

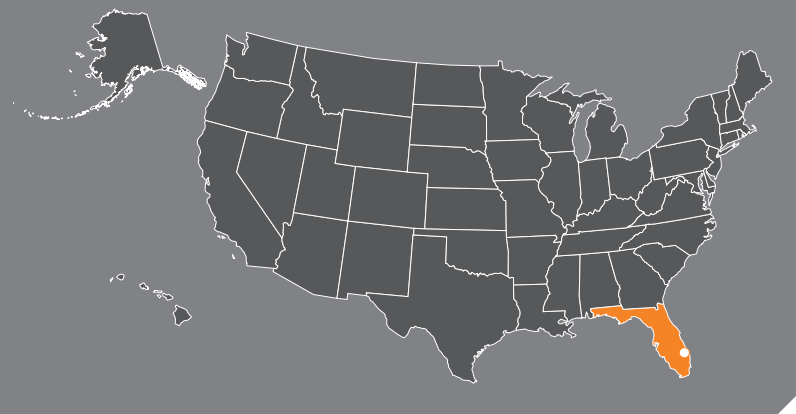
# HUD PD&R Housing Market Profiles

## West Palm Beach-Boca Raton-Delray Beach, Florida



### Quick Facts About West Palm Beach

- Current sales market conditions: balanced
- Current apartment market conditions: slightly soft
- The Palm Beaches, known as Florida's Cultural Capital, attracted 9.1 million visitors, with a \$9.7 billion economic impact during 2022 (The Palm Beaches Florida). Some visitors were drawn by cultural attractions, such as the Maltz Jupiter Theatre, the Loggerhead Marinelife Center, and the Norton Museum of Art. The Ballpark of the Palm Beaches hosts multiple events throughout the year and is the spring training location for the Houston Astros and the Washington Nationals.



West Palm Beach, Florida

By T. Michael Miller | As of July 1, 2023

### Overview

The West Palm Beach-Boca Raton-Delray Beach (hereafter, West Palm Beach) Metropolitan Division is conterminous with Palm Beach County, along the southeast coast of Florida. The West Palm Beach metropolitan division is the northern part of the Miami-Fort Lauderdale-West Palm Beach Metropolitan Statistical Area (hereafter, Miami MSA), which also includes Broward and Miami-Dade Counties to the south. Palm Beach County is the second largest county in Florida by land, but most of the metropolitan division population and jobs are concentrated in a 13-mile band along the Atlantic coast. Much of the remaining metropolitan division is used for agriculture (sugarcane and vegetables) and equestrian facilities.

- The population of West Palm Beach is currently estimated at 1.54 million, increasing an average of 13,200 people a year, or 0.9 percent, since 2020, with net in-migration accounting for all the growth. After the other two counties in the MSA, the largest share of in-migration is residents who relocated from the Nassau County-Suffolk County and the New York-Jersey City-White Plains metropolitan divisions (2016-2020 American Community Survey [ACS] 5-year estimates).

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- From 2010 to 2020, population growth averaged 17,200 people, or 1.2 percent, annually. Net in-migration averaged 16,950 people, or nearly 99 percent of the net growth, whereas net natural increase averaged approximately 270 people a year (U.S. Census Bureau population estimates as of April 1).

