

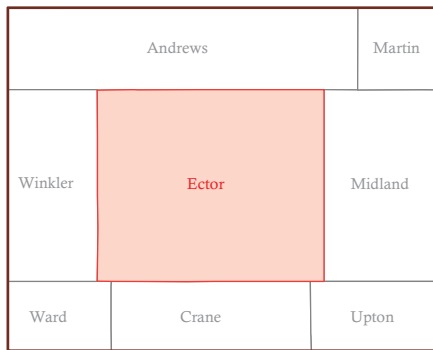


Odessa, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of May 1, 2015



Housing Market Area



The Odessa Housing Market Area (HMA) comprises Ector County in western Texas, approximately 50 miles from the southeastern corner of New Mexico, and is coterminous with the Odessa, TX Metropolitan Statistical Area (MSA). Together with the neighboring Midland, TX MSA, the area serves as a hub for the extraction of oil and natural gas in the Permian Basin, a geological formation rich in hydrocarbons.

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Summary

Economy

The economy of the Odessa HMA is slowing because of recent declines in oil prices after recording growth since 2010. The mining, logging, and construction sector is the largest sector and accounts for 24.1 percent of nonfarm payrolls in the HMA. During the 12 months ending April 2015, nonfarm payrolls averaged 80,500 jobs, an increase of 5,700 jobs, or 7.6 percent, from a year ago. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 1,725 jobs, or 2.2 percent, annually.

Sales Market

The sales housing market in the Odessa HMA has improved in recent months but remains slightly tight, with an estimated sales vacancy rate of 1.1 percent, down from 1.4 percent in April 2010. During the forecast period, employment and population gains are expected to support demand for 1,425 new homes, including 90 mobile homes (Table 1). The 140 homes currently under construction and a portion of the 1,750 other vacant units in the HMA that may reenter the housing market will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is currently slightly soft, with an estimated overall rental vacancy rate of 7.1 percent, down from 10.3 percent in April 2010. The apartment vacancy rate has increased significantly during the past 12 months. During the forecast period, demand is expected for 890 new market-rate rental units (Table 1). The 260 units currently under construction will satisfy a portion of the forecast demand.

Table 1. Housing Demand in the Odessa HMA During the Forecast Period

	Odessa HMA	
	Sales Units	Rental Units
Total demand	1,425	890
Under construction	140	260

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of May 1, 2015. A portion of the estimated 1,750 other vacant units in the HMA will likely satisfy some of the forecast demand. Includes an estimated demand for 90 mobile homes. The forecast period is May 1, 2015, to May 1, 2018.

Source: Estimates by analyst

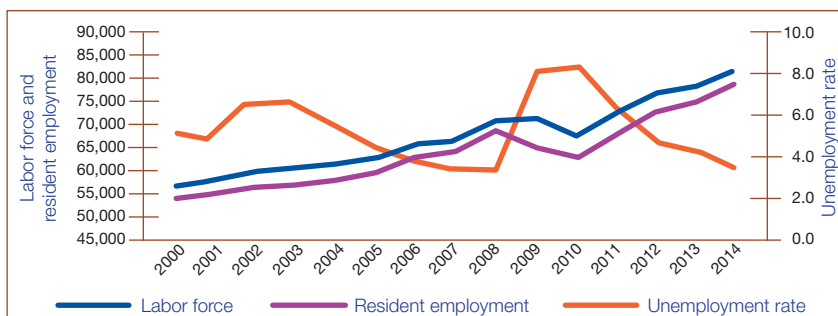
Economic growth in the Odessa HMA has slowed in recent months because, in November 2014, oil prices dropped below \$73 per barrel, an important price point for profitable oil-extraction operations, and remained below that price through the current date. The minimum price of oil required for a substantial increase in drilling operations averages \$73 across all firms, with a range of \$60 to \$90 (survey by Federal Reserve Bank of Kansas City). The price for West Texas Intermediate crude oil as of May 1, 2015, was \$59.10 per barrel, down 44 percent from the price of \$105.79 per barrel recorded in June 2014 (Federal Reserve Bank of St. Louis). The energy industry responded by reducing the number of well starts. During the 3 months ending April 2015, Texas Railroad Commission districts 7C and 8, which cover the Permian Basin, recorded 870 well starts, a 49-percent decline compared with the number of well starts during the same 3-month period 1 year ago (Baker Hughes, Inc.). Sales tax revenue in the city of Odessa in April 2015 totaled \$3.54 million, down 0.2 percent compared with sales tax revenues in April 2014, indicating an economic slowdown.

