

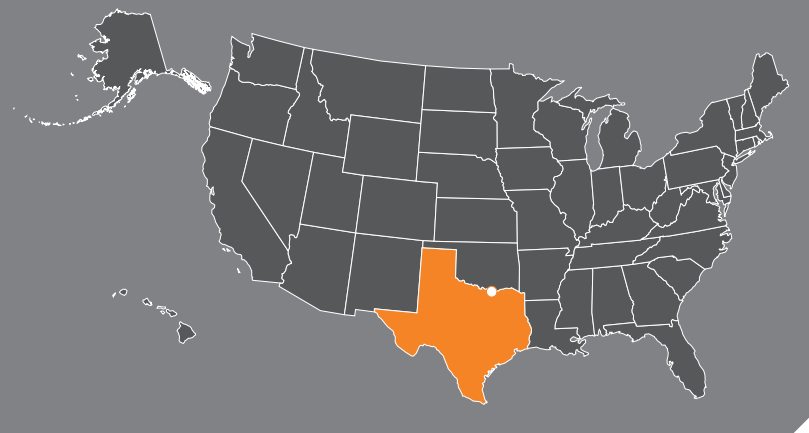
HUD PD&R Housing Market Profiles

Sherman-Denison, Texas



Quick Facts About Sherman-Denison

- Current sales market conditions: slightly tight
- Current rental market conditions: slightly tight
- The city of Denison is home to the Eisenhower Birthplace State Historic Site, which is the house where the 34th president of the United States was born. The parents of President Eisenhower rented the two-story home located close to the Missouri, Kansas, and Texas Railroad yards where the father of President Eisenhower worked (Texas Historical Commission).



By Nancy Smith | As of June 1, 2022

Overview

The Sherman-Denison, TX metropolitan area, conterminous with the Sherman-Denison Metropolitan Statistical Area (MSA), is defined as Grayson County, Texas. The metropolitan area is bordered by the Texas/Oklahoma state-line to the north and Collin and Denton Counties, two of the fastest growing counties of the Dallas-Plano-Irving Metropolitan Division (MD), to the south. The metropolitan area is known for outdoor activities concentrated around Lake Texoma. The city of Sherman has recently been selected as the site for two new semiconductor chip manufacturing facilities.

- As of June 1, 2022, the population of the metropolitan area is estimated at 142,900, representing an average increase of 1,800, or 1.4 percent, annually since 2010.
- Population growth can be separated into two main periods: from 2010 to 2014, population growth averaged 0.5 percent annually, with net in-migration averaging 420 people each year, but since 2014, population growth has accelerated to an average of 1.9 percent annually, with net in-migration averaging 2,400 people each year.

continued on page 2



continued from page 1

- During the 2010s, in-migration to the Sherman-Denison metropolitan area was greatest from Collin County, Texas, partly because housing is more affordable in the metropolitan area compared with Collin County. From

2010 through 2014, 1,075 people relocated from Collin County to the metropolitan area. From 2015 through 2019, in-migration from Collin County increased 53 percent to 1,650 people (American Community Survey 5-year data).

Economic Conditions

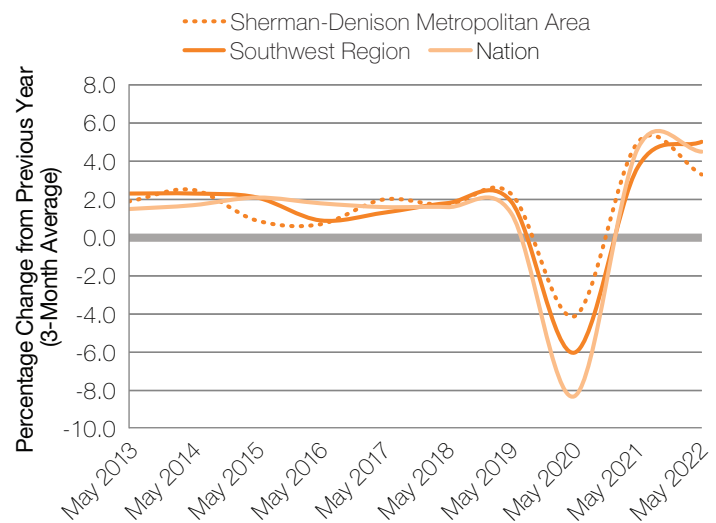
The economy of the Sherman-Denison metropolitan area is currently strong after recovering all of the jobs lost during the COVID-19 pandemic-related downturn. During the 3 months ending May 2022, nonfarm payrolls increased year-over-year by 1,600, or 3.3 percent, to 50,300 jobs. By comparison, during the 3 months ending May 2021, payrolls were up by 2,200 jobs, or 4.8 percent, from the previous year. For context, the economy expanded for 9 consecutive years before the pandemic at an average annual rate of 1.5 percent from 2011 through 2019.

During the 3 months ending May 2022—

- The government sector and the leisure and hospitality sector gained the most jobs, increasing by 600 and 500 jobs, or 8.3 and 9.3 percent, respectively, compared with a year ago. These two sectors combined accounted for nearly 65 percent of the increase in the service-providing sectors compared with a year ago, when they accounted for nearly 39 percent of the increase in the service-providing sectors.
- The education and health services sector added 200 jobs, or 1.8 percent, compared with the 3 months ending May

continued on page 3

The impact of the pandemic-related economic downturn of 2020 on nonfarm payrolls was less severe in the Sherman-Denison metropolitan area than in the Southwest region and the nation.



Source: U.S. Bureau of Labor Statistics

In the Sherman-Denison metropolitan area, 10 sectors added jobs or were unchanged from a year ago during the 3 months ending May 2022.

	3 Months Ending		Year-Over-Year Change	
	May 2021 (Thousands)	May 2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	48.7	50.3	1.6	3.3
Goods-Producing Sectors	8.8	8.8	0.0	0.0
Mining, Logging, & Construction	3.2	3.3	0.1	3.1
Manufacturing	5.6	5.5	-0.1	-1.8
Service-Providing Sectors	39.8	41.5	1.7	4.3
Wholesale & Retail Trade	7.6	8.0	0.4	5.3
Transportation & Utilities	1.5	1.6	0.1	6.7
Information	0.4	0.4	0.0	0.0
Financial Activities	2.0	2.0	0.0	0.0
Professional & Business Services	3.7	3.7	0.0	0.0
Education & Health Services	11.0	11.2	0.2	1.8
Leisure & Hospitality	5.4	5.9	0.5	9.3
Other Services	0.9	1.0	0.1	11.1
Government	7.2	7.8	0.6	8.3
Unemployment Rate	4.7%	3.2%		

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

Source: U.S. Bureau of Labor Statistics



continued from page 2

2021. The education and health services sector is the largest sector in the metropolitan area, accounting for approximately 22 percent of all nonfarm payrolls.

- The manufacturing sector was the only sector to lose jobs, decreasing by 100, or 1.8 percent, compared with an increase of 200 jobs, or 4.3 percent, from a year earlier.
- The unemployment rate averaged 3.2 percent, down from 4.7 percent a year ago and below the 7.7-percent rate from 2 years ago. Resident employment has increased more quickly than the labor force, which has contributed to the decline in unemployment.

The two largest employers in the metropolitan area, Tyson Foods, Inc. and Texas Instruments Incorporated, are in the manufacturing sector, which accounts for nearly 11 percent of all jobs in the area. Although the manufacturing sector lost jobs during the 3 months ending May 2022, the total number of jobs in the goods-producing sectors remained unchanged because the mining, logging, and construction sector increased by 100 jobs, or 3.1 percent, from a year earlier. The goods-producing sectors are expected to expand due to the construction of

two new semiconductor manufacturing facilities in the city of Sherman. In May 2022, Texas Instruments broke ground on an estimated \$30 billion manufacturing facility that will produce 300-mm semiconductor wafers and is expected to employ 3,000 people. GlobiTech, Inc., a subsidiary of GlobalWafers Co., Ltd, announced they will open a new manufacturing facility to produce 300-mm silicon wafers. The new facility, funded in part by a Texas Enterprise Fund grant of \$15 million, is expected to employ 1,500 people. Both facilities are expected to be operational in 2025.

Largest Employers in the Sherman-Denison Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Tyson Foods, Inc.	Manufacturing	1,750
Texas Instruments Incorporated	Manufacturing	700
Grayson County, Texas	Government	560

Note: Excludes local school districts.

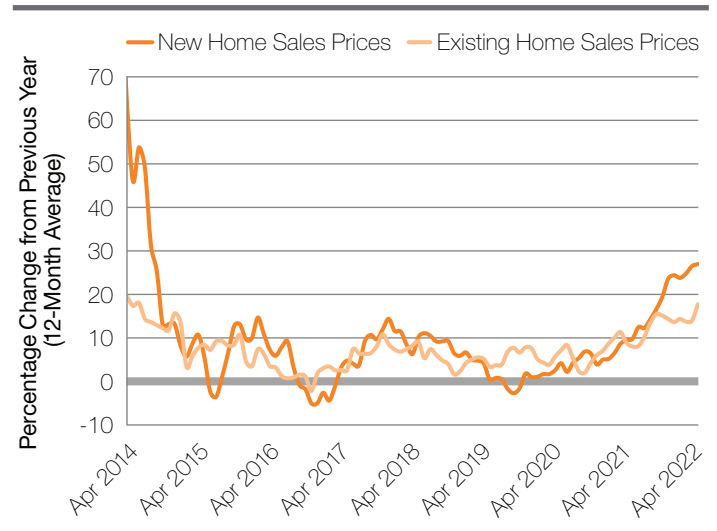
Source: Sherman Economic Development Corporation

Sales Market Conditions

Sales housing market conditions are currently slightly tight in the Sherman-Denison metropolitan area. The estimated vacancy rate is 1.1 percent, down from 2.7 percent as of April 1, 2010, when conditions were soft. The home sales market has tightened since 2019, partly because of a shortage of homes on the market and a surge in homebuying in the metropolitan area. New and existing home sales (including single-family homes, townhomes, and condominiums) moderated during 2019 before increasing at a faster pace from 2020 through 2021. New and existing home sales totaled 6,025 during the 12 months ending April 2022, up 7 percent from a year earlier, and the average sales price increased 18 percent to \$271,100 (CoreLogic, Inc.). As of April 2022, the supply of homes available for sale in the metropolitan area was 1.5 months, unchanged from a year ago.

The share of seriously delinquent home loans and real estate owned (REO) properties was 1.6 percent in April 2022, compared with the recent high of 4.0 percent in September 2020 and 6.2 percent in January 2010 (CoreLogic, Inc.). The share of seriously delinquent mortgages and REO properties in the HMA during September 2020 was at a high level because a portion of mortgage borrowers were impacted by the economic downturn brought on by the COVID-19 pandemic. In an effort to minimize the number of foreclosures during the pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided mortgage forbearance for federally backed loans.

New and existing home sales prices in the Sherman-Denison metropolitan area increased faster during the 12 months ending April 2022 compared with a year earlier.



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

Source: CoreLogic, Inc.

In the Sherman-Denison metropolitan area, the rate of seriously delinquent home loans and REO properties in April 2022 was 1.6 percent, which was higher than the 1.5-percent rate for the nation but lower than the 1.7-percent rate for the state of Texas.

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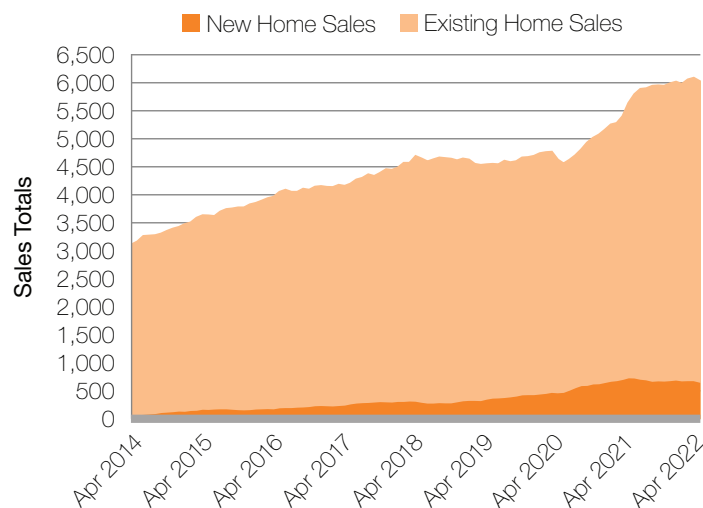
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During the 12 months ending April 2022—

- New home sales decreased 10 percent, to 670 homes, compared with an increase of 56 percent during the previous 12 months, when new home purchases were elevated due to the pandemic. By comparison, from 2017 through 2019, new home sales increased by an average of 65 homes, or 7 percent, annually.
- The average sales price of a new home was \$358,500, up by \$76,100, or nearly 27 percent, compared with the previous 12 months, when the average sales price of a new home rose 9 percent. From 2017 through 2019, average new home sales prices increased by an average of \$15,400, or 7 percent, annually.
- Existing home sales increased nearly 10 percent, to 5,350 homes, compared with an increase of 18 percent during the previous 12 months. By comparison, existing home sales rose by an average of 120 homes, or 3 percent, annually from 2017 through 2019.
- The average sales price of an existing home was \$260,200, up by \$39,150, or nearly 18 percent, compared with the previous 12 months, when the average sales price of an existing home rose nearly 9 percent. From 2017 through 2019, average existing home sales prices increased by an average of \$10,900, or 6 percent, annually.

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.

Existing home sales have increased from last year, but new home sales have fallen from recent high levels.

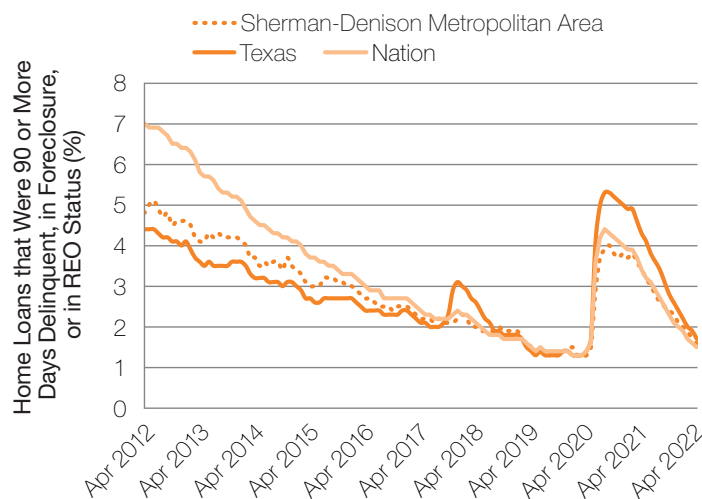


Note: Sales are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

- A total of 1,275 single-family homes were permitted during the 12 months ending May 2022, up 50 percent from 850 homes during the 12 months ending May 2021.
- During 2021, single-family home construction was greatest in the city of Denison and the town of Van Alstyne, which

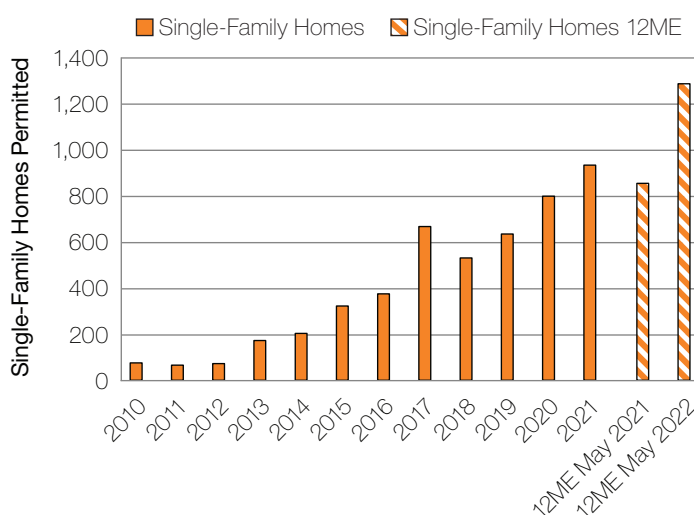
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The percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Sherman-Denison metropolitan area has been below the state average since April 2020.



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

Single-family permitting in the Sherman-Denison metropolitan area has trended upward since the early 2010s, partly because people seeking more affordable housing have relocated from the Dallas-Plano-Irving Metropolitan Division.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–21—final data and estimates by the analyst; 12ME May 2021—final data and estimates by the analyst; 12ME May 2022—preliminary data and estimates by the analyst

continued from page 4

totaled 380 and 360 units permitted, up approximately 122 and 137 percent, respectively, from a year earlier. The two jurisdictions accounted for approximately 79 percent of all reported single-family homes permitted in the metropolitan area during 2021.

- New home construction is underway at The Reserve subdivision in the mixed-use masterplan community of

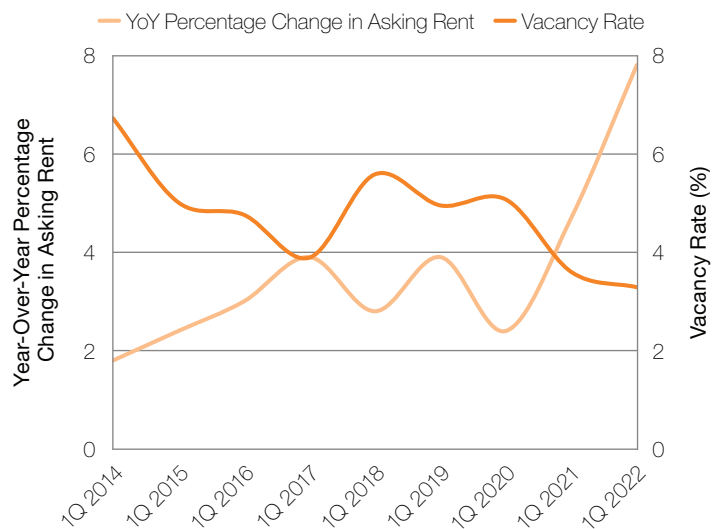
Gateway Village located in the city of Denison. A portion of the home sites are being developed by Highland Homes, which will have 68 homes at buildout. Starting prices range from \$372,990 to \$439,990 for homes built on 40-foot lots and \$464,990 to \$606,990 for homes built on 60-foot lots.

Rental Market Conditions

Rental market conditions in the Sherman-Denison metropolitan area are slightly tight, compared with soft conditions in 2010. The estimated vacancy rate for all rental units (including single-family homes, mobile homes, and apartments) is 4.2 percent as of June 1, 2022, down from 10.7 percent in April 2010. Single-family homes are among the most common types of rental units in the area, accounting for 43 percent of all occupied rental units from 2016 through 2020, down from 46 percent from 2006 through 2010 (American Community Survey 5-year data). The percentage of occupied rental units in structures with five or more units, typically apartments, was 29 percent during the 2016-through-2020 period, slightly down from 31 percent during the 2006-through-2010 period.

- In April 2022, the average vacancy rate for professionally managed single-family homes was 3.3 percent, down from 3.6 percent a year earlier, and the average rent for professionally managed, three-bedroom single-family homes was \$2,082, up 9 percent from a year ago (CoreLogic, Inc.).
- The apartment market in the Sherman-Denison metropolitan area was tight, with a 3.3-percent vacancy rate during the first quarter of 2022, down from 3.6 percent a year earlier (CoStar Group). The average apartment rent was \$984, up by \$71, or nearly 8 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 first quarter of 2022. The average vacancy rate for Class A apartments was 2.9 percent, up from 2.4 percent a year earlier, and the average rent was \$1,065, up 4 percent from a year earlier.
- During the first quarter of 2022, apartment market conditions improved for both Class B and Class C apartments. The average apartment vacancy rate for Class B apartments was 3.2 percent, down from 3.7 percent a year ago, and the average rent was \$984, up 8 percent from a year earlier. The average apartment vacancy rate for Class C apartments was 3.7 percent, down from 4.1 percent a year ago, and the average rent was \$921, up 8 percent from a year earlier.

Apartment market conditions in the Sherman-Denison metropolitan area have tightened since the first quarter of 2020.



1Q = first quarter. YoY = year-over-year.
Source: CoStar Group

Multifamily home construction in the Sherman-Denison metropolitan area, as measured by the number of units permitted and analyst estimates, has fluctuated since 2010, ranging from less than 10 units permitted in 2012 to 470 units permitted during the first 5 months of 2022. Multifamily home construction has been generally strong since 2016 because developers have responded to an increase in net in-migration to the metropolitan area that began during the mid-2010s.

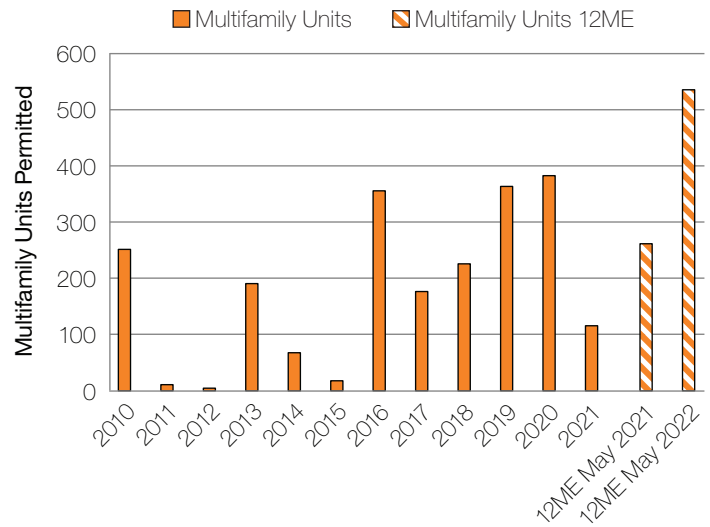
- Multifamily construction activity more than doubled during the 12 months ending May 2022, increasing to 540 units, up from the 260 units permitted during the previous 12-month period as builders responded to increased rental housing demand.
- Permitting was lower during the first half of the 2010s, averaging 100 units annually from 2010 through 2014, compared with an average of 230 units permitted annually from 2015 through 2019.

continued on page 6

continued from page 5

- Approximately 560 multifamily units are currently under construction in the metropolitan area, most of which are in structures with five or more units located in the city of Sherman.
- Located in the mixed-use, masterplan community of Gateway Village in the city of Denison, the 96-unit, phase II of the Residence at Gateway Village was completed during February 2022. Asking rents for one-, two-, and three-bedroom units start at \$1,435, \$1,466, and \$1,983, respectively, for this phase of the apartment community.

Multifamily building activity increased each year from 2018 through 2020.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–21—final data and estimates by the analyst; 12ME May 2021—final data and estimates by the analyst; 12ME May 2022—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.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
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.