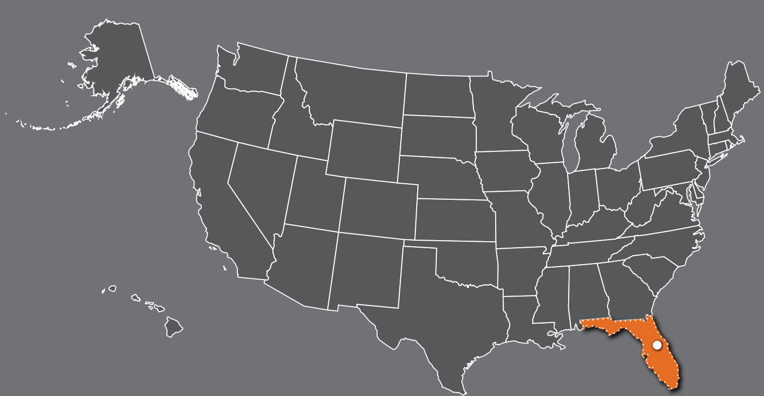
HUD PD&R **Housing Market Profiles**

Orlando-Kissimmee-Sanford, Florida

Orlando, Florida

Quick Facts About Orlando-Kissimmee-Sanford

- **Current sales market conditions: balanced**
- **Current apartment market conditions: slightly soft**
- **The Orlando metropolitan area is one of the premier tourist destinations in the nation, particularly for families. During 2023, the Orlando metropolitan area welcomed about 74 million visitors, unchanged from 2022, when tourism generated an estimated $87.6 billion annual economic impact on the metropolitan area (Visit Orlando). Tourism supports more than 450,000 jobs in the metropolitan area, including a respective 75,000 and 26,800 at Walt Disney World Resort and Universal Studios Florida at Universal Orlando Resort.**



By T. Michael Miller | As of July 1, 2024

Overview

The Orlando-Kissimmee-Sanford, FL metropolitan area (hereafter, Orlando metropolitan area) includes Lake, Orange, Osceola, and Seminole Counties in central Florida. The warm climate of the metropolitan area, relatively affordable housing, and a lack of state income taxes have made it an increasingly attractive destination for businesses relocating from other states. The metropolitan area is home to more than 570 corporate headquarters and regional offices, including Darden Restaurants, Inc., American Automobile Association, Travel + Leisure Co., and Tupperware Brands Corporation. The inventory of homes for sale is increasing relative to the historically low levels during the past 3 years to the highest levels since 2014. An elevated number of apartment units were completed during the past 2 years, contributing to rising vacancy rates and the subsequent declining average rents.

- As of July 1, 2024, the population of the metropolitan area is estimated at 2.87 million, with an average annual increase of 58,150, or 2.1 percent, since 2021. Population growth slowed from an average annual increase of 2.5 percent from 2010 to 2018 to an average increase of 29,400 people, or 1.1 percent, from 2018 to 2021, partly because of slowing job growth, reduced net in-migration, and declining net

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natural change, primarily from the COVID-19 pandemic (U.S. Census Bureau decennial census counts and population estimates as of July 1, with estimates by the analyst).

- Net in-migration has increased since 2021, and average net natural increase has continued to slow despite increases from recent lows from 2020 to 2021, when net natural increase totaled 4,100 people. Net in-migration and net natural change averaged 21,700 and 7,675 people, respectively, a year from 2018 to 2021 and have averaged 50,950 and 7,200 people a year since 2021.
- The largest number of people moving to the metropolitan area come from other metropolitan areas in Florida, Puerto Rico, and metropolitan areas in the Northeast region of the country. The Miami-Fort Lauderdale-West Palm Beach metropolitan area accounted for the largest share (2016–2020 American Community Survey [ACS] 5-year estimates), partly because the large number of leisure and hospitality sector jobs in the metropolitan area attract foreign-born workers who relocate from areas with the busiest common ports of entry for immigration along the east coast of the United States.
- The median age in the metropolitan area was 38.5 years in 2022 compared with 39.0 nationally (ACS 1-year estimates). Although the metropolitan area attracts retirees because of the lack of state income tax, the warm, sunny climate, and recreational amenities, residents 60 and older represented 22.9 percent of the population during 2022 compared with 23.8 percent in the nation. By comparison, the population aged 20 to 29 represents 15.4 percent of the population compared with 13.3 percent in the nation because of a strong job market for young workers.

