

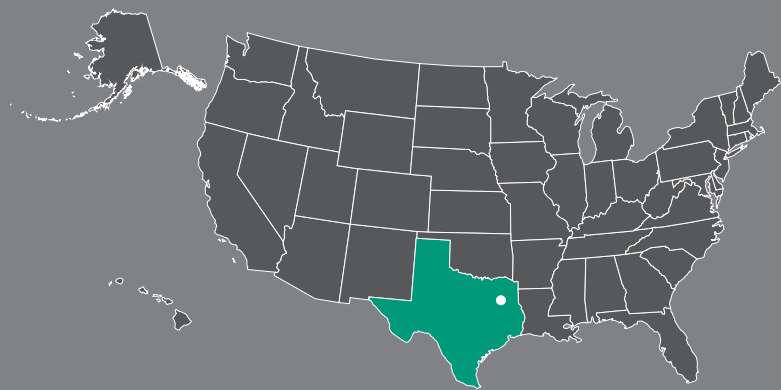
# HUD PD&R Housing Market Profiles

## Tyler, Texas



### Quick Facts About Tyler

- Current sales market conditions: slightly tight
- Current apartment market conditions: balanced
- The Tyler metropolitan area is known as the Rose Capital of America and is home to the largest rose garden in the country.



By Alexander Flowers | As of April 1, 2023

### Overview

The Tyler Metropolitan Statistical Area (hereafter Tyler metropolitan area) is in east Texas and is coterminous with Smith County. The Tyler metropolitan area, which is about 100 miles east of Dallas, is a regional hub for education and medical services. Two of the largest employers in the metropolitan area, CHRISTUS Mother Frances Hospital and UT Health East Texas, with 5,000 and 3,550 employees, respectively, provide healthcare services to many residents of East Texas. The metropolitan area is home to The University of Texas at Tyler (UT Tyler) and Tyler Junior College, with enrollments of more than 10,500 and 12,000 students, respectively. Trade is the second largest sector in the metropolitan area. The sector includes national chain stores, such as Walmart Inc. and Target Corporation, and regional stores, such as Brookshire's Food & Pharmacy, employing 1,500, 1,000, and 1,450 workers, respectively. Every year, Tyler hosts the Texas Rose Festival, a multiday celebration and festival that attracts over 100,000 visitors and contributes more than \$2.6 million to the local economy.

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- As of April 1, 2023, the population of the Tyler metropolitan area is estimated at 245,600, representing an average annual increase of 4,050, or 1.7 percent, since April 2020, with net in-migration averaging 3,875 people annually and accounting for nearly 96 percent of population growth.
- By comparison, from July 2014 through April 2020, population growth averaged 2,500 people, or 1.1 percent, annually, with net in-migration averaging 1,600 people

annually and accounting for 64 percent of population growth (U.S. Census Bureau population estimates as of July 1 and decennial census counts, with estimates by the analyst).

- From 2015 through 2021, the number of residents aged 65 years or older in the metropolitan area increased by 5,875, or 17 percent, whereas the median age increased from 36.4 to 37.4 years (American Community Survey [ACS] 1-year data).

## Economic Conditions

Economic conditions in the Tyler metropolitan area remain strong, and total nonfarm payrolls have fully recovered the number of jobs lost during March and April 2020 due to the COVID-19 pandemic (monthly data, not seasonally adjusted). Payrolls in the metropolitan area now exceed prepandemic levels, but job growth has slowed since reaching full recovery. During the first quarter of 2023, nonfarm payrolls totaled 113,400, representing an increase of 3,800 jobs, or 3.5 percent, from the first quarter of 2022, when nonfarm payrolls increased by 4,400 jobs, or 4.2 percent. Although the past 2 years of job growth have been strong, part of that growth is the rebound effect from job losses at the onset of the pandemic. During the fourth quarter of 2019, nonfarm payrolls averaged a prepandemic peak of 109,300. Nonfarm payrolls have increased since then by an average of 1,250, or 1.1 percent, annually. By comparison, during the 3-year period from 2017 through 2019, nonfarm payroll growth averaged 1,625, or 1.5 percent, annually.

During the first quarter of 2023—

- The education and health services sector led job growth in the metropolitan area, increasing by 1,000 jobs, or 4.2 percent, to reach 24,900 jobs, after gaining 400 jobs, or 1.6 percent, a year ago, due in part to an aging population needing more health care.
- The mining, logging, and construction sector increased by 700 jobs, or 11.1 percent, to 7,000 jobs, due in part to several large-scale projects, such as the construction of the W.T. Brookshire Conference Center, and a higher level of residential construction.
- All nonfarm payroll sectors, except the government sector, added jobs in the metropolitan area. The government sector is the third largest sector in the metropolitan area, and although jobs in that sector declined by 100, or 0.7 percent,

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**During the first quarter of 2023, nonfarm payrolls in the Tyler metropolitan area increased in all sectors except the government sector.**

	3 Months Ending		Year-Over-Year Change	
	March 2022 (Thousands)	March 2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	109.6	113.4	3.8	3.5
Goods-Producing Sectors	13.4	14.4	1.0	7.5
Mining, Logging, & Construction	6.3	7.0	0.7	11.1
Manufacturing	7.1	7.3	0.2	2.8
Service-Providing Sectors	96.2	99.0	2.8	2.9
Wholesale & Retail Trade	19.6	19.9	0.3	1.5
Transportation & Utilities	5.8	5.9	0.1	1.7
Information	1.4	1.5	0.1	7.1
Financial Activities	4.5	4.7	0.2	4.4
Professional & Business Services	10.9	11.0	0.1	0.9
Education & Health Services	23.9	24.9	1.0	4.2
Leisure & Hospitality	11.2	11.8	0.6	5.4
Other Services	3.6	4.1	0.5	13.9
Government	15.3	15.2	-0.1	-0.7
<b>Unemployment Rate</b>	4.0%	4.0%		

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

Source: U.S. Bureau of Labor Statistics

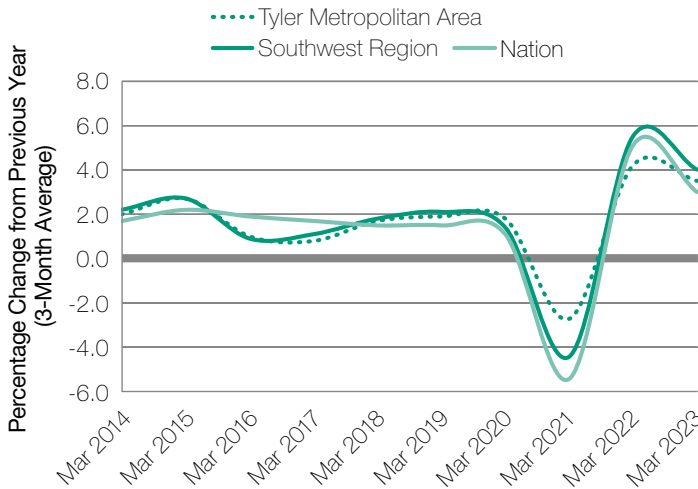


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from a year ago, payrolls in the sector still exceed any first quarter level prior to 2022.

- The unemployment rate was 4.0 percent, unchanged from a year ago. That rate was above the national rate of 3.8 percent. The unemployment rate reached a local peak of 10.3 percent during the second quarter of 2020.

**Nonfarm payrolls in the Tyler metropolitan area declined at a slower pace than in both the Southwest region and the nation during the COVID-19 pandemic, but they have also recovered at a slower pace.**



Source: U.S. Bureau of Labor Statistics

The education and health services sector has been one of the fastest and most consistently growing employment sectors in the Tyler metropolitan area during the past 10 years. Since the first quarter of 2012, nonfarm payrolls in this sector have expanded by an average of 300 jobs, or 1.3 percent, annually. As the number of people in the metropolitan area aged 65 and older increases and the median age rises, the need for further medical professionals and services has contributed to expansions within the sector. CHRISTUS Mother Frances Hospital, the largest employer in the metropolitan area, with 5,000 employees, recently expanded with the construction of the Northeast Texas Cancer and Research Institute, designed to offer a wider array of oncological services. UT Tyler is opening a \$308 million medical school and enlarging its current nursing program facilities with a \$35 million expansion, which will be completed by 2025 and designed to accommodate students of the new UT Tyler School of Medicine.

#### Largest Employers in the Tyler Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
CHRISTUS Mother Frances Hospital	Education & Health Services	5,000
UT Health East Texas	Education & Health Services	3,550
Trane Technologies	Manufacturing	2,300

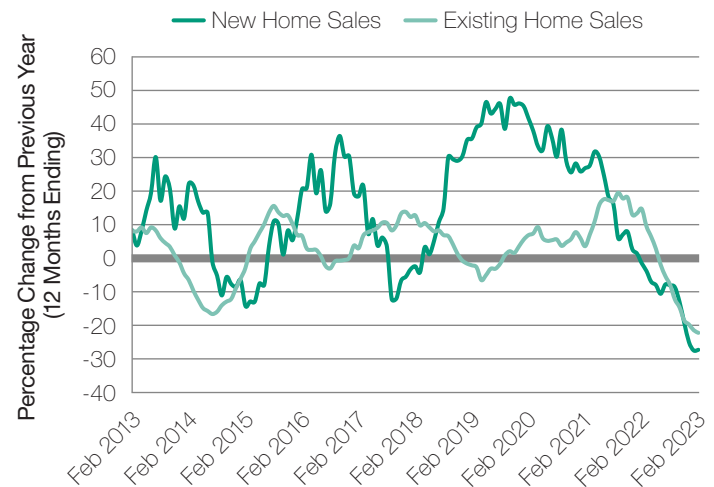
Note: Excludes local school districts.

Source: Tyler Economic Development Council

## Sales Market Conditions

The sales housing market in the Tyler metropolitan area is currently slightly tight, with an estimated vacancy rate of 1.1 percent, down from 2.1 percent in April 2010. Market conditions have tightened in the past 3 years as increased population growth, the availability of remote work, and the expanding economy contributed to an increase in housing demand in the metropolitan area. Recently, however, increased interest rates and elevated housing prices have had a negative effect on home sales. As of April 2023, there was a 3.0-month supply of homes for sale, reflecting an increase from 1.1 months a year earlier but identical to the inventory in April 2020 (Texas A&M Research Center). As a result of the COVID-19 pandemic and the associated economic disruption, the percentage of home loans that were seriously delinquent or transitioned into real estate owned (REO) status rose steeply during 2020 to a peak of 4.7 percent in September. The rate has declined sharply since then, however, to 1.4 percent as of February 2023, similar to the prepandemic level. The respective rates for Texas and the nation were 1.3 and 1.2 percent in February 2023, down from 2.0 and 1.7 percent a year earlier.

**New home sales in the Tyler metropolitan area accelerated strongly from mid-2018 to mid-2019, but both new and existing home sales declined during the past year.**



Note: Includes single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc.

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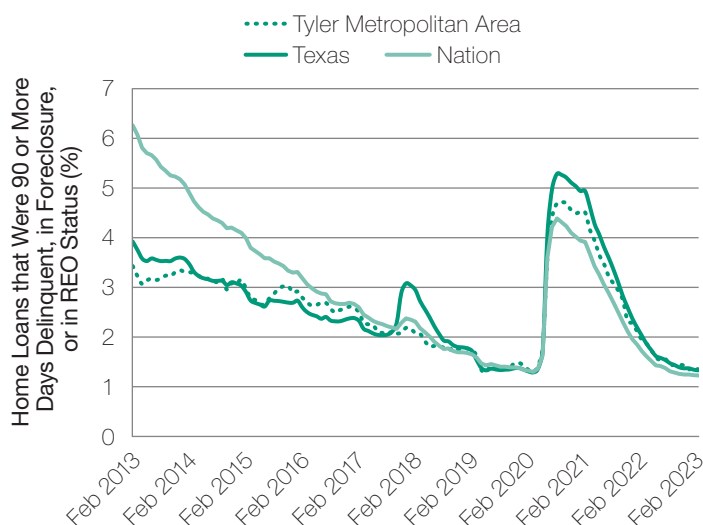
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During the 12 months ending February 2023—

- New home sales totaled 430 in the metropolitan area, representing a 27-percent decrease from 590 during the previous 12 months, as rising prices and interest rates dampened demand (CoreLogic, Inc., with adjustments by the analyst).
- Existing home sales totaled 4,650, reflecting a decline of 1,325 sales, or 22 percent, from the previous 12 months, when existing home sales reached an all-time peak of 5,975.
- The average sales price for new homes was \$346,500, up \$35,850, or 12 percent, from a year earlier. The average new home sales price increased by \$45,900, or 17 percent, during the 12 months ending February 2022.
- The average sales price for an existing home was \$277,600, representing an increase of \$20,350, or 8 percent, from the 12 months ending February 2022, when home prices increased at a faster rate of \$21,850, or 9 percent.

The construction of sales units in the Tyler metropolitan area, as measured by the number of single-family homes permitted, reached a historical peak in 2021 of 740 units. Although production has begun to decline slightly from the all-time high, increased population growth has contributed to construction remaining above previous levels of production. By comparison, single-family permitting from 2014 through 2019 averaged 470 units annually, with no single year reaching 600 homes permitted.

The percentage of home loans that were 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Tyler metropolitan area rose sharply following the onset of COVID-19, but that percentage has since returned to prepandemic levels.



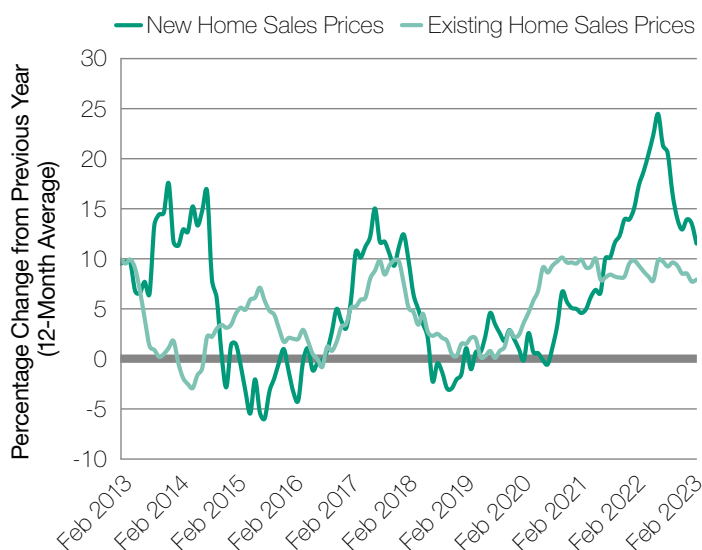
REO = real estate owned.

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

- During the 12 months ending March 2023, the number of single-family homes permitted increased from the previous year by 50 homes, or 10 percent, to 600 homes (preliminary data, with estimates by the analyst).

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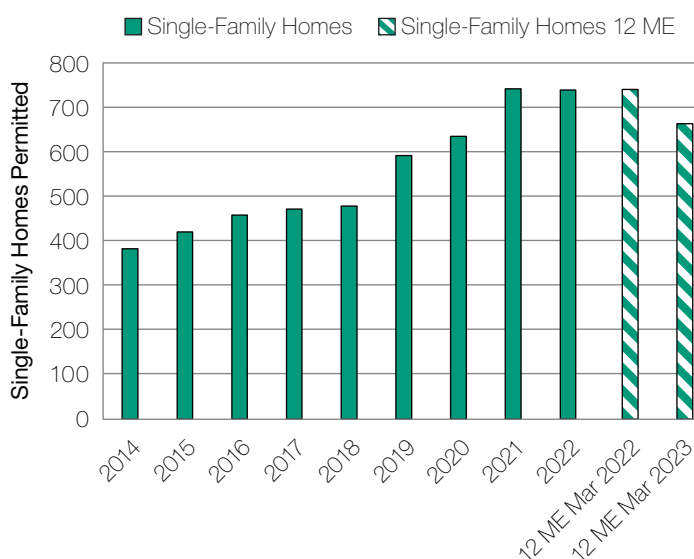
New home sales price growth in the Tyler metropolitan area accelerated in 2021 but has decelerated since mid-2022.



Note: Includes single-family homes, townhomes, and condominiums.

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

Single-family permitting in the Tyler metropolitan area accelerated in 2019 and continued to increase through 2021 before slowing slightly during the past year.



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



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- A total of 300 homes, or 50 percent of all single-family units completed in the metropolitan area during the 12 months ending March 2023, were built in the city of Tyler, down from 420 homes, or 77 percent, during the previous 12 months. Permitting rose rapidly in the outlying municipalities of the metropolitan area during the 12 months ending March 2023, increasing by 170 homes, or more than double the number from the previous 12 months.
- Construction is ongoing at several projects throughout Smith County. These communities include Cherokee Ridge, a

collection of single-family homes in the town of Bullard, with three- and four-bedroom homes starting between \$310,000 and \$380,000; Peach Tree Ranch, a series of five-bedroom homes located between Bullard and south Tyler, starting between \$450,000 and \$500,000; and Royal Vista Estates, a subdivision of three-bedroom homes in south Tyler near the city of Flint, starting between \$370,000 and \$450,000.

## Apartment Market Conditions

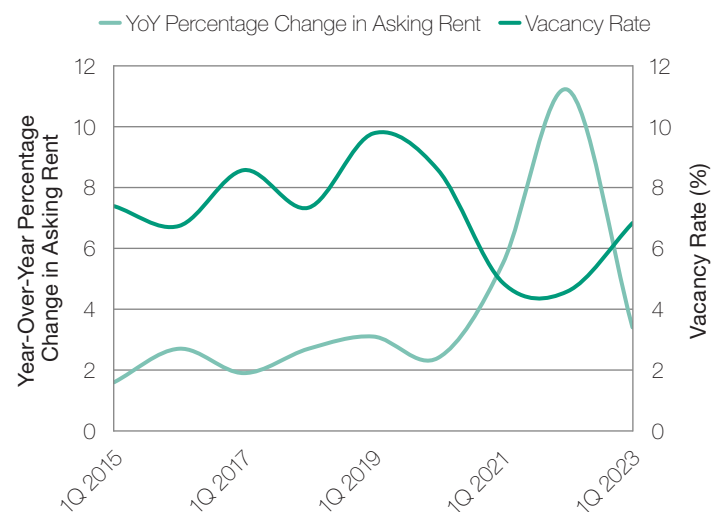
The apartment market in the Tyler metropolitan area is currently balanced, and new units have entered the market to help alleviate the slightly tight conditions a year ago. In the 5 years leading up to the COVID-19 pandemic, apartment market conditions ranged from slightly soft to balanced, but conditions tightened significantly from the first quarter of 2020 through 2022 as levels of net in-migration strongly increased and construction times slowed. Evidence of the tightening could be found in the lowest apartment vacancy rate since 2001, at 4.6 percent in the first quarter of 2022, and a notable rent increase steeper than typical in the metropolitan area. However, as levels of multifamily permitting and construction activity increased, apartment market conditions eased, and rent growth decelerated.

During the first quarter of 2023—

- The apartment vacancy rate in the metropolitan area averaged 6.8 percent, up from the 4.6-percent rate during the same quarter a year earlier but below the 9.8-percent peak during the first quarter of 2019 (CoStar Group).
- Apartment rents in the metropolitan area averaged \$1,128, representing an increase of \$37, or 3 percent, from \$1,091 a year earlier. That increase reflects a deceleration from the annual rent increase of \$110, or 11 percent, during the first quarter of 2022.
- Three-bedroom apartments in the metropolitan area had the largest rent increase of any unit type from the first quarter of 2022, up \$91, or 6 percent, to \$1,535. Demand for larger units was due in part to renters doubling up to help offset the large rent increases of the past few years.
- The average apartment vacancy rate within a 2-mile radius of UT Tyler is 8.9 percent, reflecting an increase from 6.6 percent a year ago. Rent averaged \$1,040, relatively unchanged from a year earlier.

Multifamily construction activity in the metropolitan area, as measured by the number of units permitted and analyst

The apartment vacancy rate in the Tyler metropolitan area declined from 2019 through 2022, but it has since increased slightly, whereas rent growth accelerated in 2021, only to decelerate over the past 12 months.



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

estimates, increased during the most recent 12 months, contributing to the highest 3-year average since 2009. That increase follows a period of fluctuating, but relatively limited, permitting activity from 2014 through 2019. During the 12 months ending March 2023, 570 multifamily units were permitted in the metropolitan area, up from 390 units permitted during the 12 months ending March 2022.

- An average of 220 multifamily units were permitted in the metropolitan area each year from 2014 through 2019, with a noticeable spike in permitting in 2017 to 390 units.
- Approximately 22 percent more multifamily units have been permitted since 2020 than were permitted from

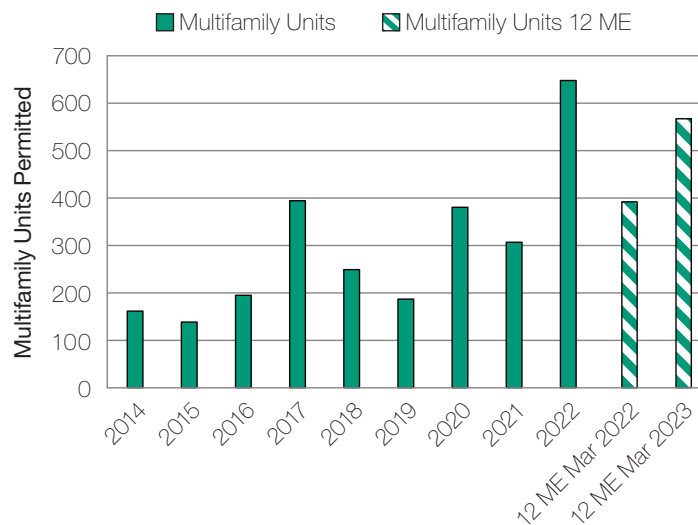
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2015 through 2019, contributing to the easing of the apartment market from the slightly tight conditions a year earlier.

- Since the beginning of 2020, an estimated 330 apartment units in and around the city of Tyler in Smith County were completed. Approximately 60 apartment units were completed in the city of Lindale.
- An estimated 370 apartment units are currently under construction in the Tyler metropolitan area. Notable developments include the West Oak Villages, a 96-unit multifamily complex expected to open in 2023, and Wayfare Apartments, a 272-unit complex in south Tyler.
- In 2022, two large apartment complexes were completed in the Tyler metropolitan area: The Morrison Lofts, a 110-unit complex with one-, two-, and three-bedroom units and asking rents between \$1,203 and \$1,374, and Cypress Flats, a 127-unit complex with a combination of studio and two-bedroom apartments and asking rents of \$855 and \$1,205, respectively.

**During 2022, multifamily permitting in the Tyler metropolitan area reached a decade high.**



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

## Terminology Definitions and Notes

### A. Definitions

Apartment Vacancy Rate/Apartment 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. An apartment property is stabilized once an occupancy rate of 90 percent or above is reached or at least 18 months have passed since the property was completed.
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 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.