



Overview of the Texas Economy

The Texas Economy Online is an ongoing review of the most recent statistical data about the state's economy and people. This review provides a brief analysis of economic and demographic trends and is intended to serve as a one-stop gateway to timely economic data on the Internet.

Population

[2010 Census](#) data indicate that Texas added 4,293,741 residents in the last decade, a 20.6 percent increase to a new population total of 25,145,561. Texas nationally ranked second as the most populous state, behind California, which grew by 10 percent to 37,253,956. The nation's regional population in the South, which includes Texas, grew the most at 14.3 percent. The United States as a whole grew only 9.7 percent since 2000 to a new total of 308,745,538 residents, which is the slowest growth rate in decades.

According to metro population estimates from a [March 2010 U.S. Census data release](#), the Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA) was ranked No. 1, Houston-Sugar Land-Baytown was ranked No. 2, Austin-Round Rock was ranked No. 12, and San Antonio was ranked No. 16 for population growth for the 12 months ending on July 1, 2009. Two of the nation's top ten largest cities were in Texas with the Dallas MSA ranked No. 4 and the Houston MSA ranked No. 6. These are the last metro population estimates for metros before the release of 2010 Census numbers are released for smaller areas in April 2011. Although overall, the latest Census population estimates show widespread population growth reversals with fewer people migrating to the Sun Belt, Texas saw substantial gains due to a strong labor market and immigration growth, according to an [Associated Press Release](#).

According to a [July 2009 U.S. Census data release](#), three of the nation's top ten largest cities were in Texas, according to July 1, 2008 population estimates. Houston was ranked No. 4, San Antonio was ranked No. 7, and Dallas was ranked No. 8. Four Texas cities were among the 10 largest numerical gainers from July 1, 2007 to July 1, 2008: Houston was No. 3, San Antonio was No. 5, Fort Worth was No. 6, and Austin was No. 9.

According to a March 2009 [Census data release](#), Dallas-Fort Worth-Arlington ranked No. 1 for the nation's MSA with the largest number increase from July 1, 2007 to July 1, 2008, followed by Houston-Sugar Land-Baytown ranked No. 2, Austin-Round Rock ranked No. 8, and San Antonio ranked No. 15. Dallas-Fort Worth-Arlington ranked No. 4 for the nation's latest, largest MSA

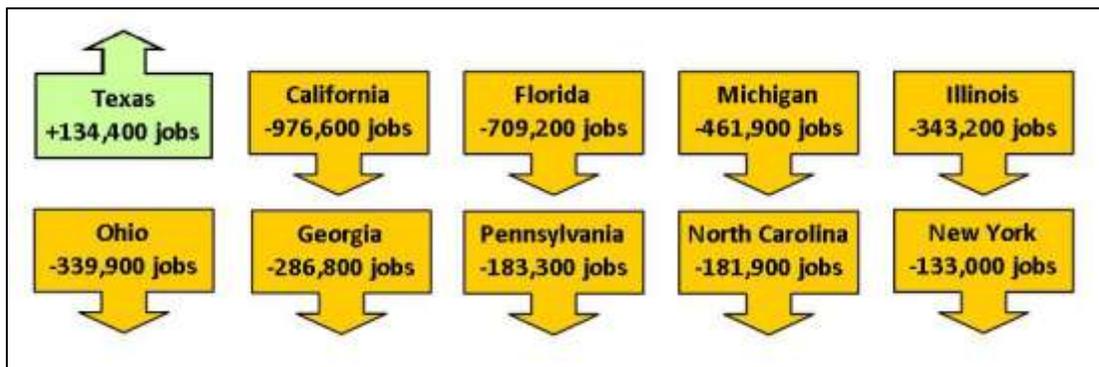
population estimate and Houston-Sugar Land-Baytown ranked No. 6. Austin ranked No. 2 in population estimates for the fastest growing metropolitan area, with McAllen-Edinburg-Mission ranked at No.14. Four Texas counties were in the top ten for the nation's top fastest growing counties with 10,000 or more population in 2008: Williamson ranked No. 6, Kendall ranked No. 8, Rockwell ranked No. 9, and Hays ranked No. 10. Three Texas counties were in the top ten for the nation's largest numeric increase: Harris ranked No. 2, Tarrant ranked No. 5, and Bexar ranked No. 10. Harris County ranked No. 3 and Dallas County ranked No. 8 for the nation's latest, largest county population estimates.

According to the most recent [population projections](#) from the Texas State Data Center, Texas' population was 24,782,302 on January 1, 2010. This estimate was obtained by adding births to, and subtracting deaths from July 1, 2009 through December 31, 2009, to the July 1, 2009 estimates and assuming that July 1, 2007 to July 1, 2009 rates of migration continue from July 1, 2009 to January 1, 2010. The Texas State Data Center's methodology and therefore its estimates differ from that of the U.S. Census Bureau.

In 2005, Texas became the fourth "majority-minority" state, with a minority population comprising 50.2 percent of its total population, according to [U.S. Census Bureau population estimates](#).

Employment Performance

Texas saw a decrease in employment in 2009, according to preliminary data from the [U.S. Bureau of Labor Statistics](#) (BLS), losing 220,000 seasonally adjusted nonfarm jobs between January 2009 and December 2009. However, Texas is the only top ten state that has more jobs today than before the recession began three years ago (December 2006 to December 2009).



Texas saw a total loss of 277,400 nonfarm jobs from December 2008 to December 2009, an annual job loss of 2.6 percent, according to data published in the [January 2010 Monthly Review of the Texas Economy](#). In 2009, the state's Government sector ranked first in job creation with a gain of 83,000 jobs and an annual growth rate (AGR) of 4.6

percent, followed by the Education and Health Services industry with a gain of 60,500 jobs and an AGR of 4.6 percent, then Other Services with a gain of 6,100 jobs and an AGR of 1.7 percent. The Texas Manufacturing industry sector saw a net loss of 89,800 jobs in 2009, representing a 9.9 percent decline. The Federal Reserve Bank of Dallas monthly data also indicate declines in many of [Texas' major industry sectors](#) throughout 2009, including the [manufacturing sector](#).

Texas' unemployment rate remained below the national unemployment rate in 2009, according to the [Texas Workforce Commission](#), although it continued to follow the nation's upward trend.

For more current employment information, the state's monthly updates are charted and tracked at the [Federal Reserve Bank of Dallas](#) and the [Texas Workforce Commission](#), as well as the [BLS](#).

Industry Trends

The [Texas Industry Portfolio](#) area has detailed information about 27 Texas industry breakouts. Information and data resources on Governor Rick Perry's six Texas Industry Clusters, including some industry reports and industry-related company directories, are available at [Advanced Technology & Manufacturing](#); [Aerospace & Defense](#); [Biotech & Life Sciences](#); [Information & Computer Technology](#); [Petroleum Refining & Chemical Products](#); and [Energy](#). There are also [Texas industry overviews](#) available, including renewable energy breakouts for [biofuels](#), [solar](#), and [wind](#), as well as a [Manufacturing in Texas](#) overview.

For the third quarter of 2010, [venture capitalists in Texas](#) invested primarily in the Texas industrial/energy, biotechnology, software, and medical devices and equipment.

Research and Development

Texas universities and research institutions are national and global leaders in research and development (R&D) in many industries - including electronics, medical, biotechnology, aerospace, advanced materials, and energy. According to the National Science Foundation's [Science and Engineering State Profiles](#), Texas nationally ranks No. 3 for science and engineering doctorates with 1,930 awarded in 2006; No. 4 for total R&D performance with \$15.86 billion spent in 2005; No. 5 for industry R&D expenditures with \$12.43 billion spent in 2005; No. 3 for academic R&D expenditures with \$3.27 billion spent in 2006; and No. 6 for SBIR awards with 1,693 awarded from 2000-2006.

