

HUD PD&R Housing Market Profiles

Lakeland-Winter Haven, Florida



Quick Facts About Lakeland-Winter Haven

Lakeland, Florida

By Maciej Misztal | As of June 1, 2020

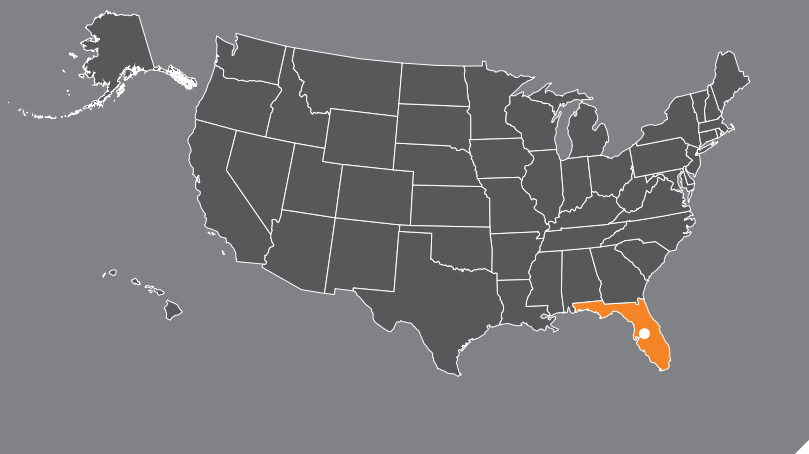
- Current sales market conditions: balanced
- Current rental market conditions: balanced
- The Lakeland-Winter Haven metropolitan area was the largest producer of phosphate and citrus in the nation during parts of the 20th century and currently contains the largest collection of Frank Lloyd Wright buildings in the world, as part of Florida Southern College.

Overview

The Lakeland-Winter Haven, FL Metropolitan Statistical Area (hereafter, the Lakeland metropolitan area) is coterminous with Polk County and located in central Florida between the cities of Tampa to the west and Orlando to the northeast. The headquarters of Publix Super Markets, Inc., the largest American employee-owned grocery store and a Fortune 500 company, and LEGOLAND® Florida Resort are located in the metropolitan area. Walmart Inc. and Amazon.com, Inc. recently invested a combined \$400 million to build state-of-the-art distribution facilities in the cities of Lakeland and Davenport, respectively.

- As of June 1, 2020, the population of the Lakeland metropolitan area is estimated at 710,600.
- Population growth averaged 6,375 people, or 1.0 percent, annually from 2010 to 2015.
- From 2015 to 2019, population growth accelerated to 14,850, or 2.3 percent, annually. Strong job growth during the period contributed to annual net in-migration of 14,000 people, which accounted for 94 percent of the population increase. Slowing net natural change (resident births minus resident deaths) is due, in part, to an increasing share of people at retirement age.

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- During 2018, residents aged 65 and older accounted for more than 20 percent of the population, up from 17 percent

in 2010 (2010 Census Bureau decennial census counts and 2018 American Community Survey [ACS] 1-year estimates).

Economic Conditions

Prior to April 2020, when the COVID-19 pandemic resulted in severe job losses, economic conditions in the Lakeland metropolitan area had strengthened every year since 2011, exceeding prerecession payroll levels in 2016. Following the local economic downturn that occurred from 2007 through 2011, nonfarm payroll growth averaged 6,250 jobs, or 2.9 percent, annually from 2014 through 2019. In 2017, Walmart Inc. opened an e-commerce fulfillment center in the city of Davenport, creating 1,500 jobs. Fulfillment, logistical, and warehouse complexes grew in part due to diverted freight rail traffic from the Orlando metropolitan area and the Interstate-4 corridor, which connects the cities of Orlando and Tampa—each of these cities has a major port. Many of the larger transportation-related facilities were built with room for gradual expansion as demand increases. Publix Super Markets, Inc., which owns financial, manufacturing, and distribution centers in the metropolitan area, is expanding its headquarters and creating 700 jobs. LEGOLAND® Florida Resort, which opened during weak local economic conditions in 2011, has expanded throughout the decade, including the opening

of the LEGOLAND® Pirate Island Hotel in June 2020. While the COVID-19 pandemic caused LEGOLAND® to lay off an undisclosed number of workers, it was the first major resort in central Florida to reopen when state restrictions were loosened; on June 1, 2020, both resorts reopened at 50-percent capacity, with additional safety and health measures in place.

