

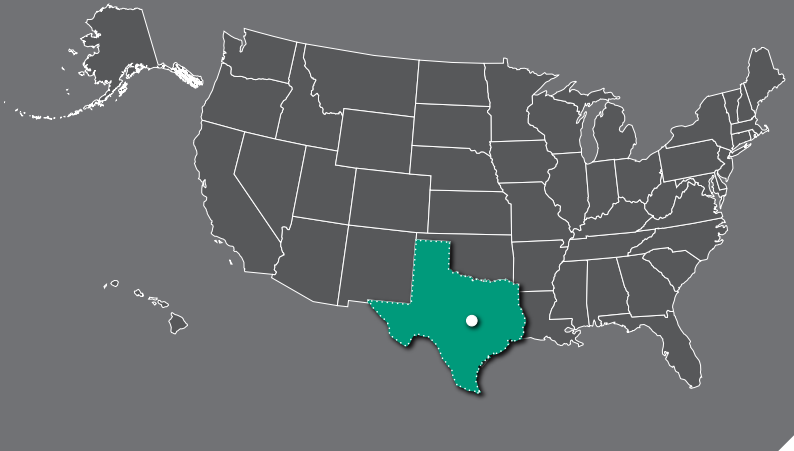
HUD PD&R Housing Market Profiles

Killeen-Temple, Texas



Quick Facts About Killeen-Temple

- Current sales market conditions: balanced
- Current rental market conditions: slightly soft
- The Killeen-Temple metropolitan area is home to U.S. Army Fort Cavazos (hereafter, Fort Cavazos), a military base with an estimated 34,375 active-duty military members (Heart of Texas Defense Alliance).



Killeen, Texas

By [Alexander Flowers](#) | As of April 1, 2024

Overview

The Killeen-Temple metropolitan area, conterminous with the Killeen-Temple Metropolitan Statistical Area, is in central Texas and directly adjacent to the Waco and the Austin-Round Rock metropolitan areas. The area includes Bell, Coryell, and Lampasas Counties, with both principal cities in Bell County. Fort Cavazos is the top employer in the metropolitan area, with nearly 43,000 employees, including active-duty personnel not reported in the nonfarm data. Fort Cavazos has an economic impact of approximately \$28.8 billion in the state of Texas (Texas Comptroller). The metropolitan area is also home to Central Texas College, a community college with student enrollment of approximately 7,650. Other top employers in the area include Baylor Scott & White Health and Central Texas Veterans Health Care System.

- As of April 1, 2024, the population of the metropolitan area is estimated at 506,400, representing an average increase of 7,750, or 1.6 percent, annually since April 2020, with net in-migration averaging 4,225 people annually.
- From 2016 through 2020, population growth in the metropolitan area averaged 9,150 people, or 2.0 percent,

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annually, with net in-migration averaging 5,050 annually (U.S. Census Bureau decennial census count and population estimates as of April 1, with estimates by the analyst). By comparison, population growth from 2012 through 2016 averaged 3,800 people, or 0.9 percent, annually, with net out-migration averaging 1,075 people because military downsizing following the Iraq War affected population growth. Population growth factors in the metropolitan

area have gradually shifted from military policy changes to economic opportunity and housing affordability.

- In 2022 (the most recent year with available data), the population of the city of Killeen was 159,200, and the population of the city of Temple was 89,450. Combined, the cities accounted for approximately 49 percent of the population in the metropolitan area. The remaining residents were in smaller towns, the surrounding rural areas, or Fort Cavazos.

Economic Conditions

Economic conditions in the Killeen-Temple metropolitan area are currently strong. Nonfarm payrolls averaged 154,500 jobs as of the first quarter of 2024, reflecting an increase of 3,300 jobs, or 2.2 percent, from the same period a year ago, when nonfarm payrolls increased by 2,800, or 1.8 percent. The unemployment rate in the metropolitan area was 4.6 percent as of the first quarter of 2024, down from 5.0 percent a year ago but above the 4.1-percent rate for the nation. The unemployment rate in the metropolitan area reached a recent peak during the second quarter of 2020 at 9.8 percent, well below the national average of 12.9 percent.

As of the first quarter of 2024—

- The education and health services sector led job growth in the metropolitan area, increasing by 1,200 jobs, or 5.0 percent, from a year earlier to 25,300 jobs because the aging population increased demand for health services.

From 2010 to 2022, the percentage of residents aged 60 years and over grew from 12.7 to 17.2 percent (2010 and 2022 American Community Survey [ACS] 1-year data). The education and health services sector surpassed the wholesale and retail trade sector as the second largest nonfarm payroll sector in the metropolitan area.

