

# COMPREHENSIVE HOUSING MARKET ANALYSIS

## Lubbock, Texas

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

As of September 1, 2022



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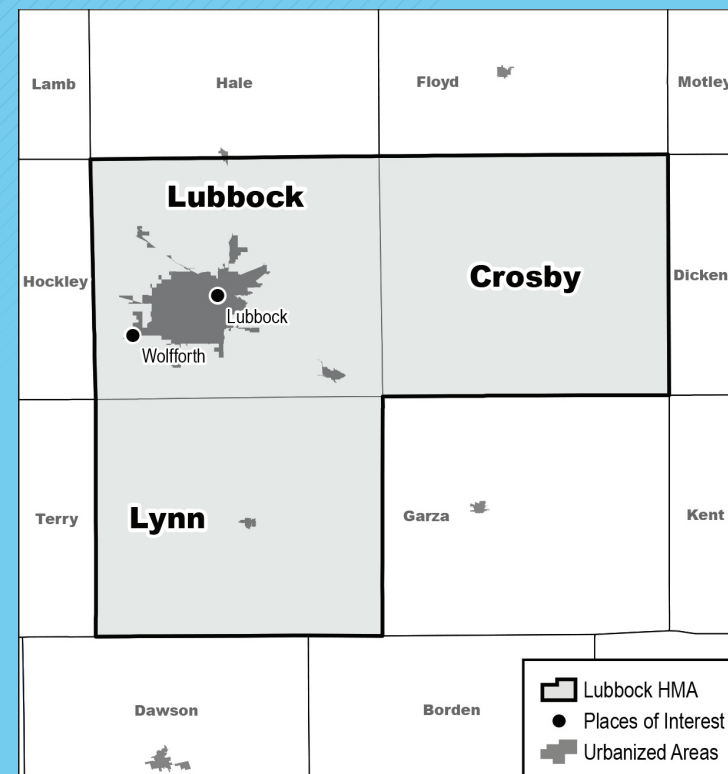
# Executive Summary

## Housing Market Area Description

The Lubbock Housing Market Area (HMA) is in northwest Texas, approximately 110 miles east of the Texas-New Mexico state border and approximately 250 miles northwest of the Dallas-Fort Worth-Arlington (DFW) Metropolitan Statistical Area (MSA). The HMA is coterminous with the Lubbock, TX MSA, which includes three counties: Crosby, Lubbock, and Lynn. The principal city of Lubbock is in Lubbock County, the economic hub and most populous county of the HMA.

The current population of the HMA is estimated at 330,500.

The HMA is home to Texas Tech University (TTU), which supports state government jobs and other service-related jobs in the HMA. The HMA is a part of the U.S. Department of Agriculture-defined Southern High Plains district, and much of the land in the HMA is used for agricultural purposes. Cotton is the most abundant crop, although corn, grapes, sorghum, and winter wheat are also grown in the HMA.



## 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



**Strong:** On a monthly basis, all the nonfarm payroll jobs lost during March and April 2020 due to the impact of precautions to slow the spread of COVID-19 were recovered by September 2021.

The economy in the Lubbock HMA has continued to expand after the recovery of nonfarm jobs lost due to the effects of the COVID-19 pandemic. During the 12 months ending August 2022, nonfarm payrolls averaged 154,700, reflecting an increase of 6,200 jobs, or 4.2 percent, from the previous 12 months. All payroll sectors added jobs during the past 12 months except the information sector, which was unchanged. Job growth is expected to continue during the 3-year forecast period and average 1.5 percent annually.

### Sales Market



**Slightly Tight:** The current sales vacancy rate is estimated at 1.3 percent, down from 1.9 percent in April 2010 when conditions were soft.

Sales housing market conditions have eased since 2021, when they were tight, partly because the supply of homes for sale in the HMA increased from a recent low of 0.7 month in February 2022 to 1.9 months in August 2022, and the number of homes sold in the HMA has declined. During the 12 months ending August 2022, home sales decreased approximately 6 percent, and the average home sales price increased nearly 10 percent (CoreLogic, Inc.). During the next 3 years, demand is estimated for 4,575 new homes. The 1,075 homes currently under construction will satisfy some of that demand in the first year of the forecast period.

### Rental Market



**Balanced:** The overall rental market is balanced, with a current rental vacancy rate estimated at 9.0 percent, down from 9.7 percent in 2010.

The apartment market has been tightening since the second quarter of 2020, when the vacancy rate was 9.4 percent and conditions were soft. The apartment market is balanced, with a 7.6-percent vacancy rate during the second quarter of 2022, down from 8.2 percent a year ago (CoStar Group). The apartment asking rent averaged \$874 during the second quarter of 2022, up 7 percent from a year ago. During the forecast period, demand is estimated for 2,425 new rental units. The 1,175 units currently under construction are expected to satisfy some of the demand through the second year of the forecast period.

## TABLE OF CONTENTS

Economic Conditions	4
Population and Households	9
Home Sales Market	12
Rental Market	17
Terminology Definitions and Notes	21

### 3-Year Housing Demand Forecast

Lubbock HMA	Sales Units		Rental Units	
	Total Demand	4,575	2,425	
	Under Construction	1,075	1,175	

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

Source: Estimates by the analyst





## Economic Conditions

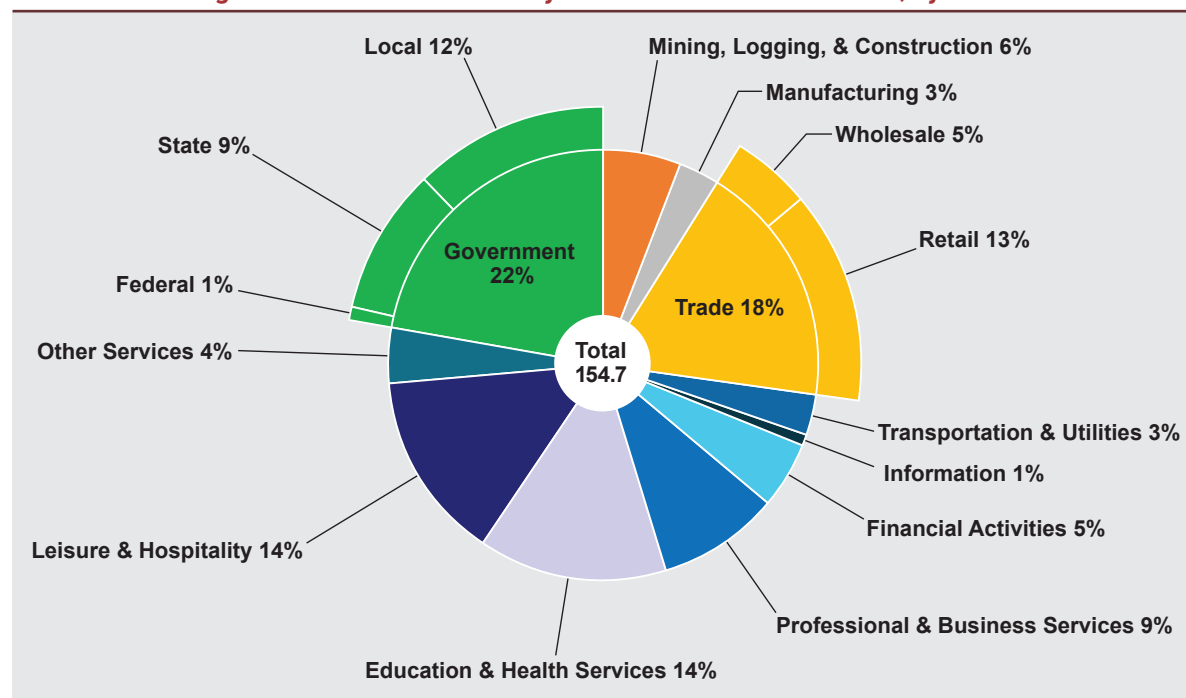
### Largest Sector: Government

The economy of the Lubbock HMA is primarily service-based; the government sector accounts for 24 percent of the 140,400 nonfarm payroll jobs in the service-providing sectors.

