

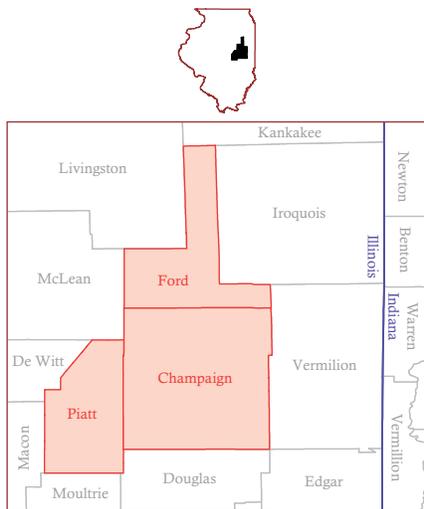


Champaign-Urbana, Illinois

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2017



Housing Market Area



The Champaign-Urbana Housing Market Area (HMA), which is coterminous with the Champaign-Urbana, IL Metropolitan Statistical Area, consists of Champaign, Ford, and Piatt Counties in central Illinois. The University of Illinois at Urbana-Champaign (UIUC), which was ranked the 10th best public university and 6th best engineering school in the country (*2017 Best Colleges, U.S. News and World Report*), is the largest employer and main economic driver in the HMA.

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Summary

Economy

Economic conditions in the Champaign-Urbana HMA are continuing to recover following a prolonged period of decline from 2009 through 2012. During 2016, the HMA added jobs at a rate of 1.2 percent, or 1,300 jobs, led by a gain of 600 jobs, or 1.7 percent, in the government sector. From 2013 through 2015, the HMA added jobs at an average annual rate of 1.2 percent, only partially recovering from the declines from 2009 through 2012, when jobs declined at an average annual rate of 2.0 percent. The unemployment rate during 2016 was 5.3 percent, up from 5.2 percent a year ago. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 0.8 percent. Table DP-1 at the end of this report provides additional employment data.

Sales Market

The sales housing market in the HMA is currently slightly soft, with an estimated vacancy rate of 1.9 percent, down from 2.4 percent in 2010. Demand is forecast for 600 new homes in the HMA during the next 3 years (Table 1). The 120 homes under construction and a portion of the estimated 2,725

other vacant housing units are expected to satisfy some of the demand during the forecast period.

Rental Market

Current rental housing market conditions in the HMA are soft, with an estimated 10.0-percent vacancy rate, up from 9.2 percent in 2010. Multifamily construction since 2012 has been concentrated in the student-targeted apartment market, which was built in excess, and has contributed to a softening of the rental market. During the forecast period, demand is estimated for 890 new market-rate rental units (Table 1). The 700 units currently under construction will meet approximately three-fourths of that demand.

Table 1. Housing Demand in the Champaign-Urbana HMA During the Forecast Period

| | Champaign-Urbana HMA | |
|--------------------|----------------------|--------------|
| | Sales Units | Rental Units |
| Total demand | 600 | 890 |
| Under construction | 120 | 700 |

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2017. A portion of the estimated 2,725 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2017, to January 1, 2020. Source: Estimates by analyst

Economic Conditions

The economy of the Champaign-Urbana HMA is heavily influenced by UIUC. State funding, research grants, and enrollment affect the university, and, because UIUC is the largest employer in the HMA (Table 2), total employment in the HMA tends to increase or decrease with the number of payrolls at UIUC. To a lesser extent, industries related to manufacturing and health care also influence the local economy.

Nonfarm payrolls during the first 8 years of the 2000s were mostly flat with growth in the education and health services sector and the state government subsector offsetting losses in the manufacturing and the trade sectors. Total nonfarm payrolls in the HMA fluctuated by less than 1 percent each year from 2001 through 2008, with an average gain of 100 jobs, or

0.1 percent a year. In 2008, payrolls reached a peak of 113,500. From 2009 through 2012, payrolls declined by an average of 2,200 jobs, or 2.0 percent, a year to a low of 104,600 in 2012. The prolonged decline in payrolls, which was 26 months longer than the decline for the nation, was particularly influenced by the state of Illinois budget constraints, which included delayed disbursement of expected payments and a \$100 million cut to higher education statewide in fiscal year 2011. Since 2013, nonfarm payrolls in the HMA have risen by an average of 1,300 jobs, or 1.2 percent, a year, but payrolls remain below 2008 levels. Gains in the government and the education and health services sectors led growth since 2013. Also supporting recent growth in the HMA is the Research Park at the University of Illinois, an on-campus research facility that currently houses more than 100 private-sector companies with 1,700 employees.

The government sector is the largest employment sector in the HMA, accounting for approximately one-third of all nonfarm payroll jobs during 2016 (Figure 1). Employment growth in the sector was relatively steady, rising by an average of 300 jobs, or 0.7 percent, a year from 2001 through 2009. Payrolls in the government sector were affected by the national recession later in the economic cycle because public sector budgets typically rely on taxes collected during the previous year, resulting in a lag in government payroll changes. From 2010 through 2012, the number of jobs in the sector fell by an average of 1,600 jobs, or 4.3 percent, a year, accounting for nearly 90 percent of the job loss in the HMA during the period. Since 2013, payrolls in the

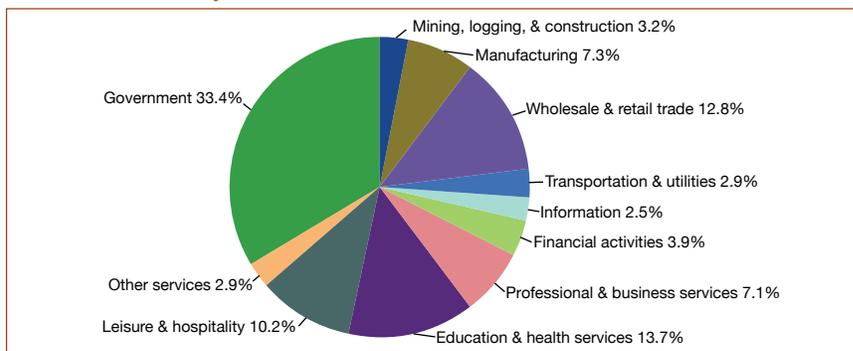
Table 2. Major Employers in the Champaign-Urbana HMA

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|--|-----------------------------|---------------------|
| University of Illinois at Urbana-Champaign | Government | 14,133 |
| Carle Health System | Education & health services | 5,757 |
| Kraft Foods Global, Inc. | Manufacturing | 1,150 |
| Champaign County Administration | Government | 910 |
| Christie Clinic | Education & health services | 834 |
| Parkland College | Government | 725 |
| Presence Covenant Medical Center | Education & health services | 650 |
| Plastipak Holdings, Inc. | Manufacturing | 606 |
| Champaign Park District | Government | 535 |
| Hobbico, Inc. | Wholesale & retail trade | 495 |

Note: Excludes local school districts.

Source: Champaign County Economic Development Corporation

Figure 1. Current Nonfarm Payroll Jobs in the Champaign-Urbana HMA, by Sector



Note: Based on 12-month averages through December 2016.

