



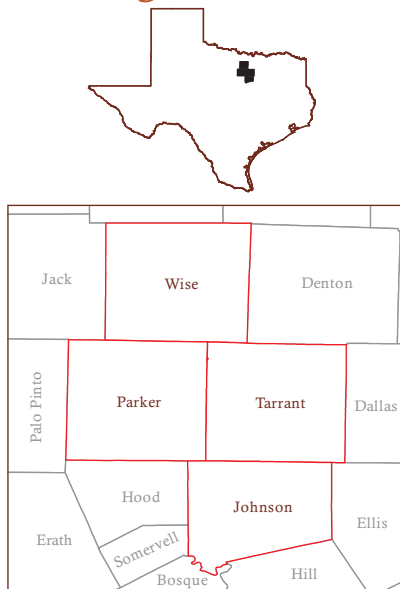
Fort Worth-Arlington, Texas

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



Summary

Housing Market Area



The Fort Worth-Arlington Housing Market Area (HMA), located in north-central Texas approximately 30 miles west of Dallas, consists of Johnson, Parker, Tarrant, and Wise Counties. Fort Worth, the fifth largest city in the state, is the county seat of Tarrant County. The estimated population as of September 1, 2011, is 2,199,000, with 85 percent of the population residing in Tarrant County.

Market Details

- Economic Conditions 2
- Population and Households 4
- Housing Market Trends 6
- Data Profile 9

Economy

Nonfarm payrolls in the Fort Worth-Arlington HMA grew by 1.5 percent to 854,900 jobs during the 12 months ending August 2011 compared with a 2.1-percent decrease during the previous 12-month period. Most sectors reported growth, led by the education and health services and professional and business services sectors, which added 3,400 and 3,050 jobs, or 3.2 and 3.4 percent, respectively. The number of nonfarm payroll jobs is expected to increase by an average of 1.8 percent annually during the next 3 years.

Sales Market

The sales housing market in the HMA is soft. During the 12 months ending August 2011, the number of homes sold in the HMA decreased by 11 percent to 7,875 homes. As shown in Table 1, demand for 39,500 homes is expected during the 3-year forecast period. A portion of the estimated 15,350 other vacant units in the HMA may become available to satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA has been soft since 2002 because of an oversupply of units. The current rental vacancy rate is estimated at 10.3 percent, down from 11.6 percent in April 2010. The current excess vacant units and the 2,075 units currently under construction will satisfy rental demand through the forecast period (see Table 1).

Table 1. Housing Demand in the Fort Worth-Arlington HMA, 3-Year Forecast, September 1, 2011 to September 1, 2014

	Fort Worth-Arlington HMA	
	Sales Units	Rental Units
Total Demand	39,500	0
Under Construction	1,750	2,075

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2011. Total demand includes demand for an estimated 2,000 mobile homes. A portion of the estimated 15,350 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

Economic conditions in the Fort Worth-Arlington HMA improved during the 12 months ending August 2011, a sign of recovery from the declines recorded in 2009 and 2010. During the 12-month period ending August 2011, nonfarm payrolls increased by 12,400 jobs, or 1.5 percent, to 854,900 jobs (see Table 2) compared with a loss of 18,000 jobs, or 2.1 percent, during the previous 12 months. In comparison, from 2004 through 2008, the HMA added an average of 18,800 jobs annually, representing an average annual increase of 2.3 percent.

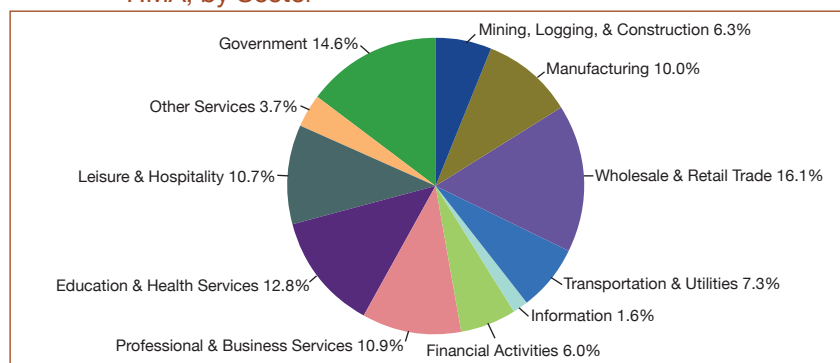
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Fort Worth-Arlington HMA, by Sector

