



# El Paso, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2006



## Housing Market Area



The El Paso, Texas Housing Market Area (HMA) consists of El Paso County, which is located at the western edge of Texas. It is bordered by New Mexico to the north and separated from Mexico by the Rio Grande River, its southwest border. The HMA is home to the University of Texas at El Paso (UTEP) and Fort Bliss Army Base.

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## Summary

### Economy

Nonfarm employment in the El Paso HMA averaged 263,100 jobs for the 12 months ending June 2006, up 4,500 jobs compared with the previous 12-month period. Most of the job growth occurred in the financial activities and education and health services sectors. During the next 3 years, nonfarm employment is projected to increase by an average of 1.5 percent a year. Fort Bliss, an air defense artillery training center and military installation, employs more than 24,000 civilian and military workers, and UTEP enrolls more than 19,000 students. Some leading private-sector employers in El Paso include Sierra Providence Health Network, Wal-Mart, and EchoStar Communications Corporation; each employs more than 3,000 people.

### Sales Market

The El Paso home sales market is currently balanced with a vacancy rate of 1.5 percent. According to the Real Estate Center at Texas A&M University, the average sales price for single-family homes was approximately \$138,000 for the 12 months ending June 2006. The average sales price has been well above the \$100,000 mark since 2001 and has increased annually by 7 percent since

2000. Table 1 shows an estimated demand for 10,500 sales units during the forecast period.

### Rental Market

The El Paso HMA rental market is currently balanced with a vacancy rate of 8 percent. No concessions are being offered and average rents have increased 4 percent during the past year to \$495 for a one-bedroom unit, \$650 for a two-bedroom unit, and \$675 for a three-bedroom unit. During the next 3 years, military base closures overseas will increase the number of personnel in the area, which will increase demand for rental housing. Forecast rental demand is for 1,950 units; 700 of these units are currently under construction.

**Table 1. Housing Demand in the El Paso HMA, 3-Year Forecast, July 1, 2006 to July 1, 2009**

	El Paso HMA	
	Sales Units	Rental Units
Total Demand	10,500	1,950
Under Construction	1,200	700

*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, 2006.*

*Source: Estimates by analyst*

# Economic Conditions

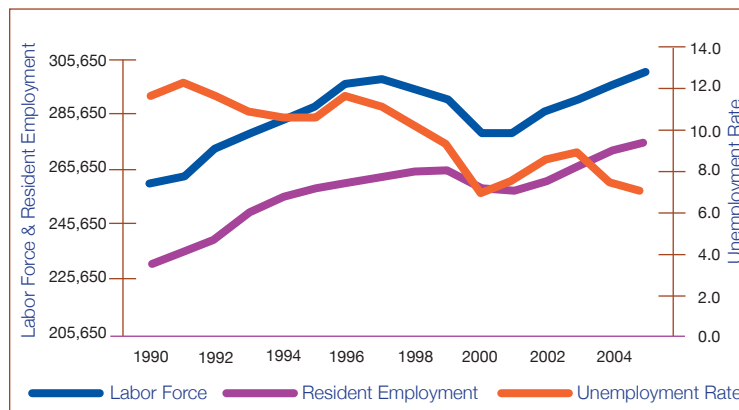
The El Paso HMA derives a significant economic benefit from its proximity to Mexico. It is one of the three primary points of entry for trade and population flow between Mexico and the United States. According to the El Paso Regional Economic Development Corporation, approximately 15 to 30 percent of retail sales in the HMA are derived from Mexican nationals. A substantial number of jobs in the trade and transportation and utilities sectors, which account for nearly 22 percent of all jobs in

the HMA, have resulted from the economic interaction between the two countries.

Fort Bliss, the largest employer in the HMA, has an estimated \$1.1 billion annual economic impact on the HMA. During the forecast period, approximately 15,000 new troops will be stationed at Fort Bliss.

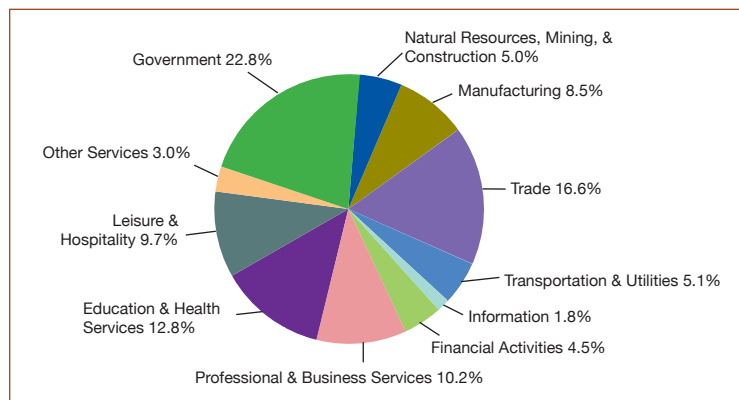
The economy of the HMA grew at a consistently strong rate during the 1990s. Labor force and resident employment increased annually on average by 28,000 and 25,000 people respectively (see Figure 1). The unemployment rate declined significantly from 11.8 percent to 6.8 percent in 2000. Nonfarm employment increased at an average annual rate of 2.1 percent during the 1990s and, as a result, most employment sectors grew steadily during the decade. The professional and business services sector increased by 1,000 jobs, or 5.8 percent, annually followed by the education and health services sector, which grew by 800 jobs, or 4.3 percent, a year. An exception to the growth in nonfarm employment during the 1990s was the manufacturing sector, which declined by 6,300 jobs. Apparel manufacturing, which has traditionally played a large role in the HMA, has experienced particularly large declines since 1994. Despite the job losses, manufacturing employment remains a substantial part of the local economy (see Figure 2). Since 1994, hiring in electronics manufacturing has offset the job losses in the apparel industry.

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the El Paso HMA, 1990 to 2005



Source: U.S. Bureau of Labor Statistics

**Figure 2.** Current Employment in the El Paso HMA, by Sector



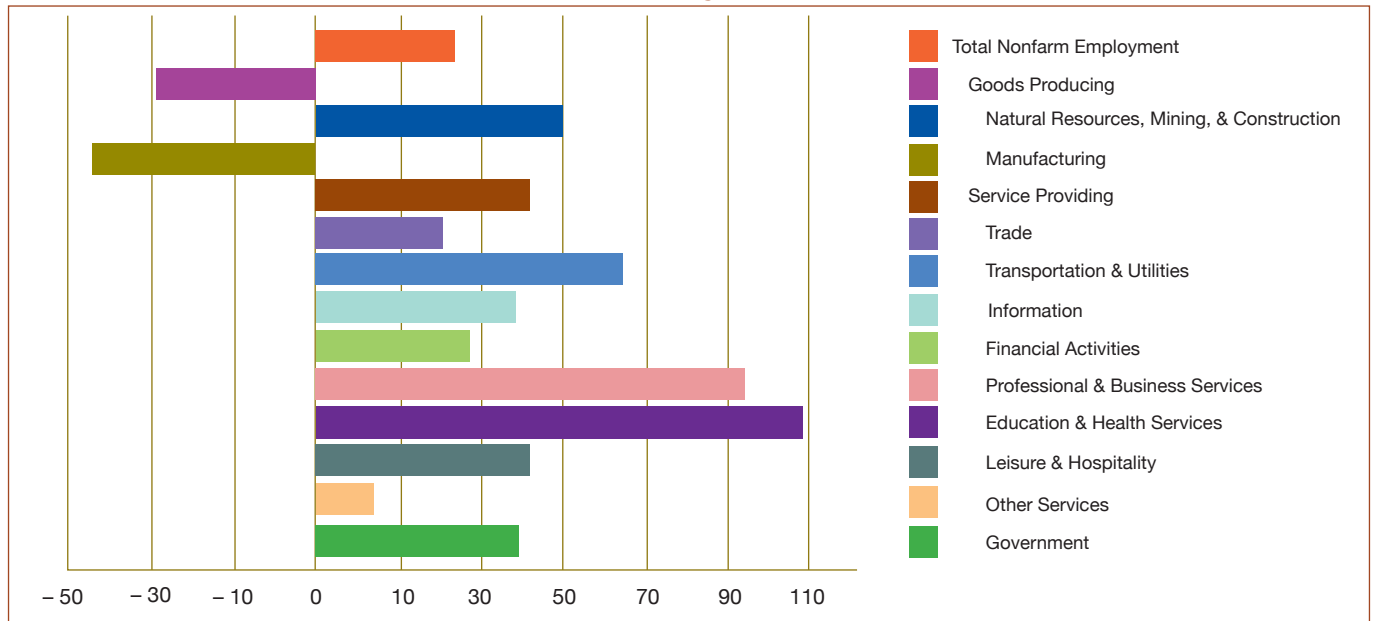
Note: Based on 12-month averages through June 2006.