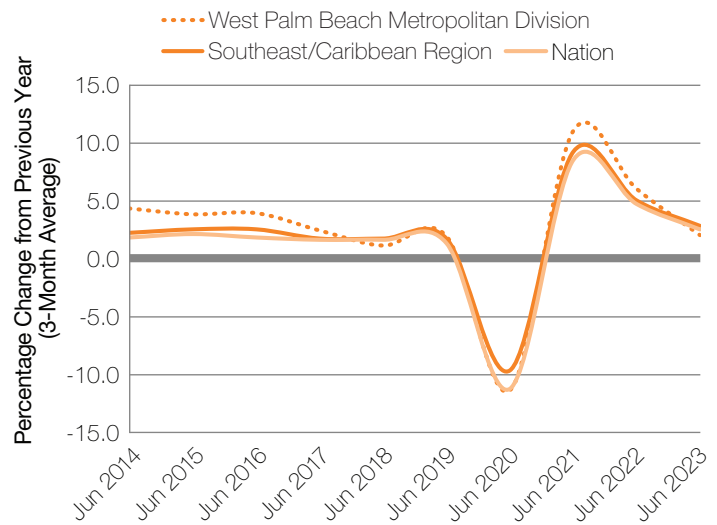
- A significant portion of domestic net migration occurs within the greater Miami MSA, primarily people seeking comparatively affordable housing in the MSA. Approximately 13,400 and 4,800 more people moved out of Broward County and Miami-Dade County, respectively, to Palm Beach County from 2016 to 2020 (2016-2020 ACS 5-year data).

## Economic Conditions

Economic expansion in the West Palm Beach metropolitan division during the past year was a continuance of strong nonfarm payroll job growth following the recession of 2020, caused by the COVID-19 pandemic. As of the 3 months ending June 2023, nonfarm payrolls in the metropolitan division increased by 13,200 jobs, or 2.0 percent, to 678,800 jobs, following an increase of 37,500 jobs, or 6.0 percent, as of the same period a year ago. By comparison, nonfarm payrolls increased an average of 2.7 percent annually from 2011 through 2019. The metropolitan division had recovered all jobs lost during the pandemic by November 2021, and 7 of 11 sectors have exceeded February 2020 levels (not seasonally adjusted). The leisure and hospitality sector is currently the fourth largest employment sector, with 95,100 jobs. That sector has had the largest increase in employment in the metropolitan division during the past 2 years, adding an average of 6,700 jobs, or 8.0 percent, annually. The sector was also the hardest hit by the 2020 recession, representing nearly one-half of jobs lost in the metropolitan division, with job losses of 16,400, or 18.1 percent, during 2020 compared with 2019.

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The current rate of job growth in the West Palm Beach metropolitan division is slower than in the Southeast/Caribbean Region and the nation, following stronger growth during the past 2 years.



Source: U.S. Bureau of Labor Statistics

Nonfarm payroll growth in the West Palm Beach metropolitan division was strong as of the 3 months ending June 2023, with gains in 7 of 11 sectors from a year ago.

	3 Months Ending		Year-Over-Year Change	
	June 2022 (Thousands)	June 2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	665.6	678.8	13.2	2.0
Goods-Producing Sectors	62.1	62.3	0.2	0.3
Mining, Logging, & Construction	41.0	40.7	-0.3	-0.7
Manufacturing	20.9	21.3	0.4	1.9
Service-Providing Sectors	603.4	616.6	13.2	2.2
Wholesale & Retail Trade	104.0	105.2	1.2	1.2
Transportation & Utilities	17.9	18.9	1.0	5.6
Information	11.6	11.0	-0.6	-5.2
Financial Activities	48.5	49.3	0.8	1.6
Professional & Business Services	132.9	132.6	-0.3	-0.2
Education & Health Services	105.7	110.3	4.6	4.4
Leisure & Hospitality	90.2	95.1	4.9	5.4
Other Services	30.8	30.3	-0.5	-1.6
Government	61.8	63.9	2.1	3.4
<b>Unemployment Rate</b>	2.8%	2.7%		

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

Source: U.S. Bureau of Labor Statistics



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As of the 3 months ending June 2023—

- The transportation and utilities sector increased by 1,000 jobs, or 5.6 percent, the fastest growing sector during the period, partly a result of an increase in home delivery services.
- The information and the other services sectors had the largest reduction in jobs, down by 600 and 500, or 5.2 and 1.6 percent, respectively, from a year ago.
- The education and health services sector expanded by 4,600 jobs, or 4.4 percent, from a year ago. Five of the 10 largest employers in the metropolitan division are in the sector, including Tenet Healthcare Corporation, Boca Raton Regional Hospital, and HCA Florida Healthcare.
- The unemployment rate declined to 2.7 percent from 2.8 percent during the same period a year earlier. The monthly rate fell to a historic low of 2.2 percent during December 2022 and has been rising slowly as growth in the labor force is outpacing growth in resident employment.

