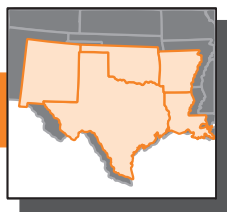


Housing Market Profile



Southwest • HUD Region VI

El Paso, Texas

The El Paso metropolitan area is located in west Texas along the Mexican border and consists of El Paso County. The metropolitan area is home to the University of Texas at El Paso (UTEP) and Fort Bliss Army Base, headquarters for the 1st Armored Division, the William Beaumont Army Medical Center, and the U.S. Army Sergeants Major Academy. As the largest employer in the area, with approximately 38,600 military and 13,100 civilian personnel, Fort Bliss has an estimated \$3.7 billion annual economic impact on the metropolitan area, according to the U.S. Army. UTEP, with approximately 22,650 students and more than 2,875 faculty and staff, has an annual economic impact of \$438 million on the metropolitan area, up from \$295 million in 2008, according to UTEP.

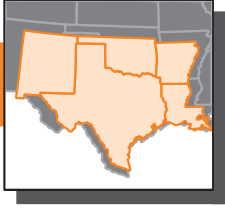
As of July 1, 2012, the estimated population of the metropolitan area was 838,000, an average annual increase of 16,600, or 2.1 percent, since July 2010 compared with an average annual increase of 1.8 percent between 2007 and 2009. From 2005 through 2007, the average net out-migration was 3,850 people each year. Since 2008, the average net in-migration has been 5,275 people annually, primarily because of the addition of military personnel at Fort Bliss. As a result of Base Realignment and Closure (BRAC) legislation, the current number of military and civilian personnel has increased by an average of 9.2 percent annually since 2008.

Nonfarm payrolls in the metropolitan area averaged 282,200 jobs during the 12 months ending May 2012, up 3,425 jobs, or 1.2 percent, compared with an increase of 4,225 jobs, or 1.5 percent, during the previous 12 months. The education and health services sector grew by approximately 2,075 jobs, or 5.7 percent, from a year ago because of the opening of three new medical facilities: the Paul F. Foster School of Medicine, El Paso Children's Hospital, and the University Medical Center of El Paso, a leading academic teaching center. In addition, the leisure and hospitality sector increased by 1,525 jobs, or 5.4 percent, because of hiring in local hotels. Offsetting some of these gains, the government and the mining, logging, and construction sectors declined by 2,450 and 950 jobs, or 3.6 and 6.4 percent, respectively. Job losses in the government sector are predominantly at the local level because of lower revenues. The largest private employer is T & T Staff Management followed by University Medical Center, with 5,025 and 2,450 employees, respectively.

During the 12 months ending April 2012, the average unemployment rate in the metropolitan area was 10 percent, unchanged from the rate recorded a year earlier.

Sales housing market conditions in the El Paso metropolitan area are currently balanced, with an estimated vacancy rate of 1.6 percent, unchanged compared with the rate reported a year ago. According to the Real Estate Center at Texas A&M University, during the 12 months ending May 2012, the number of new and existing single-family homes sold totaled 5,150, a decrease of 1 percent from the 5,200 homes sold during the previous 12-month period and relatively unchanged from the average of 5,450 homes sold from 2007 through 2009. In comparison, home sales volume peaked at 7,250 homes in 2006. According to the same source, the supply of unsold inventory averaged 7.5 months during the 12 months ending May 2012, up from 6.9 months of unsold inventory during the previous 12-month period. The average home sales price in the metropolitan area was \$154,500 during the 12 months ending May 2012, up nearly 13 percent because of the higher cost of new home construction compared with the average home sales price during the previous 12 months, but less than the peak of about \$161,000 in 2008. The average home sale price was less than the average price of \$155,200 recorded during the comparable periods ending 2006 through 2009. According to LPS Applied Analytics, in May 2012, 4.6 percent of total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), unchanged from May 2011.

In response to balanced sales housing market conditions, developers increased new home construction activity, as measured by the number of building permits issued for single-family homes. According to preliminary data, during the 12 months ending May 2012, building permits were issued for 3,050 new single-family homes, up 2 percent from the previous 12 months. Single-family home construction activity in the metropolitan area remains less than the average from 2006 through 2009, when 3,150 homes were permitted annually. An estimated 1,050 homes are currently under construction in the metropolitan area. New single-family subdivisions located west of the city of El Paso include the 136-home Cimarron Sky and the 285-home Falls at Cimarron, with home sales prices starting at \$186,000 and \$200,000, respectively. Approximately 50 percent of the homes have been built at Cimarron Sky, with completion expected for the fall of 2013.



Rental housing market conditions in the metropolitan area are tight because of the increase in the number of personnel at Fort Bliss since 2008 and a limited supply of new rental units in lease-up. The overall vacancy rate is estimated at 5.0 percent, up from 4.4 percent reported in April 2010. According to Reis, Inc., the apartment vacancy rate increased to 5.0 percent during the first quarter of 2012 from 4.8 percent during the first quarter of 2011, and the average asking rent increased nearly 3 percent to \$695. Multifamily construction, which consisted almost entirely of rental apartment units during the past year, totaled 725 units during the 12 months ending May 2012, based on preliminary data, down 31 percent compared with the number of units permitted during the same period a year earlier. Multifamily permits averaged 820 units annually from 2008 through 2009 and remain lower

than the peak of 1,190 units permitted in 2007. An estimated 1,025 apartment units currently are under construction. The Bungalows at Hueco Estates, located in El Paso's upper eastside, is a 430-unit apartment complex that opened in late 2011 and is in lease-up, with rents starting at \$720, \$905, and \$1,060 for one-, two- and three-bedroom units, respectively. Currently under construction and expected to be completed by the end of 2012, is the 250-unit Puerta Villa at Cimarron Apartments, located west of El Paso, with rents starting at \$790 for one-bedroom units, \$960 for two-bedroom units, and \$1,075 for three-bedroom units. The Reserve at Sandstone Ranch, a 246-unit complex located northeast of El Paso, is currently under construction and expected to be completed at the end of 2013, with rents starting at \$645 and \$875 for one- and two-bedroom units, respectively.