COMPREHENSIVE HOUSING MARKET ANALYSIS

College Station-Bryan, Texas

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of July 1, 2022

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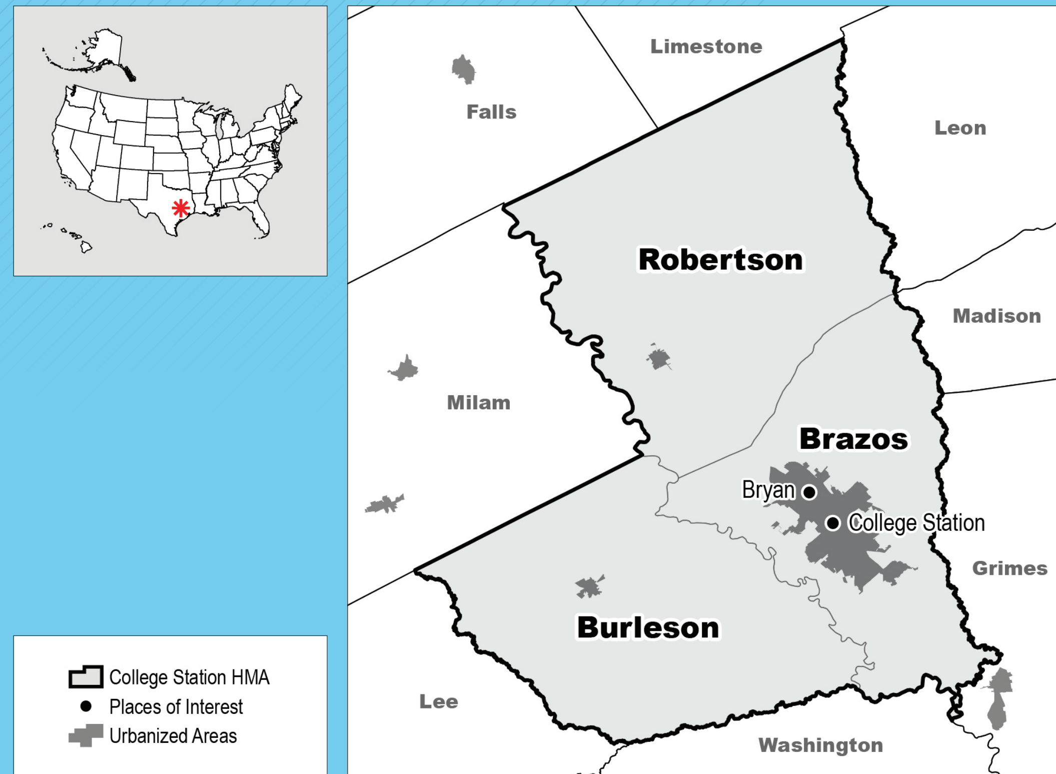
Executive Summary

Housing Market Area Description

The College Station-Bryan Housing Market Area (hereafter, College Station HMA) is located in eastern south-central Texas. The HMA is coterminous with the College Station-Bryan, TX Metropolitan Statistical Area (MSA), which includes three counties: Brazos, Burleson, and Robertson. The principal cities of College Station and Bryan are adjacent and located in Brazos County, the economic hub and most populous county of the HMA.

The current population of the HMA is estimated at 279,300.

The city of College Station is home to the main campus of one of the largest universities in the nation, Texas A&M University (TAMU). TAMU is a research university with a strong tradition of student unity that extends beyond student graduation, and many alums maintain active ties to the university. During fiscal year 2020, TAMU was the first university in the state of Texas to surpass $1.0 billion in annual research expenditures (TAMU Division of Marketing and Communications). Approximately 44 percent of the research expenditures were associated with the life sciences field. Partly a result of the life sciences research at TAMU, biotech companies are opening facilities in the HMA, hiring TAMU graduates, and entering into partnerships with the TAMU system.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Improving: During the 12 months ending June 2022, nonfarm payrolls averaged 126,200, an increase of 6,000 jobs, or 5.0 percent, compared with the same period 1 year earlier.

The economy in the College Station HMA continues to recover from the effects of the COVID-19 pandemic. As of July 1, 2022, approximately 86 percent of the 17,000 jobs lost in March and April 2020 had been recovered (monthly basis, not seasonally adjusted). Job growth is expected to continue during the 3-year forecast period, averaging 1.8 percent annually, with the strongest growth and full recovery anticipated during the first year.

Sales Market

Tight: New and existing home sales prices increased 11 percent during the 12 months ending June 2022, with existing home sales prices increasing slightly faster than new home sales prices.

The sales housing market in the HMA is currently tight, with an estimated vacancy rate of 1.0 percent, down from 1.6 percent in 2010, when conditions were slightly soft. During the 12 months ending June 2022, new home sales increased 6 percent, to 1,250, and existing home sales fell less than 1 percent, to 5,675 (CoreLogic, Inc.). During the next 3 years, demand is estimated for 3,700 new homes. The 1,000 homes under construction will satisfy some of that demand in the first year of the forecast period.

Rental Market

Slightly Tight: The rental and apartment markets have tightened since the second quarter of 2020, when market conditions were soft.

The overall rental housing market is slightly tight, with a current rental vacancy rate estimated at 6.2 percent, down from 7.3 percent in 2010. The apartment market is also slightly tight, with a vacancy rate of 7.5 percent during the second quarter of 2022, down from 9.3 percent a year earlier, while the average apartment rent increased 7 percent, to $989, the fastest pace of rent growth since at least 2000 (CoStar Group). During the forecast period, demand is estimated for 2,325 new rental units. The 1,125 units currently under construction are expected to satisfy most of the demand through the second year of the forecast period.

TABLE OF CONTENTS

3-Year Housing Demand Forecast

		Sales Units	Rental Units
College Station HMA	Total Demand	3,700	2,325
	Under Construction	1,000	1,125

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2022. The forecast period is July 1, 2022, to July 1, 2025.
Source: Estimates by the analyst

Economic Conditions

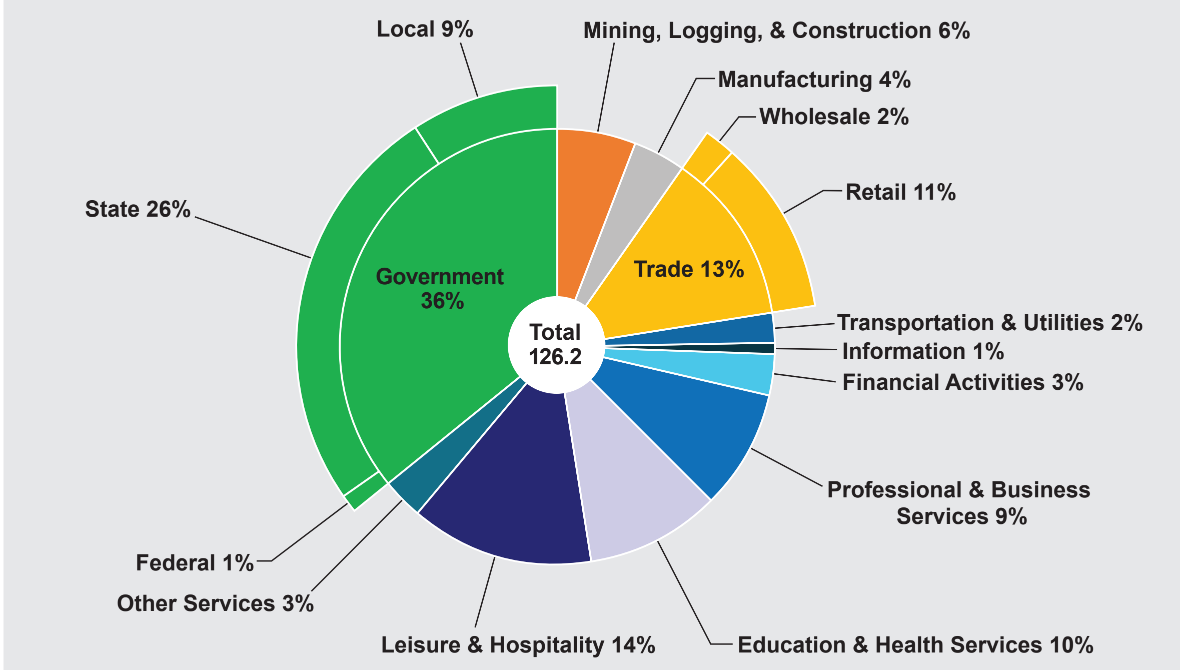
Largest Sector: Government

The economy of the HMA is primarily service based; the government sector accounts for nearly 40 percent of the 113,200 nonfarm payrolls in the service-providing sectors and 36 percent of total nonfarm payroll jobs.

