

The analysis presented in this report was completed prior to the COVID-19 outbreak in the United States and therefore the forecast estimates do not take into account the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of government policies to counteract the disruption. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

COMPREHENSIVE HOUSING MARKET ANALYSIS

West Palm Beach-Boca Raton-Delray Beach, Florida

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

As of November 1, 2019



PD&R

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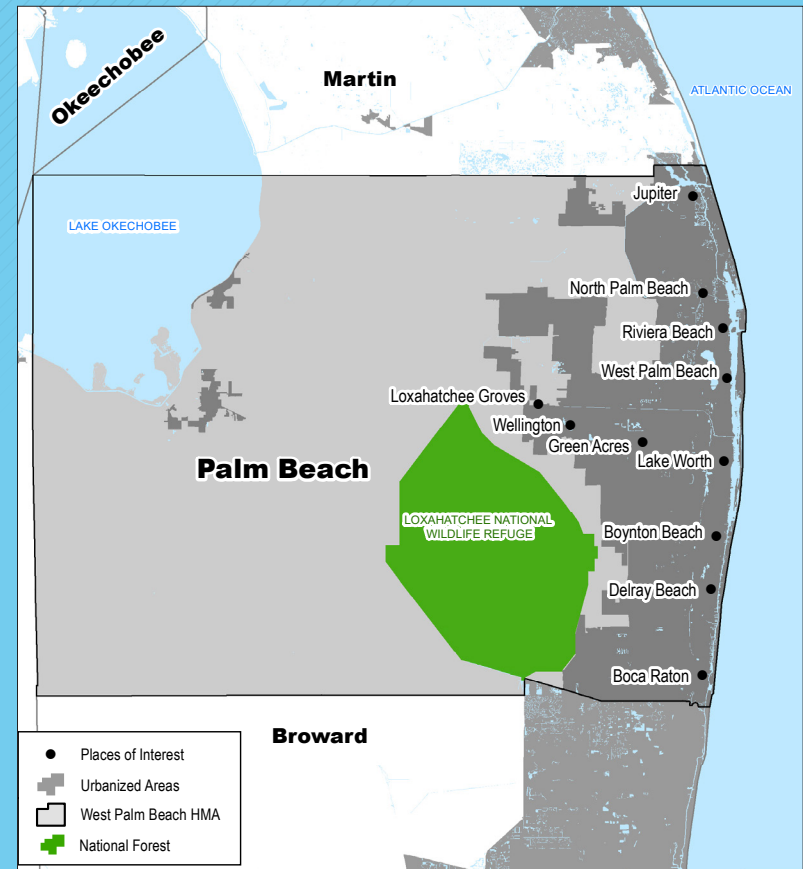


Executive Summary

Housing Market Area Description

The West Palm Beach-Boca Raton-Delray Beach Housing Market Area (hereafter, the West Palm Beach HMA), on the southeastern coast of Florida, is coterminous with the metropolitan division of the same name and consists of Palm Beach County. The HMA is part of the Miami-Fort Lauderdale-West Palm Beach, FL metropolitan statistical area (hereafter, the Miami MSA), which also includes Broward and Miami-Dade Counties to the south. Palm Beach County is the second-largest county by land in the state, but the majority of the population is concentrated in a 13-mile wide band along the East Coast. Agricultural land and nature preserves cover much of the rest of the HMA.

The current population is estimated at 1.50 million.



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 2.2 percent during the 12 months ending October 2019 compared with a year earlier, which was faster than the 1.6-percent national growth.

The economy of the West Palm Beach HMA continues to expand. From 2013 through 2016, nonfarm payrolls increased an average of 3.8 percent, annually; however, job growth in 2017 and 2018 slowed by approximately one-half. Job growth slowed across most sectors. During the 12 months ending October 2019, total nonfarm payrolls increased by 14,100 jobs, or 2.2 percent, from a year earlier, to 642,700 jobs. A gain of 3,800 jobs, or 3.3 percent, in the professional and business services sector, led that growth. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 13,100 jobs, or 2.0 percent, annually to 682,000 jobs.

Sales Market



Balanced: During the 12 months ending October 2019, the average sales price increased 2 percent from the previous year to an average of \$392,800 (Metrostudy, A Hanley Wood Company).

The home sales market in the West Palm Beach HMA was hit hard during the national housing crisis; the average home price is currently about 9 percent below the pre-recession peak. During the 12 months ending October 2019, 39,650 homes sold, which was down 1 percent from the previous 12-month period. During the 12 months ending October 2019, permitting of for-sale housing increased 8 percent from a year earlier, to 3,900 homes. During the 3-year forecast period, demand is expected for 17,150 for-sale units; the 1,250 units under construction will satisfy a portion of the demand.

Rental Market



Balanced: The overall rental housing market in the West Palm Beach HMA currently has an estimated vacancy rate of 8.0 percent, down from 12.4 percent in April 2010.

The apartment market is also balanced. During the third quarter of 2019, the apartment vacancy rate was 5.0 percent, and the average rent increased 6 percent from a year earlier (RealPage, Inc.). Nearly 2,000 apartment units were permitted during the 12 months ending October 2019, which was down almost 9 percent from the previous 12-month period (preliminary data, with adjustments by the analyst). During the next 3 years, demand is estimated for 9,200 new rental units, and the 2,675 units under construction will meet a portion of the demand.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
West Palm Beach HMA	Total Demand	17,150
	Under Construction	1,250

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2019. The forecast period is November 1, 2019 to November 1, 2022.
Source: Estimates by the analyst



Economic Conditions

Largest sector: Professional and Business Services

Three Fortune 500 businesses are headquartered in the HMA: NextEra Energy, Inc., Office Depot, Inc., and Collins Aerospace.

Primary Local Economic Factors

Major economic activities are related to providing services to retirees and visitors in the West Palm Beach HMA. The population is older than the national average. Aging residents seek the warm, sunny climate, recreational amenities such as golf and sandy beaches, and the lack of a state income tax. Those residents also have increased needs for healthcare services. Four of the 10 largest employers in the HMA are healthcare providers, including Tenet Healthcare Corporation, HCA Healthcare, Signature HealthCARE, LLC, and the West Palm Beach Veterans Affairs Medical Center, the latter of which is included in the government sector (Table 1). Healthcare jobs in the hospital and the ambulatory care industries account for more than 60 percent of education and health services payrolls, due in part to several notable expansions in recent years. Mount Sinai Health System and NYU Langone Medical Associates—West Palm Beach have both opened medical centers in the HMA since 2016. In July 2019, Good Samaritan Medical Center, part of Tenet Healthcare, opened a new emergency room in the city of West Palm Beach. The Hospital for Special Surgery of New York is scheduled to open in January 2020. The New York affiliations are in the HMA are because many residents originated from the New York City metropolitan area. Education and health services payrolls are discussed in detail below.

The climate and recreational amenities also attract visitors to the HMA. The HMA continued a streak of 10 consecutive record-breaking years for increased tourism, with 8.02 million visitors in 2018; that number was an increase of 1.7 percent from a year earlier (Discover the Palm Beaches; most recent data available). The

Table 1. Major Employers in the West Palm Beach HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Publix Super Markets, Inc.	Wholesale & Retail Trade	38,241
Tenet Healthcare Corporation.	Education & Health Services	6,136
NextEra Energy, Inc.	Transportation & Utilities	4,005
Comcast Corporation	Information	4,000
HCA Healthcare	Education & Health Services	3,476
Signature HealthCARE, LLC	Education & Health Services	3,476
GS4 Secure Solutions	Professional & Business Services	3,000
Winn-Dixie Stores, Inc.	Wholesale & Retail Trade	3,000
West Palm Beach Veterans Affairs Medical Center	Government	2,700
Florida Atlantic University	Government	2,529

Note: Excludes local school districts.
Source: Moody's economy.com

industry had a \$7.4 billion economic impact on the HMA in 2018. In addition to local and regional attractions, two cruise lines with destinations to the Bahamas are based out of the Port of Palm Beach in Riviera Beach. During the fiscal year ending September 2019, the total number of cruise passengers was down 3 percent from a year earlier (Port of Palm Beach). The decline, however, is directly attributable to the effects of Hurricane Dorian in the Bahamas; prior to the storm in September, the number of cruise passengers increased 4 percent year-to-date from the same period in the previous fiscal year. The Port of Palm Beach, which is the fourth busiest in Florida, directly and indirectly employs 2,400 workers and hosts daily cruises. More than \$7 billion worth of commodities pass through the port annually, and its exports include bulk commodities such as sugar, diesel fuel, asphalt, and molasses, primarily to destinations in the Caribbean.

Nonfarm Payrolls Trends

The economy of the West Palm Beach HMA has expanded each year since the local economic downturn from 2007 to 2010, although job growth slowed notably



beginning in 2017. After peaking at 568,100 jobs in 2006, total nonfarm payrolls declined by an average of 15,800 jobs, or 2.9 percent, annually, from 2007 through 2010. Total nonfarm payrolls reached a low of 504,900 jobs, which was comparable to the 2001 level. Losses were most severe in the mining, logging, and construction sector, which shed an average of 6,300 jobs, or 16.2 percent, annually. Construction subsector payrolls account for virtually all jobs in the mining, logging, and construction sector; declines in residential construction projects during the recession, in part due to a significant slowdown in net immigration and declining housing demand, negatively affected jobs in this sector. The professional and business services sector also had significant losses during the period, declining by an average of 3,200 jobs, or 3.5 percent, annually. The construction subsector and the professional and business services sector are discussed further in the sections below.

Initial economic recovery was strong. Nonfarm payrolls increased by an average of 9,400 jobs, or 1.8 percent, annually, in 2011 and 2012, which outpaced the 1.5-percent average annual job growth nationally during the same period. From 2013 through 2016, growth surged and nonfarm payrolls increased by an average of 21,000 jobs, or 3.8 percent, annually. The HMA recovered the number of jobs lost during the Great Recession by the end of 2015. Job gains in the professional and business services, the education and health services, and the leisure and hospitality sectors, which added averages of 4,800, 3,400, and 3,100 jobs, respectively, each year, or 4.9, 3.8, and 3.9 percent, respectively, led job growth. Growth occurred in all payroll sectors during the period.

