

HUD PD&R Housing Market Profiles

Fort Worth-Arlington, Texas

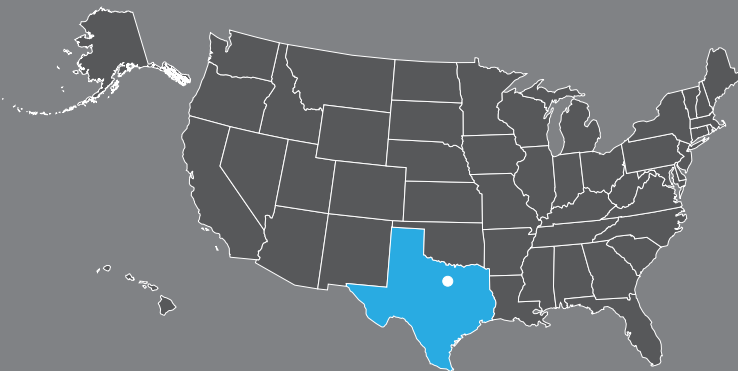


Quick Facts About Fort Worth-Arlington

Fort Worth, Texas

By Nancy Smith | As of January 1, 2021

- **Current sales market conditions: tight**
- **Current apartment market conditions: balanced**
- **Covering more than 355 square miles, and with more than 70,000 acres of developable land, the city of Fort Worth is located in four of the six counties in the metropolitan division (Fort Worth Chamber).**



Overview

The Fort Worth-Arlington, TX (hereafter Fort Worth) metropolitan division includes six counties (Hood, Johnson, Parker, Somervell, Tarrant, and Wise) that are located on the western side of the Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area in north-central Texas. The Dallas/Fort Worth International Airport—which is mostly located in the Fort Worth metropolitan division—covers more than 26.9 square miles and served more than 75 million passengers in 2019. The metropolitan division is home to three Fortune 500 companies: American Airlines Group Inc., D.R. Horton, Inc., and GameStop Corp. The American Airlines Group Inc., with 25,000 employees, is the largest employer in the metropolitan division.

- As of January 1, 2021, the estimated population of the Fort Worth metropolitan division is 2.6 million, reflecting an average increase of 37,350, or 1.6 percent, annually since 2010.
- Since 2010, net in-migration to the Fort Worth metropolitan division has averaged 20,800 people a year, which is below the average net in-migration of 23,900

continued on page 2



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continued from page 1

people a year from 2000 through 2010. Due to the decline in net natural increase (resident births minus resident deaths) during the 2010s, net in-migration has accounted for nearly 56 percent of the population growth since 2010, compared with 55 percent from 2000 to 2010.

Economic Conditions

Following 3 years of strong job growth, nonfarm payrolls in the Fort Worth metropolitan division declined in the spring of 2020 due to interventions taken in mid-March to slow the spread of COVID-19. Nonfarm payrolls fell from February through April before the economy in the HMA began to recover in May. As of December 2020, nonfarm payrolls remained 2.2 percent below February 2020 levels (not seasonally adjusted). Prior to the recent economic downturn, job growth was moving at a rapid pace. From 2017 through 2019, nonfarm payrolls increased by an average of 27,500 jobs, or 2.7 percent. The leisure and hospitality and the education and health services sectors, which increased by respective averages of 3,800 and 3,900 jobs annually, led that increase. By comparison, nonfarm payroll growth averaged 22,400 jobs, or 2.4 percent, annually from 2011 through 2016.

During the 3 months ending December 2020—

- Nonfarm payrolls in the Fort Worth metropolitan division averaged 1.07 million jobs, a decline of 35,300 jobs, or 3.2 percent, compared with nonfarm payrolls during the same period a year earlier.
- Tarrant County—which includes the cities of Fort Worth and Arlington—represents 82 percent of the Fort Worth metropolitan division population and has accounted for 80 percent of the population growth in the metropolitan division since April 2010.
- The two sectors most affected by countermeasures implemented to limit the contagion of COVID-19 were the leisure and hospitality sector and the education and health services sector, which declined by 15,100 and 9,400 jobs, or 11.9 and 6.5 percent, respectively.
- Nonfarm payrolls declined in 8 of 11 sectors; the wholesale and retail trade, the financial activities, and the professional and business services sectors posted gains of 600, 3,000, and 4,900 jobs, or 0.3, 4.3, and 3.9 percent, respectively.
- The unemployment rate increased to 6.7 percent, up from 3.1 percent for the same 3-month period a year earlier. The monthly unemployment rate peaked in April 2020 at 13.1 percent. As COVID-19 containment measures loosened, the monthly unemployment rate began to fall and declined to a low of 6.1 percent in October 2020.

The Fort Worth metropolitan division has become an increasingly important international transportation and distribution hub since the mid-2010s. From 2015 through 2019, the transportation and utilities sector added an average of 4,100 jobs—a 5.2-percent

continued on page 3

During the fourth quarter of 2020, only three nonfarm payroll sectors increased.

	3 Months Ending		Year-Over-Year Change	
	December 2019 (Thousands)	December 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,109.0	1,073.7	-35.3	-3.2
Goods-Producing Sectors	179.2	167.9	-11.3	-6.3
Mining, Logging, & Construction	78.7	73.1	-5.6	-7.1
Manufacturing	100.5	94.7	-5.8	-5.8
Service-Providing Sectors	929.7	905.8	-23.9	-2.6
Wholesale & Retail Trade	175.6	176.2	0.6	0.3
Transportation & Utilities	95.3	91.7	-3.6	-3.8
Information	10.7	9.7	-1.0	-9.3
Financial Activities	69.4	72.4	3.0	4.3
Professional & Business Services	124.7	129.6	4.9	3.9
Education & Health Services	144.8	135.4	-9.4	-6.5
Leisure & Hospitality	126.5	111.4	-15.1	-11.9
Other Services	41.8	39.0	-2.8	-6.7
Government	141.0	140.4	-0.6	-0.4
Unemployment Rate	3.1%	6.7%		

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

Source: U.S. Bureau of Labor Statistics



continued from page 2

gain—annually, with several new distribution centers contributing to job growth. Notable growth has been due to the expansion of the Fort Worth Alliance Airport and the surrounding area. FedEx Corporation expanded sorting operations at Alliance Airport in 2015 and created more than 300 jobs; the Amazon Air hub was completed in late 2019 and created 300 jobs. Located in the general vicinity is AllianceTexas—home to more than 61,000 employees and 500 companies; the planned community includes partnerships with BNSF Railway, Amazon.com, Inc., and FedEx Corporation.

Largest Employers in the Fort Worth Metropolitan Division

Name of Employer	Nonfarm Payroll Sector	Number of Employees
American Airlines Group Inc.	Transportation and Utilities	25,000
Lockheed Martin Corporation	Manufacturing	13,700
Texas Health Resources	Education and Health Services	12,000

Note: Excludes local school districts.

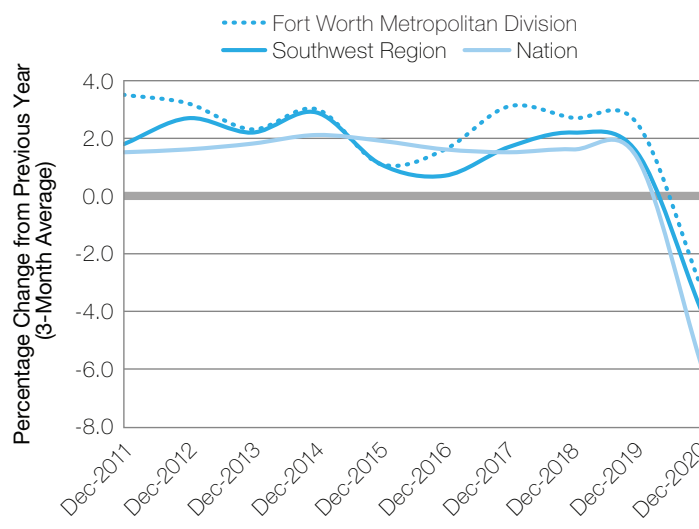
Source: Fort Worth Chamber of Commerce-Economic Development

Sales Market Conditions

The home sales market in the Fort Worth metropolitan division is tight, which is a change from soft conditions in 2010 and balanced conditions in 2019. The sales vacancy rate is currently estimated at 1.3 percent, down from 2.1 percent in 2010. A limited supply of for-sale housing and low mortgage interest rates have affected market conditions. Since July 2020, the inventory of homes for sale has been limited to less than 2 months, partly because some would-be sellers have been reluctant to list homes and make them available for tours due to the pandemic. The supply of homes available for purchase fell to a record low of less than a 1-month supply in December 2020, down from a 2.4-month supply a year ago (CoreLogic, Inc.). The low inventory has led to a decline in home sales, whereas sales prices continue to increase. New and existing home sales totaled 60,050 during 2020—down 2 percent from 2019—and the average sales price increased 5 percent to \$284,000 (Zonda, with adjustments by the analyst). By comparison, sales increased 3 percent and prices increased 2 percent during 2019.

Despite a tightening of the sales market in 2020, mortgage delinquencies have risen because of the economic downturn. The share of seriously delinquent home loans (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties was 4.6 percent in November 2020 compared with 1.2 percent in November 2019 (CoreLogic, Inc.). This rate

Nonfarm payroll growth in the Fort Worth metropolitan division was stronger than that of the Southwest Region and the nation from 2017 through 2019, and the decline since the onset of COVID-19 has been relatively less severe.



Source: U.S. Bureau of Labor Statistics

increased due to the number of home loans that are 90 or more days delinquent—which rose by 282 percent; meanwhile, the number of loans in foreclosure and REO status fell by 36 percent. The number of loans in foreclosure or in REO status has not increased because a national moratorium on foreclosures for federally backed mortgages is in place through June 2021.

- During 2020, existing home sales totaled 48,700, reflecting a 6-percent decline from a year ago, mostly due to the decline in the supply of homes available for sale. Existing home sales increased by an average of 1,275 homes, or 3 percent, annually from 2016 through 2018 (Zonda, with adjustments by the analyst).
- The average sales price of an existing home increased nearly 6 percent to a record high of \$276,700 in 2020, following an increase of 2 percent in 2019. From 2016 through 2018, the average sales price of an existing home increased by an average of \$10,700, or 5 percent, annually.
- Partly due to the low supply of existing homes for sale, new home sales increased 19 percent during 2020 to 11,350, compared with a year ago. Although most new home sales occurred in Tarrant County, there were record sales in Johnson and Parker Counties, which increased by 90 and 42 percent to 1,475 and 1,575 new homes sold in 2020, respectively.

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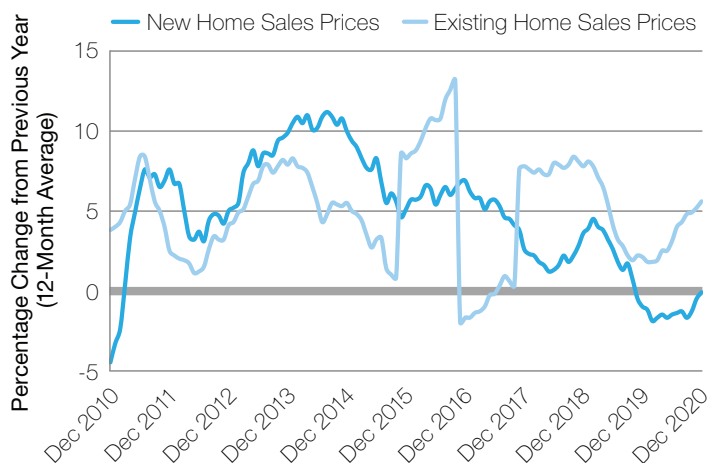
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- During 2020, the average sales price of a new home in the metropolitan division was \$315,300, nearly unchanged from a year ago. The average new home sales price fell in every county except Parker County, where the new home sales price increased by 4 percent to \$347,400.

As builders responded to the increase in the number of new homes sold in the metropolitan division during the past year, single-family construction activity, as measured by the number of homes permitted, increased during 2020.

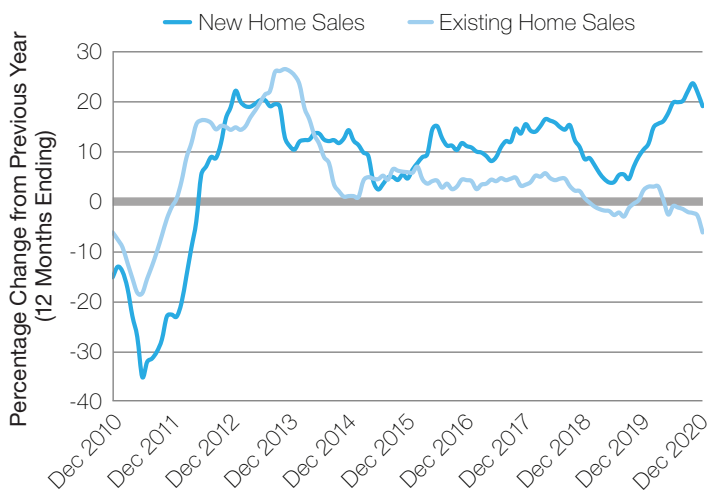
- The number of single-family homes permitted during 2020 increased 24 percent, to 12,200 (preliminary data, with

During 2020, average existing home sales prices increased more quickly than average new home sales prices.



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

New home sales have significantly outpaced existing home sales since mid-2020.

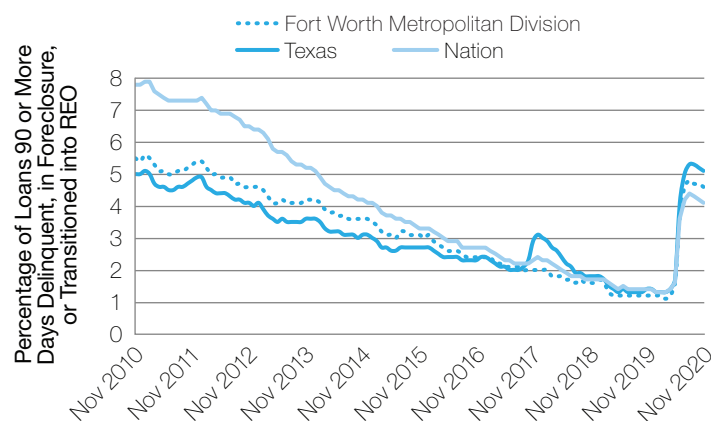


Note: Sales are for single-family homes, townhomes, and condominiums.
Source: Zonda, with adjustments by the analyst

adjustments by the analyst). By comparison, single-family home permitting decreased nearly 3 percent during 2019 from a year earlier.

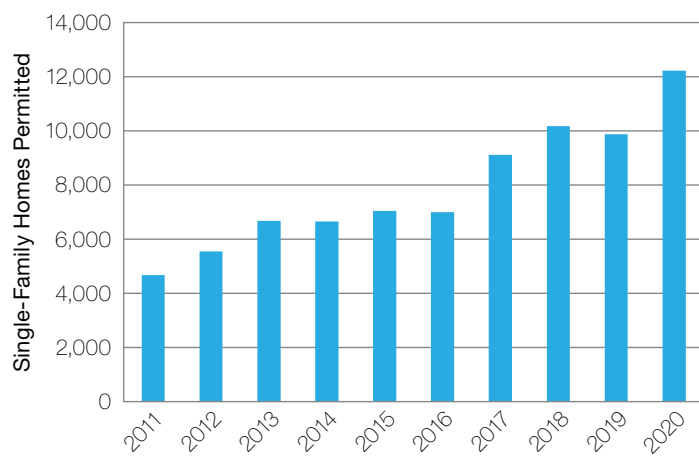
- The number of single-family permits issued rose by an average of 6 percent annually from 2011 through 2016 before increasing 30 percent to 9,100 homes permitted in 2017.
- Mostly due to the availability of developable land, single-family permitting increased 62 percent during 2020 in Johnson, Parker, and Wise Counties. The Silverstone Pearson Ranch development is currently under construction in Parker County and is expected to have 70 homes when completed.

The percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Fort Worth metropolitan division was lower than the national average from the late 2010s through 2018.



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

Since the early 2010s, single-family permitting in the Fort Worth metropolitan division has generally trended upward.



Note: Includes preliminary data from January 2020 through December 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

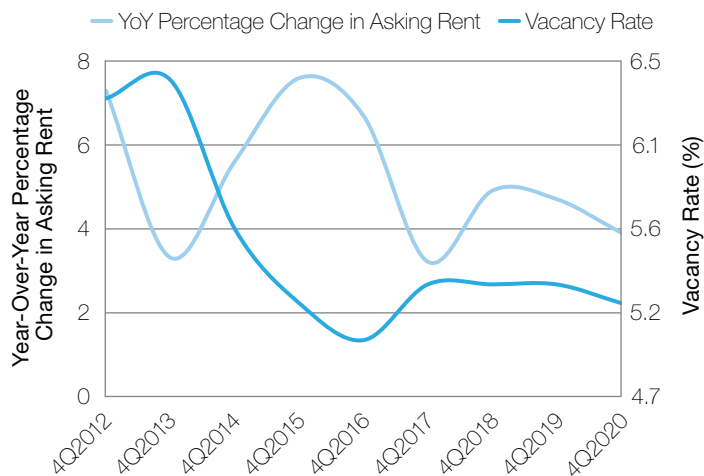
Apartment Market Conditions

Apartment market conditions in the Fort Worth metropolitan division are currently balanced, with an average vacancy rate of 5.2 percent during the fourth quarter of 2020; that rate is down slightly from 5.3 percent a year earlier and down from 8.5 percent during the fourth quarter of 2010 (RealPage, Inc.). Multifamily structures with five or more units, typically apartments, made up approximately 51 percent of renter-occupied units in the metropolitan area in 2019 (American Community Survey 1-year data).

During the fourth quarter of 2020—

- The average apartment rent in the metropolitan division increased nearly 4 percent, to \$1,120, from a year earlier (RealPage, Inc.). By comparison, the average apartment rent increased 5 percent annually from 2012 through 2018 when vacancy rates ranged from a high of 6.4 percent to a low of 5.0 percent.
- The apartment vacancy rates in the RealPage, Inc.-defined market areas (hereafter, areas) within the Fort Worth metropolitan division ranged from 3.8 percent in the Burleson/Johnson County area—which includes mostly Johnson County and some portions of Hood and Somervell Counties—to 6.5 percent in the Intown Fort Worth/University area—which includes downtown Fort Worth and the area to the west.
- Average apartment rents ranged from \$918 in the South Fort Worth area to \$1,380 in the Intown Fort Worth/University area, where vacancy rates were the highest.

The apartment vacancy rate in the Fort Worth metropolitan division has been relatively unchanged since the fourth quarter of 2017 despite average rent growth of more than 4 percent during the same period.



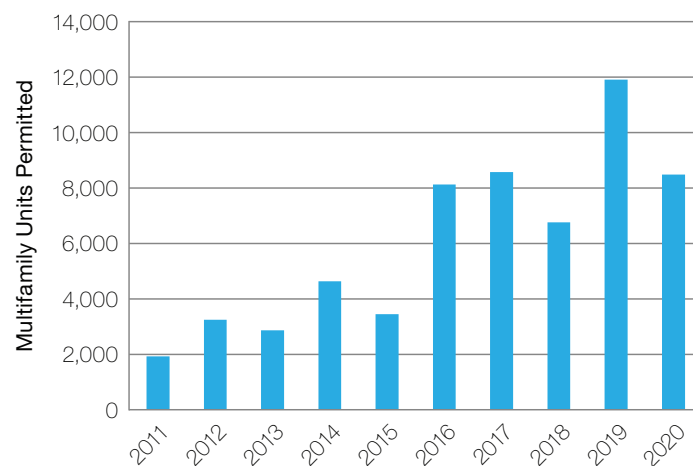
4Q = fourth quarter. YoY = year-over-year.
Source: RealPage, Inc.

- The vacancy rate for professionally managed single-family rentals was 2.2 percent in November 2020, unchanged from a year earlier (CoreLogic, Inc.).

Since 2016, multifamily construction activity, as measured by the number of units permitted, has been at its highest level during any 5-year period since 2000, averaging 8,750 units permitted annually.

- During 2020, an estimated 8,450 units were permitted, down 29 percent from 2019 (preliminary data).
- During 2020, an estimated 1,550 and 850, or 25 and 14 percent, of the units completed in the metropolitan division were located in the North Fort Worth/Keller and South Fort Worth areas, respectively (RealPage, Inc.).
- In 2020, the 250-unit Alleia at Presidio apartment development was completed in the North Fort Worth/Keller area. Located in north Fort Worth—close to Interstate-35W—the apartment complex offers one-, two-, and three-bedroom units starting at \$1,243, \$1,499, and \$2,111, respectively.
- The 224-unit The Trails at Summer Creek is the most recently completed development in the South Fort Worth area. Located in southwestern Fort Worth, the apartment complex offers one-, two-, and three-bedroom units starting at \$995, \$1,500, and \$1,950, respectively.

Multifamily home construction in the Fort Worth metropolitan division peaked in 2019.



Note: Includes preliminary data from January 2020 through December 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst