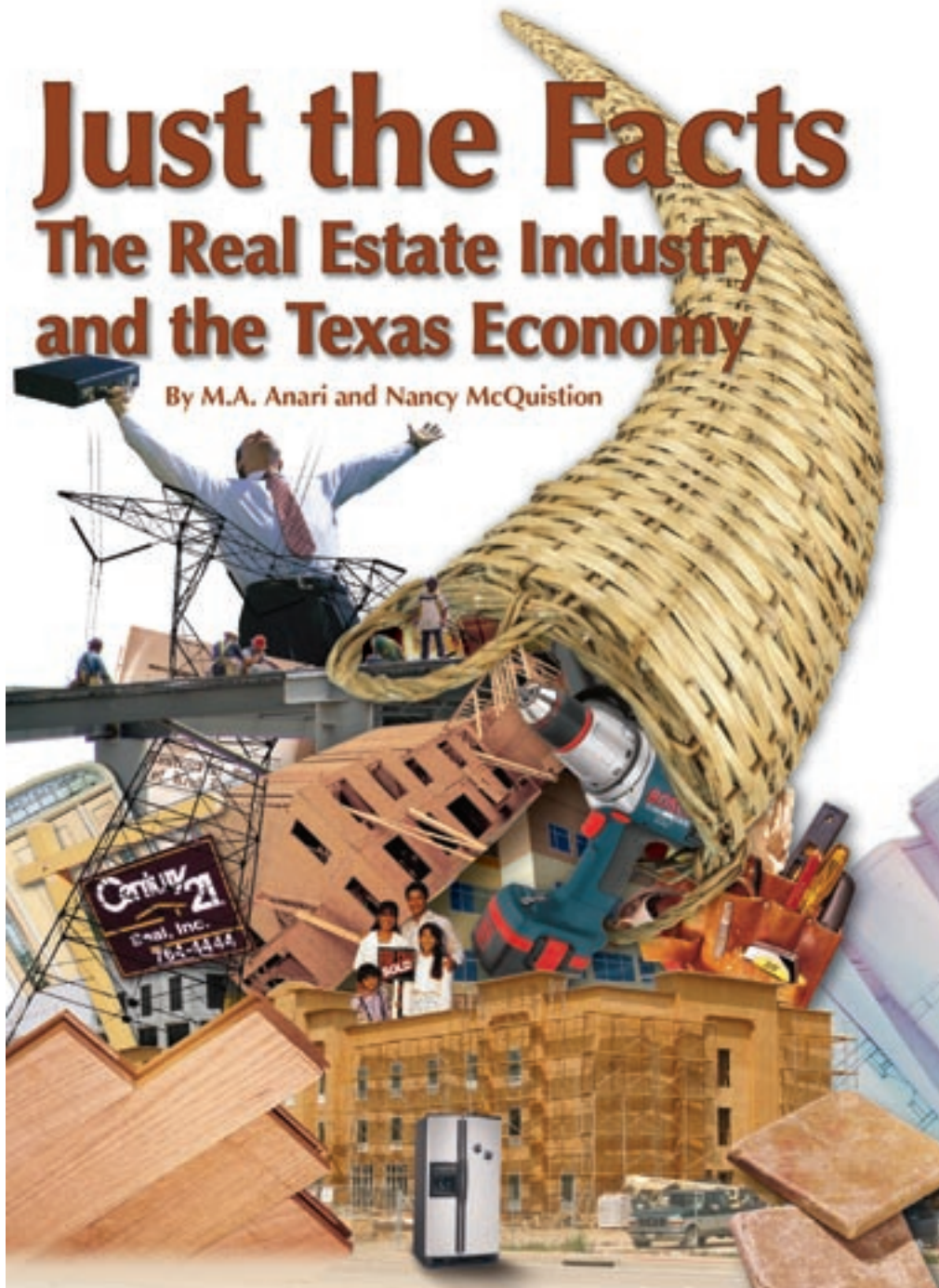


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Just the Facts

The Real Estate Industry and the Texas Economy

By M.A. Anari and Nancy McQuiston

But the industry's impact on the Texas economy extends far beyond home sales. Jobs — lots of jobs — and income generation leave significant marks as well. Not to mention the indirect economic effects of real estate activity, which permeate other business sectors.

In recent years, the Texas real estate industry's impact on the state's economy has played out in the headlines. Here and across the nation, record housing sales have served as a life buoy for the sinking economy.

Consider the following:

- Texas' real estate industry, including the self-employed, accounts for 2.8 percent of the state's total employment.
- Income generated by Texas' real estate industry, including self-employment earnings, accounts for 1.8 percent of the state's total personal income.
- Real estate accounts for 1.3 percent of the state's wage and salary employment, compared with a national average of 1.1 percent.
- For every 100 jobs created in the real estate industry, 128 additional jobs are created in other industries across the Texas economy.

