

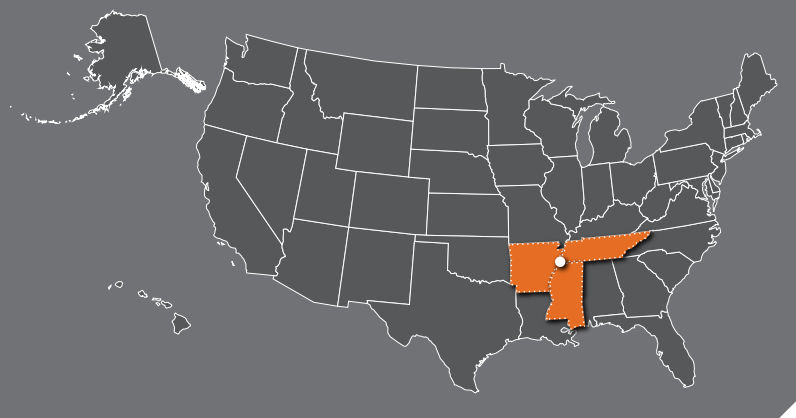
HUD PD&R Housing Market Profiles

Memphis, Tennessee-Mississippi-Arkansas



Quick Facts About Memphis

- Current sales market conditions: balanced
- Current apartment market conditions: soft
- The city of Memphis serves as a major distribution and logistics hub in the nation. The Memphis International Airport handled 8.56 billion pounds of cargo during 2023, down 4 percent from a year earlier. The airport is the busiest cargo airport in North America and the second busiest in the world after Hong Kong International Airport (Airports Council International).



Memphis, Tennessee

By [Tomasz Kukawski](#) | As of May 1, 2024

Overview

The Memphis Metropolitan Statistical Area (hereafter, Memphis metropolitan area) is in southwestern Tennessee and extends into neighboring Arkansas and Mississippi. The metropolitan area includes Fayette, Shelby, and Tipton Counties in Tennessee; Benton, DeSoto, Marshall, Tate, and Tunica Counties in Mississippi; and Crittenden County in Arkansas. Located along the banks of the Mississippi River, the city of Memphis is the principal city in the metropolitan area and the largest city on the Mississippi. Following the full recovery in 2022 from the COVID-19 pandemic downturn, economic growth started to slow, and the local economy contracted during the past year. Home sales market conditions are balanced but softening because of reduced demand for homebuying from net out-migration. The low inventory of homes available for sale and increased costs of homeownership have also contributed to declining sales. Apartment market conditions are soft due to an increased supply of new apartments that more than offset absorption.

- As of May 1, 2024, the estimated population of the metropolitan area was 1.33 million, representing an

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average decline of 3,050, or 0.2 percent, annually since April 2020. By comparison, the population increased from 2010 to 2020 by an average of 2,050, or 0.2 percent, a year.

- Since 2020, an increase in COVID-19 deaths and a decline in births have resulted in relatively slow net natural increase that averaged an estimated 1,800 people a year compared with an average of 6,800 people annually from 2010 to 2020 (U.S. Census Bureau decennial census counts and population estimates as of July 1). Net out-migration from

the metropolitan area averaged about 4,750 people a year from 2010 to 2020 and has increased modestly to an average of 4,850 people a year since 2020.

- With an estimated 904,800 people, Shelby County is the most populous county in the metropolitan area. The population of Shelby County remained relatively unchanged from 2010 to 2020 but has declined an average of 0.7 percent a year since 2020, partly because of net out-migration from densely populated areas following the start of the pandemic.

Economic Conditions

The local economy weakened during the past year. Job losses in the professional and business services sector and consolidation in the transportation and utilities sector contributed to the deteriorating economic conditions. Jobs in the transportation and utilities sector accounted for 13 percent of all nonfarm payroll jobs in the Memphis metropolitan area compared with less than 5 percent nationally. The metropolitan area is home to FedEx Corporation, which employs approximately 35,000 people. In addition, United Parcel Service, Inc.; DHL Group; and the U.S. Postal Service have a substantial presence near the Memphis International Airport. Increased online commerce since 2020 has spurred rapid growth in the transportation and utilities sector and helped the local economy recover from the COVID-19-related downturn by the end of 2022. However, job growth began to slow during 2023, and during the 3 months

ending April 2024, nonfarm payrolls in the metropolitan area fell by 9,400 jobs, or 1.4 percent, from a year ago to 653,000 jobs, following a 1.0-percent gain a year earlier. By comparison, the national economy added jobs during the past year, increasing 1.8 percent as of the 3 months ending April 2024, slower than the 2.6-percent increase during the same period a year earlier.

