

# Housing Market Profile

Southeast/Caribbean • HUD Region IV



## Palm Bay-Melbourne-Titusville, Florida

The Palm Bay-Melbourne-Titusville metropolitan area, 35 miles east of Orlando, consists of Brevard County. Known as the “Space Coast,” the metropolitan area was home to the National Aeronautics and Space Administration’s (NASA’s) space shuttle program before the program ended in July 2011. As of July 1, 2012, the population of the metropolitan area was estimated at 545,000, an increase of 800, or 0.1 percent, annually since April 2010 compared with an annual increase of 2,325, or 0.6 percent, from 2006 through 2009. The slower population growth resulted from fewer employment opportunities and negative net natural change (resident births minus resident deaths) resulting from a large retiree population: an estimated 110,700 people ages 65 and older, 20 percent of the total population, lived in the metropolitan area in 2010.

Economic conditions in the metropolitan area have been weak for the past 6 years. During the 12 months ending May 2012, total nonfarm payrolls averaged 193,500 jobs, a loss of 1,400 jobs, or 0.7 percent, compared with the loss of 300 jobs, or 0.1 percent, during the previous 12 months. Nonfarm payroll jobs declined by 22,450, or 11.6 percent, from peak levels in 2007. During the past 12 months, the greatest rate of nonfarm payroll job decline occurred in the professional and business services sector, which lost 8.7 percent, or 2,800 jobs, primarily because of contractor layoffs after the space shuttle program ended. United Space Alliance, the main contractor for the NASA shuttle program, laid off approximately 2,850 employees during 2011 and is expected to lay off an additional 200 employees in mid-2012. The transportation and utilities sector showed the greatest rate of nonfarm payroll increase, of 26.0 percent, or 800 jobs, mostly because of new jobs pertaining to Port Canaveral, the second largest cruise port in the world. According to the Canaveral Port Authority, the port had an economic impact of 13,100 jobs and \$648.8 million in wages during 2010, the most recent data available. The largest employers in the metropolitan area are Patrick Air Force Base, with 9,475 military personnel and 600 civilian employees, and Harris Corporation, a Florida-based international communications equipment company with 8,500 employees. The average unemployment rate during the 12 months ending May 2012 was 10.5 percent, down from 11.0 percent during the previous 12 months.

The sales housing market in the Palm Bay-Melbourne-Titusville metropolitan area is currently soft partly because job declines continue. As of July 1, 2012, the estimated sales vacancy rate was 3.8 percent, unchanged from 2010. According to Hanley Wood, LLC, during the 12 months ending May 2012, 6,500 new and existing single-family homes sold in the area, a 19-percent decrease from a year earlier, but the average sales price increased 6 percent, to \$169,600. By comparison, from 2007 through 2009, new and existing single-family home sales averaged 6,900 annually, and the average price was \$216,200. During the past 12 months, 1,625 condominiums sold, 9 percent more than sold a year earlier; the average sales price for condominiums was \$148,850, a less-than-1-percent decrease from a year earlier. According to LPS Applied Analytics, as of May 2012, approximately 14,300 home loans, or 15.6 percent, were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from 15.3 percent in May 2011. Although the current rate is twice the 7.8-percent national rate, it is less than the 17.8-percent state rate. The high volume of distressed loans combined with recent job losses is expected to delay housing market recovery in the metropolitan area.

Reflecting soft home sales market conditions in the metropolitan area, single-family homebuilding activity, as measured by the number of building permits issued, has declined 88 percent since peaking at 7,325 homes in 2005. Home construction averaged 2,025 homes a year from 2006 through 2009. Based on preliminary data, 810 permits were issued for single-family homes during the 12 months ending May 2012, down 4 percent from a year earlier. Some small-scale development remains in the metropolitan area, with most new construction activity in the city of Palm Bay, including Parkside West, which has approximately 11 home sites available with new home sale prices ranging from \$117,900 to \$181,300.

Rental housing market conditions in the Palm Bay-Melbourne-Titusville metropolitan area are currently soft as a result of continued job losses and overbuilding. The current overall rental vacancy rate, including apartments, single-family homes, and other rental units, is estimated at 13.7 percent, a decrease from the 14.5-percent rate reported in April 2010. According to ALN Apartment Data, Inc., the apartment vacancy rate during March 2012 was 10.3 percent, relatively unchanged from March 2011. The average asking rent in the area in March 2012 was approximately \$690, down 1 percent from a year earlier. Average rents for one-, two-, and three-bedroom



apartment units were \$590, \$710, and \$830, respectively. Retirees and the military are two of the largest populations affecting the rental market. According to the Shimberg Center for Housing Studies, most elderly people in the metropolitan area reside in Melbourne, which includes nearly 70 percent of the area's surveyed housing units for elderly people. Average rents for the surveyed units were \$620 for one-bedroom, one-bathroom units and \$750 for two-bedroom, two-bathroom units, and occupancy rates averaged 98 percent. The military primarily affects rental market conditions in central Brevard County, near Cocoa Beach and Merritt Island. The apartment market

in the Merritt Island community, with a vacancy rate estimated at 8 percent, is more balanced than the overall apartment market in the metropolitan area. Cinnamon Cove Phase II, a 160-unit, market-rate apartment property in Palm Bay, is currently in the planning stages. Based on preliminary data, virtually no multifamily units were permitted during the 12 months ending May 2012, reflecting soft rental market conditions. Approximately 230 units were permitted during the previous 12 months, and 610 units were permitted annually from 2006 through 2009.