

HUD PD&R Housing Market Profiles

Jackson, Mississippi



Quick Facts About Jackson

- **Current sales market conditions: balanced**
- **Current apartment market conditions: balanced**
- **Jackson, Mississippi—the birthplace of American blues guitarist Robert Johnson and dubbed the “City with Soul”—is part of the Mississippi Blues Trail, which highlights historic places in blues music.**



By Karen M. Ostrye | As of August 1, 2020

Overview

The Jackson, MS Metropolitan Statistical Area (hereafter, the Jackson metropolitan area) consists of Copiah, Hinds, Madison, Rankin, Simpson, and Yazoo Counties in Mississippi, east of the Mississippi River. In the center of the southern United States, the city of Jackson is within 500 miles of nearly 40 percent of the population of the nation.

- As of August 1, 2020, the estimated population of the Jackson metropolitan area is 575,800. Since 2010, population growth has averaged 840 people, or 0.1 percent, a year. By comparison, from 2000 to 2010, population growth averaged 4,175 people, or 0.8 percent, a year.
- From 2010 to 2017, population growth averaged 1,975 people, or 0.3 percent, a year. During that period, net natural change (resident births minus resident deaths) of 2,450 people a year was partially offset by net out-migration of 475 people a year (Census Bureau decennial census counts and population estimates as of July 1).
- The population in the Jackson metropolitan area began to decline toward the end of the 2010s due in large part to slower job growth. From 2017 to 2019, the population

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declined by an average of 1,850 people, or 0.4 percent, a year as net out-migration accelerated to an average of

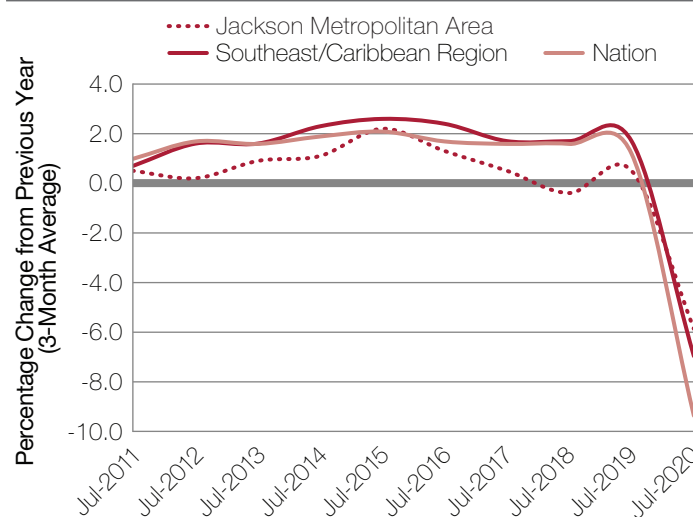
3,400 people a year; net natural change slowed to an average of 1,550 people a year during the period.

Economic Conditions

Economic conditions in the Jackson metropolitan area were strong throughout much of the 2010s, with job growth every year except 2018. After job growth in 2019, payrolls have declined in recent months due to the impacts of COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. The state of Mississippi issued a shelter-in-place order on April 3, 2020. Among other restrictions, the order resulted in the closure of some retail establishments, restaurant dining rooms, barbershops, bars, and gyms in the state and required that all nonessential businesses limit their activity to minimum basic operations. The order was relaxed in late April to allow retail operations; however, many other businesses have remained shuttered. During the 3 months ending July 2020, nonfarm payrolls in the metropolitan area averaged 262,800—a decrease of 16,600 jobs, or 5.9 percent, from a year ago, when the number of jobs increased 0.6 percent. By comparison, nonfarm payrolls for the Southeast/Caribbean region and the nation decreased 7.0 and 9.4 percent, respectively, during the 3 months ending July 2020.

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The recent decline in nonfarm payrolls was less severe in the Jackson metropolitan area than the recent declines of the state and nation.



Source: U.S. Bureau of Labor Statistics

All nonfarm payroll sectors in the Jackson metropolitan area declined during the 3 months ending July 2020.

	3 Months Ending		Year-Over-Year Change	
	July 2019 (Thousands)	July 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	279.4	262.8	-16.6	-5.9
Goods-Producing Sectors	32.1	30.4	-1.7	-5.3
Mining, Logging, & Construction	11.5	10.2	-1.3	-11.3
Manufacturing	20.6	20.2	-0.4	-1.9
Service-Providing Sectors	247.3	232.4	-14.9	-6.0
Wholesale & Retail Trade	38.8	38.7	-0.1	-0.3
Transportation & Utilities	13.7	12.8	-0.9	-6.6
Information	3.5	3.3	-0.2	-5.7
Financial Activities	15.8	15.2	-0.6	-3.8
Professional & Business Services	33.6	30.6	-3.0	-8.9
Education & Health Services	44.4	40.3	-4.1	-9.2
Leisure & Hospitality	27.6	23.1	-4.5	-16.3
Other Services	13.6	13.2	-0.4	-2.9
Government	56.4	55.2	-1.2	-2.1
Unemployment Rate	5.4%	10.0%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics

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During the 3 months ending July 2020—

- The leisure and hospitality sector declined by 4,500 jobs, or 16.3 percent, compared with a year earlier—the largest sector loss during the period. Some of those losses were due to reductions at the Hilton Jackson, which laid off 132 employees because travel slowed amid efforts to limit the spread of COVID-19.
- The education and health services sector declined by 4,100 jobs, or 9.2 percent. On March 24, 2020, the governor of Mississippi placed a prohibition on elective medical procedures to limit the possibility of patient exposure to COVID-19.
- The professional and business services sector declined by 3,000 jobs, or 8.9 percent, compared with a year earlier. Some of those losses can be attributed to an aggregate of reductions in small businesses that provide administrative support services.
- The government services sector declined by 1,200 jobs, or 2.1 percent, compared with a year earlier. More than one-fifth of all payrolls in the Jackson metropolitan area are in the government sector. Jackson is the state capital and home to the Mississippi state government offices, which employ more than 30,000 people. An additional 5,500 jobs can be attributed to the federal government.

- The unemployment rate averaged 10.0 percent, nearly double the 5.4-percent average a year ago.

The largest private-sector employer in the Jackson metropolitan area is Nissan North America, Inc., with 6,000 employees. The car manufacturer has a vehicle assembly plant in the city of Canton, near an extensive group of automobile component manufacturers. Nissan halted operations at the plant in Canton on March 20, 2020, to prevent the spread of COVID-19. The plant reopened on June 1, 2020, with operations resuming gradually as safety measures were implemented and evaluated; however, the manufacturing sector lost 400 jobs, or 1.9 percent, during the 3 months ending July 2020.

Largest Employers in the Jackson Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Mississippi	Government	31,550
University of Mississippi Medical Center	Government	8,000
Nissan North America, Inc.	Manufacturing	6,000

Note: Excludes local school districts.

Source: Greater Jackson Alliance

Sales Market Conditions

The sales housing market in the Jackson metropolitan area is balanced, with an estimated sales vacancy rate of 1.7 percent as of August 1, 2020—down from 2.2 percent during April 2010. Strengthening economic conditions and relatively low single-family home construction levels have contributed to a significant decline in available-for-sale inventory since the early 2010s. Available inventory has decreased as the number of distressed properties (real estate owned [REO] and short sales) on the market declined. Due to the recent economic downturn, the percentage of home loans in the Jackson metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status has increased to 7.2 percent as of June 2020; this was up from 3.1 percent a year ago but below the high of 8.9 percent in January 2010 (CoreLogic, Inc.). The current rate for the metropolitan area is higher than the rates for Mississippi and the nation, at 6.1 and 4.0 percent, respectively.

- As of July 2020, 2.9 months of available inventory were for sale in the metropolitan area—down from 4.5 months a year ago (Central Mississippi Realtors®, with adjustments by the analyst).

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During the past year in the Jackson metropolitan area, the average price of an existing home continued to increase, whereas the average price of a new home declined.



Notes: Data represent 12 months ending July. Includes single-family homes, townhomes, and condominiums.

Source: Central Mississippi Realtors®, with adjustments by the analyst

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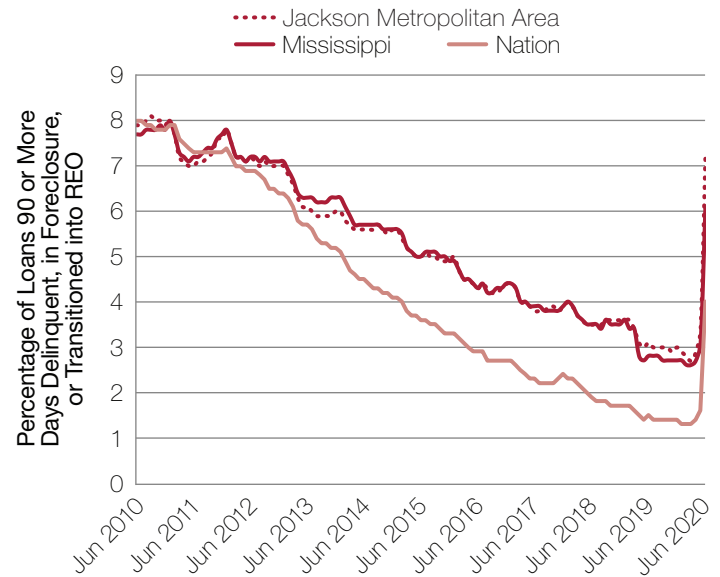
- During the 12 months ending July 2020, new and existing home sales totaled 5,900, a 1-percent increase from the 5,825 sold during the previous 12 months. The average sales price for new and existing homes was \$216,700, an increase of 4 percent from a year earlier.
- The sales market in Hinds County, the most populous county in the Jackson metropolitan area, was slightly tight during July 2020, with 3.1 months of available inventory—down from 5.7 months of inventory a year ago. The average sales price in Hinds County increased 6 percent, to \$153,200, during the 12 months ending July 2020.
- Rankin County was the tightest market in the Jackson metropolitan area during July 2020, with 1.8 months of available inventory—down from 2.9 months of inventory a year ago. The average sales price in Rankin County increased 7 percent, to \$218,300, during the 12 months ending July 2020.
- The sales market in Madison County was slightly tight during July 2020, with 3.0 months of available inventory—down from 5.6 months of inventory a year ago. The average sales price in Madison County increased 3 percent, to \$297,700, during the 12 months ending July 2020.
- Simpson County had the highest supply level in the Jackson metropolitan area during July 2020, with 6.0 months of available inventory—down from 15.0 months a year ago. The average sales price in Simpson County increased 1 percent, to \$132,400, during the 12 months ending July 2020.

As measured by the number of homes permitted, single-family homebuilding increased each year from 2011 through 2014 before falling in 2015. Since 2017, the number of homes permitted has trended downward and remains at relatively lower levels than earlier in the decade. Recent new home construction has been concentrated in northwestern Rankin County, near the Ross Barnett Reservoir, and along Interstate 55 in Madison County.

- A total of 1,050 single-family homes were permitted during the 12 months ending July 2020—up from 950 homes during the 12 months ending July 2019 (preliminary data).
- An average of 1,450 homes was permitted each year from 2015 through 2019—lower than the average of 1,550 homes permitted each year from 2011 through 2014. By comparison, during the previous decade, from 2000 through 2010, an average of 2,525 homes were permitted each

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The percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Jackson metropolitan area rose above that of the state in the past year.



REO = real estate owned.

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

The growth in existing home sales peaked in 2018 in the Jackson metropolitan area.



Notes: Data represent 12 months ending July. Includes single-family homes, townhomes, and condominiums.

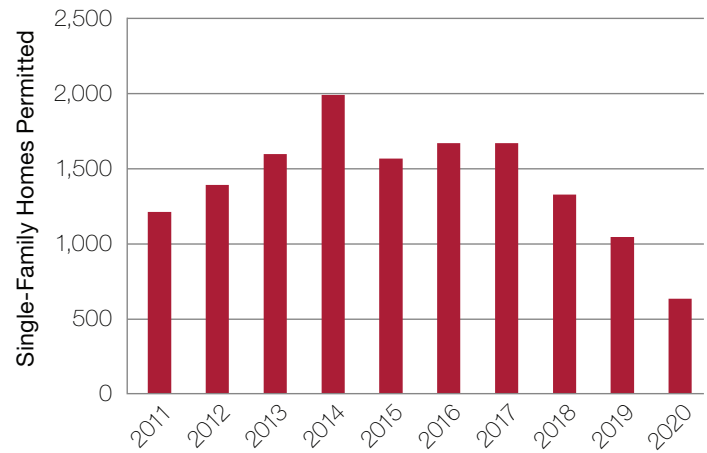
Source: Central Mississippi Realtors®, with adjustments by the analyst

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year. Levels were elevated during a portion of that decade because of the housing boom from 2003 through 2006 when 3,375 homes were permitted each year.

- Slightly more than 38 percent of all single-family homes permitted in the metropolitan area since 2015 were in Rankin County. Northshore Landing is a community near the reservoir, northeast of the city of Jackson. The first phase of 48 homes recently began construction and will offer homes starting at 2,300 square feet, with prices starting at \$300,000.
- Approximately 45 percent of all single-family homes permitted in the metropolitan area in the past 5 years were in Madison County. Lake Ridge of Lake Caroline in Madison is in the first phase of development. On completion, the subdivision will have 195 homes starting at 2,300 square feet, with prices starting at \$382,900.

The annual number of single-family homes permitted peaked in 2014 in the Jackson metropolitan area.



Note: Includes preliminary data from January 2020 through July 2020.

Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Apartment Market Conditions

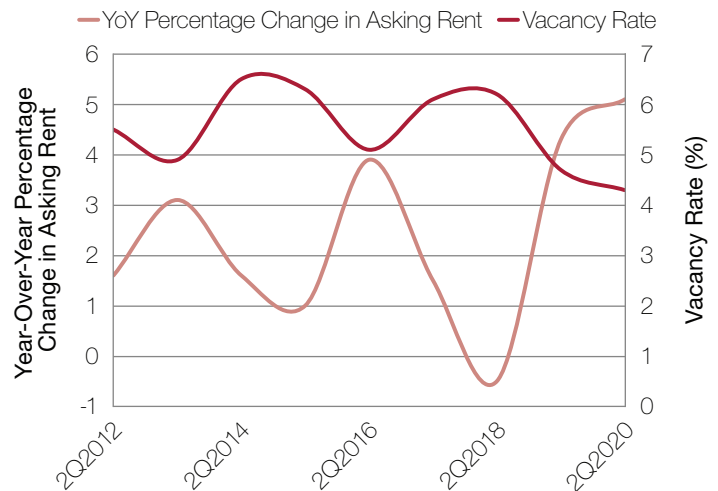
Apartment market conditions in the Jackson metropolitan area are currently balanced. Developers responded to lower rates of renter household growth by building fewer apartments in the past 10 years. Renter household growth in the metropolitan area has been slow, averaging 0.3 percent a year since April 2010—significantly lower than the growth rate of 1.7 percent a year in the previous decade. In response, multifamily home construction from 2010 to 2020 was less than one-half of multifamily construction during the previous decade. Despite currently balanced conditions, apartment rent growth has accelerated in the past year, as many new units with higher rents have entered the market.

- The apartment vacancy rate was 4.3 percent in the second quarter of 2020, less than one-half the 9.7-percent rate in 2009 and down from 4.7 percent a year ago. The second quarter of 2020 had the lowest apartment vacancy rate in the Jackson metropolitan area in more than a decade (RealPage, Inc.).
- Rent growth in the Jackson metropolitan area was slow in 2014 and 2015, with rates below 2 percent for both years. After the average asking rent increased 4 percent in 2016 to \$822, indicating increased demand, multifamily construction in the area began to increase.
- After a slight decrease in the rate of rent growth in 2018, significant levels of new apartment construction in the Jackson metropolitan area have caused rent growth to accelerate. The average asking rent increased 4 percent

year-over-year in 2019 and 5 percent year-over-year during the second quarter of 2020—the highest year-over-year increase in asking rent in the metropolitan area since 2012. That growth was stronger than that of the nation, which increased 2 percent, to \$1,414, in the second quarter of 2020, from \$1,392 a year ago.

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Vacancy rates have declined and rents have increased since mid-2018 in the Jackson metropolitan area.



2Q = second quarter. YoY = year-over-year.

Source: RealPage, Inc.

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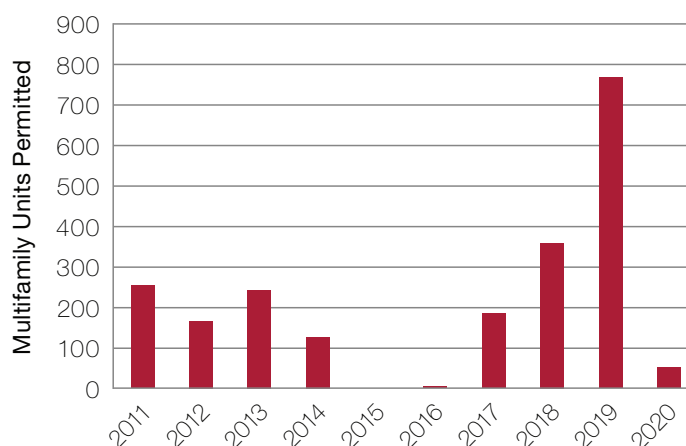
In response to improved economic conditions, multifamily home construction in the metropolitan area, measured by the number of multifamily units permitted, increased during 2017 and 2018. As rent growth accelerated and vacancy rates fell, multifamily construction more than doubled in 2019.

- The number of multifamily units permitted trended upward in the latter part of the 2010s compared with the first 6 years. An average of 440 units was permitted annually from 2017 through 2019, with a peak of 770 units permitted in 2019. By comparison, 130 units were permitted annually from 2011 through 2016.
- In the 12 months ending July 2020, 220 multifamily units were permitted, compared with 600 units in the previous year—a 63-percent decline.
- In downtown Jackson, the conversion of long-vacant Edison Walthall Hotel, built in 1929, to Walthall Lofts Apartments is expected to be completed in August 2020. This mixed-use, 154-unit, luxury apartment community will offer studio and one-bedroom apartments with rents ranging from \$850 to \$1,600 and will eventually house a restaurant on the first floor.
- Apartments intended for residents aged 55 years and older represent nearly one-half of the rental units constructed in the metropolitan area in the past year. The Orchard continuing care retirement community is a 164-unit community of independent living, assisted living, and memory care units

that was completed in the fall of 2019 in the city of Ridgeland, with rents that depend upon the level of services included.

- Trails at Madison is a 600-unit apartment community under construction at the western edge of the city of Canton. Rents have not been released for this 58-acre development, which is expected to be completed by the end of 2020.

The annual number of multifamily units permitted increased significantly in 2019 in the Jackson metropolitan area.



Note: Includes preliminary data from January 2020 through July 2020.

Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst