

REAL ESTATE MARKET OVERVIEW

# Killeen- Temple

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2001



REAL ESTATE CENTER

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### Contents

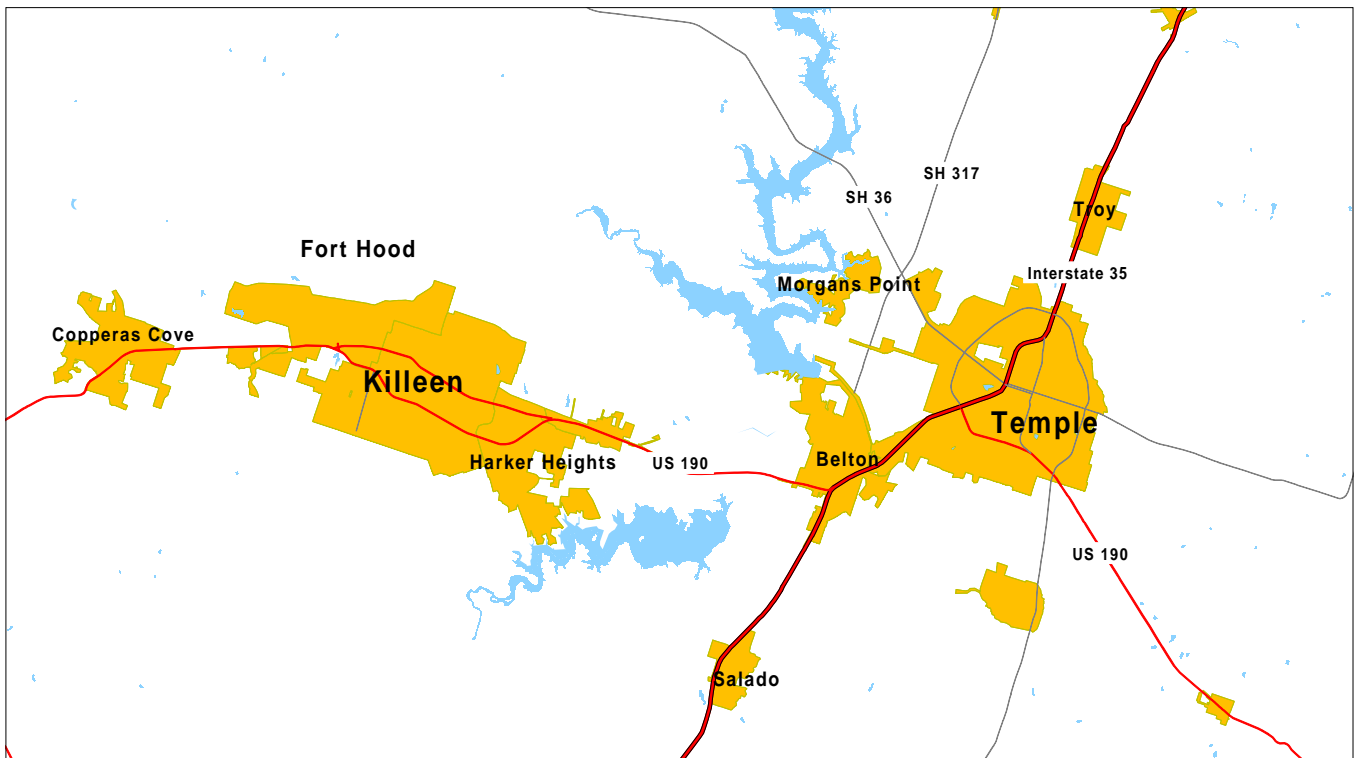
<b>2</b>	Population
<b>5</b>	Employment
<b>8</b>	Job Market Major Industries
<b>9</b>	Business Climate
<b>10</b>	Transportation and Infrastructure Issues
<b>11</b>	Public Facilities Education
<b>12</b>	Urban Growth Patterns
<b>13</b>	Map 1. Killeen Growth Areas Map 2. Temple Growth Areas
<b>14</b>	Housing
<b>17</b>	Multifamily
<b>18</b>	Manufactured Housing Seniors Housing
<b>19</b>	Retail Market Map 3. Killeen Commercial Building Permits
<b>20</b>	Map 4. Temple Commercial Building Permits
<b>21</b>	Office Market Industrial Market
<b>22</b>	Conclusion

# Real Estate Market Overview

## Killeen-Temple

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### Area Cities and Towns

Belton	Morgans Point
Copperas Cove	Salado
Gatesville	Temple
Harker Heights	Troy
Killeen	

### Counties

Bell  
Coryell

### Land Area of Killeen-Temple MSA

2,124 square miles

### Population Density (2000)

147 people per square mile

The Killeen-Temple Metropolitan Statistical Area (MSA), located along I-35 between Austin and Dallas-Fort Worth, consists of two

counties. Killeen and Temple are located in Bell County while most of Ft. Hood is located in Coryell County. Ft. Hood, the largest active U.S. Army post

in the United States, is adjacent to Killeen. The military is a major influence on the MSA's economy.

# POPULATION

## Killeen-Temple MSA Population

Year	Population
1990	255,752
1991	251,012
1992	254,909
1993	268,973
1994	288,112
1995	291,078
1996	294,608
1997	295,215
1998	296,989
1999	296,316
2000	312,952

\*2000 figure is actual, others are estimates

Source: U.S. Census Bureau

## County Population Growth

County	2000 Population	Growth 1990–2000 (in percent)
Bell	237,974	24.5
Coryell	74,978	16.8

Source: U.S. Census Bureau

## Area Cities With 10,000 or More Residents

City	2000 Population	Growth 1990–2000 (in percent)
Killeen	86,911	35.9
Temple	54,514	11.9
Copperas Cove	29,592	21.7
Harker Heights	17,308	35.0
Gatesville	15,591	30.5
Belton	14,623	16.5

Source: U.S. Census Bureau

The Killeen-Temple MSA population had a 2.2 percent average annual increase over the last decade, equal to the growth rate of the state as a whole.

The Texas State Data Center forecasts the metro area will grow an average of 1.8 percent per year over the next 20 years. The Texas Water Development Board expects the MSA's

population to grow 2.6 percent per year through 2020.

## Texas Metropolitan Area Population Change, 1990–2000 (in percent)

McAllen-Edinburg-Mission	48.5	Galveston-Texas City	15.1
Austin-San Marcos	48.2	Tyler	15.5
Laredo	44.9	El Paso	14.9
Dallas	31.5	Corpus Christi	14.3
Brownsville-Harlingen-San Benito	28.9	Victoria	13.1
Brazoria County	26.1	Waco	12.9
Houston	25.8	Texarkana	9.4
Fort Worth-Arlington	25.1	Lubbock	9.0
Bryan-College Station	25.1	Wichita Falls	7.8
<b>Texas</b>	<b>22.8</b>	Longview-Marshall	7.7
<b>Killeen-Temple</b>	<b>22.6</b>	Beaumont-Port Arthur	6.6
San Antonio	20.2	Abilene	5.8
Sherman-Denison	16.4	San Angelo	5.6
Amarillo	16.2	Odessa-Midland	5.1

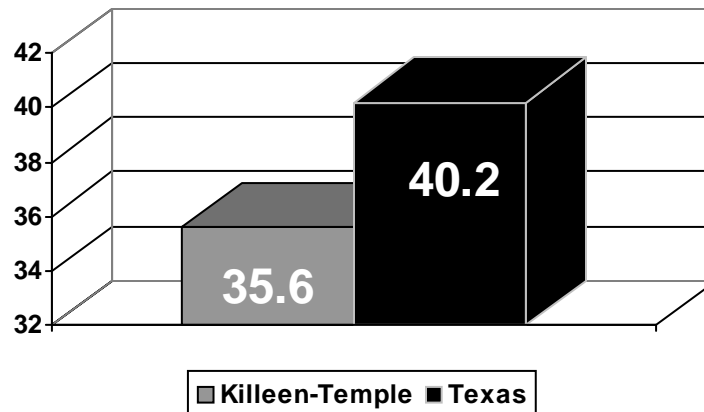
Source: U.S. Census Bureau

## Killeen-Temple MSA Projected Population

Year	Texas State Data Center	Texas Water Development Board
2005	335,012	—
2010	365,592	394,555
2015	394,363	—
2020	424,248	457,928

