

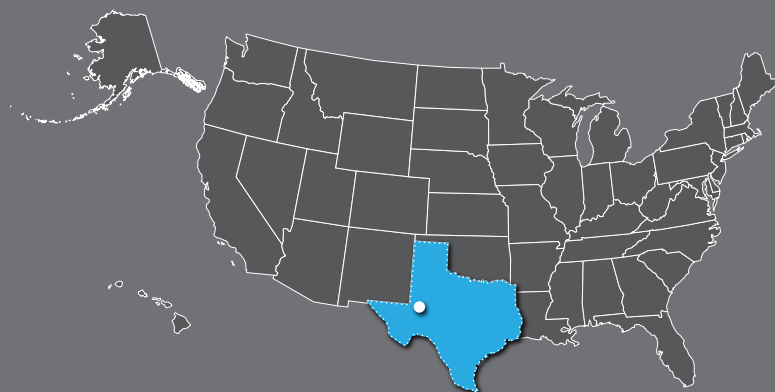
# HUD PD&R Housing Market Profiles

## Odessa, Texas



### Quick Facts About Odessa

- Current sales market conditions: balanced
- Current apartment market conditions: balanced
- The Odessa metropolitan area is in the Permian Basin, an oil- and gas-producing region with more than 300 active oil rigs, which represents more than one-half of the active oil rigs nationwide.



By [Alexander Flowers](#) | As of January 1, 2024

### Overview

The Odessa Metropolitan Statistical Area (hereafter, Odessa metropolitan area), coterminous with Ector County, is in the Permian Basin region of West Texas. The metropolitan area is heavily reliant on local energy production, with the local economy expanding and contracting with oil price fluctuations. The three largest employers in the area—NexTier Oilfield Solutions, Inc.; Saulsbury Industries; and Halliburton Energy Services, Inc.—are involved in some aspect of energy production, employing 2,400, 2,200, and 1,800 people, respectively. Global lockdowns, mandatory telework, and trade restrictions contributed to a decline in demand for oil because of the COVID-19 pandemic. In April 2020, the West Texas Intermediate (WTI) Crude Oil Spot Price fell 74 percent from the previous year to \$17. Although WTI has risen to \$72 as of December 2023, and oil production has reached an all-time peak, payrolls in the mining, logging, and construction sector have yet to reach prepandemic levels.

- As of January 1, 2024, the Odessa metropolitan area population is estimated at 167,500, representing an average annual increase of 610 people, or 0.4 percent, since April 2020, with net out-migration averaging 610 people annually.

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- From 2010 to 2020, net in-migration to the metropolitan area averaged 1,150 people annually. Fluctuations in the price of WTI during the decade contributed to volatile net in- and out-migration levels, ranging from net in-migration of 3,200 people from July 2012 to July 2013 to net out-migration of 4,125 people from July 2015 to July 2016.

## Economic Conditions

Economic conditions in the Odessa metropolitan area are strong and have fully recovered the number of jobs lost in March and April 2020 due to the COVID-19 pandemic (monthly data, not seasonally adjusted). During the fourth quarter of 2023, nonfarm payrolls totaled 82,300 jobs, an increase of 1,600 jobs, or 2.0 percent, from the fourth quarter of 2022, when nonfarm payrolls increased by 6,600 jobs, or 8.9 percent.

As of the fourth quarter of 2023—

- Job growth occurring in the metropolitan area was led by the mining, logging, and construction sector, up by 800 jobs, or 4.2 percent, from a year ago to 19,900 jobs. The mining, logging, and construction sector is the largest sector in the metropolitan area, with 24 percent of the total nonfarm payroll jobs.
- According to the 2022 American Community Survey, an estimated 109,000 people, or 65 percent of the population of the metropolitan area, live in the principal city of Odessa, whereas 30,900, or 18 percent, live in the neighboring unincorporated community of West Odessa.
- The leisure and hospitality sector grew by 200 jobs, or 2.2 percent, from a year earlier to reach 9,300 jobs. When oil workers returned to the metropolitan area, the sector expanded.
- The mining, logging, and construction sector has yet to recover from the COVID-19 pandemic, and jobs are below the levels recorded as of the first quarter of 2020. The sector has recovered 90 percent of the jobs lost during the pandemic.
- The unemployment rate was 3.0 percent, down from 3.3 percent a year ago and below the national rate of 3.5 percent. The unemployment rate reached a recent peak of 14.9 percent during the second quarter of 2020.

