

HUD PD&R Housing Market Profiles

Jacksonville, Florida



Quick Facts About Jacksonville

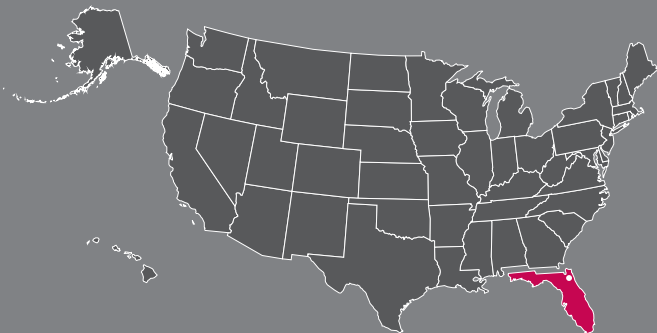
- **Current sales market conditions: soft.**
- **Current apartment market conditions: slightly soft.**
- **The Water Resources Reform and Development Act of 2014 included \$362 million in federal funding to deepen the Port of Jacksonville, ensuring the port remains competitive into the future.**

By T. Michael Miller | As of July 1, 2014

Overview

The Jacksonville metropolitan area consists of Baker, Clay, Duval, Nassau, and St. Johns Counties on the northeastern coast of Florida. The metropolitan area is a major transportation hub, is a regional financial center, and maintains the third largest naval presence in the country. The Jacksonville metropolitan area was one of eight metropolitan areas selected to join the Global Cities Initiative, created by The Brookings Institution and JPMorgan Chase & Co. to aid the expansion of metropolitan areas into the global economy by sharing policy ideas and best practices to promote greater global trade and economic competitiveness.

- As of July 1, 2014, the estimated population of the metropolitan area was 1.41 million, an increase of approximately 15,400, or 1.1 percent, a year since April 1, 2010.
- The city of Jacksonville, the largest in Florida, has a current population of 892,700 and accounts for approximately 63 percent of the total population in the metropolitan area.
- Approximately 60 percent of the population growth in the metropolitan area since 2010 resulted from net in-migration, which averaged 9,300 people a year, with 82 percent of the in-migration occurring outside the city of Jacksonville, primarily in St. Johns County.
- Net natural increase (resident births minus resident deaths) in the city of Jacksonville accounted for 82 percent of the average net natural increase of 6,100 people a year in the metropolitan area since 2010.



PD&R

Nonfarm payrolls in the Jacksonville area, led by the leisure and hospitality sector, increased in every sector except government.

	3 Months Ending		Year-Over-Year Change	
	June 2013 (thousands)	June 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	606.3	625.9	19.6	3.2
Goods-producing sectors	57.8	60.0	2.2	3.8
Mining, logging, and construction	29.7	31.6	1.9	6.4
Manufacturing	28.1	28.4	0.3	1.1
Service-providing sectors	548.5	566.0	17.5	3.2
Wholesale and retail trade	96.4	98.0	1.6	1.7
Transportation and utilities	31.1	32.0	0.9	2.9
Information	9.1	9.2	0.1	1.1
Financial activities	61.3	61.7	0.4	0.7
Professional and business services	93.7	100.3	6.6	7.0
Education and health services	90.6	90.9	0.3	0.3
Leisure and hospitality	72.4	80.1	7.7	10.6
Other services	20.4	20.6	0.2	1.0
Government	73.6	73.3	-0.3	-0.4
	(percent)	(percent)		
Unemployment rate	7.1	5.9		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

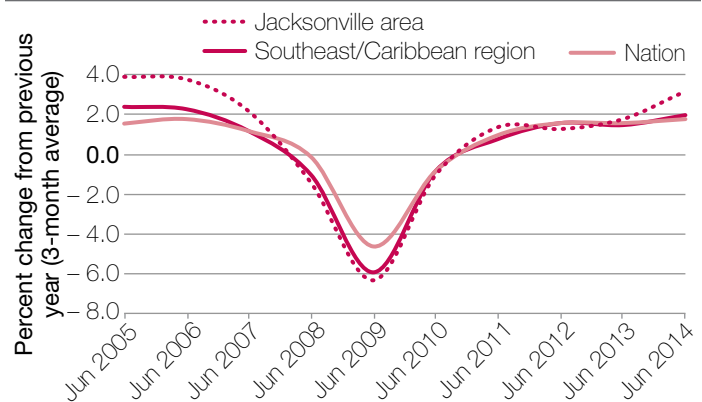
Economic conditions in the Jacksonville metropolitan area improved at an increasing rate during each of the past 3 years after a decline in nonfarm payrolls from 2007 through 2009, but the number of jobs remains less than the peak of 631,000 recorded during 2007.