Sources: Texas State Data Center and Texas Water Development Board

## Projected Population Growth, 2000–2020 (in percent)



Source: Texas State Data Center

## Household Composition

	Bell County	Coryell County	Texas
Median household size (1990)	2.7	2.9	2.7
Population younger than 18 (1999, in percent)	28.9	27.7	28.5
Population 65 and older (1999, in percent)	8.8	5.9	10.1

Source: U.S. Census Bureau

## Ethnic Distribution (in percent)

Ethnicity	Bell County		Coryell County		Texas	
	1990	2000	1990	2000	1990	2000
White	65.5	57.3	66.6	60.5	60.8	52.4
Hispanic	11.8	16.7	8.2	12.6	25.3	32.0
Black	19.2	19.9	21.6	21.3	11.7	11.3
Asian	3.0	2.5	2.8	1.7	0.3	2.7
American Indian	0.5	0.5	0.8	0.7	1.8	0.3
Other	0.0	0.6	0.0	0.6	0.1	0.1
Two or more races*	—	2.5	—	2.6	—	1.1

\*For the 2000 Census, the Census Bureau changed the "race" options, allowing people to report their race as "other" or as two or more races

Source: U.S. Census Bureau

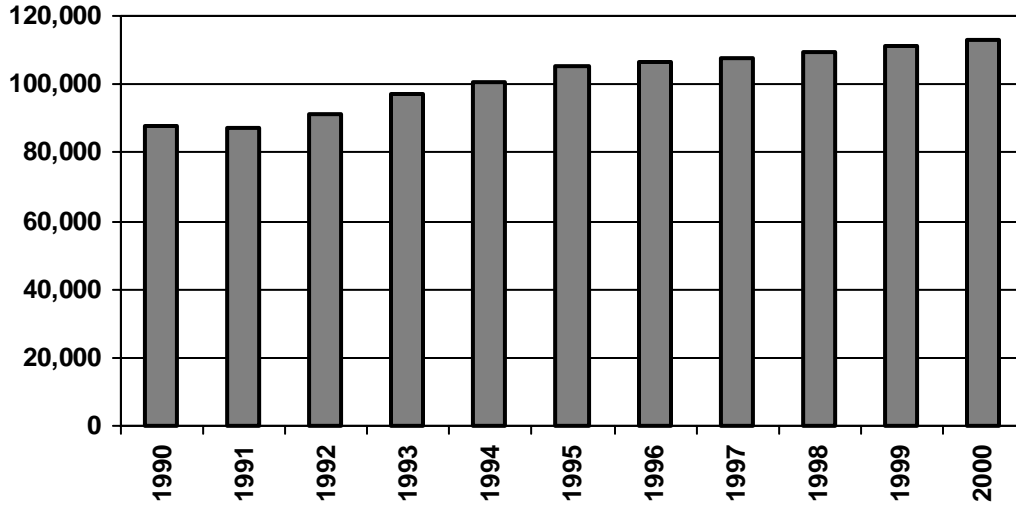
**B**oth counties in the Killeen-Temple MSA have a smaller portion of population age 65 and

older than the state as a whole. The average per capita income in the Killeen-Temple MSA was \$22,634 in 1999, ac-

ording to the U.S. Bureau of Economic Analysis. The state average was \$26,834.

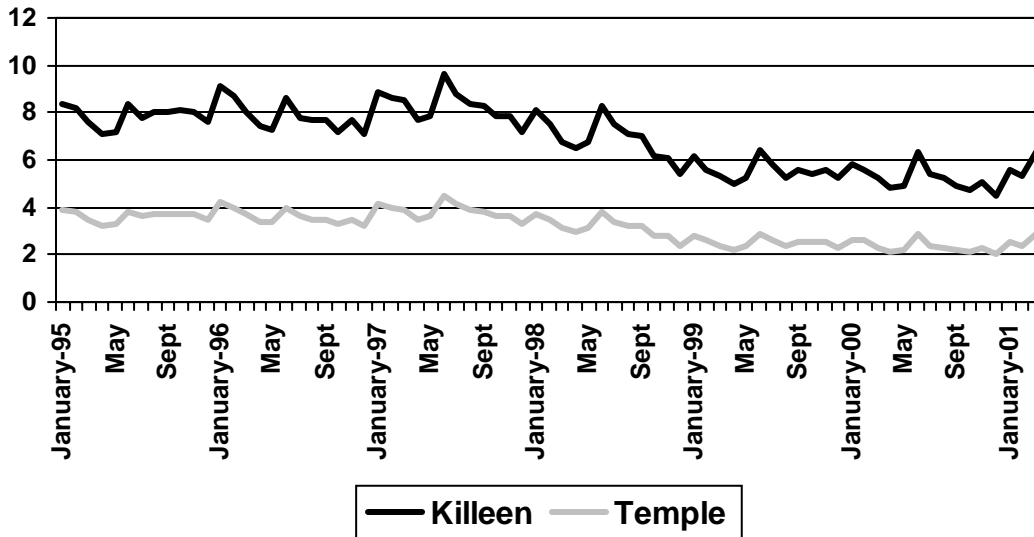
# EMPLOYMENT

## Killeen-Temple MSA Employment



Source: U.S. Bureau of Labor Statistics

## Killeen-Temple MSA Unemployment Rate (in percent)



Source: U.S. Bureau of Labor Statistics



<b>Top Ten Employers</b>	<b>Top Ten Private Employers</b>
<b>Ft. Hood</b> Military 42,322 employees	<b>Scott &amp; White Hospital</b> Health care 6,000 employees
<b>Scott &amp; White Hospital</b> Health care 6,000 employees	<b>Wilsonart International</b> Laminate and surfacing materials 2,000 employees
<b>Killeen Independent School District</b> Education 4,200 employees	<b>McLane Southwest</b> Distribution center 1,800 employees
<b>Central Texas Veterans' Health Care System</b> Health care 2,850 employees	<b>Convergys</b> Call center 1,400 employees
<b>Wilsonart International</b> Laminate and surfacing materials 2,000 employees	<b>DynCorp</b> Call center 805 employees
<b>McLane Southwest</b> Distribution center 1,800 employees	<b>Killeen Mall</b> Retail 800 employees
<b>Convergys</b> Call center 1,400 employees	<b>PACTIV</b> Containers 780 employees
<b>Temple Independent School District</b> Education 1,350 employees	<b>Metroplex Hospital</b> Health care 780 employees
<b>Central Texas College</b> Education 1,100 employees	<b>Wal-Mart Distribution Center</b> Distribution 750 employees
<b>DynCorp</b> Call center 805 employees	<b>Texas Hydraulics</b> Hydraulic cylinders 610 employees

Sources: Temple Economic Development Corporation and Killeen Chamber of Commerce

<b>Employment Growth by Industry</b>	<b>Killeen- Temple MSA</b>	<b>Texas</b>
Employment growth, 2000 (in percent)	5.4	3.2
Unemployment rate (in percent)	3.3	4.3
New jobs in 2000	2,200	288,900
Employment growth by sector (in percent)		
Services	0.3	4.7
Trade	3.3	3.1
Manufacturing	2.1	0.1
Mining	n/a	2.3
Finance, insurance and real estate	10.2	1.3
Construction	0.0	6.2
Government	0.0	1.7
Transportation, communications and public utilities	8.5	5.1

Sources: U.S. Bureau of Labor Statistics and Texas Workforce Commission

## Texas Metropolitan Area Employment Change, 1990–2000 (in percent)

Austin-San Marcos	58.8	El Paso	15.4
Laredo	40.3	Waco	14.3
McAllen-Edinburg-Mission	35.8	Lubbock	14.0
Dallas	30.4	Sherman-Denison	12.5
Brownsville-Harlingen-San Benito	30.1	Longview-Marshall	12.2
Bryan-College Station	29.2	Abilene	11.4
<b>Killeen-Temple</b>	<b>28.7</b>	San Angelo	10.7
San Antonio	28.6	Corpus Christi	10.3
Fort Worth-Arlington	23.7	Galveston-Texas City	8.2
<b>Texas</b>	<b>23.3</b>	Wichita Falls	7.8
Tyler	22.9	Odessa-Midland	6.5
Victoria	22.4	Texarkana	4.5
Houston	22.1	Beaumont-Port Arthur	3.5
Amarillo	18.6	Brazoria County	2.3

Source: U.S. Bureau of Labor Statistics, February 2001

**N**onagricultural employment grew 5.4 percent during 2000, compared with 1.2 percent in 1999. Total nonagricultural employment for 2000 was 104,200, according to the Texas Workforce Commission.

