

COMPREHENSIVE HOUSING MARKET ANALYSIS

Sherman-Denison, Texas

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

As of November 1, 2023



PD&R

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Executive Summary

Housing Market Area Description

The Sherman-Denison Housing Market Area (hereafter, Sherman HMA) is coterminous with the Sherman-Denison, TX Metropolitan Statistical Area, which is defined as Grayson County, Texas. The HMA is in north-central Texas, bordered by the Oklahoma/Texas state line to the north and Collin and Denton Counties to the south. Those counties are part of the fast-growing Dallas-Plano-Irving Metropolitan Division (hereafter, Dallas MD). The principal cities of Sherman and Denison are located along US Highway 75, the main thoroughfare in the HMA.

The current population of the HMA is estimated at 148,400.

Sherman is the most populous city in the HMA, with an estimated population of 45,250 in 2022 (United States Census Bureau population estimates as of July 1). Texas Instruments Incorporated (hereafter, TI) and GlobalWafers Co., Ltd. are building semiconductor wafer manufacturing facilities in the city of Sherman; both companies expect to complete buildout in four phases, adding a total of 3,200 and 1,500 permanent jobs, respectively, when all phases are operational. GlobalWafers expects to be fully operational in 2031, with each phase adding 375 permanent employees. TI expects to add 800 permanent employees as each phase commences operations, which is expected for the first phase in 2025. Since 2020, the population of the HMA has grown significantly as workers from the Dallas MD have moved to the HMA to purchase more affordable homes.



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: During the 12 months ending October 2023, nonfarm payroll growth in the Sherman HMA outpaced annual payroll growth from 2011 through 2022.

During the 12 months ending October 2023, nonfarm payrolls averaged 50,500 jobs, up by 1,600, or 3.3 percent, from the previous 12 months. Job gains occurred in 7 of the 11 nonfarm sectors, and job totals in 4 sectors remained unchanged from a year earlier. The government and the education and health services sectors added the most jobs, accounting for a combined 56 percent of job gains in the HMA. Job growth is expected to average 2.6 percent annually during the 3-year forecast period.

Sales Market



Balanced: Existing home sales have been falling since mid-2022, partly because higher mortgage interest rates made purchasing a home more expensive; however, new home sales have continued to increase.

The sales housing market in the Sherman HMA currently has an estimated 2.0-percent vacancy rate, unchanged from April 2020. Total home sales began falling in 2022 because the decline in existing home sales outpaced the increase in new home sales. During the 12 months ending October 2023, new home sales increased nearly 12 percent to 970, and existing home sales decreased 27 percent to approximately 3,875 (CoreLogic, Inc., with adjustments by the analyst). During the next 3 years, demand is estimated for 4,800 new homes. The 750 homes under construction are expected to satisfy some of that demand in the first year of the forecast period.

Rental Market



Balanced: The rental vacancy rate is currently estimated at 7.6 percent, down from 7.9 percent in April 2020, when conditions were also balanced.

Apartment market conditions in the Sherman HMA are balanced, with a vacancy rate of 7.7 percent as of the third quarter of 2023 (CoStar Group), up from 6.0 percent a year earlier, when conditions were slightly tight. The effective apartment rent averaged \$1,116 as of the third quarter of 2023, up nearly 4 percent from a year ago. During the 3-year forecast period, demand is estimated for 1,650 new rental units. The 1,200 units under construction are expected to satisfy a significant portion of the demand through the third year of the forecast period.

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3-Year Housing Demand Forecast			
Sherman HMA		Sales Units	Rental Units
	Total Demand	4,800	1,650
	Under Construction	750	1,200

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2023. The forecast period is November 1, 2023, to November 1, 2026.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Education and Health Services

Job gains in 7 out of 11 sectors contributed to the 3.3-percent increase in nonfarm payrolls during the 12 months ending October 2023.

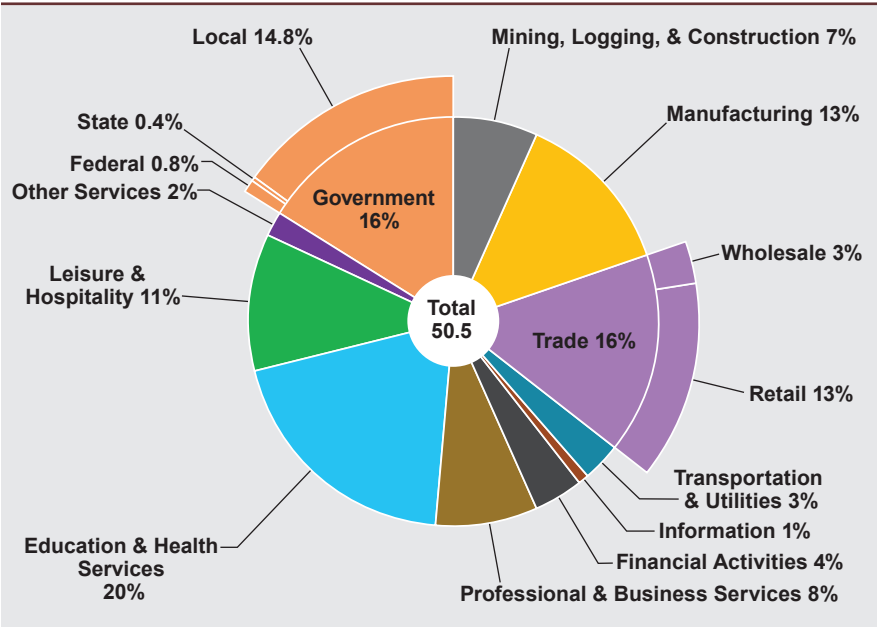
Primary Local Economic Factors

Located between the Dallas MD and the Oklahoma border, the Sherman HMA is known for its burgeoning semiconductor manufacturing industry and has benefited from being adjacent to the Dallas MD. The main thoroughfare in the HMA, US Highway 75, extends south of the HMA, providing access to large employment centers in the northern portion of the Dallas MD. Since the early 2010s, the number of workers from the Dallas MD who have moved to the HMA to buy a home has increased because housing in the Sherman HMA is less expensive. During the 12 months ending October 2023, the average sales price of a home in the HMA was approximately 31 percent lower than in the Dallas MD (CoreLogic, Inc., with adjustments by the analyst).

The education and health services sector is the largest payroll sector in the HMA, accounting for 20 percent of nonfarm payroll jobs (Figure 1). The sector includes 3 of the 10 major employers in the HMA: Texoma Medical Center, Carrus Health, and Wilson N. Jones Regional Medical Center, which account for 45 percent of employment among the top 10 major employers in the HMA (Table 1). The largest employer in the HMA, Texoma Medical Center, was ranked by *U.S. News and World Report* as a High Performing Hospital for COPD, Diabetes, Heart Failure, Kidney Failure, and Stroke (2023–24).