The robust growth was not sustained, however; job growth slowed by approximately one-half in 2017 and 2018, with average annual gains of 11,800 jobs, or 1.9 percent, each year. The slowdown occurred across nearly all sectors. Most notably, the professional and business services sector slowed to add an average of 2,000 jobs, or 1.8 percent, annually in 2017 and 2018. The slowdown followed national patterns, although the magnitude of the slowdown was larger

in the HMA. Nationally, nonfarm payrolls increased an average of 1.9 percent annually from 2014 through 2016 and then slowed to a 1.6-percent average annual growth in 2017 and 2018. In addition, the retail trade subsector dropped from adding an average of 2,500 jobs annually from 2013 through 2016 down to 200 jobs annually in 2017 and 2018. Retail store closings in Palm Beach County during 2017 and 2018, which partially offset gains and contributed to the slower net growth, included the following company locations: H. H. Gregg, Inc. (three locations), Gymboree Group, Inc. (three locations), Winn-Dixie Stores, Inc. (three locations), The Gap, Inc. (two stores), Sears, Roebuck and Company (one location), Macy's, Inc. (one location), Stride Rite (one location), and American Apparel Inc. (one location). Many of the stores reported difficulty maintaining a large number of physical stores in an increasingly online retail environment; the claim is similar to national reports.

Job growth accelerated slightly in the past year. During the 12 months ending October 2019, total nonfarm payrolls increased by 14,100 jobs, or 2.2 percent, from the previous 12-month period, to 642,700 jobs (Table 2). The professional and business services sector, which added 3,800 jobs, or 3.3 percent, from a year ago, led job gains during the past 12 months. These job gains more than offset modest declines of 600 and 1,000 jobs in the information and the other services sectors, respectively. Despite the relatively slower job growth compared with the 2013-to-2016 period, nonfarm payrolls have continued to outpace the national growth rate of 1.6 percent during the 12 months ending October 2019. Figure 1 shows the average nonfarm payrolls in the West Palm Beach HMA since 2000.



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

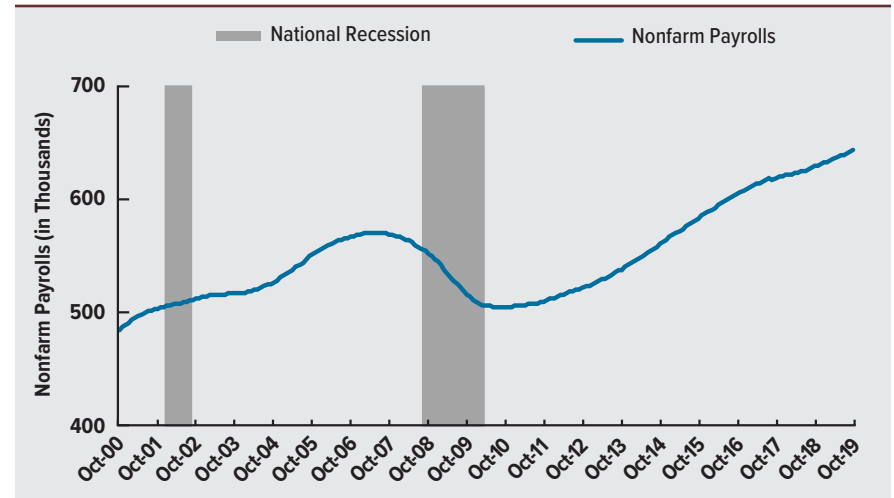
	12 Months Ending October 2018	12 Months Ending October 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	628.6	642.7	14.1	2.2
Goods-Producing Sectors	57.5	60.1	2.6	4.5
Mining, Logging, & Construction	37.2	39.0	1.8	4.8
Manufacturing	20.2	21.1	0.9	4.5
Service-Providing Sectors	571.0	582.6	11.6	2.0
Wholesale & Retail Trade	104.3	104.3	0.0	0.0
Transportation & Utilities	13.1	13.6	0.5	3.8
Information	11.1	10.5	-0.6	-5.4
Financial Activities	41.5	43.2	1.7	4.1
Professional & Business Services	114.0	117.8	3.8	3.3
Education & Health Services	101.0	104.0	3.0	3.0
Leisure & Hospitality	88.5	91.1	2.6	2.9
Other Services	33.2	32.2	-1.0	-3.0
Government	64.2	66.0	1.8	2.8

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

Unemployment

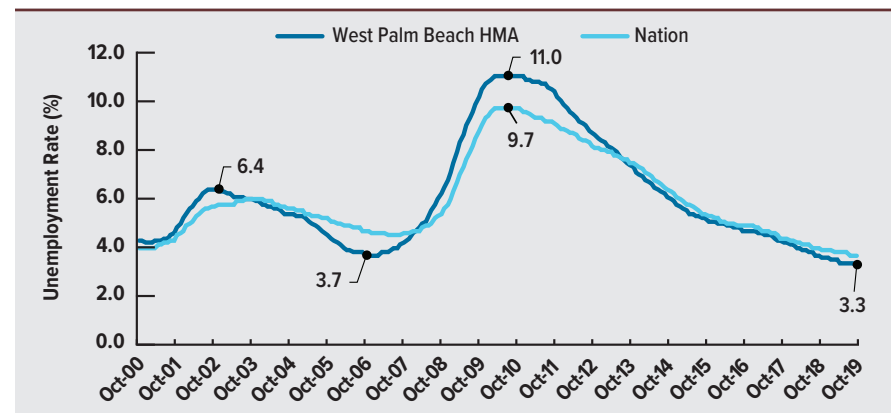
The unemployment rate in the HMA during the 12 months ending October 2019 averaged 3.3 percent, down from 3.7 percent a year earlier and lower than the national rate of 3.7 percent. The unemployment rate is at its lowest level since before 2000. The rate in the HMA peaked at 11.0 percent in 2010 during the depths of the local economic downturn and peaked at 9.6 percent nationally in 2010. Increases in resident employment outpacing growth in the labor force contributed to the rapid decline in the unemployment rate. Figure 2 shows the average unemployment rate in the West Palm Beach HMA and the nation.

Figure 1. 12-Month Average Nonfarm Payrolls in the West Palm Beach HMA Since 2000



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

Figure 2. 12-Month Average Unemployment Rate in the West Palm Beach HMA and the Nation



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

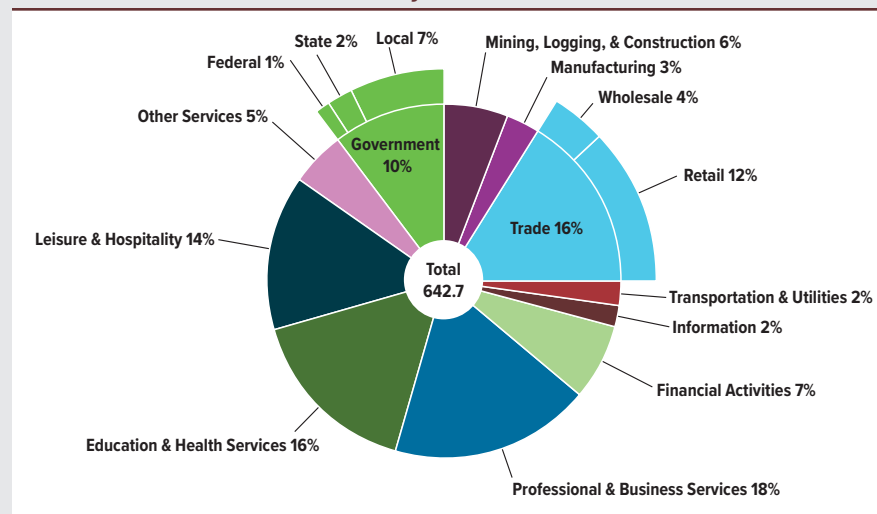


Economic Sectors of Significance

Professional and Business Services

The professional and business services sector is the largest employment sector in the HMA. The sector accounts for 18 percent of total nonfarm jobs (Figure 3), which is a slight increase from 16 percent in 2000. Included in this sector are three Fortune 500 company headquarters: NextEra Energy, Inc. in Juno Beach; Office Depot, Inc. in Boca Raton; and Collins Aerospace in West Palm Beach. This diverse payroll sector has wide swings, often leading job losses during downturns but also reporting some of the strongest gains during periods of economic expansion. During the local economic downturn from 2007 through 2010, the

Figure 3. Share of Nonfarm Payroll Jobs in the West Palm Beach HMA, by Sector



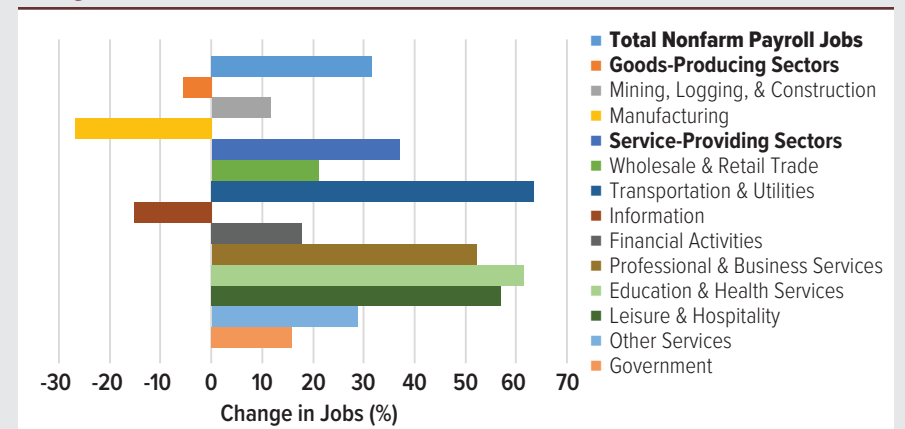
Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through October 2019. Source: U.S. Bureau of Labor Statistics

sector had the second largest job losses but later led the recovery and expansion through 2016. During the 12 months ending October 2019, sector payrolls led job gains in the HMA, adding 3,800 jobs, or 3.3 percent, from the previous 12-month period. By comparison, jobs in this sector increased by 1,300 jobs, or 1.3 percent, during the previous 12 months. Nearly 90 percent of the job growth during the past 12 months was in the professional, scientific, and technical services industry. In mid-2018, Pratt & Whitney announced an expansion of its fighter jet engine research and manufacturing facility in the city of Jupiter and its plans to hire 215 workers by the end of 2020, primarily engineers in its research division.

Education and Health Services

The education and health services sector is the only sector that has added jobs every year since 2001; the sector had the second-fastest rate of growth of 62 percent, as measured by percent change (Figure 4). The sector continues to expand to meet the healthcare needs of the aging population. In 2013, Bethesda

Figure 4. Sector Growth in the West Palm Beach HMA, 2001 to Current



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

Hospital West opened in Boynton Beach. The hospital is currently developing plans for an expansion that is expected to take 10 years and include additional office buildings, parking, and 156 more hospital beds. During the 12 months ending October 2019, the education and health services sector added 3,000 jobs, an increase of 3.0 percent from a year earlier. By comparison, payrolls increased by 2,200 jobs, or 2.2 percent, during the previous 12 months.

