

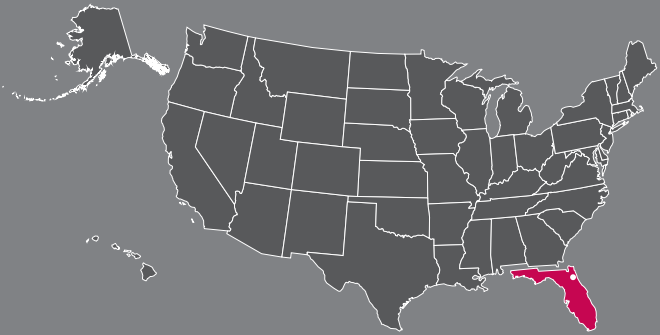
HUD PD&R Housing Market Profiles

Jacksonville, Florida



Quick Facts About Jacksonville

- **Current sales market conditions: balanced.**
- **Current rental market conditions: balanced.**
- **Consisting of three public marine terminals and a cruise terminal, the Port of Jacksonville is the leading container port complex in the state of Florida. Commonly referred to as JAXPORT, the facility supported an estimated 24,350 jobs in the Jacksonville area and contributed a total economic impact of \$27 billion to the state in 2013 (*The Economic Impact of the Port of Jacksonville, August 2014*). Approximately 968,300 containers passed through the port during fiscal year 2016, up 17 percent from 826,500 in fiscal year 2010 (Jacksonville Port Authority).**



By Casey M. Blount | As of September 1, 2017

Note: All the data in this report are from before Hurricane Irma made landfall on September 10, 2017, and do not reflect the impact of the hurricane and subsequent flooding. A followup report in 2018 will include data for the period directly following the period covered in this report.

Overview

The Jacksonville metropolitan area is in northeast Florida and includes Baker, Clay, Duval, Nassau, and St. Johns Counties. In addition to being an important shipping hub, the metropolitan area is home to Naval Air Station Jacksonville; Naval Station Mayport; and the headquarters of corporations such as CSX Corporation, Fidelity National Financial Inc., and Fidelity National Information Services Inc. The city of Jacksonville, which encompasses 875 square miles in Duval County, is the largest incorporated city in the continental United States by area and the most populous city in the state of Florida, with an estimated 926,255 residents (Census Bureau population estimates as of July 1, 2016).

- As of September 1, 2017, the estimated population of the Jacksonville metropolitan area is 1.52 million, an average annual increase of 22,900, or 1.6 percent, from 1.35 million in April 2010. Job growth contributed to an average net in-migration of 17,100 people, annually, or 75 percent of total population growth during the period.

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PD&R

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- From 2008 to 2010, job losses contributed to slowed net in-migration, which limited population growth to an average of only 14,100 people, or 1.1 percent, annually. During the period, net in-migration averaged only 5,550 people a year, or 39 percent of total population growth.

- Population growth averaged 33,850 people, or 2.8 percent, a year from 2003 to 2007, as strong job growth resulted in average net in-migration of 19,650 people a year.

Economic Conditions

Economic conditions in the Jacksonville metropolitan area are strong after 3 years of job losses during the late 2000s. From 2008 through 2010, nonfarm payrolls in the metropolitan area declined an average of 17,000 jobs, or 2.8 percent, annually. Nonfarm payrolls expanded an average of 14,600 jobs, or 2.4 percent, annually, during the subsequent 6 years, reaching 646,200 jobs in 2015 and surpassing the previous high of 631,000 jobs, which occurred in 2007.

During the 3 months ending August 2017—

- Nonfarm payrolls averaged 685,700 jobs, an increase of 19,300 jobs, or 2.9 percent, compared with the number of jobs during the same 3-month period in 2016, resulting from growth in 9 of 11 sectors. The rate of job growth in the metropolitan area was nearly double the rate of 1.5 percent for the nation.
- The wholesale and retail trade sector added the most jobs, an increase of 5,000 jobs, or 4.8 percent. Retail trade account-

ed for 78 percent of job growth in the sector as taxable sales increased 2 percent from the same period in 2016 (Office of Economic and Demographic Research).

