

# HUD PD&R Regional Reports

## Region 4: Southeast/Caribbean



Columbia, South Carolina

### Quick Facts About Region 4

By Casey M. Blount | 2nd Quarter 2021

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

### Overview

Economic conditions in the Southeast/Caribbean region improved significantly during the second quarter of 2021 as the regional recovery from the effects of COVID-19 began to be reflected in quarterly data. Year over year, nonfarm payrolls in the region rose by 2.02 million jobs, or 7.6 percent, during the second quarter of 2021, compared with a decline of 2.86 million jobs, or 9.7 percent, during the second quarter of 2020. By comparison, nonfarm payrolls in the nation rose 8.5 percent during the second quarter of 2021 after falling 11.2 percent a year ago. The largest job gains in the region during the second quarter of 2021 were in Florida, where nonfarm payrolls rose by 574,600 jobs, whereas the fastest increase, 8.9 percent, was in Kentucky. The unemployment rate fell in all eight states in the region and Puerto Rico. Sales market conditions in the region were mixed, ranging from balanced to tight. New and existing home sales increased 16 percent in the region during the 12 months ending May 2021, and declining levels of for-sale inventory contributed to a 17-percent increase in the average home sales price. Apartment market conditions in the region ranged from balanced to tight. Average rents increased in all eight highlighted markets in the region, and

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apartment vacancy rates declined in seven (RealPage, Inc.). By comparison, the apartment vacancy rate for the nation decreased from 4.6 to 3.7 percent, and the average rent rose 4 percent, to \$1,495.

- Unemployment rates in the states of the region ranged from 3.2 percent in Alabama to 6.6 percent in Mississippi during the second quarter of 2021.

- During the 12 months ending May 2021, a total of 1.72 million new and existing homes were sold in the region, and the average sales price in the region rose to \$317,300.
- Miami had both the lowest apartment vacancy rate during the second quarter of 2021—3.3 percent—and the highest average monthly rent, \$1,814, among the largest markets in the region.

## Economic Conditions

During the second quarter of 2021, nonfarm payrolls in the region averaged 28.70 million jobs—an increase of 2.02 million jobs, or 7.6 percent, from the second quarter of 2020. Each state in the region added jobs during the past year, ranging from a 6.7-percent increase in Alabama to an 8.9-percent increase in Kentucky. Nonfarm payrolls rose by 72,850 jobs, or 9.3 percent, in Puerto Rico, but declined slightly in the U.S. Virgin Islands. Ten of the 11 nonfarm payroll sectors added jobs in the region. Many measures associated with limiting the spread of COVID-19—including severe reductions in travel and tourism and closures and limitations placed on bars and restaurants—have been relaxed, which contributed significantly to gains in the leisure and hospitality sector. The sector added 689,500 jobs, or 28.8 percent, during the second quarter of 2021—the largest and fastest increase in the region. Gains were also notable in the professional and business services, the wholesale and retail trade, and the education and health

services sectors, which increased by 331,000, 292,100, and 191,800 jobs, or 8.6, 7.0, and 5.1 percent, respectively.

Analysis of monthly data suggests that the regional recovery from the effects of COVID-19 has generally been comparable to that of the nation. As of June 2021, nonfarm payrolls in the region totaled 28.80 million, or 3.2 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 146.52 million during June 2021, 2.9 percent below the 150.97 million jobs during February 2020.

During the second quarter of 2021, the unemployment rate for the region averaged 4.8 percent, down significantly from the 11.6-percent rate during the second quarter of 2020. Unemployment rates declined in all eight states and Puerto Rico, where the rate was 7.8 percent, down from 9.0 percent a

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**Nonfarm payrolls increased significantly in the Southeast/Caribbean region during the second quarter of 2021, with gains in 10 of 11 sectors.**

	Second Quarter		Year-Over-Year Change	
	2020 (Thousands)	2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	26,678.2	28,702.1	2,023.9	7.6
Goods-Producing Sectors	3,868.7	4,111.0	242.3	6.3
Mining, Logging, & Construction	1,496.9	1,555.6	58.7	3.9
Manufacturing	2,371.8	2,555.4	183.6	7.7
Service-Providing Sectors	22,809.5	24,591.1	1,781.6	7.8
Wholesale & Retail Trade	4,177.7	4,469.8	292.1	7.0
Transportation & Utilities	1,232.3	1,333.2	100.9	8.2
Information	429.5	457.5	28.0	6.5
Financial Activities	1,627.7	1,666.4	38.7	2.4
Professional & Business Services	3,847.4	4,178.4	331.0	8.6
Education & Health Services	3,786.4	3,978.2	191.8	5.1
Leisure & Hospitality	2,390.1	3,079.6	689.5	28.8
Other Services	941.2	1,055.3	114.1	12.1
Government	4,377.2	4,372.6	-4.6	-0.1

