

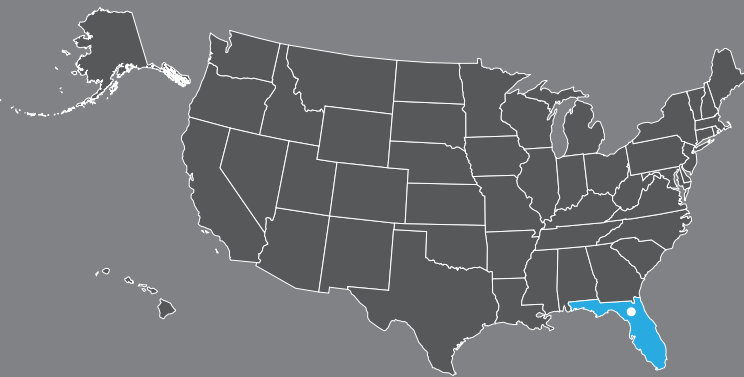
HUD PD&R Housing Market Profiles

Gainesville, Florida



Quick Facts About Gainesville

- **Current sales market conditions: balanced**
- **Current apartment market conditions: slightly tight**
- **Gainesville is home to the University of Florida (UF), which is currently the eighth largest university in the nation in terms of enrollment.**



By Karen M. Ostrye | As of January 1, 2021

Overview

The Gainesville, FL Metropolitan Statistical Area (hereafter the Gainesville metropolitan area) is in northern central Florida and consists of Alachua and Gilchrist Counties. UF supports high-tech research and incubates start-up companies in the Gainesville metropolitan area.

- As of January 1, 2021, the population of the Gainesville metropolitan area is estimated at 290,600, an average annual increase of 2,450, or 0.9 percent, since 2010.
- From 2015 to 2019, population growth averaged 2,800 people, or 1.0 percent, annually. Net migration accounted for 2,000 people, or 71 percent of the growth, whereas net natural change (resident births minus resident deaths) accounted for 800 people, or 29 percent of the growth (Census Bureau decennial census counts and population estimates as of July 1).
- Alachua County accounts for more than 93 percent of the population in the Gainesville metropolitan area. The county has grown by an average of 2,050 people, or 0.8 percent,

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annually from 2010 through the current date, whereas Gilchrist County grew by an average of 200 people, or 1.1 percent, during the same period.

- UF students and employees are a significant portion of the population—31 percent in 2019—in the Gainesville metropolitan area.

Economy

Economic activity in the Gainesville metropolitan area expanded every year from 2011 through 2019, surpassing the pre-Great Recession peak in 2016. The local economy contracted in the months after the World Health Organization declared COVID-19 a pandemic on March 11, 2020, and the state of Florida issued a stay-at-home order beginning on April 3, 2020. Although the state relaxed the order in late April 2020, many businesses had significantly lower sales because of the unwillingness of consumers to return to pre-pandemic behaviors. Nonfarm payrolls decreased to an average of 144,600 jobs during the fourth quarter of 2020, a decrease of 6,700 jobs, or 4.4 percent, from the fourth quarter of 2019. By comparison, nonfarm payrolls for the Southeast/Caribbean region and the nation decreased 3.8 and 5.9 percent, respectively, during the fourth quarter of 2020. From February to April 2020, nonfarm payrolls declined by 18,600 jobs, or 12 percent, in the Gainesville metropolitan area. As of January 1, 2021, 10,900 jobs have been regained, representing 59 percent of jobs lost. Currently, nonfarm payrolls are still 5 percent below the February 2020 level (not seasonally adjusted).

During the fourth quarter of 2020—

- The mining, logging and construction sector gained 100 jobs, or 1.6 percent. Some of the gains in the sector were due to the construction of a new baseball field at UF and a three-story tower that was added to North Florida Regional Medical Center.
- The leisure and hospitality sector declined by 3,300 jobs, or 19.9 percent, compared with a year earlier—the largest sector loss during the period. Some of those losses were due to layoffs at restaurants such as Felipe’s Mexican Taqueria and Leonardo’s By The Slice, which closed permanently in November and December 2020, respectively, because restaurant patronage had decreased amid efforts to limit the spread of COVID-19.
- The wholesale and retail trade sector declined by 300 jobs, or 1.6 percent. Demand for some retail goods fell locally because fewer students were attending in-person classes, and some consumers chose to forego shopping trips to

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Nonfarm payrolls declined in most service-providing sectors in the Gainesville metropolitan area during the fourth quarter of 2020.

	3 Months Ending		Year-Over-Year Change	
	December 2019 (Thousands)	December 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	151.3	144.6	-6.7	-4.4
Goods-Producing Sectors	10.9	11.4	0.5	4.6
Mining, Logging, & Construction	6.1	6.2	0.1	1.6
Manufacturing	4.8	5.2	0.4	8.3
Service-Providing Sectors	140.4	133.2	-7.2	-5.1
Wholesale & Retail Trade	18.5	18.2	-0.3	-1.6
Transportation & Utilities	3.4	3.4	0.0	0.0
Information	1.8	1.6	-0.2	-11.1
Financial Activities	6.9	6.7	-0.2	-2.9
Professional & Business Services	15.7	16.2	0.5	3.2
Education & Health Services	27.9	26.5	-1.4	-5.0
Leisure & Hospitality	16.6	13.3	-3.3	-19.9
Other Services	4.4	4.1	-0.3	-6.8
Government	45.4	43.2	-2.2	-4.8
Unemployment Rate	2.6%	4.4%		

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



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minimize virus exposure during the COVID-19 pandemic and shopped online.

- Payrolls in the education and health services sector decreased by 1,400 jobs, or 5.0 percent, compared with a gain of 900 jobs, or 3.5 percent, during the fourth quarter of 2019. Many elective procedures were put on hold to limit the possibility of patient exposure to COVID-19. However, North Florida Regional Medical Center expects to hire more than 250 employees at the newly completed South Tower during 2021.
- The unemployment rate increased to 4.4 percent from 2.6 percent during the same period a year earlier. This rate is below the recent high of 8.8 percent in April 2020 when the stay-at-home order was in force.

The state government subsector accounts for 20 percent of all jobs in the Gainesville metropolitan area and includes UF, the largest employer in the metropolitan area and a state-funded institution with 31,500 employees that enrolls more than 50,000 students a year. Students, faculty, and graduates of UF, along with research centers at the university, support the creation of high-tech jobs in the metropolitan area. The education and health services sector is the second largest sector in the Gainesville metropolitan area and currently accounts for 26,500 jobs, or 18 percent of total nonfarm payrolls. UF Health Shands Hospital—part of UF Health, the second largest employer in the Gainesville metropolitan area—was tied with Mayo Clinic as the best ranked hospital in Florida by U.S. News and World Report in 2020.

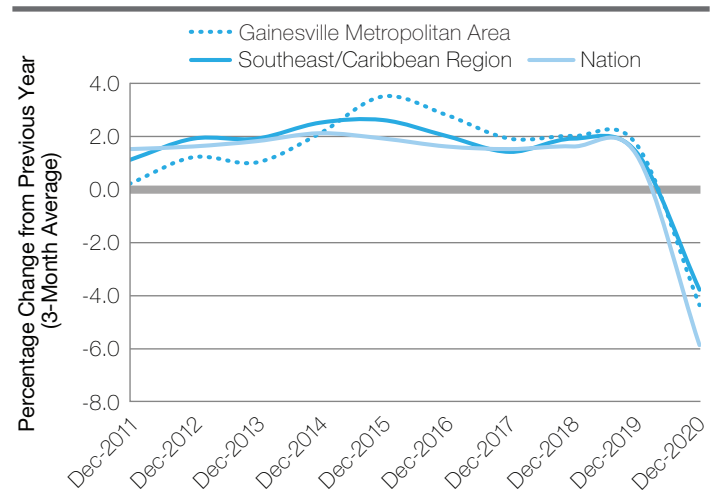
Sales Market Conditions

Sales housing market conditions in the Gainesville metropolitan area are currently balanced. Approximately 5,325 new and existing single-family homes, townhomes, and condominiums sold during 2020, down 2 percent from the 5,425 homes sold during 2019 (Zonda). During 2020, the average sales price of new and existing homes increased 7 percent to \$235,300, compared with a 2-percent increase during 2019. The percentage of home loans in the Gainesville metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status was 3.7 percent as of December 2020, up from 1.5 percent a year ago but still below the peak of 9.3 percent in mid-2012 (CoreLogic, Inc.). By comparison, the rate for the nation was 4.0 percent in December 2020, up from 1.4 percent in December 2019 and below the peak of 8.6 percent in early 2010.

During 2020—

- New home sales totaled 590, up 21 percent from the 480 sales a year ago. The average sales price for a new home

During the fourth quarter of 2020, the decline in nonfarm payrolls in the Gainesville metropolitan area exceeded that of the region but was less than that of the nation.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Gainesville Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Florida	Government	31,500
University of Florida Health	Education & Health Services	12,950
Malcom Randall Department of Veterans Affairs Medical Center	Government	6,125

Note: Excludes local school districts.

Source: Greater Gainesville Chamber of Commerce

was \$305,500, a decrease of less than 1 percent from a year earlier. Potential buyers preferred to tour new, vacant homes during the pandemic, which boosted sales.

- Existing home sales totaled 4,750, down 4 percent from the 4,950 homes sold during 2019. Some of this decline may be related the impact of COVID-19 on inventory because sellers held off listing their homes during the pandemic.
- The average sales price for existing homes was \$226,700, an increase of 8 percent from \$210,400 a year earlier and 46 percent higher than the recent low in 2012 of \$144,400.
- REO sales accounted for 4 percent of existing home sales, unchanged from a year earlier and well below the peak level of 30 percent in April 2013. Despite the recent increase in mortgage delinquencies, the forbearance plans for federally backed mortgages in the Coronavirus Aid, Relief, and Economic Security, or CARES, Act have allowed some homeowners to avoid foreclosure.

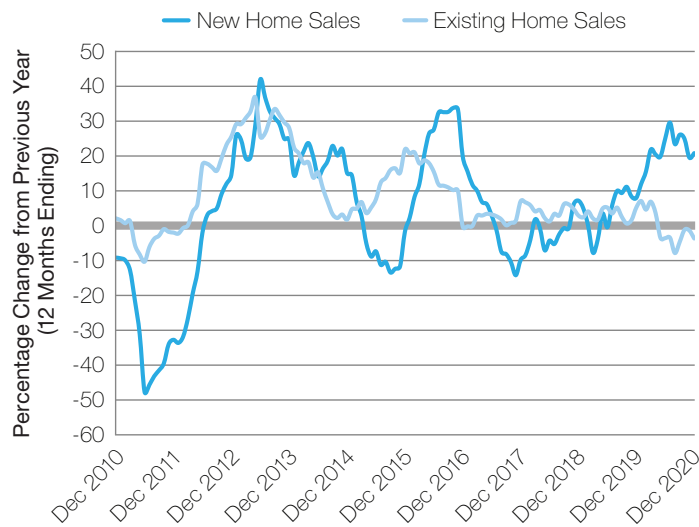
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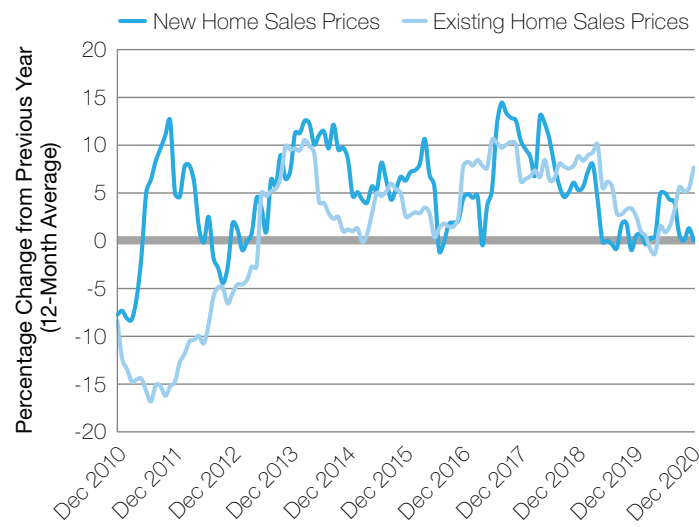
Single-family home construction trended upward from 2011 through 2019. From 2011 through 2015, an average of 480 single-family homes were permitted annually compared with an average of 720 homes from 2016 through 2019. During 2020, 600 single-family homes were permitted in the metropolitan area, a 28-percent decrease from 840 homes during 2019 (preliminary data).

Since early 2020, new home sales have accelerated, and existing home sales have slowed in the Gainesville metropolitan area.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Zonda

Home sales price growth has trended lower in the Gainesville metropolitan area since 2018.

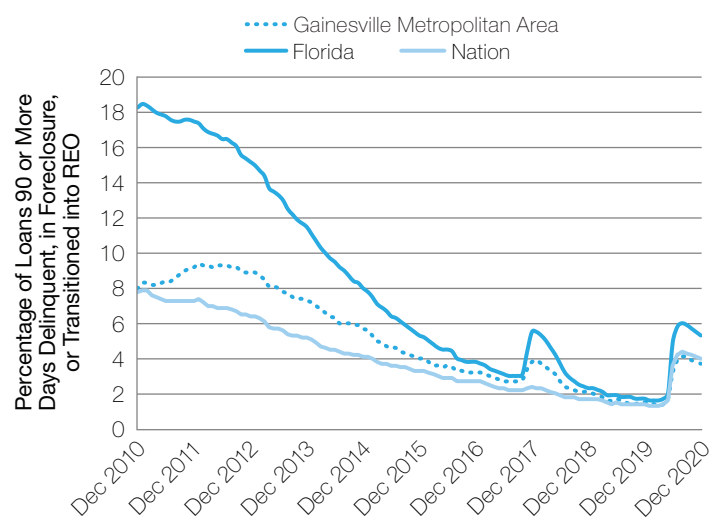


Note: Includes single-family homes, townhomes, and condominiums.
Source: Zonda

- Nearly 60 percent of all single-family homes permitted since 2015 were in unincorporated Alachua County. At Celebration Pointe—a planned community east of Interstate 75 near the city of Gainesville—46 townhomes, with prices starting in the low \$300,000s have been sold at The Vue, a subdivision that will have 86 units on completion in 2021.

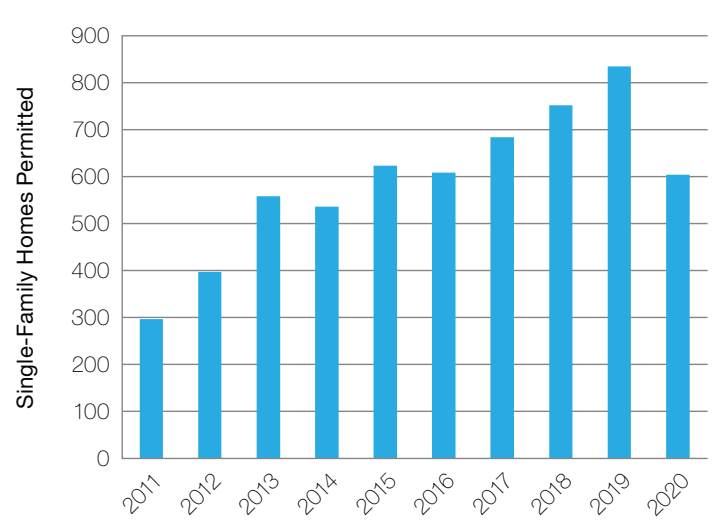
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In the Gainesville metropolitan area, the percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status has been below that of the state and the nation since June 2020.



REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

The number of single-family homes permitted annually in the Gainesville metropolitan area trended upward from 2011 through 2019.



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



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- Approximately 15 percent of new homes permitted since 2015 were along Route 441 and Interstate 75 near the cities of High Springs and Alachua in northern Alachua County. At Tara Village, 17 of the 20 homes available have been sold. Those homes range from 1,600 to 2,300 square feet, with prices starting at \$278,000.
- Homebuilding activity has been prevalent in the city of Newberry, about 30 miles west of the city of Gainesville,

accounting for 10 percent of all homes permitted since 2015. All 80 homes have sold in the community of Newberry Corners, now in the third and final phase of construction. These three- and four-bedroom homes range from 1,546 to 1,876 square feet with prices ranging from \$211,900 to \$274,900.

Apartment Market Conditions

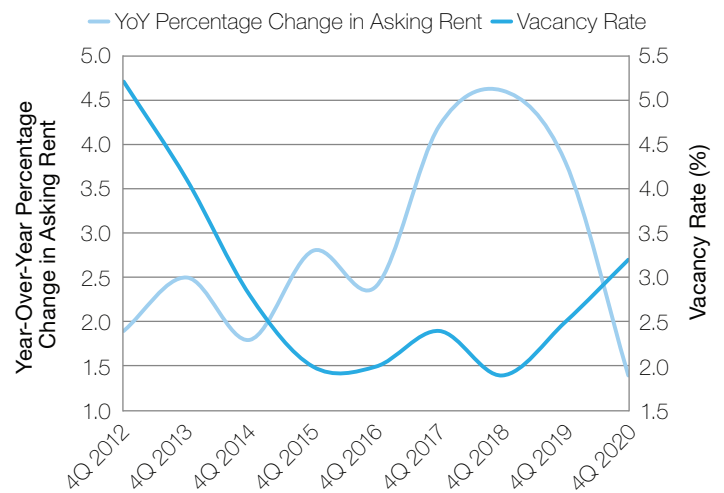
The apartment market in the Gainesville metropolitan area is currently slightly tight. Strong renter household growth kept the apartment vacancy rate low during the mid-2010s. Vacancy rates have climbed since 2018, as new units were added to the market. The student apartment market, defined as those apartments within 1 mile of the university and whose renters are more than 50 percent students, is tight.

- During the fourth quarter of 2020, the apartment vacancy rate in the metropolitan area was 3.2 percent, up from 2.5 percent during the fourth quarter of 2019 (Moody's Analytics REIS).
- The student apartment vacancy rate was 0.6 percent during the fall of 2020, down from 2.2 percent during the fall of 2019.
- The average apartment rent rose \$14 or 1 percent, from a year earlier, to \$1,013 during the fourth quarter of 2020. By comparison, the average rent decreased 1 percent, to \$1,383, nationally.
- The average student apartment rent rose \$37, or 3 percent, from a year earlier, to \$1,188 during the fall of 2020.

Multifamily construction in the Gainesville metropolitan area, as measured by the number of multifamily units permitted, strengthened in the latter half of the decade in response to strong economic conditions and increased rental demand. The number of multifamily units permitted declined by more than 40 percent in 2020 compared with the number of units permitted in 2019.

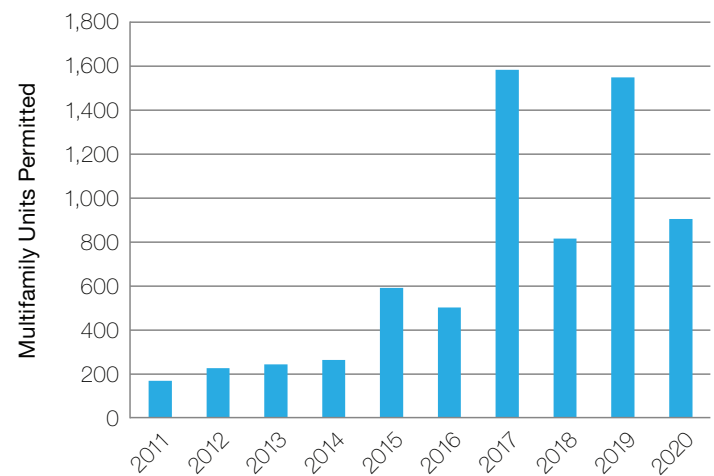
- During 2017 and 2018, an average of 1,200 multifamily units were permitted, compared with an average of 550 units during 2015 and 2016. During 2020, 910 multifamily units were permitted in the metropolitan area, down from 1,550 units during 2019.
- In response to tightening student market conditions, nearly 80 percent of the new units permitted since the beginning of 2019 have been designed for students. The Hub on Campus was built in 2020 and is across the street from UF; it has 208 units with 413 beds and offers furnished bedrooms for rent ranging from \$750 to \$1,280 per person.

Vacancy rates have increased and rent growth has slowed since 2018 in the Gainesville metropolitan area.



4Q = fourth quarter. YoY = year-over-year.
Source: Moody's Analytics REIS

Since 2017, the number of multifamily homes permitted annually has remained higher than earlier in the decade in the Gainesville metropolitan area.



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

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- Apartments intended for residents ages 55 and older have represented 5 percent of the rental units in the metropolitan area started since the beginning of 2019. Harper’s Pointe, a 66-unit, income-restricted senior community with rents ranging from \$680 to \$875, is expected to begin leasing in early 2021.
- Integra Twenty Four, currently leasing in west Gainesville, is a 232-unit community with one- to three-bedroom units with rents ranging from \$1,349 to \$2,275. This development is between UF and Interstate 75.

