

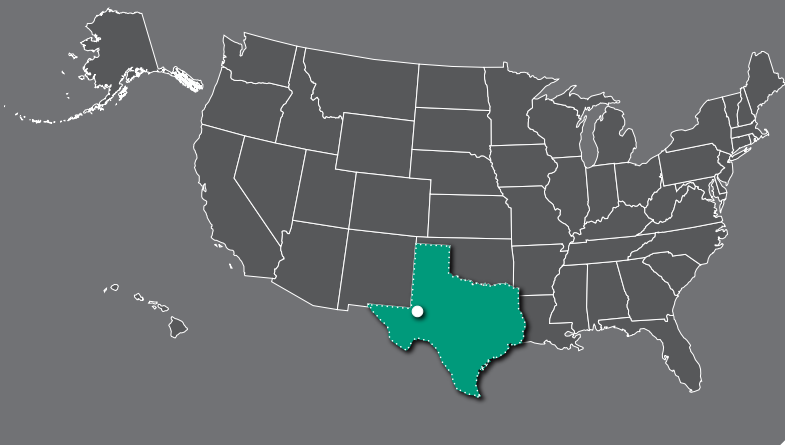
HUD PD&R Housing Market Profiles

Midland, Texas



Quick Facts About Midland

- Current sales market conditions: slightly tight
- Current apartment market conditions: balanced
- The childhood home of former President George W. Bush is in Midland, and it is a part of the National Register of Historic Places. The house was restored to its appearance during the Bush residency in the early 1950s and opened to the public on April 11, 2006 (Texas Historical Commission).



By [Andrew Cross](#) | As of March 1, 2024

Overview

The Midland, TX Metropolitan Statistical Area (hereafter, Midland metropolitan area) is in west Texas, approximately halfway between the cities of Fort Worth and El Paso, Texas, and consists of Martin and Midland Counties. The oil industry heavily influences the economy of the metropolitan area because it is on the Permian Basin, an area rich in oil deposits. Midland and Martin Counties are the first and second largest oil producers in the state of Texas, respectively. Due to the heavy influence of the oil industry on the local economy, the Midland economy is susceptible to the price of oil and closely follows the cycle of the oil industry.

- As of March 1, 2024, the metropolitan area population is estimated at 184,700, representing an average increase of 2,450, or 1.4 percent, annually since April 2020.
- Since 2021, net in-migration has averaged 2,500 residents annually, partly due to an influx of transient workers associated with increased oil exploration. By comparison, net in-migration averaged 1,050 people annually from 2016 to 2020.

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- Martin and Midland Counties produced 23 percent of the total oil and 11 percent of the total natural gas in Texas during the 12 months ending January 2024, the most recent data available (Railroad Commission of Texas). These shares

are in line with recent trends. However, oil production as a percentage of total state production has been on the rise since 2015, when the metropolitan area produced 9 percent of the total oil and 3 percent of the total natural gas in Texas.

Economic Conditions

Economic conditions are currently strong in the Midland metropolitan area. As of the three months ending February 2024, nonfarm payrolls totaled 121,600, increasing by 3,300, or 2.8 percent, from a year ago. Nonfarm payrolls rebounded strongly after a sharp decline in March and April of 2020 due to the COVID-19-related downturn. An increase in oil prices fueled the recovery, and by the fourth quarter of 2022, nonfarm payrolls exceeded the fourth quarter of 2019 prepandemic job levels by 2.1 percent.

As of the 3 months ending February 2024—

- The government sector increased by 800 jobs, or 8.0 percent, to 10,800 jobs compared with a year earlier, representing the largest gain in percentage terms. Strong net in-migration contributed to an increase of tax revenues in the metropolitan area that have been used for local government hiring in response to higher demand for city services.

- The wholesale and retail trade sector accounts for nearly 14 percent of all jobs in the metropolitan area. It is the second largest employment sector, increasing by 500 jobs, or 3.0 percent, to 16,900 jobs from a year earlier.
- The mining, logging, and construction sector increased by 400 jobs, or 1.0 percent, to 40,500 jobs from a year ago. The sector accounts for more than 33 percent of all jobs and is the largest employment sector in the metropolitan area.
- The average unemployment rate was 2.5 percent, down from 2.7 percent a year earlier.