### Primary Local Economic Factors

The government sector is the largest nonfarm payroll sector in the HMA, with 33,700 jobs during the 12 months ending August 2022, or 22 percent of all nonfarm payrolls (Figure 1). With five of the major employers in the HMA—TTU, the Texas Tech University Health Sciences Center (TTUHSC), University Medical Center (UMC) Health System, the city of Lubbock, and the county of Lubbock (Table 1)—the state government and local government subsectors account for nearly 96 percent all government sector jobs in the HMA. TTU is the largest employer in the HMA, with 6,635 employees in 2018. The wholesale and retail trade and the education and health services sectors are the second and third largest payroll sectors in the HMA, respectively, followed by the leisure and hospitality sector. The university partly supports the wholesale and retail trade and the leisure and hospitality sectors, with many retail stores and restaurants serving students and their families, TTU employees, alumni, and visitors. The HMA is a healthcare hub with medical facilities

**Figure 1. Share of Nonfarm Payroll Jobs in the Lubbock 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 August 2022. Source: U.S. Bureau of Labor Statistics

**Table 1. Major Employers in the Lubbock HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Texas Tech University	Government	6,635
Texas Tech University Health Sciences Center	Government	5,017
Covenant Health	Education & Health Services	5,000
United Supermarkets, LLC	Wholesale & Retail Trade	4,199
University Medical Center Health System	Government	4,000
City of Lubbock	Government	2,700
Lubbock County	Government	1,355
Johnson Controls International PLC	Manufacturing	600
CSC Holdings, LLC/Optimum	Information	500

Note: Excludes local school districts.

Sources: Lubbock Economic Development Alliance; Dun & Bradstreet, April 2018

that provide healthcare services to residents of the HMA and nearby counties. Two major medical groups in the HMA are Covenant Health, which is private, and UMC Health System, which is public. Covenant Health owns four hospitals in the HMA, and UMC Health System includes a partnership with TTUHSC. In 2020, UMC Health System had a total capital outlay of approximately \$74.4 million, with 64 percent of the outlay dedicated to capital expansion (UMC Health System 2021–22 Operating and Capital Budget).

The agriculture industry in the HMA has an impact on the local economy. In 2018, wages from the cotton farming industry totaled \$18.8 million (Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics). Farmers in the HMA grew approximately 11 percent of all cotton in the state of Texas in 2020 (National Agriculture Statistics Service). Many farmers from the Southern High Plains district and eastern New Mexico bring their cotton to the HMA for domestic and international distribution, which partly supports jobs in the transportation and utilities sector. Cotton is transported from the HMA via trucks to the DFW MSA, where much of it is then shipped via railway to shipping ports for international distribution.

Tourism is a major industry in the HMA, supported in part by activities at TTU and the agriculture industry. TTU alumni and families of TTU students travel to the HMA to watch TTU sporting and

other student events, and prospective students and their families travel to the HMA to tour TTU. Besides traveling to the HMA to bring their crops for distribution, many farmers from nearby towns in New Mexico also travel to the HMA for shopping and weekend getaways. The city of Lubbock is a hub for youth sporting events that increases tourism when families travel to the HMA to watch their children participate in the events. More than 2,300 hotel rooms have been built in the HMA since 2014, including more than 500 rooms added in the region between downtown Lubbock and TTU since the start of 2020 (Coldwell Banker Commercial Insight, 2021).

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

Economic conditions in the HMA are strong after the recovery of the 15,000 nonfarm payroll jobs lost during the economic downturn of March and April 2020 (monthly data, not seasonally adjusted), a period that coincided with the brief national recession. During this period, all 11 payroll sectors lost jobs, with the largest declines in the leisure and hospitality, the wholesale and retail trade, and the education and health services sectors. Although the total number of payroll jobs lost in the HMA during March and April of 2020 were recovered by the end of September 2021, the recovery was uneven. By October 1, 2021, six payroll sectors had surpassed prepandemic levels from February 2020, two payroll sectors were at February 2020 levels, and three payroll sectors were below February 2020 levels. Since then, the local economy has continued to expand, and 9 of the 11 payroll sectors have surpassed February 2020 levels; the information and the government sectors have recovered 95 and 97 percent of their respective prepandemic levels.

The local economy has added jobs since recovering from the brief recession in 2020. During the 12 months ending August 2022, nonfarm payrolls in the HMA increased by 6,200, or 4.2 percent, to 154,700 jobs compared with a 0.9-percent increase a year earlier (Table 2). The service-providing sectors increased by 5,400 jobs, or 4.0 percent, and the goods-producing sectors increased by 700 jobs, or 5.2 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 2,200 jobs, or 10.9 percent, because tourism increased in the HMA compared with an increase of 1,200 jobs, or 6.2 percent, a year earlier, when tourism was curtailed because of the pandemic. The professional and business services and the wholesale and retail trade sectors increased by 900 and 800 jobs, or 7.1 and 3.0 percent, respectively, compared with the 12 months ending August 2021, when they increased by 400 and 600 jobs, or 3.0 and 2.3 percent, respectively. Government sector jobs increased by 200 jobs, or

0.6 percent; all the job growth during the period occurred in the local government subsector. The mining, logging, and construction and the manufacturing sectors increased by 500 and 200 jobs, or 5.7 and 4.3 percent, respectively. The mining, logging, and construction sector expanded due to several industrial facility expansions and the construction of several apartment developments in the HMA. Projects include the Leprino Foods \$870 million cheese production facility, where construction began in June 2022, and the \$150 million UMC Health and Wellness Hospital that began construction in February 2022.

## Current Conditions— Unemployment

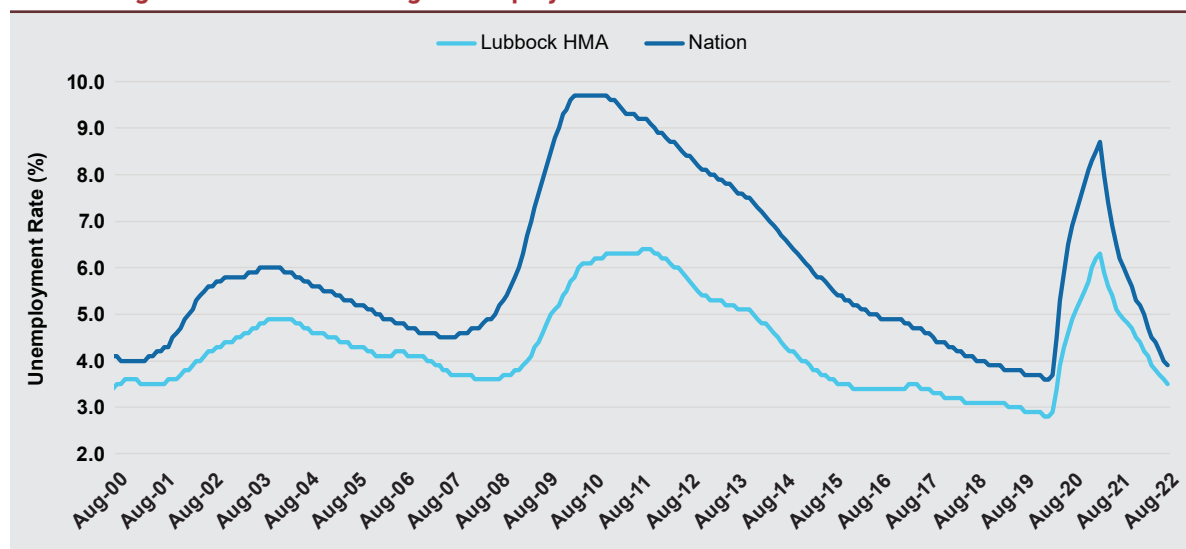
The unemployment rate in the HMA averaged 3.5 percent during the 12 months ending August 2022 compared with an average of 5.0 percent a year earlier, and the rate was down from the recent average peak of 6.3 percent during the 12 months ending March 2021 (Figure 2). By comparison, the unemployment rate in the nation averaged 3.9 percent during the 12 months ending August 2022, down from an average of 6.2 percent a year earlier. The unemployment rate decreased in the HMA during the recent 12-month period because resident employment growth outpaced the increase in the labor force.

