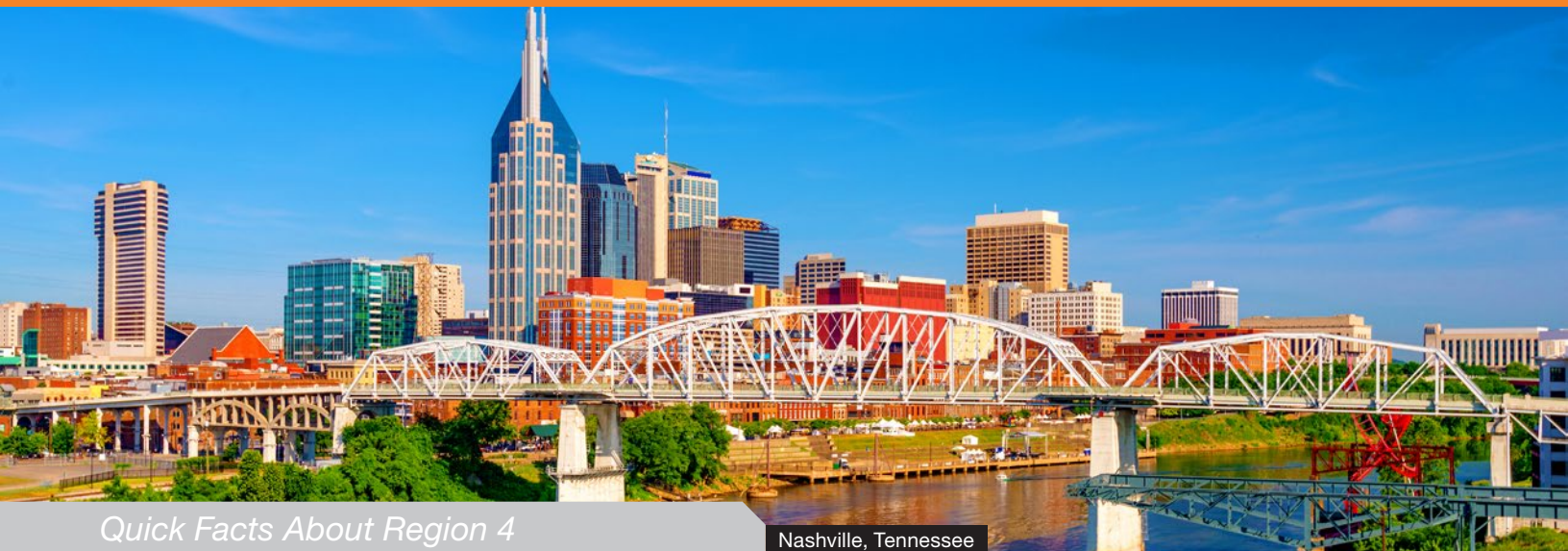


# HUD PD&R Regional Reports

## Region 4: Southeast/Caribbean

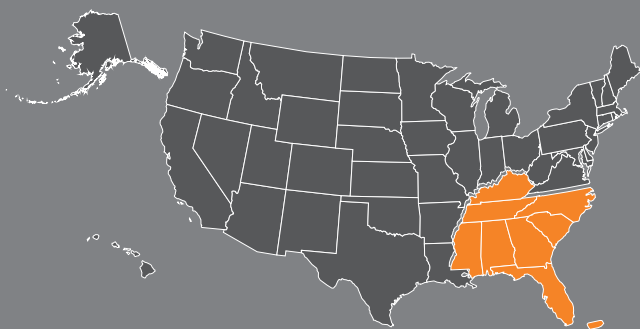


### Quick Facts About Region 4

Nashville, Tennessee

By Casey M. Blount | 2nd Quarter 2019

- **Sales market conditions—**  
Second quarter 2019: mixed (slightly tight to slightly soft)  
First quarter 2019: mixed (slightly tight to slightly soft)  
Second quarter 2018: mixed (slightly tight to slightly soft)
- **Apartment market conditions—**  
Second quarter 2019: mixed (slightly tight to balanced)  
First quarter 2019: mixed (slightly tight to balanced)  
Second quarter 2018: mixed (slightly tight to slightly soft)



## Overview

Economic conditions in the Southeast/Caribbean region continued to strengthen during the second quarter of 2019. Nonfarm payrolls in the region increased 1.8 percent, up from growth of 1.7 percent during the previous year, and higher than the 1.6-percent rate for the nation. The largest job gains in the region were in Florida, where nonfarm payrolls rose by 219,700 jobs, or 2.5 percent. The fastest rate of job growth, 4.3 percent, was in the U.S. Virgin Islands as economic conditions in the territory continued to improve following the impact of Hurricanes Irma and Maria in 2017. Unemployment rates declined in six of the eight states in the region, as well as in Puerto Rico. Sales market conditions in the region were mixed, ranging from slightly tight to slightly soft. New and existing home sales declined 1 percent in the region during the most recent 12 months while the average sales price increased 5 percent. Apartment market conditions in the region were also mixed, ranging from slightly tight to balanced. Average rents rose throughout the region, with rent growth exceeding the 5-percent rate for the nation in five of the eight markets covered in this report.

continued on page 2



continued from page 1

- Unemployment rates in the region ranged from 2.9 percent in Tennessee to 7.8 percent in Puerto Rico.
- New and existing home sales in the region totaled 1.54 million, and the average sales price in the region rose to \$239,300.
- Among the largest markets in the region, the lowest apartment vacancy rate, 3.9 percent, and the highest average rent, \$1,622, were in Miami.

## Economic Conditions

The rate of job growth in the region increased slightly during the past year, continuing a trend of strong job growth that began in 2011. Nonfarm payrolls averaged 29.56 million during the second quarter of 2019, an increase of 531,100 jobs, or 1.8 percent, compared with an increase of 471,400 jobs, or 1.7 percent, during the second quarter of 2018. Each state in the region added jobs during the past year, ranging from 1.1-percent growth in Kentucky to 2.5-percent growth in Florida. Nonfarm payrolls increased by 13,400 and 1,425 jobs or 1.6 and 4.3 percent, respectively, in the Caribbean territories of Puerto Rico and U.S. Virgin Islands as the recovery from Hurricanes Irma and Maria continued. All but one nonfarm payroll sector added jobs in the region, led by the leisure and hospitality and education and health services sectors, which expanded by 113,100 and 104,400 jobs, or 3.2 and 2.6 percent, respectively. The fastest job growth was in the transportation and utilities sector, which added 48,100 jobs, or 4.1 percent, due in part to continued expansion by Amazon.com, Inc. Several new distribution centers were opened in the region during the past year while preliminary hiring at the corporation's recently announced operations center in Nashville, which is expected to create 5,000 jobs during the next 7 years, began in early 2019. The information sector, which decreased by 4,200 jobs, or 0.9 percent, was the

only sector in the region to lose jobs during the past year. The unemployment rate for the region averaged 3.5 percent during the second quarter of 2019, down from 3.9 percent during the second quarter of 2018, with declines in six of eight states as well as in Puerto Rico, where the rate fell from 9.3 to 7.8 percent. In North Carolina and South Carolina, the respective unemployment rates were unchanged at 3.8 and 3.1 percent. By comparison, the unemployment rate for the nation was 3.5 percent, down from 3.8 percent a year ago.

During the second quarter of 2019—

- In Florida, nonfarm payrolls averaged 8.96 million, an increase of 219,700 jobs, or 2.5 percent. The education and health services sector expanded by 51,400 jobs, or 4.0 percent, the largest and fastest growth rate of any sector in the state. Multiple hospital expansions contributed to gains in the sector including the opening of Nicholson Pavilion, a new 140-bed tower at AdventHealth's Winter Park facility. Strong job growth is expected to continue in the sector as Florida Blue recently announced 140 new jobs at its facility in Orlando while construction is underway on a \$256 million expansion of Florida Hospital Tampa, with completion expected by 2021.

continued on page 3

### Economic conditions continued to strengthen in the Southeast/Caribbean region during the second quarter of 2019 as all but one nonfarm payroll sector added jobs.

|                                  | Second Quarter      |                     | Year-Over-Year Change   |         |
|----------------------------------|---------------------|---------------------|-------------------------|---------|
|                                  | 2018<br>(Thousands) | 2019<br>(Thousands) | Absolute<br>(Thousands) | Percent |
| <b>Total Nonfarm Payrolls</b>    | 29,027.9            | 29,559.0            | 531.1                   | 1.8     |
| Goods-Producing Sectors          | 4,065.3             | 4,150.0             | 84.7                    | 2.1     |
| Mining, Logging, & Construction  | 1,481.3             | 1,526.0             | 44.7                    | 3.0     |
| Manufacturing                    | 2,584.0             | 2,624.0             | 40.0                    | 1.5     |
| Service-Providing Sectors        | 24,962.6            | 25,409.0            | 446.4                   | 1.8     |
| Wholesale & Retail Trade         | 4,561.2             | 4,593.8             | 32.6                    | 0.7     |
| Transportation & Utilities       | 1,186.6             | 1,234.7             | 48.1                    | 4.1     |
| Information                      | 479.6               | 475.4               | -4.2                    | -0.9    |
| Financial Activities             | 1,604.1             | 1,640.2             | 36.1                    | 2.3     |
| Professional & Business Services | 4,083.7             | 4,170.9             | 87.2                    | 2.1     |
| Education & Health Services      | 3,961.4             | 4,065.8             | 104.4                   | 2.6     |
| Leisure & Hospitality            | 3,492.9             | 3,606.0             | 113.1                   | 3.2     |
| Other Services                   | 1,089.6             | 1,104.8             | 15.2                    | 1.4     |
| Government                       | 4,503.6             | 4,517.6             | 14.0                    | 0.3     |

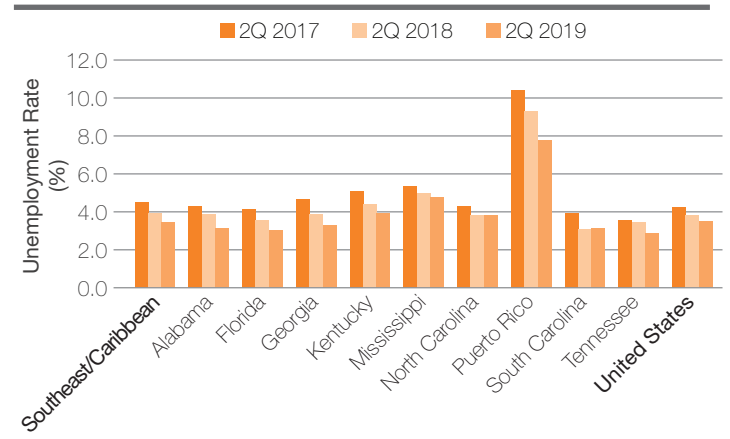
Note: Numbers may not add to totals due to rounding.  
Source: U.S. Bureau of Labor Statistics



continued from page 2

- Job growth also exceeded the national rate of 1.6 percent in Alabama and Tennessee where nonfarm payrolls expanded 1.8 and 1.7 percent to 2.08 million and 3.11 million jobs, respectively, increases of 36,900, and 53,350 jobs, respectively, from a year ago.
- Nonfarm payroll growth accelerated in five of eight states in the region, with the most significant change in Mississippi, which added 14,450 jobs, or 1.2 percent, up from an increase of 2,600 jobs, or 0.2 percent, a year ago. The leisure and hospitality sector, which expanded by 5,400 jobs, or 3.9 percent, led gains in the state due in part to the legalization of sports betting in late 2018. Gross gaming revenue in the state totaled \$549.19 million during the second quarter of 2019, up 3 percent from the second quarter of 2018.
- In Georgia, North Carolina, and South Carolina nonfarm payrolls increased 1.6, 1.4, and 1.6 percent, respectively, down from respective rates of 1.9, 2.2, and 2.4 percent during the second quarter of 2018.

Unemployment rates declined in six of the eight states in the Southeast/Caribbean region as well as Puerto Rico, where the rate fell by 1.5 percentage points.



2Q = second quarter.  
Source: U.S. Bureau of Labor Statistics

## Sales Market Conditions

Sales market conditions in the Southeast/Caribbean region were mixed during the second quarter of 2019, ranging from slightly tight to slightly soft. Declines in available inventory limited the volume of home sales activity in some markets, although home prices rose throughout much of the region as economic conditions continued to strengthen. The inventory of available homes in the region decreased from 4.0 months in May 2018 to 3.8 months in May 2019 and is currently 63 percent below the May 2010 high of 10.2 months during the peak of the housing crisis (CoreLogic, Inc., with adjustments by the analyst). Limited availability of developable land and skilled construction labor have contributed to very low levels of for-sale inventory in some parts of the region. In Kentucky,

the supply of available homes was only 2.5 months in May 2019, down from 2.6 months in May 2018, and the lowest figure in the region. During the 12 months ending May 2019, a total of 1.52 million new and existing homes (including single-family homes, townhomes, and condominiums) were sold in the region, a decline of 1 percent from the previous 12 months. The number of homes sold decreased in five of the eight states in the region during the 12 months ending May 2019 with Alabama, North Carolina, and Mississippi being the only states where home sales increased. The fastest decrease of home sales, 4 percent, was in Kentucky. The average new and existing home price increased 5 percent in the

continued on page 4

The number of homes sold decreased in five of the eight states in the Southeast/Caribbean region during the past year, while the average sales prices increased in all but one state.

|                      | 12 Months Ending | Number of Homes Sold |         |                | Average or Median | Price     |           |                |
|----------------------|------------------|----------------------|---------|----------------|-------------------|-----------|-----------|----------------|
|                      |                  | 2018                 | 2019    | Percent Change |                   | 2018 (\$) | 2019 (\$) | Percent Change |
| Alabama (N&E)        | May              | 100,600              | 102,900 | 2.3            | AVG               | 166,500   | 177,900   | 7              |
| Florida (N&E)        | May              | 602,000              | 596,000 | -1.0           | AVG               | 265,700   | 278,300   | 5              |
| Georgia (N&E)        | May              | 237,500              | 232,400 | -2.1           | AVG               | 218,400   | 227,400   | 4              |
| Kentucky (N&E)       | May              | 81,050               | 77,500  | -4.4           | AVG               | 160,100   | 168,800   | 5              |
| Mississippi (N&E)    | May              | 12,550               | 12,700  | 1.2            | AVG               | 218,600   | 211,500   | -3             |
| North Carolina (N&E) | May              | 224,300              | 229,000 | 2.1            | AVG               | 224,300   | 232,600   | 4              |
| South Carolina (N&E) | May              | 106,200              | 104,500 | -1.6           | AVG               | 216,200   | 226,200   | 5              |
| Tennessee (N&E)      | May              | 170,700              | 167,800 | -1.7           | AVG               | 196,000   | 208,200   | 6              |

AVG = average. N&E = new and existing.

Notes: Data include new and existing single-family homes, townhomes, and condominiums. Data for Mississippi exclude Hinds County, the most populous county in the Jackson metropolitan area.

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



continued from page 3

region during the most recent 12 months and is approximately 11 percent higher than during the previous peak in 2006, prior to the housing market crisis. Home sales prices increased in every state in the region except Mississippi, where home prices declined 3 percent. Home prices increased at least 5 percent in five of the eight states in the region with the fastest increase, 7 percent, in Alabama.

Declining levels of readily developable land limited new home construction in several states during the past year, and the total number of single-family homes permitted in the Southeast/Caribbean region decreased. The number of single-family homes permitted was unchanged or declined in six of the eight states in the region with the only increases in Alabama and Tennessee, where the number of homes permitted increased 4 and 1 percent, respectively.

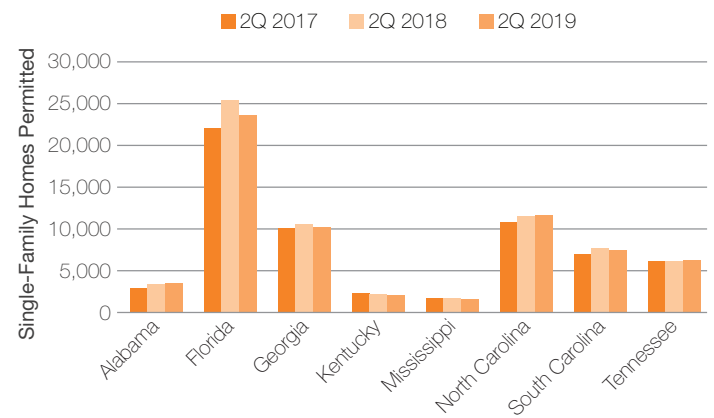
During the second quarter of 2019 (preliminary data)—

- The number of single-family homes permitted in the region declined 3 percent, to approximately 66,400, after a 9-percent increase during the second quarter of 2018.
- Following a 15-percent increase a year ago, the number of single-family homes permitted in Florida declined 7 percent to 23,600, the largest decline in the region.
- Despite very low levels of available inventory, the number of single-family homes permitted in Kentucky declined 6 percent to 2,100.

## Apartment Market Conditions

Apartment market conditions in the Southeast/Caribbean region were mixed during the second quarter of 2019, ranging from balanced to slightly tight. Apartment vacancy rates declined throughout much of the region, with the largest decline of 1.1 percentage points in Columbia, South Carolina, where slowed multifamily permitting during the past 2 years has allowed for significant absorption of existing inventory (RealPage, Inc.). Average apartment rents increased in each of the major markets

## Single-family permitting declined in five of the eight states in the Southeast/Caribbean region during the second quarter of 2019.



2Q = second quarter.  
 Note: Based on preliminary data.  
 Source: U.S. Census Bureau, Building Permits Survey

- The number of single-family homes permitted was virtually unchanged in North Carolina at approximately 11,600 homes, but declined 4, 2, and 7 percent, respectively to 10,200, 7,500, and 1,650 homes in Georgia, South Carolina, and Mississippi.

in the Southeast/Caribbean region with rent growth exceeding the 5-percent rate for the nation in five of them. A sharp decline in the apartment vacancy rate contributed to rent growth of 8 percent in Nashville, the fastest growth rate in the region. Miami remained one of the most expensive apartment markets in the region, with an average rent of \$1,622, up 5 percent from a year ago and 17 percent higher than the national average of \$1,392.

continued on page 5

## During the second quarter of 2019, rent growth exceeded the national rate of 5 percent in five of the eight major markets in the Southeast/Caribbean region.

|            | Market Condition | Vacancy Rate |             |                         | Average Monthly Rent |              |                |
|------------|------------------|--------------|-------------|-------------------------|----------------------|--------------|----------------|
|            |                  | 2Q 2018 (%)  | 2Q 2019 (%) | Percentage Point Change | 2Q 2018 (\$)         | 2Q 2019 (\$) | Percent Change |
| Atlanta    | Balanced         | 5.4          | 4.8         | -0.7                    | 1,169                | 1,247        | 7              |
| Birmingham | Balanced         | 6.0          | 5.0         | -1.0                    | 917                  | 976          | 6              |
| Charlotte  | Slightly Tight   | 4.8          | 4.3         | -0.5                    | 1,079                | 1,144        | 6              |
| Columbia   | Balanced         | 6.1          | 5.1         | -1.1                    | 897                  | 936          | 4              |
| Jackson    | Balanced         | 6.2          | 5.6         | -0.6                    | 819                  | 856          | 5              |
| Louisville | Slightly Tight   | 5.0          | 4.1         | -0.9                    | 845                  | 902          | 7              |
| Miami      | Slightly Tight   | 4.4          | 3.9         | -0.5                    | 1,539                | 1,622        | 5              |
| Nashville  | Balanced         | 5.2          | 4.5         | -0.7                    | 1,139                | 1,230        | 8              |

2Q = second quarter.  
 Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—RealPage, Inc.



continued from page 4

Developers have responded to declining apartment vacancy rates with increased multifamily permitting activity in the region during each of the past 2 years. A total of 25,250 multifamily units were permitted in the region during the second quarter of 2019, an increase of 580 units, or 2 percent, following an increase of 4,250 units, or 21 percent, during the second quarter of 2018. Multifamily permitting increased in five of the eight states in the region with strong rent growth contributing to increased development activity in several major markets, particularly Charlotte and Nashville.

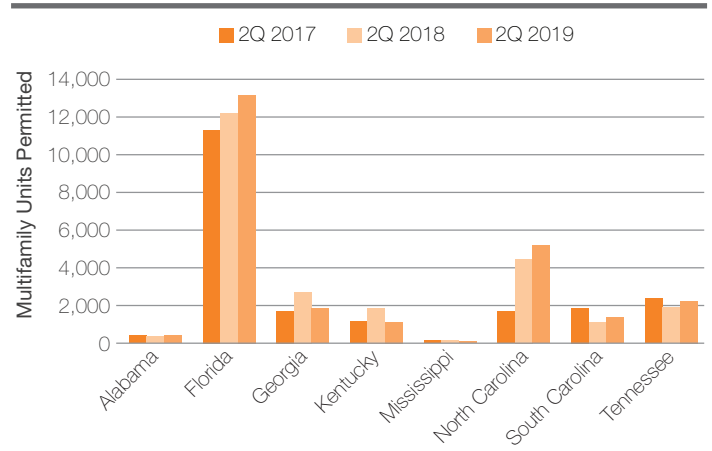
During the second quarter of 2019 (preliminary data)—

- The 13,150 units permitted in Florida were the most of any state in the region, as was the increase of 950 units from a year ago. The increase occurred despite an 11-percent decline in the number of units permitted in the Miami market as multifamily permitting nearly tripled to 2,050 units in the Tampa market.
- The fastest increase in multifamily permitting was in South Carolina, where the number of units permitted rose 26 percent to 1,350. Only 80 units were permitted in the Columbia market, down from 110 units a year ago, although the number of multifamily units permitted more than doubled to 440 in the Charleston market and tripled to 150 units in the Myrtle Beach market.
- The number of multifamily units permitted increased 16 percent in both North Carolina and Tennessee where 5,150 and 2,200 units were permitted, respectively. Significant increases in apartment development activity in Charlotte and Nashville, where the number of multifamily units permitted rose 21 and

24 percent, to 2,325 and 1,625 units, respectively, contributed to the statewide increases. Multifamily permitting rose 8 percent to 390 units in Alabama.

- After reaching a record high of 1,850 units a year ago, the number of multifamily units permitted in Kentucky fell 41 percent to 1,100 units. The number of multifamily units permitted in Georgia and Mississippi declined to 1,850 and 80 units, down 32 and 38 percent, respectively, from a year ago.

The number of multifamily units permitted increased in most states in the Southeast/Caribbean region during the second quarter of 2019, with the fastest increase in South Carolina.



2Q = second quarter.  
 Note: Based on preliminary data.  
 Source: U.S. Census Bureau, Building Permits Survey

