



MARKET EDGE

BY partners

TEXAS FIRST

PART 1

Texas' intentional economic growth strategy and advantageous metropolitan geography form the foundation of a powerhouse

Texas First is an ongoing series detailing the explosive growth of Texas' economic landscape.

Texas has emerged as a powerhouse in the nation's demographic and economic landscape, experiencing significant population growth and attracting both individuals and corporations. Understanding the key factors driving Texas' enduring appeal as a prime destination is critical to unlocking the immense opportunities it presents for commercial real estate investors.

CONTINUE READING »

Texas has one of the strongest economies in the United States, with a low unemployment rate and a growing number of businesses.

“The Texas Miracle”

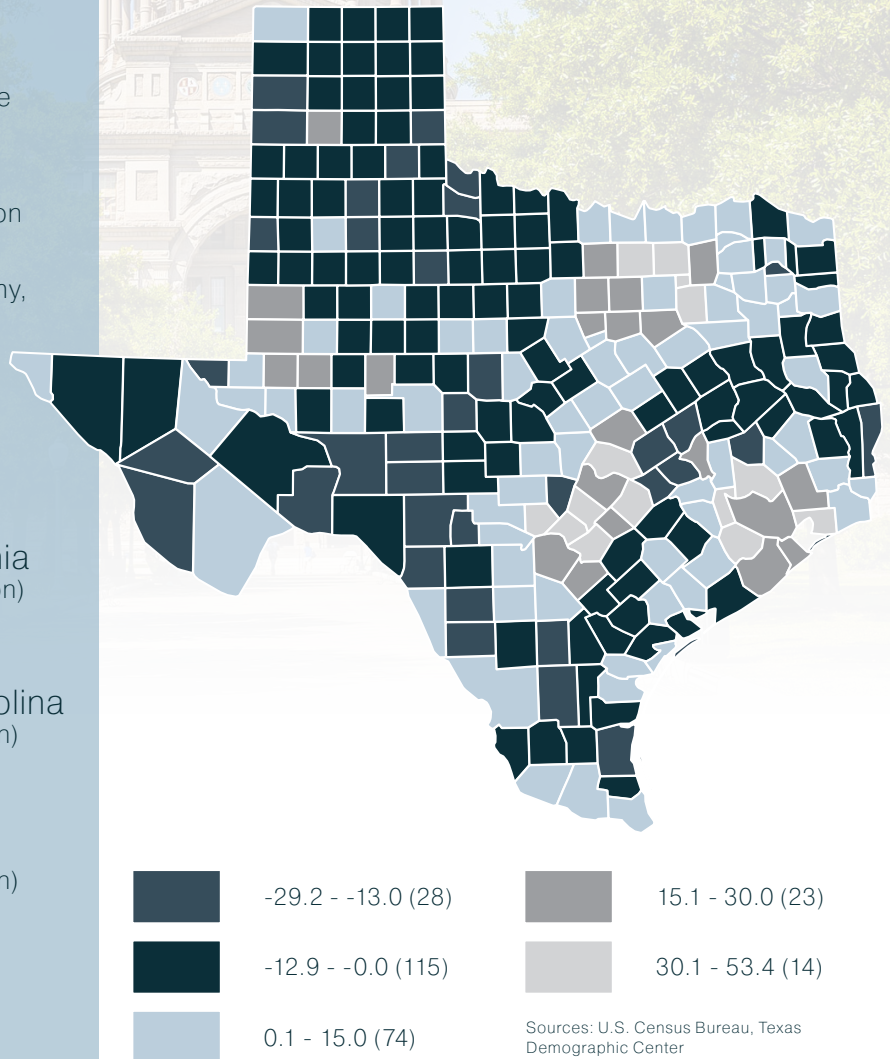
The term “Texas Miracle” describes the confluence of the state’s exceptional economic growth, low unemployment, and increasing businesses and residents during the early 2000s. This phenomenon has continued into the 2020s, owing to the state’s business-friendly environment, diversified economy, and favorable tax climate.

