

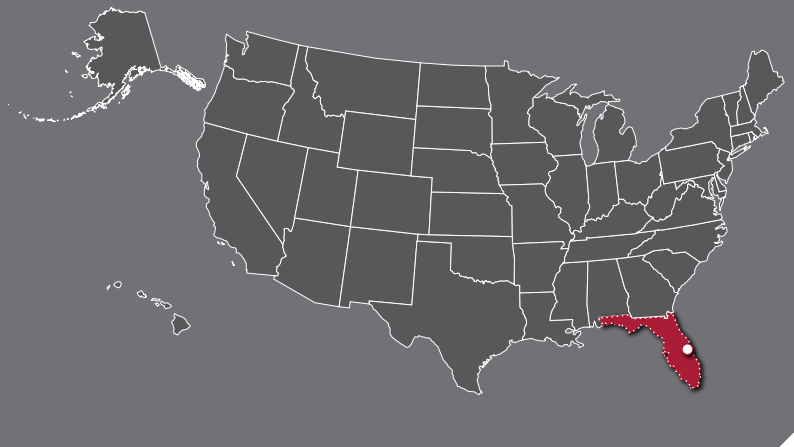
HUD PD&R Housing Market Profiles

Palm Bay-Melbourne-Titusville, Florida



Quick Facts About Palm Bay

- Current sales market conditions: balanced
- Current apartment market conditions: soft
- The Palm Bay-Melbourne-Titusville metropolitan area is also known as the “Space Coast” due to the strong presence of the National Aeronautics and Space Administration (NASA) and the many historic space exploration missions that have launched from the Kennedy Space Center.



Melbourne, Florida

By [Pete Komaroski](#) | As of September 1, 2023

Overview

The Palm Bay-Melbourne-Titusville (hereafter, Palm Bay) metropolitan area consists of Brevard County and is on the central east coast of Florida. The metropolitan area is coterminous with the Palm Bay-Melbourne-Titusville Metropolitan Statistical Area. On Merritt Island, the Kennedy Space Center is a popular tourist destination in central Florida that attracts more than 1.4 million visitors annually. Cocoa Beach has more than 2.4 million visitors a year and is one of the closest beaches to Orlando and the nearest city to Port Canaveral, a major cruise port in the state of Florida. The Canaveral National Seashore attracted more than 2.1 million visitors in 2022 and is among the popular outdoor recreation destinations in the area, along with Sebastian Inlet State Park and the Merritt Island National Wildlife Refuge.

- As of September 1, 2023, the population of the metropolitan area is estimated at 645,200, representing an average increase of 11,300, or 1.9 percent, annually since 2020. From 2014 to 2020, the population increased by an average of 8,900 annually, or 1.5 percent.
- Since 2020, net in-migration has averaged 14,900 a year, partly resulting from strong job growth in the manufacturing

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sector post pandemic. By comparison, net in-migration averaged 11,050 a year from 2014 to 2020, accounting for all population growth since 2010.

- Net natural decline averaged 2,125 a year from 2014 to 2020 before decreasing to an average of 3,625 a year since 2020, partially because of the COVID-19 pandemic.

Economic Conditions

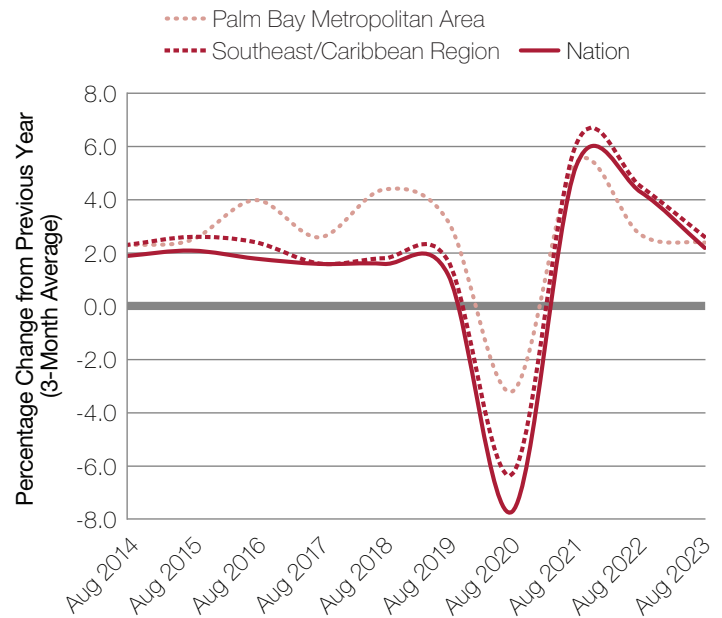
Economic expansion in the Palm Bay metropolitan area has continued after a strong recovery following the COVID-19 recession. As of the 3 months ending August 2023, nonfarm payrolls in the metropolitan area increased by 5,800 jobs, or 2.4 percent, to 247,500 jobs. Nonfarm payrolls increased by 6,300 jobs, or 2.7 percent, during the same period a year ago.

