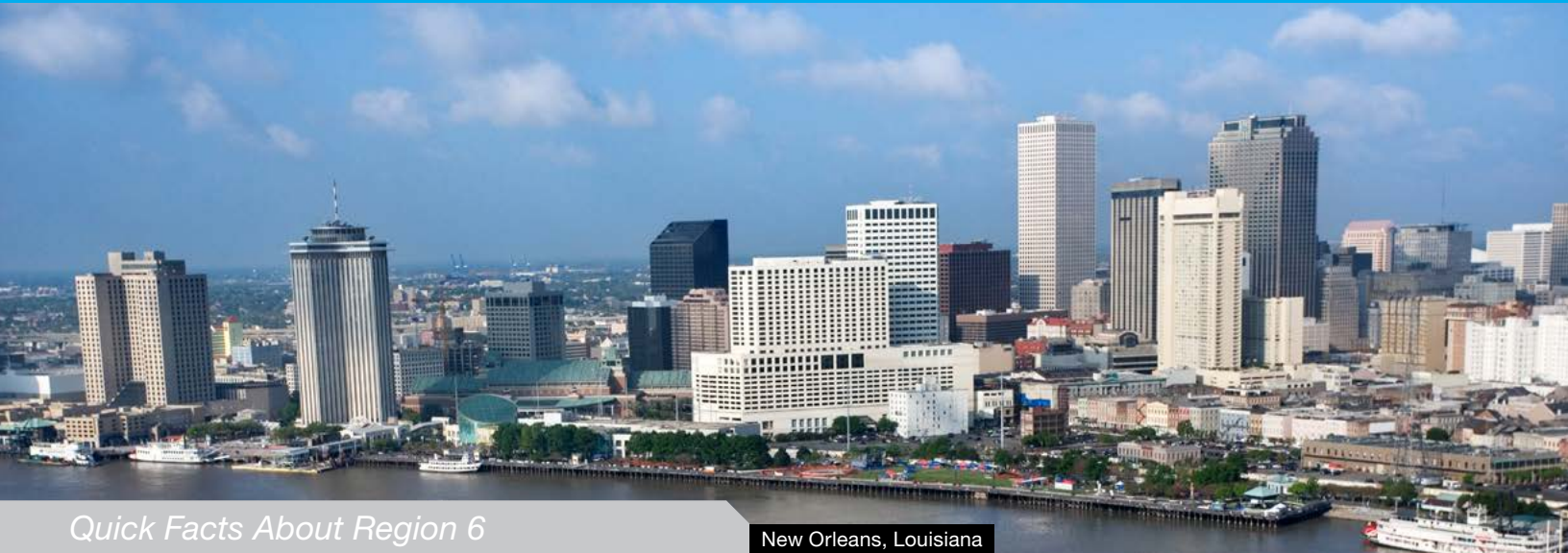


# HUD PD&R Regional Reports

## Region 6: Southwest

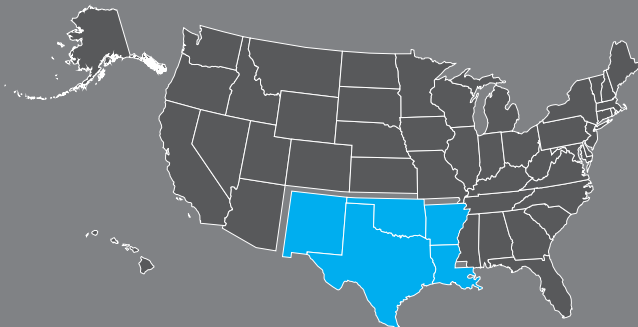


### Quick Facts About Region 6

New Orleans, Louisiana

By Robert Stephens | 4th quarter 2013

- **Sales market conditions—**  
Fourth quarter 2013: mixed (balanced to slightly tight).  
Third quarter 2013: balanced.  
Fourth quarter 2012: balanced.
- **Apartment market conditions—**  
Fourth quarter 2013: mixed (balanced to slightly soft).  
Third quarter 2013: balanced.  
Fourth quarter 2012: balanced.



### Overview

Economic growth that began in 2011 continued in the Southwest region during the fourth quarter of 2013. Job gains occurred in every nonfarm payroll sector and every state in the region. Many sales housing and apartment markets in the region improved during the past year, and the markets in most large metropolitan areas were balanced during the fourth quarter of 2013. Home sales and prices increased in each of these markets, and apartment vacancy rates remained low in several markets in the region.