Top 10 states with the largest population increases from 2010 to 2023:

- | | | |
|--------------------------------------|---|---|
| 1
Texas
(4.6 million) | 2
Florida
(3.5 million) | 3
California
(2.3 million) |
| 4
Arizona
(2.1 million) | 5
Colorado
(1.6 million) | 6
North Carolina
(1.5 million) |
| 7
Georgia
(1.4 million) | 8
Washington
(1.3 million) | 9
Utah
(1.2 million) |
| 10
Idaho
(1.0 million) | | |

The Texas Miracle is likely to continue in the coming years. As the state’s economy continues to grow as expected, more businesses and residents will be attracted to Texas. The projected population growth for Texas over the next 5 to 10 years is significant. According to the Texas Demographic Center, the state’s population is expected to grow by 2.7 million people between 2023 and 2030, and by 5.3 million people between 2023 and 2035.

POPULATION CHANGE BY COUNTY, 2010–2020



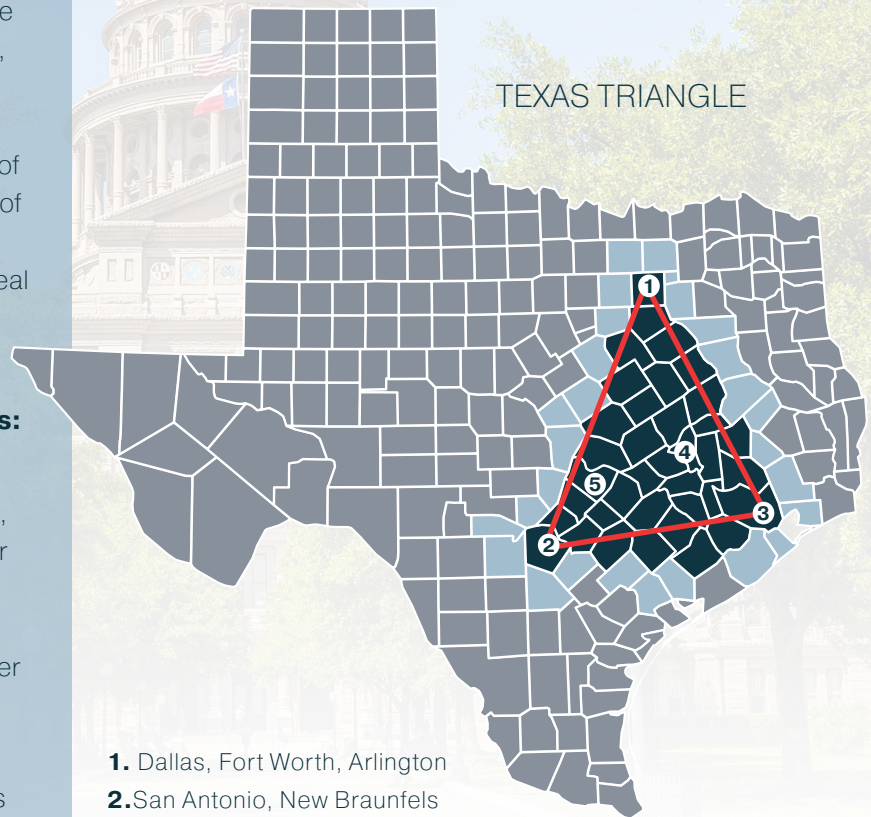
The Texas Triangle: The engine driving population growth

The Texas Triangle, comprising the major urban centers of Austin, Dallas-Fort Worth, Houston, and San Antonio, has been the primary driving force behind Texas' population growth. The Texas Triangle accounted for a staggering 88% of Texas' population increase from 2010 to 2023, attracting 3.9 million new residents to the region. The Texas Triangle is a major economic center, with a GDP of over \$1.5 trillion.

The Texas Triangle's population boom shows no signs of slowing down, with projections indicating a population of 27.6 million by 2030, presenting significant investment opportunities, particularly in the region's commercial real estate sector.

