

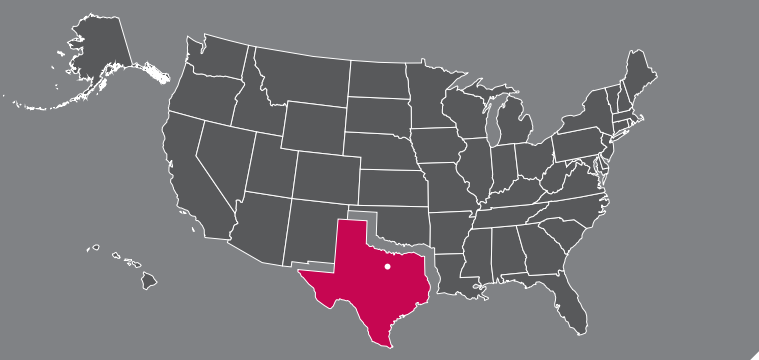
HUD PD&R Housing Market Profiles

Fort Worth-Arlington, Texas



Quick Facts About Fort Worth-Arlington

- Current sales market conditions: slightly soft.
- Current apartment market conditions: balanced.
- American Airlines broke ground on the \$88 million Robert W. Baker Integrated Operations Center south of the Dallas/Fort Worth International Airport. The center will enable US Airways and American Airlines to consolidate their operations and oversee various functions, including flight dispatch, crew scheduling, and maintenance operations control. When complete in the third quarter of 2015, the new operations center will employ more than 1,400 workers (*Dallas Business Journal*).



By Elizabeth Oduor | As of July 1, 2014

Overview

The Fort Worth-Arlington, TX Metropolitan Division (hereafter, the Fort Worth metropolitan area) is in north-central Texas, approximately 30 miles west of the Dallas-Plano-Irving, TX Metropolitan Division (hereafter, the Dallas metropolitan area). The four-county Fort Worth metropolitan area consists of Johnson, Parker, Tarrant, and Wise Counties.

- As of July 1, 2014, the estimated population of the Fort Worth metropolitan area was 2.29 million, which represents an average annual increase of 34,400, or 1.6 percent, since April 1, 2010.
- Population growth in the metropolitan area since 2010 has comprised a near even split between net natural change (resident births minus resident deaths) and net in-migration.
- The city of Fort Worth, with a population of 812,100, is the fifth largest city in Texas and accounted for 35 percent of the population of the metropolitan area as of July 1, 2014.



The professional and business services and the leisure and hospitality sectors led nonfarm payroll growth in the Fort Worth area.

	3 Months Ending		Year-Over-Year Change	
	June 2013 (thousands)	June 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	920.0	943.0	23.0	2.5
Goods-producing sectors	154.4	157.8	3.4	2.2
Mining, logging, and construction	62.5	64.1	1.6	2.6
Manufacturing	91.9	93.7	1.8	2.0
Service-providing sectors	765.6	785.2	19.6	2.6
Wholesale and retail trade	143.1	148.2	5.1	3.6
Transportation and utilities	65.8	67.8	2.0	3.0
Information	13.7	12.7	-1.0	-7.3
Financial activities	55.0	52.7	-2.3	-4.2
Professional and business services	103.0	109.6	6.6	6.4
Education and health services	117.9	118.3	0.4	0.3
Leisure and hospitality	103.3	109.0	5.7	5.5
Other services	36.0	37.0	1.0	2.8
Government	127.8	130.0	2.2	1.7
	(percent)	(percent)		
Unemployment rate	6.2	4.8		

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

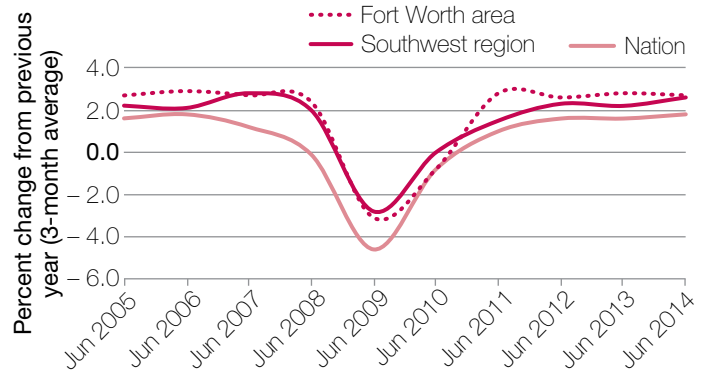
Economic Conditions

During the 3 months ending June 2014, nonfarm payroll growth was strong in the Fort Worth metropolitan area; 7 of the 11 job sectors increased by at least 1,600 jobs each. The metropolitan area has recorded annual job growth in excess of 2.5 percent since December 2011.