- The government sector is the largest nonfarm payroll sector in the metropolitan area. The sector gained 700 jobs, or an increase of 1.8 percent, from a year ago, to 38,900 jobs, a faster growth rate than a year earlier when the sector increased by 400 jobs, or 1.1 percent.
- The mining, logging, and construction sector increased by 600 jobs, or 8.0 percent, from a year ago because residential construction activity expanded. This increase is faster than a year ago when the sector grew by 400 jobs, or 5.1 percent.

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As of the first quarter of 2024, nonfarm payrolls increased in 9 of 11 payroll sectors in the Killeen-Temple metropolitan area compared with a year ago.

	3 Months Ending		Year-Over-Year Change	
	March 2023 (Thousands)	March 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	151.2	154.5	3.3	2.2
Goods-Producing Sectors	15.6	16.2	0.6	3.8
Mining, Logging, & Construction	7.5	8.1	0.6	8.0
Manufacturing	8.0	8.1	0.1	1.3
Service-Providing Sectors	135.6	138.3	2.7	2.0
Wholesale & Retail Trade	24.5	24.6	0.1	0.4
Transportation & Utilities	4.9	5.2	0.3	6.1
Information	1.2	1.1	-0.1	-8.3
Financial Activities	6.2	6.3	0.1	1.6
Professional & Business Services	14.1	14.3	0.2	1.4
Education & Health Services	24.1	25.3	1.2	5.0
Leisure & Hospitality	17.1	17.1	0.0	0.0
Other Services	5.3	5.6	0.3	5.7
Government	38.2	38.9	0.7	1.8
Unemployment Rate	5.0%	4.6%		

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

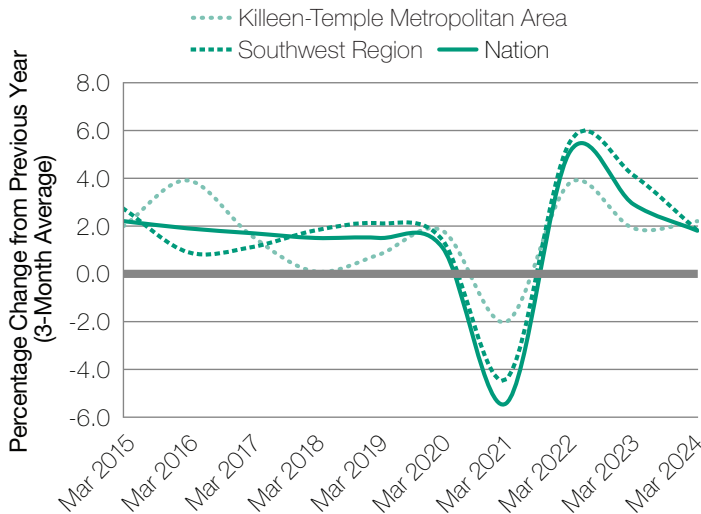
Source: U.S. Bureau of Labor Statistics



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- The information sector fell by 100 jobs, or 8.3 percent, from a year earlier to 1,100 jobs and was the only nonfarm payroll sector to decline.

Job losses during the COVID-19 downturn were less severe in the Killeen-Temple metropolitan area than in the nation, contributing to slower job growth compared with the nation during the economic recovery.



Source: U.S. Bureau of Labor Statistics

Fort Cavazos and the jobs it provides form the bedrock of the metropolitan area economy. However, payrolls in the government sector have generally declined since 2010 and have ranged from 29.5 to 24.9 percent of total nonfarm payrolls. As the economy diversifies, the metropolitan area and its population growth patterns will depend less on military policy and migration, although Fort Cavazos will remain a persistent presence. Encouraged by the recent national emphasis on semiconductor production, MGC Pure Chemicals America, Inc. is beginning a significant expansion of more than \$100 million in the city of Killeen, where it creates hydrogen peroxide necessary for semiconductor manufacturing.

Largest Employers in the Killeen-Temple Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Army Fort Cavazos	Government	42,995
Baylor Scott & White Health	Education & Health Services	7,110
Central Texas Veterans Health Care System	Education & Health Services	3,000

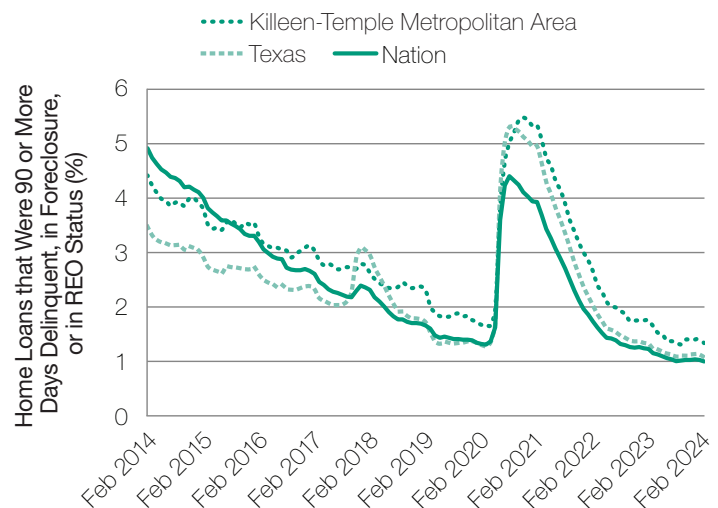
Notes: Excludes local school districts. Data for U.S. Army Fort Cavazos include military personnel not included in nonfarm payrolls.

Sources: Temple Economic Development Corporation; Killeen Economic Development Corporation

Sales Market Conditions

Sales market conditions in the Killeen-Temple metropolitan area are currently balanced, with an estimated 2.3-percent vacancy rate, up from 2.0 percent in April 2020. In the 2 years following the COVID-19 pandemic, numerous households moved from the neighboring city of Austin to the metropolitan area in search of greater home affordability and economic opportunity. The supply of homes for sale fell from 2.0 months in January 2020 to 0.4 months in February 2022 (The Texas Real Estate Research Center at Texas A&M University). Total home sales peaked during the 12 months ending May 2022. However, as mortgage interest rates rose in early 2022 to levels not seen since at least 2000, home purchases slowed significantly, and the inventory of homes for sale rose to a 4.0-month supply in March 2024, the highest level since 2016. The percentage of home loans that were seriously delinquent or in real estate owned status in the metropolitan area rose to a peak of 5.5 percent in November 2020, higher than averages of 5.1 and 4.1 percent in the state of Texas and the nation, respectively. Although the rate in the metropolitan area has since declined to 1.3 percent in February 2024, it has consistently remained above the state and national averages.

The percentage of home loans 90 or more days delinquent, in foreclosure, or in REO status in the Killeen-Temple metropolitan area remained higher than the rates for the state of Texas and the nation from 2021 through 2024.



REO = real estate owned.

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

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During the 12 months ending February 2024—

- New home sales in the metropolitan area totaled 2,275, down by 260, or 10 percent, from a year ago (CoreLogic, Inc., with adjustments by the analyst). By comparison, new home sales during the 12 months ending February 2021 rose by 540, or 24 percent.
- Existing home sales fell by 3,325, or 28 percent, from a year earlier to 8,575. By comparison, existing home sales during the 12 months ending February 2022 rose by 3,300, or 29 percent.
- The average sales price for a new home was \$338,500, representing a decline of \$11,200, or 3 percent, from a year ago. By comparison, the average new home sales price

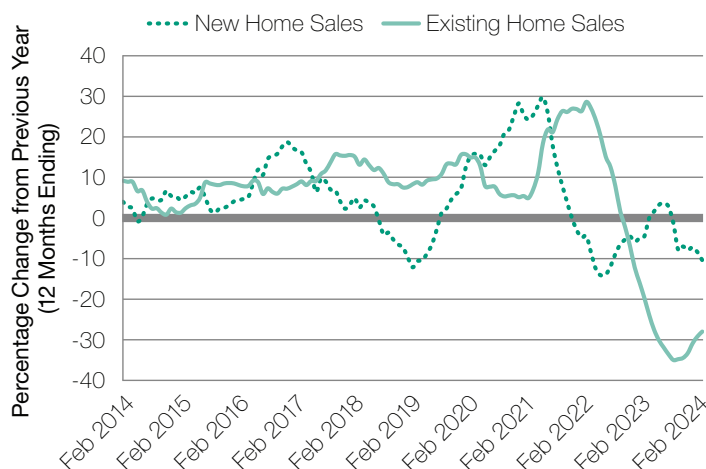
increased by \$64,500, or 23 percent, during the 12 months ending February 2023.

- The average sales price for an existing home was \$259,700, reflecting a decrease of \$4,500, or nearly 2 percent, from a year earlier. The average existing home sales price increased by \$32,500, or 14 percent, during the 12 months ending February 2023.

