

# HUD PD&R Regional Reports

## Region 4: Southeast/Caribbean



### Quick Facts About Region 4

San Juan, Puerto Rico

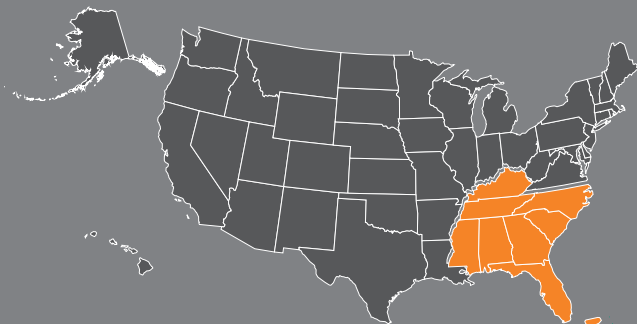
By [Casey M. Blount](#) | 2nd Quarter 2020

#### Sales market conditions—

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

#### Apartment market conditions—

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



### Overview

The impact of COVID-19 resulted in significantly weakened economic conditions in the Southeast/Caribbean region during the second quarter of 2020, although the rate of job loss in the region was less severe than that for the nation. Nonfarm payrolls in the region fell 9.1 percent, compared with a 12.7-percent decline for the nation. The largest job losses in the region were in Florida, where nonfarm payrolls declined by 795,000 jobs, or 8.9 percent. The fastest job losses were in Kentucky, where nonfarm payrolls declined 13.2 percent, or by 257,000 jobs. The unemployment rate increased significantly in all eight states in the region and Puerto Rico. Sales market conditions in the region were mixed, ranging from balanced to slightly soft. New and existing home sales declined 2 percent in the region during the 12 months ending May 2020, but the average sales price increased 4 percent. Apartment market conditions in the region were balanced. Average rents rose throughout the region, although rent growth was at or below the 2-percent national rate in five of the eight markets covered in this report.

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- Unemployment rates in the region ranged from 9.0 percent in Puerto Rico to 12.5 percent in Florida.
- New and existing home sales in the region totaled 1.46 million, and the average sales price in the region rose to \$271,400.
- Among the largest markets in the region, Jackson, Mississippi, had the lowest apartment vacancy rate at 4.4 percent, whereas Miami had the highest average monthly rent at \$1,674.

## Economic Conditions

After a 1.7-percent increase a year ago, nonfarm payrolls in the Southeast/Caribbean region fell significantly during the second quarter of 2020. Nonfarm payrolls in the region averaged 26.84 million jobs during the second quarter of 2020, a decline of 2.68 million jobs, or 9.1 percent, compared with a 12.7-percent decline for the nation. Each state in the region lost jobs during the past year, ranging from a 7.3-percent decline in Mississippi to a 13.2-percent decline in Kentucky. In the Caribbean territories of Puerto Rico and the U.S. Virgin Islands, nonfarm payrolls fell by 96,000 and 760 jobs, or 10.9 and 2.1 percent, respectively. All nonfarm payroll sectors lost jobs in the region, with the largest and fastest decline in the leisure and hospitality sector. Efforts to slow the spread of COVID-19—including severe reductions in travel and tourism and closures and limitations placed on bars and restaurants—contributed significantly to losses in the sector, which declined by 1.15 million jobs, or 32.3 percent.

The unemployment rate for the region averaged 11.3 percent during the second quarter of 2020—more than triple the 3.6-percent rate during the second quarter of 2019—with increases in all eight states and Puerto Rico. The largest percentage-point

increase was in Florida where the unemployment rate rose to 12.5 percent, up from 3.1 percent a year ago. In the remaining seven states, unemployment rates ranged from 9.8 percent in Georgia to 11.9 percent in both Mississippi and Tennessee. The unemployment rate in Puerto Rico rose to 9.0 percent, up from 7.9 percent a year ago. By comparison, the national unemployment rate rose to 12.9 percent during the second quarter of 2020, up from 3.5 percent a year ago.

During the second quarter of 2020—

- In Florida, nonfarm payrolls averaged 8.12 million, a decrease of 795,000 jobs, or 8.9 percent, with the leisure and hospitality sector—which fell by 411,600 jobs, or 32.5 percent—accounting for more than one-half of the jobs lost in the state. A severe decline in tourism resulted in significant layoffs in the sector, including approximately 43,000 employees who were furloughed from Walt Disney World Resort in Orlando.
- Nonfarm payrolls declined 13.2 and 10.3 percent, or by 257,000 and 470,900 jobs, respectively, in Kentucky and North Carolina—the two fastest rates of job losses in the region.

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### All nonfarm payroll sectors in the Southeast/Caribbean region lost jobs during the second quarter of 2020.

	Second Quarter		Year-Over-Year Change	
	2019 (Thousands)	2020 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	29,515.1	26,835.3	-2,679.8	-9.1
Goods-Producing Sectors	4,167.7	3,896.3	-271.4	-6.5
Mining, Logging, & Construction	1,543.5	1,500.6	-42.9	-2.8
Manufacturing	2,624.2	2,395.7	-228.5	-8.7
Service-Providing Sectors	25,347.4	22,939.0	-2,408.4	-9.5
Wholesale & Retail Trade	4,545.2	4,281.8	-263.4	-5.8
Transportation & Utilities	1,255.7	1,212.7	-43.0	-3.4
Information	475.7	435.3	-40.4	-8.5
Financial Activities	1,646.0	1,615.9	-30.1	-1.8
Professional & Business Services	4,172.2	3,810.1	-362.1	-8.7
Education & Health Services	4,061.2	3,809.3	-251.9	-6.2
Leisure & Hospitality	3,577.6	2,423.1	-1,154.5	-32.3
Other Services	1,108.5	981.1	-127.4	-11.5
Government	4,505.2	4,369.7	-135.5	-3.0

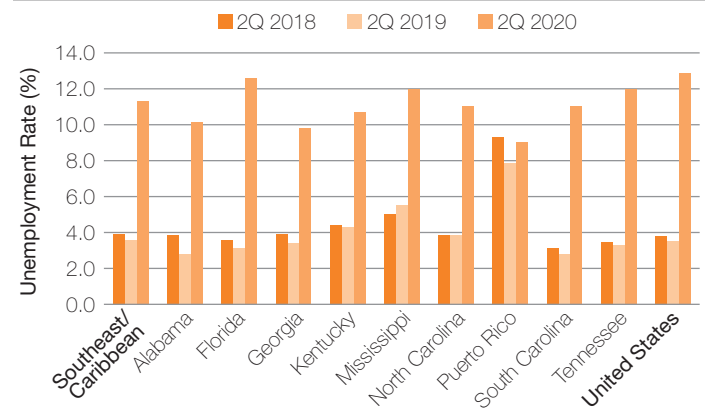
Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics

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- Job losses were less severe than the 12.7-percent rate for the nation in seven of the eight states in the region, including Mississippi, Alabama, and Georgia, where nonfarm payrolls declined by 85,100, 160,000, and 365,500 jobs, or 7.3, 7.7, and 7.9 percent, respectively.
- In Tennessee and South Carolina, nonfarm payrolls decreased by 256,300 and 193,100 jobs, or 8.2 and 8.8 percent, respectively.

During the second quarter of 2020, unemployment rates increased significantly throughout the Southeast/Caribbean region.



2Q = second quarter.

Source: U.S. Bureau of Labor Statistics

## Sales Market Conditions

Sales market conditions in the Southeast/Caribbean region were mixed during the second quarter of 2020, ranging from balanced to slightly soft. The economic impact of COVID-19 resulted in a decline in the volume of sales activity throughout the region; however, reduced levels of for-sale inventory contributed to increased sales prices. The total inventory of homes available for sale in the region declined from 3.3 months in May 2019 to 3.0 months in May 2020. The for-sale inventory is currently well below the May-high of 9.5 months in 2009, during the peak of the housing crisis (CoreLogic, Inc.). The decline in for-sale inventory was particularly significant in Tennessee and South Carolina, where

the supplies of available homes were only 2.1 and 2.5 months, respectively, during June 2020—down from 2.9 and 3.2 months a year ago.

During the 12 months ending May 2020, a total of 1.46 million new and existing homes (including single-family homes, townhomes, and condominiums) were sold in the region, down 2 percent from the previous 12 months (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The number of homes sold decreased in six of the eight states in the region, with the fastest

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

	12 Months Ending	Number of Homes Sold			Average	Price		
		2019	2020	Percent Change		2019 (\$)	2020 (\$)	Percent Change
Alabama (N&E)	May	67,900	64,800	-5	AVG	\$217,700	\$225,100	3
Florida (N&E)	May	586,300	563,800	-4	AVG	\$297,400	\$309,500	4
Georgia (N&E)	May	243,900	240,400	-1	AVG	\$241,700	\$252,400	4
Kentucky (N&E)	May	56,700	53,650	-5	AVG	\$188,900	\$199,800	6
Mississippi (N&E)	May	13,100	12,100	-8	AVG	\$239,100	\$250,600	5
North Carolina (N&E)	May	231,700	238,300	3	AVG	\$246,500	\$257,600	5
South Carolina (N&E)	May	121,000	117,800	-3	AVG	\$247,100	\$254,100	3
Tennessee (N&E)	May	163,600	166,600	2	AVG	\$230,400	\$244,300	6

AVG = average. N&amp;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.

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



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declines in Mississippi, Alabama, and Kentucky, where home sales fell 8, 5, and 5 percent, respectively. The average new and existing home sales price increased 4 percent to \$271,400 in the region during the most recent 12 months—approximately 26 percent higher than the previous peak of \$215,100 in 2006, before the housing market crisis. Home sales prices increased in every state in the region, with increases of at least 5 percent in six of the eight states, led by 6-percent increases in both Kentucky and Tennessee.

New home construction declined throughout much of the region in response to weaker economic conditions. The number of single-family homes permitted in the Southeast/Caribbean region fell 5 percent during the second quarter of 2020, with decreases in seven of the eight states.

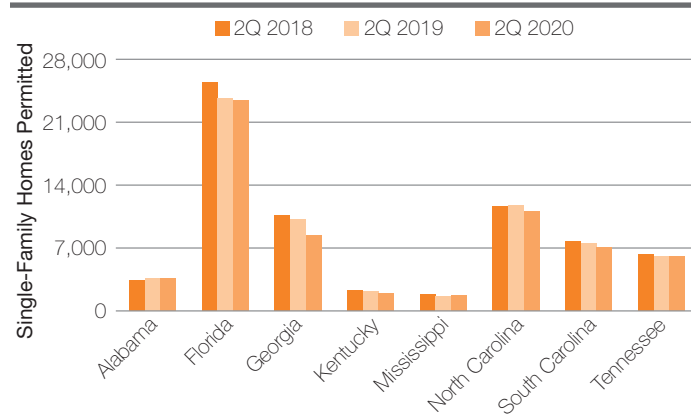
During the second quarter of 2020 (preliminary data) —

- The number of single-family homes permitted in the region totaled approximately 62,750, down 5 percent from 66,050 a year ago.
- The largest and fastest decline in the region was in Georgia, where the number of single-family homes permitted fell by 1,800, or 18 percent, to 8,300 homes permitted.
- Single-family permitting decreased 1 percent in both Florida and Alabama, to 23,300 and 3,525 homes, respectively.
- The number of single-family homes permitted declined less than 1 percent in Tennessee, but decreases ranged from 6

to 7 percent in the remaining three states in the region that had decreases.

- The only increase in the region was in Mississippi, where the number of single-family homes permitted rose 6 percent, to 1,675.

**During the second quarter of 2020, the number of single-family homes permitted decreased in seven of the eight states in the Southeast/Caribbean region.**



2Q = second 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 balanced during the second quarter of 2020. Apartment vacancy rates increased in seven of the eight major markets in the region, with the largest increase—1.6 percentage points—in Louisville (RealPage, Inc.). Average apartment rents rose, but only

modestly throughout much of the Southeast/Caribbean region. The fastest rate of rent growth—5 percent—was in Jackson, Mississippi, the only market in the region where the apartment vacancy rate declined. Apartment market conditions in Miami

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**Apartment vacancy rates increased in seven of the eight major markets in the Southeast/Caribbean region during the second quarter of 2020, with rent growth of 2 percent or less in five of them.**

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2019 (%)	2Q 2020 (%)	Percentage Point	2Q 2019 (\$)	2Q 2020 (\$)	Percent Change
Atlanta	Balanced	4.8	5.6	0.8	1,258	1,270	1
Birmingham	Balanced	4.7	5.1	0.4	987	1,018	3
Charlotte	Balanced	4.2	5.0	0.9	1,151	1,186	3
Columbia	Balanced	5.1	6.1	1.0	944	955	1
Jackson	Balanced	4.7	4.4	-0.4	871	914	5
Louisville	Balanced	4.0	5.5	1.6	906	910	0
Miami	Balanced	4.0	4.8	0.8	1,653	1,674	1
Nashville	Balanced	4.4	5.0	0.6	1,250	1,281	2

2Q = second quarter.

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

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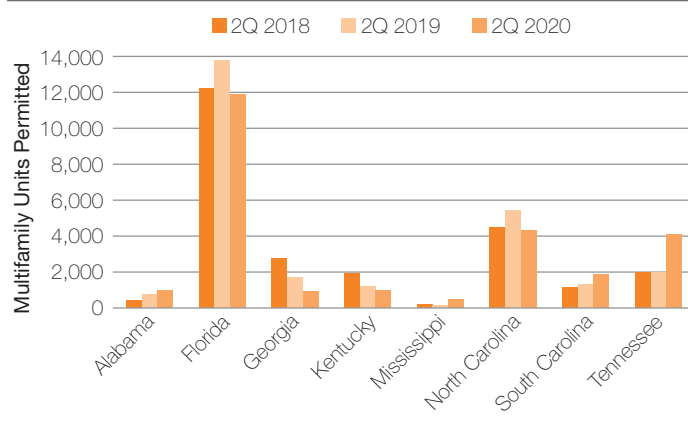
moved from slightly tight to balanced. The market remained the most expensive in the region, however, with an average rent of \$1,674—up 1 percent from a year ago and 17 percent higher than the national average of \$1,431.

Multifamily home permitting activity in the region decreased during the past year, with declines in four of the eight states partially offset by increases in Alabama, Mississippi, South Carolina, and Tennessee. A total of 25,100 multifamily units were permitted in the region during the second quarter of 2020—a decrease of 820 units, or 3 percent, following an increase of 1,175 units, or 5 percent, during the second quarter of 2019.

During the second quarter of 2020 (preliminary data)—

- The 11,850 units permitted in Florida were the most of any state in the region, but the decline of 1,950 units from a year ago was the largest decrease in the region. The Miami and Tampa markets—where the number of multifamily units permitted declined 6 and 41 percent, to 3,825 and 1,200 multifamily units, respectively—accounted for approximately 58 percent of the statewide decrease.
- The fastest declines in multifamily permitting were in Georgia, North Carolina, and Kentucky, where the number of units permitted fell 45, 21, and 19 percent from a year ago, to 890, 4,250, and 910 units, respectively. A 63-percent decrease in multifamily permitting in the Atlanta market contributed significantly to the decline in Georgia, whereas the decreases in North Carolina and Kentucky were due in part to declines of 64 and 35 percent, respectively, in the Raleigh and Louisville markets.
- Multifamily permitting in Tennessee more than doubled, to 4,025 units, although the fastest increase in the region was in Mississippi where the number of units permitted rose from 80 to 410—an increase of more than 400 percent. The number

The number of multifamily units permitted declined in the Southeast/Caribbean region during the second quarter of 2020, with decreases in four of the eight states.



2Q = second quarter.

Note: Based on preliminary data.

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

of units permitted in the Nashville market nearly doubled to 2,900 units, which contributed significantly to the increase in Tennessee, and the Gulfport market—where the number of units permitted rose from 30 to 310—accounted for much of the increase in Mississippi.

- The Charleston market, where multifamily permitting doubled, to 880 units, contributed to a 49-percent increase in the number of units permitted in South Carolina, where the number of units permitted rose to 1,825. In Alabama, multifamily permitting increased 29 percent, to 890 units, due in part to a significant increase in the number of units permitted in the Birmingham market, which rose to 230—up from only 15 units a year ago.