



# Midland, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2015



## Housing Market Area



Gaines	Dawson	Borden
Andrews	Martin	Howard
Ector	Midland	Glasscock
Crane	Upton	Reagan

The Midland Housing Market Area (HMA) comprises Midland and Martin Counties in western Texas. The HMA, approximately 50 miles from the southeastern corner of New Mexico, is coterminous with the Midland, TX Metropolitan Statistical Area (MSA). Together with the adjacent Odessa, TX MSA, the HMA serves as a hub for the extraction of oil and natural gas in the Permian Basin, a geological formation rich in hydrocarbons. The city of Midland, also known as the Tall City, is the largest city in the HMA and contains approximately 79 percent of the HMA population.

## Market Details

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## Summary

### Economy

The economy of the Midland HMA is slowing because of recent declines in oil prices after recording growth since 2010. The mining, logging, and construction sector is the largest sector and accounts for 30.2 percent of non-farm payrolls in the HMA. During the 12 months ending May 2015, nonfarm payrolls averaged 97,900 jobs, an increase of 7,400 jobs, or 8.2 percent, from a year ago. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 2,150 jobs, or 2.2 percent, annually.

### Sales Market

The sales housing market in the HMA has improved in recent months but remains slightly tight, with an estimated sales vacancy rate of 1.1 percent, down from 1.6 percent in April 2010. During the forecast period, employment and population gains are expected to support demand for 2,200 new homes, including 100 mobile homes (Table 1). The 240 homes currently under construction and a portion of the 1,400 other vacant units in the HMA that may reenter the housing market will satisfy some of the demand.

### Rental Market

The rental housing market in the HMA is currently soft, with an estimated overall rental vacancy rate of 8.9 percent, up slightly from 8.4 percent in April 2010. The apartment vacancy rate is currently 8.8 percent, up significantly from 0.6 percent a year ago because of a slowdown in economic growth that began in November 2014 coupled with a high number of recent apartment completions. During the forecast period, demand is expected for 1,125 new market-rate rental units (Table 1). The 1,725 units currently under construction will satisfy and exceed the forecast demand.

**Table 1. Housing Demand in the Midland HMA During the Forecast Period**

	Midland HMA	
	Sales Units	Rental Units
Total demand	2,200	1,125
Under construction	240	1,725

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2015. A portion of the estimated 1,400 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 100 mobile homes. The forecast period is June 1, 2015, to June 1, 2018.*

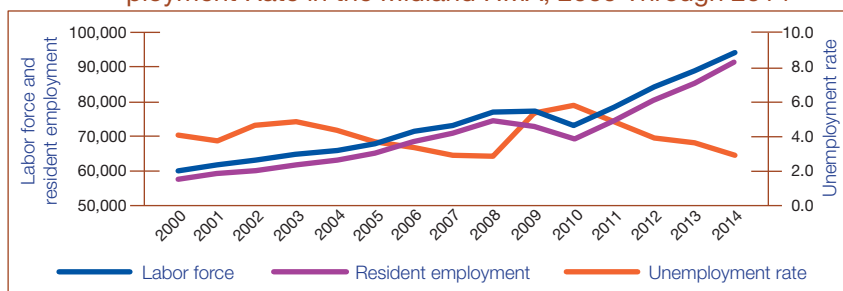
*Source: Estimates by analyst*

Economic growth in the Midland HMA has slowed in recent months because, in November 2014, oil prices dropped below \$73 per barrel, an important price point for profitable oil-extraction operations, and remained below that price through the current date. The minimum price of oil required for a substantial increase in drilling operations averages \$73 across all firms, with a range of \$60 to \$90 (survey by Federal Reserve Bank of Kansas City). The variation in the price range is because of numerous factors, including peculiarities of particular oil or gas fields, geographical location, or the efficiency of the company's technology. The price for West Texas Intermediate crude oil as of June 1, 2015, was \$60.24 per barrel, down 43 percent from the price of \$105.79 per barrel in June 2014 (Federal Reserve Bank of St. Louis). The energy industry responded to the decline by reducing the number of well starts. During the 3 months ending May 2015, Texas Railroad Commission districts 7C and 8, which cover the Permian Basin, recorded 870 well starts, a 52-percent decline compared with the number of well starts during the same 3-month period 1 year ago (Baker Hughes, Inc.). Sales tax revenue in the city of Midland in May 2015 totaled \$4.93 million, down 7.3 percent compared with sales tax revenues in May 2014, indicating an economic slowdown.

During the 12 months ending May 2015, nonfarm payrolls averaged 97,900 jobs, an increase of 7,400 jobs, or 8.2 percent, from a year ago. Despite significant gains during the past 12 months, nonfarm payrolls increased less than 1.0 percent during the first 5 months of 2015 compared with an increase of 3.6 percent during the first 5 months of 2014 because of the recent decline in oil prices, which is expected to last until late 2015. During the 12 months ending May 2015, the unemployment rate averaged 2.8 percent, down from 3.4 percent during the previous 12 months. By comparison, from 2000 through 2009, the unemployment rate averaged 4.0 percent (Figure 1).

