

# ANNUAL REPORT

## REAL ESTATE CENTER 2015-16



# DIRECTOR'S MESSAGE

In what became a downright ugly if not surreal election year, Peggy Noonan's commentary in the Wall Street Journal hit home with me. She said America needs seriousness, sincerity, and normality.

Normalcy comes from adherence to a strong set of core values. Over the Center's 45 years, our core values—particularly commitment to excellence—have driven us.

Among numerous awards won this year, we earned a Gold Quill Award from the International Association of Business Communicators. The Gold Quill is the top recognition awarded to organizations throughout the world for excellence in communicating information. The largest institutions and

corporations in the world compete for these honors.

Conducting research and communicating results in a way that is clear and appealing to a broad audience distinguish the Center from other sources of real estate information.

These accomplishments mirror the underlying strength of the Center's research agenda. As a result of the Center's data warehouse and the skills of our analytics team, we can now take our analysis of residential markets to much more meaningful geographical levels. In many cases, that includes to the neighborhood level. Forecasting business and economic activity has replaced reporting history, and the research team is accepting the risk of offering

their informed opinions of what is likely to happen.

Our progress is the result of the maturity and experience of the Center's research and communications staff. Maturity is a key word. Retirement of key individuals has begun. The Center's longtime attorney, Judon Fambrough, retired at the end of August and others are soon to follow. The Center is a close-knit team, and finding new talent is the most strategic challenge we face today.

A top CEO once quipped, "One great person equals three good." You will be seeing some new names and faces at the Center over the next few years. But you can count on this: we will be serious, sincere, and very selective. After all, change is the one constant we can count on.

  
**GARY MALER**  
DIRECTOR



# HOUSING ACTIVITY DATA







# FORTY-FIVE YEARS

The Center celebrated its 45th anniversary this year. Several of our staff members have been along for most of the ride—Director Gary Maler for 38 years, Attorney Judon Fambrough for 39, Research Economist Charles Gilliland for 39, and Senior Editor David Jones for 40. Their longevity has brought wisdom and is at the heart of one of the key services the Center offers: experience.

A blog post on the Texas Association of Realtors site perhaps says it best. “Where do you go for reliable

economic forecasting to inform your decisions about buying a house, relocating a business, or planning urban growth? College Station.”

For over 45 years, the Real Estate Center at Texas A&M University has proven to be the most reliable source of information on housing sales, economic trends, land-use initiatives, trade, and several other issues as they relate to real estate and their impact on the Texas economy.

This research is used by a variety of sources—most

notably by state lawmakers and public policy directors who look to the Center for the most reliable, up-to-date information they can use when addressing our state’s long- and short-term economic needs.”

The Real Estate Center is the nation’s largest publicly funded organization dedicated to conducting real estate research. A little-known fact about the Center is that it is funded almost entirely by Texas real estate license fees.

## OUR FRIEND, THE FED

The Center’s collaboration with the Federal Reserve Bank of Dallas (pictured left) continued this year. Research Economist Dr. Luis Torres teamed up with Fed Economists Jesus Cañas and Keith R. Phillips to create an economic index that estimates the timing and length of future upswings and downturns in Texas residential construction. The value of the index is explained in “Home Construction Ahead: Forecasting Ups and Downs,” a *Tierra Grande* article (January 2016).

In February, the Center cosponsored a conference with the Dallas Fed. “Finding Shelter: Assessing Texas Residential Real Estate Amid the Oil Slump” explored the trends, challenges, and outlook for the residential market with a focus on supply constraints affecting the ongoing expansion.

Dr. Torres also collaborated with Enrique Martínez-García and Valerie Grossman on “Curb Your Enthusiasm: Keeping an Eye on Exuberant Home Prices,” published in the July 2016 issue of the magazine. That article prompted the International Monetary Fund Global Housing Watch newsletter to request an interview with the authors to discuss Texas home prices and how they have been affected by the oil downturn.



