Analysis of the

AUSTIN, TEXAS

HOUSING MARKET

as of June 1, 1967

(A supplement to the January 1, 1966 analysis)

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
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Field Market Analysis Service
Federal Housing Administration
Department of Housing and Urban Development

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section.

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ANALYSIS OF THE AUSTIN, TEXAS, HOUSING MARKET AS OF JUNE 1, 1967

(A supplement to the January 1, 1966 analysis)

Summary and Conclusions

1. Nonagricultural employment averaged 103,400 during the June 1966-May 1967 period, an increase of 6,700 above the average for the June 1965-May 1966 period. The increase was about 54 percent above the 4,300 and 4,400 gains in the previous two years. The three largest employment sources in the area (government, trade, and services) accounted for 80 percent of the nonagricultural employment gain since 1964, and 88 percent of the gain during the last 12 months over the preceding 12-month period. During the June 1, 1967 to June 1, 1969 period, the nonagricultural employment increase is expected to approximate 4,000 workers a year.

   Unemployment in the June 1966-May 1967 period averaged 2,500, 2.3 percent of the work force, the lowest level experienced in the HMA in the 1958-1967 period.

2. The median annual income of all families, after deduction of federal income tax, was $6,325 as of June 1, 1967; the median annual after-tax income of all renter households of two or more persons was $4,400. By 1969, the median annual after-tax incomes are expected to increase to $6,650 for all families and $4,625 for renter households.

3. As of June 1, 1967, the population of the Austin HMA was approximately 274,500, representing a gain of about 14,500 persons since January 1, 1966, an average gain of about 10,200 a year. During the next two years, the total population gain is expected to approximate 8,850 a year.

4. As of June 1, 1967, there were about 76,750 households in the HMA, including 7,100 student households, 2,650 military-connected households, and 67,000 nonstudent, nonmilitary-connected households. The number of households increased 4,350 between January 1, 1966 and June 1, 1967. Based on continued strong gains in employment and population increases, there are expected to be 82,000 households in the HMA by June 1, 1969, representing an increase of 2,625 during each of the next two years.

5. As of June 1, 1967, there were about 83,450 housing units in the Austin HMA, representing a net increase of 4,300 units, 3,025 annually, since January 1, 1966. This net gain resulted from the addition of about 4,750 new housing units and the loss of some 450 units through demolitions and other inventory changes. As of June 1, 1967, there were about 1,600 housing units under construction in the Austin HMA, including 500 single-family houses and 1,100 multifamily units.

6. As of June 1, 1967, there were about 975 vacant housing units available for sale, representing a homeowner vacancy ratio of 2.1 percent, and approximately 2,525 vacant units available for rent, reflecting a renter vacancy ratio of 7.5 percent. Both the homeowner and renter vacancy ratios declined during the past 17 months, from 2.6 percent and 7.7 percent, respectively, as of January 1, 1966.

7. The volume of privately-owned additions to the housing supply that will meet the requirements of anticipated growth during the next two years and result in a balanced demand-supply relationship, in the market averages 2,200 units annually. Of the annual total, 1,200 units represent demand for single-family houses and 1,000 units represent demand for multifamily units, including 250 privately-owned rental units that can be absorbed annually at the lower rents achievable with below-market-interest-rate financing or assistance in land acquisition and cost. The demand for multifamily units during the two year period is significantly restrained by the prospective completion of some 3,750 additional dormitory spaces at the University of Texas. Demand for new single-family houses by price ranges is expected to approximate the pattern indicated on page 19. Annual demand for new multifamily units by monthly gross rent and unit size is expected to approximate the distribution shown on page 19. The estimates do not include demand for public low-rent housing or rent-supplement accommodations.

ANALYSIS OF THE AUSTIN, TEXAS, HOUSING MARKET AS OF JUNE 1, 1967

(A supplement to the January 1, 1966 analysis)

