 percent of the state's tax revenues.
- Texas school districts levied \$21.7 billion in property taxes in 2009, accounting for 54.4 percent of total property tax revenues.

In 2010, the state's four largest metropolitan areas accounted for a majority of real estate employment (Table 3).

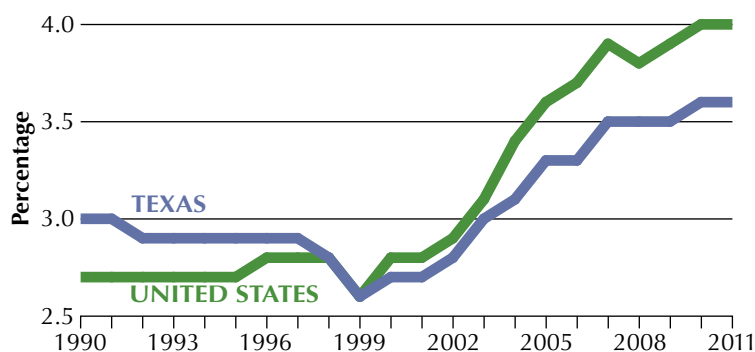
- Dallas-Fort Worth-Arlington, Houston-Sugar Land-Baytown, Austin-Round Rock-San Marcos, and San Antonio-New Braunfels, had 81.4 percent of Texas' real estate employment.



- 174,141 persons, including those self-employed, were working in Dallas-Fort Worth-Arlington's real estate, rental and leasing industry, or 33.3 percent of that industry's Texas employment.
- 149,310 persons, including the self-employed, were working in Houston-Sugar Land-Baytown's real estate, rental and leasing industry, some 28.6 percent of employment in Texas' real estate industry.

COMMERCIAL PROPERTIES represent 16.6 percent of Texas' total real estate wealth. The largest category is single-family residences, which make up 56.3 percent.

Figure 1. Real Estate Employment as Percentage of Total Employment, 1990–2011



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

Table 2. Employment by Industry, Texas and United States, 2011

Industry	Number		Percent of Total	
	Texas	United States	Texas	United States
Total employment	14,611,475	175,834,700	100.0	100.0
Farm employment	258,641	2,635,000	1.8	1.5
Nonfarm employment	14,352,834	173,199,700	98.2	98.5
Private employment	12,368,147	148,898,700	84.6	84.7
Forestry, fishing, and related activities	55,848	862,700	0.4	0.5
Mining	452,452	1,429,400	3.1	0.8
Utilities	54,018	576,500	0.4	0.3
Construction	906,154	8,732,500	6.2	5.0
Manufacturing	893,871	12,344,600	6.1	7.0
Durable goods manufacturing	578,155	7,656,400	4.0	4.4
Nondurable goods manufacturing	315,716	4,688,200	2.2	2.7
Wholesale trade	566,598	6,122,100	3.9	3.5
Retail trade	1,438,676	17,829,600	9.8	10.1
Transportation and warehousing	525,226	5,635,400	3.6	3.2
Information	234,935	3,200,400	1.6	1.8
Finance and insurance	868,903	9,509,700	5.9	5.4
Real estate and rental and leasing	598,639	7,844,100	4.1	4.5
Real estate	521,684	7,099,700	3.6	4.0
Professional, scientific, and technical services	941,264	12,034,700	6.4	6.8
Management of companies and enterprises	114,336	2,071,200	0.8	1.2
Administrative and waste management services	987,751	10,890,400	6.8	6.2
Educational services	228,287	4,242,800	1.6	2.4
Health care and social assistance	1,418,313	19,391,400	9.7	11.0
Arts, entertainment, and recreation	235,590	3,851,700	1.6	2.2
Accommodation and food services	1,023,854	12,338,500	7.0	7.0
Other services, except public administration	823,432	9,991,000	5.6	5.7
Government and government enterprises	1,984,687	24,301,000	13.6	13.8

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

properties, mineral real estate, utility company properties, rural acreage and vacant lots.

Single-family residential wealth in Texas in 2011 totaled \$945.1 billion, accounting for 56.3 percent of the state's real estate wealth (Figure 2). The total value of single-family residential wealth in 2011 was 2.8 times its value in 1997 (Table 4). Single-family residential wealth includes houses, condominiums and mobile homes on land owned by the occupant.

