Overview of the Texas Economy

Current state economic and demographic trends

Employment

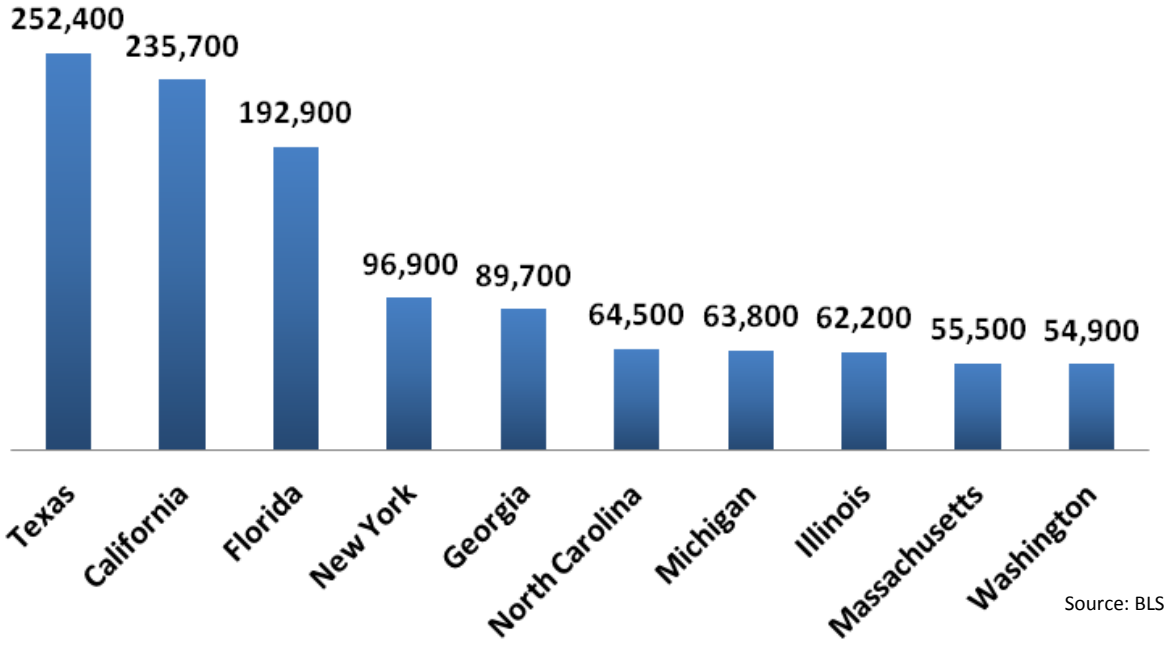
Texas saw a 2.3 percent increase in employment in 2013, gaining 252,400 seasonally adjusted jobs from December 2012 to December 2013. Furthermore, Texas added more jobs than any other state in 2013, according to data published by the **Bureau of Labor Statistics** (BLS). These employment figures indicate the Lone Star State led the nation in job growth for the fourth consecutive year.

Texas' unemployment rate remained below the national unemployment rate in 2013, according to the **Bureau of Labor Statistics**. Both the nation and state of Texas enjoyed unemployment decreases in 2013.

For further current employment information, the state's monthly updates are charted and tracked at the **Federal Reserve Bank of Dallas**, the **Texas Workforce Commission,** the **Texas Comptroller of Public Accounts,** as well as the **Bureau of Labor Statistics.**

Texas Job Growth Sets The Pace

In 2013, (December 2012—December 2013), Texas employment grew the most of the 10 fastest growing states.



Continued on next page ----→

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 No 1 for the highest numeric increase in population and No. 2 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. Texas' population growth from 2000 to 2010 was double that of the United States as a whole. The U.S. population grew only 9.7 percent to 308,745,538 residents; the slowest growth rate in decades.

The Lone Star State's rapid growth over the past decade was almost entirely concentrated in its major urban areas, according to **2010 Census population distribution data**. The Dallas-Fort Worth and Houston metro areas together accounted for almost half of the population of Texas and over half of the state's growth. Austin-Round Rock-San Marcos ranked No. 9 of the nation's 10 fastest growing metropolitan
statistical areas (MSAs) with a 37.3 percent increase of population between 2000 and 2010.