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

	12 Months Ending August 2021	12 Months Ending August 2022	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>148.5</b>	<b>154.7</b>	<b>6.2</b>	<b>4.2</b>
<b>Goods-Producing Sectors</b>	<b>13.5</b>	<b>14.2</b>	<b>0.7</b>	<b>5.2</b>
Mining, Logging, & Construction	8.8	9.3	0.5	5.7
Manufacturing	4.7	4.9	0.2	4.3
<b>Service-Providing Sectors</b>	<b>135.0</b>	<b>140.4</b>	<b>5.4</b>	<b>4.0</b>
Wholesale & Retail Trade	26.3	27.1	0.8	3.0
Transportation & Utilities	5.2	5.4	0.2	3.8
Information	1.8	1.8	0.0	0.0
Financial Activities	7.8	8.0	0.2	2.6
Professional & Business Services	12.6	13.5	0.9	7.1
Education & Health Services	21.9	22.4	0.5	2.3
Leisure & Hospitality	20.1	22.3	2.2	10.9
Other Services	5.9	6.3	0.4	6.8
Government	33.5	33.7	0.2	0.6

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

**Figure 2. 12-Month Average Unemployment Rate in the Lubbock HMA and the Nation**



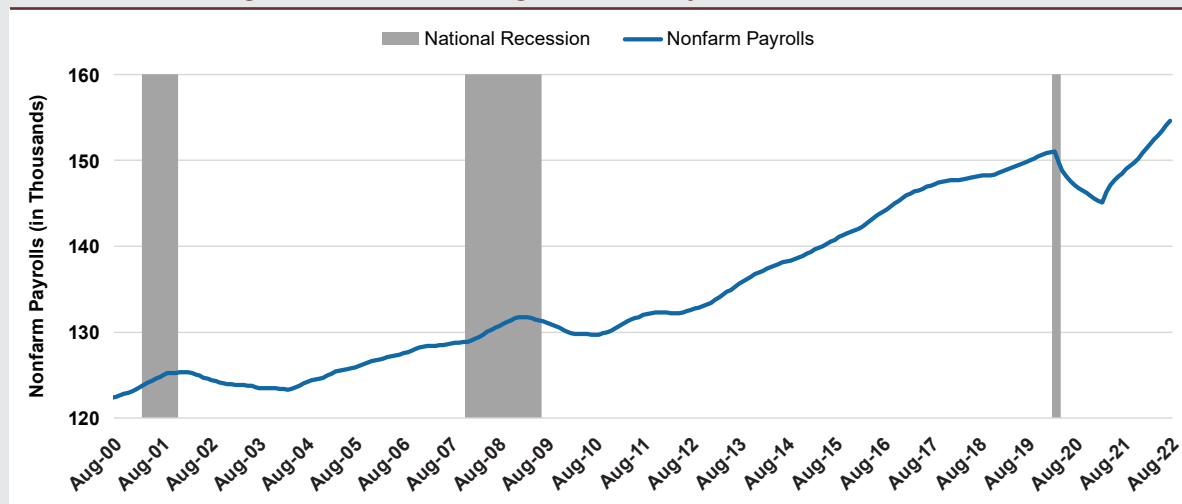
Note: Based on the 12-month moving average.  
Source: U.S. Bureau of Labor Statistics

## Economic Periods of Significance

### 2001 Through 2008

Nonfarm payroll growth fluctuated from 2001 through 2008. Following an increase in nonfarm payroll jobs in 2001, payroll jobs fell by an average of 1,000 jobs, or 0.8 percent, annually to 123,500 jobs during 2003, due to a delayed local impact of the 2000 national recession (Figure 3). Nonfarm payrolls in the HMA rose by an average of 1,600 jobs, or 1.3 percent, annually from 2004 through 2006. During this period, demand for goods and services increased, in part from approximately 1,000 people relocating from the New Orleans MSA to the HMA after Hurricane Katrina, which made landfall in August 2005. The economy in the HMA grew at a slower pace of 0.5 percent during 2007, partly because many people returned to the New Orleans MSA, before increasing by 2,800 jobs, or 2.2 percent, during 2008. Because state and local government payrolls grew, the government sector added the most jobs during 2008, increasing by 800 jobs, or 2.8 percent. The leisure and hospitality sector added the second most jobs during 2008, up by an average of 700 jobs, or 4.6 percent. The mining, logging, and construction sector grew at the fastest pace during 2008, up by 600 jobs, or 10.0 percent, partly because of construction related to the estimated \$10 million O'Reilly Automotive, Inc. Distribution Center in the city of Lubbock (Global Commercial Real Estate Services).

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



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

### 2009 Through 2010

The economy of the HMA contracted during 2009 and 2010 because of the national recession and housing crisis that began in late 2007. During 2009 and 2010, nonfarm payrolls in the HMA decreased by an average of 800 jobs, or 0.6 percent, annually. Payrolls in 9 of the 11 payroll sectors lost jobs. The information and the professional and business services sectors lost the most jobs, declining by 500 jobs each, or 9.6 and 4.3 percent, respectively. The only sectors to add jobs were the government and the education and health services sectors, which increased by 700 and 500 jobs, or 2.4 and 2.3 percent, annually, respectively. Jobs in the education and health services sector increased partly because Covenant Health opened the \$7.5 million Covenant Medical Group Southwest Medical Park in 2009.

### 2011 Through 2019

Economic conditions in the HMA recovered quickly during 2011 and expanded each year through 2019. In 2011, nonfarm payrolls increased by 2,200, or 1.7 percent, to 132,400 jobs, surpassing the peak in 2008. Economic growth during 2011 was partly attributed to increased spending in the local economy following a robust cotton harvest in late December 2010. All job gains occurred in six service-providing sectors,

offsetting losses in the goods-producing sectors and the financial activities, government, and information sectors. Following moderate job growth of 0.7 percent in 2012, nonfarm payrolls increased by an average of 2,900, or 2.1 percent, during the next 5 years to 147,600 jobs by 2017. The mining, logging, and construction and the leisure and hospitality sectors grew the fastest, averaging 6.5 and 3.2 percent annually. Construction of the estimated \$86 million TTUHSC expansion project and the estimated \$30 million United Supermarkets Distribution Center partly supported growth in the mining, logging, and construction sector (Global Commercial Real Estate Services).

In 2018, nonfarm payroll growth slowed to 800 jobs, or 0.5 percent, before increasing by 2,300 jobs, or 1.5 percent, to 150,700 jobs by 2019. During 2019, nearly 83 percent of job gains occurred in the service-providing sectors. Growth was strongest in the education and health services and the leisure and hospitality sectors, which increased by 900 and 800 jobs, or 4.2 and 4.0 percent, respectively. Both goods-producing sectors added jobs; the mining, logging and construction and the manufacturing sectors increased by 400 and 100 jobs, or 4.8 and 2.1 percent, respectively.

## Forecast

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to grow an average of 1.5 percent annually. Job growth is expected to be greatest during the third year of the forecast. 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 because of commercial and industrial

construction. Construction of the Leprino Foods cheese manufacturing facility began in June 2022 and is expected to create 600 full-time positions, with an annual payroll of more than \$33 million, once the facility is operational. Tropicale Foods, a producer of Mexican frozen treats, is expected to open a production and distribution facility in the city of Lubbock during the third quarter of 2023, and is expected to create 500 new jobs.





# Population and Households

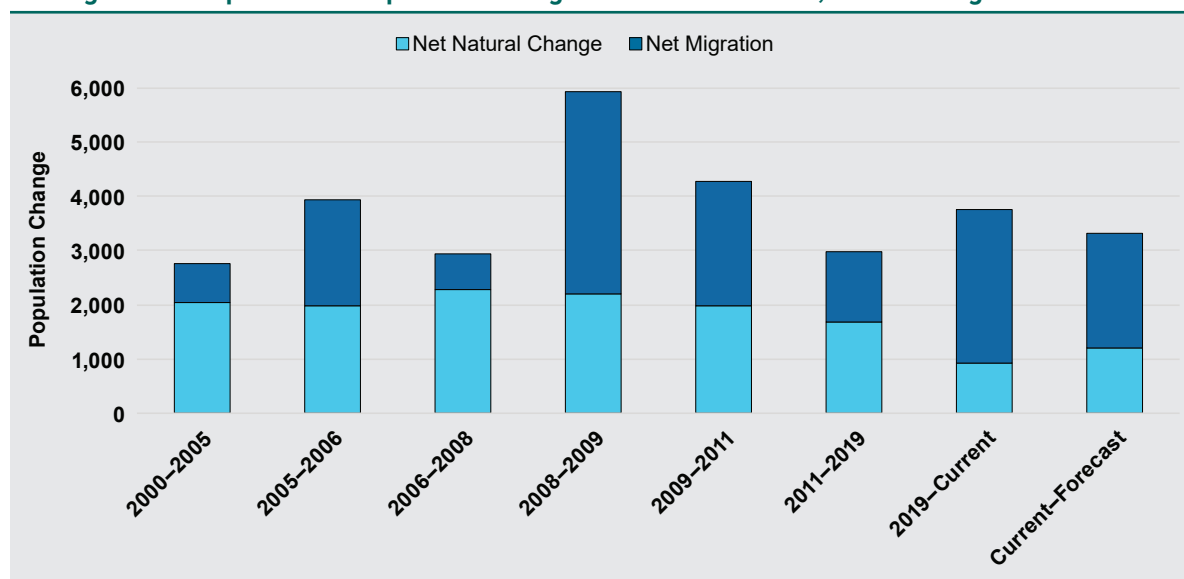
## Current Population: 330,500

After slowing in 2017, the pace of population growth in the Lubbock HMA has increased since 2018 because of a rise in net natural increase and net in-migration.

