COMPREHENSIVE HOUSING MARKET ANALYSIS

Brownsville-Harlingen, Texas

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research
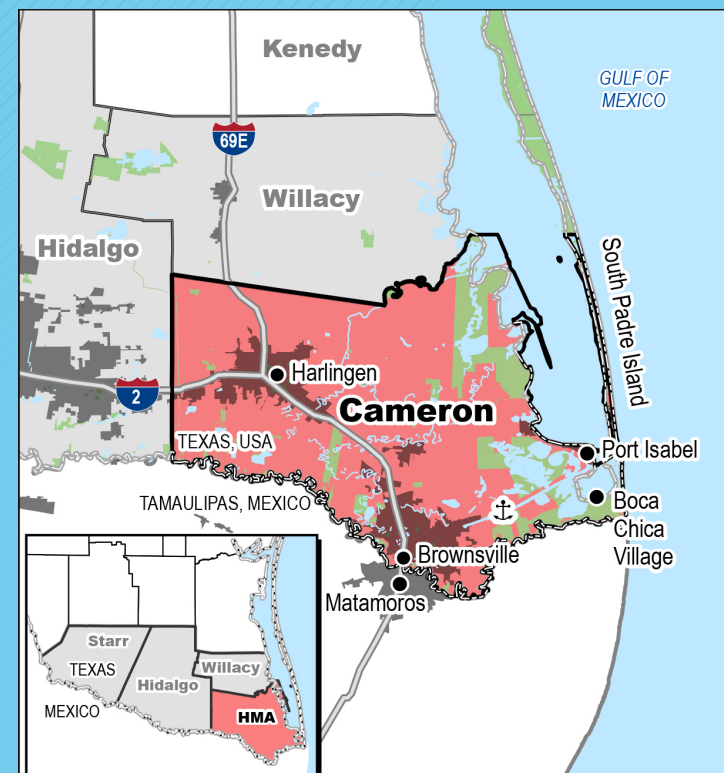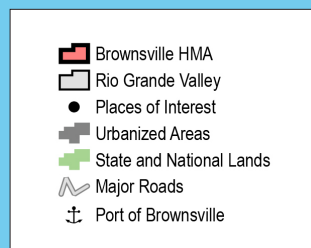
As of July 1, 2023

PD&R

Executive Summary

Housing Market Area Description

The Brownsville-Harlingen Housing Market Area (hereafter, Brownsville HMA) includes Cameron County—the southernmost county in Texas—and is coterminous with the Brownsville-Harlingen Metropolitan Statistical Area. The HMA, which is bordered by Mexico to the south and the Gulf of Mexico to the east, includes the cities of Brownsville and Harlingen and popular vacation destinations such as South Padre Island and Port Isabel, known as "the shrimping capital of the world" in the 1950s. The HMA is home to the Space Exploration Technologies Corp. (SpaceX) South Texas launch site, or Starbase. In 2014, SpaceX selected Boca Chica Village, a small, unincorporated community approximately 20 miles east of the city of Brownsville, as its new control center for the development, manufacturing, and testing of its rockets.

The current population of the HMA is estimated at 427,400.

The healthcare industry has an estimated economic impact of $13.7 billion in the Rio Grande Valley, with nearly 80 percent of total economic impact derived from home health, nursing homes, social services, and hospitals (Rio Grande Valley Partnership). The Institute of Neuroscience at the University of Texas Rio Grande Valley (UTRGV) School of Medicine opened in the city of Harlingen in 2021. The UTRGV School of Medicine continues to expand operations with new facilities and clinics opening across the Rio Grande Valley.

Legend:
- Brownsville HMA
- Rio Grande Valley
- Places of Interest
- Urbanized Areas
- State and National Lands
- Major Roads
- Port of Brownsville

Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in the supplemental tables for this report.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Strong: During the 12 months ending June 2023, total nonfarm payrolls increased 4.1 percent from a year ago compared with a 3.2-percent gain nationally.

During the 12 months ending June 2023, nonfarm payrolls increased by 6,200 jobs, or 4.1 percent, moderating from very strong growth of 5.2 percent the previous 12 months as the economy rebounded quickly after the declines during the pandemic. Job growth occurred in 10 of the 11 nonfarm payroll sectors during the 12 months ending June 2023. The education and health services and the leisure and hospitality sectors led job growth and accounted for a combined 66 percent of the job gains in the HMA. Job growth is expected to continue during the 3-year forecast period, averaging 2.6 percent annually.

Sales Market

Slightly Tight: Despite home sales falling 24 percent during the past 12 months, the average sales price increased 6 percent.

The average home sales price increased 6 percent to $224,600 during the 12 months ending June 2023, decelerating from a gain of 20 percent during the 12 months ending June 2022 (CoreLogic, Inc., with adjustments by the analyst). Home sales, including new and existing homes, declined 24 percent from a year ago to 6,225, largely because rising mortgage interest rates have reduced affordability and caused the demand for sales housing to drop. During the 3-year forecast period, demand is expected for an additional 5,000 for-sale homes, with most of the demand in the cities of Harlingen and Brownsville due to anticipated job growth. The 700 homes under construction are expected to meet a portion of demand during the first year of the forecast period.

Rental Market

Slightly Tight: The current overall rental housing market has an estimated vacancy rate of 6.5 percent, down from 9.1 percent in April 2020, when conditions were soft.

The apartment market is also slightly tight, with an apartment vacancy rate of 4.2 percent as of the second quarter of 2023, up from 3.2 percent a year earlier, when the apartment market was tight (CoStar Group). The average apartment rent as of the second quarter of 2023 was $904, an increase of 6 percent from a year earlier. During the 3-year forecast period, demand is estimated for 2,050 new rental units; the estimated 470 units under construction will satisfy most of the expected demand during the first year of the forecast period.

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3-Year Housing Demand Forecast		
	Sales Units	Rental Units
Brownsville-Harlingen HMA Total Demand	5,000	2,050
Under Construction	700	470

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2023. The forecast period is July 1, 2023, to July 1, 2026.
Source: Estimates by the analyst

Economic Conditions
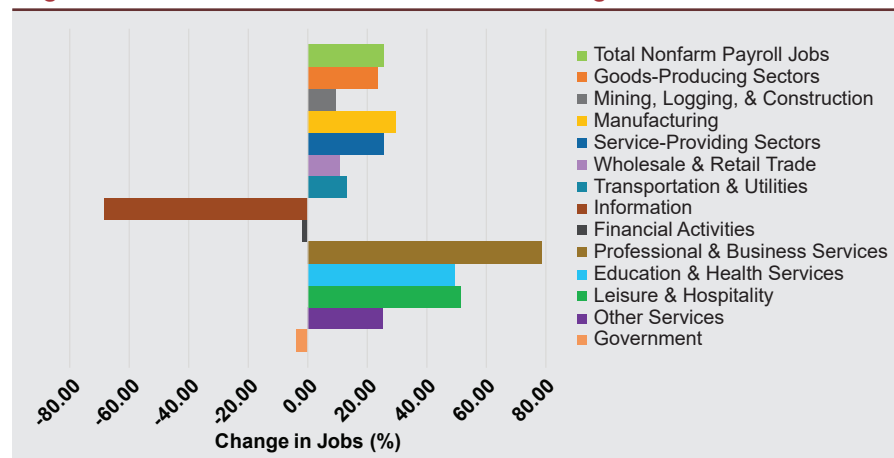
Largest Sector: Education and Health Services

Since 2020, nearly 45 percent of all nonfarm payroll job gains in the HMA have been in the education and health services sector.

Primary Local Economic Factors

The economy in the Brownsville HMA, once dominated by agriculture and fishing, has benefited from economic growth in both the goods-producing and the service-providing sectors. The fastest growing payroll sector in the HMA since 2011 has been the professional and business services sector, increasing by 7,500 jobs, or nearly 80 percent (Figure 1). More than one-half of that growth has occurred since 2020, when remote work became routine and more widely available. Expansions at SpaceX also contributed to job gains in the sector, particularly since 2019, when rocket engine and flight testing began, contributing to growth in high-skilled jobs in the sector.
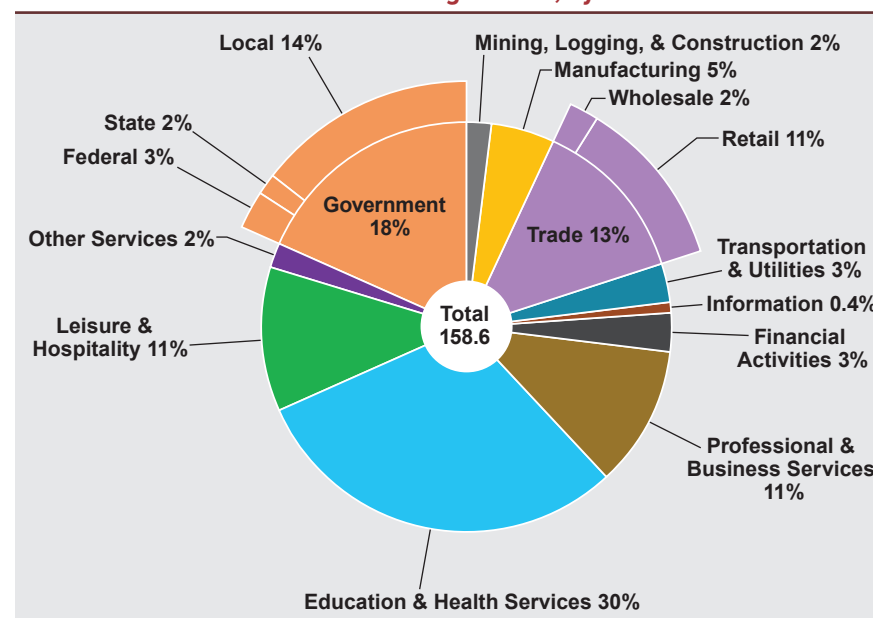
The education and health services sector has remained the largest sector in the HMA since at least 2010 (Figure 2). The fourth largest employer in the HMA, Valley Baptist Health System, has multiple locations in the cities of Brownsville and Harlingen, employing more than 2,100 people (Table 1). With

