

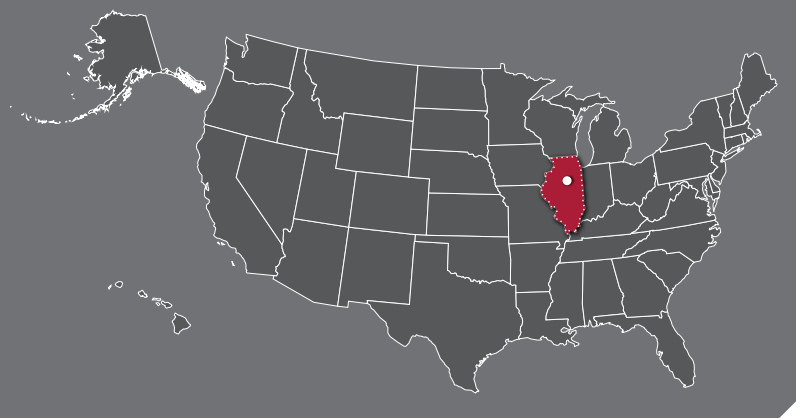
HUD PD&R Housing Market Profiles

Bloomington, Illinois



Quick Facts About Bloomington

- Current sales market conditions: slightly tight
- Current rental market conditions: slightly tight
- Established in 1857, Illinois State University (ISU) became the first public university in the state of Illinois. In the town of Normal, north of Bloomington, the university had an enrollment of 21,550 students in the fall of 2024 and an economic impact of \$833 million on McLean County in 2016 (*Economic Impact Analysis: Illinois State University, 2016*).



By [Abram Olivas](#) | As of October 1, 2024

Overview

The Bloomington, IL Metropolitan Statistical Area (hereafter, Bloomington metropolitan area) includes De Witt and McLean Counties in central Illinois. At the intersection of Interstates 39, 55, and 74, McLean County contains the principal city of Bloomington and the town of Normal. It is the 13th most populous county in the state. Historically an agricultural community, the metropolitan area later developed as a business, educational, and commercial hub in the region because of the presence of higher education institutions such as ISU and its central location between the cities of Champaign, Peoria, and the state capital, Springfield. The financial activities sector currently accounts for 19 percent of all nonfarm payrolls in the metropolitan area, anchored by numerous financial services companies, including the headquarters of State Farm Mutual Automobile Insurance Company and COUNTRY Financial. Expansion in the automotive manufacturing industry has contributed to strong nonfarm payroll growth in the metropolitan area since 2020, contrasting with overall declines during the previous decade. The home sales market is slightly tight, with a low for-sale inventory contributing to high levels of home sales price growth. The rental market is also slightly tight, with rental

continued on page 2



continued from page 1

unit absorption outpacing the net addition of units to the rental supply, contributing to relatively high year-over-year rent growth.

- As of October 1, 2024, the population of the metropolitan area was estimated at 186,000, representing an average decrease of approximately 0.1 percent, or 100 people, annually since 2020 (U.S. Census Bureau decennial census; estimate by the analyst). The population has been relatively stable compared with population declines averaging 0.4 percent, or 720 people, annually from 2013 to 2020, which nearly offset the population gains from 2010 to 2013 (Census Bureau decennial census and Population Estimates Program).
- Since April 2020, net out-migration from the metropolitan area has averaged 390 people annually, slowing from the previous

period as economic conditions have improved. From 2013 to 2020, net out-migration was stronger, averaging 1,475 people annually—more than offsetting net natural increase, which averaged 720 people during the period.

- Despite a nearly unchanged population in the metropolitan area compared with 2010, the number of households has increased, partly because of household formation and an increase in smaller households. The number of households since 2020 has increased by an average of 500, or 0.7 percent, annually to reach 78,000, up from the average annual growth of 380 households, or 0.5 percent, from 2010 to 2020. Accelerating household formation has contributed to increases in home sales and apartment absorption.

