Fort Bend County: Life in the Urban Fast Lane

Fort Bend County, 14 miles southwest of the central business district, is the fastest growing part of the Houston metropolitan area. Fort Bend’s spectacular success in recent years has earned it a long and growing list of accolades: Woods and Poole, an economic consulting group, listed it as having the 10th strongest economic base of any U.S. county; American Demographics Inc. named it the nation’s third-best address for managerial and professional workers; Texas Business named its Sugar Land community the second-best city in Texas for corporate expansion or relocation. Census data show that among counties with 250,000 or more residents, Fort Bend enjoyed the second-fastest population growth of any U.S. county through the first half of the 1990s, trailing only Clark County in the Las Vegas, Nevada, area.

What’s the formula for this kind of growth? Fort Bend’s companions on these high-performance lists are mostly suburban counties across the United States, including cities such as Washington, D.C., Atlanta and Memphis. High-growth Texas counties include Williamson (Round Rock and Georgetown near Austin) and the more mature Collin County (Plano and North Dallas). Fort Bend might be dismissed as just another emerging suburb, except that its level of success sets it apart. This article examines the general formula for suburban growth, as well as Fort Bend’s adroit application of these high-growth principles.

RISING INCOME LEVELS

Is the growth of the suburbs simply a product of growing affluence? The economic studies available say no. There are two conflicting forces at work in suburbanization as income rises, and the
forces offset one another.

First, as affluence rises, commuters sacrifice more income per minute of travel time. The opportunity cost of commuting increases, and the attraction of long trips to work decreases. Second, higher income makes larger lots attractive. As income increases, consumers are willing to travel greater distances as they are pulled toward inexpensive suburban land.

On average, for suburbs of cities across the United States, the studies suggest that the two conflicting effects tend to cancel each other out. For Fort Bend, however, these factors probably yield local advantages. First, the key competitor suburbs of Houston—such as the Woodlands, the FM 1960 area or Kingwood—are to the north and northwest; the suburbs in eastern Fort Bend County are closer and offer better commuting times to both the central business district and the Galleria office and retail complex. Other things equal, Fort Bend should be the first choice of the affluent commuter.

Second, throughout the Houston suburbs, we find an unusually large supply of inexpensive land. This is the result, in part, of geography and history and, in part, of Houston’s unique reliance on more than 500 municipal utility districts that develop suburban infrastructure on demand. In Fort Bend’s case, land has been available in extraordinarily large tracts. In the 1980s, as the oil bust sent residential property values across the city plummeting, Houston’s large master-planned communities became a safe haven for homeowners, with property values preserved best in large developments that offered a uniform and high-quality product. These planned communities also provided significant cost savings to the developer through economies of scale, and developers in turn offered highly competitive home prices. Such large-scale developments, however, depended on the unique availability of large tracts of land.

It was here that Sugar Land and Fort Bend County’s past as an agricultural area—especially its plantation history in sugar, rice and other products—came into play. Fort Bend’s legacy was the large tracts required for residential development.

The first of the 11 planned communities now located in Fort Bend was the 1,200-acre Sugar Creek development, begun in the late 1960s on farmland belonging to the Imperial Sugar Co. The project’s success quickly led to Imperial Sugar’s sale of another 7,500 acres of its plantation to Gerald Hines, who opened the massive First Colony development. Now, more than 25 years later, First Colony covers 9,700 acres and is nearing the end of its development life. The most recent of the county’s 11 planned communities, just beginning development, is the 6,100-acre Sienna Plantation on Highway 6 near Arcola. In another 20 to 25 years, this community is expected to be home to 35,000 residents in 14,000 households.

Location and timing have worked for Fort Bend. Large tracts of land located close to the inner city give it important advantages over other Houston suburbs.

SUBURB VERSUS CENTRAL CITY

Suburban advantages over the central city usually assume three dimensions: taxes, schools and crime. Fort Bend has been able to exploit all three factors.

The Houston metropolitan area does not suffer the classic central city/suburban fiscal relationship, characterized by a downward spiral in the inner city touched off a declining tax base, which forces higher central city tax rates, which drive business to the suburbs, and so forth. Although Fort Bend has used its growing tax base to cut its property taxes in recent years, property taxes generally remain higher throughout the suburbs than in the city, and Houston’s inner loop has actually experienced moderate population growth in the 1990s.

Fort Bend’s fiscal advantages have been strategic strikes. For example, Stafford—located on the rich retail alley along Interstate 59 South—has eliminated all property taxes to draw retailers and, instead, finances the city budget through its growing sales tax revenue. Throughout the county, various communities have dropped the statewide tax on inventories—the so-called freeport exemption—and have attracted numerous valve and computer manufacturers as a result. Finally, aggressive city and county property tax abatements are negotiated with companies that bring well-paying jobs or match the upscale image the county promotes.

Schools and crime are important factors in drawing population to the suburbs. According to Texas’ test-based rating system for schools, in 1994–95 both the Houston Independent School District (HISD) and the Fort Bend ISD...
had seven schools achieve the top “exemplary” rating. The total number of schools ranked, however, was 263 HISD schools, compared with 41 in Fort Bend ISD. All the Fort Bend schools were at least “acceptable” under this rating system, while over a quarter of the HISD schools were not. Similar comparisons can be made to school districts located throughout suburban Fort Bend, Harris and Montgomery counties.

There is no question that the Houston metropolitan area has made great progress in reducing its overall crime rate in recent years: crime in Houston is now lower than in Dallas, San Antonio and even Austin. However, within the metropolitan area, violent crimes are three times more common in Harris County than in Fort Bend, and nonviolent crime is twice as common in Harris County.

The role of race in Houston’s suburbanization is harder to fathom today. In the 1960s, the integration of many of Houston’s inner-city neighborhoods led to white-flight, and neighborhood demographics shifted quickly into minority status. Today, the planned communities of suburban Fort Bend County are racially and ethnically integrated, but income and class have replaced race as the selection criteria for entry. These new suburbs still leave the economically disadvantaged behind as an inner-city problem.

MORE THAN A SUBURB?

Fort Bend primarily depends on the commuter for income. Figure 1 shows the net gain in wages, salaries and employer-paid benefits to Fort Bend and Montgomery County as commuters cross county lines. In 1994, 54 percent of wages and salaries earned by Fort Bend residents came from outside the county, a figure that slipped from 58.6 percent in 1990. Fort Bend’s rise as a commuter county in the 1970s is also evident in Figure 1, as is Montgomery County’s similar dependence on commuter traffic for half or more of local wages and salaries.

The first businesses to follow commuters to the suburbs are retailers, and the relatively affluent Fort Bend commuters have not been neglected in this regard. Development followed a predictable pattern: at first, “one-stop” retailers such as dry cleaners, building materials and food stores moved to Fort Bend, with comparison shopping such as clothing and furniture left to the city. However, the recent opening of the First Colony Mall and retail centers such as the Fountains in Stafford have brought higher levels of retailing to Fort Bend. Taxable retail sales averaged annual increases of 9 percent from 1989 to 1995. The addition of First Colony Mall in 1995, however, pushed retail sales up 15.8 percent between 1995 and 1996.

The second phase of suburban business development comes as employers follow employees back to the suburbs. With only 20 percent of Houston’s office space in the central business district and most of it spread across the city’s freeways and interchanges, suburbs like Fort Bend have become significant white-collar employers. Companies such as Fluor Daniel, Prudential Insurance, Schlumberger, Unocal and MCI continue to move large numbers of professional and managerial employees into Fort Bend County.

Combining this white-collar employment with a growing contingent of clean, light industry in electronics, valves and oil equipment, Fort Bend is slowly developing a local economic base apart from its commuters. Its dependence on the city of Houston and Harris County remains high, however, not just for commuter income but for the social, cultural and sporting amenities the suburbs cannot provide.

— Robert W. Gilmer
Timothy K. Hopper
Economic expansion remains moderate in Houston, with a notable slowdown in the local construction in recent months. Early results indicate a good holiday season ahead for retailers. Oil machinery and durable manufacturing employment continue to grow in response to higher energy prices.

RETAILING
After good fall sales, local retailers are looking forward to a great holiday season. Some, however, are concerned about its shortness this year. Heavy seasonal promotions began well before Thanksgiving, and early results indicate excellent sales.

ENERGY PRICES AND REFINING
Weather in recent weeks has been driving markets for crude oil and related products, especially heating oil. Heating oil inventories are still 16 percent under last year’s levels, and efforts to rebuild stocks have cut gasoline production and inventories and pulled gasoline stocks to the lowest levels in 25 years. Gasoline prices at the pump have been about 17 cents higher than at this time last year.

Crude oil and natural gas prices languished in warm November weather, but a cold December in the Midwest and along the East Coast revived both. Crude oil rebounded to $23 to $25 per barrel, and spot prices for natural gas at the Henry Hub in Louisiana have been over $3. Natural gas inventories remain 8 percent below 1995 levels and are being drawn down unusually early.

Refiners were unable to capitalize on rising oil product prices to build profits, as low inventories and rising crude prices raised production costs almost as fast as product prices.

OIL SERVICES AND MACHINERY
Demand for oil services and machinery remains exceptionally strong, capacity is limited and numerous shortages of geophysical and oil field skills are being reported. Over the past 12 months, Houston has added 1,300 jobs in oil field machinery and 6,200 in durable manufacturing.

Offshore work has peaked worldwide, with rigs unavailable to expand operations. Domestic onshore drilling has increased by about 75 rigs over this time last year.

With 50 or more rigs added in recent weeks, Texas has been the biggest winner in this onshore expansion. Texas drilling has extended beyond the Gulf Coast region and into South Texas, with natural gas as the chief objective.

PETROCHEMICALS
Higher prices for natural gas liquids and oil are hurting petrochemical producers. Both domestic and foreign demand remains strong, but not strong enough to pass through all the recent increase in feedstock costs.

REAL ESTATE
Home sales in Houston showed mixed results in October. Existing home sales were up 2 percent over the October 1995 level, while new home sales dropped 14 percent. New home inventories were up 19 percent over a year ago, and prices of newly built homes were pushed up sharply by higher lumber and wallboard prices.

One respondent expressed concern about a softer market for new apartments, with landlords beginning to grant concessions. The industrial warehouse market remains strong, and the suburban office market is probably poised for modest expansion.