

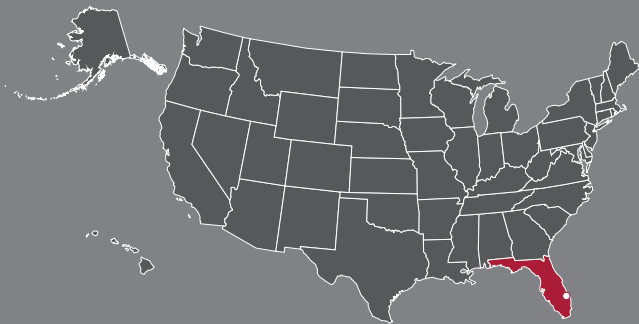
# HUD PD&R Housing Market Profiles

## West Palm Beach-Boca Raton-Delray Beach, Florida



### Quick Facts About West Palm Beach-Boca Raton-Delray Beach

- **Current sales market conditions: balanced**
- **Current apartment market conditions: balanced**
- **Palm Beach County continued a streak of 10 consecutive record-breaking years of tourism figures, with 8.02 million visitors in 2018, up 1.7 percent from a year earlier (Discover the Palm Beaches). The tourism industry had a \$7.4 billion economic impact on the metropolitan area in 2018.**



By Katharine Jones | As of November 1, 2019

### Overview

The West Palm Beach-Boca Raton-Delray Beach (hereafter, West Palm Beach) metropolitan area is coterminous with the metropolitan division of the same name. The metropolitan division is part of the Miami-Fort Lauderdale-West Palm Beach Metropolitan Statistical Area (hereafter, the Miami MSA). The West Palm Beach metropolitan area covers Palm Beach County and is located along the Atlantic coast in South Florida. The urban core, which includes most of the metropolitan area population and jobs, is concentrated within a 13-mile band along the East Coast. Agriculture and related uses, including sugarcane, vegetables, and equestrian facilities, cover much of the central and western portions of the metropolitan area.

- The population is currently estimated at 1.5 million, increasing an average of 18,750 people a year, or 1.3 percent, since 2010, with net in-migration accounting for 99 percent of the growth. The largest share of in-migrants moved from other areas within the Miami MSA, followed by residents who relocated from the New York-Newark-Jersey City MSA (2013–2017 American Community Survey [ACS] 5-year estimates).
- Population growth was strong from 2013 to 2016, averaging 24,100 people, or 1.7 percent, annually. Since then,

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in response to slower job growth, population growth has decelerated to an average annual increase of only 14,250 people, or 1.0 percent.

- No state income tax, a warm and sunny climate, and recreational amenities that include sandy beaches and golf

courses make the area attractive to retirees. As a result, the population of the metropolitan area is older than the national average. The median age in the West Palm Beach metropolitan area was 44.9 in 2018, compared with 42.2 in the state of Florida and 38.2 nationally (2018 ACS 1-year estimates).

## Economic Conditions

The economy of the West Palm Beach metropolitan area has expanded each year since the local economic downturn from 2007 to 2010, although job growth has slowed notably since 2017. From 2013 through 2016, nonfarm payrolls increased by an average of 21,000 jobs, or 3.8 percent, annually and the metropolitan area recovered the number of jobs lost during the Great Recession by the end of 2015. Job growth slowed by approximately one-half in 2017 and 2018, however, with average annual gains of only 11,800 jobs, or 1.9 percent, each year.

During the 3 months ending October 2019—

- Nonfarm payrolls averaged 641,200, an increase of 13,300 jobs, or 2.1 percent, from the same period a year earlier. The service-providing sectors, which account for more than 90 percent of total nonfarm payrolls, contributed less than 83 percent of the job growth in the past year. Job gains across most sectors more than offset the moderate declines in the other services, the information, and the wholesale and retail trade sectors, which totaled 2,200 jobs lost.

