

COMPREHENSIVE HOUSING MARKET ANALYSIS

Brownsville-Harlingen, Texas

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of April 1, 2021



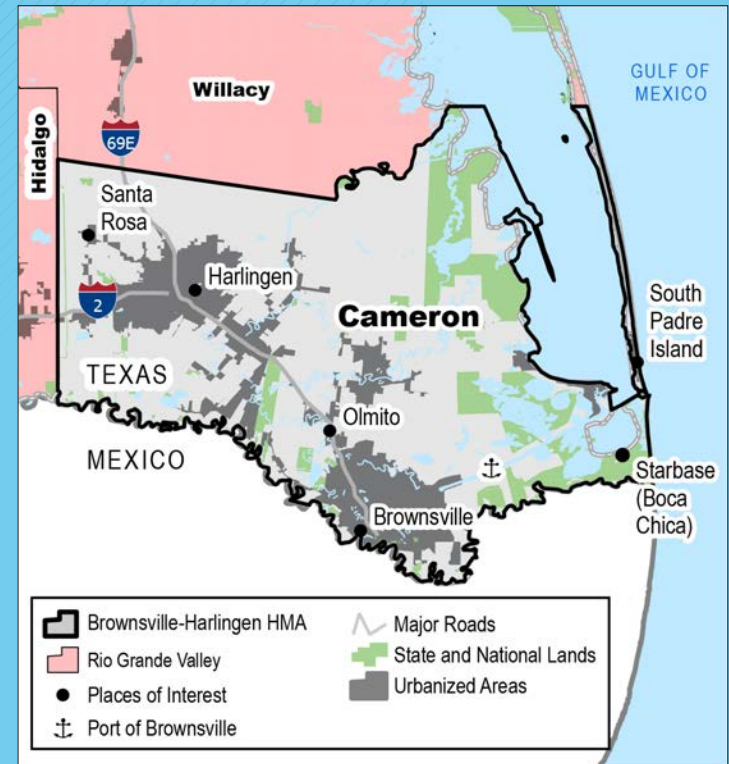
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Executive Summary

Housing Market Area Description

The Brownsville-Harlingen Housing Market Area (hereafter, Brownsville HMA) consists of Cameron County, the southernmost county in Texas and is coterminous with the Brownsville-Harlingen Metropolitan Statistical Area. The HMA, which is bordered by Mexico to the south and the Gulf of Mexico to the east, is home to South Padre Island, a popular vacation destination, and Boca Chica Village, the location of the Space Exploration Technologies Corp. (SpaceX) South Texas Launch Site.

The current population is estimated at 425,100.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).
 Additional data for the HMA can be found in this report's [supplemental tables](#).
 For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Weak, but Improving: Nonfarm payrolls in April 2020 declined by 15,600 jobs from the number of jobs before the COVID-19 pandemic in February 2020; as of March 2021, approximately 65 percent of those jobs that were lost had been recovered (not seasonally adjusted).

Economic conditions have weakened in the HMA since early 2020 because of efforts to contain the spread of COVID-19. During the 12 months ending March 2021, nonfarm payrolls were down by 7,200 jobs, or 4.9 percent, from 1 year earlier. The unemployment rate averaged 11.2 percent during the 12 months ending March 2021, double the 5.6-percent rate during the 12 months ending March 2020. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 1.5 percent annually as the economy continues to recover from the pandemic.

Sales Market



Slightly Tight: The average new and existing home sales price for single-family homes, townhomes, and condominiums increased more than 11 percent during the 12 months ending March 2021.

The home sales market in the Brownsville HMA is currently slightly tight, with an estimated vacancy rate of 1.2 percent, down from 1.8 percent in April 2010. In March 2021, a 1.8-month supply of homes was for sale, compared with a 5.7-month supply a year ago (Real Estate Center, Texas A&M University). During the next 3 years, demand is estimated for 3,975 new homes. The 420 homes currently under construction will meet a portion of the demand during the first year of the forecast.

Rental Market



Slightly Tight: Renter households have increased faster than the production of rental units since 2010, contributing to a tightening of conditions in the rental market.

Rental market conditions are slightly tight, with an estimated 5.5-percent vacancy rate as of April 1, 2021, down from 10.3 percent in April 2010 when conditions were soft. Single-family homes and two- to four-unit structures made up 65.8 percent of all occupied rental units in 2019, far more than the 29.0 percent documented for five-or-more-unit structures—including apartments and condominiums for rent. Apartment market conditions are currently tight, with a 2.4-percent vacancy rate during the first quarter of 2021, down from 3.6 percent a year ago (Moody’s Analytics REIS). During the forecast period, demand is estimated for 1,100 new rental units. The 200 units currently under construction are expected to satisfy a small portion of that demand in the first year of the 3-year forecast.

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3-Year Housing Demand Forecast		
	Sales Units	Rental Units
Brownsville HMA	Total Demand	3,975
	Under Construction	420

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2021. The forecast period is April 1, 2021, to April 1, 2024.
Source: Estimates by the analyst



Economic Conditions

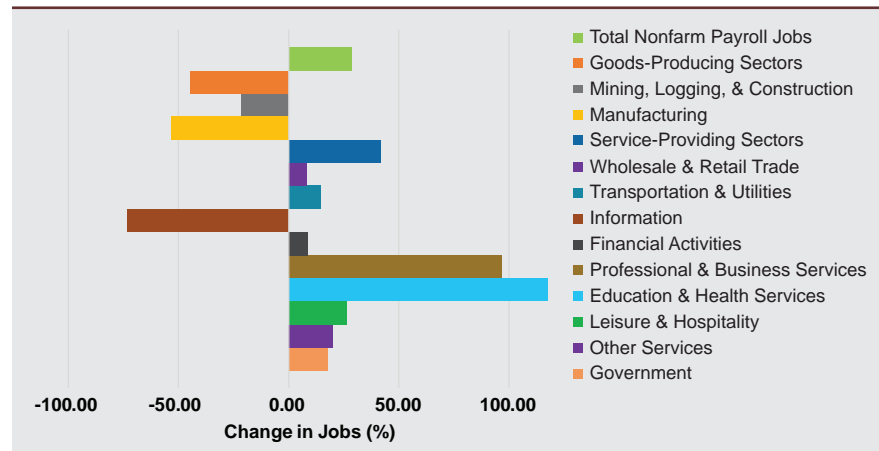
Largest Sector: Education and Health Services

The education and health services sector has been the largest sector in the HMA economy since 2005, increasing by an average of 1,000 jobs, or 2.9 percent, a year since then.

Primary Local Economic Factors

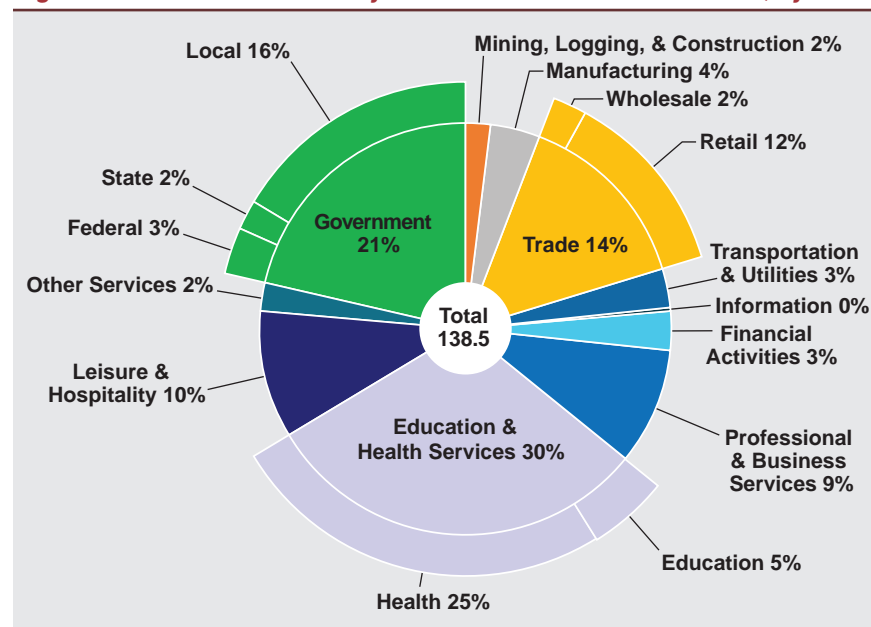
Economic growth in the Brownsville HMA has benefited from expansions and the resulting economic activity in the education and health services, the leisure and hospitality, and the trade sectors. The fastest growing sector since 2001 has been the education and health services sector, increasing by 22,500 jobs, or more than doubling during the period (Figure 1). Since 2010, more than 77 percent of all nonfarm payroll job gains in the HMA were in the education and health services sector, and it remains the largest sector in the Brownsville HMA (Figure 2). The largest employer in the HMA, Valley Baptist Health System, has multiple locations in the cities of Brownsville and Harlingen, employing more than 4,050 people (Table 1). With a local

