

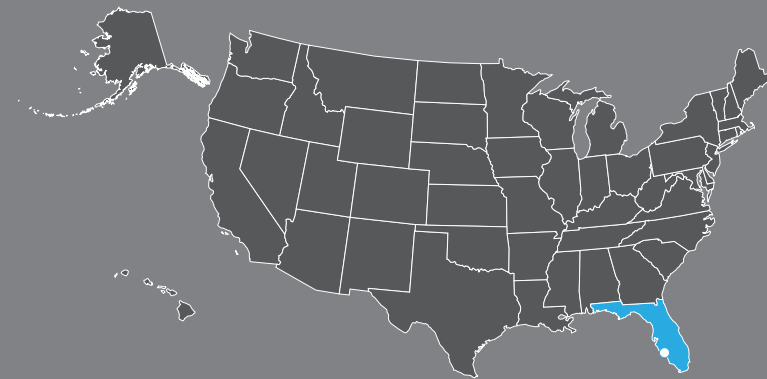
HUD PD&R Housing Market Profiles

Cape Coral-Fort Myers, Florida



Quick Facts About Cape Coral-Fort Myers

- Current sales market conditions: tight
- Current apartment market conditions: tight
- The city of Fort Myers is the home of the former winter estates of Henry Ford and Thomas Edison and a major tourist and retirement destination.



Cape Coral, Florida

By Karen M. Ostrye | As of January 1, 2022

Overview

The Cape Coral-Fort Myers, FL Metropolitan Statistical Area (hereafter the Cape Coral metropolitan area) is on the southwestern shore of Florida along the Gulf of Mexico and includes Lee County. The city of Cape Coral has more than 400 miles of canals, and more than 8 percent of the city consists of waterways, making it an ideal retirement area for boaters. The metropolitan area has more than 150 golf courses and nearly 50 miles of beaches which drew 4.9 million visitors in 2019 (Lee County Visitor and Convention Bureau). The increasing population in the metropolitan area, especially retirees, led to growth in the education and health services sector, representing 12 percent of nonfarm payrolls, including the largest employer, Lee Memorial Health System. Growth in this sector gave rise to a burgeoning life sciences industry, contributing to Florida ranking second in the nation for pharmaceutical and medical device manufacturing.

- As of January 1, 2022, the Cape Coral metropolitan area population is estimated at 781,700, an average annual increase of 13,850, or 2.0 percent, since 2010.

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- Net natural change, resident births minus resident deaths, slowing since the late 2000s, began to offset net in-migration in 2015 when births in the Cape Coral metropolitan area were no longer offsetting deaths. Population growth averaged 14,550 people, or 2.2 percent, annually from 2011 to 2015, when net in-migration of 14,400 was accompanied by a net natural increase of 150. From 2015 to 2022, population growth averaged approximately 14,500 people, or 2.0 percent, annually because a net in-migration of 15,450 was partly offset by a net natural decrease of 950.
- Individuals age 65 years and older contributed significantly to recent population growth in the Cape Coral metropolitan area. The age cohort represented 24 percent of the population in 2010 but accounted for 29 percent of the total in 2019 (American Community Survey [ACS] 1-year estimates). The median age in the metropolitan area increased from 45.7 in 2010 to 49.3 in 2019, compared with the median age of 37.2 in 2010 and 38.5 in 2019 for the nation.

Economic Conditions

Nonfarm payrolls increased an average of 3.4 percent annually from 2010 through 2019, before the downturn caused by the COVID-19 pandemic resulted in a 15.7-percent payroll decline during March and April 2020. During the fourth quarter of 2021, nonfarm payrolls rose to an average of 284,100 jobs, an increase of 13,100 jobs, or 4.8 percent, from the fourth quarter of 2020. Despite payrolls almost matching the prepandemic level in December 2021, recovery has been uneven. The mining, logging, and construction sector briefly lost 6 percent of jobs during April 2020 because of pandemic-related shutdowns; the sector rebounded rapidly and was 9 percent above the prepandemic level in December 2021. The leisure and hospitality services sector remains 11 percent below the prepandemic level after losing nearly one-half of all jobs during March and April 2020 (monthly data; not seasonally adjusted).

