



Sherman-Denison, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2010



Housing Market Area



The Sherman-Denison Housing Market Area (HMA), located 60 miles north of Dallas, is coterminous with Grayson County, Texas. In 2009, the HMA was recognized by the Real Estate Center at Texas A&M University as the second most affordable housing area in Texas. The HMA, known for its outdoor recreation centered on Lake Texoma, is the retail hub for the region.

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Summary

Economy

Economic growth in the Sherman-Denison HMA began to slow in 2006. During the 12 months ending March 2010, nonfarm payrolls decreased by an average of 1,100 jobs, or 2.5 percent, to 42,400 jobs compared with a decrease of 0.5 percent during the same period the previous year. During the 12-month period ending March 2010, the only sectors reporting an increase in employment were the education and health services and the leisure and hospitality sectors. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 0.5 percent annually.

Sales Market

The home sales market in the Sherman-Denison HMA is currently soft, with an estimated sales vacancy rate of 2.4 percent. During the 12 months ending March 2010, new and existing single-family home sales were down 17 percent from the previous year and the average sales price was down 5 percent to \$115,100. Demand is expected for 580 new units, including 60 mobile homes, during the forecast period, as shown in Table 1. In addition, builders should be aware that

5,700 other vacant units are currently in the HMA, a portion of which may come back on line and satisfy some of this demand.

Rental Market

The rental housing market in the HMA is currently soft, mainly because of a weakening economy. As of April 1, 2010, the overall rental vacancy rate was 9.1 percent and, according to ALN Systems, Inc., the apartment vacancy rate was 10.6 percent. The average rent in the HMA was \$700, relatively unchanged during the 12 months ending March 2010. During the next 3 years, demand is expected for 210 new rental units as shown in Table 1.

Table 1. Housing Demand in the Sherman-Denison HMA, 3-Year Forecast, April 1, 2010 to April 1, 2013

	Sherman-Denison HMA	
	Sales Units	Rental Units
Total Demand	580	210
Under Construction	20	0

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, 2010. A portion of the estimated 5,700 other vacant units will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

The economy of the Sherman-Denison HMA recorded employment declines during the past decade. Between 2000 and the 12 months ending March 2010, nonfarm payrolls declined by 3,500 jobs. From 2000 to 2003, nonfarm payrolls in the HMA decreased by about 750 jobs, or 1.7 percent, annually. By comparison, during the 36 months ending March 2010, nonfarm payroll employment declined by an average of 525 jobs a year. In between the two downturns, from 2004 to 2006, the HMA gained an average of 250 jobs annually. During the 12 months ending March 2010,

nonfarm payroll jobs in the HMA declined by 1,100 jobs, or 2.5 percent, to an average of 42,400 jobs (see Table 2). The manufacturing and trade sectors accounted for most of the losses, recording declines of 750 and 200 jobs, or 14.0 and 2.5 percent, respectively. Job losses occurred in every sector except the education and health services and the leisure and hospitality sectors, which added 400 and 100 jobs, or 4.8 and 3.3 percent, respectively. During the 12 months ending March 2010, the unemployment rate averaged 8.3 percent, up from 5.9 percent during the previous 12 months, which is the highest rate recorded in more than 20 years (see Figure 1).

During the past 20 years, manufacturing has declined from being the largest sector in 1990, accounting for 21 percent of the nonfarm payroll total, to becoming only the fifth largest sector in 2010, with 11 percent of the nonfarm payroll total (see Figure 2). From 2000 to 2004, the manufacturing sector lost an average of 850 jobs a year, partly because of the closing of Johnson & Johnson Medical, Inc., in 2003. From 2006 through 2009, the manufacturing sector job losses slowed to an average of 475 jobs a year. See Figure 3 for the total percentage of manufacturing jobs lost

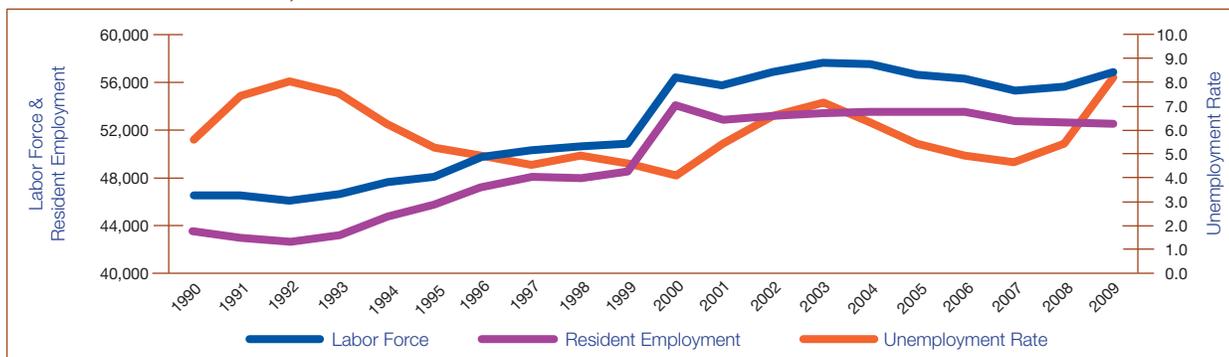
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Sherman-Denison HMA, by Sector

	12 Months Ending March 2009	12 Months Ending March 2010	Percent Change
Total Nonfarm Payroll	43,500	42,400	- 2.5
Goods Producing	7,925	7,000	- 11.7
Mining, Logging, & Construction	2,575	2,400	- 6.8
Manufacturing	5,350	4,600	- 14.0
Service Providing	35,600	35,400	- 0.6
Wholesale & Retail Trade	8,125	7,925	- 2.5
Transportation & Utilities	1,175	1,125	- 4.3
Information	500	500	0.0
Financial Activities	2,625	2,625	0.0
Professional & Business Services	2,425	2,200	- 9.3
Education & Health Services	8,350	8,750	4.8
Leisure & Hospitality	4,525	4,675	3.3
Other Services	1,450	1,350	- 6.9
Government	6,400	6,250	- 2.3

Notes: Based on 12-month averages through March 2009 and March 2010. Numbers may not add to totals because of rounding.

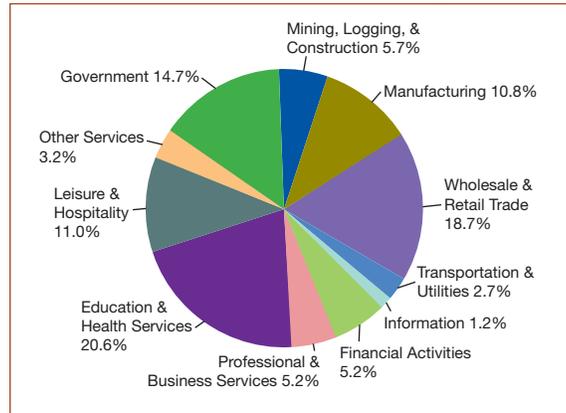
Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Sherman-Denison HMA, 1990 to 2010



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll in the Sherman-Denison HMA, by Sector



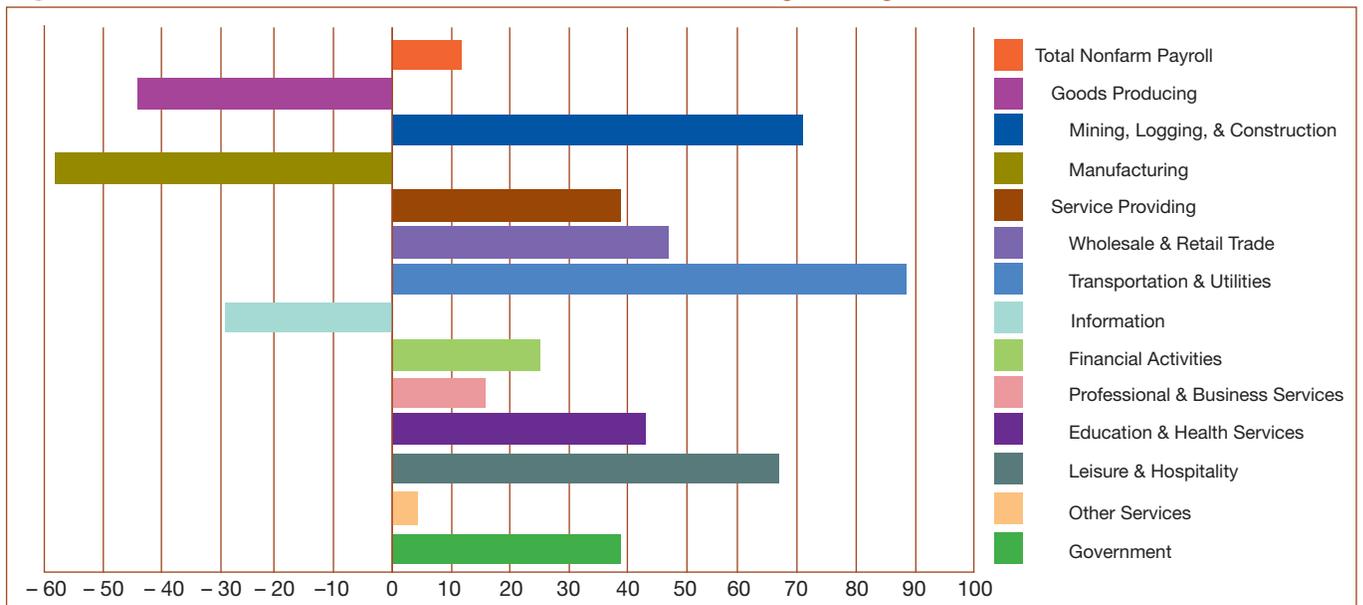
Note: Based on 12-month averages through March 2010.

Source: U.S. Bureau of Labor Statistics

since 1990. Despite the consistent losses in manufacturing jobs, the HMA continues to attract new businesses because of the availability of water from Lake Texoma and the air and land transportation infrastructure. In 2006, Tyson Foods, Inc., began operations and continues to be the leading employer in the HMA. See Table 3 for the major employers in the HMA.

The transportation system that once sustained the manufacturing sector of the HMA has helped the area become

Figure 3. Sector Growth in the Sherman-Denison HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through March 2010.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Sherman-Denison HMA

Name of Employer	Employment Sector	Number of Employees
Tyson Foods, Inc.	Manufacturing	1,200
Texoma Health Care System	Education & Health Services	1,175
Connect General, A Cigna Co.	Professional & Business Services	1,150
Wilson N. Jones Medical Center	Education & Health Services	1,000
Sherman Independent School District	Government	950
Texas Instruments Incorporated	Manufacturing	750
Ruiz Foods	Manufacturing	650
Denison Independent School District	Government	600
TrailBlazer Health Enterprises	Education & Health Services	490
Grayson County	Government	450

Source: Sherman Economic Development Corporation

a retail hub for the region. Since 2000, the wholesale and retail trade sector has increased from 15 to 19 percent of all nonfarm payroll jobs, or an average annual increase of 80 jobs. The growth in this sector is partly because of the addition of several national retailers to the area.

The education and health services sector employs 8,800 workers and accounts for 21 percent of nonfarm payroll jobs. From 2004 through 2005, the education and health services

sector lost an average of 250 jobs a year, or 3 percent. In contrast, from 2007 through 2009, the education and health services sector added 300 jobs annually. In December 2009, Texoma Health Care System completed construction of a new medical center, adding approximately 100 jobs. The HMA is home to Austin College, the oldest institution of higher learning in Texas, which has an enrollment of 1,340 students and contributed an estimated \$249 million to the local economy in fiscal year 2009–10, according to the Austin College Office of Institutional Research Economic Impact Statement. Grayson County College, which falls within the government sector, enrolls about 3,700 students and employs 210 faculty and staff.

The leisure and hospitality sector added 200 jobs, or 5.0 percent, annually from 2004 through 2006. This

sector consistently added 100 jobs each year from 2007 through 2009. In 2009, according to the Pottsboro Area Chamber of Commerce, Lake Texoma attracted more than 8 million visitors. The addition of the Hampton Inn & Suites Hotel in Denison in 2009 and the expected completion of three new hotels currently in planning are anticipated to result in the addition of 100 jobs annually for the next 3 years.

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase by an average of 200 jobs a year, or 0.5 percent annually. Job growth is expected to continue in the education and health services and the leisure and hospitality sectors. Job growth will likely be slow for the next 12 months, but the rate is expected to increase to 0.6 percent a year by 2013.

Population and Households

Despite a decrease in employment since 2000, population in the Sherman-Denison HMA has grown (see Table DP-1 at the end of this report), because the HMA is an economic hub for the region and because of the low cost of housing. As of April 1, 2010, the population of the HMA is estimated at 120,600; this figure reflects an annual increase of 1,000, or 0.9 percent, since 2000 (see Figure 4). Net in-migration accounted for about 70 percent of the growth since 2000 (see Figure 5). The city of Sherman, the county seat, is the most populous city in the HMA, with about 30 percent of the residents in the

HMA. Denison, the second largest city in the HMA, is home to about 20 percent of the residents.

