

HUD PD&R Housing Market Profiles

Beaumont-Port Arthur, Texas

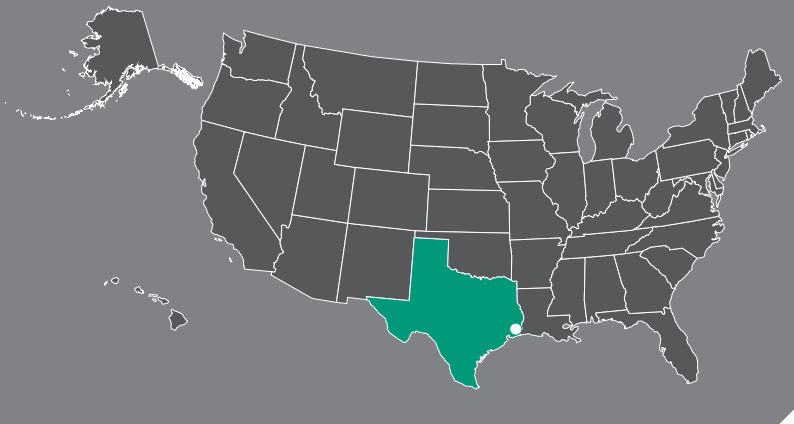


Quick Facts About Beaumont-Port Arthur

Beaumont, Texas

By Andrew Cross | As of April 1, 2023

- Current sales market conditions: balanced
- Current apartment market conditions: soft
- In 2018, the Port of Beaumont was the fourth busiest port in the United States by tonnage, with an estimated value of \$18.8 billion moving through the port (Texas Comptroller). The port is also home to the U.S. Army's 842nd Transportation Battalion, which is responsible for all military maritime logistics in the Gulf of Mexico.



Overview

The Beaumont-Port Arthur metropolitan area is in southeast Texas along the Gulf of Mexico and is defined as Hardin, Jefferson, Orange, and Newton Counties. The three major cities within the metropolitan area, Beaumont, Port Arthur, and Orange, make up what is known as the “Golden Triangle,” with the city of Orange being the easternmost city in the state of Texas. The metropolitan area is heavily dependent on petroleum refinement, having two of the largest petroleum refineries in the United States. The Port Arthur Refinery, located in the city of Port Arthur, is the largest in the nation, with an operable capacity of 626,000 barrels per calendar day (U.S. Energy Information Administration). The city of Beaumont is home to the seventh largest oil refinery in the nation, ExxonMobil Refining & Supply Co., with an operable capacity of 369,000 barrels per calendar day. An expansion completed in March 2023 is expected to eventually boost the operable capacity of the refinery by 250,000 barrels per day, which would make it the second busiest refinery in the U.S.

- The Beaumont-Port Arthur metropolitan area is estimated to be the tenth most populous metropolitan area in Texas, with an estimated population of 406,500.

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- Since 2020, the population in the metropolitan area has declined by an average of 1,100 people, or 0.3 percent, annually, with an average net out-migration of 1,225 people annually.
- The largest employer in the Beaumont-Port Arthur metropolitan area is CHRISTUS Southeast Texas - St. Elizabeth, a hospital with 1,675 employees.

Economic Conditions

Economic conditions in the Beaumont-Port Arthur metropolitan area improved during the past year as the economy continued to recover from the COVID-19-related downturn. As of April 2023, the metropolitan area has recovered 96 percent of all nonfarm payroll jobs lost during March and April 2020 (monthly data, not seasonally adjusted). During the first quarter of 2023, nonfarm payrolls totaled 161,300, representing an increase of 6,200, or 4.0 percent, from one year ago. By comparison, from 2017 through 2019, a period that included the recovery from Hurricane Harvey, nonfarm payrolls in the metropolitan area grew an average of 2.5 percent annually.

During the first quarter of 2023—

- The mining, logging, and construction sector added 2,500 jobs, or 14.4 percent, from a year earlier because several expansions are underway in the metropolitan area. In 2020, a major project began to deepen 57 miles of the Sabine-Neches Waterway by 8 feet and is expected to cost \$1.4 billion and take 7 to 10 years to complete (Sabine-Neches Navigation District).

- The manufacturing sector added 1,800 jobs, or 9.2 percent, from a year earlier, supported by a \$40 million Optimus Steel expansion in Orange County.
- The education and health services sector added 900 jobs, or 4.3 percent, from a year earlier. Expansions at Beaumont Hospital, Farmington Hills, in March 2023 supported gains in this sector.
- The government sector, which is the largest employment sector, accounting for nearly 15 percent of all jobs in the metropolitan area, decreased by 200 jobs, or 0.8 percent, from one year ago.
- The average unemployment rate was 6.5 percent, reflecting a decrease from 6.7 percent one year ago.

Job growth is expected to continue, with several expansions underway in the metropolitan area. A new hospital in Orange County, the Gisela Houseman Medical Campus, broke ground in January 2022 and is expected to open in the fall of 2023, providing a further boost in the education and health

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The mining, logging, and construction sector, which added 2,500 jobs during the first quarter of 2023, led nonfarm payroll growth in the Beaumont-Port Arthur metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	March 2022 (Thousands)	March 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	155.1	161.3	6.2	4.0
Goods-Producing Sectors	36.9	41.2	4.3	11.7
Mining, Logging, & Construction	17.4	19.9	2.5	14.4
Manufacturing	19.5	21.3	1.8	9.2
Service-Providing Sectors	118.1	120.1	2.0	1.7
Wholesale & Retail Trade	24.6	24.3	-0.3	-1.2
Transportation & Utilities	5.9	6.3	0.4	6.8
Information	0.8	0.8	0.0	0.0
Financial Activities	6.0	6.1	0.1	1.7
Professional & Business Services	14.1	14.4	0.3	2.1
Education & Health Services	20.7	21.6	0.9	4.3
Leisure & Hospitality	16.0	16.6	0.6	3.8
Other Services	5.1	5.3	0.2	3.9
Government	25.0	24.8	-0.2	-0.8
Unemployment Rate	6.7%	6.5%		

Note: Numbers may not add to totals due to rounding.

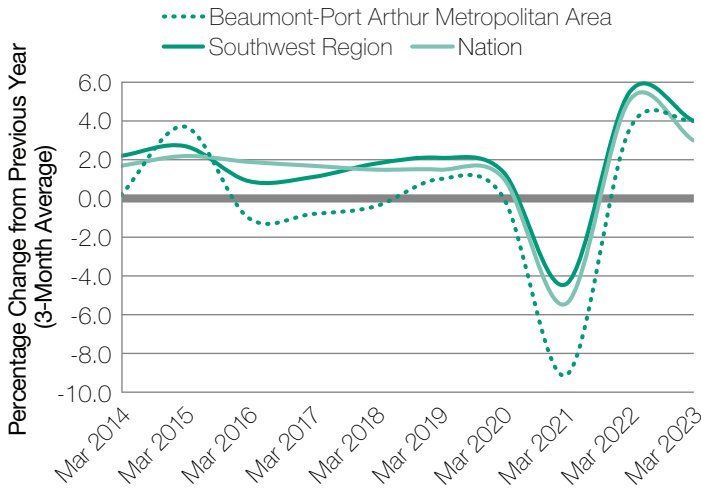
Source: U.S. Bureau of Labor Statistics



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services sector. The 55,000-square-foot facility will span 20 acres and include an emergency room and medical office spaces. Sempra, a San Diego-based utility company, began

Nonfarm payroll losses were more severe in the Beaumont-Port Arthur metropolitan area than in the region and the nation during the COVID-19-related downturn in 2020.



Source: U.S. Bureau of Labor Statistics

construction on phase one of its Port Arthur liquified natural gas facility at the end of the first quarter of 2023 and is expected to require 5,000 jobs during its construction. In addition, the Port of Beaumont began a \$57 million construction project in February 2022 to demolish and rebuild a failed dock. In October 2022, the Port of Beaumont was awarded a \$26.4 million port infrastructure development program grant from the U.S. Department of Transportation to continue updating the port—including the strengthening of a separate 400-foot section of dock to support heavy loads and the installation of a 26-acre container marshaling yard and hard surfaced laydown area—which is expected to help increase the volume of trade.

Largest Employers in the Beaumont-Port Arthur Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
CHRISTUS Southeast Texas - St. Elizabeth	Education & Health Services	1,675
Memorial Hermann Baptist Hospital	Education & Health Services	1,500
City of Beaumont	Government	1,325

Note: Excludes local school districts.

Source: City of Beaumont

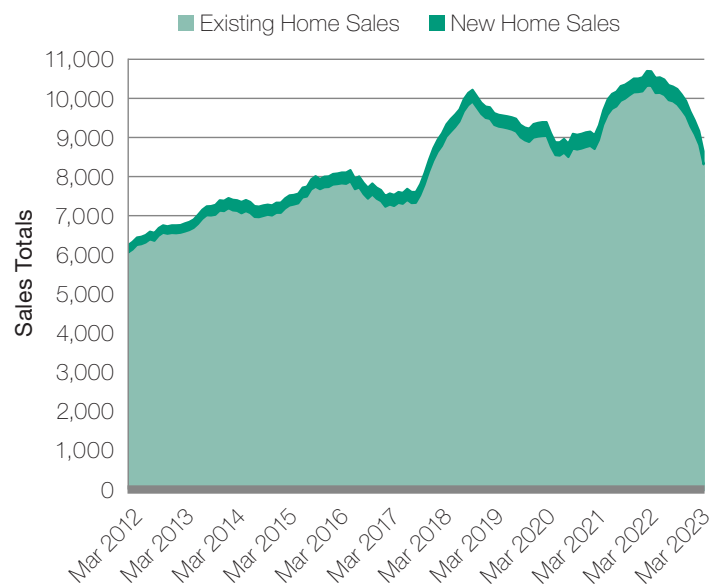
Sales Market Conditions

The sales market in the Beaumont-Port Arthur metropolitan area is currently balanced, with an estimated vacancy rate of 1.6 percent, down from 1.7 percent in April 2010, when conditions were also balanced. In the past year, however, the sales market has eased. During March 2023, a 3.5-month supply of for-sale inventory was available in the metropolitan area, compared with a 1.9-month supply in March 2022 (Real Estate Center at Texas A&M). Home sales totaled 8,650 during the 12 months ending March 2023, representing a decrease of 2,050, or 19 percent, from the 12 months ending March 2022 (CoreLogic, Inc., with adjustments by the analyst). Despite the double-digit decline in home sales, the sales market remains strong, as evidenced by a decrease in mortgage delinquencies. The percentage of home loans in the Beaumont-Port Arthur metropolitan area that were seriously delinquent or had transitioned into real estate owned status dropped to 2.4 percent in March 2023 from 3.4 percent in March 2022 (CoreLogic, Inc.). The current rate is greater than the 1.2-percent rate for Texas and the 1.1-percent rate for the nation.

During the 12 months ending March 2023—

- New home sales totaled 340, reflecting a decrease of 40 sales, or 10 percent, from the previous 12 months, as rising interest rates and out-migration dampened demand.

Home sales in the Beaumont-Port Arthur metropolitan area spiked in 2017 after Hurricane Harvey and have remained elevated since then.



Note: Sales are for single-family homes, townhomes, and condominiums.

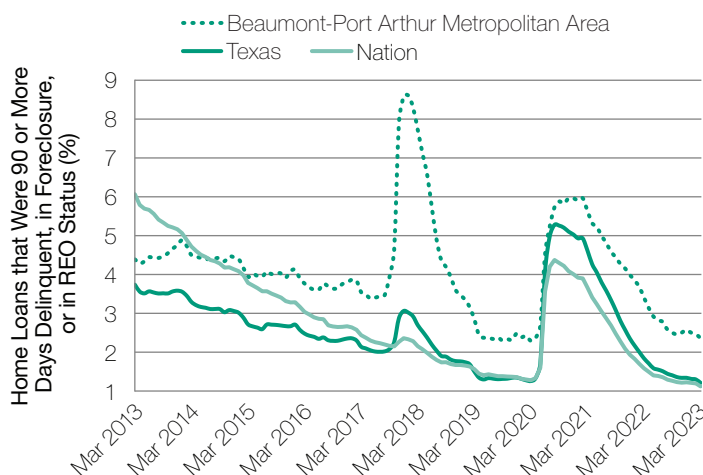
Source: CoreLogic, Inc., with adjustments by the analyst

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- The average sales price of a new home was \$307,800, representing an increase of \$2,525, or 1 percent, from a year earlier, because limited demand led to slower price growth.
- Existing home sales totaled 8,300, reflecting a decrease of 2,000, or 20 percent, from the previous 12 months, as

In the Beaumont-Port Arthur metropolitan area, the percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status rose rapidly, reaching a peak of 8.6 percent, well above the state of Texas and the nation.



REO = real estate owned.
Source: CoreLogic, Inc.

Existing home sales price growth slowed in the Beaumont-Port Arthur metropolitan area during the past year as for-sale inventory rose.



Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

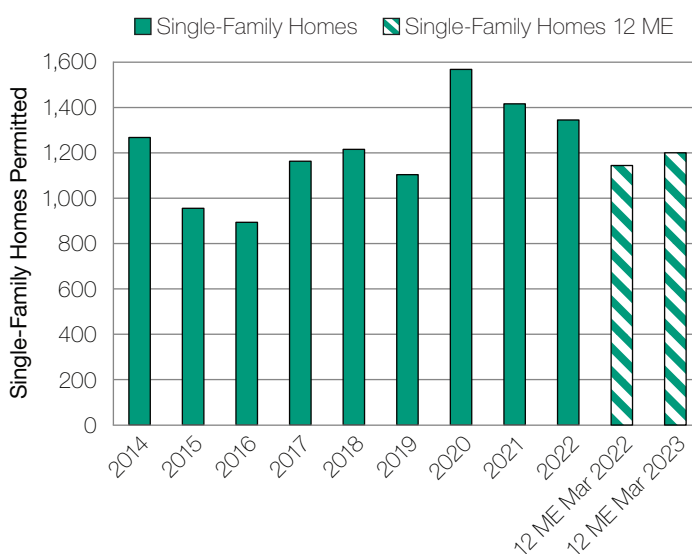
buying a home became more expensive because of rising interest rates and homes prices.

- The average sales price of an existing home increased by \$5,250, or 3 percent, to \$201,800 from a year earlier.

The number of single-family homes permitted in the Beaumont-Port Arthur metropolitan area spiked in 2020 to 1,575 homes permitted after averaging 1,100 units permitted annually from 2014 through 2019. As home sales have slowed, the number of homes permitted has also decreased, averaging 1,375 units permitted from 2021 through 2022.

- Based on preliminary data, a total of 1,200 homes were permitted during the 12 months ending March 2023, up 5 percent from 1,150 during the 12 months ending March 2022.
- The Ridgecrest subdivision in the city of Fannett has 10 lots available, ranging from 3.3 acres to 17.6 acres and with prices ranging from \$85,000 to \$180,000.
- Barrington Heights, a housing development in the city of Beaumont, currently has 12 homes for sale, ranging from 2,481 square feet to 4,076 square feet and with prices ranging from \$329,000 to \$748,500.

Single-family permitting in the Beaumont-Port Arthur metropolitan area has slowed since a recent peak in 2020 as the inventory of for-sale homes has increased and home sales have decreased.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

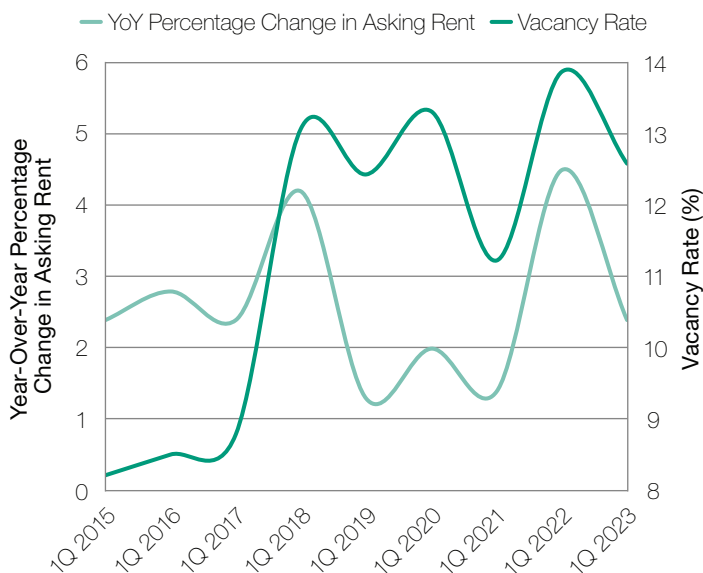
Apartment Market Conditions

Apartment market conditions in the Beaumont-Port Arthur metropolitan area are currently soft, and the apartment vacancy rate has been above 11 percent since 2018. Boom and bust periods in the oil and gas extraction industry have a significant impact on apartment market conditions. The metropolitan area relies heavily on oil refinement and exports, and the transient nature of jobs in the oil industry brings workers to the area who rent during temporary periods of employment. From 2014 through 2016, the apartment vacancy rate was relatively stable. The rate increased in the first quarter of 2017 as oil prices declined sharply from \$93 per barrel in 2014 to \$39 per barrel in 2020. That price decline was partially because of significantly reduced demand for petroleum products at the onset of the COVID-19 pandemic. Despite a subsequent increase in oil prices, the apartment vacancy rate remains elevated.

During the first quarter of 2023—

- The apartment vacancy rate was 12.6 percent, down from 13.9 percent during the first quarter of 2022 (CoStar Group).
- The average rent for an apartment was \$981, reflecting an increase of \$25, or 2 percent, from the first quarter of 2022.
- The average asking rents were \$873, \$1,048, and \$1,273 for one-, two-, and three-bedroom apartments, respectively.

Apartment vacancies in the Beaumont-Port Arthur metropolitan area spiked following Hurricane Harvey in August 2017 and have remained elevated since the first quarter of 2018.



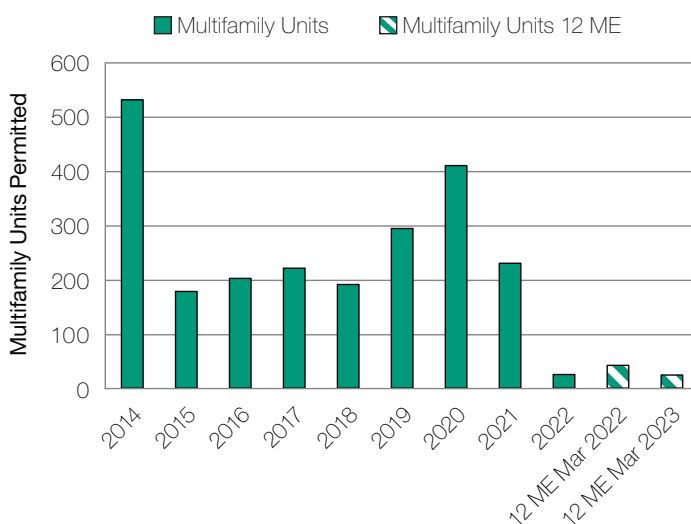
1Q = first quarter. YoY = year-over-year.
Source: CoStar Group

- The vacancy rates for one-, two-, and three-bedroom apartments were 12.6, 12.4, and 15.5 percent, respectively, down from 14.6, 14.1, and 19.1 percent during the first quarter of 2022.

Multifamily construction increased during 2014 as apartment vacancies decreased because of improving economic conditions and elevated oil prices. From 2015 through 2019, multifamily permitting slowed to an average of 220 units permitted annually as oil prices fluctuated. Following a recent spike to 410 units permitted in 2020, the number of multifamily units permitted moderated to 230 in 2021.

- A recent peak of 410 multifamily units were permitted during 2020. Multifamily permitting slowed during 2021, and it was virtually nonexistent in 2022 as vacancies increased sharply from the first quarter of 2021 to the first quarter of 2022.
- During the 12 months ending March 2023, multifamily construction in the Beaumont-Port Arthur metropolitan area totaled 25 units, representing a decline of 20 units, or 43 percent, from the previous 12 months.
- The Logan Apartments in the city of Nederland opened in the spring of 2022. The 157-unit property is 88 percent occupied, with an average asking rent of \$1,368.

Elevated oil prices and strong job growth in the Beaumont-Port Arthur metropolitan area during 2014 contributed to increased multifamily permitting, but as population growth slowed and oil prices decreased, production slowed, and multifamily permitting has not returned to 2014 levels.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Apartment Market/Apartment Vacancy Rate	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including only those that are stabilized. An apartment property is stabilized once an occupancy rate of 90 percent or greater is reached, or at least 18 months have passed since the property was completed.
Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1. The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.