Figure 1. Sector Growth in the Brownsville-Harlingen HMA, 2011 to Current

Legend:
- Total Nonfarm Payroll Jobs
- Goods-Producing Sectors
- Mining, Logging, & Construction
- Manufacturing
- Service-Providing Sectors
- Wholesale & Retail Trade
- Transportation & Utilities
- Information
- Financial Activities
- Professional & Business Services
- Education & Health Services
- Leisure & Hospitality
- Other Services
- Government

X-axis: Change in Jobs (%)

Note: The current date is July 1, 2023.
Source: U.S. Bureau of Labor Statistics

Figure 2. Share of Nonfarm Payroll Jobs in the Brownsville-Harlingen HMA, by Sector

Local 14%
Mining, Logging, & Construction 2%
Manufacturing 5%
Wholesale 2%
State 2%
Federal 3%
Retail 11%
Government 18%
Trade 13%
Other Services 2%
Transportation & Utilities 3%
Information 0.4%
Financial Activities 3%
Leisure & Hospitality 11%
Total 158.6
Professional & Business Services 11%
Education & Health Services 30%

Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2023.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Brownsville-Harlingen HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Customs and Border Protection—Rio Grande Valley Border Patrol Sector	Government	3,119
H-E-B, LP	Wholesale & Retail Trade	2,678
Walmart Inc.	Wholesale & Retail Trade	2,452
Valley Baptist Health System	Education & Health Services	2,104
Cameron County	Government	1,881
Maximus, Inc.	Professional & Business Services	1,867
The University of Texas Rio Grande Valley	Government	1,752
Space Exploration Technologies Corp. (SpaceX)	Manufacturing	1,594
Keppel AmFELS, LLC	Manufacturing	1,400
City of Brownsville	Government	1,146

Notes: Excludes local school districts. Border Patrol statistics are for the entire Rio Grande Valley region.
Sources: Cameron County, 2022 Comprehensive Annual Fiscal Report; Harlingen Economic Development Corporation; U.S. Border Patrol Fiscal Year Staffing Statistics, Fiscal Year 2020 for entire Rio Grande Valley

an aging local population coupled with a large annual influx of Winter Texans, many of whom are seniors, demand for healthcare services has increased significantly in the past decade. Approximately 100,000 Winter Texans visit the Rio Grande Valley every year and reside in manufactured housing, RV parks, and hotels (Welcome Home RGV Winter Texan Survey, 2022). These visitors spend approximately $825 million annually in the Rio Grande Valley.

With its proximity to Mexico and the presence of wildlife preserves, Civil War battlefield sites, and South Padre Island, tourism to the HMA contributes significantly to the local economy. South Padre Island alone attracts more than 4.97 million visitors a year (Aaron Economic Consulting, LLC 2019 Resort Market Analysis). According to a 2022 study, the economic impact of tourism, or direct travel spending, totaled more than $369 million in the city of Brownsville and contributed $30.0 million in tax revenue (Dean Runyan Associates).

Interaction with Mexico is extensive, affecting economic activity on both sides of the border. The wholesale and retail trade sector represents approximately 13 percent of all nonfarm payrolls in the HMA and includes cross-border commerce with Mexico. Manufacturing facilities—particularly maquiladoras—on the Mexican side of the border contribute to the economy and manufacturing processes in both countries and are increasingly integrated. The Foreign Trade Zone Number 62 (FTZ No. 62) at the Port of Brownsville ranks second in the nation for value of exports, with more than $8.2 billion in exported goods in 2022, up from $5.2 billion in 2021 (Port of Brownsville). The port transships more steel into Mexico than any other U.S. port. The top five commodities moved through the zone during 2022 were petroleum products, machinery or equipment, metals or minerals, iron or steel, and textiles.

Pandemic Recovery and Current Conditions— Nonfarm Payrolls

Economic conditions in the HMA are currently strong, improving substantially since the COVID-19-related economic shock. Following a decline of 3,000 jobs, or 2.1 percent, during 2020, nonfarm payrolls increased by 6,800 jobs, or 4.8 percent, during 2021. Payrolls increased in 10 of the 11 nonfarm sectors during

2021, with the largest gains in the professional and business services sector and the leisure and hospitality sector, increasing by 3,100 and 1,600, or 22.5 and 11.0 percent, respectively. Gains in the professional and business services sector were partially attributable to expansion at SpaceX and to the administrative and support services industry adding approximately 2,000 jobs during 2021 (Quarterly Census of Employment and Wages). The leisure and hospitality sector gained jobs in part due to the reopening of the U.S.-Mexico border in November 2021. The only sector to decline during 2021 was the government sector, declining by 800 jobs, or 2.7 percent, because the state and local government subsector payrolls lagged overall job recovery in the HMA.

During the 12 months ending June 2023, nonfarm payrolls increased by 6,200 jobs, or 4.1 percent, decelerating from an increase of 7,600 jobs, or 5.2 percent, during the same period a year earlier. Job gains were supported by growth in the education and health services sector, which increased by 2,900 jobs, or 6.4 percent (Table 2). Greater cross-border travel, in addition

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Brownsville-Harlingen HMA, by Sector

	12 Months Ending June 2022	12 Months Ending June 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	152.4	158.6	6.2	4.1
Goods-Producing Sectors	10.2	10.9	0.7	6.9
Mining, Logging, & Construction	3.5	3.6	0.1	2.9
Manufacturing	6.7	7.3	0.6	9.0
Service-Providing Sectors	142.2	147.7	5.5	3.9
Wholesale & Retail Trade	20.9	21.0	0.1	0.5
Transportation & Utilities	5.1	5.3	0.2	3.9
Information	0.7	0.6	-0.1	-14.3
Financial Activities	4.9	5.1	0.2	4.1
Professional & Business Services	16.5	17.0	0.5	3.0
Education & Health Services	45.0	47.9	2.9	6.4
Leisure & Hospitality	16.8	18.0	1.2	7.1
Other Services	3.3	3.5	0.2	6.1
Government	29.1	29.2	0.1	0.3

Notes: Based on 12-month averages through June 2022 and June 2023. Numbers may not add to totals due to rounding. Data are in thousands.
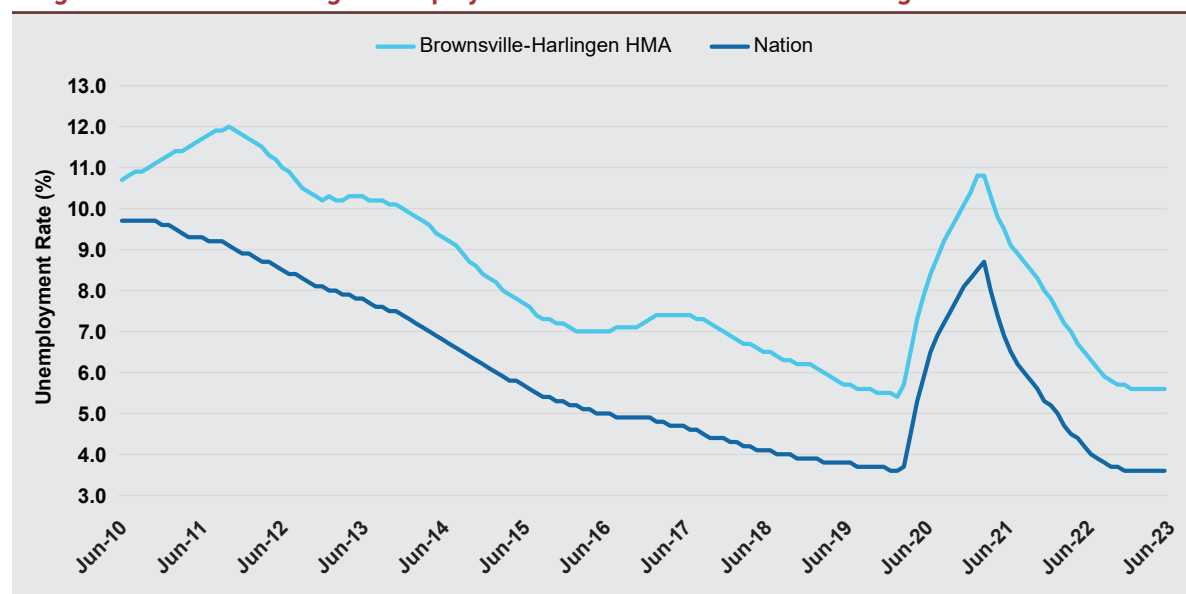Source: U.S. Bureau of Labor Statistics

to an increased presence of retirees, supported growth in the sector. Job gains in the education and health services sector were supported by DHR Health opening a hospital in the city of Brownsville, adding 300 jobs in early 2023. Job gains were also significant in the leisure and hospitality sector, increasing by 1,200 jobs, or 7.1 percent, during the period; the current level of payrolls in the leisure and hospitality sector is 2,600 jobs, or 16.1 percent, higher than in February 2020, before the impacts of the COVID-19 pandemic (monthly basis, not seasonally adjusted). Nonfarm payrolls in the HMA grew the fastest in the manufacturing sector, increasing by 600 jobs, or 9.0 percent, to 7,300 jobs during the 12 months ending June 2023. Although accounting for only 5 percent of total nonfarm payrolls, the manufacturing sector gained jobs in part due to legislation incentivizing growth in the sector, including the Inflation Reduction Act of 2022 and the CHIPS and Science Act of 2022. The manufacturing sector also benefited from the near-shoring of manufacturing arising from pandemic-related supply disruptions. The information sector was the only sector to lose jobs during the past 12 months, down by 100 jobs, or 14.3 percent, compared with the previous 12 months—a continuation of a generally declining trend since 2014.

Current Conditions—Unemployment

During the 12 months ending June 2023, the unemployment rate in the HMA averaged 5.6 percent, down from 6.5 percent a year earlier and well below the 9.5-percent rate during the 12 months ending June 2021 (Figure 3). During the 12 months ending June 2023, the unemployment rate in the HMA was above both the average 3.6-percent rate for the nation and the 3.9-percent rate for the state. After reaching an annual high of 11.8 percent during 2011, in the aftermath of the Great Recession, the annual unemployment rate fell to 5.5 percent during 2019 before increasing sharply to 10.1 percent during 2020 as disruptions to U.S.-Mexico cross-border traffic affected overall employment.

Figure 3. 12-Month Average Unemployment Rate in the Brownsville-Harlingen HMA and the Nation
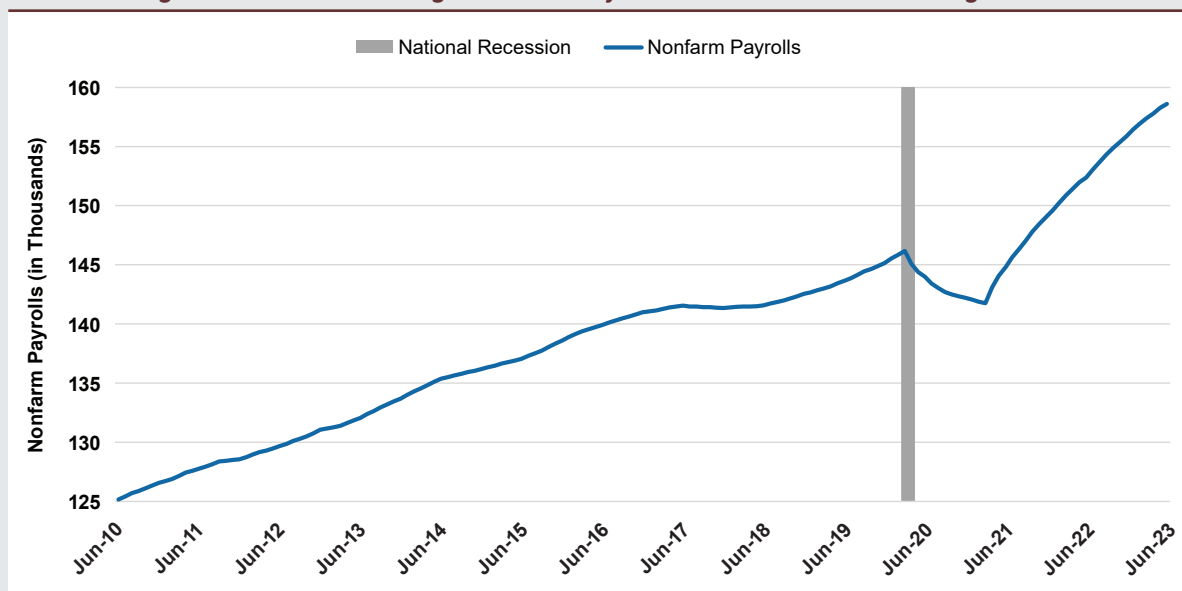

Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2010 Through 2015

The economy of the HMA began to recover from the local impacts of the Great Recession in 2010, with nonfarm payrolls averaging 126,600, up 2,500 jobs, or 2.0 percent, from 2009. From 2011 through 2015, nonfarm payrolls increased by an average of 2,400 jobs, or 1.8 percent, annually, similar to nationwide trends (Figure 4). The wholesale and retail trade sector recovered from the recession by 2012, increasing by an average of 600 jobs, or 3.2 percent, annually from 2011 through 2015. The largest job gains during the period were in the education and health services sector, which increased by an average of 900 jobs, or 2.7 percent, annually, in large part due to increased demand for medical services among travelers and residents. The Valley Regional Medical Center expanded its emergency department, contributing to job growth in the healthcare industry. Local projects contributed some jobs in the construction subsector. In 2014, SpaceX chose Boca Chica Village for a spaceflight build-and-launch facility, adding 300 construction jobs to the HMA during 2015. The mining, logging, and construction sector, however, declined 0.6 percent annually because of a decline in residential construction. The leisure and hospitality sector and the professional and business services sector increased the fastest, growing by respective averages of 500 and 400 jobs, or 4.2 and 3.9 percent, a year.

Figure 4. 12-Month Average Nonfarm Payrolls in the Brownsville-Harlingen HMA

Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2016 Through 2019

From 2016 through 2019, nonfarm payrolls increased by an average of 1,600 jobs, or 1.2 percent, a year to reach 145,200 jobs. By comparison, nationwide nonfarm payroll growth averaged 1.6 percent a year. Notably, the 1.0-percent average annual growth in payrolls in the HMA from 2016 through 2018 accelerated to 1.8 percent during 2019. Stronger economic growth in 2019 was due in part to an increase in the goods-producing sectors. During 2019, the manufacturing sector and the mining, logging, and construction sector were up by 500 and 200 jobs, or 9.1 and 6.9 percent, respectively. By comparison, the manufacturing sector and the mining, logging, and construction sector declined annually from 2016 through 2018 by averages of 200 and 100 jobs, or 2.9 and 3.2 percent, respectively. The construction subsector benefited in 2019 from ongoing construction at SpaceX, and the manufacturing sector benefited from the opening of an industrial rocket build facility at SpaceX. In addition, in 2018, the Port of Brownsville received a $1.8 million grant from the U.S. Department of Commerce to build a public vessel assembly and erection pad to assist businesses in the shipbuilding industry, which contributed to gains in

the construction subsector in 2019. The devaluation of the Mexican peso in early 2017, however, led to reduced purchasing power of Mexican shoppers in the HMA and less overall trade with the United States. The HMA exported more than $5.0 billion worth of goods in 2016; by 2019, the value of exports from the HMA had fallen to approximately $4.7 billion (International Trade Administration, U.S. Department of Commerce). The wholesale and retail trade sector declined by an average of 400 jobs, or 1.6 percent, annually from 2016 through 2019. Gains in the education and health services sector more than offset those declines, however, increasing an average of 1,300 jobs, or 3.4 percent, annually from 2016 through 2019.

2020

The interventions taken in mid-March 2020 to slow the spread of COVID-19 weakened the economy in the HMA. During April 2020, jobs in the HMA declined by 15,900, or 10.8 percent, relative to March 2020 (monthly, non-seasonally adjusted data). The HMA began to recover jobs beginning in May 2020, but the annual average of nearly 142,200 nonfarm payroll jobs in 2020 was down by 3,000 jobs, or 2.1 percent, compared with 2019. By comparison, the nation and the state were down 5.8 and 4.2 percent, respectively,

compared with 2019 nonfarm payroll levels. In 2020, the stimulus from the Coronavirus Aid, Relief, and Economic Security (CARES) Act helped blunt a more severe decline in economic activity by boosting local incomes in the HMA. Payrolls declined in 8 of 11 sectors, however, and most job losses were in the leisure and hospitality sector, which declined by 2,100 jobs, or 12.7 percent. During the 2020–21 tourism season, travel was greatly disrupted, affecting the number of tourists visiting the area. Job losses were also significant in the wholesale and retail trade sector, which declined by 1,100, or 5.3 percent. The ports of entry were closed to nonessential traffic to curb the spread of COVID-19, limiting cross-border economic activity and negatively affecting trade and tourism. Partly offsetting government sector job declines were gains in the federal government subsector of 300 jobs, or 8.6 percent, due in part to increased enforcement by U.S. Customs and Border Protection and other federal agencies along the border. Both state and local government subsectors declined, however, by respective averages of 200 and 700 jobs, or 5.9 and 3.0 percent, due in part to social-distancing measures reducing many in-person services. Notably, both the professional and business services sector and the education and health services sector had strong gains—adding 800 and 600 jobs, or 6.2 and 1.4 percent, respectively.

Forecast

Job growth is expected to continue in the HMA during the 3-year forecast period but at a slower pace compared with the rate of growth during the past year. During the forecast period, nonfarm payroll growth in the HMA is expected to average 2.6 percent annually. The $12 billion first phase of the Rio Grande liquefied natural gas (LNG) facility by NextDecade Corporation at the Port of Brownsville is expected to break ground in the second half of 2023 and is anticipated to generate more than 5,000 construction jobs during the next 8 years. Other planned capital improvement projects include deepening the Brownsville ship channel for the Rio Grande LNG terminal and

expanding storage areas and rehabilitating docks at the Port of Brownsville. During the next 3 years, job gains are expected to continue in the leisure and hospitality sector and the education and health services sector due to continued increases in the numbers of Winter Texans and cross-border travelers visiting the area. In 2024, UTRGV School of Medicine will implement a physicians residency program with Valley Regional Medical Center that is expected to expand local training opportunities for UTRGV medical students and contribute to gains in the healthcare industry.

Population and Households

Current Population: 427,400

> Population growth in the HMA has increased since 2020 primarily because of substantially reduced net out-migration compared with the 2010-to-2020 period.

Population Trends

The population of the Brownsville HMA is currently estimated at 427,400, an average increase of 1,975, or 0.5 percent, annually since April 2020 (Census Bureau decennial census and analyst estimates; Table 3). The trend of declining net natural change during the previous decade continued, but population growth strengthened recently because net out-migration ceased. From 2010 to 2015, population growth averaged 2,050 people, or 0.5 percent, annually before slowing from 2015 to 2019 to an average of 580 people, or 0.1 percent, annually (U.S. Census Bureau population estimates as of July 1). Population growth slowed because of a 23-percent reduction in average annual net natural change and a 12-percent increase in net out-migration. From 2019 to 2020, before the full impacts of the COVID-19 pandemic were felt, the population increased by 1,100 people, or 0.3 percent, due to a decline in net out-migration even as net natural change continued to decline (Figure 5).

