

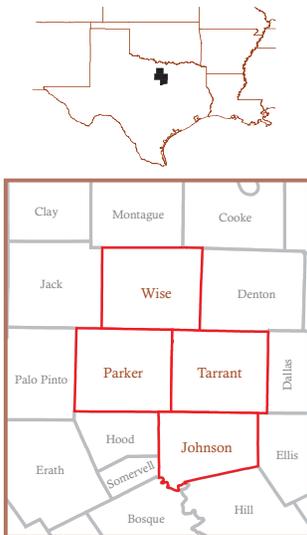


Fort Worth, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2008



Housing Market Area



The Fort Worth, Texas Housing Market Area (HMA) is located in north-central Texas, 30 miles west of Dallas, and comprises Tarrant, Johnson, Parker, and Wise Counties. Fort Worth, the fifth largest city in the state, is the county seat of Tarrant County. The estimated HMA population as of June 1, 2008, is 2,054,600, with 85 percent of the population residing in Tarrant County.

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Summary

Economy

During the 12 months ending May 2008, nonfarm employment in the Fort Worth HMA averaged 875,300, an increase of 23,100 jobs, or 2.7 percent, compared with the the number of jobs reported for the previous 12 months. Most of the job growth occurred in the professional and business services, education and health services, and natural resources, mining, and construction sectors. Nonfarm employment is projected to increase by an annual average of 1.5 percent during the next 3 years. The leading private-sector employers in the HMA include American Airlines, Inc., and Lockheed Martin Aeronautics Company.

Sales Market

Since 2000, the sales housing market has been balanced as a result of strong economic growth and affordable home sales prices. Home sales decreased by 11 percent to 10,790 units during the 12-month period ending May 2008, but the average home sales price increased by 4 percent to \$145,100, compared with the average price recorded during the previous 12-month

period. As shown in Table 1, demand for 38,450 homes is expected during the 3-year forecast period.

Rental Market

The rental housing market has been soft since 2002 because of an oversupply of units. The current vacancy rate is estimated at 13 percent. The average rent increased 5 percent to \$705 during the 12 months ending May 2008 compared with the average rent recorded during the previous 12-month period. The current supply of excess vacant units and the 4,850 units currently under construction will satisfy rental demand through the forecast period (see Table 1).

Table 1. Housing Demand in the Fort Worth HMA, 3-Year Forecast, June 1, 2008 to June 1, 2011

	Fort Worth HMA	
	Sales Units	Rental Units
Total Demand	38,450	0
Under Construction	2,300	4,850

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2008.

Source: Estimates by analyst

Economic Conditions

The Fort Worth HMA economy benefits from its close proximity to Dallas. Approximately 18 percent of the people who live in the HMA commute to work in the Dallas area, which has had significant employment growth during the past 2 years. Fort Worth has grown as a bedroom community for the Dallas area because it offers relatively more affordable housing. The average home sales price in the Dallas area is 50 percent higher than prices in the HMA. Resident employment in the HMA increased by 14,250 workers during the 12 months ending May 2008, up 1.5 percent compared with the number recorded during the previous 12-month period. The unemployment rate in the HMA was at a decade low of 3.6 percent in 2000, and, during the past 12 months, averaged 4.2 percent, compared with 4.5 percent during the previous 12 months. See Figure 1 for labor force, resident employment, and unemployment trends in the HMA.