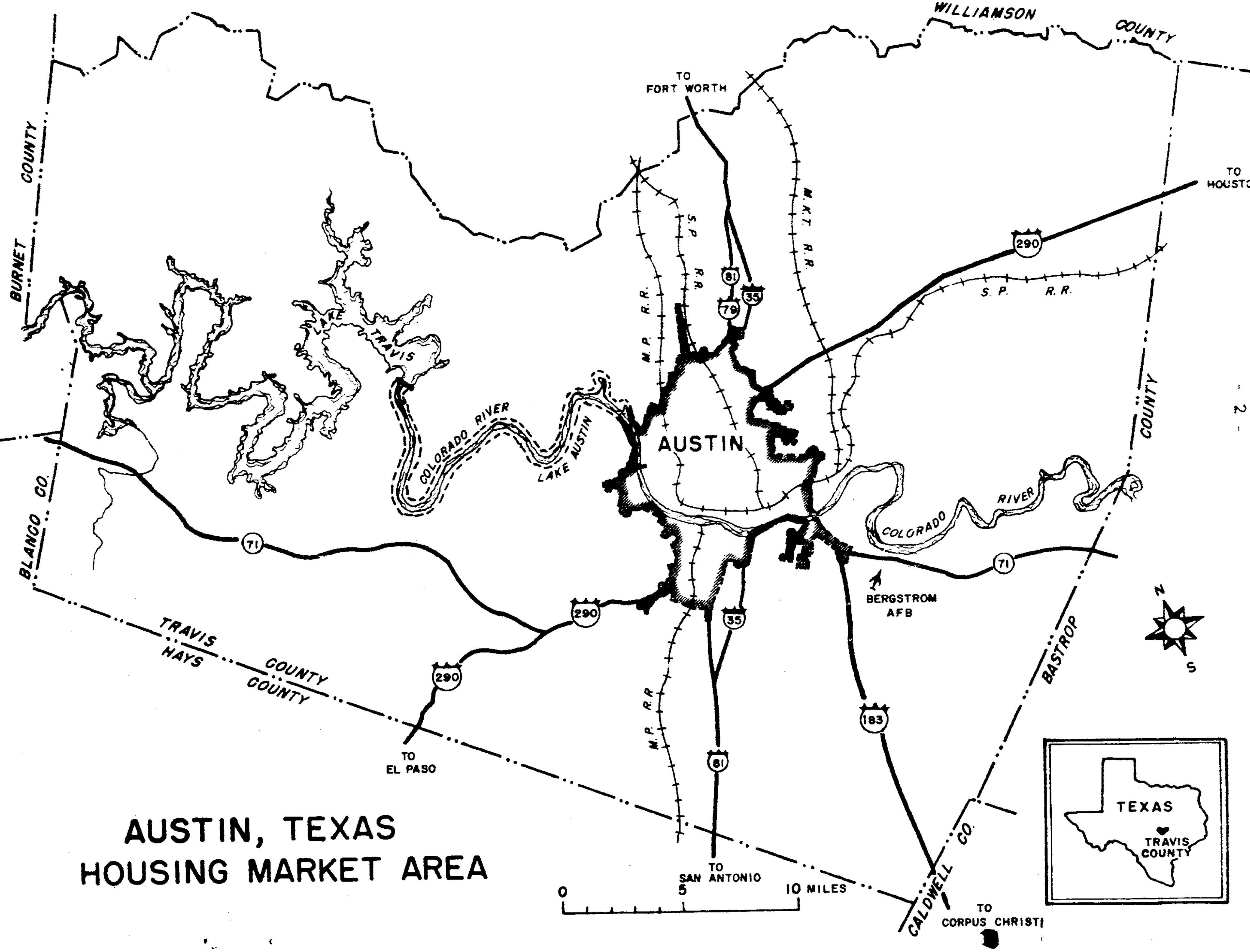
Housing Market Area

The Austin, Texas Housing Market Area (HMA) is coterminous with Travis County, which had a population of 212,100 in April 1960.[1/] As defined, the HMA is identical with the Austin Standard Metropolitan Statistical Area (SMSA) and with the Austin Labor Market Area. Austin is the county seat and only major city in Travis County and, in April 1960, it accounted for almost 90 percent of the total population in the HMA. In addition, there are five small incorporated communities within Travis County, none of which had a population exceeding 1,000 persons in 1960.

Austin is located southeast of central Texas 160 miles west of Houston and about 200 miles southwest of the Dallas and the Fort Worth metropolitan areas. Other metropolitan areas in proximity to Austin are San Antonio (75 miles southwest) and Waco (100 miles northeast).

Growth of the city has occurred primarily north of the Colorado River (see map on page 2); the north and west sections of Austin have become the preferred residential areas. In the past few years demand for housing south of the river has been stimulated by the location and expansion of the Internal Revenue Service and Veterans Administration centers on Interstate 35 south. A plant for a major jewelry manufacturing company is under construction in this area.

1/ Inasmuch as the rural farm population of the Austin HMA constituted less than three percent of the total population in 1960, all demographic and housing data used in this analysis refer to the total of farm and nonfarm data.



AUSTIN, TEXAS
HOUSING MARKET AREA

Economy of the Area

Character and Recent History

Austin, the capital of Texas and the site of the University of Texas, is the center of government and educational activities in Texas. State functions continue to increase and to require more workers, local government employment has increased in line with additional services required by the local population growth and the expanding economy of the Austin area. New construction valued at more than $50 million is underway at the University of Texas; student enrollment has increased significantly each year. In addition, Federal government activities and light industry have increased significantly in the past few years. The Internal Revenue Service (IRS) regional computer center has become one of the largest in the nation.

Employment

Current Estimate and Recent Trend. Nonagricultural employment in the Austin HMA averaged 103,400 during the 12-month period ending in May 1967, as reported by the Texas Employment Commission. Nonagricultural employment of 103,400 included 87,900 wage and salary workers and 15,500 self-employed, domestic, and unpaid family workers. The average employment level of 103,400 for the 12 months ending May 1967, represented a gain of 6,700, 6.9 percent, over the monthly average of 96,700 during the twelve-month period ending in May 1966. This employment increase was the highest recorded in the area since estimates have been made. As reflected by the following table, the increase each year since 1964 was quite substantial.

Trend of Nonagricultural Employment
In the Austin, Texas, HMA 1964-1967

Year	Average monthly employment	Average annual change	
		Number	Percent
1964	91,200	-	-
1965	95,600	4,400	4.8
1966	99,900	4,300	4.5
12 mos. ending:			
May 1966	96,700	-	-
May 1967	103,400	6,700	6.9

Source: Texas Employment Commission.

Manufacturing employment accounted for only seven percent of total nonagricultural employment in the area in the 12 months ending May 1967, about the same proportion as in 1964 and 1965. Employment in manufacturing averaged about 7,100 during the year ending in May 1967, up about 300 from the comparable period ending in May 1966 and about 700 from 1964. As reflected in table II, the two largest manufacturing industries are food products, and printing and publishing. These two groups accounted for about 43 percent of the gain in manufacturing employment since 1964, and one-third of the gain from the June 1965-May 1966 period. The transportation equipment industry accounted for about 29 percent of the gain since 1964, and one-third of the gain from the 1965-1966 period.

Nonmanufacturing employment was responsible for 11,500 of the total gain of 12,200 in nonagricultural employment during the 1964-1967 period. Although all major nonmanufacturing industries showed gains, the three largest employment sources in the Austin HMA (government, trade, and services) accounted for over 84 percent of the nonmanufacturing employment gain since 1964, and 92 percent of the gain over the June 1965-May 1966 period. Since 1964, the gains were 4,000 in government, 2,900 in wholesale and retail trade, and 2,800 in services. Government employment during the last 12-month period accounted for almost 35 percent of total nonagricultural employment, trade for almost 22 percent, and services for about 17 percent.

Government employment averaged 36,000 in the June 1966-May 1967 period. Federal government employment averaged 4,500 and state and local government averaged 31,500, up 1,900 and 2,100, respectively, since 1964. The major contributors to the federal employment increase were the Internal Revenue Service and Veterans Administration centers, and recently, Bergstrom AFB. A sizable portion of the state and local government employment gain during the 1964-1967 period is attributed to expansion of the University of Texas, the largest single employer in the area. In 1967, almost 9,500 persons were employed at the University of Texas, up almost 700 from a year ago. A major portion of the gain in state government employment during the past year was attributed to the state legislature which employed approximately 1,000 additional workers while in session in 1967; the legislature meets every two years. Trade and service employment has increased rapidly in the past few years, a reflection of the large gains in government employment and in enrollment and employment at the University of Texas.

Military Establishment. Bergstrom Air Force Base, located southeast of Austin, changed mission from a Strategic Air Command base to a Tactical Air Command base as of January 1, 1967. Bergstrom AFB now serves as the headquarters for the 75th Tactical Reconnaissance Wing, and will serve as the headquarters for the 12th Air Force and the 602nd Tactical Control Group. The last personnel of the 12th Air Force are scheduled to be transferred from Waco to Austin in the summer of 1968, upon completion of a 123,200 square foot headquarters building.

