

The analysis presented in this report includes data from the early stages of the COVID-19 outbreak in the United States. The unprecedentedly large and rapid changes in many data series, and the similarly unprecedentedly large policy responses, make 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

# North Port-Sarasota-Bradenton, Florida

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

As of August 1, 2020



PD&R

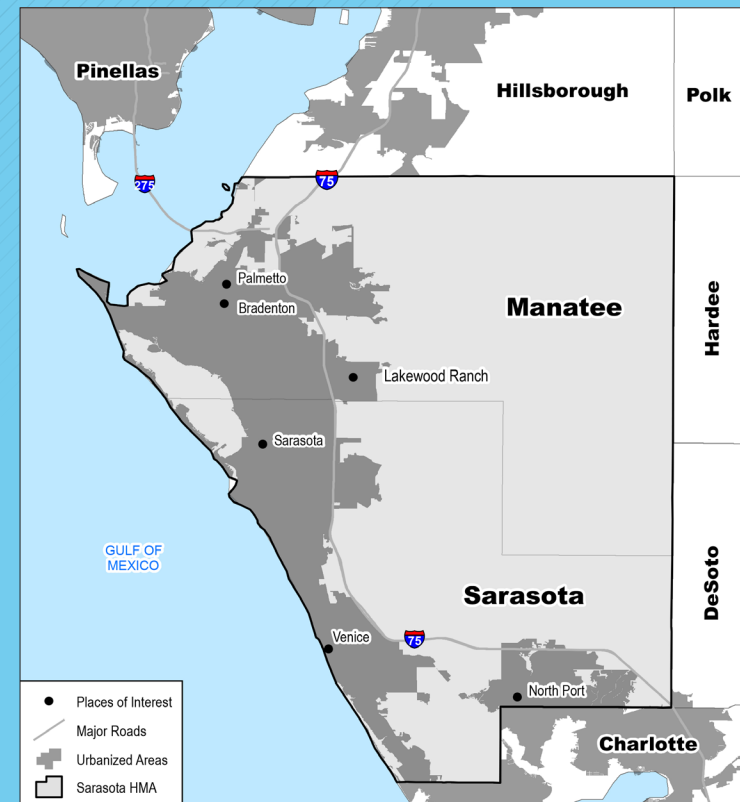
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# Executive Summary

## Housing Market Area Description

The North Port-Sarasota-Bradenton Housing Market Area (hereafter, Sarasota HMA), which consists of Sarasota and Manatee Counties, is situated along the Gulf Coast in Central Florida and is coterminous with the North Port-Sarasota-Bradenton, FL Metropolitan Statistical Area (MSA). The HMA is a major destination for tourists and retirees because of its warm climate, world-famous beaches, year-round outdoor activities, and quality health care.

The current population is estimated at 850,600.



### 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 the 12 months ending July 2020, the unemployment rate rose to 5.6 percent, from 3.3 percent a year ago.

Economic activity slowed in the Sarasota HMA following the stay-at-home orders issued by the governor in March 2020 in response to the COVID-19 pandemic. During the 12 months ending July 2020, nonfarm payrolls in the HMA declined by 6,600 jobs, or 2.1 percent, to 305,700, compared with a gain of 7,200 jobs, or 2.4 percent, during the 12 months ending July 2019. The leisure and hospitality sector led job losses during the current 12 months. Nonfarm payrolls are expected to increase an average of 1.5 percent annually during the 3-year forecast period.

### Sales Market



**Balanced:** The sales housing market in the Sarasota HMA is currently balanced, with an estimated vacancy rate of 1.6 percent, down from 4.1 percent in April 2010, when market conditions were soft.

During the 12 months ending July 2020, new and existing home sales totaled approximately 19,050, reflecting a 5-percent decline from a year earlier, and the average home sales price rose 6 percent, to \$389,300 (Zonda). During the 3-year forecast period, demand is estimated for 11,950 new homes. The 3,250 homes under construction are expected to meet a portion of that demand during the first year of the forecast period.

### Rental Market



**Balanced:** During the second quarter of 2020, the average apartment rent increased 2 percent compared with the same period a year earlier.

The overall rental housing market in the HMA is balanced, with an estimated vacancy rate (including some vacation homes and short-term rentals that are captured in the available-for-rent data) of 11.2 percent, down from 15.3 percent in April 2010. Apartment market conditions are also balanced, with a vacancy rate of 6.0 percent during the second quarter of 2020, compared with 4.6 percent during the second quarter of 2019 (RealPage, Inc.). During the forecast period, demand is expected for 3,650 rental units. The 3,100 units under construction are expected to satisfy a large portion of this demand.

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### 3-Year Housing Demand Forecast

	Sales Units	Rental Units
<b>Sarasota HMA</b>		
<u>Total Demand</u>	11,950	3,650
<u>Under Construction</u>	3,250	3,100

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2020. The forecast period is August 1, 2020, to August 1, 2023.  
Source: Estimates by the analyst





# Economic Conditions

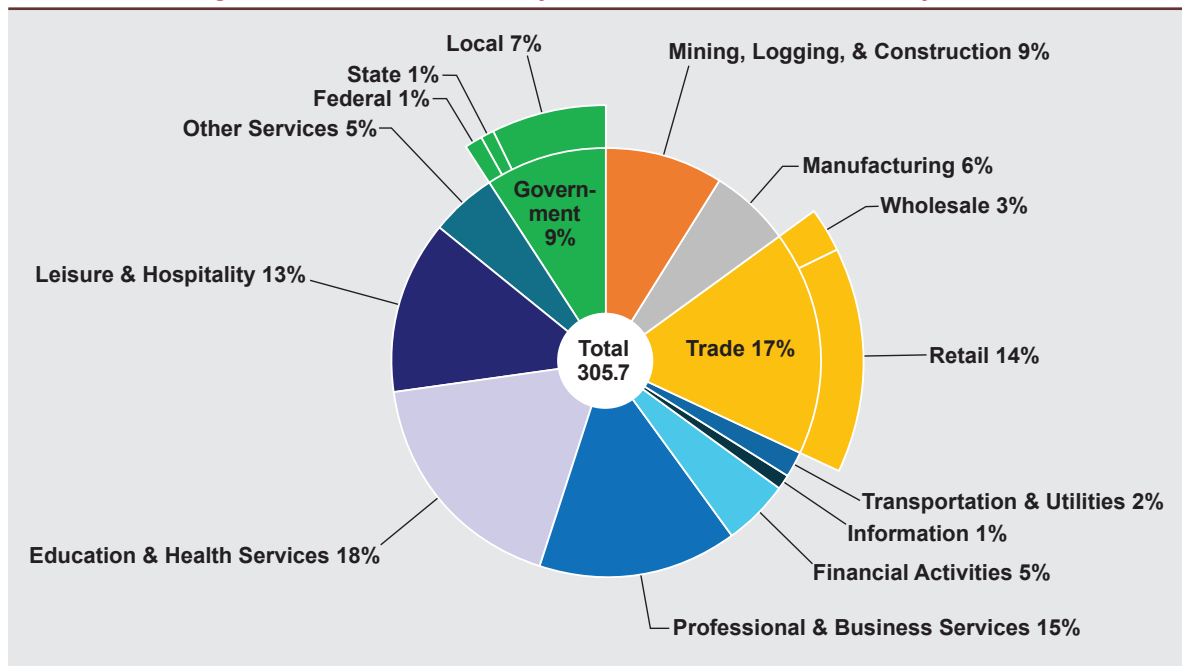
## Largest Sector: Education and Health Services

The education and health services sector accounts for 18 percent of all nonfarm payroll jobs in the HMA (Figure 1), and Sarasota Memorial Health Care System is the largest employer, with approximately 4,000 employees (Table 1).

## Primary Local Economic Factors

The HMA became a popular destination for both retirees and tourists, with world-famous beaches, an abundance of golf courses, and rich cultural arts endowments with more than a dozen performing arts groups. The HMA is also home to the Major League Baseball spring training facilities of the Baltimore Orioles, Pittsburgh Pirates, and Atlanta Braves. In 2019, an estimated 2.8 million people visited the Sarasota HMA, with a total economic impact of \$3.1 billion (Visit Sarasota). Warm weather, no individual income tax, and low state business taxes make the HMA an attractive destination for company headquarters. As a result, the professional and business services sector has been the fastest growing nonfarm payroll sector in the HMA since 2001 (Figure 2). Bealls Inc., a department store chain; Vengroff Williams, Inc., a large collection agency; and Boar’s Head Provisions Company, Inc. are headquartered in the Sarasota HMA.

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



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through July 2020. Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Sarasota HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Sarasota Memorial Health Care System	Education & Health Services	4,000
Publix Super Markets, Inc.	Wholesale & Retail Trade	3,802
Sarasota County Government	Government	3,656
Manatee County Government	Government	1,858
PGT Innovations, Inc.	Manufacturing	1,851
Bealls Inc.	Wholesale & Retail Trade	1,732
Venice Regional Bayfront Health	Education & Health Services	1,200
Manatee Memorial Hospital	Education & Health Services	1,200
Tropicana Products, Inc.	Manufacturing	1,000
City of Sarasota	Government	875

Note: Excludes local school districts. Source: Sarasota and Manatee Counties

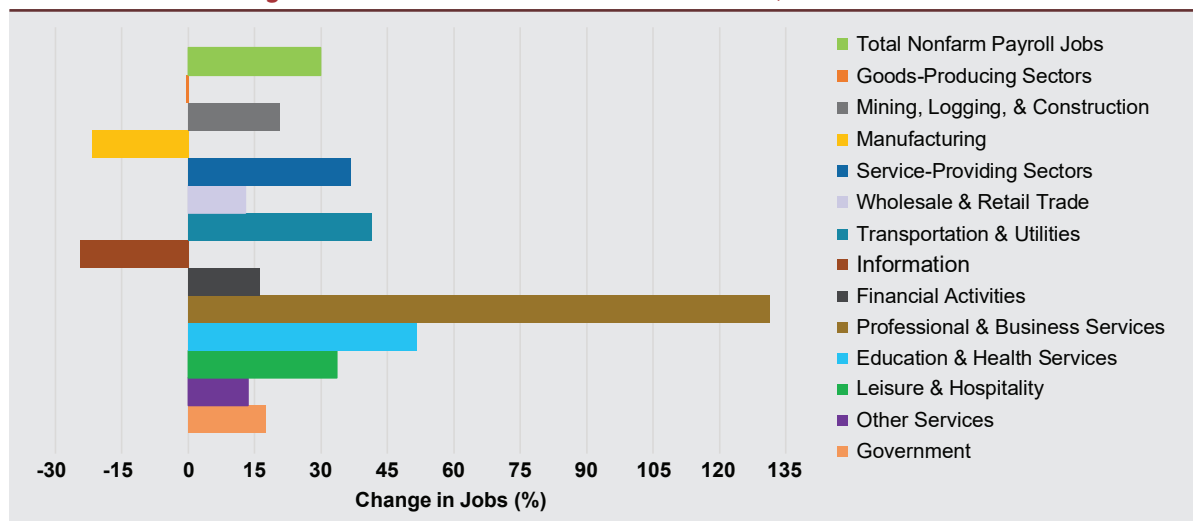


## Current Conditions— Nonfarm Payrolls

Economic conditions in the Sarasota HMA have been strong since 2015, when nonfarm payrolls surpassed the prerecession high. Job growth in the HMA slowed during the past 12 months, however, falling below the rates for the Southeast/Caribbean region and the nation. COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020, and 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, bars, and gyms in the state and required that all “nonessential” businesses limit their activity to “minimum basic operations.” Although the order was relaxed in early May, many businesses have chosen to remain shuttered.

Economic conditions in the Sarasota HMA have weakened as the effects of the COVID-19 pandemic and countermeasures designed to slow its spread have severely limited economic activity in the HMA. During the 12 months ending July 2020, the number of nonfarm payroll jobs in the HMA declined by 6,600 jobs, or 2.1 percent, to 305,700 (Table 2), compared with a gain of 7,200, or 2.4 percent, during the previous 12 months. Job losses were widespread, with declines or no gains in 6 of the 11 nonfarm payroll sectors, and most job losses occurred because of temporary layoffs. The leisure and hospitality sector declined by 4,500 jobs, or 9.9 percent,

Figure 2. Sector Growth in the Sarasota HMA, 2001 to Current



Note: The current date is August 1, 2020.  
Source: U.S. Bureau of Labor Statistics

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

	12 Months Ending July 2019	12 Months Ending July 2020	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>312.3</b>	<b>305.7</b>	<b>-6.6</b>	<b>-2.1</b>
<b>Goods-Producing Sectors</b>	<b>43.1</b>	<b>43.2</b>	<b>0.1</b>	<b>0.2</b>
Mining, Logging, & Construction	26.1	26.2	0.1	0.4
Manufacturing	17.0	17.0	0.0	0.0
<b>Service-Providing Sectors</b>	<b>269.2</b>	<b>262.5</b>	<b>-6.7</b>	<b>-2.5</b>
Wholesale & Retail Trade	53.9	51.9	-2.0	-3.7
Transportation & Utilities	6.1	6.2	0.1	1.6
Information	3.4	3.3	-0.1	-2.9
Financial Activities	15.0	15.2	0.2	1.3
Professional & Business Services	46.8	47.2	0.4	0.9
Education & Health Services	55.5	54.8	-0.7	-1.3
Leisure & Hospitality	45.5	41.0	-4.5	-9.9
Other Services	14.5	14.4	-0.1	-0.7
Government	28.4	28.5	0.1	0.4

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



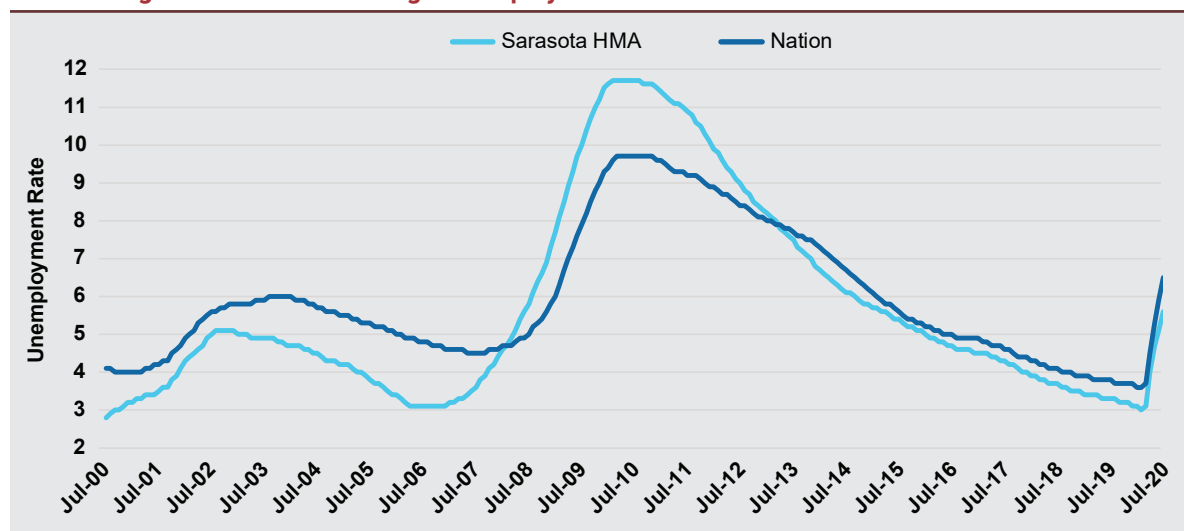
compared with a year earlier—the largest sector loss during the period. This sector lost 10,100 jobs, or 22.2 percent, in the 3 months ending July 2020 compared with the 3 months ending July 2019.

The tourism industry in Florida suffered a 60.5-percent drop in visitors during the second quarter of 2020, with international travel down by 90 percent (*The Pensacola News Journal*). Some of the job losses were due to reductions at The Ritz-Carlton Sarasota, which laid off 488 employees because the demand for hotels plummeted due to a sharp decline in travel, as nonessential travel was discouraged to limit possible exposure to COVID-19. The Rusty Bucket Restaurant & Tavern in Sarasota laid off 65 employees because indoor dining was restricted and consumers adjusted their behaviors to minimize dining trips to limit exposure during the pandemic. With the sudden decline in in-person activity and an inability of most workers in the sector to work remotely, the wholesale and retail trade sector decreased by 2,000 jobs, or 3.7 percent, during the 12 months ending July 2020. Sectors that continued adding jobs during the period included a high concentration of jobs that are better suited for remote work. The professional and business services sector increased by 400 jobs, or 0.9 percent.

## Current Conditions—Unemployment

The unemployment rate, which had a 12-month average peak at 11.5 percent in the HMA in both 2009 and 2010, averaged 5.6 percent during the 12 months ending July 2020, up from 3.3 percent a year earlier. By comparison, the national unemployment rate increased from an average of 3.8 to 6.5 percent during the same period and peaked in 2009 at 9.7 percent. Before the COVID-19 pandemic, employment growth outpaced growth in the labor force and contributed to the declining unemployment rates, both in the HMA and at the national level. Figure 3 shows trends in the 12-month average unemployment rate from 2000 to the current date for the HMA and the nation.

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



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

## Economic Periods of Significance

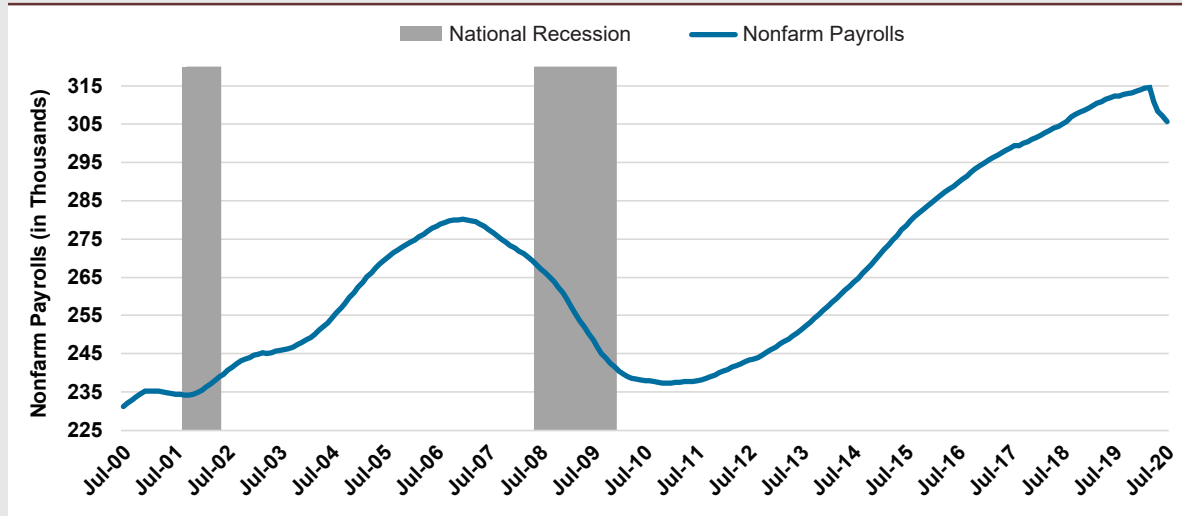
### 2002 through 2006

Economic conditions in the Sarasota HMA were strong during the early to mid-2000s.

Fast population growth, boosted by the continued inflow of retirees moving to the HMA, led to high demand for residential and commercial construction and overall strong job gains. From 2002 through 2006, nonfarm payrolls in the HMA rose by an average of 9,000 jobs, or 3.6 percent, annually (Figure 4), and the unemployment rate fell to a low of 3.1 percent in 2006. The professional and business services and the mining, logging, and construction sectors led job growth and increased by respective averages of 3,400 and 2,000 jobs, or 12.3 and 8.0 percent, annually, accounting for 60 percent of jobs added in the service-providing sectors.



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



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

### 2007 through 2010

In 2007, economic conditions in the HMA began to weaken, with the onset of the Great Recession and the national housing crisis. From 2007 through 2010, nonfarm payrolls in the HMA declined by an average of 10,700 jobs, or 4.1 percent, annually. During the economic downturn, 10 of the 11 payroll sectors lost jobs, and the trend of strong in-migration to the HMA ended, slowing population growth. Losses in the HMA were largest in the mining, logging, and construction sector, which declined by an average of 4,200 jobs, or 16.9 percent, annually; that reduction accounted for nearly 40 percent of all job losses, due to the reduction in both single-family and multifamily homebuilding. The professional and business services and the manufacturing sectors had respective annual declines of 2,200 and 1,500 jobs, or 6.4 and 9.0 percent, annually. Genmar Holdings, Inc., a manufacturer of recreational motorboats, laid off 224 workers in 2008. Despite slower in-migration of retirees due to the economic slowdown, growth in the education and health services sector increased by an average of 900 jobs, or 2.0 percent, annually. Manatee Memorial Hospital opened a 150,000-square-foot addition in 2007, which added an intensive care unit, new surgical centers, and 104 new patient rooms.

### 2011 through 2016

Economic conditions in the HMA began to improve in 2011 as the national economy started to improve and consumer spending increased. From 2011 through 2016, nonfarm payrolls increased by an average of 9,500 jobs, or 3.6 percent. The professional and business services sector led the HMA in both total jobs added and rate of growth, up by 2,600 jobs, or 7.3 percent, a year. In 2012, Datum Corporation, a computer software publisher and developer, expanded to Sarasota County and added approximately 75 jobs. The wholesale and retail trade and the leisure and hospitality sectors expanded by 1,800 and 1,500 jobs, respectively, or 3.9 percent for each, annually. In 2014, The Westin Sarasota broke ground for a new 255-room hotel with a rooftop pool in downtown Sarasota. The mining, logging, and construction sector expanded by 1,100 jobs annually, or 6.4 percent, during this period.

### 2016 through 2019

Job growth in the HMA moderated to an average of 6,500 jobs, or 2.2 percent, a year from 2016 through 2019. Although job growth slowed in the HMA, several notable expansions occurred during the period. The education and health services and the mining, logging, and construction sector each added an average of 1,500 jobs, or 2.8 and 6.3 percent, annually, respectively. Sarasota Memorial Health Care System began construction

on a 110-bed facility with a 28-room Emergency Care Center and eight surgical suites, which is expected to be open in late 2020. The Mark Sarasota, an 11-story building with 157 luxury condominiums and retail and office space, opened in downtown Sarasota in the fourth quarter of 2019. The leisure and hospitality sector increased by 900 jobs, or 2.1 percent, annually. The HMA

is home to the spring training camps for the Pittsburgh Pirates and the Baltimore Orioles, and, in 2019, the Atlanta Braves opened a spring training facility, created 139 jobs, and are expected to have an estimated \$1.7 billion economic impact during their 30-year lease (Stantec Inc.).

## Employment Forecast

During the forecast period, nonfarm payrolls are expected to increase at an average annual rate of 1.5 percent, as the local economy recovers from the major economic disruption triggered by the COVID-19 pandemic. Growth is expected to be slowest during the first year of the forecast as public health concerns remain and businesses navigate reopening. Net in-migration of retirees is expected to continue, as the Sarasota HMA is a popular retirement

and tourist destination. First Watch Restaurants, Inc., a nationwide breakfast and brunch chain, is building a new corporate headquarters in Sarasota County, with a 39,000-square-foot building that is expected to create 85 new jobs and should be complete in late 2020. The education and health services sector, which is the largest sector in the Sarasota HMA, has added jobs each year since 2001. Venice Regional Bayfront Health is currently building a 210-bed hospital in Sarasota County that is expected to be open in late 2021.





# Population and Households

**Current Population: 850,600**

The HMA population has increased rapidly since 2010, partly because of growing net in-migration.

## Population Trends

The population of the Sarasota HMA is estimated at 850,600 as of August 1, 2020, representing an average annual increase of 14,350, or 1.9 percent, since April 2010 (Table 3). Population growth in the HMA has been mainly a result of migration patterns, which follow a similar trend as the economy but may lag by a year or two. Conversely, net natural change (resident births minus resident deaths) has been negative every year since 2000, averaging a decline of 2,225 people a year through the current date. The rising share of older residents in the HMA has contributed to slower population growth this decade and a higher rate of net natural decline. During the economic expansion from 2001 to 2006, population growth in the HMA averaged 15,850, or 2.5 percent, annually (U.S. Census Bureau population estimates as of July 1), as well-paying jobs in construction and the health services industry attracted workers to the HMA. Net in-migration during that period averaged 17,550 people annually, whereas net natural change averaged a decline of 1,700 people annually. Population growth fell to an average of 4,550, or 0.7 percent, annually from 2006 to 2010, during the economic slowdown, partially due to

people delaying retirement. Net in-migration fell to an average of 5,900 and net natural change averaged a decline of 1,350 people, annually.

When the national economy began expanding, home sales improved, contributing to an increase in the number of retirees once again moving into the area. As home prices nationally began to rise, they enabled retiring baby boomers to sell their homes and retire to the HMA. From 2010 to 2013, net in-migration rose each year, averaging 11,750, and population growth averaged 9,500 people, or 1.3 percent, annually, whereas net natural change averaged a decline of 2,250 people a year. From 2013 to 2019, the population growth reached a high of 17,550 people, or 2.3 percent, annually, with peak net in-migration of 24,125 people in 2016. Net in-migration averaged 20,825 people annually during this period. The rising share of older residents in the HMA, because of its popularity as a retirement destination, has contributed to slowing net natural change, which averaged a decline of 3,275 people during this period. The population of the HMA has also risen steadily since 2010 in response to strong job growth during this period. Figure 5 shows the components of population change from 2000 through the forecast.

**Table 3. Sarasota HMA Population and Household Quick Facts**

	2010	Current	Forecast	
<b>Population Quick Facts</b>	<b>Population</b>	702,281	850,600	880,300
	Average Annual Change	11,250	14,350	9,875
	Percentage Change	1.8	1.9	1.1
<b>Household Quick Facts</b>	<b>Households</b>	311,475	373,200	386,100
	Average Annual Change	4,900	5,975	4,300
	Percentage Change	1.7	1.8	1.1

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 (August 1, 2020) to August 1, 2023.  
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

## Age Cohort Trends

The share of seniors (aged 60 years and older) living in the HMA increased from 2010 to 2019, whereas the share of all other age cohorts

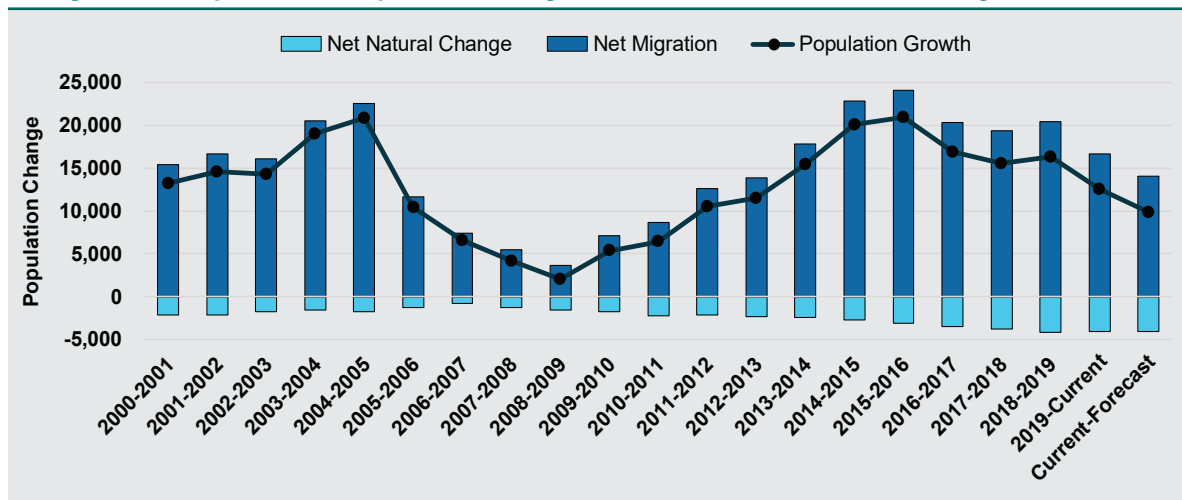


declined (Figure 6). People aged 60 and older account for a rising share of total population in the HMA, growing from 35 percent of the population in 2010 to nearly 41 percent in 2019 (2010 and 2019 American Community Survey [ACS] 1-year data). This increase can be attributed to the migration of retirees into the HMA. The Sarasota HMA has attracted and retained members of this age cohort because of its warm climate, proximity to health care and golf courses, world-class restaurants, and abundance of active adult communities. By comparison, all other age cohorts showed a decline from 2010 to 2019. The rising share of older residents contributed to the decline in net natural change during the past decade.

### Household Trends

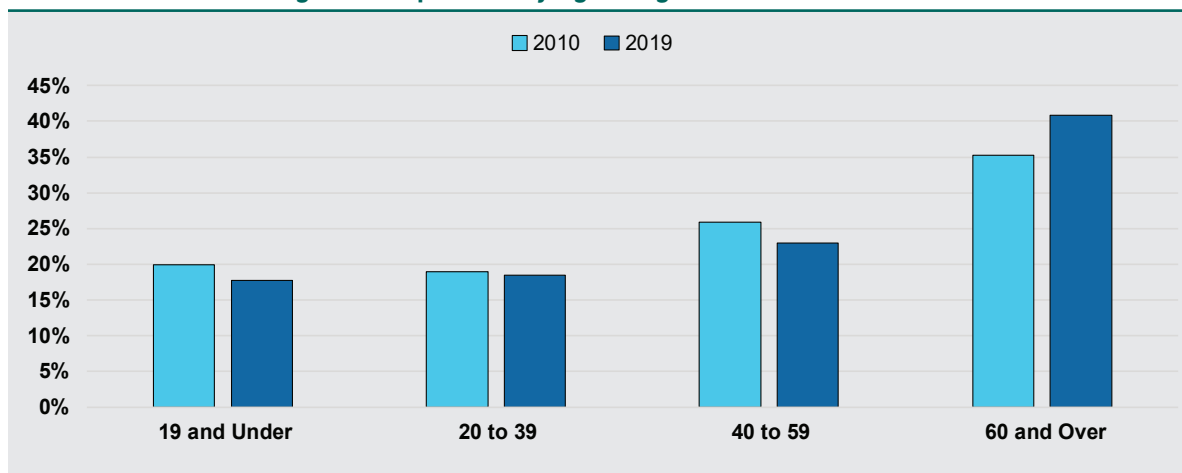
As of August 1, 2020, the number of households in the Sarasota HMA is estimated at 373,200. Since 2010, the number of households has increased by an average of 5,975, or 1.8 percent, slightly lower than the 1.9-percent population growth during the period. By comparison, from 2000 to 2010, households increased by 4,900, or 1.7 percent, a year, slightly lower than the corresponding average annual 1.8-percent population growth. Due in part to prolonged effects of the Great Recession, which resulted in stricter lending practices and a shift in household preferences toward renting, the homeownership rate in the HMA has declined since 2000 and is currently estimated at 73.5 percent of all households, slightly above the 2010 rate of 73.4

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



Notes: Net natural change and net migration totals are average totals over the time period. The forecast period is from the current date (August 1, 2020) to August 1, 2023.  
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

**Figure 6. Population by Age Range in the Sarasota HMA**



Source: U.S. Census Bureau

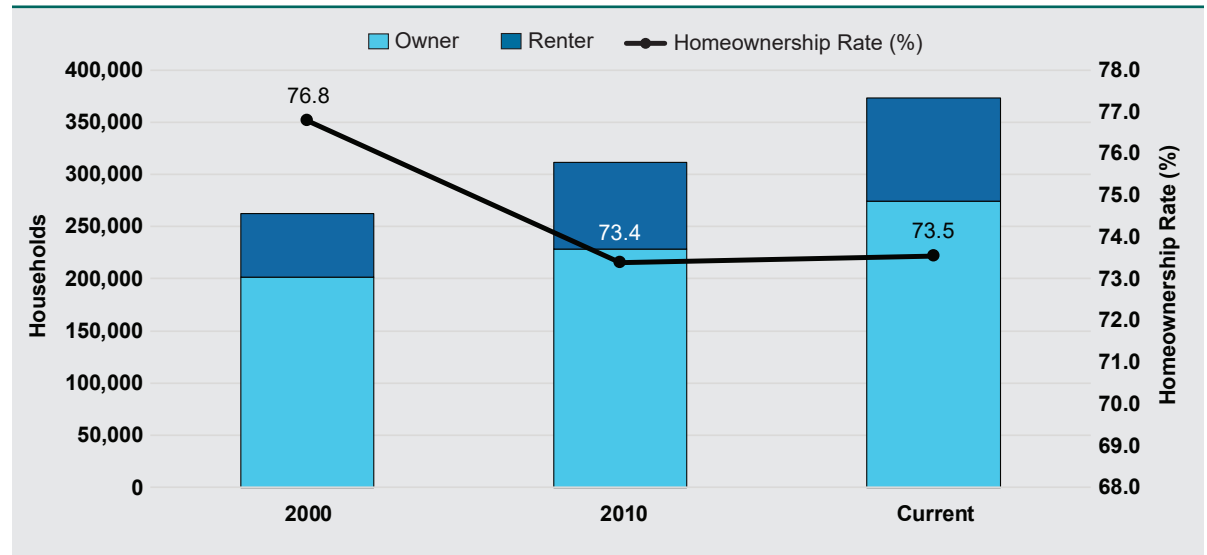


(Figure 7). Currently, an estimated 274,500 owner and 98,700 renter households are in the HMA.

## Population and Household Forecast

During the forecast period, slowing economic growth is expected to contribute to lower population growth in the HMA, which is estimated to average 9,875 people, or 1.1 percent, annually. In addition, the rising share of elderly residents is expected to further limit gains from net natural increase. The population is expected to reach 880,300 by August 1, 2023. Population growth is expected to be lowest in the first year and higher in the second and third years as in-migration continues in response to improving economic conditions in the HMA. Households are expected to increase by an average of 4,300, or 1.1 percent, annually, reaching 386,100 households by the end of the forecast period. The decline in the

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



Note: The current date is August 1, 2020.  
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

homeownership rate is expected to slow, as the home sales market will benefit from people moving to the suburbs because of uncertainty related to the COVID-19 virus and self-quarantine.



# Home Sales Market

## Market Conditions: Balanced

Existing home sales prices increased 7 percent during the 12 months ending July 2020, compared with a 3-percent increase during the previous 12-month period.

## Current Conditions

The sales housing market in the Sarasota HMA is currently balanced, with an estimated vacancy rate of 1.6 percent (Table 4), down from 4.1 percent in April 2010, when market conditions were soft. Since the end of the economic downturn in the HMA in 2010, stronger economic conditions and increased net in-migration have helped significantly reduce the excess inventory of homes for sale brought on by the Great Recession, contributing to the sales housing market recovery. During the 12 months ending July 2020, a 3.7-month supply of homes was for sale, down from a 4.6-month supply during the 12 months ending July 2019 (CoreLogic, Inc.).

**Table 4. Home Sales Quick Facts in the Sarasota HMA**

	Sarasota HMA	Nation
<b>Vacancy Rate</b>	1.6%	NA
<b>Months of Inventory</b>	3.7	3.0
<b>Total Home Sales</b>	19,050	5,895,000
1-Year Change	-5%	-7%
<b>New Home Sales Price</b>	\$413,000	\$388,600
1-Year Change	2%	1%
<b>Existing Home Sales Price</b>	\$381,600	\$303,900
1-Year Change	7%	5%
<b>Mortgage Delinquency Rate</b>	3.9%	4.2%

NA = data not available.  
 Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending July 2020; and months of inventory and mortgage delinquency data are as of July 2020. The current date is August 1, 2020.  
 Source: Zonda

## New Home Sales

Approximately 4,400 new homes sold in the HMA during the 12 months ending July 2020, down 8 percent from the 4,775 sold during the previous 12 months (Zonda). Currently, the number of new home sales is 31 percent below the prerecession high of 6,400 homes sold during 2005. New home sales decreased by an average of 36 percent, or 1,325 homes, annually from 2006 through 2009; that decrease, which was largely due to the Great Recession and housing market collapse, reached a low of 1,100 homes sold in 2009. From 2010 through 2014, the number of new home sales increased by an average annual rate of 320 homes, or 20 percent, to 2,700 homes sold in 2014. As economic conditions improved and excess inventory was absorbed, new home sales continued to rise. From 2015 through 2019, sales of new homes increased by an average of 440 homes, or 13 percent, annually, to 4,000.

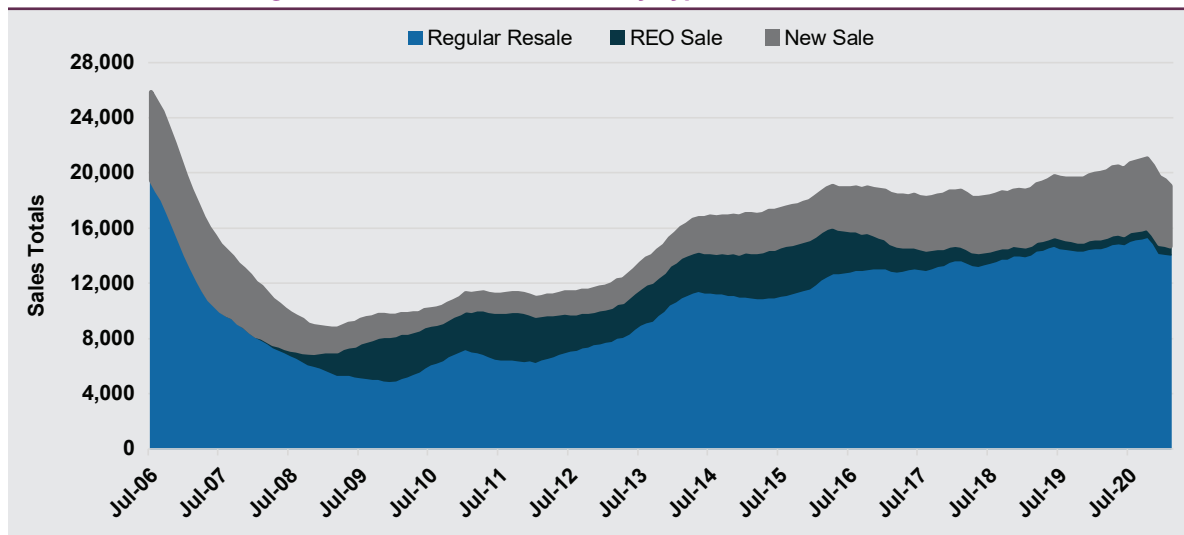
## Existing Home Sales

During the 12 months ending July 2020, existing home sales (including regular resale and real estate owned [REO] home sales) totaled 14,650, a decrease of approximately 590 homes, or 4 percent, from the previous 12 months (Zonda). REO sales accounted for approximately 4 percent of existing sales during this period. Recently, existing home sales have been increasing in the HMA (Figure 8). Existing home sales peaked





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



REO = real estate owned.  
Source: Zonda

in 2005, at 19,450. From 2006 through 2009, as economic conditions weakened, existing home sales averaged 8,450 annually, with a low of 7,675 home sales during 2008. REO home sales increased by an average of 150 percent annually from 2006 through 2009 and peaked at 33 percent of existing home sales in 2008. In response to improving economic conditions and increased net in-migration, the market for existing homes improved. From 2010 through 2014, existing home sales increased and averaged 12,050 home sales each year, while REO sales increased at an average annual rate of 4 percent. From 2015 through 2019, existing home sales increased and averaged 15,150 each year, whereas REO sales declined at an average rate of 28 percent annually.

### Delinquent Mortgages

The rate of seriously delinquent home loans (90 or more days delinquent or in foreclosure) and REO properties in the HMA peaked in 2010 at 16.5 percent, compared with an 18.3-percent statewide rate and a 7.8-percent rate nationwide in 2010 (CoreLogic, Inc.). As of July 2020, 3.9 percent of home loans were seriously delinquent or in REO status, up from 1.1 percent in July 2019. For context, the rates rose from 1.8 to 5.9 percent statewide and 1.4 to 4.2 percent nationwide during the same period. Distressed home

sales (REO and short sales) in the HMA have been declining each year since 2014. That trend is expected to slow or even reverse with higher unemployment, however, and as the forbearance periods and foreclosure moratoria passed by Congress as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) are currently set to expire in the coming months.

### New Home Sale Prices

The average sales price for a new home during the 12 months ending July 2020 was \$413,000, an increase of 2 percent, similar to the rate of increase during the previous 12 months. Lower demand for homes because of weaker economic conditions caused new home prices to decrease at an average annual rate of 7 percent a year from 2007 through 2011, reaching a low of \$243,500 in 2011. As economic conditions improved, accelerating population growth led to increasing demand for new homes and annual price growth averaged 8 percent from 2012 through 2017. During 2018 and 2019, new home sales prices continued to increase, with an average annual change of 3 percent, reaching a high of \$408,800 in 2019. During the past 12 months, new home sales were greatest among homes priced from \$200,000 to \$299,000 (Figure 9).

### Existing Home Sales Prices

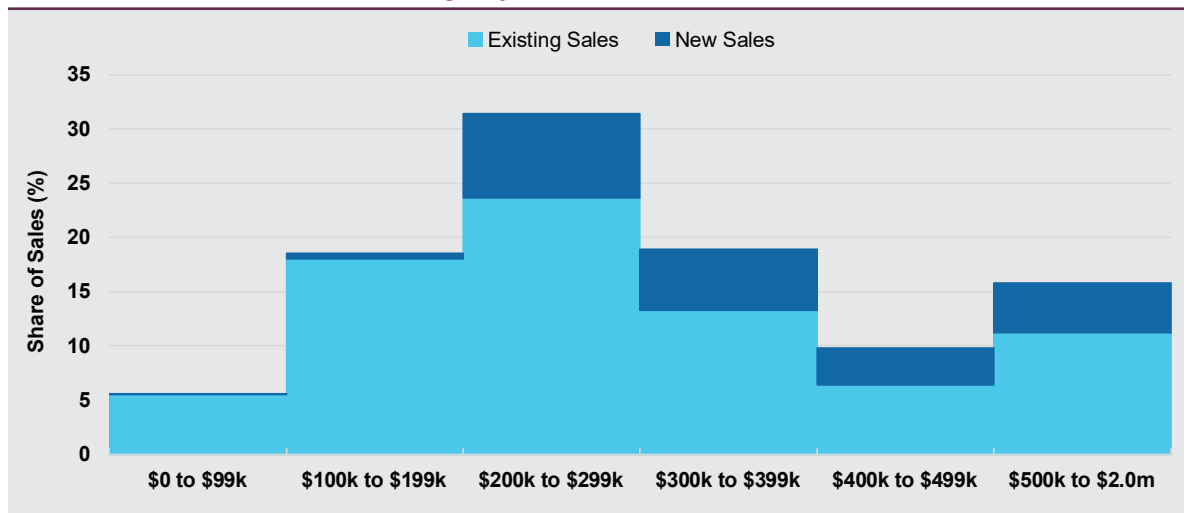
During the 12 months ending July 2020, the average sales price of an existing home was

\$381,600, up 7 percent from the previous 12 months, compared with less than 1 percent price growth a year earlier. During the buildup to the crash and the subsequent recession, demand for existing homes declined, and, from 2006 through 2010, existing home prices dropped an average of 9 percent annually, to a low of \$211,500 in 2010. An increase in REO sales during this period, which sold at a discount compared with regular resale homes, contributed to the declining average sales price for existing homes. The average sales price of an REO property was \$126,800 in 2010, compared with \$257,200 for a regular resale home (Figure 10). Prices for existing homes increased an average of 6 percent annually from 2011 through 2014, to \$268,600, as economic conditions improved and the inventory of REO properties was absorbed. Existing home sales prices continued to improve and, from 2015 through 2019, increased by an average of \$19,600, or 6 percent, annually, to \$366,700.

### Sales Construction Activity

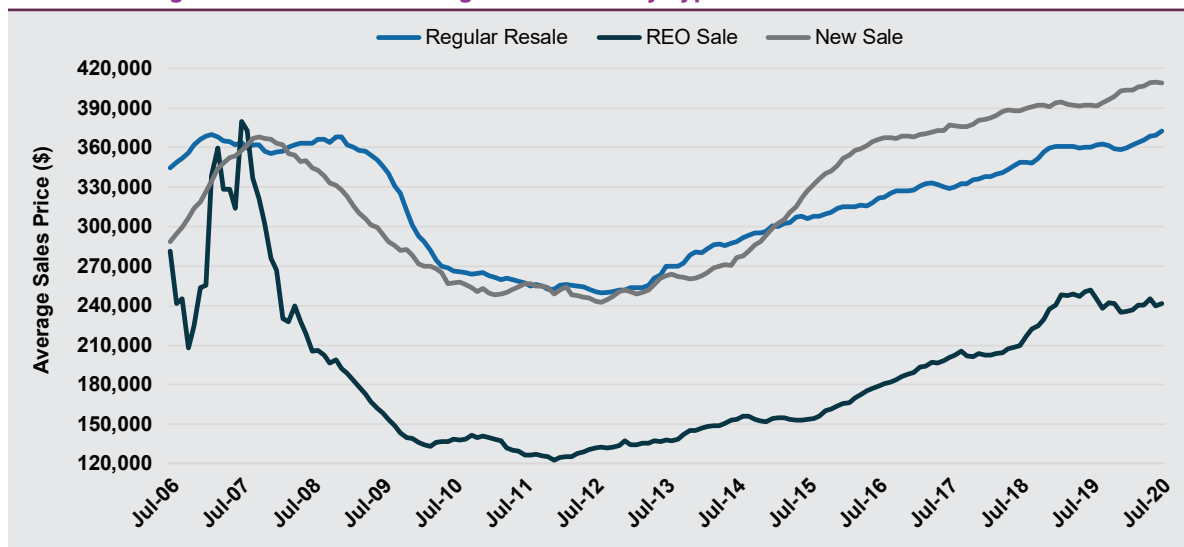
Sales construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted, has trended upward in the HMA since 2010 but is significantly below the historically high levels reached during the housing boom in the mid-2000s (Figure 11). From 2000 through 2006, the number of homes permitted averaged 9,150 homes annually, then declined to an average of 2,775 homes from 2007 through 2011, during the peak of the foreclosure crisis. Homebuilders have since responded

Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending July 2020 in the Sarasota HMA



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

Figure 10. 12-Month Average Sales Price by Type of Sale in the Sarasota HMA



REO = real estate owned.  
Source: Zonda



with increased levels of sales construction as population growth has accelerated. Improving economic conditions in the Sarasota HMA have resulted in the absorption of existing inventory. From 2012 through 2019, sales construction activity increased by an average of 640 homes, or 17 percent, annually. During the 12 months ending July 2020, approximately 7,300 homes were permitted, up from the 6,175 homes permitted during the previous 12 months (preliminary data, with adjustments by the analyst).

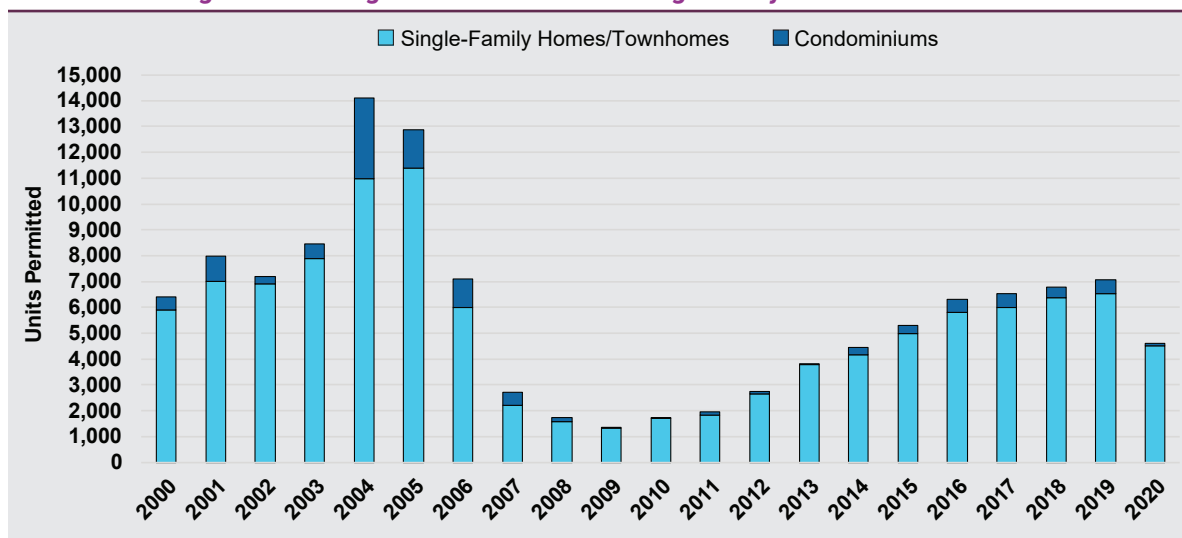
### New Construction Properties

New home construction is occurring throughout the HMA. Located approximately 3 miles north of downtown Sarasota, KB Home is developing 60 new homesites in the Grady Pointe subdivision. Homes in the development range from 1,550 to 2,350 square feet, and list prices will start in the low \$300,000s. Approximately 900 of the 1,300 homes planned at build out are complete at Del Webb Lakewood Ranch, an age-restricted property in Manatee County. The 1,450- to 2,800-square-foot homes have prices starting at \$269,000.

### Forecast

Based on current and anticipated economic and population growth in the Sarasota HMA, demand is estimated for 11,950 new homes during the next 3 years, with demand evenly distributed each year of the forecast (Table 5). The 3,250 homes currently under construction are expected to meet a portion of the demand during the first year of the forecast.

Figure 11. Average Annual Sales Permitting Activity in the Sarasota HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through July 2020. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data and estimates by the analyst; 2019 and 2020—preliminary data and estimates by the analyst

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

Sales Units	
Demand	11,950 Units
Under Construction	3,250 Units

Note: The forecast period is from August 1, 2020, to August 1, 2023. Source: Estimates by the analyst



# Rental Market

## Market Conditions: Balanced

The average market-rate apartment rent during the second quarter of 2020 was \$1,277, up 2 percent from a year earlier (RealPage, Inc.).

## Current Conditions and Recent Trends

Overall rental housing market conditions in the Sarasota HMA are currently balanced, with an estimated rental vacancy rate of 11.2 percent, down from 15.3 percent in 2010, when the market was soft (Table 6). The high vacancy rates in the HMA reflect the large number of vacation homes and other short-term rental properties that are captured in the available-for-rent data. High levels of renter household growth since 2010 have contributed to declining vacancy rates and rising rents. Multifamily buildings with five or more units, typically apartments, accounted for 43 percent of all occupied rental units in the HMA in 2018, up from

41 percent in 2010 (2010 and 2018 ACS 1-year estimates). An estimated 38 percent of renter households in the HMA live in single-family homes, down from 40 percent in 2010. Approximately 12 percent lived in buildings with two to four units in 2018, which was the same in 2010.

## Apartment Market Conditions

The apartment market in the Sarasota HMA transitioned from soft conditions in 2010 to balanced conditions currently. During the second quarter of 2020, the apartment vacancy rate was estimated at 6.0 percent, up from 4.6 percent during the second quarter of 2019 (RealPage, Inc.). For context, the apartment vacancy rate declined from 6.7 percent in 2010, following the Great Recession, to 1.7 percent in 2014 after the economy recovered (Figure 12). The average market-rate apartment rent during the second quarter of 2020 was \$1,277, up 2 percent from a year earlier. Comparing the three RealPage, Inc.-defined market areas in the HMA, the average rent is highest in the Sarasota market area, which includes the city of Sarasota and is the cultural center for the HMA. Rent in the Sarasota market area was \$1,390, compared with \$1,230 in the Bradenton market area and \$1,112 in the North Port market area. From 2010 through 2014, the average apartment rent in the HMA increased 4 percent each year, from \$820 in 2009 to \$951 in 2016 (RealPage, Inc.), and rental units permitted reached a low of approximately 240 in 2010.

**Table 6. Rental and Apartment Market Quick Facts in the Sarasota HMA**

Rental Market Quick Facts	2010 (%)	Current (%)	
	<b>Rental Vacancy Rate</b>	15.3	11.2
	<b>Occupied Rental Units by Structure</b>		
	Single-Family Attached & Detached	40.0	38.0
	Multifamily (2–4 Units)	12.0	12.0
	Multifamily (5+ Units)	41.0	43.0
Other (Including Mobile Homes)	7.0	7.0	

Apartment Market Quick Facts	Current	YoY Change	
	<b>Apartment Vacancy Rate</b>	6.0	30.0
	<b>Average Rent</b>	\$1,277	2.3
	Studio	\$998	7.3
	One-Bedroom	\$1,150	1.3
	Two-Bedroom	\$1,324	2.2
Three-Bedroom	\$1,524	3.7	

YoY = year-over-year.

Notes: The current date is August 1, 2020. Percentages may not add to 100 due to rounding.

Sources: 2010 and 2018 American Community Survey, 1-year data; Reis, Inc.





Apartment construction activity started increasing in 2013, and the vacancy rate increased from 1.7 percent in 2014 to 4.6 in 2018. Average rents during this period increased from \$951 in 2014 to \$1,201 in 2018, a 26-percent increase, which is partially attributed to new apartment construction.

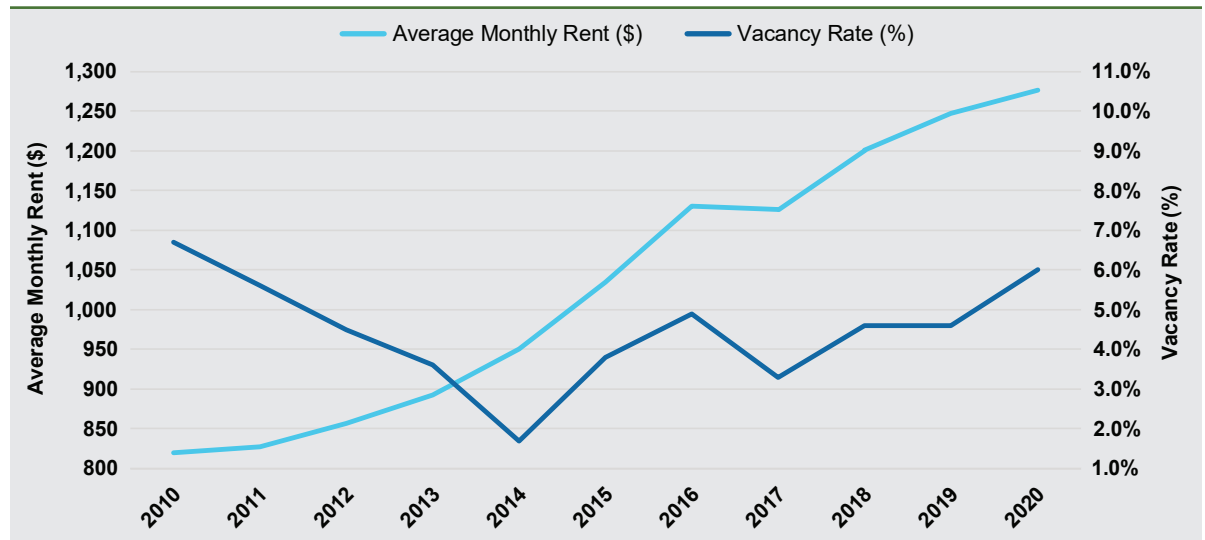
### Rental Permit Activity

Rental construction, as measured by the number of rental units permitted, has mostly increased since 2014 and reached a peak above prerecession levels in 2018 (Figure 13). From 2000 through 2006, an average of 1,650 rental units were permitted annually, before the rate declined by an average of 180 units permitted annually from 2007 through 2012, during the Great Recession and beginning of the economic recovery. From 2013 through 2018, however, rental construction activity increased to an average of 1,975 units, as economic conditions in the HMA strengthened. During the 12 months ending July 2020, approximately 3,400 units were permitted, up 20 percent from the 2,825 units permitted during the previous 12 months (preliminary data, with adjustments by the analyst).

### Recently Completed Rental Properties

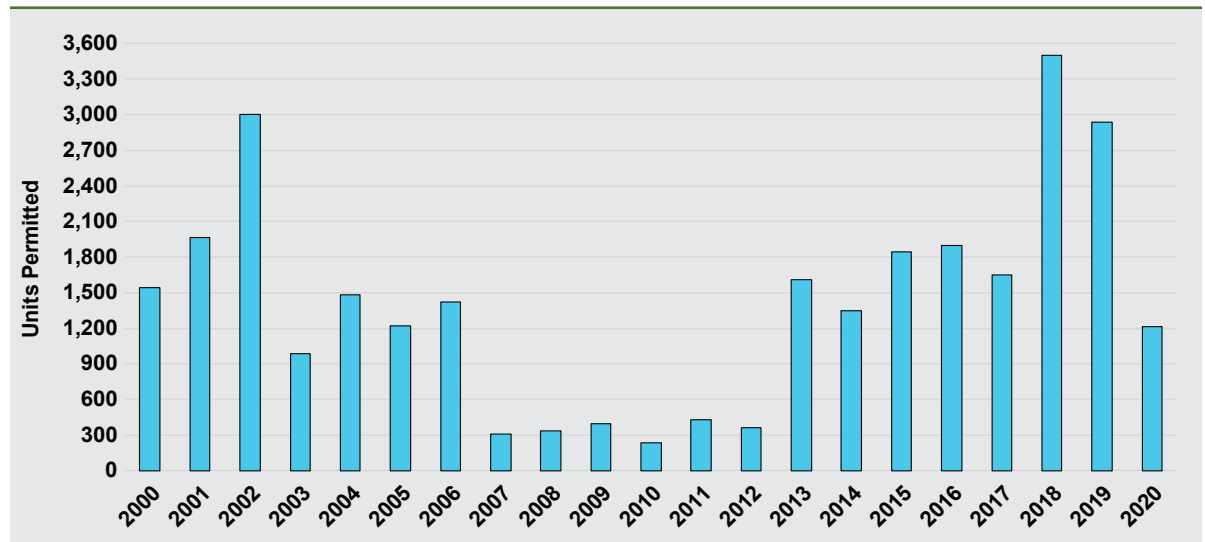
Recent construction activity includes the 300-unit Residences at The Green, which was completed in

**Figure 12. Apartment Rents and Vacancy Rates in the Sarasota HMA**



Note: All data are for second quarter.  
Source: RealPage, Inc.

**Figure 13. Average Annual Rental Permitting Activity in the Sarasota HMA**



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through July 2020.  
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data and estimates by the analyst; 2019 and 2020—preliminary data and estimates by the analyst



the first quarter of 2020. The community is in the master-planned community of Lakewood Ranch in Manatee County and has units ranging in size from 740 to 1,410 square feet. Rents for one-, two-, and three-bedroom units start at \$1,400, \$1,600, and \$2,100, respectively. Venice Isles is a 324-unit complex that recently opened in the second quarter of 2020 in the city of Venice. Rents for the one-, two-, and three-bedroom units at this community start at \$1,300, \$1,525, and \$1,995, respectively. The Reef at Riviera is an assisted-living community in Palmetto in north Manatee County that is currently under construction and expected to be complete in the fall of 2021. The rents are not yet available for the 224 age-restricted units in this property.

## Forecast

During the 3-year forecast period, demand is estimated for an additional 3,650 rental units (Table 7). The 3,100 units currently under construction will satisfy most of the demand for the next 3 years. Most of the new construction should be timed to enter the market in the third year of the forecast period to allow for the units currently under construction to be built and absorbed.

**Table 7. Demand for New Rental Units in the Sarasota HMA During the Forecast**

Rental Units	
<b>Demand</b>	3,650 Units
<b>Under Construction</b>	3,100 Units

Note: The forecast period is August 1, 2020, to August 1, 2023.

Source: Estimates by the analyst



# Terminology Definitions and Notes

## A. Definitions

<b>Forecast Period</b>	8/1/2020–8/1/2023—Estimates by the analyst.
<b>Home Sales/ Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.
<b>Demand</b>	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.
<b>Rental Market/ Rental Vacancy Rate</b>	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
<b>Other Vacant Units</b>	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.
<b>Building Permits</b>	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.



<b>Distressed Sales</b>	<b>Short sales and real estate owned (REO) sales.</b>
<b>Seriously Delinquent Mortgages</b>	<b>Mortgages 90+ days delinquent or in foreclosure.</b>
<b>B. Photo/Map Credits</b>	
<b>Cover Photo</b>	<b>iStock</b>

## Contact Information

Steve Walker, Economist  
 Atlanta HUD Regional Office  
 678-732-2725  
 steven.h.walker@hud.gov