The Permian Basin is the highest producing oil field in the nation, accounting for approximately 40 percent of all oil production and 15 percent of natural gas production in the nation. The Permian Basin includes more than 7,000 oil and natural gas fields and is approximately 250 miles wide and 300 miles long. The Midland Basin, a sub-basin within the

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As of the 3 months ending February 2024, nonfarm payrolls in the Midland metropolitan area increased in 10 of 11 payroll sectors from a year ago.

	3 Months Ending		Year-Over-Year Change	
	February 2023 (Thousands)	February 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	118.3	121.6	3.3	2.8
Goods-Producing Sectors	44.4	44.9	0.5	1.1
Mining, Logging, & Construction	40.1	40.5	0.4	1.0
Manufacturing	4.3	4.4	0.1	2.3
Service-Providing Sectors	74.0	76.7	2.7	3.6
Wholesale & Retail Trade	16.4	16.9	0.5	3.0
Transportation & Utilities	5.8	6.1	0.3	5.2
Information	1.0	0.9	-0.1	-10.0
Financial Activities	5.4	5.7	0.3	5.6
Professional & Business Services	11.3	11.5	0.2	1.8
Education & Health Services	8.5	8.8	0.3	3.5
Leisure & Hospitality	11.4	11.7	0.3	2.6
Other Services	4.2	4.3	0.1	2.4
Government	10.0	10.8	0.8	8.0
Unemployment Rate	2.7%	2.5%		

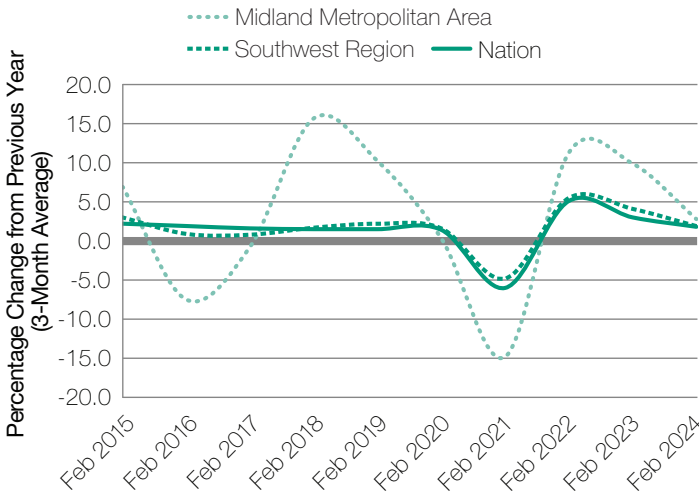
Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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Supported by strong energy markets, the Midland metropolitan area recovered from the COVID-19-related downturn at a much faster pace than the Southwest region or the nation.



Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

The sales market in the Midland metropolitan area is currently slightly tight, with an estimated vacancy rate of 1.5 percent, down from 1.6 percent in April 2020. During February 2024, a 2.4-month supply of for-sale inventory was available in the metropolitan area compared with a 2.0-month supply in February 2023 (Texas Real Estate Research Center at Texas A&M University). The supply of inventory has been below 3 months since October 2021. Home sales during the 12 months ending January 2024 totaled 4,025, a decrease of 640, or 14 percent, from the previous year (CoreLogic, Inc., with adjustments by the analyst). The percentage of home loans in the metropolitan area that were seriously delinquent or had transitioned into real estate owned status dropped to 1.2 percent in January 2024 from 1.9 percent in January 2023 (CoreLogic, Inc.). The current rate is above the 1.1 and 1.0 percent rates for Texas and the nation, respectively.

During the 12 months ending January 2024 —

- Existing home sales totaled 3,400, a decrease of 450 homes, or 12 percent, which represents a much faster slowdown in sales compared with the previous 12 months, when home sales decreased 9 percent.
- Existing home sales prices increased by \$11,350, or 3 percent, to \$346,700 compared with a 4-percent price increase during the previous 12 months.
- New home sales decreased by 200 homes, or 24 percent, to 620 homes sold compared with a 3-percent decrease

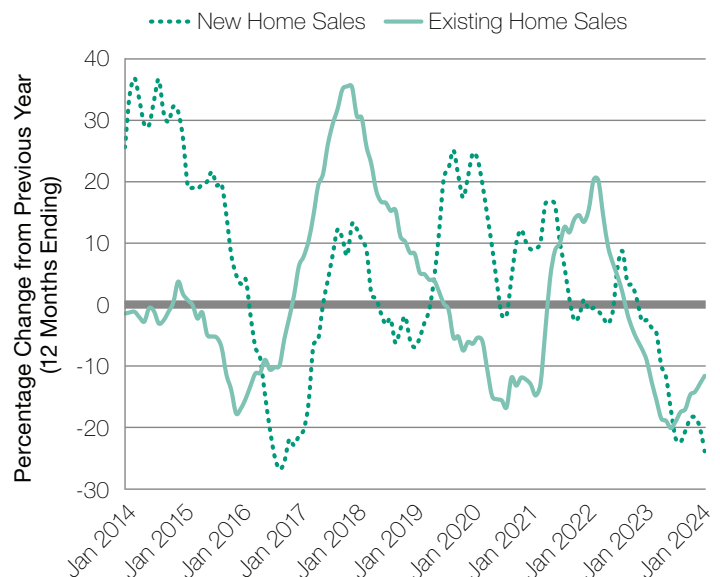
Permian Basin, consists of the Spraberry and Wolfcamp fields known as the Wolfberry. In 2022, the Permian Basin provided 577,900 jobs in Texas, collected \$18.4 billion in taxes, and accounted for \$181.8 billion of the U.S. gross domestic product (Permian Strategic Partnership). Due to the location of the metropolitan area in the Permian Basin, the mining, logging, and construction sector has been the largest nonfarm payroll sector since 2010.

Largest Employers in the Midland Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Midland Memorial Hospital	Education & Health Services	1,875
Endeavor Energy Resources, LP	Mining, Logging, & Construction	1,200
Pioneer Natural Resources	Mining, Logging, & Construction	1,175

Note: Excludes local school districts.
Source: City of Midland

New and existing home sales in the Midland metropolitan area have decreased since December 2022 because mortgage interest rates are elevated, and home prices continue to increase.



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

during the previous 12 months. The current level of new home sales is much lower than the peak of 890 homes sold during the 12 months ending August 2022.

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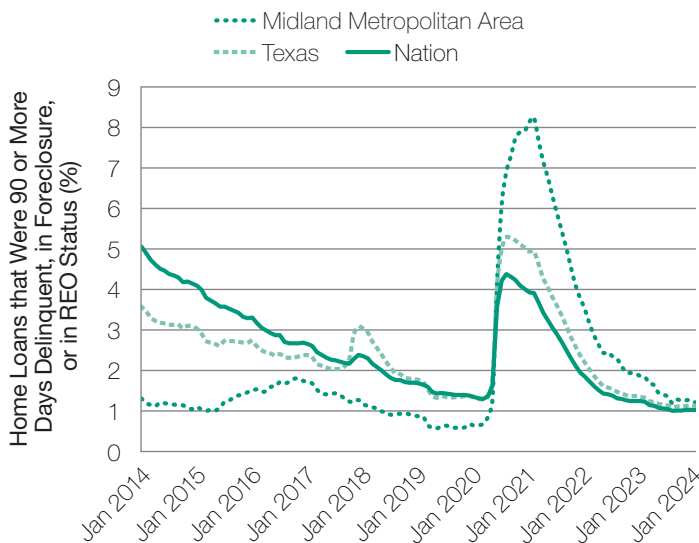
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- New home sales prices increased by \$6,100, or nearly 2 percent, to \$363,700 compared with a 7-percent increase the previous year.

Single-family home construction peaked in 2019, with 1,300 homes permitted during the year, the most homes permitted since 2010. Single-family home permitting has since decreased to levels similar to those during 2015 through 2016.

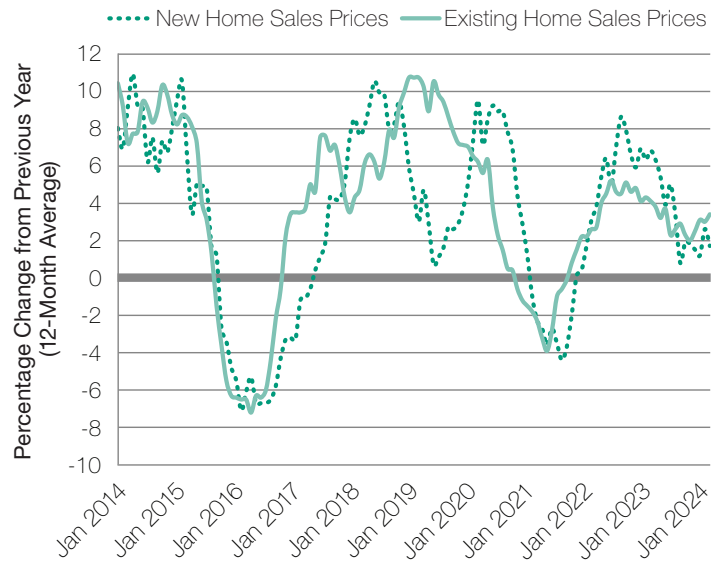
- Based on preliminary data, single-family home permitting increased during the 12 months ending February 2024 by 100 homes, or 15 percent, from the previous 12 months because strong energy markets and limited home supply contributed to slightly tight sales market conditions.
- From 2018 through 2020, home permitting in the metropolitan area averaged 1,275 homes annually, the highest average rate since 2010, due in part to strong net in-migration and strong economic conditions contributing to increased demand.
- Mockingbird Ridge is the most recent single-family development in the city of Midland. The development consists of two- to four-bedroom homes ranging from 1,010 to 2,660 square feet and a starting price of \$201,950, with 475 homes expected to be complete by the end of 2024. At buildout, Mockingbird Ridge is expected to consist of approximately 2,000 homes and estimated to be complete in 2030.

The sensitivity to energy prices in the Midland metropolitan area contributed to a much higher percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status during the pandemic compared with the state and nation.



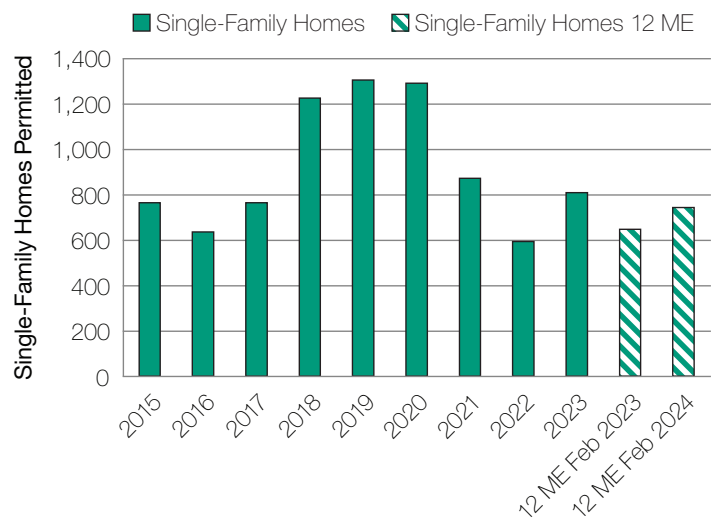
REO = real estate owned.
Source: CoreLogic, Inc.

New and existing home price gains in the Midland metropolitan area slowed partly due to rising mortgage interest rates but continued to increase because of limited supply.



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

Single-family home permitting in the Midland metropolitan area decreased from the 2019 peak because home sales slowed due to the rising costs associated with purchasing a home.



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 Midland metropolitan area are currently balanced. Boom and bust periods in the oil and gas extraction industry have a significant effect on apartment market conditions, causing considerable swings in the apartment vacancy rate. During 2020, oil production fell in response to the lowest price for a barrel of oil since 2000, and apartment market conditions softened considerably. The apartment vacancy rate increased to a record high of 21.7 percent as of the third quarter of 2020, the highest vacancy rate since 2000. Since 2021, however, oil production and corresponding prices have increased, contributing to improved apartment market conditions as transient workers migrated into the metropolitan area.

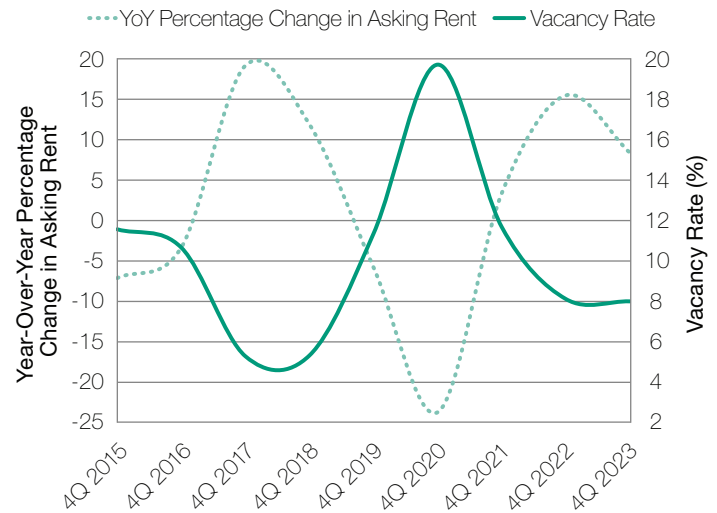
As of the fourth quarter of 2023—

- The apartment vacancy rate was 8.0 percent, down from 8.1 percent as of the fourth quarter of 2022 (CoStar Group).
- The average rent for an apartment was \$1,403, an increase of \$107, or 8 percent, from the fourth quarter of 2022. That average is below the peak of \$1,516 as of the fourth quarter of 2018.
- The average asking rents were \$1,226, \$1,526, and \$1,960 for one-, two-, and three-bedroom apartments, respectively, representing increases of 9, 7, and 10 percent compared with the same period a year ago.
- The vacancy rates for one-, two-, and three-bedroom apartments were 8.0, 8.0, and 7.5 percent, respectively, down from 8.1, 8.1, and 7.6 percent as of the fourth quarter of 2022.

Multifamily permitting has decreased recently following a period of sustained elevated construction activity. No multifamily permitting occurred during the 12 months ending February 2024 compared with 160 units during the previous 12 months.

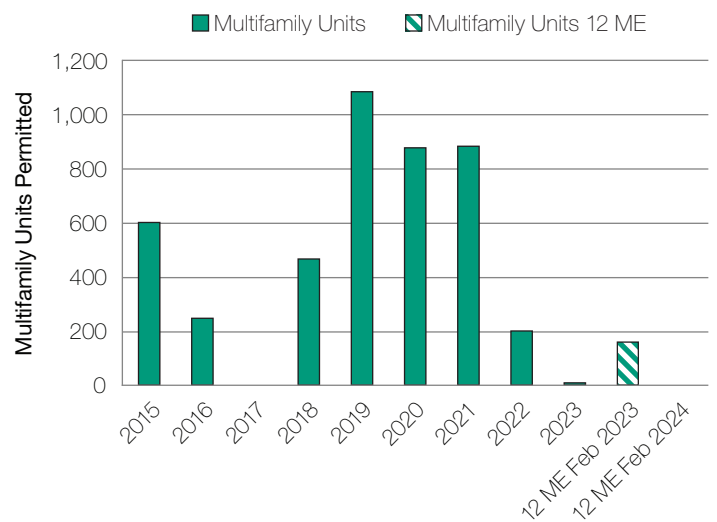
- Following a period of elevated multifamily production from 2013 through 2014, permitting slowed beginning in 2015 and had completely stopped by 2017 as economic conditions weakened following a large drop in oil prices.
- Oil prices recovered by 2018, and oil production increased, bringing workers back into the metropolitan area. Net immigration during 2018 contributed to the apartment market tightening, and multifamily production increased beginning in 2018, peaking in 2019 with 1,075 units permitted.
- Despite the COVID-19 pandemic contributing to a decrease in oil production and weak economic conditions in early 2020, permitting remained elevated from 2020 through 2021, averaging 880 units permitted annually.

The changes in asking rent and vacancy rate are notably volatile in the Midland metropolitan area due to the transient nature of jobs in the oil industry.



4Q = fourth quarter. YoY = year-over-year.
Source: CoStar Group

Multifamily permitting in the Midland metropolitan area is currently well below the recent high in 2019.



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

- FLATZ 432, a 342-unit property in the city of Midland, opened in the summer of 2022. Rents for one-, two-, and three-bedroom apartments averaged \$1,220, \$1,519, and \$1,952, respectively, as of the fourth quarter of 2023.

Terminology Definitions and Notes

A. Definitions

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 only those that are stabilized.
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 resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium 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.
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