

# HUD PD&R Housing Market Profiles

## Orlando-Kissimmee-Sanford, Florida



### Quick Facts About Orlando-Kissimmee-Sanford

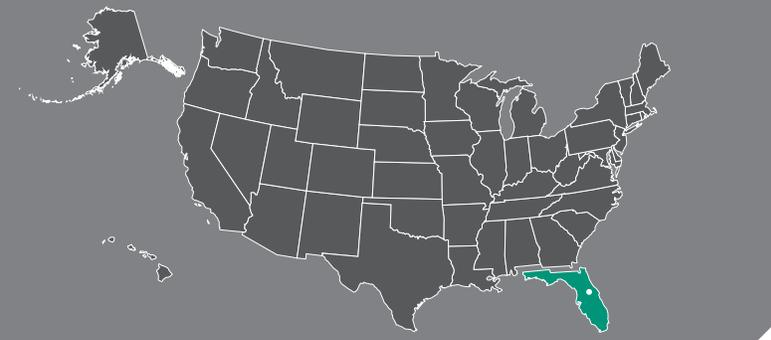
- **Current sales market conditions: soft but improving.**
- **Current apartment market conditions: balanced.**
- **Walt Disney World Resort, which is the largest employer in the metropolitan area, with 69,000 employees, had more than 48.5 million visitors in 2012 (the most recent data available), making it the most visited theme park worldwide during that year (Themed Entertainment Association; AECOM).**

By Robyn E. Bowen | As of March 1, 2014

### Overview

The Orlando-Kissimmee-Sanford (hereafter, Orlando) metropolitan area comprises Lake, Orange, Osceola, and Seminole Counties in central Florida. As home to major theme and water parks, including Walt Disney World Resort, Universal Orlando Resort, and SeaWorld Orlando, the metropolitan area is a leading domestic and international tourist destination. More than 57 million people traveled to the Orlando metropolitan area in 2012 (the most recent data available), contributing to an estimated economic impact of more than \$50 billion on the local economy annually (Visit Orlando).

- As of March 1, 2014, the population of the metropolitan area was estimated at 2.27 million, an average increase of 33,600, or 1.5 percent, annually since April 2010.
- Net in-migration has accounted for 65 percent of population growth since 2010, when the economy began to improve, compared with 28 percent of population growth from July 2007 through July 2010, when job losses peaked.
- The population grew by an average of 59,600, or 3.3 percent, annually from July 2000 through July 2007, when economic conditions were strongest, before average population growth slowed to 20,650 people, or 1.0 percent, annually from July 2007 through July 2010.



The unemployment rate in the Orlando area declined to its lowest level since 2007.

	3 Months Ending		Year-Over-Year Change	
	February 2013 (thousands)	February 2014 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	1,048.4	1,085.5	37.1	3.5
Goods-producing sectors	85.6	92.2	6.6	7.7
Mining, logging, and construction	48.1	53.2	5.1	10.6
Manufacturing	37.6	39.0	1.4	3.7
Service-providing sectors	962.8	993.3	30.5	3.2
Wholesale and retail trade	171.5	177.0	5.5	3.2
Transportation and utilities	30.9	32.0	1.1	3.6
Information	23.4	23.9	0.5	2.1
Financial activities	68.3	70.8	2.5	3.7
Professional and business services	171.9	179.1	7.2	4.2
Education and health services	130.6	132.2	1.6	1.2
Leisure and hospitality	212.4	223.2	10.8	5.1
Other services	35.3	35.9	0.6	1.7
Government	118.5	119.2	0.7	0.6
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	7.5	5.9		

