

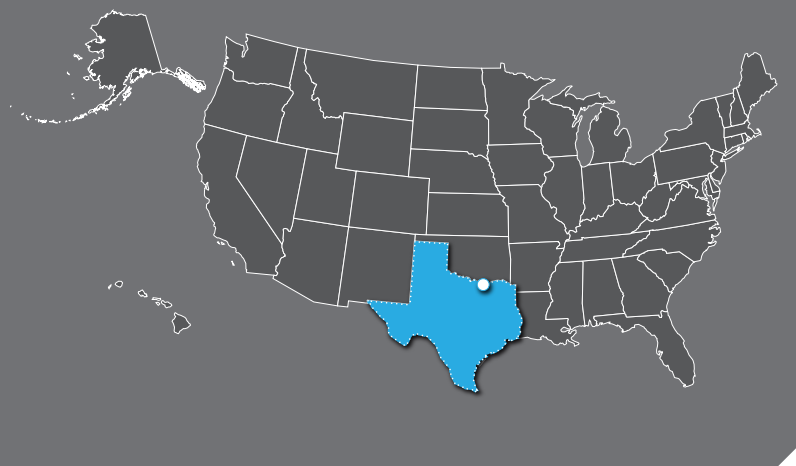
HUD PD&R Housing Market Profiles

Sherman-Denison, Texas



Quick Facts About Sherman-Denison

- Current sales market conditions: balanced
- Current rental market conditions: balanced
- In 2022, Texas Instruments Incorporated and GlobalWafers began respective \$30 and \$5 billion expansions of their semiconductor wafer manufacturing facilities.



Denison, Texas

By [Nancy Smith](#) | As of December 1, 2023

Overview

The Sherman-Denison, TX metropolitan area, conterminous with the Sherman-Denison Metropolitan Statistical Area, is defined as Grayson County, Texas. The Texas-Oklahoma state line to the north and Collin and Denton Counties, two of the most populous counties of the Dallas-Plano-Irving Metropolitan Division (MD), to the south border the metropolitan area. The principal cities of Sherman and Denison are along the main thoroughfare in the metropolitan area, US 75. Both Texas Instruments and GlobalWafers are in the city of Sherman.

- As of December 1, 2023, the population of the metropolitan area is estimated at 148,700, representing an average increase of 3,600, or 2.6 percent, annually since 2020. During this period, all of the population growth was from net in-migration, which averaged approximately 3,750 people each year and was offset by net natural decline that averaged approximately 150 annually.
- By comparison, the metropolitan area population increased by an average of 2,200, or 1.7 percent, annually from 2016 to 2020 (U.S. Census Bureau population estimates as of July 1, with estimates by the analyst and decennial census

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count). During this period, 94 percent of the population growth was from net in-migration, which averaged approximately 2,075 people each year, with net natural increase accounting for the remaining 6 percent of population growth.

- The high level of net in-migration is partly due to people moving from nearby Collin and Denton Counties, where homes are currently 71 and 59 percent, respectively,

more expensive than homes in the metropolitan area (CoreLogic, Inc., with adjustments by the analyst). From 2016 to 2020, the largest share of domestic in-migration to the metropolitan area was from five counties in the north Texas region. Of those counties, Collin and Denton Counties accounted for nearly 34 percent of total domestic net in-migration to the metropolitan area (American Community Survey [ACS] 5-year data).

Economic Conditions

The economy of the Sherman-Denison metropolitan area is strong following the transition from recovering jobs lost in 2020 due to countermeasures to slow the spread of COVID-19 to expansion in 2022. As of the 3 months ending November 2023, nonfarm payrolls increased year over year by 700 jobs, or 1.4 percent, to 50,800. By comparison, as of the 3 months ending November 2022, payrolls increased by 1,600 jobs, or 3.3 percent, annually. Strong job growth contributed to current payrolls being 4.1 percent above the level during the 3 months ending November 2019, the most recent corresponding period before the pandemic. For context, in 2020, payrolls in the metropolitan area fell by 1,300, or 2.7 percent, to 47,300 jobs.

As of the 3 months ending November 2023—

- The education and health services and the government sectors added the most jobs, increasing by 400 each, or 4.0 and 5.1 percent, respectively, compared with a year earlier.