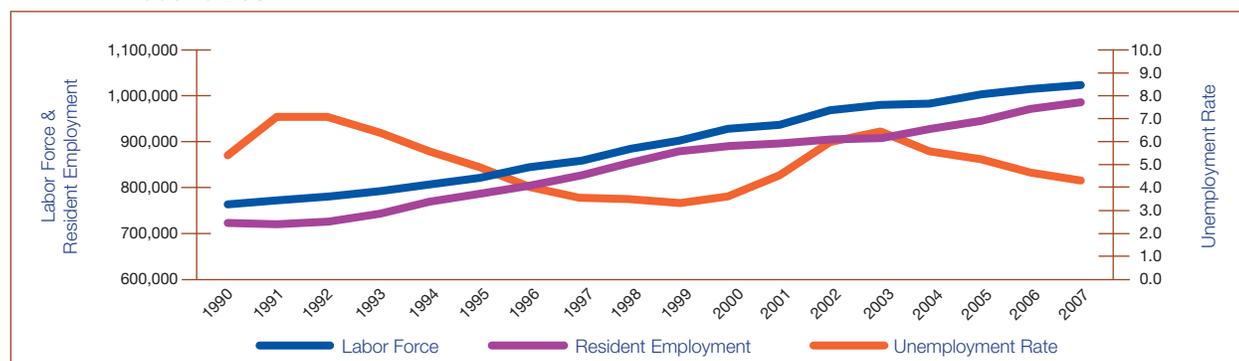
Economic conditions in the Fort Worth HMA were strong during the 1990s, with nonfarm employment growth averaging 20,000 jobs annually until a downturn in the early 2000s. From 2001 to 2003, employment declined by a total of 16,000 jobs, with the largest decline occurring in

the manufacturing sector, which lost 13,000 jobs, including 3,500 in computer and electronic product manufacturing. The economy began to recover in 2004, and since then nonfarm employment has increased by an average of 21,200 jobs annually to the current date. See Figure 2 for nonfarm employment sector changes from 1990 to the current date. Figure 3 shows the current employment distribution in the HMA by sector.

During the 12 months ending May 2008, nonfarm employment averaged 875,300 jobs, an increase of 23,100 jobs, or 2.7 percent, from the number of jobs reported during the previous 12-month period. The professional and business services sector led all sectors with a gain of 4,350 jobs, largely as a result of additional hiring in administrative and support services. Employment in the education and health services sector increased by 4,200 jobs, or 4.4 percent, during the past 12 months as a result of expansions at a number of medical facilities, including Harris Methodist Fort Worth Hospital and Baylor All Saints Medical Center at Fort Worth.

In the past 12 months, the natural resources, construction, and mining sector gained 3,800 jobs, or 6.4 percent

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Fort Worth HMA, 1990 to 2007

