Analysis of the

HOUSTON, TEXAS HOUSING MARKET

as of June 1, 1965

A Report by the
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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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, of course, be differences of opinion 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.

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Summary and Conclusions

1. The Houston Housing Market Area (HMA) in southeast Texas is the center of activity of a large region which has been experiencing a rapid rate of industrialization and population increase. Growth as measured by business expansion, new employment opportunities, and increased population has been substantial and sustained for many years. During the past six years nonagricultural employment in the HMA has risen by about 118,900 workers, an average annual gain of over 19,800. Between 1962 and 1964 the increase was 16,450 workers a year. Expansion of nonagricultural employment opportunities at a rate of about 17,500 jobs a year during the next three years is anticipated. Unemployment dropped to 3.5 percent of the work force in 1964, the lowest rate since 1958.

2. The current median annual income of all families in the Houston HMA is approximately $6,875, after deduction of Federal income tax. All families are expected to have a median after-tax income of $7,375 in 1968.

3. The estimated population of 1,506,000 persons as of June 1, 1965 represents a gain of about 262,800 persons since April 1, 1960, an average gain of about 50,850 a year. By comparison, the increase in the 1950-1960 period averaged 43,650 persons a year. During the next three years the gain is expected to approximate 54,000 a year.

4. The estimated 444,000 households currently in the HMA represent an average gain of about 14,800 a year since April 1, 1960, as compared with an average gain of 12,700 a year during the 1950-1960 period. Projected employment and economic gains will be sufficient to support an estimated increase of about 15,000 households a year during the three-year period ending June 1, 1968.

5. The current inventory of about 483,500 housing units represents a net gain of 75,400 units since April 1960, an average increase of 14,600 a year. Between 1950 and 1960 the net gain averaged 15,100 units annually. During the past five years and five months an average of 17,550 new housing units a year has been authorized for construction, 8,275 single-family houses and 9,250 units in multifamily structures. In 1964 new units authorized totaled about 17,650 units, 32 percent below 1962. During the first five months of 1965, about 3,200 single-family and about 2,625 multifamily units

were authorized, an annual rate of 8,600 and 6,300 respectively. An estimated 2,500 single-family houses and 8,500 multifamily units currently are under construction.

6. There currently is an estimated net available homeowner vacancy ratio of 2.4 percent and a rental vacancy ratio of 12.3 percent in the area, down from 3.2 percent and 14.1 percent, respectively, in April 1960. Current vacancy levels are substantially above those which would represent balanced demand-supply relationships in areas experiencing growth rates comparable with those of the Houston area.

7. The volume of privately-owned net additions to the housing supply that will meet the requirements of anticipated growth during the next three years and result in an acceptable quantitative demand-supply relationship in the market is approximately 11,900 housing units annually, 6,525 sales houses and 5,375 rental units.

8. Demand for new sales houses by sales price ranges is expected to approximate the pattern indicated on page 24. Annual demand for rental units by gross monthly rent levels and by units sizes is expected to approximate the distributions shown on page 25.

9. Vacant beds in existing nursing homes, plus those under construction with conventional financing, are considered sufficient to meet probable demand during the next three years.

ANALYSIS OF THE HOUSTON, TEXAS, HOUSING MARKET AS OF JUNE 1, 1965

Housing Market Area

The Houston Housing Market Area (HMA) is defined as being coterminous with Harris County, Texas. The housing market area, as thus defined, is coextensive with the Houston Standard Metropolitan Statistical Area (SMSA) as defined for use in the 1950 and 1960 Censuses of Population and Housing, and with the Houston Labor Market Area. Brazoria, Fort Bend, Liberty, and Montgomery Counties were added to the SMSA by the Bureau of the Budget in March 1965, but they do not currently lie within the housing market area.

Approximately three-fourths of the population of the HMA lives in the city of Houston. The following table indicates the principal cities in the area and the population growth of each between 1950 and 1960.

Population of Principal Cities in the Houston, Texas HMA, 1950 and 1960

Area	April 1950	April 1960	1950-1960 change Number	Percent
Houston HMA	806,701	1,243,158	436,457	54.1
Houston City	596,163	938,219	342,056	57.4
Baytown	22,983	28,159	5,176	22.5
Deer Park	736	4,865	4,129	561.0
Galena Park	7,186	10,852	3,666	51.0
Highlands	2,723	4,336	1,613	59.2
Bellaire	10,173	19,872	9,699	95.3
West University Place	17,074	14,628	- 2,446	-14.3
Jacinto City	6,856	9,547	2,691	39.3
La Porte	4,429	4,512	83	1.9
Pasadena	22,483	58,737	36,254	161.3
South Houston	4,126	7,523	3,397	82.0
Remainder of HMA	111,760	142,908	31,139	27.9

Source: 1950 and 1960 Censuses of Population.

According to the 1960 Census of Population, the net daily in-commutation to employment in the Houston HMA totaled only about 2,900 from seven contiguous counties.

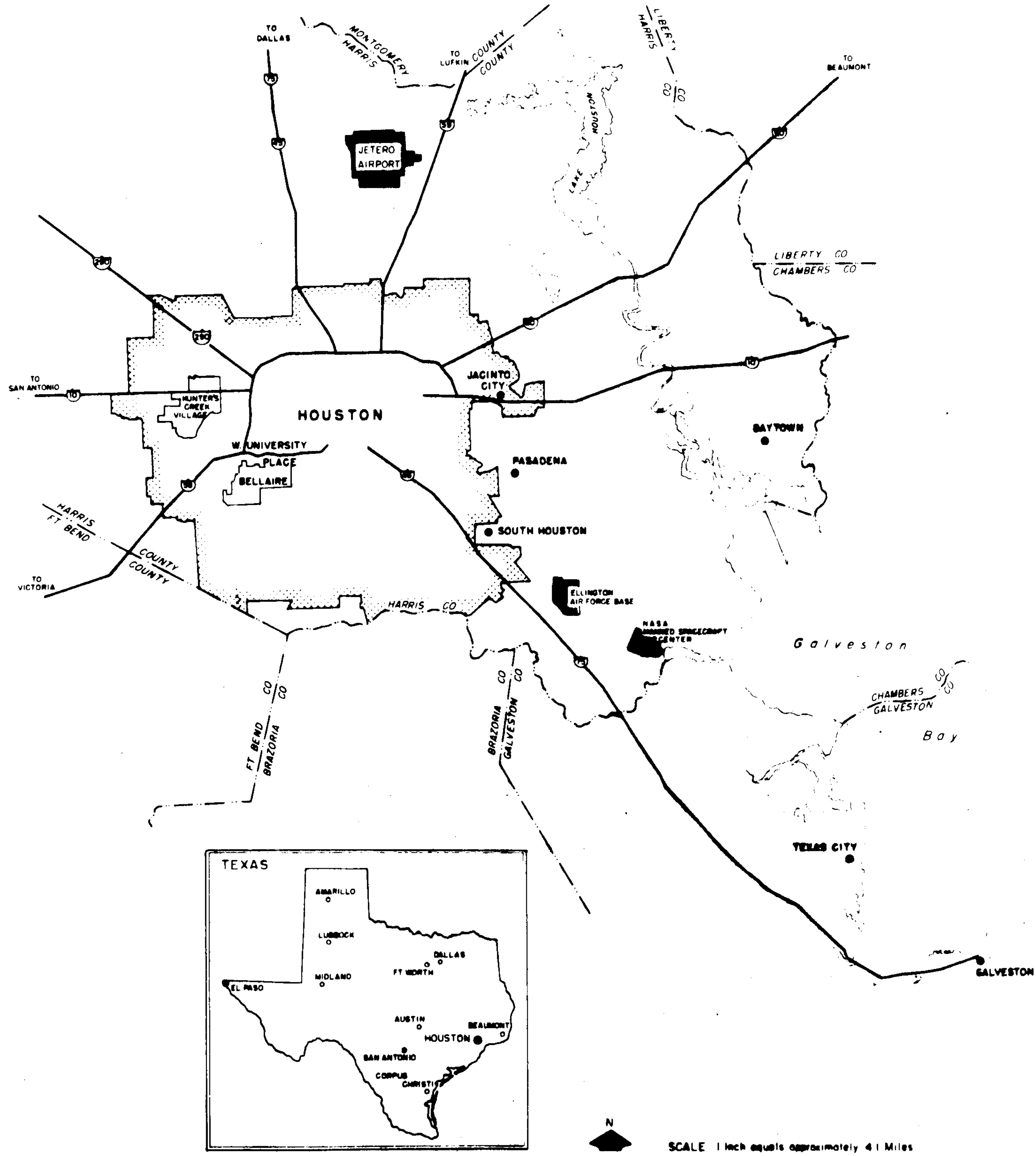
Houston, the seventh most populous city in the Nation and second largest in land area (353 square miles), is located about 50 miles from the Gulf of Mexico, about 250 miles southeast of the Dallas-Fort Worth area, 200 miles east of San Antonio, and about 360 miles west of New Orleans.