The mining, logging, and construction sector has historically been the foundation of the economy in the metropolitan area.

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### During the fourth quarter of 2023, nonfarm payrolls increased in 7 of 11 payroll sectors.

	3 Months Ending		Year-Over-Year Change	
	December 2022 (Thousands)	December 2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	80.7	82.3	1.6	2.0
Goods-Producing Sectors	23.1	24.1	1.0	4.3
Mining, Logging, & Construction	19.1	19.9	0.8	4.2
Manufacturing	4.1	4.2	0.1	2.4
Service-Providing Sectors	57.5	58.3	0.8	1.4
Wholesale & Retail Trade	15.1	15.1	0.0	0.0
Transportation & Utilities	4.2	4.2	0.0	0.0
Information	0.4	0.4	0.0	0.0
Financial Activities	3.9	3.9	0.0	0.0
Professional & Business Services	4.7	4.8	0.1	2.1
Education & Health Services	5.8	6.0	0.2	3.4
Leisure & Hospitality	9.1	9.3	0.2	2.2
Other Services	3.6	3.7	0.1	2.8
Government	10.8	10.9	0.1	0.9
<b>Unemployment Rate</b>	3.3%	3.0%		

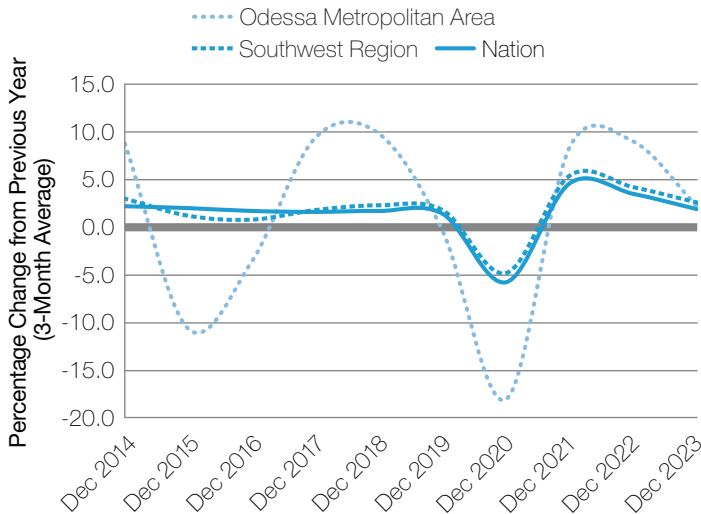
Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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**Nonfarm payrolls in the Odessa metropolitan area are volatile, but the current rate of growth is similar to both the Southwest region and the nation.**



Source: U.S. Bureau of Labor Statistics

The sector has fluctuated between 19 and 27 percent of total nonfarm payrolls since 2010, reaching a peak of 22,400 jobs in 2019. When the price of oil fell during the COVID-19 pandemic, payrolls in the mining, logging, and construction sector in the metropolitan area declined by 6,700 jobs, or 30 percent, to 15,700 jobs in 2021. The metropolitan area is also home to The University of Texas Permian Basin, which contributes a direct annual economic impact of \$5.71 million to the metropolitan area and maintains an enrollment of 5,325 students as of spring 2023.

### Largest Employers in the Odessa Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
NexTier Oilfield Solutions Inc.	Mining, Logging, & Construction	2,400
Saulsbury Industries	Mining, Logging, & Construction	2,200
Halliburton Energy Services, Inc.	Mining, Logging, & Construction	1,800

Note: Excludes local school districts.

Source: Odessa Economic Development

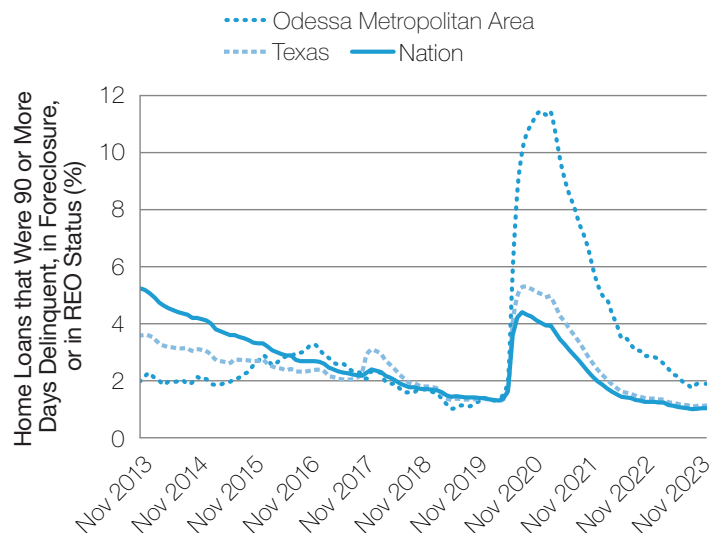
## Sales Market Conditions

The sales housing market in the Odessa metropolitan area is currently balanced, with an estimated vacancy rate of 1.8 percent, up slightly from 1.7 percent in April 2020. As of December 2023, a 2.2-month supply of homes is for sale in the metropolitan area, down from 2.9 months the previous year and well below the 4.5-month supply in December 2020 (Texas A&M Research Center). Due in part to the economic downturn associated with the COVID-19 pandemic, the percentage of home loans that were seriously delinquent or transitioned into real estate owned (REO) status rose sharply to a peak of 11.4 percent in December 2020, well above the state and national percentages of 5.0 and 4.0, respectively. The rate has since fallen to 1.9 percent in the Odessa metropolitan area as of November 2023.

During the 12 months ending November 2023—

- New home sales totaled 720 in the Odessa metropolitan area, down 220, or 23 percent, from 940 the previous year, when higher mortgage interest rates reduced demand (CoreLogic, Inc., with adjustments by the analyst).
- Existing home sales totaled 2,650, a decline of 290 sales, or 10 percent, from the previous 12 months. Existing home sales are well below the previous peak of 3,275 homes sold during the 12 months ending November 2019.
- The average sales price for a new home was \$300,200, a decline of \$2,100, or 1 percent, from the previous year.

**The COVID-19 pandemic had a much stronger effect on the percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Odessa metropolitan area than in the state or nation.**



REO = real estate owned.

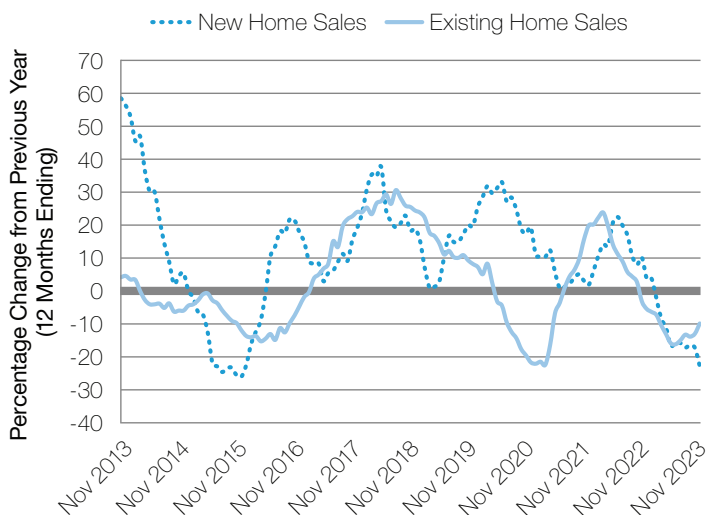
Source: CoreLogic, Inc., with adjustments by the analyst

The average new home sales price increased year over year by \$27,300, or 10 percent, during the 12 months ending November 2022, by comparison.

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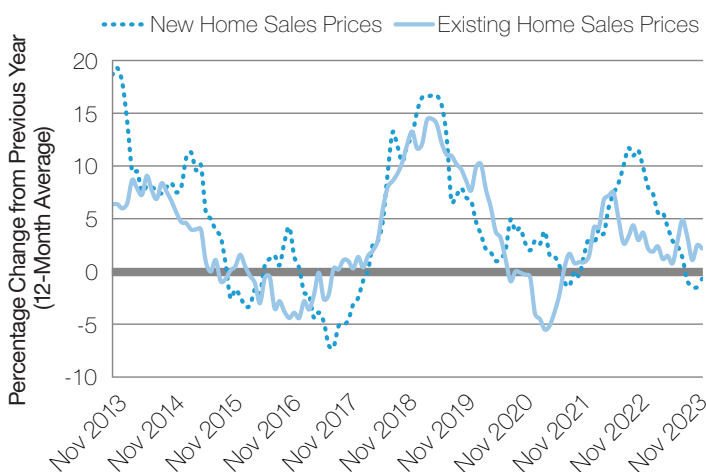
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### New home sales in the Odessa metropolitan area declined in 2023 for the first time since 2016.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

### Home sales price growth in the Odessa metropolitan area has been strongest during periods of rising energy prices.



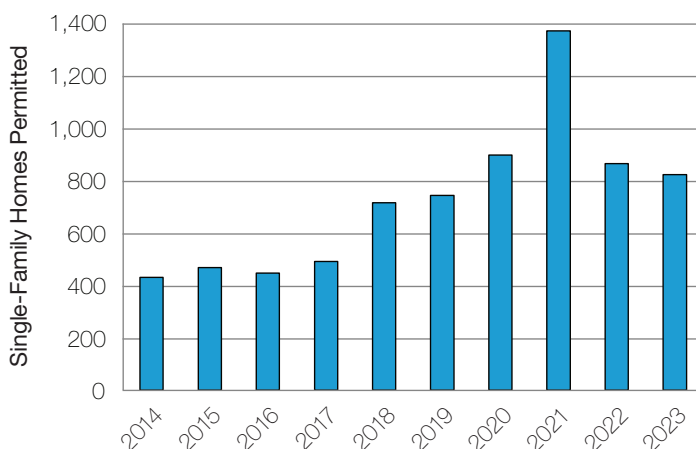
Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

- The average sales price for existing homes was \$240,700, up \$5,150, or 2 percent, from the previous 12 months, when home prices increased by \$8,425, or 4 percent.

Home construction in the Odessa metropolitan area, as measured by the number of single-family homes permitted, reached a recent peak of 1,375 units in 2021, the highest number of homes permitted since at least 2010. Since then, the number of units permitted has declined in each of the past 2 years, contributing to a decrease in months' supply.

- The number of single-family homes permitted in 2023 decreased by 40 homes, or 5 percent, to 820, the lowest level recorded since 2020 but above any year in the previous decade.
- From 2014 through 2017, single-family home permitting in the metropolitan area averaged 460 homes annually, below the 2012-through-2013 average of 650 a year. Single-family permitting rose to average 790 annually from 2018 through 2020.
- Construction is ongoing at several D. R. Horton, Inc., and Betenbough Homes development properties throughout Ector County. These properties include Yukon Ridge, a 132-lot subdivision consisting of three-, four-, and five-bedroom homes, starting at \$266,000; Homestead at Parks Bell Ranch, a phased subdivision that is anticipated to include more than 3,000 three- and four-bedroom homes at buildout, starting between \$269,100 and \$422,200; and Desert Ridge, a 180-lot development consisting of three- and four-bedroom homes priced between \$286,000 and \$376,800.

### Single-family permitting in the Odessa metropolitan area increased in 2021 before declining the next 2 years.



Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst



## Apartment Market Conditions

The apartment market in the Odessa metropolitan area is currently balanced because population growth since 2022 has contributed to recent tightening from the slightly soft conditions a year ago. Due in part to the local economy's heavy reliance on the energy market, fluctuations in the price of WTI resulted in volatility in apartment market conditions. A surge in multifamily permitting during 2019 contributed to a significant softening of the apartment market because these units entered the market during a period of strong net out-migration and a contraction of the local economy.

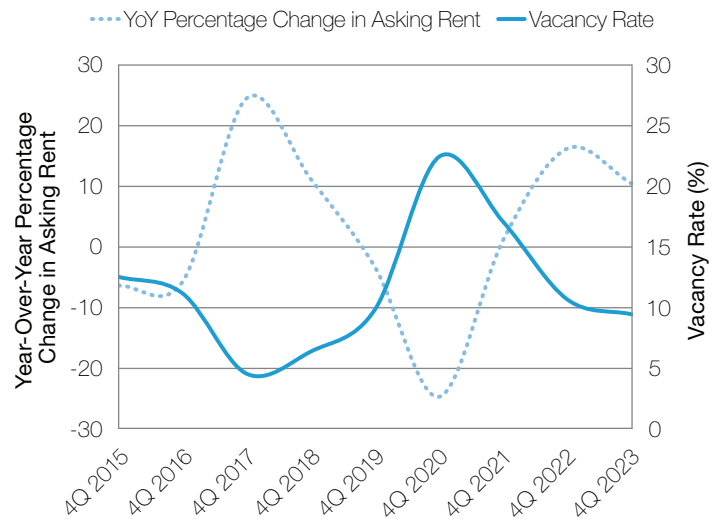
As of the fourth quarter of 2023—

- The apartment vacancy rate in the metropolitan area averaged 9.4 percent, down from the 10.6 percent rate during the same quarter a year earlier (CoStar Group).
- Apartment asking rents in the metropolitan area averaged \$1,189, an increase of \$112, or 10 percent, from \$1,077 the previous year. Average asking rents are below the previous peak of \$1,259 as of the fourth quarter of 2018.
- Two-bedroom apartments had the largest rent increase of any unit type from the fourth quarter of 2022, up \$126, or 11 percent, to \$1,325.
- The average apartment vacancy rate within a 2-mile radius of The University of Texas Permian Basin was 7.3 percent, up from 6.9 percent the previous year. Rents averaged \$1,157, up \$115, or 11 percent, from a year ago.

During 2023, based on preliminary data, 60 multifamily units were permitted in the metropolitan area, an increase of 40 units from a year earlier.

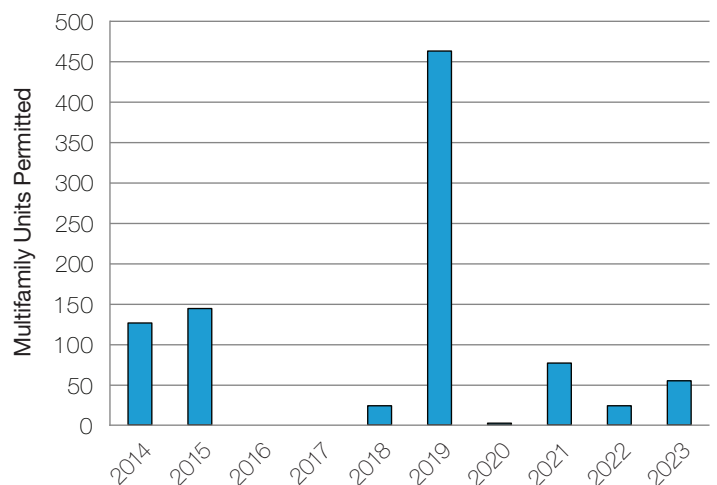
- When the price of oil fell and the local economy shrank in 2015, multifamily permitting virtually ceased from 2016 through 2017, rising to only 20 units in 2018.
- Multifamily permitting rose considerably in 2019 to 460 units and includes Latitude 31, a 326-unit market-rate apartment property in the city of Odessa.
- Latitude 31 has been the only large-scale development to enter the market in the metropolitan area since the pandemic. Rents for one-, two-, and three-bedroom units averaged \$1,499, \$1,878, and \$2,435, respectively, as of the fourth quarter of 2023.

The average asking rent in the Odessa metropolitan area declined in the fourth quarter of 2019 but increased in the fourth quarter of 2021.



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

Multifamily permitting in the Odessa metropolitan area rose during the first quarter of 2019 because of anticipated economic expansion; however, economic expansion was hindered by declining energy prices that began during the third quarter of 2019.



Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

Apartment Market/Apartment Vacancy Rate	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units.
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 (REO) 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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