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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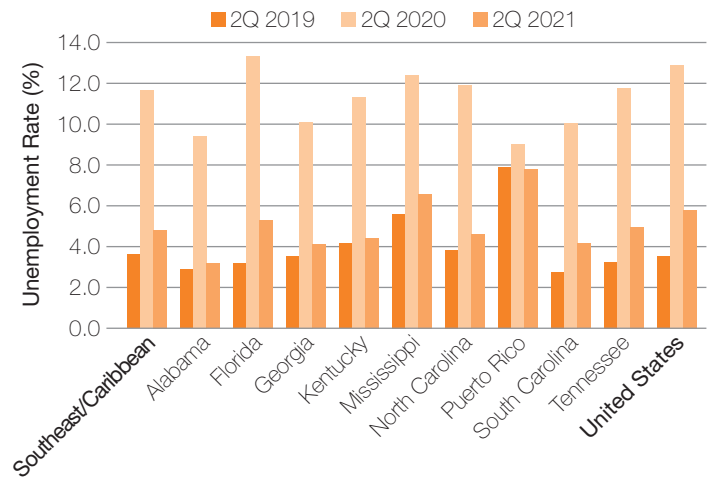
year ago. The largest percentage-point decrease in the region was in Florida, where the unemployment rate fell from 13.3 to 5.3 percent. State unemployment rates in the region ranged from 3.2 percent in Alabama to 6.6 percent in Mississippi. By comparison, the national unemployment rate was 5.8 percent during the second quarter of 2021, less than one-half of the 12.9-percent rate a year ago.

During the second quarter of 2021 —

- In Florida, nonfarm payrolls averaged 8.63 million, an increase of 574,600 jobs, or 7.1 percent. Approximately 40 percent of the statewide gains were in the leisure and hospitality sector, which added 231,200 jobs, or 28.3 percent, the largest and fastest expansion of any sector. The sector benefited significantly from the reopening of several theme parks that were closed during the second quarter of 2020, including Walt Disney World Resort and Universal Orlando Resort, which accounted for approximately 73,000 and 23,000 jobs, respectively, before COVID-19.
- Kentucky was the only state in the region where the rate of job gains was faster than the 8.4-percent increase for the nation. Nonfarm payrolls in the state rose by 152,800 jobs, or 8.9 percent, including an increase of 55,450 jobs, or 9.3 percent, in the Louisville market, which accounted for approximately 37 percent of the statewide increase.

- The number of jobs in North Carolina, Georgia, Tennessee, and South Carolina increased by 332,400, 311,900, 216,600, and 155,600, or 8.0, 7.5, 7.6, and 7.9 percent, respectively.
- The slowest rate of job growth in the region, 6.7 percent, was in Alabama, whereas Mississippi added the fewest jobs, 80,900.

**Unemployment rates fell sharply in all eight states in the Southeast/Caribbean region during the second quarter of 2021.**



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 2021, ranging from balanced to tight. The volume of sales activity increased in each of the eight states in the region during the 12 months ending May 2021, and reduced levels of for-sale inventory contributed to rising home sales prices (Zonda). The total inventory of homes available for sale in the region declined from 2.6 months in June 2020 to 1.3 months in June 2021 (CoreLogic, Inc.). The current figure is slightly lower than the national supply of 1.4 months and is only a fraction of the June high for the region—9.9 months in 2010, during the peak of the housing crisis (CoreLogic, Inc.). The lowest figure in the region was in South Carolina, where the supply of available homes declined from 2.8 months during June 2020 to only 0.9 month during June 2021.

New and existing home sales in the region (including single-family homes, townhomes, and condominiums) rose to 1.72 million homes during the 12 months ending May 2021, up 16 percent from the previous 12 months (Zonda). The number of homes sold increased at least 10 percent in each of the eight states in the region, with the fastest increase in

Georgia, where home sales totaled 292,000—up 19 percent from a year ago. The average new and existing home sales price increased 17 percent to \$317,300 in the region during the most recent 12 months, approximately 34 percent higher than the previous peak of \$237,300 in 2007, before the housing market crisis. Home sales prices rose at least 10 percent in seven of eight states in the region, led by a 21-percent increase in Florida.

Rates of delinquent mortgages rose in each state in the region during the past year due to weak economic conditions associated with COVID-19. As of May 2021, 3.6 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 double the 1.9-percent rate in May 2020 and the third highest rate of the 10 HUD regions (CoreLogic, Inc.). By comparison, the national rate rose from 1.6 percent during May 2020 to 3.3 percent during May 2021. Rates of seriously delinquent and REO mortgages in the region ranged from a low of 2.8 percent in Kentucky to 4.9 percent in Mississippi during May 2021. The largest increase in the region was in Florida, where the rate was 4.1 percent in May 2021,

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up from only 2.0 percent a year ago. The increased rates were due entirely to rising numbers of home loans 90 or more days delinquent, which nearly doubled in the region during the past year. The number of foreclosures and the number of REOs in the region fell by 15 and 55 percent, respectively, with both figures declining in each state. The Coronavirus Aid, Relief, and Economic Security (CARES) Act mitigated some of the impact of the increase in mortgages 90 or more days delinquent during the past year. As of April 2021, approximately 343,900 home loans in the region, or 4.7 percent, were in forbearance.

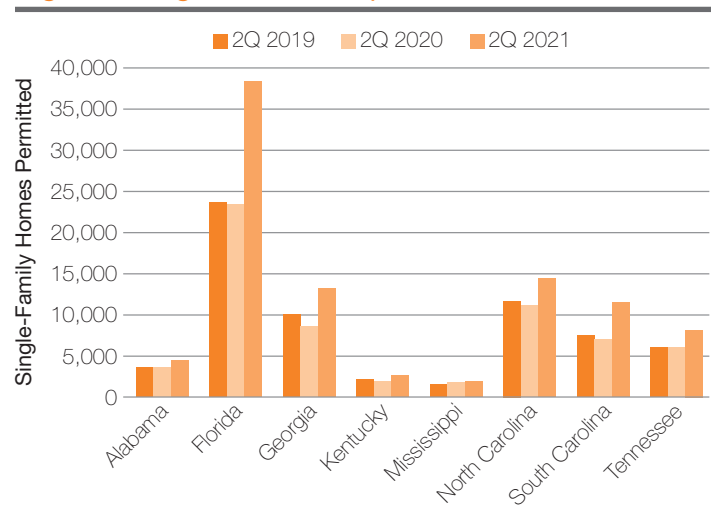
In response to sharply declining levels of for-sale inventory and rising home prices, new home construction increased throughout the region during the past year. The number of single-family homes permitted in the Southeast/Caribbean region rose at least 30 percent in five of eight states.

During the second quarter of 2021 (preliminary data) —

- Approximately 94,550 single-family homes were permitted in the region, up 50 percent from 63,150 homes a year ago. By comparison, the number of single-family homes permitted in the region decreased 5 percent during the second quarter of 2020.
- The largest increase in the region was in Florida, where the number of single-family homes permitted rose by 15,050 homes, or 64 percent, to 38,400. The Jacksonville, Orlando, and Tampa markets, where the number of homes permitted rose by 65, 53, and 39 percent, to 4,575, 5,150, and 5,150, respectively, combined to account for about one-third of the statewide increase.

- Single-family homebuilding increased 64 and 53 percent, to 11,400 and 13,150 homes, respectively, in South Carolina and Georgia.
- The number of single-family homes permitted rose 41, 36, and 29 percent in Kentucky, Tennessee, and North Carolina, to 2,650, 8,150, and 14,400 homes, respectively.
- In Alabama and Mississippi, single-family home permitting increased 27 and 12 percent, respectively, to 4,500 and 1,875 homes.

The number of single-family homes permitted increased throughout the Southeast/Caribbean region during the second quarter of 2021.



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

The number of homes sold rose at least 10 percent in each of the eight states in the Southeast/Caribbean region during the past year, whereas the average sales price increased at least 10 percent in seven states.

	12 Months Ending	Number of Homes Sold				Price		
		2020	2021	Percent Change	Average	2020 (\$)	2021 (\$)	Percent Change
Alabama (N&E)	May	67,600	76,750	14	AVG	\$223,300	\$246,200	10
Florida (N&E)	May	566,200	667,900	18	AVG	\$309,700	\$374,700	21
Georgia (N&E)	May	244,800	292,000	19	AVG	\$252,400	\$284,500	13
Kentucky (N&E)	May	55,550	61,150	10	AVG	\$200,100	\$218,300	9
Mississippi (N&E)	May	12,800	14,750	15	AVG	\$250,000	\$275,600	10
North Carolina (N&E)	May	241,500	269,000	11	AVG	\$257,500	\$295,700	15
South Carolina (N&E)	May	122,500	143,700	17	AVG	\$253,200	\$300,000	18
Tennessee (N&E)	May	168,300	191,200	14	AVG	\$244,100	\$273,700	12

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



# Apartment Market Conditions

During the second quarter of 2021, apartment market conditions in the Southeast/Caribbean region ranged from balanced to tight. Apartment vacancy rates declined in seven of the eight major markets in the region. The largest decrease, 2.0 percentage points, was in the Columbia, South Carolina market, where the rate fell from 6.1 to 4.1 percent (RealPage, Inc.). Average apartment rents increased in all eight major markets in the region, with growth of at least 5 percent in seven of them. The fastest rent growth in the region, 11 percent, was in the Atlanta market, where the apartment vacancy rate declined from 5.6 to 3.8 percent. Both the lowest apartment vacancy rate, 3.3 percent, and the highest average rent, \$1,814, occurred in the Miami market. By comparison, the apartment vacancy rate for the nation was 3.7 percent during the second quarter of 2021, down from 4.6 percent during the second quarter of 2020. The average rent for the nation was \$1,495, up 4 percent 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 second quarter of 2021, with significant increases in Florida, Georgia, Tennessee, and North Carolina partially offset by declines in the remaining four states. A total of 32,450 multifamily units were permitted in the region during the second quarter of 2021, an increase of 8,025 units, or 33 percent, following a decline of 1,425 units, or 6 percent, during the second quarter of 2020.

During the second quarter of 2021 (preliminary data)—

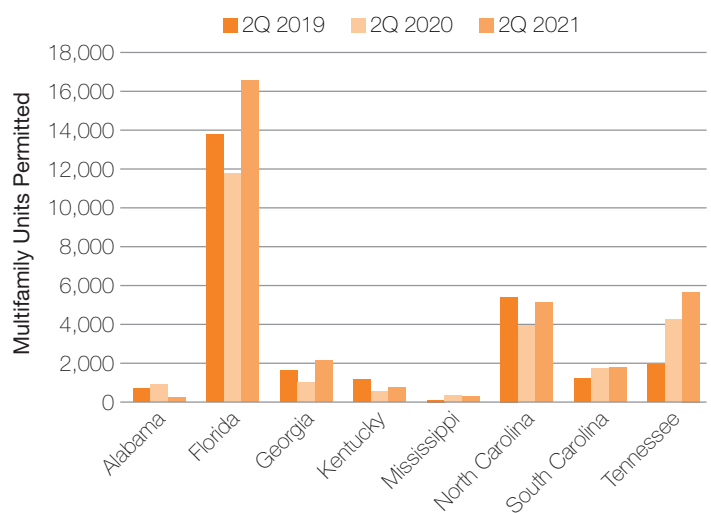
- The total of 16,550 units permitted in Florida was the largest for any state in the region, as was the increase of 4,800 units from a year ago. The Orlando, Miami, and Tampa

markets contributed significantly to the statewide increase. Multifamily permitting in the three markets rose 44, 41, and 38 percent, respectively, to 3,350, 5,250, and 1,650 units.

- The fastest gains in multifamily permitting in the region were in Georgia, where the number of units permitted more than doubled to 2,150. The number of units permitted nearly tripled to 1,475 in the Atlanta market, which accounted for much of the increase in the state.

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The number of multifamily units permitted rose in the Southeast/Caribbean region during the second quarter of 2021 due to significant increases in five of the eight states.



2Q = second quarter.

Note: Based on preliminary data.

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

During the second quarter of 2021, apartment vacancy rates decreased in seven of the eight major markets within the Southeast/Caribbean region, and the average rent increased in all of them.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2020 (%)	2Q 2021 (%)	Percentage Point Change	2Q 2020 (\$)	2Q 2021 (\$)	Percent Change
Atlanta	Slightly Tight	5.6	3.8	-1.8	1,272	1,415	11
Birmingham	Balanced	5.2	4.3	-0.9	1,015	1,086	7
Charlotte	Slightly Tight	5.0	3.8	-1.2	1,188	1,290	9
Columbia	Balanced	6.1	4.1	-2.0	956	1,052	10
Jackson	Balanced	4.2	4.4	0.2	915	969	6
Louisville	Balanced	5.5	4.3	-1.2	913	960	5
Miami	Tight	4.8	3.3	-1.5	1,676	1,814	8
Nashville	Balanced	5.0	4.5	-0.5	1,277	1,326	4

2Q = second quarter.

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



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- In Tennessee and North Carolina, the number of units permitted rose 33 and 30 percent, respectively, to 5,650 and 5,125. The increase in Tennessee was due in part to a 40-percent increase in the Nashville market, where the number of units permitted rose from 3,125 to 4,375. Multifamily permitting rose to 840 units in the Durham market, up from 10 units a year ago, which contributed significantly to the increase in North Carolina.
- Multifamily permitting rose 36 percent to 720 units in Kentucky and 3 percent to 1,775 units in South Carolina. In Mississippi, multifamily permitting declined 18 percent to 280 units.
- The fastest decrease in multifamily permitting in the region was in Alabama, where the number of units fell 76 percent from a year ago, to 210 units. The number of units permitted declined in several markets in the state, including a 94-percent decrease from 300 units to 15 units in Auburn-Opelika, an 85-percent decrease from 230 to 35 units in Birmingham, and a 43-percent decrease from 200 to 120 units in Tuscaloosa.

