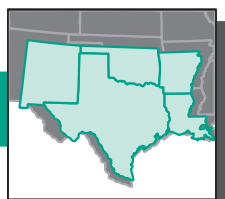


Housing Market Profile



Southwest • HUD Region VI

Fort Worth-Arlington, Texas

The Fort Worth-Arlington Metropolitan Division consists of Johnson, Parker, Tarrant, and Wise Counties, which form the western half of the Dallas-Fort Worth metropolitan area. As of April 1, 2011, the population of the metropolitan division was estimated at 2.2 million, an increase of 2.8 percent from a year earlier, with 84 percent of the population residing in Tarrant County. Between 2006 and 2009, the population of the metropolitan division increased at an average annual rate of 52,000, or 2.6 percent, because of strong economic growth and relatively affordable housing compared with the nearby Dallas-Plano-Irving Metropolitan Division. The city of Fort Worth, located in Tarrant County, accounts for approximately 34 percent of the metropolitan division population and is the fifth largest city in the state. American Airlines, headquartered in Fort Worth, is the leading private-sector employer in the metropolitan division, with 24,800 employees, followed by Texas Health Resources Inc., with 18,450 employees.

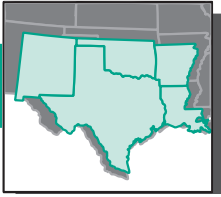
Nonfarm payrolls increased by an average of 15,500 jobs annually, or 2.3 percent, from 2004 through 2008. From the third quarter of 2008 through the second quarter of 2010, 35,100 jobs were lost in the Fort Worth-Arlington metropolitan division; however, the economic downturn appears to be bottoming out. During the 12 months ending February 2011, nonfarm payrolls averaged 847,200 jobs, a gain of about 2,575 jobs, or 0.3 percent, compared with the number of jobs recorded during the previous 12 months. The education and health services, government, and financial activities sectors increased by 2,775, 2,475, and 1,275 jobs, or 2.7, 2.0, and 2.5 percent, respectively. Growth in the education and health services sector was primarily because of hospital expansions led by Texas Health Resources Inc. The most significant payroll declines occurred in the logging, mining, and construction sector, which lost 2,450 jobs, a decrease of 4.4 percent, resulting from reduced production of single-family homes and apartments. During the 12 months ending February 2011, the average unemployment rate in the metropolitan division was 8.2 percent, an increase from the 7.9-percent rate recorded during the previous 12-month period.

Sales housing market conditions in the Fort Worth-Arlington metropolitan division are currently slightly

soft because of tighter mortgage lending standards and recent job losses. According to the Real Estate Center at Texas A&M University, during the 12 months ending February 2011, the number of new and existing attached and single-family homes sold totaled 8,050, a decrease of 6 percent from the 8,600 homes sold during the previous 12-month period. By comparison, home sales averaged 10,100 annually from 2004 through 2009. Based on the number of sales recorded during the past 12 months, the 4,950 homes listed for sale at the end of February 2011 represent approximately 7 months of supply compared with 6.5 months of supply at the end of February 2010. The average home sales price in the metropolitan division was \$144,800, up nearly 5 percent compared with the average home sales price during the previous 12 months but still slightly below the peak of \$146,000 reached in June 2008. During the past 12 months, the average home sales price in the Fort Worth-Arlington metropolitan division was \$69,800 lower than the average price of \$214,600 recorded in the Dallas-Plano-Irving metropolitan division. According to LPS Applied Analytics, in February 2011, in the Fort Worth-Arlington metropolitan division, approximately 5.5 percent of total loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 6.3 percent in February 2010.

Home builders have responded to slowing sales by reducing production. Based on preliminary data, during the 12 months ending February 2011, single-family home construction, as measured by the number of building permits issued, declined in the metropolitan division by 840 to 4,575 homes permitted, a 16-percent decrease compared with the number of homes permitted during the previous 12 months. Single-family home construction activity has declined significantly since peaking at the 16,400 homes permitted annually from 2004 through 2006. According to data from CB Richard Ellis, since 2007, almost 850 townhomes and condominiums have been constructed in the metropolitan division, primarily in and near downtown Fort Worth, compared with 1,025 constructed from 2003 through 2006.

Multifamily development activity reached a high during the 2005-through-2007 period, when an average of 3,675 units were permitted annually in the Fort Worth-Arlington metropolitan division. The average number of units permitted declined to 2,500 annually in 2008 and 2009. According to preliminary data, during the 12 months ending February 2011, approximately 1,400 multifamily units were permitted, an increase of 19 percent compared with the number of units permitted during the preceding 12 months.



As the economy has begun to recover during the past year and the construction of new apartments has slowed in recent years, rental market conditions have improved in the Fort Worth-Arlington metropolitan division, although the rental market remains very soft. According to data from ALN Systems, Inc., for the first quarter of 2011, the apartment vacancy rate was 10.4 percent compared with 13.2 percent in the first quarter of 2010. In the first quarter of 2011, effective rents decreased 2 percent to an average of \$700 a month compared with the rents recorded during the same period a year earlier. Average effective apartment rents are estimated at \$840 for a one-bedroom unit, \$975 for a two-bedroom unit, and \$1,010 for a three-bedroom unit.

West of downtown Fort Worth, near the Fort Worth Cultural District, are three major mixed-use developments with residential, retail, and office space worth \$1 billion in investments. These developments, which include the West 7th Street development, Museum

Place, and So7, have a combined total of approximately 700 rental units, with rents starting at \$1,050, \$1,490, and \$2,400 for one-, two-, and three-bedroom units, respectively. Additional development in the area includes the substantial renovation of the Fort Worth Museum of Science and History, which was recently completed, and the construction of a new building in the Kimbell Art Museum, which began construction in October 2010 and is scheduled to be completed in 2013. An additional \$500 million of construction is currently ongoing in the cultural district. New rental developments in the area include Lofts at West 7th, a 345-unit community, and Parkside at So7, a 71-unit community. Effective average rents in these two developments start at \$855 for a one-bedroom unit, \$1,490 for a two-bedroom unit, and \$2,400 for a three-bedroom unit. Currently under construction is Museum Place, a 217-unit community expected to be completed at the end of 2012, with rents starting at \$1,080 and \$1,510 for one- and two-bedroom units, respectively.