



## 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

The population of the Lone Star State reached 24,782,302 in July 2009, according to the latest estimates from the [U.S. Census Bureau](#). Texas gained more people (478,000) than any other state and remained the second most populous state between July 1, 2008, and July 1, 2009 according to a [December 2009 Census press release](#). No further state population estimates will be published until after the official 2010 Census counts are released in December 2010.

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 Metropolitan Statistical Areas (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.

The [2000 Census](#) indicates that 82.5 percent of Texas' population lives in metropolitan areas. The urbanizing of Texas is underscored by recent growth

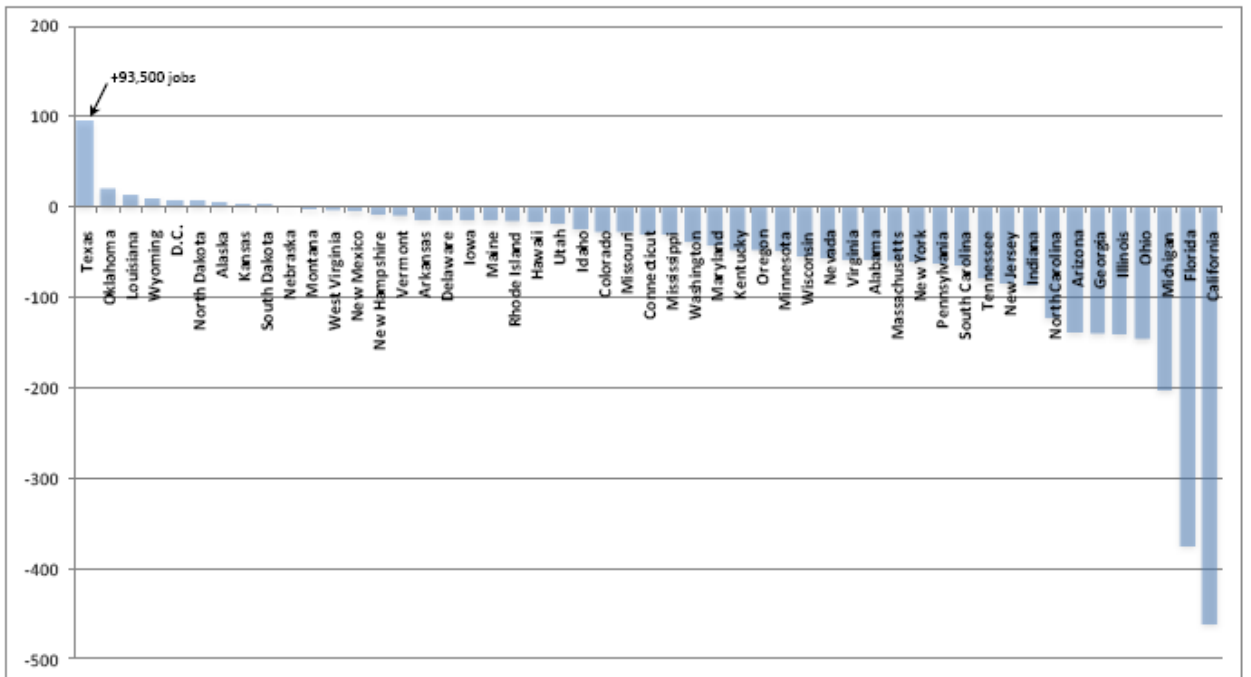
trends - the state's metropolitan areas accounted for over 91 percent of Texas population growth between 1990 and 2000. Growth has occurred primarily in the large metropolitan areas of Austin, Dallas, Houston, and San Antonio. Austin added 403,536 people during the 1990s, increasing its population by nearly 50 percent. Other areas with significant growth are metros located along the Mexico border, such as McAllen, Brownsville, and Laredo. One of the fastest growing regions in the state, the Lower Rio Grande Valley, houses two adjacent metros - McAllen and Brownsville. Together they added 261,025 people between 1990 and 2000 - about the same as the increase for the entire San Antonio metro area during the same period. Dallas-Fort Worth-Arlington, Houston-Sugar Land-Baytown, San Antonio, Austin-Round Rock, El Paso, and McAllen-Edinburg-Mission are all on the Census Bureau's latest [nation's 100 most populous metropolitan statistical areas](#) (MSAs) list based on July 2006 population estimates.

According to the most recent [population projections](#) from the Texas State Data Center, Texas' population was 24,105,417 on January 1, 2008. The January 1, 2008 estimates were obtained by adding births to, and subtracting deaths from July 1, 2007 through December 31, 2007, to the July 1, 2007 estimates and assuming that July 1, 2006 to July 1, 2007 rates of migration continue from July 1, 2007 to January 1, 2008. 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 small increase in employment in 2008, according to the [U.S. Bureau of Labor Statistics](#) (BLS), gaining 93,500 seasonally adjusted nonfarm jobs between December 2007 and December 2008. The Lone Star State ranked No. 1 of nine states and Washington D.C. ending 2008 with a net employment gain and accounted for 59 percent of the nation's total annual increases.



