



2016 / 2017

# ANNUAL REPORT



**REAL ESTATE CENTER**  
TEXAS A & M UNIVERSITY

# PRESENTATION COUNTS

Exceptional research and exquisite dining share some common elements. A memorable dining experience includes excellent cuisine. It also features notable presentation. Likewise, quality research is enhanced by quality presentation.

The Center's most recent survey of *Tierra Grande* readers revealed that 71 percent of readers prefer to receive the magazine in printed, hardcopy format versus the electronic digital version we offer online. The results are not surprising given the demographics of our readers and the fact that to reach all stakeholders and audiences, an organization like ours has to use all available communication media.

It's obvious from reader comments that many appreciate the effort we put into packaging research results in an appealing way. One survey respondent

said, "I enjoy your magazine. I'm proud to share it with friends and clients when I find an article I think they would be interested in. The high-quality finish, great topics, and awesome photography help make the real estate profession look top-notch."

Increasingly, we at the Center are relying on social media in addition to conventional print and digital or online outlets to disseminate the results of research.

While we explore new communications pathways, our commitment to research quality remains unchanged. The breadth and caliber of the data and research

COVER PHOTO: MUSEUM TOWER CONDOMINIUMS, DALLAS, TEXAS  
PHOTOGRAPHER: JP BEATO III

## BORDER FOCUS

Mexico is Texas' largest trading partner, and the relationship has a significant impact on the border region's economy, not to mention the state's. This year the Real Estate Center created a new monthly report tracking that region's economic activity.

*Texas Border Economy* focuses on El Paso, Laredo, McAllen, and Brownsville.

"The border area is one of Texas' major economic regions," said Dr. Luis Torres, a Center research economist and one of the report's authors, "so it's important to know what's happening there. We're the number one exporting state in the country, and a lot of goods and services cross through all these border cities."

*Texas Border Economy* monitors many of the factors that influence this region's economy, including housing, employment, wages, the peso-per-dollar exchange rate, and, of course, trade.

Center Research Assistant Wes Miller, another report author, noticed two distinctive characteristics of the border region. One was its reliance on the federal government in terms of jobs and the education system. The other was the region's reliance on the Mexican economy.

"If the Mexican economy is doing well, then the border communities traditionally do well," Miller said.

*Texas Border Economy* is available free on the RECenter website.



conducted by Center economists is well known. However, equally important and impressive is the record of accomplishment of the Center's editors and communications team. Since 1979, the Real Estate Center has received more than 200 local, regional,

national, and international awards for communications expertise. Many of those awards were from the International Association of Business Communicators, including 32 Silver Quills and three Gold Quills, IABC's highest award.

As the Center's audience transforms over time to those younger in age, whatever the prevailing social media platforms are at the time will likely lead the way in disseminating information. We will be ready and able to respond when this happens.

*Gary Maler*  
GARY MALER, DIRECTOR



# TG READERS SPEAK OUT

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A lot has changed in the five years since we last asked *Tierra Grande* readers what they thought of our magazine. Most notable is the move to “digital-first” publishing, which allows website visitors to read most TG articles days or even weeks before the print version hits mailboxes.

We rolled out a survey and heard from 182 readers. That’s 75 fewer responses than we received in 2012, but, as Senior Editor David Jones noted, the feedback was surprisingly comparable.

When asked how they would rate the overall value of TG, just over 80 percent said “very good” or “excellent.” More than 95 percent of respondents “agreed” or “strongly agreed” that TG articles contribute to their knowledge and understanding of real estate.

“The magazine is full of interesting, comprehensive articles. I have used several in conjunction with my

local paper to educate the average consumer on legal steps/issues that come up during real estate transactions. Many of the articles have enlightened my agent/broker members as to new rules, regulations, or upcoming legislative issues,” wrote a reader.

Seventy-eight percent share magazine articles.

“Great job, great publication, valuable resource. I look forward to reading it when it comes in and sharing some of the content with clients and fellow Realtors,” another reader wrote.