As of the 3 months ending April 2024 —

- Eight of 11 nonfarm payroll sectors in the metropolitan area lost jobs, with the largest decrease in the professional and business services sector, which declined by 5,300 jobs, or 5.5 percent, from a year earlier. Most of the decline—4,900 jobs, or 92 percent—occurred in the administrative and support services subsector, which includes the temporary help services industry.

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As of the 3 months ending April 2024, jobs declined in 8 of 11 nonfarm payroll sectors in the Memphis metropolitan area compared with a year earlier.

	3 Months Ending		Year-Over-Year Change	
	April 2023 (Thousands)	April 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	662.4	653.0	-9.4	-1.4
Goods-Producing Sectors	68.8	67.1	-1.7	-2.5
Mining, Logging, & Construction	25.0	24.2	-0.8	-3.2
Manufacturing	43.8	42.9	-0.9	-2.1
Service-Providing Sectors	593.6	585.8	-7.8	-1.3
Wholesale & Retail Trade	99.7	99.1	-0.6	-0.6
Transportation & Utilities	87.4	85.3	-2.1	-2.4
Information	5.6	5.7	0.1	1.8
Financial Activities	28.8	27.9	-0.9	-3.1
Professional & Business Services	95.6	90.3	-5.3	-5.5
Education & Health Services	98.3	102.5	4.2	4.3
Leisure & Hospitality	61.7	61.1	-0.6	-1.0
Other Services	27.6	28.0	0.4	1.4
Government	88.9	85.9	-3.0	-3.4
Unemployment Rate	3.8%	3.5%		

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

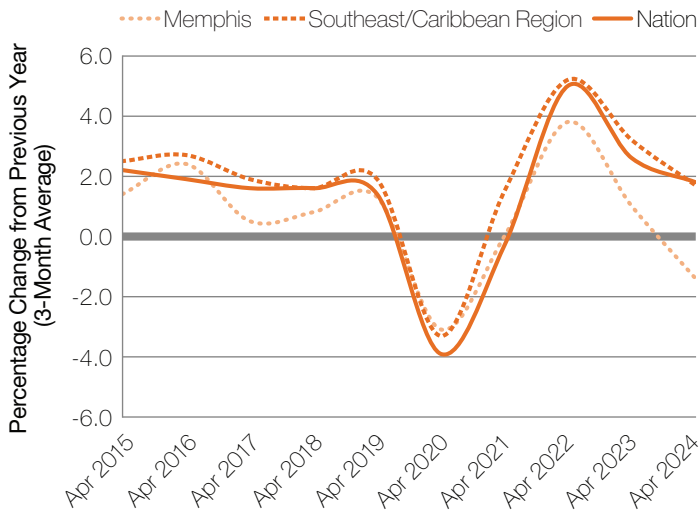
Source: U.S. Bureau of Labor Statistics



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- In response to declining consumer demand for online commerce, the transportation and utilities sector decreased by 2,100 jobs, or 2.4 percent, compared with a year earlier. GXO Logistics, Inc. laid off more than 200 employees in March 2024, contributing to job losses in the sector. By comparison, growth in the transportation and utilities sector averaged 5.1 percent a year from the 3 months ending April 2021 through the 3 months ending April 2023.
- A gain of 4,200 jobs, or 4.3 percent, in the education and health services sector, which reached a new high of 102,500 jobs, partially offset overall job losses in the metropolitan area. It is the largest employment sector in the metropolitan area, accounting for nearly 16 percent of all nonfarm payroll jobs.

Nonfarm payrolls declined in the Memphis metropolitan area during the past year, and jobs grew at slower paces in the Southeast/Caribbean region and the nation.



Source: U.S. Bureau of Labor Statistics

- The unemployment rate declined from 3.8 percent a year earlier to 3.5 percent, primarily because a decrease in the labor force outpaced the decline in resident employment.

Ford Motor Company is investing \$5.6 billion to build the 3,600-acre BlueOval City campus that will serve as a manufacturing plant for the new Ford EV truck and batteries. The project is the largest single investment in the history of Tennessee. The campus, just east of the metropolitan area in neighboring Haywood County, Tennessee, is under construction and will create approximately 6,000 new jobs when completed in 2025. The anticipated job growth has contributed to increased residential permitting activity in the suburban areas of the metropolitan area. A \$1.5 billion expansion project is ongoing at St. Jude Children's Research Hospital in the city of Memphis. Construction is underway on two 15-story towers that will include a new hospital and clinical research facilities. The project has contributed to job gains in the nonresidential construction industry that partially offset an overall decline in the mining, logging, and construction sector during the 3 months ending April 2024. The development is the largest expansion project in the history of St. Jude and is expected to add more than 1,000 new jobs by 2027.

Largest Employers in the Memphis Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
FedEx Corporation	Transportation & Utilities	35,000
United States Government	Government	16,100
Tennessee State Government	Government	14,200

Note: Excludes local school districts.

Source: *Memphis Business Journal*

Sales Market Conditions

The sales housing market in the Memphis metropolitan area is currently balanced, with an estimated vacancy rate of 1.2 percent, up slightly from 1.1 percent in 2020. Home sales in the metropolitan area declined for the second consecutive year, partly because of the very low supply of existing homes available for sale and because higher mortgage interest rates reduced demand. During the 12 months ending April 2024, new and existing home sales—including single-family homes, townhomes, and condominiums—totaled about 21,850, representing an 18-percent decrease from the 26,700 homes sold a year earlier, which followed a 21-percent year-over-year decline (Zonda). Although the inventory of homes available for sale grew during the past year, it remained generally low, representing 2.9 months

of supply in April 2024, up from a 2.5-month supply in April 2023 and markedly above the recent low of 1.5 months in April 2022 (Redfin, a national real estate broker). The supply of homes available for sale in the metropolitan area is so low that the housing market is balanced despite weakening economic conditions and net out-migration. In March 2024, the percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or that had transitioned into real estate owned status was 1.6 percent, reflecting a decline from 1.8 percent a year earlier and from a recent 5.7-percent high in September 2020 (CoreLogic, Inc.). The current rate in the metropolitan area is higher than the 0.8-percent rate for Tennessee and the 1.0-percent rate for the nation.

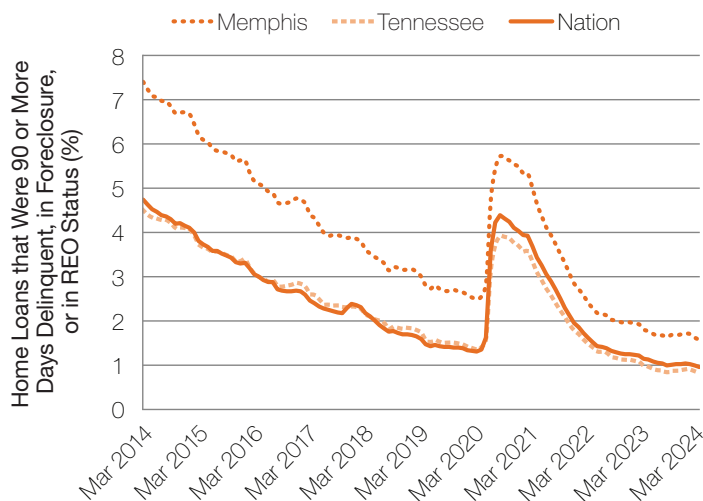
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As of the 12 months ending April 2024—

- New home sales totaled 1,625, representing a decline of 490 sales, or 23 percent, from the same period a year earlier. By comparison, new home sales rose an average of 7 percent a year when mortgage interest rates were low from 2019 through 2021 and reached a recent high of 2,350 new homes sold during 2021.
- Existing home sales totaled 20,250, down by 4,325, or 18 percent, from the previous 12 months, following a 21-percent decline during the 12 months ending April 2023. From 2018 through 2020, existing home sales in the metropolitan area rose modestly, averaging a gain of nearly 3 percent a year, before rising 11 percent during 2021, when demand for homes increased during the pandemic.
- The average price for a new home reached a high of \$457,500, representing a 9-percent increase from the average price a year earlier. Since 2020, the average price for a new home in the metropolitan area has risen an average of nearly 9 percent annually.
- The average price for an existing home was \$263,700, representing an increase of \$1,850, or nearly 1 percent, compared with a year earlier. Prices for existing homes in the metropolitan area grew an average of about 3 percent annually from 2016 through 2019 before accelerating to an average annual increase of 10 percent from 2020 through 2022.

The percentage of home loans 90 or more days delinquent, in foreclosure, or that transitioned to REO status reached a new low during the past year in the Memphis metropolitan area but remained higher than the national rate.

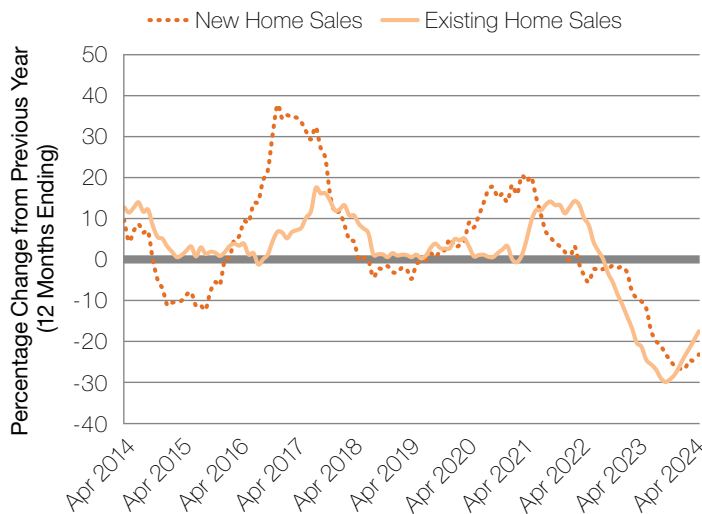


REO = real estate owned.
Source: CoreLogic, Inc.

New home construction in the metropolitan area, as measured by the number of single-family homes, townhomes, and condominiums permitted, rose during the past 12 months, following 2 years of slowing home production from 2022 through 2023.

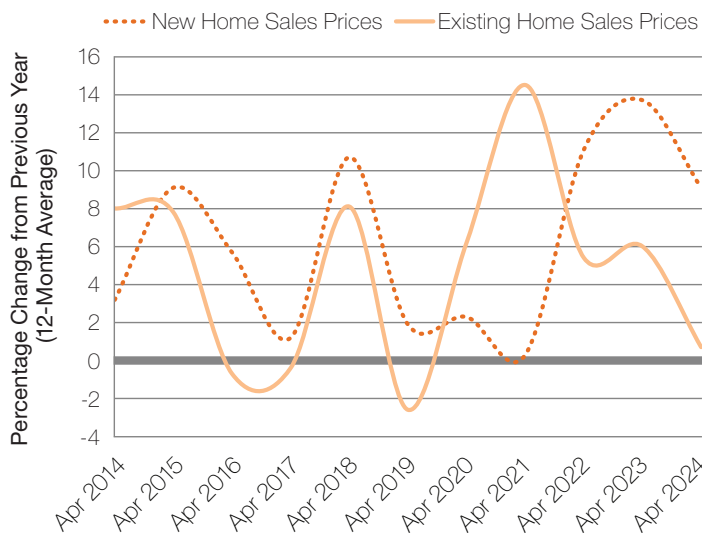
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New and existing home sales in the Memphis metropolitan area declined during the 12 months ending April 2024, continuing a trend that began in 2022.



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

During the past year, the average sales price of a new home in the Memphis metropolitan area rose much faster than the average sales price of an existing home.