The education and health services sector has been the largest sector in the metropolitan area since at least 2010 and currently accounts for 20 percent of nonfarm payroll jobs in the local economy. All the increase in the government sector was due to gains in the local government subsector, which rose 6 percent from the same period a year earlier.

- Three sectors lost jobs—the financial activities, the wholesale and retail trade, and the transportation and utilities sectors, down 100 jobs each, or 5.0, 1.3, and 5.9 percent, respectively, from a year earlier. By comparison, as of the 3 months ending November 2022, jobs in the financial activities sector were unchanged from the same period a year earlier, and the wholesale and retail trade and the transportation and utilities sectors increased 1.3 and 6.4 percent, respectively.

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As of the 3 months ending November 2023, 3 of the 11 nonfarm payroll sectors added jobs in the Sherman-Denison metropolitan area compared with a year ago.

	3 Months Ending		Year-Over-Year Change	
	November 2022 (Thousands)	November 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	50.1	50.8	0.7	1.4
Goods-Producing Sectors	9.7	9.8	0.1	1.0
Mining, Logging, & Construction	3.4	3.4	0.0	0.0
Manufacturing	6.3	6.3	0.0	0.0
Service-Providing Sectors	40.4	41.1	0.7	1.7
Wholesale & Retail Trade	7.9	7.8	-0.1	-1.3
Transportation & Utilities	1.7	1.6	-0.1	-5.9
Information	0.4	0.4	0.0	0.0
Financial Activities	2.0	1.9	-0.1	-5.0
Professional & Business Services	3.9	3.9	0.0	0.0
Education & Health Services	10.0	10.4	0.4	4.0
Leisure & Hospitality	5.6	5.7	0.1	1.8
Other Services	1.1	1.1	0.0	0.0
Government	7.9	8.3	0.4	5.1
Unemployment Rate	3.6%	3.7%		

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

Source: U.S. Bureau of Labor Statistics



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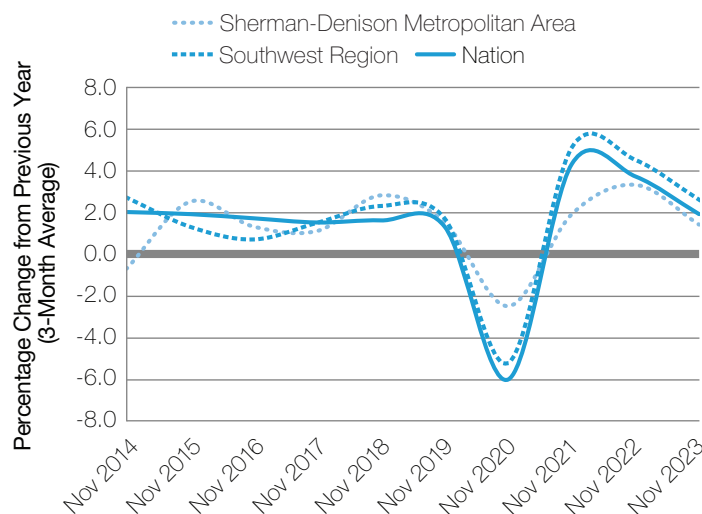
- Payroll totals in five sectors were unchanged from the 3 months ending November 2022. The manufacturing sector was the largest sector, with 6,300 payroll jobs. Manufacturing sector jobs account for 12 percent of the nonfarm payroll jobs in the metropolitan area compared with 8 percent nationally.
- The unemployment rate averaged 3.7 percent, up slightly from 3.6 percent a year ago but below the 4.3-percent rate from 2 years ago. The labor force increased more quickly than resident employment, which led to the rise in unemployment.

Manufacturing sector jobs are important because they provide high-paying jobs and indirectly support the largest service-providing sectors in the metropolitan area. With two of the largest employers in the metropolitan area, Tyson Foods, Inc. and Ruiz Food Products, Inc., manufacturing is the fourth largest sector in the local economy. In 2022, the average annual pay for manufacturing jobs in the metropolitan area was approximately \$79,850, with annual pay in the food manufacturing and the semiconductor and other electronic components manufacturing industries averaging approximately \$60,650 and \$146,400, respectively (Quarterly Census of Employment and Wages). Texas Instruments and GlobalWafers are each adding four phases to their semiconductor wafer manufacturing facilities in the metropolitan area. When complete, Texas Instruments and GlobalWafers are expected to add 3,200 and 1,500 permanent jobs, respectively. The first phases are expected to be operational in 2025, when each company will add respective 800 and 375 permanent jobs. Texas Instruments is expected to complete the second phase by 2028. GlobalWafers is expected to complete additional phases every 2 years, with each phase creating 375 permanent jobs when operations commence.

Sales Market Conditions

Sales housing market conditions in the Sherman-Denison metropolitan area are balanced, with an estimated vacancy rate of 2.0 percent, which is unchanged from April 2020. New and existing home sales in the metropolitan area decreased by 1,325, or 22 percent, to 4,750 homes sold during the 12 months ending November 2023 compared with a 5-percent decrease a year earlier (CoreLogic, Inc., with adjustments by the analyst). High mortgage interest rates compared with historic low rates during 2020 and 2021 contributed to the decline in home sales during the past 2 years. Home sales in the metropolitan area reached a recent high during the 12 months ending March 2022, when approximately 6,575 homes were sold, representing a 16-percent increase from a year earlier. The metropolitan area had 4.8 months of for-sale inventory available as of November 2023, up from

Job growth in the Sherman-Denison metropolitan area was slower than in the Southwest region and the nation during the past 3 years.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Sherman-Denison Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Texoma Medical Center	Education & Health Services	4,000
Tyson Foods, Inc.	Manufacturing	1,700
Ruiz Food Products, Inc.	Manufacturing	1,137

Note: Excludes local school districts.

Source: Denison Development Alliance, October 2022

3.4 months a year ago. As of November 2023, 1.0 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, down from 1.2 percent a year earlier (CoreLogic, Inc.). The percentage of seriously delinquent mortgages and REO properties in the metropolitan area reached a recent high of 4.0 percent in September 2020, when weak economic conditions from the COVID-19 pandemic made it more difficult for many homeowners to stay current on mortgage payments and a large number of home mortgages were in forbearance.

During the 12 months ending November 2023—

- New home sales in the metropolitan area rose 5 percent to 930 homes compared with an increase of 20 percent a

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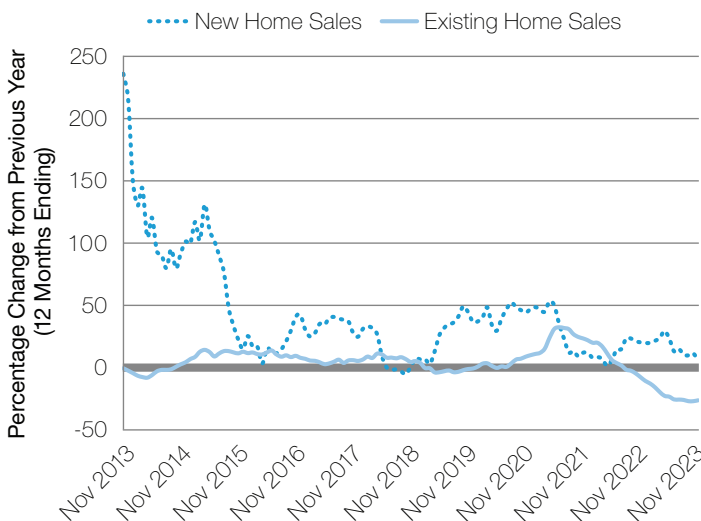
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year earlier. The average price for a new home fell 4 percent to \$380,400 compared with a 20-percent increase a year earlier. New home sales in the metropolitan area rose an average of 27 percent each year from 2016 through 2019 before rising an average of 28 percent annually during the next 2 years to approximately 750 homes in 2021.

- Existing home sales in the metropolitan area, which include resales and distressed sales, decreased 27 percent to 3,825 homes compared with an 8-percent decline a year earlier. The average price for existing homes rose 1 percent to \$279,300 compared with a 14-percent increase a year earlier. Existing home sales increased an average of 4 percent each year from 2016 through 2019 before rising an average of 16 percent annually during the next 2 years to 5,675 homes in 2021.
- Resales decreased by nearly 1,375 homes, or nearly 27 percent, to 3,700 compared with a 5-percent decline a year earlier. The average price for a resale home rose 2 percent to \$280,600 compared with a 13-percent increase a year earlier.
- The percentage of home loans that were seriously delinquent or had transitioned into real estate owned (REO) status was 1.0 percent in November 2023, down from 1.2 percent a year earlier and below the recent high of 4.0 percent in September 2020 (CoreLogic, Inc.).

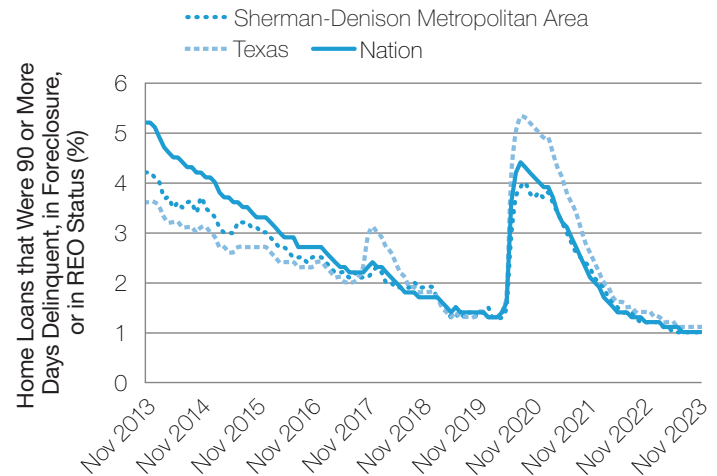
In response to slowing new home sales, single-family homebuilding activity, as measured by the number of single-

Total home sales in the Sherman-Denison metropolitan area fell during the 12 months ending November 2023 because a decline in existing home sales offset the increase in new home sales.



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

The percentage of seriously delinquent mortgages and REO properties in the Sherman-Denison metropolitan area in November 2023 was 0.1 percentage point below the rate for the state of Texas and the same as the national rate.



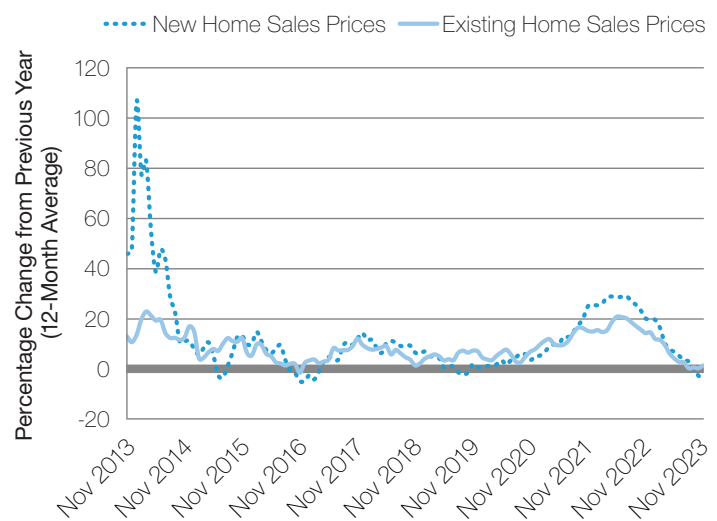
REO = real estate owned.
Source: CoreLogic, Inc.

family homes permitted and estimates by the analyst, fell during the most recent 12-month period compared with the previous 12 months.

- A total of 1,850 single-family homes were permitted during the 12 months ending November 2023, down 19 percent

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Following a period of slowing price growth since mid-2022, the average new home sales price in the Sherman-Denison metropolitan area declined in October and November 2023.



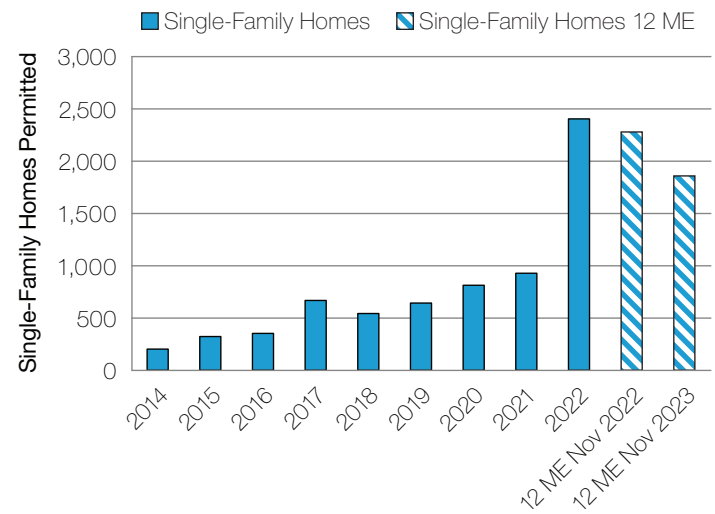
Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

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from the 2,275 homes during the 12 months ending November 2022.

- Approximately 72 percent of the single-family homes permitted during the 12 months ending November 2023 were in the cities of Sherman, Denison, and Van Alstyne, the three most populous cities in the metropolitan area.
- New home construction is underway at the 179-home, second phase of the Mantua Point community in the city of Van Alstyne. Highland Homes is building a portion of the homes in the community, with 53 homes planned at buildout. Currently, nine homes have sold, and eight homes are under construction, ranging in price from \$522,000 to \$644,100.

Single-family permitting in the Sherman-Denison metropolitan area reached a record high in 2022 before falling slightly during the recent 12-month period.



12 ME = 12 months ending.

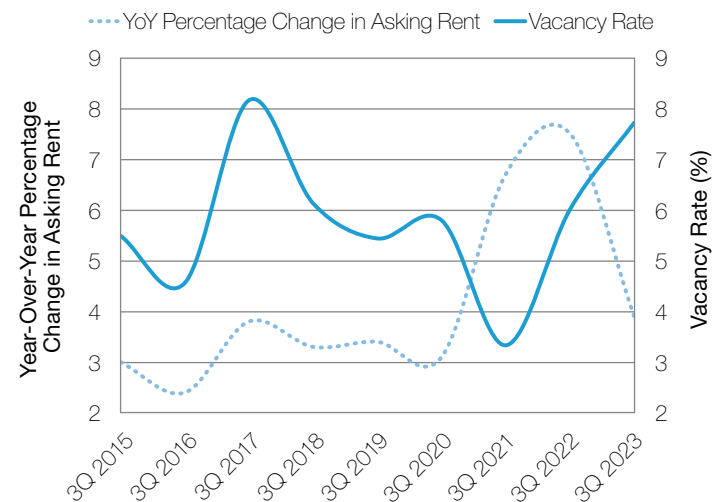
Sources: U.S. Census Bureau, Building Permits Survey; 2014-22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Rental Market Conditions

Rental market conditions in the Sherman-Denison metropolitan area are balanced. The estimated vacancy rate for all rental units—including single-family homes, mobile homes, and apartments—is 7.6 percent as of December 2023, down from 7.9 percent in April 2020, when conditions were also balanced. Single-family homes are among the most common types of rental units in the area, accounting for 43 percent of all occupied rental units in 2022, which is up from nearly 40 percent in 2019 (ACS 1-year data). The percentage of occupied rental units in structures with five or more units, typically apartments, was 36 percent in 2022, up from 32 percent in 2019.

- In November 2023, the average vacancy rate for professionally managed single-family homes was 3.1 percent, down slightly from 3.2 percent a year earlier and from 3.5 percent in November 2021. The average rent for professionally managed, three-bedroom, single-family homes was \$2,275, up 10 percent from November 2022, when the average rent was \$2,065, which was down by \$41, or nearly 2 percent, from November 2021 (CoreLogic, Inc.).
- The apartment market in the metropolitan area was balanced, with a 7.7-percent vacancy rate as of the third quarter of 2023, up from 6.0 percent a year earlier and from 3.3 percent as of the third quarter of 2021, when apartment market conditions were tight (CoStar Group). The average

As of the third quarter of 2023, year-over-year average apartment rent growth in the Sherman-Denison metropolitan area decelerated, and the apartment vacancy rate rose because the absorption of apartment units fell.



3Q = third quarter. YoY = year-over-year.

Source: CoStar Group

apartment rent as of the third quarter of 2023 was \$1,120, up nearly 4 percent from \$1,078 as of the third quarter of 2022. By comparison, the average apartment rent rose

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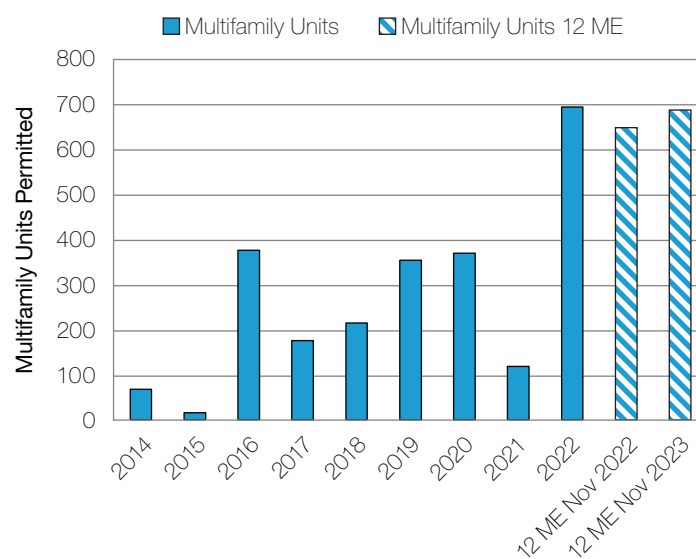
8 percent during the third quarter of 2022 from the same period a year earlier.

- The average vacancy rate for a studio apartment in the metropolitan area fell, and the average vacancy rates for one-, two-, and three-bedroom apartments rose during the past year. The average vacancy rate for studio apartments was 5.9 percent as of the third quarter of 2023, down from 6.1 percent a year earlier. By comparison, the average vacancy rates for one-, two-, and three-bedroom apartments were 7.4, 8.1, and 7.3 percent, respectively, as of the third quarter of 2023. The average apartment vacancy rates for the one- and two-bedroom units were up 1.8 percentage points from the third quarter of 2022, and the average vacancy rate for three-bedroom units was up 1.9 percentage points from a year earlier.
- As of the third quarter of 2023, the apartment rent for all bedroom types in the metropolitan area increased from a year ago. The average rent for a studio and three-bedroom unit each increased 2 percent to \$813 and \$1,304, respectively, and the average rent for one- and two-bedroom apartments rose 3 and 4 percent to \$1,011 and \$1,221, respectively.

Multifamily home construction in the metropolitan area, as measured by the number of units permitted and estimates by the analyst, has fluctuated since 2014, ranging from approximately 15 units permitted in 2015 to nearly 700 units permitted in 2022. Multifamily home construction spiked in 2022 because developers responded to tight apartment market conditions in 2021 and the high level of net in-migration to the metropolitan area that began during 2021.

- Multifamily construction activity has been elevated since 2022. During the 12 months ending November 2023, the number of multifamily units permitted totaled an estimated 690 units, up from 650 units permitted a year earlier (preliminary data, with adjustments by the analyst).
- Permitting was lower in 2014 and 2015, averaging 40 units annually compared with an average of 280 units permitted

Multifamily permitting reached a high in 2022 when builders responded to tight apartment market conditions in 2021, combined with high levels of net in-migration to the Sherman-Denison metropolitan area.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014-22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

annually from 2016 through 2019 before rising to 370 units permitted in 2020, when more people from the Dallas-Plano-Irving MD moved to the metropolitan area.

- Approximately 1,125 multifamily units are under construction in the metropolitan area, most of which are in structures with five or more units in the city of Sherman.
- The 80-unit second phase of the Country Village apartment community is currently under construction in the city of Sherman. The development is expected to be complete in February 2024. Thirty-two units were completed in August 2023 and are available for lease, with rents starting at \$915, \$1,050, and \$1,365 for one-, two-, and three-bedroom units, respectively.

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 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 resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Decline	Resident deaths are greater than resident births.
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.
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.
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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