# PUBLISHED WORKS

## **"2015 Legislative Changes"**

Judon Fambrough

## **"2016 Economic and Housing Outlook: Q&A with James Gaines"**

James Gaines and Bryan Pope

## **"A Leading Index for Texas Residential Construction"**

Jesus Cañas, Keith Phillips, and Luis Torres

## **"Ag-Use Exemption: Fact or Fiction?" (Revised)**

Judon Fambrough

## **"Curb Your Enthusiasm: Keeping an Eye on Exuberant Home Prices"**

Luis Torres, Enrique Martínez-García,  
and Valerie Grossman

## **"East Side Story"**

Harold Hunt

## ***End-of-Life Documents* (Revised)**

Judon Fambrough

## **"Green Light on Transportation Legislation"**

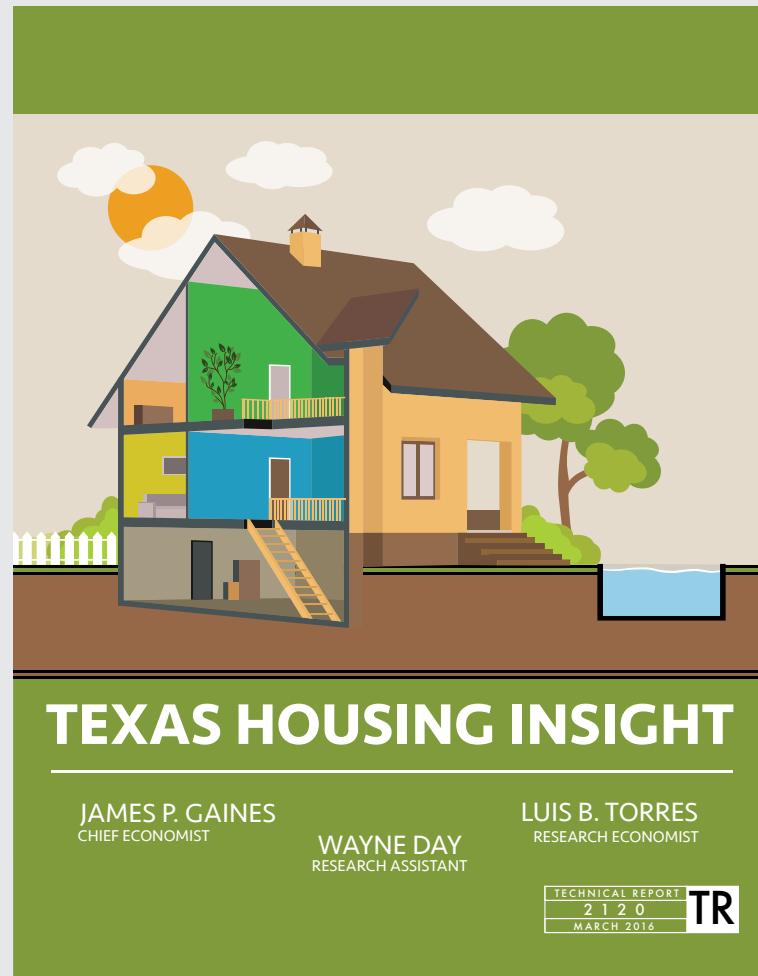
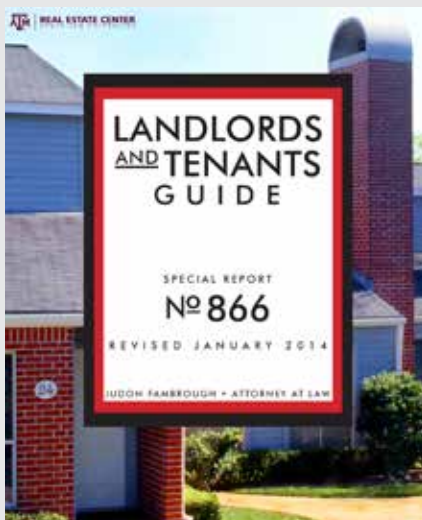
Harold Hunt