Economic Conditions

Economic growth in the Bloomington metropolitan area has slowed recently, with nonfarm payrolls as of the third quarter of 2024 increasing by 200 jobs, or 0.2 percent, from a year earlier to 98,800 jobs. This rate was a significant deceleration compared with the 3.6-percent year-over-year gain of 3,400 jobs as of the third quarter of 2023. Third quarter nonfarm payroll growth from 2021 through 2023 was relatively strong, averaging 4.7 percent, or 4,200 jobs, annually, a significant contrast with the weak economic conditions from the third quarters of 2016 through 2019, when nonfarm payrolls decreased an average of 0.9 percent, or by 800 jobs, annually. Further job declines occurred during 2020 because of the economic downturn related

to the COVID-19 pandemic, but the metropolitan area recovered relatively quickly. During 2021, nonfarm payrolls matched the 2019 annual prepandemic jobs average, whereas Illinois did not fully recover the number of jobs lost until 2023. However, job gains were not even across all sectors, with only 5 of 11 nonfarm payroll sectors in the metropolitan area exceeding their respective 2019 averages as of 2023.

As of the third quarter of 2024—

- Nonfarm payrolls increased in three sectors, led by the leisure and hospitality sector, which added 400 jobs, representing a

continued on page 3

Nonfarm payroll growth in the Bloomington metropolitan area occurred in 3 of 11 payroll sectors as of the third quarter of 2024.

	3 Months Ending		Year-Over-Year Change	
	September 2023 (Thousands)	September 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	98.6	98.8	0.2	0.2
Goods-Producing Sectors	14.5	14.5	0.0	0.0
Mining, Logging, & Construction	3.6	3.5	-0.1	-2.8
Manufacturing	10.9	11.0	0.1	0.9
Service-Providing Sectors	84.1	84.2	0.1	0.1
Wholesale & Retail Trade	11.3	11.3	0.0	0.0
Transportation & Utilities	3.0	3.0	0.0	0.0
Information	0.4	0.4	0.0	0.0
Financial Activities	19.2	19.0	-0.2	-1.0
Professional & Business Services	9.5	9.2	-0.3	-3.2
Education & Health Services	10.6	10.8	0.2	1.9
Leisure & Hospitality	10.5	10.9	0.4	3.8
Other Services	3.7	3.7	0.0	0.0
Government	15.9	15.9	0.0	0.0
Unemployment Rate	4.3%	4.9%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



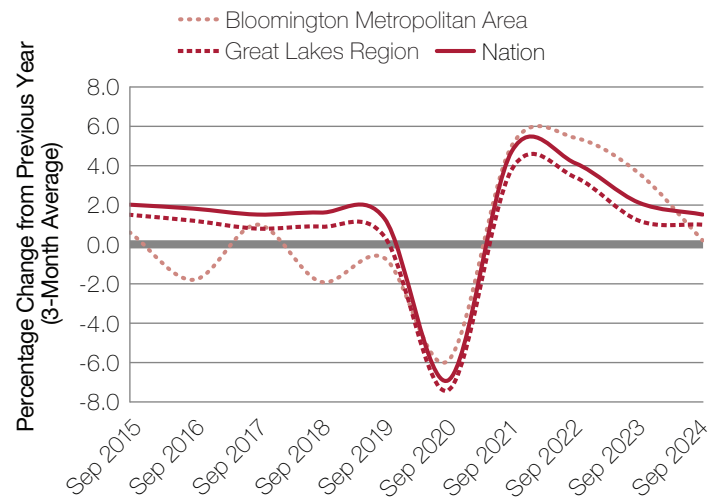
continued from page 2

3.8-percent increase from a year earlier, up from an increase of 300 jobs, or 2.6 percent, as of the third quarter of 2023. Jobs in this sector have increased since 2021 because the economic impact of visitors to the metropolitan area grew from \$5.9 million in 2021 to \$7.5 million in 2023 (Bloomington-Normal Area Convention and Visitors Bureau).

- The education and health services sector added 200 jobs, reflecting a 1.9-percent increase from a year earlier and offsetting the 200 jobs lost as of the third quarter of 2023. The recent growth was partially due to an \$18 million expansion at OSF St. Joseph Medical Center in the city of Bloomington, which was completed during the fall of 2024.
- The professional and business services and the financial activities sectors—which declined by 300 and 200 jobs, or 3.2 and 1.0 percent, respectively, since the third quarter of 2023—led nonfarm payroll losses across three sectors. Five nonfarm payroll sectors were unchanged from a year earlier.
- The unemployment rate averaged 4.9 percent, up from an average of 4.3 percent during the third quarter of 2023. By comparison, the average third quarter unemployment rate from 2015 through 2019 was 4.4 percent.

