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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410
OCT 17 1967

Analysis of the **TYLER, TEXAS HOUSING MARKET**

as of February 1, 1967

A Report by the
**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411**

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AS OF FEBRUARY 1, 1967

Field Market Analysis Service
Federal Housing Administration
Department of Housing and Urban Development

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section.

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ANALYSIS OF THE
TYLER, TEXAS, HOUSING MARKET
AS OF FEBRUARY 1, 1967

Summary and Conclusions

1. The Tyler, Texas, Housing Market Area (HMA), coextensive with the Tyler Standard Metropolitan Statistical Area, is Smith County, Texas. About 36,000 persons were employed in the area in 1966, including 2,050 agricultural workers, 28,050 nonagricultural wage and salary employees, and almost 5,900 other nonagricultural workers. The most rapid period of employment growth in the Tyler area since 1960 occurred between 1965 and 1966, when nonagricultural employment rose by almost 1,100 jobs, primarily as a result of increased employment in primary metals and machinery. Between 1962 and 1966, nonagricultural employment grew by about 830 new jobs annually. During the February 1967-February 1969 forecast period, nonagricultural employment should increase by about 700 jobs yearly.

There were about 1,225 unemployed persons in the Tyler SMSA in 1966, equal to about 3.3 percent of the civilian work force.

2. The population of the Tyler SMSA as of February 1967 equalled about 94,000 persons, or a gain of 7,650 since April 1960. During the two-year forecast period, the population is expected to increase by about 1,100 persons annually.
3. There were an estimated 28,900 households in the Tyler SMSA as of February 1967. The number of households will increase by 400 a year during the two-year forecast period.
4. The housing inventory in the Tyler SMSA totalled 31,800 units on February 1, 1967. In the 1960-1967 period over 3,075 units were added to the inventory, a net of the construction of 3,275 new units and the loss of 200 units through demolition. Annual construction volume in the city of Tyler rose to a peak of 640 units in 1963 and then declined to a seven-year low of 210 units authorized in 1966.

There were approximately 50 single-family units and a 39-unit multifamily project under construction in the Tyler SMSA on February 1, 1967.

5. There were 1,300 available vacant units in the Tyler area in February 1967. Of the available vacancies, 450 were for sale only (a homeowner vacancy rate of 2.2 percent) and 850 were available for rent (a renter vacancy rate of 8.9 percent). Both of these ratios are above rates considered desirable in view of the economic and demographic growth patterns of the area.
6. Annual demand for new housing in the Tyler SMSA between February 1967 and February 1969 will total 350 single-family houses for sale. Demand for new sales housing by price range is expected to approximate the pattern indicated on page 19. It is judged that there is a more than sufficient number of adequate rental units to satisfy the quantitative requirements of new renter households during the next two years, excluding low-rent public housing or rent-supplement accommodations.

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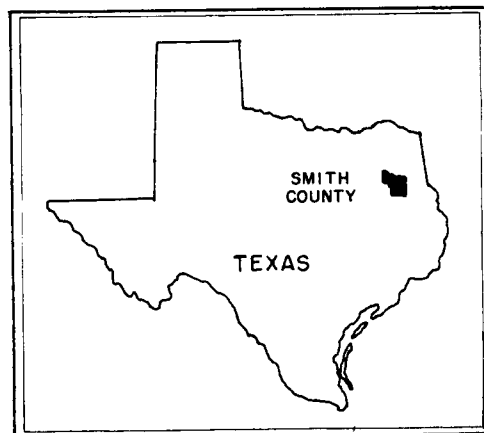
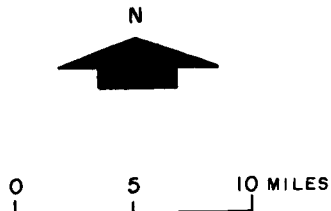
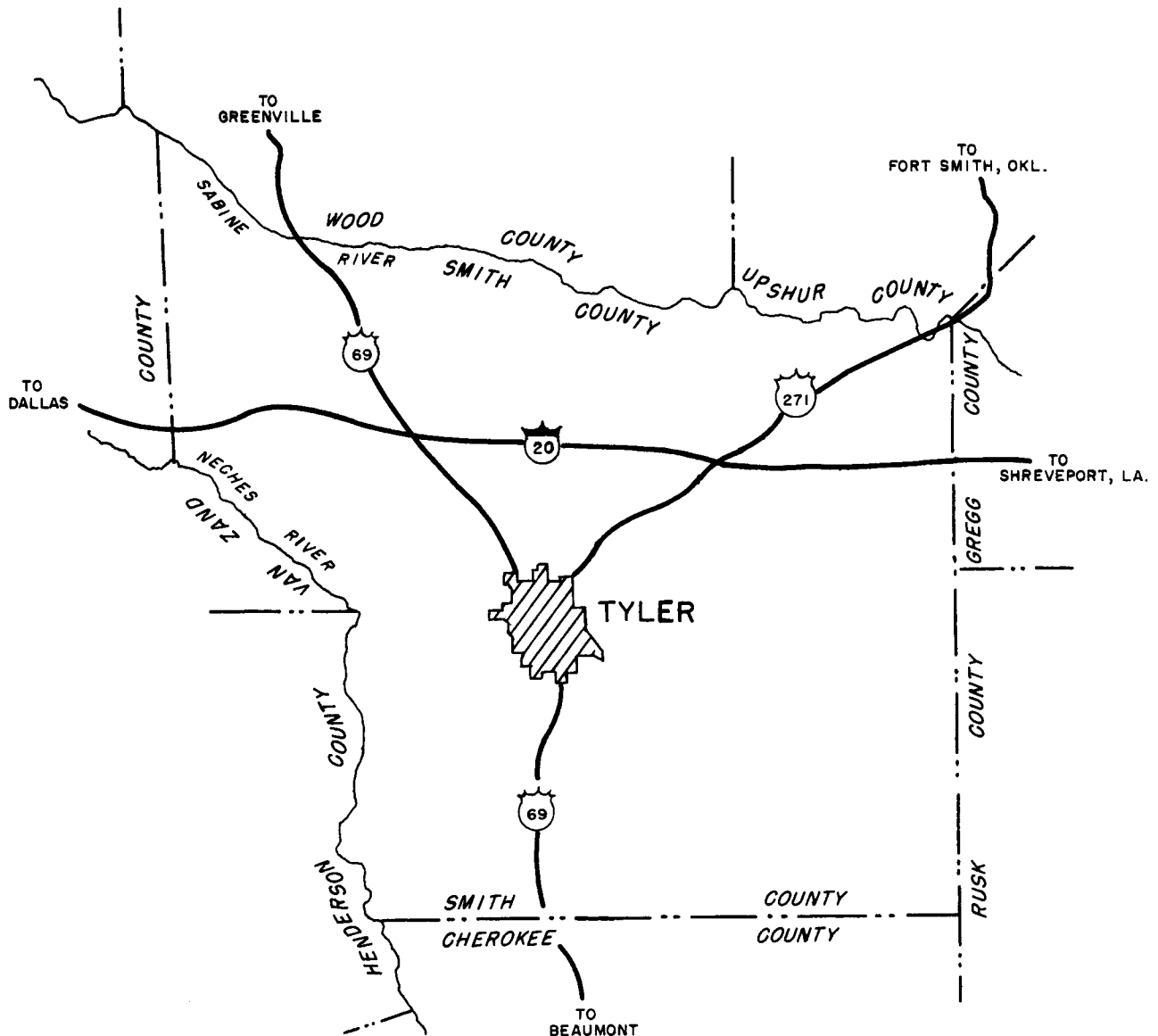
Housing Market Area

