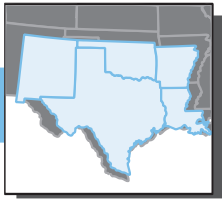


Housing Market Profile

Southwest • HUD Region VI



Sherman-Denison, Texas

The Sherman-Denison metropolitan area, located 60 miles north of Dallas, is coterminous with Grayson County, Texas. As of December 1, 2009, the population was estimated at 119,850, up 750, or 0.7 percent, annually since July 1, 2008. The population growth is down from the peak average annual growth of 1,250, or 1.1 percent, from July 2005 through July 2007 and an average annual gain of nearly 925 from April 2000 to July 2005. In-migration accounted for a population increase of about 200 people a year since 2008, down from 625 annually from 2000 through 2007, resulting from continued employment losses. According to the Real Estate Center at Texas A&M University, the Sherman-Denison metropolitan area was the second most affordable housing area in Texas in 2009.

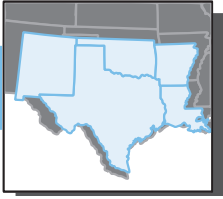
During the 12 months ending November 2009, non-farm employment declined by 500 jobs, or 1.1 percent, to an average of 43,300 jobs compared with the addition of 100 jobs, or 0.1 percent, during the previous 12 months. During the 12 months ending November 2009, job losses occurred in every sector except professional and business services, government, and education and health services, which each added 100 jobs, representing gains of 5.0, 1.7, and 1.3 percent, respectively, compared with the number of jobs during the previous 12-month period. Capio Partners, LLC, led the growth in the professional and business services sector with the opening of a call center in June 2009, adding more than 100 new jobs. The most significant losses during the past 12 months occurred in the manufacturing and trade sectors, which each lost 200 jobs, or 3.2 and 3.0 percent, respectively. Leading employers in the area include Tyson Foods, Inc., Wilson N. Jones Regional Health System, and Texoma Health Care System, with 1,400, 1,200, and 1,150 employees, respectively. Texoma Health Care System completed the construction of a new medical center in December 2009, adding an estimated 50 jobs. During the 12 months ending November 2009, the unemployment rate averaged 7.8 percent, up from 5.2 percent during the previous 12 months.

The home sales market in the Sherman-Denison metropolitan area is currently soft as a result of the declining economy and tighter credit conditions compared with recent years. According to data from the Real

Estate Center at Texas A&M University, during the 12 months ending November 2009, approximately 1,000 new and existing single-family homes were sold, representing a decrease of 22 percent compared with the number of homes sold during the previous 12 months. The average sales price of a single-family home in the metropolitan area declined 28 percent to \$111,300 during the 12-month period ending November 2009 compared with prices recorded during the previous 12 months. According to data from First American CoreLogic, Inc., foreclosures nearly doubled to 1.6 percent of outstanding mortgage loans during the 12-month period ending October 2009 but remained well below the national foreclosure average of 3.0 percent.

In response to the job declines since 2006 and an expanding inventory of unsold homes, single-family construction activity, as measured by the number of building permits issued, has steadily decreased. According to the Real Estate Center at Texas A&M University, inventory of unsold homes has increased to an 11-month supply for the 12 months ending November 2009 from a 9.7-month supply for the previous 12-month period. From the peak of 425 single-family homes built in 2005, approximately 350, 250, and 200 homes were permitted in 2006, 2007, and 2008, respectively. Based on preliminary data, during the 12 months ending November 2009, 60 single-family homes were permitted, compared with 170 homes permitted during the previous 12 months. Approximately 360 homes have been built since 2006 in Country Ridge Estates, located in west Sherman, with plans to build an additional 240 at a rate of 35 a year. The homes will range in size from 1,300 to 2,300 square feet, with prices ranging from \$110,000 to \$150,000. In early 2010, development will begin in west Sherman at The Preserve at Country Ridge, with plans to build at least 25 new homes a year. The homes, which will range in size from 1,500 to 2,800 square feet, will be priced from \$160,000 to \$270,000.

The rental housing market in the metropolitan area is currently soft with an apartment vacancy rate of 10.9 percent, according to ALN Systems, Inc. As of November 2009, average rents were \$620 for a one-bedroom unit, \$770 for a two-bedroom unit, and \$1,000 for a three-bedroom unit and were relatively unchanged during the past 12 months. Recently completed apartment complexes include Northside on Travis, a development consisting of 200 apartments with an average asking rent of \$715, completed in December 2008, and Bridges on Travis, consisting of 112 apartments with an average asking rent of \$730, completed in June 2009. Production of new units has only



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recently subsided in reaction to steadily decreasing population and renter household growth. Multifamily construction activity, as measured by the number of units permitted, averaged about 200 units a year from 2004 to 2008, up significantly from about 25 units an-

nually from 2000 to 2003. Based on preliminary data, during the 12-month period ending November 2009, no significant multifamily construction activity occurred compared with the 130 units permitted during the previous 12-month period.