The goods-producing sectors currently account for 19 percent of nonfarm payrolls in the HMA compared with nearly 14 percent nationally, and up from 18 percent in 2019, before the national recession. Goods-producing sectors provide high-paying jobs and indirectly support the largest service-providing sectors in the HMA. The HMA supports a growing manufacturing sector, partly because of available developable land and a large labor force from the HMA and the Dallas MD. The manufacturing sector includes 4 of

Figure 1. Share of Nonfarm Payroll Jobs in the Sherman 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 October 2023. Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Sherman HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Texoma Medical Center	Education & Health Services	4,000
Tyson Foods, Inc.	Manufacturing	1,700
Ruiz Food Products, Inc.	Manufacturing	1,137
Walmart Inc.	Wholesale & Retail Trade	900
Cigna Healthcare	Financial Activities	800
Carrus Health	Education & Health Services	650
Texas Instruments Incorporated	Manufacturing	600
Coherent Corp.	Manufacturing	577
Wilson N. Jones Regional Medical Center	Education & Health Services	489
City of Sherman	Government	486

Note: Excludes local school districts. Source: Denison Development Alliance, October 2022

the top 10 employers in the HMA: Tyson Foods, Inc.; Ruiz Food Products, Inc.; TI, and laser fabricator Coherent Corp. During 2022, TI began constructing an estimated \$30 billion facility expansion, and GlobalWafers began an estimated \$5 billion facility expansion to produce 300-millimeter semiconductor wafers, which are expected to add a total of 4,700 permanent jobs when both facilities are fully operational. Both companies expect the first phases of their expansion to be operational in 2025, and GlobalWafers expects to be fully operational in 2031.

Current Conditions— Nonfarm Payrolls

The economy of the HMA has been expanding since 2022 after recovering the total number of nonfarm payroll jobs lost in early 2020 due to countermeasures to slow the spread of COVID-19. Payrolls during the past 12 months were 4 percent higher than the corresponding period in 2019, before the pandemic, compared with nearly 1 percent nationally. However, recovery has not been equal across employment sectors; not every sector has recouped all jobs (monthly data, not seasonally adjusted). As of October 2023, monthly nonfarm payroll jobs in the information, the financial activities, and the education and health services sectors were 20, 14, and 6 percent, respectively, below February 2020 levels. The leisure and hospitality sector recouped all jobs by May 2021; however, monthly job totals in the

sector have fluctuated and are currently unchanged from the February 2020 level. All other sectors have surpassed February 2020 job levels, ranging from 4 percent in the wholesale and retail trade sector to 16 percent in the manufacturing sector.

During the 12 months ending October 2023, nonfarm payrolls in the HMA rose by 1,600 jobs, or 3.3 percent, to 50,500 jobs (Table 2), following an increase of 1,000 jobs, or 2.1 percent, a year earlier. Jobs rose 2.6 percent nationally during the most recent 12 months compared with a 4.6-percent increase during the 12 months ending October 2022. Job gains in the HMA were greatest in the government and the education and health services sectors, which increased by 500 and 400 jobs, or 6.6 and 4.1 percent, respectively. The increase in the government sector was due to a rise in local government jobs, and jobs in the education and health services sector were boosted by the opening of the Texas Joint Institute in the city of Sherman in early 2023. By comparison, during the 12 months ending October 2022, the government sector increased by 200 jobs, or 3.3 percent, and the education and health services sector decreased by 500 jobs, or 5.0 percent. All job growth in the goods-producing sectors during the 12 months ending October 2023 was in the manufacturing sector, which increased by 300 jobs, or 4.9 percent, from a year earlier as demand

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

	12 Months Ending October 2022	12 Months Ending October 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	48.9	50.5	1.6	3.3
Goods-Producing Sectors	9.4	9.8	0.4	4.3
Mining, Logging, & Construction	3.4	3.4	0.0	0.0
Manufacturing	6.1	6.4	0.3	4.9
Service-Providing Sectors	39.5	40.7	1.2	3.0
Wholesale & Retail Trade	7.8	7.9	0.1	1.3
Transportation & Utilities	1.6	1.6	0.0	0.0
Information	0.4	0.4	0.0	0.0
Financial Activities	1.9	1.9	0.0	0.0
Professional & Business Services	3.8	3.9	0.1	2.6
Education & Health Services	9.7	10.1	0.4	4.1
Leisure & Hospitality	5.5	5.7	0.2	3.6
Other Services	1.0	1.1	0.1	10.0
Government	7.6	8.1	0.5	6.6

Notes: Based on 12-month averages through October 2022 and October 2023. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics



for goods produced in the HMA rose. By comparison, manufacturing jobs increased by 500, or 8.3 percent, during the 12 months ending October 2022, as part of the recovery of jobs lost during 2020.

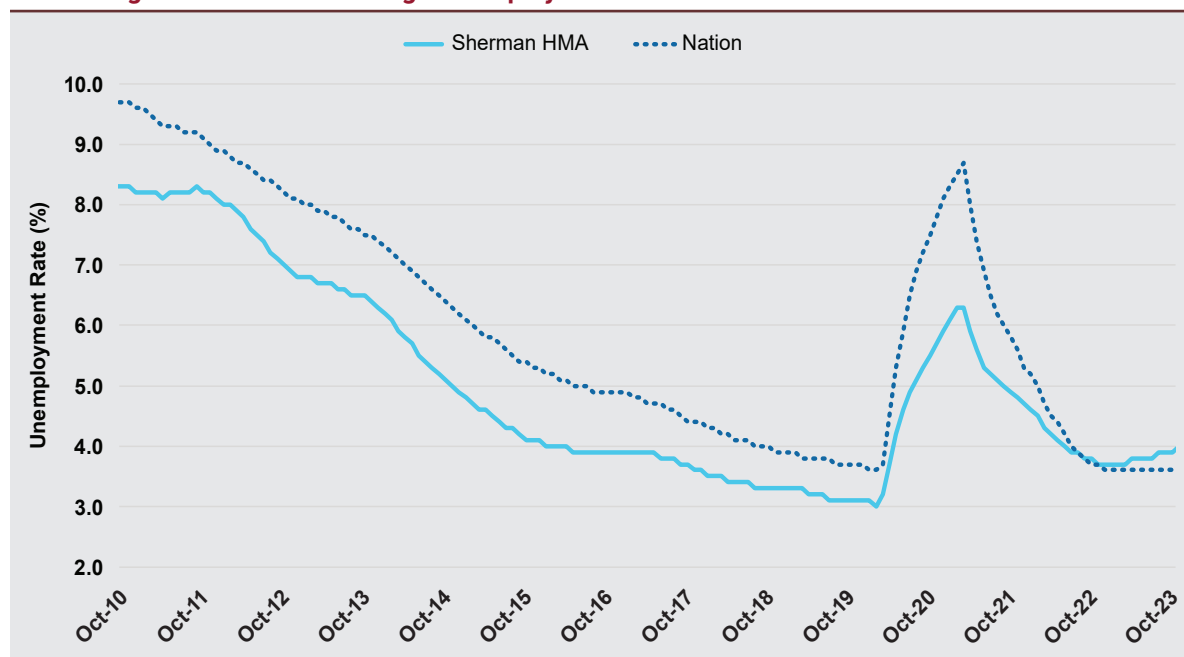
Of the sectors with job totals that remained unchanged during the current period, the mining, logging, and construction sector had the greatest number of jobs, at 3,400, supported by the TI and GlobalWafers expansions. The financial activities, the transportation and utilities, and the information sectors, also unchanged, had 1,900, 1,600, and 400 payroll jobs, respectively. By comparison, during the 12 months ending October 2022, the mining, logging, and construction and the transportation and utilities sectors increased by 200 and 100 jobs, or 4.9 and 6.5 percent, respectively, as they recovered jobs lost in 2020. By contrast, during the same period, the information sector remained unchanged, and the financial activities sector fell by 100 jobs, or 4.5 percent.

Current Conditions— Unemployment

The unemployment rate in the HMA averaged 3.9 percent during the 12 months ending October 2023,

compared with an average of 3.8 percent a year earlier and down from the recent high of 6.3 percent during the 12 months ending February 2021 (Figure 2). By comparison, the national unemployment rate averaged 3.6 percent during the 12 months ending October 2023, down from 3.7 percent a year earlier. The unemployment rate increased in the HMA during the most recent 12-month period because the 2.7-percent increase in the labor force outpaced the 2.5-percent gain in resident employment.