During the fourth quarter of 2021 —

- The leisure and hospitality sector added the most jobs of any sector, with an increase of 4,800 jobs, or 13.3 percent, compared with a year earlier. This sector is expected to continue to expand as the metropolitan area prepares for spring training of the Minnesota Twins and the Boston Red Sox Major League Baseball teams, contributing to an estimated \$70.7 million in direct spending at sports tourism events in 2019. Sporting-event-related hotel room nights reached a new peak of 181,100 in 2021 after declining from 162,100 in 2019 to 140,500 in 2020 because of the COVID-19 pandemic (Lee County Sports Development).
- The financial activities sector added 1,300 jobs, or 9.8 percent, compared with a year earlier. As more people

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During the fourth quarter of 2021, all but two payroll sectors added jobs in the Cape Coral metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	December 2020 (Thousands)	December 2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	271.0	284.1	13.1	4.8
Goods-Producing Sectors	41.0	42.9	1.9	4.6
Mining, Logging, & Construction	34.4	36.0	1.6	4.7
Manufacturing	6.5	6.9	0.4	6.2
Service-Providing Sectors	230.0	241.2	11.2	4.9
Wholesale & Retail Trade	48.1	49.2	1.1	2.3
Transportation & Utilities	6.4	7.0	0.6	9.4
Information	2.7	2.7	0.0	0.0
Financial Activities	13.3	14.6	1.3	9.8
Professional & Business Services	37.8	37.7	-0.1	-0.3
Education & Health Services	31.5	34.0	2.5	7.9
Leisure & Hospitality	36.1	40.9	4.8	13.3
Other Services	10.8	11.1	0.3	2.8
Government	43.4	44.0	0.6	1.4
Unemployment Rate	4.1%	3.5%		

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

Source: U.S. Bureau of Labor Statistics



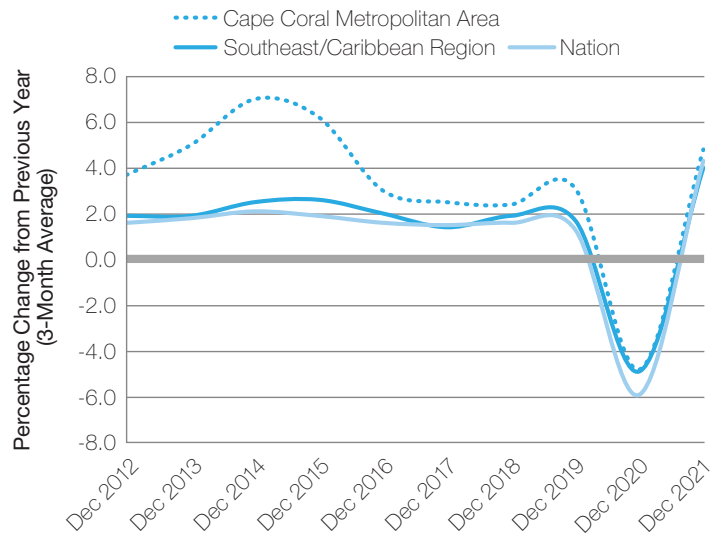
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migrate into the metropolitan area, wealth management and insurance companies have expanded.

- The mining, logging, and construction sector increased by 1,600 jobs, or 4.7 percent, compared with a year earlier. Some of the growth can be attributed to an increase in residential construction; Grandview at Bay Beach, the 11-story condominium tower in the village of Estero, broke ground in July 2021.
- The education and health services sector added 2,500 jobs, 7.9 percent. Some of this growth is related to the opening of the new NeoGenomics, Inc. \$60 million headquarters and cancer diagnostics facility, which opened in October 2021, and the \$315 million relocation and expansion of the Lee Memorial Health System trauma center, which added 268 beds in December 2021. Growth is expected to continue because Lee Memorial Health System has plans to add a \$450 million, 216-bed facility with 16 operating rooms and an emergency room in the city of Fort Myers.
- The unemployment rate declined to 3.5 percent from 4.1 percent during the same period a year earlier; it remains above the rate of 3.1 percent during the fourth quarter of 2019.