Texas cities showed healthy growth from 2000 to 2010. Of the nation's most populous cities, Houston ranked No. 4, San Antonio No. 7, and Dallas No. 9. Houston remained the state's biggest city, with a 7.5 percent increase to 2,099,451. At No. 2 statewide, San Antonio's population grew 16 percent to 1,327,407, while Dallas gained 0.8 percent to grow to 1,197,816. Austin was the fourth-largest city in Texas, while Fort Worth, with 741,206 people, and El Paso, with 649,121, ranked next in population. Of the nation's fastest growing cities, Frisco ranked No. 3 with 247 percent growth and Pflugerville ranked No. 8 with 187.3 percent growth

According to March 2014 **Census population estimates data**, Texas had three of the nation's 10 fastest growing metro areas for the year ending July 1, 2013. Odessa and Midland ranked No. 2 and No. 3 with 3.3 percent growth apiece, followed by Austin-Round Rock at No. 8 with 2.6 percent growth. Census data also indicated Texas had two of the nation's top 10 metro areas ranked by numeric increases. Houston led the nation with an additional 137,692 residents and Dallas-Fort Worth ranked No. 3 with an additional 108,112 residents.

2010 Census population diversity data confirm that Hispanics are on pace to become the biggest ethnic group in Texas by 2015. The data show that 37.6 percent of Texans were Hispanic, up from 32 percent in 2000, and 45.3 percent were non-Hispanic whites, down from 52.4 percent in 2000. Non-Hispanic whites remain the biggest demographic group in Texas and have greater income than Hispanics. The annual income per capita for non-Hispanic whites was $27,461 in 2009 compared with $14,646 for Hispanics.

December 2013 **Census population estimates** indicate that Texas added over 387,000 residents between July 2012 and July 2013, more than any other state in the nation. It is estimated that Texas' population grew to over 26.4 million.

Texas became the fourth "majority-minority" state in 2005, with a minority population comprising 50.2 percent of its total population, according to **U.S. Census Bureau population estimates**.

Texas is home to 6 of the 25 largest U.S. cities:

#4 Houston
#7 San Antonio
#9 Dallas
#11 Austin
#16 Fort Worth
#19 El Paso

Income

According to **U.S. Bureau of Economic Analysis (BEA) news releases,** Texas ranked No. 2 for the percentage of change in personal income growth by state between 2011 and 2012. North Dakota ranked No. 1. Preliminary 2012 data indicate that Texas ranked No. 2 for total state personal income at just over $1.0 trillion and No. 25 nationally for per capita personal income at $41,471, up from $39,593 in 2011.

A **December 2013 BEA news release** indicated that Texas ranked No. 3 for total state personal income in the third quarter of 2013 at $1.16 trillion.

The latest **Texas Comptroller income data** available indicate 2013 personal income at $1,120.1.

Research & 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 2,161 awarded in 2011; No. 3 for total R&D performance with over $20.3 billion spent in 2008; No. 3 for industry R&D expenditures with $15.3 billion spent in 2009; No. 3 for academic R&D expenditures with $4.2 billion spent in 2010; and No. 7 for SBIR awards with 313 awarded in 2010.

Data from the **U.S. Patent & Trademark Office** indicate that in fiscal year 2012, Texas residents were issued 8,731 patents, ranking second nationally. In fiscal year 2011, data indicate that Texas residents filed 17,310 patent applications, ranking second nationally.

Industry Trends

The **Texas Manufacturing Profiles** feature detailed manufacturing information about 22 top Texas industry areas.

Information and data resources on Texas' six industry clusters, including industry reports and industry-related company directories, are available at **Advanced Technology & Manufacturing**; **Aerospace, Aviation & Defense**; **Biotechnology & Life Sciences**; **Information & Computer Technology**; **Petroleum Refining & Chemical Products**; and **Energy**.

There are also **Texas industry overviews** available, including **renewable energy**, **IT Services**, and **Financial Services**.

In the fourth quarter of 2013, **venture capitalists** invested over $315.8 million, primarily in the Texas industrial/energy, software, biotechnology, and IT services sectors.

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, mortgage foreclosures, and building permits is available in the **Texas Comptroller's Economic Outlook**.

In 2013, Texas MSAs saw a 11 percent gain in home sales, according to the Real Estate Center (REC) at Texas A&M University's **Home Sales Data** area. 275,829 homes were sold statewide in 2013, 16 percent more than in 2012. On average, there were 4 months inventory on Texas homes in 2013, a –29 percent change from 2012. The median price of a Texas home rose 9 percent from 2012 to $172,300 and in 2013.