Sixty-one percent were unaware that they can read articles online well before the magazine is published. While we’re very proud of our move to digital-first publishing, the vast majority of readers (70.6 percent) prefer the printed edition to an interactive digital magazine. Even so, 79 percent said they would read a digital *Tierra Grande* if that was the only option.

## FLAGSHIP GOING STRONG

Real estate agents want practical research results, but they want them presented in an appealing, understandable manner. That formula has powered the Center’s most prominent communications endeavor, *Tierra Grande* magazine, for nearly 40 years.

The magazine’s goal is to tell a compelling story in an attractive format.

This year the magazine won the Silver Quill Award of Merit from the International Association of Business Communicators (IABC) Southern Region in Atlanta, Ga. Closer to home, the magazine won two Bronze Quill Awards of Excellence in the annual IABC/Houston competition.

Every active and inactive Texas real estate licensee receives *Tierra Grande*. The total press run neared the 170,000 mark this year, but cost remained low—less than 50 cents a copy to print and mail.

## REIMAGINING *RECON*

After 23 years of garnering praise from a large and loyal readership, you might think *Real Estate Center Online News (RECON)* editors would be content resting on their laurels. Not quite.

In an age of online social media, it only made sense to make the Center’s twice-weekly e-newsletter a more interactive experience. We gave readers the opportunity to weigh in on industry-related questions through quick, weekly polls.

Poll results often turned up on the Center’s weekly Mixed-Use Blog.

In all other respects, though, *RECON* continued to be the reliable source of Texas real estate news that readers had come to expect. Each week, members of the Center’s communications staff spent hours searching through online newspapers, other national, state, and local news outlets, and press releases, always with one goal in mind: to keep Texas real estate professionals on top of the news.

# BARNDOMINIUM BROADSIDE



In February, we launched a six-part series on barndominiums in our Mixed-Use Blog. Business Administrator Claudia Orum wrote the series and illustrated it with personal start-to-finish photos of her Burleson County home.

Orum's first-person account of her barndominium adventure was both comprehensive and popular. The

series of blog posts were by far the most popular this fiscal year.

Pros and cons, construction options, financing, finding a general contractor, ideas, designs, layout, minding the details, the final walk-through, what to do with the leftovers, and cleanup prior to move-in were covered in the series.

## COVERING TEXAS

Edie Craig and her team of four students produce the Center's most popular (nearly 12,000 followers) website feature, NewsTalk Texas (NTT). They scour media reports, news releases, as well as statewide and national contacts to assemble a comprehensive city-by-city, town-by-town view of current Texas real estate happenings each weekday. They are constantly on alert for news pertinent to real estate licensees, investors, and everyday Texans.

The work is meticulous. Students adhere to a high standard of accuracy, consistency, and style. No Texas city, town, county, or other geographically defined census area escapes scrutiny. The hands-on, individualized care given anyone seeking information is apparent in the feedback we receive.

"The work your NewsTalk Texas team at the Center does is incredible. On Saturday, I spent almost two hours on NTT catching up and reading articles. Thank you for all you do," wrote an avid fan.

## ARE YOU LISTENING?

For nearly eight years REC's Red Zone podcast has offered listeners "a play by play of Texas real estate" in a lively, talk-show format. The weekly news podcast is still going strong after more than 350 episodes, and judges once again noticed.

The Red Zone won a Silver Quill Award of Excellence from the International Association of Business Communicators (IABC) Southern Region in October, then followed that up in June with a Bronze Quill Award of Excellence from IABC's Houston chapter.

The show welcomed a new member to its on-air family. RECON communications intern Hayley Rieder joined longtime hosts Bryan Pope and Edie Craig, producing the "RECON Recap" and regular guest spots.

In the monthly mail call, REC staff answers questions submitted by constituents through the Center's website.