During the 3 months ending May 2020—

- Nonfarm payrolls fell to 225,100, a decrease of 8,800 jobs, or 3.8 percent, from the same 3 months the previous year, the first decline since 2011. By comparison, in the 3 months ending in May 2019, nonfarm payrolls added 7,500 jobs, or 3.3 percent from the year before.
- The most significant losses were in the leisure and hospitality, the education and health services, and the wholesale and retail trade sectors, which decreased by 5,600, 2,400, and 1,200 jobs, or 22.5, 7.0, and 3.0 percent, respectively.
- The strongest growth occurred in the mining, logging, and construction sector, with 1,200 jobs added, or 8.5 percent,

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During the 3 months ending May 2020, 4 of the 11 nonfarm sectors in the Lakeland metropolitan area added jobs.

	3 Months Ending		Year-Over-Year Change	
	May 2019 (Thousands)	May 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	233.9	225.1	-8.8	-3.8
Goods-Producing Sectors	32.1	32.8	0.7	2.2
Mining, Logging, & Construction	14.1	15.3	1.2	8.5
Manufacturing	18.0	17.5	-0.5	-2.8
Service-Providing Sectors	201.7	192.3	-9.4	-4.7
Wholesale & Retail Trade	40.2	39.0	-1.2	-3.0
Transportation & Utilities	19.6	19.8	0.2	1.0
Information	1.9	1.8	-0.1	-5.3
Financial Activities	13.1	13.5	0.4	3.1
Professional & Business Services	32.3	32.4	0.1	0.3
Education & Health Services	34.1	31.7	-2.4	-7.0
Leisure & Hospitality	24.9	19.3	-5.6	-22.5
Other Services	6.7	5.8	-0.9	-13.4
Government	29.0	29.0	0.0	0.0
Unemployment Rate	3.6%	12.2%		

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



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Largest Employers in the Lakeland Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Publix Super Markets, Inc.	Professional & Business Services	12,500
Lakeland Regional Health	Education & Health Services	5,575
Walmart Inc.	Wholesale & Retail Trade	4,250

Note: Excludes local school districts and county government.
Source: Central Florida Development Council

representing 63 percent of all payrolls gained in the metropolitan area during the period. The construction of the Amazon.com, Inc. regional air hub contributed to this growth.

- The unemployment rate increased to 12.2 percent, up from 3.6 percent during the same period a year ago. The current rate of unemployment was briefly reached in 2011.

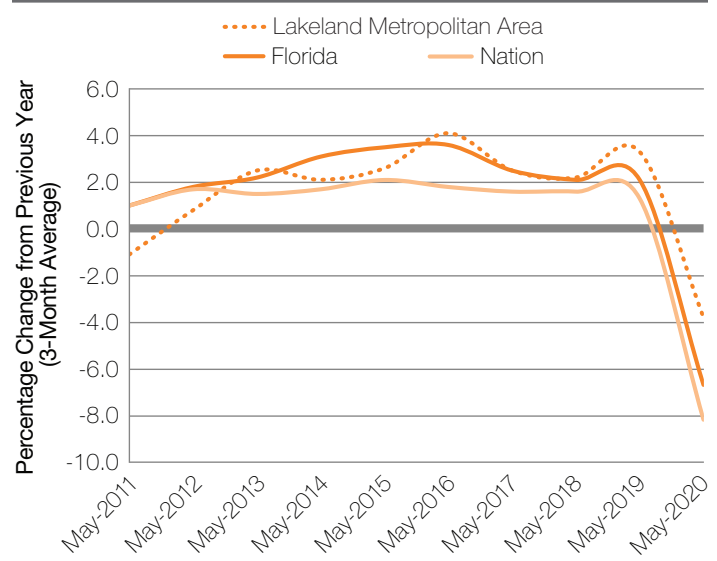
The strength of the mining, logging, and construction sector growth is in part due to a major construction project by Amazon.com, Inc., which is transferring air cargo traffic from Tampa International Airport to Lakeland Linder International Airport. The company has constructed a new \$100 million air cargo hub, which will be the largest Amazon cargo hub in the southeastern United States. The first Air Amazon flight landed in June 2020. More than 800 jobs are expected at the facility initially, with arrangements for expansion as needed. Carvana Co., an online car retailer, is set to begin

Sales Market Conditions

The sales housing market in the Lakeland metropolitan area is currently balanced, with a vacancy rate estimated at 2.0 percent, down from 4.3 percent in 2010 when conditions were soft. In the 12 months ending in May 2020, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 16,450, down slightly from the 16,500 homes sold during the previous 12-month period and more than double the low point of 7,400 homes in 2011 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Real estate owned (REO) sales totaled 720 homes sold in the 12 months ending May 2020, a 19-percent decrease from 890 homes the previous 12 months. The percentage of home loans that were seriously delinquent (90 or more days delinquent or in foreclosure) or recently transitioned to REO status was 2.2 percent, unchanged from May 2019 and significantly less than the 17.7-percent rate in May 2010. Since 2013, the rate of seriously delinquent home loans and REO properties in the Lakeland metropolitan area has been higher than the rate in Florida, which has been higher than the national rate. The damage from Hurricane Irma in 2017 contributed to the temporary increase in mortgage delinquencies during the following year.