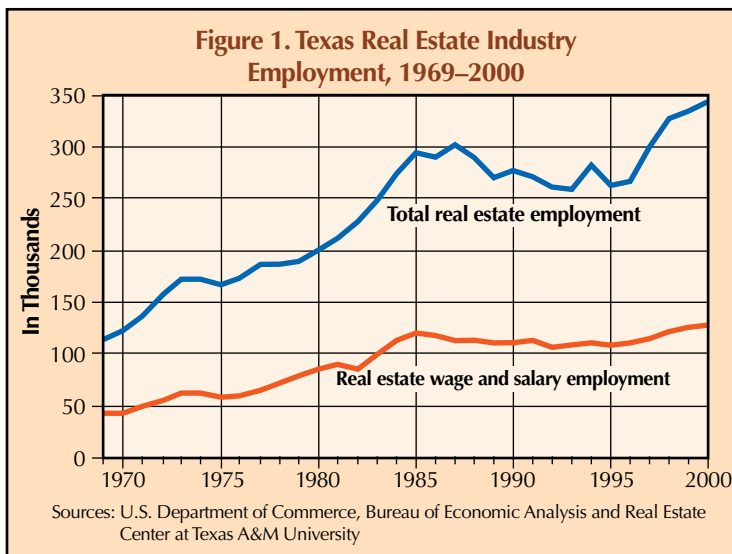
SPREADING THE WEALTH. *New home sales mean commissions for real estate professionals. But the economic impact of the real estate industry keeps on going, in the form of construction jobs and purchases of construction materials, utilities, communication services and vehicles.*



- The state's total personal income increases by \$302 for every \$100 increase in the income of employees of Texas real estate firms.

Employment

Texas ranked 13th in the United States in percentage of real estate industry jobs in 2000 (Table 1). Texas real estate employment, including the industry's significant number of self-employed, increased from 114,056 in 1969 to 344,343 in 2000 (see Figure 1).



The percentage of Texas' total employment accounted for by real estate, including the self-employed, rose from 2.3 percent in 1969 to 2.8 percent in 2000 (Figure 2). The national average for 2000 was 2.7 percent.

Wage and salary jobs in the industry rose from 41,058 in 1969 to 122,877 in 2000 (Table 2). Because many real estate professionals are self-employed contractors rather than hourly or salaried employees, wage and salary employment represents a small proportion of total real estate employment. In 2000, wage and salary employment accounted for 37.4 percent of the

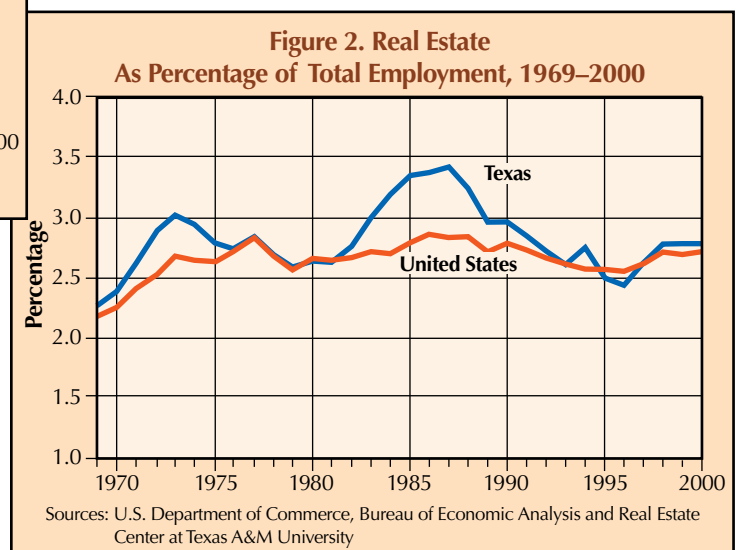
state's total real estate employment, compared with a national average of 34.7 percent.

Income

Total personal income (wages, salaries, proprietors' income and interest on investments) generated by the state's real estate industry increased from \$1.5 billion in 1980 to \$10.4 billion in 2000, an average annual growth rate of 10 percent (see Figure 3). During the same period, wage and salary income rose from just over \$1 billion to more than \$4.4 billion.

By comparison, total personal income generated by all Texas industries grew at an annual rate of 7.3 percent. Total personal income generated by all U.S. industries during the period rose at an annual rate of 6.6 percent.

The percent of total income generated by the state's real estate industry increased from 1.2 percent in 1995 to 1.8 percent in 2000, similar to the national trend. The industry's salary and wage income accounted for 1.3 percent of the state's total salary and wage income in 2000. In 2000, Texas ranked seventh in the nation in total personal income generated by the real estate sector.



Since 1990 the percentage of the wage and salary component of income generated by the state's real estate sector has decreased from 79 to 42 percent of total income, reflecting an increase in self-employed professionals in the industry. This mirrors the national trend.