During the 12 months ending April 2015, nonfarm payrolls averaged 80,500 jobs, an increase of 5,700

jobs, or 7.6 percent, from a year ago. Despite gains during the past 12 months, nonfarm payrolls declined 0.7 percent during the first 4 months of 2015 compared with an increase of 1.9 percent during the first 4 months of 2014 because of the recent decline in oil prices, which is expected to last until late 2015. During the 12 months ending April 2015, the unemployment rate averaged 3.4 percent, down from 4.1 percent during the previous 12 months. By comparison, from 2000 through 2009, the unemployment rate averaged 5.2 percent (Figure 1).

The economy of the HMA has been closely linked to the oil and gas industry since the discovery of oil in the Permian Basin during the 1920s. The Odessa HMA has the second-highest concentration of nonfarm payrolls in the mining, logging, and construction sector of any MSA in the United States, behind only the Midland, TX MSA (U.S. Bureau of Labor Statistics). Conditions in the oil and gas industry over the years have caused several booms and busts in the HMA economy. The previous secular oil boom, which ended in 1983, was caused by high oil prices that prevailed during the 1970s and early 1980s. When oil prices began to decline in 1983, the economy of the HMA entered a secular bust stage, causing significant job losses and dramatic declines in single-family home and apartment construction activity. During the mid-2000s, another secular oil boom began as a result of an increase in the price of oil coupled with the development of hydraulic fracturing techniques, greatly expanding the amount of oil and gas that could be extracted economically. From 2005 through 2008, nonfarm payrolls in the mining, logging, and

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Odessa HMA, 2000 Through 2014



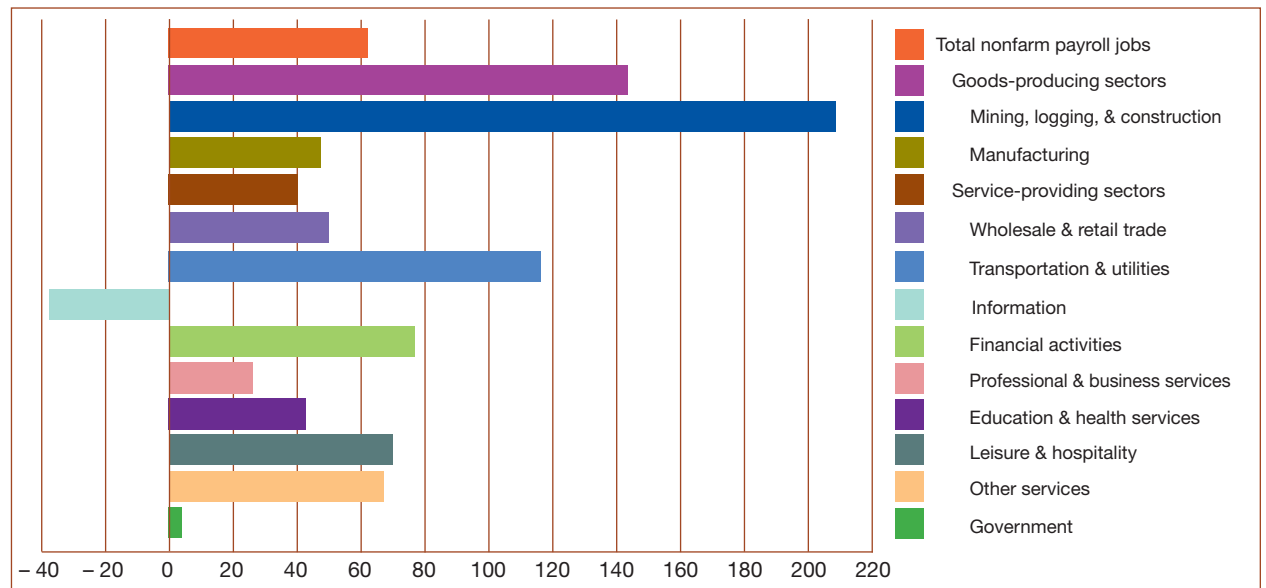
Source: U.S. Bureau of Labor Statistics

construction sector increased by an average of 1,600, or 17.6 percent, annually. The oil boom encountered a brief hiatus from late 2008 through 2010, because the national recession that began in December 2007 contributed to a decline in oil prices that lasted from June 2008 to January 2010. Consequently, from 2009 through 2010, nonfarm payrolls in the mining, logging, and construction sector decreased by 1,700, or 12.7 percent, annually. From 2011 through 2014, the oil boom resumed in earnest as oil prices recovered, and nonfarm payrolls in the mining, logging, and construction sector increased by an average of 1,850, or 13.0 percent, annually during the period. From 2000 to the current date, the mining, logging, and construction sector has grown more than any other sector in the HMA, recording cumulative gains of 208 percent (Figure 2).

