

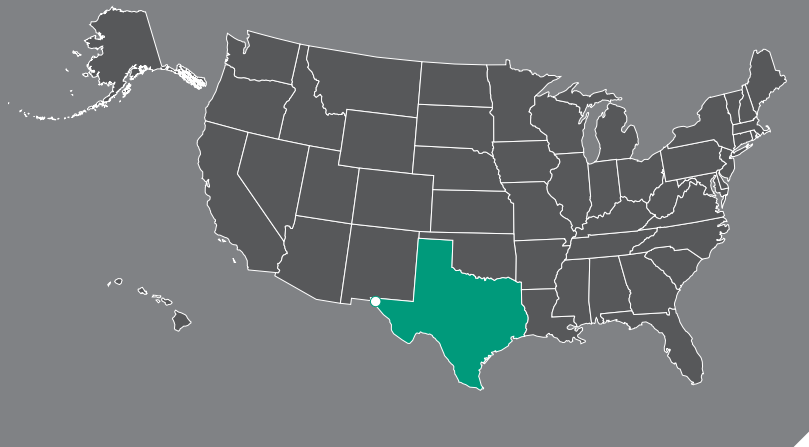
HUD PD&R Housing Market Profiles

El Paso, Texas



Quick Facts About El Paso

- Current sales market conditions: tight
- Current rental market conditions: slightly tight
- The El Paso metropolitan area is part of the North American Borderplex region, a transborder hub for tourism, trade, and medical services. During 2021, more than \$117 billion worth of goods crossed the border in the El Paso District jurisdiction, an increase of \$20 billion, or nearly 21 percent compared with the previous year (U.S. Department of Commerce).



By Cameron N. Ehrlich | As of April 1, 2022

Overview

The El Paso metropolitan area, located at the western edge of Texas bordering Mexico, consists of El Paso and Hudspeth Counties. The metropolitan area is home to The University of Texas at El Paso (UTEP), with approximately 24,000 students and 3,175 employees. The main offices of Fort Bliss Army Base (hereafter Fort Bliss) are located adjacent to the city of El Paso. Fort Bliss is the largest employer in the metropolitan area, with more than 47,650 employees, of whom approximately 31,400 are active-duty military and therefore not included in nonfarm payrolls.

- As of April 1, 2022, the estimated population of the El Paso metropolitan area was 874,000, up by an average of 3,475, or 0.4 percent, annually since 2012; by comparison, population growth averaged 16,200 people, or 2.0 percent, each year from 2007 to 2012 (Census Bureau population estimates as of July 1 and estimates by the analyst).
- The slowdown in population growth since 2012 is primarily due to a shift from net in-migration to net out-migration associated with the end of the base expansion at Fort Bliss. In addition, increased production of oil and natural gas in

continued on page 2



continued from page 1

other parts of Texas led many to leave the metropolitan area for higher-paying jobs in that industry.

- Net out-migration from the metropolitan area has averaged 3,475 people annually since 2012—a reversal from net in-migration of 6,425 people a year from 2007 to 2012.

Economic Conditions

Economic conditions in the El Paso metropolitan area improved during the past year as the economy continued to recover from the 2020 downturn caused by efforts to limit the spread of COVID-19. As of March 2022, the El Paso metropolitan area had recovered 91 percent of all nonfarm payroll jobs lost during March and April 2020 (monthly data, not seasonally adjusted). During the 3 months ending March 2022, nonfarm payrolls in the metropolitan area increased 3.4 percent, year-over-year, slower than statewide and nationwide growth rates of 6.2 and 4.7 percent, respectively. By comparison, from 2015 through 2019, before the COVID-19 pandemic, nonfarm payrolls in the metropolitan area grew an average of 1.9 percent annually.

During the 3 months ending March 2022—

- Nonfarm payrolls in the metropolitan area increased by an average of 10,600 jobs, or 3.4 percent, to 323,000, which

- Overall population growth has been limited by a decline in net natural change to an average of 6,950 people annually since 2012, compared with an average net natural change of 9,775 people annually from 2007 to 2012.

followed a decrease of 14,200 jobs, a 4.3-percent loss, during the 3 months ending March 2021. The U.S.–Mexico border shutdown beginning in March 2020 led to steep declines in nonfarm payrolls, but since the border reopening in November 2021, nonfarm payrolls continue to recover.

- The leisure and hospitality sector led job gains, increasing by 5,800 jobs, or 17.4 percent, to 39,200 jobs—a stark contrast from the 3 months ending March 2021, when payrolls in the sector declined by 4,100 jobs, or 10.8 percent.
- Job losses occurred in only two job sectors—the financial activities and the professional and business services sectors—declining by 100 and 2,100 jobs, or 0.8 and 5.5 percent, respectively. Most of the decline in the professional and business services sector was attributed to job losses in the administrative and support services and

continued on page 3

During the first quarter of 2022, 8 of the 11 payroll sectors added jobs in the El Paso metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	March 2021 (Thousands)	March 2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	312.4	323.0	10.6	3.4
Goods-Producing Sectors	34.2	34.9	0.7	2.0
Mining, Logging, & Construction	17.1	17.6	0.5	2.9
Manufacturing	17.2	17.2	0.0	0.0
Service-Providing Sectors	278.2	288.1	9.9	3.6
Wholesale & Retail Trade	49.5	52.0	2.5	5.1
Transportation & Utilities	17.1	17.5	0.4	2.3
Information	4.5	4.8	0.3	6.7
Financial Activities	13.3	13.2	-0.1	-0.8
Professional & Business Services	38.5	36.4	-2.1	-5.5
Education & Health Services	46.2	47.5	1.3	2.8
Leisure & Hospitality	33.4	39.2	5.8	17.4
Other Services	8.2	8.8	0.6	7.3
Government	67.4	68.7	1.3	1.9
Unemployment Rate	7.5%	5.0%		

Notes: Numbers may not add to totals due to rounding. Military jobs are not included in these data.

Source: U.S. Bureau of Labor Statistics



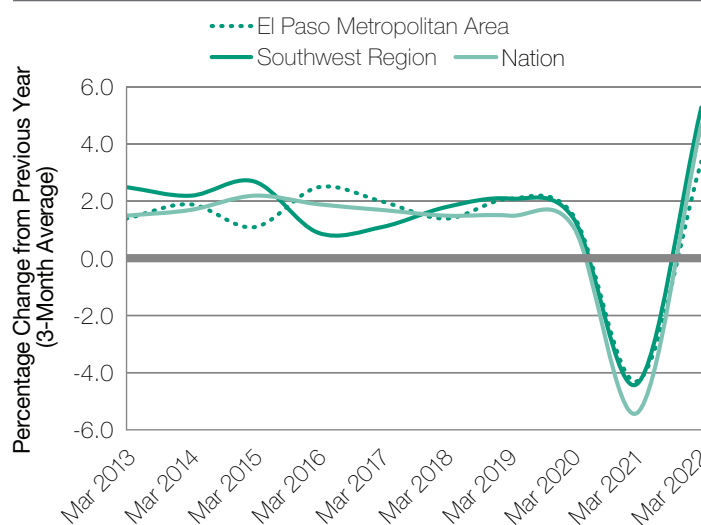
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waste management and remediation services industries, down by a combined 1,950 jobs.

- The unemployment rate averaged 5.0 percent, down from the 7.5-percent rate recorded during the same period a year ago. Strong gains in resident employment outpaced growth in the labor force, contributing to the declining unemployment rate.

The largest employment sector in the metropolitan area is the government sector, with 68,700 jobs during the 3 months ending March 2022, accounting for more than 21 percent of all nonfarm payroll jobs; the sector includes two of the largest employers in the metropolitan area, Fort Bliss and the city of El Paso. The military presence in the El Paso metropolitan area has historically provided a strong base for the local economy. During 2019, Fort Bliss had an estimated \$25.6 billion impact on the Texas economy (Texas Comptroller of Public Accounts). In addition, border crossings and international trade have resulted in the hiring of additional federal personnel at U.S. Customs and Border Protection and other federal agencies.

The current rate of nonfarm payroll recovery is slower in the El Paso metropolitan area than in the region and the nation.



Note: Military jobs are not included in these data.

Source: U.S. Bureau of Labor Statistics

Largest Employers in the El Paso Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort Bliss	Government	47,650
T&T Staff Management, Inc.	Professional & Business Services	6,175
City of El Paso	Government	5,475

Notes: Excludes local school districts. Data include soldiers and military defense personnel who are not included in the nonfarm data.

Sources: El Paso County Comprehensive Annual Financial Report (CAFR), 2021; The City of El Paso CAFR, 2021; El Paso Office of Economic Development, 2020

Sales Market Conditions

The sales housing market in the El Paso metropolitan area is tight, with an estimated sales vacancy rate of 1.1 percent, down from 1.6 percent in April 2010. As of March 2022, the metropolitan area had 1.2 months of for-sale inventory available, down from 2.1 months a year ago (CoreLogic, Inc.). As of March 2022, 2.4 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 6.1 percent a year earlier. The current rate is significantly below the peak of 6.5 percent during August 2020, but higher than the current rates of 1.8 percent for Texas and 1.5 percent for the nation. Total home sales in the metropolitan area, including new and existing single-family homes, townhomes, and

condominiums, increased by 920, or 6 percent, to 17,300 homes during the 12 months ending March 2022, compared with a year earlier (CoreLogic, Inc. with adjustments by the analyst). During the same period, the average total home sales price increased by \$21,700, or 11 percent, to \$224,800, from the previous year.

During the 12 months ending March 2022—

- The average sales price of a new home was \$263,600, up \$40,900, or 18 percent, compared with a year ago (CoreLogic, Inc., with adjustments by the analyst). New home sale prices increased during the past year at the fastest pace since at least 2000.

continued on page 4

continued from page 3

- New home sales, which accounted for 16 percent of all home sales in the metropolitan area, declined to 2,825 homes, down 450 homes, or nearly 14 percent, from the previous 12-month period. By comparison, new home sales rose an average of 7 percent annually from 2018 through 2020.
- The average sales price for a resale home was \$218,500, up \$18,450, or 9 percent, when resale home sales totaled 14,200, an increase of 1,525, or 12 percent, compared with a year ago. The average resale home sales price rose

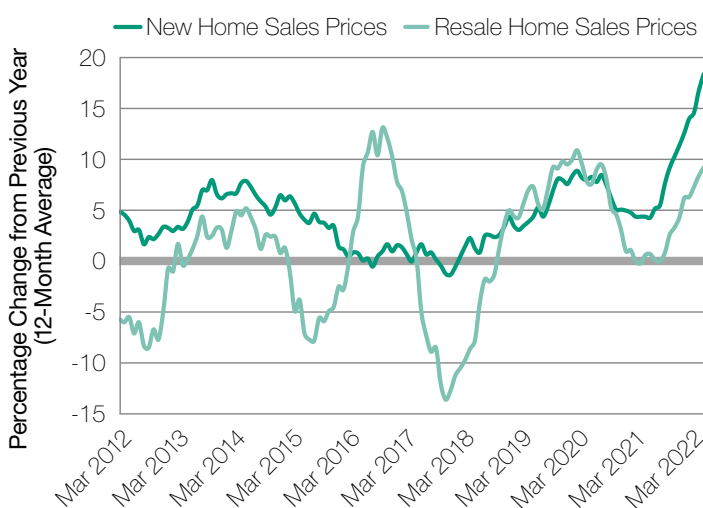
5 percent from 2018 through 2020, when an average of 11,150 resale homes sold annually.

- Distressed sales accounted for nearly 2 percent of existing home sales, down from more than 3 percent a year ago and substantially down from the recent peak of nearly 18 percent during 2015.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, declined by 400, or 13 percent, to 2,600 homes during the 12 months ending March 2022 because

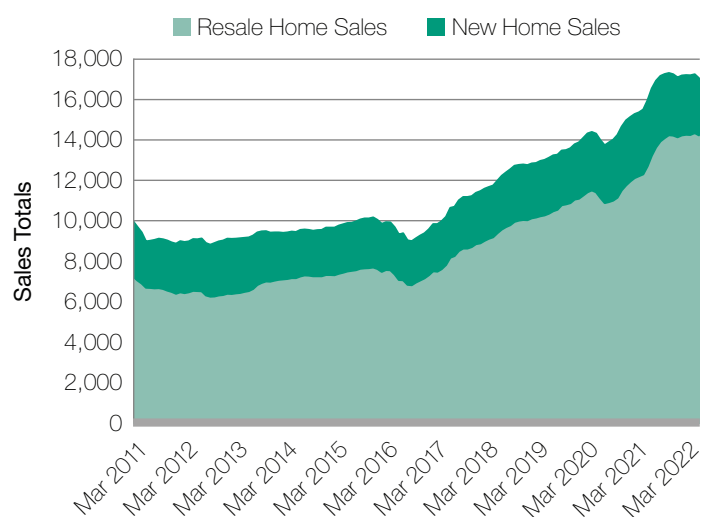
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New and resale home sales prices in the El Paso metropolitan area increased rapidly during the past year.



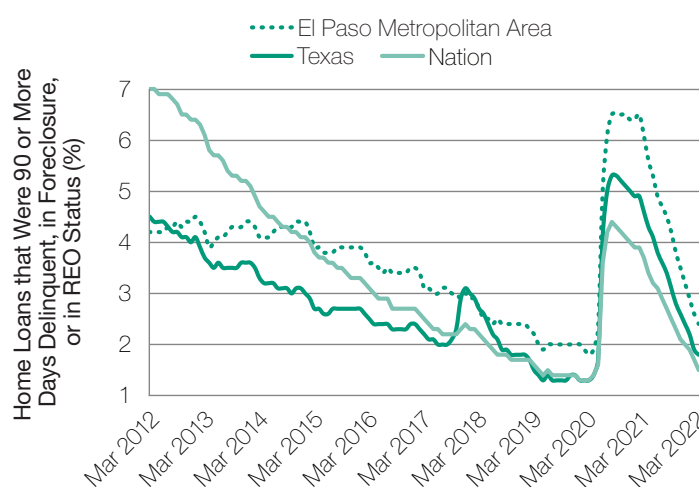
Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Home sales in the El Paso metropolitan area have generally been trending up since 2016.



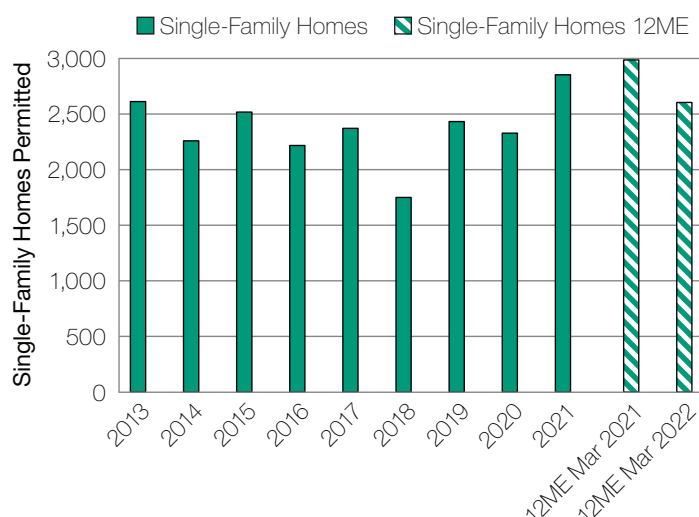
Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

The percentage of home loans 90+ days delinquent, in foreclosure, or recently transitioned to REO status in the El Paso metropolitan area has been above the state and national rate since mid-2018.



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

Single-family permitting reached a peak in 2021, the highest level recorded since 2012.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

continued from page 4

ongoing shortages of materials and labor greatly increased construction times and costs. Approximately 810 homes are currently under construction.

- After averaging 2,475 units from 2013 through 2015, new home construction declined to an average of 2,225 homes a year from 2016 through 2020.
- Although most home construction occurs in the city of El Paso, there has been increased single-family development

with easy access to Interstate 10 (I-10) in the cities of Socorro and Horizon City.

- Summersky Phase I, a 170-home subdivision in the city of El Paso, has approximately 155 homesites available for purchase with customizable builder plans. Home prices in this subdivision start at \$249,900 for a four-bedroom, two-bathroom single-family home.

Rental Market Conditions

Overall rental housing market conditions in the El Paso metropolitan area are currently slightly tight. The increase in the number of renter households since 2017 has outpaced the number of rental housing units added to the market, contributing to the tightening of the rental market. In 2019, approximately 42 percent of renter households in the metropolitan area lived in single-family attached or detached homes, whereas 37 percent lived in multifamily homes with five or more units, typically apartments; in 2010, the comparable figures were 37 and 41 percent, respectively (2010 and 2019 ACS 1-year data).

- The overall rental vacancy rate (including single-family homes, townhomes, mobile homes, and apartments) is estimated at 5.2 percent as of April 1, 2022, up from 4.4 percent in 2010.
- In March 2022, the average vacancy rate for professionally managed single-family homes was 6.1 percent, unchanged

from a year earlier, and the median rent was \$1,270, up 7 percent from a year ago (John Burns Real Estate Consulting).

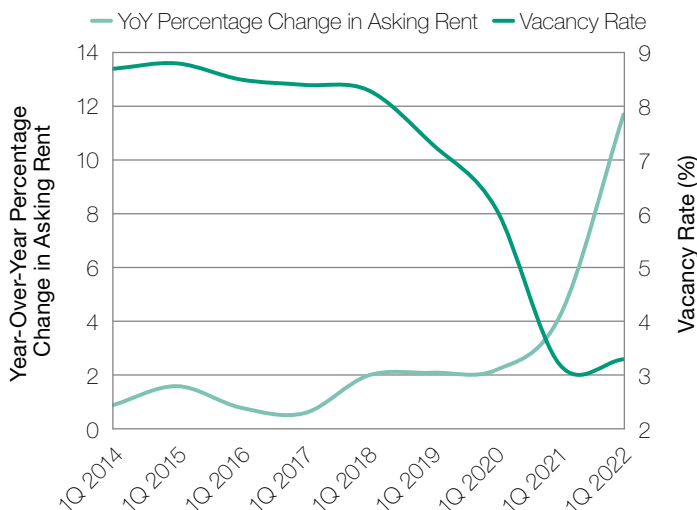
- During the first quarter of 2022, the apartment market was tight, with a vacancy rate of 3.3 percent, up from 3.2 percent during the first quarter of 2021 (CoStar Group).
- The average monthly apartment asking rent in the El Paso metropolitan area was \$926 during the first quarter of 2022, nearly 12 percent higher than the average asking rent of \$830 during the first quarter of 2021.

Multifamily construction activity in the El Paso metropolitan area, as measured by the number of multifamily units permitted, declined significantly in 2016 as developers responded to persistently high vacancy rates.

- During the 12 months ending March 2022, the number of multifamily units permitted totaled an estimated 290 units,

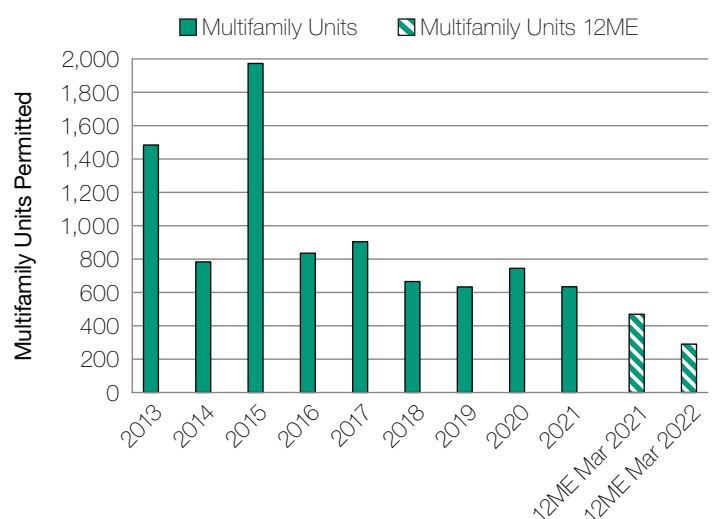
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Apartment rent growth in the El Paso metropolitan area during the first quarter of 2022 was the largest year-over-year first quarter increase since at least 2000.



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

Multifamily permitting activity in the El Paso metropolitan area has declined substantially since the peak in 2015.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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down 38 percent from the 470 units permitted a year earlier (includes preliminary data). Approximately 740 multifamily units are currently under construction in the El Paso metropolitan area.

- Permitting was higher during the early 2010s, averaging 1,425 units annually from 2013 through 2015, compared with an average of 760 units permitted annually from 2016 through 2020.
- The 224-unit District at Pellicano opened in 2022 in the city of El Paso, and it offers one-, two-, and three-bedroom apartment units with monthly rents ranging from \$800 to \$1,400.
- The Montecillo Town Center apartment community in the western area of the city of El Paso began phased construction in late 2020. When complete, the multifamily development is projected to have 282 units by the end of 2023.

Terminology Definitions and Notes

A. Definitions

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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Include resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Include single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
North American Borderplex	A transborder agglomeration with more than 2.7 million people that includes the El Paso metropolitan area, Doña Ana and Otero Counties in New Mexico, and the city of Ciudad Juárez in Mexico.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90+ 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.
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