

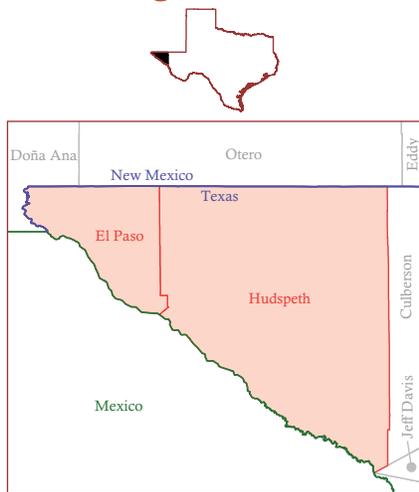


El Paso, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2017



Housing Market Area



The El Paso Housing Market Area (HMA) is coterminous with the El Paso, TX Metropolitan Statistical Area and consists of El Paso and Hudspeth Counties in far west Texas. The El Paso HMA is located on the northern shore of the Rio Grande River, which forms the border with Mexico, and is directly across the river from Ciudad Juarez in the Mexican state of Chihuahua. The HMA is also home to Fort Bliss Army Base (AB), which is the largest contiguous area of restricted air space in the continental United States.

Market Details

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Summary

Economy

Economic conditions remain strong in the El Paso HMA, with nonfarm payrolls increasing by 8,000 jobs, or 2.6 percent, annually during 2016. This is the seventh consecutive year of nonfarm payroll growth in the HMA, the longest continuous expansion since the 1990s. The unemployment rate in the HMA is currently 4.9 percent, down from 5.2 percent during 2015 and the lowest level recorded since before 1990. Nonfarm payrolls are expected to increase an average of 1.9 percent annually during the next 3 years.

Sales Market

The sales housing market in the HMA is balanced, with a vacancy rate estimated at 1.6 percent, which is unchanged from 2010. Home sales in the HMA totaled 10,300 during 2016, a decline of 550, or 5 percent, from 2015 (Metrostudy, A Hanley Wood Company). Demand is forecast for 8,825 new homes in the HMA during the next 3 years (Table 1). The 590 homes currently under construction will meet part of the demand during the first year. A portion of the 8,800

other vacant units in the HMA may reenter the market and satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is currently balanced, with a 6.1-percent vacancy rate, up from 4.4 percent during 2010. The apartment market is also balanced, with a 5.6-percent vacancy rate as of the fourth quarter of 2016, down from 6.0 percent a year earlier (Reis, Inc.). During the 3-year forecast period, demand is estimated for 3,400 new market-rate rental units (Table 1). The 2,075 units currently under construction will meet a portion of that demand.

Table 1. Housing Demand in the El Paso HMA During the Forecast Period

	El Paso HMA	
	Sales Units	Rental Units
Total demand	8,825	3,400
Under construction	590	2,075

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2017. A portion of the estimated 8,800 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2017, to January 1, 2020. Source: Estimates by analyst

Economic Conditions

The location of the El Paso HMA on the border with Mexico makes it a center for international trade and also contributes to the large government employment base, because U.S. Customs and Border Protection has a significant presence in the HMA to facilitate the daily flow of people and products across the border. In addition, the HMA is home to several military installations and universities that also contribute to government employment. The 2005 Base Closure and Realignment (BRAC) Commission recommended a major expansion at Fort Bliss AB that had a profound impact on the local economy. The largest troop relocation as a result of the BRAC was that the U.S. 1st Armored Division relocated from Germany to Fort Bliss AB, bringing an additional 11,500 troops. When completed in 2012, BRAC had increased the number of troops stationed in the HMA by nearly 16,000.

From 2001 through 2003, the HMA went through a period of job losses as nonfarm payrolls declined by an average of 500 jobs, or 0.2 percent, annually; the manufacturing sector was the hardest-hit employment sector, declining by an average of 3,800, or 11.3 percent, annually during these years. Especially hard hit was apparel manufacturing, because Levi Strauss & Co. and VF Jeanswear both closed plants in the HMA that resulted in more than 2,000 job losses combined. The local economy began to recover during 2004 and expanded continuously through 2008 as nonfarm payrolls increased by an average of 4,700 jobs, or 1.8 percent, annually. Leading job gains during this period were the professional and business services and the government sectors, which increased by an average of 1,200 jobs

each, or 4.3 and 1.9 percent, respectively, per year. The large increase in government employment during these years was the result of the base expansion at Fort Bliss AB. Though active duty military personnel are not included in nonfarm payrolls, a significant number of the increased government employment was due to civilian Department of Defense personnel. Like in the nation as a whole, nonfarm payrolls in the HMA declined in 2009, but losses were less severe in the HMA than the 4.3-percent decline for the nation due to the base expansion, which increased federal government payrolls in the HMA by 900 jobs, or 8.1 percent. Nonfarm payrolls declined by 4,500 jobs, or 1.6 percent, with wholesale and retail trade leading job losses, as this sector declined by 3,300 jobs, or 7.1 percent. In 2010, the local economy began adding jobs again, and by 2014 nonfarm payrolls in the HMA totaled 295,400 jobs, an average increase of 3,700 jobs, or 1.3 percent, annually since 2010. The education and health services sector led job gains during these years, increasing by an average of 1,300 jobs, or 3.4 percent, annually.

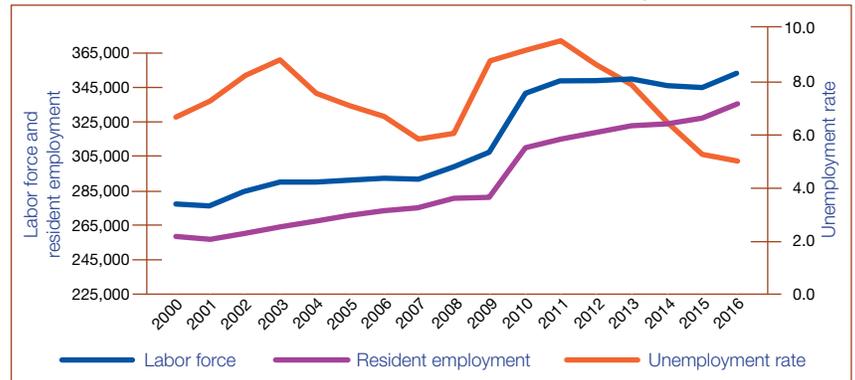
Economic conditions in the HMA currently remain strong as nonfarm payrolls increased by 8,000 jobs, or 2.6 percent, to 310,400 during 2016 (Table 2). Since the start of the recent economic expansion during 2010, nonfarm payrolls have expanded by an average of 4,800, or 1.7 percent, annually. Since 2010, all of the service-providing sectors have added jobs, while the goods-producing sectors have declined. The unemployment rate is currently 4.9 percent, down from 5.2 percent during 2015 and 9.2 percent during 2010. Figure 1 shows trends in the

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

	12 Months Ending		Absolute Change	Percent Change
	December 2015	December 2016		
Total nonfarm payroll jobs	302,400	310,400	8,000	2.6
Goods-producing sectors	31,000	31,200	200	0.6
Mining, logging, & construction	13,900	14,600	700	5.0
Manufacturing	17,000	16,600	-400	-2.4
Service-providing sectors	271,400	279,200	7,800	2.9
Wholesale & retail trade	50,400	51,800	1,400	2.8
Transportation & utilities	14,800	15,000	200	1.4
Information	5,900	5,800	-100	-1.7
Financial activities	12,100	12,900	800	6.6
Professional & business services	32,200	32,900	700	2.2
Education & health services	43,000	44,900	1,900	4.4
Leisure & hospitality	33,600	35,500	1,900	5.7
Other services	9,900	10,100	200	2.0
Government	69,500	70,300	800	1.2

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

Source: U.S. Bureau of Labor Statistics

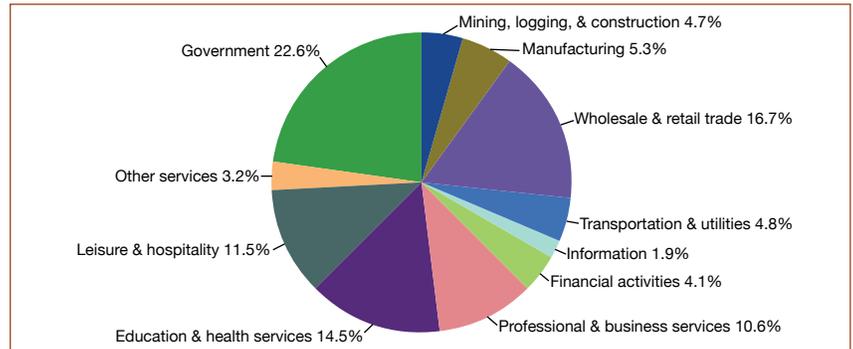
Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the El Paso HMA, 2000 Through 2016

Source: U.S. Bureau of Labor Statistics

labor force, resident employment, and the unemployment rate from 2000 through 2016.

The location of the HMA on the border with Mexico contributes to the significant impact that trade has on the local economy. During 2015 (the most recent data available), more than \$30.6 billion worth of goods (U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division) crossed the border at the ports of entry in the HMA, along with more than 6.9 million pedestrian and 750,000 truck crossings into the United States

(U.S. Customs and Border Protection). During 2016, employment in the wholesale and retail trade sector averaged 51,800 jobs, an increase of 1,400, or 2.8 percent, from 2015. The wholesale and retail trade sector is the second largest employment sector in the HMA (Figure 2). The significant number of truck border crossings in the HMA drives the need for many warehousing and shipping facilities to move goods across the country, providing jobs in the transportation and utilities sector. During 2016, employment in the transportation

Figure 2. Current Nonfarm Payroll Jobs in the El Paso HMA, by Sector

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

Source: U.S. Bureau of Labor Statistics

and utilities sector totaled 15,000, an increase of 200 jobs, or 1.4 percent, from 2015.

During 2016, one of the two leading sectors for job growth was the leisure and hospitality sector, which increased by 1,900 jobs, or 5.7 percent, from 2015. During 2015, more than 2.96 million people visited the HMA (Destination El Paso annual report). The large military base in the HMA is one of the drivers of visitors to the HMA, due to people conducting business on the base, military personnel temporarily stationed at the base, and people visiting soldiers. One of the events that draws people to the HMA annually is the Sun Bowl, which has been located in the city of El Paso since 1936, making it the second oldest college football bowl game in the nation. Some notable expansions in the sector

during 2016 include the opening of the Hotel Indigo El Paso Downtown and the completion of an Alamo Draffhouse Cinema on the west side of the city.

The largest employment sector in the HMA is the government sector, with 70,300 jobs, which accounts for 22.6 percent of all nonfarm payroll jobs in the HMA. During 2016, the government sector increased by 800 jobs, or 1.2 percent. Of the 10 largest employers in the HMA, 6 are in the government sector; Fort Bliss AB is the largest employer, with more than 47,300 employees, of whom 33,500 are active-duty military and therefore not included in the nonfarm payroll numbers (Table 3). Fort Bliss AB had a \$24.1 billion impact on the local economy during 2015 (report by the state comptroller of Texas). Another major contributor to the government sector is the University of Texas at El Paso (UTEP), which has 23,400 students, 2,275 employees, and a \$1.4 billion impact on the local economy (2013 study by Economic Modeling Specialists International).

Since 2000, the education and health services sector has had the largest increase in employment of any sector in the HMA, increasing by an average

Table 3. Major Employers in the El Paso HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort Bliss Army Base	Government	47,325
City of El Paso	Government	5,500
T&T Staff Management, Inc.	Professional & business services	5,350
The Hospitals of Providence	Education & health services	5,100
El Paso Community College	Government	3,100
El Paso County	Government	2,900
University Medical Center of El Paso	Government	2,850
Alorica Inc.	Professional & business services	2,500
U.S. Customs and Border Protection	Government	2,400
El Paso Healthcare System Ltd.	Education & health services	2,300

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.

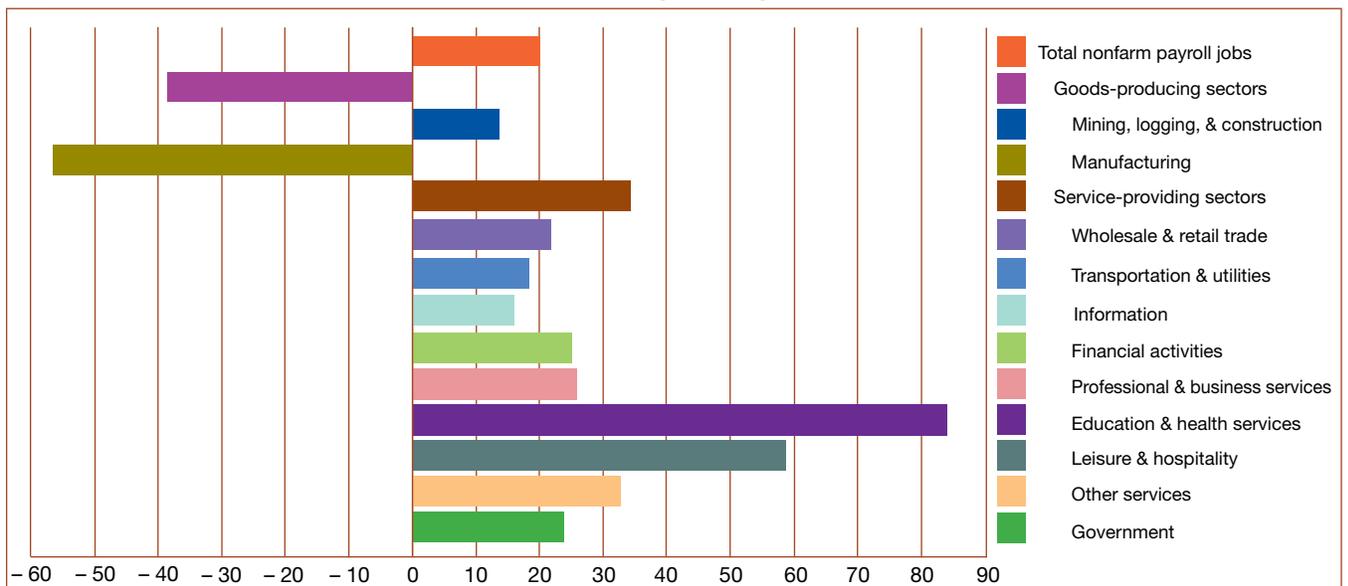
Source: El Paso Economic development

of 1,300 jobs, or 3.9 percent, annually. Figure 3 shows the percentage change in employment sectors from 2000 to the current date. During 2016, the education and health services sector increased by 1,900 jobs, or 4.4 percent, to 44,900, making it the third largest employment sector in the HMA. The Hospitals of Providence Transmountain Campus, a \$120 million project on the city of El Paso's west side, has a partnership with Texas Tech University to operate as a teaching hospital, began hiring in the fall of 2016, and currently employs 200 people. The hospital is expected to open to the public and begin receiving patients in January 2017 and expects to add an additional 100 employees by the end of 2017.

During the 3-year forecast period, non-farm payrolls are expected to increase an average of 1.9 percent annually. Employment expansion in the professional and business services sector is likely, as ADP, LLC, recently opened a second facility in the HMA that

currently employs 1,775 people and plans to grow to 2,200 employees during the next 3 years. Employment growth is also likely in the government sector, because Texas Tech University Health Sciences Center has plans to open a dental school in the HMA. In addition, the new \$650 million William Beaumont Army Medical Center is scheduled to open in 2019, which will add to government sector employment when complete. Currently, about 1,200 construction jobs are at this project. Also contributing to construction employment during the forecast period is the \$600 million Border Highway West project, which will complete State Highway Loop 375 in the HMA. In addition, construction is under way in the city of El Paso for a streetcar, a \$100 million project that began in 2015 and, when complete in 2018, will have a loop of 4.8 miles of track connecting the city's west side near UTEP to downtown. Table DP-1 at the end of this report provides additional employment and demographic data.

Figure 3. Sector Growth in the El Paso HMA, Percentage Change, 2000 to Current



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

Source: U.S. Bureau of Labor Statistics

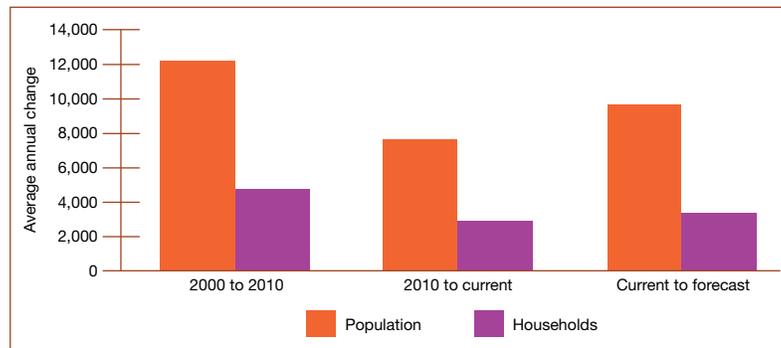
Population and Households

The El Paso HMA is the fifth largest metropolitan area in the state of Texas, with a population currently estimated at 855,300, an average increase of 7,575, or 0.9 percent, annually since 2010 (Figure 4). From 2000 through 2010, the population of the HMA increased by an average of 12,100, or 1.6 percent, annually. Since 2010, overall net out-migration from the HMA has averaged 1,050 people annually, which is a reversal from the previous decade when net in-migration averaged 2,050 people annually (Figure 5). Nearly all of the HMA population lives in El Paso County, with the population of Hudspeth County currently estimated at only 3,375, unchanged since 2010. The city of El Paso was the 20th largest city in

the nation during 2015 with a population of 681,124, which accounted for 81 percent of the HMA population (Census Bureau population estimates as of July 1).

