

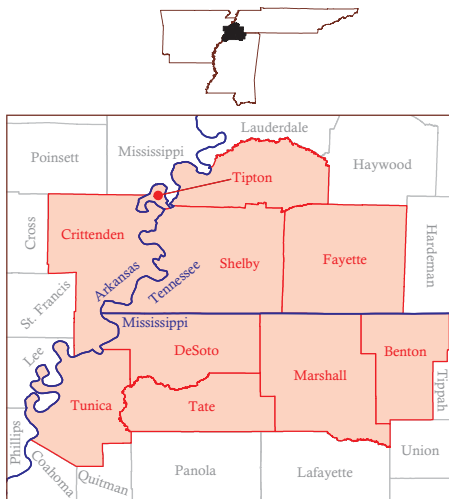


Memphis, Tennessee-Mississippi-Arkansas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2016



Housing Market Area



The Memphis Housing Market Area (HMA) includes nine counties in three states and is coterminous with the Memphis, TN-MS-AR Metropolitan Statistical Area (MSA). The principal county of Shelby, including the city of Memphis, is located in western Tennessee. For purposes of this analysis, the HMA is divided into two submarkets: the Shelby County submarket and the Suburban Counties submarket, which includes the remaining eight counties of the HMA—two in Tennessee, five in Mississippi, and one in Arkansas.

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Summary

Economy

Economic conditions in the Memphis HMA have been improving since 2011, following 3 years of contraction in the late 2000s. During the 12 months ending September 2016, total nonfarm payroll jobs expanded 1.3 percent, or by 8,100 jobs, to reach 632,100—still below the prerecession peak of 642,000 during 2007. Employment in the service-providing sectors has increased from 85 percent of total nonfarm payrolls during 2000 to 89 percent currently. During the past 12 months, the unemployment rate in the HMA was 5.4 percent, down from 6.7 percent a year earlier. During the next 3 years, nonfarm payrolls are expected to grow an average of 1.4 percent, or by 8,600 jobs, annually.

Sales Market

The sales housing market in the HMA currently is slightly soft, with an estimated 1.8-percent vacancy rate, down from 2.6 percent in April 2010.

Home sales totaled 23,550 during the 12 months ending September 2016, an increase of nearly 2 percent from the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst). During the 3-year forecast period, demand is estimated for 7,250 new homes (Table 1). The 1,130 homes currently under construction in the HMA and a portion of the 31,800 other vacant units that may reenter the market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are currently soft, with an estimated overall rental vacancy rate of 8.2 percent, down from 14.1 percent in 2010. The apartment market is slightly soft with a vacancy rate of 6.5 percent during the third quarter of 2016, down from 6.8 percent a year earlier. During the forecast period, demand is estimated for 5,460 market-rate rental units; the 970 units currently under construction will satisfy some of this demand (Table 1).

Table 1. Housing Demand in the Memphis HMA During the Forecast Period

	Memphis HMA		Shelby County Submarket		Suburban Counties Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	7,250	5,460	3,075	4,650	4,175	810
Under construction	1,130	970	460	900	670	70

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2016. A portion of the estimated 31,800 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is October 1, 2016, to October 1, 2019.

Source: Estimates by analyst

Economic Conditions

The economy in the Memphis HMA has been recovering since 2011, registering an average nonfarm payroll growth of 1.1 percent, or 6,900 jobs annually. This rate of growth is slower than in the state of Tennessee and the nation, where payrolls have increased 2.2 and 1.8 percent, respectively, since 2011. Because of the slower rate of recovery in the HMA, nonfarm payroll jobs remain 1.5 percent below the prerecession peak of 642,000 jobs during 2007. By contrast, nonfarm payroll jobs in Tennessee and the nation surpassed prerecession peaks during 2014. During the 12 months ending September 2016, nonfarm payrolls in the HMA increased by 8,100 jobs, or 1.3 percent,

to reach 632,100 jobs, following growth of 10,400 jobs, or 1.7 percent, during the previous 12-month period. The leading growth sectors during the past 12 months in the HMA were the wholesale and retail trade, transportation and utilities, and education and health services sectors, which expanded by 3,200, 2,100, and 1,900 jobs, respectively. These sectors were also some of the fastest growing in the HMA, registering gains of 3.2, 3.1, and 2.1 percent (Table 2).

The unemployment rate in the Memphis HMA dropped to 5.4 percent during the 12 months ending September 2016 (Table DP-1 at the end of this report) from 6.7 percent a year earlier and is lower than the recent peak of 10.0 percent during 2009. By contrast, the unemployment rates for Tennessee and the nation during the 12 months ending September 2016 were 4.7 and 4.9 percent, respectively, down from 5.9 and 5.4 percent a year earlier. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2015.

From 2001 through 2002, the economy in the Memphis HMA lost an average of 5,800 jobs, or 0.9 percent, annually and most nonfarm payroll sectors contracted, including the manufacturing and the transportation and utilities sectors, which declined by averages of 4,300 and 2,600 jobs, or 7.0 and 3.8 percent, annually, respectively. This contraction was a result of the 2001 national economic recession. The economy in the HMA increased by 3,100 jobs during 2003 and remained unchanged at 617,500 jobs during 2004. A 3-year period of growth followed, from 2005 through 2007, when nonfarm payrolls grew by an average of 8,200 jobs, or 1.3 percent

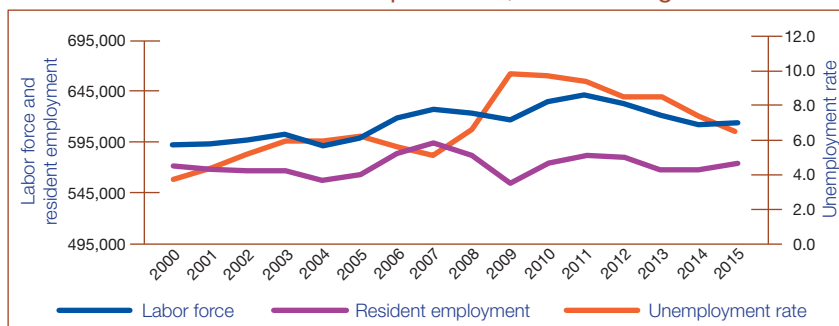
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Memphis HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	September 2015	September 2016		
Total nonfarm payroll jobs	624,000	632,100	8,100	1.3
Goods-producing sectors	66,700	67,500	800	1.2
Mining, logging, & construction	21,500	21,900	400	1.9
Manufacturing	45,200	45,600	400	0.9
Service-providing sectors	557,300	564,600	7,300	1.3
Wholesale & retail trade	100,300	103,500	3,200	3.2
Transportation & utilities	67,300	69,400	2,100	3.1
Information	5,900	5,700	-200	-3.4
Financial activities	27,400	27,600	200	0.7
Professional & business services	96,800	97,500	700	0.7
Education & health services	89,300	91,200	1,900	2.1
Leisure & hospitality	64,800	64,700	-100	-0.2
Other services	24,200	24,800	600	2.5
Government	81,400	80,100	-1,300	-1.6

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through September 2015 and September 2016.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Memphis HMA, 2000 Through 2015



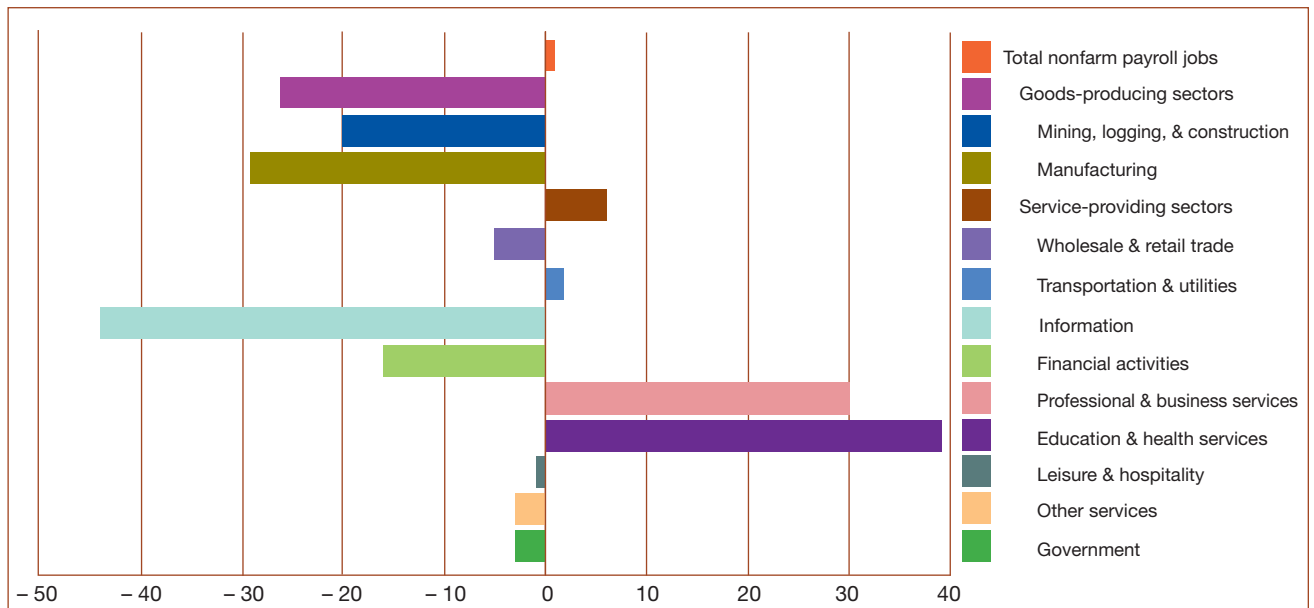
Source: U.S. Bureau of Labor Statistics

annually. This expansion was led by average increases of 3,400 jobs, or 4.4 percent, annually in the professional and business services sector and 2,000 jobs, or 2.7 percent, annually in the education and health services sector. The economy began to contract during 2008, shortly after the national economy entered the Great Recession in late 2007. While nonfarm payrolls for the nation as a whole fell 2.5 percent annually during the succeeding 3 years, the decline in the HMA was steeper, with payrolls contracting an average of 2.7 percent, or by 16,600 jobs a year. Only two sectors, the education and health services and the government sectors, increased during the 3-year period from 2008 through 2010 in the HMA. Jobs rose by an average of 900, or 1.1 percent annually, in the education and health services sector and by 100, or 0.1 percent annually, in the government sector. All other nonfarm payroll sectors declined. Particularly impacted was the wholesale and retail trade sector, which contracted by an average of 4,300 jobs, or 4.1 percent annually.

Also dropping were the manufacturing and the leisure and hospitality sectors, which declined by an average of 2,600 jobs annually in each, or 5.3 and 3.7 percent, respectively. Primarily because of job losses during the period from 2008 through 2010, and succeeding contractions in the government sector starting in 2011, the role of government sector jobs in the HMA has declined. Figure 2 shows nonfarm payroll growth by sector in the HMA from 2000 to the current date.

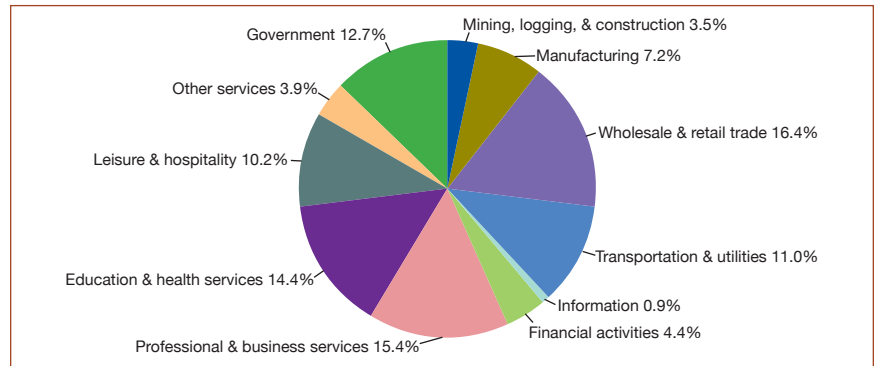
The wholesale and retail trade sector has consistently been the largest nonfarm payroll sector in the HMA, representing 17.5 percent of total nonfarm payrolls during 2001 and 16.4 percent during both 2010 and the 12 months ending September 2016 (Figure 3). Although the government sector was the second largest nonfarm payroll sector during 2001 and 2010, contributing 13.5 and 14.5 percent of payrolls during those years, respectively, it has contracted since 2011. Currently, the government sector includes 12.7 percent of jobs in the Memphis HMA,

Figure 2. Sector Growth in the Memphis HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through September 2016.

Source: U.S. Bureau of Labor Statistics

Figure 3. Current Nonfarm Payroll Jobs in the Memphis HMA, by Sector

Note: Based on 12-month averages through September 2016.

Source: U.S. Bureau of Labor Statistics

the fourth largest payroll sector, because of declines in all three sub-sectors, with the local government subsector accounting for 70 percent of the overall decline. The recent recession led to declining revenues for governments, especially for state and local governments, which rely heavily on sales and property taxes, and contributed to job losses in this sector. The professional and business services sector has increased since 2010 to become the second largest payroll sector in the HMA, although increases in this sector, which averaged 3,500 jobs annually, or 4.1 percent, from 2010 through 2015 have recently slowed.

Since emerging from the recent economic downturn in 2011, the Memphis HMA has been led by the professional and business services, education and health services, and transportation and utilities sectors. These three sectors combined to account for more than 9 of every 10 nonfarm jobs created since 2011. During the winter of 2015, LEDIC Realty Company, which manages more than 40,000 rental units nationwide, announced plans to consolidate its headquarters operations in East Memphis and added approximately 100 new staff in the process. The HMA includes several hospital and healthcare systems,

including Methodist Healthcare, Baptist Memorial Health Care Corporation, and the St. Jude Children's Research Hospital, all of which have completed recent expansions. In the summer of 2013, Methodist Healthcare opened a 100-bed hospital in Olive Branch, Mississippi, which opened with approximately 240 employees and has since grown to nearly 500. The University of Tennessee Health Science Center (UTHSC), with its main campus in the city of Memphis, contributes \$2.7 billion to the Tennessee economy annually (<http://www.uthsc.edu/about/index.php>). UTHSC, whose employees are in the government sector, is undertaking a \$300 million renovation of its main campus, which includes six medical schools.

The transportation and warehousing industry, within the transportation and utilities sector, imparts significant economic activity in the Memphis HMA. The HMA has the highest concentration of transportation and warehousing employment among all MSAs in the nation, at more than 12 percent compared with the national rate of less than 4 percent during 2015 (Bureau of Labor Statistics, Quarterly Census of Employment and Wages). The Memphis International Airport processed the second highest level

of cargo in the world during 2015, behind only Hong Kong International Airport (Airports Council International). Complementing logistics linkages at the airport, significant amounts of cargo are warehoused in the Memphis HMA and shipped via truck. The largest employer in the HMA is the Federal Express Corporation (FedEx), which employs approximately 30,000 people (Table 3). Williams-Sonoma, Inc., has filled approximately 900 new distribution center jobs, announced in the fall of 2014, more than doubling the staff at its Olive Branch, Mississippi location. Also in 2014, United Parcel Service, Inc., or UPS, began a \$70 million expansion of its distribution facility in the HMA, adding 140,000 square feet and leading to an increase of approximately 350 positions to the staff of 1,300 already at the facility. In October 2014, FedEx SupplyChain Systems, Inc., received incentives to invest \$6.8 million in its facility in the city of Memphis and create nearly 90 additional jobs.

