

Tanks & Timber

Texarkana's Economy and Housing Market

Joshua Roberson
August 23, 2019

Publication 2244



Texarkana has a rich industrial history that goes back to its roots as a railroad town. As an industrial city in an increasingly post-industrial economy, Texarkana has had its shares of economic ups and downs over the past century. Its industrial backbone still plays a major role in the region's economic prosperity and local housing market.

While the oil industry has a presence in Northeast Texas, the dominant nonfarm industries within the Metropolitan Statistical Area (MSA), according to the Texarkana Chamber of Commerce, are goods-producing, particularly military-related and paper product manufacturing. This likely explains why recent job-growth trends appeared to have been counter-cyclical to the latest oil boom-and-bust cycle seen in much of the state.

Well-Armored Economy

The area's largest employer by far is the Red River Army Depot (RRAD) and its associated tenants, best known for manufacturing and maintaining a wide variety of military armored vehicles. Despite having the

The Takeaway

Although Texarkana has had little recent household growth, existing-home sales and loan requests have been on the rise the past few years. However, 2019 data show housing activity could begin cooling, following the statewide trend.

word Army in the name, RRAD serves other military service branches and, according to the Texas Comptroller, employs a predominantly civilian workforce. In addition to providing many jobs, RRAD has a large geographic footprint and economic output. In 2017 its estimated economic output was about \$1.5 billion.

It's fitting that paper manufacturing is the other major sector unique to Texarkana, given that Northeast Texas' land market accounts for about 83 percent of the state's timber acreage according to the Real Estate Center's latest regional land market analysis. (For an overview of Northeast Texas' land market, see "Turning Soil: Northeast Texas Croplands Evolve").

Broadly speaking, manufacturing employment in Texarkana has shrunk considerably over the past 30 years. The latest dip occurred shortly after the Great Recession (GR) and wiped out almost 15 percent of the manufacturing workforce. Those jobs haven't bounced back.

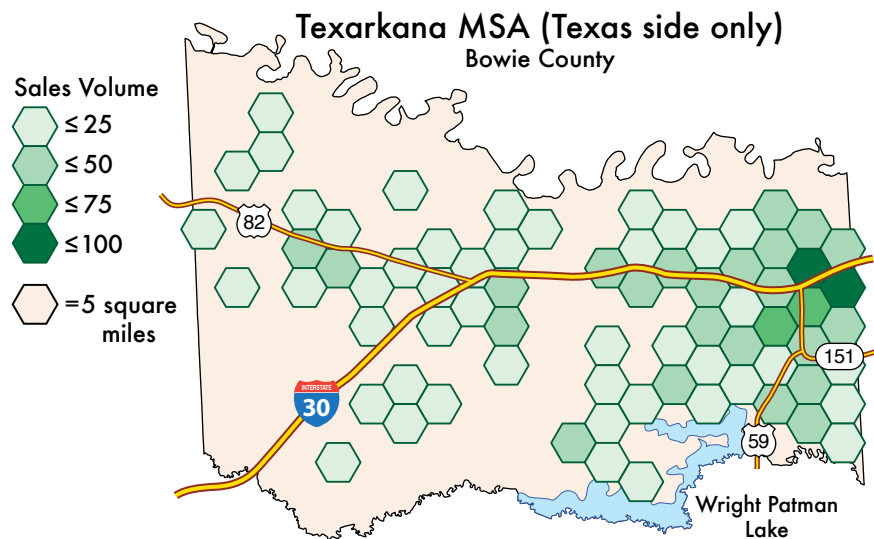
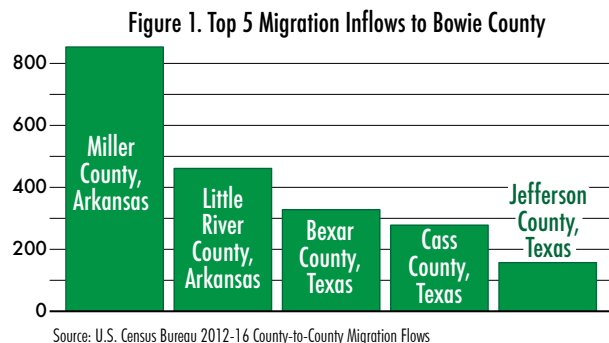
The mining and logging sector has seen some modest growth in recent years. This may be related to increased logging activity in East Texas. Construction has also increased, sparking a wave of job growth in many service-related industries, including healthcare and retail.

Ultimately, as the influence of goods-producing sectors continues to diminish in the local employment market, more service-related jobs will most likely be needed to draw new households to Texarkana.

Arkansas Driving Population Growth

The MSA includes its twin city of the same name, located in Arkansas. Given its border location, it should be no surprise that many of the households that relocate to Texarkana, Texas, come from across state lines. According to U.S. Census Bureau migration data (Figure 1), most of the migrant inflow to Bowie County (the Texas side of the MSA) comes from cross-border neighbor Miller County. Afterward comes Little River County, Arkansas, followed by a handful of Texas counties, the most notable being Bexar County.

Overall household growth in the MSA's principal twin cities has been virtually nonexistent based on Census data up to 2017. That's not to say there hasn't been any household growth at all. Census tracts to the northwest



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

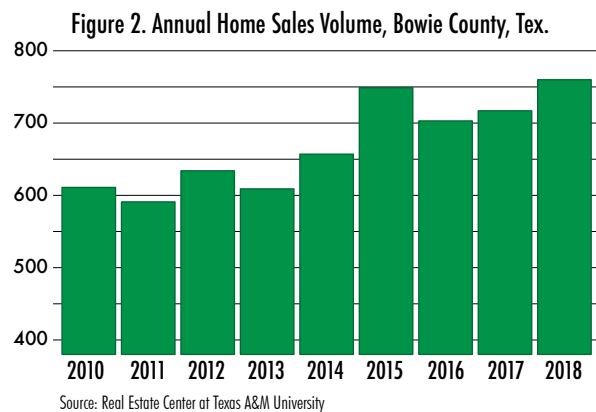
of Texarkana's loop have shown net positive growth in household counts. This is also where the bulk of area home sales have occurred.

Most Housing Activity on Texas Side

Officially, the Texarkana MSA includes counties both in Arkansas and Texas. This means a lot of the public datasets regarding jobs and demographics report on the entire region. However, Center housing data for Texarkana stop at the state line. Based on area demographics, it appears most housing activity occurs on the Texas side in Bowie County.

Sales volume in Bowie County surged between 2013 and 2015 (Figure 2). The following year was comparatively slow, but sales picked up in the years afterward.

Increase in home activity is also evident from purchase mortgage origination activity. Loan volume improved dramatically in 2015, when loan requests jumped over



10 percent in Bowie County. They've had positive growth since then.

The boost in home sales occurred right as job growth picked up. The previous eight years—basically since the GR—had been especially tough for the Texarkana area.

The inventory of homes began to rise aggressively in 2015 mainly due to a surge of new listings through the Multiple Listing Service (MLS). This surge outpaced the positive sales trend occurring at the same time.

Until 2019, home prices were growing at a steady pace. The most noticeable jumps in price growth began in 2016 (Figure 3). This was followed by an almost equal drop in growth in 2017 before returning to a more gradual positive trend.

Interestingly, the average marketing period for sold homes was and still is in decline. Given the growing collection of homes available to buy through the MLS, one could reasonably expect the increased competition to cause overall days on market to increase. That may soon change if price growth begins to soften.

Single-family permit data from the Census Bureau include the entire Texarkana MSA. From 2000 to 2006 building permits were at their highest, peaking at more than 250 in 2003 with a median value of \$113,700. Permit requests lingered for some time after the GR, but they've fallen to less than 50 permits since 2015 (Figure 4).

Following Statewide Trends

June 2019 year-to-date (YTD) sales are essentially identical to June 2018 YTD sales. Without any new surge, sales growth should level off by the end of the year. Job growth since the start of the year has slowed, signaling a possible end to consecutive years of annual sales volume growth.

Figure 3. All-Transactions House Price Index, Texarkana (Tex.-Ark.)

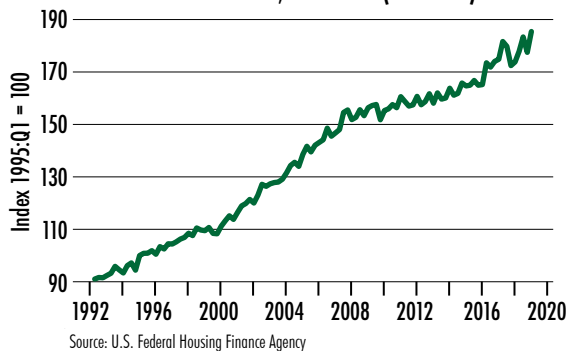
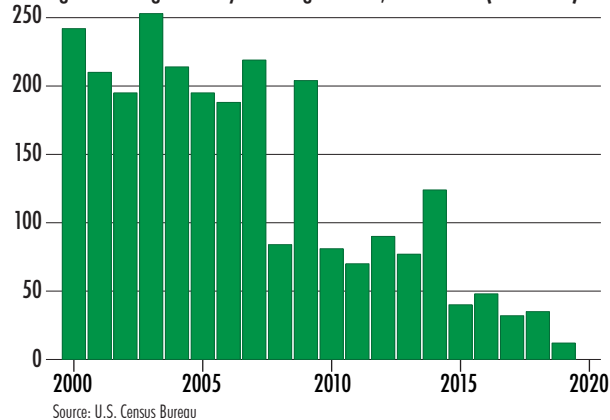


Figure 4. Single-Family Building Permits, Texarkana (Tex.-Ark.)



These trends are occurring at the state level as well. Statewide, June YTD sales are on par with the year before, meaning even Texas' larger hot markets are starting to cool. Texas job growth also has begun to cool.

Texarkana may lie on the Arkansas line, but its housing market orbit is still heavily influenced by Texas. 📍

Roberson (jroberson@mays.tamu.edu) is a senior data analyst with the Real Estate Center at Texas A&M University.