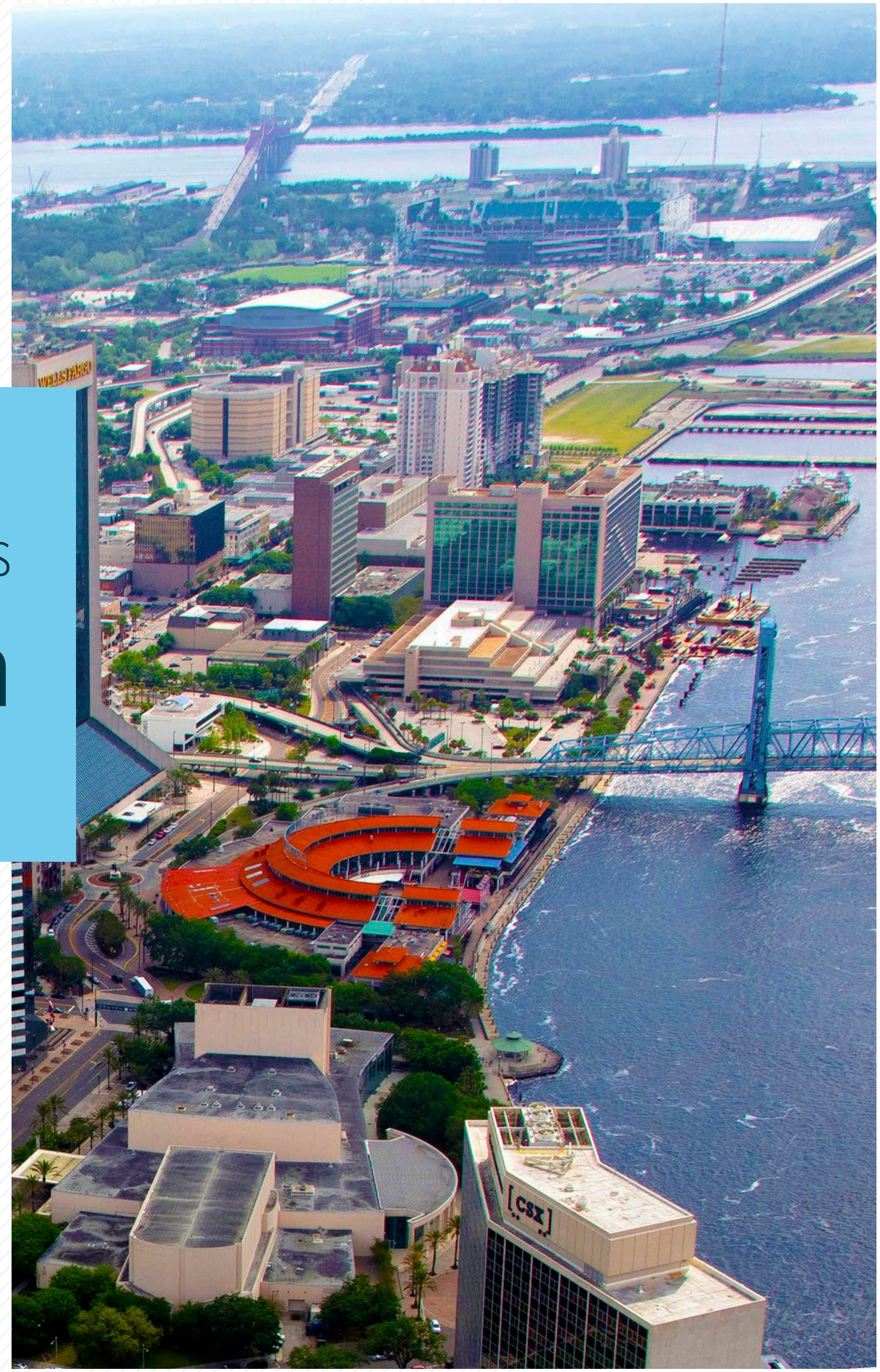
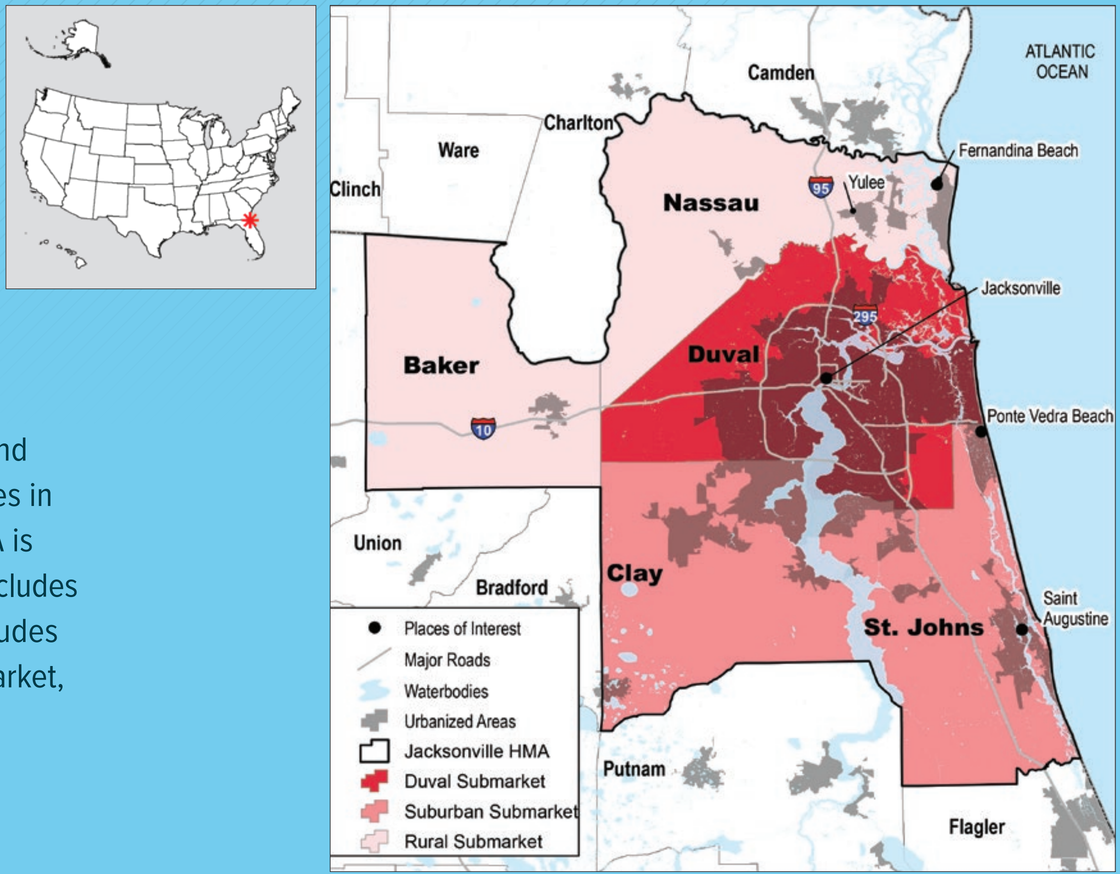
COMPREHENSIVE HOUSING MARKET ANALYSIS

Jacksonville, Florida



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

As of June 1, 2019



Executive Summary

Housing Market Area Description

The Jacksonville Housing Market Area (HMA) is coterminous with the Jacksonville, Florida Metropolitan Statistical Area and consists of Baker, Clay, Duval, Nassau, and St. Johns Counties in northeast Florida. For the purposes of this analysis, the HMA is divided into three submarkets: the Duval submarket, which includes the city of Jacksonville; the Suburban submarket, which includes Clay and St. Johns Counties to the south; and the Rural submarket, which includes Baker and Nassau Counties to the west and north, respectively.

The current population is estimated at nearly 1.56 million.

The city of Jacksonville, which encompasses 875 square miles, is the largest incorporated city in the continental United States by area and the most populous in Florida, with an estimated 903,889 residents (U.S. Census Bureau population estimates as of July 1, 2018).

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

Strong: Nonfarm payrolls increased 1.8 percent during the 12 months ending May 2019.

Economic conditions in the Jacksonville HMA have expanded during the past 8 years, but job growth has slowed during the past year. During the 12 months ending May 2019, nonfarm payrolls in the HMA increased by 12,800 jobs, or 1.8 percent, to 712,100 jobs, following an increase of 3.2 percent, or 21,800 jobs, during the previous 12 months. By comparison, nonfarm payrolls increased an average of 2.4 percent annually from 2011 through 2016. During the 3-year forecast period, nonfarm payrolls are expected to grow at an average annual pace of 1.4 percent.

Sales Market

Balanced: During the 12 months ending May 2019, the new and existing home sales price increased 6 percent.

The home sales market is balanced, with a current vacancy rate of 1.6 percent, down from 3.4 percent in April 2010. The inventory of single-family homes for sale fell to a 3.3-month supply in May 2019, from 3.6 months a year earlier. New and existing home sales declined less than 1 percent during the 12 months ending May 2019, and the average price increased 6 percent, to $252,800 (CoreLogic, Inc., with adjustments by the analyst). During the 3-year forecast period, demand is estimated for 23,925 additional units. The 6,005 units under construction are expected to meet a portion of demand during the first year of the 3-year forecast period.

Rental Market

Balanced: The average apartment rent in the HMA increased 6 percent from the first quarter of 2018 to the first quarter of 2019, to $1,044 a month.

Rental market conditions have transitioned from soft in 2010 to currently balanced. The rental vacancy rate was 13.3 percent in 2010 and has fallen to an estimated 6.4 percent, currently. Renter households have increased at an average of 2.9 percent annually since 2010, faster than overall household growth, contributing to the decline in the vacancy rate. During the 3-year forecast period, demand is expected for 10,240 additional rental units. The 4,350 units currently under construction are expected to meet demand during the first and a portion of the second year of the forecast period.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Duval	Total Demand	10,000	7,875
	Under Construction	1,975	3,200
Suburban	Total Demand	12,050	1,875
	Under Construction	3,050	900
Rural	Total Demand	1,875	490
	Under Construction	980	250
Jacksonville HMA	Total Demand	23,925	10,240
	Under Construction	6,005	4,350

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2019. Sales demand includes an estimated demand for 650 mobile homes. The forecast period is June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst

Economic Conditions

Largest sector: Wholesale and Retail Trade

Education and health services, the third largest sector in the economy, has been the fastest growing sector in the HMA since 2008 (Figure 1) and the only sector to record gains each year since 2000.

Primary Local Economic Factors

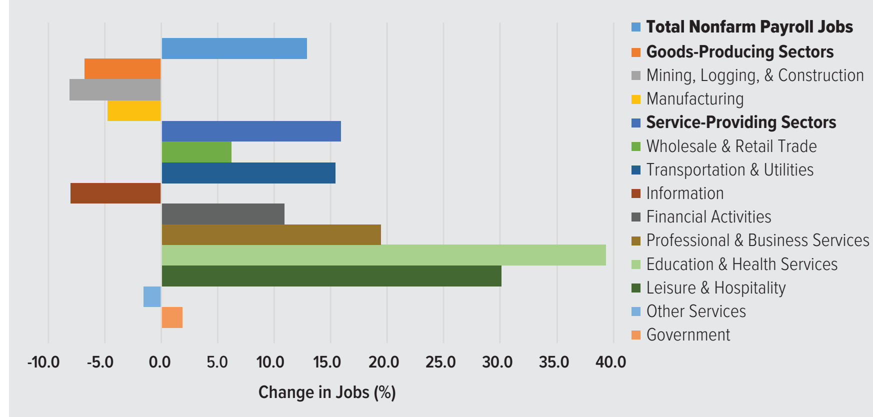
The economy of the HMA benefits significantly from a valuable location along the Atlantic Coast. Consisting of three public marine terminals and a cruise terminal, the Port of Jacksonville is the leading container port complex in Florida and the third busiest port in the state by tonnage (U.S. Bureau of Transportation Statistics). Commonly referred to as JAXPORT, the facility supported transport of 10.4 million tons of cargo during fiscal year 2018. Approximately 1.27 million containers passed through the port during fiscal year 2018, up 23 percent from fiscal year 2017 (Jacksonville Port Authority).

Current Conditions—Nonfarm Payrolls

Job growth during the 12 months ending May 2019 was strong but slower than during the 12 months ending May 2018. Nonfarm payrolls increased by 12,800 jobs, or 1.8 percent, during the past 12 months (Table 1) compared with growth of 21,800 jobs, or 3.2 percent, during the previous 12 months, as a tight labor market restricted growth.

Growth in the goods-producing sectors was led by the mining, logging, and construction sector during the past 12 months. The mining, logging, and construction sector had the sixth largest gain of all 11 sectors, up by 1,300 jobs, or 2.9 percent. All the gains were due to growth in the construction subsector, which accounts for 99 percent of the jobs in the sector. The $72 million Westside distribution facility in Alliance Florida at Cecil Commerce Center began construction in early 2019, contributing to the increase. Wayfair will employ 250 people at the 1 million-square-foot distribution facility when complete in late 2020. The manufacturing sector increased by 500 jobs, or 1.6 percent, from the previous 12 months. Job gains were partly due to the expansion of the Bonelli

Figure 1. Sector Growth in the Jacksonville HMA, 2008 to Current



Note: The current date is June 1, 2019.
Source: U.S. Bureau of Labor Statistics

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

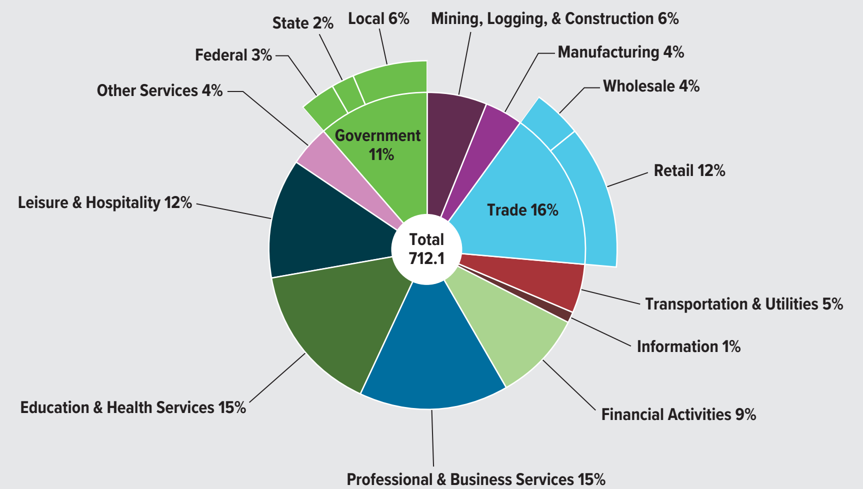
	12 Months Ending May 2018	12 Months Ending May 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	699.3	712.1	12.8	1.8
Goods-Producing Sectors	75.6	77.3	1.7	2.2
Mining, Logging, & Construction	44.4	45.7	1.3	2.9
Manufacturing	31.1	31.6	0.5	1.6
Service-Providing Sectors	623.7	634.8	11.1	1.8
Wholesale & Retail Trade	109.7	112.7	3.0	2.7
Transportation & Utilities	36.7	37.5	0.8	2.2
Information	9.3	9.4	0.1	1.1
Financial Activities	67.2	66.7	-0.5	-0.7
Professional & Business Services	107.3	108.7	1.4	1.3
Education & Health Services	106.4	108.6	2.2	2.1
Leisure & Hospitality	85.0	86.5	1.5	1.8
Other Services	25.7	27.1	1.4	5.4
Government	76.4	77.6	1.2	1.6

Notes: Based on 12-month averages through May 2018 and May 2019. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Enterprise manufacturing facility, which resulted in the addition of approximately 30 manufacturing jobs in the HMA during the past year and is expected to add an additional 120 jobs during the next 3 years.

Eight of nine service-providing sectors added jobs during the past 12 months. The wholesale and retail trade sector led the growth, with a gain of 3,000 jobs, or 2.7 percent. The education and health services sector, which has posted job gains each year since 2000, added 2,200 jobs, or 2.1 percent. The leisure and hospitality sector had gains of 1,500 jobs or 1.8 percent, as the number of cruise passengers out of JAXPORT hit record highs, with 199,900 passengers sailing during 2018, up 13 percent from 2017 (Jacksonville Port Authority). Carnival Cruise Line recently signed a long-term agreement to extend service from Jacksonville through 2021. The professional and business services sector had the fourth largest gain, up by 1,400 jobs, or 1.3 percent, continuing a year-over-year expansion that began in 2010. The other services sector also had gains of 1,400 jobs, or 5.4 percent, and was the fastest growing sector during the past year. Figure 2 shows current nonfarm payroll jobs in the Jacksonville HMA, by sector.

Figure 2. Current Nonfarm Payroll Jobs in the Jacksonville HMA, by Sector

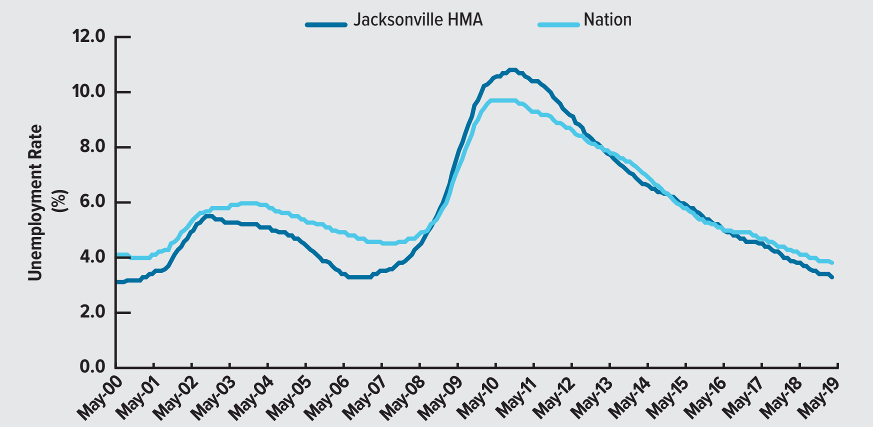


Notes: Nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through May 2019.
Source: U.S. Bureau of Labor Statistics

Current Conditions—Unemployment

The unemployment rate averaged 3.3 percent during the 12 months ending May 2019, down from 3.8 percent during the previous 12 months and down from the recent peak of 10.7 percent during 2010 (Figure 3). During the most recent 12-month period, the respective rates for the state and nation were 3.4 and 3.8 percent.

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



Source: U.S. Bureau of Labor Statistics

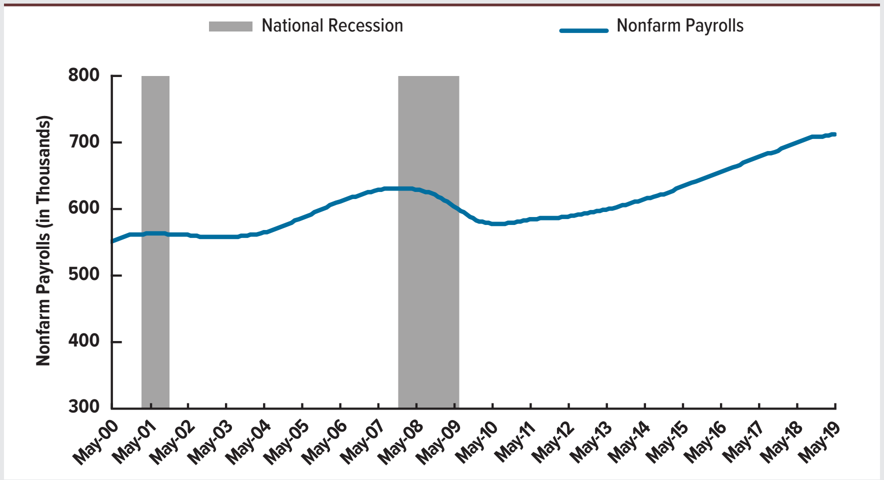
Economic Periods of Significance

2003 Through 2007

Nonfarm payrolls in the HMA increased each year from 2003 through 2007 (Figure 4). During the 5-year period, payrolls increased by an average of 14,700 jobs, or 2.5 percent, annually. Gains during this period were largest in the mining, logging, and construction, the education and health services, and the leisure and hospitality sectors, which increased annually by averages of 3,000, 2,900, and 2,700 jobs, or 7.6, 4.2, and 4.6 percent, respectively. Baptist Health, the largest private employer in the HMA with 11,000 employees, opened Baptist Medical

Center South in 2005, contributing to gains during the period. These gains were partially offset by losses in the information and the manufacturing sectors, which annually declined by averages of 600 and 400 jobs, or 5.0 and 1.1 percent, respectively, during that period.

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



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

2008 Through 2010

Economic conditions contracted from 2008 through 2010, as a result of the national recession and housing crisis of the late 2000s. Nonfarm payrolls during this period declined by an average of 17,000 jobs, or 2.8 percent, annually, with most of the losses occurring in 2009 when 35,300 jobs were lost. Within the HMA, losses were largest in the mining, logging, and construction and the wholesale and retail trade sectors, which declined by averages of 6,900 and 4,100 jobs a year, respectively, or 16.4 and 4.0 percent annually. The only gains recorded during this period were in the education and health services and the government sectors, which increased by averages of 2,600 and 300 jobs a year, respectively, or 3.2 and 0.4 percent, annually.

2011 Through 2017

Economic conditions improved significantly from 2011 through 2017, with nonfarm payroll growth in the HMA outpacing the national average. During the 7-year period, nonfarm payrolls increased by an average of 15,700 jobs, or 2.5 percent, annually. By comparison, payrolls nationwide were up an average of 1.7 percent annually during the same period. Within the HMA, the largest gains were in the professional and business services, the leisure and hospitality, and the educational and health services sectors, which were up by averages of 3,300, 2,800, and 2,800 jobs a year, or 3.6, 3.9, and 3.0 percent, annually, respectively. In 2014, Adecco Group North America relocated the company's corporate headquarters to Jacksonville, resulting in the addition of 100 jobs in the professional and business services sector. Blue Cross and Blue Shield of Florida and Southeastern Grocers, the third and fifth largest private employers in the HMA, are among more than 80 companies to maintain a corporate headquarters in the HMA (Table 2). The information and government sectors were the only sectors to record losses during this period, each losing an average of 100 jobs, or 1.3 and 0.1 percent, annually, respectively.

Table 2. Major Employers in the Jacksonville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Navy	Government	37,000
Baptist Health	Education & Health Services	11,000
BofA Securities	Financial Activities	8,000
Blue Cross and Blue Shield of Florida	Financial Activities	7,000
Mayo Foundation for Medical Education and Research	Education & Health Services	6,000
Southeastern Grocers	Wholesale & Retail Trade	5,700
Ascension St. Vincent's HealthCare	Education & Health Services	5,300
Citigroup Inc.	Financial Activities	4,500
JPMorgan Chase & Co.	Financial Activities	3,900
University of Florida Health	Government	3,600

Notes: Excludes local school districts. Data for U.S. Navy include 17,700 uniformed military personnel at Naval Station Mayport and Naval Air Station Jacksonville.
Source: JaxUSA, a division of JAX Chamber

Employment Forecast

During the next 3 years, payrolls are expected to increase an average of 1.4 percent annually. Job growth is expected to continue, but at a slower pace compared with the 2.5-percent rate of growth since 2010. Tight labor market conditions during the 3-year forecast period are expected to result in a relatively low unemployment rate.

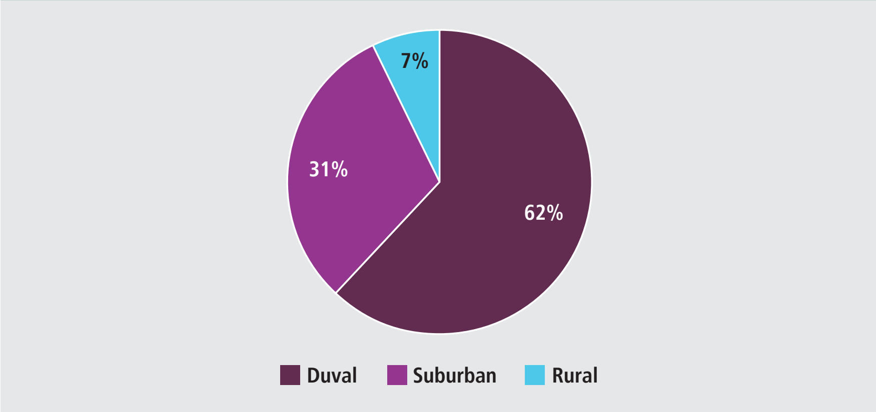
The goods-producing and the service-providing sectors are both expected to contribute to payroll growth during the next 3 years. Lot J, a $500 million development on the southwest side of TIAA Bank Field, will begin construction in late 2019. The project will include an outdoor live entertainment venue, a 200-room hotel, a 300-unit residential tower, and an office building when complete by 2023. Jacksonville Port Authority and SSA Marine will begin the $238 million expansion of the 50-acre International Gateway Terminal on Blount Island to 80 acres, which is expected to be complete by 2023.

Population and Households

Current population: 1,556,000

Population growth in the HMA has been strongest in the Suburban submarket, accounting for one-half of population growth since 2000, although 62 percent of the population in the HMA is located in the Duval Submarket (Figure 5).

Figure 5. Current Population in the Jacksonville HMA, by Submarket



Source: Estimates by the analyst

Population Trends

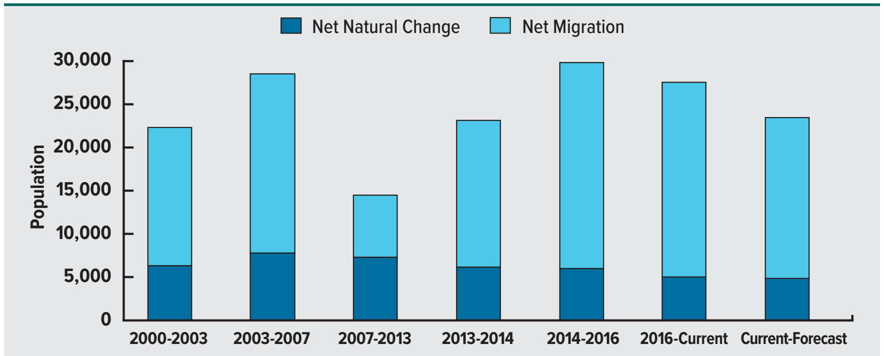
As of June 1, 2019, the estimated population of the Jacksonville HMA is 1.56 million, representing an average increase of 23,000, or 1.6 percent, annually since April 2010 (Table 3; U.S. Census Bureau decennial census counts and estimate by the analyst). As a result of strong job growth in the HMA, the population increased by an average of 28,450, or 2.3 percent, annually from 2003 to 2007 (U.S. Census Bureau population estimates as of July 1). Nearly 73 percent of population growth during this period was because of net in-migration, which averaged 20,700 annually (Figure 6). From 2007 to 2013, population growth slowed to an average of 14,450, or 1.1 percent, annually; the slower growth was because of slower net in-migration, which averaged 7,150 people annually. The decreased net in-migration was the result of job losses from 2008 through 2010 and a subsequent slow economic recovery from 2011 through 2013. Since 2013, improving economic conditions contributed to increased net in-migration to an average of 22,050 people annually. The higher levels of net in-migration resulted in population growth averaging 27,500 people, or 1.9 percent, annually.

Table 3. Jacksonville HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	1,345,596	1,556,000	1,627,000
	Average Annual Change	22,300	23,000	23,450
	Percentage Change	1.8	1.6	1.5
		2010	**Current**	**Forecast**
Household Quick Facts	**Households**	524,146	607,500	636,600
	Average Annual Change	9,150	9,100	9,725
	Percentage Change	1.9	1.6	1.6

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 (June 1, 2019), to June 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 6. Components of Population Change in the Jacksonville 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 (June 1, 2019), to June 1, 2022.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Duval Submarket

The population of the Duval Submarket is currently estimated at 959,700. Population trends in the submarket were similar to the HMA as a whole, albeit at a slower rate. From 2003 to 2007, the population of the submarket increased by an average of 10,350, or 1.3 percent, annually. The increase was primarily because of net natural increase (resident births minus resident deaths), which averaged 6,025 people annually, and to a lesser extent, net in-migration, which averaged 4,325 annually. Population growth slowed significantly from 2007 to 2013 to an average of 5,825, or 0.7 percent annually. During this period, average net natural increase of 5,850 people more than offset net out-migration of 25 people, annually. As a result of improving economic conditions in the HMA and submarket, net in-migration has averaged 7,675 people annually since 2013. During this period, the population increased by an average of 12,450, or 1.4 percent, annually.

Suburban Submarket

The population of the Suburban submarket is currently estimated at 480,900, accounting for approximately 31 percent of the total population in the HMA. Population growth in the submarket has been stronger than in the other submarkets because of higher levels of in-migration, accounting for 47 percent of population growth in the HMA since 2010. This trend is partially attributed to the growth of master-planned communities just outside of Duval County, primarily in northern St. Johns County. From 2003 to 2007, the population of the Suburban submarket increased by an average of 15,450, or 4.8 percent, annually, and net in-migration averaged 14,100 people annually. From 2007 to 2013, population growth slowed but remained strong at an average of 7,575 people, or 2.0 percent, annually, because of slower net in-migration, which averaged 6,400 people annually. Strong net in-migration to the Suburban submarket has continued since 2013 but remains below pre-recession levels. Net in-migration since 2013 has averaged 12,150 people annually, resulting in population growth increasing to an average of 12,800 people, or 2.9 percent, annually.

Rural Submarket

The population of the Rural submarket is currently estimated at 115,700, accounting for approximately 7 percent of the total population in the HMA. Population trends in the submarket were similar to the HMA as a whole but population growth in this submarket is largely attributed to migration as net natural increase tends to be low because of the large elderly population. The Rural Submarket is a popular destination for retirees, where one out of four residents of Nassau County is 62 years of age or older. From 2003 to 2007, the population of the submarket increased by an average of 2,650, or 2.9 percent, annually. The increase was because of strong net in-migration, which averaged 2,300 people annually, when job growth was strong. Net in-migration slowed significantly from 2007 to 2013 to an average of 750 people annually, resulting in the population increasing by an average of 1,025, or 1.0 percent, annually. As a result of improving economic conditions in the HMA and submarket, net in-migration has averaged 2,200 people annually since 2013. During this period, the population has increased by an average of 2,250, or 2.1 percent, annually.

Household Trends

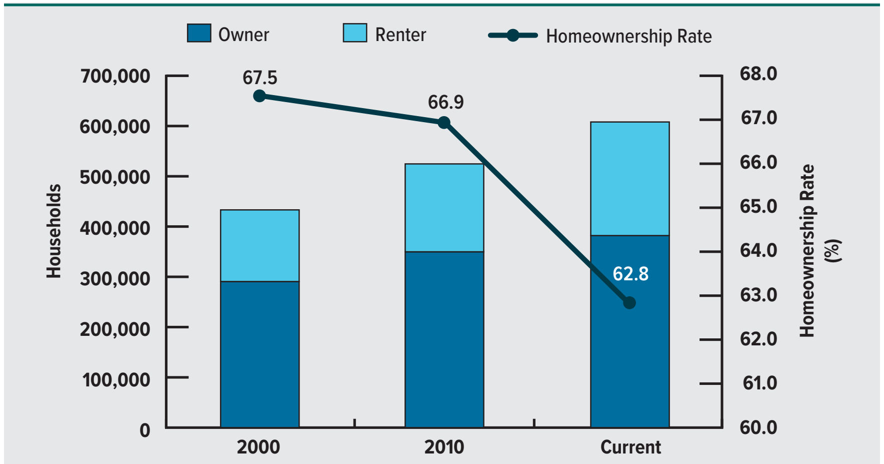
An estimated 607,500 households currently reside in the HMA; 382,500, 181,100, and 43,800 households reside in the Duval, Suburban, and Rural submarkets, respectively. Household growth trends in the HMA and each submarket have been similar to population growth trends. Since 2010, the number of households in the HMA has increased by an average of 9,100 households, or 1.6 percent, annually. By comparison, from 2000 to 2010, the number of households increased by an average of 9,150 households, or 1.9 percent, annually. In the Duval, Suburban, and Rural submarkets, the number of households has annually increased by averages of 4,375, 4,025, and 680, or 1.2, 2.5, and 1.7 percent, since 2010, respectively. Household growth is down in the Suburban and Rural submarkets compared with 2000 to 2010, when households in the submarkets increased by averages of 4,425 and 850, or 3.7 and 2.6 percent, annually, respectively. In the Duval submarket, however, the rate of household growth has remained relatively unchanged with the average increase of 3,875 households, or 1.2 percent, annually from 2000 to 2010.

Households by Tenure

The current homeownership rate in the HMA is estimated at 62.8 percent, down from 66.9 percent in 2010 (Figure 7). The homeownership rate declined in the

Duval submarket, but the rates increased in the Suburban and Rural submarkets. In the Duval submarket, the homeownership rate was estimated at 53.6 percent, down from 61.6 percent in 2010. The lower percentage of homeowners is attributed to a high renter population in the city of Jacksonville, which is the largest city in the HMA. By comparison, the current homeownership rate in the Suburban and Rural submarkets is estimated at 78.1 and 80.0 percent, up from 76.6 and 77.9 percent in 2010, respectively. Single-family home construction in these submarkets, which has been traditionally owner-occupied, has significantly outpaced multifamily construction, which has been traditionally renter-occupied.

Figure 7. Households by Tenure and Homeownership Rate in the Jacksonville HMA



Note: The current date is June 1, 2019.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

During the 3-year forecast period, net in-migration in the HMA is estimated to average 18,650 annually, and the population is expected to increase by an average of 23,450, or 1.5 percent, a year, reaching nearly 1.63 million by June 1, 2022. Net in-migration is expected in all submarkets, where the population is estimated to increase in the Duval, Suburban, and Rural submarkets by averages of 10,050, 11,700, and 1,725, or 1.0, 2.4, and 1.5 percent, annually, respectively. Migration to the Suburban submarket will be driven by the availability of affordable vacant developed lots in master planned communities primarily in northern St. Johns County.

During the next 3 years, the number of households in the HMA is anticipated to increase by an average of 9,725, or 1.6 percent, annually, reaching 636,600 households. In the Duval, Suburban, and Rural submarkets, the number of households is expected to increase annually by averages of 4,650, 4,350, and 720, or 1.2, 2.4, and 1.6 percent, to 396,500, 194,200, and 45,950 households, respectively.

Home Sales Market Conditions

Sales Market—Jacksonville HMA

Market Conditions: Balanced

Sales housing market conditions have been balanced in the HMA since 2017.

Current Conditions

The sales housing market in the HMA is currently balanced, as job growth, increased net in-migration, and low levels of new home construction have contributed to the absorption of the excess inventory created during the build up to the housing market crash and Great Recession. As of June 1, 2019, the sales vacancy rate is estimated at 1.6 percent (Table 4), down from 3.4 percent in 2010. New and existing home sales prices continued to increase during the 12 months ending May 2019, a trend that has been sustained since 2012. Although the number of new homes sold during the past 12 months increased, existing home sales declined. The decline in existing home sales is largely attributable to low levels of for-sale inventory; in May 2019, 3.3 months of supply was available, down from 3.6 months in May 2018 (CoreLogic, Inc.).

Table 4. Home Sales Quick Facts in the Jacksonville HMA

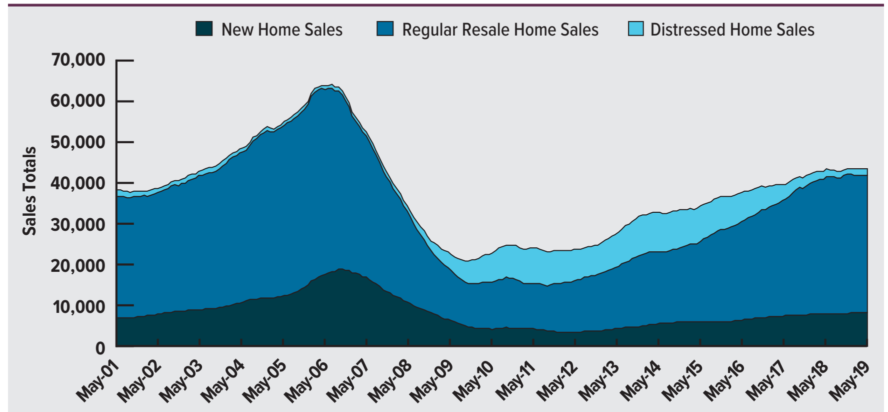
Home Sales Quick Facts		Jacksonville HMA	Nation
	Vacancy Rate	1.6%	NA
	Months of Inventory	3.3	3.3
	Total Home Sales	42,850	6,160,374
	1-Year Change	-1%	-3.3%
	Average Sales Price–New	$334,800	$381,709
	1-Year Change	5%	1%
	Average Sales Price–Regular Resale	$238,900	$295,736
	1-Year Change	6%	2.7%
	Mortgage Delinquency Rate	2.1%	1.4%

NA = data not available.
Notes: Vacancy rate is as of the current date; home sales and prices are for the 12 months ending May 2019; and months of inventory and mortgage delinquency data are as of May 2019. The current date is June 1, 2019.
Source: CoreLogic, Inc., with estimates by the analyst

Home Sales

Sales of new and existing homes decreased during the past year after 7 consecutive years of strong gains. During the 12 months ending May 2019, approximately 42,850 new and existing homes sold, a decrease of 450 homes, or nearly 1 percent, compared with the 12 months ending May 2018 (Figure 8). During this period, new home sales increased nearly 4 percent, and regular resales declined more than 1 percent, a result of the decline in available for-sale inventory. Sales activity, however, increased an average of 9 percent annually from 2011 through 2017 in response to improving economic conditions, and the current level of home sales is up 84 percent compared with the recent low of 23,300 homes sold during 2011. The number of homes sold during the past year, however, is down 33 percent compared with the 64,000 homes sold during 2005, prior to the housing market downturn.

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



Source: CoreLogic, Inc., with adjustments by the analyst

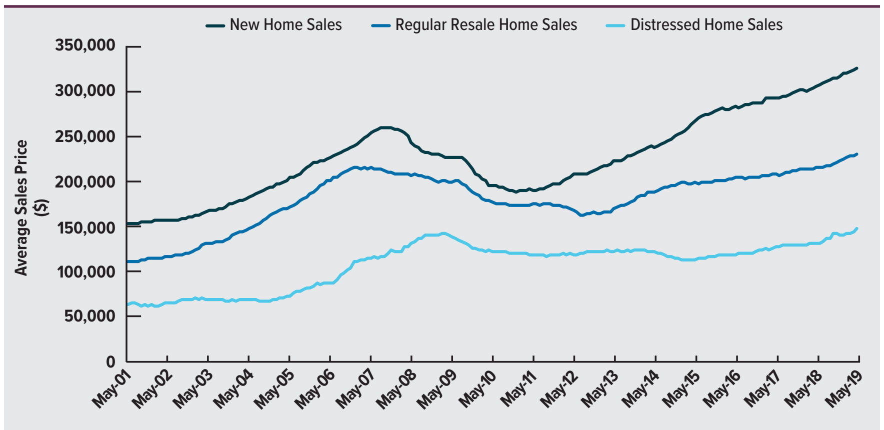
REO Sales and Delinquent Mortgages

The national foreclosure crisis had a large impact within the HMA. Following an increase in the number of seriously delinquent mortgages and real estate owned (REO) properties from 2007 through 2011, housing market conditions have been slow to improve. During January 2012, the rate of seriously delinquent mortgages and REO properties peaked at 14.3 percent of all home loans, compared with 2.1 and 4.0 percent in January 2007 and January 2017, respectively (CoreLogic, Inc.). The rate of seriously delinquent mortgages and REO properties declined to 2.1 percent in May 2019, down from 4.3 percent a year earlier, when the impacts of Hurricane Irma partly resulted in a temporary spike in seriously delinquent mortgages, but still higher than the national rate of 1.4 percent.

Home Sales Prices

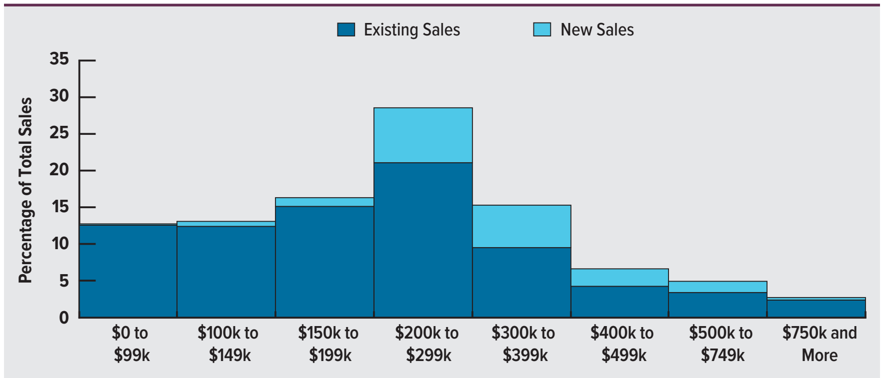
During the 12 months ending May 2019, the average sales price of existing homes (including distressed sales and regular resales) increased 6 percent in the HMA, to $233,500. The average sales price is up 53 percent compared with the recent low price of $152,500 during 2011. During the 12 months ending May 2019, the average sales price of new homes increased 5 percent, to $334,800. The average sales price of new homes increased an average of 7 percent annually during the past 7 years, and the current price is at an all-time peak level. Figure 9 shows the 12-month average sales prices by sales type in the HMA since 2001, and Figure 10 shows new and existing home sales by price range during the 12 months ending May 2019.

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



Source: CoreLogic, Inc., with adjustments by the analyst

Figure 10. Share of Sales by Price Range During the 12 Months Ending May 2019 in the Jacksonville HMA

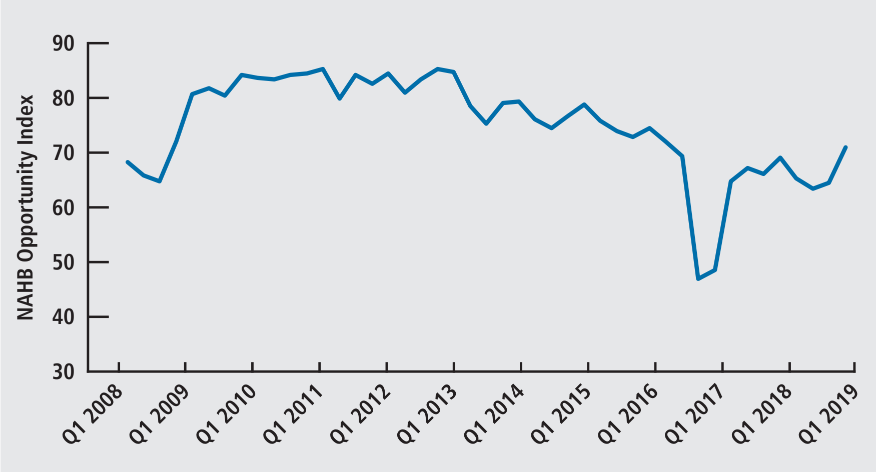


Source: Metrostudy, A Hanley Wood Company

Housing Affordability: Owner

Homeownership in the Jacksonville HMA is affordable although the affordability of buying a home in the HMA has generally trended downwards since the early 2010s, when a large number of distressed sales were on the market during the foreclosure crisis. Many of those homes have since been sold, putting strong upward pressure on sales prices despite moderate income growth in the HMA. The National Association of Home Builders' (NAHB) 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 70.8 during the first quarter of 2019, up from 68.9 during the first quarter of 2018 (Figure 11). The year-over-year increase was likely caused by an increase in median income. During the four-quarter period ending with the first quarter of 2019, however, the HOI for the HMA averaged 65.9, down from 66.8 during the previous four-quarter period. Anomalously low numbers of sales during the fourth quarter of 2016 and the first quarter of 2017 resulted in temporarily inflated readings on the median price component of the index, while average sales prices continued to steadily increase during the period. During the first quarter of 2019, according to the HOI, 125 of the 237 metropolitan areas measured, or 53 percent of metropolitan areas in the nation, had greater housing affordability than the Jacksonville HMA.

Figure 11. Jacksonville HMA Housing Opportunity Index



Q1 = first quarter.
Source: NAHB/Wells Fargo

By comparison, during the first quarter of 2013, 149 of the 237 metropolitan areas measured, or 63 percent of the ranked metropolitan areas in the nation, had more affordable for-sale housing in the Jacksonville HMA. Rapid absorption of distressed properties has contributed significantly to the decline in affordability as home prices in the HMA have increased at a much faster rate than income since the early 2010s. The median home price in the HMA has increased a total of 61 percent since the first quarter of 2013, as compared to a cumulative increase of only 16 percent for the median income during the same period.

Forecast

During the 3-year forecast period, demand is estimated for 23,925 new single-family homes, townhomes, and condominiums in the HMA (Table 5). The 6,005 homes under construction will satisfy some of this demand. Demand is expected to slightly increase each year because of economic growth and is estimated to be strongest in the Suburban submarket because of the availability of affordable vacant developed lots in the Suburban submarket.

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

	Sales Units
Demand	23,925 Units
Under Construction	6,005 Units

Note: The forecast period is June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst

Sales Market—Duval Submarket

Current Conditions

The sales housing market in the Duval submarket is currently balanced because job growth, net in-migration, and low levels of new home construction have contributed to the absorption of the excess inventory created during the build up to the housing market crash and Great Recession. As of June 1, 2019, the sales vacancy rate is estimated at 1.8 percent (Table 6), down from 3.4 percent in 2010. New and existing home sales prices continued to increase during the 12 months ending May 2019, a trend that has been sustained since 2012. Although the number of new homes sold during the past 12 months increased, existing home sales declined. The decline in existing home sales is largely attributable to low levels of for-sale inventory; in May 2019, 2.7 months of supply was available, down from 3.2 months in May 2018 (CoreLogic, Inc.).

Table 6. Home Sales Quick Facts in the Duval Submarket

		Duval Submarket	Jacksonville HMA
Home Sales Quick Facts	Vacancy Rate	1.8%	1.6%
	Months of Inventory	2.7	3.3
	Total Home Sales	22,700	42,850
	1-Year Change	-2%	-1%
	Average Sales Price—New	$296,400	$334,800
	1-Year Change	1%	5%
	Average Sales Price—Regular Resale	$204,200	$238,900
	1-Year Change	7%	6%
	Mortgage Delinquency Rate	2.6%	2.1%

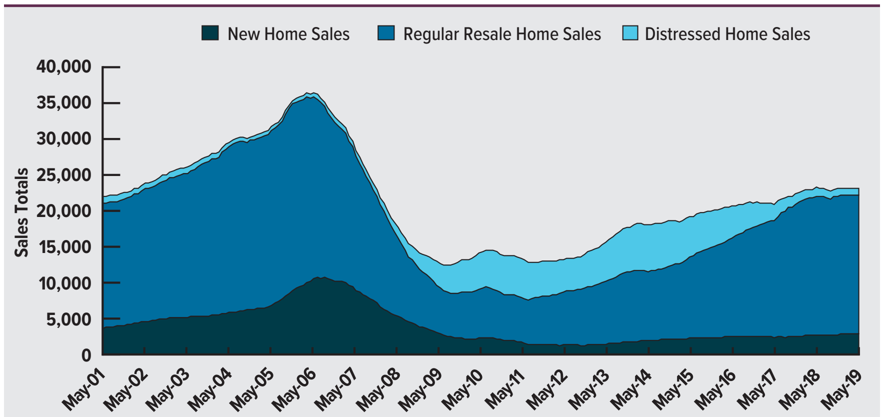
Notes: Vacancy rate is as of the current date; home sales and prices are for the 12 months ending May 2019; and months of inventory and mortgage delinquency data are as of May 2019. The current date is June 1, 2019.
Source: CoreLogic, Inc., with estimates by the analyst

Home Sales

Regular resale home sales peaked at 25,850 homes sold during the 12 months ending December 2005, before falling from 2006 through 2010, and have generally increased each year since 2011 (Figure 12). From 2006 through 2008, regular resale home sales fell an average of 6,050 sales, or 33 percent, annually. Sales continued to fall an average of 23 percent, or by 2,600 sales, annually to 6,850 sales from 2008 through 2010 (CoreLogic, Inc.). From 2011 through 2012, regular resale home sales rose by an average of 920, or 14 percent, annually, before rising to an average increase of 2,125 sales, or 18 percent, annually from 2013 through 2017. During the 12 months ending May 2019, regular resale home sales declined to an average 18,850, down 2 percent from the 19,350 sales recorded a year earlier.

New home sales have generally increased since reaching a low in 2011, following a 5-year decline from the peak in 2006. The 2,875 new home sales during the 12 months ending May 2019 was an increase of 7 percent from a year earlier but far below the peak of 10,200 new homes sold during 2006 (CoreLogic, Inc.).

Figure 12. 12-Month Sales Totals by Type in the Duval Submarket



Source: CoreLogic, Inc., with adjustments by the analyst

Following the recent peak in 2006, new home sales declined an average of 34 percent annually to 1,275 homes sold in 2011, as economic conditions worsened. From 2012 through 2017, new home sales increased an average of 12 percent annually.

REO Sales and Delinquent Mortgages

The national foreclosure crisis had a large impact within the submarket. Following an increase in the number of seriously delinquent mortgages and REO properties during 2007, housing market conditions have been slow to improve. During December 2011, the rate of seriously delinquent mortgages and REO properties peaked at 16.0 percent of all home loans (CoreLogic, Inc.). Distressed sales averaged 2,675 annually from 2007 through 2009, accounting for 22 percent of all existing home sales in the HMA (CoreLogic, Inc.). By contrast, from 2005 through 2006, there were approximately 650 distressed sales annually, accounting for less than 3 percent of existing home sales. Distressed sales nearly doubled each year from 2007 through 2009 to average 4,500 distressed sales during 2009; from 2010 through 2014, distressed sales remained high at an average of 5,500 sales annually, accounting for 43 percent of existing home sales. As the percent of seriously delinquent mortgages declined from 2015 through 2018, distressed sales also declined to an average of 2,575 annually, accounting for about 13 percent of existing home sales. The rate of seriously delinquent mortgages and REO properties declined to 2.6 percent in May 2019, down from 4.9 percent a year earlier, when the impacts of Hurricane Irma partly resulted in a temporary spike in seriously delinquent mortgages.

Home Sales Prices

The 12-month average sales price in the submarket for regular resale homes peaked in June 2006 at $190,200, the same year that economic conditions in the HMA began to decline and fell 29 percent to a recent low of $135,300 in April 2012. The prevalence of distressed sales, which grew to an average of

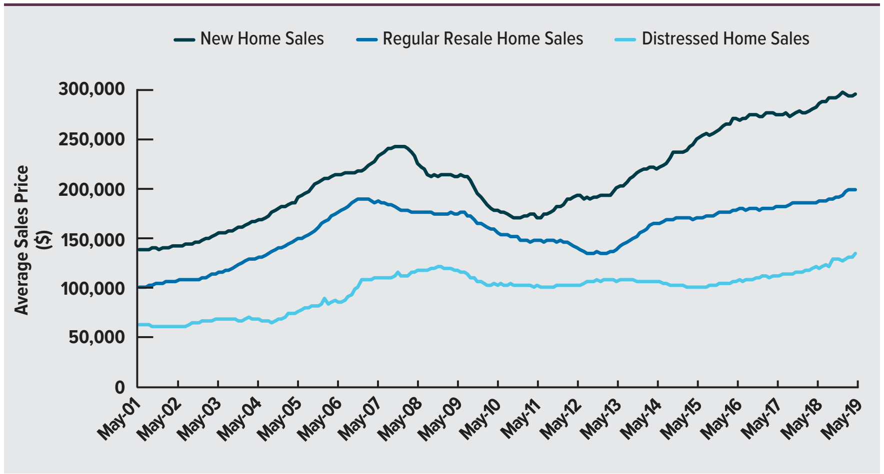
40 percent of existing sales from 2010 through 2014, impacted home prices, particularly in the period of rapidly declining prices from 2009 through 2010. During 2009, the average distressed sales price was only 66 percent of the average sales price for regular resale homes, placing strong downward pressure on home prices. From 2010 through 2012, when a large number of foreclosures were processed, the average regular resale price declined 4 percent annually to $140,200. From 2013 through 2017, regular resale prices increased 6 percent, annually, to $187,800. During the 12 months ending May 2019, the average sales price for regular resale homes was $204,200, up 7 percent from a year ago.

The average sales price for a new home during the 12 months ending May 2019 was $296,400, reflecting an increase of 1 percent from a year earlier. By contrast, sales prices decreased an average of 4 percent a year from 2006 through 2010, to approximately $171,700. From 2011 through 2017, the sales price increased an average of 7 percent annually (Figure 13). During the 12 months ending May 2019, nearly 51 percent of new homes sold in the $200,000-to-$299,999 sales price range (Figure 14).

Sales Construction Activity

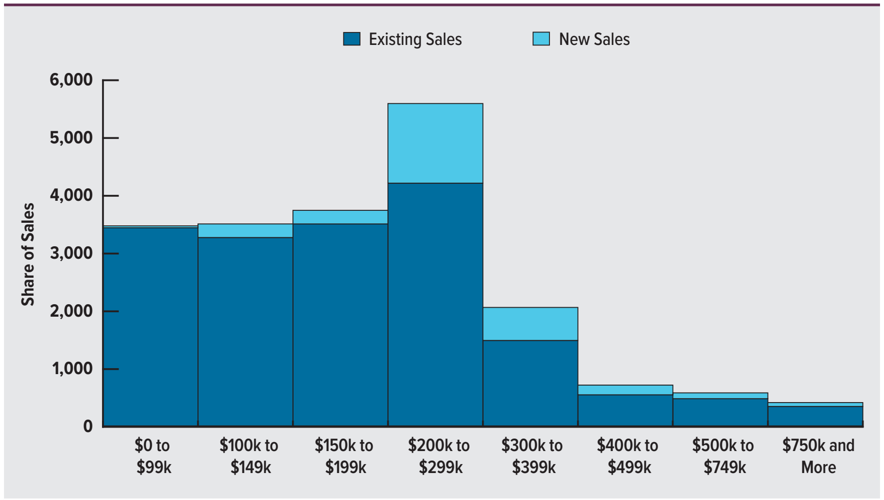
Home construction, as measured by the number of single-family home, townhome, and condominium permits issued, has slowed since 2006 (Figure 15). New home construction was strong from 2000 through 2004 and from 2005 through 2006, when averages of 5,750 and 10,850 units were permitted annually, respectively. The housing crisis in the submarket began in 2007 and the effects continued through 2017. Demand for new homes declined as net in-migration began to slow during 2006, and permits fell 44 percent from 2007 through 2008. Builders responded to weak housing market conditions by keeping construction levels low for several years; an average of 1,500 units were permitted annually from 2009 through 2013. From 2014 through 2017, an average of 2,900 homes were permitted annually, as the housing market continued to recover. During the 12 months ending May 2019, the number of homes permitted increased by 550 units, or 15 percent, from the previous 12 months to about 4,150 units permitted (preliminary data).

Figure 13. 12-Month Average Sales Price by Type of Sale in the Duval Submarket



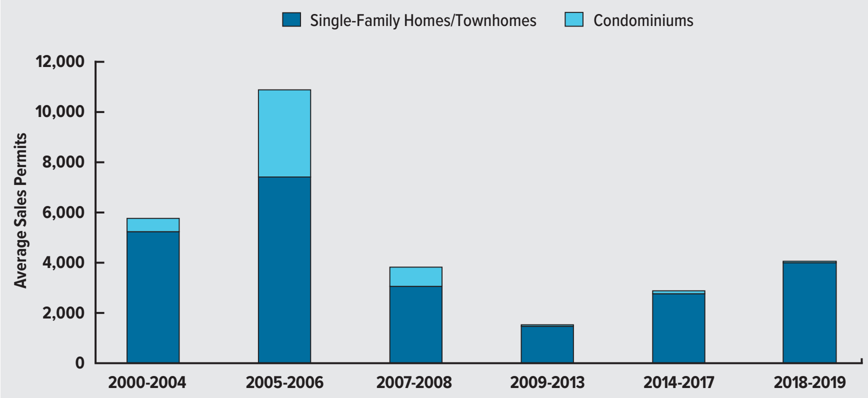
Source: CoreLogic, Inc., with adjustments by the analyst

Figure 14. Share of Sales by Price Range During the 12 Months Ending May 2019 in the Duval Submarket



Source: Metrostudy, A Hanley Wood Company

Figure 15. Average Annual Sales Permitting Activity in the Duval Submarket



Notes: Includes single-family homes, townhomes, and condominiums. 2019 includes data through May 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

New home construction within Interstate Loop 295 in the city of Jacksonville, has accounted for nearly one in three new single-family homes in the submarket during the past year. Southside Oaks, a new community in the city of Jacksonville, offers single-family homes that start at $195,000. Fox Creek, a new single-family home development in the western portion of the city of Jacksonville, with plans for 446 single-family homes, is under way with new single-family home prices starting at $215,000.

Forecast

During the 3-year forecast period, demand is estimated for 10,000 new single-family homes, townhomes, and condominiums in the Duval submarket (Table 7). The 1,975 homes under construction will satisfy some of this demand. Demand is expected to be evenly distributed each year of the forecast.

Table 7. Demand for New Sales Units in the Duval Submarket During the Forecast Period

	Sales Units
Demand	10,000 Units
Under Construction	1,975 Units

Note: The forecast period is from June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst

Sales Market—Suburban Submarket

Current Conditions

The sales housing market in the Suburban submarket is currently balanced, primarily the result of strong net in-migration into the submarket. As of June 1, 2019, the sales vacancy rate is estimated at 1.5 percent (Table 8), down from 3.3 percent in 2010. New and existing home sales prices continued to increase during the 12 months ending May 2019, a trend that has been sustained since 2013. Although the number of new homes sold during the past 12 months increased, existing home sales declined slightly. The decline in existing home sales is largely attributable to low levels of for-sale inventory; in May 2019, 3.7 months of supply was available, down from 4.3 months in May 2018 (CoreLogic, Inc.).

Table 8. Home Sales Quick Facts in the Suburban Submarket

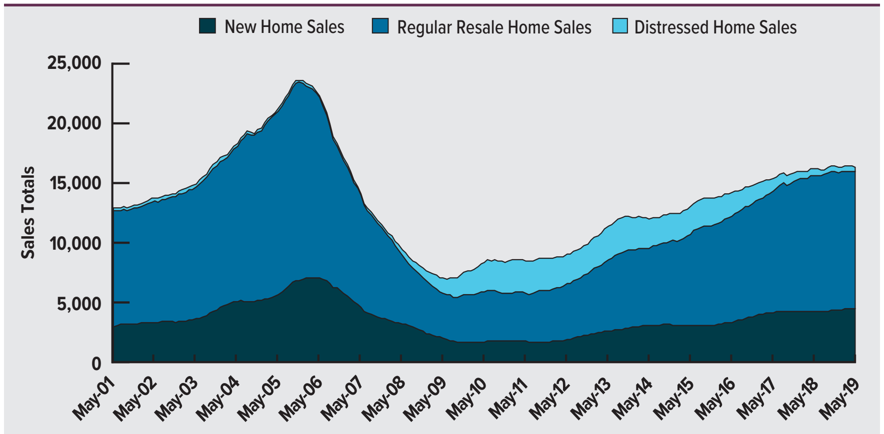
Home Sales Quick Facts		Suburban Submarket	Jacksonville HMA
	Vacancy Rate	1.5%	1.6%
	Months of Inventory	3.7	3.3
	Total Home Sales	16,350	42,850
	1-Year Change	-1%	-1%
	Average Sales Price—New	$362,300	$334,800
	1-Year Change	6%	5%
	Average Sales Price—Regular Resale	$286,000	$238,900
	1-Year Change	5%	6%
	Mortgage Delinquency Rate	1.4%	2.1%

Notes: Vacancy rate is as of the current date; home sales and prices are for the 12 months ending May 2019; and months of inventory and mortgage delinquency data are as of May 2019. The current date is June 1, 2019.
Source: CoreLogic, Inc., with estimates by the analyst

Home Sales

Regular resale home sales in the Suburban submarket peaked at 16,450 homes sold during the 12 months ending December 2005, before falling from 2006 through 2008, and have generally increased each year since (Figure 16). From 2006 through 2008, regular resale home sales fell an average of 4,025 sales, or 36 percent, annually. Sales continued to fall an average of 10 percent, or by 420 sales, annually during 2009 to an average 4,175 sales from 2008 through 2009

Figure 16. 12-Month Sales Totals by Type in the Suburban Submarket



Source: CoreLogic, Inc., with adjustments by the analyst

(CoreLogic, Inc.). From 2010 through 2012, regular resale home sales rose by an average of 470, or 11 percent, annually, before increasing to an average increase of 1,150 sales, or 16 percent, annually from 2013 through 2017. During the 12 months ending May 2019, regular resale home sales increased slightly to an average 11,475, up less than 1 percent from the 11,425 sales recorded a year earlier.

New home sales have moderated since reaching a low in 2009, following a 4-year decline from the peak in 2005. The 4,425 new home sales during the 12 months ending May 2019 was an increase of 6 percent from a year earlier but far below the peak of 6,925 new homes sold during 2005 (CoreLogic, Inc.). Following the recent peak in 2005, new home sales declined an average of 31 percent annually to 1,600 homes sold in 2009, as economic conditions worsened. New homes sales increased during 2010 by 9 percent to 1,750 homes sold, before declining during 2011 by 6 percent to 1,650 homes sold. From 2012 through 2014, new home sales increased an average of 23 percent annually, and then declined 1 percent during 2015 to 3,050 homes sold. From 2016 through 2017, new homes sales increased an average of 18 percent to 4,225 homes sold during 2017.

REO Sales and Delinquent Mortgages

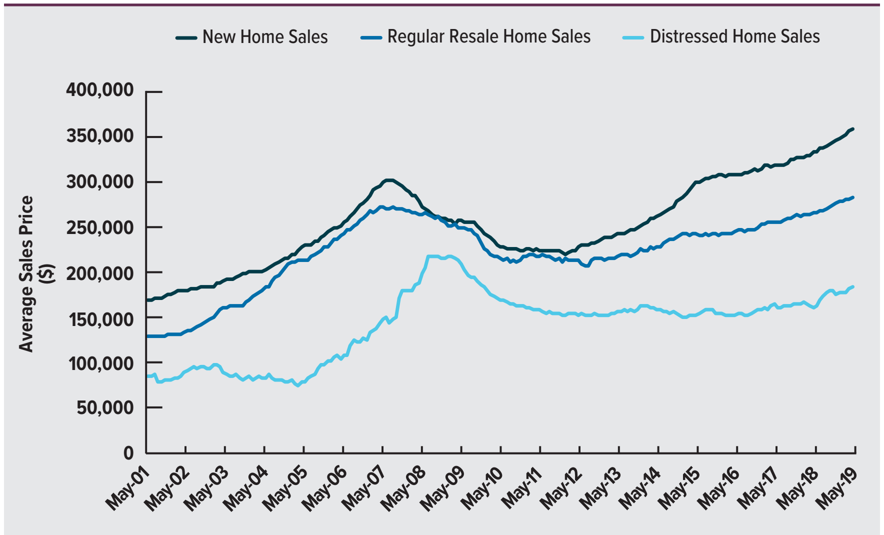
The impact of the national foreclosure crisis on the submarket was significant, but conditions were less severe than in the HMA overall. Following an increase in the number of seriously delinquent mortgages and REO properties during 2007, housing market conditions have been slow to improve. In December 2011, the rate of seriously delinquent mortgages and REO properties peaked at 11.6 percent of all home loans (CoreLogic, Inc.). Distressed sales averaged 1,050 annually from 2007 through 2009, accounting for 17 percent of all existing home sales in the submarket (CoreLogic, Inc.). By contrast, from 2005 through 2006, approximately 210 distressed sales were recorded annually, accounting for about 1 percent of existing home sales. Distressed sales nearly doubled each year from 2007 through 2009 to average 2,000 distressed sales during 2009, and from 2010 through 2011, distressed sales remained high at an average of 2,675 sales annually, accounting for 39 percent of existing home sales. As the percent of seriously delinquent mortgages declined from 2012 through 2016, distressed sales moderated to an average 2,250 annually, accounting for about 23 percent of existing home sales. The rate of seriously delinquent mortgages and REO properties declined to 1.4 percent in May 2019, down from 3.4 percent a year earlier, when the impacts of Hurricane Irma partly resulted in a temporary spike in seriously delinquent mortgages.

Home Sale Prices

The average sales price in the submarket for regular resale homes peaked during 2006 at $272,100, the same year that economic conditions in the submarket began to decline and fell 22 percent to a recent low of $213,100 during 2011. The prevalence of distressed sales, which grew to an average of 39 percent of existing sales from 2010 through 2011, impacted home prices, particularly in the period of rapidly declining prices from 2009 through 2010. During 2009, the average distressed sales price was only 79 percent of the average sales price for regular resale homes, placing strong downward pressure on home prices. From 2010 through 2011, when a large number of foreclosures were processed, the average regular resale home sales price declined 1 percent annually to $213,100. From 2012 through 2017, regular resale prices increased 4 percent, annually, to $266,200. During the 12 months ending May 2019, the average sales price for regular resale homes was $286,000, a new peak and up 5 percent from a year ago.

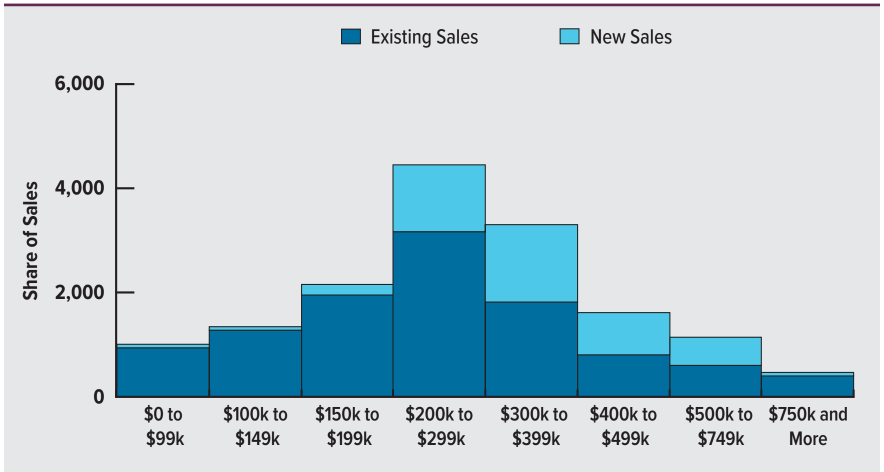
The average sales price for a new home during the 12 months ending May 2019 was $362,300, reflecting an increase of 6 percent from a year earlier. By contrast, sales prices decreased an average of 7 percent a year from 2007 through 2010, to approximately $224,000. From 2011 through 2017, the sales price increased an average of 6 percent annually (Figure 17). During the 12 months ending May 2019, more than 34 percent of new homes sold in the $300,000-to-$399,999 sales price range (Figure 18).

Figure 17. 12-Month Average Sales Price by Type of Sale in the Suburban Submarket



Source: CoreLogic, Inc., with adjustments by the analyst

Figure 18. Share of Sales by Price Range During the 12 Months Ending May 2019 in the Suburban Submarket

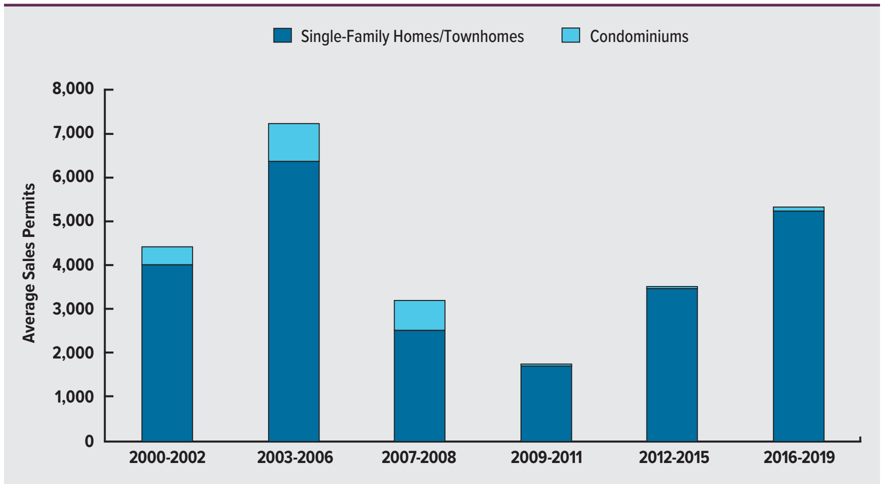


Source: Metrostudy, A Hanley Wood Company

Sales Construction Activity

Home construction in the Suburban submarket has slowed since 2006 (Figure 19). New home construction was strong from 2003 through 2006, when an average of 7,250 units were permitted annually. The housing crisis in the submarket began in 2007 and the effects continued through 2017. Net in-migration began to slow during 2006, demand for new homes declined, and permits fell 35 percent from 2007 through 2008. Builders responded to weak housing conditions by keeping construction levels low for several years; an average of 1,725 units was permitted annually from 2009 through 2011. From 2012 through 2015 and from 2016 through 2017, averages of 3,525 and 5,175 units, respectively, were permitted annually, as the housing market continued to recover. During the 12 months ending May 2019, the number of units permitted increased by 50, or 1 percent, from the previous 12 months to 5,550 units permitted (preliminary data).

Figure 19. Average Annual Sales Permitting Activity in the Suburban Submarket



Notes: Includes single-family homes, townhomes, and condominiums. 2019 includes data through May 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

New home construction within the northern portion of St. Johns County, has accounted for nearly 55 percent of the new single-family homes in the submarket during the past year. Nocatee, a master planned community which broke ground in 2001 on the border of Duval and St. Johns counties, has been one of the fastest growing communities in the nation since 2015. Heritage Trace at Crosswater in Nocatee offers single-family homes that start at $350,000. Tidewater at Nocatee, a new single-family home development in the city of Ponte Vedra, is underway with new single-family home prices starting at $310,000.

Forecast

During the 3-year forecast period, demand is estimated for 12,050 new single-family homes, townhomes, and condominiums in the Suburban submarket (Table 9). The 3,050 homes under construction will satisfy some of this demand. Demand is expected to slightly increase each year because of economic growth.

Table 9. Demand for New Sales Units in the Suburban Submarket During the Forecast Period

Sales Units	
Demand	12,050 Units
Under Construction	3,050 Units

Note: The forecast period is from June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst

Sales Market—Rural Submarket

Current Conditions

The sales housing market in the Rural submarket is currently balanced. As of June 1, 2019, the sales vacancy rate is estimated at 1.4 percent (Table 10), down from 3.3 percent in 2010. New and existing home sales prices continued to increase during the 12 months ending May 2019, a trend that has been sustained since 2013. During the same period, the number of new and existing homes sold declined, however. The decline in existing home sales is largely attributable to a decline in distressed sales. The level of for-sale inventory increased during the past 12 months; in May 2019, 4.2 months of supply was available, up from 3.8 months in May 2018 (CoreLogic, Inc.).

Table 10. Home Sales Quick Facts in the Rural Submarket

Home Sales Quick Facts		Rural Submarket	Jacksonville HMA
	Vacancy Rate	1.4%	1.6%
	Months of Inventory	4.2	3.3
	Total Home Sales	3,825	42,850
	1-Year Change	-5%	-1%
	Average Sales Price—New	$318,500	$334,800
	1-Year Change	8%	5%
	Average Sales Price—Regular Resale	$276,800	$238,900
	1-Year Change	7%	6%
	Mortgage Delinquency Rate	1.6%	2.1%

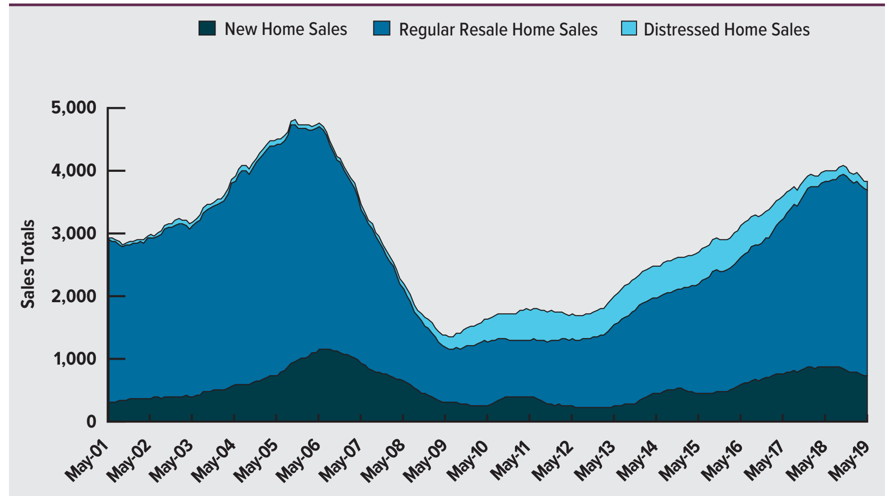
Notes: Vacancy rate is as of the current date; home sales and prices are for the 12 months ending May 2019; and months of inventory and mortgage delinquency data are as of May 2019. The current date is June 1, 2019.
Source: CoreLogic, Inc., with estimates by the analyst

Home Sales

Regular resale home sales in the submarket peaked at 3,675 homes sold during the 12 months ending December 2005, before falling from 2006 through 2010, and have increased each year since. From 2006 through 2008, regular resale home sales fell an average of 870 sales, or 34 percent, annually. Sales continued to fall an average of 9 percent, or by 90 sales, annually, to 970 sales from 2008 through 2010 (CoreLogic, Inc.). From 2011 through 2012, regular resale home sales rose by an average of 130, or 13 percent, annually, before growing to an average increase of 340 sales, or 20 percent, annually from 2013 through 2017. During the 12 months ending May 2019, regular resale home sales remained relatively unchanged at an average of 2,950, from the sales recorded a year earlier.

New home sales declined during the past year after increasing each year from 2012 through 2017, following a low in 2011. The 720-new home sales during the 12 months ending May 2019 was an 18-percent decline from a year earlier and below the peak of 1,075 new homes sold during 2006 (CoreLogic, Inc.). The recent decline in new home sales corresponded with an increase in new home sales in the Duval and Suburban submarkets, where new construction is focused in areas with easy access to jobs in the HMA. Following the recent peak in 2006, new home sales declined an average of 25 percent annually to 1,275 homes sold in 2011, as economic conditions worsened. From 2012 through 2017, new home sales increased an average of 22 percent annually (Figure 20).

Figure 20. 12-Month Sales by Type in the Rural Submarket



Source: CoreLogic, Inc., with adjustments by the analyst

REO Sales and Delinquent Mortgages

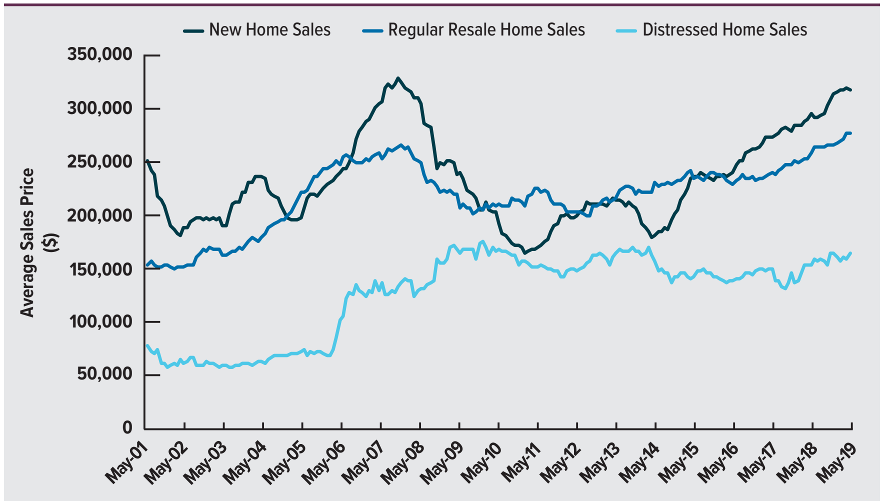
The impact of the national foreclosure crisis on the submarket was similar to the Suburban submarket, although conditions in this submarket have been slightly slower to improve. The number of seriously delinquent mortgages and REO properties began increasing during 2007 as the submarket was affected by the beginnings of the national housing crisis. In December 2011, the rate of seriously delinquent mortgages and REO properties peaked at 11.5 percent of all home loans, compared with 1.9 and 3.6 percent in January 2007 and January 2017, respectively (CoreLogic, Inc.). Distressed sales averaged 170 annually from 2007 through 2009, accounting for 12 percent of all existing home sales in the submarket (CoreLogic, Inc.). By contrast, from 2005 through 2006, there were approximately 60 distressed sales annually, accounting for less than 2 percent of existing home sales. Distressed sales nearly doubled each year from 2007 through 2009 to average 300 distressed sales during 2009, and from 2010 through 2014, distressed sales remained high at an average of 460 sales annually, accounting for 28 percent of existing home sales. As the percent of seriously delinquent mortgages declined from 2015 through 2018, distressed sales also declined to an average of 330 annually, accounting for about 12 percent of existing home sales. The rate of seriously delinquent mortgages and REO properties declined to 1.6 percent in May 2019, down from 3.3 percent a year earlier.

Home Sale Prices

The average sales price in the submarket for regular resale homes peaked during 2007 at $262,200, the same year that economic conditions in the submarket began to decline and fell 20 percent to a recent low of $210,000 during 2012. From 2007 through 2012, when a large number of foreclosures were processed, the average regular resale home sales price declined 3 percent annually. From 2013 through 2017, regular resale prices increased 4 percent, annually, to $250,800. During the 12 months ending May 2019, the average sales price for regular resale homes exceeded the previous peak during 2007, at $276,800, up 7 percent from a year ago.

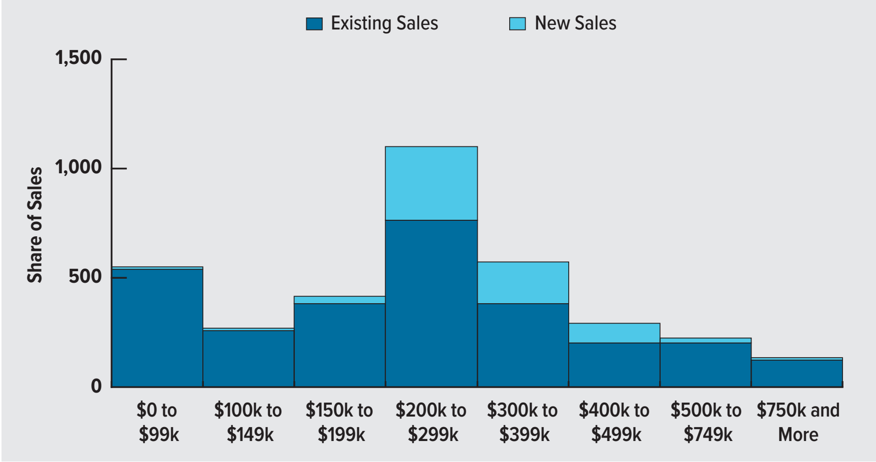
The average sales price for a new home during the 12 months ending May 2019 was $318,500, reflecting an increase of 8 percent from a year earlier. By contrast, sales prices decreased an average of 12 percent a year from 2007 through 2010, to approximately $171,700. From 2011 through 2012, the sales price increased an average of 11 percent annually, before declining 4 percent during 2013. Sales prices have increased since 2014, averaging an increase of 9 percent from 2014 through 2017 (Figure 21). During the 12 months ending May 2019, about 48 percent of new homes sold in the $200,000-to-$299,999 sales price range (Figure 22).

Figure 21. 12-Month Average Sales Price by Type of Sale in the Rural Submarket



Source: CoreLogic, Inc., with adjustments by the analyst

Figure 22. Share of Sales by Price Range During the 12 Months Ending May 2019 in the Rural Submarket



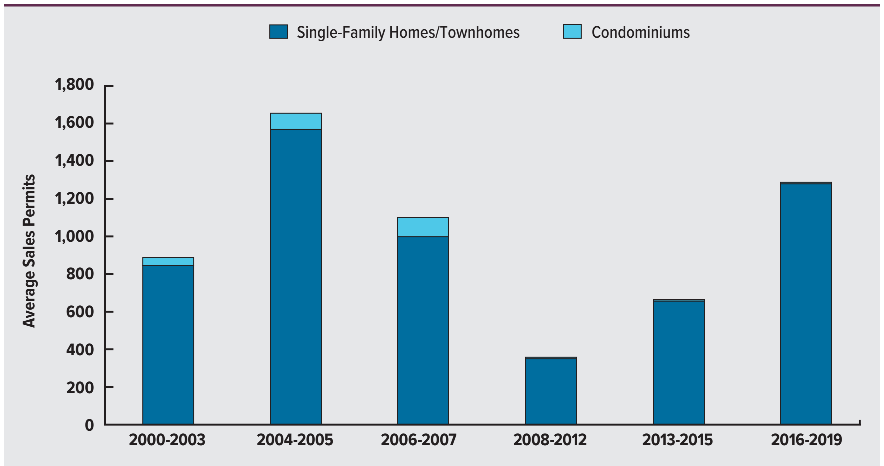
Source: Metrostudy, A Hanley Wood Company

Sales Permit Activity

Home construction in the Rural submarket has slowed since 2005. New home construction was strong during 2004 and 2005 when an average of 1,650 units was permitted annually (Figure 23). The housing crisis in the submarket began in 2007 and the effects continued through 2017. Net in-migration began to slow during 2006, demand for new homes declined, and permits fell 27 percent from 2006 through 2007 annually. Builders responded to weak housing conditions by keeping construction levels low for several years; an average of 350 units was permitted annually from 2008 through 2012. From 2013 through 2017, an average of 850 homes was permitted annually, as the housing market continued to recover. During the 12 months ending May 2019, the number of homes permitted decreased by 190 homes, or 21 percent, from the previous 12 months to 710 units permitted in response to slower new home sales (preliminary data).

New home construction within Nassau County, has accounted for nearly 94 percent of new single-family homes in the submarket during the past year,

Figure 23. Average Annual Sales Permitting Activity in the Rural Submarket



Notes: Includes single-family homes, townhomes, and condominiums. 2019 includes data through May 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

primarily in the cities of Fernandina Beach and Yulee. Amelia Concourse in the city of Fernandina Beach will be home to about 270 single-family homes at build out, with three-bedroom, single-family homes starting at $295,000. Lumber Creek, a single-family home development in the city of Yulee, with plans for 350 single-family homes, has completed about 250 new single-family homes since 2017, with prices starting at $217,000.

Forecast

During the 3-year forecast period, demand is estimated for 1,875 new single-family homes, townhomes, and condominiums in the submarket (Table 11). The 980 homes under construction will satisfy some of this demand. Demand is expected to slightly increase each year because of economic growth.

Table 11. Demand for New Sales Units in the Rural Submarket During the Forecast Period

	Sales Units
Demand	1,875 Units
Under Construction	980 Units

Note: The forecast period is from June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst

Rental Market Conditions

Rental Market—Jacksonville HMA

Market Conditions: Balanced

Rental market conditions are balanced in the HMA and all submarkets.

Current Conditions and Recent Trends

Overall rental housing market conditions (which includes single-family home rentals, townhomes, and mobile homes) in the HMA are currently balanced, with an overall estimated rental vacancy rate of 6.4 percent, down from 13.3 percent in 2010 (Table 12). Relatively slow multifamily construction from 2009 through 2014 and increased rental household growth spurred by the housing crisis contributed to declining vacancy rates and rising rents since 2010. Recently, increased multifamily construction since 2015 has helped to maintain balanced market conditions in the HMA.

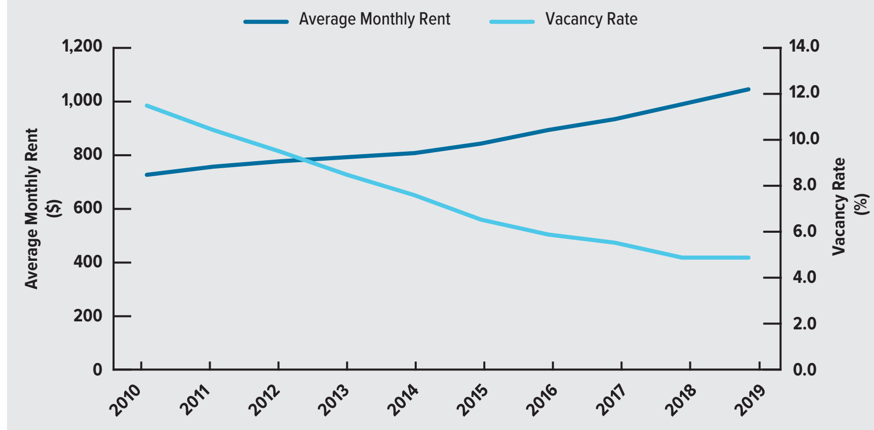
During the first quarter of 2019, the apartment vacancy rate was estimated at 4.9 percent, unchanged from the first quarter of 2018 (RealPage, Inc.). The vacancy rate declined during the past 2 years to its lowest rate recorded during the past decade (Figure 24). The average apartment rent increased 6 percent from the first quarter of 2018 to the first quarter of 2019 to $1,044, averaging $796 for a studio, $931 for a one-bedroom unit, $1,087 for a two-bedroom unit, and $1,218 for a three-bedroom unit. By comparison, average annual rent growth was 4 percent from 2010 through 2017.

Table 12. Rental Market Quick Facts in the Jacksonville HMA

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	13.3	6.4
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	39	41
	Multifamily (2–4 Units)	12	11
	Multifamily (5+ Units)	43	41
	Other (Including Mobile Homes)	6	7

Notes: The current date is June 1, 2019. Current data for “occupied rental units by structure” are from the 2017 American Community Survey.
Source: American Community Survey, 1-year data

Figure 24. Apartment Rents and Vacancy Rates in the Jacksonville HMA

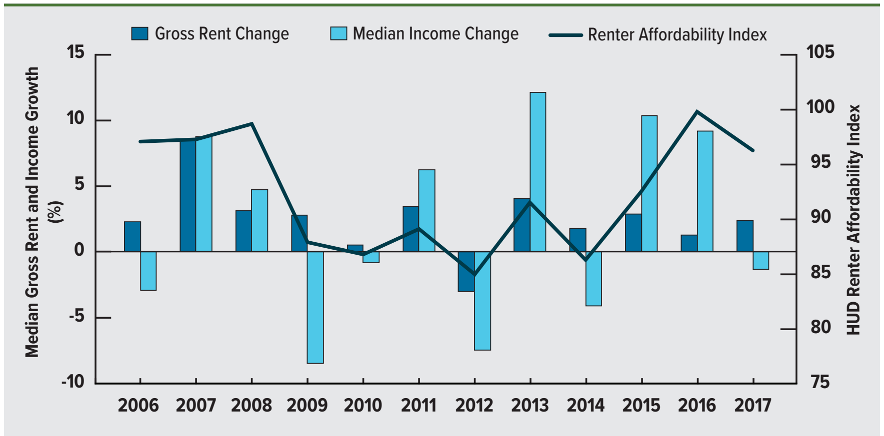


Source: RealPage, Inc.

Housing Affordability: Rental

The rental market in the Jacksonville HMA is affordable, and rental affordability has generally increased since 2012 due to slow rent growth. From 2014 to 2016, the median gross monthly rent increased only 4 percent from $966 to $1,007. During the same time, the median income for rental households in the HMA rose 21 percent from $33,357 in 2014 to $40,214 in 2016. A decline in median income for rental households in 2017 resulted in a slight decline in rental affordability, when gross monthly rent increased moderately during the same period. Despite the decline, the HUD Rental Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, has generally trended upwards since 2014. The index was 96.0 during 2017 (latest data available), down from 99.8 in 2016, but up from 86.8 in 2010 (Figure 25).

Figure 25. Jacksonville HMA Rental Affordability



Source: American Community Survey, 1-year data

Forecast

During the 3-year forecast period, demand is estimated for 10,240 new rental units in the HMA (Table 13). The 4,350 units under construction will satisfy some of this demand. Demand is expected to be relatively steady throughout the forecast period, but new supply should be targeted to become available beginning in the second year because the units under construction will satisfy most demand during the first year.

Table 13. Demand for New Rental Units in the Jacksonville HMA During the Forecast Period

	Rental Units
Demand	10,240 Units
Under Construction	4,350 Units

Note: The forecast period is June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst

Rental Market—Duval Submarket

Current Conditions and Recent Trends

The rental housing market in the Duval submarket is currently balanced. The overall rental vacancy rate is estimated at 6.7 percent, down from 13.7 percent in 2010 (Table 14). Since 2010, vacancy rates have declined, and the market has been brought into balance, which is largely because of stronger population growth and a shift in preference toward renting after the Great Recession.

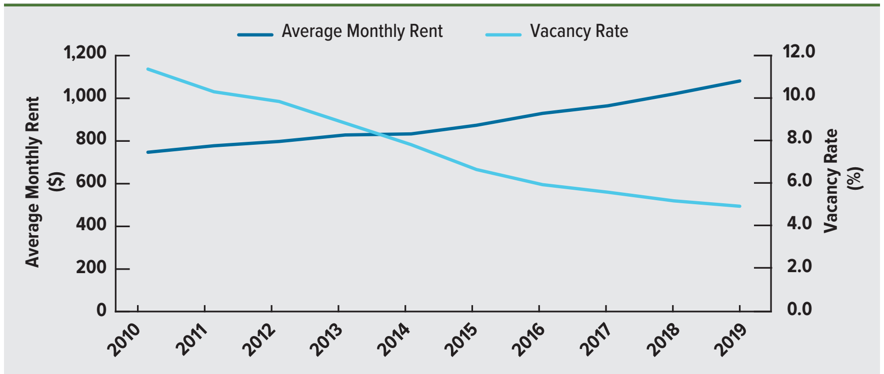
Table 14. Rental Market Quick Facts in the Duval Submarket

		2010 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	13.7	6.7
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	35	39
	Multifamily (2–4 Units)	12	10
	Multifamily (5+ Units)	49	46
	Other (Including Mobile Homes)	4	5

Notes: The current date is June 1, 2019. Current data for "occupied rental units by structure" are from the 2017 American Community Survey.
Source: American Community Survey, 1-year data

Conditions in the apartment market are balanced, compared with very soft conditions in 2010. During the first quarter of 2019, the apartment vacancy rate in the submarket was 4.9 percent, down from 5.2 percent during the first quarter of 2018 (Figure 26; RealPage, Inc.). The apartment vacancy rate has steadily fallen each quarter since the first quarter of 2010, when the vacancy rate was 11.4 percent, because of strong demand for apartment units. During the first quarter of 2019, vacancy rates were low throughout the submarket, ranging from 3.7 percent in the RealPage, Inc.-defined Central Jacksonville market area to 6.2 percent in the Arlington market area. During the first quarter of 2019, the average rent in the submarket was $1,078, up 5 percent compared with the same period a year earlier. Rents were highest in the Jacksonville Beaches market area, at $1,247.

Figure 26. Apartment Rents and Vacancy Rates in the Duval Submarket

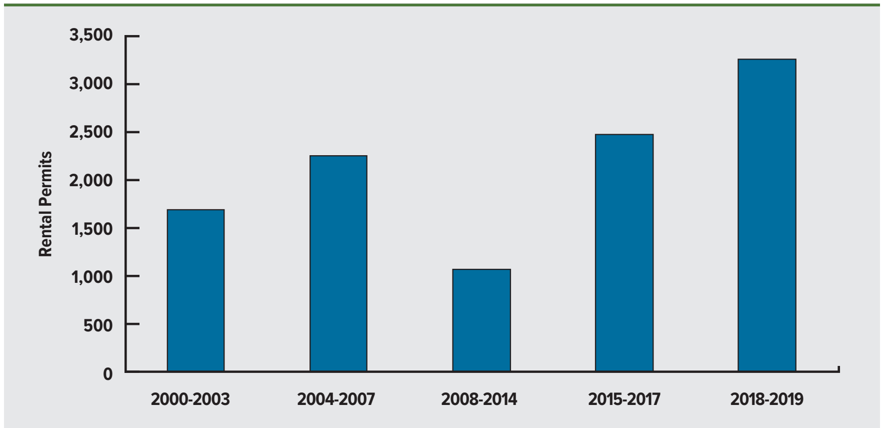


Source: RealPage, Inc.

Rental Construction Activity

Rental permitting activity, as measured by the number of rental units permitted, has been strong in the submarket since 2015, which is partially attributed to stronger population growth. An average of 2,275 rental units was permitted annually from 2004 through 2007 (Figure 27), before activity slowed to an average of 1,075 units permitted annually from 2008 through 2014, when builders responded to soft rental market conditions. Stronger net in-migration in the submarket and low vacancy rates at existing apartment communities caused construction activity to increase to an average of 2,475 units permitted annually from 2015 through 2017. During the 12 months ending May 2019, approximately 3,975 rental units were permitted, up 54 percent compared with the previous 12-month period (preliminary data with adjustments by the analyst).

Figure 27. Average Annual Rental Permitting Activity in the Duval Submarket



Notes: Includes apartments and units intended for rental occupancy. 2019 includes data through May 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

New Construction

Recent construction activity includes the 263-unit Broadstone River House, which is in the city of Jacksonville and was completed in May 2019. Rents for studio, one-, two-, and three-bedroom units start at $1,412, $1,457, $1,750, and $2,151, respectively. The JTB is a 350-unit apartment community in the city of Jacksonville. Construction at the JTB was completed in April 2019, and rents for studio, one-, two-, and three-bedroom units start at $1,152, $1,300, $1,597, and $2,030, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 7,875 new rental units (Table 15). The 3,200 units under construction will satisfy some of this demand. Demand is expected to be relatively steady throughout the forecast period and the units under construction will satisfy the demand during the first year.

Table 15. Demand for New Rental Units in the Duval Submarket During the Forecast Period

	Rental Units
Demand	7,875 Units
Under Construction	3,200 Units

Note: The forecast period is June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst

Rental Market—Suburban Submarket

Current Conditions and Recent Trends

The rental housing market in the Suburban submarket is currently balanced. The overall rental vacancy rate is estimated at 5.5 percent , down from 11.5 percent in 2010 (Table 16). Since 2010, vacancy rates have mostly declined, and the market has been brought into balance, which is largely because of stronger population growth and a shift in preference toward renting after the Great Recession.

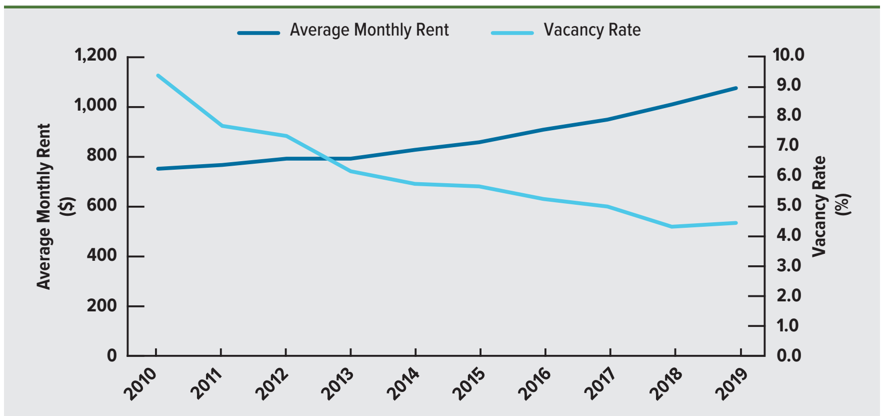
Table 16. Rental Market Quick Facts in the Suburban Submarket

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	11.5	5.5
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	52	50
	Multifamily (2–4 Units)	10	12
	Multifamily (5+ Units)	27	23
	Other (Including Mobile Homes)	11	15

Notes: The current date is June 1, 2019. Current data for "occupied rental units by structure" are from the 2017 American Community Survey.
Source: American Community Survey, 1-year data

Conditions in the Suburban submarket apartment market are balanced, compared with very soft conditions in 2010. During the first quarter of 2019, the apartment vacancy rate in the submarket was 4.4 percent, up slightly from 4.3 percent during the first quarter of 2018 (Figure 28; RealPage, Inc.). The apartment vacancy rate has steadily fallen from 9.4 to 4.3 percent each year from 2010 to 2018 because of strong demand for apartment units. During the first quarter of 2019, vacancy rates were low throughout the submarket, ranging from 2.5 percent in the RealPage, Inc.-defined St. Augustine market area to 4.8 percent in the Orange Park/Clay County market area. During the first quarter of 2019, the average rent in the submarket was $1,074, up 6 percent compared with the same period a year earlier. Rents were highest in the Mandarin market area, at $1,077.

Figure 28. Apartment Rents and Vacancy Rates in the Suburban Submarket

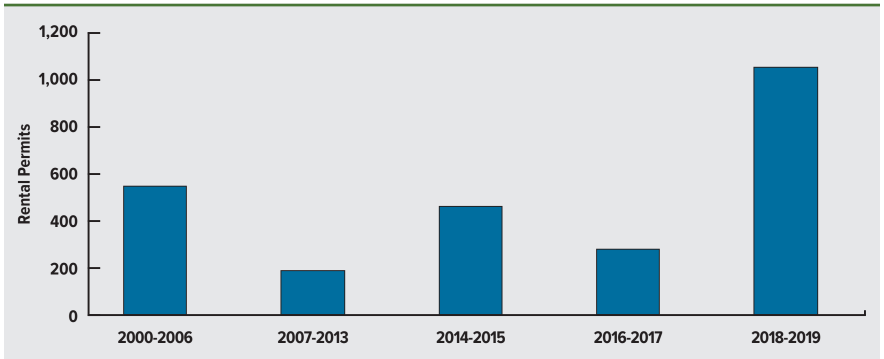


Source: RealPage, Inc.

Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted has been strong in the submarket since 2018, which is partially attributed to stronger population growth. An average of 550 rental units was permitted annually from 2000 through 2006 (Figure 29), but building activity slowed to an average of 190 units permitted annually from 2007 through 2013, when builders responded to soft rental market conditions. Stronger net in-migration into the submarket and low vacancy rates at existing apartment communities caused construction activity to increase to an average of 460 units permitted annually during 2014 and 2015. Rental permitting slowed during 2016 and 2017 to an average of 280 units permitted annually. During the 12 months ending May 2019, approximately 710 rental units were permitted, down 22 percent compared with the previous 12-month period (preliminary data with adjustments by the analyst).

Figure 29. Average Annual Rental Permitting Activity in the Suburban Submarket



Notes: Includes apartments and units intended for rental occupancy. 2019 includes data through May 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

New Construction

Recent construction activity includes the 249-unit Isla Antigua, which is in the city of St. Augustine and was completed in May 2019. Rents for one-, two, and three-bedroom units start at $1,215, $1,480, and $2,220, respectively. Starling at Nocatee is a 140-unit luxury apartment community in the city of Ponte Vedra Beach. Construction at the Starling at Nocatee was completed in May 2019, and rents for studio, one-, and two-bedroom units start at $3,000, $3,100 and $4,400, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 1,875 new rental units (Table 17). The 900 units under construction will satisfy some of this demand. Demand is expected to be relatively steady throughout the forecast period and the units under construction will satisfy the demand during the first year.

Table 17. Demand for New Rental Units in the Suburban Submarket During the Forecast Period

	Rental Units
Demand	1,875 Units
Under Construction	900 Units

Note: The forecast period is June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst

Rental Market—Rural Submarket

Current Conditions and Recent Trends

The rental housing market in the Rural submarket is currently balanced. The overall rental vacancy rate is estimated at 5.0 percent, down from 14.0 percent in 2010 (Table 18). Since 2010, vacancy rates have declined, and the market has been brought into balance, which is largely because of stronger population growth and a shift in preference towards renting after the Great Recession.

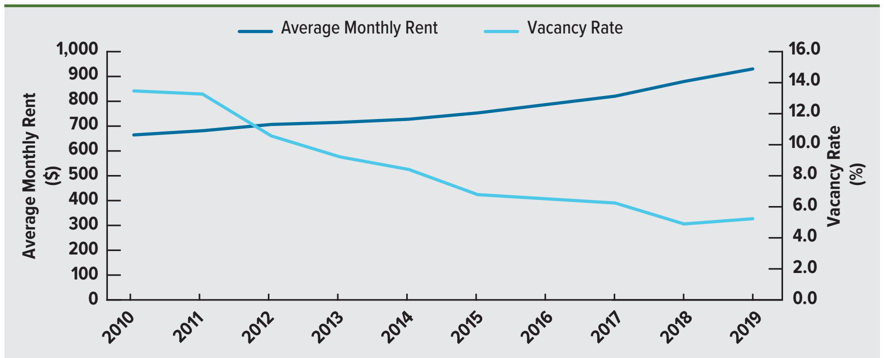
Table 18. Rental Market Quick Facts in the Rural Submarket

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	14.0	5.0
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	35	49
	Multifamily (2–4 Units)	23	15
	Multifamily (5+ Units)	13	15
	Other (Including Mobile Homes)	29	21

Notes: The current date is June 1, 2019. Current data for "occupied rental units by structure" are from the 2017 American Community Survey.
Source: American Community Survey, 1-year data

Conditions in the apartment market are balanced, compared with very soft conditions in 2010. During the first quarter of 2019, the apartment vacancy rate in the submarket was 5.3 percent, up from 4.9 percent during the first quarter of 2018 (Figure 30; RealPage, Inc.). The apartment vacancy rate has steadily fallen from 13.5 to 4.9 percent each year from 2010 to 2018 because of strong demand for apartment units. During the first quarter of 2019, vacancy rates were low throughout the submarket, averaging 5.5 and 5.1 percent in the RealPage, Inc.-defined Northside and Westside market areas. During the first quarter of 2019, the average rent in the submarket was $928, up 5 percent compared with the same period a year earlier. Rents were highest in the Northside market area, at $983.

Figure 30. Apartment Rents and Vacancy Rates in the Rural Submarket

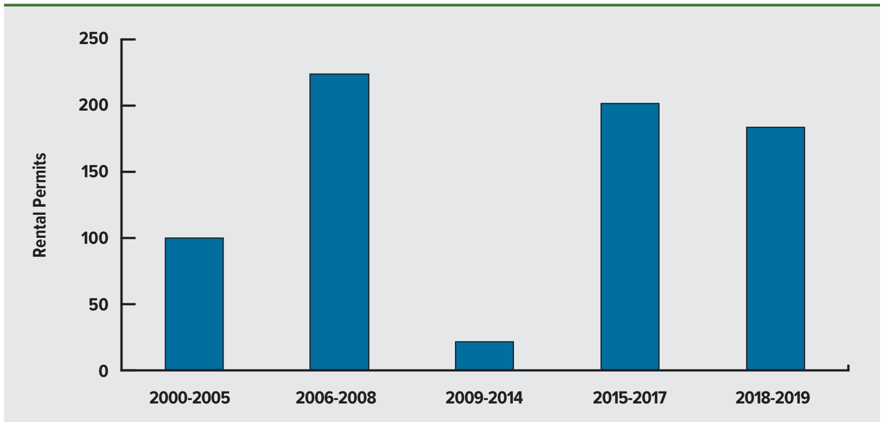


Source: RealPage, Inc.

Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted has been strong in the submarket since 2015, which is partially attributed to stronger population growth. An average of 220 rental units was permitted annually from 2006 through 2008 (Figure 31), but building activity slowed to an average of 20 units permitted annually from 2009 through 2014, when builders responded to soft rental market conditions and strong tenure shifts from owner- to renter-occupied among single-family units. Stronger in-migration into the submarket and low vacancy rates at existing apartment communities caused construction activity to increase to an average of 200 units permitted annually from 2015 through 2017. During the 12 months ending May 2019, approximately 40 rental units were permitted, down significantly from 260 units permitted during the previous 12-month period (preliminary data with adjustments by the analyst).

Figure 31. Average Annual Rental Permitting Activity in the Rural Submarket



Notes: Includes apartments and units intended for rental occupancy. 2019 includes data through May 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

New Construction

Recent construction activity includes the 224-unit Vintage Amelia Island, which is in the city of Fernandina Beach, and will be completed in early 2020. Rents for one-, two-, and three-bedroom units will start at $1,285, $1,575, and $1,925, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 490 new rental units (Table 19). The 250 units under construction will satisfy some of this demand. Demand is expected to be relatively steady throughout the forecast period and the units under construction will satisfy the demand during the first year.

Table 19. Demand for New Rental Units in the Rural Submarket During the Forecast Period

Rental Units	
Demand	490 Units
Under Construction	250 Units

Note: The forecast period is June 1, 2019, to June 1, 2022.
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.
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.
Forecast Period	6/1/2019–6/1/2022—Estimates by the analyst
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
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 U.S. Census Bureau.

Regular Resales	Existing sales minus distressed sales.
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.
Vacant Developed Lots	Lots located in subdivisions which are readily available for construction of single-family homes.

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 February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau's 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.

D. Photo/Map Credits

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