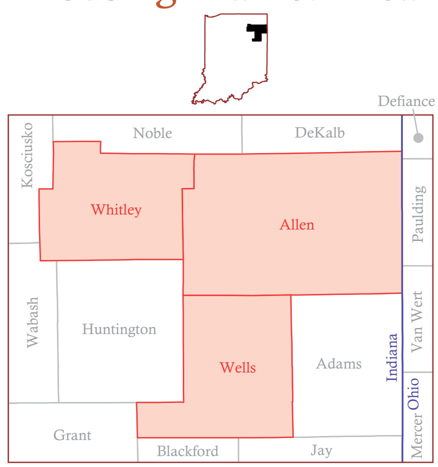
COMPREHENSIVE HOUSING MARKET ANALYSIS

Fort Wayne, Indiana

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of September 1, 2017

Housing Market Area



The Fort Wayne Housing Market Area (HMA) in northeast Indiana is coterminous with the Fort Wayne, IN Metropolitan Statistical Area, which consists of Allen, Wells, and Whitley Counties. Most of the recent development in the HMA is in the city of Fort Wayne, the largest city in the HMA and the second largest in Indiana, after Indianapolis. Approximately $520 million has been invested since 2005 in the revitalization of downtown Fort Wayne neighborhoods and new developments, including Grand Wayne Convention Center and Parkview Field, a baseball field and mixed-use development and entertainment complex (City of Fort Wayne Community Development Division).

Summary

Economy

Economic conditions in the Fort Wayne HMA have strengthened since 2010, and in 2016, nonfarm payrolls surpassed the previous peak of 218,000 in 2007. Nonfarm payrolls totaled 221,700 during the 12 months ending August 2017, up by 3,800 jobs, or 1.7 percent, from the previous 12 months. The unemployment rate fell to 3.5 percent from 4.3 percent a year ago. Nonfarm payrolls are expected to grow an average of 1.5 percent a year during the 3-year forecast period, with the largest gains likely to occur in industries related to healthcare.

Sales Market

The sales housing market in the HMA is slightly tight, with a vacancy rate currently estimated at 1.3 percent, down from 2.5 percent in April 2010. New and existing home sales totaled 10,375 during the 12 months ending August 2017, down 230, or 2 percent, from the previous 12 months. During the forecast period, demand is estimated for 3,475 new homes (Table 1). The 430 homes currently under construction in the HMA will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is slightly soft, with an estimated rental vacancy rate of 7.2 percent, down from 12.3 percent in April 2010. During the forecast period, demand is estimated for 1,950 new market-rate rental units. The 530 units currently under construction will satisfy most of the demand during the first year of the forecast period (Table 1).

Table 1. Housing Demand in the Fort Wayne HMA During the Forecast Period

	Fort Wayne HMA	
	Sales Units	Rental Units
Total demand	3,475	1,950
Under construction	430	530

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2017. The forecast period is September 1, 2017, to September 1, 2020.

Source: Estimates by analyst

Market Details

Economic Conditions

The Fort Wayne HMA is a major employment center for northeast Indiana. Traditionally a manufacturing and transportation hub, the HMA had a decline in manufacturing throughout the second half of the 20th century. However, since 2010, relative stability in the manufacturing sector combined with continued expansion of the education and health services sector have contributed to the economic recovery in the aftermath of the previous recession. During the 12 months ending August 2017, nonfarm payrolls in the HMA rose by 3,800 jobs, or 1.7 percent, to 221,700 (Table 2) compared with an increase of 2,800 jobs, or 1.3 percent, a year earlier. As economic conditions improved during the 12 months ending August 2017, the average unemployment rate fell to 3.5 percent from 4.3 percent during the previous 12 months.

The positive economic conditions that have occurred in the HMA since 2010 are in contrast with the conditions that existed during the early 2000s. Nonfarm payrolls in the HMA reached a new high of 218,000 jobs in 2000. Following that peak, nonfarm payrolls fell by an average of 3,100 jobs, or 1.4 percent, annually during the next 2 years. Nearly one-half of the job losses were the result of declining manufacturing employment, which totaled 44,500 jobs in 2000, when manufacturing was the largest employment sector in the HMA and accounted for more than 20 percent of all nonfarm payrolls. By 2002, manufacturing sector employment had fallen to 38,500 jobs, an average decrease of 3,000 jobs, or 7.0 percent, annually. Companies that had layoffs during that time were the General Electric Company (GE) and suppliers to the car manufacturing industry—Connors Corporation and Benteler International. At its peak in the 1950s, the GE Industrial Solutions plant in the city of Fort Wayne employed more than 10,000; by 2003, employment at the plant had fallen to 1,000, and the plant shut down in 2015.

Economic conditions started to improve in 2003, and nonfarm payrolls rose through 2007 by an average of 1,200 jobs, or 0.6 percent, annually, returning to the level during the previous peak in 2000. During the period, the education and health services sector was the fastest growing sector, rising by an average of 1,200 jobs, or 3.8 percent, annually. Declines in the financial activities, information, and manufacturing sectors, which fell by an average of 300, 100, and 200 jobs, or 2.3, 1.5, and 0.4 percent, annually, respectively, limited overall job gains. The retail trade subsector also declined by an average of 200 jobs, or 0.8 percent, during this period.

Because of the national recession and housing crisis, nonfarm payrolls decreased by an average of 8,300 jobs, or 3.9 percent, annually from 2008 through 2009 to a low of 201,300. All

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Fort Wayne HMA, by Sector

	12 Months Ending August 2016	12 Months Ending August 2017	Absolute Change	Percent Change
Total nonfarm payroll jobs	217,900	221,700	3,800	1.7
Goods-producing sectors	45,700	45,700	0	0.0
Mining, logging, & construction	10,300	10,300	0	0.0
Manufacturing	35,300	35,400	100	0.3
Service-providing sectors	172,200	176,000	3,800	2.2
Wholesale & retail trade	34,200	34,600	400	1.2
Transportation & utilities	8,700	8,300	– 400	– 4.6
Information	2,800	2,700	– 100	– 3.6
Financial activities	11,400	11,500	100	0.9
Professional & business services	21,200	21,700	500	2.4
Education & health services	40,400	42,600	2,200	5.4
Leisure & hospitality	21,000	21,200	200	1.0
Other services	11,400	11,700	300	2.6
Government	21,100	21,600	500	2.4

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through August 2016 and August 2017.

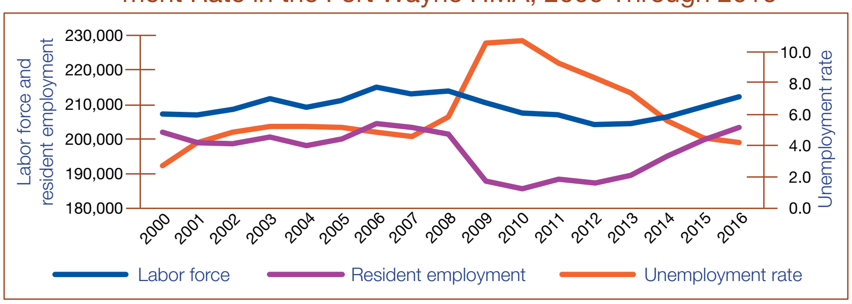
Source: U.S. Bureau of Labor Statistics

employment sectors lost jobs during the economic downturn; however, nearly one-half of the total decline occurred in the manufacturing sector, which fell by an average of 3,700 jobs, or 10.2 percent, annually. In addition, home construction and consumer spending decreased sharply. As a result, employment in the mining, logging, and construction and the wholesale and retail trade sectors each fell by an average of 1,100 jobs, or 9.8 and 3.1 percent, annually. The unemployment rate increased to a peak of 10.7 percent in 2009 (Figure 1).

Local economic conditions stabilized in 2010 and began to recover in 2011. Through 2016, nonfarm payrolls rose an average of 2,900 jobs, or 1.4 percent, annually. Growth was widespread, and 9 of 11 sectors gained jobs. During the period, the education and health services sector added the most jobs with an average increase of 900 jobs, or 2.5 percent, annually. In addition, the manufacturing sector grew largely because of an expansion in the car manufacturing industry. The sector rose by an average of 600 jobs, or 1.8 percent, annually. In 2016, the nonfarm payrolls in the HMA surpassed levels recorded prior to the recession.

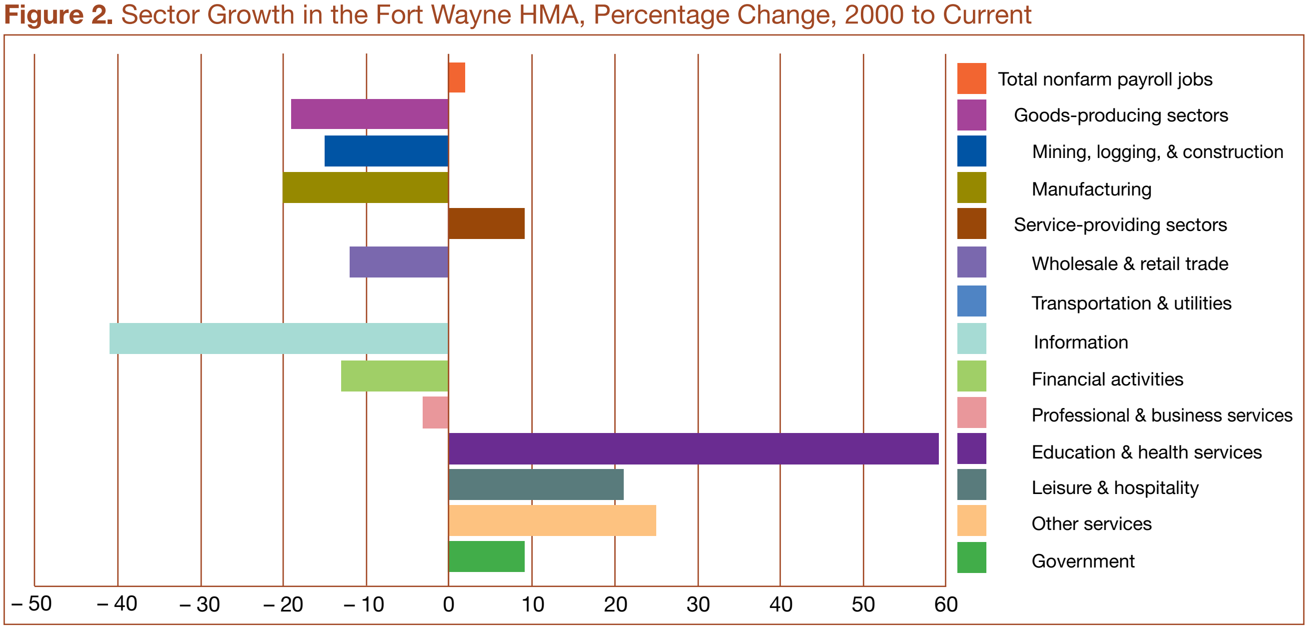
Despite the contraction in the manufacturing sector since 2000 (Figure 2), it continues to be an important part of the economy in the HMA, accounting for 16 percent of all nonfarm jobs, a share similar to the 17 percent for Indiana but higher than the 8 percent in the nation. During the 12 months ending August 2017, the manufacturing sector gained 100 jobs, or 0.3 percent, to reach 35,400 jobs. Employment in the sector has been relatively stable since 2010 and is currently 16 percent

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Fort Wayne HMA, 2000 Through 2016



Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Fort Wayne HMA, Percentage Change, 2000 to Current



Notes: Current is based on 12-month averages through August 2017. During this period, payrolls in the transportation and utilities sector showed no net change.
Source: U.S. Bureau of Labor Statistics

higher than the recent low of 30,400 jobs in 2009. Some of the growth since 2010 is attributed to an expansion in the car manufacturing and defense industries. Because of high demand for full-size pickup trucks, the General Motors Company Fort Wayne assembly plant operates three shifts, producing GMC Sierra and Chevrolet Silverado trucks. General Motors is the third largest employer in the HMA with 4,100 employees (Table 3).

While the traditional manufacturing base of the HMA declined as a share of nonfarm payrolls, the education and health services sector continued to expand and is now the largest employment sector in the HMA (Figure 3). The expansion of several major healthcare providers is largely responsible for continued growth in the sector. During the 12 months ending August 2017, the education and health services sector added 2,200 jobs, a gain of 5.4 percent to 42,600 jobs. The sector includes the two largest employers in the HMA—Parkview Health and Lutheran Health Network, with 6,680 and 4,820 employees respectively (Greater Fort Wayne Inc.). Parkview Health serves as a healthcare center for northeastern Indiana. The organization is expanding in the city of Fort Wayne through a $55 million renovation of the Parkview Hospital Randallia campus, one of the largest healthcare investments in the region, which when completed by the end of 2019 is expected to create 150 new jobs (Parkview Health).

Growth during the 12 months ending August 2017 was also pronounced in the professional and business services and the government sectors, which added 500 jobs, or 2.4 percent, each. Despite the recent growth, employment in the professional and business services sector, which totaled 21,700 jobs, is 3 percent below the previous peak of 22,400 in 2000. Approximately 80 percent of growth in the government sector occurred because of expansion in the local government subsector. Indiana University–Purdue University Fort Wayne (IPFW) is the largest employer in the government sector with 1,160 jobs. Approximately 10,400 students are currently enrolled at IPFW, a decrease of 3,925 since the peak enrollment of 14,325 in 2011, when IPFW had an overall economic impact of approximately $164 million on the state of Indiana (Tripp Umbach).

The economic outlook for the HMA is positive. During the 3-year forecast period, the economy is expected to continue to grow, with nonfarm

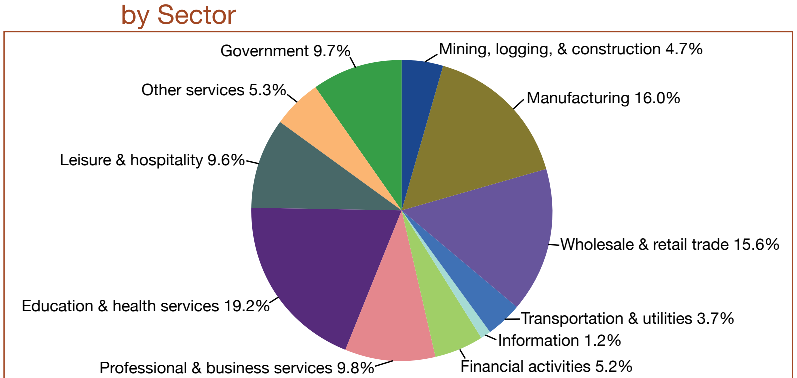
Table 3. Major Employers in the Fort Wayne HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Parkview Health	Education & health services	6,680
Lutheran Health Network	Education & health services	4,820
General Motors Company	Manufacturing	4,100
Lincoln National Corporation	Financial activities	1,970
Goodrich Corporation	Manufacturing	1,580
Frontier Communications Corporation	Professional & business services	1,525
Indiana University–Purdue University Fort Wayne	Government	1,160
Sweetwater	Wholesale & retail trade	1,100
BAE Systems, Inc.	Manufacturing	1,050
Fort Wayne Metals	Manufacturing	1,050

Note: Excludes local school districts.

Sources: Indiana University–Purdue University Fort Wayne, Community Research Institute, 2016; Greater Fort Wayne Inc., 2017.

Figure 3. Current Nonfarm Payroll Jobs in the Fort Wayne HMA, by Sector



Note: Based on 12-month averages through August 2017.
Source: U.S. Bureau of Labor Statistics

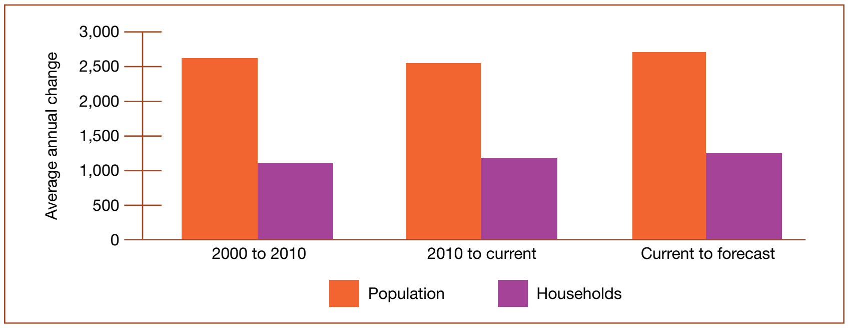
payrolls increasing an average of 1.5 percent annually. General Motors is expected to contribute to growth during the forecast period. In 2015, the company invested $1.2 billion in a new pretreatment facility and expansion of its body shop and general assembly capabilities, one of the largest investment projects in northeast Indiana. The renovation is scheduled to be complete in 2019 and is expected to retain jobs at the current level. In 2016, Wal-Mart Stores, Inc. started construction of a $181 million, more than 250,000-square-foot, milk processing plant in the city of Fort Wayne. This expansion will create more than 270 jobs, and milk processing at the new plant is scheduled to begin during the autumn of 2017. Recreational vehicle components maker Lippert Components, Inc. announced plans early in 2017 to build a $19 million plant in the city of New Haven by late 2019 and add 70 production jobs and 70 sewing positions. During the summer of 2017, automobile parts maker Android Industries announced plans to expand its existing operations in Allen County that will result in the creation of more than 310 new jobs. Continued efforts to revitalize the Fort Wayne downtown are expected to have a positive effect on economic growth. In the summer of 2017, ground broke on the $20 million Promenade Park, which is Phase I of the Riverfront Fort Wayne redevelopment project expected to be complete by the end of 2018. Phases II and III are currently in planning stages and include entertainment venues, retail shops, hotels, office spaces, and residential loft apartments. In 2018, nearly 3 years after GE closed its operations in the city of Fort Wayne, construction is expected to begin on a conversion of the vacant 31-acre GE campus in downtown into a planned $300 million mixed-use development named Electric Works. The goal of both projects is to revitalize government-owned and vacant lands to new public and private amenities and to increase residential and commercial land uses in the city of Fort Wayne.

Population and Households

The current population of the Fort Wayne HMA is estimated at 434,900 as of September 1, 2017. The population has risen an average of 0.6 percent annually since 2010, the same average rate of growth as during the 2000s. Although recent job growth contributed to in-migration, population growth remains in line with the previous decade because of lower-than-previous net natural change (resident births minus resident deaths). Figure 4 shows population and household growth in the HMA from 2000 to the forecast date. The city of Fort Wayne is the largest city in the HMA and the second largest in Indiana, with a population of approximately 264,500, or more than 60 percent of the total population.

During the previous decade, the relatively slow rate of population growth was a result of net out-migration, caused primarily by job losses in durable goods manufacturing,

Figure 4. Population and Household Growth in the Fort Wayne HMA, 2000 to Forecast



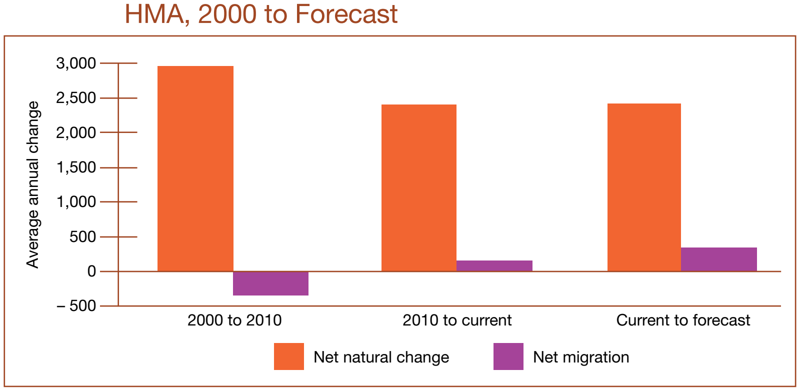
Notes: The current date is September 1, 2017. The forecast date is September 1, 2020.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

including a decline in automotive-related production that began in the 1980s. In the first 4 years of the 2000s, job losses in the manufacturing sector contributed to net out-migration averaging 400 people annually from 2000 to 2005, which combined with an average net natural change of 2,900 annually led to population growth of 2,500 people, or 0.6 percent, a year (Census Bureau decennial census counts and population estimates as of July 1). During the mid-2000s, economic conditions in the HMA strengthened. As a result, from 2005 to 2007, a brief shift to in-migration occurred, averaging 480 people annually, which accounted for 14 percent of the overall population growth. During the same period, net natural change rose to an average of 3,025 people annually, and population expanded by an average of 3,500, or 0.9 percent, annually. However, largely because of weak economic conditions caused by the national recession, the higher rate of population growth in the HMA did not last long. People once more started to leave the HMA. From 2007 to 2010, net out-migration averaged 830 people annually, and population growth slowed to 2,200 people, or 0.5 percent, annually. With the economic recovery that began in 2010, in-migration to the HMA has occurred in all but 1 year since, averaging 130 people annually and accounting for 5 percent of population gains. Net natural change in the HMA has fallen 21 percent to an average of 2,400 people annually and has limited population growth to 2,525 people, or 0.6 percent, annually since 2010 (Figure 5). During the 3-year forecast period, the population of the HMA is expected to expand by an average of 2,700, or 0.6 percent, annually.

The current number of households in the HMA is estimated at 170,150, an average growth of 1,150, or 0.7 percent, annually since 2010. The switch to in-migration during the current decade has not been large enough to significantly affect the household growth.

Figure 5. Components of Population Change in the Fort Wayne HMA, 2000 to Forecast

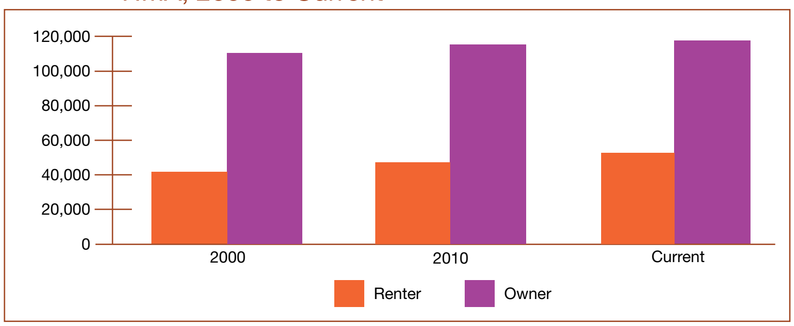


Notes: The current date is September 1, 2017. The forecast date is September 1, 2020.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

During the 2000s, when net out-migration averaged 350 people annually, household growth averaged 0.7 percent, or 1,075 households, annually. Renter households have accounted for more than 70 percent of net household formations since 2010 compared with 50 percent during the 2000s. As a result, the homeownership rate has fallen to an estimated 69.0 percent as of the current date, down from 71.1 percent in 2010 and 72.6 percent in 2000 (Table DP-1 at the end of this report). More restrictive lending standards for prospective homeowners and downtown revitalization efforts in the city of Fort Wayne, the result of demand for new apartment units, have contributed to the decrease in proportion of owner households since 2010. Figure 6 shows the number of households by tenure in the HMA since 2000. During the forecast period, in-migration to the HMA is estimated to continue, and the number of households in the HMA is expected to grow by an average of 1,225, or 0.7 percent, annually.

Figure 6. Number of Households by Tenure in the Fort Wayne HMA, 2000 to Current



Note: The current date is September 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Fort Wayne HMA is currently slightly tight, with an estimated vacancy rate of 1.3 percent, down from 2.5 percent in April 2010. Conditions are improving in the sales market due to the expanding economy and people moving to the HMA. During August 2017, a 2.5-month supply of inventory was on the market, down from a 3.1-month supply a year earlier (Upstate Alliance of Realtors®).

Existing home sales rebounded from the number of homes sold during the economic recession but fell slightly during the past year. Sales of existing homes (including single-family homes, townhomes, and condominiums) in the HMA totaled 9,625 during the 12 months ending August 2017, down by 270 homes, or nearly 3 percent, from the previous 12 months (Metrostudy, A Hanley Wood Company). Currently, the number of existing home sales is 4 percent below the previous high of 10,025 homes sold during 2006. Following the peak, existing home sales fell by an average of 1,500 homes, or 16 percent, annually to 7,050 homes sold in 2008. Existing home sales increased briefly in 2009, representing a gain of 7 percent to 7,550 homes sold. The downward trend resumed, and from 2010 through 2011, existing home sales decreased by an average of 625 homes, or 9 percent, annually. With the economic recovery under way, existing home sales began to rise in 2012 and increased by an average of 700 homes, or 9 percent, annually to reach 9,800 homes sold in 2016, the highest level since 2006. During the 12 months ending August 2017, the average sales price of an existing home reached an all-time peak of $164,800, up by $9,100, or 6 percent, from a year earlier. The average sales price of an existing home reached a previous high of $143,600 in 2007; however, a year later, the average sales price fell 12 percent to $126,700 in the aftermath of the housing crisis. Following that steep decline in 2008, the average sales price of an existing home has risen each year and, by 2016, was up to $157,100, an average annual increase of $3,800, or 3 percent.

As of August 2017, 2.1 percent of all mortgage loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 2.6 percent in August 2016 and below the peak of 6.6 percent in January 2010 (CoreLogic, Inc.). The current rate of seriously delinquent loans and REO properties in the HMA was lower than the 2.5-percent rate in Indiana and the 2.2-percent rate in the nation. During the 12 months ending August 2017, REO sales totaled 600 and accounted for 6 percent of all existing home sales in the HMA compared with a peak of 1,625 during 2008, when REO sales accounted for 23 percent of existing home sales. The average sales price of an REO property was 30 percent below the average existing home sales price at $115,100 during the 12 months ending August 2017, up from a low of $83,300 in 2012.

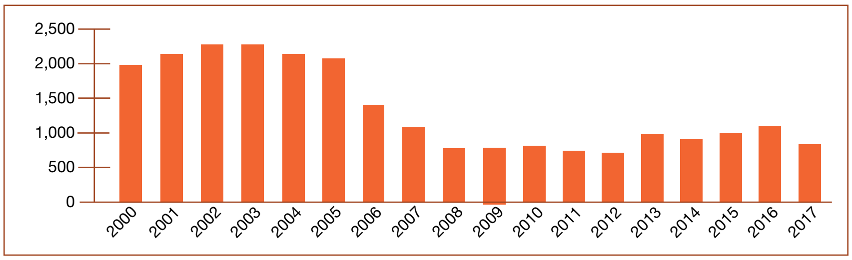
The economic expansion in the HMA since 2010 has led to growth in new home sales and prices. During the 12 months ending August 2017, sales of new homes accounted for 7 percent of all home sales and totaled 750, an increase of 40 homes, or 5 percent, from a year earlier. New home sales totaled 1,400 in 2005 and then declined by an average of 220 homes, or 22 percent, annually to 510 homes sold in 2009. A year later, the first-time homebuyer tax credit program provided a boost to sales, but that growth was not sustained. In 2010, sales of new homes rose 12 percent to 570; however, tighter lending standards limited gains, and new home sales fell 26 percent to a low of 420 home sales in 2011. Following that bottom, new home sales grew each year as the economy continued to recover from the recession. Since 2012, new home sales in the HMA have risen by an average of 60 homes, or 11 percent, annually to 720 homes in 2016. During the 12 months ending August 2017, the average sales price of a new home was at an all-time peak of $257,300, a gain of $8,900, or nearly 4 percent, from a year earlier. By comparison, the price of a new home in the HMA averaged $200,000 from 2005 through 2007, before declining an average of 8 percent annually to $155,200 in 2009, as economic conditions worsened. Since 2010, a sharp decline in the supply of new homes and an economic recovery contributed to an average new home sales price rise of $14,350, or 7 percent, annually to $255,600 in 2016.

Single-family construction rebounded from the low levels observed in the aftermath of the housing market crisis but is significantly below prerecessionary levels. Single-family homebuilding, as measured by the number of homes permitted, totaled 1,075 during the 12 months ending August 2017, down by 25 homes, or 2 percent, from the previous 12 months (preliminary data). A shortage of skilled construction workers is a major obstacle preventing builders from increasing the pipeline of new single-family homes (Home Builder Association of Fort Wayne, IN). Single-family construction peaked from 2000 through 2005, when an average of 2,125 homes were permitted annually (Figure 7). Because of softening sales, single-family construction declined during the next 4 years by an average of 200 homes, or 18 percent, annually to 760 homes permitted in 2009. Construction rebounded 6 percent in 2010 to 810 homes permitted but fell again during the next 2 years by an average of 60 homes, or 7 percent, to the low of 690 homes permitted in 2012. Since then, net in-migration to the HMA, resulting from the economic recovery, led to an increase in building activity. Since 2013, single-family homebuilding has grown in all but 1 year to reach 1,075 single-family homes permitted in 2016.

Development is under way on phase one at The Coves of Northbrook in Fort Wayne in Allen County, which will consist of 22 new two- and three-bedroom single-family homes, with home prices starting at $240,000. About 20 percent of lots have sold. Also in Fort Wayne, 14 lots remain for sale at Talons Reach. This 61-lot community offers new three- to five-bedroom single-family homes; 8 new homes are currently available for sale, with prices ranging from $285,000 to $415,000.

Demand is forecast for 3,475 new homes in the HMA during the next 3 years (Table 1). The 430 homes currently under construction will meet part of the demand during the first year of the 3-year forecast period. Demand is expected to be highest for homes priced from $138,000 to $249,999 (Table 4).

Figure 7. Single-Family Homes Permitted in the Fort Wayne HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through August 2017.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Fort Wayne HMA During the Forecast Period

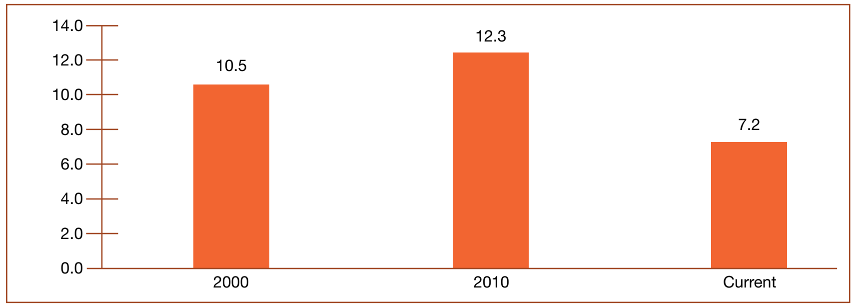
Price Range ($) From	Price Range ($) To	Units of Demand	Percent of Total
138,000	199,999	1,050	30.0
200,000	249,999	870	25.0
250,000	299,999	450	13.0
300,000	349,999	350	10.0
350,000	399,999	280	8.0
400,000	449,999	240	7.0
450,000	499,999	140	4.0
500,000	and higher	100	3.0

Notes: The 430 homes currently under construction in the HMA will likely satisfy some of the forecast demand. The forecast period is September 1, 2017, to September 1, 2020.
Source: Estimates by analyst

Rental Market

The rental housing market (including single-family homes, mobile homes, and apartments) in the Fort Wayne HMA is currently slightly soft, with an overall estimated rental vacancy rate of 7.2 percent, down from 12.3 percent in April 2010 (Figure 8). Improving economic conditions since 2010 and net in-migration to the HMA have contributed to the declining vacancy rate. In 2016, more than one-half of renter households lived in single-family homes or in buildings with two, three, or four units, relatively unchanged since 2010 (2016 American Community Survey 1-year data).

Figure 8. Rental Vacancy Rates in the Fort Wayne HMA, 2000 to Current

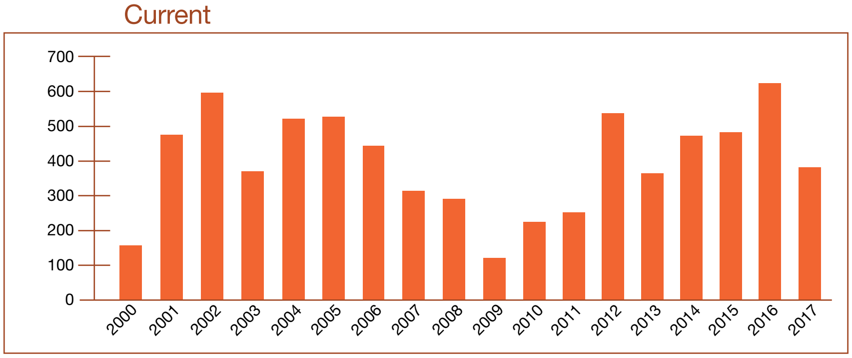


Note: The current date is September 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

The apartment market in the HMA is balanced with a 4.4-percent vacancy rate during the second quarter of 2017, up from slightly tight conditions with a vacancy rate of 2.9 percent a year earlier (Reis, Inc.). The average rent for an apartment is currently $615, a gain of $13, or nearly 2 percent, from a year earlier. During the economic downturn in the HMA, the apartment vacancy rate peaked at 9.7 percent in 2009, and the average rent rose 1 percent from a year earlier to $527. The following year, the apartment vacancy rate decreased slightly to 9.5 percent, and rents remained virtually unchanged. However, as economic recovery progressed, the apartment market in the HMA recovered. By the end of 2015, the apartment vacancy rate declined to 2.9 percent, and rents grew an average of nearly 3 percent annually since 2011. New apartment units that became a part of the rental inventory since 2014 caused the apartment market to return from slightly tight to a balanced condition currently. The apartment vacancy rate has increased since 2015, while rent growth has remained steady, averaging nearly 3 percent annually.

Since 2012, growing demand for apartments in downtown Fort Wayne and stronger economic conditions resulted in the highest level of multifamily construction in the HMA since 2005, as measured by the number of multifamily units permitted (Figure 9). Multifamily production during the past 12 months continued above the average historical level. Permits were issued for 540 multifamily units during the 12 months ending August 2017, a rise of 100 units, or 23 percent, from a year earlier (preliminary data). Despite a decline in nonfarm payrolls that began in 2001, multifamily production nearly doubled each year on average, from a very low level of 160 units in 2000 to 590 units permitted 2 years later. Following that peak, multifamily construction fell to 370 units permitted in 2003 but rose again to an average of 520 multifamily units permitted annually from 2004 through 2005, as the local economy continued to recover from the downturn. Multifamily production moderated again, when 440 units were permitted in

Figure 9. Multifamily Units Permitted in the Fort Wayne HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through August 2017.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

2006, but then continued to fall an average of 35 percent each year, in response to weaker economic conditions, to only 120 units in 2009. As the economy of the HMA began to recover once again, multifamily construction expanded but was restrained by uncertainty about the rental market and overall economic conditions. From 2010 through 2011, an average of 240 multifamily units were permitted each year. A year later, balanced apartment market conditions, revitalization efforts in downtown Fort Wayne, and a stronger economy prompted builders to increase construction, and an average of 460 multifamily units were permitted annually from 2012 through 2015. Although IPFW has more than 10,000 students, it is primarily a commuter school and does not have a significant impact on the rental market.

Some of the recent apartment developments in the HMA include Atrium Village by Redwood in Fort Wayne, which opened in October 2016 and is leasing 81 two-bedroom apartments. Individual units range in size from 1,295 to 1,620 square feet and rent from $1,250 to $1,550. Cityscape Flats in downtown Fort Wayne opened in May 2017. This 163-unit luxury apartment community is next to Parkview Field and offers 5 studios, 118 one-bedroom, and 40 two-bedroom apartments, with monthly rents ranging from $875 to $1,802.

During the 3-year forecast period, demand is estimated for 1,950 new market-rate rental units (Table 1). Demand is expected to be greatest for two-bedroom units that rent from $950 to $1,149, a price range that recently has not been adequately supplied (Table 5). Because of the revitalization efforts, a large share of rental demand during the next 3 years is likely to occur in and near the Fort Wayne city center. The 530 units currently under construction will satisfy most of the demand during the first year of the forecast period.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Fort Wayne HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand
700 to 899	70	850 to 1,049	250	950 to 1,149	290	1,200 to 1,399	160
900 or more	30	1,050 to 1,249	210	1,150 to 1,349	240	1,400 to 1,599	130
		1,250 to 1,449	150	1,350 to 1,549	160	1,600 to 1,799	60
		1,450 or more	80	1,550 or more	95	1,800 to 1,999	25
						2,000 or more	20
Total	100	Total	690	Total	780	Total	390

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 530 units currently under construction will likely satisfy some of the estimated demand. The forecast period is September 1, 2017, to September 1, 2020.

Source: Estimates by analyst

Data Profile

Table DP-1. Fort Wayne HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total resident employment	201,965	185,450	205,200	– 0.8	1.5
Unemployment rate	2.7%	10.7%	3.5%		
Nonfarm payroll jobs	218,000	201,600	221,700	– 0.8	1.4
Total population	390,156	416,257	434,900	0.6	0.6
Total households	150,858	161,632	170,150	0.7	0.7
Owner households	109,590	114,989	117,400	0.5	0.3
Percent owner	72.6%	71.1%	69.0%		
Renter households	41,268	46,643	52,750	1.2	1.7
Percent renter	27.4%	28.9%	31.0%		
Total housing units	162,420	178,124	183,400	0.9	0.4
Owner vacancy rate	1.7%	2.5%	1.3%		
Rental vacancy rate	10.5%	12.3%	7.2%		
Median Family Income	NA	$63,300	$58,300	NA	– 1.2

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through August 2017. Median Family Incomes are for 2009 and 2016. The current date is September 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 9/1/2017—Estimates by the analyst
Forecast period: 9/1/2017–9/1/2020—Estimates by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_FortWayneIN_18.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.