

HUD PD&R Housing Market Profiles

West Palm Beach-Boca Raton-Boynton Beach, Florida



Quick Facts About West Palm Beach-Boca Raton-Boynton Beach

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: balanced.**
- **The Port of Palm Beach, the fourth busiest port in Florida, contributes \$260 million in revenue to the local area and supports 2,400 direct and indirect jobs annually (Port of Palm Beach).**



By Robyn E. Bowen | As of December 1, 2013

Overview

The West Palm Beach-Boca Raton-Boynton Beach, FL Metropolitan Division (hereafter, the West Palm Beach metropolitan area), coterminous with Palm Beach County, is on the southeast coast of Florida. The tropical climate draws millions of people to the area annually. In 2012, approximately 4.9 million people visited the metropolitan area, an increase of 10 percent from 2011 (Palm Beach County Convention and Visitors Bureau). Tourism had a \$5 billion total economic impact on the metropolitan area in 2012.

- As of December 1, 2013, the estimated population of the metropolitan area was 1.35 million.
- Since April 1, 2010, the population has increased by an average of 8,975, or 0.7 percent, annually compared with an average annual increase of 6,625, or 0.5 percent, from 2007 through 2009.
- Net in-migration has accounted for nearly 90 percent of population growth since 2010, as the economy began to improve, compared with 67 percent of population growth from 2007 through 2009, when job losses peaked.



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The unemployment rate in the West Palm Beach area declined to its lowest level since 2008.

	3 Months Ending		Year-Over-Year Change	
	November 2012 (thousands)	November 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	521.3	532.8	11.5	2.2
Goods-producing sectors	40.2	38.1	-2.1	-5.2
Mining, logging, and construction	24.8	23.9	-0.9	-3.6
Manufacturing	15.2	14.0	-1.2	-7.9
Service-providing sectors	481.1	494.7	13.6	2.8
Wholesale and retail trade	91.1	95.9	4.8	5.3
Transportation and utilities	9.0	9.4	0.4	4.4
Information	9.1	9.0	-0.1	-1.1
Financial activities	36.6	36.4	-0.2	-0.5
Professional and business services	90.3	93.4	3.1	3.4
Education and health services	83.3	85.4	2.1	2.5
Leisure and hospitality	71.2	72.7	1.5	2.1
Other services	26.6	27.0	0.4	1.5
Government	64.0	65.5	1.5	2.3
	(percent)	(percent)		
Unemployment rate	8.1	6.7		

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

Economic Conditions

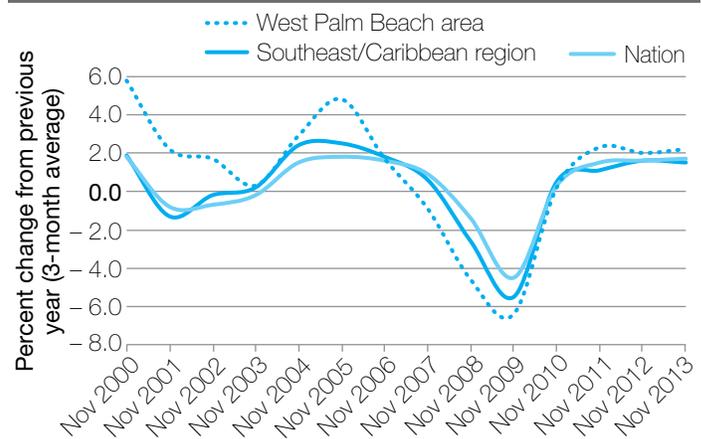
Nonfarm payroll jobs in the West Palm Beach metropolitan area have increased since 2010 after recording 4 years of annual economic decline, during which an average of 16,000 jobs, or 2.9 percent, were lost annually.

During the 3 months ending November 2013—

- Nonfarm payrolls increased by 11,500 jobs, or 2.2 percent, from the same 3-month period in 2012 to an average of 532,800 jobs, after increasing by 10,200 jobs, or 2.0 percent, from the same 3 months in 2011.
- The wholesale and retail trade and the professional and business services sectors continued to lead job growth, a trend that began in 2010, increasing by 4,800 and 3,100 jobs, or 5.3 and 3.4 percent, respectively, from the same 3-month period of the previous year.
- The unemployment rate declined to an average of 6.7 percent from 8.1 percent during the same 3-month period a year ago and from the peak of 11.4 percent recorded in 2011.

Palm Beach Outlets, a mall with more than 100 retailers, is expected to open in the city of West Palm Beach in February 2014 and add approximately 1,575 full-time jobs. The mall is expected to have an economic impact of nearly \$320 million on the local economy annually.

Nonfarm payroll job growth in the West Palm Beach area has outpaced growth in the nation since 2010.



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

Largest employers in the West Palm Beach area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Palm Beach County	Government	11,400
Tenet Healthcare Corporation	Education and health services	6,100
NextEra Energy, Inc.	Transportation and utilities	3,625

Note: Excludes local school districts.
Source: Business Development Board of Palm Beach County

Sales Market Conditions

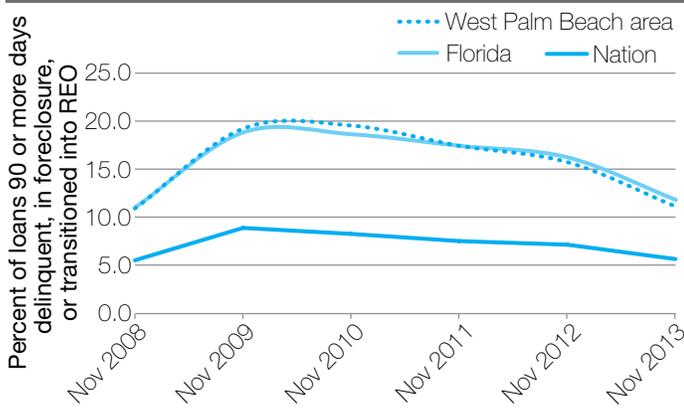
The West Palm Beach metropolitan area sales housing market is balanced, with a vacancy rate of 2.3 percent compared with the rate of 3.4 percent recorded in April 2010. During the 12 months ending October 2013, existing home sales totaled nearly 28,600, an increase of 5,700 homes, or 25 percent, from the same 12-month period a year earlier (CoreLogic, Inc.). The average sales price of an existing home increased to \$273,000, up 14 percent from the 12 months ending October 2012 as the number of REO (Real Estate Owned) sales declined. New home sales totaled 2,375 during the 12 months ending October 2013, up by 570 homes, or 32 percent, from the same 12-month period a year ago. The average new home sales price was \$504,600, up 11 percent from the previous 12 months.

Improving economic conditions led to increased home sales prices in the West Palm Beach area during the past year.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

The percentage of distressed homes and REO properties in the West Palm Beach area continued to fall as the economy improved.

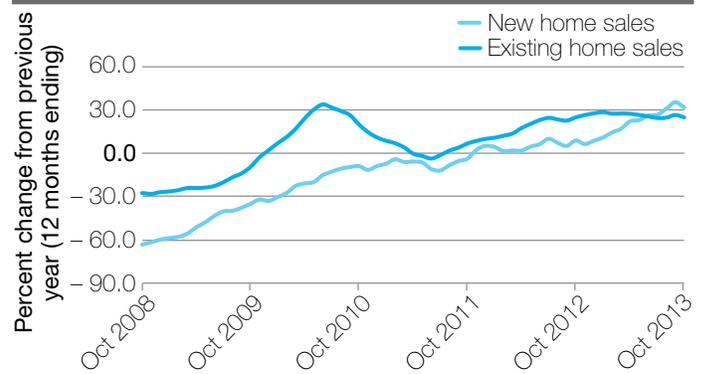


REO = Real Estate Owned. Source: Black Knight Financial Services, Inc.

- From 2009 through 2011, existing and new home sales averaged nearly 12,800 and 1,300 homes annually, respectively.
- The number of REO homes sold declined to 4,825 homes during the 12 months ending October 2013, down from 6,650 homes during the previous 12-month period and a peak of 8,575 homes sold in 2011.
- As of November 2013, 11.1 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 15.7 percent in November 2012; the number of these loans declined from 31,100 in November 2012 to 19,200 in November 2013 (Black Knight Financial Services, Inc.).

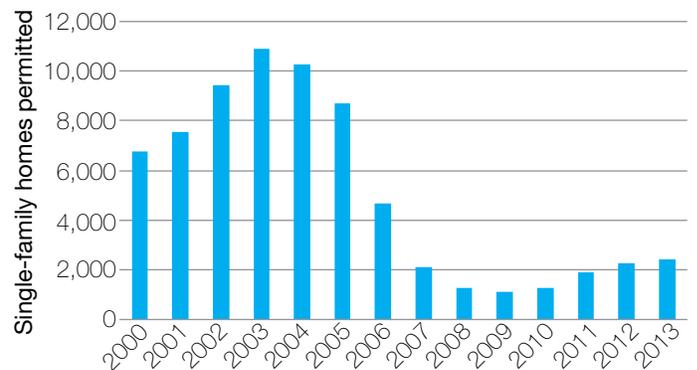
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Although existing home sales increases leveled off during the past year, home sales continued to increase in the West Palm Beach area because the inventory of homes for sale remained low.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

Single-family building activity continued to increase in the West Palm Beach area as home sales rose.



Note: Includes preliminary data from January 2013 through November 2013. Source: U.S. Census Bureau, Building Permits Survey



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- Approximately 640 new foreclosures were filed in November 2013 compared with 660 new foreclosures filed in November 2012, nearly a 3-percent decline; by comparison, 1,200 new foreclosures were filed in November 2011, a 45-percent decrease from the previous year (Clerk & Comptroller, Palm Beach County).

Improving sales market conditions in the West Palm Beach metropolitan area led to an increase in single-family homebuilding activity, as measured by the number of homes permitted, during the 3 months ending November 2013.

Apartment Market Conditions

Apartment market conditions in the West Palm Beach metropolitan area are balanced, because the economy has improved and the demand for apartments has increased.

During the fourth quarter of 2013—

- The apartment vacancy rate was 5.0 percent, down from 6.0 percent during the fourth quarter of 2012 (MPF Research).
- The average asking rent was nearly \$1,225, up approximately 7 percent from the fourth quarter of 2012.
- The Lake Worth/Greenacres/Wellington submarket, which has the largest apartment market in the metropolitan area, had a vacancy rate of 4.3 percent, down from 6.2 percent during the same quarter of the previous year.
- The average asking rent in the Lake Worth/Greenacres/Wellington submarket increased nearly 3 percent from the fourth quarter of the previous year, to nearly \$1,075.

Apartment rents continued to increase as vacancy rates continued to decline in the West Palm Beach area.



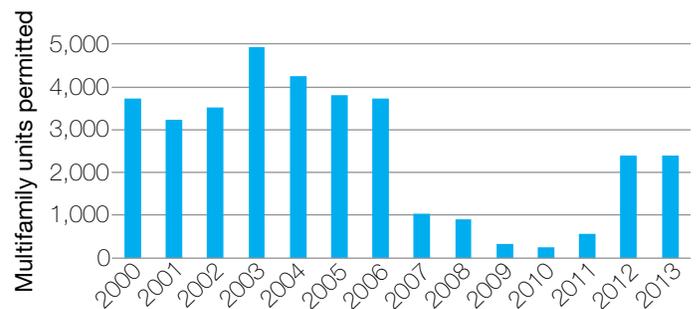
Source: MPF Research

- During the 3 months ending November 2013, permits were issued for approximately 680 single-family homes, an increase of 110 homes, or 19 percent, from the 3 months ending November 2012 (preliminary data).
- By comparison, an average of 340 homes were permitted during the same 3-month periods from 2009 through 2011.
- Canyon Trails, under construction in Boynton Beach, consists of nearly 600 single-family homes with starting prices ranging from the low \$400,000s to the high \$700,000s.

Multifamily construction activity, as measured by the number of units permitted, increased during the past 3 months as builders responded to increased rental housing demand.

- During the 3 months ending November 2013, approximately 790 units were permitted, an increase of 370 units, or 90 percent, from the 3 months ending November 2012 (preliminary data).
- More than 75 percent of new multifamily construction during the 3 months ending November 2013 was for apartment units, much greater than the average of nearly 15 percent from 2004 through 2006.
- The current level of construction is significantly higher than the decade-low average of 290 units permitted annually in 2009 and 2010.
- Palmetto Park City Center, a mixed-use development under construction in downtown Boca Raton, has 208 apartment units scheduled to be complete during the second quarter of 2014. Proposed asking rents have not yet been released.
- Approximately 1,425 market-rate apartments were completed in six properties during 2013 (Reis, Inc.).

Strong demand for rental units in the West Palm Beach area led to a spike in multifamily permitting in 2012, although permitting remained below peak levels.



Note: Includes preliminary data from January 2013 through November 2013. Source: U.S. Census Bureau, Building Permits Survey

