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Houston Growth Rapid, Diverse

By Steve H. Murdock

Houston's rapidly growing population means real estate opportunities abound. At the same time, the diversity suggests the need for careful sub-area market analyses.

The U.S. Bureau of the Census estimates the Houston metropolitan area (Chambers, Fort Bend, Harris, Liberty, Montgomery and Waller counties) had nearly 3.8 million persons as of July 1, 1996. It was the state's largest metropolitan area (Dallas was second with roughly 2.7 million).

Houston's 3.8 million is an increase of nearly 470,000 persons or 14.1 percent since the 1990 census. This growth exceeded the total population of 22 of the state's other 26 metropolitan areas and was faster than Texas' overall 1990-96 growth rate of 12.6 percent.

The Houston metropolitan area contained 19.8 percent of the state's population in 1996 but accounted for 21.9 percent of the state's growth of 2.1 million in the previous six years. Houston's share of Texas' population has thus increased in the 1990s.

Total metropolitan area growth, however, masks both differences in the magnitude and sources of population growth. For example, the central city county, Harris County, increased its 1990-96 population by 11 percent while the suburban counties of Fort Bend and Montgomery increased by 36.1 percent and 34.9 percent respectively.

Although only 1990 to 1995 data are available for towns and cities (from the

Texas State Data Center at Texas A&M University), these data show the city of Houston increased by 6.3 percent compared to 11.4 percent for the metropolitan area and 8.9 percent for Harris County. On the other hand, Conroe increased by 36.4 percent and Katy by 30.8 percent. As in previous periods, the suburbs grew faster than the central city, but in the 1990s both have been growing relatively rapidly.

The sources of the Houston area's population growth also reveal diverse patterns. Of the net population increase, nearly 285,000 or 60.6 percent was the result of natural increase (number of births minus number of deaths). Roughly 38,000 or 8.1 percent was attributable to immigration from other states, and 147,000 or 31.3 percent came from immigration from other nations. For the state, 55.2 percent of the 1990-96 growth was from natural increase, 21.8 percent was net immigration from other states and 23 percent was net immigration from other nations.

The effects of natural increase and international immigration were particularly apparent in Harris County. Of the county's 1990-96 net increase of nearly 309,000, natural increase was responsible for nearly 250,000 or 80.8 percent. International immigration of more than 135,000 offset net domestic outmigration by nearly 76,000.

Dividing Harris County's growth into the two components—natural increase and migration—80.8 percent of the total county's net growth was the result of natural increase. Only 19.2 percent was from migration.

Harris County was clearly the center for international immigration, gaining nearly 92 percent of net immigration into the metropolitan area (135,000 out of 147,000). Without immigration, Harris County would have increased its population by only 6.2 percent—44 percent less than its actual 11 percent growth rate.

For suburban counties such as Fort Bend and Montgomery, the patterns are very different from those in Harris County. For example, Fort Bend increased by more than 81,000 persons to 306,800. Of this total, 23.7 percent resulted from natural increase, 66.2 percent from immigration and 10.1 percent from international immigration. Similarly, Montgomery County increased its 1990-96 population by 63,600 to 245,800. Of this, 18.7 percent was attributable to natural increase, 77.1 percent to net immigration from other states and only 4.2 percent to net immigration from other nations.

Of the total 1990-96 suburban growth of more than 161,000 in the Houston metropolitan area, 21.8 percent was from natural increase, 70.7 percent from net immigration from other states and only 7.5 percent was the result of immigration from other countries.

If current trends continue, the Houston metropolitan area will have more than four million persons by 2000. Harris County will increase by more than 17 percent between 1990 and 2000, but suburban areas will show more than a 37 percent increase.

Although generalized growth patterns characterize the Houston area, quite

different real estate markets will emerge within Houston's population. International immigration historically has involved ethnic minorities with lower incomes and fewer resources for real estate expenditures than native-born residents.

Domestic immigration has generally involved larger proportions of Anglos with higher incomes and greater real estate purchasing power than native-born residents. The patterns of the 1980s suggest that Anglo

populations left the central-city county. Central-city growth in the 1990s continues to come from the large number of immigrants.

Houston area real estate will find different markets in the central city and suburban areas. Although all areas have some higher valued and some lower valued real estate, the opportunities probably will be for more modestly priced housing units for the central city and more traditional middle-income units for suburban areas.

Products will have to target specific populations. The industry will have to offer a diverse range of real estate products. Successful marketing strategies must reflect variations in demographic trends within the Houston market area. ☐

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