



# Longview, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of February 1, 2011



## Summary

### Housing Market Area



The Longview Housing Market Area (HMA) comprises Gregg, Rusk, and Upshur Counties located in eastern Texas, approximately 125 miles east of Dallas. The principal city of Longview is located in Gregg County and accounts for nearly 40 percent of the population in the HMA. Originally developed as a railroad hub, the city has become a transportation, retail, and medical center for the region.

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### Economy

During the 12 months ending January 2011, nonfarm payrolls in the Longview HMA increased by an average of 2,100 jobs, or 2.2 percent, to 95,800 jobs. Job gains during the 12-month period ending January 2011 occurred primarily in the mining, logging, and construction sector, which added 1,700 jobs. During the 3-year forecast period, nonfarm payrolls are estimated to increase by an average of 1,200 jobs, or 1.2 percent, annually.

### Sales Market

The sales housing market in the Longview HMA is currently somewhat soft. During the 12 months ending January 2011, 2,075 new and existing single-family homes were sold, relatively unchanged from the number sold during the previous year, but the average home sales price was up 2 percent to \$140,800. During the forecast period, demand is expected for 920 new homes, as shown in Table 1. A portion of the estimated 6,450 other vacant units will likely satisfy some of the forecast demand.

### Rental Market

Mainly due to a recent reduction in apartment construction, the rental housing market in the HMA is currently balanced, with an overall rental vacancy rate estimated at 5 percent. According to Reis, Inc., during the first quarter of 2011, the average rent in the HMA was \$650, up 4 percent from a year earlier. During the next 3 years, demand is expected for 1,000 new rental units, as shown in Table 1.

**Table 1. Housing Demand in the Longview HMA, 3-Year Forecast, February 1, 2011 to February 1, 2014**

	Longview HMA	
	Sales Units	Rental Units
Total Demand	920	1,000
Under Construction	40	240

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of February 1, 2011. A portion of the estimated 6,450 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

# Economic Conditions

Following a 7-year period of steady growth, nonfarm payrolls in the HMA declined by 4,500 jobs, or 4.6 percent, in 2009 before beginning a slow recovery in 2010, adding 1,400 jobs, or 1.5 percent. During the 12 months ending January 2011, nonfarm payrolls increased

by 2,100 jobs, or 2.2 percent, to an average of 95,800 jobs (see Table 2). The increase in the number of jobs can be attributed primarily to gains in the mining, logging, and construction sector, which added 1,700 jobs, or 14 percent (see Figure 1). Gains in the professional and business services and education and health services sectors were significant as well, with each sector adding 400 jobs, or 5.4 and 3 percent, respectively. Losses during the 12 months ending January 2011 occurred in the manufacturing, wholesale and retail trade, and information sectors with declines of 400, 200, and 100 jobs, or 3.3, 1.1, and 5.3 percent, respectively. During the 12 months ending January 2011, the unemployment rate averaged 7.5 percent, down slightly from 7.6 percent during the previous 12 months. Despite the return to the peak employment level of 2008, an increased labor force has resulted in a continued higher unemployment rate (see Figure 2).

