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ECONOMIC DEVELOPMENT  
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## News

### **Texas housing still affordable, study says**

Houston Business Journal - by Debbie Bolles

A study from the Real Estate Center at [Texas A&M University](#) concluded that Texas' housing market fared better than other states during the recession and suggests why the state's economy is expected to do better 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 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," added the center's chief economist, Mark Dotzour. "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."

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. For comparative purposes, that ratio is 30.8 percent in San Diego, 26.1 percent in New York City and 26.3 percent in Los Angeles.

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

And as of the end of 2009, [Houston's average prices continued to gain](#), up to \$127,400 from \$122,700 in 2008, still nearly 23 percent undervalued versus the national average, according to IHS Global Insight. "It is not surprising that the two Texas regions are experiencing normal home price fluctuations," said Anari. "The risk of a home price decline in Texas is low."