## **"Home Security: Understanding and Negotiating Title Insurance"**

Judon Fambrough

## **"How the West Was Won: Selling of the Waggoner Ranch"**

Charles Gilliland



## ***Real Estate Center: First 45 Years* (Revised)**

David Jones

## **"Glad You Asked: Questions from Readers"**

Judon Fambrough

## **"'Good Facts' Can Reduce Taxes"**

Jerrold Stern

## **Is There Still a Message in the Inverted Yield Curve?**

Luis Torres

## ***Landlords and Tenants Guide* (Revised)**

Judon Fambrough

## ***Landlords and Tenants Guide for Manufactured Home Communities* (Revised)**

Judon Fambrough

## ***Monthly Review of the Texas Economy***

Ali Anari

## **Negative Interest Rates: Rewriting Economic Textbooks**

Luis Torres

## **"Nonresidential Construction and the Texas Business Cycle"**

Luis Torres and Harold Hunt

## **"Not Back Yet: Some States Still Lagging After Great Recession"**

Harold Hunt and Luis Torres

## ***Obtaining a Texas Real Estate License* (Revised)**

Judon Fambrough

## ***Outlook for the Texas Economy***

Luis Torres and Wayne Day

## **"Profit Motive: Key for Part-Timers"**

Jerrold Stern

## **"Real Estate Payday: Texans' Compensation Competitive"**

Ali Anari

## **"Regional Contribution of Texas' Home Sales Recovery from the Great Recession"**

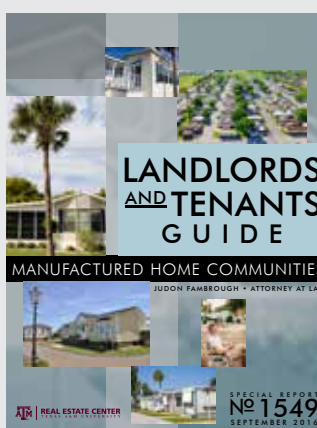
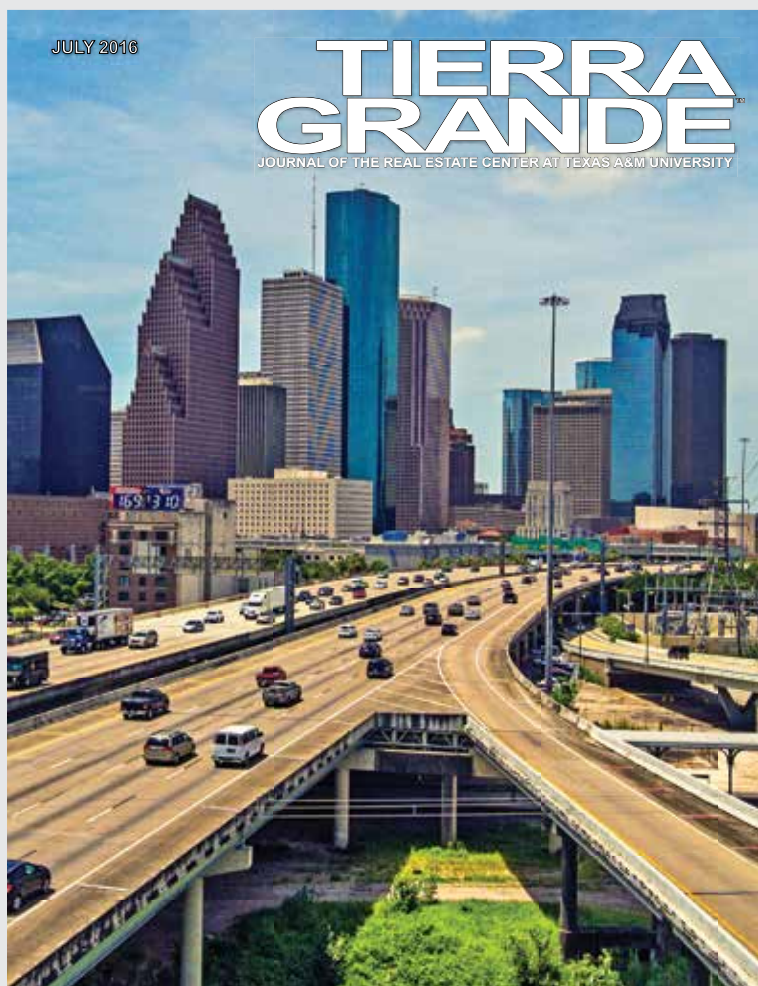
Ali Anari

