



Urban areas are powering Texas' growth

In the 1930s tune "Don't Fence Me In," which was made famous by Cole Porter, the lyrics ask for "land, lots of land under starry skies above." Were that song transformed to



relate to today's Texas, the lyrics might change to "lights, lots of lights and a million folks or two."

The Lone Star State has 25 metropolitan statistical areas (MSAs). They encompass 77 of Texas' 254 counties and account for approximately 87 percent of the population. More than two-thirds of the state's residents live in the metro areas surrounding the central cities of Houston, Dallas, San Antonio, Fort Worth, Austin and El Paso.

From 2007 to 2030, Texas is projected to experience a population increase of about 12.29 million - to reach nearly 36.26 million. Of this growth, the 25 metro areas are forecast to be responsible for 93 percent, with the six largest MSAs accounting for almost 77.71 percent. In 2030, approximately 89.30 percent of the state's total population will likely reside in metropolitan areas.

The McAllen-Edinburgh-Mission MSA is forecast to be the fastest growing metro with a 2.54 percent compound annual growth rate over the 2007-2030 period.

The per annum population expansion rates of the other metros are expected to vary from 0.71 percent (Abilene) to 2.36 percent (Laredo) during this 23-year timeframe. Eight MSAs should exceed the state's yearly growth rate of 1.82 percent.

In addition to McAllen-Edinburgh-Mission and Laredo, they include Austin-Round Rock, Brownsville-Harlingen, Dallas-Plano-Irving, Fort Worth-Arlington, Houston-Sugar Land-Baytown and San Antonio.

The six large metros are the major economic generators for the state and currently provide about 80.47 percent of the total real gross product (RGP or output).

By 2030, these MSAs are predicted to account for approximately 81.81 percent of Texas' overall output; with the smaller metros forecast to be responsible for some 12.44 percent.

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The greatest gain in output in the long term is anticipated to be achieved by the Houston-Sugar Land-Baytown metro area with an increase of \$375.42 billion. The Dallas-Plano-Irving metro is projected to see a gain of \$348.15 billion in real gross product through the 23-year forecast horizon.

The large metros will likely experience a \$1.05 trillion hike in RGP with the smaller MSAs realizing an increase of \$151.26 billion during this period.

From 2007 to 2030, an addition of 4.50 million wage and salary jobs is predicted across the state, with 3.34 million of these in the six major MSAs and approximately 812,490 in the smaller metros. About nine out of every 10 workers are anticipated to live in the 25 metropolitan areas in the state in 2030.

The combined real personal income (RPI) for the six key metros is forecast to climb from the 2007 amount of \$552.28 billion to approximately \$1.51 trillion in 2030 (76.16 percent of the total Texas RPI increase during the 23-year period). The smaller MSAs are expected to experience growth of \$190.32 billion and represent some 15.31 percent of the state's total RPI hike from 2007 to 2030.

The RPI yearly growth rates over the long term for the large metros will likely vary from 4.40 percent (Houston-Sugar Land-Baytown) to 4.60 percent (Austin-Round Rock). The RPI per annum expansion rates among the smaller MSAs are predicted to range from 3.73 percent (Lubbock) to 4.54 percent (McAllen-Edinburgh-Mission).

Nine of the state's metros are anticipated to experience RPI annual growth rates exceeding the Texas yearly expansion rate of 4.39 percent during the 23-year timeframe.

Regarding retail sales, the major metros are forecast to expand from the 2007 total of \$316.29 billion to \$1.53 trillion in 2030, reflecting 74.43 percent of the state's overall gain. The combined retail sales of the smaller MSAs will likely rise from \$80.24 billion in 2007 to \$366.90 billion in 2030, representing 17.58 percent of the projected increase across Texas.

By any measure, the metro areas are highly important to the economic growth of the Lone Star State.

While rural areas will continue to have viable opportunities and will experience overall healthy expansion as well, this pattern of increased urbanization is expected to become even more pronounced in the future.