Primary Local Economic Factors

The government, the leisure and hospitality, and the wholesale and retail trade sectors are the largest payroll sectors in the HMA, respectively; they contributed a combined 63 percent of total nonfarm payroll jobs in the HMA during the past 12 months (Figure 1). With four of the largest employers in the HMA—TAMU, the city of College Station, the county of Brazos, and the city of Bryan (Table 1)—government sector jobs provide a stable employment base that is crucial to the local economy. TAMU is the largest employer in the HMA, and much of the local economy is based around the university, with many restaurants and retail stores serving students and their families, alums, community residents, and visitors. During fiscal year 2018 the off-campus expenditures of out-of-county visitors to athletic events and other events hosted in TAMU athletic facilities contributed an estimated $58.3 million in off-campus sales, which include, but are not limited to, estimates for accommodations, food, and shopping (Emsi). Partly due to out-of-town visitors

Figure 1. Share of Nonfarm Payroll Jobs in the College Station HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2022.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the College Station HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Texas A&M University	Government	17,721
St. Joseph Health	Education & Health Services	2,541
Baylor Scott & White Health	Education & Health Services	1,648
City of College Station, Texas*	Government	1,000
FUJIFILM Diosynth Biotechnologies*	Manufacturing	900
County of Brazos	Government	824
City of Bryan*	Government	700
The Reynolds and Reynolds Company*	Professional & Business Services	700

*Data represent approximate number of employees.
Note: Excludes local school districts.
Source: Brazos Valley Economic Development Corporation

attending the many university-related events, the leisure and hospitality sector is the second largest employment sector in the HMA. The trade sector is the third largest payroll sector in the HMA, with the retail trade subsector accounting for nearly 11 percent of all payroll jobs in the HMA.

Funding associated with the U.S. Department of Health and Human Services Center for Innovation in Advanced Development and Manufacturing contract that was awarded to the TAMU system in 2012 has helped facilitate the growth of the biotech industry in the HMA. Job growth in the biotech industry supports high-paying jobs in the professional and business services, the manufacturing, and the mining, logging, and construction sectors, which account for 9, 4, and 6 percent of jobs in the HMA. Employment in these sectors has increased as companies such as Advanta US, iBio, Inc., FUJIFILM Diosynth Biotechnologies, and STgenetics have opened facilities in the HMA. Employment at the FUJIFILM Diosynth Biotechnologies Texas campus has grown from 90 people in 2014 to approximately 900 people, partly because of the expansion of its facilities to support vaccine manufacturing.

Current Conditions and the Impact of COVID-19 on Nonfarm Payrolls in the HMA

Economic conditions in the HMA are improving. Approximately 86 percent of the 17,000 nonfarm payroll jobs lost during March and April 2020, when the economy in the HMA contracted in response to countermeasures taken to slow the spread of COVID-19, had been recovered as of June 2022 (monthly data, not seasonally adjusted). In March 2020, TAMU shifted all in-person classes to online learning for the remainder of the spring semester, and many students left the HMA, which adversely affected the local economy. During the brief recession, all 11 payroll sectors lost jobs, with the largest declines in the leisure and hospitality, the government, and the wholesale and retail trade sectors. By the end of June 2022, seven payroll sectors had recovered all the jobs lost during March and April of 2020, with five of those sectors surpassing the prepandemic levels of February 2020.

During the 12 months ending June 2022, nonfarm payrolls increased by 6,000, or 5.0 percent, to 126,200 jobs, with gains occurring in all job sectors (Table 2). By comparison, payrolls declined by 900 jobs, or 0.8 percent, a year earlier. The service-providing sectors increased by 5,700 jobs, or 5.3 percent, and the goods-producing sectors increased by 300 jobs, or 2.4 percent. During this period, job gains were greatest in the leisure and hospitality, the professional and business services, and the wholesale and retail trade sectors. The leisure and hospitality sector increased by 1,600 jobs, or 10.3 percent, as tourism

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the College Station HMA, by Sector

	12 Months Ending June 2021	12 Months Ending June 2022	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**120.2**	**126.2**	**6.0**	**5.0**
Goods-Producing Sectors	12.7	13.0	0.3	2.4
Mining, Logging, & Construction	7.1	7.3	0.2	2.8
Manufacturing	5.6	5.7	0.1	1.8
Service-Providing Sectors	107.5	113.2	5.7	5.3
Wholesale & Retail Trade	15.0	16.1	1.1	7.3
Transportation & Utilities	2.1	2.3	0.2	9.5
Information	1.3	1.4	0.1	7.7
Financial Activities	4.0	4.1	0.1	2.5
Professional & Business Services	10.4	11.5	1.1	10.6
Education & Health Services	11.8	12.3	0.5	4.2
Leisure & Hospitality	15.6	17.2	1.6	10.3
Other Services	3.2	3.4	0.2	6.3
Government	44.1	44.9	0.8	1.8

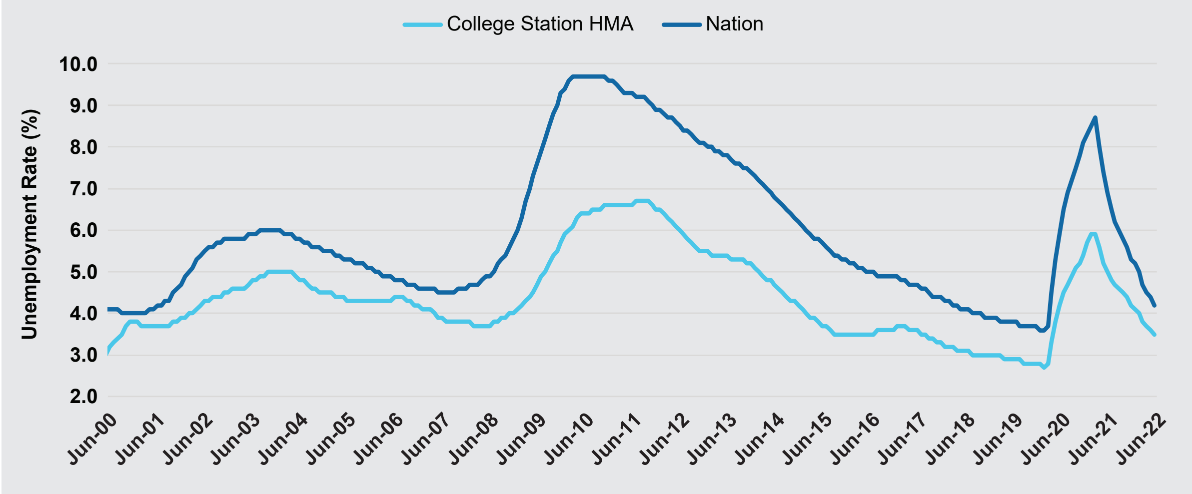
Notes: Based on 12-month averages through June 2021 and June 2022. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

increased in the HMA, compared with a decline of 700 jobs, or 4.2 percent, a year earlier, when tourism was curtailed due to the pandemic. Both the professional and business services and the wholesale and retail trade sectors increased by 1,100 jobs, or 10.6 and 7.3 percent, compared with the 12 months ending June 2021, when they increased by 500 and 400 jobs, or 4.6 and 0.4 percent, respectively. Government sector jobs increased by 800, or 1.8 percent, to 44,900 jobs; job growth in the sector was attributed to the state government and local government subsectors, which grew by 500 and 400 jobs, or 1.6 and 3.6 percent, respectively, as the state and local government budgets grew with increasing revenues. The mining, logging, and construction and the manufacturing sectors increased by 200 and 100 jobs, or 2.8 and 1.8 percent, respectively, in part due to the expansion of the G-CON Manufacturing, Inc. facilities, which added 100 jobs, and the renovation of an existing building for the Matica Biotechnology, Inc. manufacturing facility, which has added approximately 50 jobs since operations commenced in May 2022.

Current Conditions—Unemployment

The unemployment rate in the HMA was 3.5 percent during the 12 months ending June 2022, compared with 5.0 percent a year earlier, and down from the recent average peak of 5.9 percent during the 12 months ending March 2021 (Figure 2). By comparison, the unemployment rate in the nation averaged 4.2 percent during the 12 months ending June 2022, down from an average of 6.9 percent a year earlier.

Figure 2. 12-Month Average Unemployment Rate in the College Station HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

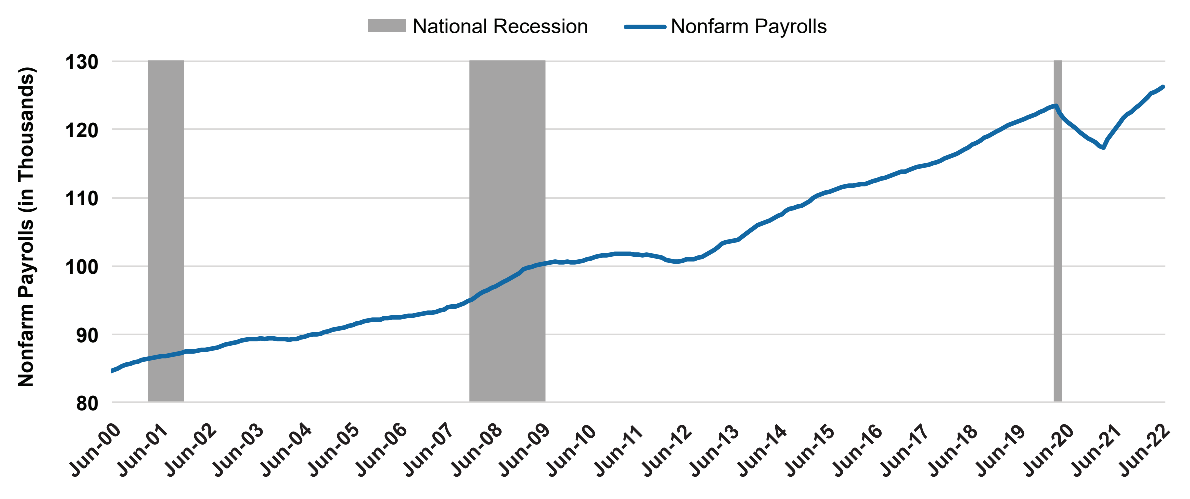
2001 Through 2008

Nonfarm payrolls increased each year from 2001 through 2008 and were strongest during the mid-2000s. Nonfarm payrolls in the HMA rose by an average of 1,200 jobs, or 1.3 percent, annually from 2001 through 2006, to 93,100 jobs (Figure 3). During this period, demand for goods and services increased, in part from people relocating from the New Orleans MSA to the HMA following Hurricane Katrina, which made landfall in August 2005. Jobs in the HMA also rose from 2001 through 2006 because of gains in the government sector, which increased by an average of 300 jobs, or 0.9 percent, annually, partly because of increased hiring at TAMU and because county and local government payrolls grew. The economy grew at a faster pace during 2007 and 2008, increasing by an average of 2,900 jobs, or 3.1 percent, annually. The government sector added the most jobs during this period, increasing by an average of 1,000 jobs, or 2.7 percent, annually. The mining, logging, and construction sector added the second most jobs during the period and rose by an average of 700 jobs, or 11.2 percent, partly because of increased residential construction in the HMA and because construction began on Texas A&M Health Science Center's Medical Research and Education Building in the city of Bryan.

2009 Through 2011

The pace of economic expansion in the HMA slowed during 2009 and 2010, before economic conditions contracted in 2011 due to the national recession that began in December 2007. The HMA was 1 of 15 MSAs in the nation where nonfarm payrolls increased from 2009 through 2010. Nonfarm payrolls increased by an average of 1,400 jobs, or 1.4 percent, annually in the HMA compared with the nation, which lost jobs at an average pace of 2.5 percent each year during the period. The impact of the national recession in the HMA was delayed because of job gains in the service-providing sectors, which accounted for all nonfarm payroll growth in the HMA. Strong job growth occurred in the government and the education and health services sectors, which increased by averages of 1,500 and 300 jobs, or 3.7 and 2.9 percent, annually, respectively, and contributed to most of the job gain. By contrast, job loss was greatest in the mining, logging, and construction sector, which fell by an average of 400 jobs, or 4.9 percent, each year. The economy in the HMA contracted during 2011, when nonfarm payrolls fell by 500 jobs, or 0.5 percent. The service-providing sectors accounted for all the loss, with net jobs in the goods-producing sectors remaining unchanged. The government and the education and health services sectors were the only service-providing sectors to lose jobs in 2011. The government sector lost the most jobs and fell by 1,100, or 2.6 percent; approximately 64 percent of the job loss was in the state government subsector as a result of state budget cuts. The wholesale and retail trade sector grew the most during 2011 and increased by 400 jobs, or 3.3 percent, which offset some of the losses in the service-providing sectors.

Figure 3. 12-Month Average Nonfarm Payrolls in the College Station HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2012 Through 2019

Economic conditions in the HMA recovered quickly during 2012 and expanded each year through 2019. Nonfarm payrolls increased by 800 jobs, or 0.8 percent, during 2012, with the goods-producing sector contributing 75 percent of the net job growth. The mining, logging, and construction and the manufacturing sectors increased by 400 and 200 jobs, or 6.2 and 3.8 percent, respectively. Payrolls increased in five of the service-providing sectors, which more than offset losses in the government and the education and health services sectors, the only sectors to lose jobs. The leisure and hospitality sector added the most jobs in the HMA and increased by 800 jobs, or 7.7 percent. The government and the education and health services sectors declined by 1,300 and 100 jobs, respectively. The state government subsector accounted for nearly 62 percent of the government sector jobs lost. From 2013 through 2015, nonfarm payrolls increased 3.1 percent; most of the job growth was in the service-providing sectors. Job growth was greatest in the leisure and hospitality sector, which increased by an average of 1,000 jobs, or 8.2 percent, annually. The government sector increased by 600 jobs, or 1.5 percent, due to increases in state government and local government jobs. The pace of nonfarm job growth slowed during 2016 and 2017, increasing an average 1.8 percent annually, with service-providing sectors contributing 95 percent of the gain. During this period, the professional and business services and the leisure and hospitality sectors grew at the fastest pace, averaging 5.4 and 3.5 percent annually. Growth in the leisure and hospitality sector was partly supported by the opening of 3 boutique hotels—The Stella, The George, and Cavalry Court—which opened in 2017. During 2018 and 2019, the pace of job growth accelerated, averaging 2.9 percent annually. During the period, all payroll sectors added jobs; the strongest job growth was in the leisure and hospitality sector, which increased by an average of 1,200 jobs, or 7.3 percent, annually. The mining, logging, and construction sector increased by an average of 200 jobs, or 2.0 percent, annually due to increases in residential, commercial, and industrial construction.

Forecast

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to grow an average of 1.8 percent annually. Job growth is expected to be greatest during the first year of the forecast, with the recovery of all jobs lost because of the pandemic anticipated during the first year. The goods-producing and the service-providing sectors are expected to contribute to payroll growth during the forecast period. Job gains are expected to be strong in the mining, logging, and construction sector as commercial and industrial construction increases. Also, FUJIFILM Diosynth Biotechnologies is planning to build a new $300 million facility to double its U.S.-based advanced therapy and vaccine manufacturing capacity. The facility is expected to open in 2024 and add 150 skilled jobs. Baylor Scott & White Health is building the $6 million Baylor Scott & White Clinic–College Station Midtown, which will provide primary healthcare services and include a wellness center. The clinic is expected to open in 2023. Baylor Scott & White Health is also building a $1.3 million sports therapy and rehabilitation space that is expected to open during the forecast period.

Population and Households

Current Population: 279,300

> Population growth in the HMA has slowed since 2015, mostly due to lower levels of net in-migration.

Population Trends

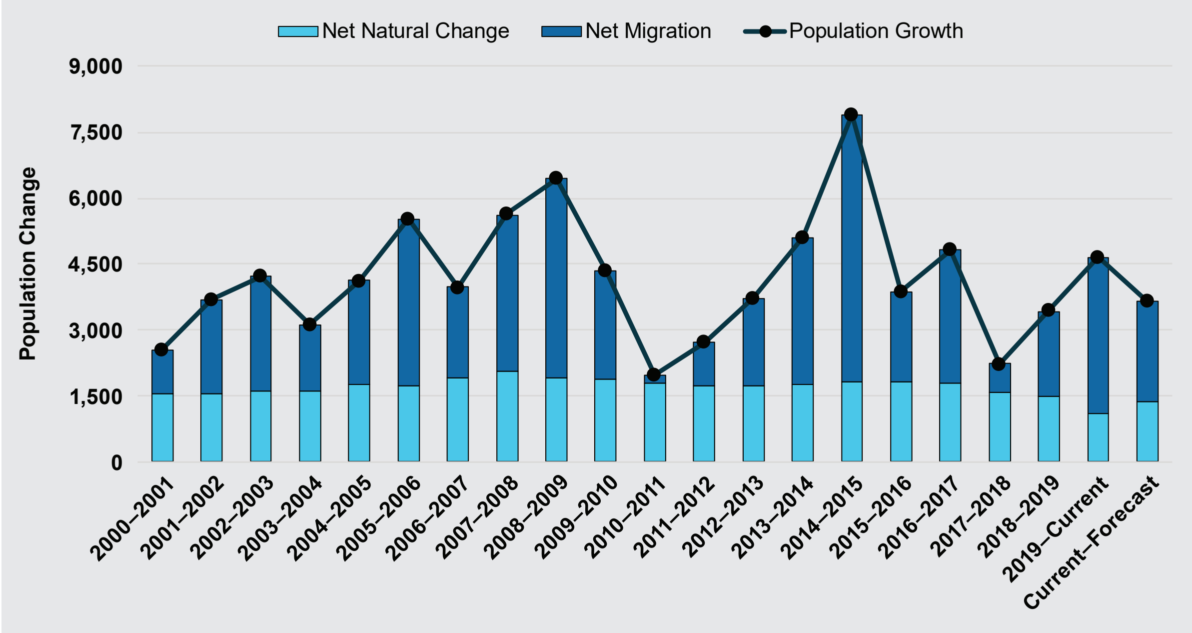
Economic conditions and university enrollment changes at TAMU have generally affected population growth and net in-migration trends in the HMA since 2000. As of July 1, 2022, the estimated population of the College Station HMA is approximately 279,300, representing an average increase of 4,125, or 1.6 percent, annually since April 2010 (Table 3). The economy in the HMA expanded from 2000 to 2010, and there was relatively strong population growth during the period. From 2000 to 2006, the population of the HMA increased by an average of 3,850, or 2.0 percent (Figure 4), partly because people temporarily relocated to the HMA from 2005 to 2006 from the New Orleans MSA due to being displaced by Hurricane Katrina. From 2006 to 2010, the population rose by an average of 5,250, or 2.4 percent, annually. Although many residents displaced by Hurricane Katrina returned to the New Orleans MSA during this period, net in-migration continued partly because of

Table 3. College Station HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	228,660	279,300	290,300
	Average Annual Change	4,375	4,125	3,650
	Percentage Change	2.1	1.6	1.3
		2010	**Current**	**Forecast**
Household Quick Facts	**Households**	85,102	103,350	107,800
	Average Annual Change	1,725	1,500	1,475
	Percentage Change	2.3	1.6	1.4

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (July 1, 2022) to July 1, 2025.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the College Station HMA, 2000 Through the Forecast



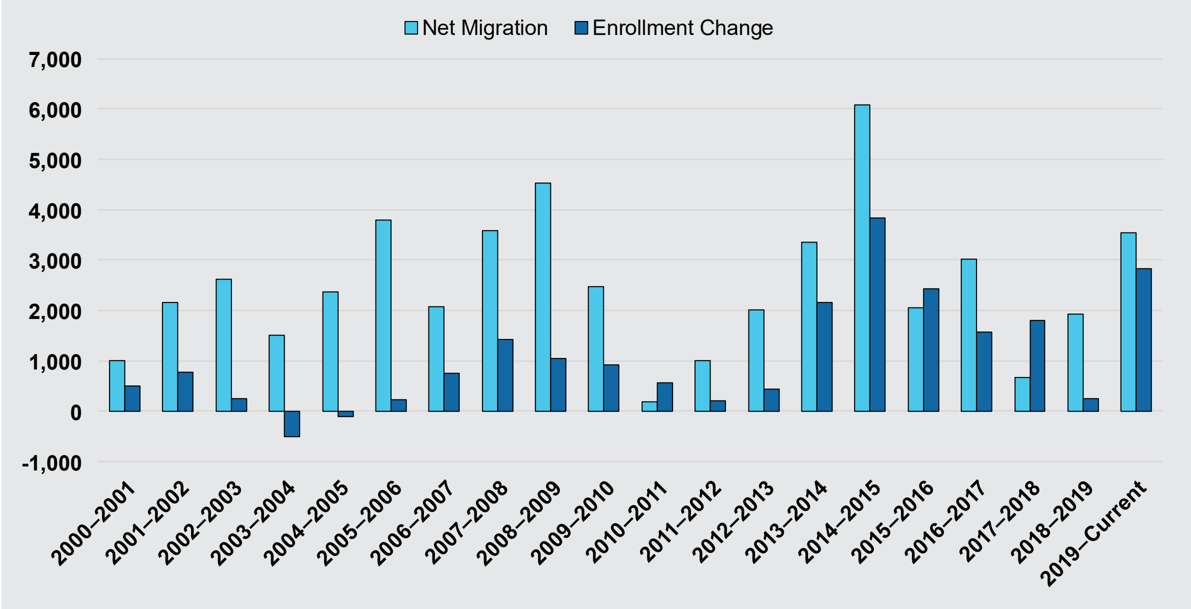
Notes: Data displayed are average annual totals. The forecast period is from the current date (July 1, 2022) to July 1, 2025.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

economic growth in the HMA. During this period, TAMU student enrollment increased each year (Figure 5), which also contributed to the increase in net in-migration.

Population growth slowed to 1,975 people, or 0.9 percent, from 2010 to 2011, with 91 percent of the growth attributed to net natural change. Net in-migration totaled only 180 people, primarily a result of weak economic conditions in the HMA during 2011. From 2011 to 2012, the population increased 1.2 percent before increasing by an average of 5,575, or 2.3 percent, annually from 2012 to 2015. During the latter period, net in-migration averaged 3,800 people annually as the local economy expanded, and net natural change averaged 1,775 people each year. During 2015, TAMU had the greatest increase in student enrollment since at least 2000, contributing to some of the increase in net in-migration. Population growth fluctuated and averaged 3,600 people, or 1.4 percent, annually from 2015 to 2019, with net in-migration contributing 53 percent of the population growth. From July 2019 to April 2020, population growth slowed to 3,900 people, with net in-migration of 2,400 people, partly because some TAMU students moved home during March 2020 due to the COVID-19 pandemic.

Since April 2020, the population has increased by an average of 4,900, or 1.8 percent, annually, with net in-migration increasing to an annual average of 3,925 people and net natural change slowing to an annual average of 970 people.

Figure 5. Student Enrollment and Net Migration Trends in the College Station HMA



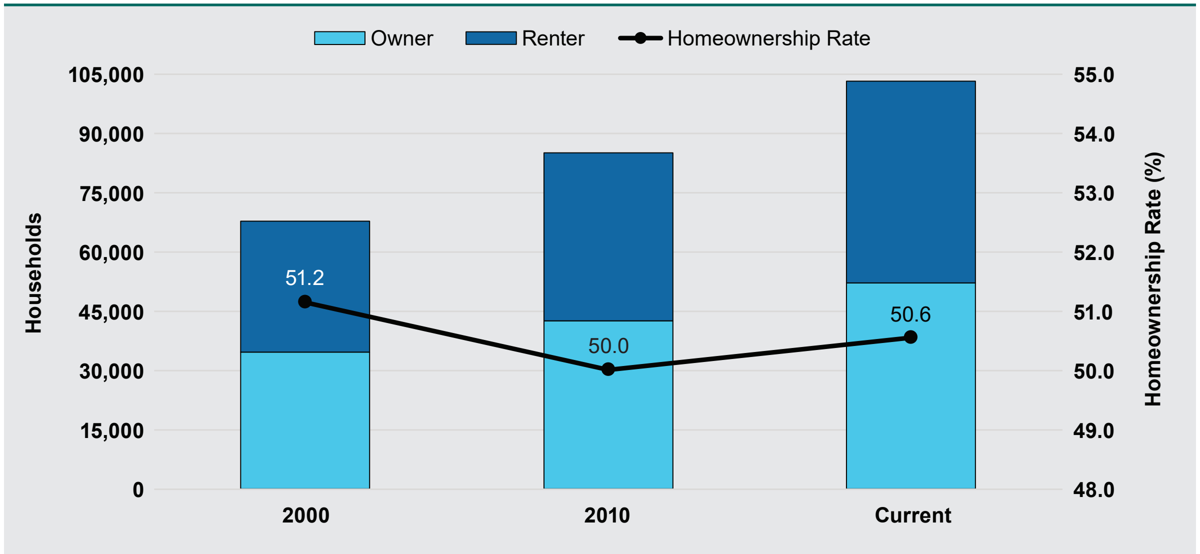
Note: Enrollment change is based on the Integrated Postsecondary Education Data System unduplicated headcount of TAMU students enrolled in in-person classes at TAMU campuses in Brazos County as of the official census date for each spring semester from 2000 to 2022.
Sources: Texas A&M University, Data and Research Services; U.S. Census Bureau

During this period, TAMU students returned to the HMA, and local economic conditions have been improving, both of which have contributed to the increase in net in-migration. The majority of TAMU students are from the state of Texas, partly because Texas high school students who rank in the top 10 percent of their graduating class and meet other eligibility criteria are eligible for automatic admission into Texas state universities. During the fall 2021 semester, approximately 87 percent of TAMU students were Texas residents, with 94 percent coming from outside the HMA (TAMU Accountability). The most in-state students came from nearby Harris and Fort Bend Counties and accounted for approximately 18 and 7 percent of the in-state student population, respectively.

Household Trends

As of July 1, 2022, an estimated 103,350 households reside in the HMA, reflecting an average annual increase of 1,500 households, or 1.6 percent, since 2010, compared with the average annual increase of 1,725 households, or 2.3 percent, annually during the 2000s. The slowdown in household growth since 2010 can be attributed to a slowdown in population growth and a change in the Census Bureau definition of noninstitutional group quarters in the 2020 Decennial Census. Reclassifying some student renter housing as noninstitutional group quarters resulted in a lower number of renter households and a higher homeownership rate than if the definition change not occurred. Currently, an estimated 50.6 percent of households are homeowners, up from 50.0 percent in 2010 (Figure 6).

Figure 6. Households by Tenure and Homeownership Rate in the College Station HMA



Note: The current date is July 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

Population growth in the College Station HMA is expected to continue during the 3-year forecast period, with the population reaching 290,300 by July 1, 2025, an average increase of 3,650, or 1.3 percent, annually. That rate of growth is lower than the period since 2010 because both net natural change and net in-migration are expected to proceed at a slower pace. As jobs lost from the pandemic are fully recovered and moderate economic growth ensues, and as student enrollment at TAMU increases, approximately 62 percent of the population growth is expected to result from net in-migration. The population is expected to increase steadily throughout the forecast period. Household growth is expected to average 1,475, or 1.4 percent, annually, with the number of households in the HMA reaching 107,800 by the end of the forecast period—a pace slightly faster than population growth during the same period.

Home Sales Market

Market Conditions: Tight

An increase in demand for homes for sale since the beginning of the pandemic has contributed to currently tight sales market conditions.

Current Conditions

The sales housing market in the College Station HMA is tight, with an estimated sales vacancy rate of 1.0 percent (Table 4), down from 1.6 percent in April 2010, when conditions were slightly soft. Sales market conditions became tight in 2020 as demand for homes rose while the inventory of homes for sale fell. The supply of homes for sale in June 2022 was 1.5 months, unchanged from a year ago (CoreLogic, Inc., with adjustments by the analyst). Some of the rise in demand came from absentee owners who purchased investment and second homes. Although the sales market is tight, the increase in the current pace of sales has slowed because of rising mortgage interest rates during the first half of 2022. During the 12 months ending June 2022, new and existing home sales in the HMA averaged 6,925 homes sold, an increase of 50 homes, or nearly 1 percent, from the previous 12 months (CoreLogic, Inc.). During the same period, the average home sales price in the HMA increased by $29,100, or approximately 11 percent, from the previous 12 months, to $292,200, which was the fastest price growth since 2012.

Table 4. Home Sales Quick Facts in the College Station HMA

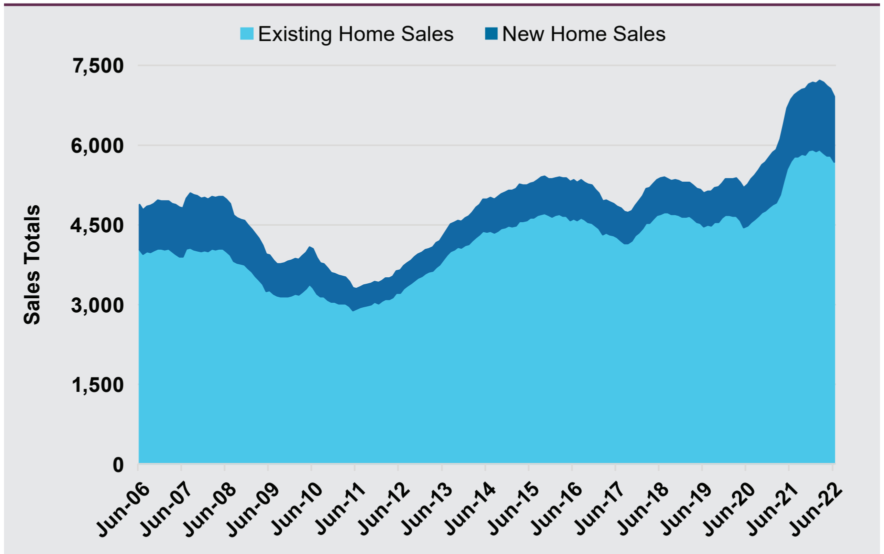
		College Station HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.0%	NA
	Months of Inventory	1.5	1.9
	Total Home Sales	6,925	7,177,000
	1-Year Change	1%	-5%
	New Home Sales Price	$325,900	$459,800
	1-Year Change	10%	14%
	Existing Home Sales Price	$284,900	$393,800
	1-Year Change	11%	13%
	Mortgage Delinquency Rate	1.0%	1.4%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2022; and months of inventory and mortgage delinquency data are as of June 2022. The current date is July 1, 2022.
Sources: Vacancy rate—estimates by the analyst; months of inventory, home sales and prices, and mortgage delinquency rate—CoreLogic, Inc.

Existing Home Sales and Prices

The number of existing home sales, which includes resale sales and distressed sales, generally trended downward from 2006 through 2011 before rising to a peak in 2021. Existing home sales averaged 3,600 homes annually from 2006 through 2010 (Figure 7) before falling to a low of 3,025 homes sold in 2011, when the local economy contracted and population growth was very low. Strong job and population growth contributed to existing home sales increasing from 2012 through 2015 by an average of 410 homes, or 11 percent, annually, to 4,650 homes sold in 2015. During 2016 and 2017, the economy

Figure 7. 12-Month Sales Totals by Type in the College Station HMA

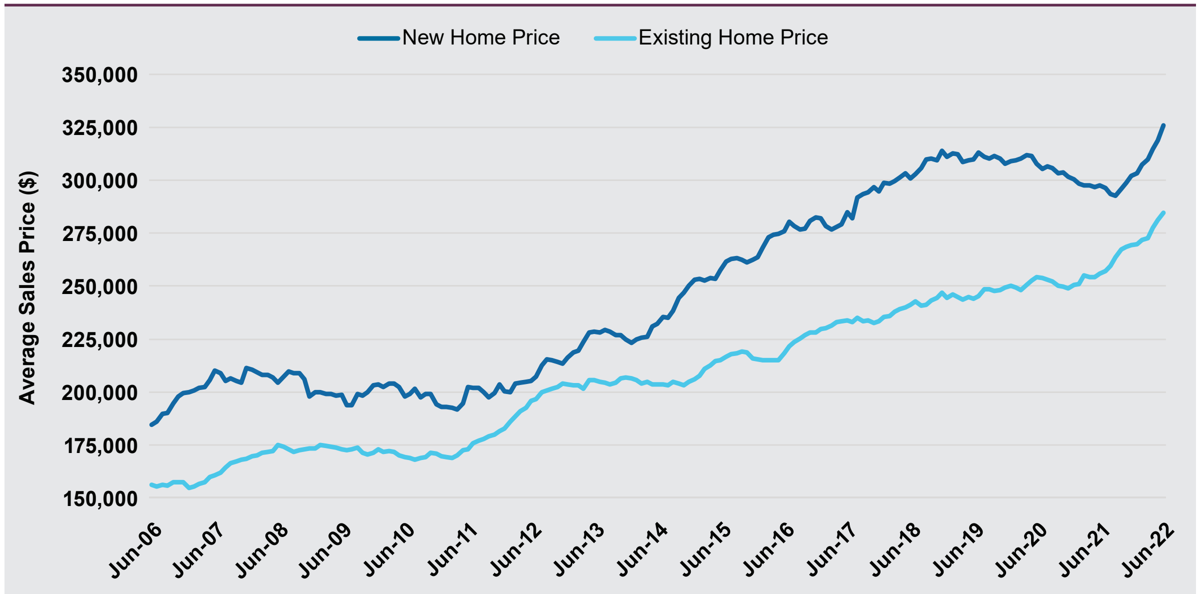


Source: CoreLogic, Inc.

in the HMA expanded at a moderate pace, and population growth slowed compared with the previous period; during the period, existing home sales trended downward, averaging 4,425 homes annually. As the local economy grew quicker during 2018 and 2019, existing home sales rose by an average of 170 homes, or 4 percent, annually. Historically low mortgage interest rates incentivized homebuying, and existing home sales rose by an average of 620 homes, or 12 percent, annually during 2020 and 2021. During the 12 months ending June 2022, existing home sales in the HMA fell by approximately 25 homes, or less than 1 percent, to 5,675, partly a result of higher mortgage interest rates during 2022 combined with a rapid increase in the average sales price of an existing home during this period.

Although the average sales price for an existing home has fluctuated since 2006, it has generally trended upward. The average sales price of an existing home rose by an average of $7,075, or 4 percent, annually from 2006 through 2008 before falling an average of 1 percent annually, to $170,900 in 2010 (Figure 8). Despite job losses in the HMA, the existing home sales price increased 6 percent in 2011 before increasing an average of 5 percent annually during the next 5 years, to $227,900 in 2016, as economic conditions strengthened. In response to moderating home sales market conditions, the average sales price increased 2 percent, to $233,600 in 2017. During 2018 and 2019, as the local economy grew at a quicker pace and demand for homes increased, the average sales price of an existing home rose by 3 percent each year. During 2020, the average existing home sales price remained relatively unchanged before rising 8 percent, to $269,600 in 2021. During the 12 months ending June 2022, the average price of an existing home increased 11 percent, to $284,900, compared with an increase of nearly 1 percent a year earlier.

Figure 8. 12-Month Average Sales Price by Type of Sale in the College Station HMA



Source: CoreLogic, Inc.

New Home Sales and Prices

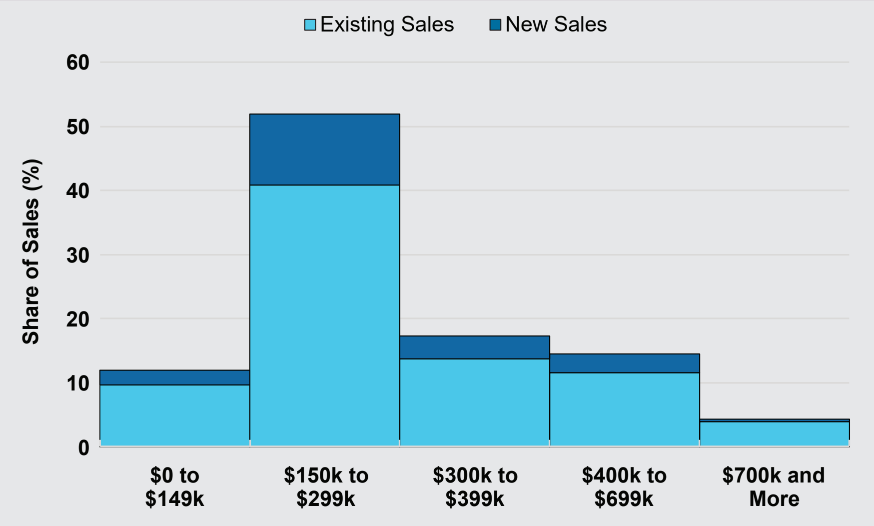
New home sales trends have generally followed existing home sales trends in the HMA. During 2006 and 2007, new home sales averaged 960 homes sold annually before falling an average of 21 percent annually from 2008 through 2011, to 390 homes sold in 2011, a result of stricter mortgage lending standards during the period and relatively weaker economic conditions in the HMA from 2009 through 2011. From 2012 through 2015, new home sales increased by an average of 80 homes, or 16 percent, annually before falling an average of 11 percent annually, to 610 homes sold in 2017. New home sales rose an average of 5 percent annually during 2018 and 2019 before increasing more rapidly during 2020. From 2020 through 2021, new home sales increased due to the low supply of existing homes available for sale and rising demand during the COVID-19 pandemic; new home sales increased an average of 37 percent annually, to 1,275 homes sold during 2021. During the 12 months ending June 2022, new home sales increased 6 percent, to approximately 1,250 homes, a much slower pace compared with a 49-percent increase during the previous 12-month period. The pace of new home sales slowed even as sales market conditions remained tight, partly because of supply chain issues, which increased construction times.

The average new home sales price fluctuated from 2006 through 2010 before increasing each year through 2018. The average sales price of a new home increased to $211,300 in 2007 before falling an average of 3 percent annually during the next 3 years, to $194,000 in 2010. Despite weak economic conditions during 2011, the new home sales price increased 5 percent before rising an average of 6 percent annually from 2012 through 2018, to reach $313,900 in 2018 as economic conditions in the HMA strengthened. The new home sales price fell an average of 2 percent annually during the next 2 years, to $301,700 in 2020, before increasing slightly, to $302,100 during 2021. During the 12 months ending June 2022, the average price of a new home increased nearly 10 percent, to $325,900, compared with a decrease of 3 percent a year earlier. During the 12 months ending June 2022, nearly 54 percent of new homes sold were in the $150,000-to-$299,000 price range (Zonda; Figure 9).

Seriously Delinquent Mortgages and REO Properties

As COVID-19 led to unprecedented job losses in the HMA, the ability of homeowners to make their mortgage payments was affected, and the mortgage delinquency rate began to rise in the HMA. The percentage of seriously delinquent mortgages and real estate owned (REO) properties

Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending June 2022 in the College Station HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

increased from 0.7 percent in April 2020 to a high of 3.3 percent in October 2020, which was higher than the previous peak of 2.4 percent in January 2010 (CoreLogic, Inc.). Many mortgage borrowers were hit hard by the pandemic-induced economic downturn, and some of them participated in mortgage forbearance programs, which were provided for under the $2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. From June 2020 through October 2020, there was a significant increase in the percentage of mortgages that were 90 days or more delinquent, while the number of foreclosures and REO properties declined as a result of the increase in mortgage forbearances. Since then, the percentage of seriously delinquent mortgages and REO properties has fallen as mortgage forbearance programs provided for by the CARES Act have ended and local economic conditions have improved. In June 2022, 1.0 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 2.3 percent a year earlier. By comparison, the national percentage of seriously delinquent mortgages and REO properties was 1.4 percent in June 2022, down from 3.1 percent a year earlier and significantly below the peak rate of 8.6 percent in January 2010.

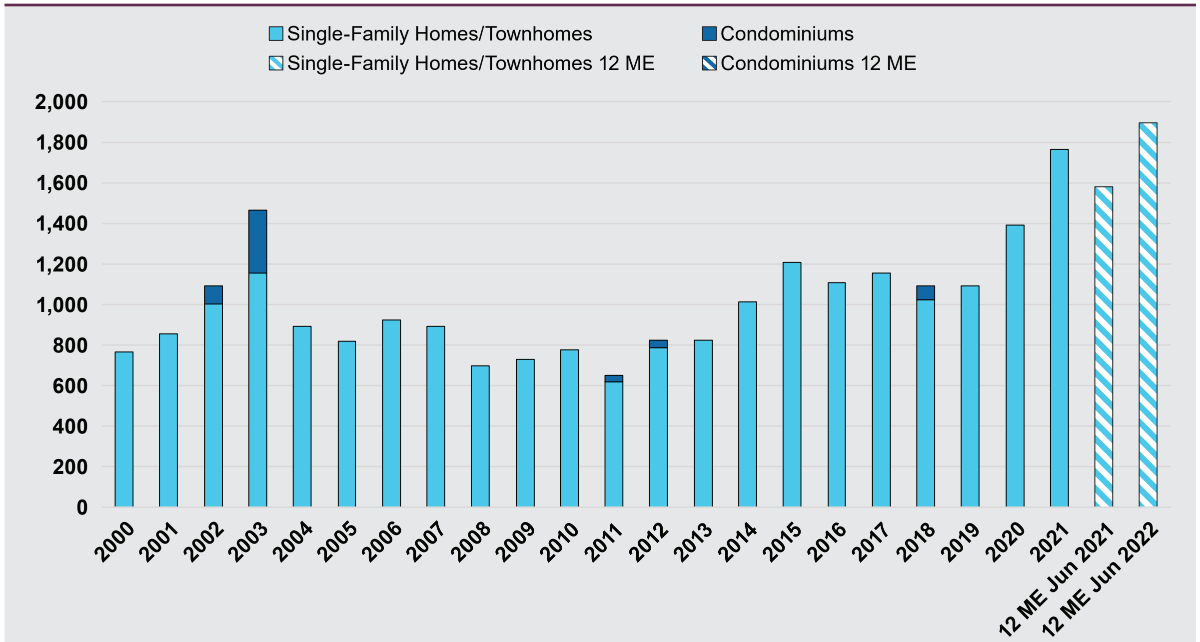
Absentee Owner Sales

Absentee owner sales are primarily investment or second-home purchases. Investor purchases in the College Station HMA are common due to the large student population in need of rental housing in the area. Since 2006, absentee owner sales in the HMA have generally followed existing and new home sales trends. Absentee owner sales trended downward from 890 homes in 2006 to 650 homes in 2011, when the local economy contracted, and the average price of absentee owner homes rose 1 percent annually during the period (Zonda). As economic conditions in the HMA expanded and enrollment at TAMU rose at a generally fast pace, absentee owner sales increased to 990 in 2016, and the sales price rose an average 6 percent annually. From 2017 through 2019, absentee owner sales averaged 950 homes annually before increasing an average of 20 percent annually, to 1,350 homes in 2021, as mortgage interest rates fell. During 2022, the pace of absentee home sales slowed, and the average sales price increased. During the 12 months ending June 2022, absentee home sales fell less than 1 percent, to approximately 1,250 homes sold, and the average sales price of an absentee owner home increased 7 percent, to $287,900.

Sales Construction

New home construction—as measured by the number of single-family homes, townhomes, and condominiums permitted in the College Station HMA—has trended upward since 2019 to the highest level of activity since at least 2000, as more people have moved to the HMA and demand for new homes has increased. During the 12 months ending June 2022, the number of homes permitted totaled 1,900 (Figure 10), up nearly 21 percent from the previous 12 months, when approximately 1,575 homes were permitted (preliminary data and adjustments by the analyst). The number of homes permitted in the HMA increased each year, from 760 homes permitted in 2000 to the decade peak of 1,475 homes permitted in 2003. Despite strong economic

Figure 10. Annual Sales Permitting Activity in the College Station HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

conditions and increased migration to the HMA, new home construction activity in the HMA fell by an average of 150 homes, or 14 percent, annually during the next 5 years. As economic conditions in the HMA weakened and migration to the HMA slowed, sales construction activity averaged 720 homes permitted annually from 2009 through 2011. The economy in the HMA recovered during 2012 and expanded through 2019, contributing to new home construction activity, averaging 1,000 homes permitted annually, before increasing to an average of 1,575 homes permitted each year from 2020 through 2021.

Recent Developments

Although new homes are being built throughout the College Station HMA, new home construction has been more prevalent in the cities of Bryan and College Station. New developments include the Heartland at Creek Meadows development in the city of College Station, where 18 homes have been sold and 6 homes under construction are for sale. Home prices range from $310,900 for three-bedroom homes to $393,900 for four-bedroom homes. One hundred homes are planned at buildout at the development once completed.

New homes are currently for sale in the Sage Meadow development in the city of Bryan. Currently, 28 lots are available in the 68-lot subdivision, and construction of 9 homes is underway. Prices range from $242,500 for a 1,268-square-foot home to $309,100 for a 1,668-square-foot home.

Forecast

During the next 3 years, demand is expected for an estimated 3,700 homes in the College Station HMA (Table 5). The 1,000 homes currently under construction will satisfy a large portion of the estimated demand during the first year of the forecast period. Demand is expected to be highest during the first year of the forecast period, when job growth is expected to be greatest.

Table 5. Demand for New Sales Units in the College Station HMA During the Forecast Period

Sales Units	
Demand	3,700 Units
Under Construction	1,000 Units

Note: The forecast period is from July 1, 2022, to July 1, 2025.
Source: Estimates by the analyst

Rental Market

Market Conditions: Slightly Tight

Rental market conditions have tightened since 2020 because strong rental demand has only partially been met by growth in rental inventory.

Current Conditions and Recent Trends

Rental housing market conditions in the College Station HMA are currently slightly tight, with an estimated rental vacancy rate of 6.2 percent, down from 7.3 percent in 2010, when the market was balanced (Table 6). Rising home prices and growing enrollment at TAMU have contributed to strong rental demand since 2010. Single-family rental homes account for one-third of the rental market in the HMA. During 2019, 33 percent of the occupied rental stock was single-family rental homes, compared with 32 percent in 2010 (American Community Survey 1-year data). By comparison, the share of occupied structures with five or more units, typically apartments, was 40 percent of the occupied rental stock during 2019, which was unchanged from 2010.

Single-Family Rental Market

Approximately 83 percent of the occupied single-family rental stock in the HMA are detached single-family homes, and 17 percent are attached homes. Since 2013, the monthly average single-family home vacancy rate for professionally managed detached homes has fluctuated by 1.6 percentage points, ranging from 2.3 percent in 2019 and 2022 to 3.9 percent in 2013 (CoreLogic, Inc.). The average single-family home vacancy rate for professionally managed detached homes was 2.3 percent in June 2022, down from 2.6 percent in June 2021, and the average rent per square foot for a detached single-family home increased 12 percent, to $1.17 per square foot, compared with a year earlier. In June 2022, rents for professionally managed detached homes averaged $1,004, $1,309, $1,775, and $2,115 for one-, two-, three-, and four-bedroom homes, respectively.

Table 6. Rental and Apartment Market Quick Facts in the College Station HMA

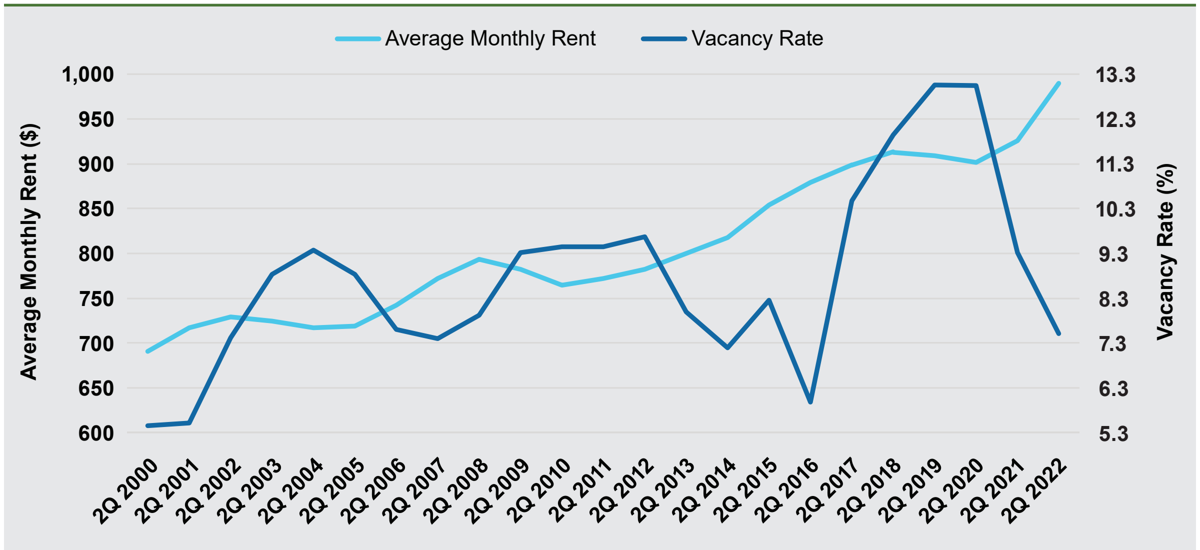
		2010 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	7.3	6.2
		2010 (%)	2019 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	32	33
	Multifamily (2–4 Units)	23	23
	Multifamily (5+ Units)	40	40
	Other (Including Mobile Homes)	6	3
		2Q 2022	YoY Change
Apartment Market Quick Facts	Apartment Vacancy Rate	7.5	-1.8
	Average Rent	$989	7%

2Q = second quarter. YoY= year-over-year.
Notes: The current date is July 1, 2022. Percentages may not add to 100 due to rounding.
Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—American Community Survey 1-year data; apartment data—CoStar Group

Apartment Market Conditions

Apartment market conditions in the HMA have fluctuated during the past two decades, ranging from tight conditions in the second quarters of 2000 and 2001, when the vacancy rate was 5.5 percent, to soft conditions in the second quarters of 2019 and 2020, when the vacancy rate was 13.1 percent (CoStar Group). The apartment vacancy rate increased 4 percentage points from the second quarter of 2000 to the second quarter of 2010, and the average apartment rent increased by an average of $7, or 1 percent, annually during the period (Figure 11). The vacancy rate trended downward, from 9.4 percent in the second quarter of 2011, when the economy in the HMA contracted and net in-migration was low, to 6.0 percent by the second quarter of 2016, a result of strong economic and population growth in the HMA during the period. Partly due to new apartment units that entered the market, which were offered at higher rents, the average asking rent for an apartment increased by an average of $21, or 3 percent, annually, to $879 by the second quarter of 2016. As more new apartment units entered the market and net in-migration slowed, the vacancy rate increased to 13.1 percent by the second quarter of 2019. During this period, the average apartment rent moderated and increased an average of 1 percent annually, to $909 by the second quarter of 2019. Because of weak economic conditions in the HMA due to the pandemic, apartment conditions in the HMA remained soft, with a 13.1-percent vacancy rate, and the average apartment rent fell to $901 by the second quarter of 2020. During the past 2 years, the apartment market has tightened as economic conditions in the HMA have improved and net in-migration has increased. The apartment market in the HMA is currently slightly tight, with a 7.5-percent vacancy rate as of the second quarter of 2022, down from the 9.3-percent rate a year earlier. The average monthly apartment asking rent in the HMA was $989 in the second quarter of 2022, 7 percent higher than $926 a year earlier.

Figure 11. Apartment Rents and Vacancy Rates in the College Station HMA



2Q = second quarter.
Source: CoStar Group

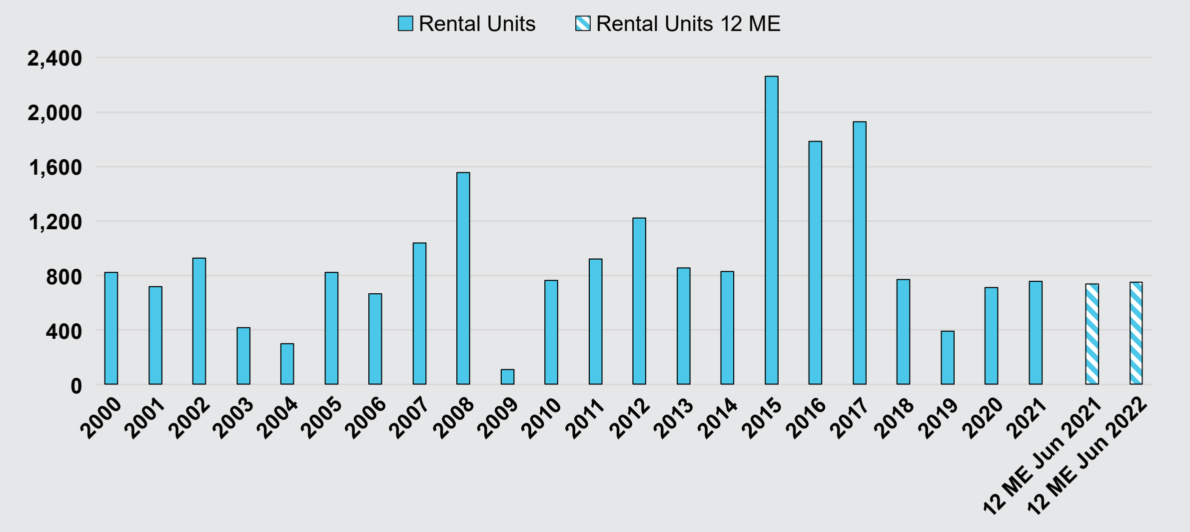
Student Housing

With the capacity to house approximately 11,434 students during the 2022 spring semester (TAMU Residence Life), TAMU meets a portion of student housing demand with its on-campus housing options, which include 9,742 student beds in university-owned residence halls and dormitories and 1,684 university-owned apartment units. During the spring 2022 semester, 94 percent of the on-campus student beds and apartment units were occupied. Partly because on-campus housing options are limited, the off-campus college student apartment (CSA) market in the HMA has expanded. Off-campus CSAs typically lease by the bedroom, which is advantageous for students because the financial commitment is for the bedroom rather than the entire apartment. The market has grown from nearly 33,850 beds in the second quarter of 2013 to the current number of 50,050 beds in the HMA, which has remained the same since the second quarter of 2019 (CoStar Group). The vacancy rate for CSAs has fallen during the past 2 years as more students have returned to in-person classes at TAMU and a large number of apartments completed from 2016 through 2018 have been absorbed. During the second quarter of 2022, the off-campus CSA vacancy rate was 8.1 percent, down from 10.9 percent a year earlier and 13.5 percent in the second quarter of 2020. The average asking rent on a per-bed basis was $664 in the second quarter of 2022, up 6 percent from $625 in the second quarter of 2021, when the average rent increased 3 percent from the previous year.

Rental Construction

Rental construction activity, as measured by the number of rental units permitted, rose rapidly during the mid-2010s but has fallen during recent years. From 2000 through 2004, rental construction activity averaged 640 units annually (Figure 12) before increasing to an average of 1,025 units permitted annually from 2005 through 2008, as student enrollment at TAMU and migration to the HMA increased and more people preferred to rent. As economic conditions in the HMA weakened, rental construction activity slowed to an average of 600 units permitted annually from 2009 through 2011 before increasing by an average of 970 rental units permitted from 2012 through 2014. As builders responded to improving apartment market conditions during 2015 and 2016 and increased student enrollment at TAMU, rental construction activity averaged 2,000 units permitted annually from 2015 through 2017. As the large number of units permitted during the previous period were completed and added to the rental supply, the rental market softened, prompting builders to pull back on development. As a result, permitting fell an average of 55 percent annually during 2018 and 2019, to 390 units permitted in 2019. Despite economic uncertainty associated with the early months of the COVID-19 pandemic and soft rental market conditions during the second quarter of 2020, the number of rental units permitted increased to 710 units during 2020 before increasing to 760 units permitted during 2021 as rental market conditions improved. During the 12 months ending June 2022, 750 rental units were permitted in the HMA, up 1 percent from the 740 units during the previous 12 months (preliminary data and estimates by the analyst).

Figure 12. Annual Rental Permitting Activity in the College Station HMA



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Recent Developments

Although most apartment construction has been in the cities of College Station and Bryan historically, most apartment construction activity has been concentrated in College Station more recently. The 340-unit City Heights at College Station apartment development completed construction in 2021. The apartment community has units ranging in size from 653 to 1,451 square feet and rents ranging from $1,095 to $1,260 for one-bedroom units and $1,450 to $1,795 for two-bedroom units. Also located in College Station, the 264-unit Midtown Station began construction in June 2021. When completed, the development will offer 178 one-bedroom units, 80 two-bedroom units, and 6 three-bedroom units. Asking rents are anticipated to range from $860 to $1,145 for one-bedroom units, $1,205 to 1,465 for two-bedroom units, and $1,625 to $1,650 for three-bedroom units.

Forecast

During the forecast period, demand is estimated for 2,325 new rental units in the College Station HMA (Table 7). Demand is expected to increase in the second and third years of the forecast period because of net in-migration and improving economic conditions. The 1,125 units under construction are expected to satisfy demand through the second year of the forecast period.

Table 7. Demand for New Rental Units in the College Station HMA During the Forecast Period

Rental Units	
Demand	2,325 Units
Under Construction	1,125 Units

Note: The forecast period is July 1, 2022, to July 1, 2025.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absentee Owner Sales	Include single-family detached resale sales in which the purchaser has a different primary address than that of the home sold.
Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.
College Student Apartments	Apartment-style housing units where each resident has their own lease, typically for a bedroom, while they share the common living areas of the unit with other tenants.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period, given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales/Existing Home Sales Prices	Includes resale sales, short sales, and REO sales.
Forecast Period	7/1/2022–7/1/2025—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.

Net Natural Change	Resident births minus resident deaths.
Noninstitutional Group Quarters	Facilities that house people living in a group arrangement who are primarily eligible, able, or likely to participate in the labor force. This category includes facilities that house college students, such as university dormitories and residence halls. The Census Bureau changed the definition of noninstitutional group quarters used in the 2020 Decennial Census to include college and university student housing that is not owned by a college or university; these types of units are typically referred to as college student apartments (CSAs). In the 2010 Decennial Census, CSA units were classified as housing units, but with the definitional change in the 2020 Decennial Census, they were classified as noninstitutional group quarters.
Rental Housing Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Resale Sales	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+ 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.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

2.	**The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.**

D. Photo/Map Credits

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