



TEXAS-SIZED ECONOMIC IMPACT

Real Estate Leads the State's Recovery

Commercial real estate development is a leading growth industry in Texas, generating more than \$270.6 billion in total economic activity and \$3.8 billion in state tax revenue. The industry directly employs more than 500,000 Texans, according to the U.S. Bureau of Economic Analysis and the Texas A&M University Real Estate Center. Real estate is the second largest Texas industry after manufacturing and the third most important industry in the state based on total economic impact.

Every \$1 million of real estate industry revenue generates more than half a million dollars of revenue in other parts of the Texas economy, 5.2 jobs in the state's real estate industry, and 5 jobs in other industries.

Real estate's share in Texas' total employment is on the rise, increasing from 2.6 percent in 1999 to 3.5 percent in 2011. In 2010, the state's four largest metropolitan areas accounted for a majority of real estate employment—Dallas-Fort Worth-Arlington, Houston-Sugar Land-Baytown, Austin-Round Rock-San Marcos, and San Antonio-New Braunfels, accounted for 81.4 percent of Texas' real estate employment.

- 174,141 persons, including the self-employed, were working in the Dallas-Fort Worth-Arlington real estate, rental and leasing industry, or 33.3 percent of the industry's Texas employment.
- 149,310 persons, including the self-employed, were working in the Houston-Sugar Land Baytown real estate, rental and leasing industry, some 28.6 percent of employment in Texas' real estate industry.
- 53,671 persons, including the self-employed, were working in the Austin-Round Rock-San Marcos real estate, rental and leasing industry, or 10.3 percent of Texas' real estate industry employment
- 48,066 persons, including the self-employed, were working in the San Antonio-New Braunfels, rental and leasing industry, or 9.2 percent of the industry's Texas employment.

In 2011 across office, industrial, warehouse and retail/entertainment sectors of the real estate industry, new construction accounted for 125,474 jobs—19,793 in pre-construction, 25,994 in construction, 78,159 in site development and 1,528 in operations.

This robust growth allowed Texas cities to lead the way in job growth in the nation, according to the U.S. Bureau of Labor Statistics. This is a strengthening trend—five Texas cities rank among the top six cities in this country for highest rates of job growth between 2004 and 2011. There are many reasons for this success, but one of the major contributing factors is the state's ability to create and retain jobs.

It's not a coincidence that in addition to leading the way in job creation, Texas ranked first in the nation in the development and construction of office, industrial and retail space in 2011, according to a report issued by the NAIOP Research Foundation.

The report, “How Office, Industrial and Retail Development and Construction Contributed to the U.S. Economy in 2011,” ranks Texas third in the nation in terms of construction outlays in the office and industrial sectors and first in the warehouse and retail sectors. In 2011 Texas spent about \$1.3 billion on new office space, \$1 billion on industrial development, \$392 million on warehouses, and \$1.4 billion on retail space.

At \$4 billion, Texas had more direct spending in the construction of new space across all four sectors—office, industrial, warehouse and retail—than any other state. Texas also ranks first in the nation in terms of new personal income (\$3.2 billion) and the number of jobs created (78,000) in construction.

The link between new construction and overall economic growth is well established. According to the NAIOP report, the construction sector began its recovery in 2011 following five years of contraction. To simplify, more spending on construction equals more jobs and ultimately greater economic stability.

Texas, as the second largest economy in the nation and the 15th largest in the world based on gross domestic product, is adding more square feet of workspace, creating more jobs and circulating more new wealth into the economy.

In addition to the direct economic impact of Texas real estate development, real estate taxes are a considerable contributor to the state’s overall health. The property tax produces more than \$40 billion a year for the state, and, according to the Texas A&M University Real Estate Center, taxes paid by the real estate industry accounted for 14.8 percent of total Texas business taxes in 2009.