As of the 3 months ending August 2023—

- The education and health services sector increased by 3,100 jobs, or 8.5 percent, to 39,700, the most jobs any sector added in the past year.
- Nonfarm payrolls in the goods-producing sectors increased by 1,000 jobs, or 2.0 percent, from the previous year to 50,600 jobs. Jobs in the manufacturing sector increased by 1,600 jobs, or 5.0 percent, to 33,400 jobs from the previous year, accounting for all the increase in the goods-producing sectors.
- The number of jobs in the professional and business services sector increased by 400, or 1.0 percent, from 40,000 to 40,400. This sector is the largest in the metropolitan area, making up approximately 16 percent of all nonfarm payrolls.
- The unemployment rate increased to 3.1 percent, up slightly from 3.0 percent a year ago but well below the recent high of 11.2 percent as of the 3 months ending June 2020.

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The Palm Bay metropolitan area lost a lower percentage of jobs during the pandemic compared with the state and the nation.



Source: U.S. Bureau of Labor Statistics

Nonfarm payroll growth in the Palm Bay metropolitan area was strong as of the 3 months ending August 2023, with gains in 8 out of 11 sectors from a year ago.

	3 Months Ending		Year-Over-Year Change	
	August 2022 (Thousands)	August 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	241.7	247.5	5.8	2.4
Goods-Producing Sectors	49.6	50.6	1.0	2.0
Mining, Logging, & Construction	17.7	17.2	-0.5	-2.8
Manufacturing	31.8	33.4	1.6	5.0
Service-Providing Sectors	192.1	196.9	4.8	2.5
Wholesale & Retail Trade	34.2	34.5	0.3	0.9
Transportation & Utilities	5.4	5.3	-0.1	-1.9
Information	2.6	2.5	-0.1	-3.8
Financial Activities	8.2	8.3	0.1	1.2
Professional & Business Services	40.0	40.4	0.4	1.0
Education & Health Services	36.6	39.7	3.1	8.5
Leisure & Hospitality	29.2	29.7	0.5	1.7
Other Services	8.7	8.8	0.1	1.1
Government	27.3	27.7	0.4	1.5
Unemployment Rate	3.0%	3.1%		

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

Source: U.S. Bureau of Labor Statistics



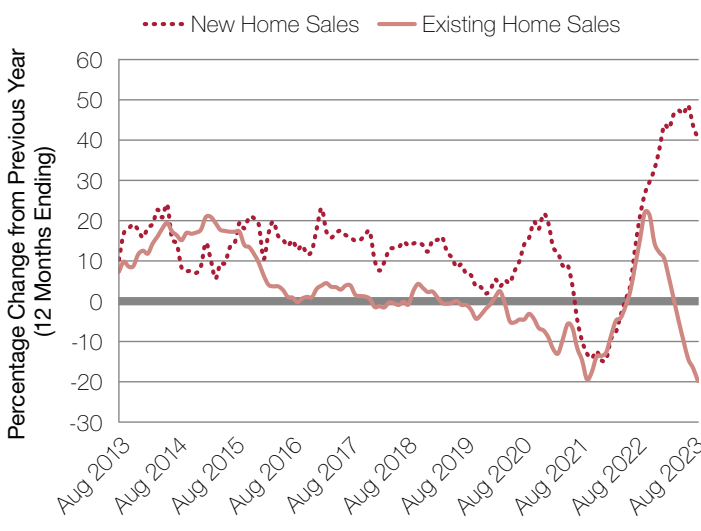
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The area is notably home to the Kennedy Space Center, which is one of the busiest spaceports in the world when combined with Cape Canaveral Space Force Station, with 57 launches in 2022, a record high for the area. In 2021, the Kennedy Space Center generated \$2.77 billion for the state of Florida and supported more than 21,000 jobs in the metropolitan area (NASA *Economic Impact Study: Fiscal Year 2021*). Along with the government and military presence, private space tourism and exploration companies such as Space Exploration Technologies Corp. (SpaceX), Blue Origin Enterprises, L.P., Lockheed Martin Corporation, and The Boeing Company employ highly skilled manufacturers, consultants, engineers, and military contractors. Manufacturing sector jobs in the metropolitan area have increased approximately 17 percent