The Tyler, Texas, Housing Market Area (HMA) is defined as being coterminous with the Tyler Standard Metropolitan Statistical Area, which consists of Smith County, Texas (see map on following page). The SMSA had a population of 86,350 persons in 1960.^{1/} Tyler is located in East Texas midway between Dallas and Shreveport, Louisiana and is approximately 100 miles from each city.

The most important highway in Smith County is east-west Interstate 20, which links Tyler with Dallas and Shreveport. U.S. 69 is the main north-south highway and passes through downtown Tyler. In addition, a 22-mile loop road encircling the city was completed recently. Freight service in Tyler is available from two railroads and seven motor freight carriers; Trans-Texas Airways offers direct air service to major southwestern cities, including daily commuter flights to Dallas.

^{1/} Inasmuch as the rural farm population of the Tyler SMSA constituted less than five percent of the total population in 1960, all demographic and housing data in this analysis refer to the total of farm and nonfarm data.

TYLER, TEXAS, HOUSING MARKET AREA (SMITH COUNTY)



Economy of the Area

Character and History

At the time of its incorporation as a city in 1846, Tyler was a small farming community. Significant economic growth of the Tyler area dates from the discovery in East Texas of the world's largest oil field in 1930, which provided natural resources for rapid industrial development. Since that time, Tyler has become the largest city and the primary retail trade center in East Texas.

A few large manufacturing plants and a medical-center complex with two general hospitals, four clinic units, and a new State Tuberculosis Hospital have added stability to the economy of the area in the last two decades.

Employment

Current Estimate. According to the Texas Employment Commission, there was an average of approximately 36,000 employed persons in the Tyler SMSA during 1966, including 2,050 agricultural workers and 33,950 workers in nonagricultural industries. The 1966 average nonagricultural employment total consisted of 28,050 wage and salary workers and almost 5,900 other workers.

Past Trend. Work force data for the Tyler SMSA are available from 1962 through 1966 and are presented in detail in table I. The table below shows a summary of nonagricultural employment trends since 1962.

Trend of Nonagricultural Employment
Tyler, Texas, SMSA, 1962-1966
(annual averages)

<u>Year</u>	<u>Wage and salary</u>		<u>All other</u>	<u>Total</u>	<u>Annual change from preceding date</u>
	<u>Manu- facturing</u>	<u>Nonmanu- facturing</u>			
1962	6,679	18,176	5,773	30,629	-
1963	7,563	18,202	5,783	31,548	919
1964	7,808	18,363	5,800	31,970	422
1965	8,291	18,715	5,848	32,853	883
1966	9,217	18,841	5,890	33,948	1,095

Note: Subtotals do not add to totals due to calculation of individual averages.

Source: Texas State Employment Service.

Total nonagricultural employment increased from 30,650 in 1962 to 33,950 in 1966, or an average gain of 830 new jobs annually. The most rapid period of employment growth occurred between 1965 and 1966, when nonagricultural employment rose by almost 1,100 jobs, primarily as a result of increased employment in primary metals and machinery.

Employment by Industry. Manufacturing employment has increased by an average of over 630 jobs annually since 1962, or 76 percent of the increase in total nonagricultural employment, and accounts for about 27 percent of total nonagricultural employment. Employment in durable goods industries totals over 6,325, representing an average increase of 450 new jobs annually since 1962. Both major industries in the durable goods segment, primary metals and machinery, have been expanding employment steadily since 1962.

Employment in nondurable goods manufacturing industries has increased rapidly on two occasions since 1962. In the 1962-1963 period, the establishment of a Kelly-Springfield Tire Company plant in the Tyler area added almost 300 new jobs. Between 1965 and 1966, an increase of almost 325 jobs was recorded, largely as a result of gains in employment in the apparel and food products industries (included in the other nondurable goods category in table I).

Almost 18,850 workers are employed in nonmanufacturing industries in the Tyler area. Total nonmanufacturing employment has increased by an average of fewer than 170 jobs yearly since 1962. The net increase is the result of rapid gains in some industries and falling employment in others. The closing of the administrative offices of two oil companies in the Tyler area caused mining employment to drop from 1,225 in 1962 to 1,050 in 1966. Employment in the construction industry decreased by almost 280 jobs between 1965 and 1966, principally because tight money hampered residential construction activity.

In 1966, the three largest sources of employment in the Tyler economy were trade (5,550 workers), services (4,400 workers), and government (3,675 workers). These three industries accounted for all of the 1962-1966 nonmanufacturing employment growth, and have had a combined employment increase of an average of over 260 jobs annually since 1962.

Employment Participation Rate. The 33,950 workers employed in non-agricultural jobs in 1966 constituted about 36 percent of the population of the Tyler SMSA. This ratio of civilian nonagricultural employment to total population is termed the employment participation rate. The long-run trend of the participation ratio in the area has been generally upward--from less than 32 percent in 1950, to 34 percent in 1960, to the 1966 level of 36 percent. Increases in manufacturing and nonmanufacturing jobs should continue to reduce unemployment and prompt more Tyler residents to enter the labor force, probably resulting in a participation rate of slightly less than 37 percent by 1969.

Principal Employment Sources

According to the Tyler Chamber of Commerce, there are presently four manufacturing employers in the Tyler area with over 500 employees each. Tyler Pipe and Foundry Company (about 2,400 workers) and Western Foundry Company (700 employees) are producers of cast iron soil pipe and plumbing supplies. Recent expansion of sales territories have prompted both firms to increase employment during 1966.

The principal employer in the machinery industry is the Tyler facility of the General Electric Company. The plant produces home heating and cooling units and employs about 1,150 persons.

The newest major employer in the Tyler area is the Kelly-Springfield Tire Company, which located in the area in 1963. The company hired about 300 employees in the first year of its operation and presently employs well over 500 persons.

Unemployment

As seen in table I, there were about 1,225 unemployed persons in the Tyler SMSA in 1966, equal to about 3.3 percent of the civilian work force. The 1966 level represented a reduction of over 325 persons from the 1965 unemployment total of 1,550, or 4.3 percent of the work force. In the 1962-1964 period, unemployment ranged from 4.8 to 5.0 percent.

Estimated Future Employment

Durable goods manufacturing and trade, service, and government are expected to provide most of the employment growth in Tyler area in the next two years. Although employment in primary metals and machinery will continue to grow, a scarcity of available skilled workers may keep increases below those of the 1965-1966 period. The increasing utilization of Tyler as a trade center for East Texas and the growing demand for more services from area residents should sustain recent employment growth rates in trade, service, and government. Employees in these categories, typically semi-skilled and unskilled, will come primarily from the unemployed and new entrants into the labor force, thereby increasing the participation rate. Mining and contract construction industries have reduced employment recently and will probably remain near current employment levels during the forecast period.

Based on these factors, nonagricultural employment should grow by about 700 new jobs annually over the February 1967-February 1969 forecast period. The projected increase is below the 1962-1966 average of 830 new jobs annually because of an anticipated slowdown in the growth of durable goods employment. In addition, employment in nondurable goods industries probably will not grow at 1962-1966 levels

because most of the growth factors were not of a recurring nature-- principally the location of Kelly-Springfield Tire Company in the Tyler area in 1962 and the recent awarding of government contracts to local apparel producers.

Income

The February 1967 median annual income, after the deduction of federal income tax, of all families in the Tyler SMSA was approximately \$5,950, and the median after-tax income of renter households of two or more persons was about \$5,075. Approximately 22 percent of all families and 28 percent of all renter households had after-tax incomes of less than \$3,000 annually. About 20 percent of all families and 13 percent of renter households received annual after-tax incomes in excess of \$10,000.

By 1969, the median annual after-tax income of all families is expected to increase to about \$6,375, and that of tenant households to about \$5,425. Table 11 provides detailed distributions of all families and of renter households by current annual after-tax incomes, and a forecast of the distribution in 1969.

Demographic Factors

Population

SMSA Total. The population of the Tyler SMSA as of February 1967 was about 94,000 persons, or a gain of 7,650 since April 1960. During the 1950 decade, population of the SMSA grew from 74,700 to 86,350, an average gain of 1,165 persons annually. The average population increase since 1960 has been about 1,125 persons annually, only slightly below the 1950-1960 yearly rate. In the last two years, however, it is probable that the total population of the SMSA increased by over 1,400 persons yearly. Population trends since 1950 are summarized in the table below and are shown in detail for Tyler and the rest of the SMSA in table III.

Population Trends
Tyler, Texas, SMSA
1950 - 1969

<u>Date</u>	<u>Population</u>	<u>Average annual change from preceding date</u>
April 1950	74,701	-
April 1960	86,350	1,165
February 1967	94,000	1,125
February 1969	96,200	1,100

Sources: 1950 and 1960 Censuses of Population.
1967 and 1969 estimated by Housing Market Analyst.

City of Tyler. There were about 60,100 persons residing in the city of Tyler in February 1967, and almost 64 percent of the total population of the SMSA. Population in the city increased by over 12,250 persons (1,225 annually) during the 1950 decade and by almost 8,875 (1,300 annually) between 1960 and 1967. Annexations of vacant land prior to its residential development and of a few areas already populated have been an important aspect of the population growth of the city. According to the Tyler Zoning Office and the Municipal Yearbook, there have been 72 annexations since 1950. About 3,200 people have been annexed to the city since 1950, including 1,750 during the 1950's and 1,450 since 1960; almost all of the remaining population growth since 1950 occurred in areas which were undeveloped at the time of annexation.

Future Population Growth. Based on the expected increase in employment, it is anticipated that the population of the Tyler SMSA will increase by about 1,100 persons annually to a total of 96,200 by February 1, 1969. Because of expected lower rates of employment gains, the anticipated yearly population increases in the SMSA are slightly below those of the 1960-1967 period and well below those of the past two years. If, because of the tightening labor market, the job vacancies are not filled at the projected rate, population gains may be even lower than those forecasted. The distribution of the increase in population by political boundaries will depend largely on whether territory is annexed to the city of Tyler during the next two years.

Natural Increase and Migration. There has been a slight but continued net out-migration from the Tyler SMSA since 1950. Between April 1950 and April 1960, the out-migration averaged over 90 persons yearly, and has averaged about 25 persons yearly since 1960. Most of the net outward movement since 1960 was concentrated in the years prior to 1963, when the economic base of the area was expanding slowly.

The principal component of population change in the Tyler area, net natural increase (excess of resident births over resident deaths), has been decreasing in recent years. During the 1950's, the natural increase averaged over 1,250 yearly but dropped to an average of 1,150 between 1960 and 1967. Moreover, although the 1960-1967 average net natural increase was 1,150, the birth rate has been dropping steadily, and net natural increase has averaged only 1,050 since 1963. The components of population change in the SMSA between April 1950 and February 1967 are presented in the following table.

Components of Population Change
Tyler, Texas, SMSA
1950 - 1967

<u>Components</u>	<u>Average annual change</u>	
	<u>April 1950- April 1960</u>	<u>April 1960- February 1967^{a/}</u>
Net natural increase	1,257	1,150
Migration ^{b/}	<u>-92</u>	<u>-25</u>
Net change	1,165	1,125

^{a/} Rounded.

^{b/} (-) out-migration.

Sources: U.S. Bureau of the Census; State of Texas Department of Health; and estimates by Housing Market Analyst.

Households

SMSA Total. There were an estimated 28,900 households in the Tyler SMSA as of February 1, 1967, an average increase of 410 a year since April 1960. Between April 1950 and April 1960, the number of households in the area increased from 21,400 to 26,100, a gain of about 470 a year. The slightly larger increase in the number of households between 1950 and 1960 reflects, in part, the change in census definition from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census, which tended to inflate the 1960 total.

Household Trends Tyler, Texas, SMSA 1950 - 1969

<u>Date</u>	<u>Households</u>	<u>Average annual change from preceding date</u>
April 1950	21,407	-
April 1960	26,127	472
February 1967	28,900	410
February 1969	29,700	400

Sources: 1950 and 1960 Censuses of Housing.
1967 and 1969 estimated by Housing Market Analyst.

City of Tyler. The city of Tyler had about 19,100 households as of February 1, 1967, an increase of 2,950 since April 1, 1960. As in population totals, the number of households includes those annexed to the city. Based on estimates of population in the annexed areas at the time of annexation, it is judged that about 14 percent of the increase in households since 1960 resulted from annexation. The number of households increased from 11,900 in 1950 to 16,150 in 1960, including a gain of about 500 households by annexation.

Household Size Trends. The average size of households in the Tyler area is estimated at 3.20 persons, representing a continuation of the 1950-1960 downward trend when the average household size decreased from 3.40 to 3.25 (see table III). Among the principal factors leading to this declining average household size are out-migration, a declining birth rate, and a slight aging of the population.

In the city of Tyler, the average household size has been dropping since 1950 and currently equals 3.10 persons. Reflecting the higher proportion of large families in suburban and rural areas, the average size of households in areas of Smith County outside Tyler is larger, equalling about 3.38 persons.

Future Household Growth. Based on the anticipated growth in population and on the household size trends evident in the area, there are expected to be about 29,700 households in the Tyler area by February 1969. This represents an average addition of 400 annually during the forecast period. As in the past, most of this growth is expected to occur in the urban area.

Housing Market Factors

Housing Supply

Current Estimate. There were an estimated 31,800 housing units in the Tyler SMSA in February 1967, reflecting a net addition to the housing stock of over 3,075 units since April 1, 1960. The increase resulted from the construction of about 3,275 new units and the loss of 200 units.

Past Trend. Average growth in the number of housing units during the 1960-1967 period (about 450 units annually) is below that of the 1950-1960 period (570 units annually). Between April 1950 and April 1960, the housing inventory of the Tyler SMSA increased from 23,050 to 28,700 (see table IV). The decennial increase was inflated, in part, by the definitional change from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census.

Principal Housing Characteristics

Type of Structure. The overwhelming majority of housing units in the Tyler SMSA were in single-family structures, both in February 1967 and in April 1960. As seen in the table below, about two percent of all housing units in the area were in structures containing five or more units.

Housing Inventory by Units in Structure
Tyler, Texas, SMSA, 1960 and 1967

<u>Units in structure</u>	<u>April 1960</u>		<u>February 1967</u>	
	<u>Number of units</u>	<u>Percent of total</u>	<u>Number of units</u>	<u>Percent of total</u>
1 unit <u>a/</u>	26,895	93.7	29,650	93.2
2 to 4 units	1,416	4.9	1,425	4.5
5 or more units	<u>398</u>	<u>1.4</u>	<u>725</u>	<u>2.3</u>
Total	28,709 <u>b/</u>	100.0	31,800	100.0

a/ Includes trailers.

b/ Differs slightly from the count of all housing units because units in structure were enumerated on a sample basis.

Sources: 1960 Census of Housing.

1967 estimated by Housing Market Analyst.

Year Built. As seen in the table below, about 40 percent of the housing units in the Tyler SMSA in February 1967 were constructed after 1950; and only 5,550 units, or 17 percent of the housing supply, were over 38 years old.

Distribution of Housing Supply by Year Built
Tyler, Texas, SMSA, February 1967

<u>Year built</u>	<u>Number of units</u>	<u>Percentage distribution</u>
April 1960-February 1967	3,275	10.3
1955-March 1960	5,025	15.8
1950-1954	4,625	14.5
1940-1949	6,925	21.8
1930-1939	6,400	20.1
1929 or earlier	<u>5,550</u>	<u>17.5</u>
Total	31,800	100.0

a/ The basic census data reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.

Source: Estimated by Housing Market Analyst based on the 1960 Census of Housing and adjusted to reflect units constructed and units lost from the inventory since April 1960.

Condition of the Inventory. The proportion of units in the SMSA which are classified as substandard (units that are dilapidated or are lacking one or more plumbing facilities) has declined since 1960 because of the new units constructed and the demolition of some poorer quality units. In April 1960, over a fourth of all housing units in the Tyler SMSA were substandard; by February 1967, this proportion had declined to under 22 percent. The 6,925 units estimated to be substandard in February 1967 included about 2,300 in the city of Tyler and 4,625 outside the city limits.

Value and Rent. The 1960 Census reported a median value of \$8,100 for all owner-occupied housing units in the Tyler SMSA; the corresponding median for units in the city of Tyler was \$10,000. Since most new sales housing built between 1960 and 1967 was priced in the higher ranges, the median value of owner-occupied housing units in February 1967 probably equalled \$9,000 in the entire SMSA and \$11,000 in the city of Tyler.

The median monthly gross rent (includes utilities) of renter-occupied units in April 1960 was \$52; the median has increased to an estimated \$60 monthly in February 1967.

Residential Building Activity

Annual Volume. It is estimated that 3,375 housing units were started in the Tyler SMSA between January 1960 and February 1967. Residential building permits in the area are issued only for units constructed in the city of Tyler. About 91 percent of all housing starts in the Tyler SMSA since January 1, 1960 were built with permits issued by the city. For that reason the trend in the volume of these permits is believed to be representative of over-all construction trends in the entire Tyler area. It is estimated that about 300 units have been started since January 1, 1960 outside the city limits of Tyler.

On the basis of the number of housing units authorized by building permits in the city of Tyler, it appears that annual construction volume since 1960 rose to a peak in 1963 and then declined to a seven-year low in 1966. The number of units authorized has averaged just over 430 units annually since 1960. The 1963 high level reflects the authorization of a large number of multifamily units and the 1966 low resulted primarily from the tight money conditions during most of that year. The following table summarizes building permit activity in Tyler since 1960.

Number of Units Authorized by Building Permits
City of Tyler, Texas
1960-1967

<u>Year</u>	<u>Type of Structure</u>			<u>Total units</u>
	<u>Single- family</u>	<u>Two-to four-family</u>	<u>Five-or more-family</u>	
1960	399	2	-	401
1961	400	2	-	402
1962	461	6	26	493
1963	382	14	245	641
1964	438	8	26	472
1965	347	6	51	404
1966	208	2	-	210
Jan. 1967	8	-	39	47

Sources: U.S. Bureau of the Census, C-40 Construction Reports; Tyler Planning and Zoning Engineer.

Type of Structure. As seen in the preceding table, single-family construction in the city of Tyler decreased between 1964 and 1966, from 440 units to less than 210 units. Single-family authorizations in the 1960-1964 period averaged about 410 units a year. It should be noted that during the 1963-1966 period about 50 single-family units annually were started outside permit issuing places.

Between January 1, 1960 and February 1, 1967, 430 multifamily units were authorized for construction in Tyler, including 40 units in two- to four-family structures and 390 units in structures containing five or more units. Of the total multifamily units, 260 (or 61 percent) were authorized in 1963. In January 1967, 39 multifamily units were authorized in Tyler, the first units in structures with three or more units authorized since 1965.

Units Under Construction. There were approximately 50 single-family units and a 39-unit multifamily project under construction in the Tyler SMSA on February 1, 1967. All of the multifamily units and all but 10-15 of the single family units were located in Tyler.

Demolitions. According to estimates by the Tyler City Engineer, there were about 200 units demolished in the Tyler SMSA between January 1, 1960 and February 1, 1967, a large majority of which occurred in the 1964-1967 period. During that period, the city adopted new condemnation regulations and cleared substandard units in the north part of Tyler. An average of about 30 units annually probably will be lost from the housing inventory over the next two years.

Tenure of Occupancy

The proportion of the occupied housing inventory that is occupied by owners has been increasing since 1950, although at a much slower rate in recent years, as seen in table IV. In February 1967, 70 percent of the occupied units were owner-occupied, compared to 59 percent in 1950 and almost 68 percent in 1960. The slowing of the trend toward owner-occupancy was caused by more interest in rental accommodations in recent years, principally by the increasing number of young families and elderly persons in the SMSA.

Vacancy

1960 Census. According to the 1960 Census of Housing, there were over 2,575 vacant housing units in the Tyler SMSA in April 1960, of which 1,150 were available for sale or rent, indicating an over-all available vacancy rate of 4.2 percent. As shown in table IV, about 340 were available for sale only (a homeowner vacancy rate of 1.9 percent) and the remainder were available for rent (a renter vacancy rate of 8.8 percent). However, about 30 of the available vacant sales units and almost 190 of the available vacant rental units were deficient in plumbing facilities. One-half of the deficient available vacant rental units were located in the city of Tyler.

Postal Vacancy Survey. A postal vacancy survey was conducted by the Tyler Post Office on January 23, 1967. The survey enumerated over 24,850 possible deliveries, equal to 78 percent of the housing stock at that time. About 5.2 percent of all possible deliveries were vacant, including almost 1,075 residences (4.5 percent of all residences counted) and 230 apartments (21.0 percent of all apartments covered). The survey reported that 29 residences and 39 apartment units were under construction on the survey date. A summary of the postal vacancy survey is shown in table V.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include row houses, and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, the survey serves a valuable function in the derivation of estimates of local market conditions.

Current Estimate. Based on the postal survey conducted in January 1967 and other vacancy information obtained in the Tyler area, it is estimated that there were approximately 1,300 vacant units available in the Tyler SMSA on February 1, 1967, or an over-all vacancy rate of 4.3 percent. Of the available vacancies, 450 were for sale only (a homeowner vacancy rate

of 2.2 percent) and the remaining 850 were available for rent (a renter vacancy rate of 8.9 percent). It is important to note, however, that almost 100 vacant sales units and 200 vacant rental units were considered substandard, that is lacking some plumbing facility. Exclusions of these substandard units reduces vacancy rates to about 1.7 percent in sales housing and 7.0 percent in rental units, somewhat above those considered desirable in view of the economic and demographic growth patterns of the area.

Sales Market

General Market Conditions. Despite the fact that single-family construction activity during 1966 was considerably dampened by the tight money situation, there was an ample supply of new and used houses for sale in the Tyler area in February 1967.

The most comprehensive data available indicating the absorption of new sales houses in the Tyler area is the annual January FHA survey of all subdivisions in the SMSA with five or more completions during the previous year. Because the majority of new sales houses in the Tyler area are built in relatively large subdivision operations, a large proportion of new houses built are in subdivisions with the minimum number of completions to qualify for inclusion in the FHA surveys. Table VI presents a summary of the surveys of houses completed during 1963, 1964, 1965, and 1966. The most recent survey, covering houses built during 1966, included 179 units. Almost 61 percent of the units counted were built speculatively. Of the 109 speculatively-built units, 24 (22 percent) were unsold as of the date of the survey.

Judging from the results of the surveys, the market for new sales housing in the Tyler area was somewhat depressed during 1963 (23 percent unsold), improved during 1964 and 1965 (14 percent unsold), and weakened again during 1966. As seen in the following table, there were two significant price trends during the 1964-1966 period: (1) a growing proportion of units built in the price range under \$15,000, and (2) a decrease in the proportion of units priced over \$25,000.

Sales Price Distribution of New House Completions
In Selected Subdivisions
Tyler, Texas, SMSA, 1964 - 1966

<u>Sales price</u>	<u>1964</u>		<u>1965</u>		<u>1966</u>	
	<u>Units</u>	<u>Percent of total</u>	<u>Units</u>	<u>Percent of total</u>	<u>Units</u>	<u>Percent of total</u>
Under \$12,500	15	5.5	20	11.3	48	26.8
\$12,500 - 14,999	31	11.4	14	7.9	26	14.5
15,000 - 17,499	63	23.2	41	23.2	12	6.7
17,500 - 19,999	48	17.7	36	20.3	34	19.0
20,000 - 24,999	52	19.3	18	10.2	35	19.6
25,000 - 29,999	47	17.4	29	16.4	15	8.4
30,000 and over	<u>15</u>	<u>5.5</u>	<u>19</u>	<u>10.7</u>	<u>9</u>	<u>5.0</u>
Total	271	100.0	177	100.0	179	100.0

Sources: Unsold Inventory Surveys conducted by the Dallas, Texas, FHA Insuring Office.

Subdivision Activity. Tight money and a softening of the new home market during 1966 caused area builders to reduce speculative construction volume and to decrease the number of units built to sell for above \$25,000. The area of the most active subdivisions since 1960 has been to the south of downtown Tyler, along South Broadway and Troup Highway. Almost all of the homes priced above \$25,000 were built in four subdivisions in this area. During 1966, however, only one was particularly active, with 25 homes constructed in the subdivision. There are also a number of subdivisions in this area with moderately-priced homes, usually in the \$17,500-\$25,000 price range. All of the subdivisions with low priced homes (\$11,000-\$17,000 price range) in the Tyler area are located in the north part of the city.

Rental Market

General Market Conditions. In February 1967, the market for rental units in the Tyler area was relatively weak. Newer projects in the area were having some vacancy difficulties and the older multifamily developments had become "suitcase apartments," with weekly leases, furnished units and a large turnover in occupancy. Rent reductions have been made recently on some of the many single-family rental units in the area (estimated at 6,500 in February 1967), but single-family houses appear to be the strongest segment of the rental market.

Recent Multifamily Additions. Inspection of post-1960 multifamily projects reveals that the market is thin in most price ranges; in February 1967, only one or two developments in each price range were successful and the others were having vacancy problems. At both moderate and high-priced rentals the number of prospective tenants was below the number of units available. Gross monthly rents for unfurnished apartments at moderate-rental are generally \$110 to \$120 for one-bedroom units and \$130 to \$140 for two-bedroom apartments. In February 1967, only one project had good occupancy; most projects reported vacancy levels of from 15 to 30 percent. A few new rental projects in the area are priced well above this moderate range, generally with gross monthly rents averaging from \$130 to \$230 for unfurnished one- and two-bedroom units. Only one project in this price range is experiencing good occupancy and the market appears to be thin.

Demand for Housing

Quantitative Demand

Based on the expected increase of 400 households during each of the next two years, on adjustments in the number of marketable vacancies to create a balanced market in the SMSA, and on the anticipated demolition activity in Tyler, demand for new housing will total 350 single-family houses for sale during each of the next two years.

The forecast demand for single-family housing is below the annual construction level in any year in the sixties, except for the 1966 volume which was reduced by the tight money situation. Although the vacancy situation was not extremely serious in February 1967, a slightly reduced construction level should bring the market into better balance by February 1969.

There is a more than sufficient number of adequate multifamily units under construction plus vacant existing rental units to satisfy the quantitative requirements of new renter households for privately-owned housing during the next two years and permit a reduction of the current rental vacancy ratio to a level that more nearly represents the long-term vacancy requirement in the area. That estimate does not include low-rent public housing or rent-supplement accommodations.

Qualitative Demand

The annual demand for 350 additional sales housing units is expected to approximate the sales price distribution presented in the table below. The pattern is based on the distribution of families by current annual after-tax incomes, on the proportion of income that families typically pay for sales housing, and on recent market experience.

Estimated Annual Demand for New Sales Housing
Tyler, Texas, Housing Market Area
February 1967 to February 1969

<u>Price range</u>	<u>Number</u>
Under \$10,000	35
\$10,000 - 12,499	50
12,500 - 17,499	85
17,500 - 19,999	80
\$20,000 - 24,999	55
25,000 - 29,999	35
30,000 and over	<u>10</u>
Total	350

Table I

Work Force Components
Tyler, Texas, SMSA, 1962-1966
(annual averages)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Total civilian work force	<u>34,527</u>	<u>35,229</u>	<u>35,675</u>	<u>36,471</u>	<u>37,214</u>
Unemployment	1,650	1,752	1,721	1,562	1,219
Percent of labor force	4.8	5.0	4.8	4.3	3.3
Employment	<u>32,877</u>	<u>33,477</u>	<u>33,954</u>	<u>34,910</u>	<u>35,995</u>
Agricultural	2,248	1,929	1,983	2,056	2,047
Nonagricultural	<u>30,629</u>	<u>31,548</u>	<u>31,970</u>	<u>32,853</u>	<u>33,948</u>
Wage and salary employment	<u>24,855</u>	<u>25,765</u>	<u>26,170</u>	<u>27,006</u>	<u>28,058</u>
Manufacturing	<u>6,679</u>	<u>7,563</u>	<u>7,808</u>	<u>8,291</u>	<u>9,217</u>
Durable goods	<u>4,544</u>	<u>5,004</u>	<u>5,248</u>	<u>5,730</u>	<u>6,332</u>
Primary metals	2,356	2,628	2,719	2,925	3,232
Machinery	778	878	886	980	1,223
Other durable goods	1,410	1,499	1,643	1,825	1,877
Nondurable goods	<u>2,135</u>	<u>2,558</u>	<u>2,560</u>	<u>2,561</u>	<u>2,885</u>
Rubber products	369	620	658	649	716
Other nondurable goods	1,766	1,938	1,902	1,912	2,169
Nonmanufacturing	<u>18,176</u>	<u>18,202</u>	<u>18,363</u>	<u>18,715</u>	<u>18,841</u>
Mining	1,224	1,159	1,178	1,115	1,060
Construction	1,535	1,518	1,570	1,690	1,412
Trade	5,233	5,270	5,222	5,333	5,552
Services	4,088	4,195	4,245	4,278	4,401
Government	3,266	3,287	3,416	3,563	3,687
Other nonmanufacturing	2,830	2,693	2,731	2,737	2,730
All other nonagricultural employment	5,773	5,783	5,800	5,848	5,890

Note: Subtotals do not add to totals due to calculation of individual averages.

Source: Texas State Employment Service.

Table II

Estimated Percentage Distribution of all Families
and Renter Households by Annual Income
After Deduction of Federal Income tax
Tyler, Texas, SMSA, 1967 and 1969

<u>Annual family income</u>	<u>1967 income</u>		<u>1969 income</u>	
	<u>All families</u>	<u>Renter households^{a/}</u>	<u>All families</u>	<u>Renter households^{a/}</u>
Under \$2,000	13	17	12	16
\$ 2,000 - 2,999	9	11	9	10
3,000 - 3,999	10	11	9	10
4,000 - 4,999	10	11	9	10
5,000 - 5,999	9	10	8	10
6,000 - 6,999	8	10	8	9
7,000 - 7,999	8	8	8	9
8,000 - 8,999	7	5	8	6
9,000 - 9,999	6	4	6	4
10,000 - 12,499	9	6	10	7
12,500 and over	<u>11</u>	<u>7</u>	<u>13</u>	<u>9</u>
Total	100	100	100	100
Median	\$5,950	\$5,075	\$6,375	\$5,425

^{a/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table III

Population and Household Trends
Tyler, Texas, SMSA, 1950-1967

<u>Population</u>	April 1, 1950	April 1, 1960	February 1, 1967	<u>Average annual changes</u>			
				<u>1950-1960</u>		<u>1960-1967</u>	
				<u>Number</u>	<u>Percent</u> ^{a/}	<u>Number</u>	<u>Percent</u> ^{a/}
City of Tyler	38,968	51,230	60,100	1,226	2.8	1,300	2.4
Rest of SMSA	<u>35,733</u>	<u>35,120</u>	<u>33,900</u>	<u>-61</u>	<u>-0.2</u>	<u>-175</u>	<u>-0.5</u>
SMSA total	74,701	86,350	94,000	1,165	1.5	1,125	1.3
<u>Households</u>							
City of Tyler	11,881	16,149	19,100	427	3.1	435	2.5
Rest of SMSA	<u>9,526</u>	<u>9,978</u>	<u>9,800</u>	<u>45</u>	<u>0.5</u>	<u>-25</u>	<u>-0.3</u>
SMSA total	21,407	26,127	28,900	472	2.0	410	1.6
<u>Household size</u>							
City of Tyler	3.17	3.13	3.10				
Rest of SMSA	3.69	3.45	3.38				
SMSA total	3.40	3.25	3.20				

^{a/} Derived through the use of a formula designed to calculate the average annual percentage change on a compound basis.

Sources: 1950 and 1960 Censuses of Housing and Population.
 1967 estimated by Housing Market Analyst.

Table IV

Components of the Housing Inventory
Tyler, Texas, SMSA
April 1950 to February 1967

<u>Tenure and vacancy</u>	<u>April 1950</u>	<u>April 1960</u>	<u>February 1967</u>
Total housing supply	<u>23,031</u>	<u>28,708</u>	<u>31,800</u>
Occupied housing units	<u>21,407</u>	<u>26,127</u>	<u>28,900</u>
Owner-occupied	12,731	17,666	20,250
Percent of all occupied	59.5%	67.6%	70.0%
Renter-occupied	8,676	8,461	8,650
Percent of all occupied	40.5%	32.4%	30.0%
Vacant housing units	<u>1,624</u>	<u>2,581</u>	<u>2,900</u>
Available	<u>459</u>	<u>1,151</u>	<u>1,300</u>
For sale	150	336	450
Homeowner vacancy rate	1.2%	1.9%	2.2%
For rent	309	815	850
Renter vacancy rate	3.4%	8.8%	8.9%
Other vacant <u>a/</u>	1,165	1,430	1,600

a/ Includes dilapidated units, seasonal units, units rented or sold awaiting occupancy, and units held off the market.

Sources: 1950 and 1960 Censuses of Housing
1967 estimated by Housing Market Analyst.

Table V

Tyler, Texas, Area Postal Vacancy Survey

January 23, 1967

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
Tyler	24,864	1,290	5.2	1,206	84	68	23,789	1,064	4.5	983	81	29	1,075	226	21.0	223	3	39	116	3	2.6
Main Office	2,506	269	10.7	264	5	-	1,923	109	5.7	105	4	-	583	160	27.4	159	1	-	6	-	0.0
Stations:																					
Forest Hills	9,483	429	4.5	405	24	8	9,389	406	4.3	382	24	8	94	23	24.5	23	-	-	61	3	4.9
A	12,875	592	4.6	537	55	60	12,477	549	4.4	496	53	21	398	43	10.8	41	2	39	49	-	0.0

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e., a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).

Table VI

Status of New House Completions in Selected Subdivisions ^{a/}
Tyler, Texas, SMSA, As of January 1, 1964-1967

<u>Sales Price</u>	<u>Total completions</u>	<u>Pre-sold</u>	<u>Speculative construction</u>			
			<u>Total</u>	<u>Sold</u>	<u>Unsold</u> <u>Number</u> <u>Percent</u>	
<u>Houses completed in 1963</u>						
Under \$12,500	28	18	10	6	4	40.0
\$12,500 - 14,999	54	15	39	33	6	15.3
15,000 - 17,499	54	5	49	32	17	34.6
17,500 - 19,999	16	7	9	8	1	11.1
20,000 - 24,999	43	14	29	26	3	10.3
25,000 - 29,999	32	8	24	16	8	33.3
30,000 and over	<u>38</u>	<u>15</u>	<u>23</u>	<u>20</u>	<u>3</u>	<u>13.0</u>
Total	265	82	183	141	42	22.9
<u>Houses completed in 1964</u>						
Under \$12,500	15	4	11	11	-	-
\$12,500 - 14,999	31	8	23	22	1	4.3
15,000 - 17,499	63	10	53	48	5	9.4
17,500 - 19,999	48	14	34	28	6	17.6
20,000 - 24,999	52	25	27	24	3	11.1
25,000 - 29,999	47	24	23	15	8	34.8
30,000 and over	<u>15</u>	<u>8</u>	<u>7</u>	<u>5</u>	<u>2</u>	<u>28.6</u>
Total	271	93	178	153	25	14.0
<u>Houses completed in 1965</u>						
Under \$12,500	20	10	10	10	-	-
\$12,500 - 14,999	14	2	12	11	1	8.3
15,000 - 17,499	41	12	29	24	5	17.2
17,500 - 19,999	36	11	25	19	6	24.0
20,000 - 24,999	18	8	10	10	-	-
25,000 - 29,999	29	6	23	20	3	13.0
30,000 and over	<u>19</u>	<u>12</u>	<u>7</u>	<u>6</u>	<u>1</u>	<u>14.3</u>
Total	177	61	116	100	16	13.8
<u>Houses completed in 1966</u>						
Under \$12,500	48	24	24	16	8	33.3
\$12,500 - 14,999	26	3	23	22	1	4.3
15,000 - 17,499	12	7	5	4	1	20.0
17,500 - 19,999	34	12	22	17	5	22.7
20,000 - 24,999	35	16	19	15	4	21.1
25,000 - 29,999	15	6	10	8	2	20.0
30,000 and over	<u>9</u>	<u>2</u>	<u>6</u>	<u>3</u>	<u>3</u>	<u>50.0</u>
Total	179	70	109	85	24	22.0

^{a/} Selected subdivisions are those with five or more completion during the year.

Sources: Unsold Inventory Surveys conducted by the Dallas, Texas, FHA Insuring Office.