COMPREHENSIVE HOUSING MARKET ANALYSIS

Tyler, Texas

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

As of July 1, 2019

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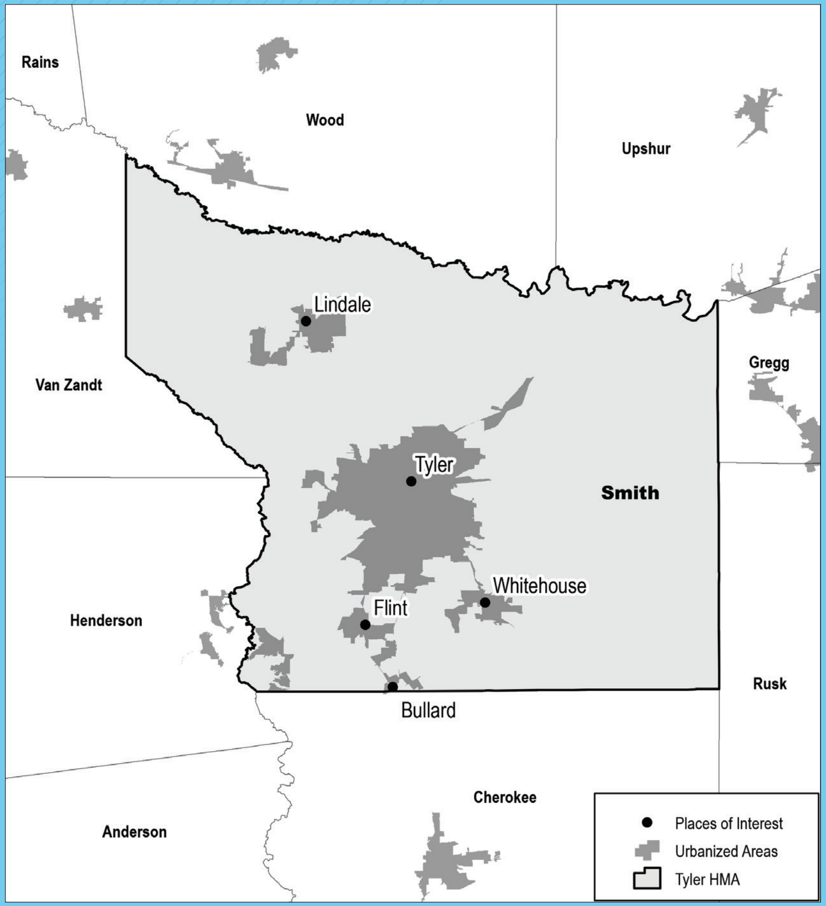

Executive Summary

Housing Market Area Description

The Tyler Housing Market Area (HMA) is coterminous with the Tyler, TX Metropolitan Statistical Area (MSA) and is defined as Smith County, Texas. Approximately 100 miles east of the city of Dallas, Texas, the Tyler HMA is the economic hub for northeastern Texas, with people from surrounding counties commuting to the city of Tyler for health care, higher education, and retail shopping.

The current HMA population is estimated at 233,100.

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: Nonfarm payrolls increased 1.7 percent during the 12 months ending June 2019.

Economic conditions in the Tyler HMA have been strengthening since 2010 and are currently strong. During the 12 months ending June 2019, nonfarm payrolls increased by 1,800 jobs, or 1.7 percent, to 106,900 jobs, compared with a 1.5-percent increase the previous year. Job growth during the 12 months ending June 2019 was distributed among 6 of the 11 nonfarm payroll sectors. The unemployment rate averaged 3.5 percent during the 12 months ending June 2019, down from 3.8 percent a year earlier. Jobs are expected to increase an average of 1.6 percent a year during the 3-year forecast period.

Sales Market

Balanced: Although total home sales are down slightly, new home sales have been increasing since 2018.

The sales housing market in the Tyler HMA is currently balanced, with an estimated 1.3-percent vacancy rate, down from 2.1 percent in April 2010. The total number of home sales during the 12 months ending June 2019 was 4,725, down by 70 from the previous 12 months (Metrostudy, A Hanley Wood company, with adjustments by the analyst). During the same time period, the average home sales price declined 1 percent, to $222,100. Demand is expected for 2,450 new homes during the forecast period. The estimated 230 homes currently under construction will satisfy part of the demand.

Rental Market

Balanced: The ratio of renter households to owner households has been increasing since 2000.

The overall rental market in the Tyler HMA is balanced, with the current rental vacancy rate estimated at 8.5 percent, down from 10.6 percent in 2010. The total number of renter households has increased more than 14 percent since April 2010, primarily due to increased net in-migration to the HMA as employment opportunities expanded. During the forecast period, demand is expected for 750 new rental units. The 65 units under construction and an estimated 35 units in planning will satisfy a portion of the demand.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Tyler HMA	Total Demand	2,450	750
	Under Construction	230	65

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period and includes an analysis of non-permitted construction. Units under construction as of July 1, 2019. The forecast period is July 1, 2019, to July 1, 2022.
Source: Estimates by the analyst

Economic Conditions

Largest sector: Education and Health Services

Nonfarm payrolls in the Tyler HMA have increased by 11,800 jobs, or 11 percent, since 2010.

Primary Local Economic Factors

Before the discovery of the East Texas oilfield in the 1930s, the economy of the Tyler HMA was steeped in agriculture, dating back to before the Civil War. The discovery of oil was the catalyst that allowed the economy to expand into manufacturing and provided some relief from the Great Depression. Despite maintaining agricultural roots and being known as the Rose Capital of the United States—rose growers in the HMA supply more than 50 percent of all rose bushes to nurseries across the country—the HMA is now a regional center for consumer services and retail shopping. Since 2016, mergers and acquisitions of three major medical service employers in the HMA (CHRISTUS Trinity Mother Frances Health System, UT Health East Texas, and Baylor Scott & White Texas Spine & Joint Hospital) have contributed to growth in the education and health services sector. The HMA is home to three institutions of higher learning: Tyler Junior College, the University of Texas at Tyler (UT Tyler), and Texas College. The two largest schools, Tyler Junior College and UT Tyler, work together to develop and offer accredited degree programs that serve employment needs in the HMA. Trade is the second largest sector in the HMA, with Brookshire Grocery Company and Walmart Inc. employing 1,620 and 1,241 people, respectively (Table 1). The Tyler HMA is a retail destination for surrounding counties, and the retail trade subsector represents 12 percent of total nonfarm payrolls. The Village at Cumberland Park is a 700,000-square-foot, outdoor retail mall that opened in 2018 in a major retail shopping corridor of the HMA. This corridor is home to another shopping mall—Broadway Square Mall—and six other shopping centers.

Current Conditions—Nonfarm payrolls

During the 12 months ending June 2019, nonfarm payrolls increased by 1,800 jobs, or 1.7 percent (Table 2), compared with an increase of 1,500 jobs, or 1.5

Table 1. Major Employers in the Tyler HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
UT Health East Texas	Education & Health Services	4,439
CHRISTUS Trinity Mother Frances Health System	Education & Health Services	4,095
Brookshire Grocery Company	Wholesale & Retail Trade	1,620
The Trane Company	Manufacturing	1,331
The University of Texas at Tyler	Government	1,440
Walmart Inc.	Wholesale & Retail Trade	1,241
Altice USA, Inc.	Transportation & Utilities	1,150
The University of Texas Health Science Center at Tyler	Government	1,108
Sanderson Farms, Inc.	Manufacturing	1,000
Tyler Junior College	Government	967

Note: Excludes local school districts.
Source: Tyler Economic Development Council, Community Profile 2018

Table 2. Nonfarm Payroll Jobs (1,000s) in the Tyler HMA, by Sector

	12 Months Ending June 2018	12 Months Ending June 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**105.1**	**106.9**	**1.8**	**1.7**
Goods-Producing Sectors	11.5	12.1	0.5	4.7
Mining, Logging, & Construction	6.2	6.7	0.5	8.0
Manufacturing	5.3	5.3	0.0	0.0
Service-Providing Sectors	93.6	94.8	1.3	1.4
Wholesale & Retail Trade	18.2	18.4	0.3	1.4
Transportation & Utilities	4.6	4.9	0.3	7.0
Information	1.6	1.5	-0.1	-4.8
Financial Activities	4.3	4.3	0.0	0.0
Professional & Business Services	10.6	11.0	0.4	3.7
Education & Health Services	24.2	24.5	0.3	1.3
Leisure & Hospitality	11.5	11.7	0.2	1.4
Other Services	4.1	4.1	0.0	0.0
Government	14.5	14.5	0.0	0.0

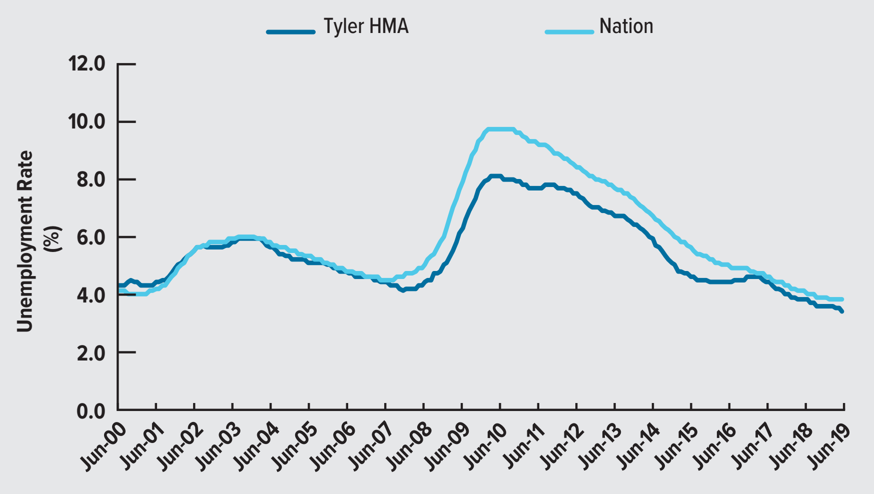
Notes: Based on 12-month averages through June 2018 and June 2019. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

percent, during the previous 12 months. Job gains were greatest in the mining, logging, and construction sector and the professional and business services sector, which increased by 500 and 400 jobs, or 8.0 and 3.7 percent, respectively. One sector and two subsectors recorded job losses during the 12 months ending June 2019. The information sector and the state government and retail trade subsectors lost 100 jobs each, or 4.8, 1.7, and 1.0 percent, respectively.

Current Conditions—Unemployment

The unemployment rate averaged 3.5 percent during the 12 months ending June 2019, down from 3.8 percent a year earlier. For comparison, the national unemployment rate declined from 4.1 to 3.8 percent during the same period (Figure 1). The unemployment rate decreased in the HMA because employment grew by 1,600, or 1.5 percent, which outpaced labor force growth of 1,200, or 1.1 percent. The unemployment rate in the HMA peaked at 7.9 percent in 2010 and is currently at its lowest level since at least 1990.

Figure 1. 12-Month Average Unemployment Rate in the Tyler HMA and the Nation



Source: U.S. Bureau of Labor Statistics

Nonfarm Payroll Trends—Overview

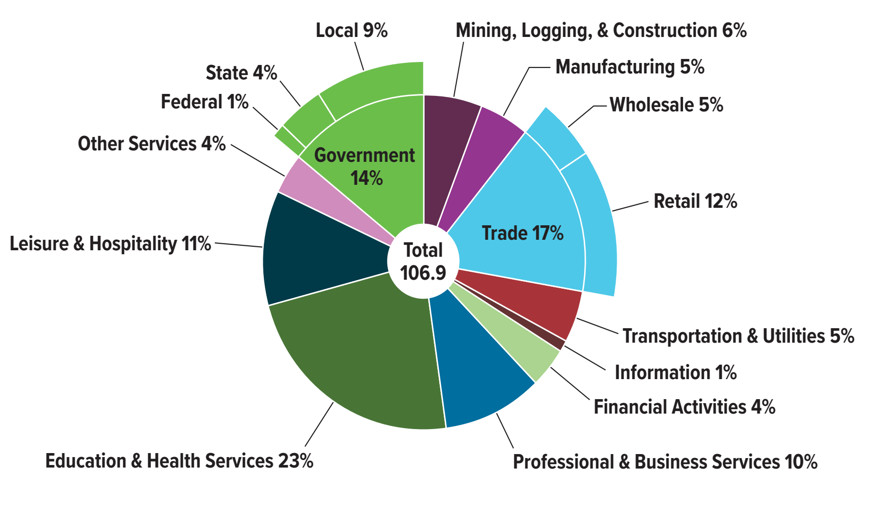
Since 2000, nonfarm payrolls decreased only once in 18 years (U.S. Bureau of Labor Statistics). From 2001 through 2008, nonfarm payrolls increased by an average of 1,400 jobs, or 1.5 percent, annually, to 97,700, mainly due to strong gains in the education and health services sector, which increased every year. The only year when job losses occurred was 2009; those losses were caused by a decline in the goods-producing sectors, with the majority of the losses in the manufacturing sector, which decreased by 1,900 jobs, or 21.6 percent, from the previous year. From 2010 through 2013, nonfarm payrolls increased annually by an average of 700 jobs, or 0.7 percent, to 97,700 jobs, the same number of nonfarm payrolls as in 2008. Growth was led by an average annual increase of 500 jobs, or 2.4 percent, in the education and health services sector, followed by average annual increases of 100 jobs each in six other service-providing sectors. From 2014 through 2018, job growth averaged 1,600 jobs, or 1.6 percent, annually, to 105,900. Growth was led by an average annual increase of 400 jobs in the professional and business services and education and health services sectors, or 3.7 percent and 1.6 percent, respectively, and 300 jobs in the leisure and hospitality and wholesale and retail trade sectors, or 2.6 percent and 1.7 percent, respectively.

Economic Sectors of Significance

Education and Health Services

Education and health services is the largest sector in the economy (Figure 2), currently representing approximately 23 percent of total nonfarm payrolls in the HMA and is the only sector to record job increases every year since 2000. During the 12 months ending June 2019, the education and health services sector added 300 jobs, or 1.3 percent, compared with the gain of 500 jobs, or 2.1 percent, a year prior. Mergers and acquisitions of major healthcare systems in the HMA since 2016 have increased patient access to local healthcare resources. In 2017, CHRISTUS Trinity Mother Frances Health System, the second largest employer in the HMA, opened a 41,200-square-foot hospital in the southern portion of the city

Figure 2. Share of Nonfarm Payroll Jobs in the Tyler HMA, by Sector



Notes: Nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding.
Source: U.S. Bureau of Labor Statistics

of Tyler that includes an emergency room, eight in-patient beds, onsite imaging and lab services, and five surgical suites. During the next 5 years, Ardent Health Services and the University of Texas System are expected to invest $150 million for improvements in UT Health East Texas. The influence of the medical field reaches beyond hospitals; both Centene Corporation (which processes Medicare and Medicaid claims) and Fresenius Medical Care North America (which provides medical services for people undergoing dialysis) have administrative centers in the HMA and employ more than 300 people at each center. In 2015, UT Tyler opened the Ben and Maytee Fisch College of Pharmacy, and Tyler Junior College opened the Robert M. Rogers Nursing & Health Sciences Center. The top degree program category at both schools is health professions and related programs (2019 Texas Public Higher Education Almanac). Tyler Junior College has responded to local workforce needs in the degrees it offers, including programs in health care, public safety, and skilled manufacturing.

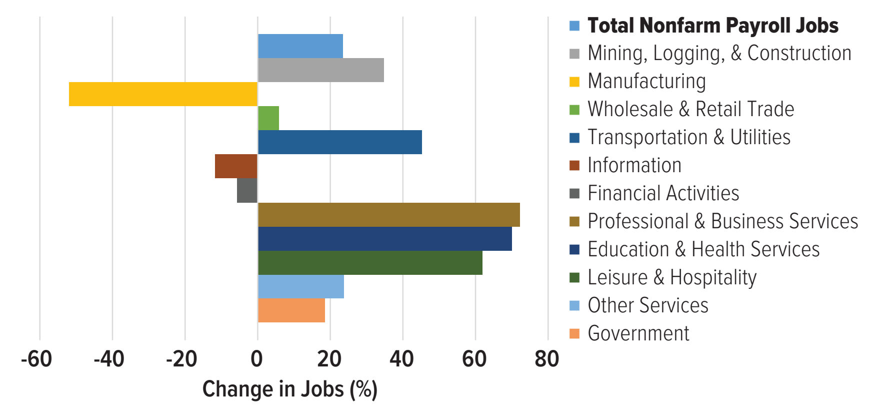
Transportation and Utilities

With transportation and utilities representing 5.0 percent of total nonfarm payrolls in the HMA, job growth in the sector has increased or remained steady since 2010, averaging 100 jobs, or 3.3 percent, annually. Its proximity to Oklahoma, Arkansas, and Louisiana, with Interstate 20 and four main state highways, lends the HMA to having a growing transportation and utilities sector. Twenty-one motor freight carriers have terminals in the HMA. During 2018, GG Distributing LLC completed a warehouse expansion and hired approximately 160 employees. The Target Distribution Center, in the northern portion of the HMA, employs 690 people (Tyler Economic Development Council, Inc.).

Manufacturing

Although two of the major employers in the HMA are in the manufacturing sector, the sector has generally been declining since 2001 (Figure 3), with slight upticks in the number of jobs occurring recently in 2014 and 2015. The recent expansions at Sanderson Farms, Inc., which is one of the largest poultry producers in the

Figure 3. Sector Growth in the Tyler HMA, 2001 to Current



Note: Data are in thousands.
Source: U.S. Bureau of Labor Statistics

United States, and seven other local manufacturing-based businesses are expected to support sector growth, investing an estimated $238 million into the HMA economy since 2017. Representing 5 percent of total nonfarm payrolls, the average number of manufacturing jobs during the 12 months ending June 2019 totaled 5,300, relatively unchanged from a year ago. In 2018, Sanderson Farms, Inc. began hiring more than 1,000 employees at the new manufacturing facility, which opened in February 2019. The company is expected to hire another 500 or more employees through 2020 as operations move toward full production. The estimated $148 million investment is expected to add $1.45 billion in economic impact on the HMA during the next 10 years (Tyler Economic Development Council, Inc.).

Employment Forecast

During the 3-year forecast period, nonfarm payrolls are estimated to increase by an average of 1,700 jobs, or 1.6 percent, annually, and growth is expected to be relatively steady during all 3 years. Gains are anticipated to continue in the education and health services, trade, and transportation and utilities sectors.

Population and Households

Current population: 233,100

Since 2011, the population of the HMA has grown at a slower rate than it did from 2000 to 2010.

Population Trends

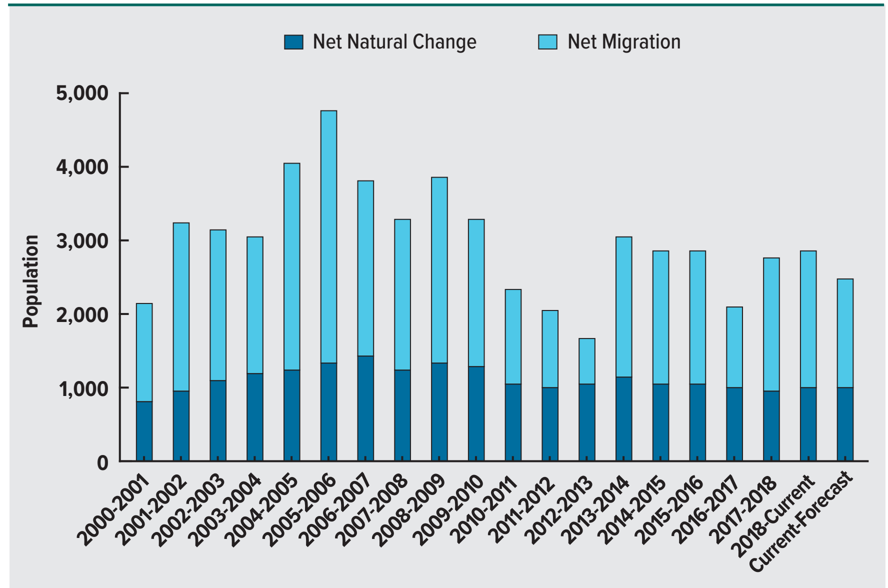
As of July 1, 2019, the estimated population of the Tyler HMA is 233,100, representing an average increase of 2,525, or 1.1 percent, annually since April 2010 (Table 3). The most recent population growth rate is slower than the average population increase of 3,500, or 1.8 percent, annually from 2000 to 2010. During the 2000s, net in-migration accounted for 65 percent of population growth during the decade (Figure 4), partly due to job growth in the HMA in the early 2000s and people moving to the HMA after fleeing hurricanes Katrina and Rita in 2005. Coinciding with the economic downturn in the HMA, population growth began to slow in 2009. Although economic recovery had begun in 2010, population growth slowed significantly from 2011 through 2013, averaging 1,875, or 0.9 percent, a year. Population growth has not returned to pre-2009 levels—averaging 2,700, or 1.2 percent, annually since 2014.

Table 3. Tyler HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	Population	209,714	233,100	240,500
	Average Annual Change	3,500	2,525	2,475
	Percentage Change	1.8	1.1	1.0
		2010	Current	Forecast
Household Quick Facts	Households	79,055	87,250	90,000
	Average Annual Change	1,325	880	930
	Percentage Change	1.9	1.1	1.1

Notes: Average annual changes and percentage changes are based on averages from 2000–2010, 2010 to current, and current to forecast. The forecast period is from the current date (July 1, 2019), to July 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

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

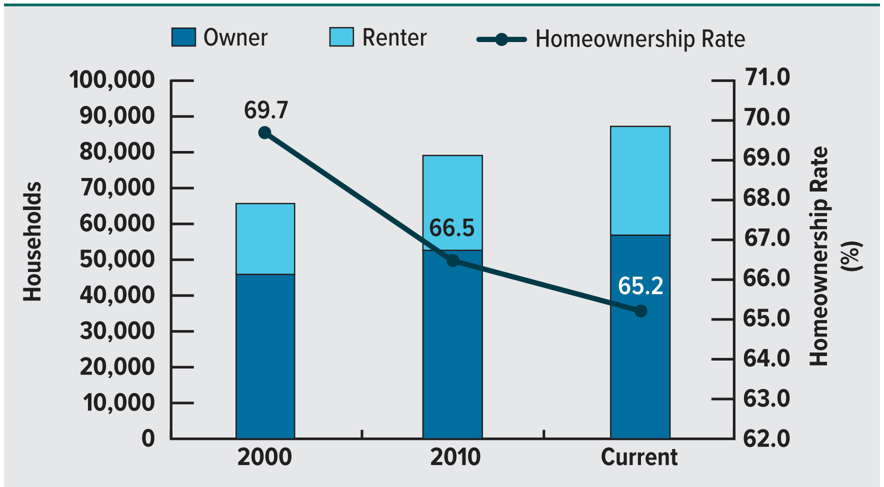


Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (July 1, 2019), to July 1, 2022.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Household Trends and Tenure

Household growth in the HMA remains below the average growth rate from 2000 to 2010. As of July 1, 2019, an estimated 87,250 households reside in the HMA, reflecting an average annual increase of 880 households, or 1.1 percent, since 2010. By comparison, from 2000 to 2010, households increased by an average of 1,325, or 1.9 percent, a year. Currently, an estimated 65.2 percent of households, or 56,850 households, are homeowners (Figure 5). The homeownership rate has decreased since 2010, when 66.5 percent of households were homeowners, because of the aftereffects of the national housing crisis, which resulted in stricter lending practices and an increase in household preferences toward renting.

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



Note: The current date is July 1, 2019.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Population and Household Forecast

Population growth in the Tyler HMA is expected to continue during the 3-year forecast period, with the population reaching 240,500 by July 1, 2022, reflecting average annual growth of 2,475, or 1.0 percent, slightly lower than the 2010-to-current rate because of moderating economic growth. Approximately 60 percent of the growth will come from net in-migration due to employment opportunities. Household growth is expected to increase by an average of 930, or 1.1 percent, annually during the forecast period, reaching 90,000.

Home Sales Market Conditions

Market Conditions: Balanced

Total home sales have moderated but new home sales have increased during the 12 months ending June 2019.

Current Conditions

Sales housing market conditions in the Tyler HMA are currently balanced, with an estimated vacancy rate of 1.3 percent, down from 2.1 percent in April 2010, when conditions were soft (Table 4). As of June 2019, a 3.4-month supply of for-sale housing was available, down from 4.1 months a year earlier (CoreLogic, Inc.). The active inventory of homes for sale in the HMA in June 2019 was 780 homes, down 110 homes from a year ago and well below the 1,350 homes for sale during June 2010. Total home sales decreased 1 percent, to 4,725 homes sold during the 12 months ending June 2019, despite new home sales increasing 38 percent during the same period.

Table 4. Home Sales Quick Facts in the Tyler HMA and the Nation

		Tyler HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.3%	NA
	Months of Inventory	3.4	3.4
	Total Home Sales	4,725	6,131,000
	1-Year Change	-1.4%	-4.0%
	New Home Sales Price	$262,000	$383,400
	1-Year Change	-4%	1%
	Existing Home Sales Price	$218,300	$290,800
	1-Year Change	-1%	3%
	Mortgage Delinquency Rate	1.4%	1.4%

NA = data not available.

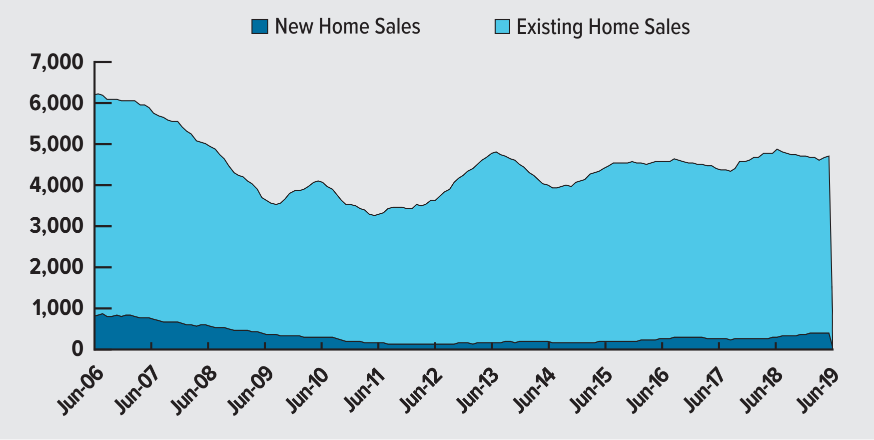
Notes: The vacancy rate, months of inventory, and mortgage delinquency data are as of the current date (July 1, 2019); home sales and prices are for the 12 months ending June 2019.

Sources: Metrostudy, A Hanley Wood Company, with adjustments by the analyst; CoreLogic, Inc., with adjustments by the analyst

New Home Sales and Prices

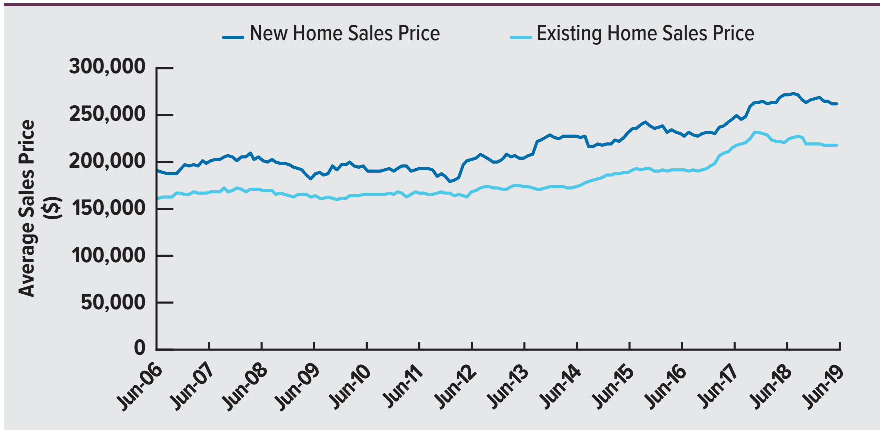
Although new home sales and prices have fluctuated since 2011, sales have increased since 2017, and new home sales prices peaked in 2018. Approximately 420 new homes sold in the HMA during the 12 months ending June 2019, up by 120 home sales during the previous 12 months (Figure 6). The average sales price of a new home was $262,000 during the 12 months ending June 2019, down by $10,050, or 4 percent from a year earlier (Figure 7). New home sales peaked at 860 during the 12 months ending July 2006, when the annual average sales price was $188,200. From 2007 through 2010, sales averaged 420 per year and declined to a low of 130 in 2011 due to the expiration of the first-time homebuyer tax credit in 2010 and the slowly expanding economy in the HMA. The new home sales price fell by an average of 2 percent annually from $197,500 in 2008 to $184,100 in 2011. After new home sales and prices bottomed out in 2011, both began to recover. From 2012 through 2015, new home sales averaged 180 homes before increasing further to an average of 290 a year during 2016 and 2017. The average annual sales price rose 6 percent during both time periods, to $235,300 in 2015 and to $263,100 in 2017. The annual average new home sales price in the HMA peaked in 2018 at $266,200.

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



Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

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



Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

Existing Home Sales and Prices

The recent decline in existing home sales (including regular resale and real estate owned [REO] home sales) is mostly due to decreasing REO sales in the HMA. Existing home sales totaled 4,325 during the 12 months ending June 2019, down 4 percent from the previous 12-month period (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Nearly 90 percent of the decrease in sales was in REO properties. During the same period, the average existing home sales price was $218,300, down 1 percent from a year earlier, with regular resale prices down 2 percent, to $219,800, and REO sales prices relatively unchanged at $163,600.

Existing home sales in the HMA peaked at 5,250 in 2006, when regular resale homes accounted for 97 percent and REOs accounted for the remaining 3 percent of existing home sales. In 2006, regular resale home sales prices averaged $166,000, and REO home sales prices averaged $125,400. From 2007 through 2010, annual total existing home sales fell by 11 percent from 4,800 to 3,325, with regular resales falling 13 percent and REO sales increasing 19 percent annually. During the same period, total existing and regular resale homes sales prices moderated, and REO sales prices increased by 5 percent annually. As the economy in the HMA grew, total existing and regular resales increased by an average of 4 percent annually from 2011 through 2017, when the total existing home sales price reached a recent peak of $231,700 in 2017. During the same period, REO sales decreased by an average of 1 percent annually, and the REO sales price increased 5 percent annually to $219,800 in 2017.

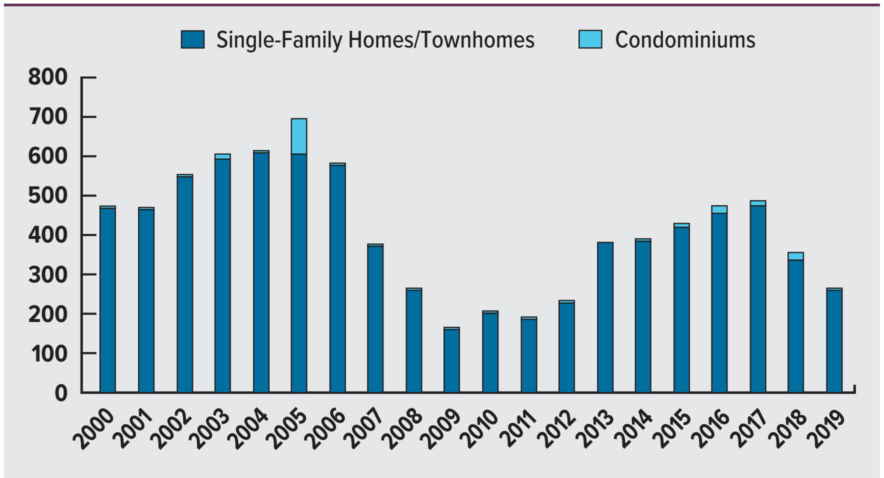
Seriously Delinquent Mortgages and REO Properties

As of June 2019, approximately 1.4 percent of all mortgage loans in the HMA were seriously delinquent or had transitioned to REO status, down from 1.8 percent in June 2018 and below the peak of 4.9 percent in January 2010 (CoreLogic, Inc.). The statewide rate of seriously delinquent home loans and REO properties peaked in January 2010 at 5.8 percent, which is significantly lower than the nationwide peak rate of 8.6 percent in January and February 2010.

Sales Permit Activity

Sales permit activity in the Tyler HMA is not a reliable measure of total home production levels because approximately half of all homebuilding in the area is estimated to occur without a permit recorded; trends in permit activity, however, provide insight into periods of growth and contraction in home production. The number of homes permitted—including single-family homes, townhomes, and condominiums—was generally high from 2002 through 2006, when an average of 610 homes were permitted annually (Figure 8). Relaxed mortgage lending standards—combined with job and population growth, which resulted in increased demand—were the primary reasons for increased home permitting during that time. The number of homes permitted began to decline rapidly in 2007 as the economy weakened, decreasing an average of 35 percent a year, to a low of approximately 160 homes permitted in 2009. As the local economy slowly began to grow in 2010, the number of homes permitted increased by an average of 13 percent annually through 2012. A stronger pace of economic recovery in the HMA and increased confidence in the home sales market among homebuyers contributed to an increase in the number of homes permitted from 2013 through 2017 by an average 16 percent a year. During the 12 months ending June 2019, the number of homes permitted averaged 440, or a 5-percent increase from the same period a year earlier (preliminary data, with adjustments by the analyst).

Figure 8. Average Annual Sales Permitting Activity in the Tyler HMA



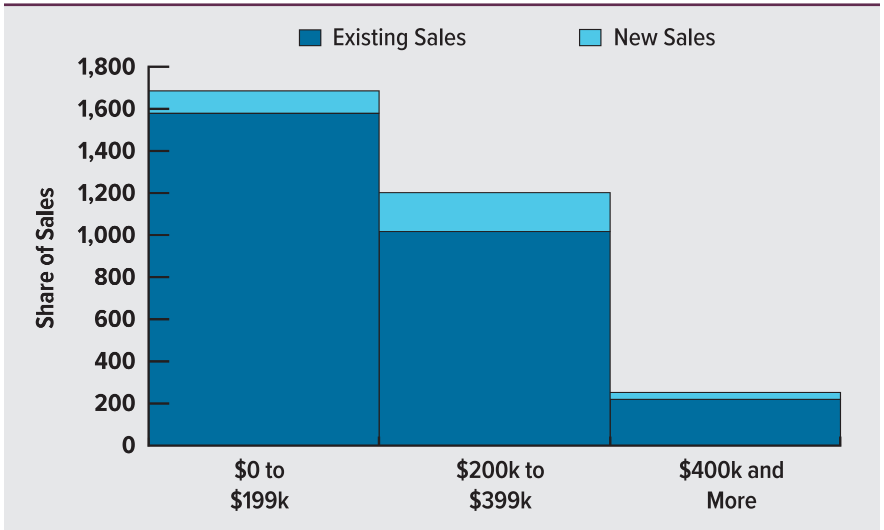
Notes: Includes single-family homes, townhomes, and condominiums. Excludes an estimated 8,925 nonpermitted units. Data for 2019 are through June 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000—2017 final data and estimates by the analyst; 2018 and 2019 preliminary data and estimates by the analyst

New Construction

Although new home construction is occurring throughout the HMA, the majority of new subdivisions are concentrated in the south side of the HMA, including in the cities of Whitehouse, Flint, and Bullard. In the northern part of the HMA, new home construction is concentrated in the city of Lindale. During the 12 months ending June 2019, 57 percent of newly constructed homes sold in the HMA were priced between $200,000 and $400,000 (Figure 9).

In the city of Tyler, phases four and five of the Brooks at Cumberland Park have been under construction since 2015, with 88 homes planned at buildout and 33 homes completed. Currently 17 homes are under construction and 38 lots are for sale. In 2017, construction began on the Oak Creek subdivision in the southwest portion of the city of Tyler. Oak Creek will consist of 134 single-family homes at buildout; homes are currently priced between $170,000 and $500,000. Of the expected 134 homes, 26 have been completed and 18 are under construction.

Figure 9. Share of Sales by Price Range During the 12 Months Ending June 2019 in the Tyler HMA



Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

Forecast

During the next 3 years, demand for an additional 2,450 homes is expected (Table 5). The 230 homes currently under construction are expected to meet a portion of demand during the first year of the forecast period. Demand is expected to slow slightly during each year of the forecast period as population growth slows slightly and job growth moderates. Most of the demand is expected to be for homes priced less than $400,000.

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

	Sales Units
Demand	2,450 Units
Under Construction	230 Units

Note: The forecast period is from July 1, 2019, to July 1, 2022.
Source: Estimates by the analyst

Rental Market Conditions

Market Conditions: Balanced

New inventory continues to be added to the rental market, but at a slower pace than from 2000 to 2010.

Current Conditions and Recent Trends

The overall rental market (which includes single-family rental homes, mobile homes, and apartments) in the Tyler HMA is currently balanced, with an overall estimated vacancy rate of 8.5 percent, down from 10.6 in April 2010, when conditions were soft (Table 6). The decline in the overall vacancy rate during this period was due to an improving local economy and continued renter household growth—the number of renter households increased an average of 1.5 percent a year since April 2010. It is estimated that 72 percent of all rental units are in structures with four or fewer units, up from 66 percent in 2010. The majority of the rental units in the HMA are single-family homes that have been converted from owner-occupied homes to rental properties. The apartment rental market is estimated to be 28 percent of the overall rental market, down from 35 percent in 2010.

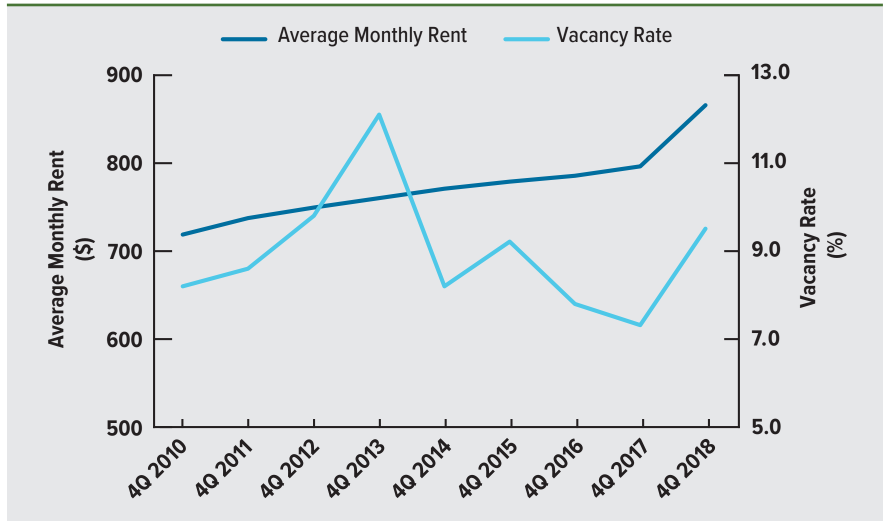
Table 6. Rental Market Quick Facts in the Tyler HMA

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	10.6	8.5
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	41	49
	Multifamily (2–4 Units)	14	15
	Multifamily (5+ Units)	35	28
	Other (Including Mobile Homes)	11	8

Note: The current date is July 1, 2019.
Sources: American Community Survey, 1-year data; estimates by the analyst

Currently the apartment market is slightly soft. During the fourth quarter of 2018, the apartment vacancy rate in the HMA was 9.5 percent, up 2.2 percentage points from the fourth quarter of 2017, when the market was slightly tight (Tyler Apartment Association, with adjustments by the analyst). Vacancy rates rose during the past year because two apartment complexes are in lease-up, adding more than 300 new units to the apartment supply, and apartment rents increased. From the fourth quarter of 2017 to the fourth quarter of 2018, apartment rents increased 9 percent due to the slightly tight apartment vacancy rate of 7.3 percent in the fourth quarter of 2017. This is in contrast to apartment rent growth of 1 percent annually in the HMA from the fourth quarter of 2010 through the fourth quarter of 2017. Apartment market conditions have ranged from a balanced market in 2010, with a fourth-quarter vacancy rate of 8.2 percent, to soft in 2013, with a fourth-quarter vacancy rate of 12.1, to slightly tight in the fourth quarter of 2017, with a vacancy rate of 7.3 percent (Figure 10).

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

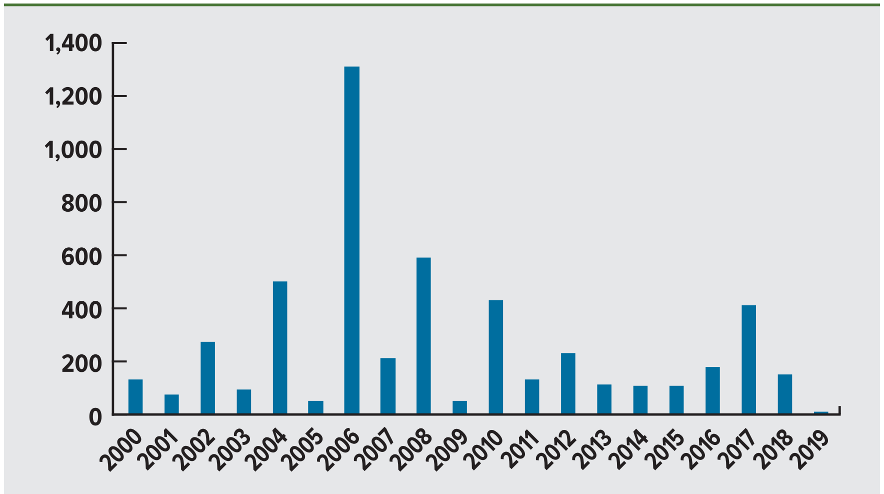


4Q = fourth quarter.
Source: Tyler Apartment Association, with adjustments by the analyst

Rental Permitting Activity

The number of rental units permitted in the Tyler HMA totaled 80 units permitted during the 12 months ending June 2019, compared with 280 units permitted a year earlier (preliminary data, with adjustments by the analyst). During the 2000s, the number of rental units permitted fluctuated significantly, ranging from 50 units in 2005 and 2009, to 1,300 in 2006 (Figure 11). From 2010 through 2016 the number of rental units permitted averaged 180 units annually, down from the 330 average annual level recorded during the 2000s. In 2017, the number of rental units permitted increased by 230, or 133 percent.

Figure 11. Average Annual Rental Permitting Activity in the Tyler HMA



Notes: Includes apartments and units intended for rental occupancy. Excludes an estimated 3,025 nonpermitted units. Data for 2019 are through June 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and estimates by the analyst; 2018 and 2019 preliminary data and estimates by the analyst

Recently Constructed Rental Properties

Two new apartment complexes were completed in 2018, with occupancy beginning in January 2019. The 234-unit Auberge of Tyler is a luxury apartment community on the southwest side of the city of Tyler, close to restaurants and entertainment options. Rents range from $1,099 to $1,249 for one-bedroom units, $1,329 to $1,429 for two-bedroom units, and $1,560 to $1,675 for three-bedroom units. The 72-unit Whitehouse Senior Village is an age-restricted, mixed-income-housing apartment complex in the city of Whitehouse. Monthly rents for the market-rate units range from $750 for a one-bedroom unit to $900 for a two-bedroom unit, and monthly rents for the income-restricted units range from $312 to $672 for a one-bedroom unit and $657 to $801 for a two-bedroom unit.

Forest Trails Senior Apartments are currently under construction in the city of Lindale, in the northern part of the HMA, and are expected to be completed by the end of 2019 or early 2020. The 60-unit, duplex-style, income-restricted senior apartment community will consist of one- and two-bedroom units with patios and attached garages.

Forecast

Demand for 750 rental units is anticipated during the 3-year forecast period (Table 7). The 65 units currently under construction and 35 units in planning are expected to meet a portion of the demand.

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

Rental Units	
Demand	750 Units
Under Construction	65 Units

Note: The forecast period is June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
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.
Forecast Period	7/1/2019–7/1/2022—Estimates by the analyst
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family homes, multifamily homes, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.
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