

HUD PD&R Housing Market Profiles

Jacksonville, Florida



Quick Facts About Jacksonville

- Current sales market conditions: tight
- Current apartment market conditions: slightly tight
- The Port of Jacksonville, consisting of three public marine terminals and a cruise terminal, is the leading container port complex in the state of Florida. Commonly referred to as JAXPORT, the port contributed a total economic impact of \$31.1 billion to the local economy in 2018 (Martin Associates). Approximately 1.41 million containers passed through the port during fiscal year 2021, up 10 percent from 1.28 million in fiscal year 2020 (Jacksonville Port Authority).

By T. Michael Miller | As of January 1, 2022

Overview

The Jacksonville metropolitan area is in northeast Florida and includes Baker, Clay, Duval, Nassau, and St. Johns Counties. In addition to being an important shipping hub, the metropolitan area is home to Naval Air Station Jacksonville, Naval Station Mayport, and the headquarters of corporations such as Southeastern Grocers, Inc., GATE Petroleum Company, and CSX Corporation. The city of Jacksonville, which encompasses 875 square miles in Duval County, is the largest incorporated city in the continental United States by area and the most populous city in the state of Florida, with 949,611 residents (U.S. Census Bureau 2020 Decennial Census).

- As of January 1, 2022, the population of the Jacksonville metropolitan area is estimated at 1.66 million, with an average annual increase of 27,000, or 1.8 percent, since April 2010. Population growth can be separated into two main periods; from 2010 to 2015, population growth averaged 1.5 percent annually, but since 2015, population growth has accelerated to an average of 2.1 percent annually (Census Bureau population estimates as of July 1 and estimates by the analyst).

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- The main contributor to increasing population growth in the metropolitan area has been an increase in net in-migration since 2015, coinciding with stronger nonfarm payroll growth. Net in-migration increased from an average of 14,400 people annually from 2010 to 2015 to an average of 27,300 people annually since 2015.
- Net migration into the Jacksonville metropolitan area from 2014 through 2018 was primarily from other metropolitan statistical areas (MSAs) in Florida and the Northeast United States. Net migration into the Jacksonville metropolitan area from other MSAs in Florida accounted for nearly one-third

of all domestic net migration into the metropolitan area during the period, led by the Miami-Fort Lauderdale-West Palm Beach MSA.

- Migrants to the Jacksonville metropolitan area are attracted to the lower relative cost of housing in the metropolitan area; average existing home sales prices in the Jacksonville metropolitan area are 53 and 31 percent lower than in the New York-Newark-Jersey City and Miami-Fort Lauderdale-West Palm Beach MSAs, respectively, the two largest sources of net migration into the metropolitan area from 2014 through 2018 (most recent data available).

Economic Conditions

The economy of the Jacksonville metropolitan area is currently strong after recovering all of the jobs lost during the COVID-19 pandemic-related downturn. During the 3 months ending December 2021, nonfarm payrolls increased year over year by 31,100 jobs, or 4.3 percent, to 749,500 jobs. By comparison, during the 3 months ending December 2020, payrolls were down by 19,000 jobs, or 2.6 percent year over year. For context, the economy expanded for 9 consecutive years before the pandemic at an average annual rate of 2.5 percent from 2011 through 2019.

During the 3 months ending December 2021 —

- Nonfarm payrolls in the Jacksonville metropolitan area were 4.3 percent higher than the same 3-month period in 2020

and 1.6 percent higher than the same 3-month period in 2019, which preceded the 2020 recession.

- All but the government sector added jobs compared with the same 3-month period in 2020, with eight of the sectors posting gains of 1,000 or more jobs. In percentages terms, the mining, logging, and construction sector grew the fastest, nearly exclusively because of gains in the construction subsector.
- The manufacturing sector began to add jobs following a year of declines, which were partly caused by nationwide supply chain disruptions that slowed the production of goods. The gain of 400 manufacturing sector jobs, an increase of

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During the fourth quarter of 2021, 10 of 11 payroll sectors added jobs in the Jacksonville metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	December 2020 (Thousands)	December 2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	718.4	749.5	31.1	4.3
Goods-Producing Sectors	79.8	83.6	3.8	4.8
Mining, Logging, & Construction	47.6	50.9	3.3	6.9
Manufacturing	32.3	32.7	0.4	1.2
Service-Providing Sectors	638.6	665.9	27.3	4.3
Wholesale & Retail Trade	106.9	112.4	5.5	5.1
Transportation & Utilities	51.2	53.2	2.0	3.9
Information	8.9	9.0	0.1	1.1
Financial Activities	69.2	72.6	3.4	4.9
Professional & Business Services	112.2	118.7	6.5	5.8
Education & Health Services	111.2	115.8	4.6	4.1
Leisure & Hospitality	75.1	79.4	4.3	5.7
Other Services	25.0	26.0	1.0	4.0
Government	79.0	78.9	-0.1	-0.1
Unemployment Rate	3.8%	3.4%		

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

Source: U.S. Bureau of Labor Statistics

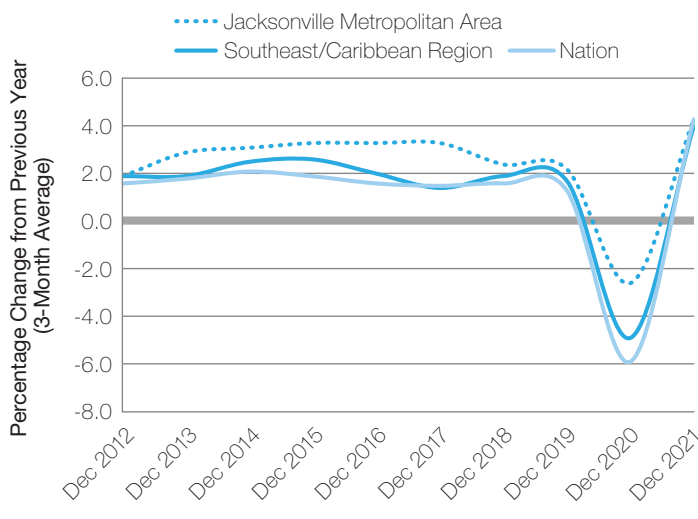


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1.2 percent compared with the same 3-month period in 2020, followed a decline of 1,000 jobs, or 2.9 percent, a year earlier.

- The unemployment rate in the Jacksonville metropolitan area averaged 3.4 percent, down from 3.8 percent a year ago and up from the 3.1-percent rate during the 3 months ending December 2019.

The impact of the recession of 2020 on nonfarm payrolls was less severe in the Jacksonville metropolitan area compared to the impact on the Southeast/Caribbean region and the nation.



Source: U.S. Bureau of Labor Statistics

The military presence in the Jacksonville metropolitan area has historically provided a strong base for the local economy. The U.S. Navy, the largest employer, directly employs 32,400 in the metropolitan area. The military presence is primarily in Duval County, where Naval Air Station Jacksonville, Naval Station Mayport, and Marine Corps Blount Island Command are located. In 2018, the Department of Defense supported about 120,600 civilian and military jobs and had an economic impact of nearly \$13.9 billion in the metropolitan area (Florida Defense Industry Economic Analysis, 2020). Included in the economic impact of the military is the \$2.2 billion paid in pensions and transfers to retirees in the metropolitan area. During 2019, nearly 138,500 retired and separated military members resided in the metropolitan area, providing highly skilled workers for area businesses (Census Bureau; American Community Survey [ACS] 1-year data).

Largest Employers in the Jacksonville Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Navy	Government	32,400
Baptist Health	Education & Health Services	12,400
BofA Securities, Inc.	Financial Activities	7,700

Notes: Excludes local school districts. Data for U.S. Navy include 18,575 uniformed military personnel at Naval Station Mayport and Naval Air Station Jacksonville, who are not included in nonfarm payrolls.