Office of the Governor, Economic Development & Tourism

Source: U.S. Bureau of Labor Statistics

Texas ended 2008 with a total seasonally adjusted civilian nonagricultural workforce of 10.63 million, according to December 2008 figures from the Texas Workforce Commission's (TWC) [Labor Market Review](#). The state's total *non-seasonally* adjusted civilian labor force averaged 11.7 million in 2008, according to [TWC statistics](#). For the most 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](#).

In 2008, the state's Professional and Business Services industry sector ranked first in job creation with a gain of 44,000 jobs in 2008 for an annual growth rate (AGR) of 3.3 percent, following by the Government industry sector with 34,700 new jobs and an AGR of 2 percent, then the Leisure and Hospitality industry sector with 31,800 new jobs and an AGR of 3.2 percent. Texas' manufacturing industry sector saw a net loss of 18,500 jobs in 2008, representing a 2 percent decline. Federal Reserve Bank of Dallas data also indicate that while [most Texas' major sectors](#) added workers throughout 2008, the [manufacturing sector](#) was a notable exception.

Texas' unemployment rate remained below the national unemployment rate in 2008 at an annual average of 4.9 percent, according to the [Texas Workforce Commission](#), although it continued to follow the nation's upward trend. The BLS reported that all 50 states and the District of Columbia recorded both over-the-month and over-the-year unemployment rate increases in 2008.

## **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 2009, [venture capitalists in Texas](#) invested primarily in the Texas industrial/energy, software, and computers & peripherals industry areas.

## **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.

Data from the U.S. Patent & Trademark Office indicate that in fiscal year 2008 Texas residents were issued 6,016 [patents](#), ranking second nationally, while in fiscal year 2007 Texas residents filed 15,886 [patent applications](#), ranking second nationally.

## **Income**

According to an October 2009 [U.S. Bureau of Economic Analysis \(BEA\) news release](#), in 2009 Q1-QII, Texas ranked No. 35 nationally for total calculated state personal income at \$903,080 billion for 2009 Q1 (revised data) and in 2008 ranked No. 26 for per capita personal income at \$37,774. Government breakouts, led by the Military, contributed more to Texas's personal income than any other industry segment, followed by Professional and Technical Services. The BEA has revised its personal income calculation methodology to incorporate the comprehensive revision of the National Income and Product Accounts (NIPA).

[Texas personal income](#) was valued at \$892.8 billion in 2009Q3 and the data indicate continued steady increases. The latest [Texas Comptroller income data](#) available also show increases in Texas 2008 personal income.

## **Real Estate**

In 2008, Texas had the nation's most affordable housing and a robust housing market, according to the [Real Estate Center at Texas A&M](#) (REC). Texas has weathered the national real estate downturn without significantly lowered property values due to low interest rates and taxes, job growth, a growing population, and the continued affordability of Texas housing. Real estate is the third most important private industry in Texas, according to a recent [REC report](#). The REC [Texas Real Estate Market Reports](#) provide detailed information about the 25 Texas MSAs.

[Texas residential housing permits](#) data from the Federal Reserve Bank of Dallas indicate decreases in 2008. Multi-family building permits and existing home sales were also down in 2008; however, prices for existing single family homes held fairly steady and the state's home foreclosure rate has remained stable for the past three years, according to the [Texas Comptroller's January 2009 Economic Outlook](#).

## **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. Total (direct and indirect) travel earnings in Texas were estimated at \$33.6 billion, direct travel industry employment totaled 1,023,000 jobs, and the Gross Domestic Product of the Texas travel industry was \$23.8 billion in 2008, the latest annual data available. More information on the [economic impact of travel in Texas](#), [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 [305,270 miles of public roads](#), which is more than any other state. [Texas' railroad system was nationally top ranked in 2006](#), with 44 railroads (No. 2) operating on 10,608 rail miles (No. 1), and carrying over 395.22 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, ranks No. 10 in North America for port container volume, and ranks No. 16 globally for total tonnage.