Since 2019, the fastest growing nonfarm payroll sector in the metropolitan area has been the manufacturing sector, which added 7,200 jobs. Job gains in the sector are largely because of Rivian Automotive, Inc., which began producing electric vehicles during 2019 in factory space that Mitsubishi Motor Manufacturing occupied until 2015. From 2019 through 2023, the sector added an average of 1,400 jobs each year, reflecting an average 27.2-percent increase annually. However, as of the third quarter of 2024, year-over-year payroll growth in the sector slowed to 0.9 percent, or 100 jobs, down from an increase of 19.7 percent,

In the Bloomington metropolitan area, the rate of job growth as of the third quarter of 2024 was less than the state and national rates following 3 years of stronger growth.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Bloomington Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State Farm Mutual Automobile Insurance Company	Financial Activities	14,450
Rivian Automotive, Inc.	Manufacturing	7,500
Illinois State University	Government	3,350

Note: Excludes local school districts.

Source: Bloomington-Normal Economic Development Council

or 1,800 jobs, a year earlier. During the past 12 months, Rivian Automotive, Inc., received \$827 million in state incentives for the expansion of its operations in the city of Bloomington.

Sales Market Conditions

The home sales market in the Bloomington metropolitan area is currently slightly tight, with a limited inventory of homes for sale contributing to relatively fast home sales price growth despite reduced home sales activity. The sales vacancy rate—including single-family homes, townhomes, and condominiums—is currently estimated at 0.8 percent, down from 1.6 percent as of April 2020, when conditions were soft (Census Bureau decennial census; estimate by the analyst). Sales market conditions tightened significantly during 2021, when interest rates for 30-year fixed-rate mortgages fell to an average of 3.0 percent, contributing to increased demand (Freddie Mac). Annual home sales peaked at 3,625 during 2021 before interest rates rose relatively quickly (Zonda, with adjustments by the analyst). The inventory of homes actively listed for sale decreased more than 50 percent from 2020 to 2022

(CoreLogic, Inc.). Tight sales market conditions resulted in year-over-year home price growth averaging 13 percent during 2021 and 2022. Rising mortgage interest rates contributed to fewer home sales beginning in 2022 because monthly mortgage costs decreased affordability for buyers. Nevertheless, the low inventory of homes for sale resulted in continued home price increases, although at a slower rate than during 2021 through 2022.

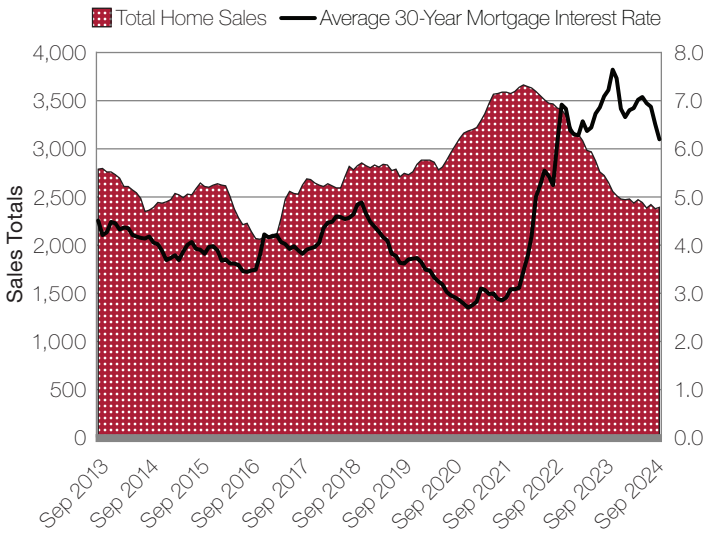
- Home sales during the 12 months ending September 2024 decreased by 260 homes sold, or 10 percent, from a year earlier to 2,375, the lowest level since 2017, because elevated mortgage interest rates averaging 6.9 percent quelled demand. This decline was slower than the rate during the 12 months ending September 2023, when interest rates averaged 6.6 percent and home sales fell by 780, or 23 percent, from the year before.

continued on page 4

continued from page 3

- During the 12 months ending September 2024, home prices averaged \$267,200, reflecting an 8-percent increase, or \$18,950, from a year ago. This increase was an acceleration from the year-over-year home price growth during the 12 months ending September 2023, during which the average home price increased 5 percent, or \$10,600.

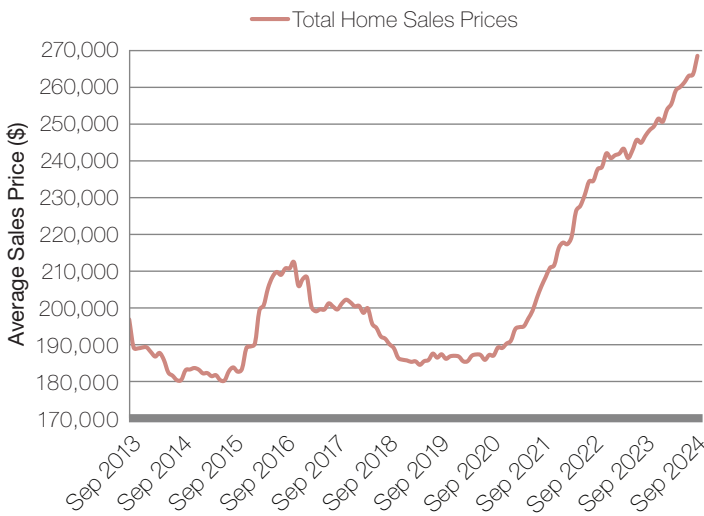
During the 12 months ending September 2024, home sales in the Bloomington metropolitan area fell to the lowest annual total since 2017.



Note: Sales include new and existing single-family homes, townhomes, and condominiums.

Sources: Zonda; Freddie Mac Primary Mortgage Market Survey

As of the 12 months ending September 2024, average home sales price growth in the Bloomington metropolitan area accelerated compared with the previous 12 months.



Note: Prices include new and existing single-family homes, townhomes, and condominiums.

Source: Zonda

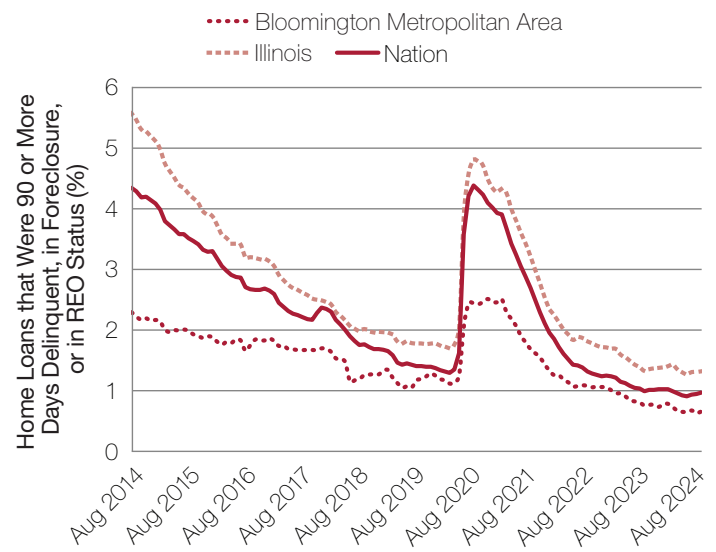
- Active listings decreased 16 percent, or by 30, to 180 homes as of June 2024 (CoreLogic, Inc.). By comparison, as of June 2023, the active listing count was unchanged from the previous year, following a 36-percent decline as of June 2022. The current number of listings is still significantly fewer than the 880 homes available for sale as of June 2019.
- The rate of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned status as of August 2024 was 0.7 percent, the lowest level since 2000 and down from 0.8 percent as of August 2023 (CoreLogic, Inc.). The August 2024 rate was below the respective state and national rates of 1.3 and 1.0 percent.

During the past 12 months, home construction activity—as measured by the number of single-family homes permitted (see building permits)—was down from its recent peak during 2022 but similar to the average from 2020 through 2021.

- Permitting during the 12 months ending September 2024 totaled approximately 200 homes, reflecting an increase of 10 homes, or 4 percent, from a year earlier. Home construction reached a recent peak of 320 during 2022, its highest level in 9 years, when builders responded to tight market conditions, before falling 46 percent to 170 homes permitted during 2023.

continued on page 5

As of August 2024, the percentage of home loans that were 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Bloomington metropolitan area reached the lowest point in more than 20 years.



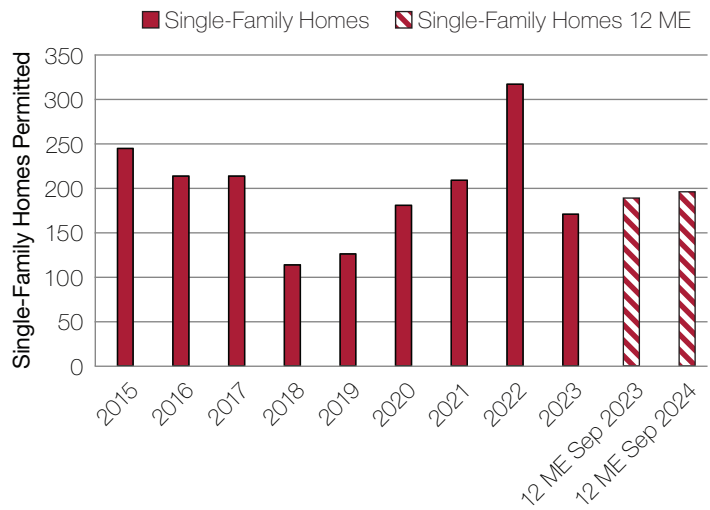
REO = real estate owned.

Source: CoreLogic, Inc.

continued from page 4

- When home prices increased from 2015 through 2017, single-family home permitting averaged 220 homes annually, but when home prices declined from 2018 through 2019, permitting was down 45 percent to an average of 120 homes annually.
- With approximately 92 percent of the population in the metropolitan area, McLean County has accounted for 95 percent of all single-family homes permitted since 2020. In 2022, the eighth phase of The Grove on Kickapoo Creek began construction in McLean County. The development will include 61 homes at buildout; 15 lots are currently available. Home prices range from \$450,000 for three-bedroom homes to \$600,000 for five-bedroom homes.

Similar to the home sales trend, the level of single-family home permitting in the Bloomington metropolitan area fell below 2021 and 2022 levels.



12 ME = 12 months ending.

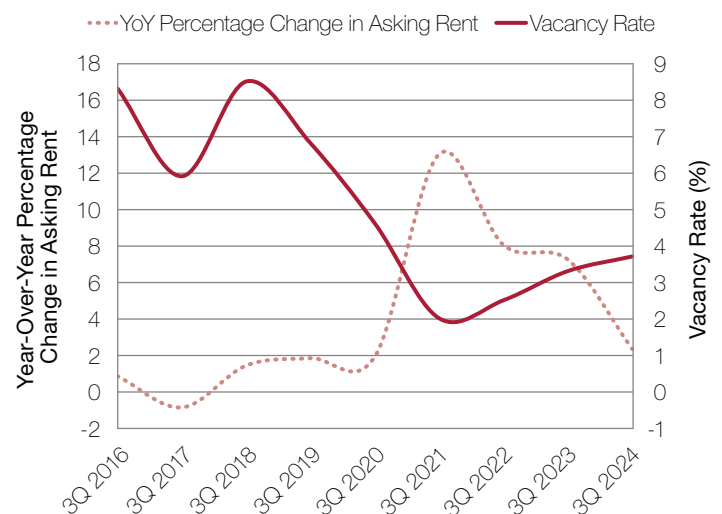
Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Rental Market Conditions

Rental housing market conditions in the Bloomington metropolitan area are slightly tight, easing from very tight conditions during 2021 and 2022 because new rental units have entered the market. The current vacancy rate is estimated at 6.8 percent, down from 9.6 percent as of April 2020, when rental market conditions were slightly soft. Approximately 16 percent of renter households in the metropolitan area lived in attached or detached single-family homes during 2023, down from 21 percent during 2019 (2019 and 2023 American Community Survey 1-year data). This decrease was partially due to a shift of single-family rental units into the for-sale housing market when home values rose during 2021 and 2022. Apartment market conditions have also tightened since 2020, with third quarter vacancy rates remaining below 4.0 percent since 2021. However, the average third quarter year-over-year rate of apartment rent growth slowed during the past 2 years, down from an average of 11 percent from 2021 to 2022.

- The apartment market as of the third quarter of 2024 was tight, with a vacancy rate of 3.7 percent, up from 3.3 percent a year earlier (CoStar Group). From 2016 through 2019, third quarter apartment vacancy rates averaged 7.4 percent, partly because of a surge in apartment construction during 2016.
- As of the third quarter of 2024, the average apartment rent in the metropolitan area was \$1,095, reflecting an increase

Year-over-year apartment rent growth in the Bloomington metropolitan area slowed as of the third quarter of 2024 as vacancy rates trended upward slightly, but rent growth was higher than the average from 2015 through 2019.



3Q = third quarter. YoY = year-over-year.

Source: CoStar Group

of \$25, or 2 percent, from a year earlier, slowing from growth of 7 percent, or \$72, as of the third quarter of 2023. By comparison, year-over-year third quarter rent growth averaged

continued on page 6

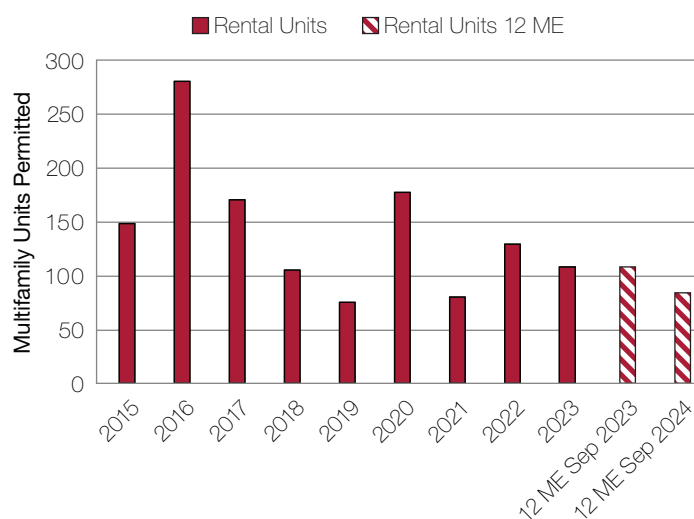
continued from page 5

- 1 percent from 2016 to 2020 because the level of apartment construction generally kept pace with the rate of absorption.
- The average rent for a professionally managed, single-family home with three bedrooms was \$1,556 as of August 2024, an increase of \$220, or 16 percent, from a year earlier (CoreLogic, Inc.). By comparison, the average single-family home rent as of August 2023 increased by only \$11, or 1 percent, from a year earlier. The lower inventory of homes available for sale and for rent and decreased rental construction activity since 2021 have contributed to the recent spike in rent for single-family homes.
- ISU dormitory capacity has remained mostly unchanged at 6,150 beds since 2020. With a total enrollment of 21,550, most of the student population resides in privately managed off-campus rental units, many of which lease by the bedroom. As of the third quarter of 2024, the vacancy rate for student apartments was 1.8 percent, down from 2.1 percent a year earlier, and the average rent per bedroom was \$680, an increase of 8 percent, or \$50, from the third quarter of 2023 (CoStar Group).

Rental construction activity—as measured by the number of rental units permitted—slowed during the most recent 12 months, partially due to slowing economic growth and population decline.

- During the 12 months ending September 2024, rental permitting totaled 85 units, a decrease of 25 units, or 22 percent, from the previous 12 months because elevated construction costs, including high interest rates, reduced the growth in supply. An estimated 75 units are under construction.
- A surge in rental building activity occurred during 2020, with approximately 180 units permitted, an increase of 100 units from the year before but still below the average of 220 units permitted annually from 2011 through 2017, when apartment market conditions were balanced.
- Since 2010, rental unit construction in the metropolitan area has been distributed approximately evenly between the city of Bloomington and the town of Normal. The most recently completed addition in Bloomington is Lincoln Lofts II, a 54-unit income-restricted apartment development completed in November 2023. Rents for one-bedroom units range from \$523 to \$956, and the two- and three-bedroom units have respective rents of \$1,213 and \$1,567.
- Under construction in Normal, Carden Springs is a 74-unit market-rate development that will include 66 apartment units and eight townhomes when completed in 2025. Rents will range from \$1,620 for one-bedroom apartments to \$2,400 for three-bedroom apartments, and the townhomes will rent for \$2,800.

Despite tightening market conditions, rental construction activity in the Bloomington metropolitan area has been relatively low since 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of rented units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
----	---