Economic Conditions

The economy in the Orlando metropolitan area expanded during the past year, continuing strong nonfarm payroll job growth following the recession of 2020 from the COVID-19 pandemic. As of the 3 months ending June 2024, nonfarm payrolls in the metropolitan area increased by 21,300 jobs, or 1.5 percent, from a year earlier to nearly 1.48 million jobs following an increase of 68,100 jobs, or 4.9 percent, as of the same 3 months a year ago. Similar to the recent growth, nonfarm payrolls increased an average of 3.3 percent annually from 2011 through 2019 before declining 8.7 percent during 2020. The metropolitan area had permanently recovered all jobs lost during the early months of the pandemic by February 2022. The education and health services sector, the fourth largest nonfarm payroll sector, with 189,100 jobs, had the largest increase as of the 3 months ending June 2024, gaining 5,100 jobs, or 2.8 percent, from a year earlier.

As of the 3 months ending June 2024—

- The wholesale and retail trade and the leisure and hospitality sectors had the second largest gains, each increasing by 5,000 jobs, or 2.4 and 1.8 percent, respectively, from a year ago. The

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Year-over-year nonfarm payroll growth occurred in 8 of the 11 sectors as of the 3 months ending June 2024 in the Orlando metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	June 2023 (Thousands)	June 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,458.2	1,479.5	21.3	1.5
Goods-Producing Sectors	143.3	146.0	2.7	1.9
Mining, Logging, & Construction	90.6	93.2	2.6	2.9
Manufacturing	52.7	52.8	0.1	0.2
Service-Providing Sectors	1,314.9	1,333.5	18.6	1.4
Wholesale & Retail Trade	204.5	209.5	5.0	2.4
Transportation & Utilities	61.5	62.2	0.7	1.1
Information	27.0	26.8	-0.2	-0.7
Financial Activities	91.2	89.4	-1.8	-2.0
Professional & Business Services	285.1	284.7	-0.4	-0.1
Education & Health Services	184.0	189.1	5.1	2.8
Leisure & Hospitality	282.9	287.9	5.0	1.8
Other Services	52.4	55.2	2.8	5.3
Government	126.3	128.8	2.5	2.0
Unemployment Rate	2.8%	3.2%		

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

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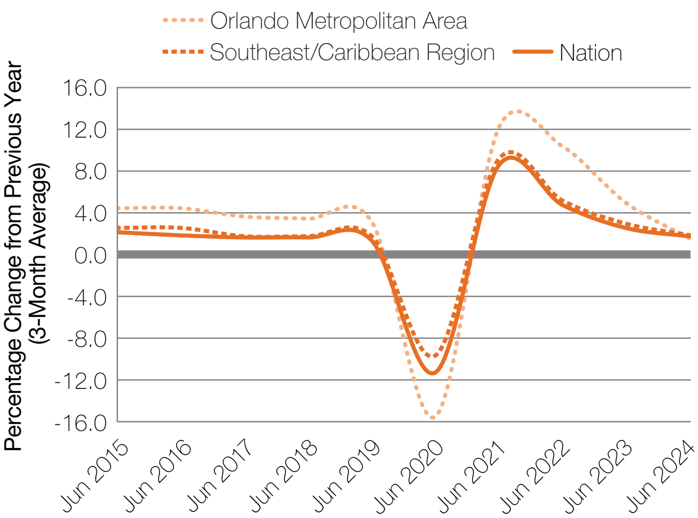
increase in the wholesale and retail trade sector occurred partly because of an increase in e-commerce businesses.

- The other services sector had the fastest increase in nonfarm payrolls, increasing by 2,800 jobs, or 5.3 percent, from a year earlier to 55,200 jobs. The gains were primarily in the personal services and the repair and maintenance industries.