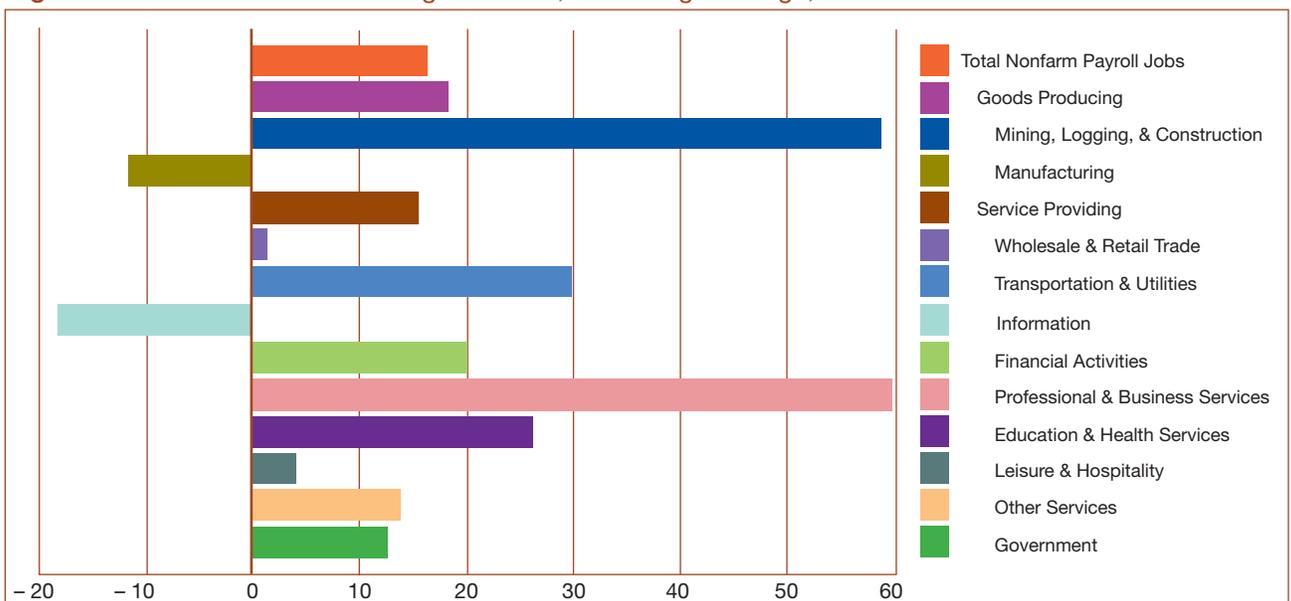
**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Longview HMA, by Sector**

	12 Months Ending January 2010	12 Months Ending January 2011	Percent Change
Total Nonfarm Payroll Jobs	93,750	95,800	2.2
Goods Producing	23,500	24,850	5.7
Mining, Logging, & Construction	12,400	14,100	13.7
Manufacturing	11,050	10,700	-3.3
Service Providing	70,250	71,000	1.0
Wholesale & Retail Trade	15,250	15,100	-1.1
Transportation & Utilities	3,575	3,625	1.6
Information	1,550	1,475	-5.3
Financial Activities	3,900	3,850	-1.3
Professional & Business Services	8,050	8,475	5.4
Education & Health Services	14,550	15,000	3.0
Leisure & Hospitality	7,875	7,800	-0.7
Other Services	3,225	3,175	-1.3
Government	12,300	12,500	1.6

Notes: Based on 12-month averages through January 2010 and January 2011. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

**Figure 1. Sector Growth in the Longview HMA, Percentage Change, 2000 to Current**



Note: Current is based on 12-month averages through January 2011.

Source: U.S. Bureau of Labor Statistics

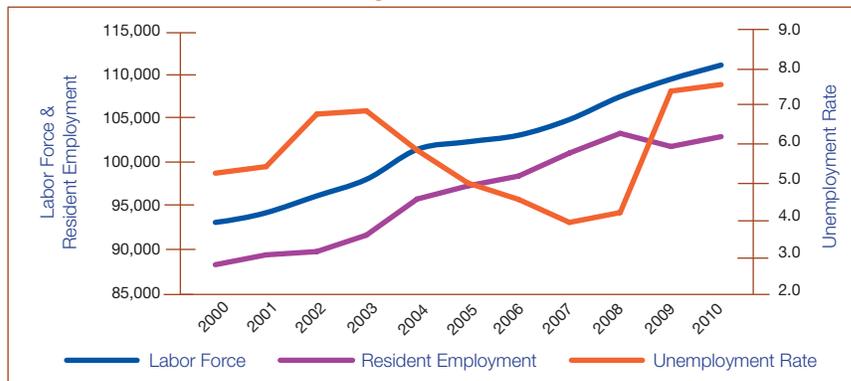
Despite the recent economic downturn, commercial construction in the HMA has expanded since 2008. The Longview Economic Development Corporation reports more than \$340 million in commercial projects in Longview that have begun construction since 2008. Halliburton Energy Services began constructing a \$3 million regional hub in 2009 that has added about 50 jobs to date and will add an additional 50 jobs during the next 3 years. Audubon Behavioral Healthcare will commence construction of a \$3 million inpatient psychiatric hospital in February 2011 that is expected to create 20 new jobs. In addition, since 2010, more than \$8 million in expansions and remodeling in the retail trade subsector is

expected to add more than 200 jobs. The expansion of new and existing businesses, which is responsible for most of the 1,700 jobs added in the mining, logging, and construction sector during the past year, is expected to result in at least 1,000 more permanent jobs for the local economy when the expansions are complete.

