

# Housing Market Profile

Midwest • HUD Region V



## Champaign-Urbana, Illinois

The Champaign-Urbana metropolitan area comprises Champaign, Ford, and Piatt Counties. As of April 1, 2012, the population of the metropolitan area was estimated at 232,800, an average annual increase of approximately 500, or 0.2 percent, since April 2010. From 2005 through April 2010, population in the metropolitan area grew at an average annual rate of 1 percent. The University of Illinois at Urbana-Champaign (UIUC) is the largest employer in the metropolitan area, with 14,200 faculty and staff, and is the largest university in Illinois, with 48,500 students enrolled. The two largest private employers in the metropolitan area are The Carle Foundation and Kraft Foods Inc., with 5,675 and 1,300 employees, respectively.

Economic conditions in the metropolitan area continued to weaken during the past year after modest economic growth from 2005 through 2008. During the 12 months ending February 2012, nonfarm payrolls in the metropolitan area decreased by 3,600 jobs, or 3.4 percent, to an average of 103,500 jobs compared with a decline of 2,200 jobs, or 2 percent, recorded during the previous 12 months. During the 12 months ending February 2012, the government, leisure and hospitality, and transportation and utilities sectors recorded losses of 2,800, 400, and 400 nonfarm payroll jobs, or 7.6, 3.5, and 2.2 percent, respectively. All job losses in the government sector were in the state government subsector. The professional and business services and the information sectors, the only sectors to record gains during the past 12 months, increased by 200 and 100 jobs, or 2.5 and 4.3 percent, respectively. The average unemployment rate during the 12 months ending February 2012 declined to 8.2 percent from 8.7 percent during the previous 12 months as a result of declines in the labor force.

The sales housing market in the metropolitan area is currently soft, but conditions are improving, with an estimated sales vacancy rate of 2.0 percent, down from the 2.4-percent rate recorded in 2010. According to the Champaign County Association of REALTORS®, the decreased vacancy rate is in part because of the increase in units for sale shifting to the rental housing market. During the 12-month period ending March 2012, new and existing home sales declined nearly 3 percent, to 2,000 homes, compared with the number sold during the previous 12 months. Current home sales are down 28 percent from an average of 2,750 homes sold annually

from 2005 through 2009. During the 12-month period ending March 2012, the average sales price of new and existing homes was \$152,800, a decrease of nearly 2 percent compared with the average sales price during the 12-month period ending March 2011. According to LPS Applied Analytics, in February 2012, 5.3 percent of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 4.7 percent in February 2011.

Home builders responded to the decrease in home sales by reducing new home construction, as measured by the number of single-family building permits issued. Based on preliminary data, 120 single-family homes were permitted during the 12 months ending February 2012, down 15 percent from the previous 12 months and down significantly from the average of 1,050 homes permitted annually from 2002 through 2006. Sales prices for new three-bedroom, single-family homes start at \$155,000. New housing developments include Ashland Park, in Champaign, with plans for approximately 410 homes, of which 280 are complete thus far, with buildout expected in the next few years. Stone Creek, in Urbana, with homes prices starting at \$200,000, is nearing buildout, with approximately 150 homes complete and 20 vacant lots.

Rental housing market conditions in the metropolitan area are soft, in part because of the weak economy during the past 3 years and an increase in single-family homes shifting to the rental market. According to the 2010 American Community Survey, approximately 32 percent of occupied rental units in the metropolitan area are single-family homes, up from 26 percent in 2008. The current overall rental vacancy rate is estimated to be 8.0 percent, down from 8.7 percent a year earlier. According to data from Axiometrics Inc., the apartment market is more balanced, with a vacancy rate of approximately 4.2 percent, down from 9.0 percent a year ago, because of the large number of students in the rental market. Approximately 30,000 UIUC students reside off campus and significantly affect the rental housing market surrounding the university. In March 2012, the vacancy rate for the University District submarket was 5.5 percent compared with the 6.5-percent rate in March 2011. The average rent in the submarket was \$760, up 1 percent from March 2011. According to a recently completed survey of rental apartment managers conducted by HUD, the average apartment rent in the metropolitan area was \$870 in March 2012, up 2 percent from March 2011. The average rents in the metropolitan area for one-, two-, and three-bedroom apartment units were \$720, \$890, and \$1,175, respectively.





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U.S. Housing Market Conditions  
1st Quarter 2012

During the 12 months ending February 2012, building permits were issued for an estimated 350 multifamily units compared with the 280 units permitted during the previous 12 months, based on preliminary data. The current level of activity is well below the average of 800

units permitted annually from 2005 through 2008. Windsor West Apartments, in Champaign, is now a 316-unit project, having completed a 144-unit addition in June 2011. Rents for one-, two-, and three-bedroom units in the entire complex range from \$815 to \$1,100.