The remarkable growth observed in the Texas Triangle can be attributed to several key factors:

- **Robust economy and thriving job market:** Texas has one of the strongest economies in the United States, with a low unemployment rate and a growing number of businesses. This is attracting people from all over the country who are looking for work. The state also has a growing number of businesses, with the number of businesses in Texas increasing by 16% between 2010 and 2020.
- **Low taxes and affordable housing options:** Texas has some of the lowest taxes in the country, including no state income tax. This makes Texas an attractive destination for people who are looking to save money. According to the Tax Foundation, Texas has the 10th lowest state and local tax burden in the country. The state also has a relatively affordable housing market, with the median home price in Texas being \$330,000, which is below the national median of \$375,000.
- **Warm weather and attractive amenities:** Texas has a warm climate year-round, and the state has a lot to offer in terms of amenities, such as great food, outdoor activities, and cultural attractions. This makes Texas an attractive destination for people who are looking for a warm climate and a variety of activities to enjoy. According to the U.S. News & World Report, Texas is ranked as the 10th best state for weather. The state also has a variety of outdoor activities to enjoy, such as hiking, camping, fishing, and boating. And there are also a number of cultural attractions in Texas, such as the Alamo, the Dallas Museum of Art, and the Houston Museum of Natural Science.



1. Dallas, Fort Worth, Arlington
2. San Antonio, New Braunfels
3. Houston, Sugar Land, Baytown
4. College Station
5. Austin, Round Rock, San Marcos

The Texas Triangle is a region of Texas which contains the state's five largest cities and is home to the majority of the state's population.

The Texas Triangle is formed by the state's four main urban centers, Austin, Dallas-Fort Worth, Houston, and San Antonio, connected by Interstate 45, Interstate 10, and Interstate 35.

The current population estimate for the Texas Triangle is 23.5 million people. The Texas Triangle is one of eleven megaregions in the United States, clusters of urban areas which share economic and cultural ties.

In the next 40 years, the population of the Texas Triangle has been projected to grow more than 65%, or an additional 10 million people, leading to 78% of Texans living and working within the Texas Triangle.

- **Proximity to major transportation hubs:** Texas is located in the center of the United States, and it is easily accessible by air, rail, and highway. This makes it a convenient place to live for people who travel frequently. Texas is home to two of the busiest airports in the country, Dallas/Fort Worth International Airport and George Bush Intercontinental Airport. The state is also served by Amtrak, and there are a number of major highways that run through Texas.

- **The hospitality industry and tourism in major Texas markets:** The thriving hospitality industry and tourism sector have played a significant role in the remarkable population growth and economic success of the four major Texas metros areas. These cities offer diverse attractions, cultural experiences, and natural wonders that attract visitors from across the country and around the world.

- **Diversified economy:** Texas has a diversified economy, with a strong presence in a variety of industries, including manufacturing, technology, and healthcare. This makes Texas an attractive destination for businesses that are looking to diversify their operations.

- **Increased demand for commercial space:** As the population grows, so does the demand for commercial space. This is because businesses need space to operate, and as more people move to Texas, more businesses will be looking for space.

- **Appreciation in property values:** As the population grows and demand for commercial space increases, property values in Texas are likely to appreciate. This means that investors who buy commercial property in Texas now could see their investment grow in value over time.

Texas boasts a diverse and robust economy that has been consistently outperforming the national average. The state's pro-business policies, friendly regulatory environment, and lack of personal income tax have attracted companies from various industries, spurring job growth and creating a favorable business ecosystem.

Conclusion

Texas' remarkable population growth, robust economy, low taxes, warm climate, and diverse industries make it an alluring destination for commercial real estate investment. The Texas Triangle, comprising major urban centers, is at the forefront of the state's growth, offering immense opportunities for investors in office, retail, and industrial spaces. As the Texas Miracle continues, corporate relocations to the state



The Alamo in San Antonio, Texas



Highways in Houston, Texas



Boats On Lake Travis in Austin, Texas



Public transportation in Dallas, Texas

are set to rise, further fueling the demand for commercial properties. Additionally, the thriving hospitality industry and tourism sector contribute to the state's economic success and provide additional incentives for commercial real estate investment. For savvy investors seeking a pro-business environment and exponential growth, Texas stands as a premier location for lucrative commercial real estate ventures.