



Killeen-Temple
Duplex & Fourplex
2024 Report



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Current Market

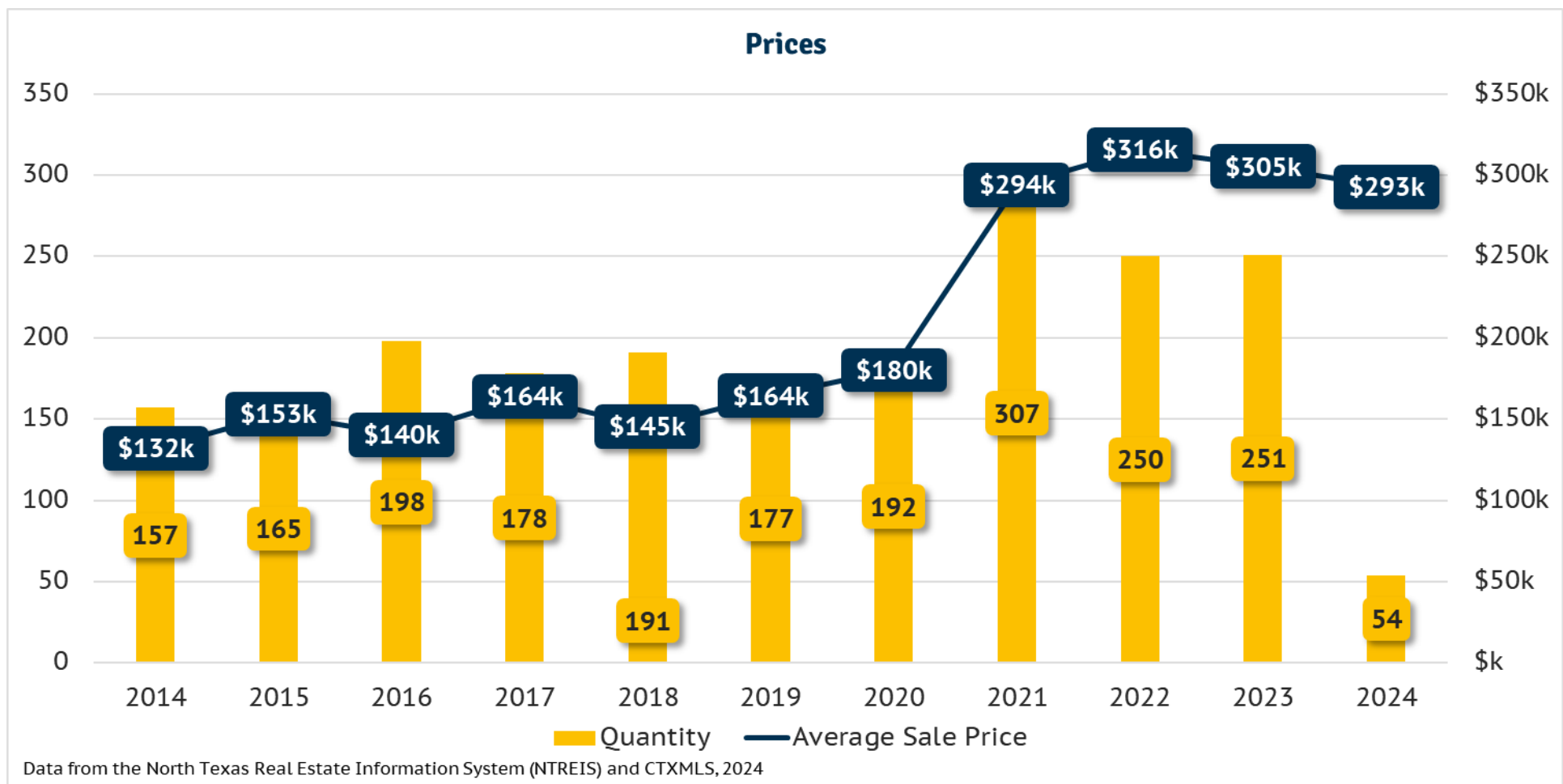
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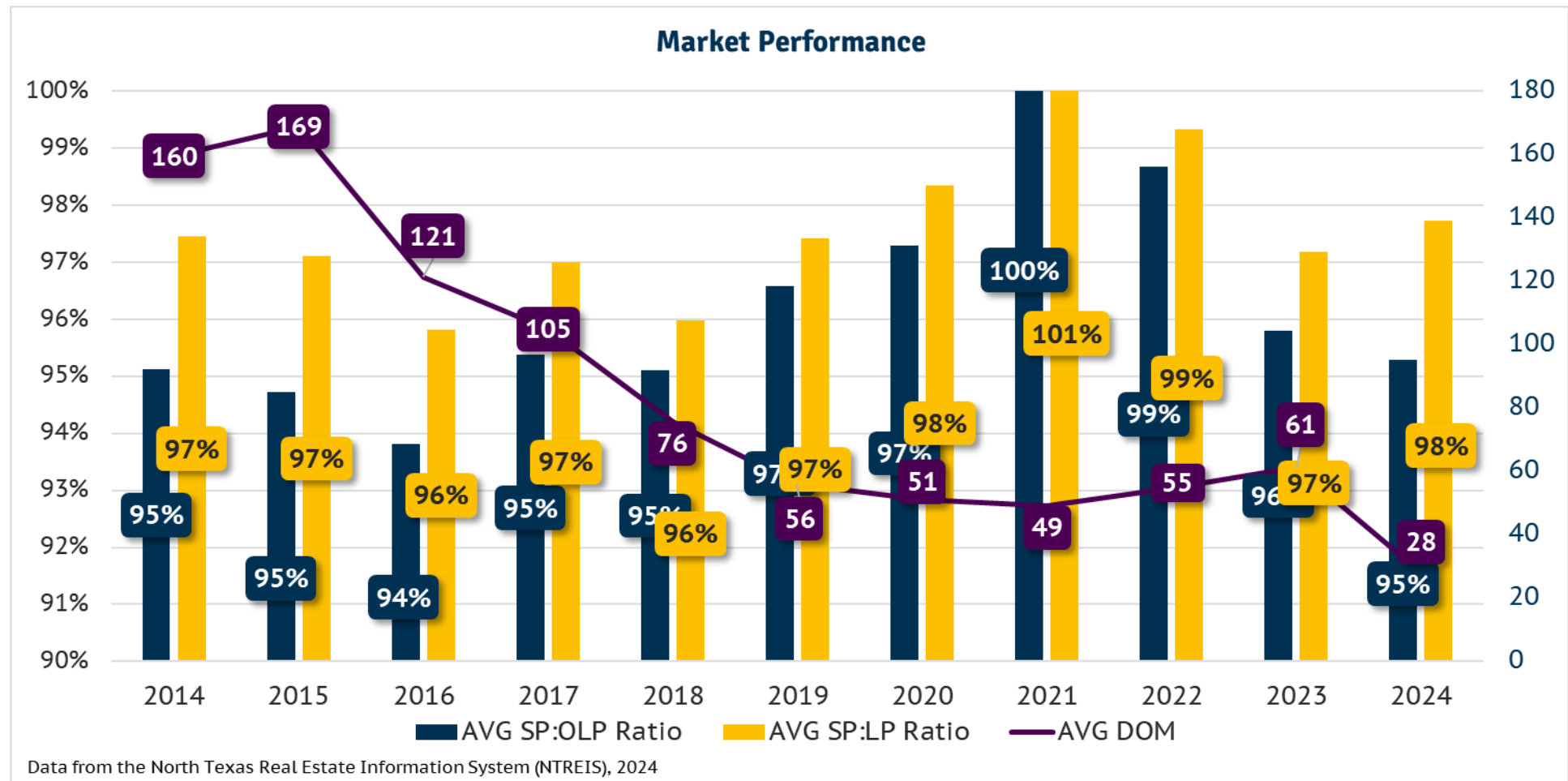
Killeen-Temple Duplex Prices

- A record 307 duplexes transacted in 2021, declining ever since after prices peaked in 2022.
- 2024 is on track for significantly fewer duplex sales as owners are either content with rising rents or unable to achieve the same prices of previous years.



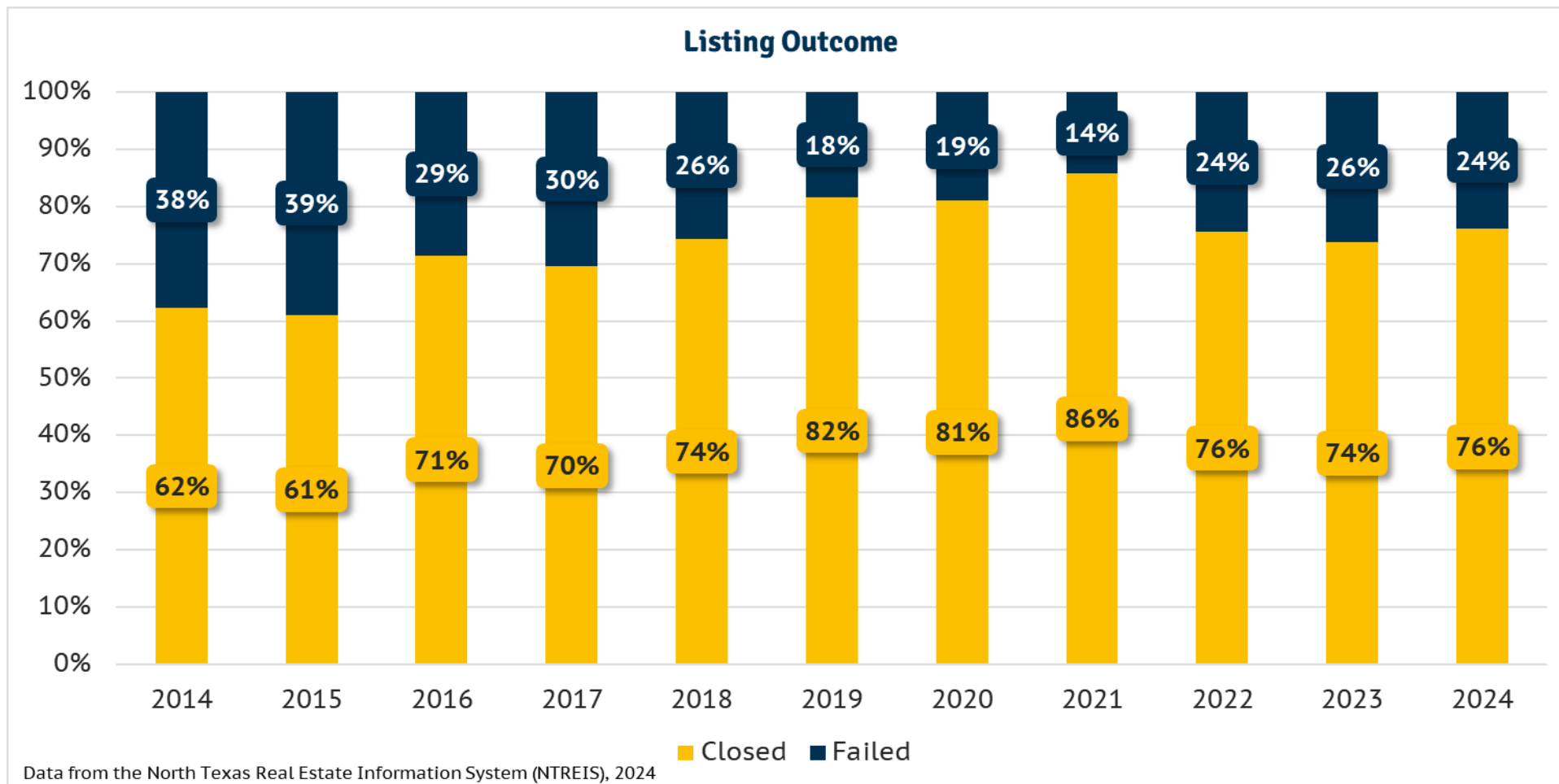
Killeen-Temple Duplex Market Performance

- Preowned duplexes are suffering more price drops since 2021, likely due to overeager pricings.



