

COMPREHENSIVE HOUSING MARKET ANALYSIS

# Memphis, Tennessee- Mississippi-Arkansas

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

As of June 1, 2024



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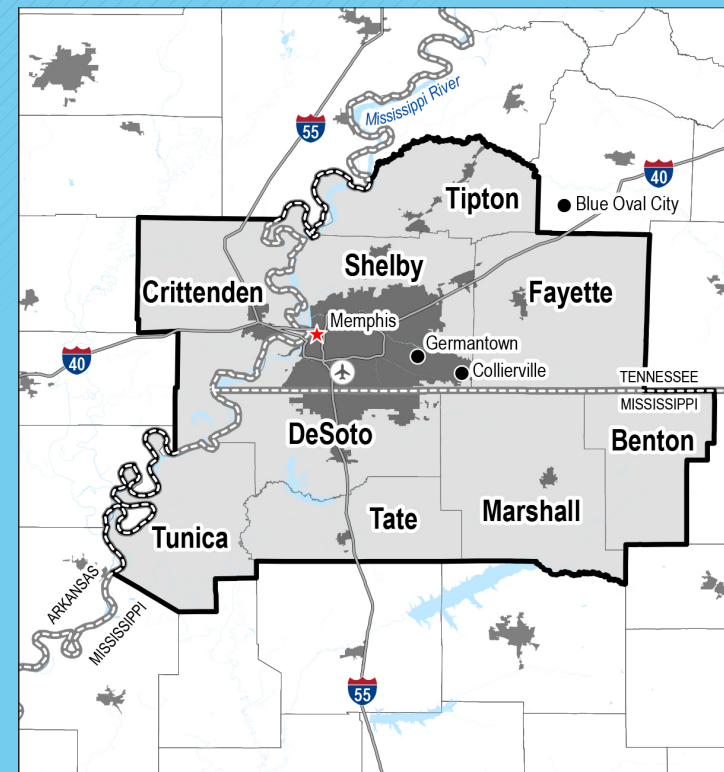
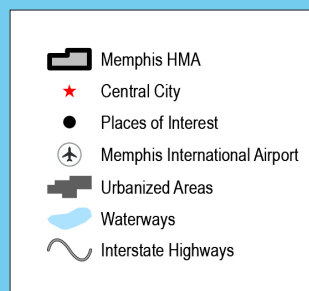
# Executive Summary

## Housing Market Area Description

The Memphis Housing Market Area (HMA) in southwestern Tennessee extends into neighboring Arkansas and Mississippi. The HMA is coterminous with the Memphis, TN-MS-AR Metropolitan Statistical Area (MSA) and includes Fayette, Shelby, and Tipton Counties in Tennessee; Benton, DeSoto, Marshall, Tate, and Tunica Counties in Mississippi; and Crittenden County in Arkansas.

The current population of the HMA is estimated at 1.33 million.

Located on the banks of the Mississippi River, the city of Memphis is the principal city in the HMA and the most populous city on the Mississippi. The city is home to the headquarters of FedEx Corporation and serves as a major distribution and logistics hub for the nation. The Memphis International Airport handled 8.56 billion pounds of cargo during 2023, down 4 percent from a year earlier. The airport is the busiest cargo airport in North America and the second busiest in the world after Hong Kong International Airport (Airports Council International).



## 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



**Weak:** Eight of 11 nonfarm payroll sectors lost jobs in the Memphis HMA during the 12 months ending May 2024.

During the 12 months ending May 2024, nonfarm payrolls in the HMA declined by 9,500 jobs, or 1.4 percent, from a year earlier to 654,800. Job losses were led by the professional and business services sector. Notable declines also occurred in the government, the manufacturing, and the transportation and utilities sectors. The unemployment rate in the HMA averaged 3.9 percent during the 12 months ending May 2024, down slightly from 4.1 percent a year earlier. Economic conditions in the HMA are expected to improve modestly during the next 3 years, with nonfarm payrolls increasing an average of 0.4 percent annually.

Sales Market



**Balanced:** The home sales vacancy rate in the HMA is estimated at 1.2 percent as of June 1, 2024, up slightly from 1.1 percent in April 2020, when the sales market was also balanced.

During the 12 months ending May 2024, home sales totaled 22,200, down 14 percent from a year earlier, and the average home sales price increased 1 percent to \$276,300 (Zonda, with adjustments by the analyst). The supply of homes available for sale in the HMA rose during the past year but is low; the for-sale inventory as of May 2024 represented a 3.5-month supply, up from a 2.5-month supply a year ago (Redfin, a national real estate brokerage, with adjustments by the analyst). As of May 2024, 1.5 percent of mortgages in the HMA were seriously delinquent or had transitioned into real estate owned (REO) status, the lowest rate since at least 2000 and down from 1.7 percent a year earlier (CoreLogic, Inc.). Demand is estimated for 10,800 new homes during the forecast period; a portion of that demand will be met by the 1,200 homes under construction.

Rental Market



**Slightly Soft:** The estimated rental vacancy rate is 11.7 percent, up from 10.6 percent in April 2020, when conditions were balanced.

Rental housing market conditions in the HMA are slightly soft, and apartment market conditions are soft. As of the first quarter of 2024, the apartment market vacancy rate had increased 0.9 percentage points from a year earlier to 13.8 percent, and the average asking rent had increased 1 percent to \$1,125 (CoStar Group). The apartment vacancy rate rose during the past year, partly because the supply of new apartments increased while demand weakened because of net out-migration. During the forecast period, demand is expected for 2,675 new rental units. The 1,950 units under construction are expected to satisfy most of the demand during the forecast period.

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3-Year Housing Demand Forecast			
Memphis HMA		Sales Units	Rental Units
	Total Demand	10,800	2,675
	Under Construction	1,200	1,950

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2024. The forecast period is June 1, 2024, to June 1, 2027.  
Source: Estimates by the analyst



# Economic Conditions

## Largest Sector: Education and Health Services

Jobs in the transportation and utilities sector accounted for 13 percent of all nonfarm payroll jobs during the 12 months ending May 2024, compared with about 5 percent nationally. Within the sector, the transportation and warehousing industry is a significant contributor to economic activity in the HMA.

## Primary Local Economic Factors

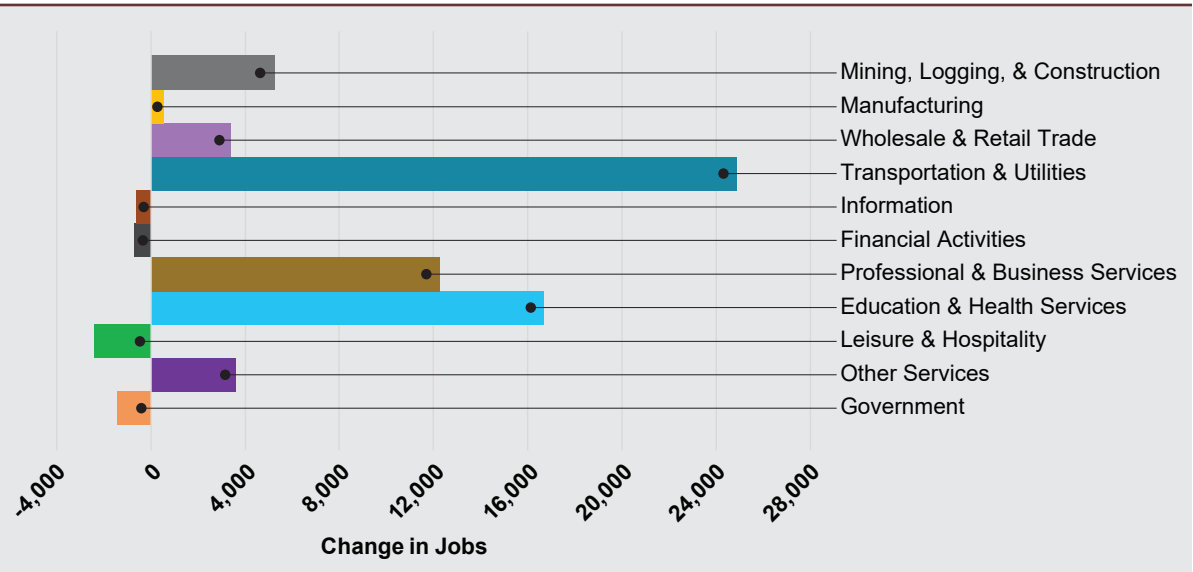
Historically a trade and transportation hub because of its location on the Mississippi River, the Memphis HMA became a major logistics hub in the nation after FedEx Corporation began operations near Memphis International Airport in 1973. With approximately 35,000 employees, FedEx Corporation is the largest employer in the HMA (Table 1). United Parcel Service, Inc. (UPS), DHL Group, and the United States Postal Service also have major facilities near the airport. In addition, Amazon.com, Inc. has been expanding its operations in the HMA with the construction of warehouses and distribution centers. Since 2011, the transportation and utilities sector has been the fastest growing payroll sector, expanding 40 percent, or by nearly 24,900 jobs, representing the largest job gain among all payroll sectors (Figure 1).

