



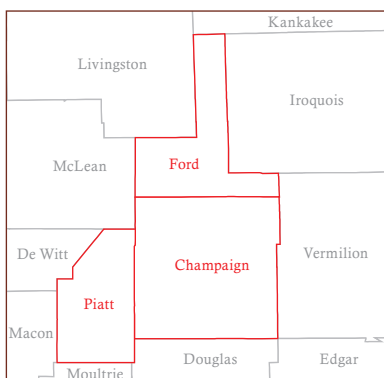
# Champaign-Urbana, Illinois

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2012

PD&amp;R

## Summary

### Housing Market Area



The Champaign-Urbana Housing Market Area (HMA), which consists of Champaign, Ford, and Piatt Counties, is home to the University of Illinois at Urbana-Champaign (UIUC), the largest university in Illinois. The HMA, located 140 miles south of Chicago, is the center of education and health care in south-central Illinois.

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### Economy

Economic conditions in the Champaign-Urbana HMA became negative in 2009 and continued to weaken during the past year. During the 12 months ending March 2012, nonfarm payrolls decreased by 3,500 jobs, or 3.3 percent, to average 103,300 jobs. The greatest decrease occurred in the state government subsector, which lost 2,600 jobs, or 7 percent, because of continued cuts at UIUC, which is the largest employer in the area, with 16,600 employees. During the 3-year forecast period, nonfarm payroll jobs are expected to decline by an average of 600 jobs, or 1.5 percent, annually.

### Sales Market

The sales housing market in the HMA is soft, with a current vacancy rate estimated at 2.7 percent. During the 12 months ending March 2012, new and existing home sales declined 3 percent, to 2,000 homes sold, compared with the number sold during the previous 12-month period. Demand is estimated for 100 new homes during the 3-year forecast period (Table 1). A portion of the estimated 2,800 other vacant units may satisfy some of the forecast demand.

### Rental Market

Rental housing market conditions in the HMA are soft, in part because of the weak economy during the past 3 years and an increase in the number of single-family homes made available to rent. The current overall rental vacancy rate is estimated to be 9.1 percent, down from 9.2 percent in 2010. During the 3-year forecast period, no additional units should be constructed to allow for the absorption of the current excess supply of vacant available units and units currently under construction (Table 1).

**Table 1.** Housing Demand in the Champaign-Urbana HMA, 3-Year Forecast, April 1, 2012 to April 1, 2015

	Champaign-Urbana HMA	
	Sales Units	Rental Units
Total Demand	100	0
Under Construction	25	300

*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, 2012. A portion of the estimated 2,800 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

# Economic Conditions

Economic conditions in the Champaign-Urbana HMA continued to weaken during the past year after modest economic growth from 2005 through 2008. During the 12 months ending March 2012, nonfarm payrolls in the HMA decreased by 3,500 jobs, or 3.3 percent, to average 103,300 jobs compared with the decline of 2,500 jobs, or 2.3 percent, recorded during the previous 12 months (Table 2).

**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Champaign-Urbana HMA, by Sector**

	12 Months Ending March 2011	12 Months Ending March 2012	Percent Change
Total Nonfarm Payroll Jobs	106,800	103,300	- 3.3
Goods Producing	11,300	11,050	- 2.0
Mining, Logging, & Construction	3,450	3,250	- 5.8
Manufacturing	7,825	7,800	- 0.3
Service Providing	95,500	92,250	- 3.4
Wholesale & Retail Trade	14,450	14,150	- 2.0
Transportation & Utilities	3,175	3,050	- 3.9
Information	2,550	2,625	3.3
Financial Activities	4,475	4,300	- 4.1
Professional & Business Services	7,625	7,825	2.6
Education & Health Services	13,150	13,150	0.0
Leisure & Hospitality	10,400	10,050	- 3.4
Other Services	3,200	3,200	0.3
Government	36,500	33,900	- 7.1