## **"Rent: Natural Vacancy Rates in Major Texas Markets"**

Ali Anari and Harold Hunt

## **"Sizing Up Surveys"**

Rusty Adams



## **"Surface Tension: Accommodation of the Estate Doctrine"**

Judon Fambrough

## **"Tax or Consequences"**

Charles Gilliland

## **"Tax Rules for Vacation Home Sales"**

Jerrold Stern

## ***Texas Housing Insight***

James Gaines, Luis Torres,  
and Wayne Day

## ***The Texas Deer Lease* (Revised)**

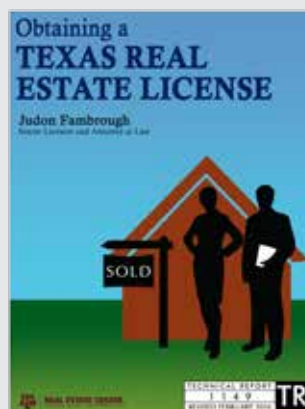
Judon Fambrough

***Tierra Grande*, Vol. 22-4 — October**

***Tierra Grande*, Vol. 23-1 — January**

***Tierra Grande*, Vol. 23-1 — April**

***Tierra Grande*, Vol. 23-1 — July**



## **"Trends: Texas Commercial Real Estate"**

Luis Torres and Harold Hunt

## **"Water Planning and Groundwater Management"**

Charles Gilliland

## **"What's in Your Wallet? Texans' Income Fares Well During Oil Busts and Booms"**

Luis Torres and Wayne Day

## **"Oil Price Collapse: Is the Worst of Its Impact Over?"**

Ali Anari, James Gaines, Luis Torres, and Harold Hunt

## **"Oil's Impact on Midland and Odessa Housing"**

Harold Hunt

## **"On the Rise: Abundant Land Keeps Texas Flexible"**

Ali Anari



# AWARDS

As mentioned in the director's message, the Real Estate Center's *Tierra Grande* magazine won an international award this year, the Gold Quill, which is the highest honor awarded by the International Association of Business Communicators (IABC).

*Tierra Grande*, the Real Estate Red Zone podcast, and the 2014–15 Annual Report+Calendar also won Bronze Quill Awards from the Houston chapter and

Silver Quill Awards from the IABC Southern Region, which includes 13 states, the Caribbean, and Latin America.

“The magazine is executed to a high standard. This was an excellent team effort and kudos to the team for managing their budgets and producing the product on deadline;” and “It is nice to see that based on the measurable feedback available, the audience clearly likes the publication or they wouldn't have almost 100% reading at least one article.

- IABC Awards judge

”

# DON'T WORRY, BE HAPPY



The Real Estate Center's summer-long online poll, “Small Towns, Great Names,” was intended as a fun way of drawing attention to the state's rich legacy of interesting small-town names. The Panhandle city of Happy overwhelmingly beat out more than 120 other

contenders for favorite Texas small-town name.

Cut and Shoot came in a distant second with 30 percent of the votes followed by Dime Box with 19 percent. A couple of towns that didn't quite make the grade are worth mentioning nonetheless for sheer creativity: Granny's Neck and Lick Skillet.

A number of radio stations around the state got into the spirit, promoting the poll on their Twitter feeds. Bryan-College Station's WTAW even devoted whole segments to the contest on its morning show.

To celebrate Happy's win, Center Senior Editor David Jones visited “the town without a frown” and presented a certificate to Mayor Sara Tirey.

Tirey told Jones she first learned about the contest through her children in Dallas, who kept her posted as Happy advanced through the various rounds. She said there were so many towns in the contest, she really didn't think they would make it to the finals, much less win.

“I guess folks just want to be Happy,” she said.



“

A representative of Habitat for Humanity in Granbury wrote to say he was interested in purchasing more copies of the Center's English-Spanish Glossary.

“About one-fourth of our applicants and families are more comfortable reading legal documents in Spanish than English. English is the language of our country, and while we think we do these families no favors by making it easier for them not to learn English, on a matter as important as the purchase of a home, we believe it necessary that they understand as much as possible about the real estate transaction. We have found the bilingual glossaries produced by TAMU very useful for these families.”

”

## POPULAR PUBLICATIONS

### The Texas Deer Lease



- *Outlook for the Texas Economy*
- *Monthly Review of the Texas Economy*
- *Texas Housing Insight*
- *Obtaining a Texas Real Estate License*
- “How the West Was Won: Selling of the Waggoner Ranch”
- “Profitability of Texas Homes”
- *Landlords and Tenants Guide*
- “Oil Price Collapse: Is the Worst of Its Impact Over?”
- “Home Security: Understanding and Negotiating Title Insurance”
- “Oil’s Impact on Midland and Odessa Housing”
- “2015 Legislative Changes”
- “Trends: Texas Commercial Real Estate”
- “Rent: Natural Vacancy Rates in Major Texas Markets”
- “Tax or Consequences”
- “Curb Your Enthusiasm: Keeping an Eye on Home Prices”
- “Going Up? What Mortgage Rate Changes Mean for Homebuyers”
- “IRS Audits Intensify”
- “Modular Housing”
- “What’s in Your Wallet? Texans’ Income Fares Well During Oil Busts and Booms”
- *The Texas Deer Lease*

# THE COWBOY RIDES AWAY

The most prolific author in the 45-year history of the Real Estate Center retired this year.

As the Center's legal expert, Judon Fambrough answered thousands of emails, letters, and telephone calls from Texans seeking advice. He traveled the state delivering lectures on property rights, including oil and gas, wind power, hunting leases, and landowner liability.

