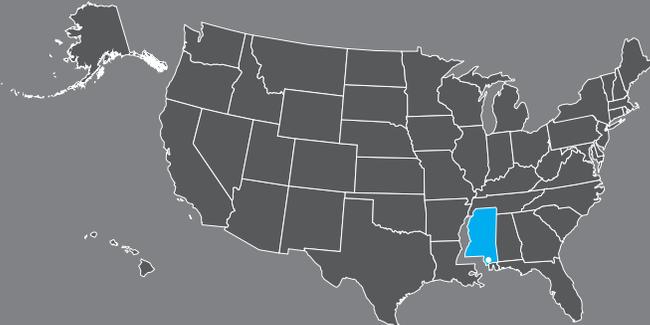


# HUD PD&R Housing Market Profiles

## Gulfport-Biloxi-Pascagoula, Mississippi

### Quick Facts About Gulfport-Biloxi-Pascagoula

- **Current sales market conditions: slightly soft.**
- **Current rental market conditions: soft.**
- **The seafood industry, particularly shrimp fishing, is a significant contributor to the metropolitan area economy, with an estimated 1,600 shrimp workers. In 2015, landings of brown shrimp in Mississippi totaled 8.3 million pounds valued at \$7.7 million (National Marine Fisheries Service).**



By Fernando L. Ramirez | As of December 1, 2016

### Overview

The Gulfport-Biloxi-Pascagoula, MS Metropolitan Statistical Area (hereafter, the Gulfport metropolitan area) is located on the Mississippi Gulf Coast and consists of Hancock, Harrison, and Jackson counties. The metropolitan area is a center for tourism, shipbuilding, and fishing and is home to Keesler Air Force Base (AFB) and John C. Stennis Space Center. On August 29, 2005, Hurricane Katrina made final landfall along the Louisiana-Mississippi line before traveling north through Mississippi. The hurricane devastated the metropolitan area, which caused out-migration and a loss of jobs and housing in the immediate aftermath. The metropolitan area has been gradually recovering since 2006.

- As of December 1, 2016, the population of the Gulfport metropolitan area is estimated at 394,200, reflecting an average annual increase of 3,525, or 0.9 percent, from 370,702 on April 1, 2010. By comparison, from 2006 to 2010, the population increased by an average of 6,250, or 1.8 percent, annually.
- From 2005 to 2006, net out-migration from the metropolitan area totaled 37,400 people, as the devastation caused by Hurricane Katrina forced residents to relocate elsewhere. Net in-migration averaged 4,075 from 2006 to 2010, as residents and jobs returned to the metropolitan area in subsequent years, but slowed to an average of 2,175 from 2010 to 2015.
- Gulfport, Biloxi, and Pascagoula are the most populous cities in the metropolitan area, with populations of approximately 71,900, 45,700, and 22,200, respectively, or 18, 12, and 6 percent, respectively, of the population of the metropolitan area.



Nearly one-half of sectors recorded gains and nearly one-half recorded losses in the Gulfport area during the past 12 months.

	3 Months Ending		Year-Over-Year Change	
	November 2015 (thousands)	November 2016 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	154.0	153.1	- 0.9	- 0.6
Goods-producing sectors	27.4	26.5	- 0.9	- 3.3
Mining, logging, and construction	8.6	7.9	- 0.7	- 8.1
Manufacturing	18.8	18.6	- 0.2	- 1.1
Service-providing sectors	126.6	126.6	0.0	0.0
Wholesale and retail trade	20.1	20.5	0.4	2.0
Transportation and utilities	4.3	4.4	0.1	2.3
Information	1.6	1.5	- 0.1	- 6.3
Financial activities	5.2	5.1	- 0.1	- 1.9
Professional and business services	15.3	13.3	- 2.0	- 13.1
Education and health services	12.7	13.1	0.4	3.1
Leisure and hospitality	28.6	29.2	0.6	2.1
Other services	5.2	5.2	0.0	0.0
Government	33.5	34.3	0.8	2.4
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	6.3	5.8		

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

## Economic Conditions

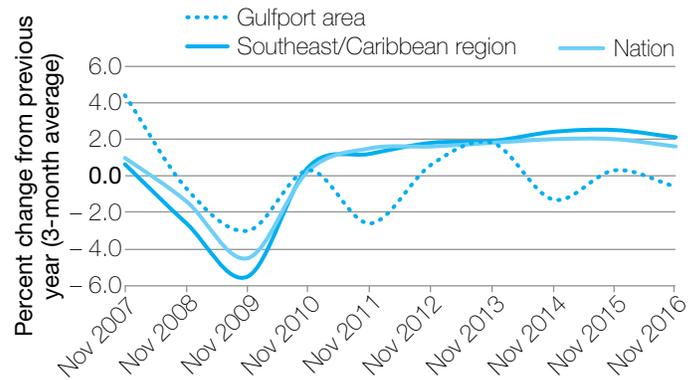
Nonfarm payrolls in the Gulfport metropolitan area have fluctuated between moderate growth and moderate contraction since 2009 and remain less than the previous high of 166,000 jobs recorded in 2000. Although the metropolitan area recorded job gains in 2015, nonfarm payrolls have been moderately contracting in recent months.

During the 3 months ending November 2016—

- Nonfarm payrolls declined by 900 jobs, or 0.6 percent, from the same 3-month period a year earlier to an average of 153,100 jobs after increasing by an average of 3,200 jobs, or 0.9 percent, annually from 2013 through 2015.
- The professional and business services sector lost more jobs than any other sector, decreasing by 2,000 jobs, or 13.1 percent, from the same 3-month period a year earlier.
- The mining, logging, and construction sector also recorded significant losses, decreasing by 700 jobs, or 8.1 percent, because of weakness in the energy industry.
- Partially offsetting the job losses, the government and the leisure and hospitality sectors increased by 800 and 600 jobs, or 2.4 and 2.1 percent, respectively. The completion of the \$100 million Margaritaville Resort Biloxi contributed 600 jobs to the leisure and hospitality sector when it opened in April 2016.

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Nonfarm payrolls in the Gulfport area have generally oscillated near zero growth since 2009, sometimes growing and sometimes contracting by slim margins.



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

### Largest employers in the Gulfport area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Huntington Ingalls Industries Inc.	Manufacturing	11,300
Keesler Air Force Base	Government	11,300
Chevron Corporation	Manufacturing	3,500

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



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In September 2017, TopShip, LLC, a ship manufacturer, is expected to begin construction of a shipyard on the inland port in the city of Gulfport. The \$68 million investment is expected to create 1,000 permanent jobs by an unannounced future date, including 700 jobs created by 2020. The leisure and hospitality sector is also expected

to continue to grow. Island View Casino is planning a second casino on the south side of Highway 90 in the city of Gulfport, where construction is expected to start in early 2017. The number of jobs to be created and the completion date have not been announced.

## Sales Market Conditions

Despite recent improvement, the sales housing market in the Gulfport HMA is slightly soft because of slow population growth since 2010. Although home prices have been recovering since 2012, they remain less than the average of \$155,800 from 2005 through 2009, a period when the destruction of housing inventory by Hurricane Katrina, coupled with return in-migration by displaced residents, contributed to tight sales housing market conditions.

- During the 12 months ending November 2016, sales of new and existing homes increased by 510, or 12 percent, to 4,875. The number of sales during that period is less than the average of 5,025 homes sold annually from 2004 through 2006, when the national housing boom and the reconstruction in the aftermath of Katrina contributed to a high level of home sales (Gulf Coast Association of Realtors®).
- During the 12 months ending November 2016, the average sales price for new and existing homes sold decreased by \$1,025, or less than 1 percent, to \$144,400, and was down from the peak of \$166,500 in 2007 (Gulf Coast Association of Realtors®).
- Hurricane Katrina destroyed or severely damaged 8,600 owner units, or 9 percent of the owner inventory, which contributed to tight sales market conditions. As a result, from 2005 to 2006, new

and existing home prices increased by \$8,775, or 6 percent, to \$160,800, and the number of sales increased by 300, or 6 percent, to 850.

- In October 2016, the most recent data available, 3.8 percent of mortgage loans in the metropolitan area were seriously delinquent (those 90 or more days delinquent or in foreclosure) or had transitioned into real estate owned status, down from 4.8 percent in October 2015 and down from the peak of 19.8 percent in November 2005 in the immediate aftermath of Hurricane Katrina (CoreLogic, Inc.).

New home construction activity remains at relatively low levels and much less than the average of 2,725 homes permitted annually from 2000 through 2009, because of stricter building codes and higher insurance rates since Hurricane Katrina, coupled with slow population growth since 2010.

- Single-family construction activity, as measured by the number of homes permitted, totaled 1,625 homes during the 12 months ending November 2016, an increase of 160, or 11 percent, from the previous 12-month period (preliminary data).

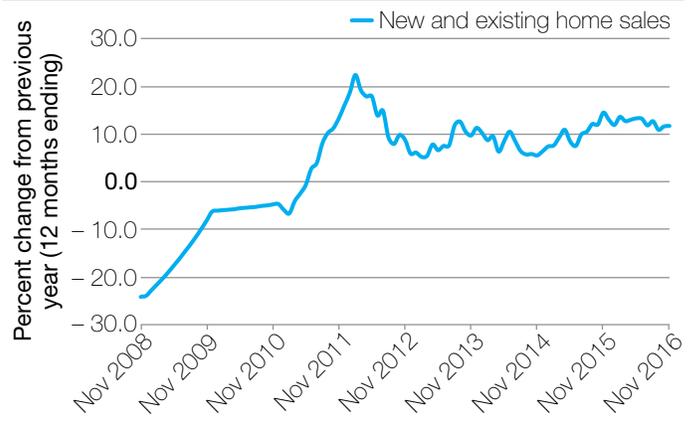
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Except for a recent decline, home prices have generally increased in the Gulfport area since 2012.



Note: Includes single-family homes, townhomes, and condominiums. Source: Gulf Coast Association of Realtors®

New and existing home sales in the Gulfport area have increased consistently since 2011.



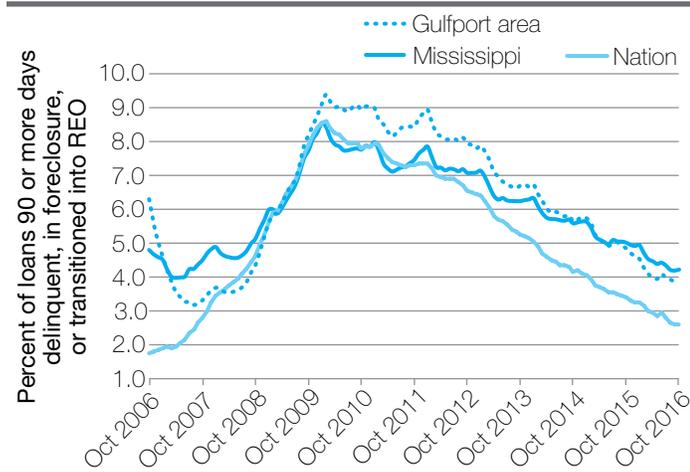
Note: Includes single-family homes, townhomes, and condominiums. Source: Gulf Coast Association of Realtors®



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- Ongoing developments include Palmetto Pointe, in the city of Ocean Springs, which is expected to include 220 homes by the time it is complete, although a final completion date has not been announced. To date, an estimated 37 homes have been completed since construction began, with prices starting at \$239,900.

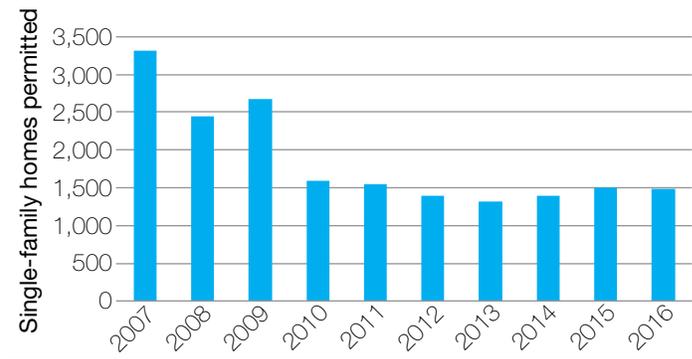
**Seriously delinquent loans and REO properties in the Gulfport area have declined since March 2010 to below the average for Mississippi.**



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

- In the city of Gulfport, Hatten Farms currently is under construction, with 40 homes expected by the time construction is complete at an unannounced future date. To date, 20 homes have been completed with prices starting at \$185,900.

**Single-family permitting activity in the Gulfport area has averaged 1,450 homes annually since 2010.**



Note: Includes preliminary data from January 2016 through November 2016.  
Source: U.S. Census Bureau, Building Permits Survey

**Rental Market Conditions**

Rental housing market conditions in the Gulfport metropolitan area are soft because of slow population growth and job losses during the past year. As of December 1, 2016, the overall rental vacancy rate is estimated at 11.0 percent, which is less than the 19.7-percent rate recorded in April 2010. An estimated 45 and 36 percent of renter-occupied housing units consist of single-family homes and apartments, respectively. In October 2016, the most recent available data, the median rent for a three-bedroom single-family home in the metropolitan area was \$1,045, up by \$47, or 4.7 percent, from \$998 in October 2015 and up from \$914 in October 2014 (CoreLogic, Inc.).

During the third quarter of 2016 (the most recent available data)—

- The apartment vacancy rate was 8.2 percent, unchanged from the third quarter of 2015 and down significantly from 16.1 percent during the first quarter of 2010, when a high number of apartments built to replace those destroyed by Hurricane Katrina entered the rental market (Axiometrics, Inc.).
- The average effective rent for an apartment was \$748, an increase of \$14, or 2 percent, from \$734 in the third quarter of 2015 and up from \$697, or 5 percent, in the first quarter of 2010.

- Concessions averaged \$13, or 2 percent, per unit, up slightly from \$11 in the third quarter of 2015 but down significantly from \$106 in the first quarter of 2010, a year when a high number of recently completed units contributed to soft rental market conditions.

Multifamily construction activity, as measured by the number of units permitted, decreased slightly during the 12 months ending November 2016 as developers responded to soft rental market and slowing economic conditions.

- During the 12 months ending November 2016, approximately 170 multifamily units were permitted, a decrease of 20 units compared with the number permitted during the previous 12 months (preliminary data and analyst estimates).
- The current level of activity represents a slowdown from the average of 780 units permitted annually from 2010 through 2015.
- The current level of activity is also much less than the average of 2,925 units permitted annually from 2006 through 2009, when reconstruction to replace the 5,650 rental units destroyed by Hurricane Katrina was ongoing. Of the 11,650 units permitted during the period, an estimated 4,800, or 41 percent, were Low-Income Housing Tax Credit units.

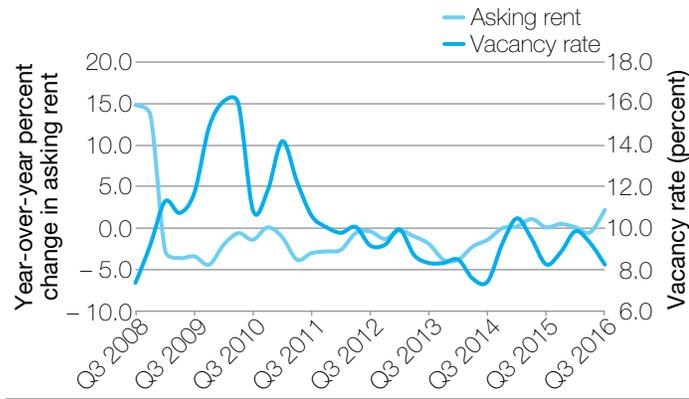
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- Recently completed properties in the city of Biloxi include the 218-unit Arbor Landing on the River, which was completed in August 2015, with rents starting at \$859 and \$1,059 for one- and two-bedroom units, respectively.

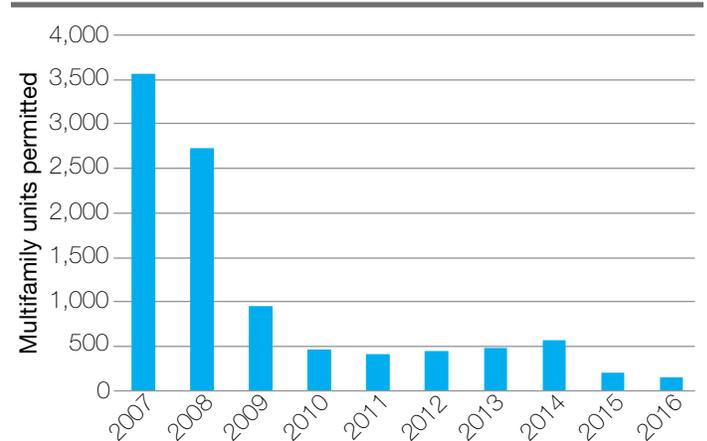
Since 2009 in the Gulfport area, rent growth has been negative or minimal while vacancy rates have remained more than 7.4 percent.



Source: Axiometrics

- Developments in the planning stages currently include a conversion of the Markham Hotel in the city of Gulfport into a 64-unit luxury apartment property. Construction is expected to begin in early 2017 with rents averaging \$1,800 per unit.

Multifamily permitting activity in the Gulfport area has remained at relatively low levels since 2010.



Note: Includes preliminary data from January 2016 through November 2016.  
Source: U.S. Census Bureau, Building Permits Survey