The economy of the HMA has been closely linked to the oil and gas industry since the discovery of oil in the Permian Basin during the 1920s. The Midland HMA has the highest concentration of nonfarm payrolls in the mining, logging, and construction sector of any MSA in the United States (U.S. Bureau of Labor Statistics). Conditions in the oil and gas industry over the years have caused several booms and busts in the HMA economy. The previous secular oil boom, which ended in 1983, was caused by high oil prices that prevailed during the 1970s and early 1980s. When oil prices began to decline in 1983, the economy of the HMA entered a secular bust stage, causing significant job losses and dramatic declines in single-family home and apartment construction activity. During the mid-2000s, another secular oil boom began as a result of an increase in the price of oil coupled with the development of hydraulic fracturing techniques, greatly expanding the amount of oil and gas that could be extracted economically.

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Midland HMA, 2000 Through 2014



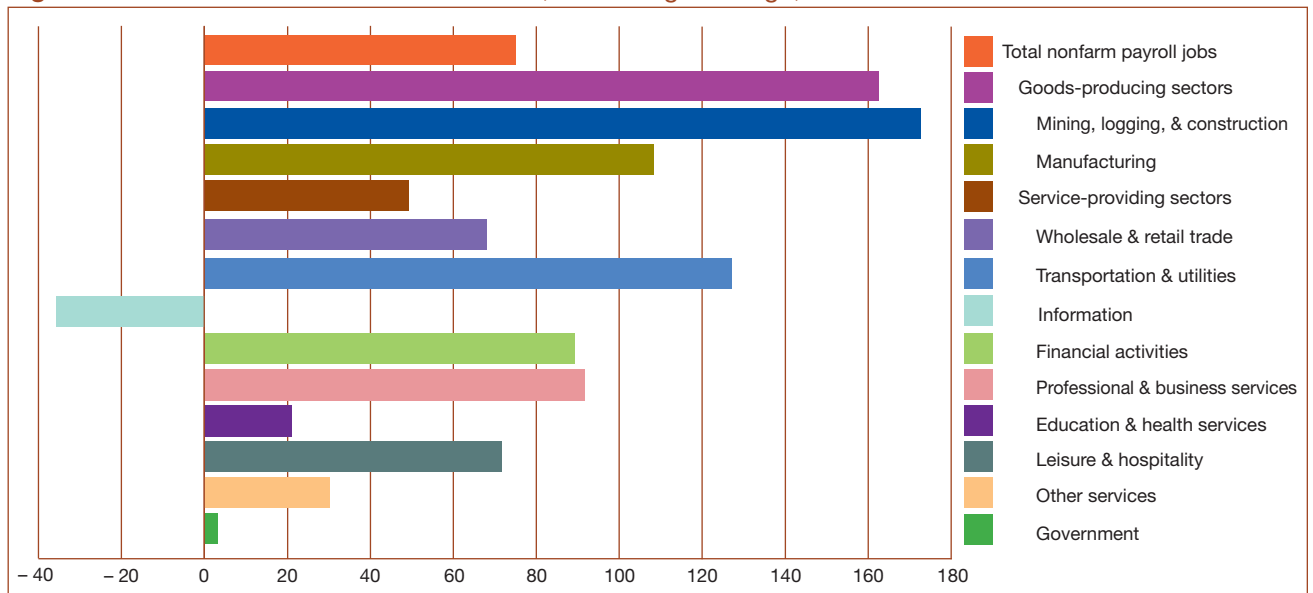
Source: U.S. Bureau of Labor Statistics

From 2005 through 2008, nonfarm payrolls in the mining, logging, and construction sector increased by an average of 1,475, or 11.3 percent, annually. The oil boom encountered a brief hiatus from late 2008 through 2010, because the national recession that began in December 2007 contributed to a decline in oil prices from June 2008 to January 2010. Consequently, in 2009, nonfarm payrolls in the mining, logging, and construction sector decreased by 2,000, or 11.8 percent. From 2010 through 2014, the oil boom resumed in earnest as oil prices recovered and nonfarm payrolls

in the mining, logging, and construction sector increased by an average of 2,700, or 13.8 percent, annually during the period. From 2000 to the current date, the mining, logging, and construction sector has grown more than any other sector in the HMA, recording cumulative gains of 173 percent (Figure 2).