For detailed quarterly updates on the Texas housing market, see the **Texas Association of REALTORS.** The Texas A&M REC **Building Permit Activity** website provides detailed information about Texas county, MSA, single family, and multi-family permits. Texas A&M's **REC Current Trends** area provides information on home sales, listings, inventories, and median and average prices.

The Texas A&M REC's **Texas Housing Activity for Areas Reports** provide detailed information about the Texas MSAs, selected counties, Texas as a whole, and other state Multiple Listing Service (MLS) areas.

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 2012, total direct travel spending in Texas was $65.7 billion which directly supported 568,000 jobs with earnings of $18.9 billion. Texas had an estimated 220 million domestic visitors and 7.5 million international visitors at tourism destinations in 2012.

The gross domestic product (GDP) of the Texas travel industry was $26.8 billion in 2012. Only oil and gas production and related manufacturing has a significantly greater GDP in Texas.

Information on the **economic impact of travel in Texas**, **travel facts**, **hotel reports**, **international travel 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.

Gross State Product

The **Texas gross state product** (GSP) for 2013 was estimated at $1,433.7 billion in current dollars and continues to show diversification in goods and services**,** according to the Texas Comptroller of Public Accounts (CPA). The CPA table shows forecasts through 2041 and go back to 1991. Also see the CPA's **Key Texas Economic Indicators** for related data.

If Texas were a nation, its economy would rank as the 13th largest in the world by Gross Domestic Product (GDP), according to the **Texas Comptroller's 2013 estimates**.

Transportation

Texas' central location facilitates in providing timely access to national and international markets via air, rail, roads, and water.

Texas has 312,911 miles of highways and 11,425 miles of freight transport railroad, more than any other state according to the **U.S. Bureau of Transportation Statistics**. The **Association of American Railroads' 2011 state rankings data** indicate that Texas' had 46 railroads (No. 2) operating on 10,425 rail miles (No. 1), carrying over 379.3 million rail tons (No. 5) on 8,851,200 rail carloads (No. 2), and employing 16,186 (No. 1). Texas has **12 deep water ports** with channels at least 30 feet deep along the Gulf Coast. They include **The Port of Houston**, which in 2011 ranked No. 2 nationally for total trade and No. 13 globally for total cargo volume while in 2012 it ranked No. 9 for North American total port container traffic. 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.

FAA data indicate that the DFW airport ranked No. 3 nationally and IAH in Houston airport ranked No. 13 as the nation's busiest airports by total passengers served while DFW ranked No. 12 and Houston ranked No. 19 by freight/mail carried.

International border crossings in Texas rank among the busiest in the nation. For incoming U.S. border crossings in 2012, Texas nationally ranked No. 1 with almost 3.5 million trucks, 7,733 trains, and over 29.4 million personal vehicles, and No. 2 with over 15.5 million pedestrians. Looking at incoming U.S. border crossing within Texas in 2012, Laredo ranked No. 1 for trucks with almost 1.8 million, trains with 3,492, while Hidalgo ranked No. 1 for personal vehicles with almost 4.9 million and El Paso ranked No. 1 for pedestrians with over 6 million.

2012 border data indicate that while overall northbound (incoming) vehicular, pedestrian, truck, and rail crossings increased from 2011, southbound (outgoing) crossings decreased far more, leading to a net decrease in 2012 crossings. 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

International Trade

Texas is a leader in the global marketplace. In 2013, for the twelfth year in a row, Texas was ranked as the number one state by export revenues. **Texas exports** for 2013 totaled almost $279.7 billion, up 5.3 percent from over $264.7 billion in 2012. The state's exports outperformed overall U.S. exports, which only grew by 2.5 percent to $1.58 trillion in 2013 from $1.54 trillion in 2012.

Products from the state of Texas are shipped around the globe each year. The **state's top value-added Texas exports** in 2013 were Petroleum & Coal Products, Computer & Electronic Products, Chemicals, Machinery (not electrical), and Transportation Equipment.

Texas' **export market partners** continued to be led by its NAFTA trading partners. Mexico ranked No. 1 with $100.9 billion in Texas exports followed by Canada with $25.8 billion. Brazil ranked No. 3 with $10.8 billion, China ranked No. 4 with $10.7 billion, and the Netherlands ranked No. 5 with $9.5 billion.