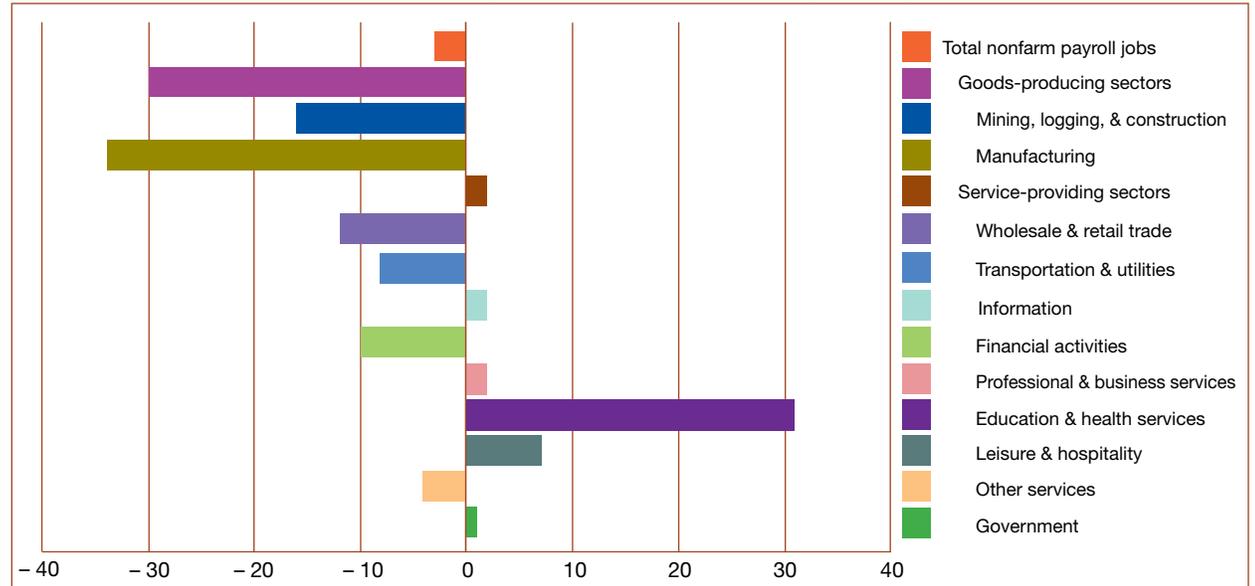
Source: U.S. Bureau of Labor Statistics

sector have risen by an average of 700 jobs, or 1.9 percent, a year. The state government subsector, the largest subsector in the government sector, currently accounts for two-thirds of all government jobs and nearly one-fourth of all jobs in the HMA. The subsector includes UIUC, which accounts for approximately 14,150 jobs in the HMA, and had a statewide economic impact of \$6.4 billion dollars, including \$900 million in research funding, in 2014 (University of Illinois, most current data available). Since 2010, state of Illinois budget constraints have resulted in delayed distribution of state funds to all state-supported organizations, including UIUC. In early 2010, the university offered employees a voluntary retirement program as a way to reduce payrolls, contributing to a decline of nearly 800 employees from 2010 through 2012. Payrolls at the university increased again from 2013 through 2015, but a hiring freeze, which began in 2015 because of ongoing state budget constraints, has led to a decline of 250 employees at UIUC during the past 24 months.

The education and health services sector has added the most jobs of any sector in the HMA since 2000. Unlike the government sector, local employment in the education and health services sector closely follows national trends, adding jobs nearly every year during the past two decades. Payrolls in the education and health services sector have increased each year since 2001 for the nation and increased or remained steady for 14 of the past 16 years in the HMA. From 2001 through 2002, payrolls increased by an average of 200 jobs, or 1.7 percent, a year, but then declined by 100 jobs, or 0.8 percent, during 2003.

From 2004 through 2009, payrolls continued to follow national trends, increasing by an average of 300 jobs, or 2.0 percent, a year. During 2010, the sector declined by 200 jobs, or 1.5 percent, but then rose by an average of 300 jobs, or 2.4 percent, annually from 2011 through 2016. Expansions at Carle Health System, the largest healthcare provider in the HMA, have supported continued job growth in the sector. Carle Health facilities opened since 2000 include a spine clinic in 2006 in Urbana, medical offices in 2008 in Champaign and Urbana and in 2011 in Monticello, and an orthopedic and sports medicine clinic in 2016 in Champaign.

The manufacturing sector was the third largest sector in the HMA in 2000 with 12,200 jobs. Like national trends in manufacturing employment, payrolls declined during the 2000s. In the Champaign-Urbana HMA, manufacturing payrolls fell by an average of 400 jobs, or 4.4 percent, each year through 2010. Layoffs at manufacturing facilities in the HMA during the 2000s contributed to the loss. Layoffs included 122 employees at Solo Cup in 2005, 145 employees at Meadowbrook Farms Cooperative, and 246 employees at ACH Food Companies in 2009. Manufacturing payrolls in the HMA have risen by an average of less than 100 jobs, or 0.4 percent, a year since 2011 but are still 34 percent below levels from 2000 (Figure 2). Capital investments partially funded through tax increment financing (TIF) districts have helped to retain manufacturing employment in the HMA during the 2010s. Projects including the \$53 million BRG Sports (formerly Easton-Bell) manufacturing and distribution facility built in 2013 and the \$38 million

Figure 2. Sector Growth in the Champaign-Urbana HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through December 2016.

Source: U.S. Bureau of Labor Statistics

expansion of a Kraft Foods Global, Inc. production and distribution facility in 2014 received support from TIF funds. Despite ongoing investments in facilities, employment at the largest manufacturing company in the HMA, Kraft Foods Global, Inc., is down 150 employees from 2010.

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Champaign-Urbana HMA, by Sector

| | 12 Months Ending | | Absolute Change | Percent Change |
|----------------------------------|------------------|---------------|-----------------|----------------|
| | December 2015 | December 2016 | | |
| Total nonfarm payroll jobs | 108,500 | 109,800 | 1,300 | 1.2 |
| Goods-producing sectors | 11,500 | 11,500 | 0 | 0.0 |
| Mining, logging, & construction | 3,400 | 3,500 | 100 | 2.9 |
| Manufacturing | 8,200 | 8,000 | -200 | -2.4 |
| Service-providing sectors | 96,900 | 98,200 | 1,300 | 1.3 |
| Wholesale & retail trade | 13,900 | 14,100 | 200 | 1.4 |
| Transportation & utilities | 3,100 | 3,100 | 0 | 0.0 |
| Information | 2,800 | 2,800 | 0 | 0.0 |
| Financial activities | 4,300 | 4,300 | 0 | 0.0 |
| Professional & business services | 8,000 | 7,800 | -200 | -2.5 |
| Education & health services | 14,600 | 15,100 | 500 | 3.4 |
| Leisure & hospitality | 11,200 | 11,200 | 0 | 0.0 |
| Other services | 3,300 | 3,200 | -100 | -3.0 |
| Government | 36,000 | 36,600 | 600 | 1.7 |

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2015 and December 2016.

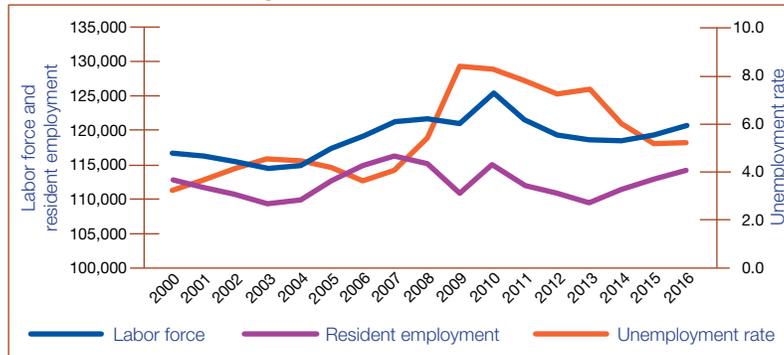
Source: U.S. Bureau of Labor Statistics

During 2016, the number of nonfarm payrolls continued to increase, up by 1,300 jobs, or 1.2 percent, to 109,800 (Table 3), but is still 3,700 jobs below the 2008 peak. The two largest sectors continue to lead recovery, with the government sector up by 600 jobs, or 1.7 percent, and the education and health services sector up by 500 jobs, or 3.4 percent, during 2016. A partnership between UIUC and Carle Health to build the Carle Illinois College of Medicine, the first engineering-based college of medicine in the United States began in 2015 and is expected to welcome the first class of students in fall 2018. The hiring of new faculty and administrators at the university and the healthcare provider has supported growth in both sectors. The manufacturing sector, which had been relatively stable since 2011, declined by 200 jobs, or 2.4 percent, in 2016. A portion of the loss is attributed to a temporary closure of the Wirco Inc. manufacturing facility, which was

Economic Conditions *Continued*

rebuilt after a fire in early 2016 and reopened in late 2016. Despite payroll gains, the average unemployment rate rose slightly during 2016 to 5.3 percent, up from 5.2 percent during 2015. The labor force grew faster

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Champaign-Urbana HMA, 2000 Through 2016



Source: U.S. Bureau of Labor Statistics

than employment, contributing to an overall increase in the unemployment rate in 2016. The current unemployment rate is well below the high of 8.4 percent during 2009 (Figure 3).

During the next 3 years, payrolls are expected to continue to grow, expanding by 900 jobs, or 0.8 percent annually. Expansions at Veriflow Systems, Inc. and II-IV EpiWorks will support continued job growth during the period. Combined, the companies are expecting to hire more than 100 workers in engineering and related fields. The Carle Illinois College of Medicine at UIUC, which is expected to open in 2018, is also expected to contribute to continued job growth.

Population and Households

Population growth in the Champaign-Urbana HMA is driven by changes in nonfarm payrolls and enrollment at UIUC. The employment decline from 2009 through 2012, followed by lower funding for state of Illinois-supported organizations, has contributed to slower population growth since 2009. From 2000 to 2009, the population increased by an average of 2,250, or 1.0 percent, a year, including net natural increase (resident births minus resident deaths) of 1,200 people and net in-migration of 1,050 people (U.S. Census Bureau population estimates as of July 1) annually. Population growth since 2009 has slowed to an average of 1,425 people, or 0.6 percent, a year, including average net natural increase of 1,125 people and average net in-migration of only 300 people. Net in-migration is down more than 70 percent from

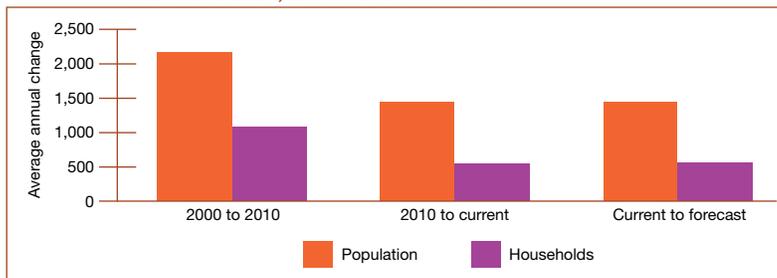
the 2000-to-2009 period, mostly because of a reduction in the number of people moving to the HMA for jobs. The population of the HMA is currently estimated at 241,600, with more than 85 percent of residents living in Champaign County. The two largest cities, Champaign and Urbana, and the 10 largest employers in the HMA are in Champaign County.

Despite the slowing population growth, the HMA has grown faster than the state of Illinois, which has grown at a rate of less than 0.1 percent a year since 2010 compared with the 0.6-percent rate in the HMA. The majority of people moving into the HMA are moving from other parts of Illinois, including central Illinois and the Chicago metropolitan area (Internal Revenue Service, County-to-County Migration Data). People moving out

Population and Households *Continued*

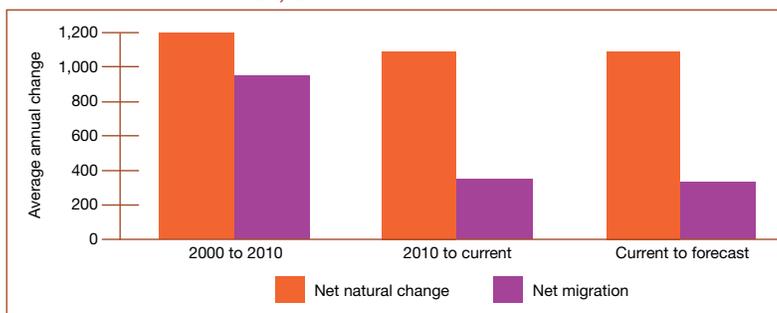
of the HMA—the number of whom is lower than the number of people moving into the HMA—are leaving for other places in Illinois, the Midwest, and some large metropolitan areas outside of the Midwest, including the Austin, Houston, Los Angeles, Phoenix, Seattle, and San Jose metropolitan areas.

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



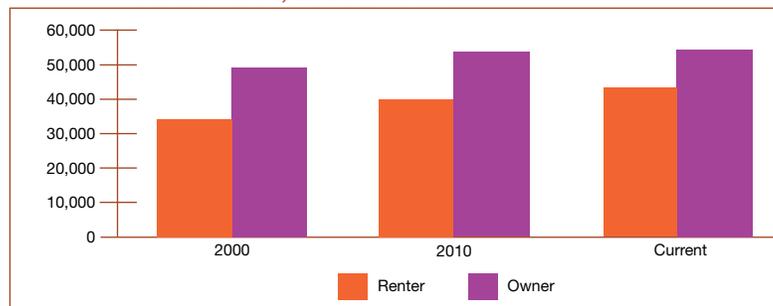
Notes: The current date is January 1, 2017. The forecast date is January 1, 2020.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

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



Notes: The current date is January 1, 2017. The forecast date is January 1, 2020.
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



Note: The current date is January 1, 2017.
Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Rising enrollment at UIUC has been the main source of in-migration since 2009. Nearly 95 percent of UIUC students move to the HMA from outside it. From 2000 to 2009, enrollment increased by an average of 550 students a year, accounting for approximately one-half of net in-migration. Student enrollment growth slowed to an average of 420 students a year from 2009 to 2016. Total enrollment reached approximately 45,000 students in 2016. Students account for nearly 20 percent of the population in the HMA and for all net in-migration in the HMA since 2009.

During the next 3 years, the population is expected to continue to rise at a similar rate to current trends, up an average of 0.6 percent, or by 1,425, a year (Figure 4). Net in-migration, supported by continued, but slower employment gains and steadily increasing student enrollment, is expected to account for one-fourth of total population growth (Figure 5).

Household growth has also slowed since 2010. From 2000 to 2010, households increased at a rate of 1,050, or 1.2 percent a year. Since 2010, household growth has slowed to an average increase of 550 households a year, partially because of slower population growth. The majority of household growth since 2010 is attributed to an increase in renter households (Figure 6) because all net-in-migration is attributed to increasing student enrollment at UIUC. An estimated 9,550 student-households comprise approximately 10 percent of the 96,700 households in the HMA. Student households, which are generally renter households, are estimated to account for

more than 20 percent of all renter households. During the next 3 years, the number of households is expected

to increase by an average of 570 households, or 0.6 percent, a year, mirroring population growth.

Housing Market Trends

Sales Market

Rising payrolls since 2013 and relatively low levels of new single-family home construction have contributed to an improving sales housing market in the Champaign-Urbana HMA, which is slightly soft but improved from soft conditions in 2010. The current sales vacancy rate is estimated at 1.9 percent, down from 2.4 percent in 2010. Rising home sales since 2012, rising average sales prices since 2014, and declining inventory, which was at 5.1 months in December 2016, down from 10.7 months in December 2011 (Illinois Realtors®), are indicative of an improving sales market.

Total home sales (including new and existing single-family homes, townhomes, and condominiums) in the HMA have generally moved in the same direction as national home sales since 2000, but the decline after the Great Recession was more severe. During 2016, 3,900 homes sold, up 4 percent from 2015, and continuing a trend of rising home sales since 2012 (CoreLogic, Inc., with adjustments by the analyst). Home sales rose from 2001 through 2005 by an average of 7 percent a year, and peaked in 2005 at 5,125 homes. From 2006 through 2009, sales declined by an average of 12 percent a year. As the national recession ended, but job loss continued in the HMA, home sales continued to decline, but at a slower rate. From 2009 through 2011, home sales declined by an average of 6 percent a

year, reaching a low of 2,725 homes in 2011. The decline in home sales in the nation from 2009 through 2011 averaged 3 percent a year. Since 2012, home sales in the HMA have increased by an average of 8 percent a year, but most of the increase occurred during 2012 and 2013 when the economy began to improve.

As with home sales, average home sales prices in the HMA have mostly followed national trends since 2000, but the increases were more gradual and the decline less severe. After rising an average of 5 percent a year from 2001 through 2007, the average home sales price peaked in 2007 at \$147,600. Average home sales prices in the HMA then declined during 2008 and 2009, to a recent low of \$142,600 in 2009, falling an average of 2 percent a year. A smaller share of real estate owned (REO) sales in the HMA than in the nation contributed to lesser declines during 2008 and 2009. Home prices in the nation peaked in 2006, fell by 1 percent during 2007, by an average of 11 percent a year during 2008 and 2009, and rose by an average of 5 percent a year from 2010 through 2015. Despite declining local payrolls from 2009 to 2012, the average home sales price remained steady or has risen each year since 2010, increasing by an average of 1 percent a year from 2010 through 2015. During 2016, home sales prices increased

Housing Market Trends

Sales Market *Continued*

4 percent to \$161,100 supported by declining inventory, fewer REO sales, and rising new home sales.

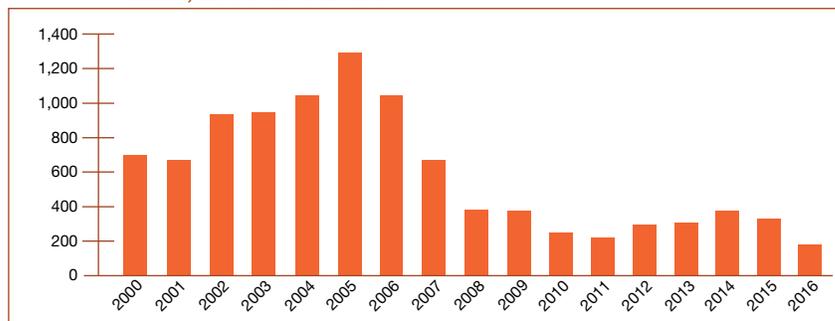
Since the housing crisis began, the share of home loans in the HMA that were seriously delinquent (those 90 or more days delinquent or in foreclosure) or had transitioned into REO status has been lower than the share in Illinois and the nation. The rates in Illinois and the nation peaked in February 2010 at 9.4 and 8.6 percent, respectively, whereas the rate in the HMA peaked in February 2012, at 3.6 percent. In December 2016, the rate of seriously delinquent loans and REO properties in the HMA was 1.5 percent, down from 1.7 percent a year ago and less than the 3.1-percent and 2.6-percent rates for Illinois and the nation, respectively.

Single-family home construction, as measured by the number of homes permitted, has increased in the Champaign-Urbana HMA from the recent low in 2011 but remains well below levels from the early to mid-2000s (Figure 7). From 2000 through 2005, an average of 930 homes were permitted a year, with relatively higher levels of population growth and a stable local economy contributing to demand for new homes. Single-family permitting

declined by an average of 180 homes, or 26 percent, a year from the 2005 peak of 1,300 homes to a low of 220 homes in 2011. Single-family home permitting increased to an average of 320 homes a year from 2012 through 2014, or approximately 100 homes above the 2011 low. Slower population growth and a larger share of population growth attributed to students, most of which are renters, has limited demand for new construction single-family homes since 2010. Preliminary estimates of single-family permitting during 2016 indicate an increase in construction, with 410 single-family homes permitted, up from 330 homes permitted in 2015.

Single-family home construction has been concentrated on the outside edges of the communities of Champaign, Urbana, Savoy, and Mahomet. Despite an improving home sales market, some of the large subdivisions that were started in the mid-2000s still have lots available. The Ashland Park subdivision on the northern edge of the city of Champaign lists three-bedroom, two-bathroom, 1,500-square-foot homes for sale starting at \$199,900 and four-bedroom, three-bathroom, 2,100-square-foot homes starting at \$236,000. The 540-lot subdivision, which began construction in 2004, has 35 lots remaining and is expected to be fully built out by the end of 2018. Liberty on the Lake, located in the village of Savoy, is a 162-lot subdivision that began building in 2006. The original developer of Liberty on the Lake went through foreclosure, and the unfinished subdivision was purchased by Signature Homes in 2012. Currently, 57 lots are available and all are expected to be built on by 2019. Single-family homes for sale are currently listed for \$345,000 to \$370,000 and are 2,500 square feet or larger.

Figure 7. Single-Family Homes Permitted in the Champaign-Urbana HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through December 2016.

Sources: U.S. Census Bureau, Building Permits Survey; 2000-2015—final data and estimates by analyst; 2016—preliminary data and estimates by analyst

Housing Market Trends

Sales Market *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Champaign-Urbana HMA During the Forecast Period

| Price Range (\$) | | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From | To | | |
| 120,000 | 199,999 | 30 | 5.0 |
| 200,000 | 249,999 | 90 | 15.0 |
| 250,000 | 299,999 | 120 | 20.0 |
| 300,000 | 349,999 | 150 | 25.0 |
| 350,000 | 399,999 | 90 | 15.0 |
| 400,000 | 449,999 | 60 | 10.0 |
| 450,000 | and higher | 60 | 10.0 |

Notes: The 120 homes currently under construction and a portion of the estimated 2,725 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: Estimates by analyst

Rental Market

Rental housing market conditions in the Champaign-Urbana HMA are soft and have softened since 2010. The overall rental vacancy rate (including apartments, single-family homes, townhomes, and condominiums) is estimated at 10.0 percent, up from 9.2 percent in 2010 (Figure 8). The share of renter-occupied multifamily housing increased from 65 percent of all rental housing in 2010 to 67 percent in 2015 (2010 and 2015 American Community Survey 1-year data). The share of renter-occupied single-family housing declined as the sales market improved.

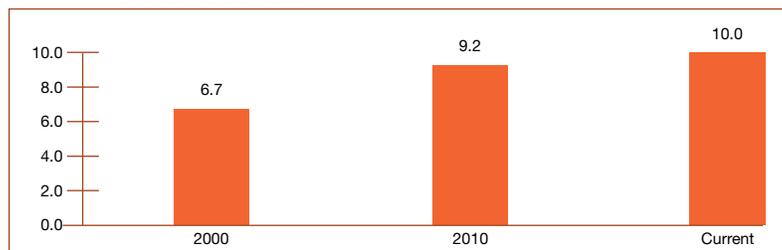
Student-targeted apartments—units that are marketed to, but not limited to, student renters—are generally within 1 mile of the UIUC campus.

During the next 3 years, demand for an additional 600 homes is expected (Table 1), with the strongest demand in the first year of the 3-year forecast period and declining demand in each of the following 2 years. The 120 homes currently under construction and a portion of the 2,725 other vacant homes are expected to satisfy some of the demand. Demand is expected to be greatest for homes in the \$250,000-to-\$349,999 price range (Table 4).

Units are typically designed with equal size bedrooms and amenities that support the student lifestyle. The student-targeted apartment market is currently soft because an estimated 4,600 beds have been added to the market since 2012, including 2,400 beds during 2016 (Triad Real Estate Research). UIUC enrollment has only increased by approximately 2,000 students since 2012. During December 2016, the estimated student-targeted apartment vacancy rate was 12.9 percent, up from 7.4 percent a year earlier (analyst estimate with support from Axiometrics, Inc.). The average rent per bedroom in a student-targeted apartment was \$579, down 4 percent from a year earlier. The current average rent in a two-bedroom student-targeted apartment is approximately 45 percent higher than a two-bedroom non-student-targeted apartment.

The non-student targeted apartments are generally located more than 1 mile away from the UIUC campus and have no special design features, such as equal-size bedrooms. The non-student-targeted apartment market is slightly tight with a 3.7-percent vacancy rate during the fourth quarter of 2016, down from 3.9 percent a

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



Note: The current date is January 1, 2017.

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

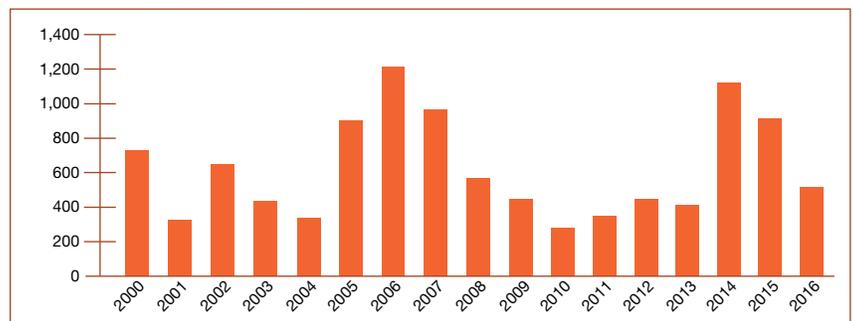
year earlier (Reis, Inc.). The average monthly rent during the fourth quarter of 2016 was \$774, up 1 percent from a year earlier, but slower than the average increase of 3 percent a year from 2012 through 2015. Construction of non-student-targeted apartments has been relatively limited since 2012, contributing to the recent tightening of the market.

Multifamily construction, as measured by the number of units permitted, continues at an elevated rate compared with levels during the late 2000s and early 2010s but slowed during the past year. During 2016, multifamily permitting averaged 540 units, down 41 percent from 2015 (preliminary 2016 data). Multifamily permitting averaged 1,025 units a year during 2014 and 2015, well above the average of 410 multifamily units a year from 2008 through 2013 and the same as the previous period of elevated multifamily permitting from 2005 through 2007 (Figure 9). The recent rise in permitting is partially because of an increase in student-targeted apartment construction.

Student-targeted apartments comprise approximately 60 percent of all units completed since 2010 and tend to have higher rents per bedroom than non-student apartments. Campus Circle, a 524-bed student-targeted apartment property in Urbana, was completed in 2016. The property, which leases by the bedroom, has monthly rents of \$1,499 for one-bedroom units, \$956 per bedroom in two-bedroom units, and \$902 per bedroom in three-bedroom units. The Courtyards at Prairie Fields is a 12-unit apartment property located in Savoy that was built in 2016 and does not market directly to students. Monthly rents for one-bedroom units range from \$875 to \$925, and two-bedroom units rent for \$1,025.

During the next 3 years, demand is expected for an additional 890 rental units (Table 1). The 700 units under construction are expected to satisfy all of the demand for rental units during the first 2 years of the 3-year forecast period. Demand is expected to be greatest for one- and two-bedroom units (Table 5) and for units not targeted at students.

Figure 9. Multifamily Units Permitted in the Champaign-Urbana HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through December 2016.

Sources: U.S. Census Bureau, Building Permits Survey; 2000-2015—final data and estimates by analyst; 2016—preliminary data and estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Champaign-Urbana HMA During the Forecast Period

| One Bedroom | | Two Bedrooms | | Three or More Bedrooms | |
|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand |
| 775 or more | 350 | 850 to 1,049 | 180 | 900 to 1,099 | 25 |
| | | 1,050 or more | 270 | 1,100 or more | 60 |
| Total | 350 | Total | 440 | Total | 90 |

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 700 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: 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 | 112,745 | 115,092 | 114,400 | 0.2 | - 0.1 |
| Unemployment rate | 3.3% | 8.3% | 5.3% | | |
| Nonfarm payroll jobs | 112,700 | 107,600 | 109,800 | - 0.5 | 0.3 |
| Total population | 210,275 | 231,891 | 241,600 | 1.0 | 0.6 |
| Total households | 82,711 | 93,123 | 96,850 | 1.2 | 0.6 |
| Owner households | 48,817 | 53,209 | 54,000 | 0.9 | 0.2 |
| Percent owner | 59.0% | 57.1% | 55.8% | | |
| Renter households | 33,894 | 39,914 | 42,850 | 1.6 | 1.1 |
| Percent renter | 41.0% | 42.9% | 44.2% | | |
| Total housing units | 88,138 | 101,120 | 105,400 | 1.4 | 0.6 |
| Owner vacancy rate | 1.7% | 2.4% | 1.9% | | |
| Rental vacancy rate | 6.7% | 9.2% | 10.0% | | |
| Median Family Income | \$51,834 | \$62,999 | \$75,747 | 2.0 | 3.1 |

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2016. Median Family Incomes are for 1999, 2009, and 2015. The current date is January 1, 2017.

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: 1/1/2017—Estimates by the analyst
Forecast period: 1/1/2017–1/1/2020—Estimates
by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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 this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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 huduser.gov/publications/pdf/CMARtables_Champaign_UrbanaIL_17.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 the Economic and Market Analysis Division within HUD. 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 huduser.gov/portal/ushmc/chma_archive.html.