

HUD PD&R Housing Market Profiles

North Port-Sarasota-Bradenton, Florida

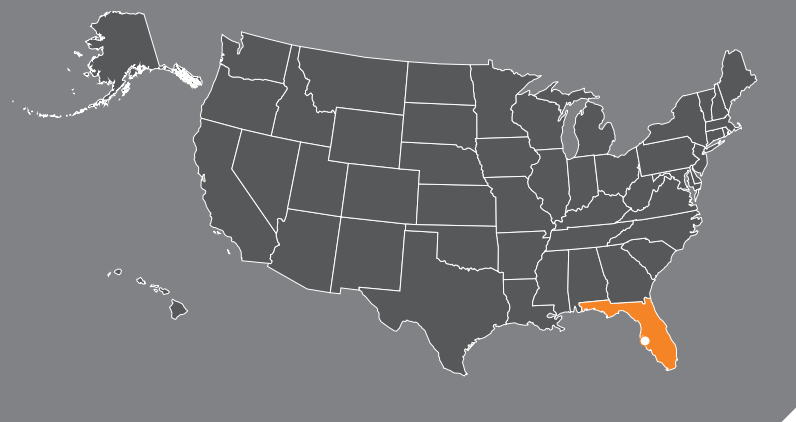


Quick Facts About North Port-Sarasota-Bradenton

Sarasota, Florida

By Steve Walker | As of June 1, 2020

- **Current sales market conditions: balanced**
- **Current rental market conditions: balanced**
- **The city of Sarasota, located in Sarasota County, is home to Ringling College of Art and Design and is a major destination for retirees and tourists because of the warm climate, world-famous beaches, and abundance of golf courses.**



Overview

The North Port-Sarasota-Bradenton metropolitan area (hereafter, Sarasota metropolitan area), which consists of Manatee and Sarasota Counties, is situated along the Gulf Coast in central Florida and is coterminous with the North Port-Sarasota-Bradenton, FL Metropolitan Statistical Area (MSA). The metropolitan area is home to the Major League Baseball spring training facilities of the Baltimore Orioles, Pittsburgh Pirates, and Atlanta Braves.

- As of June 1, 2020, the population of the Sarasota metropolitan area is estimated at 849,000.
- Population growth averaged 10,950 people, or 1.5 percent, annually from 2010 to 2014 (Census Bureau decennial census counts and population estimates as of July 1). Since 2014, however, population growth is estimated to have increased to an average of 17,200 people, or 2.2 percent, annually.
- The median age in the Sarasota metropolitan area has increased from 49.4 in 2010 to 53.0 in 2018, compared with the median age of 37.2 in 2010 and 38.2 in 2018 for the nation (American Community Survey [ACS] 1-year data).



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Economic Conditions

Economic conditions in the Sarasota metropolitan area were strong from 2015 through 2019 before weakening significantly in the past 3 months as efforts to contain the spread of COVID-19 negatively impacted job numbers. COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020, and the state of Florida issued a shelter-in-place order on April 3, 2020. Among other restrictions, the order resulted in the closure of all schools, restaurant dining rooms, barbershops, bars, and gyms in the state and required that all nonessential businesses limit their activity to minimum basic operations. Although the order was relaxed in early May, many businesses have chosen to remain shuttered. During the 3 months ending May 2020, nonfarm payrolls in the metropolitan area averaged 292,000, a decrease of 24,000 jobs, or 7.6 percent, from a year ago when the number of jobs increased 6.3 percent. 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—

- Job losses occurred in all 11 payroll sectors in the metropolitan area during this period. The leisure and hospitality sector had the largest decrease, with a loss of 12,700 jobs, or

26.7 percent. By comparison, the sector grew by an average of 1,425 jobs annually, or 3.7 percent, from 2012 through 2019. Some of the losses during the past 3 months were due to the Hyatt Regency Sarasota laying off 114 employees in March 2020 because travel slowed amidst fears of COVID-19 infection.

- The wholesale and retail trade sector lost 4,300 jobs, or 8.0 percent. Demand for goods from retailers fell as consumers chose to forego shopping trips to minimize exposure during the pandemic.
- During the stay-at-home order, hospitals were temporarily unable to provide elective services, leading to furloughs among local healthcare providers. This resulted in a significant decline in the education and health services sector, which fell by 3,200 jobs, or 5.7 percent.
- The unemployment rate averaged 10.3 percent, more than three times the 3.0-percent average a year ago.

The Sarasota metropolitan area is a major tourist destination with world-famous beaches, an abundance of golf courses, and a rich cultural arts scene. First Watch Restaurants, Inc., a nationwide breakfast and brunch chain, is building a new

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In the Sarasota metropolitan area, all sectors had job losses in the 3 months ending May 2020.

	3 Months Ending		Year-Over-Year Change	
	May 2019 (Thousands)	May 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	316.0	292.0	-24.0	-7.6
Goods-Producing Sectors	43.5	42.7	-0.8	-1.8
Mining, Logging, & Construction	26.4	25.8	-0.6	-2.3
Manufacturing	17.1	16.9	-0.2	-1.2
Service-Providing Sectors	272.5	249.3	-23.2	-8.5
Wholesale & Retail Trade	53.8	49.5	-4.3	-8.0
Transportation & Utilities	6.1	6.0	-0.1	-1.6
Information	3.4	3.3	-0.1	-2.9
Financial Activities	15.2	14.9	-0.3	-2.0
Professional & Business Services	46.5	45.6	-0.9	-1.9
Education & Health Services	56.0	52.8	-3.2	-5.7
Leisure & Hospitality	47.5	34.8	-12.7	-26.7
Other Services	14.7	13.8	-0.9	-6.1
Government	29.3	28.5	-0.8	-2.7
Unemployment Rate	3.0%	10.3%		

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

Source: U.S. Bureau of Labor Statistics

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corporate headquarters in Sarasota County with a 39,000-square-foot building that will create 85 new jobs and will be complete in late 2020. The education and health services sector, which is the largest sector in the Sarasota metropolitan area, has added jobs each year since 2001. Venice Regional Bayfront Health is currently building a 210-bed hospital in Sarasota County and is expected to be open in late 2021. Sarasota Memorial Health Care System is currently building a 110-bed facility that is expected to be open in fall 2020.

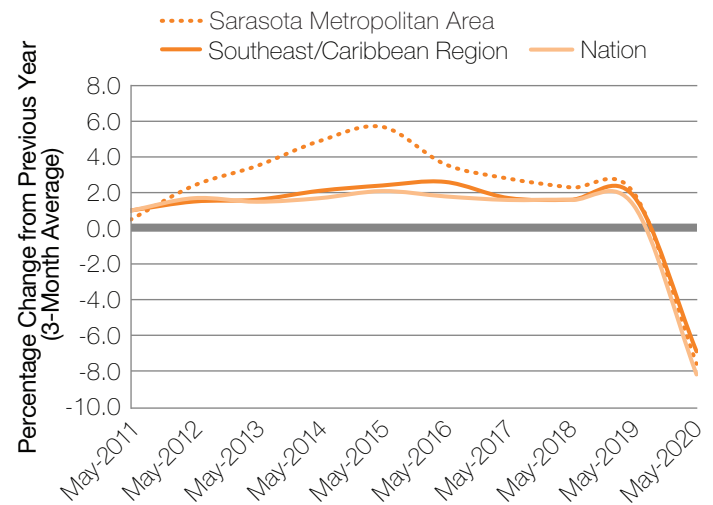
Largest Employers in the Sarasota Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Sarasota Memorial Health Care System	Education & Health Services	3,975
Publix Super Markets, Inc.	Wholesale & Retail Trade	3,800
Sarasota County Government	Government	3,650

Note: Excludes local school districts.

Source: Sarasota and Manatee County Government

For most of the period from 2011 through 2019, nonfarm payroll jobs grew faster in the Sarasota metropolitan area than in the region and the nation.



Note: Nonfarm payroll job growth.

Source: U.S. Bureau of Labor Statistics

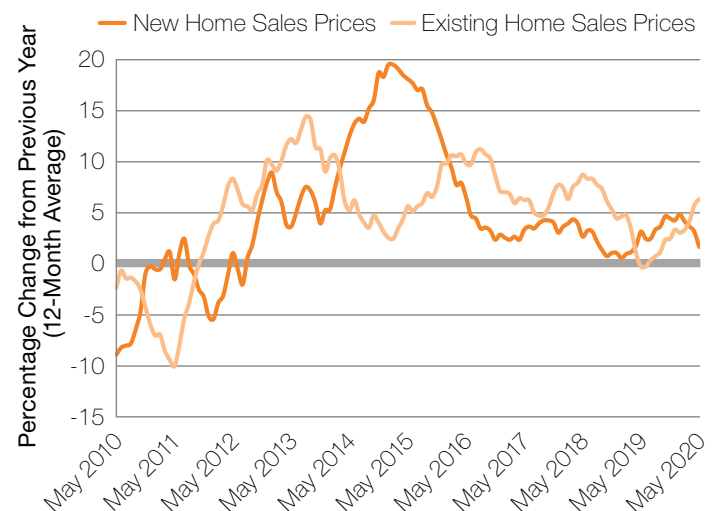
Sales Market Conditions

The sales housing market in the Sarasota metropolitan area is currently balanced, with an estimated 1.6-percent sales vacancy rate, down from 4.1 percent in 2010 when the market was soft. During the 12 months ending May 2020, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 19,500, down 1 percent from the 19,800 sold during the previous 12 months (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Although home sales declined in the metropolitan area during the past year, the number of sales was more than double the 9,325 homes sold during the housing crisis in 2008. During the 12 months ending May 2020, the average sales price of new and existing homes increased 5 percent to \$383,700, up from a 1-percent increase during the previous 12-month period.

During the 12 months ending May 2020—

- New home sales totaled 4,700, up 2 percent from 4,625 sales a year ago. The average sales price for a new home was \$409,400, up 2 percent from a year earlier.
- Existing home sales totaled 14,850, down 2 percent from the 15,200 homes sold during the previous 12-month period.
- The average sales price for existing homes was \$374,800, an increase of 6 percent from \$352,500 a year earlier. The current existing home sales price is 44 percent higher than the recent low of \$211,500 in 2010.

In the Sarasota metropolitan area, sales price growth for new homes was modest during the past year, but price growth for existing homes accelerated.



Note: Includes single-family homes, townhomes, and condominiums.

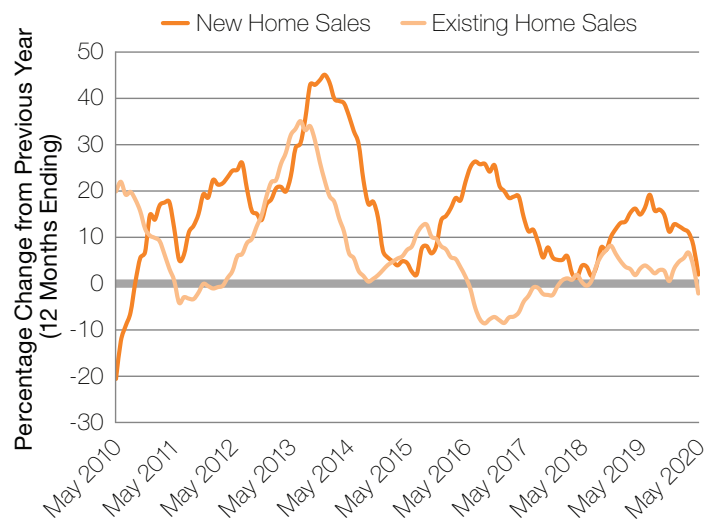
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

- Real estate owned (REO) sales accounted for 4 percent of existing home sales, down from 5 percent a year earlier and from a peak of 35 percent in 2010.

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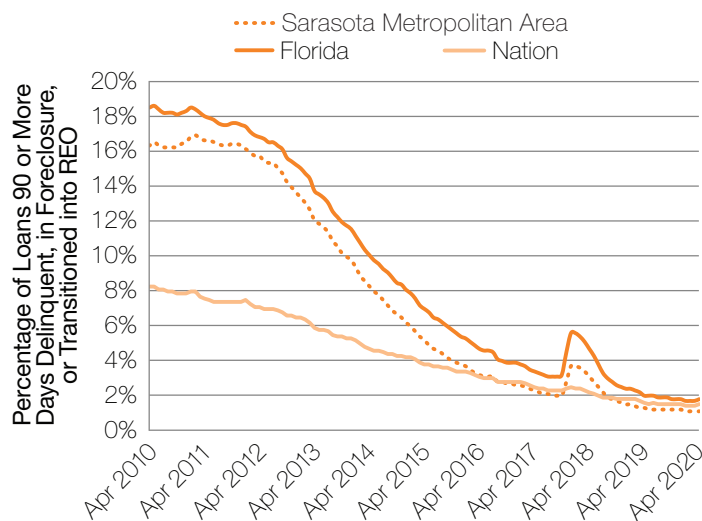
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Existing home sales in the Sarasota metropolitan area declined during the past year, while new home sales increased modestly.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

The rate of seriously delinquent mortgages and REO properties in the Sarasota metropolitan area has been below the Florida state average since 2010.

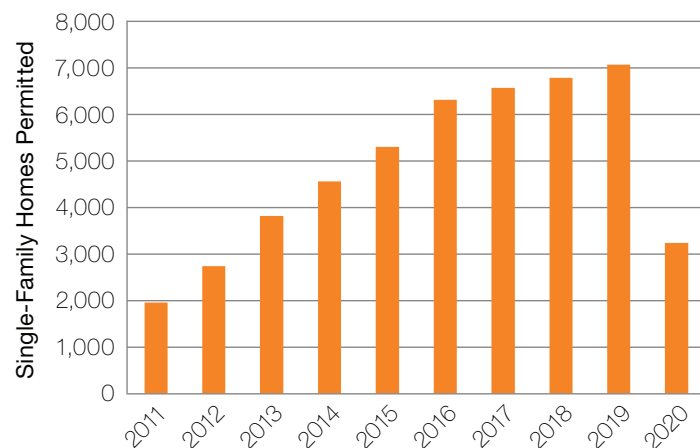


REO = real estate owned.
Source: CoreLogic, Inc.

Single-family homebuilding, as measured by the number of single-family homes permitted, has generally trended upwards in the Sarasota metropolitan area since 2010. From 2015 through 2019, an average of 6,400 single-family homes were permitted annually, compared with an average of only 2,950 homes annually from 2010 through 2014.

- During the 12 months ending May 2020, permits were issued for 7,050 single-family homes, up 11 percent from the 6,250 homes permitted during the 12 months ending May 2019 (preliminary data).
- Of the single-family homes permitted in the Sarasota metropolitan area in the past 12 months, 52 percent, or 3,650, were in Sarasota County, and 48 percent, or 3,400 homes, were in Manatee County.
- Approximately 75 of the 150 homes planned at build out are complete at Willow Walk, a community in the city of Palmetto in Manatee County with 1,450-to-2,300-square-foot homes with prices starting at \$226,000.

The number of single-family homes permitted in the Sarasota metropolitan area has increased each 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 Sarasota metropolitan area, with an estimated 10.9-percent vacancy rate for all rental units (including single-family homes, townhomes, mobile homes, and apartments); this is down from a 15.3-percent vacancy

rate in 2010 when market conditions were soft. Approximately 38 percent of renter households in the metropolitan area live in single-family homes, 16 percent live in buildings with two to four units, and 46 percent live in multifamily buildings with five or more units—typically apartments (2018 ACS 1-year data).

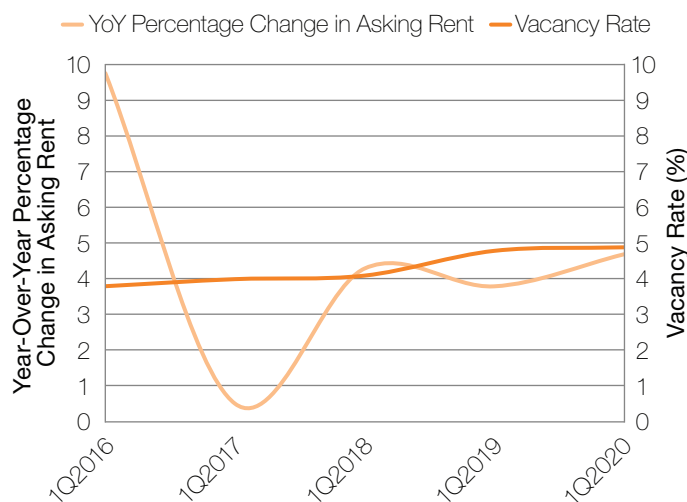
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- The apartment market in the Sarasota metropolitan area was balanced, with a vacancy rate of 4.9 percent in the first quarter of 2020, up from 4.8 percent a year earlier and above the 3.2-percent rate during the first quarter of 2015 (RealPage, Inc.).
- During the first quarter of 2020, the average rent for apartments in the Sarasota metropolitan area was \$1,282, an increase of 5 percent from \$1,225 during the first quarter of 2019. This is slightly above 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.
- During the first quarter of 2020, the RealPage, Inc.-defined Port Charlotte/Punta Gorda market area, which includes the city of North Port, had the lowest vacancy rate in the metropolitan area at 3.5 percent, down from 4.3 percent a year ago. The highest vacancy rate, at 5.1 percent, was in the Bradenton market area, which is the northern part of the metropolitan area.
- The highest year-over-year increase in asking rent in the Sarasota metropolitan area since 2016 was 9.8 percent during the first quarter of 2016.

Multifamily construction activity, as measured by the number of units permitted, has mostly increased every year from 2011 through 2016, with a decrease in permits in 2017 and 2019.

The apartment vacancy rate in the Sarasota metropolitan area has been stable since the mid-2010s, while the average asking rent has generally increased.

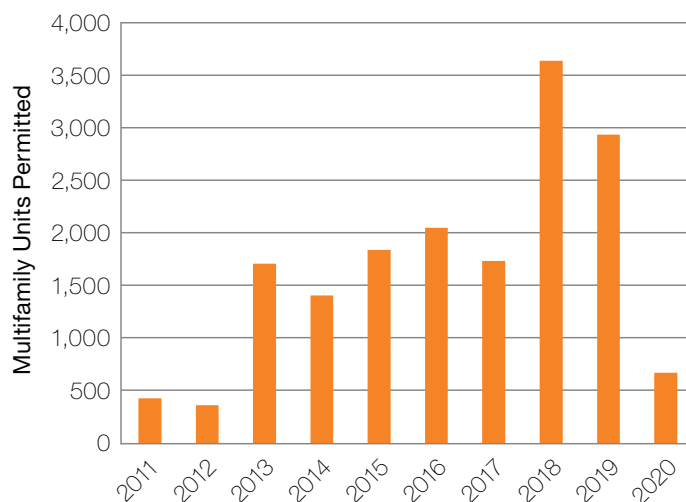


1Q = first quarter. YoY = year-over-year.
Source: RealPage, Inc.

Permit levels have been above 1,000 units permitted each year since 2013.

- During the 12 months ending May 2020, 3,575 multifamily units were permitted in the Sarasota metropolitan area, down from 3,000 units permitted during the 12 months ending May 2019 (preliminary data).
- An average of 2,450 units were permitted each year from 2015 through 2019, higher than an average of only 980 units permitted each year from 2011 through 2014.
- Recent apartment construction includes the 272-unit Treviso Grand Apartments, which was completed in the fourth quarter of 2019. The community is in the city of Venice in Sarasota County, west of Interstate 75. One-bedroom units range from 575 to 725 square feet with rents ranging from \$1,140 to \$1,375; two-bedroom units range from 925 to 935 square feet with rents ranging from \$1,475 to \$1,595; and three-bedroom units are 1,250 square feet and rent for \$1,800.
- The Loop at 2800 is a 324-unit apartment complex west of the Sarasota-Bradenton International Airport in the city of Sarasota and was completed in 2019. The complex has one-, two-, and three-bedroom units with rents that start at \$1,330, \$1,490, and \$1,760, respectively.

The level of multifamily permitting in the Sarasota metropolitan area has generally trended up each year since 2013, reaching a peak in 2018.



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