

HUD PD&R Regional Reports

Region 4: Southeast/Caribbean



Quick Facts About Region 4

Jacksonville, Florida

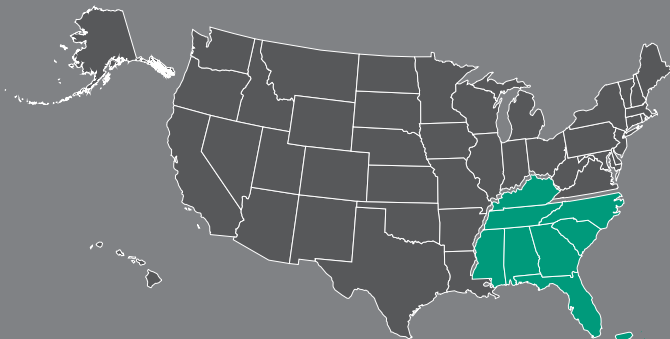
By Casey M. Blount | 1st Quarter 2020

Sales market conditions—

First quarter 2020: mixed (slightly tight to slightly soft)
Fourth quarter 2019: mixed (slightly tight to slightly soft)
First quarter 2019: mixed (slightly tight to slightly soft)

Apartment market conditions—

First quarter 2020: mixed (balanced to slightly tight)
Fourth quarter 2019: mixed (balanced to slightly tight)
First quarter 2019: mixed (balanced to slightly tight)



Overview

This report reflects market conditions as of the first quarter of 2020. Much of this period was prior to the COVID-19 outbreak in the United States, and therefore most of the data in this report do not reflect the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of countermeasures. Initial unemployment insurance claims in the Southeast/Caribbean region rose to 1.23 million in the week ending March 28, 2020, up from 28,400 claims in the same week a year earlier. HUD will continue to monitor market conditions in the region and provide an updated report reflecting conditions during the second quarter of 2020.

Job gains continued in the Southeast/Caribbean region during the first quarter of 2020, although the rate of job growth slowed significantly. Nonfarm payrolls in the region increased 1.3 percent, down from the 2.0-percent growth rate during the previous year. The largest job gains in the region were in Florida, where nonfarm payrolls rose by 156,700 jobs, or

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1.8 percent. The fastest rate of job growth, 5.6 percent, was in the U.S. Virgin Islands, where work associated with the reopening of the Limetree Bay oil refinery, which is currently scheduled for mid-2020, created more than 1,400 jobs. The unemployment rate declined in six of the eight states in the region and was unchanged in Puerto Rico. Sales market conditions in the region were mixed, ranging from slightly tight to slightly soft. New and existing home sales rose 3 percent in the region during the 12 months ending February 2020, whereas the average sales price increased 4 percent. Apartment market conditions in the region were also mixed, ranging from slightly tight to balanced. Average

rents rose throughout the region, with rent growth exceeding the 4-percent rate for the nation in four of the eight markets covered in this report.

- Unemployment rates in the region ranged from 3.0 percent in South Carolina to 8.7 percent in Puerto Rico.
- New and existing home sales in the region totaled 1.53 million, and the average sales price in the region rose to \$268,900.
- Among the largest markets in the region, Miami had the lowest apartment vacancy, 4.1 percent, and the highest average monthly rent, \$1,690.

Economic Conditions

The rate of job growth slowed significantly in the Southeast/Caribbean region during the past year and was lower than the rate for the nation for the first time since the first quarter of 2012. Nonfarm payrolls averaged 29.66 million jobs during the first quarter of 2020, an increase of 372,600 jobs, or 1.3 percent, compared with an increase of 579,600 jobs, or 2.0 percent, during the first quarter of 2019. Each state in the region added jobs during the past year, ranging from only slight increases in Mississippi and Kentucky to 1.8-percent growth in Florida and Tennessee. Recovery from Hurricanes Irma and Maria, which made landfall in September 2017, continued in the Caribbean territories of Puerto Rico and the U.S. Virgin Islands, where nonfarm payrolls increased by 9,525 and 2,025 jobs, or 1.1 and 5.6 percent, respectively. All nonfarm payroll sectors added jobs in the region except for the information sector, which declined by 1,300 jobs, or 0.3 percent. The education and health services

sector, which expanded by 87,500 jobs, or 2.2 percent, added the most jobs in the region. The fastest job growth was in the transportation and utilities sector, which added 42,400 jobs, or 3.4 percent. Growth in the sector was due in part to several Amazon.com facilities that opened in the region during the past year, including new fulfillment centers in Charlotte and Raleigh, which each created 1,500 jobs.

