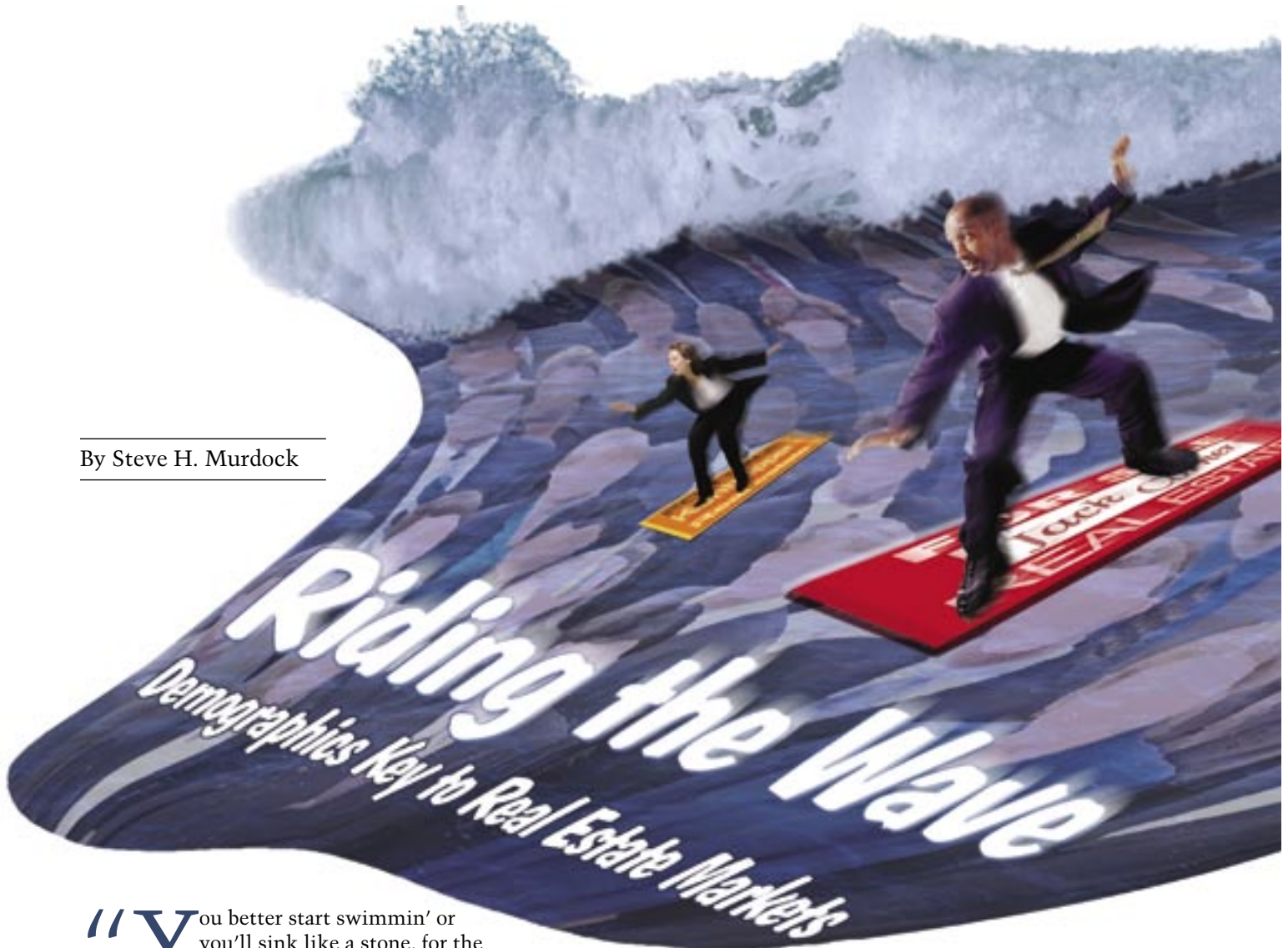


A Reprint from *Tierra Grande*

By Steve H. Murdock



“You better start swimmin’ or you’ll sink like a stone, for the times they are a-changin’.”

That Bob Dylan lyric is more than a 1960s anthem; it is axiomatic for those in business. Anticipating the next wave of demographic change is one way real estate professionals can keep their heads above perilous waters in a rising tide of competition.

The U.S. Census Bureau is a valuable resource for demographics. Among other things, it monitors the number of adults, older people and school-age children in each state. The numbers reveal major Texas trends relevant to future real estate markets and products.

Census Bureau estimates for 2003 confirm that Texas’ population growth from April 1, 2000, to July 1, 2003, was substantial — nearly 1.3 million persons. That growth is the second largest number and fourth largest percentage among all states.

Hot Markets for Families with Children

The latest figures show that since the year 2000, roughly 810,000 persons 18 to 64 years old, about 103,000 persons 65 years old or older and 353,000 children (less than 18 years old) have been added to the Texas population. The numerical

increases in the 18-to-64 and 65+ age groups were the second largest in the nation. This is not surprising considering Texas is the second most populous state.

The increase in children in Texas is the largest in the nation, far exceeding that of California, the most populous state, which added 170,000 and Florida, the fourth largest, which added 278,000. The third most populous state, New York, recorded a child population decline of more than 157,000. For Texas children less than five years old, the growth was particularly large, nearly 183,000. Compare that to 57,000 for California, 109,000 for Florida and a decrease of 24,000 for New York.

What do these numbers mean to real estate professionals? Although the population is aging and the need for seniors housing will increase in the coming decades, Texas continues to be home to a large number of children, particularly in the youngest age groups. Real estate markets for households with children likely will be hot for years to come.

Today’s Texas Mirrors Nation of 2040

The Census Bureau also has projected the U.S. population through 2050. These data point to a population that will

grow from 282.1 million in 2000 to 419.9 million in 2050, an increase of 49 percent.

This sounds staggering but would in fact represent slower growth than in recent history (the U.S. population increased by roughly 1.3 percent per year during the 1990s). The new numbers suggest a growth rate among the fastest of any developed nation in the world. Equally important are projected substantial differences in the growth rates of racial and ethnic groups.

Non-Hispanic white populations are projected to increase from 195.7 million to 210.3 million, an increase of 7 percent. Hispanics will grow from 35.6 million to 102.6 million, a jump of 188 percent. The black population is projected to add 71 percent from 35.8 million to 61.4 million. Asians are projected to increase 213 percent, from 10.7 million to 33.4 million.

All other groups, including multiracial groups, will account for the remaining increase of approximately 12 million. By 2040, the U.S. population will be only 53 percent non-Hispanic white (Anglo). By 2050, it will be approximately 50 percent Anglo and 50 percent non-Anglo.

By 2050, Hispanics will account for about 24 percent of the population, blacks for nearly 15 percent, Asians about 8 percent and all other groups for about 3 percent.

Texas today is a preview of the nation as a whole in 2040, as 47 percent of the Texas population was non-Anglo in 2000. Techniques and practices developed to address the needs of increasingly diverse Texas homebuyers and renters are likely to have national applicability in years to come. Texas real estate professionals who focus on these strategies may gain advantages in moving into national markets.

Not the 1990s Anymore

The Census Bureau's estimates of Texas county populations as of July 1, 2003, show the state's population growth has been slower in the first few years of this century than in the 1990s. The annualized rate was about 1.9 percent from 2000 to 2003 compared with 2.2 percent for the 1990s.

The data also show that, although the state is still growing quite rapidly, the sources of growth have changed. In the 1990s, approximately 50 percent of population growth was from natural increase (number of births minus number of deaths) and 50 percent from migration. About 30 percent of migration was international immigration and about 20 percent domestic migration from other states.

From 2000 to 2003, roughly 57 percent of Texas' population growth was the result of natural increase, 35 percent from international immigration and only 8 percent from domestic immigration from other states. Clearly the post-2000 period is not simply a demographic repeat of the 1990s.

At the same time, the results may be suggesting the beginning of a stabilization in Texas' population patterns since 2000. While 68 of Texas' 254 counties lost population in the 1990s, about 124 lost population from 2000 to 2001. The latest news indicates that only 87 counties lost population between 2002 and 2003.

Births, Immigrants Fuel Large Counties

The numbers highlight important differences between types of counties. Suburban counties, such as Rockwall, Collin, Williamson, Denton, Fort Bend, Montgomery, Rains, Hays and Bastrop, continue to grow rapidly, with growth exceeding 5 percent per year (a rate that doubles a population in 14 years). This growth resulted in large part from increases in domestic migration from other states.

Large metropolitan counties tend to fall into two general categories. Tarrant and Bexar Counties' population increases resulted from natural increase and relatively similar levels of domestic and international migration.

Large central-city counties show growth, but that growth is largely a product of natural increase and international immigration, which offset the outmigration of domestic migrants. Harris and Travis counties fit this pattern.

In counties such as Dallas, El Paso, Nueces and Jefferson, international immigration was not sufficient to offset domestic outmigration. Growth in these counties was entirely attributable to natural increase that offset migration declines. Finally, the numbers show that many rural counties, particularly those in the Panhandle and West Texas, continue to struggle to retain their populations.

Domestic Migrants Help Real Estate Most

Migration-produced population increases generally impact economic growth more than natural-increase-related population growth. That is because they involve new households moving to an area — households that require a full range of services including a housing unit.

Domestic migration tends to have the most positive effect on economic activity, including real estate, because domestic migrants tend to have higher skill levels and incomes than international migrants. Both domestic and international migrants require housing, but domestic migrants are likely to have more money to invest in their homes and thus have more positive economic effects on real estate markets.

Real estate professionals should examine population patterns in detail with particular attention to the source of population growth. Growth remains strong in some areas of Texas. In others it is stabilizing or uncertain. Detailed demographic analysis is critical to understanding what may happen to real estate markets in the coming years. Bookmarking the websites of the Census Bureau (www.census.gov) and the Texas State Data Center (www.txsd.c.utsa.edu) allows quick yet comprehensive monitoring of Texas demographic changes. 📌

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