

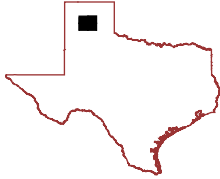


# Amarillo, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of March 1, 2013



## Housing Market Area



Hartley	Moore	Hutchinson	Roberts
Oldham	Potter	Carson	Gray
Deaf Smith	Randall	Armstrong	Donley
Castro	Swisher	Briscoe	

The Amarillo Housing Market Area (HMA), located in the center of the Texas Panhandle, comprises Armstrong, Carson, Potter, and Randall Counties. The HMA is a regional center for trade, health services, and higher education, with a population estimated at 256,900. It is home to the Texas Tech University Health Sciences Center (TTUHSC) and West Texas A&M University (WTAMU).

## Market Details

Economic Conditions ..... 2  
 Population and Households ..... 4  
 Housing Market Trends ..... 6  
 Data Profile ..... 9

## Summary

### Economy

Nonfarm employment in the Amarillo HMA during the 12 months ending February 2013 averaged 112,600 jobs, up 400 jobs, or 0.4 percent, compared with the number of jobs during the previous 12-month period. Most job growth occurred in the wholesale and retail trade, transportation and utilities, and education and health services sectors. Leading employers include Tyson Foods, Inc., B&W Pantex LLC, and Baptist St. Anthony’s (BSA) Health System, with 3,700, 3,225, and 2,325 employees, respectively. Nonfarm employment is projected to increase at an average annual rate of 0.5 percent during the 3-year forecast period. Table DP-1 at the end of this report includes population and employment data for the HMA.

### Sales Market

The sales housing market in the HMA is currently soft. The estimated sales vacancy rate is 1.9 percent, unchanged from April 2010. The current inventory of homes for sale declined from a 6.5-month supply during February 2012 to a 5.5-month supply in February 2013. During the forecast period, demand is expected for 1,750 new homes (Table 1). A portion of the estimated 3,600 other vacant units may enter the market and satisfy part of the demand.

### Rental Market

The rental housing market in the HMA is currently soft. The overall rental vacancy rate is estimated at 8.8 percent, down from 10.0 percent in April 2010. The apartment vacancy rate during the 12 months ending February 2013 was 8.9 percent, up from 7.2 percent a year earlier. Average apartment rents increased 0.6 percent during the 12 months ending February 2013, to \$660 for a one-bedroom unit, \$800 for a two-bedroom unit, and \$820 for a three-bedroom unit. During the forecast period, demand is expected for 520 new rental units (Table 1). The 700 units currently under construction will satisfy all of the demand during the next 3 years.

**Table 1. Housing Demand in the Amarillo HMA, 3-Year Forecast, March 1, 2013, to March 1, 2016**

	Amarillo HMA	
	Sales Units	Rental Units
Total demand	1,750	520
Under construction	220	700

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of March 1, 2013. A portion of the estimated 3,600 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

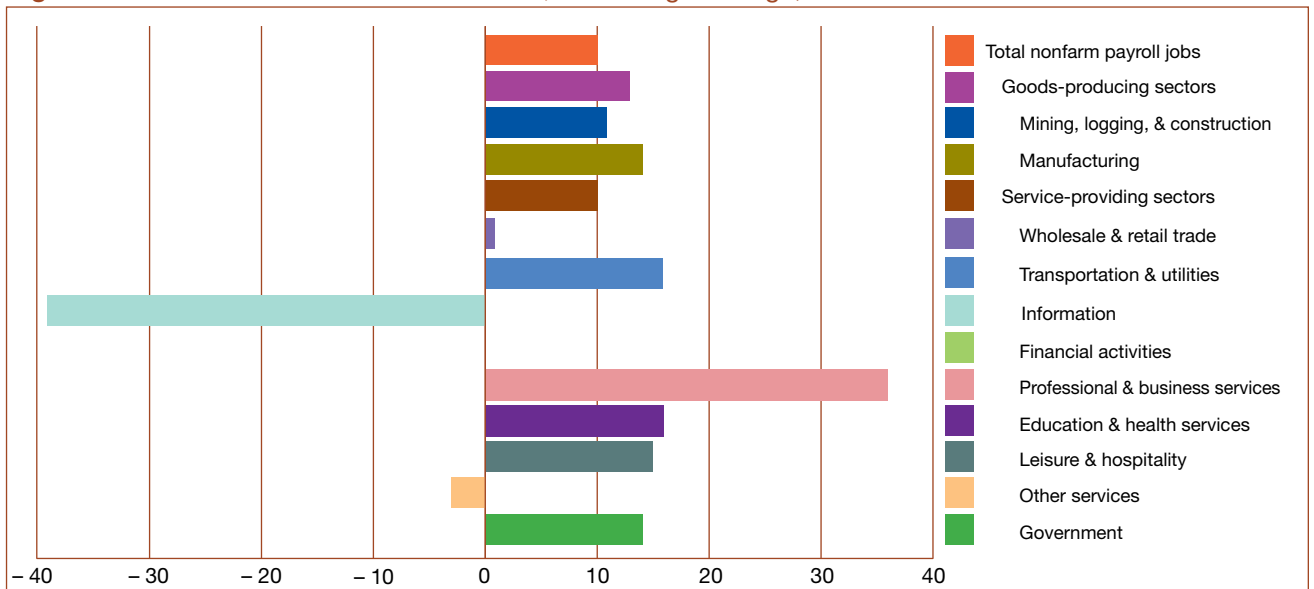
# Economic Conditions

Economic conditions in the Amarillo HMA began to improve in 2010, following the economic downturn that began in 2008. From 2001 through 2007, nonfarm payrolls in the HMA increased by an average of 1,575 jobs, or 1.5 percent, annually, to an average of 111,300 jobs in 2007. During this period, the professional and business services, education and health services, and government sectors led job growth, which respectively recorded average increases of 280, 240, and 230 jobs, or 2.5, 2.2, and 2.1 percent, annually. Nonfarm payrolls declined by an annual average of 1,600 jobs during 2009 and 2010, to an average of 109,800 jobs in 2010, as the downturn in the national economy contributed to employment declines in the HMA, led by losses in the mining, logging, and construction and the wholesale and retail trade sectors, decreasing by an annual average of 600 and 250 jobs, or 8.7 and 3.5 percent, respectively. During 2011, nonfarm payrolls increased by 2,200 jobs, or 2.0 percent, to 112,000 jobs, in part a result of significant employment

gains in the leisure and hospitality, transportation and utilities, and education and health services sectors, which increased by 600, 400, and 300 jobs, or 5.3, 9.8, and 1.9 percent, respectively. Figure 1 shows percentage change in growth in the Amarillo HMA by sector from 2000 to the current date.

Nonfarm payrolls in the Amarillo HMA totaled 112,600 jobs during the 12 months ending February 2013, an increase of 400 jobs, or 0.4 percent, compared with the number of jobs during the 12 months ending February 2012. The wholesale and retail trade sector, the second largest sector in the HMA, with 17.4 percent of nonfarm payrolls, led job growth; the sector increased by 400 jobs, or 2.1 percent, from the previous 12 months (Figure 2). The unemployment rate during the 12 months ending February 2013 averaged 4.8 percent, decreasing from 5.3 percent a year earlier (Figure 3). Unemployment remains well above the previous low of 3.4 percent recorded in 2007.

**Figure 1. Sector Growth in the Amarillo HMA, Percentage Change, 2000 to Current**

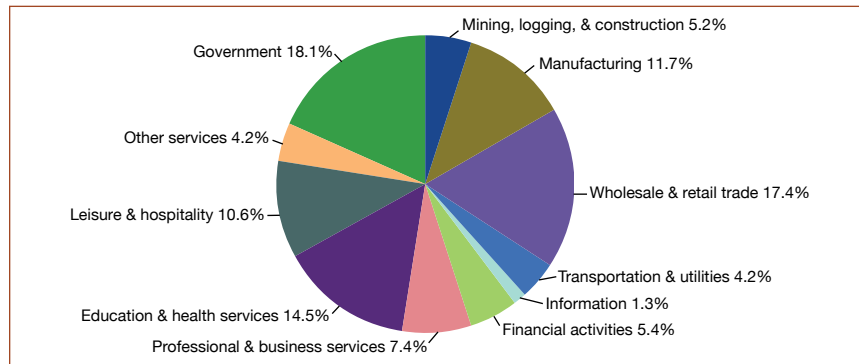


Notes: Current is based on 12-month averages through February 2013. During this period, jobs in the financial activities sector showed no net change.

Source: U.S. Bureau of Labor Statistics

During the 12 months ending February 2013, payroll growth rates were highest in the transportation and utilities and the other services sectors, both of which increased by 100 jobs, or 2.2 percent, as shown in Table 2.