The unemployment rate for the region averaged 3.8 percent during the first quarter of 2020, down from 4.0 percent during the first quarter of 2019, with declines in six of eight states. In Puerto Rico, the unemployment rate was unchanged at 8.7 percent. The largest percentage point declines were in Alabama and South Carolina, where the respective rates fell from 3.8 and 3.6 percent to 3.2 and 3.0 percent. The largest increase in the region, from 4.7 to 5.0 percent, was in Kentucky. Although unemployment

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All but one nonfarm payroll sector added jobs in the Southeast/Caribbean region during the first quarter of 2020.

	First Quarter		Year-Over-Year Change	
	2019 (Thousands)	2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm	29,286.4	29,659.0	372.6	1.3
Goods-Producing Sectors	4,127.7	4,161.9	34.2	0.8
Mining, Logging, & Construction	1,510.5	1,538.6	28.1	1.9
Manufacturing	2,617.2	2,623.3	6.1	0.2
Service-Providing Sectors	25,158.7	25,497.1	338.4	1.3
Wholesale & Retail Trade	4,542.7	4,557.6	14.9	0.3
Transportation & Utilities	1,254.7	1,297.1	42.4	3.4
Information	474.3	473.0	-1.3	-0.3
Financial Activities	1,626.2	1,659.6	33.4	2.1
Professional & Business Services	4,134.6	4,175.4	40.8	1.0
Education & Health Services	4,046.2	4,133.7	87.5	2.2
Leisure & Hospitality	3,441.0	3,508.3	67.3	2.0
Other Services	1,093.9	1,107.4	13.5	1.2
Government	4,545.2	4,585.0	39.8	0.9

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

Source: U.S. Bureau of Labor Statistics



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rates declined throughout much of the region during the past year, the number of unemployed workers is estimated to have significantly risen during March. The data used by the Bureau of Labor Statistics to calculate the unemployment rate was collected during the week ending March 14, 2020. However, many workers became unemployed during the second half of March as a result of COVID-19 and were not included in the unemployment numbers. During the last two weeks of March 2020, a total of 2.20 million initial unemployment claims were filed in the region, more than 5 times higher than the 363,300 claims filed during the first two weeks of March 2020 and more than 40 times higher than the total of only 51,400 initial claims filed during the last two weeks of March 2019 (United States Department of Labor).

During the first quarter of 2020—

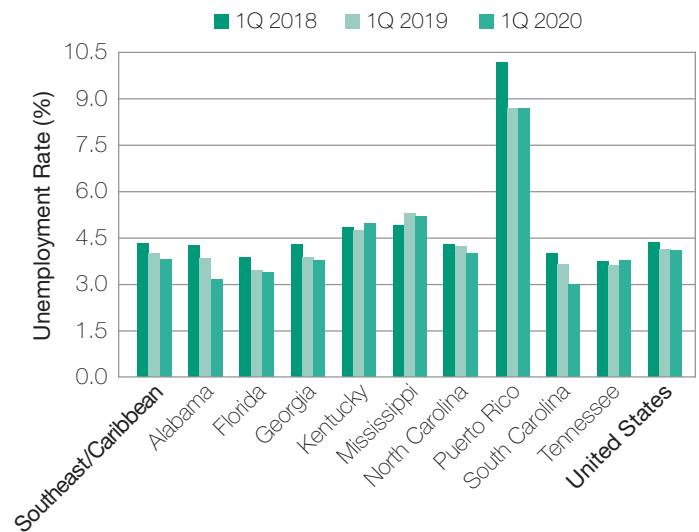
- In Florida, nonfarm payrolls averaged 9.08 million, an increase of 156,700 jobs, or 1.8 percent. Due in part to a 14-percent increase in residential permitting, the mining, logging, and construction sector expanded by 23,350 jobs, or 4.2 percent, the fastest job growth rate of any sector in the state.
- South Carolina was the only state in the region where job growth accelerated. Nonfarm payrolls in the state increased by 35,850 jobs, or 2.1 percent, up from an increase of 33,750 jobs, or 1.6 percent, a year ago.
- Job growth exceeded the 1.4-percent rate for the nation in three of the eight states in the region, including Tennessee, where nonfarm payrolls expanded by 56,100 jobs, or 1.8 percent.
- In Georgia, nonfarm payrolls increased by 49,600 jobs, or 1.1 percent, down from growth of 99,300 jobs, or 2.2