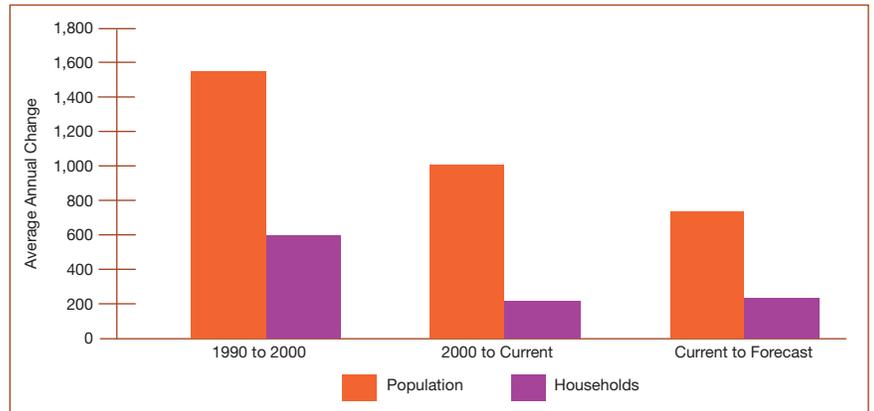
Population growth was strongest in 2005 and 2006, with an average annual population growth of 1,350, or 1.2 percent, partly due to higher employment growth in the HMA. During this time period, net in-migration accounted for about 75 percent of the increase in population, as people moved to the area in search of jobs. From 2006 through 2009, population growth decreased slightly to an average annual increase of 1,000, or 0.9 percent. The recent economic downturn is expected to result in even

slower population growth during the next 3 years; growth is expected to average 770 people, or 0.6 percent, annually.

Since 2000, the number of households in the HMA has increased by an average of 220, or 0.5 percent,

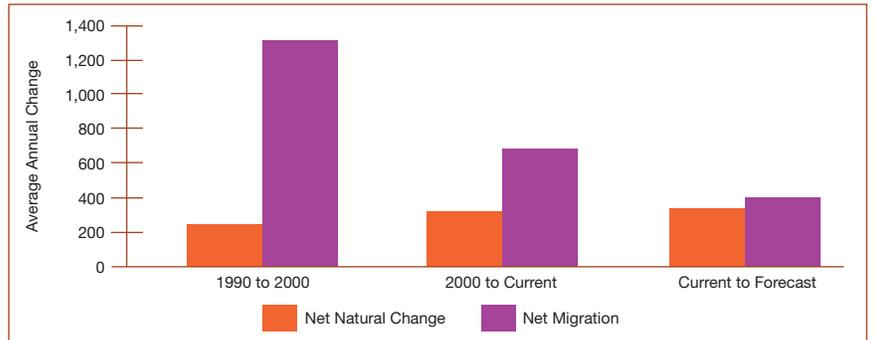
annually to total 45,000 households. Figure 6 shows the number of households by tenure. During the forecast period, the number of households in the HMA is expected to increase by an average of 230 households, or 0.5 percent, annually, as shown in Figure 4.

Figure 4. Population and Household Growth in the Sherman-Denison HMA, 1990 to Forecast



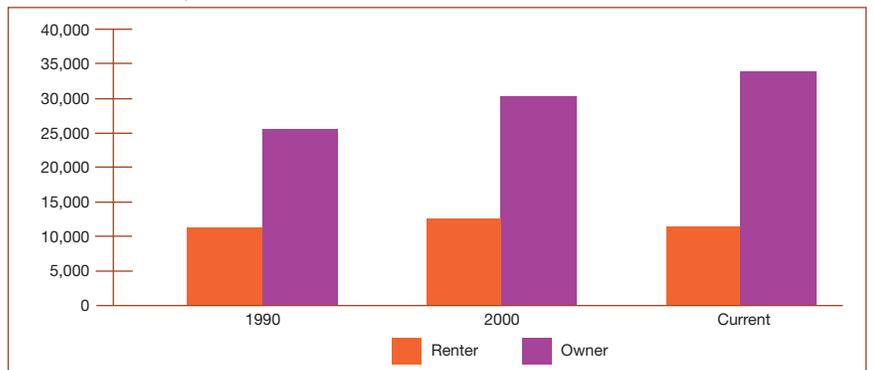
Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Sherman-Denison HMA, 1990 to Forecast



Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Sherman-Denison HMA, 1990 to Current



Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Sales Market

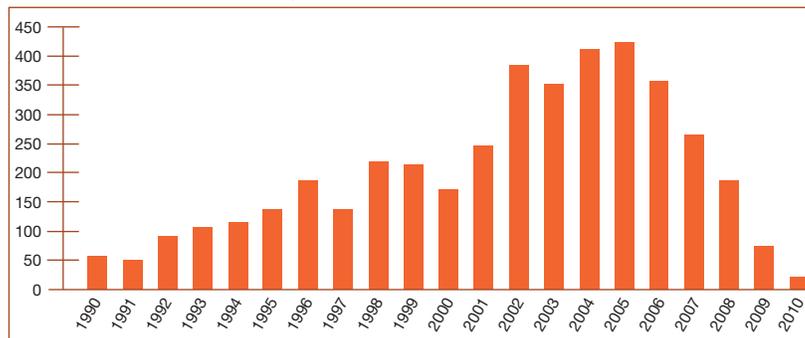
The home sales market in the Sherman-Denison HMA is currently soft compared with previous years because of the declining economy and tighter credit conditions. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending March 2010, approximately 1,150 new and existing single-family homes were sold, a decrease of 17 percent compared with the number of homes sold during the previous 12 months. During the 12-month period ending March 2010, the average sales price of a single-family home declined 5 percent to \$115,100. According to Lender Processing Services Mortgage Performance Data, as of March 2010, approximately 6.0 percent of total loans were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned), up from 4.5 percent a year earlier.

In response to an expanding inventory of unsold homes, since 2005 developers have cut back on single-family home construction, as measured by the number of building permits issued (see Figure 7). According to the Real Estate Center at Texas A&M University, for the 12 months ending March 2010, the inventory of unsold homes has increased to an 11-month supply from a 10-month supply for the previous 12-month period. From the peak of 425 single-family homes built in 2005, the level of building has declined every year; during the 12 months ending March 2010, only 80 homes were built, based on preliminary data.

Since 2006, approximately 360 homes have been built in Country Ridge Estates, located in west Sherman, with plans to build an additional 240 at a rate of 35 homes a year. The homes will range in size from 1,300 to 2,300 square feet, with prices ranging from \$110,000 to \$150,000. In March of 2010, development began at The Preserve at Country Ridge in west Sherman; the developer estimates the construction of at least 25 new homes a year. The homes, which will range in size from 1,500 to 2,800 square feet, will be priced from \$160,000 to \$270,000.

Based on projected population and household growth figures, during the next 3 years, demand is expected for 580 new sales units, including 60 mobile homes. The 20 units currently under construction will meet part of that demand. Demand is expected to be strongest for units priced between \$100,000 and \$149,999 (see Table 4). It is likely that a portion of the estimated 5,700 other vacant units will enter the sales housing market and satisfy some of the forecast demand.

Figure 7. Single-Family Building Permits Issued in the Sherman-Denison HMA, 1990 to 2010



Notes: Includes only single-family units. Includes data through March 2010.

Source: U.S. Census Bureau, Building Permits Survey

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Sherman-Denison HMA, April 1, 2010 to April 1, 2013

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	149,999	250	48.1
150,000	199,999	130	25.0
200,000	249,999	60	11.5
250,000	299,999	45	8.7
300,000	and higher	35	6.7

Note: Excludes demand for mobile homes.

Source: Estimates by analyst

Rental Market

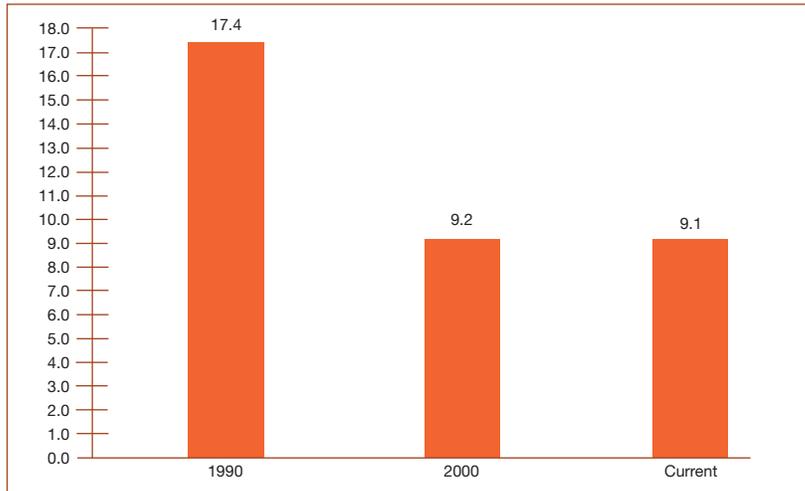
The rental housing market in the Sherman-Denison HMA is currently soft, mainly because of the declining economy. As of April 1, 2010, the overall rental vacancy rate was 9.1 percent and, according to ALN Systems, Inc., the apartment vacancy rate was 10.6 percent (see Figure 8). During the 12 months ending March 2010, the average rents were \$600 for a one-bedroom unit, \$775 for a two-bedroom unit, and \$1,025 for a three-bedroom

unit, relatively unchanged from rents during the previous 12-month period. Current concessions range from \$99 for the first month's rent to 2 months of free rent. Apartments account for about 40 percent of all rental units in the HMA.

Recently completed apartment complexes include Northside on Travis, which was completed in December 2008 and consists of 200 apartments with an average asking rent of \$715, and Bridges on Travis, which was completed in June 2009 and consists of 112 apartments with an average asking rent of \$730. Production of new units has only recently subsided in reaction to slowing population and renter household growth. From 2004 to 2008, multifamily construction activity, as measured by the number of units permitted, averaged about 200 units a year, up significantly from the 25 units permitted annually from 2000 to 2003 (see Figure 9). Based on preliminary data, during the 12-month period ending March 2010, multifamily building permit activity was virtually nonexistent compared with the 112 units permitted during the previous 12-month period. As of the current date, no multifamily units were under construction or in planning.

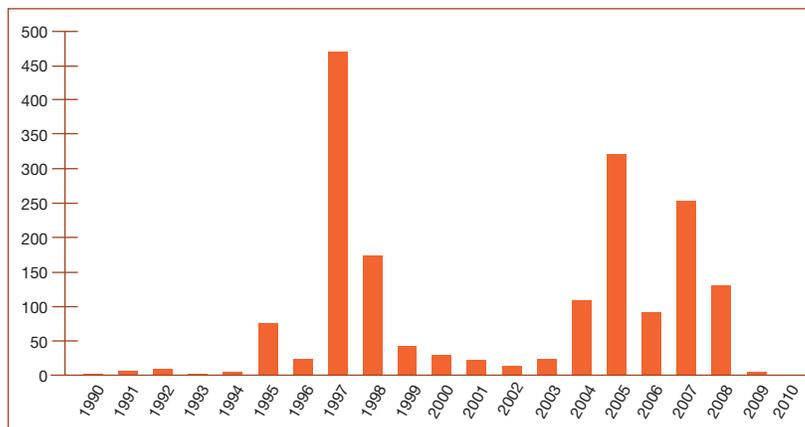
Demand is estimated for 210 new rental units during the 3-year forecast period. To allow the current surplus of available vacant rental units to be absorbed, new units should not come on line until the third year of the forecast period. Table 5 shows estimated demand for new market-rate rental housing in the HMA categorized by rent level and number of bedrooms.

Figure 8. Rental Vacancy Rates in the Sherman-Denison HMA, 1990 to Current



Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Sherman-Denison HMA, 1990 to 2010



Notes: Includes all multifamily units in structures with two or more units. Includes data through March 2010.

Source: U.S. Census Bureau, Building Permits Survey

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Sherman-Denison HMA, April 1, 2010 to April 1, 2013

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
600 to 799	85	675 to 874	70	1,050 to 1,249	10
		875 to 1,074	45		
Total	85	Total	115	Total	10

Notes: Distribution is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Data Profile

Table DP-1. Sherman-Denison HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	43,644	53,970	52,462	2.1	- 0.3
Unemployment Rate (%)	5.7	4.1	8.3		
Nonfarm Payroll	37,800	45,900	42,400	2.0	- 0.9
Total Population	95,021	110,595	120,600	1.5	0.9
Total Households	36,847	42,849	45,000	1.5	0.5
Owner Households	25,541	30,236	33,750	1.7	1.1
Percent Owner (%)	69.3	70.6	75.0		
Renter Households	11,306	12,613	11,250	1.1	- 1.1
Percent Renter (%)	30.7	29.4	25.0		
Total Housing Units	44,223	48,315	52,650	0.9	0.9
Owner Vacancy Rate (%)	3.3	2.0	2.4		
Rental Vacancy Rate (%)	17.4	9.2	9.1		
Median Family Income	\$30,114	\$45,048	\$53,068	4.1	1.8

Notes: Employment data represent annual averages for 1990, 2000, and the 12 months through March 2010. Median family incomes are for 1989, 1999, and 2008.

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

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 4/1/2010—Analyst's estimates

Forecast period: 4/1/2010–4/1/2013—Analyst's estimates

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

Other Vacant Units: In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_Sherman-DenisonTX_10.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to
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