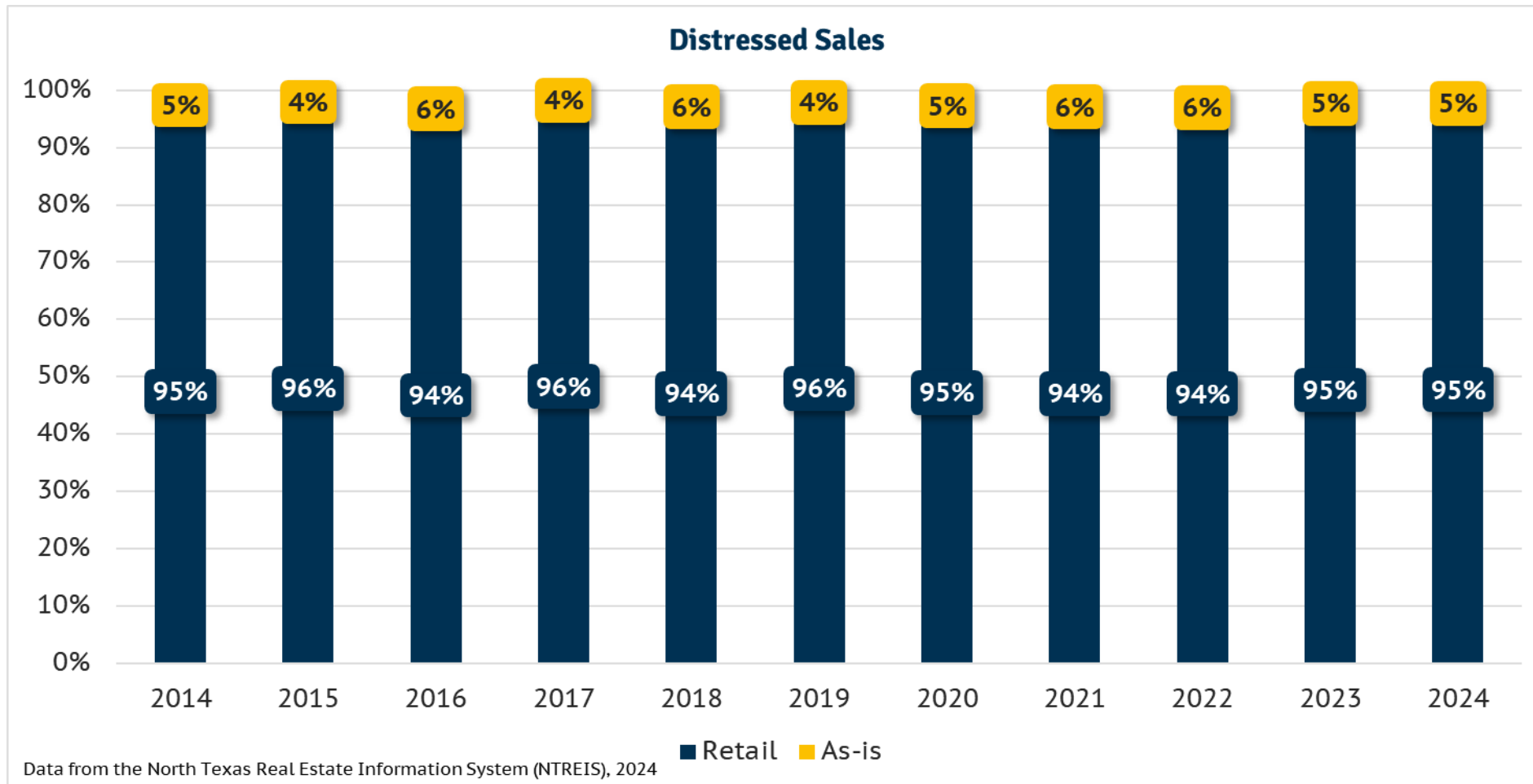
Killeen-Temple Duplex Listing Outcome

- Unlike fourplexes, duplexes continue to be consistent sellers YTD in 2024.
 - *Failed listings are cancelled, withdrawn or expired listings.*



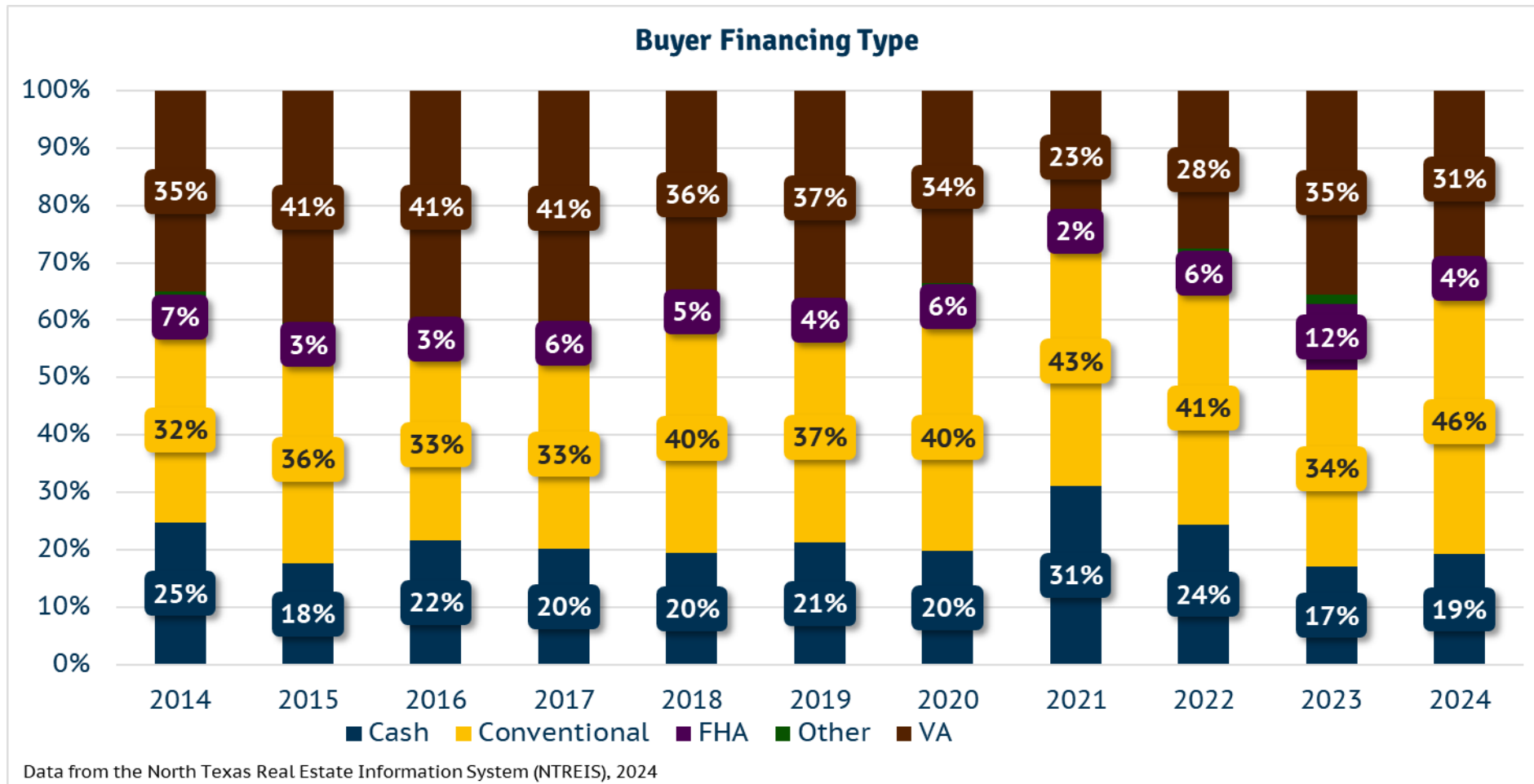
Killeen-Temple Duplex Distressed Sales

- Duplex owners generally have more equity as a result of the 2021 pricing surge and very few sell in distressed condition.



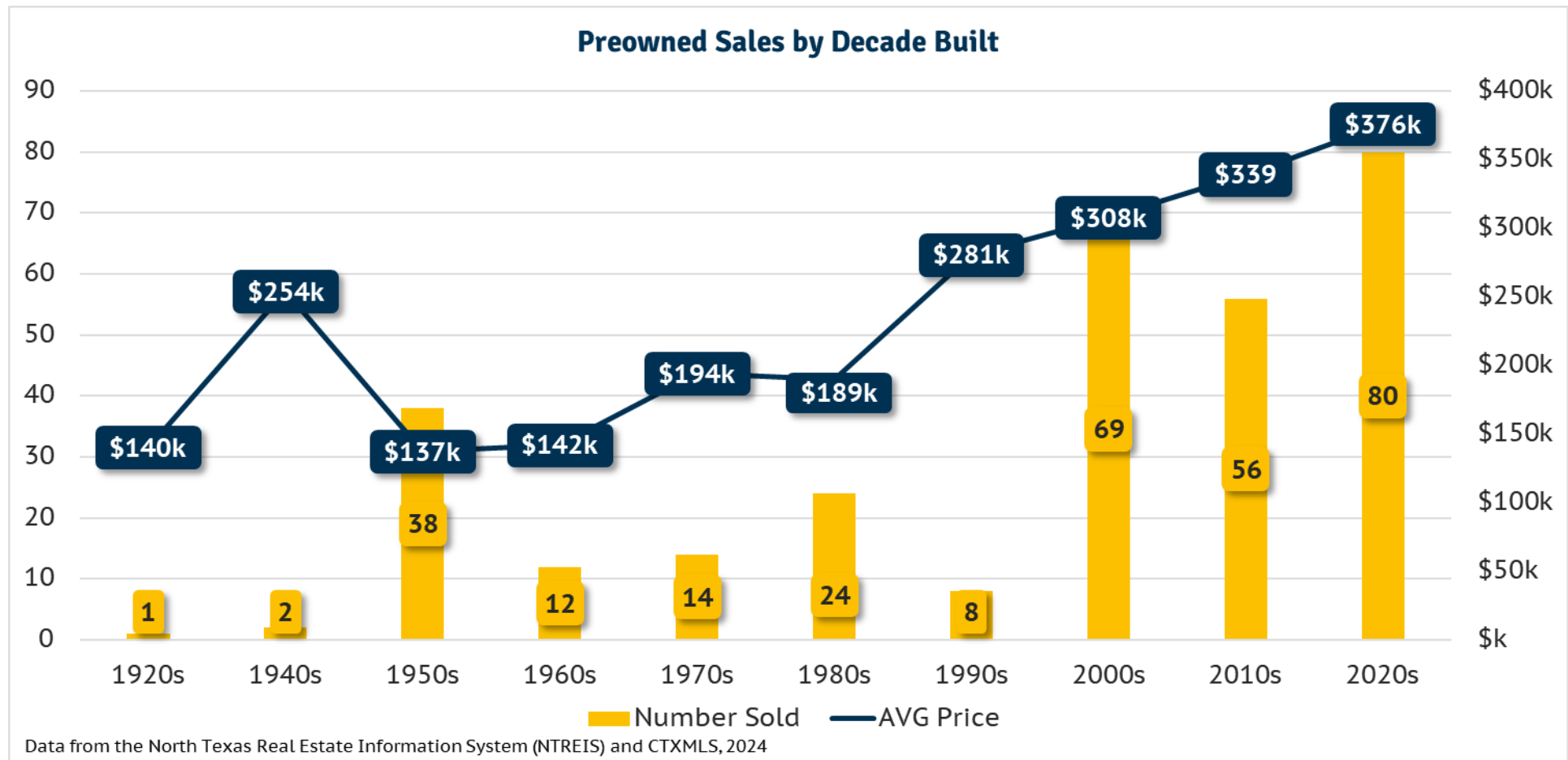
Killeen-Temple Duplex Buyer Financing

- House hacking VA loan purchasers continue to make up a significant portion of duplex activity in the military market.



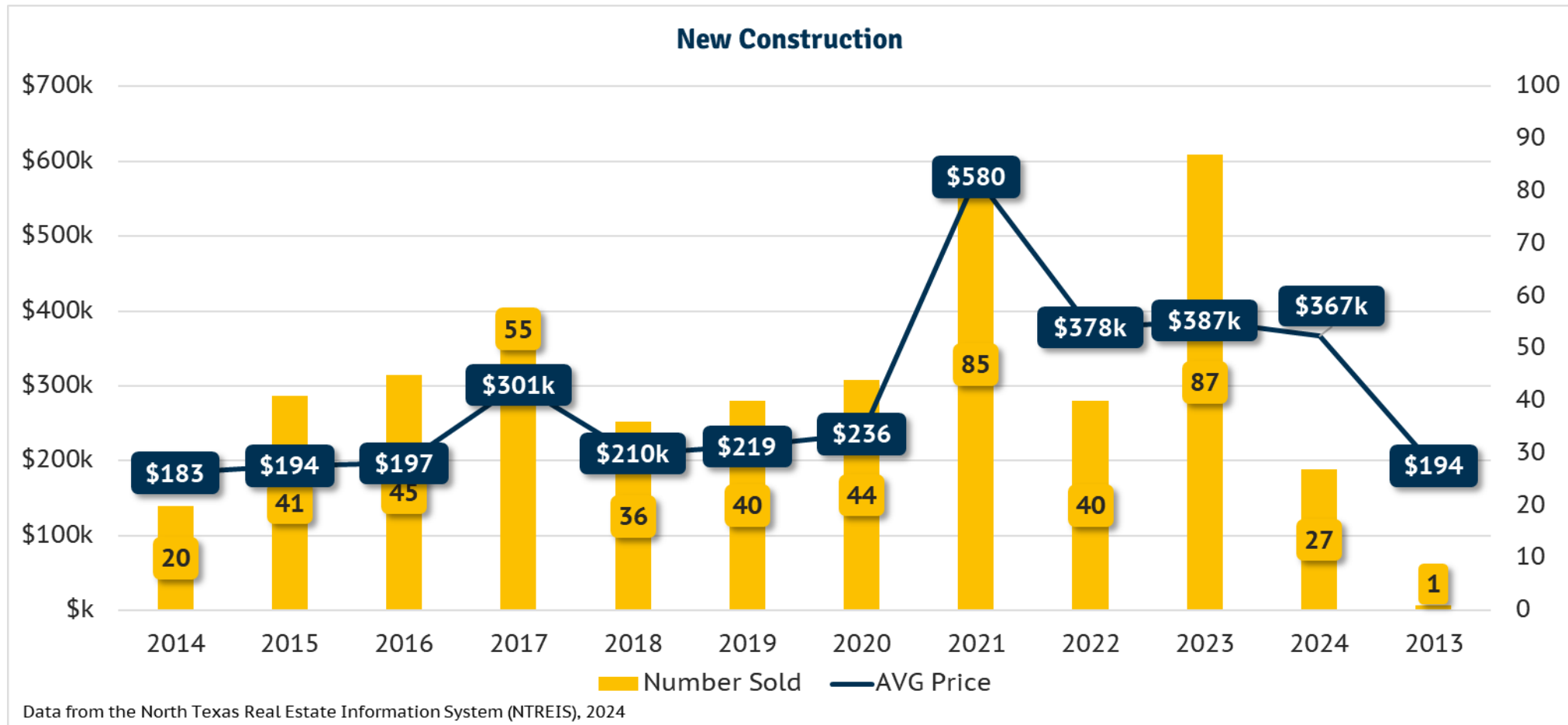
Killeen-Temple Duplex Year Built

- Duplexes are an increasingly popular housing type in the Killeen-Temple MSA. Most area duplexes that transact on the MLS are less than 25 years old.



