

HUD PD&R Regional Reports

Region 4: Southeast/Caribbean

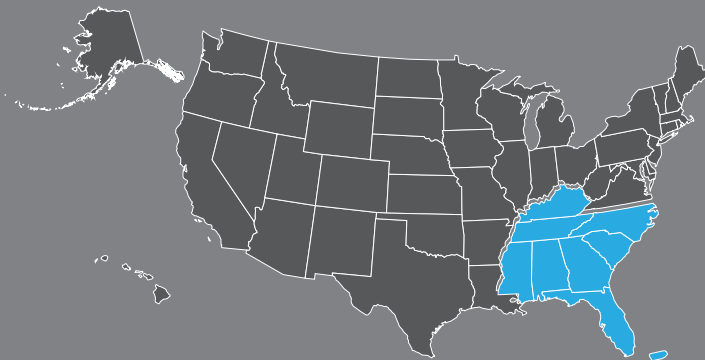


Quick Facts About Region 4

Charlotte, North Carolina

By Casey M. Blount | 4th Quarter 2020

- **Sales market conditions—**
Fourth quarter 2020: mixed (slightly tight to slightly soft)
Third quarter 2020: mixed (slightly tight to slightly soft)
Fourth quarter 2019: mixed (slightly tight to slightly soft)
- **Apartment market conditions—**
Fourth quarter 2020: mixed (balanced to tight)
Third quarter 2020: mixed (balanced to tight)
Fourth quarter 2019: mixed (balanced to slightly tight)



Overview

Due largely to the ongoing effects of COVID-19, economic conditions in the Southeast/Caribbean region weakened significantly during the fourth quarter of 2020. However, the rate of job loss in the region was notably less severe than during the previous 6 months. Year-over-year, nonfarm payrolls in the region fell 3.8 percent during the fourth quarter of 2020, compared with a 5.1-percent decrease during the third quarter of 2020 and a decline of 9.1 percent during the second quarter of 2020. By comparison, nonfarm payrolls in the nation declined 6.0 percent during the fourth quarter of 2020. The largest job losses in the region during the fourth quarter of 2020 were in Florida, where nonfarm payrolls declined by 418,500 jobs, or 4.6 percent. The fastest rate of job losses of any state in the region, 5.1 percent, occurred in Kentucky, where nonfarm payrolls declined by 99,950 jobs. The unemployment rate increased in all eight states in the region and Puerto Rico. Sales market conditions in the region were mixed, ranging from slightly tight to slightly soft. New and existing home sales rose 1 percent in the region during the 12 months ending November 2020, whereas declining levels of for-sale inventory contributed to a 10-percent increase in

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the average home sales price. Apartment market conditions in the region ranged from balanced to tight. Apartment vacancy rates declined in five of eight markets in the region, whereas rent growth in six of those eight areas exceeded the only slight increase for the nation.

- Unemployment rates in the region ranged from 4.3 percent in South Carolina to 6.3 percent in Mississippi.

Economic Conditions

Nonfarm payrolls in the region averaged 28.75 million jobs during the fourth quarter of 2020, a decline of 1.15 million jobs, or 3.8 percent, from the fourth quarter of 2019. Each state in the region lost jobs during the past year, ranging from 2.0-percent declines in Alabama and Mississippi to a 5.1-percent decline in Kentucky. In the Caribbean territories of Puerto Rico and the U.S. Virgin Islands, nonfarm payrolls fell by 67,900 jobs, or 7.6 percent, and by 2,075 jobs, or 5.4 percent, respectively. Ten of the 11 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 508,900 jobs, or 14.4 percent. The transportation and utilities sector was the only sector to add jobs in the region during the past year, increasing by 5,600 jobs, or 0.4 percent. Although economic conditions remained weak during the fourth quarter of 2020, the regional recovery from the effects of COVID-19 appears to

- A total of 1.51 million new and existing homes were sold in the region, and the average sales price in the region rose to \$291,700.
- Among the largest markets in the region, Jackson, Mississippi, had the lowest apartment vacancy rate—3.8 percent—and Miami had the highest average monthly rent—\$1,686.

be relatively strong. As of December 2020, nonfarm payrolls in the region totaled 2.88 million or 2.8 percent below the total of 2.97 million jobs during February 2020, before the effects of the pandemic (not seasonally adjusted). By comparison, the number of jobs for the nation was 143.78 million during December 2020, 4.8 percent below the 151.08 million jobs during February 2020.

