

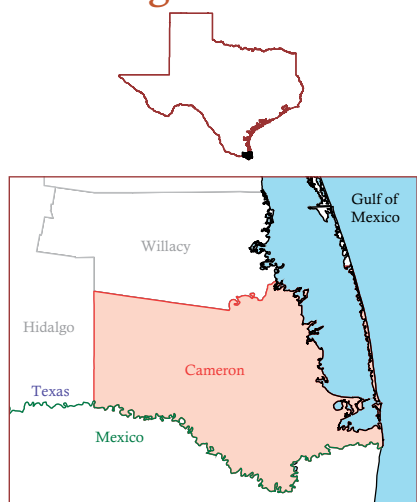


Brownsville-Harlingen, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2014

PD&R

Housing Market Area



The Brownsville-Harlingen Housing Market Area (hereafter, the Brownsville HMA) consists of Cameron County, the southernmost county in Texas, and has an estimated population of 419,200. The HMA, which is bordered by Mexico to the south and the Gulf of Mexico to the east, is home to South Padre Island, a popular vacation destination that receives more than 1 million visitors a year.

Market Details

Economic Conditions	2
Population and Households	6
Housing Market Trends	8
Data Profile	12

Summary

Economy

Economic conditions in the Brownsville HMA continued to improve during the 12 months ending March 2014, a trend that began in 2010. Nonfarm payrolls in the HMA increased by 2,800 jobs, or 2.1 percent, to reach a new all-time peak of 134,500. The current unemployment rate in the HMA is 9.8 percent, which is down from the 10.5-percent rate recorded 1 year earlier. During the forecast period, nonfarm payroll jobs are expected to increase 1.9 percent annually. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

The sales housing market in the HMA is currently soft, with an estimated sales vacancy rate of 1.6 percent as of April 1, 2014, down from 1.8 percent in April 2010. During the 12 months ending March 2014, home sales, which include single-family homes, townhomes, and condominiums, declined 7 percent, and the average sales price was down nearly 5 percent from a year earlier (Metrostudy, A Hanley Wood Company). Demand is estimated for 4,025 new homes (including 25 mobile homes) during the forecast period (Table 1). The 190 homes currently under construction and a portion of the 16,050 other vacant units

that are likely to reenter the market will satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is soft, with an estimated 8.2-percent vacancy rate, an improvement from the 10.3-percent rate recorded in April 2010. Apartment market conditions are currently balanced, with a 4.7-percent vacancy rate as of the first quarter of 2014 (Reis, Inc.). Demand is expected for 1,325 new market-rate rental units during the forecast period (Table 1). The 790 units currently under construction will meet a portion of that demand.

Table 1. Housing Demand in the Brownsville HMA* During the Forecast Period

	2014-2017	2017-2020
Total demand	4,025	1,325
Under construction	190	790

* Brownsville-Harlingen HMA.

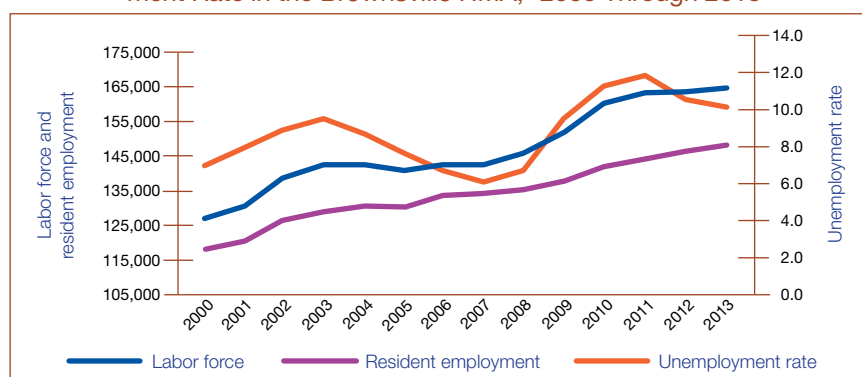
Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2014. A portion of the estimated 16,050 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 25 mobile homes. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analyst

Economic Conditions

Since 2010, the economy in the Brownsville HMA has been growing. During the 12 months ending March 2014, nonfarm payrolls in the HMA increased by 2,800 jobs, or 2.1 percent, to reach a new all-time peak of 134,500. The current unemployment rate in the HMA is 9.8 percent, which is down from the 10.5-percent rate recorded 1 year earlier. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2013.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Brownsville HMA,* 2000 Through 2013