Single-family home construction in the metropolitan area, as measured by the number of homes permitted, reached a high of 3,025 in 2020 and remained above 2,500 units in each subsequent year. By comparison, the number of single-family homes permitted from 2015 through 2019 averaged 2,050 units annually.

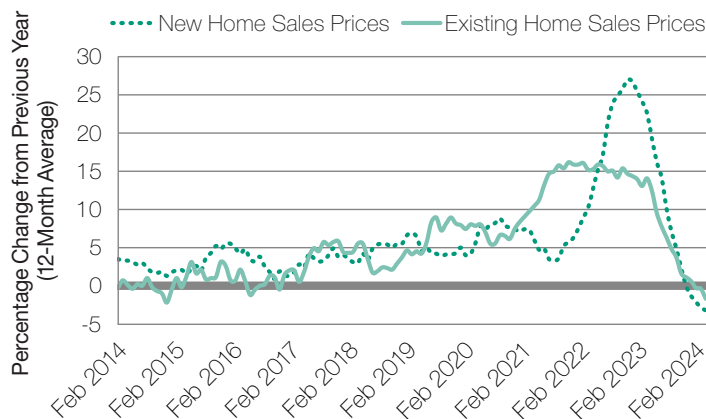
- The number of single-family homes permitted during the 12 months ending March 2024 declined by 70, or 3 percent, to 2,675 homes as home builders responded to decreased demand in new home sales.
- Historically, homebuilding in the metropolitan area has been predominantly in the city of Killeen. However, the percentage of single-family homes permitted in Killeen fell from 48 percent in 2004 to 19 percent in 2022, whereas the number of single-family homes permitted in the city of Temple rose from 17 to 41 percent because residents have easier access to the city of Austin.
- Several subdivisions are currently under construction in the metropolitan area, including Oak Ridge, a community of three- and four-bedroom homes ranging between 1,263 and 1,796 square feet in the city of Temple and priced from \$230,990 to \$282,990; Reynolds Crossing, a subdivision in the city of Killeen consisting of three- and four-bedroom homes ranging in price from \$234,990 to \$273,990; and West Canyon Trails, a community under construction in the city of Belton with three- and four-bedroom units ranging between 1,263 and 1,796 square feet.

Existing home sales in the Killeen-Temple metropolitan area declined significantly in 2023 and 2024.



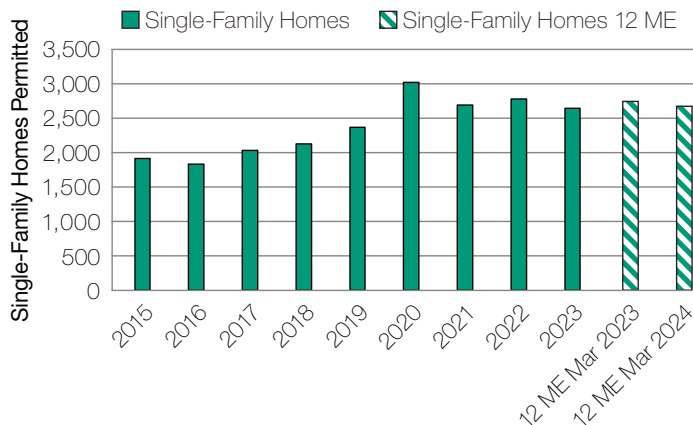
Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

New home sales price growth peaked in the Killeen-Temple metropolitan area during the 12 months ending November 2022; new and existing home prices slowed rapidly during the past year.



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

After peaking in 2020, the number of single-family homes permitted in the Killeen-Temple metropolitan area remains elevated compared with 2015 through 2019.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Rental Market Conditions

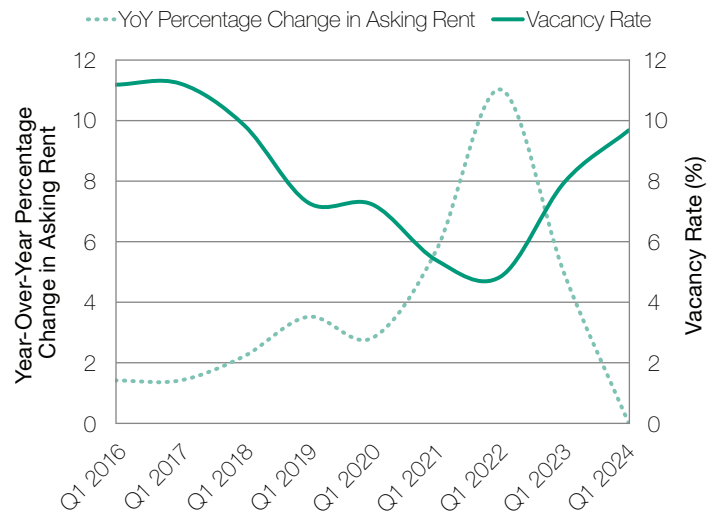
Rental market conditions in the Killeen-Temple metropolitan area are currently slightly soft and softening. Approximately 49 percent of renter households in the metropolitan area live in single-family attached or detached units, and only 26 percent live in multifamily projects with five or more units, such as apartments (2022 ACS 1-year data). Despite strong population growth and an initial decrease in rental vacancy following the pandemic, elevated levels of multifamily permitting and the increased number of units entering the market contribute to rising vacancy rates and decelerating rent growth.

- The estimated vacancy rate for all rental units, including single-family homes, mobile homes, and apartments, was 10.6 percent as of April 1, 2024, up from 9.0 percent in April 2020 when conditions were balanced.
- The apartment market in the metropolitan area is balanced. The average vacancy rate increased to 9.7 percent as of the first quarter of 2024, up from 8.0 percent as of the same quarter a year earlier (CoStar Group). This rate is well above the recent low of 4.8 percent as of the first quarter of 2022.
- Apartment asking rent in the metropolitan area averaged \$1,055, unchanged from a year ago. This deceleration is large compared with the first quarter of 2023, when rent increased by \$49, or 5 percent, and 2022, when rent increased by \$100, or 11 percent.
- Occupied single-family rental units in the Fort Cavazos census-designated place numbered 4,160, with a vacancy rate averaging 2.6 percent and a median rent of \$1,290 (2022 ACS 5-year data). Approximately 14,000 family members of soldiers live on the military base, and another 34,450 live off base.

Multifamily construction activity in the metropolitan area, as measured by the number of units permitted and estimates by the analyst, decreased slightly during the most recent 12 months. Multifamily construction peaked in 2021, and builders have since responded to higher vacancy rates and stagnating rents by decreasing activity.

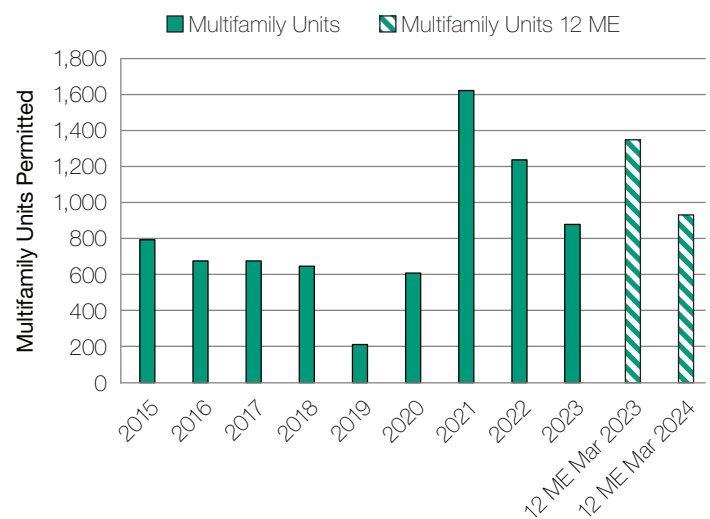
- During the 12 months ending March 2024, multifamily construction activity declined by 420 units, or 31 percent, to 930 units, down from the 2021 peak of 1,625 units but above previous annual averages from 2015 to 2020. Prior to the 2021 peak, the number of multifamily units permitted averaged 600 units annually from 2015 through 2020.
- Approximately 1,075 multifamily units are currently under construction in the metropolitan area, most of which are complexes with five or more units in the city of Temple.
- The Ariza Temple Apartments complex is currently in the second phase of development in the city of Temple, with 260 new apartment units expected to be complete by late 2024. The property offers one-, two-, and three-bedroom units with respective asking rents of \$1,349, \$1,621, and \$2,225.

Rent growth was flat in the Killeen-Temple metropolitan area as of the first quarter of 2024 after reaching peak growth during the first quarter of 2022.



Q1 = first quarter. YoY = year-over-year.
Source: CoStar Group

The number of multifamily units permitted in the Killeen-Temple metropolitan area declined each year after peaking in 2021 but remains above the annual levels before 2021.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

- Construction is also underway on the 265-unit Hudson at the Crossroads in the city of Temple. The development is expected to be complete in mid-2024 and will offer one-, two-, and three-bedroom units with respective asking rents of \$1,266, \$1,512, and \$1,887.

Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/Average Monthly Rent	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.
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 real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
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.