



COMPREHENSIVE HOUSING MARKET ANALYSIS

# Palm Bay-Melbourne-Titusville, Florida

**U.S. Department of Housing and Urban Development,**  
Office of Policy Development and Research

As of July 1, 2021



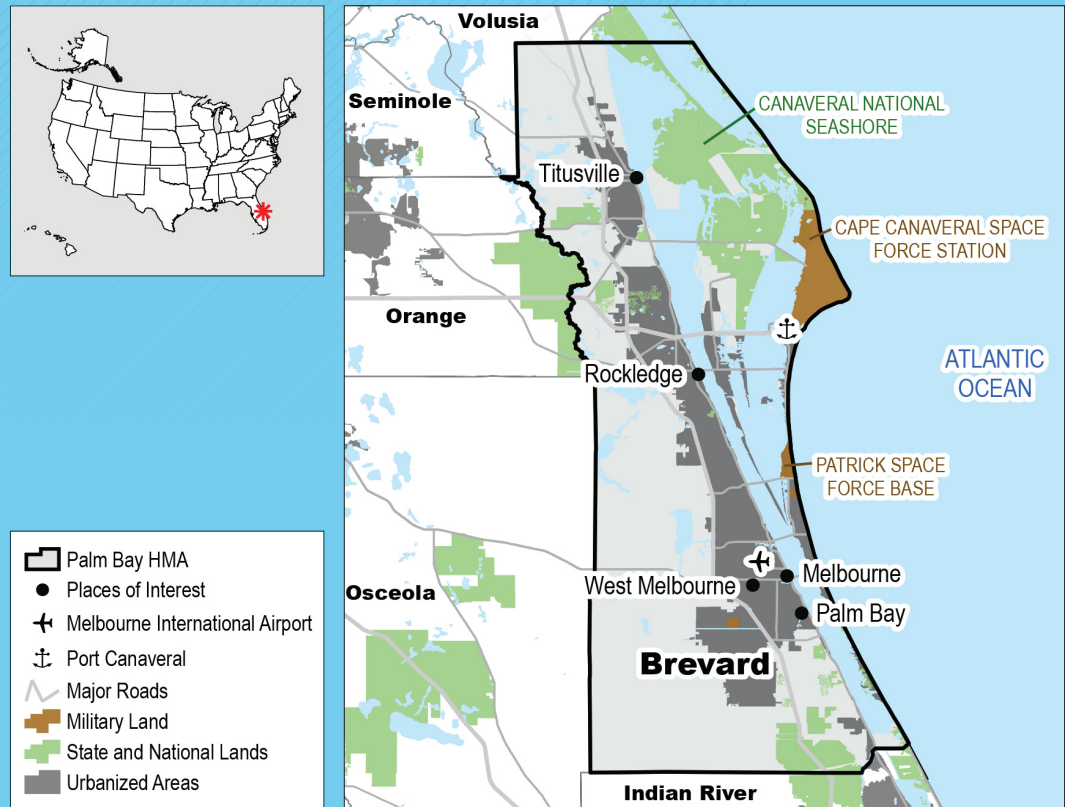
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# Executive Summary

## Housing Market Area Description

The Palm Bay-Melbourne-Titusville Housing Market Area (hereafter, the Palm Bay HMA), on the northeastern coast of Florida, includes Brevard County and is coterminous with the metropolitan statistical area of the same name. The HMA is home to the National Aeronautics and Space Administration (NASA) and a complex of space launch, landing, manufacturing, and maintenance facilities giving rise to the moniker the “Space Coast.”

The current population of the HMA is estimated at 614,200.



### Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R’s [Market-at-a-Glance tool](#).  
 Additional data for the HMA can be found in this report’s [supplemental tables](#).  
 For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).





## Market Qualifiers

### Economy



**Weak, but Improving:** Nonfarm payrolls decreased 0.7 percent during the 12 months ending June 2021 compared with a year earlier, which was not as severe as the 2.8-percent national decline.

Nonfarm payrolls in the Palm Bay HMA declined during the past year after 6 consecutive years of gains, largely due to statewide restrictions put in place in March 2020 to slow the spread of COVID-19. During the 3-year forecast period, nonfarm payrolls are expected to increase 1.3 percent annually.

### Sales Market



**Tight:** During the 12 months ending June 2021, the average home sales price increased 13 percent from the previous year to \$294,600 (Zonda).

Increased demand for homes because of changes in preferences and lower interest rates contributed to strong price growth, but a very low supply of homes for sale hampered sales. During the 12 months ending June 2021, 15,200 homes were sold, which was down 7 percent from the previous 12-month period. During the 12 months ending July 2021, permitting of for-sale housing increased 40 percent from a year earlier to 3,475 homes. During the 3-year forecast period, demand is expected for 7,950 for-sale homes; the 1,850 homes under construction will satisfy a portion of the demand.

### Rental Market



**Balanced:** During the second quarter of 2021, the apartment vacancy rate was 6.2 percent, down from 6.8 percent a year earlier (Moody's Analytics, REIS).

After 3 years of very low vacancy rates and a tight market, the recent increase in apartment construction has brought the apartment market into balance. During the second quarter of 2021, the average apartment rent increased 2 percent from a year earlier to \$1,138. About 1,475 rental units were permitted during the 12 months ending June 2021, which was down almost 27 percent from the previous 12-month period (preliminary data, with adjustments by the analyst). During the next 3 years, demand is estimated for 3,425 new rental units, and the 1,550 units under construction will meet a large portion of the demand in the first and second years of the forecast period.

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### 3-Year Housing Demand Forecast

	Sales Units	Rental Units
<b>Palm Bay HMA</b>	Total Demand	7,950
	Under Construction	1,850

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction are as of July 1, 2021. The forecast period is July 1, 2021, to July 1, 2024.  
Source: Estimates by the analyst



## Economic Conditions

### Largest Sector: Professional and Business Services

The professional and business services sector, which includes aerospace engineers and a portion of military contractors, represents 16 percent of nonfarm payrolls in the HMA.

### Primary Local Economic Factors

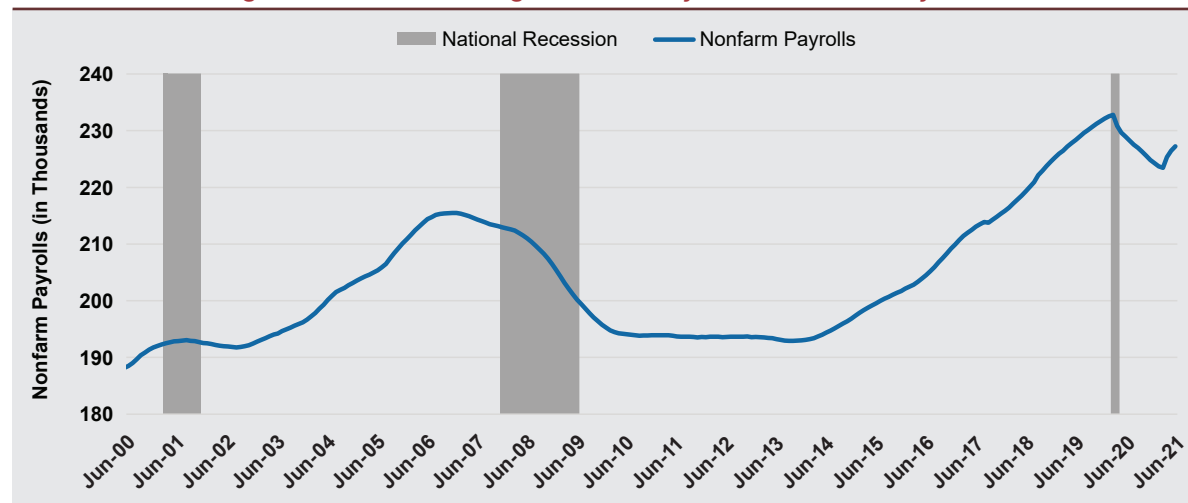
Tourists are attracted to the HMA for visiting space flight-related activities, fishing, birdwatching, wildlife, and sandy beaches, supporting employment in the leisure and hospitality sector. The population is older than in the nation; the median age in the Palm Bay HMA was 47.2 in 2019, compared with 38.5 nationally (2019 American Community Survey 1-year estimates). Retirees are attracted to the warm, sunny climate, recreational amenities such as golf, and the lack of state income tax. The aging population supports the health and social services subsector, which represents 13 percent of all payrolls in the HMA. The Palm Bay HMA economy benefits from the presence of Patrick Space Force Base (SFB), with 3,600 military personnel and 2,400 civilian employees. Patrick SFB comprises the 45th Space Wing and Cape Canaveral Space Force Station, sustaining an economic impact of \$1.29 billion annually on the HMA (Patrick SFB Fiscal Year 2020 Economic Impact Analysis). Home to a growing number of private space exploration companies such as Space Exploration Technologies Corp. (SpaceX); Blue Origin, LLC; Lockheed Martin

Corporation; and The Boeing Company, the HMA had 31 successful space flights in 2020, surpassing the 1966 record and placing the Space Coast at the number one spot for launches worldwide. More than an estimated 200,000 visitors came in May 2020 to watch the launch of the first crewed flight since the space shuttle was retired in 2011 (Visitspacecoast.com).

### Nonfarm Payrolls Trends

In the wake of the Great Recession, the Palm Bay HMA economy expanded each year from 2014 until early 2020, before the onset of the COVID-19 pandemic (Figure 1). After a peak of 215,500 jobs in 2006, total nonfarm payrolls declined by an average of 4,400 jobs, or 2.1 percent, annually, from 2007 through 2011. Losses were most severe in the mining, logging, and construction sector, which declined by an average of 2,000 jobs, or 14.6 percent, annually, partly because the downturn caused many to delay retirement and net in-migration declined, contributing to a decline in housing construction. The professional and business services sector declined by an average of 1,200 jobs, or 3.6 percent, annually. In 2011, NASA closed the space shuttle program, which negatively impacted jobs in the HMA. Although the rate of job loss slowed from the economic contraction attributed to the Great Recession, nonfarm payrolls continued to decrease by an average of

Figure 1. 12-Month Average Nonfarm Payrolls in the Palm Bay HMA



Note: 12-month moving average.  
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research



300 jobs, or 0.2 percent, annually, in 2012 and 2013. Losses in the professional and business services sector of 1,500 jobs, or 5.2 percent, annually, offset gains in the mining, logging, and construction, the leisure and hospitality, and the wholesale and retail trade sectors, which added 500, 600, and 400 jobs, or 5.3, 3.0, and, 1.3 percent, annually, respectively. Gains in the mining, logging, and construction sector were due in part to increased migration during this period, which caused an increase in housing construction.

From 2014 through 2019, nonfarm payrolls increased by an average of 6,400 jobs, or 3.1 percent, annually. The HMA recovered the number of jobs lost during the Great Recession by the end of 2018. Job gains in the professional and business services, the manufacturing, and the mining, logging, and construction sectors, which added averages of 1,300, 1,200, and 1,100 jobs; or 4.1, 5.3, and 9.2 percent, respectively, annually, led job growth. Much of the growth was related to the revival of the space industry, with expanded private-sector activity, and higher migration into the HMA, which bolstered housing construction.

The robust growth ended in early 2020 with the onset of COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. Job losses occurred across nearly all service-providing sectors because businesses were forced to close their doors to

combat the spread of the virus. During the 12 months ending June 2021, nonfarm payrolls in the HMA were down by 1,700 jobs, or 0.7 percent, compared with an increase of 600 jobs, or 0.3 percent, during the 12 months ending June 2020 (Table 1). Despite weak economic conditions during the past 12 months, the HMA is showing recent signs of improvement. On a monthly basis, as of June 2021, the HMA regained approximately 23,500 jobs, or 89 percent, of the 26,300 payrolls lost in the COVID-19 recession during March and April 2020 (not seasonally adjusted). The manufacturing sector continued strong growth, adding 1,300 jobs, or 4.6 percent during the 12 months ending June 2021, and mining, logging, and construction payrolls increased by 800 jobs, or 5.1 percent, to 16,600 jobs, despite complications to supply chains and high input prices brought about by the pandemic. Growth was similar in the mining, logging, and construction sector during the previous 12-month period, when 800 jobs were added, or 5.5 percent; some of this growth can be attributed to the \$20 million renovation of the new Lockheed Martin advanced manufacturing facility in Titusville, which is expected to open in July 2021.

**Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Palm Bay HMA, by Sector**

	12 Months Ending June 2020	12 Months Ending June 2021	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>229.0</b>	<b>227.3</b>	<b>-1.7</b>	<b>-0.7</b>
<b>Goods-Producing Sectors</b>	<b>43.9</b>	<b>46.0</b>	<b>2.1</b>	<b>4.8</b>
Mining, Logging, & Construction	15.8	16.6	0.8	5.1
Manufacturing	28.1	29.4	1.3	4.6
<b>Service-Providing Sectors</b>	<b>185.0</b>	<b>181.3</b>	<b>-3.7</b>	<b>-2.0</b>
Wholesale & Retail Trade	32.9	33.5	0.6	1.8
Transportation & Utilities	4.5	4.3	-0.2	-4.4
Information	2.2	1.8	-0.4	-18.2
Financial Activities	8.7	9.0	0.3	3.4
Professional & Business Services	36.2	37.1	0.9	2.5
Education & Health Services	36.9	35.0	-1.9	-5.1
Leisure & Hospitality	26.5	24.7	-1.8	-6.8
Other Services	8.6	8.0	-0.6	-7.0
Government	28.6	27.8	-0.8	-2.8

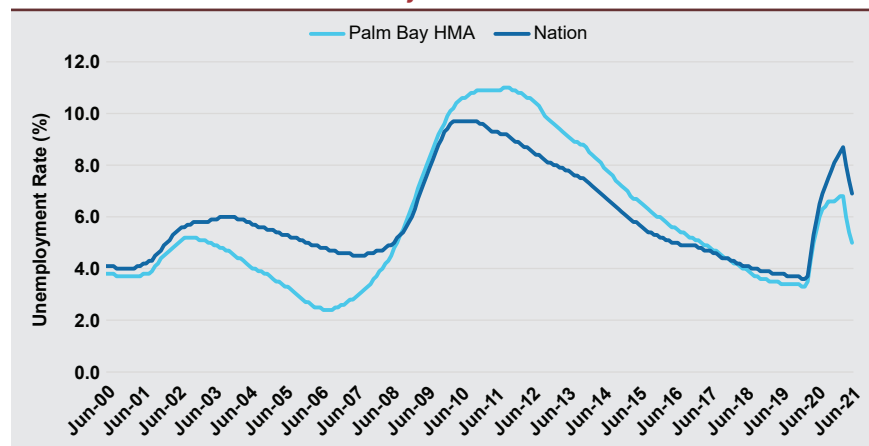
Notes: Based on 12-month averages through June 2020 and June 2021. Numbers may not add to totals due to rounding. Data are in thousands. Source: U.S. Bureau of Labor Statistics



## Unemployment

The unemployment rate in the HMA during the 12 months ending June 2021 averaged 5.0 percent, down from a 5.5-percent average a year earlier and lower than the national average rate of 6.9 percent (Figure 2.) The rate in the HMA during the 12 months ending June 2021 was well below the peak of 11.3 percent in the 12 months ending August 2011 during the local economic downturn surrounding the Great Recession. Nationally, the unemployment rate peaked at 9.7 percent in the 12 months ending November 2010 and was at a low of 3.6 percent in the 12 months ending February 2020. On a monthly basis, the unemployment rate in the Palm Bay HMA reached its lowest level since before 2000 in the month of February 2020, at 3.3 percent, before rising to 13.2 percent in the month of April 2020 because of job losses surrounding the COVID-19 pandemic (not seasonally adjusted).

**Figure 2. 12-Month Average Unemployment Rate in the Palm Bay HMA and the Nation**



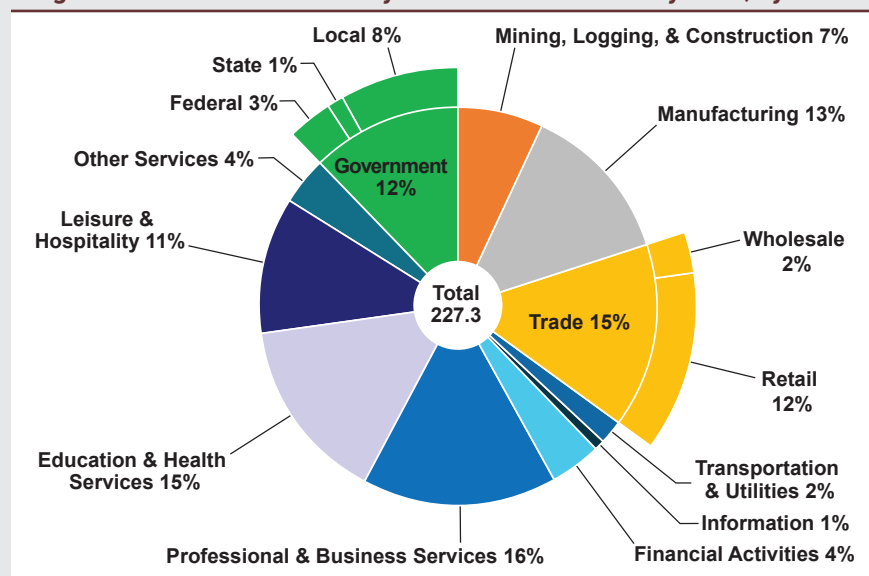
Note: Based on the 12-month moving average.  
Source: U.S. Bureau of Labor Statistics

## Economic Sectors of Significance

### Professional and Business Services

The presence of the aerospace industry and Space Force gives rise to employment by consultants, engineers, and military contractors, which contributes to payrolls in the professional and business services sector, the largest sector in the HMA, comprising 16 percent of all nonfarm payrolls (Figure 3.) Engineering positions represented 10 percent of the total payrolls in this sector in 2020 in the HMA. During the local economic downturn from 2007 through 2011, the sector lost 1,200 jobs, or 3.6 percent, annually, the second largest sector job losses. This payroll sector often leads job losses during downturns and shows early gains during periods of economic expansion because it includes temporary workers. Because of the closure of the space shuttle program in 2011, however, losses were deeper and more protracted, extending into 2012 and 2013. During those 2 years, the sector continued losses averaging 1,500 jobs, or 5.2 percent, annually, when many other sectors in the economy started recovering. United Space Alliance, LLC, an aerospace and defense company, laid off more than 450 workers in 2012. During the subsequent expansion from 2014 through 2019, the professional and business

**Figure 3. Share of Nonfarm Payroll Jobs in the Palm Bay HMA, by Sector**



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2021.  
Source: U.S. Bureau of Labor Statistics

sector led the gains in the HMA, adding 1,300 jobs, or 4.1 percent annually. The success of the private space industry contributed to gains of 1,300 jobs, or 4.1 percent, in this sector during 2020, whereas the HMA had an overall decline of 6,900 jobs, or 3.0 percent, because of the COVID-19 pandemic. During the 12 months ending June 2021, nonfarm payrolls in the professional and business services sector increased by 900 jobs, or 2.5 percent, compared with an increase of 2,300 jobs, or 6.7 percent, during the 12 months ending June 2020.

### Leisure and Hospitality Services

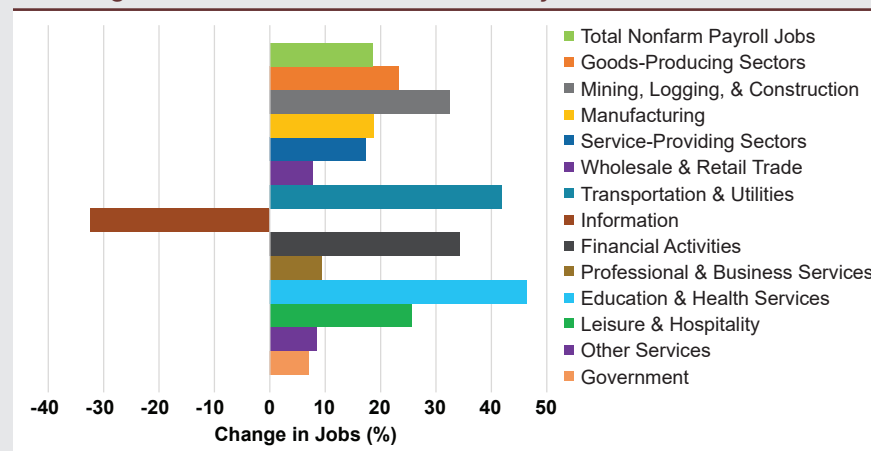
With 72 miles of beaches, the HMA is a popular destination for swimmers, boaters, and surfers. Before the impacts of COVID-19, the leisure and hospitality sector was among the fastest growing sectors in the HMA. The sector expanded by an average of 900 jobs, or 3.6 percent, annually, from 2012 through 2019. The Canaveral National Seashore attracts an average of 1.6 million visitors each year (Canaveral National Seashore), and 1.5 million people visit the Kennedy Space Center Visitor Complex annually (Kennedy Space Center Visitor Complex). Port Canaveral serviced the second largest number of multi-day cruise passengers in the United States in 2018. The Port Canaveral cruise industry generated nearly \$1.3 billion in direct expenditures (2018 Economic Contributions of Port Canaveral). Cruise passengers declined 51 percent during the fiscal year ending September 2020, compared with a year earlier, because of the countermeasures to slow the spread of COVID-19 (Port Canaveral 2020 Annual Report). Cruises remain suspended during the global pandemic. Job losses from the COVID-19 pandemic were largest in the leisure and hospitality sector; 12,300 of the 26,500 total nonfarm payrolls lost in March and April 2020 were in this sector. Payrolls in the sector declined more than 43 percent in March and April 2020 because of shutdowns in nonessential businesses and the halt to cruises implemented to prevent the spread of the disease. Currently, the leisure and hospitality sector has recovered 84 percent of the payrolls lost (not seasonally adjusted) and is expected to fully recover in the forecast period. As of the last week in June 2021, hotel occupancy increased approximately 63 percent from the same week in 2020 (visitspacecoast.com). Hotels were

filled to nearly 75 percent capacity, compared with 72 percent during the same week in 2019, before the pandemic. The HMA hotel room count was 10,275 rooms in 2020, an 11.3-percent increase from 2019, with the addition of nine new hotels, adding to employment in this sector.

### Manufacturing

The manufacturing sector represents 13 percent of nonfarm payrolls in the Palm Bay HMA, compared with the average of 8 percent for the nation. Aerospace and defense companies have been at the center of the Palm Bay economy since the first rocket was launched from Cape Canaveral in 1950, and today 4 of the 10 largest employers in the HMA are in this sector. Of all manufacturing payrolls in the HMA in 2020, 15 percent were in aerospace production. Although manufacturing jobs have been declining nationally since at least 2000, sector employment in the HMA has increased during the same period. Jobs in the manufacturing sector declined 28 percent nationally since 2001, whereas manufacturing jobs in the Palm Bay HMA increased 19 percent during the same period (Figure 4). Defense contracts and the expansion of

Figure 4. Sector Growth in the Palm Bay HMA, 2001 to Current



Note: The current date is July 1, 2021.  
Source: U.S. Bureau of Labor Statistics





the private space industry contributed to the recent expansion in the Palm Bay HMA. Defense contractor Northrop Grumman Corporation opened the Manned Aircraft Design Center of Excellence in 2013, which has since added 1,000 jobs to the HMA. Blue Origin, LLC operates a 750,000 square-foot rocket manufacturing complex which has added 330 jobs since 2016. OneWeb Satellites followed in 2017 with an \$85 million satellite manufacturing facility which added 250 jobs. The expansion of the space industry has led to a cluster of smaller companies coming to the HMA, such as RUAG Space USA Inc., a supplier of spacecraft structural and thermal equipment that opened with 10 employees in 2017 in Titusville, with plans to expand to 60 employees by 2025. Embraer S.A. has added 600 jobs since 2016 when it began production of Legacy 450 and 500 executive jets at Melbourne International Airport. During the 12 months ending June 2021, nonfarm payrolls in the manufacturing sector increased by 1,300 jobs, or 4.6 percent, compared with an increase of 1,500 jobs, or 5.4 percent, during the 12 months ending June 2020.

### Education and Health Services

The education and health services sector is the second largest sector in the HMA, representing 15 percent of all payrolls, and it includes the

largest employer in the HMA—Health First, Inc. (Table 2). Payroll growth in this sector was stronger than any other sector in the HMA, having expanded 46 percent since 2001. The education and health services sector was the only sector to add jobs from 2007 through 2011, averaging 900 new jobs, or 3.0 percent, annually, partly because Health First, Inc. added a new hospital in Viera in 2011. During 2012 and 2013, sector growth was slow, averaging 0.2 percent annually, in the wake of the space shuttle closure. During the economic expansion from 2014 through 2019, the sector increased by an average of 900 jobs, or 2.6 percent, annually, partly because of the new Parrish Medical Center built in 2017 in Titusville, which added more than 200 new jobs. On March 20, 2020, the governor of Florida placed a prohibition on elective medical procedures to limit the possibility of patient exposure to COVID-19. Although this prohibition was lifted in the beginning of May 2020, the sector lost 3,100 jobs, or 8.1 percent, during 2020, partly because prospective patients were still hesitant to visit medical facilities for fear of being exposed to the virus. About 44 percent of the 4,300 jobs lost in this sector during the COVID-19 pandemic recession have been recovered as of the current date (not seasonally adjusted). During the 12 months ending June 2021, nonfarm payrolls in the education and health services sector were down by 1,900 jobs, or 5.1 percent, from a year ago.

**Table 2. Major Employers in the Palm Bay HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Health First, Inc.	Education & Health Services	8,000-8,999
L3Harris Technologies, Inc.	Manufacturing	7,000-7,999
Northrop Grumman Corporation	Manufacturing	3,000-3,999
Patrick Space Force Base	Government	2,000-2,999
John F. Kennedy Space Center	Government	2,000-2,999
Rockwell Collins, Inc.	Manufacturing	1,000-1,999
TTEC Holdings, Inc.	Professional & Business Services	1,000-1,999
Lockheed Martin Corporation	Manufacturing	1,000-1,999
Eastern Florida State College	Government	1,000-1,999
Florida Institute of Technology	Education & Health Services	1,000-1,999

Note: Excludes local school districts and military personnel.  
 Source: Economic Development Commission of Florida’s Space Coast, 45th Space Wing Public Affairs Office





## Employment Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase 1.3 percent annually, while the local economy continues to recover from the COVID-19 recession. Payroll gains are expected in most sectors of the economy. The manufacturing sector is expected to continue to expand in the forecast period, partly due to the addition of new manufacturers to the HMA, such as Dark Storm Industries, LLC, an arms manufacturer which announced

plans to relocate to Titusville, adding 50 new jobs by 2023. Growth in the mining, logging, and construction sector is expected to remain strong in the forecast period, partly because of construction on the Launch and Landing Facility, which will repurpose the space shuttle runway for commercial space flights at Cape Canaveral Spaceport. The HMA is expected to recover all jobs lost during the COVID-19 recession during the forecast period.



# Population and Households

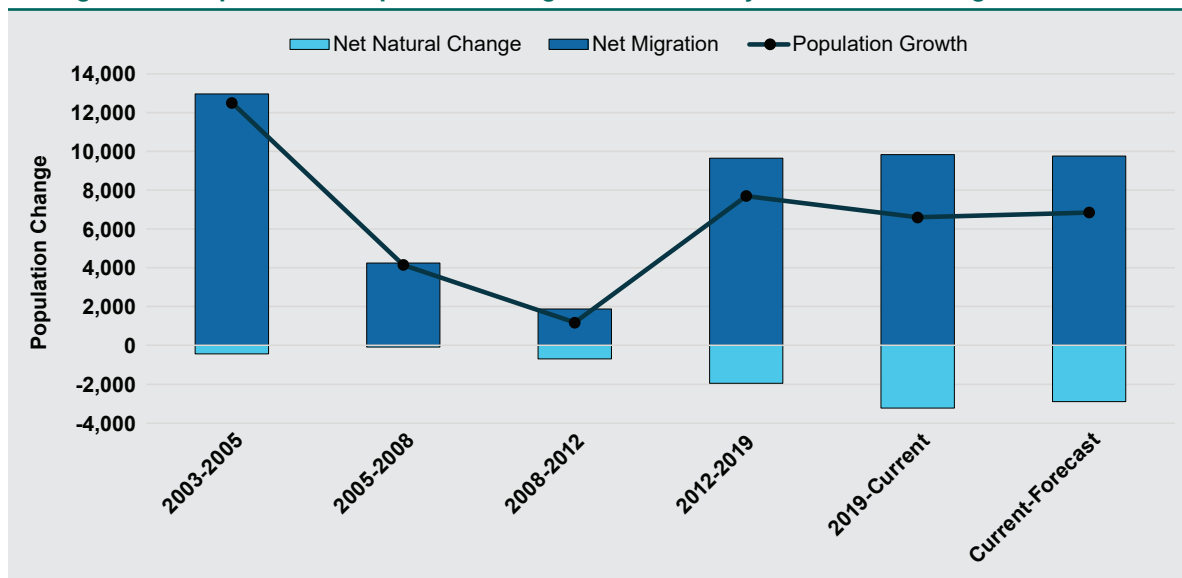
Current Population: 614,200

Net in-migration to the HMA, which has been partially offset by net natural decline, has been strong since 2014.

## Population Trends

The population of the Palm Bay HMA is currently estimated to be 614,200, a 6,300, or 1.1-percent, average annual increase since 2010. Population growth was very strong from 2003 to 2005, increasing by an average of 12,550 people, or 2.5 percent, annually, because job growth attracted new residents to the HMA. Net in-migration averaged 13,000 people a year accounting for all the population growth, but was partially offset by net natural decline of 450 people annually (Figure 5). Economic conditions weakened during the housing market crisis, and population growth slowed dramatically in the HMA. From 2005 to 2008, the population increased by an average of 4,150, or 0.8 percent, annually. Net in-migration slowed to an average of 4,225 people, and net natural decline slowed to an average of 75 people annually from 2005 to 2008. From 2008 to 2012, the population increased at an average annual rate of 1,175, or 0.2 percent. Net natural decline averaged 700 annually; net in-migration slowed to an average of 1,875 people annually, about 56 percent lower

Figure 5. Components of Population Change in the Palm Bay HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (July 1, 2021) to July 1, 2024. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

than the previous period, because the Great Recession, coupled with the closure of the space shuttle program in 2011, caused further job losses.

The economy improved, migration strengthened, and the population increased by an average of 4,350, or 0.8 percent, annually from 2012 to 2014. The local economy expanded from 2014 to 2019; the population increased by an average of 9,025 annually, or 1.6 percent, with average net in-migration of 11,200 people, offset by a net natural decline of 2,175 people. In 2020, when the economy contracted due to COVID-19, the population continued to increase at a slightly lower rate. Despite the pandemic, the population increased by 7,425, or 1.2 percent, with net in-migration of 10,300 and a net natural decrease of 2,875.

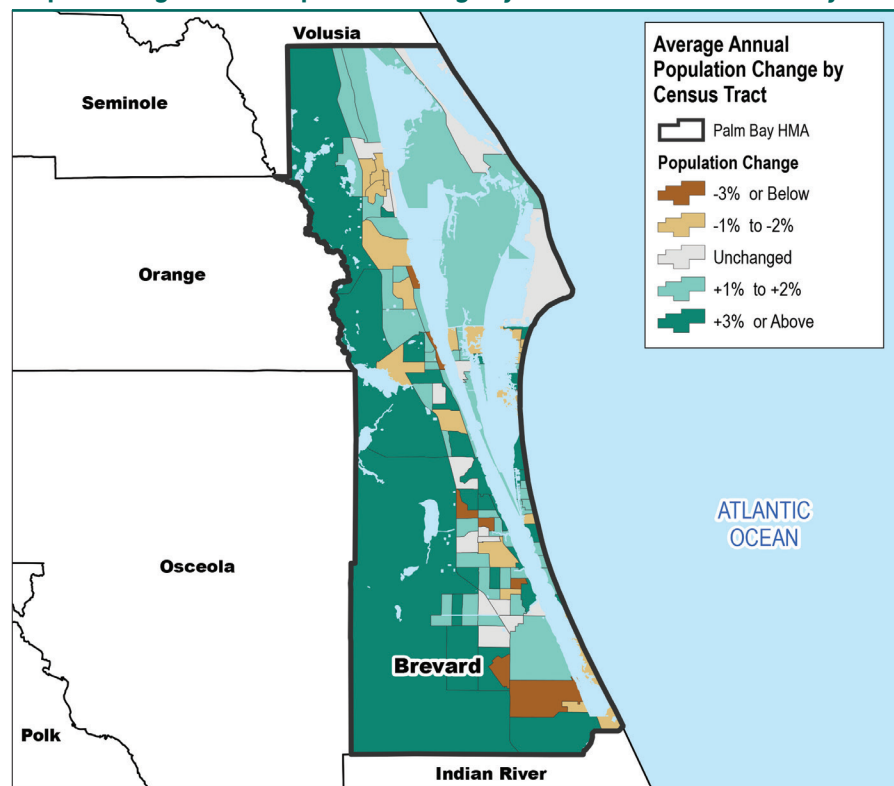
Population growth in the Palm Bay HMA has been centered around employment centers, beaches, and waterways. In coastal areas and the barrier islands, housing prices are higher than inland because of high demand for the natural amenities. Settlement in the HMA initially clustered in areas surrounding intercoastal bridges, which connect the mainland to the islands and are access points to beaches and some employment centers, such as Cape Canaveral. Recently, inland cities have become less popular, and



unincorporated areas west of Interstate 95 have grown as people move where more land is available for development. Map 1 shows the average annual population change by census tract since 2014.

More than one-third of people moving into the Palm Bay HMA come from another part of Florida, with the largest number, 29 percent, of all migrants from Florida coming from Orlando (2015–19 American Community Survey 5-year estimates). The highest number of non-Floridians come from the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area, which represents 5 percent of all in-migration.

**Map 1. Average Annual Population Change by Census Tract in the Palm Bay HMA**



Sources: 2010–2014 and 2015–2019 American Community Survey, 5-year data

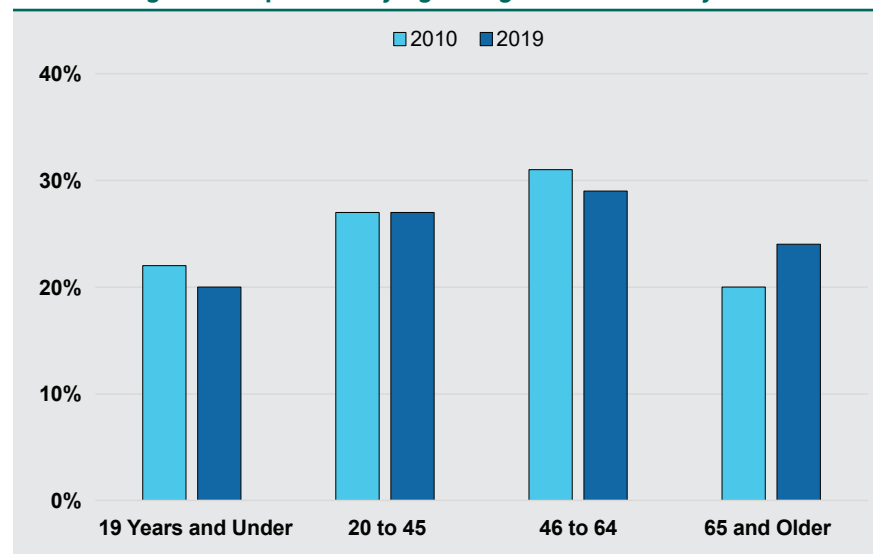
## Age Cohort Trends

The Palm Bay HMA is a popular destination for retirees, and the population in the HMA is older, on average, than in the nation. The fastest growing cohort in the HMA is people aged 65 and older (Figure 6). Approximately 24 percent of the HMA population is aged 65 or older, compared with 17 percent nationally (2019 American Community Survey 1-year estimates). The age group has increased since 2010 when it represented 20 percent of the population. This population contributes to a higher median age in the HMA, which was 47.2 in 2019, compared with 38.5 nationally. The share of the population aged 19 and under remains lower than the national average. In 2019, 20 percent of the HMA population was aged 19 and under, compared with approximately 25 percent nationally.

## Households

An estimated 258,200 households reside in the Palm Bay HMA. Military families from the 45th Space Wing living off base have represented slightly

**Figure 6. Population by Age Range in the Palm Bay HMA**



Source: U.S. Census Bureau

more than 1 percent of these households, with the portion remaining stable for more than a decade. From 2000 to 2010, households increased by an average of 3,150, or 1.5 percent, annually. The average annual rate slowed in the wake of the Great Recession and the extended economic downturn in the HMA, and households grew by an average of 2,525, or 1.0 percent, each year from 2010 to the current date (Table 3).

Since 2000, the homeownership rate has been declining in the Palm Bay HMA. From 2000 to 2010, the homeownership rate decreased from 74.6 to 73.5 percent, due in large part to the economic downturn and foreclosure crisis in the latter part of the decade. Despite relatively strong job growth since the mid-2010s, the homeownership rate has continued to decrease. The homeownership rate is currently estimated at 72.4 percent. Stronger net in-migration since 2010, coupled with greater preferences to rent following the housing crisis, contributed to faster growth in renter households. Renter household growth has accounted for 36 percent of net household growth since 2010, compared with approximately 33 percent from 2000 to 2010. Figure 7 shows the households by tenure and the homeownership rate in the HMA since 2000.

### Forecast

During the next 3 years, both the population and number of households in the HMA are expected to increase by an average annual rate of 1.1 percent, or by 6,850 people and 2,925 households,

**Table 3. Palm Bay HMA Population and Household Quick Facts**

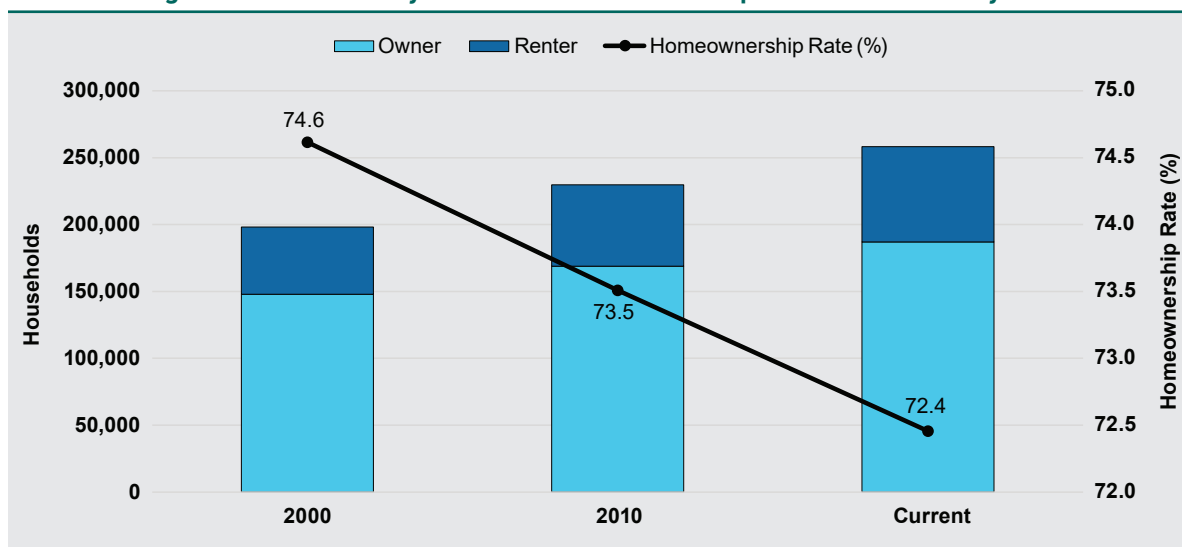
Population Quick Facts	2010	Current	Forecast	
	Population	543,376	614,200	634,800
	Average Annual Change	6,725	6,300	6,850
	Percentage Change	1.3	1.1	1.1

Household Quick Facts	2010	Current	Forecast	
	Households	229,692	258,200	267,000
	Average Annual Change	3,150	2,525	2,925
	Percentage Change	1.5	1.0	1.1

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (July 1, 2021) to July 1, 2024.  
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

**Figure 7. Households by Tenure and Homeownership Rate in the Palm Bay HMA**



Note: The current date is July 1, 2021.  
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

respectively. Job recovery from the COVID-19 pandemic is expected to keep net in-migration high, which will more than offset an elevated level of net natural decline resulting from the aging population. The population and number of households are expected to reach an estimated 634,800 and 267,000, respectively, by July 1, 2024, because of expected economic and migration trends.





# Home Sales Market

## Market Conditions: Tight

The HMA had 2.3 months of supply of for-sale inventory in June 2021, down from 3.5 months of supply in June 2020 (Redfin, a national real estate brokerage).

## Current Conditions

The sales market in the HMA is currently tight, with an estimated 1.0-percent vacancy rate, down from the 3.8-percent rate in April 2010 when the market was soft (Table 4). Home sales have fallen in the past year due to low inventory, and price growth has escalated because buyers attempt to outbid one another. The average home sales price during the 12 months ending June 2021 was \$294,600, up 13 percent from the previous 12-month period; that price was 22 percent above the pre-Great Recession peak of \$241,700 in early 2007. During the 12 months ending June 2021, 15,200 homes were sold, down 7 percent from the previous 12-month period (Zonda). Concerns about exposure to the virus, coupled with an increase in working from home, made sellers hesitant to list their existing homes. During January 2020, a 5.6-month supply of homes was available for sale in the HMA, but by July 2020, this had fallen to a 3.0-month supply. Interest rates, which were already low before the pandemic, have fallen further. This decrease has given buyers a greater incentive to purchase a home, which has caused more buyers to be interested in the limited number of homes available. The average interest rate for a 30-year fixed rate mortgage was 3.29 percent in early March 2020 (Freddie Mac). At the end of 2020, this rate had fallen to 2.67 percent, and it is still below prepandemic levels at 3.02 percent at the end of June 2021.

## Home Sales

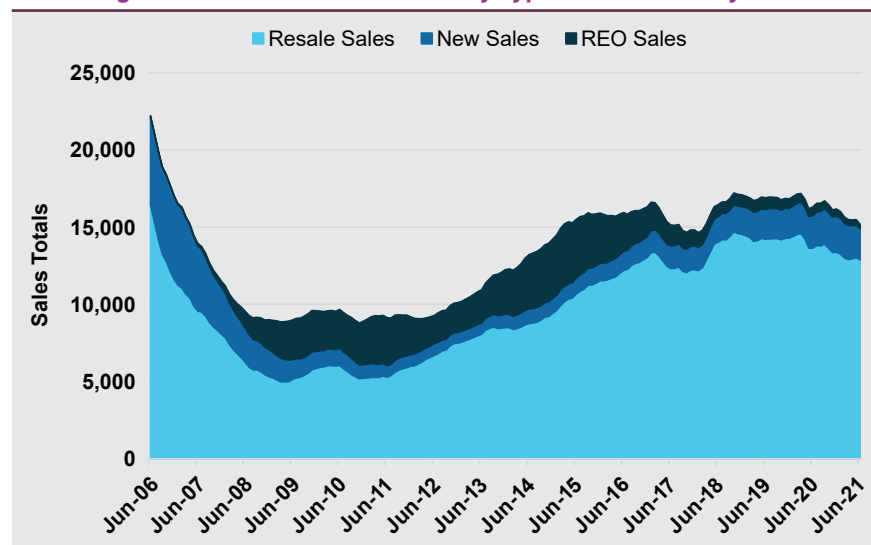
In 2005, during a period of strong population growth, existing home sales peaked at 21,800 homes before declining to 11,800 existing homes sold in 2006. Existing home sales in the HMA decreased during the period including the Great Recession from 2007 through 2010 by an average of 920 homes, or 9 percent, annually, to a low of 8,025 in 2010 (Zonda; Figure 8). Existing

Table 4. Home Sales Quick Facts in the Palm Bay HMA

	Palm Bay HMA	Nation
<b>Vacancy Rate</b>	1.0%	NA
<b>Months of Inventory</b>	1.8	2.6
<b>Total Home Sales</b>	15,200	7,072,000
1-Year Change	-7%	12%
<b>New Home Sales Price</b>	\$317,700	\$408,300
1-Year Change	-1%	8%
<b>Existing Home Sales Price</b>	\$291,000	\$381,800
1-Year Change	16%	16%
<b>Mortgage Delinquency Rate</b>	2.9%	3.1%

NA = data not available.  
 Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2021; and months of inventory and mortgage delinquency data are as of June 2021. The current date is July 1, 2021.  
 Sources: Vacancy rate—estimates by the analyst; months of inventory—national: CoreLogic, Inc.; HMA: Redfin, a national real estate brokerage; HMA home sales and prices—Zonda; national home sales and prices—National Association of Realtors® and Census Bureau/HUD

Figure 8. 12-Month Sales Totals by Type in the Palm Bay HMA



REO = real estate owned.  
 Source: Zonda



condominium sales increased by only 10 homes, or less than 1 percent, annually during the same period, but represented 19 percent of all existing sales from 2007 through 2010. As the economy began to recover and population growth strengthened, existing home sales increased by an average of 910 homes sold, or 8 percent, annually from 2011 through 2018, to a high of 15,300 in 2018, including condominium sales, which represented 20 percent of existing sales during this period. During 2019 and 2020, existing home sales, 18 percent of which were existing condominiums, decreased by 730 homes, or 5 percent, annually, because there were fewer homes available to purchase and net in-migration was slower. During the 12 months ending June 2021, 13,150 existing homes were sold, down 7 percent from the 14,200 homes sold during the previous 12-month period, and 17 percent of the existing sales were condominiums. During the 12 months ending June 2021, real estate owned (REO) sales accounted for 2 percent of existing home sales in the HMA, compared with 4 percent during the previous 12 months. For context, REO sales accounted for less than 1 percent of existing home sales in 2005, before rising to 37 percent in June 2011 during the aftermath of the housing crisis. REO sales declined to 20 percent of all existing sales in 2012 and continued gradually declining to 3 percent in 2020.

New home sales have also followed economic trends in the HMA. Following 5,350 home sales in 2006, the number of new home sales declined by 780 homes, or 29 percent, annually, to a low of 690 homes in 2012, because population growth was slower and job losses from the space shuttle program closure and the Great Recession reduced demand. New homes sales have increased in the HMA since 2013 but are below the high levels of the mid-2000s, when population growth was stronger. The demand for new homes increased by 180 homes, or 26 percent, during 2013, with higher in-migration. The improving economy brought about stronger population growth from 2014 through 2020, and new home sales increased by 210 homes, or 15 percent, annually. The 2,025 new homes sold during the 12 months ending June 2021 was a decrease of 4 percent from the 2,100 homes sold a year earlier, partly because supply chain interruptions and input price uncertainty caused by the pandemic has slowed construction slightly in recent months. During the 12 months ending June 2021, fewer than 10 new condominiums sold in the

Palm Bay HMA. From 2005 through 2008, new condominiums represented 6 percent of all new home sales in the HMA but fell to less than 1 percent from 2009 through 2020.

## Home Sales Prices

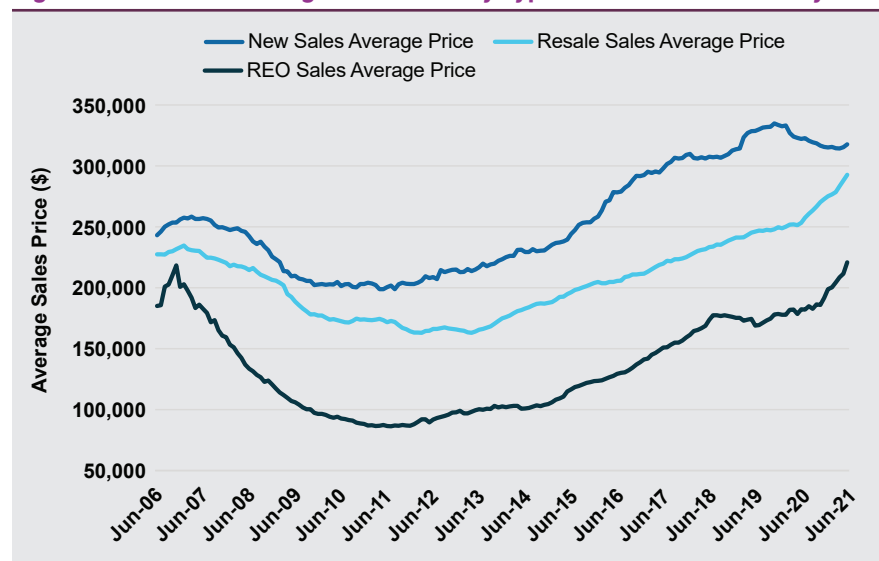
After a period of strong growth leading up to the Great Recession, the average existing home sales price decreased by \$18,200, or 9 percent, annually, from 2007 through 2011 and hit a low of \$141,700 in 2011; this average included existing condominiums, which declined by \$16,400, or 9 percent, annually. Some of this decline can be attributed to the large portion of low-priced REO properties sold during this period. Job losses during the Great Recession caused homeowners to fall behind on their mortgage payments, resulting in increasing foreclosures and distressed sales. In 2010, REO sales represented 35 percent of all existing home sales, with an average price of \$88,200, slightly less than one-half the average sales price of a regular resale home. By comparison, REO sales represented less than 1 percent of all existing home sales in 2006, and they sold at a discount of 14 percent compared with a regular resale home because homeowners who fell behind could sell to avoid foreclosure. During 2012 and 2013, as net in-migration began to increase and demand for homes rose, the average sales price of existing homes increased by \$7,425, or 5 percent. This average was pulled down slightly by the average sale price of existing condominiums, which continued to decline by \$3,950, or 3 percent, annually, and represented 23 percent of existing home sales. From 2014 through 2019, the economy in the HMA expanded, and the average sales price of an existing home increased 8 percent, or by \$15,050, annually, to \$246,800 in 2019. Existing condominiums represented 19 percent of existing home sales and increased an average of \$13,050, also an 8-percent increase, annually to \$213,000. Partly because of upward pressure on the price caused by limited availability, the average sales price of existing homes increased 9 percent in 2020, to \$270,100. During the 12 months ending June 2021, the average sales price for an existing home was \$291,000, an increase of 16 percent from \$250,500 a year earlier. By comparison, during the 12 months ending June 2020, the average sale price of an existing home



increased 3 percent because price growth slowed slightly during the initial adjustment to the pandemic. Figure 9 shows the average home sales prices by type of home sale since 2006.

The average sales price of a new home in the Palm Bay HMA declined during the past 12 months, after 8 years of sustained price growth during the expansion after the Great Recession. From 2007 through 2011, the average new home sales price decreased 5 percent, or by \$10,550, annually, to \$203,000. Job losses slowed and population increased during 2012 and 2013, and new home prices increased by \$10,200, or 5 percent, annually. During the expansion in the wake of the Great Recession, the average new home sales price increased 7 percent, or by \$18,350, annually, from 2014 through 2019; the average price reached \$333,500 in 2019. The average price of a new home has declined since 2019, because builders have moved to lower price points to fill unmet demand in the HMA. After the collapse of the housing market that began

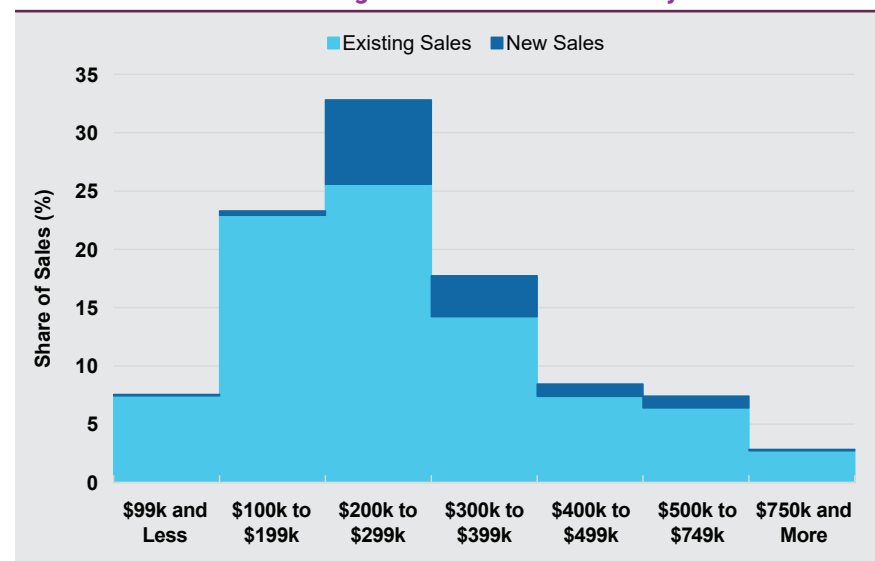
**Figure 9. 12-Month Average Sales Price by Type of Sale in the Palm Bay HMA**



REO = real estate owned.  
Source: Zonda

in 2006, few developed tracts were available, so builders constructed bigger houses on smaller lots from 2010 through 2018. These homes were more expensive than smaller single-family homes in the resale market. Recently, new homes are being constructed at lower price points to offer homes to a larger pool of buyers. During the 12 months ending June 2018, the average square footage of a new home in the Palm Bay HMA was 2,250, whereas the average square footage during the 12 months ending June 2021 was slightly less than 2,000 square feet because builders were selling smaller homes at lower prices. The average sales price of a new home declined 1 percent, to \$317,700, during the 12 months ending June 2021, compared with a 2-percent decrease during the previous 12-month period. The average price of new condominiums increased by \$9,500, or 3 percent, during the 12 months ending June 2021. During the same period, more than 50 percent of new homes sold in the \$200,000-to-\$299,999 sales price range (Figure 10).

**Figure 10. Share of Overall Sales by Price Range During the 12 Months Ending June 2021 in the Palm Bay HMA**



Note: New and existing sales include single-family homes, townhomes, and condominium units.  
Source: Zonda



## Seriously Delinquent Mortgages

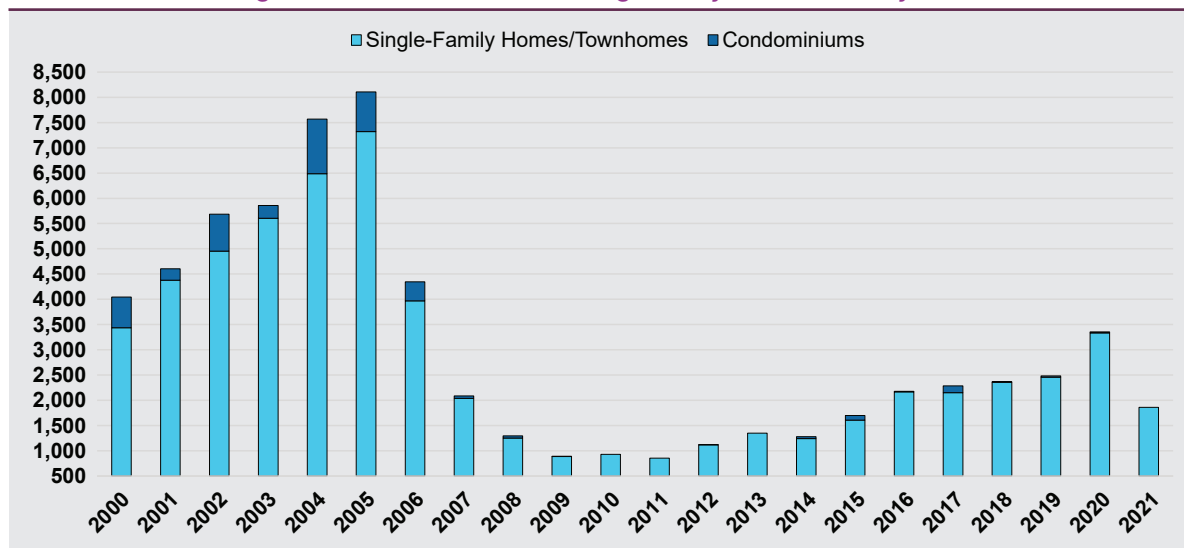
In the Palm Bay HMA, the COVID-19 recession caused a sharp increase in the rate of seriously delinquent mortgages in 2020, as some homeowners struggled with mortgage payments during the pandemic. This impact shows signs of improvement. In June 2021, the percentage of home loans in the HMA that were seriously delinquent or had transitioned into REO status was 2.9 percent, down from 3.2 percent a year earlier. The rate was higher than the 1.4-percent rate in June 2019, but well below the peak of 15.6 percent in January 2012 following the Great Recession (CoreLogic, Inc.). The June 2021 rate in the HMA was lower than the Florida and national rates of 3.8 percent and 3.1 percent, respectively. During February 2020, before the onset of the COVID-19 recession, the portion of home loans in the HMA that were 90 or more days delinquent was 1.3 percent. By August 2020, this rate had increased to 4.0 percent before starting to decline in November 2020, after payrolls began to increase. Despite the recent increase in mortgage delinquencies, the forbearance plans for federally backed mortgages in the Coronavirus Aid, Relief, and Economic Security (CARES) Act have allowed homeowners to avoid foreclosure. Foreclosures fell 44 percent since June 2019, and REO properties have fallen 62 percent.

## Sales Construction Activity

Sales construction activity, as measured by the number of for-sale homes permitted (building

permits), was high during the early 2000s, and construction activity in the Palm Bay HMA has been well below those levels since 2007, partly because increased preferences to rent shifted some housing demand to rental units. From 2001 through 2005, when population growth was strong and homeownership was high, the number of homes permitted increased by an average of 810, or 15 percent, annually, to a peak of 8,100 single-family homes, townhomes, and condominiums (Figure 11). When population growth slowed heading into the Great Recession, construction activity decreased by an average of 1,800 homes, or 43 percent, annually from 2006 through 2009. With the unemployment rate in the double digits, demand for new homes decreased, and construction slowed to an average of 890 homes permitted each year in 2010 and 2011. From 2012 through 2016, the construction of sales housing increased by 260 homes, or 21 percent, annually, to 2,175 homes. Construction was stable from 2017 through 2019 at an average of 2,375 homes each year. In 2020, 3,350 homes were permitted because builders responded to 6 years of high in-migration and a tightening sales market. During the 12 months ending June 2021, 3,475 homes were permitted, up 40 percent from the 2,475 homes permitted during the 12 months ending June 2020 (preliminary data, with adjustments by the analyst). Condominiums accounted for 10 percent of for-sale

Figure 11. Annual Sales Permitting Activity in the Palm Bay HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2021 are through June 2021. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst





housing construction from 2000 through 2006. Condominium construction was notably lower from 2007 through 2020, averaging slightly more than 1 percent of all for-sale units built.

About 30 percent of homes constructed in the past 5 years were in and around the city of Palm Bay. Heritage at Tillman Lakes is a community of four-bedroom and five-bedroom homes, with prices ranging from \$253,000 to \$311,000, and 25 of the 40 homes planned at buildout are now complete. For retirees coming to the HMA, Bridgewater at Viera is a community for residents ages 55 and older in Viera West; homes have three bedrooms and range from \$407,000 to \$454,000. Nearly 40 percent of all new homes built in the past 5 years are in unincorporated areas throughout the HMA, such as Viera West. About 10 percent of new homes built in the past 5 years were in West Melbourne. Construction of 4 of the 146 homes planned is complete at Sawgrass Lakes The Willows in West Melbourne. Prices start at \$324,000 for three-bedroom and four-bedroom homes.

## Forecast

During the next 3 years, demand is expected for 7,950 for-sale homes (Table 5). The 1,850 homes underway will satisfy a portion of the demand during the first year of the forecast. Supply should be higher in the first 2 years of the forecast to help address current tight conditions.

**Table 5. Demand for New Sales Units in the Palm Bay HMA During the Forecast Period**

Sales Units	
<b>Demand</b>	7,950 Units
<b>Under Construction</b>	1,850 Units

Note: The forecast period is from July 1, 2021, to July 1, 2024.  
Source: Estimates by the analyst



# Rental Market

## Market Conditions: Balanced

During the second quarter of 2021, the average apartment rent increased 2 percent from a year earlier to \$1,138.

## Current Conditions and Recent Trends

Rental housing market conditions in the Palm Bay HMA are currently balanced. The overall rental vacancy rate, which includes some short-term and vacation rentals that are not available for year-round occupancy, is currently estimated at 11.0 percent, down from 14.5 percent in April 2010 when conditions were soft. An increase in renter households in the mid-2010s, coupled with lower levels of rental construction, contributed to the absorption of vacant units. Approximately 46 percent of renter households live in multifamily buildings with five or more units, including apartments and condominiums for rent, and 38 percent live in single-family rentals (Table 6). The remaining 16 percent of renters live in multifamily buildings with fewer than five units or in other housing units, including mobile homes.

The apartment market is also balanced. During the second quarter of 2021, the apartment vacancy rate was 6.2 percent, down from 6.8 percent a year earlier (Moody’s Analytics, REIS). From the second quarter of 2007 to the second quarter of 2011, the apartment market was soft, with the vacancy rate ranging from 8.4 to 13.6 percent (Figure 12). From the second quarter of 2012 to the second quarter of 2015, monthly rent increases averaged 3 percent annually. A shift in preferences to large apartment communities, combined with low rental construction, quickly led to tight market conditions. Job growth in the HMA contributed to higher levels of in-migration, further tightening the apartment market, with the vacancy rate reaching a low of 2.2 percent in the second quarter of 2015. From the second quarter of 2015 to the second quarter of 2018, monthly rent increases averaged nearly 7 percent annually. Some of this rise may be attributed to low vacancy rates putting upward pressure on rent in this period. The apartment market has been balanced since the second quarter of 2020, after apartment construction trended upward for several years. More rental units

Table 6. Rental and Apartment Market Quick Facts in the Palm Bay HMA

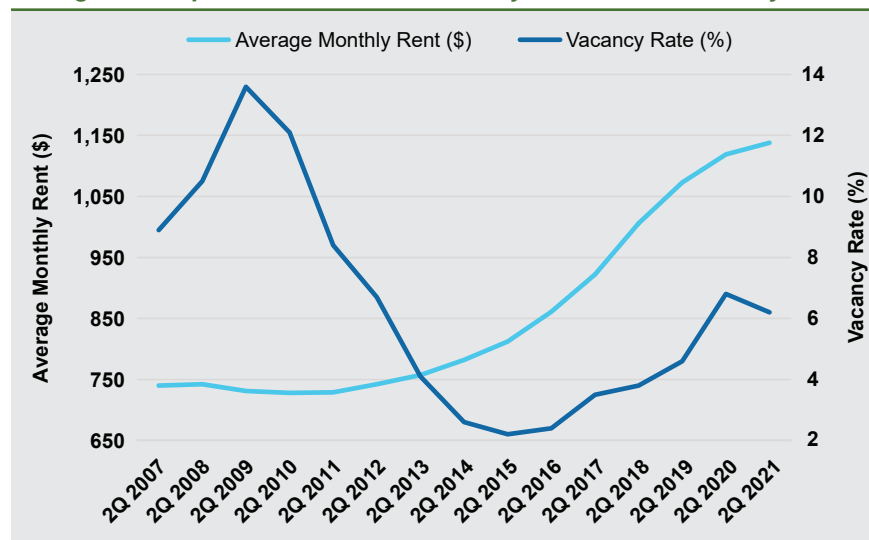
Rental Market Quick Facts	2010 (%)		Current (%)
	Rental Vacancy Rate	14.5	11.0
	2010 (%)		2019 (%)
	Occupied Rental Units by Structure		
Single-Family Attached & Detached	42.0	38.0	
Multifamily (2–4 Units)	13.0	12.0	
Multifamily (5+ Units)	39.0	46.0	
Other (Including Mobile Homes)	5.0	3.0	

Apartment Market Quick Facts	2Q 2021	YoY Change
	Apartment Vacancy Rate	6.2
Average Rent	\$1,138	2%

2Q = second quarter. YoY = year-over-year.  
 Notes: The current date is July 1, 2021. Percentages may not add to 100 due to rounding.  
 Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey, 1-year data; apartment data—Moody’s Analytics REIS

Figure 12. Apartment Rents and Vacancy Rates in the Palm Bay HMA



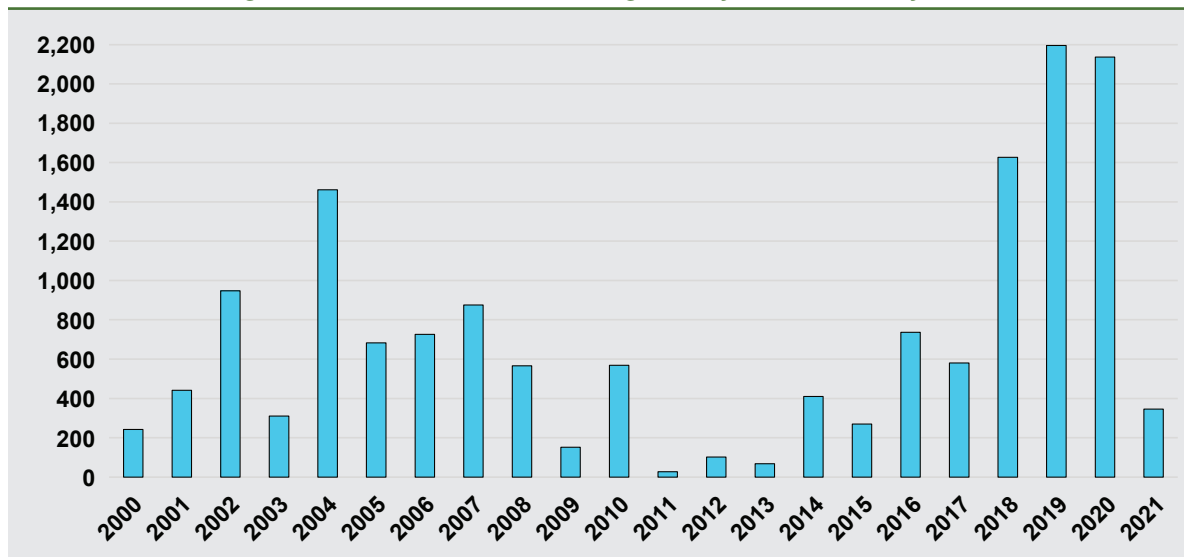
2Q = second quarter.  
 Source: Moody’s Analytics, REIS

were added to the HMA from the second quarter of 2018 to the second quarter of 2021, and rent growth slowed to 4 percent annually.

### Rental Construction Activity

Rental construction in the Palm Bay HMA, as measured by the number of rental units permitted, recently surpassed the high levels of construction in the early 2000s. From 2000 through 2003, when population growth was moderate, an average of 490 rental units were permitted annually (Figure 13). After a period of increased in-migration, local builders responded with higher levels of construction from 2004 through 2008, and an average of 860 units were permitted annually. When the local economic downturn surrounding the Great Recession and the closure of the space shuttle program deepened from 2009 through 2013, rental construction decreased. Despite falling vacancy rates and increasing rent during this period, the number of units permitted declined to an average of 180 units annually, because lending standards for multifamily developments became more stringent. As the economic recovery from the Great Recession began in the HMA, new jobs and improving retirement portfolios brought workers and retirees to the area. The increased migration into the HMA led to higher demand for apartments, causing apartment market conditions to tighten. From 2014 through 2017, developers were still cautious, and an average of 500 units were permitted annually. From 2018 through 2020, construction increased

Figure 13. Annual Rental Permitting Activity in the Palm Bay HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2021 are through June 2021. Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and analyst estimates; 2021 preliminary data and estimates by the analyst

to an average of 1,975 units annually, because net in-migration remained strong and vacancy rates were relatively low. During the 12 months ending June 2021, 1,475 units were permitted, down 27 percent from the 2,025 units permitted during the previous 12-month period (preliminary data). There are 1,550 rental units currently underway in the Palm Bay HMA.

More than one-half of the rental units built in the past 3 years have been in the Melbourne-West Melbourne area. Azalea at West Melbourne, built in 2020, has one-bedroom to three-bedroom apartment units with rents ranging from \$1,575 to \$2,295. This 316-unit community is near the Interstate 95 interchange at State Route 192, which leads directly to the beaches of Indialantic and Melbourne Beach. About 10 percent of all rental units built in the past 5 years have been in the city of Rockledge. Rockledge Flats, a 247-unit community in Rockledge, was completed in 2021 and is now leasing one-bedroom to three-bedroom apartments ranging from \$1,350 to \$2,085. Apartments intended for residents aged 55 and older represent 16 percent of all the apartments built in the past 3 years; about 12 percent of these are income-restricted. Luna Trails is a community with 86 units restricted to households earning up to 60 percent of Area Median Income in Titusville, in the northern part of the HMA. These one-bedroom to three-bedroom units range from \$705 to \$949.



## Forecast

During the next 3 years, demand is estimated for 3,425 new rental units (Table 7). The 1,550 units under construction will meet a portion of the demand in the first and second years of the forecast period. Demand is expected to be stable each year as population growth remains steady. Because the market is currently balanced, construction should slow slightly compared with the past 3 years to maintain balanced market conditions.

**Table 7. Demand for New Rental Units in the Palm Bay HMA During the Forecast Period**

Rental Units	
<b>Demand</b>	3,425 Units
<b>Under Construction</b>	1,550 Units

Note: The forecast period is July 1, 2021, to July 1, 2024.

Source: Estimates by the analyst





# Terminology Definitions and Notes

## A. Definitions

<b>Building Permits</b>	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.
<b>Demand</b>	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.
<b>Distressed Sales</b>	Short sales and real estate owned (REO) sales.
<b>Existing Home Sales</b>	Include regular resales and REO sales.
<b>Forecast Period</b>	7/1/2021–7/1/2024—Estimates by the analyst.
<b>Home Sales/ Home Sales Prices</b>	Includes single-family, townhome, and condominium sales.
<b>Net Natural Decline</b>	Resident births minus resident deaths.
<b>Regular Resales</b>	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.



<b>Rental Market/ Rental Vacancy Rate</b>	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
<b>Seriously Delinquent Mortgages</b>	Mortgages 90+ days delinquent or in foreclosure.

**B. Notes on Geography**

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

**C. Additional Notes**

1.	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.
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**D. Photo/Map Credits**

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