

# HUD PD&R Housing Market Profiles

## El Paso, Texas



### Quick Facts About El Paso

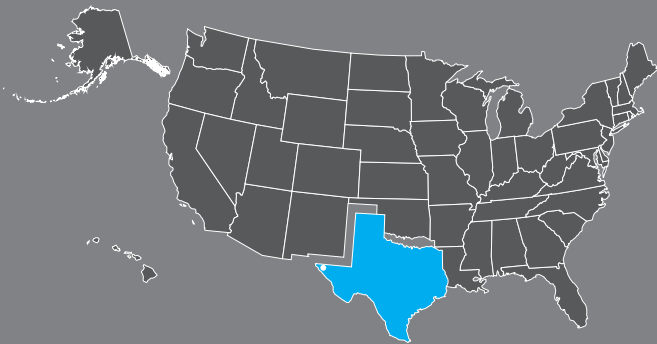
- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: slightly soft.**
- **ADP, LLC, formerly Automatic Data Processing, Inc., invested \$41 million to construct a 1,500-square-foot facility to expand its operations in the city of El Paso and plans to hire 1,100 additional employees by the end of 2017.**

By Elizabeth Oduor | As of October 1, 2014

### Overview

The El Paso metropolitan area, at the western edge of Texas, consists of El Paso County. It is bordered by New Mexico to the north and is separated from Mexico by the Rio Grande River to the south and west. The metropolitan area is home to the University of Texas at El Paso (UTEP) and the Fort Bliss Army Base.

- As of October 1, 2014, the estimated population of the El Paso metropolitan area was 835,100, which represents an average increase of 7,650, or 0.9 percent, annually since April 1, 2010.
- From 2006 through 2010, the population increased by an average of 15,100, or 2.0 percent, annually.
- The city of El Paso, with an estimated population of 674,400, is the 19th most populous city in the United States and accounted for 80 percent of the population of the metropolitan area as of October 1, 2014.



The wholesale and retail trade sector added the most jobs in the El Paso area.

	3 Months Ending		Year-Over-Year Change	
	September 2013 (thousands)	September 2014 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	285.5	290.3	4.8	1.7
Goods-producing sectors	31.2	30.6	-0.6	-1.9
Mining, logging, and construction	13.1	13.2	0.1	0.8
Manufacturing	18.1	17.4	-0.7	-3.9
Service-providing sectors	254.4	259.7	5.3	2.1
Wholesale and retail trade	47.0	48.4	1.4	3.0
Transportation and utilities	13.6	14.3	0.7	5.1
Information	5.9	5.7	-0.2	-3.4
Financial activities	12.1	12.3	0.2	1.7
Professional and business services	29.4	30.2	0.8	2.7
Education and health services	39.3	40.3	1.0	2.5
Leisure and hospitality	31.1	31.8	0.7	2.3
Other services	9.6	9.7	0.1	1.0
Government	66.4	67.0	0.6	0.9
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	8.9	7.4		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

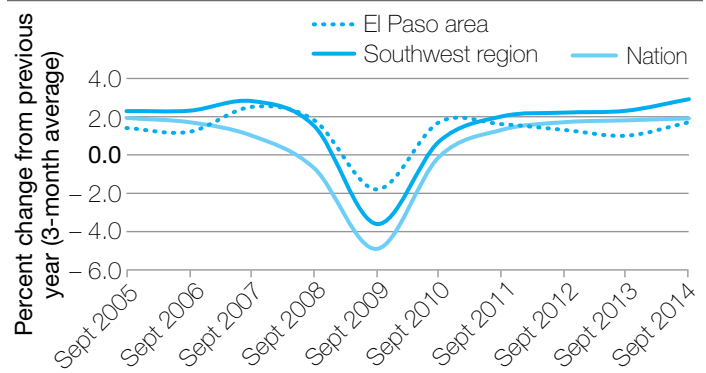
## Economic Conditions

During the third quarter of 2014, economic conditions in the El Paso metropolitan area continued to improve, with 6 of the 11 payroll sectors increasing by at least 600 jobs each compared with the number of jobs in the third quarter of 2013. The metropolitan area has recorded an average job growth of 1.5 percent annually since 2010.