Figure 1. Sector Growth in the Brownsville HMA, 2001 to Current



Note: The current date is April 1, 2021.
Source: U.S. Bureau of Labor Statistics

Figure 2. Share of Nonfarm Payroll Jobs in the Brownsville HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through March 2021. Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Brownsville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Valley Baptist Health System	Education & Health Services	4,050
Southwest Key Programs, Inc.	Other Services	3,125
Space Exploration Technologies Corp. (SpaceX)	Manufacturing	3,000
Caring For You Home Health, Inc.	Education & Health Services	2,000
H-E-B, LP	Wholesale & Retail Trade	1,925
Cameron County	Government	1,850
Keppel AmFELS, Inc.	Manufacturing	1,525
University of Texas Rio Grande Valley (Brownsville and Harlingen locations)	Government	1,275
City of Brownsville	Government	1,250
Walmart Inc.	Wholesale & Retail Trade	1,125

Note: Excludes local school districts.
Sources: Cameron County, 2019 Comprehensive Annual Fiscal Report; Brownsville Community Improvement Corporation



population that is aging and the impact from the large number of “Winter Texans” (Canadians and Americans that come to south Texas during the winter months) who are seniors, demand for healthcare services has increased significantly during the past 20 years.

Approximately 100,000 Winter Texans visit south Texas every year. They primarily reside in manufactured housing and RV parks and spend approximately \$700 million annually in the Rio Grande Valley (University of Texas Rio Grande Valley, *2018 Winter Texan Report*). The HMA, with its wildlife preserves, natural parks, and South Padre Island, is also a tourist destination in general, receiving more than 4.3 million visitors a year (Aaron Economic Consulting, *2014 Resort Market Analysis*). According to a 2019 study, the economic impact of tourism, or direct travel spending, totaled more than \$290 million in the city of Brownsville alone and contributed \$23.4 million in tax revenue (Office of the Governor, Dean Runyan Associates, *Texas Travel Research*).

Trade has also been significant to the Brownsville HMA economy since the implementation of the North American Free Trade Agreement (NAFTA) in 1994, which contributed to increased cross-border commerce with Mexico. Trade, through the ports of entry in the HMA, increased notably in response to lower tariffs and an expansion of manufacturing facilities— particularly maquiladoras—on the Mexican side of the border. Foreign Trade Zone (FTZ) Number 62 includes two ports in the HMA—Brownsville and Harlingen—and five international border-crossing points. It is the largest foreign trade zone in Texas and ranks second in the United States for value of exports, with more than \$4.3 billion in exported goods in 2019 (*81st Annual Report of the Foreign-Trade Zones Board to the Congress of the United States*).

Current Conditions—Nonfarm Payrolls

Economic conditions in the HMA are currently weak but improving from the economic shock resulting from the COVID-19 pandemic. During April 2020, jobs in the HMA declined by 15,900, or 10.8 percent, relative to March 2020. From April 2020 through March 2021, the HMA regained 10,100, or 64 percent, of the jobs lost due to the impact of COVID-19 (monthly basis, not seasonally adjusted). During the 3 months ending

March 2021, nonfarm payrolls declined by 6,700 jobs, or 4.6 percent, compared with an increase of 3,900 jobs, or 2.7 percent, 1 year earlier. Many of those job losses were in the leisure and hospitality sector, which declined by 1,800, or 11.4 percent, during that period. Job losses were also significant in the wholesale and retail trade sector, declining by 1,400, or 6.8 percent, during the same 3-month period; however, the rate of job loss in the HMA during the previous 3 months was lower than during the previous 12 months. During the 12 months ending March 2021, nonfarm payrolls in the HMA declined by 7,200 jobs, or 4.9 percent, to 138,500, compared with an increase of 3,100 jobs, or 2.2 percent, during the previous 12 months (Table 2). Payrolls declined in 9 of 11 sectors in the HMA because temporary business closures to stem the spread of COVID-19 contributed to mass

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Brownsville HMA, by Sector

	12 Months Ending March 2020	12 Months Ending March 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	145.7	138.5	-7.2	-4.9
Goods-Producing Sectors	9.3	9.1	-0.2	-2.2
Mining, Logging, & Construction	3.3	3.4	0.1	3.0
Manufacturing	6.1	5.8	-0.3	-4.9
Service-Providing Sectors	136.3	129.4	-6.9	-5.1
Wholesale & Retail Trade	20.7	19.2	-1.5	-7.2
Transportation & Utilities	4.8	4.6	-0.2	-4.2
Information	0.7	0.4	-0.3	-42.9
Financial Activities	5.0	4.7	-0.3	-6.0
Professional & Business Services	12.6	12.8	0.2	1.6
Education & Health Services	42.6	41.7	-0.9	-2.1
Leisure & Hospitality	16.7	13.9	-2.8	-16.8
Other Services	3.1	2.9	-0.2	-6.5
Government	30.2	29.3	-0.9	-3.0

Notes: Based on 12-month averages through March 2020 and March 2021. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics



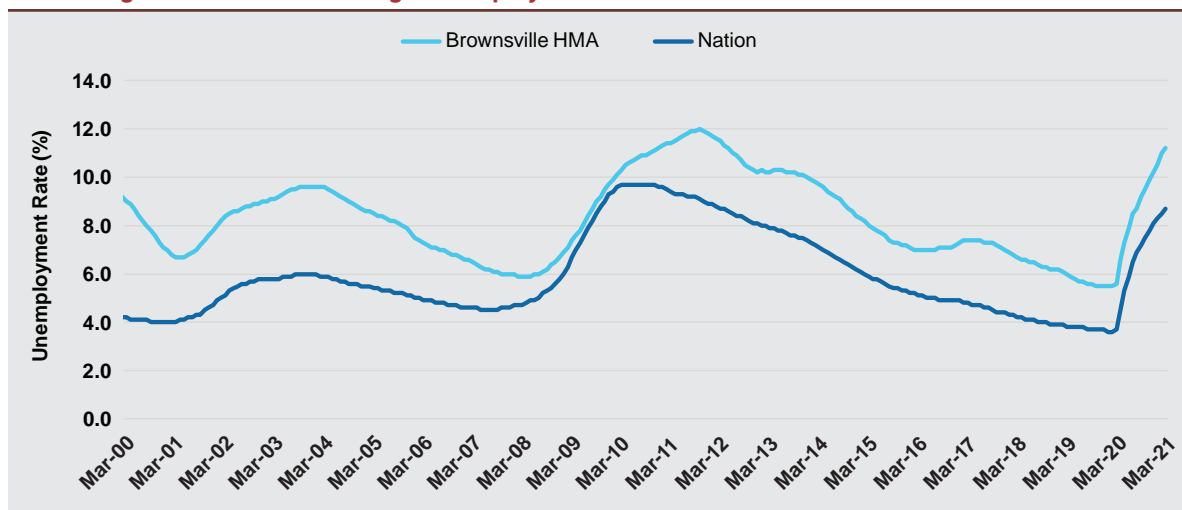
layoffs. Job losses were greatest in the leisure and hospitality sector, which decreased by 2,800 jobs, or 16.8 percent, to 13,900 jobs. The Pearl South Padre Resort laid off more than 100 employees by the end of March 2020. Job decreases were also significant in the wholesale and retail trade sector, which declined by 1,500 jobs, or 7.2 percent, to 19,200 jobs. The manufacturing sector declined 300 jobs, or 4.9 percent, during the 12 months ending March 2021. Layoffs at aftermarket auto parts maker Cardone Industries, Inc. included more than 180 workers from its factory in the city of Brownsville. Partly offsetting job declines were gains in the professional and business services sector and the mining, logging, and construction sector—adding 200 and 100 jobs, or 1.6 and 3.0 percent, respectively.

Current Conditions— Unemployment

Before the pandemic, the unemployment rate was 5.7 percent in February 2020, down from

6.0 percent a year earlier. By April 2020, the rate had increased to 16.2 percent, demonstrating the significant impact on the HMA from the economic decline caused by the pandemic and the subsequent limits on the U.S.-Mexico border crossings that fueled its service industry. Overall, during the 12 months ending March 2021, the unemployment rate in the HMA averaged 11.2 percent, double the rate of 5.6 percent a year earlier (Figure 3). The rate of unemployment is well above the average for Texas of 8.4 percent. Since April 2020, the monthly unemployment rate in the HMA has been generally declining, reaching 9.1 percent by April 2021.

Figure 3. 12-Month Average Unemployment Rate in the Brownsville HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2001 Through 2003

From 2001 through 2003, nonfarm payrolls increased in the HMA by an average of 2,100 jobs, or 1.9 percent, annually, to 114,200 jobs

(Figure 4). Job growth was primarily a result of gains in the education and health services sector, which averaged 1,900 jobs, or 8.9 percent, annually. The Valley Baptist Medical Arts Pavilion for physician offices was built in the city of Harlingen in 2001, and the Valley Baptist Health System in the city of Brownsville expanded its radiology department in 2003; both of those developments contributed to job gains in the sector. The wholesale and retail trade sector increased by an average of 300, or 1.7 percent, annually. Penske Logistics invested nearly \$8.2 million to construct a warehouse distribution center near the Free Trade International Bridge, creating nearly 200 full-time jobs in 2001.



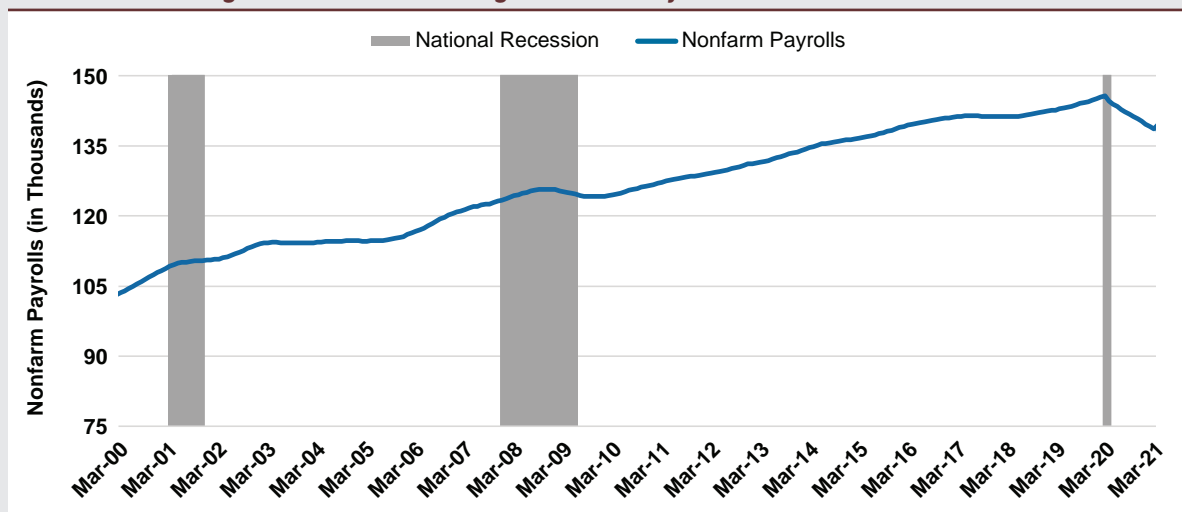
2004 Through 2008

The economy grew from 2004 through 2008, when nonfarm payrolls increased by an average of 2,300 jobs, or 1.9 percent, annually, to 125,700 in 2008. Job gains were greatest in the education and health services sector, increasing by an average of 1,000 jobs, or 3.6 percent, annually. South Texas Health System Children's, a four-story pediatric tower dedicated to specialty pediatric services, opened in 2006, and Valley Baptist Health System opened a psychiatric center in 2007. The leisure and hospitality sector increased by an average of 200 jobs, or 1.4 percent, annually. Much of the leisure and hospitality sector growth resulted from the construction of new hotels in the HMA, with seven projects that opened in 2005 and six additional openings in 2006 to accommodate the increasing number of tourists and business travelers to the HMA. The government sector also increased during the period, by 500, or 1.9 percent. With the passage of the Secure Fence Act of 2006, construction began on a border fence from San Diego, California, through the entry of the Port of Brownsville in Texas. The U.S. Immigration and Customs Enforcement and associated government jobs subsequently increased and contributed to overall growth in the government sector during the period.

2009

As a result of the Great Recession, nonfarm payrolls in the HMA declined by 1,600 jobs, or

Figure 4. 12-Month Average Nonfarm Payrolls in the Brownsville HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

1.3 percent, during 2009. The impact of the housing crisis on nonfarm payroll jobs in the HMA was far below the rate of job loss in Texas, which was 3.4 percent in 2009. Job losses in the HMA were primarily concentrated in the manufacturing and the wholesale and retail trade sectors, which fell by 1,200 and 1,000 jobs, or 16.4 and 5.0 percent, respectively. A decline in construction activity contributed to significant losses in the mining, logging, and construction sector, which was down by 600 jobs, or 14.0 percent, during the year. In contrast to the sector declines cited above, the education and health services sector continued to increase, adding 1,000 jobs, or 3.4 percent, during 2009. The expansion of United Healthcare Services, Inc. operations overall in the HMA and the opening of its service center in the city of Harlingen partly contributed to employment growth in the sector.

2010 Through 2015

The economy of the HMA began to recover during 2010, and from 2010 through 2015, nonfarm payrolls increased by an average of 2,400 jobs, or 1.9 percent, annually. The wholesale and retail trade sector rebounded from the fallout of the recession, increasing by an average of 500 jobs, or 2.6 percent, annually. The greatest job gain during the period was in the education and health services sector, which increased by an average of 1,000 jobs, or 3.1 percent, annually. The Valley Regional Medical Center

expanded its emergency department, contributing to the continued job growth of the healthcare industry during the period. In 2014, SpaceX chose the village of Boca Chica for a spaceflight build and launch facility, adding 300 construction jobs to the HMA during 2015. The mining, logging, and construction sector, however, lost 100 jobs, or 2.4 percent, annually during the period. Despite these declines, both the leisure and hospitality and the professional and business services sectors contributed to job gains during the period, each increasing by an average of 500 jobs, or 3.5 and 4.6 percent, respectively, a year.

2016 Through 2019

From 2016 through 2019, nonfarm payrolls gained an average of 1,500 jobs, or 1.1 percent, a year to reach 144,700 nonfarm payrolls in 2019. The devaluation

of the Mexican peso during the period led to reduced purchasing power of Mexican shoppers and less trade with the United States. The wholesale and retail trade sector declined by an average of 400 jobs, or 1.6 percent, annually from 2016 through 2019. The HMA exported more than \$5.0 billion worth of goods in 2016; by 2019, the value of exports from the HMA had fallen to approximately \$4.7 billion (International Trade Administration of the U.S. Department of Commerce). Gains in the education and health services sector more than offset those declines, and the sector led growth in the HMA during the period with an average increase of 1,300 jobs, or 3.4 percent, annually. Due to increased demand in the education and health services sector, the University of Texas Rio Grande Valley (UTRGV), which is a public university and part of the government sector, opened its School of Medicine in the city of Edinburg in 2016, enrolling 55 students in the first year.

Employment Forecast

During the 3-year forecast period, nonfarm payroll growth in the HMA is expected to average 1.5 percent annually. Job gains are expected to be particularly strong during the first year of the forecast period but moderate

in the second and third years as economic conditions near full recovery. The education and health services sector and the expanding aerospace and space transportation industry are expected to contribute to job growth in the HMA.



Population and Households

Current Population: 425,100

Population growth in the HMA has slowed significantly since 2010 primarily because of a reversal from net in-migration to net out-migration.

Population Trends

The population of the Brownsville HMA is currently estimated at 425,100 and has increased by an average of 1,725, or 0.4 percent, annually since 2010. From 2000 to 2010, the population growth was significantly stronger, increasing by an average of 7,100, or 1.9 percent, annually (Table 3). From 2000 to 2004, population growth peaked and averaged 7,300 people, or 2.1 percent, annually, before declining from 2004 to 2011 to an average of 6,700 people, or 1.7 percent, annually (Census Bureau decennial census and population estimates as of July 1). The pace of population growth in the HMA slowed substantially from 2011 to 2015, increasing by an average of 1,475 people annually, or 0.4 percent, to 419,100 people in 2015. The primary reason for the decline in population growth during the period was a shift from net in-migration to net out-migration. As new migration trends continued, annual population growth averaged 1,050 people, or 0.3 percent, from 2015 to current (Figure 5).

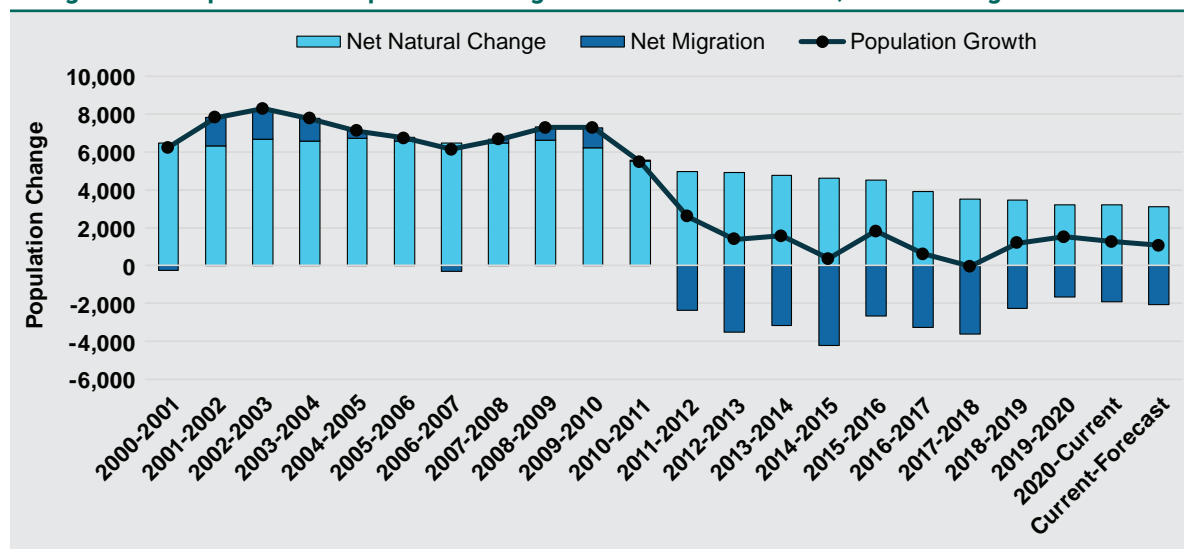
Table 3. Brownsville HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast	
	Population	406,220	425,100	428,400
	Average Annual Change	7,100	1,725	1,075
Percentage Change	1.9	0.4	0.3	

Household Quick Facts	2010	Current	Forecast	
	Households	119,631	131,500	133,600
	Average Annual Change	2,225	1,075	720
Percentage Change	2.1	0.9	0.5	

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (April 1, 2021) to April 1, 2024. Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Brownsville HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (April 1, 2021) to April 1, 2024. Sources: U.S. Census Bureau; 2020 to current—estimates by the analyst

Migration Trends

Overall, net out-migration has averaged 2,550 people annually since 2010, as other metropolitan areas in Texas continue to attract residents out of the HMA with higher paying jobs and educational opportunities. By comparison, from 2000 to 2010, net in-migration averaged 550 people a year, mostly because of strong



job growth before the housing crisis. From 2000 to 2004, net in-migration to the HMA averaged 830 people annually before slowing to an average of 330 people a year from 2004 to 2011. Net in-migration slowed as major hotel and housing construction projects in the HMA ended and slowdowns in the construction subsector and manufacturing sector continued. In 2011, many HMA residents left for jobs that resulted from oil and natural gas production in the Eagle Ford Shale area, which is approximately 100 miles north of the city of Brownsville. In 2010, the most actively drilled targets in the United States for unconventional oil and gas were in the Eagle Ford Shale area, but in 2015, the worldwide decline in crude oil prices caused output and employment in associated sectors to dramatically drop the following year. From 2011 to 2014, the annual out-migration averaged 3,025 people. The largest annual net out-migration in the HMA since 2000 was from 2014 to 2015, averaging 4,250 people. Since 2015, net out-migration has averaged 2,600 people annually.

Net Natural Change and Age Cohort Trends

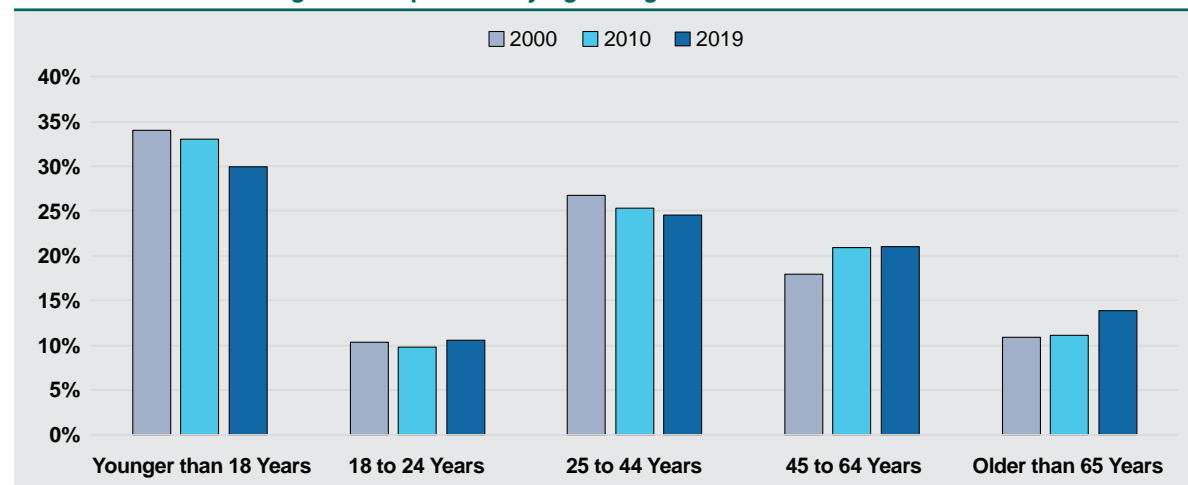
A slowdown in net natural change (resident births minus resident deaths) in the HMA, mostly due to a lower number of births, also contributed to the slowdown in population growth since 2010, which averaged 4,275 people annually. By comparison, from 2000 to 2010, net natural change averaged 6,550 people (Census Bureau decennial census).

Due to the trend of fewer births in the HMA since 2010, household composition has also notably changed. The proportion of those younger than age 18 has been trending down since 2000, whereas the proportion of those older than age 65 has been trending up—contributing to declining population growth, smaller household sizes, and faster household growth than overall population growth. Most new household formations in the HMA are in the age cohorts 18 through 34 years of age, second only to the age cohorts 55 through 74 years old. In 2010, 34.5 percent of households in the HMA had one or more people 60 years of age or older. By 2019, the proportion increased to 41.2 percent of all households in the HMA. From 2000 to 2019, the median age of people in the HMA had increased from 29.2 to 31.9, and those age 65 and older have emerged as the fastest growing age cohort. In 2000, those older than 65 years old represented 10.9 percent of residents, but the proportion had risen to 13.9 percent by 2019 (Figure 6).

Socioeconomic Trends

The HMA has one of the highest poverty rates in the nation, with a poverty rate of 25.8 percent in 2019, well above the national average of 12.3 percent and the rate of 13.6 percent in Texas (ACS 1-year data). The median household income in the HMA in 2019 was approximately \$41,100, significantly below the national and state levels at \$65,700 and \$64,000, respectively; however, since 2010, the percentage of people below 150 percent of the federal poverty line, or “low-income individuals,” has been declining. In 2010, 51.4 percent of residents in the HMA were below 150 percent of the poverty line, and by 2019,

Figure 6. Population by Age Range in the Brownsville HMA



Sources: U.S. Census Bureau; 2000 and 2010—2000 Census and 2010 Census; 2019—American Community Survey (ACS) 1-year data

41.2 percent were below the poverty line (Table 4). By contrast, in 2019 the nation had 20.3 percent of individuals below 150 percent of the poverty line. Many of the lower income residents of the HMA reside in *colonias*, unincorporated areas of the HMA where housing units usually lack basic infrastructure, such as electricity and plumbing, and residents usually build their own homes as they acquire building materials. A greater portion of *colonia* households in every county in south Texas live in poverty or near-poverty conditions. These *colonias* are, on average, poorer than the HMA as a whole, and in 2010, 61.4 percent of *colonia* residents were below the threshold of 150 percent of the poverty line (Dallas Federal Reserve Bank, *Las Colonias in the 21st Century*, 2015). Most properties in *colonias* are purchased using a contract for deed, which is a financing arrangement in which landownership often remains with the seller until the total purchase price is paid. Approximately 56,000 people in Cameron County, or approximately 13 percent of the population, resided in *colonias* in 2014 (Texas Office of the Secretary of State, 2014).

Despite high poverty rates, the rate has been declining partly because educational attainment has been rising in the HMA. In 2019, 17.1 percent of

the HMA residents 25 years of age and older held a bachelor’s degree or higher, up from 14.3 percent in 2010 and 13.4 in 2000 (Census Bureau and ACS 1-year data). The creation of UTRGV in 2013 contributed to that increase. In the fall of 2020, UTRGV had 32,600 enrolled students, an increase of 3,500 students, or 12 percent, from the previous year, and enrollment increased by an average annual rate of 1.8 percent from 2016 through 2019 (UTRGV).

Household Trends

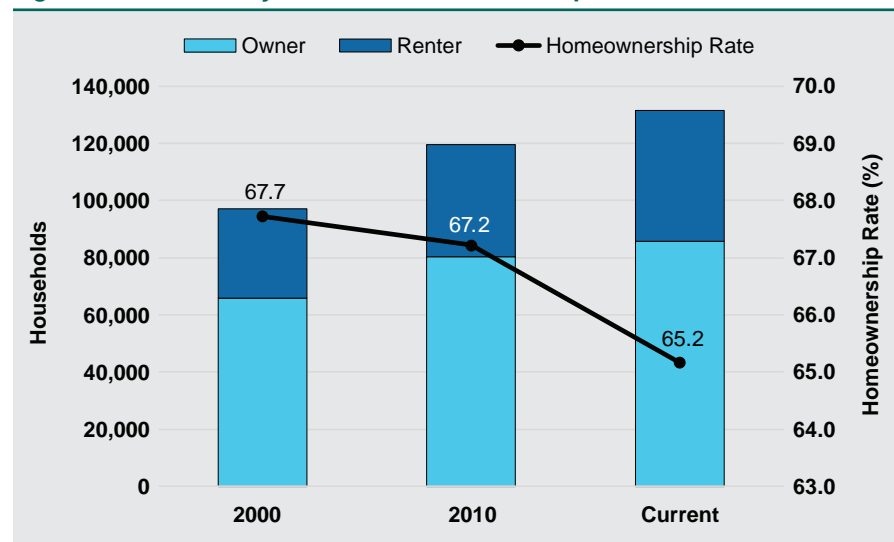
The current number of households in the HMA is estimated at 131,500, representing an average annual increase of 1,075 households, or 0.9 percent, since April 2010—more than double the rate of population growth in the HMA. By comparison, the number of households increased much faster, at an average of 2,225, or 2.1 percent, annually from 2000 to 2010. Household growth has decelerated since 2010 due to a slowdown in population growth and increased out-migration, despite the trend of smaller households. Much like the nation, homeownership has declined in the HMA since 2010 (Figure 7). The largest

Table 4. Selected Population and Household Demographics in the Brownsville HMA and the Nation

	Brownsville HMA	Nation
Population Age 18 and Younger	29.9%	22.2%
Population Age 65 and Older	13.9%	16.5%
Median Age	31.9	38.5
Working Age Population (15–64 Years Old)	61.5%	65.1%
Bachelor’s Degree or Higher (25 Years or Older)	17.1%	33.1%
Income Below 150% Poverty Level	41.2%	20.3%
Households with One or More Children Younger than Age 18	43.3%	29.9%
Hispanic	90.0%	18.4%
Non-Hispanic	10.0%	81.6%
Median Household Income	\$41,123	\$65,712

Source: 2019 American Community Survey 1-year data

Figure 7. Households by Tenure and Homeownership Rate in the Brownsville HMA



Note: The current date is April 1, 2021.

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



decline in homeownership rates in the HMA were among the cohort 25 to 34 years of age, declining 41.5 percentage points since 2010 (Table 5).

Forecast

During the forecast period, the population of the HMA is expected to increase by an average of 1,075 people, or 0.3 percent, annually entirely because of net natural increase. Net out-migration is expected to continue throughout the forecast period but lessen compared with the

Table 5. Homeownership Rates by Age of Householder in the Brownsville HMA and the Nation

	Brownsville HMA			Nation		
	2000	2010	2019	2000	2010	2019
Householder Age 25 to 34 Years	48.3	71.9	30.4	45.4	42.0	38.5
Householder Age 35 to 44 Years	64.5	61.2	56.7	66.3	62.3	58.3
Total Households	67.7	67.2	65.0	66.2	65.1	64.1

Sources: 2000 and 2010 Decennial Census; 2019 American Community Survey 1-year data

rate from 2010 through 2020 as economic conditions improve. The number of households in the HMA is expected to increase by an average of 720, or 0.5 percent, annually during the forecast period—a faster pace than population growth as the trend of declining household sizes continues.



Home Sales Market

Market Conditions: Slightly Tight

New and existing home sales prices have risen more than 6 percent annually during the past 3 years—the fastest rate of price growth since 2013.

Current Conditions

The home sales market is currently slightly tight, with sales increasing due to strong demand coupled with a lower supply of inventory, causing average sales prices to increase rapidly since 2017. Despite declining population growth, the trend of smaller households and the growing number of households in the 18-to-34-year age cohort have resulted in higher housing demand, causing already low inventory to dwindle further. Record low mortgage rates have also contributed to tightening conditions. The current sales vacancy rate is estimated at 1.2 percent, down from 1.8 percent in April 2010 when conditions were soft due to the housing market crisis (Table 6). Reduced levels of single-family homebuilding since 2010 have allowed a portion of the vacant homes in the HMA to be absorbed. New and existing home sales totaled 7,425 homes sold during the 12 months ending March 2021, up 14 percent from the 6,500 homes sold during the 12 months ending March 2020 (Zonda, with adjustments by the analyst). The average home

Table 6. Home Sales Quick Facts in the Brownsville HMA

	Brownsville HMA	Nation
Vacancy Rate	1.2%	NA
Months of Inventory	2.2	1.3
Total Home Sales	7,425	6,927,000
1-Year Change	14%	16%
New Home Sales Price	\$198,400	\$392,100
1-Year Change	6%	3%
Regular Resale Home Sales Price	\$173,800	\$353,100
1-Year Change	14%	12%
Mortgage Delinquency Rate	6.7%	3.7%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending March 2021; and months of inventory and mortgage delinquency data are as of March 2021. The current date is April 1, 2021.

Sources: Vacancy rate—estimates by the analyst; months of inventory—CoreLogic, Inc.; HMA home sales and prices—Zonda; national home sales and prices—National Association of Realtors® and Census Bureau/HUD (regular resales include short and REO sales)

sales price increased more than 11 percent, or \$17,400, to \$173,000 during the 12 months ending March 2021, compared with a near-7-percent increase a year earlier. As of March 2021, an estimated 1.9-month supply of homes was available for sale in the HMA, down from a 5.7-month supply a year earlier and a high of 14.6 months of supply in January 2012 (Real Estate Center, Texas A&M University).

Existing and New Home Sales

Regular resale home sales, which include short sales but exclude REO sales, totaled 6,975 during the 12 months ending March 2021, an increase of 1,425 homes, or 26 percent, from the previous 12-month period. Regular resales in the HMA averaged 6,300 homes in 2005 and 5,900 homes during 2006 when sales market conditions were strong. Regular resales started to decline as economic conditions worsened in the HMA, falling by an average of 550 homes, or 11 percent, annually from 2007 through 2010 to a low of 3,725 homes sold in 2010 as the sales market weakened. From 2011 through 2015, as the economy and sales market conditions began to improve, regular resales increased by an average of 190 homes, or 5 percent, a year, to 4,700 homes in 2015. Even as net out-migration surged to its highest level in 2015, regular resales remained strong, partly due to declining new home inventory. Fewer new homes were being built after 2010, and prices for new homes were nearly 20 percent higher than regular resales in 2015, allowing for sustained demand for regular resale homes during the period. As net out-migration



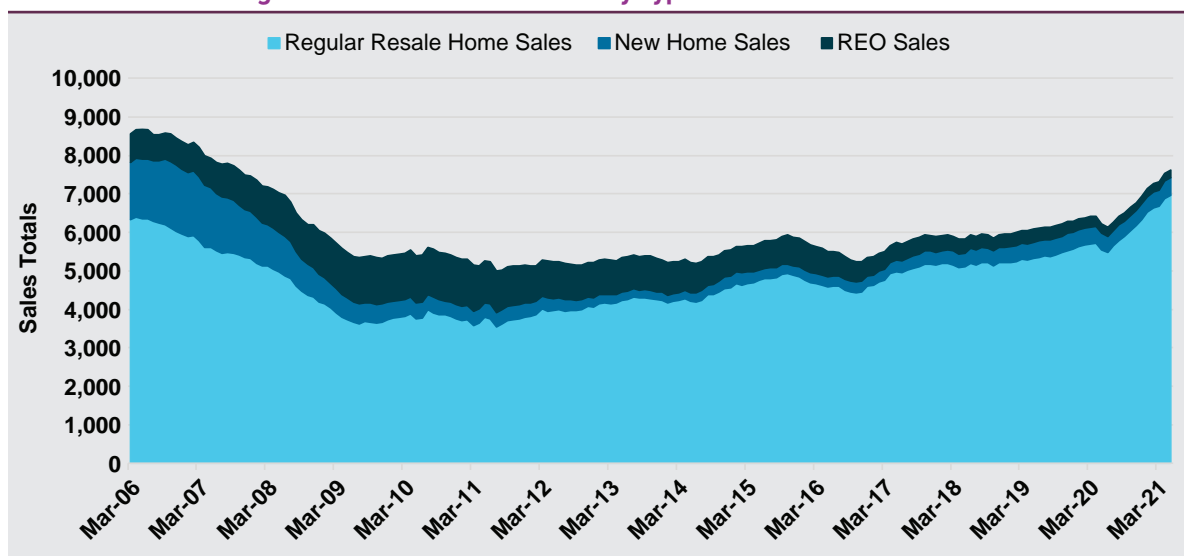
decreased and unemployment continued to decline, regular resales increased by an average of 240 homes, or 5 percent, annually from 2016 through 2019, to 5,675 homes sold during 2019 (Figure 8).

New home sales in the HMA averaged 460 homes sold during the 12 months ending March 2021, up by 20 homes, or 5 percent, from the 12 months ending March 2020 (Zonda, with adjustments by the analyst). During the peak, when the sales market was strong in 2006, 1,675 new homes were sold. New home sales have never fully rebounded to the peak during 2006 due to much slower population growth in recent years. New home sales declined by an average of 330 homes, or 31 percent, annually from 2007 through 2010, to 370 homes sold in 2010 as mortgage lending standards tightened because of the housing crisis. Even after the effects of the housing crisis subsided in the HMA, new home sales continued to decline from 2011 through 2013 by an average of 60 homes, or 20 percent, a year to a historic low of 190 homes sold in 2013. Following that low in 2013, new home sales in the HMA increased modestly from 2014 through 2019 by an average of 30 homes, or 15 percent, a year, to 450 homes sold in 2019.

Existing and New Home Prices

Average regular resale home prices rose by \$20,700, or nearly 14 percent, during the 12 months ending March 2021, to a peak of

Figure 8. 12-Month Sales Totals by Type in the Brownsville HMA



REO = real estate owned.
Source: Zonda, with adjustments by the analyst

\$173,800, following price growth of 4 percent 1 year earlier. As the national housing market downturn affected the HMA, regular resale home prices fell, starting in 2008 and continuing through 2011, declining by an average of \$8,050, or 6 percent, annually, to a low of \$118,700 in 2011. Regular resale prices increased in 2012, rising by \$17,200, or more than 14 percent, to \$135,900, as the housing market improved. From 2013 through 2015, as out-migration increased significantly in the HMA, regular resale prices declined by an average of \$1,875, or 1 percent, annually, to \$130,200. From 2016 through 2019, as historic out-migration levels declined, regular resale prices increased by an average of \$5,225, or 4 percent, annually, to \$151,200 in 2019.

The average new home sales price increased by \$10,400, or nearly 6 percent, to \$198,400 during the 12 months ending March 2021, compared with an 8-percent increase a year earlier (Zonda, with adjustments by the analyst). Leading up to the housing crisis, the housing market was strong. The average new home price was \$152,300 in 2006 and increased by an average of \$2,550, or 2 percent, from 2007 through 2008. From 2008 through 2009, new home sales prices increased \$15,650, or 9 percent, while regular resale prices began to decline. After reaching a high of \$192,700 during 2009, the average new sales price declined by an average of \$53,600, or 28 percent, to \$139,100 during 2010, reflecting the effects of the

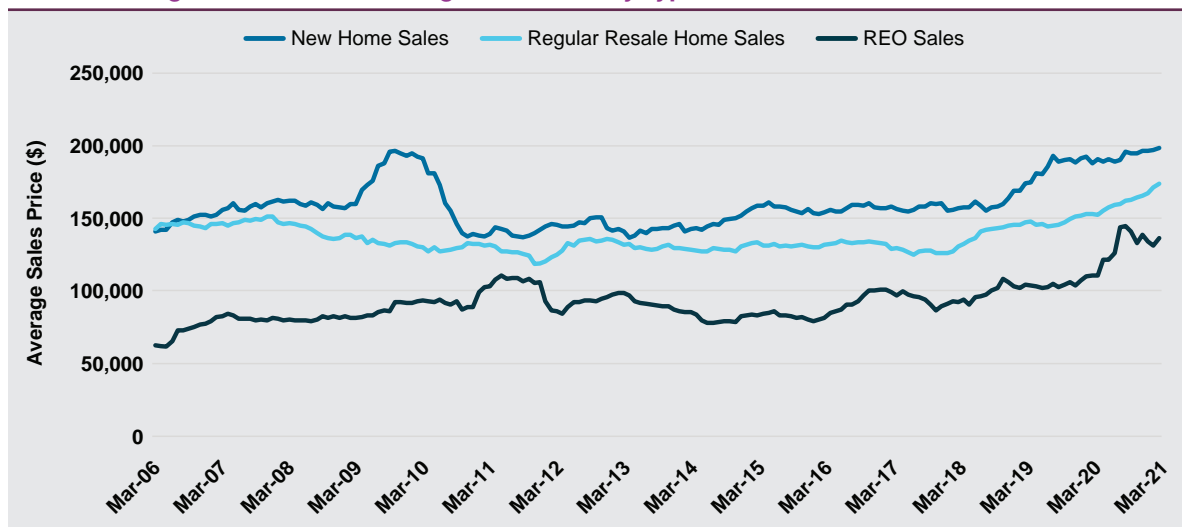


economic downturn and the weak housing market during the period. New home prices moderated beginning in 2011, and the average new home sales price increased an average of 2 percent annually, or \$3,000, from 2011 through 2017, to \$160,100 in 2017. From 2018 through 2019, as employment growth rebounded, net out-migration lessened, and demand increased, average new home prices increased by an average of \$14,150, or 8 percent, annually, to \$188,400 in 2019 (Figure 9).

REO Sales and Delinquent Mortgages

The percentage of home loans in the Brownsville HMA that were seriously delinquent or transitioned into real estate owned (REO) status increased to 6.7 percent in March 2021, compared with 2.0 percent a year earlier and slightly below the peak of 6.8 percent in January 2010 (CoreLogic, Inc.). The recent increase was solely due to the number of home loans that were 90 or more days delinquent—which nearly quadrupled from 1 year earlier. Foreclosures and REO properties declined as a result of the national moratorium on foreclosures for federally backed mortgages and increased use of forbearance programs. By comparison, the percentage of seriously delinquent mortgages and REO properties for the nation and Texas were 3.7 and 4.6 percent, respectively, in March 2021, both up from 1.3 percent a year earlier but significantly below the respective peak rates of 8.6 and 5.8 percent in January 2010.

Figure 9. 12-Month Average Sales Price by Type of Sale in the Brownsville HMA



REO = real estate owned.

Source: Zonda, with adjustments by the analyst

REO sales in the Brownsville HMA totaled 1,225 homes sold, accounting for nearly 25 percent of existing home sales in 2010, up significantly from less than 11 percent in 2006, when sales housing market conditions were strong. The share of REO sales as a percentage of existing home sales has declined every year since 2010. During the 12 months ending March 2021, REO sales averaged 200 homes in the HMA, or nearly 3 percent of existing home sales, down from 240 homes and nearly 4 percent of total home sales during the 12 months ending March 2020.

Sales Construction Activity

Homebuilding in the HMA—as measured by units permitted (building permits) for single-family homes, townhomes, and condominium units (hereafter, homes)—has been at notably lower levels each year since 2007 compared with levels during the early-to-mid-2000s (Figure 10). Homebuilding activity was at particularly high levels from 2000 through 2006, averaging 3,075 homes permitted annually, a period when population and economic growth were stronger. Population growth subsequently decelerated during the years leading up to and during the housing market downturn, and from 2007 through 2009, sales construction activity declined by an average of 33 percent, or 720 homes, annually, to a low of 940 homes permitted in 2009. Permitting increased in 2010, and from 2010 through 2017 averaged

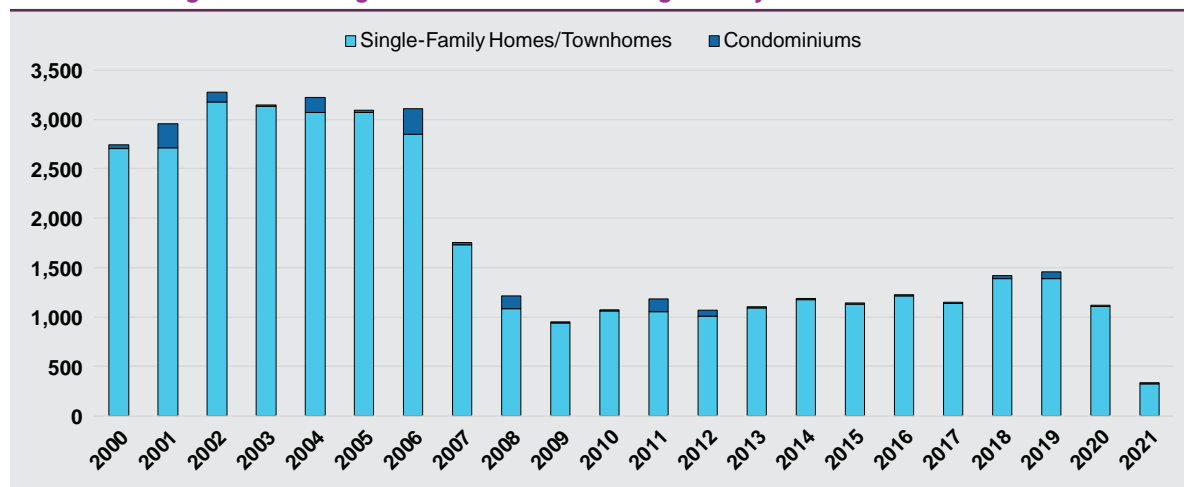
1,125 homes annually. From 2018 through 2019, as increased demand for single-family homes and declining for-sale inventory continued, construction increased to an average of 1,450 homes annually. During the 12 months ending March 2021, approximately 1,150 homes were permitted, a decline of 180 homes, or 14 percent, from 1 year earlier, due in part to construction delays and building supply shortages in 2020 (preliminary data, with adjustments by the analyst).

New Construction

A notable development in the HMA is Palo Alto Groves Community, a 220-acre, mixed-income community in the city of Brownsville. Sales at the development, which is expected to include 600 single-family homes when completed during the next several years, began in January 2021, with prices starting in the \$160,000s. The first phase of Palo Alto Groves will have 129 single-family homes, with three to five bedrooms, and is expected to be completed by 2022. Twenty-five to 30 percent of those homes will be targeted to low- and moderate-income buyers, who will have access to homebuying assistance through the Community Development Corporation of Brownsville.

Another upcoming development, Bahia Point by S.R. Campbell Properties, has received city approval to build 300 units in four phases over the next 10 years in the Laguna Heights community of Port Isabel. Most of the homes

Figure 10. Average Annual Sales Permitting Activity in the Brownsville HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2021 are through March 2021. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

built will be one-story starter homes in the \$120,000-to-\$150,000 price range, with lots ranging in price between \$30,000 and \$35,000. Development has begun, and the first 75 lots are expected to be completed in the next 12 to 18 months. Each subsequent year will have 50 to 75 lots built annually.

Forecast

During the next 3 years, demand for an additional 3,975 homes is expected (Table 7). The 420 homes currently under construction are expected to meet a small portion of that demand during the first year of the forecast period. Demand is expected to slow slightly during the second and third years of the forecast period, as population growth continues to slow and job growth moderates.

Table 7. Demand for New Sales Units in the Brownsville HMA During the Forecast Period

Sales Units	
Demand	3,975 Units
Under Construction	420 Units

Note: The forecast period is from April 1, 2021, to April 1, 2024. Source: Estimates by the analyst



Rental Market

Market Conditions: Slightly Tight

The rental vacancy rate has been declining as greater demand from younger age cohorts and over-65 age cohorts have increased renter household formations since 2010, shifting market conditions from soft to slightly tight.

Current Conditions and Recent Trends

The overall rental market in the Brownsville HMA is currently slightly tight, compared with soft conditions in 2010. The overall rental vacancy rate is currently estimated at 5.5 percent, down significantly from 10.3 percent in April 2010 (Table 8). Sustained rental demand, particularly among younger age cohorts and the growing share of those older than age 65, have contributed to renter household formations in the HMA despite decreased population growth. Increased renter household formations and the low level of multifamily production relative to increased demand have allowed for the absorption of previously vacant rental units.

Trends in Renter-Occupied Units

An estimated 47 percent of renter-occupied units in the HMA were in one-unit structures in 2019, up from 45 percent in 2010 (ACS 1-year data). A large plurality, or 42 percent, of renter-occupied units in the HMA are detached one-unit structures,

Table 8. Rental and Apartment Market Quick Facts in the Brownsville HMA

Rental Market Quick Facts	2010 (%)	Current (%)	
	Rental Vacancy Rate	10.3	5.5
	2010 (%)	2019 (%)	
Occupied Rental Units by Structure			
Single-Family Attached & Detached	45.0	47.2	
Multifamily (2–4 Units)	20.7	18.6	
Multifamily (5+ Units)	28.1	29.0	
Other (Including Mobile Homes)	6.0	5.0	

Apartment Market Quick Facts	2021 Q1	YoY Change	
	Apartment Vacancy Rate	2.4	-1.2
	Average Rent	\$740	1%
	Studio	\$512	-3%
	One-Bedroom	\$654	0%
	Two-Bedroom	\$746	1%
Three-Bedroom	\$922	1%	

Q1 = first quarter. YoY = year-over-year.

Notes: The current date is April 1, 2021. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey 1-year data; apartment data—Moody's Analytics REIS

or single-family homes, unchanged since 2010, whereas apartments and rental condominiums, or structures with five units or more, account for 29 percent of renter-occupied units, up slightly from 28 percent in 2010.

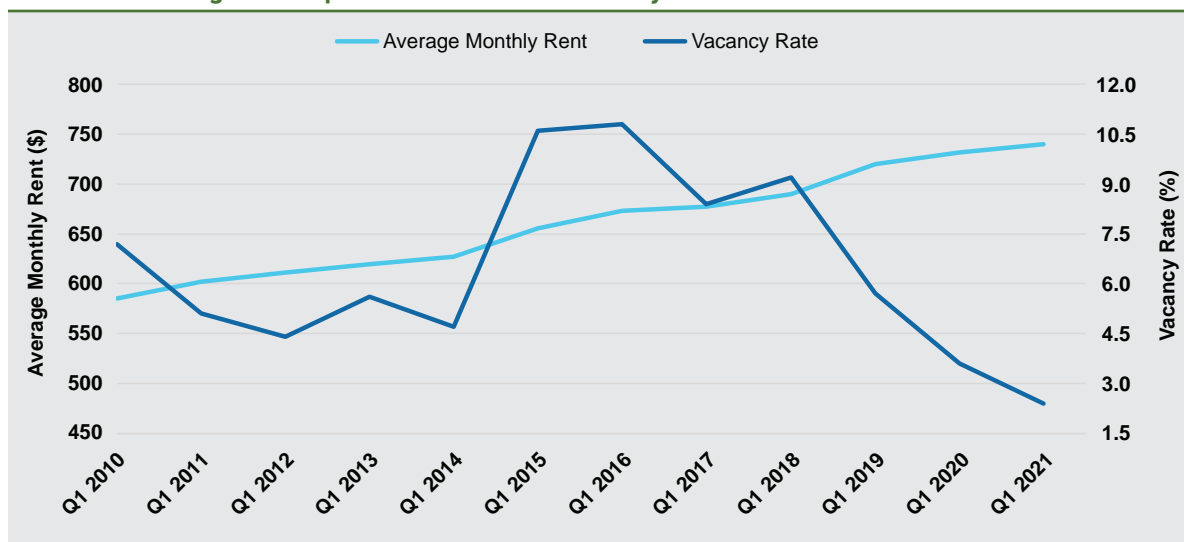
Apartment Market Trends

Apartment market conditions in the HMA are currently tight, and the apartment vacancy rate during the first quarter of 2021 was 2.4 percent, down from 3.6 percent 1 year ago (Moody's Analytics REIS). From 2000 to 2010, the number of renter households increased an average of 780 households a year, or 2.3 percent (decennial census, with estimates by the analyst). In contrast to slower renter household growth from 2010 to 2016, renter households have increased much faster recently, at an average rate of 1,125 households, or 2.7 percent, a year since 2016 (ACS 1-year data). From 2010 to 2012, the apartment vacancy rate decreased from 7.2 percent in 2010 to 4.4 percent, corresponding to increased renter household growth (first quarter vacancy rates). Low population growth since 2011, combined with peak multifamily construction in 2013, resulted in the vacancy rate increasing to 4.7 percent in 2014. In 2015, when oil production declined and net out-migration surged, the apartment market further softened,

and the vacancy rate rose to 10.6 percent. The apartment vacancy rate further increased to 10.8 percent during 2016 before declining to 8.4 percent during 2017. Negative population growth from 2017 to 2018 placed upward pressure on vacancy rates, and during 2018, the apartment vacancy rate increased to 9.2 percent. In 2019, due in part to robust nonfarm payroll and relatively higher population growth, vacancies declined to 5.7 percent, as the apartment market tightened.

The average rent during the first quarter of 2021 was \$740, up 1 percent from \$732 during the first quarter of 2020. Before the COVID-19-related economic declines, rent growth was nearly 2 percent from 2019 to 2020 (first quarter rent rates). Average apartment rents have generally increased each year since 2010 despite periods when the market softened (Figure 11). From 2010 to 2012, average rents increased 1 percent, annually, to \$611 in 2012. From 2013 to 2014, average apartment rents increased another 1 percent, to \$627. Because of newer apartment unit completions in the HMA, rent growth was strongest in 2015. As these newer and more expensive apartment units were completed, average rent increased 5 percent, to \$656, in 2015. The apartment market began to soften by the end of 2015, due in part to declining demand as net out-migration accelerated, in addition to the increased number of available apartment units in the HMA. In 2016, rent growth slowed slightly, averaging an increase of 3 percent, to \$673, in response to

Figure 11. Apartment Rents and Vacancy Rates in the Brownsville HMA



Q1 = first quarter.
Source: Moody's Analytics REIS

slowing economic and population growth. Rental demand continued, however, but rent growth slowed to 1 percent, to \$678, in 2017. A significant decrease of 57 percent in multifamily production to 160 units during 2017 allowed absorption of excess apartment units in the market. The average rent increased 2 percent, to \$690, during 2018 before increasing more than 4 percent, to \$720, in 2019, as the apartment market tightened. Rent growth was strong in 2019 in response to several new developments that came on the market, decreased net out-migration, new renter household formations, and strong nonfarm payroll growth.

Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted, averaged 320 units annually from 2017 through 2020 and is currently below the early-2000s level. From 2000 through 2006, rental construction in the metropolitan area averaged 390 units annually. Construction slowed considerably, to an average of 180 units annually from 2007 through 2011. After reaching a low of 55 units in 2011, partly due to out-migration, construction increased considerably from 2012 through 2013 to an average of 710 units annually before moderating once again to an average of 360 units annually from 2014 through 2016. In 2017, rental construction declined to an average of 160 units in response to softer rental market conditions. From 2018 through 2019, multifamily construction increased from 340 to 590 units, a result

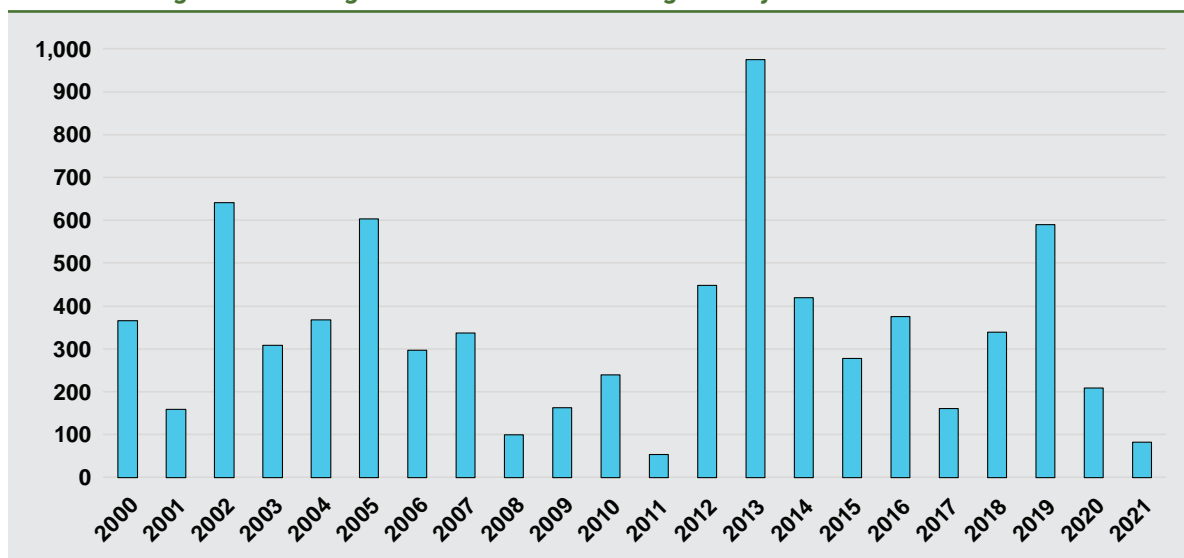


of increased economic growth combined with lower levels of multifamily construction during 2017 (Figure 12). During the 12 months ending March 2021, 240 units were permitted, down 35 percent from the 370 units permitted 1 year earlier (preliminary data, with adjustments by the analyst). More than 40 percent of all multifamily units permitted in 2020 were for two- to four-unit structures, down from approximately 50 percent from 2013 through 2019.

Recently Constructed Rental Properties

Approximately 56 percent of the 1,375 rental units that have been completed in the HMA since 2017 were income restricted, including those that were partially financed through low-income housing tax credits. More than 96 percent of all apartment construction since 2019 has been either affordable, age restricted, or a combination of the two. One recently completed market-rate development is the Bella Vista Apartments in the city of Brownsville. The 144-unit Bella Vista Apartments was completed in 2017 and offers one-, two-, and three-bedroom units with market-rate rents, currently ranging from \$855 to \$1,215. Other recently completed developments include the 50-unit Casitas de Azucar apartments in Santa Rosa, an affordable housing development, offering one-, two-, three-, and four-bedroom units with monthly rents ranging from \$362 to \$904; the property is currently in lease up. The Capella Apartment Homes in the city of Olmito, a 120-unit

Figure 12. Average Annual Rental Permitting Activity in the Brownsville HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2021 are through March 2021. Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

affordable housing development, was recently completed and currently offers one- to three-bedroom units with monthly rents ranging from \$283 to \$1,105. The 132-unit Huntington at Paseo de la Resaca development in the city of Brownsville is also currently in lease up. These apartments are for residents age 55 years and older and offer one- and two-bedroom units with rents ranging from \$620 to \$1,100.

Forecast

During the next 3 years, demand is expected for 1,100 new market-rate rental units in the HMA (Table 9), with demand peaking in the first year before slowing slightly in the second and third years. The 200 units currently under construction will satisfy a small portion of that demand.

Table 9. Demand for New Rental Units in the Brownsville HMA During the Forecast Period

Rental Units	
Demand	1,100 Units
Under Construction	200 Units

Note: The forecast period is April 1, 2021, to April 1, 2024. Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

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.
Colonia	In Spanish, means “community or neighborhood.” The Texas Office of the Secretary of State defines a <i>colonia</i> as a residential area along the Texas-Mexico border that may lack basic living necessities, such as potable water, sewer systems, electricity, paved roads, and safe housing.
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.
Direct Travel Spending	Purchases by travelers during their trip, including lodging taxes and other applicable local and state taxes, paid by the traveler at the point of sale.
Existing Home Sales/ Home Sales Prices	These include regular resales (which include short sales) and real estate owned sales (per Zonda).
Federal Poverty Line	The federal poverty level (FPL), or the “poverty line,” is a measure of income used to decide whether the income level of an individual or family qualifies them for certain federal benefits and programs. The term “low-income individual” refers to an individual whose taxable household income for the preceding year did not exceed 150 percent of the poverty level amount.
Forecast Period	4/1/2021–4/1/2024—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.



Maquiladoras	Factories in Mexico, usually near the US-Mexico border and typically run by foreign companies, taking raw materials and assembling, manufacturing, or processing them and exporting the finished product largely duty and tariff free.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Rio Grande Valley	The Rio Grande Valley, an area composed of Starr, Hidalgo, Willacy, and Cameron counties, lies along the Rio Grande River at the southernmost tip of Texas.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.



3.	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.
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