Sources: JAXUSA Partnership, a division of JAX Chamber; U.S. Department of Defense

Sales Market Conditions

The sales housing market in the Jacksonville metropolitan area is tight, unchanged from a year ago. The sales vacancy rate is currently estimated at 1.0 percent, down from 3.4 percent in 2010. During 2021, new home sales (including single-family homes, townhomes, and condominiums) increased 4 percent, continuing a trend that began in mid-2012. The number of existing home sales increased 28 percent during 2021, following a decline in existing sales of 5 percent during 2020. The increase in home sales coincided with a decline in available inventory to 1.2 months of supply, down from 1.8 months of supply a year earlier. The percentage of home loans in the Jacksonville metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status declined from 5.0 percent in December 2020 to 2.4 percent in December 2021 (CoreLogic, Inc.). The decline in the rate primarily reflects a decline in the number of loans in forbearance from a year earlier, when the economic contraction during the COVID-19 pandemic made it more difficult for some homeowners to stay current on their mortgage payments. The

current rate is significantly below the peak of 14.3 percent during January 2012 but higher than the current rates of 2.3 percent for Florida and 2.0 percent for the nation.

During the 12 months ending December 2021 —

- The number of new homes sold during 2021 totaled 10,050, up from 9,650 during 2020 and significantly higher than the average of 7,400 a year from 2015 through 2019 (CoreLogic, Inc., with adjustments by the analyst).
- Existing home sales totaled 45,150 during 2021, an increase of 28 percent from 35,150 homes sold during 2020.
- The average sales price for new homes was \$363,500 during 2021, up 9 percent from \$334,200 during 2020 and 8 percent higher than the previous peak of \$336,600 in 2019.
- The average sales price for existing homes during 2021 was \$322,700, an increase of 17 percent compared with \$276,900 during 2020. The average price for existing homes increased an average of 6 percent a year from the end of 2012 through 2019.

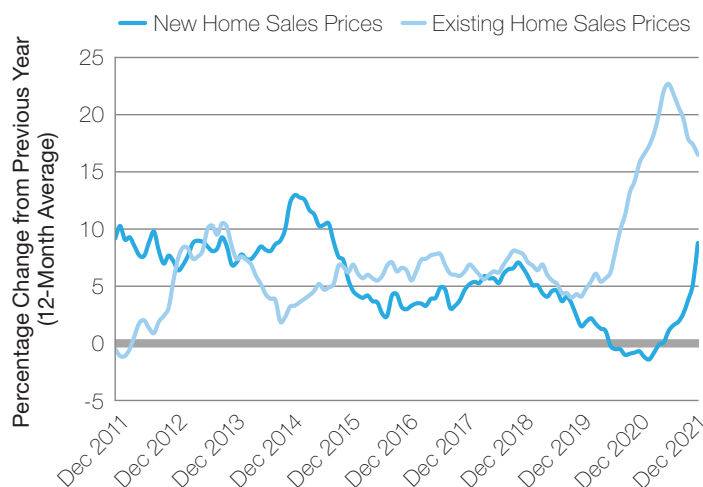
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Single-family home construction activity, as measured by the number of single-family homes permitted, has increased each year since 2011 but remains below the previous peak during 2005.

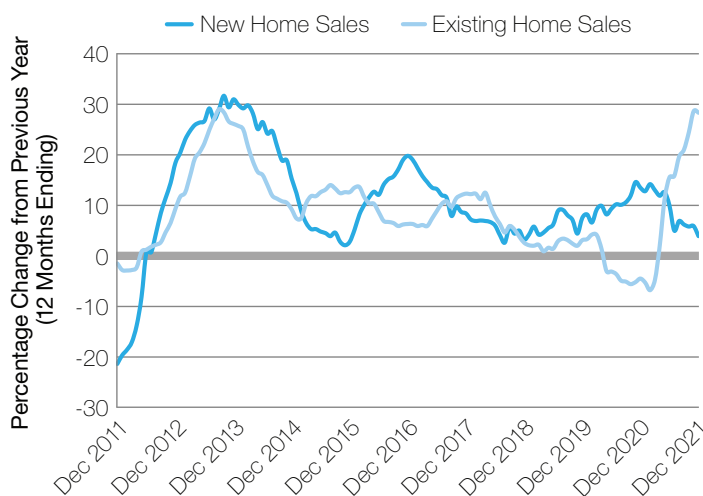
- The number of single-family homes permitted increased to 16,250 during 2021, up 23 percent from 13,200 homes permitted during 2020 (preliminary data).

New and existing home sales prices in the Jacksonville metropolitan area have increased during the past year, partly due to historically low interest rates.



