

Selling Food is Good Business in the Capital Area- But What About Local Food Production?

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Over the past 10 years, population in the Capital Area has grown by roughly 50,000 people per year. Noting how newcomers are changing Central Texas is an evergreen discussion topic, but one thing that newcomers and long-time residents have in common is that both buy food locally. And rapid population growth has been good for the Capital Area food industry.

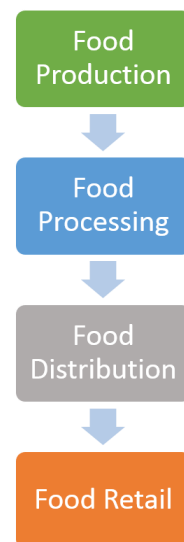
Between 2011 and 2016, total earnings in food retail (primarily grocery stores and restaurants) in the Capital Area grew by nearly 51 percent. Earnings per worker grew by almost 15 percent. Estimated total sales for the food retail sector in the Capital Area in 2015 was just shy of \$7.6 billion.^[i] Put succinctly, there's quite a lot of money being spent on food in the Capital Area.

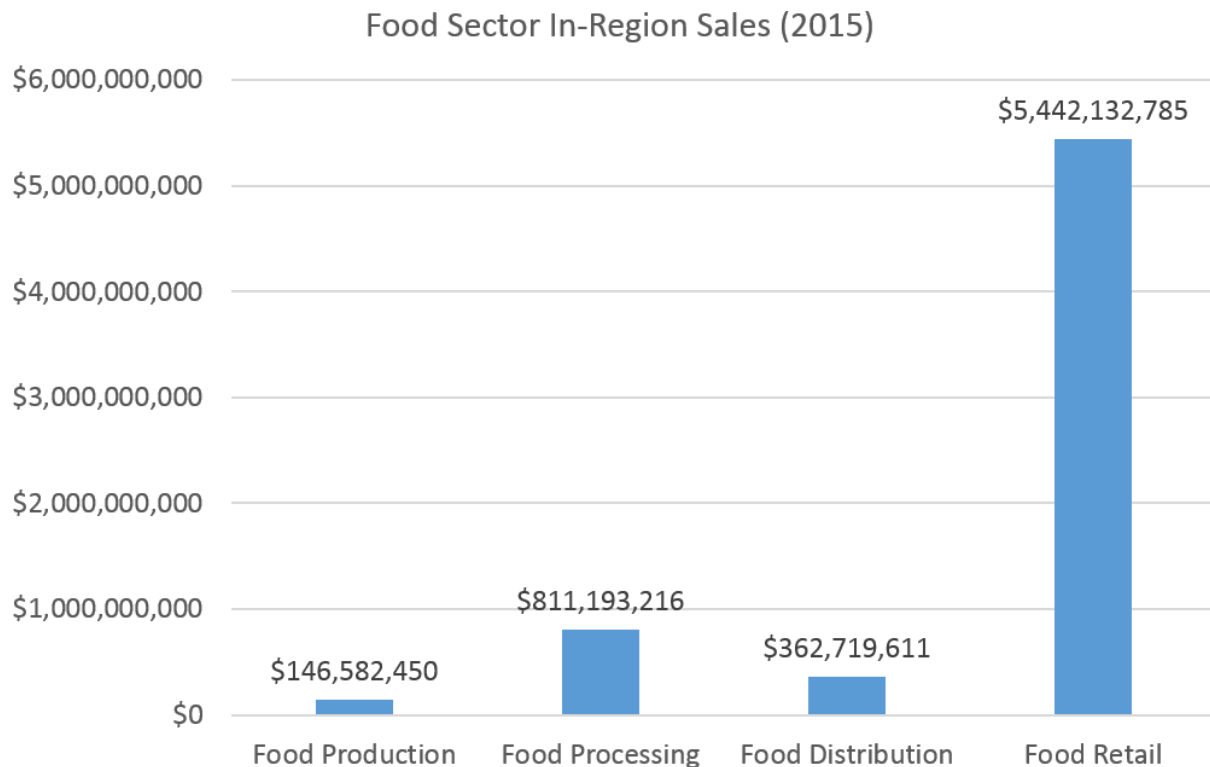
But for all of the attention that goes to locally-sourced produce at grocery stores, farmers markets, and farm-to-table restaurants, it's worth asking, "Just how much of what we eat actually comes from local sources?" And for those approaching this question from an economic development angle, "How many of those dollars being spent on food are staying in the local economy, as opposed to going to food producers elsewhere?"

The Opportunity

As it turns out, the overwhelming majority of dollars spent on food in the Capital Area leave the local economy. The figure below illustrates in-region (the 10-county Capital Area) sales by segment of the food production value chain. The figure shows local food retail sales outpace food production, processing, and distribution by about \$4.1 billion. In other words, retail sales in the area are about \$4.1 billion larger than the sales of the wholesale sectors that feed into it. ^[ii]

The Food Production Value Chain





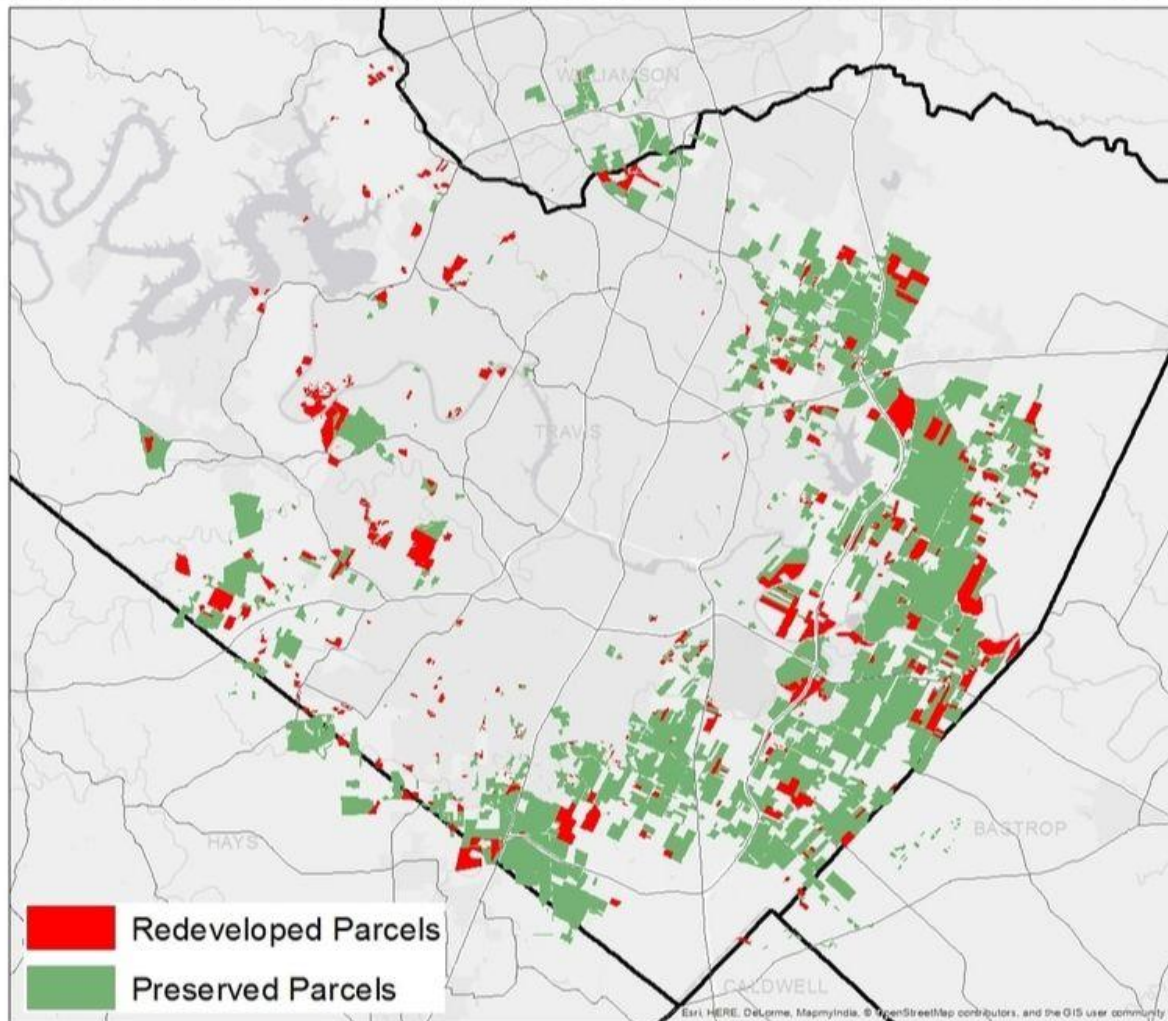
Source: EMSI

To some degree, those figures aren't surprising. After all, it is not particularly realistic to imagine that the Capital Area produces all of the food that it consumes. However, given the scale of the food economy in the region, it makes sense to explore the sector more to make sure we aren't leaving money on the table.

Food Production in Focus

If we focus on the food production segment of the value chain (assuming that more production is an excellent way to drive additional processing and distribution), a number of trends come to light. Most notably, the rapid population growth in the Capital Area, and in Austin in particular, has made land both a more scarce and a more valuable commodity. The following map illustrates the loss of agricultural land in Austin from 2006 to 2014. Specifically, the map shows **a considerable portion of agricultural parcels within the City of Austin's full-purpose and extraterritorial jurisdictions was redeveloped in just eight years (red parcels) versus preserved for agricultural use (green parcels)**. And while we only have the comprehensive GIS land use data to map this change for the City of Austin at this time, parallel trends are already taking place in many other communities near the Austin area.

Agricultural Land Use in Austin: Parcels Preserved and Lost from 2006 to 2014



Looking at the implications for Austin specifically, the bulk of land being used for agricultural purposes lies to the east of central Austin, where productive [Blackland Prairie soil](#) reigns and prime farmland is abundant. But intense demand for new housing and commercial development and, in turn, increasing land valuations throughout Travis County have put financial pressure on the eastern margins for those engaged in agricultural production. The resulting loss of agricultural land is not surprising, given those conditions. It is, however, a trend that undermines [years of food policy efforts](#) by the City of Austin, including most recently the [Food Access Resolution](#) adopted in 2016. **Looking forward, Austin must consider how to address the need for economic development in East Austin – as well as the citywide demand for additional housing stock – within the context of stated food system priorities.