During the fourth quarter of 2013—

- Nonfarm payrolls increased 1.9 percent, to 16.96 million jobs, significantly more than the previous fourth quarter peak of 16.30 million jobs recorded in 2008.
- Most major sales and apartment markets in the region remained balanced, in part because of job gains during the past 2 years and reduced building activity compared with the levels recorded before the housing downturn that began in 2007. During the past 3 years, however, building activity began to increase again and multifamily construction in the region returned to the level recorded before the downturn.



Strong job growth in Texas led nonfarm payroll growth in the Southwest region.

	Fourth Quarter		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	16,640.2	16,960.3	320.1	1.9
Goods-producing sectors	2,638.1	2,684.0	45.9	1.7
Mining, logging, and construction	1,307.3	1,342.6	35.3	2.7
Manufacturing	1,330.8	1,341.4	10.6	0.8
Service-providing sectors	14,002.1	14,276.3	274.2	2.0
Wholesale and retail trade	2,606.8	2,690.6	83.8	3.2
Transportation and utilities	683.9	687.7	3.8	0.6
Information	272.7	280.6	7.9	2.9
Financial activities	924.4	937.9	13.5	1.5
Professional and business services	2,033.0	2,117.3	84.3	4.1
Education and health services	2,299.5	2,331.1	31.6	1.4
Leisure and hospitality	1,650.4	1,698.4	48.0	2.9
Other services	577.6	578.2	0.6	0.1
Government	2,953.8	2,954.5	0.7	0.0

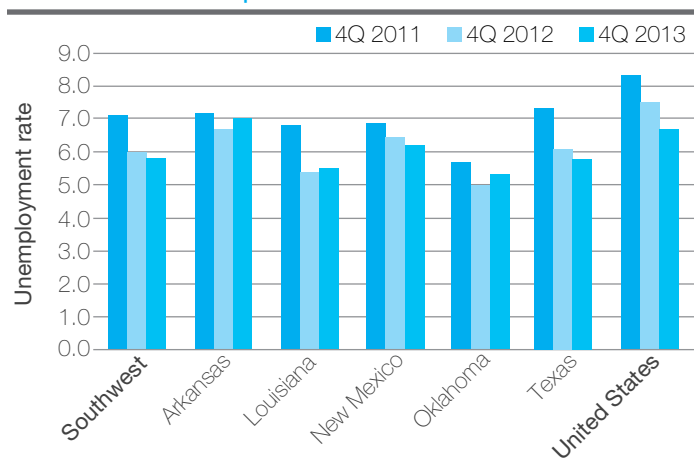
Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

## Economic Conditions

Nonfarm payroll job growth in the Southwest region, which resumed after declines in 2009 and 2010, continued during the fourth quarter of 2013. Nonfarm payrolls increased 1.9 percent, or by 320,100 jobs, to 16.96 million jobs. By comparison, during the fourth quarter of 2012, nonfarm payrolls grew 2.5 percent, or by 405,500 jobs. The region has fully recovered from the recent nonfarm payroll declines and surpassed the previous fourth quarter peak of 16.30 million jobs recorded in 2008. Job growth in the region occurred in every

nonfarm payroll sector, led by the professional and business services and the wholesale and retail trade sectors, which increased by 84,300 jobs, or 4.1 percent, and 83,800 jobs, or 3.2 percent, respectively. Continued strength in the oil and gas industry and increasing residential construction activity contributed to growth in the mining, logging, and construction sector of 2.7 percent, or 35,300 jobs, to 1.34 million jobs. This sector has added 176,000 jobs, a 15.1-percent increase, since the fourth quarter of 2009 but has not fully recovered to its previous fourth quarter peak of 1.38 million jobs, recorded in 2008.

The unemployment rate in the Southwest region has declined since 2010 and remained below the national rate in the fourth quarter of 2013.



4Q = fourth quarter.  
Source: U.S. Bureau of Labor Statistics

During the fourth quarter of 2013—

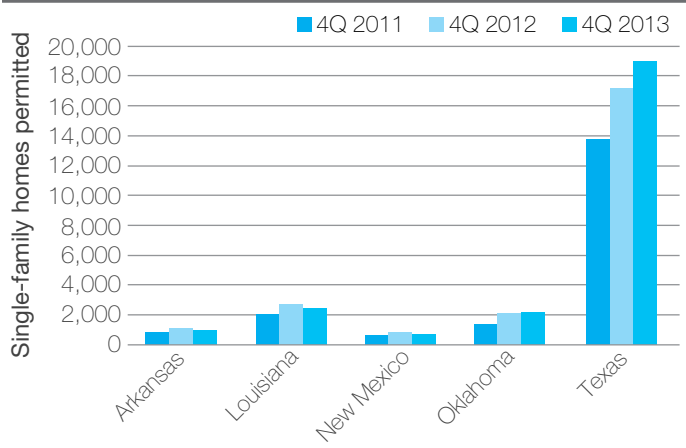
- Nonfarm payrolls increased 2.4 percent, or by 265,700 jobs, in Texas, which accounted for approximately 83 percent of job growth in the region.
- Nonfarm payrolls grew between 0.3 and 1.2 percent in the other four states in the region, but employment in Arkansas and New Mexico has yet to fully recover to the levels recorded before the recent payroll declines that occurred in each state.
- Louisiana and Oklahoma, with 19.75 and 16.43 million jobs, respectively, surpassed their previous fourth quarter peak employment levels of 19.55 and 16.29 million jobs, respectively, recorded in 2008.
- The unemployment rate in the region declined to 5.8 percent compared with the rate of 6.0 percent recorded during the fourth quarter of 2012 but remains higher than the average rate of 5.2 percent recorded during the fourth quarters from 2001 through 2008.



## Sales Market Conditions

Sales housing market conditions ranged from balanced to slightly tight in most major metropolitan areas in the Southwest region during the fourth quarter of 2013. New and existing home sales in Texas increased by 37,750, or 16 percent, to 275,800 homes sold during 2013. The average sales price of a new or existing home in Texas increased 9 percent, to \$225,100, during the same period, and the inventory of unsold homes declined to a 4.0-month supply from a 5.6-month supply during 2012. Increases in the number of home sales and home prices occurred in most major Texas markets

### Single-family permitting increases in the Southwest region, which began in 2011, continued but at a much slower pace than during the previous year.



4Q = fourth quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

during 2013. One of the greatest increases in the state occurred in Houston, where home sales increased 17.8 percent and home prices increased 10.4 percent because of sustained employment and population growth in the metropolitan area, which resulted from gains in the oil and gas industry. During the same period, the number of new and existing home sales increased in most major markets elsewhere in the region, although less than in the major Texas markets, where employment growth was generally stronger during the past year.

During the fourth quarter of 2013 (preliminary data)—

- Approximately 25,250 single-family homes were permitted in the region, a 5-percent increase compared with the number permitted during the fourth quarter of 2012.
- By comparison, the number of single-family homes permitted in the region averaged 40,550 during the fourth quarters from 2004 through 2007 before declining to average 17,900 during the fourth quarters from 2008 through 2011.
- Compared with permitting activity during the fourth quarter of 2012, the number of single-family homes permitted increased by 1,750, or 10 percent, to 18,900 homes in Texas and by 65, or 3 percent, to 2,175 homes in Oklahoma. Permitting activity in Arkansas, Louisiana, and New Mexico declined by between 120 and 220 homes from the fourth quarter of 2012.
- In response to strong new and existing home sales, single-family building activity in Austin increased fastest among all major metropolitan areas in the region, growing by 340 homes, or 21 percent, from the fourth quarter of 2012.

### Home sales and prices increased in the major metropolitan areas in the Southwest region, with the strongest growth in the Texas markets.

	12 Months Ending	Number of Homes Sold			Price			
		2012	2013	Percent Change	Average or Median	2012 (\$)	2013 (\$)	Percent Change
Albuquerque (N&E)	December	7,475	8,700	16.4	AVG	204,200	210,400	3.0
Austin (N&E)	December	25,500	30,450	19.4	AVG	266,000	286,500	7.7
Dallas (N&E)	December	50,400	59,350	17.8	AVG	223,000	247,200	10.9
Fort Worth (N&E)	December	9,075	10,850	19.6	AVG	150,900	164,400	8.9
Houston (N&E)	December	68,650	80,850	17.8	AVG	221,900	245,000	10.4
Little Rock (N&E)	December	7,325	8,250	12.6	AVG	175,400	176,500	0.6
New Orleans (N&E)	November	8,575	9,600	12.0	AVG	204,700	222,100	8.5
San Antonio (N&E)	December	20,550	24,000	16.8	AVG	193,000	206,700	7.1
Tulsa (N&E)	December	11,700	12,800	9.4	AVG	158,500	166,900	5.3

AVG = average. N&E = new and existing.

Source: Arkansas REALTORS® Association; Greater Albuquerque Association of REALTORS®; New Orleans Metropolitan Association of REALTORS®; Oklahoma City Metro Association of REALTORS®; Real Estate Center at Texas A&M University



## Apartment Market Conditions

Apartment market conditions in most large metropolitan areas in the Southwest region ranged from balanced to slightly soft during the fourth quarter of 2013. In several Texas markets, reduced multifamily building activity from 2009 through 2011 and increased demand during the past year led to declining vacancy rates and rent increases. Vacancy rates declined by between 0.2 and 1.1 percentage points from the fourth quarter of 2012, to 7.4 percent in Dallas, 7.5 percent in Fort Worth, and 8.0 percent in Houston (ALN Systems, Inc.). During the same period, vacancy rates increased by 0.7 percentage point, to 6.6 percent, in Austin and by 1.1 percentage points, to 9.0 percent, in San Antonio, where apartment market conditions are slightly soft because of significantly increased building activity. Average rents increased 4 percent in San Antonio, to \$829; 5 percent each in Dallas and Fort Worth, to \$910 and \$791, respectively; 6 percent in Houston, to \$889; and 9 percent in Austin, to \$1,025. Outside Texas, apartment markets in Albuquerque, New Orleans, and Tulsa were balanced, with vacancy rates of 3.9, 6.2, and 5.7 percent, respectively (Reis, Inc.), and slightly soft in Little Rock, with a vacancy rate of 7.1 percent. Vacancy rates increased by 1.3 percentage points in Little Rock, were unchanged in Albuquerque, and declined by 0.5 percentage point each in New Orleans and Tulsa from the fourth quarter of 2012. Average rents increased 2 percent each in Albuquerque, Little Rock, New Orleans, and Tulsa, to \$755, \$700, \$911, and \$621, respectively.

### Apartment markets in the Southwest region are primarily balanced.

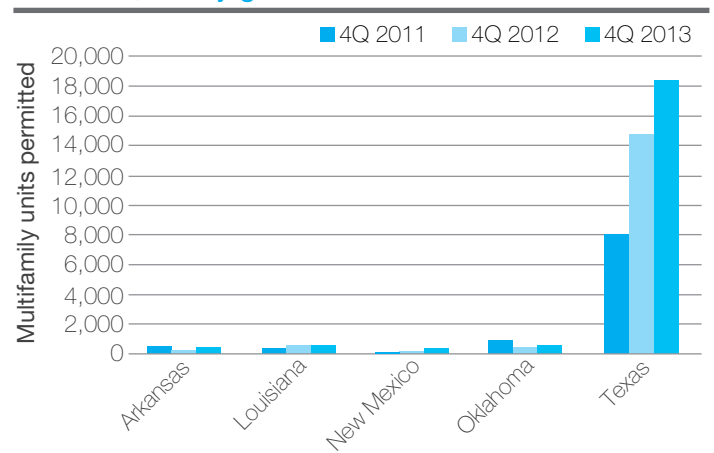
Metropolitan Area	Market Condition
Albuquerque	Balanced
Austin	Balanced
Dallas	Balanced
Fort Worth	Balanced
Houston	Balanced
Little Rock	Slightly soft
New Orleans	Balanced
San Antonio	Slightly soft
Tulsa	Balanced

Source: HUD, PD&R, Economic and Market Analysis Division

Multifamily construction activity, as measured by the number of units permitted, increased significantly in the Southwest region during the fourth quarter of 2013 compared with the level recorded during the fourth quarter of 2012, led by increased building activity in Texas. During the fourth quarter of 2013 (preliminary data)—

- Approximately 20,450 multifamily units were permitted in the region, a 26-percent increase from the number of units permitted during the fourth quarter of 2012 and the most units permitted during the fourth quarter in at least a decade.
- By comparison, the number of multifamily units permitted in the region averaged 14,000 during the fourth quarters from 2006 through 2008 before declining to average 6,200 during the fourth quarters from 2009 through 2011.
- Multifamily permitting activity rose most significantly in Texas, by 3,750 units, or 26 percent, to 18,450 units. Permitting activity in the other states in the region increased by between 30 and 250 units from the fourth quarter of 2012.
- Improving apartment market conditions led to significantly increased multifamily building activity in several large metropolitan areas in the Southwest region, including Dallas-Fort Worth-Arlington and Houston, where permitting activity rose by 2,100 units, or 50 percent, and by 1,775 units, or 27 percent, respectively.

### Multifamily permitting activity in the Southwest region reached its highest fourth quarter level in more than a decade, led by growth in several Texas markets.



4Q = fourth quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