Mining, Logging, and Construction

The local economic downturn severely impacted the mining, logging, and construction sector. Jobs in the mining, logging, and construction sector increased by an average of 2,100 jobs, or 5.3 percent, annually from 2001 through 2005; the number then decreased an average of 6,300 jobs, or 16.2 percent, annually from 2007 through 2010. Following the 2000 through 2005 period, during which the HMA had the strongest construction period of the past two decades, residential construction levels plummeted, partly because of the weak economy, the slowdown in net in-migration, and reduced demand for additional housing. Large commercial construction projects also decreased as funding disappeared. During the 12 months ending October 2019, construction payrolls increased by 1,800 jobs, or 4.8 percent, to 39,000 jobs; growth was similar during the previous 12-month period, adding 1,500 jobs, or 4.2 percent. Despite gains throughout the economic recovery and expansion, mining, logging, and construction payrolls are currently 21 percent below their previous peak of 49,500 jobs in 2006. Two mixed-use developments, One West Palm in West Palm Beach and Atlantic Crossing in Delray Beach, will have residential, retail, restaurant, and office space upon completion in 2021 and 2022, respectively. These developments currently contribute to job growth in the construction subsector and will contribute to the wholesale and retail trade and the leisure and hospitality sectors when completed.

Commuting Patterns

Commuting routes into and out of the West Palm Beach HMA are primarily connected to destinations in the rest of the Miami MSA. Nearly one-fourth of

nonfarm payroll jobs in the Miami MSA are located within the West Palm Beach HMA (Table 3). The HMA portion of nonfarm jobs has increased slightly since 2000 but remains the smallest share in the Miami MSA, compared with the other two counties. Most jobs located within the HMA are filled by workers also living in the HMA; however, approximately 14 percent of workers commute from outside the HMA, primarily coming from the adjacent counties of Broward and Martin (2015 U.S. Census Journey to Work). Approximately 88 percent of workers who live in the HMA also work in the HMA. Most of the remaining working residents commute to jobs elsewhere in the Miami MSA; nearly 8 percent of HMA workers commute to Broward County. Table 4 shows the percentage of employed residents in the HMA by the location of the primary job.

Table 3. Estimated Percent Share of Nonfarm Payrolls in the Miami-Fort Lauderdale-West Palm Beach MSA, 2000 and Current

	2000	Current
West Palm Beach HMA	22.6	23.6
Broward County	31.2	31.7
Miami-Dade County	46.2	44.7

Note: Current refers to the 12 months ending October 2019.

Source: U.S. Bureau of Labor Statistics, estimates by the analyst

Table 4. Percentage of Employed West Palm Beach HMA Residents by Location of Primary Job

	(%)
West Palm Beach HMA	88.3
Broward County	7.8
Miami-Dade County	1.4
Outside the MSA*	2.5

*Miami-Fort Lauderdale-West Palm Beach MSA

Note: Columns may not add to 100 percent due to rounding.

Source: 2015 U.S. Census Journey to Work



Employment Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 13,100 jobs, or 2.0 percent, annually, to approximately 682,000 jobs. In addition to the openings mentioned above, job increases in the construction subsector and the transportation and utilities sector are expected to support forecast job growth. Virgin Trains USA is planning to expand rail service in the HMA. The company will add 170 miles to connect West Palm Beach to Orlando International Airport and build a station in Boca Raton along the current rail line to Miami. The Orlando connection will provide increased travel options for tourists and workers and

is expected to open in 2022. The \$4.1 billion project will support 10,000 construction jobs between Orlando and West Palm Beach during the forecast period and 2,000 jobs once opened. To support the growing number of tourists visiting the area, the Amrit Wellness Resort and Residences and the Mandarin Oriental Hotel will add more than 330 hotel rooms combined during the next 2 years. These developments will positively impact construction payrolls initially and then add to payroll growth in the leisure and hospitality sector on completion.



Population and Households

Current population: 1.50 million

All population growth in the HMA since 2016 has been from net in-migration; net natural change is currently negative.

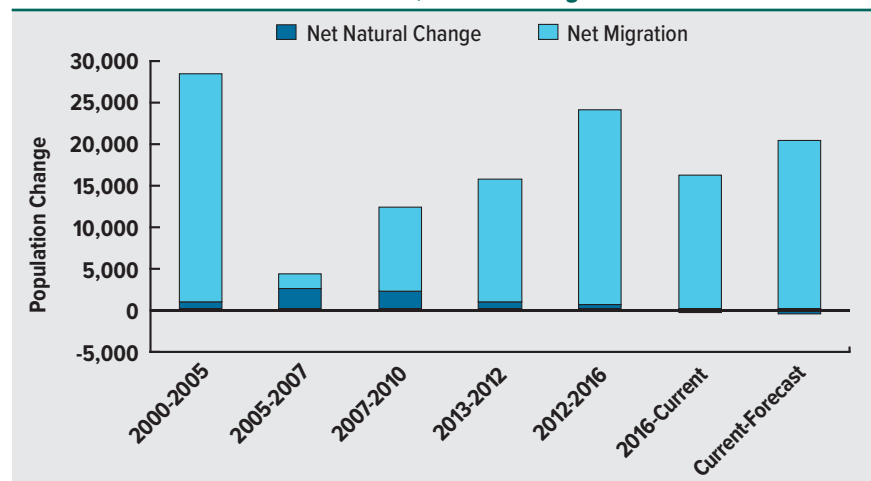
Population Trends

The population of the West Palm Beach HMA is currently estimated to be 1.50 million. Nearly 25 percent of the Miami MSA population resides in the HMA, which is only slightly more than the share of MSA jobs located in the HMA.

Population growth was very strong from 2000 to 2005, increasing by an average of 28,050, or 2.4 percent, annually. Net in-migration accounted for 97 percent of the population growth (Figure 5). As economic conditions started to weaken and the early signs of instability in the housing market emerged nationally, population growth slowed dramatically in the HMA. From 2005 to 2007, the population increased by an average of 4,100, or 0.3 percent, annually. Net in-migration was responsible for only 40 percent of population growth; net natural change (resident births minus resident deaths) increased from an average of 780 from 2000 to 2005 to 2,450 from 2005 to 2007, which was the strongest period of net natural change in the HMA since 2000. A slowdown in net in-migration from fewer retirees moving into the area during that period resulted in an increase in net natural change.

Despite job losses during the economic downturn, population growth strengthened from 2007 to 2010. The population increased at an average annual rate of 12,200, or 0.9 percent. Net natural change slowed to an average increase of 2,250 annually; net in-migration increased to an average of 9,950 annually, or 82 percent of population growth. As the economy began to recover from the local economic downturn, migration strengthened and the population increased by an

Figure 5. Components of Population Change in the West Palm Beach 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 (November 1, 2019) to November 1, 2022. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

average of 15,500, or 1.2 percent, annually from 2010 to 2012. Net in-migration accounted for 95 percent of the population growth. Job growth accelerated from 2012 to 2016; population growth increased to an average of 24,100 annually, or 1.7 percent, with 98 percent of the growth attributable to net in-migration. Since 2016, population growth moderated as job growth also slowed. The population increased by an average of 15,650 annually, or 1.1 percent. During this period, net natural change was negative, and all population growth was the result of net in-migration. The negative net natural change resulted from declining birth rates and increased deaths among the aging population.

Migration Trends

Most migration in and out of the HMA is the result of people moving within the Miami MSA. The largest share of movers into the West Palm Beach HMA from



2013 to 2017 was 13,050 people from nearby Broward County, followed by 4,500 people migrating from Miami-Dade County (Table 5). Outside of the state of Florida, a significant portion of domestic movers come from the northeast, primarily the New York City metropolitan area. Most HMA residents who leave the HMA move to other counties in Florida, primarily elsewhere in the Miami MSA, Martin and St. Lucie Counties to the north, and Orange County, which is part of the Orlando-Kissimmee-Sanford, FL metropolitan area.

Table 5. County-to-County Migration Flows in the West Palm Beach HMA: 2013–2017

Into the HMA	Broward County, FL	13,050
	Caribbean	4,625
	Miami-Dade County, FL	4,500
	South America	3,150
	Northern America	2,450
Out of the HMA	Broward County, FL	7,425
	Martin County, FL	3,200
	Orange County, FL	2,675
	St. Lucie County, FL	2,275
	Miami-Dade County, FL	2,125

Sources: 2013–2017 American Community Survey 5-year data; U.S. Census County-to-County Migration Flows

International migration has contributed considerably to net in-migration in recent years. From 2012 to 2015, when net in-migration was strong, international migration averaged approximately 40 percent of total net in-migration (U.S. Census Bureau population estimates program, 2010–2018). The share increased to 60 percent from 2016 to 2018. International movers into the HMA primarily come from the Caribbean and elsewhere in Northern America, and South America.

Age Cohort Trends

Because retirees move to the HMA, the population in West Palm Beach HMA is older, on average, than the nation. Approximately 24 percent of the HMA population is aged 65 or older, compared with 16 percent nationally (2018 American Community Survey 1-year estimates). This population also contributes to a higher median age, which was 44.9 in the HMA in 2018, compared with 38.2 nationally. Conversely, the share of the population under the age of 18 remains lower than the national average. As of 2018, 19 percent of the HMA population was under the age of 18, compared with approximately 22 percent nationally (Table 6). Since 2010, the HMA has had a slight decline in the share of the population under the age of 64 and a modest increase in the 65 and older age group. Figure 6 shows population by age range in the West Palm Beach HMA.

Population by Geography

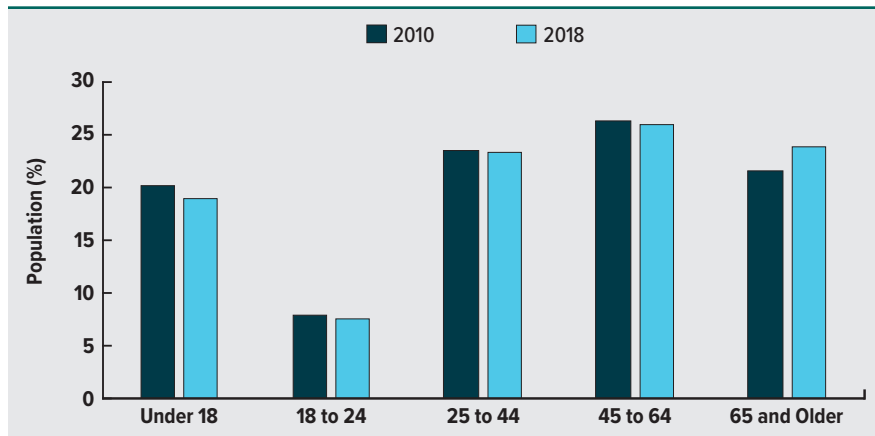
Table 6. Selected Population and Household Demographics

	Fort Lauderdale HMA	Nation
Population Age 18 and Under	19.1%	22.4%
Population Age 65 and Over	23.9%	16.0%
Median Age	44.9	38.2
White	75.4%	75.1%
Black	19.9%	14.1%
Asian	3.6%	6.8%
Other Race	1.1%	4.0%
Hispanic	22.9%	18.3%
Non-Hispanic	77.1%	81.7%
Median Household Income	\$61,691	\$61,937
Households with One or More Children Under Age 18	23.0%	30.3%

Source: 2018 American Community Survey 1-year data



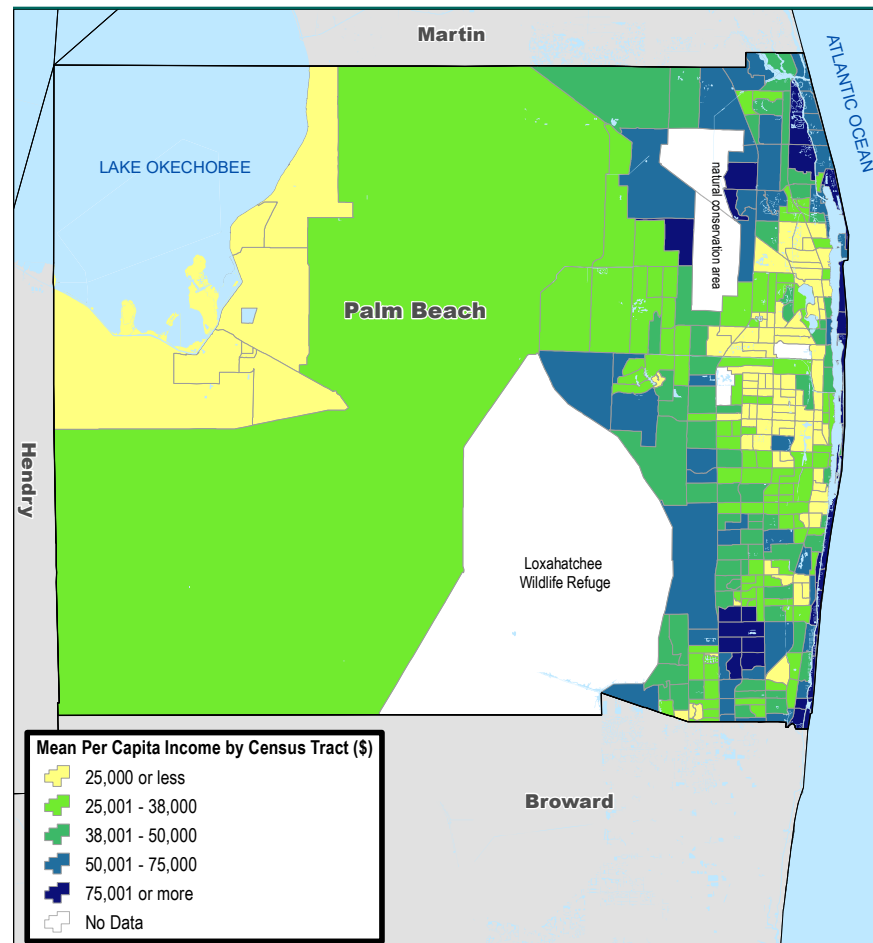
Figure 6. Population by Age Range in the West Palm Beach HMA



Source: U.S. Census Bureau

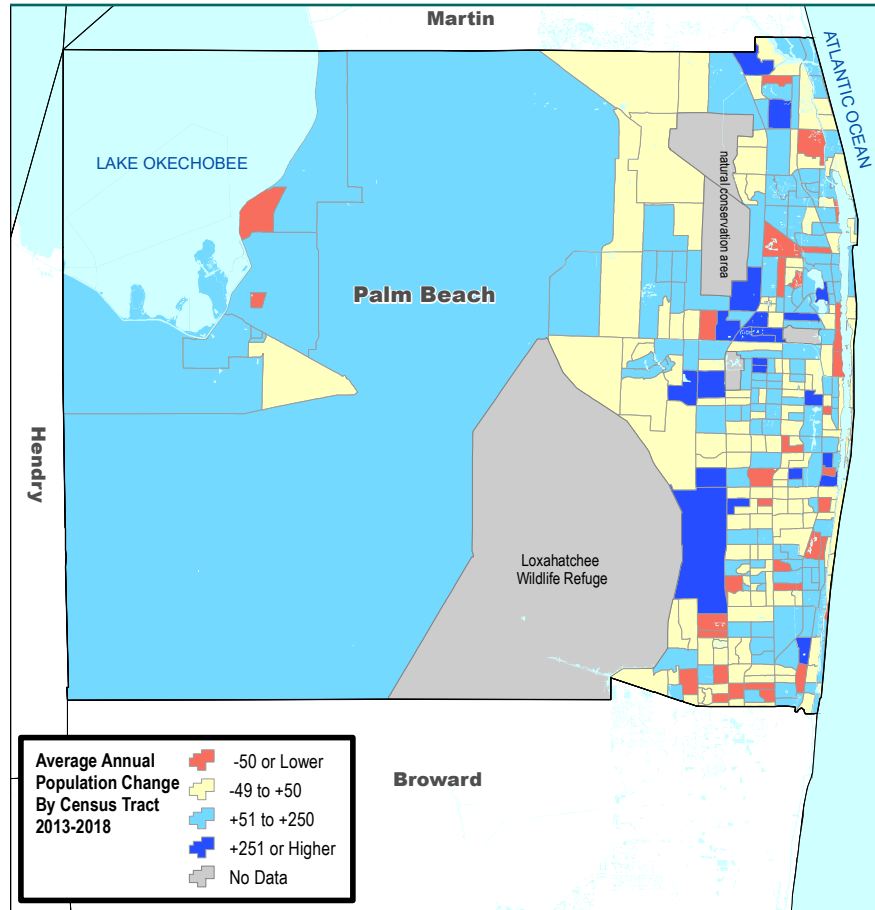
The coastal areas of the HMA are highly desirable, but they are the most expensive areas to live in, thus requiring higher incomes (Map 2). Inland is more much affordable, with ample land for development, but lacking the sandy beaches. This results in two primary patterns in population growth as households choose between affordability and amenities. Inland areas, including near Lake Okeechobee and Loxahatchee Wildlife Refuge, have had strong population growth since 2010, with sufficient land for large neighborhoods with single-family homes. Coastal areas remain desirable for households that can afford them; the population is increasing along the coast, primarily in higher density developments such as condominiums. Affordability concerns plague the HMA. Areas in the HMA with a declining population have also largely been areas that require higher incomes to afford housing. Map 3 shows the average annual population change by census tract.

Map 2. Average Per Capita Income by Census Tract in the West Palm Beach HMA



Source: 2013–2018 American Community Survey 5-year data

Map 3. Average Annual Population Change by Census Tract in the West Palm Beach HMA, 2013–2018



Source: 2013–2018 American Community Survey 5-year data

Household Trends

Approximately 607,700 households reside in the West Palm Beach HMA. Strong household growth from 2000 to 2010 has since moderated slightly. From 2000 to

2010, households increased by an average of 7,000, or 1.4 percent, annually. The average annual rate slowed somewhat to 6,625, or 1.2 percent, from 2010 to the current date. Table 7 shows quick facts about the population and households in the West Palm Beach HMA.

Table 7. West Palm Beach HMA Population and Household Quick Facts

	2010	Current	Forecast	
Population Quick Facts	Population	1,320,134	1,503,000	1,563,000
	Average Annual Change	18,900	19,150	19,750
	Percentage Change	1.6	1.4	1.3
Household Quick Facts	Households	544,227	607,700	631,300
	Average Annual Change	7,000	6,625	7,875
	Percentage Change	1.4	1.2	1.3

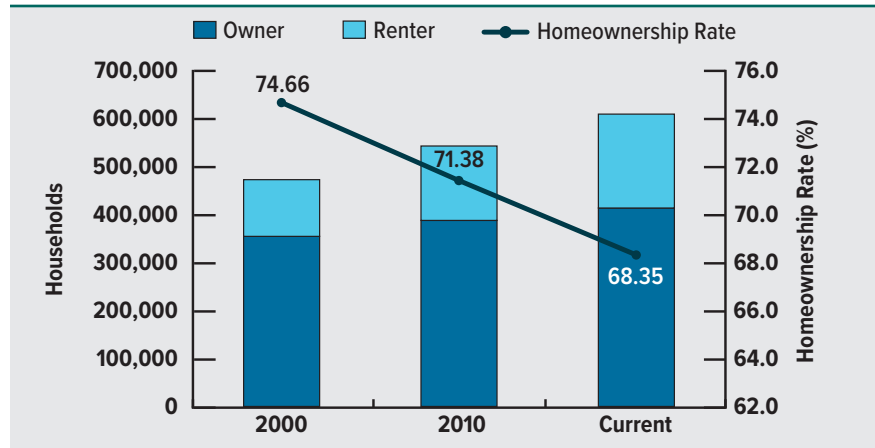
Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (November 1, 2019) to November 1, 2022.

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

Households by Tenure

Since 2000, the homeownership rate has been declining in the West Palm Beach HMA. From 2000 to 2010, the homeownership rate decreased from 74.7 percent to 71.4 percent, due in large part to the economic downturn and foreclosure crisis in the latter part of the decade. Despite relatively strong job growth since 2010, the homeownership rate has continued to decrease as declines in sales housing affordability in the HMA have prevented many households from purchasing homes. The homeownership rate is currently estimated at 68.4 percent. Stronger preferences to rent, and affordability concerns among would-be homeowners, contributed to an increase in renter households; renter household growth has accounted for nearly 60 percent of net household growth since 2010, compared with approximately 50 percent from 2000 to 2010. Figure 7 shows the households by tenure and the homeownership rate in the HMA since 2000.

Figure 7. Households by Tenure and Homeownership Rate in the West Palm Beach HMA Since 2000



Note: The current date is November 1, 2019.

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

Forecast

During the next 3 years, both the population and number of households in the HMA are expected to increase by an average annual rate of 1.3 percent, or 19,750 and 7,875, respectively. Stable job growth is expected to keep net in-migration high, offsetting a slight decrease in net natural change resulting from declining birth rates and the aging population. The population and number of households are expected to reach an estimated 1.56 million and 631,300, respectively, by November 1, 2022, based on expected economic and migration trends.

Home Sales Market Conditions

Market Conditions: Balanced

The HMA had 5.0 months' worth of for-sale inventory in October 2019, down from a 5.2-month supply in October 2018 (Broward, Palm Beaches, and St. Lucie Realtors®, with adjustments by the analyst).

Current Conditions

The home sales market in the West Palm Beach HMA was hit hard during the national housing crisis; total home sales prices, including new and existing single-family homes, townhomes, and condominiums, declined an average of 13 percent annually from 2008 through 2011. The average home sales price during the 12 months ending October 2019 was \$395,400, up 3 percent from the previous 12-month period; that price was 8 percent below the pre-recession peak

of \$431,500 in 2007. During the 12 months ending October 2019, 39,650 homes were sold, down 1 percent from the previous 12-month period. The sales market is currently balanced with an estimated 1.5-percent vacancy rate, down from the 3.4-percent vacancy rate in April 2010 when the market was soft (Table 8).

Single-Family Home Sales

Single-family home sales, including new and existing detached single-family homes and townhomes, have declined since 2016 in response to slowing population and job growth. The current level of sales is similar to mid-2000s levels. During the 12 months ending October 2019, home sales averaged 25,875, down nearly 2 percent from the previous 12-month period (Metrostudy, A Hanley Wood Company). Home sales are higher than the 25,350 homes sold in 2006. In 2007 and 2008, the number of homes sold decreased 27 percent, annually, to 13,450 homes sold. From 2006 through 2008, 23 percent of all homes sold were new homes. The number of new homes sold declined each year, however, similar to all single-family homes sold; new single-family homes decreased by an average of 2,350 homes, or 44 percent, annually, to 2,175 new single-family homes sold in 2008. The recovery of the sales market began in 2009, despite weak economic conditions. From 2009 through 2013, the number of single-family homes sold increased an average of 14 percent, annually, to 25,350 homes sold. Sales continued to increase, but at a slower rate, and in 2014 and 2015, sales increased an average of 4 percent, annually, to 27,475. Slower population and job growth hampered recent sales, however, and from 2016 through 2018, sales decreased by 2 percent a year to 25,975 homes sold. Because of the slowdown in residential construction during the Great Recession, the share of total single-family home sales that were new homes decreased and has remained subdued. From 2009 through the current date, an average of 8 percent of home sales were new homes, a share that has remained virtually constant each year. Figure 8 shows new and resale single-family and condominium sales in the West Palm Beach HMA.

Table 8. Home Sales Quick Facts in the West Palm Beach HMA

Home Sales Quick Facts	West Palm Beach HMA	Nation
	Vacancy Rate	1.5%
Months of Inventory	5.0	3.9
Total Home Sales	39,650	5,253,000
1-Year Change	-1%	0%
Average Price-Total	\$589,800	\$399,800
1-Year Change	-7%	1%
Average Price-New	\$457,500	\$311,300
1-Year Change	3%	3%
Mortgage Delinquency Rate	1.4%	1.4%

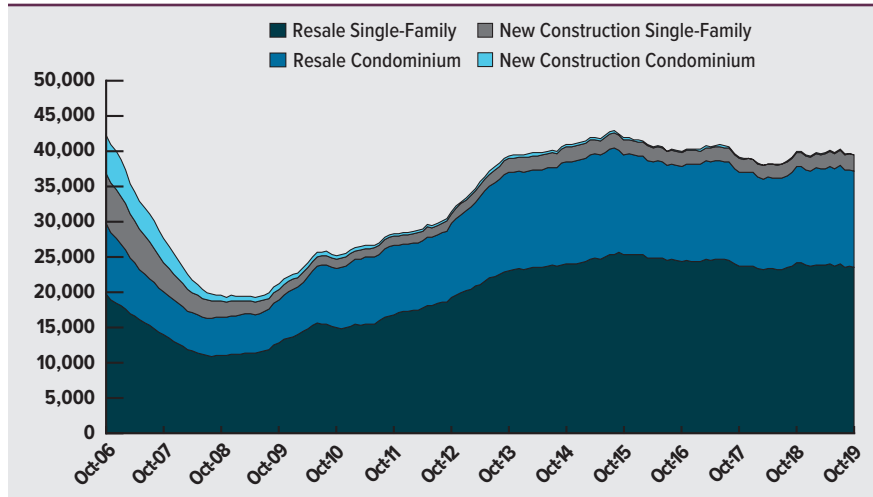
NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending October 2019; and months of inventory and mortgage delinquency data are as of October 2019. The current date is November 1, 2019.

Sources: CoreLogic, Inc.; Metrostudy, A Hanley Wood Company; National Association of Realtors®; Broward, Palm Beaches, and St. Lucie Realtors®



Figure 8. 12-Month Single-Family and Condominium Sales in the West Palm Beach HMA



Source: Metrostudy, A Hanley Wood Company

Condominium Sales

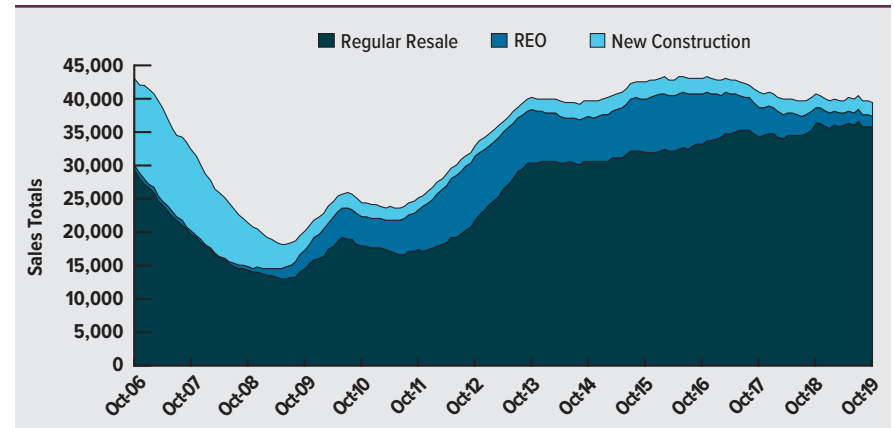
Condominiums have averaged approximately one-third of total home sales in the West Palm Beach HMA, a trend that has remained relatively stable since 2005. Approximately 51 percent of condominiums in the HMA built since 2000 are located within coastal cities, which are close to the beaches and the job and population center of the HMA; another 30 percent are in the city of West Palm Beach. Condominium sales declined an average of 34 percent a year from 2006 through 2008, to 6,200 units sold. From 2009 through 2014, sales increased an average of 16 percent, annually, to 14,950 condominium units sold. Since 2014, condominium sales have weakened, decreasing an average of 2 percent annually, to 13,650 sales. During the 12 months ending October 2019, condominium sales were flat, compared with a year earlier, with 13,775 units sold. New condominiums accounted for 30 percent of all condominiums sold from 2005 through 2007.

Because condominium construction declined during the Great Recession and has not returned to earlier levels, however, the share of new condominiums sold plummeted to an average of 1 percent of all condominium sales since 2017.

REO Sales and Delinquent Mortgages

The national foreclosure crisis had a large impact in the HMA. The for-sale housing market has improved significantly, however, with real estate owned (REO) properties declining from the peak from 2009 through 2011. REO sales accounted for 1 percent of all home sales from 2005 through 2007 (Metrostudy, A Hanley Wood Company). The share of REO sales began increasing in 2008, and from 2009 through 2011, REO sales averaged 26 percent of all home sales. While economic conditions have improved, however, REO sales have declined sharply; during the 12 months ending October 2019, these sales accounted for only 4 percent of total sales, which was unchanged from the previous 12-month period. Figure 9 shows 12-month sales by total type in the HMA, and illustrates the impact of REO sales)

Figure 9. 12-Month Sales Totals by Type in the West Palm Beach HMA



REO = real estate owned.

Note: Includes single-family homes and condominium unit sales.

Source: Metrostudy, A Hanley Wood Company



The average sales price of an REO home plummeted during the housing market crisis, contributing to the decline in the average price of existing homes, which includes REO sales and regular resale home sales. In 2006, the average price of an REO home peaked at \$607,000, which was 35 percent higher than the price of a regular resale. A primary reason the average REO sales price was so much higher than that of a regular resale is because, although the number of REO homes at that time was relatively low, some very high-priced luxury homes had fallen into foreclosure, which skewed the averages. From 2007 through 2011, the average price of an REO home decreased 26 percent, annually, to \$137,900, which was 40 percent of the average price of a regular resale home. That decrease contributed to the declining price of existing homes during the period because the share of REO homes had increased so much. As housing market conditions improved and the REO inventory cleared out, the average price of an REO home increased an average of 10 percent, annually, from 2010 to the current date. Nevertheless, the average price of an REO sale during the 12 months ending October 2019 was 36 percent less than the average sales price of a regular resale home.

The rate of seriously delinquent mortgages and REO properties in the HMA has also dropped sharply since the Great Recession and is now the same as the national rate. As of October 2019, 1.4 percent of all home loans in the HMA were seriously delinquent or in REO status, down from 2.1 percent a year earlier (CoreLogic, Inc.). The decline in seriously delinquent home loans in the metropolitan area following the national housing crisis has been dramatic; after peaking at 20.4 percent in May 2010, more than double the peak national rate of 8.6 percent in February 2010, the HMA rate is now the same as the national level.

Single-Family Home Sales Prices

The average price of a single-family home increased from \$346,300 in 2005 to a peak of \$395,300 in 2007. During that 3-year period in the mid-2000s, the average price of a new single-family home was approximately 10 percent higher

than the average price of an existing single-family home. Home sales prices declined an average of 14 percent, annually, to \$212,000 in 2011, when financing was difficult to obtain and the economy was weak. From 2012 through 2018, the average price of a home increased nearly 8 percent, annually, to \$353,400. The average price of a new home built during this period outpaced the average annual price increase among existing home sales. The average price of an existing single-family home increased by an average of \$14,950, or 4 percent, annually, to an average of \$455,100; the average price of a new home increased \$32,350, or 6 percent, annually, to \$640,800. In addition, the average price of a new home relative to an existing home has increased since the mid-2000s such that, from 2015 through 2017, the average price of a new home was approximately 50 percent higher than the average price of an existing home. During the 12 months ending October 2019, the average price increased 4 percent from the previous 12-month period, to \$365,600, which is approximately 8 percent lower than the pre-recession peak in 2007. The average price of a new home, \$603,400, was 30 percent higher than the average price of an existing home sold, at \$463,800.

