

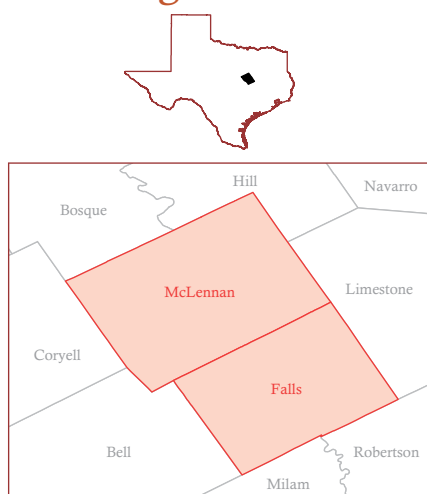


# Waco, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2016

PD&R

## Housing Market Area



The Waco Housing Market Area (HMA), along the Brazos River and Interstate 35, is approximately halfway between Dallas/Fort Worth and Austin. The HMA is composed of McLennan and Falls Counties and is coterminous with the Waco, TX Metropolitan Statistical Area. The city of Waco is home to Baylor University, which is the oldest university in Texas and the largest employer in the HMA.

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## Summary

### Economy

Economic conditions in the Waco HMA have improved significantly since 2012, superseding the 3 years of job losses from 2009 through 2011 resulting from the national recession. Nonfarm payrolls in the HMA increased by 2,100 jobs, or 1.8 percent, to 115,700 jobs, during the 12 months ending March 2016, with job growth occurring in 8 of the 11 employment sectors in the HMA. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.0 percent annually.

### Sales Market

The sales housing market in the HMA currently is balanced. The sales vacancy rate is estimated at 2.1 percent, which is relatively unchanged from 2.0 percent in April 2010. Home sales totaled 2,575 during the 12 months ending March 2016, an increase of 200 sales, or more than 8 percent, from the same period a year earlier (Real Estate Center at Texas A&M University). During the 12 months ending March 2016, the average sales price for homes in the HMA increased more than 11 percent, to \$171,900, compared with the average price during the previous 12 months (Real Estate Center at Texas A&M University). During the forecast period, demand is estimated for 1,550 new homes (Table 1). The 100 homes

currently under construction and some of the 5,050 other vacant units in the HMA that may reenter the sales market will satisfy some of that demand.

### Rental Market

The overall rental housing market in the HMA currently is balanced. During the 12 months ending March 2016, the overall rental vacancy rate was 7.6 percent, down from 9.2 percent in 2010 because of an increase in the number of students at Baylor University who reside off campus. During the forecast period, demand is estimated for 1,375 new market-rate rental units in the HMA; the approximately 850 rental units currently under construction will satisfy a portion of the forecast demand (Table 1).

**Table 1. Housing Demand in the Waco HMA During the Forecast Period**

	Waco HMA	
	Sales Units	Rental Units
Total demand	1,550	1,375
Under construction	100	850

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2016. A portion of the estimated 5,050 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 100 mobile homes. The forecast period is April 1, 2016, to April 1, 2019.*

*Source: Estimates by analysts*

# Economic Conditions

The economy of the Waco HMA has fully recovered the jobs lost during the economic downturn from 2009 through 2011, with nonfarm payrolls increasing each year since 2012. From 2012 through 2014, nonfarm payrolls in the HMA increased by an average 1,200 jobs, or 1.1 percent, annually. Payroll growth accelerated further during the 12 months ending March 2016, to an increase of 2,100 jobs, or 1.8 percent (Table 2). The recent job growth helped reduce the unemployment rate, which was 4.0 percent during the 12 months ending March 2016, down from 4.8 percent during the previous 12 months and well below the peak rate of 7.5 percent during 2011. Figure 1 shows the trends

in labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2015.

Since 2000, the HMA, like the nation, has undergone two periods of job losses; however, losses in the HMA were less severe and the recovery more modest compared with the nation as a whole. With growing student enrollment, Baylor University, the largest employer in the HMA, helped buffer the effects of the downturn during both periods. From 2001 through 2002, nonfarm payrolls in the HMA declined by 600 jobs, or 0.6 percent, resulting from the effects of the national recession. During that period, the manufacturing sector lost an average of 1,000 jobs, a decline of nearly 5.7 percent a year, to lead job losses in the HMA. After the downturn, the local economy expanded and, from 2003 through 2008, nonfarm payrolls increased by an average of 600 jobs, or 0.6 percent, annually, reaching 110,800. That expansion was fueled by increased population growth, when more people moved to the HMA for school, employment, or retirement. The education and health services sector led growth, increasing by an average of 500 jobs, or 2.7 percent, annually. The only sectors that declined were manufacturing and other services, which decreased by 200 and 100 jobs, or 1.3 and 2.3 percent, respectively, per year. Hit hard by layoffs and cuts in defense spending, L-3 Communications in Waco, which modifies military and commercial planes at its facility at the Texas State Technical College, had an unspecified number of layoffs as it sought to cut overhead costs during that period.