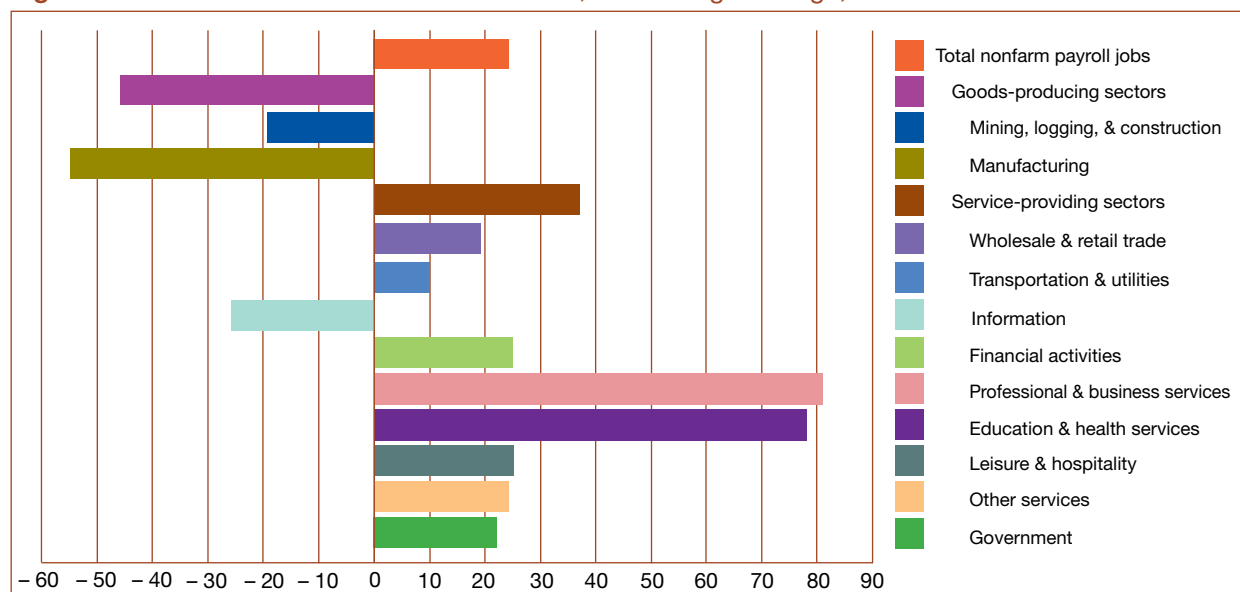
* Brownsville-Harlingen HMA.

Source: U.S. Bureau of Labor Statistics

During the 12 months ending March 2014, job growth was strongest in the professional and business services sector, which increased by 900 jobs, or 8.6 percent, to an average of 11,400. Since 2000, the professional and business services sector has been the fastest growing sector in the HMA (Figure 2). The sector has added 5,100 net jobs since 2000, which represents nearly 20 percent of all net jobs added in the HMA since 2000. Nonfarm payroll jobs in the leisure and hospitality sector increased by 800 jobs, or 6.2 percent, to 13,800 jobs; this sector was the second leading source of job growth in the HMA during the 12 months ending March 2014. Table 2 shows nonfarm payroll growth by sector for the 12 months ending March 2014.

With the HMA situated along the United States-Mexico border, international trade, in part, drives the economy and provides a strong economic base for the HMA, especially since 1994, when the North American Free Trade Agreement (NAFTA) was implemented.

Figure 2. Sector Growth in the Brownsville HMA,* Percentage Change, 2000 to Current



* Brownsville-Harlingen HMA.

Note: Current is based on 12-month averages through March 2014.

Source: U.S. Bureau of Labor Statistics

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

	12 Months Ending		Absolute Change	Percent Change
	March 2013	March 2014		
Total nonfarm payroll jobs	131,700	134,500	2,800	2.1
Goods-producing sectors	9,300	9,000	- 300	- 3.2
Mining, logging, & construction	3,500	3,400	- 100	- 2.9
Manufacturing	5,800	5,600	- 200	- 3.4
Service-providing sectors	122,400	125,500	3,100	2.5
Wholesale & retail trade	20,600	21,000	400	1.9
Transportation & utilities	4,500	4,400	- 100	- 2.2
Information	1,300	1,100	- 200	- 15.4
Financial activities	5,300	5,400	100	1.9
Professional & business services	10,500	11,400	900	8.6
Education & health services	33,400	34,100	700	2.1
Leisure & hospitality	13,000	13,800	800	6.2
Other services	3,500	3,700	200	5.7
Government	30,300	30,700	400	1.3

* Brownsville-Harlingen HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2013 and March 2014.

Source: U.S. Bureau of Labor Statistics

The passage of NAFTA changed the local economy from being predominately centered on agriculture to one that is also involved in global trade.

In 1991, the unemployment rate in the HMA was 15.2 percent. Because of the effect of NAFTA, the unemployment rate had declined to 7 percent by the year 2000. After the passage of NAFTA, from 1994 through 1999, nonfarm payrolls increased by 2,950 jobs, or 3.2 percent, annually. By comparison, from 1980 through 1993, nonfarm payrolls increased by an average of 1,850, or nearly 2.6 percent, annually. Strong growth continued in the early 2000s as nonfarm payrolls increased by an average of 3,900 jobs, or nearly 3.7 percent, annually from 2000 through 2002. Notable expansions in nonfarm payrolls during these years included Neoplan USA, a bus manufacturing company, which employed 600 people when it opened a facility to refurbish buses, and Penske Logistics, which invested nearly \$8.2 million to construct a warehouse distribution center near the International Free Trade Bridge, creating nearly 200 full-time jobs.

The economy of the HMA grew at a much slower pace from 2003 through 2005, when nonfarm payrolls increased by an average of 600 jobs, or 0.5 percent, annually. Growth during this period was predominately tied to the construction of new hotels in the HMA, with 13 projects that began in 2005 to accommodate the increasing number of tourists and business travelers to the HMA. South Padre Island, a major vacation spot, attracts more than 1 million visitors annually. A 2010 study by Dean Runyon and Associates estimates that tourists spend more than \$300 million annually on hotel rooms, which support 3,500 jobs associated with the tourism industry. The HMA was also the location of the first battle of the Mexican-American War and the last battle of the Civil War; these battle sites attract many tourists. By 2006, the economy of the HMA returned to a higher rate of growth but still remained at a level below the growth rate at the beginning of the decade. From 2006 through 2008, nonfarm payrolls increased by an average rate of 3,350 jobs, or 2.8 percent,

annually. Strong employment growth in the leisure and hospitality sector resulted from the opening of the 13 new hotels in 2005 and 6 additional hotels in 2006. Employment in this sector increased by an average of 270 jobs, or 2.3 percent, annually from 2006 through 2008.

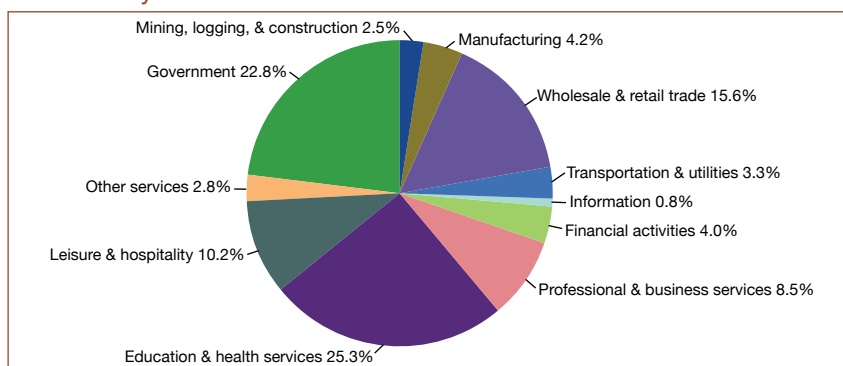
In 2009, as a result of the effects of the national recession, the local economy declined slightly and nonfarm payrolls declined by 1,700 jobs, or 1.3 percent, to 124,500. The downturn in the local economy was short lived and, by 2010, nonfarm payrolls had increased to 126,900, which returned employment to prerecession levels. Nonfarm payrolls continued to expand and increased by an average of 2,200 jobs, or 1.7 percent,

annually during 2011 and 2012. The professional and business services and the education and health services sectors led job gains; they increased by an average of 600 jobs each, or 6.3 and 1.9 percent, respectively.

The education and health services sector is the largest employment sector in the HMA, with 34,100 nonfarm payroll jobs during the 12 months ending March 2014, accounting for slightly more than 25 percent of all nonfarm payroll jobs (Figure 3). Since 2000, the HMA has added 26,100 nonfarm payroll jobs overall. Of those jobs, 14,900, or nearly 57 percent, were in the education and health services sector. During the 12 months ending March 2014, the education and health services sector increased by 700 jobs, or 2.1 percent, to 34,100 jobs. The two largest employers in the HMA are in the education and health services sector: Valley Baptist Medical Centers and Caring For You Home Health Inc. have 4,000 and 2,650 employees, respectively (Table 3). Since 2000, Valley Baptist has had numerous small to midlevel expansions, including the completion of the six-story Medical Arts Pavilion in 2001 and the opening of a new campus in east Brownsville in 2007.

The government sector is the second largest employment sector and accounts for 30,700 jobs, or approximately 23 percent of nonfarm payrolls in the HMA. Since 2000, this sector has increased by 5,625 jobs, or 22 percent. Major employers in this sector include Cameron County, with 2,050 employees, and the University of Texas at Brownsville, with 1,625 employees. Most of the 3,100 federal government employees in the HMA work for the U.S. Customs and Border Protection

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



* Brownsville-Harlingen HMA.

Note: Based on 12-month averages through March 2014.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Brownsville HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Valley Baptist Medical Centers	Education & health services	4,000
Caring For You Home Health Inc.	Education & health services	2,650
Cameron County	Government	2,050
University of Texas at Brownsville	Government	1,625
HEB Grocery Company, LP	Wholesale & retail trade	1,600
Wal-Mart Stores, Inc.	Wholesale & retail trade	1,425
Keppel AmFELS	Manufacturing	1,400
City of Brownsville	Government	1,200
Abundant Life Home Health, Inc.	Education & health services	1,200
Schlitterbahn Waterpark & Resort	Leisure & hospitality	980

* Brownsville-Harlingen HMA.

Note: Excludes local school districts.

Sources: Brownsville Economic Development Council; Harlingen Economic Development Corporation

agency, monitoring the flow of goods and people across the international points of entry, which see a significant amount of traffic annually.

During 2013, more than \$9.2 billion of exports from the United States and nearly \$6.6 billion of imports to the United States passed through the Brownsville HMA (U.S. Census Bureau, Foreign Trade Division). Much of the trade that passes through the HMA includes products that are assembled in maquiladoras in the Mexican city of Matamoras and then are shipped back to the United States. A maquiladora is defined as a factory in a free trade zone along the border that imports material and equipment to assemble, process, or manufacture products for export from Mexico.

Five international border crossing points with bridges that cross the Rio Grande River help facilitate trade across the border. One of these crossing points is a bridge for train traffic that stretches from the city of Brownsville to Matamoras; the other four bridges are for automobile and truck traffic. Pedestrians also cross on all four bridges, but only two allow for commercial truck traffic to cross. Truck crossings, which are the number of commercial delivery trucks moving across the border, totaled 419,600 in 2013, which is down by 18,200 crossings, or 4 percent, from 2012 (Texas A&M International University, Texas Center for Border Economic and Enterprise Development). Much of the trade crossing the border by truck impacts the transportation and utilities sector, which declined by 100 jobs, or 2.2 percent, during the 12 months ending March 2014.

Many people who live in Mexico cross the border to shop in the Brownsville

HMA. Vehicle crossings, excluding large commercial trucks, averaged 22,100 a day and pedestrian crossings averaged 10,700 a day during 2013. In 2012, the Sabre Research Institute published a white paper, *The Spending Patterns and Economic Impacts of Mexican Nationals in a 20-County Region of South and Central Texas*; it provides an estimate of how much this cross-border traffic contributes to local economies. According to the paper, 30 to 35 percent of all retail sales in the HMA are from Mexican nationals who cross the border to shop. This cross-border commerce creates nearly 2,600 jobs and contributes about \$195.5 million to the economy of the HMA. The impact of cross-border commerce is likely to increase because Mexico recently increased the national sales tax from 11 to 16 percent in the Mexican states that share a border with the United States. This increase brings the Mexican border states' sales tax rate to parity with the Mexican states that do not border the United States. As the Mexican economy continues to expand and a wealthier and larger middle class develops in Mexico, the number of shoppers coming to the HMA is also likely to increase. Employment in the wholesale and retail trade sector increased by 400 jobs, or 1.9 percent, to 21,000 jobs during the 12 months ending March 2014 compared with the number of jobs during the previous 12 months.

Several recently announced projects will contribute to employment growth during the next 3 years. Most notably, two power plant projects are set to begin construction in 2015. La Paloma Energy Center, LLC, is constructing a \$650 million power plant in Harlingen that is expected to create more than 600 construction jobs and 35

full-time positions when complete. The Brownsville Public Utilities Board recently approved a joint venture with Tenaska Inc. to construct an 800-megawatt power plant; construction is expected to begin in 2015.

During the forecast period, nonfarm payrolls are expected to increase by

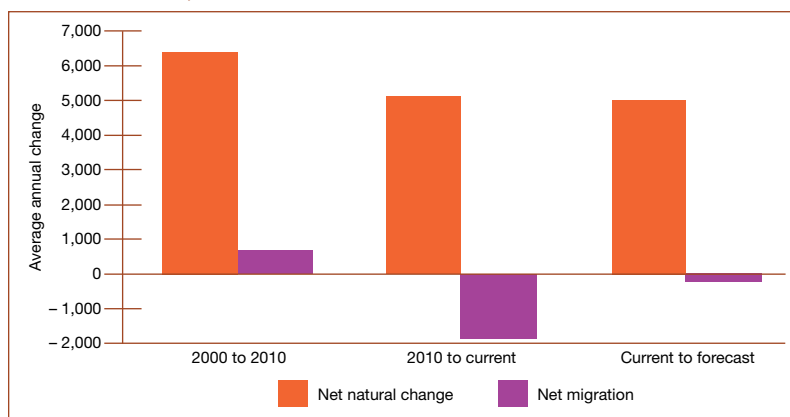
an average of 2,550 jobs, or 1.9 percent, annually. Employment growth should be strongest in the second and third years, when both power plants will be under construction, contributing to strong growth in the construction subsector.

Population and Households

The population of the Brownsville HMA as of April 1, 2014, is estimated at 419,200, which has been an average annual increase of 3,250, or 0.8 percent, since April 2010. By comparison, between 2000 and 2010, the population increased by an average of 7,100, or 1.9 percent, annually. The rate of population growth has slowed as both net natural change (resident births minus resident deaths) and in-migration to the HMA have declined since the early 2000s. Figure 4 shows the components of population change since 2000 and for the forecast period.

The population increased by an average of 7,300, or 2.1 percent, annually from 2000 through 2004. During these years, net natural change averaged 6,500 people annually and net in-migration averaged 830 people a year. Population growth slowed slightly to an average increase of 6,900 people, or 1.8 percent, annually from 2005 through 2010. This slowdown was attributed to a drop in net natural change and net in-migration, which averaged 6,350 and 660, respectively, each year from 2005 through 2010. Since 2010, population growth has slowed even further, with an average annual increase of 3,250 people, or 0.8 percent. The decline in population growth is attributable to a continued drop in net natural change, which has declined to an average of 5,100 people a year since 2010 and a change in migration patterns. Net out-migration has averaged 1,850 people a year since 2010 in the HMA, in part, because of a recent slowdown in international migration to the HMA. Another factor contributing to net out-migration is that many residents of the HMA left to take some of the high-paying jobs that result from oil and

Figure 4. Components of Population Change in the Brownsville HMA,* 2000 to Forecast



* Brownsville-Harlingen HMA.

Notes: The current date is April 1, 2014. The forecast date is April 1, 2017.

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

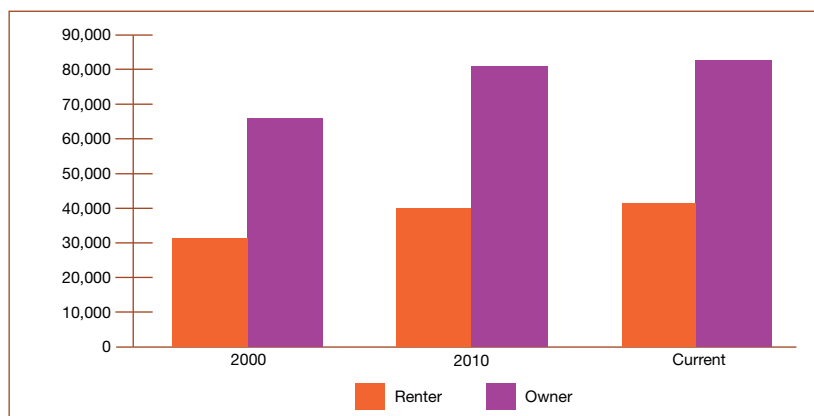
natural gas production in the Eagle Ford Shale area that is about 100 miles north of the city Brownsville.

The Brownsville Metropolitan Statistical Area (MSA), which is coterminous with the HMA, is the poorest MSA in the nation, with a median family income of \$37,300. Many of the lower income residents of the HMA reside in colonias that are in the unincorporated areas of the HMA. The housing units in colonias usually lack basic infrastructure, such as electricity, water, and sewage hookups. The residents of colonias usually build their own homes as they acquire building materials. The structures are constructed with help from friends and family, and professional builders are seldom used. Most properties in a colonia are purchased using a contract for deed, which is a financing arrangement in which landownership often remains with the seller until the total purchase price is paid. Contracts for deed are usually not recorded with the county clerk, and, as such, the developer does not have to go through a foreclosure process if the person living

in the colonia falls behind on his or her payments to repossess the property. Developers also can claim any improvements made on the property by the resident without compensation. It is estimated that nearly 48,000 people live in the nearly 200 colonias in the Brownsville HMA (Senate Bill 99, 2010).

The extremely high birth rate in the Brownsville HMA before 2010 has resulted in a very young population base. The median age in the HMA was 31 years compared with a national median age of 37.4 years. People who are less than 18 years old account for 32 percent of the HMA's total population compared with the national average of 24 percent (2012 American Community Survey [ACS]). In the HMA, 49 percent of all households have a child who is less than 18 years old, which is significantly higher when compared with 32 percent of households nationwide. The large percentage of the population that is less than 18 years old contributes to the extremely high household size of 3.4 people per household in the HMA compared with 2.6 people nationally (2012 ACS).

Figure 5. Number of Households by Tenure in the Brownsville HMA,* 2000 to Current

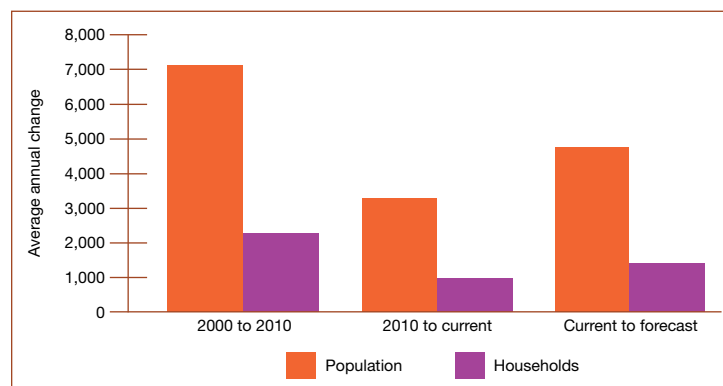


* Brownsville-Harlingen HMA.

Note: The current date is April 1, 2014.

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

Slower population growth since 2010 has contributed to a sharp drop in household growth in the HMA. The number of households has increased by an average annual rate of 930, or 0.8 percent, since 2010, down from an average of 2,225, or 2.1 percent, annually from 2000 to 2010. An estimated 123,350 households are currently in the HMA. Figure 5 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date. The homeownership rate declined from 67.7 percent in 2000, to 67.2 percent in 2010, and to 66.5 percent currently

Figure 6. Population and Household Growth in the Brownsville HMA,* 2000 to Forecast

* Brownsville-Harlingen HMA.

Notes: The current date is April 1, 2014. The forecast date is April 1, 2017.

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

as a result of the weak economy and a declining demand for single-family homes. During the next 3 years, the number of households is expected to increase by an average of 1,425, or 1.1 percent, annually, and the population is expected to increase by 4,725, or 1.1 percent, annually. Figure 6 shows population and household growth in the HMA from 2000 to the forecast date.

Housing Market Trends

Sales Market

The sales housing market in the Brownsville HMA is currently soft. The estimated sales vacancy rate is 1.6 percent, which is down slightly from the 1.8-percent rate recorded in 2010. During the 12 months ending March 2014, 5,675 new and existing homes sold (including single-family homes, townhomes, and condominiums) in the HMA, which is down by 450 sales, or more than 7 percent, compared with the 12 months ending March 2013. The average sales price during the 12 months ending March 2014 was \$120,000, a decline of \$6,000, or nearly 5 percent, compared with the average sales price during the previous 12 months. As of April 1, 2014, 16.8 months of inventory is on the market, down from 18.5 months of inventory a year earlier (Real Estate Center at Texas A&M University).

Home sales have been steadily declining since they peaked in 2005. In the

HMA in 2005, 9,650 homes sold, and sales have declined each year by an average of 500 homes, or more than 6 percent, annually through 2012, when 6,175 homes sold. The average home sales price during 2005 was \$134,800. The sales price increased by an average of \$4,350, or 3 percent, annually to a peak of \$143,500 during 2007. After reaching a peak level, the average sales price declined from 2008 through 2011, bottoming out at \$115,200. Several factors contributed to the declining number of sales and the sales price in the HMA. First, since 2005, demand for housing has decreased as population growth has slowed. Second, the national housing crisis that has resulted in tighter lending standards has left some segments of the population unable to qualify for a mortgage, so these households have become renters rather than homeowners. The Texas Gulf Coast location of the HMA, with its

Housing Market Trends

Sales Market *Continued*

year-round warm weather, traditionally has been a location where people retire or own second homes. After the national economic downturn, however, fewer people are purchasing second homes or retiring to the HMA. Fewer homes are also being sold on or near the coastal area of the HMA.

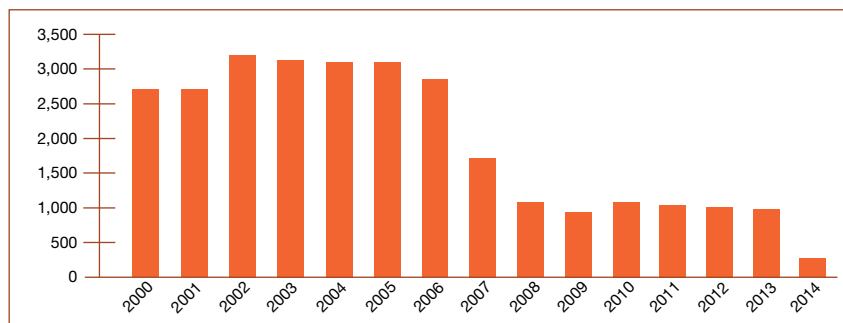
The foreclosure crisis did not hit the Brownsville HMA as severely as other parts of the country, but it was harder hit than the state of Texas as a whole. As of March 2014, 4.2 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 4.6 percent a year earlier and much less than the peak of 6.8 percent recorded in January 2010 (Black Knight Financial Services, Inc.). The current rate for Texas is 3.5 percent, which is down from 4.1 percent a year earlier and a peak of 5.8 percent recorded in January 2010. The national level is slightly higher, at 5.2 percent, and down from 7 percent a year earlier and the peak level of 9.2 percent in April 2010. REO sales in the HMA totaled 740 during the 12 months ending March 2014, which was down 160 sales, or nearly 18 percent, from a year earlier and much less than the peak years of 2009 and 2010 when 1,225 REO homes sold each year.

Homebuilding activity, as measured by the number of single-family homes permitted, totaled 940 during the 12 months ending March 2014, an increase of 20 homes, or 2 percent, compared with the number permitted during the previous 12 months. Building activity during the past 12 months is approximately 66 percent less than the average annual production of 2,800 homes annually from 2000 through 2007. Although production is down significantly from the early 2000s to the mid-2000s, when slower population growth and home sales had limited demand, the current level of production is in line with the average of 1,025 single-family homes permitted annually from 2008 through 2012. Figure 7 shows the number of single-family homes permitted since 2000.

Recent developments in the Brownsville HMA include the Pelican Estates subdivision in the city of Harlingen, which consists of 190 lots for development as single-family homes with prices starting at \$120,000. Construction began at Pelican Estates in 2013 and is about 10 percent complete. Another development currently under construction is the Spanish Hills subdivision in the master-planned community of Santander. Spanish Hills consists of 40 lots for single-family homes with prices starting at \$155,000. The subdivision is nearly 50 percent built out, with completion expected during the summer of 2015.

During the next 3 years, demand is estimated for 4,025 new homes, including 25 mobile homes. The 190 homes currently under construction will meet a portion of the forecast demand (Table 1). In addition, some of the estimated 16,050 other vacant

Figure 7. Single-Family Homes Permitted in the Brownsville HMA,* 2000 to Current



* Brownsville-Harlingen HMA.

Notes: Includes townhomes. Current includes data through March 2014.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Brownsville HMA* During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
70,000	99,999	800	20.0
100,000	149,999	1,725	43.0
150,000	199,999	960	24.0
200,000	299,999	400	10.0
300,000	and higher	120	3.0

* Brownsville-Harlingen HMA.

Notes: The 190 homes currently under construction and a portion of the estimated 16,050 other vacant units in the submarket will likely satisfy some of the forecast demand. Excludes an estimated demand for 25 mobile homes. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analyst

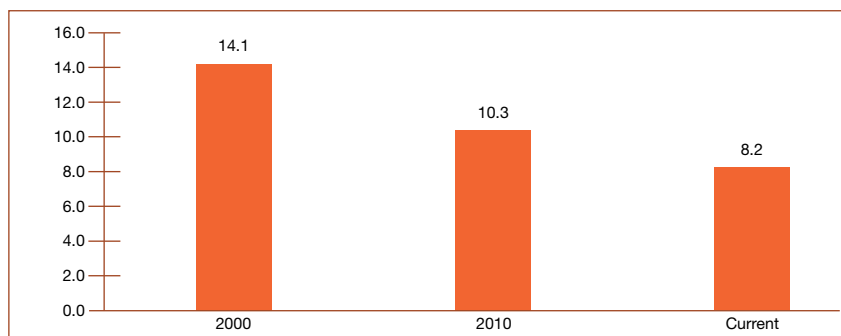
units may reenter the market and satisfy part of the forecast demand. Sales prices for new homes start at \$70,000. Table 4 presents detailed information about the estimated demand for new sales housing, by price range, in the Brownsville HMA during the forecast period.

Rental Market

The rental housing market in the Brownsville HMA is slightly soft, with an 8.2-percent vacancy rate as of April 1, 2014, which is down from the 10.3-percent rate recorded in April 2010 (Figure 8). The apartment market in the HMA is currently balanced, with a vacancy rate of 4.7 percent as of the first quarter of 2014, which is down from 5.6 percent a year earlier and 7.2 percent during the first quarter of 2010 (Reis, Inc.). Slightly more than two-thirds of all renter households in the HMA live in a single-family home, duplex, or mobile home. Apartment complexes, consisting of buildings with five or more units, account for only 21 percent of all renter households.

The apartment market has improved since 2010, when conditions were soft, because the construction of new apartments in the HMA has slowed and allowed for some of the excess vacant units to be absorbed. Average rent for an apartment in the HMA is \$630, which is up \$10, or nearly 2 percent, during the past year (Reis, Inc.).

Multifamily construction, as measured by the number of multifamily units permitted, increased significantly during the 12 months ending March 2014. During the 12 months ending March 2014, 930 multifamily units were permitted, which is an increase of 790 units permitted, or 560 percent, compared with the previous 12 months (preliminary data). Multifamily construction increased in response to the tightening of the apartment market after a downturn in production that began in 2007. The 930 units permitted were the largest number of units permitted in a 12-month period since 2006, when nearly 1,225 multifamily units were permitted and softened the market considerably. By comparison, from 2007 through 2011, an average of 260 multifamily units was permitted annually. The slowdown in multifamily

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

* Brownsville-Harlingen HMA.

