COMPREHENSIVE HOUSING MARKET ANALYSIS

Tyler, Texas

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

As of April 1, 2024

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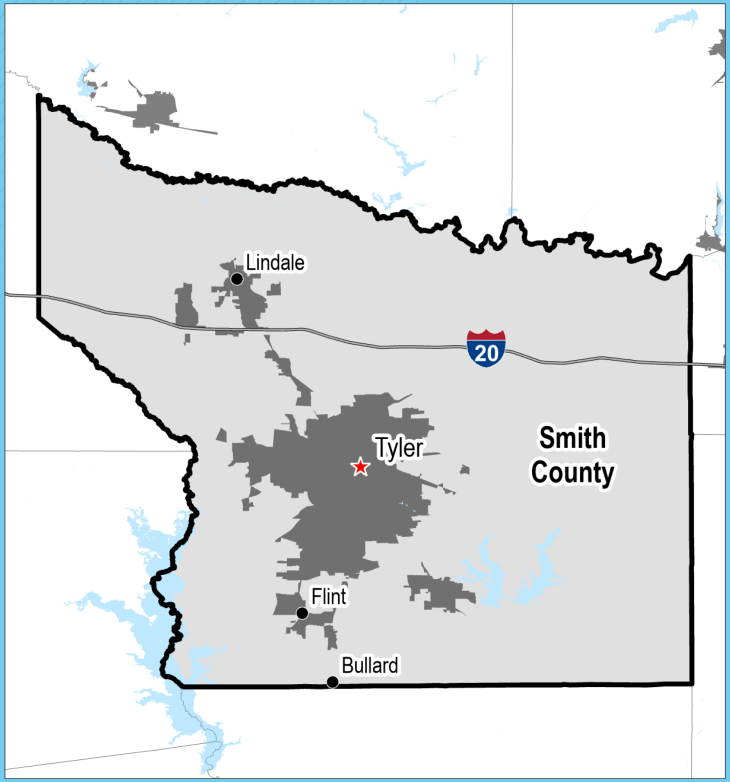
Executive Summary

Housing Market Area Description

The Tyler Housing Market Area (HMA) is coterminous with the Tyler Metropolitan Statistical Area and is defined as Smith County in east Texas. The HMA lies between the Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area and the Louisiana border on Interstate 20. The principal city of Tyler is a healthcare and education hub, serving the surrounding counties with several hospitals and universities.

The current population of the HMA is estimated at 247,600.



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 but Moderating: Economic conditions in the Tyler HMA are currently strong, having fully recovered from the 2020 economic downturn, but job growth slowed during the past year.

During the 12 months ending March 2024, nonfarm payrolls in the HMA totaled 116,800 jobs, reflecting an increase of 2,800, or 2.5 percent, from the previous 12 months. By comparison, nonfarm payrolls increased by 5,100, or 4.7 percent, during the 12 months ending March 2023. The education and health services sector led job growth during the past 12 months, increasing by 1,500 jobs, or 6.0 percent, from a year earlier and accounting for 54 percent of total job gains. Job growth is expected to continue to moderate during the 3-year forecast period, averaging 1.6 percent annually.

Sales Market

Balanced: The HMA has an estimated vacancy rate of for-sale housing of 1.8 percent, up from 1.5 percent in 2020 but down from 2.1 percent in 2010.

During the 12 months ending March 2024, home sales in the HMA totaled 4,600, representing a decline of 800 sales, or 15 percent, from a year earlier (CoreLogic, Inc., with adjustments by the analyst). Home sales peaked during the 12 months ending November 2021, with 6,850 homes sold, the highest level for a 12-month period since at least 2001. The average home sales price during the 12 months ending March 2024 was $292,800, reflecting an increase of $2,625, or 1 percent, from a year ago. During the next 3 years, demand is expected for 3,450 sales units. The 180 units currently under construction are expected to satisfy a portion of the demand in the first year.

Rental Market

Slightly Soft: The current overall rental housing market has an estimated vacancy rate of 9.0 percent, down from 10.1 percent in 2020 and 10.6 percent in 2010.

Rental housing market conditions are currently slightly soft, compared with soft conditions in 2020. Apartment market conditions are also currently slightly soft, with a vacancy rate of 10.2 percent as of the first quarter of 2024, up from 7.3 percent a year earlier (CoStar Group). The average apartment rent was $1,144, down $4, or less than 1 percent, from a year ago. However, the average apartment rent remained elevated because of strong rent growth from 2020 to 2023. During the forecast period, demand is estimated for 930 new rental units. The 840 units currently under construction will satisfy most of that demand.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Tyler HMA	Total Demand	3,450	930
	Under Construction	180	840

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

Economic Conditions

Largest Sector: Education and Health Services

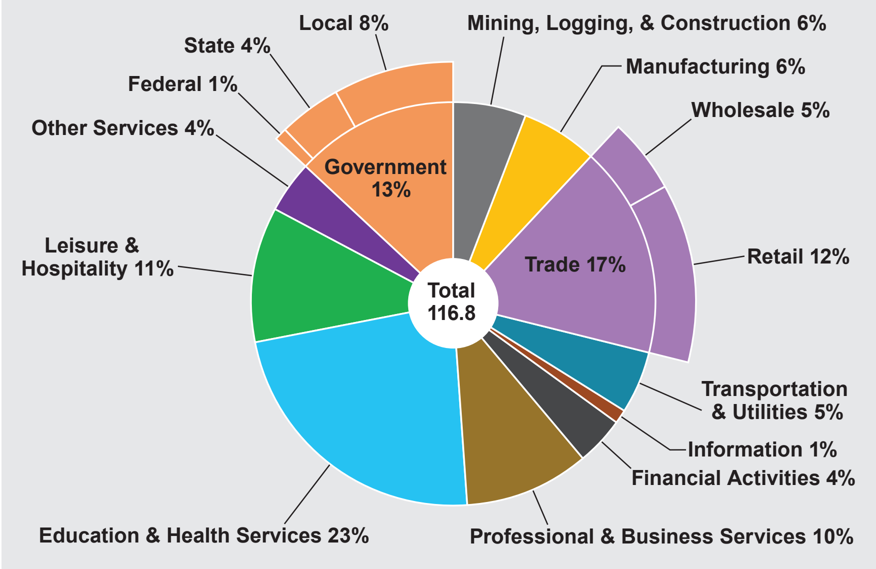
The education and health services sector represents 23 percent of total nonfarm payrolls in the Tyler HMA and has been the largest sector since 2005.

Primary Local Economic Factors

The HMA benefited from significant economic gains following the discovery of the East Texas Oil Field in the 1930s, which prompted both population growth and the expansion of the manufacturing and the mining, logging, and construction sectors. The HMA is also widely recognized for rose production and is known colloquially as "The Rose Capital of America." The HMA boasts the largest rose garden in the United States, accounts for approximately 20 percent of national rose production, and is home to the annual Texas Rose Festival. The festival has a local economic impact estimated at $2.5 million annually and contributes to the leisure and hospitality sector, the fourth largest nonfarm payroll sector in the HMA (Visit Tyler; Figure 1).

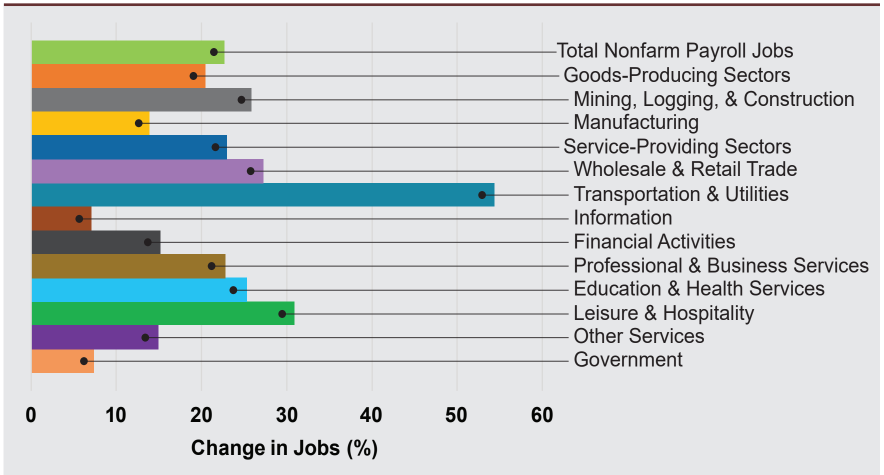
The HMA has a diverse economy, and every nonfarm payroll sector in the area has grown since 2011 (Figure 2). The HMA is home to several hospital systems in the education and health services sector, the largest nonfarm payroll sector in the HMA. These organizations include the two largest employers in the HMA, the CHRISTUS Trinity Mother Frances Health System and UT Health East Texas, which employed 5,000 and 3,550 people in 2023, respectively (Table 1). The government sector is the third largest nonfarm sector, bolstered by The University of Texas at Tyler (UT Tyler) and Tyler Junior College, which have respective enrollments of 9,235 and 12,125 students as of the spring of 2024. UT Tyler recently opened a new school of medicine intended to provide skilled professionals to the expanding medical facilities in the area. The HMA is also home to a strong trade sector, the second largest nonfarm payroll sector in the area, with 17 percent of total nonfarm payrolls.

Figure 1. Share of Nonfarm Payroll Jobs in the Tyler 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 March 2024.
Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Tyler HMA, 2011 to Current



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

Brookshire Grocery Company is headquartered in the area, and Walmart Inc. and Target Corporation also maintain a sizeable presence, employing 1,450, 1,500, and 1,000 people, respectively.

Current Conditions—Nonfarm Payrolls

The economy in the HMA is strong, but growth is moderating. The HMA lost 10,800 jobs during the pandemic-induced economic downturn of March and April 2020 but recovered to prepandemic job counts by October 2021 (monthly data, not seasonally adjusted). During the 12 months ending March 2024, nonfarm payrolls in the HMA increased by 2,800, or 2.5 percent, to 116,800 jobs compared with an increase of 5,100 jobs, or 4.7 percent, a year earlier (Table 2). Job gains during the most recent 12 months were greatest in the education and health services sector, which increased by 1,500 jobs, or 6.0 percent, compared with a gain of 1,100 jobs, or 4.4 percent, during the previous 12 months. The sector has grown strongly in recent years, partly because of expansions such as the $2.7 million UT Health neonatal intensive care facility and the 85,000-square-foot Christus Health Northeast Texas Cancer and Research Institute. Increased demand due to growth in the percentage of residents aged 65 and older also supports the sector. Gains also occurred in the mining, logging, and construction, the professional and business services, and the leisure and hospitality sectors,

Table 1. Major Employers in the Tyler HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
CHRISTUS Trinity Mother Frances Health System	Education & Health Services	5,000
UT Health East Texas	Education & Health Services	3,550
Trane Technologies plc	Manufacturing	2,500
Sanderson Farms, LLC	Manufacturing	1,750
Walmart Inc.	Wholesale & Retail Trade	1,500
Brookshire Grocery Company	Wholesale & Retail Trade	1,450
The University of Texas at Tyler Health Science Center	Government	1,450
The University of Texas at Tyler	Government	1,200
Altice USA, Inc.	Information	1,150
Target Corporation	Wholesale & Retail Trade	1,000

Note: Excludes local school districts.
Source: Tyler Economic Development Council

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

	12 Months Ending March 2023	12 Months Ending March 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**114.0**	**116.8**	**2.8**	**2.5**
Goods-Producing Sectors	14.2	14.8	0.6	4.2
Mining, Logging, & Construction	6.9	7.3	0.4	5.8
Manufacturing	7.3	7.5	0.2	2.7
Service-Providing Sectors	99.8	101.9	2.1	2.1
Wholesale & Retail Trade	20.0	20.2	0.2	1.0
Transportation & Utilities	6.0	5.6	-0.4	-6.7
Information	1.5	1.5	0.0	0.0
Financial Activities	4.7	4.6	-0.1	-2.1
Professional & Business Services	11.3	11.7	0.4	3.5
Education & Health Services	24.8	26.3	1.5	6.0
Leisure & Hospitality	12.0	12.4	0.4	3.3
Other Services	4.3	4.5	0.2	4.7
Government	15.2	15.1	-0.1	-0.7

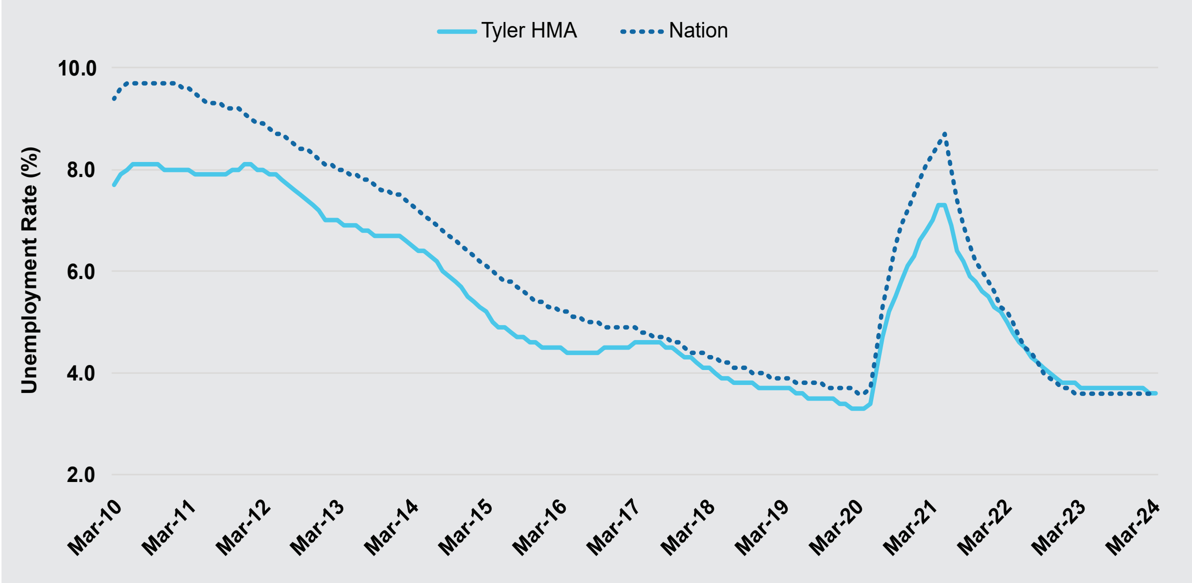
Notes: Based on 12-month averages through March 2023 and March 2024. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

which grew by 400 jobs each, or 5.8, 3.5, and 3.3 percent, respectively. These increases were partly due to strong population growth, which contributed to significant commercial and residential development. Following strong job gains in recent years, growth in the manufacturing sector slowed, with an increase of only 200 jobs, or 2.7 percent, during the most recent 12 months. Partially offsetting the gains, the financial activities and the government sectors both declined by 100 jobs, or 2.1 and 0.7 percent, respectively, during the 12 months ending March 2024. The transportation and utilities sector declined by 400 jobs, or 6.7 percent, the largest decline of any sector.

Current Conditions—Unemployment

The average unemployment rate in the HMA during the 12 months ending March 2024 was 3.6 percent, down from an average of 3.7 percent a year earlier. The unemployment rate is currently below the national average of 3.7 percent, which was up from 3.6 percent a year ago (Figure 3). The average unemployment rate in the HMA peaked recently at 7.3 percent during the 12 months ending March 2021 because the COVID-19 pandemic contributed to an economic slowdown and layoffs. However, the recent peak remains below the previous peak unemployment rate of 8.1 percent during the 12 months ending November 2011, when the area was recovering from the Great Recession.

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



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

Economic Periods of Significance

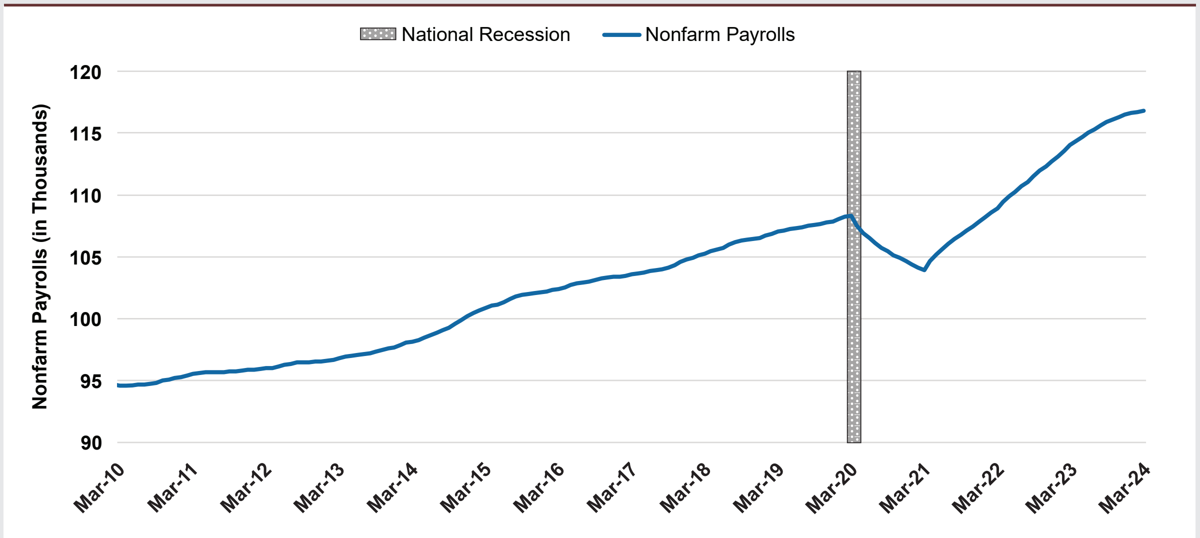
2011 Through 2013

From 2011 through 2013, the economy in the HMA was weak but improving. Total nonfarm payrolls increased by an average of 800 jobs, or 0.9 percent, annually, with payroll growth accelerating toward the end of the period (Figure 4). All growth during the period occurred in the service-providing sectors. The education and health services and the wholesale and retail trade sectors led growth, increasing annually by averages of 400 and 300 jobs, or 2.0 and 1.9 percent, respectively. Centene Corporation, which processes Medicare and Medicaid claims, moved to the HMA in late 2013, adding more than 300 jobs. The manufacturing sector, which declined by an average of 400 jobs, or 6.5 percent, annually, somewhat tempered nonfarm payroll growth. Several high-profile manufacturers, including Loggins Meat Company, Inc. and Carrier Global Corporation, closed their plants in the HMA during the period. Nonfarm payrolls in the HMA recovered to prerecession levels in late 2013.

2014 Through 2016

The HMA economy expanded from 2014 through 2016, a period of relatively strong job growth. Nonfarm payrolls increased by an average of 1,900 jobs, or 1.9 percent, annually. The wholesale and retail trade sector grew by an average of 300 jobs, or 1.8 percent, annually. The retail trade subsector added an average of 400 jobs, or 3.1 percent, annually, which losses in the wholesale trade subsector partially offset. The first phase of construction at The Village at Cumberland Park, one of the largest retail centers in east Texas, was completed in 2014, and more than 20 stores opened. The education and health services sector also grew steadily during the period, increasing by an average of 300 jobs, or 1.3 percent, annually, as Trinity Mother Frances Hospitals and Clinics merged with Christus Health to become the largest employer in the HMA.

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



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

2017 Through 2019

From 2017 through 2019, nonfarm payroll growth in the area slowed slightly following the relatively rapid growth in the mid-2010s. Nonfarm payrolls in the area increased by an average of 1,500 jobs, or 1.4 percent, annually. The education and health services sector continued to lead nonfarm payroll growth, increasing by an average of 400 jobs, or 1.7 percent, annually. The Christus Trinity Mother Frances Health System expanded in 2017, opening a new hospital in South Tyler. The East Texas Medical Center and the University of Texas Health Science Center at Tyler merged in 2018 to become UT Health East Texas, the second largest employer in the area. The manufacturing sector grew by 400 jobs, or 5.8 percent, annually from 2017 through 2019. Sanderson Farms, LLC, one of the largest chicken processing companies in the country, opened a new local plant in 2019, hiring more than 1,000 employees and becoming the fourth largest employer in the HMA, with 1,750 jobs.

2020

The COVID-19 pandemic had a detrimental effect on the HMA economy. Nonfarm payrolls in the area declined by 3,200 jobs, or 3.0 percent, in 2020. The leisure and hospitality sector led losses in the area, declining by 1,400 jobs, or 12.1 percent, because shelter-in-place orders reduced tourism, and the Texas Rose Festival was canceled. The education and health services sector declined by 900 jobs, or 3.7 percent. The transportation and utilities sector grew, increasing by 400 jobs, or 8.3 percent, as demand for delivery of online purchases increased. The manufacturing sector grew by 300 jobs, or 4.5 percent, as Sanderson Farms, LLC continued to hire during the pandemic.

2021 Through 2022

After the early stages of the pandemic, the local economy recovered and surpassed the prepandemic job level in late 2021 (monthly data, not seasonally adjusted). Nonfarm payrolls in the HMA grew by an average of 4,000 jobs, or 3.8 percent, annually during 2021 and 2022. The leisure and hospitality and the wholesale and retail trade sectors led growth, increasing by an average of 800 jobs each, or 7.6 and 4.3 percent, annually, respectively. The expansions were partly due to strong net in-migration during the period and the associated increase in demand for services. The professional and business services sector expanded by an average of 600 jobs, or 5.3 percent, annually. Only the information sector lost jobs during the period, declining by an average of 100 jobs, or 3.4 percent, annually.

Forecast

During the 3-year forecast period, nonfarm payrolls in the HMA are anticipated to increase by an average of 1.6 percent annually. Notable job growth is expected to continue in the education and health services, the manufacturing, the wholesale and retail trade, and the leisure and hospitality sectors. UT Health is currently expanding, including ongoing construction on a $12 million facility in the south of the city of Tyler, which is anticipated to open in late 2024. The Tyler Economic Development Council has also recently begun construction on the 412-acre Tyler Interstate Commerce Park and a county road connecting the industrial park to Interstate 20, with the intent of capitalizing on proximity to the major transportation route. The industrial park is designed to host several manufacturing firms, including YellaWood, a finished wooden goods manufacturing company, which plans to add at least 100 jobs to the HMA. Brookshire Grocery Company intends to add a new location in West Tyler, contributing to the retail trade subsector. In addition, UT Tyler is constructing a $308 million medical education building in collaboration with UT Health East Texas, expected to be complete in 2025, to accommodate the newly inaugurated school of medicine.

Population and Households

Current Population: 247,600

> Population growth in the Tyler HMA has been elevated since the onset of the COVID-19 pandemic, partly because of notably strong net in-migration.

Population Trends

The population of the HMA is estimated at 247,600, reflecting an average annual increase of 3,525, or 1.5 percent, since April 2020 (Table 3). During this period, net in-migration averaged 3,225 people a year, accounting for 91 percent of population growth. By contrast, from 2010 to 2020, the population increased by an average of 2,375, or 1.1 percent, annually, and net in-migration of 1,400 people a year accounted for 59 percent of the increase.

Population growth following the Great Recession was subdued as economic conditions remained weak. From 2010 to 2013, the population grew by an average of 1,975, or 0.9 percent, annually, including net in-migration of 925 people and net natural change of 1,050 people, respectively, annually (Figure 5). From 2013 to 2016, economic conditions in the HMA steadily improved, and population growth during the period averaged 2,700 people, or 1.2 percent, annually. Net in-migration averaged 1,600 people annually, surpassing net natural increase, which averaged

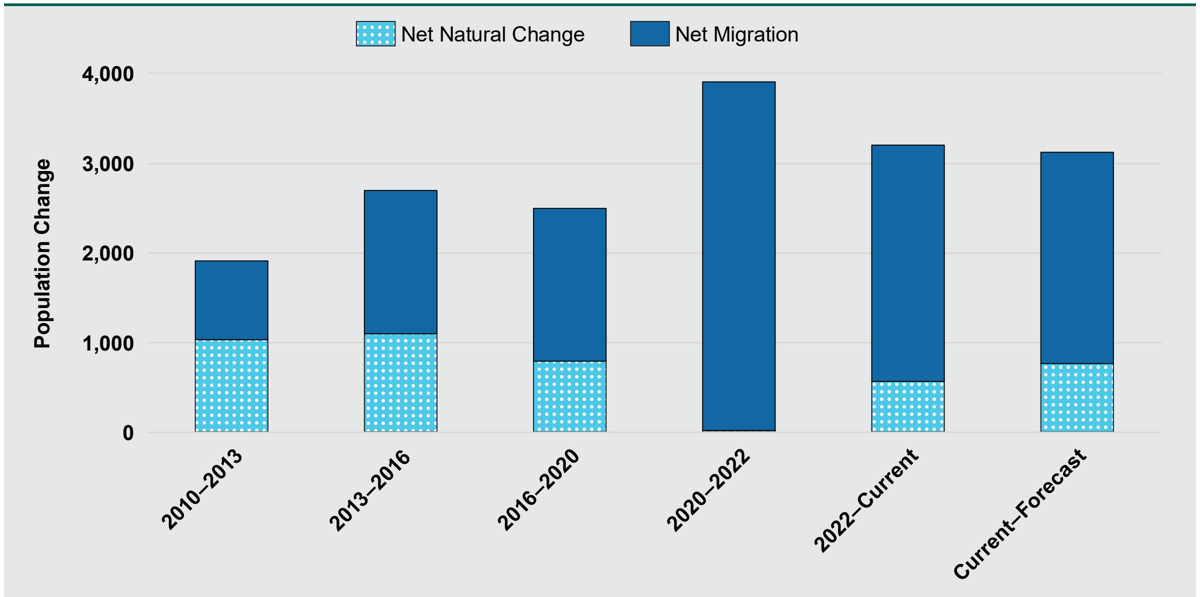
Table 3. Tyler HMA Population and Household Quick Facts

Population Quick Facts		2020	Current	Forecast
	Population	233,479	247,600	256,900
	Average Annual Change	2,375	3,525	3,125
	Percentage Change	1.1	1.5	1.2

Household Quick Facts		2020	Current	Forecast
	Households	88,567	94,250	97,900
	Average Annual Change	950	1,425	1,225
	Percentage Change	1.1	1.6	1.3

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 from the current date (April 1, 2024) to April 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 Tyler HMA, 2010 Through the Forecast



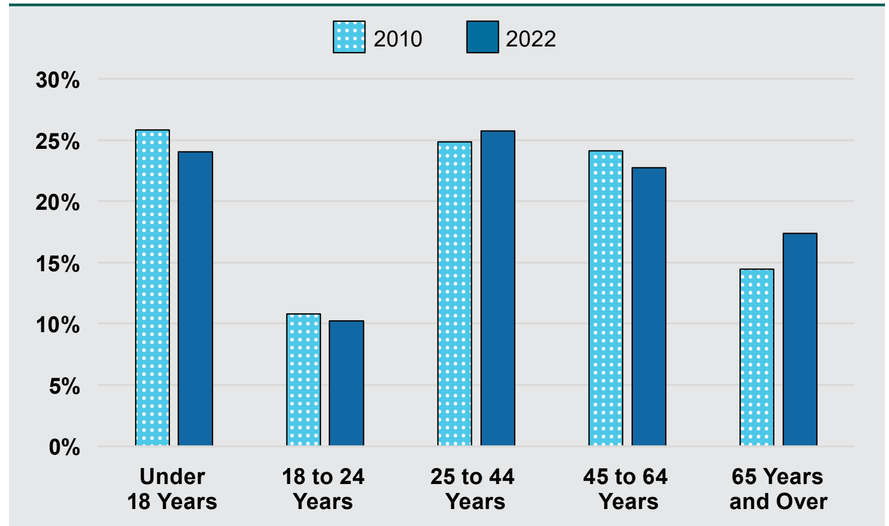
Notes: Data displayed are average annual totals. The forecast period is from the current date (April 1, 2024) to April 1, 2027.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

1,100 people annually. Net natural increase moderated from 2016 to 2020, resulting in slowing population growth, which fell to an average of 2,475 people, or 1.1 percent, annually. Although the COVID-19 pandemic had a significant negative economic impact on the HMA, it was also a period of elevated population growth and net in-migration. People moved to the area to take advantage of more affordable housing and lower interest rates, with home prices averaging approximately 30 percent less than the nearby Dallas-Plano-Irving metropolitan division. People also moved to the area for greater access to a medical care hub during the pandemic and for access to higher education as local universities expanded their programs. Population growth from 2020 to 2022 averaged 3,775 people, or 1.6 percent, annually, and net in-migration more than doubled, averaging 3,725 people a year. Net natural change fell significantly because increased deaths from the pandemic largely offset resident births. COVID-19-related deaths have declined considerably, and since 2022, net natural increase has averaged 575 people annually. However, increased interest rates and housing prices have led to reduced net in-migration, which fell to 2,625 people annually, but net in-migration remained at a level above any year before the pandemic. Accordingly, population growth has declined slightly since 2022 to an average of 3,200 people, or 1.3 percent, annually.

Age Cohort Trends

The HMA has had a significant increase in the percentage of the population aged 65 and over, supporting a high concentration of advanced medical services and the emergence of Tyler as a major east Texas medical hub. In 2022, this age cohort accounted for 17 percent of the total population compared with 14 percent in 2010, increasing at an average annual rate of 3 percent (Figure 6). Residents aged 25 to 44 have also increased from 25 to 26 percent as a share of the total population. Many young working families moved to the area to take advantage of the job opportunities and relatively affordable housing. Residents under the age of 18 have declined the most as a share of the HMA population, falling from 26 percent in 2010 to 24 percent in 2022. From 2010 to 2022, the median age in the HMA increased slightly from 35.5 to 37.3 years. By comparison, the national median age increased from 37.2 to 39.0 years.

Figure 6. Population by Age Range in the Tyler HMA



Source: 2022 American Community Survey 1-year data

Household Trends

Household growth in the HMA since 2020 has slightly outpaced the average population growth rate, partly because many multiperson households have decoupled since the pandemic. The current number of households in the HMA is estimated at 94,250, representing an average annual increase of 1,425, or 1.6 percent, since April 2020. By comparison, the number of households increased by 950, or 1.1 percent, annually from 2010 to 2020, on par with the population growth rate.

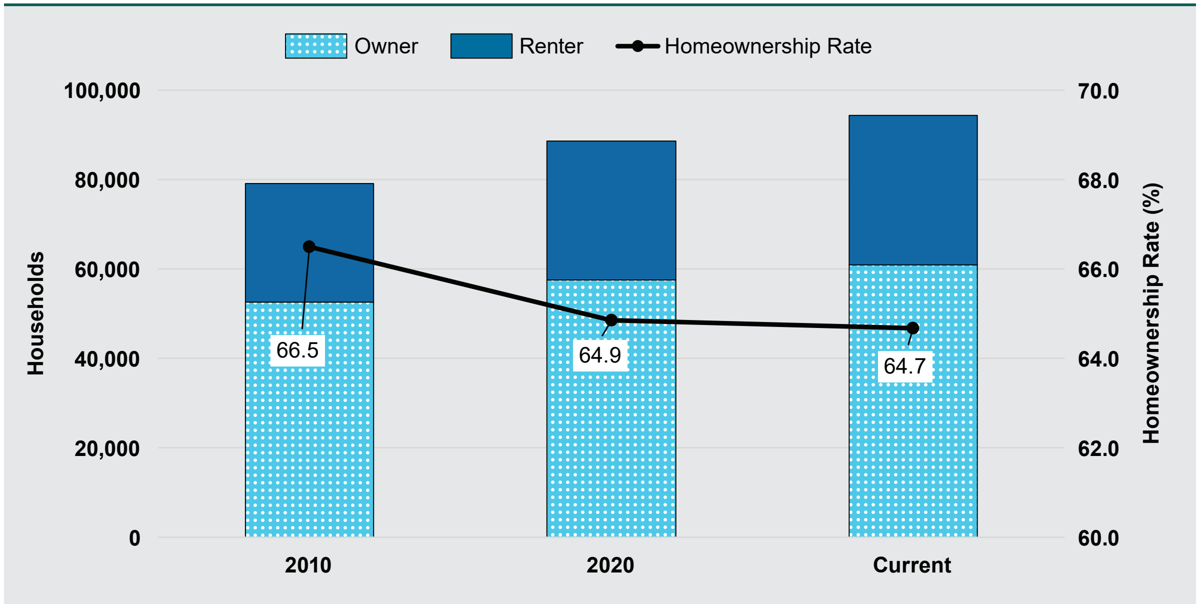
Households by Tenure

The current homeownership rate is estimated at 64.7 percent, down from 64.9 percent in 2020 and 66.5 percent in 2010 (Figure 7). The homeownership rate trended downward in the HMA during the 2010s, partly because of stricter lending practices following the housing crisis and Great Recession. Beginning in 2019, declines in the homeownership rate slowed, partly in response to strong net in-migration of people taking advantage of low interest rates. The stronger demand for sales housing resulted in elevated levels of single-family permitting. An estimated 60,950 owner households are currently in the HMA, reflecting an average increase of 1.5 percent annually since April 2020. Renter households have increased by an average of 1.7 percent annually since April 2020 to 33,300. By comparison, from 2010 to 2020, owner and renter households increased by 0.9 and 1.6 percent, respectively.

Forecast

The population of the HMA is expected to increase by an average of 3,125, or 1.2 percent, annually during the 3-year forecast period. Net in-migration is expected to slow slightly during each subsequent year of the forecast period as economic growth in the HMA moderates, but net in-migration is expected to remain above the rates of any year before 2020. The ongoing economic expansion and continued growth in university programs and healthcare facilities in the area are expected to support population growth. Household growth is expected to average 1,225, or 1.3 percent, annually, and the homeownership rate is expected to decline to 64.4 percent as high interest rates put downward pressure on sales demand.

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



Note: The current date is April 1, 2024.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Home Sales Market

Market Conditions: Balanced

Partly because of moderating net in-migration, elevated sales of housing construction, and increased interest rates, sales market conditions in the Tyler HMA have eased since 2022, from slightly tight to balanced.

Current Conditions

The home sales market in the HMA is currently balanced, with an estimated vacancy rate of 1.8 percent, up from 1.5 percent in April 2020, when conditions were slightly tight, but down from 2.1 percent in April 2010, when conditions were balanced (Table 4). The average rate for a 30-year fixed-rate mortgage fell to 2.7 percent in December 2020, the lowest rate since at least 1971 (Freddie Mac). The demand created by this decline, along with increased population growth, contributed to a decreased inventory of homes for sale immediately after the onset of the COVID-19 pandemic. The months of supply of homes for sale in the area fell from 3.1 in March 2020 to 1.3 in March 2021 and to 0.9 in March 2022 (Texas Real Estate Research Center at Texas A&M University). However, home sales demand has moderated since mortgage rates started rising significantly in 2022, and population growth slowed, resulting in increased inventory levels during the past 2 years. The average mortgage rate rose to 6.9 percent in March 2024, reducing demand. When combined with the home construction activity that exceeded prepandemic levels, the supply of homes for sale in the HMA rose to 4.2 months in March 2024 from 2.9 months a year ago.

Table 4. Home Sales Quick Facts in the Tyler HMA

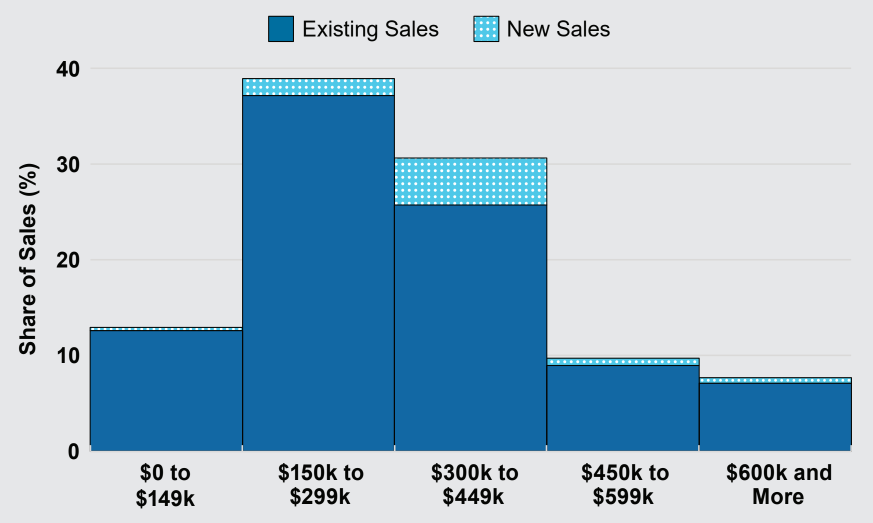
		Tyler HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.8%	NA
	Months of Inventory	4.2	2.9
	Total Home Sales	4,600	5,010,000
	1-Year Change	-15%	18%
	New Home Sales Price	$367,300	$490,100
	1-Year Change	5%	-1%
	Existing Home Sales Price	$286,600	$403,200
	1-Year Change	0%	3%
	Mortgage Delinquency Rate	0.9%	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 March 2024; and months of inventory and mortgage delinquency data are as of March 2024. The current date is April 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Texas Real Estate Research Center at Texas A&M University; mortgage delinquency rate, home sales and prices—CoreLogic, Inc., with adjustments by the analyst

Current Home Sales and Prices

During the 12 months ending March 2024, new and existing home sales in the HMA decreased by 800 homes, or 15 percent, compared with a year earlier to 4,600 (CoreLogic, Inc., with adjustments by the analyst). By comparison, home sales decreased by 1,400, or 21 percent, year over year during the 12 months ending March 2023. Total home sales reached a peak of 6,850 during the 12 months ending November 2021, the highest number for a 12-month period since at least 2000. The average home sales price increased by $2,625, or 1 percent, during the 12 months ending March 2024 to $292,800. By comparison, the average home price increased by $27,150, or 10 percent, a year earlier. Approximately 58 percent of new home sales were priced between $300,000 and $450,000 during the most recent 12 months, whereas 41 percent of existing home sales were priced between $150,000 and $300,000 (Zonda; Figure 8).

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending March 2024 in the Tyler HMA



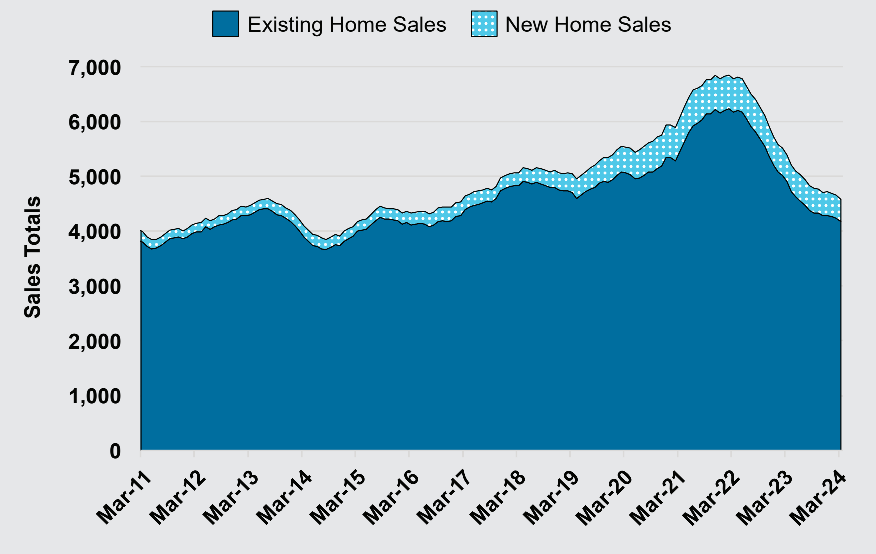
Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

New Home Sales and Prices

During the 12 months ending March 2024, 400 new homes sold in the HMA, down 15 percent from a year earlier (CoreLogic, Inc., with adjustments by the analyst). New home prices increased during the period by $18,400, or 5 percent, to $367,300. By comparison, 480 new homes were sold during the 12 months ending March 2023, down 21 percent from the previous 12 months. In the 2 years following the Great Recession, new home sales in the HMA declined sharply as demand weakened and lending practices became stricter, resulting in the homeownership rate trending downward. In 2011, new home sales declined by 65 units, or 32 percent, to reach a low of 150 (Figure 9). However, as the local economy stabilized, new home sales increased by an average of 30 units, or 17 percent, annually from 2012 through 2013 to reach 200. Growth in sales stagnated slightly during the subsequent period, and new home sales averaged 220 annually from 2014 through 2017. From 2018 through 2021, however, new home sales increased strongly in response to increased net in-migration and historically low mortgage interest rates. During the period, new home sales increased an average of 27 percent annually to 620 homes sold. As interest rates rose and net in-migration slowed, new home sales declined in 2022 by 110 units, or 17 percent, to 510.

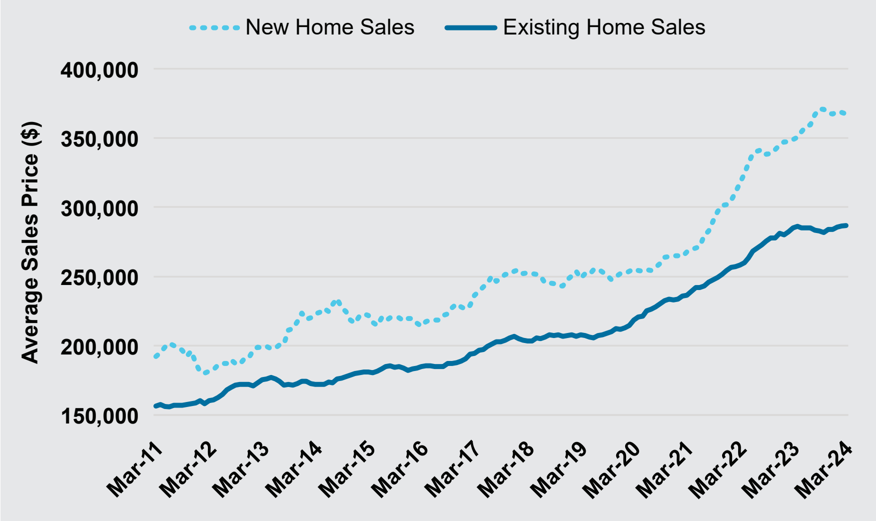
After the Great Recession, new home prices remained relatively flat from the late 2000s through 2011. As new home sales increased during the economic recovery, so did new home prices, growing from 2012 through 2013 by an average of $17,750, or 9 percent, annually to $223,300 (Figure 10). As new home sales growth moderated from 2014 through 2017, price growth likewise slowed. During the period, the average price for new homes increased by $12,300, or 5 percent, annually to $253,500. As sales increased strongly at the close of the decade, prices increased from 2018 through 2021 at an average annual rate of 4 percent to $301,900. Partly because of sales market conditions that were slightly tight, new home prices in the area during 2022 strongly increased by $43,000, or 14 percent, to $344,900.

Figure 9. 12-Month Sales Totals by Type in the Tyler HMA



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

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



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

Existing Home Sales and Prices

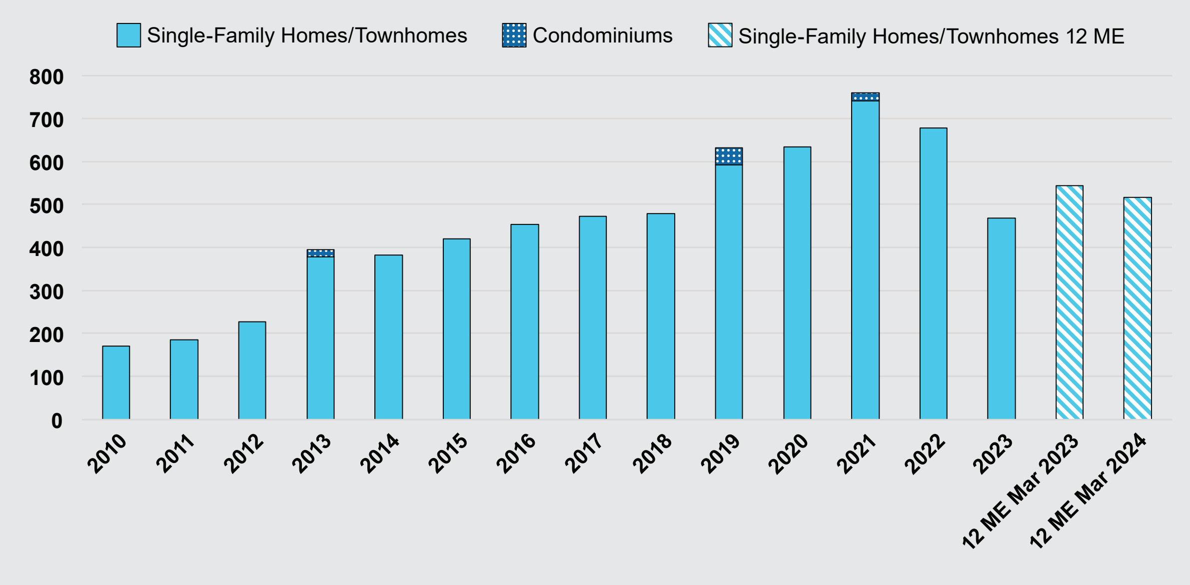
Existing home sales in the HMA fell by 730, or 15 percent, during the 12 months ending March 2024 to 4,175, and the average price grew by $1,350, or less than 1 percent, to $286,600. By comparison, existing home sales during the 12 months ending March 2023 fell by 1,275, or 21 percent. Although new home sales were weak during the early 2010s, existing home sales grew by an average of 160, or 4 percent, from 2011 through 2012 to 4,225, and distressed sales increased to 12 percent of total existing sales. However, as distressed sales in the area declined, existing home sales stagnated, averaging 4,100 homes sold from 2013 through 2016. The distressed share of sales fell to 7 percent of all existing sales in 2016. From 2017 through 2019, as the local economy improved, existing home sales increased by an average of 250, or 6 percent, annually to 4,925. Low interest rates and increasing net in-migration, spurred in part by the availability of remote work during the COVID-19 pandemic, prompted existing home sales to increase further during 2020 and 2021 by an average of 610, or 12 percent, annually to reach an all-time peak of 6,150. As interest rates rose, home sales fell sharply, declining by 960, or 16 percent, in 2022.

In the early 2010s, existing home prices rose steadily as sales increased, rising by an average of $6,225, or 4 percent, annually from 2011 through 2014 to $180,100. As the local economy continued to improve, price growth accelerated to an average of $9,000, or 5 percent, annually from 2015 through 2017 to $207,100, but annual price growth slowed to an average of 1 percent, or $2,400, during 2018 and 2019. Existing home price growth was very strong during the COVID-19 pandemic, with existing home prices increasing by an average of $21,300, or 10 percent, annually during 2020 and 2021 to $254,500. Despite the decline of existing sales in 2022, the strong price growth continued, with prices rising by $26,350, or 10 percent, to $280,900 because the for-sale inventory was limited.

Sales Construction

Home sales construction activity—as measured by the number of sales units permitted (see building permits) including single-family homes, townhomes, and condominiums—increased steadily from very low levels in the early 2010s, when the area was still recovering from the Great Recession. From 2011 through 2012, permitting averaged 190 units annually before increasing to 400 units in 2013 (Figure 11). Following this recovery, permitting was relatively stable from 2014 through 2016, averaging 420 units annually. As

Figure 11. Annual Sales Permitting Activity in the Tyler 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

the economy improved, annual permitting levels rose from 2017 through 2018, and home sales increased to an average of 480 units annually. Net in-migration to the HMA surged from 2019 through 2022, and builders responded by increasing new home construction. An average of 680 units were permitted from 2019 through 2022. When increasing mortgage interest rates contributed to easing sales market conditions, builders responded by reducing construction activity. In 2023, permitting fell 31 percent to 470 homes. During the 12 months ending March 2024, 520 homes were permitted, down 11 percent from 12 months earlier. That decline followed a 28-percent decrease during the 12 months ending March 2023 (preliminary data and estimates by the analyst).

New Construction Activity

Recent new home construction in the HMA has generally been concentrated south of the city of Tyler, close to the cities of Flint and Bullard, although several new homes are being constructed in Lindale, northwest of Tyler. Local companies, rather than national builders, more often construct subdivisions in the HMA. Hunt Custom Homes, headquartered in the city of Tyler, is one local builder. Meadows East, a 135-lot community in Bullard, is among their new home projects currently under construction. The community includes three- and four-bedroom homes, ranging from 1,850 to 2,025 square feet, with prices starting between $379,900 and $399,900. Another of their projects under construction is Cherokee Ridge, a 101-unit community of three- and four-bedroom homes in Bullard. Homes range in size from 1,725 to 2,150 square feet, and prices start between $299,900 and $429,900. Oak Creek in Flint is a third project under construction by Hunt Custom Homes. The Oak Creek community includes 41 homes, with three-, four-, and five-bedroom units ranging from 2,500 to 3,200 square feet. Prices start at $564,900.

Forecast

Demand is expected for 3,450 new homes in the HMA during the 3-year forecast period (Table 5). The 180 homes currently under construction will meet a portion of that demand during the first year. Demand is expected to remain concentrated south of the city of Tyler.

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

Sales Units	
Demand	3,450 Units
Under Construction	180 Units

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

Rental Market

Market Conditions: Slightly Soft

Elevated levels of rental construction activity and declining net in-migration have contributed to rising apartment vacancy rates since 2022.

Current Conditions and Recent Trends

The overall rental market in the Tyler HMA, which includes single-family homes, townhomes, apartments, and mobile homes for rent, is currently slightly soft. The estimated vacancy rate is 9.0 percent, down from 10.1 percent in April 2020 and 10.6 percent in April 2010, when the market was soft (Table 6). Elevated levels of population growth and strong local economic growth led to declining vacancy rates during the early stages of the COVID-19 pandemic. The number of renter households in the HMA has increased 1.7 percent a year since April 2020, representing an acceleration from the 1.6-percent average annual increase from 2010 to 2020. An estimated 47 percent of occupied rental units in the HMA are single-family homes, many of which had shifted from previous owner-occupied units to rental properties (2022 American Community Survey 1-year data). Buildings with five or more units, which includes most apartments, account for 31 percent of the occupied rental units.

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

		2020 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	10.1	9.0
		2010 (%)	**2022 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	41	47
	Multifamily (2–4 Units)	14	15
	Multifamily (5+ Units)	35	31
	Other (Including Mobile Homes)	11	6
		1Q 2024	**YoY Change**
Apartment Market Quick Facts	**Apartment Vacancy Rate**	10.2	2.9
	Average Rent	$1,144	0%
	Studio	$779	-2%
	One-Bedroom	$991	0%
	Two-Bedroom	$1,208	0%
	Three-Bedroom	$1,521	-1%

1Q = first quarter. YoY = year-over-year.
Notes: The current date is April 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—2021 and 2022 American Community Survey 1-year data; apartment data—Moody's Analytics REIS

The apartment market is currently slightly soft, with a vacancy rate of 10.2 percent as of the first quarter of 2024 (CoStar Group). That rate is an increase from a year earlier, when the apartment market was balanced and had a 7.3-percent vacancy rate. Vacancy rates rose during the past year because several new apartment complexes were completed and began leasing up, contributing more than 450 new units to the apartment supply. Absorption of apartment units totaled only 90 units in the most recent 12 months, up from 10 units a year earlier but well below the 220 units during the 12 months ending March 2022. The average apartment rent fell slightly as of the first quarter of 2024, declining by $4, or less than 1 percent, to $1,144. The average rents for studios, one-, two-, and three-bedroom units in the HMA were $779, $991, $1,208, and $1,521, respectively, as of the first quarter of 2024.

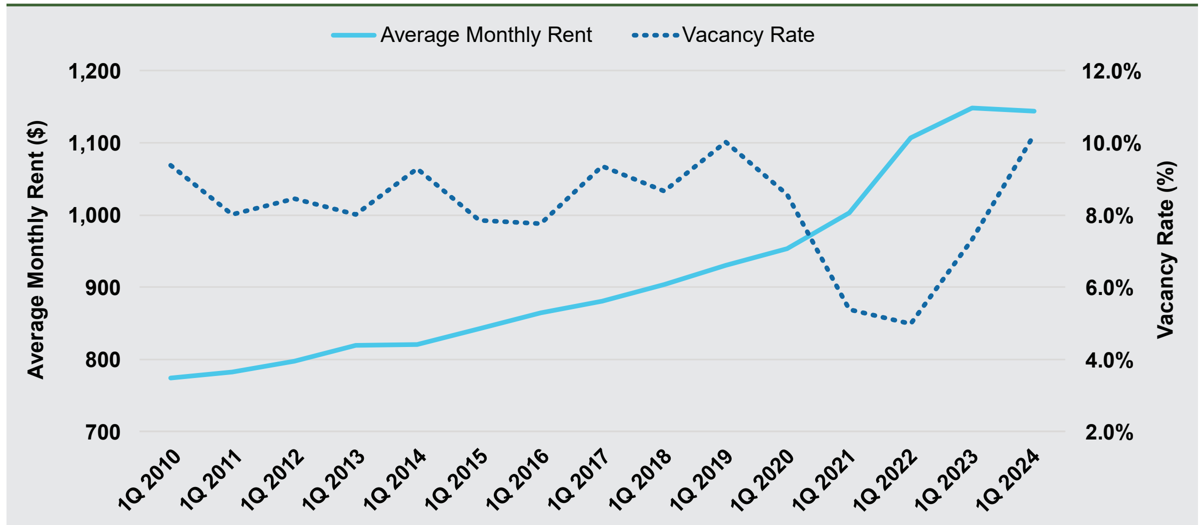
Apartment Vacancy and Rent Trends

Apartment market conditions in the HMA fluctuated between balanced and slightly soft from 2010 to 2019. The apartment vacancy rate ranged from a low of 7.8 percent in the first quarter of 2016 to a high of 10.0 percent in the first quarter of 2019 (Figure 12). The apartment market tightened significantly beginning in 2020, and vacancy rates declined each subsequent year to a low of 5.0 percent as of the first quarter of 2022, when the market was tight. Average rents in the HMA increased steadily from 2010 to 2014, rising by an average of $12, or more than 1 percent, annually to $821. As the local economy recovered, the average rent rose slightly faster from 2014 to 2017 by an average of $20, or 2 percent, annually to $881. Average rent growth continued to accelerate slightly from 2017 to 2020 by an average of $24, or 3 percent, annually to $953. From 2020 to 2022, when net in-migration surged and apartment vacancy rates declined, rents in the HMA strongly increased by $77, or 8 percent, annually to $1,107.

Rental Construction

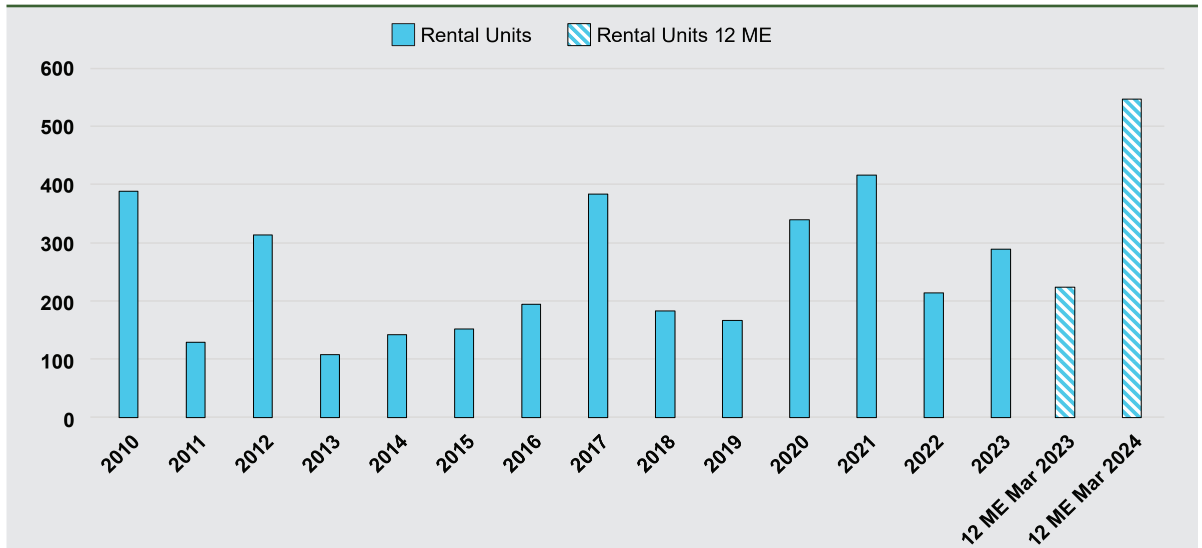
Rental construction, as measured by the number of rental units permitted, has fluctuated considerably since 2010. From 2010 through 2012, rental permitting averaged 280 units annually in the HMA despite weak rental demand following the Great Recession (Figure 13). As both the local economy and the sales market recovered, rental demand remained weak, and permitting declined in subsequent years, averaging only 150 units annually from 2013 through 2016. Permitting increased to 380 units in 2017, including 234 units at the Auberge of Tyler development, which entered the market in 2019 and contributed to a rise in the apartment vacancy rate. Rental permitting slowed again to an average of 170 units annually from 2018

Figure 12. Apartment Rents and Vacancy Rates in the Tyler HMA



1Q = first quarter.
Source: CoStar Group

Figure 13. Annual Rental Permitting Activity in the Tyler 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

through 2019. As net in-migration accelerated and the apartment market tightened, rental permitting rose by an average of 120 units, or 58 percent, annually from 2020 through 2021 to a peak of 420 units. Multifamily permitting moderated from 2022 through 2023, averaging 250 units annually. Despite rising vacancy rates, rental permitting in the HMA increased to 550 units during the 12 months ending March 2024, up from 220 during the previous year (preliminary data and estimates by the analyst). Wayfare–Cumberland Park, a 272-unit project consisting of quadplexes that began lease up in south Tyler, is one project nearing completion. The community includes one- and two-bedroom units, with rents ranging between $1,355 and $1,709. Wayfare–Cumberland Park is anticipated to be complete by mid-2024.

Forecast

During the 3-year forecast period, demand in the HMA is estimated for 930 additional rental units (Table 7). Demand is expected to trend downward slightly during each year of the forecast period because of waning net in-migration levels. The 840 units currently under construction are expected to satisfy virtually all the rental demand during the first 2 years of the forecast period.

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

	Rental Units
Demand	930 Units
Under Construction	840 Units

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

Terminology Definitions and Notes

A. Definitions

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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Forecast Period	4/1/2024–4/1/2027—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Net Natural Change	Resident births minus resident deaths.
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.
Resales	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.

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.
3.	The census tracts referenced in this report are from the 2020 Census.

C. Additional Notes

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

D. Photo/Map Credits

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