The latest military strength figure provided by Bergstrom AFB indicates a military complement of about 4,600 as of June 1, 1967, a gain of about 900 since January 1967. The increase resulted from the transfer from a SAC to a TAC installation and to increased navigator training attributable to the Viet Nam buildup.

Civil service employment at Bergstrom AFB was reported at 435 as of June 1, 1967, a gain of almost 80 over December 1964, but 23 below the December 1966 peak of 458. Projected missions for Bergstrom AFB for the next two years indicate an increase of about 250 in the assigned military complement and no significant change in the number of civil service personnel.

Unemployment

Unemployment in the Austin HMA decreased each year from 1964 to 1967 to an average of 2,500 in the June 1966 to May 1967 12-month period, or 2.3 percent of the civilian work force (see table I). There were 2,800 workers unemployed in the area in the average month during the June 1965-May 1966 period, which represented 2.8 percent of the work force. The June 1966-May 1967 rate was the lowest experienced in the area in the 1958-1967 period.

Future Employment Prospects

Prospects are good for continued substantial gains in employment in the area. An IRS school for training up to 3,000 persons a year from eight states is to be established soon near the IRS computer center. Facilities are to be completed in 1968 for the Veterans Administration regional data processing center, also near the IRS center. Construction activity, military strength, and civilian employment are increasing at Bergstrom Air Force Base. New light industries to be established in the area during the next two years include a jewelry manufacturing company and a plant for the production of cold-type equipment for offset printing. A chemical research organization that also manufactures medical and industrial instruments will expand its facilities significantly, and several other research and scientific firms will expand.

Based on employment trends presented in this analysis and on information from local sources concerning future employment prospects, nonagricultural employment in the Austin HMA is expected to increase by about 4,000 annually during the next two years. Most of the employment gains are expected to occur in nonmanufacturing industries but, predicated on employment expected at the plant of the new jewelry manufacturing company and initial employment of several hundred at the new cold-type equipment plant, along with moderate gains in other manufacturing activities, manufacturing employment is expected to increase quite substantially. Gains of 600 jobs a year in manufacturing are probable, significantly above those in recent years.

Government, the major contributor to employment increases in the Austin area, will continue to supply a large part of the new jobs, Federal government employment gains are expected to be led by increases at the VA Regional Center and the IRS computer and regional training center. State and local government employment gains are expected to result from increased enrollment at the University of Texas and from expanding services performed by the State and local governments. Increases in manufacturing employment, government employment, and increased student enrollment at the university are expected to result in significant increases in trade and service employment. Some stimulus to employment gains in trade and services is expected from increased tourism resulting from the proximity of the LBJ ranch and from San Antonio's Hemis Fair '68.

Income

Family Income. As of June 1, 1967, the median annual money income, after deduction of federal income tax, of all families in the Austin HMA was about $6,325, and the median after-tax income of renter households of two or more persons was approximately $4,400. About 28 percent of all families received after-tax incomes of less than $4,000 and one-fifth received more than $10,000 a year. By 1969, median after-tax incomes in the Austin HMA are expected to increase to $6,650 for all families and to $4,625 for all renter households of two or more persons. By 1969, about 42 percent of all renter households of two or more persons will have annual after-tax incomes of less than $4,000 and nine percent will have annual after-tax incomes of $10,000 or more (see table III).

Demographic Factors

Population

Current Estimate. As of June 1, 1967, the population of the Austin HMA totaled about 274,500, an increase of 14,500 (almost six percent) since January 1, 1966, the date of the last market study. The January 1966-June 1967 gain represented an average annual increase of 10,200, 3.9 percent. The average annual increase during the January 1966-June 1967 period was almost 23 percent above the average annual gain during the April 1960-January 1966 period. Approximately 90 percent of the total population, about 247,000 persons, resided within the city of Austin.

University Population. Based on preliminary enrollment data, an estimated 29,900 students attended the University of Texas during the 1966-1967 session, an increase of about 1,100 over the 1965-1966 session. The enrollment increase in the past year was half the average enrollment increase of almost 2,200 a year during the preceding two years, but exceeded the average enrollment gain of about 1,050 during the 1960-1963 period.

Military-Connected Population. As of June 1, 1967, the military-connected population[1/] of the Austin HMA totaled about 11,100, an increase of 1,800 (19 percent) since January 1, 1966. The January 1966-June 1967 gain represented an average annual increase of 1,275.

Nonstudent, Nonmilitary-Connected Population. About four of each five of the increase in total population between January 1966 and June 1967 was nonstudent, nonmilitary-connected. As of June 1, 1967, that segment of the HMA population totaled about 233,500, an increase of 11,600 (five percent), or 8,150 annually, since January 1966. As of June 1967, approximately 85 percent of the total population was nonstudent, nonmilitary-connected. Population changes in the Austin HMA since January 1966 are shown in the following table.

1/ Uniformed military personnel, civilian workers employed by the military, and their dependents.

Changes in Population
Austin, Texas, Housing Market Area
January 1, 1966-June 1, 1969

Population segment	January 1966	June 1967	June 1969	Average annual change Jan. 1966-June 1967	Average annual change June 1967-June 1969
Total population	260,000	274,500	292,200	10,200	8,850
Student enrollment	28,800	29,900	32,000	775	1,050
In households	16,500	18,000	20,000	1,050	1,000
Nonhousehold	12,300	11,900	12,000	-275	50
Military connected	9,300	11,100	11,700	1,275	300
In households	7,600	8,600	9,000	700	200
Nonhousehold	1,700	2,500	2,700	575	100
Other population	221,900	233,500	248,500	8,150	7,500
In households	210,600	222,000	239,500	8,025	8,750
Nonhousehold	11,300	11,500	12,300	125	400

Source: Estimated by Housing Market Analyst.

Nonhousehold Population. Persons living in institutions, sorority and fraternity houses, dormitories, rooming houses, and barracks accounted for almost all of the population in group quarters (non-household population) in the Austin HMA. As of June 1967, there were about 25,900 persons living in such quarters, including 11,900 students, 2,500 military, and 11,500 other nonhousehold persons.

