

HUD PD&R Housing Market Profiles

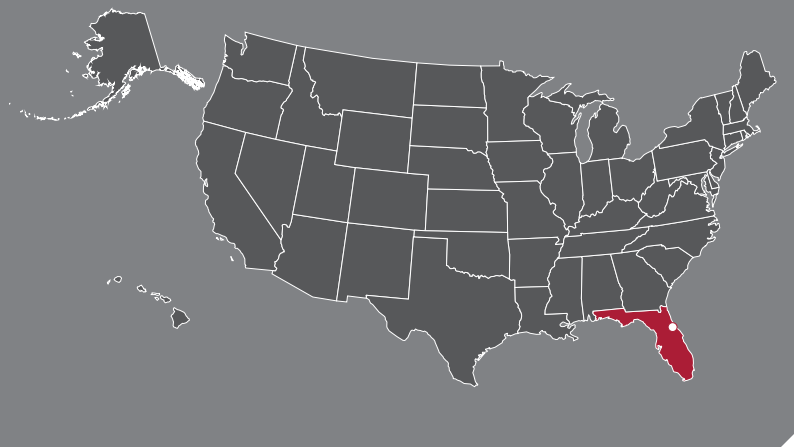
Deltona-Daytona Beach-Ormond Beach, Florida



Daytona Beach, Florida

By Maciej Misztal | As of October 1, 2022

- **Current sales market conditions: tight**
- **Current apartment market conditions: slightly tight**
- **In addition to hosting more than 25 separately ticketed race events annually, the Daytona International Speedway, the largest outdoor stadium in Florida, hosts Welcome to Rockville, the largest rock festival in the United States.**



Overview

The Deltona-Daytona Beach-Ormond Beach, Florida (hereafter, Deltona) metropolitan area consists of Volusia and Flagler Counties in Florida and is conterminous with the Deltona-Daytona Beach-Ormond Beach Metropolitan Statistical Area. The popular destination for tourists and retirees has 65 miles of beaches and is on the Atlantic coast between Jacksonville and Orlando. The city of Daytona Beach is home to the LPGA (Ladies Professional Golf Association); NASCAR (National Association for Stock Car Auto Racing, Inc.); and the 150,000-person capacity Daytona International Speedway.

- The population of the metropolitan area is currently estimated at 699,900, increasing by an average of 8,775, or 1.4 percent, annually since 2010, with net in-migration accounting for all the growth.
- From 2017 to 2021, population growth averaged 10,850 people, or 1.6 percent, annually. Net migration averaged 14,350 people, accounting for all the net gain. By contrast, net natural decline averaged approximately 3,500 people a year, partly because of an aging population (Census Bureau population estimates as of July 1).

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- The population of the metropolitan area is older than the national median. The median age in the Deltona metropolitan area was 48.3 years in 2021 compared with 42.8 years in the state of Florida and 38.8 years nationally (2021 American

Community Survey 1-year estimates). Retirees are attracted to the area because of a lack of state income tax, a pleasant tropical climate, and a relatively low cost of living.

Economic Conditions

The economy of the Deltona metropolitan area is strong after fully recovering from the recession of early 2020 in February 2022. Nonfarm payroll jobs in the Deltona metropolitan area averaged 216,900 during the third quarter of 2022, representing an increase of 9,000 jobs, or 4.3 percent, due to growth in 10 of the 11 payroll sectors. By comparison, nonfarm payrolls in the nation increased 3.9 percent during the same period. As the economy of the metropolitan area recovered jobs that were lost because of public health measures to slow the spread of COVID-19, nonfarm payroll growth eased but remained faster than in the nation. That trend began with a smaller percentage of job losses since the onset of the pandemic. During the third quarter of 2022, nonfarm payrolls were 5.6 percent higher than during the third quarter of 2019, before the pandemic. Total nonfarm payrolls in the Deltona metropolitan area grew faster than in the nation during most of the previous decade. From the third quarter of 2012 through the third quarter of 2019, nonfarm payrolls in the metropolitan area expanded an average of 2.1 percent annually compared with an average quarter-over-quarter growth of 1.5 percent for the nation.

During the third quarter of 2022—

- The largest nonfarm payroll sector in the Deltona metropolitan area was the education and health services sector, which increased by 400 jobs, or 1.0 percent, surpassing the third quarter of 2019 payrolls by only 200 jobs, or 0.4 percent. Embry-Riddle Aeronautical University Daytona Beach, Stetson University, and Bethune-Cookman University are the three major private universities in the area, with a combined enrollment of 13,300 students in the fall of 2022, down 2 percent from 13,575 in the fall of 2021. Since the start of 2020, the two largest employers in the Deltona metropolitan area, AdventHealth and Halifax Health, have been constructing or have completed four express care centers, hospitals in the cities of Deltona and Palm Coast, a standalone emergency room in the city of Port Orange, and a \$100 million specialized patient tower in Orange City, with labor and delivery units and intensive care services.
- The wholesale and retail trade sector was the second largest sector in the Deltona metropolitan area. The sector

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During the third quarter of 2022, 10 of the 11 payroll sectors added jobs in the Deltona metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	September 2021 (Thousands)	September 2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	207.9	216.9	9.0	4.3
Goods-Producing Sectors	25.9	26.9	1.0	3.9
Mining, Logging, & Construction	14.3	14.7	0.4	2.8
Manufacturing	11.6	12.2	0.6	5.2
Service-Providing Sectors	182.1	190.1	8.0	4.4
Wholesale & Retail Trade	36.7	38.3	1.6	4.4
Transportation & Utilities	5.4	5.8	0.4	7.4
Information	1.9	1.8	-0.1	-5.3
Financial Activities	9.7	10.0	0.3	3.1
Professional & Business Services	23.3	24.8	1.5	6.4
Education & Health Services	40.0	40.4	0.4	1.0
Leisure & Hospitality	31.4	33.5	2.1	6.7
Other Services	8.3	8.9	0.6	7.2
Government	25.3	26.6	1.3	5.1
Unemployment Rate	4.5%	3.0%		

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

Source: U.S. Bureau of Labor Statistics



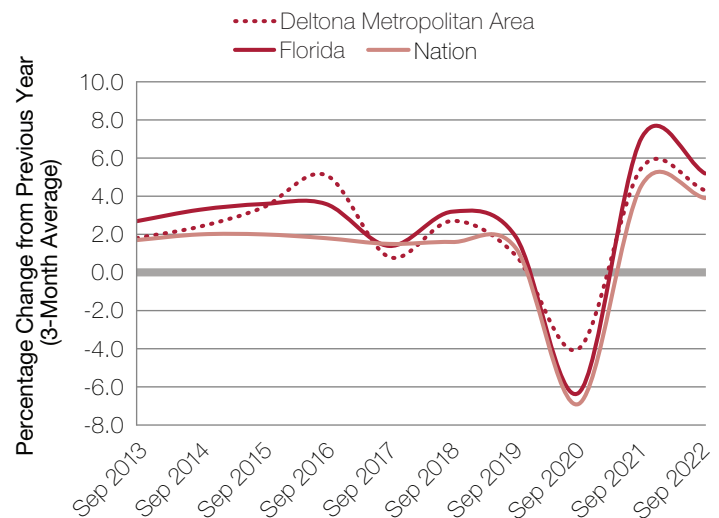
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contributed the second most of any payroll sector to the overall increase in nonfarm payrolls, up by 1,600 jobs, or 4.4 percent, from a year ago. The retail subsector, which represents 86 percent of the entire sector, lost 3,000 jobs, or 9.8 percent, during March and April 2020, but it fully recovered during October 2020, shortly after Florida lifted the final COVID-19-related restrictions in September 2020 (monthly data, not seasonally adjusted). The newly opened Factory Direct Marine & RV outlet is expected to bring 100 jobs to the sector.

- The transportation and utilities sector was the fastest growing sector proportionately, increasing 7.4 percent, or by 400 jobs, from the same period in 2021 and 91 percent, or by 2,800 jobs, from the same period in 2019. In December 2019, Amazon.com, Inc. opened a 1.4-million-square-foot distribution center in Deltona, promising 500 jobs by 2023, and the company will soon break ground on a distribution center in Daytona Beach with 2.8 million square feet and 1,000 expected jobs.
- The unemployment rate declined to 3.0 percent, down from 4.5 percent during the same period in 2021 and from 3.7 percent during the same period in 2019, before the pandemic.

The leisure and hospitality sector was the third largest sector in the Deltona metropolitan area, and it contributed the most to the overall increase in nonfarm payrolls during the third quarter of 2022, gaining 2,100 jobs, or 6.7 percent, from a year ago. The sector accounts for 15.5 percent of total payrolls in the Deltona metropolitan area compared with 10.7 percent for the nation, the highest percentage-point difference of any payroll sector. The leisure and hospitality sector was the most vulnerable sector to the countermeasures taken to slow the spread of COVID-19, accounting for 14,700, or 49 percent, of the 30,000 total payroll jobs lost in March and April 2020. Apart from the beaches and weather, one of the largest tourism draws in the metropolitan area is the Daytona International Speedway. The most important race in the area, the Daytona 500, occurred in February 2020 at full capacity before the COVID-19 pandemic compared with the 2021 Daytona 500 that took place with less than 20 percent capacity. Despite this setback, tourism was strong in 2021. An estimated 9.9 million tourists visited Volusia County alone, spending \$4.675 billion on local businesses (Mid-Florida Marketing and Research). That number of visitors represents a 38-percent improvement from the 7.2 million tourists in 2020, but it reflects 3 percent fewer visitors compared with the peak of 10.2 million in 2018. Within 2 years of the nadir of leisure and hospitality jobs in April 2020, the 2022 Daytona 500 was back

Nonfarm payroll job growth was faster in both the Deltona metropolitan area and the state of Florida than in the nation during the third quarter of 2022.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Deltona Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
AdventHealth	Education & Health Services	6,850
Halifax Health	Education & Health Services	4,000
Publix Supermarkets, Inc.	Wholesale & Retail Trade	3,950

Note: Excludes local school districts.

Sources: Volusia County Economic Development Department; Florida Department of Transportation

at full capacity, and the lost jobs in the sector were recovered (monthly data, not seasonally adjusted).

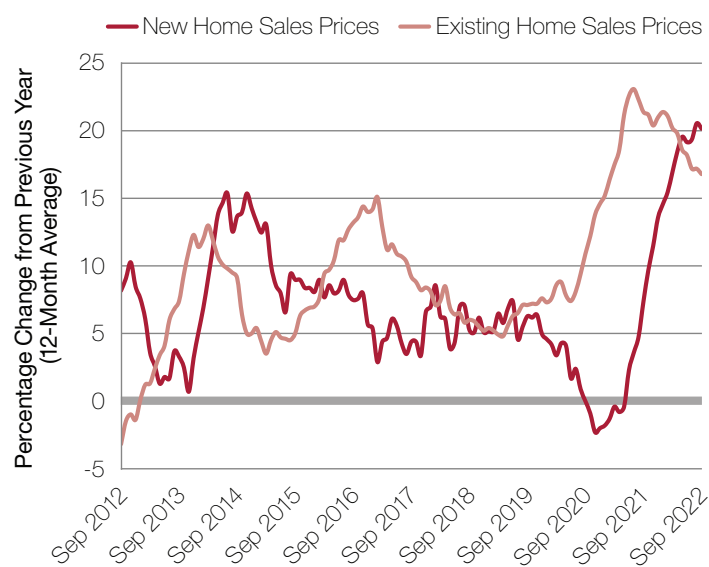
The seven-story, 146-room Compass Landing by Margaritaville hotel recently broke ground in the city of Flagler Beach, providing jobs in the mining, logging, and construction sector. In addition to the previously mentioned hospitality and health facilities, construction in the area includes Spectre Powerboats LLC, a Veterans Affairs Outpatient Medical Center, and the headquarters of Cookies Creative Productions & Consulting, Inc, which grows and sells medical marijuana. Those projects are expected to create 40, 150, and 400 jobs in the manufacturing, the government, and the professional and business services sectors, respectively.

Sales Market Conditions

The sales housing market in the Deltona metropolitan area is tight but becoming more balanced. Increasing interest rates and continued high home sales prices have contributed to a slowdown in homebuying; however, inventory and months of supply continue to be less than prepandemic levels. The inventory of homes for sale rose 41 percent to 3,150 homes during September 2022 from a year earlier, but the inventory remains 38 percent below the prepandemic level in September 2019 (CoreLogic, Inc.). The inventory of homes for sale also rose to 2.3 months of supply in September 2022 from 1.5 months in September 2021, but it remained less than the 4.1 months of supply in September 2019.

The percentage of home loans in the Deltona metropolitan area that were seriously delinquent or had transitioned into real estate owned (REO) status declined from 2.6 percent in September 2021 to 1.4 percent in September 2022. The current rate is the same for the state of Florida and similar to the 1.3-percent rate for the nation. During the early stages of the COVID-19 pandemic, the percentage of seriously delinquent mortgages and REO properties increased significantly; weakened economic conditions made it more difficult for many homeowners to stay current on mortgage payments. By August 2020, the percentage in the Deltona metropolitan area reached a high of 4.6 percent, less than the 6.0-percent peak for the state but slightly higher than a 4.4-percent peak for the nation in the same month.