Source: U.S. Bureau of Labor Statistics

Since 2000, nonfarm employment has grown by 1,600 jobs annually. The education and health services sector has experienced the largest increase, adding 1,500 jobs, or 5.8 percent, annually. The professional and business services and leisure and hospitality sectors have each increased by an annual average of approximately

580 jobs due to the growth in back-office and call-center operations and the number of hotels built in the past 6 years. Since 2000, the labor force and resident employment have increased by 45,500 and 42,000, respectively. Figure 3 shows the percentage growth in each sector from 1990 through the current 12 months.

**Figure 3. Sector Growth in the El Paso HMA, Percent Change, 1990 to Current**



Note: Current is based on 12-month averages through June 2006.

Source: U.S. Bureau of Labor Statistics

**Table 2. 12-Month Average Employment in the El Paso HMA, by Sector**

Employment Sector	12 Months Ending June 2005	12 Months Ending June 2006	Percent Change (%)
Total Nonfarm Employment	258,600	263,142	1.8
Goods Producing	35,333	35,400	-0.2
Natural Resources, Mining, & Construction	11,750	13,075	11.3
Manufacturing	23,583	22,325	-5.3
Service Providing	223,267	227,742	2.0
Trade	42,492	43,750	3.0
Transportation & Utilities	12,942	13,467	4.1
Information	4,817	4,692	-2.6
Financial Activities	11,375	11,808	3.8
Professional & Business Services	27,667	26,858	0.7
Education & Health Services	31,808	33,800	6.3
Leisure & Hospitality	24,900	25,508	2.4
Other Services	7,558	7,917	4.7
Government	60,725	60,117	-1.0

Notes: Numbers may not add to totals due to rounding. Based on 12-month averages through June 2005 and June 2006.

Source: U.S. Bureau of Labor Statistics

During the 12 months ending June 2006, nonfarm employment in the HMA increased by 4,500 jobs, or 1.8 percent, to 263,100. More than 80 percent of the job growth was in the service-providing sectors. Growth rates were highest in the natural resources, mining, and construction sector; education and health services sector; and other services sector, as shown in Table 2. During the past 12 months, employment in the education and health services sector increased by 2,000 jobs, or 6.3 percent, the highest rate of growth among the service-providing sectors. The HMA is the leading provider of medical services in the region and is becoming a regional center for healthcare research and education. The Texas Tech University Health Sciences Center, School of Medicine campus, which is a full-time teaching facility for 3rd- and 4th-year medical students, enrolls approximately 2,275 medical students and residents and employs 1,300 faculty and staff. UTEP is another major

contributor to the local economy, with 19,200 students enrolled and more than 2,500 faculty and staff employed. According to the Institute for Policy and Economic Development at UTEP, the university has an estimated annual economic impact of \$228 million on the HMA. Table 3 provides a list of the top private-sector employers in the HMA. During the next 3 years, nonfarm employment is projected to increase by an average of 1.5 percent annually.

**Table 3. Major Private-Sector Employers in the El Paso HMA**

Name of Employer	Employment Sector	Number of Employees
Sierra Providence Health Network	Health Services	3,750
Wal-Mart	Retail Trade	3,650
EchoStar Communications Corporation	Information	3,000
Las Palmas & Del Sol Healthcare System	Health Services	2,250
MCI	Information	1,800
National Center for the Employment of the Disabled	Manufacturing	1,350
West TeleServices Corporation	Information	1,300
Big 8 Food Stores	Retail Trade	1,225
Del Sol Medical Center	Health Services	1,200