Economic conditions and enrollment trends at TTU have generally affected population growth and net in-migration trends since 2000 in the HMA. From 2000 to 2005, the population of the HMA increased by an average of 2,700, or 1.0 percent, annually (Figure 4). During the period, net in-migration averaged 650 people annually, partly because economic conditions in the HMA fluctuated, and net natural increase contributed the remainder, or nearly 76 percent, of population growth. From 2005 to 2006, the population grew by 3,950, or 1.5 percent, and net in-migration and net natural increase averaged 1,975 people each. During this period, approximately 1,000 residents from the New Orleans MSA, who were displaced by Hurricane Katrina, boosted net in-migration when they temporarily relocated to the HMA. Population growth in the HMA slowed from 2006 to 2008 to 2,950 people, or 1.1 percent annually, partly because some residents returned to the New Orleans MSA, and net in-migration returned to an average 650 people a year. Due to strong economic growth during 2008, the population

grew by 5,925, or 2.1 percent, from 2008 to 2009, with nearly 63 percent of the population growth attributed to net in-migration. Despite nonfarm payrolls falling in 2009 and 2010, the population grew by an average of 4,300, or 1.5 percent, annually from 2009 through 2011. Net in-migration increased by an average of 2,325 people annually, partly because of increased enrollment at TTU and resumed job growth in the HMA. Despite improving economic conditions from 2011 to 2019, the population grew at a slower pace than the previous period, partly because more residents of the HMA moved to other Texas MSAs with more job opportunities than the HMA. From 2011 to 2019, the population grew by an average of 2,975, or 1.0 percent, annually, and net in-migration slowed to an average of 1,300 people a year. Net in-migration accounted for nearly 44 percent of the population growth during the period, whereas net natural increase averaged 1,675 people annually, or approximately 56 percent of the population growth. Since 2019, population growth has averaged 3,775 people, or 1.2 percent, annually to 330,500 as of September 1, 2022 (Table 3). During the period, net in-migration averaged 2,850 people annually, accounting for approximately 75 percent of population growth. Some of this net in-migration is attributed to nonfarm payroll growth in the HMA prior to and following the economic slowdown in 2020 and increased enrollment at TTU during the fall 2020 semester. Net natural

**Figure 4. Components of Population Change in the Lubbock HMA, 2000 Through the Forecast**



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

increase in the HMA slowed to an average of 930 people each year during the period. Some of the slowdown in net natural increase is attributed to the slower pace of rising resident births since 2020 compared to the increased rate of resident deaths, partly a consequence of COVID-19.

**Table 3. Lubbock HMA Population and Household Quick Facts**

Population Quick Facts		2010	Current	Forecast
	Population	290,805	330,500	340,400
	Average Annual Change	3,450	3,200	3,325
	Percentage Change	1.3	1.0	1.0
Household Quick Facts		2010	Current	Forecast
	Households	110,264	127,450	132,200
	Average Annual Change	1,300	1,375	1,575
	Percentage Change	1.3	1.2	1.2

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 (September 1, 2022) to September 1, 2025.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

## Migration Trends

The rate of net in-migration to the HMA slowed from 2011 to 2019, partly because residents moved to other areas of Texas, where the local economies were larger than the HMA economy. Of the residents who left the HMA from 2015 to 2019, the DFW MSA was the most popular destination, followed by the Houston-The Woodlands-Sugar Land MSA and the Austin-Round Rock-Georgetown MSA, with 3,400, 1,550, and 970 people moving to the respective MSAs (Table 4). The largest portion of domestic in-migration during the 5 years from 2015 to 2019, approximately 16 percent, was from the DFW MSA, partly due to students who moved to the HMA to attend TTU.

## Household Trends

As of September 1, 2022, an estimated 127,450 households reside in the HMA, reflecting an average annual increase of 1,375 households, or 1.2 percent, since 2010. By comparison, the number of households increased by an average of 1,300, or 1.3 percent, annually from 2000 to 2010. Currently, an estimated 57.7 percent of households are homeowners, down from 58.8 percent in 2010

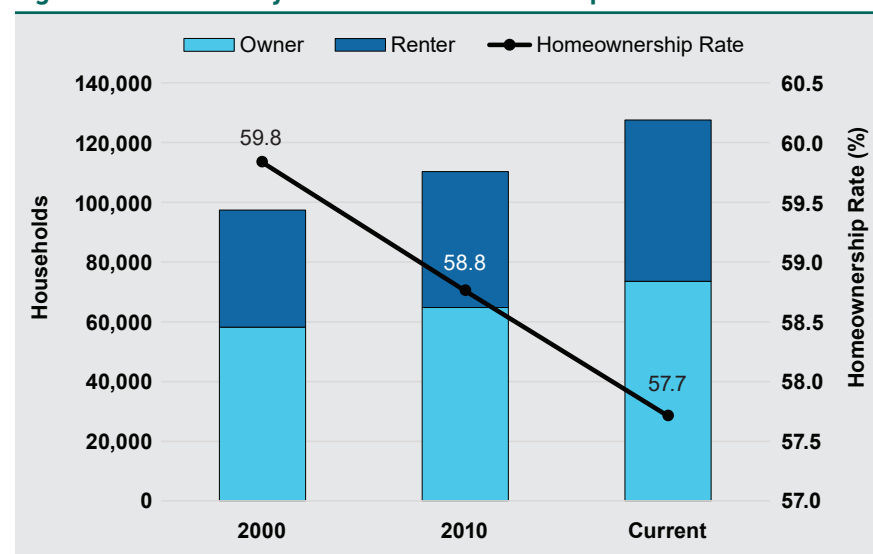
(Figure 5). The homeownership rate in the HMA has declined during much of the period since 2000, with a slightly more pronounced decline in the 2010s compared with the previous decade due to an increased propensity to rent.

**Table 4. Metro-to-Metro Migration Flows in the Lubbock HMA: 2015–19**

Into the HMA	
Dallas-Fort Worth-Arlington, TX	4,829
Houston-The Woodlands-Sugar Land, TX	2,557
San Antonio-New Braunfels, TX	1,776
Amarillo, TX	1,643
Beaumont-Port Arthur, TX	1,150
Out of the HMA	
Dallas-Fort Worth-Arlington, TX	3,409
Houston-The Woodlands-Sugar Land, TX	1,544
Austin-Round Rock-Georgetown, TX	967
San Antonio-New Braunfels, TX	581
Amarillo, TX	507

Sources: U.S. Census Bureau Migration Flows; 2015–19 American Community Survey 5-year data

**Figure 5. Households by Tenure and Homeownership Rate in the Lubbock HMA**



Note: The current date is September 1, 2022.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

## Forecast

Population growth in the HMA is expected to continue during the 3-year forecast period, with the population reaching 340,400 by September 1, 2025, representing an average increase of 3,325, or 1.0 percent, annually—slower than the 2019-to-current average rate, but identical to the 2011-to-2019 average rate. Nearly 64 percent of the population growth is expected to

result from net in-migration, because economic expansion is expected to continue, and student enrollment at TTU is expected to remain near the fall 2020 level of 40,300 students. Household growth is expected to average 1,575, or 1.2 percent, annually, with the number of households in the HMA reaching 132,200 by the end of the forecast period—a pace slightly faster than population growth.



# Home Sales Market

## Market Conditions: Slightly Tight

New and existing home sales in the Lubbock HMA fell during the past 12 months, but the average sales price of new and existing homes increased.

## Current Conditions

The sales housing market in the HMA is slightly tight, with an estimated sales vacancy rate of 1.3 percent, down from 1.9 percent in April 2010 when conditions were soft (Table 5). Sales market conditions became tight in 2021 when demand for homes rose as the inventory of homes for sale fell. The supply of homes for sale in August 2022 was 1.9 months, up from 1.3 months a year ago and up from 1.7 months during August 2020 (Texas Real Estate Research Center, Texas A&M University). Although the sales market is slightly tight, the current pace of sales has slowed because of rising mortgage interest rates since March 2022. Total new and existing home sales in the HMA declined approximately 6 percent to approximately 10,100 during the 12 months ending August 2022 compared with a year ago; however, the decrease has been more severe recently, with home sales declining 20 percent during the 3 months ending August 2022 compared with the 3 months ending 2021 (CoreLogic, Inc.). Despite declining sales in the HMA, the average home sales price increased. During the 12

**Table 5. Home Sales Quick Facts in the Lubbock HMA**

	Lubbock HMA	Nation
<b>Vacancy Rate</b>	1.3%	NA
<b>Months of Inventory</b>	1.9	2.1
<b>Total Home Sales</b>	10,100	6,955,000
1-Year Change	-6%	9%
<b>New Home Sales Price</b>	\$298,800	\$471,400
1-Year Change	15%	15%
<b>Existing Home Sales Price</b>	\$248,900	\$396,400
1-Year Change	9%	11%
<b>Mortgage Delinquency Rate</b>	1.4%	1.3%

NA = data not available.

**Notes:** The vacancy rate is as of the current date; home sales and prices are for the 12 months ending August 2022; and months of inventory and mortgage delinquency data are as of August 2022. The current date is September 1, 2022.

**Sources:** Vacancy rate—estimates by the analyst; national months of inventory and mortgage delinquency rate—CoreLogic, Inc.; national and HMA home sales and prices—CoreLogic, Inc.; HMA months of inventory—Texas Real Estate Research Center, Texas A&M University; HMA mortgage delinquency rate—CoreLogic, Inc.

months ending August 2022, the average home sales price increased by \$22,400, or nearly 10 percent, to \$255,500 compared with a year earlier. More recent sales price trends reflect a higher average sales price during the 3 months ending August 2022 and a slower pace of increase. The average home sales price during the 3 months ending August 2022 rose by \$18,500, or nearly 8 percent, to approximately \$261,600 compared with the same period a year earlier.

## Existing Home Sales and Prices

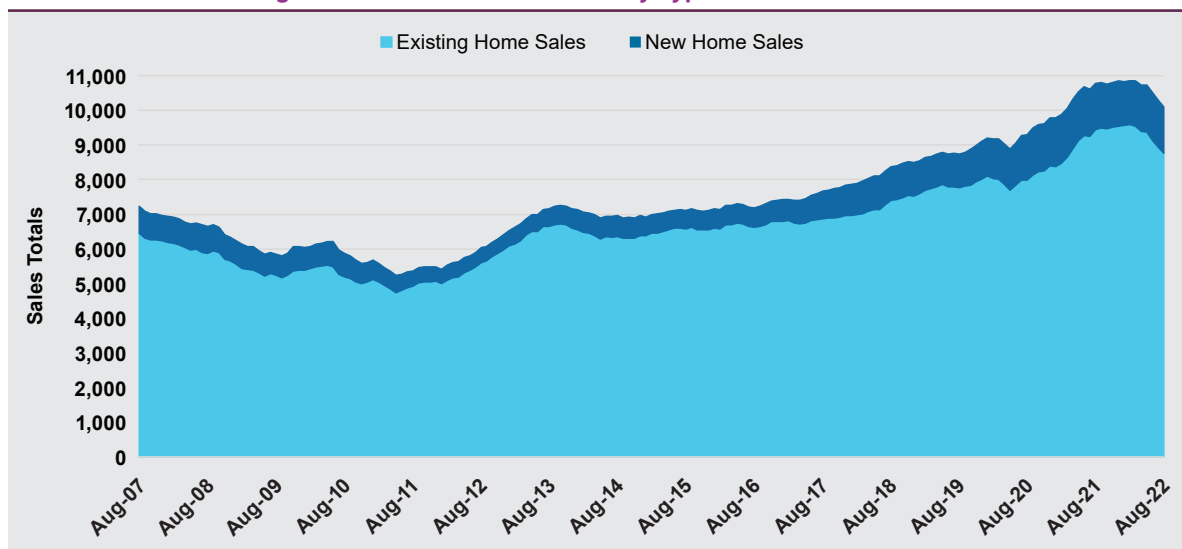
The number of existing home sales in the HMA, which includes resale and distressed sales, generally trended downward from 2007 through 2010 before rising to a peak in 2021. Existing home sales fell each year from 6,225 in 2007 to a low of 5,050 in 2010 (Figure 6) as a result of the housing crisis that had begun during the mid-2000s and the economic slowdown in the HMA during 2009 and 2010. Local economic conditions recovered in 2011, and existing home sales increased an average of 9 percent annually to 6,600 homes in 2013. From 2014 through 2017, existing home sales averaged 6,675 homes each year. Although the local economy expanded at a slower pace during the next 2 years, existing home sales increased an average of 7 percent annually to 8,025 homes in 2019. Historically low mortgage interest rates incentivized homebuying during the next 2 years, and existing home sales increased an average of 9 percent annually to 9,550 homes in 2021. During the 12 months ending August 2022, the



pace of existing home sales slowed, partly a result of the increasing average sales price of existing homes. Since March 2022, existing home sales have fallen as a result of higher mortgage interest rates that have made purchasing a home less affordable. During the 12 months ending August 2022, existing home sales fell by 700 homes, or 7 percent, to approximately 8,750 homes. The decline in existing home sales has been more severe recently, with existing home sales falling nearly 22 percent during the 3 months ending August 2022 compared with the 3 months ending 2021.

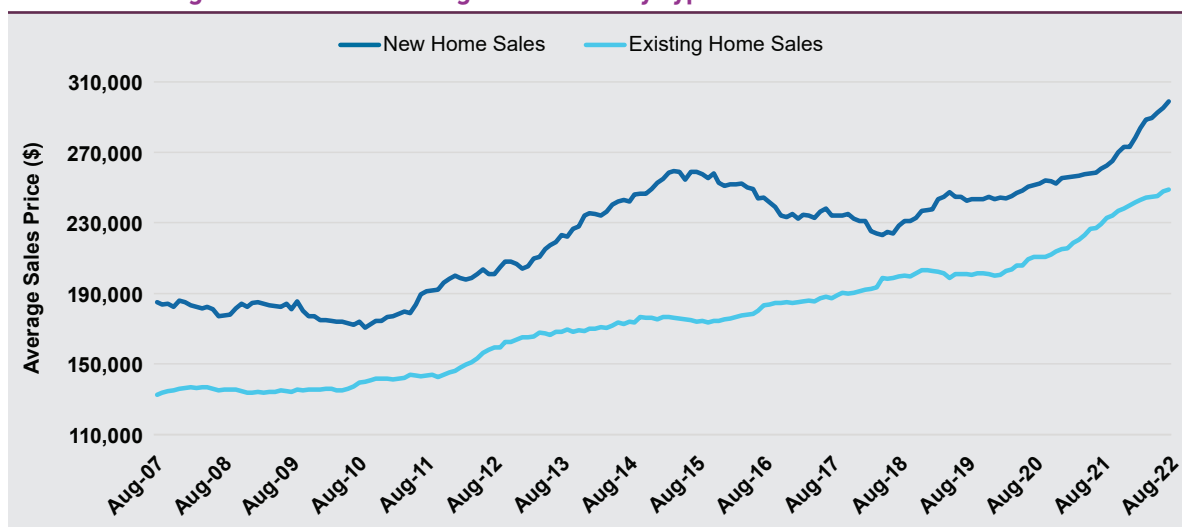
Although the average sales price for an existing home has fluctuated since 2007, it has generally trended upward since 2009. As a result of the housing crisis and the economic slowdown in the HMA during 2009 and 2010, the average sales price of an existing home increased by an average of 1 percent annually from 2008 to \$141,800 in 2010 (Figure 7). From 2011 through 2014, the local economy expanded and the average sales price accelerated, increasing by an average of 6 percent annually to \$176,300 in 2014. During the next 5 years, the local economy continued to expand; however, the average sales price increased an average of only 3 percent annually to \$200,800 by 2019. During 2020 and 2021, the average sales price of an existing home increased an average of 9 percent annually to \$238,200 in 2021, partly because low mortgage interest rates increased demand for homes. During the 12 months ending August 2022, the average price of an existing

**Figure 6. 12-Month Sales Totals by Type in the Lubbock HMA**



Source: CoreLogic, Inc.

**Figure 7. 12-Month Average Sales Price by Type of Sale in the Lubbock HMA**



Source: CoreLogic, Inc.

home increased nearly 9 percent to \$248,900. When mortgage interest rates increased during 2022, the pace of price growth slowed in the HMA. During the 3 months ending August 2022, the average sales price of an existing home rose 6 percent to approximately \$255,800 compared with the same period a year earlier, when the average sales price increased 9 percent.

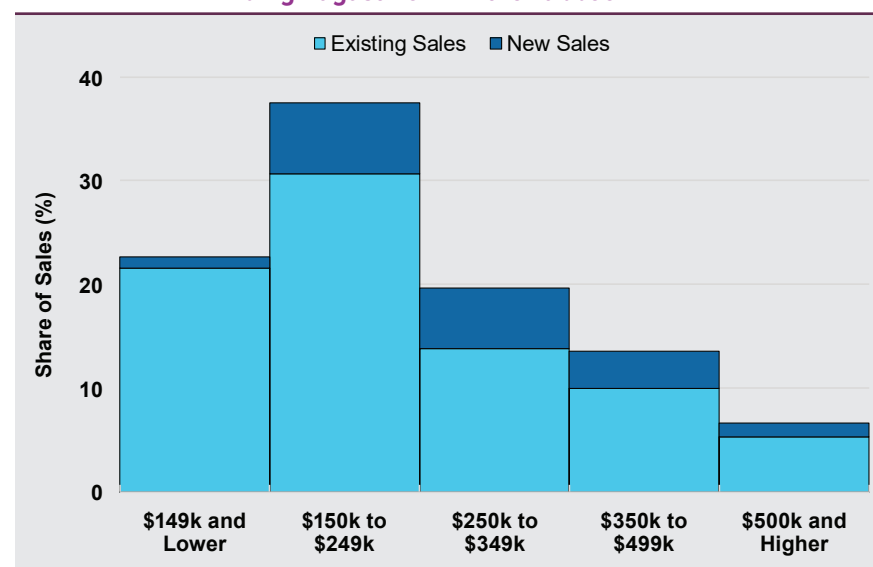
## New Home Sales and Prices

New home sales trends have generally followed existing home sales trends in the HMA. New home sales totaled 740 homes in 2007 and fell an average of 8 percent annually during the next 3 years to 570 homes sold in 2010. New home sales in the HMA fell during this period because of stricter mortgage lending standards and weaker economic conditions. Despite the full recovery of jobs during 2011, new home sales declined 26 percent to 420, partly a result of the discontinuation of the first-time homebuyer tax credit in 2010. The local economy continued to add jobs, and new home sales increased an average of 11 percent annually during the next 3 years before falling 3 percent to 560 homes in 2015. New home sales rose an average of 18 percent annually during the next 4 years to 1,075 homes in 2019. The pace of new home sales was very strong through most of 2020, but sales began to slow because supply chain issues increased construction times. During 2020 and 2021, new home sales increased an average of 10 percent annually to 1,300 homes in 2021. New home sales then slowed because of ongoing supply chain issues and increased mortgage interest rates since March 2022. During the 12 months ending August 2022, new home sales rose to 1,325 homes, or by less than 1 percent. During the 3 months ending August 2022, new home sales fell by nearly 6 percent, compared with the same period a year earlier, when new home sales fell by 20 percent.

Fluctuations in the average new home sales price in the HMA have been greater than existing home sales prices since at least 2007. The average sales price of a new home was \$185,900 in 2007, before falling an average of 2 percent annually during the next 3 years to \$174,200 in 2010, when local economic conditions were weak. From 2011 through 2015, the average price of a new home increased an average of 8 percent each year to \$252,800 in

2015, when the local economy was expanding, but new home sales declined. In response to falling sales during 2015, the average price of a new home declined nearly 8 percent in 2016. During 2017, new home sales prices moderated, whereas new home sales increased, with an average price of \$232,100. Although the local economy expanded more slowly during 2018 and 2019, demand for new homes in the HMA continued to rise, and the average sales price of a new home increased an average of 3 percent each year to \$244,900 in 2019. The average new home sales price increased an average of 6 percent annually during the next 2 years to \$273,000 in 2021, a period that included low mortgage interest rates. During the 12 months ending August 2022, the average price of a new home increased nearly 15 percent to \$298,800 compared with an increase of nearly 4 percent a year earlier. During the 12 months ending August 2022, nearly 37 percent of new homes sold were in the \$150,000-to-\$249,000 price range (Figure 8).

**Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending August 2022 in the Lubbock HMA**



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

## Seriously Delinquent Mortgages and REO Properties

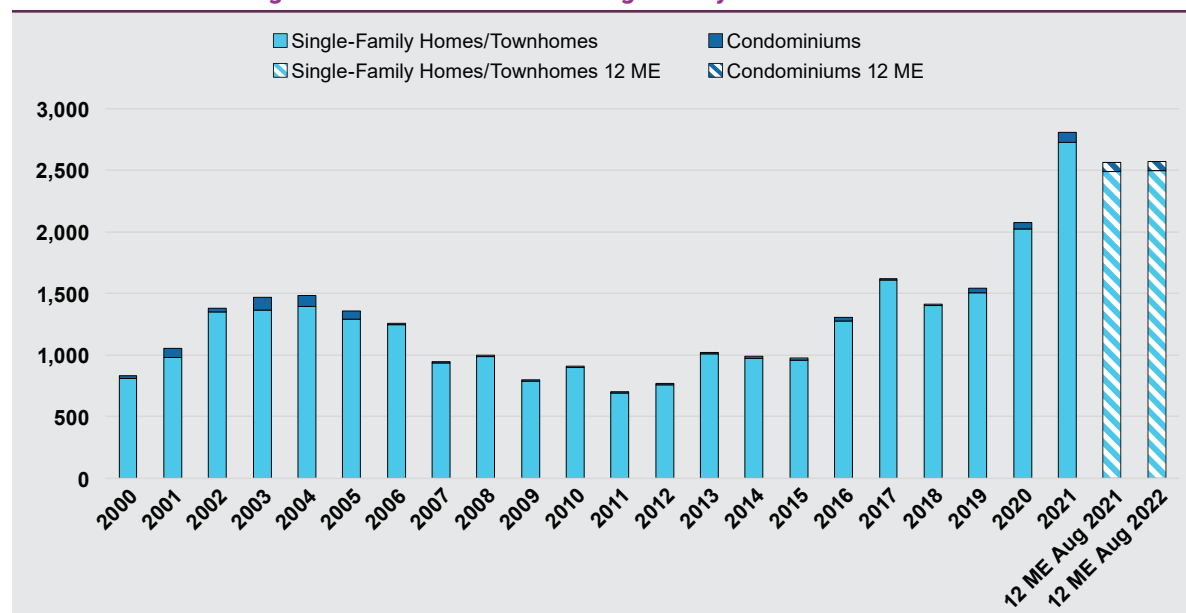
COVID-19 led to unprecedented job losses in the HMA, which affected the ability of homeowners to make mortgage payments, and the mortgage delinquency rate began to rise. The percentage of seriously delinquent mortgages and real estate owned (REO) properties increased from 1.1 percent in March 2020 to a high of 4.5 percent in August 2020, which was higher than the previous peak of 3.4 percent in December 2011 (CoreLogic, Inc.). The pandemic-induced economic downturn impacted many mortgage borrowers, and some of them participated in mortgage forbearance programs that were part of the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. From May 2020 through August 2020, the percentage of mortgages that were 90 days or more delinquent increased significantly, and from June 2020 to August 2020, the number of foreclosures remained unchanged, and REO properties declined as a result of the increase in mortgage forbearances. Although the mortgage forbearance programs provided by the CARES Act ended, the percentage of seriously delinquent mortgages and REO properties fell as local economic conditions improved. In August 2022, 1.4 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 2.7 percent a year earlier. By comparison, the national percentage of seriously

delinquent mortgages and REO properties was 1.3 percent in August 2022, down from 2.7 percent a year earlier and significantly below the 8.6-percent peak rate in January 2010.

## Sales Construction

New home construction, as measured by the number of single-family homes, townhomes, and condominiums permitted (see building permits), has trended upward since 2019, because more people have moved to the HMA, and demand for new homes has increased. During the 12 months ending August 2022, the number of homes permitted totaled 2,575, which was relatively unchanged from the previous 12-month period (Figure 9; preliminary data, with estimates by the analyst). The number of homes permitted in the HMA increased each year from 830 homes permitted in 2000 to the decade peak of 1,475 homes permitted in 2004, partly because lenient lending standards boosted demand for new homes. Despite strong economic conditions and increased migration to the HMA, new home construction activity fell by an average of 120 homes, or 10 percent, annually during the next 4 years to approximately 990 homes in 2008. Economic conditions in the HMA weakened, and

**Figure 9. Annual Sales Permitting Activity in the Lubbock 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

sales construction activity averaged 850 homes permitted annually during 2009 and 2010. Sales construction activity lagged behind the economic recovery in the HMA, and the number of homes permitted fell to 700 in 2011. The local economy continued to expand, and sales construction activity trended upward, averaging 1,100 homes permitted each year from 2012 through 2017, when builders responded to strong demand for new homes during most of that period. Although the local economic expansion and migration to the HMA slowed during 2018 and 2019, sales construction activity averaged 1,475 homes each year before increasing an average of 35 percent annually to nearly 2,825 homes during 2021, the highest number of homes permitted since at least 2000.

### New Home Developments

Since at least 2006, more than 99 percent of all new homes in the HMA have been built in Lubbock County (Zonda). New home construction has been strong in the southern area of Lubbock County near the city of Lubbock, but it has increased in the west and northwestern areas of the county since 2017. D.R. Horton, Inc. began construction at the Cooper Heights subdivision in the southern region of the city of Lubbock in December 2021, with 120 homes planned at buildout. Starting prices range from \$230,000 for three-bedroom, two-bathroom homes to \$287,000 for four-bedroom, three-bathroom homes.

Currently, 33 homes have sold, and 29 homes are under construction. New developments in the city of Wolfforth include the Harvest development built by Betenbough Homes, which has 2,500 homes planned at buildout, and the first home is expected to be complete during September 2022. Homes in the subdivision will range from 1,010 square feet to 2,660 square feet, and starting prices range from \$151,950 for a two-bedroom, two-bathroom home to \$396,950 for a four-bedroom, three-bathroom home.

### Forecast

During the next 3 years, demand is expected for an estimated 4,575 homes in the HMA (Table 6). The 1,075 homes currently under construction will satisfy a portion of the estimated demand during the first year of the 3-year forecast period. Demand is expected to be highest during the first year of the forecast period.

**Table 6. Demand for New Sales Units in the Lubbock HMA During the Forecast Period**

Sales Units	
Demand	4,575 Units
Under Construction	1,075 Units

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



# Rental Market

## Market Conditions: Balanced

The apartment market is currently balanced and has tightened since the second quarter of 2019, when apartment market conditions were soft.

## Current Conditions and Recent Trends

Rental housing market conditions in the Lubbock HMA are currently balanced, with an estimated rental vacancy rate of 9.0 percent, down from 9.7 percent in 2010, when market conditions were slightly soft (Table 7). Generally rising home prices and growing enrollment at TTU have contributed to strong rental demand since 2010. From 2015 through 2019, nearly 46 percent of the occupied rental stock in the HMA was single-family rental homes compared with approximately 41 percent from 2006 through 2010 (American Community Survey 5-year data). By comparison, the share of occupied structures with five or more units, typically apartments, was 36 percent of the occupied rental stock from 2015 through 2019, which was up slightly from 35 percent from 2006 through 2010. From 2015 through 2019, 98 percent of all occupied rental stock was in Lubbock County, which included nearly 97 percent of all occupied single-family rental homes and nearly all the occupied apartment stock in the HMA.

**Table 7. Rental and Apartment Market Quick Facts in the Lubbock HMA**

Rental Market Quick Facts	2010 (%)	Current (%)	
	Rental Vacancy Rate	9.7	9.0
	2006–10 (%)	2015–19 (%)	
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	41	46
	Multifamily (2–4 Units)	19	15
	Multifamily (5+ Units)	35	36
	Other (Including Mobile Homes)	5	4
Apartment Market Quick Facts	2Q 2022	YoY Change	
	Apartment Vacancy Rate	7.6	0.6
	Average Rent	\$874	7%

2Q = second quarter. YoY = year-over-year.

Notes: The current date is September 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—2006–10 and 2015–19 American Community Survey 5-year data; apartment data—CoStar Group

## Single-Family Rental Market

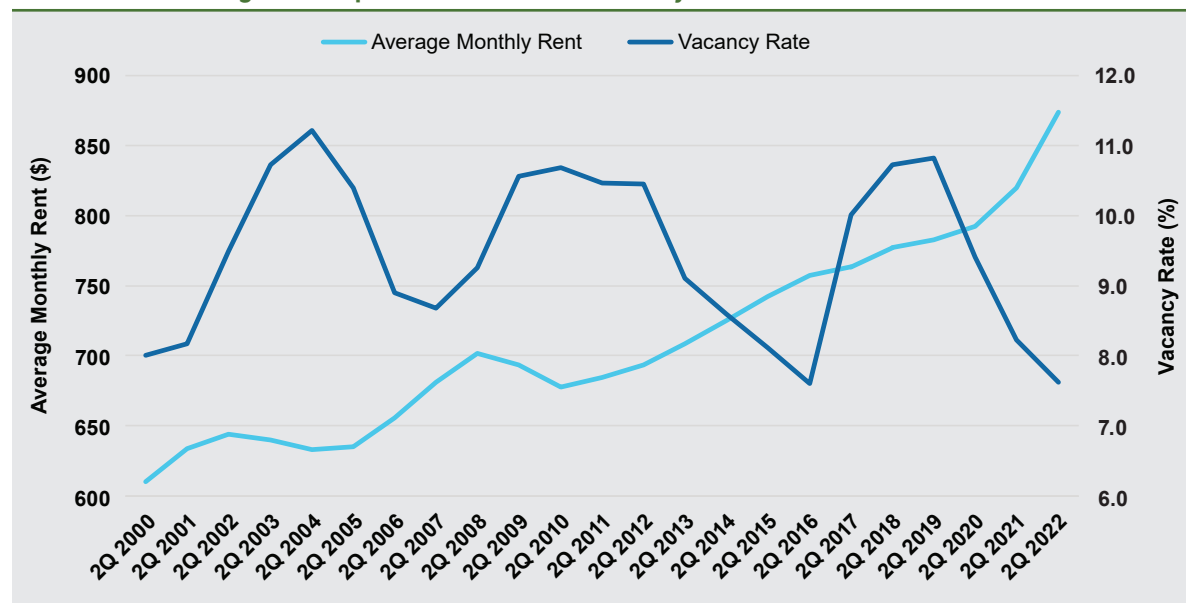
From 2015 through 2019, approximately 88 percent of the occupied single-family rental stock in the HMA were detached single-family homes, and 12 percent were attached homes. Since 2013, the monthly average single-family home vacancy rate for professionally managed detached homes has fluctuated by 1.3 percentage points, ranging from 2.6 percent in 2016 and 2022 to 3.9 percent in 2013 (CoreLogic, Inc.). The average single-family home vacancy rate for professionally managed detached homes was 3.5 percent in August 2022, down from 3.7 percent in August 2021, and the average rent per square foot for a detached single-family home increased nearly 8 percent to \$0.96 per square foot compared with a year earlier. In August 2022, rents for professionally managed detached homes averaged \$858, \$1,113, \$1,459, and \$2,064 for one-, two-, three-, and four-bedroom homes, respectively.

## Apartment Market Conditions

Apartment market conditions in the HMA ranged from balanced to very soft since the second quarter of 2000. Apartment market conditions softened from the second quarter of 2000 through the second quarter of 2004, because new apartment units entered the market, and demand for rental units was lower during this period, when lenient lending standards led to higher demand for sales housing. During this

period, the apartment vacancy rate increased 3.2 percentage points to a peak of 11.2 percent as of the second quarter of 2004, and the average apartment rent increased by \$6, or 1 percent, annually (Figure 10; CoStar Group). The apartment vacancy rate trended downward from 10.4 percent during the second quarter of 2005 to 8.7 percent as of the second quarter of 2007; new apartments were absorbed, and the average apartment rent increased 4 percent annually to \$681. During this period, the apartment vacancy rate fell, partly because displaced residents from the New Orleans MSA temporarily relocated to the HMA. From the second quarter of 2008 through the second quarter of 2010, the apartment vacancy rate trended upward, partly because the local economy lost jobs during 2009 and 2010. The apartment vacancy rate rose 1.4 percentage points from the second quarter of 2008 to 10.7 percent as of the second quarter of 2010, and the average apartment rent fell by \$12, or 2 percent, annually. The local economy recovered from the economic downturn, and the apartment market vacancy rate declined 2.9 percentage points from the second quarter of 2011 to 7.6 percent by the second quarter of 2016, when market conditions were balanced. During this period, the average apartment rent increased by \$15, or 2 percent, annually to \$758 as of the second quarter of 2016. As new apartment units entered the market, the vacancy rate increased from 10.0 percent in the second quarter of 2017 to 10.8 percent by

**Figure 10. Apartment Rents and Vacancy Rates in the Lubbock HMA**



2Q = second quarter.  
Source: CoStar Group

the second quarter of 2019. During this period, the average apartment rent rose an average of 1 percent annually to \$782 as of the second quarter of 2019. Apartment market conditions in the HMA tightened when the absorption of apartment units slightly outpaced new apartment construction; the apartment vacancy rate fell to 9.4 percent as of the second quarter of 2020, whereas the average rent rose to \$792. During the past 2 years, apartment market conditions continued tightening because net in-migration increased, and the local economy recovered from the economic downturn in March and April 2020. As of the second quarter of 2022, the vacancy rate was 7.6 percent, down from the 8.2-percent rate a year earlier. The average monthly rent in the HMA was \$874 during the second quarter of 2022, 7 percent higher than \$820 a year earlier.

## Student Housing

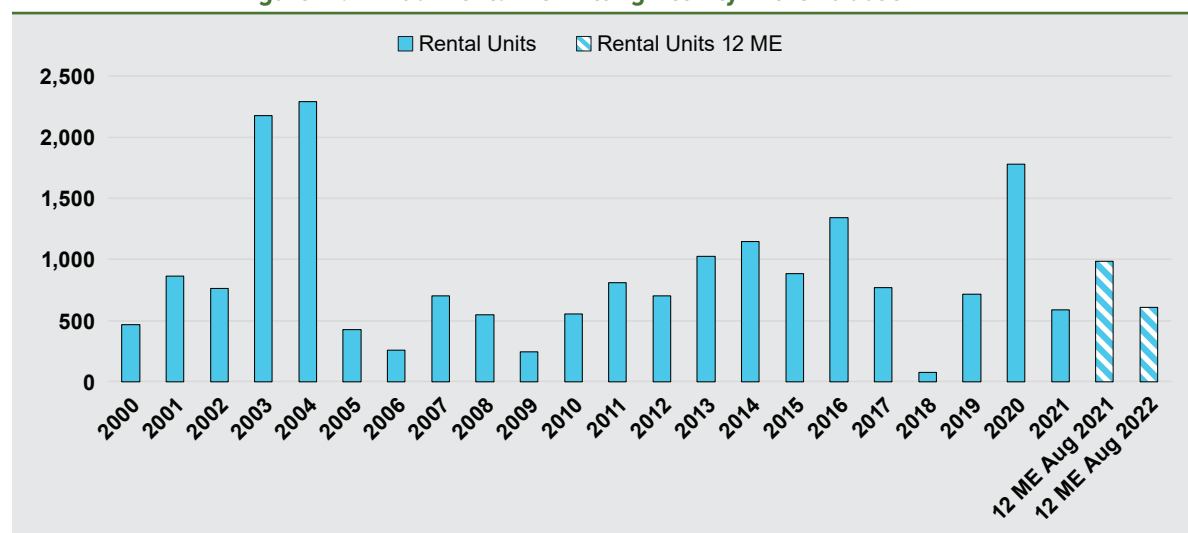
TTU meets a portion of student housing demand with its 19 residence halls that provide on-campus housing options. Among the approximately 40,600 students enrolled at TTU during the fall 2021 semester, nearly 20 percent lived in on-campus housing, and the remainder lived off-campus (TTU, Institutional Research;

data do not include enrollment at the veterinary school outside the HMA). Student households account for an estimated 12 percent of renter households in the HMA. Because on-campus housing options are limited, and with some exceptions, TTU requires first-year students to live in on-campus residence halls, 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 approximately 16,600 beds in the second quarter of 2013 to approximately 22,450 beds during the second quarter of 2021, a number that has remained unchanged through the second quarter of 2022 (CoStar Group). The vacancy rate for CSAs fell during the past 2 years because of increased student enrollment at TTU, and a large number of apartments completed from the third quarter of 2017 through the first quarter of 2021 have been absorbed. During the second quarter of 2022, the off-campus CSA vacancy rate was 8.2 percent, down from 10.4 percent a year earlier and less than the 11.9-percent rate during the second quarter of 2020. The average asking rent on a per-bed basis was \$586 in the second quarter of 2022, up 6 percent from \$553 in the second quarter of 2021, when the average rent increased nearly 4 percent from the previous year.

## Rental Construction

Rental construction activity, as measured by the number of rental units permitted in the HMA, was generally low from 2005 through 2009 before trending upward during the 2010s to a peak in 2020. From 2000 through 2004, rental construction activity averaged 1,325 units annually (Figure 11), before decreasing to an average of 440 units permitted annually from 2005 through 2009, partly in response to an excess number of units built during the former period and because of the local economic contraction in 2009. Despite weak economic conditions, builders responded to increased migration to the HMA, partly because of a rise in student enrollment at TTU during 2009, and rental construction activity increased to 550 units permitted during 2010. Rental construction activity averaged 830 units permitted each year from 2011 through 2019, because economic conditions improved in the HMA. Despite economic contraction during the early months of the COVID-19 pandemic, rental market conditions in the HMA tightened, and the number of rental units permitted increased to 1,775 units during 2020 before slowing to 590 units permitted in 2021. Builders

**Figure 11. Annual Rental Permitting Activity in the Lubbock 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

responded to the high level of newly constructed apartments entering the market during 2021 and early 2022, and the number of rental units permitted declined. During the 12 months ending August 2022, 610 rental units were permitted in the HMA, down 38 percent from the 990 units during the previous 12 months (preliminary data, with estimates by the analyst).

### Recent Developments

Since 2010, approximately 97 percent of apartment construction in the HMA has been in the city of Lubbock. The 241-unit Hudson at Orchard Park apartment development completed construction in 2021 in the city of Lubbock. The apartment community has units ranging in size from 704 to 749 square feet for one-bedroom, one-bathroom units; 1,006 to 1,094 square feet for two-bedroom, two-bathroom units; 1,284 square feet for two-bedroom, one-and-a-half-bathroom units; and 1,268 square feet for three-bedroom, three-bathroom units. Asking rents range from \$1,040 to \$1,140 for one-bedroom units, \$1,424 to \$1,574 for two-bedroom units, and \$1,524 for the three-bedroom, three-bathroom units. Construction began in September 2020 at the 89-unit Metro Tower Lofts in downtown Lubbock. The development is expected to be complete in September 2022 and will

include 25 market-rate units and 64 affordable units. When complete, the development will include 29 studio units, 15 one-bedroom units, and 45 two-bedroom units. Asking rents are anticipated to range from \$323 to \$786 for studio units, \$789 to \$839 for one-bedroom units, and \$946 to \$996 for two-bedroom units.

### Forecast

During the 3-year forecast period, demand is estimated for 2,425 new rental units in the HMA (Table 8). Demand is expected to increase in the second and third years of the forecast period, because the preference to rent is expected to rise. The 1,175 units under construction are expected to satisfy some of the demand through the second year of the forecast period.

**Table 8. Demand for New Rental Units in the Lubbock HMA During the Forecast Period**

Rental Units	
Demand	2,425 Units
Under Construction	1,175 Units

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





# Terminology Definitions and Notes

## A. Definitions

<b>Building Permits</b>	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.
<b>College Student Apartments</b>	Apartment-style housing units where each resident has a separate lease, typically for a bedroom, and they share the common living areas of the unit with other tenants.
<b>Demand</b>	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 currently under construction or units in the development pipeline.
<b>Distressed Sales</b>	Short sales and real estate owned (REO) sales.
<b>Existing Home Sales</b>	Includes resale sales, short sales, and REO sales.
<b>Forecast Period</b>	9/1/2022–9/1/2025—Estimates by the analyst.
<b>Home Sales/ Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.

<b>Net Natural Increase</b>	<b>Resident births minus resident deaths.</b>
<b>Rental Market/ Rental Vacancy Rate</b>	<b>Includes apartments and other rental units such as single-family, multifamily, and mobile homes.</b>
<b>Resales</b>	<b>Resales 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.</b>
<b>Seriously Delinquent Mortgages</b>	<b>Mortgages 90+ days delinquent or in foreclosure.</b>
<b>Southern High Plains District</b>	<b>Located in the southwestern portion of the panhandle region of the state of Texas, the U.S. Department of Agriculture-defined Agricultural Statistics District includes the following counties: Andrews, Bailey, Cochran, Crosby, Dawson, Gaines, Glasscock, Hockley, Howard, Lamb, Lubbock, Lynn, Martin, Midland, Terry, and Yoakum.</b>

## B. Notes on Geography

<b>1.</b>	<b>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.</b>
<b>2.</b>	<b>Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.</b>

## C. Additional Notes

<b>1.</b>	<b>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.</b>
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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.
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