The largest nonfarm payroll sector in the HMA is the professional and business services sector, which accounts

for nearly 20 percent of total payrolls. The metropolitan division is home to 463 corporate, subsidiary, and regional headquarters, including the Fortune 500 headquarters of NextEra Energy, Inc. in Juno Beach, Carrier Global Corporation in Palm Beach Gardens, and The ODP Corporation (Office Depot) in Boca Raton. As of the 3 months ending June 2023, the sector decreased by 300 jobs, a 0.2-percent decline from the same period a year earlier. With the exception of 2020, the sector has posted gains every year since 2009.

### Largest Employers in the West Palm Beach Metropolitan Division

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Palm Beach County Board of County Commissioners	Government	5,753
Tenet Healthcare Corporation	Education & Health Services	5,734
NextEra Energy, Inc.	Transportation & Utilities	5,330

Note: Excludes local school districts.

Source: Business Development Board of Palm Beach County

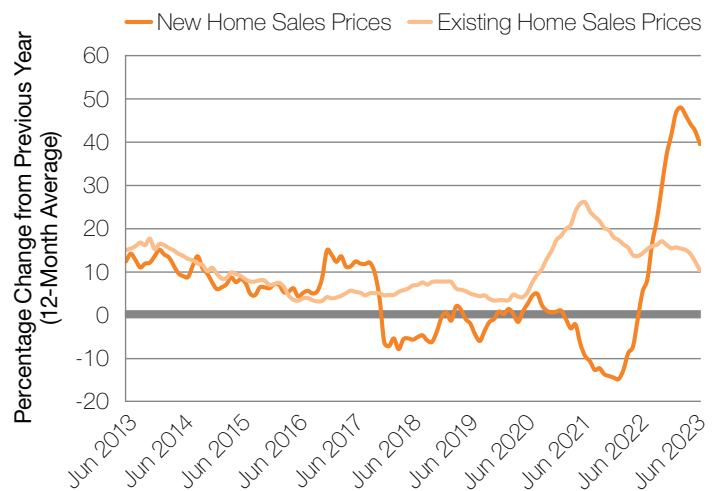
## Sales Market Conditions

Sales housing market conditions in the West Palm Beach metropolitan division are currently balanced. The estimated sales vacancy rate is 1.9 percent, down from 2.0 percent in April 2020. As of June 2023, approximately 3.3 months of for-sale inventory were available in the metropolitan division, up from 2.0 months a year earlier (CoreLogic, Inc.). This increase in inventory was due partly to an increase in average mortgage interest rates and new and existing home sales prices during the past year. The increase in average new and existing home prices has led to a decline in mortgage delinquencies, allowing those with distressed loans the option to sell in lieu of foreclosure. The percentage of home loans in the metropolitan division that were seriously delinquent or had transitioned into real estate owned (REO) status was 1.0 percent in June 2023, down from 1.4 percent a year earlier. The share of seriously delinquent home loans and REO properties in the metropolitan division was slightly lower than the Florida share of 1.3 percent and the national share of 1.1 percent.

During the 12 months ending June 2023—

- Existing home sales totaled 32,550, down 21 percent from the 41,350 homes sold during the previous 12 months (CoreLogic, Inc., with analyst estimates).
- The average sales price of existing homes was \$580,500, an increase of 10 percent from \$526,700 during the previous year, which followed an increase of 14 percent during the 12 months ending June 2022.

New and existing home sales price growth in the West Palm Beach metropolitan division slowed during the 12 months ending June 2023, following stronger growth during the previous 12 months.



Note: Prices are for single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

- The number of new homes sold totaled 2,325, up 13 percent from the approximately 2,075 homes sold during the previous 12 months.
- The average sales price for a new home was \$853,100, a 39-percent increase from \$612,200 a year earlier. By

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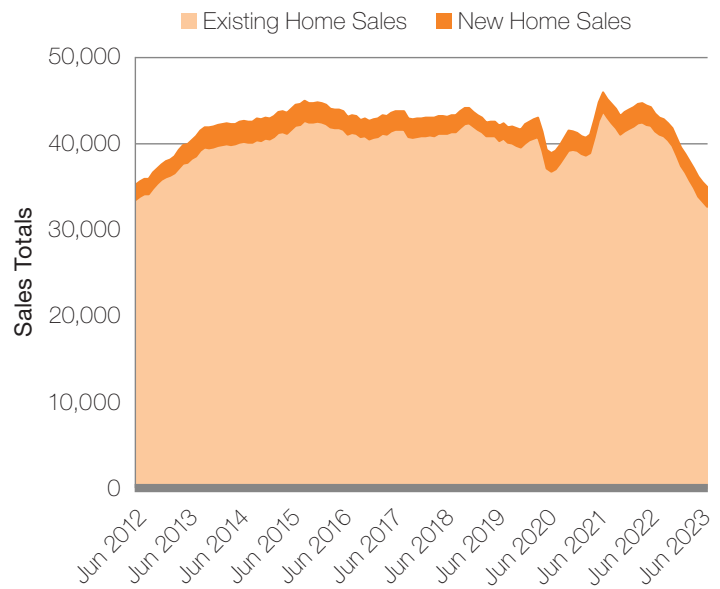
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comparison, the price of a new home increased 5 percent during the 12 months ending June 2022.

Single-family homebuilding, as measured by the number of homes permitted, declined during 2021 and 2022 but remained elevated after increasing each year from 2017 through 2020. During 2021 and 2022, an average of 3,825 homes were permitted annually. By comparison, an average of 3,275 homes were permitted annually from 2017 through 2020.

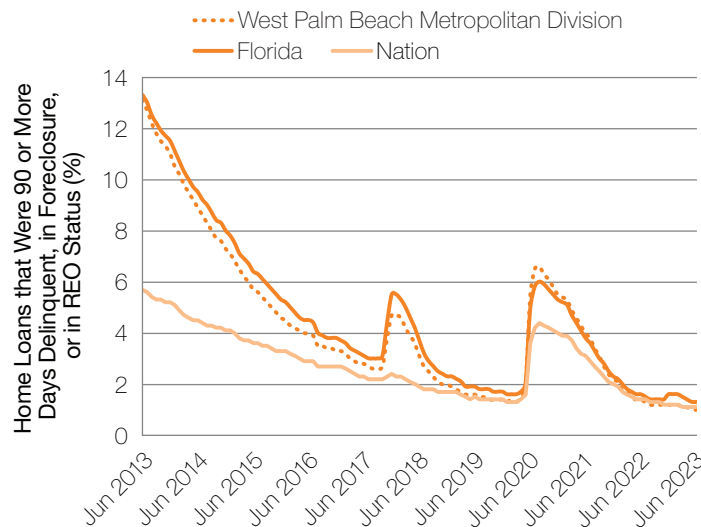
- During the 12 months ending June 2023, the number of homes permitted declined 17 percent, to 3,075 homes, from 3,700 homes permitted a year earlier (preliminary data).
- From 2017 through 2020, home construction increased by an average of 490 homes, or 17 percent, a year, compared with the fluctuating number of homes permitted from 2014 through 2016, which averaged 2,550 annually.
- The city of Westlake, the newest city in the MSA, was incorporated in 2016. The city encompasses 3,800 acres 20 miles west of the city of West Palm Beach and, with more than 2,250 homes built, will include 4,500 homes when complete. The city, a master-planned community, offers townhomes and single-family homes at prices starting at \$420,000.

The number of new and existing home sales decreased in the West Palm Beach metropolitan division during the 12 months ending June 2023.



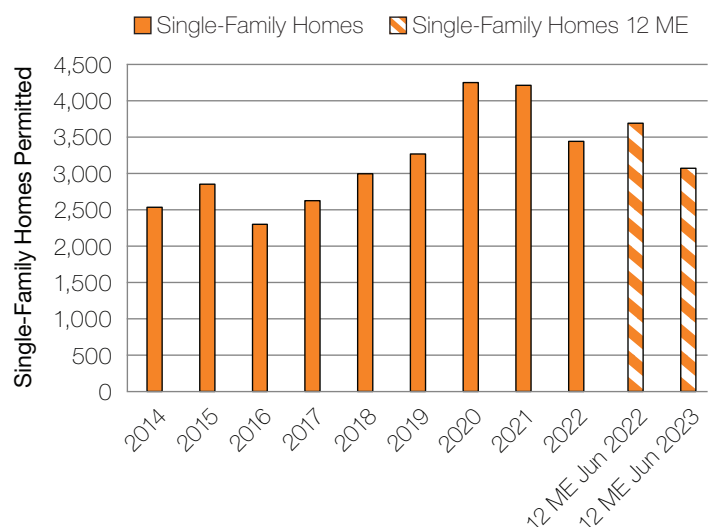
Note: Sales are for single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

The share of seriously delinquent home loans in the West Palm Beach metropolitan division, Florida, and the nation are at or near the lowest levels during the past decade.



REO = real estate owned.  
Source: CoreLogic, Inc.

The number of single-family homes permitted in the West Palm Beach metropolitan division declined during the 12 months ending June 2023 following 2 years of stronger permitting.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Apartment Market Conditions

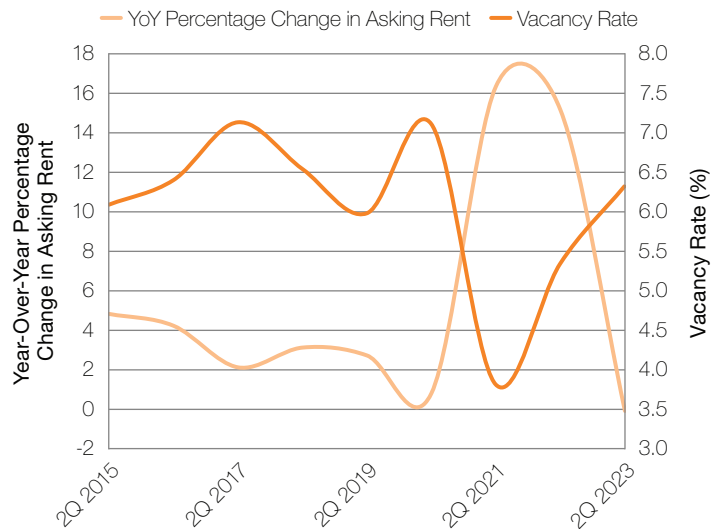
The West Palm Beach metropolitan division apartment market is currently slightly soft. Apartment construction has begun to exceed the demands of the growing population. The apartment vacancy rate during the second quarter of 2023 was 6.3 percent, up from 5.3 percent a year earlier (CoStar Group), partly due to increased inventory as a large number of units under construction entered the market. The average rent has been relatively unchanged, at \$2,395, as of the second quarter of 2023 from the same quarter a year earlier. By comparison, the average rent increased 15 and 16 percent as of the second quarters of 2022 and 2021, respectively, compared with the same quarter a year earlier.

- Of the nine CoStar Group-defined market areas in the metropolitan division, the Delray Beach market area had the highest average rents and was among the markets with the lowest vacancy rates. The average rent increased 1 percent from a year earlier, to \$2,741, and the vacancy rate was 5.0 percent, down slightly from 5.2 percent a year earlier.
- The Outlying Palm Beach County market area had the lowest vacancy rate and rent in the metropolitan division. The average rent increased 2 percent, to \$586, and the vacancy rate increased to 3.5 percent, up from 2.6 percent a year earlier.
- The second lowest rents were in the Green Acres City market area, with the average rent increasing 7 percent, to \$1,773; the vacancy rate averaged 4.0 percent, up from 2.1 percent a year earlier. About 12 percent of the most recently completed units and 8 percent of the total inventory in the metropolitan division are in this market area.
- The Palm Beach Gardens-Jupiter and Boca Raton market areas had the only decline in average rent, which declined 3 and 2 percent, respectively, to \$2,507 and \$2,730, and the vacancy rates increased from 7.8 and 4.8 percent a year earlier to 8.0 and 6.1 percent as of the second quarter of 2023.

Multifamily construction activity in the West Palm Beach metropolitan division, as measured by the number of units permitted, increased during the past 12 months as job and population growth continued. During the 12 months ending June 2023, approximately 3,825 multifamily units were permitted, up 9 percent from the previous 12-month period (preliminary data).

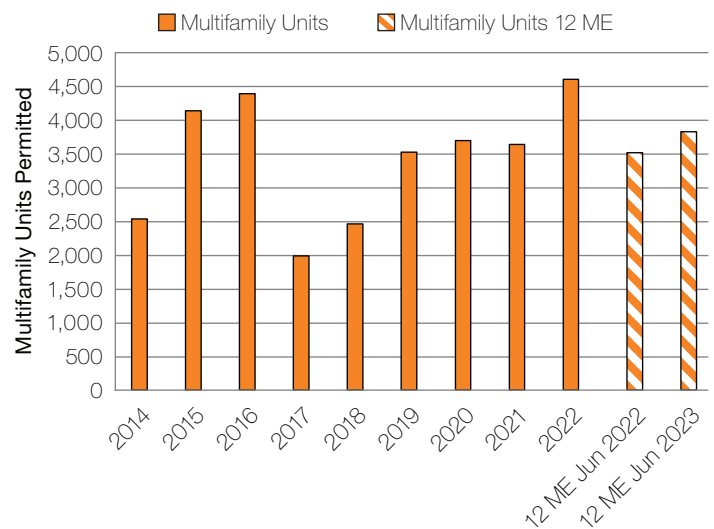
- The number of multifamily units permitted increased significantly from a decade low of 2,000 in 2017 to a decade high of 4,600 in 2022. From 2014 through 2016, multifamily construction increased each year and averaged 3,675 units permitted.

During the second quarter of 2023, growth in average apartment rents slowed and vacancy rates increased in the West Palm Beach metropolitan division.



2Q = second quarter. YoY = year-over-year.  
Source: CoStar Group

Multifamily permitting activity in the West Palm Beach metropolitan division has increased during the 12 months ending June 2023 following strong permitting during the same period a year ago.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

- Condominium construction has declined in the West Palm Beach metropolitan division. From 2018 through 2022, 20 percent, or an average of 725 units, annually, of multifamily construction was condominiums, down from

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an average of 35 percent, or an average of 1,150 units annually, from 2014 through 2017 (CBRE SupplyTrack database, with adjustments by the analyst).

- In the past year, multifamily construction was concentrated in the West Palm Beach, Boca Raton, and Boynton Beach market areas, which accounted for approximately 79 percent of all completed multifamily units.
- An estimated 5,100 apartment units are under construction in the West Palm Beach metropolitan division, mostly in

the West Palm Beach, Royal Palm Beach, Palm Beach Garden-Jupiter, and Delray Beach market areas, with 34, 20, 15, and 13 percent, respectively, of total units under construction in the metropolitan division (CoStar Group).

- Notable recently completed developments include the 292-unit Aura Delray Beach, completed in June 2023 in the city of Delray Beach. The property offers rents starting at \$2,335, \$2,490, \$3,240, and \$3,565 for studio, one-bedroom, two-bedroom, and three-bedroom units, respectively.

## Terminology Definitions and Notes

### A. Definitions

Apartment Market/ Apartment Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

### B. Notes on Geography

1.	The metropolitan division definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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