

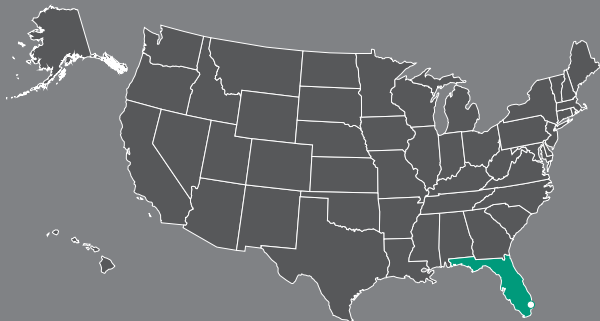
HUD PD&R Housing Market Profiles

Fort Lauderdale-Pompano Beach-Deerfield Beach, Florida



Quick Facts About Fort Lauderdale

- **Current sales market conditions: balanced**
- **Current apartment market conditions: balanced**
- **The city of Fort Lauderdale, known as the Yachting Capital of the World for its hundreds of miles of inland waterways and tens of thousands of registered yachts, hosts the Fort Lauderdale International Boat Show every fall. In 2018, the boat show attracted 110,000 visitors and had an economic impact of \$283 million on the metropolitan division (Marine Industries Association of South Florida).**



By Katharine Jones | As of June 1, 2019

Overview

The Fort Lauderdale-Pompano Beach-Deerfield Beach, FL Metropolitan Division (hereafter, Fort Lauderdale division) consists of Broward County in South Florida and is part of the larger Miami-Fort Lauderdale-Pompano Beach, FL Metropolitan Statistical Area. The population of the Fort Lauderdale division is currently estimated at 1.96 million. Approximately 9 percent of the population resides in the largest city, Fort Lauderdale.

- From 2010 through 2016, the population increased by an average of 26,400, or 1.5 percent a year, which was the strongest period of population growth since 2000 (U.S. Census Bureau decennial census and population estimates as of July 1). Net in-migration, which averaged 19,225 people annually, comprised nearly 73 percent of the population growth. Population growth slowed to average 17,800 people, or 0.9 percent, a year since 2016 because net in-migration to the metropolitan division declined to an average of 11,900 people, or 67 percent of the population growth.
- The largest number of people moving to the Fort Lauderdale division come from the Miami-Dade metropolitan division, immediately to the south; outside of Florida, in-migrants mostly come from the northeast region of the nation, with the New York City metropolitan area contributing

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the largest share (2012–2016 American Community Survey [ACS] 5-year estimates), in part because Interstate 95 runs along the East Coast, connecting Maine to Miami.

- The median age in the Fort Lauderdale division was 40.5 years in 2018, compared with 38.2 nationally (Census Bureau

population estimates as of July 1). Retirees are attracted to the metropolitan division because of the lack of state income tax; the warm, sunny climate; and recreational amenities. The population aged 62 years or older has increased from 16 percent of the population in 2005 to 20 percent in 2017 (ACS 1-year estimates).

Economic Conditions

The economy in the Fort Lauderdale division continues to expand following the Great Recession. In 2015, nonfarm payrolls in the Fort Lauderdale division surpassed the pre-recession peak of 789,800 jobs, recorded in 2007. During the 3 months ending May 2019, nonfarm payrolls increased by 12,900 jobs from a year earlier, or 1.5 percent, to average 864,200 jobs. The rate of job growth was the same the previous year but has slowed from the average annual rate of 2.7 percent from 2012 through 2017. Much of the job growth in the metropolitan division since the Great Recession has been in healthcare and tourism-related industries, which supports the large number of retirees residing in, and visitors to, the area. Travel by air increased more than 10 percent in 2018, compared with 2017, to 36 million travelers through the Fort Lauderdale airport (Greater Fort Lauderdale Convention and Visitors Bureau). Tourists visit the Fort Lauderdale area to view wildlife in Everglades National Park, relax on the sandy beaches

by the Atlantic Ocean, or catch a cruise from Port Everglades, among other attractions.