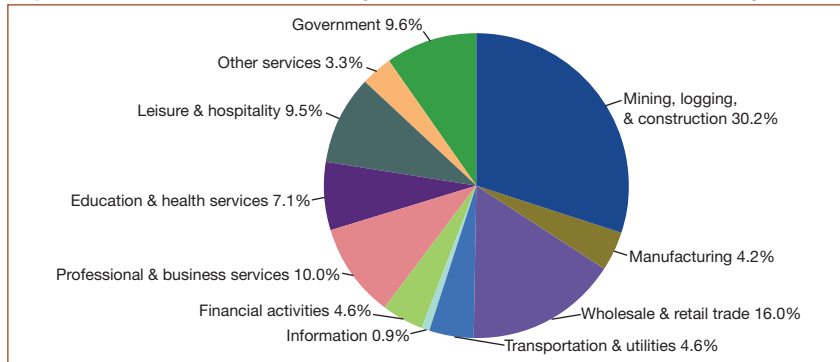
During the 12 months ending May 2015, the mining, logging, and construction sector led job gains in the HMA, increasing by 3,400 jobs, or 13.0 percent, because of strength in the energy industry until November

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



Note: Current is based on 12-month averages through May 2015.  
Source: U.S. Bureau of Labor Statistics

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



Note: Based on 12-month averages through May 2015.  
Source: U.S. Bureau of Labor Statistics

2014. The sector is also the largest in the HMA, accounting for 30.2 percent of all nonfarm payrolls (Figure 3). Job gains in the sector accounted for nearly one-half of the gains in nonfarm payrolls during the 12 months ending May 2015. Despite gains during the past 12 months, growth in the sector has slowed in recent months. Nonfarm payrolls in the mining, logging, and construction sector decreased 2.0

percent during the first 5 months of 2015 compared with an increase of 7.3 percent during the first 5 months of 2014. The sector includes some of the largest employers in the HMA, including Dawson Geophysical Company, the largest employer in the HMA, with 2,925 employees (Table 2).

During the 12 months ending May 2015, nonfarm payrolls in the wholesale and retail trade sector increased by 1,500 jobs, or 10.6 percent (Table 3). The Commons at Northpark shopping center is undergoing a 32,000-square-foot expansion that has contributed an unspecified number of jobs to the wholesale and retail trade sector and

is expected to include 20 businesses by the time it is complete, although the final completion date and number of jobs to be created have not been announced. Banana Republic Factory and Gap Factory opened in late 2014, and Destination XL opened in March 2015, creating an undetermined number of jobs in the shopping center. Wal-Mart Stores, Inc., is the third largest employer in the HMA, with 1,250 employees. The leisure and hospitality sector also recorded strong growth during the 12 months ending May 2015, increasing by 1,000 jobs, or 12.0 percent, during the 12 months ending May 2015. The hotel industry contributed to growth in the sector by adding more than 10 hotels since January 2013, including the 82-room Wyndham Microtel Inn & Suites, which opened in October 2014, although the number of jobs created was not announced. The hotels were built to meet strong demand, partly stemming from employers in the energy industry that use hotels and motels to provide temporary housing for workers. The opening of the 34,628-square-foot Horseshoe Pavilion, an entertainment and meeting venue, in February 2015 also contributed to job gains in the sector, although the number of jobs created was not announced.

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 2,150 jobs, or 2.2 percent, annually. The rate of growth in nonfarm payrolls is expected to increase each year during the forecast period as oil prices are expected to rise. The average response for the expected price for West Texas Intermediate crude oil by year-end 2016 was \$70 per barrel (Federal Reserve Bank of Kansas City). XCOR Aerospace,

**Table 2. Major Employers in the Midland HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Dawson Geophysical Company	Mining, logging, & construction	2,925
Midland Memorial Hospital and Medical Center	Government	1,250
Wal-Mart Stores, Inc.	Wholesale & retail trade	950
City of Midland	Government	880
Midland College	Government	740
Baker Hughes, Inc.	Mining, logging, & construction	600
Warren Equipment Company	Mining, logging, & construction	600
Midland County	Government	540
Concho Resources, Inc.	Mining, logging, & construction	510

Note: Excludes local school districts.

Source: City of Midland

**Table 3. 12-Month Average Nonfarm Payroll Jobs in the Midland HMA, by Sector**

	12 Months Ending		Absolute Change	Percent Change
	May 2014	May 2015		
Total nonfarm payroll jobs	90,500	97,900	7,400	8.2
Goods-producing sectors	29,900	33,700	3,800	12.7
Mining, logging, & construction	26,100	29,500	3,400	13.0
Manufacturing	3,800	4,200	400	10.5
Service-providing sectors	60,600	64,200	3,600	5.9
Wholesale & retail trade	14,100	15,600	1,500	10.6
Transportation & utilities	4,100	4,500	400	9.8
Information	900	900	0	0.0
Financial activities	4,400	4,500	100	2.3
Professional & business services	9,500	9,800	300	3.2
Education & health services	7,000	6,900	-100	-1.4
Leisure & hospitality	8,300	9,300	1,000	12.0
Other services	3,100	3,200	100	3.2
Government	9,000	9,400	400	4.4

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through May 2014 and May 2015.