# PUBLISHED WORKS

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## **New Tool in the Toolbox**

Rusty Adams

## **Oil Change: Fueling Housing and Land Prices?**

Valerie Grossman, Enrique Martínez-García, Yongzhi Sun, and Luis B. Torres

## **This Old Loft: Downtown Living in Small Town Texas**

Harold D. Hunt

## **Still Affordable**

James P. Gaines and Clare Losey

## **More Regulations, More Days to Close**

Ali Anari and Gerald Klassen

## **Is Something Wrong with Texas Home Prices?**

Luis B. Torres

## **Common Ground: Comparing Texas and Midwest Cropland**

Erin M. Hardin

## **Beyond Austin City Limits**

Harold D. Hunt and Clare Losey

## **Built in Texas: What's Happened to Manufacturing Employment?**

Luis B. Torres and Wesley Miller

## **Eye on Texas Mortgage Debt**

Ali Anari and James P. Gaines

## **Land, Lots of Land**

Charles E. Gilliland and Tian Su

## **Well-Oiled Machine: Houston's Manufacturing Sector**

Luis B. Torres

## **Whistling Past the Graveyard: Cemeteries in Texas**

Rusty Adams

## **Tech Savvy, Tax Savings**

Jerrold J. Stern

## **Texas Border Economy**

James P. Gaines, Luis B. Torres, Wesley Miller, and Bailey Cuadra

## **2017 Texas Employment Data Revisions**

Ali Anari and Luis B. Torres

## **Real Estate Crowdfunding: What's the Buzz?**

Charles E. Gilliland

## **In Sync: Rural Land Prices Mirror Commodity Values**

Luis B. Torres and Charles E. Gilliland



## **Change and Challenges: East Austin's Affordable Housing Problem**

Harold D. Hunt and Clare Losey

## **Economic Edge: Lower Debt Benefits Borrowers and Businesses**

Ali Anari

## **Courts, Trains, and Eminent Domain**

Rusty Adams

## Home Price Discounts in Texas Housing Markets

Ali Anari and Gerald Klassen

## Losses and Self-Employment Taxes

Jerrold J. Stern

## Legislative Preview

Rusty Adams

## 2015–16 Annual Report/Calendar

Nancy McQuiston

## Here Comes the Sun

Harold D. Hunt

## Liquidity of Texas Homes: Days on Market Speaks Volumes

Ali Anari and Gerald Klassen