Increased medical services to support an aging population have made the HMA a medical hub for the region. The education and health services sector, a leading employment sector in the HMA, includes three of the top private employers and accounts for nearly 16 percent of all nonfarm payroll jobs, as shown in Figure 3. Good Shepherd Medical Center, the largest private employer, employs 2,700 people and added 300 workers during the past 2 years. The Texas Department of Agriculture named the city of Longview a Certified Retirement Community for meeting the Go Texan Certified Retirement Community program's requirements, including the availability of housing, medical, and community services, as well as low crime statistics and favorable tax rates.

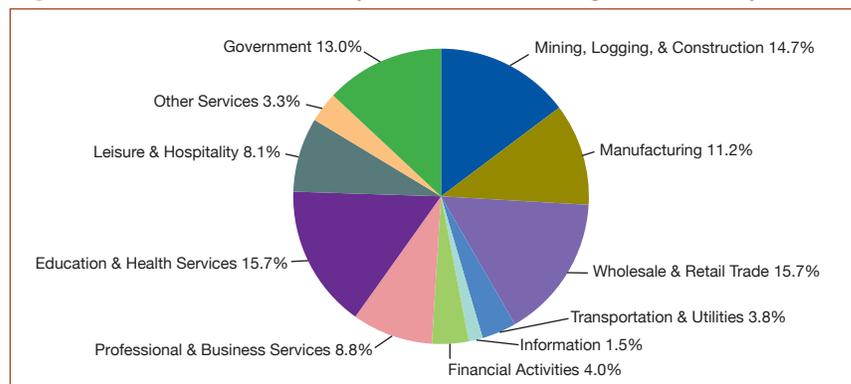
The second largest employer in the HMA is Eastman Chemical Company, a manufacturer that employs 1,450 workers (see Table 3). The manufacturing sector, which accounts for more than 11 percent of the nonfarm payroll jobs, added an average of 500 jobs annually from 2002 through 2007. Since 2008 the sector has lost an average of 1,100 jobs annually, primarily because of the national recession. Following the recent losses, the sector has reported year-over-year increases since September 2010 and is expected to continue to add jobs through the forecast period.

**Figure 2.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Longview HMA, 2000 to 2010



Source: U.S. Bureau of Labor Statistics

**Figure 3.** Current Nonfarm Payroll Jobs in the Longview HMA, by Sector



Note: Based on 12-month averages through January 2011.

Source: U.S. Bureau of Labor Statistics

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase by an average of 1,200 jobs, or 1.2 percent, annually. The construction and the education and health services sectors are ex-

pected to lead job growth. Job growth will likely slow during the next 12 months to less than 1 percent, but the rate is expected to increase to approximately 2 percent a year by 2014.

**Table 3. Major Employers in the Longview HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Good Shepherd Medical Center	Education & Health Services	2,700
Eastman Chemical Company	Manufacturing	1,450
Wal-Mart Stores, Inc.	Wholesale & Retail Trade	1,170
LeTourneau Technologies, Inc.	Manufacturing	900
Luminant	Transportation & Utilities	900
Haliburton	Mining, Logging, & Construction	730
Longview Regional Medical Center	Education & Health Services	720
Diagnostic Clinic of Longview, P.A.	Education & Health Services	700
Gregg Industrial Insulators, Inc.	Manufacturing	680
Trinity Rail, LLC	Manufacturing	580

Sources: Henderson Economic Development Corporation; Longview Economic Development Corporation

