

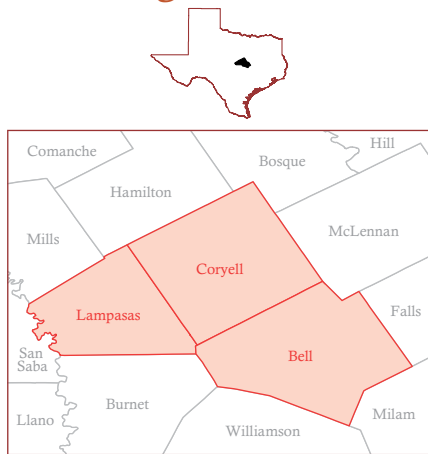


# Killeen-Temple, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of March 1, 2017



## Housing Market Area



The Killeen-Temple Housing Market Area (HMA) is coterminous with the Killeen-Temple, TX Metropolitan Statistical Area. The HMA is in central Texas, approximately 60 miles north of the city of Austin, and includes Bell, Coryell, and Lampasas Counties. The cities of Killeen and Temple, in Bell County, are the largest cities in the HMA. Adjacent to the city of Killeen, Fort Hood Army Base (hereafter, Fort Hood) occupies more than 217,000 acres in Bell and Coryell Counties. It is the largest active-duty post in the U.S. military and home to the III Corps Command Group.

## Market Details

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## Summary

### Economy

Economic conditions in the Killeen-Temple HMA continue to strengthen. Since 2010, nonfarm payroll jobs have increased an average of 2,500 jobs, or 1.9 percent, annually. During the 12 months ending February 2017, nonfarm payrolls totaled 144,800, up by 4,800, or 3.4 percent, from the previous 12 months, and 13.2 percent higher than the previous high of 127,900 jobs during the 12 months ending February 2009. The unemployment rate is 4.5 percent, unchanged from 1 year earlier. Non-farm payrolls are expected to grow an average of 2.4 percent a year during the 3-year forecast period, with the largest gains likely to occur among the education and health services and the mining, logging, and construction sectors.

### Sales Market

The sales housing market in the HMA is balanced with a vacancy rate currently estimated at 1.7 percent, down from 2.4 percent in April 2010. New and existing home sales in the HMA totaled 8,775 during the 12 months ending February 2017, up 650, or 8 percent, from the previous 12 months. During the forecast period, demand is estimated for 7,400 new

homes (Table 1). The 520 homes currently under construction in the HMA and a portion of the estimated 6,750 other vacant units that are likely to reenter the market will satisfy some of the demand.

### Rental Market

The rental housing market in the HMA is soft but improving, with an estimated rental vacancy rate of 8.9 percent, down from 10.1 percent in April 2010. During the forecast period, demand is estimated for 1,350 new market-rate rental units. The 540 units currently under construction will satisfy the demand during the first year of the forecast period (Table 1).

**Table 1. Housing Demand in the Killeen-Temple HMA During the Forecast Period**

|                    | Killeen-Temple HMA |              |
|--------------------|--------------------|--------------|
|                    | Sales Units        | Rental Units |
| Total demand       | 7,400              | 1,350        |
| Under construction | 520                | 540          |

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of March 1, 2017. A portion of the estimated 6,750 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is March 1, 2017, to March 1, 2020. Source: Estimates by analyst*

# Economic Conditions

The economy in the Killeen-Temple HMA has strengthened since 2010, even though the rate of population growth has been lower than during the previous decade.

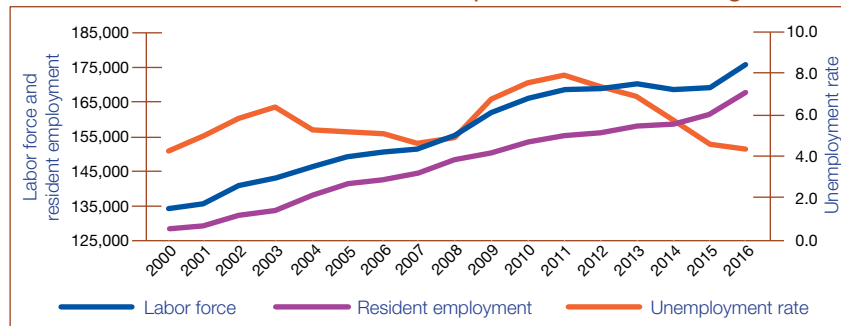
**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Killeen-Temple HMA, by Sector**

|                                  | 12 Months Ending |               | Absolute Change | Percent Change |
|----------------------------------|------------------|---------------|-----------------|----------------|
|                                  | February 2016    | February 2017 |                 |                |
| Total nonfarm payroll jobs       | 140,000          | 144,800       | 4,800           | 3.4            |
| Goods-producing sectors          | 15,400           | 17,200        | 1,800           | 11.7           |
| Mining, logging, & construction  | 8,000            | 9,700         | 1,700           | 21.3           |
| Manufacturing                    | 7,400            | 7,500         | 100             | 1.4            |
| Service-providing sectors        | 124,500          | 127,600       | 3,100           | 2.5            |
| Wholesale & retail trade         | 22,500           | 23,100        | 600             | 2.7            |
| Transportation & utilities       | 4,500            | 4,600         | 100             | 2.2            |
| Information                      | 1,600            | 1,300         | -300            | -18.8          |
| Financial activities             | 6,900            | 7,000         | 100             | 1.4            |
| Professional & business services | 9,800            | 10,100        | 300             | 3.1            |
| Education & health services      | 22,500           | 23,500        | 1,000           | 4.4            |
| Leisure & hospitality            | 14,300           | 14,500        | 200             | 1.4            |
| Other services                   | 5,100            | 5,400         | 300             | 5.9            |
| Government                       | 37,400           | 38,200        | 800             | 2.1            |

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through February 2016 and February 2017.

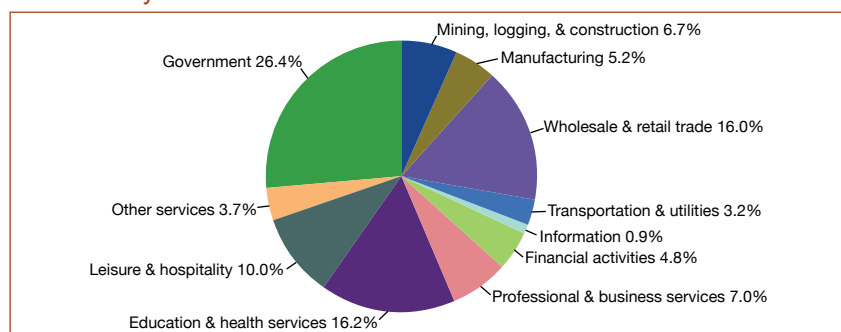
Source: U.S. Bureau of Labor Statistics

**Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Killeen-Temple HMA, 2000 Through 2016**



Source: U.S. Bureau of Labor Statistics

**Figure 2. Current Nonfarm Payroll Jobs in the Killeen-Temple HMA, by Sector**



Note: Based on 12-month averages through February 2017.

Source: U.S. Bureau of Labor Statistics

During the 12 months ending February 2017, nonfarm payrolls in the HMA rose 3.4 percent to 144,800, an increase of 4,800 jobs, which is equal to the number of nonfarm payrolls added during the previous 12 months (Table 2). The unemployment rate in the HMA during the 12 months ending February 2017 was 4.5 percent, unchanged from 1 year earlier, and below the 4.8 percent unemployment rate for the nation. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2016.

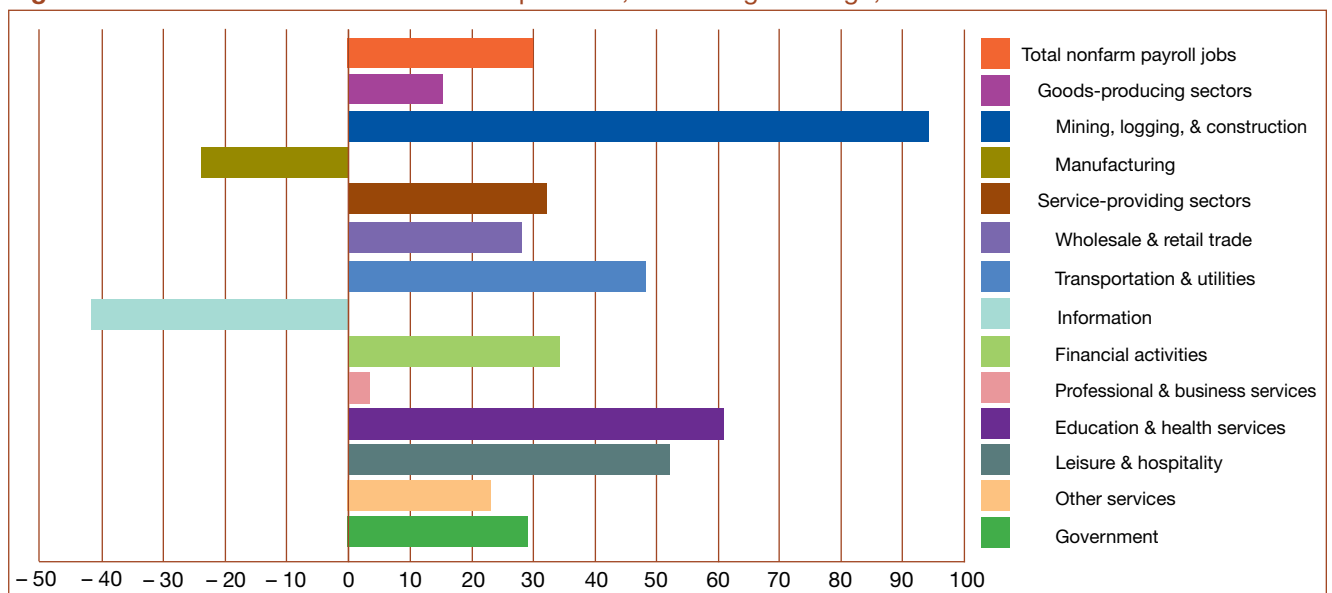
Because the HMA is home to Fort Hood, the government sector is an important part of the local economy. It is the largest employment sector in the HMA with 38,200 jobs, accounting for 26 percent of all nonfarm payroll jobs (Figure 2). During the 12 months ending February 2017, the government sector grew by 800 jobs, or 2.1 percent, with the local government subsector accounting for one-half of net job gains in the sector. Fort Hood is the largest employer in the HMA with 5,600 civilian employees and an additional 35,500 soldiers that are not included in the nonfarm payroll numbers (Fort Hood). With the latest troop strength reduction of 3,350 announced in 2015, the military strength at Fort Hood is currently 30 percent below the count in 2010, largely because of personnel cuts mandated by the Budget Control Act of 2011. However, the economic impact of the reduction in force was offset by infrastructure improvements and expansions of medical facilities on base. Fort Hood has an annual economic impact of \$35.4 billion on the Texas economy (Texas Comptroller of Public Accounts).

Activity at Fort Hood has a strong impact on the construction subsector due to nearly \$312 million budgeted to ongoing construction and infrastructure projects from fiscal years 2017 through 2020, including \$82 million to renovate seven soldier barracks with completion planned for August 2017. Since 2000, the mining, logging, and construction sector has been the fastest growing sector due to a recent surge in construction projects in the HMA (Figure 3). During the 12 months ending February 2017, the mining, logging, and construction sector expanded by 1,700 jobs, or 21.3 percent, following a gain of 1,300 jobs, or 19.5 percent during the previous 12 months. In January 2016, construction started on the U.S. Army's first renewable energy project, an on-post solar farm with 63,000 solar panels and an offsite wind turbine farm capable of generating 40 percent of the installation's energy needs. Work on the project is expected to be complete in spring 2017 (Fort Hood). The new \$551 million Carl R. Darnall Army Medical Center was recently completed and

was one of the largest construction projects in the HMA this decade. In addition to the military construction projects, increased multifamily construction and road-widening projects along U.S. Highway 190 and Interstate 35 have also contributed to accelerated growth in the sector since 2015.

The HMA has become a regional center for health care, and the education and health services sector has been the second fastest growing sector in the HMA since 2000. During the 12 months ending February 2017, the sector grew by 1,000 jobs, or 4.4 percent, following a gain of 900 jobs, or 4.0 percent, 1 year earlier. The education and health services sector is the second largest employment sector in the HMA with 23,500 jobs and includes 3 out of the 10 largest employers in the HMA—Baylor Scott & White Health, Central Texas College, and Metroplex Health System with 8,300, 1,490, and 1,200 employees, respectively (Table 3). Some recent and ongoing projects include the opening of the new Metroplex Hospital Heart

**Figure 3. Sector Growth in the Killeen-Temple HMA, Percentage Change, 2000 to Current**



Note: Current is based on 12-month averages through February 2017.

Source: U.S. Bureau of Labor Statistics

**Table 3. Major Employers in the Killeen-Temple HMA**

| Name of Employer            | Nonfarm Payroll Sector           | Number of Employees |
|-----------------------------|----------------------------------|---------------------|
| Fort Hood Army Base         | Government                       | 44,050              |
| Baylor Scott & White Health | Education & health services      | 8,300               |
| Teleperformance             | Professional & business services | 1,700               |
| McLane Company, Inc.        | Wholesale & retail trade         | 1,600               |
| Central Texas College       | Education & health services      | 1,490               |
| Metroplex Health System     | Education & health services      | 1,200               |
| City of Killeen             | Government                       | 1,100               |
| Wilsonart LLC               | Manufacturing                    | 895                 |
| Z Systems Corporation       | Professional & business services | 660                 |
| Wal-Mart Stores, Inc.       | Wholesale & retail trade         | 645                 |

*Notes: Excludes local school districts. Data include military personnel, who are generally not included in nonfarm payroll survey data.*

*Sources: Greater Killeen Chamber of Commerce; Temple Economic Development Corporation.*

and Vascular Center in late 2016 and the construction of a new surgical sciences building at the Scott & White Medical Center-Temple that broke ground during the summer of 2016.

The wholesale and retail trade sector is an important part of the local economy, due in part to the HMA location along Interstate 35, which runs from Mexico to Canada and provides an ideal business location for many transportation and supply chain firms. During the 12 months ending February 2017, the wholesale and retail trade sector expanded by 600 jobs, or 2.7 percent, compared with a gain of 1,400 jobs, or 6.8 percent, 1 year earlier. McLane Company, Inc., a supply chain services company, is the largest employer in the sector with 1,600 employees. In 2016, three firms—furniture maker Southwest Contract, PERFORMANCE Foodservice, and H-E-B—announced plans to invest a combined \$18.5 million in new warehouse facilities that will create more than 200 new jobs from 2017 through 2020.

Steady economic expansion of the HMA throughout the 1990s continued into the new millennium. From 2001 through 2002, nonfarm payroll jobs

rose by an average of 1,000 jobs, or 0.8 percent, annually. In 2003, economic conditions in the HMA weakened and nonfarm payrolls declined by 700 jobs, or 0.6 percent. The manufacturing and the wholesale and retail trade sectors led job losses, which fell by 600 jobs each, or 6.8 and 3.4 percent, respectively. Both sectors were negatively impacted by a drop in consumer demand, due in part to net out-migration from the HMA as troop deployments from Fort Hood increased in 2003 to support wars in Afghanistan and Iraq. Following that brief downturn, economic growth resumed and lasted 5 years. From 2004 through 2008, nonfarm payrolls grew by an average of 3,100 jobs, or 2.6 percent, annually as every employment sector in the HMA added jobs. To aid the war effort, the military strength growth at Fort Hood averaged more than 5 percent annually during the period (Defense Manpower Data Center) and had a positive impact on population growth in the HMA. From 2004 through 2008, the government sector expanded the most of any sector during the period, rising by an average of 700 jobs, or 2.2 percent, annually. The local and federal government subsectors accounted for 60 and 40 percent of

growth, respectively, as nonfarm payrolls at the state government subsector remained unchanged. In addition, the retail trade subsector and the food services and drinking places industry added more jobs as the population grew at a higher rate because of net in-migration during the 5-year period.

From 2004 through 2008, the wholesale and retail trade and the leisure and hospitality sectors added an average of 500 jobs each, or 2.8 and 4.3 percent, respectively, per year. Due to the impacts of the national recession, the economy of the HMA contracted in 2009, and the unemployment rate rose to 6.8 percent, higher than the previous peak of 6.4 percent during 2003. During 2009, nonfarm payroll jobs declined by 1,000 jobs, or 0.8 percent, to 126,800. Job losses were the highest in the manufacturing and the wholesale and retail trade sectors, which fell by 900 and 700 jobs each, or 10.5 and 4.5 percent, respectively. In 2009, the net job losses in the HMA were relatively small because of gains in the government and the education and health services sectors, which grew 4.6 percent each, or by 1,600

and 800 jobs, respectively. In 2010, economic growth resumed, and nonfarm payrolls in the HMA surpassed prerecession levels to reach a new peak of 128,800 jobs. From 2010 through 2015, nonfarm payrolls rose by an average of 2,000 jobs, or 1.5 percent, annually, with the strongest growth in the education and health services and the wholesale and retail trade sectors, which increased by an average of 700 and 600 jobs, or 3.5 and 2.7 percent, annually.

The economic outlook for the HMA is positive. During the 3-year forecast period, the economy of the HMA is expected to continue to grow, with nonfarm payrolls increasing an average of 2.4 percent a year. The fastest growth is expected to continue in the mining, logging, and construction and the education and health services sectors. In January 2017, the Texas Transportation Commission announced that U.S. Highway 190 from Copperas Cove to Belton received official designation as Interstate 14, and upgrades to the existing roadway with new routing alternatives are anticipated during the forecast period.

## Population and Households

The decline in military personnel stationed at Fort Hood has contributed to the slower rate of population growth in the Killeen-Temple HMA since 2010. The current population of the HMA is estimated at 438,800, an average increase of 4,850, or 1.2 percent, annually since 2010, a rate of growth slower than the average increase of 7,450, or 2.1 percent, annually during the previous decade.

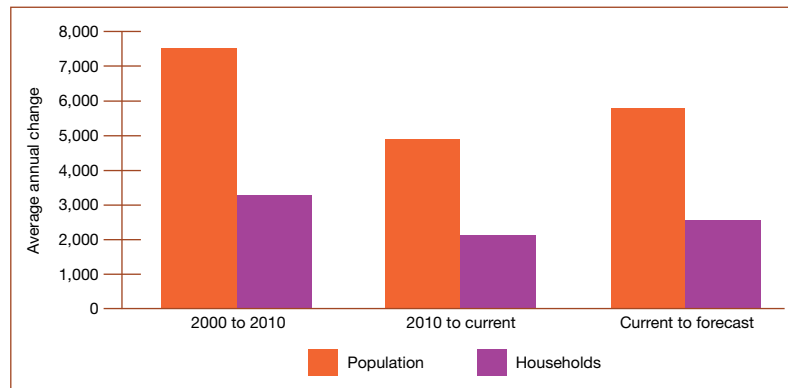
From 2000 to 2010, in-migration to the HMA was boosted by the military personnel increase at Fort Hood, which averaged 4 percent annually (Defense Manpower Data Center). From 2000 to 2010, net in-migration to the HMA averaged 2,675 people annually and accounted for 36 percent of all population growth. The population of the HMA rose each year, however population growth varied significantly,

mainly because of changes in troop assignments at Fort Hood. From 2010 to 2014, population growth in the HMA slowed to 1.1 percent annually because of net out-migration of an average of 450 people annually, despite the growing economy (Census Bureau population estimates as of July 1). Net out-migration during that period occurred because of cuts to the U.S. defense budget that led to reductions in military personnel at Fort Hood, and because, during the energy boom, high-paying jobs were available in the natural gas and oil fields in other parts of Texas. Net in-migration to the HMA resumed following the nationwide downturn in

the energy sector that began in 2014, and economic conditions in the HMA have continued to expand. Since 2014, population growth has increased slightly to an average of 1.2 percent annually. Net in-migration has averaged 480 people annually and has accounted for less than 10 percent of all population growth, which was negatively affected by the latest cuts of 3,350 military personnel at Fort Hood that were announced in 2015. During the 3-year forecast period, the population of the HMA is expected to grow by an average of 5,725, or 1.3 percent, annually.

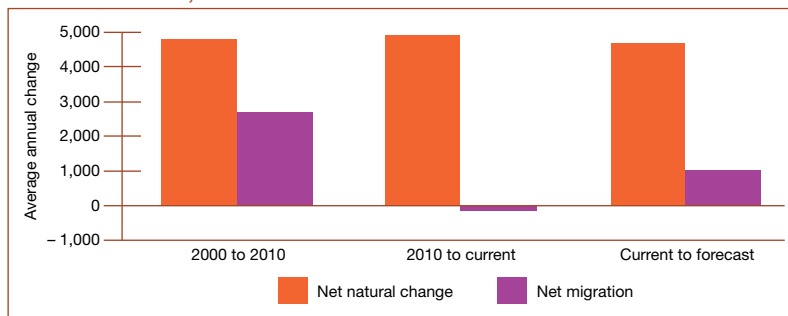
Since 2010, the decline in population growth has contributed to a slower rate of household formation than during the previous decade. The current number of households in the HMA is estimated at 158,450, an average annual increase of 2,075, or 1.4 percent, annually since 2010 (Figure 4). During the 2000s, households grew at a faster rate of 2.6 percent, or 3,200 households, annually because of higher net in-migration (Figure 5). The homeownership rate decreased to an estimated 53.7 percent as of March 2017, down from 56.6 percent in 2010 (Table DP-1 at the end of this report), because improvements in the home sales market since 2012 were offset by the higher propensity of households to rent. Moreover, the high turnover of military households also contributes to the homeownership-rate decline. During the forecast period, the number of households in the HMA is expected to grow by an average of 2,475, or 1.5 percent, annually. Figure 6 shows population and household growth in the HMA from 2000 to the current date.

**Figure 4. Population and Household Growth in the Killeen-Temple HMA, 2000 to Forecast**

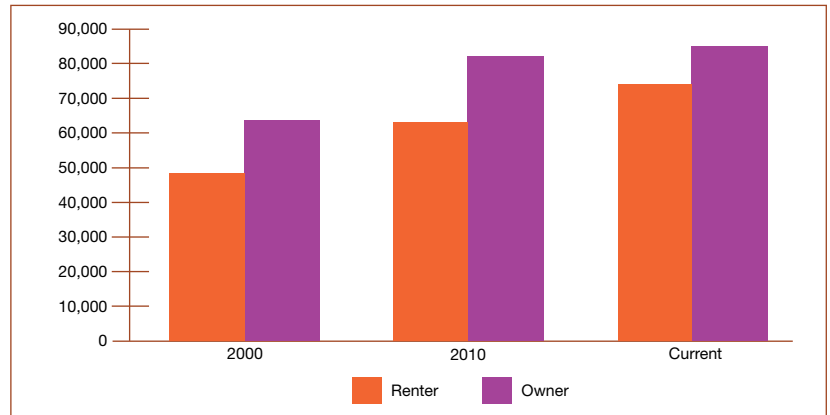


Notes: The current date is March 1, 2017. The forecast date is March 1, 2020.  
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 5. Components of Population Change in the Killeen-Temple HMA, 2000 to Forecast**



Notes: The current date is March 1, 2017. The forecast date is March 1, 2020.  
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 6.** Number of Households by Tenure in the Killeen-Temple HMA, 2000 to Current

Note: The current date is March 1, 2017.

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

## Housing Market Trends

### Sales Market

The sales housing market in the Killeen-Temple HMA is currently balanced, with an estimated vacancy rate of 1.7 percent, down from 2.4 percent in April 2010 when the market was soft. During the 12 months ending February 2017, the number of new and existing home sales totaled 8,775, an 8-percent increase from the previous 12 months and 47 percent above the recent low of 5,950 home sales in 2011 (Metrostudy, A Hanley Wood Company). Currently, a 3.6-month supply of homes for sale exists, down from 4.7 months a year earlier (Real Estate Center at Texas A&M University).

The home sales market in the HMA has noted gains each year since 2011, and in 2013 existing home sales surpassed the previous peak reached in 2008. Sales of existing homes—including single-family homes, townhomes, and condominiums—in the HMA totaled 6,825 during the 12 months ending February 2017, up

by 400 homes, or 6 percent, from the previous 12-month period (Metrostudy, A Hanley Wood Company). The average sales price of an existing home remained virtually unchanged at \$162,500. Prior to the latest economic contraction in the HMA in 2009, existing home sales totaled 5,800 in 2008. During the following 3 years, existing home sales declined by an average of 450 homes, or 8 percent, annually, to 4,450 homes sold in 2011. During the brief economic downturn in 2009, the average sales price of an existing home fell by \$6,150, or more than 4 percent, to \$133,000, but as the economy recovered, so did sales prices for existing homes. The average sales price of an existing home then rose 8 percent annually to \$155,500 in 2011, or 12 percent higher than the prerecession high of \$139,000 during 2008. The number of existing home sales began to increase in 2012 and expanded by an average of 490, or 10 percent, annually, to 6,425 homes

## Housing Market Trends

### Sales Market *Continued*

in 2015. Since 2011, existing home sales prices in the HMA grew by an average of only 1 percent annually, a growth rate significantly lower than the nearly 6-percent rate for Texas. Existing home sales prices in the HMA are slow to increase, in part, because real estate owned (REO) homes account for a significant portion of home resales. REO sales since 2011 have averaged 14 percent of all resales annually, in part, because of the high turnover of military households. As a comparison, in 2008, 1 year before the 2009 economic downturn in the HMA, REO sales accounted for 9 percent of all home resales. Recently, the expanding economy and stronger housing market contributed to a drop in REO sales, to 900 home sales, down 9 percent, during the 12 months ending February 2017.

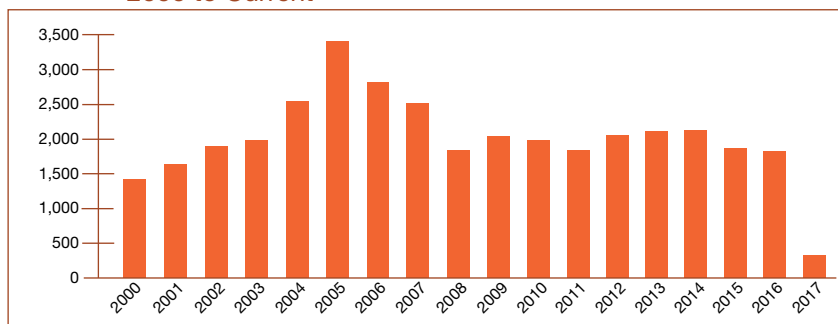
The percentage of seriously delinquent (90 or more days delinquent or in foreclosure) home loans and REO properties in the HMA peaked at a lower rate than the rate in Texas during the national housing crisis; however, this variable declined more quickly for the state compared with the HMA. As of February 2017, 3.1 percent of all mortgage loans in the HMA were seriously delinquent or had transitioned into REO status, down from 3.5 percent in February

2016 and from the peak of 4.8 percent in February 2011 (CoreLogic, Inc.). In February 2017, the rate of seriously delinquent loans and REO properties in the HMA was higher than the 2.3 percent in Texas, where delinquencies had peaked at a rate of 5.8 percent in February 2010.

New home sales have grown each year since 2012 but are still nearly 8 percent below the previous peak of 2,100 new home sales in 2008. During the 12 months ending February 2017, sales of new home sales totaled 1,950, an increase of 280 sales, or 16 percent, from the previous 12 months. Following the peak in 2008, new home sales declined by an average of nearly 160 homes, or 7 percent, annually to 1,475 in 2012. With an improving economy, new home sales rebounded, rising by an average of 60 homes, or 4 percent, annually to 1,650 in 2015. During the 12 months ending February 2017, the average sales price of a new home was \$209,700, a gain of \$2,400, or 1 percent, from \$207,300 a year earlier. The present rate of new home sales price growth has been the slowest since the current period of economic growth began. The average sales price of a new home rose by nearly 4 percent annually from 2010 through 2015.

Planned cuts in military personnel resulted in builder caution and lower levels of single-family construction. Single-family homebuilding, as measured by the number of homes permitted, totaled 1,825 during the 12 months ending February 2017, down by 50 homes, or 3 percent, from the previous 12 months (preliminary data). Single-family home construction was elevated from 2004 through 2007, when an average of 2,800 homes were permitted annually (Figure 7). In the aftermath of the national housing

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



Notes: Includes townhomes. Current includes data through February 2017.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2015 final data and analyst estimates; 2016–2017 preliminary data and analyst estimates



## Housing Market Trends

### Sales Market *Continued*

crisis and limited access to credit, construction then fell by 35 percent to 1,825 homes in 2008, before stabilizing at an average of 2,000 homes a year from 2009 through 2015.

In the city of Belton, construction is ongoing on Phase II of the Three Creeks development, which consists of 98 residential lots, with 10 homes sold thus far. Home prices at that

development start at \$195,000 for a three-bedroom, two-bathroom home. North Gate is a single-family home development in the city of Temple with 132 residential lots. To date, 44 three- to six-bedroom homes, ranging from 1,525 to 3,300 square feet and priced from \$160,000 to \$260,000, have sold and 11 new homes are currently available for sale.

Demand is forecast for 7,400 new homes in the HMA during the next 3 years (Table 1). The 520 homes currently under construction will meet part of the demand during the first year of the 3-year forecast period. A portion of the 6,750 other vacant units in the HMA may reenter the market and satisfy some of the forecast demand. Demand is expected to be highest for homes priced from \$200,000 to \$249,999 (Table 4).

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

| Price Range (\$) |            | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From             | To         |                 |                  |
| 116,000          | 149,999    | 670             | 9.0              |
| 150,000          | 199,999    | 1,325           | 18.0             |
| 200,000          | 249,999    | 1,550           | 21.0             |
| 250,000          | 299,999    | 1,325           | 18.0             |
| 300,000          | 349,999    | 1,175           | 16.0             |
| 350,000          | 449,999    | 740             | 10.0             |
| 450,000          | and higher | 590             | 8.0              |

*Notes: The 520 homes currently under construction and a portion of the estimated 6,750 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is March 1, 2017, to March 1, 2020.*

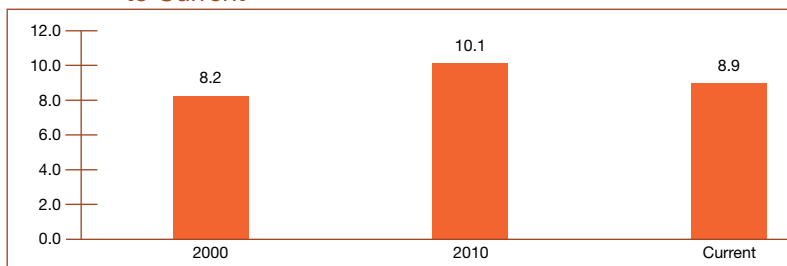
*Source: Estimates by analyst*

## Rental Market

The rental housing market—including single-family homes, mobile homes, and apartments—in the Killeen-Temple HMA is currently soft but improving, with an overall estimated rental vacancy rate of 8.9 percent, down from 10.1 percent in April 2010 (Figure 8). A large portion of the vacant single-family homes and small rental units are in the Fort Hood area. Members

of the armed forces occupy an estimated 40 percent of the rental market in the HMA. The decline in military households since 2009 has resulted in a lower demand for single-family rental homes and other rental properties with fewer than 5 units in the structure, which account for nearly 70 percent of the 19,900 of vacant rental units (2015 American Community Survey 1-year data). Single-family rental homes represent nearly one-half of all rental units in the HMA and are a popular housing choice among Fort Hood active-duty personnel. In February 2017, the average rent for a three-bedroom, single-family home in the HMA was \$1,047, down by \$41, or 4 percent, from \$1,088 in February 2016 (CoreLogic, Inc.).

**Figure 8.** Rental Vacancy Rates in the Killeen-Temple HMA, 2000 to Current



*Note: The current date is March 1, 2017.*

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

Unlike the overall rental market, the apartment market, which represents only 26 percent of all rental units in the HMA, is balanced, partly because apartment market growth occurs primarily in the cities of Temple and Belton and is largely unaffected by personnel cuts at Fort Hood. The apartment vacancy rate was 5.4 percent during the fourth quarter of 2016, compared with 6.0 percent during the fourth quarter of 2015, and market rents increased from \$699 to \$706 (Reis, Inc.). The apartment vacancy rate has steadily declined since the fourth quarter of 2010, when the vacancy rate was 8.8 percent.

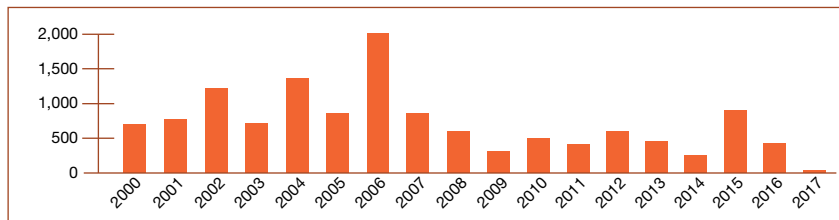
During the first half of this decade, builders responded to slower household formation, with levels of multifamily construction well below the previous peak reached during the mid-2000s. During the 12 months ending February 2016, multifamily construction, as measured by the number of units permitted, totaled 350, compared with 910 units permitted during the previous 12 months. By comparison, during the previous period of expanding economic conditions and growth in the number of military personnel, multifamily construction averaged 1,250 units annually from 2004 through 2007 (Figure 9). Developers then decreased production as economic conditions in the HMA weakened. From 2008 through 2009, multifamily

construction declined 64 percent to an average of 450 units permitted annually. The slow rate of household growth caused by a reduction of military personnel at Fort Hood resulted in caution by builders and thus a continued low level of multifamily production. From 2010 through 2014, an average of only 440 units were permitted annually, with a low of 260 units permitted in 2014. Low levels of apartment construction allowed for absorption of excess units during the period, and in 2015, developers responded by sharply increasing production to 900 units.

Since 2010, 86 percent of all apartment construction in the HMA has been in Bell County. Recent multifamily construction is largely concentrated in the cities of Belton and Temple, specifically near Scott & White Medical Center, which serves as a training facility for medical residents and fellows in training at the Texas A&M College of Medicine. In the city of Belton, the 200-unit Colonial Crossing Apartments is under construction and is expected to be complete during the spring of 2017. Rents for one- and two-bedroom units start at \$890 and \$1,055, respectively. In the city of Temple, the 207-unit Villas on the Hill is currently in lease up. Rents for the one-, two-, and three-bedroom units start at \$845, \$1,297, and \$1,540, respectively.

During the 3-year forecast period, demand is estimated for 1,350 new market-rate rental units in the HMA (Table 1). The 540 units currently under construction will satisfy a portion of the demand during the first 2 years of the forecast period. Demand for rental units is expected to be strongest for two-bedroom units with monthly rents ranging from \$750 to \$1,149 (Table 5).

**Figure 9.** Multifamily Units Permitted in the Killeen-Temple HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through February 2017.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2015 final data and analyst estimates; 2016–2017 preliminary data and estimates by analyst

## Housing Market Trends

Rental Market *Continued*

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Killeen-Temple 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 |
| 600 to 799              | 120             | 750 to 949              | 170             | 900 to 1,099            | 85              |
| 800 to 999              | 140             | 950 to 1,149            | 210             | 1,100 to 1,299          | 100             |
| 1,000 to 1,199          | 90              | 1,150 to 1,349          | 130             | 1,300 to 1,499          | 75              |
| 1,200 or more           | 25              | 1,350 to 1,549          | 75              | 1,500 to 1,699          | 55              |
|                         |                 | 1,550 or more           | 45              | 1,700 or more           | 40              |
| <b>Total</b>            | <b>380</b>      | <b>Total</b>            | <b>630</b>      | <b>Total</b>            | <b>350</b>      |

*Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 540 units currently under construction will likely satisfy some of the estimated demand. The forecast period is March 1, 2017, to March 1, 2020.*

*Source: Estimates by analyst*

## Data Profile

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

|                           | 2000     | 2010     | Current  | Average Annual Change (%) |                 |
|---------------------------|----------|----------|----------|---------------------------|-----------------|
|                           |          |          |          | 2000 to 2010              | 2010 to Current |
| Total resident employment | 128,240  | 153,489  | 168,200  | 1.8                       | 1.5             |
| Unemployment rate         | 4.3%     | 7.6%     | 4.5%     |                           |                 |
| Nonfarm payroll jobs      | 111,300  | 128,800  | 144,800  | 1.5                       | 1.9             |
| Total population          | 330,714  | 405,300  | 438,800  | 2.1                       | 1.2             |
| Total households          | 112,011  | 144,119  | 158,450  | 2.6                       | 1.4             |
| Owner households          | 63,421   | 81,539   | 85,050   | 2.5                       | 0.6             |
| Percent owner             | 56.6%    | 56.6%    | 53.7%    |                           |                 |
| Renter households         | 48,590   | 62,580   | 73,400   | 2.6                       | 2.3             |
| Percent renter            | 43.4%    | 43.4%    | 46.3%    |                           |                 |
| Total housing units       | 122,159  | 159,366  | 173,900  | 2.7                       | 1.3             |
| Owner vacancy rate        | 2.2%     | 2.4%     | 1.7%     |                           |                 |
| Rental vacancy rate       | 8.2%     | 10.1%    | 8.9%     |                           |                 |
| Median Family Income      | \$40,910 | \$54,000 | \$59,100 | 2.8                       | 1.5             |

*Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through February 2017. Median Family Incomes are for 1999, 2009, and 2015. The current date is March 1, 2017.*

*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: 3/1/2017—Estimates by the analyst  
 Forecast period: 3/1/2017–3/1/2020—Estimates  
 by the analyst

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 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 this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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 [huduser.gov/publications/pdf/CMARtables\\_Killeen\\_TempleTX\\_17.pdf](http://huduser.gov/publications/pdf/CMARtables_Killeen_TempleTX_17.pdf).

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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 the Economic and Market Analysis Division within HUD. 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 [huduser.gov/portal/ushmc/chma\\_archive.html](http://huduser.gov/portal/ushmc/chma_archive.html).