During the 12 months ending April 2015, the mining, logging, and con-

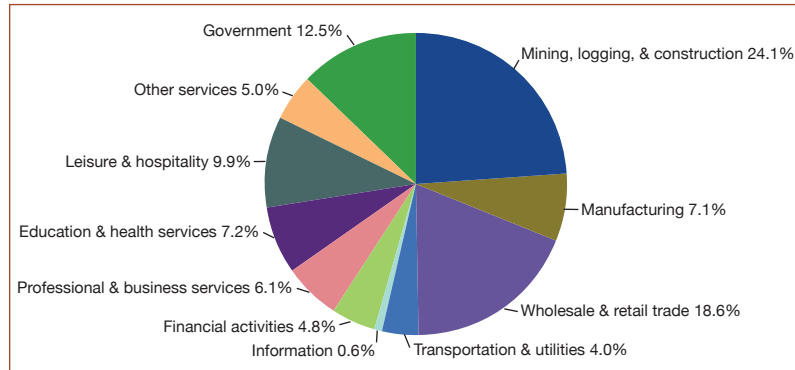
struction sector led job gains in the HMA, adding 1,400 jobs, an increase of 7.8 percent, because of strength in the energy industry until November 2014, when oil prices dropped below \$73 per barrel. The sector is also the largest in the HMA, accounting for 24.1 percent of all nonfarm payrolls (Figure 3). Job gains in the sector accounted for 25 percent of the gains in nonfarm payrolls during the 12 months ending April 2015. The sector includes some of the largest employers in the HMA, such as Saulsbury Industries and Halliburton Services, which have 2,000 and 1,575 employees, respectively (Table 2). Despite gains during the past 12 months, growth in the sector has slowed in recent months. Nonfarm payrolls in the mining, logging, and construction sector decreased 3.0 percent during the first 4 months of 2015 compared with an increase of 1.7 percent during the first 4 months of 2014 because of the recent decline in oil prices.

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



Note: Current is based on 12-month averages through April 2015.

Source: U.S. Bureau of Labor Statistics

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

Note: Based on 12-month averages through April 2015.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Odessa HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Saulsbury Industries	Mining, logging, & construction	2,000
Halliburton Services	Mining, logging, & construction	1,575
Weatherford International	Mining, logging, & construction	1,100
Wal-Mart Stores, Inc.	Wholesale & retail trade	940
Holloman Corporation	Mining, logging, & construction	870
Odessa Regional Medical Center	Education & health services	860
Dixie Electric	Mining, logging, & construction	760
Baker Hughes, Inc.	Mining, logging, & construction	630
Power Line Services, Inc.	Transportation & utilities	530
Investment Corporation of America	Financial activities	500

Notes: Excludes local school districts.

Source: Odessa Development Corporation

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Odessa HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	April 2013	April 2014		
Total nonfarm payroll jobs	74,800	80,500	5,700	7.6
Goods-producing sectors	23,500	25,100	1,600	6.8
Mining, logging, & construction	18,000	19,400	1,400	7.8
Manufacturing	5,400	5,700	300	5.6
Service-providing sectors	51,300	55,300	4,000	7.8
Wholesale & retail trade	13,900	14,900	1,000	7.2
Transportation & utilities	2,900	3,200	300	10.3
Information	500	500	0	0.0
Financial activities	3,500	3,900	400	11.4
Professional & business services	4,500	4,900	400	8.9
Education & health services	5,700	5,800	100	1.8
Leisure & hospitality	7,500	8,000	500	6.7
Other services	3,800	4,000	200	5.3
Government	9,200	10,000	800	8.7

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through April 2014 and April 2015.

Source: U.S. Bureau of Labor Statistics

During the 12 months ending April 2015, the wholesale and retail trade sector increased by 1,000 jobs, or 7.2 percent (Table 3). The opening of Parks Legado Town Center in Odessa in March 2013, a \$25 million investment that has created an estimated 150 jobs, contributed to gains in the sector. Although the town center opened in 2013, construction continued into 2015, and a final completion date has not been announced. The 65-acre, mixed-use development includes retailers, restaurants, and hotels, including Whitehouse Meat Market, The Egg & I, Cork & Pig Tavern, Nutrition Bunker, the 120-room Residence Inn by Marriott, Hilton Homewood Suites, and Aim Bank. A Ford Motor Company dealership is under construction at Parks Legado, although the final completion date has not been announced; little net job creation is expected because the dealership employees will relocate from an existing temporary site. The government sector also recorded strong growth, adding 800 jobs, or 8.7 percent, during the 12 months ending April 2015. Nearly all the net gains in the sector were in the local government subsector, which gained 800 jobs, or 10.0 percent, during the period.

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 1,725 jobs, or 2.2 percent, annually. The rate of growth in nonfarm payrolls is expected to increase each year during the forecast period as oil prices are expected to increase. The average response for the expected price for West Texas Intermediate crude oil by year-end 2016 was \$70 (Federal Reserve Bank of Kansas City). The Texas Clean Energy Project (TCEP), a \$2.5 billion coal gasification power

plant, is currently under development in Penwell, where 150 new jobs are expected by the time the plant is complete in 2018. TCEP consists of a clean coal power plant, which uses technology in which 90 percent of the exhaust carbon dioxide will be sequestered. The carbon dioxide will be used for enhanced oil recovery through the carbon dioxide injection method in the Permian Basin. TCEP

will also produce urea, which will be sold for use in fertilizers. TCEP has received awards from the U.S. Department of Energy totaling \$450 million. In December 2014, Air Products and Chemicals, Inc., a provider of gases and chemicals for industrial use, began construction on a \$32 million liquid nitrogen production facility. The facility is expected to create 10 jobs when it is complete in late 2015.

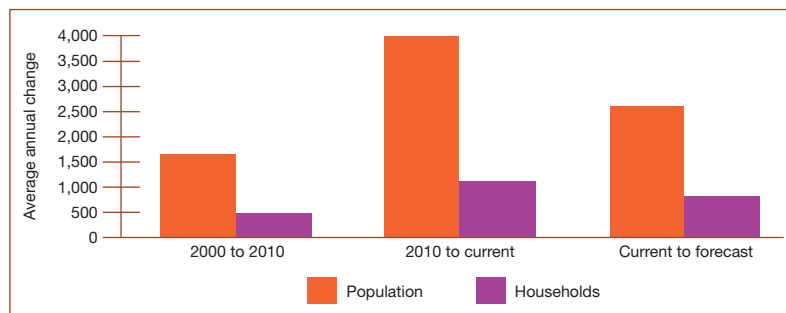
Population and Households

As of May 1, 2015, the population of the Odessa HMA was estimated at 157,500, reflecting an average annual increase of 4,000, or 2.8 percent, from 137,130 on April 1, 2010. By comparison, from 2000 to 2010, the population increased by an average annual rate of 1.2 percent, or 1,600. Population growth fluctuated during the previous decade coinciding with changes in the oil and natural gas industry. Before the widespread implementation of hydraulic fracturing techniques in 2005 and rising oil prices in the same year, population growth was relatively slow. During this period, from 2000 to 2005, the population grew by an

average of 900, or 0.7 percent, annually (Census Bureau, July 1 estimates). From 2005 to 2009, the population grew by an average of 2,900, or 2.2 percent, annually, in response to the widespread deployment of hydraulic fracturing techniques coupled with significant increases in oil prices. From 2009 to 2010, as a result of low energy prices during and immediately after the most recent national recession, which lasted from December 2007 to June 2009, population growth slowed to 160 people, or less than 1 percent, annually. Since 2010, a year when oil prices increased, the rate of population growth has recovered to rates comparable with those that prevailed from 2005 to 2009. During the forecast period, the rate of population growth is expected to slow because of the recent decline in oil prices, and the population is expected to increase by 2,625, or 1.6 percent, annually, to 165,400 by May 1, 2018 (Figure 4).

From 2000 to 2005, a period of slow growth preceding the hydraulic fracturing boom, the area recorded net out-migration averaging 400 people annually, and net natural increase (resident births minus deaths)

Figure 4. Population and Household Growth in the Odessa HMA, 2000 to Forecast



Notes: The current date is May 1, 2015. The forecast date is May 1, 2018.