- The professional and business services sector led job growth, adding 4,000 jobs, or 3.5 percent, compared with a year earlier. Nearly 90 percent of the area job growth was in the professional, scientific, and technical services industry. In mid-2018, Pratt & Whitney announced an expansion of its fighter jet engine research campus and thus the manufacturing facility in the city of Jupiter, with plans to hire 215 workers—primarily engineers in its research division—by 2021.
- The mining, logging, and construction sector contributed to job growth, adding 1,600 jobs, or 4.2 percent, from a year earlier. Virtually all jobs in the sector are in the construction subsector. In addition to numerous residential projects currently under construction, several large, mixed-use development and hotel projects are underway in the metropolitan area. Two mixed-use developments—One West Palm in West Palm Beach, and Atlantic Crossing in Delray Beach—will have retail, restaurant, and office space on completion in 2021 and 2022, respectively. To support the growing number of tourists visiting

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### Job gains in eight payroll sectors in the West Palm Beach metropolitan area more than offset declines in the three sectors that lost jobs.

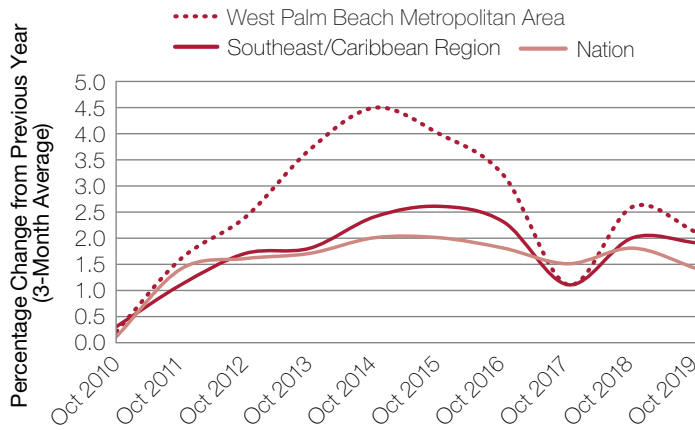
	3 Months Ending		Year-Over-Year Change	
	October 2018 (Thousands)	October 2019 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	627.9	641.2	13.3	2.1
Goods-Producing Sectors	58.8	61.1	2.3	3.9
Mining, Logging, & Construction	38.5	40.1	1.6	4.2
Manufacturing	20.3	21.0	0.7	3.4
Service-Providing Sectors	569.1	580.1	11.0	1.9
Wholesale & Retail Trade	103.0	102.9	-0.1	-0.1
Transportation & Utilities	13.1	13.6	0.5	3.8
Information	10.9	10.1	-0.8	-7.3
Financial Activities	42.1	44.0	1.9	4.5
Professional & Business Services	114.9	118.9	4.0	3.5
Education & Health Services	101.8	104.5	2.7	2.7
Leisure & Hospitality	85.5	87.2	1.7	2.0
Other Services	32.5	31.2	-1.3	-4.0
Government	65.3	67.8	2.5	3.8
	<b>(Percent)</b>	<b>(Percent)</b>		
Unemployment Rate	3.5	3.3		

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



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**For most of the past decade, nonfarm payroll growth in the West Palm Beach metropolitan area has outpaced the region and the nation.**



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

the area, the Amrit Wellness Resort and the Mandarin Oriental Hotel will add more than 330 hotel rooms, combined, during the next 2 years. These construction projects will positively impact payrolls in the leisure and hospitality sector.

- Resident employment growth of 14,000 workers, or 2.0 percent from a year earlier, outpaced growth in the labor force. As a result, the unemployment rate averaged 3.3 percent, down from 3.5 percent a year ago and significantly down from the previous peak of 11.0 percent in 2010.

### Sales Market Conditions

Sales housing market conditions in the West Palm Beach metropolitan area are currently balanced, with an estimated vacancy rate of 1.5 percent, down from 3.4 percent in April 2010 when conditions were soft. As of October 2019, the metropolitan area had 5.0 months of for-sale inventory available, down from 5.2 months of inventory a year ago (Broward, Palm Beaches, and St. Lucie Realtors®, with adjustments by the analyst). As of September 2019, 1.4 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 2.0 percent a year earlier (CoreLogic, Inc.). The decline in seriously delinquent home loans in the metropolitan area following the national housing crisis has been dramatic. After peaking at 20.4 percent in May 2010, more than double the peak national rate of 8.6 percent in February 2010, the metropolitan area delinquency rate is now equal to the national level.

During the 12 months ending September 2019—

- Housing demand weakened, partially in response to slowing job and population growth, causing existing home sales—including single-family homes, townhomes, and

The elderly share of the population in the West Palm Beach metropolitan area is growing in part because of the large number of retirees migrating to the area, many of whom are from the Northeast. Seniors aged 60 or older were 30 percent of the population in 2018, up from 27 percent in 2010. By contrast, in 2018 seniors aged 60 or older represented 22 percent of the national population, up from 19 percent in 2010 (2010 and 2018 ACS 1-year estimates). The older population has increased demand for healthcare services. During the 3 months ending October 2019, the education and health services sector added 2,700 jobs, or 2.7 percent, compared with the same period a year earlier. Healthcare jobs in the hospital and the ambulatory care industries accounted for more than 60 percent of the sector payrolls during the period, due in part to several notable expansions in recent years. In July 2019, Good Samaritan Medical Center, part of Tenet Healthcare, opened a new emergency room in the city of West Palm Beach. In addition, Mount Sinai New York and NYU Langone, two New York-based healthcare providers, have both opened medical centers in the metropolitan area since 2016 and the Hospital for Special Surgery of New York is scheduled to open in January 2020.

### Largest Employers in the West Palm Beach Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Publix Super Markets, Inc.	Retail Trade	38,241
Tenet Healthcare Corporation	Education & Health Services	6,136
NextEra Energy, Inc.	Transportation & Utilities	4,005

Note: Excludes local school districts.  
Source: Moody's Analytics

condominiums—to decline 5 percent from a year earlier to 39,150 (CoreLogic, Inc., with adjustments by the analyst).

- The average sales price for an existing home was \$351,300, an increase of 4 percent from the previous 12 months. The current price is 76 percent higher than the recent low price of \$199,900 during 2011—a result of the Great Recession, the national housing crisis, and the elevated number of seriously delinquent loans and REO sales in the metropolitan area.
- New homes sales—including single-family homes, townhomes, and condominiums—totaled 1,950, up 2 percent from the previous 12 months. The average new home sales price declined 4 percent to \$627,600.
- Condominium and townhome sales accounted for 42 percent of all new and existing home sales, down slightly from 44 percent during the 12 months ending September 2018 (MIAMI Association of Realtors®).

Single-family homebuilding activity, as measured by the number of single-family homes permitted, averaged 2,525 new homes annually

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In 2018 and 2019, price growth of existing homes outpaced that of new homes in the West Palm Beach metropolitan area.

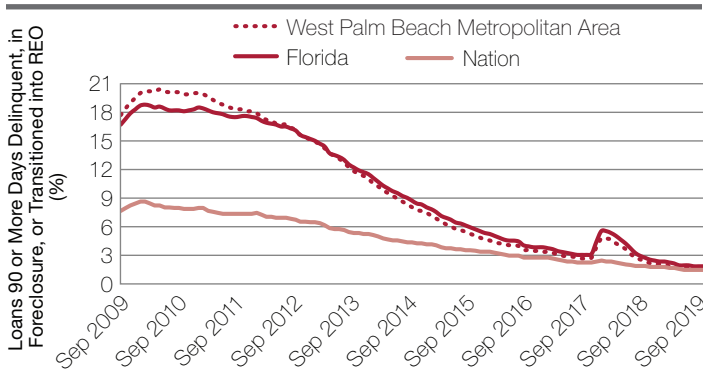


Note: New and existing home sales prices include single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

from 2012 through 2016, when population and job growth were strong. Despite weaker population and job growth in 2017 and 2018, single-family homebuilding activity increased to an average of 2,800 new homes annually. The increase in single-family homebuilding, however, was offset by a decrease in multifamily construction, which resulted in a 15-percent decline in total housing units permitted in 2017 and 2018.

- During the 12 months ending October 2019, 3,100 single-family homes were permitted, up 8 percent from a year earlier (preliminary data).
- More than one-half of the metropolitan area single-family construction since 2010 has occurred inland and in unincorporated areas where there is more land for development and land costs are lower. In the city of Loxahatchee, which is situated approximately 11 miles inland, 388 lots opened in the

Despite a spike following the impacts of Hurricane Irma in 2017, the share of seriously delinquent home loans in the West Palm Beach metropolitan area has returned to national levels.



REO = real estate owned. Source: CoreLogic, Inc., with adjustments by the analyst

Demand for new and existing homes has slowed in the West Palm Beach metropolitan area following the deceleration in job and population growth since 2017.

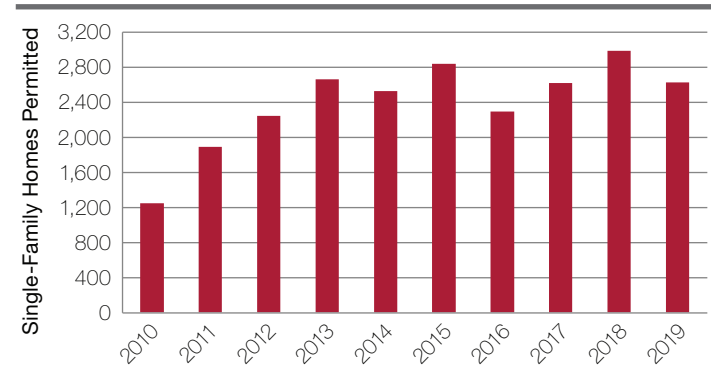


Note: New and existing home sales include single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

Westlake subdivision in August 2019. The price in Westlake for a two-bedroom single-family home with two bathrooms starts at \$317,000.

- Construction began on the 83-unit La Clara condominium building in the city of West Palm Beach in mid-2019. Prices for one-, two-, and three-bedroom units range from \$2 million to \$5 million. The building is expected to be complete in mid-2021.
- In response to housing demand for the aging population in the area, the Valencia Sound subdivision is being constructed within the Valencia Bay community in Boynton Beach. Restricted to households ages 55 and older, the first 13 units began construction in the third quarter of 2019. Once completed, the gated community will have 653 homes, with two-bedroom single-family homes with two bathrooms starting at \$484,900.

Single-family home permitting in the West Palm Beach metropolitan area has remained elevated since 2012, despite the slower population and job growth that began in 2017.



Note: Includes preliminary data from January 2019 through October 2019. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



## Apartment Market Conditions

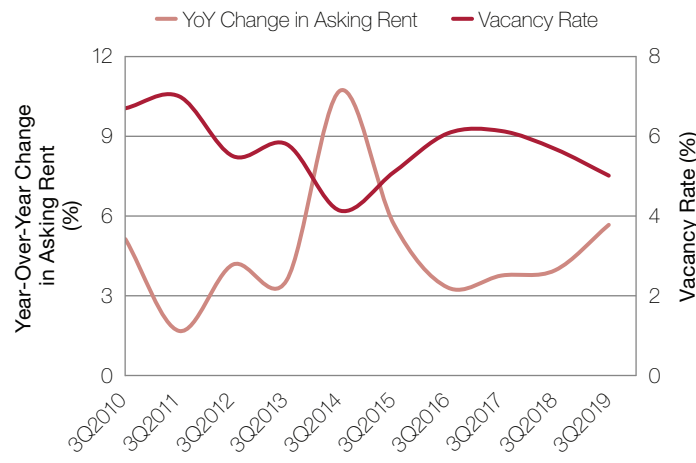
The West Palm Beach metropolitan area apartment market is currently balanced. Apartment construction has met the demands for the growing population, and the apartment market has been balanced since 2016. The apartment vacancy rate during the third quarter of 2019 was 5.0 percent, down from 5.7 percent a year earlier, and the average rent increased 6 percent to \$1,644 (RealPage, Inc.).

During the third quarter of 2019—

- Of the five RealPage, Inc.-defined market areas in the metropolitan area, the Boca Raton market area had the highest rents and the fastest rent growth. The average rent increased 8 percent from a year earlier to \$1,999, and the vacancy rate was 5.7 percent, down from 6.0 percent a year earlier.
- The Lake Worth/Greenacres/Wellington market area had the lowest rents and the lowest vacancy rates in the metropolitan area. The average rent increased 6 percent to \$1,386, and the vacancy rate declined to 3.6 percent, down from 3.8 percent a year earlier.
- The highest vacancy rate was in the North Palm Beach market area, with a 6.3-percent vacancy rate, down slightly from 6.4 percent a year earlier, and the average rent increased 4 percent to \$1,702.
- Rent growth in the West Palm Beach market area averaged 5 percent, up to \$1,451, and the vacancy rate decreased from 5.7 percent a year earlier to 4.1 percent.

Multifamily construction activity in the metropolitan area, as measured by the number of units permitted, decreased during the most recent 12 months and has generally declined since 2017

**The apartment market in the West Palm Beach metropolitan area has been balanced since 2016, with moderate rent growth and vacancy rates.**

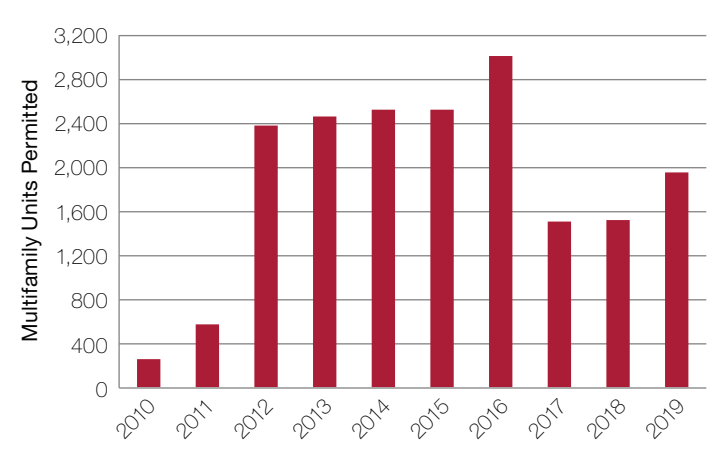


3Q = third quarter. YoY = year-over-year.  
Source: RealPage, Inc.

when job and population growth started to slow. During the 12 months ending October 2019, approximately 2,000 multifamily units were permitted, down 7 percent from the previous 12-month period (preliminary data).

- Multifamily permitting averaged nearly 2,600 units annually from 2012 to 2016. In 2017 and 2018, the number of multifamily units permitted decreased to an average of 1,525 units annually.
- Condominium construction has increased in the West Palm Beach metropolitan area, but most multifamily construction is for apartments. Since 2017, approximately 20 percent of multifamily construction has been for condominiums, up from an average of only 5 percent from 2012 through 2016 (CBRE SupplyTrack database, with adjustments by the analyst). By comparison, from 2000 to 2009, an average of 30 percent of multifamily construction was for condominiums.
- The cities with the largest share of multifamily construction since 2012 are Boca Raton and West Palm Beach, with 22 and 20 percent of the metropolitan area multifamily construction, respectively.
- The 251-unit Oversea at Flagler Banyan Square, located in the city of West Palm Beach, is currently preleasing, as construction is scheduled for completion in December 2019. Rents for the studio, one-, two-, and three-bedroom units start at approximately \$1,650, \$1,940, \$2,470, and \$3,070, respectively.
- Construction is underway on the 456-unit Uptown Boca in Boca Raton, which will have one-, two-, three-, and four-bedroom units. The development is expected to open in late 2020, although rents have not yet been announced.

**Multifamily permitting in the West Palm Beach metropolitan area declined sharply in 2017 and remains below 2012-to-2016 levels.**



Note: Includes preliminary data from January 2019 through October 2019.  
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