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. 2008 [International airport data](#) indicate that DFW ranked No. 7 and IAH in Houston ranked No. 16 on the world's 30 busiest airports list by total passengers served; DFW ranked No. 3 and Houston ranked No. 7 on the world's 30 busiest airports lists by aircraft movements; and DFW ranked No 28 on the world's 30 busiest airports list by total cargo. The Fort Worth Alliance Airport (AFW) was the first national airport built strictly to serve the inter-modal distribution business needs

[International border crossings](#) between Texas and Mexico rank among the busiest in the United States. In 2008, Texas had 57,420,823 total vehicle crossings, with 29,185,056 incoming and 28,235,767 outgoing. Brownsville ranked No. 1 for total incoming vehicle crossings with over 5.5 million, followed by El Paso with over 5.3 million then McAllen with over 4.5 million. Laredo ranked No. 1 for total outgoing vehicle crossings with over 5.3 million, followed by Brownsville with over 5.2 million then McAllen with over 4.9 million. Details on 2008 and partial 2009 Texas truck crossings, rail crossings, and pedestrian crossings are also available from the link above.

### **Gross State Product**

The [Texas gross state product](#) (GSP) for fiscal year 2008 was estimated at \$1,182.5 billion in current dollars, grew by 4.2 percent, and continues to diversify, according to the Texas Comptroller of Public Accounts (CPA). The Texas CPA's [quarterly GSP estimates](#) indicate that in 2008Q4, the Texas GSP was \$1,245.11 billion.

If Texas were a nation, its economy would rank as the 12<sup>th</sup>-largest in the world by Gross Domestic Product (GDP), according to the [Texas Comptroller's 2008 estimates](#). Details on the nations Texas previously surpassed by GDP are provided in the [2007 Comptroller's estimates](#).

### **International Trade**

In 2008, for the seventh year in a row, Texas was ranked as the number one state by export revenues. [Texas exports](#) for 2008 totaled \$192.14 billion, which is approximately \$23.92 billion more than 2007 and represents a 14.22 percent increase. [Recent Texas exports](#) information indicate an overall increase in exports in 2008. The state's top value-added Texas exports in 2008 were Chemicals, Computer & Electronic Products, Machinery (not electrical), Petroleum & Coal Products, and Transportation Equipment. Total 2008 exports for the United States increased over 11.84 percent to \$1.3 trillion from \$1.16 trillion in 2007.

The countries Mexico and Canada, followed by China and the Netherlands were the leading destinations for Texas exports in 2008. The state's largest export market continued to be its NAFTA trading partners, which accounted for approximately 41.9 percent of total state exports during 2008. Mexico continued as the top export destination with \$62.08 billion in Texas exports, representing a 10.86 percent increase from \$56 billion in 2007. Canada ranked second with \$19.24 billion, representing a 13.89 percent

increase from \$16.89 billion in 2007. China ranked third at \$8.44 billion, representing a 2.03 percent increase from \$8.27 billion in 2007. The Netherlands ranked fourth at \$7.06 billion, a 33.48 percent increase from \$5.29 billion in 2007. Brazil ranked fifth at \$5.96 billion, a 52.66 percent increase from \$3.9 billion in 2007.

In 2008, [Port Level data](#) from the Bureau of Economic Analysis indicated overall Texas Port Level imports totaled approximately \$329.06 billion, an increase of approximately 8.7 percent from \$287.1 billion in 2007. [The 2008 Texas imports by the top ten ranked commodities](#) were oil and petroleum products (\$133.68 billion or 41 percent); electrical machinery, computers, etc. (\$89.5 billion or 27 percent); and transportation equipment, including vehicles, aircraft, railway, etc. (\$29.05 billion or 9 percent). [2008 Texas imports for the top 10 countries of origin](#) accounted for \$251.51 billion – or 76.4 percent of Texas imports. NAFTA trading partner, Mexico, was the top country of origin for Texas imports with approximately \$143.18 billion in imported goods – or 43 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 2008. Venezuela ranked second for Texas imports (\$21.06 or 6 percent), followed by Saudi Arabia (\$18.74 billion or 6 percent), and then mainland China (\$18.46 billion or 6 percent).

In 2008, Texas ranked second nationally for foreign direct investment (FDI) with \$7 billion invested into the state, according to the consulting firm [fDiIntelligence](#). Texas was nationally ranked No. 1 in 2006 and 2007 by FDI investments. 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 available from the Economic Census, which is produced every five years. [2007 Economic Census 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 2002, there were 319,340 [Hispanic-owned firms in Texas](#), up 33 percent from 240,396 firms in 1997. Sales and receipts rose 7 percent from \$39.48 billion in 1997 to \$42.21 in 2002. Texas ranked second nationally for the number of firms and sales and receipts of Hispanic-owned firms. One in five U.S. Hispanic-owned firms calls Texas home. Three of the [top MSAs with the largest number of Hispanic-owned firms](#) – Houston-Baytown-Huntsville (#3), Dallas-Fort Worth (#5), and Brownsville-Harlingen-Raymondville (#9) are in Texas.

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.*
- *An older 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 2010*