Quick Facts About Crestview

- Current sales market conditions: balanced
- Current apartment market conditions: balanced
- The Crestview metropolitan area is home to Eglin Air Force Base (AFB), the largest military base in the United States, spanning 460,000 acres.

Overview

The Crestview-Fort Walton Beach-Destin, FL Metropolitan Statistical Area (hereafter, the Crestview metropolitan area) is on the panhandle of Florida along the Gulf of Mexico and consists of Okaloosa and Walton Counties. Pleasant weather and white sand beaches make it a popular destination for tourists and retirees.

- As of June 1, 2020, the population of the Crestview metropolitan area is estimated at 291,400. The population has had an average annual increase of 5,450, or 2.1 percent, since 2010.
- Population growth averaged 4,750 people, or 1.9 percent, annually from 2010 to 2016. Net in-migration accounted for 3,500 people, or 74 percent of the growth, whereas net natural change accounted for 1,250 people, or 26 percent (Census Bureau population estimates as of July 1). From 2016 to 2019, population growth averaged 6,450 people, or 2.4 percent, annually. Net migration accounted for 5,550 people, or 86 percent of the growth, whereas net natural change accounted for 900 people, or 14 percent.
- Individuals aged 65 years and older have contributed significantly to recent population growth in the Crestview...
metropolitan area. This age cohort represented 14 percent of the population in 2010 but accounted for 24 percent of the total in 2018 (American Community Survey 1-year data).

- Walton County is growing at a faster rate than Okaloosa County. Walton County grew by 2,050 people, or 3.0 percent, annually from 2010 to 2019, whereas Okaloosa County grew by 3,225 people, or 1.5 percent, annually during the same period. Walton County increased from 23 percent of the metropolitan area population in 2010 to 26 percent in 2019.

Economy

Economic activity in the Crestview metropolitan area has expanded every year since 2010 and has been particularly robust since 2016 when growth in nonfarm payrolls began to outpace the region and the nation. Nonfarm payrolls increased by an average of 2.2 percent annually from 2010 through 2019, surpassing the prerecession peak in 2015. Economic activity has slowed in recent months after the World Health Organization declared COVID-19 a pandemic on March 11, 2020; the state of Florida issued a stay-at-home order beginning on April 3, 2020. Among other restrictions, the order resulted in the closure of all restaurant dining rooms, theme parks, and bars in the state and required that all nonessential businesses limit their activity to minimum basic operations. Although the order was lifted for most areas of the state on May 4, 2020, some businesses have chosen to remain shuttered. Nonfarm payrolls decreased to an average of 110,800 jobs during the 3 months ending May 2020, a decrease of 7,700 jobs, or 6.5 percent, from the 3 months ending May 2019. By comparison, nonfarm payrolls for the Southeast/Caribbean region and the nation decreased 6.9 and 8.2 percent, respectively, during the 3 months ending May 2020.

During the 3 months ending May 2020—

- The government sector was one of the few sectors to add payroll jobs, expanding by 300 jobs, or 1.4 percent—likely related to civilian employment at the military installations in the Crestview metropolitan area.
- The mining, logging, and construction sector gained 100 jobs, or 1.4 percent. Some gains in the sector were due to the construction of the $11.2 million Intrepid Spirit Center at Eglin AFB—a facility for the treatment of post-traumatic stress and traumatic brain injury—which will be complete in July 2020.
- The leisure and hospitality sector declined by 5,800 jobs, or 25.1 percent, compared with a year earlier—the largest sector loss during the period. Some of those losses were due to layoffs at restaurants such as The Gulf on Okaloosa Island in the city Fort Walton Beach and Benihana in the city of Miramar, which cut 50 and 78 employees, respectively, in March because restaurant patronage had already begun to decrease amid efforts to limit the spread of COVID-19 infection.

Most of the service-providing payroll sectors in the Crestview metropolitan area have declined in the 3 months ending May 2020.

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<th>Sector</th>
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Unemployment Rate 2.7% 9.2%

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

continued on page 3
The wholesale and retail trade sector declined by 800 jobs, or 4.3 percent. Demand for retail goods fell as consumers chose to forego shopping trips to minimize virus exposure during the COVID-19 pandemic.

The education and health services sector declined by 1,000 jobs, or 8.1 percent. On March 20, 2020, the governor of Florida placed a prohibition on elective medical procedures to limit the possibility of patient exposure to COVID-19.

The unemployment rate increased to 9.2 percent from 2.7 percent during the same period a year earlier—the highest unemployment rate for the metropolitan area since 2010.

The military presence in the Crestview metropolitan area has a stabilizing effect on the economy. Local companies benefit from U.S. Department of Defense contracts from Eglin Air Force Base, home to the 96th Test Wing, and neighboring Hurlburt Field, home to the Air Force Special Operations Command. In addition to the $1.79 billion in salaries, those military operations spent more than $1.19 billion on direct expenditures in 2019 (Enterprise Florida). The military is estimated to have an economic impact on the surrounding region of more than $9.3 billion and accounted for more than 78,000 jobs in Okaloosa County in 2019.

From 2016 through 2019, nonfarm payroll growth in the Crestview metropolitan area was higher than growth in the region and the nation.

Sales housing market conditions in the Crestview metropolitan area are currently balanced. Approximately 12,150 new and existing single-family homes, townhomes, and condominiums sold during the 12 months ending April 2020, up 5 percent from the 11,550 homes sold during the previous 12-month period (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). That number was more than double the recent low of 5,100 homes sold during 2009. During the 12 months ending April 2020, the average sales price of new and existing homes increased less than 1 percent to $396,600, compared with a 4-percent increase during the previous 12-month period. The percentage of home loans in the Crestview metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status was 1.2 percent as of April 2020, down from 1.5 percent a year ago and well below the February high of 12.6 percent in 2011 (CoreLogic, Inc.). The current rate for the metropolitan area is lower than the rate for the state of Florida and the nation, which are 1.7 and 1.4 percent, respectively.
During the 12 months ending April 2020—

- New home sales totaled 1,525, up 26 percent from the 1,200 sales a year ago. The average sales price for a new home was $435,300, a decrease of 1 percent from a year earlier.
- Existing home sales totaled 10,600, up 2 percent from the 10,350 homes sold during the previous 12-month period.
- The average sales price for existing homes was $391,000, an increase of less than 1 percent from $389,600 a year earlier and 46 percent higher than the recent low in 2011 of $267,400.
- REO sales accounted for 4 percent of existing home sales, down from 5 percent a year earlier and well below the peak level of 26 percent in 2011.

Single-family home construction has trended upward since the early 2010s. From 2011 through 2015, an average of 1,600 single-family homes was permitted annually, compared with an average of 2,175 homes from 2016 through 2019. During the 12 months ending April 2020, 2,475 single-family homes were permitted in the metropolitan area, an 18-percent increase from 2,100 homes during the same period a year ago (preliminary data).

- More than 60 percent of all single-family homes permitted since 2015 were in Walton County. In addition to the beaches along the southern border of the county, it is home to Choctawhatchee Bay, Point Washington State Forest, and Topsail Hill Preserve State Park. Stonegate is a community under construction just north of the state park. When completed, this community will have 69 three- and four-bedroom homes, from 2,000 to 2,197 square feet, with prices starting at $356,900.
- Approximately one-fifth of new home construction since 2015 has been in unincorporated Okaloosa County.

The percentage of homes 90 or more days delinquent, in foreclosure, or recently transitioned to REO in the Crestview metropolitan area has fallen below that of the nation since June 2019.

New home sales prices have declined since the fourth quarter of 2019 in the Crestview metropolitan area.

The number of single-family homes permitted has generally trended upward in the past decade in the Crestview metropolitan area.
Creek Farms is a 96-home development in the area between the community of Baker and the city of Crestview. Priced from $285,400 to the mid-$400,000s, these three- and four-bedroom, 2,474-to-3,054-square-foot homes are off State Route 4, which leads to the east-west State Route 90 and Interstate 10 and connects to southbound State Route 85 to the beaches.

- In Freeport, current homebuilding activity is most prevalent in Hammock Bay, a collection of communities with varying amenities. Firefly at Hammock Bay is a 108-home active adult community, with prices starting at $264,900 for three-bedroom homes ranging from 1,566 to 2,018 square feet.
- All the homes have sold at 125 Crystal Beach Drive townhomes, a community of seven townhomes recently completed in the beach community of Destin in Okaloosa County. Priced from the mid-$400,000s, these three- and four-bedroom, 1,543-to-1,895-square-foot homes with one- or two-car garages are three blocks from the shore, near Destin Commons.

**Apartment Market Conditions**

The apartment market in the Crestview metropolitan area is currently balanced. Apartment market conditions were soft from 2009 through 2011, but strong renter household growth has put downward pressure on apartment vacancy rates, and vacancies have remained low since the mid-2010s.

- During the first quarter of 2020, the apartment vacancy rate in the metropolitan area was 3.9 percent, up from 3.0 percent during the first quarter of 2019 (Reis, Inc.).
- In the wake of the Great Recession during the first quarter of 2010, the apartment vacancy rate in the Crestview metropolitan area peaked at 17.0 percent.
- The average asking rent in the Crestview metropolitan area was $1,057 during the first quarter of 2020, a 13-percent increase from $937 a year earlier. That increase was higher than the percentage increase in the average asking rent for the nation, which increased 3 percent, to $1,505, in the first quarter of 2020 from $1,455 a year ago.

Rents have increased and vacancy rates have remained low since 2015 in the Crestview metropolitan area.

The asking rent in the Crestview metropolitan area has increased an average of 3.8 percent annually since 2010. In response to strong economic conditions and increased rental demand, multifamily home construction in the metropolitan area, as measured by the number of multifamily units permitted, has increased since 2018. From 2011 through 2018, an average of 370 multifamily units was permitted annually. During the 12 months ending May 2020, 860 multifamily units were permitted in the metropolitan area, up from 780 units during the previous 12 months.

- As of June 1, 2020, an estimated 1,100 multifamily units were under construction in the metropolitan area, compared with 800 units a year ago.
- From 2011 through 2014, multifamily permitting averaged 320 units annually, compared with 400 units annually from 2015 through 2018. During 2019, 1,150 multifamily units were permitted.

The number of multifamily homes permitted increased significantly in 2019 in the Crestview metropolitan area.
Nearly three-fourths of the new apartment units permitted since the beginning of 2019 have been in Walton County. Latitude at Hammock Bay is currently leasing apartments in the city of Freeport. This 232-unit community has one-, two-, and three-bedroom apartments, with rents ranging from $1,375 to $2,155.

Apartments intended for residents aged 55 years and older represent one-fourth of the rental units in the metropolitan area started since the beginning of 2019. Watercrest Senior Living is a 107-unit community of independent living, assisted living, and memory care units in Santa Rosa Beach that are expected to be completed in July of 2020. Rents, which will depend upon the level of services included, have not been released.

In Santa Rosa Beach, Ariza Forest View is currently leasing one-, two-, and three-bedroom apartments, ranging from 633 to 1,272 square feet, with rents from $1,169 to $2,274.