

Housing Market Profile

Southwest • HUD Region VI



Lubbock, Texas

The Lubbock metropolitan area, consisting of Lubbock and Crosby Counties, is located on the plains of northwest Texas. As of April 1, 2010, the population of the metropolitan area was estimated at 279,600, an increase of 1.5 percent, compared with the estimate as of April 1, 2009, and a slight increase from the average 1.3-percent increase recorded annually from 2005 through 2009. The city of Lubbock, known as the Hub City, is a regional center for education and health care institutions. It is the most populous city in the metropolitan area, accounting for approximately 80 percent of the area population. A low cost of living and consistent job gains from 2004 through 2008 have contributed to population growth in the area.

During the 12 months ending February 2010, nonfarm employment averaged 129,000 jobs, a decline of 1,900 jobs, or 1.4 percent, compared with the nonfarm employment during previous 12 months. In contrast, during the 12 months ending February 2009, employment had increased by 1,900 jobs, or 1.5 percent, from the number of jobs recorded a year earlier. During the past 12 months, sectors with significant declines included information, trade, and professional and business services, which lost 600, 800, and 900 jobs, or 12.5, 3.6, and 8.6 percent, respectively. Partly offsetting these losses, the education and health services sector added 700 jobs, or 3.4 percent, and the government sector added 600 jobs, or 1.9 percent. The largest public sector employer in the metropolitan area is Texas Tech University, with 9,700 employees. The leading private sector employers in the metropolitan area include Covenant Health System, United Supermarkets, and AT&T Communications, with 5,000, 2,600, and 2,400 employees, respectively. Despite the recent decline in the information sector, a \$12.5 million expansion project by Tyler Technologies, a software company, is expected to add more than 100 jobs by 2011. During the 12 months ending February 2010, the average unemployment rate increased to 6.0 percent from 4.5 percent during the previous 12 months.

The sales housing market is moderately soft as a result of area job losses. According to the Real Estate Center at Texas A&M University, during the 12 months ending February 2010, the number of single-family homes sold in the metropolitan area declined to about 3,150, a 1-percent decrease compared with the number of homes sold during the previous 12-month period. The current level of sales remains well below the 3,500 homes sold during the peak year of 2007 but is the same as the

average number of homes sold each year from 2004 through 2006. Average sales prices for single-family homes in the area declined by 2 percent during the most recent 12-month period, from \$135,600 to \$133,500. According to data from Lender Processing Services Mortgage Performance Data, in Lubbock County in January 2010, the percentage of mortgage loans in foreclosure, at least 90 days delinquent, or Real Estate Owned was 3.7 percent, an increase from the rate of 2.9 percent recorded in January 2009.

The slowing economy and declining home sales caused builders to reduce single-family home construction, as measured by the number of building permits issued. During the 12 months ending February 2010, about 760 single-family homes were permitted, a 16-percent decline compared with the 900 homes permitted during the previous 12 months, based on preliminary data. The current level of activity remains well below the annual average of 1,325 single-family homes permitted during the peak years from 2002 through 2006. Prices for new, three-bedroom, single-family homes in the city of Lubbock start at about \$90,000. New developments include Monterey and North Pointe, both with more than 1,000 homes and prices starting at \$90,000, and Bacon Crest, with 1,000 homes and prices starting at \$160,000.

Rental housing market conditions in the Lubbock metropolitan area are soft. According to ALN Systems, Inc., the apartment vacancy rate averaged 10 percent for the 12 months ending February 2010, unchanged from the vacancy rate during the same period a year earlier. Average effective apartment rents, which include concessions, are estimated at \$550 for a one-bedroom unit, \$690 for a two-bedroom unit, and \$1,050 for a three-bedroom unit. Average rents have increased by about 3 percent during the past 12 months.

Multifamily construction activity, as measured by the number of units permitted, resumed during the past year, following nearly no activity during the previous year. Based on preliminary data, during the 12 months ending February 2010, approximately 260 multifamily units were permitted compared with 30 units permitted during the previous 12 months. A 208-unit apartment complex, Windsor Creek, accounts for most multifamily units currently under construction; its completion is expected by August 2010. The current level of activity remains well below the annual average of 2,000 units permitted during the peak years of 2003 and 2004, when the North Overton area, which is immediately east of Texas Tech, was redeveloped. The current level of activity also remains below the average of 550 units permitted each year from 2005 through 2008.