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



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

Economic Periods of Significance

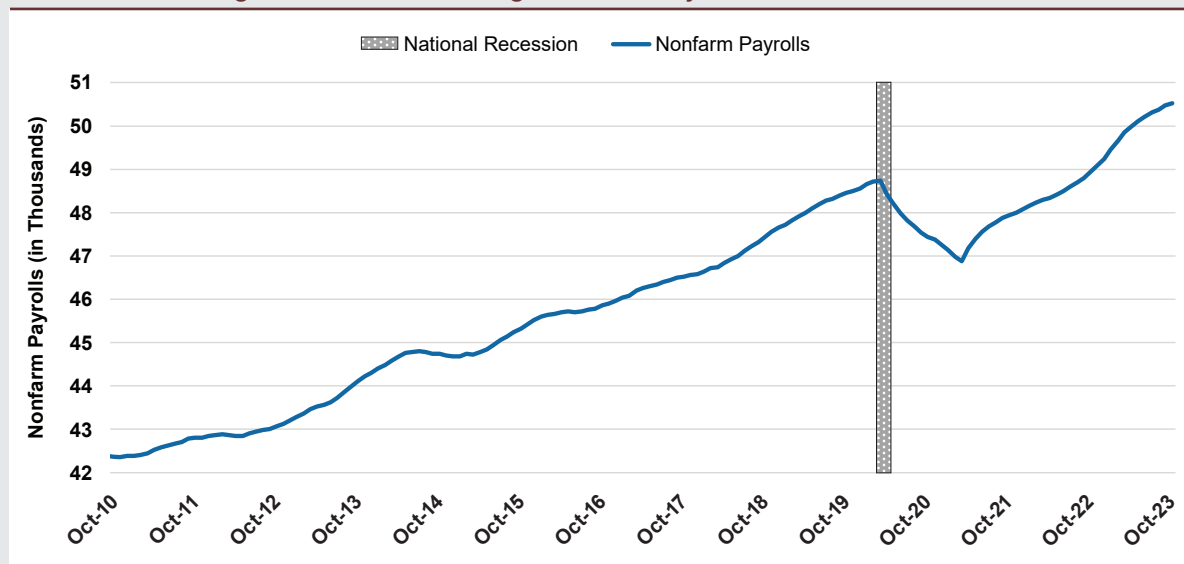
2011 Through 2016

Following the impacts of the housing crisis and national recession during the latter half of the 2000s, nonfarm payrolls in the HMA increased by an average of 600 jobs, or 1.5 percent, annually from 2011 through 2013. During this period, job gains were greatest in the mining, logging, and construction sector, which increased by an average of 200 jobs, or 9.3 percent, annually, partly because construction commenced on the Panda Power Funds LP 758-megawatt power plant in late 2012. Job growth slowed to an average of 1.3 percent annually from 2014 through 2016 as the economy expanded, reaching 46,000 jobs in 2016 (Figure 3). During this 3-year period, the service-providing sectors increased by an average of 500 jobs, or 1.4 percent, annually, and the goods-producing sectors were unchanged because gains in the manufacturing sector were offset by job losses in the mining, logging, and construction sector. Payrolls among the service-providing sectors rose, partly in response to rising demand for services to meet the needs of the growing population of the HMA. The wholesale and retail trade and the leisure and hospitality sectors added the most jobs, each increasing by an average of 200 jobs, or 2.4 and 3.4 percent, annually, respectively.

2017 Through 2019

From 2017 through 2019, the local economy grew at its quickest pace during the decade as more

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



Note: 12-month moving average.

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

people moved to the HMA from the Dallas MD, contributing to nonfarm payrolls rising by an average of 900 jobs, or 1.8 percent, annually to 48,600 jobs in 2019. Payroll gains were greatest in the education and health services and the government sectors, which, combined, accounted for 78 percent of total job gains. Bolstered by population growth, the education and health services sector rose by 500 jobs, or 5.0 percent, annually. A rise in local government payrolls during the period accounted for all of the increase in the government sector, which rose by an average of 200 jobs, or 2.4 percent, annually. Demand for new housing partially supported the increase in the mining, logging, and construction sector, which rose by an average of 100 jobs, or 2.3 percent, annually.

2020 Through 2021

Job losses associated with the national recession of 2020 were moderate in the HMA compared with the job losses sustained nationally. In 2020, nonfarm payrolls in the HMA declined from 2019 levels by 1,300 jobs, or 2.7 percent, annually to 47,300 compared with a 6-percent decline nationally. The leisure and hospitality sector fell by 500 jobs, or 8.9 percent, and the manufacturing and the education and health services sectors declined by 300 jobs each, or 5.3 and 2.7 percent, respectively; combined, these

three sectors accounted for nearly 85 percent of the jobs lost in 2020. Payroll jobs increased in two sectors, partially offsetting job losses in the HMA. The transportation and utilities and the professional and business services sectors increased by 100 jobs each, or 7.1 and 2.9 percent, respectively. During 2021, nonfarm payrolls in the HMA increased by 800 jobs, or 1.7 percent, as the local economy was recovering jobs lost during 2020. Job gains occurred in 7 of the 11 sectors and were partially offset by losses in two sectors. The

leisure and hospitality sector led gains, increasing by 400 jobs, or 7.8 percent, followed by the mining, logging, and construction and the manufacturing sectors, each increasing by 300 jobs, or 10.0 and 5.6 percent, respectively. Payrolls in the information and the other services sectors were unchanged, and the financial activities and the education and health services sectors fell by 100 and 600 jobs, or 4.8 and 5.6 percent, respectively.

Forecast

During the forecast period, nonfarm payrolls are expected to increase at an average annual rate of 2.6 percent, slower than the current expansion but faster than the average annual rates of growth from 2011 through 2019. Job gains in the HMA are expected to be strong in the manufacturing sector when the first phases of the current TI and GlobalWafers facility expansions are complete in 2025, adding an expected 800 and 375 permanent jobs when operations commence. The expanding semiconductor industry is also

expected to support job growth among suppliers in the HMA. Tokyo Electron Limited, a semiconductor equipment supplier, is expected to build a \$10 million facility and add 100 permanent jobs. Persys Group, which provides decontamination and cleaning services for semiconductors, is expected to build a \$2 million facility, creating an expected 20 jobs. As more people move to the HMA, jobs in the service-providing sectors are expected to increase to meet the local demand for services.



Population and Households

Current Population: 148,400

The pace of population growth more than doubled from April 2020 to the current date compared with growth from April 2010 to April 2020.

Population Trends

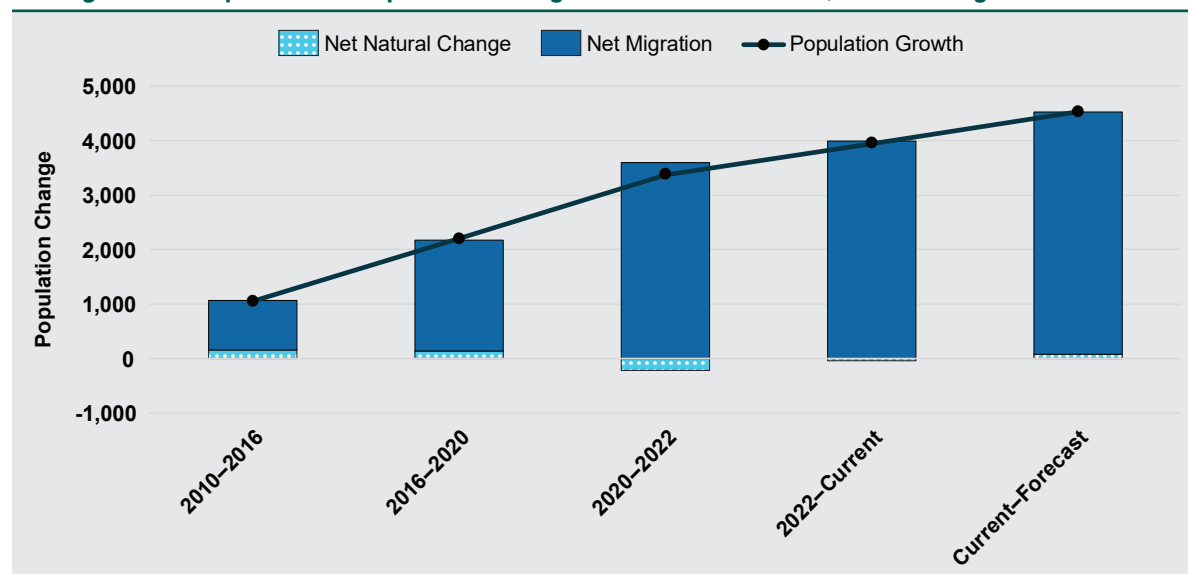
As of November 1, 2023, the population of the HMA is estimated at 148,400 (Table 3). Since April 2020, population growth has averaged 3,600 people, or 2.6 percent, annually, compared with an average annual increase of 1,475 people, or 1.2 percent, from April 2010 to April 2020. From April 2010 to July 2016, the population grew by an average of 1,025 people, or 0.8 percent, annually (Figure 4) as the local economy grew at a moderate pace after recovering from previously weak economic conditions. During this period, net in-migration averaged 870 people each year, accounting for nearly 85 percent of the population growth, with net natural increase averaging 155 people each year. From 2016 to April 2020, the population increased by an average of 2,200 people, or 1.7 percent, annually. During the period, net in-migration averaged 2,075 people, accounting for 94 percent of the population growth as more people moved to the HMA for work and from the Dallas MD. Since the

Table 3. Sherman HMA Population and Household Quick Facts

Population Quick Facts	2020	Current	Forecast
	Population	135,543	148,400
	Average Annual Change	1,475	3,600
	Percentage Change	1.2	2.6
Household Quick Facts	2020	Current	Forecast
	Households	52,307	57,600
	Average Annual Change	540	1,475
	Percentage Change	1.1	2.7

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 from the current date (November 1, 2023) to November 1, 2026. Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the Sherman HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (November 1, 2023) to November 1, 2026. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

early stages of the COVID-19 pandemic, population growth has continued to accelerate despite net natural decline occurring annually through the current period. From April 2020 to July 2022, the population increased by an average of 3,375 people, or 2.5 percent, annually, with net in-migration averaging 3,600 people. Net in-migration was offset by net natural decline, which slowed to an average

of 225 people each year during the period because the share of residents aged 59 years and younger rose from 74.9 percent in 2019 to 75.5 percent in 2022 while the population aged 65 years old and older in the HMA declined from 18.5 percent to 18.3 percent over the same period. Since July 2022, the population of the HMA is estimated to have grown at a faster pace, increasing by an average of 3,950 people, or 2.8 percent, annually. During the period, net in-migration averaged an estimated 4,000 people each year, and net natural decline slowed to 50 people each year as the local economy transitioned from recovery to expansion and more people moved to the HMA for relatively less expensive housing.

Migration and Commuting Trends

The rate of net in-migration has increased since 2010, partly because people from the Dallas MD moved to the HMA. From 2016 to 2020, the largest share of domestic in-migration to the HMA was from North Texas counties. Of those counties, Collin, Dallas, and Denton Counties, which are part of the Dallas MD, accounted for nearly 35 percent of total domestic in-migration to the HMA, with approximately 1,800, 780, and 530 people, respectively (Table 4). People moved from the three counties of the Dallas MD to the HMA partly for more affordable homes but continued to commute to work in the Dallas MD. In 2020,

Table 4. County-to-County Migration Flows in the Sherman HMA, 2016–20

Into the HMA	
Collin County, TX	1,789
Fannin County, TX	886
Dallas County, TX	775
Denton County, TX	527
Tarrant County, TX	377
Out of the HMA	
Bryan County, OK	599
Denton County, TX	550
Fannin County, TX	525
Collin County, TX	443
Dallas County, TX	366
Net into HMA	
Collin County, TX	1,346
Dallas County, TX	409
Fannin County, TX	361
Tarrant County, TX	271
Montgomery County, TX	167

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

the average price of a home in the HMA was 41, 27, and 38 percent less than in Collin, Dallas, and Denton Counties, respectively (CoreLogic, Inc., with adjustments by the analyst).

More employed residents of the HMA work outside the HMA than those who work within it. The share of employed residents who work within the HMA increased from 45 percent in 2010 to a high of 48 percent in 2012; despite fluctuating, that share has trended downward to a low of 42 percent in 2021, with that portion falling each year since 2019 (U.S. Census Bureau, OnTheMap 2010–2021). The share of HMA residents who work in the Dallas MD counties of Collin, Dallas, and Denton fluctuated but increased from 32 percent in 2010 to 35 percent in 2021.

Household Trends

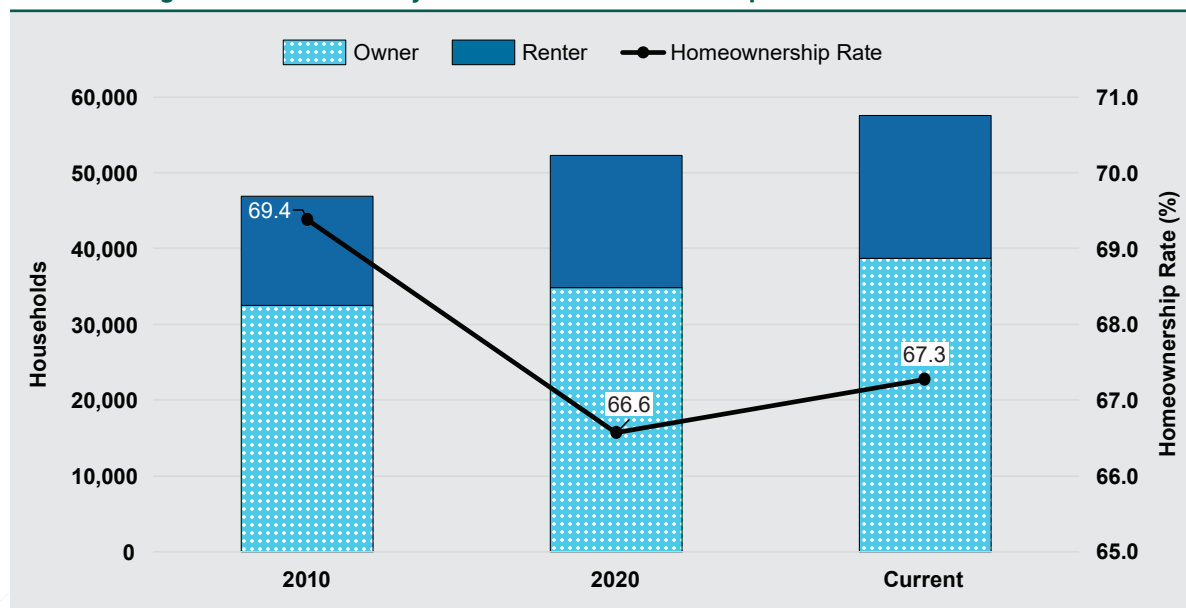
The current number of households in the HMA is estimated at 57,600, representing an average annual increase of 1,475 households, or 2.7 percent, since April 2020—a faster pace than the 2.6-percent population growth rate during the same period. By comparison, the number of households increased an average of

1.1 percent annually during the 2010s, slightly slower than the 1.2-percent population growth rate during the same period. Owner households currently account for 67.3 percent of all households in the HMA, up from 66.6 percent in 2020 (Figure 5).

Forecast

Population growth in the HMA is expected to accelerate during the 3-year forecast period, with the population reaching 162,000 by November 1, 2026, reflecting an average increase of 4,525 people, or 3.0 percent, annually. Net in-migration is expected to average 4,450 people annually and account for 98 percent of population growth due to increasing job growth and the continuing trend of people moving to the HMA for relatively more affordable housing. Net in-migration is also expected to rise when the first phases of the TI and GlobalWafers facilities become operational and jobs in the manufacturing and supporting industries increase. Household growth is expected to average 1,875, or 3.1 percent, annually, with the number of households in the HMA reaching 63,200 by the end of the forecast period.

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



Note: The current date is November 1, 2023.

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

Home Sales Market

Market Conditions: Balanced

Total home sales have declined substantially since mid-2022, and average home sales price growth has slowed.

Current Conditions

The sales housing market in the HMA is balanced, with an estimated 2.0-percent sales vacancy rate, unchanged from April 2020 (Table 5). Sales housing market conditions became tight in 2021 when demand for homes rose, partly due to high net in-migration, historically low mortgage interest rates, and a falling inventory of homes for sale. However, higher mortgage interest rates since March 2022 have decreased homebuying affordability and led to a decline in home sales and an increase in for-sale inventory relative to sales during the past year, contributing to currently balanced market conditions. The supply of for-sale homes in October 2023 was 4.8 months, up from 3.3 months a year earlier (CoreLogic, Inc.). Total home sales in the HMA fell 22 percent to approximately 4,850 during the 12 months ending

Table 5. Home Sales Quick Facts in the Sherman HMA

Home Sales Quick Facts	Sherman HMA	Nation
	Vacancy Rate	2.0%
	Months of Inventory	4.8
	Total Home Sales	4,850
	1-Year Change	-22%
	New Home Sales Price	\$383,300
	1-Year Change	-3%
	Existing Home Sales Price	\$277,000
	1-Year Change	1%
	Mortgage Delinquency Rate	1.0%

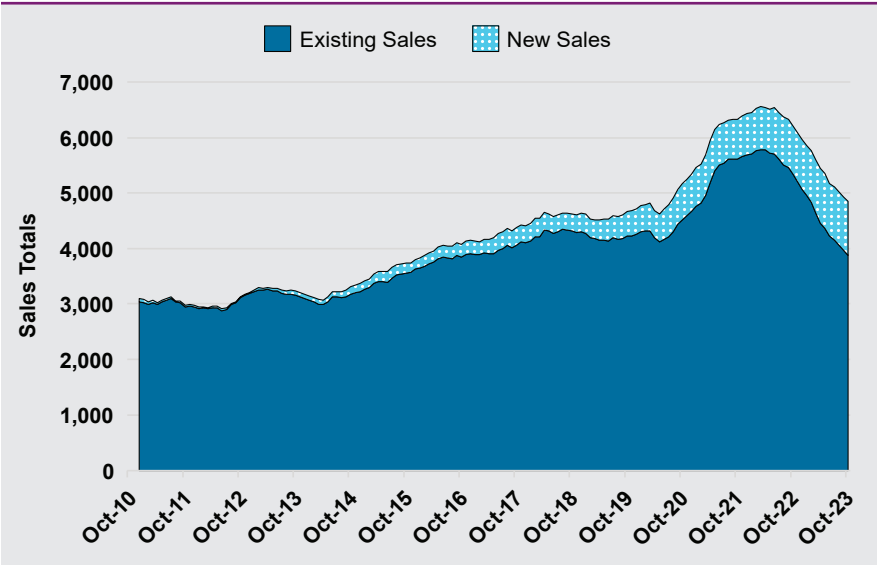
NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending October 2023; and months of inventory and mortgage delinquency data are as of October 2023. The current date is November 1, 2023.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

October 2023 compared with a year earlier, when sales decreased 2 percent year over year to 6,200 homes sold (CoreLogic, Inc., with adjustments by the analyst). Despite declining sales in the HMA, the average home sales price rose by approximately \$5,000, or nearly 2 percent, to approximately \$298,100 during the 12 months ending October 2023. By comparison, the average home sales price rose by \$44,400, or 18 percent, to \$293,100 during the 12 months ending October 2022.

New Home Sales and Prices

After fluctuating from 2010 through 2012, new home sales in the HMA increased each year before slowing in 2023. From 2010 through 2012, new home sales averaged 35 homes annually before rising to 75 homes in 2013, when the local economy transitioned to expansion following the recovery of jobs lost as a result of the national recession of the late 2000s (Figure 6). During the next 6 years, new home sales rose an average of 35 percent annually to 460 homes in 2019 because of local job growth and rising net in-migration. In 2020, new

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

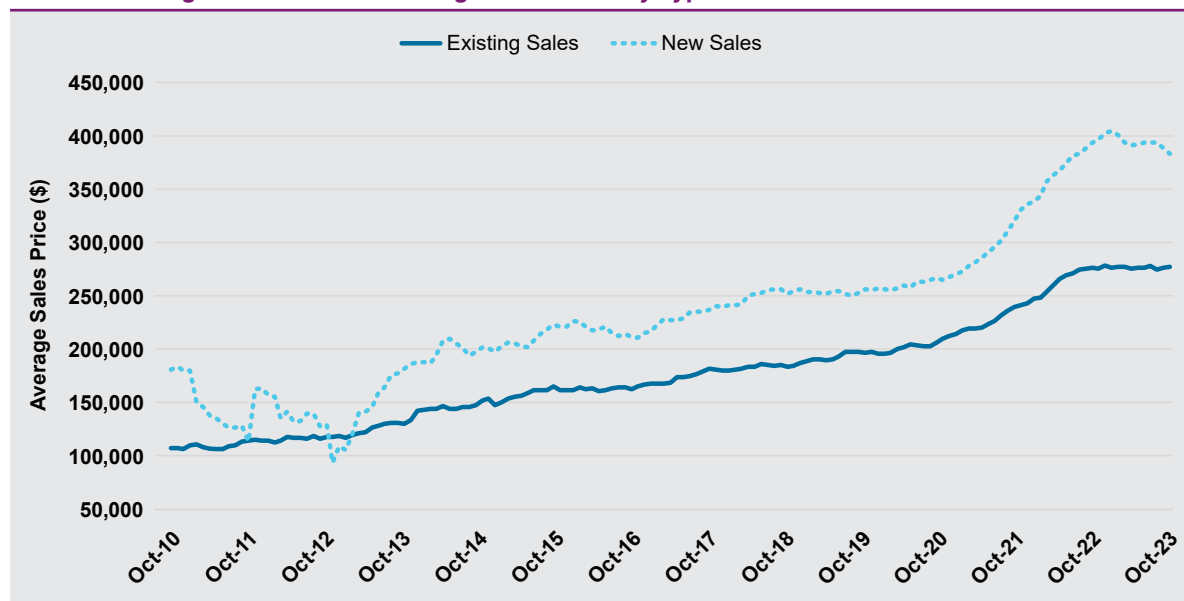


Source: CoreLogic, Inc., with adjustments by the analyst

home sales rose 47 percent to approximately 670 homes. Demand for new homes increased partly because of falling mortgage interest rates and more people moving to the HMA from the Dallas MD. During 2021, the pace of sales slowed when supply chain disruptions curtailed production; new home sales rose 12 percent to 750 homes. Since 2021, new home sales have continued to rise as more people move to the HMA; however, the rate of growth in new home sales has slowed during the past year. During the 12 months ending October 2023, new home sales rose nearly 12 percent to 970, compared with an increase of 21 percent to nearly 870 homes during the previous 12-month period.

The average new home sales price in the HMA generally trended upward from 2012 through 2022 before falling during 2023. The average new home sales price was \$113,600 in 2011 before rising an average of 27 percent annually during the next 2 years to \$182,000 in 2013 (Figure 7). During the next 6 years, demand for new homes increased, and the average new home sales price rose an average of 6 percent annually to \$255,600 in 2019. Prices increased 5 percent in 2020 and 25 percent in 2021 to an average of \$336,000 in 2021, largely due to increasing construction costs. Recently, the average new home sales price has begun to fall. During the 12 months ending October 2023, the average new home sales price fell nearly 3 percent to \$383,300, compared with an increase of 23 percent during the previous 12-month period, when the average price of a new home in the HMA was \$394,100.

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



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

Existing Home Sales and Prices

Despite fluctuating since 2010, existing home sales generally trended upward through 2021; however, recent sales have fallen significantly. Existing home sales increased from a low of 2,950 homes in 2011 to 4,300 in 2018 as the local economy added jobs each year since 2012, and the pace of net in-migration increased since mid-2013. In 2019, existing home sales fell 1 percent to 4,250 homes, partly because the demand for new homes increased compared with the demand for existing homes. Although the local economy weakened in 2020, strong population growth led to increased demand for existing homes, and sales rose 10 percent in 2020 before rising 22 percent to a peak of 5,675 existing home sales in 2021, when historically low mortgage interest rates incentivized homebuying. Since 2022, higher interest rates have led to fewer existing home sales. During the 12 months ending October 2023, existing home sales totaled 3,875, a decline of 27 percent from the 12 months ending October 2022, when existing home sales fell 5 percent to 5,325 homes.

The average existing home sales price has increased each year since 2011; however, the recent pace of price increases has slowed significantly. The average existing home sales price was \$107,600 in 2010

before rising an average of 7 percent annually during the next 3 years to \$130,500 in 2013. As local economic conditions strengthened during the next 6 years, the average existing home sales price continued to rise by an average of 7 percent annually to \$197,200 in 2019. During the next 2 years, the average existing home price rose an average of 11 percent annually to \$243,500 in 2021. The price increases were partly due to strengthening demand for existing homes and a decrease in the supply of available homes for sale. During the 12 months ending October 2023, the average existing home sales price rose less than 1 percent to \$277,000, compared with an increase of nearly 16 percent during the previous 12-month period, when the average price of an existing home in the HMA was \$276,600.

Seriously Delinquent Mortgages and Real Estate Owned Properties

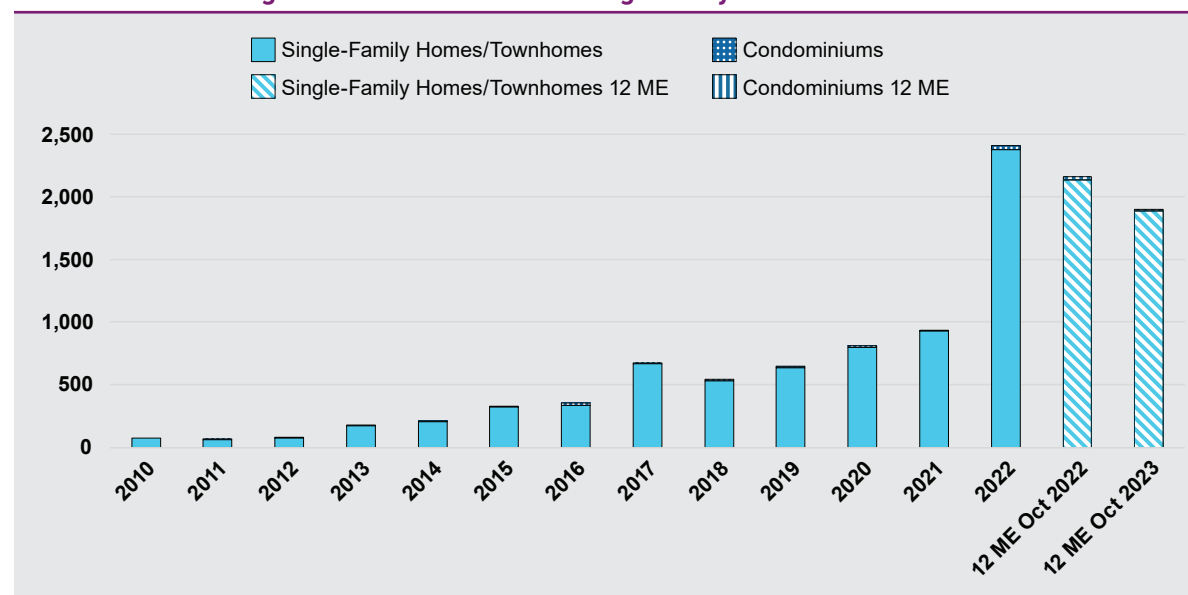
The economic contraction resulting from the COVID-19 pandemic contributed to a significant increase in the rate of seriously delinquent mortgages and real estate owned (REO) properties in the Sherman HMA. The rate of delinquent mortgages and REO properties in the HMA increased from 1.3 percent in March 2020 to a recent peak of 4.0 percent in September 2020 (CoreLogic, Inc.). By comparison, the national rate increased to 4.4 percent in August 2020 from 1.3 percent in March 2020. The entire

increase in the HMA was due to a rise in the number of seriously delinquent mortgages as many homeowners took advantage of mortgage forbearance. As of October 2023, the rate of seriously delinquent mortgages and REO properties was 1.0 percent in the HMA, down from 1.2 percent in October 2022 and well below the 6.2-percent peak in January 2010. By comparison, the national percentage of seriously delinquent mortgages and REO properties was 1.0 percent in October 2023, down from 1.3 percent a year earlier and significantly below the high of 8.6 percent in January 2010.

Sales Construction

Sales construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted, has generally trended upward in the Sherman HMA since 2012. In 2022, permitting was more than three times higher than the average annual level from 2017 through 2021 (Figure 8). An average of 180 homes were permitted annually from 2010 through 2016 before increasing to an average of 620 homes annually from 2017 through 2019. During 2020 and 2021, sales construction

Figure 8. Annual Sales Permitting Activity in the Sherman HMA



12 ME = 12 months ending.

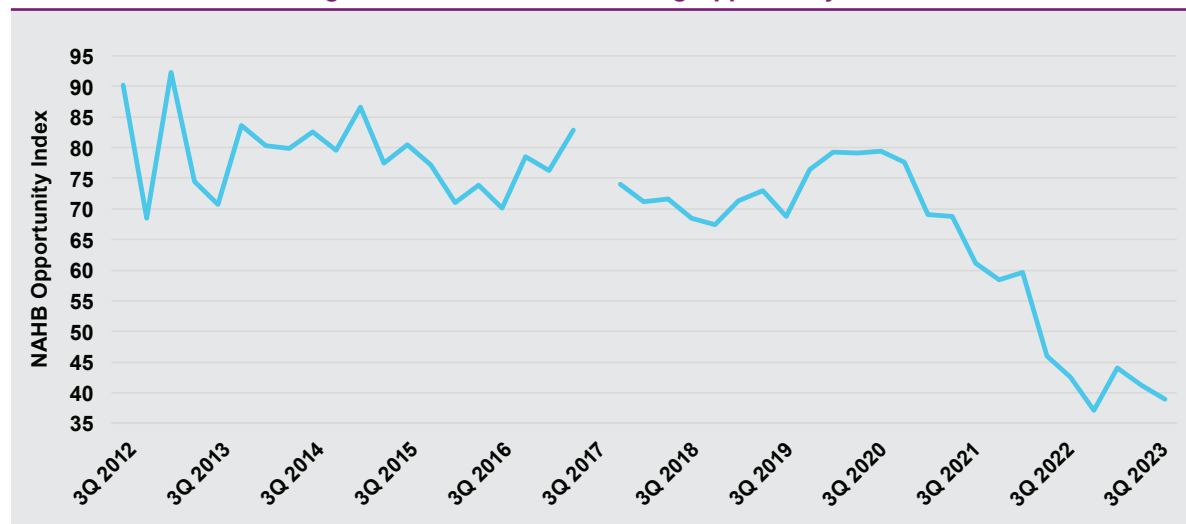
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

activity rose to an average of 870 homes permitted each year because builders responded to rising demand for new homes. In 2022, sales construction activity increased to approximately 2,400 homes permitted, the highest level of sales construction activity recorded since at least 1980. Recent sales construction activity has declined but is higher than in periods before 2022, supported by high levels of net in-migration and strong economic conditions. During the 12 months ending October 2023, approximately 1,900 homes were permitted, a 12-percent decrease from the 2,150 homes permitted during the 12 months ending October 2022 (preliminary data, with adjustments by the analyst).

Housing Affordability: Sales

Sales affordability in the Sherman HMA has fallen during the past 3 years because homeownership costs have generally increased faster than incomes. As more commuters moved to the HMA, high demand from workers benefiting from jobs located outside the HMA has put upward pressure on home sales prices. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index, which represents the share of homes sold that would have been affordable to a household earning the local median income, was 38.9 in the HMA as of the third quarter of 2023, down from 42.5 from a year earlier and from a recent peak of 79.4 as of the third quarter of 2020 (Figure 9). Despite year-over-year increases in total wages for all industries in the HMA of

Figure 9. Sherman HMA Housing Opportunity Index



NAHB = National Association of Home Builders. 3Q = third quarter.

Note: Data for 3Q 2017 are not available.

Source: NAHB/Wells Fargo

13 and 10 percent as of the third quarters of 2021 and 2022, respectively, (Bureau of Labor Statistics; Quarterly Census of Employment and Wages), affordability fell because of sales price growth since 2020 and rising interest rates. As of the third quarter of 2023, 127 of the 241 metropolitan areas measured, or 53 percent of metropolitan areas in the nation, had greater housing affordability than the Sherman HMA.

New Home Developments

Although new homes are being built throughout most areas of the HMA, new home construction has been prevalent in the cities of Sherman and Denison and, more recently, Van Alstyne, which is located near the Collin County line. New developments include the 179-home second phase of the Mantua Point community in the city of Van Alstyne. Some homes in the community are being built by Highland Homes, with 53 homes planned at buildout; 9 homes have sold. Eight homes are under construction, with prices ranging from \$522,000 to \$644,100. In the city of Sherman, the first phase of construction is underway at the Bel Air Village community, where a portion of the homes are being built by HistoryMaker Homes. The community is expected to have 318 single-family and 48 townhomes at buildout. Starting prices for single-family homes range from \$301,990 to \$454,990 for detached homes; townhomes range from \$261,200 to \$292,990.

Forecast

During the next 3 years, demand is expected for 4,800 new homes in the Sherman HMA (Table 6). The 750 homes under construction are expected to satisfy a portion of the estimated demand during the first year of the 3-year forecast period. Demand is expected to increase each year of the forecast period, and the majority of new homes are expected to be built in the cities of Sherman and Denison.

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

Sales Units	
Demand	4,800 Units
Under Construction	750 Units

Note: The forecast period is from November 1, 2023, to November 1, 2026.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

The apartment market vacancy rate in the HMA increased 1.9 percentage points from the third quarter of 2020 to 7.7 percent as of the third quarter of 2023 (CoStar Group), partly a consequence of the homeownership rate rising since 2020.

Current Conditions and Recent Trends

Rental housing market conditions in the HMA are currently balanced, with an estimated rental vacancy rate of 7.6 percent, down from 7.9 percent in 2020, when market conditions were also balanced (Table 7). Apartment market conditions are balanced, with a 7.7-percent vacancy rate in the third quarter of 2023, which is up 1.7 percentage points from the third quarter of 2022, when conditions were also balanced. In 2022, 36 percent of all renter households in the HMA lived in multifamily structures with five or more units, typically apartments, down slightly from 37 percent in 2021 (American Community Survey [ACS] 1-year data). By comparison, approximately 43 percent of all renter households in the HMA lived in single-family homes in 2022, unchanged from 2021.

Single-Family Rental Housing Market

In 2022, approximately 80 percent of the occupied single-family rental units in the HMA were detached

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

Rental Market Quick Facts	2020 (%)		Current (%)
	Rental Vacancy Rate		7.6
	2021 (%)		2022 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached		43
	Multifamily (2–4 Units)		15
Apartment Market Quick Facts	Multifamily (5+ Units)		36
	Other (Including Mobile Homes)		6
	3Q 2023		YoY Change
Apartment Market Quick Facts	Apartment Vacancy Rate		1.7
	Average Rent		4%

3Q = third quarter. YoY = year-over-year.
Notes: The current date is November 1, 2023. 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—2021 and 2022 American Community Survey 1-year data; apartment data—CoStar Group

single-family homes, and the remaining 20 percent were attached homes (ACS 1-year data). Since 2013, the monthly average single-family home vacancy rate for professionally managed homes has fluctuated by 2.8 percentage points, ranging from 3.0 to 5.8 percent (CoreLogic, Inc.). The average single-family home vacancy rate for professionally managed homes was 3.1 percent in October 2023, down from 3.2 percent in October 2022, and the average rent for a professionally managed, three-bedroom single-family home increased 13 percent to \$2,348 compared with a year earlier.

Apartment Market Conditions

Apartment market conditions in the HMA have fluctuated between tight and slightly soft since 2010 and are currently balanced. The apartment vacancy rate fell from 7.4 percent in the third quarter of 2010 to 4.6 percent by the third quarter of 2016 (CoStar Group) because local economic conditions strengthened and population growth increased. During this period, the average apartment rent increased by an average of \$16, or 2 percent, annually from \$726 to \$822 (Figure 10). Beginning in 2016, builders responded to strengthening apartment market conditions and began building more apartments. Following a surge in apartment construction in 2016, the apartment vacancy rate rose to 8.2 percent as of the third quarter of 2017, and the average apartment rent increased 4 percent to \$853 from a year earlier. As of the third quarter of 2017, apartment market conditions were slightly soft because the absorption of apartment units was less than the number of new apartment units completed since the third quarter of 2016, leading to the highest apartment vacancy rate since 2010. The apartment vacancy rate fell 2.8 percentage points from the third

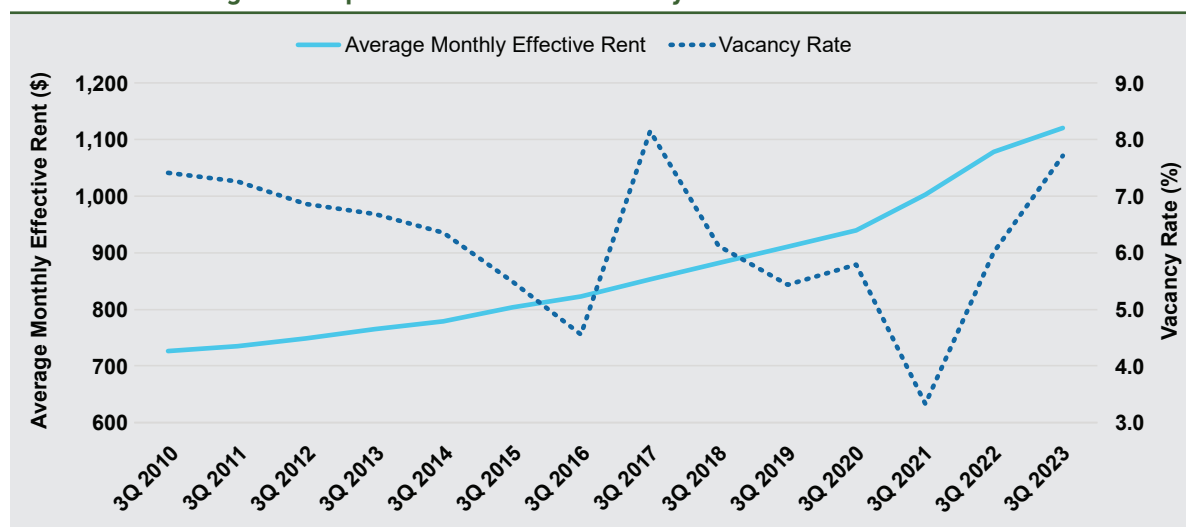


quarter of 2017 to 5.4 percent by the third quarter of 2019. The average apartment rent rose an average of \$29, or 3 percent, annually because apartment units were absorbed more quickly than new units entered the market. During 2020, more new apartment units entered the market while absorption slowed; the apartment vacancy rate increased to 5.8 percent as of the third quarter of 2020, and the average apartment rent rose 3 percent from a year earlier to \$939. Apartment market conditions in the HMA became tight as of the third quarter of 2021, when the apartment vacancy rate fell to 3.3 percent. Fewer new apartment units entered the market during this period while more apartment units were absorbed as net in-migration increased, and the average apartment rent rose 7 percent to \$1,003. During the next 2 years, the apartment vacancy rate rose to 7.7 percent as of the third quarter of 2023, and the average apartment rent rose an average of 6 percent annually to \$1,120. During the period, new deliveries of apartment units outpaced absorption, causing the vacancy rate to rise.

Rental Construction

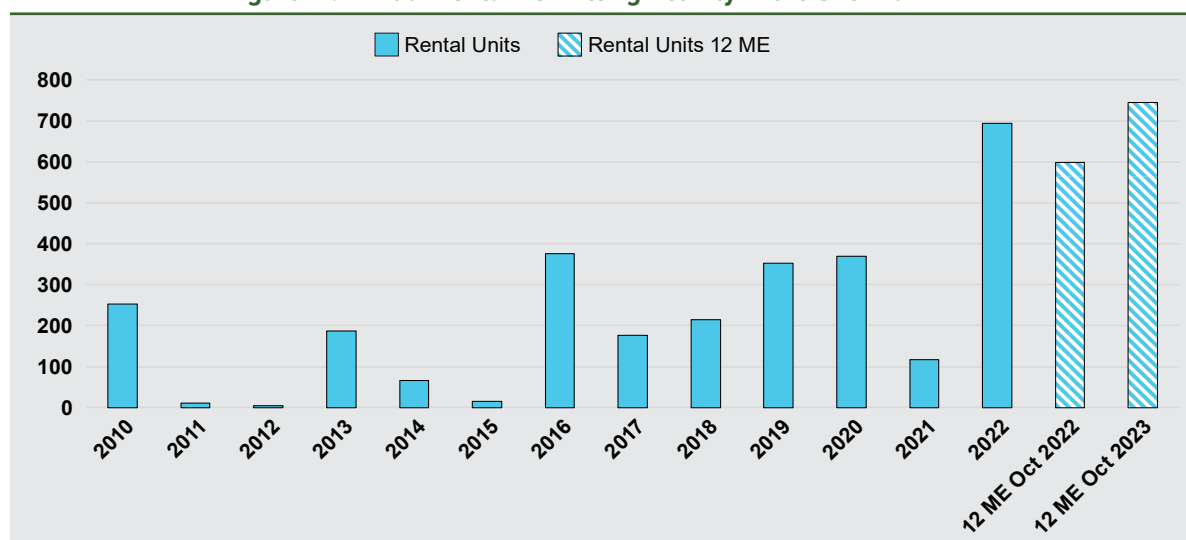
Recently, rental construction activity, as measured by the number of rental units permitted, reached a record-high level in the Sherman HMA. Rental construction activity averaged 90 units permitted annually from 2010 through 2015 before increasing to 380 units permitted in 2016, when builders responded to slightly tight apartment market conditions (Figure 11). From 2017 through 2020,

Figure 10. Apartment Rents and Vacancy Rates in the Sherman HMA



3Q = third quarter.
Source: CoStar Group

Figure 11. Annual Rental Permitting Activity in the Sherman HMA



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

rental construction activity averaged 280 units annually before slowing to 120 rental units in 2021 despite tight apartment market conditions, largely due to supply chain constraints that had persisted since the pandemic. Despite the rising apartment market vacancy rate since 2022, construction activity has increased, partly because builders responded to the decline in sales housing affordability in the HMA. During the 12 months ending October 2023, an average of 750 rental units were permitted, up nearly 25 percent from the 600 rental units permitted during the 12 months ending October 2022 (preliminary data, with adjustments by the analyst).

Recent Developments

Most apartment construction has been in the cities of Sherman and Denison. The 96-unit second phase of Hyde Park Apartments is under construction in the city of Denison. The development is expected to be complete in January 2024 and will offer 72 one-bedroom and 24 two-bedroom units. The 192-unit The Grove apartments in the city of Sherman opened in October 2022. The development offers 97 one-bedroom apartments with

starting rents ranging from \$1,040 to \$1,250 and 95 two-bedroom apartment units with starting rents ranging from \$1,300 to \$1,425.

Forecast

Demand is estimated for 1,650 new rental units in the HMA during the 3-year forecast period (Table 8). Demand is expected to be higher during the second and third years of the forecast period as the local economy expands. The 1,200 units under construction are expected to satisfy the demand through a portion of the third year of the forecast period. Demand for rental units is expected to continue to be concentrated in the cities of Sherman and Denison.

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

Rental Units	
Demand	1,650 Units
Under Construction	1,200 Units

Note: The forecast period is November 1, 2023, to November 1, 2026.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/ Average Monthly Rent	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.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period, given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Effective Apartment Rent	The average rent paid to a landlord after adjusting for financial concessions offered by the landlord and operating expenses included in the rent.
Existing Home Sales	Includes resales, short sales, and REO sales, for which home closings have no ties to either new home closings (builders) or foreclosures and were previously constructed and sold to an unaffiliated third party.
Forecast Period	November 1, 2023–November 1, 2026—Estimates by the analyst.

Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Decline	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area and metropolitan division definitions noted in this report are 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's 2020 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.



3.	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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D. Photo/Map Credits

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