Before the COVID-19 pandemic, Southwest Florida International Airport served more than 10.2 million passengers during 2019; during 2021 the number of passengers transported was 10.3 million, up from nearly 6 million the previous year and 1 percent above the 2019 prepandemic level. (Lee County Port Authority). Southwest Florida International Airport and Page Field (FMY) in Fort Myers contributed more than \$8.7 billion to the regional economy in 2018 (Florida Department of Transportation Statewide Aviation Economic Impact Study 2018). The airport is scheduled to add a fourteenth carrier in June and has begun a \$331 million terminal expansion, which is expected to be complete in 2024. Skyplex is a developing commerce area within the foreign trade zone at Southwest Florida International Airport. Alta Resources Corp., a customer support company,

Nonfarm payroll growth in the Cape Coral metropolitan area has outpaced that of the nation and the Southeast region since 2012.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Cape Coral Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lee Memorial Health System	Education & Health Services	14,050
Publix Super Markets, Inc.	Wholesale & Retail Trade	4,625
Walmart Inc.	Wholesale & Retail Trade	3,475

Note: Excludes local school districts.

Source: Lee County Economic Development Office

is adding a \$21 million office building in the park that will be complete in February 2022 and is expected to create 480 full-time and 300 part-time jobs in the professional and business services sector by 2025.

Sales Market Conditions

Sales housing market conditions in the Cape Coral metropolitan area are tight. Modest home sales price growth has accelerated since mid-2020. The average sales price of new and existing single-family homes, townhomes, and condominiums increased 24 percent to \$366,400 during 2021, up from the 12-percent increase during 2020 (CoreLogic, Inc. with adjustments by the analyst). The inventory of single-family homes available for sale in the Cape Coral metropolitan area fell from 3.1 months of supply in December 2020 to 0.7 months of supply in December 2021 (Royal

Palm Coast REALTOR® Association), illustrating the tight market. The rate of seriously delinquent mortgages was 1.6 percent of all home loans during December 2021, down from 3.8 percent during December 2020. The rate fell after reaching a recent high of 4.5 percent during August 2020 in the wake of the COVID-19 pandemic shutdown. This rate was higher than the 4.4-percent rate for the nation in August 2020 but below the recent high of 5.1 percent in December 2017 in the Cape Coral metropolitan area due to the impacts of Hurricanes Irma and Harvey.

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During 2021 —

- New and existing home sales increased 26 percent from the previous year to 45,150.
- New home sales totaled 5,900, up 9 percent from 5,400 sales a year ago. The average sales price for a new home was \$388,600, an increase of 14 percent from a year earlier.
- Existing home sales totaled 39,250, up 29 percent from the 30,550 homes sold during the previous year. The average

sales price for existing homes was \$362,200, an increase of 25 percent from \$289,000 a year earlier.

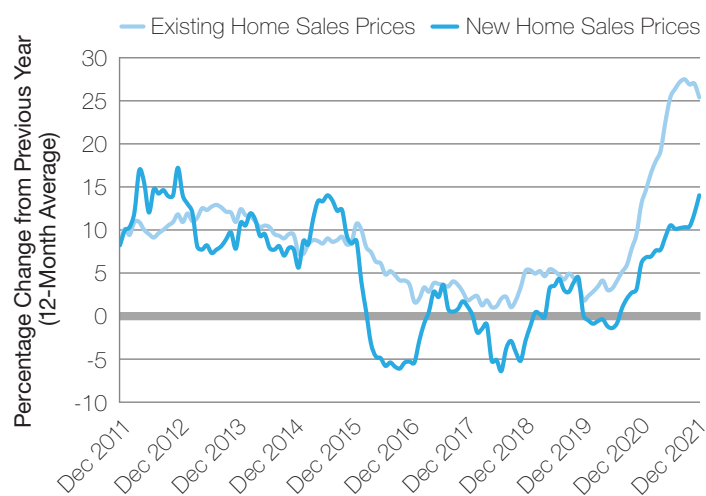
- Real Estate Owned (REO) sales accounted for less than 1 percent of existing home sales, down slightly from 1 percent a year earlier, well below the 42-percent peak in 2009.

