

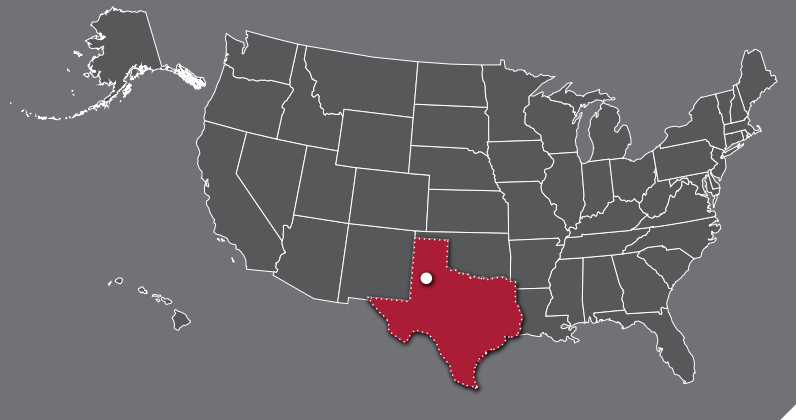
HUD PD&R Housing Market Profiles

Lubbock, Texas



Quick Facts About Lubbock

- Current sales market conditions: balanced
- Current apartment market conditions: soft but improving
- Construction of a \$1 billion Leprino Foods cheese manufacturing facility in the metropolitan area began in mid-2022 and is expected to be complete in 2026. When fully operational, the 850,000-square-foot facility will support 600 jobs. The first phase is expected to commence operations in early 2025 and employ 300 people.



By [Nancy Smith](#) | As of November 1, 2024

Overview

The Lubbock Metropolitan Statistical Area (hereafter, Lubbock metropolitan area) 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 surrounding land is used for growing cotton. Known as the “Hub City,” the principal city of Lubbock is the regional center for commerce, education, and healthcare services. 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 a Tier 1 in the Best Medical School: Primary Care category and 34th in the Best Nursing Schools: Doctor of Nursing Practice (tie) category for 2024.

- As of November 1, 2024, the estimated population of the metropolitan area was 336,600, reflecting an average increase of 3,700, or 1.1 percent, annually since 2023. During this period, net natural increase averaged 1,350 people each year and accounted for 36 percent of the population growth. Net in-migration accounted for the remaining 64 percent.

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- By comparison, the metropolitan area population increased an average of 3,150, or 1.0 percent, annually from 2020 to 2023 (U.S. Census Bureau decennial census count and population estimates as of July 1). During this period, 25 percent of the population growth was from net natural increase, which averaged approximately 800 people each year, with net in-migration accounting for the remaining 75 percent.
- Lubbock County is the most populous county in the metropolitan area, accounting for nearly 97 percent of the population in 2023. From July 1, 2022, to July 1, 2023, the population of Lubbock County increased by 3,175 to approximately 320,900, the 31st largest numeric population gain of the 254 Texas counties during the period.

Economic Conditions

The economy of the Lubbock metropolitan area is stable, having slowed from recent high levels of growth as the local economy continues its second year of expansion following the recovery from the 2020 COVID-19 pandemic-induced recession. Current payrolls are 7.3 percent above the level during the 3 months ending October 2019, the most recent corresponding period before the pandemic. As of the 3 months ending October 2024, nonfarm payrolls increased year over year by 1,700 jobs, or 1.1 percent, to 162,100. By comparison, as of the 3 months ending October 2023, payrolls increased by 3,600 jobs, or 2.3 percent, year over year.

As of the 3 months ending October 2024 —

- The goods-producing sectors increased 2.8 percent, a faster pace than the service-providing sectors, which increased 0.9 percent. The mining, logging, and construction and the manufacturing sectors increased by 300 and 100 jobs, or 3.3 and 1.9 percent, respectively, compared with a year ago.
- The education and health services sector added the most jobs, whereas the information and the other services sectors increased at the fastest pace. The education and health services sector increased by 700 jobs, or 2.9 percent, and the information and the other services sectors both increased 4.8 percent, or by 100 and 300 jobs, respectively, from a year earlier.
- Payrolls in the leisure and hospitality and the government sectors were unchanged from a year earlier, and jobs in the wholesale and retail trade sector declined by 100, or 0.4 percent, from a year ago. These three sectors combined accounted for nearly 53 percent of the nonfarm payrolls in the metropolitan area.
- The unemployment rate averaged 3.6 percent, up from 3.3 percent a year ago and the 3.4-percent rate from 2 years

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As of the 3 months ending October 2024, nonfarm payrolls in the Lubbock metropolitan area expanded in 8 of the 11 employment sectors compared with the same period a year ago.

