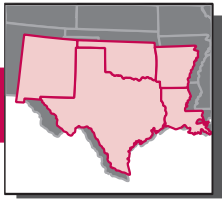


# Housing Market Profile



Southwest • HUD Region VI

## Killeen-Temple-Fort Hood, Texas

The Killeen-Temple-Fort Hood metropolitan area is located in central Texas, approximately 60 miles north of Austin, and consists of Bell, Coryell, and Lampasas Counties. The cities of Killeen and Temple are located in Bell County and the Fort Hood Army post is located outside Killeen. As of September 1, 2009, the population of the metropolitan area is estimated at 386,000, an increase of 2 percent compared with the September 1, 2008, population estimate. More than 75 percent of the population increase recorded since 2000 has been from net natural change (resident births minus resident deaths).

Fort Hood, which is one of the largest Army installations for training and deploying soldiers, is the leading single-site employer in Texas. According to the Greater Killeen Chamber of Commerce, the base includes more than 57,300 soldiers and 5,580 civilian employees and has an annual economic impact of more than \$7 billion on the metropolitan area. Fort Hood can house more than 18,000 soldiers in barracks and more than 6,500 in privatized, on-base housing units, which include single-family and multifamily homes.

The metropolitan area economy is strong. During the 12 months ending August 2009, total nonfarm employment increased by 2,100 jobs to 127,500, a 1.7-percent gain. Together, the government and the education and health services sectors account for slightly more than 40 percent of all nonfarm jobs in the area. The leading private-sector employer in the metropolitan area is Scott & White Memorial Hospital and Clinics, with 7,000 employees. During the 12 months ending August 2009, the education and health services sector added 1,300 jobs, a 7.6-percent increase compared with the number of jobs during the previous 12 months. At Fort Hood, construction of the new \$1 billion Carl R. Darnall Army Medical Center is expected to start in September 2010 and be completed in 2013. It is unclear how many civilian jobs will be created when the facility is completed. During the 12 months ending August 2009, the government sector added 2,000 jobs, an increase of 6 percent. During the same period, the average unemployment rate was 6.1 percent, up from the 4.8-percent rate recorded during the same period a year ago.

The market for existing single-family homes in the metropolitan area is soft. According to the Real Estate Center at Texas A&M University, during the 12 months ending August 2009, sales of existing homes in

Killeen and Fort Hood totaled 2,350 units, a decrease of 20 percent compared with the number sold during the previous 12 months. In Temple, sales totaled 1,650 units, a 10-percent decrease compared with sales recorded during the previous 12-month period. Despite the decline in sales, average home sales prices remained nearly unchanged. During the 12 months ending August 2009, prices averaged \$126,500 in Killeen and Fort Hood and \$140,600 in Temple.

As a result of the slower pace of home sales, home builders have cut back on new production. For the 12-month period ending August 2009, single-family construction activity, as measured by preliminary data on the number of building permits issued, totaled 1,500 homes, a decrease of nearly 11 percent compared with the number of homes permitted during the previous 12 months. From 2004 through 2007, an average of 2,800 single-family homes were permitted in the metropolitan area. In comparison, 1,900 homes were permitted annually from 2000 through 2003. Currently, prices for new homes start at \$90,000 for a one-story, 1,100-square-foot home in Temple and \$230,000 for a two-story, 3,000-square-foot luxury home in Killeen.

The metropolitan area rental housing market is currently soft with an estimated overall vacancy rate of 17 percent due to the high turnover of military-connected households. Concessions, which typically include 1 month of free rent, are prevalent in the market. According to a U.S. Department of Housing and Urban Development survey of local apartment communities, as of September 2009, the apartment market in Killeen was somewhat soft with an 8-percent vacancy rate. Apartment rents in Killeen average \$630 for a one-bedroom unit and \$770 for a two-bedroom unit. Three-bedroom units in Killeen are not as prevalent as they are in other areas because large military families live in homes on base. The Temple apartment market is currently balanced with a vacancy rate of 6.5 percent and average rents of \$680, \$800, and \$1,000 for one-, two-, and three-bedroom units, respectively.

Apartment construction activity, as measured by the number of multifamily units permitted, decreased to 90 units during the 12-month period ending August 2009, based on preliminary data. In comparison, 900 units were permitted during the 12-month period ending August 2008. During the past 2 years, the pace of multifamily construction has dropped well below the annual average of 1,100 units permitted between 2004 and 2007. Condominiums are not a significant part of multifamily activity in the metropolitan area. The soft rental market conditions are expected to continue through 2010 due to the expected delivery of 200 additional units during the next 2 years.