** CodeNEXT, the re-write of Austin’s land development code, will be of critical importance in striking that balance. The Austin/Travis County Food Policy Board, for example, has advanced a set of [recommendations for CodeNEXT](#) to ensure the new land development code supports a sustainable local food system, including protecting agricultural land for food production.

Data Points – A blog produced by the Capital Area Council of Governments

Looking with a more regional perspective, many communities throughout the Capital Area have historical ties to food production and feature food as a key characteristic of the community (e.g., wine in Blanco County, locally-grown produce in Elgin, etc.). The following table shows regional sales in 2015 in the food production sector by county, highlighting the important role food production currently plays across the region.

County	2015 Food Production Sales
Bastrop	\$220,859,827.00
Blanco	\$136,519,659.00
Burnet	\$162,873,201.00
Caldwell	\$212,731,124.00
Fayette	\$521,978,075.00
Hays	\$219,989,809.00
Lee	\$250,807,026.00
Llano	\$105,407,391.00
Travis	\$185,881,301.00
Williamson	\$303,876,405.00

As the map presented earlier illustrates, the development pressures on land currently being used for agricultural purposes are likely to continue spreading. **Hence, local jurisdictions throughout the region need to plan out where they want this impending growth to occur as it reaches their communities, decide where they want to preserve land for food production, and then take appropriate policy measures to support those plans.**

In short, the data show that there is substantial economic opportunity in the Capital Area's food sector. As the population continues to grow, demand for food will only increase, and local production of that food offers the chance to keep more of those food dollars in the local economy. However, growth pressures tend to work against the viability of local food production by increasing land values and making redevelopment more profitable. Many of the communities in the region are committed to the idea of local food production. But more work is clearly needed to identify the best ways for the Capital Area, as an integrated region of both prolific rural areas and populous urban areas, to maximize its food production potential—and capture the resulting economic benefit.

Sources:

[i]: Economic Modeling Specialists International (EMSI)

[ii]: Ibid.