Judon authored some 300 Center publications, many of them consistently among the most downloaded from the Center's website. His Hints

on Negotiating an Oil and Gas Lease was first printed in 1980. Since then, it has been revised many times and is still among the Center's most popular. A revision of his *Landlords and Tenants Guide* was posted online recently and quickly shot into the Center's top ten downloads for the month.

Among his other "best sellers" are *The Texas Deer Lease* and *Obtaining a Texas Real Estate License*.

Who "likes" a Judon article sometimes depends on whose ox is getting gored.

Landowners love his Hints on Negotiating an Oil and Gas Lease, oil companies not so much. One Texas oil baron tried to get his employment at Texas A&M terminated. As the name suggests, Judon's

*Landlords and Tenants Guide* also has two distinct sets of admirers and detractors.

Judon was a visionary. While researching articles, he found many discrepancies in the law and frequently pointed them out. He was among the first, for example, to discuss wind rights.

Judon has bought a farm in his home state of Missouri. We wish him all the best as he rides the range on his tractor. We could not let him ride into the sunset without thanking him for his contributions to the Center and for his service to our nation for which he was awarded two Purple Hearts, a Bronze Star, and a Silver Star while serving in Viet Nam.

Happy trails, Judon.



“

I am a civilian legal assistance attorney at Fort Bliss, Texas. While preparing a training briefing for my office, I came across your *Landlords and Tenants Guide*. It is fabulous! I wish I had known about this when I started handling landlord/tenant issues earlier in my career.

”



“

Mr. Fambrough, I took your agricultural law course during the spring of my junior year in 1978 and enjoyed it very much. Many of the things that you discussed tonight came back to me, so you must have been a good teacher to get that info into my hard head. That information has served me well over the years, and I wanted to take this opportunity to express my appreciation to you for your dedication, time, and efforts as an instructor. I always enjoyed visiting with you when I would come by your office with a question. You always had time and a genuine interest. I graduated in the spring of 1979 and then spent the next 34 years as a high school agricultural sciences teacher/FFA advisor.

”

## SOCIAL MEDIA CONNECTION

The Center's social media activity is increasing every day, meaning that our messages are reaching significantly more people than in the past. Several of our students—Hayley Rieder, RECON intern, and Camilla Adams and Heather Gillin, NewsTalk Texas interns—have been key in every step of the process, from creating some of the Center's social media accounts, to creating infographics, and recording podcast “ads” that promote other Center publications and products.

At one point, a Real Estate Center media tweet focused on a visa status that was proving to be confusing for many readers.

So Adams and Gillin took on the challenge of making it clearer.

“

The Center tweeted a great infographic on when permits are needed in the city of Houston. Is it possible to get this image?

”