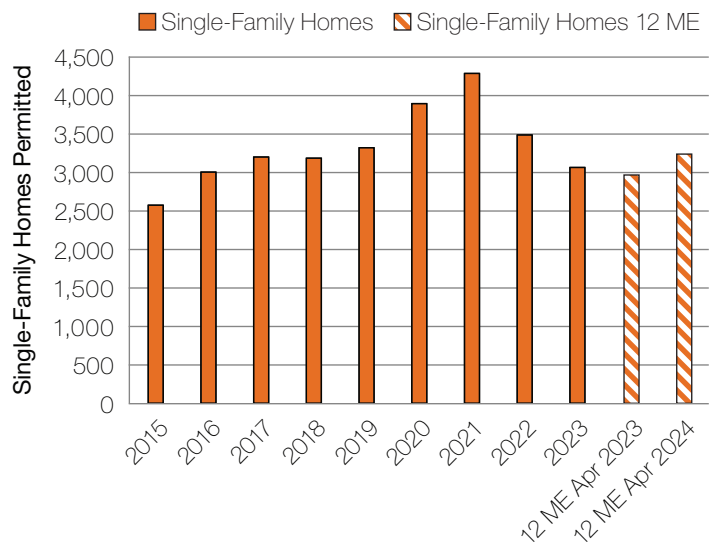


Note: Prices are for single-family homes, townhomes, and condominiums.
Source: Zonda

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- During the 12 months ending April 2024, the number of homes permitted totaled 3,225, an increase of 270, or 9 percent, from a year earlier (preliminary data).
- Since the recent low of 2,575 homes permitted during 2015, new home construction has risen an average of 9 percent a year to the recent high of 4,275 homes permitted during 2021. Following that high, construction activity decreased for 2 consecutive years, averaging a decline of 16 percent a year to 3,050 homes permitted in 2023.
- Most new home construction in the metropolitan area occurred in DeSoto County, where 1,100 sales housing units were permitted during the past 12 months. Permitting in DeSoto County accounted for 34 percent of all sales units permitted in the metropolitan area, even though the county accounts for only 14 percent of the population in the metropolitan area.
- The second most sales units permitted in the metropolitan area was 1,000 in Shelby County, accounting for approximately 31 percent of all sales units permitted. Despite the declining population since 2020, construction of new homes for sale in the county has been steady, averaging 1,050 homes permitted annually since 2020, similar to the 1,000 homes a year permitted from 2015 through 2020. Most building activity in Shelby County during the past year occurred near the suburban towns of Germantown and Collierville, approximately 30 miles east of downtown Memphis.

Following declines during 2022 and 2023, construction of homes for sale in the Memphis metropolitan area increased during the 12 months ending April 2024.



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

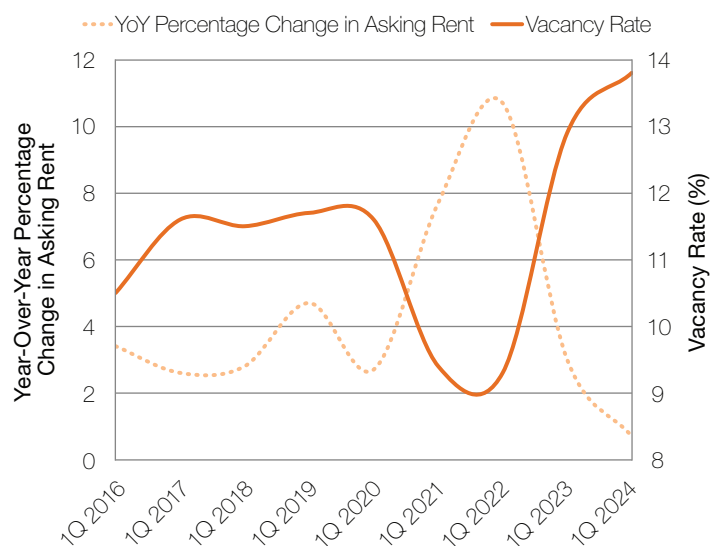
The apartment market in the Memphis metropolitan area is soft, with a 13.8-percent vacancy rate as of the first quarter of 2024, up from 12.9 percent a year earlier and above the 11.6-percent vacancy rate as of the first quarter of 2020 (CoStar Group). The apartment vacancy rate increased during the past year because accelerating net out-migration from the metropolitan area reduced demand and new apartment completions increased. Beginning in 2020, builders ramped up construction, responding to strong rent growth and a sharp increase in apartment absorption, which averaged 2,350 units a year in 2020 and 2021 compared with only 330 units absorbed during 2019. However, weaker population growth during 2022 and 2023 slowed demand, and absorption of apartment units turned negative, averaging about 1,500 units annually.

As of the first quarter of 2024—

- The average rent for an apartment was \$1,125, up by \$8, or less than 1 percent, from the first quarter of 2023. By comparison, rent growth averaged more than 7 percent a year from the first quarter of 2020 to the first quarter of 2023.

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As of the first quarter of 2024, apartment rent growth slowed and the vacancy rate increased from a year ago in the Memphis metropolitan area.



1Q = first quarter. YoY = year-over-year.

Source: CoStar Group

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- The average rents in the metropolitan area were \$931, \$1,052, \$1,148, and \$1,393 for studio, one-bedroom, two-bedroom, and three-bedroom units, respectively.
- The CoStar-defined Frayser/Raleigh market area had the highest vacancy rate of 24.3 percent, up from 20.5 percent a year earlier. This area consists of older urban neighborhoods northeast of downtown Memphis that once included manufacturing companies and where the population has declined substantially since the 1980s.
- The Tipton County and Tate County market areas in the far north and south suburbs, respectively, had the lowest vacancy rates, partly because of very limited new rental unit construction. The apartment vacancy rates in the Tipton County and Tate County market areas were 3.8 and 3.9 percent, respectively, up slightly from 3.3 and 3.5 percent as of the first quarter of 2023.

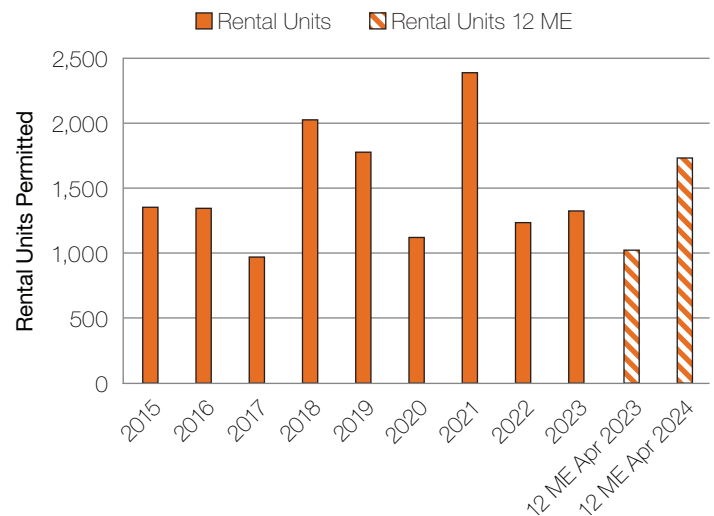
Construction of new rental units in the metropolitan area, as measured by the number of units permitted, rose substantially during the past year because builders anticipated stronger future demand despite current weak apartment market conditions.

- During the 12 months ending April 2024, approximately 1,725 rental units were permitted, a 68-percent increase from the 1,025 units permitted during the same period a year ago (preliminary data, with adjustments by the analyst).
- Rental construction activity decreased an average of 26 percent a year during 2019 and 2020 before rising sharply to a recent high of 2,400 units permitted in 2021 because demand for apartments rose following the outbreak of the pandemic. However, construction slowed sharply to 1,225 units permitted in 2022.
- An estimated 1,950 rental units are under construction in the metropolitan area. Approximately 92 percent of the units are

in Shelby County, with most of the construction—1,150 units, or about 60 percent of the total—in the city of Memphis.

- Recently completed rental properties include the 296-unit Link Apartments Broad Ave located in East Memphis, which is 53 percent occupied. The property offers studio, one-bedroom, and two-bedroom units, with monthly rents ranging from \$1,110 for a studio to \$1,915 for a two-bedroom unit. The 372-unit Orleans Station in the Medical District of Memphis just east of downtown opened in early 2024 and is 45 percent occupied. Rents start at \$1,374 and \$1,849 for one- and two-bedroom apartments, respectively.

Rental housing construction in the Memphis metropolitan area increased sharply during the 12 months ending April 2024.



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

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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes regular resales and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, 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.
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 Southeast/Caribbean region includes Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and the U.S. Virgin Islands.