During the 3 months ending May 2019—

- The professional and business services sector added the greatest number of jobs, increasing by 5,400 jobs, or 3.6 percent, to 156,700 jobs, comprising 18 percent of total nonfarm payrolls. Virgin Voyages, an adults-only cruise company, opened its headquarters in the city of Plantation in 2018 and has been in the process of adding approximately 320 jobs at the office.
- The education and health services sector also grew strongly, increasing by 4,400 jobs, or 4.0 percent compared with a year earlier. Nearly 75 percent of the sector job gains were in the ambulatory health care services and the hospitals industries.

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Nearly 95 percent of job growth in the Fort Lauderdale division in the past year occurred in the service-providing sectors.

	3 Months Ending		Year-Over-Year Change	
	May 2018 (Thousands)	May 2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	851.3	864.2	12.9	1.5
Goods-Producing Sectors	75.7	76.6	0.9	1.2
Mining, Logging, & Construction	47.8	48.1	0.3	0.6
Manufacturing	27.8	28.4	0.6	2.2
Service-Providing Sectors	775.6	787.6	12.0	1.5
Wholesale & Retail Trade	160.0	160.2	0.2	0.1
Transportation & Utilities	30.2	30.9	0.7	2.3
Information	20.0	20.1	0.1	0.5
Financial Activities	60.6	62.1	1.5	2.5
Professional & Business Services	151.3	156.7	5.4	3.6
Education & Health Services	111.3	115.7	4.4	4.0
Leisure & Hospitality	97.2	95.8	-1.4	-1.4
Other Services	38.2	39.9	1.7	4.5
Government	106.8	106.3	-0.5	-0.5
	(Percent)	(Percent)		
Unemployment Rate	3.3	3.0		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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The three largest employers in the metropolitan division are healthcare providers with a combined 44,500 workers.

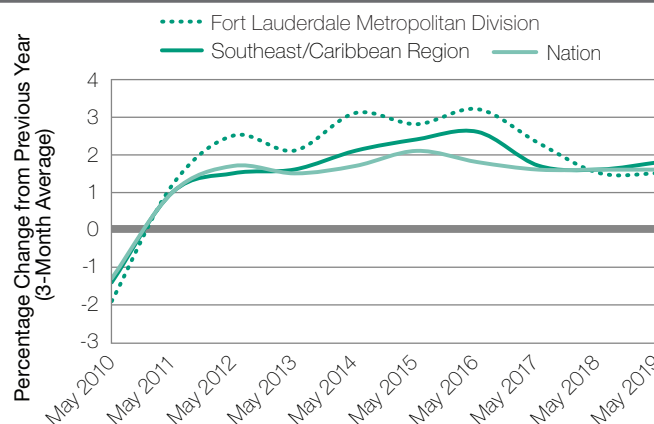
- The leisure and hospitality sector lost 1,400 jobs, a 1.4-percent decline compared with the same period a year earlier. The Beachcomber Resort and Villas, Pier Sixty-Six Hotel and Marina, and Ramada Plaza Resorts announced layoffs affecting a total of 360 workers during the past year. Nevertheless, job growth is expected in the sector: three hotels are under construction in North Lauderdale and Dania Beach, Virgin Voyages will be adding 1,100 crewmembers on each of three new cruise ships expected to launch in 2020, and, later in June 2019, the Seminole Hard Rock Hotel & Casino in Hollywood will begin hiring 1,200 workers following an expansion at the hotel and casino.
- The unemployment rate averaged 3.0 percent, down from 3.3 percent a year earlier. Gains in resident employment outpaced increases in the labor force, contributing to the declining unemployment rate. Previously, the unemployment rate peaked at 10.2 percent in 2010 as a result of the effects of the Great Recession and a nationwide decline in tourism spending.

Port Everglades, located within portions of the cities of Fort Lauderdale, Hollywood, and Dania Beach, is the third most active cruise ship port in the world and a significant port regionally for cargo. In 2018, the port supported 13,125 jobs and had an economic impact of \$33.9 billion on the division (Martin Associates). Nearly 3.9 million cruise passengers passed through the port in 2018 on their way to and from the Bahamas, Key West, Mexico, or other destinations in the Caribbean (The Broward County Port Everglades Department). In addition, 7.4 million tons of cargo and 16.7 million tons of petroleum were transported through the port.

Sales Market Conditions

The home sales market in the Fort Lauderdale division is currently balanced with an estimated vacancy rate of 1.4 percent, down from 3.3 percent in April 2010. The strong population growth from 2010 through 2016 helped with the absorption of excess vacancies that was caused by overbuilding and the subsequent housing crisis during the 2000s, resulting in soft sales market conditions in 2010. The Fort Lauderdale division had a 4.2-month supply of homes for sale, including single-family homes, townhomes, and condominiums, in May 2019, unchanged from a year earlier (Realtors® of the Palm Beaches and Greater Fort Lauderdale, with adjustments by the analyst). The percentage of home loans in the Fort Lauderdale division that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into

Job growth in the Fort Lauderdale division outpaced the state and nation beginning in 2011 but has lagged those areas in the past 12 months.



Note: Nonfarm payroll job growth.
Source: U.S. Bureau of Labor Statistics

Largest Employers in the Fort Lauderdale Division

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Tenet Healthcare Corporation	Education & Health Services	18,000
HCA East Florida	Education & Health Services	15,000
Memorial Healthcare System	Education & Health Services	11,500

Note: Excludes local school districts.
Source: Moody's Analytics

One of the cruise terminals is undergoing a \$100 million renovation, and construction is under way on a \$437.5 million expansion to increase the number of areas where cargo ships can dock. Completion of both developments is expected in 2023.

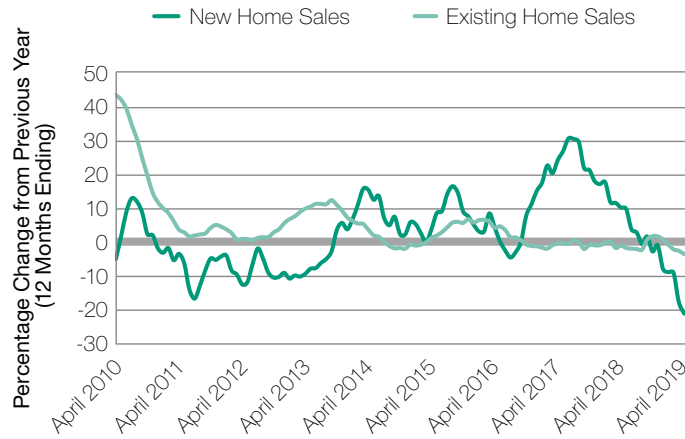
real estate owned (REO) status, is somewhat elevated compared with Florida and the rest of the nation. The rate of distressed loans in the Fort Lauderdale division was 2.3 percent as of April 2019, down from 5.9 percent a year earlier (CoreLogic, Inc., with adjustments by the analyst). By comparison, the state and national rates in April 2019 were 1.9 and 1.5 percent, respectively, down from 4.6 and 2.1 percent, respectively, a year earlier. A spike in distressed mortgages in Florida, including the Fort Lauderdale division, that occurred in late 2017 and early 2018 was partially attributed to an active hurricane season in 2017, most notably Hurricane Irma. Nevertheless, the current rate of distressed loans is at the lowest level since mid-2007.

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New and existing home sales decreased in the Fort Lauderdale division in the past year, in part because of slower population and job growth since 2017.



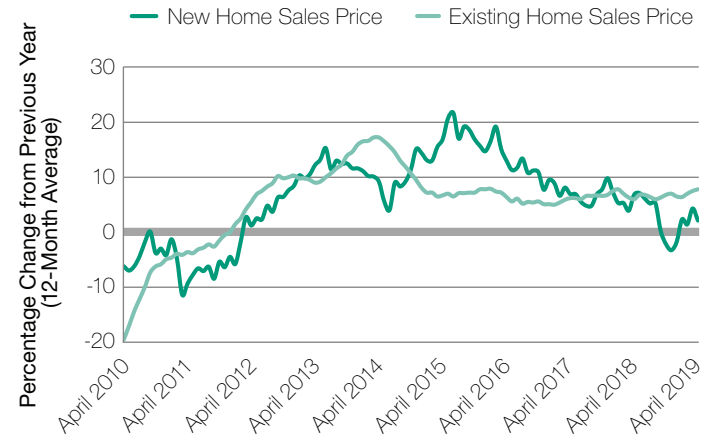
Note: New and existing home sales include single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

- Existing home sales, including regular resales and REO home sales, decreased nearly 4 percent from a year earlier, to 44,350 homes sold during the 12 months ending April 2019 (CoreLogic, Inc., with adjustments by the analyst). The average price of an existing home increased nearly 8 percent to \$305,500.
- REO sales accounted for 3 percent of existing sales during the 12 months ending April 2019, unchanged from a year earlier. By comparison, REO sales peaked at 35 percent of existing sales in 2009, during the Great Recession and housing crisis.
- New home sales decreased 21 percent from a year earlier to 1,525 homes sold during the 12 months ending April 2019, and the average sales price increased 2 percent to \$588,400. Demand for additional housing has weakened in the Fort Lauderdale division in response to the slower population growth since 2016.
- Sales of attached homes, including townhomes and condominiums, have decreased since the Great Recession, in part because of subdued construction of condominium units. From 2005 through 2007, nearly 50 percent of home sales were for attached homes, but, since 2015, condominiums and townhomes decreased to 40 percent of home sales (Metrostudy, A Hanley Wood Company).

Construction in the Fort Lauderdale division is primarily limited to an urbanized area stretching approximately 14 miles inland from the Atlantic Coast to the edge of the Everglades; the Everglades

Since 2015, price increases among existing homes have remained relatively steady, but among new homes, price growth has slowed.



Note: New and existing home sales prices include single-family homes, townhomes, and condominiums.

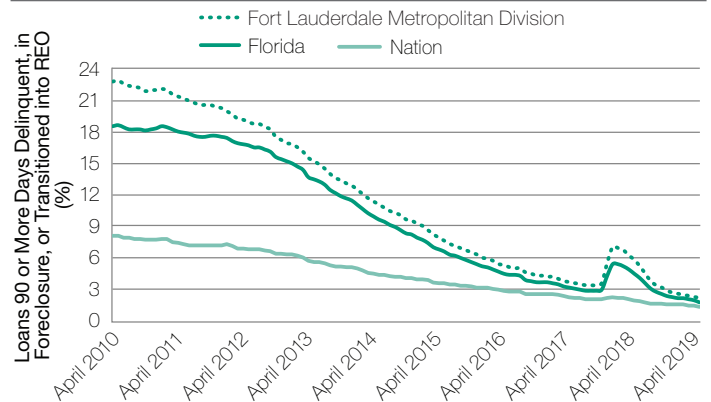
Source: CoreLogic, Inc., with adjustments by the analyst

National Park and surrounding conservation areas cover more than 60 percent of the Fort Lauderdale metropolitan division. Nearly 50 percent of new single-family homes built since 2015 were in the cities of Parkland, Pembroke Pines, and Tamarac.

- Single-family homebuilding activity, as measured by the number of homes permitted, increased to 1,875 homes permitted during the 12 months ending May 2019, up 27 percent from the previous 12-month period (preliminary data).

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The rate of seriously delinquent mortgages in the Fort Lauderdale division and Florida have drastically declined since the housing crisis, despite a spike in late 2017, and are now slightly higher than the national rate.



REO = real estate owned.

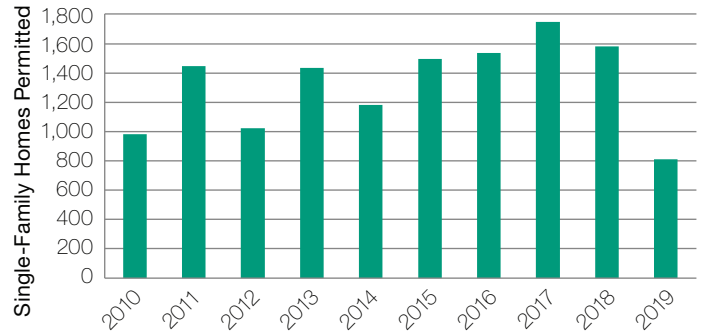
Source: CoreLogic, Inc., with adjustments by the analyst



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- An average of 1,400 single-family homes was permitted annually from 2011 through 2017; this was an increase from the average of 820 homes permitted each year from 2008 through 2010, a period when there was reduced demand due to soft housing market conditions.
- Permitting was strong from 2000 through 2006, when it was easier to access credit and there was a construction boom, including for second and seasonal homes. During this period, single-family permitting averaged 5,550 homes a year.
- Parkview at Hillcrest is a gated community in Hollywood that opened in 2017 and will have approximately 340 townhomes and 305 single-family detached homes when complete. A three-bedroom townhome starts at \$322,000 and a single-family detached home with three bedrooms starts at \$450,000. Approximately 250 homes have sold, of which nearly 130 are townhomes and 120 are single-family detached homes.

Despite slower population growth in the Fort Lauderdale division, annual single-family permitting has been higher since 2015 compared with the 2010-to-2014 period.



Note: Includes preliminary data from January 2019 through May 2019. Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the Fort Lauderdale division are balanced. During the first quarter of 2019, the apartment vacancy rate was 5.1 percent, up from 4.6 percent a year earlier (Reis, Inc.). During the same period, the average rent increased nearly 5 percent, to \$1,528. Apartment market conditions have remained relatively steady in recent years. From the first quarter of 2016 through the first quarter of 2018, asking rents increased an average of 5 percent, annually, and the vacancy rate ranged from 4.1 to 5.0 percent. By comparison, the vacancy rate ranged from 6.8 to 8.6 percent from 2008 through 2010, and average rents remained relatively unchanged when the market was soft during the economic downturn.

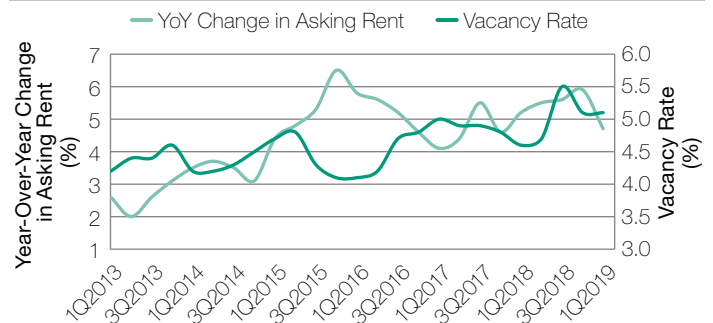
During the first quarter of 2019—

- The Reis, Inc.-defined Pompano Beach/Deerfield Beach market area had the lowest vacancy rate in the Fort Lauderdale area. During the first quarter of 2019, the vacancy rate was 2.8 percent, down from 4.9 percent a year earlier, and the average rent increased 5 percent to \$1,395, which was the second lowest rent among the eight market areas reported by Reis, Inc.
- The city of Fort Lauderdale market area had the highest rents. The average rent increased more than 8 percent from a year earlier to average \$1,782 during the first quarter of 2019 and was the strongest rent growth in percentage terms. The vacancy rate averaged 4.3 percent, down from 4.9 percent a year earlier.

- The average vacancy rate in the Margate/Coconut Creek/North Lauderdale market area was the highest in the metropolitan division, averaging 5.2 percent during the first quarter of 2019, down from 4.9 percent a year earlier. The average rent increased 2 percent to \$1,515 during the same period, which was the slowest rent growth among the market areas in the Fort Lauderdale division.
- The lowest rents in the division were in the Sunrise/Lauderhill market area, which averaged \$1,383, up 7 percent from a year earlier. The average vacancy rate increased to 4.7 percent, compared with 4.4 percent a year earlier.

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Apartment construction in the Fort Lauderdale division from 2015 through 2017 has added to supply and contributed to higher vacancy rates since 2016.



1Q = first quarter. 3Q = third quarter. YoY = year-over-year. Source: Reis, Inc.

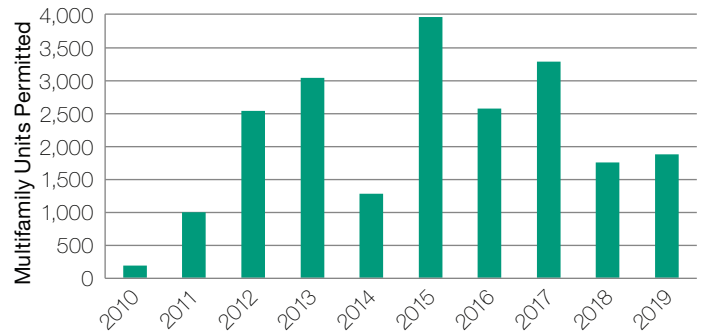


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Multifamily home construction, as measured by the number of multifamily units permitted, decreased slightly during the past year in response to easing demand and increased vacancies. During the 12 months ending May 2019, approximately 2,925 multifamily homes were permitted, down 2 percent from the previous year (preliminary data). Nearly all multifamily units built since the Great Recession are for apartments; condominiums comprised less than 7 percent of multifamily units permitted since 2010, compared with 47 percent during the previous decade.

- From 2000 through 2006, an average of 3,775 multifamily units was permitted annually, but construction decreased to an average of 560 units a year from 2009 through 2011 because of soft apartment market conditions in 2010 and fewer condominiums being built since the Great Recession. More recently, from 2015 through 2017, an average of 3,275 units was permitted annually.
- Since 2015, approximately 45 percent of multifamily construction within the Fort Lauderdale division occurred in the cities of Hollywood, Fort Lauderdale, and Pompano Beach.
- The 386-unit The Whitney Apartments, in Fort Lauderdale, opened in July 2018. The property is currently approximately 70 percent leased and is offering concessions of up to 2 months free rent on certain units. Rents for studio, one-, and two-bedroom units start at approximately \$1,660, \$1,850, and \$2,360, respectively.
- The 211-unit Broadstone Oceanside Apartments in Pompano Beach is under construction and expected to open in

Multifamily permits in the Fort Lauderdale division were generally elevated from 2015 through 2017 before decreasing in 2018.



Note: Includes preliminary data from January 2019 through May 2019. Source: U.S. Census Bureau, Building Permits Survey

September 2019. Units are preleasing, and rents for the one-, two-, and three-bedroom units start at \$2,180, \$2,700, and \$3,375, respectively.

- To meet part of the housing demand for retirees in the division, two age-restricted apartment developments are under construction. The 120-unit Pinnacle at Peacefield in Hollywood will be income-restricted, targeted to households earning 30 to 60 percent of area median income, whereas the 320-unit Palace at Weston in the city of Weston will be market rate. Both developments are expected to open during the first quarter of 2020.