**@reccommunications**

275 subscribers



**@tex.rec**

148 followers



**@realestatecenter**

2,463 friends



**@texrec**

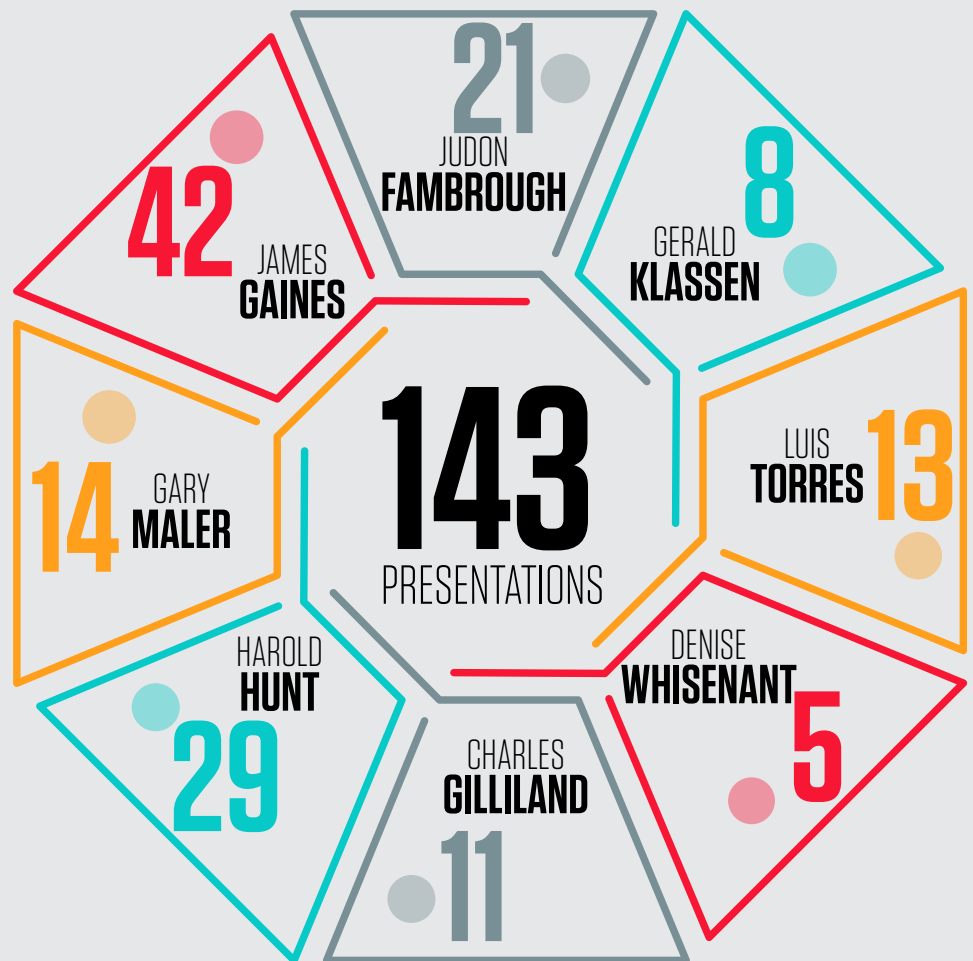
14,600 followers



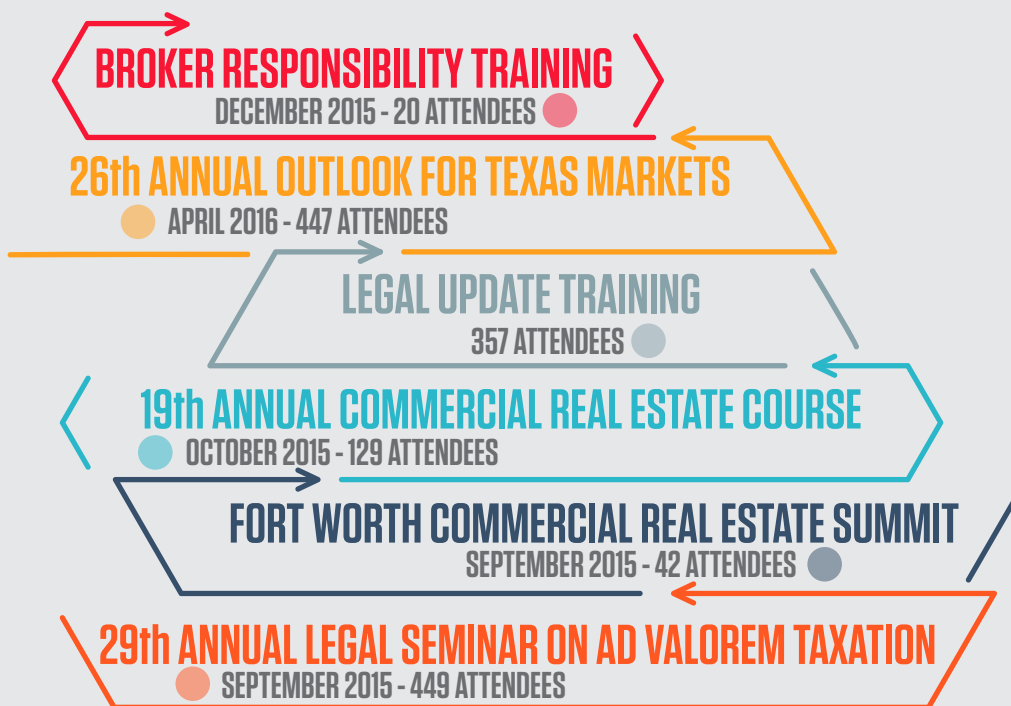
**txrec.io/2gpQOCv**

392 followers

“Edie (Craig), the work you and your NewsTalk Texas team at the Center do is incredible. On Saturday, I spent almost two hours on NewsTalk Texas catching up and reading articles. Thank you for all you do!”



“I always tell people involved with land transactions that if I only had enough money to make one meeting a year it would be the annual Outlook for Rural Land Markets put on each year by the Real Estate Center. The Center is one of the best kept secrets in the state, and all of the people involved in it are top-rated industry experts. Their articles are timely and informative and their data is the best in the state.”

