



Tallahassee, Florida

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of December 1, 2016

PD&R

Housing Market Area



The Tallahassee Housing Market Area (HMA) in northwest Florida is coterminous with the Tallahassee, FL Metropolitan Statistical Area. The HMA consists of Gadsden, Jefferson, Leon, and Wakulla Counties. The city of Tallahassee, the largest city in the HMA, is the Florida state capital and home to Florida State University (FSU) and Florida Agricultural and Mechanical University (FAMU). FSU is one of three locations in the United States of the National High Magnetic Field Laboratory, which houses the largest and highest-powered magnets in the world.

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Summary

Economy

Economic conditions in the Tallahassee HMA have strengthened since 2013. Nonfarm payrolls totaled 175,600 during the 12 months ending November 2016, up by 2,800, or 1.6 percent, from the previous 12 months. The unemployment rate has fallen to 4.7 percent from 5.2 percent a year ago. Nonfarm payrolls are expected to grow an average of 1.0 percent a year during the 3-year forecast period, with the largest gains likely to occur among tourism-related industries.

Sales Market

The sales housing market in the Tallahassee HMA is soft but improving, with a vacancy rate currently estimated at 2.2 percent, down from 2.7 percent in April 2010. New and existing home sales in the HMA totaled 5,025 during the 12 months ending November 2016, up 600, or 13 percent, from the previous 12 months. During the forecast period, demand is estimated for 2,350 new homes (Table 1). The 230 homes currently under construction in the HMA and a portion of the

estimated 10,000 other vacant units that are likely to reenter the market will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is balanced, with an estimated rental vacancy rate of 5.8 percent, down from 11.7 percent in April 2010. During the forecast period, demand is estimated for 3,275 new market-rate rental units. The 460 units currently under construction will satisfy some of the demand during the first year of the forecast period (Table 1).

Table 1. Housing Demand in the Tallahassee HMA During the Forecast Period

	Tallahassee HMA	
	Sales Units	Rental Units
Total demand	2,350	3,275
Under construction	230	460

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2016. A portion of the estimated 10,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is December 1, 2016, to December 1, 2019.

Source: Estimates by analyst

Economic Conditions

Economic conditions have improved in the Tallahassee HMA since 2013, but not as rapidly as in other parts of Florida. Since 2013, nonfarm payrolls in the HMA have grown an average of 1.4 percent annually, well below the 3.1-percent annual growth rate for Florida, because a large and relatively stable government sector in the HMA moderates cyclical changes in economic conditions. During the 12 months ending November 2016, nonfarm payrolls in the HMA rose by 2,800, or 1.6 percent, to 175,600 (Table 2) compared with an increase of 1,625, or 0.9 percent, during the previous 12 months. As economic conditions continued to recover during the 12 months ending

November 2016, the average rate of unemployment declined to 4.7 percent, down from 5.2 percent during the previous 12 months and significantly below the recent peak of 8.4 percent in 2010. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2015.

The current rate of nonfarm payroll growth is approaching the rate of the early-to-mid 2000s, before the national recession. From 2003 through 2007, nonfarm payrolls increased by an average of 3,000 jobs, or 1.8 percent, annually, and the unemployment rate averaged 3.5 percent. Growth was widespread, with nearly all employment sectors reporting gains. The leisure and hospitality sector was the fastest-growing sector during this time, increasing by an average of 700 jobs, or 4.6 percent, annually. In addition, rapidly rising home prices and easy access to credit prompted higher building activity in the HMA. As a result, from 2003 through 2007, the mining, logging, and construction sector grew by an average of 500 jobs, or 5.7 percent, annually.

From 2008 through 2012, nonfarm payrolls decreased by an average of 2,200 jobs, or 1.3 percent, annually, to a low of 166,300 jobs because of the national recession and housing crisis. Home construction declined sharply, and employment in the mining, logging, and construction sector fell by an average of 700 jobs, or 9.1 percent, annually. The unemployment rate climbed to an average of 7.3 percent during the 5-year period. As consumer spending was down, the wholesale and retail trade sector decreased by an average of 500 jobs, or 2.1 percent, annually. A resulting shortfall in sales tax receipts was partially responsible

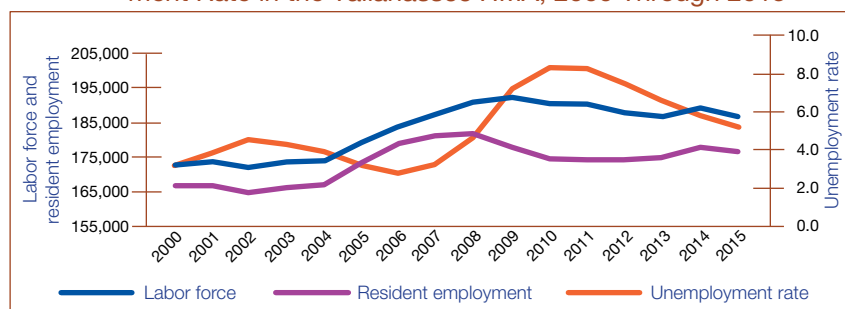
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Tallahassee HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	November 2015	November 2016		
Total nonfarm payroll jobs	172,800	175,600	2,800	1.6
Goods-producing sectors	9,700	9,800	100	1.0
Mining, logging, & construction	6,700	6,900	200	3.0
Manufacturing	3,000	2,900	-100	-3.3
Service-providing sectors	163,100	165,700	2,600	1.6
Wholesale & retail trade	22,300	22,400	100	0.4
Transportation & utilities	1,900	2,000	100	5.3
Information	3,500	3,300	-200	-5.7
Financial activities	6,900	7,100	200	2.9
Professional & business services	19,000	19,900	900	4.7
Education & health services	21,000	21,400	400	1.9
Leisure & hospitality	18,500	19,900	1,400	7.6
Other services	8,800	9,000	200	2.3
Government	61,200	60,700	-500	-0.8

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

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Tallahassee HMA, 2000 Through 2015



Source: U.S. Bureau of Labor Statistics

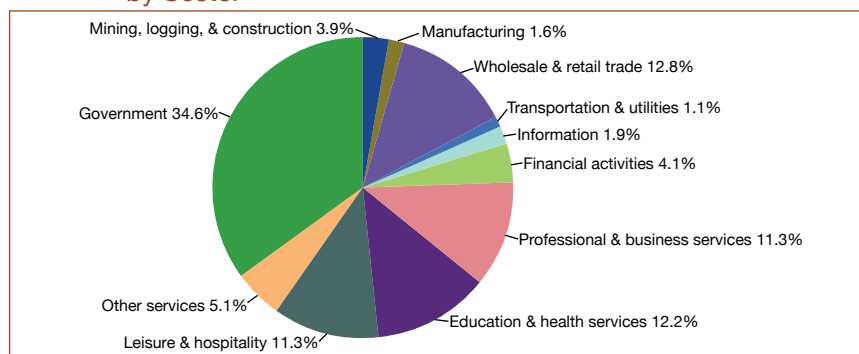
for workforce reduction in the government sector, which declined by an average of 600 jobs, or 1.0 percent, annually, from 2008 through 2012; the decline was entirely because of job losses in the state government subsector. During the same period, the education and health services sector grew by an average of 200 jobs, or 1.3 percent, annually, in part because Tallahassee Memorial HealthCare (TMH) opened the Urgent Care Center in 2008.

Local economic conditions began to recover in 2013, and through 2015 nonfarm payrolls increased by an average of 2,200 jobs, or 1.3 percent, annually; however, the increase was slower than the 2.3-percent average growth rate for Florida during the same 3 years. The leisure and hospitality, wholesale and retail trade,

and education and health services sectors accounted for 73 percent of job growth during this time, expanding by averages of 600, 500, and 400 jobs, or 3.6, 2.5, and 2.2 percent, respectively. The opening of the TMH Emergency Center-Northeast in 2013 supported job growth in the education and health services sector. In addition, the state government subsector temporarily rebounded and grew by an average of 400 jobs, or 0.8 percent, annually. Despite continued economic recovery since 2013, nonfarm payrolls in the HMA remain below the prerecession peak of 177,500 in 2007.

Because the HMA is home to the state capital and multiple public universities, the government sector is an important part of the local economy. It is the largest sector in the HMA, with 60,700 nonfarm payroll jobs, accounting for nearly 35 percent of all nonfarm payroll jobs (Figure 2). The government sector contains 6 of the 10 largest employers, including the largest employer, the State of Florida, with 22,610 employees (Table 3). During the 12 months ending November 2016, the government sector decreased by 500 jobs, or 0.8 percent, with the state government subsector accounting for all net job losses. Currently, employment in the government sector is nearly 5 percent below the previous peak of 63,700 jobs in 2007. The decline is largely due to reduction in the state government workforce caused by budgetary constraints. Approximately, 63,950 students were enrolled at colleges in the HMA in 2015, a decline of 6,300 since the peak enrollment of 70,250 in 2011. The drop in student enrollment occurred at FAMU and Tallahassee Community College; a small gain occurred in student population at FSU, which, with nearly

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



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

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Tallahassee HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Florida	Government	22,610
Florida State University	Government	12,510
Publix Supermarket	Wholesale & retail trade	3,440
Tallahassee Memorial HealthCare	Education & health services	3,190
City of Tallahassee	Government	2,740
Wal-Mart Stores, Inc.	Wholesale & retail trade	2,120
Leon County	Government	1,920
Florida Agricultural and Mechanical University	Government	1,760
Tallahassee Community College	Government	1,630
Capital Regional Medical Center	Education & health services	1,150

Notes: Excludes local school districts. State of Florida figure excludes state universities.

Source: Tallahassee/Leon County Office of Economic Vitality, 2015

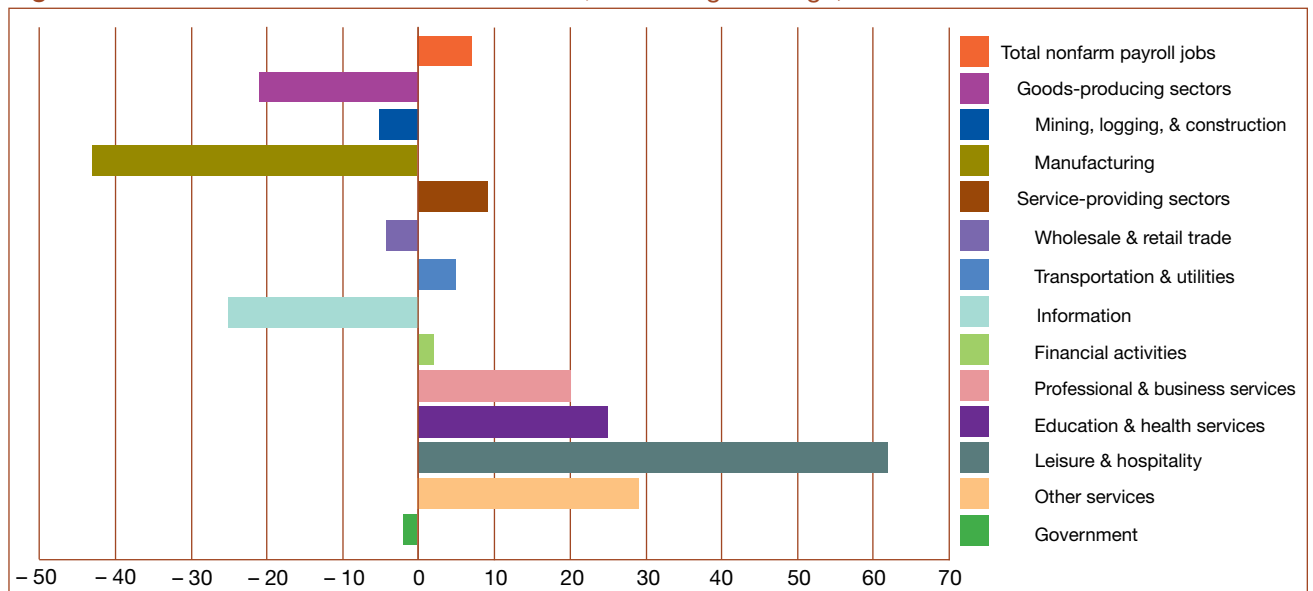
41,500 students, accounted for 68 percent of the college student population in the HMA. By comparison, overall student enrollment had grown by an average of 1,225 students annually from 2000 to 2011. In fiscal year 2014–2015, FSU had an overall economic impact of approximately \$10 billion on the HMA (FSU data). During the same period, total research and development expenditures at FSU were \$256.5 million. Currently, the university has nearly \$520 million budgeted to ongoing construction projects and has planned an additional \$409.5 million in future construction spending through 2020 (FSU).

The expansion of several major health-care providers in the HMA is largely responsible for continued growth in the education and health services sector. During the 12 months ending November 2016, the education and health services sector added 400 jobs, a gain of 1.9 percent, to 21,400 jobs. This sector includes 2 of the top 10 employers in the HMA: TMH and Capital Regional Medical Center, with 3,190 and 1,150 employees,

respectively. TMH serves as a health-care center for a 16-county region in North Florida and South Georgia. In the city of Tallahassee, TMH is expanding through construction of the M.T. Mustian Center—a \$250 million, five-story, 340,000-square-foot facility that will add 120 beds to the existing TMH campus. Construction on the project began in the second quarter of 2016, and the facility is expected to admit patients by early 2019. The number of new jobs that will be added as a result of this expansion has not been disclosed.

Since 2000, the leisure and hospitality sector has been the fastest-growing sector in the HMA (Figure 3), as tourism has become an increasingly important part of the economy in the HMA. In 2015, Leon County reached a tourism milestone, as the economic impact of tourism in the county surpassed \$1 billion for the first time (Leon County Division of Tourism Development). The leisure and hospitality sector currently accounts for more than 11 percent of all nonfarm payroll jobs in the HMA, up from 7 percent

Figure 3. Sector Growth in the Tallahassee HMA, Percentage Change, 2000 to Current



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

Source: U.S. Bureau of Labor Statistics

in 2000. The sector led job growth during the 12 months ending November 2016, expanding by 1,400 jobs, or 7.6 percent, following an increase of 650 jobs, or 4 percent, during the 12 months ending November 2015. Early in 2016, the 132-room Home2 Suites hotel by Hilton opened in the city of Tallahassee and contributed to job growth in the leisure and hospitality sector. A recent focus on sports-related travel is largely responsible for employment growth in the sector. Apalachee Regional Park Cross-Country Running Course opened in 2009 and expanded in 2012 to enable television coverage. Since the opening of the course, the HMA has generated more than \$20 million in direct visitor spending from cross-country tourism, with nearly \$9 million in estimated spending in 2016 (Leon County Division of Tourism Development). The popularity of the venue is growing and, during the fall and winter of

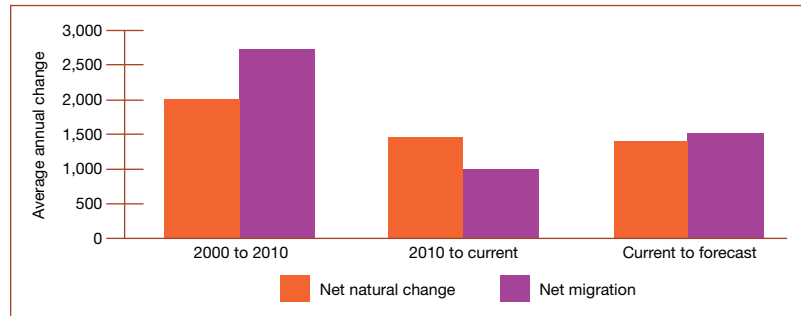
2016, the HMA will have hosted 10 cross-country meets, including three national championships. Traditionally, visitors have come to the HMA largely because it is the state capital and to witness athletic events at FSU; during the 2014 football season, weekend games alone generated \$48.1 million in direct spending by out-of-town attendees (FSU).

During the 3-year forecast period, the economy of the HMA is expected to continue to grow, with nonfarm payrolls increasing an average of 1.0 percent annually. The leisure and hospitality sector is expected to continue experiencing the largest growth. Currently, two new hotels are under construction in the HMA, one has been approved, and two are in planning. The government sector is expected to contract further, as the reorganization of state departments continues; Florida does not plan to replace many retiring state government employees.

Population and Households

The rate of population growth in the Tallahassee HMA has declined since 2010, in part, because the economy is still in recovery and because fewer people are moving to the HMA. The current population of the HMA is estimated at 383,800, an average gain of 2,450, or 0.7 percent, annually since April 2010. Net in-migration to the HMA has been moderate since 2010 compared with the level during the previous decade (Figure 4), partially because of an average net out-migration of 75 people annually from 2010 to 2012, when the

local economy was losing jobs. In the following year, economic conditions in the HMA began to stabilize, and net in-migration of 380 people accounted for 22 percent of all population growth. As economy has begun to recover since 2013, net in-migration to the HMA has risen to an average of 1,925 annually and has accounted for 57 percent of all population growth. By comparison, from 2000 to 2010, population growth in the HMA averaged 4,700, or 1.4 percent, annually, with net in-migration averaging 2,700 people per year and accounting for 57 percent

Figure 4. Components of Population Change in the Tallahassee HMA, 2000 to Forecast

Notes: The current date is December 1, 2016. The forecast date is December 1, 2019.

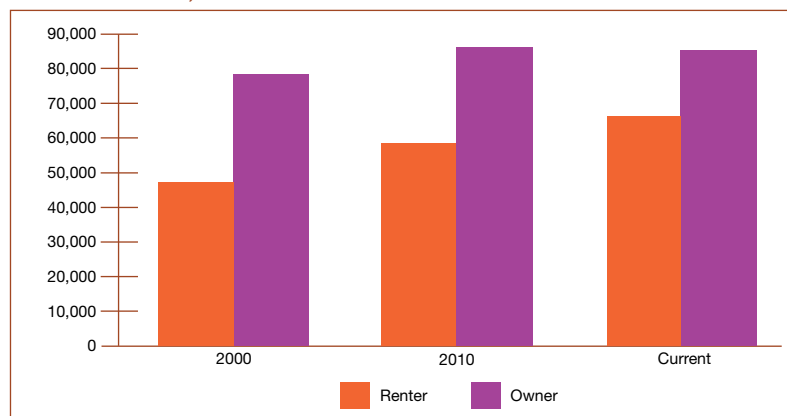
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

of population growth. The strongest period of population growth in the HMA occurred from 2002 to 2007, in large part because the availability of relatively well-paying construction jobs during the housing boom encouraged workers to move to the HMA. During this period, the population increased by an average of 5,875, or 1.7 percent, annually, and net in-migration averaged 3,875 people annually, accounting for 66 percent of population growth (University of Florida, Bureau of Economic and Business Research population estimates as of April 1). During the 3-year forecast period, the population of the HMA is expected to grow by an average of 2,900, or 0.7 percent, annually.

With a population of nearly 288,000, Leon County is the largest county in the HMA and accounts for 75 percent of the HMA population. The only incorporated municipality in the county is the city of Tallahassee, with a population of approximately 189,700, or nearly one-half of the total HMA population. Since 2010, the population of the city has grown at roughly the same rate as the population of the HMA as a whole and is boosted by students who move to Tallahassee to attend FSU and FAMU. Combined,

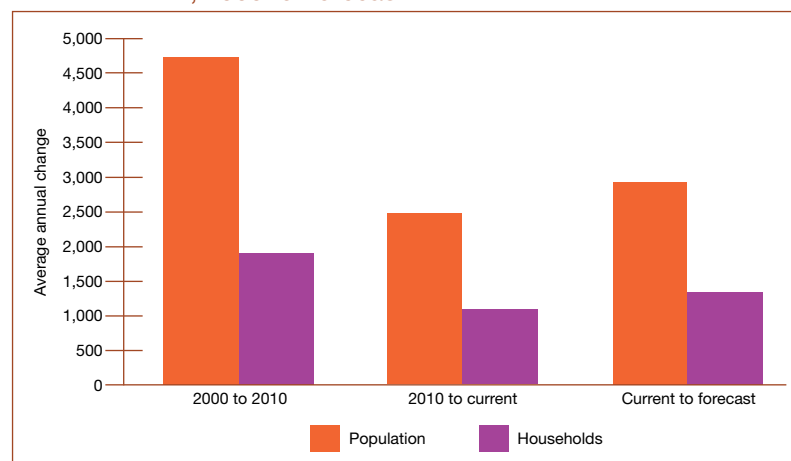
the student enrollment at FSU and FAMU is 51,400, and student households are estimated to account for 25 percent of renter households in the HMA. Student enrollment grew each year from 2000 through 2007 but fell in 2008 when enrollment at FSU was down nearly 5 percent. The sudden decline occurred because of reduction in endowments and state appropriations to universities and because falling home equity levels resulted in wealth reduction for many families and made college tuition less affordable. As the economic conditions in the HMA continued to worsen in the aftermath of the national recession and the unemployment rate rose, FSU and FAMU student enrollment grew from 2009 to 2011, likely due to lack of employment opportunities. However, as the local economy continues to recover from the recession, student enrollment at FAMU has declined each year since 2012, whereas enrollment at FSU has remained nearly unchanged since 2011. Student enrollment growth in state universities across Florida has been slower since the recent economic recovery in the state.

The current number of households in the HMA is estimated at 151,100, an average growth of 1,050, or 0.7 percent,

Figure 5. Number of Households by Tenure in the Tallahassee HMA, 2000 to Current

Note: The current date is December 1, 2016.

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

Figure 6. Population and Household Growth in the Tallahassee HMA, 2000 to Forecast

Notes: The current date is December 1, 2016. The forecast date is December 1, 2019.

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

annually since 2010. During the 2000s, households increased at a faster rate of 1.4 percent, or 1,850 households, annually because of higher levels of net in-migration. Renter households have accounted for all net household formations since 2010 (Figure 5). As a result, the homeownership rate decreased to an estimated 56.2 percent, down from 59.5 percent in 2010 and 62.4 percent in 2000 (Table DP-1 at the end of this report). During the previous decade, growth in student population led to a rise in renter households; at the same time, an increase in foreclosures caused by the housing market crisis further contributed to lower homeownership rate. Slower population growth, more restrictive mortgage lending standards, and weak economic conditions in the early 2010s have contributed to the overall decline in owner households since 2010. During the forecast period, the number of households in the HMA is expected to grow by an average of 1,300, or 0.9 percent, annually. Figure 6 shows population and household growth in the HMA from 2000 to the forecast date.

Housing Market Trends

Sales Market

The sales housing market in the Tallahassee HMA is currently soft but improving, with an estimated vacancy rate of 2.2 percent, down from 2.7 percent in April 2010. Improvement in the sales market has been the

greatest in Leon County, where the supply of unsold inventory decreased to 5.2 months in November 2016, down from 6.5 months a year earlier, as sales continued to grow (Tallahassee Board of Realtors®).

Existing home sales have rebounded from the number of homes sold during the economic recession. Sales of existing homes (which includes single-family homes, townhomes, and condominiums) in the HMA totaled 4,625 during the 12 months ending November 2016, up by 530 homes, or 13 percent, from the previous 12 months (Metrostudy, A Hanley Wood Company). Currently, the number of existing home sales is less than one-half of the previous high of 9,575 homes sold during 2005. Following the peak, existing home sales declined by an average of 1,225 homes, or 13 percent, annually, to 2,275 homes sold in 2011. Existing home sales began to rebound in 2012 and grew by an average of 1,800, or 20 percent, annually, to 4,075 homes in 2015, as the local economy began to recover from the recession. During the 12 months ending November 2016, the average sales price of an existing home reached an all-time peak of \$202,100, up by \$6,150, or 3 percent, from the same period a year earlier. In 2005, in the midst of an economic expansion, the average sales price of an existing home was \$180,400, and by 2008, the average sales price had risen to \$197,800, an average gain of \$5,800, or 3 percent, annually. In the aftermath of the housing market crisis, existing home prices fell nearly 13 percent to \$172,500 in 2012. Following this period of price declines, the average sales price of an existing home has risen each year, and by 2015, was up to \$195,100, an overall increase of \$22,600, or 13 percent, as economic conditions in the HMA continued to strengthen.

The number of seriously delinquent (90 or more days delinquent or in foreclosure) home loans and real

estate owned (REO) properties in the HMA remains below the level for Florida, but the rate of decline in mortgage delinquencies has been slower than in the state as a whole. As of November 2016, 3.4 percent of all mortgage loans in the HMA were seriously delinquent or had transitioned into REO status, down from 4.7 percent in November 2015 and far below the peak of 9.0 percent in January 2012 (CoreLogic, Inc.). In November 2016, the rate of seriously delinquent loans and REO properties in the HMA was lower than the 3.8 percent in Florida, where delinquencies peaked at a rate of 18.8 percent in February 2010. During the 12 months ending November 2016, REO sales totaled 1,025 and accounted for nearly 17 percent of all home sales in the HMA compared with a peak of 1,575 during 2014, when REO sales accounted for 29 percent of all home sales. The average sales price of an REO property was about one-half of the average existing home sales price and averaged \$101,000 during the 12 months ending November 2016, up from \$99,000 in 2010.

Despite the improving economy, current REO sales in the HMA exceed new home sales by a more than two-to-one ratio. During the 12 months ending November 2016, sales of new homes in the HMA accounted for nearly 8 percent of all sales and totaled 400, an increase of 70 sales, or 21 percent, from the previous 12 months. New home sales peaked at 1,950 in 2006 and then declined by an average of 300 homes, or 15 percent, annually, to 180 homes sold in 2012. In response to the economic recovery that began in the HMA in 2013, new home sales rose by an average of 55 sales, or 30 percent, annually,

Housing Market Trends

Sales Market *Continued*

to 340 sales in 2015. During the 12 months ending November 2016, the average sales price of a new home was \$234,500, a gain of \$5,500, or more than 2 percent, from \$229,000 a year earlier. By comparison, the price of a new home in the HMA averaged \$222,100 in 2006 before declining an average of nearly 6 percent annually to \$172,100 in 2010, as economic conditions worsened. A sharp drop in the supply of new homes in the aftermath of the housing market crisis likely contributed to an increase in new home sales prices before the local economy began to recover from the past recession. The average sales price of a new home began to rise in 2011; growth averaged 8 percent annually to an all-time peak of \$257,700 in 2014 before declining by nearly 11 percent to \$228,800 in 2015.

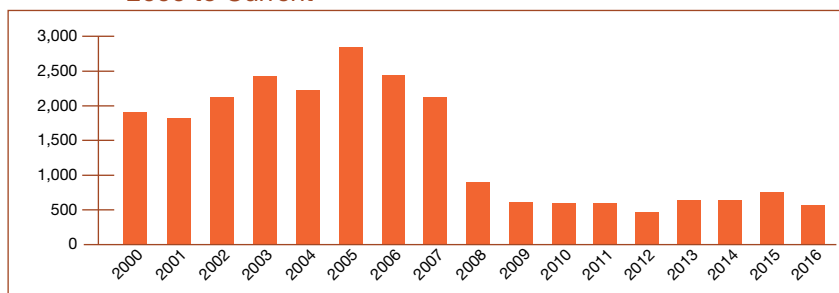
Single-family construction has rebounded from the low levels observed in the aftermath of the housing market crisis but is significantly below prerecessionary levels. Single-family homebuilding, as measured by the number of homes permitted, totaled 710 during the 12 months ending November 2016, up by 30 homes, or 4 percent, from the previous 12 months (preliminary

data). Single-family construction peaked from 2002 through 2007, when an average of 2,350 homes were permitted annually (Figure 7). With the onset of the national recession, construction fell by nearly 60 percent to 890 homes in 2008, and continued to decline, averaging only 550 homes annually from 2009 through 2012. The rise in net in-migration to the HMA, resulting from the economic recovery, led to an increase in building activity. From 2013 through 2014, single-family homebuilding grew by nearly 15 percent, to an average of 630 homes annually.

Construction continues on the 110-home Ox Bottom Crest development in the city of Tallahassee. As of December 1, 2016, more than 50 percent of three- and four-bedroom homes have sold, with home prices starting at \$250,000. Phase 2 development is under way at the Plantation at Heritage Oaks development in the city of Tallahassee, which will consist of 52 new single-family homes. About 75 percent of lots have been sold, and eight three- and four-bedroom homes are completed, with home prices ranging from \$258,700 to \$317,200.

Demand is forecast for 2,350 new homes in the HMA during the next 3 years (Table 1). The 230 homes currently under construction will meet part of the demand during the first year of the 3-year forecast period. A portion of the 10,000 other vacant units in the HMA may reenter the market and satisfy some of the forecast demand. Demand is expected to be highest for homes priced from \$250,000 to \$299,999 (Table 4).

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



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

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

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
118,900	199,999	240	10.0
200,000	249,999	310	13.0
250,000	299,999	610	26.0
300,000	349,999	380	16.0
350,000	399,999	330	14.0
400,000	449,999	260	11.0
450,000	and higher	240	10.0

Notes: The 230 homes currently under construction and a portion of the estimated 10,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is December 1, 2016, to December 1, 2019.

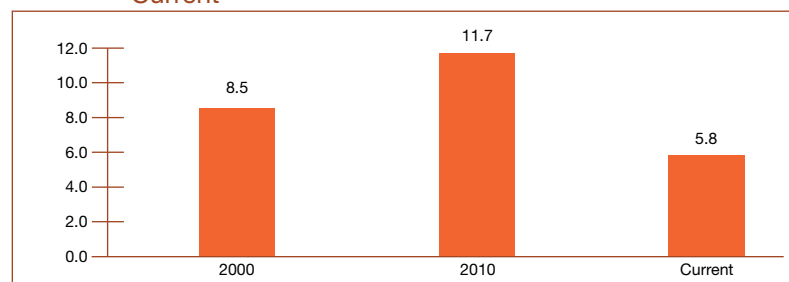
Source: Estimates by analyst

Rental Market

The rental housing market (which includes single-family homes, mobile homes, and apartments) in the Tallahassee HMA is currently balanced, with an overall estimated rental vacancy rate of 5.8 percent, down from 11.7 percent in April 2010 (Figure 8). Limited multifamily construction activity and improving economic conditions since 2013 have contributed to a declining vacancy rate. In 2015, approximately 32 percent of renter households lived in single-family homes, 59 percent in multifamily buildings, and 9 percent in mobile homes. (2015 American Community Survey 1-year data). The apartment market in the HMA is tight, with a 3.4-percent vacancy rate during the third quarter of 2016, down from 4.0 percent a year earlier (Reis, Inc.). The average rent for an

apartment is currently \$891, a gain of \$14, or nearly 2 percent, from a year earlier. In the midst of the local economic downturn, the apartment vacancy rate peaked at 10.1 percent in 2009, and rents remained virtually unchanged from a year earlier. Since 2012, the apartment market in the HMA has recovered, as improving economic conditions and an increase in student demand for newly constructed apartments have contributed to a decline in the apartment vacancy rate. Rent growth in the HMA remains relatively low; a limited number of new, non-student apartments has prompted new renters to move to older, less expensive units.

University students who live off campus in the city of Tallahassee have a significant impact on the apartment market in the HMA. College students are estimated to represent 25 percent of all renter households in the HMA. Students are concentrated near FSU and FAMU campuses in the western part of the city of Tallahassee. The student housing apartment market segment is currently tight with a 2.6-percent vacancy rate, and units built since 2010 have a vacancy rate

Figure 8. Rental Vacancy Rates in the Tallahassee HMA, 2000 to Current


Note: The current date is December 1, 2016.

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

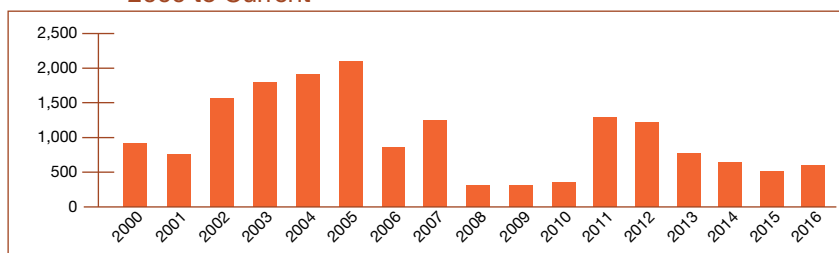
of less than 1 percent (ALN Apartment Data, Inc. [ALN]). The average monthly asking rent for a student apartment was \$1,550 in November 2016. By comparison, in November 2015, the student housing market had a vacancy rate of 6.3 percent, and the average monthly asking rent for a student apartment was \$1,527. Some student housing rentals in the HMA have been removed from the market recently for retrofitting, which partially contributed to the decline in vacancy rate in the student apartment market.

In recent years, multifamily construction in the HMA has been supported largely by development of new student apartments in the city of Tallahassee. State budgetary constraints are partially responsible for a transition of student apartment construction from universities to the private sector. During the 12 months ending November 2016, multifamily construction, as measured by the number of units permitted, totaled 550, an increase of 60 units, or 12 percent, from the previous 12 months. Despite the recent uptick in student apartment building, multifamily construction in the HMA remains below previous peak levels that occurred from 2002 through 2005, when an average of 1,825 units were permitted annually (Figure 9). Expansion in student housing was also partially responsible for growth during that

period, as more student apartments were required when FSU enrollment rose by an average of 3.0 percent annually, to 39,650, from 2000 to 2005. Multifamily construction fell nearly 60 percent, to 860 units, during 2006 but rebounded by 44 percent, to 1,250 units permitted, in 2007. However, the gain observed in 2007 did not continue and, partly because of the national economic downturn, multifamily construction declined significantly to an average of only 320 units permitted annually from 2008 through 2010. In response to student demand to reside in newly constructed apartments near campus, developers ramped up production; multifamily construction in the HMA expanded to an average of 1,250 units permitted annually during 2011 and 2012 before moderating to an average of 700 units permitted in 2013 and 2014. Approximately 60 percent of multifamily units recently built, as well as units under construction and in planning, are geared toward student housing despite a lack of significant growth in college student enrollment in the HMA. Several recent developments were replacements of existing student apartment complexes. Since 2010, more than 2,950 student apartments have been completed in the HMA, with 59 percent of those units having three or more bedrooms (ALN).

Since 2000, virtually all of the apartment building activity in the HMA was in the city of Tallahassee. The 80-unit Stadium Centre opened in the summer of 2016. The development has 260 student beds; starting rents are \$1,110 for a one-bedroom unit, \$810 per bedroom in a two-bedroom unit, \$870 per bedroom in a three-bedroom unit, and \$800 per bedroom

Figure 9. Multifamily Units Permitted in the Tallahassee HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through November 2016.
 Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued*

in a four-bedroom unit. In addition, construction is currently under way in the city of Tallahassee on the Arbor Crossing at Buck Lake apartments. When completed in the summer of 2017, this nearly 200-unit, general-occupancy development will offer one-, two-, and three-bedroom units with rents starting at \$1,040, \$1,190, and \$1,340, respectively.

During the 3-year forecast period, demand is estimated for 3,275 new market-rate rental units in the HMA (Table 1). The 460 units currently under construction will satisfy a portion of the demand during the first year of the forecast. Demand for rental units is expected to be strongest for two-bedroom units with monthly rents ranging from \$1,350 to \$1,549 (Table 5).

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

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
950 to 1,149	360	1,150 to 1,349	490	1,300 to 1,499	200
1,150 to 1,349	450	1,350 to 1,549	600	1,500 to 1,699	280
1,350 or more	140	1,550 to 1,749	350	1,700 to 1,899	200
		1,750 or more	90	1,900 or more	90
Total	950	Total	1,550	Total	780

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 460 units currently under construction will likely satisfy some of the estimated demand. The forecast period is December 1, 2016, to December 1, 2019.

Source: Estimates by analyst

Data Profile

Table DP-1. Tallahassee HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	166,957	174,600	178,300	0.4	0.4
Unemployment rate	3.2%	8.4%	4.7%		
Nonfarm payroll jobs	164,300	169,200	175,600	0.3	0.6
Total population	320,304	367,413	383,800	1.4	0.7
Total households	125,533	144,033	151,100	1.4	0.7
Owner households	78,285	85,665	84,950	0.9	- 0.1
Percent owner	62.4%	59.5%	56.2%		
Renter households	47,248	58,368	66,150	2.1	1.9
Percent renter	37.6%	40.5%	43.8%		
Total housing units	136,748	163,078	167,200	1.8	0.4
Owner vacancy rate	1.8%	2.7%	2.2%		
Rental vacancy rate	8.5%	11.7%	5.8%		
Median Family Income	\$48,878	\$58,351	\$62,197	1.8	1.1

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

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 12/1/2016—Analyst's estimates
 Forecast period: 12/1/2016–12/1/2019—
 Analyst's estimates

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

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits.

As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_TallahasseeFL_17.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.