The unemployment rate for the region averaged 5.8 percent during the fourth quarter of 2020, up significantly from the 3.2-percent rate during the fourth quarter of 2019, with increases in all eight states and Puerto Rico. The unemployment rate in Florida rose to 6.1 percent, more than double the 2.7-percent rate a year ago and the largest percentage-point increase in the region. In the remaining seven states, unemployment rates ranged from 4.2 percent in South Carolina to 6.3 percent in Mississippi. In Puerto Rico, the unemployment rate rose to 9.4 percent from 8.9 percent a year ago. By comparison, the national unemployment rate rose to 6.5 percent during the fourth quarter of 2020, up from 3.3 percent a year ago.

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During the fourth quarter of 2020, all but one nonfarm payroll sector lost jobs in the Southeast/Caribbean region.

	Fourth Quarter		Year-Over-Year Change	
	2019 (Thousands)	2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	29,895.3	28,745.8	-1,149.5	-3.8
Goods-Producing Sectors	4,191.5	4,075.5	-116.0	-2.8
Mining, Logging, & Construction	1,560.4	1,538.7	-21.7	-1.4
Manufacturing	2,631.1	2,536.9	-94.2	-3.6
Service-Providing Sectors	25,703.8	24,670.3	-1,033.5	-4.0
Wholesale & Retail Trade	4,628.5	4,579.3	-49.2	-1.1
Transportation & Utilities	1,318.9	1,324.5	5.6	0.4
Information	476.3	440.0	-36.3	-7.6
Financial Activities	1,667.3	1,660.0	-7.3	-0.4
Professional & Business Services	4,236.3	4,135.9	-100.4	-2.4
Education & Health Services	4,145.0	4,009.9	-135.1	-3.3
Leisure & Hospitality	3,527.2	3,018.3	-508.9	-14.4
Other Services	1,106.2	1,068.2	-38.0	-3.4
Government	4,598.1	4,434.2	-163.9	-3.6

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

Source: U.S. Bureau of Labor Statistics

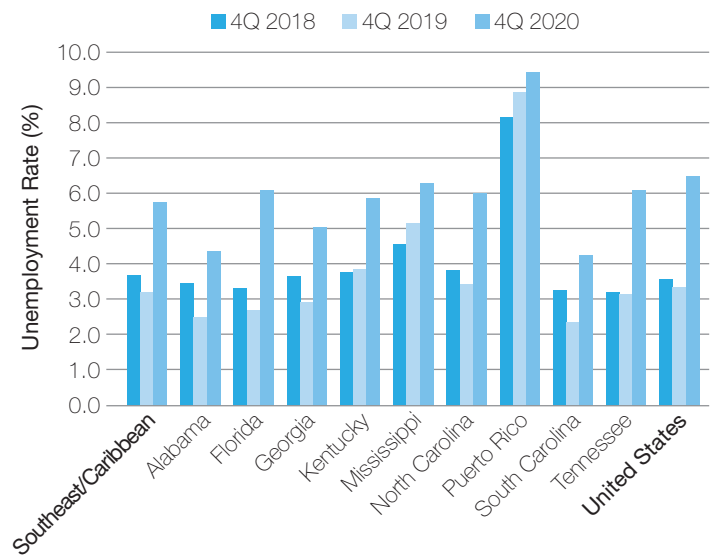


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During the fourth quarter of 2020—

- In Florida, nonfarm payrolls averaged 8.66 million, a decrease of 418,500 jobs, or 4.6 percent. The leisure and hospitality sector, which declined by 193,300 jobs or 15.4 percent, accounted for 46 percent of the jobs lost in the state; a 34-percent decline in tourism during the first 9 months of 2020 contributed significantly to layoffs in the sector (Visit Florida).
- Job losses were less severe than the 6.0-percent decline for the nation in all eight states in the region; those states include Alabama, Mississippi, and Georgia, where nonfarm payrolls declined by 41,700, 23,050, and 107,300 jobs, or 2.0, 2.0, and 2.3 percent, respectively.
- The number of jobs in North Carolina and Kentucky, where nonfarm payrolls declined by 215,700 and 99,950 jobs, averaged 4.40 million and 1.85 million, respectively.
- Nonfarm payrolls decreased by 108,900 and 64,350 jobs, or 3.4 and 2.9 percent, respectively, in Tennessee and South Carolina.

Unemployment rates rose throughout the Southeast/Caribbean region during the fourth quarter of 2020.



4Q = fourth quarter.

Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Sales market conditions in the Southeast/Caribbean region were mixed during the fourth quarter of 2020, ranging from slightly tight to slightly soft. The volume of sales activity rose in five of the eight states in the region during the 12 months ending November 2020 (Zonda), although low levels of for-sale inventory contributed to significantly faster growth in home sales prices. The total inventory of homes available for sale in the region declined from 4.1 months in December 2019 to 2.4 months in December 2020. The current figure is slightly higher than the national supply of 2.3 months but is only a fraction of the December high for the region—14.2 months in 2008, during the peak of the housing crisis (CoreLogic, Inc.). The supply of available homes declined from 3.0 months during December 2019 to only 1.8 months—the lowest figure in the region—during December 2020 in Kentucky and North Carolina.

New and existing home sales in the region (including single-family homes, townhomes, and condominiums) increased 1 percent to 1.51 million homes during the 12 months ending November 2020, as compared with a 2-percent decline nationally (Zonda). The number of homes sold rose in five of eight states in the region, with the fastest increase in Georgia—where home sales totaled 256,800, up 5 percent from a year ago. The average new and existing home sales price increased 10 percent to \$291,700 in the region during the most recent 12 months, approximately 23 percent higher than the previous

peak of \$237,300 in 2007, before the housing market crisis. Home sales prices increased by at least 8 percent in seven of eight states in the region, led by 12-percent increases in Florida and South Carolina. By comparison, the average new and existing home sales price for the nation rose 8 percent to \$349,000 during the 12 months ending November 2020.

Weakening economic conditions contributed to significantly increased rates of distressed mortgages in each state in the region during the past year. As of November 2020, 4.7 percent of home loans in the region were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, nearly triple the 1.6-percent rate in November 2019 and the third-highest rate of the 10 HUD regions (CoreLogic, Inc.). By comparison, the national rate rose from 1.4 percent during November 2019 to 4.1 percent during November 2020. The highest rate and the largest increase in the region were in Florida, where the rate was 5.5 percent in November 2020, up from 1.7 percent a year ago. The lowest rate in the region, 3.4 percent, was in Kentucky.

New home construction increased throughout the region during the past year despite the rising delinquency and foreclosure rates as for-sale inventory declined sharply and home prices rose. The total number of single-family homes permitted in the Southeast/Caribbean region rose at least 17 percent in all eight states.

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During the past year, the number of homes sold increased in five of the eight states in the Southeast/Caribbean region, whereas the average sales price increased at least 6 percent in all states.

	12 Months Ending	Number of Homes Sold				Price		
		2019	2020	Percent Change	Average	2019 (\$)	2020 (\$)	Percent Change
Alabama (N&E)	November	68,350	67,350	-1	AVG	\$221,900	\$235,500	6
Florida (N&E)	November	591,700	574,800	-3	AVG	\$301,700	\$336,700	12
Georgia (N&E)	November	245,100	256,800	5	AVG	\$247,300	\$268,500	9
Kentucky (N&E)	November	55,500	54,800	-1	AVG	\$196,300	\$213,300	9
Mississippi (N&E)	November	12,850	13,300	4	AVG	\$241,100	\$265,500	10
North Carolina (N&E)	November	240,100	247,500	3	AVG	\$252,500	\$276,500	10
South Carolina (N&E)	November	123,700	128,000	3	AVG	\$249,000	\$277,900	12
Tennessee (N&E)	November	167,700	171,100	2	AVG	\$237,600	\$257,000	8

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

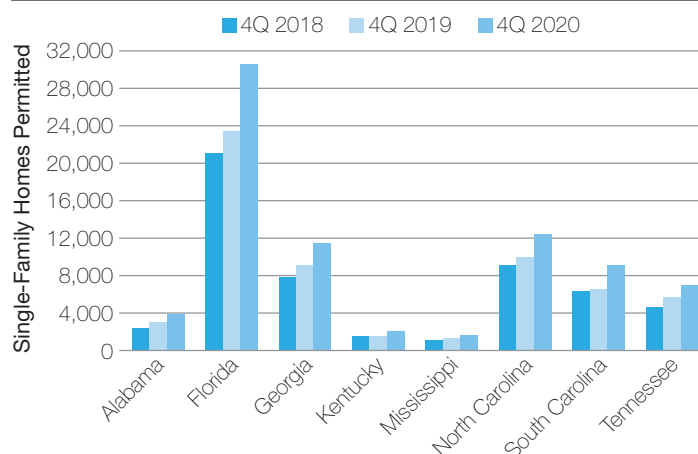
Notes: Data include new and existing single-family homes, townhomes, and condominiums. Data for Mississippi exclude Hinds County, the most populous county in the Jackson metropolitan area.

Source: Zonda

During the fourth quarter of 2020 (preliminary data)—

- Approximately 78,050 single-family homes were permitted in the region, up 29 percent from 60,650 homes a year ago.
- The largest increase in the region was in Florida, where the number of single-family homes permitted rose by 7,100 homes, or 30 percent, to 30,500.
- Single-family permitting increased 40, 34, and 32 percent, to 9,175, 2,075, and 4,000 homes, respectively, in South Carolina, Kentucky, and Alabama—the fastest increases in the region.
- The number of single-family homes permitted rose 25, 24, and 23 percent in Georgia, North Carolina, and Tennessee, to 11,450, 12,350, and 6,900 homes, respectively.
- In Mississippi, single-family permitting increased 17 percent to 1,575.

The number of single-family homes permitted increased throughout the Southeast/Caribbean region during the fourth quarter of 2020.



4Q = fourth 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 ranged from balanced to tight during the fourth quarter of 2020. Apartment vacancy rates declined in five of eight major markets in the region. The largest vacancy rate decline, 1.7 percentage points, was in Jackson, Mississippi, where the average rent rose 6 percent—the fastest increase in the region (RealPage, Inc.). Average apartment rents increased in seven markets, with rent growth exceeding the less than 1-percent increase for the nation in six of them. The average rent in the Miami market was \$1,686,

up less than 1 percent from a year ago but the most expensive in the region and 18 percent higher than the national average of \$1,429.

The number of multifamily units permitted fell during the fourth quarter of 2020, with decreases in six of eight states partially offset by increases in North Carolina and South Carolina. A total of 21,850 multifamily units were permitted in the region during the fourth quarter of 2020, a decrease of 4,600 units,

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Apartment vacancy rates decreased in five of the eight major markets in the Southeast/Caribbean region during the fourth quarter of 2020, with rent growth of at least 2 percent in six of them.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		4Q 2019 (%)	4Q 2020 (%)	Percentage Point Change	4Q 2019 (\$)	4Q 2020 (\$)	Percent Change
Atlanta	Balanced	5.1	4.4	-0.6	1,280	1,317	3
Birmingham	Balanced	4.8	4.3	-0.6	1,020	1,055	3
Charlotte	Balanced	4.6	4.4	-0.2	1,174	1,209	3
Columbia	Balanced	5.5	4.9	-0.6	947	987	4
Jackson	Tight	5.5	3.8	-1.7	895	946	6
Louisville	Balanced	4.7	4.7	0.0	906	927	2
Miami	Balanced	4.2	4.5	0.3	1,680	1,686	0
Nashville	Balanced	4.3	5.6	1.3	1,285	1,267	-1

4Q = fourth quarter.

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

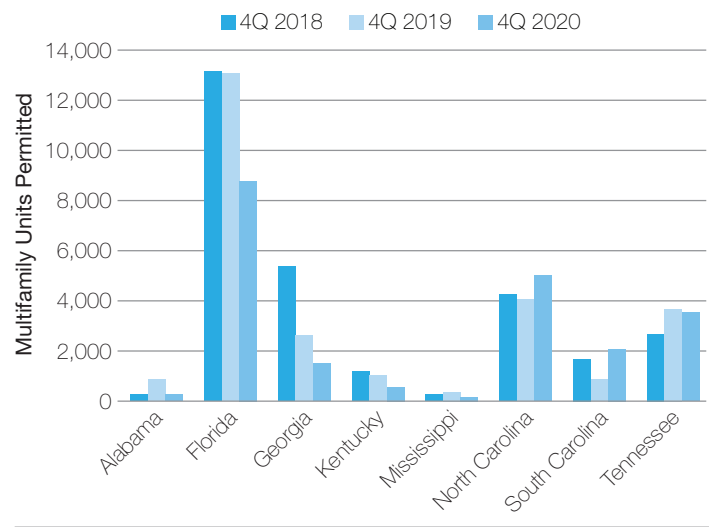
or 17 percent, following a decline of 2,300 units, or 8 percent, during the fourth quarter of 2019.

During the fourth quarter of 2020 (preliminary data)—

- The 8,775 units permitted in Florida were the most of any state in the region, although the decline of 4,275 units from a year ago was the largest decrease. The Jacksonville and Tampa markets, where the number of multifamily units permitted declined 71 and 41 percent, to 130 and 1,400, respectively, accounted for just under one-third of the statewide decrease.
- The fastest decreases in multifamily permitting were in Alabama and Mississippi, where the number of units permitted declined 69 and 61 percent, respectively, to 260 and 140 units. A 44-percent decrease in multifamily permitting in the Tuscaloosa market, from 370 to 210 units, contributed to the decline in Alabama, whereas a 99-percent decline in the Jackson market, from 220 to 5 units, accounted for nearly all the decrease in Mississippi.
- In Kentucky and Georgia, the number of units permitted fell 45 and 43 percent, respectively, to 550 and 1,500 units; that decrease was due, in part, to significant declines in Louisville, from 630 to 35 units, and Atlanta, from 1,575 to 890 units. Other than in Nashville, declines in Tennessee, where statewide multifamily permitting decreased 3 percent to 3,525 units, more than offset the 36-percent increase in Nashville, to 4,150 units.
- The only increases in multifamily permitting in the region were in South Carolina, where the number of units more than

doubled to 2,075, and in North Carolina, where multifamily permitting rose 23 percent to 5,000 units. The number of units permitted in the Greenville market rose from 100 to 460, which accounted for just under one-third of the increase in South Carolina, whereas the 70-percent increase in Durham, from 620 to 1,050 units, contributed to the statewide increase in North Carolina.

During the fourth quarter of 2020, the number of multifamily units permitted declined in the Southeast/Caribbean region with decreases in six of the eight states.



4Q = fourth quarter.

Note: Based on preliminary data.

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