



# Deltona-Daytona Beach-Ormond Beach, Florida

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



## Housing Market Area



The Deltona-Daytona Beach-Ormond Beach Housing Market Area (HMA) (hereafter, the Deltona HMA), between Orlando and Jacksonville on Florida’s Atlantic coast, comprises Volusia County, Florida. The southwestern portion of the HMA is suburban and adjacent to the Orlando-Kissimmee metropolitan statistical area (MSA), whereas the eastern portion consists of coastal communities that are popular tourist destinations, such as Daytona Beach.

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## Summary

### Economy

The economy in the Deltona HMA is weak, with nonfarm payrolls 10 percent less than the 2006 peak of 173,900 jobs. The local economy began to improve during the 12 months ending March 2012, growing by 1,900 jobs, or 1.2 percent, to 156,300 jobs. During the same period, the unemployment rate averaged 10.4 percent, down from 11.4 percent during the previous 12 months. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 2,700 jobs, or 1.7 percent, annually.

### Sales Market

The home sales market in the HMA is soft, with an estimated 4.1-percent vacancy rate, and 17.2 percent of mortgage loans are 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), more than double the 7.8-percent national average. During the 12 months ending March 2012, the number of existing single-family homes sold decreased 9 percent, to 5,450, and the average sales price decreased 2 percent, to \$129,500, from the previous 12 months. The current supply of excess vacant available units and units under construction will meet all of the expected demand during the 3-year

forecast period (Table 1). The production of additional units would only contribute to prolonged soft market conditions.

### Rental Market

The rental housing market in the HMA is soft but improving, with an estimated 12-percent overall vacancy rate, down from the 14.4-percent rate recorded in April 2010. According to Reis, Inc., in the first quarter of 2012, the average apartment rent was approximately \$750, up 2 percent from a year earlier. To allow for the absorption of the current supply of excess vacant available units, no additional rental units should be constructed during the 3-year forecast period (Table 1).

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

	Deltona HMA*	
	Sales Units	Rental Units
Total Demand	0	0
Under Construction	160	85

\* Deltona-Daytona Beach-Ormond Beach HMA.  
 Notes: Units under construction as of April 1, 2012. An estimated 32,000 other vacant units are in the HMA.  
 Source: Estimates by analyst

# Economic Conditions

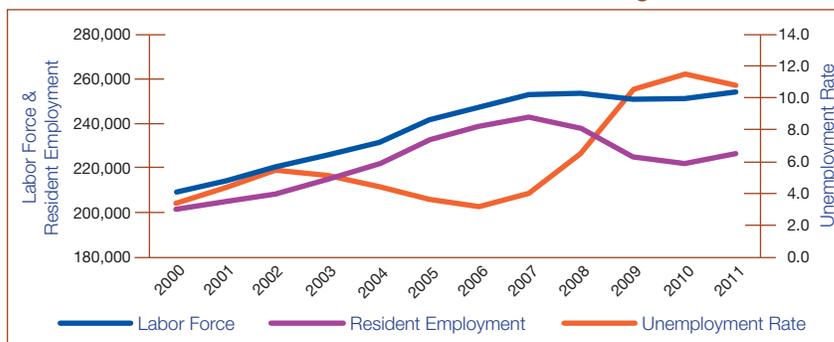
Economic growth in the Deltona HMA was strong from 2000 through 2006, when nonfarm payrolls recorded an average annual increase of 4,475 jobs, or 2.8 percent. The professional and business services sector, which increased by 1,175 jobs, or 9.6 percent, annually, and the mining, logging, and construction sector, which increased by 1,100 jobs, or 11.8 percent, annually, led job growth during this period. Nonfarm payrolls peaked at 173,900 jobs in 2006 before declining to a low of 154,600 in 2010. During this period, decreased building activity led to large-scale job losses in the mining, logging,

and construction sector, which decreased by 2,125 jobs, or 15 percent, annually. The local economy began to improve during the 12 months ending March 2012, however, adding 1,900 jobs, or 1.2 percent, to bring average nonfarm payrolls to 156,300 jobs. Nonfarm payrolls nevertheless remain at 10 percent less than the prerecession peak.

The unemployment rate in the HMA averaged 10.4 percent during the 12 months ending March 2012, less than the 11.4-percent average during the previous 12 months but more than double the 4.3-percent average from 2000 through 2007. The unemployment rate reached a peak of 11.5 percent in 2010. Most of the improvement in the unemployment rate occurred during the past 6 months; the unemployment rate averaged 9.5 percent in the first quarter of 2012, down from 11.3 percent in the first quarter of 2011. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2011.

The leisure and hospitality sector recorded more job growth than any other during the 12 months ending March 2012, adding 650 jobs, a 3.0-percent increase (Table 2). As tourists returned to the HMA following the recession, hotel tax revenue increased 1 percent during fiscal year 2011 and, during the 6 months ending March 2012, increased an additional 10 percent compared with revenue during the same period a year earlier. The HMA hosts Daytona Bike Week, a gathering of motorcycle enthusiasts that draws 500,000 visitors annually, with an estimated economic impact of \$300 million, and the Daytona 500 and Coke Zero 400, marquee NASCAR stock car races that draw

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Deltona HMA,\* 2000 Through 2011



\* Deltona-Daytona Beach-Ormond Beach HMA.

Source: U.S. Bureau of Labor Statistics

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

	12 Months Ending March 2011	12 Months Ending March 2012	Percent Change
Total Nonfarm Payroll Jobs	154,400	156,300	1.2
Goods Producing	15,250	15,450	1.2
Mining, Logging, & Construction	7,600	7,300	-4.2
Manufacturing	7,650	8,150	6.5
Service Providing	139,100	140,800	1.2
Wholesale & Retail Trade	28,050	28,350	1.2
Transportation & Utilities	1,900	1,850	-2.6
Information	2,025	2,000	-0.8
Financial Activities	7,150	7,275	1.7
Professional & Business Services	16,800	17,200	2.3
Education & Health Services	31,750	32,150	1.3
Leisure & Hospitality	21,250	21,900	3.0
Other Services	8,000	7,900	-1.1
Government	22,200	22,200	0.0

\* Deltona-Daytona Beach-Ormond Beach HMA.

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

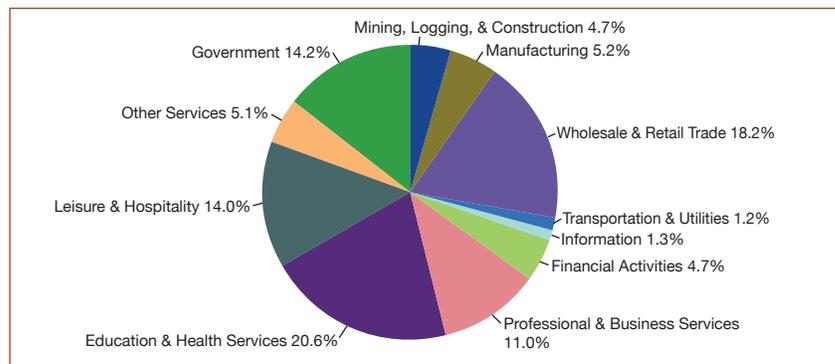
200,000 visitors each and have a combined annual economic impact of \$400 million. The second largest source of job growth during the 12 months ending March 2012 was the manufacturing sector, which added 500 jobs, a 6.5-percent increase. Additional manufacturing jobs will likely be created in the coming year. Ark Technologies, Inc., an automobile parts manufacturer, plans to open a plant in 2012 that will bring 50 jobs to the HMA, and Teledyne Technologies Incorporated, a manufacturer of off-shore drilling equipment, is building a research and development facility that

is expected to open in 2013 and bring 100 jobs to the HMA. Education and health services, the largest sector in the HMA (Figure 2), grew by 400 jobs, or 1.3 percent, to 32,150 jobs during the 12 months ending March 2012. The five largest employers in the HMA, Florida Hospital, Halifax Health, and three small universities, are included in this sector (Table 3). The professional and business services sector has grown more than any other since 2000, in both percentage and absolute terms (Figure 3). Peak growth occurred from 2002 through 2005, when the sector added an average of 1,400 jobs, a 9.1-percent increase, annually. During the 12 months ending March 2012, the professional and business services sector grew at a moderate pace, adding 380 jobs, a 2.3-percent increase.

The most job losses during the 12 months ending March 2012 occurred in the mining, logging, and construction sector, which decreased by 300 jobs, or 4.2 percent, because of limited residential construction. This sector has declined by 55 percent since the 2006 peak, when it employed 15,900 workers during the housing boom.

During the next 3 years, nonfarm payrolls are expected to increase by an average of 2,700 jobs, or 1.7 percent, annually, with steadily increasing employment growth throughout the forecast period. As the national economy improves, more tourists are expected to visit the HMA, creating employment growth led by the leisure and hospitality sector.

**Figure 2. Current Nonfarm Payroll Jobs in the Deltona HMA,\* by Sector**



\* Deltona-Daytona Beach-Ormond Beach HMA.

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

Source: U.S. Bureau of Labor Statistics

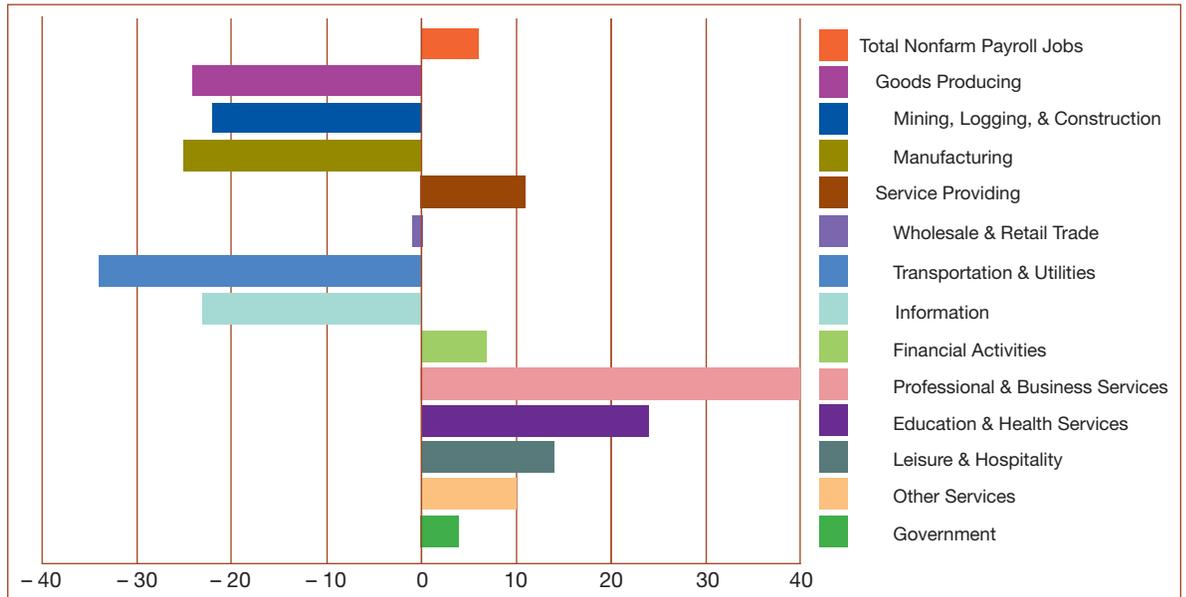
**Table 3. Major Employers in the Deltona HMA\***

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Florida Hospital	Education & Health Services	4,250
Halifax Health	Education & Health Services	3,950
Embry-Riddle Aeronautical University	Education & Health Services	1,175
Stetson University	Education & Health Services	710
Bethune-Cookman University	Education & Health Services	600
Covidien Plc	Manufacturing	540
John Knox Village	Education & Health Services	520
Bright House Networks®	Information	510

\* Deltona-Daytona Beach-Ormond Beach HMA.

Note: Excludes local school districts.

Source: Enterprise Florida Inc.

**Figure 3. Sector Growth in the Deltona HMA,\* Percentage Change, 2000 to Current**

\* Deltona-Daytona Beach-Ormond Beach HMA.

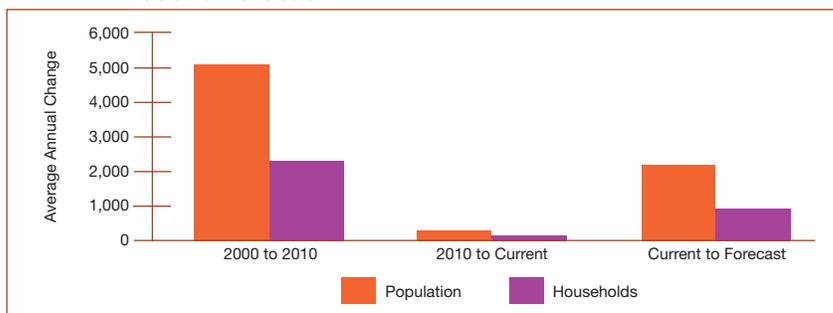
Note: Current is based on 12-month averages through March 2012.

Source: U.S. Bureau of Labor Statistics

## Population and Households

As of April 1, 2012, the population of the Deltona HMA was estimated at 495,200, an increase of 300, or 0.1 percent, annually since April 2010 (Figure 4). Even this sluggish growth is an improvement compared with the growth from 2007 through 2010, when the population declined at an average annual rate of 1,425, or 0.3 percent. Population

growth was greatest from 2001 through 2006, when the population of the HMA increased by an average of 8,725, or 1.9 percent, annually. During this period, migration to the suburban, southwestern portion of the HMA that is adjacent to the Orlando-Kissimmee MSA accounted for approximately two-thirds of all population growth. According to Internal Revenue Service (IRS) migration data, the decline in the number of people moving to the HMA, because of poor local labor market conditions and delayed retirements of potential residents from other parts of the country, caused the post-2006 decrease in the growth rate (Figure 5). Many of these migrants are retirees from out of state; according to the most recent IRS migration data available, from 2009 to 2010, newcomers to Florida accounted for approximately 80 percent of all net

**Figure 4. Population and Household Growth in the Deltona HMA,\* 2000 to Forecast**

\* Deltona-Daytona Beach-Ormond Beach HMA.

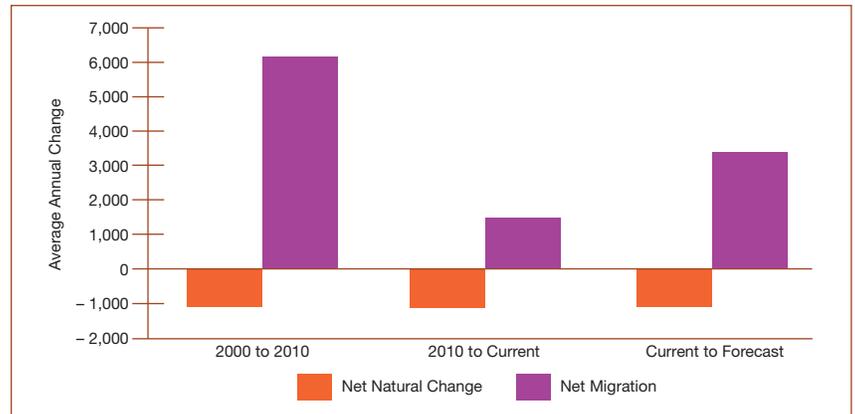
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

migration. The HMA's demographics reflect its status as a destination for retirees; 21 percent of residents are older than age 65 compared with only 13 percent of the national population. As the housing market stabilizes and the local economy improves, more people are expected to relocate to the HMA. During the 3-year forecast period, an average annual population growth of 2,200 people, or 0.4 percent,

is expected, with most of this growth expected in the second and third years.

The HMA is currently home to an estimated 208,500 households (Table DP-1 at the end of this report). The number of renter households has grown faster than the number of owner households since 2000 (Figure 6). During the forecast period, the number of households is expected to increase by 930, or 0.4 percent, annually, to 211,300.

**Figure 5.** Components of Population Change in the Deltona HMA,\* 2000 to Forecast



\* Deltona-Daytona Beach-Ormond Beach HMA.

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

**Figure 6.** Number of Households by Tenure in the Deltona HMA,\* 2000 to Current



\* Deltona-Daytona Beach-Ormond Beach HMA.

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

# Housing Market Trends

## Sales Market

The home sales market in the Deltona HMA is soft because of the weak economy and significant number of foreclosed homes. The sales vacancy rate is estimated at 4.1 percent, unchanged since 2010. According to Hanley Wood, LLC, during the 12 months ending March 2012, 5,450 existing homes sold, a 9-percent decrease compared with the 5,975 existing homes sold during the preceding 12 months. Existing home sales have been relatively stable since 2006, averaging 5,175 homes sold from 2007 through 2010. During the past 12 months, the average sales price for existing homes decreased from \$132,700 to \$129,500, a decline of more than 2 percent. Home prices peaked in 2006 at an average of \$228,700 before beginning a rapid decline; the average price of an existing home sold decreased by approximately 14 percent annually between 2006 and 2009. Whereas total sales have been approximately level since 2007, the number of new homes sold has decreased precipitously. In 2007, about 1,200 new homes sold at an average price of \$273,800; by 2010, only 160 closings were reported at an average price of \$187,400.

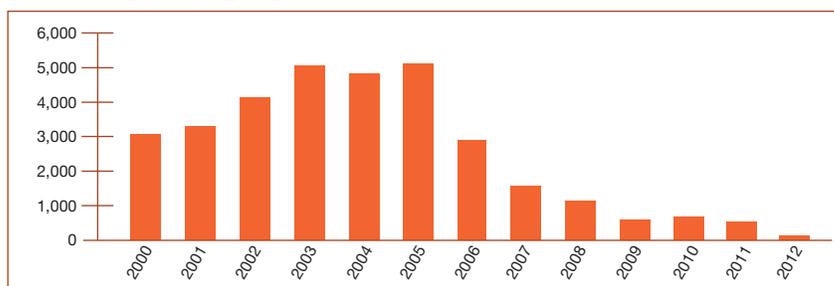
Foreclosed properties comprise a significant portion of home sales in

the HMA. According to data from Hanley Wood, LLC, in the 12 months ending March 2012, REO sales comprised 32 percent of all existing home sales at an average price of \$86,700, down from 47 percent and \$92,600, respectively, in the previous 12 months. By way of comparison, REO sales comprised only 1 percent of all existing home sales in 2006. According to LPS Applied Analytics, in March 2012, 17.2 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in REO, more than double the 7.8-percent national average and up from the 16.0-percent rate recorded in March 2011.

New home construction activity, as measured by the number of single-family homes permitted, is well below the level of average building activity during the past decade (Figure 7). Based on preliminary data, 560 homes were permitted during the 12 months ending March 2012, up from 550 during the previous 12 months but well below the average of 4,775 single-family homes permitted during the 2002-to-2005 peak period, reflecting soft market conditions and the large number of distressed properties. The number of single-family homes permitted declined from 2006 through 2009 and has remained stable at roughly 500 permits annually since 2009. Some small-scale development remains in the HMA: Breakaway Trails, a subdivision in Ormond Beach, has 50 home sites available with new home sales prices starting at \$220,000 for a three-bedroom home.

The HMA currently has an excess supply of vacant available homes for sale, which is expected to take several years for the sales market to absorb

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



\* Deltona-Daytona Beach-Ormond Beach HMA.

Notes: Includes townhomes. Includes data through March 2012.

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

and will satisfy all of the demand during the forecast period. To prevent prolonging the current soft market conditions, no additional homes should be constructed during the

3-year forecast period (Table 1). In addition, a portion of the 32,000 other vacant units in the HMA may reenter the sales market at some time during the forecast period.

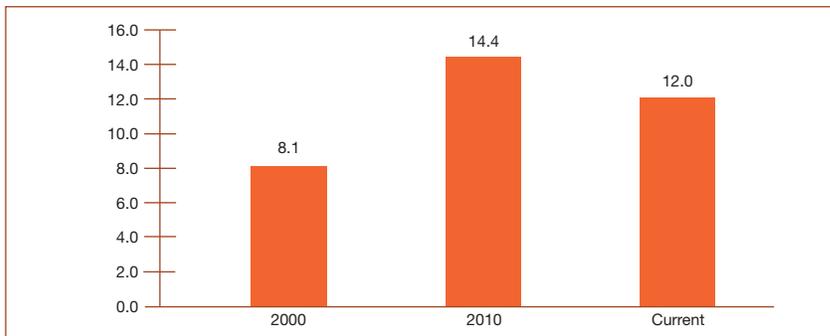
## Rental Market

The rental housing market in the Deltona HMA is soft but improving. Because of limited apartment construction since 2006 and an increased number of households seeking to rent instead of buy, the estimated 12.0-percent overall vacancy rate is down from the 14.4-percent rate recorded in 2010 (Figure 8). The vacancy rate is lower in apartment complexes than in single-family homes, which account for approximately 50 percent of the rental housing stock in the HMA. As of the first quarter of 2012, Reis, Inc., reports a 7.4-percent apartment vacancy rate, down from the 7.9-percent rate in the first quarter of 2011. During the same period, average apartment asking rents increased 2 percent, to approximately \$750. According to Axiometrics Inc., the coastal communities in the eastern portion of the

HMA have an average vacancy rate of approximately 7 percent whereas apartment communities in the suburban, western portion of the HMA have an average vacancy rate of roughly 10 percent because of competition with rental housing in the neighboring Orlando-Kissimmee MSA. Approximately 80 percent of all apartments are in the eastern portion of the HMA. Average rents are \$650 for a one-bedroom unit, \$800 for a two-bedroom unit, and \$900 for a three-bedroom unit.

Multifamily construction, as measured by the number of multifamily units permitted, remains below the level during the peak years of 2001 through 2005, when 1,375 units were permitted annually (Figure 9). During the 12 months ending March 2012, 110 apartment units were permitted, down 79 percent from the 500 units permitted during the previous 12 months. Most recent apartment construction has been in the eastern portion of the HMA, including Andros Isles Apartments, a \$50 million, 360-unit complex in Daytona Beach, which opened in the fourth quarter of 2011. Rents at Andros Isles average \$850 for a one-bedroom apartment, \$950 for a two-bedroom apartment, and \$1,100 for a three-bedroom apartment.

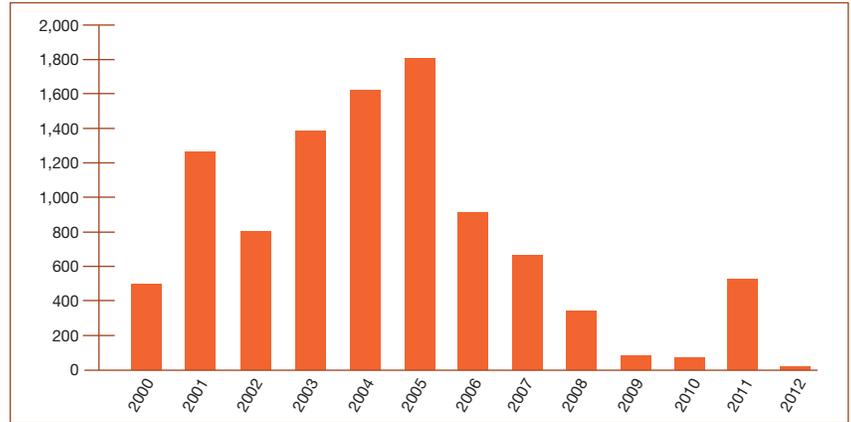
**Figure 8. Rental Vacancy Rates in the Deltona HMA,\* 2000 to Current**



\* Deltona-Daytona Beach-Ormond Beach HMA.

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

**Figure 9.** Multifamily Building Permits Issued in the Deltona HMA,\* 2000 to 2012



\* Deltona-Daytona Beach-Ormond Beach HMA.

Notes: Excludes townhomes. Includes data through March 2012.

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

## Data Profile

**Table DP-1.** Deltona HMA\* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	202,623	222,217	227,500	0.9	1.9
Unemployment Rate	3.4%	11.5%	10.4%		
Nonfarm Payroll Jobs	147,100	154,600	156,300	0.5	0.9
Total Population	443,343	494,593	495,200	1.1	0.1
Total Households	184,723	208,236	208,500	1.2	0.1
Owner Households	139,058	150,443	146,900	0.8	- 1.2
Percent Owner	75.3%	72.2%	70.4%		
Renter Households	45,665	57,793	61,700	2.4	3.3
Percent Renter	24.7%	27.8%	29.6%		
Total Housing Units	211,938	254,226	255,200	1.8	0.2
Owner Vacancy Rate	2.0%	4.1%	4.1%		
Rental Vacancy Rate	8.1%	14.4%	12.0%		
Median Family Income	\$41,700	\$55,200	\$56,000	2.8	1.4

\* Deltona-Daytona Beach-Ormond Beach HMA.

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

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2000: 4/1/2000—U.S. Decennial Census  
2010: 4/1/2010—U.S. Decennial Census  
Current date: 04/01/2012—Analyst’s estimates  
Forecast period: 04/01/2012–04/01/2015—  
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\\_Deltona-DaytonaBeach-OrmondBeachFL\\_12.pdf](http://www.huduser.org/publications/pdf/CMARtables_Deltona-DaytonaBeach-OrmondBeachFL_12.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).