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

## Economic Conditions

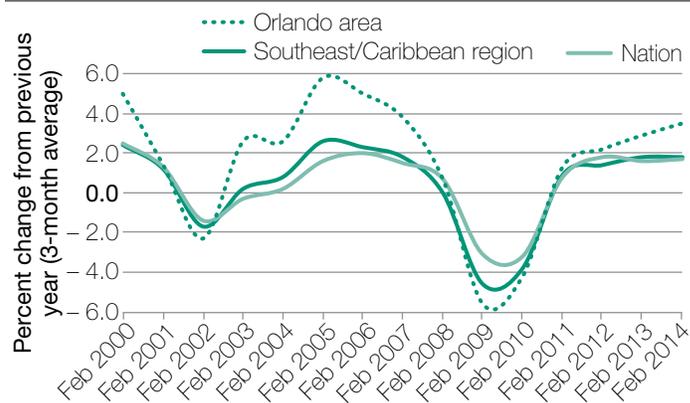
Economic conditions in the Orlando metropolitan area have improved since 2011 after recording 3 years of annual declines in payrolls, losing an average of 30,200 jobs, or 2.8 percent, annually.

During the 3 months ending February 2014—

- Nonfarm payrolls increased by 37,100 jobs, or 3.5 percent, from the same 3-month period in 2013, to an average of 1,086,000 jobs compared with an increase of 29,300 jobs, or 2.9 percent, from the average during the same 3 months in 2012.
- Every nonfarm payroll sector recorded an increase, led by the leisure and hospitality, professional and business services, and wholesale and retail trade sectors, which increased by 10,800, 7,200, and 5,500 jobs, or 5.1, 4.2, and 3.2 percent, respectively from the same 3-month period a year ago.
- Theme parks in the metropolitan area added more than 2,000 jobs for the holiday season, 1,000 of which were permanent positions at Walt Disney World Resort.
- The unemployment rate averaged 5.9 percent, down from an average of 7.5 percent during the same 3-month period a year ago and significantly lower than the peak of 11.3 percent recorded in 2010 as employment growth outpaced growth in the labor force.

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Significant increases in the leisure and hospitality sector have helped nonfarm payroll growth in the Orlando area outpace growth in the region and nation since 2011.



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

## Largest employers in the Orlando area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Walt Disney World Resort	Leisure and hospitality	69,000
Florida Hospital	Education and health services	25,700
Universal Orlando Resort	Leisure and hospitality	17,300

Note: Excludes local school districts.  
Source: Metro Orlando Economic Development Commission



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The University of Central Florida (UCF) has a major impact on the economy of the metropolitan area. With campuses throughout central Florida, which extends beyond the metropolitan area, UCF is the second largest university in the country by enrollment. Most

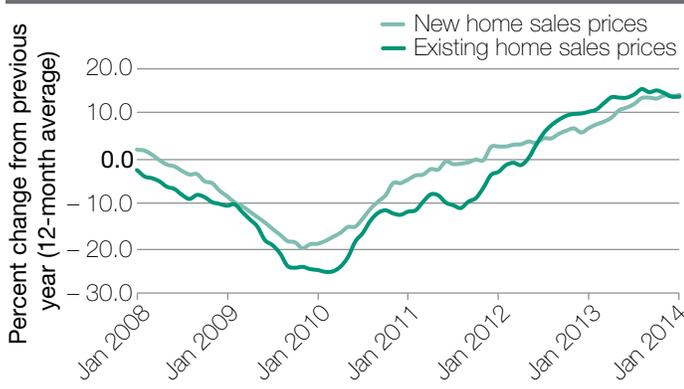
of the 60,000 UCF students attend the 1,415-acre main campus in the city of Orlando. UCF has an economic impact of \$1.9 billion and directly contributes more than 25,000 jobs in the central Florida region (University of Central Florida).

## Sales Market Conditions

The sales housing market in the Orlando metropolitan area is currently soft but improving, with an estimated vacancy rate of 2.9 percent compared with the rate of 4.1 percent in April 2010. During the 12 months ending January 2014, existing home sales totaled nearly 29,700, an increase of 5,025 homes, or 20 percent, from the same 12-month period a year earlier (CoreLogic, Inc.). The average sales price of an existing home increased to \$184,500, up 14 percent from the 12 months ending January 2013 as the demand for homes increased and the number of distressed sales declined. New home sales totaled 7,725 during the 12 months ending January 2014, up 1,650 homes, or 27 percent, and the average new home sales price was \$266,300, up 14 percent from the previous 12-month period.

- From 2009 through 2011, existing and new home sales averaged approximately 18,550 and 4,650 homes annually, respectively, with REO (Real Estate Owned) sales accounting for nearly 77 percent of existing homes sold.
- The number of REO sales declined to 7,225 homes, or 24 percent of existing homes sold, during the 12 months ending January 2014, down from 8,350 homes, or 34 percent of sales, during the previous 12-month period.

### Increased demand led to a rise in home sales prices in the Orlando area during the past year.



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

- During the 12 months ending January 2014, the average sales price of an REO property was \$125,900, up 12 percent from the average sales price during the same 12-month period a year earlier.
- As of February 2014, 10.3 percent of home loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 15.5 percent in February 2013 (Black Knight Financial Services, Inc.).

Home builders continued to respond to improving sales market conditions in the Orlando metropolitan area by increasing single-family homebuilding activity, as measured by the number of homes permitted.

- During the 3 months ending February 2014, approximately 2,250 single-family homes were permitted, an increase of 330 homes, or 17 percent, from the 3 months ending February 2013 (preliminary data).
- By comparison, an average of 1,150 homes were permitted during the corresponding 3-month periods from 2008 through 2012.
- Spring Lake at Celebration, currently under construction in the city of Celebration, will have a combined total of 74 townhomes, bungalows, garden homes, and villas for sale with starting prices ranging from the low \$200,000s to the \$400,000s. The development is expected to be complete in early 2015.

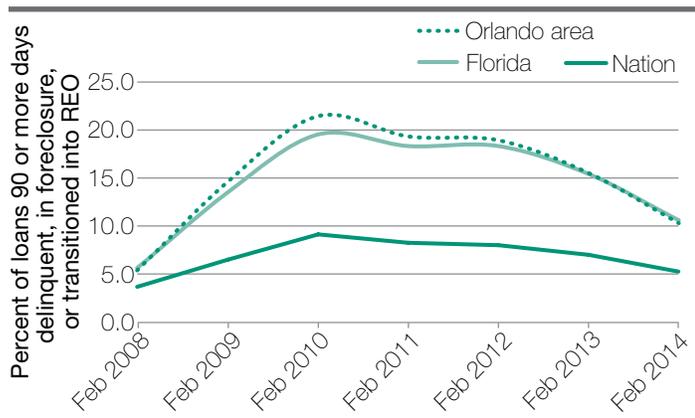
### New home sales growth slowed during the past year, but overall home sales continued to increase in the Orlando area as economic conditions improved.



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

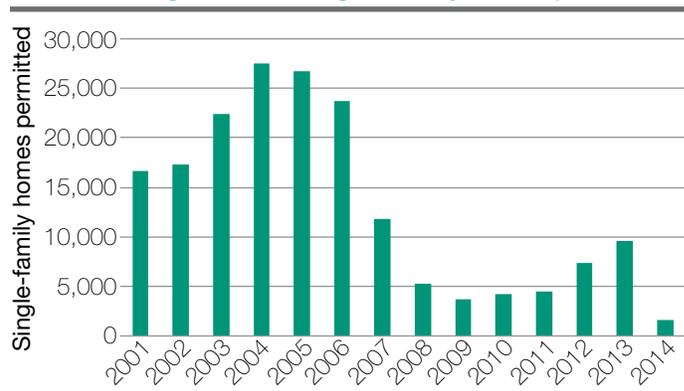


The distressed mortgage percentage in the Orlando area fell below the state average for the first time since 2008.



REO = Real Estate Owned.  
Source: Black Knight Financial Services, Inc.

Single-family building activity continued to increase in the Orlando area as home sales rose, although homebuilding remained significantly below peak levels.



Note: Includes preliminary data from January 2013 through February 2014.  
Source: U.S. Census Bureau, Building Permits Survey

## Apartment Market Conditions

Apartment market conditions in the Orlando metropolitan area are currently balanced, because the supply of new units has kept pace with demand.

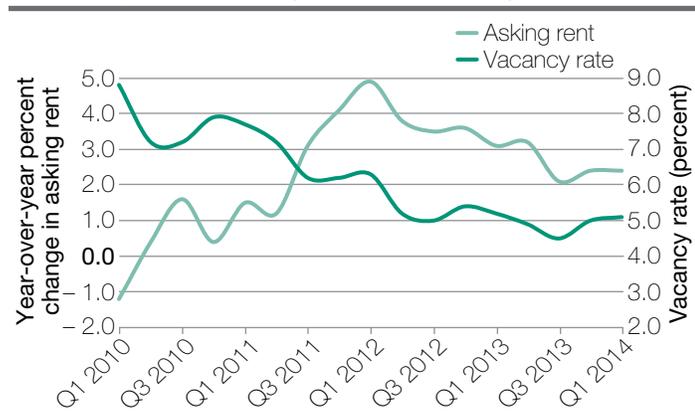
During the first quarter of 2014—

- The apartment vacancy rate was 5.1 percent, relatively unchanged from the first quarter of 2013 (MPF Research).
- The average asking rent was \$921, up approximately 2 percent from the first quarter of 2013. The average asking rents were \$778, \$929, and \$1,178 for one-, two-, and three-bedroom units, respectively.

- The MPF Research-defined University/East Orange market area, which has the most apartment units in the metropolitan area, had a vacancy rate of 4.9 percent, unchanged from the same quarter of the previous year.
- The average asking rent in the University/East Orange area declined nearly 1 percent from the fourth quarter of 2013, to \$1,161.

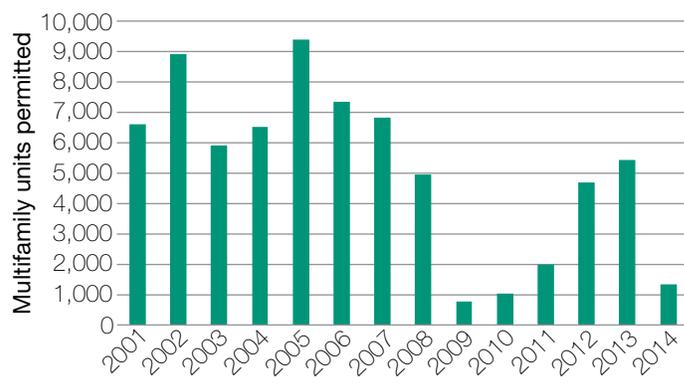
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Vacancy rates in the Orlando area stabilized during the past year, resulting in slowed rent growth.



Source: MPF Research

Strong demand for rental units in the Orlando area led to a spike in multifamily permitting in 2012 and 2013, but permitting remained below the 2005 peak.



Note: Includes preliminary data from January 2013 through February 2014.  
Source: U.S. Census Bureau, Building Permits Survey



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Multifamily construction activity, as measured by the number of units permitted, increased during the past 3 months in the Orlando metropolitan area as builders responded to increased rental housing demand.

- During the 3 months ending February 2014, approximately 1,650 units were permitted, an increase of 580 units, or 56 percent, from the 3 months ending February 2013 (preliminary data).
- By comparison, an average of 870 units were permitted during the corresponding 3-month periods from 2008 through 2012.
- More than 80 percent of new multifamily construction during the 3 months ending February 2014 was for apartment units, up significantly from an average of 25 percent of new multifamily construction during the peak years from 2004 through 2006.
- The current level of construction is significantly higher than the average of 910 units permitted annually during decade lows in 2009 and 2010.
- The \$40 million Integra Cove apartment complex, which is currently under construction near SeaWorld in the city of Orlando, is expected to complete 338 units in June 2015. Rents have not yet been released.