- The fastest job growth (in percentage terms) occurred in the other services sector, which added 1,700 jobs, or 6.7 percent. The sector, which includes the automotive repair, household appliance repair, and personal care services industries, benefited significantly from population growth in the metropolitan area during the past year.
- The unemployment rate declined to 4.2 percent, down from 5.0 percent during the same period in 2016 and far less than the high of 11.0 percent during the 3 months ending August 2010.

The Jacksonville metropolitan area benefits substantially from the presence of several military installations, including Naval Air Station Jacksonville, Naval Station Mayport, and Marine Corps Support

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In the Jacksonville area, 9 of 11 sectors added jobs year over year, with 4 sectors expanding at least 4.0 percent.

	3 Months Ending		Year-Over-Year Change	
	August 2016 (thousands)	August 2017 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	666.4	685.7	19.3	2.9
Goods-producing sectors	69.4	70.8	1.4	2.0
Mining, logging, and construction	39.9	40.5	0.6	1.5
Manufacturing	29.6	30.3	0.7	2.4
Service-providing sectors	597.0	614.9	17.9	3.0
Wholesale and retail trade	103.6	108.6	5.0	4.8
Transportation and utilities	34.2	34.2	0.0	0.0
Information	9.5	9.5	0.0	0.0
Financial activities	64.1	65.0	0.9	1.4
Professional and business services	101.6	106.4	4.8	4.7
Education and health services	102.4	106.5	4.1	4.0
Leisure and hospitality	83.5	84.5	1.0	1.2
Other services	25.5	27.2	1.7	6.7
Government	72.6	72.9	0.3	0.4
	(percent)	(percent)		
Unemployment rate	5.0	4.2		

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics



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Facility Blount Island. The U.S. Navy directly employs a combined 37,050 military personnel and civilians in the metropolitan area, and employment at private aviation and aerospace companies such as Flightstar Aircraft Services, LLC and Northrop Grumman Corporation, which account for 1,300 and 1,100 jobs, respectively, is highly linked to military spending. The metropolitan area is also a popular destination for military retirees, and approximately \$1.5 billion in pension and transfer payments were made to residents of the seven-county Northeast Florida region, which includes Flagler and Putnam Counties, in 2014. During the same period, the total economic impact of the military was estimated at \$13.1 billion, or 16

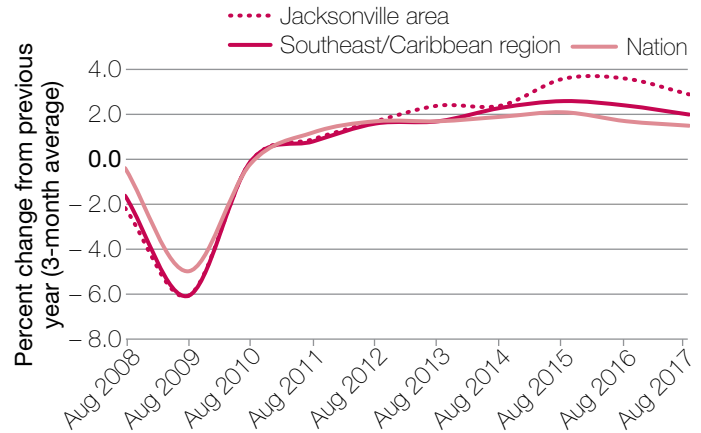
percent of gross product in the region, including more than 123,000 jobs (*Florida Defense Factbook*, 2015). An estimated \$11.4 billion, or 87 percent of the total impact, occurred in Duval County.

Largest employers in the Jacksonville area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Navy	Government	37,050
Baptist Health	Education and health services	10,500
Merrill Lynch, Bank of America Corporation	Financial activities	8,000

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.
Source: JaxUSA

Job growth in the Jacksonville area has exceeded the national rate since late 2012.



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

Sales Market Conditions

The sales housing market in the Jacksonville metropolitan area has improved significantly since the early 2010s and is currently balanced. The sales vacancy rate is currently estimated at 1.4 percent, down from 3.4 percent in 2010. During the 12 months ending August 2017, new home sales (including single-family homes, townhomes, and condominiums) increased 7 percent, continuing a trend that began in mid-2012. The number of existing home sales increased 4 percent despite a significant decline in real estate owned (REO) sales, which had an average sales price of \$124,900, 43 percent below that of regular resales during the period. The number of regular resales increased 18 percent, while the average sales price for existing homes increased 9 percent. The percentage of home loans in the Jacksonville metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status declined from 4.1 percent in August 2016 to 3.2 percent in August 2017 (CoreLogic, Inc.). The current rate is significantly below the peak of 14.3 percent during December 2011 but higher than the current rates of 3.0 percent for Florida and 2.2 percent for the nation.

During the 12 months ending August 2017—

- The number of new homes sold totaled 7,075, up from 6,650 during the 12 months ending August 2016 and significantly higher than the average of 3,650 a year from 2010 through 2012

but less than one-half the average of 15,400 a year from 2004 through 2006 (CoreLogic, Inc., with adjustments by the analyst).

- Existing home sales totaled 32,600, an increase of 4 percent from 31,450 homes sold during the 12-month period ending August 2016 and up 69 percent from the average of 19,300 a year from 2009 through 2011. The increase in existing home sales occurred despite a 53-percent decrease in REO sales, which totaled 2,000. Regular resales, which totaled 29,950, were 58 percent above the average of 11,600, annually, from 2009 through 2011, while REO sales were down 62 percent from the average of 5,275 a year during the same period.
- The average sales price for new homes was \$309,800, up 5 percent from \$294,200 during the previous 12 months and 19 percent higher than the previous peak of \$260,000 in 2006.
- The average sales price for existing homes was \$213,700, an increase of 9 percent compared with \$197,100 during the 12 months ending August 2016. The average price for existing homes increased an average of 6 percent a year from the end of 2012 through 2016 but is 1 percent below the previous high of \$216,300, which occurred during 2006.

Single-family home construction activity, as measured by the number of single-family homes permitted, has increased each year since 2012 but is well below prerecessionary levels.

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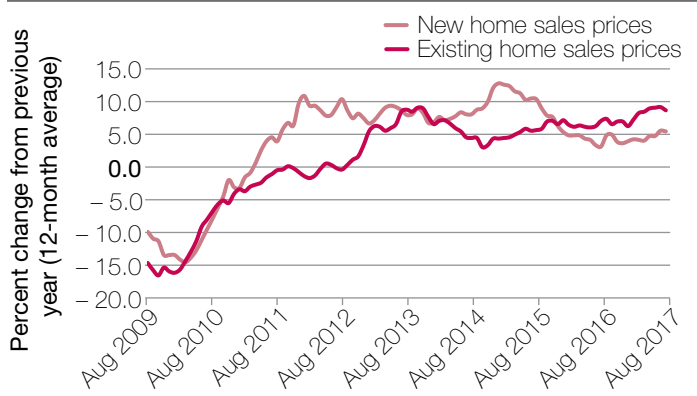


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- The number of single-family homes permitted increased to 9,225 during the 12 months ending August 2017, up 7 percent from 8,650 homes permitted during the previous 12 months (preliminary data).
- Single-family construction activity averaged 6,600 homes permitted annually from 2012 through 2016, up from an average of 4,500 homes a year from 2007 through 2011 but far less than the average of 12,300 each year from 2000 through 2006.
- Recent single-family home construction has been focused in the southern part of the metropolitan area, with Clay and St. Johns

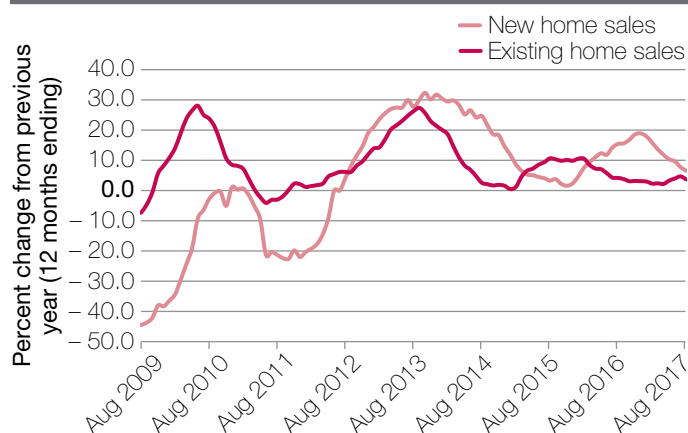
Counties combining to account for approximately 45 percent of all single-family homes permitted since 2012. Nocatee is a master-planned community that encompasses 12,000 home sites spread across 13,250 acres in southeast Duval County and northeast St. Johns County. A total 520 homes sold in the development during the first 6 months of 2016, the fourth highest total for a master-planned community in the nation (Robert Charles Lesser & Co.). New home prices currently range from the mid-\$200,000s for three-bedroom homes to the high \$900,000s for five-bedroom homes.

Improving economic conditions and a declining number of REO properties have contributed to increased home sales prices in the Jacksonville area since 2012.



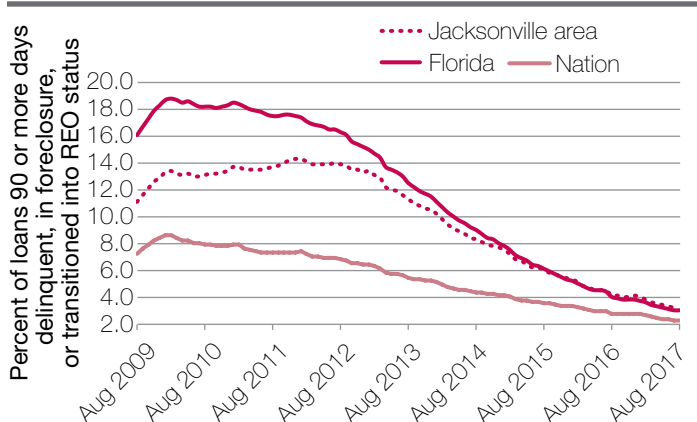
REO = real estate owned.
 Note: Includes single-family homes, townhomes, and condominiums.
 Source: CoreLogic, Inc., with adjustments by the analyst

Despite a significant reduction in REO sales, total home sales in the Jacksonville area have increased each year since 2012.



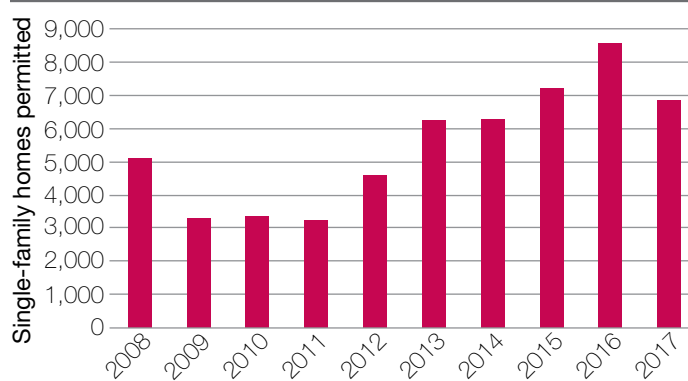
REO = real estate owned.
 Note: Includes single-family homes, townhomes, and condominiums.
 Source: CoreLogic, Inc., with adjustments by the analyst

The rate of seriously delinquent mortgages and REO properties in the Jacksonville area has declined significantly since 2009 but remained higher than the national rate.



REO = real estate owned.
 Source: CoreLogic, Inc.

Single-family permitting in the Jacksonville area has increased each year since 2012 but remained well below prerecessionary levels.



Note: Includes preliminary data from January 2017 through August 2017.
 Source: U.S. Census Bureau, Building Permits Survey



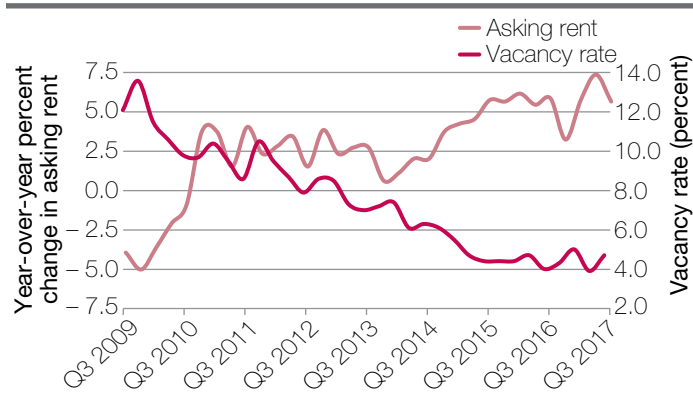
Rental Market Conditions

Overall rental housing market conditions in the Jacksonville metropolitan area currently are balanced with relatively slow multifamily construction in the late 2000s and early 2010s, allowing for absorption of excess units. Multifamily permitting has increased each year since 2014, resulting in an increased apartment vacancy rate during the past year.

- The estimated vacancy rate for all rental units (including single-family homes, manufactured homes, and apartment units) is 5.1 percent as of September 1, 2017, down from 13.3 percent in 2010.
- The apartment market, which represents approximately 54 percent of all rental units in the metropolitan area, had a vacancy rate of 4.7 percent in the third quarter of 2017, up from 4.0 percent a year earlier but much less than the 9.8-percent rate in the third quarter of 2010 (MPF Research). The vacancy rate increase was partially due to the 6,175 new apartment units that have entered the market since the start of 2014, including 1,425 units during the past year. By comparison, only 2,875 new apartments units were completed from 2010 through 2013.
- The average monthly apartment asking rent was \$978 in the third quarter of 2017, a 5.6-percent increase from the third quarter of 2016 and a 30.6-percent increase from the third quarter of 2010.

Builders responded to the declining vacancy rate in the early 2010s with increased levels of multifamily construction beginning in 2014.

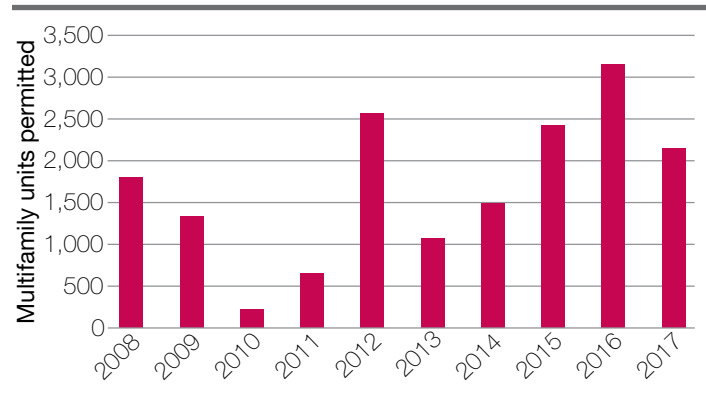
The apartment vacancy rate in the Jacksonville area increased during the past year but remained well below the rates in the late 2000s and early 2010s.



Q3 = third quarter.
Source: MPF Research

- During the 12 months ending August 2017, multifamily construction, as measured by the number of units permitted, totaled 4,125 units compared with the 1,850 units permitted during the previous 12-month period (preliminary data).
- Multifamily permitting averaged 2,350 units a year from 2014 through 2016.
- From 2004 through 2007, multifamily permitting averaged 5,050 units, annually, before declining to an average of only 1,000 units each year from 2008 through 2011. The drop in the number of units permitted occurred in response to an inventory surplus caused by slowed net in-migration and a significant number of single-family homes entering the rental market in the late 2000s.
- Nearly all of the apartment units completed in the metropolitan area during the past year are in the city of Jacksonville. Development has been particularly notable in the southeastern part of the city. Sola South Lux Apartments, a 330-unit development in the MPF Research-defined Southeast Jacksonville market area, was completed in early 2017. Rents currently range from \$1,050 to \$1,400 for one-bedroom units, \$1,325 to \$1,775 for two-bedroom units, and from \$1,500 to \$1,800 for three-bedroom units. In the Southbank neighborhood, construction is under way at the 263-unit Broadstone River House. The project is expected to be complete by mid-2018, with rents expected to start at \$900 for studio units and range up to \$2,200 for three-bedroom units.

Developers have responded to rent growth and relatively low vacancy rates with increased multifamily permitting in the Jacksonville area since 2014.



Note: Includes preliminary data from January 2017 through August 2017.
Source: U.S. Census Bureau, Building Permits Survey