Houston is served by a diversified transportation network. The Port of Houston, third largest in the Nation, connects to the Gulf of Mexico and the Intercoastal Canal through the Houston Ship Channel, dredged to 36 feet deep and 300 feet wide. More than one hundred steamship lines connect Houston with the markets of the world. Thirty barge lines provide service via the Intracoastal Canal to the Gulf Coast and the vast Mississippi River tributary system to such distant cities as Pittsburg, St. Paul, and Chicago.

Pipeline operations include 40 crude-oil pipelines and 29 products pipelines. Ten major pipeline companies have their headquarters in Houston, and four others maintain major operating divisions. They operate more than 83,000 miles of natural gas pipelines.

Six major rail systems operate over fifteen separate lines stretching across the county. Thirty-four other railroads maintain sales offices in Houston. Five bus lines also serve Houston. Thirty-five common carrier motor freight lines provide over-night service from Houston to the Southwest, and more than ninety other contract and specialized haulers operate from the City. Three interstate, three U.S., and three State highways serve Houston. A 245-mile freeway system, about fifty percent complete, is to cost almost $500 million. Twelve air lines provide service from Houston International Airport to the coasts and to intermediate points as well as to Europe and to Latin America. A second airport, Houston Intercontinental Airport, under construction on a 6,200-acre site in northern Harris County, is designed to serve super-sonic air traffic. The Federal Aviation Agency is relocating its Air Route Traffic Control Center from another city to the new airport to direct all air traffic between Mississippi and New Mexico.

HOUSTON - GALVESTON, TEXAS, AREA



Economy of the Area

Character and History

General Description. In comparison with other great cities, Houston is a young city. It was founded in 1836 and incorporated in 1839. The tallest monument in the world (570 feet), memorializes the Battle of San Jacinto which was fought east of Houston in 1836 to climax the struggle of Texas for independence. Houston was one of the early capitals of the Republic of Texas. The first railroad in Texas operated out of Houston. From 1836 to 1915, Houston prospered primarily as a center for agriculture, livestock, and forest products. Its transportation facilities were a major asset, even in the early years. At the turn of the century, lumbering, agriculture, shipping, and small manufacturing industries formed the economic base of Houston. Oil was discovered at Spindletop in 1901, and further discoveries were made near Humble in 1904, creating the first oil field in Harris County.

The opening of the Houston Ship Channel about 1916 together with increased demand for petroleum products started Houston into a new era of growth. Houston was the logical site for refinery activities and for oil-based industries and supply concerns. The largest refinery in the world is located at Baytown. Another phase of development began with World War II. The economy expanded to include the growth of the chemical and petrochemical industry, the steel industry, and the light metals industry. Much of the petrochemical industry in the United States is located near Houston, including fifty percent of synthetic rubber production. The chemical industry uses primarily the products and by-products of the oil and gas fields and oil refineries as well as local deposits of salt and sulfur. A 1,000-mile network of pipelines connects about 65 major plants and 6 underground salt-domes in the Texas Gulf Coast area to transfer feed-stocks and to transport a variety of products. Low-cost transportation and fuel, available labor, and raw material resources are the foundation of the industrial growth of Houston.

The National Aeronautics and Space Administration announced in 1961 that its Manned Spacecraft Center (MSC) would be located on a 1,600-acre site in southeast Harris County, 22 miles from the center of Houston, thus beginning another era of economic development in the area. As of May 1965, the capital investment of the Manned Spacecraft

Center was approximately $200,000,000. MSC includes management offices, research and development laboratories, space environment simulation chambers, the Mission Control Center, astronaut training facilities, maintenance and support shops, and warehouses. The Mission Control Center will monitor prelaunch checkout and spacecraft control from launch through orbits and earth landing.

At the close of fiscal year 1964, MSC had 4,277 employees with 3,690 residing in the Houston area. Of the total 1,971 are professional, scientific, and engineering, 457 are professional administrative, and 640 are technical support employees. The average basic salary of all MSC employees is about $9,025; for scientific and professional personnel the average is $11,050. Unless new missions are added, MSC personnel ceiling is to be a little less than 5,000 employees.

Principal Economic Activities. In general, the economy of the Houston area has received its major economic support from port activity and from the development of agriculture, oil, gas, trade, and industry in the surrounding area. A high degree of diversity characterizes its economic funtions; and, because Houston is located on the Gulf Coast in what appears to be the key position of a large region which has been experiencing a rapid rate of industrialization and population increase, growth as measured by business expansion, new employment opportunities, and increased population has been substantial and sustained for many years.

A few measures of the magnitude of growth since 1950 include the following: bank debits to individual accounts have risen 175 percent, department store sales are up 112 percent, annual nonresidential consumption of electricity and natural gas has increased 410 percent and 165 percent respectively, nonresidential construction contract awards in Harris County are up 80 percent, nonagricultural employment is up 83 percent, and the population of the Houston HMA has increased 87 percent.

Employment

Employment Trend. Nonagricultural employment in the Houston HMA, as reported by the Texas Employment Commission, increased from a monthly average of 462,400 in 1958 to an average of 581,400 in 1964, an average gain of 19,800 a year. Nonfarm employment of residents of the Houston HMA, as reported by the Censuses of Population, increased from 320,379 in April 1950 to 465,286 in April 1960, representing an average gain of 14,500 a year. 1/ As reflected by the following table, the year-to-year changes since 1958 have fluctuated from a gain of 19,000 between 1958 and 1959 to a gain of 15,000 from 1962 to 1963, but the increase in each year was quite substantial.

Nonagricultural Employment Trends
Houston, Texas, HMA, 1958-1965

Year	Average monthly employment	Annual change Number	Annual change Percent
1958	462,400	-	-
1959	481,400	19,000	4.1
1960	502,000	20,600	4.3
1961	525,100	23,100	4.6
1962	548,500	23,400	4.5
1963	563,500	15,000	2.7
1964	581,400	17,900	3.2
1963, April	556,500	-	-
1964, April	575,600	19,100	3.4
1965, April	590,600	15,000	2.6

Source: Texas Employment Commission.

The trend of employment in various industry groups between 1958 and 1964, presented in table II, indicates that virtually all major industry groups gained during the past seven years. 2/ Manufacturing employment increased by 8,300 (almost nine percent) as contrasted to a gain of 110,600 (30 percent) in nonmanufacturing industries. A net loss of 1,400 workers (11 percent) in petroleum products, due in large part

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1/ Employment data from the Censuses of Population relate to persons living in the Houston HMA even though some may work outside this HMA, whereas Texas Employment Commission data relate to persons working in the Houston HMA even though some may reside outside this HMA.

2/ Comparable employment data are available for the years 1958 to 1965 only.

to automation, was more than offset by by significant gains in other industries, principally machinery (except electrical) which was up 2,800 workers (18 percent), metals and metal products industries up 1,800 (15 percent), chemicals and allied products up 1,200 (almost 12 percent), stone, clay, and glass up 1,200 (35 percent), and printing and publishing up 900 (17 percent).

In nonmanufacturing activities, the largest numerical gains recorded were in wholesale and retail trade, up 39,400 workers (34 percent); business, personal and professional services, up 20,300 workers (33 percent); government, up 17,600 workers (51 percent); and contract construction, 14,600 workers (39 percent). Also, there was a gain of 2,300 workers (12 percent) in mining, whereas mining employment is declining in many areas in the Southwest.

During the past year, from April 1964 to April 1965, employment in manufacturing was up 6,200 workers, or six percent. Nonmanufacturing employment gained 8,800 workers, or two percent. Virtually all industry groups recorded gains, but the largest increases were in metals and metal products industries (1,800 workers), machinery (1,900 workers), wholesale and retail trade (3,300 workers), business, personal, and professional services (3,100 workers), and government (1,200 workers).

Employment by Industry. The Houston economy is well diversified, as indicated by the types of employment opportunities available. The civilian work force in 1964 averaged 609,400 persons a month, of whom 587,700 were employed. Unemployment averaged 21,500, or 3.5 percent of the work force. Agriculture accounted for 6,400 workers, one percent of total employment. Nonagricultural wage and salary employment totaled 504,200 and there were 77,200 self-employed, unpaid family workers, and domestic workers in private households.

Of the 581,400 nonagricultural workers, almost 18 percent were engaged in manufacturing, of which 53 percent were employed in production of durable goods and 47 percent in nondurable goods production. As indicated in table II, no single manufacturing industry group dominates. The largest group is machinery (except electrical) which accounts for three percent of nonagricultural employment. Fabricated metals is the next largest manufacturing industry (more than two percent), followed closely by the chemicals and petroleum products industries, which account for about two percent each.