	3 Months Ending		Year-Over-Year Change	
	October 2023 (Thousands)	October 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	160.4	162.1	1.7	1.1
Goods-Producing Sectors	14.2	14.6	0.4	2.8
Mining, Logging, & Construction	9.0	9.3	0.3	3.3
Manufacturing	5.2	5.3	0.1	1.9
Service-Providing Sectors	146.2	147.5	1.3	0.9
Wholesale & Retail Trade	27.6	27.5	-0.1	-0.4
Transportation & Utilities	6.0	6.1	0.1	1.7
Information	2.1	2.2	0.1	4.8
Financial Activities	7.9	8.0	0.1	1.3
Professional & Business Services	14.0	14.1	0.1	0.7
Education & Health Services	24.2	24.9	0.7	2.9
Leisure & Hospitality	22.1	22.1	0.0	0.0
Other Services	6.2	6.5	0.3	4.8
Government	36.0	36.0	0.0	0.0
Unemployment Rate	3.3%	3.6%		

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

Source: U.S. Bureau of Labor Statistics



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ago. The labor force increased more quickly than resident employment, resulting in an increase in unemployment.

The metropolitan area economy depends heavily on government, the largest nonfarm payroll sector, with 36,000 jobs as of the 3 months ending October 2024, or 22 percent of all nonfarm payrolls. State government jobs accounted for nearly 42 percent of government jobs and included the second largest employer in the metropolitan area, TTU, with 5,588 employees. Based on the most recent study, TTU and its component institutions contributed \$16.4 billion to the Texas economy in 2021 (TTU).

Largest Employers in the Lubbock Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Covenant Health System	Education and Health Services	5,845
Texas Tech University	Government	5,588
University Medical Center	Education and Health Services	4,090

Note: Excludes local school districts.

Source: City of Lubbock Annual Report, 2023

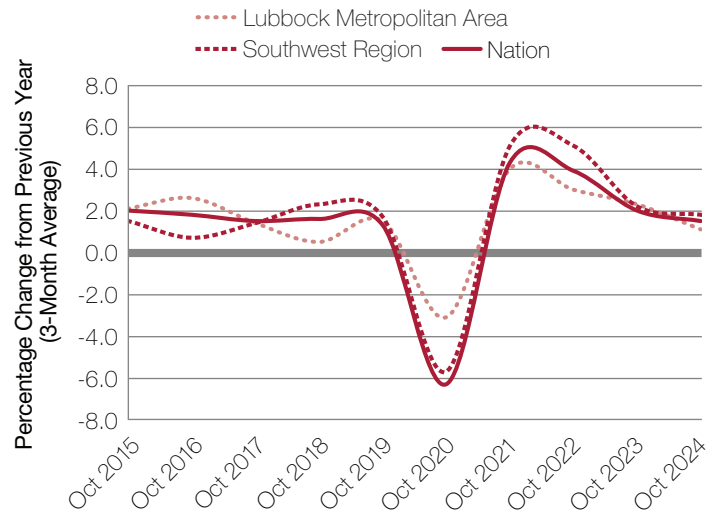
Sales Market Conditions

Sales housing market conditions in the Lubbock metropolitan area are balanced, with an estimated vacancy rate of 1.5 percent, which is unchanged from April 2020. Home sales have decreased since mid-2022 because of elevated mortgage interest rates. During the 12 months ending October 2024, new and existing home sales in the metropolitan area decreased by nearly 110, or 2 percent, to 7,250 homes sold compared with a 20-percent decrease a year earlier (Zonda). As of October 2024, 1.1 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, up from 1.0 percent a year earlier (CoreLogic, Inc.).

During the 12 months ending October 2024 —

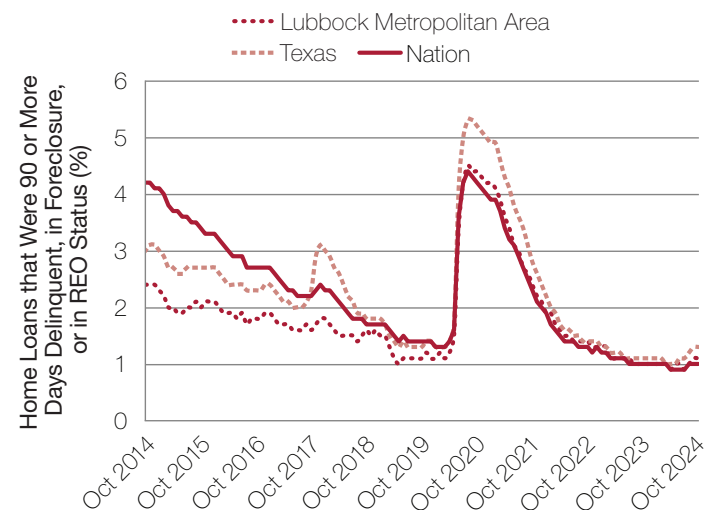
- The average sales price for new and existing homes in the metropolitan area was \$269,800, up 1 percent from a year earlier. By comparison, the average home price during the 12 months ending October 2023 was \$266,400, up 2 percent from a year earlier, when the average home price was \$261,400.
- New home sales fell 3 percent to 1,550 homes compared with a 13-percent decrease a year earlier. The average price for a new home fell 7 percent to \$287,700 compared with a year earlier, when it decreased less than 1 percent to \$307,900. The average price declined because construction of new homes priced above \$350,000 decreased 35 percent

The rate of job growth in the Lubbock metropolitan area was less than the rates for both the Southwest Region and the nation as of the 3 months ending October 2024.



Source: U.S. Bureau of Labor Statistics

In October 2024, the percentage of home loans 90 or more days delinquent, in foreclosure, or in REO status in the Lubbock metropolitan area was lower than in the state of Texas but slightly higher than in the nation.



REO = real estate owned.

Source: CoreLogic, Inc.

and the number of homes priced at or below \$350,000 increased 9 percent from a year earlier.

- Existing home sales, which include regular resales and REO sales, decreased 1 percent to 5,700 homes compared

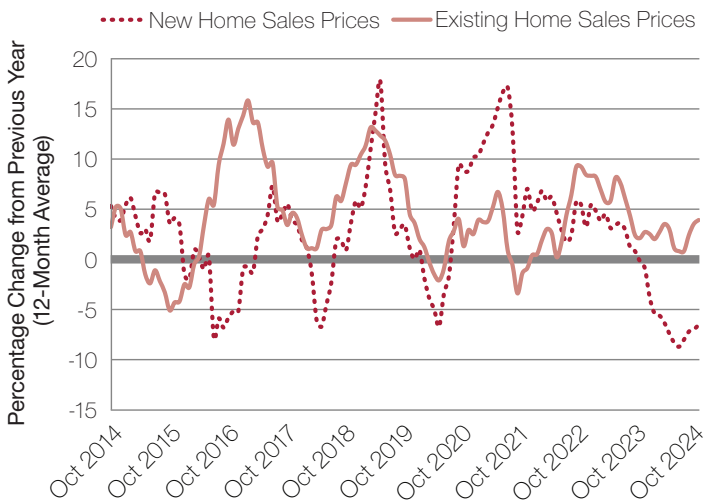
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with a 22-percent decline a year earlier. The average price for existing homes rose 4 percent to \$264,900 compared with a year earlier, when the average price increased 2 percent to \$254,900.

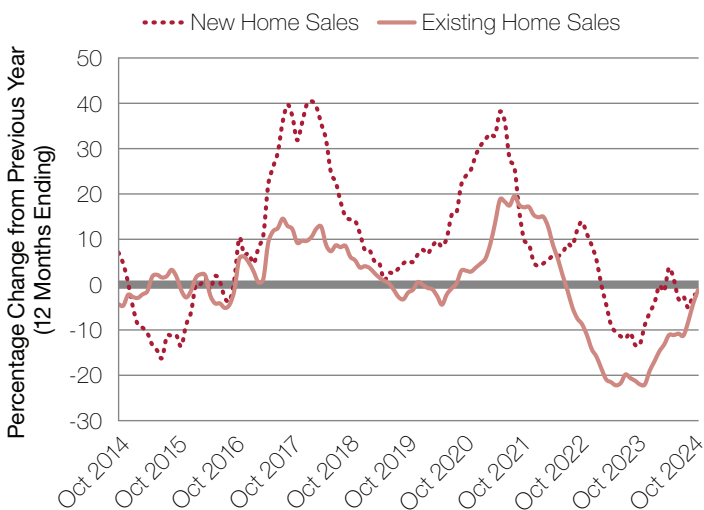
- Regular resales decreased by 80 homes, or 1 percent, to 5,625 compared with a 22-percent decline a year earlier. The average price for a regular resale home was \$265,600, up 4 percent from a year earlier, when the average price increased 2 percent.

In the Lubbock metropolitan area, existing home sales prices rose during the 12 months ending October 2024, whereas new home sales prices fell.



Note: Prices are for single-family homes, townhomes, and condominiums.
Source: Zonda

During the 12 months ending October 2024, new and existing home sales in the Lubbock metropolitan area declined at a moderate pace compared with a year earlier.

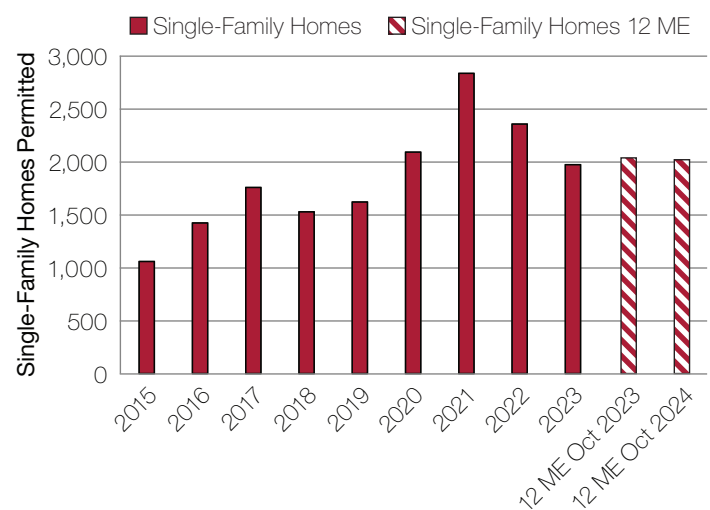


Note: Sales are for single-family homes, townhomes, and condominiums.
Source: Zonda

Single-family homebuilding activity, as measured by the number of single-family homes permitted and estimates by the analyst, decreased year over year in the metropolitan area by nearly 25 homes, or 1 percent, to 2,025 homes during the 12 months ending October 2024 compared with a 16-percent decline a year earlier because home builders responded to a decrease in home sales demand during the past 2 years.

- Single-family homebuilding activity increased an average of 23 percent annually from 2019 through 2021 before declining an average of 17 percent annually in 2022 and 2023.
- Most of the single-family building activity has been in the principal city of Lubbock. However, construction activity has been increasing in the city of Wolfforth, southwest of Lubbock. The city of Lubbock accounted for approximately 91 percent of all single-family construction activity in the metropolitan area from 2015 through 2021 before declining to nearly 86 percent of all single-family construction activity in 2022 and 2023. By comparison, the city of Wolfforth accounted for nearly 7 percent of single-family building activity in the HMA from 2015 through 2021 before rising to 13 percent in 2022 and 2023.
- New home construction is underway at Terra Vista in the western portion of the city of Lubbock. The development offers three- and four-bedroom single-family homes ranging in size from 1,329 to 2,168 square feet, with prices starting at \$207,990.

The number of single-family homes permitted in the Lubbock metropolitan area has declined since 2022 after increasing each year from 2019 through 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

Apartment market conditions in the Lubbock metropolitan area are currently soft but improving. Apartment market conditions have softened since the third quarter of 2022, when market conditions were slightly tight. Approximately 1,100 new apartment units have been delivered since the start of 2023, outpacing the absorption of approximately 130 units and contributing to weaker market conditions since the beginning of 2023 (CoStar Group). However, market conditions are improving. Although the vacancy rate is high, absorption increased during the 12 months ending September 2024, totaling 270 units, a reversal from the previous 12-month period, when negative absorption totaled 310 units because of people vacating apartments.

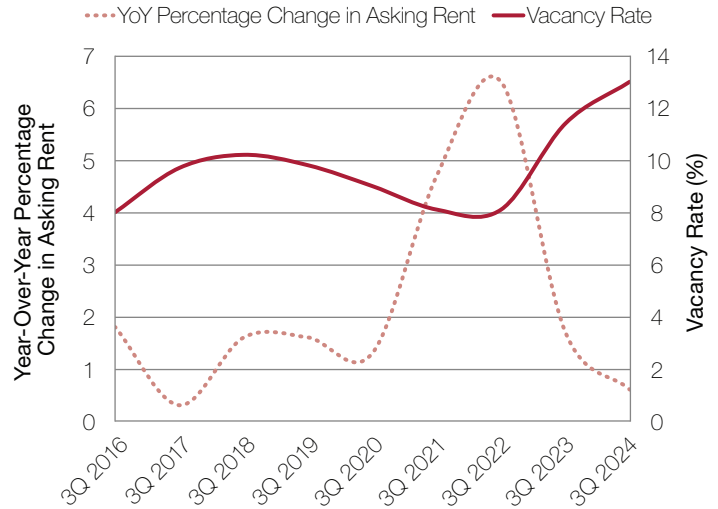
As of the third quarter of 2024—

- The apartment vacancy rate in the metropolitan area was 13.0 percent, up from 11.4 percent the previous year and from a recent third quarter low of 8.1 percent as of the third quarters of 2022 and 2021 (CoStar Group).
- The average asking rent for an apartment in the metropolitan area was \$943, representing an increase of \$6, or less than 1 percent, from a year earlier, when the average asking rent increased by \$16, or nearly 2 percent. By comparison, the average apartment asking rent was \$921 as of the third quarter of 2022, representing an increase of \$56, or nearly 7 percent, from a year earlier.
- The average vacancy rate for class A apartments fell to 5.3 percent, down from 8.0 percent a year earlier, and the average rent for class A apartments was \$1,159, which was relatively unchanged from a year earlier.
- The average vacancy rate for class B and C apartments was 14.0 percent, up from 11.9 percent a year earlier, and the average rent for class B and C units increased nearly 1 percent to \$906.
- Student households account for an estimated 12 percent of the occupied rental units in the metropolitan area. Among apartments targeted to college students, which are often leased by the bedroom, the vacancy rate in the metropolitan area was 17.4 percent, and the average asking rent per bed was \$622, up \$13, or 2 percent, from the third quarter of 2023.

Most recently, developers pulled back on construction of rental units because apartment market conditions weakened, partly due to the increasing number of units that entered the market during the past 24 months.

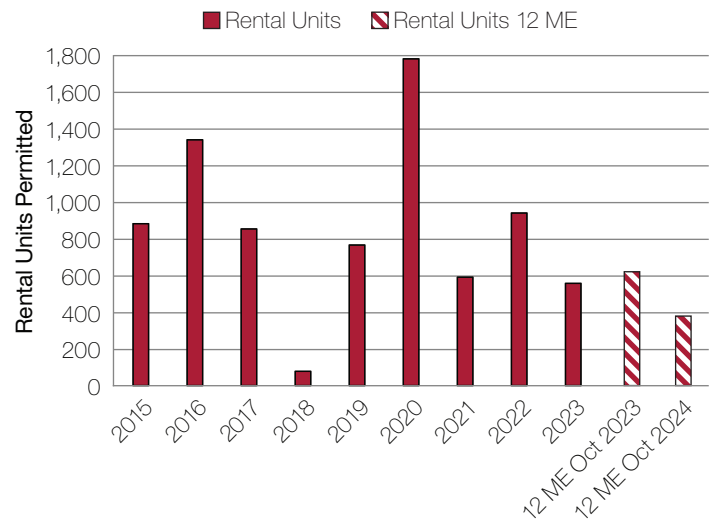
- Rental construction activity, as measured by the number of rental units permitted and estimates by the analyst, totaled

Since the third quarter of 2022, the apartment vacancy rate in the Lubbock metropolitan area has increased, and growth in the average apartment rent has slowed.



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

The number of rental units permitted in the Lubbock metropolitan area fell below 400 during the 12 months ending October 2024, the lowest 12-month total since 2018.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

380 units during the 12 months ending October 2024, down nearly 39 percent from the 620 units permitted a year earlier.

- Rental construction activity averaged 1,025 units each year from 2015 through 2017 before declining to a low of 80 units

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permitted in 2018, when absorption of apartment units declined nearly 53 percent from 2017. Rental construction activity increased to a peak of 1,775 units permitted in 2020 before declining to an average of 700 units each year from 2021 through 2023.

- Approximately 325 rental units are currently under construction in the metropolitan area, 89 percent of which are in structures

with five or more units, all in the city of Lubbock. The 257-unit Falcon's Nest Apartments opened during the first half of 2024 and offers one-, two-, and three-bedroom apartments with respective monthly rents of \$1,075, \$1,350, and \$1,600.

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
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.
Existing Home Sales	Includes regular resales and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Regular Resales	These 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 and include short sales.
Seriously Delinquent Mortgages	Mortgages 90 or more 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.
2.	The HUD Southwest region includes Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.