Table 1. Major Employers in the Memphis HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
FedEx Corporation	Transportation & Utilities	35,000
U.S. Government	Government	16,100
Tennessee State Government	Government	14,200
Methodist Le Bonheur Healthcare	Education & Health Services	11,450
Baptist Memorial Health Care Corporation	Education & Health Services	9,950
Walmart Inc.	Wholesale & Retail Trade	8,100
City of Memphis	Government	7,900
St. Jude Children’s Research Hospital	Education & Health Services	6,150
Nike, Inc.	Wholesale & Retail Trade	6,000
Shelby County Government	Government	5,200

Note: Excludes local school districts.  
Source: Memphis Business Journal

Figure 1. Sector Growth in the Memphis HMA, 2011 to Current

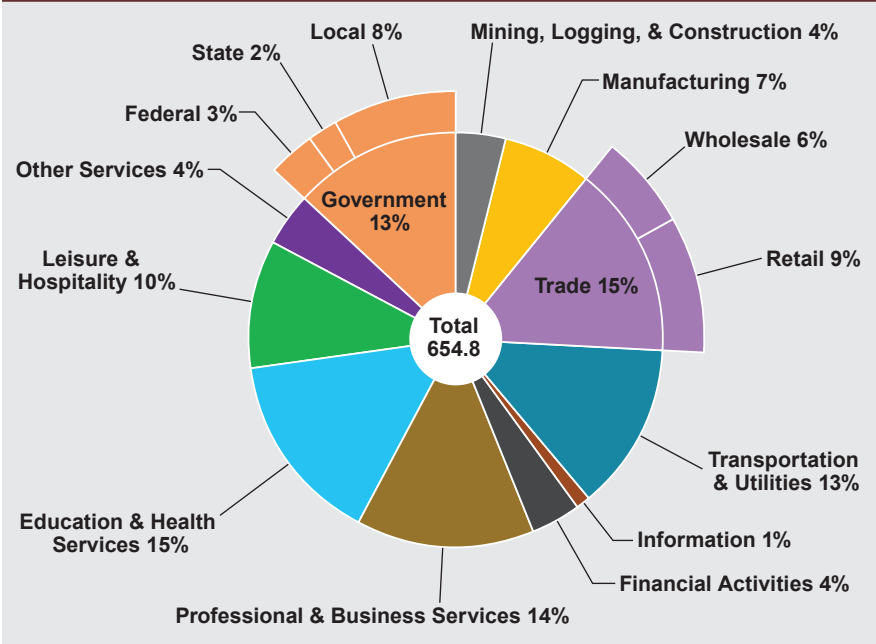


Note: Current data are based on the 12-month averages ending May 2024.  
Source: U.S. Bureau of Labor Statistics



The education and health services sector is the largest in the HMA, with 100,800 jobs. The sector accounts for 15 percent of all nonfarm payrolls, the same percentage as the wholesale and retail trade sector, which has only 500 fewer jobs (Figure 2). Since 2011, the education and health services sector increased by 16,700 jobs, or 20 percent. Expansions at hospitals contributed to growth in the sector, and the major healthcare systems, which include Methodist Le Bonheur Healthcare, Baptist Memorial Health Care Corporation, and the St. Jude Children’s Research Hospital, ranked among the largest employers in the HMA.

Figure 2. Share of Nonfarm Payroll Jobs in the Memphis 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 May 2024.  
Source: U.S. Bureau of Labor Statistics

Current Conditions—Nonfarm Payrolls

The economy in the HMA is currently weak. During the 12 months ending May 2024, nonfarm payrolls declined by 9,500 jobs, or 1.4 percent (Table 2), following a gain of 12,700 jobs, or 2.0 percent, a year earlier. The decline was in contrast to a job gain of 1.9 percent nationally. During the 12 months ending May 2024, the professional and business services sector in the HMA declined by 7,100 jobs, or 7.3 percent, to 90,800. The sector weakened largely because of a reduction of 4,000 jobs, or 6.9 percent, in the administrative and support services and waste management and remediation services industries, which include the facilities support services and temporary help industries. In January 2024, Marsden Services L.L.C., a provider of facility services, announced a reduction of more than 100 jobs in the HMA.

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

	12 Months Ending May 2023	12 Months Ending May 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	664.3	654.8	-9.5	-1.4
Goods-Producing Sectors	69.5	67.6	-1.9	-2.7
Mining, Logging, & Construction	25.3	24.7	-0.6	-2.4
Manufacturing	44.2	43.0	-1.2	-2.7
Service-Providing Sectors	594.8	587.2	-7.6	-1.3
Wholesale & Retail Trade	100.5	100.3	-0.2	-0.2
Transportation & Utilities	87.6	86.6	-1.0	-1.1
Information	5.6	5.7	0.1	1.8
Financial Activities	28.6	28.2	-0.4	-1.4
Professional & Business Services	97.9	90.8	-7.1	-7.3
Education & Health Services	97.7	100.8	3.1	3.2
Leisure & Hospitality	62.9	62.4	-0.5	-0.8
Other Services	27.7	27.8	0.1	0.4
Government	86.3	84.7	-1.6	-1.9

Notes: Based on 12-month averages through May 2023 and May 2024. Numbers may not add to totals due to rounding. Data are in thousands.  
Source: U.S. Bureau of Labor Statistics



During the 12 months ending May 2024, the manufacturing and the transportation and utilities sectors declined by 1,200 and 1,000 jobs, or 2.7 and 1.1 percent, respectively. By comparison, during the 12 months ending May 2023, the sectors grew 1.1 and 1.6 percent, respectively. GXO Logistics, Inc. laid off more than 200 employees in March 2024, contributing to job losses in the transportation and utilities sector. During the past 12 months, payrolls in the manufacturing sector fell to the lowest level since 2017 and are 4.4 percent below the recent high of 45,000 jobs in 2019.

The government sector declined by 1,600 jobs, or 1.9 percent, during the 12 months ending May 2024, in contrast with a gain of 2,300 jobs, or 2.8 percent, a year earlier. Losses in the local government subsector reflected reduced demand for services from the declining HMA population and outweighed gains in the state and federal government subsectors. The local government subsector fell by 3,500 jobs, or 6.2 percent, whereas the federal and state government subsectors increased by 1,300 and 600 jobs, or 8.7 and 4.0 percent, respectively.

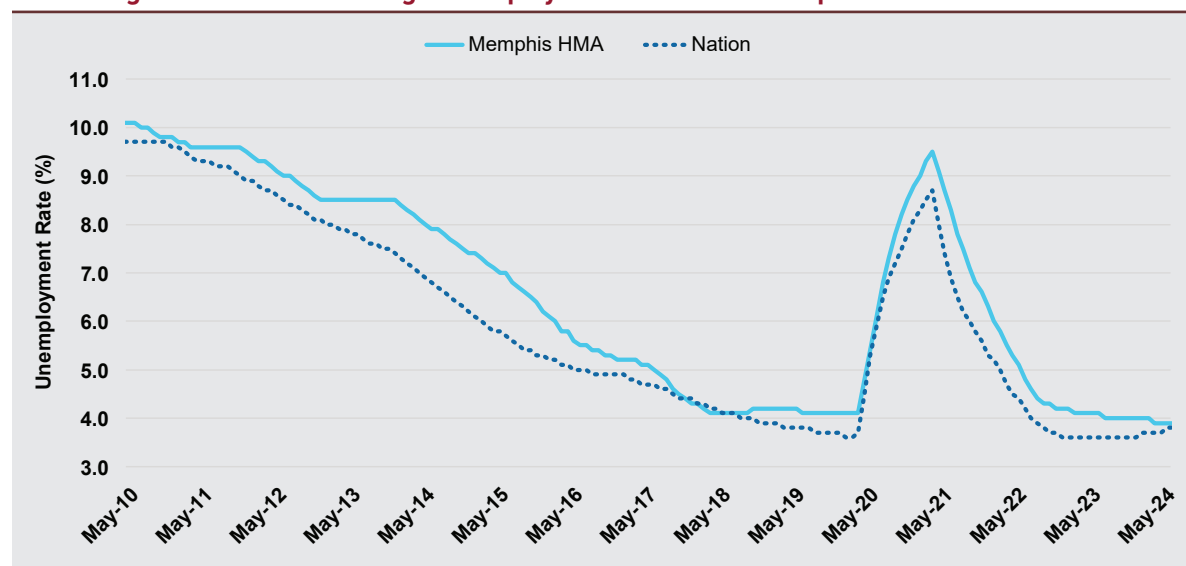
Growth in the education and health services sector partially offset overall job losses in the HMA. Following a gain of 3,100 jobs, or 3.2 percent, during the 12 months ending May 2024, the sector reached a new high of 100,800 jobs. Growth during the past year was similar to the increase of 3,200 jobs, or 3.4 percent, during

the 12 months ending May 2023. The jobs count in the sector is 5.9 percent higher than the recent low of 95,200 in 2020. The sector lost jobs during that year after the outbreak of the pandemic, and healthcare providers cut back on most elective procedures to allocate resources for the care of COVID-19 patients.

## Current Conditions—Unemployment

The unemployment rate in the HMA declined during the 2010s from a high of 10.1 percent during the 12 months ending May 2010, when the economy was weak after the Great Recession, to 4.1 percent during the 12 months ending March 2020. The average unemployment rate rose to 9.5 percent during the 12 months ending March 2021, when many workers became temporarily unemployed after the outbreak of the pandemic early in 2020, but the rate has declined since then. During the 12 months ending May 2024, the unemployment rate fell to a new low of 3.9 percent from 4.1 percent a year earlier. The rate declined despite the weak economy because of a shrinking labor force. During the past year, resident employment declined by 6,500, but the labor force fell by 7,800. The unemployment rate in the HMA has generally stayed above the national rate since 2010 (Figure 3).

