



Sebastian-Vero Beach, Florida

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2008



Housing Market Area



The Sebastian-Vero Beach, Florida Housing Market Area (HMA) consists of Indian River County on the Atlantic coast of Florida. The HMA is located approximately 125 miles north of Miami-Fort Lauderdale and 75 miles south of Cape Canaveral. Major industries in the HMA include health care, tourism, and agriculture—particularly citrus. Dodgertown, a winter training site for Major League Baseball, is located in Vero Beach.

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Summary

Economy

Retail trade, leisure and hospitality, health care, and construction are the leading employment sectors in the Sebastian-Vero Beach HMA. Despite two major hurricanes in 2004 that caused significant disruptions to economic activity, employment has expanded at an average rate of 2.4 percent a year since 2000. Weaker housing market conditions have led to a decline in construction employment and job growth has slowed considerably in the past 12 months. Although service-providing employment in the HMA is expected to grow during the next 3 years, construction employment is expected to continue declining.

Sales Market

Migration to the HMA has slowed in the past year and the sales housing market is currently soft. Home sales in the most recent 12 months are down from levels recorded a year ago and inventories of unsold homes have increased. Home construction was strong from 2004 to 2006, partly in response to damage caused by two major hurricanes, Frances and Jeanne, but building activity has declined recently. During the next 3 years,

demand is expected for 2,625 new sales units (see Table 1).

Rental Market

The rental housing market is soft, with a current vacancy rate of 11 percent. The weak sales market has led to an increase in the number of single-family homes made available as rental units. Multifamily construction was strong from 2000 to 2004, but building activity has been slowing in the past 3 years. Despite soft market conditions, rents have increased due to rising property taxes and insurance costs. During the next 3 years, demand is expected for 250 new rental units (see Table 1).

Table 1. Housing Demand in the Sebastian-Vero Beach HMA, 3-Year Forecast April 1, 2008 to April 1, 2011

	Sebastian-Vero Beach HMA	
	Sales Units	Rental Units
Total Demand	2,625	250
Under Construction	325	75

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2008.

Source: Estimates by analyst

Economic Conditions

Tourism, along with a large retiree population, supports much of the employment in the Sebastian-Vero Beach HMA. The largest nonfarm employment sector is retail trade, which accounts for roughly 8,300 jobs, or 17 percent of total nonfarm employment. The healthcare sector represents another 15 percent of nonfarm employment, followed by the leisure and hospitality sector, with 12 percent. Figure 1 illustrates current employment in the HMA by sector. Leading employers in the area include Indian River Medical Center, with about 1,670 employees, Publix Super Markets, with 1,100 employees, and airplane manufacturer Piper Aircraft, Inc., with 1,060

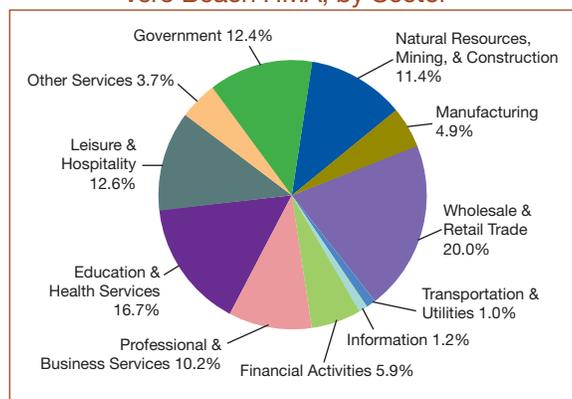
employees. Disney's Vero Beach Resort, a major tourist destination, employs 300 workers. Table 2 lists the major employers in the HMA.

Since 2000, resident employment in the HMA has increased by an average of nearly 1,300 workers a year, or 2.4 percent. Growth has been slowing recently, however. During the 12 months ending March 2008, resident employment increased by just 0.3 percent, or by about 200 workers, to 57,600. The average unemployment rate for the 12 months ending March 2008 was 5.9 percent, compared with 4.4 percent for the same period a year ago. Much of the increase in unemployment is a result of recent declines in residential construction activity. Figure 2 illustrates trends in the labor force, resident employment, and unemployment rate in the HMA from 1990 to 2007.