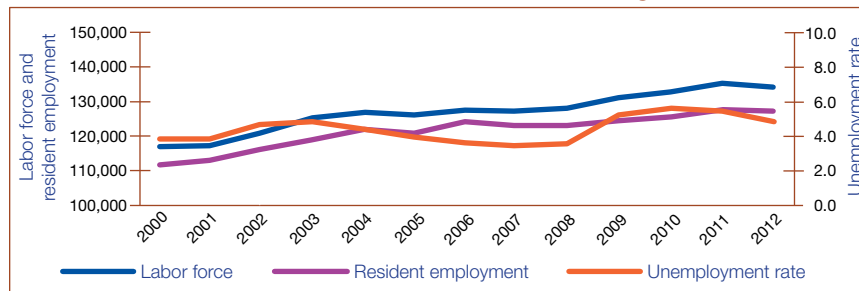
**Figure 2.** Current Nonfarm Payroll Jobs in the Amarillo HMA, by Sector



Note: Based on 12-month averages through February 2013.

Source: U.S. Bureau of Labor Statistics

**Figure 3.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Amarillo HMA, 2000 Through 2012



Source: U.S. Bureau of Labor Statistics

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

	12 Months Ending February 2012	12 Months Ending February 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	112,200	112,600	400	0.4
Goods-producing sectors	19,200	19,000	-200	-1.0
Mining, logging, & construction	5,800	5,900	100	1.7
Manufacturing	13,400	13,100	-300	-2.2
Service-providing sectors	93,000	93,500	500	0.5
Wholesale & retail trade	19,200	19,600	400	2.1
Transportation & utilities	4,600	4,700	100	2.2
Information	1,500	1,500	0	0.0
Financial activities	6,300	6,100	-200	-3.2
Professional & business services	8,300	8,300	0	0.0
Education & health services	16,100	16,300	200	1.2
Leisure & hospitality	12,000	11,900	-100	-0.8
Other services	4,600	4,700	100	2.2
Government	20,400	20,300	-100	-0.5

Notes: Based on 12-month averages through February 2012 and February 2013. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

The education and health services sector grew by 200 jobs, or 1.2 percent, during the same period, primarily resulting from expansions at the Harrington Regional Medical Center (HRMC) and BSA Health System.

During the 12 months ending February 2013, the manufacturing and the financial activities sectors declined by 300 and 200 jobs, or 2.2 and 3.2 percent, respectively. The manufacturing sector recorded the greatest decline in the HMA, a result of layoffs at Beef Products, Inc., a food manufacturing company, which lost 200 employees. Government is the largest sector in the HMA, accounting for 20,300 jobs, or 18.1 percent of nonfarm payrolls. During the 12 months ending February 2013, the government sector decreased by 100 jobs, or 0.5 percent, mainly because of losses in the local government subsector. Within the government sector, WTAMU has 800 employees, and has an annual economic impact of \$116 million in the HMA (WTAMU data). A new 400-bed, \$34 million residence hall under construction at WTAMU, expected to be complete by the fall of 2013, is intended to help keep pace with the growing student population. In the fall of 2012, enrollment at the university totaled about 8,000 students, an increase of nearly 100 students compared with the fall 2011 enrollment.

The Amarillo HMA derives significant economic benefits from its location in the center of the 26-county Texas Panhandle region. The HMA is a hub for major north-south and east-west traffic, both rail and Interstate highway, and serves as a center for business, trade, education, and health care for a geographic area that includes parts of Kansas, New Mexico, Oklahoma,

and Texas. Table 3 shows the top employers, including Tyson Foods, Inc., B&W Pantex LLC, and BSA Health System, with 3,700, 3,225, and 2,325 employees, respectively. The Amarillo HMA is the leading provider of medical services in the Texas Panhandle region and is growing as a healthcare research and educational center. HRMC, a major economic presence in the HMA, employs approximately 10,000 workers at various member

institutions, including facilities operated by TTUHSC and WTAMU. HRMC facilities have a combined economic impact of more than \$1 billion in the HMA, (HRMC economic impact report). Bell Helicopter Textron Inc. (Bell Helicopter), a manufacturing company that currently employs about 1,275 workers in the HMA, plans to hire about 140 additional workers during the next 2 years. The Amarillo Economic Development Corporation and the city of Amarillo are providing \$5 million in incentives to Bell Helicopter to manufacture the company's newest civilian aircraft, the 525 Relentless, in the HMA.