During the third quarter of 2014—

- Nonfarm payrolls increased by 4,800 jobs, or 1.7 percent, compared with a 1.0-percent increase in the third quarter of 2013.
- The greatest growth in nonfarm payrolls occurred in the wholesale and retail trade and the education and health services sectors, which increased by 1,400 and 1,000 jobs, or 3.0 and 2.5 percent, respectively, from the third quarter of 2013. Growth in the education and health services sector was partially the result of an expansion at El Paso Children's Hospital.
- The manufacturing and information sectors lost 700 and 200 jobs, or 3.9 and 3.4 percent, respectively, compared with payrolls during the same 3 months a year earlier. Job losses in manufacturing were in part because The Boeing Company closed two buildings and laid off 160 people and because Leviton Manufacturing Company, Inc., closed its plant and laid off approximately 350 people.
- Reflecting continued job growth in the metropolitan area, the average unemployment rate declined to 7.4 percent compared with the rate of 8.9 percent during the third quarter of 2013.

Since 2011, nonfarm payrolls in the El Paso area have increased at lower rates than in the Southwest region and the nation.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

### Largest employers in the El Paso area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort Bliss Army Base	Government	37,000
T&T Staff Management, Inc.	Professional and business services	5,025
University of Texas at El Paso	Government	3,700

Note: Excludes local school districts.  
Source: The Borderplex Alliance



## Sales Market Conditions

The sales housing market in the El Paso metropolitan area is currently slightly soft, with an estimated sales vacancy rate of 1.5 percent, down slightly from 1.6 percent in 2010. Slow population growth, because of net out-migration of approximately 10,000 people from the metropolitan area during the past year, contributed to decreased sales demand for single-family homes.

During the 12 months ending September 2014—

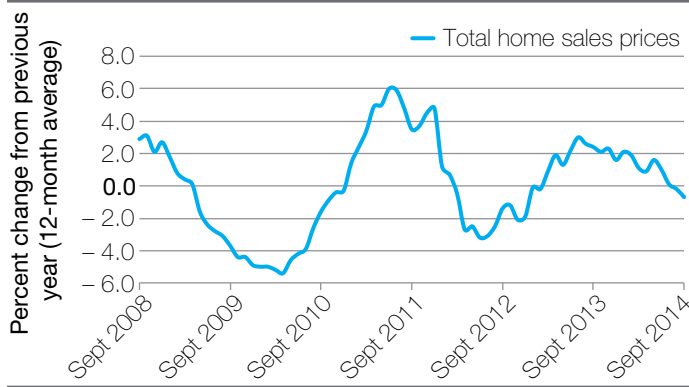
- The number of new and existing home sales totaled 6,050, up by 125 homes sold, or 2 percent, from the 5,925 homes sold during the previous 12-month period but 7 percent less than the average of 6,525 homes sold annually during the peak sales years of 2006 and 2007 (Real Estate Center at Texas A&M University).
- The average home sales price was \$157,900, down 1 percent compared with the average price recorded during the same period the previous year.
- The inventory of homes for sale increased to an 8.1-month supply, from the 7.4-month supply during the previous 12 months ending September 2013.
- As of September 2014, 4.6 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, up from 4.5 percent in September

2013 (Black Knight Financial Services, Inc.). By comparison, the rates of distressed loans and REO properties in Texas and the United States in September 2014 were 3.3 and 4.7 percent, respectively.

The softening home sales market in the El Paso metropolitan area led to a decrease in single-family homebuilding activity, as measured by the number of homes permitted, during the 12 months ending September 2014.

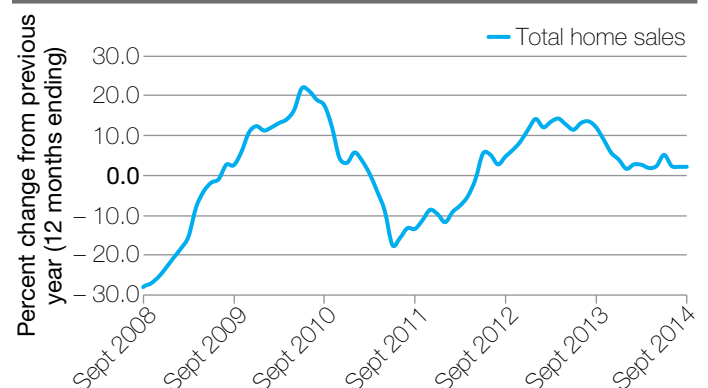
- During the 12 months ending September 2014, the number of single-family homes permitted decreased by 340, or 14 percent, to 2,125, compared with the number permitted during the previous 12 months (preliminary data).
- Single-family homebuilding activity averaged 4,100 homes permitted annually during the peak building years of 2005 and 2006 before declining to an average of 3,000 homes permitted annually from 2007 through 2011.
- One large master-planned community currently under construction in the El Paso metropolitan area is the 350-home Rio Valley. New homes in this subdivision will range in size from 1,450 to 2,500 square feet and prices will range from \$180,000 to \$250,000. Construction is expected to be complete by 2016.

### Home sales prices decreased in the El Paso area during the third quarter of 2014.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Real Estate Center at Texas A&M University

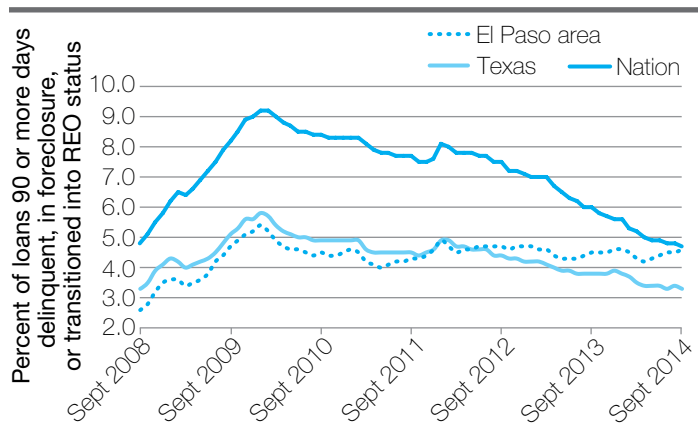
### The number of homes sold remained relatively unchanged in the El Paso area during the third quarter of 2014.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Real Estate Center at Texas A&M University

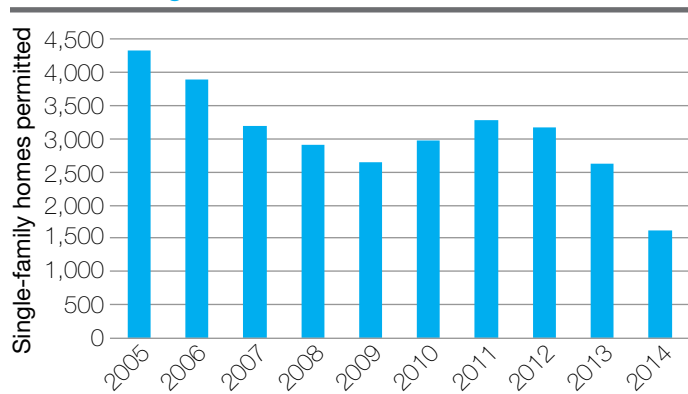


The rate of distressed loans and REO properties increased in the El Paso area but decreased in Texas and the nation.



REO = Real Estate Owned.  
Source: Black Knight Financial Services, Inc.

Permitting of single-family homes in the El Paso area slowed during the third quarter of 2014 in response to weakening sales market conditions.



Note: Includes preliminary data from January 2014 through September 2014.  
Source: U.S. Census Bureau, Building Permits Survey

## Apartment Market Conditions

Apartment market conditions in the El Paso metropolitan area are currently slightly soft. The market softened during the past 3 years because of increased building activity from 2010 through 2013 that outpaced the demand for new units.

During the third quarter of 2014—

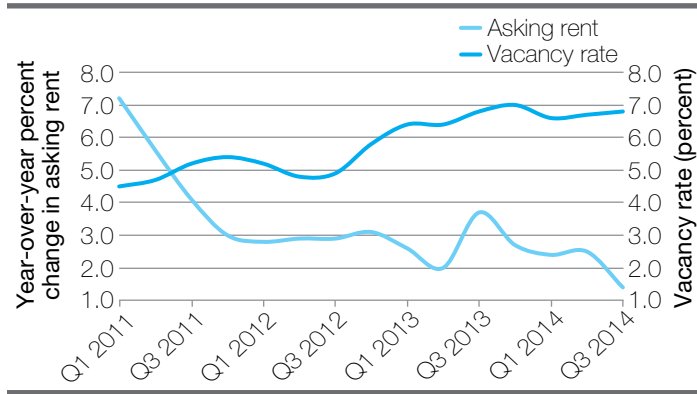
- The apartment vacancy rate in the metropolitan area was 6.8 percent, unchanged from the third quarter of 2013 but up from the most recent low of 4.9 percent in the third quarter of 2012 (Reis, Inc.).
- The average effective apartment rent was \$736, an increase of \$10, or 1 percent, from a year earlier.
- The average apartment rents by number of bedrooms were \$653, \$784, and \$946 for one-, two-, and three-bedroom apartments, respectively.

Multifamily construction, as measured by the number of multifamily units permitted, decreased in the El Paso metropolitan area during the 12 months ending September 2014 as builders began to respond to softening apartment market conditions.

- Approximately 600 multifamily units were permitted during the 12 months ending September 2014, a decrease of 64 percent compared with the 1,675 units permitted during the previous 12 months (preliminary data).
- Multifamily construction activity averaged 830 units permitted annually from 2005 through 2009; it increased to about 1,275 units permitted annually from 2010 through 2013.
- Several apartment properties are under construction in the El Paso metropolitan area, including Ardent Quest, a 120-unit complex, and Sandstone Ranch, a 150-unit complex, both expected to be complete by the fall of 2015.
- Rents at Ardent Quest are expected to start at approximately \$870 and \$1,035 for one- and two-bedroom units, respectively; those at Sandstone Ranch are expected to start at \$834, \$1,210, and \$1,316, respectively, for one-, two-, and three-bedroom units.
- UTEP has a 352-bed student housing development currently under construction that will consist of two four-story buildings scheduled to open in the fall of 2015.

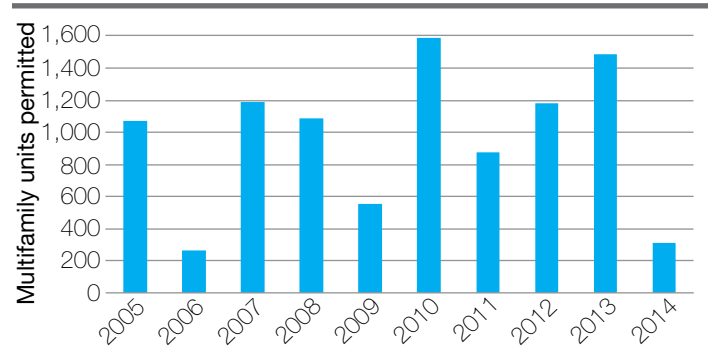


Rent growth slowed and vacancy rates increased in the El Paso area apartment market during the third quarter of 2014.



Source: Reis, Inc.

Permitting of multifamily units decreased in the El Paso area during the third quarter of 2014 as builders responded to softening apartment market conditions.



Note: Includes preliminary data from January 2014 through September 2014.  
Source: U.S. Census Bureau, Building Permits Survey