Indirect Effects

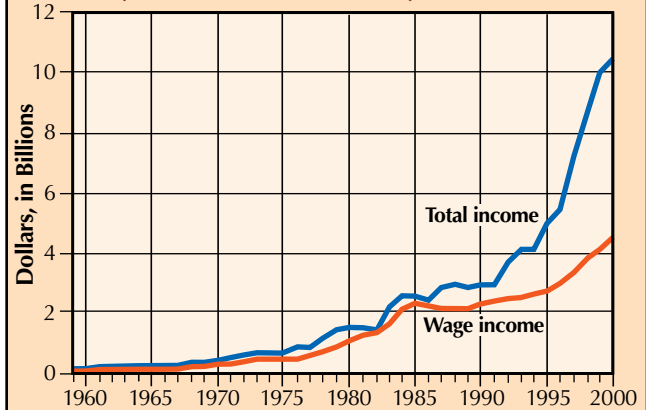
The real estate industry purchases goods and services — vehicles, office supplies, and electrical power and communication services, for example — produced by other industrial sectors. Vendors of these goods and services spend this income, spurring

Table 1. States Ranked by Percentage of Jobs In Real Estate Industry, 2000

Rank	State	Real Estate Jobs	Total Jobs	Percentage of Real Estate Jobs
1	Hawaii	33,858	766,589	4.4
2	Arizona	110,127	2,822,990	3.9
3	Florida	329,356	8,953,627	3.7
3	Colorado	111,001	2,960,947	3.7
5	Nevada	46,100	1,265,824	3.6
6	California	667,965	19,671,376	3.4
7	Oregon	70,064	2,117,938	3.3
8	Maryland	99,464	3,111,225	3.2
9	Utah	42,998	1,394,599	3.1
9	Washington	111,195	3,562,164	3.1
11	New York	309,421	10,555,132	2.9
11	New Jersey	137,800	4,772,555	2.9
13	Connecticut	60,075	2,118,534	2.8
13	Texas	344,343	12,310,142	2.8
13	New Mexico	27,433	978,967	2.8
13	Montana	15,748	562,586	2.8
13	Idaho	21,677	786,800	2.8
13	Alaska	11,121	399,793	2.8
13	Wyoming	9,336	330,613	2.8
20	Virginia	119,982	4,432,868	2.7
21	New Hampshire	21,607	786,657	2.7
	United States	4,561,000	167,511,300	2.7
22	Missouri	91,164	3,515,219	2.6
23	Illinois	184,061	7,442,585	2.5
23	Georgia	121,166	4,918,620	2.5
25	Delaware	12,065	513,074	2.4
25	Tennessee	83,346	3,506,425	2.4
25	South Carolina	56,058	2,305,234	2.4
25	Massachusetts	99,171	4,111,226	2.4
25	Michigan	138,060	5,657,874	2.4
30	Ohio	161,071	6,879,089	2.3
30	North Carolina	115,809	4,941,696	2.3
30	Rhode Island	13,195	583,944	2.3
33	Oklahoma	43,995	2,031,136	2.2
33	Minnesota	74,152	3,356,145	2.2
33	Indiana	82,521	3,691,768	2.2
33	Vermont	9,060	405,536	2.2
37	Pennsylvania	147,118	7,005,904	2.1
37	Maine	17,101	795,480	2.1
37	Kansas	37,032	1,782,128	2.1
37	Arkansas	31,846	1,512,053	2.1
37	Alabama	50,152	2,428,976	2.1
42	Louisiana	48,156	2,414,666	2.0
42	Wisconsin	67,741	3,443,386	2.0
44	South Dakota	9,703	519,713	1.9
44	Kentucky	44,635	2,338,207	1.9
46	North Dakota	7,985	448,860	1.8
46	Nebraska	21,466	1,186,722	1.8
46	Iowa	35,434	1,947,245	1.8
46	West Virginia	16,327	894,507	1.8
50	Mississippi	24,532	1,500,233	1.6

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

Figure 3. Income Generated By Texas Real Estate Industry, 1959–2000



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

Table 2. Wage and Salary Employment By Type of Real Estate Activity, 2000

Type of Activity	Number of Wage and Salary Employees
Nonresidential building operators	16,295
Apartment building operators	39,502
Dwelling operators (except apartments)	1,282
Mobile home site operators	1,614
Real property lessors	549
Real estate agents and managers	50,306
Title abstract offices	4,540
Subdividers and developers	6,114
Cemetery subdividers and developers	2,675
Total	122,877

Source: Texas Workforce Commission, Labor Market Information 2000

production and employment throughout the economy. This is known as the economic multiplier effect.

Nearly all industries are real estate industry consumers, buying or leasing land and buildings to be used in the production of goods or services. In addition to creating jobs and income for real estate professionals in this process, these industries generate tax revenues for local, state and federal governments.

In 1999, the Texas Comptroller of Public Accounts, Property Tax Division, estimated the market value of all taxable real estate in Texas at more than \$768 billion, or nearly \$36,180 per capita. Investment in single-family homes accounted for more than 51 percent of the total, followed by commercial real estate at 17.8 percent.

Real estate owners paid nearly \$11.4 billion in school taxes in 1998. That figure rose to an estimated \$12 billion in 1999, with an average \$587 paid by each Texan.

For more detailed information, see Center technical report 1579, *Economic Impact of the Texas Real Estate Industry*, at <http://recenter.tamu.edu/pdf/1579.pdf>. ■

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