Population

Population growth in the Southeast/Caribbean region has exceeded the rate for the nation since 2017. From 2017 to 2019, the population in the region increased an average of 0.8 percent, or by approximately 544,500, annually, to 70.10 million, and the population of the nation expanded an average of 0.5 percent annually (Census population estimates as of July 1). Relatively strong job growth contributed to significant net in-migration to the region during the period. Nonfarm payrolls in the region increased an average of 1.7 percent a year from 2017 through 2019, higher than the national rate of 1.5 percent a year. Net in-migration to the region averaged 437,200 a year from 2017 to 2019 and accounted for 80 percent of total population growth. From 2018 to 2019—

- Florida accounted for approximately 40 percent of the population growth in the region but only accounted for 31

During the first quarter of 2020, the unemployment rate declined in all but two of the eight states in the Southeast/Caribbean region and was unchanged in Puerto Rico.



1Q = first quarter.

Source: U.S. Bureau of Labor Statistics

percent, during the first quarter of 2019. Nonfarm payrolls increased 0.9 percent in both North Carolina and Alabama, where the number of jobs increased 2.2 and 1.7 percent, respectively, a year ago.

- Nonfarm payrolls increased slightly to 1.92 million and 1.15 million jobs, respectively, in Kentucky and Mississippi.

percent of the total population. The population of the state increased by approximately 233,400, or 1.1 percent, the largest increase in the region.

- The fastest population growth rate in the region was in South Carolina, where the population expanded by approximately 64,550, or 1.3 percent, the seventh highest percentage growth rate in the nation. Population growth was particularly rapid in the coastal region of the state. Of the 384 metropolitan statistical areas (MSAs) in the nation, the Myrtle Beach MSA, where the population expanded 3.5 percent, and the Charleston MSA, where the population expanded 1.8 percent, had the 2nd and 33rd fastest growth rates, respectively.
- The populations of North Carolina and Georgia both increased 1.0 percent, or by approximately 106,500 and 106,300, respectively.

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Since 2017, population growth has exceeded the rate for the nation in five of the eight states in the Southeast/Caribbean region.

	Population Estimate (as of July 1)			Percentage Change	
	2017	2018	2019	2017 to 2018	2018 to 2019
United States	324,985,539	326,687,501	328,239,523	0.5	0.5
Southeast/Caribbean	69,012,793	69,516,058	70,101,833	0.7	0.8
Alabama	4,874,486	4,887,681	4,903,185	0.3	0.3
Florida	20,963,613	21,244,317	21,477,737	1.3	1.1
Georgia	10,410,330	10,511,131	10,617,423	1.0	1.0
Kentucky	4,452,268	4,461,153	4,467,673	0.2	0.1
Mississippi	2,988,510	2,981,020	2,976,149	-0.3	-0.2
North Carolina	10,268,233	10,381,615	10,488,084	1.1	1.0
South Carolina	5,021,268	5,084,156	5,148,714	1.3	1.3
Tennessee	6,708,799	6,771,631	6,829,174	0.9	0.8
Puerto Rico	3,325,286	3,193,354	3,193,694	-4.0	0.0

Source: U.S. Census Bureau

- The populations of Tennessee, Alabama, and Kentucky increased 0.8, 0.3, and 0.1 percent, or approximately 57,550, 15,500, and 6,525, respectively, while the population of

Mississippi declined 0.2 percent, or by 4,875. In Puerto Rico, the population was largely unchanged after declining 4.0 percent in 2018 following Hurricanes Irma and Maria.

Sales Market Conditions

Sales market conditions in the Southeast/Caribbean region were mixed during the first quarter of 2020, ranging from slightly tight to slightly soft. Home prices rose throughout the region as economic conditions continued to strengthen. The volume of sales activity declined, however, in two of the eight states, due in part to declining levels of for-sale inventory. The total inventory of homes available for sale in the region declined from 3.9 months

in March 2019 to 3.6 months in March 2020 and is currently 70 percent below the March high of 11.6 months in 2009, during the peak of the housing crisis (CoreLogic, Inc.). The level of for-sale inventory is particularly low in North Carolina, where the supply of available homes was only 2.0 months in March 2020, unchanged from March 2019, the lowest figure in the region.