During the 3 months ending June 2014—

- Nonfarm payrolls averaged 625,900 jobs, an increase of 19,600 jobs, or 3.2 percent, compared with the number of jobs recorded during the same 3-month period in 2013.
- The leisure and hospitality and the professional and business services sectors led the job growth, increasing by 7,700 and 6,600 jobs, or 10.6 and 7.0 percent, respectively. Tourism-related revenue in the metropolitan area increased 4 percent in 2013 and had a \$2.2 billion economic impact (Visit Jacksonville).
- The government sector declined by 300 jobs, or 0.4 percent, compared with the number of jobs recorded during the same 3-month period in 2013. The sector declined by an average of 1,100 jobs, or 1.4 percent, annually from 2011 through 2013, with 83 percent of the declines occurring in the local government subsector.

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Nonfarm payrolls in the Jacksonville area have increased since 2011, with gains exceeding the national and regional rates for most of that period.



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

Largest employers in the Jacksonville area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Naval Air Station Jacksonville and Naval Station Mayport	Government	33,700
Baptist Health	Education and health services	8,275
Bank of America Merrill Lynch	Financial activities	8,000

Notes: Excludes local school districts. Data for Naval Air Station Jacksonville and Naval Station Mayport include uniformed military personnel, who are generally not included in nonfarm payroll survey data.

Sources: Office of Economic Development, City of Jacksonville; JAXUSA Partnership, a division of JAX Chamber



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- The unemployment rate averaged 5.9 percent, the lowest rate since 2008 and down from the average of 7.1 percent recorded during the same 3-month period a year ago, as employment gains outpaced gains in the labor force.

The Port of Jacksonville had an annual economic impact of \$2.3 billion in the Jacksonville metropolitan area, was directly and indirectly responsible for approximately 24,350 workers during 2013, and

is central to the future growth of the metropolitan area. Combined with a comprehensive logistics system, the port enables distributors to reach 50 million consumers within 8 hours. Deepening of the port to accommodate Post-Panamax ships—larger ships that can now pass through the widened Panama Canal—is anticipated to begin in 2016 and be complete by 2019. The project is anticipated to cost \$684 million and create more than 14,000 jobs during the next 20 years.

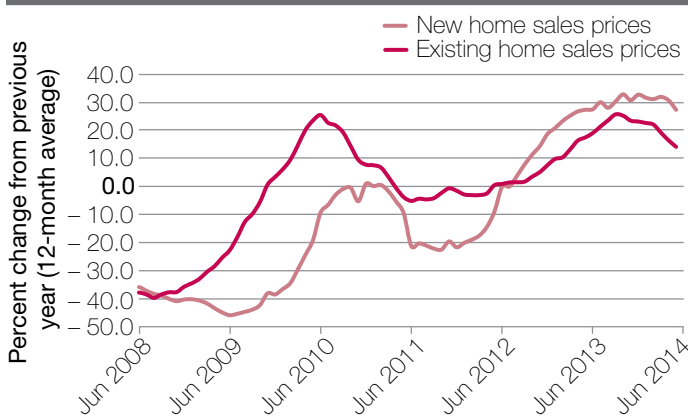
Sales Market Conditions

The sales housing market in the Jacksonville metropolitan area is soft but improving, and the number of mortgage loans in distress continues to decline. The percentage of mortgage loans in the metropolitan area that were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status decreased from 12.6 percent in June 2013 to 8.9 percent in June 2014, slightly better than the rate of 9.3 percent for Florida but much worse than the rate of 4.9 percent for the nation (Black Knight Financial Services, Inc.).

During the 12 months ending May 2014—

- New home sales increased 27 percent, to 5,450 homes sold, and new home sales prices increased 8 percent, to an average of \$253,500, compared with conditions during the previous 12 months as a result of improved economic conditions. The average new home sales price, however, remains less than the prerecession average of \$261,000 recorded during 2006 and 2007 (CoreLogic, Inc.; adjustments by the analyst).

Sales prices in the Jacksonville area for new and existing homes recorded strong gains during the past 2 years, but prices remained below the peak levels recorded during 2007.

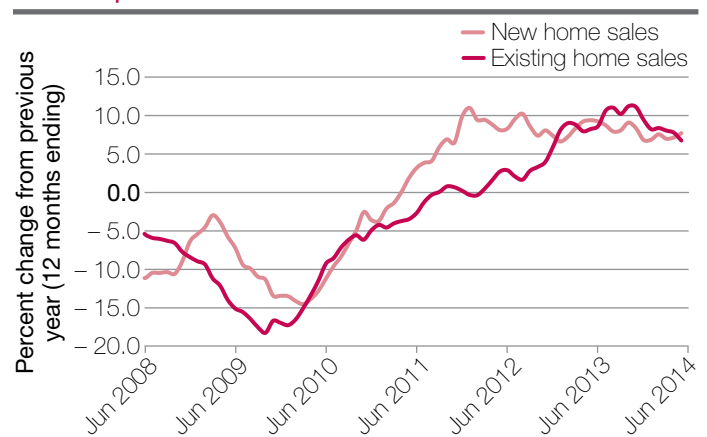


Note: Includes single-family homes, townhomes, and condominiums. Sources: CoreLogic, Inc.; adjustments by the analyst

- Existing home sales, including REO sales, increased 14 percent, to 23,000 homes sold, and existing home sales prices increased 7 percent, to an average of \$177,300, from the previous 12 months. The average existing home sales price, however, remains less than the prerecession average of \$212,600 recorded during 2006 and 2007.
- As the average price for new and existing homes increased, financial institutions became more willing to sell REO properties, resulting in a 42-percent increase in the number of REO sales, and more homeowners had the option to sell properties to avoid foreclosure, resulting in a decline of 34 percent in the number of short sales (sales at a price that is less than the mortgage) from the previous 12 months.
- REO sales accounted for 28 percent of existing home sales, up from 23 percent during the 12 months ending May 2013 and 2012. The improved sales market is one of the conditions necessary to reduce the existing foreclosure backlog through increased REO sales and fewer loans entering the foreclosure process.

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New home sales have steadily increased in the Jacksonville area since 2011 as economic conditions have improved.



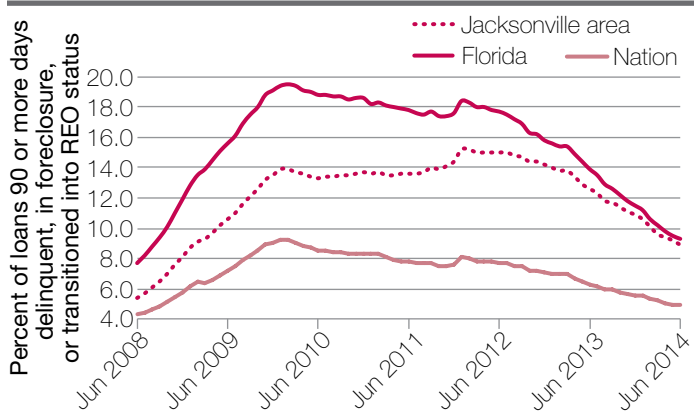
Note: Includes single-family homes, townhomes, and condominiums. Sources: CoreLogic, Inc.; adjustments by the analyst

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Single-family construction activity, as measured by the number of single-family homes permitted, began to rise in 2011 and continued to increase during the most recent 12 months, as sales market conditions in the Jacksonville metropolitan area improved.

- During the 12 months ending June 2014, permits were issued for approximately 6,200 single-family homes, an increase of 9 percent compared with the 5,700 homes permitted during the previous 12 months (preliminary data).

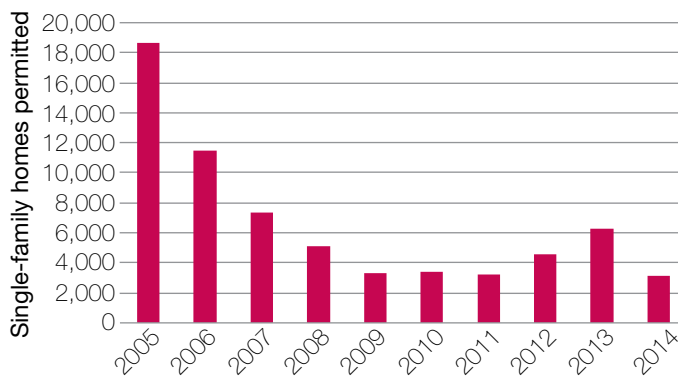
The distressed loan rate in the Jacksonville area has declined nearly 6 percentage points since the beginning of 2012.



REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

- From 2009 through 2011, single-family permitting averaged 3,325 homes a year compared with an average of 11,450 homes permitted annually from 2004 through 2008.
- Nocatee, in Duval and St. Johns Counties, is the third fastest selling community in America, with 3,400 homes constructed since 2007 and plans for 13,000 homes when construction is complete.

Single-family construction activity in the Jacksonville area has steadily increased as builders responded to improving sales markets.



Note: Includes preliminary data from January 2014 through June 2014.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

The apartment market in the Jacksonville metropolitan area is slightly soft but improving, although conditions vary significantly among sub-markets. A reduction in multifamily construction activity since 2010 and increased demand for rental units have led to decreased vacancies and increasing rents.

During the second quarter of 2014—

- The apartment vacancy rate for the metropolitan area decreased to 6.1 percent from 7.3 percent in the second quarter of 2013 and from a peak of 13.7 percent in 2009 (MPF Research).
- Apartment vacancy rates ranged from 3.3 percent in the MPF Research-defined Jacksonville Beaches market area along the Atlantic coast to 8.9 percent in the Arlington area between downtown Jacksonville and Jacksonville Beach.
- The average asking rent increased 2 percent, to \$822, compared with the average rent during the second quarter of 2013, with asking rents averaging \$712, \$855, and \$997 for one-, two-, and three-bedroom units, respectively. Improving economic conditions

since 2010 have contributed to a steady increase in average asking rents, which increased an average of 2.5 percent a year from 2010 through 2013.

Limited multifamily construction activity in 2010 and 2011 contributed to a significant increase in apartment construction in 2012. Construction decreased during the 12 months ending June 2014 as builders allowed for recently constructed units to complete lease up.

- Permits were issued for approximately 1,600 units during the 12 months ending June 2014, a decrease of 45 percent compared with the 2,875 units permitted during the previous 12 months (preliminary data).
- Multifamily permitting averaged 3,900 units a year from 2004 through 2009 before declining to average 440 units annually in 2010 and 2011, when builders responded to increased vacancies and a reduction in available multifamily financing.
- Approximately 84 percent of the new units completed in the metropolitan area during the 12 months ending June 2014 were in the southeast portion of the city of Jacksonville.

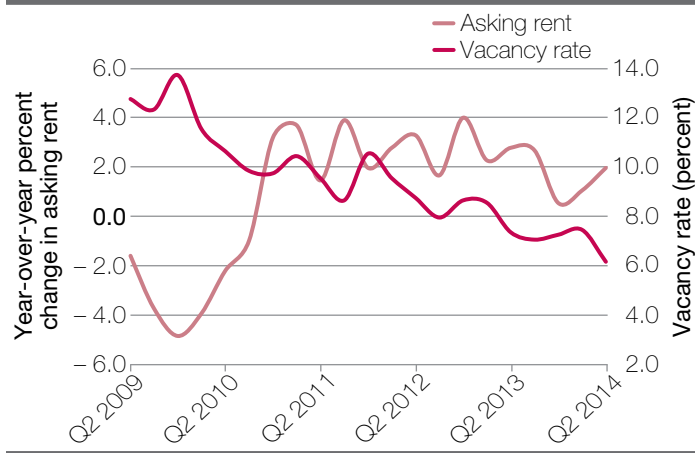
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- Rents at newly constructed, market-rate properties in the metropolitan area average approximately \$980, \$1,125, and \$1,375 for one-, two-, and three-bedroom apartments, respectively (Real Data).

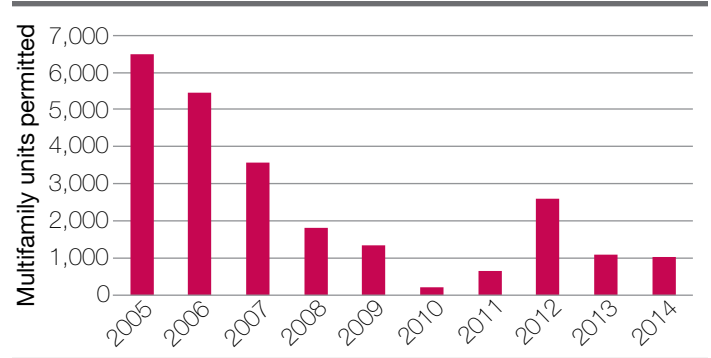
The apartment market in the Jacksonville area has tightened since 2009, as vacancy rates declined by more than one-half and rents steadily increased.



Source: MPF Research

- The recently completed developments in the city of Jacksonville include Hacienda Club, offering 230 units with rents starting at \$1,050 for a one-bedroom unit, and Palmetto at Oakleaf Plantation, offering 328 units with rents starting at \$880 for a one-bedroom unit.

Limited multifamily construction activity and increased demand for rental units resulted in improved apartment market conditions in the Jacksonville area.



Note: Includes preliminary data from January 2014 through June 2014.

Source: U.S. Census Bureau, Building Permits Survey