## Population and Households

The population in the Longview HMA has grown steadily throughout the past decade (see Table DP-1 at the end of this report). As of February 1, 2011, the population of the HMA is estimated at 215,600, which reflects an average annual population increase of 1,475 people, or 0.7 percent annually since April 1, 2010. Population growth was strongest from 2005 through 2009, with an average annual increase of 2,625 people, or 1.3 percent, compared with a gain of 1,450 people, or 0.7 percent, a year from 2000 to 2005. The stronger growth since 2005 was partly due to the higher employment growth in the HMA during those years. Net in-migration from 2005 through 2009

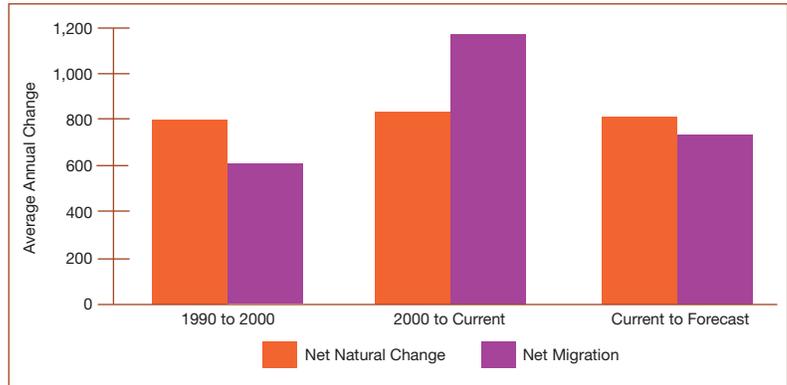
accounted for an estimated 60 percent of the population increase, because people moved to the area in search of jobs (see Figure 4). From 2009 to the current date, population growth slowed to an average annual increase of 2,200 people, or 1.0 percent, due to the effects of job losses in 2009. Although the economy is expected to improve during the next 3 years, population growth is expected to continue to slow to an average of 1,525 people, or 0.7 percent, annually (see Figure 5), because many additional jobs are expected to re-employ people already in the HMA.

Since 2000, the number of households in the HMA has increased by an aver-

age of 600, or 0.8 percent, annually to total of 79,800 households. Figure 6 shows the number of households by tenure. During the forecast period, the

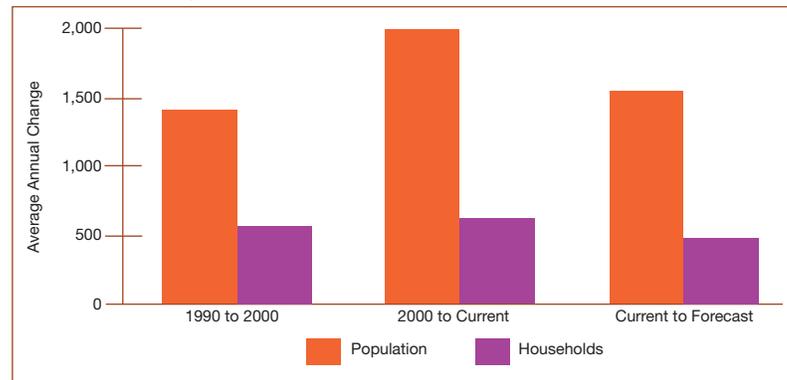
number of households in the HMA is expected to increase by an average of 480 households, or 0.6 percent, annually, as shown in Figure 5.

**Figure 4.** Components of Population Change in the Longview HMA, 1990 to Forecast



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

**Figure 5.** Population and Household Growth in the Longview 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 Longview HMA, 1990 to Current



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

# Housing Market Trends

## Sales Market

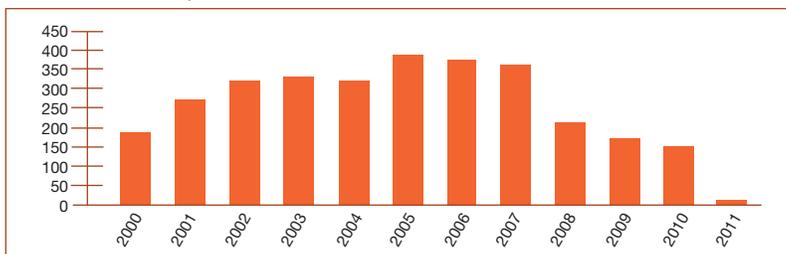
The sales housing market in the Longview HMA is currently somewhat soft, because of overbuilding from 2006 through 2008, with an estimated vacancy rate of 1.9 percent, a slight improvement compared with the 2-percent rate in 2009. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending January 2011, approximately 2,075 new and existing single-family homes sold, up slightly from the 2,050 homes sold during the previous 12 months. During the 12-month period ending January 2011, the average sales price of an existing single-family home rose 2 percent to \$140,800. At the same time, the inventory of unsold existing

homes increased to a 9.3-month supply, from an 8.3-month supply during the 12 months ending January 2010. According to LPS Applied Analytics, as of January 2011, approximately 4.5 percent of total mortgage loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), an improvement compared with the 5.9 percent reported in January 2010.

Paralleling employment growth patterns since 2000, homebuilding activity, as measured by the number of building permits issued, averaged 290 homes from 2000 through 2004, then reached an average of 380 single-family homes annually from 2005 through 2007 (see Figure 7). The level of building has declined every year since 2007, down to 150 homes during the 12 months ending January 2011, based on preliminary data.

New home construction in the HMA is characterized by infill. According to Hanley Wood, LLC, the average new home price for the 12 months ending January 2011 was \$163,000, down by more than 1 percent from the previous 12-month average of \$165,200. Population and household growth during the next 3 years is expected to support demand for 920 new homes. The 40 homes currently under construction, as well as a portion of the estimated 6,450 other vacant units that are expected to be offered for sale, will satisfy some of the forecast demand. New home sales demand is expected to be strongest for units priced between \$100,000 and \$149,999 (see Table 4).

**Figure 7.** Single-Family Building Permits Issued in the Longview HMA, 2000 to 2011



Notes: Includes only single-family units. Includes data through January 2011.

Sources: U.S. Census Bureau, Building Permits Survey; CBRE Econometric Advisors

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Longview HMA, February 1, 2011 to February 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	149,999	370	40.0
150,000	199,999	280	30.0
200,000	249,999	110	12.0
250,000	299,999	95	10.0
300,000	and higher	75	8.0

Note: A portion of the estimated 6,450 other vacant units in the HMA, as well as the 40 homes currently under construction, will likely satisfy some of the forecast demand.

Source: Estimates by analyst

## Rental Market

The rental housing market in the Longview HMA is currently balanced, due to a decrease in apartment construction since 2009. As of February 1, 2011, the overall rental vacancy rate was estimated at 5 percent, down from 7 percent in 2010 (see Figure 8). From 2004 to 2008, multifamily construction activity, as measured by the number of multifamily units permitted, averaged about 250 units a year, up significantly from the average of 30 units permitted annually from 2000 to 2004 (see Figure 9). In response to the tighter rental market, during the 12-month period ending January 2011, based on preliminary data, multifamily

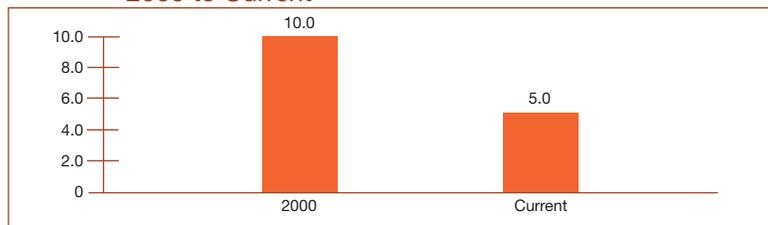
building permit activity increased to 240 units compared with the previous 12 months when about 60 units were permitted. As of the current date, approximately 240 multifamily units are under construction.

According to Reis, Inc., during the first quarter of 2011, apartment rents in the HMA averaged approximately \$560, \$700, and \$850 for one-, two-, and three-bedroom units, respectively. Rents increased by 2, 4, and 3 percent, respectively, from the average rents during the first quarter of 2010. Apartments account for about one-third of all rental units in the HMA.

