NoteWorthy

QUOTABLE: “The regional economy remains in expansion, buoyed in part by strong energy activity.”

—Jesus Cañas, Associate Economist

AGRICULTURE: Pecan Prices Remain Strong, but Drought Hurts Production

Pecan prices remained high in Texas last year, reflecting a drought-restrained harvest, growers say. Nationally, prices rose to $2.30 per pound in 2010 from $1.34 two years earlier.

The U.S. is the world’s top pecan producer, and among the states, Texas has the second-largest harvest after Georgia. Texas’ 70-million-pound production in 2010 was valued at $159 million. Pecan trees produce in two-year cycles that lead to heavy production one year (called the “on year”) and light production the next year (the “off year”). On years in Texas yield around 70 million pounds, off years about 40 million pounds. Though 2010 was a historically established off year, production was more in line with an on year.

Asian demand and industry marketing efforts highlighting pecans’ health benefits have helped boost prices. U.S. pecan exports to China, Hong Kong and Vietnam have increased 13-fold over five years.

Texas growers couldn’t take full advantage of high prices in 2011, an on year, because of production lost to the drought. The 2011 crop likely totaled about 40 million pounds, the U.S. Department of Agriculture estimated. The extent of damage remains unknown; production from damaged and distressed trees in 2012 will reveal the drought’s lasting effects.

—Yingda Bi

POPULATION GROWTH: Texas’ 10-Year Increase Leads the States

Texas’ population reached nearly 25.7 million in July 2011 after gaining 4.3 million, or 20.4 percent, in the past decade, according to Census Bureau population estimates. Texas has again posted the largest population increase over a 10-year period among the states. In terms of percent growth, Texas advanced one spot to fourth place, trailing Nevada, Utah and Arizona.

Over the past decade, net domestic and international migration have accounted for roughly 45 percent of growth in Texas. In the early 2000s, this increase was largely due to high international migration, but as the recent financial crisis unfolded, the amount of net international migration was halved in Texas and nationally.

Texas has been the No. 1 destination for domestic migrants since 2006. Between July 2010 and July 2011, Texas gained more than 115,000 new residents from other states, net of those who left the state. This represents a doubling of the average net domestic movement from the rest of the U.S. to Texas over the past 10 years.

Many of these arrivals were likely drawn by the strength of the Texas economy. Texas metros occupy four of the top five slots in the Milken Institute’s 2011 rankings of U.S. metropolitan areas by economic growth and job creation, and Houston was first among the 10 largest metros.

—Christina Daly

VENTURE CAPITAL: Texas Spending Rebounds from Recession Low

Venture capital spending in Texas increased during third quarter 2011 by more than 100 percent on a quarter-over-quarter basis, to almost $600 million. The figure was 59 percent more than the year-earlier period. The activity, marking the single strongest quarter for Texas since 2001, continues a recovery from recession lows reached in 2009.

Texas’ share of total U.S. venture capital rose to 8.6 percent, above its long-term average of about 5 percent. The only states receiving a greater share were perennial leaders New York and California. However, Texas’ share measured on a trailing four-quarter basis remained at its long-term average.

Biotechnology-focused investment drove the Texas increase, accounting for 52 percent of all funds invested, above the usual range of 0–15 percent. Industrial and energy investment fell slightly from the second quarter but remained near the highest levels seen since 2008, likely driven by elevated oil prices. Media and entertainment spending declined, while medical device and equipment expenditures rebounded to a more normal level from virtually zero in the second quarter.

Given the third quarter’s unusually high level of biotechnology investment, a falloff might be expected in both biotechnology and total venture capital spending during the fourth quarter. However, that wouldn’t necessarily be a negative indicator, since quarterly spending has significantly rebounded from early 2009.

—Jackson Thies