

HUD PD&R Regional Reports

Region 6: Southwest



Quick Facts About Region 6

Austin, Texas

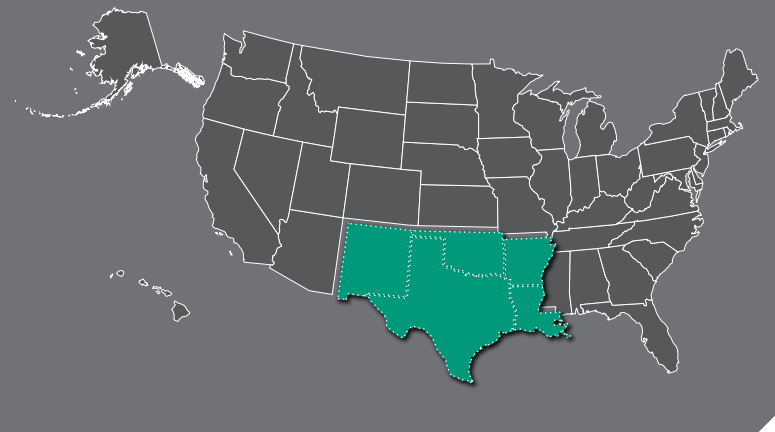
By [L. David Vertz](#) | 1st Quarter 2024

Sales market conditions—

First quarter 2024: mixed (soft to slightly tight)
Fourth quarter 2023: mixed (slightly soft to slightly tight)
First quarter 2023: mixed (balanced to tight)

Apartment market conditions—

First quarter 2024: mixed (soft to balanced)
Fourth quarter 2023: mixed (soft to balanced)
First quarter 2023: mixed (soft to slightly tight)



Overview

During the first quarter of 2024, the economy in the Southwest region expanded, continuing the year-over-year job gains that began during the second quarter of 2021. Nonfarm payrolls increased by 344,200 jobs, or 1.8 percent, from a year ago, and every state in the region added jobs. Sales housing market conditions during the first quarter of 2024 ranged from soft to slightly tight in most metropolitan areas in the region. Apartment market conditions ranged from soft to balanced throughout the region, with the Albuquerque and Little Rock-North Little Rock-Conway metropolitan areas having the most substantial rent increases, up 5 percent each from a year ago (ALN Apartment Data, Inc.).

- Home sales decreased in every state in the region during the 12 months ending February 2024 compared with a year earlier, led by a 24-percent decline in Arkansas (CoreLogic, Inc., with adjustments by the analyst). Home sales prices were mixed, with respective gains of 2, 2, and 9 percent in Oklahoma, Texas, and Arkansas from a year ago. In Louisiana, home prices declined 4 percent from the same period a year ago because of weakening sales market

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conditions throughout the state. Home prices in New Mexico were unchanged from a year ago despite slightly tight sales market conditions in Albuquerque.

- As of the first quarter of 2024, 540 apartment properties containing a combined 140,000 units were under

construction in the region; approximately 89 percent of the units were in Texas (CoStar Group). Within Texas, the Dallas-Fort Worth-Arlington metropolitan area had the most building activity, with approximately 44,250 units in 149 apartment properties under construction.

Economic Conditions

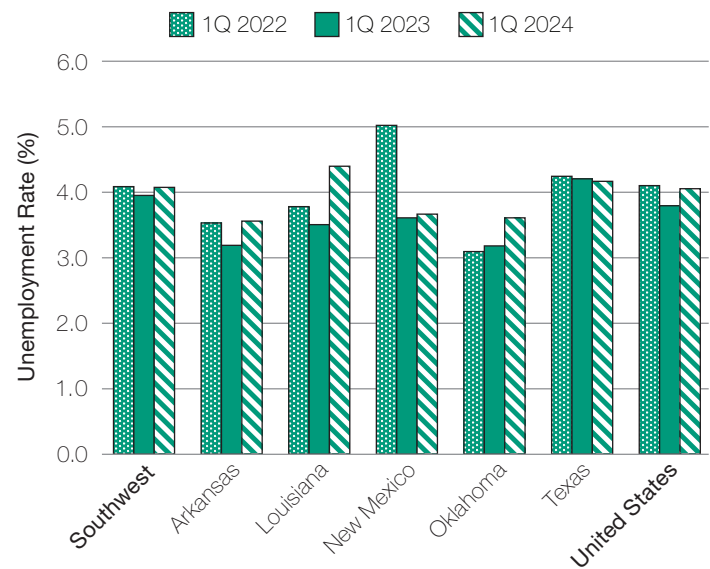
The first quarter of 2024 was the 12th consecutive quarter of annual job growth in the Southwest region. Nonfarm payrolls increased compared with a year earlier by 344,200 jobs, or 1.8 percent, to 19.97 million jobs as of the first quarter of 2024. The education and health services and the government sectors accounted for more than one-half of the total payroll increase in the region. The education and health services sector added 90,200 jobs, reflecting a 3.2-percent increase from a year ago, and the government sector increased by 89,700 jobs, or 2.9 percent. As of the first quarter of 2024, the regional unemployment rate averaged 4.1 percent, up from 4.0 percent during the first quarter of 2023. The largest statewide increase was in Louisiana, where the unemployment rate rose from 3.5 percent in the first quarter of 2023 to 4.4 percent during the first quarter of 2024.

As of the first quarter of 2024—

- Nonfarm payrolls in Texas increased by 282,400 jobs, or 2.1 percent, compared with the same period a year ago. The government sector added the most jobs compared with the first quarter of 2023, up by 68,200, or 3.3 percent. The local government subsector led that increase with a gain of 45,700 jobs, or 3.3 percent.

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The unemployment rate increased in four of the five states in the Southwest region from the first quarter of 2023.



1Q = first quarter.

Source: U.S. Bureau of Labor Statistics

The education and health services sector, which added 90,200 jobs as of the first quarter of 2024, led job growth in the Southwest region.

	First Quarter		Year-Over-Year Change	
	2023 (Thousands)	2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	19,624.9	19,969.1	344.2	1.8
Goods-Producing Sectors	2,843.1	2,903.5	60.4	2.1
Mining, Logging, & Construction	1,430.4	1,470.3	39.9	2.8
Manufacturing	1,412.6	1,433.2	20.6	1.5
Service-Providing Sectors	16,781.8	17,065.6	283.8	1.7
Wholesale & Retail Trade	2,871.4	2,895.3	23.9	0.8
Transportation & Utilities	964.5	966.8	2.3	0.2
Information	298.6	287.9	-10.7	-3.6
Financial Activities	1,179.6	1,194.4	14.8	1.3
Professional & Business Services	2,811.5	2,819.2	7.7	0.3
Education & Health Services	2,797.0	2,887.2	90.2	3.2
Leisure & Hospitality	2,057.9	2,096.7	38.8	1.9
Other Services	696.2	723.4	27.2	3.9
Government	3,105.0	3,194.7	89.7	2.9

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

Source: U.S. Bureau of Labor Statistics



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- Nonfarm payrolls in Oklahoma increased by 29,900 jobs, or 1.7 percent, to 1.76 million jobs. The education and health services sector added 13,100 jobs, or 5.2 percent, representing the largest year-over-year gain among all payroll sectors in the state.
- Nonfarm payrolls in New Mexico reached 879,900 jobs, reflecting an increase of 16,200 jobs, or 1.9 percent, compared with the same period a year ago. The largest year-over-year payroll gain in the state was in the government sector, which added 7,000 jobs, or 3.8 percent.
- In Arkansas, nonfarm payrolls increased by 12,800 jobs, or 1.0 percent, compared with the first quarter of 2023. Gains

in the mining, logging, and construction and the education and health services sectors—which increased by 6,300 and 6,600 jobs, or 9.6 and 3.2 percent, respectively, from the same period a year ago—more than offset a decline in the manufacturing sector of 3,200 jobs, or 2.0 percent.

- Nonfarm payrolls in Louisiana increased by 2,900 jobs, or 0.1 percent, to 1.95 million jobs. The education and health services sector added 6,100 jobs, or 1.8 percent, the largest year-over-year gain among all payroll sectors in the state. A decline of 4,100 jobs, or 1.9 percent, in the professional and business services sector from the same period a year ago largely offset the gain in total nonfarm payrolls.

Population

The population of the Southwest region increased by 516,000, or 1.2 percent, from 2022 to 2023 (U.S. Census Bureau population estimates as of July 1). By comparison, population growth from 2021 to 2022 averaged 471,700 people, or 1.1 percent, a year. The region contained 13 percent of the total population in the nation in 2023 but accounted for 31 percent of the population growth from 2022 to 2023. Every state in the region except Louisiana added population during this time. Within the region, 92 percent of the growth was in Texas, which accounted for only 69 percent of the total population in the region.

As of July 1, 2023—

- Texas had the greatest population gain in the nation at 473,500 people and the third highest rate of population growth from a year earlier at 1.6 percent.
- The Dallas-Fort Worth-Arlington metropolitan area had the greatest numerical population gain of all metropolitan areas nationally, up by 152,600 people, or 1.9 percent, from July 1, 2022. The Houston-Pasadena-The Woodlands

metropolitan area had the second largest numerical population gain in the nation, up by 139,800 people, or 1.9 percent, during the same period. Combined, the two metropolitan areas accounted for 62 percent of the statewide gain and 57 percent of the regional population growth from a year earlier.

- Arkansas and New Mexico had declines in net natural change (resident births minus resident deaths), down by 910 and 1,625, respectively, from a year earlier. However, the population continued to grow in both states because net in-migration more than offset those decreases.
- Net natural change in Oklahoma totaled 2,575 people. However, net in-migration of 31,950 people was on pace with the statewide population increase of 0.9 percent to 4.05 million people.
- Louisiana had the fourth largest numerical population decline in the nation. The population in the state fell by 14,250, or 0.3 percent, entirely the result of net domestic out-migration of 20,400 people.

Population growth in the Southwest region from July 2022 to July 2023 accelerated from a year earlier, and Louisiana was the only state in the region with a population decline.

	Population Estimate (as of July 1)			Percentage Change	
	2021	2022	2023	2021 to 2022	2022 to 2023
United States	332,048,977	333,271,411	334,914,895	0.4	0.5
Southwest Region	43,325,360	43,797,022	44,312,977	1.1	1.2
Arkansas	3,028,443	3,046,404	3,067,732	0.6	0.7
Louisiana	4,627,047	4,588,023	4,573,749	-0.8	-0.3
New Mexico	2,116,950	2,113,476	2,114,371	-0.2	0.0
Oklahoma	3,991,634	4,019,271	4,053,824	0.7	0.9
Texas	29,561,286	30,029,848	30,503,301	1.6	1.6

Source: U.S. Census Bureau



Sales Market Conditions

Sales housing market conditions ranged from soft to slightly tight in the Southwest region as of the first quarter of 2024. Home sales decreased in the region during the past 12 months compared with the same period a year ago. The number of new and existing home sales in the region during the 12 months ending February 2024, including single-family homes, townhomes, and condominiums, decreased 19 percent from a year ago to approximately 798,700 home sales. That decrease followed a 17-percent decline in the number of homes sold a year earlier (CoreLogic, Inc., with adjustments by the analyst). During the 12 months ending February 2024, the average home sales price in the region increased 2 percent to \$314,000.

In the largest metropolitan areas of Texas, sales housing market conditions during the first quarter of 2024 ranged from balanced to slightly tight despite slowing home sales. The Austin-Round Rock metropolitan area sales market was balanced during the first quarter of 2024. The number of new and existing homes sold decreased 4 percent from the 32,150 sales a year earlier, and the average home price declined 7 percent to \$574,300 (Texas Real Estate Research Center at Texas A&M University). The Austin-Round Rock metropolitan area recorded the largest decline in the average home price in the region from a year ago, decreasing approximately 9 percent from the peak average home price of \$628,200 during the 12 months ending November 2022. However, during the most recent 12-month period, home prices in the largest metropolitan areas of Texas were at least \$100,000 higher than the average prepandemic home price despite rising home mortgage interest rates. The sales market was balanced in the Dallas-Plano-Irving metropolitan division. New and existing home sales were down 4 percent to 60,150

homes sold, and the average home price increased 1 percent to \$522,700. In the Fort Worth-Arlington metropolitan division, the sales market was slightly tight. New and existing home sales were down 6 percent, with 30,450 homes sold, and the average sales price was relatively unchanged at \$431,600. Sales market conditions in the Houston-Pasadena-The Woodlands metropolitan area were balanced. Sales decreased 8 percent from the same period a year ago to 86,400 homes sold, but the average sales price edged up slightly. The sales market was balanced in the San Antonio-New Braunfels metropolitan area during the 12 months ending March 2024. The number of new and existing homes sold decreased 4 percent compared with a year earlier to 34,050 home sales, and the average home price decreased 2 percent to \$369,000.

Outside of Texas, home sales declined, and home prices increased in most metropolitan areas. In the Albuquerque metropolitan area, the sales market was slightly tight during the 12 months ending February 2024. New and existing home sales decreased 18 percent to 15,450 homes sold, and the average sales price increased 5 percent compared with a year earlier to \$356,300 (CoreLogic, Inc., with adjustments by the analyst). The sales market was slightly tight in the Little Rock-North Little Rock-Conway metropolitan area. The number of new and existing homes sold decreased 21 percent to 14,400 home sales compared with the number sold a year ago, but the average home price increased 6 percent to \$227,000. Sales market conditions in the Oklahoma City metropolitan area were slightly tight. Total home sales decreased 18 percent to 28,800 homes sold, but the average sales price increased 3 percent

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Home sales declined in all the major metropolitan areas of the Southwest region as of the first quarter of 2024.

	12 Months Ending	Number of Homes Sold				Price		
		2023	2024	Percent Change	Average	2023 (\$)	2024 (\$)	Percent Change
Albuquerque, NM (N&E)	February	18,850	15,450	-18	AVG	\$340,400	\$356,300	5
Austin-Round Rock, TX (N&E) ^a	March	32,150	30,750	-4	AVG	\$614,400	\$574,300	-7
Dallas-Plano-Irving, TX (N&E) ^a	March	62,800	60,150	-4	AVG	\$515,900	\$522,700	1
Fort Worth-Arlington, TX (N&E) ^a	March	32,550	30,450	-6	AVG	\$432,600	\$431,600	0
Houston-Pasadena-The Woodlands, TX (N&E) ^a	February	94,400	86,400	-8	AVG	\$411,000	\$412,400	0
Little Rock-North Little Rock-Conway, AR (N&E)	February	18,250	14,400	-21	AVG	\$213,800	\$227,000	6
New Orleans-Metairie, LA (N&E)	February	19,750	14,900	-25	AVG	\$301,300	\$292,700	-3
Oklahoma City, OK (N&E)	February	35,200	28,800	-18	AVG	\$247,900	\$254,600	3
San Antonio-New Braunfels, TX (N&E) ^a	March	35,600	34,050	-4	AVG	\$376,900	\$369,000	-2

AVG = average. N&E = new and existing.

Sources: ^aTexas Real Estate Research Center at Texas A&M University; all other areas—CoreLogic, Inc., with adjustments by the analyst



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from the same period a year ago to \$254,600. The sales market was soft in the New Orleans-Metairie metropolitan area. New and existing home sales declined 25 percent to 14,900 homes sold, and the average home price fell 3 percent to \$292,700.

The percentage of seriously delinquent home loans (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the region decreased during the past year. As of February 2024, 1.2 percent of home loans in the region were seriously delinquent or had transitioned into REO status, down from 1.5 percent a year ago (CoreLogic, Inc.).

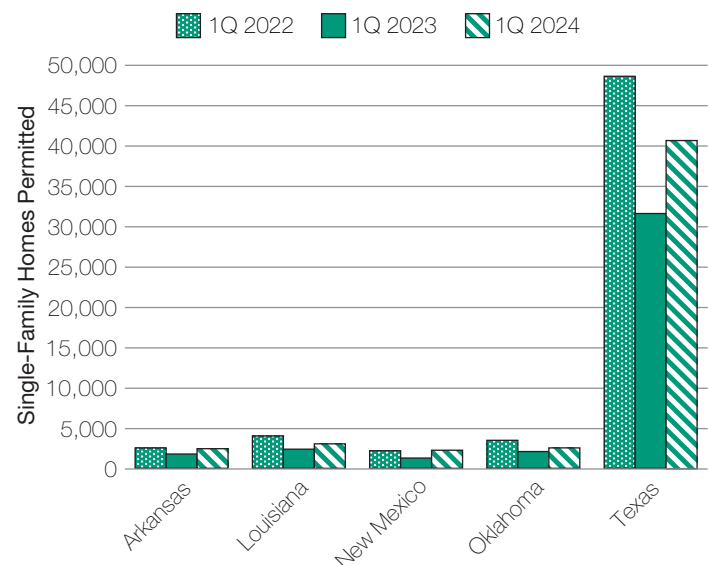
As of the first quarter of 2024 (preliminary data)—

- Single-family homebuilding activity in the region, as measured by the number of homes permitted, increased to approximately 51,150 single-family homes, up by 11,700 homes, or 23 percent, from the number of homes permitted during the first quarter of 2023.
- In New Mexico, single-family home permitting increased 43 percent to 2,275 homes compared with 1,300 homes permitted a year ago. The largest increase in single-family home permitting occurred in the Albuquerque metropolitan area, up 140 homes, or 34 percent, from the first quarter of 2023 to 550 homes permitted.
- In Arkansas, single-family home permitting increased 25 percent to 2,500 homes from the 1,875 homes permitted a year ago, led by a 38-percent increase in the Fayetteville-Springdale-Rogers metropolitan area to 1,500 homes permitted.
- The number of single-family homes permitted in Louisiana increased 23 percent to 3,150 homes from the 2,425 homes permitted a year ago. The largest increase in single-family home permitting occurred in the Baton Rouge metropolitan area, up by 230 homes, or 39 percent, from the first quarter of 2023 to 830 homes permitted.
- In Texas, the number of single-family homes permitted increased 22 percent to 40,650 homes from 31,650 homes

permitted a year ago. Among the major metropolitan areas and divisions in the state, single-family home permitting in the San Antonio metropolitan area increased at the fastest rate, up 57 percent to 2,750 homes. The largest numerical gain was in the Dallas-Plano-Irving metropolitan division, where homes permitted increased by 2,250, or 36 percent, reaching 8,500 homes.

- The number of single-family homes permitted in Oklahoma increased 16 percent to 2,575 homes permitted from 2,175 homes permitted a year ago. In the Oklahoma City metropolitan area, single-family home permitting increased at a similar rate, up 19 percent from a year ago to 1,300 homes permitted.

The number of single-family homes permitted in the Southwest region increased in every state during the first quarter of 2024, and the largest numerical gain was in Texas.



1Q = first quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions ranged from soft to balanced in the large metropolitan areas in the Southwest region during the first quarter of 2024 compared with conditions ranging from soft to slightly tight a year earlier. The market was soft in the Austin-Round Rock metropolitan area; the apartment vacancy rate increased from 6.9 to 9.3 percent, and the average rent declined 4 percent from a year earlier to \$1,650 (ALN Apartment Data, Inc.). Apartment deliveries have been robust in the Austin-Round Rock metropolitan area, where approximately 46,200 apartment units were delivered during the 36 months ending March 2024. During the past 12 months, absorption of apartment units in the Austin-Round Rock metropolitan area has totaled approximately 6,850 units, down from 7,325 units during the previous 12 months and 20,100 units during the 12 months ending March 2022. Record levels of absorption during 2021 and early 2022 spurred large increases in production, but new units continued to be delivered at a faster pace than they could be absorbed, which led to an increasing vacancy rate during the past year. Conditions were balanced in the Dallas-Plano-Irving metropolitan division, where the apartment vacancy rate increased from 6.7 to 8.2 percent, and the average rent decreased 1 percent from a year earlier to \$1,576. The apartment market was slightly soft in the Fort Worth-Arlington metropolitan division, with a 9.4-percent vacancy rate in the first quarter of 2024, up from 7.4 percent a year earlier, and the average rent was flat at \$1,424. In the Houston-Pasadena-The Woodlands metropolitan area, conditions were balanced during the first quarter of 2024, with an 8.8-percent vacancy rate, up from 8.2 percent a year earlier, and the average rent increased 1 percent to \$1,338. Conditions were soft in the San Antonio-New Braunfels metropolitan area, where the apartment vacancy rate increased from 8.3 to 10.5 percent, and the average rent decreased 2 percent from a year earlier to \$1,254.

Apartment market conditions outside of Texas as of the first quarter of 2024 were generally softer than a year ago. The apartment market in the Albuquerque metropolitan area was balanced, with a 6.4-percent vacancy rate, up from 5.9 percent a year earlier, and the average rent was up 5 percent to \$1,302 (ALN Apartment Data, Inc.). The apartment market was slightly soft during the first quarter of 2024 in the Little Rock-North Little Rock-Conway metropolitan area, where the average rent increased 5 percent from a year earlier to \$1,030, but the apartment vacancy rate remained high, increasing from 9.5 to 10.5 percent. The apartment market was also soft in the New Orleans-Metairie metropolitan area, where the average rent increased 3 percent from the first quarter of 2023 to \$1,279, and the vacancy rate decreased slightly from 9.7 percent a year earlier but remained high at 9.5 percent. The apartment market was soft in Oklahoma City, where the average rent increased 4 percent to \$1,026, but the vacancy rate increased from 8.4 to 9.3 percent.

As of the first quarter of 2024 (preliminary data)—

- Multifamily construction in the region, as measured by the number of multifamily units permitted, decreased 38 percent from the first quarter of 2023 to 16,500 units.
- In Oklahoma, 760 multifamily units were permitted statewide, up substantially from the 210 units permitted during the same period a year ago. In the Oklahoma City metropolitan area, approximately 410 units were permitted, representing a significant increase compared with 80 units during the first quarter of 2023. In the Tulsa metropolitan area, the number of multifamily units permitted increased to 280 from 60 a year ago.
- The number of multifamily units permitted in Arkansas decreased 24 percent from 830 units during the first quarter

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Vacancy rates increased throughout most apartment markets in the Southwest region as of the first quarter of 2024; rent declines occurred in some metropolitan areas where deliveries outpaced absorption.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2023 (%)	1Q 2024 (%)	Percentage Point Change	1Q 2023 (\$)	1Q 2024 (\$)	Percent Change
Albuquerque, NM	Balanced	5.9	6.4	0.5	1,245	1,302	5
Austin-Round Rock, TX	Soft	6.9	9.3	2.4	1,711	1,650	-4
Dallas-Plano-Irving, TX	Balanced	6.7	8.2	1.5	1,586	1,576	-1
Fort Worth-Arlington, TX	Slightly Soft	7.4	9.4	2	1,420	1,424	0
Houston-Pasadena-The Woodlands, TX	Balanced	8.2	8.8	0.6	1,321	1,338	1
Little Rock-North Little Rock-Conway, AR	Slightly Soft	9.5	10.5	1	979	1,030	5
New Orleans-Metairie, LA	Soft	9.7	9.5	-0.2	1,239	1,279	3
Oklahoma City, OK	Soft	8.4	9.3	0.9	990	1,026	4
San Antonio-New Braunfels, TX	Soft	8.3	10.5	2.2	1,279	1,254	-2

1Q = first quarter.

Note: Excludes units in initial lease up.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—ALN Apartment Data, Inc., with adjustments by the analyst

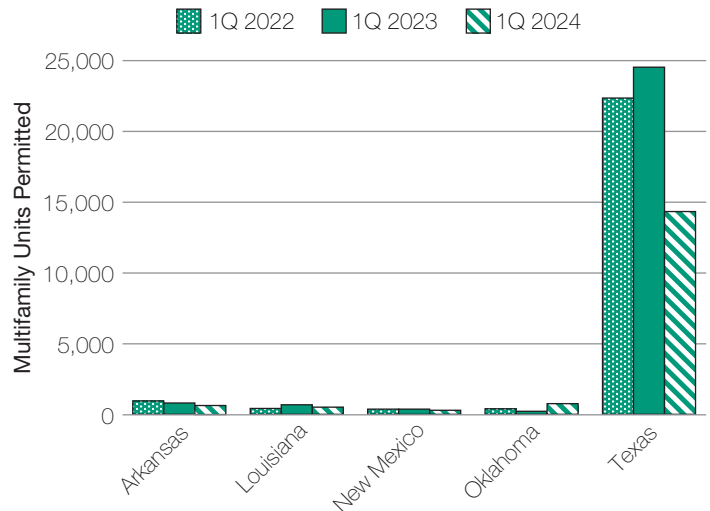


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of 2023 to 630 units in the first quarter of 2024. In the Little Rock-North Little Rock-Conway metropolitan area, 250 multifamily units were permitted, up from 40 units permitted a year ago, which was more than offset by a decline from 550 to 250 units permitted in the Fayetteville-Springdale-Rogers metropolitan area.

- The number of multifamily units permitted in New Mexico decreased 27 percent from 390 units during the first quarter of 2023 to 290 units in the first quarter of 2024. In the Albuquerque metropolitan area, the number of multifamily units permitted decreased to 240 from 370 a year ago.
- In Louisiana, 490 multifamily units were permitted, down 28 percent from the 680 units permitted during the same period a year ago. The largest decline in multifamily building activity occurred in the Lafayette metropolitan area, where fewer than 10 units were permitted, down from 220 units a year ago.
- In Texas, the number of multifamily units permitted decreased 42 percent to 14,350 units, down from 24,550 units during the same period a year ago. Multifamily unit permitting in the San Antonio-New Braunfels metropolitan area decreased sharply during the past year, down 78 percent from 2,475 to 540 units due to soft apartment market conditions and declining rents.

Multifamily permitting in the Southwest region as of the first quarter of 2024 was down substantially from a year ago, with a large decrease in Texas offsetting strong growth in Oklahoma.



1Q = first quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

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.
Home Sales/Home Sales Prices	Include single-family home, townhome, and condominium sales.
Seriously Delinquent Home Loans	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are 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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