

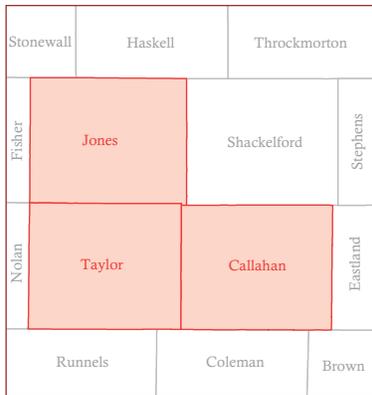
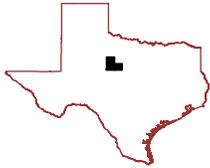


Abilene, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2013



Housing Market Area



The Abilene Housing Market Area (HMA), which consists of Callahan, Jones, and Taylor Counties in west-central Texas, is approximately 180 miles west of Dallas. The HMA has an estimated population of 167,700 and is home to Dyess Air Force Base (AFB) and six institutions of higher learning.

Market Details

- Economic Conditions 2
- Population and Households 4
- Housing Market Trends 6
- Data Profile 9

Summary

Economy

During the 12 months ending June 2013, nonfarm payrolls in the Abilene HMA increased 1.8 percent, or by 1,200 jobs, surpassing the 0.9-percent growth rate recorded during the previous 12-month period. The largest employment sectors are the education and health services and the government sectors, which account for approximately 39 percent of all jobs in the HMA. During the forecast period, nonfarm payrolls are expected to increase 1.1 percent, or by 710 jobs, annually. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

The sales housing market in the HMA is slightly soft, but improving. The current estimated sales vacancy rate was 1.7 percent as of July 1, 2013, which was down from 2.0 percent as of April 2010. Single-family home sales during the 12 months ending June 2013 increased 11 percent, and the average home sales price is up more than 9 percent from 1 year earlier. Demand is expected for 760 new homes during the forecast period as shown in Table 1. A portion of the estimated 4,350 other vacant units currently in the HMA may reenter the market and satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA currently is soft but improving. The current rental vacancy rate, which includes renter-occupied single-family homes, mobile homes, and apartments, is estimated to be 8.7 percent, down from 10.0 percent in April 2010. The average rent in the HMA currently is \$690, an increase of \$50, or 8 percent from 1 year earlier. The current number of available vacant units and the 210 multifamily units currently under construction will more than satisfy all the demand for new rental units during the forecast period.

Table 1. Housing Demand in the Abilene HMA, 3-Year Forecast, July 1, 2013, to July 1, 2016

| | Abilene HMA | |
|--------------------|-------------|--------------|
| | Sales Units | Rental Units |
| Total demand | 760 | 0 |
| Under construction | 90 | 210 |

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2013. Includes an estimated demand for approximately 20 mobile homes. A portion of the estimated 4,350 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

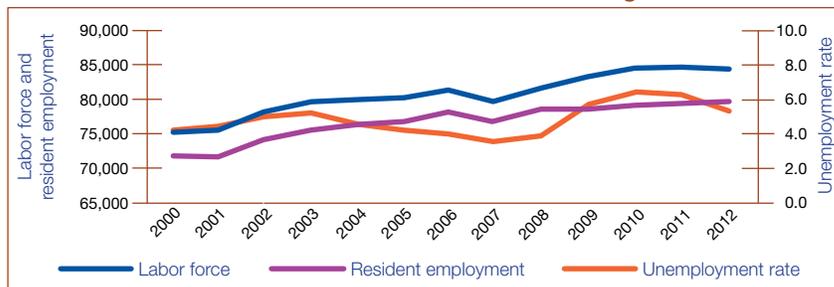
Economic conditions in the Abilene HMA continued to improve, a trend that began in 2011. During the 12 months ending June 2013, nonfarm payrolls increased by 1,200 jobs, or 1.8 percent, to 67,000. By comparison, nonfarm payrolls increased by 600 jobs, or 0.9 percent, during the 12 months ending June 2012. The unemployment rate in the HMA during the 12 months ending June 2013 averaged 5.1 percent, which is down from 5.9 percent 1 year earlier. Figure 1 shows the trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2012.

Job growth during the past year was broad based, and most sectors of the

economy recorded job gains. During the 12 months ending June 2013, the mining, logging, and construction sector increased by 300 jobs, or 6.0 percent, to 5,300 jobs compared with the number of jobs recorded during the same period a year ago. The increased number of jobs in this sector, in part, is because of the robust improvement in new home construction during the past 12 months that coincided with the improvement in sales housing market conditions. Hiring in the transportation and utilities sector and the professional and business services sector resulted in job gains of 100 and 300 jobs, or 6.3 and 5.9 percent, respectively (Table 2).

Since 2000, job growth in the HMA has been fairly steady, with only two periods of contraction in nonfarm payrolls. The first downturn occurred in 2001 when nonfarm payrolls declined by 300 jobs, or nearly 0.5 percent, to 61,700. Job losses during that downturn concentrated in the government sector, which declined by 400 jobs, or 3.0 percent, to 12,900. This decline was entirely attributed to the decrease in federal government payrolls as employment relating to the 2000 Census data collection came to a close. Beginning in 2002 and continuing through 2008, nonfarm payrolls increased by an average of 850 jobs, or 1.3 percent, annually to reach the all-time peak level of 67,700 jobs during 2008. More than one-third of the job growth during this period occurred in the mining, logging, and construction sector, which was driven by new home construction, and increased by an average of 310 jobs, or 6.9 percent, annually to reach 5,900 jobs during 2008. The second downturn occurred during 2009 and 2010 when nonfarm payrolls declined by

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Abilene HMA, 2000 Through 2012



Source: U.S. Bureau of Labor Statistics

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Abilene HMA, by Sector

| | 12 Months Ending June 2012 | 12 Months Ending June 2013 | Absolute Change | Percent Change |
|----------------------------------|----------------------------|----------------------------|-----------------|----------------|
| Total nonfarm payroll jobs | 65,800 | 67,000 | 1,200 | 1.8 |
| Goods-producing sectors | 7,600 | 8,000 | 400 | 5.3 |
| Mining, logging, & construction | 5,000 | 5,300 | 300 | 6.0 |
| Manufacturing | 2,600 | 2,700 | 100 | 3.8 |
| Service-providing sectors | 58,200 | 59,000 | 800 | 1.4 |
| Wholesale & retail trade | 10,500 | 10,700 | 200 | 1.9 |
| Transportation & utilities | 1,600 | 1,700 | 100 | 6.3 |
| Information | 1,100 | 1,100 | 0 | 0.0 |
| Financial activities | 3,800 | 3,800 | 0 | 0.0 |
| Professional & business services | 5,100 | 5,400 | 300 | 5.9 |
| Education & health services | 13,500 | 13,600 | 100 | 0.7 |
| Leisure & hospitality | 7,200 | 7,400 | 200 | 2.8 |
| Other services | 2,500 | 2,600 | 100 | 4.0 |
| Government | 12,800 | 12,600 | -200 | -1.6 |

Notes: Based on 12-month averages through June 2012 and June 2013. Numbers may not add to totals because of rounding.

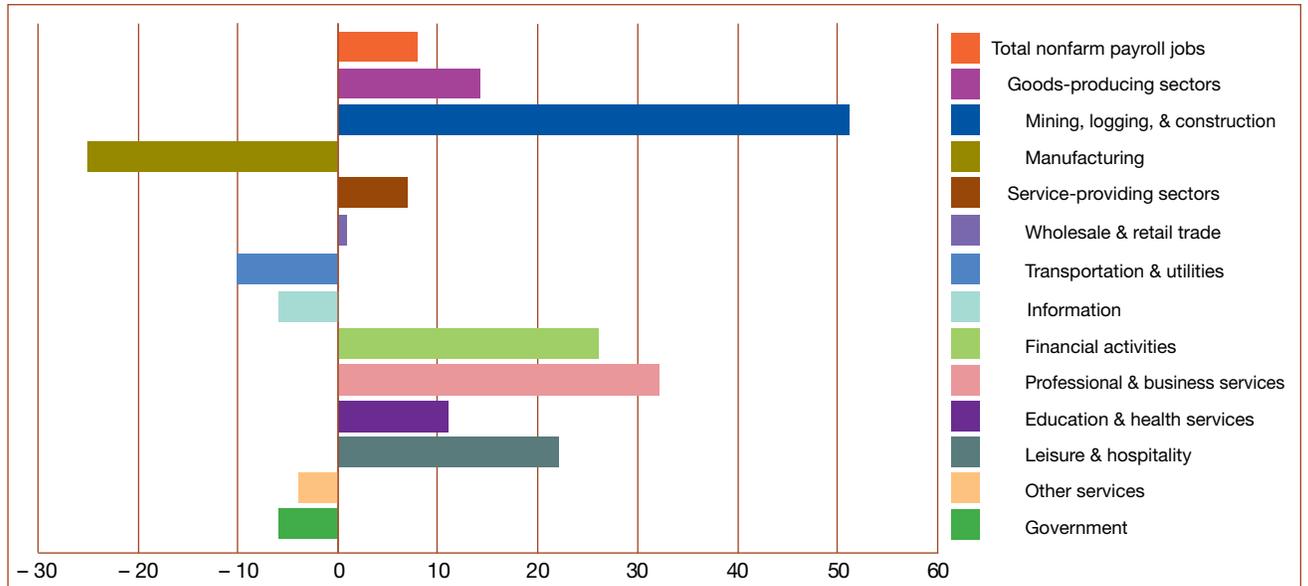
Source: U.S. Bureau of Labor Statistics

an average of 1,250, or nearly 1.9 percent, annually. This downturn was broad based, and nearly 75 percent of all employment sectors recorded job losses. The manufacturing sector and the retail trade subsector recorded the greatest number of job losses during this period, each declining annually by 500 jobs, or 7.8 and nearly 3.0 percent, respectively. The sector recording the most growth during 2009 and 2010 was the professional and business services sector, which increased by 150 jobs, or 3.0 percent, annually. Figure 2 shows sector growth in the Abilene HMA since 2000. Since 2011, the

economy of the HMA has nearly recovered to the peak level of nonfarm payrolls reached in 2008, with the current level of nonfarm payrolls only 700 jobs, or 1.0 percent, less.

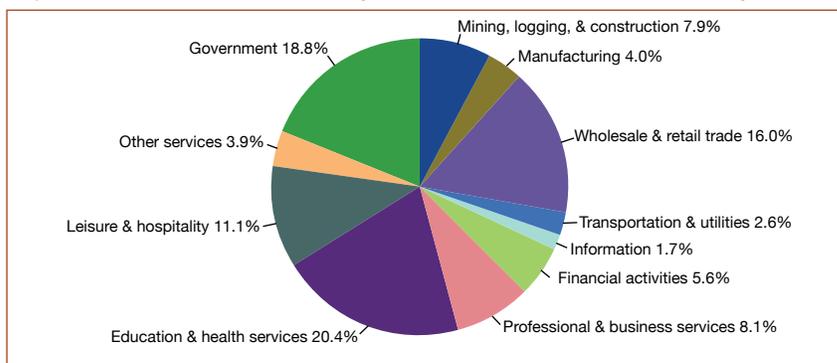
The largest employment sector in the HMA currently is the education and health services sector, with approximately 13,600 jobs, or slightly more than 20 percent of all nonfarm payroll jobs (Figure 3). The city of Abilene is a regional medical center for many of the surrounding counties outside of the HMA in rural west Texas. Hendrick Health System, which is the second

Figure 2. Sector Growth in the Abilene HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through June 2013.
Source: U.S. Bureau of Labor Statistics

Figure 3. Current Nonfarm Payroll Jobs in the Abilene HMA, by Sector



Note: Based on 12-month averages through June 2013.
Source: U.S. Bureau of Labor Statistics

largest employer in the HMA, with 2,875 employees, is the main health-care provider in the region. Hendrick Health System recently completed a \$47 million expansion that added 325,000 square feet to the hospital and a new 37,000-square-foot parking deck and renovated another 21,000 square feet of existing space. The HMA is also home to six institutions of higher learning with approximately 13,000 students and an annual economic

impact on the HMA of more than \$290 million (2011 Abilene Chamber of Commerce study). The largest of these universities is Abilene Christian University, which has nearly 4,400 students and 780 employees. The other five include three private institutions and two public institutions. Table 3 provides a list of the largest employers in the HMA.

The HMA also has a significant military presence given that it is home to Dyess AFB. The base is the largest

employer in the HMA, with approximately 4,600 military personnel and 800 civilian workers. Dyess had an estimated total economic impact of \$448 million on the HMA in 2012 (Dyess AFB). The AFB is home to the 7th Bomb Wing, which is responsible for missions, training, and maintenance of the B-1 bomber; it is also the training center for all B-1 crews throughout the nation.

During the forecast period, nonfarm payrolls are expected to increase by an average of 710 jobs, or 1.1 percent, annually. Job growth is expected to be strongest during the forecast period in the mining, logging, and construction sector as new home construction increases and effects from the future development of the Cline Shale add jobs in the oil and natural gas industries. The HMA is approximately 40 miles east of the edge of the Cline Shale. The Cline Shale is roughly 140 miles long (from north to south) and 70 miles wide.

Table 3. Major Employers in the Abilene HMA

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---------------------------------------|-----------------------------|---------------------|
| Dyess Air Force Base | Government | 5,400 |
| Hendrick Health System | Education & health services | 2,875 |
| Abilene State Supported Living Center | Government | 1,475 |
| City of Abilene | Government | 1,200 |
| Texas Department of Criminal Justice | Government | 1,125 |
| BlueCross BlueShield of Texas | Education & health services | 1,050 |
| Abilene Christian University | Education & health services | 780 |
| Abilene Regional Medical Center | Education & health services | 750 |
| Teleperformance U.S.A. | Information | 600 |
| Taylor County | Government | 550 |

Note: Excludes local school districts.

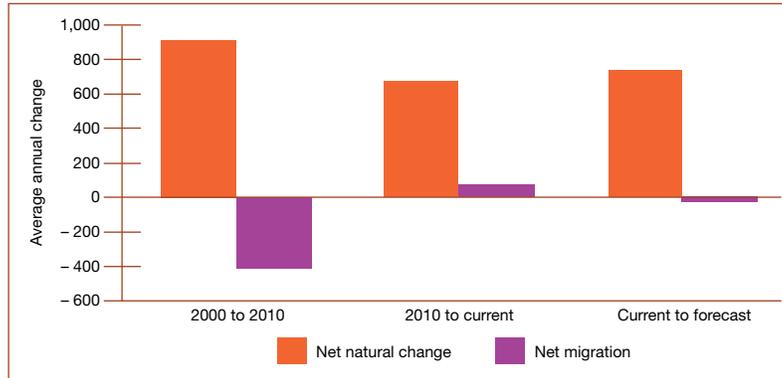
Source: Abilene Industrial Foundation

Population and Households

The estimated population of the Abilene HMA currently is 167,700, reflecting an increase of 750, or 0.5 percent, annually since 2010. Approximately 70 percent of the population of the HMA resides in the city of Abilene. Between 2000 and 2010, the population of the HMA increased by 500, or 0.3 percent, annually. From 2000 to 2008, population growth in the HMA was slower, averaging 270 people, or slightly less than 0.2 percent, a year. During these years, net out-migration totaled 600 people a year. From 2008 through 2010, population increased by 1,525 people a year, or

slightly more than 0.9 percent annually. Net in-migration during this period averaged slightly more than 500 people a year partly because of increased student enrollment at the local universities. Since 2010, net in-migration has totaled 70 people a year, accounting for approximately 10 percent of the annual population growth. Figure 4 shows the components of population change from 2000 to the forecast date.

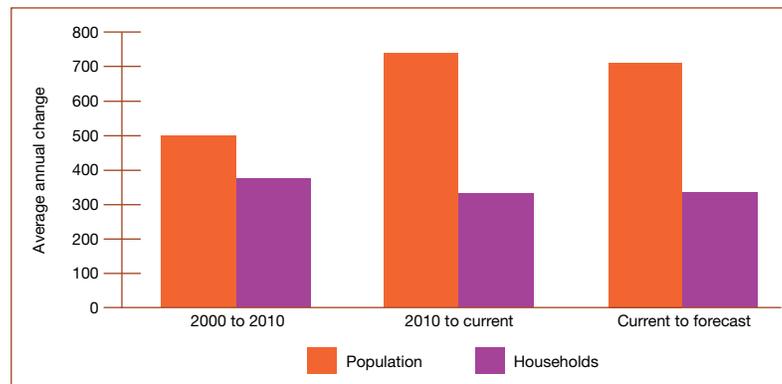
An estimated 63,300 households currently are in the HMA, an increase of 340, or 0.5 percent, annually since 2010. Current household growth is

Population and Households *Continued***Figure 4.** Components of Population Change in the Abilene HMA, 2000 to Forecast

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Number of Households by Tenure in the Abilene HMA, 2000 to Current

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Abilene HMA, 2000 to Forecast

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

slightly less than the average increase of 370, or 0.6 percent, annually from 58,475 households in 2000 to 62,206 in 2010. The homeownership rate in the HMA declined between 2000 and 2010, from 65.1 to 64.4 percent. The homeownership rate has continued to decline since 2010, and currently is an estimated 63.8 percent. This rate is in line with the national trend after the housing crisis. A secondary factor in this decline is increased enrollment at the universities in the city of Abilene between 2006 and 2010, from about 11,500 to the current 13,000. Many of these students are renters in the local market because no on-campus student housing has been constructed recently. Figure 5 shows the number of households by tenure in the HMA in 2000, 2010, and the current date.

During the forecast period, population and household growth are expected to remain similar to the rates recorded since 2010. The population is forecast to increase by 700, or 0.4 percent, annually, and the number of households is expected to grow by 330, or 0.5 percent, annually during the next 3 years. Figure 6 shows population and household growth in the Abilene HMA from 2000 to the forecast date.

Housing Market Trends

Sales Market

The Abilene HMA sales housing market currently is slightly soft, but improving. The sales vacancy rate was estimated to be 1.7 percent as of July 1, 2013, down from 2.0 percent in April 2010 and 2.4 percent in April 2000. A 5.4-month supply of inventory currently is available, down from a 7.5-month supply during June 2012 (Real Estate Center at Texas A&M University). The number of foreclosures in the HMA increased after the economic downturn that began in 2009, but the level has been consistently less than state and national averages. The percentage of home loans that were more than 90 days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) was nearly 3.1 percent for June 2013, down from 3.2 percent in June 2012 and from 3.3 percent in June 2010 (LPS Applied Analytics). By comparison, the national and state of Texas averages were 6.3 and 3.9 percent, respectively, during June 2013.

The single-family home sales market improved throughout the past year. During the 12 months ending June 2013, new single-family home sales increased by 10 homes, or 4 percent, to 130 homes sold (Metrostudy, A Hanley Wood Company). The average sales price of a new single-family home was nearly \$229,800 during the 12 months ending June 2013, an increase of \$6,700, or 3 percent, from 1 year earlier. New single-family home sales as of June 2013 are down 32 percent from the average of 190 homes sold annually during 2009 and 2010, but the average home sales price is nearly 30 percent more than the average price of \$177,400 for new homes sold during 2009 and 2010.

The market for existing single-family homes recently has been much stronger relative to the market for new single-family homes. During the 12 months ending June 2013, existing single-family home sales increased nearly 13 percent, or 290 homes sold, to 2,550 existing single-family homes sold. During the same time period, the average home sales price of an existing single-family home was \$153,500, an increase of nearly 13 percent, or \$13,600. The number of existing single-family home sales currently is up approximately 3 percent, or 80 homes, from the average recorded during both 2009 and 2010, but the average sales price currently is \$20,000, or 15 percent, more than the average sales price of \$133,500 recorded during the same period.

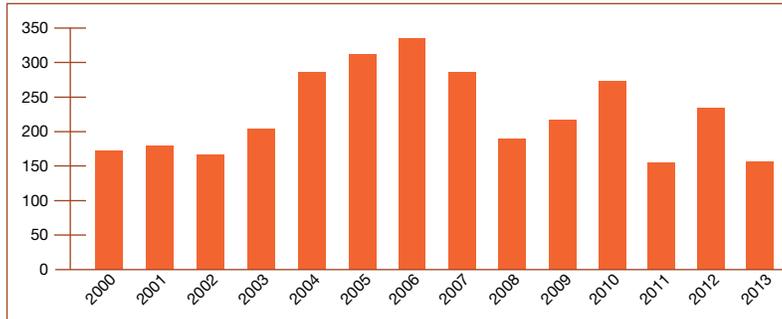
Building activity, as measured by the number of single-family homes permitted, increased by 100 homes, or 55 percent, to 280 homes permitted during the 12 months ending June 2013 (preliminary data). From 2008 through 2010, an average of 230 single-family homes were permitted annually. The peak building years occurred from 2004 through 2007, when an average of 300 homes were permitted. Approximately 75 percent of the recent single-family development occurred on the south side of the city of Abilene or in unincorporated areas of Taylor County directly outside of the Abilene city limits. Figure 7 shows the number of single-family homes permitted annually in the HMA since 2000.

Several developments are in the final planning stages in the HMA as the sales market begins to improve. Two developments that will begin construction during the late summer of 2013

Housing Market Trends

Sales Market *Continued*

Figure 7. Single-Family Homes Permitted in the Abilene HMA, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Abilene HMA, July 1, 2013, to July 1, 2016

| Price Range (\$) | | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From | To | | |
| 115,000 | 149,999 | 75 | 10.0 |
| 150,000 | 174,999 | 190 | 25.0 |
| 175,000 | 199,999 | 260 | 35.0 |
| 200,000 | 249,999 | 160 | 22.0 |
| 250,000 | 349,999 | 45 | 6.0 |
| 350,000 | and higher | 15 | 2.0 |

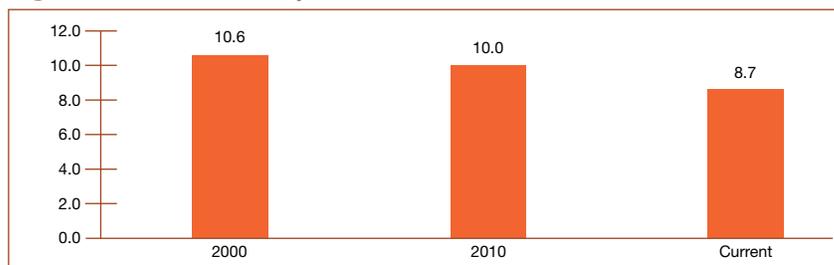
Notes: The 90 homes currently under construction and a portion of the estimated 4,350 other vacant units in the HMA will likely satisfy some of the forecast demand. Excludes demand for mobile homes.

Source: Estimates by analyst

Rental Market

The rental housing market in the Abilene HMA currently is soft but improving. The current rental vacancy rate, which includes renter-occupied single-family homes, mobile homes, and apartments, is estimated to be 8.7 percent, which is down from 10.0 percent in April 2010 and 10.6 percent in April 2000 (Figure 8). More than 52 percent of all renter households

Figure 8. Rental Vacancy Rates in the Abilene HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

include Southlake Estates, which consists of 92 lots with single-family home prices starting at \$160,000, and the Estates at Pack Saddle Creek, which consists of 29 lots, with prices for single-family homes starting at \$190,000. Both of these projects currently are clearing and grading land.

During the forecast period, demand is estimated for 760 new market-rate homes in the HMA. A portion of this demand will be met by the 90 homes currently under construction (Table 1). In addition, a portion of the 4,350 other vacant units may come back on the market and satisfy some of the forecast demand. Table 4 illustrates estimated demand for new market-rate sales housing in the HMA by price range.

live in single-family homes, which is an increase from the 50 percent of all renter households that lived in single-family homes in 2000 (2010 American Community Survey).

The apartment market is also soft. The current vacancy rate for apartments in the HMA is 8.3 percent, which is down from 8.5 percent in June 2012 and 9.4 percent recorded during April 2010 (ALN Apartment Data, Inc.). Average rents in the HMA currently are \$575, \$700, and \$975 for one-, two-, and three-bedroom apartments, respectively. During the past year, average rent increases for one-, two-, and three-bedroom units were \$30, \$15, and \$75, or 5.5, 2.3, and 8.7 percent, respectively. About 25 percent of

Housing Market Trends

Rental Market *Continued*

all apartment communities currently are offering concessions averaging a 5-percent discount on rent. Most of these concessions are for the summer period as the rental market follows a normal pattern of vacancy rates decreasing 1 to 2 percent beginning in September. The drop in the vacancy rates in September is attributable to college students, who make up nearly 10 percent of the rental market, return to school.

Dyess AFB also has a substantial effect on the rental market in the HMA. An estimated 3,250 military households live off base. Of these households that live off base, an estimated nearly 2,600, or 80 percent, are renters, accounting for more than 11 percent of the HMA's total renter households. This level should remain relatively stable during the next several years because no plans for any expansion or contraction of the base have been announced, and no on-base housing is being developed.

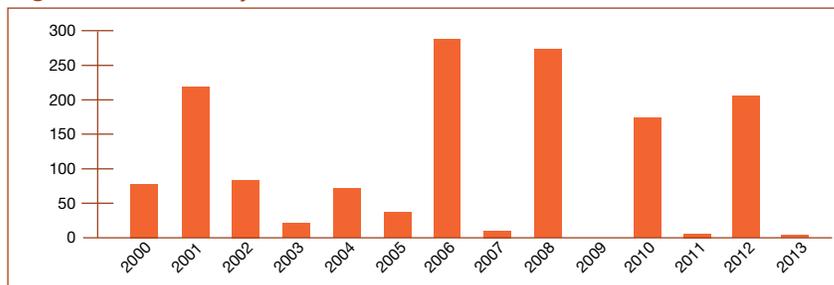
Construction of new multifamily units, as measured by the number of units permitted, declined recently. During the 12 months ending June 2013, 90

multifamily units were permitted, a decrease of 40 units compared with the 130 units permitted during the previous 12 months (preliminary data). Of the average 90 multifamily units permitted annually from 2000 through 2005, more than one-half were for duplexes, triplexes, and quadraplexes. From 2006 through 2009, multifamily construction increased 44 percent, to 130 units permitted annually, when most of the construction comprised apartment complexes with buildings of five or more units. Figure 9 shows the number of multifamily units permitted in the HMA annually since 2000.

Taylor Grand Apartment complex, an affordable housing development in the city of Abilene, is set to open mid-July 2013. This 120-unit property includes one-, two-, three-, and four-bedroom apartments with monthly rents that range from \$458 to \$800. Another complex currently under construction is La Ventana Apartments, which is on the north side of the city of Abilene and will consist of 84 units; it is expected to be available for occupancy in early 2014, with rent levels yet to be set.

During the next 3 years, the 210 units currently under construction and the supply of vacant available units is more than sufficient to meet the expected demand for rental units in the HMA (Table 1). The construction of additional rental units would only contribute to prolonging soft market conditions.

Figure 9. Multifamily Units Permitted in the Abilene HMA, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Data Profile

Table DP-1. Abilene HMA Data Profile, 2000 to Current

| | 2000 | 2010 | Current | Average Annual Change (%) | |
|---------------------------|----------|----------|----------|---------------------------|-----------------|
| | | | | 2000 to 2010 | 2010 to Current |
| Total resident employment | 71,987 | 79,108 | 80,250 | 0.9 | 0.6 |
| Unemployment rate | 4.2% | 6.5% | 5.1% | | |
| Nonfarm payroll jobs | 62,000 | 65,200 | 67,000 | 0.5 | 1.1 |
| Total population | 160,245 | 165,252 | 167,700 | 0.3 | 0.5 |
| Total households | 58,475 | 62,206 | 63,300 | 0.6 | 0.5 |
| Owner households | 38,050 | 40,042 | 40,400 | 0.5 | 0.3 |
| Percent owner | 65.1% | 64.4% | 63.8% | | |
| Renter households | 20,425 | 22,164 | 22,900 | 0.8 | 1.0 |
| Percent renter | 34.9% | 35.6% | 36.2% | | |
| Total housing units | 65,217 | 69,721 | 70,500 | 0.7 | 0.3 |
| Owner vacancy rate | 2.4% | 2.0% | 1.7% | | |
| Rental vacancy rate | 10.6% | 10.0% | 8.7% | | |
| Median Family Income | \$39,400 | \$50,500 | \$52,200 | 2.5 | 1.7 |

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2013. Median Family Incomes are for 1999, 2009, and 2011.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 7/1/2013—Analyst’s estimates
Forecast period: 7/1/2013–7/1/2016—Analyst’s estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_AbileneTX_14.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.