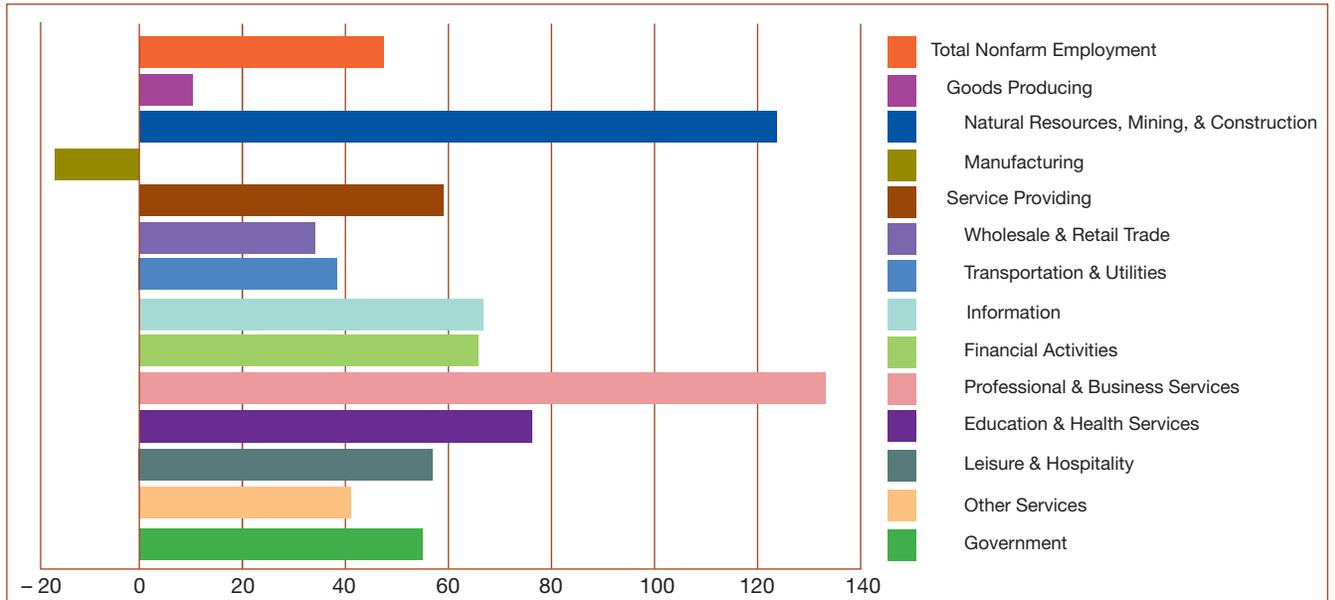


Source: U.S. Bureau of Labor Statistics

(see Table 2). Despite the decline in residential construction, the construction industry accounted for 80 percent of the jobs added in the sector. Major construction projects include Trinity Uptown™, a mixed-income housing development in Fort Worth’s central city and part of the Trinity River Vision waterfront development plan,

and a 34-story Omni Hotel to be completed in downtown Fort Worth January 2009. The natural resources industry gained approximately 800 jobs as a result of natural gas expansion throughout the HMA. The Barnett Shale development added \$8.2 billion to the local economy in annual output in 2007, and a similar

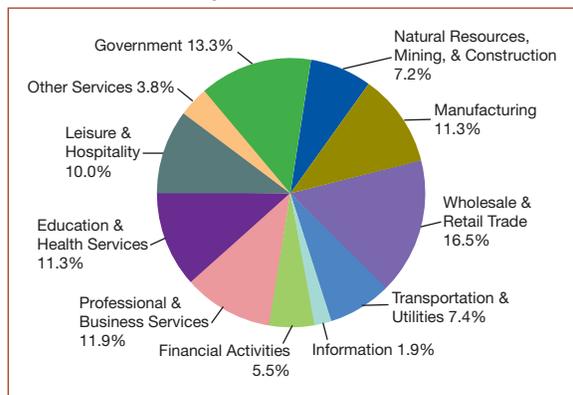
Figure 2. Sector Growth in the Fort Worth HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through May 2008.

Source: U.S. Bureau of Labor Statistics

Figure 3. Current Employment in the Fort Worth HMA, by Sector



Note: Based on 12-month averages through May 2008.

Source: U.S. Bureau of Labor Statistics

Table 2. 12-Month Average Employment in the Fort Worth HMA, by Sector

	12 Months Ending May 2007	12 Months Ending May 2008	Percent Change
Total Nonfarm Employment	852,200	875,300	2.7
Goods Producing	158,200	162,100	2.5
Natural Resources, Mining, & Construction	59,250	63,050	6.4
Manufacturing	98,990	99,000	0.0
Service Providing	694,000	713,200	2.8
Wholesale & Retail Trade	141,600	144,550	2.1
Transportation & Utilities	63,000	64,500	2.4
Information	15,950	16,500	3.4
Financial Activities	47,550	48,300	1.6
Professional & Business Services	99,000	103,350	4.4
Education & Health Services	94,450	98,650	4.4
Leisure & Hospitality	84,400	87,750	4.0
Other Services	32,650	32,900	0.8
Government	115,400	116,700	1.1

Notes: Based on 12-month averages through May 2007 and May 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

or higher level is expected to continue annually for at least the next 5 to 7 years.

Currently, two major mixed-use developments are under way within a few minutes of downtown Fort Worth. The West 7th Street development will consist of retail, restaurant, and office spaces, 345 residential units, and a hotel with approximately 160 rooms. The \$198 million project is expected to open in the fall of 2009. The second mixed-use development under construction in the Cultural District is Museum Place, which will include upscale retail stores and restaurants, Class A office space, a boutique hotel, 40 sales condominiums, and more than 500 rental apartments. The \$200 million project is expected to be completed by the end of 2008.

