

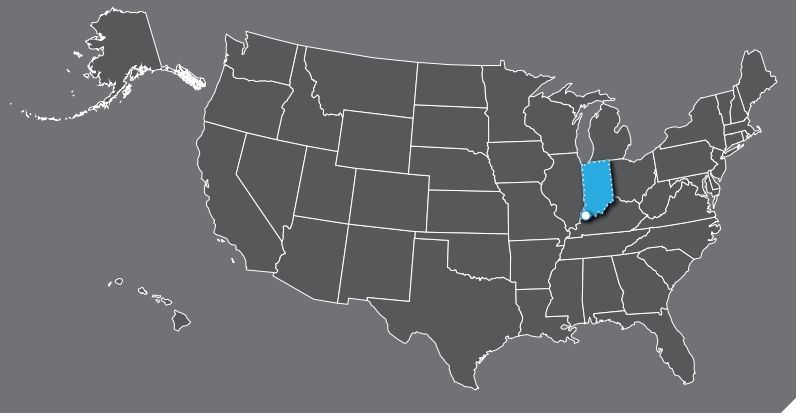
HUD PD&R Housing Market Profiles

Evansville, Indiana-Kentucky



Quick Facts About Evansville

- Current sales market conditions: balanced
- Current rental market conditions: balanced
- The leisure and hospitality sector accounts for 10 percent of all nonfarm payrolls in the Evansville metropolitan area, partly because of tourist attractions such as the Angel Mounds State Historic Site, Bally's Evansville Casino and Hotel, and several youth and professional sports facilities. Explore Evansville reported a total of approximately 50,000 overnight hotel stays in 2022, generating \$29 million in economic impact for the city of Evansville.



Evansville, Indiana

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

Overview

The Evansville, Indiana-Kentucky Metropolitan Statistical Area (hereafter Evansville metropolitan area) at the southwestern border of Indiana includes Posey, Vanderburgh, and Warrick Counties in Indiana and Henderson County across the Ohio River in Kentucky. Vanderburgh County, which contains the principal city of Evansville, is the most populous county in the metropolitan area and the ninth most populous in Indiana. Formerly a major center for automotive and military equipment production, the manufacturing sector in the metropolitan area has diminished in size from its peak in the 1960s but has slowly expanded in the past decade because manufacturing has shifted toward plastics and machine production. The economy of the Evansville metropolitan area has recently recovered jobs lost during the 2020 pandemic-related recession as of the fourth quarter of 2023, partially because of the fast-growing education and health services sector, which has made the metropolitan area a regional medical center for southwestern Indiana in recent decades and accounts for 18 percent of all nonfarm payrolls in the metropolitan area.

The home sales market is currently balanced. Sales have fallen in 2023, but sales price growth remains relatively high. Rental market conditions are also balanced. Rent growth

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has slowed from the high rates of 2021 and 2022, and the vacancy rate has increased to a more balanced level.

- As of January 1, 2024, the population of the Evansville metropolitan area was estimated at 314,600, representing an average annual increase of approximately 90 people, or less than 0.1 percent, since July 2018 (U.S. Census Bureau population estimates as of July 1; current estimate by the analyst). The level of growth since 2018 was approximately one-half of the average annual level of growth during the period from July 2010 to July 2018, when the population increased by an average of 200, or 0.1 percent, annually.
- Population growth occurred in the Evansville metropolitan area from 2010 to 2018, when net natural increase averaged 480 annually, which more than offset the average net out-migration of 290 annually (U.S. Census Bureau population estimates as of July 1). Since 2018, net natural decline

averaged 230 annually. The spread of COVID-19 beginning in March 2020 increased mortality rates, partially offsetting the net in-migration that began during 2018. Net in-migration has averaged 450 annually since 2018, partly because of nonfarm payroll growth in the manufacturing sector and relatively affordable housing. Average home sales prices in the Evansville metropolitan area during 2018 were the fourth lowest in Indiana and in the bottom quartile of all metropolitan areas in the nation (CoreLogic, Inc.).

- Despite slowing population growth, the rate of household growth since 2020 has increased from the previous decade, with households growing by an average of 600 households, or 0.5 percent, annually, up from the average growth of 340 households, or 0.3 percent, annually from 2010 to 2020. Home sales and apartment absorption have increased since 2020 because of the formation of smaller households.

