

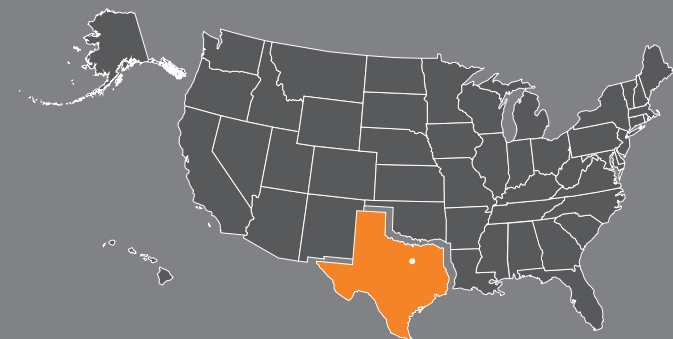
# HUD PD&R Housing Market Profiles

## Fort Worth-Arlington, Texas



### Quick Facts About Fort Worth-Arlington

- **Current sales market conditions: tight.**
- **Current apartment market conditions: balanced.**
- **As of April 2016, the Fort Worth-Arlington metropolitan division had the eighth lowest percentage of home loans in negative equity, at 1.48 percent of total home loans, of all metropolitan areas in the nation.**



By T. Michael Miller | As of May 1, 2016

### Overview

The Fort Worth-Arlington, TX (hereafter Fort Worth) metropolitan division consists of the six westernmost counties (Hood, Johnson, Parker, Somervell, Tarrant, and Wise) 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 29.8 square miles, and served 64 million passengers in 2015, is the second largest and fourth busiest airport in the nation. American Airlines Group, Inc., with 24,000 employees, is the largest employer in the metropolitan division.

- As of May 1, 2016, the estimated population of the Fort Worth metropolitan division is 2.43 million, an average increase of 41,800, or 1.8 percent, annually since July 2014. By comparison, the population increased at a slower average rate of 1.6 percent, or 36,450, annually from April 2010 to July 2014, when a higher unemployment rate discouraged in-migration by job seekers.
- Net in-migration has averaged 24,100 people annually and has accounted for nearly 58 percent of the population growth since July 2014. By comparison, net in-migration accounted for 52 percent of the growth from April 2010 to July 2014.
- 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 88 percent of the population growth in the metropolitan division since April 2010.



Total nonfarm payrolls in the Fort Worth metropolitan division, which had increased year over year for 21 consecutive quarters, moderated during the past year, primarily in the goods-producing sectors.

	3 Months Ending		Year-Over-Year Change	
	April 2015 (thousands)	April 2016 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	986.1	1,001.7	15.6	1.6
Goods-producing sectors	169.0	163.9	- 5.1	- 3.0
Mining, logging, and construction	72.0	69.7	- 2.3	- 3.2
Manufacturing	97.0	94.1	- 2.9	- 3.0
Service-providing sectors	817.1	837.8	20.7	2.5
Wholesale and retail trade	159.6	165.3	5.7	3.6
Transportation and utilities	75.1	78.1	3.0	4.0
Information	11.9	11.5	- 0.4	- 3.4
Financial activities	55.3	56.8	1.5	2.7
Professional and business services	108.8	111.6	2.8	2.6
Education and health services	125.8	129.7	3.9	3.1
Leisure and hospitality	109.1	113.4	4.3	3.9
Other services	37.8	36.4	- 1.4	- 3.7
Government	133.6	135.1	1.5	1.1
	(percent)	(percent)		
Unemployment rate	4.1	3.8		

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

## Economic Conditions

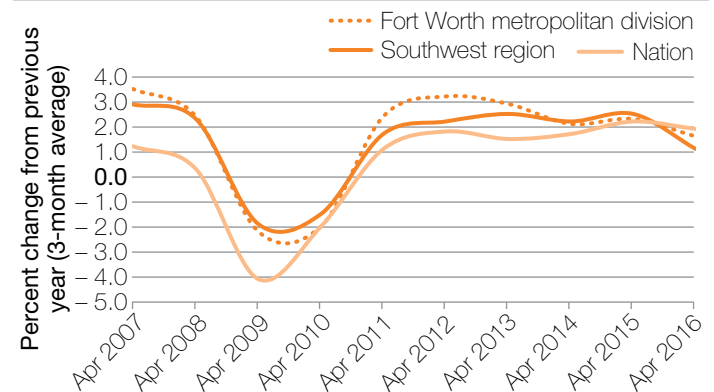
Economic conditions in the Fort Worth metropolitan division have been strong since 2010, but nonfarm payroll gains slowed during the past year. Since July 2010, nonfarm payrolls have increased by an average annual 21,600 jobs, or 2.3 percent, compared with an average decline of 18,800 jobs, or 2.1 percent, annually during 2008 and 2009.

During the 3 months ending April 2016—

- Nonfarm payrolls increased by 15,600, or 1.6 percent, from a year earlier to an average of 1.00 million jobs compared with an average increase of 2.8 percent annually from 2011 through 2014.
- Gains in the service-providing sectors offset losses in the goods-producing sectors, with the largest increases in the wholesale and retail trade sector, which increased by 5,700 jobs, or 3.6 percent, from the same 3-month period a year earlier. In early 2016, Wal-Mart Stores, Inc., added a second e-commerce fulfillment center near Alliance Town Center in north Fort Worth, adding 400 jobs.
- The manufacturing sector led job losses, declining by 2,900 jobs, or 3.0 percent, compared with an average increase of 2.5 percent annually from 2011 through 2014. Job losses in this sector included layoffs of 710 and 590 employees at Bell Helicopter Textron Inc. and Android Industries L.L.C., respectively.

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Job growth in the Fort Worth metropolitan division slowed during the past year compared with strong gains in the previous 4 years.



Note: Nonfarm payroll jobs.

Source: U.S. Bureau of Labor Statistics

## Largest employers in the Fort Worth metropolitan division

Name of Employer	Nonfarm Payroll Sector	Number of Employees
American Airlines Group, Inc.	Transportation and utilities	24,000
Lockheed Martin Aeronautics Company	Manufacturing	13,690
Texas Health Resources	Education and health services	12,000

Note: Excludes local school districts.

Source: Fort Worth Chamber of Commerce

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- The decline in oil prices contributed to a decline in the mining, logging, and construction sector of 2,300 jobs, or 3.2 percent, compared with an average increase of 6.7 percent annually from 2011 through 2014, before oil prices fell below \$50 a barrel.

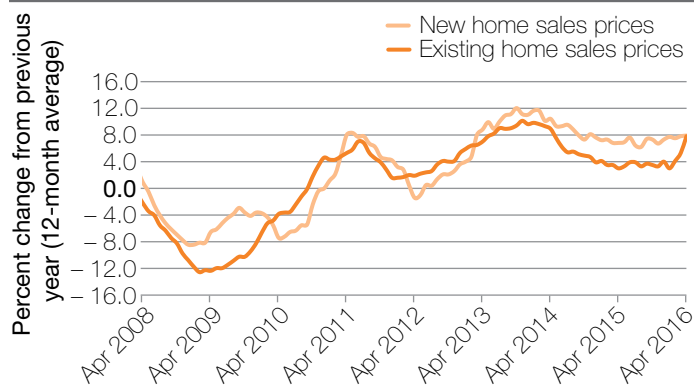
Nearly 80 percent of the decline was in the specialty trade contractors industry, primarily due to a decline in energy-related construction and the decline in new home construction activity in the Fort Worth metropolitan division.

## Sales Market Conditions

The sales housing market in the Fort Worth metropolitan division is currently tight, with an estimated vacancy rate of 1.5 percent, down from 2.1 percent in 2010, partly due to a shortage of developed subdivisions and vacant developable land to build new subdivisions. A 15-month supply of developed lots for new-construction homes priced below \$250,000 is currently available in the Fort Worth metropolitan division compared with 52 months of supply during 2011 (Metrostudy, A Hanley Wood Company). During April 2016, a 1.7-month of supply of homes was on the market in the metropolitan division, down significantly from an average of 5.8 months of supply from 2011 through 2012 and an average 2.7 months of supply from 2013 through 2015. New home construction has been most prevalent in north Fort Worth. The decline in available developed lots for homes priced below \$250,000 has resulted in a drop in new home construction, while the average price of a newly constructed home is increasing.

- The average price for new homes increased by \$21,000, or 8 percent, to \$281,300 during the 12 months ending April 2016 compared with the average price a year earlier, while existing homes sold for an average price of \$229,800, up by \$16,850, or 8 percent.

The average sales prices for new and existing homes in the Fort Worth metropolitan division have increased since 2012 as the inventory of available homes and developed lots has decreased.



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

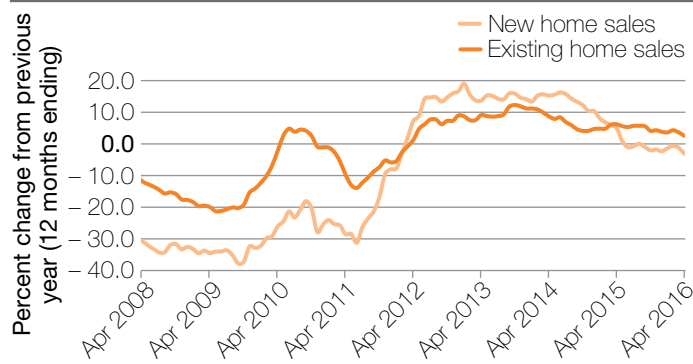
- New home sales totaled 5,925 during the 12 months ending April 2016, a decline of 200, or 3 percent, from the previous 12-month period, while existing home sales totaled 44,600, an increase of 1,075, or 3 percent, during the same period.
- The percentage of home loans in the Fort Worth metropolitan division that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status was 2.7 percent in April 2016, down from 3.1 percent in April 2015 and well below an April high of 5.8 percent in 2010 (CoreLogic, Inc.).
- REO sales totaled 2,550, a decline of 975, or 28 percent, primarily a result of the reduction in seriously delinquent home loans.

Single-family homebuilding activity declined during the 12 months ending April 2016 after strong growth from 2012 through 2014, in part, because of the lack of developable land in the metropolitan division.

- During the 12 months ending April 2016, 6,350 single-family homes were permitted, a decline of 710, or 10 percent, from the previous 12 months, after an average increase of 750, or 15 percent, annually from 2012 through 2014.

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New home sales in the Fort Worth metropolitan division, limited by available developed lots, declined during the past year following 3 years of strong growth.

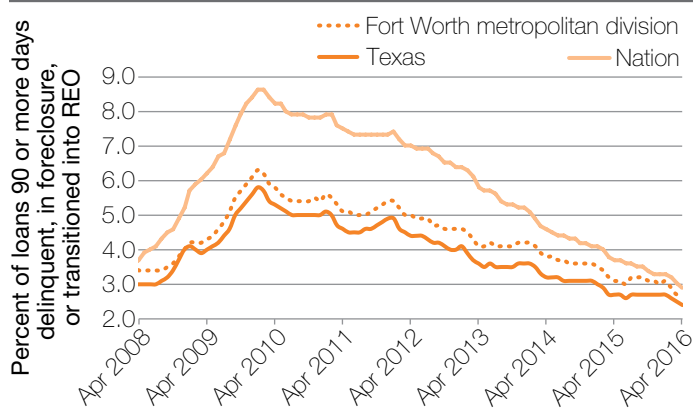


Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

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- During the 12 months ending April 2016, 1,750 homes were permitted in the Metrostudy-defined North Fort Worth market area, accounting for 28 percent of single-family permitting in the metropolitan division, primarily due to the availability of developed

During 2015, the rate of seriously delinquent loans and REO properties in the Fort Worth metropolitan division fell below the early-2008 rate and has continued to decline.

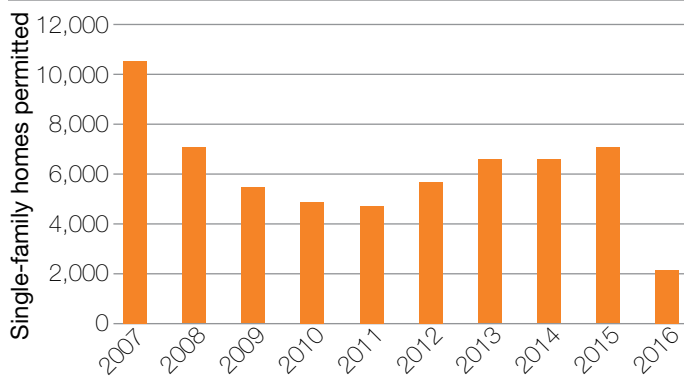


REO = real estate owned.  
Source: CoreLogic, Inc.

lots for homes priced below \$299,000. The market area currently has a 13-month of supply of developed land for homes priced below \$299,000.

- In the North Fort Worth market area, nearly 63 and 27 percent of new single-family construction is for homes priced below \$250,000 and from \$250,000 to \$299,000, respectively.

Single-family permitting activity in the Fort Worth metropolitan division slowed during the past year.



Note: Includes preliminary data from January 2016 through April 2016.  
Source: U.S. Census Bureau, Building Permits Survey

## Apartment Market Conditions

Apartment market conditions in the Fort Worth metropolitan division are currently balanced, with an average vacancy rate during the first quarter of 2016 of 5.0 percent, up slightly from 4.9 percent a year earlier but down significantly from 10.8 percent during the first quarter of 2010 (MPF Research). The vacancy rate increased partly due to the completion of 3,250 apartment units during the past year.

During the first quarter of 2016—

- The average apartment rent increased 8.0 percent, to \$907, from a year earlier compared with an increase of 6.9 percent during 2014 and an average increase of 3.3 percent annually from 2010 through 2013, when vacancy rates were significantly higher.
- The apartment vacancy rates in the MPF Research-defined market areas (hereafter, areas) within the Fort Worth metropolitan division ranged from 3.7 percent in the Haltom City/Meacham area, which includes the area north of downtown Fort Worth, to 7.9 percent in the Intown Fort Worth/University area, which includes downtown Fort Worth and the area to the west. Multifamily construction activity in the metropolitan division has been

concentrated in areas with higher average rents and, as a result, market conditions in the Haltom City Meacham area, with an average apartment rent of \$796, have tightened during the past 3 years.

- Average apartment rents ranged from \$725 in the East Fort Worth area to \$1,216 in the Intown Fort Worth/University area, where vacancy rates were the highest.
- The average vacancy rate in the North Fort Worth/Keller area, the fastest-growing area in the Fort Worth metropolitan division, increased to 4.8 percent from 4.4 percent a year earlier, while average rents increased 2.3 percent, to \$1,075.

Multifamily construction activity, as measured by the number of units permitted, declined during the 12 months ending April 2016 following 3 years of strong multifamily building activity.

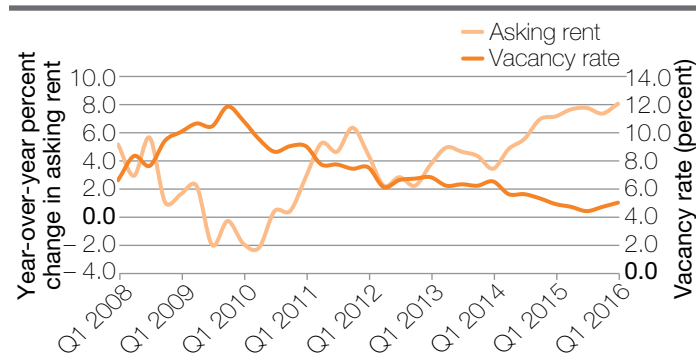
- During the 12 months ending April 2016, multifamily construction totaled 3,325 units (preliminary data), down 3 percent from the previous 12-month period. By comparison, permitting averaged 3,300 units annually from 2012 through 2014, more than double the average of 1,550 units permitted annually from 2009 through 2011, when job growth was much slower.

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- During the 12 months ending April 2016, 950 and 760, or 29 and 23 percent, of the units completed in the metropolitan division were located in the North Fort Worth/Keller and Intown Fort Worth/University areas, respectively.
- The 303-unit SageWater Village is the most recently completed project in the North Fort Worth/Keller area. Located in Alliance Town Center, the apartment complex offers one-, two-, and three-bedroom units starting at \$1,016, \$1,321, and \$1,862, respectively.

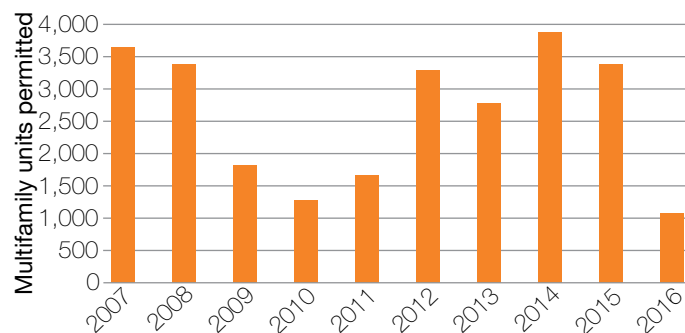
Rents in the Fort Worth metropolitan division have consistently increased more than 5 percent since the second quarter of 2014, when vacancy rates fell below 6 percent.



Source: MPF Research

- The 310-unit The Berkeley Luxury Apartment Homes is the most recently completed project in the Intown Fort Worth/University area. On the western edge of downtown Fort Worth, the apartment complex offers one-, two-, and three-bedroom units starting at \$964, \$1,1420, and \$1,870, respectively.
- Of the 4,875 units currently under construction in the Fort Worth metropolitan division, 3,425 are expected to be complete during the next 12 months, and 1,600 of the 2,475 units under construction in the Intown Fort Worth/University area are expected to be complete during the next 12 months.

Multifamily permitting has slowed in the Fort Worth metropolitan division following an increase in 2014.



Note: Includes preliminary data from January 2016 through April 2016.

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