

Housing Market Profile



Southwest • HUD Region VI

College Station-Bryan, Texas

The College Station-Bryan metropolitan area, which consists of Brazos, Burleson, and Robertson Counties in central Texas, is less than 100 miles northwest of Houston. Brazos, the principal county of the area, accounts for more than 85 percent of the metropolitan area population and includes both major cities—College Station and Bryan. As of October 1, 2011, the metropolitan area population was estimated to be 235,200, reflecting an annual increase of approximately 4,350, or 1.9 percent, since April 1, 2010, which is less than the average annual increase of 5,675, or 2.6 percent, from 2006 through 2010. The largest employers in the metropolitan area are Texas A&M University (A&M), St. Joseph's Regional Health Center, and Sanderson Farms, Inc., with an estimated 16,000, 2,200, and 1,600 employees, respectively. According to the most recent economic impact study by the university's Division of Finance, A&M and members of the A&M system had a direct impact on the local economy of at least \$1.5 billion in 2010. The preliminary enrollment for the fall 2011 semester is 49,850, up 1.4 percent from 49,150 in the fall 2010 semester.

Economic conditions in the College Station-Bryan metropolitan area have improved during the past year. During the 12 months ending September 2011, nonfarm payroll jobs increased by 1,900, or 1.9 percent, to 98,300 jobs compared with a gain of 400 jobs, or 0.4 percent, during the previous 12 months. The largest gains occurred in the retail trade subsector, the education and health services sector, and the mining, logging, and construction sector, which added 800, 600, and 300 jobs, gains of 7.8, 5.7, and 4.4 percent, respectively. The leisure and hospitality sector also grew by 300 jobs, representing a 2.9-percent increase from the previous 12 months. Multiple new store openings on the south end of College Station, including a Lowe's and an H-E-B grocery store, drove growth in the retail trade subsector. Scott & White Memorial Hospital and Clinics recently broke ground on a 320,000-square-foot acute care hospital and an adjacent 75,000-square-foot clinic, also in southern College Station; the medical facilities are expected to employ roughly 400 people after completion in the summer of 2013. The government and manufacturing sectors, however, decreased by 400 and 100 jobs, or 1.1 and 1.4 percent, respectively, during the 12 months ending

September 2011. Because of A&M, government is the largest employment sector in the area, currently accounting for nearly 39 percent of all nonfarm payrolls. State budget cuts have forced A&M to shed roughly 350 tenured and nontenured faculty positions since last year. Although the school is not expected to replace all of these positions in the near future, no further cuts are expected. During the 12 months ending September 2011, the average unemployment rate remained relatively unchanged at 6.3 percent compared with 6.2 percent during the previous 12 months.

Sales housing market conditions in the metropolitan area are slightly soft because of tighter mortgage underwriting standards. During the 12 months ending September 2011, based on data from Hanley Wood, LLC, new and existing home sales decreased by 13 percent to 3,100 homes compared with the number of homes sold during the previous 12 months. Note, however, that two rounds of homebuyer tax credits boosted sales in the previous 12-month period. Sales in the most recent 12 months were also down 30 percent from an average of 4,450 homes sold annually from 2005 through 2009. During the 12 months ending September 2011, the average sales price for a new home decreased more than 1 percent to \$198,800, but the average sales price for resale and REO (Real Estate Owned) homes increased nearly 10 percent to \$180,300 compared with prices during the previous 12 months. Of all existing home sales, distressed sales accounted for 6.3 percent in the most recent 12 months compared with 7.0 percent in the 12 months ending September 2010. Multiple listing service housing data from the Bryan-College Station Regional Association of REALTORS® indicate that homes were on the market for an average of 135 days in the 12 months ending September 2011, a 15-percent increase compared with the average for the previous 12-month period. According to LPS Applied Analytics, as of August 2011, 1.8 percent of total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO, down slightly from the 2-percent rate of a year earlier. This current rate of distressed mortgages compares with 4.5 percent for Texas and 7.7 percent nationwide.

Single-family home construction, as measured by the number of permits issued, has declined recently in response to the slowdown in home sales. Based on preliminary data, during the 12 months ending September 2011, 580 single-family home permits were issued compared with 840 in the previous 12 months. In comparison, from 2006 through 2009, an average of



840 homes were permitted annually. Siena, a development currently under construction on the east side of the metropolitan area in Bryan, offers new single-family homes starting at about \$140,000. Currently, roughly 25 of 58 units are complete in the first phase of what will be a three-phase development that broke ground in late 2009. Sonoma, on the south side of College Station, is well into the third of three phases that broke ground in early 2009, with new homes starting at \$120,000. Approximately 110 of 166 planned units have been constructed.

Overall rental housing market conditions in the metropolitan area remain soft but are improving. The current rental market vacancy rate is estimated to be 6.5 percent, down from the 7.3-percent rate reported in the 2010 Census. The apartment vacancy rate is estimated to be

roughly the same as the overall rental market vacancy rate. According to Reis, Inc., during the second quarter of 2011, the average asking rent increased by more than 1 percent, to \$710, compared with rents during the same quarter in 2010. Current average asking rents are \$630, \$750, and \$1,020 for one-, two-, and three-bedroom units, respectively. Students account for an estimated 32 percent of the total rental market, or nearly 14,000 households. The recently completed Campus Village at College Station is a 190-unit complex offering studio through five-bedroom floor plans and individual lease agreements per resident. Based on preliminary data, during the 12 months ending September 2011, the number of multifamily units permitted increased to 740 compared with only 10 units permitted in the previous 12 months. An average of 720 units was permitted annually from 2006 through 2009.