The rate of job growth in the Orlando metropolitan area fell below rates in the Southwest/Caribbean region and the nation as of the second quarter of 2024.



Source: U.S. Bureau of Labor Statistics

- The mining, logging, and construction sector increased by 2,600 jobs, or 2.9 percent, from a year earlier, partly because of increased construction in the metropolitan area, including Epic Universe, a $1 billion expansion to nearly double the size of the park at Universal Orlando Resort.
- The financial activities, the professional and business services, and the information sectors partially offset gains, declining by 1,800, 400, and 200 jobs, or 2.0, 0.1, and 0.7 percent, respectively, from a year ago. The decline in the financial activities sector is primarily related to slower home sales and subsequent reduced mortgage finance activity.
- The unemployment rate averaged 3.2 percent, up from 2.8 percent during the 3 months ending June 2023. Resident employment increased 1.4 percent year over year to 1.43 million but was outpaced by the 1.9-percent growth in the labor force, resulting in an increase in the unemployment rate.

Largest Employers in the Orlando Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Walt Disney World Resort	Leisure & Hospitality	75,000
AdventHealth Orlando	Education & Health Services	37,672
Universal Studios Resort	Leisure & Hospitality	26,800

Note: Excludes local school districts.
Source: Orlando Economic Partnership

Sales Market Conditions

The sales housing market in the Orlando metropolitan area is balanced, unchanged from a year ago. The sales vacancy rate is currently estimated at 2.0 percent, up from 1.9 percent in April 2020. During the 12 months ending June 2024, new home sales (including single-family homes, townhomes, and condominiums) declined 8 percent from a year earlier, following a 10-percent increase during the previous 12 months. The number of existing home sales declined 9 percent during the 12 months ending June 2024, following a 32-percent decline during the previous 12 months. The available inventory of homes for sale increased to a 4.1-month supply from 2.7 months during June 2023, partly because increasing home sales prices and elevated mortgage interest rates have limited the number of qualified homebuyers. The average interest rates for a 30-year, fixed-rate mortgage were 3.2, 5.5, and 7.0 percent during 2021, 2022, and 2023, respectively (Freddie Mac).

The percentage of home loans in the metropolitan area that were seriously delinquent or had transitioned into real estate owned status declined from 1.6 percent in June 2022 to 1.3 percent in June 2023 and 1.1 percent in June 2024 (CoreLogic, Inc.). The decline in the rate primarily reflects fewer loans that are seriously

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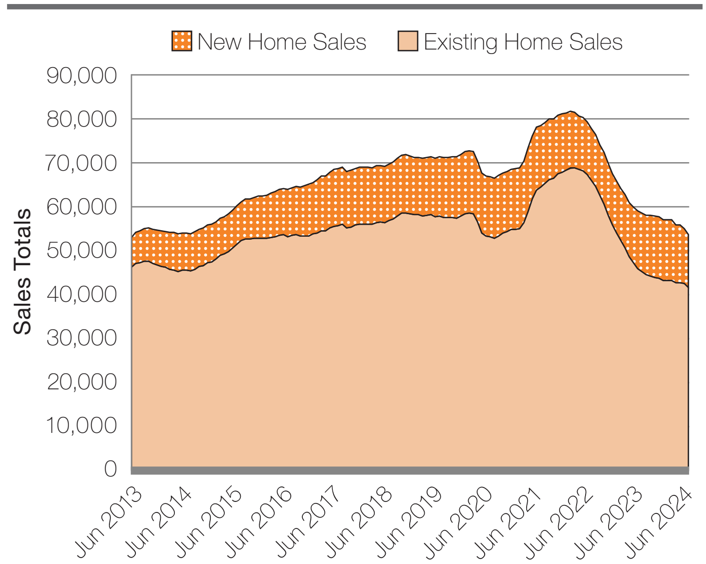
Existing home sales in the Orlando metropolitan area decreased for the second consecutive year, and new home sales decreased as of the 12 months ending June 2024.



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

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delinquent and in forbearance compared with 2 years earlier, when the economic contraction during the pandemic made it difficult for some homeowners to stay current on mortgage payments. The current rate is significantly below the 21.0-percent peak during February 2010 and the recent 6.5-percent peak during August 2020. By comparison, the current rates in Florida and the nation are 1.1 and 0.9 percent, respectively.