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

The number of existing home sales in the Jacksonville metropolitan area has increased substantially during the past year after declining during 2020.

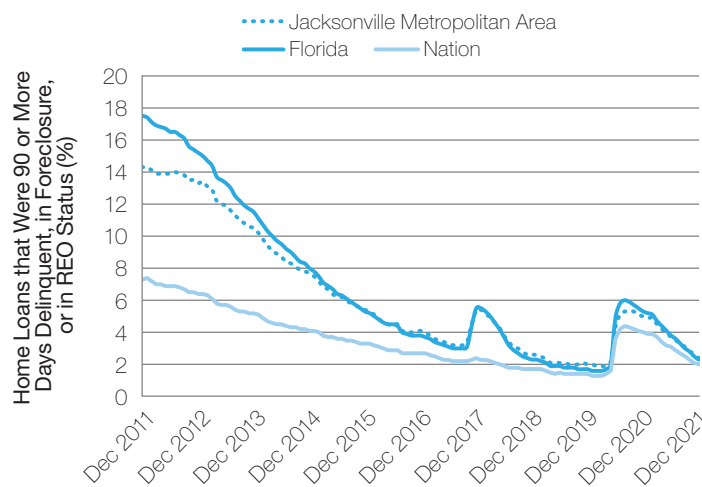


Note: Sales are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

- Single-family construction activity averaged 10,725 homes permitted annually from 2017 through 2019 as the housing market continued to recover from the housing crisis of the late 2000s, up from an average of 6,075 homes a year from 2007 through 2016 but far less than the average of 13,725 permitted each year from 2002 through 2006.

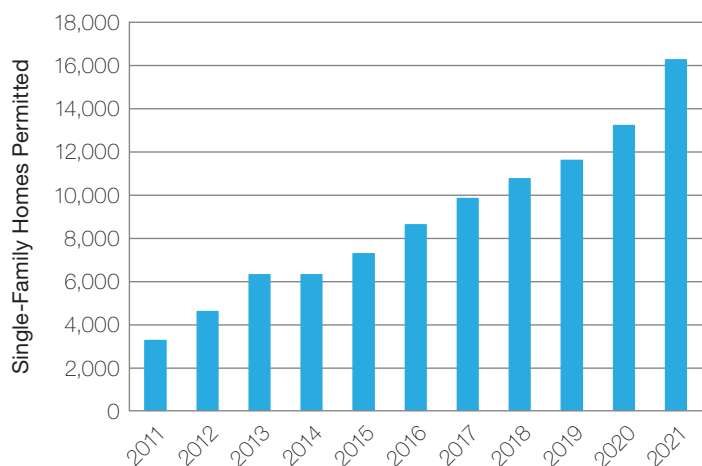
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The proportion of seriously delinquent home loans and REO properties in the Jacksonville metropolitan area have declined following a substantial increase in mid-2020.



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

Single-family home construction in the Jacksonville metropolitan area has increased every year since 2011.



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

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- Recent single-family home construction has been concentrated in the southern part of the metropolitan area, with St. Johns County accounting for approximately 45 percent of all single-family homes permitted during the past year.
- Three of the top 40 fastest growing master planned communities in the nation are located in the Jacksonville metropolitan area, including SilverLeaf, Nocatee, and eTOWN.

SilverLeaf is a master-planned community with plans for 10,700 home sites spread across 8,500 acres in northeast St. Johns County. A total of 930 homes were sold in the development during 2021, the ninth highest total for a master-planned community in the nation (John Burns Real Estate Consulting, LLC). New home prices in SilverLeaf currently start from the low \$300,000s for a three-bedroom home.

Apartment Market Conditions

The apartment market in the Jacksonville metropolitan area is slightly tight. Apartment market conditions were soft after the Great Recession, but slower multifamily construction from 2009 through 2014 and increased rental household growth spurred by the housing crisis have contributed to a decline in vacancy rates and an increase in rents compared with 2010. Despite an increase in multifamily construction since 2015, stronger migration into the metropolitan area has contributed to the tightening apartment market.

During the fourth quarter of 2021 —

- The apartment vacancy rate was 5.3 percent, down from 7.1 percent a year earlier, because the recent increase in apartment demand has resulted in a tightening of the apartment market (CoStar Group).
- Apartment market conditions tightened in all CoStar Group-defined market areas in the metropolitan area. Vacancy rates

ranged from 1.1 percent in the Baker County market area to 8.7 percent in the Central Jacksonville market area.

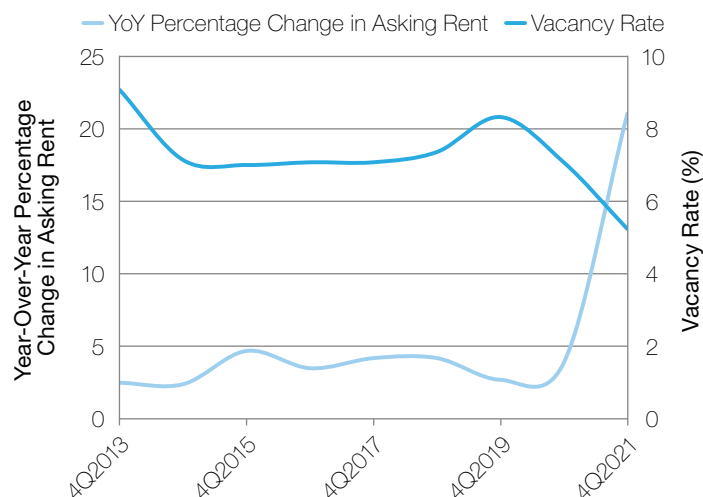
- The average apartment rent increased 21 percent from a year earlier to \$1,417, partly due to increased demand.
- The average rent increased in all 11 CoStar Group-defined market areas in the metropolitan area, with average rent increases ranging from 11 percent in the Central Jacksonville market area to 23 percent in the Saint Augustine market area.

In response to strong demand, multifamily construction in the metropolitan area, as measured by the number of multifamily units permitted, has been elevated since 2018. During 2021, 6,200 multifamily units were permitted in the metropolitan area, up 14 percent from 5,450 units during 2020.

- As of January 1, 2022, an estimated 6,775 multifamily units were under construction in the Jacksonville metropolitan area.

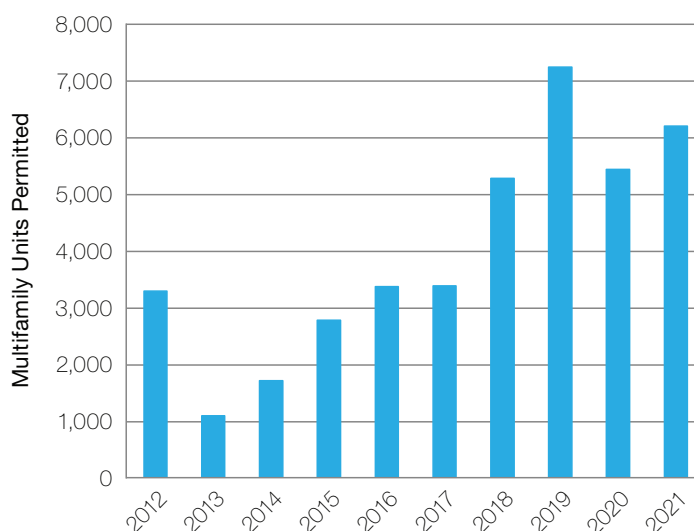
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Rent growth in the Jacksonville metropolitan area during the fourth quarter of 2021 presented the largest year-over-year fourth quarter increase since at least 2000.



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

Multifamily construction in the Jacksonville 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—preliminary data and estimates by the analyst

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- From 2012 through 2017, an average of 2,600 multifamily units were permitted annually, compared with an average of 6,050 units a year since 2017, when stronger net in-migration caused builders to increase multifamily construction activity.
- More than two-thirds of the rental units built in the past year have been in the city of Jacksonville, including the 250-unit Springs at Flagler Center, completed in late-2021 and offering studio to three-bedroom apartment units with rents ranging from \$1,412 to \$2,710.
- Cadence at Nocatee, a 291-unit apartment community in the city of Jacksonville, was completed in December 2021; rents for one-, two-, and three-bedroom units start at \$1,472, \$1,809, and \$2,669, respectively.