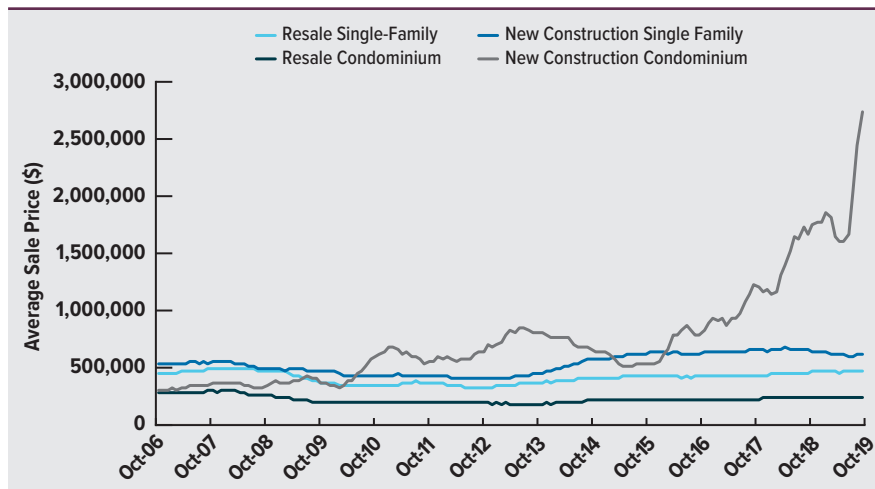
Condominium Sales Prices

Condominium prices can fluctuate significantly depending on the completion of new projects in the HMA. The average price of a condominium in 2005 was \$252,200 and increased to \$307,500 in 2007. With slow population growth and a weak economy, the average price decreased 14 percent, annually from 2008 through 2011, to \$167,900, and the construction of new condominiums was subdued. From 2012 through 2018, the average price increased 6 percent annually, to \$251,400. During the 12 months ending October 2019, the average price of a condominium increased 4 percent, to \$256,600. Although new condominium sales were only 1 percent of all condominium sales in the past year, the high average price contributed to the overall price growth of the average condominium sales price. During the 12 months ending October 2019, the average price of a new construction condominium unit was \$2.75 million, up 65 percent



from a year earlier. The completion of luxury condominiums contributed to the strong price increase. The 69-unit Bristol Condominiums in West Palm Beach opened in May 2019 with three- to five-bedroom homes starting at \$5 million. Figure 10 shows the average sales price by type of sale.

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



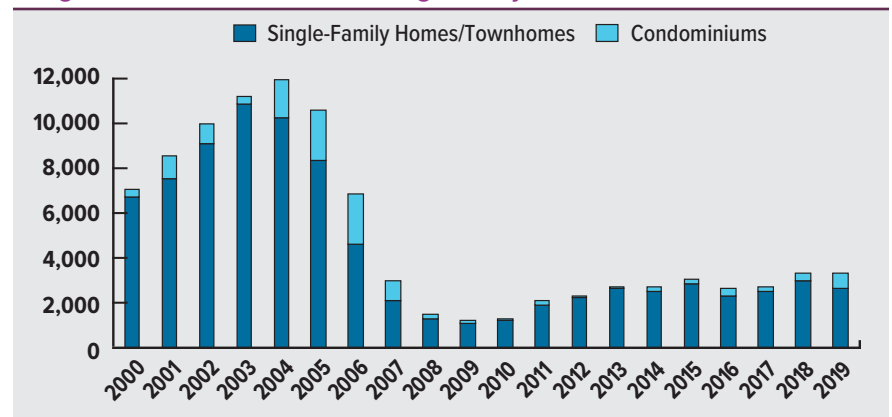
Source: Metrostudy, A Hanley Wood Company

Sales Construction Activity

Sales construction activity, as measured by the number of for-sale homes permitted, was strong during the early 2000s, and construction activity has not since returned to those levels. From 2001 through 2004, when population growth was strong and homeownership was high, the number of homes permitted increased by an average of 1,225, or 14 percent, annually, to a peak of 12,000 for-sale single-family homes, townhomes, and condominiums (Figure 11). When population growth slowed and the economy weakened heading into the Great Recession, construction activity decreased by an average of 2,625 homes, or 41

percent, annually from 2005 through 2008. During the depths of the economic downturn, when the sales market was soft, the construction of for-sale housing was at the lowest level since 2000, averaging 1,225 homes built each year in 2009 and 2010. Sales construction activity has been slow to recover following the Great Recession, in part because increased preferences to rent shifted some housing demand to demand for rental units. From 2011 through 2015, the construction of sales housing increased by 360 homes, or 20 percent, annually, to nearly 3,075 homes permitted. Permitting declined in 2016 to 2,625 homes built and then increased by an average of 340 homes, or 12 percent, annually in 2017 and 2018. During the 12 months ending October 2019, 3,900 homes were permitted, up 8 percent from a year earlier (preliminary data, with adjustments by the analyst).

Figure 11. Annual Sales Permitting Activity in the West Palm Beach HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through October 2019.

Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data and estimates by the analyst; 2019—preliminary data and estimates by the analyst

Condominiums accounted for 9 percent of for-sale housing construction from 2000 through 2004, which increased to 25 percent from 2005 through 2008—



the highest share of condominium construction since 2000. Condominium construction was subdued from 2009 through 2015, averaging less than 6 percent of all for-sale homes built during the period. Since 2016, construction of condominiums has begun to increase again, averaging 14 percent of new home construction.

Recent Development Activity by Area

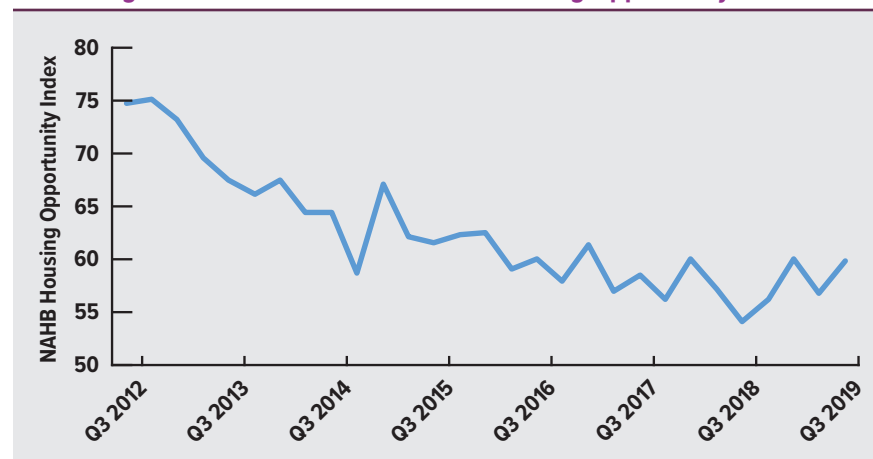
Sales construction in the West Palm Beach HMA largely consists of high-density condominiums along the East Coast and single-family homes inland where there is more room for development. In the city of Loxahatchee, 388 lots opened in the Westlake subdivision in August 2019. The price for a single-family home with two bedrooms and two bathrooms starts at \$317,000. Construction began on the 25-story, 83-unit La Clara condominium building in the city of West Palm Beach in mid-2019. Prices for the one- to three-bedroom units range from \$2 to \$5 million and are expected to be complete in mid-2021. To address the housing demand for the aging population in the area, the Valencia Sound subdivision, within Valencia Bay in Boynton Beach and next to the Loxahatchee National Wildlife Refuge, is restricted to households ages 55 and older. The first 13 units began construction in the third quarter of 2019, and when complete, the gated community will have 653 homes. A single-family home with two bedrooms and two bathrooms will start at \$484,900.

Housing Affordability

Homeownership in the West Palm Beach HMA is relatively expensive; affordability has declined slightly since late 2012. Excess inventory from the previously soft market conditions has been absorbed, the share of REO properties and seriously delinquent mortgages has declined sharply, and home prices, especially for new homes, have increased notably faster than incomes. The National Association of Home Builders (NAHB) and Wells Fargo Housing Opportunity Index (HOI) for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, decreased from 74.8 during the third

quarter of 2012 to 59.8 during the third quarter of 2019 (Figure 12). During the most recent period, 165 of 239 metropolitan areas in the nation, or 69 percent, were ranked as more affordable than the HMA.

Figure 12. West Palm Beach HMA Housing Opportunity Index



NAHB = National Association of Home Builders. Q3 = third quarter.
Sources: NAHB; Wells Fargo

During the 12 months ending October 2019, rising home prices of new and existing home sales, which increased 3 percent to an average of \$395,400, have acted as a barrier to entry into homeownership. This barrier is particularly pronounced among younger households, ages 25 to 44. The homeownership rate for this age cohort in the HMA was higher than the national average in 2000 but had decreased to slightly less than the national average by 2018. As of 2018, 37.3 percent of households in the HMA ages 25 to 34 and 57.3 percent of households ages 35 to 44 were homeowners, compared with rates of 38.3 and 57.9 percent, nationally (Table 9).

Table 9. Homeownership Rates by Age of Householder

	West Palm Beach HMA			Nation		
	2000	2010	2018	2000	2010	2018
Householder Age 25 to 34 years	47.9	38.4	37.3	45.6	42.0	38.3
Householder Age 35 to 44 years	69.0	61.6	57.3	66.2	62.3	57.9
Total Households	74.5	71.4	70.6	66.2	65.1	63.9

Sources: 2000 and 2010 Decennial Census; 2018 American Community Survey 1-year estimates

Policies for Affordable Sales Housing

Some communities within the HMA have developed initiatives to address the affordability of for-sale housing. Beginning in 2018, Palm Beach County announced \$1.8 million from impact fees that will be used to fund the development of affordable owner and rental housing in the county for households earning up to 140 percent of AMI. The funds will be awarded by early 2020.

Forecast

During the next 3 years, demand is expected for 17,150 for-sale units (Table 10). The 1,250 units underway will satisfy a portion of the demand. Demand for new housing is expected to increase slightly each year of the forecast in response to the acceleration in population growth. Figure 13 shows the share of sales by type and price range during the 12 months ending October 2019.

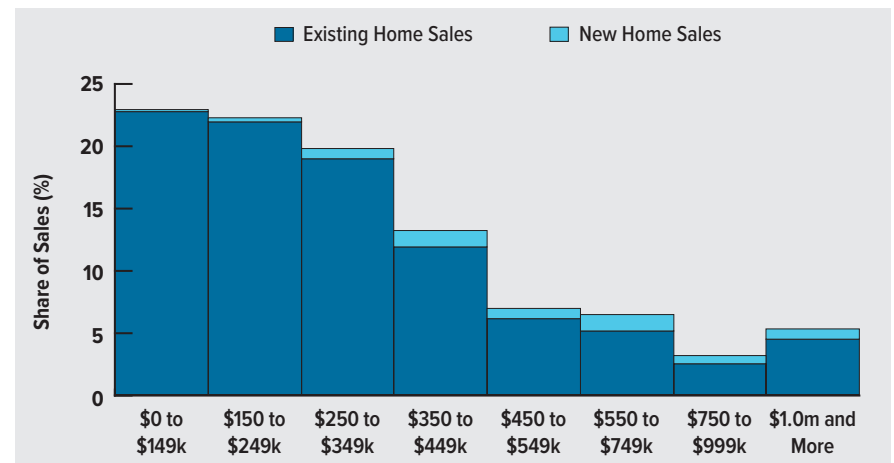
Table 10. Demand for New Sales Units in the West Palm Beach HMA During the Forecast Period

Sales Units	
Demand	17,150 Units
Under Construction	1,250 Units

Note: The forecast period is from November 1, 2019, to November 1, 2022.

Source: Estimates by the analyst

Figure 13. Share of Sales by Price Range During the 12 Months Ending October 2019 in the West Palm Beach HMA



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

Source: Metrostudy, A Hanley Wood Company



Rental Market Conditions

Market Conditions: Balanced

The apartment market has remained mostly balanced since 2012, with vacancy rates ranging from 4.1 to 6.1 percent and average annual rent growth of 5 percent.

Current Conditions and Recent Trends

Overall rental housing market conditions in the West Palm Beach HMA are currently balanced. The overall rental vacancy rate, which likely includes some short-term and vacation rentals that are not available for year-round occupancy, is currently estimated at 8.0 percent, down from 12.4 percent in April 2010 when

conditions were slightly soft. Strong renter household growth contributed to significant absorption of excess inventory in the early 2010s. Approximately 50 percent of renter households live in multifamily buildings with five or more units, including apartments and condominiums for rent, and 29 percent live in single-family rentals (Table 11). The remaining 20 percent of renters live in multifamily buildings with fewer than five units or in other housing units, including mobile homes.

The apartment market is also balanced. During the third quarter of 2019, the apartment vacancy rate was 5.0 percent, down from 5.7 percent a year earlier (RealPage, Inc.). During the same period, the average rent increased 6 percent to \$1,644. From the third quarter of 2007 to the third quarter of 2011, the apartment market was soft, with the vacancy rate ranging from 6.7 to 8.1 percent (Figure 14). Average annual rent growth was 1.0 percent. Increasing job and population growth, paired with subdued apartment construction during the Great Recession, quickly led to more balanced market conditions as the excess vacant units were occupied. The apartment market has been generally balanced since 2012, but

Table 11. Rental and Apartment Market Quick Facts in the West Palm Beach HMA

Rental Market Quick Facts		2010	Current
	Rental Vacancy Rate	12.4	8.0
	Occupied Rental Units by Structure		
	Single-family Attached & Detached	32.0	29.0
	Multifamily (2-4 units)	17.0	18.0
Multifamily (5+ units)	48.0	50.0	
Other (including Mobile Homes)	2.0	2.0	

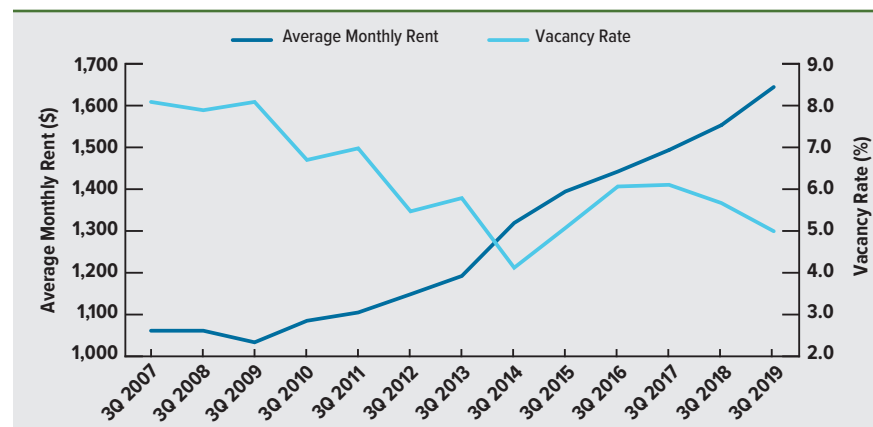
Apartment Market Quick Facts		Current	YoY Change
	Apartment Vacancy Rate	5.0	-0.7
	Average Rent	\$1,644	5.7
	Studio	\$1,598	4.2
	One-Bedroom	\$1,423	5.6
	Two-Bedroom	\$1,694	6.9
Three-Bedroom	\$1,945	4.3	

YoY = year-over-year.

Notes: The current date is November 1, 2019. Percentages may not add to 100 due to rounding.

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

Figure 14. Apartment Rents and Vacancy Rates in the West Palm Beach HMA



Source: RealPage, Inc.



tightened briefly in 2014, when the vacancy rate dipped to 4.1 percent, and the average rent increased 11 percent from the year before. Increased apartment construction from 2014 to 2016 eased apartment conditions and continued the balanced market. With the exception of 2014, the third-quarter vacancy rate in the HMA ranged from 5.0 to 6.1 percent from 2012 to 2019, and average rent increased 5 percent annually.

Market Conditions by Geography

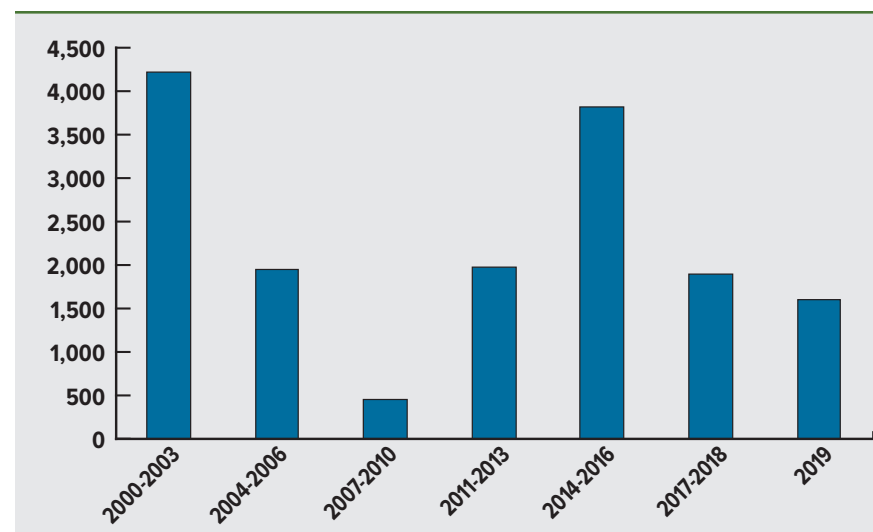
Of the five RealPage, Inc.-defined market areas in the HMA, all had increasing rents and declining vacancy rates during the past year. The Boca Raton market area had the highest rents and fastest rent growth; the average rent increased 8 percent from a year earlier to \$1,999, and the vacancy rate was 5.7 percent during the third quarter of 2019, down from 6.0 percent a year earlier. The city of Boca Raton, located along the coast and the southern border of the HMA, has among the highest per capita incomes in the HMA, contributing to households able to spend higher amounts on housing. The Lake Worth/Greenacres/Wellington market area has the lowest rents and the lowest vacancy rates in the metropolitan area. The average rent increased 6 percent to \$1,386, and the vacancy rate declined to 3.6 percent, down from 3.8 percent a year earlier. This market area extends west from the coast but is primarily inland. The highest vacancy rate of 6.3 percent was in the North Palm Beach market area, down slightly from 6.4 percent a year earlier, and the average rent increased 4 percent to \$1,702. Rent growth in the West Palm Beach market area averaged 5 percent to \$1,451, and the vacancy rate decreased from 5.7 percent a year earlier to 4.1 percent.

Rental Construction Activity

Rental construction in the West Palm Beach HMA, as measured by the number of rental units permitted, has increased from the lows during the local economic downturn, but remains subdued compared with a period of high levels of construction in the early 2000s. From 2000 through 2003, when population growth was strong, demand existed for additional apartments. An average of

4,225 apartment units were permitted annually—the most active period of rental construction in the HMA in recent history (Figure 15). Subsequently, the elevated supply more than met demand, particularly with the sharp slowdown in net immigration; therefore, builders responded by reducing construction. From 2004 through 2006, an average of 1,950 units were permitted annually. During the local economic downturn from 2007 through 2010 apartment construction decreased further. During this period, apartment market conditions softened, despite an increase in population growth from the previous period, and financing was more difficult to obtain for builders. From 2007 through 2010, an average of 470 units were permitted annually. Initial economic recovery from the Great Recession resulted in an increase in population growth that then surged until 2016. The increased migration into the HMA led to increased demand for apartments,

Figure 15. Average Annual Rental Permitting Activity in the West Palm Beach HMA



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



causing the soft apartment market conditions to tighten. As vacant units were absorbed, builders had to increase construction to meet the growing demand. From 2011 through 2013, an average of 2,000 units were built annually. From 2014 through 2016, building increased to an average of 3,825 units annually. In response to the slower job and population growth since 2016, apartment construction also eased. In 2017 and 2018, an average of 1,900 units were permitted annually, which is similar to the 2004-to-2006 and the 2011-to-2013 periods of rental construction activity. During the 12 months ending October 2019, an average of 2,000 apartment units were permitted, which was down nearly 9 percent from the previous 12-month period (preliminary data, with adjustments by the analyst). Construction is underway on the 456-unit Uptown Boca Apartments in Boca Raton. The development is expected to open in late 2020, with preleasing starting in March 2020. Rents for the one-, two-, three-, and four-bedroom units will start at approximately \$1,900, \$2,400, \$3,200, and \$3,600, respectively.

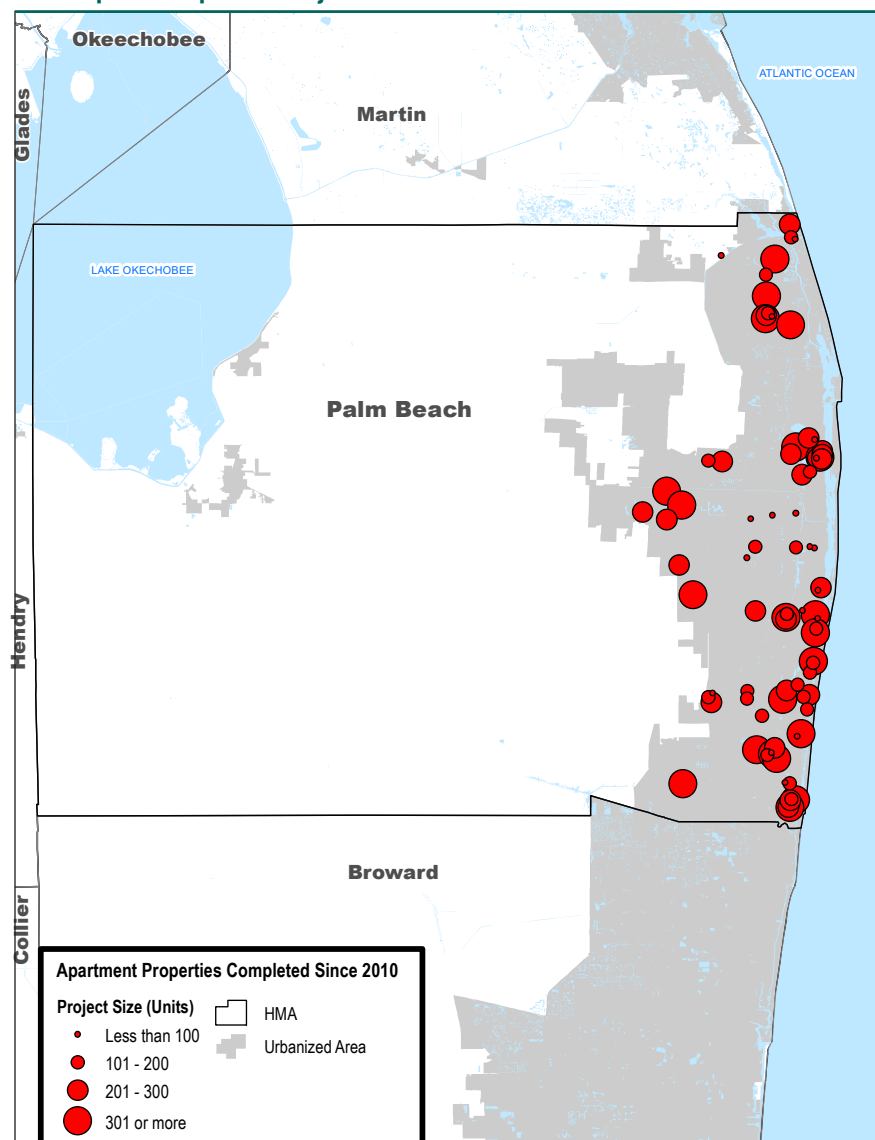
Recent Apartment Completions

Boca Raton and West Palm Beach are the cities with the largest share of rental construction since 2012, with 23 and 20 percent of total HMA rental construction, respectively. The 251-unit Oversea at Flagler Banyan Square in the city of West Palm Beach is currently preleasing, with completion scheduled for December 2019. Rents for studio, one-, two-, and three-bedroom units start at approximately \$1,650, \$1,940, \$2,470, and \$3,070, respectively. Map 4 shows market-rate apartment projects completed in the West Palm Beach HMA since 2010.

Housing Affordability: Rental

Rental housing in the West Palm Beach HMA is expensive and has consistently been unaffordable to many residents. Affordability in the HMA has been mostly stable since 2010. The HUD Rental Affordability Index, which measures median renter household income relative to qualifying income for the median-priced rental unit, was 80.5 in 2018, which was virtually the same as in 2010 (Figure 16). By comparison, from 2006 through 2009, the HUD Rental Affordability Index

Map 4. Completed Projects in the West Palm Beach HMA Since 2010

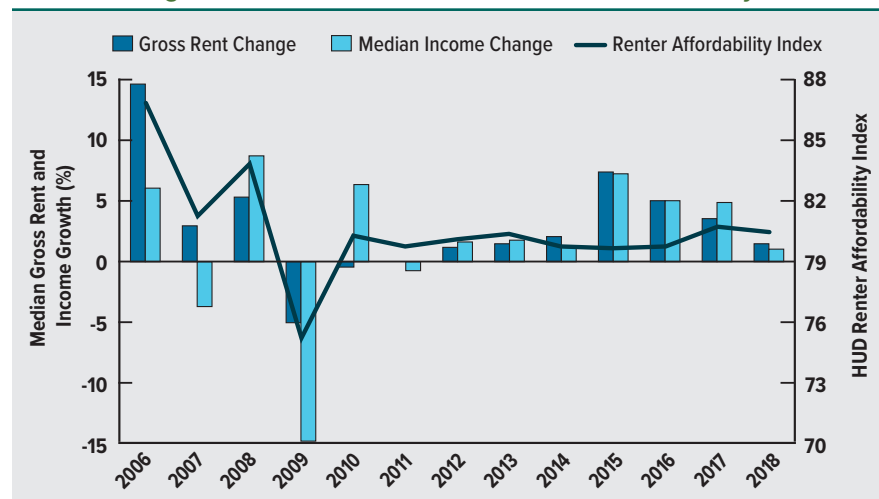


Source: McGraw-Hill Construction Pipeline database, with adjustments by the analyst



declined from 86.9 to 75.2 before increasing to approximately 80 in the early 2010s.

Figure 16. West Palm Beach HMA Rental Affordability



Source: 2006–2018 American Community Survey 1-year data

Because of the unaffordability in the HMA, many renter households are severely cost burdened, spending more than 50 percent of their income on gross rent. During the 2012-to-2016 period, nearly 30 percent of renter households in the HMA were severely cost burdened, compared with 23 percent nationally (Table 12). Severe cost burden was particularly pronounced among lower income households. Among renter households in the HMA earning below 50 percent of area median family income (AMFI), 63 percent were severely cost burdened, compared with 49 percent, nationally.

Table 12. Percentage of Cost Burdened Renter Households by Income, 2012–2016

	Cost Burdened		Severely Cost Burdened	
	West Palm Beach HMA	Nation	West Palm Beach HMA	Nation
Renter Households with Income <50% AMFI	19.9	25.4	63.0	49.3
Total Renter Households	24.9	21.9	29.2	23.3

AMFI = area median family income.
Sources: Consolidated Planning/CHAS Data; 2012–2016 American Community Survey 5-year estimates (huduser.gov)

Local Policy Initiatives for Affordable Rental Housing

Steps are being taken in the HMA to address renter affordability. In addition to the funds from impact fees noted in the Sales Market section above, community officials have been meeting to develop ideas, primarily with the goal of reducing the cost of rental construction. A 21-story tower in West Palm Beach has been approved and will add up to 325 units of workforce housing for households earning up to 120 percent of area median income to the affordable housing inventory. Final planning is still underway; the project is not likely to be complete during the next 3 years.

Current Affordable Housing Options: LIHTC, PBRA, HCV

The Low-Income Housing Tax Credit (LIHTC) program is the primary source of funding for new affordable rental housing in the nation. Since 2010, 225 low-income units, restricted to households earning up to 60 percent of AMI, were placed in service in the HMA. Approximately 36 percent of the units are restricted to senior households. One of the recent completions—the 144-unit Village at Delray in Delray Beach, with one-, two-, and three-bedroom units—was placed in service in 2012.



In addition to LIHTC, income-eligible households may qualify for project-based rental assistance (PBRA), or housing choice vouchers (HCV) through the local public housing authority (PHA). PHAs in the HMA administered nearly 7,325 HCVs in 2019. The average wait for an HCV was 2 years. The average tenant monthly contribution for HCV tenants is \$464, an 11-percent increase, adjusted for inflation, since 2010; that contribution is higher than the national share of \$390 (Table 13). Within the HMA, nearly 2,600 units are subsidized through PBRA and other programs. The total number of assisted households increased nearly 6 percent since 2010.

Table 13. Picture of Subsidized Households, 2019

	West Palm Beach HMA	HMA Change Since 2010	National Total	National Change Since 2010
Total Assisted Households (2019)	9,905	5.6%	4,619,488	4.3%
Total Housing Voucher Households (2019)	7,314	12.9%	2,299,617	12.7%
Average HCV Tenant Monthly Contribution	\$464	10.8%	\$390	2.0%
Average Monthly HUD Subsidy	\$1,054	-8.2%	\$807	-1.7%

HCV = housing choice voucher.

Note: Dollar changes are inflation-adjusted using the Consumer Price Index for All Urban Consumers (CPI-U).

Source: Assisted housing: national and local (huduser.gov)

Homelessness in the HMA

In the West Palm Beach HMA, nearly 1,400 people were homeless in 2019, of which 67 percent were unsheltered (2019 Point-in-Time Count). By comparison, 44 percent of homeless persons were unsheltered in Florida in 2019. The number of homeless persons in the HMA has been declining since the recent peak in 2011 when 2,150 people were homeless; however, the share of unsheltered homeless persons was essentially unchanged at 65 percent.

Forecast

During the next 3 years, demand is estimated for 9,200 new rental units (Table 14). The 2,675 units under construction will meet a portion of the demand. Because the excess vacancies of the early 2010s have been absorbed, construction should increase to maintain balanced market conditions. Demand is expected to increase slightly each year as population growth accelerates.

Table 14. Demand for New Rental Units in the West Palm Beach HMA During the Forecast Period

Rental Units	
Demand	9,200
Under Construction	2,675

Note: The forecast period is November 1, 2019 to November 1, 2022.

Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

Cost Burdened	Spending more than 30 percent of household income on housing costs.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Forecast Period	11/1/2019–11/1/2022—Estimates by the analyst
For-sale homes permitted/ rental units permitted	For-sale homes and rental units permitted 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 for-sale and rental building permits.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.



Northern America	Refers to the northern portion of North America, excluding Mexico and the Caribbean; in this report it primarily refers to Canada and Greenland.
Rental Housing Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan division definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau’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

<p>1.</p>	<p>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.</p>
<p>2.</p>	<p>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.</p>
<p>3.</p>	<p>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.</p>
<p>Cover Photo</p>	<p>iStock</p>



Contact Information

Katharine Jones, Economist
Denver HUD Regional Office
303-672-5060
katharine.jones@hud.gov