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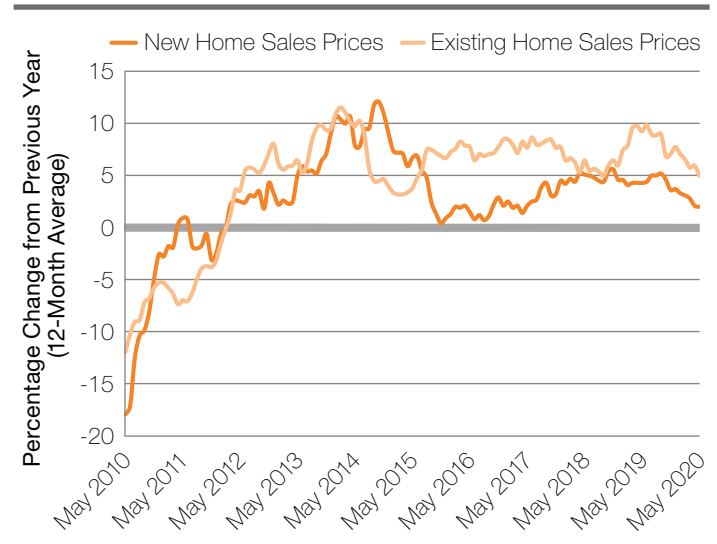
The rate of job growth in the Lakeland metropolitan area exceeded the rates for Florida and the nation for nearly 2 years prior to the start of net job losses.



Note: Nonfarm payroll growth.
Source: U.S. Bureau of Labor Statistics

construction on an inspection site, which is expected to add 450 jobs by 2021. The increase in e-commerce during the COVID-19 pandemic is expected to help lessen the impact of the job losses in the leisure and hospitality sector.

Prices for both new and existing home sales in the Lakeland metropolitan area have been increasing since 2012.



Note: Includes single-family homes, townhomes, and condominium units.
Source: Metrostudy, A Hanley Wood Company

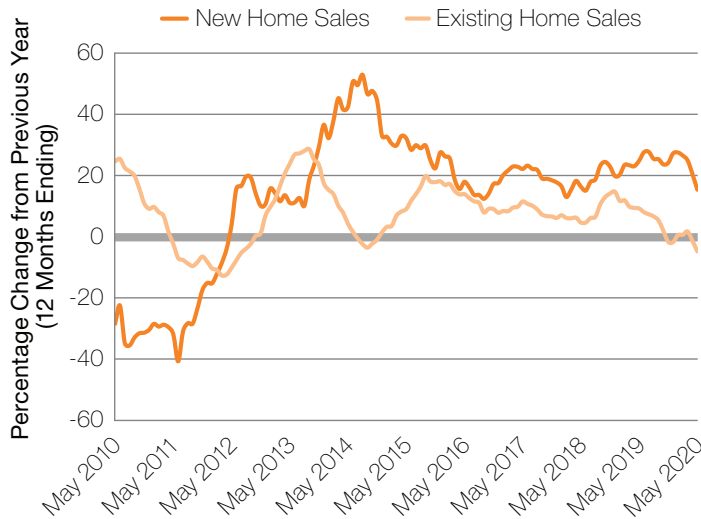


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During the 12 months ending May 2020—

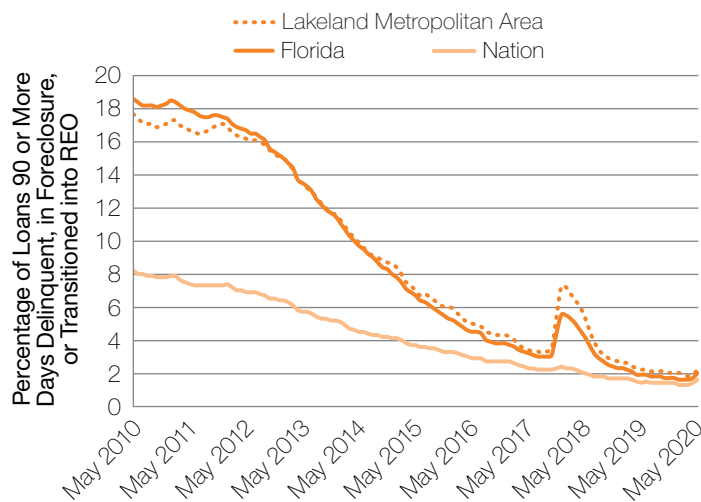
- New home sales totaled 4,500, an increase of approximately 15 percent from the 3,900 sales a year ago. The average sales price for a new home was \$252,800, an increase of 2 percent from a year earlier.

During the past year, new home sales have continued to grow while existing home sales have decreased in the Lakeland metropolitan area.



Note: Includes single-family homes, townhomes, and condominium units.
Source: Metrostudy, A Hanley Wood Company

The fall in the percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Lakeland metropolitan area was interrupted by Hurricane Irma in 2017.



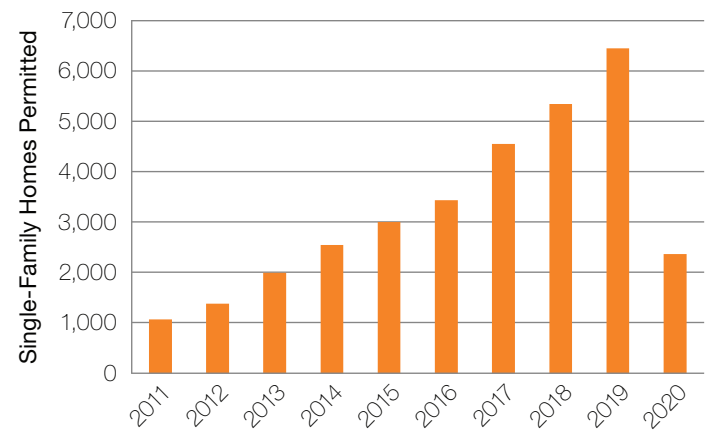
REO = real estate owned.
Source: CoreLogic, Inc.

- Existing home sales totaled 11,950, down 5 percent from 12,600 homes sold during the previous 12-month period.
- The average sales price for existing homes was \$199,900, a 5-percent increase from \$190,300 a year earlier. The current existing home sales price is 79 percent higher than the recent low of \$111,600 in 2011.
- REO sales accounted for 6 percent of existing home sales, unchanged from a year earlier.

Single-family homebuilding, as measured by the number of single-family homes permitted, has risen steadily in the Lakeland metropolitan area. From 2016 through 2019, an average of 4,925 single-family homes were permitted annually compared with 2,225 homes from 2012 through 2015.

- During the 12 months ending May 2020, 6,125 single-family homes were permitted, up 18 percent from the 5,175 homes permitted during the 12 months ending May 2019.
- In 2019, Winter Haven had the most homes permitted of any jurisdiction, with 760, or 12 percent. The other major permitting jurisdictions were Haines City, Lakeland, and Davenport with 700, 610, and 590 homes permitted, or 11, 9, and 9 percent, respectively.
- In the 12 months ending in May 2020, the average home cost \$328,200 in the Orlando-Kissimmee-Sanford metropolitan area, or 53 percent more than in the Lakeland metropolitan area, leading to a significant increase in development in the northeast part of the Lakeland metropolitan area. Subdivisions underway in the area include the seventh phase of Highland Meadows, a single-family home development in Davenport, totaling 168 homes. Prices in the community start at \$212,000 for a three-bedroom home and \$292,000 for a five-bedroom home.

The number of single-family homes permitted in the Lakeland metropolitan area has been rising every year since 2011.



Note: Includes preliminary data from January 2020 through May 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



Rental Market Conditions

As of May 1, 2020, overall rental housing market conditions are currently balanced in the Lakeland metropolitan area with an estimated 6.2-percent vacancy rate for all rental units (including single-family homes, townhomes, mobile homes, and apartments); this rate is down from 15.8 percent in 2010 when market conditions were soft. Higher levels of household growth and decreasing levels of rental permitting in the early 2010s contributed to declining vacancy rates and rising rents. The city of Davenport has become a major center for multifamily construction in the metropolitan area, accounting for 55 percent of all multifamily units built from 2017 through 2019 because of improved infrastructure, the new Walmart Inc. facility, and the proximity to the Orlando metropolitan area.

- The apartment market was balanced during the second quarter of 2020, with a vacancy rate of 3.8 percent, down from 4.2 percent a year earlier and up from the recent low of 2.8 percent in 2016 (Reis, Inc.).
- The average rent for apartments in the Lakeland metropolitan area was \$985 during the second quarter of 2020, an increase of 2 percent from \$965 during the second quarter of 2019. Rent in the metropolitan area has been increasing every quarter since the first quarter of 2016.
- Average rents in the second quarter of 2020 for studio, one-, two-, and three-bedroom units in the Lakeland metropolitan area were \$671, \$851, \$1,034, and \$1,304, respectively, which represent 5-, 2-, 2-, and 2-percent increases from the second quarter of 2019, respectively.
- In 2018, 43 percent of renter households lived in single-family homes, up from 40 percent in 2010 (2018 ACS 1-year estimates). In May 2020, the vacancy rate among professionally managed two-bedroom, single-family homes

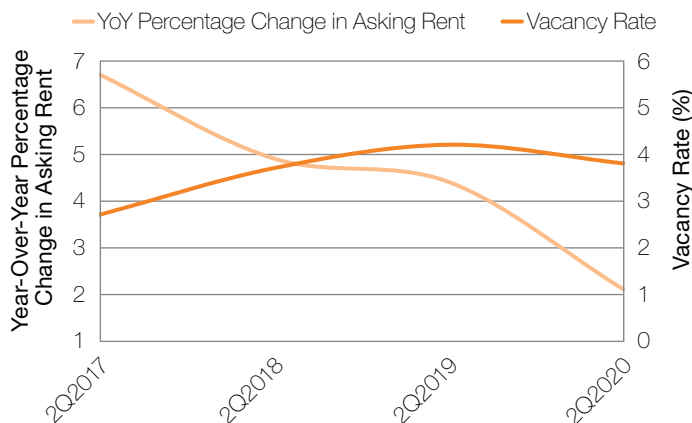
for rent was 2.3 percent, with an average monthly rent of \$1,145, up 5 percent from a year earlier (CoreLogic, Inc.). The vacancy rate among professionally managed, three-bedroom single-family homes for rent was 1.5 percent, with an average monthly rent of \$1,455, up 11 percent from a year earlier.

- The proportion of renter households in the metropolitan area increased from 29.5 percent in 2010 to an estimated 30.7 percent currently.

Multifamily construction activity, as measured by the number of units permitted with adjustments by the analyst, climbed to approximately 2,575 in 2019, surpassing the recent high of 1,150 in 2016.

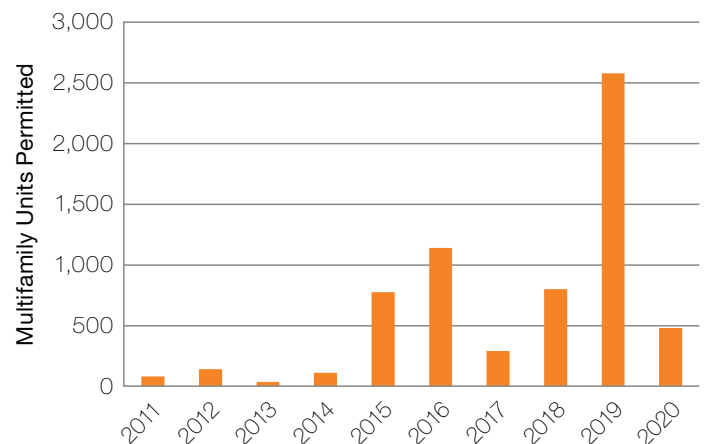
- Following lower levels of multifamily permit activity from 2011 through 2014, which averaged 90 units a year, multifamily construction increased, peaking at 1,150 units permitted in 2016 and 2,575 units permitted in 2019.
- Recent apartment construction activity has been concentrated in the city of Davenport in the northeast portion of the metropolitan area, due in part to leisure and hospitality workers commuting to neighboring counties. One example in the area is the 307-unit Preserve at ChampionsGate, which was completed in 2019, with rents for one-, two-, and three-bedroom units starting at \$1,295, \$1,490, and \$2,020, respectively.
- Multifamily construction not located near the Orange County border toward Orlando has been mostly located near traditional population centers along the Interstate-4 corridor. One such property currently in lease-up is Serenity at Lake Wales, near the city of Winter Haven, with rents for one-, two-, and three-bedroom units starting at \$1,295, \$1,425, and \$2,650, respectively.

Apartment vacancy rates and growth in asking rent in the Lakeland metropolitan area have both decreased during the past year.



2Q = second quarter. YoY = year-over-year.
Source: Reis, Inc.

The number of multifamily units permitted in the Lakeland metropolitan area peaked in 2016 and 2019.



Note: Includes preliminary data from January 2020 through May 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