In the nonmanufacturing industries trade provides the greatest proportion of all nonagricultural jobs, 27 percent; retail trade accounts for 19 percent and wholesale trade for eight percent. Business, personal, and professional services account for more than 14 percent. Transportation, communications, and utilities account for almost 10 percent; finance, insurance, and real estate for six percent; and government of all types accounts for nine percent. A comparison of current employment distributions with employment patterns of the past seven years suggests that business, personal, and professional services, wholesale and retail trade, and government services are up relative to total nonagricultural employment, and that manufacturing industries are down from twenty percent to less than eighteen percent of the total.

Employment Participation Rate. In the Houston HMA, the participation rate (the ratio of employment to population) declined moderately from 1950 to 1960, but appears to have changed at a slower rate since 1960. The 1960 and the current ratio of nonagricultural employment to total population were about 39.09 percent and 38.92 percent, respectively.

Unemployment

Currently, the unemployment ratio in the Houston area is below State and National levels. In 1964, employment dropped to 21,600 persons, or 3.5 percent of the work force. The trend in the unemployment rate, based on Texas Employment Commission estimates, has been generally downward since the 6.0 percent level of 1958 (see table I).

Estimated Future Employment

The Houston economy has exhibited a relatively strong and sustained upward trend during the past fifteen years as measured by employment gains and other important indexes of business activity. It is estimated that nonagricultural employment opportunities will increase during the next three years at an average rate of approximately 17,500 a year, about 2,300 below the rate of the past six years, but about 1,000 above the average for the past two years.

Among the factors indicating additional employment opportunities are: expected continued high levels of personal income and the willingness of consumers to maintain purchases; expected continued growth in the Gulf Coast and the Southwest Region, with Houston as the center of activity; substantial investments in new and expanding industry, office, and commercial buildings, shopping centers, highway and street projects, port facilities, and civic facilities; and the good diversification of the types of employment in the Houston economy, with indications that establishment of the Manned Spacecraft Center in the area began another major element of economic expansion.

Income

Average Weekly Wages. Much of the manufacturing industry in the Houston HMA is of the type that pays high wages. The trend of earnings of all production workers in manufacturing industries shown in the following table indicates that earnings in the Houston area have been substantially above both the Dallas average and the State average for the past several years. Earnings in the Houston area have increased since 1959 at a higher rate than the average for the State of Texas (17.5 percent in Houston and 15.7 percent for the State average).

Average Weekly Earnings of Production Workers in Manufacturing Industries, 1959-1965

Year	Houston Area	Dallas Area	State of Texas
1959	$103	$80	$89
1960	104	81	89
1961	109	85	92
1962	113	86	96
1963	114	88	97
1964	119	91	101
1965, April	121	93	103

Source: Texas Employment Commission.

Estimated Family Income. Family incomes in the Houston HMA are relatively high, also. The current median annual money income, after deduction of Federal income tax, of all families in the Houston area is $6,875 and is expected to approximate $7,375 in 1968. Approximately three out of ten families have current after-tax incomes in excess of $9,000 a year. Seven percent make more than $15,000 a year (see table III). The current median annual after-tax income of all renter families ($4,850) is significantly lower than the median of all families. The corresponding figure is expected to be $5,200 in 1968.

Demographic Factors

Population

Current Estimate and Past Trends. The current population of the Houston housing market area as of June 1, 1965 is approximately 1,506,000 persons, a net gain of about 50,850 persons (4.1 percent annually) since April 1, 1960. By comparison the increase in the 1950-1960 decade was about 43,650 persons (5.4 percent) a year. As shown in table IV, approximately 1,144,000 persons live in the city of Houston and about 362,000 live in the remainder of the housing market area.

In April 1960 there were about 938,200 persons in the city of Houston and approximately 304,900 in the remainder of the HMA. During the 1950-1960 decade Houston City annexed a large area. Annexation has been insignificant since April 1960. The annexed area as of April 1, 1960 contained about 251,200 persons, indicating that the 1960 population in the 1950 corporate limits was about 687,000, a net increase of about 90,850 persons (15 percent) during the 1950-1960 decade. The remainder of the HMA gained approximately 94,400 persons (45 percent) during the 1950-1960 decade, and about 58,000 (19 percent) since April 1960. The city of Houston gained about 205,800 persons, or 21 percent, since April 1960.

The trend of population in the Houston HMA is indicated in the following table.

Trend of Population
Houston HMA, 1950-1968

Date	Total population	Average annual change Number	Average annual change Percentage
1950, April	806,701	-	-
1960, April	1,243,158	43,646	5.4
1965, June	1,506,000	50,850	4.1
1968, June	1,668,000	54,000	3.6

Source: 1950 and 1960 Censuses of Population.
1965 and 1968 estimated by Housing Market Analyst.

The current population reflects a higher annual numerical rate of gain than occurred during the 1950-1960 decade. Expansion of employment opportunities during the past fifteen years resulted in relatively high rates of population increase. Although the gains have varied from year to year, population increased an average of 43,650 persons during the 1950-1960 decade. Since April 1, 1960 the average rate is indicated to be approximately 50,850 annually, or four percent.

Estimated Future Population. Based on the economic support of the Houston area and the outlook for employment opportunities, it is expected that the June 1, 1968 population of the Houston HMA will be approximately 1,668,000, a population growth of 54,000 persons a year during the three-year period. Growth in both Houston City and the suburban portions of the market area is expected to continue, reflecting additional freeway construction.

Net Natural Increase and Migration. During the 1950-1960 decade natural increase (excess of births over deaths) accounted for approximately 224,000 of the population increase, and about 212,500 represented net in-migration into the Houston HMA in response to increasing economic and employment opportunities. Most of the in-migration was to Houston City.

From April 1960 to the present time there has been an average net natural increase of 24,200 persons a year. Compared with the average population growth of 50,850, an average net in-migration of 26,650 persons each year is indicated since April 1960, significantly above the average net in-migration of 21,250 persons a year during the 1950-1960 period.

Age. The over-all increase in the population of 54 percent obscures wide variations in the rates of growth of different age groups between 1950 and 1960 (see table below). The most rapid growth in the 1950-1960 decade (107 percent) was in the 5 to 14 year age group. Persons in this age group in 1960 were born from 1946 to 1955 during the post-World War II and Korean Conflict period. The lowest rate of growth (less than 11 percent) was in the 20 to 29 years group, reflecting the low birth rate of the 1930 to 1940 depression period. Although there was a sharp increase in those 65 and older, youth outweighed age, and the median age declined from 29 in 1950 to 27 in 1960.

Population Distribution by Age
Houston HMA, 1950-1960

Age group	April 1950	April 1960	1950-1960 change Number	Percent
Under 5	93,541	159,823	66,282	70.9
5 - 14	127,143	262,672	135,529	106.6
15 - 19	50,714	83,287	32,573	64.2
20 - 29	151,672	167,705	16,033	10.6
30 - 49	255,973	354,758	98,785	38.6
50 - 64	89,740	148,181	58,441	65.1
65 and over	37,918	66,732	28,814	76.0
Total	806,701	1,243,158	436,457	54.1

Source: 1950 and 1960 Censuses of Population.

These demographic factors suggest that large numbers of persons born in the post-World War II period are approaching young adulthood. An increasing number of these young adults are entering the work force and reaching marriageable age. Thus, they are providing demand for housing units for single persons and young married couples, but a stronger demand will begin in the later years of this decade when those who were 5 to 14 years old in 1960 begin to form their own families. In Harris County, marriages were up almost eight percent in 1964 over 1963 as compared with almost five percent in 1963 over 1962.

Households

Current Estimate and Past Trends. There are currently approximately 444,000 households in the Houston HMA, representing an average annual gain of 14,800 from April 1960 to June 1965. By comparison the increase in the 1950-1960 decade averaged about 12,700 a year.1/ As shown in table IV there are approximately 342,400 households in the city of Houston and about 101,600 in the remainder of the HMA. Of the total increase of 203,600 households since 1950, approximately 161,500 accrued to the city of Houston and 42,100 to the remainder of the HMA. A large part of the increase in Houston resulted from substantial annexations of growing contiguous areas.

Trend of Households
Houston HMA, 1950-1968

Date	Total households	Average annual change	
		Number	Percentage
1950, April	240,392	-	-
1960, April	367,618	12,723	5.3
1965, June	444,000	14,800	4.0
1968, June	489,000	15,000	3.4

Source: 1950 and 1960 Censuses of Housing.
1965 and 1968 estimated by Housing Market Analyst.

Estimated Future Households. Projected employment and population increases indicate that by June 1, 1968 the number of households in the Houston HMA will total approximately 489,000 This estimate reflects

1/ The increase in households between 1950 and 1960 in part was due to a conceptual change from "dwelling unit" in the 1950 census to "housing unit" in 1960.

an annual average increase in households of 15,000 during the next three years as compared with the average of 14,800 since April 1960, and 12,700 during the 1950-1960 decade.