During the 12 months ending June 2024—

- The number of new homes sold declined 8 percent from 13,100 during the previous 12 months to 12,050 but was above the 11,950 homes sold during the 12 months ending June 2022 (CoreLogic, Inc., with adjustments by the analyst).
- Existing home sales totaled 41,550, a 9-percent decline from 45,800 homes sold during the previous 12 months, the lowest level since 2010.
- The average sales price for new homes was $510,500, up 4 percent from $491,800 during the previous 12 months, which followed an 11-percent increase during the 12 months ending June 2023.
- The average price for existing homes was $431,400, a 5-percent increase compared with $410,100 during the previous 12 months. By comparison, the average price for existing homes increased an average of 4 percent a year from 2012 through 2019, and prices increased an average of 15 percent a year from 2020 through 2022.

Construction of new sales units decreased during the 12 months ending June 2024 in response to reduced demand, partly because of elevated home mortgage interest rates. An estimated 9,200 new homes are under construction.

- The number of homes permitted decreased to 19,350 during the 12 months ending June 2024, down 8 percent from 21,050 homes permitted during the previous 12 months (preliminary data).

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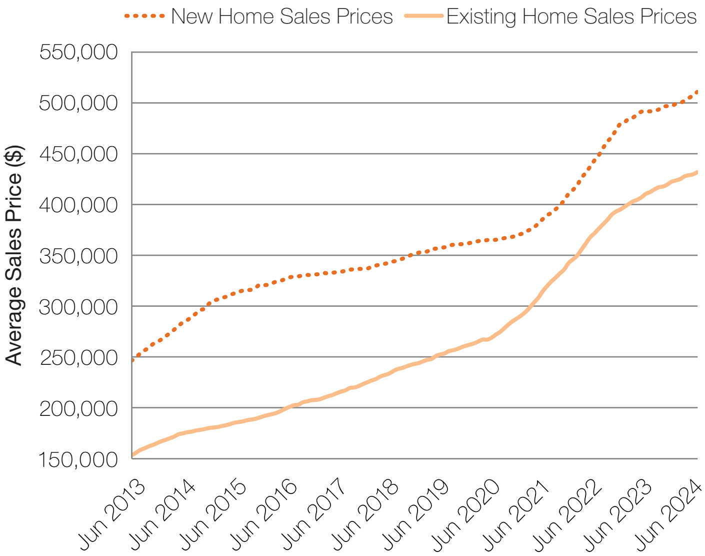
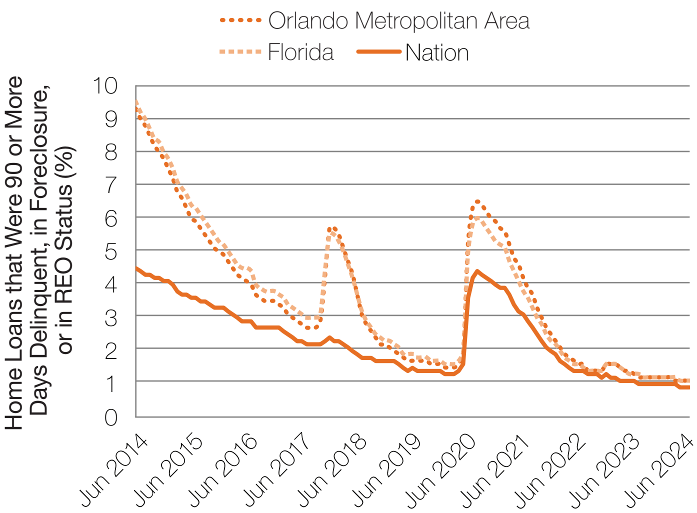
The average sales price for both new and existing homes in the Orlando metropolitan area has more than doubled since 2013.