Longfellow Arms Apartments, a 216-unit, HUD-insured property completed in 2008, with an average asking rent of \$980 for a two-bedroom unit, is the most recently completed apartment complex in the HMA. The Reserve at Towne Crossing, another HUD-insured property, is expected to be completed in October 2011 and will consist of 216 apartments, with an average asking rent of \$1,000 for a two-bedroom unit.

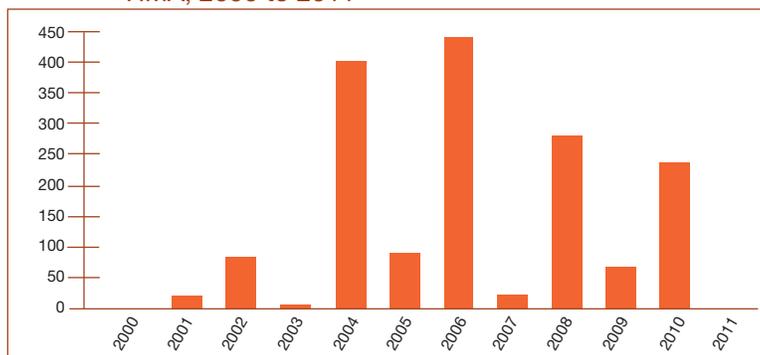
During the 3-year forecast period, demand is estimated for 1,000 new rental units, including the 240 units under construction. As a result, additional new units will not be needed until the third year of the forecast period to allow the units currently under construction to be completed and absorbed. Table 5 shows the estimated demand for new market-rate rental housing in the HMA, categorized by rent level and number of bedrooms.

**Figure 8.** Rental Vacancy Rates in the Longview HMA, 2000 to Current



Sources: 2000–2000 Census; current—estimates by analyst

**Figure 9.** Multifamily Building Permits Issued in the Longview HMA, 2000 to 2011



Notes: Includes all multifamily units in structures with two or more units. Includes data through January 2011.

Sources: U.S. Census Bureau, Building Permits Survey; CBRE Econometric Advisors

## Housing Market Trends

Rental Market *Continued*

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Longview HMA, February 1, 2011 to February 1, 2014

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
560 to 759	100	675 to 874	180	850 to 1,049	120
760 to 959	100	875 to 1,074	180	1,050 to 1,249	120
960 or more	50	1,075 or more	90	1,250 or more	60
Total	250	Total	450	Total	300

*Note: A portion of the 240 units currently under construction will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

## Data Profile

**Table DP-1.** Longview HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	80,290	87,771	103,100	0.9	1.6
Unemployment Rate	7.6%	5.3%	7.5%		
Nonfarm Payroll Jobs	66,600	82,400	95,800	2.2	1.5
Total Population	180,053	194,042	215,600	0.8	1.0
Total Households	67,714	73,341	79,800	0.8	0.8
Owner Households	47,327	52,101	53,400	1.0	0.2
Percent Owner	69.9%	71.0%	66.9%		
Renter Households	20,387	21,240	26,450	0.4	2.0
Percent Renter	30.1%	29.0%	33.1%		
Total Housing Units	76,668	81,146	88,700	0.6	0.8
Owner Vacancy Rate	2.7%	1.9%	1.9%		
Rental Vacancy Rate	11.8%	10.0%	5.0%		
Median Family Income	NA	NA	\$53,600	NA	NA

*NA = data not available.*

*Notes: Employment data represent annual averages for 1990, 2000, and the 12 months through January 2011. Median family incomes are for 1989, 1999, and 2009.*

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

## Data Definitions and Sources

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1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 2/1/2011—Analyst's estimates

Forecast period: 2/1/2011–2/1/2014—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.

**Other Vacant Units:** In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

For additional data pertaining to the housing market for this HMA, go to [http://www.huduser.org/publications/pdf/CMARtables\\_LongviewTX\\_11.pdf](http://www.huduser.org/publications/pdf/CMARtables_LongviewTX_11.pdf).

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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 [www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).