Source: U.S. Bureau of Labor Statistics

an aerospace and space tourism company, is expected to relocate its headquarters to Midland International Air and Space Port, which in September 2014 became the first U.S. facility licensed by the Federal Aviation Administration to serve both airline flights and commercial human spaceflight. The relocation is expected to begin in the summer of 2015 and to create 100 jobs by the time it is complete, although a final completion date has not been announced. The company is conducting research and development in commercial spaceflight applications and plans to begin commercial space tourism in 2016, at an expected cost of \$95,000 per trip. Orbital Outfitters, a spacesuit manufacturer, is also relocating to the HMA. The company is building a 17,600-square-foot facility for testing spacesuits and satellites, although a final completion date and

the number of jobs to be created have not been announced yet. The company is also expected to manufacture custom spacesuits for XCOR's commercial space tourism passengers. United Surgical Partners International has announced plans to build a medical campus in the city of Midland. Construction on the 52,000-square-foot facility is expected to commence in August 2015 and is expected to be substantially complete by the second quarter of 2016. The 144-room Hotel Fuel, a boutique hotel currently under construction in the city of Midland, is expected to be complete in early 2016. A 112,000-square-foot H-E-B grocery store is under construction in the city of Midland and is expected to be complete in the spring of 2016. At this time, estimates are unavailable for the number of jobs expected in these final three projects.

## Population and Households

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As of June 1, 2015, the population of the Midland HMA was estimated at 164,600, reflecting an average annual increase of 4,450, or 2.9 percent, from 141,671 on April 1, 2010. By comparison, from 2000 to 2010, the population increased by an average of 2,100, or 1.6 percent, annually. Population growth fluctuated during the previous decade, coinciding with changes in the oil and natural gas industry. Before the widespread implementation of hydraulic fracturing techniques in 2005 and rising oil prices in the same year, population growth was relatively slow. During this period, from 2000 to 2005, the population grew by an average of

1,175, or 1.0 percent, annually (Census Bureau, July 1 estimates). From 2005 to 2009, the population grew by an average of 3,575, or 2.7 percent, annually, in response to the jobs created by the widespread deployment of hydraulic fracturing techniques coupled with significant increases in oil prices. From 2009 to 2010, as a result of low energy prices during and immediately after the most recent national recession, which lasted from December 2007 to June 2009, population growth slowed to 960 people, or less than 1 percent, annually. Since 2010, a year when oil prices increased, the rate of population growth has exceeded that which prevailed from 2005 to 2009. During

## Population and Households *Continued*

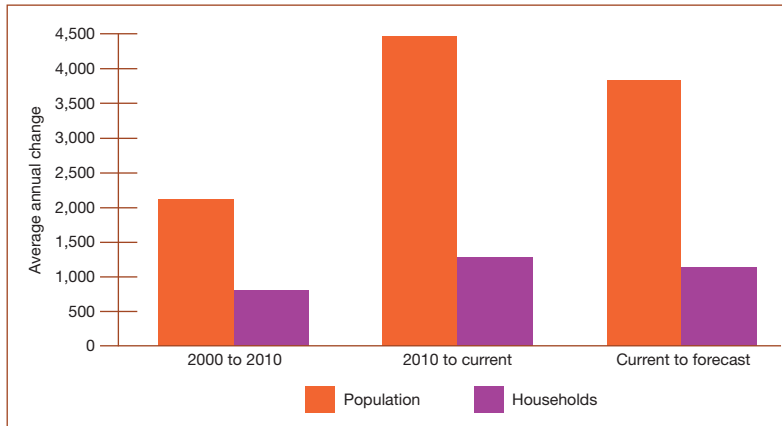
the 3-year forecast period, the rate of population growth is expected to slow because of the recent decline in oil prices, and the population is expected

to increase by 3,825, or 2.3 percent, annually, to 176,100 by June 1, 2018 (Figure 4).

From 2000 to 2005, a period of slow growth preceding the hydraulic fracturing boom, net in-migration averaged 210 people annually, and net natural increase (resident births minus resident deaths) averaged 970 per year. After the deployment of hydraulic fracturing, from 2005 to 2009, net in-migration averaged 2,175 annually, and net natural increase averaged 1,325 per year. From 2009 to 2010, the HMA recorded net out-migration of 480 people annually because of the decline in oil prices and recession. From 2010 to the current date, net in-migration resumed at a rapid pace, averaging 2,900 people annually, because of the recovery in oil prices that began in February 2010; during the same period, net natural increase averaged 1,550 per year (Figure 5). During the forecast period, net in-migration to the HMA is expected to average 2,125 people annually.

