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RISK OF MAJOR HOME PRICE DECLINE LOW IN TEXAS

COLLEGE STATION (Real Estate Center) – A new study from the Real Estate Center at Texas A&M University explains why Texas' housing market fared far better than other states during the current downturn. It also suggests why the state's economy is expected to continue to do better than the rest of the nation in the coming months.

"Texas' lower-than-national-average housing cost is one reason for the state's higher-than-national-average growth rate," said Dr. Ali Anari, a Center research economist and one of the study's authors. "When Texans are able to spend more on nonhousing goods and services, the state's economy is strengthened and more people attracted.

"These results illustrate one of the key reasons the Texas economy outperforms the United States in terms of job growth almost every year," said Center Chief Economist Dr. Mark Dotzour. "The fact that Texans pay less of their income for housing means they have more to spend on other things that add to the overall quality of life. Texas offers a lower cost of living than many places in the United States.

"This allows Texas employers to be able to attract workers at a reasonable wage rate that allows them to compete successfully in the global economy," said Dotzour.

Since 1987, the average annual expenditure for shelter per consumer increased in every major American metropolitan market.

Texas data for the study came from the Dallas-Fort Worth and Houston-Galveston-Brazoria metro areas because they are among the major metropolitan areas for which consumer expenditure data are available. These two metros accounted for 60.3 percent of Texas labor force last year and 64 percent of Texas GDP the previous year.

"Houston and Dallas consumers spent the smallest shares of their incomes on shelter in 2008 (18.6 percent)," said Anari.

The two Texas metros in the study had virtually no increase in their shelter expenditure shares from 1987 to 2008. Houston's share rose 1 percent while Dallas' share increased 2.2 percent.

For more information on the study's findings, read the [Center's news release](#).

Courtesy of JB Goodwin