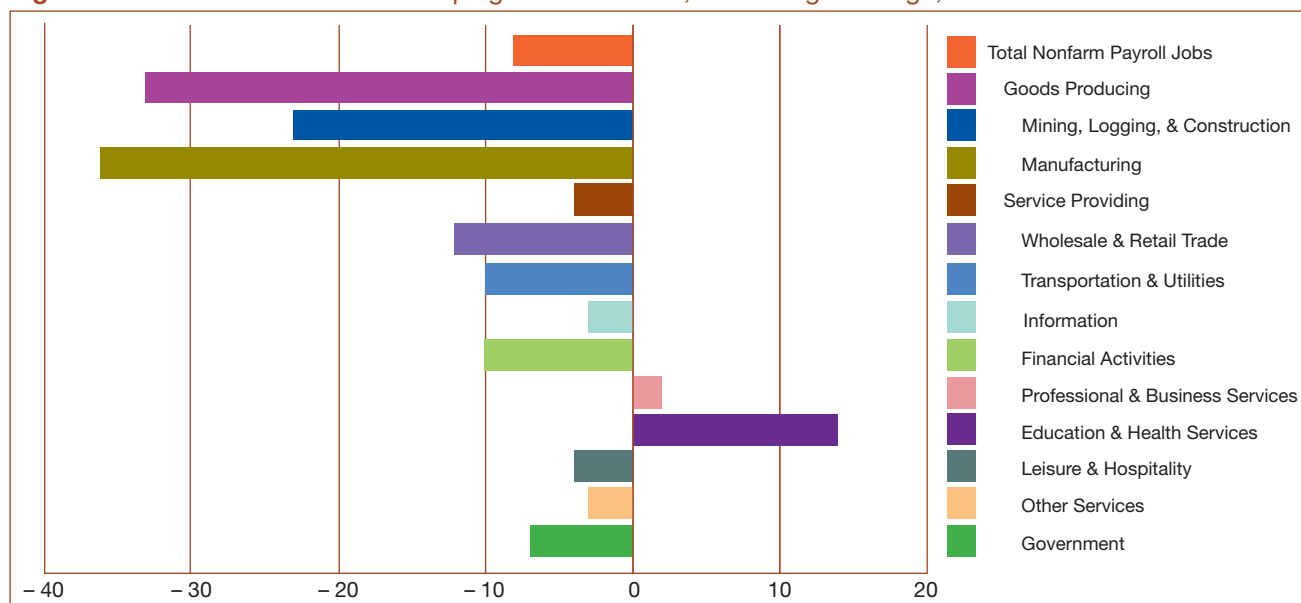
Notes: Based on 12-month averages through March 2011 and March 2012. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

In 2010 and 2011, nonfarm payrolls decreased by an average of 3,100 jobs, or 2.8 percent, annually and by 4,400 jobs in the government sector, or 71 percent of the total nonfarm payroll decrease during that period. The loss in government jobs was because of significant cuts at UIUC and to civil service positions.

Earlier in the decade, the HMA lost an average of 700 jobs, or 0.6 percent, annually from 2002 through 2004 before recording gains of 500 jobs, or 0.4 percent, annually from 2005 through 2008. The manufacturing sector recorded more total nonfarm payroll job losses than any other sector in the HMA during the 2000s, declining by approximately 400 jobs, or 3.2 percent, annually. During the same period, the construction subsector decreased by 600 jobs, or 1.4 percent, annually. From 2000 through 2009, the government sector increased by 2,300 jobs, or 6.3 percent, but lost all those gains during the past 12 months. Figure 1 illustrates sector change in the HMA since 2000.

**Figure 1. Sector Growth in the Champaign-Urbana HMA, Percentage Change, 2000 to Current**

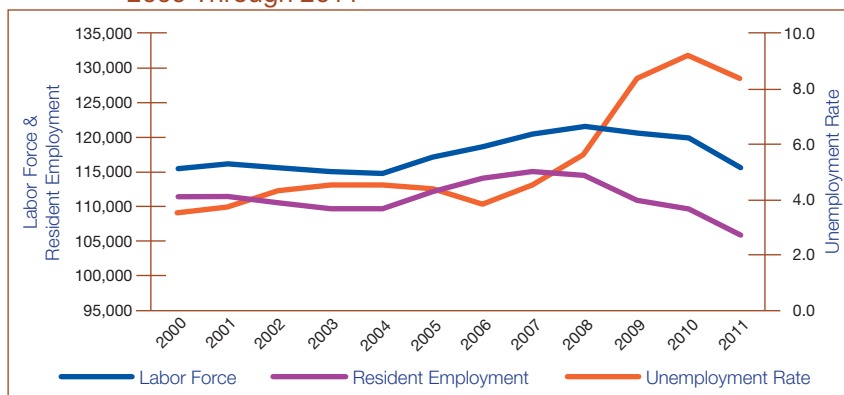


Note: Current is based on 12-month averages through March 2012.

Source: U.S. Bureau of Labor Statistics

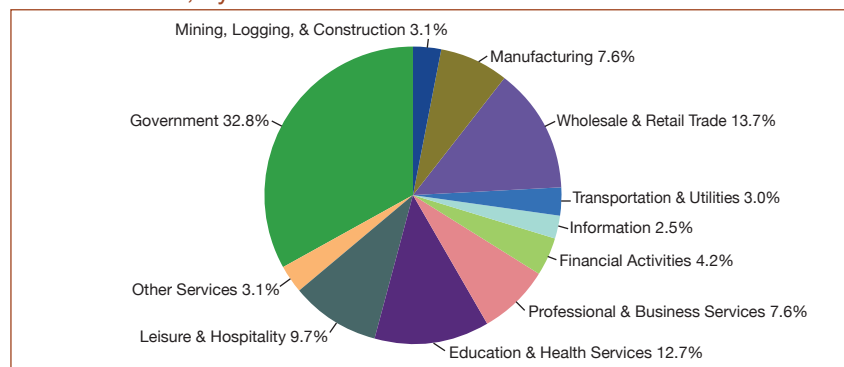
Although total nonfarm payroll jobs declined during the 12 months ending March 2012, two sectors recorded slight increases. The professional and business services and the information sectors increased by 200 and 100 jobs,

**Figure 2.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Champaign-Urbana HMA, 2000 Through 2011



Source: U.S. Bureau of Labor Statistics

**Figure 3.** Current Nonfarm Payroll Jobs in the Champaign-Urbana HMA, by Sector



Note: Based on 12-month averages through March 2012.

Source: U.S. Bureau of Labor Statistics

**Table 3.** Major Employers in the Champaign-Urbana HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Illinois Urbana-Champaign	Government	16,600
Carle Foundation Hospital	Education & Health Services	5,675
Kraft Foods Inc.	Manufacturing	1,300
Parkland College	Government	1,200
Provena Health	Education & Health Services	940
Plastipak Holdings, Inc.	Manufacturing	810
Christie Clinic	Education & Health Services	700
Hobbico, Inc.	Manufacturing	700
JELD-WEN, Inc.	Manufacturing	680
Horizon Hobby, Inc.	Manufacturing	550

Note: Excludes local governments and local school districts.

Source: Champaign County Illinois Economic Development Corporation

or 2.5 and 3.6 percent, respectively. Losses in all other sectors more than offset these job increases. The greatest declines were in the government, leisure and hospitality, and wholesale and retail trade sectors, which recorded losses of 2,600, 400, and 300 nonfarm payrolls, or 7.0, 3.6, and 2.5 percent, respectively. The average unemployment rate during the 12 months ending March 2012 declined to 8.4 percent from 8.7 percent during the previous 12 months, because the labor force decreased more than resident employment. Figure 2 shows trends in the labor force, resident employment, and average unemployment rate in the HMA from 2000 to 2011.

The government sector, the largest in the HMA, accounts for one-third of total nonfarm payroll jobs (Figure 3). The state government subsector accounts for approximately 66 percent of total government-sector jobs. All government-sector job losses during the past 12 months were in the state government subsector. Budget cuts reduced funding to UIUC, resulting in a loss of 1,600 jobs. UIUC, the largest employer in the HMA, with 16,600 faculty and staff (Table 3), is also the largest university in the state, with approximately 45,800 students enrolled in the fall of 2011. The university has an estimated annual economic impact of \$6 billion on the HMA's economy, according to a 2009 study by the UIUC Institute of Government and Public Affairs. Several large capital expenditure projects are under way at UIUC, with an estimated value on completion of more than \$350 million. Two of the largest projects are the \$95 million Electrical and Computer Engineering Building, which will provide instructional, research, and office space for students and

faculty, and the \$20 million Integrated Bioprocessing Research Lab, which will focus on the conversion of grains into food and energy. Both projects are expected to be complete by the spring of 2014.

The education and health services sector, which currently accounts for 13 percent of all nonfarm payroll jobs in the HMA, recorded virtually no change in employment during the 12-month period ending March 2012. Carle Foundation Hospital in Urbana, the largest private employer in the HMA, with 5,675 physicians and support staff, began construction on a \$220 million modernization project in 2011. When complete in 2013, the modernization will include a new patient tower with 136 single-occupancy

rooms, and the Carle Heart and Vascular Institute. The Carle Foundation estimates that the modernization will create an average of 100 to 150 construction jobs during the 2-year project but only a nominal number of additional healthcare jobs. These gains will not wholly offset the 350 jobs that Carle cut in 2009.

Nonfarm payrolls in the HMA are expected to continue their decline, but at a smaller rate of 600 jobs, or 1.5 percent, annually during the forecast period. The government and the education and health services sectors are expected to account for most of the estimated nonfarm payroll decreases during the next 3 years because of continued cuts at UIUC and in the medical services industry, respectively.

## Population and Households

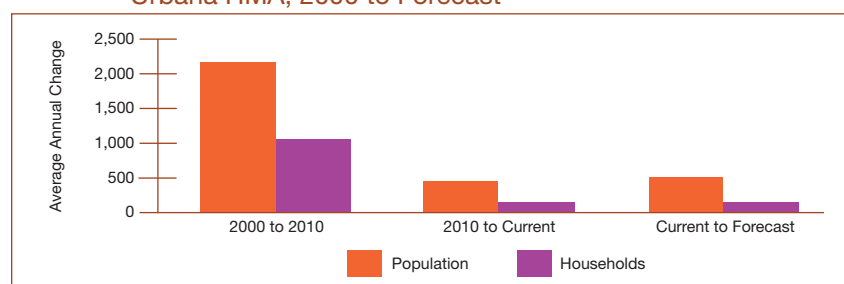
As of April 1, 2012, the population in the Champaign-Urbana HMA was estimated at 232,800, reflecting an average annual increase of approximately 450, or 0.2 percent, since April 2010. Population growth in the HMA averaged 2,300 people, or 1 percent, annually from 2005 through 2008 before slowing to a rate of 1,325 people, or 0.3 percent, annually from 2009 through 2010, when nonfarm payrolls declined. Champaign County, which includes the principal cities of Champaign and Urbana, has a population of 203,400, an estimated 87 percent of the total HMA population. Since 2010, net natural change (resident births minus resident deaths) has accounted for all of the population increase because the weakened

economy has resulted in decreased employment opportunities in the HMA, especially in the government sector. Net in-migration averaged 1,500 people annually from 2005 through 2007 before slowing to 340 people annually in 2008 and 2009. Since 2010, net out-migration has averaged 700 people annually as residents have increasingly moved out of the HMA, seeking employment elsewhere. During the forecast period, the population is expected to increase by 500, or 0.2 percent, a year to total 234,300. Figure 4 shows population and household growth in the HMA, and Figure 5 shows components of population change in the HMA, from 2000 through the forecast period.

The number of households in the HMA has remained relatively unchanged since 2010, increasing by only 140 households, or 0.1 percent, annually to 93,400 households as of April 1, 2012. From 2000 through 2010, the number of households increased by 1,050, or 1.2 percent, a year, with the most growth occurring from 2005 through 2008, paralleling

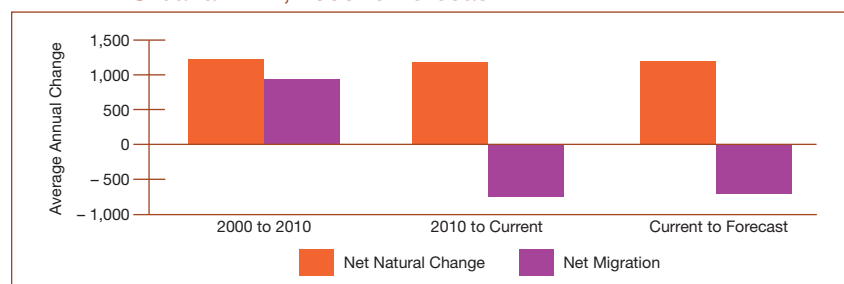
modest economic growth during the same period. Table DP-1, at the end of this report, and Figure 6 present the number of households in the HMA by tenure. During the forecast period, the number of households is expected to continue to increase at a slow rate of 130 households, or 0.1 percent, annually to total 93,800 at the end of the 3-year forecast period.

**Figure 4. Population and Household Growth in the Champaign-Urbana HMA, 2000 to Forecast**



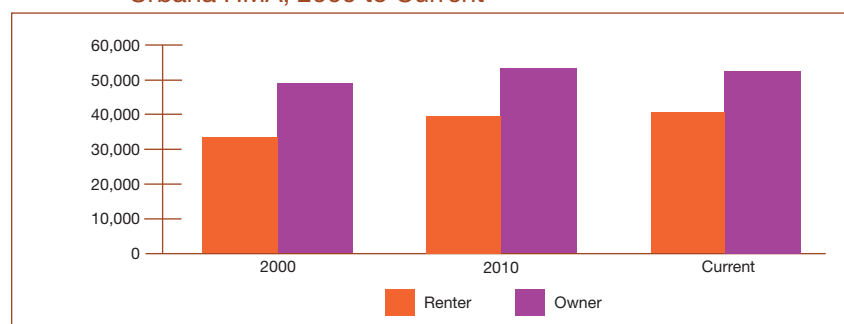
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 5. Components of Population Change in the Champaign-Urbana HMA, 2000 to Forecast**



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 6. Number of Households by Tenure in the Champaign-Urbana HMA, 2000 to Current**



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

# Housing Market Trends

## Sales Market

The Champaign-Urbana HMA sales housing market is currently soft, with an estimated vacancy rate of 2.7 percent, up from the 2.4-percent rate recorded in 2010. The increased vacancy rate is in part because of the continued weak economy, tighter mortgage lending standards, and an excess inventory of unsold single-family homes. According to Champaign County Association of Realtors® data, during the 12 months ending March 2012, new and existing home sales declined 3 percent, to 2,000 homes, compared with the number of homes sold during the previous 12 months. Current home sales are down 28 percent from an average of 2,875 homes sold annually from 2002 through 2007. The soft sales housing market began in 2008, when sales fell to 2,275, and continued through 2009 and 2010, when an average of 2,200 homes sold annually. During the 12 months ending March 2012, homes remained on the market for an average of 100 days, up 11 percent compared with the 90-day average recorded during the 12 months ending March 2011.

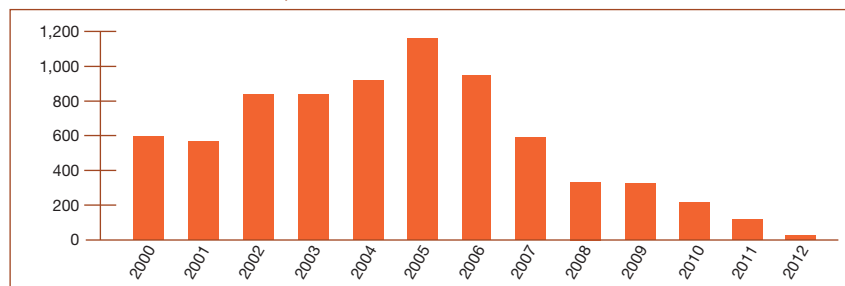
During the 12 months ending March 2012, the average sales price of new and existing homes was \$152,800, a 2-percent decrease compared with the average sales price of \$154,600 recorded

during the previous 12-month period. The decline is partially the result of the inventory of foreclosed and REO (Real Estate Owned) homes priced less than average existing homes for sale in the HMA. As a percentage of total sales, REO sales decreased to 7.8 percent during the 12-month period ending March 2012 compared with 8.7 percent a year earlier, but still above 7.4 percent in 2010, 4.7 percent in 2008, and 1.2 percent in 2005. The average sales price of REO homes was \$77,600 during the 12 months ending March 2012, according to Hanley Wood, LLC. According to LPS Applied Analytics, the percentage of home loans that were 90 or more days delinquent, were in foreclosure, or transitioned into REO increased to 7.1 percent in March 2012, up from 6.8 percent in March 2011.

Builders responded to the decrease in home sales and excess inventory of unsold single-family homes by decreasing new home construction, as measured by the number of single-family building permits issued. Based on preliminary data, 110 single-family homes were permitted during the 12 months ending March 2012, down from 150 in the previous 12 months (Figure 7). Single-family construction activity peaked from 2002 through 2006 at more than 940 homes permitted annually, but activity dropped significantly, to 580 homes permitted, in 2007 as the economy began to weaken. The number of homes permitted declined each year from 2007 through 2011.

Since 2000, approximately 90 percent of new single-family construction in the HMA has occurred in Champaign County. Construction activity was

**Figure 7. Single-Family Building Permits Issued in the Champaign-Urbana HMA, 2000 to 2012**



Notes: Includes townhomes. Includes data through March 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

## Housing Market Trends

### Sales Market *Continued*

concentrated in the towns of St. Joseph's, Tolono, and Mahomet, adjacent to the city of Champaign. Prices for new three-bedroom, single-family homes in the HMA start at \$130,000. New single-family developments include Ashland Park in Champaign, where approximately 280 of the planned 410 homes are complete

and prices start at \$155,000. Stone Creek in Urbana, which offers prices starting at \$200,000, is nearing build out, with approximately 150 homes complete and 20 remaining to be completed.

During the 3-year forecast period, demand is expected for 100 new homes in the HMA (Table 1). The 25 homes currently under construction will satisfy a portion of the demand during the first year. Table 4 shows the estimated demand for new market-rate sales housing, by price range, during the forecast period. Some of the estimated 2,800 other vacant units in the HMA could become available for sale, satisfying part of the demand during the forecast period.

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Champaign-Urbana HMA, April 1, 2012 to April 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
130,000	149,999	15	15.0
150,000	174,999	25	25.0
175,000	199,999	25	25.0
200,000	299,999	15	15.0
300,000	and higher	20	20.0

*Note: The 25 homes currently under construction and a portion of the estimated 2,800 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

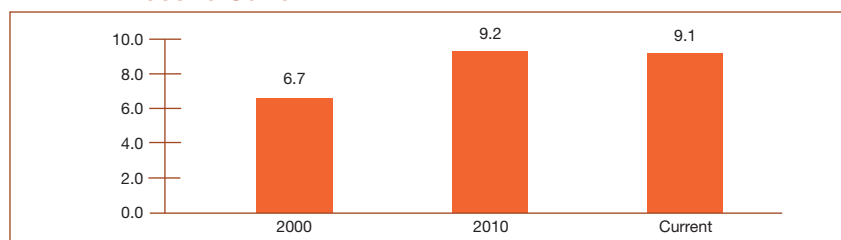
## Rental Market

Rental housing market conditions in the Champaign-Urbana HMA are soft, in part because of the weak economy and an increase in the number of single-family homes offered for rent. According to the 2010 American Community Survey, approximately 32 percent of occupied rental units are single-family homes, up from 25 percent in 2008. The current overall rental vacancy rate is estimated at 9.1 percent, down from 9.2 percent in 2010 (Figure 8). Apartment market conditions are more balanced. According to Axiometrics Inc., the apartment vacancy rate was

approximately 4 percent in the first quarter of 2012, down from 9 percent during the first quarter of 2011. The average asking rent increased more than 6 percent, to \$728, during the first quarter of 2012 compared with the \$684 average asking rent recorded during the first quarter of 2011.

Greater student enrollment at UIUC and an increased number of former homeowners becoming renters, as a result of increased foreclosure activity, are each responsible for a portion of the growth in the number of rental households and, especially, apartment demand. Student enrollment at UIUC increased 1.8 percent, or 810 students, to 45,100 in the fall 2011 semester. The portion of the HMA known as the University District, which includes UIUC, had an apartment vacancy rate of 4 percent in March 2012 compared with 5 percent in March 2011.

**Figure 8.** Rental Vacancy Rates in the Champaign-Urbana HMA, 2000 to Current



*Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst*

## Housing Market Trends

### Rental Market *Continued*

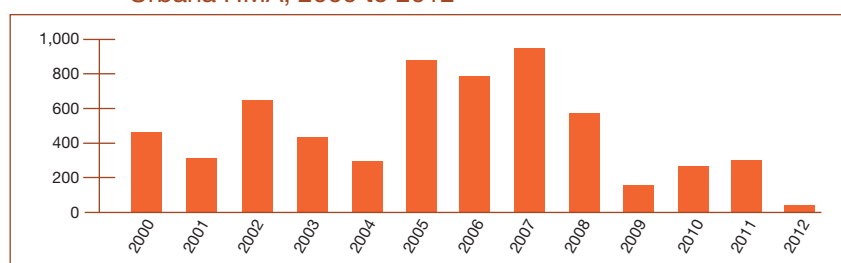
Apartment managers reported that the average rent in the University District ranged from \$380 for studio units to \$1,600 for four-bedroom apartment units. Approximately 30,000 UIUC students reside off campus, accounting for an estimated 25 percent of renter households in the HMA. Enrollment at UIUC is expected to remain stable during the next 3 years. No plans for additional student housing have been announced.

Based on preliminary data, during the 12 months ending March 2012, nearly

380 multifamily units were permitted compared with the 270 units permitted during the previous 12 months. An average of 800 multifamily units was permitted annually from 2005 through 2008, many more than the average of 240 units permitted a year in 2009 and 2010 (Figure 9). 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 at Windsor West range from \$815 to \$1,130 a month.

During the 3-year forecast period, overall rental housing market conditions are anticipated to remain soft because of the economic conditions that resulted in decreased demand for rental units. The current supply of excess vacant available units and the 300 units currently under construction will satisfy all of the forecast demand. No additional rental units should be constructed during the next 3 years to prevent prolonged soft conditions.

**Figure 9.** Multifamily Building Permits Issued in the Champaign-Urbana HMA, 2000 to 2012



Notes: Excludes townhomes. Includes data through March 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

## Data Profile

**Table DP-1.** Champaign-Urbana HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	111,332	109,060	105,500	- 0.2	- 2.6
Unemployment Rate	3.6%	9.1%	8.4%		
Nonfarm Payroll Jobs	112,700	107,500	103,300	- 0.5	- 3.1
Total Population	210,275	231,891	232,800	1.0	0.2
Total Households	82,711	93,123	93,400	1.2	0.1
Owner Households	48,817	53,209	52,800	0.9	- 0.4
Percent Owner	59.0%	57.1%	56.5%		
Renter Households	33,894	39,914	40,600	1.6	0.9
Percent Renter	41.0%	42.9%	43.5%		
Total Housing Units	88,138	101,120	101,700	1.4	0.3
Owner Vacancy Rate	1.7%	2.4%	2.7%		
Rental Vacancy Rate	6.7%	9.2%	9.1%		
Median Family Income	\$52,500	\$65,200	\$64,900	2.2	- 0.5

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2012. Median family incomes are for 1999, 2009, and 2010.

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

## Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census  
 2010: 4/1/2010—U.S. Decennial Census  
 Current date: 4/1/2012—Analyst's estimates  
 Forecast period: 4/1/2012–4/1/2015—  
 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.

**Other Vacant Units:** In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

**Building Permits:** Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_Champaign-UrbanaIL\\_13.pdf](http://www.huduser.org/publications/pdf/CMARtables_Champaign-UrbanaIL_13.pdf).

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

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 expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to  
[www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).