The U.S. Bureau of Labor Statistics reports the area's total civilian employment to be 112,911 for 2000. Employment in the area grew faster than in the state as a whole for the decade of the nineties.

Unemployment in the area fell from 3.5 percent in 1999 to 3.3 percent in 2000. Military and health care are major employers in the area.

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## JOB MARKET

In Temple, Nextel Communications opened a call center in 2001 that will employ between 550 and 750 people. Maco Adhesives opened a manufacturing unit employing 17 people, while LJT Texas expanded its warehouses, adding 35 employees. Performance Food Groups created 300 jobs. Temple Machining, a hydraulic equipment manufacturing unit, added 10 jobs.

The Texas A&M Blackland Research Center opened in 2000, employing 136. The Veteran's Administration

medical complex expansion project added 220 employees. The Wal-Mart Supercenter added 150 employees. Temple-based Leading Edge Brands plans to employ another five people in the next two years. Best-Rite Manufacturing expanded its production unit and will add 40 to 50 employees.

Private investment in Temple's downtown has created approximately 175 jobs since 1998 through businesses such as Nailworks, Nation's Plan Insurance, In the Mood Ballroom

and Omega Homebuilders. The Temple Towne Center, a retail facility under construction, is expected to employ 300 people.

In Killeen, a new Burger King will employ 50 people. A new Bennigans restaurant is expected to bring 150 jobs to the area.

Service Merchandise closed as a result of a nationwide shutdown. Design Components closed in Temple in April and moved to Mansfield, causing 16 people to lose employment.

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## MAJOR INDUSTRIES

Services, government and trade are the major employment sectors in the Killeen-Temple MSA. These sectors represent 29 percent, 26 percent and 23 percent of nonagricultural employment, respectively. The services sector added 100 jobs during 2000. Trade added 800 jobs during

2000, largely through new retailers in the area.

Government employment was unchanged in 2000. The government sector is large because of Ft. Hood, which accounts for approximately 40 percent of the MSA employment. Civilian and military payrolls total \$1.5 billion

annually. The post's total economic impact on the area is \$3.7 billion annually.

Construction employment was unchanged in 2000, while finance, insurance and real estate employment added 400 jobs.

# BUSINESS CLIMATE

## Tax Rates, 2000

Taxing Entity	Tax Rate per \$100 Valuation	Taxing Entity	Tax Rate per \$100 Valuation
City of Killeen	\$0.68	City of Temple	\$0.59
Killeen ISD	1.43	Temple ISD	1.65
Community College	0.15	Community College	0.20
Bell County	0.34	Bell County	0.34
Total	\$2.60	Total	\$2.78

Sources: Bell and Coryell County Appraisal Districts

## Killeen-Temple MSA Retail Sales

Year	Total Sales	Sales per Capita
1990	\$1,213,900,098	\$4,746
1991	1,272,003,803	5,068
1992	1,433,332,685	5,623
1993	1,586,184,091	5,897
1994	1,975,742,022	6,857
1995	2,599,968,741	8,932
1996	3,027,601,147	10,277
1997	2,189,215,952	7,416
1998	2,178,438,433	7,335
1999	3,576,784,519	12,071
2000	4,169,302,190	13,322
	State Average 2000	\$12,612

Source: Texas Comptroller's Office

Retail sales have steadily increased in the area in the past decade. Ft. Hood personnel contribute significantly to the area's retail sales. The sales tax rate is 8.25 percent throughout the area. Every city in the Killeen-Temple MSA assesses a 13 percent hotel-motel tax.

The area has several industrial parks. In Temple, the north and southeast in-

dustrial parks are part of the city's enterprise and tax reinvestment zone. The Temple Reinvestment Zone was established in 1982 and will remain in effect until 2022. Taxes collected in the zone are used for capital improvements in the area.

Temple has created a new enterprise zone to attract businesses. The 9.38-square-mile EZ-3 enterprise zone will

offer incentives to businesses for seven years. It includes part of downtown, the southeast industrial area, Acer America Co., the Nextel Communication site and many others sites. Most of the area that was in the former EZ-2 zone will be incorporated into the new zone. Incentives include permit fee waivers, tax abatements and tax refunds.

# TRANSPORTATION AND INFRASTRUCTURE ISSUES

## Killeen Airline Boardings

	1998	1999	2000
Killeen Municipal Airport	82,671	90,089	99,613

Source: Killeen Municipal Airport

I-35 facilitates north-south transportation through Temple and Belton. U.S. Highway 190 and State Highways 36, 53 and 195 also run through Temple. U.S. Highway 190 and State Highway 317 run through Belton. Killeen's major highways include U.S. 190 and State Highway 195. The city of Temple is planning to construct a loop outside of Loop 363. A Temple firm is under contract to design the outer loop.

At Ft. Hood, a \$32.5 million project is under way to build a railroad transport system. The rail connection will be to the Burlington Northern-Santa Fe Railroad line. Seven buildings will be constructed to house maintenance facilities and a control tower. The system will help move military equipment quickly during deployments.

The cities of Temple and Killeen are cooperating to operate a bus service linking the two cities. A pilot project was conducted in 2000.

The Killeen Municipal Airport has service to Dallas-Fort Worth International Airport and George Bush Intercontinental Airport in Houston. American Eagle, Atlantic Southeast and Continental Express provide service.

The City of Temple operates the Draughon-Miller Central Texas Regional Airport, a general aviation and

business airport with no commercial service. The airport will receive \$3.1 million from the Texas Department of Public Safety for improvements to the runway, lighting and drainage.

The city is developing a master plan for the future development of the airport. Construction began in January 2001 on a \$450,000 project for expansion and renovation of the terminal building.

Ground was broken in October 2000 on a new \$50 million regional airport that could open as early as 2004. The airport will be located in Killeen at the southeast end of Robert Gray Army Airfield and will be shared with the Army. The City of Killeen will build a 70,000-square-foot terminal, fuel facilities, a \$3.4 million, 3,700-square-foot airfield taxiway and 1,200 parking spaces.

The city has received \$20 million in state and federal grants for the airport projects and hopes to receive another \$25 million from the federal Military Airport Program. The city will issue \$10 million worth of bonds to pay its share of the cost. In October 2000, the city received an unexpected \$3.3 million in federal transportation funds for construction of a taxiway apron, site work and utility work.

Killeen, Temple and Belton receive water from Lake Belton, which will

handle the area's water needs through 2050. Belton also receives water from Stillhouse Hollow Reservoir.

Municipal water use in Central Texas is expected to increase 54 percent by 2050 and decline 34 percent for agricultural uses, according to the State Water Plan. This is because groundwater availability is not expected to meet irrigation needs. Bell County has created the Clearwater Underground Water Conservation District to deal with future water issues.

In approximately two years, Temple will need a new facility for sludge collection. Sludge is dirt collected by the clarifiers that clean water for consumption. One option would be to transport the sludge to nearby landfills, thus increasing expenditures for labor and equipment. Temple is undertaking the \$1.5 million Southeast Temple Water and Sewer Project to run a sewer main from Loop 363 to FM 117. The project includes a lift station.

Belton is acquiring a new sanitary sewer project costing \$409,090 and funded by a Community Development Block Grant with participation from Bell County. Belton is also building a \$750,000 booster pump station to increase water capacity.

## PUBLIC FACILITIES

Killeen is constructing a 64,000-square-foot, \$8.4 million convention center in hopes of increasing tourism. The center is scheduled to open in March 2002.

Temple's Park and Leisure services dedicated the Umpires' Building in Calcite Park and dedicated the park itself. The building has restrooms and showers, and the park has play areas for children. Temple opened Silverstone Park in September 2000. The five-acre park has hiking trails, playgrounds and picnic areas. Design and construction of the park cost \$210,000.

In downtown Temple, a \$3.5 million revitalization effort is under way. A bandstand on the Santa Fe Depot grounds opened in August 1999. The old Woolworth building in Temple was demolished so that the site can be turned into parking and an outdoor

plaza with antique railroad cars and a veteran's memorial.

The City of Temple is building a facility to lease to the U.S. Department of Agriculture, which currently leases space from the city in the Poage Building in downtown Temple. The proposed 95,500-square-foot building is two blocks from the Poage Building and will have a four-level, 320-space parking garage nearby.

Temple residents will get a glimpse of the revamped downtown when a "model block" is completed in 2001. A park encompassing the restored Santa Fe Depot is planned in downtown Temple and will feature the train depot's historic theme. Temple plans a plaza and welcome center near the depot.

The Arcadia Theater is being renovated in downtown Temple. The build-

ing was constructed in 1928 and has been closed since 1978. An \$80,000 grant will be used for the renovation.

A \$4.5 million building to house the city's operations and maintenance for the public works, utilities, parks and purchasing departments is under construction east of Loop 363.

The City of Belton is selling the Guffy building to Bell County for expansion of the Bell County Museum. The City of Harker Heights plans a \$2.3 million, 27,000-square-foot municipal facility that will include city hall and a recreation center as well as a 35-acre park. The facility will open in spring 2002.

## EDUCATION

**Educational Level, Persons Age 25 and Older (in percent)**

Level of Education	Killeen-Temple MSA	Texas
High school graduate	31.2	25.6
Some college, no degree	24.8	21.1
Associate's degree	7.7	5.2
Bachelor's degree	10.7	13.9
Graduate or professional degree	5.0	6.5

Source: U.S. Census Bureau, 1990

## Local College and University Enrollment

School	Fall 2000	2005 (estimated)	2010 (estimated)
Tarleton University – Central Texas	7,545	n/a	n/a
Central Texas College*	5,295	n/a	n/a
Temple College	3,405	3,689	4,041
Mary Hardin-Baylor	2,566	n/a	n/a

\*Killeen Campus

Sources: Educational institutions and the Texas Higher Education Coordinating Board, January 2001

**T**arleton University System Center–Central Texas opened in Killeen in fall 1999 after taking over the now defunct University of Central Texas. The change brought lower tuition for students. One-third of the university’s students are pursuing master’s degrees.

Central Texas College offers technical programs leading to an associate’s degree or certification. Central Texas College offers a number of educational programs accommodating military personnel, such as distance education programs for individuals away on active duty. Central Texas College is building an \$8.5 million, 64,000-square-foot, state-of-the-art planetarium and technology complex. The first phase of the project will be completed in fall 2002.

The University of Mary Hardin-Baylor started a master’s program in theological studies in fall 2000. Enrollment increases have prompted the university to consider building more on-campus

housing. The Parker Academic Center broke ground in June 2001. The center will house the business and education schools. The \$4.5 million building is expected to be completed by fall 2002.

Temple College built One College Center in 2000. The \$2.5 million project houses admissions and records, financial aid, counseling, a cashier’s office and a student lounge. Computer labs are on the second floor. The college turned the former Alco Discount Store into the Cameron Educational Center. The 24,000-square-foot building serves as a branch of the college.

The Texas A&M University Health Science Center includes third and fourth-year medical students from the Texas A&M University College of Medicine. The center operates in Scott & White Memorial Hospital, Central Texas Veterans Health Care System and Darnell Army Community Hospital in Killeen.

Construction of the Texas A&M University Health Science Center College of Medicine medical research building in Temple was completed in March 2000. The \$12 million, 33,000-square-foot project is on Scott and White Memorial Hospital’s main campus. The center houses liver, cardiovascular and Parkinson’s disease research facilities.

Temple ISD has an enrollment of 8,700 students; Belton ISD, which overlaps with parts of Temple, has 6,600 students. Killeen ISD has a total enrollment of 27,830 students and employs approximately 4,150 people.

Belton ISD broke ground for a new intermediate school in 2000, after adding a new elementary school and a new high school leadership academy in the 1999–2000 academic year. Killeen ISD is planning a new elementary school.

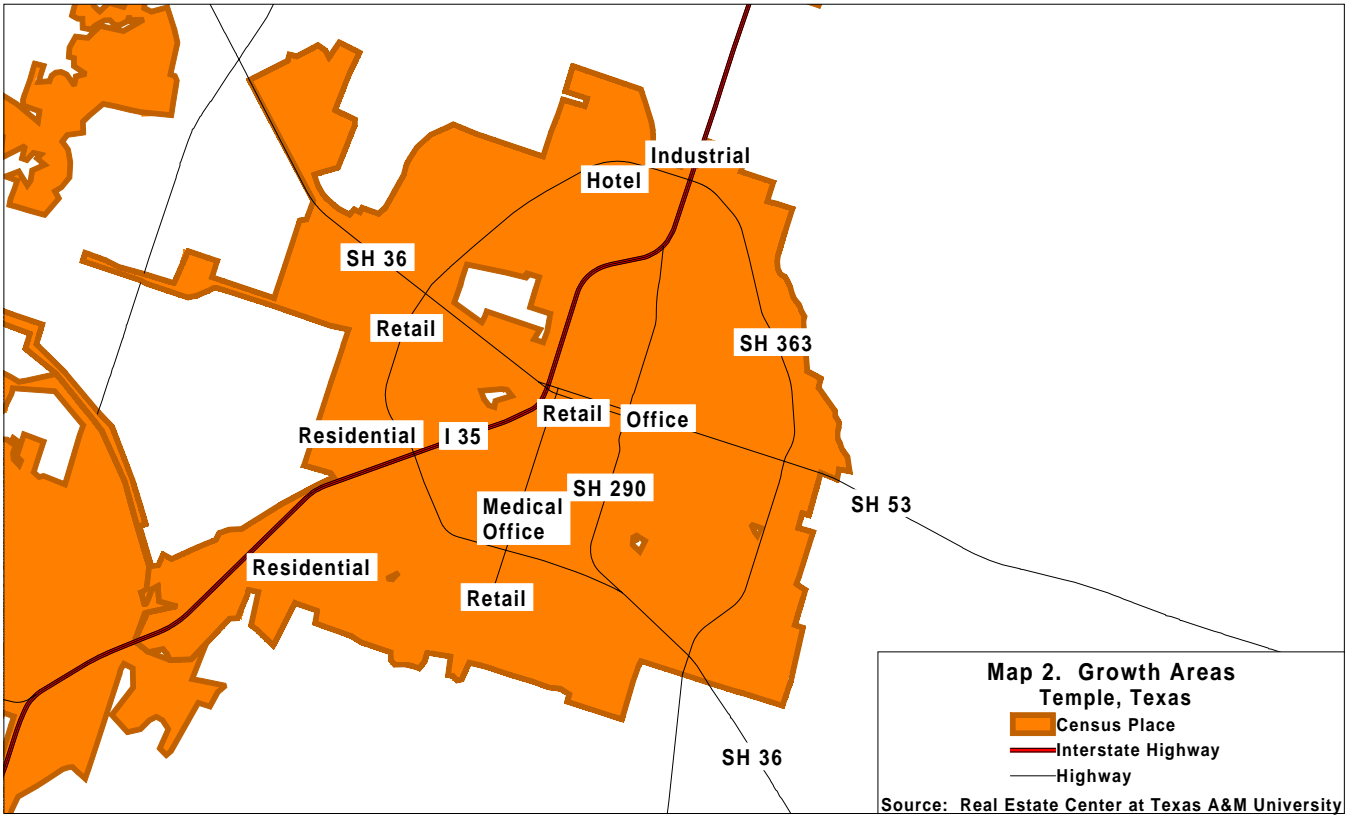
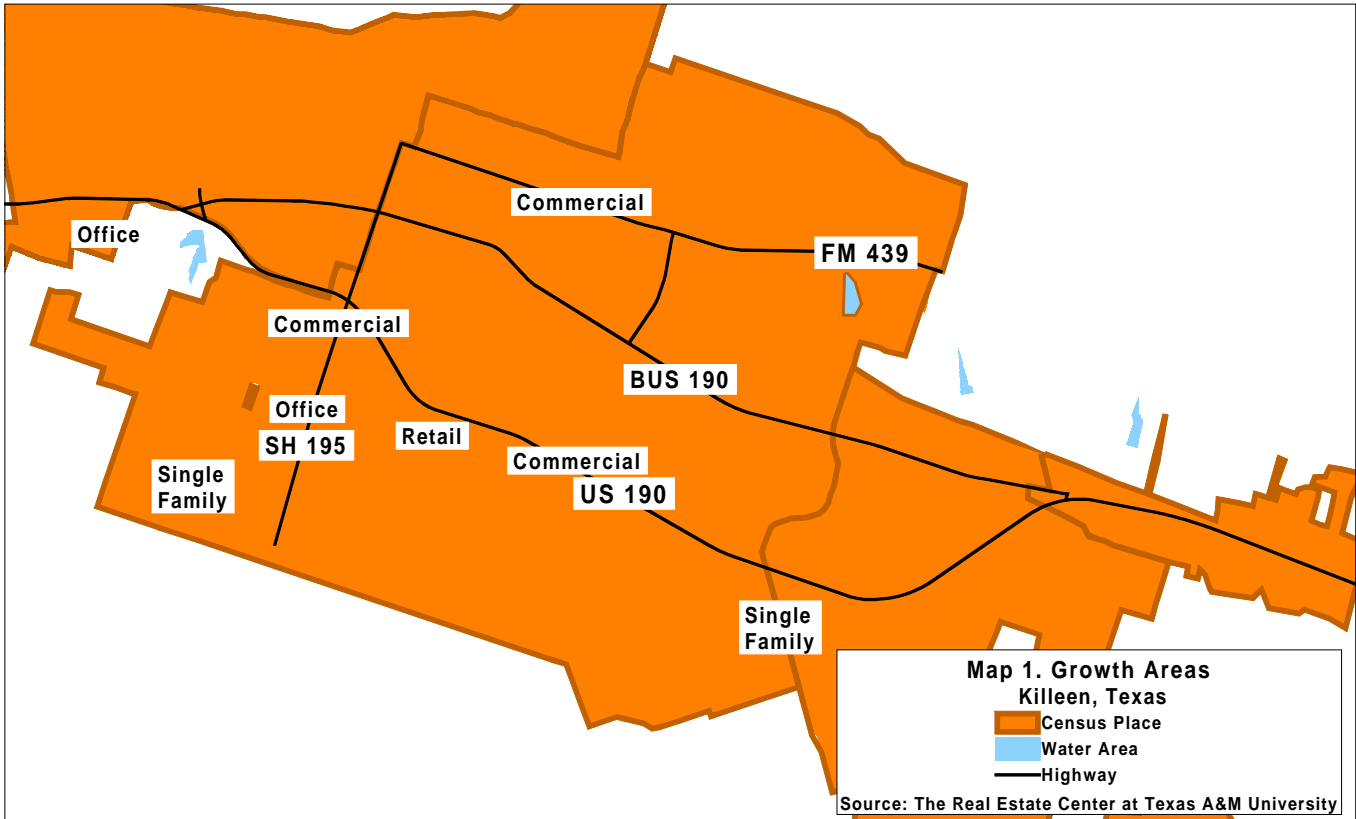
## URBAN GROWTH PATTERNS

**M**aps 1 and 2 illustrate urban growth patterns in Killeen and Temple. Killeen is growing to the south and southeast out of necessity because it is bordered on the north and west by Ft. Hood and by Harker Heights on the south. Residential growth is occurring in the south-

western section of the city. Most commercial growth is taking place along Stan Schlueter Loop and U.S. 190. Growth also is occurring in the industrial park.

Residential growth in Temple is occurring in the western and southwestern

sections of the city on the west portion of FM 2305 and south of 31<sup>st</sup> Street South. Commercial growth has been occurring on the major roads along and south of Highway 363.





# HOUSING

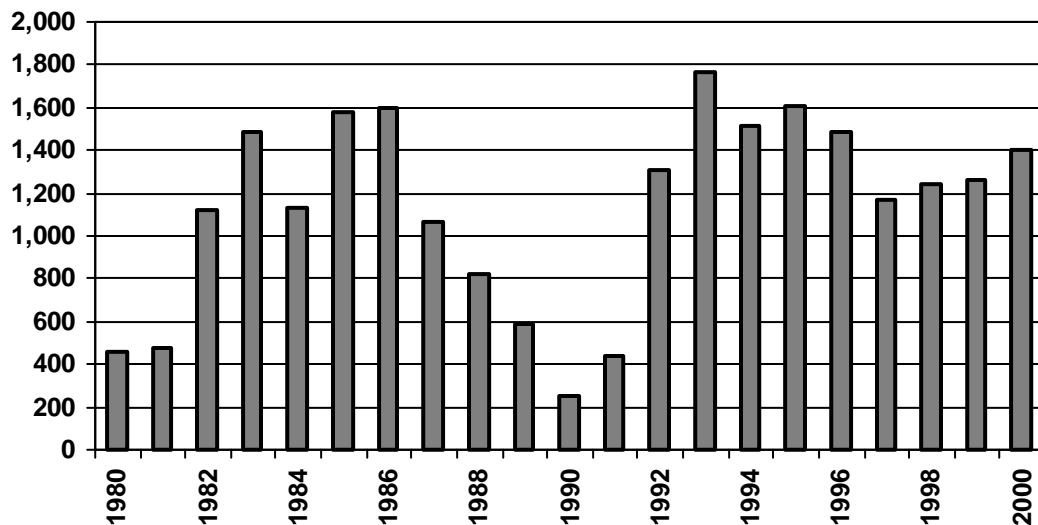
## Housing Affordability – Fourth Quarter 2000

	Percent of Households That Can Afford Median-priced Home	THAI*	THAI for First-time Homebuyers
Killeen-Ft. Hood	76	1.75	1.59
Temple-Belton	63	1.36	1.05

\*The THAI is the ratio of median household income to the income required to buy the median-priced home using currently available mortgage financing. Standard financing is a 30-year loan covering 80 percent of the cost of the home. A THAI of 1.00 indicates that the median household income is just enough to qualify for a loan sufficient to purchase the median-priced home.

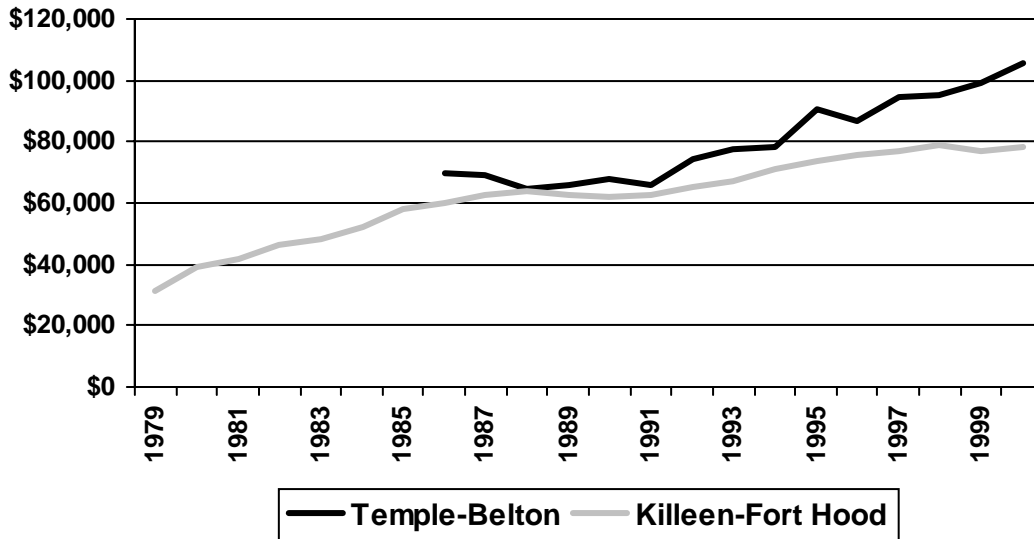
Source: Real Estate Center at Texas A&M University

## Killeen-Temple MSA Single-family Permits (in units)



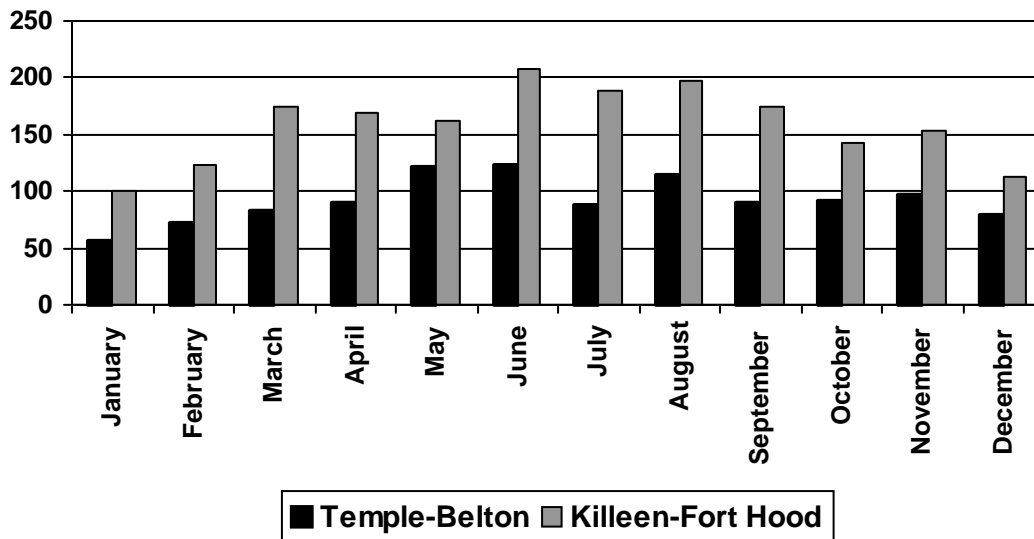
Source: U.S. Census Bureau

### Average Sales Price of Single-family Home, Killeen-Temple Area



Source: Real Estate Center at Texas A&M University

### Single-family Home Sales Volume, 2000



Source: Real Estate Center at Texas A&M University

## Price Distribution of MLS Homes Sold, 2000 (in percent)

	Temple- Belton	Killeen- Ft. Hood
Less than \$60,000	23.0	30.4
60,000–79,999	18.5	32.1
80,000–99,999	19.8	17.7
100,000–119,999	8.8	8.2
120,000–139,999	9.4	5.0
140,000–159,999	4.8	3.1
160,000–179,999	4.9	1.7
180,000–199,999	2.5	0.7
200,000–249,999	3.6	0.8
250,000–299,999	1.5	0.2
300,000 or more	3.0	0.0

Source: Real Estate Center at Texas A&M University

In 2000, a total of 1,399 single-family home permits were issued at an average value of \$109,000 in the MSA. In 1999, 1,264 single-family homes were permitted at an average value of \$99,300. In the first quarter of 2001, 354 new homes were permitted.

The City of Killeen issued 811 single-family residential building permits in 2000 and 252 in first quarter 2001. The City of Temple issued 216 single-family permits in 2000.

In Killeen-Ft. Hood, 1,836 homes were reported sold through the MLS during 1999; the number rose to 1,906 in 2000. The average sales price rose from \$76,700 to \$78,200. During 2000, there was a nine-month inventory of homes for sale.

In Temple-Belton, 1,046 homes were reported sold through the MLS in 1999 and 1,139 in 2000. The average sales price rose from \$99,200 to

\$105,900. During 2000, there was a 6.4-month inventory of homes for sale.

In Temple, Highland Terrace, at Fowler Road and East Calhoun Avenue, was dedicated by the Temple Housing Authority. A total of 91 homes with approximately 1,200 square feet each are being built on the site. The Temple Housing Authority plans two subdivisions for affordable housing. Heritage Addition will have nine lots and Nugent Village will be a 20-lot subdivision.

A number of new subdivisions have been created in the Temple area. The Oaks at Westwood has 44 lots. The Crest has 46 lots and Westwood has 57; both are located at Pearidge Row and Hogan. Westridge phases eight and nine have 39 lots combined. A 192-lot subdivision called Bentwood is planned. The Campus at Lakewood Ranch phases four and five will have

17 lots combined. Whistling Oaks will be an eight-lot subdivision, while two lots have been permitted in the Bunker Hill South Addition. Northcliffe phases seven and eight will have eight lots in the City of Temple and 37 lots in the extraterritorial jurisdiction. Most of the new subdivision activity is occurring in west Temple.

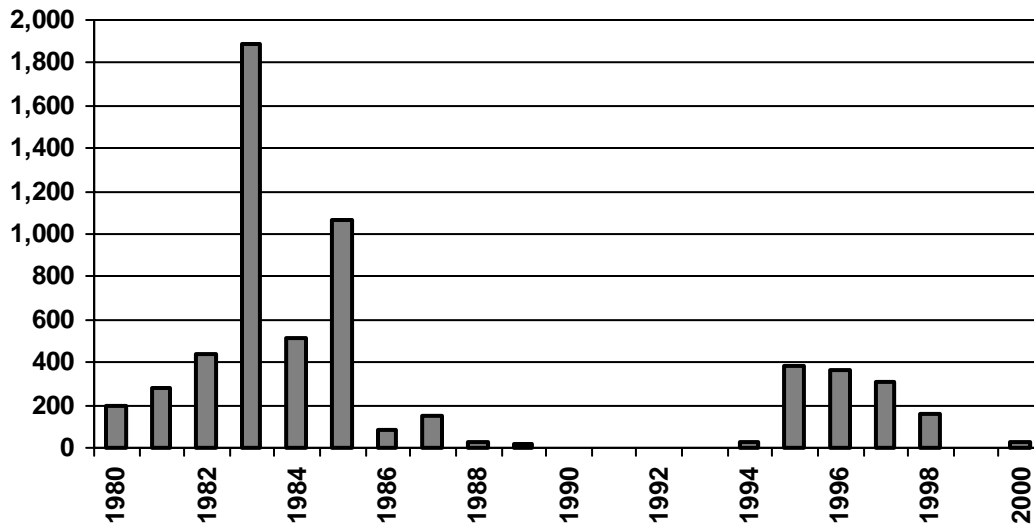
A total of 5,700 housing units will be built at Ft. Hood by private contractors. The project could cost as much as \$300 million.

In Killeen, most of the residential subdivisions are going up on the southwest side of the city. In 2000, new subdivisions generated approximately 2,000 lots. Subdivisions generally have from 100 to 300 lots each.

In Belton, a new subdivision called Red Rock II is planned. It will have 156 lots for homes costing between \$100,000 and \$300,000.

# MULTIFAMILY

## Killeen-Temple MSA Multifamily Building Permits (in units)



Source: U.S. Census Bureau

## Belton-Killeen-Temple Apartment Statistics, March 2001

	Belton-Killeen-Temple	Texas Metro Average
Average rent per square foot	\$0.63	\$0.69
Average rent for units built since 1990	\$0.76	\$0.95
Average occupancy (in percent)	96.4	94.7
Average occupancy for units built since 1990 (in percent)	97.4	92.3

Source: Apartment MarketData Research

Between May 2000 and March 2001, apartment occupancy rates in the Belton-Killeen-Temple area increased 0.2 percentage points overall and fell 0.3 percentage points for units built since 1990. Rents increased by one cent overall; the same was true for units built since 1990.