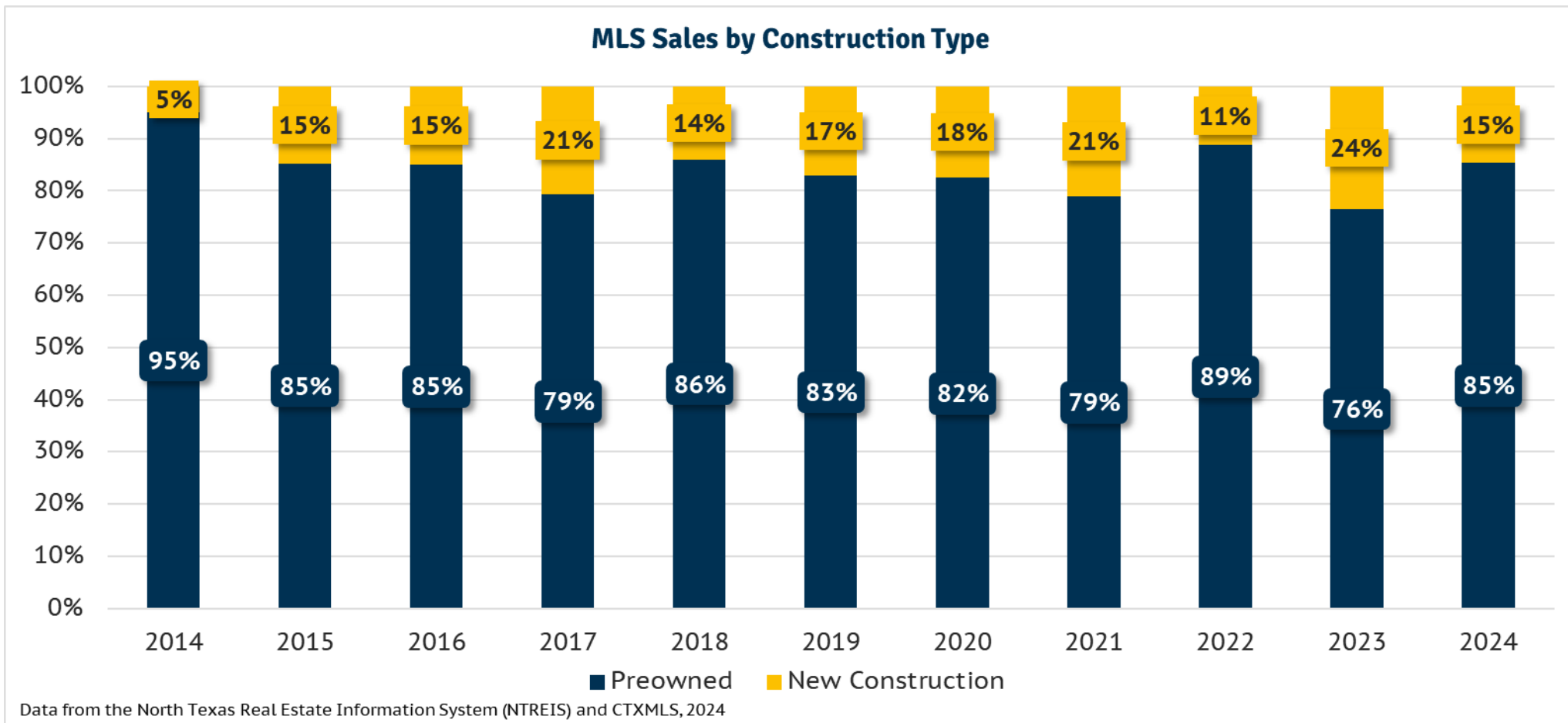
Killeen-Temple Duplex Year Built

- Duplex sales are increasing, hitting a record high MLS new construction transactions in 2023 and are on pace for a similar 2024.



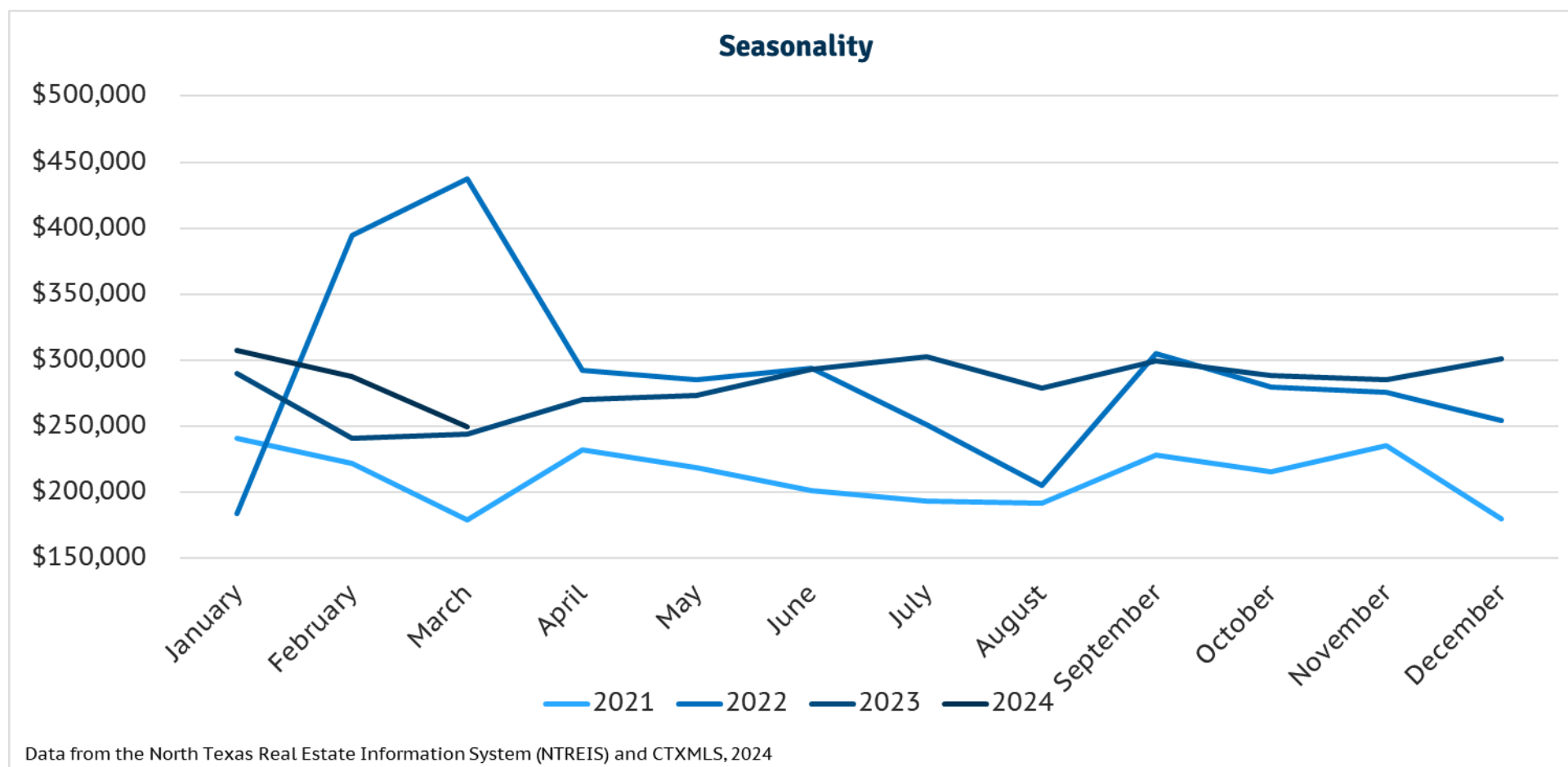
Killeen-Temple Duplex Year Built

- New construction duplexes are tending to comprise slightly higher portions of MLS sales, although this may be highly variable depending on builder propensity to advertise in the MLS.



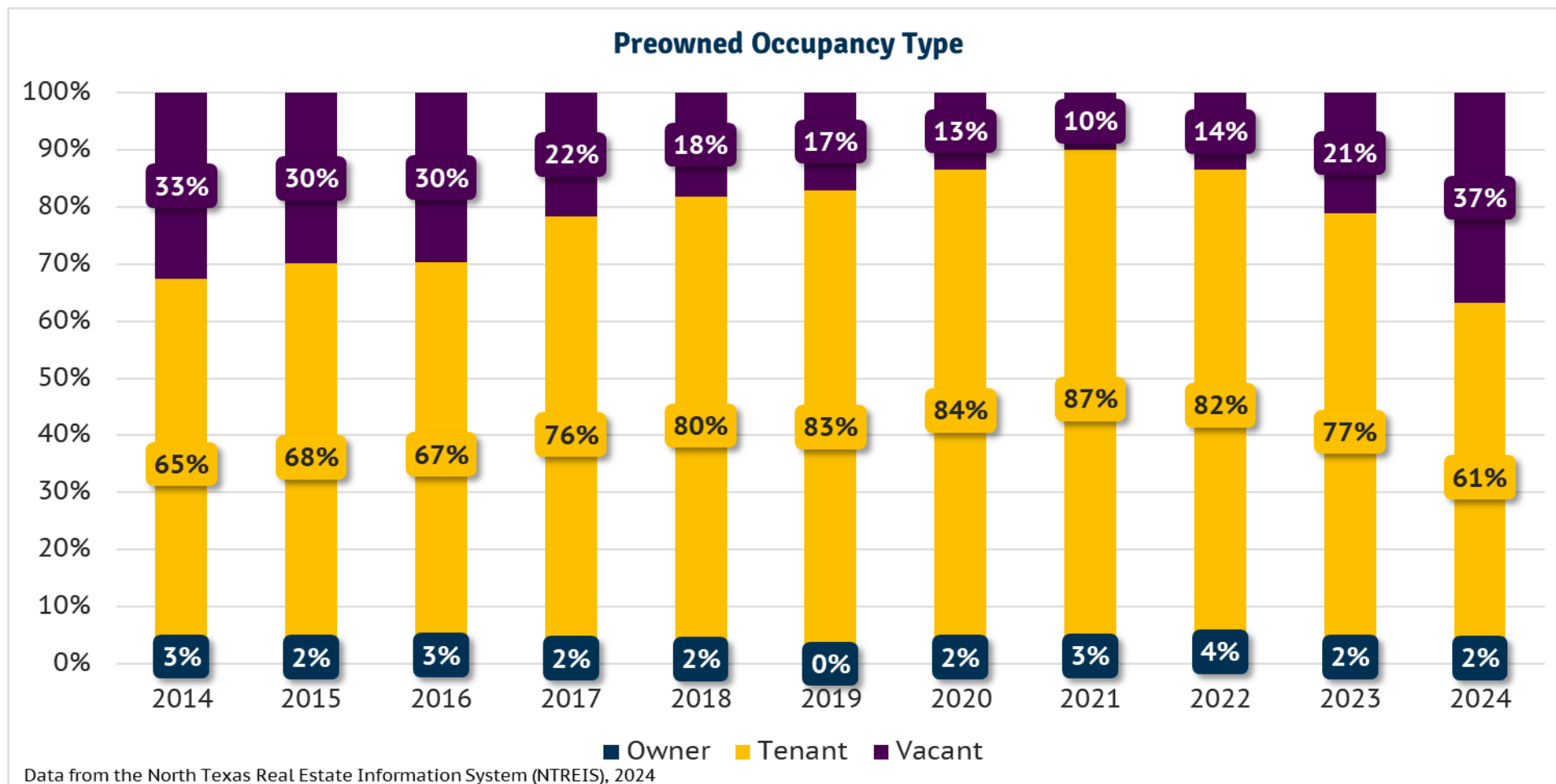
Killeen-Temple Duplex Seasonality

- There is not a strong trendline in the average sale price to suggest duplexes are strongly influenced by the season.



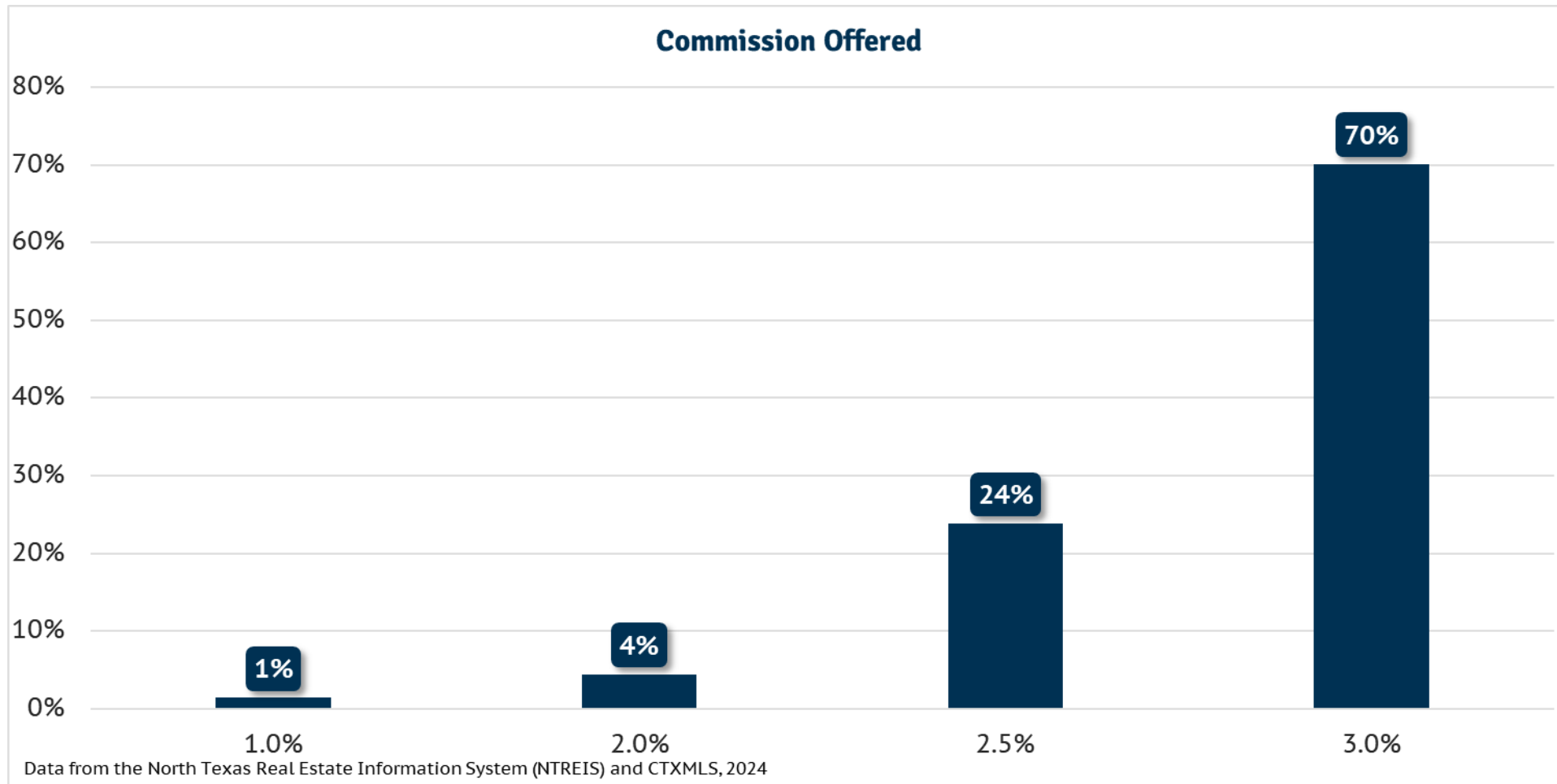
Killeen-Temple Duplex Occupancy

- Most duplexes sell with tenants in place, though it is not unusual to find vacant duplexes.
 - *Agents may not be consistent about whether this suggests the duplex is entirely vacant or just one unit is vacant in order to appeal to possible owner occupant buyers.*



Killeen-Temple Duplex Commissions

- 7 in 10 of preowned duplexes offered 3% cooperating commissions.



Killeen-Temple Duplex Locations

• By Previous Year Transaction Volume

County		City		Subdivision	
Bell	311	Killeen	184	Waters Crossing	23
Coryell	58	Temple	79	Fairway Park	10
		Copperas Cove	54	Freedom Ranch	9
		Harker Heights	32	Carlsberg	9
		Belton	6	Castle Heights	9
		Troy	4	Village/Walker Place	7
		Nolanville	4	Bunny Trail	7
		Gatesville	3	Canyon Ridge	7
		Salado	2	Wanda Park	7
				Texas North	7

Waters Crossing

Temple, TX

Sale Price

Average

\$390,450

Gross Rents

Average

\$33,600

Sold

Total

23

Active

Total

6

Year Built

Average

2023

DOM

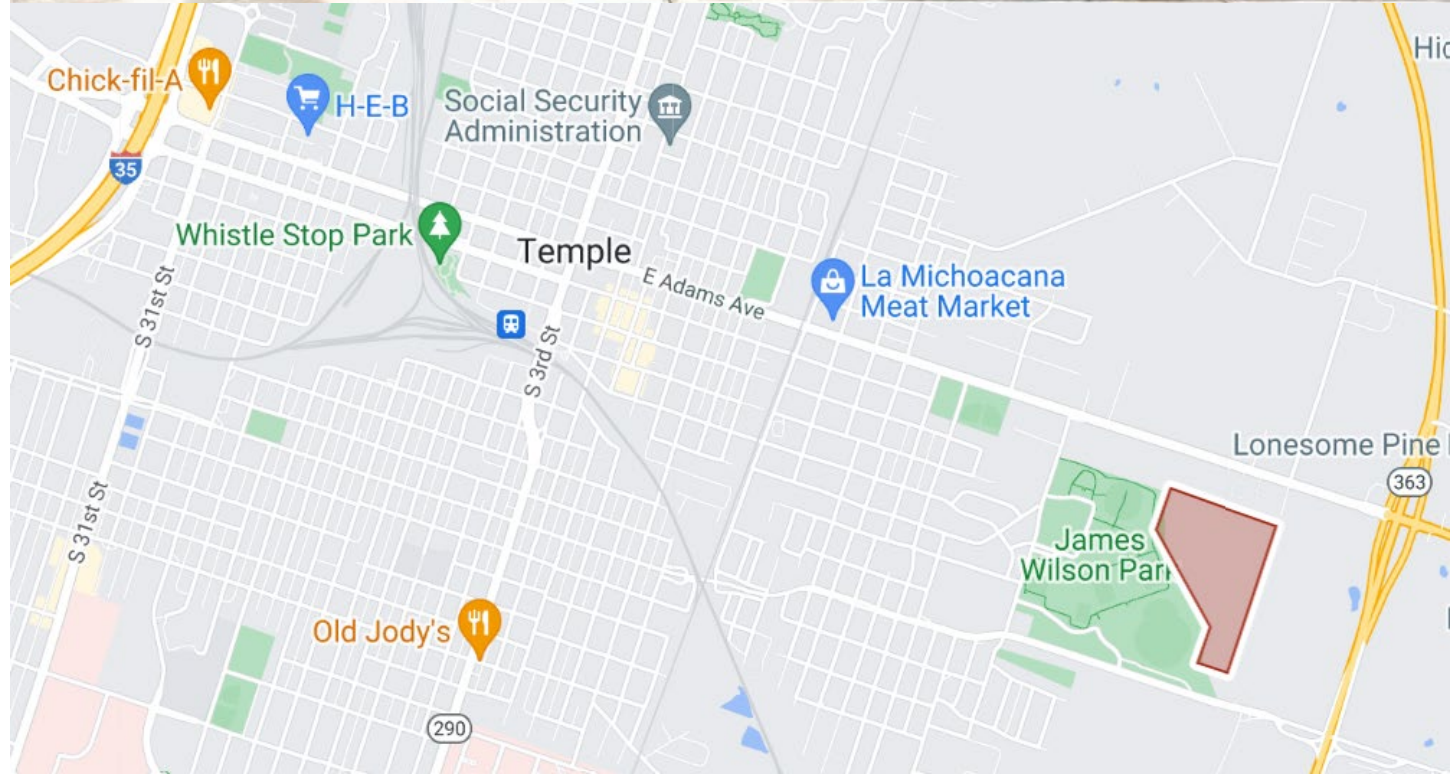
Average

101

Cap Rate

@ 50% Expenses

4.3%



Fairway Hills

Killeen, TX

Sale Price

Average

\$163,250

Gross Rents

Average

\$33,600

Sold

Total

9

Active

Total

1

Year Built

Average

1959

DOM

Average

146

Cap Rate

@ 50% Expenses

5.1%



Freedom Ranch

Copperas Cove, TX

Sale Price

Average

\$376,270

Gross Rents

Average

\$42,000

Sold

Total

25

Active

Total

3

Year Built

Average

2023

DOM

Average

41

Cap Rate

@ 50% Expenses

5.8%



Killeen-Temple Duplex Active Inventory

	Median List \$	Median SP:OLP Ratio*	#
Closed**	\$350,000	99%	142
Pending***	\$379,900	100%	22
Active	\$360,000	100%	109
Failed****	\$360,000	100%	103

*Sale price at close OR current/most recent list price if still active, pending, or failed

**last six months

**includes pending, active contingent, active option contract

***last six months, includes withdrawn, expired, and cancelled listings

- Pending listings are listed well above recent closings, but at a 99% median SP:LP ratio, it is likely that their final close prices will be closer to the \$360,000 median for other statuses.

Inventory	Absorption Rate
4.6 Months	21% / Month

- Inventory is reflecting a neutral market.

Example Duplex Underwriting

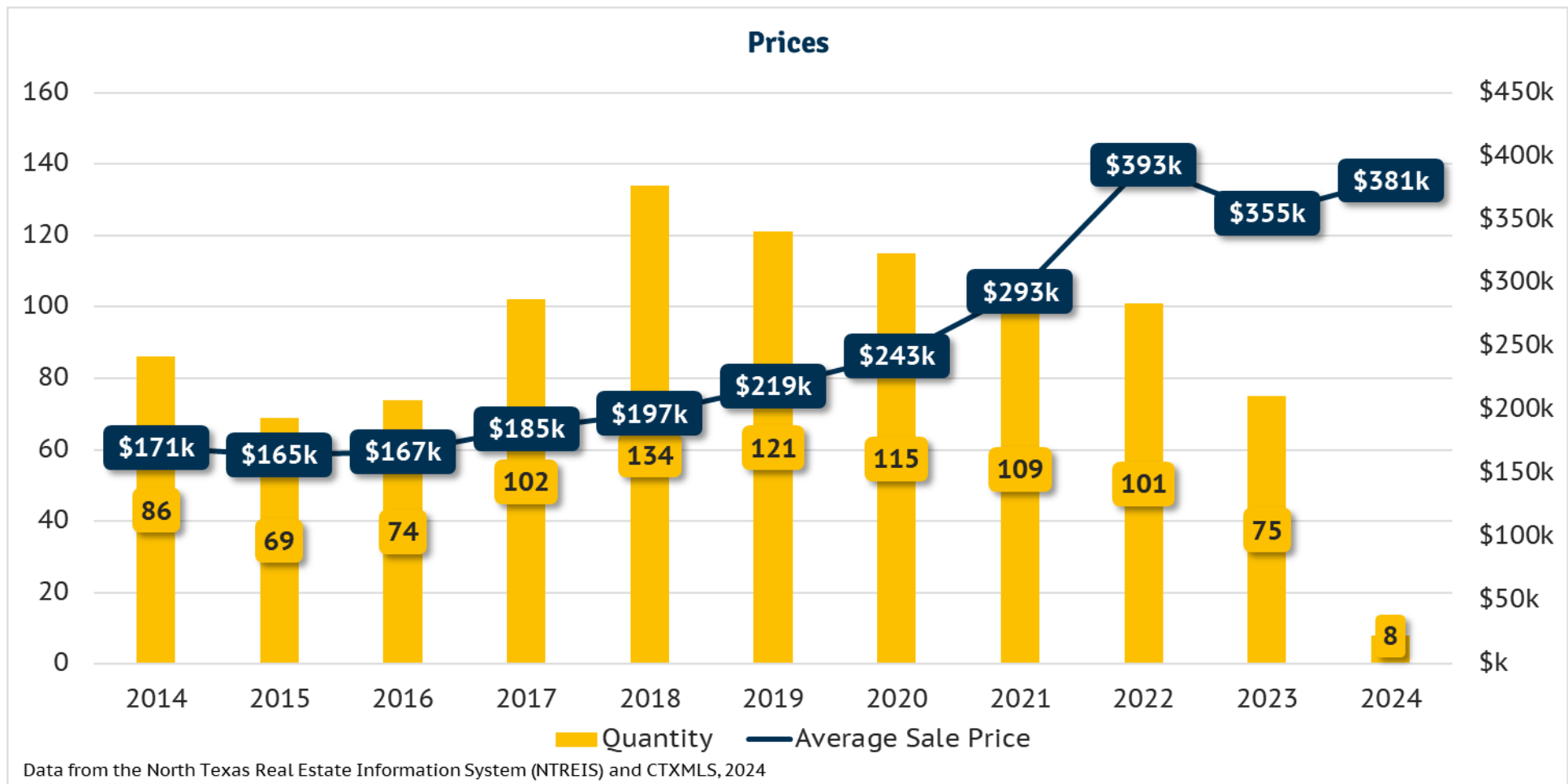
- 4208 Elms Run Circle, Killeen, Texas 76542
- Pro forma rents are \$1250/unit.
- Conservative underwriting just under current ask price (\$329,700) represents a negative **(6.4%) IRR**. Even unlevered IRR is meager. This likely is a result of duplexes being popular owner-occupied options which have sustained prices until rents catch up.



		Acquisition		Disposition	NOI Assumptions		Capital Expense Assumptions	
Entry Cap Rate	3.2%	Purchase Price	\$ 325,000	\$ 342,000	Gross Monthly Rents	\$ 2,500	Capital Expenses (CAPEX)	5%
Entry Yield on Cost	3.2%	After Repair Value	\$ 325,000	\$ 342,000	Other Monthly Income	\$ -	Capital Expense Reserve	1%
Levered IRR	-6.4%	Broker Commission	0%	5%	Occupancy Rate	95%	Annual CAPEX Growth	5%
Unlevered IRR	2.5%	HOA Transfer Fee	\$ -	\$ -	Management Fees	10%	CAPEX Growth Frequency	Monthly
Levered NPV	\$ (92,154)	Title Policy	\$ 2,018	\$ -	Property Tax Rate	2.26%		
Unlevered NPV	\$ (41,112)	Title Fees	\$ 300	\$ 300	Maintenance Costs	3%	Debt Assumptions	
Levered EM	0.6x	Repairs	\$ 5,000	\$ 2,500	Utilities	\$ 25	LTV	80%
Unlevered EM	1.2x	Loan Origination	1%	0%	Property Insurance	1.8%	Interest Rate	6.5%
Cash on Cash Year	1	Seller Concessions	\$ -	\$ 5,000	Mortgage Insurance	0%	Amortization	30 Years
Levered Cash on Cash	-12.0%	Survey	\$ -	\$ 650	Credit Loss (Bad Debt)	3%	Months of Reserves	6
Unlevered Cash on Cash	2.5%	Inspection	\$ 450	\$ -	Landlord Concessions	0%	Reserves	\$ 16,381
NOI Margin	35%	Option Fee	\$ -	\$ -	Net Operating Income (NOI)	\$ 876	Mortgage Payment	\$ 2,730
DSCR (1st 12 months)	0.5x	Other	\$ -	\$ -	Annual NOI Growth	5%	Return Assumptions	
Levered Investment	\$ 180,057	Total Expenses	\$ 11,018	\$ 28,050	NOI Growth Frequency	Annually	Holding Period	10 Years
Levered Profit	\$ (70,330)	Acquisition Date	6/10/2024				Discount Rate	4%
Total Return	-39%						Exit Cap Rate (Recc. >=3.2%)	5.0%

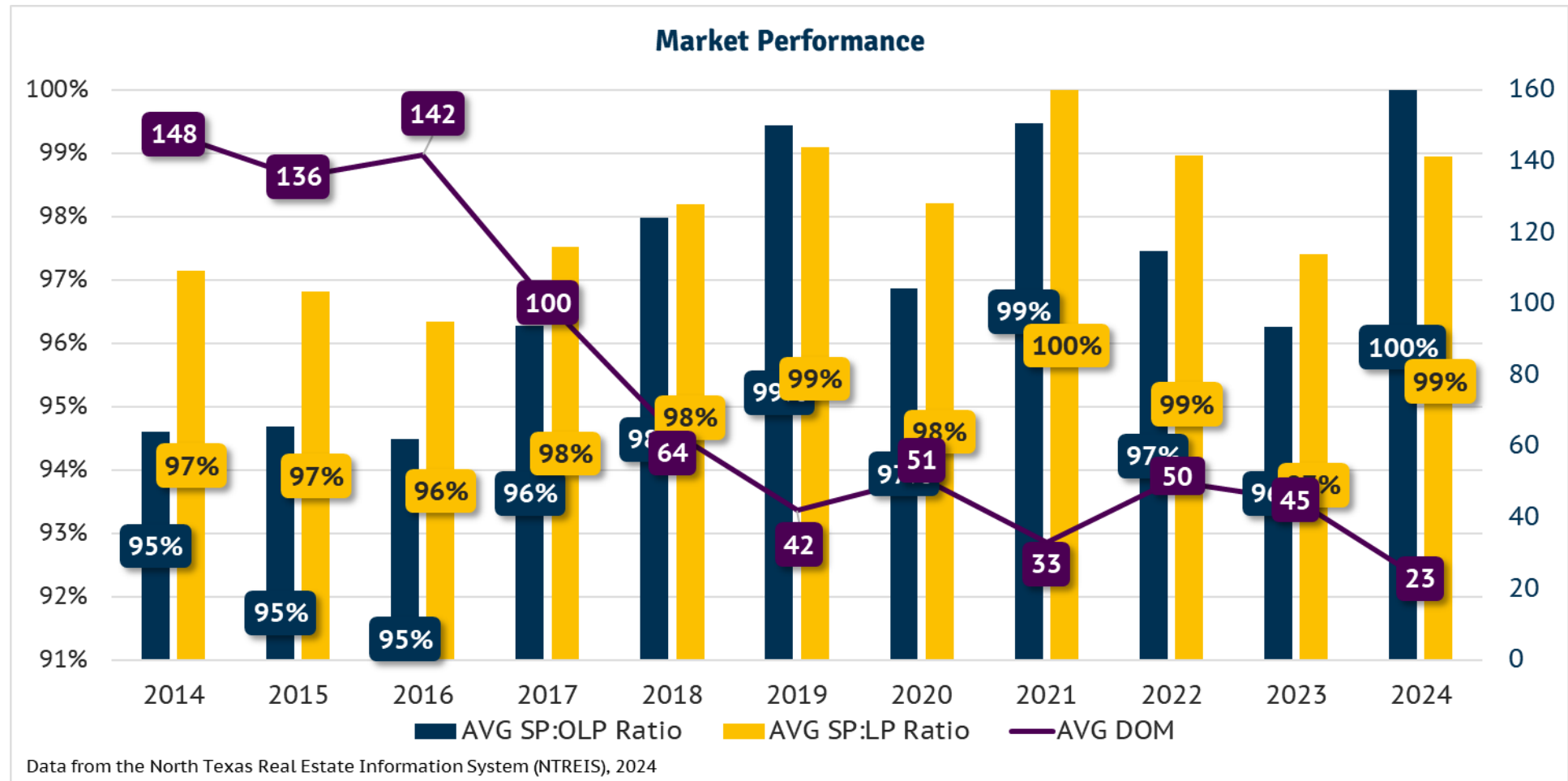
Killeen-Temple Fourplex Prices

- A record 134 fourplexes sold in 2018, declining each year thereafter, likely due to rising rents keeping fourplex owners content, although some have unlocked equity by selling.
- Only 8 have sold on the MLS YTD in 2024.



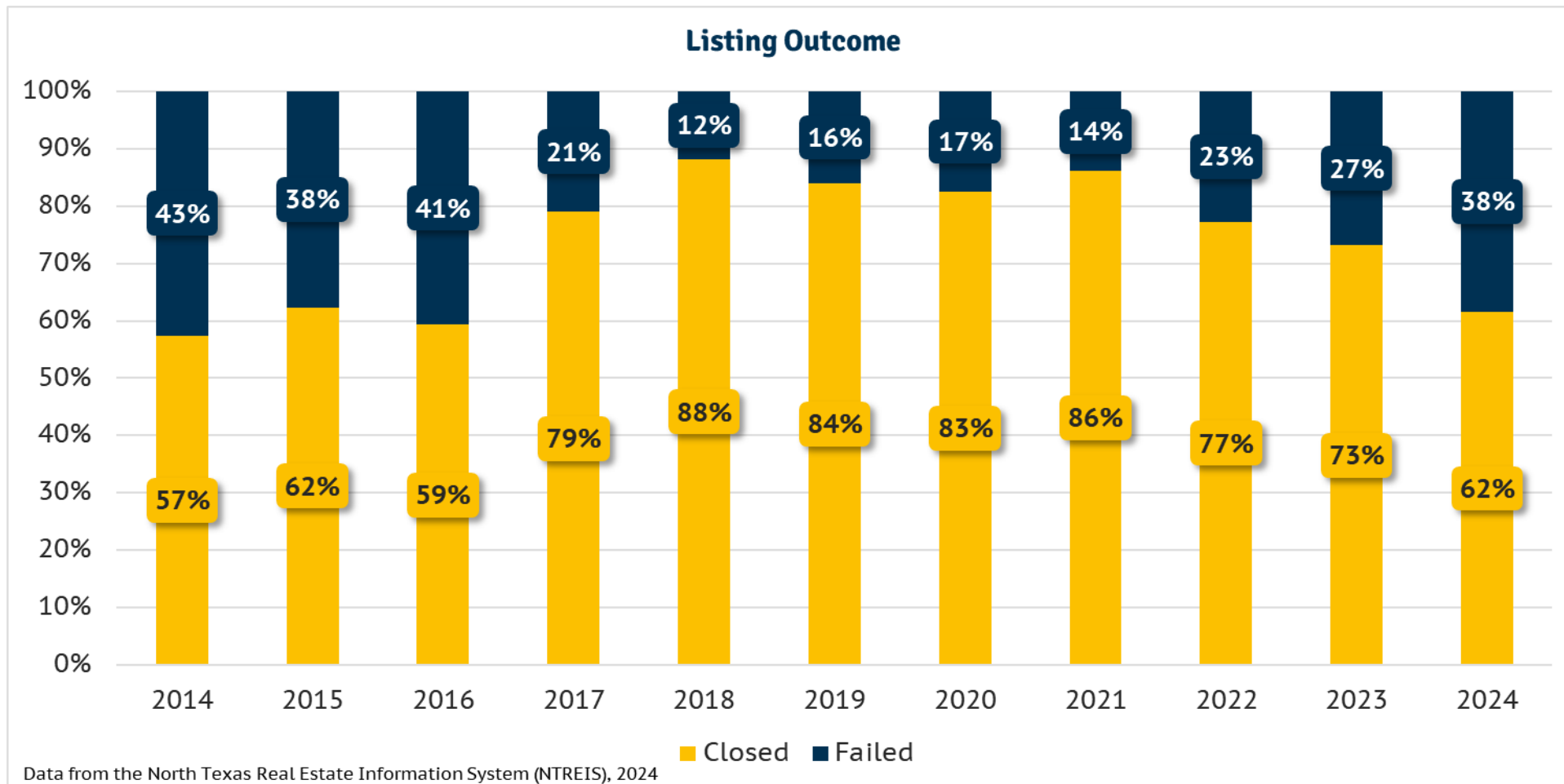
Killeen-Temple Fourplex Market Performance

- Fourplexes perform well on the market, with moderate DOMs and high SP:LP ratios since 2018.



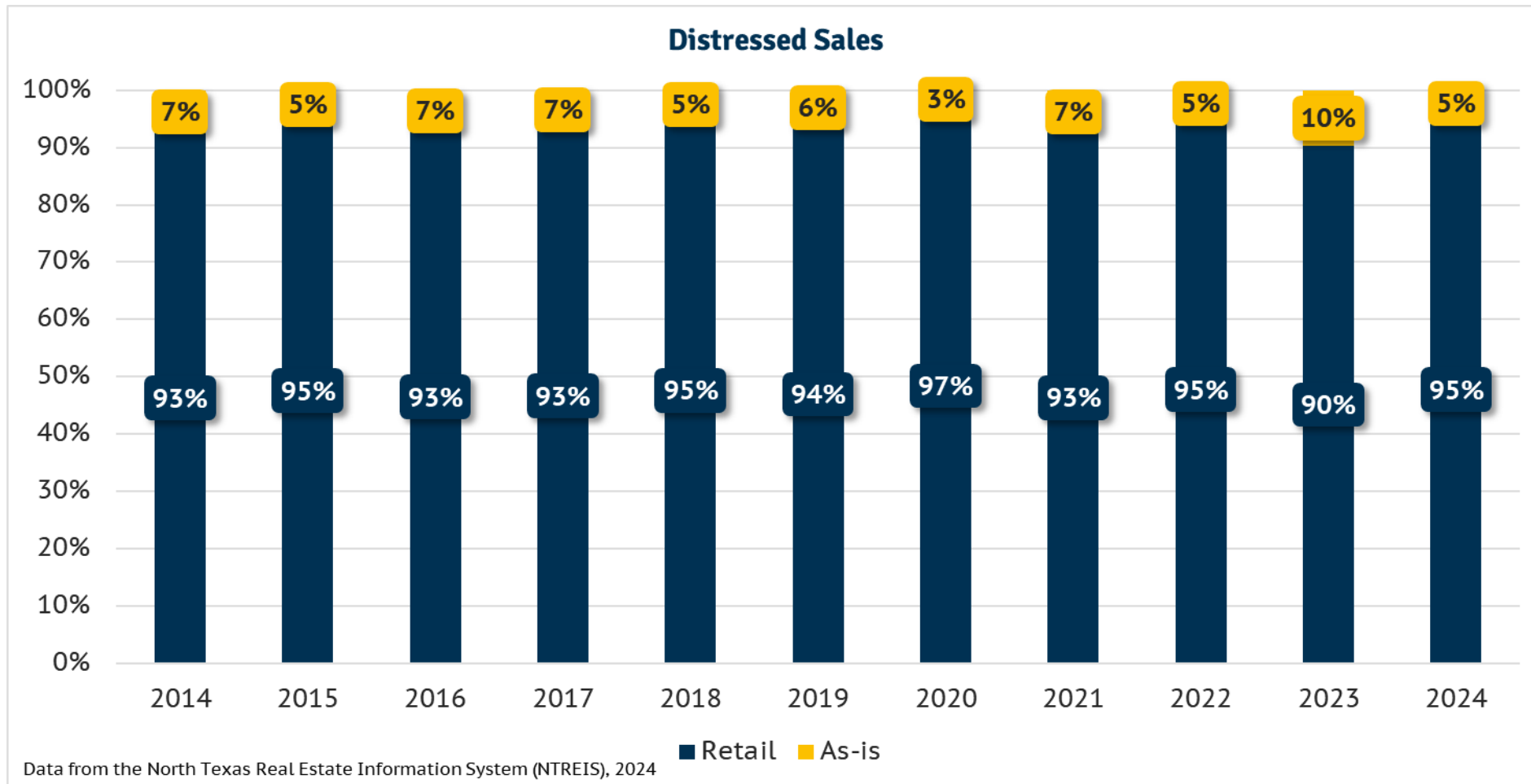
Killeen-Temple Fourplex Listing Outcome

- YTD, 2024 has the highest proportion of failed listings since 2016, with over 1/3 of fourplex listings failing to close during the listing term.
 - *Failed listings are cancelled, withdrawn or expired listings.*



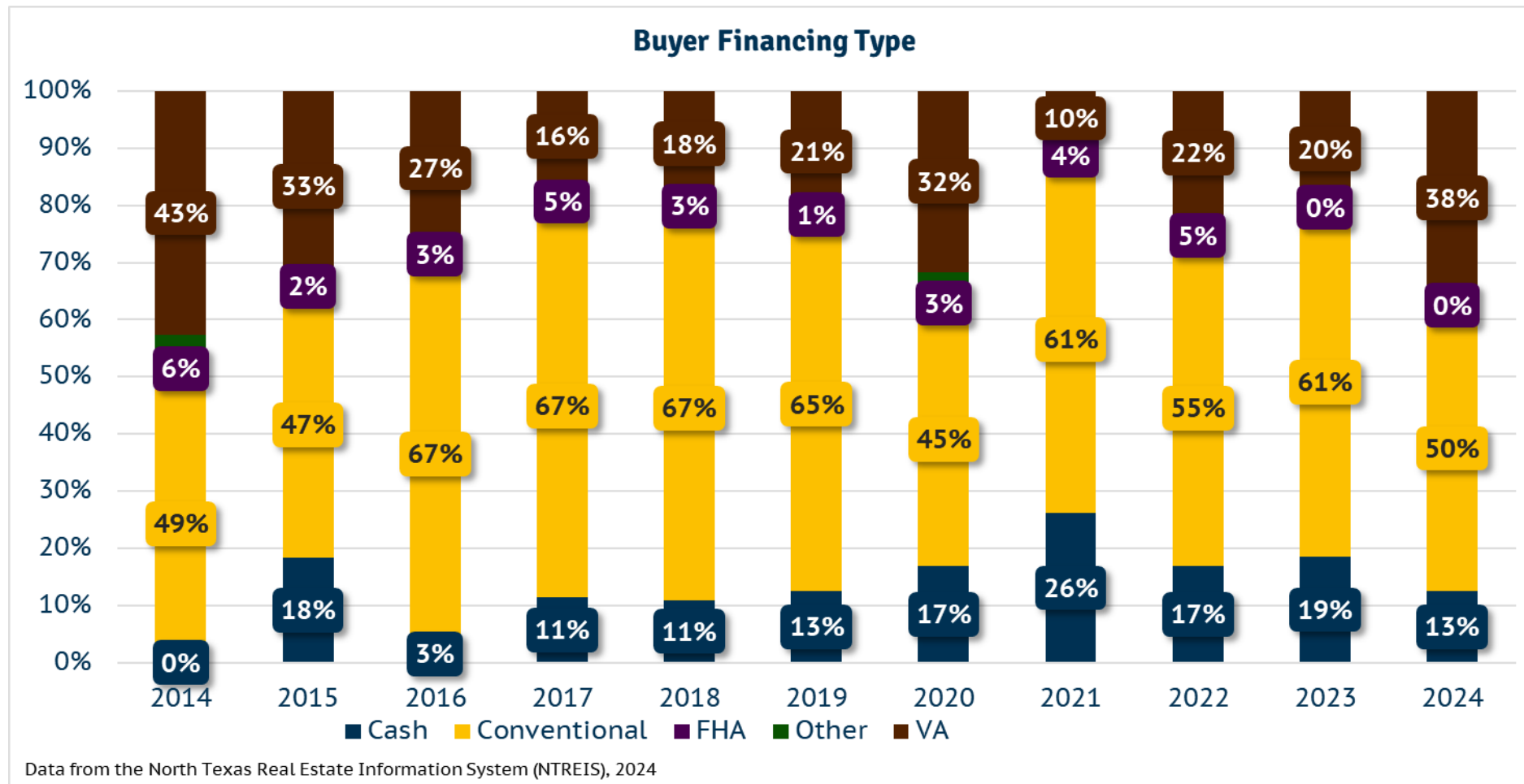
Killeen-Temple Fourplex Distressed Sales

- Fourplexes seldom sell in distressed condition, reflecting the increased equity that most fourplex owners enjoy since 2021.



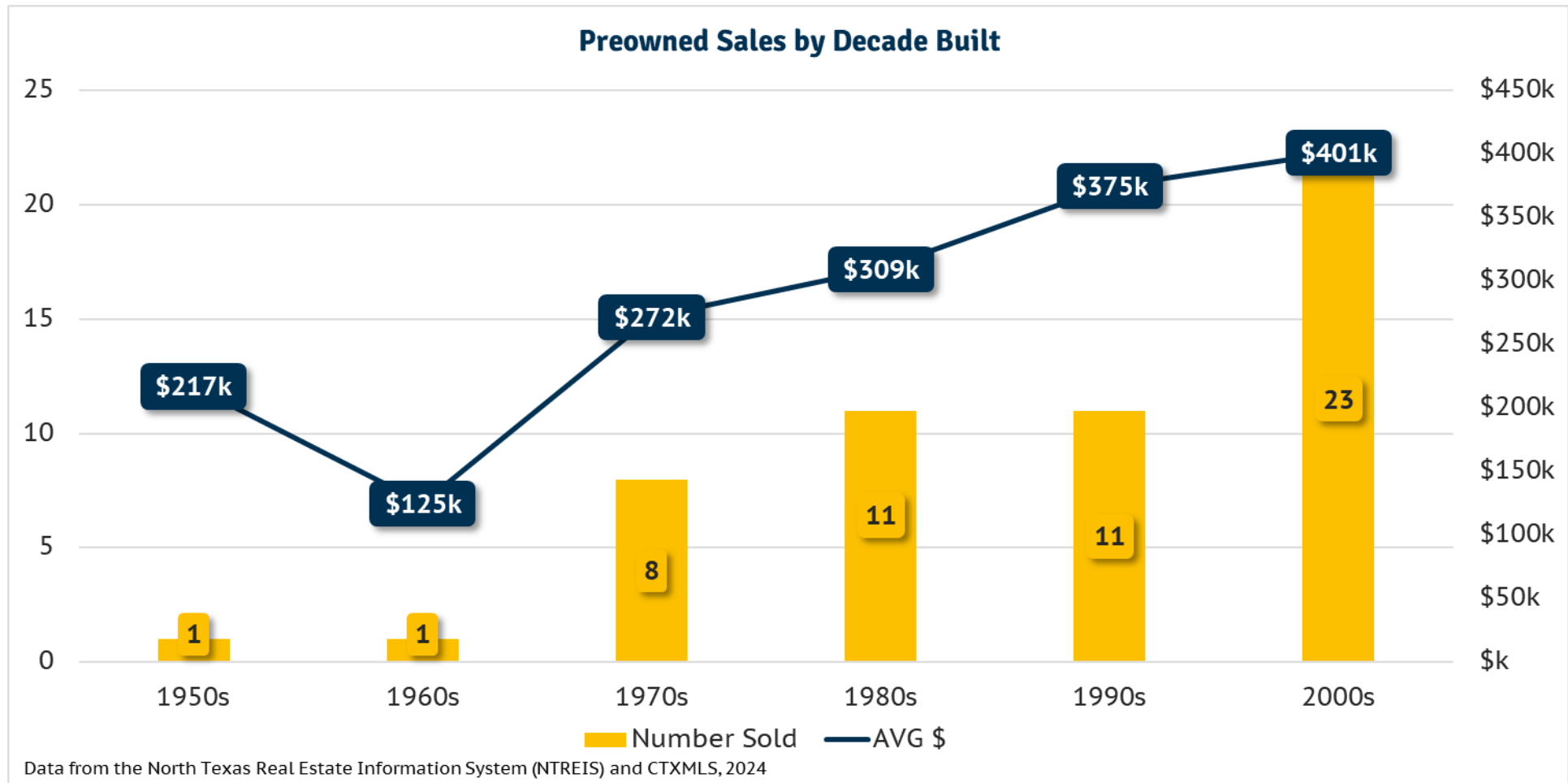
Killeen-Temple Fourplex Buyer Financing

- VA owner occupied purchasers are the highest since 2014, likely representing the advantage of 100% owner occupied financing in the current interest rate environment.



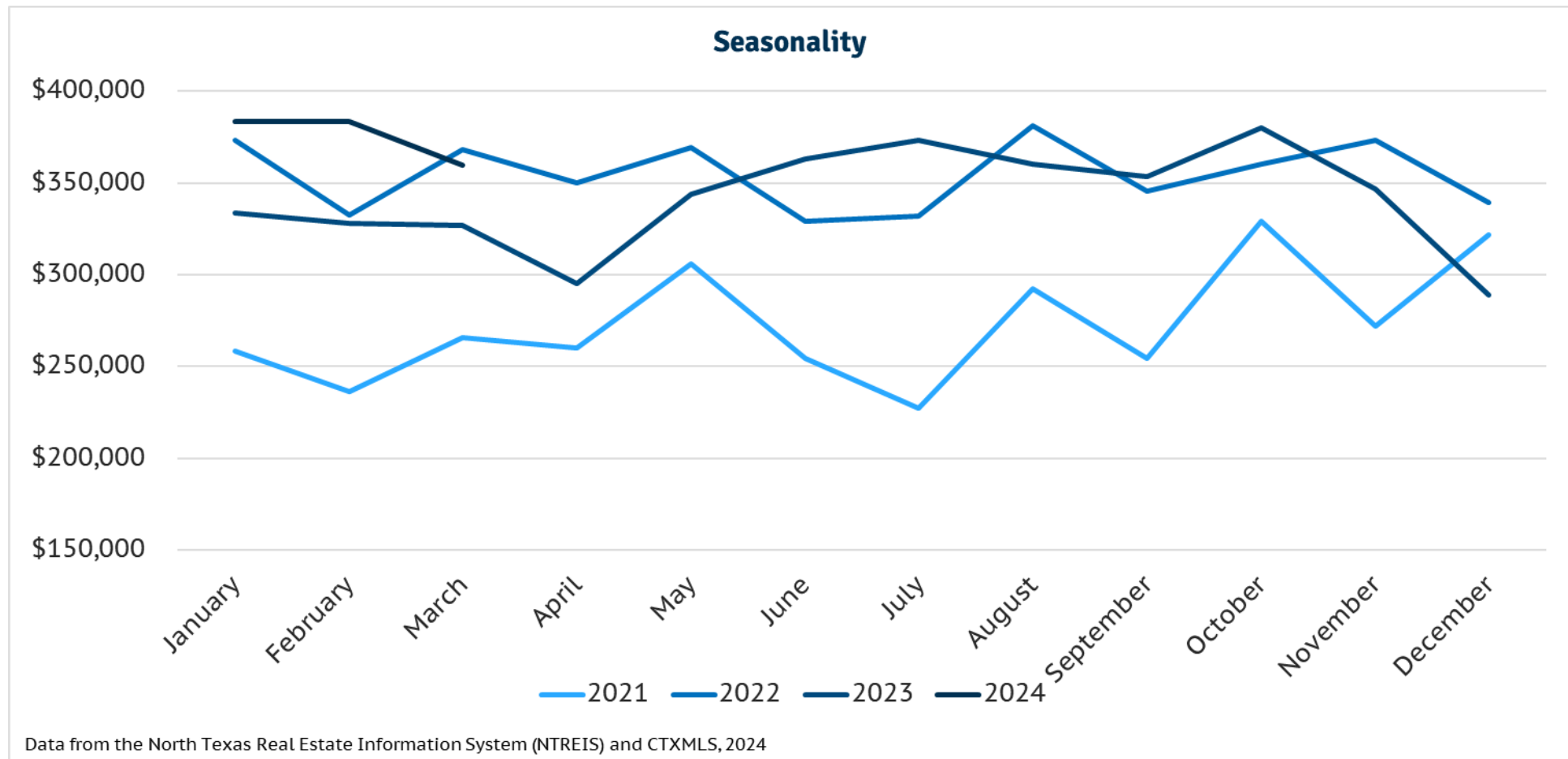
Killeen-Temple Fourplex Year Built

- Many Killeen fourplexes were built recently in the early 2000s.
- Killeen-Temple has **no new fourplexes** because building codes have made fourplexes cost prohibitive. Duplexes are more popular new construction options.



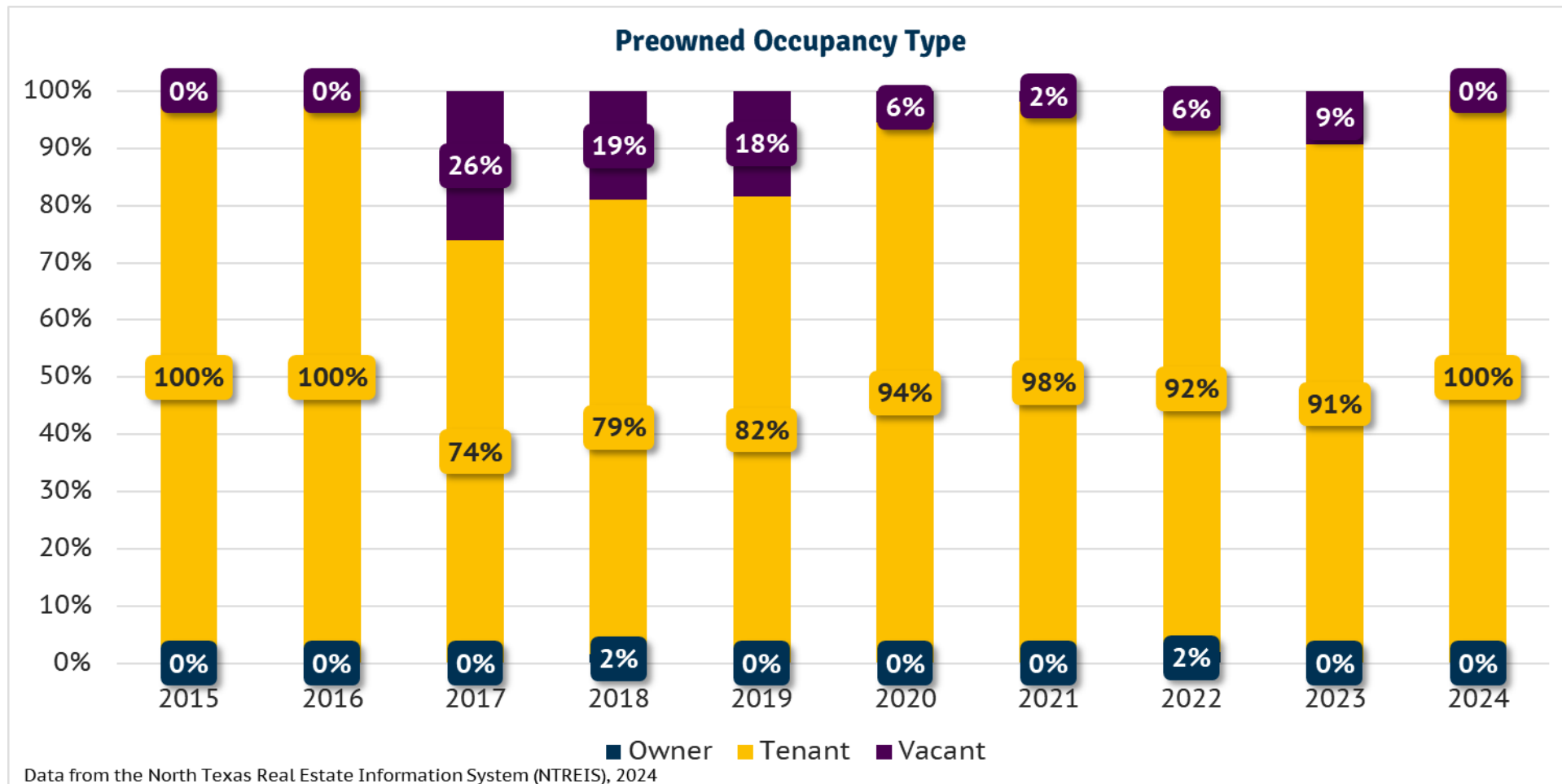
Killeen-Temple Fourplex Seasonality

- There is not a strong trendline in the average sale price to suggest fourplexes are strongly influenced by the season.



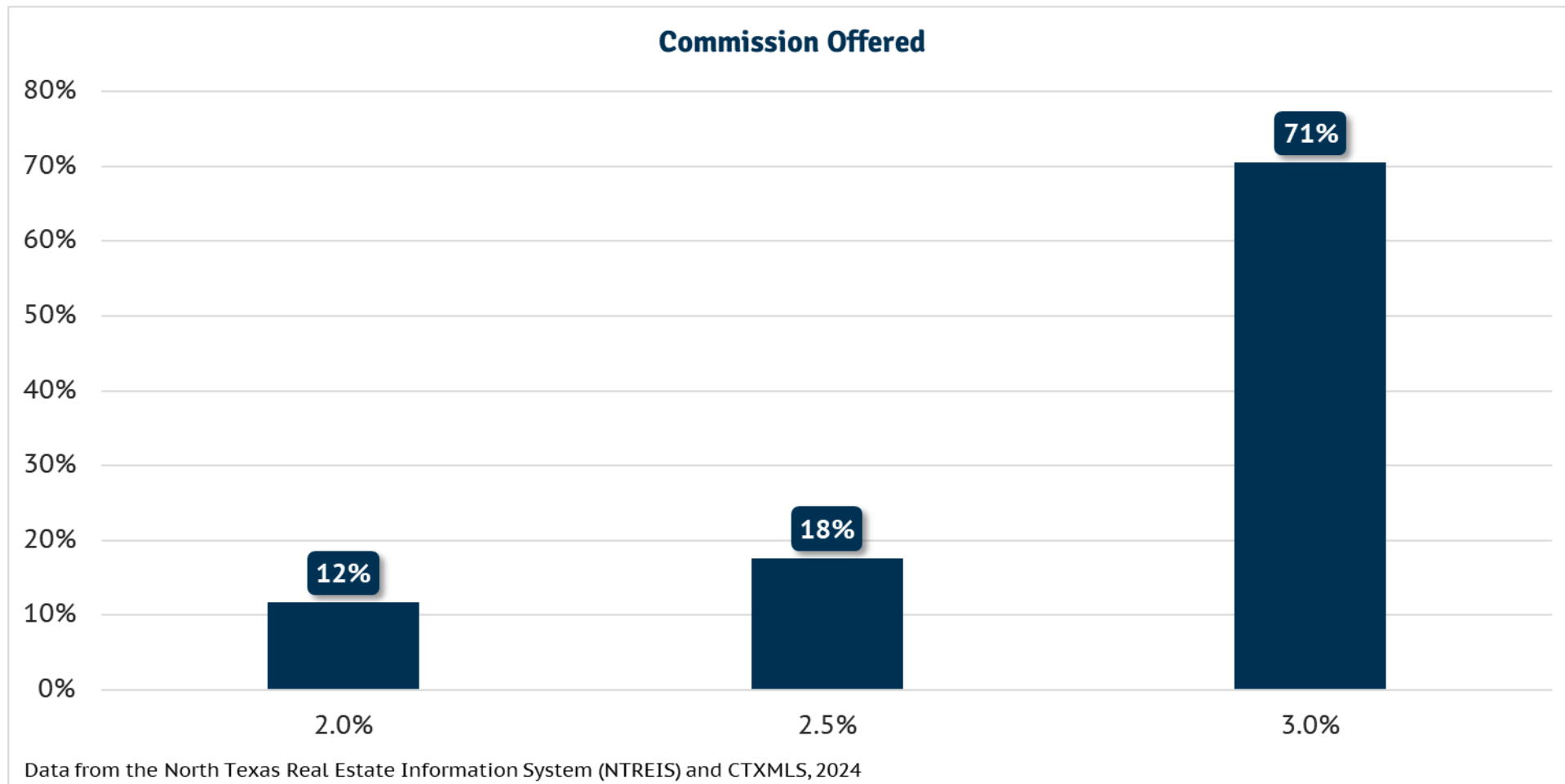
Killeen-Temple Fourplex Occupancy

- Unsurprisingly, very few fourplexes are sold vacant or owner occupied, in comparison to duplexes.



Killeen-Temple Fourplex Commissions

- 7 in 10 fourplexes offered a 3% commission to cooperating brokers.



Killeen-Temple Fourplex Locations

• By Previous Year Transaction Volume

County		City		Subdivision	
Bell	71	Killeen	62	Weiss Addition	11
Coryell	12	Copperas Cove	10	Loma Vista Estates	8
		Harker Heights	5	Evening Hollow	7
		Temple	2		
		Belton	1		
		Other	1		
		Gatesville	1		
		Nolanville	1		