In September 2004, Hurricanes Frances and Jeanne made landfall south of Vero Beach. In addition to damaging homes and other structures, the hurricanes disrupted economic activity in the HMA. During the 12-month period following the hurricanes, employment in the leisure and hospitality sector was down 5.2 percent, a loss of about 300 jobs, compared with the 12-month period preceding the storms. Manufacturing employment fell by 4.3 percent, or about 100 jobs, during the same period. As a result of rebuilding efforts, however, construction employment increased by more than 1,000 jobs, or 23 percent, between 2004 and 2006.

Construction employment peaked in mid-2006 at about 6,100 jobs. Recently, however, with rebuilding efforts nearly complete and weak demand for new housing, construction

Figure 1. Current Employment in the Sebastian-Vero Beach HMA, by Sector



Note: Based on monthly averages for 2007.

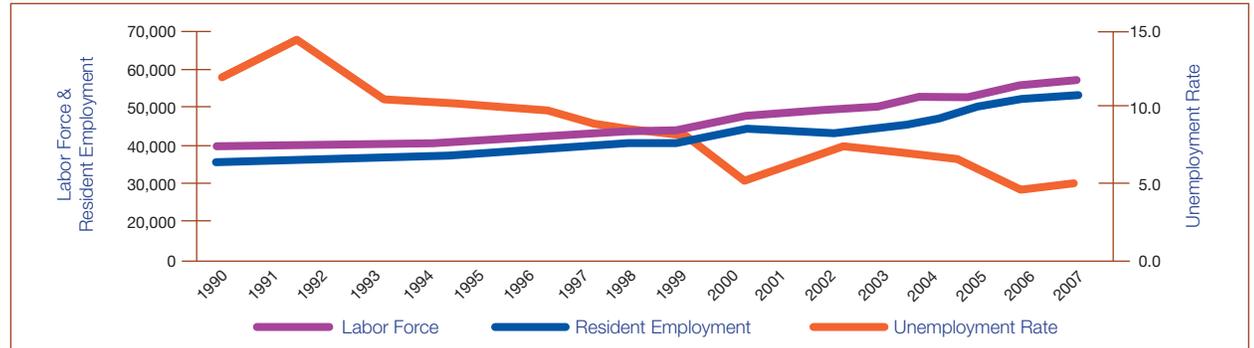
Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Sebastian-Vero Beach HMA

Name of Employer	Employment Sector	Number of Employees
Indian River Medical Center	Education & Health Services	1,670
Publix Super Markets	Retail Trade	1,100
Piper Aircraft, Inc.	Manufacturing	1,060
Sebastian River Medical Center	Education & Health Services	570
John's Island	Leisure & Hospitality	480
Indian River Estates	Education & Health Services	440
Wal-Mart Stores, Inc.	Retail Trade	400
Visiting Nurse Association of Florida	Education & Health Services	350
Grand Harbor Management, LLC	Construction	310
Disney's Vero Beach Resort	Leisure & Hospitality	300

Note: Based on Monthly averages for 2006 and 2007, numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Sebastian-Vero Beach HMA, 1990 to 2007

Source: U.S. Bureau of Labor Statistics

employment has been declining. In 2007, construction employment was down 6.4 percent from a year earlier, a loss of nearly 400 jobs.

Employment in the sectors most affected by the hurricanes returned to prestorm levels by mid-2005, and service-providing employment in the HMA has continued to expand in the past 3 years. Employment increased in the leisure and hospitality sector by 5.1 percent in 2007 compared with a year earlier, an increase of roughly 300 jobs, and in the wholesale and retail trade sector by 2.1 percent, or about 200 jobs, during the same

period (see Table 3). Figure 3 shows sector growth in the HMA from 1990 to the current date.

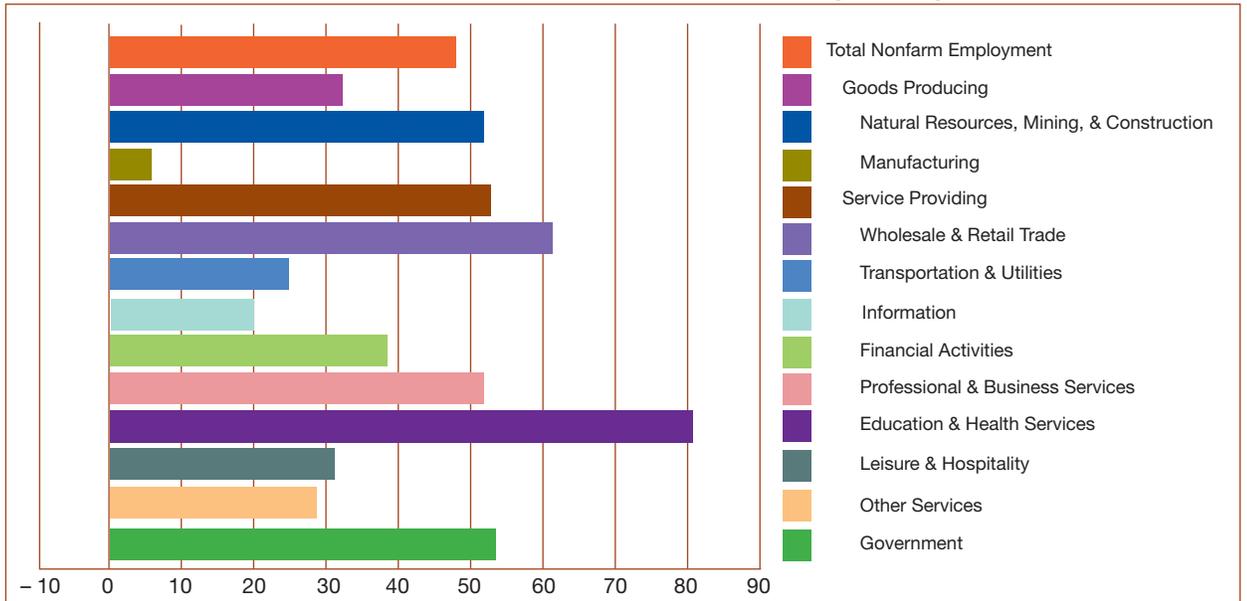
Job growth is expected to continue during the next 3 years, but at a slower pace compared with that of the past 3 years. Employment growth in the service-providing sector is expected to continue, but part of the increase will be offset by an ongoing decline in construction employment. Total resident employment in the HMA is expected to increase by fewer than 1,000 workers a year, or 1.7 percent, during the 3-year forecast period.

Table 3. 12-Month Average Employment in the Sebastian-Vero Beach HMA, by Sector

	12 Months Ending December 2006	12 Months Ending December 2007	Percent Change
Total Nonfarm Employment	48,700	49,100	0.8
Goods Producing	8,400	8,000	-4.8
Natural Resources, Mining, & Construction	6,000	5,600	-6.7
Manufacturing	2,400	2,400	-0.0
Service Providing	40,300	41,100	2.0
Wholesale & Retail Trade	9,600	9,800	2.1
Transportation & Utilities	500	500	-0.0
Information	600	600	-0.0
Financial Activities	2,800	2,900	3.6
Professional & Business Services	5,100	5,000	-2.0
Education & Health Services	8,100	8,200	1.2
Leisure & Hospitality	5,900	6,200	5.1
Other Services	1,800	1,800	0.0
Government	5,900	6,100	3.4

Notes: Based on monthly averages for 2006 and 2007. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Sebastian-Vero Beach HMA, Percentage Change, 1990 to Current

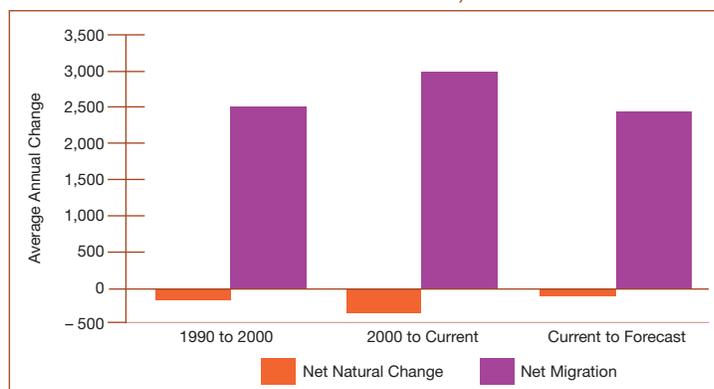
Note: Current is based on monthly averages for 2007.

Source: U.S. Bureau of Labor Statistics

Population and Households

The current population of the Sebastian-Vero Beach HMA is estimated at 133,700, which represents an average increase of 2,600 a year, or 2.1 percent, since 2000. A mild climate and numerous leisure amenities in the HMA attract a large number of retirees to the area. According to the

2000 Census, more than 29 percent of the population was age 65 or older, compared with 18 percent for the state of Florida and 12 percent for the United States. Population growth in the HMA has been entirely due to net in-migration, which has averaged nearly 3,000 people a year since 2000. Because a large proportion of the population consists of retirees, net natural change (resident births minus resident deaths) is negative. Figure 4 shows components of population change in the HMA from 1990 to the forecast date.

Figure 4. Components of Population Change in the Sebastian-Vero Beach HMA, 1990 to Forecast

Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Although retirees continue to account for roughly 20 percent of net in-migration in the HMA, starting in 2000, workers attracted by employment opportunities in the construction and service-providing sectors have accounted for a growing proportion of the influx. As a result,

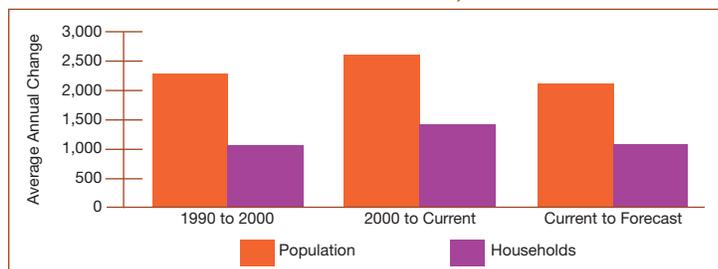
since 2003 the birth rate has been gradually rising and net natural change is becoming slightly less negative over time. Table DP-1 at the end of the report has additional information about population and

households in the HMA from 1990 to the current date.

The number of households in the HMA increased by about 1,100 a year during the 1990s, to approximately 49,100 by 2000. Since 2000, the number of households has increased by about 1,375 a year, to 60,100 as of the current date. Figure 5 shows population and household growth in the HMA from 1990 to the forecast date. Currently, about 79 percent of the total households, or about 47,350 households, were owners and the remaining 12,750 were renters (see Figure 6).

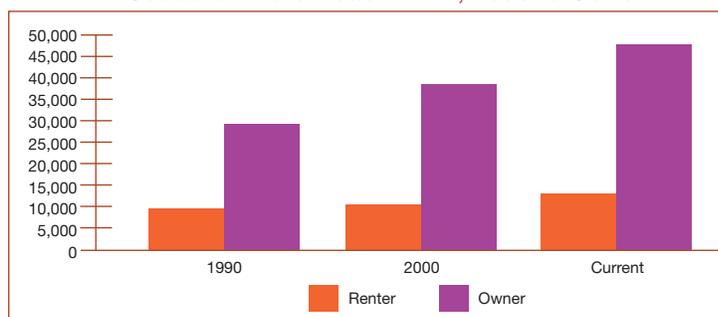
Retiree migration to the HMA has been slowing in the past few years, and weaker job growth is expected to reduce the migration of workers to the area. During the 3-year forecast period, net in-migration of less than 2,400 people a year is expected. Net natural change will remain negative, so total population growth is expected to average about 2,150 a year. The number of households is expected to increase by about 1,125 a year.

Figure 5. Population and Household Growth in the Sebastian-Vero Beach HMA, 1990 to Forecast



Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Sebastian-Vero Beach HMA, 1990 to Current



Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Sales Market

As housing markets throughout the country have weakened in the past year, retirees are finding it more difficult to sell their homes. As a result, retiree migration to the Sebastian-Vero Beach HMA has been slowing, and housing demand has declined. The home sales market in the HMA is currently soft. According to multiple listing service data for Indian River County, for the 12 months ending

March 2008 single-family home sales in the HMA were down 17 percent compared with a year earlier, from 1,575 to 1,300. The average price for homes sold also declined during that period, falling nearly 5 percent from about \$383,500 to \$366,200.

With sales declining, the inventory of unsold homes has increased, particularly when compared with the

Housing Market Trends

Sales Market *Continued*

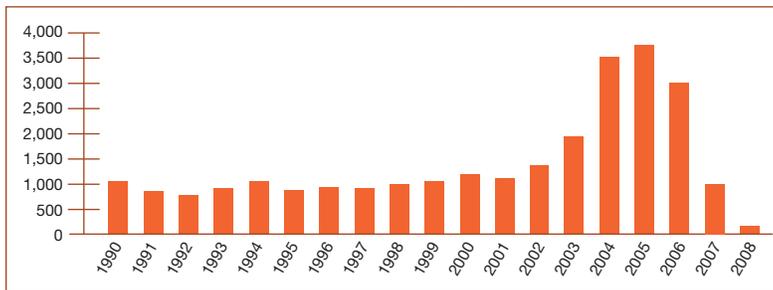
peak of the market 2 years ago. For the 12 months ending March 2008, the average number of single-family homes for sale in the HMA was about 2,550, compared with 1,300 for the 12 months ending March 2006. Homes are also taking longer to sell. The average number of days on market for single-family homes sold increased from approximately 65 for the 12 months

ending March 2006 to about 135 for the 12 months ending March 2008.

Residential construction activity was strong following the 2004 hurricanes, which destroyed an estimated 1,700 homes in the county. In addition to the storm-related construction, the area also experienced an increase in residential building starting in early 2004. From 2004 to 2006, approximately 3,300 single-family units a year were authorized by building permits, compared with fewer than 1,500 a year from 2001 to 2003.

Figure 7 shows the number of single-family building permits issued in the HMA from 1990 to the current date.

Figure 7. Single-Family Building Permits Issued in the Sebastian-Vero Beach HMA, 1990 to 2008



Notes: Includes only single-family units. Includes data through March 2008.

Source: U.S. Census Bureau, Building Permits Survey

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Sebastian-Vero Beach HMA, April 1, 2008 to April 1, 2011

Price Range (\$)		Units of Demand	Percent of Total
From	To		
80,000	99,999	260	9.9
100,000	149,999	465	17.7
150,000	199,999	445	17.0
200,000	249,999	370	14.1
250,000	299,999	285	10.9
300,000	349,999	200	7.6
350,000	399,999	150	5.7
400,000	449,999	105	4.0
450,000	499,999	80	3.0
500,000	999,999	165	6.3
1,000,000	and higher	100	3.8

Source: Estimates by analyst

With the recent slowdown in sales, however, area builders have scaled back housing construction. For the 12 months ending March 2008, the number of single-family homes authorized by building permits was down 45 percent compared with the same period a year earlier, from about 1,900 to 1,050.

During the 3-year forecast period, demand is expected for 2,625 new sales units. Part of that expected demand will be met by the 325 units currently under construction. Table 4 shows estimated demand by price range for new market-rate sales housing in the HMA during the forecast period.

Rental Market

The rental housing market in the HMA has weakened considerably in the past year and is currently soft. In 2000, the rental vacancy rate was less than 9 percent; currently, the rental vacancy rate is estimated at 11 percent (see Figure 8). The higher rate is partly attributed to weakness in the sales housing market. As homeowners

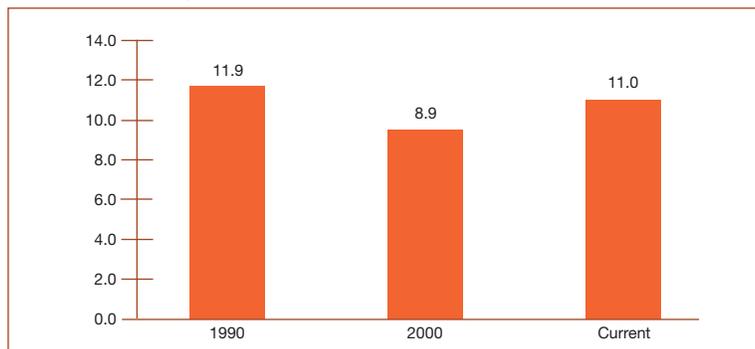
in the HMA find it difficult to sell, more homes have become available as rental units. Currently, more than 55 percent of all rental units in the HMA are single-family homes, compared with 44 percent in 2000. Some apartment complexes in the area are reporting vacancy rates above 15 percent.

Housing Market Trends

Rental Market *Continued*

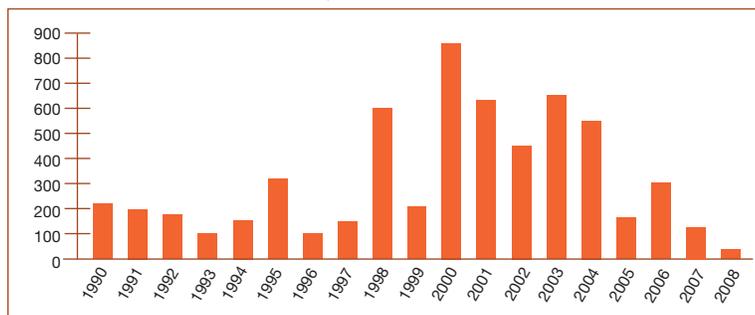
From 2000 through 2004, roughly 625 multifamily units a year were authorized by building permits. Construction has slowed in the past

Figure 8. Rental Vacancy Rates in the Sebastian-Vero Beach HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Sebastian-Vero Beach HMA, 1990 to 2008



Notes: Includes all multifamily units in structures with two or more units. Includes data through March 2008.

Source: U.S. Census Bureau, Building Permits Survey

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Sebastian-Vero Beach HMA, April 1, 2008 to April 1, 2011

1 Bedroom		2 Bedrooms		3 or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
750	60	900	140	1,100	50
800	50	950	120	1,150	50
850	50	1,000	110	1,200	40
900	40	1,050	100	1,250	40
950	40	1,100	80	1,300	30
1,000	30	1,150	70	1,350	30
1,050	30	1,200	60	1,400	20
1,150	20	1,300	50	1,500	20
1,250	20	1,400	30	1,600	10
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

few years. For the 12 months ending March 2008, the number of multifamily units authorized by permits had declined to about 145 units, compared with 185 units for the same period a year earlier. Figure 9 shows the number of multifamily building permits issued in the HMA from 1990 to the current date.

Average rents in the HMA range from about \$700 a month for one-bedroom units to more than \$1,100 a month for units with three or more bedrooms. Despite the soft market conditions, rents in the area have increased by approximately 4 percent annually during the past 3 years. This increase is due mainly to rising property taxes and insurance costs for property owners.

During the 3-year forecast period, demand is estimated for 250 new rental units. Part of that demand will be met by the 75 units currently under construction. Table 5 shows estimated demand by rent level for new market-rate rental housing in the HMA during the forecast period.

Data Profile

Table DP-1. Sebastian-Vero Beach HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	36,489	48,453	57,600	2.9	2.4
Unemployment Rate (%)	11.7	5.1	6.0		
Nonfarm Employment	33,000	41,100	49,100	2.2	2.6
Total Population	90,208	112,947	133,700	2.3	2.1
Total Households	38,057	49,137	60,100	2.6	2.5
Owner Households	28,561	38,115	47,350	2.9	2.7
Percent Owner (%)	75.0	77.6	78.8		
Renter Households	9,496	11,022	12,750	1.5	1.8
Percent Renter (%)	25.0	22.4	21.2		
Total Housing Units	47,128	57,902	75,350	2.1	3.3
Owner Vacancy Rate (%)	4.2	2.2	3.0		
Rental Vacancy Rate (%)	11.9	8.9	11.0		
Median Family Income	\$31,900	\$47,700	\$55,500	4.1	2.2

Notes: Median family incomes are for 1989, 1999, and 2006. Employment data represent annual averages for 1990, 2000, and the 12 months through March 2008. Current nonfarm employment data is the annual average for 2007.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 4/1/2008—Analyst's estimates

Forecast period: 4/1/2008–4/1/2011—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_SebastianVeroBeachFL.pdf.

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The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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