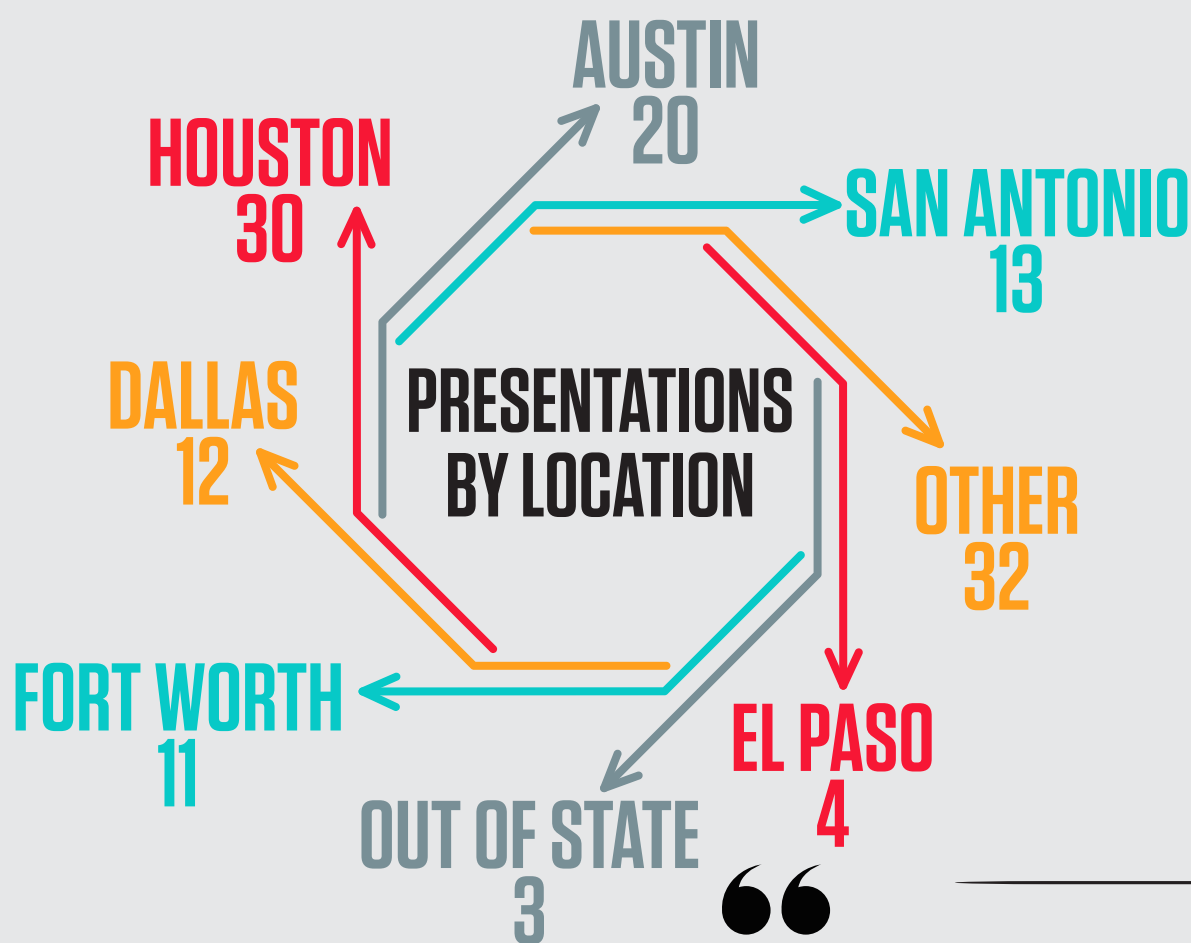




# INFORMATION FOR ALL

MySanAntonio.com has a feature called "Ask George & Chuck." One reader asked, "Where can I find reliable housing statistics for the Texas market?" How did Chuck and George respond? "The Real Estate Center at Texas A&M University has enough statistics on this to fill a bathtub. Go to its web site, [www.recenter.tamu.edu](http://www.recenter.tamu.edu), and have at it."

A professor of economics from Madrid, Spain, wrote to ask for a copy of one of the Center's publications. What was unusual about his request is that the report he wanted was published in 1978. It took a bit of digging through our archives, but we found the report and sent a pdf of it to him. The title? "Market Value versus Use Value of Agricultural Land in Texas."



“ Dr. Gaines, we met and have visited at the Ad Valorem Taxation Seminars in San Antonio. You are one of the most interesting and effective presenters I have encountered in my rather lengthy life. It is obvious that you have more than a little knowledge and background as well as a keen sense of humor. ”

# OUR NEW WEBSITE

Three months after our redesigned website debuted, we asked users what they thought about it. A majority of readers responded positively.

“  
Much cleaner to navigate. Good redesign.”

“  
I like the new website. I like the way things are organized and presented on the home page. And the drop down menus at the top make it easy to find what you are looking for.”

“  
I am a new real estate agent and find that your website is extremely important in my job to gain knowledge to pass to my clients. It is easy to navigate, and I find the information I need.”

“  
Informative and well designed.”

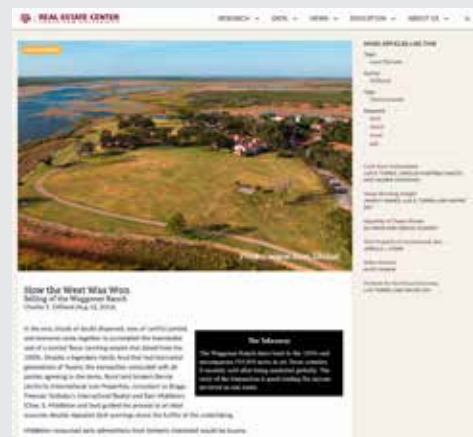
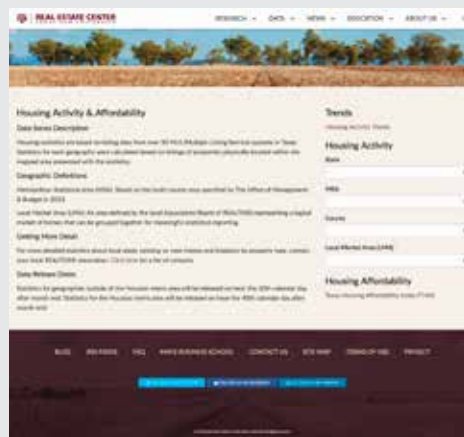
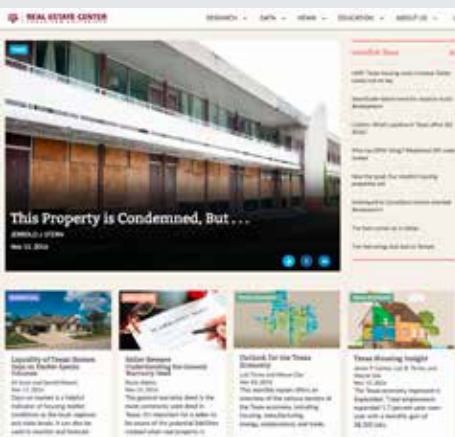
“  
Easy to use and looks great. I like that you can filter the news and research results by topic or by area.”

“  
Great, easy to read. I like the way it is formatted with cities and regions. I can go directly to the areas that are of interest to me.”

“  
Attractive and convenient.”

“  
Love it! As a Texas Realtor, [recenter.tamu.edu](http://recenter.tamu.edu) is my "go to" resource for state and local area real estate information. I also share these articles and valuable data with my clients.”





# WEB CONTENT MANAGEMENT

In September, the Real Estate Center launched its new website and content management platform. This platform vastly improves the ability of the communications team to release news stories and articles on a timelier basis according to a “digital first” strategy. That means articles are released digitally on the website first rather than waiting for the quarterly *Tierra Grande* magazine. The platform also represents the Center’s first foray into cloud computing. It is hosted in Microsoft’s Azure cloud environment.

The Center continued to build on the capabilities of its Texas housing data

warehouse. New geographies for political districts, school districts, and neighborhoods were added to the database. Housing statistics for these geographies will help policy makers remain informed about real estate in their local areas of jurisdiction

New statistics by price cohort for all geographies also were added to the data warehouse. Price cohort statistics are informative because they highlight the differences in market conditions between houses in different price segments.

The Center used the housing data warehouse to support research and reporting. One study examined the

impact of the 2013 fertilizer plant explosion in the city of West on residential real estate and found no statistically significant impact. In another study, the Center provided data to evaluate the effectiveness of the City of Houston’s homeownership assistance program inside Loop 610.

The Center also started delivering monthly and quarterly data files to the Texas Association of Realtors for use in generating media-friendly infographics for all MLS boards in Texas. Many MLS boards are using these infographics to inform the media about local real estate markets and to disseminate information to MLS members.

PRODUCED BY THE REAL ESTATE CENTER  
AT TEXAS A&M UNIVERSITY

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