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The number of homes sold increased in six of the eight states in the Southeast/Caribbean region during the past year, whereas the average sales price increased in all of them.

	12 Months Ending	Number of Homes Sold				Price		
		2019	2020	Percent Change	Average	2019 (\$)	2020 (\$)	Percent Change
Alabama (N&E)	February	67,500	67,600	0	AVG	213,300	224,200	5
Florida (N&E)	February	584,500	599,000	2	AVG	296,300	305,800	3
Georgia (N&E)	February	245,200	250,300	2	AVG	238,700	251,100	5
Kentucky (N&E)	February	55,700	54,950	-1	AVG	188,800	196,900	4
Mississippi (N&E)	February	12,800	12,550	-2	AVG	239,800	245,100	2
North Carolina (N&E)	February	230,300	245,300	7	AVG	243,400	255,400	5
South Carolina (N&E)	February	120,400	123,700	3	AVG	245,100	250,600	2
Tennessee (N&E)	February	163,000	171,900	5	AVG	227,900	241,300	6

AVG = average. N&E = new and existing.

Notes: Data include new and existing single-family homes, townhomes, and condominiums. Data for Mississippi exclude Hinds County, the most populous county in the Jackson metropolitan area.

Source: Metrostudy, A Hanley Wood Company with adjustments by the analyst



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During the 12 months ending February 2020, a total of 1.53 million new and existing homes (including single-family homes, townhomes, and condominiums) were sold in the region, up 3 percent from the previous 12 months (Metrostudy, A Hanley Wood Company). The number of homes sold increased in six of the eight states in the region during the 12 months ending February 2020, with the fastest increases in North Carolina and Tennessee, where home sales rose 7 and 5 percent, respectively. Mississippi and Kentucky, where home sales declined 2 and 1 percent, respectively, were the only states in the region where home sales activity declined. The average new and existing home price increased 4 percent to \$268,900 in the region during the most recent 12 months, approximately 12 percent higher than the previous peak of \$239,200 in 2007, prior to the housing market crisis. Home sales prices increased in every state in the region, with increases of at least 5 percent in four of the eight states. The fastest increase, 6 percent, was in Tennessee.

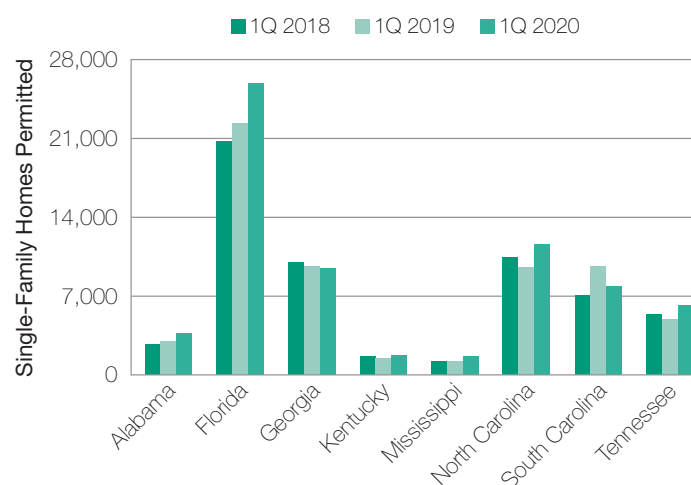
New home construction increased throughout much of the region in response to rising home prices during the past year. The total number of single-family homes permitted in the Southeast/Caribbean region rose 10 percent during the first quarter of 2020, with increases in six of the eight states.

During the first quarter of 2020 (preliminary data) —

- The number of single-family homes permitted in the region totaled approximately 68,000, up 10 percent from 61,700 a year ago.
- In Florida, single-family permitting increased by 3,550 homes, or 16 percent, to 25,850, the largest increase in the region.

- The fastest increases in the region were in Mississippi and Tennessee, where the number of single-family homes permitted increased 35 and 26 percent, or by 420 and 1,250, respectively.
- The number of single-family homes permitted declined 19 percent in South Carolina and 1 percent in Georgia, but increases ranged from 20 to 22 percent in the remaining three states in the region.

During the first quarter of 2020, the number of single-family homes permitted increased in six of the eight states in the Southeast/Caribbean region.