Development is occurring in and around the downtown core of the city of Memphis. Approximately 0.5 mile east of downtown Memphis, the Medical District neighborhood is the site of several healthcare system expansions. In fall 2016, Methodist

Healthcare broke ground on a \$280 million expansion to its Methodist University Hospital, which is expected to be complete in 2019. Less than 1 mile north of downtown Memphis, St. Jude Children's Research Hospital began work on a 6-year development and renovation for its campus in the city of Memphis, which, when complete in 2022, is expected to add more than 1,000 staff. The Downtown Memphis Commission is tracking a large variety of downtown development projects, including the medical expansions referenced. In total, in excess of \$4 billion in projects—including commercial, office, and residential development—are estimated to be recently completed, under way, or with immediate construction plans (Downtown Memphis Commission). Among these developments is the recently announced consolidation of ServiceMaster Global Holdings, Inc., bringing an additional 1,200 workers to downtown Memphis and spurring demand for services and housing. The renovation of the Peabody Place mixed-use structure and ServiceMaster's move there is expected to be complete in late 2017.

During the next 3 years, nonfarm payroll jobs in the Memphis HMA are expected to increase by an average of 1.4 percent, or by 8,600 jobs annually. In Crittenden County, Arkansas, Baptist Memorial Health Care Corporation broke ground on a new \$25 million facility in the fall of 2016, which is expected to open in 2018. In the transportation and warehousing industry, FedEx announced it would hire more than 2,500 seasonal employees for the 2016 holiday season, with the expectation that some will be converted to permanent hires. Despite recent slow growth rates,

Table 3. Major Employers in the Memphis HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Federal Express Corporation	Transportation & utilities	30,000
Methodist Healthcare	Education & health services	10,000
Baptist Memorial Health Care Corporation	Education & health services	8,000
Naval Support Activity Mid-South	Government	6,500
Wal-Mart Stores, Inc.	Wholesale & retail trade	6,500
Park Place Entertainment	Leisure & hospitality	4,050
University of Tennessee, Memphis	Government	4,000
Kroger Delta Marketing	Wholesale & retail trade	3,500
St. Jude Children's Research Hospital	Education & health services	3,000
University of Memphis	Government	2,800

Notes: Excludes local school districts. Data include military personnel, who are generally not included in nonfarm payroll survey data.

Source: Memphis Regional Chamber

several manufacturing initiatives are under way that will lead to increased jobs. W.M. Barr and Co., Inc., which manufactures paint removers and solvents, is planning a \$12 million expansion of its facilities on Presidents Island, in the city of Memphis, which will add 40 jobs, bringing total

employment at the facility to 219. In the fall of 2016, ABB, a company that manufactures equipment for power generation and transmission, opened a new facility in Senatobia, Mississippi, will hire approximately 200 people through 2019, and could add another 100 thereafter.

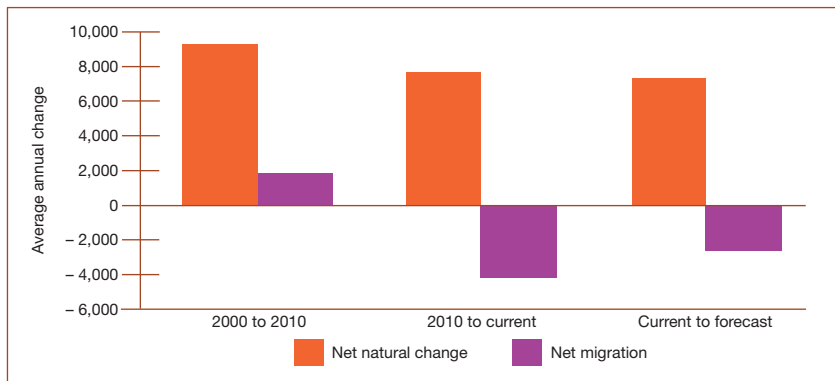
Population and Households

The population of the Memphis HMA is estimated at 1.35 million as of October 1, 2016, with an average annual increase of 3,575, or 0.3 percent, since April 2010. All of the population growth since 2010 has been the result of net natural change

(resident births minus resident deaths) because net in-migration into the HMA has not occurred since 2006. Population growth since 2010 has been evenly distributed between the Shelby County and Suburban Counties submarkets, with current population estimates of 939,400 and 409,000, average annual increases of 1,800 and 1,825, or 0.2 and 0.5 percent, respectively. The population distribution among submarkets has remained constant since 2010. Net out-migration from the Shelby County submarket, which averaged 6,350 annually from 2012 to 2015, is estimated to have slowed to 4,700 annually from 2015 to the current date. In the Suburban Counties submarket, net in-migration averaged 240 people annually from 2012 to 2015 and is estimated to have increased to 900 annually since then. Figure 4 shows the components of population change and Figure 5 shows population and household growth patterns from 2000 to the forecast date for the HMA.

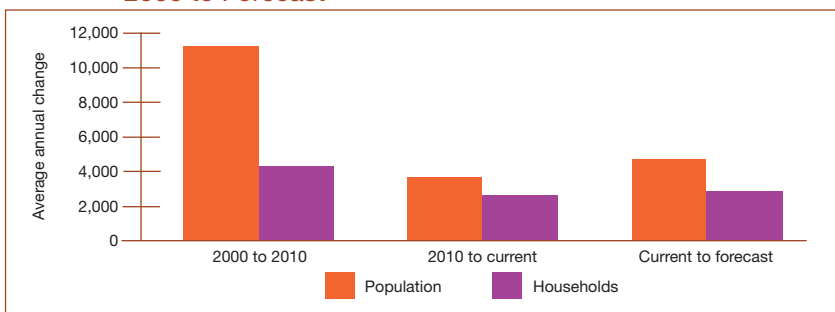
Population growth in the HMA averaged 11,150 people, or 0.9 percent, annually during the previous decade, and the Suburban Counties submarket contributed nearly three-fourths of the growth. The Suburban Counties

Figure 4. Components of Population Change in the Memphis HMA, 2000 to Forecast



Notes: The current date is October 1, 2016. The forecast date is October 1, 2019.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Memphis HMA, 2000 to Forecast



Notes: The current date is October 1, 2016. The forecast date is October 1, 2019.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

submarket grew from 26 percent of the HMA population in 2000 to 30 percent in 2010. From 2000 to 2007, when the economy had more periods of expansion than contraction, population in the HMA increased by an average of 12,300, or 1.0 percent a year. Nearly 37 percent of the population growth from 2000 to 2007 was because of net in-migration, which averaged 3,300 people annually. The Shelby County submarket contributed nearly 27 percent of the increase during this period because net natural increase offset net out-migration each year. By contrast, the Suburban Counties submarket, which added nearly 9,050 people annually from 2000 to 2007, had an average net in-migration of 6,775 a year. Between 25 and 50 percent of net in-migration to the Suburban Counties submarket at this time is estimated to come from residents in the Shelby County submarket, primarily from the city of Memphis as people moved to the suburbs. Out-migration from the city of Memphis is largely attributed to the desire for larger homes and yards, cheaper housing, and perceptions of crime and school quality in the city.