The number of both university-owned and privately-owned apartment units has increased since January 1966. Many rooming and boarding houses in central Austin were removed for the construction of new apartments, university buildings, and state office buildings. Therefore, the nonhousehold student population declined from 12,300 to 11,900 during the January 1966-June 1967 period. Table V shows the decline in non-household student population and the increase in the number of students in apartments; the trends were, in part, a reflection of a change of university policy permitting occupancy of unsupervised apartments by undergraduates.

Nonhousehold military-connected population increased from 1,700 to 2,500 during the January 1966-June 1967 period, a result of military strength increases at Bergstrom AFB. Other nonhousehold population increased slightly during the 1966-1967 period, as reflected in the above table.

Future Population. By June 1, 1969, the population of the Austin HMA is expected to reach 292,200. This increase would represent a gain of 17,700 persons above the June 1967 population, an increase of 8,850 annually. The projected growth is lower than the average annual gain of 10,200 in the January 1966 to June 1967 period, but is higher than the average annual increase of 8,325 in the 1960-1966 period. The projected growth in population over the next two years reflects a small increase in military personnel and their dependents, the expected enrollment increase of about 2,100 at the University of Texas, and a continuing increase in employment. As was true during the January 1966-June 1967 period, the bulk of the population growth is expected to occur in the nonstudent, nonmilitary-connected segment of the population because of continued expansion in government, trade, and service industries and in research, development, and production of electronic components and scientific instruments; these activities are expanding because of the location of the University of Texas in Austin.

Households

Current Estimate. As of June 1, 1967, there were 76,750 households (occupied dwelling units) in the Austin HMA. Since January 1966, when there were 72,400 households in the HMA, households have increased by 4,350 (six percent), or about 3,075 annually. This rate of growth was almost one-third above the average annual gain of 2,325 during the 1960-1966 period.

Student Households. As of June 1967, there were about 7,100 undergraduate and graduate student households in the HMA, an increase of 450 (seven percent) over the 6,650 student households in January 1966, as indicated on page 10. This gain in students living in households and the shift in the type of quarters occupied by students can be seen in table V.

Military-Connected Households. On the basis of the family housing surveys conducted by Bergstrom AFB, there were an estimated 2,650 military-connected households in the HMA as of June 1967, including approximately 2,300 military-connected households and about 350 military-connected civilian households. During the January 1966-June 1967 period, military-connected households increased about 300 (13 percent), about 210 annually.

Nonstudent, Nonmilitary-Connected Households. As of June 1, 1967, nonstudent, nonmilitary-connected households totaled about 67,000, and represented 87 percent of the total households in the HMA. From January 1966 to June 1967, nonstudent, nonmilitary-connected households increased by 3,600 (almost six percent), about 2,550 a year as shown in the following table.

Changes in Households
Austin, Texas, Housing Market Area
January 1, 1966-June 1, 1969

Household segment	January 1966	June 1967	June 1969	Average annual change Jan. 1966-June 1967	Average annual change Jan. 1967-June 1969
Total households	72,400	76,750	82,000	3,075	2,625
Student	6,650	7,100	7,750	315	325
Military-connected	2,350	2,650	2,750	210	50
Other	63,400	67,000	71,500	2,550	2,250

Source: Estimated by Housing Market Analyst.

Household Size Trends. The average number of persons per household in the Austin HMA was about 3.24 as of June 1967, about the same as in January 1966, but down somewhat from 3.25 persons in 1960. The increasing number of student households (typically small in size) has contributed to the decline in household size. A further slight decline in the average size of households is expected during the next two years.

Future Household Growth. Projected employment and economic gains, increasing student enrollment at the University of Texas, and increased military strength at Bergstrom AFB will support an increase of about 2,625 households a year during the two-year period ending June 1, 1969. By June 1969, there should be 82,000 households in the Austin HMA, including 7,750 student households, 2,750 military-connected households, and 71,500 other households. The projected average annual growth is slightly below the 1966-1967 average gain of 3,075 households annually. Increases in the number of student households are expected to exceed comparable increases during the January 1966-June 1967 period, whereas military-connected household increases will be below gains during the 1966-1967 period, when Bergstrom AFB changed from a SAC to a TAC installation. The number of "other" households will increase by about 2,250 a year, slightly below the rate of gain in the last 18 months.

Housing Market Factors

Housing Supply

Current Estimate and Past Trend. As of June 1, 1967, there were approximately 83,450 housing units in the Austin HMA, a net increase since January 1, 1966 of about 4,300 housing units (five percent), or 3,025 annually. The net increase of 4,300 housing units resulted from approximately 4,750 units added through new construction and conversions and the loss of some 450 units through demolitions, mergers, and changes in use. During the past 17 months, both new construction and demolitions were up sharply over the April 1960-January 1966 period.

As shown in table IV, there were about 79,150 housing units in the HMA as of January 1, 1966, indicating a net gain during the April 1960-January 1966 period of about 2,375 units annually. The average annual increase of 3,025 in the January 1966-June 1967 period exceeded the average annual increase in the 1960-1966 period by about 27 percent, primarily because of the completion of a large number of apartment units since January 1, 1966.

Residential Building Activity

Annual Volume. Building activity in the Austin HMA, as measured by building permits issued, was up sharply in 1966 over 1965. A total of 3,381 units were authorized in 1966 and 2,519 units were authorized in 1965. Units authorized during the first five months of 1967, however, totaled only 1,695, almost seven percent below the first five months of 1966. The sharp increase in construction between 1965 and 1966 and the subsequent decline during the first five months of 1967 can be attributed to changes in the number of multifamily units authorized. Over 98 percent of all units authorized by building permits since 1960 were in the city of Austin.

Single-family units authorized totaled 784 during the first five months of 1967, up 31 percent from the first five months of 1966. During 1966, only 1,150 single-family units were authorized, down almost one-fifth from the average of 1,425 for the 1960-1965 period, which included a peak of 1,585 single-family units in 1964. Single-family construction in early 1967 was about equally divided among three major areas of the HMA.

Multifamily units authorized peaked at 2,231 units in 1966, up from 1,274 units in 1964, and from an average of about 1,150 units during the 1960-1965 period. During the first five months of 1967, permits were issued for 911 multifamily units, down from 1,215 during the first five months of 1966. Although down one-fourth from the comparable period in 1966, the volume of multifamily units authorized during the first five months of 1967 was sharply above the total number of multifamily units that were permitted in 1960 and in 1961. Of 1,356 multifamily units surveyed in April 1967 that had been completed one year or less, about 30 percent had been built south of the Colorado River, 20 percent in the central area, and 28 percent north of 8th Street.