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

Population and Households *Continued*

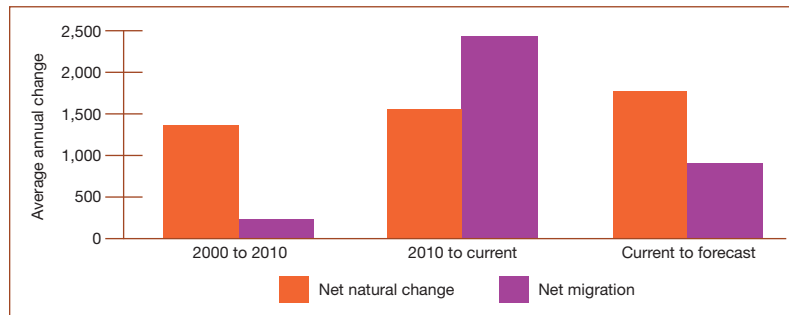
averaged 1,200 per year. After the deployment of hydraulic fracturing, from 2005 to 2009, the area recorded net in-migration averaging 1,400 annually, and net natural increase averaged 1,475 people per year. From 2009 to 2010, the HMA recorded net out-migration of 1,425; during the same period, net natural increase was 1,600. From 2010 to the current date, net in-migration has resumed

at a high rate, averaging 2,450 people annually because of the recovery in oil prices that began in February 2010; during the same period, net natural increase averaged 1,550 per year (Figure 5). During the forecast period, net in-migration to the HMA is expected to average 900 people annually.

The number of households in the HMA has increased at a higher rate since 2010 than during the previous decade. Since 2010, the number of households has increased by 1,025, or 2.0 percent, annually compared with an average annual increase of 480, or 1.1 percent, during the past decade. The rate of household growth since 2010 has lagged the rate of population growth because of tight housing market conditions from 2011 through 2014. The number of households in the HMA is currently estimated at 53,950. Figure 6 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date.

During the 3-year forecast period, the rate of household growth is expected to slow because of the recent decline in oil prices, and the number of households is expected to increase by 770, or 1.4 percent, annually, to approximately 56,250 households by May 1, 2018. Table DP-1, at the end of this report, provides additional demographic data for the HMA.

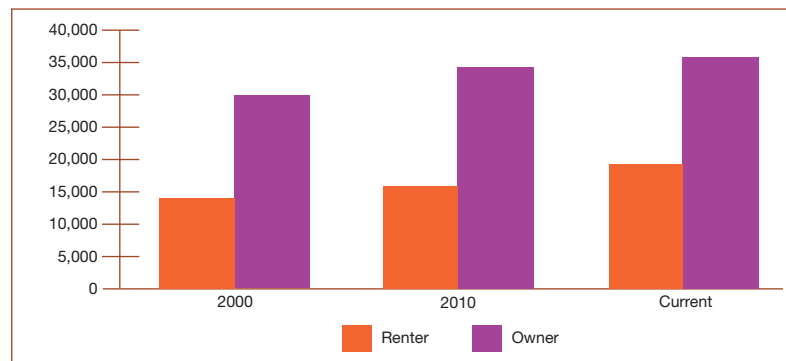
Figure 5. Components of Population Change in the Odessa HMA, 2000 to Forecast



Notes: The current date is May 1, 2015. The forecast date is May 1, 2018.

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

Figure 6. Number of Households by Tenure in the Odessa HMA, 2000 to Current



Note: The current date is May 1, 2015.

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

Housing Market Trends

Sales Market

Despite some recent improvements, the sales housing market in the Odessa HMA is currently slightly tight because of strong employment and population growth from 2010 through 2014. The sales market is approaching balanced conditions because of the recent slowdown in economic growth. The home sales vacancy rate is estimated at 1.1 percent, down from 1.4 percent in April 2010.

During the 12 months ending April 2015, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 1,225, a 4-percent increase compared with new and existing home sales during the previous 12-month period (Real Estate Center at Texas A&M University). Home sales have slowed since November 2014, when oil prices dropped below \$73 per barrel. As a result, during the 3 months ending April 2015, the number of new and existing homes sold totaled 270, a decrease of 3 percent from the same 3-month period 1 year ago. By comparison, from 2006 through 2008—the earliest data available and a period when the area was benefiting from the early stages of an energy boom—the number of new and existing homes sold averaged 1,400 a year. During 2009 and 2010, the number of new and existing homes sold decreased to an average of 910 a year because of the decline in oil prices that lasted from June 2008 to January 2010. From 2011 through 2013, the number of new and existing homes sold increased to 1,125 a year, because of the booming energy industry. The homeownership rate in the HMA is currently estimated at 65.9 percent, down from 67.7 percent in April 2010.

During the 12 months ending April 2015, the average sales price for new and existing homes in the HMA increased 7 percent, to \$197,200 (Real Estate Center at Texas A&M University). The current price level is the highest on record for the HMA. The rate of increase in home sales prices has slowed since November 2014. During the 3 months ending April 2015, the average sales price for new and existing homes averaged \$188,500, an increase of 5 percent compared with prices during the same 3-month period 1 year ago. By comparison, during the 3 months ending April 2014, home sales prices increased 7 percent compared with home prices during the 3 months ending April 2013. From 2006 through 2008, prices for new and existing homes averaged \$157,000. During 2009 and 2010, home prices decreased to an average of \$144,000 because of the decline in energy prices. From 2011 through 2013, the energy boom resumed, causing home prices to increase to an average of \$167,500.

During the 12 months ending April 2015, the available inventory of new and existing homes averaged a 2.5-month supply, down slightly from a 2.6-month supply during the previous 12-month period (Real Estate Center at Texas A&M University). The current level is up slightly from the average 2.3-month supply recorded in 2013 but well below the high of a 5.4-month supply recorded in 2010, when the HMA was recovering from a decline in oil prices. Delinquencies and foreclosures have not been a significant problem in the HMA. In April 2015, 1.8 percent of mortgage loans in the HMA were

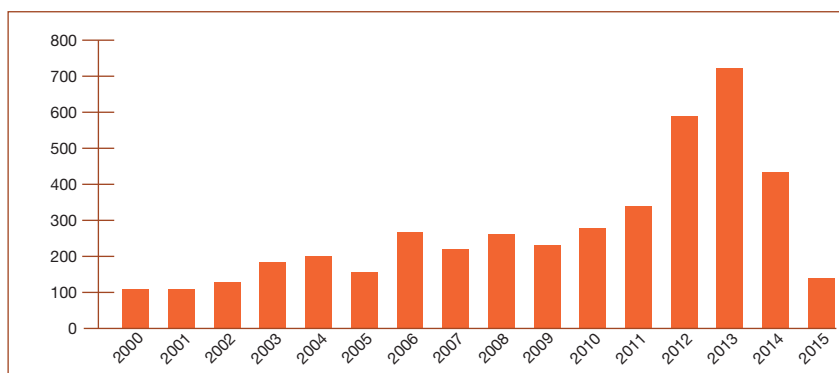
90 or more days delinquent, were in foreclosure, or had transitioned into real estate owned (REO) status, down from 2.0 percent in April 2014 (Black Knight Financial Services, Inc.).

Limitations on the supply pipeline contributed to tight sales housing market conditions from 2011 through 2014 (local sources). Home builders and local authorities indicated increased labor and material costs as a consequence of competition with the oil and gas industry. In addition, competition resulted in the prices for the most desirable land lots being bid upwards. Lags in the permitting, construction, and appraisal pipelines also contributed to the limitations in supply during the period. These factors that contributed to limited supply have begun to ease since November 2014. Home builders reported that the waiting lists for new homes have been greatly reduced (local sources); some home builders have indicated that sales demand has been so strong that they have had to maintain waiting lists for customers hoping to buy newly built homes.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, decreased

during the 12 months ending April 2015 in response to decreasing home sales and sales prices. The number of single-family homes permitted during the 12 months ending April 2015 totaled 430, a 34-percent decrease compared with the 660 homes permitted during the previous 12 months (preliminary data). The current level of permitting activity represents a 40-percent decline from the record-high of 720 single-family homes permitted in 2013 and is the lowest level of activity recorded since 2011, when 340 homes were permitted. Before the hydraulic fracturing boom, from 2000 through 2005, single-family home permitting levels averaged 140 annually (Figure 7). Permitting levels increased to an average of 240 homes annually from 2006 through 2009 during the early stages of the hydraulic fracturing boom. From 2010 through 2013, permitting increased each consecutive year and averaged 480 homes annually during the period, a high level of activity, because of extremely tight sales market conditions. Sales prices for new three-bedroom, single-family homes in the HMA start at approximately \$125,000, although prices that low are available for only townhomes or manufactured homes in the outlying areas. New developments include North Park, currently under construction in northern Odessa, where 900 homes are expected to be built by the time the development is complete in 2017. Prices for new homes in North Park start at \$156,950. Parks Bell Ranch is currently under construction in Odessa with prices starting at \$202,750 and the potential for more than 1,000 homes to be built during the next several years, although a final completion date has not been announced.