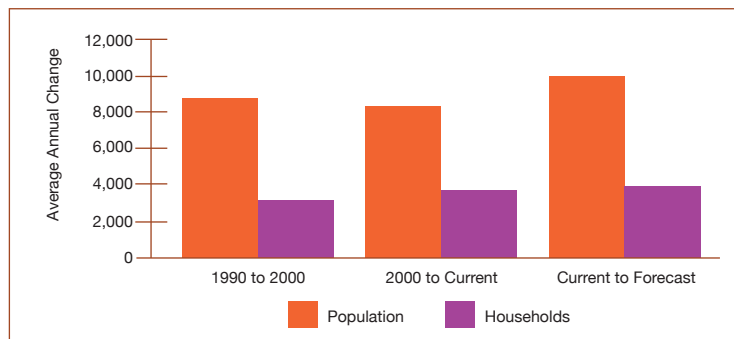
Source: City of El Paso, Department of Economic Development

## Population and Households

As of July 1, 2006, the population of the El Paso HMA is estimated to be 731,800, representing an average annual increase of 8,300, or 1.2 percent, since 2000 (see Figure 4). The 2000 Census reported a population of 679,622 for the HMA compared with 591,610 in 1990, representing an annual growth of 8,800, or 1.4 percent, during the decade. All the population growth since 1990 is a result of net natural change since net migration has been negative. Since 1990, out-migration

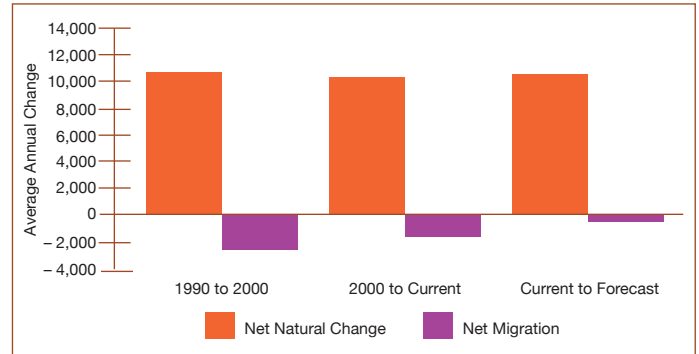
of El Paso residents has outpaced the high levels of international immigration to the HMA. Although net out-migration continues, it has lessened since 2000 because of the substantial increase in international in-migration, primarily from Mexico, and the growth in the number of military retirees moving to the area. El Paso is one of the most popular military retirement communities in the country because of its proximity to Fort Bliss. As of July 1, 2009, the population of the HMA is forecast to be 761,800, an average annual increase of 10,000, or 1.4 percent. Trends for population change in the HMA from 1990 to the forecast date are presented in Figure 5. Currently, the HMA has an estimated 234,000 households, of which 156,000 are homeowners and 78,000 are renters. By mid-2009, households are expected to total 245,800. Additional data on the HMA can be found in Table DP-1 at the end of the report.

**Figure 4. Population and Household Growth in the El Paso HMA, 1990 to Forecast**



Sources: 1990 and 2000—U.S. Census; current and forecast—estimates by analyst

**Figure 5.** Components of Population Change in the El Paso HMA, 1990 to Forecast



Sources: 1990 and 2000—U.S. Census; current and forecast—estimates by analyst

## Housing Market Trends

### Sales Market

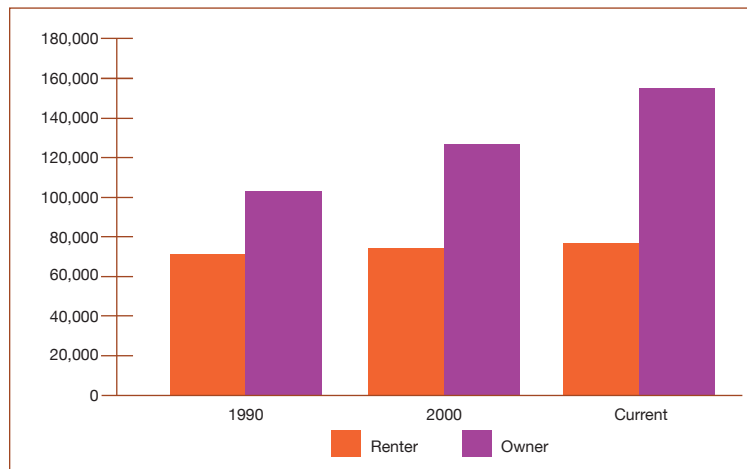
The home sales market in the HMA is currently balanced with an estimated vacancy rate of 1.5 percent. Affordable home prices and low interest rates have prompted an increase in the demand for single-family homes in El Paso during the past 5 years, which has been met with higher levels of building activity. As

shown in Figure 6, 67 percent of households are homeowners as of the current date. In the 12 months ending June 2006, the total number of new and existing homes sold was 5,900, an increase of 7 percent from the previous 12 months.

From 2000 to 2004, an average of 3,500 single-family homes were permitted annually compared with 3,230 homes permitted annually from 1995 to 1999. As shown in Figure 7, the number of single-family building permits issued peaked in 2003 at 4,825. For the 12-month period ending June 2006, 3,900 single-family building permits were issued, an increase of 200, or 5 percent, compared with the previous 12 months.

In the past 12 months, 75 percent of existing homes sold ranged in price from \$100,000 to \$130,000. The average home sales price increased by 13 percent from \$120,400 for

**Figure 6.** Number of Households by Tenure in the El Paso HMA, 1990 to Current



Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

## Housing Market Trends

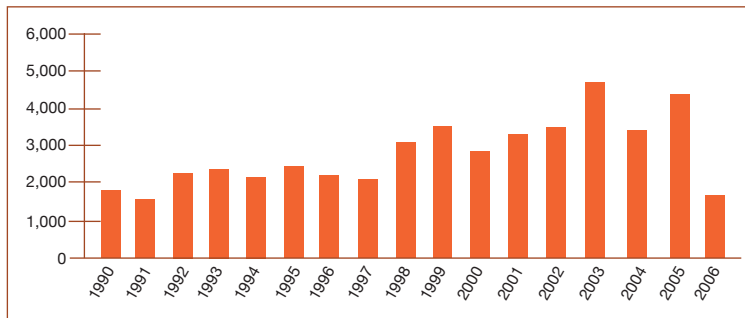
### Sales Market *Continued*

the 12 months ending June 2005 to \$138,000 for the 12 months ending June 2006. Retirees, of which an estimated 35,000 are former military households, are attracted to this area because of affordable home prices; the temperate climate; and proximity to medical, recreational, and shopping facilities at Fort Bliss.

Since 2000, the average price of a new single-family home has increased by 40 percent due to strong demand and the higher cost

of construction materials. Homes with 1,300 square feet and two-car garages are available starting at \$90,000. During the forecast period, a total demand for 10,500 new sales units and approximately 750 mobile homes is estimated for the HMA. Approximately 50 percent of estimated demand for new market-rate sales will be in the \$110,000 to \$200,000 price range, as shown in Table 4. New home development will continue to occur in the eastern portion of the HMA due to the availability of land.

**Figure 7.** Single-Family Building Permits Issued in the El Paso HMA, 1990 to 2006



Notes: Includes single-family units. Includes data through June 2006.  
Source: U.S. Census Bureau, Building Permits Survey

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the El Paso HMA, July 1, 2006 to July 1, 2009

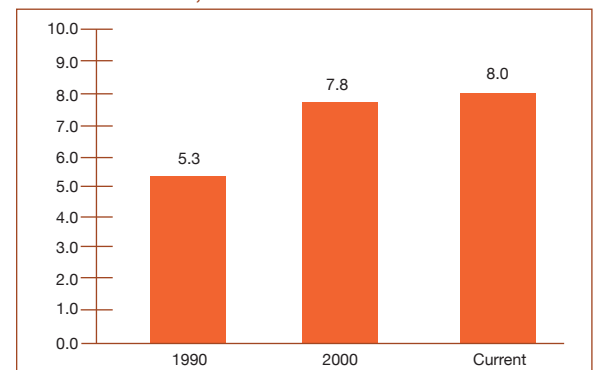
Price Range (\$)		Units of Demand	Percent of Total
From	To		
70,000	79,999	105	1.0
80,000	89,999	420	4.0
90,000	99,999	630	6.0
100,000	109,999	840	8.0
110,000	124,999	1,050	10.0
125,000	149,999	1,260	12.0
150,000	174,999	1,470	14.0
175,000	199,999	1,155	11.0
200,000	224,999	945	9.0
225,000	249,999	735	7.0
250,000	274,999	525	5.0
275,000	299,999	420	4.0
300,000	and higher	945	9.0

Source: Estimates by analyst

## Rental Market

The presence of Fort Bliss has a major effect on the local rental market. During the past year, 4,000 additional troops have been stationed at the base, with most of them finding housing off base. The additional demand for housing has resulted in a balanced rental market with a current overall vacancy rate of 8 percent, as shown in Figure 8. No concessions are being offered and, since June 2005, average rents have increased 4 percent. The current average rents are \$495 for one-bedroom units, \$650 for two-bedroom units, and \$675 for three-bedroom units.

**Figure 8.** Rental Vacancy Rates in the El Paso HMA, 1990 to Current



Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

## Housing Market Trends

### Rental Market *Continued*

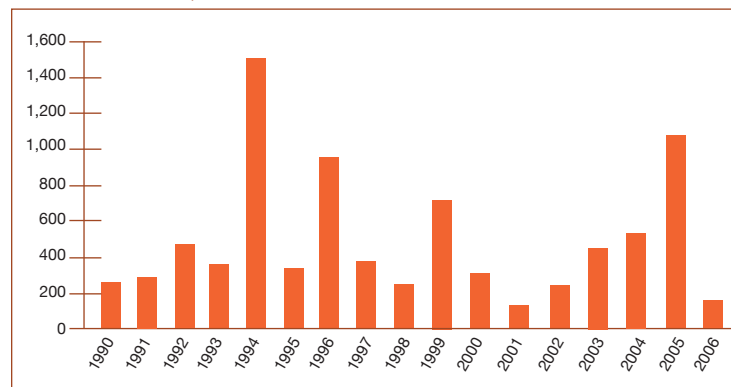
The student population at UTEP, which is nearly 3 percent of the HMA population, also has a significant effect on the rental market. Since 2000, enrollment has increased by more than 3,600, or 24 percent. Only 428 students live in university housing; the remaining 18,772 students live off campus.

With increased demand for rental housing, apartment construction has increased; during the past 12 months ending June 2006, the number of multifamily building permits issued increased

significantly to 1,025 units. During the 12 months ending June 2005, a total of 600 multifamily units were permitted, up from the average of 335 units permitted each year from 2000 through 2004. Figure 9 presents trends in multifamily building permit activity from 1990 to the current date.

During the forecast period, a demand for 1,950 rental units is estimated for the HMA, as shown in Table 5. Approximately 700 rental units are currently under construction.

**Figure 9.** Multifamily Building Permits Issued in the El Paso HMA, 1990 to 2006



Notes: Includes all multifamily units in structures with two or more units. Includes data through June 2006.

Source: U.S. Census Bureau, Building Permits Survey

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the El Paso HMA, July 1, 2006 to July 1, 2009

1 Bedroom		2 Bedrooms		3 or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
750	700	900	950	1,000	300
800	610	950	790	1,050	260
850	560	1,000	720	1,100	230
900	510	1,050	640	1,150	200
950	450	1,100	560	1,200	170
1,000	380	1,150	470	1,250	150
1,050	310	1,200	400	1,300	130
1,150	250	1,300	320	1,400	100
1,250	200	1,400	210	1,500	70
1,350	160	1,500	140	1,600	50
1,450	340	1,600	230	1,700	110
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

# Data Profile

**Table DP-1.** El Paso HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	228,522	256,110	274,750	1.1	1.1
Unemployment Rate (%)	11.8	6.8	6.8		
Nonfarm Employment	208,800	256,400	263,100	2.1	0.4
Total Population	591,610	679,622	731,800	1.4	1.2
Total Households	178,366	210,022	234,000	1.6	1.7
Owner Households	104,624	133,624	156,000	2.5	2.5
Percent Owner (%)	58.7	63.6	66.7		
Renter Households	73,742	76,398	78,000	0.4	0.3
Percent Renter (%)	41.3	36.4	33.3		
Total Housing Units	187,473	224,447	250,400	1.8	1.8
Owner Vacancy Rate (%)	1.4	1.5	1.5		
Rental Vacancy Rate (%)	5.3	7.8	8.0		
Median Family Income	\$26,400	\$34,900	\$39,500	2.8	2.0

*Note: Median family income data are for 1989, 1999, and 2006.*

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



## Data Definitions and Sources

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1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 7/1/2006—Analyst's estimates

Forecast period: 7/1/2006–7/1/2009—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.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_EIPasoTX.pdf](http://www.huduser.org/publications/pdf/CMARtables_EIPasoTX.pdf).

## Contact Information

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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 wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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