The total value of Texas' **multiple-family residential** wealth in 2011 was \$85.1 billion, accounting for 5.1 percent of real estate wealth. The total value of multiple-family residential wealth in 2011 was 2.5 times its value in 1997 (Table 4).

Multifamily residential real estate includes apartments and residential buildings

containing two or more dwelling units belonging to one owner. Hotels and motels are excluded.

Commercial real estate had the largest share of the state's real estate wealth in 2011 after single-family residential (Table 4). Texas' commercial real estate wealth was \$278.9 billion, 2.5 times its value in 1997. Commercial real estate consists of land and improvements devoted to sales or services to the public.

Texas' 2011 **industrial real estate** wealth amounted to \$95 billion, or 5.7

Restoring Texas Real Estate Wealth

The total value of Texas real estate wealth in 2011 was more than \$1.6 trillion (Table 4). Since 1997, the total value of Texas real estate wealth has increased 2.4 times. Texas' per capita real estate wealth in 2011 was \$65,432, up 86.7 percent from \$35,055 in 1997.

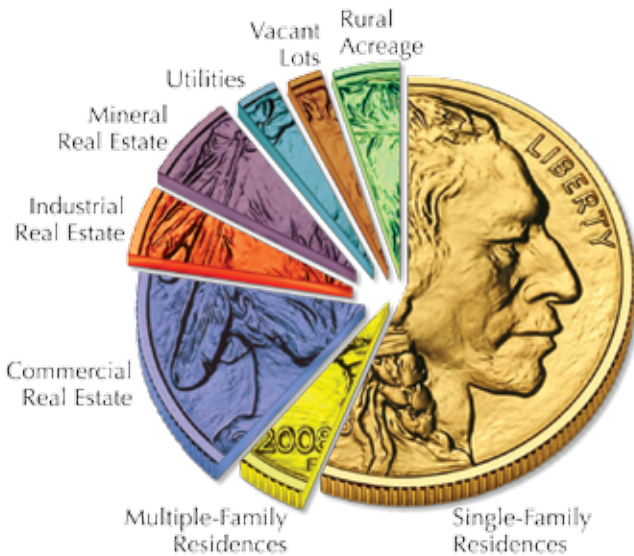
Real estate wealth comprises single-family residences, multifamily residences, commercial properties, industrial

Table 3. Texas Real Estate and Rental and Leasing Employment in 2010

Region	Number	Percent of Total
Total Texas	522,306	100.0
Dallas-Fort Worth-Arlington	174,141	33.3
Houston-Sugar Land-Baytown	149,310	28.6
Austin-Round Rock-San Marcos	53,671	10.3
San Antonio-New Braunfels	48,066	9.2
El Paso	12,716	2.4
Corpus Christi	8,673	1.7
McAllen-Edinburg-Mission	8,116	1.6
Killeen-Temple-Fort Hood	6,120	1.2
Beaumont-Port Arthur	5,900	1.1
Lubbock	5,877	1.1
Brownsville-Harlingen	5,371	1.0
Amarillo	5,255	1.0
College Station-Bryan	4,310	0.8
Waco	4,181	0.8
Tyler	4,145	0.8
Longview	3,909	0.7
Laredo	3,835	0.7
Midland	3,677	0.7
Abilene	2,767	0.5
Odessa	2,650	0.5
San Angelo	2,132	0.4
Wichita Falls	2,064	0.4
Victoria	1,906	0.4
Texarkana	1,829	0.4
Sherman-Denison	1,685	0.3

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

Figure 2. Texas Real Estate Wealth, 2011



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

percent of the state's real estate wealth. That was 1.8 times the value in 1997 (Table 4). Industrial real estate wealth consists of land and improvements devoted to the development, processing or storage of a product, excluding utilities.

Texas' **mineral real estate** wealth in 2011 totaled \$106 billion, accounting for 6.3 percent of real estate wealth. This was 2.9 times its 1997 value (Table 4).

Mineral real estate wealth comprises producing and nonproducing oil and natural gas wells, all other mineral interests, and equipment used for extracting and producing minerals.