Household Size Trend. Population in households in the Houston HMA averaged 3.27 persons per household in 1950 and 3.35 in 1960. The average has continued to increase in some parts of the area, primarily in the suburbs, and it is estimated that the current average size in the entire area is approximately 3.38 persons. No additional significant gain in the average size of families is expected during the next three years.

Housing Market Factors

Housing Supply

Current Estimate and Past Trends. The inventory of housing in the Houston HMA as of April 1, 1960 was reported by the Census of Housing at 408,138 units of all types, a net increase of approximately 151,000 units (59 percent) from April 1, 1950. The increase in the supply was the net result of new construction, conversions, demolitions, and changes in property use. Of the net increase approximately 121,400 accrued to the city of Houston, and the portion of the HMA outside Houston gained about 29,600 units.

Since April 1, 1960 there has been an estimated additional net increase of approximately 75,400 housing units. The net increase of 75,400 units resulted from approximately 83,800 units added through new construction, conversions, and other sources, and the loss of almost 8,400 units through demolitions, mergers, and other means. A net increase of about 75,400 units since April 1, 1960 indicates an inventory of approximately 483,500 housing units as of June 1, 1965. The inventory increase since 1960 has averaged 14,600 a year, three percent below the average of 15,100 units a year during the 1950-1960 decade.

Type of Structure. The inventory of housing in the Houston HMA is composed predominantly of single-family houses. About 84 percent of all housing units was in single-family structures in April 1960, about the same as all SMSA's in Texas. Seven percent of the housing inventory was in structures containing five units or more. However, since April 1960 approximately one and one-half times as many units in structures containing five units or more have been started as existed in the HMA in April 1960. About twelve percent of the current housing inventory is indicated to be in structures containing five units or more.

Year Built. Almost sixteen percent of the current housing inventory is in structures built since April 1, 1960, and approximately 37 percent was built between January 1, 1950 and April 1, 1960. Of the owner-occupied units, approximately 46 percent were built during the 1950-1960 period. By contrast, about 22 percent of the renter-occupied units were in structures built during the 1950-1960 period.[1/]

Condition. Principally because of the extensive building program and the relative newness of the inventory, coupled with removals from the inventory, a relatively small proportion of the housing inventory is of poor quality or is lacking plumbing facilities. The 1960 Census of Housing revealed that about 35,000 housing units were dilapidated

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1/ The basic data reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.

or lacked one or more plumbing facilities, less than nine percent of all housing units. In 1950 about 67,000 units in the HMA were dilapidated or lacked some plumbing facilities, 26 percent of all units. 1/

In 1960 only four percent of the owner-occupied units were dilapidated or were lacking plumbing facilities as compared with thirteen percent of the renter-occupied units. About the same proportions of the housing inventory of the city of Houston were dilapidated or lacked some plumbing facilities. However, 22 percent of the units occupied by lower-income households were dilapidated or were lacking some plumbing facilities.

Value and Rent. The median value of owner-occupied single-family houses in the Houston HMA as of April 1, 1960 was $10,700 as compared with $10,900 in the city of Houston and with $9,500 for all urban areas in Texas. The median asking price of vacant units available for sale in the HMA was $12,220, and in Houston the median was $13,200. Half of the owner-occupied units were valued between $7,500 and $15,000, one-fourth at less than $7,500, and almost twelve percent at $20,000 or more. Virtually all (96 percent) of the VA and FHA-acquired properties are in the under $15,000 sales price range.

Half of all renter households were paying monthly gross rents of $67 or more as of April 1, 1960. Of the 122,371 occupied rental units for which rent was reported, approximately one-fifth rented for less than $50 a month including utilities, half rented between $50 and $79, 17 percent for from $80 to $99, over 11 percent for from $100 to $149, and three percent (about 3,400 units) for $150 or more. About half of all units renting for $120 or more were single-family houses.

Residential Building Activity

Annual Volume. Building activity in the Houston HMA, as measured by building permits issued, was up sharply from 1960, when about 9,200 units were started, through 1962 when the volume exceeded 26,000 units. In 1963, the volume dropped to about 23,500 units, and in 1964 to about 17,700 units, 32 percent below 1962. Units authorized during the first five months of 1965 totaled only 5,825, almost 30 percent below the first five months of 1964.

1/ Because the 1950 Census of Housing did not classify "deteriorating" units separately, it is possible that some units classified as "dilapidated" in 1950 would have been classifed as "deteriorating" in 1960; but the improvement in the inventory clearly is impressive.

Trend of Residential Construction by Type of Structure
in the Houston, Texas, HMA, 1960-1965 a/

Year	Type of structure: One family	Type of structure: 2 to 4 family	Type of structure: 5 or more family	Total housing units b/
1960	7,224	331	1,666	9,221
1961	8,067	273	4,291	12,631
1962	9,495	637	15,946	26,078
1963	9,003	767	13,796	23,566
1964	7,857	721	9,096	17,674
Jan. - May				
1964	3,668	- 4,598 -		8,266
1965	3,205	- 2,624 -		5,829

a/ Includes the following public units: 1960, Baytown 20 units; 1963, Houston 54 units.
b/ Estimated for area outside places issuing building permits.

Source: Bureau of the Census, C-40 Construction Reports; University of Texas, Construction Reports; local building departments; and Houston Chamber of Commerce, Research Department.

As a proportion of the total, authorizations for multifamily units increased from 22 percent in 1960 to 61 percent in the 1962-1964 period. Multifamily units authorized increased from approximately 2,000 in 1960 to a record of over 16,500 units in 1962; the volume dropped to about 14,500 units in 1963 and to about 9,800 units last year, which still was almost five times the 1960 volume. During the January-May 1965 period, 2,625 multifamily units were authorized, an annual rate of about 6,300 units.

Houston has only recently become important as a multifamily housing market. In April 1960, there were about 28,700 housing units in structures containing five or more units as compared with 20,500 units in such structures in April 1950. Since April 1960, almost 47,000 housing units in strudtures containing five or more units have been authorized, about 94 percent of which have been authorized in the city of Houston (see table V).

The increase in multifamily construction, coupled with larger projects, has resulted in a large volume of apartment units currently under construction. Inclusive of almost 1,350 units in seven high-rise structures, an estimated 8,500 multifamily units currently are under construction.

Single-family construction followed a pattern similar to that indicated for multifamily units. The volume increased from approximately 7,225 in 1960 to over 9,500 in 1962, and dropped to about 7,850 units last year. During the January-May 1965 period, approximately 3,200 single-family houses were authorized, down from about 3,675 units authorized in the first five months of 1964.

As table VI reveals, 88 percent of all housing units authorized in the HMA in 1964 were to be built in the city of Houston. The contiguous cities authorizing over 100 units each (Baytown, Deer Park, Jacinto City, Pasadena, and South Houston) accounted for nine percent.

Demolitions. Losses to the housing inventory from demolitions, conversions, right-of-way clearance, and catastrophe have been extensive since 1950. Comparison of the year-built data from the 1960 Census of Housing with the net change in the housing inventory of the Houston HMA between April 1, 1950 and April 1, 1960 suggests that approximately 2,800 housing units were removed from the inventory annually during the period. Based on the information available it is estimated that during the April 1, 1960-June 1, 1965 period an average of at least 1,625 units annually were lost from the housing inventory. During the next three years, net inventory losses are expected to total at least 2,000 units a year.

Tenure of Occupancy

Largely as a result of the high proportion of single-family houses built and the loss of some existing multifamily units, the proportion of owner-occupancy increased from 55 percent in 1950 to 65 percent in 1960. During the past three years over 60 percent of construction has been in multifamily structures, and apartment housing appears to be gaining acceptance as a way of living. As a result, the net shift from renter to owner status has reversed, dropping the proportion of owner-occupancy to 63 percent as of June 1, 1965. The pronounced shift in tenure in the Houston HMA during the past fifteen-year period is reflected in the following table.

Occupied Housing Units by Tenure
Houston HMA, 1950-1965

Tenure	Occupied units April 1950	Occupied units April 1960	Occupied units June 1965	Average annual change 1950-1960	Average annual change 1960-1965 a/
All occupied units	240,392	367,618	444,000	12,723	14,800
Owner occupied	133,364	238,260	278,600	10,490	7,800
Renter occupied	107,028	129,358	165,400	2,233	7,000

a/ Rounded.

Source: 1950 and 1960 Censuses of Housing.
1965 estimated by Housing Market Analyst.