In 2000, a total of 30 multifamily units were permitted in the MSA according to the U.S. Census Bureau. None were permitted in 1999. In first

quarter 2001, 16 new multifamily units were permitted.

The City of Killeen issued 62 permits for duplexes and 78 multifamily permits in 2000. In the first quarter of 2001, 18 duplexes and 38 multifamily permits were issued. In Temple, a number of planned apartment projects will use the low-income tax credit. RCI Construction is building the \$2.5 million Veranda Apartments with 88 units. The old Fawn Hotel in downtown

Temple may be redeveloped into market-rate apartments and some retail.

In Belton, Phase II of Turtle Creek Village Apartments was permitted in late 2000, adding 20 units to the development, which broke ground in 1998. The units are expected to be ready in summer 2001. Sixteen of the units will be one-bedroom apartments, and four will be three-bedroom units.

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## MANUFACTURED HOUSING

### Killeen-Temple MSA Manufactured Home Sales

	<b>Manufactured Homes Sold</b>	<b>Proportion of New Single-family Homes (in percent)</b>
1997	766	39.5
1998	788	38.8
1999	683	35.1
2000*	418	29.5

\*Through third quarter 2000

Source: Texas Manufactured Housing Association

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**M**anufactured homes make up a significant portion of the single-family homes sold in

the Killeen-Temple area, a fact that can be attributed to the large military population.

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## SENIORS HOUSING

**T**he Temple Housing Authority is remodeling and adding 600 square feet to the Friendship House senior center. The project will cost between \$70,000 and \$90,000.

# RETAIL MARKET

## Hotel Occupancy and Rental Rates

	1999		2000	
	Killeen-Temple	Texas	Killeen-Temple	Texas
Occupancy rate (in percent)	71.0	64.1	72.9	65.7
Average daily rental rate	\$52.26	\$84.08	\$54.80	\$86.45

Source: PKF Consulting

Maps 3 and 4 show commercial building permits issued during 2000 in Killeen and Temple. The Texas Restaurant Association forecasts restaurant sales in Killeen-Temple will grow 5.3 percent during 2001 to reach \$259 million. In 2000, restaurant sales grew 5.8 percent.

In Temple, Burger King and Taco Bell opened in 2000. Burger King is on South Loop 363. In Killeen, a 4,000-square-foot Burger King is planned to

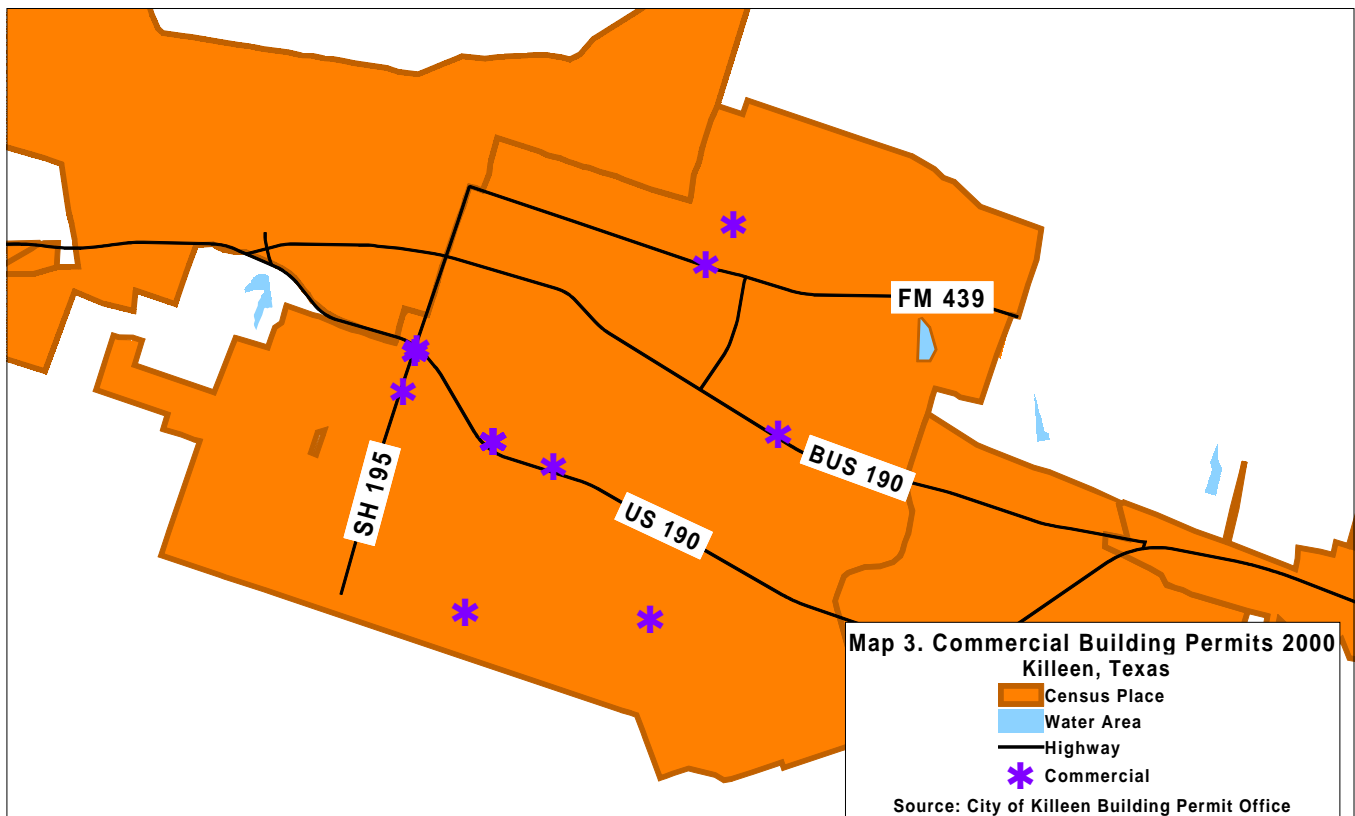
open in November 2001. A Bennigan's restaurant is under construction along Central Texas Expressway and is expected to open in summer 2001. A Domino's Pizza is being built on Ft. Hood Street.

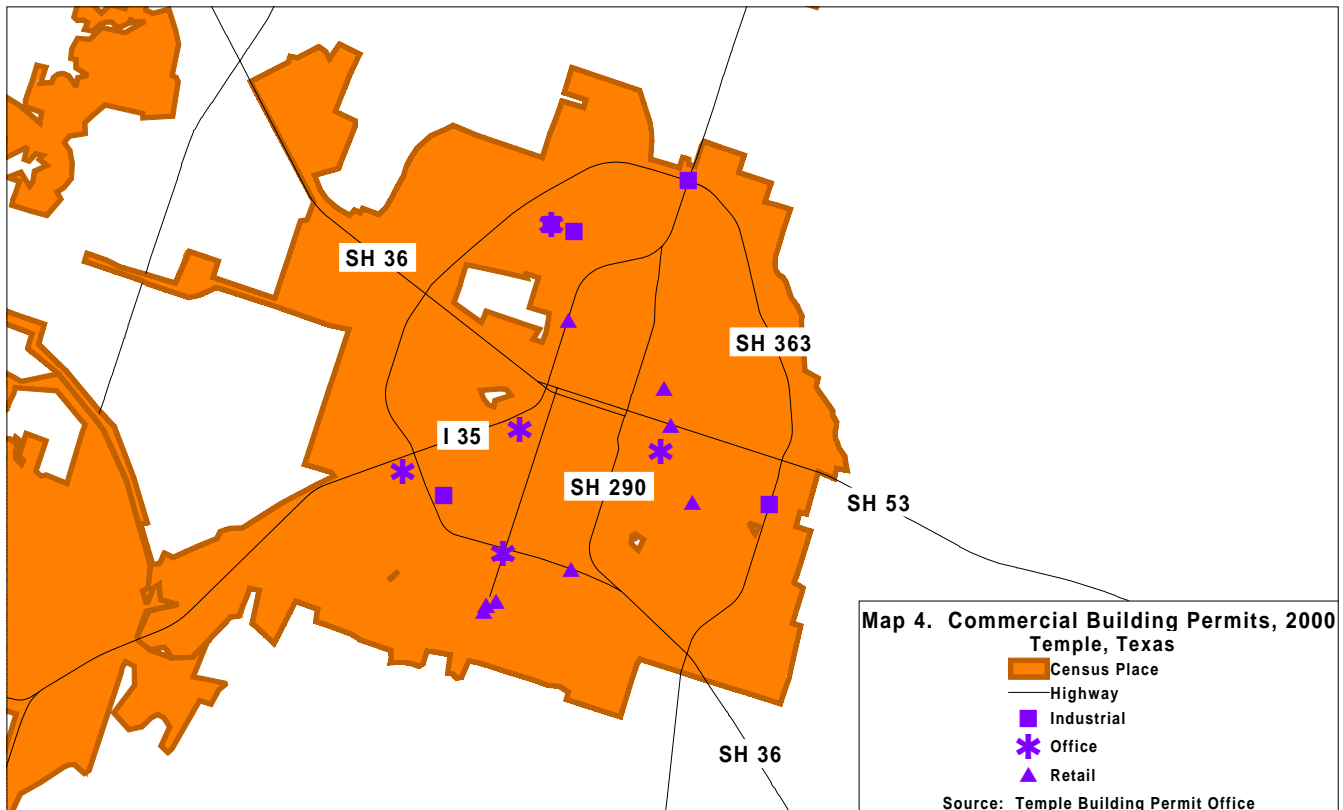
In Temple, a \$900,000 Best Western Hotel was completed on General Bruce Drive in May 2001. In Killeen, Hampton Inn opened in July 2000 with 62 rooms. A Holiday Inn was built in 2000. Motel 6 built a hotel. Shoney's

