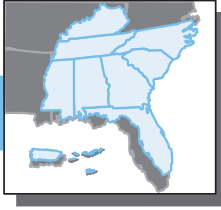


# Housing Market Profile



Southeast/Caribbean • HUD Region IV

## Gulfport-Biloxi, Mississippi

The Gulfport-Biloxi metropolitan area, located in the Mississippi Gulf Coast region, includes Hancock, Harrison, and Stone Counties. The two largest cities in the metropolitan area are Gulfport and Biloxi, both of which are located in Harrison County. Hurricane Katrina heavily impacted the area when it made landfall in August 2005. As of December 1, 2009, the population of the metropolitan area is estimated to be 238,400, which is an increase of 1.1 percent compared with the population estimated a year earlier. Population growth rates have declined steadily after reaching a peak of 2 percent in the year following the occurrence of Hurricane Katrina. Since July 2006, the area has added approximately 11,200 residents; however, it has yet to return to the pre-Hurricane Katrina population level, estimated at 256,500.

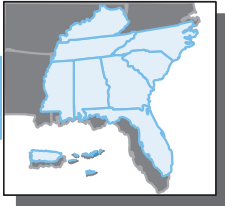
Economic conditions in the metropolitan area weakened during the past year. Post-Hurricane Katrina nonfarm employment growth peaked at 11,400 jobs during the 12 months ending August 2007, when displaced businesses and workers returned to the area. This figure represents an 11.6-percent increase compared with the number of jobs during the previous 12 months. During the 12 months ending November 2009, nonfarm employment declined by 2,600 jobs, or 2.4 percent, to 107,700, compared with a small increase of 0.5 percent recorded during the previous 12 months. Nonfarm employment levels have yet to return to the pre-Hurricane Katrina peak of 114,200 jobs, recorded during the 12 months ending August 2005. The largest job losses in the past 12 months occurred in the leisure and hospitality sector, which declined by 1,400 jobs, or 5.9 percent. The gambling and casino hotel industries account for nearly one-half of the employment within this sector and are significantly affected by fluctuations in tourism levels. Taxed gross gaming revenue in the city of Biloxi declined nearly 12 percent, to \$841.6 million, during the 12 months ending November 2009 compared with the revenue recorded during the previous 12-month period. With the exception of the government sector, which recorded a small gain of 300 jobs, all other sectors recorded small job losses. The government sector and the leisure and hospitality sector each account for more than 20 percent of the current jobs in the metropolitan area. Reflecting overall job losses during the past year, the unemployment

rate rose from 5.6 to 7.7 percent during the 12 months ending November 2009.

As a result of the slow economy and tight mortgage lending standards, the sales market for single-family homes in the metropolitan area is soft. According to the Mississippi Gulf Coast Multiple Listing Service, Inc., 2,800 new and existing homes sold during 2009, representing a decrease of more than 6 percent compared with the number sold in 2008. The average sales price declined by approximately 2 percent, to \$145,500, during this period. According to data from First American CoreLogic, Inc., the rate of foreclosures among outstanding mortgage loans in the Gulfport-Biloxi metropolitan area more than doubled from 1.0 percent in October 2008 to 2.4 percent in October 2009. During the same time, the number of delinquent loans, those late by 90 days or more, nearly doubled from 4.3 to 8 percent.

The slow pace of home sales caused home builders to reduce new home construction activity. Single-family building activity has recorded consistent declines after reaching a peak of 3,400 homes permitted during the 12 months ending February 2007, after the initial rebuilding phase that followed Hurricane Katrina. During the 12 months ending November 2009, single-family construction activity, as measured by preliminary building permit data, totaled 1,675 homes, representing a decline of 3 percent compared with the number of homes permitted during the previous 12 months. Current single-family homebuilding activity is slightly below the level recorded during the 12 months before Hurricane Katrina occurred, when 1,800 homes were permitted.

The Gulfport-Biloxi metropolitan area rental housing market is currently soft, with an estimated overall vacancy rate of 15 percent, due in part to worsening economic conditions and to recent significant additions to the rental inventory. According to data provided by the Gulf Regional Planning Commission (GRPC), apartment projects containing approximately 2,275 units opened in Harrison and Hancock Counties between January 2008 and May 2009, adding an average of 1,600 units on an annual basis. An additional 1,575 units were under construction as of May 2009. Approximately 1,250 of the units under construction were financed through a combination of low-income housing tax credit (LIHTC) and Community Development Block Grant (CDBG) funds, including 60 units intended for occupancy by elderly people. From 2000 through 2007, an average of only 360 apartment units opened annually in these two counties. Much of the



large increase in the number of units built since January 2008 can be attributed to the reconstruction and rehabilitation of units that were severely damaged or destroyed during Hurricane Katrina.

GRPC data also indicate that the average vacancy rate for market-rate apartments in Harrison and Hancock Counties was 12 percent in May 2009, which is twice

the 6-percent rate recorded the previous year. In May 2009, average rents for market-rate apartment units in the primary county of Harrison were \$650 for a one-bedroom unit, \$750 for a two-bedroom unit, and \$940 for a three-bedroom unit, representing declines of between 4 and 7 percent compared with rents recorded in May 2008.