Vacancy

As of Census Dates. The Census of Housing reported that on April 1, 1960 there were 29,250 nondilapidated, nonseasonal vacant housing units available for sale or rent in the Houston HMA, a net available vacancy ratio of 7.2 percent. There was an increase of over 19,400 available vacant units between April 1950 and April 1960. In 1950 there were 9,828 such units available, representing a net available vacancy ratio of 3.8 percent. The number of vacancies increased during the decade in both sales and rental housing. As a proportion of the inventory, the homeowner vacancy ratio increased from 2.2 percent to 3.2 percent. The rental vacancy ratio increased from 6.0 percent to 14.1 percent.

Approximately 13 percent of the available rental vacancies in 1960 were units lacking some plumbing facilities. Lack of plumbing facilities was considerably less among sales vacancies, only four percent. Over 86 percent of the rental vacancies lacking plumbing facilities were located in the city of Houston.

Postal Vacancy Survey. The thirteen postamasters with city delivery routes in the Houston HMA, at the request of FHA, made a survey of vacant units in houses and apartments during the period from May 12 through May 19, 1965. The survey covered a total of about 466,000 dwelling units, about 96 percent of the estimated current inventory of 483,500 units in the HMA. The survey disclosed a vacancy ratio of 3.6 percent in residences and 18.2 percent in apartments. Because of differences in definitions, in area delineation, and in methods of enumeration, vacancy ratios shown by postal vacancy surveys are not comparable with those shown by the Census of Housing. Nevertheless, the vacancies revealed by these surveys reflect a high vacancy ratio throughout the HMA, in the new sections of the area as well as in the older sections. Table VII reveals the results of the vacancy survey in detail.

Vacancy in FHA-Insured Projects. The level of vacancies in FHA-insured rental projects with several years' experience has been relatively high for several years, as shown in the following table.

Percentage of Vacancies
in FHA-Insured Rental Projects[a/], March 1958-1965

Year	Southeast	South	Southwest	Total
1958	22.0	13.8	3.6	13.2
1959	42.7	24.0	13.5	27.2
1960	47.9	20.0	20.7	30.7
1961	46.6	29.3	19.7	32.5
1962	44.7	24.8	7.9	26.2
1963	43.4	30.7	8.7	27.7
1964	43.5	20.1	17.1	27.4
1965	40.2	18.8	17.0	27.4

a/ Excluding one project.

These annual reports include several multifamily projects that are in a state of disrepair. Excluding these units from the occupancy report, the vacancy ratio would be much lower.

In FHA-insured projects that appeal principally to lower-income households the vacancy ratios as of March each year since 1960 were:

Year		Percentage
1960	-	7.9
1961	-	9.4
1962	-	8.3
1963	-	3.0
1964	-	8.8
1965	-	9.5

Current Estimates. Based on the postal vacancy surveys and other vacancy data available for the Houston area, it is estimated that currently approximately 29,725 vacant dwelling units are available for sale or rent in the Houston HMA, representing 6.1 percent of the inventory. An estimated 6,875 are vacant available sales units, representing a homeowner vacancy ratio of 2.4 percent; 22,850 are vacant available rental units, representing a current rental vacancy ratio of 12.3 percent. These ratios are well above those which represent satisfactory demand-supply balance, but they are down somewhat from those reported by the 1960 Census of Housing. Table VIII compares these estimates with the April 1960 and April 1950 vacancy counts.

Sales Market

General Market Conditions. Although vacancies in the sales inventory are higher than desirable, some improvement has been evident during the past year in the market for both new and existing sales houses. A high proportion of new construction continues to be built speculatively, about four-fifths in 1964 and 1963. Moreover, there is no shortage of money either for financing construction or for permanent financing in the Houston HMA. It is estimated that 2,500 single-family houses currently are under construction, of which roughly 800 were sold before start of construction.

Unsold Inventory. As indicated in table IX, the January 1965 FHA unsold inventory survey reported 5,975 houses completed in 1964, of which 1,300 were sold before start of construction. The remaining 4,675 completions represented speculative construction, of which 1,175 were unsold, an unsold to completions ratio of 25 percent which represents an average selling period of about three months for speculative construction, down from about three and one-half months in 1963. An additional 260 unsold houses, in all price classes, had remained unsold for over 12 months.

The price range of greatest activity in 1964 was the $15,000 to $20,000 range which accounted for one-third of all completed houses. The next most active price ranges were the $10,000 to $15,000 range with 26 percent of all completions, the $20,000 to $25,000 range with 15 percent, and the $25,000 to $30,000 range with 14 percent. About eleven percent were priced at $30,000 and over. The proportion of speculative unsold houses is high in all price ranges over $12,500.

New House Inventory. Surveys of the number of new single-family houses completed and unoccupied and the number under construction in the Houston HMA, prepared jointly by the Houston Mortgage Bankers Association, the Veterans Administration, and the Federal Housing Administration, reflect a declining new house inventory during the April 1960-April 1962 period; an increasing inventory during the April 1962-April 1964 period; and a decrease of about 13 percent to April 1965. As reflected in table X, 38 percent of the unoccupied new houses are in the southeast quadrant of the Houston HMA; 27 percent of the houses under construction are in the southeast quadrant, which includes the Clear Creek and NASA area. This quadrant accounted for the sharp increase in the unoccupied inventory from April 1963 to April 1964 and, along with the southwest quadrant, accounted for the decline from 1964 to 1965. However, houses under construction are found more frequently in 1965 in the northwest quadrant than in previous years, 35 percent of the total in April 1965 as compared with 26 percent a year ago and an average of 23 percent for the 1960-1963 period.

FHA-Acquired Properties. Currently, FHA owns about 1,875 sales-type properties in the Houston Insuring Office jurisdiction, up one-third from 1962. In 1964 FHA acquired 1,312 single-family properties and sold 972, as compared with 1,224 acquired and 858 sold in 1963. However, about 56 percent of the current properties are in the Houston HMA as compared with about three-fourths in 1962. But the number in the HMA is roughly the same as in 1962. Currently, 1,040 FHA-acquired properties are in the areas of the HMA indicated below.

FHA-Acquired Home Properties
Houston HMA, June 1, 1965

Area	Number	Area	Number
NE Houston	112	SE Houston	264
E Houston	80	Central Houston	63
Baytown-La Porte	82	SW Houston	204
Pasadena-NASA	140	NW Houston	95

VA has approximately 300 properties in the Houston HMA, down about one-fourth from a year ago. The majority of FHA and VA properties are priced to sell for under $12,000.

Rental Market

General Market Conditions. The Houston HMA rental market is soft. The current softness is especially evident in units poorly located, or in units in older structures lacking the amenities provided in projects recently constructed, and in areas in which there is an especially high concentration of new construction. Table VII suggests a relatively high apartment vacancy rate in most sectors of the Houston HMA. Newspaper advertisements recently have indicated that some of the newer projects are offering rent concessions, generally the twelth or thirteenth month free. Comparisons of rents asked in newspaper advertising indicate significant rent reductions during the past two or three years for many relatively new units that are poorly located or are of inadequate original construction. The Houston Consumer Price Index of rents as of April 1965 was 99.3 percent of the 1957-1959 average, down about one percent from May 1964.

New Rental Housing. Typically, the newer projects are garden apartments with air conditioning and swimming pools, and are conventionally financed. But two recent garden-type and two high-rise structures were built with FHA-insured financing.

including 573 FHA units, approximately 2,995 multifamily units in 18 high-rise structures have been started in the Houston HMA in the past three years. Of these units, 1,348 (45 percent) are currently under construction; 665 have been completed so far in 1965, 558 in 1964, and 424 in 1963. The characteristics of the individual projects are indicated in table XI.

FHA-Foreclosures. The older FHA projects have experienced so much vacancy in the past that currently ten projects containing over 1,100 units in the Houston HMA are Commissioner-owned. Also, a 166-unit duplex project is in receivership, and one project is in foreclosure. In 1964, FHA sold six projects containing 754 units. To date in 1965, two projects containing 73 units have been sold.

Demand for Housing

Quantitative Demand

Demand for additional housing during the next three years is based on the projected level of household growth (15,000 annually), on the number of housing units expected to be demolished, and on the need to reduce vacancies to a level that reflects the long-term needs of the market. Consideration is given also to the current tenure composition of the inventory, to the current trend from owner-occupancy to renter-occupancy, and to the transfer since 1960 of single-family houses from the rental inventory to the sales inventory. Giving consideration to these factors, an annual demand for about 11,900 housing units at sales prices and rents achievable with non-assisted, privately-owned new construction is projected during the next three years. (That volume of construction would be substantially less than the average of about 17,800 units a year authorized for construction during the 1960-1964 period, and the volume of about 17,650 units authorized in 1964. It would exceed the volume of about 9,225 units authorized in 1960.) It is expected that about 6,525 units will represent annual demand by owner-occupants. Demand for rental units at rents achievable without assistance is expected to total about 5,375.

Qualitative Demand

Sales Housing. The estimated distribution of the annual demand for 6,525 new sales houses is expected to approximate the pattern presented in the following table. The distribution is based on the ability to pay, as measured by current family incomes after tax and ratios of sales prices to income typical in the HMA, and on recent market experience.

Because of current construction and land costs, it is judged that few, if any, adequate new sales houses can be built to sell for below $10,000. Therefore, all of the 6,525 sales housing units expected to be in demand annually during the next three years have been distributed at and above this minimum on the assumption that purchasers with the ability to pay these prices will purchase new houses and the units vacanted by them will be purchases by other families in the area moving up in the quality scale of housing (filtering).

Estimated Annual Demand for New Sales Houses
by Sales Price
Houston, Texas, HMA
June 1965-June 1968

Sales price	All households
$10,000 - $11,999	640
12,000 - 15,999	1,830
16,000 - 19,999	1,470
20,000 - 24,999	1,100
25,000 - 29,999	700
30,000 and over	785
Total	6,525

Approximately 38 percent of the projected annual demand is for sales housing selling for less than $16,000. Housing in the $16,000 to $20,000 price range represents about 22 percent of demand. About 28 percent is in the range of from $20,000 to $30,000. About 12 percent is in the $30,000 and over range.

The distributions shown above differ from that in table IX, which reflects only selected subdivision experience during the year, nor do they reflect individual or contract construction on scattered lots. It is likely that the more expensive housing construction, and some of the lower value homes, are concentrated in the smaller building operations, which are quite numerous. The foregoing demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.

Rental Housing. The monthly rentals at which privately-owned additions to the rental housing inventory might be absorbed best by all households are indicated for various size units in the table on page 25. The production of units in the higher ranges of rents will result in a competitive filtering of existing accommodations.

With the exception of housing production with some form of public benefits or assistance in financing, acceptable new rental housing can be produced only at gross rents at and above the minimum levels achievable under current construction costs. In the Houston HMA, it is judged that minimum gross rents achievable without public benefits or assistance in financing are $90 for efficiency, $105 for one-bedroom, $115 for two-bedroom, and $125 for three-bedroom units.

The following table presents the distribution of demand for 5,375 rental units by unit size and by monthly gross rent levels at and above the minimum rents achievable without public benefits or assistance.

Estimated Annual Demand for New Rental Units
by Monthly Gross Rent and by Unit Size
Houston, Texas, HMA
June 1965 to June 1968

Monthly gross rent[a]	Size of unit: Efficiency	One bedroom	Two bedroom	Three bedroom
$90 and over	820	-	-	-
95 " "	785	-	-	-
100 " "	745	-	-	-
105 " "	700	2,265	-	-
115 " "	655	2,105	1,675	-
125 " "	595	1,850	1,380	615
135 " "	475	1,510	1,145	490
150 " "	360	1,155	890	395
160 " "	300	905	715	310
170 " "	-	750	580	245
180 " "	-	600	465	195
200 " "	-	390	300	135
220 " "	-	270	210	90
240 " "	-	225	170	75

a/ Gross rent is shelter or contract rent plus the cost of utilities and service.

Note: The figures above are cumulative, i.e., the columns cannot be added vertically. For example, the demand for one-bedroom units at from $105 to $125 is 415 units (2,265 minus 1,850).

The preceding distribution of average annual demand for new apartments is based on projected tenant family income, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration is also given to the recent absorption experience of new rental housing. Thus, it represents a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. It need not be construed with absolute rigidity; special marketing considerations may justify some deviation from this pattern within reasonable limits in exceptional situations to meet a particular need. Even though such a deviation may experience market success, however, 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 proposals must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or submarkets.

Demand for Nursing Home Beds

The Texas State Welfare Department is making vendor payments for approximately 1,800 patients in licensed facilities in Harris County, as compared with about 1,600 in April 1964. Experience indicates that homes which are not geared to accept welfare patients will experience difficulty in obtaining sufficient occupancy. The rates paid by the Texas State Welfare Department for eligible occupants of licensed nursing homes are $120, $141, and $180 a month, plus $90 a month permitted to be collected by the nursing home from other than the State. Although nursing homes admit all persons in need of nursing care, occupants of nursing homes are predominantly in the upper age group.

In the "Fiscal Year 1965 Texas State Plan for Construction of Nursing Homes" a need for 4,790 nursing home beds was indicated, based on four beds per thousand population in Houston City and two beds per thousand population in the rest of Harris County and a portion of Chambers County. Currently, in Harris County there are 4,772 available nursing home beds, consisting of 3,975 licensed beds in nursing homes, 293 unlicensed beds in new nursing home facilities, and 504 beds in homes licensed as convalescent hospitals. Also, 438 beds are under construction, indicating that over 5,200 beds are available or under construction. As of March 31, 1961 there were 1,580 beds in the county. Several of the older existing homes were closed as the new homes were opened. Currently, virtually all beds are conforming in all respects or are non-conforming correctable; 43 beds are indicated to be non-conforming permanent.

Vacancy in existing nursing homes of all classes reflects no significant shortage of beds. Licensed nursing homes in Houston are now about 20 percent vacant as compared with 27 percent in January 1965 and 23 percent in July 1964. Vacancy is lower, about 10 percent, in the 12 homes with 445 beds that appeal to lower-income persons. Beds not licensed and beds licensed as convalescent hospitals are excluded from the above vacancy rates. Typically, about 50 percent of the licensed new beds are vacant. It is significant that four nursing homes with 547 beds, including two FHA-insured, are in foreclosure. Two of the four homes with 247 beds are closed, and two homes with 300 beds are still in operation.

Available information suggests that for the next three years existing vacant beds plus beds under construction will meet adequately the need for additional beds in nursing homes that provide skilled nursing care as a primary and predominant function.

Table I

Civilian Work Force and Employment Trends a/
Houston, Texas, HMA
1958-1964

Item	Annual average (000's) b/ 1958	1959	1960	1961	1962	1963	1964
Civilian work force	499.0	512.0	532.0	557.7	579.0	596.7	609.4
Unemployment	30.0	23.8	23.9	26.1	23.2	25.1	21.5
Percent of work force	6.0%	4.6%	4.5%	4.7%	4.0%	4.2%	3.5%
Agricultural employment	6.2	6.1	6.0	5.9	6.5	6.5	6.4
Nonagricultural employment	462.4	481.4	502.0	525.1	548.5	563.5	581.4
Manufacturing	93.6	93.6	95.8	95.0	97.2	97.3	101.9
Nonmanufacturing	368.9	387.8	406.2	430.1	451.3	466.2	479.5
Idled by disputes	3.8	2.4	.3	.8	2.3	2.7	.1

a/ Annual averages computed from monthly data estimated by Texas Employment Commission.
b/ Rounded.

Source: Texas Employment Commission.

Table II

Annual Average Nonagricultural Employment by Industry a/
Houston, Texas, HMA, 1958-1964
(in thousands) b/

Industry group	1958	1959	1960	1961	1962	1963	1964
Nonagricultural employment	462.4	481.4	502.0	525.1	548.5	563.5	581.4
Manufacturing	93.6	93.6	95.8	95.0	97.2	97.3	101.9
Durable goods	47.2	47.9	48.6	48.3	50.2	51.1	54.3
Stone, clay, and glass	3.3	3.5	3.2	3.6	4.0	4.4	4.6
Primary metals	6.1	5.7	6.5	6.3	6.9	6.5	6.7
Fabricated metals	11.8	11.5	12.0	11.5	11.4	12.3	13.6
Machinery (except electric)	15.7	16.6	16.5	16.4	17.8	17.6	18.5
Other durable	10.3	10.6	10.4	10.5	10.1	10.3	10.9
Nondurable goods	46.4	45.7	47.2	46.7	47.0	46.3	47.6
Food and kindred	11.0	10.9	10.9	10.9	11.3	11.3	11.4
Printing and publishing	5.3	5.3	5.3	5.4	5.8	6.2	6.2
Chemicals and allied	10.2	10.3	11.0	10.8	10.9	10.9	11.5
Petroleum products	12.9	12.2	13.1	13.0	12.1	10.9	11.5
Other nondurable	7.0	7.0	6.9	6.6	6.9	7.0	7.0
Nonmanufacturing	368.9	387.8	406.2	430.1	451.3	466.2	479.5
Agr. serv., forestry, and fishing	.9	1.0	1.0	1.1	1.2	1.2	1.4
Mining	19.1	19.1	19.9	21.2	21.2	21.0	21.4
Contract construction	37.1	42.6	46.9	50.9	49.8	50.7	51.7
Transportation and services	37.5	38.5	39.2	40.1	41.9	41.4	41.5
Communications	5.2	5.2	5.5	5.5	5.7	6.1	6.3
Utilities	9.0	8.8	8.4	9.1	9.3	9.2	9.2
Wholesale trade	33.4	33.2	34.4	40.3	42.0	43.6	45.6
Retail trade	82.9	90.4	95.7	98.7	104.4	108.2	110.2
Finance, ins., and real estate	27.1	27.3	28.2	29.1	31.1	32.0	32.9
Services (exc. pvt. hshld.)	61.7	63.7	66.5	73.6	76.4	79.3	82.1
Private household	20.3	20.5	21.3	21.6	24.4	24.7	24.9
Government	34.7	37.5	39.2	38.9	43.9	48.9	52.3

a/ Annual averages computed from monthly data estimated by Texas Employment Commission.
b/ Rounded.