The number of households in the HMA has increased at a higher rate since 2010 than during the previous decade. Since 2010, the number of households has increased by 1,275, or 2.3 percent, annually compared with an average annual increase of 810, or 1.7 percent, during the past decade. The rate of household growth since 2010 has lagged the rate of population growth because from 2011 through 2014, a period of tight housing markets, the additions to the housing inventory did not keep up with rapid population growth. The number of households in the HMA is currently estimated at 59,100. Figure 6 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date.

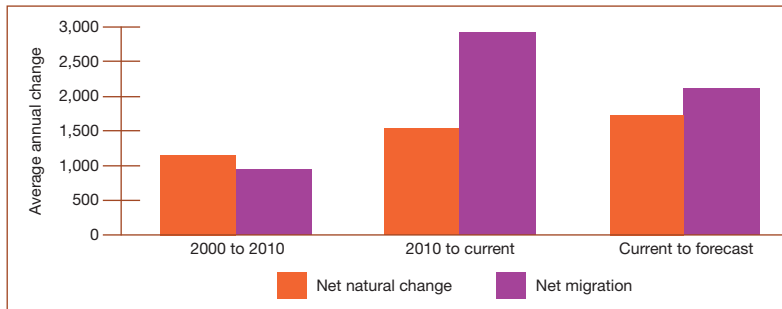
**Figure 4. Population and Household Growth in the Midland HMA, 2000 to Forecast**



Note: The current date is June 1, 2015. The forecast date is June 1, 2018.

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

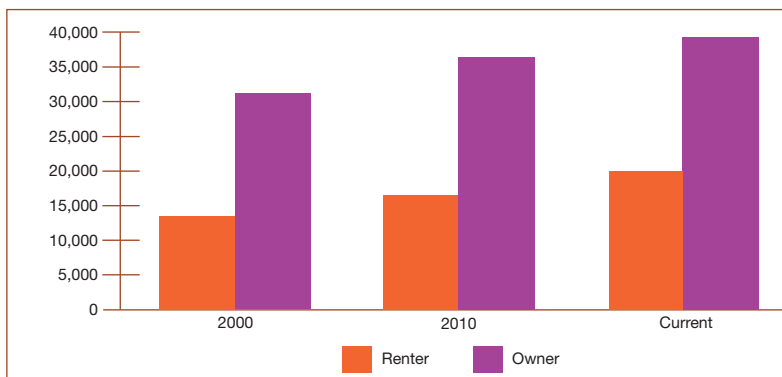
**Figure 5. Components of Population Change in the Midland HMA, 2000 to Forecast**



Note: The current date is June 1, 2015. The forecast date is June 1, 2018.

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

**Figure 6. Number of Households by Tenure in the Midland HMA, 2000 to Current**



Note: The current date is June 1, 2015.

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

During the forecast period, the rate of household growth is expected to decrease because of the recent decline in oil prices, and the number of households is expected to increase by

1,150, or 1.9 percent, annually to approximately 62,550 households by June 1, 2018. Table DP-1, at the end of this report, provides additional demographic data for the HMA.

## Housing Market Trends

### Sales Market

Despite some recent improvement, the sales housing market in the Midland HMA is currently slightly tight because of strong employment and population growth from 2010 through 2014, but it is approaching balanced conditions because of the recent slowdown in economic growth. The home sales vacancy rate is estimated at 1.1 percent, down from 1.6 percent in April 2010.

During the 12 months ending May 2015, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 1,950, a 4-percent increase compared with new and existing home sales during the previous 12-month period (Real Estate Center at Texas A&M University). Home sales have slowed since November 2014, when oil prices dropped to less than \$73 per barrel. As a result, during the 3 months ending May 2015, the number of new and existing homes sold totaled 470, a decrease of 6 percent from the same 3-month period 1 year ago. From 2006 through 2008, the number of new and existing homes sold averaged 5,200 a year. During 2009 and 2010, the number of homes sold decreased to an average of 2,950 a year, because of the decline in oil prices. From 2011 through 2013, the number of new and existing homes sold increased to

5,500 a year, because of the booming energy industry. The homeownership rate in the HMA is currently estimated at 66.3 percent, down from 68.9 percent in April 2010.

During the 12 months ending May 2015, the average sales price for new and existing homes in the HMA increased 8 percent, to \$289,400 (Real Estate Center at Texas A&M University). The current price level is the highest on record for the HMA. The rate of increase in home sales prices has slowed since November 2014. During the 3 months ending May 2015, the average sales price for new and existing homes averaged \$276,200, an increase of 1 percent compared with prices during the same 3-month period 1 year ago. By comparison, during the 3 months ending May 2014, home sales prices increased 17 percent compared with home prices during the 3 months ending May 2013. From 2007 through 2008, prices for new and existing homes increased an average of 14.3 percent annually, to an average of \$195,000 in 2008. During 2009 and 2010, home prices increased by a much lower rate of 1.6 percent annually, to \$201,300 in 2010, because of the decline in energy prices during this period. From 2011 through 2013, the energy boom resumed, causing

## Housing Market Trends

### Sales Market *Continued*

home prices to increase an average of 8.2 percent annually, to \$255,000 in 2013.

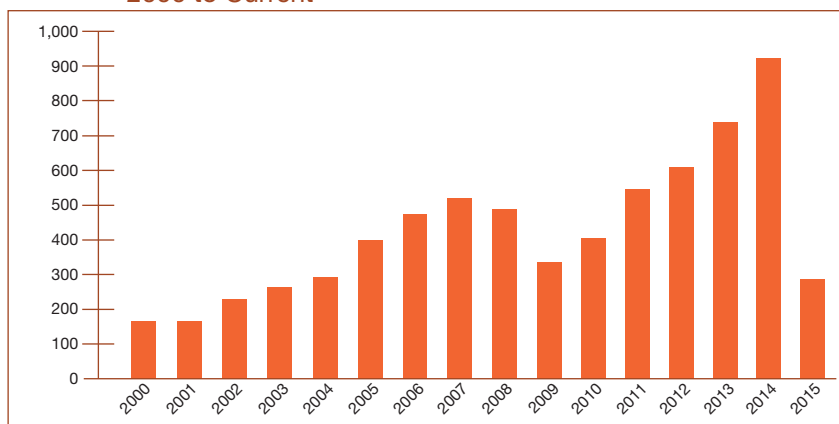
During the 12 months ending May 2015, the available inventory of new and existing homes averaged a 3.9-month supply, up from a 3.1-month supply during the previous 12-month period (Real Estate Center at Texas A&M University) because of softening sales market conditions. The current level is up from the average 2.8-month supply recorded in 2013 but well below the high of a 5.1-month supply in 2010, when the HMA was recovering from a decline in oil prices. Delinquencies and foreclosures have not been a significant problem in the HMA. In May 2015, 1.0 percent of mortgage loans in the HMA were 90 or more days delinquent, were in foreclosure, or had transitioned into real estate owned (REO) status, down from 1.2 percent in May 2014 (Black Knight Financial Services, Inc.).

Limitations on the supply pipeline contributed to tight sales housing market conditions from 2011 through 2014 (local sources). Home builders and local authorities indicated that labor and material costs were high as a consequence of competition with

the oil and gas industry, which contributed to difficulties in obtaining supplies and labor for home construction. In addition, competition resulted in the prices for the most desirable land lots being bid upward. Lags in the permitting, construction, and appraisal pipelines also contributed to the limitations in supply during the period. These factors that contributed to limited supply began to ease in November 2014. Home builders reported that the waiting lists for new homes have been greatly reduced (local sources). Some home builders have indicated that sales demand has been so strong that they have had to maintain waiting lists for customers hoping to buy newly built homes.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, decreased during the 12 months ending May 2015 in response to decreasing home sales and slowing growth in home sales prices. The number of single-family homes permitted during the 12 months ending May 2015 totaled 810, a 1-percent increase compared with the 800 homes permitted during the previous 12 months (preliminary data). Before the hydraulic fracturing boom, from 2000 through 2004, the number of single-family homes permitted averaged 220 annually (Figure 7). The number of homes permitted increased to an average of 440 homes annually from 2005 through 2009 during the early stages of the hydraulic fracturing boom. From 2010 through 2014, permitting increased each consecutive year and averaged 640 homes annually during the period, a high level of activity, because of extremely tight sales market conditions. In 2014, the number of single-family homes permitted reached a peak of 920, the

**Figure 7. Single-Family Homes Permitted in the Midland HMA, 2000 to Current**



Notes: Includes townhomes. Current includes data through May 2015.

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



highest level recorded since 1982. Day-break Estates, with 500 homes planned and prices ranging from \$221,990 to \$341,990, is currently under construction in the city of Midland, although a final completion date and the number of homes that have already been completed have not been announced. Adobe Meadows, with 225 homes planned and prices starting at \$205,000, is another development currently

under construction in the city of Midland, although a final completion date has not been announced and it is unclear how many homes have already been built or sold.

During the next 3 years, demand is expected for 2,200 new homes in the HMA, including approximately 100 mobile homes (Table 1). The 240 homes currently under construction will meet a portion of this demand. As the rate of job growth increases, demand is expected to increase during the 3-year forecast period, from 620 homes in the first year to approximately 790 homes annually during the final 2 years. Demand is expected to be greatest for homes priced between \$300,000 and \$399,999 (Table 4). A portion of the estimated 1,400 other vacant units likely will reenter the sales housing market and satisfy some of the forecast demand.

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Midland HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
160,000	199,999	170	8.0
200,000	249,999	360	17.0
250,000	299,999	270	13.0
300,000	399,999	570	27.0
400,000	499,999	290	14.0
500,000	599,999	320	15.0
600,000	and higher	130	6.0

*Notes: The 240 homes currently under construction and a portion of the estimated 1,400 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is June 1, 2015, to June 1, 2018.*

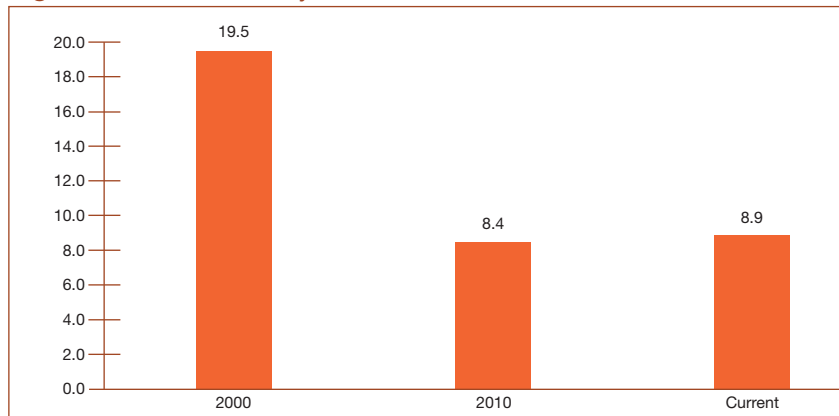
*Source: Estimates by analyst*

## Rental Market

Rental housing market conditions in the Midland HMA are soft and continue to soften because of the slowdown in economic growth since November 2014. The current overall

rental vacancy rate is estimated at 8.9 percent (Figure 8), up slightly from 8.4 percent in April 2010 because of the recent economic slowdown coupled with the high number of recent apartment completions but up significantly from an estimated 2.0 percent a year ago when conditions were tight. An estimated 28 percent of the rental inventory consists of single-family homes, unchanged from 28 percent in 2010. By comparison, 48 percent of the rental inventory consists of apartments, up slightly from 47 percent in 2010. The apartment market is also soft. The apartment vacancy rate as of June 1, 2015, was 8.8 percent, up significantly from

**Figure 8.** Rental Vacancy Rates in the Midland HMA, 2000 to Current



*Note: The current date is June 1, 2015.*

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

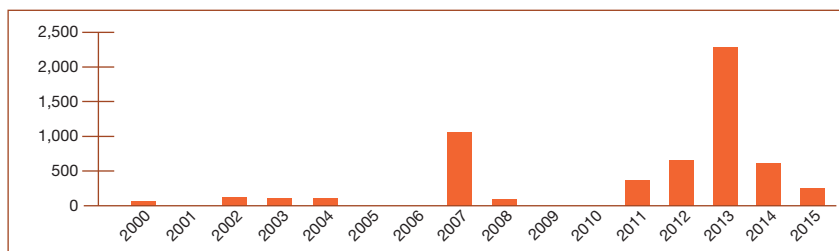
0.6 percent a year ago (ALN Apartment Data, Inc.), when apartment market conditions were so tight that apartment developments often had waiting lists. Apartment market conditions softened because of the recent economic slowdown coupled with the high number of recent apartment completions. By comparison, in the second quarter of 2010, when the apartment market was slightly soft because of the brief hiatus in the oil boom from late 2008 through 2010, the apartment vacancy rate was 6.9 percent (Reis, Inc.). The energy boom then resumed in 2011, and by June 2013 the apartment market was extremely tight, with an apartment vacancy rate of 0.3 percent (ALN Apartment Data, Inc.).

Apartment market conditions vary significantly by age of inventory because nearly no apartment construction occurred from 1985 through 1999, a period of relatively low oil prices and weakness in the energy industry. The apartment inventory has a bimodal age distribution, with approximately 60 percent of the inventory consisting of pre-1985 vintage properties, 5 percent consisting of 1985-through-1999 vintage properties, and 35 percent of the inventory built since 2000 (ALN Apartment Data, Inc.). As of June 1, 2015, effective apartment rents averaged \$1,084, \$1,373, and \$1,716, for one-, two-,

and three-bedroom units, respectively. The average effective rent for all apartments decreased 19 percent, to \$1,282, compared with rents a year ago, which represents a significant reversal compared with the 18-percent average annual rate of rent growth that prevailed from 2010 to 2013 (Reis, Inc.). Rents declined during the past 12 months because of the recent economic slowdown coupled with the completion of more than 1,200 apartment units since 2013. By comparison, in 2010 and 2013, soft and tight years, respectively, apartment rents averaged \$636 and \$1,069, respectively (Reis, Inc.). The rents for units of newer vintage are significantly higher, with rents for market-rate units built since 2005 averaging \$1,643. By comparison, average rents for units built before 2005 are estimated at \$1,134.

Multifamily construction activity, as measured by the number of units permitted, remains at moderate levels after a burst of construction from 2011 through 2013. During the 12 months ending May 2015, approximately 600 multifamily units were permitted, a 45-percent decrease from the 1,100 units permitted during the previous 12 months (preliminary data). By comparison, permitting activity averaged 65 units annually from 2000 through 2006 (Figure 9), a period when the development of hydraulic fracturing was in the early stages. In 2007, a year when the hydraulic fracturing boom had begun, 1,075 units were permitted. From 2008 through 2010, when oil prices had declined because of the most recent national recession, the number of units permitted averaged 35 annually. From 2011 through 2012, developers responded to tight rental market conditions by

**Figure 9.** Multifamily Units Permitted in the Midland HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through May 2015.

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

increasing construction to an average of 530 units annually. In response to extremely tight rental market conditions, multifamily permitting activity peaked in 2013, when 2,300 units were permitted, the highest level recorded since 1982. Construction times for apartment developments currently average approximately 2 years, partly because of tight labor and construction material markets, and often require construction crews brought in from Dallas or Lubbock (local sources).

In the city of Midland, 1,736 apartment units are currently under construction, including the 250-unit Anatole on Briarwood, the 290-unit The Residence at Midland, the 96-unit Westridge Senior Apartments, the 300-unit Sundance Creek, the 336-unit Pavilion Park, the 200-unit Antelope Trail apartments, and the 264-unit Palladium Midland Apartments; completion dates and starting rents have not been announced. In addition, construction is expected to begin in July 2015 on the 206-unit Compass Pointe, a low-income housing tax credit development in the city of Midland, which is expected to have rents starting at \$368 for a one-bedroom unit and to

be restricted to households earning no more than 30 percent of Area Median Income. A final completion date has not been announced. Recently completed market-rate developments include the 54-unit Sunrise at Fairgrounds, with rents starting at \$1,095; the 290-unit Le Mirage, with rents starting at \$1,166; the 176-unit Sandstone Ridge Apartments, with rents starting at \$1,195; the 288-unit Mesquite Terraces, with rents starting at \$1,199; and the 110-unit Wall Street Lofts, with rents starting at \$1,650. The high number of recent completions has contributed to the current soft apartment market conditions.

During the 3-year forecast period, demand is estimated for 1,125 new market-rate rental units (Table 1). Demand is expected to increase slightly in each year of the forecast period, but the current excess vacant units and the number of units in the pipeline are expected to exceed demand during the next 3 to 4 years. The 1,725 units currently under construction will meet and exceed the demand for the forecast period. Table 5 illustrates forecast demand by number of bedrooms and rent level.

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Midland HMA 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
1,050 to 1,249	80	1,100 to 1,299	20	1,500 to 1,699	10
1,250 to 1,449	180	1,300 to 1,499	110	1,700 to 1,899	10
1,450 to 1,649	110	1,500 to 1,699	140	1,900 to 2,099	10
1,650 to 1,849	80	1,700 to 1,899	130	2,100 to 2,299	45
1,850 to 2,049	10	1,900 to 2,099	85	2,300 to 2,499	45
2,050 or more	10	2,100 or more	40	2,500 or more	15
Total	470	Total	520	Total	140

*Notes: Numbers may not add to totals because of rounding. The 1,725 units currently under construction will likely satisfy some of the estimated demand. The forecast period is June 1, 2015, to June 1, 2018.*

*Source: Estimates by analyst*

# Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	57,915	69,219	93,750	1.8	7.1
Unemployment rate	4.1%	5.9%	2.8%		
Nonfarm payroll jobs	55,800	70,500	97,900	2.4	7.7
Total population	120,755	141,671	164,600	1.6	2.9
Total households	44,369	52,494	59,100	1.7	2.3
Owner households	30,943	36,193	39,200	1.6	1.6
Percent owner	69.7%	68.9%	66.3%		
Renter households	13,426	16,301	19,900	2.0	3.9
Percent renter	30.3%	31.1%	33.7%		
Total housing units	49,958	56,203	62,900	1.2	2.2
Owner vacancy rate	2.5%	1.6%	1.1%		
Rental vacancy rate	19.5%	8.4%	8.9%		
Median Family Income	NA	NA	\$70,200	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 May 2015. Median Family Income is for 2013. The current date is June 1, 2015.

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

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census  
 2010: 4/1/2010—U.S. Decennial Census  
 Current date: 6/1/2015—Analyst’s estimates  
 Forecast period: 6/1/2015–6/1/2018—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\\_MidlandTX\\_15.pdf](http://huduser.gov/publications/pdf/CMARtables_MidlandTX_15.pdf).

## Contact Information

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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](http://huduser.gov/portal/ushmc/chma_archive.html).