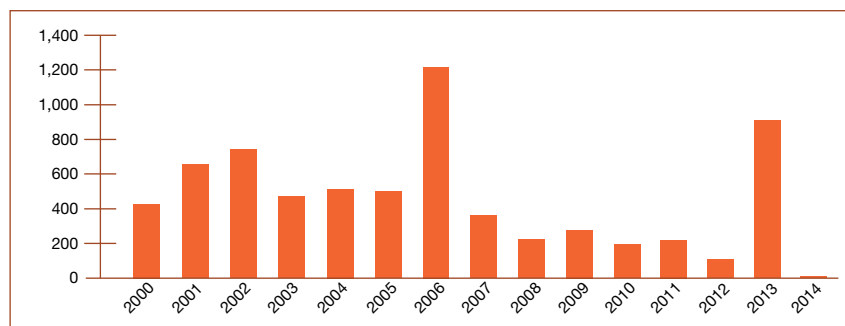
Note: The current date is April 1, 2014.

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

construction from 2007 through 2011 was because of the national economic downturn and the slightly slower rate of population growth in the HMA since 2007. Figure 9 shows the number of multifamily units permitted annually in the HMA since 2000.

Recent developments in the Brownsville HMA include the Villages at Paso Real, which completed a second phase consisting of 70 units in March 2012.

Figure 9. Multifamily Units Permitted in the Brownsville HMA,* 2000 to Current



* Brownsville-Harlingen HMA.

Notes: Excludes townhomes. Current includes data through March 2014.

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

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Brownsville HMA* During the Forecast Period

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
500 to 699	300	600 to 799	460	680 to 879	120
700 or more	130	800 to 999	210	880 to 1,079	55
		1,000 or more	35	1,080 or more	10
Total	420	Total	710	Total	190

* Brownsville-Harlingen HMA.

Notes: Numbers may not add to totals because of rounding. The 790 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analyst

Rents at this development are \$690, \$980, and \$1,085 for one-, two-, and three-bedroom units, respectively. Another development, Champion Homes at Canyon Creek, is a 100-unit, income-restricted development completed in August 2012. Rents are \$500, \$595, and \$682 for one-, two-, and three-bedroom units, respectively. Some single-family homes have also been built as rental units recently. The Sunrise Terrace Residences recently broke ground on single-family development with 70 homes for rent. This project is part of a Low-Income Housing Tax Credit Program developed by a local nonprofit corporation, the South Texas Collaborative for Housing Development, Inc. This project will provide housing for low-income residents who have incomes that are less than 60 percent of the Area Median Income. Proposed rents are \$161 to \$383 a month for 4 two-bedroom homes, \$180 to \$612 a month for 36 three-bedroom homes, and \$194 to \$676 a month for 30 four-bedroom homes.

During the 3-year forecast period, demand is estimated for 1,325 new market-rate rental units (Table 1). The 790 multifamily units currently under construction will meet a portion of this demand. Table 5 illustrates estimated demand for new rental housing in the HMA by number of bedrooms and rent range.

Data Profile

Table DP-1. Brownsville HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	118,079	142,142	148,900	1.9	1.4
Unemployment rate	7.0%	11.3%	9.8%		
Nonfarm payroll jobs	108,400	126,900	134,500	1.6	1.8
Total population	335,227	406,220	419,200	1.9	0.8
Total households	97,267	119,631	123,350	2.1	0.8
Owner households	65,875	80,412	82,050	2.0	0.5
Percent owner	67.7%	67.2%	66.5%		
Renter households	31,392	39,219	41,300	2.3	1.3
Percent renter	32.3%	32.8%	33.5%		
Total housing units	119,654	141,924	144,400	1.7	0.4
Owner vacancy rate	1.6%	1.8%	1.6%		
Rental vacancy rate	14.1%	10.3%	8.2%		
Median Family Income	\$26,900	\$33,500	\$37,300	2.2	3.6

* Brownsville-Harlingen HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2014. Median Family Incomes are for 1999, 2009, and 2012. The current date is April 1, 2014.

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: 4/1/2014—Analyst's estimates

Forecast period: 4/1/2014–4/1/2017—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 5, 2005, and does not reflect changes defined by the OMB Bulletin dated February 28, 2013.

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 the U.S. Department of Housing and Urban Development's (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 http://www.huduser.org/publications/pdf/CMARtables_Brownsville-HarlingenTX_14.pdf.

Contact Information

Tim McDonald, Economist
Fort Worth HUD Regional Office
817-978-9401
timothy.j.mcdonald@hud.gov

This analysis has been prepared for the assistance and guidance of 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/portal/ushmc/chma_archive.html.