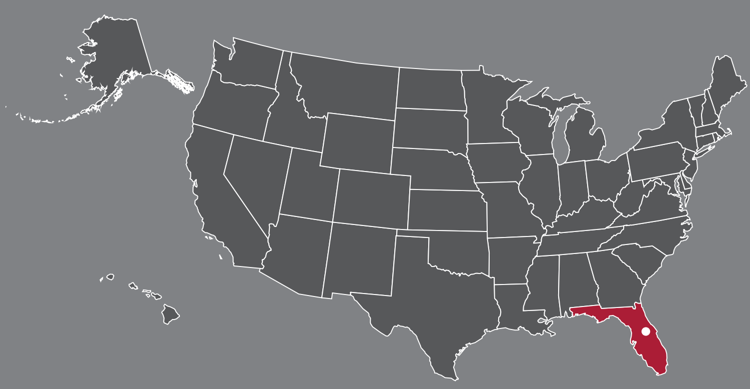
HUD PD&R **Housing Market Profiles**

Orlando-Kissimmee-Sanford, Florida

Orlando, Florida

Quick Facts About Orlando-Kissimmee-Sanford

- **Current sales market conditions: balanced**
- **Current rental market conditions: balanced**
- **During 2018, 75 million visitors came to the metropolitan area, an increase of 4.2 percent from the previous year (Orlando/Orange County Convention and Visitors Bureau).**



By Steve Walker | As of September 1, 2020

Overview

The Orlando-Kissimmee-Sanford (hereafter, Orlando) metropolitan area—which consists of Lake, Orange, Osceola, and Seminole Counties—is in central Florida and is coterminous with the Orlando-Kissimmee-Sanford, FL Metropolitan Statistical Area (MSA). The metropolitan area is home to Walt Disney World® Resort, Universal Orlando Resort™, and SeaWorld Orlando. The most visited amusement/theme park worldwide is the Magic Kingdom Park at Walt Disney World Resort, with nearly 21 million visitors in 2019 (Themed Entertainment Association Global Attractions Attendance Report). Walt Disney World Company is the leading employer in the metropolitan area, with 75,000 employees.

- As of September 1, 2020, the estimated population of the Orlando metropolitan area is 2.64 million, an average annual increase of 48,650 people, or 2.1 percent, since 2010. Net in-migration, which averaged 37,550 people annually, provided 77 percent of total population growth during this period.
- Population growth averaged 44,700, or 2.0 percent, annually from 2010 to 2014. From 2014 to 2019,

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population growth averaged 56,750 people, or 2.3 percent, annually, as the metropolitan area recovered from the housing crash of the late 2000s and economic conditions strengthened.

- The largest age cohort is people aged 20 to 39 years old—attracted to the Orlando metropolitan area for employment opportunities; this cohort makes up 29 percent of the population, compared with 27 percent of the population for the nation. Seniors aged 60 and older make up 21 percent of the population in the metropolitan area, compared with 23 percent for the nation.

Economic Conditions

Economic conditions in the Orlando metropolitan area have declined significantly since April 2020 due to efforts to contain the spread of COVID-19. A pandemic was declared by the World Health Organization on March 11, 2020, and Florida issued a shelter-in-place order on April 3, 2020. Among imposing other restrictions, the order resulted in the closure of all schools, restaurant dining rooms, barber shops, bars, and gyms in the state and required that all businesses deemed nonessential limit their activity to minimum basic operations. The order was relaxed in early May, but many businesses have yet to resume normal operations. During the 3 months ending August 2020, nonfarm payrolls in the metropolitan area averaged 1.18 million—a decrease of 142,400 jobs, or 10.8 percent, from a year ago, when the number of jobs increased by 35,400 jobs, or 2.8 percent. By comparison, nonfarm payrolls for the Southeast/Caribbean region and the nation decreased 5.7 percent each during the 3 months ending August 2020.

During the 3 months ending August 2020—

- Nonfarm payrolls declined in 10 of 11 payroll sectors; only the transportation and utilities sector posted gains, with an increase of 1,300 jobs, or 2.9 percent. That increase is likely due to transportation services for larger companies less affected by COVID-19-related restrictions, such as Amazon.com, Inc.
- The leisure and hospitality sector had the largest decrease: 103,900 jobs, or 37.6 percent. By comparison, the leisure and hospitality sector grew by an average of 8,900 jobs, or 3.9 percent, annually from 2010 through 2019. Job losses in this sector accounted for 73 percent of the current decline in jobs in the metropolitan area and were caused by not only restrictions on in-person interaction but also canceled events and reduced tourism.
- The wholesale and retail trade sector lost 8,200 jobs, or 4.2 percent. Job losses were highest in the retail trade subsector, partly as a result of a decline in tourism.
- The unemployment rate averaged 14.1 percent—more than four times the 3.2-percent average a year ago.

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In the Orlando metropolitan area, 10 of 11 sectors had job losses in the 3 months ending August 2020.

	3 Months Ending		Year-Over-Year Change	
	August 2019 (Thousands)	August 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,319.6	1,177.2	-142.4	-10.8
Goods-Producing Sectors	136.3	134.9	-1.4	-1.0
Mining, Logging, & Construction	86.7	85.8	-0.9	-1.0
Manufacturing	49.5	49.1	-0.4	-0.8
Service-Providing Sectors	1,183.3	1,042.3	-141.0	-11.9
Wholesale & Retail Trade	195.6	187.4	-8.2	-4.2
Transportation & Utilities	45.1	46.4	1.3	2.9
Information	25.6	24.1	-1.5	-5.9
Financial Activities	78.4	76.6	-1.8	-2.3
Professional & Business Services	236.9	223.7	-13.2	-5.6
Education & Health Services	158.5	153.5	-5.0	-3.2
Leisure & Hospitality	276.2	172.3	-103.9	-37.6
Other Services	44.9	41.4	-3.5	-7.8
Government	122.0	116.8	-5.2	-4.3
Unemployment Rate	3.2%	14.1%		

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

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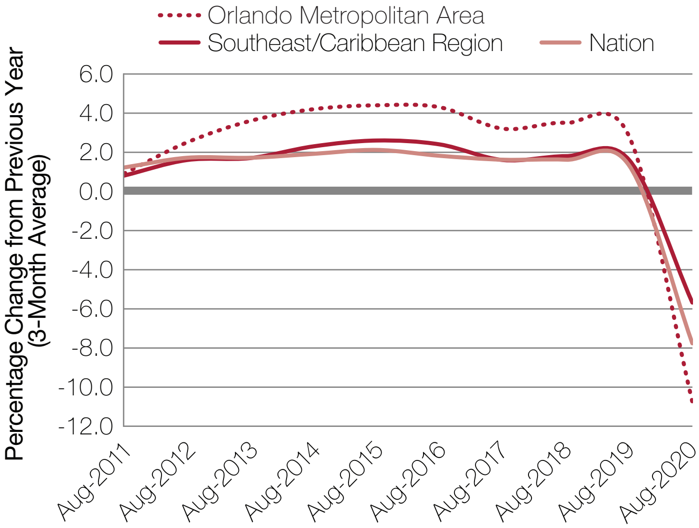
Despite the recent economic downturn, several companies have announced plans to expand in the Orlando metropolitan area during the next few years. Lilium GmbH, a German-based startup company developing an on-demand taxi service, is locating a 56,000-square-foot vertiport (vertical take-off and landing facility) and a maintenance facility in the Lake Nona area that will create 145 professional jobs and be operational in 2025. In the third quarter of 2020, a company named Further, which administers health savings accounts, announced that it was adding a new service center in the city of Orlando that is expected to add 100 new positions and be operational by 2022. In addition, financial technology firm LSQ Holdings, LLC, is expanding its headquarters in the city of Orlando by adding 30,000 square feet of office space and is expected to add 50 new positions during the next 3 years.

For most of the period from 2011 through 2019, the number of nonfarm payroll jobs grew faster in the Orlando metropolitan area than in the region and the nation.



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

Largest Employers in the Orlando Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Walt Disney World Company	Leisure & Hospitality	75,000
AdventHealth Orlando	Education & Health Services	34,600
Universal Orlando Resort	Leisure & Hospitality	25,150

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

Sales Market Conditions

Sales housing market conditions in the Orlando metropolitan area are currently balanced, with an estimated vacancy rate of 2.7 percent—down from 4.1 percent in April 2010, when conditions were soft. During the 12 months ending August 2020, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 41,500—down 16 percent from the 49,300 sold during the previous 12 months (Zonda). During the 12 months ending August 2020, the average sales price of new and existing homes increased 5 percent, to $332,600—up from a 4-percent increase during the previous 12-month period.

During the 12 months ending August 2020—

- New home sales totaled 9,700—down 12 percent from 11,050 sales a year ago. The average sales price for a new home was $390,200—up 1 percent from a year earlier.
- Existing home sales totaled 31,800—down 17 percent from the 38,250 homes sold during the previous 12-month period.
- The average sales price for existing homes was $314,800—an increase of 6 percent from $298,200 a year earlier. The

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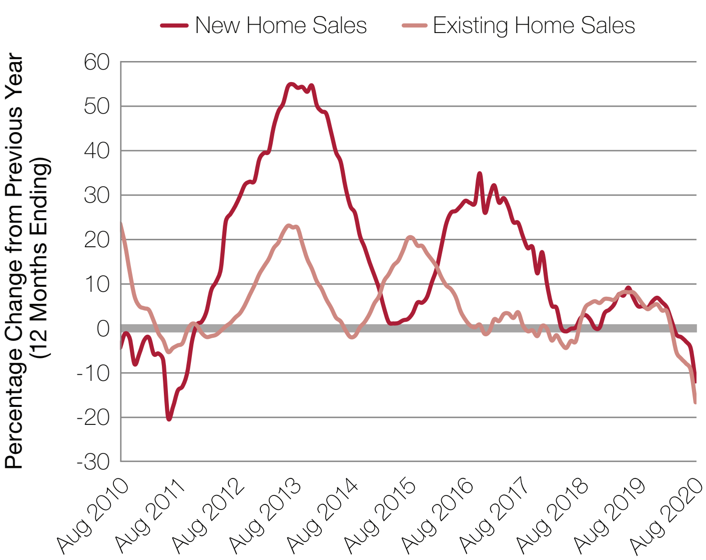
New and existing home sales in the Orlando metropolitan area declined during the past year.



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

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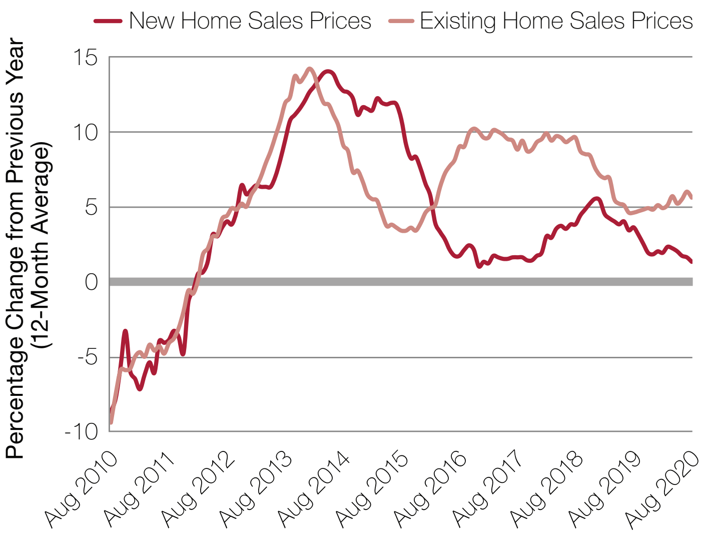
current existing home sales price is 87 percent higher than the recent low of $168,600 in 2011.

In the Orlando metropolitan area, the average existing home sales price has generally increased faster than the average new home sales price since 2016.



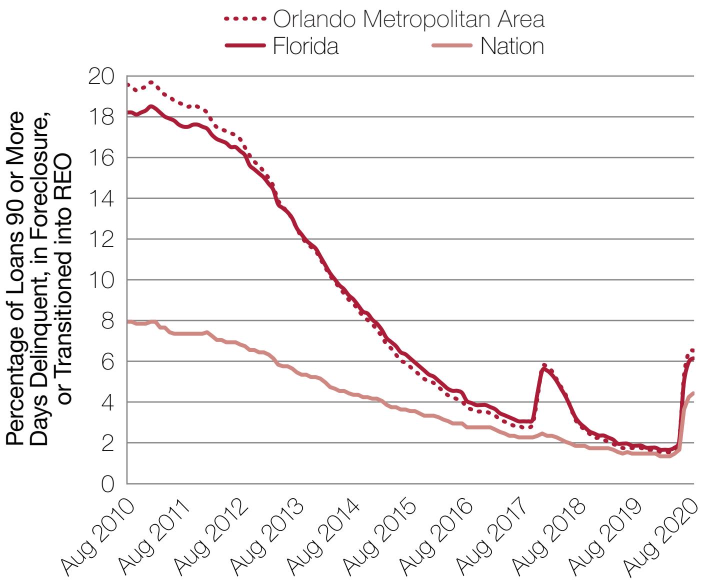
Note: Includes single-family homes, townhomes, and condominiums.
Source: Zonda

- Real estate owned (REO) sales accounted for 4 percent of existing home sales—down from 5 percent a year earlier and from a peak of 48 percent in 2009.

Single-family homebuilding, as measured by the number of single-family homes permitted, has generally trended upward in the Orlando metropolitan area since 2010. From 2015 through 2019, an average of 14,450 single-family homes were permitted annually, compared with an average of only 7,025 homes annually from 2010 through 2014.

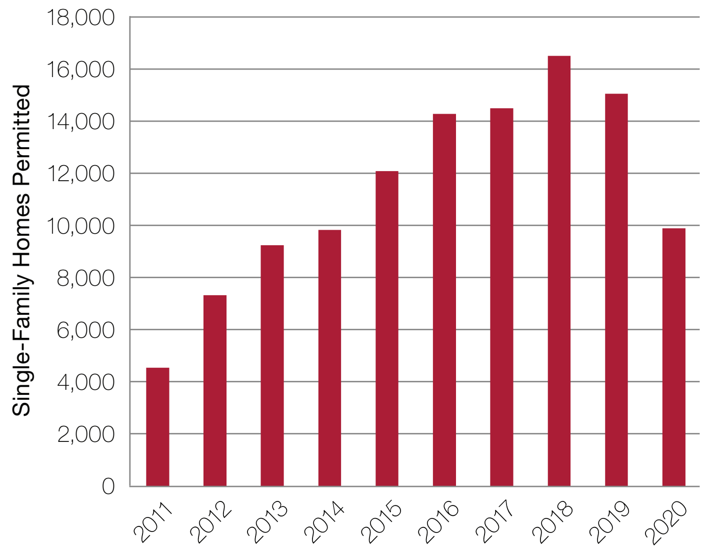
- During the 12 months ending August 2020, 14,800 single-family homes were permitted—down 1 percent from the 14,950 homes permitted during the 12 months ending August 2019 (preliminary data).
- Of the single-family homes permitted in the Orlando metropolitan area in the past 12 months, 36 percent, or 5,375, were in Osceola County; 34 percent, or 5,075, were in Orange County; 21 percent, or 3,150, were in Lake County; and 9 percent, or 1,250 homes, were in Seminole County.
- Approximately 65 of the 90 homes planned at build out are complete at Casa Bella, a community in the city of Kissimmee in Osceola County with 1,500-to-3,000-square-foot homes with prices starting at $255,000.

The rate of seriously delinquent mortgages and REO properties in the Orlando metropolitan area has been higher than the national average since 2010.



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

From 2011 through 2018, single-family home permitting in the Orlando metropolitan area increased every year.



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

Rental Market Conditions

Overall rental housing market conditions are currently balanced in the Orlando metropolitan area, with an estimated 9.0-percent vacancy rate for all rental units (including single-family homes, townhomes, mobile homes, and apartments); this rate is down from a 13.3-percent vacancy rate in 2010, when the market was soft. Approximately 38 percent of renter households in the metropolitan area live in single-family homes, 11 percent live in buildings with two to four units, and 51 percent live in multifamily buildings with five or more units—typically apartments (2019 American Community Survey 1-year data).

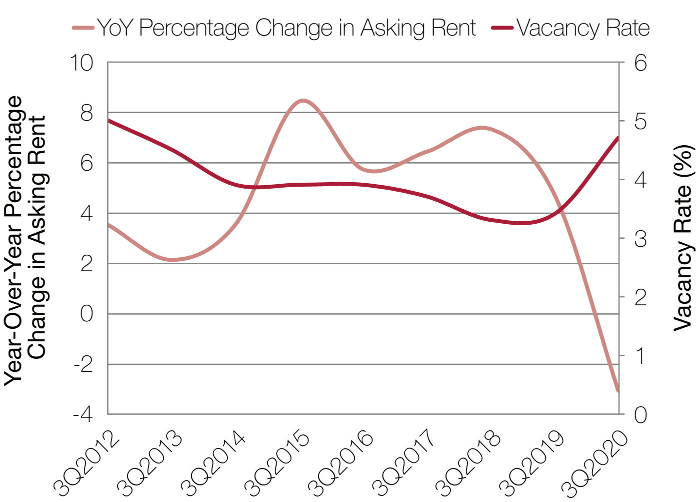
During the third quarter of 2020—

- The apartment market in the Orlando metropolitan market area was balanced, with a vacancy rate of 4.7 percent—up from 3.4 percent a year earlier and well below the 7.2-percent rate during the third quarter of 2010 (RealPage, Inc.).
- Of the 15 RealPage, Inc.-defined market areas in the metropolitan area, the Central Orlando market area, which includes downtown Orlando and surrounding neighborhoods, had the highest average rent. The average rent in the market area decreased 8 percent from a year earlier, to $1,642, and the vacancy rate was 8.0 percent—up from 4.6 percent a year earlier.
- The North Lake County market area had the lowest rents and the lowest vacancy rates in the metropolitan area. The average rent increased 6 percent, to $1,007, and the vacancy rate decreased to 0.7 percent—down from 1.0 percent a year earlier.
- Rent growth in the East Orlando market area, where the Orlando International Airport is located, averaged 1 percent, up to $1,188, and the vacancy rate increased from 3.2 percent a year earlier to 4.8 percent.

Multifamily home construction activity, as measured by the number of units permitted, has been above 4,000 units permitted each year since 2012, after an average of only 1,250 units permitted annually from 2009 through 2011. In 2018, permitting reached a high of 12,450 units, compared with a low of 780 units in 2009.

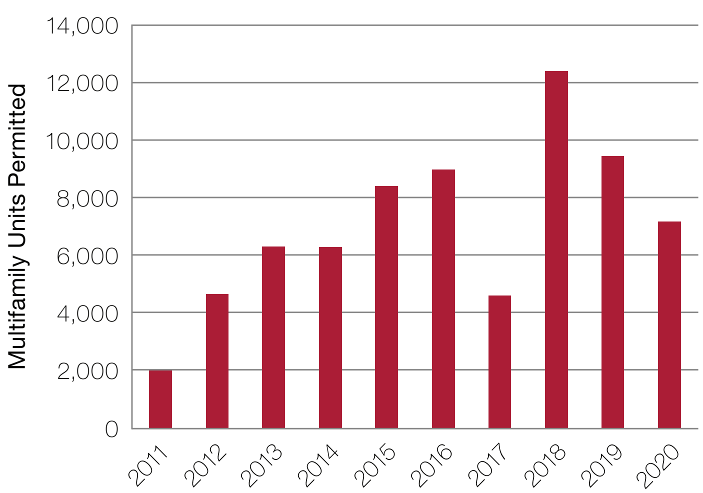
- During the 12 months ending August 2020, 11,700 multifamily units were permitted in the Orlando metropolitan area—down from 9,325 units permitted during the 12 months ending August 2019 (preliminary data).
- After averaging 4,050 units a year from 2010 through 2013, multifamily permitting increased to an average of 9,675 units a year from 2014 through 2019. By comparison, an average of 5,450 units were permitted each year from 2000 through 2009.
- Recent apartment construction in the metropolitan area includes the 326-unit Dolce Living Royal Palm, in the Kissimmee/Osceola County market area, which opened in the third quarter of 2020. Asking rents for one-, two-, and three-bedroom apartment units start at $1,179, $1,639, and $2,179, respectively.
- The Cannery at the Packing District apartments is a 307-unit apartment complex that is currently under construction in the Northwest market area and is expected to open in 2021. Leasing at the development—which will consist of one-, two-, and three-bedroom units—is expected to begin in early 2021.

Apartment rent growth in the Orlando metropolitan area averaged 4 percent a year from 2012 through 2019.



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

In the Orlando metropolitan area, 2018 was a peak year for multifamily home permitting activity.



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