During the 3 months ending June 2014—

- Total nonfarm payrolls increased by 23,000 jobs, or 2.5 percent, compared with a 2.8-percent increase during the 3 months ending June 2013.
- The greatest growth in nonfarm payrolls occurred in the professional and business services sector, which increased by 6,600 jobs, or 6.4 percent. Growth in the sector is expected to continue because General Motors Financial Company, Inc. (GM Financial) recently purchased an existing property to expand its operations center in the city of Arlington. GM Financial plans to hire approximately 800 new employees during the next 2 years as it completes renovations to the existing space.
- Strong payroll growth also occurred in the leisure and hospitality and the wholesale and retail trade sectors, which grew by 5,700 and 5,100 jobs, or 5.5 and 3.6 percent, respectively.
- Reflecting continued strong job growth, the average unemployment rate declined to 4.8 percent compared with the rate of 6.2

Nonfarm payroll growth in the Fort Worth area returned to prerecession levels from 2011 to 2014.



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

Largest employers in the Fort Worth area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
American Airlines	Transportation and utilities	22,150
Texas Health Resources, Inc.	Education and health services	18,850
Lockheed Martin Corporation	Manufacturing	15,000

Note: Excludes local school districts.
Source: Fort Worth Chamber of Commerce

percent during the 3 months ending June 2013. The current unemployment rate is identical to the 4.8 percent rate recorded from 2005 through 2008, before the local economic downturn.



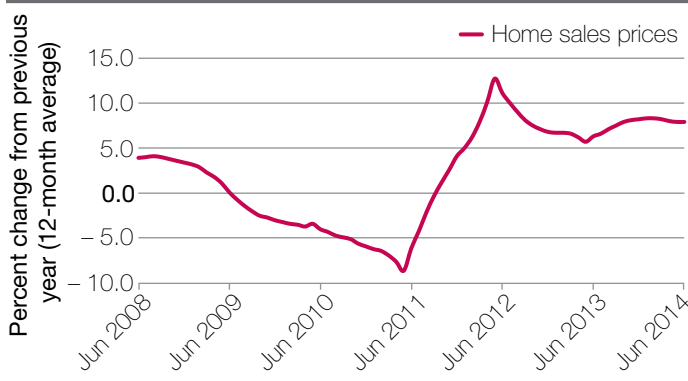
Sales Market Conditions

The sales housing market in the Fort Worth metropolitan area is currently slightly soft. The current estimated sales vacancy rate is 1.9 percent compared with the rate of 2.1 percent recorded in April 2010. Strong employment and population growth in the metropolitan area contributed to increased sales demand for single-family homes. The number of new and existing home sales and the average home sales price increased during the 12 months ending June 2014, and the inventory of homes for sale declined significantly (Real Estate Center at Texas A&M University).

During the 12 months ending June 2014—

- The number of new and existing home sales totaled 11,200, up by 1,225 homes sold, or 12 percent, from the 9,975 homes sold during the previous 12-month period but 4 percent less than the average of 11,650 homes sold annually from 2006 through 2007.
- The average home sales price increased 8 percent from a year earlier, to \$164,300, after increasing 6 percent during the previous 12 months. Since reaching a low of \$129,000 during the 12 months ending May 2011, home sales prices have increased an average of 10 percent annually.
- Home sales prices were 34 percent less in the Fort Worth metropolitan area than the average of \$258,200 in the Dallas metropolitan area, although the two cities are only 30 miles apart.
- The inventory of homes for sale declined significantly, to a 3.1-month supply compared with a 4.2-month supply during the previous 12 months, the lowest level of inventory in 14 years.

The average home sales price in the Fort Worth area began increasing in mid-2011, and growth has been relatively stable since 2013.



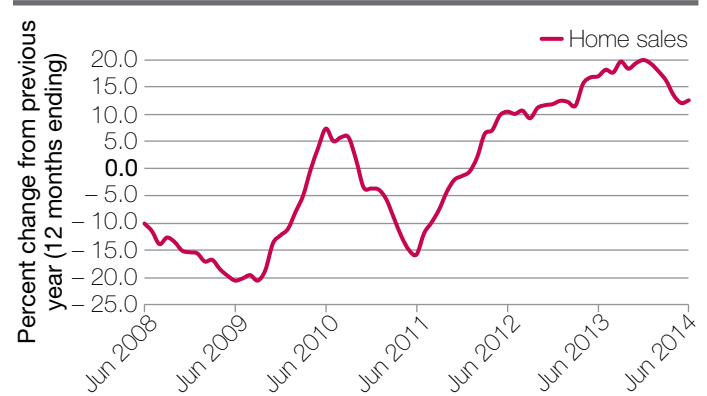
Note: Includes single-family homes, townhomes, and condominiums.
Source: Real Estate Center at Texas A&M University

As of June 2014, 4.0 percent of home loans in the Fort Worth metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 4.6 percent as of June 2013 (Black Knight Financial Services, Inc.). The rate of distressed mortgages and REO properties in the metropolitan area, which peaked at 6.5 percent in January 2010, was lower than the national rate of 9.2 percent during the same period because of comparatively strong employment and population growth.

Single-family home construction activity, as measured by the number of single-family homes permitted, increased during the 12 months ending June 2014 as builders responded to increasing demand and improving sales market conditions in the Fort Worth metropolitan area.

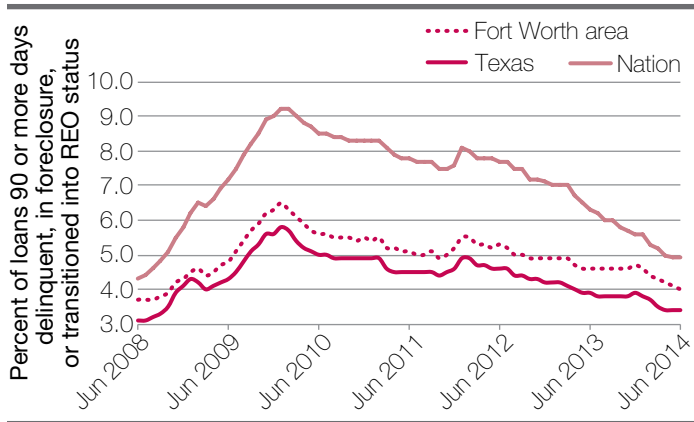
- During the 12 months ending June 2014, approximately 6,375 single-family homes were permitted, an increase of 15 percent from the 5,550 homes permitted during the previous 12 months (preliminary data).
- Single-family permitting averaged 14,900 homes a year from 2004 through 2007 before declining to an average of 5,425 homes a year from 2008 through 2012, a result of soft sales market conditions that were partly caused by overbuilding and a brief local economic downturn.
- One large master-planned community currently under construction in the metropolitan area is the 3,500-home Viridian in the city of Arlington, with prices starting at \$200,000.
- Sales prices for new, three-bedroom, single-family homes in the metropolitan area start at approximately \$120,000, although the lowest prices are found only in the outlying areas.

Year-over-year home sales have increased since early 2012 in the Fort Worth area because of improving economic and population growth.



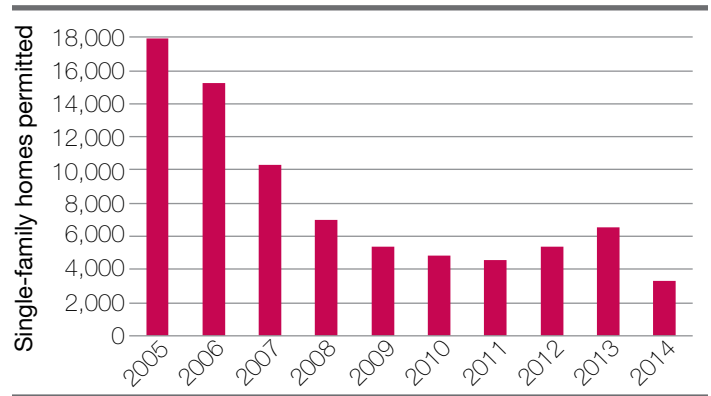
Note: Includes single-family homes, townhomes, and condominiums.
Source: Real Estate Center at Texas A&M University

The rate of distressed loans and REO properties in the Fort Worth area has nearly returned to the level of 2008, before the downturn.



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

Since 2008, single-family building activity in the Fort Worth area has remained well below the levels recorded from 2000 through 2007.



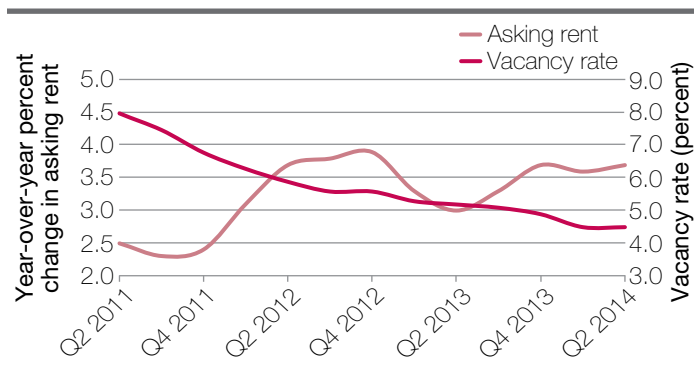
Note: Includes preliminary data from January 2014 through June 2014.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Current apartment market conditions in the Fort Worth metropolitan area are balanced. The apartment market improved significantly during the past 4 years because of increased demand for rental units and reduced multifamily building activity from 2009 through 2011.

- The apartment vacancy rate was 4.5 percent during the second quarter of 2014, down from 5.2 percent in the second quarter of 2013 (Reis, Inc.).
- The average vacancy rate declined steadily from a peak of 11.1 percent during the first quarter of 2010.
- The average effective apartment rent in the Fort Worth metropolitan area in the second quarter of 2014 was \$753, an increase of \$26, or 3 percent, from a year earlier.

Apartment rents have increased and vacancy rates have decreased in the Fort Worth area since 2010.



Source: Reis, Inc.

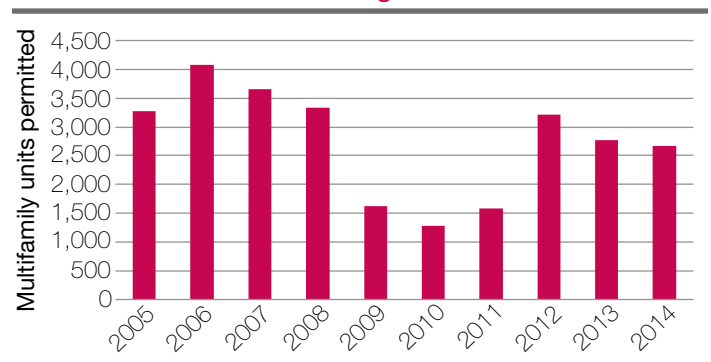
- The average apartment rents were \$691, \$887, and \$1,153 for one-, two-, and three-bedroom apartments, respectively. Approximately one-third of the properties in the metropolitan area are offering concessions of up to 1 month of free rent.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased significantly during the past 2 years as builders responded to improving apartment market conditions.

- Multifamily permits were issued for approximately 4,475 units during the 12 months ending June 2014, an increase of 63 percent compared with the 2,750 units permitted during the previous 12 months (preliminary data).

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Although increasing, multifamily permitting remained below the peak of construction activity in the Fort Worth area from 2006 through 2008.



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



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- Multifamily permitting averaged 3,675 units a year from 2006 through 2008 before declining to an average of 1,500 units a year from 2009 through 2011, when builders responded to soft apartment market conditions.
- Much of the recent apartment construction in the Fort Worth metropolitan area occurred in the Northeastern and Northwestern ALN Systems-defined market areas in Tarrant County.
- Rents at newly constructed market-rate properties in the metropolitan area average approximately \$1,100, \$1,460, and \$1,875 for one-, two-, and three-bedroom apartments, respectively (ALN Systems, Inc.).
- Several apartment properties are under construction in the metropolitan area, including Suite 2801, a 417-unit complex in Euless that is expected to be complete in early 2015, and Enclave at Grapevine, a 243-unit complex expected to be complete by the fall of 2014. Rents at Suite 2801 are expected to start at approximately \$1,035 and \$1,525 for one- and two-bedroom units, respectively, and those at Enclave at Grapevine are expected to start at \$999, \$1,495, and \$1,800, respectively, for one-, two-, and three-bedroom units.