Evening Hollow

Killeen, TX

Sale Price

Average

\$330,600

Gross Rents

Average

\$34,800

Sold

Total

7

Active

Total

2

Year Built

Average

1989

DOM

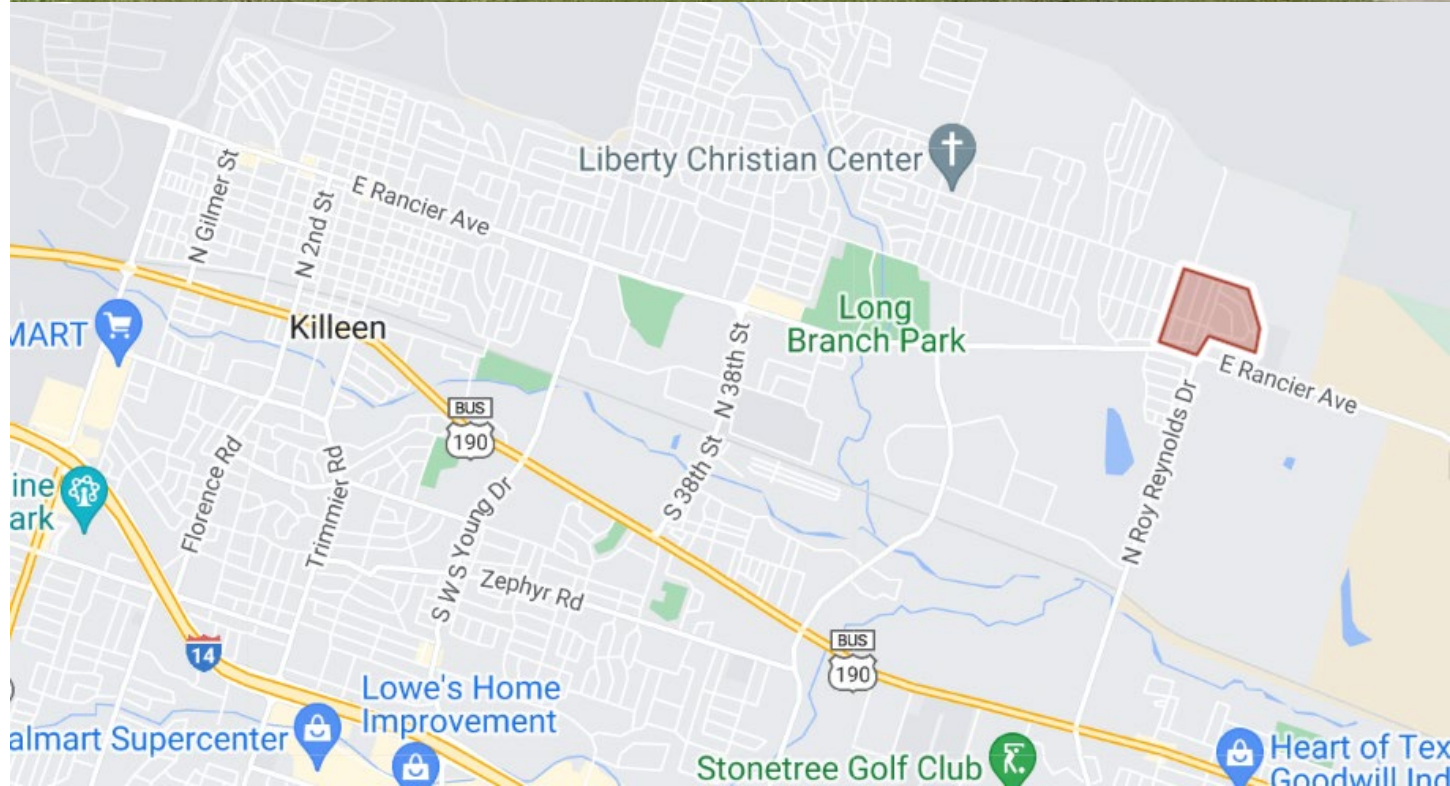
Average

20

Cap Rate

@ 50% Expenses

5.3%



Weiss Addition

Killeen, TX

Sale Price
Average **\$401,900**

Gross Rents
Average **\$43,200**

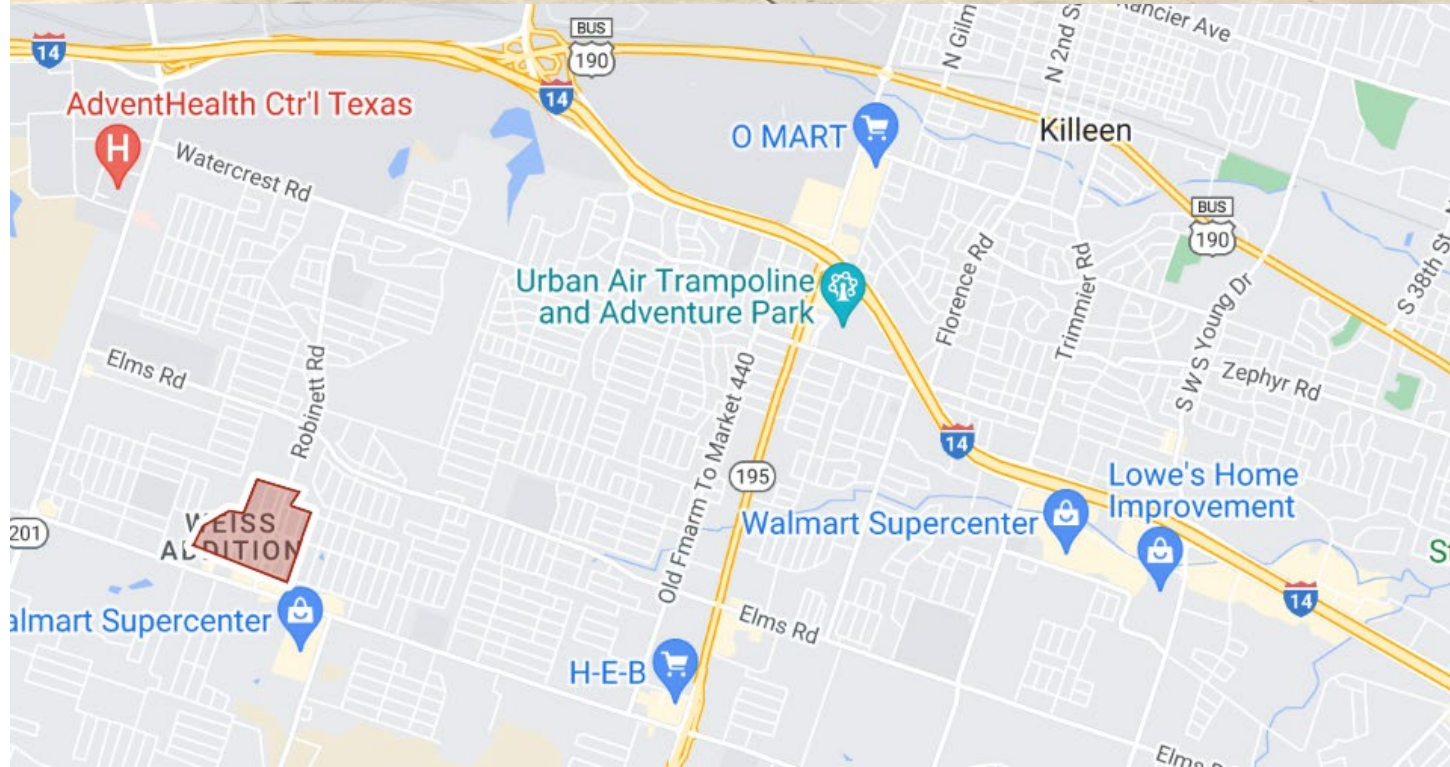
Sold
Total **11**

Active
Total **2**

Year Built
Average **2003**

DOM
Average **26**

Cap Rate
@ 50% Expenses **5.4%**



Loma Vista Estates

Killeen, TX

Sale Price

Average

\$391,000

Gross Rents

Average

\$48,300

Sold

Total

8

Active

Total

2

Year Built

Average

2002

DOM

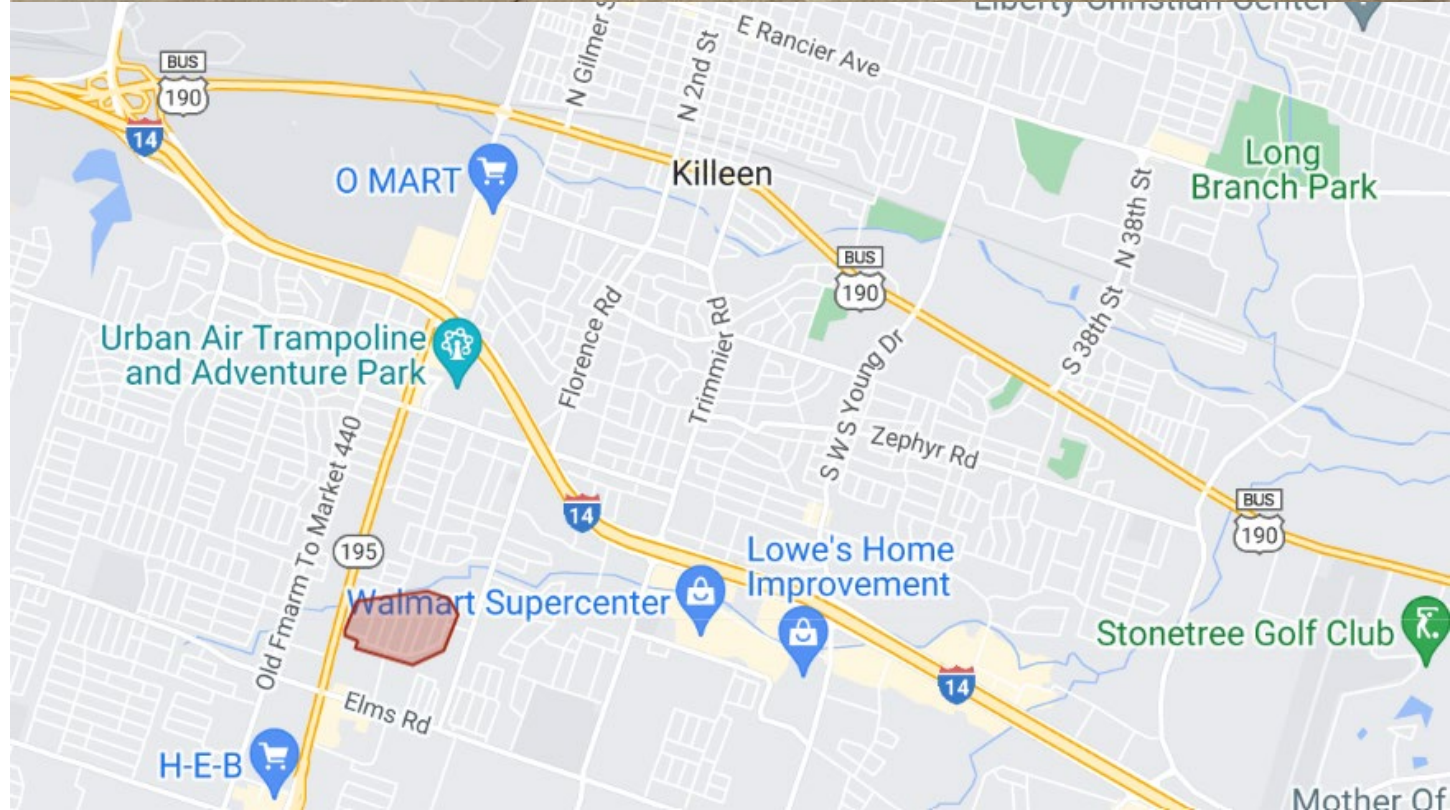
Average

46

Cap Rate

@ 50% Expenses

6.2%



Killeen-Temple Fourplex Active Inventory

	Median \$	Median SP:OLP Ratio*	#
Closed**	\$373,750	100%	17
Pending***	\$422,500	100%	14
Active	\$409,900	100%	25
Failed****	\$358,758	100%	24

*Sale price at close OR current/most recent list price if still active, pending, or failed

**last six months

**includes pending, active contingent, active option contract

***last six months, includes withdrawn, expired, and cancelled listings

- Counterintuitively, failed listings have the lowest price point. This may be due to lower income fourplexes struggling on the market while higher end buildings have better resale outcomes.

Inventory	Absorption Rate
4.1 Months	24% / Month

- Inventory is reflecting a neutral market.

Example Fourplex Underwriting

- 4001 Nadine Drive, Killeen, Texas 76549
- 3/2/2/3 with 3 bed at market rent of \$950/mo and 2 bed at \$850/mo.
- Conservative underwriting negotiating to \$405k, under current ask price of \$425k, represents a **6.0% IRR**.



		Acquisition		Disposition	NOI Assumptions		Capital Expense Assumptions	
Entry Cap Rate	4.4%	Purchase Price	\$ 405,000	\$ 580,000	Gross Monthly Rents	\$ 3,600	Capital Expenses (CAPEX)	5%
Entry Yield on Cost	4.3%	After Repair Value	\$ 405,000	\$ 580,000	Other Monthly Income	\$ -	Capital Expense Reserve	1%
Levered IRR	6.0%	Broker Commission	0%	5%	Occupancy Rate	95%	Annual CAPEX Growth	5%
Unlevered IRR	6.4%	HOA Transfer Fee	\$ -	\$ -	Management Fees	10%	CAPEX Growth Frequency	Monthly
Levered NPV	\$ 30,694	Title Policy	\$ 2,439	\$ -	Property Tax Rate	2.26%	Debt Assumptions	
Unlevered NPV	\$ 94,300	Title Fees	\$ 300	\$ 300	Maintenance Costs	3%	LTV	80%
Levered EM	1.7x	Repairs	\$ 5,000	\$ 2,500	Utilities	\$ 25	Interest Rate	6.5%
Unlevered EM	1.7x	Loan Origination	1%	0%	Property Insurance	1.8%	Amortization	30 Years
Cash on Cash Year	1	Seller Concessions	\$ -	\$ 5,000	Mortgage Insurance	0%	Months of Reserves	6
Levered Cash on Cash	-8.3%	Survey	\$ -	\$ 650	Credit Loss (Bad Debt)	3%	Reserves	\$ 20,413
Unlevered Cash on Cash	3.5%	Inspection	\$ 450	\$ -	Landlord Concessions	0%	Mortgage Payment	\$ 3,402
NOI Margin	41%	Option Fee	\$ -	\$ -	Net Operating Income (NOI) \$ 1,483		Return Assumptions	
DSCR (1st 12 months)	0.7x	Other	\$ -	\$ -	Annual NOI Growth	5%	Holding Period	10 Years
Levered Investment	\$ 168,857	Total Expenses	\$ 12,239	\$ 39,950	NOI Growth Frequency	Annually	Discount Rate	4%
Levered Profit	\$ 116,464	Acquisition Date	6/10/2024				Exit Cap Rate (Recc. >=4.4%)	5.0%
Total Return	69%							

Pros and Cons of 2-4 Family Investing

Pros

2-4 Unit homes qualify for privileged **owner-occupied financing**, making it an excellent option for house-hackers.

Easier to find a buyer (**more liquidity**) than larger multi-family investments.

Purchase occupied, with **Day Zero cash flow**.

Deploy **more capital** than you might on an SFR.

Stagger your vacancy loss versus an SFR.



Cons

Limited choices in fewer areas. Can be difficult if a house hacker is particular about their accommodation or area.

Lower cap rates than larger multi-family investments.

Quality property **managers may be reluctant** to manage them because of low \$/unit ratio.

Next Steps

Sellers

- We market your building professionally.
- **Data-driven negotiations** ensure that we are not conceding anything that we don't have to.
- Contact me at (512) 763-7912

Buyers

- Institutional-grade **underwriting** to ensure you are making an informed investment decision.
- Contact me at (512) 763-7912



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Appendix 1: Methodology Notes

- Information is from North Texas Real Estate Information System (NTREIS) and Central Texas MLS (CTXMLS). Only MLS sales included.
- Data is cleaned. Sales at more than 200% or less than 30% SP:OLP ratio are excluded as unreliable.
- Data is as of 5/8/24. 2024 numbers are YTD.
- Closed listings with 0 DOM are excluded.
- “As-is” sales are defined as sales with certain keywords in the public or private listing description, e.g. “cash only” or “TLC”.
- Information for the DFW Census Bureau MSA, which includes the following counties: Collin, Dallas, Denton, Ellis, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise.