

# HUD PD&R Regional Reports

## Region 4: Southeast/Caribbean

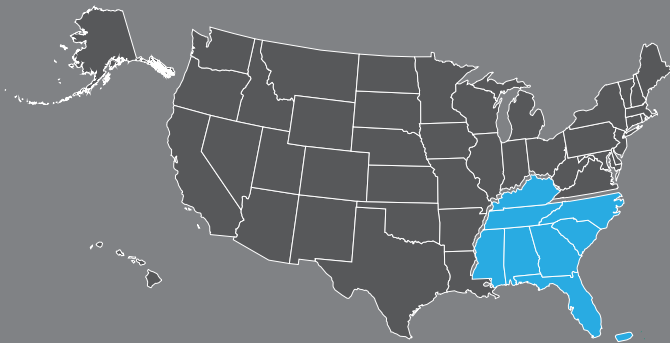


### Quick Facts About Region 4

Louisville, Kentucky

By Casey M. Blount | 4th Quarter 2019

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



### Overview

Economic conditions in the Southeast/Caribbean region strengthened during the fourth quarter of 2019. Nonfarm payrolls in the region increased 1.9 percent; that rate was up slightly from the 1.8-percent growth rate during the previous year and higher than the 1.8-percent rate for the nation. The largest job gains in the region were in Florida, where nonfarm payrolls rose by 221,400 jobs, or 2.5 percent. The fastest rate of job growth—5.4 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. Sales market conditions in the region were mixed, ranging from slightly tight to slightly soft. New and existing home sales and the average sales price increased 1 and 5 percent, respectively, in the region during the 12 months ending November 2019. Apartment market conditions in the region were also mixed, ranging from slightly tight to balanced. Average rent growth exceeded the 4-percent rate for the nation in six of the eight markets covered in this report.

- Unemployment rates either declined or remained unchanged in six of the eight states in the region but rose in Kentucky, Mississippi, and the territory of Puerto Rico.

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- New and existing home sales in the region totaled 1.57 million, and the average sales price in the region rose to \$245,300.

- Among the largest markets in the region, Miami had the lowest apartment vacancy, at 4.2 percent, and the highest average rent, at \$1,668.

## Economic Conditions

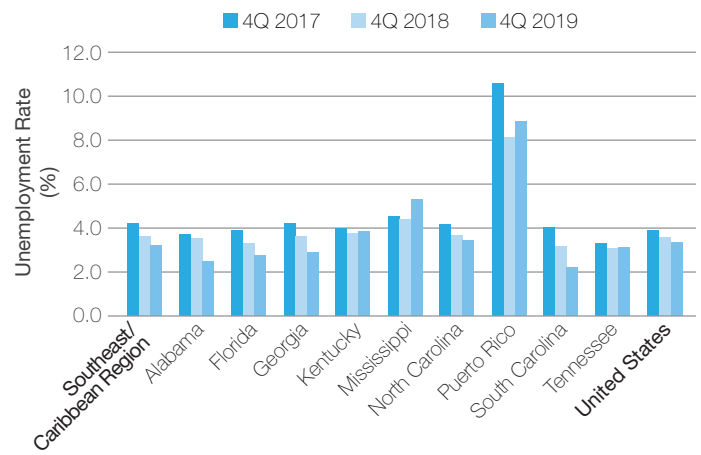
The rate of job growth in the region accelerated modestly during the past year, continuing the trend of strong job gains that began in 2011. Nonfarm payrolls averaged 30.00 million during the fourth quarter of 2019—an increase of 546,100 jobs, or 1.9 percent, compared with an increase of 527,600 jobs, or 1.8 percent, during the fourth quarter of 2018. Each state in the region added jobs during the past year, ranging from 0.7-percent growth in Mississippi to 2.5-percent growth in Florida. Nonfarm payrolls increased by 2,275 jobs, or 0.3 percent, in Puerto Rico. All but one nonfarm payroll sector added jobs in the region; the leisure and hospitality and the education and health services sectors, which expanded by 133,900 and 126,900 jobs—or 3.9 and 3.1 percent, respectively—led job growth. Notable gains also occurred in the professional and business services and the mining, logging, and construction sectors, which added 63,500 and 33,000 jobs—or 1.5 and 2.2 percent—respectively. The information sector, which declined slightly, was the only sector in the region to lose jobs during the past year. The unemployment rate for the region fell in five of the eight states and averaged 3.2 percent during the fourth quarter of 2019, down from 3.6 percent during the fourth quarter of 2018. South Carolina had the lowest rate in the region—at 2.2 percent—and Puerto Rico had the highest rate—at 8.9 percent. By comparison, the unemployment rate for the nation was 3.3 percent, down from 3.6 percent a year ago.

During the fourth quarter of 2019—

- In Florida, nonfarm payrolls averaged 9.15 million—an increase of 221,400 jobs, or 2.5 percent. The education and health

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The unemployment rate declined in five of the eight states in the Southeast/Caribbean region and was unchanged in Tennessee during the fourth quarter of 2019 relative to a year ago.



4Q = fourth quarter. Source: U.S. Bureau of Labor Statistics

During the fourth quarter of 2019, all but one nonfarm payroll sector added jobs in the Southeast/Caribbean region.

	Fourth Quarter		Year-Over-Year Change	
	2018 (Thousands)	2019 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	29,455.2	30,001.3	546.1	1.9
Goods-Producing Sectors	4,112.0	4,168.9	56.9	1.4
Mining, Logging, & Construction	1,503.0	1,536.0	33.0	2.2
Manufacturing	2,608.9	2,632.9	24.0	0.9
Service-Providing Sectors	25,343.2	25,832.3	489.1	1.9
Wholesale & Retail Trade	4,654.2	4,699.3	45.1	1.0
Transportation & Utilities	1,251.9	1,279.5	27.6	2.2
Information	483.7	483.6	-0.1	0.0
Financial Activities	1,628.1	1,659.2	31.1	1.9
Professional & Business Services	4,186.1	4,249.6	63.5	1.5
Education & Health Services	4,042.5	4,169.4	126.9	3.1
Leisure & Hospitality	3,433.2	3,567.1	133.9	3.9
Other Services	1,088.5	1,111.5	23.0	2.1
Government	4,575.1	4,613.1	38.0	0.8

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



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services sector, which added 57,700 jobs—or 4.3 percent—led job growth in the state. The fastest rate of growth was in the mining, logging, and construction sector, however, which expanded 4.6 percent, or by 25,350 jobs; that expansion was due in part to a 7-percent increase in the number of residential units (single-family and multifamily) permitted in the state.

- Job growth also exceeded the national rate of 1.8 percent in Alabama and North Carolina, where nonfarm payrolls expanded to 2.11 million and 4.62 million jobs, increases of 2.3 and 2.0 percent—or 46,950 and 90,500 jobs, respectively—from a year ago.
- Nonfarm payroll growth accelerated in four of the eight states in the region, with the most significant change in Kentucky,

which added 22,550 jobs, or 1.2 percent—more than triple the increase of 7,125 jobs, or 0.3 percent, a year ago. The education and health services sector, which expanded by 11,500 jobs, or 4.1 percent, led job growth in the state. That job growth occurred in part because of the completion of the first two phases of a \$78.3 million expansion of the Norton Children’s Hospital in Louisville.

- The rate of job growth in Mississippi was nearly unchanged, at 0.1 percent. Nonfarm payrolls in Georgia, South Carolina, and Tennessee increased 1.6, 1.5, and 1.5 percent, respectively—down from respective rates of 1.9, 2.4, and 1.7 percent during the fourth quarter of 2018.

## Sales Market Conditions

Sales market conditions in the Southeast/Caribbean region were mixed during the fourth 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 the region, as economic conditions continued to strengthen. The inventory of available homes in the region decreased from 3.8 months in December 2018 to 3.4 months in December 2019. The inventory is currently 68 percent below the high of 10.4 months in December 2010, however, which was during the peak of the housing crisis (CoreLogic, Inc.). For-sale inventory declined or remained unchanged in every state in the region except Alabama and ranged from a low of 2.3 months in Kentucky to a high of 4.0 months in Mississippi. During the 12 months ending November 2019, 1.57 million new and existing homes (including single-family homes, townhomes, and condominiums) sold in the region, an increase of 1 percent from the previous 12 months (CoreLogic, Inc., and Metrostudy,

A Hanley Wood Company, with adjustments by the analyst). The number of homes sold increased in five of the eight states in the region during the 12 months ending November 2019. Georgia, Kentucky, and Mississippi were the only states where home sales decreased. North Carolina had the fastest increase, at 5 percent. The average new and existing home price in the region increased 5 percent—to \$245,300—during the most recent 12 months; the price is approximately 14 percent higher than during the previous peak in 2006, before the housing market crisis (CoreLogic, Inc., with adjustments by the analyst). Home sales prices increased at least 2 percent in every state in the region except Mississippi, where the average home price increased less than 1 percent, to \$212,800. The fastest increases—5 percent—were in Alabama, Kentucky, and Tennessee. In Tennessee, the inventory of available homes for sale declined from 4.0 months during December 2018 to 3.2 months during December 2019—the largest decline of any state in the region.

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**During the past year, the number of homes sold increased in five of the eight states in the Southeast/Caribbean region, and the average sales price increased in all of them.**

	12 Months Ending	Number of Homes Sold			Average	Price		
		2018	2019	Percent Change		2018 (\$)	2019 (\$)	Percent Change
Alabama (N&E)**	November	103,400	104,700	1	AVG	171,500	180,700	5
Florida (N&E)*	November	588,500	591,800	1	AVG	294,800	302,100	2
Georgia (N&E)*	November	248,300	244,700	-1	AVG	237,000	247,300	4
Kentucky (N&E)**	November	82,400	80,100	-3	AVG	160,800	169,400	5
Mississippi (N&E)**	November	17,550	16,700	-5	AVG	211,900	212,800	0
North Carolina (N&E)*	November	229,300	239,700	5	AVG	242,500	252,900	4
South Carolina (N&E)*	November	120,300	122,800	2	AVG	243,400	248,900	2
Tennessee (N&E)*	November	164,000	168,300	3	AVG	225,600	236,900	5

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.

Sources: Metrostudy, A Hanley Wood Company, with adjustments by the analyst\*; CoreLogic, Inc., with adjustments by the analyst\*\*



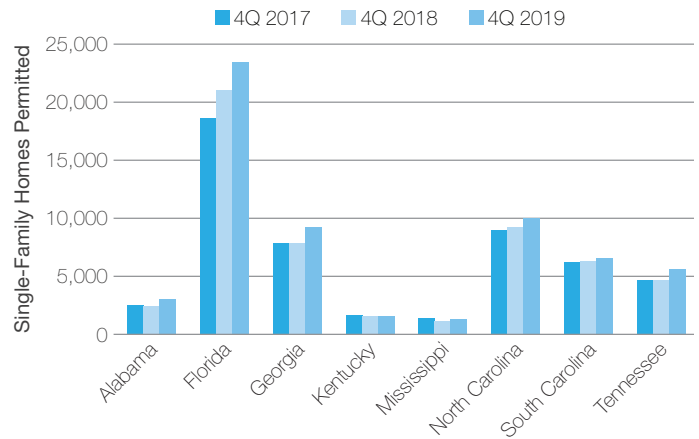
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Developers responded to declining levels of for-sale inventory throughout much of the Southeast/Caribbean region with increased single-family home construction during the past year. Single-family home permitting increased in every state in the region except Kentucky, where the number of single-family homes permitted was unchanged, at 1,550.

During the fourth quarter of 2019 (preliminary data)—

- The number of single-family homes permitted in the region rose 12 percent, to approximately 60,650, after a 4-percent increase during the fourth quarter of 2018.
- Following a 13-percent increase a year ago, the number of single-family homes permitted in Florida rose 11 percent, or by 2,400 homes, to 23,400—the largest increase in the region.
- The fastest increases in single-family home permitting were in Alabama and Tennessee, where the number of homes permitted rose 25 and 21 percent, respectively, to 3,025 and 5,625. The Birmingham and Nashville markets, where single-family home permitting rose 23 and 33 percent, respectively, accounted for much of the increased permitting activity in the two states.
- The number of single-family homes permitted increased 17 and 15 percent—to 9,175 and 1,350 homes, respectively—in

Single-family home permitting increased in seven of the eight states in the Southeast/Caribbean region during the fourth quarter of 2019 relative to a year ago.



4Q = fourth quarter.  
 Note: Based on preliminary data.  
 Source: U.S. Census Bureau, Building Permits Survey

Georgia and Mississippi. The number of single-family homes permitted increased 9 and 4 percent, to 9,975 and 6,550 homes, respectively, in North Carolina and South Carolina.

## Apartment Market Conditions

Apartment market conditions in the Southeast/Caribbean region were mixed during the fourth quarter of 2019, ranging from balanced to slightly tight; those conditions were unchanged from a year ago. Apartment vacancy rates declined throughout much of the region. The largest decline of 1.0 percentage point was in the Jackson metropolitan area, where slow multifamily permitting during much of the past decade allowed for significant absorption of existing inventory (RealPage, Inc.). Average apartment rents increased in each of the eight major markets covered in this report, with rent growth exceeding the 4-percent rate for the nation in six of the markets (RealPage, Inc.). Birmingham and Nashville had the fastest growth rate in the region, at 8 percent. In Birmingham, the apartment vacancy rate declined 0.7 of a percentage point, and in Nashville, approximately 4,000 new, primarily high-end apartment units came on line. During the fourth quarter of 2019, Miami remained one of the most expensive apartment markets in the region; the average rent was \$1,668—up 5 percent from a year ago—and more than 17 percent higher than the national average of \$1,421.

Multifamily permitting in the region declined during the past year despite declining apartment vacancy rates; developers in some

major markets slowed new production in response to significant numbers of units currently under construction. During the fourth quarter of 2019, 26,500 multifamily units were permitted in the region; that number declined by 2,250 units—or 8 percent—from a year ago, as compared with an increase of 9,250 units, or 47 percent, during the fourth quarter of 2018. Multifamily permitting declined in five of the eight states in the region, although strong rent growth contributed to increased development activity in several major markets, particularly in Alabama and Tennessee.

During the fourth quarter of 2019 (preliminary data)—

- The 13,100 units permitted in Florida was down less than 1 percent from a year ago but was the highest number of units permitted of any state in the region. A 47-percent increase in Tampa largely offset respective declines of 17 and 29 percent in the number of units permitted in the Miami and Orlando markets.
- Multifamily permitting more than tripled—to 850 units—in Alabama and increased 36 and 38 percent—to 3,650 and 360 units, respectively—in Tennessee and Mississippi. The combined 610 units permitted in Auburn and Tuscaloosa—

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Annual rent growth exceeded the national rate of 4 percent in six of the eight major markets in the Southeast/Caribbean region during the fourth quarter of 2019.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		4Q 2018 (%)	4Q 2019 (%)	Percentage Point Change	4Q 2018 (\$)	4Q 2019 (\$)	Percent Change
Atlanta	Balanced	5.3	5.1	-0.2	1,204	1,276	6
Birmingham	Balanced	5.5	4.7	-0.7	952	1,026	8
Charlotte	Balanced	3.8	4.6	0.8	1,101	1,171	6
Columbia	Balanced	4.6	5.5	0.9	920	941	2
Jackson	Balanced	6.6	5.7	-1.0	844	888	5
Louisville	Balanced	4.9	4.8	-0.1	870	904	4
Miami	Slightly Tight	4.7	4.2	-0.4	1,591	1,668	5
Nashville	Slightly Tight	3.7	4.3	0.6	1,191	1,284	8

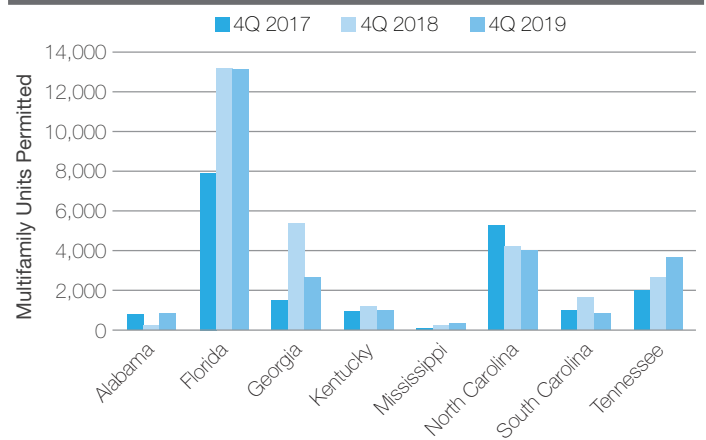
4Q = fourth quarter.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—RealPage, Inc.

up from 210 units a year ago—accounted for much of the increase in Alabama. The number of units rose 65 percent in Nashville, which contributed significantly to the increase in Tennessee. In Mississippi, the 220 units permitted in Jackson were more than triple the 70 units permitted throughout the period from 2013 through 2018.

- The most significant declines in the region were in Georgia and South Carolina, where the number of multifamily units permitted fell 51 and 49 percent, to 2,625 and 850 units, respectively. The number of units permitted in Atlanta declined 64 percent, which accounted for much of the decrease in Georgia. A combined 39-percent decline in the number of units permitted in the coastal markets of Charleston, Hilton Head Island, and Myrtle Beach contributed significantly to the decline in South Carolina.
- In North Carolina and Kentucky, the number of multifamily units permitted decreased 4 and 15 percent, to 4,050 and 1,000 units, respectively.

During the fourth quarter of 2019, significant increases in the number of multifamily units permitted in Alabama, Mississippi, and Tennessee partially offset declines in the remaining states in the Southeast/Caribbean region.



4Q = fourth quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