Sales Market Conditions

The home sales market in the Palm Bay metropolitan area is balanced compared with a tight market in 2021. In August 2023, 3.1 months of for-sale inventory were available, unchanged from August 2022 and compared with 2.2 months of inventory in August 2021 (Redfin, a national real estate brokerage). A decline in home sales accompanied the inventory increase in the past year. As of the 12 months ending August 2023, new and existing home sales decreased to 17,050, or a 12-percent decline, from 19,300 a year ago (CoreLogic, Inc., with adjustments by the analyst). The percentage of home loans in the metropolitan area that were seriously delinquent or in real estate owned (REO) status declined to 1.2 percent in August 2023, down from

Existing home sales in the Palm Bay metropolitan area fell sharply in the past 12 months after increasing during the previous 12 months.



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

Largest Employers in the Palm Bay Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Health First, Inc.	Education & Health Services	8,000 to 8,999
L3Harris Technologies, Inc.	Manufacturing	7,000 to 7,999
Northrop Grumman Corporation	Manufacturing	3,000 to 3,999

Note: Excludes local school districts and military personnel.
Source: Economic Development Commission of Florida's Space Coast

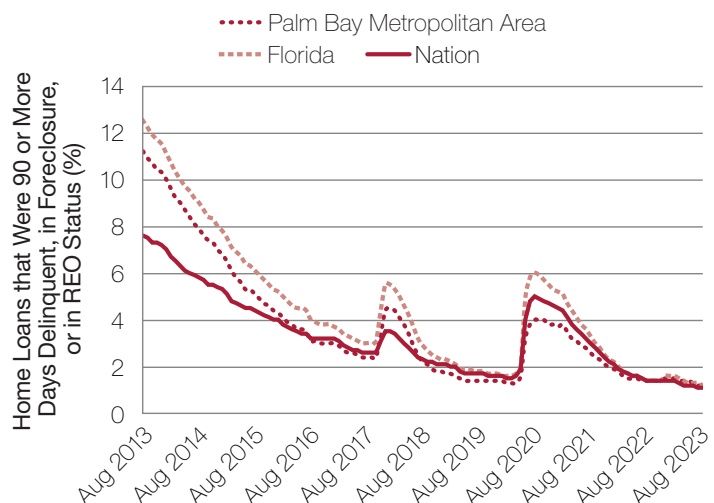
since prepandemic highs in March 2020, compared with 9 and 3 percent for Florida and the nation, respectively (monthly data, not seasonally adjusted).

1.4 percent a year ago and down from a recent high of 4.0 percent in October 2020. By comparison, the rate of seriously delinquent mortgages in the state of Florida was 1.2 percent in August 2023, down from 1.4 percent a year ago and well below a recent high of 6.0 percent in August 2020.

- During the 12 months ending August 2023, the average sales price for new homes was \$416,200, up 21 percent from \$344,900 a year ago.
- The average sales price for existing homes increased to \$366,600, up 7 percent from \$342,100 during the same period a year ago.

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The rate of seriously delinquent home loans and REO properties in the Palm Bay metropolitan area was lower than the rates in Florida and the nation during the early stages of the pandemic.