Units Under Construction. On the basis of building permit data and the postal vacancy survey conducted in June 1967, it is estimated that as of June 1, 1967, there were about 1,600 housing units under construction in the HMA. The total included about 500 single-family houses and some 1,100 units in multifamily structures. Most of these new units were being built in the city of Austin.

Tenure of Occupancy

As of June 1, 1967, about 45,500 units (59.3 percent of the occupied housing inventory) in the Austin HMA were owner-occupied and 31,250 were renter-occupied (see table IV). The slight shift from owner-occupancy to renter-occupancy that was evident during the 1960-1966 period continued during the January 1966-June 1967 period. This shift is attributed to the construction of a large number of apartment units, the recent increase in military-connected households, and the increase in the number of student households both married couples and single students who form households; the large majority of such households are renters.

Vacancy

Postal Vacancy Survey. A postal vacancy survey conducted in the Austin HMA on June 12, 1967 covered 78,000 possible residential deliveries (excluding trailers), about 94 percent of the housing supply. The survey reported 4,199 vacant units, 5.4 percent of all units surveyed. Of the total vacant units, 1,875 were vacant residences, a vacancy ratio of 3.0 percent, and 2,324 were apartments, indicating an apartment vacancy ratio of 16.0 percent. An additional 1,975 units, 648 residences and 1,327 apartments, were reported to be under construction. Units under construction were not classified as vacant. The results of the survey are presented in detail in table VI.

An earlier postal vacancy survey was conducted in the area on December 17, 1965. That survey reported over 74,500 possible deliveries, of which 3,442 (4.6 percent) were vacant. The vacancies included 2,328 residences, a vacancy ratio of 3.8 percent, and 1,114 vacant apartments, a vacancy factor of 8.4 percent. At the time of the December 1965 survey, 349 residences and 688 apartment units were reported under construction.

A comparison of the two surveys indicates that the over-all vacancy factor increased from 4.6 percent in December 1965 to 5.4 percent in June 1967. Although the vacancy ratio for residences decreased from 3.8 percent to 3.0 percent, the vacancy rate in the apartment category increased sharply from 8.4 percent to 16.0 percent. The bulk of the increase in apartment vacancies is attributed to the fact that the June 1967 survey was conducted after the close of the 1966-1967 long session at the University of Texas. It is also noted that a large number of new apartment units became available in the spring of 1967 after most university students were already housed. Lowest vacancy rates in the December 1965 and June 1967 surveys were in the area served by the East Austin Station. In the East Austin area, the June 1967 survey reported a 2.5 percent residential vacancy rate, and an 8.7 percent apartment vacancy factor.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure.

Current Estimate. Based on the results of the postal vacancy survey and other vacancy data and on personal observation in the HMA, it is judged that there were about 3,500 vacant housing units available for sale or rent as of June 1, 1967, a net available vacancy ratio of 4.1 percent. Of the available vacancies, 975 were for sale and about 2,525 were for rent, representing homeowner and renter vacancy ratios of 2.1 percent and 7.5 percent, respectively. Of the available vacancies, approximately 925 sales units and 2,250 rental units were judged to have all plumbing facilities. These vacancy estimates reflect the situation which prevailed prior to the end of the long session at the university. As the Postal Vacancy Survey indicates, the apartment vacancy rate increases substantially during the summer session. The more than 7,000 student households in the area result in high seasonal vacancies and a high turn-over rate.

As shown in table IV, both the homeowner and renter vacancy ratios declined from the January 1966 levels. The renter vacancy ratio decreased only slightly, from 7.7 percent in January 1966 to 7.5 percent as of June 1, 1967. The homeowner vacancy ratio declined at a greater rate, from 2.6 percent to 2.1 percent from January 1966 to June 1967. Although both the homeowner and renter vacancy ratios declined during the past 17-month period, these ratios reflect a slight excess of vacancies in both the sales and rental markets as of June 1, 1967.

Sales Market

General Market Conditions. The market for single-family sales housing in the Austin HMA has strengthened somewhat during the past 17-month period. Although the ratio of unsold speculative houses to houses completed increased from about 18 percent of 1965 completions to 21 percent of 1966 completions, the homeowner vacancy ratio declined during the period from 2.6 percent to 2.1 percent and the postal vacancy surveys reflect a decrease in vacancies in both existing and new residences from January 1966 to June 1967. Reports from the Multiple Listing Service of the Austin Board of Realtors indicate a sharp increase in 1966 in the ratio of sales to units processed as compared with the 1964-1965 period. Some 1,250 MLS sales were reported in 1966, up from an average of about 850 in the 1964-1965 period. Single-family construction in the HMA increased significantly during the first five months of 1967 with no significant change apparent in the number unsold.

Speculative Construction. As reported by the unsold inventory survey conducted by the San Antonio FHA Insuring Office in January 1967, speculative construction in 1966 accounted for 70 percent of all completed sales houses counted. Substantially all single-family building was covered by this survey. Speculative construction accounted for about half of the completions priced at $25,000 and over, for about three-fourths of those priced from $15,000 to $24,999, and for about four-fifths of those under $15,000.

Unsold Inventory of New Homes. The results of the January 1967 unsold inventory survey, which counted new homes in all subdivisions in the HMA in which five or more sales houses were completed in the preceding 12 months, are presented in table VII. The survey reported that 1,141 houses were completed in 1966, of which 347 (30 percent) were pre-sold (sold prior to start of construction) and 794 (70 percent) were built speculatively. Of the 794 units built speculatively, 166 remained unsold as of January 1, 1967, representing 21 percent of the speculative construction volume. Unsold-to-completion ratios were lowest in price classes under $12,500 and above $25,000.

The greatest activity in 1966 took place in the $15,000 to $20,000 price range which accounted for 35 percent of all completed homes; the $20,000 to $25,000 range accounted for 24 percent of the completions. These price ranges also included the highest unsold ratios--22 percent and 27 percent, respectively. The $10,000 to $15,000 range had almost one-fifth of all completions, and about 12 percent were priced at $30,000 and over.

Rental Market

General Market Conditions. Although the rental market in the Austin HMA was considered somewhat soft in January 1966, the large volume of new multifamily construction during the past 17 months has been absorbed for the most part and suggests an increased rate of demand for apartments. In spite of the increased rate of new multifamily construction during the recent period, the rental vacancy rate declined slightly, from 7.7 percent in January 1966 to 7.5 percent as of June 1, 1967.