During the forecast period, total non-farm payrolls in the HMA are expected to increase by an average of 560 jobs, or 0.5 percent, annually. Job growth is expected to continue in the wholesale and retail trade and the education and health services sectors.

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

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Tyson Foods, Inc.	Manufacturing	3,700
B&W Pantex LLC	Manufacturing	3,225
Baptist St. Anthony's Health System	Education & health services	2,325
Northwest Texas Healthcare System	Education & health services	1,400
Bell Helicopter Textron, Inc.	Manufacturing	1,275
Affiliated Foods, Inc.	Wholesale & retail trade	1,200
Western National Life Insurance Co.	Financial activities	1,000
Xcel Energy, Inc.	Transportation & utilities	1,000
Wal-Mart Stores, Inc.	Wholesale & retail trade	1,000
Amarillo VA Health Care System	Government	860

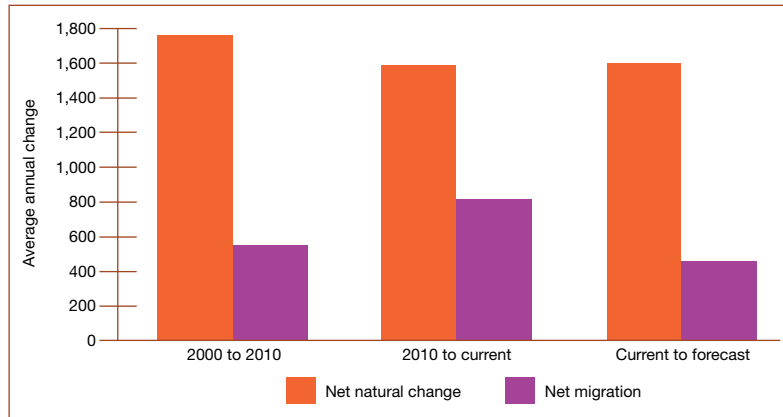
*Note: Excludes local school districts and state and local governments.*

*Source: Amarillo Chamber of Commerce*

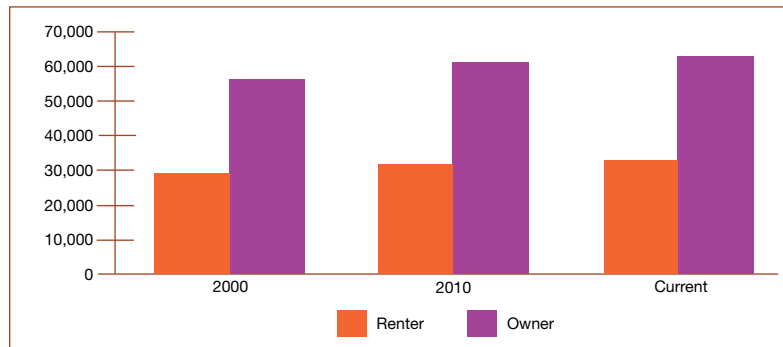
## Population and Households

As of March 1, 2013, the population of the Amarillo HMA is estimated at 256,900, reflecting an average annual increase of 2,400, or 1.0 percent, since April 1, 2010. Since 2000, the population of the HMA increased by an average of 2,325, or 1.0 percent, annually. Between 2000 and 2005, the population increased by 2,275, or 1.0 percent, annually. Growth was highest from 2006 through 2011, with the population increasing by 2,550, or 1.0 percent, annually. From 2000 through 2005, net in-migration averaged 610 people annually, and increased to 630 annually between

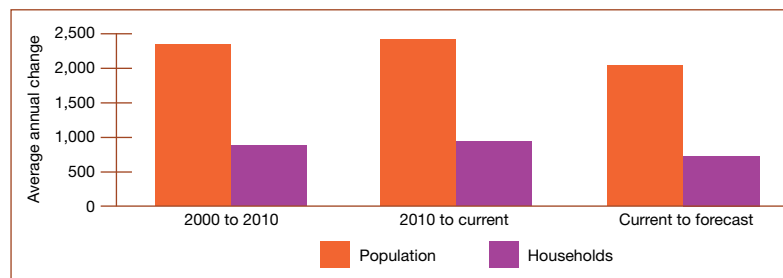
2006 and 2011. Net in-migration to the HMA totaled 440 people for the 12 months ending February 2013. Net natural increase (resident births minus resident deaths) has accounted for approximately 66 percent of the population increase since 2010, averaging 1,600 annually. From 2000 through 2004, net natural increase averaged approximately 1,600 people annually, and increased to about 1,850 people annually from 2005 through 2010. Figure 4 shows the components of population change from 2000 to the forecast date.

Population and Households *Continued***Figure 4.** Components of Population Change in the Amarillo HMA, 2000 to Forecast

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

**Figure 5.** Number of Households by Tenure in the Amarillo HMA, 2000 to Current

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

**Figure 6.** Population and Household Growth in the Amarillo HMA, 2000 to Forecast

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

An estimated 96,800 households currently reside in the HMA, which is an increase of 920 households, or 1.0 percent, annually since 2010. The number of households in the HMA increased by 880, or 1.0 percent, annually from 85,272 households in 2000 to 94,111 in 2010. The homeownership rate declined slightly in the HMA between 2000 and 2010, from 65.9 to 65.3 percent. This decline continued from 2010 to the current date; the current ownership rate is estimated at 65.1 percent. The decline in the homeownership rate followed the national trend, as lending institutions tightened borrowing requirements for homebuyers and more people chose to rent than purchase a home. Figure 5 shows the number of households by tenure.

During the forecast period, population and household growth are both expected to continue at rates somewhat consistent with those recorded from 2010 to the current date. The population is forecast to increase by 2,075, or 0.8 percent, annually, and the number of households is expected to grow by 730, or 0.8 percent, annually during the next 3 years. Figure 6 shows population and household growth in the Amarillo HMA from 2000 to the forecast date.

# Housing Market Trends

## Sales Market

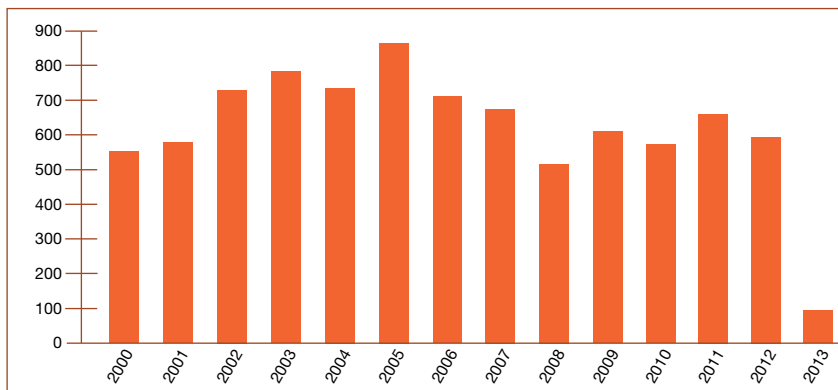
The sales housing market in the Amarillo HMA is currently soft. The sales vacancy rate is estimated at 1.9 percent, unchanged from the 1.9-percent rate recorded in April 2010. About 3,000 new and existing single-family homes sold during the 12 months ending February 2013, an increase of 275 homes, or 10 percent, compared with the number sold during the 12 months ending February 2012. Single-family home sales are 12 percent higher than the average number of homes sold from 2009 through 2011. The average sales price of a single-family home was approximately \$157,000 during the 12 months ending February 2013, up \$14,550, or 10.2 percent, compared with the average sales price during the 12 months ending February 2012. This home sales price was the highest recorded in the HMA. Single-family home prices were up 14 percent from the average sales price of \$137,800 during 2007 through 2011.

For the 12 months ending February 2013, Real Estate Owned (REO) home sales totaled 600, down 7.4 percent, from the 650 REO sales during the 12 months ending February 2012. During 2006 and 2007, REO sales averaged

35 homes a month, or approximately 1 percent of all home sales, compared with 50 homes during the 12 months ending February 2013. The average sales price of an REO home was \$111,200 during the 12 months ending February 2013, which is down 12 percent from the average price of \$126,600 for such homes during the 12 months ending February 2012. The rate of distressed mortgages in the HMA remains below the national average of 7.8 percent. The number of home loans in the Amarillo HMA that were 90 or more days delinquent, were in foreclosure, or transitioned into REO represented 4.0 percent of total home loans in February 2013, down from 4.3 percent in February 2012 (LPS Applied Analytics).

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased in the past year. The number of single-family homes permitted during the 12 months ending February 2013 increased by about 40, to 630 homes, a 6.2-percent increase compared with the number permitted during the 12 months ending February 2012 (preliminary data). From 2004 through 2007, single-family construction averaged 750 homes permitted annually. From 2008 through 2011, the number of single-family homes permitted declined to an average of 590 homes annually, a 27-percent decrease from the number permitted during the peak years of 2004 through 2007. The current level of single-family construction is 19 percent lower than it was during the peak years. Figure 7 shows the number of single-family homes permitted by year since 2000.

**Figure 7. Single-Family Homes Permitted in the Amarillo HMA, 2000 to 2013**



Notes: Includes townhomes. Includes data through February 2013.

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

Single-family housing subdivisions currently in development include the 35-unit City View Estates in the southern part of the city of Amarillo. Homes at City View Estates range in size from approximately 1,500 to 2,000 square feet and in sales prices from \$175,000 to \$200,000. Homes in the 12-unit Greenways development in the southwestern part of the city

of Amarillo range in size from about 2,000 to 3,000 square feet and in sales prices from \$225,000 to \$325,000. The Vineyards in the northwest part of the city of Amarillo is a new development that, on completion in 5 years, is expected to include 500 homes. New home sales prices in this subdivision range from \$120,000 to \$220,000 and sizes range from 1,200 to 2,200 square feet.

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Amarillo HMA, March 1, 2013, to March 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
90,000	99,999	250	15.0
100,000	129,999	250	15.0
130,000	149,999	330	20.0
150,000	179,999	420	25.0
180,000	199,999	170	10.0
200,000	249,999	150	9.0
250,000	299,999	50	3.0
300,000	and higher	50	3.0

*Notes: Numbers may not add to totals because of rounding. The 220 homes currently under construction and a portion of the estimated 3,600 other vacant units in the submarket will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

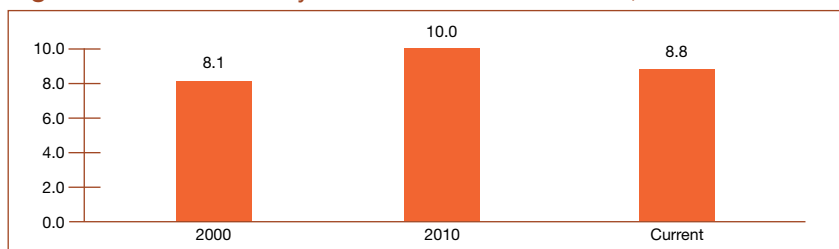
During the 3-year forecast period, demand is expected for 1,750 new homes, which includes an estimated 90 mobile homes (Table 1). Demand is expected to be highest in the \$150,000-to-\$179,999 price range. Table 4 shows the estimated demand for new homes by price range. The 220 homes currently under construction and a portion of the 3,600 other vacant units in the HMA that may enter the market will satisfy a portion of the demand.

## Rental Market

The rental housing market in the Amarillo HMA is currently soft. As of March 1, 2013, the overall rental vacancy rate, which includes single-family homes, mobile homes, and apartment units available for rent, is estimated at 8.8 percent, down from 10.0 percent in April 2010 (Figure 8). Apartment market conditions are also soft and mirror the overall rental

housing market. Apartments account for approximately 35 percent of all rental units in the HMA; the remainder of the rental stock primarily consists of single-family homes and mobile homes. During the 12 months ending February 2013, the apartment vacancy rate in the HMA was 8.9 percent, up from 7.2 percent a year earlier, due to an increase in the number of units recently completed and in lease-up (ALN Systems, Inc.). The average apartment rent in the HMA increased 0.6 percent, to about \$780, during the 12 months ending February 2013. Apartment rents averaged \$660 for a one-bedroom unit, \$800 for a two-bedroom unit, and \$820 for a three-bedroom unit. Both existing and new

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



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

## Housing Market Trends

### Rental Market *Continued*

apartment complexes currently offer concessions that typically include 1 month of free rent or no security deposit.

Multifamily construction activity, as measured by the number of units permitted, increased significantly in the past year. During the 12 months ending February 2013, approximately 960 multifamily units were permitted in the HMA compared with 50 units permitted during the previous 12-month period (preliminary data). The current level of building activity is also greater than the average of 455 units permitted annually from 2006 through 2008 (Figure 9). Multifamily construction declined by 255 units, or 56 percent, to an average of 200 multifamily units permitted annually during 2009 and 2010.