## Seller Beware: Understanding the General Warranty Deed

Rusty Adams

## This Property is Condemned, But . . .

Jerrold J. Stern

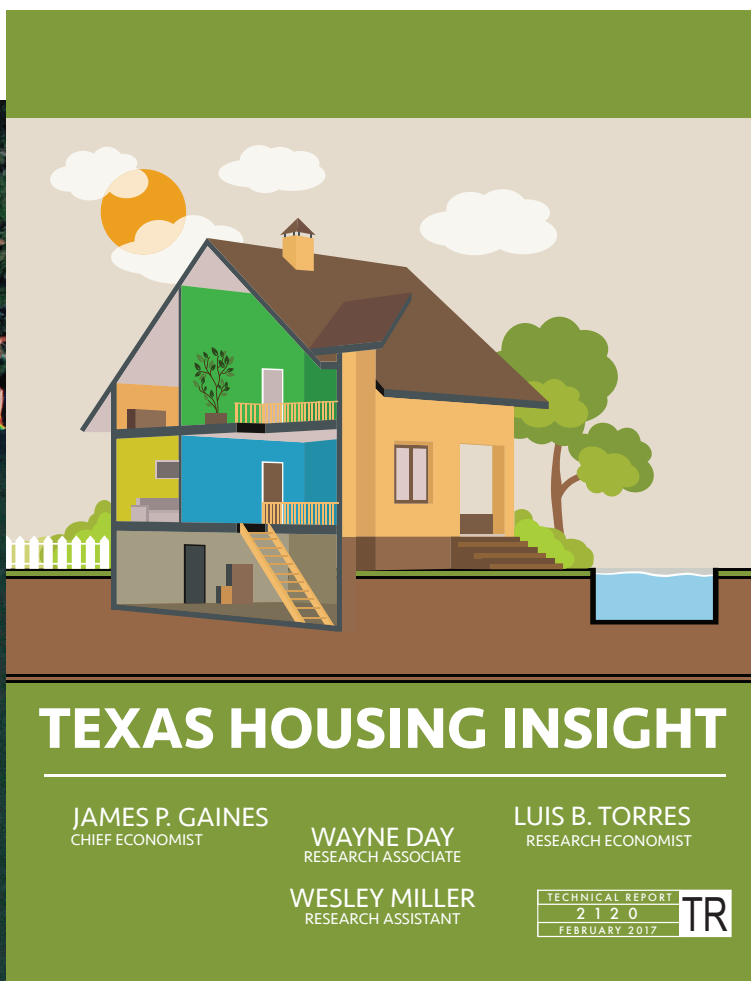
## Navigating Watershed Changes

Judon Fambrough and Dan Hatfield

## Game of Homes:

### The Supply-Demand Struggle

Laila Assanie, Sarah Greer, and Luis B. Torres



## TOP TEN VIEWED PUBLICATIONS

1. *TEXAS HOUSING INSIGHT*
2. *OUTLOOK FOR THE TEXAS ECONOMY*
3. *MONTHLY REVIEW OF THE TEXAS ECONOMY*
4. "CHANGE AND CHALLENGES: EAST AUSTIN'S AFFORDABLE HOUSING PROBLEM"
5. "NAVIGATING WATERSHED CHANGES" (INACTIVE)
6. "GAME OF HOMES: THE SUPPLY-DEMAND STRUGGLE"
7. "IS SOMETHING WRONG WITH TEXAS HOME PRICES?"
8. "HERE COMES THE SUN: THE VALUE OF RESIDENTIAL SOLAR"
9. *TEXAS BORDER ECONOMY*
10. "SELLER BEWARE: UNDERSTANDING THE GENERAL WARRANTY DEED"

## Paycheck Reality: Texans' Incomes Outpace Housing Prices

Wayne Day and Luis B. Torres

## Oil, Cattle, Cotton: Commodities Affect Land Prices

Luis B. Torres and Charles E. Gilliland

## Down to Earth: Land Prices Changing Slowly

Charles E. Gilliland, Tian Su, and Clayton Watson

## Texas Tax Conundrum

Charles E. Gilliland

## Selling Season

Ali Anari

## Mixing Oil and Water Law

Judon Fambrough

## Six Ways to Avoid Probate

Judon Fambrough

## East Side Story

Harold D. Hunt

## Mind the Gap

Jerrold J. Stern

# SOCIAL MEDIA

Social media is an effective way for the Real Estate Center to market its latest research. To take advantage of the marketing potential, the Center overhauled its social media accounts, adopting new techniques to determine how to best reach its constituents.

This year, the Center began to post links to the biggest real estate stories daily. These stories supplement its usual content and are very popular on Twitter.

We “live-Tweeted” this year’s Texas Land Conference for the first time, posting commentary while the event took place. We also tried Facebook Live streams, which broadcast exclusive interviews with conference speakers. Both kept our followers informed on topics and speakers throughout the conference.

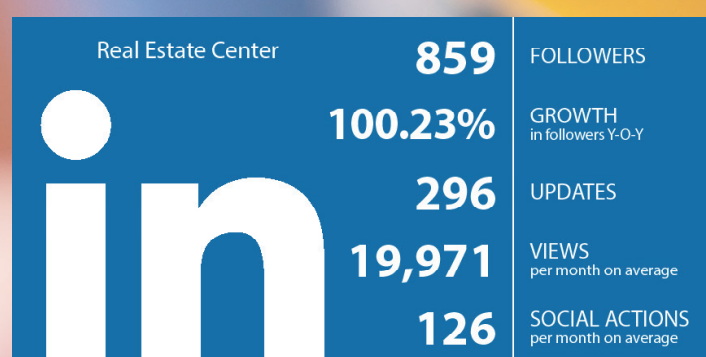
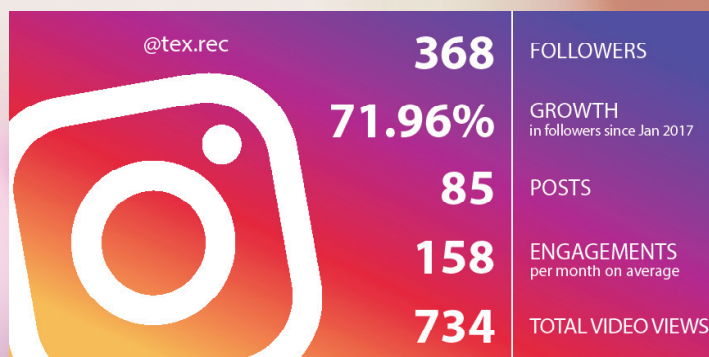
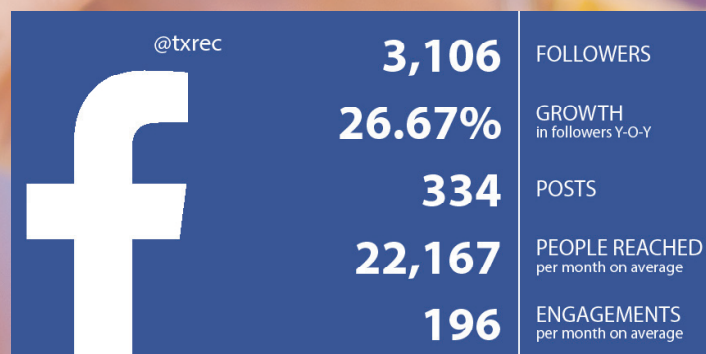
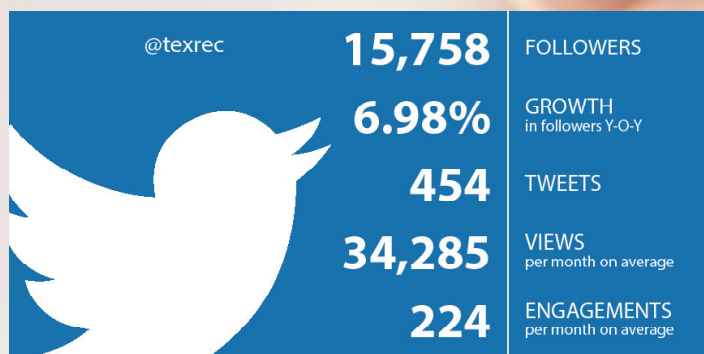
We understand that social media isn’t all business, so we always try to have a little fun. In February, we created a quiz that determines which major Texas city the taker should live in. The quiz was a fun break from the usual Center content.

Our social media efforts paid off. We ranked eighth on the Forbes Real Estate Council’s list of the best Twitter accounts for aspiring real estate investors to follow.

**“I personally follow Texas A&M Real Estate Center because I believe so much of success in real estate is understanding supply and demand,” Tim Herriage of 2020 REI Group told Forbes. “That truly is what determines location priority.”**

Thanks, Tim.

And thank you for following us and making our social media efforts successful. If you don’t follow us, we’re on Facebook, Twitter, Instagram, and LinkedIn. You’ll get the best of the Real Estate Center every day.



# SEMINARS, CONFERENCES, & TRAINING

The largest in terms of attendance were:

- “27th Annual Outlook for Texas Land Markets” (437 attendees). San Antonio.
- “31st Legal Seminar on Ad Valorem Taxation” (356 attendees, down about 125 because of Hurricane Harvey). San Antonio.
- “20th Annual Commercial Real Estate Course” (103 attendees). Houston.



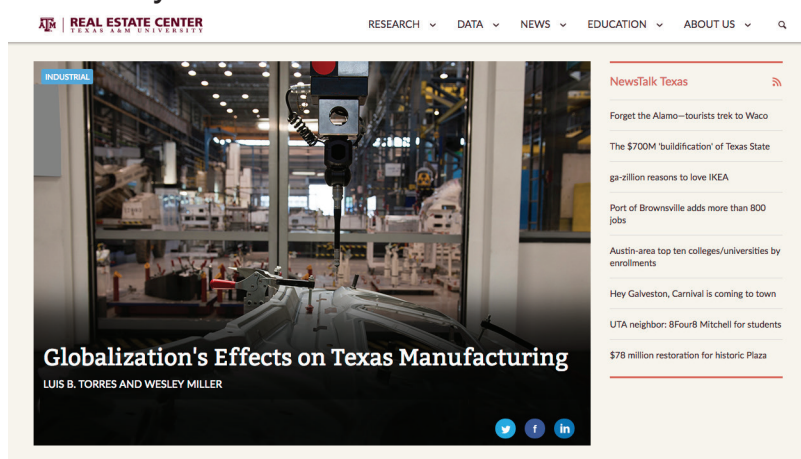
The Center held two Broker Responsibility Instructor Training courses. One course was held in Fort Worth, Austin, Houston, Dallas, and San Antonio. The other course and Legal Updates 1 & 2 Instructor Training were held in College Station.

The first ever “Texas Residential Realty Summit: Inside the Residential Transaction with Industry Partners” was held in Austin in partnership with the Texas Real Estate Commission.

Center Education Coordinator Denise Whisenant edited the Texas Real Estate Commission’s first Inspector Legal and Ethics textbook. It went into effect Sept. 1, 2017. She was also responsible for the student and teacher editions of Broker Responsibility, effective in January 2017.

# OUR WEBSITE

‘So easy even a caveman can use it’



Before the holidays last year, we invited RECON subscribers and social media followers to tell us which of our website’s features they find most useful. The response was immediate and, overall, extremely positive.

Our NewsTalk Texas news database, research library, data, monthly economic reports, and RECON newsletter turned up repeatedly on the list. Even our quizzes got a shout-out.

One person by the name of Fred didn’t single out a particular feature but rather made a general comment about usage.

“I like it because I am not tech savvy, and I can find my way through it and get the info and help I need!”

Phrasing it even more succinctly, another respondent said, “So easy to navigate even a caveman can do it!”

Here’s what others had to say (some have been edited for clarity):

**“NewsTalk Texas is a great way to find out what is going on around the state, especially in smaller markets often overlooked by other mainstream media.”**

**“The data tab is full of useful information for projecting future growth in our city. It’s helpful for corporations planning to move into the area.”**

**“Market Research shows the real figures, and I can see other market changes.”**

**“The data section—specifically the population and employment statistics—are helpful when pulling together info for investment memos.”**



## MATTRESS MACK

An ABC news story on Hurricane Harvey had a segment on furniture mogul Jim McIngvale's aid to flood victims. Imagine our surprise when a photo of 'Mattress Mack' popped up that was taken by REC photographer JP Beato III for a 2009 *Tierra Grande* article.

## WE ASK, YOU TELL

A poll asked *RECON* readers if they knew *Tierra Grande* articles are published online in advance of the print version. More than 57 percent answered "no" to knowing about the Center's digital-first program. Magazine articles appear on the REC website days or weeks ahead of the snail-mail version.

## PUT ON A HAPPY FACE

Credit Analyst Justin Schwertner with Happy State Bank in Abilene uses Center data. Home starts, building permits, and average home prices are included in packages for interim construction loans, commercial, single-family residential, rental investments, and others.

## THAT'S OUR GUY

Director Gary Maler was one of 13 Texas A&M employees named "transformational leaders" in Mays Business School. He was cited for helping shape the Center's culture, recruiting the right talent, setting the general direction, implementing strategy, and providing the leadership to accomplish great things.

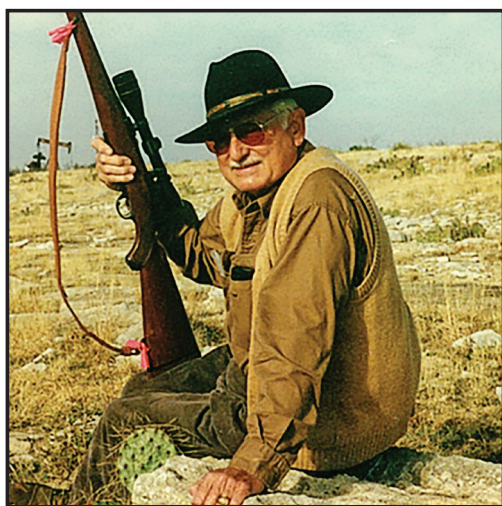
# COMINGS AND GOINGS

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## RUSTY ADAMS

E.V. "Rusty" Adams III is the new legal expert, joining the staff as only the second research attorney in the Center's 46-year history. He received a bachelor of business administration in management in 1996 and a master of marketing in 1998, both from Texas A&M. After graduating from Baylor Law School in 2004, he practiced general civil law, including real estate, in the Bryan-College Station area. He authored six legal articles during the year while fielding innumerable questions from Texans.



## DOC SCHMEDEMANN

Dr. Ivan W. "Doc" Schmedemann, 87, died March 18, 2017. He was known for developing and leading the master of land economics and real estate program, now the master of real estate program, in Mays Business School. Over nearly 25 years, more than 400 students benefitted from Doc's teaching and mentoring.



## JERROLD J. STERN

After writing real estate related tax articles and reports for 39 years, Jerry retired from his role as a Center research fellow. He was a professor emeritus of accounting in the Kelley School of Business at Indiana University.



## ALDEN DEMOSS

Demand for graphics continued to grow, especially in the areas of design, desktop publishing, and conference materials. As the newest graphics designer, Alden worked as a Center student worker prior to graduation from Texas A&M in 2016 with a degree in environmental design-architectural studies and a minor in art. She works on a wide range of digital, print, photography, and video projects, including *Tierra Grande* magazine.

# EVEN MORE RELEVANT

## Local MLS reports

The Real Estate Center continued supporting expansion of the Texas Data Relevance Project. The technology team generated monthly local market reports for all Texas Multiple Listing Services (MLSs) and supplied data for the attractive infographics generated from the Texas Association of Realtors (TAR) association executives' (AE) dashboard. In addition, the Center provided numerous special housing statistics files used by TAR to produce media-friendly quarterly and annual reports for the MLS boards.

Keeping the data flowing required many late hours and weekends for Research Data Scientist Gerald Klassen. MLS

system mergers and conversions by boards throughout the year created data challenges that called for continuous data auditing vigilance to protect the integrity of the project. This behind-the-scenes work is required to supply Texas Realtors with the most accurate market data available.

Eight new local market areas were created to help Austin Board of Realtors (ABoR) improve its media communications to the local editions of Community Impact Newspapers. The new market areas align with the geographic area covered by each edition. This enables each edition to more effectively communicate housing statistics to local residents. This support from the Center saves ABoR staff significant time and makes possible statistics that would not otherwise be available.

The TAR AE dashboard used to generate Data Relevance infographics with data provided by the Center has been a tremendous success. TAR reported that 3,000 infographics were generated in 2016. By mid-September 2017, the number

had already surpassed 3,400. TAR's colorful new year-in-review report with data provided by the Center produced a 57 percent increase in media placements, a 138 percent jump in total impressions, and a 79 percent higher advertising equivalency.

**"The Center's commitment to research on a statewide data aggregation project called 'data relevance' is a perfect example of selfless service. The resulting statistics produced by the Center are the most comprehensive and accurate data available for the Texas market."**

**- Travis Kessler, TAR president and CEO**

The Center's technology team spent many hours developing the prototype for a new Data Relevance Portal for delivering accurate housing data to MLS members across the state. The goal is to provide Texas Realtors with a simple-to-use portal that gives them the most accurate data available. This will help them provide better customer service and cut through the hype of housing data from other questionable sources. Stay tuned for exciting developments related to the portal in 2018.