The onset of the national recession and the housing crisis that began at the end of 2007 eventually led to job

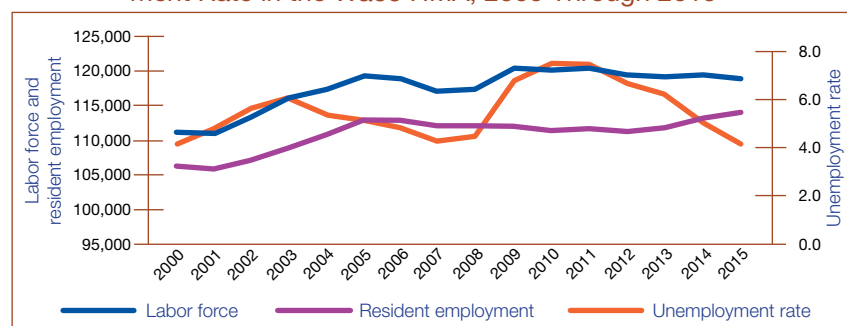
**Table 2.** 12-Month Average Nonfarm Payroll Jobs in the Waco HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	March 2015	March 2016		
Total nonfarm payroll jobs	113,600	115,700	2,100	1.8
Goods-producing sectors	22,100	23,300	1,200	5.4
Mining, logging, & construction	6,500	7,000	500	7.7
Manufacturing	15,600	16,300	700	4.5
Service-providing sectors	91,500	92,300	800	0.9
Wholesale & retail trade	16,500	16,900	400	2.4
Transportation & utilities	3,300	3,400	100	3.0
Information	1,200	1,100	-100	-8.3
Financial activities	6,200	6,200	0	0.0
Professional & business services	11,500	11,200	-300	-2.6
Education & health services	18,900	19,300	400	2.1
Leisure & hospitality	11,100	11,300	200	1.8
Other services	4,100	4,000	-100	-2.4
Government	18,800	19,000	200	1.1

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2015 and March 2016.

Source: U.S. Bureau of Labor Statistics

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Waco HMA, 2000 Through 2015



Source: U.S. Bureau of Labor Statistics

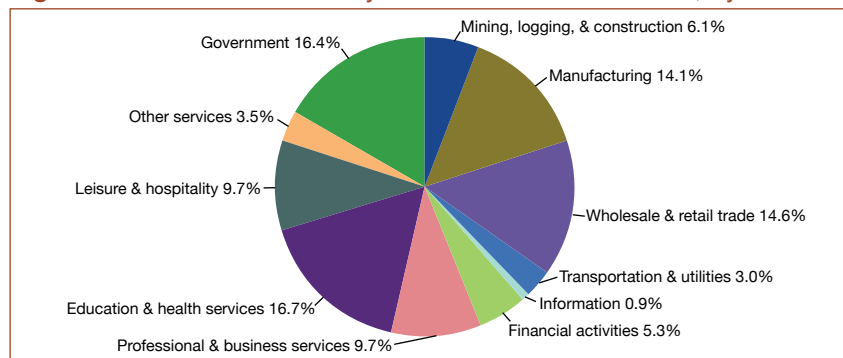
losses in the HMA from 2009 through 2011. During that period nonfarm payrolls in the HMA declined by an average of 600 jobs, or 0.5 percent, annually. The manufacturing and the wholesale and retail trade sectors were especially hard hit, losing an average of 400 and 200 jobs a year, or 2.4 and 1.3 percent, respectively. The government sector recorded the most gains, increasing by 300 jobs entirely because of hiring in the local government subsector.

The economy of the HMA began to recover and, during 2012, nonfarm payrolls increased by 200 jobs, or 0.2 percent. Since 2012, the rate of nonfarm payroll growth has increased every year, reaching 2.0 percent in 2015. Job growth from 2012 through 2014 was led by the professional

and business services sector, which increased by 700 jobs, or 7.6 percent, annually. During that period, General Dynamics Information Technology opened a call center in the city of Lacy Lakeview, employing 700 people to answer inquiries about the Affordable Care Act. Although the professional and business services sector led job growth from 2012 through 2014, it was the sector that lost the most jobs during the 12 months ending March 2016, declining by 300 jobs, or 2.6 percent. The only other sectors to lose jobs during the most recent 12 months were the information and the other services sectors, which declined by 100 jobs each, or 8.3 and 2.4 percent, respectively.

Among the sectors that added jobs during the recent 12 months is the education and health services sector, which is the largest employment sector in the HMA, with 19,300 jobs, and accounts for approximately 17 percent of all nonfarm payroll jobs (Figure 2). During the 12 months ending March 2016, this sector added 400 jobs, a 2.1-percent increase compared with the number of jobs during the same period a year earlier. Three of the top five employers in the HMA belong to the education and health services sector, the largest of which is Baylor University, with 2,675 employees (Table 3). After the university recorded its largest enrollment to date, with 16,500 students, the Baylor University Center for Business and Economic Research estimated in an April 2015 study titled “Waco Metro Area Economic Outlook for 2016” that Baylor University has a \$2 billion-a-year impact on the local economy. In September 2015, Baylor University opened the Paul L. Foster Campus for Business and Innovation,

**Figure 2. Current Nonfarm Payroll Jobs in the Waco HMA, by Sector**



Note: Based on 12-month averages through March 2016.

Source: U.S. Bureau of Labor Statistics

**Table 3. Major Employers in the Waco HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Baylor University	Education & health services	2,675
Providence Healthcare Network	Education & health services	2,400
L-3 Communications Holdings, Inc.	Manufacturing	2,300
Baylor Scott & White Medical Center—Hillcrest	Education & health services	1,800
Wal-Mart Stores, Inc.	Wholesale & retail trade	1,650
HEB Grocery Company, LP	Wholesale & retail trade	1,500
Sanderson Farms, Inc.	Manufacturing	1,050
Examination Management Services, Inc. (EMSI)	Professional & business services	850
McLennan Community College	Education & health services	830
Doris Miller Department of Veterans Affairs Medical Center	Government	800

Note: Excludes local school districts.

Source: Greater Waco Chamber of Commerce

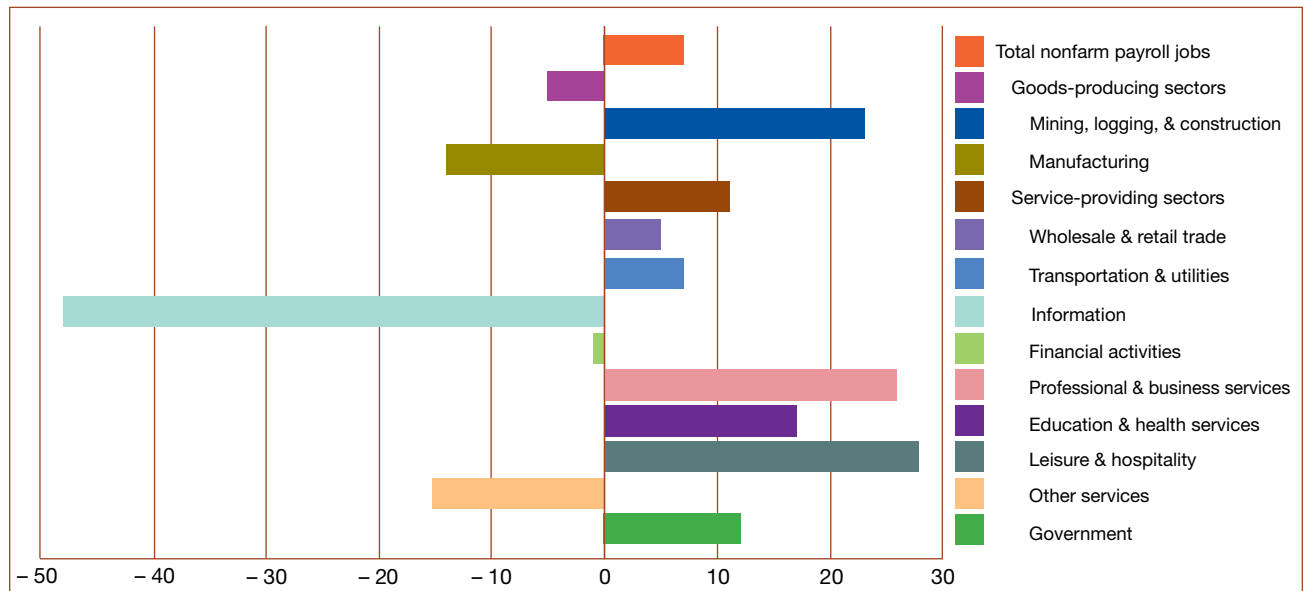
the \$100 million new home of the university's nationally ranked Hankamer School of Business.

Waco historically has been known as a college town, but other sectors of the economy have expanded, such as the manufacturing sector, which has attracted various new industries to the HMA. Since 2006, the HMA has welcomed 30 new industrial businesses and had more than 55 expansions, resulting in more than \$1 billion in new capital investments, about 6,700 new jobs, and approximately 6 million square feet in new construction. The manufacturing sector led job growth in the HMA during the 12 months ending March 2016, gaining 700 jobs, or 4.5 percent, to total 16,300 jobs. Part of that increase was associated with Space Exploration Technologies Corporation's (SpaceX) investing an estimated \$46.3 million at its McGregor, Texas rocket-development facility to accommodate growing business and future expansion. SpaceX—a designer, manufacturer, and launcher of advanced rockets and spacecraft—tests all its

engines and other structures at its state-of-the-art development facility in McGregor. The site currently employs more than 250 engineering and technical professionals and will add 300 jobs on completion of the expansion in 2017. Allergan Sales, LLC, a pharmaceutical company, invested \$10.6 million to break ground in 2014 on the 22,000-square-foot expansion of its facility and to add 30 jobs to its new manufacturing technology center.

The leisure and hospitality sector has been the fastest-growing sector in the HMA since 2000 (Figure 3). During the 12 months ending March 2016, the leisure and hospitality sector increased by 200 jobs, or 1.8 percent, to 11,300 nonfarm payroll jobs. Some of the growth in the sector is attributed to the large number of visitors attracted to the HMA for various museums, such as the Texas Ranger Hall of Fame and Museum, the Home and Garden Television series “Fixer Upper,” and outdoor activities. Baylor University's \$266 million McLane Stadium, home of the Baylor Bears football team,

**Figure 3. Sector Growth in the Waco HMA, Percentage Change, 2000 to Current**



Note: Current is based on 12-month averages through March 2016.

Source: U.S. Bureau of Labor Statistics

was completed in 2014 and seats 45,000 people. Because it attracts a significant number of visitors during the football season, that influx of visitors has led to the construction of new hotels, restaurants, and shops to provide entertainment for Baylor game-day crowds. Among scheduled or recently completed accommodation construction is the 93-room TownePlace Suites by Marriott, valued at \$10 million, which was completed mid-2015. Two additional hotels currently are under construction. Both the 105-room Home2 Suites by Hilton and the four-story, 99-room Candlewood Suites are expected to be complete in 2016.

The mining, logging, and construction sector also had strong growth during the 12 months ending March 2016, gaining 500 jobs, or 7.7 percent, to total 7,000 jobs. Most of the job gains in that sector were in the construction subsector, with several construction projects under way.

During the 3-year forecast period, nonfarm payroll growth is expected to average 1.0 percent annually. Job growth is likely to be strongest in the mining, logging, and construction, the manufacturing, and the education and health services sectors. The \$600 million Baylor Scott & White Medical Center—Hillcrest hospital expansion that began toward the end of 2014 is expected to employ more than 500 people on completion in 2016. In January 2016 Allergan LLC began construction on a 322,000-square-foot expansion, which, on completion in 2020, is expected to add more than 100 full-time manufacturing jobs. In addition, during the fourth quarter of 2015, Time Manufacturing Co. announced a \$5.8 million expansion that is expected to add 120 jobs during the next 4 years for the production of truck-mounted hydraulic lifts. Table DP-1 at the end of this report provides additional economic and demographic data.

## Population and Households

Since 2000, population growth in the Waco HMA has been fastest during the 2008-to-2010 period, averaging 1.4 percent annually. The population during that period grew at a moderate rate despite the economic downturn because of increased enrollment at Baylor University. By comparison, population growth averaged 0.8 percent annually from 2003 to 2008. The population of the HMA currently is estimated at 264,400, an average annual increase of 1,950, or 0.8 percent, annually since 2010 (Figure 4). Net in-migration was 450

a year, or approximately 23 percent of all population growth during the period (Figure 5). As of July 1, 2014, the city of Waco, which is the county seat for McLennan County, was the most populous city in the HMA, with a population of 130,194, accounting for approximately 50 percent of the HMA population compared with 53 percent in 2000 (U.S. Census Bureau).

