

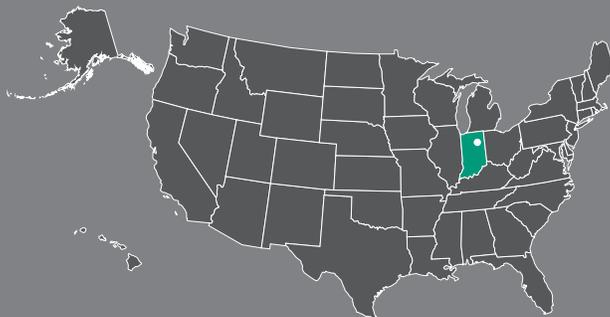
# HUD PD&R Housing Market Profiles

## Fort Wayne, Indiana



### Quick Facts About Fort Wayne

- Current sales market conditions: slightly tight
- Current rental market conditions: balanced
- Current apartment market conditions: slightly tight
- Since 2005, more than \$500 million has been invested in the revitalization of neighborhoods in the city of Fort Wayne. In 2019, 25 single-family homes were built on vacant lots as part of the city's Blight Elimination Program, in addition to the 49 homes constructed in 2018. Currently under construction, River's Edge is a \$13.9 million development that will consist of 56 permanent supportive housing units for individuals experiencing chronic homelessness (City of Fort Wayne Community Development Division).



By Tomasz Kukawski | As of April 1, 2020

### Overview

The Fort Wayne metropolitan area in northeastern Indiana includes three Indiana counties (Allen, Wells, and Whitley) and is coterminous with the metropolitan statistical area of the same name. Historically a manufacturing and transportation hub, the metropolitan area is becoming a healthcare center for northeastern Indiana. The Fort Wayne metropolitan area is home to Purdue University Fort Wayne, the largest university in northeastern Indiana, with approximately 8,470 students. The university has an economic impact estimated at \$254 million annually and supports nearly 3,200 jobs (The Perryman Group, 2019). In 2011, the city of Fort Wayne established the Legacy Task Force to support workforce and economic development and community redevelopment in the city. One of the major redevelopment projects in the metropolitan area is scheduled to begin later in 2020 with the conversion of a former 31-acre General Electric campus in the city of Fort Wayne into a mixed-use development called Electric Works. The project will consist of public, retail, office, and residential space, and it is expected to generate nearly \$300 million in economic impact during construction and almost \$400 million in annual economic impact after construction is complete in 2022 ([fortwayneelectricworks.com](http://fortwayneelectricworks.com)).

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- The population of the Fort Wayne metropolitan area is estimated at 445,400 as of April 1, 2020, representing an average increase of 4,350, or 1.0 percent, annually since 2017 (Census Bureau population estimates as of July 1 and analyst estimates). Net in-migration, which averaged 1,950 people annually, accounted for 45 percent of total population growth during this period.
- Population growth was slower during the economic recovery from the Great Recession, averaging 2,350, or 0.6 percent, annually from 2010 to 2017. Net in-migration to the metropolitan area during that period averaged only 100 people a year, or less than 5 percent of total population growth.
- By comparison, from 2000 through 2010, the population grew by an average of 2,610, or 0.6 percent, annually, with net out-migration from the metropolitan area averaging 320 people a year.
- More than 60 percent of the population live in the city of Fort Wayne, which is the second largest city in Indiana. Revitalization efforts, as well as proximity to regional providers of health care and higher learning, have made the city an attractive place to live.

## Economic Conditions

Economic conditions in the Fort Wayne metropolitan area have strengthened significantly since the recovery from the Great Recession began in 2011. Nonfarm payrolls increased by an average of 2,950 jobs, or 1.4 percent, annually from 2011 through 2018, surpassing the pre-Great Recession high in 2016. The education and health services sector has been the fastest growing payroll sector in the metropolitan area since 2011, averaging a gain of 960 jobs, or 2.4 percent, annually. The expansion of several major healthcare providers has been largely responsible for continued growth in the sector, which currently has 43,700 jobs. In 2008, the education and health services sector overtook the manufacturing sector as the largest payroll sector in the metropolitan area.

During the first quarter of 2020—

- Nonfarm payrolls averaged 226,100 jobs, an increase of 800 jobs, or 0.4 percent, compared with the same quarter in 2019, when nonfarm payrolls grew 2.0 percent. The slowdown in job growth resulted from declines in 4 of 11 sectors.
- The education and health services sector led job growth, with an addition of 900 jobs, or 2.1 percent. The top two employers in the metropolitan area are in the education and health services sector: Parkview Health and Lutheran Health Network, with 7,850 and 4,825 employees, respectively (Greater Fort Wayne Inc.). The Parkview Regional Medical Center is

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### Declines in the wholesale and retail trade and the leisure and hospitality sectors largely contributed to slower economic growth in the Fort Wayne metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	March 2019 (Thousands)	March 2020 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	225.3	226.1	0.8	0.4
Goods-Producing Sectors	48.7	48.6	-0.1	-0.2
Mining, Logging, & Construction	10.6	10.7	0.1	0.9
Manufacturing	38.1	37.9	-0.2	-0.5
Service-Providing Sectors	176.6	177.5	0.9	0.5
Wholesale & Retail Trade	34.6	34.2	-0.4	-1.2
Transportation & Utilities	9.1	9.3	0.2	2.2
Information	2.4	2.2	-0.2	-8.3
Financial Activities	12.1	12.5	0.4	3.3
Professional & Business Services	21.4	21.6	0.2	0.9
Education & Health Services	42.8	43.7	0.9	2.1
Leisure & Hospitality	21.1	20.7	-0.4	-1.9
Other Services	11.6	11.6	0.0	0.0
Government	21.5	21.7	0.2	0.9
<b>Unemployment Rate</b>	3.6%	3.7%		

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

Source: U.S. Bureau of Labor Statistics



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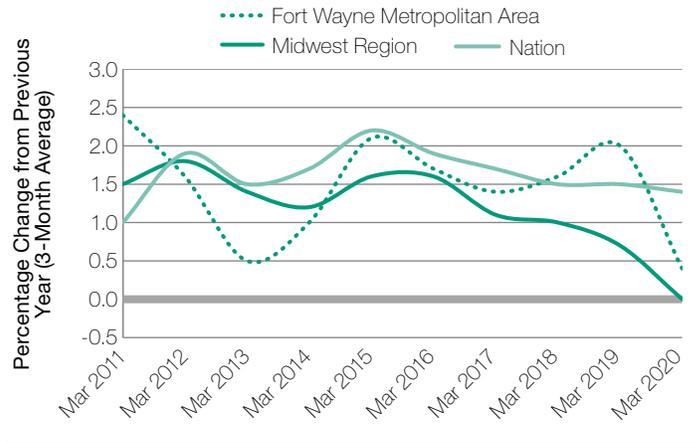
undergoing an expansion, which includes construction of a six-story, 168,000-square-foot medical tower; it is expected to open later in 2020 and will result in the creation of 100 new jobs (Parkview Health).

- Moderate growth occurred in the financial activities sector, which gained 400 jobs, or 3.3 percent. With approximately 1,950 employees in the metropolitan area, the Lincoln National Corporation is the largest employer in the sector.
- Overall nonfarm payroll growth in the metropolitan area was limited by job losses in the leisure and hospitality and the wholesale and retail trade sectors, which lost 400 jobs each, or 1.9 and 1.2 percent, respectively. Job losses in those and other sectors are expected to continue in the coming quarters following the implementation of the stay-at-home order in Indiana on March 23, 2020, in response to the COVID-19 pandemic.
- The unemployment rate declined to 3.3 percent from 3.5 percent a year ago, primarily because the labor force decreased by 1,175, or 0.5 percent, compared with a gain of 4,375, or 2.0 percent, a year earlier.

The manufacturing sector—anchored by production of automobiles and other durable goods—is the second largest payroll sector in the metropolitan area and continues to be an important part of the local economy. During the first quarter of 2020, the manufacturing sector averaged 37,900 jobs, reflecting a loss of 200 jobs, or 0.5 percent, from a year earlier. The current share of manufacturing jobs accounts for nearly 17 percent of total nonfarm payrolls in the metropolitan area—more than twice the national average of 8 percent. By comparison, in 2000, manufacturing sector jobs in the Fort Wayne metropolitan area represented 20 percent of all nonfarm payrolls; the share declined to 15 percent in 2009, when jobs in the sector reached a low of 30,400. General Motors Company operates an assembly plant in the city of Roanoke,

producing GMC Sierra and Chevrolet Silverado trucks. With approximately 3,900 employees, General Motors Company is the largest employer in the manufacturing sector and the third largest employer in the Fort Wayne metropolitan area.

### Nonfarm payroll growth in the Fort Wayne metropolitan area has been faster than the Midwest Region since mid-2014.



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

### Largest Employers in the Fort Wayne Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Parkview Health	Education & Health Services	7,850
Lutheran Health Network	Education & Health Services	4,825
General Motors Company	Manufacturing	3,900

Note: Excludes local school districts.  
Source: Greater Fort Wayne Inc.

## Sales Market Conditions

The sales housing market in the Fort Wayne metropolitan area is currently slightly tight, with an estimated vacancy rate of 1.2 percent, down from 2.5 percent in April 2010. Since the end of the previous economic downturn in the metropolitan area in 2011, improving economic conditions and increased net in-migration have helped to significantly reduce the excess inventory of homes for sale and contributed to tighter sales market conditions. During March 2020, the metropolitan area had a 1.4-month supply of homes for sale, including single-family homes, townhomes, and condominiums—up slightly from a 1.3-month supply in March 2019 (Upstate Alliance of Realtors®). The percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure), or had transitioned into real estate owned (REO) status, is relatively low and declining. The rate of seriously delinquent home loans and REO properties in the Fort

Wayne metropolitan area was 1.3 percent as of February 2020, down from 1.5 percent a year earlier (CoreLogic, Inc.). The current rate is equal to that of the nation but lower than the 1.7-percent rate for the state of Indiana.

During the 12 months ending March 2020—

- New home sales totaled 870—an increase of 110 sales, or 15 percent, from the previous 12 months (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). New home sales grew an average of 9 percent a year, from a low of 420 new homes sold in 2011 to 790 homes sold in 2018.
- Constrained by a low inventory of homes for sale, regular resales rose by only 50 sales, or less than 1 percent, from the same period a year earlier to 10,100. Regular resales are nearly

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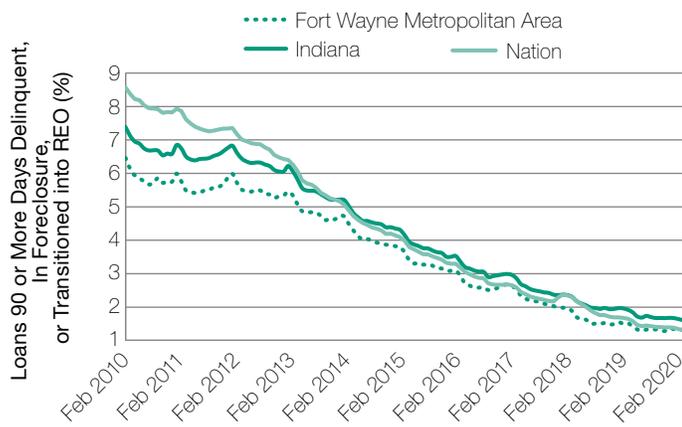


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double the average of 5,625 homes sold annually from 2010 through 2012.

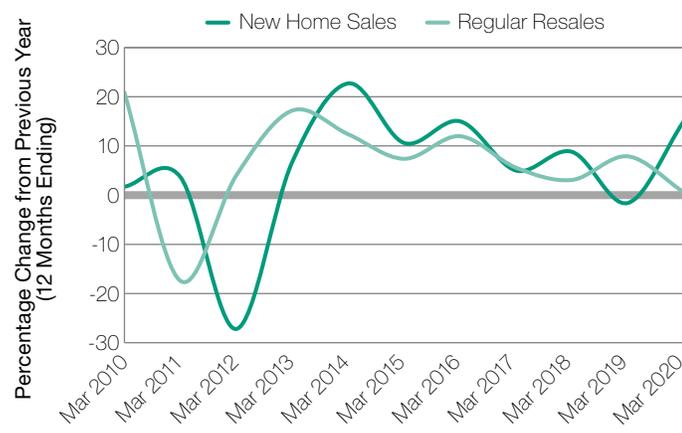
- Home sales prices for new and regular resales increased 1 and 10 percent from the previous 12 months to \$296,000 and \$201,500, respectively. Since the economic recovery in the metropolitan area began in 2011, new home sales prices increased an average of 6 percent a year through 2018, while prices for regular resales rose an average of 4 percent annually.
- Distressed home sales, including REO home sales and short sales, declined by 50, or nearly 12 percent, to 340, representing

The share of seriously delinquent home loans and REO properties in the Fort Wayne metropolitan area matched the national average during February 2020 but remains below the rate for Indiana.



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

After 5 years of slowing sales, new home sales in the Fort Wayne metropolitan area rebounded during the 12 months ending March 2020, but regular resales remained nearly unchanged from a year earlier.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

3 percent of total home sales, and the average sales price was \$191,800. During the previous peak in 2012, distressed home sales totaled 1,425, or 19 percent of total sales, with an average sales price of \$83,350. Since 2012, distressed home sales have declined at an average rate of 18 percent annually to the current level.

Economic growth and continued in-migration to the metropolitan area have increased demand for new homes, and single-family home construction activity—as measured by the number of single-family homes permitted—remains strong.

- The number of single-family homes permitted totaled 1,475 during the 12 months ending March 2020, up 23 percent from

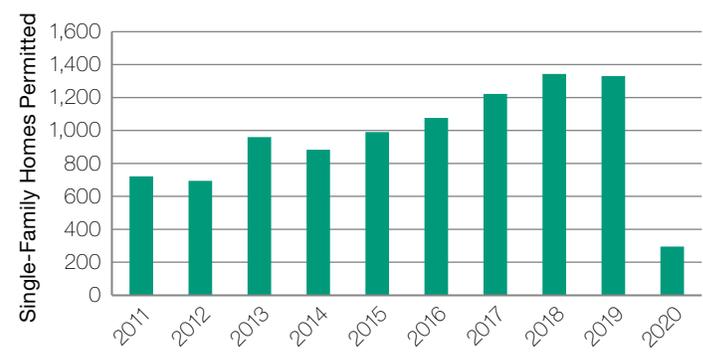
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During the 12 months ending March 2020, new home sales price growth in the Fort Wayne metropolitan area slowed significantly from a year earlier, while regular resale price growth accelerated.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

Single-family homebuilding in the Fort Wayne metropolitan area has been generally rising since 2012.



Note: Includes preliminary data from January 2019 through March 2020.  
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



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the 1,200 homes permitted a year earlier (preliminary data, with adjustments by the analyst).

- Single-family construction rose nearly every year since the low of 700 homes permitted in 2012, representing an average increase of nearly 12 percent annually to 1,350 homes permitted in 2018.
- Recent developments include Coves of Hawks Ridge, a new

subdivision in southwest Allen County that will consist of 48 single-family homes. Currently, 5 three-bedroom homes have been completed, with prices starting in the mid-\$250,000s, and 16 vacant lots remain available for purchase. Greenwood Lakes, in the city of Fort Wayne, has 38 home sites; currently, 16 vacant lots are available for purchase. Prices at Greenwood Lakes for three- and four-bedroom homes start at \$230,000.

## Rental Market Conditions

Rental housing market conditions in the Fort Wayne metropolitan area are currently balanced and have improved since 2011 when the market was soft. The estimated vacancy rate for all rental units (including single-family homes, mobile homes, and apartments) was 6.6 percent as of April 1, 2020—a decline from 12.3 percent in 2010. In 2018, 53 percent of renter households lived in single-family homes or in buildings with two, three, or four units (American Community Survey 1-year data). At the same time, approximately 44 percent of all renter households in the metropolitan area lived in buildings with five or more units, typically apartments. In addition, nearly 62 percent of all rental housing units were built before 1980, and more than 16 percent were built in 1939 or earlier. The age of housing stock, combined with a high percentage of renter households that reside in buildings with fewer than five units in the structure, contributed to a substantial difference between the overall rental vacancy rate and the apartment vacancy rate, as older rental units remain vacant.

- The apartment market is slightly tight, with a 3.2-percent vacancy rate as of the first quarter of 2020—down from 4.1 percent a year earlier but slightly higher than a recent low of 2.8 percent in 2016 (Reis, Inc.).
- Since 2010, an estimated 76 percent of new households in the Fort Wayne metropolitan area were renters. Stronger

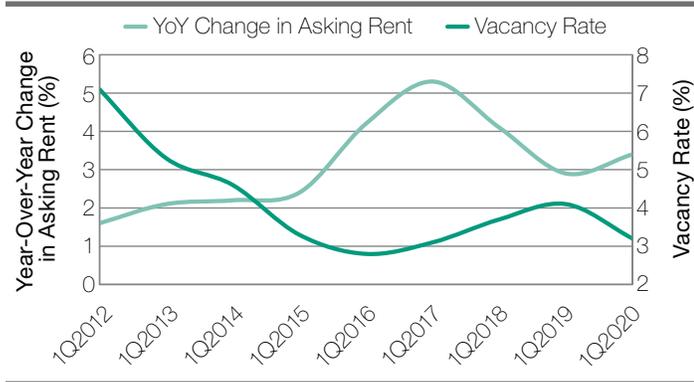
demand for new apartments resulted in low vacancy rates and increasing rents.

- The average monthly apartment asking rent was \$699 as of the first quarter of 2020—an increase of \$23, or more than 3 percent, from the first quarter of 2019 (Reis, Inc.). By comparison, from 2015 through 2018, the average monthly rent in the metropolitan area rose by nearly 5 percent annually.
- Apartments targeted to households with seniors account for approximately 21 percent of the apartment inventory in the metropolitan area. During the first quarter of 2020, the vacancy rate among apartments reserved for households headed by seniors (including assisted living and independent living facilities) averaged 10.0 percent—an increase of one percentage point from the first quarter of 2019—and the average monthly rent rose 2 percent to \$2,855 (Reis, Inc.)

Growing demand for apartments in downtown Fort Wayne resulted in 6 consecutive years of strong multifamily construction in the metropolitan area, as measured by the number of multifamily units permitted from 2014 through 2019; however, the number of multifamily units permitted in the first 3 months of 2020 has declined.

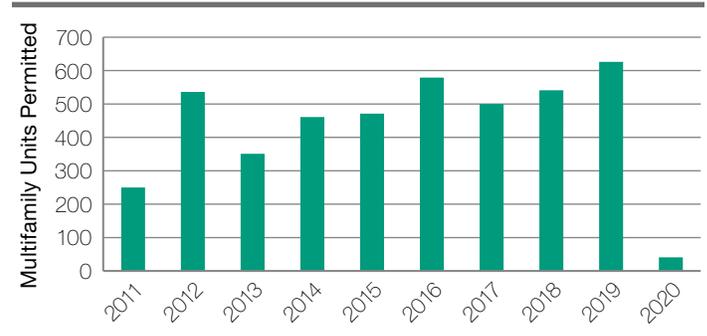
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### Apartment vacancy rates in the Fort Wayne metropolitan area remain low, but rent growth has slowed during the past 3 years.



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

### Multifamily permitting in the Fort Wayne metropolitan area has increased substantially after a recent low during 2011.



Notes: Includes preliminary data from January 2019 through March 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



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- During the 12 months ending March 2020, approximately 400 multifamily units were permitted—a 45-percent decline from the 730 units permitted during the previous 12 months (preliminary data, with adjustments by the analyst).
- Following a recent low of 350 multifamily units permitted during 2013, construction increased substantially, averaging 510 units annually from 2014 through 2018.
- Since 2010, approximately 96 percent of all multifamily developments in the metropolitan area were built in the city of Fort Wayne.
- The former Coca-Cola bottling plant in the city of Fort Wayne was converted into a new affordable housing development called Bottle Works Lofts, consisting of 31 one-, two-, and three-bedroom apartments and 19 lease-to-purchase, four-bedroom, single-family homes throughout the adjacent Renaissance Pointe neighborhood. Monthly rents, restricted to households earning up to 60 percent of area median income, range from \$300 to \$660 per month.
- Construction is underway at The Ventry in the city of Fort Wayne. The development will offer 180 market-rate apartments, with monthly rents starting at \$1,000 and \$1,350 for one- and two-bedroom units, respectively.