In 2013, **Texas imports** totaled $311.6 billion, a *decrease* of approximately 5.7 percent from over $330.2 billion in 2012. Top 2013 Texas import commodities were led by crude oil at $88.2 billion, which accounted for over 28 percent for the state's imports. The next two top state imported commodities were cell phones at $16.7 billion and petrol oil-related products at $16.4 billion.

2013 **Texas imports** for the top 10 countries of origin accounted for almost $223.7 billion, representing 71.7 percent of the state's imports. NAFTA

International Trade *continued from Page 5*

trading partner, Mexico, was the top country of origin for Texas imports with over $94.6 billion or over 30.3 percent of Texas imports. China (Mainland) ranked No. 2 for Texas imports ($42.8 billion), followed by Saudi Arabia ($22.5 billion), and Venezuela ($16.2 billion). NAFTA trading partner, Canada, ranked as No. 5 for Texas imports at $9.3 billion, in striking contrast to its number two ranking for Texas exports in 2013.

Texas is a top-ranked destination for foreign direct investment (FDI). Texas ranks No. 2 nationally for the number of jobs at U.S. subsidiaries of global companies and the number of manufacturing industry jobs at U.S. subsidiaries, according to the **Organization for International Investment**.

The **Texas Trade & FDI Overview** and **Foreign Investment in Texas report** provide further information on this area. FDI data are also available from the **U.S. Bureau of Economic Analysis.**

Labor and Management Diversity

2007 Survey of Business Owners data, the latest available, indicate there were 2,164,852 total Texas firms, up from 1,734,648 in 2002. Of these, 723,057 were minority-owned firms, representing 12.6 percent of the nation's minority-owned firms. The value of sales and receipts of all firms in Texas reached $2.53 trillion in 2007, up from $1.81 trillion in 2002. Texas firms employed 8,712,639 in 2007, up from 8,059,889 in 2002. Major breakouts follow.

In 2007, there were 610,162 **Women-owned firms in Texas** employing 592,308, up 23.1 percent from 469,049 firms in 2002. Sales and receipts increased from $66.7 billion in 2002 to $97.09 billion in 2007. Women-owned firms accounted for 28.2 percent of all Texas firms. Texas ranked second nationally for the number of firms and sales and receipts of women-owned firms.

In 2007, there were 447,566 **Hispanic-owned firms in Texas** employing 397,900**,** up 28.6 percent from 319,340 firms in 2002. Receipts rose from $42.21 billion in 2002 to $61.99 billion in 2007. Texas ranked third nationally for the number and receipts of Hispanic-owned firms. Texas had 356,785 **Mexican-owned firms** (34.4 percent), with receipts of $48.98 billion. The Lone Star State ranked second nationally for the number and receipts of Mexican-owned firms.

In 2007, there were 154,281 **Black-owned firms in Texas** employing 73,330**,** up 42.4 percent from 88,769 firms in 2002. Sales and receipts increased from $6.69 billion in 2002 to $9.28 billion in 2007. Texas ranked fourth nationally for sales and receipts and for the number of firms of Black-owned firms.

In 2007, there were 19,057 **Native American- and Alaska Native-owned firms in Texas**, up 17.6 percent from 16,204 firms in 2002. Sales and receipts rose 17.4 from $3.13 billion in 2002 to $3.68 billion in 2007. Texas ranked third nationally for the number of firms and receipts of Native American- and Alaska Native-owned owned firms.

In 2007, there were 1,197 **Native Hawaiian and other Pacific Islander -owned firms in Texas**, down 13.9 percent from 1,391 firms in 2002. Sales and receipts increased 382.5 percent from $78.2 million in 2002 to $377.6 million in 2007. Texas ranked sixth nationally for the number of firms and third nationally for sales and receipts of Pacific Islander -owned firms.

In 2007, there were 114,593 **Asian-owned firms in Texas**, up 47.2 percent from 77,834 firms in 2002. Sales and receipts rose 104.7 percent from $20.72 billion in 2002 to $42.44 billion in 2007. Texas ranked third nationally for the number of firms and sales and receipts of Asian-owned firms.

Overview of the Texas Economy
Updated: March 2014

Office of the Governor
Economic Development & Tourism
www.TexasWideOpenForBusiness.com