**Figure 3. 12-Month Average Unemployment Rate in the Memphis HMA and the Nation**



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

## Economic Periods of Significance

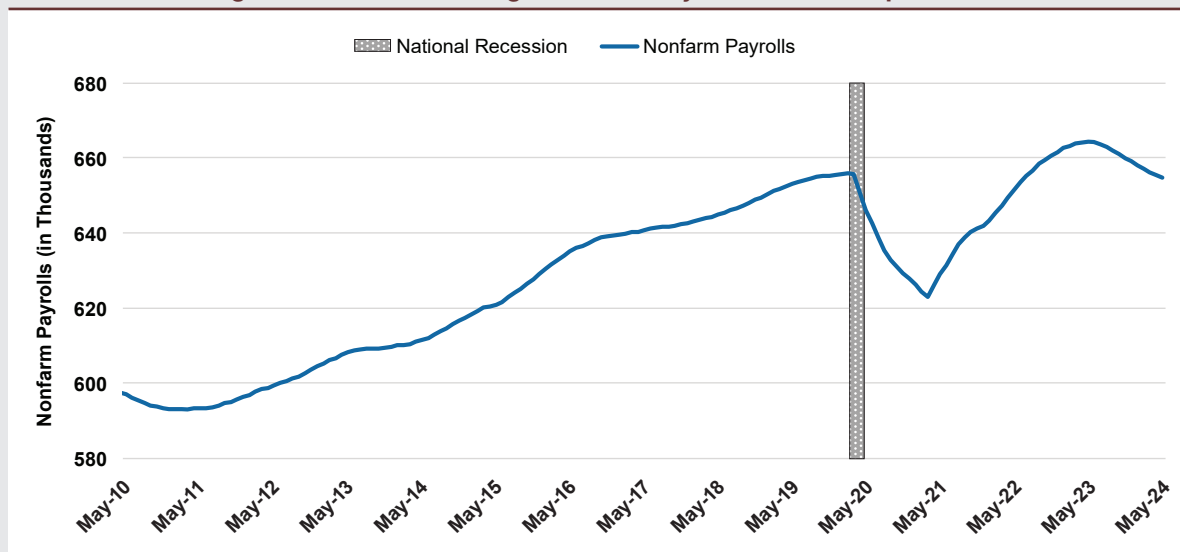
### 2011 Through 2019—Economic Recovery

The recovery from the impacts of the Great Recession began in the HMA in 2011; however, the pace of job growth was slow compared with the pace in the nation. The local economy did not recover jobs lost in the recession until 2018, approximately 4 years later than the nation. From 2011 through 2019, nonfarm payrolls in the HMA rose by an average of 6,900 jobs, or 1.1 percent, annually to 655,400 in 2019 (Figure 4), compared with an average gain of 1.6 percent a year nationally. The professional and business services sector led growth, with an average gain of 2,000 jobs, or 2.3 percent, a year. The transportation and utilities and the education and health services sectors increased by averages of 1,700 and 1,600 jobs, or 2.4 and 1.8 percent, respectively. These three sectors combined accounted for nearly four-fifths of the nonfarm jobs added from 2011 through 2019. In 2016, UPS completed a \$70 million expansion of its hub in the HMA, adding 350 jobs. Healthcare providers expanded their facilities from 2011 through 2019, contributing to overall job growth. In 2019, Methodist Le Bonheur Healthcare completed a \$280 million redevelopment of Methodist University Hospital in Memphis.

### 2020—COVID-19 and the Recession

Economic activity slowed abruptly early in 2020 when countermeasures to reduce the spread of COVID-19 were implemented, and all except one

Figure 4. 12-Month Average Nonfarm Payrolls in the Memphis HMA



Note: 12-month moving average.

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

nonfarm payroll sector in the HMA lost jobs during that year. During 2020, nonfarm payrolls fell by 27,400, or 4.2 percent, to 628,000 jobs, whereas jobs declined 5.8 percent nationally. Nearly 45 percent of the job losses in the HMA occurred in the leisure and hospitality sector, which fell by 12,200 jobs, or 17.9 percent, when travel was curtailed and restaurants and entertainment venues closed during the initial months of the pandemic. The professional and business services sector decreased by 5,100 jobs, or 5.3 percent, with 92 percent of the sector losses, or 4,700 jobs, in the administrative and support services and waste management and remediation services industries. A more-than-20-year period of annual job growth came to an end in the education and health services sector because of closures at private schools and the postponement of elective medical procedures. The sector lost 3,700 jobs, a decline of 3.7 percent, in 2020. The wholesale and retail trade sector fell by 3,300 jobs, or 3.3 percent; the retail trade subsector accounted for 76 percent of the decline, falling by 2,500 jobs, or 3.9 percent, mostly due to store closures. However, a shift to online shopping and an increase in deliveries of goods to homes benefited the transportation and utilities sector, which increased by 2,200 jobs, or 2.9 percent, and was the only sector to gain jobs during 2020.

## 2021 Through 2022—The Recovery

During 2021 and 2022, the local economy rebounded from the downturn in 2020. By the end of 2022, all jobs lost were recovered; however, job growth in the HMA once again was slower than in the nation. Nonfarm payrolls in the HMA grew by an average of 16,800 jobs, or 2.6 percent, each year during 2021 and 2022, slower than the average growth rate of 3.6 percent a year nationally. The transportation and utilities sector added the most jobs in the HMA, increasing by an average of 4,300 jobs, or 5.3 percent, annually. Rapid growth in the sector occurred because of an increase in e-commerce that accelerated following the outbreak of the pandemic. In 2021, Amazon.com

completed a new 855,000-square-foot fulfillment center in northern Memphis and added 1,000 jobs. With many companies ending work-from-home policies, demand for support services rose, resulting in a robust recovery in the professional and business services sector with an average gain of 4,200 jobs, or 4.5 percent, a year. By 2022, jobs in the sector averaged 99,400, more than 3.0 percent higher than the 96,200 jobs in 2019 before the pandemic. Recovery began in the leisure and hospitality sector with an average gain of 3,300 jobs, or 5.6 percent, annually, but payrolls did not surpass the prepandemic level. Jobs in the sector averaged 62,600 in 2022, 8.3 percent below the 68,300 jobs in 2019.

## Forecast

During the 3-year forecast period, the economy of the HMA is expected to grow slowly, with nonfarm payrolls rising an average of 0.4 percent annually. Continued economic contraction is expected in the first year of the forecast period but will be offset by expected growth in the second and third years. Steady growth is expected in the education and health services sector because demand for health care from an aging population will remain strong. A \$1.5 billion expansion project is ongoing at St. Jude Children's Hospital in the city of Memphis. Construction is underway on two 15-story towers that will include a new hospital and clinical research facilities. The development is the largest expansion project in the history of St. Jude and is expected to add more than 1,000 new jobs by early 2027. The local economy is expected

to benefit from a \$5.6 billion project by Ford Motor Company to build the 3,600-acre BlueOval City campus that will serve as a manufacturing plant for the new Ford EV truck and batteries. The campus, just outside the HMA in Haywood County, Tennessee, is under construction and will create approximately 6,000 new jobs when complete in 2025. Although the project will not add directly to nonfarm payroll growth in the HMA, it is expected to contribute indirectly to the economy in the HMA, which is the largest urban center near the development. The BlueOval City project is anticipated to contribute to job growth in the professional and business services and the leisure and hospitality sectors and to residential construction demand in the HMA during the forecast period.





# Population and Households

## Current Population: 1.33 Million

Net out-migration and slower net natural increase in the HMA since 2020 have contributed to a shift to population decline, following nearly 5 years of modest population growth.

## Population Trends

The population of the Memphis HMA as of June 1, 2024, is estimated at 1.33 million, reflecting a decrease of 3,050, or 0.2 percent, annually since 2020, compared with annual growth averaging 0.2 percent a year from 2010 to 2020 (Table 3). The recent decline was largely due to net out-migration averaging 4,825 people a year, which was partly because domestic net out-migration increased significantly compared with the 2010s and was only slightly offset by a small increase in international net in-migration. The slow economic recovery in the HMA relative to the rest of the nation is a contributing factor to the ongoing domestic net out-migration. COVID-19-related deaths early in the 2020s also contributed to a sharp decline in net natural increase that has averaged 1,775 people annually since 2020. By comparison, the population increased an average of 6,300, or 0.5 percent, annually from 2010 to 2012, when net out-migration from the HMA was relatively slow during the early years of economic recovery, averaging about 1,875 people a year, and net natural increase averaged 8,175 people a

year (U.S. Census Bureau population estimates as of July 1; Figure 5). From 2012 to 2015, net out-migration rose sharply to an average of 8,400 people annually, and net natural increase slowed to an average of 7,325 people a year. As a result, the population declined an average of 1,075, or 0.1 percent, annually. Modest population growth resumed later in the 2010s because of slower net out-migration. From 2015 to 2020, population growth averaged 2,025, or 0.2 percent, a year, with net out-migration and net natural increase averaging 3,825 and 5,850 people annually, respectively.

