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Report: Texas economy poised for rebound

Austin Business Journal - by [Greg Barr](#)

The Texas economy is predicted to begin a slow, steady recovery in 2010, according to an economic report released Monday.

After a small contraction in 2009, the state's gross domestic product is expected to increase by 1.7 percent in 2010, aided in part by a surge in home sales, according to economists with BBVA Compass. The GDP of the entire country, by contrast, is predicted to increase by only 0.2 percent next year.

The bank's U.S. Regional Watch third-quarter report released Monday, said that although the worst of the economic crisis has passed, fiscal pressures will affect some states more than others and dictate the pace of their recovery.

Though 48 states predicted budget shortfalls at the beginning of the year, with Texas projecting a 9.5 percent deficit, it is the only state among the seven Sun Belt states covered by BBVA Compass to forecast a balanced budget in 2010.

"Texas has fared the best with revenue growth exceeding the U.S. average," the report said. "The higher than average growth throughout 2008 could be one of the reasons that Texas is better positioned with a smaller than average budget gap going into FY2010 and no expected gap for FY2011."

The report also said that Texas will benefit the most from funding through the federal government stimulus program, considering the amount of money to be received by the state equates to its entire 2009 budget shortfall.

Although the commercial real estate market is expected to face difficulties into 2010, home sales across Texas are predicted to increase by 4.5 percent in 2010 after declining by 12 percent by the end of 2009.

The report compared the outlook for the seven states within the BBVA Compass Sun Belt footprint — Texas, California, Alabama, Arizona, Colorado, Florida and New Mexico.

BBVA Compass is the U.S. banking arm of Spanish financial services giant **Banco Bilbao Vizcaya Argentaria SA**. The holding company for BBVA's U.S. operations is based in Houston.

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