

Texas Gains People – And Their Income

By Sheryl Jean

Texas was a big winner in the interstate movement of people and their taxable income in the last decade, according to new data from the Tax Foundation.

When people move to a new state, they bring along their income — and perhaps the income of a spouse or partner.

Texas ranked No. 3, after Florida and Arizona, in netting the most income from people's moves in and out of the state from 2000 to 2010, according to the Tax Foundation's analysis of federal income tax returns. Newcomers brought a net \$17.6 billion of adjusted gross income to Texas.

"This shows pretty much what we know" — that Texas has had net immigration for many years, said Pia Orrenius, senior economist for the Federal Reserve Bank of Dallas.

Nick Kasprak, analyst for the Tax Foundation, said, "The general trend has been people moving from the Northeast to the Southeast and Southwest."

Florida gained the most from the decade's migration, netting \$67.3 billion. Arizona was No. 2 with \$17.7 billion.

New York saw the biggest decline in net personal income (\$45.6 billion) as more people moved out than in. Next were California (\$29.4 billion) and Illinois (\$20.4 billion).

Where it came from

A quarter of Texas' net gain — \$4.46 billion — came from California. That was followed by Louisiana (\$2.63 billion), Illinois (\$1.53 billion), New York (\$1.13 billion) and Michigan (\$1.04 billion).

The latest U.S. census data shows Texas was the top destination for people from other states, with 140,888 net migrants for the year that ended in July 2012. Florida was No. 2, and Arizona was No. 3.

Separate Dallas Fed research shows that people who move to Texas from other states have more education than those already in Texas, Orrenius said. Their extra incomes boost consumption, increase demand for housing, and raise state and local tax revenue, she said.

So what draws people to one state over another?

"There are hundreds of reasons," including moving for a job, for family or because of the weather, Kasprak said. "Taxes are a factor when people are deciding where to live. At some point, states need to realize you can't raise taxes too high or people will move away."

Texas and Florida have no state income tax. Arizona's state income tax is the fifth-lowest, at 4.54 percent. California's state income tax is the nation's highest, at 13.3 percent. New York's is the eighth-highest, at 8.82 percent. In the case of Florida, Kasprak suspects many people are retiring there from the Northeast.

'Coming for work'

In Texas, people "are coming for work," Orrenius said. "We have a much better employment climate than many other states." Texas added 19,900 jobs in July, ranking No. 5 nationally. But the state created 293,000 jobs in the last 12 months, more than any other state.

Gov. Rick Perry has aggressively courted companies — and their employees — from states such as California and New York. On Tuesday, he launched a new advertising campaign in Missouri, promising lower taxes and fewer regulations. On the other hand, states like Texas have seen "growing pains," Orrenius said. This year, for example, the Legislature has been confronting water supply issues.

JOB GROWTH	Area New Jobs	1 Mo	6 Mo	12 Mo
	Estimate	End 9/30	End 9/30	End 9/30
	Dallas/Plano/Irving	11,400	43,600	78,900
	Fort Worth/Arlington	4,100	13,100	32,100
		15,500	56,700	111,000
INTEREST RATES	Rates	END 9/30		Yr. Ago
	10 Year Treasury		2.64%	1.65%
	11th District COFI		0.95%	1.09%
	1 Mo. LIBOR		0.18%	0.22%
	Best all in fixed rates for the best properties are around 4.14% (10 year maturity - Fannie Mae).			
SUPPLY/ DEMAND	Units Added/ Absorbed	6 Mo	12 Mo	24 Mo
		End 9/30	End 9/30	End 9/30
	Dallas County			
	Added	3,427	7,847	13,999
	Absorbed	4,315	8,902	16,169
	Tarrant County			
	Added	290	3,008	5,814
	Absorbed	992	3,614	7,693
OCCUPANCY RATES	Dallas County	9/30/2013	6 Mo Ago	12 Mo Ago
	2000's	88.6%	87.9%	91.3%
	1990's	94.9%	94.8%	95.0%
	1980's	93.9%	93.8%	92.2%
	1970's or Older	91.3%	90.7%	89.8%
	Tarrant County			
	2000's	92.6%	90.8%	93.5%
	1990's	94.0%	94.5%	94.6%
	1980's	93.8%	93.9%	93.2%
	1970's or Older	90.5%	90.3%	88.8%
RENTAL RATES	Dallas County	9/30/2013	6 Mo Ago	12 Mo Ago
	2000's	\$1,263	\$1,244	\$1,232
	1990's	\$1,133	\$1,104	\$1,093
	1980's	\$712	\$694	\$678
	1970's or Older	\$686	\$668	\$649
	Tarrant County			
	2000's	\$1,053	\$1,039	\$1,016
	1990's	\$980	\$962	\$945
	1980's	\$678	\$662	\$648
	1970's or Older	\$620	\$611	\$598
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's	1 Texas Workforce Commission 2 Banxquote.com 3 ALNsys.com - Rental rates are after concessions. Approx. 25% of 70's or older are all bills paid.		
	2007	82,200		
	2008	2,500		
	2009	(94,900)		
	2010	50,800		
	2011	51,200		
	2012	79,200		

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