Economic Conditions

Economic conditions in the Evansville metropolitan area are stable after 3 years of recovery from the COVID-19-related economic downturn. As of the fourth quarter of 2023, nonfarm payrolls in the Evansville metropolitan area exceeded the prepandemic total of 162,100 jobs during the fourth quarter of 2019 by 200 jobs, or approximately 0.1 percent. The rate of nonfarm payroll recovery from the 2020 recession lagged behind both the state and the nation, which recovered to prepandemic job counts by the third quarter of 2022. As of the fourth quarter of 2023, 5 of

11 employment sectors in the metropolitan area increased job counts from the previous year. Unemployment rates in the Evansville metropolitan area have remained below 3.5 percent for nearly 2 years, which is generally consistent with the period from 2017 through 2019.

As of the fourth quarter of 2023—

- Nonfarm payrolls averaged 162,300, reflecting an increase of 1,100 jobs, or 0.7 percent, from a year earlier. That gain

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As of the fourth quarter of 2023, year-over-year job growth in the Evansville metropolitan area occurred in the education and health services sector.

	3 Months Ending		Year-Over-Year Change	
	December 2022 (Thousands)	December 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	161.2	162.3	1.1	0.7
Goods-Producing Sectors	32.7	32.9	0.2	0.6
Mining, Logging, & Construction	9.9	10.2	0.3	3.0
Manufacturing	22.8	22.7	-0.1	-0.4
Service-Providing Sectors	128.5	129.4	0.9	0.7
Wholesale & Retail Trade	23.7	23.7	0.0	0.0
Transportation & Utilities	8.6	8.7	0.1	1.2
Information	1.6	1.5	-0.1	-6.3
Financial Activities	6.3	6.4	0.1	1.6
Professional & Business Services	20.3	19.9	-0.4	-2.0
Education & Health Services	28.7	29.7	1.0	3.5
Leisure & Hospitality	15.8	15.8	0.0	0.0
Other Services	7.1	7.2	0.1	1.4
Government	16.4	16.4	0.0	0.0
Unemployment Rate	2.8%	3.0%		

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

Source: U.S. Bureau of Labor Statistics



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was slower than the increase of 3,400 jobs, or 2.2 percent, as of the fourth quarter of 2022 and approximately the same as the average fourth quarter year-over-year growth from 2014 through 2019.

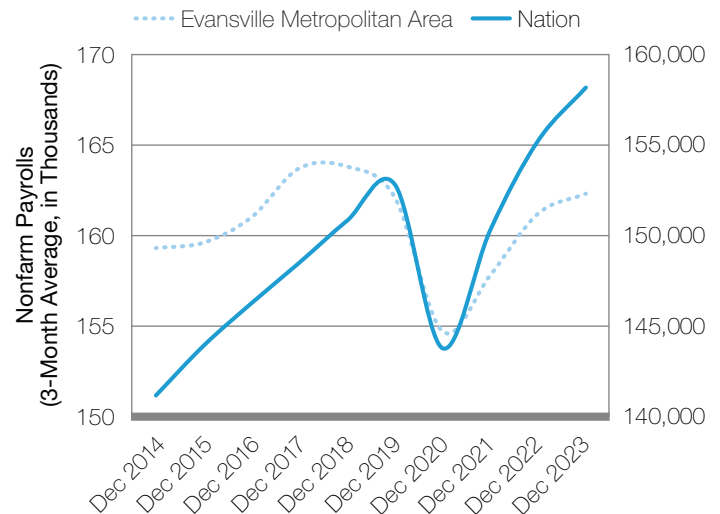
- Job gains were led by the education and health services sector, which added 1,000 jobs, representing a 3.5-percent increase from a year ago. That gain exceeded the fourth quarter of 2019 average increase following several hospital acquisitions by Deaconess Health System. The mining, logging, and construction sector increased by approximately 300 jobs, or 3.0 percent, from a year earlier because multifamily residential construction activity has increased in the past year.
- Notable job losses occurred in the professional and business services sector, which decreased by 400 jobs, or 2.0 percent, following an increase of 500 jobs a year earlier. The gains in 2022 included jobs for workers under contract in the temporary help services industry in 2022, but many of those workers have since transitioned to full-time employment in other sectors as economic conditions improved.
- The unemployment rate averaged 3.0 percent, up from 2.8 percent a year earlier and slightly higher than the average of 2.9 percent for the respective fourth quarters from 2017 through 2019. A 3.2-percent decrease in the labor force from the fourth quarter of 2017 contributed to the consistently low unemployment rate.

