

HUD PD&R Regional Reports

Region 4: Southeast/Caribbean

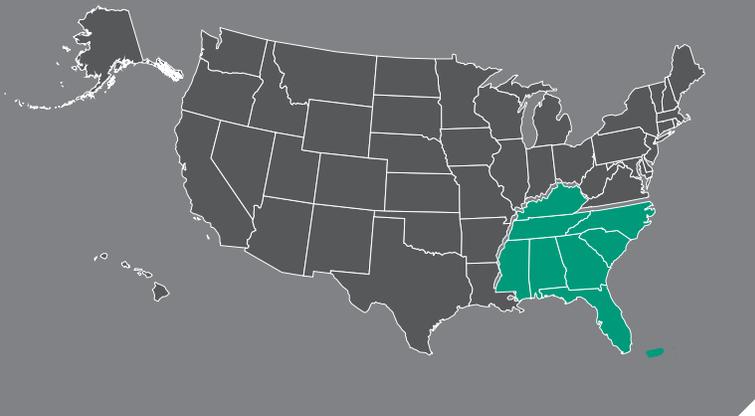


Quick Facts About Region 4

Miami, Florida

By Casey M. Blount | 1st Quarter 2021

- Sales market conditions—**
First quarter 2021: mixed (balanced to tight)
Fourth quarter 2020: mixed (slightly tight to slightly soft)
First quarter 2020: mixed (slightly tight to slightly soft)
- Apartment market conditions—**
First quarter 2021: mixed (balanced to slightly tight)
Fourth quarter 2020: mixed (balanced to tight)
First quarter 2020: mixed (balanced to slightly tight)



Overview

Economic conditions in the Southeast/Caribbean region weakened significantly during the first quarter of 2021 due largely to the ongoing effects of COVID-19. However, the rate of job loss in the region was notably less severe than during the previous 9 months. Year-over-year, nonfarm payrolls in the region fell 4.4 percent during the first quarter of 2021, compared with respective decreases of 9.7, 5.8, and 4.9 during the second, third, and fourth quarters of 2020. By comparison, nonfarm payrolls in the nation declined 5.4 percent during the first quarter of 2021. The largest and fastest job losses in the region during the first quarter of 2021 were in Florida, where nonfarm payrolls declined by 534,400 jobs, or 5.9 percent. The unemployment rate increased in all eight states in the region but declined in Puerto Rico. Sales market conditions in the region were mixed, ranging from balanced to tight. New and existing home sales rose slightly in the region during the 12 months ending February 2021, whereas declining levels of for-sale inventory contributed to a 12-percent increase in the average home sales price. Apartment market conditions in the region ranged from balanced to slightly tight. Apartment vacancy rates declined

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in six of eight markets in the region, and average rents increased in seven of the eight markets (RealPage, Inc.). By comparison, the apartment vacancy rate for the nation rose from 4.4 to 4.5 percent, and the average rent was unchanged at \$1,441.

- Unemployment rates in the states of the region ranged from 3.7 percent in Alabama to 6.2 percent in Mississippi during the first quarter of 2021.

Economic Conditions

During the first quarter of 2021, nonfarm payrolls in the region averaged 28.36 million jobs, a decline of 1.31 million jobs, or 4.4 percent, from the first quarter of 2020. Each state in the region lost jobs during the past year, ranging from a 3.0-percent decline in Alabama to a 5.9-percent decrease in Florida. In the Caribbean territories of Puerto Rico and the U.S. Virgin Islands, nonfarm payrolls fell by 32,650 jobs, or 3.7 percent, and by 5,575 jobs, or 14.0 percent, respectively. Ten of the 11 nonfarm payroll sectors lost jobs in the region, with the largest and fastest decline in the leisure and hospitality sector. Efforts to slow the spread of COVID-19—including severe reductions in travel and tourism and closures and limitations placed on bars and restaurants—contributed significantly to losses in the sector, which declined by 589,800 jobs, or 17.0 percent. The transportation and utilities sector, which added 37,100 jobs, or 2.8 percent, was the only sector to add jobs in the region during the past year. Expansion by Amazon.com, Inc. contributed significantly to the gains in the sector. In addition to opening several distribution centers

- A total of 1.55 million new and existing homes were sold in the region during the 12 months ending February 2021, and the average sales price in the region rose to \$301,200.
- Among the largest markets in the region, Miami had both the lowest apartment vacancy rate during the first quarter of 2021—4.2 percent—and the highest average monthly rent—\$1,730.

throughout the region during the past year, the company continued adding jobs at its new Operations Center of Excellence in Nashville. Hiring at the facility, which will eventually create as many as 5,000 new full-time jobs, began in mid-2019 and is expected to be completed by 2022.