After trending upward for the past decade, single-family homebuilding, measured by the number of single-family homes permitted, increased markedly in 2021. An average of 5,100 homes were permitted each year from 2016 through 2019, up from an average of only 3,150 homes a year from 2013 through 2015 because, although population growth had slowed, builders were still catching up from a period of very low construction in the wake of the Great Recession. During 2021, 11,000 single-family homes were permitted in the metropolitan area, a 61-percent increase from 6,825 homes during 2020 (preliminary data).

- About 38 percent of all single-family homes permitted in the past 3 years were in the city of Cape Coral. Stonewater is a gated community that offers 1,800 to 2,750 square foot homes starting in the mid-\$400,000s in the center of northern Cape Coral; about 40 of the 324 homes planned have been built.
- New home construction is notable in the unincorporated portions of Lee County as builders continue to develop areas further from the city of Fort Myers along Interstate 75, with convenient access to the economic centers of the metropolitan area. Unincorporated areas of Lee County

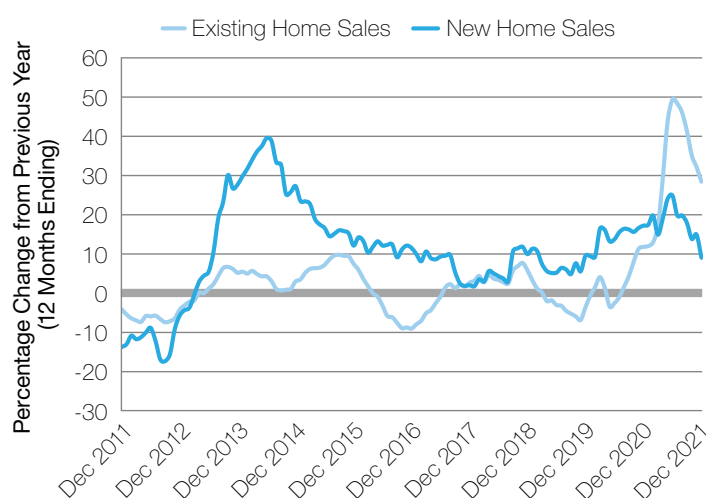
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New and existing home sales prices in the Cape Coral metropolitan area have increased rapidly during the past year.



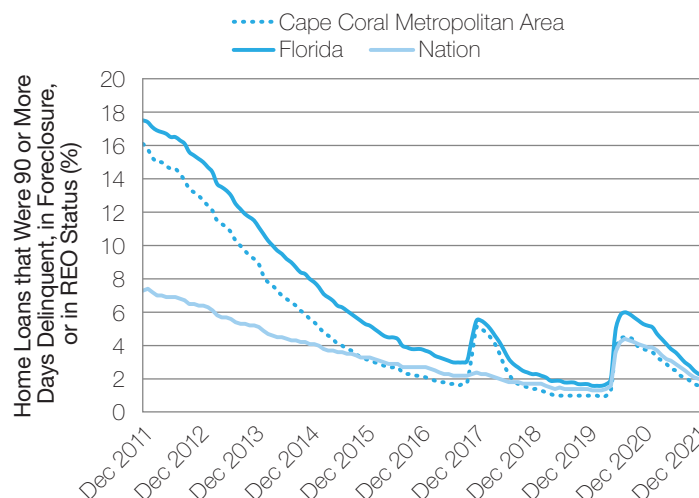
Note: Includes single-family, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

The number of existing home sales in the Cape Coral metropolitan area has increased significantly during the past year after a slight decline in mid-2020.



Note: Includes single-family, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Following the downturn in 2020 caused by the COVID-19 pandemic, the proportion of seriously delinquent home loans and REO properties in the Cape Coral metropolitan area declined faster than the state or national rates.



REO = real estate owned.
Source: CoreLogic, Inc.

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accounted for nearly one-half of all homes added since 2018. Crane Landing has sold approximately one-third of the 150 single-family homes in this community located northeast of Cape Coral between Interstate 75 and U.S. Route 41, each leading to bridges into downtown Fort Myers. Prices start at \$290,000 for 1,800-square-foot homes.

- East of the city of Fort Myers, homebuilding activity is prevalent in the community of Gateway, which is located northeast of Southwest Florida International Airport. The Timber Creek neighborhood is currently under construction and will have more than 1,300 homes upon completion of the second phase in late 2024. Nearly 400 of the 650 homes planned are already sold. Villas and townhomes start around \$300,000, and single-family homes start at \$395,000 for a 1,859-square-foot, three-bedroom, three-bathroom home.
- About 7 percent of new homes built since 2018 are in the southern part of the metropolitan area in the city of Bonita Springs. Valencia Bonita, a 1,000-home community for those age 55 and older in Bonita Springs, is nearly all sold, with two- to five-bedroom, two- to four-bathroom homes ranging from 1,700 to more than 2,700 square feet and prices starting at \$750,000.

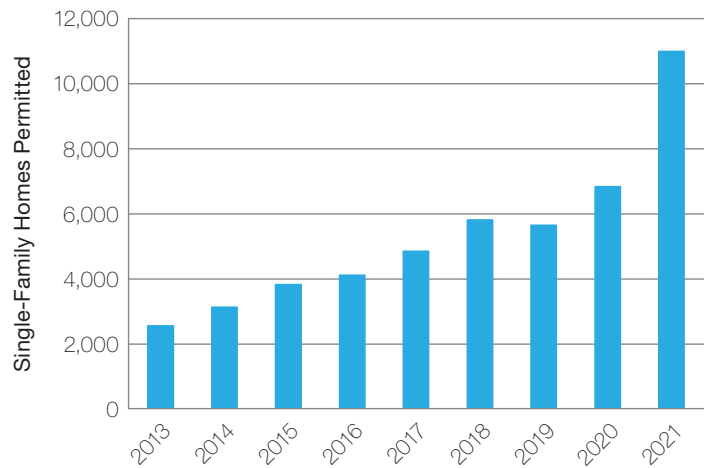
Apartment Market Conditions

The apartment market in the Cape Coral metropolitan area is tight. Despite high levels of rental construction, recent strong renter household growth caused low vacancy rates and put upward pressure on rent. During the fourth quarter of 2021, the apartment vacancy rate in the metropolitan area was 2.0 percent, down from 5.1 percent during the fourth quarter of 2020 (RealPage, Inc.).

During the fourth quarter of 2021 —

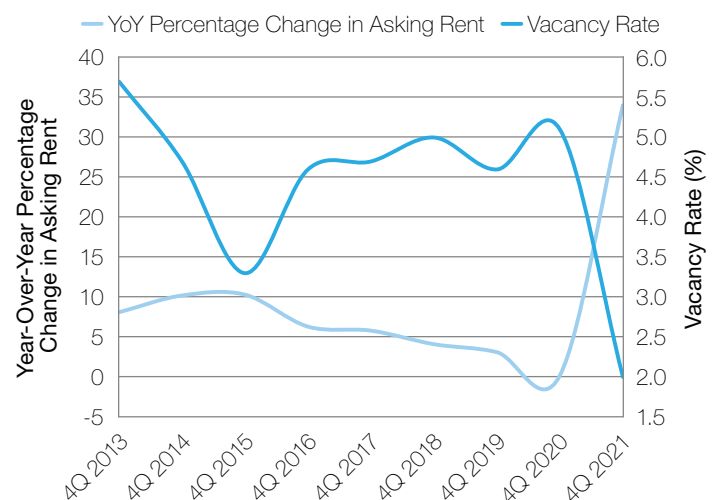
- The average asking rent in the Cape Coral metropolitan area was \$1,624, a 34-percent increase from \$1,212 a year earlier; the average asking rent for the nation rose 15 percent to \$1,629 during the fourth quarter of 2021 from \$1,411 a year ago.
- The RealPage, Inc.-defined South Lee County market area, including the waterfront communities of Fort Myers Beach and Bonita Springs, had the highest average asking rent in the metropolitan area at \$1,688, up 34 percent from \$1,258 in the fourth quarter of 2020. The vacancy rate in the market area was 2.1 percent, down from 5.6 percent a year earlier.
- The RealPage, Inc.-defined North Lee County market area, including the employment core in the city of Fort Myers and Southwest Florida International Airport, had a vacancy rate of 1.9 percent, down from 4.4 percent a year earlier.

Single-family home construction in the Cape Coral metropolitan area increased substantially in 2021 after trending upward since 2010.



Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; 2021 data—preliminary data and estimates by the analyst

Rent growth has accelerated and the vacancy rate has declined in the Cape Coral metropolitan area during the past year.



4Q = fourth quarter. YoY = year-over-year.
Source: RealPage, Inc.

- The North Lee County market area had an average asking rent of \$1,524, up 33 percent from \$1,142 during the fourth quarter of 2020.

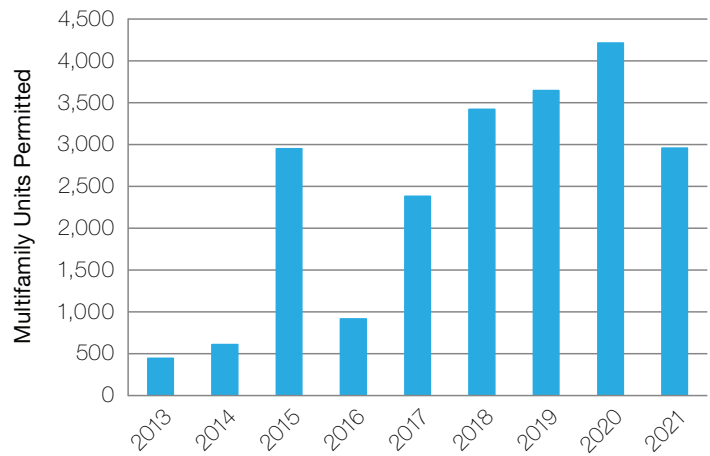
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After several years of historically low multifamily construction in the late 2000s and early 2010s, the number of multifamily units permitted in the Cape Coral metropolitan area trended upward in response to strengthening economic conditions and solid demand. Multifamily construction has been elevated since 2018. During 2021, 2,950 multifamily units were permitted in the metropolitan area, down from 4,200 units during 2020 (preliminary data).

- As of January 1, 2022, an estimated 3,750 multifamily units were under construction in the Cape Coral metropolitan area.
- From 2013 through 2017, an average of 1,450 multifamily units was permitted annually, compared with 3,750 units from 2018 through 2020.
- About 29 percent of the units built in the past 3 years are in the city of Cape Coral. Recent additions include the Springs at Cape Coral Apartments, near U.S. Route 41 in northeast Cape Coral, which is currently leasing. This 292-unit community includes studio to three-bedroom units; rents range from \$1,530 to \$3,650.
- Legacy Gateway Apartments, across from Skyplex in the city of Fort Myers and slightly more than a mile from the Red Sox Spring Training Fitness Center, is leasing and includes one- to three-bedroom units with rents ranging from \$1,825 to \$3,800. About 46 percent of all multifamily units added in the past 3 years were in the city of Fort Myers.

Multifamily construction in the Cape Coral metropolitan area has been elevated since 2018.



Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; 2021 data—preliminary data and estimates by the analyst

- Development in the city of Bonita Springs and the village of Estero account for 5 percent of the multifamily units added in the metropolitan area in the past 3 years, compared with 26 percent in the previous 2 years. The Reserve at Coconut Point, a 180-unit community that is leasing in the village of Estero, includes one- to three-bedroom units with rents ranging from \$1,886 to \$3,525. Centrally located just east of U.S. Route 41, this community is south of the cities of Cape Coral and Fort Myers and north of the city of Bonita Springs.