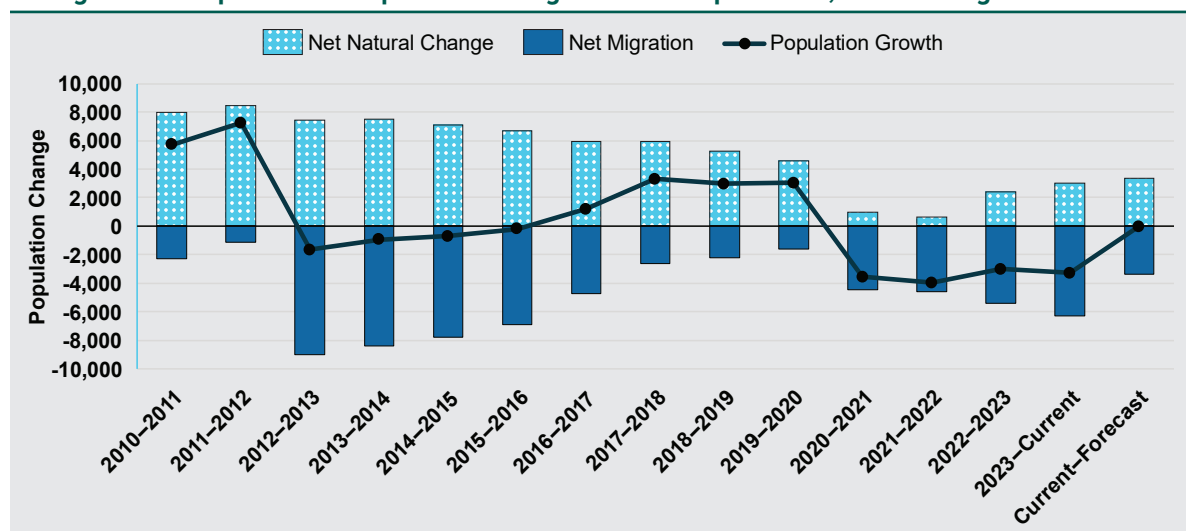
**Table 3. Memphis HMA Population and Household Quick Facts**

Population Quick Facts	2020	Current	Forecast
	Population	1,345,425	1,333,000
	Average Annual Change	2,050	-3,050
	Percentage Change	0.2	-0.2
Household Quick Facts	2020	Current	Forecast
	Households	519,930	526,700
	Average Annual Change	2,525	1,625
	Percentage Change	0.5	0.3

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (June 1, 2024) to June 1, 2027.

Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

**Figure 5. Components of Population Change in the Memphis HMA, 2010 Through the Forecast**



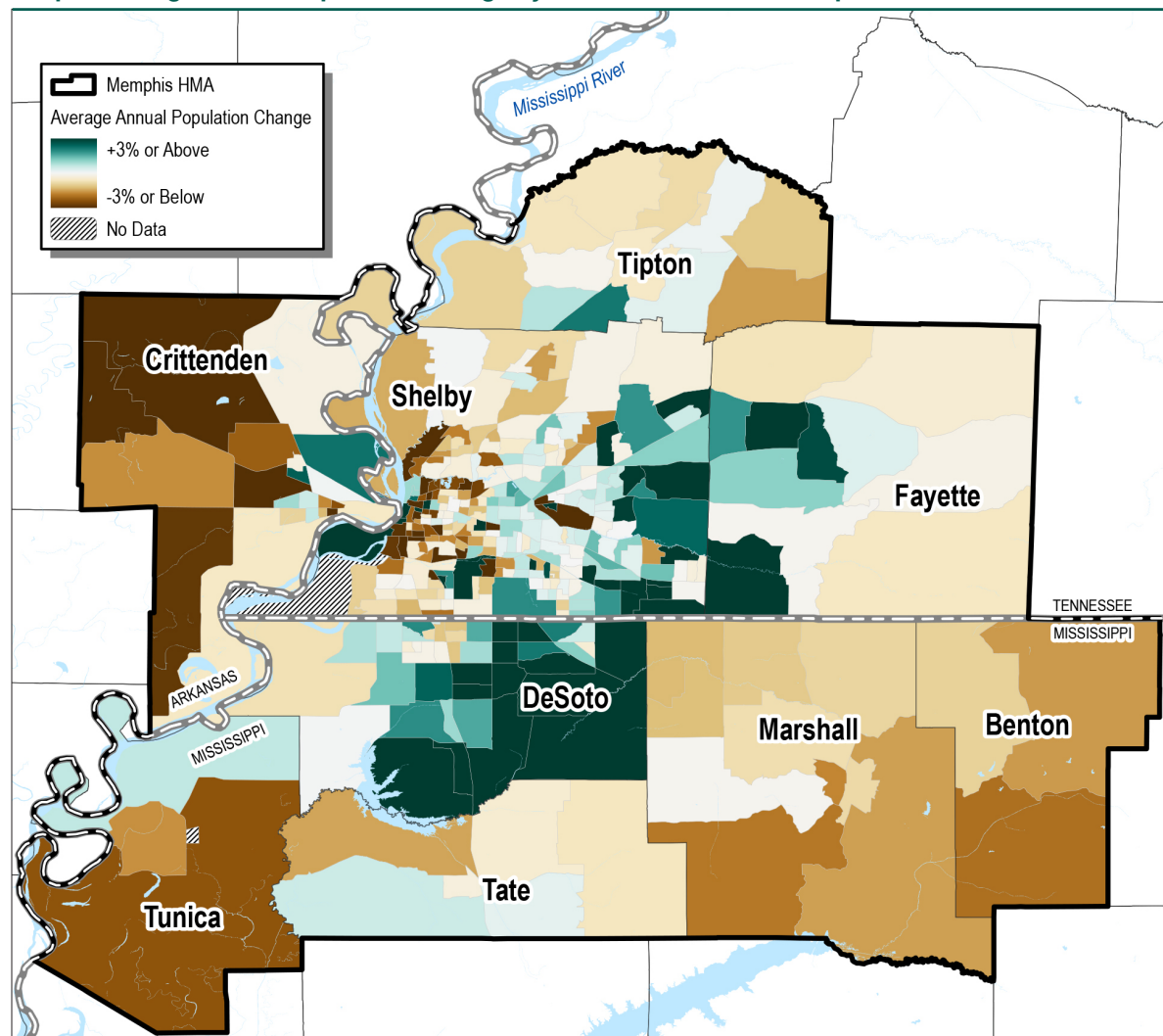
Notes: Data displayed are average annual totals. The forecast period is the current date (June 1, 2024) to June 1, 2027.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

## Population by Geography

With an estimated population of 910,000 as of July 1, 2023, Shelby County is the most populous county in the HMA, accounting for approximately 68 percent of the total population. The population of the county remained relatively unchanged during the 2010s but has declined an average of 0.7 percent annually since 2020. Contributing to the decline has been an increase in net out-migration from the city of Memphis, which is the economic hub and most populous city in the HMA, with an estimated population of 618,600. The population of the city has decreased since the high of 650,100 in 2000, with the decline attributable in large part to limited economic opportunities and a preference for suburban living. In some parts of the county, the population has increased an average of more than 3 percent a year since 2020, but these gains were offset by declines in other areas in the county, a trend similar to that observed during the 2010s (Map 1). The areas with gains include the central portion of the city of Memphis along the Mississippi River, where proximity to jobs and cultural amenities, the addition of new apartments, and infrastructure improvements made the neighborhoods attractive places to live. In addition, eastern suburban portions of Shelby County, including areas near the cities of Germantown and Collierville approximately 30 miles east of Memphis, have experienced population growth due to net out-migration from the city of Memphis because people are seeking larger living spaces.

**Map 1. Average Annual Population Change by Census Tract in the Memphis HMA From 2010 to 2020**



Source: 2010 and 2020 Decennial Census, with adjustments by the analyst

The availability of developable land and an easy commute to employment centers in the HMA have contributed to population growth in Fayette and DeSoto Counties, east and south of Shelby County. Population growth in each county has been concentrated in areas nearest to the city of Memphis and near major expressways.

Since 2020, population growth in Fayette and DeSoto Counties has averaged 1.6 and 1.3 percent a year to an estimated 193,300 and 44,250, respectively. By comparison, from 2010 to 2020, population growth in Fayette and DeSoto Counties averaged 0.9 and 1.4 percent annually, respectively. In addition, major local industries have emerged in Fayette and DeSoto Counties, including manufacturing, health care, and transportation and warehousing.

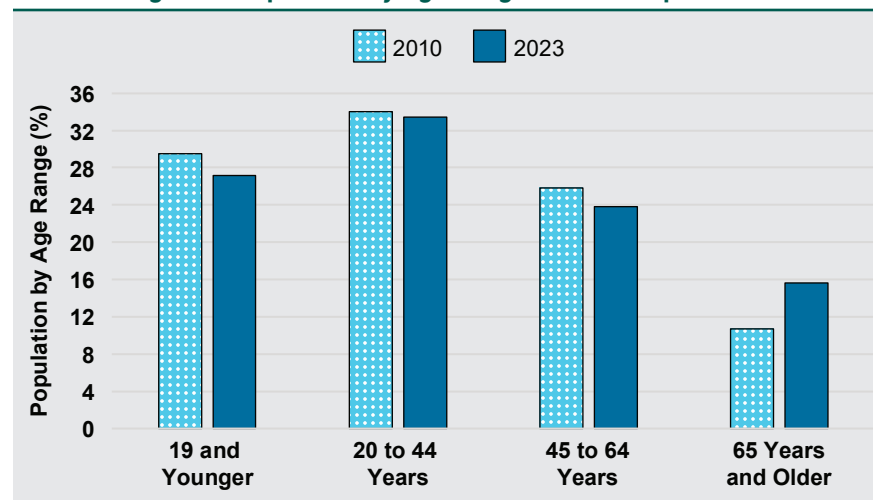
## Age Cohort Trends

The population in the HMA is younger than the national average. In 2023, the median age in the HMA was 37.0 years old compared with the national median of 39.2 years (American Community Survey [ACS] 1-year data). In 2023, the cohort of residents aged 20 to 44 represented 33 percent of the HMA population, down slightly from 34 percent in 2010. Similar to the national trend, births have declined in the HMA, and the largest decrease among the age cohorts was of those 19 and younger, decreasing from 30 percent in 2010 to 27 percent in 2023. Despite this, the share of the population 19 years and younger was larger than the 24-percent share for the nation in 2023. The cohort of those aged 65 years and older was the only cohort in the HMA to have increased, accounting for 16 percent of the HMA population in 2023—up from 11 percent in 2010 (Figure 6). The share of the population aged 65 and older in the HMA was lower than the 18-percent share for the nation in 2023.