	12 Months Ending August 2010	12 Months Ending August 2011	Percent Change
Total Nonfarm Payroll Jobs	842,500	854,900	1.5
Goods Producing	138,500	139,900	1.0
Mining, Logging, & Construction	53,500	54,300	1.4
Manufacturing	84,950	85,600	0.8
Service Providing	704,000	715,000	1.6
Wholesale & Retail Trade	135,400	137,500	1.6
Transportation & Utilities	61,800	62,500	1.1
Information	14,600	13,400	-8.0
Financial Activities	50,750	51,350	1.2
Professional & Business Services	90,150	93,200	3.4
Education & Health Services	105,700	109,100	3.2
Leisure & Hospitality	89,550	91,300	2.0
Other Services	31,300	31,550	0.9
Government	124,800	125,100	0.2

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

Source: U.S. Bureau of Labor Statistics

Figure 1. Current Nonfarm Payroll Jobs in the Fort Worth-Arlington HMA, by Sector

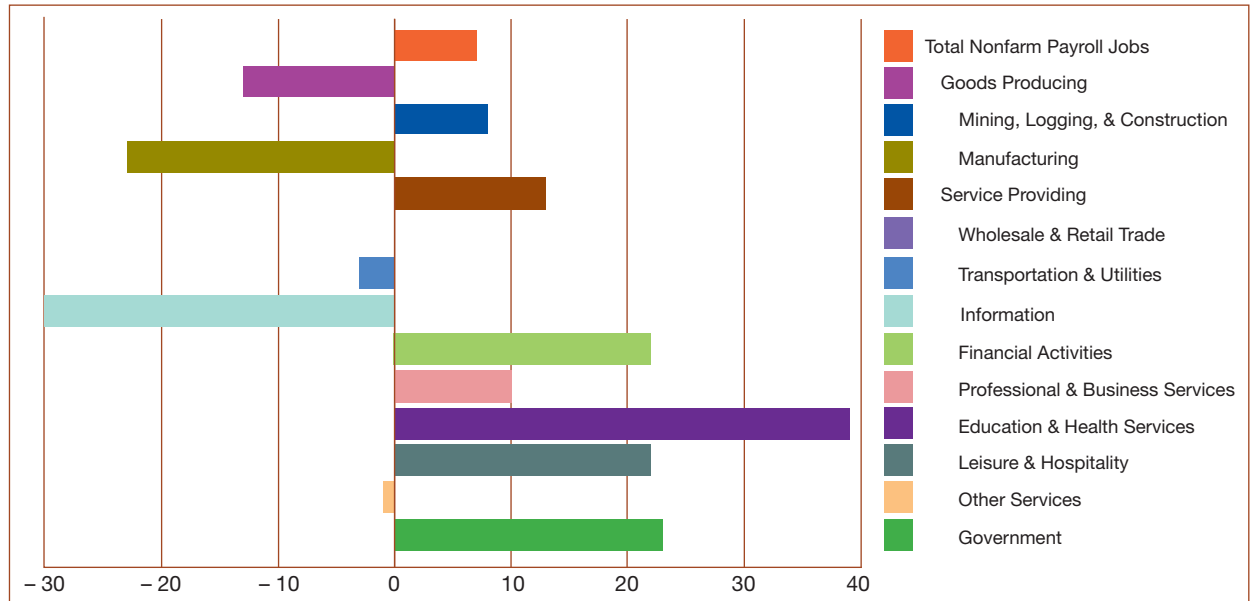


Note: Based on 12-month averages through August 2011.

Source: U.S. Bureau of Labor Statistics

The education and health services sector, which accounts for 13 percent of all nonfarm payroll jobs in the HMA (see Figure 1), increased by 3,400 jobs, or 3.2 percent, during the 12 months ending August 2011. The job increases in this sector are primarily a result of expansions at a number of medical facilities, including Cook Children's Medical Center and Texas Health Harris Methodist Fort Worth Hospital, and the construction of the new Moncrief Cancer Institute. The hospital district, which is just south of downtown Fort Worth and includes the three previously mentioned facilities, has an economic impact of \$460 million on the HMA, according to Fort Worth South, Inc. The HMA is also the location of a substantial presence of higher education institutions. The University of Texas at Arlington (UTA), the University of North Texas Health Science Center (UNTHSC), and the Tarrant County College District campuses have a combined enrollment of about 96,700 students and collectively employ nearly 9,850 faculty and staff. UTA and UNTHSC report economic impacts on the HMA of \$1 billion and \$500 million, respectively.