Population growth in the HMA varied during the 2000s, with slow growth in the earlier part of the decade and moderate growth during the later



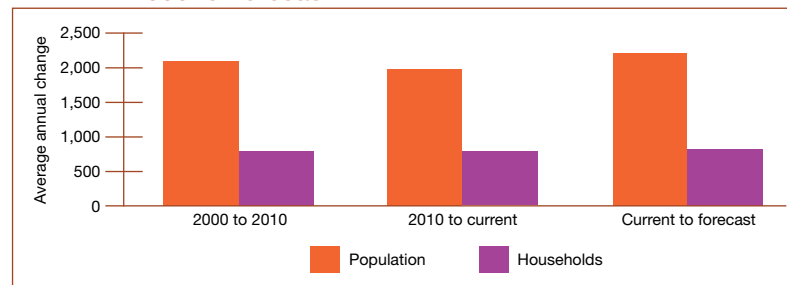
Population and Households *Continued*

years. From 2000 to 2002 the population of the HMA increased by an average of 1,150, or 0.5 percent, annually, with net out-migration averaging 100 people per year (2000 Census; Census Bureau population estimates as of July 1). From 2003

through 2008, when jobs increased modestly, population growth increased to an average of 1,975 people, or 0.8 percent, annually. During those years, net in-migration averaged 600 people a year and accounted for 30 percent of the population growth in the HMA. The population in the HMA continued to grow during the most recent economic downturn. Despite a weak economy from 2008 through 2010, the HMA experienced some of its strongest population growth in recent years, averaging 3,550 people, or 1.4 percent, annually. During that time net in-migration averaged 1,825 people a year, accounting for approximately 51 percent of the population growth, in part because of the expanding student population. Enrollment at Baylor University reached an all-time high in 2015, increasing by more than 500 students, or 3.2 percent, to 16,500 from 2014 compared with an annual increase of 230 students, or 1.6 percent, from 2009 to 2011 and 450 students, or 2.9 percent, from 2012 to 2013. The university expects enrollment to increase by at least 3.0 percent annually during the next 5 years, primarily because of an increase in the number of out-of-state and international students. During the next 3 years, the population of the HMA is forecast to increase by an average of 2,175, or 0.8 percent, annually.

An estimated 97,900 households currently live in the Waco HMA, an average increase of 780, or 0.8 percent, annually since 2010. Renter households have accounted for more than 66 percent of household growth since 2010, causing the homeownership rate to decline slightly to 59.6 percent from 60.9 percent in 2010. Figure 6 shows the number of households by tenure in the HMA. The current rate

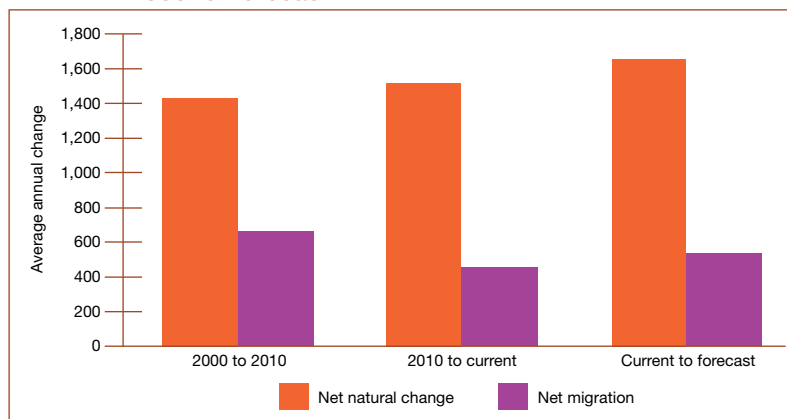
**Figure 4. Population and Household Growth in the Waco HMA, 2000 to Forecast**



Notes: The current date is April 1, 2016. The forecast date is April 1, 2019.

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

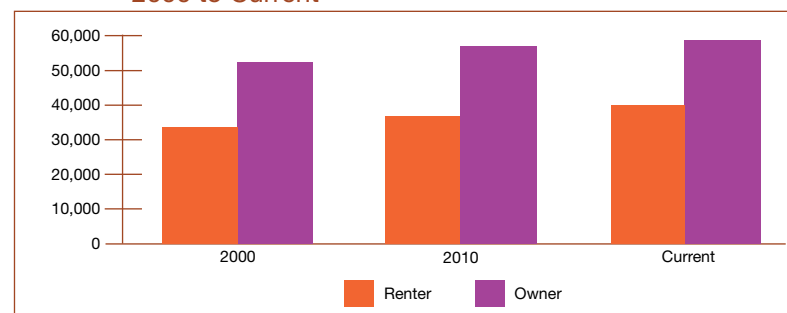
**Figure 5. Components of Population Change in the Waco HMA, 2000 to Forecast**



Notes: The current date is April 1, 2016. The forecast date is April 1, 2019.

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

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



Note: The current date is April 1, 2016.

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

of household growth is down slightly from the rate from 2000 to 2010, when household growth averaged 0.9 percent, mirroring population growth. During the 3-year forecast period, the

number of households is expected to increase by an average of 800, or 0.8 percent, annually. Table DP-1 at the end of this report provides additional demographic data for the HMA.

## Housing Market Trends

### Sales Market

The sales housing market conditions in the Waco HMA are balanced, with an estimated 2.1 percent sales vacancy rate, relatively unchanged from 2.0 percent in April 2010. Recent economic growth contributed to increased demand for new and existing homes (hereafter, homes) and a decline in the rate of seriously delinquent loans (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties. During the 12 months ending March 2016, the number of homes (including single-family homes, townhomes, and condominiums) sold in the HMA increased 8 percent, to 2,575 homes sold, compared with the number sold during the previous 12 months (Real Estate Center at Texas A&M University). The current level of sales exceeds the average of 2,175 homes sold annually from 2004 through 2007, the previous peak period, and is the highest number of sales in the HMA on record. From 2008 through 2011, home sales declined to an average of 2,000 homes sold annually, as the national recession and housing downturn affected the local market. From 2012 through 2015, home sales increased to an average of 2,225 homes sold annually because of improving economic conditions and population

growth. Despite the recent increase in home sales volume, the current homeownership rate in the HMA is estimated at 59.6 percent, down from 60.9 percent in April 2010 because of an increased preference for rental housing, mostly because of an increase in renter households driven by Baylor University students who live off campus.

The national housing crisis did not have a significant effect on home prices in the local market. The average sales price for homes in the HMA increased more than 11 percent, to \$171,900, during the 12 months ending March 2016, compared with prices during the previous 12 months (Real Estate Center at Texas A&M University). Because of increased demand from 2004 through 2007, home prices increased by an average of \$5,800, or 5 percent, annually until reaching \$137,700 in 2007. During 2008, home prices declined by \$6,525, or 5 percent, to an average of \$131,200, as a result of the national recession. The drop in home prices in the HMA was short lived and not very steep compared with declining prices in other parts of the nation; in fact, Texas was one of the first states to recover from the economic downturn. From 2009 through 2015,

## Housing Market Trends

### Sales Market *Continued*

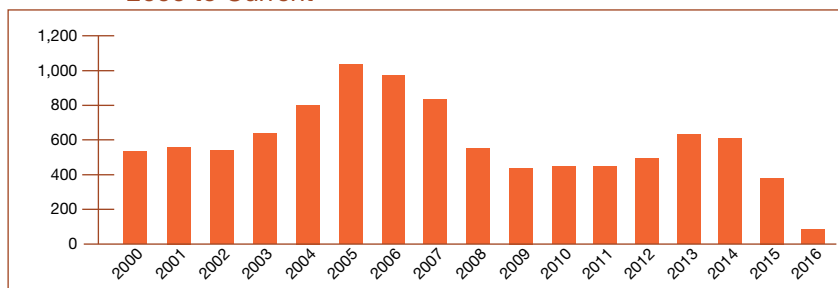
home prices increased nearly 3 percent a year until reaching \$154,600 in 2015. During the 12 months ending March 2016, the available inventory of new and existing homes in the HMA averaged a 3.4-month supply, down from a 5.1-month supply a year ago. The current supply level is lower than the average of 5.3 months that prevailed from 2004 through 2007 and is the lowest level since 2000. In March 2016, 3.8 percent of mortgage loans in the HMA were seriously delinquent or had transitioned into REO status, down from 3.9 percent in March 2015 and down from the peak of 5.9 percent in February 2010 (CoreLogic, Inc.). By comparison, in February 2016, 3.3 percent of mortgage loans in Texas were seriously delinquent or had transitioned into REO status, down from 3.8 percent in February 2015 (CoreLogic, Inc.). During the 12 months ending March 2016, REO sales accounted for 8 percent of all home sales, down from nearly 10 percent during the 12 months ending March 2015 and down significantly from the peak of 13 percent during the 12 months ending May 2013 (Metrostudy, A Hanley Wood Company).

Single-family homebuilding activity in the Waco HMA currently is below levels recorded during the recession and the national housing crisis. New

home construction, as measured by the number of single-family homes permitted, decreased in the HMA during the 12 months ending March 2016 (Figure 7). The number of single-family homes permitted decreased nearly 18 percent, to about 340 homes, compared with 410 homes permitted during the 12 months ending March 2015 (preliminary data). The current level of permitting activity remains below historic averages. An average of 540 homes were permitted annually from 2000 through 2002, and an average of 800 homes from 2003 through 2008, when the sales market was historically strong. From 2009 through 2011, single-family home permitting activity decreased to an average of 440 homes annually in response to the effects of the national recession and the housing crisis. From 2012 through 2014, single-family home permitting activity increased to an average of 570 annually because of relatively strong job growth during the period.

Sales prices for new single-family homes in the HMA start at approximately \$130,000, but the lowest prices are found primarily in the outlying areas. Ongoing developments include Sunflower Ridge, located in the city of Hewitt, with prices starting at \$275,000. An estimated 70 homes are expected to be complete in the development by the end of 2018. The 160-acre Lake Forest is a new master-planned development in the community of Woodway, along the southern shores of Lake Waco. Prices in the development currently start at \$200,000 for 1,800-square-foot homes. The development is expected to eventually consist of 91 homes. To date, 71 homes have been completed, and the remaining homes are scheduled for completion in early 2017.

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



Notes: Includes townhomes. Current includes data through March 2016.

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



## Housing Market Trends

### Sales Market *Continued*

During the next 3 years, demand is expected for 1,550 new homes in the HMA (Table 1). The 100 homes currently under construction and some of the estimated 5,050 other vacant units in the HMA that may reenter the sales housing market will satisfy

a portion of the demand. Demand is expected to remain relatively stable during the 3-year forecast period. An estimated 53 percent of the demand is expected to be for homes priced between \$200,000 and \$299,999 (Table 4).

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
130,000	199,999	260	18.0
200,000	299,999	770	53.0
300,000	399,999	310	21.0
400,000	and higher	120	8.0

*Notes: Numbers may not add to totals because of rounding. The 100 homes currently under construction and a portion of the estimated 5,050 other vacant units in the HMA will likely satisfy some of the forecast demand. Demand for 100 mobile homes during the forecast period is excluded from this table. The forecast period is April 1, 2016, to April 1, 2019.*

*Source: Estimates by analysts*

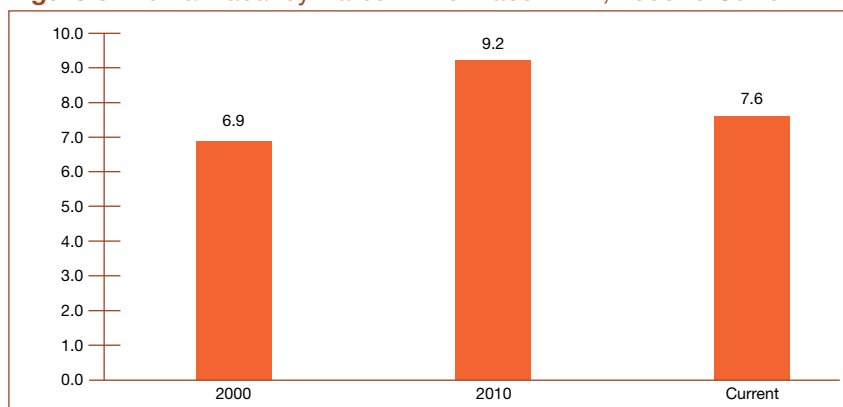
## Rental Market

Rental housing market conditions in the Waco HMA are balanced because of increased rental household formation and decreased multifamily permitting in the late 2000s and early 2010s. The current overall rental vacancy rate is estimated at 7.6 percent, down from 9.2 percent in April 2010 (Figure 8). An estimated 43 percent of rental households in the HMA live in single-family homes, up slightly from 42 percent in 2000. By comparison,

an estimated 34 percent of rental households live in apartments, down from 38 percent in 2000. The apartment market also is balanced. The apartment vacancy rate as of the first quarter of 2016 was 7.0 percent, up from 4.6 percent a year ago and 4.2 percent in 2010 (Reis, Inc.) as a result of an increase in the number of units in lease up. The average asking rent for all apartment units increased by \$31, or 5 percent, to \$720, compared with the rents recorded a year ago. Asking rents for units completed since 2000 are significantly higher, averaging \$1,050.

Student households constitute an estimated 6 percent of all renter households in the HMA. As of 2015, student enrollment at Baylor University was 16,500; of those students, approximately 61 percent resided off campus. The effect of students on the rental market is localized in the downtown Waco area, near the

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



*Note: The current date is April 1, 2016.*

*Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts*

## Housing Market Trends

Rental Market *Continued*

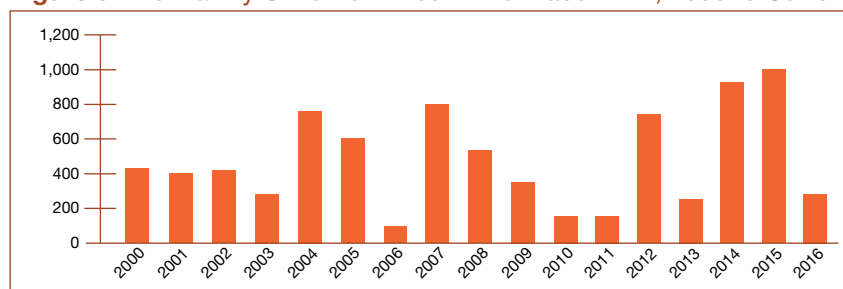
university. The increase in student enrollment at Baylor from 14,780 in 2011 to 16,500 students in 2015 and the growing number of young professionals who work outside the city of Waco and prefer to rent spurred apartment construction in the downtown market area. An estimated 25 percent of the apartments in the downtown area are private-market student housing. The apartment vacancy rate for student housing is estimated at 8.3 percent for units built since 2000, and the average asking rent for those units increased by \$170, or 11 percent, to \$1,779, compared with the average rent during the same period a year earlier. The average rents for student housing in the HMA are \$971, \$1,286, and \$1,755 for one-, two-, and three-bedroom units, respectively (ALN Apartment Data, Inc.). During the past 2 years, multifamily permitting and construction of new apartments catering to the students at Baylor University have increased significantly. Recently completed student housing includes Haven South apartments in Waco, a 250-unit development that opened in early 2016. Haven South, which currently is in lease up, consists of two- and four-bedroom units, with unit rents starting at \$1,530 and \$2,540, respectively. Units are rented by the room to accommodate students. In the pipeline is a \$40 million student housing complex that will accommodate

702 students on completion; the property was approved by the city council, but the completion date is unknown.

Since 2012, multifamily construction activity, as measured by the number of units permitted, has exceeded the previous peak levels from 2004 through 2008 in the Waco HMA (Figure 9). During the 12 months ending March 2016, 1,375 multifamily units were permitted, a 55-percent increase from the 890 units permitted during the 12 months ending March 2015 (preliminary data; analyst's estimates). The increase is primarily the result of expectations that student enrollment at Baylor University will continue to increase. From 2000 through 2003, an average of 380 multifamily units were permitted annually in the HMA. The current level of activity is higher than the average of 560 units permitted annually from 2004 through 2008. From 2009 through 2011, construction activity declined to an average of 220 units annually because of the effects of the economic downturn. From 2012 through 2014, construction activity increased to an average of 640 multifamily units annually, when rental household growth contributed to the absorption of excess units.

Recently completed developments in the HMA include phase 1 of Barron's Branch, a 92-unit, income-restricted, tax-credit project completed in 2015 in the city of Waco. Rents range from \$253 to \$675, \$304 to \$775, and \$353 to \$875 for one-, two-, and three-bedroom units, respectively. The 180-unit The Legend apartments, also completed in 2015, has rents starting at \$995, \$1,099, and \$1,510 for one-, two-, and three-bedroom units, respectively.

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



Notes: Excludes townhomes. Current includes data through March 2016.

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

During the 3-year forecast period, demand is estimated for 1,375 new rental housing units, with demand increasing slightly each year of the forecast period (Table 1). The 850 units

currently under construction will meet a portion of the forecast demand. Demand is expected to be greatest for two-bedroom units in the \$1,200-to-\$1,399 price range (Table 5).

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Waco 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
1,000 to 1,199	410	1,200 to 1,399	490	1,350 to 1,549	110
1,200 or more	70	1,400 to 1,599	60	1,550 to 1,749	95
		1,600 or more	60	1,750 to 1,949	40
				1,950 or more	25
Total	480	Total	610	Total	270

*Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals because of rounding. The 850 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2016, to April 1, 2019. Source: Estimates by analysts*

## Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	106,474	111,219	114,500	0.4	0.6
Unemployment rate	4.2%	7.4%	4.0%		
Nonfarm payroll jobs	108,100	109,300	115,700	0.1	1.1
Total population	232,093	252,772	264,400	0.9	0.8
Total households	85,355	93,194	97,900	0.9	0.8
Owner households	52,140	56,711	58,300	0.8	0.5
Percent owner	61.1%	60.9%	59.6%		
Renter households	33,215	36,483	39,600	0.9	1.4
Percent renter	38.9%	39.1%	40.4%		
Total housing units	92,453	102,848	107,400	1.1	0.7
Owner vacancy rate	1.8%	2.0%	2.1%		
Rental vacancy rate	6.9%	9.2%	7.6%		
Median Family Income	\$42,700	\$51,700	\$51,700	1.9	0.0

*Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2016. Median Family Incomes are for 1999, 2009, and 2014. The current date is April 1, 2016.*

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

## Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census  
 2010: 4/1/2010—U.S. Decennial Census  
 Current date: 4/1/2016—Analysts' estimates  
 Forecast period: 4/1/2016–4/1/2019—Analysts' estimates

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 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 analysts, through diligent fieldwork, make 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\\_WacoTX\\_16.pdf](http://huduser.gov/publications/pdf/CMARtables_WacoTX_16.pdf).

## Contact Information

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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](http://huduser.gov/portal/ushmc/chma_archive.html).