## Household Trends

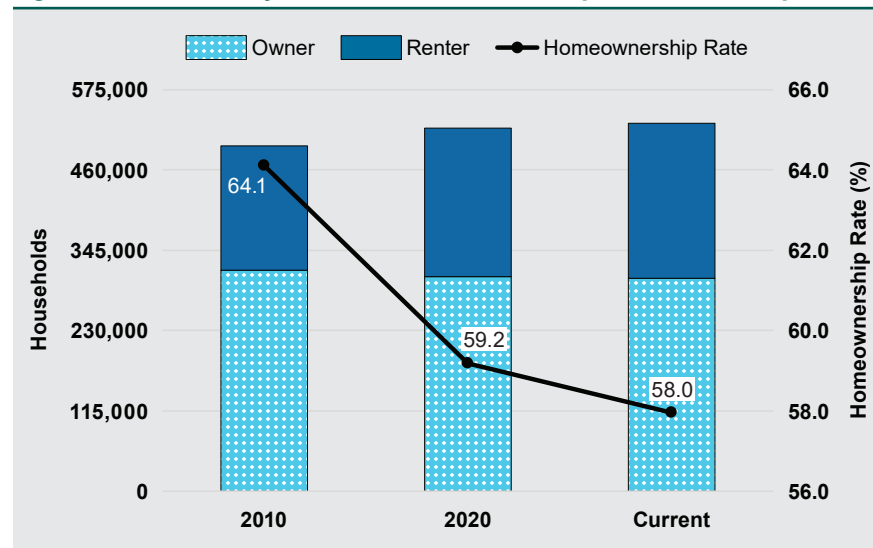
The current number of households in the HMA is estimated at 526,700, reflecting an average annual increase of 1,625, or 0.3 percent, since 2020. By comparison, household growth averaged 2,525, or 0.5 percent, annually during the 2010s. The aging population and declining birth rates have led to a smaller average household size. Renter households have accounted for all of the net household growth in the HMA since 2010, increasing 1.7 percent a year, whereas owner households decreased 0.3 percent a year, resulting in a steadily declining homeownership rate. The homeownership rate is currently estimated at 58.0 percent, down from 59.2 percent in 2020 and substantially below 64.1 percent in 2010 (Figure 7). The homeownership rate in the HMA is below the estimated 63.1 percent rate nationally.

Figure 6. Population by Age Range in the Memphis HMA



Source: 2010 and 2023 American Community Survey 1-year data

Figure 7. Households by Tenure and Homeownership Rate in the Memphis HMA



Note: The current date is June 1, 2024.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

## Forecast

During the 3-year forecast period, the population is expected to remain nearly unchanged from the current level, stabilizing from the recent period of decline. Stronger net natural increase, expected to average 3,325 people a year, will

offset slower expected net out-migration. The population is expected to remain at 1.33 million by the end of the forecast period. During the next 3 years, households are expected to increase by an average of 1,975, or 0.4 percent, annually.





# Home Sales Market

## Market Conditions: Balanced

Following the onset of the pandemic, home sales market conditions became slightly tight when demand for homes rose, but the market shifted to balanced conditions during the past 2 years, partly because of rising mortgage interest rates.

## Current Conditions

Sales housing market conditions in the Memphis HMA are balanced. The estimated sales vacancy rate is currently 1.2 percent (Table 4), up slightly from 1.1 percent in April 2020, when conditions were also balanced, but substantially down from 2.6 percent in April 2010, when conditions were soft after the Great Recession. Sales housing market conditions tightened in 2021 and early 2022, largely because of strong demand, which was boosted by low mortgage interest rates. However, home sales in the HMA have been declining since 2022 because of increases in mortgage interest rates, and home sales price growth slowed significantly during the past year following 3 years of strong gains. Nationwide, the rate for a 30-year, fixed-rate mortgage averaged 6.8 percent during the first quarter of 2024, up from 6.4 percent during the same period a year earlier and sharply higher compared with 2.9 percent in the first quarter of 2021 (Freddie Mac). Although the supply of homes available for sale increased recently, it is low compared

Table 4. Home Sales Quick Facts in the Memphis HMA

Home Sales Quick Facts	Memphis HMA		Nation
	Vacancy Rate	1.2%	NA
	Months of Inventory	3.5	2.4
	Total Home Sales	22,200	4,771,000
	1-Year Change	-14%	-14%
	New Home Sales Price	\$462,100	\$507,000
	1-Year Change	8%	-1%
	Existing Home Sales Price	\$265,000	\$458,200
	1-Year Change	1%	7%
	Mortgage Delinquency Rate	1.5%	0.9%

NA = data not available.  
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending May 2024; and months of inventory and mortgage delinquency data are as of May 2024. The current date is June 1, 2024.  
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

with the late 2010s and contributes to current balanced housing market conditions despite the weaker economy and net out-migration. Many homeowners with mortgages at low rates are reluctant to list their homes for sale if a subsequent purchase would require financing at a higher interest rate. In May 2024, the inventory of homes available for sale totaled approximately 4,325, up from 3,300 a year earlier and above the recent May low of 2,450 in 2022 (Redfin, a national real estate brokerage, with adjustments by the analyst). By comparison, May inventory averaged 4,850 homes from 2015 to 2019. In May 2024, a 3.5-month supply of for-sale inventory was available in the HMA, up from a 2.5-month supply a year earlier and the highest level for a May since 2016, when the HMA had a 4.1-month supply.

## Current Home Sales and Prices

During the 12 months ending May 2024, new and existing home sales (including single-family homes, townhomes, and condominiums) declined by 3,600, or 14 percent, from a year earlier to 22,200 homes sold. The decrease followed a year-over-year decline of 8,050, or 24 percent, during the 12 months ending May 2023 (Zonda, with adjustments by the analyst; Figure 8). The number of homes sold in the HMA during the past year was 34 percent below the recent high of 33,800 home sales for a 12-month period ending in May in 2021. Existing home sales fell 13 percent during the 12 months ending May 2024 to 20,500, and new home sales declined 19 percent to approximately 1,700.

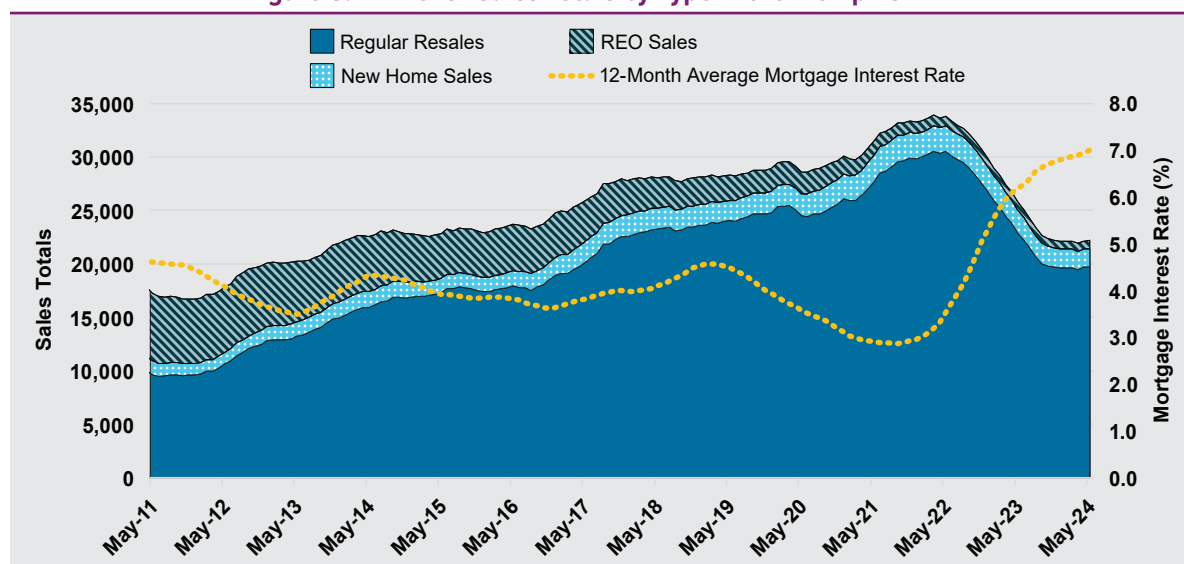


During the 12 months ending May 2024, the average price for new and existing homes in the HMA increased by \$2,725, or 1.0 percent, to a new high of \$276,300, which followed a gain of 6 percent during the 12 months ending May 2023. Existing home sales prices rose 1 percent to \$265,000, whereas the average price for new homes during the 12 months ending May 2024 increased 8 percent to \$462,100. New home prices rose faster than prices for existing homes partly because of rising construction costs, including higher labor and material costs. During the past 12 months, existing homes priced from \$100,000 to \$249,999 represented the largest share of sales, accounting for 39 percent of all existing homes sold, whereas the largest share of new homes sold was priced from \$250,000 to \$399,999 and accounted for 50 percent of all new home sales (Figure 9).

## Home Sales Trends

Early in the 2010s, demand for homes was weak in the aftermath of the housing crisis of the late 2000s and the local economic downturn caused by the Great Recession. During 2011, home sales in the HMA fell 10 percent from a year earlier to a low of 16,700 homes sold. With the strengthening economy, home sales generally trended upward, averaging a gain of 9 percent annually from 2012 through 2017. During the following 3 years, home sales growth in the HMA slowed to an average increase of 3 percent a year from 2018 through 2020. In 2021, demand for homes increased, partly because of very low mortgage interest

**Figure 8. 12-Month Sales Totals by Type in the Memphis HMA**

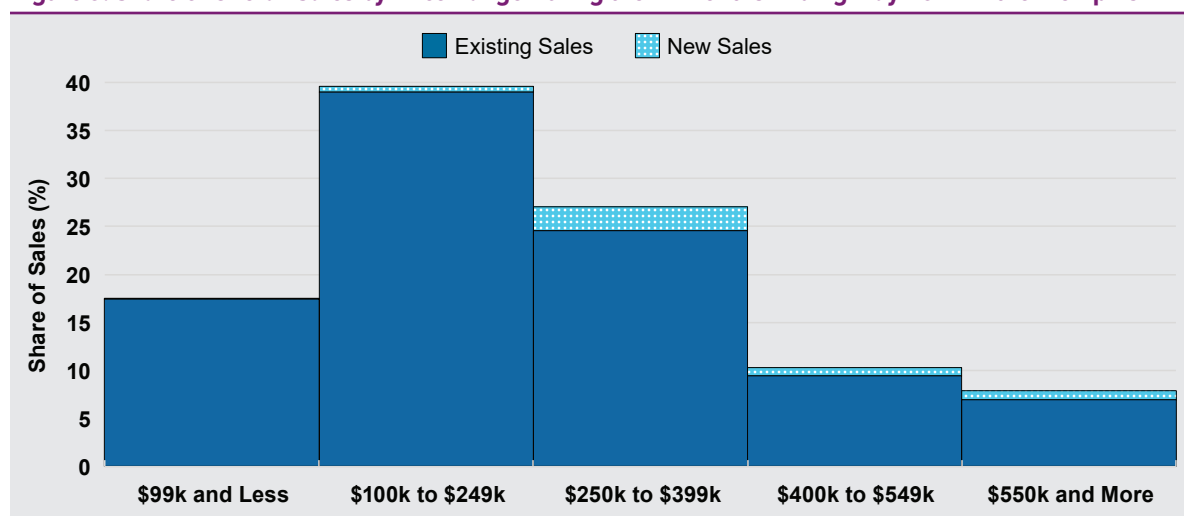


REO = real estate owned.

Note: The mortgage interest rate is the 12-month average rate for a 30-year, fixed-rate mortgage.

Sources: Home sales and prices—Zonda, with adjustments by the analyst; mortgage interest rates—Freddie Mac

**Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending May 2024 in the Memphis HMA**



Note: New and existing sales include single-family homes, townhomes, and condominiums.

Source: Zonda

rates, which made purchasing a home more affordable, and home sales rose 11 percent to a recent high of 33,250.

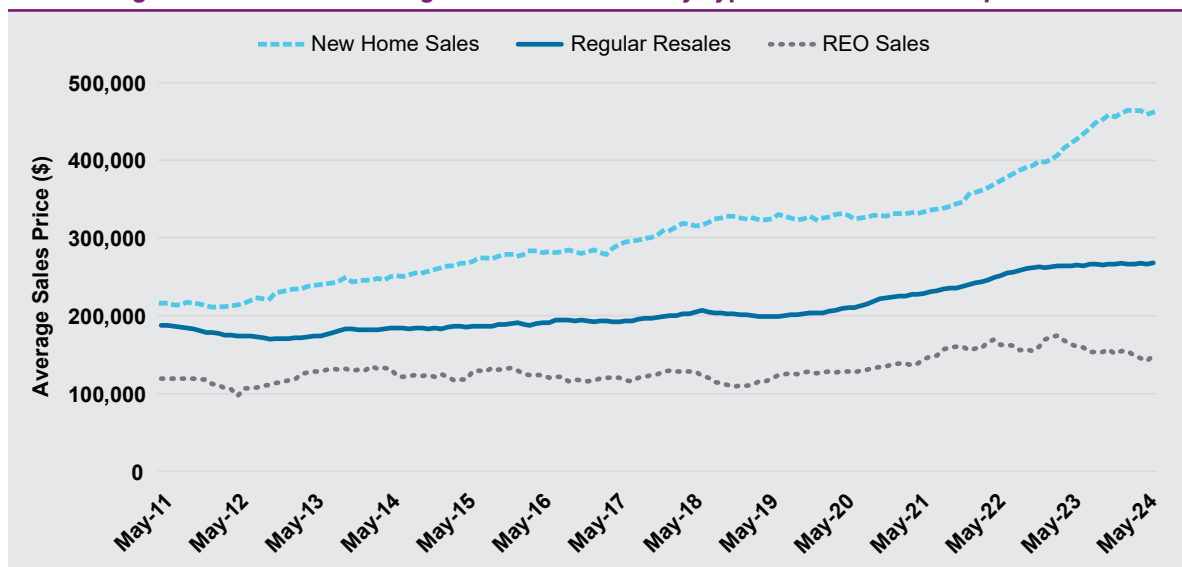
## Home Sales Price Trends

Home sales prices declined early in the 2010s, when housing market conditions in the HMA were soft. From 2011 through 2012, home prices fell an average of 1 percent a year to a low of \$159,100. As the economy strengthened and the sales housing market improved, home prices rose an average of 4 percent annually from 2013 through 2019. During the next 2 years, with surging demand for homes, home price growth accelerated sharply to an average of 9 percent annually during 2020 and 2021. Figure 10 shows average prices for new home sales, regular resales, and REO sales since May 2011.

## REO Home Sales and Price Trends

REO sales in the HMA have steadily declined since the highs following the housing crisis and are currently at historically low levels. During the 12 months ending May 2024, REO sales declined by 40 homes, or 5 percent, to 740, accounting for less than 4 percent of existing home sales. The decline followed a steep decrease of 12 percent to about 790 homes sold a year earlier. By comparison, in the aftermath of the housing crisis, REO home sales peaked at 6,775 in 2010, accounting for 40 percent of existing home sales.

**Figure 10. 12-Month Average Home Sales Price by Type of Sale in the Memphis HMA**



REO = real estate owned.

Source: Zonda, with adjustments by the analyst

Since that high, REO home sales generally trended downward as housing market conditions improved, averaging a decline of 15 percent a year from 2011 through 2021. During the 12 months ending May 2024, the average REO home price in the HMA declined 7 percent to \$149,200 following a decrease of 1 percent during the previous 12 months; that price was 44 percent less than the average price for regular resale homes and 68 percent less than the average price for new homes. By comparison, from 2011 through 2021, REO home prices increased an average of 4 percent annually.

## Delinquent Mortgages

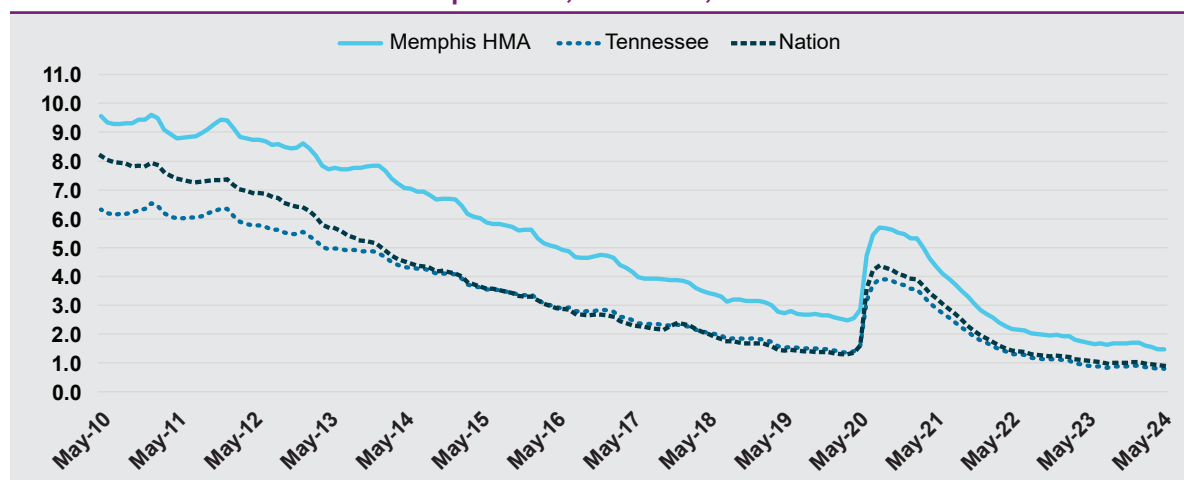
The rate of seriously delinquent mortgages and REO properties in the HMA fell steadily from a high of 10.5 percent in January 2010 to 2.5 percent in March 2020 (CoreLogic, Inc.; Figure 11). The rate increased to 5.7 percent in September 2020 because of a substantial rise in the number of mortgages 90 or more days past due. This increase was primarily caused by a sudden surge in unemployment after the onset of the pandemic, which made it difficult for affected homeowners to remain current on their mortgage payments. However, many homeowners avoided foreclosure by taking advantage of mortgage forbearance under the

Coronavirus Aid, Relief, and Economic Security (CARES) Act passed in March 2020. The CARES Act forbearance allowed the number of REO sales to continue to decline early in the 2020s. Once economic conditions began to improve, the number of seriously delinquent mortgages started to fall. As of May 2024, 1.5 percent of mortgages in the HMA were seriously delinquent or had transitioned to REO status, down from 1.7 percent a year earlier. The current rate for the HMA is higher than the 0.8-percent rate for Tennessee and the 0.9-percent rate for the nation.