The Center began producing attractive new monthly and quarterly housing reports for all Texas metropolitan areas. The reports were designed by Senior Data Analyst Joshua Roberson, the newest member of the Center's technology team. The reports are available to the public on the Center's website. They provide a comprehensive analysis of housing markets not found in any other publicly available report.

The technology team completed a major upgrade to the Center's Microsoft Azure computing environment without disruption to the website or operations. The upgrade ensures that the Center will continue to deliver impactful information to the public on a timely basis.

## BIG DATA UPDATE

The Real Estate Center's IT team is into big data in a big way. Check out the latest updates.

**4,594,094**

Number of MLS listings created by Texas Realtors since January 1, 2011.



**6.2 BILLION**

Total Real Estate Center statistical calculations January 2011 to August 2017.



**13,305**

Number of Texas geographies covered by the Center's statistical calculations.



**5,890,540**

Total Texas MLS residential sales since January 1990.



**\$1,051,224,764,284**

Total Texas MLS residential dollar volume since January 1990.

# Texas

# Housing Report

Residential (SF/COND/TH)

2016



Median price

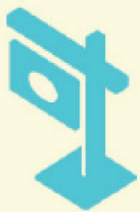
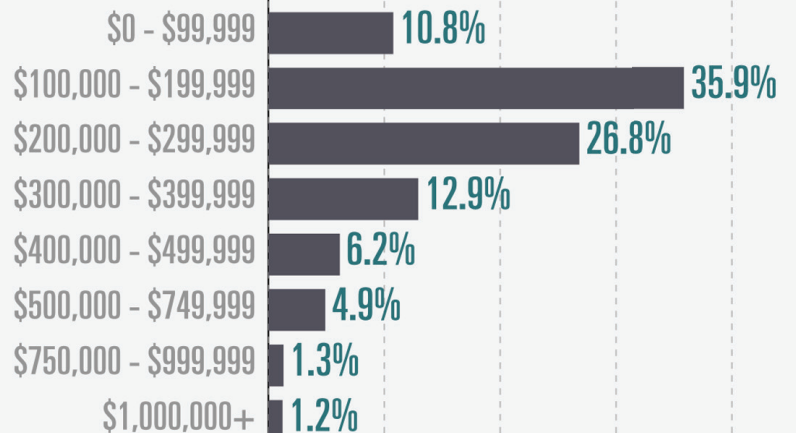
\$210,000

Up

7.7%

Compared to 2015

## Price Distribution



Active listings

Up

5.5%

96,562 in 2016



Closed sales

Up

4.7%

325,278 in 2016



Days on market

Active to Contract 57

Contract to Close 37

Total 94



Months of inventory

3.3

Compared to 3.3 in 2015





## IN SEARCH OF A SILVER LINING

The Center's fiscal year ended days after Hurricane Harvey slammed into Texas on Friday, Aug. 25, 2017. In the weeks that followed, Texas was the focus of the nation as tens of thousands were rescued, fed, and comforted.

It was apparent Texas would not be the same for a long time. The Category 5 storm caused an estimated \$125 billion in damage to Texas, much of it real estate.

As the floodwaters receded, the phone calls began to pour into the Real Estate Center. Chief Economist Dr. Jim Gaines was the focus of state, regional, and national media seeking to understand Harvey's impact on homes, businesses, and infrastructure.

"Houston's housing market accounts for roughly 25 percent of the Texas housing market," said Dr. Gaines, "and it could take months before the Houston area begins to enter the recovery phase and a few years before the impacted communities fully recover.

"Hurricane Harvey will send clouds through the entire Texas real estate market, slowing overall home sales and affecting prices. The damage from Harvey will have an immediate impact on Texas' housing activity."