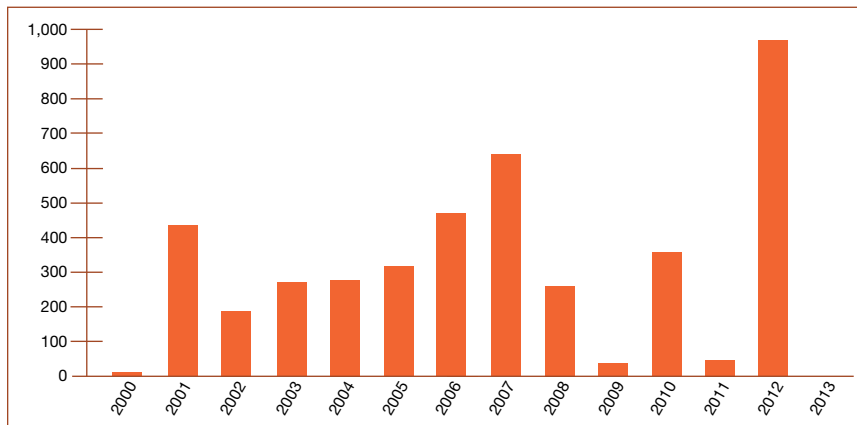
The student population at WTAMU, which represents 3 percent of the HMA population, significantly affects the rental housing market. An estimated

6,250 of the 8,000 students live off campus, and those students represent about 7 percent of rental households in the HMA.

Two developments currently under construction in the HMA and expected to begin leasing units soon are The Park at Coulter Luxury Apartments and the Salt Fork at Redstone Apartments. The 262-unit Park at Coulter in the western portion of the city of Amarillo is expected to be complete by late 2013 and rents are expected to start at \$800 for one-bedroom units and \$980 for two-bedroom units. Salt Fork at Redstone Apartments, a 210-unit complex in the southwestern part of the city of Amarillo, also under construction and leasing units as they are completed, is expected to be complete in the summer of 2013, with rents starting at \$725 for one-bedroom units, \$1,050 for two-bedroom units, and \$1,250 for three-bedroom units.

Demand for 520 new rental units is expected during the 3-year forecast period (Table 1). The 700 units currently under construction will meet all of the estimated demand; no additional market-rate rental housing units will be needed during the forecast period. Most of the units currently under construction are expected to be completed during the first year of the forecast period and to lead to further softening of the rental housing market. Table 5 shows demand for new market-rate rental housing by rent level and number of bedrooms during the forecast period.

**Figure 9.** Multifamily Units Permitted in the Amarillo HMA, 2000 to 2013



Notes: Excludes townhomes. Includes data through February 2013.

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 Amarillo HMA, March 1, 2013, to March 1, 2016

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
600 to 799	130	800 to 999	130	940 to 1,139	50
800 or more	50	1,000 to 1,199	55	1,140 or more	80
		1,200 or more	20		
<b>Total</b>	<b>180</b>	<b>Total</b>	<b>210</b>	<b>Total</b>	<b>130</b>

Notes: Numbers may not add to totals because of rounding. The 700 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

## Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	112,987	125,902	127,700	1.1	0.7
Unemployment rate	3.9%	5.6%	4.8%		
Nonfarm payroll jobs	102,200	109,800	112,600	0.7	1.2
Total population	226,522	249,881	256,900	1.0	1.0
Total households	85,272	94,111	96,800	1.0	1.0
Owner households	56,173	61,486	63,000	0.9	0.8
Percent owner	65.9%	65.3%	65.1%		
Renter households	29,099	32,625	33,800	1.2	1.2
Percent renter	34.1%	34.7%	34.9%		
Total housing units	91,594	102,546	104,900	1.1	0.8
Owner vacancy rate	1.7%	1.9%	1.9%		
Rental vacancy rate	8.1%	10.0%	8.8%		
Median Family Income	\$42,000	\$55,300	\$58,100	2.8	2.5

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through February 2013. Median Family Incomes are for 1999, 2009, and 2011.

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

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census  
2010: 4/1/2010—U.S. Decennial Census  
Current date: 3/1/2013—Analyst’s estimates  
Forecast period: 3/1/2013–3/1/2016—Analyst’s estimates

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

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

**Building Permits:** Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the 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 [http://www.huduser.org/publications/pdf/CMARtables\\_AmarilloTX\\_13.pdf](http://www.huduser.org/publications/pdf/CMARtables_AmarilloTX_13.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 HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to [www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).