During the 12 months ending August 2011, nonfarm payrolls in the professional and business services sector increased by 3,050 jobs, or 3.4 percent, due to additional hiring in the administrative and support services subsector. During the same period, hiring was also strong in the wholesale and retail trade sector, which added 2,100 jobs, a 1.6-percent increase. Much of the growth in this sector is attributed to an increase in the retail subsector, which added 1,900 jobs. Figure 2 shows sector growth percentage changes from 2000 to current.

Figure 2. Sector Growth in the Fort Worth-Arlington HMA, Percentage Change, 2000 to Current

Notes: Current is based on 12-month averages through August 2011. During this period, wholesale and retail trade sector jobs showed no net change.

Source: U.S. Bureau of Labor Statistics

The mining, logging, and construction sector gained approximately 800 jobs, or 1.4 percent, increasing to 54,300 jobs during the past 12 months as a result of expansion of natural gas fields throughout the HMA. According to the Fort Worth Star-Telegram, since 2001, the Barnett Shale development has added \$65.4 billion to the local economy and created more than 100,000 jobs in the 24-county area in which the HMA is located. The annual natural gas output is estimated at \$11.1 billion, and a similar or higher level of output is

expected to continue annually for at least the next 5 to 7 years. Despite the loss of 75 jobs, or 0.1 percent, in the construction subsector, several major developments were recently completed or are under way, including a substantial renovation of the Fort Worth Museum of Science and History that was completed in April 2010. The Cultural District, which is west of downtown Fort Worth, attracts 7 million visitors annually and is home to the largest collection of museums in the Southwest, according to TownSite Company. The construction of a new addition to the Kimbell Art Museum, at a cost of \$75 million, began in October 2010 and is scheduled for completion in 2013. An additional \$500 million of construction activity is ongoing in the Cultural District.

Headquartered in Fort Worth, American Airlines is the largest private-sector employer in the HMA, with 22,200 employees, followed by Texas Health Resources Inc., with 18,900 workers. Table 3 presents a list of the primary

Table 3. Major Employers in the Fort Worth-Arlington HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
American Airlines	Transportation & Utilities	22,200
Texas Health Resources Inc.	Education & Health Services	18,900
Lockheed Martin Corporation	Manufacturing	15,000
Naval Air Station Joint Reserve Base Fort Worth	Government	11,350
University of Texas at Arlington	Government	6,250
JPS Health Network	Education & Health Services	4,875
Cook Children's Health Care System	Education & Health Services	4,825
Texas Health Harris Methodist Fort Worth Hospital	Education & Health Services	3,975
Bell Helicopter Textron Inc.	Manufacturing	3,825
Fidelity Brokerage Services LLC	Financial Activities	3,700

Note: Excludes local school districts.

Source: Fort Worth Chamber of Commerce

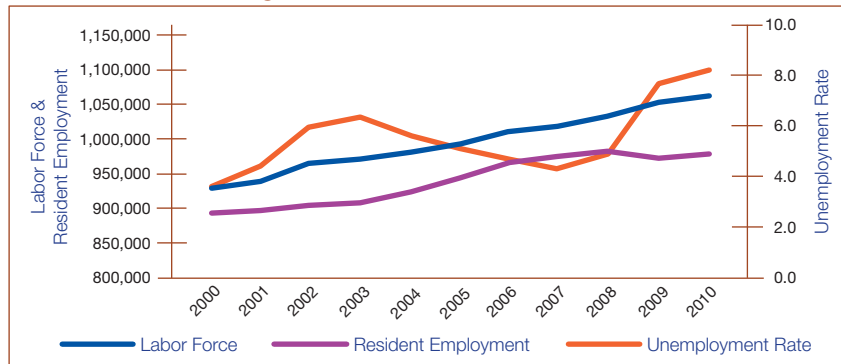
employers in the HMA. BNSF Railway Company, which is headquartered in the HMA, is located 17 miles north of downtown Fort Worth in the AllianceTexas development—a 17,000-acre mixed-use area that includes industrial and commercial facilities, residential properties, and an inland port offering multimodal transportation options through BNSF Railway Company's Alliance Intermodal Facility and Fort Worth Alliance Airport. According to a 2010 economic

impact study by Hillwood Development Company, LLC, businesses located in AllianceTexas had an estimated annual economic impact of \$2.14 billion on the HMA. In total, AllianceTexas consists of about 31 million square feet of commercial and industrial space and 260 businesses with 28,000 employees.