The largest employment sector in the Evansville metropolitan area is the education and health services sector, with 29,700 jobs, or 18 percent of all nonfarm payrolls, as of the fourth quarter of 2023. Healthcare providers Deaconess Health System and Ascension St. Vincent are two of the three largest employers in the metropolitan area, with 10,000 and 3,000 employees, respectively. The education and health services sector was one of four employment sectors to exceed its prepandemic jobs total as of the fourth quarter of 2023. Recent expansions in the sector during the past year led to growth of 1,000 jobs, or 3.6 percent,

Sales Market Conditions

After a period of tight conditions from 2021 through 2022, the sales housing market in the Evansville metropolitan area is currently balanced because the amount of for-sale housing inventory has increased. The current estimated sales vacancy rate is 1.6 percent, unchanged from April 2020. Following a period of elevated sales activity from 2021 through 2022, the annual total home sales count during 2023 fell to 15 percent below the average annual level from 2015 through 2019 (CoreLogic, Inc.). Despite the reduction in annual home sales, average home sales prices during 2023 grew faster than the average annual increase from 2017 through 2019, although not as fast

Nonfarm payrolls in the Evansville metropolitan area recovered as of the fourth quarter of 2023 to exceed the prepandemic total in the fourth quarter of 2019 by 0.1 percent.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Evansville Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Deaconess Health System	Education and Health Services Sector	10,000
Berry Global Group, Inc.	Manufacturing	3,200
Ascension St. Vincent	Education and Health Services Sector	3,000

Note: Excludes local school districts.

Source: Evansville Regional Economic Partnership

above the fourth quarter of 2019. Headquartered in the city of Evansville, Deaconess Health System increased staffing and added a new hospital coordination center after acquiring four hospitals in nearby cities in southeastern Illinois during 2023 and one hospital in Jasper, Indiana.

as during 2021, when sales market conditions were tightening and home sales reached near-record levels. The existing housing stock of the Evansville metropolitan area is considerably older than the average at the national level. Approximately 22 percent of owner-occupied housing units in the metropolitan area were built before 1950, compared with 16 percent nationally (2022 American Community Survey [ACS] 1-year data as of July 1). 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 (REO) status fell to 1.5 percent as of December 2023, the lowest level on record and down from

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1.9 percent a year earlier. The December 2023 percentage was above the state and national levels of 1.2 percent and 1.0 percent, respectively.

During 2023—

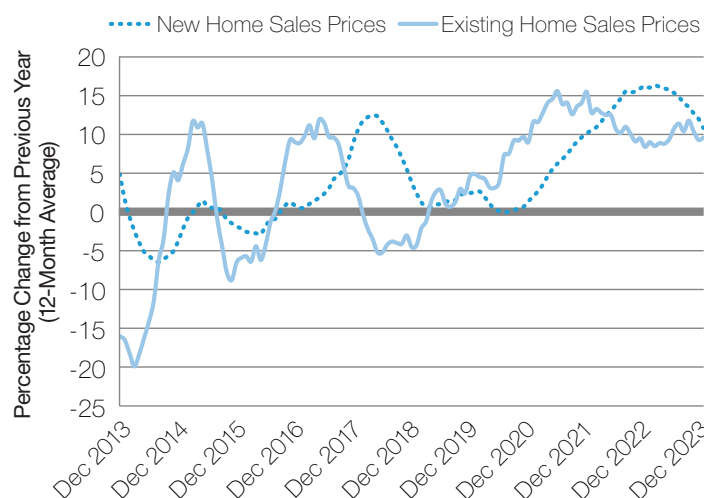
- Relatively high mortgage interest rates contributed to a sharp decline in existing home sales, which make up approximately 95 percent of all sales in the metropolitan area. Existing home sales totaled 6,375, representing a decrease of 1,075, or 14 percent, from a year earlier and below the average of 7,200 annually from 2014 through 2019. The rate of decline in sales was faster than during 2022, when existing sales totaled 7,425, reflecting a 12-percent drop from a peak of 8,400 in 2021.
- New home sales fell 45 percent to 240, representing a decrease of approximately 190 sales from 2022. For comparison, new home sales totaled 430 in 2022 after a decline of 80 sales, or 16 percent, from a year earlier.
- The average sales price for an existing home was \$215,800, up 10 percent from 2022 following an 8-percent increase from the year before. New homes sold for an average of \$327,900, reflecting an increase of 11 percent from a year earlier, slower than the 16-percent price increase during 2022.
- The active for-sale inventory count increased to 800 in December 2023, up 12 percent from the 720 active listings a year earlier (Redfin, a national real estate brokerage), leading to slowing price growth. In December 2023, the

metropolitan area had a 1.9-month supply of inventory, up from 1.5 months a year earlier.

Single-family home construction, as measured by the number of single-family homes permitted, decreased during 2023, although the annual total was still above the average from 2014 through 2019.

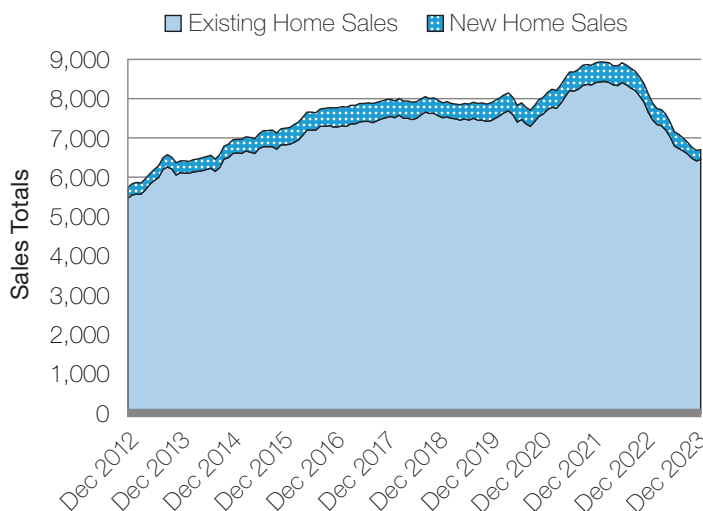
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Average sales prices for both new and existing homes in the Evansville metropolitan area rose at faster rates during 2023 than the average annual increase from 2017 through 2019.



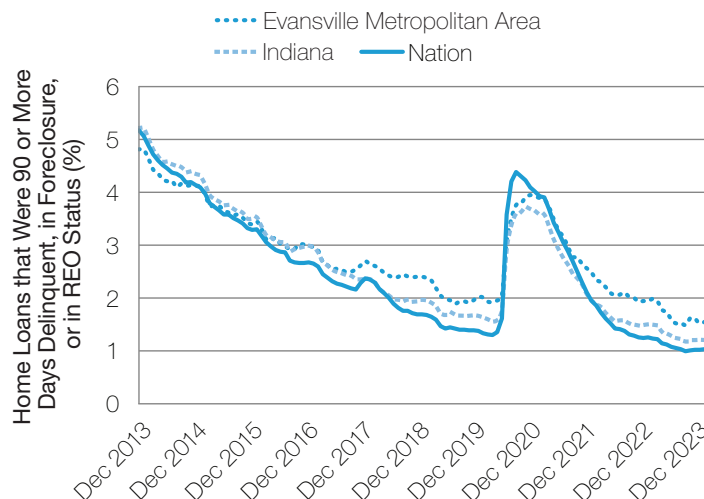
Note: Prices include single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

During the past year, total home sales in the Evansville metropolitan area fell to the lowest annual total since 2015.



Note: Sales are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

As of December 2023, the rate of seriously delinquent home loans and REO properties in the Evansville metropolitan area fell to the lowest rate in over 10 years.

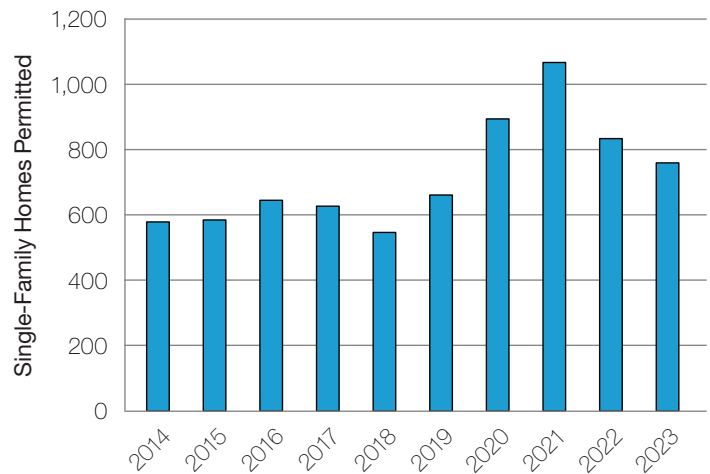


REO = real estate owned.
Source: CoreLogic, Inc.

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- Approximately 760 single-family homes were permitted during 2023, representing a decrease of 9 percent, or 90 homes, from the previous year. A total of 830 homes were permitted during 2022, reflecting a decrease of 230 homes, or 22 percent, from the near-record level during 2021.
- Single-family homes permitted from 2020 through 2021 averaged 980 annually, reflecting a 61-percent increase from the steady level of building activity from 2014 through 2019, when the number of single-family homes permitted averaged 610 annually. The increase in permitting led to increasing inventory during 2023. The decrease in new home sales outpaced the decline in single-family home construction.
- In 2023, approximately 59 percent of the single-family home construction in the metropolitan area was concentrated in Vanderburgh County, where 430 homes were permitted, up from 49 percent from 2014 through 2019. Vanderburgh County accounted for approximately 61 percent of the net in-migration to the metropolitan area from 2019 through 2022 (2019–2022 ACS data). Homes in the county were, on average, more affordable than two of three neighboring counties (CoreLogic, Inc.).
- Centerra Ridge is a single-family development in the city of Evansville that began construction on several phases

Following 3 years of elevated construction activity in the Evansville metropolitan area, single-family permitting decreased during 2023.



Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

of homes during 2010. Section II of Phase 10 began in the third quarter of 2023 and will total 66 homes once complete, with sales prices for available three- to five-bedroom homes listed between \$300,000 and \$427,000, respectively.

Rental Market Conditions

Rental housing market conditions in the Evansville metropolitan area are balanced, easing from the tight conditions of 2021 and 2022, when year-over-year fourth quarter rent growth was much higher than in 2023. The current overall rental vacancy rate (including single-family home rentals, mobile homes, and apartments) is estimated at 9.5 percent, down from 10.9 percent as of April 2020, when conditions were soft. Approximately 56 percent of renter households lived in single-family homes or structures with two, three, or four units during 2022 (2022 ACS 1-year data), higher than the national average of 48 percent. In the Evansville metropolitan area, units in these types of structures are generally older than those in structures with five or more units, which make up most of the inventory of the apartment market (CoStar Group). Vacancy rates for rental units have trended downward in the past year.

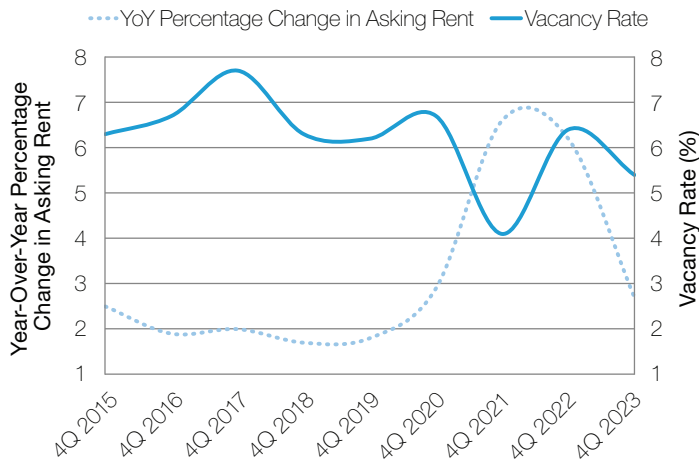
- The apartment market as of the fourth quarter of 2023 was slightly tight, differing from the overall rental market because older rental units generally have fewer modern amenities than newer apartment units. Approximately 21 percent of units in the overall rental market were built before 1950 (2022 ACS 1-year data), compared with 8 percent of apartment units in the metropolitan area that were built before 1950 (CoStar Group).

- As of the fourth quarter of 2023, the apartment market had a 5.4-percent vacancy rate (CoStar Group), down from the 6.4-percent vacancy rate a year earlier, when apartment market conditions were balanced. The vacancy rate as of the fourth quarter of 2021 was only 4.1 percent before an estimated 400 apartment units entered the market during 2022.
- As of the fourth quarter of 2023, the average apartment rent in the metropolitan area was \$897, reflecting an increase of \$24, or 3 percent, from a year earlier, when the average rent increased by \$51, or 6 percent, to \$873. The average year-over-year rate of fourth quarter rent growth from 2015 through 2019 was 2 percent, or \$11.
- The average rent for a professionally managed, single-family detached home with three bedrooms was \$1,353 as of the fourth quarter of 2023, nearly unchanged from the year earlier (CoreLogic, Inc.). By comparison, average rent increased by \$110, or 9 percent, as of the fourth quarter of 2022. Single-family detached homes made up approximately 35 percent of all occupied rental units in the metropolitan area during 2022 (2021–2022 ACS 1-year data), higher than the national average of 25 percent.

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Year-over-year rent growth in the Evansville metropolitan area slowed during 2023 but was higher than the average from 2015 through 2019.

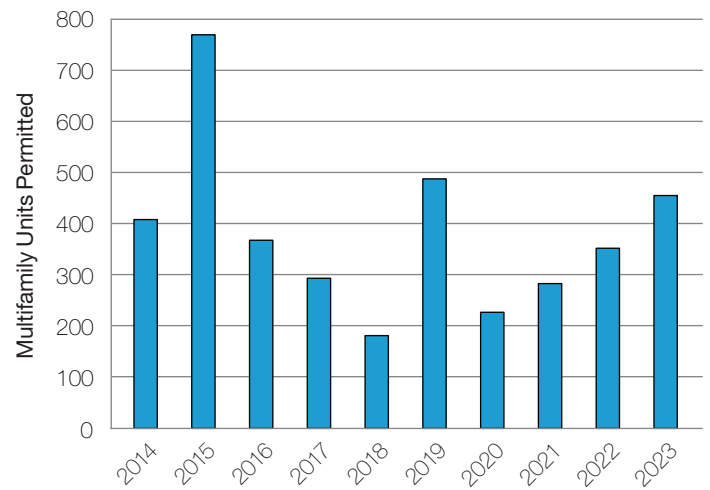


4Q = fourth quarter. YoY = year-over-year.
Source: CoStar Group

Multifamily construction activity, as measured by the number of units permitted, increased during 2023 following 2 years of relatively low building activity.

- During 2023, the number of multifamily units permitted increased by 100, or 29 percent, from the year before to 460 units. The number of units permitted rose 25 percent, or by 70 units, during 2022.
- The most recent peak in multifamily construction occurred in 2019, with an estimated 490 units permitted, above the average of 280 units permitted annually from 2016 through 2018. Following this peak, building activity declined to an average of 290 units annually from 2020 through 2022.
- Since 2020, approximately 80 percent of all multifamily development in the metropolitan area has occurred in

Multifamily builders in the Evansville metropolitan area responded to low vacancy rates during 2021 by increasing construction activity.



Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

Vanderburgh County, up from 61 percent in the previous decade. A recent notable addition in the city of Evansville is Cinema Apartments, a 64-unit apartment complex that is currently 92-percent occupied, with rents for available two-bedroom units currently listed at \$1,200 for 880-square-foot units and \$1,500 for 1,200-square-foot units.

- Multifamily developments under construction in Vanderburgh County include 5th and Main, a mixed-use development scheduled to complete construction in downtown Evansville in the second quarter of 2025. Once complete, the development will consist of 150 one- and two-bedroom units above retail and office space at market-rate rents (proposed rents not currently available).

Terminology Definitions and Notes

A. Definitions

Absorption	The change in occupancy over a given time period. Lease renewals are not factored into absorption unless the renewal includes the occupancy of additional space. (In that case, the additional space would be counted in absorption.) Pre-leasing of space in non-existing buildings (e.g., Proposed, Under Construction, Under Renovation) is not counted in absorption until the actual move-in date.
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 only those that are stabilized.
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 resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Interest Rates	Refers to 30-year fixed rate mortgage average interest rates for the United States.
Net Natural Decline	Resident deaths are greater than resident births.
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.
Seriously Delinquent Mortgages	Mortgages 90 or more 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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