

The COVID-19 pandemic has resulted in unprecedented large and rapid changes in many data series, and similarly unprecedented large policy responses, making analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

COMPREHENSIVE HOUSING MARKET ANALYSIS

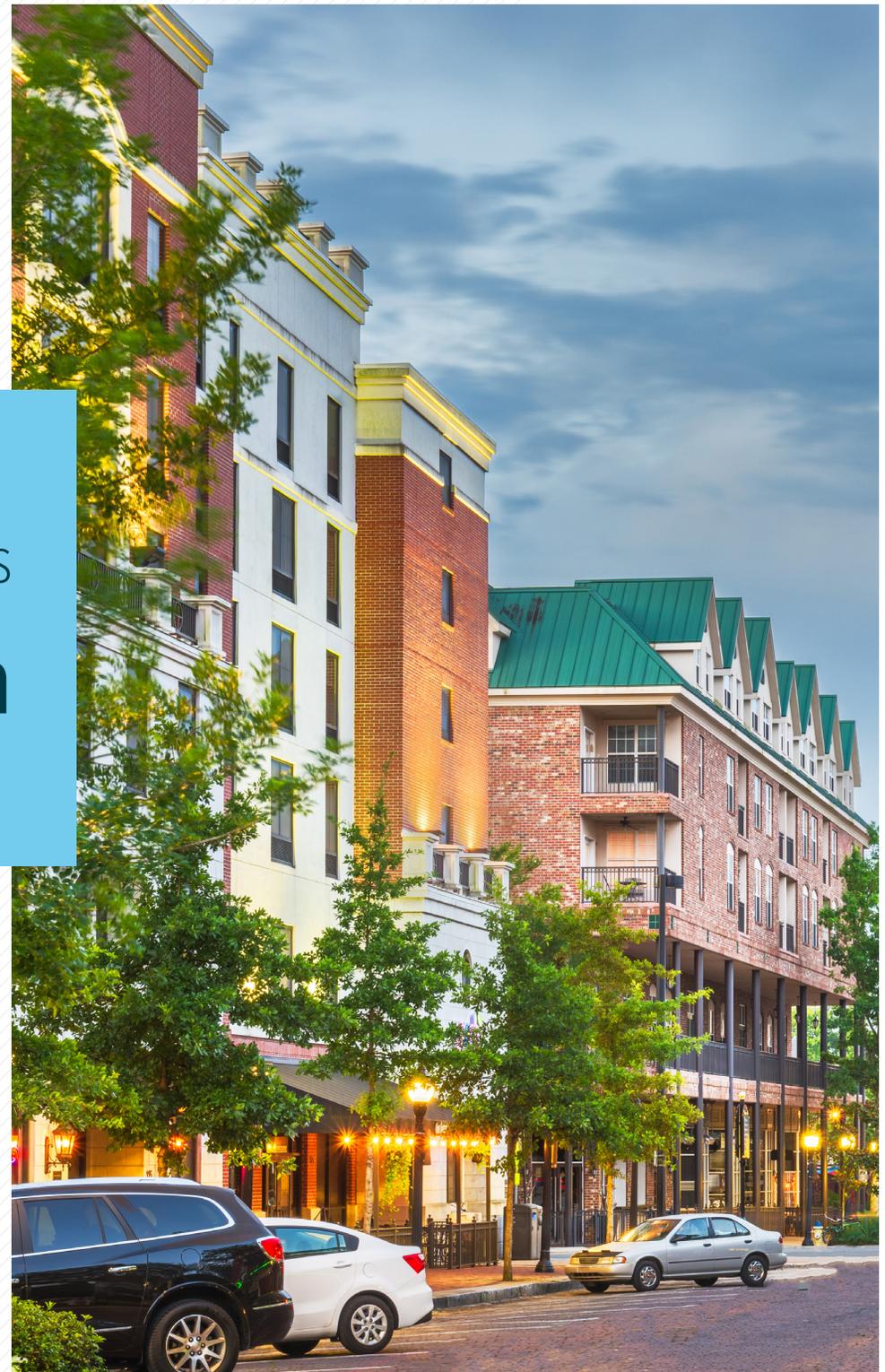
Gainesville, Florida

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of January 1, 2021



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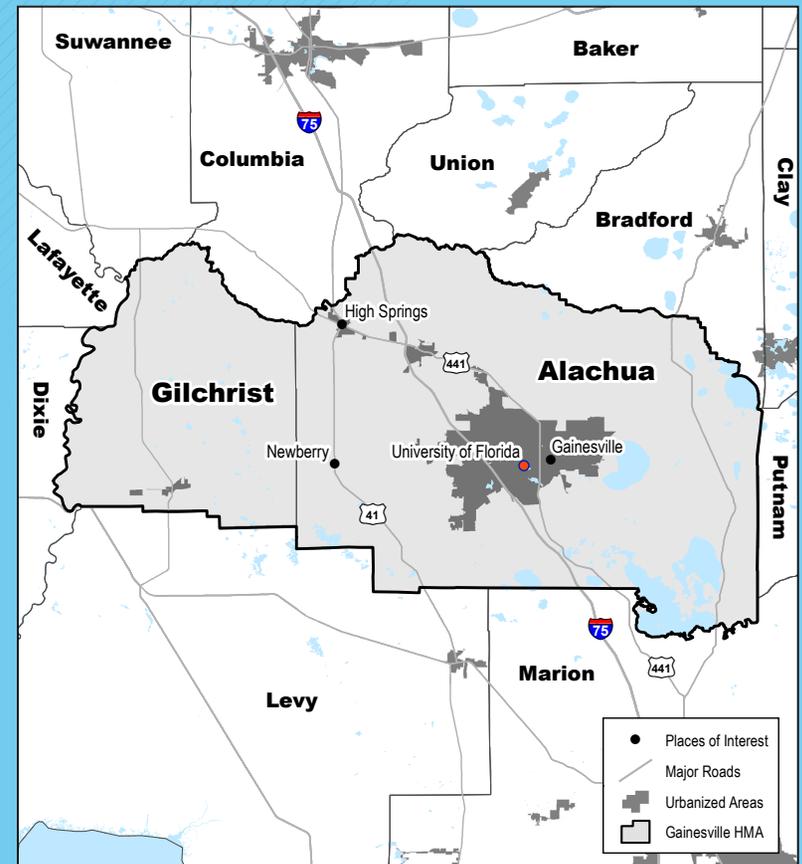
Executive Summary

Housing Market Area Description

The Gainesville Housing Market Area (HMA) is coterminous with the Metropolitan Statistical Area of the same name, including Alachua and Gilchrist Counties.

The population is currently estimated at 290,600.

The HMA is in northern central Florida and is home to the University of Florida (UF) and UF Health. The presence of the university supports high-tech jobs, and tourists are attracted to the HMA for its museums, performing arts, natural spring waters, and more than 200 miles of walking trails.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).
 Additional data for the HMA can be found in this report's [supplemental tables](#).
 For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Weak: During 2020, nonfarm payrolls decreased 3.6 percent, following more than 8 years of job gains

Nonfarm payrolls increased by an average of 2,700 jobs, or 2.0 percent, a year from 2012 through 2019, before declining by 5,400 jobs, or 3.6 percent, to 142,600 jobs in 2020. Job losses during the recent year were concentrated in the second quarter of 2020 as a result of actions taken to slow the spread of COVID-19. By comparison, 2,400 jobs, or 1.6 percent, were added in 2019. During 2020, job losses were greatest in the leisure and hospitality sector, which declined by 2,600 jobs, or 16.1 percent. During the 3-year forecast period, nonfarm payroll growth is expected to average 1.6 percent annually as jobs lost during the pandemic are regained.

Sales Market



Balanced: New and existing home sales decreased 2 percent during 2020.

The sales housing market has an estimated 1.5-percent vacancy rate, down from a 3.1-percent rate in 2010. During 2020, existing home sales decreased 4 percent, whereas the average existing home sales price was up 8 percent from a year earlier, to \$226,700 (Zonda). During the next 3 years, demand is expected for 2,475 new homes; the 840 homes currently under construction are expected to meet part of the demand during the first year of the forecast period.

Rental Market



Balanced: During the fourth quarter of 2020, the average apartment rent increased 1 percent from a year earlier to \$1,013 a month.

The rental housing market in the HMA had an overall estimated vacancy rate of 11.8 percent, down from 12.4 percent in April 2010. Apartment market conditions are slightly tight, with a 3.2-percent vacancy rate during the fourth quarter of 2020, compared with a 2.5-percent rate a year earlier (Moody's Analytics REIS). During the forecast period, demand is expected for 1,775 new rental units. The 1,625 units currently under construction are expected to satisfy most of the demand during the forecast period.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Gainesville HMA	Total Demand	2,475
	Under Construction	840
		1,775
		1,625

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, 2021. The forecast period is January 1, 2021, to January 1, 2024.
Source: Estimates by the analyst



Economic Conditions

Largest sector: Government

The government sector represents 30 percent of the payrolls in the Gainesville HMA.

Primary Local Economic Factors

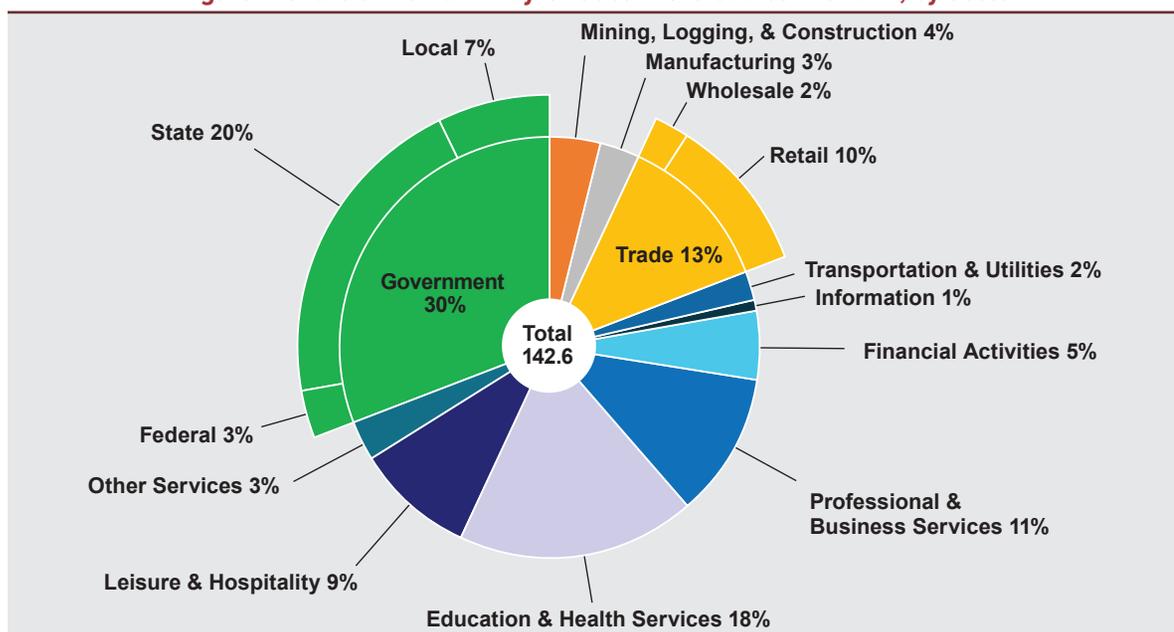
The Gainesville HMA is supported by UF, the largest employer in the HMA and a state-funded institution with 31,500 employees (Table 1) that enrolls more than 50,000 students a year. The state government subsector accounts for 20 percent of all jobs in the HMA (Figure 1) and includes UF. Students, faculty, and graduates of UF, along with research centers at the university, support creating high-tech jobs in the HMA. The UF Innovation District is a mixed-use community of offices, luxury apartments, and entertainment venues between UF and downtown Gainesville. Collaboration between UF and companies in the Innovation District bolsters payrolls in the HMA, including jobs in the transportation and utilities sector, which nearly doubled from 2001 through 2019, and in the professional and business services sector, which increased by an average of 300 jobs, or 2.1 percent, during the same period (Figure 2). At the Innovation District, Kimley-Horn, a consulting company, has hired 120 UF graduates since 2013. In addition to the importance of UF, tourism strengthens the local economy, and the leisure and hospitality sector accounts for 9 percent of payrolls in the Gainesville HMA. Before the

Table 1. Major Employers in the Gainesville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Florida	Government	31,500
University of Florida Health	Education & Health Services	12,950
Malcom Randall Department of Veterans Affairs Medical Center	Government	6,125
North Florida Regional Medical Center	Education & Health Services	1,950
Gator Dining Services	Leisure & Hospitality	1,200
Nationwide Mutual Insurance Company	Professional & Business Services	1,325
Sante Fe College	Government	900
Walmart Inc.	Wholesale & Retail Trade	900
Publix Super Markets, Inc.	Wholesale & Retail Trade	750
RTI Surgical Inc.	Manufacturing	550

Note: Excludes local school districts.
Source: Greater Gainesville Chamber of Commerce

Figure 1. Share of Nonfarm Payroll Jobs in the Gainesville HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Percentage of retail and wholesale do not add up to total trade sector due to rounding. Based on 12-month averages through December 2020.
Source: U.S. Bureau of Labor Statistics



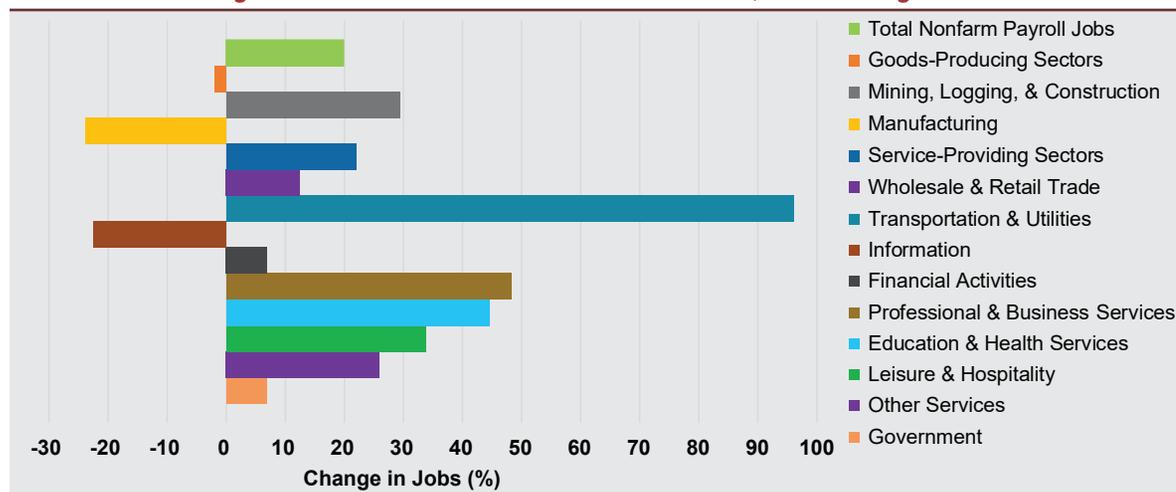
pandemic, during 2019, this sector accounted for 11 percent of payrolls in the HMA. Tourists are attracted to the HMA to enjoy unspoiled wetlands and fresh springs, UF Gators football, and university museums and galleries. Visitors to UF Health come from throughout the northern Florida region for the highly rated healthcare.

Current Conditions—Impacts of COVID-19

Nonfarm Payrolls

During 2020, nonfarm payrolls in the Gainesville HMA decreased by 5,400 jobs, or 3.6 percent (Table 2). By comparison, during 2020, nonfarm payrolls in the state and nation decreased 4.3 and 5.8 percent, respectively. In the HMA, the mining, logging, and construction sector increased by 100 jobs, or 1.6 percent. Some of the sector gain can be attributed to the recent increase in homebuilding, the construction of the new baseball field at UF that was finished in October of 2020, and the three-story tower at North Florida Regional Medical Center that was completed in November 2020. However, most nonfarm payroll sectors in the HMA lost jobs during 2020. The largest decline was in the leisure and hospitality sector, which lost 2,600 jobs, or 16.1 percent. COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. The state of Florida issued a shelter-in-place order beginning on April 3, 2020. Among other restrictions, the order resulted in the closure of all schools, restaurant dining rooms, barbershops and

Figure 2. Sector Growth in the Gainesville HMA, 2001 Through 2019



Note: The current date is January 1, 2021.
Source: U.S. Bureau of Labor Statistics

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Gainesville HMA, by Sector

	12 Months Ending December 2019	12 Months Ending December 2020	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	148.0	142.6	-5.4	-3.6
Goods-Producing Sectors	10.9	11.0	0.1	0.9
Mining, Logging, & Construction	6.1	6.2	0.1	1.6
Manufacturing	4.8	4.8	0.0	0.0
Service-Providing Sectors	137.1	131.6	-5.5	-4.0
Wholesale & Retail Trade	18.0	17.9	-0.1	-0.6
Transportation & Utilities	3.3	3.3	0.0	0.0
Information	1.8	1.7	-0.1	-5.6
Financial Activities	6.8	6.7	-0.1	-1.5
Professional & Business Services	15.3	15.4	0.1	0.7
Education & Health Services	27.5	26.3	-1.2	-4.4
Leisure & Hospitality	16.1	13.5	-2.6	-16.1
Other Services	4.4	4.2	-0.2	-4.5
Government	44.0	42.9	-1.1	-2.5

Notes: Based on 12-month averages through December 2019 and December 2020. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

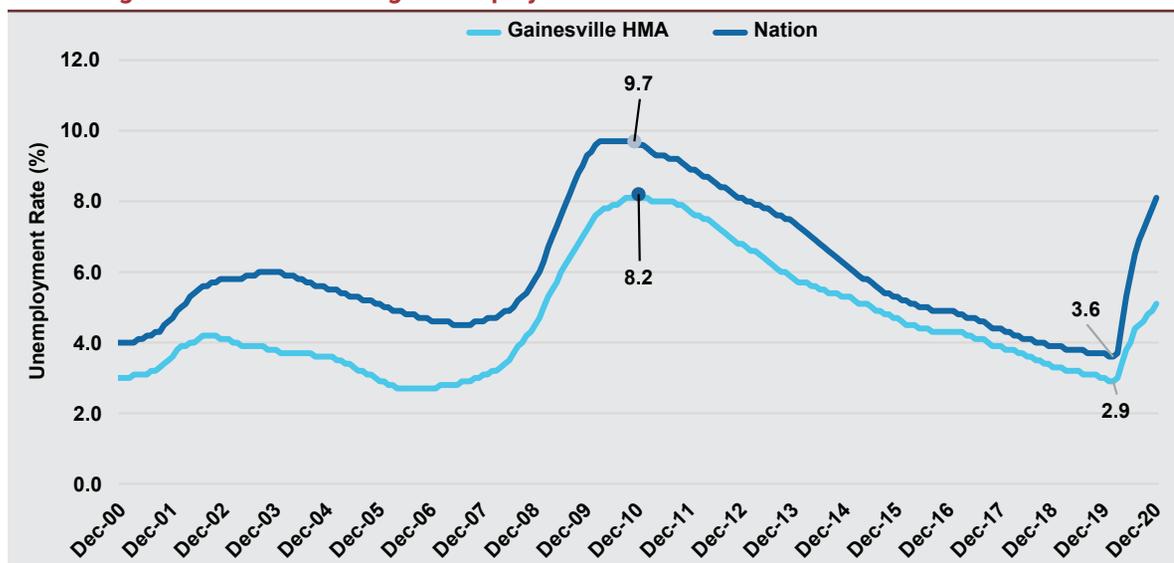


salons, bars, and gyms in the state; the order also required that all businesses deemed nonessential must limit their activity to minimum basic operations. Although the order was relaxed in late April, many businesses had significantly lower sales as commerce slowed due to the unwillingness of consumers to return to pre-pandemic behaviors. From February to April 2020, nonfarm payrolls declined by 18,600 jobs, or 12 percent. As of January 1, 2021, 10,900 jobs had been regained, representing 59 percent of jobs lost. Currently, nonfarm payrolls are still 5 percent below the February 2020 level (not seasonally adjusted).

Unemployment

After the unemployment rate in the HMA peaked at 8.2 percent during 2010, the rate declined to a low of 2.9 percent during the 12 months ending February 2020 (Figure 3). As a result of the efforts used to contain the spread of COVID-19, the unemployment rate increased to 5.1 percent during 2020, up from 3.0 percent a year earlier. The rate in the HMA has been consistently below the national rate, which increased from a low of 3.6 percent during the 12 months ending February 2020 to the current rate of 8.1 percent. The national rate peaked during the 12 months ending November 2010 at 9.7 percent.

Figure 3. 12-Month Average Unemployment Rate in the Gainesville HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2001 through 2008

The economy expanded by an average of 1,400 jobs, or 1.1 percent, annually from 2003 through 2008, following a period of relatively flat nonfarm payroll growth during 2001 and 2002 (Figure 4). The leisure and hospitality, the professional and business services, and the education and health services sectors led the growth from 2003 through 2008, adding an average of 400, 300, and 300 jobs, or 3.0, 3.3, and 1.5 percent, a year, respectively. In 2007 and 2008, Walmart Inc. and Sysco Corporation added facilities in the warehouse and distribution hub located between Interstate 75 and U.S. Route 41 in northern Alachua County, adding 600 and 150 jobs, respectively.



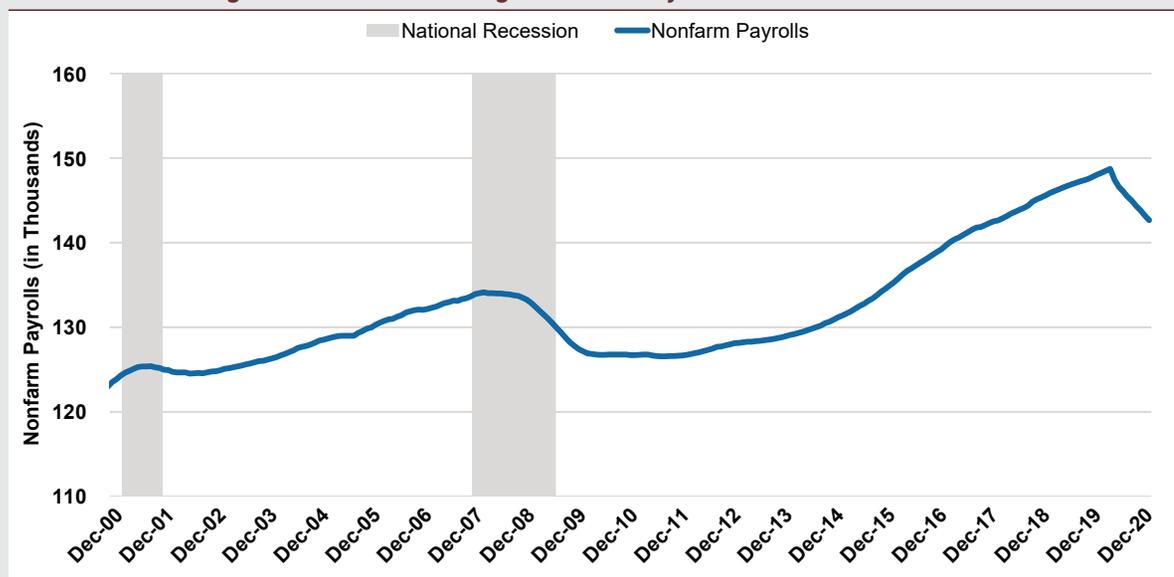
2009 through 2011

In the wake of the Great Recession (which lasted nationally from December 2007 through June 2009), nonfarm payrolls in the HMA declined by an average of 2,200 jobs, or 1.7 percent, annually from 2009 through 2011. The largest annual losses in the HMA were in the goods-producing sectors. The mining, logging, and construction sector decreased by an average of 600 jobs, or 11.9 percent, a year, and the manufacturing sector declined by an average of 400 jobs, or 7.7 percent, annually. Losses in the construction industry can be attributed to the sudden drop in homebuilding from 2009 through 2011. In 2011, the Coca-Cola Company laid off 87 employees in High Springs, and Georgia-Pacific eliminated 400 jobs.

2012 through 2015

The local economy began a modest recovery in 2012. Nonfarm payrolls rose an average of 2,100 jobs, or 1.6 percent, a year from 2012 through 2015. The education and health services and the professional and business services sectors led the growth, increasing by an average of 500 jobs, or 2.0 and 4.5 percent, respectively. UF Health expanded its pediatric cardiac intensive care unit and opened UF Health Congenital Heart Center in 2014. These developments, along with the construction of the \$46 million UF education building in 2015, contributed to gains in the mining, logging, and construction sector, which added an average of 200 jobs, or 4.8 percent, annually from 2012 through 2015.

Figure 4. 12-Month Average Nonfarm Payrolls in the Gainesville HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2016 through 2019

Nonfarm payroll growth in the Gainesville HMA accelerated from 2016 through 2019, increasing by an average of 3,300 jobs, or 2.3 percent, annually. During 2015, nonfarm payrolls exceeded the 2008 high. Although the rate of growth in the HMA during this period was stronger compared with previous periods, it was slower than the average growth of 2.4 percent for the nation and 3.5 percent for Florida. Again, the education and health services and the professional and business services sectors led the growth, increasing by respective averages of 800 and 600 jobs, or 3.2 and 4.4 percent, annually. Payrolls in the transportation and utilities sector increased by an average of 100 jobs, or 4.2 percent, annually from 2016 through 2019. Optym, an automation transportation and logistics company, opened its headquarters in the Innovation District in 2017 and added 155 employees. Amazon.com, Inc. opened a distribution center in 2018 in northern Gainesville, which added 100 employees. The mining, logging, and construction sector had the largest average annual percentage increase from 2016 through 2019, up 6.7 percent, or by an average of 400 jobs. Some of these gains can be attributed to an increase in homebuilding as well as UF Health construction projects during this period.



Economic Sectors of Significance

State Government Subsector

Payrolls in the state government subsector represent nearly two-thirds of the government sector, which is the largest sector in the HMA, comprising 30 percent of all payrolls. The state subsector decreased by 1,000 jobs, or 3.5 percent, during 2020. This is compared with a gain of 200 jobs, or 0.6 percent, during 2019. The state government subsector includes UF, with an annual statewide economic impact estimated at \$10.4 billion for the 2017–2018 fiscal year (UF Economic Impact Analysis, 2018). Employment at UF rose from 29,600 full- and part-time employees during the fall of 2015 to nearly 31,500 employees in the fall of 2019, an average annual increase of 480 employees, or 1.6 percent. During the same period, UF enrollment increased by an average of 1,000 students annually. Approximately 57,850 students were enrolled at UF in the fall of 2020, up from 56,550 a year earlier. The university has been gaining in popularity and was ranked sixth-best public university in the nation by *U.S. News and World Report* in 2020.

Education and Health Services

The education and health services sector is the second largest sector in the Gainesville HMA and currently accounts for 26,300 jobs, or 18 percent of total nonfarm payrolls. During 2020, payrolls in the sector decreased by 1,200 jobs, or 4.4 percent, compared with a gain of 1,100 jobs, or 4.0 percent, during 2019. The education and health services sector has added jobs nearly every year since

2001, increasing by an average of 400 jobs, or 1.8 percent, annually from 2001 through 2018. In December 2017, UF Health opened the UF Health and Vascular Hospital and UF Health Neuromedicine Hospital, which added 216 new rooms at the cost of \$415 million. A new North Florida Regional Medical Center freestanding emergency facility also opened in Gainesville in 2017—one of four emergency facilities added to the Gainesville HMA since 2015—adding 45 jobs.

Leisure and Hospitality

The leisure and hospitality sector increased by an average of 300 jobs, or 2.2 percent, from 2011 through 2019. During the past year, however, the leisure and hospitality sector declined by 2,600 jobs, or 16.1 percent, because travel slowed amid efforts to limit the spread of COVID-19. Tourists are attracted to the sporting events, museums and art galleries at UF, the wetlands, and the natural springs in the northern part of the HMA. In 2019, visitors to Alachua County spent an estimated \$841 million (Alachua County Visitor and Convention Bureau). Some of these visitors attended UF Gators football games. In 2019, the average Gators game filled more than 96 percent of the nearly 89,000 seats at Ben Hill Griffin Stadium, the largest football stadium in Florida. Visitors also come to the HMA to access the UF Health Shands Hospital, which was tied with the Mayo Clinic as the best ranked hospital in Florida by *U.S. News and World Report* in 2020. Hotel Eleo, a \$32 million, 173-room boutique hotel, opened in the summer of 2020 on the UF campus to accommodate patients and other university visitors. Six hotels were completed in the HMA from 2016 through the current date, adding approximately 770 rooms.

Employment Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.6 percent annually, with most sectors expected to add jobs. Job growth is expected to continue in the education and health services sector. North Florida Regional Medical Center, just east of Interstate 75 in Gainesville, expects to expand its workforce at the newly completed South Tower by more than

250 jobs during 2021. The mining, logging, and construction sector is expected to continue to grow partly because construction of a new \$85 million football complex at UF began in late 2020 and is expected to be completed in the winter of 2021.



Population and Households

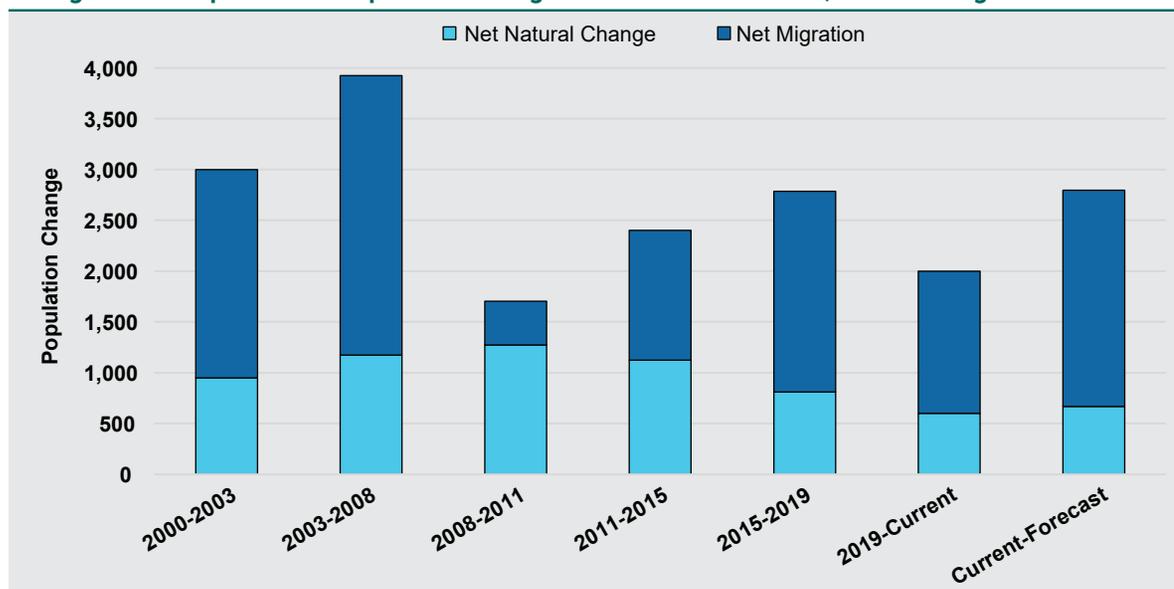
Current population: 290,600

Population growth since 2010 has been weaker than during the previous decade because net in-migration and net natural increase have slowed.

Population Trends

Population growth has generally followed economic trends in the HMA because net in-migration accompanied job gains. During the early-to-mid 2000s, when the economy expanded, the population growth rate rose from an average of 1.3 percent, or 2,975 people, annually from 2000 to 2003 to an average of 1.6 percent, or 3,925 people, annually from 2003 to 2008 (Census Bureau decennial census counts and population estimates as of July 1; Figure 5). Net in-migration increased from an average of 2,025 in the early 2000s to 2,750 a year from 2003 to 2008, and net natural change increased from an average of 950 to 1,175 a year. Population growth slowed during the economic downturn to an average of 1,725 people, or 0.7 percent, from 2008 to 2011, and net in-migration declined to 450 people a year, but net natural change increased to an average of 1,275 people. When the economy began expanding, net in-migration averaged 1,275 people a year,

Figure 5. Components of Population Change in the Gainesville HMA, 2000 Through the Forecast



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (January 1, 2021) to January 1, 2024.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

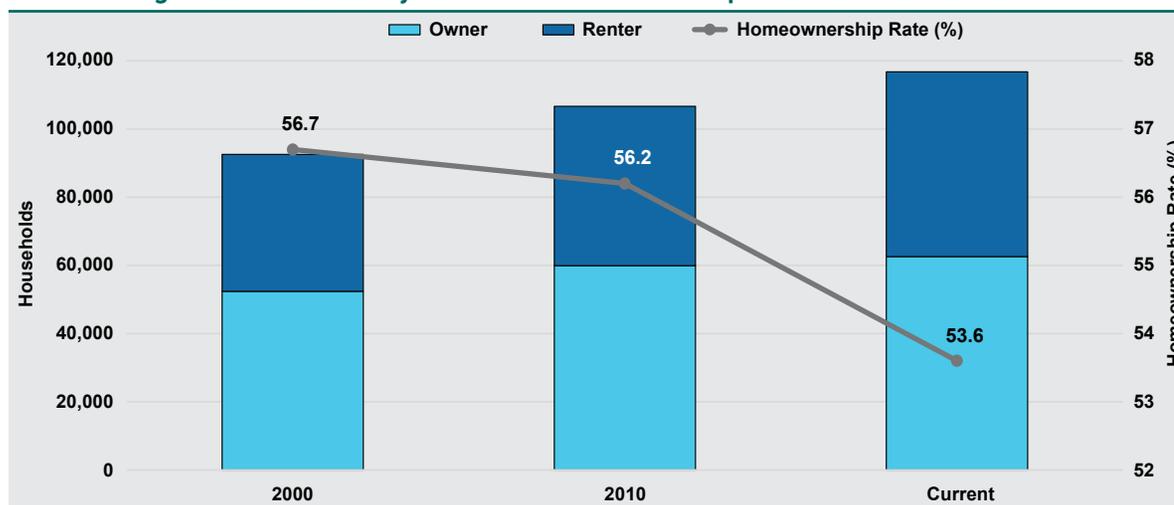
which offset a slowdown in net natural change to an average of 1,125 people, resulting in moderate population growth of 2,400 people, or 0.9 percent, annually from 2011 to 2015. As the expansion accelerated, from 2015 to 2019, net in-migration increased to an average of 2,000 people a year, and net natural change slowed further to an average of 800 people a year; population increased by an average of 2,800 people, or 1.0 percent, annually. Despite strengthening economic conditions, the rate of population growth since 2010 was slower than during the previous decade; this was due to a reduction in both net in-migration and net natural increase, which averaged 1,525 and 990 a year, respectively, from 2010 to 2019, compared with 2,225 and 1,125 a year, respectively, from 2000 to 2009. UF students represent nearly 20 percent of the population in the HMA as of January 1, 2021, slightly higher than the 19-percent student portion of the population in 2010. UF enrollment has grown an average of 1.4 percent annually since 2010 compared with 0.9 percent for the overall population.



Household Trends

As of January 1, 2021, the number of households is estimated at 116,700 (Figure 6). Similar to population growth, household growth has slowed since 2010, averaging 930, or 0.8 percent, annually, compared with an average annual increase of 1,400, or 1.4 percent, from 2000 to 2010. During the 2000s, the homeownership rate declined slightly from 56.7 percent in 2000 to 56.2 percent in 2010. From 2010 to the current date, the homeownership rate has declined to 53.6 percent. Only 27 percent of the growth in households has been attributed to owner households since 2010, compared with 53 percent of growth from 2000 to 2010. On the other hand, renter household formation has continued at a similar pace since 2010, averaging 1.4 percent, or 690 households, annually, compared with an average annual increase of 1.5 percent, or 660 households, during the 2000-to-2010 period. Some of the new renter households in the HMA were students. At UF, approximately 11,550 students live on campus (UF Housing). Most of the remaining 46,250 students live nearby in privately-owned apartments and homes, representing approximately 15,400 households, or approximately 13 percent of total households in the HMA and 28 percent of renter households. Since 2010, approximately 600 beds have been added to the UF dormitory inventory, whereas enrollment has increased by more than 7,000 students.

Figure 6. Households by Tenure and Homeownership Rate in the Gainesville HMA



Note: The current date is January 1, 2021.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

During the next 3 years, the Gainesville HMA population is expected to increase by an average of 2,800, or 1.0 percent, annually to 299,000, slightly higher than the population growth rate since 2010 (Table 3). Net in-migration of 2,125 people is expected annually, and net natural increase is estimated to slow slightly to 675 people a year. The HMA will continue to attract new residents due to added payrolls and increased student enrollment because of the high ranking of the university. The number of households in the HMA is expected to increase at a slightly slower rate of 1,125, or 0.9 percent, a year to 120,000 by the end of the forecast. Slower household growth is expected partly because students tend to form larger households. More than 40 percent of the new households in the HMA are expected to be renter households.

Table 3. Gainesville HMA Population and Household Quick Facts

	2010	Current	Forecast	
Population Quick Facts	Population	264,275	290,600	299,000
	Average Annual Change	3,200	2,450	2,800
	Percentage Change	1.3	0.9	1.0
	2010	Current	Forecast	
Household Quick Facts	Households	106,637	116,700	120,000
	Average Annual Change	1,400	930	1,125
	Percentage Change	1.4	0.8	0.9

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2021) to January 1, 2024.

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



Home Sales Market

Market Conditions: Balanced

Total home sales are currently at approximately two-thirds of the 2006 pre-Great Recession peak.

Recent Conditions

The sales housing market in the Gainesville HMA is currently balanced, with an estimated vacancy rate of 1.5 percent (Table 4), down from 3.1 percent in April 2010 when conditions were soft. Approximately 5,325 new and existing homes sold during 2020.

Approximately 17 percent of the homes sold ranged in price from \$150,000 to \$199,000 (Figure 7).

The inventory of active home listings during December 2020 averaged 1.6 months of supply, down from 2.6 months of supply during December 2019 (Gainesville-Alachua County Association of Realtors®). The sales market has tightened considerably compared with the recent high of December 2012 when the average months of supply of homes was 7.8 months.

Existing Home Sales

Existing home sales have generally increased in the Gainesville HMA since a low of approximately 2,150 homes sold during 2009 (Zonda). Existing home sales declined an average of 26 percent annually from 2007 through 2009, when the economy was weak, and population growth and the demand for

Table 4. Home Sales Quick Facts in the Gainesville HMA

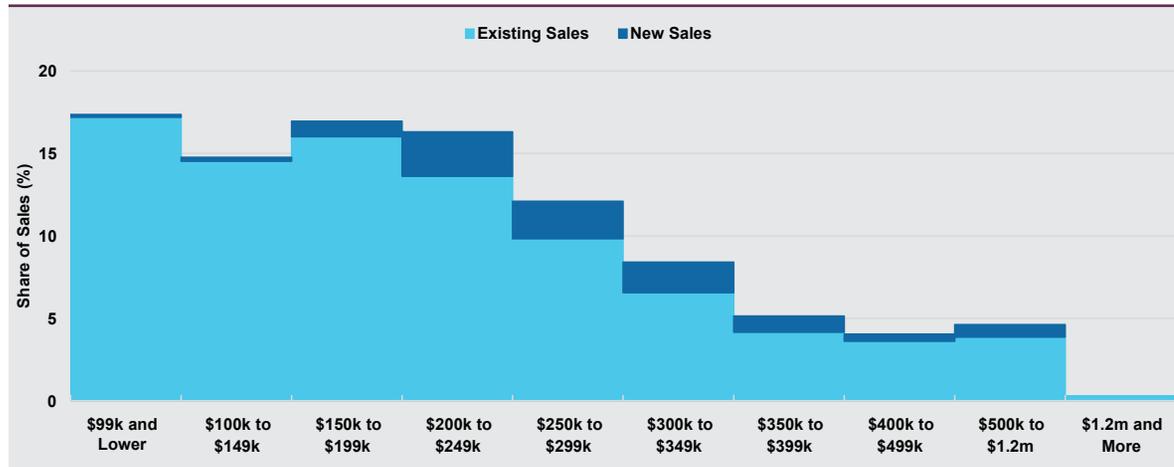
Home Sales Quick Facts	Gainesville HMA	Nation
	Vacancy Rate	1.5%
Months of Inventory	1.6	2.3
Total Home Sales	5,325	6,212,000
1-Year Change	-2%	-4%
New Home Sales Price	\$305,500	\$387,800
1-Year Change	0%	1%
Existing Home Sales Price	\$226,700	\$324,700
1-Year Change	8%	12%
Mortgage Delinquency Rate	3.7%	4.0%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2020; and months of inventory and mortgage delinquency data are as of December 2020. The current date is January 1, 2021.

Sources: Vacancy rate estimate by analyst; CoreLogic, Inc.; Zonda; Gainesville-Alachua County Association of Realtors®

Figure 7. Share of Sales by Price Range During the 12 Months Ending December 2020 in the Gainesville HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.

Source: Zonda



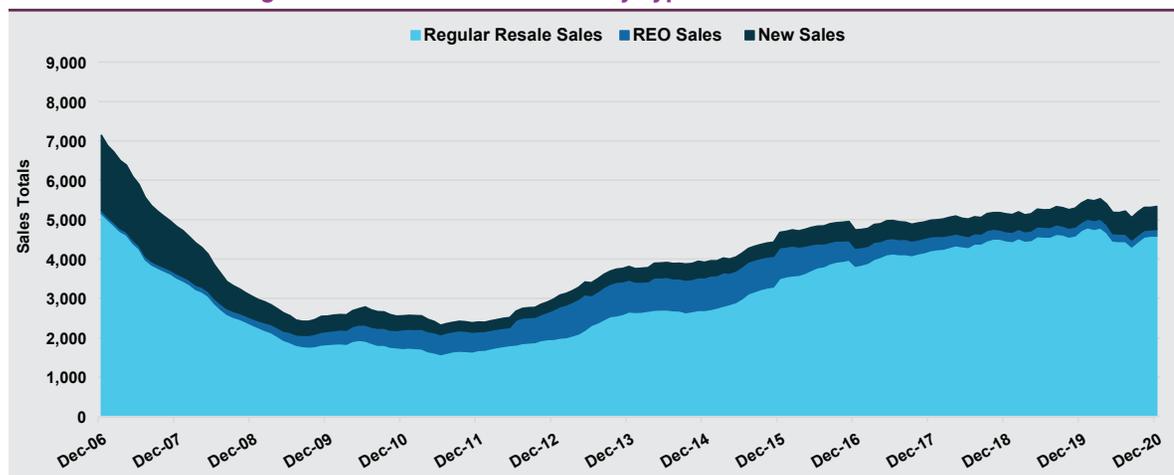
homes slowed. From 2010 through 2013, existing home sales increased rapidly, averaging gains of 13 percent annually, to 3,475 homes during 2013, while net in-migration began to increase because the economy was improving. From 2014 through 2019, the economy improved, and existing home sales rose an average of 6 percent a year to 4,950 homes sold during 2019. During 2020, approximately 4,750 homes sold, down 4 percent from a year earlier due to the effects of COVID-19.

Real estate owned (REO) sales accounted for less than 2 percent of existing home sales in the Gainesville HMA in 2006 but increased to a high of 28 percent in 2012. While the economy strengthened, REO sales fell 17 percent a year from 2013 to 2020 and accounted for 4 percent of existing sales in December 2020. This downward trend is similar to the trend in REO sales for the nation, which accounted for a high of more than 27 percent of existing sales in January 2009 and decreased to slightly more than 3 percent of existing sales in December 2020.

New Home Sales

Trends in new home sales in the Gainesville HMA followed the overall trends in the economy, with sales growth accelerating with job growth. From 2007 through 2011, new home sales fell an average of 34 percent a year, decreasing from 1,900 homes in 2006 to a low of 240 homes in 2011 (Figure 8). As the economy began to recover after the Great Recession in 2012 and 2013, new home sales rose

Figure 8. 12-Month Sales Totals by Type in the Gainesville HMA



REO = real estate owned.
Source: Zonda

an average of 20 percent annually to reach 340 homes sold in 2013. Sales of new homes continued to increase from 2014 through 2019, gaining 6 percent annually because the economy continued to expand. New home sales increased 21 percent in 2020 to 590 homes, partly because buyers were more comfortable touring vacant homes during the pandemic.

Home Sales Prices

During 2020, the average price of an existing home was \$226,700, up 8 percent from a year earlier. The price was 7 percent above the pre-recession peak of \$211,200 in August 2007. From 2008 through 2012, when the local economy slowed and contracted, the average existing home sales price declined 7 percent annually, to \$144,400 in 2012, before rebounding 10 percent during 2013 to \$158,300. From 2014 through 2019, prices for existing homes increased at a moderate pace, rising an average of 5 percent annually to \$210,400 in 2019.

The average price for new homes exceeded the 2007 pre-recession high of \$236,400 in September 2014. Before the recession, the average price of a new home rose 12 percent during 2007 before falling an average of 7 percent annually from 2008 through 2010 (Figure 9). With a stronger economy, prices rose an average of 6 percent a year from 2011 through 2014. From 2015 through 2020, new home sales price growth moderated, increasing an average of 4 percent a year to \$305,500 in 2020.

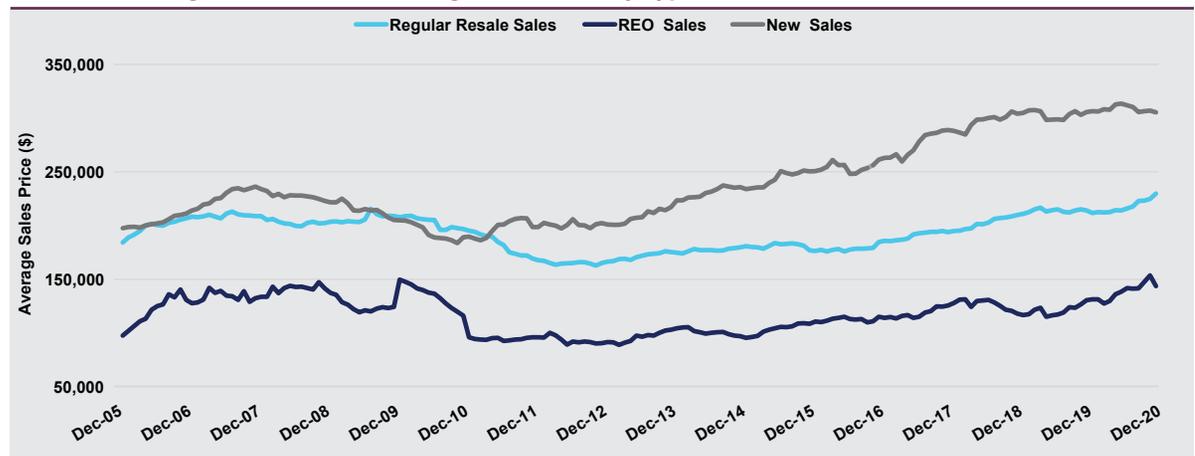
Seriously Delinquent Mortgages

The rate of home loans that were seriously delinquent or had transitioned into REO status in the HMA has increased recently due to pandemic-related job losses. During December 2020, the rate was 3.7 percent in the HMA, up from 1.5 percent a year earlier, but still well below the peak of 9.3 percent in mid-2012 (CoreLogic, Inc.). This increase is due to the approximately 960 mortgages in the HMA that were 90 or more days past due in December 2020, more than two and one-half times the number in December 2019. Despite the recent increase in mortgage delinquencies, the forbearance plans for federally backed mortgages in the Coronavirus Aid, Relief, and Economic Security (CARES) Act have allowed homeowners to avoid foreclosure. Foreclosures fell by nearly 40 percent since December 2019, and REOs have fallen by more than one-half. By comparison, the rate for the nation was 4.0 percent in December 2020, up from 1.4 percent in December 2019 and below the peak of 8.6 percent in early 2010.

Sales Permit Activity

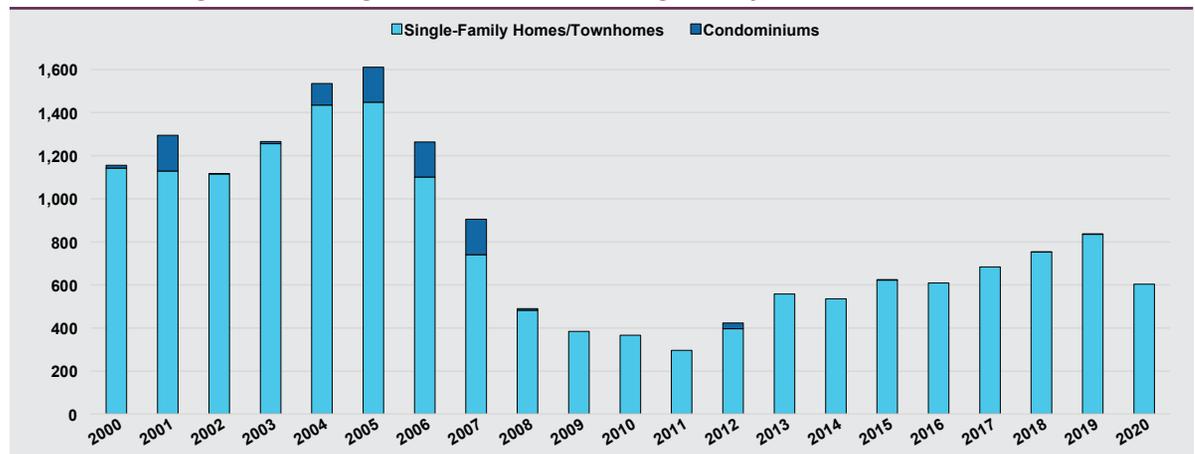
The current level of home construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted, is below the level of the early-to-mid 2000s (Figure 10). Permitting averaged 1,325 homes a year from 2000 through 2005, before declining by 220 homes, or

Figure 9. 12-Month Average Sales Price by Type of Sale in the Gainesville HMA



REO = real estate owned.
Source: Zonda

Figure 10. Average Annual Sales Permitting Activity in the Gainesville HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through December 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



25 percent, annually from 2006 through 2011 to a low of 300 homes in 2011, in response to weaker sales market conditions. Permitting increased during 2012 and 2013, averaging 490 homes a year. As the economic expansion strengthened from 2014 through 2019, permitting increased to an average of 670 homes annually. During 2020, approximately 600 homes were permitted, down 29 percent from the 840 homes permitted a year earlier (preliminary data with adjustments by the analyst). The construction of condominiums was more prevalent during the early-to-mid 2000s, averaging 90 units annually from 2000 through 2007. Since 2008, however, fewer than 30 condominium units have been permitted.

New Construction

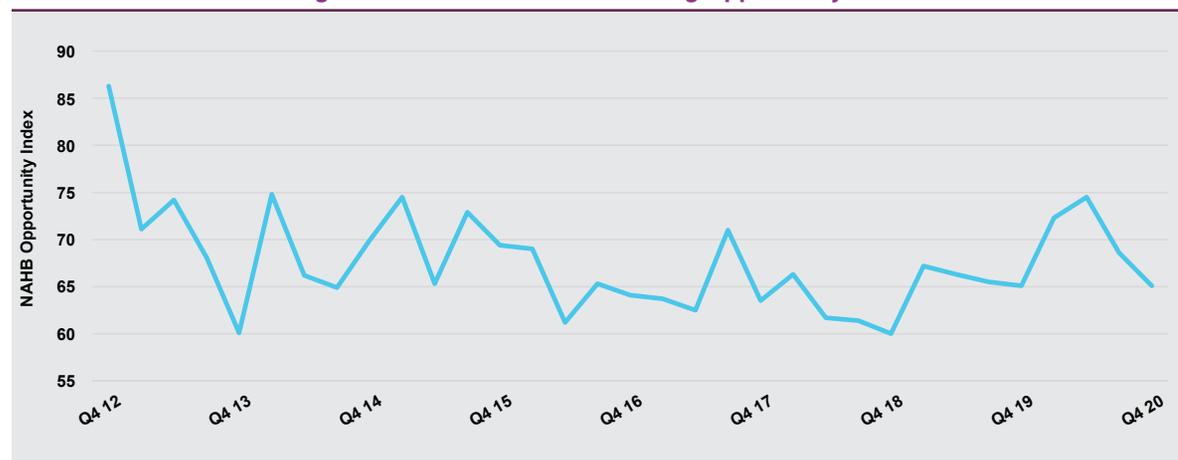
Since 2010, homebuilding activity has mostly occurred in Alachua County, in the cities of Gainesville and Newberry, a community 30 miles east of Gainesville. During the past decade, nearly 60 percent of the construction has been in unincorporated Alachua County. At Celebration Pointe, a planned community east of Interstate 75 near Gainesville, 46 townhomes, with prices starting in the low \$300,000s, have been sold at The Vue, a subdivision that will have 86 units upon completion in 2021. About 15 percent of the homes built in the past decade in the HMA were along Route 441 and Interstate 75 near High Springs in northern Alachua County, near employment centers. At Tara Village, 17 of the 20 available homes have been sold, which

range from 1,600 to 2,300 square feet and with prices starting at \$278,000. Approximately 10 percent of new homes built in the past decade were in the city of Newberry. All 80 homes have sold in Newberry Corners, now in the third and final phase of construction. These three- and four-bedroom homes range from 1,546 to 1,876 square feet, with prices ranging from \$211,900 to \$274,900.

Housing Affordability: Homeownership

Homeownership in the Gainesville HMA declined from 2010 to 2019, similar to the nation as a whole. During the previous decade, from 2000 to 2010, the homeownership rate in the HMA decreased by 0.4 percentage points, despite less stringent lending standards in the early-to-mid 2000s. Strengthening economic conditions did not reverse the trend, and the homeownership rate declined 1.9 percentage points from 2010 to 2019. Homeownership in the Gainesville HMA is becoming increasingly expensive, and the affordability of buying a home has trended downward since the early 2010s as home prices have increased at a much faster rate than income. The National Association of Home Builders' (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 65.1 during the fourth quarter of 2020, and 131 of the 237 metropolitan areas measured had greater housing affordability than the Gainesville HMA (Figure 11). The HOI reached a high of

Figure 11. Gainesville HMA Housing Opportunity Index



NAHB = National Association of Home Builders. Q4 = fourth quarter.
Sources: NAHB; Wells Fargo



86.3 during the fourth quarter of 2012 when a relatively large number of distressed homes for sale kept downward pressure on home prices. The HOI trended downward until 2018 and then started to trend upward again. Home sales prices in the HMA increased an average of 5 percent annually from 2012 to 2020; however, the median income in the HMA increased only 2 percent annually during the same period. The downward trending index indicates a decline in affordability. The recent upward trend in the HOI since 2018 is partly because higher home prices have been offset slightly by lower mortgage rates.

Forecast

During the next 3 years, demand is expected for 2,475 new homes in the HMA (Table 5). The 840 homes currently under construction will satisfy a portion of the estimated demand during the first year of the forecast period. The sales demand is expected to be relatively stable during the 3-year period because population growth will continue to be modest and stable.

Table 5. Demand for New Sales Units in the Gainesville HMA During the Forecast Period

Sales Units	
Demand	2,475 Units
Under Construction	840 Units

Note: The forecast period is from January 1, 2021, to January 1, 2024.
 Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

The apartment market is slightly tight, with a vacancy rate of 3.2 percent.

Current Conditions and Recent Trends

Overall rental market conditions are currently balanced in the Gainesville HMA. The rental vacancy rate for all rental units (including apartments, single-family homes, townhomes, and mobile homes for rent) is estimated at 11.8 percent, down from 12.4 percent in April 2010 when the market was soft (Table 6). Rental market conditions had generally followed economic conditions, becoming soft during the economic downturn and tightening when the economy strengthened. The apartment market is typically tighter than the overall rental market because of the demand for apartments by UF students living off-campus. Students occupy approximately one-fourth of rental units in the HMA. Currently, there are fewer students on campus because of countermeasures to slow the spread of COVID-19. However, students are expected to return to pre-pandemic levels in the fall of 2021.

Apartment Market Conditions

The apartment market in the HMA is currently slightly tight. During the fourth quarter of 2020, the apartment vacancy rate was 3.2 percent, up from

Table 6. Rental Market Quick Facts in the Gainesville HMA

Rental Market Quick Facts	2010 (%)	Current (%)	
	Rental Vacancy Rate	12.4	11.8
Occupied Rental Units by Structure	2010 (%)	2019 (%)	
	Single-Family Attached & Detached	27.0	26.0
	Multifamily (2–4 Units)	16.0	18.0
	Multifamily (5+ Units)	52.0	46.0
	Other (Including Mobile Homes)	6.0	11.0

Notes: The current date is January 1, 2021. Percentages may not add to 100 due to rounding.
Sources: 2010 and 2019 American Community Survey, 1-year data; vacancy rate—2010 Census; current—estimates by the analyst

2.5 percent during the fourth quarter of 2019 and below the 5.2 percent rate for the nation (Moody’s Analytics REIS; Figure 12). The average apartment rent rose \$13, or 1 percent, from a year earlier, to \$1,013 during the fourth quarter of 2020. By comparison, the average rent decreased 1 percent, to \$1,383, nationally.

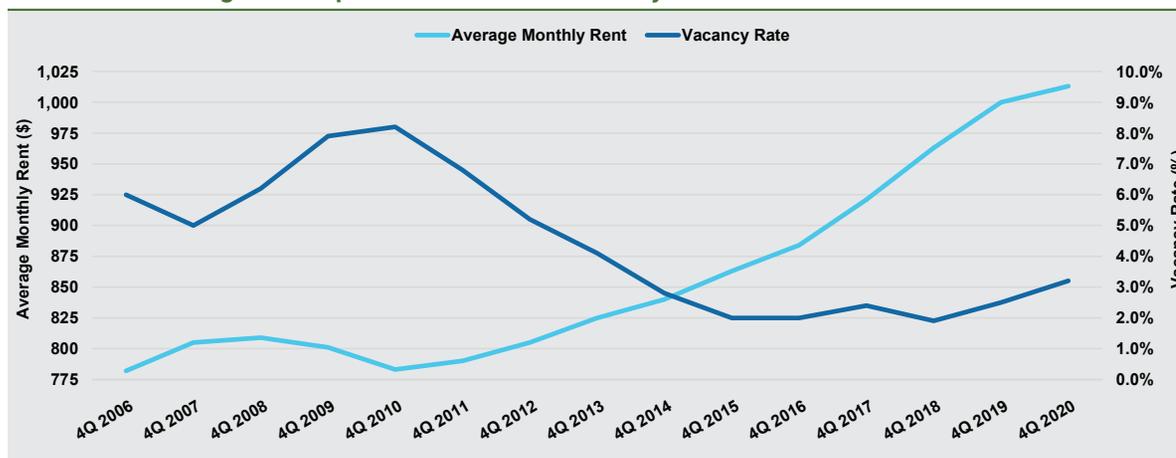
Student households account for 28 percent of renter households in the HMA. Some students rent apartments similar to dormitories in which common rooms are shared and bedrooms are private. Others rent traditional apartments, often sharing with roommates. The vacancy rate for student apartments, defined as those apartments that are within 1 mile of the university that have more than 50 percent student renters, was 0.6 percent during the fall of academic year 2020–2021, down from 2.2 percent during the fall of academic year 2019–2020. The average student apartment rent rose \$37, or 3 percent, from a year earlier, to \$1,188 during the fall of academic year 2020–2021. By comparison, student apartments that are rented by the bed are not as full. The average per bed student vacancy rate was 5.7 percent, up from 1.7 percent during the fall of academic year 2019–2020. Part of the increase in per-bed vacancy can be attributed to fewer students on campus because some have chosen to attend online courses during the pandemic. However, some vacancies can be attributed to more units being added in the past year. The average student bed rent rose \$24, or 4 percent, from a year earlier, to \$698 during the fall of academic year 2020–2021.

From 2006 through 2008, the overall apartment market in the HMA was balanced, and the supply of new apartment units kept up with demand resulting from the economic expansion; during this period, the vacancy rate averaged 5.7 percent, and the average rent increased 2 percent a year. The market softened in 2009 and 2010 during the economic downturn in the HMA; the vacancy rate rose to 8.2 percent, and rents fell 2 percent annually. Market conditions trended toward balanced, with an average vacancy rate falling from 6.8 percent



in 2011 to 4.1 percent in 2013 but tightened as economic and population growth accelerated and multifamily building remained low. Economic conditions were relatively strong from 2014 through 2018. Student enrollment increased sharply, by an average of 1,375, or 2.6 percent a year, compared with 2011 through 2013, when student enrollment increased by 160 students, or 0.3 percent a year. Market conditions transitioned from balanced to tight because multifamily construction remained low. The vacancy rate decreased from 2.8 percent in 2014 to 1.9 percent in 2018, and the average rent increased 3 percent annually. The market is expected to remain slightly tight until units currently under construction are completed in 2021 and 2022.

Figure 12. Apartment Rents and Vacancy Rates in the Gainesville HMA

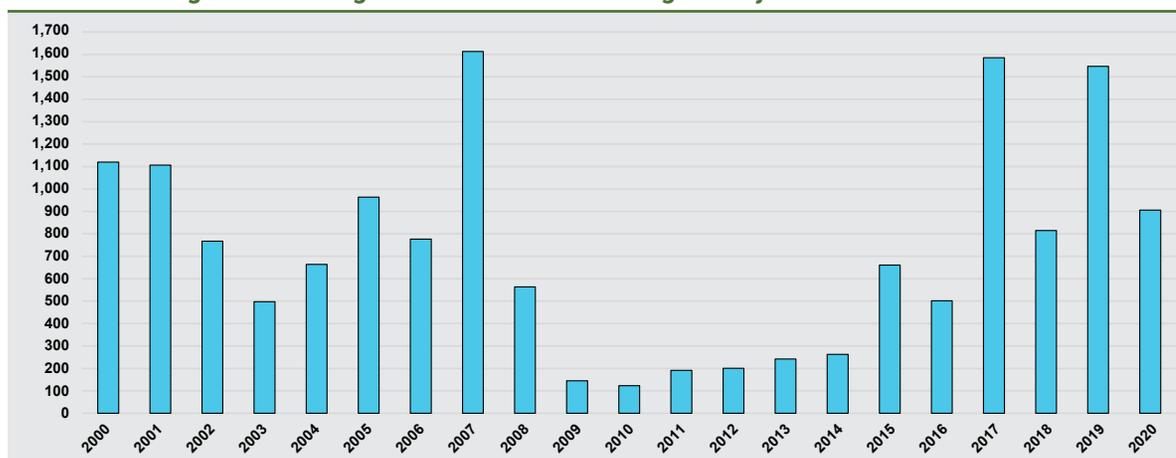


4Q = fourth quarter.
Source: Moody's Analytics REIS

Rental Permit Activity

The number of rental units permitted has trended higher since 2015 and is currently above the average level of the early-to-mid 2000s but below the 2007 peak (Figure 13). The number of rental units permitted averaged 840 units from 2000 through 2006 in response to economic and population growth. After reaching a peak of 1,625 in 2007, permitting decreased significantly to an average of only 280 units permitted annually during the economic downturn from 2008 through 2010. Permitting averaged 220 units a year from 2011 through 2014 because builders were slow to respond to the steady expansion of the local economy. The number of units permitted annually

Figure 13. Average Annual Rental Permitting Activity in the Gainesville HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through December 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



averaged 1,025 units from 2015 through 2019. During 2020, 900 rental units were permitted, down more than 40 percent from the 1,550 units permitted a year earlier (preliminary data with adjustments by the analyst). Some of this decline can be attributed to builder caution because of the pandemic and an increase in lumber prices.

Rental Construction Activity

Rental construction has been mostly concentrated in the city of Gainesville and unincorporated Alachua County since 2015. Integra Twenty Four, currently leasing in west Gainesville, is a 232-unit community with one-to-three-bedroom units with rents ranging from \$1,349 to \$2,275. This development is between UF and Interstate 75. Slightly more than 5 percent of the rental units completed in the HMA in the past 5 years were designed for renters age 55 and older. On the eastern edge of the city of Gainesville, Harper’s Pointe is a 66-unit, income-restricted senior community expected to begin leasing in early 2021. These one- and two-bedroom units have rents ranging from \$680 to \$875.

More than 80 percent of the rental units underway are designed for UF students. Many apartments for students consist of two-to-four-bedroom units, with shared common areas and leases for individual bedrooms. The Hub on Campus, built in 2020 across the street from UF, has 208 units, with 413 beds, and offers furnished bedrooms for rent ranging from \$750 to \$1,280 per person. Currently, apartment units under construction near UF include

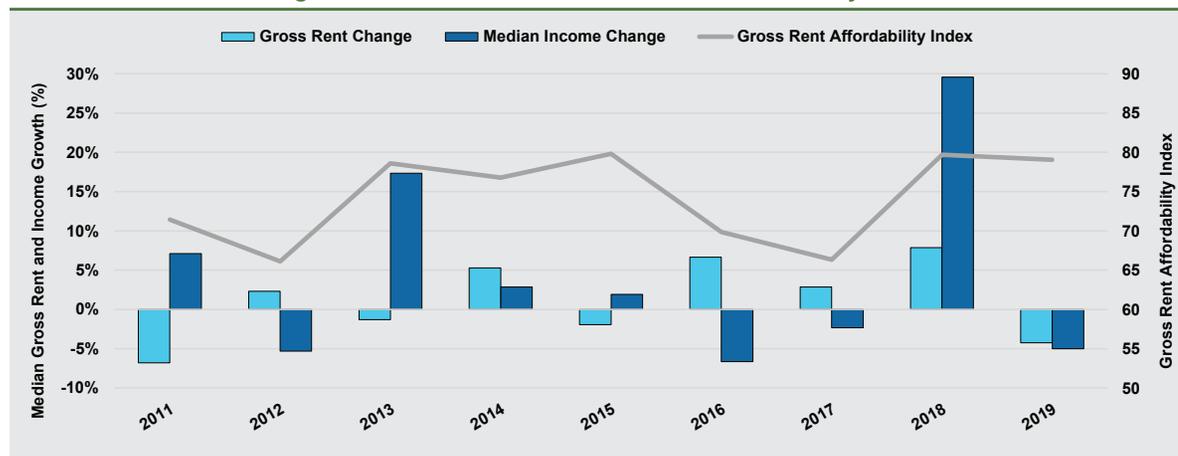
Liv+, a 235-unit apartment community, and Campus Circle, with 156 units. Both communities are within 1 mile of UF and are expected to be complete by fall of 2021. These developments will rent individual bedrooms in shared furnished apartments.

Housing Affordability: Renter

Rental affordability in the Gainesville HMA has improved since 2017 because moderate rent growth was accompanied by a sharp increase in the median income. From 2017 to 2019, the median household income for renter households in the HMA outpaced median gross monthly rent growth. As a result, the HUD Rental Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, has remained higher. Figure 14 compares the year-to-year change in the median gross rent (including single-family homes, apartments, and mobile homes for rent) with the respective change in the median gross income. After the post-recession low point of 66.1 in 2012, rent affordability fluctuated at higher levels before reaching a new low of 66.3 in 2017. In 2018, strong income growth was accompanied by an increase in the affordability index to 79.9. In 2019 the index fell slightly to 79.0.

During the 2013-through-2017 period, an estimated 20.6 percent of all renter households in the HMA were cost

Figure 14. Gainesville HMA Gross Rent Affordability Index



MSA = Metropolitan Statistical Area.

Notes: Rental affordability is for the larger Gainesville MSA. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website. It is based on combined rent and utilities expenditure.

Source: American Community Survey, 1-year data



burdened—spending between 30 and 49 percent of their income on rent—while 29.7 percent were severely cost burdened—spending more than 50 percent of income toward rent (Table 7). Nationwide, a larger proportion of renter households were cost burdened; however, fewer were severely cost burdened, at 21.8 and 22.9 percent, respectively. Cost burdens are particularly notable, however, for lower income renter households in the HMA. For renter households with incomes less than 50 percent of the Area Median Family Income (AMFI), a slightly lower proportion, 19.0 percent, were paying between 30 and 49 percent of their incomes toward rent, but more than one-half of households at these income levels, or 55.4 percent, were severely cost burdened. The share was higher nationally for cost-burdened households, at 25.6 percent, but lower for severely cost-burdened households, at 50.1 percent.

Forecast

During the next 3 years, demand is expected for 1,775 new rental units in the Gainesville HMA (Table 8). Most of the demand is expected to be met by the 1,625 units currently under construction. The demand is expected to be relatively stable during each year of the forecast period because renter growth is expected to increase at a stable rate, in line with student enrollment and job growth.

Table 7. Percentage of Cost Burdened Renter Households in the Gainesville HMA by Income, 2013–2017

	Cost Burdened		Severely Cost Burdened	
	Gainesville HMA	Nation	Gainesville HMA	Nation
Renter Households with Income <50% HAMFI	19.0	25.6	55.4	50.1
Total Renter Households	20.6	21.8	29.7	22.9

HAMFI = HUD area median family income.

Note: “Cost-burdened” households spend between 30–49 percent of their income on rent, and “severely cost-burdened” households spend over 50 percent of their income on rent.

Sources: Consolidated Planning/CHAS Data, 2013–2017 American Community Survey, 5-year estimates (huduser.gov)

Table 8. Demand for New Rental Units in the Gainesville HMA During the Forecast Period

Rental Units	
Demand	1,775 Units
Under Construction	1,625 Units

Note: The forecast period is January 1, 2021, to January 1, 2024.

Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

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.
Cost Burdened	Spending more than 30 percent of household income on housing costs.
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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes regular resale and real estate owned sales.
Forecast Period	1/1/2021–1/1/2024—Estimates by the analyst.



Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
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.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.



C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.
3.	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.
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