The unemployment rate in the HMA averaged 8.1 percent during the 12 months ending August 2011 compared with 8.2 percent during the previous 12 months. Figure 3 illustrates labor force, resident employment, and unemployment trends in the HMA.

Nonfarm payrolls in the HMA are expected to grow by an average of 1.8 percent a year during the forecast period. The education and health services, professional and business services, and wholesale and retail trade sectors are expected to contribute most of the estimated nonfarm payroll growth during the next 3 years.

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Fort Worth-Arlington HMA, 2000 Through 2010



Source: U.S. Bureau of Labor Statistics

Population and Households

The population of the Fort Worth-Arlington HMA is estimated at approximately 2.2 million as of the current date, up 44,450, or 2.1 percent, annually since the April 2010 Census. Between 2000 and 2010, the population grew by an average of 42,550, or 2.2 percent, annually (see Figure 4). Population growth in the HMA was strongest from 2006 through 2009, when the population increased at an annual average of 50,100, or 2.5 percent. In recent years, increases in the Hispanic population have significantly

influenced population growth in the HMA. According to data from the Census Bureau, the Hispanic population increased from 312,100 in 2000 to 532,800 in 2010, an average gain of 22,100 annually, accounting for about 52 percent of the total population growth in the HMA during that period.

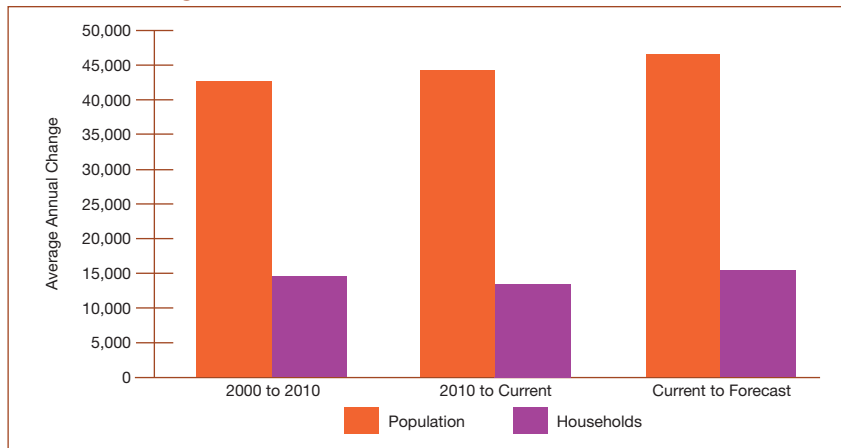
The HMA benefits from its close proximity to Dallas. Approximately 18 percent of the people who live in the HMA commute to work in the Dallas area, which had significant employment growth during the past

2 years. The HMA 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 the average sales price in the HMA.

Net natural change (resident births minus resident deaths) accounted for approximately 47 percent of the population growth in the HMA during the 2000s. Net in-migration is expected to average 24,900 people annually during the next 3 years, and total annual population gains are expected to average 46,000 people, or 2 percent, up to approximately 2.3 million people as of September 1, 2014. Figure 5 shows components of population change in the HMA from 2000 to the forecast date.

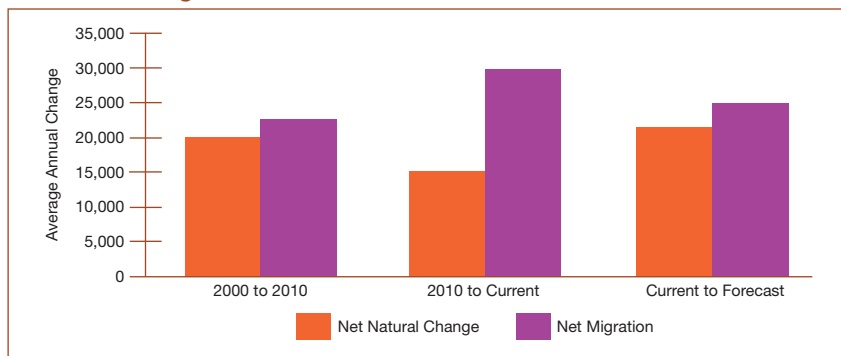
Since 2010, the number of households in the HMA has had an average annual increase of 13,350, or 1.7 percent, up to the current estimate of 791,300 households. Between 2000 and 2010, the number of households grew by an average of 14,650, or 2.1 percent, a year. During the forecast period, the number of households in the HMA is expected to change by an average annual increase of 15,100 households, or 1.9 percent, up to 836,600 households as of September 1, 2014. Figure 6 shows the number of households by tenure for 2000, 2010, and the current date. Additional data on the HMA appear in Table DP-1 at the end of this report.

Figure 4. Population and Household Growth in the Fort Worth-Arlington HMA, 2000 to Forecast



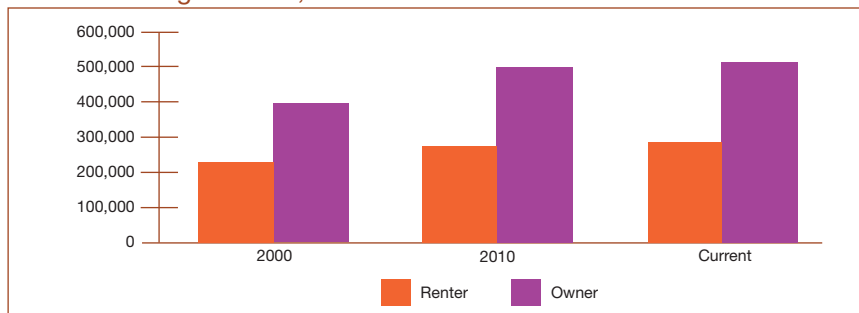
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Fort Worth-Arlington HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Fort Worth-Arlington HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

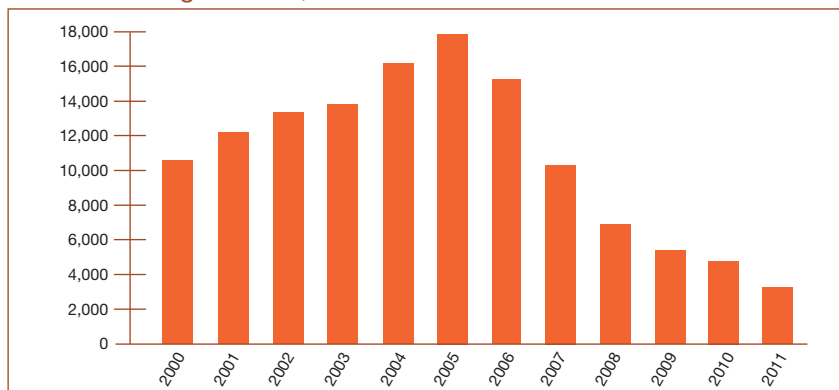
The sales housing market in the Fort Worth-Arlington HMA is currently soft, with an estimated 1.9-percent sales vacancy rate. According to the Real Estate Center at Texas A&M University, 7,875 new and existing single-family homes were sold during the 12-month period ending August 2011, down 11 percent compared with the 8,825 homes sold during the previous 12 months. The average number of homes sold during the peak years of 2006 through 2008 was 11,300. The average sales price of a single-family home in the HMA increased by approximately 3 percent to \$143,700 during the 12 months ending August 2011 compared with \$140,000 a year ago. According to data from the Real Estate Center at Texas A&M University, the available inventory of new and existing homes in the HMA averaged about a 7-month supply during the 12 months ending August 2011, an increase from the 6.6-month average supply during the same period a year earlier. According to LPS Applied Analytics, during the 12 months ending August 2011, 5 percent of the loans in the HMA were classified as 90 or more days delinquent, in foreclosure, or in REO

(Real Estate Owned), down from 5.5 percent during the same period a year earlier.

New home construction, as measured by the number of single-family building permits issued, totaled about 4,450 homes permitted in the HMA during the 12 months ending August 2011, a decline of 20 percent compared with the number of permits issued during the previous 12 months, based on preliminary data. Current home construction levels are approximately one-third of the average of 13,300 homes permitted annually from 2004 to 2008. Figure 7 shows the number of single-family building permits issued in the HMA from 2000 to the current date.

Museum Place Condominiums in the Fort Worth Cultural District was completed in 2010 and has 35 units with sales prices ranging from \$299,000 to \$750,000. Construction of Mira Mesa, a newer subdivision located south of Fort Worth in Crowley, will be completed in 2012. The subdivision has about 70 single-family homes that range in price from \$105,000 to \$150,000. Enclave at Wilshire Park, a subdivision located in Euless in eastern Tarrant County near the Dallas/Fort Worth International Airport, is currently under construction. It is expected to include 220 single-family homes, with sales prices ranging from \$200,000 to \$250,000, and is scheduled for completion by mid-2012. In July 2011, development began at Arbor at Willow Grove in southwest Fort Worth, with plans to build a total of 150 homes at a rate of 13 homes a month. The home sales prices will range from \$150,000 to \$205,000.

Figure 7. Single-Family Building Permits Issued in the Fort Worth-Arlington HMA, 2000 to 2011



Notes: Includes townhomes. Includes data through August 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

During the 3-year forecast period, demand in the HMA is expected for 37,500 new market-rate homes, not including 2,000 mobile homes. The 1,750 homes currently under construction (see Table 1) will meet a portion of this demand. Some of the

estimated 15,350 other vacant units could become available for sale and satisfy part of the demand during the forecast period. Demand for new sales units is expected to be strongest in the \$150,000-to-\$199,999 price range, as shown in Table 4.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Fort Worth-Arlington HMA, September 1, 2011 to September 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
110,000	149,999	5,625	15.0
150,000	199,999	9,375	25.0
200,000	249,999	5,625	15.0
250,000	299,999	5,625	15.0
300,000	349,999	3,750	10.0
350,000	399,999	3,750	10.0
400,000	449,999	1,875	5.0
450,000	and higher	1,875	5.0

Notes: The 1,750 homes currently under construction and a portion of the estimated 15,350 other vacant units in the HMA will likely satisfy some of the forecast demand. Excludes mobile homes.

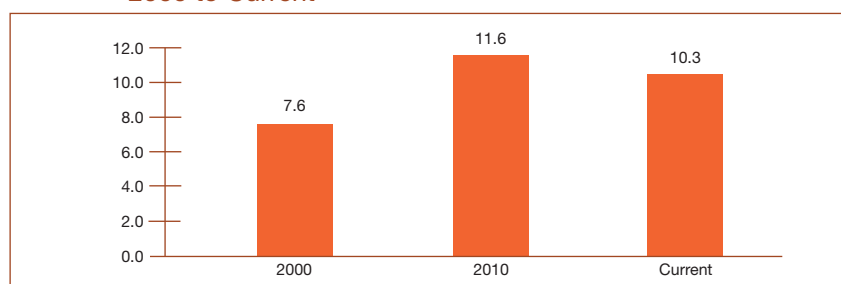
Source: Estimates by analyst

Rental Market

The rental housing market in the Fort Worth-Arlington HMA has been soft since 2002 due to an oversupply of units. The current overall vacancy rate, which includes single-family and mobile home rentals, is estimated at 10.3 percent, down from 11.6 percent in April 2010 (see Figure 8). According to ALN Systems, Inc., the average apartment vacancy rate for the third quarter of 2011 was 8.7 percent, down from 10.6 percent during the third quarter of 2010. The average

monthly rent for apartments in the HMA increased by approximately 3 percent from \$700 during the third quarter of 2010 to \$720 during the third quarter of 2011. The average monthly rent for newly constructed one-, two-, and three-bedroom units is \$850, \$995, and \$1,100, respectively. Both existing and new apartment complexes offer concessions that typically include a free month of rent, no security deposit, and a \$99 move-in special.

Figure 8. Rental Vacancy Rates in the Fort Worth-Arlington HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Multifamily construction, as measured by the number of multifamily units permitted, increased to 1,750 units permitted during the 12-month period ending August 2011 compared with the 970 units permitted during the previous 12-month period, based on preliminary data. Based on final data, multifamily construction averaged approximately 1,450 units permitted

Housing Market Trends

Rental Market *Continued*

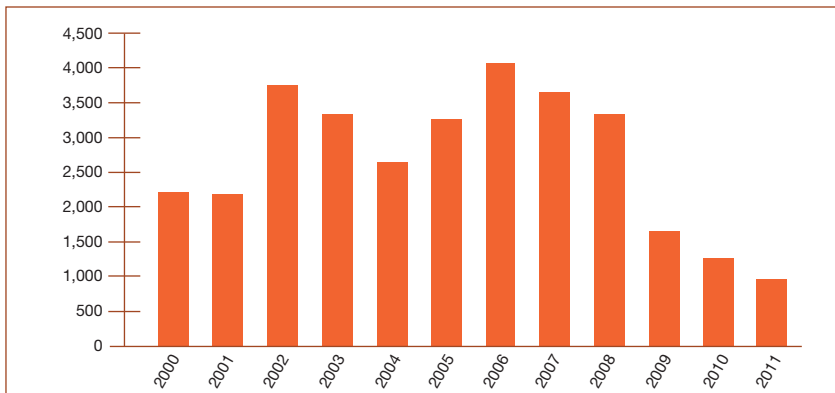
in 2009 and 2010, down from an average of 3,575 units permitted annually between 2005 and 2008. An estimated 2,075 apartment units are currently under construction in the HMA (see Table 1). Figure 9 illustrates the number of multifamily units permitted in the HMA from 2000 to the current date.

The newest area of concentrated development in the HMA is occurring between downtown Fort Worth and the Fort Worth Cultural District to the west and includes three major mixed-use projects with residential, retail, and office space totaling \$1 billion, according to TownSite Company.

These projects—the West 7th Street development, Museum Place, and So7—have a combined total of approximately 700 rental units. New apartment complexes in the area include Lofts at West 7th, a 345-unit community, and Parkside at So7, a 71-unit community. Effective average rents in these two developments start at \$855 for a one-bedroom unit, \$1,490 for a two-bedroom unit, and \$2,400 for a three-bedroom unit. Currently under construction is Museum Place, a 217-unit community expecting to be completed by the end of 2012, with rents starting at \$1,080 and \$1,510 for one- and two-bedroom units, respectively. In the hospital district, Phoenix Apartments offers 80 percent of the units at market rate and 20 percent as affordable units; the 170-unit complex is in the construction pipeline.

During the next 3 years, additional units will not be needed in the HMA. The current supply of nearly 32,350 available vacant rental units and 2,075 rental units under construction will satisfy the demand for rental units beyond the forecast period. Production of additional units will only lengthen the time it takes for the rental housing market to achieve balanced conditions.

Figure 9. Multifamily Building Permits Issued in the Fort Worth-Arlington HMA, 2000 to 2011



Notes: Excludes townhomes. Includes data through August 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Data Profile

Table DP-1. Fort Worth-Arlington HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	896,955	979,658	987,900	0.9	1.3
Unemployment Rate	3.6%	8.2%	8.1%		
Nonfarm Payroll Jobs	796,300	845,400	854,900	0.6	1.7
Total Population	1,710,318	2,136,022	2,199,000	2.2	2.1
Total Households	625,809	772,411	791,300	2.1	1.7
Owner Households	398,128	498,514	508,300	2.3	1.4
Percent Owner	63.6%	64.5%	64.2%		
Renter Households	227,681	273,897	283,000	1.9	2.3
Percent Renter	36.4%	35.5%	35.8%		
Total Housing Units	665,425	841,931	848,800	2.4	0.6
Owner Vacancy Rate	1.5%	2.1%	1.9%		
Rental Vacancy Rate	7.6%	11.6%	10.3%		
Median Family Income	\$55,300	\$66,000	\$67,400	1.8	2.1

Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through August 2011. Median family incomes are for 1999, 2009, and 2010.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 9/1/2011—Analyst's estimates

Forecast period: 9/1/2011–9/1/2014—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.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_FortWorth-ArlingtonTX_12.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
www.huduser.org/publications/econdev/mkt_analysis.html.