Inn & Suites opened in Killeen in March 2000. In Bellmead, a Country Inn and Suites was built in 2000.

In Killeen, an 86-room Marriott Fairfield Inn & Suites began construction in July 2001.

In Temple, a 276,000-square-foot retail center called Temple Towne Center is under construction on Loop 363. The project is expected to cost \$26 million and will be anchored by Staples, Ross Dress for Less, Hobby Lobby and Shoe





Carnival. The center is expected to open by October 2001.

A 120,000-square-foot Wal-Mart Supercenter with a Sam's Wholesale Club opened in Temple in 2000. The supercenter cost \$4.5 million. Academy Sporting Goods opened a 70,000-square-foot store in Temple in 2000. A new 100,000-square-foot retail center is being built along Loop 363 and W. Adams Avenue. The anchor tenant will be Albertsons and 15,000 square feet will be available for other retailers and restaurants. The center will open in 2002. A Walgreens is under construction south of Highway 190. H-E-B opened a store in June 2001 on South 31<sup>st</sup> Street in the Market Place Shopping Center.

Temple Mall is being updated by Colonial Properties in an effort to increase occupancy, currently 80 percent. The mall has been renamed Colonial Mall-Temple. Stein Mart opened in October 2000. Other new tenants include Casa Ole, Footlocker, Cingular Wireless, Sunglass Hut and Electronic Boutique.

The area around Marlandwood Road is being considered by a number of de-

velopers for retail development. The Patrick Mullens Company is developing a \$1.2 million, 22,000-square-foot, mixed-use retail center to be called Marlandwood Central. Sears is relocating from Temple Mall to a new site near Marlandwood Road on Loop 363. The 12,000-square-foot store will be completed by May 2002.

A retail strip mall is being built on West Avenue, and a meat market has been permitted on Martin Luther King Drive in central Temple. A 12-screen, \$4 million movie theater will be built on 31<sup>st</sup> Street in Temple. Plaza 31 is a 22,000-square-foot shopping center that will complete construction in fall 2001 on 31st Street.

A child-care facility opened in November 2000. Formerly the Harvest House Senior Center, the 11,000-square-foot center underwent a \$1.1 million renovation. It now has eight classrooms, a computer lab, an outdoor playground and many other facilities.

In downtown Temple, Cheeve's Building, an old department store, is being redeveloped, and the Temple Floral Building is being remodeled into

an artist's studio. Renovation of the Downtown Community Market will be completed in 2001.

In Killeen, the new Killeen Marketplace shopping center opened in early 2001. Major tenants include Staples, Best Buy, Ross Dress for Less, Southwestern Bell, Eyemart and Jason's Deli. A Discount Tire valued at \$455,550 is under construction along Central Expressway. A Yes!Less grocery store was built in 2000 on Jasper Road, as was a retail strip mall.

Several car dealerships were built in Killeen. Mid-Tex Motors, Dennis Eakin Mazda, Enterprise Rent-A-Car, Dodge Country and Patriot Pontiac have completed new facilities. Many of the new dealers are building along the Central Texas Expressway. Saturn of Temple built a new facility at FM 2305 and SW Loop 363 that opened in 2000.

In Belton, the River Oaks Center opened in 2000. The \$1.4 million project has seven tenants, including Best Cuts, Take 1 Video, Kim Donuts and Nutritional Weight Loss Center.

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## OFFICE MARKET

Office growth is occurring on the northwest side of Temple. Nextel Communications, a wireless telephone service provider, opened a 108,000-square-foot call center in early 2001. The company will eventually employ about 550 people. A corporate office building is being built for Temple-based Leading Edge Brands, a soft drink maker. The \$324,000, 5,100-square-foot building is on Industrial Boulevard and will be completed in June 2001.

Texas A&M University completed the \$1 million, 125,000-square-foot Blackland Research Center. Three new office buildings are under construction in northwest Temple along Eberhard Road, on West Avenue and on East Avenue.

More than \$8 million has been invested to revitalize downtown Temple. The latest addition is a 75,000-square-foot office building planned for Roaming, Parker and Kasberg, an engineering firm. The building will be on downtown's model block, where improvements and renovations are scheduled to be completed in 2001. A six-story, 19,000-square-foot building is being redeveloped downtown to be used as office space.

A \$6.5 million Scott and White Center for Cancer Prevention and Care opened in Killeen in January 2001. A \$200,000 dental office is under construction in Killeen.

A Veterans' Administration nursing home has been built on South First

Street in Temple at a cost of \$100 million. The U.S. Congress passed a bill that will provide \$11.5 million to build a Cardiovascular Research Institute at the Olin E. Teague Veterans' Center in Temple. Construction of the 35,000-square-foot building will be completed in December 2002.

The Stan Schlueter Loop is a popular location for office construction in Killeen with several new buildings under construction.

Scott & White Memorial Hospital plans to construct a \$22 million ambulatory services building. The 61,000-square-foot building breaks ground in summer 2001 with completion in early 2003.

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## INDUSTRIAL MARKET

Best-Rite Manufacturing has added 48,000 square feet to its existing facility in the Southeast Industrial Park. Performance Food Group completed a 245,000-square-foot warehouse and distribution facility. Macco adhesives completed a 13,500-square-foot manufacturing unit.

Duke Energy has plans to build a power plant that could be operational by summer 2002. Peterbilt Trucks is

building a parts and sales warehouse in Temple. LJT Texas will expand its warehouse by 47,000 square feet. The steel tubing manufacturer is spending \$1 million on the expansion that began in January 2000. Wal-Mart is undergoing a \$9.2 million expansion that will add 94,000 square feet of cold storage space.

Belton has developed a new business park. The Development Corporation of Belton is building a 40,000-

square-foot speculative building in the park. Belton is negotiating for a ClearSource franchise, which would provide cable television, telephone and Internet facilities through fiber-optic networks. The company plans to acquire 5.3 acres valued at \$159,000 in the Belton Business Park and build an 18,000-square-foot operations center as well as offices in Killeen and Temple.



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## CONCLUSION

The Killeen-Temple MSA continues to grow because of its proximity to major Texas cities and its location along I-35. Ft. Hood has a tremendous impact on the area's employment, population and economy.

Because of efforts made by the city council and citizens, downtown

Temple has seen an influx of new businesses. Downtown revitalization is expected to continue.

Both Temple and Killeen have new industrial and business development.

Retailers and restaurants also have been moving into the area. The addition of a new airport will aid the area's continuing growth.