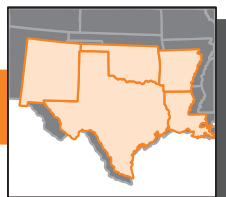


# Housing Market Profile



Southwest • HUD Region VI

## Victoria, Texas

The Victoria metropolitan area consists of Calhoun, Goliad, and Victoria Counties. Located along the Texas Gulf Coast, Victoria is about a 2-hour drive from Houston, San Antonio, Austin, and Corpus Christi. The largest private employers in the metropolitan area are Formosa Plastics Corporation, USA, Inteplast Group, Ltd., and DeTar Healthcare System, which employ approximately 1,500, 1,300, and 1,000 people, respectively. Formosa Plastics and Inteplast Group are part of the petrochemical industry, which significantly impacts the local economy.

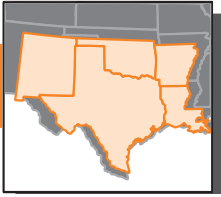
As of July 1, 2011, the Victoria metropolitan area had an estimated population of 116,800. Approximately 66 percent of the population resides within Victoria County. Since 2008, the population has increased by an average of 0.8 percent annually compared with an average of less than 0.6 percent annually for the years 2005 through 2007. From 2005 through 2007, net out-migration averaged 150 people a year, but since 2008 this trend has reversed and in-migration has averaged 175 people a year. The development, beginning in 2008, of the Eagle Ford Shale, a large natural gas and oil field, is driving much of the recent in-migration. Victoria is home to the University of Houston-Victoria (UHV), which will become a 4-year university in 2011 after previously having courses for only juniors and seniors. The university's enrollment has increased by 950 students, or 28 percent, since 2009 and is expected to double, to nearly 8,000, by 2019. The Port of Victoria and Port Lavaca handle more than 12 million tons of cargo a year. The ports directly and indirectly support more than 25,000 jobs, with an annual economic impact of more than \$3.7 billion, according to the Center for Transportation Research at the University of Texas at Austin.

In December 2008, nonfarm payroll jobs in the Victoria metropolitan area began a decline that continued until April 2010, when job levels began to stabilize. Nonfarm payrolls increased during the 12 months ending April 2011 by 700 jobs, or 1.4 percent, to 49,300. The largest employment increase for the 12 months ending April 2011 occurred in the mining, logging, and construction sector, which added 600 jobs, reflecting a 9-percent growth. Job growth in this sector is driven by development of the Eagle Ford Shale, which in 2010 produced 79 billion cubic feet of natural gas and more than 3 million barrels of crude oil. Caterpillar Inc. has started construction of a new hydraulic excavator plant, which is expected to

add about 500 permanent jobs to the local economy during the next 2 years. The education and health services sector increased by 300 jobs, or 4.4 percent, for the 12 months ending April 2011. Nonfarm payrolls in the government sector, which accounts for 18 percent of all jobs and is the largest sector in the metropolitan area, were down by 1.1 percent during the 12 months ending April 2011. The average unemployment rate during the 12 months ending April 2011 was 7.4 percent, down from 7.7 percent during the 12 months ending April 2010.

The sales housing market in the Victoria metropolitan area is currently soft. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending April 2011, the number of new and existing home sales remained flat at about 740 but was inflated by a large number of sales in May 2010 due to the expiration of the first-time homebuyer tax credit. For the 3 months ending April 2011, home sales declined 15 percent, to approximately 170 homes sold, compared with the same period in 2010. During the 12 months ending April 2011, the average sales price increased 5 percent, to \$145,000. Despite significant declines in prices in other areas of the country, the most recent 12-month average sales price in the metropolitan area is higher than the average in any year previously recorded. During the 12 months ending April 2011, new home construction, as measured by the number of single-family building permits issued, remained virtually unchanged from the past several years, at 100 units, based on preliminary data. About 80 percent of new home construction in the metropolitan area in the past few years has occurred on the north side of Victoria in the vicinity of U.S. Highway 77, with new home prices averaging \$168,000.

Rental housing market conditions are currently soft, but improving. The rental vacancy rate in the metropolitan area is estimated at 8.3 percent, down from 10.7 percent in the 2010 Census, primarily because of the recent growth in the number of construction and mining jobs. Student enrollment increases at UHV, which has added only 180 beds in dormitory rooms over the past 2 years, have impacted the apartment housing market significantly. It is estimated that UHV students currently account for about 15 percent of apartment rentals in Victoria. In the first quarter of 2011, the apartment market was much tighter than the overall rental market, with an estimated apartment vacancy rate of 4 percent. Most of the apartments in the metropolitan area are in the city of Victoria. Students and newly relocated workers who want to live near services are driving down the vacancy rate within the



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city, while many single-family and mobile homes available for rent in the outlying areas are not occupied. The average rents are \$540, \$650, and \$740 for one-, two-, and three-bedroom apartments, respectively. Point Royale Apartments, a 120-unit, market-rate property, is under construction and expected to be completed by July 2012, with expected rents of \$700, \$925, and \$998 for one-,

two-, and three-bedroom units, respectively. Before the issuance of building permits for this development, no market-rate apartments had been permitted since 1998. Only two low-income housing tax credit developments, totaling 280 units, have been added to the rental housing stock since 2000.