Tyler, Texas

The Tyler metropolitan area, which consists of Smith County, is located in northeast Texas, about 100 miles east of Dallas. As of October 1, 2010, the population of the metropolitan area was estimated at 209,000, an increase of 1.7 percent, compared with the estimate as of October 1, 2009, and slightly lower than the average annual increase of 1.9 percent from 2005 through 2009. The city of Tyler, which is a regional center for health care, is home to the leading employers in the area, including the East Texas Medical Center Regional Healthcare System, Trinity Mother Frances Hospitals and Clinics, and Brookshire Grocery Company, with about 4,200, 3,700, and 2,200 employees, respectively.

Nonfarm payrolls in the metropolitan area declined by 600 jobs, or 0.7 percent, to an average of 93,100 during the 12 months ending September 2010. The average for the 3 months ending September 2010 is up 1.8 percent when compared with the same 3-month period 1 year ago, indicating the economy is improving. Before declining in 2009, nonfarm payrolls increased at an average annual rate of 1,850, or 2.0 percent, from 2003 to 2008. During the 12 months ending September 2010, sectors with significant declines included manufacturing; trade; and mining, logging, and construction, which lost 800, 500, and 500 jobs, respectively. The closure of two fabrication facilities by Chicago Bridge & Iron Company N.V. in 2009 resulted in the loss of 300 jobs, largely in the manufacturing sector. Partly offsetting the job losses was the addition of jobs in the government and the education and health services sectors, which both added about 500 jobs.

Construction of the Tyler Armed Forces Reserve Center, valued at $24.5 million, is currently under way and is expected to be completed by June 2011. Although it is uncertain how many jobs will be created when the center is completed, it is expected to bring about 300 reservists to Tyler on weekends throughout the year. During the 12 months ending August 2010 the average unemployment rate increased to 7.9 percent from 6.8 percent during the previous 12 months.

The sales housing market is moderately soft as a result of area job losses, although recent increases in sales activity indicate the market may be beginning to recover. According to the Real Estate Center at Texas A&M University, during the 12 months ending September 2010, the number of new and existing single-family homes sold in the metropolitan area increased to about 2,875, a 5-percent increase compared with the number of homes sold during the previous 12-month period. The current level of home sales remains below the average annual of 3,600 homes sold from 2006 through 2007 but is above the average annual of 2,075 homes sold from 2000 through 2003. The average single-family home sales price increased by 3 percent during the 12 months ending September 2010, from $155,500 to $159,500.

The weak economy has caused builders to reduce single-family home construction. Based on the latest local data available, an estimated 430 single-family homes were built during 2009, a 25-percent decline compared with the estimated 570 homes built during 2008. The most recent level of activity remains well below the estimated average annual of 1,200 homes built from 2004 through 2006. Prices for new, three-bedroom, single-family homes start at about $120,000. Ongoing developments include Oak Hollow, with about 200 homes slated for completion by 2013 and with prices starting at $250,000, and Guinn Farms, with a potential 150 homes to be completed by 2013 in the first of five phases and with prices starting at $140,000.

Rental housing market conditions in the metropolitan area are soft, with an apartment vacancy rate of 10 percent in the second quarter of 2010, the latest data available from the Tyler Apartment Association. The vacancy rate is down from 15 percent during the same quarter a year earlier due to reduced apartment construction activity during the past 12 months. The completion of more than 1,400 apartment units in the city of Tyler from 2007 through 2009 contributed to high vacancy rates during 2008 and 2009. In comparison, completions averaged 265 units annually from 2003 through 2007. During the second quarter of 2010, average apartment rents were $600 for a one-bedroom unit, $780 for a two-bedroom unit, and $900 for a three-bedroom unit. Average rents increased by less than 1 percent for one- and two-bedroom units and by 2 percent for three-bedroom units, when compared with rents during the second quarter of 2009.

Multifamily construction activity, as measured by the number of apartment units permitted by the city of Tyler, which contains nearly all apartments in the area, remained relatively stable during the 12 months ending July 2010 (the latest date available). During the 12 months ending July 2010, 140 units were permitted, compared with 190 units permitted during the previous 12 months. The current level of apartment construction activity remains below the average annual of 1,100 units.
permitted during 2006 and 2007 and may represent a return to permitting levels that prevailed from 2002 to 2005, when an annual average of 250 units were permitted. The first phase of Haverhill Place, with 48 units, is expected to open by November 2010, and phase two, with 64 units, is expected to be completed by 2012. Lake View Apartment Homes, with 140 units, is currently under construction and expected to be completed by 2012.