

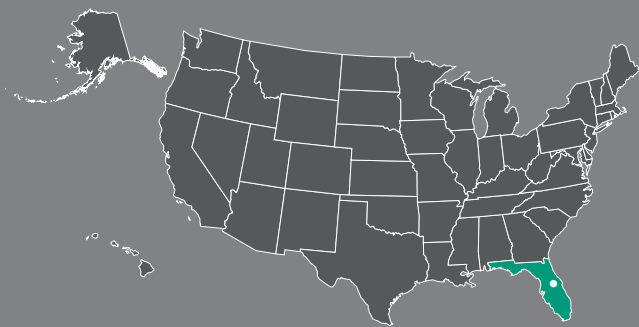
HUD PD&R Housing Market Profiles

Orlando, Florida



Quick Facts About Orlando

- **Current sales market conditions: balanced**
- **Current rental market conditions: balanced**
- **The Orlando metropolitan area is home to more than 100 lakes. One of the most famous bodies of water located in downtown Orlando is Lake Eola, which is a giant sinkhole measuring 80 feet at its deepest point.**



By Steve Walker | As of June 1, 2019

Overview

The Orlando metropolitan area is coterminous with the Orlando-Kissimmee-Sanford, FL Metropolitan Statistical Area and consists of Lake, Orange, Osceola, and Seminole Counties. The metropolitan area, located in central Florida, is home to many theme parks and famous attractions such as Walt Disney World, SeaWorld Orlando, Universal Studios, and Legoland. The most visited amusement/theme park worldwide is the Magic Kingdom Theme Park at Walt Disney World Resort with nearly 21 million visitors in 2018 (TEA/AECOM 2018 Theme Index and Museum Index). Disney's Animal Kingdom, Epcot Theme Park, and Disney's Hollywood Studios are also in the top 10 visited theme parks worldwide.

- As of June 1, 2019, the population of the Orlando metropolitan area is estimated at 2.62 million. Population growth and net in-migration have been relatively strong since 2011 because of robust economic growth since the Great Recession.
- Since 2010, the population has increased by an average of 52,650, or 2.2 percent, annually, as a result of increased net in-migration. Net in-migration peaked from 2014 to 2017 at an average of 51,500 people annually, compared with an average of 37,850 people a year from 2011 to 2014 (U.S. Census Bureau population estimates as of July 1).

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- Seniors, age 60 and over, make up 19 percent of the population compared with 21 percent for the nation. The largest segment of the population in the Orlando metropolitan area is age 20 to 39,

which are attracted to Orlando for employment opportunities; this segment makes up 29 percent of the population, compared with 27 percent for the nation.

Economic Conditions

Economic conditions in the Orlando metropolitan area continue to strengthen, adding an average of 41,300 jobs, or 3.7-percent growth each year since 2012, and exceeding prerecession payroll levels during 2014. The Orlando metropolitan area is known for its leisure activities and theme parks; it is also an attractive location for company headquarters and a popular retirement destination. The leisure and hospitality sector is the largest sector in the Orlando metropolitan area, in part because of the theme parks and tourism. In 2017, 72 million visitors came to the metropolitan area, an increase of 5.2 percent from the previous year, making Orlando the most visited destination in the United States (Orlando/Orange County Convention and Visitors Bureau; the most recent data available).

During the 3 months ending May 2019—

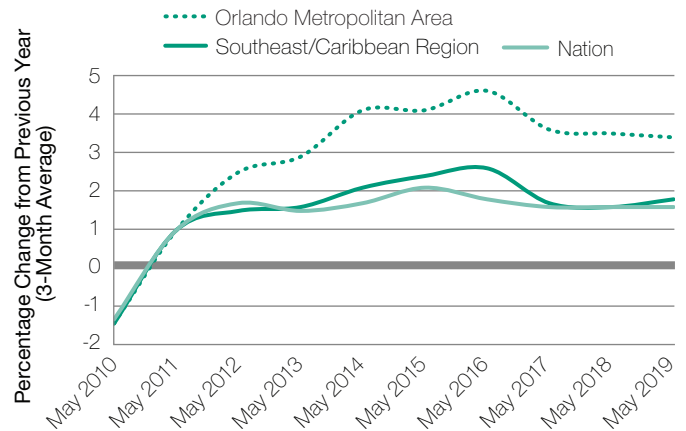
- Nonfarm payrolls rose to 1.33 million, an increase of 44,300 jobs, or 3.4 percent from the 3 months ending May 2018, compared with 43,700 jobs, or 3.5 percent, from the same period a year ago.
- Job growth occurred in all job sectors, with the most significant gains in the professional and business services, the leisure and hospitality, and the education and health services sectors, which increased by 15,500, 10,800, and 4,300 jobs, or 6.8, 4.1, and 2.8 percent, respectively.
- The unemployment rate declined to 2.8 percent, down from 3.2 percent during the same period a year ago. The current

unemployment rate is the lowest rate for the metropolitan area since 2006 when the unemployment rate averaged 3.2 percent.

- The Walt Disney Company, the largest employer in the Orlando metropolitan area with approximately 62,000 employees, is

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Jobs in the Orlando metropolitan area grew during the 3 months ending May 2019 at a higher pace than the Southeast Region and the nation.



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

In the Orlando metropolitan area, all sectors had job gains in the 3 months ending May 2019.

	3 Months Ending		Year-Over-Year Change	
	May 2018 (Thousands)	May 2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,289.0	1,333.3	44.3	3.4
Goods-Producing Sectors	127.0	134.0	7.0	5.5
Mining, Logging, & Construction	81.0	84.9	3.9	4.8
Manufacturing	46.0	49.1	3.1	6.7
Service-Providing Sectors	1,162.0	1,199.3	37.3	3.2
Wholesale & Retail Trade	194.6	194.9	0.3	0.2
Transportation & Utilities	42.3	44.2	1.9	4.5
Information	25.2	25.3	0.1	0.4
Financial Activities	75.7	77.2	1.5	2.0
Professional & Business Services	229.1	244.6	15.5	6.8
Education & Health Services	155.8	160.1	4.3	2.8
Leisure & Hospitality	265.7	276.5	10.8	4.1
Other Services	44.1	45.2	1.1	2.5
Government	129.5	131.3	1.8	1.4
	(Percent)	(Percent)		
Unemployment Rate	3.2	2.8		

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



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opening a new attraction in Disney's Hollywood Studios Theme Park called Star Wars: Galaxy's Edge, that will encompass 14 acres and is expected to open in the fall of 2019. The new attraction is expected to create 1,700 jobs.

The professional and business services sector, the second largest sector in the Orlando metropolitan area, added the most jobs during the past 3 months. In February of 2019, Orange Lake Resorts, a leader in the vacation timeshare industry, expanded into a new headquarters by building a 125,000-square-foot addition, which added 250 additional employees. In 2018, Deloitte Consulting, which provides audit, tax, consulting, and financial advisory services, announced it was expanding its Technology Delivery Center by investing \$24 million dollars and creating up

Largest Employers in the Orlando Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The Walt Disney Company	Leisure & Hospitality	62,000
Adventist Health System	Education & Health Services	16,000
Publix Super Markets, Inc.	Wholesale & Retail Trade	15,600

Note: Excludes local school districts.
Source: Metro Orlando Economic Development Commission

to 850 new jobs in the Orlando metropolitan area during the next 4 years. In the first quarter of 2019, Lockheed Martin, a global aerospace, defense, security, and advanced technologies company, opened a \$50 million, 255,000-square-foot research and development facility that created more than 500 new jobs.

Sales Market Conditions

The sales housing market in the Orlando metropolitan area is currently balanced, with an estimated vacancy rate of 1.9 percent, down from 4.1 percent in 2010 when the market was soft. Recent job and population growth have contributed to improvements in sales market conditions. As of April 2019, the rate of seriously delinquent home loans and real estate owned (REO) properties in the metropolitan area declined to 1.8 percent, compared with rates of 1.9 and 1.5 percent for Florida and the nation, respectively (CoreLogic, Inc.). The rate is down from 4.7 percent in April 2018 and below a peak of 21.0 percent in February 2010. The effects of Hurricane Irma that made landfall in 2017, contributed to an increase in delinquencies in 2018. Distressed home sales (REO and short sales) accounted for almost 3 percent of existing home sales during the 12 months ending April 2019, down from almost 4 percent a year ago and a high of approximately 55 percent in 2010. The average sales price of an REO home in the metropolitan area was \$209,900 during the 12 months ending April 2019, a 13-percent increase from the previous 12 months, compared with \$250,500 for a regular resale, a 7-percent increase from the previous 12 months. REO home sales prices have risen an average of 9 percent annually from a recent low of \$98,600 during 2010.

During the 12 months ending April 2019—

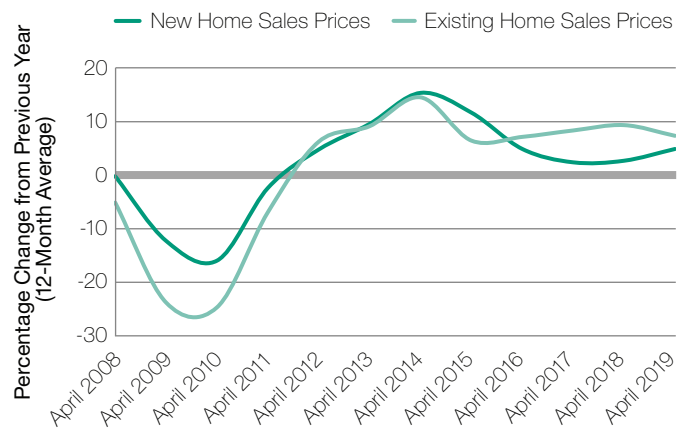
- New home sales totaled 13,000, up nearly 1 percent from the 12,900 sales a year ago. Since a recent low of 4,525 new home sales during 2011, new home sales have risen almost 21 percent annually, to a recent high of 13,050 sales during 2018.
- The average sales price of a new home was \$357,100, an increase of nearly 5 percent from a year earlier,

but approximately 17 percent above the prerecession high of \$295,900 averaged during mid-2007.

- Existing home sales totaled 56,550, up more than 1 percent from the previous 12-month period to 55,800, despite the 21-percent decline in the REO sales to 1,575. Regular resales had an increase of nearly 3 percent to 54,550.
- The average sales price for existing homes was \$248,900, an increase of more than 7 percent compared with the average price during the 12 months ending April 2018 and 2 percent below the prerecession peak of \$253,900 in 2006.

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New and existing home sales price growth in the Orlando metropolitan area has slowed since a high in 2014.

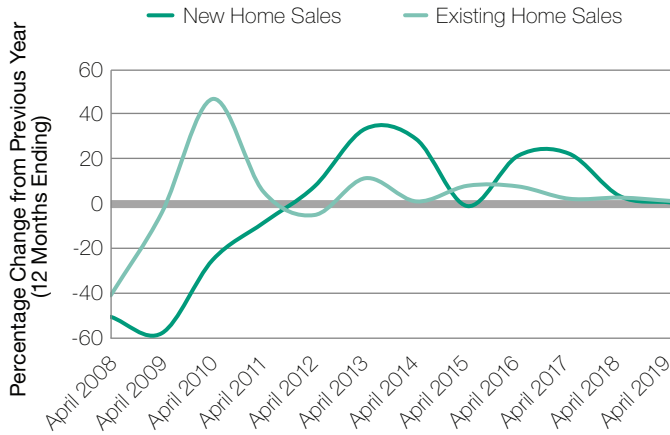


Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst



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Existing home sales prices have grown at a faster rate than new home sales prices since spring of 2016.



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

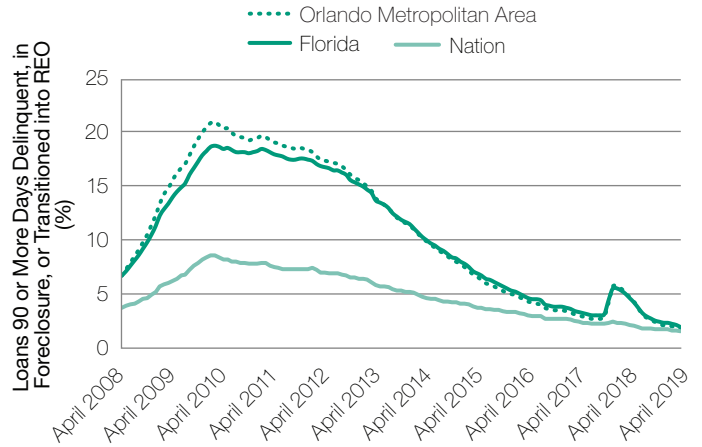
Single-family homebuilding activity, as measured by the number of single-family homes permitted, has increased every year since the low point of the housing crisis in 2009.

- The number of single-family homes permitted totaled 15,800 during the 12 months ending April 2019, up from 15,250 homes permitted during the previous 12 months (preliminary data).
- Single-family home construction from 2010 through 2014 averaged 7,025 homes annually and 14,250 homes annually from 2015 through 2018. This is far less than the average of 21,375 homes permitted annually from 2000 through 2006.
- Wincey Gardens at Hamlin is a single-family development located in the city of Winter Garden in Orange County. The first phase of development is expected to include 85 of the 177 homes planned, with prices starting at \$350,000. Construction is expected to begin in the summer of 2019.

Rental Market Conditions

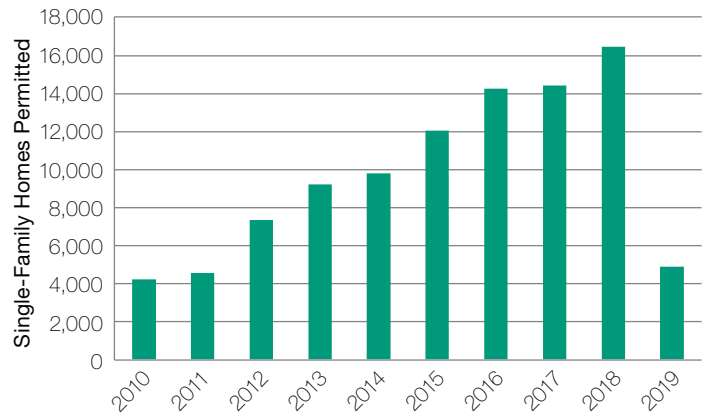
As of June 1, 2019, overall rental housing market conditions are currently balanced in the Orlando metropolitan area, with an estimated 7.2-percent vacancy rate for all rental units (including single-family homes, townhomes, mobile homes, and apartments); this is down from 13.3 percent in 2010 when market conditions were soft. Because net in-migration has been increasing since 2009 and the Orlando market continues to attract millennials, demand has been strong for apartments.

The percentage of seriously delinquent mortgages and REO properties in the Orlando metropolitan area and the state of Florida rose in late 2017 because of Hurricane Irma.



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

The number of single-family homes permitted in the Orlando area has generally risen each year since 2010.



Note: Includes preliminary data from January 2019 through April 2019. Source: U.S. Census Bureau, Building Permits Survey

The apartment market is currently balanced, with a 4.2-percent vacancy rate during the first quarter of 2019, up from 3.5 percent a year ago (RealPage, Inc.).

During the first quarter of 2019—

- Apartment vacancy rates increased in 13 of the 15 RealPage, Inc.-defined market areas in the metropolitan area compared with the rates during the first quarter of 2018.

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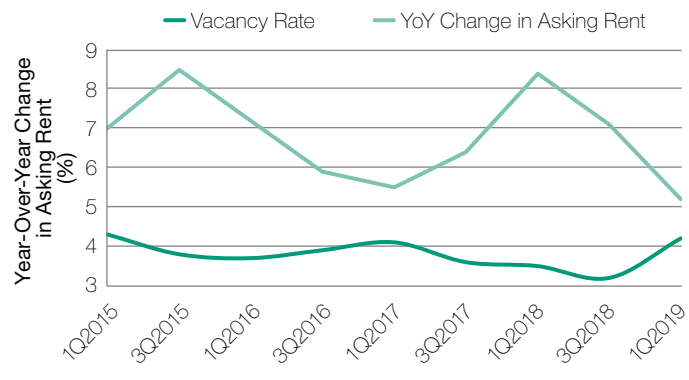


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- The North Lake County market area had the lowest vacancy rate at 1.1 percent, down from 1.5 percent a year ago. The highest vacancy rate was in the Central Orlando market area, which encompasses downtown Orlando, at 6.0 percent, up from 5.1 percent a year ago.
- The average rent for apartments in the metropolitan area was \$1,239, an increase of 5 percent from the average of \$1,178 during the first quarter of 2018, after increases averaging more than 13 percent a year from 2015 through 2017.
- Rent growth occurred in all market areas, ranging from a 2-percent increase in the Central Orlando market area to a 9-percent increase in the Southwest Orlando market area compared with the first quarter of 2018.
- The average monthly apartment rents in the metropolitan area by number of bedrooms were \$1,121, \$1,284, and \$1,425 for one-, two-, and three-bedroom units, respectively.

Multifamily construction activity in the metropolitan area, as measured by the number of units permitted, trended upward

Apartment vacancy rates in the Orlando metropolitan area slowed during the past year, while apartment rent growth increased.

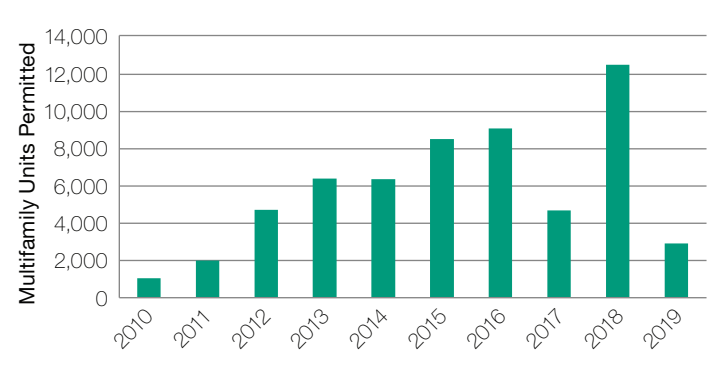


1Q = first quarter. 3Q = third quarter. YoY = year-over-year. Source: RealPage, Inc.

from 2010 through 2018, with a decrease in 2017, partly a result of Hurricane Irma that made landfall in the Orlando area.

- During the 12 months ending April 2019, 12,850 units were permitted, up from the 8,425 units permitted during the 12 months ending April 2018 (preliminary data).
- An average of 8,725 units was permitted from 2015 through 2016 before falling to 4,625 units in 2017.
- Approximately 1,600 apartment units were under construction in the Central Orlando market area during the first quarter of 2019, the greatest number of units of any market area in the metropolitan area. The Orlando Central market area also had the highest rent at \$1,711, in part due to an increase in higher priced Class A apartments.
- The Blake Apartments is a 279-unit multifamily development in Winter Park—northeast of downtown Orlando—which is a suburban city in Orange County. Completed in the second quarter of 2019, asking rents for one-, two-, and three-bedroom apartment units start at \$1,299, \$1,635, and \$2,230, respectively.

Multifamily permitting in the Orlando metropolitan area rose each year from 2010 through 2016, except 2014.



Note: Includes preliminary data from January 2019 through April 2019. Source: U.S. Census Bureau, Building Permits Survey

