

COMPREHENSIVE HOUSING MARKET ANALYSIS

Huntsville, Alabama

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of January 1, 2022



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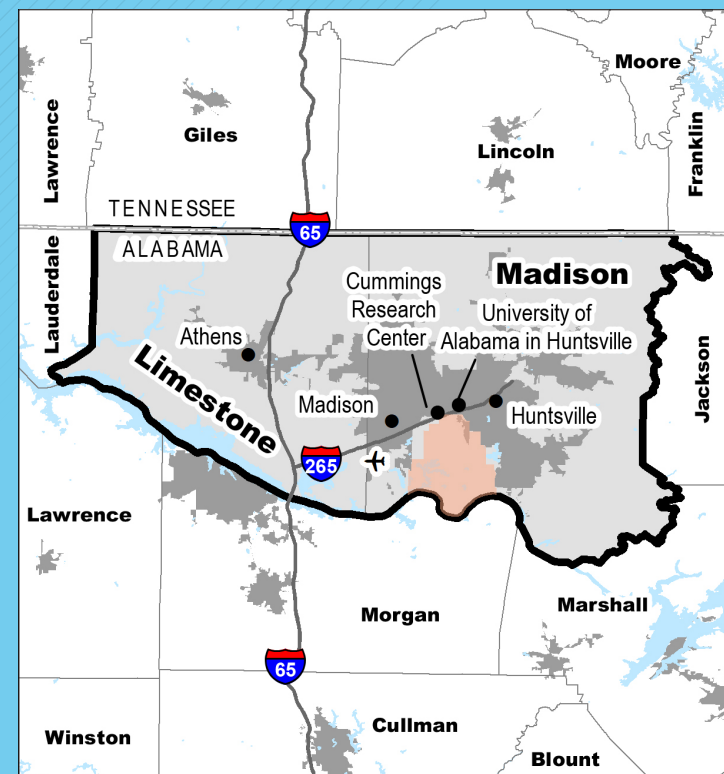
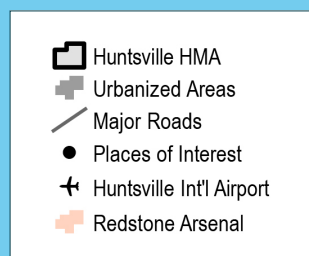
Executive Summary

Housing Market Area Description

The Huntsville Housing Market Area (HMA) is coterminous with the Metropolitan Statistical Area (MSA) of the same name. The HMA consists of Limestone and Madison Counties at the border with Tennessee in northern Alabama.

The current population of the HMA is estimated at 501,400.

Huntsville is known as “Rocket City” due to the critical role it plays in developing rocket propulsion technology for military and civilian purposes. The National Aeronautics and Space Administration (NASA) Marshall Space Flight Center, which is located in the HMA, is currently lending support to private space flight companies such as Blue Origin Enterprises, L.P. and preparing the Space Launch System (SLS), with the goal of crewed lunar exploration.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Strong: Nonfarm payrolls increased 3.4 percent in 2021, after declining 1.8 percent in 2020.

In September 2021, the Huntsville HMA recovered the total number of nonfarm payroll jobs lost in March and April 2020 at the beginning of the COVID-19 pandemic. As of December 2021, the number of jobs regained in the wholesale and retail trade, the transportation and utilities, the financial activities, and the government sectors all exceeded the number of jobs lost in March and April 2020 by 50 percent or more (not seasonally adjusted). The unemployment rate in the HMA fell from 4.6 percent in 2020 to 2.4 percent in 2021—lower than the prepandemic unemployment rate of 2.6 percent in 2019. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 2.2 percent.

Sales Market



Tight: In 2021, a 1.4-month supply of homes was available for sale, down from a 1.5-month supply a year earlier (Redfin, a national real estate brokerage)

Home sales increased 7 percent during 2021 to 18,150 sales, and the average price of homes increased 5 percent to \$239,000 (CoreLogic, Inc.). By comparison, from 2011 through 2020 home sales increased 9 percent a year, on average, and prices increased an average of 2 percent a year. The homeownership rate is currently estimated at 67.6 percent, down from 70.0 percent in 2010. During the 3-year forecast period, demand is estimated for 12,050 additional sales units; the 1,350 units currently under construction are expected to meet a portion of demand during the first year of the forecast.

Rental Market



Slightly Tight: The rental vacancy rate is currently estimated at 6.2 percent, down from 10.3 percent in April 2010, when conditions were soft.

The apartment market is tighter than the overall rental market, with an average apartment vacancy rate of 2.1 percent in the fourth quarter of 2021, up from 1.9 percent a year earlier (Moody's Analytics REIS). The average asking apartment rent rose sharply during the past year, increasing 20 percent to \$1,003. Despite the recent increase, the average apartment rent is below the national average of \$1,566. During the 3-year forecast period, demand is estimated for 3,225 new rental units; the 3,600 units under construction are anticipated to satisfy that demand.

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3-Year Housing Demand Forecast

Huntsville HMA	Sales Units		Rental Units	
	Total Demand	12,050	3,225	
	Under Construction	1,350	3,600	

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2022. The forecast period is January 1, 2022, to January 1, 2025.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Professional and Business Services

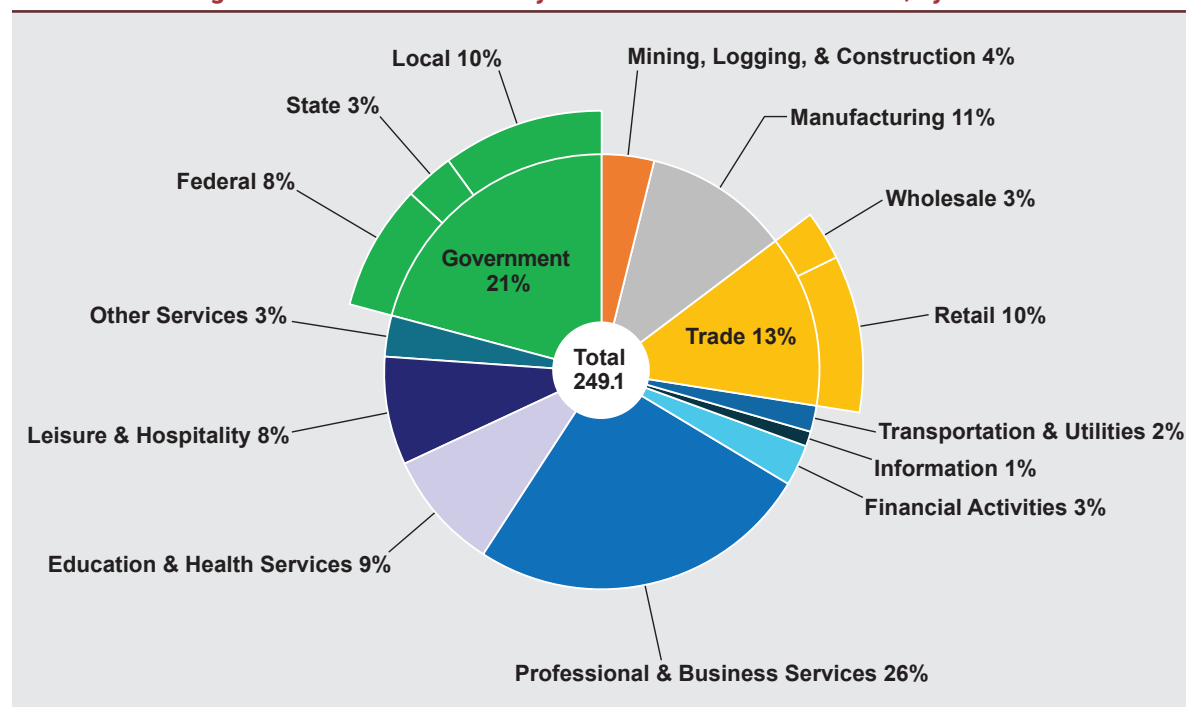
The Huntsville HMA is an important regional economic hub, with approximately 57,500 residents of surrounding counties commuting to jobs within the HMA in 2018 (U.S. Census Bureau).

Primary Local Economic Factors

The foundations of the Huntsville HMA economy are the government sector, which includes Redstone Arsenal, a U.S. Army facility located approximately 5 miles southwest of the city of Huntsville, and the professional and business services sector, which includes a significant number of firms located approximately 10 miles west of Huntsville in Cummings Research Park (CRP). The two sectors currently combine to account for 47 percent of nonfarm payroll jobs in the HMA (Figure 1), a vast majority of which are related to space and defense industries. Both sectors have added jobs since 2001, with the professional and business services sector trailing only the education and health services sector in terms of percentage growth (Figure 2).

Redstone Arsenal consists of 7.8 square miles, of which 1,800 acres are leased to NASA (U.S. Census Bureau; NASA). The arsenal reports 800 active-duty U.S. army soldiers—who are not included in nonfarm payrolls—and 38,000

Figure 1. Share of Nonfarm Payroll Jobs in the Huntsville HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2021. Military jobs were not included in nonfarm payroll data.
Source: U.S. Bureau of Labor Statistics

government and contracted employees, making it the largest employer in the HMA (Table 1). Other organizations that have a significant presence in the arsenal include the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Federal Bureau of Investigation (FBI), the Defense Intelligence Agency (DIA), and the U.S. Army Aviation and Missile Command (AMCOM).

CRP houses a significant amount of the research and development work contracted out to private companies by the federal government. The park contains more than 25,000 employees and is the second largest research park in the nation by area (CRP). Space, defense, and communication companies with facilities in the research park include The Boeing Company, Northrop Grumman Corporation, ADTRAN, Inc., Science Applications International Corporation (SAIC), and Dynetics, Inc., which is headquartered in

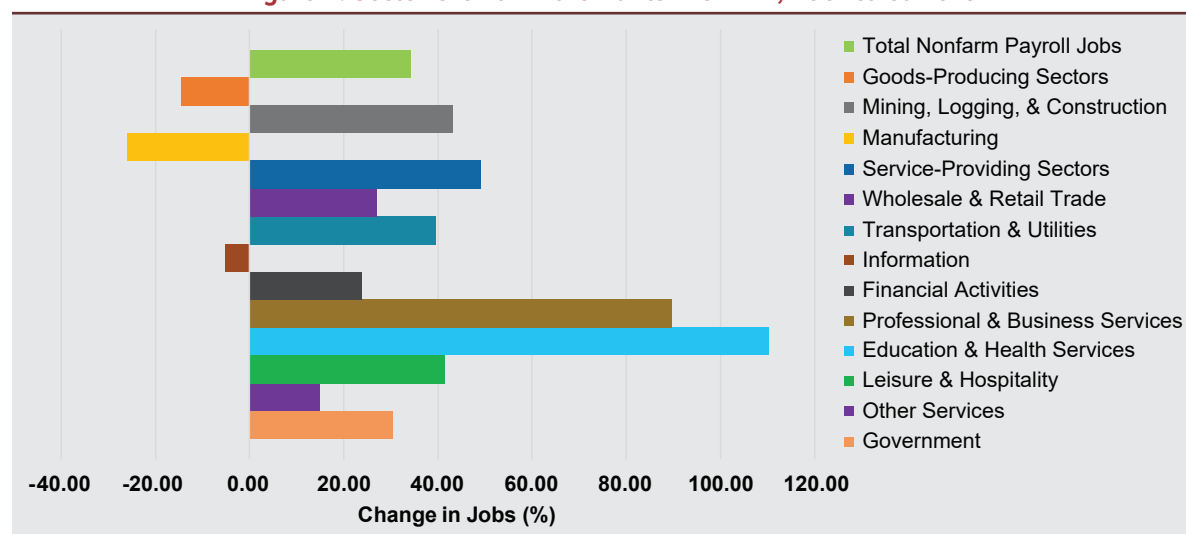
the area. The park closely collaborates with the nearby University of Alabama, Huntsville (UAH). UAH consists of 8,025 undergraduate and 1,975 graduate students and is a major employer in the area (UAH), with 1,950 employees.

The manufacturing, the wholesale and retail trade, and the leisure and hospitality sectors are supported by the Port of Huntsville, which consists of the Jetplex Industrial Park, International Intermodal Center, and the Huntsville International Airport, which serves 1.2 million people annually (Port of Huntsville). The leisure and hospitality sector is bolstered by the U.S. Space and Rocket Center, a Smithsonian Affiliate and home of Space Camp, where more than 750,000 visitors a year conduct simulated missions (NASA).

Current Conditions— Nonfarm Payrolls

Nonfarm payrolls during 2021 recovered all of the jobs lost during the previous 12 months. Payrolls increased by 8,200 jobs, or 3.4 percent, during 2021, to 249,100 jobs (Table 2), compared with a decline of 4,300 jobs, or 1.8 percent, during 2020. The largest gains were in the professional and business services, the leisure and hospitality, and the wholesale and retail trade sectors, which expanded by 2,900, 1,400, and 1,200 jobs, or 4.8, 7.3, and 3.9 percent, respectively. Northrop Grumman opened a new intercontinental ballistic missile development facility in CRP in 2021,

Figure 2. Sector Growth in the Huntsville HMA, 2001 to Current



Notes: The current date is January 1, 2022. Military jobs were not included in nonfarm payroll data.

Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Huntsville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Army/Redstone Arsenal	Government	38,000
Huntsville Hospital Health System ACO, LLC	Education & Health Services	9,350
NASA/Marshall Space Flight Center	Government	6,000
The Boeing Company	Professional & Business Services	2,900
Dynetics, Inc.	Professional & Business Services	2,800
Science Applications International Corporation	Professional & Business Services	2,750
City of Huntsville	Government	2,200
Northrop Grumman Corporation	Professional & Business Services	1,975
The University of Alabama in Huntsville	Government	1,950
ADTRAN, Inc.	Manufacturing	1,925

Notes: Excludes local school districts and active-duty military personnel. Redstone Arsenal includes contracted employees.

Source: Huntsville/Madison County Chamber

creating 500 jobs. During 2021, the only sector to lose jobs was the education and health services sector, which lost 200 jobs, or 0.9 percent; this loss is likely due in part to a nursing shortage. In 2021, Huntsville Hospital Health System ACO, LLC opened a new \$150 million surgical tower, with 24 surgical orthopedic suites, which it is currently unable to staff fully.

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Huntsville HMA, by Sector

	12 Months Ending December 2020	12 Months Ending December 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	240.9	249.1	8.2	3.4
Goods-Producing Sectors	35.9	37.4	1.5	4.2
Mining, Logging, & Construction	9.7	10.3	0.6	6.2
Manufacturing	26.2	27.1	0.9	3.4
Service-Providing Sectors	205.0	211.7	6.7	3.3
Wholesale & Retail Trade	30.7	31.9	1.2	3.9
Transportation & Utilities	3.6	3.8	0.2	5.6
Information	2.2	2.3	0.1	4.5
Financial Activities	7.1	7.2	0.1	1.4
Professional & Business Services	60.8	63.7	2.9	4.8
Education & Health Services	21.4	21.2	-0.2	-0.9
Leisure & Hospitality	19.3	20.7	1.4	7.3
Other Services	8.2	8.2	0.0	0.0
Government	51.7	52.8	1.1	2.1

Notes: Based on 12-month averages through December 2020 and December 2021. Numbers may not add to totals due to rounding. Data are in thousands. Military jobs were not included in nonfarm payroll data. Source: U.S. Bureau of Labor Statistics

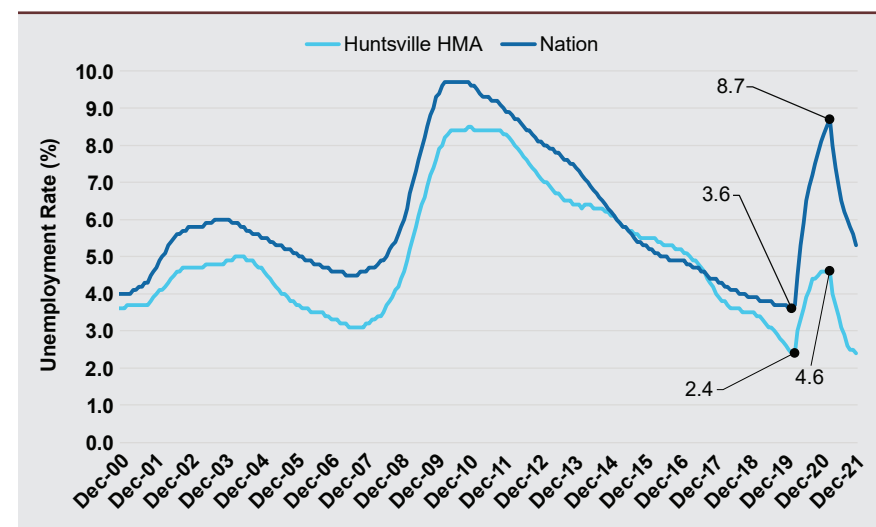
The Effect of the COVID-19 Pandemic on Economic Conditions

Nonfarm payrolls reached a peak of 249,500 jobs during February 2020 before declining rapidly during March and April 2020. From March 2020 through April 2020, nonfarm payrolls in the HMA declined by 25,000 jobs, or 10.0 percent, compared with a decline of 13.7 percent for the nation (monthly data; not seasonally adjusted). Because of the efforts used to contain the spread of COVID-19, in April 2020, the unemployment rate increased to 10.0 percent and 14.4 percent for the HMA and the nation, respectively, up from 2.3 and 3.8 percent, respectively, in February 2020. Countermeasures implemented to slow the spread of COVID-19 resulted in significant declines in the leisure and hospitality sector and the retail trade subsector, which accounted for a combined 46 percent of all jobs lost in the HMA during

March and April 2020. By the end of 2020, the professional and business services, the wholesale and retail trade, the transportation and utilities, and the mining, logging, and construction sectors, which all suffered job losses in the first 2 months of the pandemic, recovered all the lost jobs. Only three sectors in the HMA, the education and health services sector, the leisure and hospitality sector, and the other services sector, have not recovered completely. As of December 2021, these sectors had recovered approximately 54, 78, and 63 percent of jobs lost in March and April 2020, respectively. All three of these sectors include jobs that require significant in-person interactions.

Unemployment Rate Trends

The unemployment rate for the HMA has generally been below that of the nation during the past two decades. In 2021, the unemployment rate averaged 2.4 percent, down from 4.6 percent a year ago and less than one-half of the 5.3-percent rate for the nation (Figure 3). The prepandemic peak

Figure 3. 12-Month Average Unemployment Rate in the Huntsville HMA and the Nation

Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

in the unemployment rate was 8.5 percent during the 12 months ending November 2010, compared with a peak rate of 9.7 percent for the nation, which occurred during the 12 months ending March 2010. Although the

unemployment rate in the HMA tends to trend lower than the nation, in the mid-2010s, the HMA average rose above the national average because the labor force increased faster than job growth.

Economic Periods of Significance

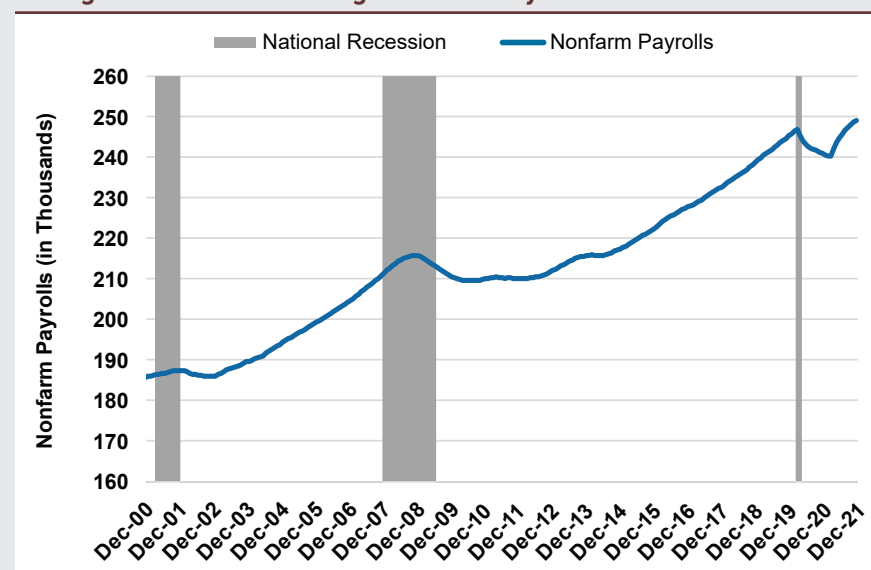
2001 Through 2008

The number of jobs in the HMA expanded by an average of 4,900 jobs, or 2.5 percent, annually from 2003 through 2008, following a period when nonfarm payrolls remained relatively flat during 2001 and 2002 (Figure 4). By comparison, the national average annual rate of nonfarm payroll growth from 2003 through 2008 was 0.9 percent. The professional and business services sector, the education and health services sector, and the government sector led the job growth in the HMA from 2003 through 2008, adding averages of 2,400, 800, and 700 jobs, or 6.1, 5.9, and 1.7 percent, a year, respectively. During the period, the HMA benefited significantly from the 2005 Base Realignment and Closure (BRAC) process, which consolidated 10,000 government sector jobs to Huntsville and brought \$800 million in economic impact to the area (U.S. Military). Manufacturing was the only economic sector to decline from 2003 through 2008, by an average of 300 jobs, or 0.9 percent, a year. Cortez, Inc., which laid-off 150 people from the Marshall Space Flight Center location in 2003, contributed to losses in the sector.

2009 Through 2010

Nonfarm payrolls in the HMA from 2009 through 2010 fell by 2,800 jobs, or 1.3 percent, annually, due to the national recession that began in late 2007. The impact of the recession was relatively limited in the HMA compared with much of the country, partly because of the long-term, recession-resistant nature of government work and contracts. The largest losses by far were in the manufacturing sector, which decreased by an average of 4,000 jobs, or 13.5 percent, a year. In 2009, 1,280 jobs were lost in the manufacturing sector when the Continental Automotive GmbH plant closed. The largest increase was in the government sector, which added an average of 1,800 jobs, or

Figure 4. 12-Month Average Nonfarm Payrolls in the Huntsville HMA



Notes: 12-month moving average. Active-duty military personnel are not included in nonfarm payroll data.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

3.8 percent, a year. Although the Space Shuttle Program was to be phased out in 2010, to avoid a gap in funding, NASA began issuing contracts for what would become the current Artemis program in 2005. This effort was made to minimize downtime and layoffs during the transition between the Space Shuttle and the Artemis programs.

2011 Through 2014

Nonfarm payrolls in the HMA rose by an average of 1,900 jobs, or 0.9 percent, a year from 2011 through 2014, exceeding the 2008 high in 2013. By comparison, nonfarm payrolls for the nation grew 0.7 percent on average, annually, during

the period. The education and health services and the wholesale and retail trade sectors led job growth in the HMA, increasing by averages of 600 jobs, or 3.2 percent, and 400 jobs, or 1.3 percent, annually, respectively. In 2012, Huntsville Hospital Health System ACO, LLC opened the Madison Hospital, adding 350 new jobs. The only sector to lose jobs during this period was the manufacturing sector, which lost an average of 100 jobs, or 0.4 percent, annually. In 2014, Navistar Diesel of Alabama, LLC cut 220 jobs in the sector.

2015 Through 2019

Nonfarm payroll growth in the Huntsville HMA accelerated from 2015 through 2019, with the number of jobs increasing by an average of 5,600 jobs, or

2.4 percent, annually. By comparison, the average annual rate of growth during this period was 0.6 percent for the nation. The largest gains in the HMA were in the professional and business services sector, the leisure and hospitality sector, and the education and health services sector, which increased by averages of 2,000, 700, and 600 jobs, or 3.8, 3.6, and 2.9 percent, a year, respectively. In 2016, The Boeing Company added 400 high-tech research and development jobs in the HMA, bolstering the professional and business services sector. In 2017, Topgolf International, Inc. opened a location in Huntsville with 350 new jobs, contributing to the leisure and hospitality sector. In 2018, Huntsville Hospital Health System ACO, LLC partnered with the Calhoun Community College Nursing Department to create a new nursing simulation lab, with the goal of training approximately 50 nurses a year.

Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 2.2 percent annually. Economic conditions are expected to improve quickly during the first year as residual effects associated with COVID-19 continue to diminish, with job gains slowing slightly by the end of the third year. The biggest upcoming economic developments in the HMA are expected in

the government and manufacturing sectors. The current expansion of the FBI facilities within Redstone Arsenal, which began in 2020, is expected to add more than 3,200 jobs in the next few years, while Mazda Toyota Manufacturing, U.S.A., Inc., which opened a new plant in the HMA in late 2021, is expected to hire 4,000 employees by the end of the forecast period.



Population and Households

Current Population: 501,400

Due in part to consistent and significant population growth during the past two decades, the Huntsville MSA surpassed the Mobile MSA as the second largest MSA in Alabama in 2020.

Population Trends

As of January 1, 2022, the estimated population of the Huntsville HMA is approximately 501,400, with an average increase of 7,125 people, or 1.6 percent, annually since 2010 (Table 3). From 2000 to 2008—a period which included 7 years of job gains—the population increased by an average of 7,275, or 2.0 percent, annually (Figure 5). Net in-migration averaged 5,475 people annually during the period as job growth attracted people to the HMA. Approximately 33 percent of the population growth was due to net natural increase, which averaged 1,800 people annually. Net in-migration accelerated during the Great Recession, due in part to the relatively mild job losses in the HMA compared with nearby areas. As a result, net in-migration increased to an average of 6,625 people annually from 2008 to 2010. Total population growth rose to an average of 8,575 people, or 2.1 percent, a year during the period. Despite improving economic conditions, population growth slowed to an average of 6,000, or 1.4 percent, annually

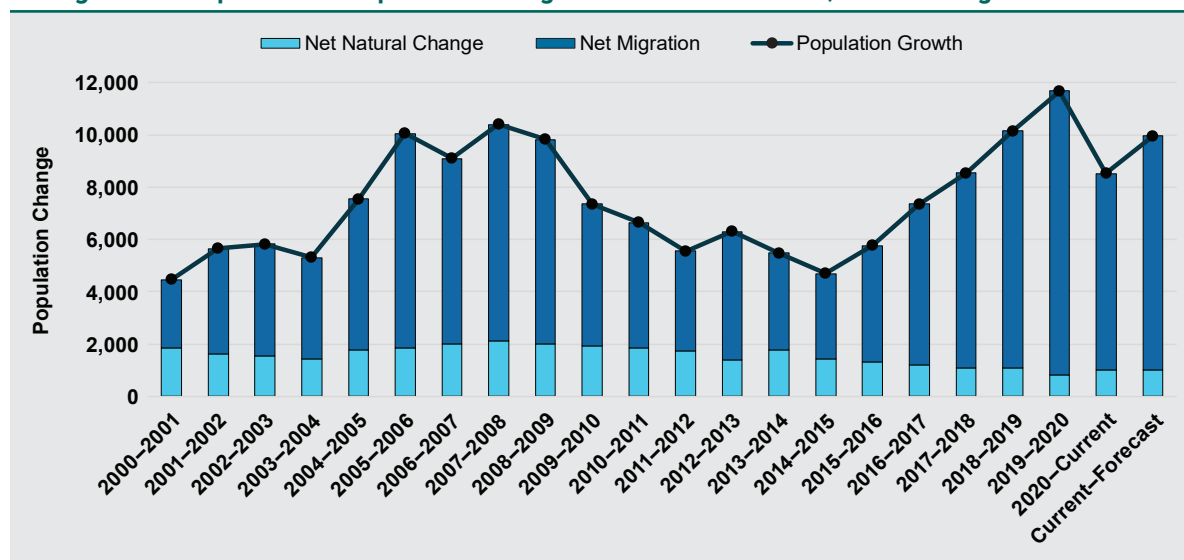
Table 3. Huntsville HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast
	Population	417,593	501,400
	Average Annual Change	7,525	7,125
	Percentage Change	2.0	1.6
Household Quick Facts	2010	Current	Forecast
	Households	166,146	201,550
	Average Annual Change	3,150	3,000
	Percentage Change	2.1	1.7

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2022) to January 1, 2025.

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

Figure 5. Components of Population Change in the Huntsville HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (January 1, 2022) to January 1, 2025.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

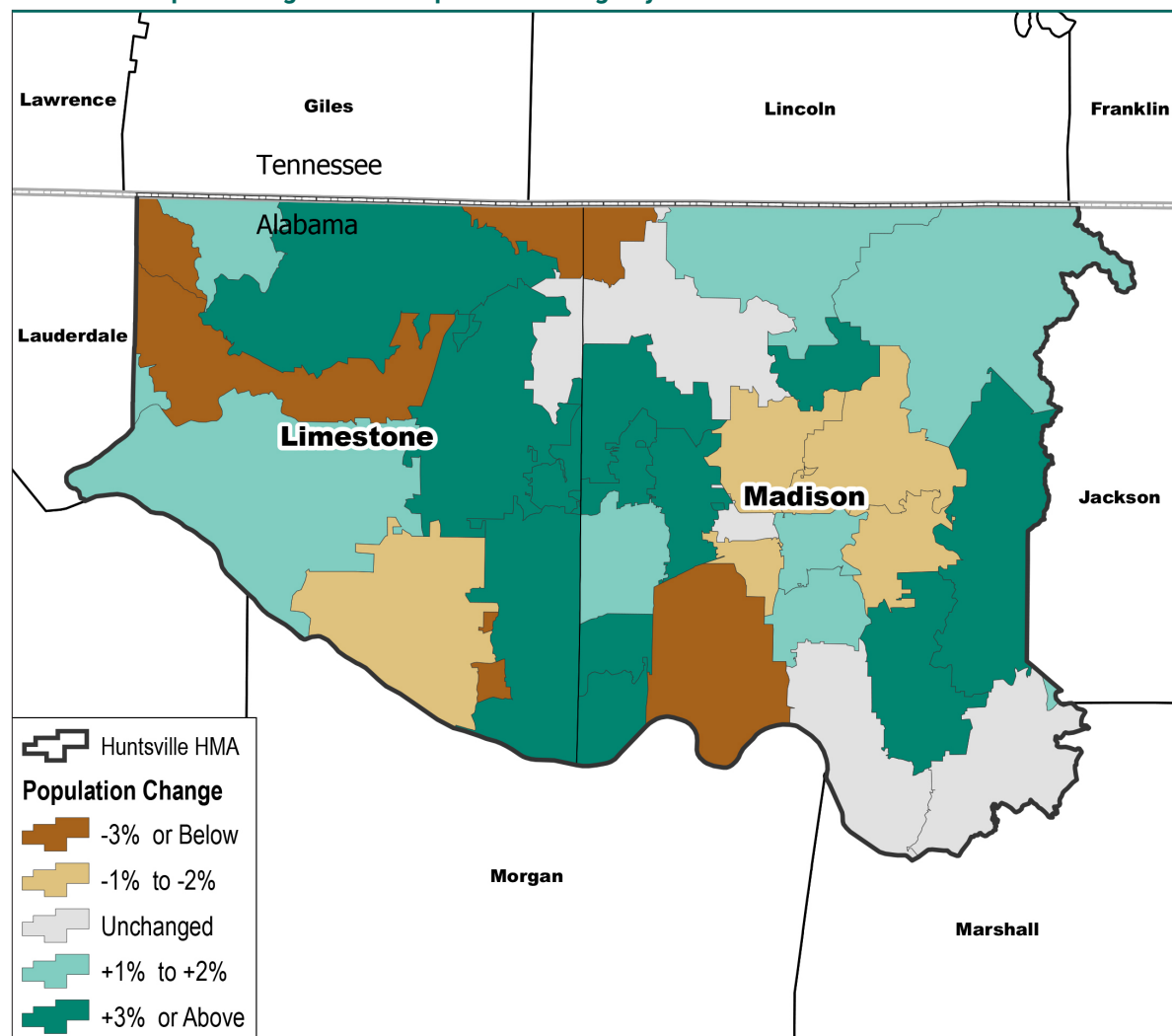
from 2010 to 2014. Net in-migration during the period declined to an annual average of 4,300 people, partly because of the government furlough in 2013, which made government and contractor jobs less desirable due to increased uncertainty. Due in part to an aging population, net natural change averaged only 1,700 people during the 2010-to-2014 period, accounting for only 40 percent of the total population increase.

Since 2014, net natural change has further declined to an average of only 1,175 people, or 18 percent of the total population increase, which has averaged 7,700, or 1.6 percent, annually. Net in-migration has risen to an average of 6,075 people annually from 2014 to 2019, partly due to the strengthening economy in the area before the impact of COVID-19. From 2019 to 2020, net in-migration averaged 10,850 people annually, which dropped to an average 7,500 people annually from 2020 to 2022 during the pandemic. Approximately 800 active-duty soldiers are stationed at Redstone Arsenal, a number which has remained relatively constant during the past decade. UAH has approximately 10,000 enrolled students, up slightly from 2019.

Population by Geography

From 2010 to 2020, the cities of Athens, Huntsville, and Madison grew at average rates of 1.5, 1.8, and 2.9 percent each year, respectively. The three cities have accounted for approximately 5, 44, and 29 percent of the total population growth in the HMA since 2010, respectively. Huntsville has annexed sections of Limestone County for decades, with much of the population growth in the city concentrated around U.S. Highway 72 and Interstate 565. The population has decreased in some established areas around downtown Huntsville, although part of the downtown area has been thriving due to urban renewal efforts (Map 1). Limestone County grew more quickly than Madison County due to greater availability of affordable land for

Map 1. Average Annual Population Change by Census Tract in the Huntsville HMA



Source: Estimates by the analyst

development. Between 2010 and 2020, the population in Limestone County grew 2.3 percent annually, compared with growth of 1.5 percent in Madison County. As a result, the Madison County share of the HMA population decreased from 80.2 percent in 2010 to 78.9 percent in 2020.

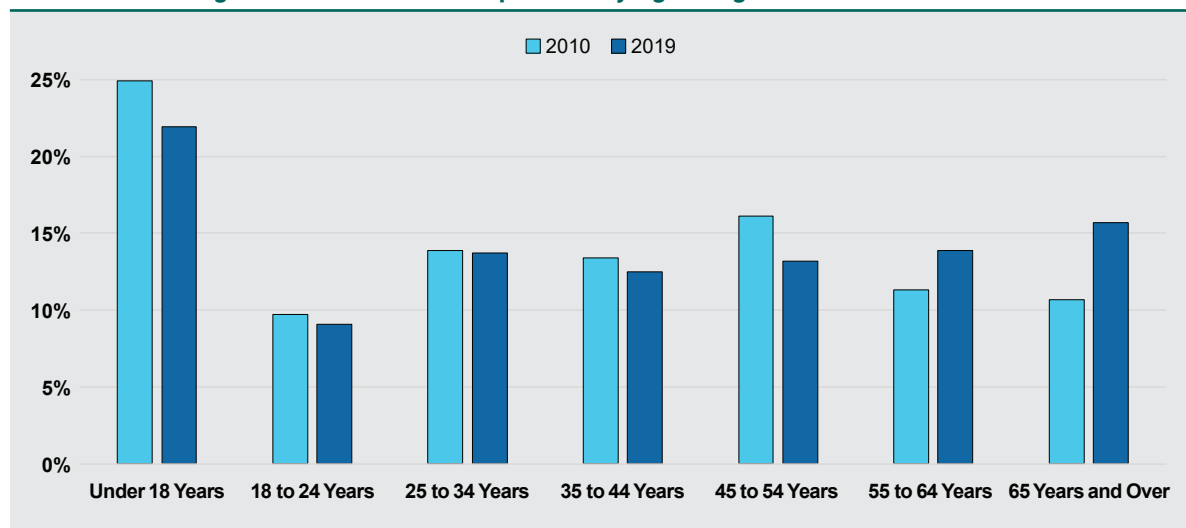
Demographic Trends

The population of Huntsville has become notably older since 2010. All age cohorts under the age of 55 declined as a share of the total population from 2010 to 2019 (American Community Survey [ACS] 1-year data). As a result, the age cohorts aged 55 and older rose from 22.0 percent of the population in 2010 to 29.6 percent in 2019 (Figure 6). The relatively rapid increase in older age cohorts has contributed significantly to slowing net natural increase in the HMA since the early 2010s. The relative importance of young, educated professionals arriving to the area has mitigated some of the aging of the overall population since 2010. The smallest decline in the share of age cohorts younger than 55 was for those 25 to 34 years old, which decreased only modestly, from 13.9 percent of the population of the HMA in 2010 to 13.7 percent in 2019. The median age was 38.6 years in Huntsville in 2019, only slightly older than the median of 38.5 years for the nation (Table 4). The economic base of the HMA has created a strong demand for skilled labor, and the population of the HMA is notably well-educated. Of the population 25 years or older in the HMA, 40.2 percent had a bachelor's degree or higher in 2019, compared with 33.1 percent for the nation and 26.3 percent for the state.

Household Trends

Household growth in the HMA has generally reflected population growth trends since 2000. As of January 1, 2022, an estimated 201,550

Figure 6. Share of Total Population by Age Range in the Huntsville HMA



Source: American Community Survey, 1-year data

Table 4. Selected Population and Household Demographics

	Huntsville HMA	Nation
Population Age 18 and Under	21.9%	22.2%
Population Age 65 and Over	15.7%	16.5%
Median Age	38.6	38.5
White	69.5%	75.0%
Black	22.5%	12.8%
Asian	2.5%	5.7%
Other Race	2.2%	5.2%
Hispanic	5.4%	18.4%
Non-Hispanic	94.6%	81.6%
Median Household Income	\$67,157	\$65,712
Households With One or More Children Under Age 18	29.8%	29.9%

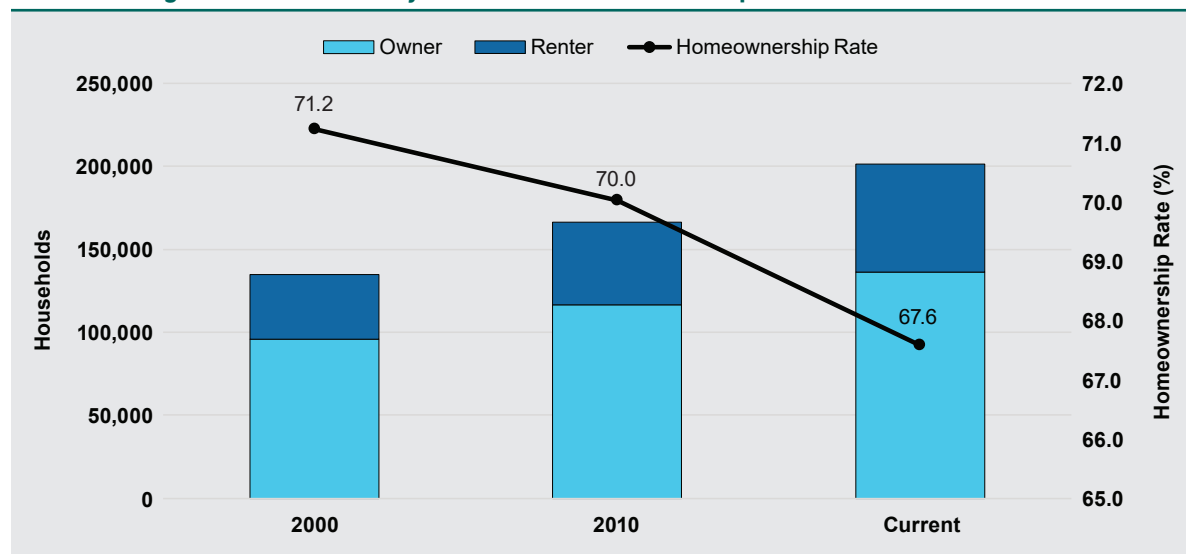
Source: 2019 American Community Survey, 1-year data

households reside in the HMA, reflecting an average annual increase of 3,000 households, or 1.7 percent, since April 2010—slightly faster than the 1.6-percent rate of population growth in the HMA during the period. Household growth has been slightly higher than population growth since 2010 due to strong growth in the 55-years-and-older cohorts, which tend to have smaller households. From 2000 to 2010, the number of households increased by an average of 3,150, or 2.1 percent, annually, slightly higher than the 2.0-percent rate of population growth during the period. As of January 1, 2022, an estimated 67.6 percent of households are homeowners, down from 70.0 percent in 2010 and 71.2 in 2000 (Figure 7).

Forecast

During the next 3 years, the Huntsville HMA population is expected to increase by an average of 9,950, or 1.9 percent, annually to 531,200. The population growth rate is expected to be higher than the 2010-to-current period, reflecting strengthening economic conditions.

Figure 7. Households by Tenure and Homeownership Rate in the Huntsville HMA



Note: The current date is January 1, 2022.

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

Net in-migration is expected to increase to an average of 8,950 people annually. Net natural change is expected to continue to decrease in the near future due to the aging population, averaging only 1,000 people a year during the forecast period. The number of households in the HMA is expected to increase at an average rate of 4,400, or 2.1 percent, a year to reach 214,700 by the end of the forecast. Household growth is expected to continue to exceed population growth partly because the increasing share of the older population is expected to have smaller household sizes.

Home Sales Market

Market Conditions: Tight

Despite rising construction costs, new home construction increased sharply during the past 2 years as builders responded to tight sales market conditions.

Current Conditions

The sales housing market in the Huntsville HMA is currently tight, with home sales prices decreasing slightly during the past year after record growth during the COVID-19 pandemic. The sales vacancy rate in the HMA is currently estimated at 1.0 percent (Table 5), down from 2.5 percent in April 2010, when the market was balanced. Despite rising levels of new home construction, low levels of available for-sale housing have been exacerbated by building constraints brought on by the pandemic. The inventory of available homes for sale was 1.4 months in December 2021—up from 1.3 months in December 2020 and well

Table 5. Home Sales Quick Facts in the Huntsville HMA

	Huntsville HMA	Nation
Vacancy Rate	1.0%	NA
Months of Inventory	1.4	1.0
Total Home Sales	15,300	6,887,000
1-Year Change	5%	7%
Existing Home Sales Price	\$225,800	\$368,500
1-Year Change	5%	11%
New Home Sales Price	\$336,100	\$458,700
1-Year Change	9%	17%
Mortgage Delinquency Rate	1.5%	2.0%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2021; and months of inventory and mortgage delinquency data are as of December 2021. The current date is January 1, 2022.

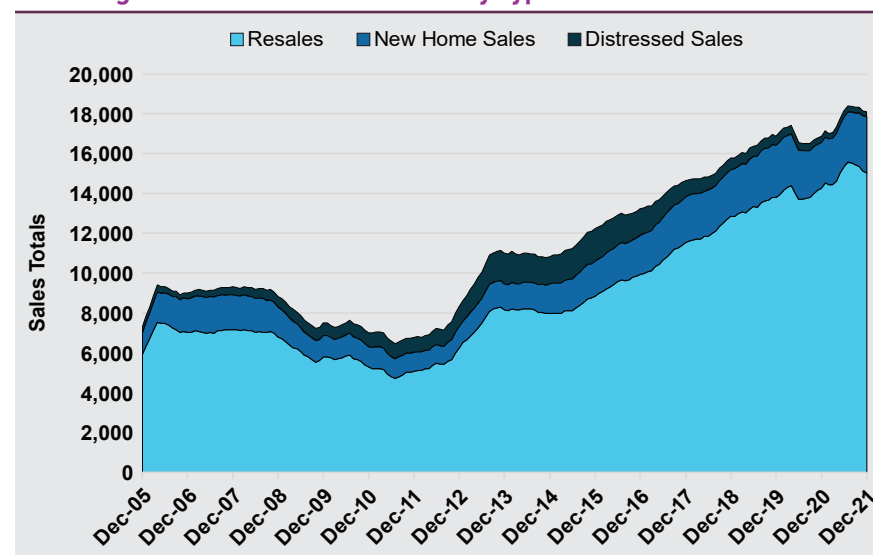
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; HMA home sales and prices—CoreLogic, Inc.; national home sales and prices—National Association of REALTORS® and Census Bureau/HUD

below the peak of 7.0 months in January 2013 (Redfin, a national real estate brokerage). The average existing home sales price increased 5 percent in 2021, and the number of existing sales remained constant. The average new home sales price increased 9 percent in 2021, and the number of new home sales increased 23 percent as pandemic-related supply constraints began to ease.

New Home Sales and Prices

New home sales and prices have generally followed economic trends in the HMA. From 2007 through 2008, new home sales in the HMA averaged 1,650 homes annually (CoreLogic, Inc., with adjustments by the analyst), partly because of strong economic conditions (Figure 8). The number of new home sales subsequently declined, averaging 1,075 homes sold annually during the next 2 years, which included the aftermath of the Great Recession and the expiration of the first-time homebuyer tax credit in 2010. New home sales

Figure 8. 12-Month Sales Totals by Type in the Huntsville HMA



Notes: Distressed sales are short sales and real estate owned (REO) sales. Short sale data unavailable prior to December 2007.

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

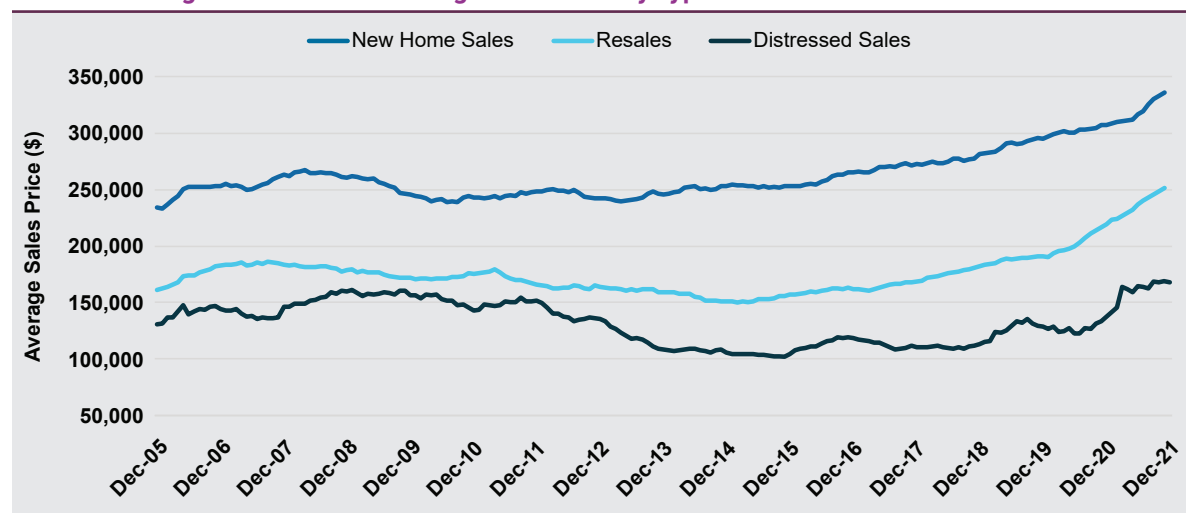
increased by an average of 110 homes annually from 2011 through 2014—a 9-percent annual increase—and rose by an average of 230 homes a year from 2015 through 2019—an average increase of 12 percent annually. A relatively strong recovery and subsequent economic expansion contributed to robust new home sales growth during the two periods. New home sales decreased 13 percent to 2,300 homes sold in 2020, due in part to increased construction costs. In 2021, the market recovered slightly to 2,800 new homes sold.

In 2007 and 2008, the average sales price for a new home in the HMA rose an average of \$4,125, or 2 percent, annually, near the end of the housing boom, to \$261,400 (Figure 9). During 2009 and 2010, the average new home price decreased by an average of \$8,425, or 3 percent, annually, due to weakening economic conditions and an excess of existing homes associated with the housing crisis. Prices for new homes recovered before existing homes, increasing an average of 1 percent, or \$2,100, annually from 2011 through 2014 and an average of 3 percent, or by \$8,575, annually from 2015 through 2019. Prices climbed to an average of \$307,500 in 2020 and \$336,100 in 2021, due in part to a scarcity of building materials and rising construction costs.

Existing Home Sales and Prices

Existing home sales, which include resales and distressed sales, generally tracked with new

Figure 9. 12-Month Average Sales Price by Type of Sale in the Huntsville HMA



Notes: Distressed sales are short sales and real estate owned (REO) sales. Short sale data unavailable prior to December 2007.

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

home sales until the recent supply shortage. Existing home sales grew slightly from 2007 through 2008 to 7,300, with increases in distressed sales more than offsetting a drop in resales associated with the early stages of the housing crisis (CoreLogic, Inc., with adjustments by the analyst). During the next 2 years, distressed sales increased by an average of 85 homes, or 15 percent, annually, although the glut of excess housing contributed to an average decline of 750 homes, or 12 percent of resales. As a result, existing home sales declined by an average of 670 homes, or 10 percent, annually, during the period. From 2011 through 2014, both the number of resales and the number of distressed sales reflected the strong economy, averaging an increase of 850 existing homes, or 12 percent, sold annually. From 2015 through 2019, resale home sales increased by 1,150 homes, or 12 percent, on average annually, but the number of distressed sales decreased by 180 homes on average annually as excess inventory was absorbed. In 2020, when new home sales declined, existing home sales increased by 310, or 2 percent, partially due to low interest rates and the limited supply of new homes. In 2021, existing home sales increased by 730, or 5 percent, to 15,300.

The amount of available for-sale inventory has strongly affected existing home sales prices. The average existing home sales price decreased 1 percent from 2007 through 2008, to \$176,200, following a record

high level of new home construction in 2006. From 2009 through 2010, rising levels of excess inventory contributed to an average existing home price decline of 1 percent annually. The average price of resales fell slightly during the period, whereas the average price for distressed sales declined an average of 5 percent annually. Despite the increasing numbers of sales from 2011 through 2014, existing home prices dropped an average of 4 percent a year during the period, reflecting the high number of distressed properties available. Due to strengthening economic conditions and declining levels of excess inventory, the average sales price of existing homes rose an average of 6 percent during the next 5 years to \$188,800 during 2019. The average sales price of resales and distressed sales rose by averages of 5 and 4 percent, to \$190,900 and \$128,400, respectively. In 2021, the average existing home sales price increased to \$225,800, up 5 percent from \$215,300 during 2020. Existing home sales prices rose sharply during the past 2 years as available for-sale inventory declined. In 2021, the average resale price increased by \$34,900, or 16 percent, to \$251,800, while the average distressed sales price increased by \$30,350, or 22 percent, to \$167,800.

Seriously Delinquent Mortgages and REO Properties

The percentage of seriously delinquent mortgages and real estate owned (REO) properties in the Huntsville HMA increased from a low of 1.2 percent in May 2020 to a high of 2.9 percent from August 2020 through December 2020 as a result of pandemic impacts (CoreLogic, Inc.). In December 2021, 1.5 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status. By comparison, the national percentage of seriously delinquent mortgages and REO properties was 2.0 percent in December 2021, down from 4.0 percent a year earlier and significantly below the peak rate of 8.6 percent in January 2010. The share of seriously delinquent mortgages and REO properties in the HMA during 2020 was lower than the high of 4.0 percent in January 2012, which was caused by the national recession and foreclosure crisis that began in the late 2000s.

A portion of mortgage borrowers was hit hard by the COVID-19 pandemic-induced economic downturn, many of whom participated in mortgage forbearance programs which were provided for under the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. While the percentage of mortgages that were 90 days or more delinquent increased from 2019 to 2020, the number of foreclosures and REO properties declined during each of the past 2 years, due in part to increases in mortgage forbearances. The number of REO properties in the HMA has generally been in decline since 2014 and is currently at the lowest level recorded in more than two decades.

Sales Construction

Despite rising construction costs, new home construction has been at elevated levels in the HMA during the past 2 years. During 2021, home construction in the Huntsville HMA—as measured by the number of single-family homes, townhomes, and condominiums permitted (see [Building Permits](#))—equaled the previous high level during 2006 (Figure 10). After a slow start at the beginning of the millennium, the HMA averaged 3,375 homes permitted annually from 2003 through 2008, including a peak of 4,275 homes in 2006. After the housing bubble collapsed, the preponderance of homes available for sale lowered the demand for new construction, and the number of homes permitted averaged only 2,050 homes a year from 2009 through 2014. As economic conditions strengthened, new home construction rose by an average of 15 percent, or 400 homes, during each of the next 6 years, to 4,225 homes in 2020. During 2021, the number of homes permitted increased slightly to 4,275, equal to the previous peak level during 2006.

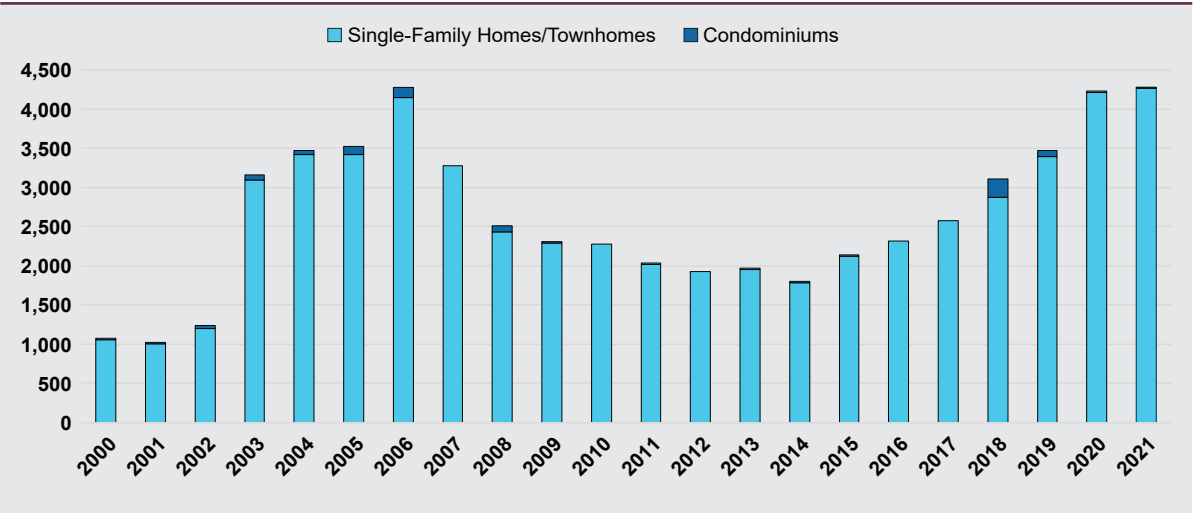
Recent home construction has been concentrated along Interstate 565 and U.S. Highway 72, the latter of which connects the cities of Madison and Huntsville in Madison County with the city of Athens in Limestone County. Old Stone, a new community in the city of Athens, has 8 single-family lots remaining of the nearly 50 lots available, with prices for three-to-five-bedroom homes currently ranging from \$349,900 to \$424,900. Hays Farm-

The Forest, a new master-planned single-family home development in the city of Huntsville, is planned for approximately 175 single-family homes and recently began construction, with three-to-seven-bedroom homes at prices ranging from \$574,900 to \$654,900. While both Redstone Arsenal and UAH have a modest impact on the overall sales market in the HMA, the number of active-duty soldiers and the number of students have not changed significantly since 2019, and the facilities have had minimal impact on recent home construction trends.

Forecast

During the 3-year forecast period, demand is estimated for 12,050 new single-family homes, townhomes, and condominiums in the HMA due to the strong economy and subsequent in-migration (Table 6). The 1,350 homes under construction are expected to satisfy some of the demand, which is expected to be highest in the first year and slow during the remaining 2 years as job growth moderates. Sales are expected to be stronger in Limestone County than in Madison County because of the availability of less expensive developable lots.

Figure 10. Annual Sales Permitting Activity in the Huntsville HMA



Sources: U.S. Census Bureau, Building Permits Survey; 2000–20 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

Table 6. Demand for New Sales Units in the Huntsville HMA During the Forecast Period

Sales Units	
Demand	12,050 Units
Under Construction	1,350 Units

Note: The forecast period is from January 1, 2022, to January 1, 2025.
Source: Estimates by the analyst



Rental Market

Market Conditions: Slightly Tight

Approximately one-third of the record number of rental units currently under construction in the HMA are in mixed-use developments.

Current Conditions and Recent Trends

Overall rental housing market conditions in the Huntsville HMA are currently slightly tight, with an estimated vacancy rate of 6.2 percent, down from 10.3 percent in 2010, when the market was soft (Table 7). The apartment market is currently tight because apartment construction generally lagged behind rental demand in the mid- and late-2010s. The tight sales market also contributed to recent downward pressure on apartment vacancy rates due to the declining number of single-family rentals. In 2019, 33.2 percent of all renter households lived in single-family homes—down slightly from 34.7 percent in 2010, and below the 41.4-percent rate in the nation (ACS 1-year estimates). An estimated 14.1 percent of renter households in the HMA resided in buildings with two to four units in 2019—lower than the national rate of 16.7 percent. An additional 47.9 percent of renter households lived in multifamily buildings with five or more units, typically apartments, up from 39.9 percent in 2010, reflecting the number of apartments built during the decade.

Table 7. Rental Market Quick Facts in the Huntsville HMA

Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	10.3
		6.2
	2010 (%)	2019 (%)
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	34.7
	Multifamily (2–4 Units)	15.7
	Multifamily (5+ Units)	39.9
	Other (Including Mobile Homes)	9.5
		4.9

Notes: The current date is January 1, 2022. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey, 1-year data

The national rate was 37.3 percent in 2019. The impact of the military on the rental market in the HMA is generally concentrated near Redstone Arsenal and has been relatively stable for decades. There are 360 homes on the Redstone Arsenal base available to service members. UAH added housing for 1,400 students in three separate dormitories that were built from 2016 to 2018. First-year students are required to stay on campus. The university has no plan to build more housing in the near future.

Apartment Market Conditions

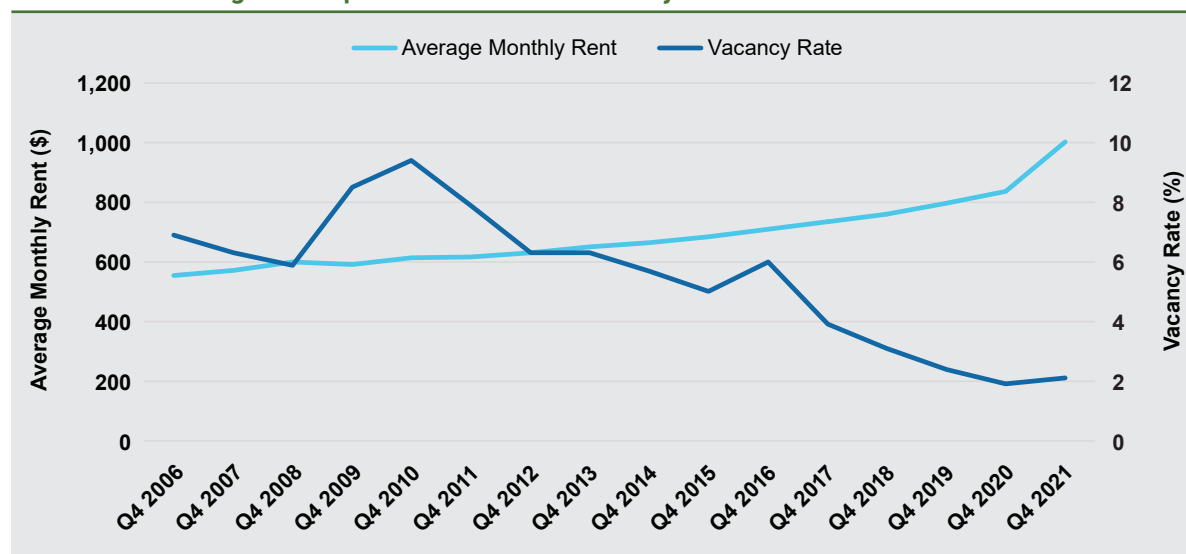
During the fourth quarter of 2021, the apartment vacancy rate in the Huntsville HMA was estimated at 2.1 percent, up from 1.9 percent during the fourth quarter of 2020 (Moody's Analytics REIS). The latter represents the lowest rate for a fourth quarter recorded during the past 15 years (Figure 11). During the fourth quarter of 2008, the vacancy rate was 5.9 percent, and the average rent was \$599. By 2010, the vacancy rate had increased to 9.4 percent, with only a slight increase in the average rent, because apartments permitted at the peak of the housing crisis were relatively slow to be absorbed. From the fourth quarter of 2010 through the fourth quarter of 2015, however, the average rent rose an average of 2 percent, annually, to \$685, as the apartment vacancy rate dropped to 5.0 percent and excess units were absorbed. Although the vacancy rate rose to 6.0 percent during the fourth quarter of 2016, the average rent increased 4 percent to \$711. For the remainder of the decade, rent increases averaged 4 percent a year as demand for housing outpaced construction, and the vacancy rate trended sharply downward. Strong economic conditions and in-migration contributed to a 20-percent increase in the average rent during the past year, which rose to \$1,003 in the fourth quarter of 2021, whereas the apartment vacancy rate remained near historic lows.

Rental Construction Activity

Rental construction activity in the HMA, as measured by the number of rental units permitted, rose to a record high during the past year. From 2000 through 2006, an average of 490 rental units were permitted each year, with a high of 1,125 units in 2003 (Figure 12). The number of rental units permitted reached a peak for the decade in 2007 at 1,175, after which builders scaled back construction in response to weakening economic conditions and sharply rising apartment vacancy rates. Rental construction activity decreased to an average of only 440 units annually from 2008 through 2011. Because of the recovering economy and resulting in-migration, construction increased to 1,300 units during 2012, up from a low of only 80 units in 2011. From 2013 through 2018, rental construction averaged 670 units a year as builders reacted to a general trend of declining vacancy rates. Partly in response to the announcement of the FBI expansion at Redstone Arsenal, rental construction increased sharply to 2,550 units in 2019, followed by 960 units in 2020 and a record high of 3,075 units in 2021.

The city of Huntsville has been actively promoting mixed-use developments, and much of the recent wave of new rental construction has occurred in the city. In 2018, Huntsville demolished its largest mall to reinvigorate the surrounding area with a series of mixed-use developments, dubbed MidCity. Among those developments is

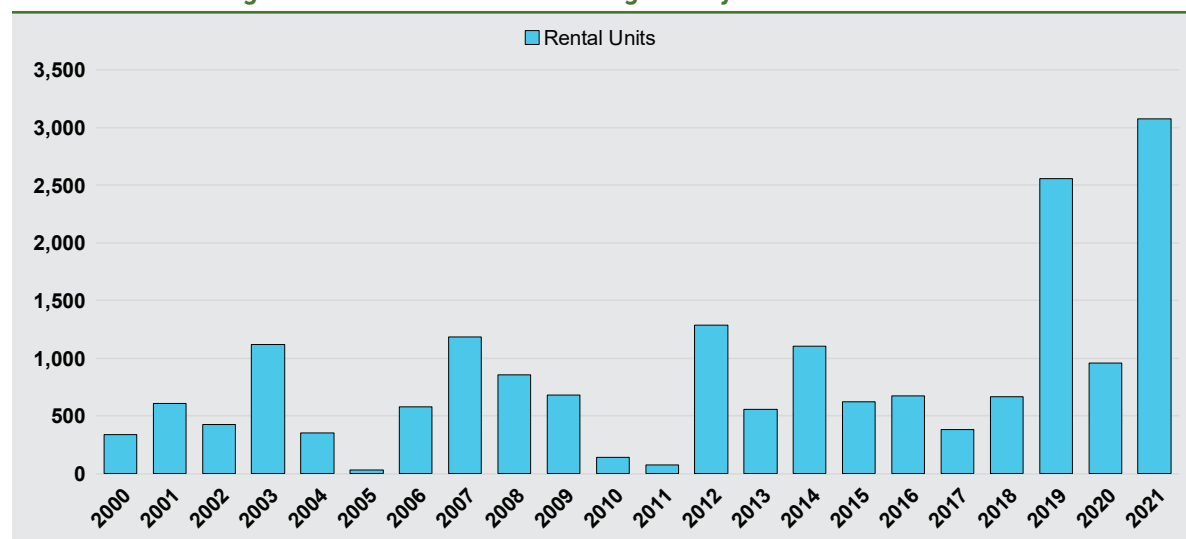
Figure 11. Apartment Rents and Vacancy Rates in the Huntsville HMA



Q4 = fourth quarter.

Source: Moody's Analytics REIS

Figure 12. Annual Rental Permitting Activity in the Huntsville HMA



Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

Constellation, a mixed-use development, which is under construction near downtown Huntsville. Rents at the 220-unit property currently start at \$1,235, \$1,386, \$1,970, and \$2,842 for studio, one-bedroom, two-bedroom, and three-bedroom units, respectively. North of the CRP, the 343-unit Laurel at Dry Creek is under construction. The development is currently leasing units, with rents starting at \$1,190, \$1,515, and \$1,715 for one-bedroom, two-bedroom, and three-bedroom units, respectively. Several additional large mixed-use properties, including Encore MidCity, Metronome at MidCity, MidCity Huntsville, and Novare Madison, are under construction in the city, but those may have extended construction times due to the added complexity associated with multi-use developments.

Forecast

During the 3-year forecast period, demand is estimated for 3,225 rental units. (Table 8). The 3,600 units under construction are expected to satisfy all of that demand. The considerable number of units under construction is expected to result in softening market conditions as supply exceeds demand. Almost all apartment construction is expected to be in Madison County, where the population of the HMA is concentrated.

Table 8. Demand for New Rental Units in the Huntsville HMA During the Forecast Period

Rental Units	
Demand	3,225 Units
Under Construction	3,600 Units

Note: The forecast period is January 1, 2022, to January 1, 2025.
Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

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.
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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Include resale sales, short sales, and REO sales.
Forecast Period	1/1/2022–1/1/2025—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Increase	Resident births minus resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.

Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The Metropolitan Statistical Area 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.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	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.
2.	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.

D. Photo/Map Credits

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