Source: Texas Employment Commission.

Table III

Estimated Percentage Distribution of Family Incomes After Tax
Houston, Texas, HMA
1965 and 1968

Annual income	1965 families	1968 renter families
Under $3,000	15	23
$3,000 - 3,999	7	11
4,000 - 4,999	9	13
5,000 - 5,999	10	12
6,000 - 6,999	11	11
7,000 - 7,999	11	8
8,000 - 8,999	8	6
9,000 - 9,999	7	5
10,000 - 14,999	15	8
15,000 and over	7	3
Total	100	100
Median income	$6,875	$5,200

Source: Estimated by Housing Market Analyst, based on 1959 income from Census of Population adjusted for underreporting of incomes, for increase in incomes since 1959, and for deduction of Federal income tax.

Table IV

Population and Household Trends
Houston HMA, 1950-1965

Area	April 1950	April 1960	June 1965	1950-1960 change		1960-1965 change	
				Number	Percent	Number	Percent
Total population							
Houston HMA	806,701	1,243,158	1,506,000	436,457	54.1	262,842	21.1
Houston City	596,163	938,219	1,144,000	342,056	57.4	205,781	21.9
Rest of HMA	210,538	304,939	362,000	94,401	44.8	57,061	19.0
Total households							
Houston HMA	240,392	367,618	444,000	127,226	52.9	76,382	20.8
Houston City	180,852	282,626	342,400	101,774	56.3	59,774	21.1
Rest of HMA	59,540	84,992	101,600	25,452	42.7	16,608	19.5

Source: 1950 and 1960 Censuses of Population and Housing.
1965 estimated by Housing Market Analyst.

Table V

Trend of Residential Construction by Type of Structure in the Major Segments of the Houston HMA, 1960-1965

Year	Type of structure: One family	2 to 4 family	5 or more family	Total housing units a/
		Houston city		
1960	5,024	301	1,641	6,966
1961	5,667	258	4,116	10,041
1962	6,795	582	14,676	22,053
1963	6,078	717	12,916	19,711
1964	4,857	641	8,776	14,274
1964, Jan.-May	2,243	304	3,874	6,421
1965, Jan.-May	2,230	299	2,005	4,534
		Rest of HMA b/		
1960	2,200	30	25	2,255
1961	2,400	15	175	2,590
1962	2,700	55	1,270	4,025
1963	2,925	50	880	3,855
1964	3,000	80	320	3,400
1964, Jan.-May	1,425	- 420 -		1,845
1965, Jan.-May	975	- 320 -		1,295

Note: Data may not add because of rounding.

a/ Includes the following public units: 1960, Baytown 20 units; 1963, Houston 54 units.
b/ Estimated for area outside places issuing building permits.

Source: Bureau of the Census, C-40 Construction Reports; University of Texas, Construction Reports; local building departments; and Houston Chamber of Commerce, Research Department.

Table VI

Dwelling Units Authorized by Building Permits
Houston HMA, 1959-1964 a/

Area	1959	1960	1961	1962	1963	1964
Baytown	158	181	250	335	288	208
Bellaire	18	7	7	9	43	5
Bunker Hill village	N.R.	N.R.	51	45	48	35
Deer Park	93	69	104	99	165	228
Galena Park	29	10	13	35	49	17
Hedwig village	N.R.	17	0	17	120	) 22
Hilshire village	N.R.	9	0	13	8	)
Houston	10,999	6,966	10,041	22,053	19,711	14,274
Humble	11	8	8	23	43	20
Hunters Creek village	74	33	51	N.R.	39	33
Jacinto City	39	39	16	38	87	133
Jersey village	N.R.	14	0	14	9	3
Katy	20	24	18	20	24	49
La Porte	37	15	17	166	10	82
Pasadena	879	570	785	1,229	1,004	825
Piney Point village	36	23	31	23	28	23
Shoreacres town	20	22	20	27	18	50
South Houston town	146	110	43	437	87	168
South Side Place	1	1	4	73	72	37
Spring Valley	N.R.	43	22	7	2	8
Tomball town	16	8	5	17	13	11
Webster	N.R.	N.R.	6	16	18	N.R.
West University Place	12	9	13	12	10	7
Total	12,588	8,178	11,505	24,708	21,896	16,238

N.R. - Not reported.

a/ Includes the following public units: 1960 Baytown 20 units; 1963, Houston 54 units.

Source: **Bureau of the Census, C-40 Construction Reports; University** of Texas, Construction Reports; local building departments; and Houston Chamber of Commerce, Research Department.

Table VII

Houston, Texas, Area Postal Vacancy Survey

May 12 - 19, 1965

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	466,012	30,471	6.5	25,390	5,081	8,861	372,785	13,550	3.6	11,010	2,540	3,161	93,227	16,921	18.2	14,380	2,541	5,700	3,413	371	10.9
Houston	402,067	27,219	6.8	22,638	4,581	6,970	313,880	11,181	3.6	9,032	2,149	2,432	83,187	16,038	18.2	13,606	2,432	4,538	2,603	292	11.2
Branches:																					
Almeda	8,340	230	2.8	150	80	204	8,340	230	2.8	150	80	204	-	-	-	-	-	-	-	-	-
East Houston	10,284	538	5.2	494	44	105	10,209	523	5.1	480	43	71	75	15	20.0	14	1	34	90	5	5.6
G.P.O.	717	109	15.2	109	-	-	92	32	34.8	32	-	-	625	77	12.3	77	-	-	-	-	-
Jacinto City	8,532	448	5.3	284	164	30	7,791	234	3.0	213	21	20	741	214	28.9	71	143	10	88	3	3.4
Memorial Park	24,109	1,582	6.6	880	702	720	20,241	660	3.3	338	322	481	3,868	922	23.8	542	380	239	109	13	11.9
Stations:																					
Anson Jones	16,368	870	5.3	834	36	52	13,981	369	2.6	353	16	26	2,387	501	21.0	481	20	26	94	4	4.3
Braeswood	12,513	1,419	11.3	1,276	143	167	6,549	172	2.6	168	4	3	5,964	1,247	20.9	1,108	139	164	151	1	0.7
Central Park	7,410	545	7.4	539	6	2	4,972	228	4.6	226	2	2	2,438	317	13.0	313	4	-	1	1	100.0
Denver-Harbor	13,756	768	5.6	761	7	12	10,889	423	3.9	423	-	9	2,867	345	12.0	338	7	3	10	2	20.0
Eastwood	10,217	802	7.8	776	26	48	7,395	194	2.6	194	-	3	2,822	608	21.5	582	26	45	19	-	-
Fairbanks	1,191	41	3.4	41	-	8	1,174	39	3.3	39	-	8	17	2	11.8	2	-	-	49	-	-
Fairview	17,879	1,839	10.3	1,678	161	439	5,420	322	5.9	295	27	8	12,459	1,517	12.2	1,383	134	431	1	-	-
Foster Place	17,625	1,393	7.9	1,213	180	257	12,392	451	3.6	422	29	35	5,233	942	18.0	791	151	222	383	94	24.5
Franklin	5,834	337	5.8	331	6	16	3,961	168	4.2	168	-	-	1,873	169	9.0	163	6	16	4	-	-
Genoa	7,951	731	9.2	340	391	592	7,436	601	8.1	252	349	219	515	130	25.2	88	42	373	178	5	2.8
Green's Bayou	6,886	245	3.6	220	25	28	6,810	225	3.3	200	25	26	76	20	26.3	20	-	2	40	2	5.0
Harrisburg	7,434	700	9.4	700	-	-	5,352	208	3.9	208	-	-	2,082	492	23.6	492	-	-	44	3	6.8
Highland Village	15,086	1,492	9.9	1,259	233	609	7,538	177	2.3	143	34	33	7,548	1,315	17.4	1,116	199	576	-	-	-
Houston Heights	13,176	697	5.3	668	29	54	10,749	259	2.4	255	4	8	2,427	438	18.0	413	25	46	164	3	1.8
Irvington	19,189	1,031	5.4	793	238	372	17,584	516	2.9	403	113	203	1,605	515	32.1	390	125	169	180	22	12.2
Jensen Drive	13,666	429	3.1	387	42	168	11,799	189	1.6	188	1	33	1,867	240	12.9	199	41	135	-	-	-
John Allen	12,083	645	5.3	632	13	328	10,493	322	3.1	309	13	-	1,590	323	20.3	323	-	328	39	1	2.6
Oak Forest	23,281	1,052	4.5	832	220	404	21,512	814	3.8	608	206	176	1,769	238	13.5	224	14	228	347	80	23.1
Park Place	25,033	2,004	8.0	1,671	333	505	18,865	414	2.2	399	15	62	6,168	1,590	25.8	1,272	318	443	198	2	1.0
River Oaks	9,966	847	8.5	835	12	19	5,468	229	4.2	229	-	8	4,498	618	13.7	606	12	11	1	1	100.0
Roy Royal	24,377	1,646	6.8	1,261	385	407	23,232	1,374	5.9	1,043	331	283	1,145	272	23.8	218	54	124	244	46	18.9
Sharpstown	14,362	1,516	10.6	774	742	723	10,707	555	5.2	257	298	222	3,655	961	26.3	517	444	501	2	1	50.0
Southmore	22,321	1,633	7.3	1,542	91	156	13,262	280	2.1	276	4	9	9,059	1,353	14.9	1,266	87	147	105	1	1.0
South Park	10,843	455	4.2	392	63	56	10,622	425	4.0	373	52	9	221	30	13.6	19	11	47	60	-	-
South Post Oak	12,687	555	4.4	346	209	489	11,983	349	2.9	189	160	271	704	206	29.3	157	49	218	2	2	100.0
William Rice	8,951	620	6.9	620	-	-	7,062	199	2.8	199	-	-	1,889	421	22.3	421	-	-	-	-	-

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 (Cont.)

Houston, Texas, Area Postal Vacancy Survey

May 12 - 19, 1965

Postal area	Total residences and apartments: Total possible deliveries	Vacant units: All	Vacant units: %	Vacant units: Used	Vacant units: New	Under const.	Residences: Total possible deliveries	Vacant units: All	Vacant units: %	Vacant units: Used	Vacant units: New	Under const.	Apartments: Total possible deliveries	Vacant units: All	Vacant units: %	Vacant units: Used	Vacant units: New	Under const.	House trailers: Total possible deliveries	Vacant: No.	Vacant: %
Suburban Area	63,945	3,252	5.1	2,752	500	1,891	58,905	2,369	4.0	1,978	391	729	5,040	883	17.5	774	109	1,162	810	79	9.8
Baytown	13,553	657	4.8	579	78	57	12,882	526	4.1	463	63	36	671	131	19.5	116	15	21	86	5	5.8
Bellaire	6,028	248	4.1	248	-	2	5,740	195	3.4	195	-	2	288	53	18.4	53	-	-	-	-	-
Channelview	2,703	96	3.6	51	45	20	2,644	96	3.6	51	45	14	59	-	-	-	-	6	118	24	20.3
Deer Park	2,010	106	5.3	72	34	48	1,967	92	4.7	58	34	48	43	14	32.6	14	-	-	-	-	-
Galena Park	3,107	123	4.0	123	-	8	2,906	74	2.5	74	-	8	201	49	24.4	49	-	-	8	6	75.0
Highlands	1,492	56	3.8	55	1	10	1,474	44	3.0	43	1	10	18	12	66.7	12	-	-	13	-	-
Humble	3,217	214	6.7	149	65	69	3,110	189	6.1	124	65	69	107	25	23.4	25	-	-	34	1	2.9
La Porte	3,179	192	6.0	149	43	35	2,893	166	5.7	123	43	35	286	26	9.1	26	-	-	67	-	-
Pasadena	23,233	1,243	5.4	1,064	179	1,250	20,506	817	4.0	707	110	447	2,727	426	15.6	357	69	803	403	35	8.7
Seabrook	1,027	62	6.0	16	46	190	975	34	3.5	13	21	38	52	28	53.8	3	25	152	-	-	-
South Houston	3,250	219	6.7	210	9	194	2,676	105	3.9	96	9	14	574	114	19.9	114	-	180	77	8	10.4
Tomball	1,146	36	3.1	36	-	8	1,132	31	2.7	31	-	8	14	5	35.7	5	-	-	4	-	-

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 VIII

Change in Level of Vacancies
Houston HMA
1950-1965

Vacancy type	April 1950	April 1960	June 1965
All housing units	257,154	408,138	483,500
Nonresident housing units	548	-	-
Owner occupied	133,364	238,260	279,500
Renter occupied	107,028	129,358	162,900
Total vacant units	16,214	40,520	41,100
Percent vacant	6.3	9.9	8.5
Vacant available for sale or rent	9,828	29,249	29,725
Percent vacant	3.8	7.2	6.1
Vacant available for sale only	3,014	7,966	6,875
Homeowner vacancy rate	2.2	3.2	2.4
Vacant available for rent	6,814	21,283	22,850
Rental vacancy rate	6.0	14.1	12.3
Other vacant units a/	6,386	11,271	11,375

a/ Includes vacant seasonal units, dilapidated units, units sold or rented and awaiting occupancy, and units held off the market for absentee owners or for other reasons.

Source: 1950 and 1960 . Censuses of Housing.
1965 estimated by Housing Market Analyst.

Table IX

New Sales Houses Completed in the Past Twelve Months, Number Sold, and Number Unsold by Price Class
Houston, Texas, Housing Market Area, January 1, 1965 a/

Sales price	Total completions		Homes sold before start of const.	Speculatively built		
					Unsold	
	Number	Percent		Total	Number	Percent
Under $10,000	15	b/	2	13	13	100
$10,000 - 12,499	1,014	17	157	857	99	12
12,500 - 14,999	543	9	80	463	152	33
15,000 - 17,499	950	16	226	724	217	30
17,500 - 19,999	1,049	18	222	827	247	30
20,000 - 24,999	910	15	188	722	183	25
25,000 - 29,999	831	14	195	636	146	23
30,000 - 34,999	373	6	107	266	67	25
35,000 and over	287	5	114	173	43	25
Total	5,972	100	1,291	4,681	1,167	25

a/ Survey includes only subdivisions with five or more completions during last twelve months.
b/ Less than one percent.

Source: Survey of Unsold Inventory of New Houses conducted by the Houston FHA Insuring Office.

Table X

Number of New Single-Family Houses Completed and Unoccupied and Number Under Construction in the Four Major Segments of the Houston Metropolitan Area, 1960-1965

Area	April 1960	April 1961	April 1962	April 1963	April 1964	April 1965
	Completed and Unoccupied Houses					
Northeast	353	556	344	451	405	468
Southeast	913	668	481	747	1,142	860
Southwest	787	717	495	564	564	434
Northwest	572	418	387	502	490	502
Total	2,625	2,359	1,707	2,264	2,601	2,264
	Houses Under Construction					
Northeast	290	159	223	326	297	328
Southeast	493	329	588	644	624	588
Southwest	465	274	447	540	463	471
Northwest	392	299	364	349	486	754
Total	1,640	1,061	1,622	1,859	1,870	2,141

The boundaries of the four quadrants are:
NORTHEAST: North Main Street to Buffalo Bayou (Includes Baytown area).
NORTHWEST: Buffalo Bayou to North Main Street.
SOUTHEAST: Buffalo Bayou to South Main Street (Includes Clear Creek and NASA area).
SOUTHWEST: South Main Street to Buffalo Bayou.

Source: Survey conducted jointly by Houston Mortgage Bankers Association, Veterans Administration, and Federal Housing Administration. Major segment summary prepared by FHA Valuation Section.

Table XI

Multifamily High-Rise Units Constructed
in the Houston HMA
1962-1965

Project	Location	Floors	Completed	Units
Alabama House	230 W. Alabama	11	April 1965	91
Inwood Manor	3711 San Felipe	16	April 1964	136
2016 Main	2016 Main	27	April 1965	340
Parc IV	3614 Montrose	12	May 1965	92
Regency House	2701 Westheimer	13	Feb. 1963	106
River Oaks	3435 Westheimer	16	Jan. 1965	142
Willowick	2200 Willowick	16	May 1963	142
Conquistidor	7500 Bellaire	18	1964	134
Housing for the elderly				
Bayou Manor	4141 S. Braeswood	6	July 1963	176
Clarewood House	7400 Clarewood	11	March 1964	288
Under construction				
Lamar Towers	2929 Buffalo	23		285
Memorial Tower	5300 Memorial	8		112
Houston House	1617 Fannin	31		406
Executive House	5050 Woodway	9		43
7510 Hornwood	7510 Hornwood	16		126
7520 Hornwood	7520 Hornwood	16		126
Hallmark	Hollyhurst	10		110
Hermitage	Bammel	13		140