1Q = first quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the Southeast/Caribbean region were mixed during the first quarter of 2020, ranging from balanced to slightly tight. Apartment vacancy rates declined in six of the major markets in the region, with the largest decline, 1.6 percentage points, in Jackson, Mississippi, where limited development of new apartments has allowed for significant absorption of existing inventory (RealPage, Inc.). Average apartment rents rose sharply throughout much the Southeast/Caribbean region, with rent growth exceeding the 4-percent national rate in four of the major markets. A sharp decline in the apartment vacancy rate contributed to rent growth of 7 percent in Birmingham, the fastest growth rate in the region. Miami remained the most expensive apartment market in the region, with an average rent of \$1,690, up 4 percent from a year ago and 18 percent higher than the national average of \$1,436.

Multifamily permitting activity in the region decreased during the past year, with declines in six of eight states partially offset by increases in Florida and Mississippi. A total of 22,100 multifamily units were permitted in the region during the first quarter of 2020, a decrease of 2,325 units, or 10 percent, following an increase of 740 units, or 3 percent, during the first quarter of 2019.

During the first quarter of 2020 (preliminary data) —

- The 12,300 units permitted in Florida were the most of any state in the region, as was the increase of 1,100 units from a year ago. The Miami market, where the apartment market is slightly tight, accounted for much of the increase. The number of multifamily units permitted in the market rose 27 percent, to 4,575.
- The fastest declines in multifamily permitting were in Georgia and Alabama, where the number of units permitted fell to

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Apartment vacancy rates declined in six of the eight major markets within the Southeast/Caribbean region during the first quarter of 2020, with rent growth of at least 6 percent in four of them.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2019 (%)	1Q 2020 (%)	Percentage Point Change	1Q 2019 (\$)	1Q 2020 (\$)	Percent Change
Atlanta	Balanced	5.3	5.4	0.1	1,231	1,284	4
Birmingham	Balanced	5.6	4.9	-0.7	959	1,030	7
Charlotte	Balanced	5.2	4.6	-0.6	1,120	1,192	6
Columbia	Balanced	6.5	5.7	-0.8	931	940	1
Jackson	Balanced	6.8	5.2	-1.6	860	908	6
Louisville	Balanced	4.8	5.4	0.6	885	898	1
Miami	Slightly Tight	4.3	4.1	-0.3	1,621	1,690	4
Nashville	Balanced	5.3	4.9	-0.4	1,221	1,297	6

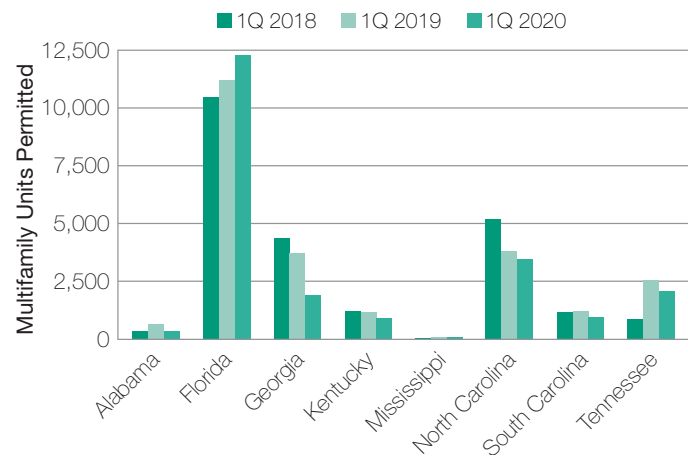
1Q = first quarter.

Source: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—RealPage, Inc.

1,925 and 350, respectively, both down 48 percent from a year ago. A 31-percent decline in multifamily permitting in the Atlanta market contributed significantly to the decline in Georgia, whereas the decrease in Alabama was due in large part to declines of 94 and 83 percent, respectively, in the Tuscaloosa and Auburn markets.

- The number of multifamily units permitted in Kentucky, South Carolina, and Tennessee fell 23, 21, and 19 percent to 900, 970, and 2,075 units, respectively. A less dramatic decline occurred in North Carolina, where 3,475 multifamily units were permitted, down 9 percent from the first quarter of 2019.
- In Mississippi, the number of multifamily units permitted rose from 75 to 95. No units were permitted in the Jackson market, unchanged from a year ago, while the number of units permitted in the Gulfport market rose 34 percent to 45 units, which accounted for just under one-half of the 95 units permitted in the state.

The number of multifamily units permitted declined in the Southeast/Caribbean region during the first quarter of 2020, with declines in all but two of the eight states.



1Q = first quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey