

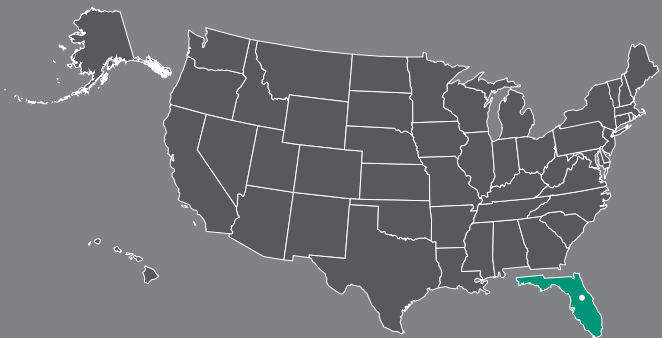
# HUD PD&R Housing Market Profiles

## Orlando-Kissimmee-Sanford, Florida



### Quick Facts About Orlando-Kissimmee-Sanford

- Current sales market conditions: slightly soft.
- Current apartment market conditions: tight.
- During 2015 (the most recent data available), 66 million visitors came to the metropolitan area, an increase of 5.4 percent from the previous year (Orlando/Orange County Convention and Visitors Bureau).



By Robyn E. Bowen | As of March 1, 2017

### Overview

The Orlando-Kissimmee-Sanford Metropolitan Statistical Area (hereafter, Orlando metropolitan area) in central Florida consists of Lake, Orange, Osceola, and Seminole Counties. As home to major theme and water parks, including Walt Disney World® Resort, Universal Orlando® Resort, and SeaWorld® Orlando, Orlando is a leading domestic and international tourist destination. Walt Disney World is the largest employer in the metropolitan area, with 74,000 employees. Magic Kingdom at Walt Disney World had more than 20 million visitors in 2015, making it the most visited theme park worldwide (Themed Entertainment Association and AECOM).

- As of March 1, 2017, the population of the Orlando metropolitan area is estimated at 2.48 million.
- Since April 1, 2010, the population has increased by an average of 50,000, or 2.2 percent, annually, compared with an average increase of 27,200, or 1.3 percent, annually, from July 2007 to July 2010 (Census Bureau population estimates as of July 1), during a period of economic decline.
- Population growth has accelerated since 2010 as a result of increasing net in-migration. Net in-migration has accounted for 77 percent of population growth, or 38,650 people annually, since 2010. By comparison, net in-migration averaged 12,600 people annually, or 46 percent of total population growth, from 2007 to 2010.



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Job growth occurred in every sector but information in the Orlando area during the 3 months ending February 2017.

	3 Months Ending		Year-Over-Year Change	
	February 2016 (thousands)	February 2017 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	1,188.3	1,235.8	47.5	4.0
Goods-producing sectors	106.7	114.0	7.3	6.8
Mining, logging, and construction	65.1	70.8	5.7	8.8
Manufacturing	41.7	43.2	1.5	3.6
Service-providing sectors	1,081.6	1,121.8	40.2	3.7
Wholesale and retail trade	189.7	195.8	6.1	3.2
Transportation and utilities	37.2	38.6	1.4	3.8
Information	24.0	23.5	-0.5	-2.1
Financial activities	72.8	76.2	3.4	4.7
Professional and business services	199.7	209.6	9.9	5.0
Education and health services	146.5	151.0	4.5	3.1
Leisure and hospitality	244.8	256.5	11.7	4.8
Other services	43.3	44.9	1.6	3.7
Government	123.5	125.6	2.1	1.7
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	4.5	4.5		

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

## Economic Conditions

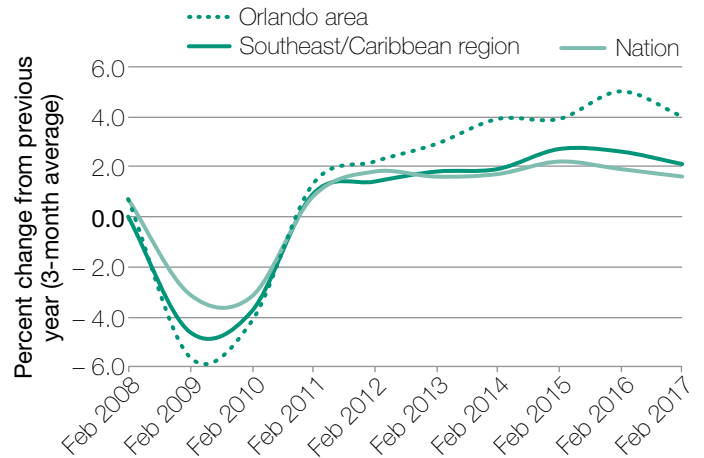
Nonfarm payrolls in the Orlando metropolitan area began to rebound in 2010, following 3 years of decline, and continued to increase during the past 3 months.

During the 3 months ending February 2017—

- Nonfarm payrolls increased by 47,500 jobs, or 4.0 percent, from the 3 months ending February 2016 to an average of 1.24 million jobs, which is a historical high for the metropolitan area.
- The most significant gains were in the leisure and hospitality, professional and business services, and wholesale and retail trade sectors, which increased by 11,700, 9,900, and 6,100 jobs, or 4.8, 5.0, and 3.2 percent, respectively.
- The average unemployment rate was 4.5 percent, unchanged from the 3 months ending February 2016. The unemployment rate peaked at 11.1 percent in 2010.
- Florida Hospital Winter Garden broke ground on its new 72,000-square-foot medical office building, which is expected to add 200 new jobs once completed during the first quarter of 2018.

The metropolitan area is home to the University of Central Florida (UCF), the largest university in the nation, with more than 64,300 students during the fall 2016 semester. UCF is the seventh-largest employer in the metropolitan area with nearly 12,400 faculty and staff. UCF had an annual economic impact of nearly \$2 billion on central Florida in 2009 (UCF data; the latest data available).

Nonfarm payroll growth in the Orlando area began declining in 2016 but remained above the rate for the region and nation.



Source: U.S. Bureau of Labor Statistics

## Largest employers in the Orlando area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Walt Disney World® Resort	Leisure and hospitality	74,000
Universal Orlando® Resort	Leisure and hospitality	21,000
Adventist Health System/ Florida Hospital	Education and health services	20,400

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

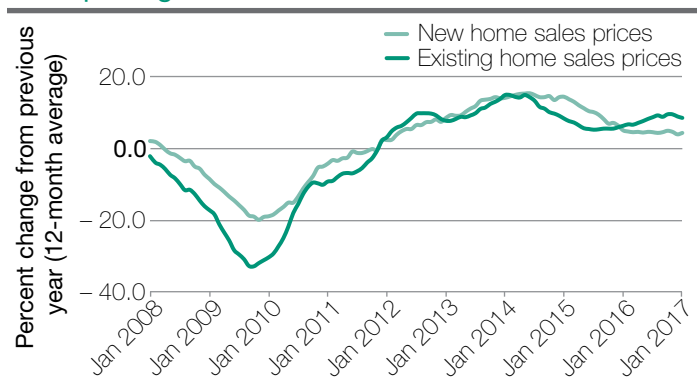


## Sales Market Conditions

The sales housing market in the Orlando metropolitan area currently is slightly soft, with an estimated sales vacancy rate of 2.8 percent compared with 4.1 percent in April 2010. During the 12 months ending January 2017 (the most recent data available), 51,950 existing homes (including single-family homes, townhomes, and condominiums) sold, down 1 percent from 52,350 homes sold during the previous 12 months, because of a 48-percent decline in real estate owned (REO) sales (CoreLogic, Inc., with adjustments by the analyst). The significant decline in REO sales also contributed to a 9-percent increase in the average existing home sales price to nearly \$209,100 during the 12 months ending January 2017, compared with the previous 12 months. The average sales price of an REO home in the metropolitan area was \$144,000 during the 12 months ending January 2017, a 3-percent increase from the previous 12 months, compared with \$205,700 for a regular resale, a 6-percent increase from a year ago. Sales of new homes (including single-family homes, townhomes, and condominiums) totaled approximately 10,000 during the past 12 months, a 7-percent increase from nearly 9,400 during the previous 12-month period. The average sales price of a new home was \$336,100 during the 12 months ending January 2017, up 4 percent from the previous 12 months.

- Existing home sales peaked in 2005, when 80,200 homes sold, and declined annually to a low of 25,550 in 2008 during the economic recession. Sales began to increase again in 2009 and averaged 45,000 homes annually from 2009 through 2016.
- New home sales reached an annual high of approximately 33,400 homes in 2006, then declined annually as economic conditions weakened to a low of only 4,550 homes in 2011. From 2012 through 2016, new sales averaged 8,375 homes annually, as nonfarm payroll growth improved.

Since 2012, new and existing home sales prices in the Orlando area have increased, with growth of existing home sales prices outpacing new home sales price growth since 2016.



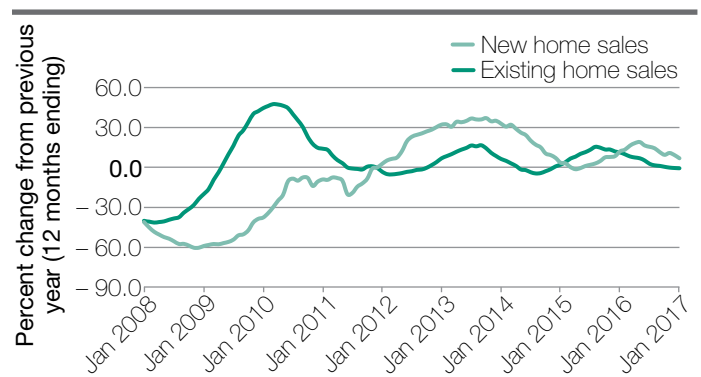
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

- As of January 2017, 3.3 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or had transitioned into REO status, down from 4.9 percent in January 2016 (CoreLogic, Inc.). The most recent percentage is lower than the 3.7 percent rate for Florida but greater than the rate for the nation, which was 2.6 percent during January 2017.
- REO sales totaled nearly 4,875 homes during the 12 months ending January 2017, down 48 percent from the previous 12-month period and down nearly 71 percent from the 16,800 sold during the peak, which was in the 12 months ending August 2010, as economic conditions improved.

Strengthening economic conditions have led to an increase in homebuilding activity, as measured by the number of single-family homes permitted, during the past 12 months.

- Approximately 14,600 single-family homes were permitted during the 12 months ending February 2017, an increase of 1,850 homes, or 14 percent, from the 12 months ending February 2016 (preliminary data).
- Single-family homebuilding averaged approximately 9,600 homes annually from 2012 through 2015, after an average of 4,425 homes were permitted annually from 2008 through 2011 during a time of weak economic conditions.
- Ruby Lake is currently under construction in the city of Orlando, consisting of 236 single-family homes starting at \$425,000. As of the fourth quarter of 2016, eight homes were completed (Metrostudy, A Hanley Wood Company). A completion date for the subdivision has not been announced.

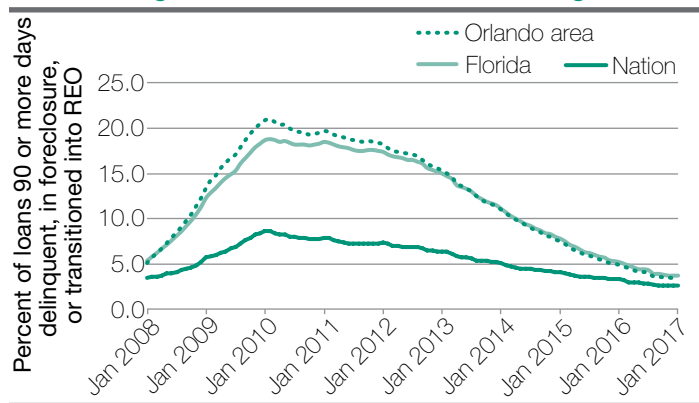
Growth of existing home sales in the Orlando area fell negative during the past 12 months, while new home sales have continued to increase since 2015.



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

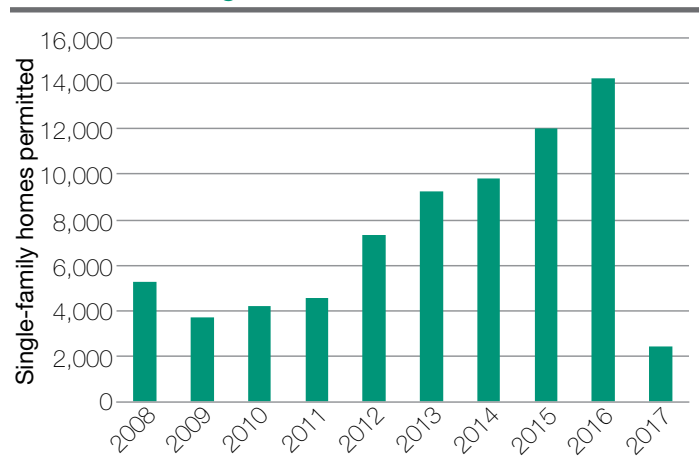


The share of seriously delinquent loans and properties with REO status in the Orlando area decreased during the past year, remaining slightly below the state average and above the national average.



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

Single-family homebuilding activity in the Orlando area has increased annually since 2010, as economic conditions strengthened.



Note: Includes preliminary data from January 2016 through February 2017.  
Source: U.S. Census Bureau, Building Permits Survey

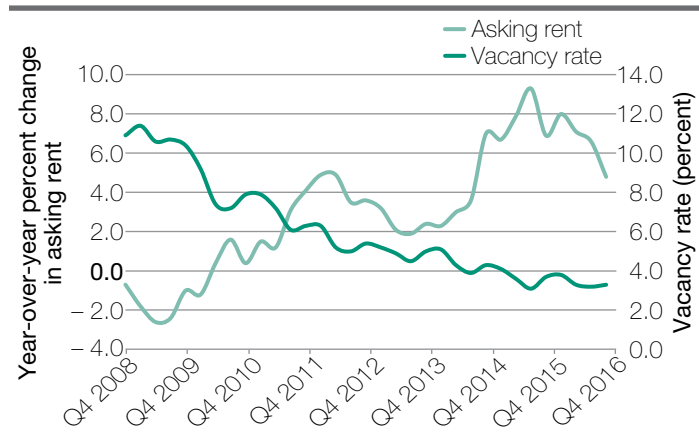
## Apartment Market Conditions

Apartment housing market conditions in the Orlando metropolitan area currently are tight, as the demand for apartments exceeded the supply during the past year, with 6,925 units absorbed and 6,575 new units added.

During the fourth quarter of 2016—

- The apartment vacancy rate was 3.3 percent, down from 3.7 percent during the fourth quarter of 2015 (MPF Research).
- The average asking rent was \$1,095, up nearly 5 percent from the average asking rent during the fourth quarter of 2015.

Apartment market conditions in the Orlando area are tight, with vacancy rates decreasing and rents increasing during the past year.

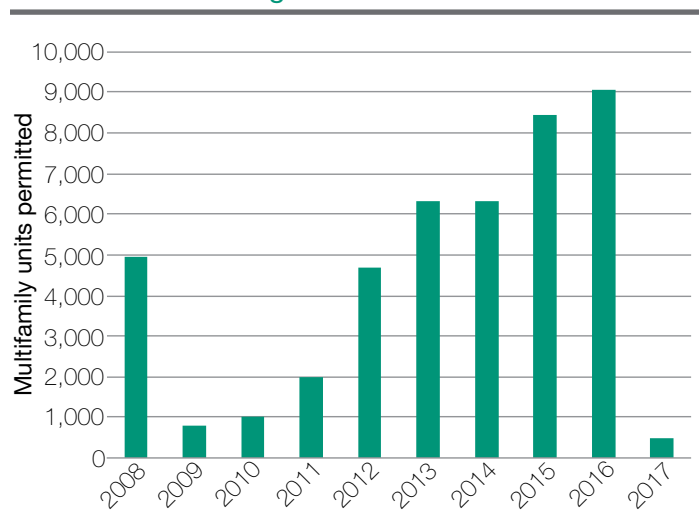


Q4 = fourth quarter.  
Source: MPF Research

- The University MPF Research-defined market area, where UCF is located, had an apartment vacancy rate of 1.3 percent, the lowest in the metropolitan area, compared with 1.6 percent during the fourth quarter of the previous year.
- The average asking rent in the University market area increased 8 percent from the fourth quarter of 2015 to \$1,714, the highest average rent in the metropolitan area, as apartment demand increased.

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Multifamily permitting in the Orlando area increased significantly during the past 2 years, as apartment market conditions tightened.



Note: Includes preliminary data from January 2016 through February 2017.  
Source: U.S. Census Bureau, Building Permits Survey



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Multifamily construction, as measured by the number of units permitted, declined slightly in the metropolitan area during the past 12 months; however, levels remain high as builders continue to respond to the tight apartment market conditions.

- Approximately 8,100 multifamily units were permitted during the 12 months ending February 2017, a decrease of 75 units, or less than 1 percent, from the 12 months ending February 2016 (preliminary data).
- Improving economic conditions increased multifamily permitting to an average of approximately 6,450 units annually from 2012 through 2015, up from an average of 2,175 units annually from 2008 through 2011.
- As of the fourth quarter of 2016, approximately 9,550 apartment units were under construction (MPF Research).
- Approximately 2,300 apartment units were under construction in the Central Orlando market area during the fourth quarter of 2016, the greatest number of units of any market area in the metropolitan area.
- Bainbridge Casselberry is a 336-unit apartment property currently under construction in the city of Casselberry, with completion expected in December 2017. Asking rents start at \$1,025, \$1,440, and \$1,700 for one-, two-, and three-bedroom units respectively.