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

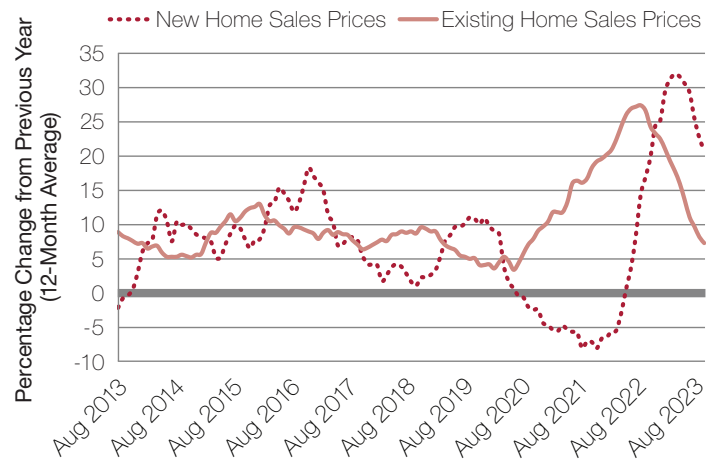
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- During the 12 months ending August 2023, new home sales increased to 340, up 41 percent from 280 a year ago. Existing home sales decreased to 1,175, down 20 percent from 1,425 a year ago.
- REO sales accounted for less than 1 percent of existing home sales during the 12 months ending August 2023, relatively unchanged from a year earlier and down from 2 percent during the 12 months ending August 2020.

Single-family homebuilding, as measured by the number of single-family homes permitted, has generally increased since 2014 because migration into the metropolitan area increased, and excess vacancies have been absorbed.

- The number of single-family homes permitted increased to 4,825 homes during the 12 months ending August 2023, up 10 percent from 4,375 homes permitted during the previous 12 months (preliminary data). Approximately 4,450 homes were permitted in 2021, the highest level of single-family construction since 2005, when 7,325 single-family homes were permitted, which is the highest level of single-family construction on record for the area.
- In 2011, 860 homes were permitted, the lowest level of single-family home construction on record for the area. From 2012 through 2020, single-family home permitting increased to 3,325 homes, reflecting an average increase of 18 percent a year.
- Heritage Lakes in West Melbourne is a single-family home development in which approximately one-half of the planned 146 units have sold. Sales prices start at \$369,000 for homes ranging from 1,672 to 2,601 square feet.

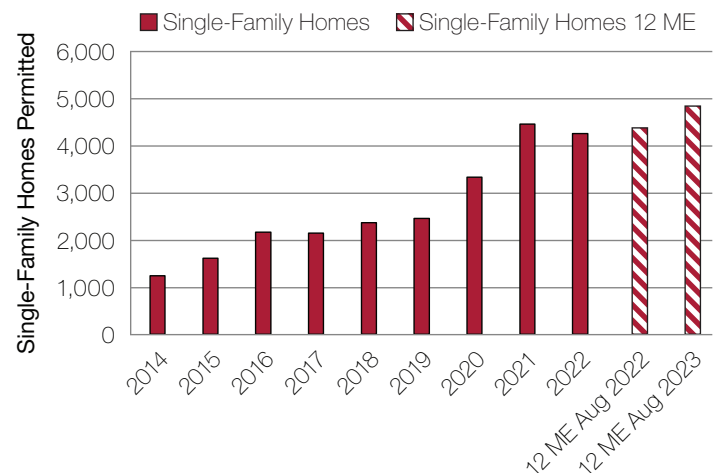
Growth in new and existing home prices in the Palm Bay metropolitan area slowed during the past 12 months.



Note: Data include new and existing single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

Single-family permitting in the Palm Bay metropolitan area has generally increased since 2014.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

The apartment market in the Palm Bay metropolitan area is soft, primarily due to a large number of units that have recently entered initial lease-up. Apartment completions have exceeded rental demand in the past year, resulting in an increase in the apartment vacancy rate.

- The apartment vacancy rate, including units in lease-up, was 11.0 percent as of the second quarter of 2023, up from 5.9 percent a year ago and 6.0 percent as of the second quarter of 2021 (CoStar Group).

- The average apartment rent as of the second quarter of 2023 was \$1,593, relatively unchanged from a year ago. By comparison, the average rent increased an average of 5 percent annually from \$980 as of the second quarter of 2014 to \$1,250 as of the second quarter of 2019 and an average of 12 percent annually from \$1,275 as of the second quarter of 2020 to \$1,600 as of the second quarter of 2022.
- The CoStar Group-defined Southern Brevard County market area, which includes the city of Palm Bay, had a 10.9-percent

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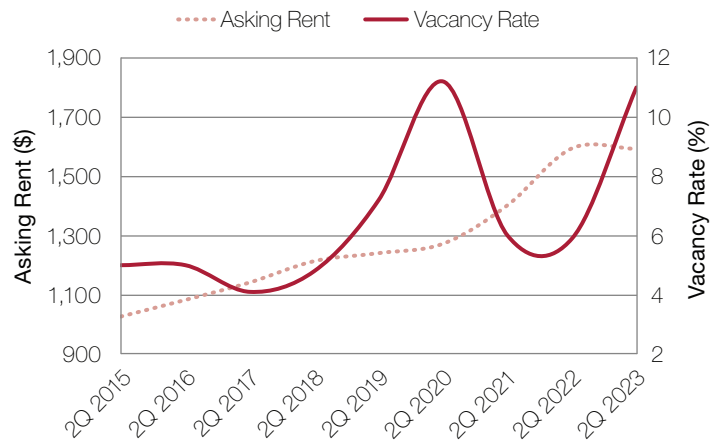
vacancy rate as of the second quarter of 2023, up from 5.7 percent a year ago. The average apartment rent in the market area was \$1,550, slightly up from \$1,525 a year ago.

- The CoStar Group-defined Coastal Brevard market area, which includes Cape Canaveral, Cocoa Beach, and Patrick Space Force Base, had a 2.7-percent vacancy rate as of the second quarter of 2023, up from 1.4 percent a year ago. The average apartment rent in the market area was \$1,325, up 27 percent from \$1,050 a year ago.

Multifamily construction activity, as measured by the number of units permitted, increased in the past 12 months as builders responded to the increasing population in the metropolitan area.

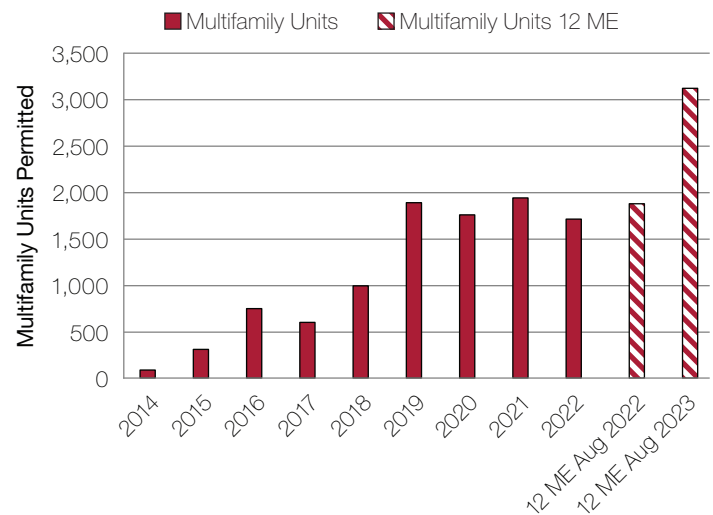
- Multifamily construction increased to 3,120 units permitted during the 12 months ending August 2023, up from 1,875 units permitted during the previous 12 months (preliminary data).
- Before 2023, a recent high level of multifamily permitting occurred from 2019 through 2021, when an average of 1,850 units were permitted annually. From 2014 through 2018, an average of 550 multifamily units were permitted annually. In 2011, fewer than 50 multifamily units were permitted, the lowest on record for the area.
- An estimated 4,700 multifamily units are currently under construction in the metropolitan area. The majority of these units, approximately 54 percent, are in the cities of Melbourne and Palm Bay.
- Approximately 1,475 units were completed in the past year, representing roughly 5 percent of the total apartment inventory in the area. Of these units, approximately 81 percent are in the cities of Melbourne or Palm Bay.
- The 350-unit Linz of Viera is a recently completed development in the city of Melbourne that offers rents starting at \$1,864, \$2,293, and \$2,995 for one-, two-, and three-bedroom units, respectively.

Vacancy rates in the Palm Bay metropolitan area increased in the past year after decreasing the year before.



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

Multifamily permitting in the Palm Bay metropolitan area increased in the past 12 months after levels were elevated from 2019 through 2022.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—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	Include resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Decline	Resident deaths are greater than resident births.
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.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate/affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease-up.
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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