

Housing Market Profile



Southwest • HUD Region VI

Fort Worth, Texas

Located in North Central Texas 30 miles west of the city of Dallas, the Fort Worth metropolitan area comprises Johnson, Parker, Tarrant, and Wise Counties. As of September 1, 2009, the population of the metropolitan area is estimated at approximately 2.1 million, with 84 percent residing in Tarrant County. Since 2000, the population has increased by an average of 45,450, or 2.4 percent, annually because of strong economic growth and relatively affordable housing compared with the nearby Dallas metropolitan area. The city of Fort Worth, located in Tarrant County, accounts for approximately 33 percent of the metropolitan area 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 area, with 24,550 employees, followed by Texas Health Resources, Inc., with 18,450 employees.

After 4 years of economic expansion beginning in 2004, during which nonfarm employment in the Fort Worth metropolitan area had an average annual increase of 18,900 jobs, or 2.0 percent, the area began to lose jobs in the first quarter of 2008. During the 12-month period ending August 2009, nonfarm employment averaged 872,000 jobs, a loss of about 4,000 jobs, or 0.5 percent, compared with the number of jobs recorded during the previous 12 months. The most significant losses occurred in the manufacturing sector, which lost 4,500 jobs, a decrease of 4.6 percent, due to declines in the computer and electronic product manufacturing subsector.

Despite the overall decline in nonfarm employment during the 12 months ending August 2009, employment increased in three sectors. The education and health services sector increased by 3,625 jobs, or 3.7 percent, primarily as a result of expansions at a number of medical facilities, including the \$12 million Baylor All Saints Medical Center at Fort Worth and the \$6.3 million Baylor Regional Medical Center at Grapevine. The government sector increased by 760 jobs, or 0.6 percent, and the mining, logging, and construction sector increased by 610 jobs, or 0.9 percent. During the 12 months ending August 2009, the average unemployment rate in the metropolitan area was 6.5 percent, an increase from the 4.5-percent rate recorded during the previous 12-month period.

Conditions in the sales housing market are currently soft due to the declining economy and tighter mortgage

lending standards. According to the Real Estate Center at Texas A&M University, during the 12 months ending August 2009, the number of new and existing attached and single-family homes sold totaled 8,275, a decrease of 20 percent from the 10,380 homes sold during the previous 12-month period. Home sales volume reached a peak in 2007, when 12,150 homes were sold in the metropolitan area. During the 12-month period ending August 2009, the average sales price of an existing home was approximately \$146,900, up 0.5 percent compared with the average price recorded during the same period a year ago. During the past 12 months, the average price in Fort Worth was \$64,000 lower than the average price of \$211,400 recorded in the Dallas metropolitan area.

Home builders have responded to slowing sales by reducing production. Based on preliminary data, single-family home construction in the metropolitan area, as measured by the number of building permits issued, declined by 2,675 to 5,150 homes during the 12 months ending August 2009, a 3.4-percent decrease compared with the number of homes permitted during the previous 12 months. Building activity peaked in 2005, when 18,300 single-family homes were permitted. An estimated 2,150 homes currently are under construction in the metropolitan area. New home prices start at \$120,000 for a three-bedroom, two-bath home with an attached two-car garage. Empty nesters, retirees, and young professionals moving into downtown Fort Worth are drawn by the area's nightlife, nearby cultural centers, and close proximity to employment centers. Approximately 775 condominiums have been constructed downtown since 2004. During the past 12 months, an estimated 110 condominiums were completed.

Rental housing market conditions in the Fort Worth metropolitan area are soft. According to ALN Systems, Inc., the apartment vacancy rate averaged 12.4 percent for the 12-month period ending August 2009, up from 11 percent for the same period a year ago. The vacancy rate has risen due to increases in the number of apartments entering the market and an increase in the number of single-family homes and condominiums being offered as rental units. Average effective apartment rents are estimated at \$720 for a one-bedroom unit, \$940 for a two-bedroom unit, and \$1,120 for a three-bedroom unit. Apartment complexes are offering concessions that typically include 1 month's free rent, no security deposit, and a \$99 move-in special.

The revitalization of downtown Fort Worth increased the inventory of rental units available in the down-



town area from fewer than 1,100 in 2004 to approximately 2,900 units currently. An additional 440 rental units are under construction, and 430 more units are planned through 2012. Average monthly rents for newly constructed apartments in downtown Fort Worth start at \$1,250 for a one-bedroom unit and \$1,375 for a two-bedroom unit.

Multifamily construction activity in the metropolitan area, as measured by the number of units permitted, totaled 1,190 units, based on preliminary data, during the 12 months ending August 2009, down 69 percent compared with the number of units permitted during the same period a year ago. Multifamily development

peaked in 2006, when 4,075 units were permitted in the Fort Worth metropolitan area. Between 2007 and 2008, an annual average of 3,500 multifamily units were permitted. An estimated 4,345 apartment units are currently under construction compared with the estimated 6,500 units under construction a year ago. New developments in the area include Broadstone Centerport, a 403-unit community; Watervue Apartment Homes, a 398-unit complex; and The Lofts at West 7th, a 341-unit community. Effective average rents in these three developments range from \$640 to \$780 for a one-bedroom unit and \$850 to \$1,100 for a two-bedroom unit.