Economic conditions remained weak during the first quarter of 2021, although the regional recovery from the effects of COVID-19 appears to be relatively strong. As of March 2021, nonfarm payrolls in the region totaled 28.56 million, or 4.0 percent below the total of 29.75 million jobs during February 2020, before the effects of the pandemic (not seasonally adjusted). By comparison, the number of jobs for the nation was 143.40 million during March 2021, 5.0 percent below the 150.97 million jobs during February 2020.

The unemployment rate for the region averaged 5.1 percent during the first quarter of 2021, up from the 3.9-percent rate during the first quarter of 2020, with increases in all eight states, but a decline, from 8.7 to 8.0 percent, in Puerto Rico. The

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All but one nonfarm payroll sector lost jobs in the Southeast/Caribbean region during the first quarter of 2021.

	First Quarter		Year-Over-Year Change	
	2020 (Thousands)	2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	29,664.8	28,357.9	-1,306.9	-4.4
Goods-Producing Sectors	4,161.8	4,059.2	-102.6	-2.5
Mining, Logging, & Construction	1,543.5	1,515.9	-27.6	-1.8
Manufacturing	2,618.3	2,543.4	-74.9	-2.9
Service-Providing Sectors	25,503.0	24,298.7	-1,204.3	-4.7
Wholesale & Retail Trade	4,534.8	4,448.5	-86.3	-1.9
Transportation & Utilities	1,310.3	1,347.4	37.1	2.8
Information	477.1	449.8	-27.3	-5.7
Financial Activities	1,672.8	1,653.7	-19.1	-1.1
Professional & Business Services	4,191.7	4,132.0	-59.7	-1.4
Education & Health Services	4,135.6	3,951.5	-184.1	-4.5
Leisure & Hospitality	3,471.7	2,881.9	-589.8	-17.0
Other Services	1,118.6	1,033.0	-85.6	-7.7
Government	4,590.5	4,400.8	-189.7	-4.1

Notes: Totals include data for the territories of Puerto Rico and the U.S. Virgin Islands. Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



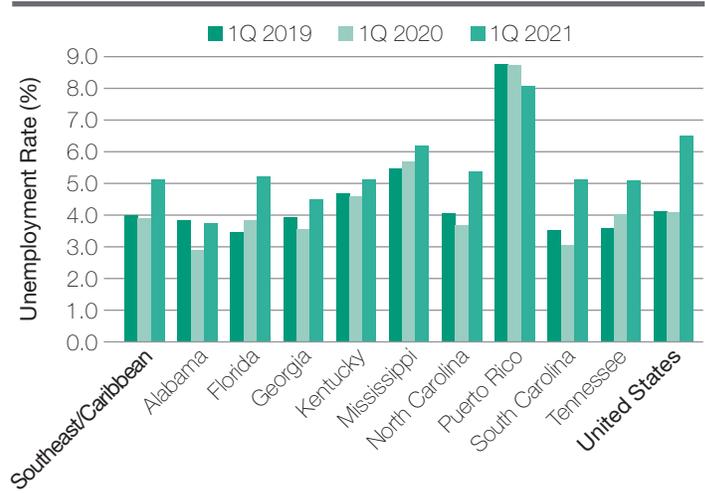
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largest percentage-point increase in the region was in South Carolina, where the unemployment rate rose to 5.1 percent, up from the 3.1-percent rate a year ago. Unemployment rates in the region ranged from 3.7 percent in Alabama to 6.2 percent in Mississippi. By comparison, the national unemployment rate rose to 6.5 percent during the first quarter of 2021, up from 4.1 percent a year ago.

During the first quarter of 2021 —

- In Florida, nonfarm payrolls averaged 8.53 million, a decrease of 534,400 jobs, or 5.9 percent. The leisure and hospitality sector, which declined by 273,500 jobs or 21.5 percent, accounted for more than one-half of the jobs lost in the state; a 34-percent decline in tourism during 2020 contributed significantly to layoffs in the sector (Visit Florida).
- The rate of job losses was less severe than the 5.4-percent decline for the nation in seven of eight states in the region; those states include Alabama, and Mississippi, where nonfarm payrolls declined 3.0 and 3.4 percent, or by 61,050 and 39,300 jobs, respectively.
- Job losses in Tennessee and North Carolina, where nonfarm payrolls declined by 103,200 and 164,100 jobs, or 3.3 and 3.6 percent, were partially offset by notable gains in the transportation and utilities sector. The sector increased by 10,750 and 17,450 jobs, or 5.8 and 10.3 percent,

During the first quarter of 2021, unemployment rates rose in all eight states in the Southeast/Caribbean region.



1Q = first quarter.
Source: U.S. Bureau of Labor Statistics

respectively, in the two states, the largest such increases in the region.

- Nonfarm payrolls decreased by 188,600, 96,400, and 81,650 jobs, or 4.1, 5.0, and 3.8 percent, respectively, in Georgia, Kentucky, and South Carolina.

Population

Population growth in the Southeast/Caribbean region equaled the rate for the nation during the past decade, although net in-migration accounted for a notably higher share of total population growth than in other regions. From 2010 to 2020, the

population in the region increased an average of 0.8 percent, or by approximately 568,800, annually, to 70.50 million (Decennial Census Estimates). The population of the nation also expanded an average of 0.8 percent a year during the period. Net in-migration

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Since 2010, population growth has exceeded the national rate in five of the eight states in the Southeast/Caribbean region.

	Population Estimate (as of April 1)			Annual Average Percentage Change	
	2000	2010	2020	2000 to 2010	2010 to 2020
United States	281,424,603	308,745,538	334,735,155	0.9	0.8
Southeast/Caribbean	57,061,576	64,808,104	70,496,016	1.3	0.8
Alabama	4,447,100	4,779,736	5,024,279	0.7	0.5
Florida	15,982,378	18,801,310	21,538,187	1.6	1.4
Georgia	8,186,453	9,687,653	10,711,908	1.7	1.0
Kentucky	4,041,769	4,339,367	4,505,836	0.7	0.4
Mississippi	2,844,658	2,967,297	2,961,279	0.4	-0.1
North Carolina	8,049,313	9,535,483	10,439,388	1.7	0.9
South Carolina	4,012,012	4,625,364	5,118,425	1.4	1.0
Tennessee	5,689,283	6,346,105	6,910,840	1.1	0.9
Puerto Rico	3,808,610	3,725,789	3,285,874	-0.2	-1.2

Source: U.S. Census Bureau



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accounted for approximately 70 percent of total population growth in the region during the past decade, the highest share of the 10 HUD regions.

From 2010 to 2020—

- Florida, which accounted for only 29 percent of the total population of the region in 2010, accounted for 48 percent of the population growth from 2010 to 2020. The population of the state increased by an average of 273,700, or 1.4 percent, a year, the largest and fastest increase in the region.
- Population growth also exceeded the national rate in Georgia, South Carolina, North Carolina, and Tennessee.

The respective populations of the four states expanded by averages of 1.0, 1.0, 0.9, and 0.9 percent, or 102,400, 49,300, 90,400, and 56,450 a year.

- The populations of Alabama and Kentucky increased by averages of 0.5 and 0.4 percent, or by approximately 24,450 and 16,650 a year, respectively.
- The population of Mississippi declined slightly during the period, while in Puerto Rico, the population fell an average of 1.2 percent a year, largely due to the impact of Hurricanes Irma and Maria in 2017, which caused many residents to leave the territory.

Sales Market Conditions

Sales market conditions in the Southeast/Caribbean region were mixed during the first quarter of 2021, ranging from balanced to tight. The volume of sales activity rose in five of the eight states in the region during the 12 months ending February 2021, and reduced levels of for-sale inventory contributed to significantly faster growth in home sales prices (Zonda). The total inventory of homes available for sale in the region declined from 3.6 months in March 2020 to 1.8 months in March 2021. The current figure is slightly higher than the national supply of 1.7 months but is only a fraction of the March high for the region—11.8 months in 2009, during the peak of the housing crisis (CoreLogic, Inc.). In Tennessee, the supply of available homes declined from 2.9 months during March 2020 to only 1.2 months—the lowest figure in the region—during March 2021.

New and existing home sales in the region (including single-family homes, townhomes, and condominiums) rose to 1.55 million

homes during the 12 months ending February 2021, up slightly from the previous 12 months (Zonda). The number of homes sold rose in five of eight states in the region, with the fastest increase in Georgia—where home sales totaled 268,400, up 6 percent from a year ago. The average new and existing home sales price increased 12 percent to \$301,200 in the region during the most recent 12 months, approximately 27 percent higher than the previous peak of \$237,300 in 2007, before the housing market crisis. Home sales prices increased at least 10 percent in five of eight states in the region, led by a 15-percent rise in Florida.

Weakening economic conditions contributed to significantly increased rates of delinquent mortgages in each state in the region during the past year. As of February 2021, 4.4 percent of home loans in the region were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, nearly triple the 1.5-percent rate in

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The number of homes sold increased in five of the eight states in the Southeast/Caribbean region during the past year, whereas the average sales price increased at least 9 percent in all states.

	12 Months Ending	Number of Homes Sold			Average	Price		
		2020	2021	Percent Change		2020 (\$)	2021 (\$)	Percent Change
Alabama (N&E)	February	70,400	69,050	-2	AVG	\$222,500	\$242,200	9
Florida (N&E)	February	605,950	590,300	-3	AVG	\$305,700	\$352,000	15
Georgia (N&E)	February	253,450	268,400	6	AVG	\$250,500	\$274,700	10
Kentucky (N&E)	February	56,950	56,750	-1	AVG	\$197,800	\$215,500	9
Mississippi (N&E)	February	13,250	13,750	4	AVG	\$245,500	\$270,700	10
North Carolina (N&E)	February	248,850	250,750	1	AVG	\$255,400	\$284,000	11
South Carolina (N&E)	February	127,000	130,350	3	AVG	\$250,100	\$282,500	13
Tennessee (N&E)	February	173,450	175,450	1	AVG	\$241,300	\$262,800	9

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: Zonda



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February 2020 and the third-highest rate of the 10 HUD regions (CoreLogic, Inc.). By comparison, the national rate rose from 1.3 percent during February 2020 to 3.9 percent during February 2021. During February 2021, rates of seriously delinquent and REO mortgages in the region ranged from a low of 3.3 percent in Kentucky to 5.7 percent in Mississippi. The largest increase in the region was in Florida, where the rate was 5.1 percent in February 2021, up from only 1.6 percent a year ago. The increased rates were due entirely to rising numbers of seriously delinquent home loans in the region, which nearly tripled during the past year, while both the number of foreclosures and the number of REOs declined in each state. The Coronavirus Aid, Relief and Economic Security (CARES) Act mitigated some of the impact of the increase of seriously delinquent mortgages during the past year. As of January 2021, approximately 426,300 home loans in the region, or 5.9 percent, were in forbearance.

Despite rising delinquency rates, new home construction increased throughout the region during the past year as for-sale inventory declined sharply, and home prices rose. The number of single-family homes permitted in the Southeast/Caribbean region rose at least 20 percent in six of the eight states.

During the first quarter of 2021 (preliminary data)—

- Approximately 85,150 single-family homes were permitted in the region, up 26 percent from 67,550 homes a year ago. By comparison, the number of single-family homes permitted in the region rose 14 percent during the first quarter of 2020.
- The largest increase in the region was in Florida, where the number of single-family homes permitted rose by 6,250 homes, or 24 percent, to 32,100.

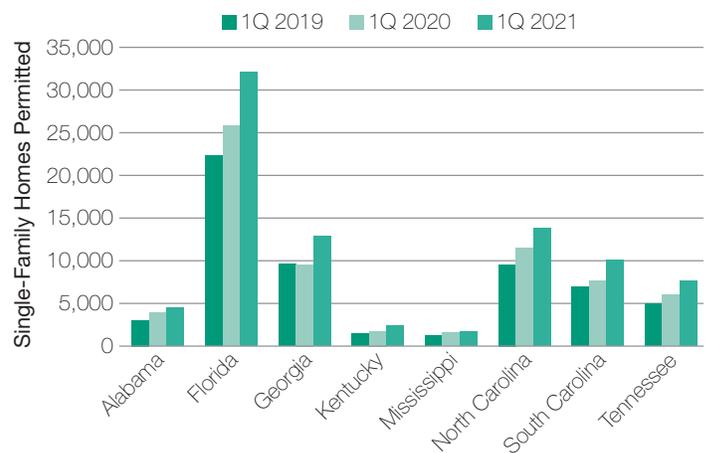
Apartment Market Conditions

Apartment market conditions in the Southeast/Caribbean region ranged from balanced to slightly tight during the first quarter of 2021. Apartment vacancy rates declined in six of eight major markets in the region. The largest decrease, 0.9 percentage points, occurred in both the Atlanta and the Columbia, South Carolina markets, where the respective apartment vacancy rates were 4.6 and 4.8 percent (RealPage, Inc.). Average apartment rents increased in seven of the eight major markets in the region, with the fastest rent growth in the region, 7 percent, in the Columbia, South Carolina market and the highest average rent, \$1,730, in the Miami market. By comparison, the average rent for the nation was \$1,441 during the first quarter of 2021, unchanged from a year ago.

In response to declining apartment vacancy rates in several major markets, the number of multifamily units permitted in the region rose during the first quarter of 2021, with increases in six

- Single-family homebuilding increased 36, 35, and 33 percent, to 2,350, 12,900, and 10,100 homes, respectively, in Kentucky, Georgia, and South Carolina—the fastest increases in the region.
- The number of single-family homes permitted rose 29 and 21 percent in Tennessee and North Carolina, to 7,650 and 13,850 homes, respectively.
- In Alabama and Mississippi, single-family home permitting increased 16 and 11 percent, respectively, to 4,450 and 1,750 homes.

During the first quarter of 2021, the number of single-family homes permitted increased throughout the Southeast/Caribbean region.



1Q = first quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

states partially offset by declines in Florida and Georgia. A total of 27,600 multifamily units were permitted in the region during the first quarter of 2021, an increase of 4,650 units, or 20 percent, following a decline of 1,450 units, or 6 percent, during the first quarter of 2020.

During the first quarter of 2021 (preliminary data)—

- The 12,900 units permitted in Florida were the most of any state in the region, although the decline of 50 units from a year ago was one of only two decreases. Significant gains in the Jacksonville and Tampa markets, where the number of multifamily units permitted more than tripled, to 2,250 and 1,975, respectively, were more than offset by declines elsewhere in the state, including in the Miami and Orlando markets, where multifamily permitting fell 55 and 11 percent, respectively, to 2,150 and 2,050 units.

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Apartment vacancy rates decreased in six of the eight major markets within the Southeast/Caribbean region during the first quarter of 2021, and the average rent increased in seven of them.

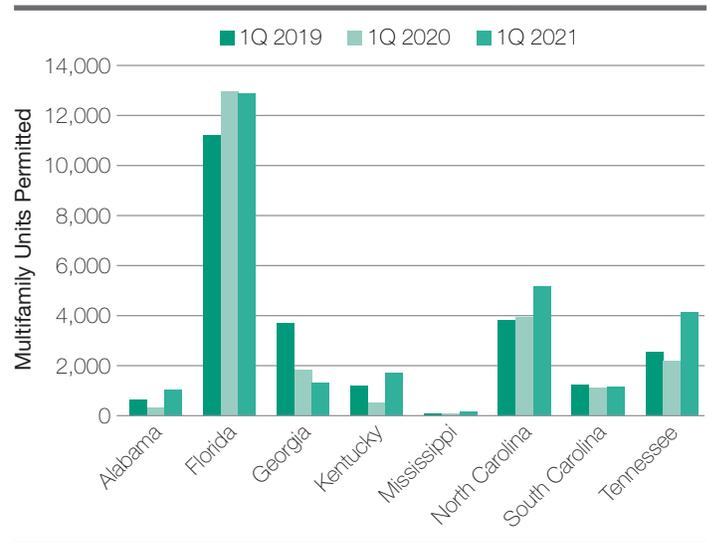
	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2020 (%)	1Q 2021 (%)	Percentage Point Change	1Q 2020 (\$)	1Q 2021 (\$)	Percent Change
Atlanta	Balanced	5.4	4.6	-0.9	1,286	1,343	4
Birmingham	Balanced	5.0	4.7	-0.3	1,024	1,050	3
Charlotte	Balanced	4.6	4.4	-0.2	1,194	1,229	3
Columbia	Balanced	5.7	4.8	-0.9	944	1,014	7
Jackson	Balanced	5.1	4.8	-0.4	905	940	4
Louisville	Balanced	5.4	4.9	-0.5	908	937	3
Miami	Slightly Tight	4.1	4.2	0.1	1,697	1,730	2
Nashville	Balanced	4.9	5.5	0.6	1,296	1,275	-1

1Q = first quarter.

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

- The fastest increases in multifamily permitting were in Kentucky and Alabama, where the number of units permitted more than tripled to 1,725 and 1,050 units, respectively. Multifamily permitting in the Louisville market rose to 490 units, up from only 45 units a year ago, which contributed to the increase in Kentucky, whereas permitting in the Auburn market, which increased from 35 to 290 units, accounted for 35 percent of the gain in Alabama.
- In Tennessee, the number of units permitted rose 90 percent to 4,125 units; that increase was due in part to a significant increase in the Nashville market area, where multifamily permitting more than doubled to 2,900 units.
- The number of multifamily units permitted in South Carolina and Mississippi rose to 1,150 and 160 units, respectively, up from 1,100 and 95 units a year ago.
- The fastest decrease in multifamily permitting in the region was in Georgia, where the number of units declined 27 percent to 1,325. A 73-percent decline in the Atlanta market, where the number of units permitted fell from 1,525 units to only 420 units, contributed significantly to the decrease in the state.

The number of multifamily units permitted rose in the Southeast/Caribbean region during the first quarter of 2021, with increases in six of the eight states.



1Q = first quarter.

Note: Based on preliminary data.

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

