

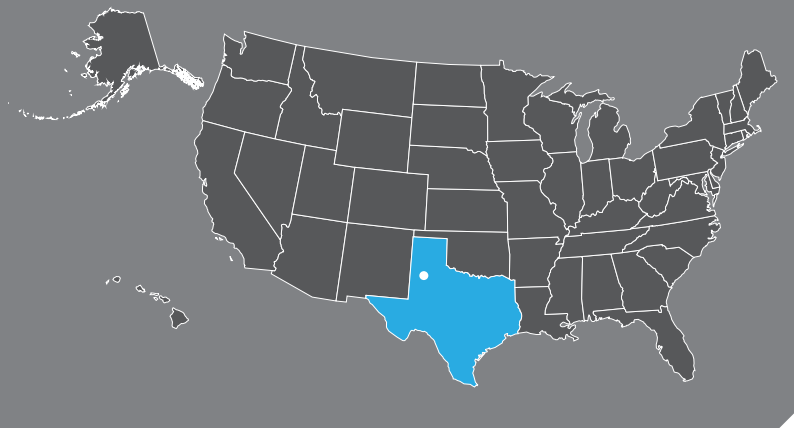
# HUD PD&R Housing Market Profiles

## Lubbock, Texas



### Quick Facts About Lubbock

- Current sales market conditions: slightly tight
- Current rental market conditions: balanced
- Construction in the metropolitan area of the Leprino Foods, \$870 million cheese production facility began in June 2022. The facility will be built in two phases; the first phase is expected to be complete in late 2024, and the second phase is expected to be complete in 2026. Once operational, the facility is expected to support 600 full-time jobs.



By Nancy Smith | As of November 1, 2022

### Overview

The Lubbock metropolitan area is coterminous with the Lubbock Metropolitan Statistical Area (MSA), which includes three counties—Crosby, Lubbock, and Lynn—in northwest Texas. Approximately 110 miles east of the Texas-New Mexico state border in the panhandle region of Texas, much of the land in the metropolitan area is used for growing cotton. Known as the “Hub City,” the city of Lubbock, located in Lubbock County, is the most populous in the metropolitan area. The city of Lubbock is home to Texas Tech University (TTU) and Texas Tech University Health Sciences Center (TTUHSC). U.S. News & World Report recognized TTUHSC as 48th (tie) in the Best Medical School: Primary Care category and 87th (tie) in the Best Medical School: Research category for 2023.

- As of November 1, 2022, the estimated population of the metropolitan area was 331,100, reflecting an average increase of 3,200, or 1.0 percent, annually since 2010. During this period, net in-migration averaged 1,700 people each year and accounted for 53 percent of the population growth; net natural increase accounted for the remaining 47 percent.

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- Since 2010, population growth can be separated into two main periods: From 2010 to 2019, population growth averaged 1.0 percent annually, with net in-migration averaging 1,300 people each year; since 2019, population growth has accelerated to an average of 1.2 percent annually, with net in-migration averaging 2,850 people each year. Increased enrollment at TTU during the fall of 2020 semester contributed to the rise of net in-migration during the latter period.
- During the second half of the 2010s, domestic in-migration to the metropolitan area was greatest from the Dallas-Fort Worth-Arlington (DFW) MSA, partly due to students who moved to the metropolitan area to attend TTU. From 2015 through 2019, 4,825 people relocated from the DFW MSA to the metropolitan area (American Community Survey [ACS] 5-year data).

## Economic Conditions

The economy of the Lubbock metropolitan area is currently strong after recovering all the jobs lost during the COVID-19 pandemic-related downturn. During the 3 months ending October 2022, nonfarm payrolls in the metropolitan area averaged 157,100 jobs, an increase of 5,700 jobs, or 3.8 percent, from the 3 months ending October 2021, which followed an increase of 3.4 percent from the 3 months ending October 2020. By comparison, during the 3 months ending October 2020, payrolls were down by 4,700 jobs, or 3.1 percent year over year. For context, the economy expanded for 9 consecutive years before the pandemic at an average annual rate of 1.6 percent from 2011 through 2019.

During the 3 months ending October 2022—

- The goods-producing sectors increased 4.3 percent, a faster pace than the service-providing sectors, which increased 3.6 percent. The mining, logging, and construction and the manufacturing sectors increased by 500 and 200 jobs, or 5.6 and 4.2 percent, respectively, compared with a year ago.
- The leisure and hospitality and the education and health services sectors added the most jobs, increasing by 1,700 and 1,300 jobs, or 7.9 and 6.0 percent, respectively, compared with a year ago. These two sectors combined accounted for 60 percent of the increase in the service-providing sectors compared with a year ago, when they accounted for nearly 37 percent of the increase.
- The government sector accounted for approximately 22 percent of all nonfarm payrolls in the metropolitan area and added 500 jobs, a 1.5-percent gain compared with the 3 months ending October 2021.
- The transportation and utilities and the information sectors were the only sectors to remain unchanged during the period.
- The unemployment rate averaged 3.2 percent, down from 4.1 percent a year ago and below the 5.4-percent rate from 2 years ago. Resident employment increased more quickly than the labor force, resulting in a decline in unemployment.

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During the 3 months ending October 2022, 9 of the 11 nonfarm payroll sectors in the Lubbock metropolitan area added jobs, and 2 sectors remained unchanged.

	3 Months Ending		Year-Over-Year Change	
	October 2021 (Thousands)	October 2022 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	151.4	157.1	5.7	3.8
Goods-Producing Sectors	13.9	14.5	0.6	4.3
Mining, Logging, & Construction	9.0	9.5	0.5	5.6
Manufacturing	4.8	5.0	0.2	4.2
Service-Providing Sectors	137.6	142.6	5.0	3.6
Wholesale & Retail Trade	26.7	27.3	0.6	2.2
Transportation & Utilities	5.3	5.3	0.0	0.0
Information	1.8	1.8	0.0	0.0
Financial Activities	7.9	8.1	0.2	2.5
Professional & Business Services	13.3	13.7	0.4	3.0
Education & Health Services	21.8	23.1	1.3	6.0
Leisure & Hospitality	21.4	23.1	1.7	7.9
Other Services	6.1	6.4	0.3	4.9
Government	33.3	33.8	0.5	1.5
<b>Unemployment Rate</b>	4.1%	3.2%		

Note: Numbers may not add to totals due to rounding.

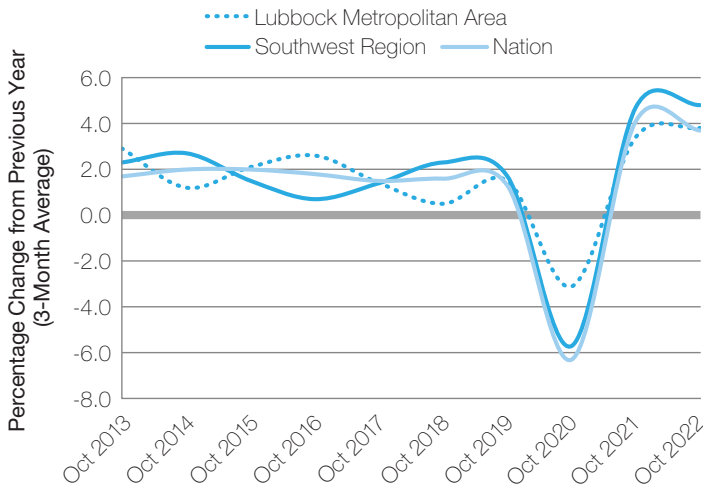
Source: U.S. Bureau of Labor Statistics



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The Lubbock metropolitan area economy depends heavily on the government sector, the largest sector, with 33,800 jobs during the 3 months ending October 2022. State government

**The current rate of nonfarm payroll growth in the Lubbock metropolitan area is slightly faster than the nation but slower than the southwest region.**



Source: U.S. Bureau of Labor Statistics

jobs accounted for 41 percent of government jobs and include the two largest employers in the metropolitan area, TTU and TTUHSC, with 6,635 and 5,017 employees, respectively, reported in 2018. TTU provides a strong economic base to the metropolitan area; in addition to supporting a portion of the government sector jobs in the metropolitan area, the university indirectly bolsters jobs in the wholesale and retail trade and the leisure and hospitality sectors. Based on the most recent study, TTU contributed approximately \$16.4 billion to the economy in Texas during the 2021 fiscal year (TTU).

### Largest Employers in the Lubbock Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Texas Tech University	Government	6,635
Texas Tech University Health Sciences Center	Government	5,017
Covenant Health	Education & Health Services	5,000

Note: Excludes local school districts.

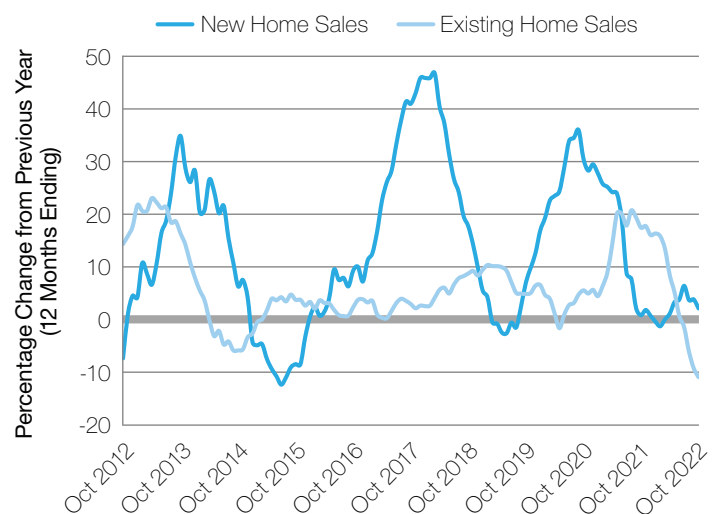
Sources: Lubbock Economic Development Alliance; Dun &amp; Bradstreet, April 2018

## Sales Market Conditions

Sales housing market conditions are currently slightly tight in the Lubbock metropolitan area. The estimated sales vacancy rate is 1.3 percent, down from 1.9 percent as of April 1, 2010, when conditions were soft. Sales market conditions were tight during 2021, when new and existing home sales and prices increased, and the supply of homes for sale fell. As of October 2022, the supply of homes available for sale in the metropolitan area was 2.4 months, up from a 1.2-month supply a year ago and a 1.6-month supply 2 years ago (Texas Real Estate Research Center, Texas A&M University). The current pace of sales has slowed partly because of rising mortgage interest rates since March 2022. New and existing home sales (including single-family homes, townhomes, and condominiums) totaled 10,050 during the 12 months ending October 2022, down 9 percent from a year earlier, and the average sales price increased nearly 10 percent to \$262,000 (CoreLogic, Inc.). More recent sales market trends reflect a greater decline in home sales and a slower pace of increase in sales prices. During the 3 months ending October 2022, total home sales declined 25 percent from a year earlier, and the average sales price increased nearly 6 percent to \$260,500.

The share of seriously delinquent mortgages and real estate owned (REO) properties in the metropolitan area fell to 1.4 percent in October 2022 from 2.4 percent a year earlier (CoreLogic, Inc.).

**The number of existing home sales in the Lubbock metropolitan area fell during the 12 months ending October 2022 but remains above prepandemic levels.**



Note: Includes single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc.

The share of seriously delinquent mortgages and REO properties has declined since reaching a recent high of 4.5 percent in August 2020; the economic downturn brought on by the COVID-19

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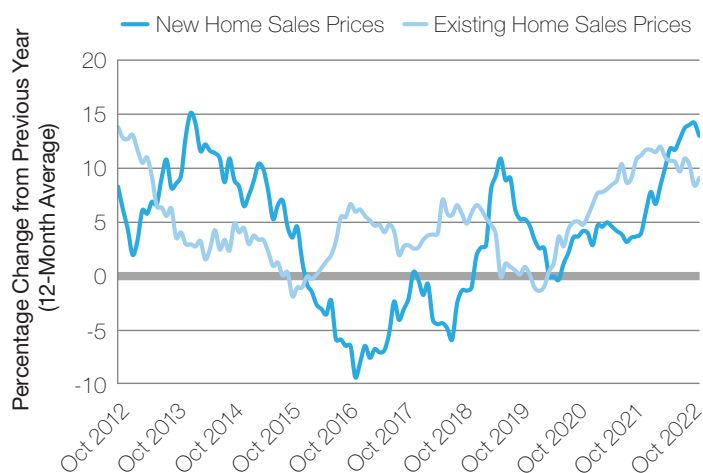
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pandemic affected a portion of mortgage borrowers. In an effort to minimize the number of foreclosures during the pandemic, the Coronavirus Aid, Relief, and Economic Security Act provided mortgage forbearance for federally backed loans. The most recent rate in the metropolitan area is the same as the state of Texas and above the 1.3-percent rate for the nation.

During the 12 months ending October 2022—

- New home sales totaled 1,400 homes, up by nearly 30 homes, or 2 percent, from the previous 12 months, when new home purchases increased at a slightly slower rate, nearly 1 percent, due to supply chain issues. By comparison, new home sales increased nearly 31 percent during the 12 months ending October 2020, when sales were elevated due to the pandemic.
- The average sales price of a new home was approximately \$298,100, up by \$34,250, or 13 percent, from the previous 12 months, when the average sales price of a new home rose 4 percent. By comparison, the average sales price of a new home increased 4 percent to \$253,700 during the 12 months ending October 2020.
- Existing home sales decreased 11 percent to approximately 8,650 homes compared with a 17-percent increase during the previous 12 months. By comparison, existing home sales rose nearly 6 percent during the 12 months ending October 2020.
- The average sales price of an existing home was \$256,700, up by approximately \$22,050, or 9 percent, compared with the previous 12 months, when the average sales price of an

**New home sales prices increased at a faster pace than existing home sales prices in the Lubbock metropolitan area during the 12 months ending October 2022.**



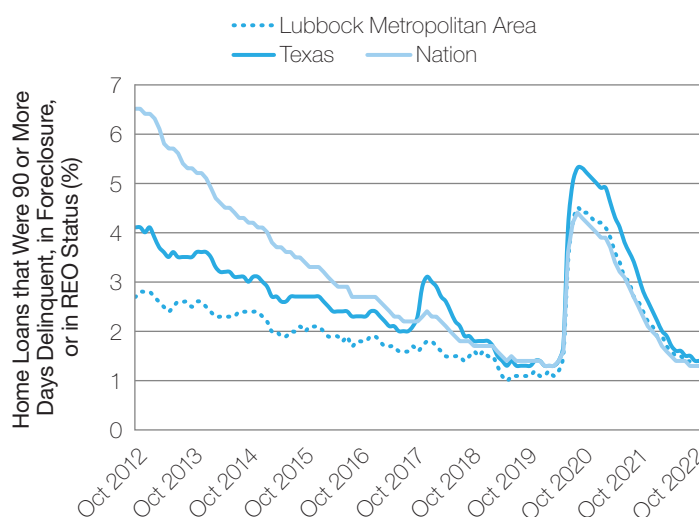
Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

existing home rose 11 percent. By comparison, the average existing home sales price increased nearly 5 percent during the 12 months ending October 2020 to \$211,000.

Since 2019, builders responded to the rise in new home sales with increased single-family homebuilding, as measured by the number of homes permitted and analyst estimates of home construction.

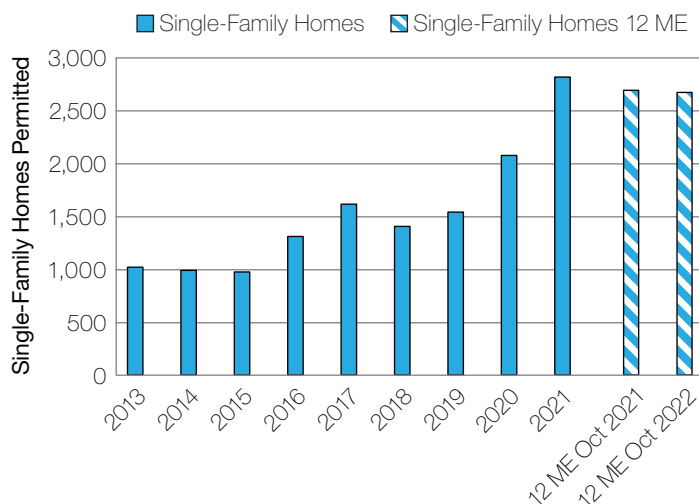
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**The portion of home loans 90 or more days delinquent, in foreclosure, or in REO status in the Lubbock metropolitan area in October 2022 was the same as the state of Texas but slightly higher than the nation.**



REO = real estate owned.  
Source: CoreLogic, Inc.

**Single-family permitting in the Lubbock metropolitan area reached a peak in 2021, the highest level since at least 2000.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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- The number of single-family homes permitted during the 12 months ending October 2022 was approximately 2,675, down nearly 1 percent from approximately 2,700 homes permitted during the 12 months ending October 2021.
- An average of 1,650 homes were permitted each year from 2017 through 2020, up from an average of 1,075 homes permitted each year from 2013 through 2016.

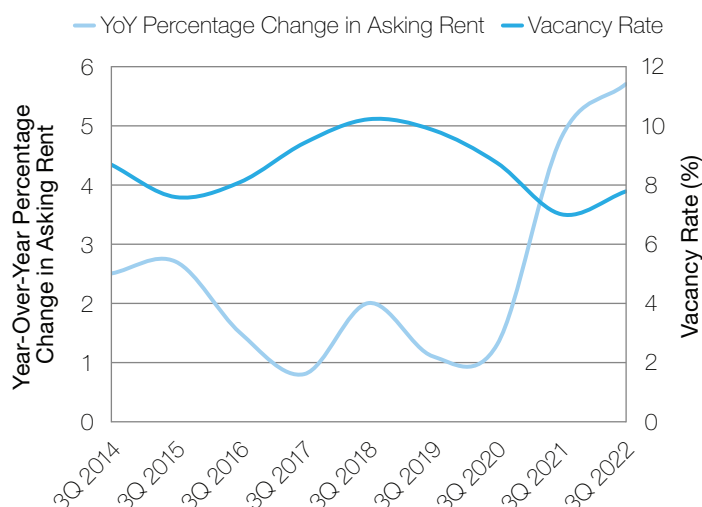
## Rental Market Conditions

Rental market conditions in the Lubbock metropolitan area are balanced compared with soft conditions in 2010. The estimated vacancy rate for all rental units—including single-family homes, mobile homes, and apartments—is 9.0 percent as of November 1, 2022, down from 9.7 percent in April 2010. Single-family homes are among the most common types of rental units in the area, accounting for 44 percent of all occupied rental units from 2017 through 2021 and remaining relatively unchanged from 2012 through 2016 (ACS 5-year data). The percentage of occupied rental units in structures with five or more units, typically apartments, was 38 percent during 2017 through 2021, up from 36 percent during 2012 through 2016.

- In October 2022, the average vacancy rate for professionally managed, detached single-family homes was 3.5 percent, down from 3.7 percent a year earlier, and the average rent for professionally managed, detached, three-bedroom single-family homes was \$1,432, up 12 percent from a year ago (CoreLogic, Inc.).
- The apartment market in the metropolitan area was balanced with a 7.8-percent vacancy rate during the third quarter of 2022, up from 7.0 percent a year earlier (CoStar Group). The average apartment rent was \$884, up by \$48, or nearly 6 percent, from the same period a year earlier.
- Class A and Class B apartments outperformed the overall apartment market in the metropolitan area during the third quarter of 2022. The average vacancy rate for Class A apartments was 4.1, up from 3.0 percent a year earlier, and the average rent was \$1,109, up nearly 6 percent from a year earlier. The average vacancy rate for Class B apartments was 6.4 percent, up from 5.6 percent a year ago, and the average rent was \$937, up nearly 6 percent from a year earlier.
- Student households account for an estimated 12 percent of occupied rental units in the metropolitan area. During the third quarter of 2022, the vacancy rate for college student apartments in the metropolitan area was 6.0 percent, up

- New home construction has recently increased in cities to the west and northwest of the city of Lubbock. Built by Betenbough Homes, the Harvest subdivision in the city of Wolfforth will offer 2,500 homes at buildout; the first home in the development was completed in the fall of 2022. Homes will range from 1,010 to 2,660 square feet, and starting prices range from \$149,950 for a two-bedroom, two-bathroom home to \$370,950 for a four-bedroom, three-bathroom home.

During the past year, average rent and vacancy rates in the Lubbock metropolitan area increased partly because new apartment units entered the market.



3Q = third quarter. YoY = year-over-year.  
Source: CoStar Group

from 4.5 percent a year earlier. College student apartments typically lease by the bedroom; the average rent per bed was \$625 during the third quarter of 2022, up nearly 7 percent from a year earlier.

Multifamily home construction in the Lubbock metropolitan area, as measured by the number of units permitted and analyst estimates, has fluctuated since 2013, ranging from nearly 80 units permitted in 2018 to approximately 1,775 units permitted in 2020, despite the economic contraction during March and April 2020.

- An estimated 1,000 multifamily units were permitted during the 12 months ending October 2022 compared with 790 units permitted a year earlier.
- Permitting averaged 730 units each year from 2016 through 2019 before increasing to 1,775 units permitted in 2020, as

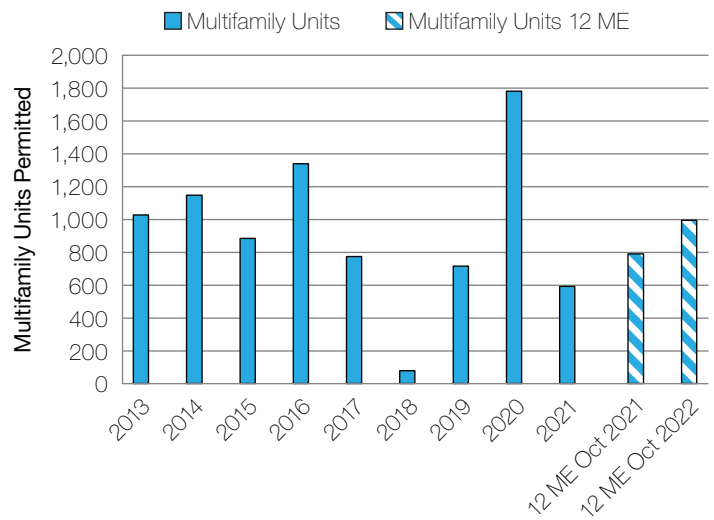
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builders responded to increased apartment demand despite the pandemic-induced economic slowdown in early 2020.

- An estimated 1,075 multifamily units are under construction in the metropolitan area, most of which are in the city of Lubbock in structures with five or more units.
- The 186-unit, Signature apartment community in the city of Lubbock was completed during the second half of 2021 and offers one-, two-, and three-bedroom apartments with monthly rents from \$1,025, \$1,300, and \$1,545, respectively.

**Multifamily permitting in the Lubbock metropolitan area reached a peak in 2020 when builders responded to increased demand for apartment units.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
College Student Apartments	Apartment-style housing units where each resident has a separate lease, typically for a bedroom, and they share the common living areas of the unit with other tenants.
Existing Home Sales	Includes resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	Resales are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
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.