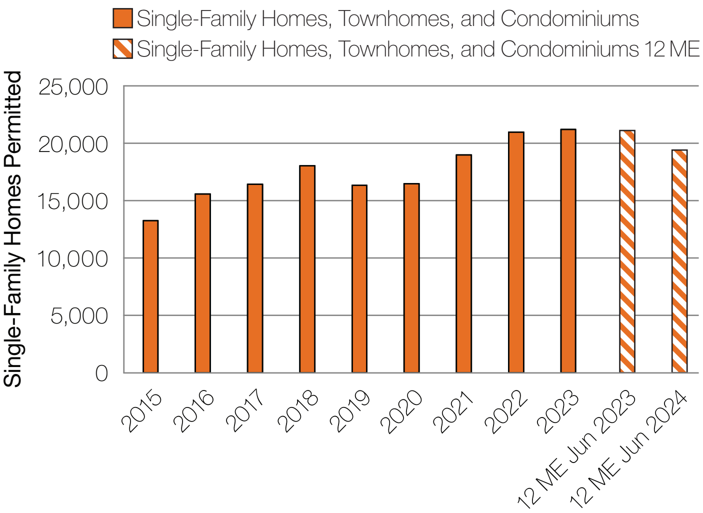
Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

The rates of seriously delinquent home loans and REO properties in the Orlando metropolitan area, Florida, and the nation are at their lowest levels in at least a decade.



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

The construction of homes for sale in the Orlando metropolitan area slowed during the 12 months ending June 2024.



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

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- An average of 19,950 homes were permitted annually during 2021 and 2022, primarily because of demand created by strong net in-migration and economic growth in the metropolitan area. By comparison, permitting averaged 16,000 homes annually from 2015 through 2020.
- New home construction has been distributed throughout more than 400 subdivisions in the metropolitan area (Zonda). During the past year, Osceola and Orange Counties accounted for 36 and 34 percent, respectively, of new homes permitted, compared with 17 and 48 percent of all existing single-family homes in the metropolitan area.
- Condominium permitting slowed to 3,100 units during the 12 months ending June 2024, down 30 percent from the 4,425 units permitted during the previous 12 months. Condominium permitting activity in the metropolitan area averaged 1,375 units annually from 2015 through 2021 before peaking at 4,725 units during 2022.

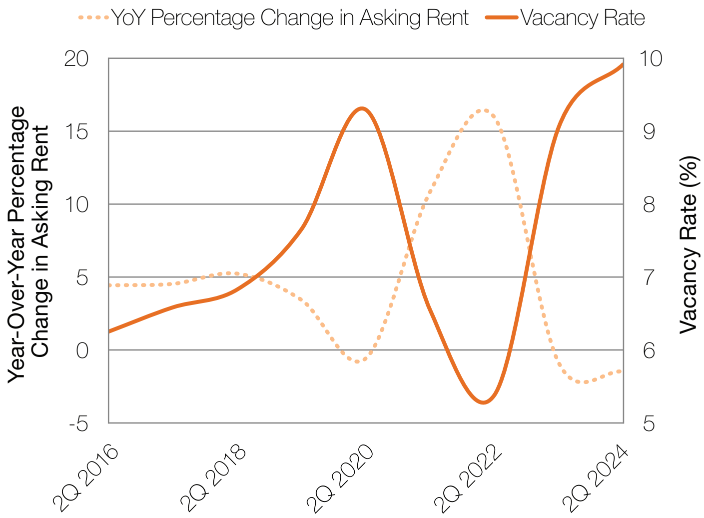
Apartment Market Conditions

Apartment market conditions in the Orlando metropolitan area are slightly soft, unchanged from a year ago. The market eased slightly during the past year because the growth in supply exceeded the demand for apartments; 13,700 apartment units were completed during the past 12 months, a period when net absorption totaled 10,600 units (CoStar Group). The average vacancy rate for apartment properties increased 0.9 percentage point compared with the second quarter of 2023 to 9.9 percent as of the second quarter of 2024. During the same period, asking rents in the metropolitan area declined 2 percent to average $1,786.

As of the second quarter of 2024—

- Apartment vacancy rates in the 13 CoStar Group-defined market areas in the metropolitan area ranged from 6.5 percent in the South Orlando market area, where conditions were balanced, to 16.4 percent in the Northwest Orlando market area, where conditions were soft. Inventory of apartment units in the South Orlando market area increased 2 percent during the past year compared with a 19-percent increase in the Northwest Orlando market area, among the lowest and highest, respectively.
- The apartment vacancy rate increased in 11 of 13 market areas relative to a year ago. The largest apartment vacancy rate increase of 7.2 percentage points occurred in the Northwest Orlando market area, where the apartment market transitioned from balanced conditions a year ago to soft.
- The vacancy rate also increased in the Osceola County market area, rising 7.0 percentage points to 16.3 percent. Approximately 240 apartments were completed in the market area during the past 12 months, increasing apartment inventory 14 percent. An additional 1,775 units are currently under construction.
- The West Orlando and South Orlando market areas had the lowest average rents at $1,603 and $1,626 and were among the market areas with the lowest average vacancy rates at 8.3 and 6.5 percent, respectively.

As of the second quarter of 2024, average rents declined, and the vacancy rate rose from a year ago in the Orlando metropolitan area.



2Q = second quarter. YoY = year-over-year.
Source: CoStar Group

- Asking apartment rents decreased or were unchanged in 12 of the 13 CoStar Group-defined market areas from the second quarter of 2023, with 8 market areas declining by more than 2 percent. Asking apartment rents increased 1 percent in the Eastside market area, the market area with the lowest vacancy rate at 5.9 percent as of the second quarter of 2024.

Multifamily unit construction activity, as measured by the number of multifamily units permitted, declined 21 percent from a year earlier to 12,000 units during the 12 months ending June 2024. Builders responded to higher vacancy rates by reducing multifamily unit production to allow the recently completed units to be absorbed. Multifamily construction activity in the metropolitan area has been relatively strong since 2019, averaging 12,900 units permitted a year from

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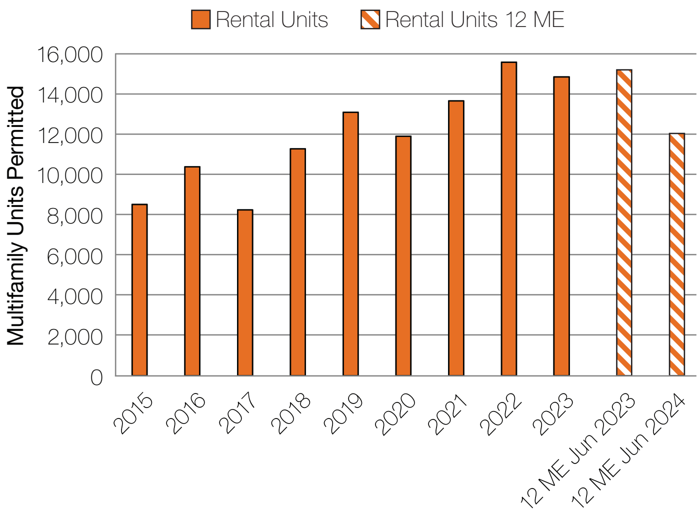
2019 through 2021. When developers responded to increased apartment demand and tighter market conditions, multifamily construction activity increased further to 15,600 units permitted during 2022.

- An estimated 13,700 units were completed in the metropolitan area from the second quarters of 2023 to 2024. That figure represents a 6-percent increase in the existing inventory during the period following average gains of 4 percent annually from 2015 to 2022.
- In the past year, even though apartment construction occurred in all market areas, nearly 75 percent of all completions were in 4 of the 13 market areas, including the I-Drive Orlando and Southwest Orlando market areas near the Walt Disney World Resort and the North Orlando and Northwest Orlando market areas.
- An estimated 17,750 apartment units are under construction in the metropolitan area, with about one-half of total units under construction in the I-Drive Orlando, South Orlando, and Lake Nona market areas (CoStar Group).

Multifamily permitting activity in the Orlando metropolitan area has been in decline since peak permitting during 2022.



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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 occupied 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.
Existing Home Sales	Includes resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births minus resident deaths.
Resales	These 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.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized	A property is stabilized once the occupancy rate has reached 90 percent or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.

B. Notes on Geography

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