Population growth in the HMA fell to an average of 7,650 people, or 0.6 percent, annually from 2007 to 2012 when the economy began to show signs of weakness in 2007 and began to contract in 2008. The migration pattern reversed during this period to net out-migration of 1,600 people a year compared with net in-migration of 3,300 people annually from 2000 to 2007. Although net in-migration to the Suburban Counties submarket continued from 2007 to 2012, it declined by more than three-fourths to an average of 1,650 people annually. Net out-migration was generally

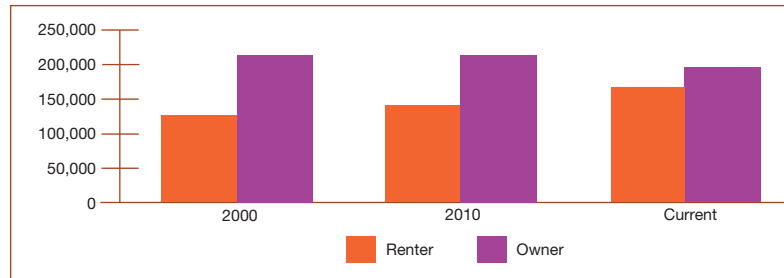
higher earlier during this time and declined when the economy started to recover.

The number of households in the Memphis HMA has increased by 2,475, or 0.5 percent, annually since 2010 and is estimated at 510,700 as of October 1, 2016. This growth is slower than the growth recorded from 2000 to 2010, when households expanded by an average of 4,325 a year, or 0.9 percent. The slowdown in household growth is similar to the decline in population change and reflects slower household formations. From about 2008 through 2012, the effects of the recent economic downturn, and the recovery since 2010, impeded household growth. As the economy improved, more people were able to leave roommate or family housing situations, and household formations have increased as a result. From 2000 to 2010, households increased by 1,250 annually, or 0.4 percent, in the Shelby County submarket; in the Suburban Counties submarket, household growth was 3,050, or 2.4 percent. Because of the effects of the recent recession—particularly impacts on the mortgage lending market—net household growth in the HMA since 2010 has consisted entirely of renter households. This trend is true for the Shelby County submarket; in the Suburban Counties submarket, owner households increased slightly from their 2010 total. Figures 6 and 7 show the number of households by tenure for each submarket.

Because of modest economic growth during the next 3 years, population growth in the HMA is expected to remain at the same rate recorded since 2010, approximately 0.3 percent, or 4,675 people annually. Net natural change will account for all population

Population and Households *Continued*

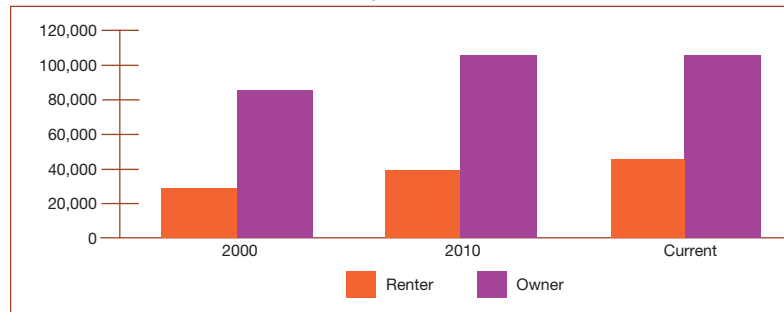
Figure 6. Number of Households by Tenure in the Shelby County Submarket, 2000 to Current



Note: The current date is October 1, 2016.

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

Figure 7. Number of Households by Tenure in the Suburban Counties Submarket, 2000 to Current



Note: The current date is October 1, 2016.

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

growth in the HMA because net out-migration is estimated to average 2,800 people annually from continued net out-migration from the Shelby County submarket. Population is expected to increase in the Shelby County submarket by an average of 1,900, or 0.2 percent, annually. In the Suburban Counties submarket, population growth is expected to average 2,525 people, or 0.6 percent annually, which is slightly above the 0.5-percent rate from 2010 to the current date. The number of households in the HMA is expected to increase by 2,775, a 0.5-percent rate and the same as recorded from 2010 to the current date. Households will increase by 1,475, or 0.4 percent, in the Shelby County submarket and by 1,300, or 0.9 percent, in the Suburban Counties submarket. The numbers of households as of October 1, 2019, are 364,700 in the Shelby County submarket and 154,300 in the Suburban Counties submarket, to total 519,000 in the Memphis HMA.

Housing Market Trends

Sales Market—Shelby County Submarket

Sales housing market conditions in the Shelby County submarket are currently slightly soft, with an estimated vacancy rate of 1.7 percent, down from 2.8 percent in April 2010 (Table DP-2 at the end of this report). Relatively low single-family home construction since 2007, and the shift of single-family homes into the rental housing market, have enabled the absorption of excess inventory and brought the vacancy rate to near-balanced conditions. During September 2016, approximately 3,000 homes were for

sale in the submarket, nearly 10 percent less than a year earlier and down 47 percent from the 5,675 homes for sale during September 2010 (Yahoo!-Zillow Real Estate Network). Local real estate officials indicate a lack of inventory is holding sales counts down. Tighter lending standards and the continuing, though abating, impacts of the recent economic downturn led to a decline in the homeownership rate in the submarket, currently estimated at 54.0 percent, from 60.4 percent in April 2010.

Housing Market Trends

Sales Market—Shelby County Submarket *Continued*

During the 12 months ending September 2016, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 16,650, more than 4 percent above the count a year earlier (CoreLogic, Inc., with adjustments by the analyst).

Despite the recent increase, current home sales are nearly 30 percent below the figures recorded during the early 2000s. New and existing home sales averaged 23,450 annually from 2001 through 2006 and dropped to 20,000 sales during 2007 at early signs of the slowing economy. From 2007 through 2011, home sales fell more than 7 percent annually, to a low of 12,500 during 2011. Although the economic recovery began in 2011, the job losses during the previous 4 years were so severe that home sales did not rebound right away. In addition, restrictions on homebuying, in the form of more stringent lending and higher downpayment requirements, continued beyond the recessionary period. As the economy in the Memphis HMA improved, new and existing home sales increased more than 6 percent annually from 2011 through 2015 to 16,050 homes sold. New home sales, which peaked at 4,175 sales during 2004, fell to an average of 730 homes sold annually during 2011 and 2012 and remained at that level, registering 720 sales during the 12 months ending September 2016.

During the 12 months ending September 2016, new and existing home sales prices reached a high of \$161,700, nearly 5 percent above the average of \$154,700 during the previous year and 3 percent above the previous high of \$157,200 during 2006. Sales prices in the Shelby County submarket are generally higher in eastern suburban communities, including Germantown,

Collierville, and Lakeland (Memphis Area Association of Realtors®). These communities provide rapid access to job centers in and around the city of Memphis. Home sales prices for new and existing homes in the submarket averaged \$156,100 during the 3-year period from 2004 through 2007, declined to \$131,300 during 2008, and reached a recent low, averaging \$125,200 during the 3-year period from 2008 through 2011, through the recessionary span and the first year of recovery. Since averaging \$124,700 in 2011, sales prices have gained nearly 6 percent annually, to the current 12-month average of \$161,700. New home sales prices in the Shelby County submarket, which recorded a previous peak of \$270,300 during 2007, fell to a recent low of \$209,300 in 2011 and averaged \$295,000 during the 12 months ending September 2016, nearly 6 percent above the average price a year earlier. Existing home sales prices, which averaged \$155,500 during the 12 months ending September 2016, are 4 percent higher than the average a year earlier and approximately 9 percent above the prerecession peak of \$142,300 in 2005. Existing home sales prices are negatively impacted by the sale of distressed homes, defined as real estate owned (REO) and short sales.

Seriously delinquent loans (those 90 or more days delinquent or in foreclosure) and distressed home sales have a negative impact on existing home sales prices, and distressed sales remain elevated in the Shelby County submarket. In September 2016, 4.7 percent of mortgage loans in the submarket were seriously delinquent or had transitioned into REO status, down from 5.8 percent a year earlier (CoreLogic, Inc.). By comparison, the

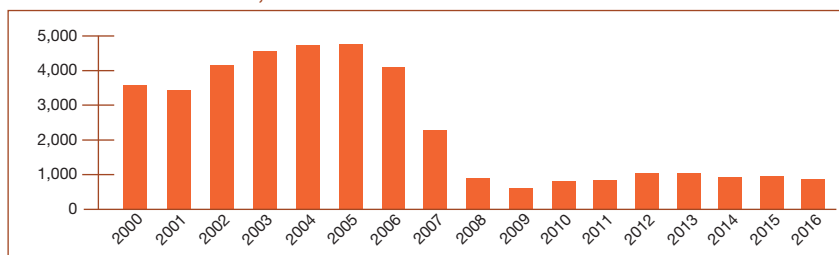
rate of seriously delinquent loans and REO properties in the state of Tennessee was 2.7 percent, down from 3.5 percent a year earlier, and the national rate was 2.6 percent, down from 3.4 percent. The percentage of distressed sales as a portion of all existing sales in the submarket began to increase during 2002, during the economic downturn of 2001 and 2002. The rate remained below 15 percent through 2006 before increasing sharply and peaking at 44 percent of all existing home sales in the submarket during 2009. The effect of distressed sales on existing home sales prices is significant. During 2009, when the ratio of distressed sales peaked, the average price for a distressed home sale was \$76,900, and the average price for a nondistressed sale was \$148,900. Distressed home sales lowered the average existing home sales price to \$118,100, nearly 21 percent below the average sales price for nondistressed homes. The rate of distressed home sales in the Shelby County submarket began to decline during 2012 but remains elevated, averaging 19 percent during the 12 months ending September 2016, down from 22 percent during the previous 12 months. By comparison, the national rate of distressed sales as a percentage of all sales peaked at 36 percent during 2009. The national rate of distressed sales to all existing home sales was 8 percent during the 12 months ending

September 2016, down from 11 percent a year earlier. Commensurate with the decline in distressed sales, the impact on prices has also declined. During the 12 months ending September 2016, the average sales price for a nondistressed existing home sale was \$171,100, while the average sales price for all existing homes was \$155,500—a difference of more than 9 percent.

Condominium development and sales in the HMA are concentrated within the Shelby County submarket, which accounted for more than 90 percent of the HMA condominium sales since 2005 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). During the 12 months ending June 2016, condominium sales totaled 780, nearly 3 percent more than the 760 condominium sales registered the previous year. Of the 780 condominium sales in the submarket during the 12 months ending June 2016, 660, or 85 percent, were in the city of Memphis. The average sales price of a condominium was \$143,800, an increase of 6 percent from the previous year. The average condominium sales price peaked in 2007 at \$166,100, immediately before the effects of the national recession impacted the HMA economy.

Single-family homebuilding, as measured by the number of homes permitted, expanded nearly 14 percent in the Shelby County submarket during the 12 months ending September 2016, to 1,075 homes (preliminary data). Single-family permitting averaged 3,725 homes annually from 2000 through 2002 and increased to average 4,700 annually from 2002 through 2005 (Figure 8). The number of single-family homes permitted declined to 4,075 during 2006 and to 2,275 during 2007, before dropping to 880 homes permitted during 2008, when

Figure 8. Single-Family Homes Permitted in the Shelby County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through September 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market—Shelby County Submarket *Continued*

the home sales market in the submarket began to exhibit considerable weakness. During 2009, at the low point of the economic downturn, only 610 single-family homes were permitted, rising to 800 homes permitted during 2010. Despite the improving economy and new home sales prices that have recovered to prerecession highs, home builders in the Memphis HMA have been cautious with new single-family home construction, and the number of homes permitted in the Shelby County submarket averaged 970 annually from 2010 through 2015.

An estimated 460 single-family homes are currently under construction in the submarket. New housing development is more prevalent in eastern

suburbs like Bartlett, Collierville, and Germantown. In Collierville, the Rolling Meadows subdivision includes 79 homes in the current phase, 65 of which are sold. Lots are already defined for a new phase. Single-family homes range in price from \$357,900 to \$448,900 for homes with 3,000 to 4,400 square feet. In Cotton Plant Grove, in eastern Memphis, 5 of 14 home sites have sold and single-family homes from 2,200 to 2,700 square feet are priced from \$243,900 to \$282,900.

During the next 3 years, demand is forecast for 3,075 new homes in the submarket (Table 1). The estimated 460 homes currently under construction and a portion of the 24,400 other vacant units in the submarket that may come back on the market will satisfy some of the demand. Demand is expected to be stronger during the second and third years of the 3-year forecast period, as the home sales market continues to recover. Demand is expected to be greatest for homes priced from \$300,000 to \$399,999. Table 4 shows the estimated demand for new market-rate sales housing in the submarket by price range.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Shelby County Submarket During the Forecast Period

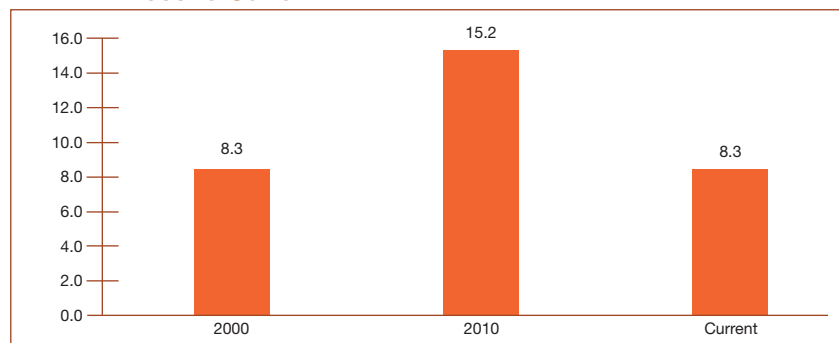
Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	460	15.0
200,000	299,999	620	20.0
300,000	399,999	920	30.0
400,000	499,999	620	20.0
500,000	and higher	460	15.0

Notes: The 460 homes currently under construction and a portion of the estimated 24,400 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is October 1, 2016, to October 1, 2019.

Source: Estimates by analyst

Rental Market—Shelby County Submarket

Figure 9. Rental Vacancy Rates in the Shelby County Submarket, 2000 to Current



Note: The current date is October 1, 2016.

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

The rental housing market in the Shelby County submarket is currently soft with an estimated vacancy rate of 8.3 percent, down from 15.2 percent in April 2010 (Figure 9). Despite the current soft conditions, the rental market has improved considerably since 2010, because of a shift to renter tenure among households and population growth starting in 2010. Because of these changes, approximately 9,800 existing vacant and constructed rental units have been absorbed since 2010.

Housing Market Trends

Rental Market—Shelby County Submarket *Continued*

Rental households currently account for approximately 46.0 percent of all households in the submarket, up from 39.6 percent in April 2010. Single-family rental units currently comprise an estimated 39 percent of the rental stock compared with 24 percent in 2000, as investors purchased distressed single-family homes to rent following the effects of the national recession. The impact of single-family home foreclosures and resulting stronger rental demand has prompted additional single-family conversions into rental units, which offer alternative rental options to the standard apartment market.

The apartment market in the submarket is slightly soft as of the third quarter of 2016, with a vacancy rate of 6.6 percent, up from 6.5 percent during the third quarter of 2015 (Axiometrics, Inc.). Apartment market conditions in Axiometrics, Inc.-defined market areas (hereafter, areas) within the submarket ranged from slightly tight to soft. Apartment markets are most tight in the Downtown/Midtown area in the city of Memphis and in the eastern suburban areas of Shelby County/Other and Poplar Pike/Germantown/Cordova, where vacancy rates during the third quarter of 2016 were 4.5, 3.7, and 5.1 percent, respectively. Each of these vacancy rates is a decrease from a year earlier. During the third quarter of 2015, the rates were 5.5, 5.1, and 5.9 percent in the Downtown/Midtown, Shelby County/Other, and Poplar Pike/Germantown/Cordova areas, respectively, despite approximately 600 new units entering these markets during the past year. Softer apartment markets include areas east of downtown Memphis in the East Memphis/University and the Southeast Shelby County/Ridgeway

areas, where the current vacancy rate is 9.5 percent in each. A year earlier, the rates were 8.1 percent in the East Memphis/University area and 9.5 percent in the Southeast Shelby County/Ridgeway area. Contributing to soft market conditions in these areas were the openings in late 2015 of Centennial Place—a \$53 million University of Memphis campus addition that houses 780 students—and in the spring of 2014 of the second phase of Gather on Southern student rentals. Gather on Southern includes 64 units in its second phase, bringing the total to 136 units that can house 435 students from the University of Memphis and other institutions. In 2015, the University of Memphis had approximately 20,600 students, with approximately 2,200 housed on campus. Students not living on campus at all institutions in the Shelby County submarket are estimated to represent fewer than 5 percent of all renter households.

The average apartment rent in the Shelby County submarket was \$853 during the third quarter of 2016, approximately 1 percent above the average \$841 a year earlier. The highest rents in the submarket were in the same areas with the lowest vacancy rates: the Downtown/Midtown, Shelby County/Other, and Poplar Pike/Germantown/Cordova areas, where the asking rents during the third quarter of 2016 averaged \$1,106, \$1,023, and \$941, which were 8 percent above the rent a year earlier in the Downtown/Midtown area and 7 percent higher than the previous year in the other two areas.

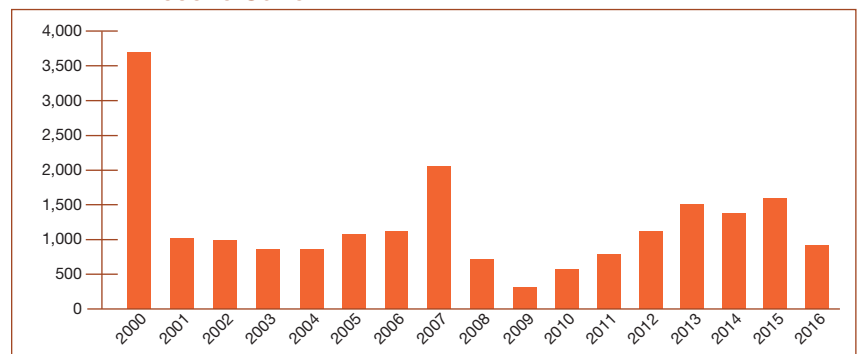
During the 12 months ending September 2016, an estimated 1,175 multifamily units were permitted in

the Shelby County submarket, a decline of 22 percent from the number permitted a year earlier (preliminary data). Multifamily permitting rose at a rapid 38-percent annual rate from 570 units permitted during 2010 to 1,500 units permitted in 2013; permitting then declined slightly in 2014, to 1,375 units (Figure 10). Since 2010, an estimated 79 percent of multifamily units permitted in the submarket have been in the city of Memphis and 21 percent have been in suburban communities, primarily Collierville and Germantown. During the previous decade, after a large number of apartments were permitted during 2000, multifamily permitting averaged 980 units annually from 2001 through 2006. Another spike occurred during 2007 when the number of multifamily units permitted rose to 2,025 and then fell during 2008 to 710 units permitted. After 290 units were permitted in 2009, when the economy in the Memphis HMA was at its weakest, multifamily permitting increased starting in 2010, in response to a shift in tenure preference to renting. Currently, an estimated 900 new apartments are under construction in the Shelby County submarket, including approximately 550 in and around downtown Memphis.

Immediately south of downtown Memphis, The Chisca On Main is a two-phase apartment property that consists of renovating two historic structures. The first phase, with 32 apartments, opened in the fall of 2015 and is currently fully occupied. The 129-unit second phase opened in early 2016 and is near full occupancy. Remaining available units include studio apartments with asking rents from \$900 to \$1,175. Fieldstone Apartments, in eastern Memphis, between the suburban communities of Germantown and Collierville, is leasing its sixth phase, bringing the total units on site to more than 800 since it began in 1998. Rents at Phase VI range from \$869 to \$1,079 for one-bedroom units, from \$1,069 to \$1,434 for two-bedroom units, and from \$1,419 to \$1,644 for three-bedroom units.

During the 3-year forecast period, demand is expected for 4,650 new market-rate rental units. The 900 units currently under construction will meet some of that demand (Table 1). Demand will remain steady throughout the forecast period in the submarket. Table 5 shows the estimated demand for new market-rate rental units in the submarket by rent and number of bedrooms.

Figure 10. Multifamily Units Permitted in the Shelby County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through September 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Housing Market Trends

Rental Market—Shelby County Submarket *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Shelby County Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
600 to 799	45	800 to 999	380	1,000 to 1,199	610	1,200 to 1,399	490
800 to 999	45	1,000 to 1,199	380	1,200 to 1,399	610	1,400 to 1,599	490
1,000 or more	45	1,200 or more	390	1,400 or more	630	1,600 or more	510
Total	140	Total	1,150	Total	1,850	Total	1,475

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 900 units currently under construction will likely satisfy some of the estimated demand. The forecast period is October 1, 2016, to October 1, 2019.

Source: Estimates by analyst

Sales Market—Suburban Counties Submarket

The sales housing market in the Suburban Counties submarket is currently soft, with an estimated vacancy rate of 2.0 percent, down from 2.3 percent in April 2010 (Table DP-3 at the end of this report). During September 2016, the unsold inventory in the submarket was 1,800 homes, nearly 12 percent fewer than a year earlier and 18 percent fewer than the number recorded in September 2010 (Yahoo!-Zillow Real Estate Network). Despite the economic recovery, the sales market has not fully recovered in the Suburban Counties submarket because of slower population growth than during the previous decade. The homeownership rate in the submarket is currently estimated at 70.1 percent, down from 73.2 percent in April 2010.

During the 12 months ending September 2016, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 6,900, nearly 5 percent fewer than the total a year earlier (CoreLogic, Inc., with adjustments by the analyst). Home sales peaked during 2005 when 12,550 homes sold, with 11,400 and 11,300 sales in 2004 and 2006, respectively. Home sales then fell, declining an average of nearly 16 percent annually, to the recent low of 4,800 sales in 2011. From the low

count in 2011, sales rose for 3 years, through 2014, with the largest increase in 2013, when 7,175 sales represented a 30-percent gain from 2012. During 2012 and 2013, net immigration increased in the Suburban Counties submarket to the highest level recorded since 2008. The sales count remained stable at 7,175 homes sold in 2014. New home sales in the submarket peaked at 2,575 during 2006 and fell for the next 5 years, to 450 during 2011. After a slight increase in new home sales in 2013 and 2014, they dropped again, and the current level of 500 new home sales is nearly 37 percent below new home sales recorded during the previous year. Existing home sales peaked in the Suburban Counties submarket during 2005, when 10,100 sales were recorded. Sales declined 13 percent annually to a low of 4,350 during 2011. Existing home sales have increased each year since 2011 and totaled 6,400 during the 12 months ending September 2016, slightly below the 6,425 existing homes sold during the previous 12 months.

During the 12 months ending September 2016, new and existing home sales prices averaged \$168,300, approximately 1 percent below the average of \$170,700 during the previous

year and nearly 11 percent below the previous high of \$188,400 during 2007. Sales prices in the Suburban Counties submarket are generally highest in DeSoto County, Mississippi, and Fayette County, Tennessee (Memphis Area Association of Realtors®; Northwest Mississippi Association of Realtors®) because of quicker commuting access to the city of Memphis and northern Mississippi job centers. After the peak in 2007, new and existing home sales prices in the Suburban Counties submarket declined nearly 8 percent annually to the recent low of \$148,400 in 2010, the last year of the economic recession in the Memphis HMA. Since 2010, sales prices have recovered gradually, increasing 2 percent annually to the current average sales price of \$168,300. New home sales prices in the submarket, which peaked at \$242,700 during 2007, declined to the recent low value of \$198,500 during 2011, a peak-to-trough decline of 5 percent annually. Since the low in 2011, new home sales prices have recovered somewhat but have not yet reached the 2007 peak, averaging \$242,300 during the past 12 months, approximately 10 percent above the average price a year earlier. Local real estate sources attribute current new home sales price increases to relatively more higher-priced, custom-built homes. New home sales prices in the Suburban Counties submarket trail prices in the Shelby County submarket because of increasing sales in the Shelby County submarket's higher-priced suburbs and new, also higher-priced construction in the city of Memphis. In addition, land costs and more stringent code requirements add to the cost of developing new homes in the Shelby County submarket. Existing home sales prices in the Suburban Counties submarket,

which averaged \$162,400 during the 12 months ending September 2016, are 2 percent below the average a year earlier and approximately 6 percent below the prerecession peak of \$172,900 in 2007. Existing home sales prices were negatively impacted by the sale of distressed homes, although the impact is not as significant as in the Shelby County submarket.

In September 2016, 4.3 percent of mortgage loans in the Suburban Counties submarket were seriously delinquent or had transitioned into REO status, down from 5.6 percent a year earlier (CoreLogic, Inc.). The rate of seriously delinquent loans and REO properties is slightly below the rate in the Shelby County submarket because of slightly higher median incomes in the Suburban Counties submarket. The percentage of distressed sales as a proportion of all existing sales in the submarket remained below 10 percent through 2007 before increasing sharply and peaking at 33 percent in late 2010. The effect of distressed sales on existing home sales prices is less significant in the Suburban Counties submarket than in the Shelby County submarket. During 2010, when the ratio of distressed sales peaked, the average price for a distressed home sale in the Suburban Counties submarket was \$131,200, and the average price for a nondistressed sale was \$147,100. Distressed home sales lowered the average existing home sales price nearly 3 percent below the average sales price for nondistressed homes. The rate of distressed home sales in the submarket declined starting in 2012 and averaged 16 percent during the 12 months ending September 2016, down from 18 percent a year earlier. Commensurate with the decline in distressed sales, the impact

on prices has also declined. During the 12 months ending September 2016, the average sales price for a nondistressed existing home was \$166,000, while the average sales price for all existing homes was \$162,400, a difference of only 2 percent. The impact on all existing home sales prices has declined more rapidly in the Suburban Counties submarket than in the Shelby County submarket. Local officials attribute the decline to the lower overall number of distressed homes in the Suburban Counties submarket, as well as the lower ratio of distressed home sales to all existing home sales, and they indicate that distressed homes in the Suburban Counties submarket are often in better repair than in the Shelby County submarket. From 2010, when 43 percent of the occupied rental stock was in single-family homes, single-family rentals increased to 50 percent in 2015 (2010 and 2015 American Community Survey 1-year data); homes are being absorbed into the market fairly rapidly, putting less downward pressure on home sales prices.

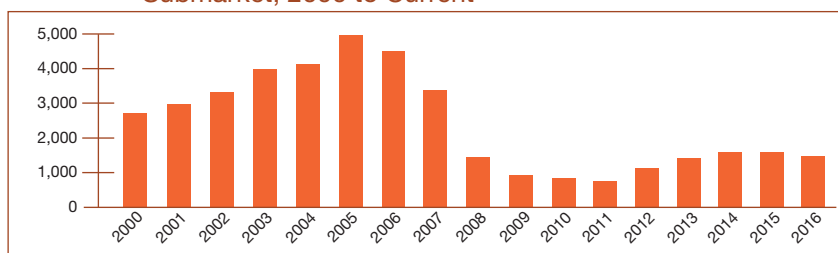
Single-family homebuilding, as measured by the number of homes permitted, expanded nearly 15 percent in the Suburban Counties submarket during the 12 months ending September 2016, to 1,825 homes—the highest annual level since 2007 (preliminary data). During 2000, 2,725 single-family

homes were permitted, and permitting increased 13 percent annually to reach 4,950 during 2005, the most recent peak (Figure 11). Permitting then declined to 4,525 homes during 2006 and 3,400 in 2007, before falling dramatically to 1,450 homes during 2008, a decline of 57 percent. After 960 homes were permitted during 2009, 820 homes were permitted each year, on average, during 2010 and 2011. Since 2011, the number of single-family homes permitted has increased an average of 19 percent annually.

An estimated 670 single-family homes are currently under construction in the submarket. New housing development is more prevalent in DeSoto County, which is the largest county in the Suburban Counties submarket. The DeSoto County communities of Horn Lake, Olive Branch, and Southaven, which are near significant employment opportunities in transportation and warehousing associated with Memphis International Airport, are growing. During the 12 months ending September 2016, 40 percent of single-family homes permitted in the submarket were in these three Mississippi communities, the same concentration of homebuilding as reported during the previous 12-month period. In Olive Branch, Mississippi, Chappel Creek Estates includes single-family homes on 49 lots, with 8 sold and under construction. Home prices range from \$251,900 to \$279,900, and home sizes range from 2,250 to 2,700 square feet with three to five bedrooms.

During the next 3 years, demand is forecast for 4,175 new homes in the submarket (Table 1). The estimated 670 homes currently under construction and a portion of the 7,400 other vacant units in the submarket that

Figure 11. Single-Family Homes Permitted in the Suburban Counties Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through September 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Housing Market Trends

Sales Market—Suburban Counties Submarket *Continued*

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Suburban Counties Submarket During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	830	20.0
200,000	299,999	1,250	30.0
300,000	399,999	830	20.0
400,000	499,999	830	20.0
500,000	and higher	420	10.0

Notes: The 670 homes currently under construction and a portion of the estimated 7,400 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is October 1, 2016, to October 1, 2019.

Source: Estimates by analyst

may come back on the market will satisfy some of the demand. Demand is expected to be stronger during the second and third years of the 3-year forecast period, as the home sales market continues to recover. Demand is expected to be greatest for homes priced from \$200,000 to \$299,999. Table 6 shows the estimated demand for new market-rate sales housing in the submarket by price range.

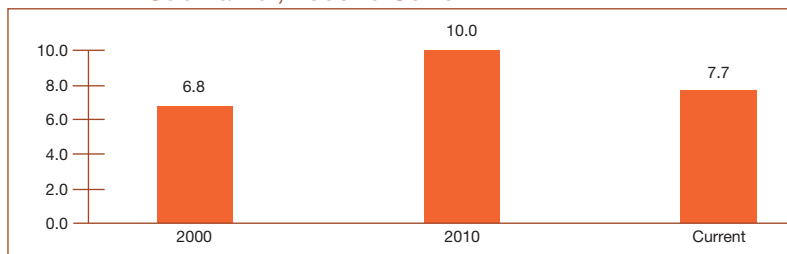
Rental Market—Suburban Counties Submarket

The rental housing market in the Suburban Counties submarket is currently soft, with an estimated vacancy rate of 7.7 percent, down from 10.0 percent in 2010 (Figure 12). Since 2010, the rental market has improved because modest population growth outpaced minimal multifamily production and a shift in preference from homeownership to renting. These factors have helped the rental market absorb approximately 530 vacant and constructed rental units since 2010; many of these absorbed units are likely single-family homes that have entered the rental market as a result of dislocations in the owner market. In the generally suburban and rural Suburban Counties submarket, large apartment properties are less common and single-family rentals comprise an estimated 50 percent of

the rental stock currently compared with 43 percent in 2010. An additional 15 percent of rental units in the submarket are in structures with two, three, and four units. Rental households currently account for approximately 29.9 percent of all households in the submarket, up from 26.8 percent in April 2010.

The apartment market in the Suburban Counties submarket ranges from soft to tight, with an estimated vacancy rate for the submarket as a whole of 5.0 percent during the third quarter of 2016, down from 7.1 percent a year earlier (Axiometrics, Inc.). The apartment market is estimated to be tight, with a vacancy rate of 2.7 percent, in the Axiometrics, Inc.-defined Crittenden County (Arkansas) area, down from 5.5 percent a year ago, but soft in the Tunica County (Mississippi) area with an 8.4 percent vacancy rate, down from 11.3 percent. The average apartment rent in the Suburban Counties submarket was approximately \$793, approximately 2 percent higher than the average of \$774 a year ago. Asking rents among the Axiometrics, Inc.-defined areas ranged from \$655 in the Tunica County area to \$908 in the DeSoto County (Mississippi) area. DeSoto County is the most populous

Figure 12. Rental Vacancy Rates in the Suburban Counties Submarket, 2000 to Current



Note: The current date is October 1, 2016.

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

Housing Market Trends

Rental Market—Suburban Counties Submarket *Continued*

of the eight counties in the Suburban Counties submarket, and the vacancy rate in the DeSoto County area was 3.8 percent in the third quarter of 2016, down from 4.5 percent a year earlier.

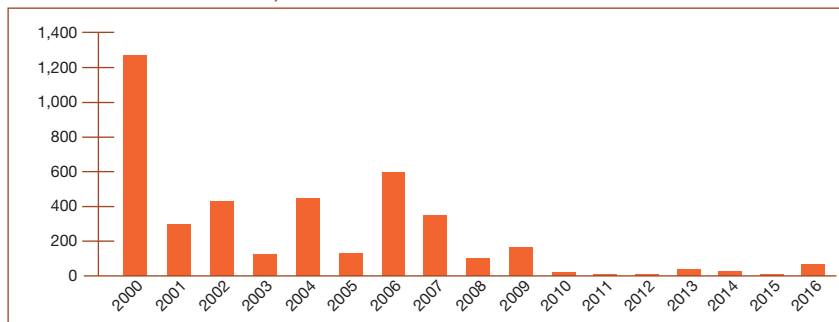
Multifamily construction activity, as measured by the number of units permitted, has been minimal in the Suburban Counties submarket since 2010 (Figure 13), averaging 35 units permitted annually from 2010 through the current date. Of the 240 total permitted since 2010, approximately 100 were in two-, three-, and four-unit structures. Of the 140 units permitted in larger structures, 56 are in a Low Income Housing Tax Credit property called Turnrow in Somerville, Tennessee, and the remaining 84 are in two

senior apartment properties. During the previous decade, multifamily permitting fluctuated year by year but was generally higher from 2000 through 2007, averaging 460 units permitted annually, with nearly 60 percent of those units permitted in DeSoto County. Multifamily construction activity declined starting in 2008, when economic conditions weakened in the nation and the Memphis HMA, and the number of multifamily units permitted averaged 100 annually from 2007 through 2010.

Turnrow is the only large property currently under construction in the Suburban Counties submarket. Scheduled to open in December 2016, two- and three-bedroom, income-restricted apartments are listed with rents from \$490 to \$590. The second phase of Villas of West Memphis opened in the summer of 2015 with 50 one- and two-bedroom independent living senior units. Currently, one-bedroom units with rents of \$525 and two-bedroom units with rents of \$625 are listed, with only two-bedroom units available.

During the next 3 years, demand is expected for 810 new market-rate rental units (Table 1). The 70 units currently under construction will meet some of the forecast demand. Rental demand is likely to slow during the second and third years as the home sales market continues to recover and the tenure preference returns to homeownership. Demand is expected to be greatest for two- and three-bedroom units, with rents starting at \$900 and \$1,100, respectively (Table 7).

Figure 13. Multifamily Units Permitted in the Suburban Counties Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through September 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Suburban Counties Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700 to 899	65	900 to 1,099	110	1,100 to 1,299	95
900 to 1,099	65	1,100 to 1,299	110	1,300 to 1,499	95
1,100 or more	70	1,300 or more	110	1,500 or more	95
Total	200	Total	320	Total	280

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 70 units currently under construction will likely satisfy some of the estimated demand. The forecast period is October 1, 2016, to October 1, 2019.

Source: Estimates by analyst

Data Profiles

Table DP-1. Memphis HMA, Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	570,610	573,982	587,300	0.1	0.4
Unemployment rate	3.7%	9.7%	5.4%		
Nonfarm payroll jobs	625,900	592,300	632,100	-0.6	1.1
Total population	1,213,230	1,324,829	1,348,000	0.9	0.3
Total households	451,472	494,602	510,700	0.9	0.5
Owner households	298,333	317,128	300,200	0.6	-0.8
Percent owner	66.1%	64.1%	58.8%		
Renter households	153,139	177,474	210,500	1.5	2.7
Percent renter	33.9%	35.9%	41.2%		
Total housing units	484,301	555,082	566,900	1.4	0.3
Owner vacancy rate	1.8%	2.6%	1.8%		
Rental vacancy rate	8.0%	14.1%	8.2%		
Median Family Income	NA	NA	\$58,000	NA	NA

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2016. Median Family Income is for 2015. The current date is October 1, 2019.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Shelby County Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	897,472	927,644	939,400	0.3	0.2
Total households	338,366	350,971	360,300	0.4	0.4
Owner households	213,360	212,016	194,700	-0.1	-1.3
Percent owner	63.1%	60.4%	54.0%		
Rental households	125,006	138,955	165,600	1.1	2.7
Percent renter	36.9%	39.6%	46.0%		
Total housing units	362,954	398,274	403,100	0.9	0.2
Owner vacancy rate	1.9%	2.8%	1.7%		
Rental vacancy rate	8.3%	15.2%	8.3%		

Notes: Numbers may not add to totals because of rounding. The current date is October 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Suburban Counties Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	315,758	397,185	409,000	2.3	0.5
Total households	113,106	143,631	150,400	2.4	0.7
Owner households	84,973	105,112	105,500	2.1	0.1
Percent owner	75.1%	73.2%	70.1%		
Rental households	28,133	38,519	44,900	3.2	2.4
Percent renter	24.9%	26.8%	29.9%		
Total housing units	121,347	156,808	163,700	2.6	0.7
Owner vacancy rate	1.8%	2.3%	2.0%		
Rental vacancy rate	6.8%	10.0%	7.7%		

Notes: Numbers may not add to totals because of rounding. The current date is October 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 10/1/2016—Analyst’s estimates
 Forecast period: 10/1/2016–10/1/2019—
 Analyst’s estimates

The metropolitan statistical area definition 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.

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.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

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.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_MemphisTN_MS_AR_17.pdf.

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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.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.