

Housing Market Profile

Southeast/Caribbean • HUD Region IV



Deltona-Daytona Beach-Ormond Beach, Florida

The Deltona-Daytona Beach-Ormond Beach metropolitan area is located on North Florida's Atlantic coast and consists of Volusia County. As of January 1, 2012, the population of the metropolitan area was estimated at 494,500, the same population that was reported in the 2010 Census. The lack of population growth stems from a shortage of local job opportunities and the weak national economy that is forcing potential retirees to delay or abandon their plans to move to Florida. Population growth was highest from 2001 through 2006, when the population of the metropolitan area increased by an average of 8,725, or 1.9 percent, annually. From 2007 through 2010, population growth was negative, with a peak annual loss of 2,675 people, or 0.5 percent, in 2009. The largest employers in the area are Florida Hospital and Halifax Health, with 5,350 and 4,200 employees, respectively.

The economy in the metropolitan area is weak, with nonfarm payrolls still 10 percent below the 2006 peak of 173,900 jobs. The local economy has begun to improve, however, adding 1,175 jobs, or 0.8 percent, during the 12 months ending November 2011, increasing nonfarm payrolls to 155,900 jobs. Tourism improved throughout Florida in 2011 and the leisure and hospitality sector led growth in the metropolitan area, adding 1,950 jobs, a 9.1-percent increase. The largest number of job losses occurred in the mining, logging, and construction sector, which lost 600 jobs, or 7.4 percent, because of a decrease in residential construction. This sector has declined by 55 percent since the 2006 peak, when the sector employed 15,900 workers during the building boom. The unemployment rate in the metropolitan area averaged 11.1 percent during the 12 months ending November 2011, which is down from the 11.9-percent rate recorded during the previous 12 months.

The home sales market in the Deltona-Daytona Beach-Ormond Beach metropolitan area is soft because of the weak local economy, a high level of foreclosed homes, and a low level of in-migration. According to data from Hanley Wood, LLC, Real Estate Owned (REO) sales comprised 37 percent of all existing home sales in the 12 months ending November 2011, which is down from

the 48-percent rate recorded in the preceding 12-month period. From 2005 to 2008, only 4 percent of existing home sales were in REO. According to LPS Applied Analytics, in November 2011, 16.4 percent of all loans were 90 or more days delinquent, in foreclosure, or in REO, down from 16.6 percent in November 2010. In comparison, the national rate of all loans in these categories is 7.5 percent. Existing home sales totaled 5,425 homes sold during the 12 months ending November 2011, down from 5,550 homes sold in the preceding 12 months, a decline of 2 percent. During the same period, the average sales price of an existing home decreased from \$135,100 to \$128,300, a 5-percent decline. On average, a home in REO sold for only 55 percent of the price of a standard resale.

New single-family home construction, as measured by the number of building permits issued, declined by 17 percent during the 12 months ending November 2011, to 540 homes permitted, based on preliminary data. This number of permits is well below the 2000-to-2005 peak period, when an average of 4,225 single-family homes was permitted annually, and reflects the soft market conditions and large number of distressed properties. The number of single-family home permits issued declined from 2006 through 2009 and has remained stable at roughly 500 permits issued annually since 2009. Some small-scale development remains in the metropolitan area: Breakaway Trails, a subdivision in Ormond Beach, has 50 home sites available with sales prices for new homes ranging from \$230,000 to \$440,000.

The rental housing market in the Deltona-Daytona Beach-Ormond Beach metropolitan area is soft but improving. As of the third quarter of 2011, Reis, Inc., reports a 7.6-percent vacancy rate in surveyed apartment complexes, down from 8.8 percent in the third quarter of 2010. During the same period, the average asking rent remained relatively constant at approximately \$740. Developers have responded to improved rental housing market conditions by increasing apartment construction. During the 12 months ending November 2011, multifamily construction, as measured by the number of multifamily units permitted, totaled 510 units compared with 75 units permitted during the preceding 12 months. Apartment properties under construction include Andros Isles Apartments, a 360-unit complex in Daytona Beach, and Olive Grove Apartments, an 88-unit complex in Ormond Beach. At least four additional properties are in the planning stage. Rents at Olive Grove Apartments range from \$575 for a one-bedroom unit to \$815 for a three-bedroom unit.