The growth of 3,350 jobs in the leisure and hospitality sector during the past 12 months resulted from additions in the hotel, food, and beverage industry and in recreation service jobs in the HMA. Built in 2004 at a cost of \$480 million, the new Gaylord Texan Resort & Convention Center on Lake Grapevine is one of the biggest hotels in the country with 1,500 rooms and

an estimated 1,900 employees. The resort is currently building a \$315 million, 500-room addition estimated to be completed in 2011. Adjacent to the Gaylord Texan in Grapevine is the Great Wolf Lodge, a \$100 million indoor waterpark resort and meeting facility with 400 rooms, which opened in December 2007 and employs about 500 people.

Headquartered in Fort Worth, American Airlines, Inc., is the leading private-sector employer in the HMA, with 25,500 employees, followed by Lockheed Martin Aeronautics Company, which employs 14,300 workers. A list of major private-sector employers in the HMA is presented in Table 3. Also headquartered in the HMA is Burlington Northern Santa Fe Railway (BNSF), which is located 17 miles north of downtown Fort Worth in AllianceTexas, a master-planned, mixed-use community. The core of AllianceTexas is the Alliance Global Logistics Hub, an inland port offering multimodal transportation options via BNSF's Alliance Intermodal facility and an industrial airport. According to an economic impact study done by Hillwood Company, businesses located in AllianceTexas had an estimated annual impact of \$2.8 billion on the HMA in 2006. In total, the AllianceTexas area encompasses about 28 million square feet, with more than 150 corporate residents and 27,000 employees.

During the 3-year forecast period, nonfarm employment is expected to grow by 24,000 jobs, or about 2.7 percent, annually.

Table 3. Major Employers in the Fort Worth HMA

Name of Employer	Employment Sector	Number of Employees
American Airlines, Inc.	Transportation & Utilities	25,500
Lockheed Martin Aeronautics Company	Manufacturing	14,300
Bell Helicopter Textron, Inc.	Manufacturing	6,000
Harris Methodist Fort Worth Hospital	Education & Health Services	4,500
JPMorgan Chase & Company	Financial Activities	4,200
Cook Children's Medical Center	Education & Health Services	3,900
Albertsons Distribution Center	Retail Trade	3,800
JPS Health Network	Education & Health Services	3,800
Countrywide Financial	Financial Activities	3,700
Alcon Laboratories, Inc.	Education & Health Services	3,150

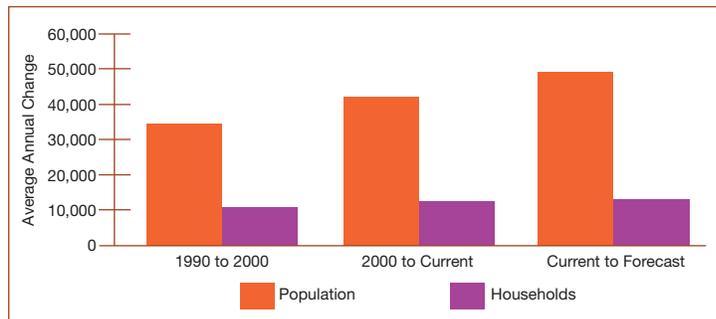
Source: Fort Worth Chamber of Commerce

Population and Households

The Fort Worth HMA is one of the fastest growing areas in the nation, according to the U.S. Census Bureau. As of June 1, 2008, the population of the Fort Worth HMA is estimated at slightly more than 2 million, which is an average increase of 42,150, or 2.3 percent, a year since 2000, as shown in Figure 4. The

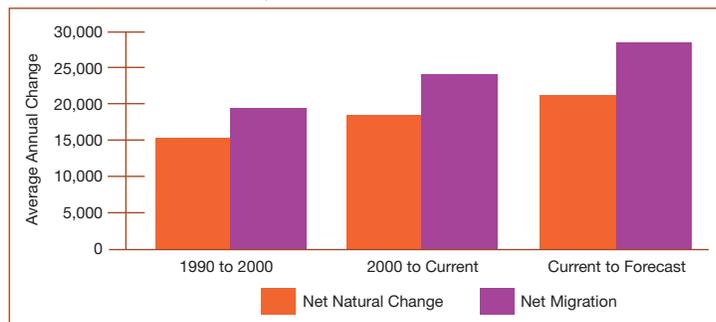
population in 2000 was 1.7 million compared with 1.4 million in 1990, representing an average annual growth of 34,350, or 2.3 percent, throughout the decade. In recent years, population growth in the HMA has been influenced significantly by increases in the Hispanic population. According to data from the Census Bureau's American Community Survey, the Hispanic population increased from 356,600 in 2002 to 454,600 in 2006, a gain of 24,500 annually during the 4-year period, accounting for more than 50 percent of the total population growth in the HMA during that period. Hispanics now represent more than 25 percent of the HMA population compared with 20 percent in 2002.

Figure 4. Population and Household Growth in the Fort Worth HMA, 1990 to Forecast



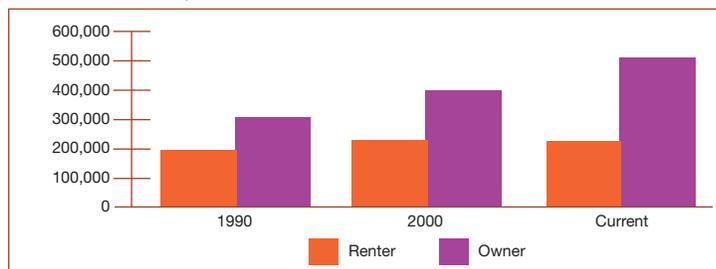
Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Fort Worth HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Fort Worth HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Since 2000, net in-migration has averaged 24,100 people annually and net natural change (resident births minus resident deaths) has averaged about 18,000 (see Figure 5). As of the forecast date, the population of the HMA is expected to reach 2.2 million, an average annual increase of 49,600, or 2.4 percent.

Since 2000, household growth has averaged 12,550 annually, or about 2 percent, to a current total of 728,500 households. Approximately 69 percent of current households are homeowners. Figure 6 provides data on household trends by tenure from 1990 to the current date. During the forecast period, the number of households is expected to increase annually by 12,800, or 1.7 percent. The number of households in the HMA is expected to total 767,000 by June 1, 2011. Additional data on the HMA can be found in Table DP-1 at the end of the report.

Housing Market Trends

Sales Market

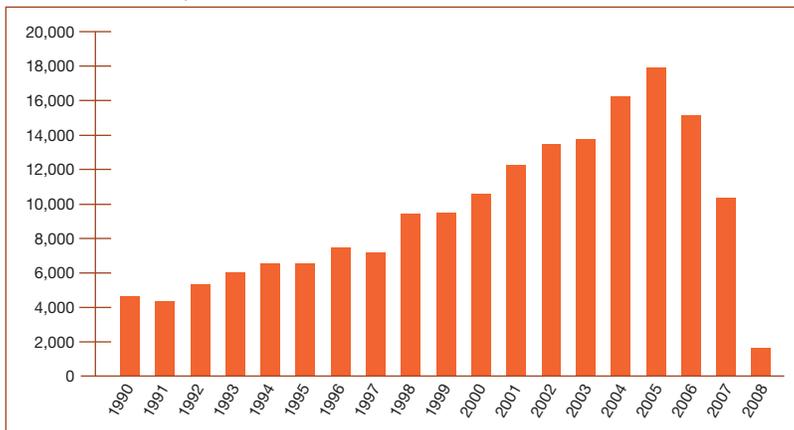
According to the Real Estate Center at Texas A&M University, home sales decreased by 11 percent to 10,790 units during the 12-month period ending May 2008 compared with home sales during the previous 12-month period. Despite the decline, overall conditions in the home sales market remained balanced. The annual volume of homes sold peaked in 2007 with 12,150 homes sold, slightly above the number sold in 2006. Continued economic growth and affordable home sales prices have enabled home sales to remain strong in the Fort Worth HMA compared with the strength of home sales in the Dallas area. The average sales price of a single-family home in the HMA for the 12 months ending May 2008 increased 4 percent to \$145,100, compared with \$139,000 a year ago. The average sales price in Dallas was \$218,300 for the current 12 months, more than 50 percent higher than the average price in Fort Worth.

Home builders responded to slowing sales by reducing production. During the 12-month period ending May 2008, single-family home construction

in the HMA, as measured by the number of single-family building permits issued, totaled 8,350 homes, which was a decrease of 37 percent compared with the 13,300 permits issued during the previous 12-month period but was at the same level as the annual average for single-family permits from 2000 to 2004 (see Figure 7). Although the rates of single-family construction were high from 2004 to 2006, an increasing number of single-family homes converted to rentals, which kept the sales market balanced, with a vacancy rate of 2 percent as of the current date.

The redevelopment of historic buildings and empty office space and the construction of mixed-use structures along the Trinity River have significantly altered the housing market in downtown Fort Worth. More than 800 sales units have been developed since 2004. Downtown living has attracted empty nesters, retirees, and young professionals who are drawn to the area nightlife, nearby cultural centers, and close proximity to employment. Between 2000 and 2007, approximately 75 percent of multi-family sales development in the HMA occurred in nonresidential structures rehabilitated into condominiums in downtown Fort Worth. Currently, about 220 sales units, including 40 townhouses and 180 condominiums, are under construction in the city core. In addition, 800 new construction condominiums are being planned within the next 3 years, as most available nonresidential buildings have been converted to residential. The sales price for a new, one-bedroom home is expected to start at \$150,000.

Figure 7. Single-Family Building Permits Issued in the Fort Worth HMA, 1990 to 2008



Notes: Includes only single-family units. Includes data through May 2008.

Source: U.S. Census Bureau, Building Permits Survey

Housing Market Trends

Sales Market *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Fort Worth HMA, June 1, 2008 to June 1, 2011

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	149,999	10,400	27.0
150,000	199,999	17,300	45.0
200,000	249,999	1,900	4.9
250,000	299,999	1,540	4.0
300,000	349,999	1,540	4.0
350,000	399,999	1,350	3.5
400,000	449,999	1,350	3.5
450,000	499,999	1,150	3.0
500,000	599,999	960	2.5
600,000	and higher	960	2.5

Source: Estimates by analyst

Based on current and anticipated sales housing market conditions, the demand for homes during the 3-year forecast period is estimated at 38,450 units. A portion of this demand will be met by the 2,300 units currently under construction. Demand is expected to be strongest in the \$100,000-to-\$200,000 range. See Table 4 for a distribution of estimated demand for market-rate sales housing in the HMA by price range.

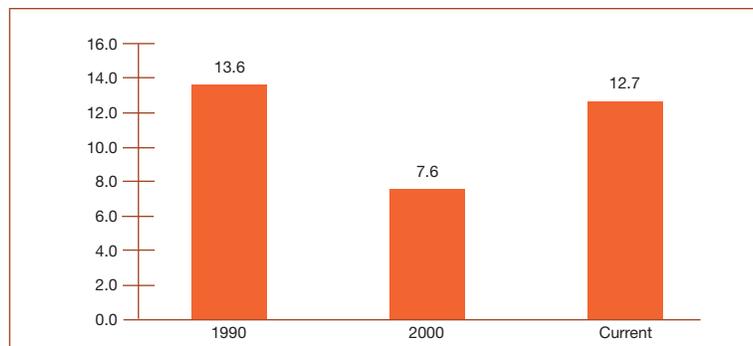
Rental Market

Since 2002, the rental housing market in the Fort Worth HMA has been soft because of an oversupply of units and ongoing construction. The overall vacancy rate, which includes single-family rentals and mobile homes, is estimated at 12.7 percent, as illustrated in Figure 8. Approximately 30 percent of the rental market is composed of single-family homes. Since 2000, approximately 1,950 homes annually have been converted into rentals. According to ALN Systems, Inc., the average apartment vacancy rate for the 12 months ending May 2008 was 11 percent, unchanged from the previous 12-month period. The average monthly rent for apartments in

the Fort Worth HMA increased from \$670 for the 12-month period ending May 2007 to \$705 for the same period ending May 2008. The average monthly rent for newly constructed units is \$600 for a one-bedroom unit, \$765 for a two-bedroom unit, and \$930 for a three-bedroom unit. Both existing and new apartment complexes offer concessions that typically include 1 month's free rent, no security deposit, and a \$99 move-in special.

Rental unit construction, as measured by the number of multifamily units permitted, remained relatively stable at 4,550 units during the 12-month period ending May 2008, compared with 4,475 units during the previous 12-month period. Multifamily construction averaged approximately 3,075 units annually between 2000 and 2006, and nearly all units were constructed for rental occupancy. Multifamily permits issued since 1990 are illustrated in Figure 9. The revitalization of downtown Fort Worth increased the number of rental units available in that area from fewer than 1,100 in 2004 to approximately 2,500 units currently. An additional 450 rental units are under construction, with

Figure 8. Rental Vacancy Rates in the Fort Worth HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

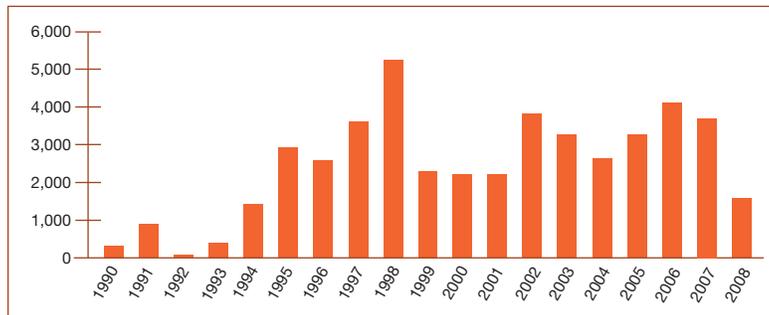
Rental Market *Continued*

350 more units being planned for 2009–10. According to Downtown Fort Worth, Inc., leasing of units downtown grew considerably during the first quarter of 2007 following

delivery of a large number of units during the fourth quarter of 2006; currently, leasing remains stable. The average monthly rent for a newly constructed one-bedroom unit downtown starts at \$1,250.

The current supply of nearly 32,700 available vacant rental units and 4,800 rental units under construction will satisfy the demand for rental units beyond the forecast period. The production of additional units is not needed during the forecast period and will only lengthen the time it takes for the market to achieve balanced conditions.

Figure 9. Multifamily Building Permits Issued in the Fort Worth HMA, 1990 to 2008



Notes: Includes all multifamily units in structures with two or more units. Includes data through May 2008.

Source: U.S. Census Bureau, Building Permits Survey

Data Profile

Table DP-1. Fort Worth HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	722,120	884,202	990,100	2.0	1.5
Unemployment Rate (%)	5.3	3.3	4.2		
Nonfarm Employment	596,500	776,700	875,300	2.7	1.6
Total Population	1,366,732	1,710,318	2,054,600	2.3	2.3
Total Households	507,319	625,809	728,500	2.1	1.9
Owner Households	308,251	398,128	503,750	2.6	2.9
Percent Owner (%)	60.8	63.6	69.1		
Renter Households	199,068	227,681	224,750	1.4	- 0.2
Percent Renter (%)	39.2	36.4	30.9		
Total Housing Units	568,444	665,425	798,000	1.6	2.2
Owner Vacancy Rate (%)	3.3	1.5	2.0		
Rental Vacancy Rate (%)	13.6	7.6	12.7		
Median Family Income	NA	NA	\$61,485		

Notes: Median family income data are for 2006. Employment data represent annual averages for 1990, 2000, and the 12 months through May 2008.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 6/1/2008—Analyst's estimates

Forecast period: 6/1/2008–6/1/2011—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_FortWorthTX.pdf.

Contact Information

Elizabeth A. Oduor, Economist
Fort Worth HUD Regional Office
817-978-9413
elizabeth.a.oduor@hud.gov

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to
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