Table 3. Brownsville-Harlingen HMA Population and Household Quick Facts

		2020	Current	Forecast
Population Quick Facts	**Population**	421,017	427,400	434,400
	Average Annual Change	1,475	1,975	2,350
	Percentage Change	0.4	0.5	0.5
		2020	Current	Forecast
Household Quick Facts	**Households**	132,507	137,300	142,100
	Average Annual Change	1,300	1,475	1,600
	Percentage Change	1.0	1.1	1.2

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (July 1, 2023) to July 1, 2026.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Brownsville-Harlingen HMA, 2010 Through the Forecast
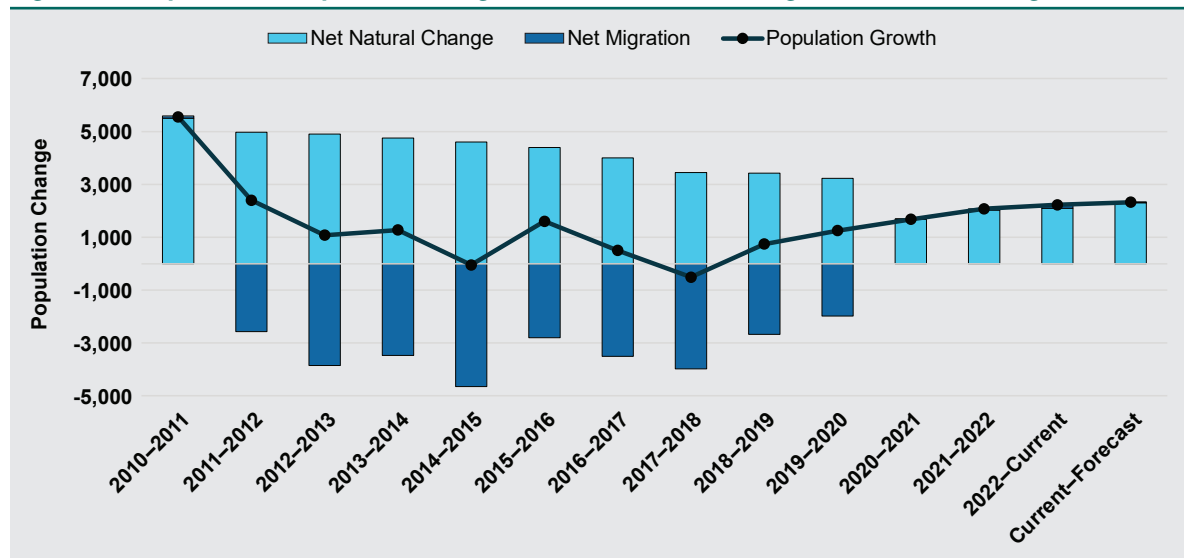
Notes: Data displayed are average annual totals. The forecast period is from the current date July 1, 2023 to July 1, 2026.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Net Natural Change and Age Cohort Trends

Net natural change in the HMA has been declining since the early 2000s, mostly due to a lower number of births. From 2010 to 2015, net natural change averaged 4,950 people a year before falling to 3,825 people annually from 2015 to 2019; net natural change declined further to 3,425 people from 2019 to

2020. Since 2020, net natural change has averaged 2,000 people a year due to a slower pace of resident births and an increased rate of resident deaths, partly because of excess deaths caused by COVID-19. By comparison, net natural change averaged 6,550 people a year from 2000 to 2010 and 5,925 people a year from 1990 to 2000. The higher birth rates in earlier years have affected domestic migratory trends since 2010 because many of those children later left the HMA for job or educational opportunities.

Due in part to an aging population and a trend of fewer births, in addition to changing preferences in work and living arrangements since the 2010s, household composition has also notably changed. The proportion of the population younger than age 18 has been trending down, whereas the proportion older than age 65 has been trending up—contributing to smaller household sizes because fewer families have children, and the growth of the number of households has been faster than overall population growth. In 2011, 35.6 percent of households in the HMA had one or more people 60 years of age or older (American Community Survey [ACS] 1-year data); by 2022, the proportion had increased to 42.5 percent (Table 4). Those aged 65 and older have emerged as the fastest growing age cohort, increasing by an average of 1,250 people, or 2.4 percent, annually from 2011 to 2022. In 2011, those aged 65 and older represented 11.2 percent of residents, but the proportion rose to 14.2 percent by 2022 (Figure 6). The population younger than 18 years

Table 4. Selected Population and Household Demographics

	Brownsville-Harlingen HMA	Nation
Population Aged 18 and Younger	28.6%	21.7%
Population Aged 65 and Older	14.2%	17.3%
Median Age	32.6	39.0
Working Age Population (Aged 15 to 64)	62.4%	64.8%
Bachelor's Degree or Higher (Aged 25+)	21.6%	35.7%
Below Poverty Level	22.3%	12.6%
Hispanic	89.8%	19.1%
Non-Hispanic	10.2%	80.9%
Median Household Income	$50,649	$74,755
Households with One or More Children Younger than Age 18	38.6%	29.1%
Households with One or More People 60 Years and Older	42.5%	41.7%

Source: 2022 American Community Survey 1-year data

Figure 6. Population by Age Range in the Brownsville-Harlingen HMA
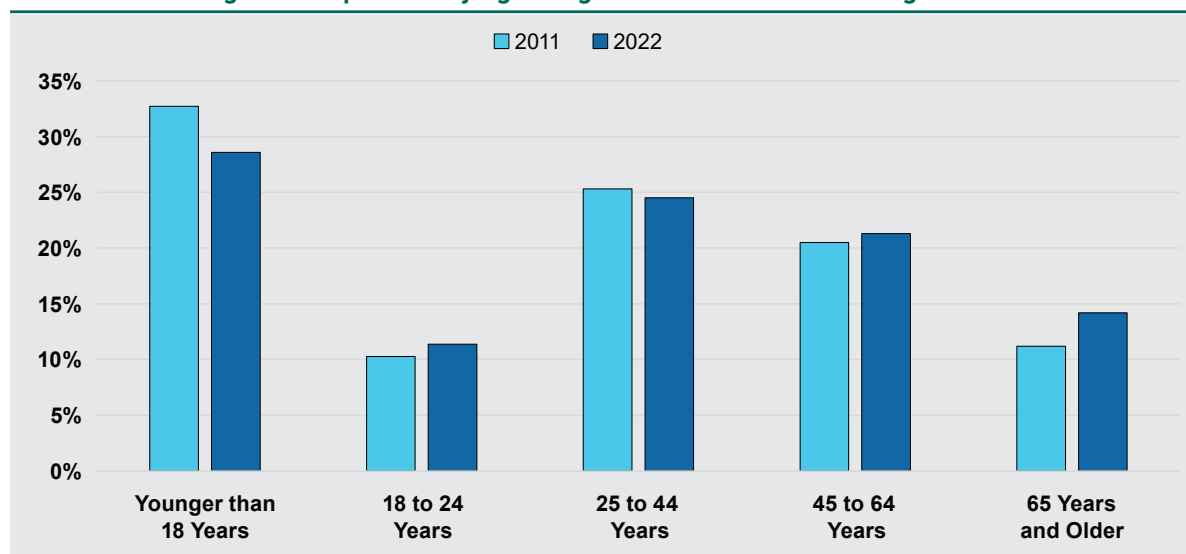
Source: American Community Survey 1-year data

old declined by an average of 1,250, or 1.0 percent, annually from 2011 to 2022; however, at an estimated 28.6 percent of all residents, the population younger than 18 years old remains one of the largest cohorts in the HMA, contributing to future household growth in the HMA and future domestic net out-migration, albeit substantially reduced compared with the previous decade.

Migration Trends

A high volume of international in-migration is typical for the HMA but, in many years, has been offset by domestic net out-migration, especially to other metropolitan areas in Texas that attracted residents with higher-paying jobs and better educational opportunities (Table 5), contributing to overall net out-migration. The HMA experienced net in-migration of 50 people from 2010 to 2011, but from 2011 to 2015, net out-migration from the HMA averaged 3,625 people annually, with international net in-migration averaging 610 people annually partially offsetting the high domestic net out-migration (U.S. Census Bureau population estimates as of July 1). Many residents left for jobs in oil and natural gas production in the Eagle Ford Shale area, approximately 100 miles north of the city of Brownsville. Net out-migration slowed to an average of 3,250 a year from 2015 to 2019 following the arrival of SpaceX in September 2014, which created job opportunities in the HMA. From 2019 to 2020, net out-migration totaled 1,975 people but has reversed to net in-migration of
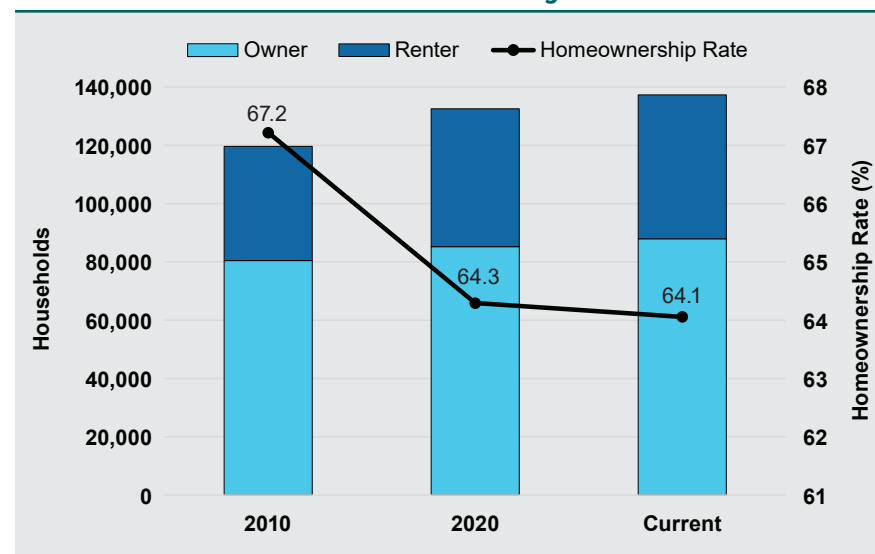
75 people a year since 2020. Domestic net out-migration averaged 1,150 people a year from 2019 to 2022, a significant decline compared with 2010 to 2019.

Household Trends

The current number of households in the HMA is estimated at 137,300, representing an average annual increase of 1,475, or 1.1 percent, since 2020—more than double the rate of population growth in the HMA. By comparison, the number of households increased by an average of 1,300 households, or 1.0 percent, from 2010 to 2020. Since 2020, household growth has accelerated due to the trend of smaller average household sizes. Due in part to an increase in incomes, helped by government stimulus spending and a pause on student loan payments, household formation increased, particularly households formed by people younger than 35 years old.

Homeownership declined in the HMA following the Great Recession (Figure 7). From 2010 to 2020, the number of owner households headed by persons 25

Table 5. Migration Flows in the Brownsville-Harlingen HMA: 2016–20

Into the HMA	
Central America	2,321
McAllen-Edinburg-Mission Metro Area	1,219
Outside Metro Area within U.S. or Puerto Rico	985
Houston-The Woodlands-Sugar Land Metro Area	713
Austin-Round Rock-Georgetown Metro Area	668
Out of the HMA	
Dallas-Fort Worth-Arlington Metro Area	2,168
Outside Metro Area within U.S. or Puerto Rico	1,761
McAllen-Edinburg-Mission Metro Area	1,623
San Antonio-New Braunfels Metro Area	1,537
Houston-The Woodlands-Sugar Land Metro Area	817

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

Figure 7. Households by Tenure and Homeownership Rate in the Brownsville-Harlingen HMA

Note: The current date is July 1, 2023.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

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U.S. Department of Housing and Urban Development, Office of Policy Development and Research

to 34 years old declined by an average of 160, or 2.0 percent, a year; however, from 2020 to 2022, the number of owners aged 25 to 34 increased by 500 households, or 6.9 percent, a year (Census Bureau and ACS 1-year data). The growth in owner households aged 35 to 44 years old was also notable, increasing by 700 households, or 4.8 percent, a year from 2020 to 2022—a reversal of the decline of 180 owner households, or 1.3 percent, a year from 2010 to 2020. Nevertheless, the overall homeownership rate has declined since 2020; interest rates rose considerably in 2022 and have negatively affected homeownership in the HMA.

Student Households

UTRGV has campuses and teaching sites across three counties in the Rio Grande Valley—Cameron, Hidalgo, and Starr Counties—and a student services center in Matamoros, Mexico. Total enrollment at UTRGV in the fall of 2022 was approximately 31,550 students, down from 31,950 students the previous year. Approximately 4 percent of the 26,950 undergraduates, or

1,050 students, live in housing owned or operated by or affiliated with the university. Cameron County residents accounted for approximately 28 percent of total enrollment, or 9,450 students. Student households represent an estimated 1 percent of all households in the HMA.

Forecast

During the forecast period, the population of the HMA is expected to increase by an average of 2,350 people, or 0.5 percent, due to announced expansions, including ongoing construction and development at SpaceX, the construction of the LNG pipeline, continued tourism, and expansions in both the manufacturing sector and the education and health services sector, providing more job opportunities locally. Those opportunities are expected to result in declining domestic net out-migration among young people entering the workforce. The number of households in the HMA is expected to increase by an average of 1,600, or 1.2 percent, annually during the forecast period—a faster pace than population growth as the overall trend of declining household sizes continues.

Home Sales Market

Market Conditions: Slightly Tight

> The average home sales price during the 12 months ending June 2023 increased 6 percent, but reduced demand due to higher mortgage interest rates contributed to a 24-percent decline in sales compared with the previous 12 months (CoreLogic, Inc., with adjustments by the analyst).

Current Conditions

The home sales market is currently slightly tight, despite sales recently falling due to declining affordability as mortgage interest rates have increased since 2021. The current sales vacancy rate is estimated at 1.3 percent, down from 1.4 percent in April 2020, when conditions were also slightly tight (Table 6). Record low mortgage rates following the COVID-19 pandemic, coupled with increased access to remote work, contributed to increased demand for sales housing. However, since early 2022, mortgage rates have risen considerably, reducing the affordability of sales housing and causing home sales demand to plummet. New and existing home sales totaled 6,225 homes sold during the 12 months ending June 2023, down 24 percent from the 8,150 homes sold during the 12 months ending June 2022 (CoreLogic, Inc., with adjustments

Table 6. Home Sales Quick Facts in the Brownsville-Harlingen HMA

|		Brownsville-Harlingen HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.3%	NA
	Months of Inventory	4.3	2.4
	Total Home Sales	6,225	5,404,000
	1-Year Change	-24%	-28%
	New Sales Price	$265,500	$496,700
	1-Year Change	12%	8%
	Resales Price	$221,600	$391,500
	1-Year Change	5%	0%
	Mortgage Delinquency Rate	1.6%	1.1%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2023; and months of inventory and mortgage delinquency data are as of June 2023. The current date is July 1, 2023.
Sources: Vacancy rate—estimates by the analyst; home sales and prices, months of inventory, and mortgage delinquency rate—CoreLogic, Inc.

by the analyst). The average home sale price increased 6 percent, or $13,200, to $224,600 during the 12 months ending June 2023, compared with a 20-percent increase a year earlier. As of June 2023, active listings represented a 4.3-month supply of homes available for sale, up from a 2.8-month supply a year earlier.

Resale Home Sales and Prices

Despite the recent decline, resale home sales remain elevated compared with the 2010s. Resales in the HMA totaled 4,300 homes during 2010, when sales market conditions were soft following the Great Recession. From 2011 through 2015, as the economy began to improve, resale home sales increased by an average of 180 homes, or 4 percent, a year, to 5,175 resale homes in 2015. Resale home sales fell to 4,875 in 2016, following a surge in net out-migration in 2015. Sales increased by an average of 540 homes, or 10 percent, annually from 2017 through 2019 to 6,475 homes sold during 2019, as economic growth continued (Figure 8). Historically low mortgage interest

Figure 8. 12-Month Sales Totals by Type in the Brownsville-Harlingen HMA
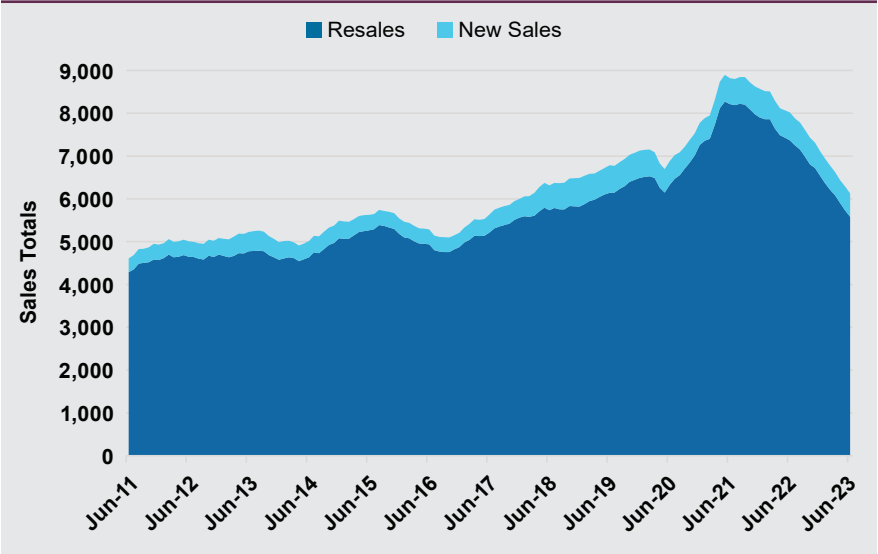
Source: CoreLogic, Inc., with adjustments by the analyst

rates incentivized homebuying, and resale home sales rose 12 percent to 7,250 in 2020 despite a temporary decline in April and May 2020, before rising another 9 percent to 7,900 homes in 2021. With increases in both prices and mortgage rates, affordability declined, and resale home sales totaled 5,575 during the 12 months ending June 2023, a decrease of 24 percent from the previous 12-month period. For context, home sales decreased 10 percent year over year during the 12 months ending June 2022.

The strong rate of price growth for resale homes recently decelerated but remains above historical trends. Average resale home prices rose by $10,800, or 5 percent, to $221,600 during the 12 months ending June 2023, decelerating from an increase of $33,700, or 19 percent, during the previous 12-month period. The average price of a resale home was $114,700 in 2010 before falling $3,700, or 3 percent, in 2011. Resale home prices rebounded in 2012, rising by $7,950, or 7 percent, as the housing market initially improved. From 2013 through 2015, however, as out-migration remained elevated in the HMA, price growth slowed to an average of $2,975, or 2 percent, annually to $127,900 in 2015. As economic growth continued, resale home prices increased an average of 3 percent annually from 2016 through 2019 to $141,400 in 2019. The average resale home price rose 14 percent to $161,300 in 2020 before rising 21 percent to $194,900 in 2021, when demand for resale homes was strong.
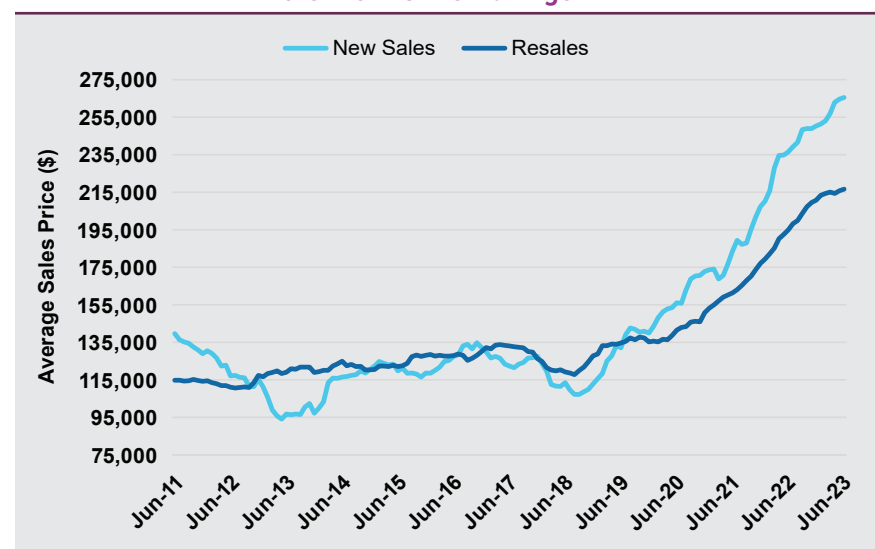
New Home Sales and Prices

New home sales trends in the HMA have fluctuated since 2010. New home sales averaged 550 homes sold during the 12 months ending June 2023, down by 100 homes, or nearly 16 percent, from the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). In 2010, 310 new homes sold in the HMA. Sales increased from 2011 through 2014 by an average of 7 percent a year to 410 new homes sold in 2014. However, a persistently high number of real estate owned (REO) homes on the market and high net out-migration affected new housing demand, and new home sales in the HMA fell an average of 10 percent a year during the next 2 years to 335 homes sold in 2016 before increasing to 440 sales in 2017. As the economy strengthened, new home sales rose to 670 in 2018 before falling slightly to 640 homes sold in 2019. During

2020, demand for new homes declined, and sales fell 19 percent to 520 homes before rebounding to 670 homes in 2021 as overall housing demand increased.

New home sales price growth remains elevated compared with the weaker price growth from 2011 through 2018. The average new home sales price increased by $28,900, or 12 percent, to $265,500 during the 12 months ending June 2023 compared with a 29-percent increase a year earlier (CoreLogic, Inc., with adjustments by the analyst). The average price of a new home was $125,800 during 2010 following the Great Recession, and prices initially increased 2 percent during 2011 before declining an average of 13 percent a year in 2012 and 2013. Price growth resumed from 2014 through 2016, with an average increase of 11 percent a year. New home demand weakened, however, and prices declined 8 percent a year during 2017 and 2018 to an average of $112,800 in 2018. In 2019, as employment growth continued and net out-migration lessened, demand increased strongly, and new home prices increased 24 percent to $139,900 (Figure 9). Beginning in 2020, supply

Figure 9. 12-Month Average Sales Price by Type of Sale in the Brownsville-Harlingen HMA

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

chain disruptions and labor shortages affected construction times, costs for building materials, and prices for new homes; new home prices increased an average of $33,700, or 22 percent, a year to reach $207,300 in 2021.

REO Sales and Delinquent Mortgages

As of June 2023, 1.6 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 2.1 percent a year earlier (CoreLogic, Inc.). The rate of seriously delinquent mortgages and REO properties reached 7.6 percent in the HMA during September 2020 because of pandemic-related job disruptions, making it difficult for many homeowners to remain current on their mortgage payments; the increase in the rate was solely due to the number of home loans that were 90 or more days delinquent—which more than tripled from 1 year earlier. Since then, the rate has declined. By comparison, the percentage of seriously delinquent mortgages and REO properties was 1.1 percent for both the nation and Texas as of June 2023, down from 1.4 and 1.6 percent, respectively, a year earlier. For context, the local rate reached a previous high of 6.8 percent in January 2010 following the Great Recession.

Distressed Sales

Currently, distressed sales in the HMA are relatively low compared with the 2010s. As the housing crisis affected the HMA, the number of distressed sales in the HMA totaled 1,125 during 2010, which accounted for nearly 21 percent of existing home sales. Sales of distressed homes fell during the next 5 years, falling to 720 homes, or 12 percent of all existing home sales during 2015. By 2019, distressed sales totaled 240 sales, or less than 4 percent of existing home sales. Distressed sales declined to 80 homes during the 12 months ending June 2023, or approximately 1 percent of existing sales.

Housing Affordability: Sales

Although the median price for a home in the HMA is low compared with many other metropolitan areas in Texas, sales affordability has declined. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the HMA, which calculates the share of homes sold that are affordable to a family earning the local median income, was 33.8 during the second quarter of 2023, indicating that approximately one-third of homes sold in the HMA were affordable (Figure 10). Since the second quarter of 2020, when the HOI was 68.4, the HOI has been generally trending downward. As of the second quarter of 2023, the median price for a home in the HMA was approximately $238,000 (NAHB/Wells Fargo). Within the state, only the metropolitan areas of Abilene, Amarillo, Beaumont-Port Arthur, McAllen-Edinburg-Mission,

**Figure 10. Brownsville-Harlingen HMA Housing Opportunity Index**
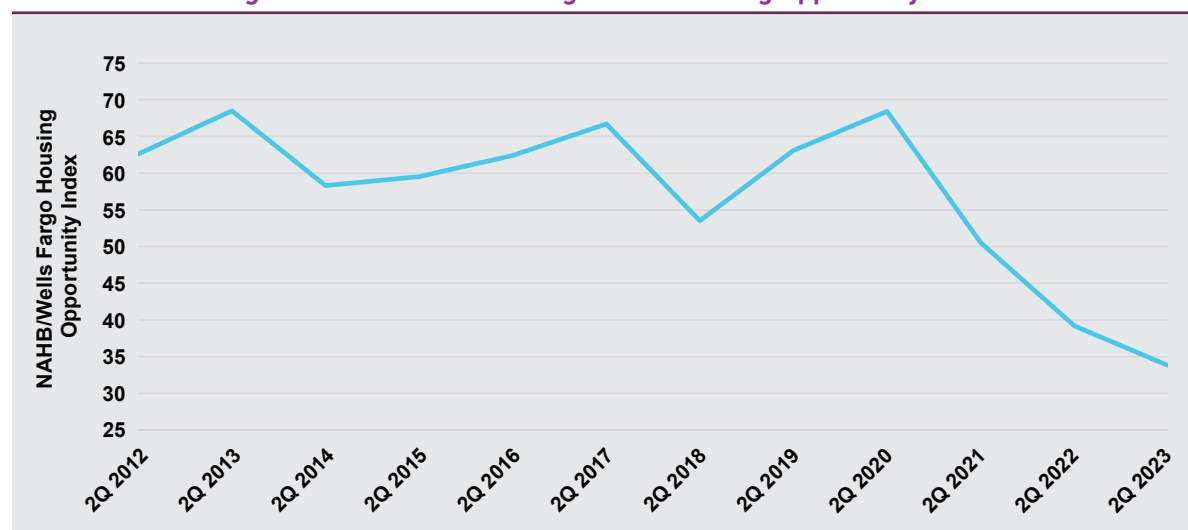
NAHB = National Association of Home Builders. 2Q = second quarter.
Source: NAHB/Wells Fargo

San Angelo, and Wichita Falls had lower median prices. Among those lower-median-priced metropolitan areas, only McAllen-Edinburg-Mission was less affordable, and the Brownsville HMA ranked 155 out of 241 metropolitan areas and divisions throughout the country in affordability.

Sales Construction Activity

Homebuilding in the HMA—as measured by units permitted (building permits) for single-family homes, townhomes, and condominium units (hereafter, homes)—has declined notably from a year ago (Figure 11). Homebuilding activity was relatively stable from 2010 through 2013, averaging 1,075 homes permitted annually, a period that included a large distressed-home sales inventory, reducing the demand for new homes. Permitting increased and, from 2014 through 2017, averaged 1,175 homes annually. As increased demand for single-family homes and declining for-sale inventory continued, construction increased to an average of 1,400 homes annually during 2018 and 2019. During 2020 and 2021, homebuilding increased further to an average of 1,600 homes each year as low mortgage interest rates and changing work and living preferences increased demand. During the 12 months ending June 2023, approximately 1,350 homes were permitted, a decline of 520 homes, or 27 percent, from 1 year earlier, as increased mortgage rates continue to decrease affordability (preliminary data, with adjustments by the analyst).

Figure 11. Annual Sales Permitting Activity in the Brownsville-Harlingen HMA
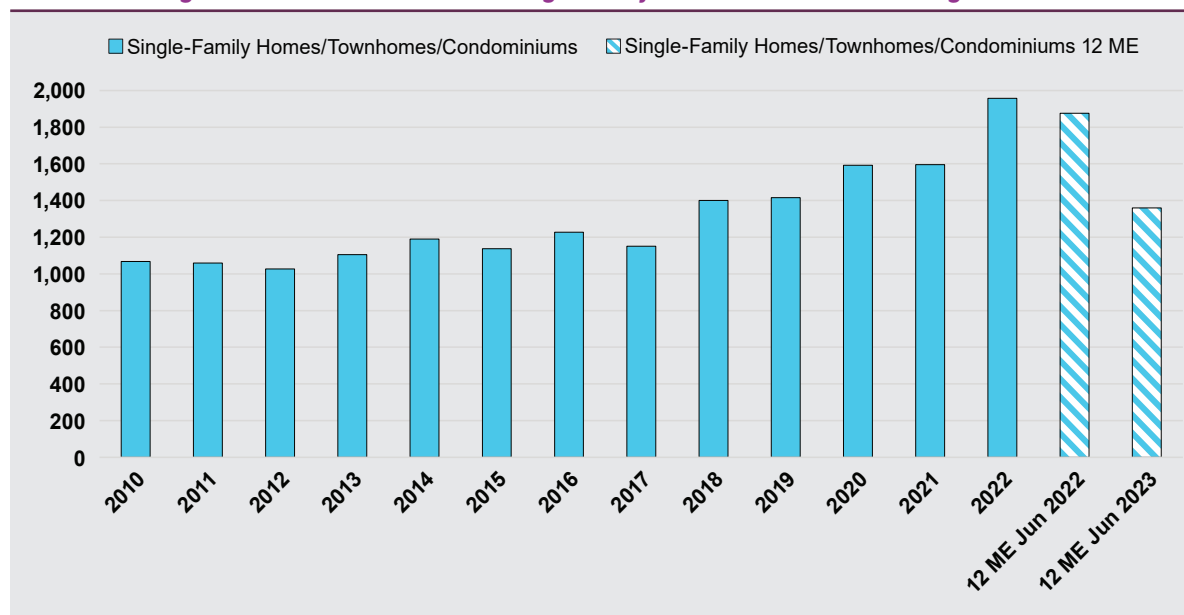
12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

New Construction

Approximately 45 percent of for-sale housing permitted during the 12 months ending June 2023 occurred in the city of Brownsville, down from 51 percent from 2019 through 2021. Paso Real is a new-construction community in the city of Harlingen with 13 ready-to-build plans. Sales began in late 2022, and the Phase I subdivision has 80 lots, of which 46 have sold; builders plan to expand to 212 lots in future phases. Prices start at $227,990 for homes with three or more bedrooms, ranging in size from 1,780 to 3,675 square feet. A second phase is now underway at the Palo Alto Groves development, a 220-acre, mixed-income community in the city of Brownsville. Phase I sold out with 126 single-family homes, and 40 of the 70 lots remain available in Phase II. Prices start at $266,290 for three- to five-bedroom homes, ranging in size from 1,471 to 3,009 square feet.

Forecast

During the next 3 years, demand for an additional 5,000 homes is expected (Table 7). The 700 homes under construction are expected to meet a portion of that demand during the first year of the forecast period. Demand is expected to be relatively muted during the first year of the forecast and increase during the second and third years as buyers adjust to higher mortgage interest rates. Homes in the lowest price ranges, less than $300,000, are expected to account for the greatest portion of demand (Figure 12).

Table 7. Demand for New Sales Units in the Brownsville-Harlingen HMA During the Forecast Period

Sales Units	
Demand	5,000 Units
Under Construction	700 Units

Note: The forecast period is July 1, 2023, to July 1, 2026.
Source: Estimates by the analyst

Figure 12. Share of Overall Sales by Price Range During the 12 Months Ending June 2023 in the Brownsville-Harlingen HMA
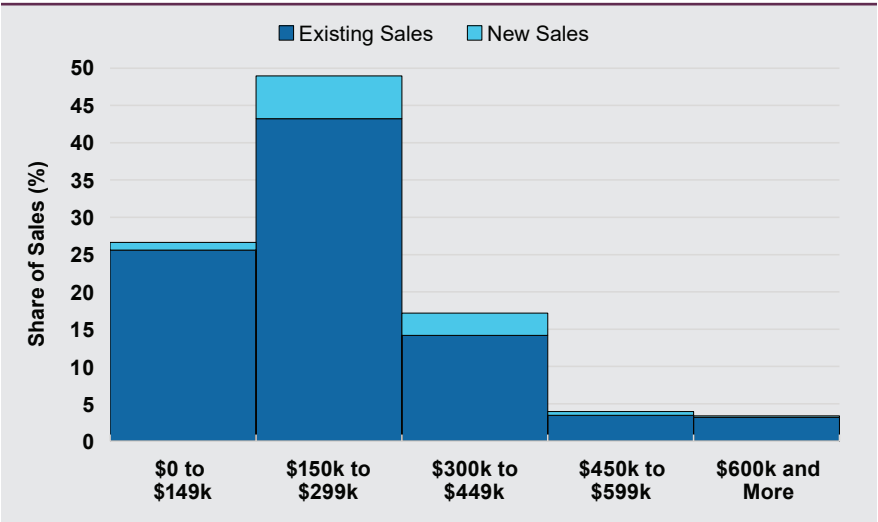
Notes: New and existing sales include single-family homes, townhomes, and condominium units. Existing sales include regular resales and REO sales.
Source: Zonda

Rental Market

Market Conditions: Slightly Tight

> The apartment market has tightened since 2019, with average annual rent growth of 5 percent and vacancy rates that have remained below 6.0 percent (CoStar Group).

Current Conditions and Recent Trends

The overall rental market in the Brownsville HMA is currently slightly tight, compared with soft conditions in 2020. The overall rental vacancy rate is currently estimated at 6.5 percent, down from 9.1 percent in April 2020 (Table 8). Rental market conditions tightened after the onset of the COVID-19 pandemic in 2020 as the rate of renter household growth increased rapidly.

An estimated 37 percent of renter-occupied units in the HMA in 2022 were attached and detached single-family homes, down from 47 percent in 2019, before the pandemic (ACS 1-year data). About 33 percent of renter-occupied units in the HMA are detached one-unit structures, down from 42 percent in 2019, whereas structures with five units or more, typically apartments, are now the plurality of renter-occupied units, accounting for 40 percent of the total, up from 29 percent in 2019. Smaller multifamily structures, with two to four units, account for 19 percent of renter-occupied households, practically unchanged from 2019.

Table 8. Rental and Apartment Market Quick Facts in the Brownsville-Harlingen HMA

		2020 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	9.1	6.5
		2019 (%)	**2022 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	47	37
	Multifamily (2–4 Units)	19	19
	Multifamily (5+ Units)	29	40
	Other (Including Mobile Homes)	5	4

		2Q 2023	YoY Change
Apartment Market Quick Facts	**Apartment Vacancy Rate**	4.2	1.0
	Average Rent	$904	6%
	Studio	$716	4%
	One-Bedroom	$811	7%
	Two-Bedroom	$937	7%
	Three-Bedroom	$1,102	6%

2Q = second quarter. YoY= year-over-year.
Notes: The current date is July 1, 2023. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2019 and 2022 American Community Survey 1-year data; apartment data—CoStar Group

Single-Family Rental Housing Market

Due in part to affordability challenges in the home sales market, many renters opt for single-family rental homes. Since 2013, the monthly average vacancy rate for professionally managed single-family detached homes has fluctuated within a small range, from 2.2 to 3.2 percent (CoreLogic, Inc.). The vacancy rate for professionally managed detached single-family homes was 2.7 percent in June 2023, unchanged from the previous year. In June 2023, rents for professionally managed detached homes were up nearly 3 percent compared with a year earlier and averaged $957, $1,185, $1,450, and $2,001 for one-, two-, three-, and four-bedroom homes, respectively.
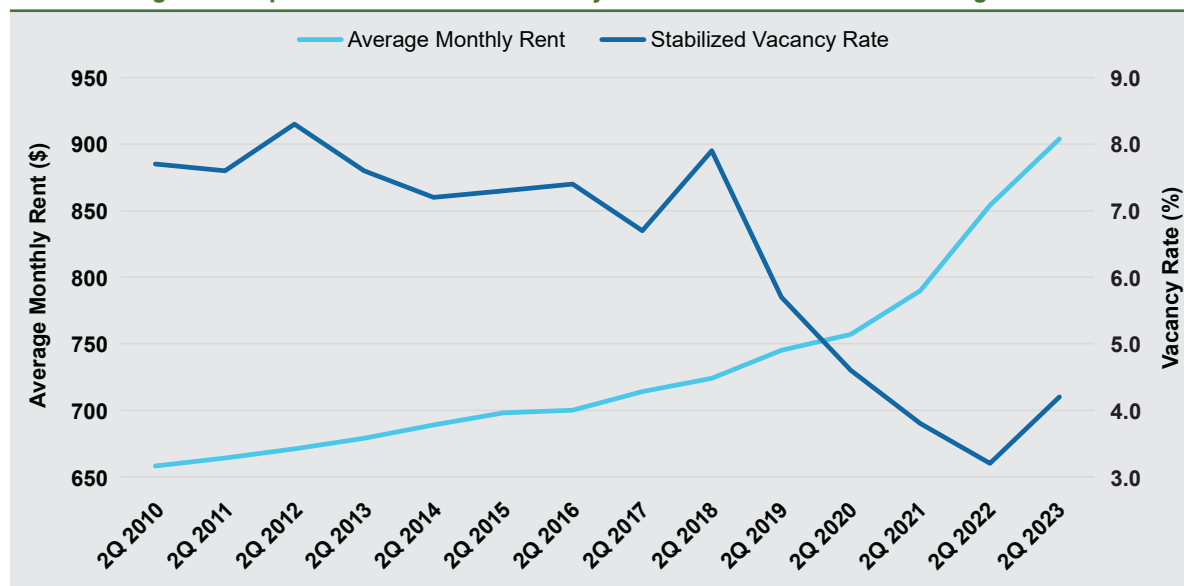
Apartment Market Trends

Apartment market conditions in the HMA are currently slightly tight, and the apartment vacancy rate as of the second quarter of 2023 was 4.2 percent, up from 3.2 percent the previous year (CoStar Group). By comparison, the apartment vacancy rate was 4.6 percent as of the second quarter of 2020 before falling

to 3.8 percent as of the second quarter of 2021. Apartment market conditions were tight after the onset of the COVID-19 pandemic in 2020 but have since eased slightly (Figure 13). As of the second quarter of 2023, the average apartment rent increased by $50, or 6 percent, to $904 compared with the second quarter of 2022—a deceleration from 8 percent rent growth from the second quarter of 2021 through the second quarter of 2022. In contrast to strong household growth since 2020, overall renter household growth was much slower from 2010 to 2016, despite a large decline in the homeownership rate, due in part to heightened net out-migration. From 2010 to 2016, the apartment market was soft, and second quarter apartment vacancy rates generally increased from 7.7 percent in 2010 to 8.3 percent in 2012 before falling to 7.4 percent by 2016. Population and economic growth waned following the Great Recession, and net out-migration had a negative impact on overall apartment demand in the HMA from the second quarter of 2010 through the second quarter of 2016. Rent growth averaged just $7, or 1 percent, annually. The apartment market remained soft due in part to increased out-migration and strong construction activity in 2013 in the HMA. The apartment market improved briefly, as average apartment vacancies declined to 6.7 percent as of the second quarter of 2017 and average rents increased $14, or 2 percent. Population declines from 2017 to 2018, however, placed upward pressure on vacancy rates. By the second quarter

Figure 13. Apartment Rents and Vacancy Rates in the Brownsville-Harlingen HMA

2Q = second quarter.
Source: CoStar Group

of 2018, the apartment market had softened, and the average apartment vacancy rate increased to 7.9 percent; average rent growth was just $10, or 1 percent. During the second quarter of 2019, due in part to continued nonfarm payroll growth and relatively low multifamily construction during 2017 and 2018, the apartment market tightened, and the average apartment vacancy rate declined to 5.7 percent. During the same period, average rent growth was relatively strong, increasing $21, or 3 percent, but decelerated to 2 percent as of the second quarter of 2020, when the COVID-19 pandemic began to affect the apartment market.
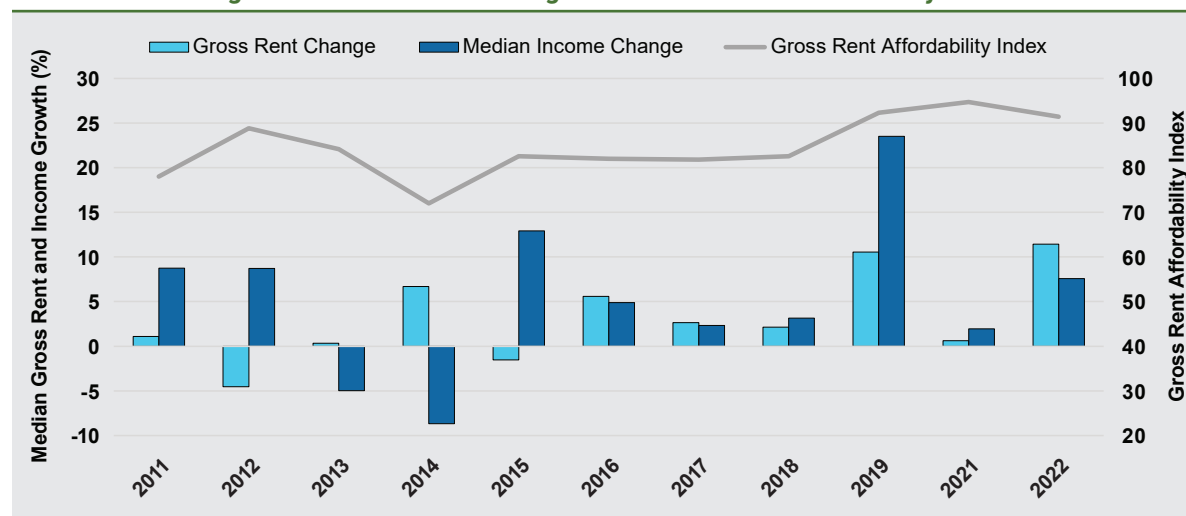
Housing Affordability: Rental

Although median gross rents in the HMA remain low when compared with many areas in the nation, rental housing has historically remained relatively unaffordable in the HMA during the past decade despite a significant improvement recently, in part because income growth generally lagged rent growth. The HUD Gross Rent Affordability Index—a measure of median renter household income relative to qualifying income for the median-priced rental unit—has remained below 100 in the HMA since 2011 (Figure 14). The

affordability index in the HMA fell following the Great Recession to a low of 72.0 in 2014 and, despite a slight uptick from 2014 to 2015, generally stagnated from 2015 through 2018, remaining below 83.0, before increasing to 92.3 in 2019. The median gross monthly rent rose significantly, by 10.5 percent, in 2019, but the increase was less than the 23.5-percent increase in the median household income for renters. In 2021, the index peaked at 94.7 before declining to 91.4 in 2022. By comparison, the rate for the nation was 94.6 during 2022.

An estimated 23.1 percent of all renter households in the HMA had moderate to high cost burdens during the 2015-to-2019 period (Table 9). A greater proportion of lower-income renter households, those with incomes less than 50 percent of the area median family income (AMFI), had moderate to high cost burdens. In the HMA, 31.0 percent of renter households with incomes less than 50 percent of the AMFI were paying 31 to 50 percent of their incomes toward rent, compared with 27.5 percent nationwide. A greater proportion of renter households in the HMA with incomes less than 50 percent of the AMFI were paying more than 50 percent of their incomes toward rent, with 38.9 percent severely cost-burdened. By comparison, nationwide, a higher proportion of lower-income renter households were severely cost-burdened, at 47.4 percent.

Figure 14. Brownsville-Harlingen HMA Gross Rent Affordability Index

MSA = metropolitan statistical area.
Notes: Rental affordability is for the larger Brownsville-Harlingen, TX MSA. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available.
Source: American Community Survey 1-year data

Table 9. Percentage of Cost-Burdened Renter Households by Income, 2015–19

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	Brownsville-Harlingen HMA	Nation	Brownsville-Harlingen HMA	Nation
Renter Households with Income <50% HAMFI	31.0	27.5	38.9	47.4
Total Renter Households	23.1	21.7	22.2	22.2

CHAS = Comprehensive Housing Affordability Strategy. HAMFI = HUD Area Median Family Income.
Source: Consolidated Planning/CHAS Data, 2015–2019 American Community Survey 5-year estimates (huduser.gov)

Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted, has been increasing in the HMA since 2020. The number of rental units permitted during the 12 months ending June 2023 was approximately 530, up more than 15 percent from 460 rental units permitted during the previous 12 months

(Figure 15). Rental construction averaged 270 units annually in 2010 and 2011, as economic conditions and population growth weakened from the impacts of the housing crisis. A low of 140 rental units were permitted in 2012 before increasing to 900 units during 2013 as the economic outlook improved, due in part to the announcement of preliminary plans for a SpaceX launch site in Boca Chica Village. Vacancies in the HMA remained high, however, and rental permits slowed to an average of 480 units a year from 2014 through 2016. Rental construction slowed considerably to 250 units during 2017 in response to persistently soft rental market conditions. During 2018 and 2019, rental construction increased from 340 to 560 units, largely because of continued economic growth. Rental construction fell to 310 units during 2020, as the COVID-19 pandemic disrupted construction, before increasing to 460 units during 2021. Just over 35 percent of all multifamily units permitted since 2020 have been for two- to four-unit structures, down from more than 50 percent from 2014 through 2019. Many of the two- to four-unit structures are part of larger developments, typically with 10–40 units, which are a popular product type in South Texas. More than 80 percent of all apartment construction since 2020 has been affordable, age-restricted, or a combination of the two. An estimated 470 apartment units are under construction, approximately 65 percent in the city of Brownsville and the remaining 35 percent in the city of Harlingen.

Figure 15. Annual Rental Permitting Activity in the Brownsville-Harlingen HMA
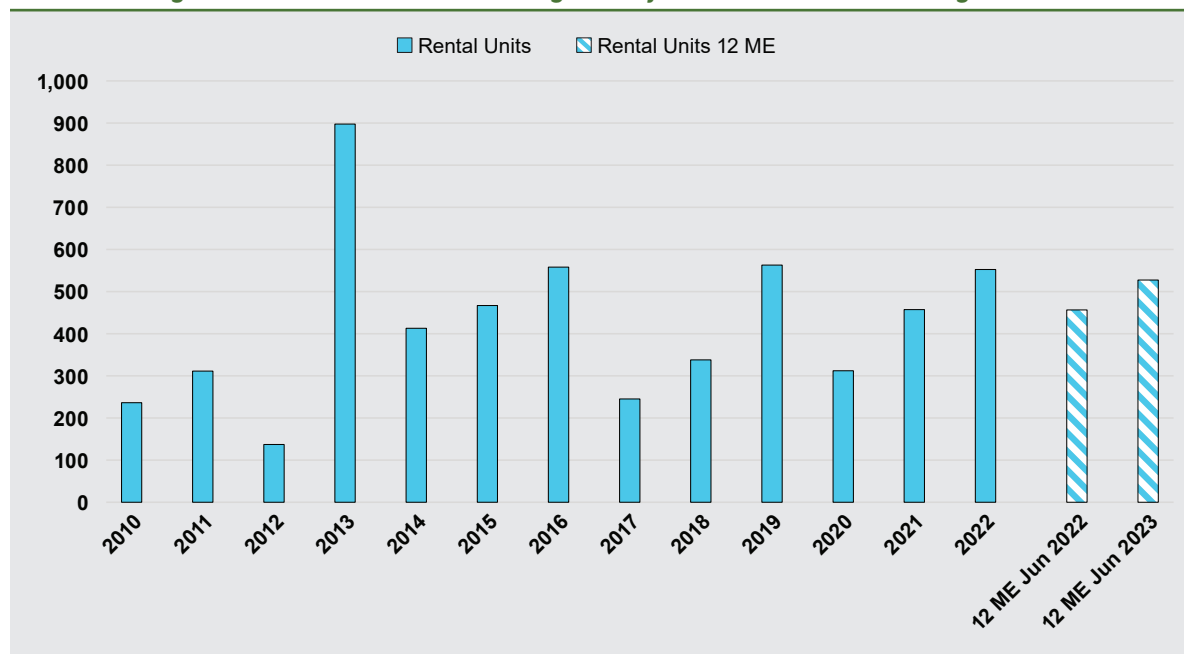
12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Recently Constructed Rental Properties

One new market-rate development is Midtown Brownsville in the city of Brownsville. The 144-unit Midtown Brownsville started pre-leasing in early 2023, offering one- and two-bedroom units with monthly rents ranging from $976 to $1,690. The El Jardin Hotel in the city of Brownsville will undergo an $18.7 million renovation into 44 affordable housing units; the one-, two-, and three-bedroom units will be restricted to renters earning up to 30, 50, and 60 percent of the Area Median Income (AMI). The renovation is expected to be complete by December 2024, and amenities will include a library, computer lab, garden area, annual health fairs, and access to various classes and activities for residents.

Forecast

During the 3-year forecast period, demand is estimated for 2,050 rental units (Table 10). Demand is expected to increase throughout the forecast, with the lowest demand anticipated in the first year and demand increasing in the second and third years. The 470 units under construction will satisfy nearly all of the demand during the first year.

Table 10. Demand for New Rental Units in the Brownsville-Harlingen HMA During the Forecast Period

Rental Units	
Demand	2,050 Units
Under Construction	470 Units

Note: The forecast period is July 1, 2023, to July 1, 2026.
Source: Estimates by the analyst

Terminology Definitions and Notes

A.   Definitions

Apartment Vacancy Rate/ Apartment 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. An apartment property is stabilized once it reaches an occupancy rate of 90 percent or more or at least 18 months have passed since the property was completed.
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.
Cost-Burdened	Spending more than 30 percent of household income on housing costs. Moderate to high cost burden refers to households spending 31 to 50 percent of income on housing costs. Severe cost burden refers to households spending 51 percent or more of income on housing costs.
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 under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resale sales, short sales, and REO sales.
Forecast Period	July 1, 2023–July 1, 2026—Estimates by the analyst.

Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Maquiladora	Maquiladoras are factories in free-trade zones along the border that import material and equipment to assemble, process, or manufacture products for export.
Net Natural Change	Resident births minus resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Rio Grande Valley	An area comprising Cameron, Hidalgo, Starr, and Willacy Counties, which lie along the Rio Grande at the southernmost tip of Texas.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Winter Texans	Canadians and Americans from Northern and Midwestern states who spend several months in the Rio Grande Valley, attracted by the warm weather, natural parks, and low cost of living.

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.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C.   Additional Notes

1.	The NAHB/Wells Fargo Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.

D.   Photo/Map Credits

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