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



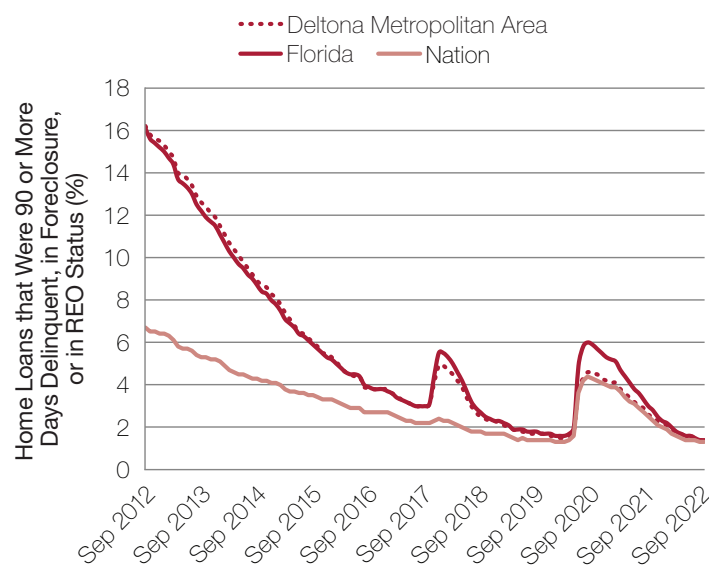
Note: Prices include single-family homes, townhomes, and condominiums.
Source: Zonda

During the 12 months ending September 2022 —

- Existing home sales totaled 15,650, reflecting a 7-percent, or 1,200-home, year-over-year decrease; however, sales remained slightly higher than the average of 15,400 homes sold annually during the same 12-month periods from 2016 through 2019 (Zonda). Strong population growth among retirees contributed to the demand for sales housing.
- New home sales declined 10 percent, or by 300 homes, to 2,825 homes sold compared with sales during the same period in 2021, but they were higher than the average of 2,025 homes sold annually during the same 12-month periods from 2016 through 2019.
- The average sales price for existing homes was almost \$359,500, representing a 17-percent increase compared with a year earlier and significantly higher than the average annual price of \$206,700 during the same 12-month periods from 2016 through 2019. Amid strong population growth in the Deltona metropolitan area, offers above listing prices strengthened price growth, as buyers competed for the limited supply of available homes.
- The average sales price for new homes was \$382,500, more than 20 percent higher than the average price a year earlier and higher than the average annual price of \$273,300

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The proportion of seriously delinquent loans and REO properties in the Deltona metropolitan area have decreased rapidly since the second half of 2020.



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

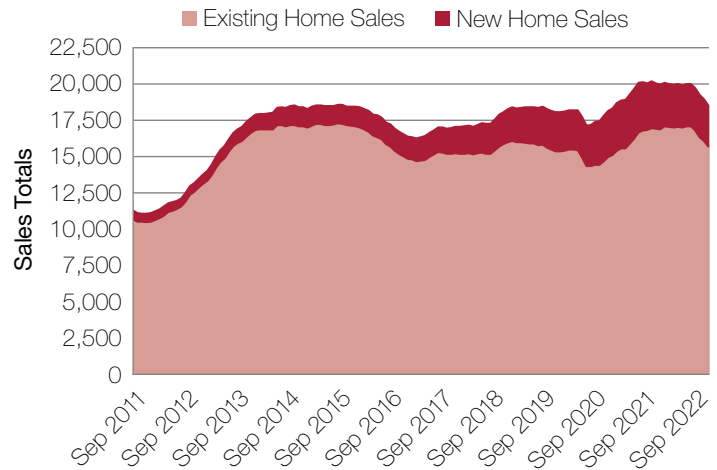
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during the same 12-month periods from 2016 through 2019. Some of the price increases can also be attributed to higher construction costs and supply chain disruptions resulting from shutdowns in response to the COVID-19 pandemic.

As measured by the number of single-family homes permitted, single-family homebuilding activity reached an all-time high during 2021, with more than 6,750 single-family homes permitted, reflecting an increase of 1,850 homes, or 38 percent, from the previous post-Great Recession high during 2020.

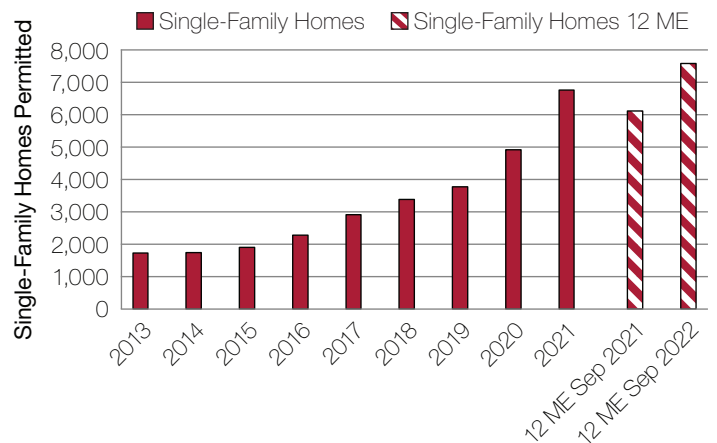
- New home sales construction activity, as measured by the number of single-family homes permitted in the Deltona metropolitan area, totaled 7,575 during the 12 months ending September 2022, representing an increase of 1,475, or 24 percent, from the previous 12 months (preliminary data).
- From 2013 through 2020, Volusia County accounted for more than 67 percent of the single-family homes permitted in the Deltona metropolitan area. This portion has generally been falling, and Volusia County accounted for 60 percent of single-family homes permitted in 2021. The lower cost of living and more developable land has increasingly attracted home builders and homebuyers to Flagler County.
- Latitude Margaritaville in the city of Daytona Beach is among the larger age-restricted master-planned communities in the metropolitan area. Currently, approximately 80 units are under construction, and roughly one-fourth of the remaining lots are yet to be developed (Zonda). Home prices for two- and three-bedroom homes in the community range from approximately \$350,000 to the upper \$600,000s.
- Lakewood Park, a planned community in the city of Deland, is inland where land is more affordable. Approximately 100 homes are under construction, and 50 have been completed out of the 500 lots, with three- and four-bedroom homes ranging from roughly \$350,000 to \$475,000.

New and existing home sales in the Deltona metropolitan area have fallen from peak levels during the past 3 months.



Note: Sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Single-family home construction in the Deltona metropolitan area has generally increased every year since 2014.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

Apartment market conditions in the Deltona metropolitan area are slightly tight but becoming more balanced. During the third quarter of 2022, the apartment vacancy rate was 5.1 percent, up from 3.3 percent during the third quarter of 2021 (CoStar Group). The recent vacancy rate is down from the 6.3-percent rate during the third quarter of 2020, when the COVID-19-related economic contraction led many renters to search for more affordable rental housing or, for those with the means and expected long-term options to work from home, to transition into homeownership. During the third quarter of 2022, the

average apartment rent rose 8 percent year over year to \$1,392 compared with a 12-percent increase during the third quarter of 2021 and a 2-percent increase during the same quarter in 2020. Heading into 2020, the apartment vacancy rate was already rising, and rent growth was slowing, partially because of record levels of multifamily construction. Nationally, the apartment vacancy rate was 5.7 percent during the third quarter of 2022, up from 4.7 percent a year earlier, and rents averaged \$1,636, up 6 percent from a year earlier.

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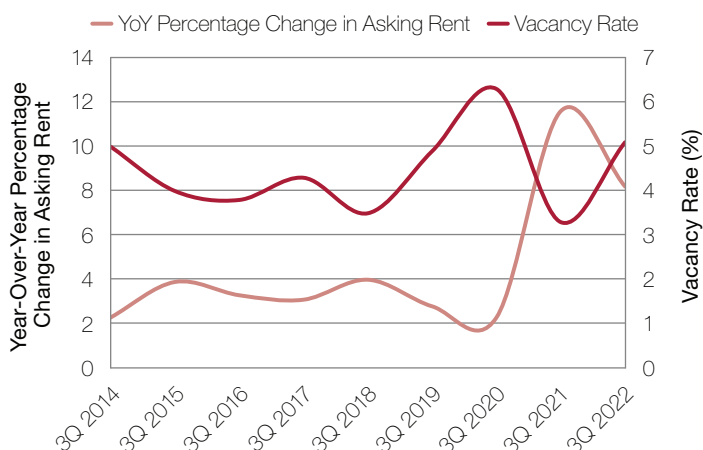
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During the third quarter of 2022—

- Average rent increased from a year earlier in all six of the major CoStar Group-defined apartment market areas (hereafter, market areas) in the Deltona metropolitan area. The apartment vacancy rate increased in all but the Beachside area, where it fell from 4.8 percent a year ago to 1.8 percent, the lowest vacancy rate among the market areas. The Beachside area also had the lowest average rent increase from the previous year, rising 5 percent, and the lowest average rent of \$1,131.
- The highest vacancy rate among the six apartment market areas occurred in Port Orange, with an apartment vacancy rate of 10.4 percent. The average rent in the market area increased 9 percent to \$1,697, the highest average rent among the market areas. The high vacancy rate and the high average rent are partly due to the recent development of relatively expensive luxury units in Port Orange.
- Daytona Beach had an apartment vacancy rate of 9.7 percent, the second highest vacancy rate of the apartment market areas. The area is the most established apartment market, making up 48 percent of the inventory of all six areas combined, and the area includes Bethune-Cookman University and Embry-Riddle Aeronautical University. The Daytona Beach average rent increased 6 percent, the second lowest increase among the market areas, to \$1,431.

As measured by the number of units permitted, the previously low level of multifamily building activity quadrupled in 2016 because of a resurgence of in-migration as the area attracted jobs, and multifamily building peaked in 2019. After 2 years of decreased construction, partly due to scarce and more expensive building materials and workers, construction during 2022 is on track to surpass the 2,400 units permitted during 2019.

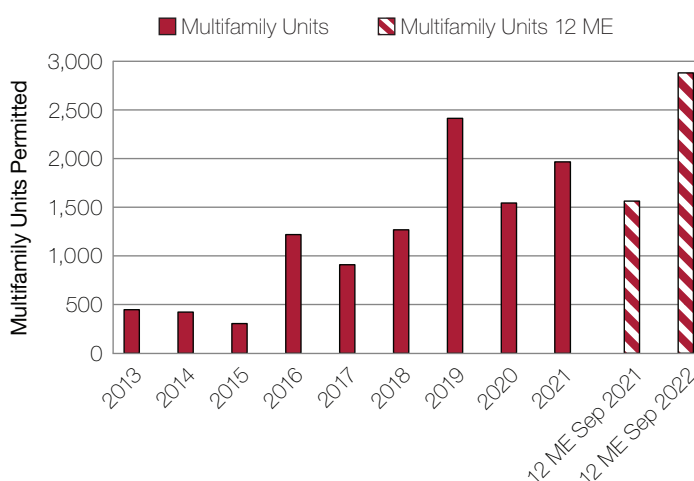
Increasing apartment vacancy rates contributed to slower rent growth during the past year in the Deltona metropolitan area.



3Q = third quarter. YoY = year-over-year.
Source: CoStar Group

- During the 12 months ending September 2022, approximately 2,875 multifamily units were permitted, up 84 percent from 1,550 units permitted during the same period a year ago, despite increasing vacancy rates (preliminary data with adjustments by the analyst).
- After reaching a peak of 2,400 units permitted in 2019, multifamily construction activity slowed to an average of 1,750 units permitted annually during 2020 and 2021. Despite this slowdown, construction activity was significantly higher than the average of 1,075 units permitted annually during 2017 and 2018.
- Flagler County accounted for 23 percent of units permitted in the Deltona metropolitan area in 2021, almost exclusively in the city of Palm Coast, which included 76 percent of the Flagler County population. Among these new developments is the 107-unit Tuscan Reserve Apartments in the city of Palm Coast. Completed in the summer of 2022, one-, two-, and three-bedroom units are available for rent starting at \$1,700, \$1,825, and \$2,025, respectively.
- In Volusia County, multifamily construction activity has traditionally been centered in Daytona Beach, but as the level of rental construction increased, construction activity spread to the cities of Deland, Deltona, Ormond Beach, Port Orange, and New Smyrna. Eden Crystal Lake Apartments recently opened in the city of Port Orange, with 288 one-, two-, and three-bedroom units priced at \$1,600, \$1,950, and \$2,400, respectively. By contrast, Pointe Grande Apartments in the city of Daytona Beach, within walking distance of the Daytona International Speedway, are soon to be completed. The property includes a Starbucks Corporation coffee shop in the lobby and two-bedroom apartments starting at \$1,600.

Multifamily building activity in the Deltona metropolitan area increased significantly in the past year.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—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

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.
Existing Home Sales	Includes regular resales and REO sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Decline	Resident deaths are greater than resident births.
Regular Resales	Are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

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.
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