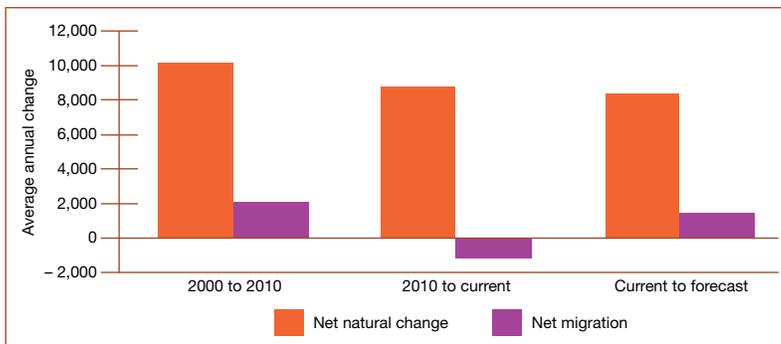
From 2000 through 2003, the population of the HMA increased by an average of 7,875, or 1.1 percent, annually, as an economic downturn contributed to net out-migration of 2,125 people annually. With the local economy once again expanding, population growth began to increase, and from 2003 to 2005 population growth averaged 11,500, or 1.6 percent, annually, with net in-migration averaging 1,250 people per year. The period from 2005—when the BRAC expansion was announced—through 2012, when it was complete, was a period of rapid population growth in the HMA. During these years, population growth averaged 15,250 people, or 2.0 percent, annually (Texas Demographic Center population estimates as of July 1). Net in-migration increased substantially as numerous troops and their families relocated to the base, and many more people migrated in to fill jobs related to an expanding HMA. From 2005 to 2012, net in-migration to the HMA averaged 5,550 people annually. From 2012 to 2015, the rate of population growth in the HMA slowed substantially as the BRAC expansion at Fort Bliss AB was completed. Another factor in slowing population growth in the HMA during this period was the increased production of oil and natural gas in other parts of Texas that caused many people to leave the HMA to seek high-paying jobs in that industry. From 2012 to 2015, the population of the HMA expanded by an average of only 780, or 0.1 percent, annually, with net out-migration averaging 7,725 people

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



Notes: The current date is January 1, 2017. The forecast date is January 1, 2020.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

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



Notes: The current date is January 1, 2017. The forecast date is January 1, 2020.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

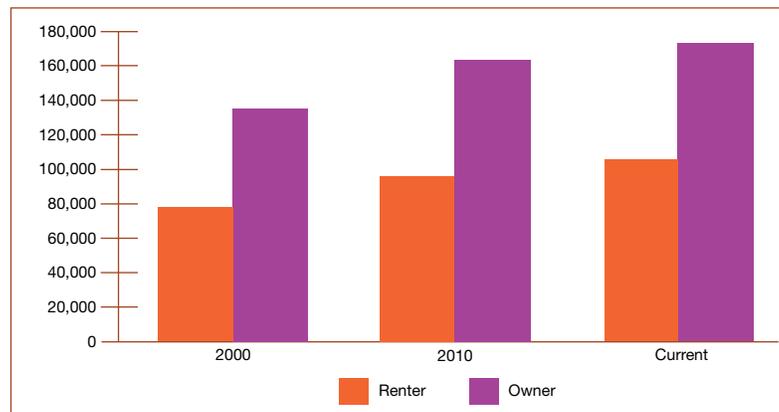
annually. Since 2015, the rate of population growth has started to increase again, along with in-migration, due in part to a decline in energy prices and the subsequent reduction of jobs in the Texas oil fields, causing many people who previously left the HMA to return home. Since 2015, population growth has averaged 9,700 people, or 1.2 percent, annually, with net in-migration averaging 1,400 people annually.

Currently, an estimated 276,400 households are in the HMA, an

average increase of 2,775, or 1.0 percent, annually since 2010. The current rate of household growth is one-half what it was the previous decade, when the large influx of people relocated to the HMA. During the previous decade, from 2000 to 2010, household growth in the HMA averaged 4,650, or 2.0 percent, annually. Since 2010, nearly 51 percent of all new households formed were renter households, higher than the portion from 2000 to 2010, when nearly 40 percent of all new household formations were renter households. Figure 6 shows the number of households by tenure in the HMA.

During the 3-year forecast period, population and household growth in the HMA is likely to be slightly higher than the 2010-to-current period, due in part to fewer people migrating from the HMA to work in the oil fields of Texas. The population of the HMA is expected to increase 1.1 percent annually during the next 3 years, while the number of households is expected to increase 1.2 percent annually.

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



Note: The current date is January 1, 2017.

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

Housing Market Trends

Sales Market

The sales housing market in the El Paso HMA is balanced, with a vacancy rate estimated at 1.6 percent, which is unchanged from 2010 and up slightly from the 1.5-percent vacancy rate during 2000. The sales vacancy rate in the HMA did not increase substantially in 2010, as was common throughout the country, because the impacts from

the national housing crisis were not as severe in the HMA. During December 2016, 5.5 months of inventory were on the market, down from 6.6 months during December 2015 and 6.3 months during April 2010 (Real Estate Center at Texas A&M University). In December 2016, 3.5 percent of home loans in the HMA were seriously delinquent

Housing Market Trends

Sales Market *Continued*

(90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 3.9 percent a year earlier (CoreLogic, Inc.). The percentage of seriously delinquent and REO mortgages peaked in January 2010 in both the HMA and the nation, at 5.4 and 8.6 percent, respectively.

New home sales in the HMA during 2016 totaled 2,450, down by 160, or 6 percent, from 2015, as demand for new homes that was generated by the base expansion began to slow, and new home construction barely across the state line in New Mexico, which is outside the HMA, began to increase. (Metrostudy, A Hanley Wood Company). New home sales (which includes single-family, townhomes, and condominiums) during 2006, the most recent peak, totaled 3,975, but the following year, with the onset of the national recession and housing crisis, new home sales began to decline in the HMA. The downturn in the housing market in the HMA was not as severe as in other places in the nation because the expansion occurring during this time at Fort Bliss AB provided a boost to the local sales market. During 2008, new home sales totaled 2,850, a decline of 560 homes, or more than 15 percent, annually from 2006. New home sales leveled off from 2009 through 2012, averaging 2,725 annually. During 2013, when the base expansion was complete, new home sales declined again, and by 2014, were down to 2,275 homes, a decline of 225 homes, or 9 percent, annually, from the average during the 2008-through-2012 period.

The average sales price of a new home in the HMA during 2016 was \$187,700, an increase of \$3,300, or nearly 2 percent, from 2015. The average sales price of a new home is still below the

peak price of \$193,100 during 2007. Following this peak price in 2007, the average sales price for new homes declined for the next 3 years by an average of \$13,600, or nearly 8 percent, annually to an average sales price of \$152,200 during 2010. Home prices began to pick up again during 2011, which coincided with improving economic conditions and another large influx of troops moving from Germany to the HMA, and from 2011 through 2015, when the average sales price of a new home increased by an average of \$6,450, or nearly 4 percent, annually.

Existing home sales in the HMA totaled 7,825 during 2016, a decline of 420 homes, or 5 percent, from 2015, a reversal of the recent trend of increasing existing home sales that began during 2012. From 2012 through 2015, existing home sales increased by an average of 340, or nearly 5 percent, annually. Prior to 2012, existing home sales had been declining steadily since peaking in 2006 at 12,500 homes. During 2011, only 6,875 existing homes sold, an average decline of 1,125, or more than 11 percent, annually, during this 5-year period.

The average sales price of an existing home in the HMA was \$162,300 during 2016, an increase of \$8,400, or more than 5 percent, from 2015. The average sales price of an existing home is still below the peak price of \$166,300 recorded during 2007. Following the peak price in 2007, the average sales price of an existing home declined for the next 3 years by an average of \$8,975, or nearly 6 percent, annually, to an average sales price of \$139,400 during 2010. Since 2010, the average sales price of an existing home has been steadily increasing, and by 2015,

the average sales price was \$153,900, an average increase of \$2,900, or 2 percent, annually.

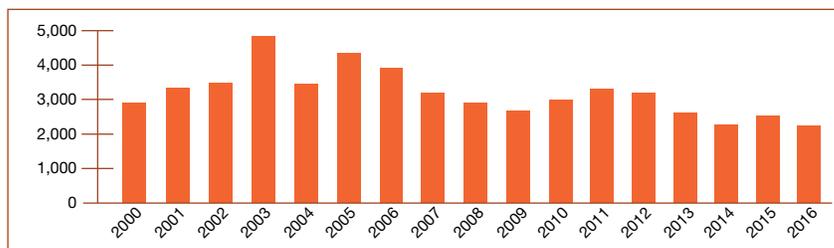
Single-family homebuilding activity, as measured by the number of single-family homes permitted, totaled 2,225 during 2016, which is down by 300 homes, or nearly 12 percent, from 2015, as the increased homebuilding activity that occurred in response to the expansion at Fort Bliss AB continued to wane. The 2,225 single-family homes permitted during 2016 were the fewest homes permitted in the HMA since the early 1990s. In 2000, 2,875 single-family homes were permitted in the HMA, and the number of homes permitted increased by an average of 650, or 19 percent, annually, until reaching 4,825 in 2003, the all-time peak year of production in the HMA (Figure 7). Single-family home construction declined in 2004 from the previous year's level of production but remained fairly strong from 2004 through 2006, when production averaged 3,875 homes annually. In 2007, single-family home production declined in the HMA but not as sharply as in the rest of the nation, which was entering a recession, and where the impact of the housing crisis was beginning to curtail production. The HMA

did not have as sharp a downturn in production because the increasing numbers of military personnel stationed at Fort Bliss AB provided a significant boost to demand. From 2007 through 2012, when the expansion at the base was complete, single-family home construction averaged 3,025 units annually. During 2013, the number of single-family homes permitted began to decline, and by 2014 only 2,250 homes were permitted, an average decline of 460, or 16 percent, annually from 2012.

Some recent and ongoing developments include Rancho Desierto Bello, a subdivision in eastern El Paso County with more than 500 homes that is nearing completion. Home prices in this development start at \$90,000 for a three-bedroom, one-bathroom home with slightly more than 1,100 square feet. On the west side of El Paso is the Desert Springs subdivision that will have nearly 600 homes when finished. Work on this subdivision is about 30 percent complete. Prices start at \$180,000 for a 1,500-square-foot three-bedroom, two-bathroom home.

Demand is forecast for 8,850 new homes in the HMA during the next 3 years, with demand declining slightly each successive year (Table 1). The 590 homes currently under construction will meet part of the demand during the first year. A portion of the 8,800 other vacant units in the HMA may reenter the market and satisfy some of the forecast demand. Demand is expected to be strongest among homes priced from \$150,000 to \$199,999 (Table 4).

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



Notes: Includes townhomes. Current includes data through December 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
90,000	124,999	620	7.0
125,000	149,999	2,375	27.0
150,000	199,999	2,925	33.0
200,000	249,999	1,600	18.0
250,000	299,999	790	9.0
300,000	399,999	350	4.0
400,000	and higher	180	2.0

Notes: The 590 homes currently under construction and a portion of the estimated 8,800 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: Estimates by analyst

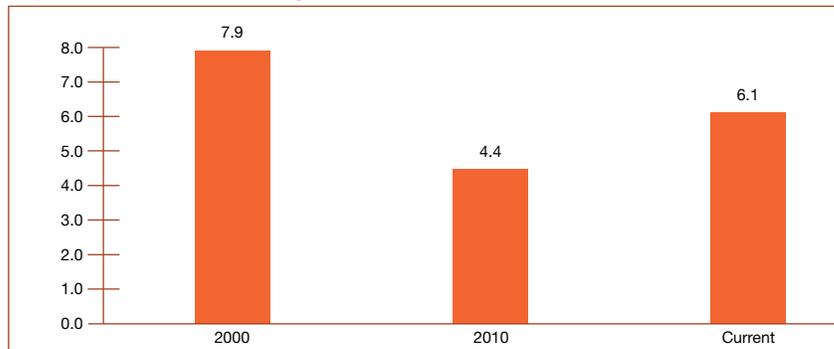
Rental Market

The rental housing market in the El Paso HMA is currently balanced, with a 6.1-percent vacancy rate, which is up from 4.4 percent during 2010, when the rental market was slightly tight (Figure 8). The increased production since 2010, coupled with an end to expansion at the military base, has allowed developers to build enough rental units to return the market to balanced conditions. In the HMA, 33 percent of all renter households live in single-family homes, unchanged from 2010 (2015 American Community Survey 1-year data).

The apartment market in the HMA is currently balanced, with a 5.6-percent vacancy rate during the fourth quarter of 2016, down from 6.0 percent during the fourth quarter of 2015 (Reis, Inc.).

The average rent for an apartment during the fourth quarter of 2016 was \$777, an increase of \$10, or more than 1 percent, from the previous year. The vacancy rate in the HMA has been trending down since it reached 6.6 percent during the fourth quarter of 2014. During 2005, the year the BRAC Commission announced the expansion at Fort Bliss AB, the apartment market had a vacancy rate of 6.0 percent and an average rent of \$550, but by 2009 the vacancy rate had increased to 7.1 percent, due in part to a surge in construction following the BRAC announcement. During 2009, the average rent for an apartment was \$628, an average increase of \$20, or 3 percent, annually since 2005. During 2010, the apartment market began tightening and the vacancy rate dropped to 4.4 percent, while rents rose by \$38, or 6 percent, to \$666 because the production levels for the previous year did not satisfy all of the demand for new rental housing. Following this low point in 2010, the apartment vacancy rate began creeping up, due in part to people leaving the HMA to work in the oil fields of Texas; as a result, the apartment vacancy rate reached 7.0 percent during 2013. Even with the increasing vacancy rate from

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



Note: The current date is January 1, 2017.

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

2010 to 2013, the significant number of newer high-end units that came online contributed to a steadily increasing average rent, which was \$726 during 2013, an average increase of \$20, or 3 percent, annually since 2010.

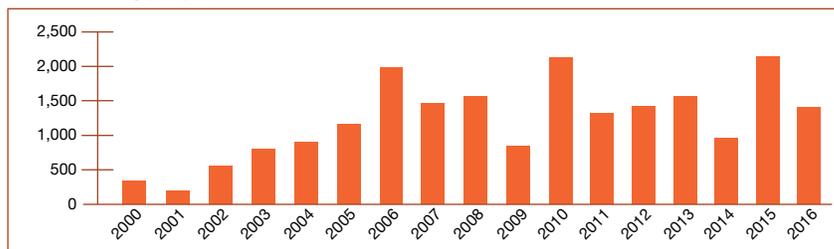
Multifamily production, as measured by the number of units permitted, totaled 1,400 units during 2016, a decline of 725 units, or 34 percent, from 2015, a record-tying year for production in the HMA with 2,125 units permitted. The expansion at Fort Bliss AB has been a major factor in multifamily production levels in the HMA, with significantly more units permitted annually after the expansion. During 2000, only 340 multifamily units were permitted in the HMA (Figure 9), and that number dropped to 200 units during 2001, as the local economy was experiencing job losses and net out-migration, which limited demand for new units. During 2002, multifamily production increased with 550 units permitted; it increased every year by an average of 360, or 38 percent, annually, through 2006, when 1,975 multifamily units were permitted. During 2007 and 2008, production pulled back slightly from 2006 levels, but an average of 1,500 units were permitted annually. During 2009, multifamily production dropped by 675 units, or 45 percent, from the average level of production

during 2007 and 2008 with 825 units permitted. This decline was due in part to developers pausing development of new units as the vacancy rate peaked to allow new units to be absorbed. During 2010, in anticipation of the arrival of the 1st Armored Division to Fort Bliss AB, production more than doubled from 2009 levels with 2,125 units permitted, which is tied with 2015 for the highest level of production. Following this surge in production, multifamily production moderated and averaged 1,425 units annually from 2011 through 2013. With the apartment vacancy rate hitting 7.0 percent during 2013 and the expansion at Fort Bliss AB having been completed, developers reduced production of new units to 950 during 2014.

Some recently completed developments include the Quest at Edgemere, which is a 120-unit apartment complex on the east side of the city of El Paso. Rents at this development range from \$840 to \$890 for a one-bedroom unit and from \$1,060 to \$1,147 for a two-bedroom unit. The View at Montecillo, which consists of 149 units on the west side of the city of El Paso, opened in late 2015. The View at Montecillo has 99 one-bedroom units, which rent from \$818 to \$1,020 per month, and 50 two-bedroom units, with rents ranging from \$1,064 to \$1,301.

During the 3-year forecast period, demand is estimated for 3,400 new market-rate rental units (Table 1) and will remain steady throughout the forecast period. The 2,075 units currently under construction will meet a portion of the demand. Demand will be greatest for two-bedroom units with rents ranging from \$930 to \$1,129 per month (Table 5).

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



Notes: Excludes townhomes. Current includes data through December 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued*

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

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
680 to 879	560	730 to 929	560	960 to 1,159	270
880 to 1,079	700	930 to 1,129	880	1,160 to 1,359	100
1,080 or more	140	1,130 or more	160	1,360 or more	40
Total	1,400	Total	1,600	Total	410

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 2,075 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	258,234	310,929	335,000	1.9	1.3
Unemployment rate	6.7%	9.2%	4.9%		
Nonfarm payroll jobs	259,100	280,600	310,400	0.8	1.7
Total population	682,966	804,123	855,300	1.6	0.9
Total households	211,114	257,731	276,400	2.0	1.0
Owner households	134,509	162,600	171,800	1.9	0.8
Percent owner	63.7%	63.1%	62.2%		
Renter households	76,605	95,131	104,600	2.2	1.4
Percent renter	36.3%	36.9%	37.8%		
Total housing units	225,918	271,834	294,900	1.9	1.2
Owner vacancy rate	1.5%	1.6%	1.6%		
Rental vacancy rate	7.9%	4.4%	6.1%		
Median Family Income	\$34,100	\$39,700	\$47,600	1.5	3.1

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2016. Median Family Incomes are for 1999, 2009, and 2015. The current date is January 1, 2017.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 1/1/2017—Estimates by the analyst

Forecast period: 1/1/2017–1/1/2020—Estimates by the analyst

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

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As

a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_EIPasoTX_17.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.