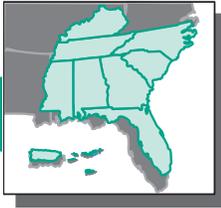


Housing Market Profile

Southeast/Caribbean • HUD Region IV



Orlando-Kissimmee, Florida

Located in central Florida, the Orlando-Kissimmee metropolitan area comprises Lake, Orange, Osceola, and Seminole Counties. The tourism industry is the foundation of the local economy. The metropolitan area is home to numerous attractions, including Walt Disney World Resort, Sea World Orlando, and Universal Studios Orlando Resort. During 2008, 48.9 million leisure and convention visitors came to the metropolitan area, contributing an estimated \$30 billion in spending, according to the Orlando/Orange County Convention & Visitors Bureau, Inc. The number of visitors to the area is estimated to have declined by more than 9 percent to 44.3 million in 2009.

As of April 1, 2010, the Orlando-Kissimmee metropolitan area had an estimated population of 2.1 million. Orange County is the most populated county and accounts for approximately 52 percent of the total area population. The weak economy has reduced net immigration and subsequently slowed population growth during the past few years. Since 2006, population has grown by an average of 26,550, or 1.3 percent, annually compared with record growth of 65,500, or 3.6 percent, annually from 2003 through 2006.

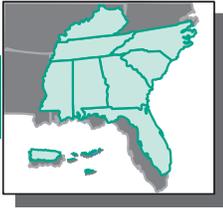
Major amusement parks and ongoing conventions are significant contributors to the local economy, making the leisure and hospitality sector the largest employment sector in the metropolitan area, accounting for approximately 19 percent of total employment and employing an average of 189,800 people during the 12-month period ending February 2010. The leading employer, Walt Disney World, employs 62,000 people. Weak economic conditions nationally, however, have led to a slowdown in tourism during the past year, resulting in job losses in the sector. During the 12 months ending February 2010, the leisure and hospitality sector lost 8,300 jobs, a 4.2-percent decline from the previous 12-month period. In 2009, Walt Disney World laid off 1,400 workers in the Orlando-Kissimmee metropolitan area.

Total nonfarm employment in the Orlando-Kissimmee metropolitan area has also declined over the past 12 months. During the 12 months ending February 2010, nonfarm employment decreased by 62,650 jobs, or 5.9 percent, from the previous 12 months to 1,003,000. The construction sector had the largest decline, losing 17,400 jobs, a 25-percent decline from the previous

12-month period, following the downturn of the real estate market. The professional and business services sector lost 12,100 jobs during the 12 months ending February 2010, a 6.7-percent decline from the previous 12 months. In May 2009, ACCENT Marketing Services, LLC, laid off 430 employees at its call center in the city of Eustis. The trade sector had the third largest decline, decreasing by 11,200 jobs, or 6.7 percent, as many retail stores in the area closed. The education and health services sector was the only sector that added jobs during the 12 months ending February 2010, increasing by 1,450, or 1.2 percent, from the previous 12 months. During the 12 months ending February 2010, the unemployment rate averaged 11.3 percent, up from 6.7 percent during the previous 12-month period.

The declining economy has contributed to current soft conditions in the Orlando-Kissimmee sales market. Although the sales market is soft, existing home sales have increased during the past 12 months because of lower home prices due to increased foreclosures and short sale transactions. According to the Orlando Regional REALTOR® Association, approximately 31,850 existing homes were sold in the metropolitan area during the 12 months ending February 2010 compared with 19,050 during the 12-month period ending February 2009, an increase of 12,750 homes, or 67 percent. Total sales peaked in 2007 when 37,450 homes sold. The median price of existing homes was down 22 percent in February 2010 at \$110,000 compared with \$141,000 in February 2009. According to Metrostudy, during the fourth quarter of 2009, foreclosures and short sales accounted for approximately two-thirds of total existing home sales in the metropolitan area. Loans more than 90 days delinquent, in foreclosure, or in REO (real estate owned) increased to 21 percent of total loans in March 2010 from 15 percent in March 2009, according to mortgage performance data from Lender Processing Services Mortgage Performance Data.

Due to soft market conditions, home builders have reduced single-family home production in recent years. Single-family home construction, as measured by the number of single-family building permits issued, was down 15 percent, or 710 homes, to a total of 4,025 homes permitted during the 12 months ending February 2010 compared with the number permitted during the previous 12-month period, based on preliminary data. Construction of single-family homes peaked in 2004 when approximately 27,500 homes were permitted. From 2004 through 2008, the number of homes permitted decreased by an average of 4,450 homes, or 16 percent, annually.



The overall rental market in the Orlando-Kissimmee metropolitan area is soft due to job losses and recent condominium reversions. Condominium conversions peaked in 2005 when approximately 19,000 apartment units were converted to condominiums, according to CB Richard Ellis. Many of these condominiums have been “reverted” back into the rental market in recent years, contributing to high rental vacancy rates. The overall rental vacancy rate is estimated at 13 percent compared with the 2008 American Community Survey estimate of 14.6 percent. The apartment market is also soft with an 11.1-percent vacancy rate as of March 2010, according to ALN Systems, Inc. apartment data. The vacancy rate has decreased from 12.9 percent in March 2009, when construction of new apartments slowed and an increased number of people moved into the more conventional rental options, as opposed to single-family homes and condominiums. The average rent decreased by 4 percent in March 2010 to approximately \$840 compared with the average rent in March 2009. Average rents were \$710 for a one-bedroom unit, \$850 for a two-bedroom unit, and \$980 for a three-bedroom unit. According to ALN Systems, Inc. apartment data, an estimated 48 percent of properties are offering rental concessions, with an average discount of 11 percent of asking rent.

Multifamily construction activity, as measured by the number of units permitted, was down considerably in the past year when builders slowed new condominium completions. The number of multifamily units permitted was down by almost 75 percent, totaling 940 units during the 12 months ending February 2010 compared with 3,750 units during the previous 12-month period, based on preliminary data. Virtually none of the multifamily permits issued during the past 12 months were for condominiums; during the previous 12 months, condominiums accounted for approximately 20 percent of the multifamily units permitted. According to Charles Wayne Consulting, Inc., approximately 1,250 multifamily for-sale units, which include townhomes, condominiums, duplex units, and condominium conversions, were started in 2009 compared with 2,775 units started in 2008, representing a decline of 55 percent. Landmark at Universal, a \$42 million apartment complex, is currently under construction near the Universal Studios Orlando Resort. The 312-unit project, expected to open at the end of 2010, will consist of one-, two-, and three-bedroom units with rents ranging from \$900 to \$1,400 per month.