In 2011, **utility company properties** in Texas were valued at \$50 billion, close to their 1997 value (Table 4). The utilities industry includes gas companies, electric companies, railroads, water companies, pipeline companies and cable television providers.

Table 4. Texas Real Estate Wealth, 1997 and 2011

Real Estate Category	2010		1997		2010/1997 Ratio
	\$Billion	Percent of Total	\$Billion	Percent of Total	
Single-family residences	945.1	56.3	338.3	48.9	2.8
Multiple family residences	85.1	5.1	34.1	4.9	2.5
Commercial real estate	278.9	16.6	110.3	15.9	2.5
Industrial real estate	95.0	5.7	54.2	7.8	1.8
Mineral real estate	106.0	6.3	37.1	5.4	2.9
Utilities	50.0	3.0	48.5	7.0	1.0
Vacant lots	39.5	2.4	19.8	2.9	2.0
Rural acreage	80.3	4.8	49.7	7.2	1.6
Total real estate wealth	1,679.9	100.0	692.0	100.0	2.4

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

The total value of Texas' **rural acreage** in 2011 was \$80.3 billion, 4.8 percent of the state's real estate wealth and 1.6 times its value in 1997 (Table 4).

The 2011 value of **vacant lots** was \$39.5 billion or 2.4 percent of the state's real estate wealth. This was twice its value in 1997 (Table 4). ➔

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THE TAKEAWAY

Texas' real estate industry is the second largest in the state after manufacturing. Real estate has the largest proportion of self-employed persons of all Texas industries. Since 1997, the total value of Texas real estate has increased by 2.4 times. Per capita real estate wealth in 2011 was up 86.7 percent from 1997.



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About the Real Estate Center

The Real Estate Center at Texas A&M University is the nation's largest publicly funded organization devoted to real estate research. The Center was created by the Texas Legislature in 1971 to conduct research on real estate topics to meet the needs of the real estate industry, instructors and the public.

Most of the Center's funding comes from real estate license fees paid by more than 135,000 professionals. A nine-member advisory committee appointed by the governor provides research guidance and approves the budget and plan of work.

Learn more at www.recenter.tamu.edu

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honored



GARY MALER

Gary Maler, Real Estate Center director, is one of nine 2012 Outstanding Alumni for the College of Architecture at Texas A&M University. Maler received a master of architecture degree in 1974. He lifted the Real Estate Center to global prominence after a private-sector career spearheading some of Houston's most notable developments.

"Under his leadership, the Center has become one of the most highly respected and trusted sources of research and information that is heavily relied on by members of the legislature, the governor's office, state agencies and the business community," said Susan Combs, Texas comptroller of public accounts.

More on Maler's award can be found at <http://recenter.tamu.edu/news/pdf/NewsRel27-0812.pdf>

published



DR. CHARLES GILLILAND

A book by Dr. Charles Gilliland — *Buying Rural Land in Texas* — will be released by the Texas A&M University

Press this month. In it, Dr. Gilliland demonstrates that buyers can and should arm themselves with knowledge of the land-buying process, potential problems and available resources.

Dr. Gilliland has been with the Center since 1977. He is a clinical professor of finance, research economist and the Helen and O.N. Mitchell Fellow for the Mays Business School. He is a recognized authority on property taxation and appraisal, but it is his rural land expertise that he called on to complete his latest major undertaking.

Buying Rural Land in Texas is \$25 and is available from the Texas A&M University Press Consortium at <http://www.tamupress.com>

See more on Dr. Gilliland at <http://recenter.tamu.edu/staff/cgilliland>

hired



DR. LUIS TORRES

Dr. Luis Torres has joined the Center staff as an associate research scientist. Dr. Torres comes to the Center from Banco de Mexico where he was an economist and communications analyst. He is an author, lecturer and researcher who has extensively studied the Mexican regional economy and U.S.- Mexico issues.

Dr. Torres received a master of economics in 2006 and a Ph.D. in economics from the University of Colorado in 2011.

Born in California, he has a master of science degree from the University of Texas at El Paso (2002). He received a bachelor of arts degree in economics from the Instituto Tecnológico de Estudios Superiores in Monterrey, Mexico (1995).

The new Center researcher is fluent in written and spoken English and Spanish.

To read more on Dr. Torres, go to: <http://recenter.tamu.edu/staff/ltorres>



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