

# Housing Market Profile



Southwest • HUD Region VI

## Amarillo, Texas

The Amarillo metropolitan area, in northwest Texas, comprises Armstrong, Carson, Potter, and Randall Counties. As of January 1, 2013, the estimated population of the metropolitan area was 258,400, an average annual increase of approximately 3,100, or 1.2 percent, since July 2010. By comparison, from 2007 to 2009, the population increased at an average annual rate of 2,300, or 1.0 percent. The Amarillo metropolitan area is a regional center for trade, health services, and higher education. Net in-migration averaged 100 people a year from 2002 through 2007 but slowed to average 50 people a year from 2008 through 2010. Retirees are attracted to the metropolitan area because of affordable home prices, the mild climate, high-quality medical facilities, and other services such as shopping and entertainment. The metropolitan area is home to West Texas A&M University, with approximately 7,950 students, 820 faculty and staff, and an annual budget of \$116 million, according to the university.

Nonfarm payrolls in the metropolitan area for the 12 months ending November 2012 averaged 113,760 jobs, up 2,125, or 1.9 percent, compared with the number of jobs recorded during the previous 12-month period. During the 12 months ending November 2012, growth was strongest in the leisure and hospitality sector, which increased by 820 jobs, or 11.2 percent. Employment in the wholesale and retail trade and the education and health services sectors rose by 530 and 400 jobs, or 17.2 and 14.4 percent, respectively. During the past 12 months, the unemployment rate in the metropolitan area decreased to 4.9 percent compared with the 5.5-percent rate recorded in the previous 12 months.

The Harrington Regional Medical Center (HRMC) is a major economic presence in the metropolitan area. With approximately 10,000 employees at various member institutions, including facilities operated by Texas Tech University Health Sciences Center and Texas A&M University, HRMC facilities have a combined economic impact of more than \$1 billion on the metropolitan area, according to an HRMC economic impact report. Other leading employers in the metropolitan area include Tyson Foods, Inc., The Babcock & Wilcox Technical Service, Pantex, LLC, and Baptist St. Anthony's Health System, each employing more than 2,500 people. In addition, Bell Helicopter Textron Inc., a manufacturing company that currently employs more than 1,375 workers in the

metropolitan area, plans to hire about 140 additional workers during the next 2 years. The Amarillo Economic Development Corporation and the city of Amarillo are providing \$5 million to Bell Helicopter to manufacture the company's newest civilian aircraft, the 525 Relentless, in the metropolitan area.

The home sales market in the Amarillo metropolitan area is currently balanced. Steady population growth, a growing economy, and low mortgage interest rates contributed to strong sales demand for homes during the past 3 years. According to the Real Estate Center at Texas A&M University, during the 12 months ending November 2012, the number of new and existing single-family homes sold totaled 2,900, an increase of 7 percent from 2,700 during the previous 12-month period but less than the average of 3,125 homes sold annually from 2007 through 2009. During the 12 months ending November 2012, the average home sales price in the metropolitan area was \$156,000, up 10 percent compared with the average price during the previous 12 months. According to LPS Applied Analytics, in November 2012, 3.9 percent of all home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), unchanged from a year earlier.

Single-family home construction, as measured by the number of homes permitted, decreased by 25 homes, or 4 percent, to 570 single-family homes permitted in the metropolitan area during the 12 months ending November 2012 compared with the number permitted during the previous 12 months, based on preliminary data. From 2007 through 2009, an average of 600 homes was permitted annually. New home developments are primarily in the south, southwest, and northwest portions of the city of Amarillo because of the availability of land for development and proximity to employment centers. New home prices start at approximately \$90,000 for a 1,200-square-foot, three-bedroom, two-bathroom house with a garage.

Rental housing market conditions remain soft in the Amarillo metropolitan area. As homes sales demand increased, demand for rental units weakened. The vacancy rate for all rental units was estimated at 9 percent as of January 2013, down from 10 percent in April 2010. According to data from ALN Systems, Inc., for the 12-month period ending November 2012, the vacancy rate for apartments was 9.0 percent compared with the 8.1-percent rate of a year earlier. Average rents increased 3 percent during the past year, and apartment rents currently average \$555 for one-bedroom units, \$725 for two-bedroom units, and \$790 for three-bedroom units.



Multifamily construction activity, as measured by the number of units permitted, increased significantly in the past year, according to preliminary data. During the 12 months ending November 2012, approximately 480 multifamily units were permitted in the metropolitan area compared with the 45 units permitted during the previous 12-month period. The current level of building activity is also above the average of 455 units permitted annually from 2006 through 2008. The 262-unit Park

at Coulter Apartments is under construction west of Amarillo and is expected to be complete by early 2013, with rents expected to start at \$800 for one-bedroom units and \$980 for two-bedroom units. Salt Fork Apartments at Red Stone, a 210-unit complex southwest of Amarillo, is also under construction and is expected to be complete in the summer of 2013, with rents starting at \$725 for one-bedroom units, \$1,050 for two-bedroom units, and \$1,250 for three-bedroom units.