Preliminary data from the U.S. Patent & Trademark Office indicate that in fiscal year 2009, Texas residents were issued 6,417 [patents](#), ranking second nationally. In fiscal year 2009, preliminary data indicate that Texas residents filed 15,667 [patent applications](#), ranking second nationally.

Income

According to a March 2010 [U.S. Bureau of Economic Analysis \(BEA\) news release](#), in 2009 Texas ranked No. 29 nationally for per capita personal income at \$36,484. Per capita personal income declined 2.6 percent nationwide in 2009, while Texas saw a 1.6 percent decline.

The latest [Texas Comptroller income data](#) available indicate 2010Q3 personal income at \$995.275 and real personal income at \$785.616. Recent data indicate continued steady increases.

Real Estate

Texas has weathered the national real estate crunch without significant damage to property values, while sales and construction activity have slowed. Despite its continuing resiliency, Texas is not immune from the national real estate crunch. The most recent month's high level Texas housing review with statistics on housing sales, single home median prices, foreclosures, and building permits is available in the [Texas Comptroller's Economic Outlook](#).

Texas' overall housing affordability index in 2009 was listed as 1.88, while the nation's overall figure was 1.77, according to the Real Estate Center (REC) at Texas A&M's [Texas Housing Affordability Index](#). In the first half of 2010, Texas' overall housing affordability saw an uptick to 1.9 in 2010Q2. The state's most affordable individual markets were El Paso and McAllen.

The REC's [2010 Outlook](#) forecast that 2010 sales and prices of existing home in Texas would remain at 2009 levels and new construction might pick up slightly, while the overall new home market would not significantly turnaround for a year or more. An [August 2010 news release](#) indicates that the extended \$8,000 federal tax credit for first-time homebuyers stimulated Texas home sales through May 2010.

[Texas residential housing permits](#) monthly data from the Federal Reserve Bank of Dallas indicate a 2009 annual average of 6,836.75, down over 34 percent from the year previous. 2010 monthly data trends to date indicate further decreases.

The Texas A&M REC [Building Permit Activity](#) website provides detailed information about Texas county, MSA, single family, and multi-family permits. The Texas A&M REC's [Texas Real Estate Market Reports](#) provide detailed information about the 25 Texas MSAs, including housing, retail, office, hotel, demographics, economy, and other information.

Tourism

Travel is an important industry in Texas, and the state is a favorite destination for both domestic and international visitors. Tourism revenues provide significant economic benefits for the Texas economy.

In 2009, total direct travel earnings in Texas were \$51.8 billion and travel spending directly supported 526,000 jobs with earnings of \$15.8 billion. The Gross Domestic Product of the Texas travel industry was \$23.8 billion in 2008, the latest annual data available. Information on the [economic impact of travel in Texas](#), [travel facts](#), [hotel reports](#), [international visitation reports](#), and much more are available. [Texas tourist information](#) is also accessible online, including free travel guides, state maps, and emailed newsletters; trip planners; podcasts and videos; lodging; activity and events; cities and regions; and even customized itineraries.

Transportation

Texas' central location facilitates in providing timely access to national and international markets via air, rail, roads, and water. Texas has [305,855 miles of highways](#), which is more than any other state. [Texas' railroad system was nationally top ranked in 2008](#), with 44 railroads (No. 2) operating on 10,743 rail miles (No. 1), and carrying over 384 million rail tons (No. 5). Texas has [thirteen deep water ports](#) with channels at least 30 feet deep along the Gulf Coast. They include [The Port of Houston](#), which ranks No. 2 in the nation for cargo volume and No. 15 globally for total cargo volume in 2008.

The state's two largest airports, Dallas-Fort Worth International (DFW) and George Bush Intercontinental in Houston (IAH), serve as major hubs for connecting flights within the domestic and international air systems. The Fort Worth Alliance Airport (AFW) was the first national airport built strictly to serve the inter-modal distribution business needs

2009 [International airport data](#) indicate that DFW ranked No. 8 and IAH in Houston ranked No. 18 on the world's 30 busiest airports list by total passengers served; DFW ranked No. 3 and Houston ranked No. 6 on the world's 30 busiest airports lists by aircraft movements; and DFW ranked No 29 on the world's 30 busiest airports list by total cargo.

[International border crossings](#) in Texas rank among the busiest in the United States. For incoming U.S. border crossings in 2009, Texas nationally ranked No. 1 with over 2.8 million trucks, over 35.5 million personal vehicles, and over 18.8 million pedestrians, and No. 2 with 6,406 trains. Looking at incoming U.S. border crossing within Texas, Laredo ranked No. 1 for trucks with over 1.3 million, trains with 2,716, and buses with 43,342 while El Paso ranked No. 1 for personal vehicles with over 10.5 million and pedestrians with over 7.6 million.

For more detailed Texas information, the [Texas Center for Border Economic and Enterprise Development \(Border Trade Institute\)](#) provides north- and southbound crossing data for land ports in Texas collected from bridge operators and the Mexican

government. 2009 data indicate that all north- (incoming) and southbound (outgoing) vehicular, pedestrian, truck, and rail crossings declined from 2008. Laredo ranked No. 1 for incoming and outgoing vehicular, truck, and rail crossings and for incoming pedestrian crossings, while El Paso ranked No. 1 for outgoing pedestrian crossings.

Gross State Product

The [Texas gross state product](#) (GSP) for fiscal year 2010 was estimated at \$1,312.36 billion in current dollars and continues to diversify, according to the Texas Comptroller of Public Accounts (CPA). The Texas CPA's [quarterly GSP estimates](#) indicate that in 2010Q3, the Texas GSP was \$1,295.429 billion.

If Texas were a nation, its economy would rank as the 11th-largest in the world by Gross Domestic Product (GDP), according to the [Texas Comptroller's 2009 estimates](#), which is the most current compilation available.

International Trade

Texas is a leader in the global marketplace. In 2009, for the eighth year in a row, Texas was ranked as the number one state by export revenues. [Texas exports](#) for 2009 totaled \$162.9 billion.

Products from the State of Texas are shipped around the globe each year. The state's top value-added Texas exports in 2009 were Computer & Electronic Products, Chemicals, Machinery (not electrical), Petroleum & Coal Products, and Transportation Equipment.

[Recent Texas exports](#) information by month indicate that 2009 ended with an upswing in exports. The state's top value-added Texas exports in 2009 were Computer & Electronic Products, Chemicals, Machinery (not electrical), Petroleum & Coal Products, and Transportation Equipment. Total U.S. 2009 exports decreased approximately 18 percent to just over \$1 trillion from \$1.3 trillion in 2008.

Texas' largest export market continued to be its NAFTA trading partners, which accounted for approximately 43 percent of total state exports during 2009. Mexico continued as the top export destination with just over \$56 billion in Texas exports. Canada ranked second with \$13.7 billion; China ranked third at \$8.9 billion; The Netherlands ranked fourth at just over \$6 billion; and Korea ranked fifth at \$5.3 billion.

In 2009, [Port Level data](#) from the Bureau of Economic Analysis indicated overall Texas Port Level imports totaled approximately \$236.41 billion, a decrease of approximately 28 percent from \$329.06 billion in 2008.

[The 2009 Texas imports by the top ranked commodities](#) were oil and petroleum products (\$1378.43 billion or almost 33.2 percent); electrical machinery, computers, etc. (\$77.8 billion or almost 33 percent); and transportation equipment, including vehicles, aircraft, railway, etc. (\$22.9 billion or almost 9.7 percent). [2009 Texas imports for the](#)

[top 10 countries of origin](#) accounted for \$184.71 billion – or over 78 percent of Texas imports. NAFTA trading partner, Mexico, was the top country of origin for Texas imports with approximately \$115 billion or 48.6 percent of Texas imports. NAFTA trading partner, Canada, does not rank in the top 10 for Texas imports, in striking contrast to its number two ranking for Texas exports in 2009. China (Mainland) moved to the No. 2 ranking for Texas imports from No. 4 in 2008 (with \$16.32 billion or 6.9 percent), followed by Venezuela (with \$11.75 billion or almost 5 percent), Nigeria (with \$8.8 billion or 3.7 percent), and Saudi Arabia (with \$6.7 billion or 2.8 percent).

[Texas foreign direct investment \(FDI\) data](#) show that in 2007 the state nationally ranked No. 1 for FDI assets of \$119.25 billion, No. 3 for FDI overall employment of 418,500, No. 2 for FDI manufacturing employment of 104,400, and No. 4 for FDI commercial property worth \$9.58 billion. These rankings are based on the latest [FDI data available from the U.S. Bureau of Economic Analysis](#). The [Texas FDI Overview](#) provides more information on this area.

Labor and Management Diversity

The value of sales and receipts of [minority-owned firms in Texas](#) reached \$1.81 trillion in 2002, up from \$1.41 trillion in 1997. (2002 data are the latest fully available from the Economic Census, which is produced every five years. Partial [2007 Economic Census data](#) are released and complete data will be released by 2011.) [2002 Economic Census data](#) indicate there were 1,734,648 minority-owned firms in Texas in 2002, up from 1,525,972 in 1997. These firms employed 8,059,889 in 2002, up from 7,074,209 in 1997. Major breakouts follow.

In 2007, there were 447,486 [Hispanic-owned firms in Texas](#), up 28.6 percent from 319,340 firms in 2002. Receipts rose 32 percent from \$42.21 billion in 2002 to \$62.12 billion in 2007. Texas ranked third nationally for the number and receipts of Hispanic-owned firms. Texas had 356,706 [Mexican-owned firms](#) (34.4 percent), with receipts of \$49.1 billion (31.6 percent). The Lone Star State ranked second nationally for the number and receipts of Mexican-owned firms.

In 2002, there were 88,769 [Black-owned firms in Texas](#), up 47 percent from 60,427 firms in 1997. Sales and receipts declined 2 percent from \$6.85 billion in 1997 to \$6.69 billion in 2002. Texas ranked third nationally for sales and receipts and fifth nationally for the number of firms of Black-owned firms.

In 2002, there were 469,049 [Women-owned firms in Texas](#), up 23 percent from 381,453 firms in 1997. Sales and receipts rose 3 percent from \$65.1 billion in 1997 to \$66.7 billion in 2002. Texas ranked third nationally for the number of firms and sales and receipts of women-owned firms.

In 2002, there were 78,018 [Asian-owned firms in Texas](#), up 32 percent from 59,318 firms in 1997. Sales and receipts rose 24 percent from \$18.22 billion in 1997 to \$22.62

billion in 2002. Texas ranked third nationally for the number of firms and sales and receipts of Asian-owned firms.

In 2002, there were 16,863 [Native American-owned firms in Texas](#), up 8 percent from 15,668 firms in 1997. Sales and receipts rose very slightly from \$3.32 billion in 1997 to \$3.321 billion in 2002. Texas ranked third nationally for the number of firms and second nationally for sales and receipts of Native American-owned firms.

In 2002, there were 1,543 [Pacific Islander-owned firms in Texas](#), up 70 percent from 908 firms in 1997. Sales and receipts greatly declined from \$624 million in 1997 to \$277 million in 2002. Texas ranked fifth nationally for the number of firms and third nationally for sales and receipts of Pacific Islander-owned firms.

Looking Ahead...

- *Economic growth that exceeds the U.S. average.*
- *Stronger business ties to the far corners of the world.*
- *A younger and more ethnically diverse population.*

In short, this is the future of the Texas economy in the coming years, most analysts and experts conclude. For a detailed statistical overview of the long-term outlook for the State of Texas, see the [most recent state economic forecast](#) from the Texas Comptroller of Public Accounts (CPA) and the [most recent state population projections](#) from the Texas State Data Center. Also see the Texas CPA's [Key Texas Economic Indicators](#).

Last updated: January 2011