## Sales Construction

Home sales construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted (building permits), rose during the past year but was below the recent highs in 2020 and 2021. During the 12 months ending May 2024, approximately 3,300 homes were permitted, reflecting an increase of 14 percent from the 2,900 homes permitted a year earlier (preliminary data, with adjustments by the analyst; Figure 12). By comparison, permitting averaged only 1,675 homes annually during 2010 and 2011, when new home demand was weak and lending standards had tightened in the aftermath of the housing crisis. From 2012 through 2019, permitting was higher, averaging 2,825 homes permitted annually as economic conditions in the HMA improved. During 2020 and 2021, builders responded to strong demand with increased construction of new homes for

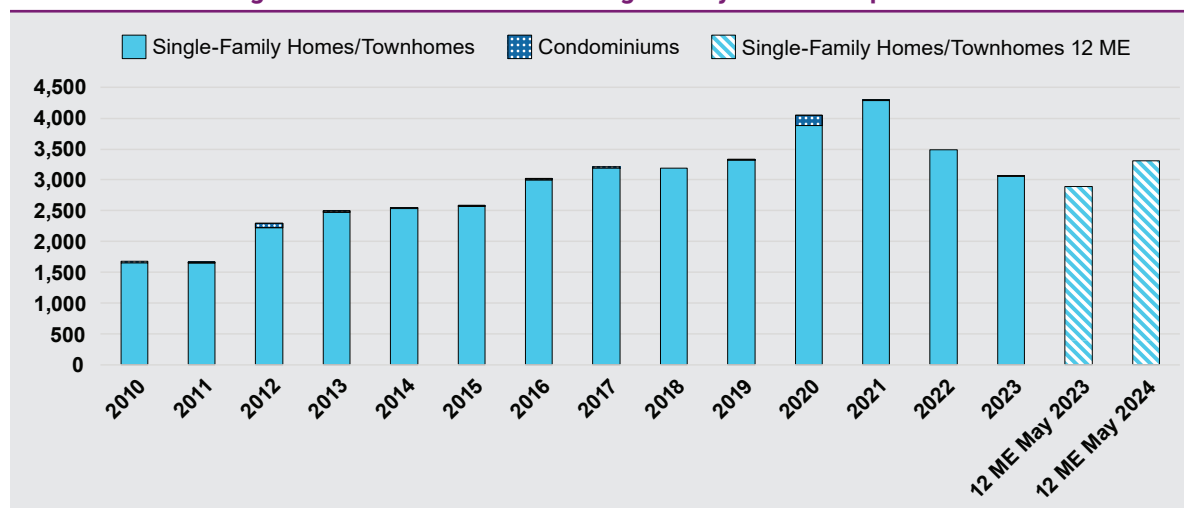
**Figure 11. Seriously Delinquent Mortgages and REO Properties in the Memphis HMA, Tennessee, and the Nation**



REO = real estate owned.

Source: CoreLogic, Inc.

**Figure 12. Annual Sales Permitting Activity in the Memphis HMA**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst



sale, and permitting reached an average of 4,175 homes annually. In 2022, production of new homes for sale slowed to approximately 3,475 homes permitted in response to moderating demand in the HMA.

### New Home Developments

Much of the new home construction has been concentrated in small suburban communities in northern DeSoto County, Mississippi, and eastern Shelby County, Tennessee. From 2020 through 2023, approximately 5,575 single-family homes were permitted in DeSoto County, mostly in the northern portion of the county near the border with Tennessee. DeSoto County accounted for approximately 39 percent of all single-family homes permitted in the HMA, even though the county contains only 14 percent of the population. During the same period, about 4,175 single-family homes, or 28 percent of the total, were permitted in Shelby County, with most construction occurring near the cities of Collierville and Germantown. The Preserve at Cedar Bluff is a new home subdivision consisting of single-family homes and townhomes in DeSoto County that, when complete, will have 116 four- or five-bedroom homes with prices starting at \$387,000. Currently, 10 home sites remain available for

sale at the development. Construction is also underway at the Grays Hollow community in eastern Shelby County, which will have 162 five-bedroom, single-family homes at buildout. Approximately 70 homes have sold, and starting prices begin in the low \$500,000s.

### Forecast

During the 3-year forecast period, demand is estimated for 10,800 new homes in the HMA (Table 5). The 1,200 units under construction are expected to meet a portion of demand during the first year of the forecast period. Demand for new homes is expected to gradually increase during each year of the forecast period, coinciding with strengthening economic conditions and household growth.

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

Sales Units	
Demand	10,800 Units
Under Construction	1,200 Units

Note: The forecast period is June 1, 2024, to June 1, 2027.  
Source: Estimates by the analyst



# Rental Market

## Market Conditions: Slightly Soft

Following a period of robust increases during 2021 and 2022, rent growth has slowed sharply to a gain of about 1 percent as of the first quarter of 2024 compared with the same quarter a year earlier, and apartment vacancy rates in the HMA rose during the past 2 years.

## Current Conditions and Recent Trends

The rental market in the Memphis HMA is slightly soft, with an overall rental vacancy rate estimated at 11.7 percent (Table 6), up from 10.6 percent in April 2020 but below the 14.1-percent rate in April 2010, when market conditions were soft. Limited population growth and an older, partially obsolescent housing stock in the city of Memphis contribute to the consistently high vacancy rate in the HMA. In 2023, the number of housing units in the city of Memphis was estimated at 294,400 and accounted for 50 percent of the total housing stock in the HMA (ACS 1-year data). Of these, 48 percent of all housing units in the city were built before 1970, compared with 36 percent nationally, and only 4 percent of all housing units in Memphis were built since 2010, compared with nearly 10 percent nationally. Renter households in the HMA account for an estimated 42 percent of all households, up from 41 percent in 2020 and 36 percent in 2010.

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

Rental Market Quick Facts	2020 (%)		Current (%)
	Rental Vacancy Rate		11.7
	2010 (%)		2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached		48
	Multifamily (2–4 Units)		13
Apartment Market Quick Facts	Multifamily (5+ Units)		36
	Other (Including Mobile Homes)		3
	1Q 2024		YoY Change
	Apartment Vacancy Rate		0.9
	Average Rent		1%
	Studio		-3%
	One-Bedroom		0%
	Two-Bedroom		2%
	Three-Bedroom		2%

1Q = first quarter. YoY = year-over-year.  
Notes: The current date is June 1, 2024. Percentages may not add to 100 due to rounding.  
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

The rental vacancy rate has increased since 2022, largely because of weakening apartment market conditions. In 2022, approximately 46 percent of renter households in the HMA resided in buildings with five or more units per structure, typically apartments, up from 42 percent in 2010. Although the number of renter households increased since 2010, renter household growth slowed recently. Demand for apartment units diminished because of net out-migration and deteriorating economic conditions. The supply of new apartment units that entered the market since 2022 outpaced demand, resulting in the rising apartment vacancy rate during the past 2 years.

## Apartment Market Trends

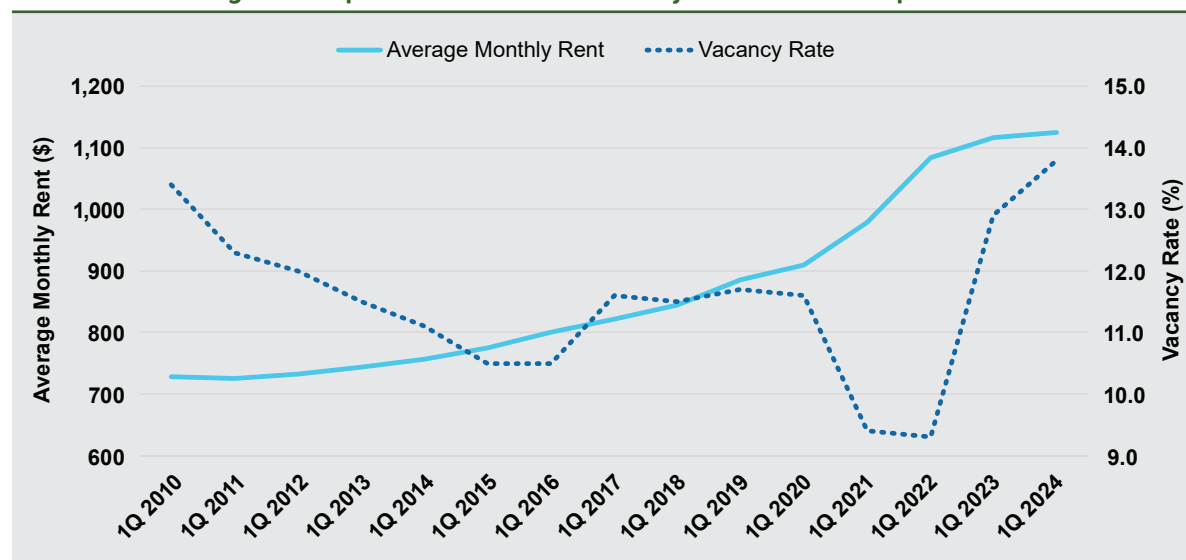
Apartment market conditions in the HMA are soft. As of the first quarter of 2024, the apartment vacancy rate was 13.8 percent, up from 12.9 percent as of the first quarter of 2023 (CoStar Group; Figure 13). Apartment market conditions were also soft following the housing crisis late in the 2000s, when newly constructed apartments were absorbed slowly because of increased competition from single-family homes that became available for rent, but conditions gradually improved after 2010. The apartment



vacancy rate fell from 13.4 percent as of the first quarter of 2010 to 10.5 percent as of the first quarter of 2016 because tight mortgage lending standards enacted after the housing crisis contributed to higher barriers to homebuying, which led to increased apartment absorption. The apartment vacancy rate rose modestly by 2017 but then was generally stable, averaging 11.6 percent from the first quarter of 2017 through the first quarter of 2020. Demand for apartments grew after the start of the pandemic, partly because many people moved out of shared living arrangements in search of more space, and government financial assistance programs helped many people to afford rent. As a result, the apartment vacancy rate fell to a recent low of 9.3 percent as of the first quarter of 2022.

Rent growth in the HMA was very slow early in the 2010s but accelerated later in the decade, creating stronger demand for new apartments. As of the first quarter of 2010, the average monthly rent in the HMA was \$728, and with the local economic recovery underway, rent began to rise slowly, averaging a gain of more than 1 percent a year to \$775 as of the first quarter of 2015. In the second half of the decade, apartment market conditions shifted from soft to balanced. Rent growth averaged more than 3 percent a year from the first quarter of 2015 to the first quarter of 2020 before accelerating sharply, averaging more than 9 percent a year during the next 2 years to \$1,084 as of the first quarter of 2022. Following the rapid

**Figure 13. Apartment Rents and Vacancy Rates in the Memphis HMA**



1Q = first quarter.  
Source: CoStar Group

rise, rent growth slowed substantially to 3 percent annually a year later and then slowed further during the past 12 months, largely because a large supply of new apartments that entered the market exceeded demand. As of the first quarter of 2024, the average monthly rent in the HMA was \$1,125, representing a gain of less than 1 percent from a year earlier. As of the first quarter of 2024, the average monthly rent for studios declined 3 percent to \$931, whereas the average monthly rent for a one-bedroom apartment remained unchanged from a year earlier at \$1,052. During the same period, rents for two- and three-bedroom apartments rose 2 percent each from a year earlier to \$1,148 and \$1,393, respectively.

## Apartment Market Conditions by Geography

As of the first quarter of 2024, apartment vacancy rates increased in 12 of the 19 CoStar Group-defined market areas in the Memphis HMA. The suburban Tipton County and Tate County market areas, where construction of new rental units has been very limited, had the lowest vacancy rates of 3.8 and 3.9 percent, up from 3.3 and 3.5 percent, respectively, a year earlier. The Frayser/Raleigh market area had the highest vacancy rate, 23.5 percent, up from 20.8 percent a year earlier. This area, northeast of downtown Memphis, consists of older urban neighborhoods that once included manufacturing companies and where the

population has declined since the 1980s. In the Downtown Memphis market area, the apartment vacancy rate was 12.8 percent as of the first quarter of 2024, down slightly from 13.2 percent a year earlier. Apartment vacancies in the remaining market areas as of the first quarter of 2024 ranged from 5.5 percent in Collierville County, down from 5.7 percent a year earlier, to 19.5 percent in the Southeast Memphis market area, up from 17.9 percent a year earlier.

As of the first quarter of 2024, average apartment rents among the 19 CoStar Group-defined market areas ranged from \$571 in the Marshall County market area, a 1-percent increase from a year earlier, to \$1,717 in the Collierville market area, where the average apartment rent declined 4 percent compared with the first quarter of 2023. The steepest increase in the average apartment rent was in the Millington market area, where rents rose 13 percent to \$1,288 as of the first quarter of 2024 compared with a year earlier. The increase is partly attributable to high rents at new apartment units added in the past year, which skewed the overall average in the market area, where construction activity had previously been limited. In the remaining market areas, year-over-year changes in rents as of the first quarter of 2024 ranged from declines of 2 and 3 percent in the Downtown Memphis and East Memphis market areas to \$1,452 and \$1,050, respectively, to increases of 7 percent each in the Crittenden County and North Memphis market areas to \$859 and \$1,338, respectively.

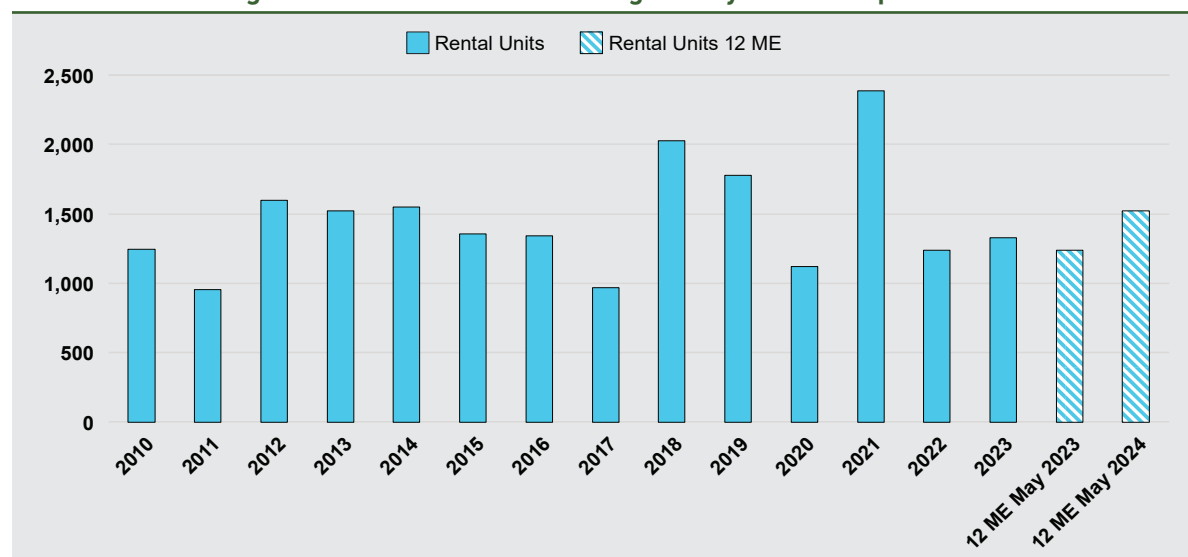
## Single-Family Homes for Rent

Approximately 48 percent of all renter households in the HMA lived in single-family homes in 2023, unchanged from 48 percent in 2019 but higher than the rate of 42 percent in 2010 (ACS 1-year data). The market for single-family rental homes in the HMA has generally tightened since 2012. The vacancy rate among professionally managed, three-bedroom, single-family homes for rent averaged 5.0 percent in 2012 and then declined to an average of 3.5 percent in 2022; the vacancy rate has since been generally stable, averaging 3.4 percent as of May 2024 (CoreLogic, Inc.). As of May 2024, the average monthly rent for three-bedroom, single-family homes was \$1,562, up 16 percent from a year earlier.

## Rental Construction

Rental building activity, as measured by the number of rental units permitted, has fallen from its recent high in 2021 but has increased during the past year. The rise in construction is partly in anticipation of stronger future demand, supported largely by the expected boost from the BlueOval City development. From 2010 through 2017, an average of 1,325 rental units were permitted each year in the HMA (Figure 14). Permitting

**Figure 14. Annual Rental Permitting Activity in the Memphis HMA**



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst



increased to an average of 1,900 rental units a year during 2018 and 2019 as builders responded to an increase in demand that led to balanced market conditions. Construction slowed after the outbreak of the pandemic, and only 1,125 rental units were permitted in 2020. However, building activity increased sharply to 2,400 rental units permitted in 2021 as builders responded to a strong increase in demand for rental units. Permitting slowed sharply a year later, however, when only 1,225 new rental units were permitted during 2022 because persistent net out-migration from the HMA tempered demand. During the 12 months ending May 2024, approximately 1,525 rental units were permitted, up 22 percent from the 1,250 units permitted during the previous 12 months (preliminary data, with adjustments by the analyst).

Forecast

During the 3-year forecast period, demand is expected for an estimated 2,675 rental units in the HMA (Table 7). Demand for new rental units is expected to gradually increase during the forecast period because of improving economic conditions. The 1,950 units under construction are expected to satisfy much of the rental demand during the next 3 years.

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

Rental Units	
Demand	2,675 Units
Under Construction	1,950 Units

Note: The forecast period is June 1, 2024, to June 1, 2027.  
Source: Estimates by the analyst



# Terminology Definitions and Notes

## A. Definitions

<b>Absorption</b>	The net change, positive or negative, in the number of occupied units in a given geographic range.
<b>Apartment Vacancy Rate/Average Monthly Rent</b>	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
<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>Existing Home Sales</b>	Includes regular resales and REO sales.
<b>Forecast Period</b>	06/01/2024–06/01/2027—Estimates by the analyst.
<b>Home Sales/Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.
<b>Net Natural Increase</b>	Resident births are greater than resident deaths.

<b>Other Vacant Units</b>	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.
<b>Regular Resales</b>	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 and include short sales.
<b>Rental Market/ Rental Vacancy Rate</b>	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
<b>Seriously Delinquent Mortgages</b>	Mortgages 90 or more days delinquent or in foreclosure.
<b>Stabilized</b>	A property is stabilized once an occupancy rate of 90 percent is reached or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.

## 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 2020 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.
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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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