Figure 7. Single-Family Homes Permitted in the Odessa HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through April 2015.

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

Housing Market Trends

Sales Market *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Odessa HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
125,000	149,999	25	2.0
150,000	199,999	210	16.0
200,000	249,999	440	33.0
250,000	299,999	460	35.0
300,000	349,999	110	8.0
350,000	and higher	80	6.0

Notes: The 140 homes currently under construction and a portion of the estimated 1,750 other vacant units in the HMA will likely satisfy some of the forecast demand. Estimates do not include mobile homes. The forecast period is May 1, 2015, to May 1, 2018.

Source: Estimates by analyst

During the next 3 years, demand is expected for 1,425 new homes in the HMA, including approximately 90 mobile homes (Table 1). The 140 homes currently under construction will meet a portion of this demand. As the rate of job growth increases, demand is expected to increase during the forecast period, from 420 homes in the first year to approximately 500 homes annually during the final 2 years. Nearly 70 percent of the demand is expected to be for homes priced between \$200,000 and \$299,999 (Table 4). A portion of the estimated 1,750 other vacant units likely will reenter the sales housing market and satisfy some of the forecast demand.

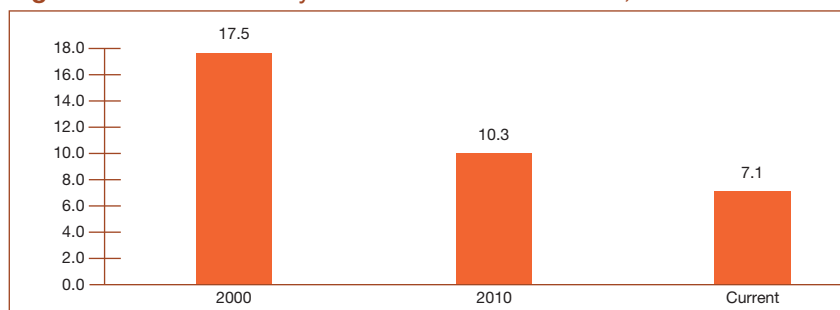
Rental Market

Rental housing market conditions in the Odessa HMA are slightly soft and continuing to soften because of the recent slowdown in economic growth, which has caused conditions to soften significantly since November 2014. The current overall rental vacancy rate is estimated at 7.1 percent, down significantly from 10.3 percent in April 2010 (Figure 8) but up significantly from an estimated 2.0 percent a year ago. An estimated 32 percent of the rental inventory consists of single-family homes, up slightly from 29 percent in 2010. By comparison, 49 percent of the rental inventory

consists of apartments, up slightly from 47 percent in 2010. The apartment market is also slightly soft. The apartment vacancy rate as of May 1, 2015, was 7.2 percent, up significantly from 1.0 percent a year ago (analyst estimates). Apartment market conditions softened because of the recent economic slowdown coupled with the more than 1,200 apartment units that have been completed since 2013 in the neighboring Midland, TX MSA, which have had a spillover effect on the apartment market in the Odessa HMA. By comparison, in July 2010, when the apartment market was soft because of the brief hiatus in the oil boom from late 2008 through 2010, the apartment vacancy rate was 8.4 percent (Odessa Chamber of Commerce). The energy boom then resumed in 2011, and by July 2013 the apartment market was extremely tight, with an apartment vacancy rate of 2.4 percent.

Apartment market conditions vary significantly by age of inventory because nearly no apartments were constructed from 1985 through

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



Note: The current date is May 1, 2015.

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

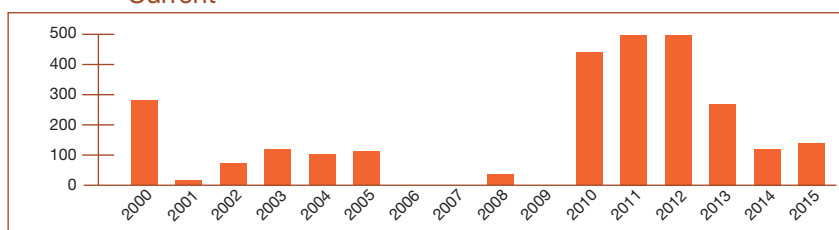
1999, a period of relatively low oil prices and weakness in the energy industry. The apartment inventory has a bimodal age distribution, with approximately 79 percent of the inventory consisting of pre-1985 vintage properties, virtually no inventory of 1985-through-1999 vintage properties, and 21 percent of the inventory having been built since 2000 (ALN Apartment Data, Inc.). As of May 1, 2015, effective apartment rents averaged \$908, \$1,239, and \$1,590, for one-, two-, and three-bedroom units, respectively. The average effective rent for all apartments increased 7 percent, to \$1,100, compared with rents recorded a year ago (analyst estimates), representing a significant slowdown in the rate of rent growth that prevailed from 2010 to 2013, when rents increased an average of 16 percent annually. By comparison, in July 2010 and July 2013, soft and tight years, respectively, apartment rents averaged \$620 and \$960, respectively (Odessa Chamber of Commerce). The rents for units of newer vintage are significantly higher, with rents for market-rate units built since 2000 averaging \$1,725. By comparison, rents for units completed before 2000 are estimated at \$980.

Multifamily construction activity, as measured by the number of units permitted, remains at moderate levels after a burst of construction

from 2010 through 2013. During the 12 months ending April 2015, approximately 270 multifamily units were permitted, an increase from the 35 units permitted during the previous 12 months (preliminary data). The current level of activity is below the average of 430 multifamily units permitted annually from 2010 through 2013, when developers responded to extremely tight rental market conditions by increasing construction. By comparison, permitting activity averaged 70 units annually from 2000 through 2009, a period when the development of hydraulic fracturing was in the early stages (Figure 9). The 120-unit Vineyard Apartments is currently under construction in Odessa, but the final completion date and starting rents have not been announced. Recently completed projects include the 200-unit Lantana Gardens, which was completed in 2013 near Parks Legado Town Center, with rents starting at \$1,490 for a one-bedroom unit. The 68-unit The Grove Apartments is currently under construction, although the completion date and starting rents are currently uncertain. In May 2015, construction is expected to begin on a 312-bed, \$39.3 million residence hall at the University of Texas of the Permian Basin. The 120,842-square-foot building is expected to be complete in late July 2016.

During the 3-year forecast period, demand is estimated for 890 new market rate rental units. Demand is expected to increase from 50 units in the first year to approximately 420 units annually during the final 2 years. The 260 units currently under construction will meet all the demand for the first year and more than one-half of the demand for the second year. Table 5 shows forecast demand by number of bedrooms and rent level.

Figure 9. Multifamily Units Permitted in the Odessa HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through April 2015.

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

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Odessa HMA During the Forecast Period

	One Bedroom		Two Bedrooms		Three or More Bedrooms	
	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
	1,050 to 1,249	65	1,100 to 1,299	15	1,500 to 1,699	10
	1,250 to 1,449	150	1,300 to 1,499	85	1,700 to 1,899	10
	1,450 to 1,649	85	1,500 to 1,699	110	1,900 to 2,099	10
	1,650 to 1,849	60	1,700 to 1,899	100	2,100 to 2,299	35
	1,850 to 2,049	10	1,900 to 2,099	65	2,300 to 2,499	35
	2,050 or more	10	2,100 or more	35	2,500 or more	15
	Total	370	Total	410	Total	110

Notes: Numbers may not add to totals because of rounding. The 260 units currently under construction will likely satisfy some of the estimated demand. The forecast period is May 1, 2015, to May 1, 2018.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	53,610	62,525	81,750	1.6	6.4
Unemployment rate	5.3%	8.3%	3.4%		
Nonfarm payroll jobs	49,600	60,700	80,450	2.0	6.7
Total population	121,123	137,130	157,500	1.2	2.8
Total households	43,846	48,688	53,950	1.1	2.0
Owner households	30,087	32,950	35,550	0.9	1.5
Percent owner	68.6%	67.7%	65.9%		
Renter households	13,759	15,738	18,400	1.4	3.1
Percent renter	31.4%	32.3%	34.1%		
Total housing units	49,500	53,027	57,550	0.7	1.6
Owner vacancy rate	1.8%	1.4%	1.1%		
Rental vacancy rate	17.5%	10.3%	7.1%		
Median Family Income	\$39,800	\$49,000	\$60,300	2.1	5.3

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through April 2015. Median Family Incomes are for 1999, 2009, and 2013. The current date is May 1, 2015.

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: 5/1/2015—Analyst’s estimates
 Forecast period: 5/1/2015–5/1/2018—Analyst’s estimates

The metropolitan statistical area definitions in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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 huduser.gov/publications/pdf/CMARtables_OdessaTX_15.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 huduser.gov/portal/ushmc/chma_archive.html.