The increased rate of multifamily completions in the spring of 1967 required a longer period to attain initial occupancy than previously, which was attributed (in part) to the fact that most university students were housed for the current term, and in part to the large volume of multifamily units coming on the market. An absorption survey in April 1967 of 60 newer projects with an aggregate of over 2,200 apartment units reflected a vacancy rate of about 13.5 percent. A comparable vacancy survey conducted in January 1966 of 31 projects with over 1,000 units reflected a vacancy rate of 9.1 percent. Construction and planning of new multifamily housing appears to be progressing quite rapidly. Approximately 1,100 multifamily units were under construction as of June 1, 1967, and some 1,000 units were reported by mortgagees as being planned for construction, including 100 units of rent-supplement accommodations.

New Multifamily Housing. As indicated in table VIII, new multifamily units in the HMA that have been exposed to the market for over one year have been absorbed, for the most part. Of 851 units over one year old in April 1967, about 6.3 percent were vacant; 11.6 percent of the 1,089 units three months to one year old were vacant, and about 44 percent of the 267 units less than three months old were vacant. In both the units over one year old and over three months old, lowest vacancy rates were found in the central area and north of 38th Street, areas readily accessible to the University of Texas and the state office complex. Higher vacancy rates, 7.3 percent and 14.6 percent, respectively, were found in the east area and in the area south of the river, 8.9 percent and 21.0 percent, respectively.

Based on market absorption data for the Austin HMA for the 1966-1967 period, efficiency units and one-bedroom units have been absorbed readily. Typically, two- and three-bedroom units have required a moderately longer period to attain initial occupancy. The April 1967 survey indicated a vacancy rate of 1.9 percent in efficiency units, 4.3 percent in one-bedroom units, and 11.6 percent in two-bedroom units over one year old (see table VIII). Gross monthly rents generally range from about $110 to $140 for one-bedroom units and from about $130 to $160 for two-bedroom units, with three-bedroom and efficiency units competitively priced depending on design appeal, location, and amenities offered. Summer rates may range 10 percent to 20 percent below fall and winter rates, when student demand is strongest.

Urban Renewal Activity

In June 1967, there were six urban renewal projects in the HMA, all of which were in the city of Austin.

The Kealing Urban Renewal Project is located in a residential section of east Austin. In June 1967, about 24 more units were yet to be demolished. The predominant re-use of the area will be residential, with park and playground areas. About two-thirds of the improvements are in place; it is expected that the project will be substantially completed in 1968. About 100 units of rent-supplement housing are planned.

The Glen Oaks Urban Renewal Project is now in execution. Redevelopment is underway, and about 200 to 250 housing units are to be demolished by June 1969. Redevelopment outside the flood plain is to be residential and commercial, including a shopping center.

The Brackenridge Urban Renewal Project involves the area around Brackenridge Hospital, i.e., from 10th Street on the south to 19th Street on the north, and San Jacinto on the west to Interstate 35 on the east. About $3.5 million has been spent on expansion of the Brackenridge Hospital. Cleared land, involving demolition of about 75 housing units during the next two years, is to be utilized by the University of Texas, the state capital complex, and private redevelopers for allied medical and health facilities.

The Blackshear Urban Renewal Project is in the survey and planning stage. The primary objective of this project is residential redevelopment; almost total clearance is expected.

The University East Urban Renewal Area is bounded by 19th Street on the south, Wahrenberger Street on the north, Swisher on the east, and Red River on the west. The area is to be cleared for redevelopment by the University of Texas. About 53 families and some 1,100 students reside in the area. A survey and planning application has been submitted.

The Capital East General Neighborhood Renewal Area includes the Glen Oaks Project. The second project survey and planning application is to be submitted in about eight months. The main part of the area is to extend from 7th Street on the south to Oak Springs on the north, and from Airport Boulevard on the east to Thompson and Webberville Road on the west. The primary objective of this project is to provide a ponding area for Boggy Creek and to rehabilitate existing single-family units in the area. Little acquisition is expected.

Military Housing

As of June 1967, there were 584 military-controlled housing units at Bergstrom AFB, representing less than one percent of the HMA housing inventory. All units were on base, all were occupied or assigned, and all were classified as adequate family quarters.

Student Housing

The University of Texas has 200 air-conditioned apartments (first occupied in 1966), 567 apartments without air-conditioning, and 52 trailer park spaces. In addition, there are spaces for 1,310 men and 1,069 women in university-owned residence halls. There are 12 cooperative residences, each with a capacity of from 17 to 32 women. A residence hall under construction will be available in 1969 for 1,400 men and 1,600 women.

The University Inn, a privately-owned apartment providing room-board type accommodations for 750 students (60 percent women and 40 percent men) is under construction. The types of residences reported occupied by students during the 1965-1967 period are shown in table V.

Public Housing

Excluding military-controlled housing and university-owned family housing, there are 1,050 units of public housing in the Austin HMA. Included are 196 units for the elderly that attained initial occupancy in 1967. All units are located in Austin. Vacancies in the projects are quite low. Land is to be acquired for an additional 300 units on the east side. This project will involve relocation of about 90 to 100 families.

Demand for Housing

Quantitative Demand

Demand for additional housing in the Austin HMA during the two-year period ending June 1, 1969 is based on a projected level of household growth of 2,625 annually, on the net number of housing units expected to be lost by demolition, conversion, fire, and other inventory changes, and on the need to reduce vacancies in some segments of the market to levels that reflect a balanced demand-supply relationship. Consideration also is given to the current tenure of occupancy, to the continuing trend from owner-occupancy to renter-occupancy, and to the potential transfer of single-family houses from the sales inventory to the rental inventory. Giving consideration to these factors, an annual demand for an additional 2,200 privately-owned housing units is projected during the next two years. The annual total includes 1,200 single-family units and 1,000 multifamily units, including 250 privately-owned multifamily units a year that probably can be absorbed only if provided at the lower rents achievable by use of public benefits or assistance in land acquisition and cost or in financing. This demand estimate does not include public low-rent housing or rent-supplement accommodations.

The forecast annual demand for 1,200 single-family houses is equal to the average number authorized in 1965 and 1966, but is below the 1,585 units authorized in 1964. The projected annual demand for 1,000 multifamily units represents a significant reduction from the 2,230 units authorized in 1966; it is also below the average of 1,330 units a year authorized in 1964 and 1965, and it is substantially below the annual rate of 2,184 units authorized during the first five months of 1967. The lower projected demand estimate reflects the need for a reduction in the level of vacancies, both during the months that the university is in regular session and during the summer months, when vacancies in apartments rise seasonally. It anticipates that during the second year of the forecast period the 3,750 additional dormitory spaces that are being provided will greatly reduce the demand for apartments by student households. Because of these circumstances, the rate of absorption of new apartment units should be observed carefully, particularly after the 1967-1968 session of the university begins.

Qualitative Demand

Single-family Housing. The distribution of the annual demand for 1,200 single-family houses during the next two years is expected to approximate the pattern presented in the following table. The distribution is based on the capacity to pay, as measured by current family income after tax and the ratios of sales price to income typical in the Austin HMA, and on recent market experience.

Based on current construction and land costs, it is judged that few, if any, adequate new single-family houses can be built to sell for much below $9,500.

Annual Demand for New Single-Family Houses by Sales Price
Austin, Texas, Housing Market Area
June 1, 1967 to June 1, 1969

Price range	Total demand
Under $12,500	120
$12,500 - 14,999	190
15,000 - 17,499	220
17,500 - 19,999	180
20,000 - 24,999	240
25,000 - 29,999	110
30,000 - 34,999	70
35,000 and over	70
Total	1,200

Multifamily Housing. The monthly rentals at which 750 privately-owned additions to the aggregate multifamily housing inventory (at rents achievable without public benefits or assistance in financing) might best be absorbed by the rental market are indicated for various size units in the following table.

Annual Demand for New Multifamily Housing Units
Austin, Texas, Housing Market Area
June 1, 1967 to June 1, 1969

	Size of unit			
Monthly gross rent[a/]	Effi-ciency	One bedroom	Two bedrooms	Three bedrooms
$ 95 - $104	20	-	-	-
105 - 114	15	-	-	-
115 - 124	10	85	-	-
125 - 134	5	80	-	-
135 - 144	-	75	95	-
145 - 154	-	50	65	-
155 - 164	-	25	55	20
165 - 179	-	20	40	15
180 - 199	-	15	20	15
200 and over	-	-	15	10
Total	50	350	290	60

a/ Gross rent is shelter rent plus the cost of utilities.

The demand for 250 multifamily units annually at rents below the minimum achievable levels with market-interest-rate financing includes 130 one-bedroom units, 90 two-bedroom units, and 30 three-bedroom units. The location factor is of especial importance in the provision of new units at the lower-rent levels. Families in this user group are not as mobile as those in other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships, and proximity to place of work frequently is a governing consideration in the place of residence preferred by families in this group.

The preceding distributions of average annual demand for new multifamily units are based on projected renter household income, the size distribution of renter households, and rent-paying propensities found to be typical in the area; consideration also is given to the recent absorption experience of new rental housing. Thus, they represent patterns for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. Specific market demand opportunities or replacement needs may permit effective marketing of a single project differing from this demand distribution. Even though a deviation may experience market success, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or submarkets.

Table I

Trend of Civilian Work Force Components
Austin, Texas, HMA, 1964-1967
(Monthly averages in thousands)

Components	1964	1965	1966	12 months ending: May 1966	12 months ending: May 1967
Civilian work force	96.0	100.1	104.0	101.0	107.4
Unemployed	3.2	3.0	2.6	2.8	2.5
Percent of work force	3.3%	3.0%	2.5%	2.8%	2.3%
Employment	92.8	97.1	101.4	98.2	104.9
Agricultural employment	1.6	1.5	1.5	1.5	1.5
Nonagricultural employment	91.2	95.6	99.9	96.7	103.4
Wage and salary	76.1	80.0	84.6	81.3	87.9
Other[a]	15.1	15.6	15.3	15.4	15.5

a/ Includes self-employed, domestic, and unpaid family workers.

Source: Averages computed from monthly data estimated by Texas Employment Commission.

Table II

Nonagricultural Employment by Type of Industry
Austin, Texas, HMA, 1964-1967
(Monthly averages in thousands)

Industry	1964	1965	1966	12 months ending: May 1966	12 months ending: May 1967
Nonagricultural employment	91.2	95.6	99.9	96.7	103.4
Manufacturing	6.4	6.7	7.1	6.8	7.1
Durable goods	2.9	3.0	3.2	3.0	3.2
Furniture and fixtures	.8	.7	.8	.8	.8
Stone, clay, and glass	.6	.6	.6	.6	.6
Fabricated metals	.3	.3	.3	.3	.3
Transportation equipment	.4	.5	.6	.5	.6
Prof. and scientific goods	.2	.2	.2	.2	.2
Other durable goods	.6	.7	.7	.6	.7
Nondurable goods	3.5	3.7	3.9	3.8	3.9
Food products	1.5	1.6	1.6	1.6	1.6
Printing and publishing	1.5	1.5	1.6	1.6	1.7
Chemicals	.4	.4	.4	.4	.4
Other nondurable goods	.1	.2	.3	.2	.2
Nonmanufacturing	84.8	88.9	92.8	89.9	96.3
Mining	.2	.2	.2	.2	.2
Construction	5.7	6.2	6.3	6.1	6.4
Trans., comm., and util.	3.0	3.1	3.1	3.1	3.2
Wholesale trade	4.0	4.4	4.5	4.5	4.5
Retail trade	15.8	16.6	17.4	16.8	18.2
Fin., ins., and real estate	4.7	4.9	5.2	5.1	5.2
Business and personal services	7.4	8.2	8.9	8.4	9.3
Medical and prof. services	7.4	7.8	8.1	7.8	8.3
Private household	4.5	4.9	4.8	4.9	4.9
Government	32.0	32.5	34.2	32.9	36.0
Federal	2.6	3.1	4.2	3.8	4.5
State and local	29.4	29.4	30.0	29.1	31.5
Other	.1	.1	.1	.1	.1

Source: Averages computed from monthly data estimated by Texas Employment Commission.

Table III

Percentage Distribution of All Families and Renter Households by Annual Income After Deduction of Federal Income Tax Austin, Texas, HMA, 1967 and 1969

Family income	1967 All families	1967 Renter households[a]	1969 All families	1969 Renter households[a]
Under $2,000	9	17	8	16
$2,000 - 2,999	9	12	9	12
3,000 - 3,999	10	15	10	14
4,000 - 4,999	11	13	9	12
5,000 - 5,999	8	11	9	11
6,000 - 6,999	10	9	9	9
7,000 - 7,999	10	7	9	8
8,000 - 8,999	7	5	8	5
9,000 - 9,999	6	3	6	4
10,000 -11,999	6	4	7	4
12,000 -14,999	5	(4	6	(5
15,000 and over	9	(	10	(
Total	100	100	100	100
Median	$6,325	$4,400	$6,650	$4,625

a/ Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table IV

Components of the Housing Inventory
Austin, Texas, Housing Market Area
April 1, 1960-June 1, 1967

Supply, tenure, and vacancy	April 1960	January 1966	June 1967	Average annual change 1960-1966 Number	1960-1966 Percent	1966-1967 Number	1966-1967 Percent
Total housing supply	65,439	79,150	83,450	2,375	3.6	3,025	3.8
Occupied housing units	59,056	72,400	76,750	2,325	3.9	3,075	4.2
Owner-occupied	35,663	43,600	45,500	1,375	3.9	1,350	3.1
Percent owner	60.4%	60.2%	59.3%	-	-	-	-
Renter-occupied	23,393	28,800	31,250	950	4.0	1,725	6.0
Percent renter	39.6%	39.8%	40.7%	-	-	-	-
Vacant housing units	6,383	6,750	6,700	65	1.0	-35	-0.5
Available vacant	3,150	3,575	3,500	75	2.3	-55	-1.5
For sale	1,031	1,175	975	25	2.4	-140	-12.0
Homeowner vacancy rate	2.8%	2.6%	2.1%	-	-	-	-
For rent	2,119	2,400	2,525	50	2.3	85	3.7
Renter vacancy rate	8.3%	7.7%	7.5%	-	-	-	-
Other vacant[a]	3,233	3,175	3,200	-10	-0.3	20	0.6

a/ Includes seasonal units, vacant dilapidated units, units sold or rented awaiting occupancy, and units held off the market.

Sources: 1960 Census of Housing. 1966 and 1967 estimated by Housing Market Analyst.

Table V

Place of Residence of Undergraduate Students[a]
and Number of Married Graduate and Undergraduate Students
University of Texas, Austin, Texas
Fall Semester, 1965-1966 and 1966-1967

Place of residence	Students reporting 1965-1966	Students reporting 1966-1967	Percentage distribution 1965-1966	Percentage distribution 1966-1967
Total students reporting	24,728	24,588	100.0	100.0
Single students reporting	20,358	20,182	82.3	82.1
University dormitory	2,853	2,718	11.5	11.1
Private dormitory	3,017	2,744	12.2	11.2
Apartments	6,935	8,188	28.1	33.3
Supervised	632	672	2.6	2.7
Unsupervised	6,303	7,516	25.5	30.6
Fraternity or sorority	1,797	1,742	7.3	7.1
Rooming and boarding[b]	1,592	1,537	6.4	6.2
Own home or with relative	2,849	2,316	11.5	9.4
Private residence	721	436	2.9	1.8
Other residence	594	501	2.4	2.0
Married students	4,370	4,406	17.7	17.9
Married undergraduates	2,365	2,071	9.6	8.4
Married graduate students	2,005	2,335	8.1	9.5

a/ Based on housing registration cards.
b/ Includes cooperative houses.

Source: Computed from Place of Residence data from the Office of Dean of Men and the Office of Dean of Women.

Table VI

Austin, Texas, Area Postal Vacancy Survey

June 12, 1967

Postal area	Total residences and apartments: Total possible deliveries	Vacant units: All	Vacant units: %	Vacant units: Used	Vacant units: New	Under const.
Austin	77,998	4,199	5.4	3,398	801	1,975
Main Office	9,509	946	9.9	866	80	676
Stations:						
Allandale	13,110	715	5.5	431	284	257
East Austin	15,972	526	3.3	486	40	53
North Austin	13,435	645	4.8	435	210	561
South Austin	15,269	745	4.9	596	149	341
West Austin	10,703	622	5.8	584	38	87

Postal area	Residences: Total possible deliveries	Vacant units: All	Vacant units: %	Vacant units: Used	Vacant units: New	Under const.
Austin	63,511	1,875	3.0	1,566	309	648
Main Office	4,182	153	3.7	149	4	6
Stations:						
Allandale	12,120	369	3.0	245	124	203
East Austin	13,977	352	2.5	333	19	39
North Austin	11,619	361	3.1	266	95	174
South Austin	13,726	381	2.8	324	57	185
West Austin	7,887	259	3.3	249	10	41

Postal area	Apartments: Total possible deliveries	Vacant units: All	Vacant units: %	Vacant units: Used	Vacant units: New	Under const.
Austin	14,487	2,324	16.0	1,832	492	1,327
Main Office	5,327	793	14.9	717	76	670
Stations:						
Allandale	990	346	34.9	186	160	54
East Austin	1,995	174	8.7	153	21	14
North Austin	1,816	284	15.6	169	115	387
South Austin	1,543	364	23.6	272	92	156
West Austin	2,816	363	12.9	335	28	46

Postal area	House trailers: Total possible deliveries	Vacant: No.	Vacant: %
Austin	931	23	2.5
Main Office	12	-	0.0
Stations:			
Allandale	20	-	0.0
East Austin	109	-	0.0
North Austin	142	3	2.1
South Austin	595	19	3.2
West Austin	53	1	1.9

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).

Table VII

FHA Survey of Unsold Inventory of New Sales Houses
Austin, Texas, Housing Market Area
As of January 1, 1967[a]

Sales price	Total completions Number	Total completions Percent	Pre-sold	Speculatively built Total	Speculatively built Unsold Number	Speculatively built Unsold Percent
Under $10,000	8	1	1	7	1	14
$10,000 - 12,499	46	4	10	36	1	3
12,500 - 14,999	176	15	35	141	28	20
15,000 - 17,499	226	20	58	168	38	23
17,500 - 19,999	177	15	44	133	28	21
20,000 - 24,999	272	24	79	193	53	27
25,000 - 29,999	100	9	50	50	6	12
30,000 - 34,999	67	6	29	38	8	21
35,000 and over	69	6	41	28	3	11
Total	1,141	100	347	794	166	21

a/ Survey includes subdivisions with five or more completions during 1966.

Source: Annual Survey of Unsold Inventory of New Houses conducted by FHA Insuring Office, San Antonio, Texas.