



COMPREHENSIVE HOUSING MARKET ANALYSIS

Jacksonville, Florida

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

As of September 1, 2021



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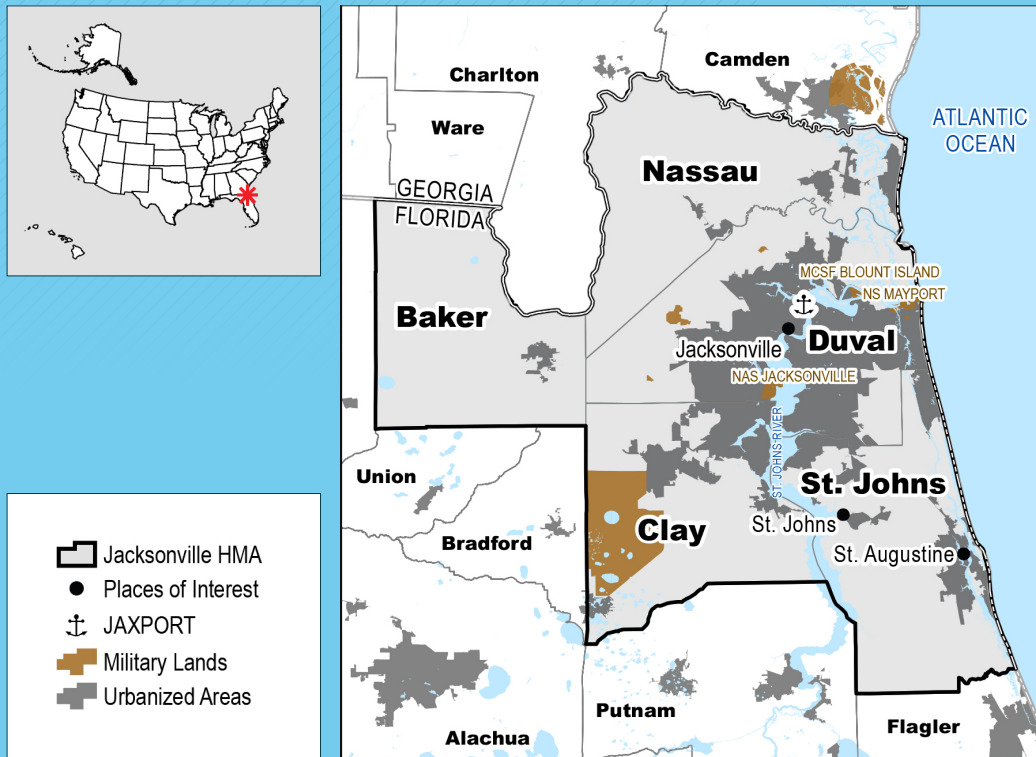
Executive Summary

Housing Market Area Description

The Jacksonville Housing Market Area (HMA) is coterminous with the Jacksonville, FL Metropolitan Statistical Area (MSA) and consists of Baker, Clay, Duval, Nassau, and St. Johns Counties in northeast Florida. The 310-mile-long St. John’s River flows north through the city of Jacksonville into the Atlantic Ocean. The Port of Jacksonville, Naval Air Station Jacksonville, and Naval Station Mayport are along the river.

The current population is estimated at 1.65 million.

The city of Jacksonville, which encompasses 875 square miles, is the largest incorporated city in the continental United States by area and the most populous in Florida, with 949,611 residents (U.S. Census Bureau 2020 Decennial Census).



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



Market Qualifiers

Economy



Stable: Although nonfarm payrolls increased by 1.2 percent during the 12 months ending August 2021, the increase follows a decline of 1.2 percent during the previous 12 months.

Economic conditions in the Jacksonville HMA are stable; nonfarm payrolls remain below pre-COVID-19-pandemic levels. During the 12 months ending August 2021, nonfarm payrolls in the HMA increased by 8,300 jobs, or 1.2 percent, to 718,900 jobs, following a decline of 1.2 percent, or 8,300 jobs, during the previous 12 months. By comparison, nonfarm payrolls increased an average of 2.5 percent annually from 2011 through 2019 and then reached a peak of 727,500 jobs during the 12 months ending March 2020. Current nonfarm payrolls remain 1.2 percent below the 12-month peak, which preceded the countermeasures implemented to slow the spread of COVID-19. During the 3-year forecast period, nonfarm payrolls are expected to grow at an average annual pace of 2.0 percent.

Sales Market



Tight: The supply of homes for sale in the Jacksonville HMA fell to a 1.4-month supply during August 2021, down from 2.4- and 3.2-month supplies during August 2020 and August 2019, respectively.

The home sales market is tight, with a current estimated vacancy rate of 1.0 percent, down from 3.4 percent in April 2010. New and existing home sales increased 9 percent during the 12 months ending August 2021, to 38,750 sales, and the average price increased 17 percent, to \$347,700 (Zonda). During the 3-year forecast period, demand is estimated for 36,100 additional units; the 8,250 under construction are expected to meet a portion of demand during the first year of the forecast.

Rental Market



Slightly Tight: The overall rental vacancy rate is estimated at 5.7 percent, down from the rate of 13.3 percent in 2010, when conditions were soft.

Apartment market conditions have also transitioned from soft in 2010 to slightly tight. The apartment vacancy rate was 11.7 percent in 2010 and has fallen to an estimated 3.7 percent (CoStar Group). Renter households have increased at an average rate of 2.1 percent annually since 2010, faster than overall household growth, contributing to the vacancy rate decline. During the 3-year forecast period, demand is expected for 15,500 additional rental units; the 6,775 under construction are expected to meet demand during the first and a portion of the second years of the forecast period.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Jacksonville HMA	Total Demand	36,100
	Under Construction	8,250

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2021. The forecast period is September 1, 2021, to September 1, 2024.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Education and Health Services

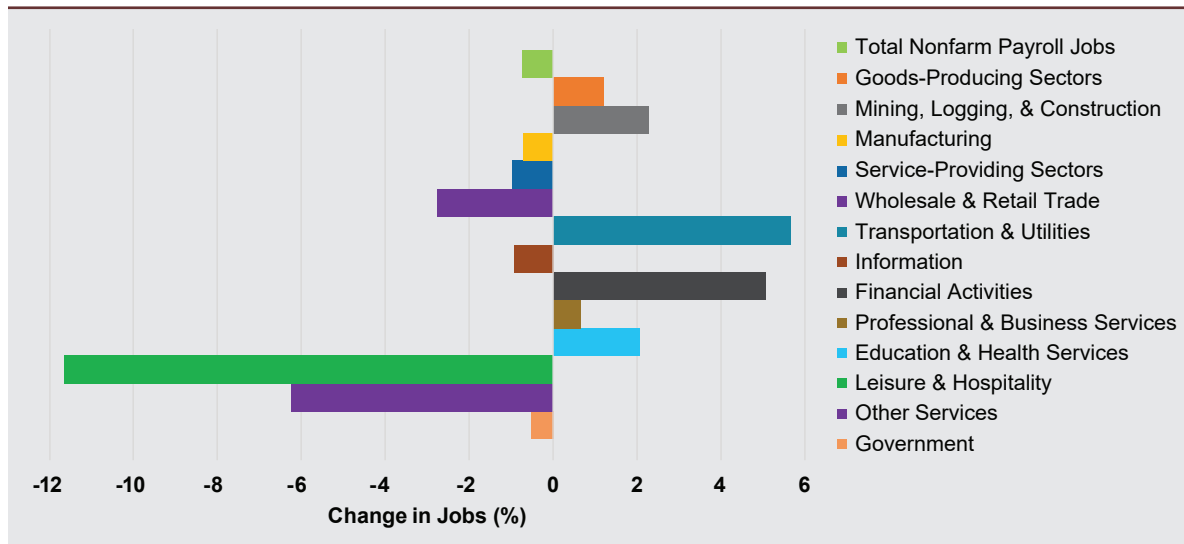
Transportation and utilities, expanding since 2011, has been the fastest growing sector in the Jacksonville HMA since 2020 (Figure 1) as home delivery services have partially replaced brick-and-mortar retail trade, a result of consumers exercising shopping options to limit personal exposure during the pandemic.

Primary Local Economic Factors

The economy of the HMA benefits significantly from a valuable location along the Atlantic Coast. The Port of Jacksonville, consisting of three public marine terminals and a cruise terminal, is the leading container port complex in Florida and the third busiest port in the state by tonnage (U.S. Bureau of Transportation Statistics). Commonly referred to as JAXPORT, more than a million containers passed through during the first three quarters of fiscal year 2021, up 15 percent from the same period a year earlier (Jacksonville Port Authority). During fiscal year 2020, the period of October 2019 through September 2020, the port handled 9.91 million tons of cargo, down 9 percent from the 10.89 million tons handled a year earlier, and contributed an estimated \$31.1 billion to the local economy during 2018 (Martin Associates).

The military presence in the Jacksonville HMA has historically provided a strong base for the local economy. The U.S. Navy, the largest employer in

Figure 1. Sector Growth in the Jacksonville HMA, 2020 to Current



Note: The current date is September 1, 2021.
Source: U.S. Bureau of Labor Statistics

the HMA, directly employs 32,400 and is primarily in Duval County, where Naval Air Station Jacksonville and Naval Station Mayport are located. Also located in Duval County is Marine Corps Blount Island Command, focused on the maintenance and logistics of maritime prepositioning ships. Camp Blanding Joint Training Center, primarily located in Clay County, provides training for the Florida National Guard. In 2018, the Department of Defense directly supported about 120,600 civilian and military jobs and had an economic impact of nearly \$13.9 billion in the HMA (Florida Defense Industry Economic Analysis, 2020). Included in the economic impact of the military is the \$2.2 billion paid in pensions and transfers to retirees in the HMA. During 2019, nearly 138,500 retired and separated military members resided in the HMA, providing highly skilled workers for area businesses (Census Bureau; American Community Survey [ACS] 1-year data). Retired and separated military members account for 11.6 percent of the population older than 18 years of age in the HMA, compared with only 6.8 percent in the nation.

Current Conditions—Nonfarm Payrolls

Job growth during the 12 months ending August 2021 replaced jobs lost during the previous 12 months; total payrolls remained below pre-COVID-19 levels. Nonfarm payrolls increased by 8,300 jobs, or 1.2 percent,



during the past 12 months, to 718,900 jobs (Table 1) compared with a decline of 8,300 jobs, or 1.2 percent, during the previous 12 months, as the countermeasures implemented to slow the spread of COVID-19 resulted in a significant decline in the leisure and hospitality sector and the retail trade subsector. Nonfarm payrolls reached a 12-month peak of 727,500 jobs during March 2020 before declining rapidly during April 2020. From February 2020 through April 2020, nonfarm payrolls in the HMA declined by 82,700 jobs, or 11.3 percent, compared with a decline of 13.7 percent in the nation (not seasonally adjusted). As of the current date, the HMA has recovered nearly 97 percent of jobs lost, compared with a national recovery of 81 percent of jobs lost.

The service-providing sectors led growth during the past 12 months; five of the nine sectors increased, and the financial activities sector led the growth, with a gain of 3,000 jobs, or 4.4 percent. The education and health services sector added 2,300 jobs, or 2.1 percent. The transportation and utilities sector, the only sector to add jobs every year since 2000, had gains of 1,800 jobs, or

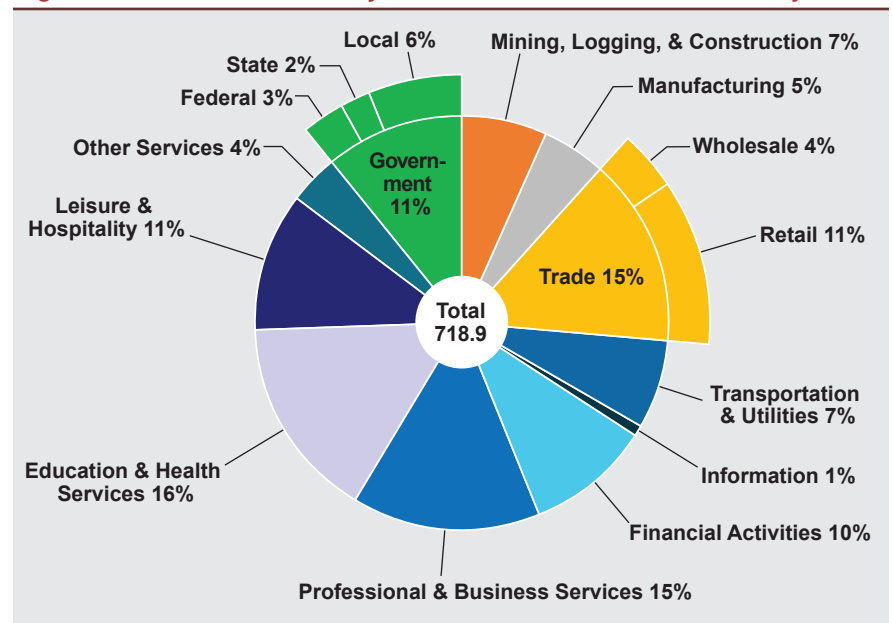
3.7 percent. Offsetting job gains, the leisure and hospitality sector declined by 900 jobs, or 1.2 percent; the declines followed a loss of 9,000 jobs, or 10.3 percent, during the previous 12 months. The cruise industry, a major tourism draw in the HMA, slowed to a halt during the past 18 months; the number of cruise passengers out of JAXPORT hit record highs during fiscal year 2018, with 199,900 passengers sailing, and declined to 194,700 and 74,900 during fiscal years 2019 and 2020, respectively (Jacksonville Port Authority). Increased tourism from the cruise industry contributed an estimated \$172 million to the local economy during 2019 (Martin Associates). Given the no-sail order issued by the Centers for Disease Control and Prevention (CDC) on March 14, 2020, the cruise industry discontinued voyages out of JAXPORT, and despite the CDC issuing multiple Frameworks for Conditional Sailing Orders, the industry has not restored service at JAXPORT to date. Figure 2 shows current nonfarm payroll jobs in the Jacksonville HMA by sector.

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

	12 Months Ending August 2020	12 Months Ending August 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	710.6	718.9	8.3	1.2
Goods-Producing Sectors	79.1	79.9	0.8	1.0
Mining, Logging, & Construction	46.3	47.6	1.3	2.8
Manufacturing	32.8	32.4	-0.4	-1.2
Service-Providing Sectors	631.5	638.9	7.4	1.2
Wholesale & Retail Trade	105.9	106.0	0.1	0.1
Transportation & Utilities	49.0	50.8	1.8	3.7
Information	9.0	8.9	-0.1	-1.1
Financial Activities	67.5	70.5	3.0	4.4
Professional & Business Services	109.0	110.7	1.7	1.6
Education & Health Services	110.3	112.6	2.3	2.1
Leisure & Hospitality	77.7	76.8	-0.9	-1.2
Other Services	25.7	25.3	-0.4	-1.6
Government	77.5	77.3	-0.2	-0.3

Notes: Based on 12-month averages through August 2020 and August 2021. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Figure 2. Share of Nonfarm Payroll Jobs in the Jacksonville 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 August 2021.
Source: U.S. Bureau of Labor Statistics

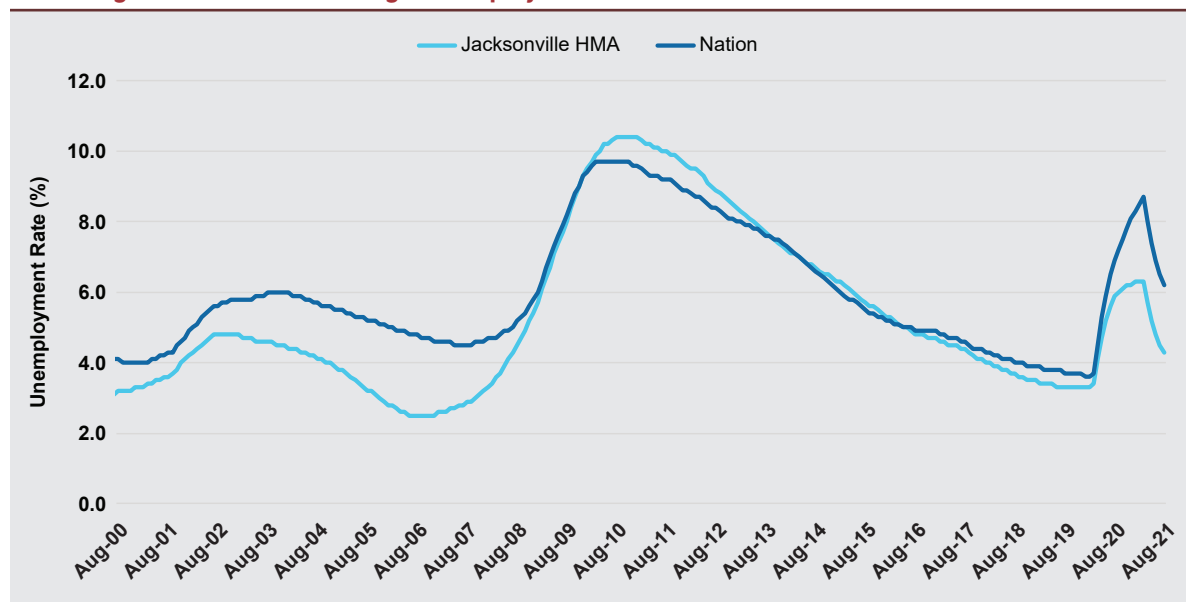


Growth in the goods-producing sectors was exclusively in mining, logging, and construction during the 12 months ending August 2021; the mining, logging, and construction sector had the fifth largest gain of all 11 sectors, up by 1,300 jobs, or 2.8 percent. All gains were due to growth in the construction subsector, accounting for 99 percent of jobs in the sector. After more than a decade of planning, construction began on RiversEdge: Life on the St. Johns in mid-2021, supporting growth in the subsector. The \$600 million mixed-use development was previously known as The District and will include residential, hospitality, and commercial properties. Fidelity National Information Services, Inc. began construction of a new \$156 million headquarters in 2020; it will include a 377,000-square-foot office space when complete in mid-2022. The manufacturing sector declined by 400 jobs, or 1.2 percent, from the previous 12 months. Job losses were partly due to supply-chain disruptions, which are expected to be short lived as suppliers recover from labor shortages and the subsequent shortages of manufacturing inputs from the impact of the countermeasures implemented to slow the spread of COVID-19.

Current Conditions—Unemployment

The unemployment rate has decreased in the past year, as employment growth has greatly outpaced labor force growth, but is still elevated as the HMA recovers from the pandemic. The unemployment rate averaged 4.3 percent during the 12 months ending August 2021, down from 5.9 percent during the previous 12 months but up from 3.3 percent during the 12 months ending August 2019 (Figure 3). During the most recent 12-month period, the respective rates for the state and nation were 5.3 and 6.2 percent.

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



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



Economic Periods of Significance

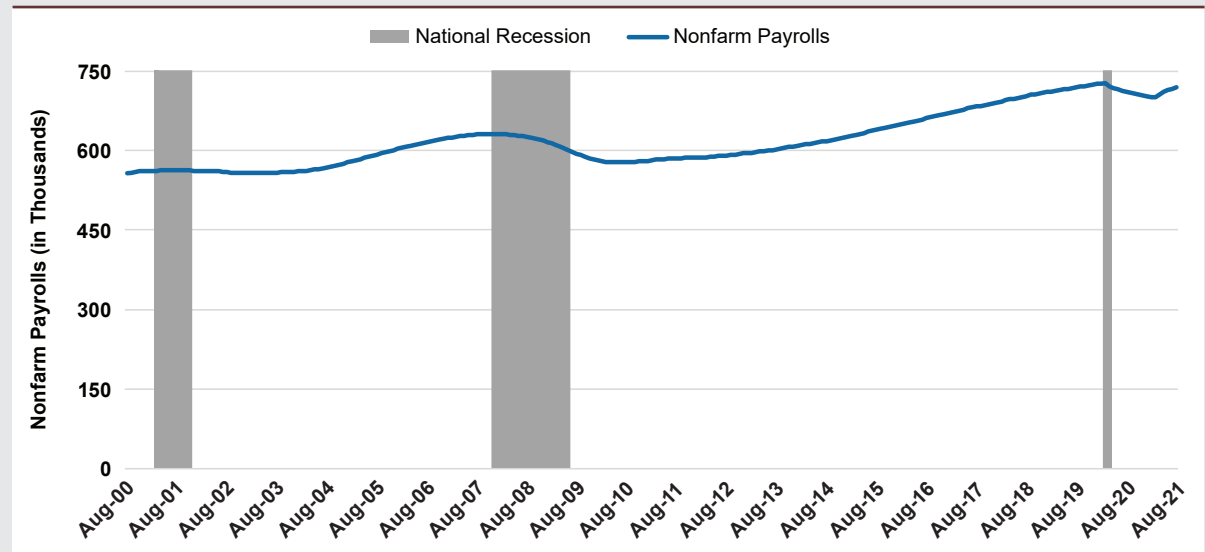
2003 Through 2007

Nonfarm payrolls in the HMA increased every year from 2003 through 2007 (Figure 4). During the 5-year period, payrolls increased by an average of 14,700 jobs, or 2.5 percent, annually. Gains during this period were largest in the mining, logging, and construction, the education and health services, and the leisure and hospitality sectors, which increased annually by averages of 3,000, 2,900, and 2,700 jobs, or 7.6, 4.2, and 4.6 percent, respectively. Baptist Health, the largest private employer in the HMA, with 12,400 employees, opened Baptist Medical Center South in the city of Jacksonville in 2005, contributing to gains during the period. These gains were partially offset by losses in the information and the manufacturing sectors, which annually declined by averages of 600 and 400 jobs, or 5.0 and 1.1 percent, respectively, during the period.

2008 Through 2010

The local economy decreased from 2008 through 2010 because of the national recession and housing crisis of the late 2000s. Nonfarm payrolls during this period declined by an average of 17,000 jobs, or 2.8 percent, annually, with most of the losses occurring in 2009, when 35,300 jobs were lost. In the Jacksonville HMA, losses were largest in the mining, logging, and construction sector and the wholesale and retail trade sector, which declined by averages of 6,900 and 4,100

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



Note: 12-month moving average.
Sources: National Bureau of Economic Research; U.S. Bureau of Labor Statistics

jobs a year, or 16.4 and 4.0 percent, respectively. Gains during this period were in the education and health services sector and the government sector, which increased by averages of 2,600 and 300 jobs a year, or 3.2 and 0.4 percent, respectively.

2011 Through 2019

Economic conditions improved significantly from 2011 through 2019, with nonfarm payroll growth in the HMA outpacing the national average. During the 9-year period, nonfarm payrolls increased by an average of 16,000 jobs, or 2.5 percent, annually; by comparison, payrolls nationwide were up an average of 1.6 percent annually during the same period. The largest gains in the HMA were in the professional and business services sector, the educational and health services sector, and the leisure and hospitality sector, up by averages of 3,000, 2,700, and 2,400 jobs, or 3.2, 2.8, and 3.3 percent, annually, respectively. In 2014, Adecco Group North America relocated to Jacksonville, resulting in the addition of 100 jobs in the professional and business services sector. Southeastern Grocers and Blue Cross and Blue Shield of Florida, Inc. the fourth and fifth largest private employers in the HMA, are among more than 100 companies

to maintain a corporate headquarters in the HMA (Table 2). The information sector was the only sector to lose jobs during this period, with an average loss of 100 jobs, or 1.4 percent, annually.

The two fastest growing sectors during this period were the transportation and utilities sector and the mining, logging, and construction sector, respectively gaining an average of 2,000 and 1,900 jobs, or 5.4 and 5.3 percent, annually. During 2017 and 2018, Amazon.com, Inc.—the eighth largest employer in the HMA—built two fulfillment centers in the city of Jacksonville, which, combined, added 2,500 jobs to the HMA. Gains in the mining, logging, and construction sector were partly due to increased residential construction, which has steadily increased since 2013.

Table 2. Major Employers in the Jacksonville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
United States Navy	Government	32,400
Baptist Health	Education & Health Services	12,400
BofA Securities, Inc.	Financial Activities	7,700
Mayo Foundation for Medical Education and Research	Education & Health Services	6,400
Southeastern Grocers	Wholesale & Retail Trade	5,700
Blue Cross & Blue Shield of Florida, Inc.	Financial Activities	5,400
Ascension St. Vincent's	Education & Health Services	5,000
Amazon.com, Inc.	Wholesale & Retail Trade	4,200
University of Florida Health	Government	4,200
Fleet Readiness Center Southeast	Manufacturing	4,000

Notes: Excludes local school districts. Data for U.S. Navy includes 18,575 uniformed military personnel at Naval Station Mayport and Naval Air Station Jacksonville, who are not included in nonfarm payrolls. Sources: JAXUSA Partnership, a division of JAX Chamber; U.S. Department of Defense

Forecast

During the next 3 years, payrolls are expected to increase an average of 2.0 percent annually. Job growth is expected to accelerate during the first year of the forecast, exceeding prepandemic levels, and then return to an average consistent with the 1.8-percent rate of growth since 2010. Job growth is expected to continue in the mining, logging, and construction sector. Gains are also expected in sectors slow to recover from the impact of COVID-19, as consumers and workers increasingly feel safe to return to prepandemic activities.

Both the goods-producing sector and the service-providing sector are expected to contribute to payroll growth during the next 3 years. RiversEdge, the mixed-use development noted above, is expected to be completed

during the next 6 years, with nearly 1,200 multifamily units, a 200-room hotel, about 250,000 square feet of retail space, and 200,000 square feet of office space. Jacksonville Port Authority and SSA Marine will continue more than \$100 million in port improvement projects at Blount Island, which is expected to increase capacity by more than 40 percent when complete in 2024. The improvements will be preceded by the deepening of the port to 47 feet in 2022, allowing post-Panamax ships access to Blount Island. American Cruise Lines and Carnival Cruise Line are expected to return to service in November 2021 and March 2022, respectively, which should support the recovery of jobs in the tourism industry.



Population and Households

Current Population: 1.65 Million

Population growth in the Jacksonville HMA has been strong since 2010, primarily a result of net in-migration, which peaked from 2015 to 2016.

Population Trends

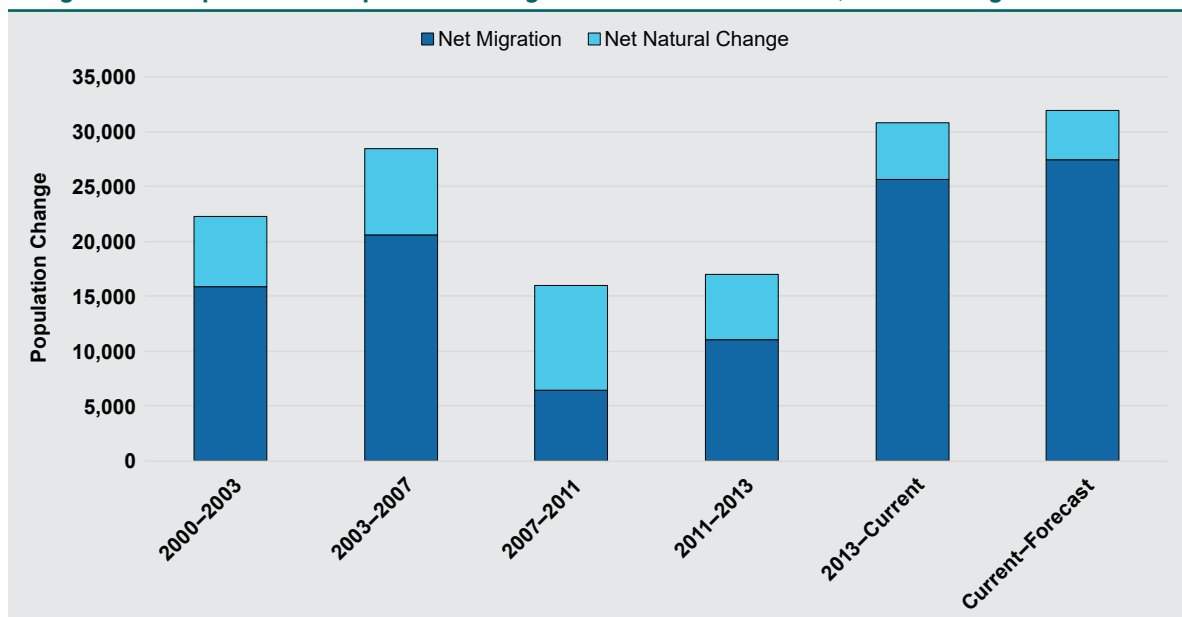
As of September 1, 2021, the estimated population of the Jacksonville HMA is 1.65 million, representing an average increase of 26,600, or 1.8 percent, annually since April 2010 (Table 3; U.S. Census Bureau decennial census counts). As a result of strong job growth in the HMA, the population increased by an average of 28,450, or 2.3 percent, annually from 2003 to 2007 (U.S. Census Bureau population estimates as of July 1). During this period, nearly 73 percent of population growth was due to net in-migration, which averaged 20,650 annually (Figure 5). From 2007 to 2013, population growth slowed to an average of 15,050, or 1.1 percent, annually; the slower growth was because of slower net in-migration, which averaged 7,950 people annually. The decreased net in-migration resulted from job losses from 2008 through 2010 and a subsequent slow economic recovery from 2011 through 2013. Since 2013, net in-migration has averaged 25,750 people annually because of improving economic

Table 3. Jacksonville HMA Population and Household Quick Facts

	2010	Current	Forecast	
Population Quick Facts	Population	1,345,596	1,649,000	1,745,000
	Average Annual Change	22,300	26,600	32,050
	Percentage Change	1.8	1.8	1.9
	2010	Current	Forecast	
Household Quick Facts	Households	524,146	650,200	692,400
	Average Annual Change	9,150	11,050	14,050
	Percentage Change	1.9	1.9	2.1

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 (September 1, 2021) to September 1, 2024. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by the analyst

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



Notes: Data displayed are average annual totals. The forecast period is from the current date (September 1, 2021) to September 1, 2024. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst



conditions. The higher levels of net in-migration resulted in much stronger population growth, which has averaged 30,900 people, or 2.1 percent, annually from 2013 to the current period.

After reaching a peak of approximately 8,825 people from 2006 to 2007, the net natural increase in the HMA has been trending downward. From 2007 to 2013, the net natural increase in the HMA slowed to an average of 8,375, continuing to an average increase of 5,900 annually from 2013 to 2017. The decline was due to increasing deaths each year, offset only partially by an increase in births; from 2017 to 2020, resident births in the HMA increased by an average of 60, or less than 1 percent, annually, and resident deaths rose by an average of 750, or 5.4 percent, annually. In addition, the net natural increase is estimated to have further decreased during the past year due to deaths related to the COVID-19 pandemic. As of August 31, 2021, there have been approximately 3,150 COVID-19-related deaths in the HMA (CDC). The impact of COVID-19-related deaths in the HMA was consistent with that of the nation; there were approximately 1.9 COVID-19-related deaths per 1,000 residents in both the HMA and the nation (CDC).

Migration Trends

Net migration into the HMA from 2014 through 2018 was primarily from other metropolitan statistical areas (MSAs) in Florida and the Northeast. Net migration into the HMA from

other MSAs in Florida accounted for nearly one-third of all domestic net migration into the HMA during the period, led by the Miami-Fort Lauderdale-West Palm Beach MSA. Of the top 15 metropolitan areas with net migration into the HMA, seven were in Florida. From 2014 through 2018, approximately 18 percent of all domestic net migration into the HMA originated from the New York-Newark-Jersey City and Philadelphia-Camden-Wilmington MSAs (Census Bureau Metro-to-Metro Migration Flows; ACS 5-year data). Migrants to the Jacksonville area are attracted to the lower relative cost of housing in the HMA; average existing home sales prices in 2018 were 53 and 31 percent lower than in the New York and Miami MSAs, respectively, the two largest sources of net migration into the HMA (Table 4). The price differential between the areas has remained relatively unchanged since 2018.

Household Trends

Household growth trends in the HMA have slightly outpaced population growth trends since 2000, as relatively affordable housing in the HMA has stimulated household formation. As of September 1, 2021, the number of households in the HMA is estimated at 650,200, an average increase of 11,050 households, or 1.9 percent, annually since 2010, as population growth averaged 1.8 percent annually. Similarly, household growth averaged 9,150, or 1.9 percent, annually from 2000 to 2010, as population growth averaged 1.8 percent annually.

Table 4. Net Metro-to-Metro Migration Flows in the Jacksonville HMA: 2014–18

Into the HMA	
Miami-Fort Lauderdale-West Palm Beach, FL	2,457
New York-Newark-Jersey City, NY-NJ-PA	1,902
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1,257
Orlando-Kissimmee-Sanford, FL	1,211
Atlanta-Sandy Springs-Roswell, GA	941
Out of the HMA	
Pensacola-Ferry Pass-Brent, FL	735
Charlotte-Concord-Gastonia, NC-SC	653
Port St. Lucia, FL	573
Austin-Round Rock, TX	338
San Antonio-New Braunfels, TX	310

Source: U.S. Census Bureau Migration Flows, 2014–18 American Community Survey 5-year data

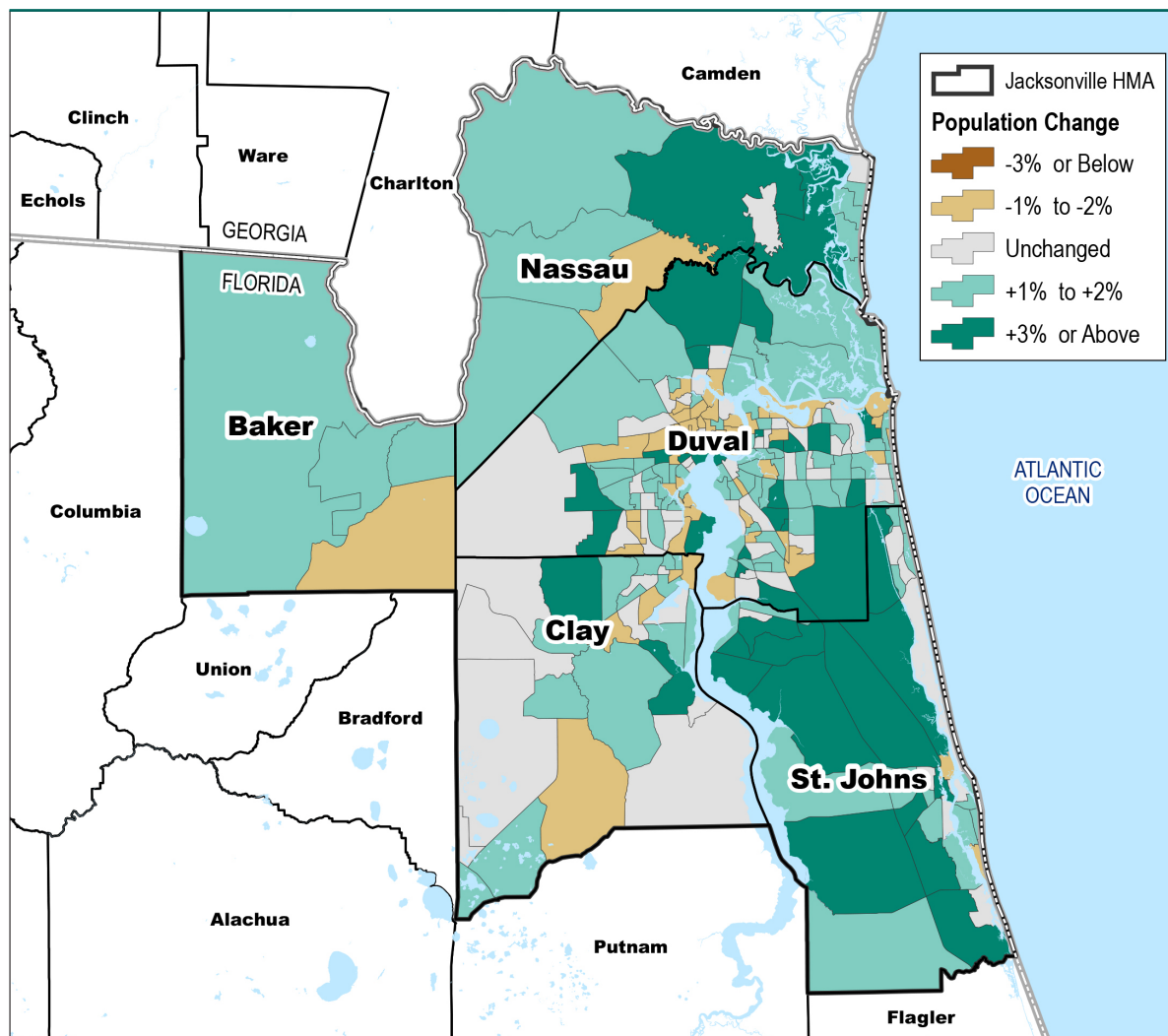


Population and household growth have been concentrated along the Duval County line, primarily along the one shared with St. Johns County. Map 1 shows population growth at the census tract level comparing 2010–2014 data with 2015–2019 data. St. Johns County accounts for 17 percent of the households in the HMA and 28 percent of the household growth since 2010; growth along the Duval County line is characterized mostly by master-planned housing developments, primarily single-family homes. Although homeownership is down from 66.9 percent during 2010, it has been on the increase since 2014 as strong economic growth in the HMA has made it more affordable; homeownership declined to a recent low of 62.2 percent during 2014 before increasing to an estimated 66.2 percent, currently.

Forecast

During the 3-year forecast, the population and number of households in the HMA are expected to increase an average of 32,050 and 14,050 a year, or 1.9 and 2.1 percent, respectively, to 1.75 million people and 692,400 households. It is expected that population growth will continue to be led by net in-migration and account for more than 85 percent of the growth. Household growth is expected to increase faster than population because the relative affordability of housing remains low compared with the nation.

Map 1. Average Annual Population Change by Census Tract in the Jacksonville HMA, 2010–2014 to 2015–2019



Source: 2010–2014 and 2015–2019 American Community Survey 5-year data



Home Sales Market

Market Conditions: Tight

Sales housing market conditions tightened in the Jacksonville HMA during the past 24 months as available inventory of for-sale homes declined.

Current Conditions

Sales housing market conditions in the Jacksonville HMA are tight, with an estimated vacancy rate of 1.0 percent (Table 5), down from 3.4 percent in April 2010. Strong job growth, increased net in-migration, and low levels of new home construction contributed to the absorption of the excess inventory created during the buildup to the housing market crash and the Great Recession. The 1.4-month supply of homes available for sale in the HMA as of August 2021 is down from the 2.4-month supply available during August 2020 and the 3.2-month supply available during August 2019 (CoreLogic, Inc.). The inventory of homes for sale in the Jacksonville HMA has been declining

Table 5. Home Sales Quick Facts in the Jacksonville HMA

	Jacksonville HMA	Nation
Vacancy Rate	1.0%	NA
Months of Inventory	1.4	1.7
Total Home Sales	38,750	6,524,000
1-Year Change	9%	15%
New Sales Price	\$363,300	\$425,200
1-Year Change	5%	4%
Existing Sales Price	\$346,600	\$380,800
1-Year Change	20%	21%
Mortgage Delinquency Rate	3.5%	2.9%

NA = data not available.

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

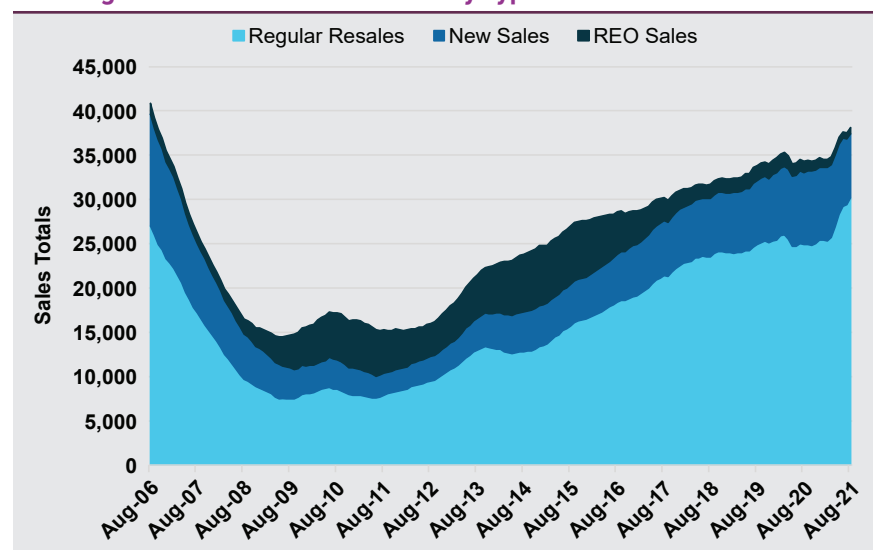
Sources: Vacancy rate—estimates by the analyst; months of inventory—CoreLogic, Inc.; HMA home sales and prices—Zonda; national home sales and prices—National Association of Realtors® and Census Bureau/HUD

consistently since the previous high of 14.2 months of supply in January 2009; historically low mortgage interest rates further strengthened demand for sales housing in the HMA. Those factors contributed to the decline in vacancy rates and tight market conditions.

Existing and New Home Sales

Sales of existing and new homes increased significantly during the past year following slower sales from the reluctance of sellers and buyers to interact in early 2020 as restrictions on nonessential business were implemented in the HMA. During the 12 months ending August 2021, approximately 38,750 new and existing homes were sold, an increase of 3,200 homes, or 9 percent, compared with the 12 months ending August 2020 (Figure 6). During this period, new home sales decreased nearly 11 percent, despite increased new home permitting, primarily due to delays in construction caused by labor and construction material shortages. Regular resales increased more than

Figure 6. 12-Month Sales Totals by Type in the Jacksonville HMA



REO = real estate owned.
Source: Zonda



21 percent during the period; sellers who had delayed listing their homes entered the market and were outnumbered by buyers, with increased competition putting upward pressure on prices. Sales activity for regular resales and new homes increased an average of 15 percent annually from 2012 through 2019 in response to improving economic conditions and strong in-migration; by contrast, from 2008 through 2011, sales activity for new homes declined by 22 percent annually. Regular resales declined from 2008 through 2010 by 18 percent annually but recovered quicker than new home sales, with a gain of 6 percent during 2011.

REO Sales and Delinquent Mortgages

The national foreclosure crisis had a large impact on the HMA. Following an increase in the number of seriously delinquent mortgages and real estate owned (REO) properties from 2007 through 2011, housing market conditions were slow to improve. In January 2012, the rate of seriously delinquent mortgages and REO properties peaked at 14.3 percent of all home loans (CoreLogic, Inc.). The rate of seriously delinquent mortgages and REO properties declined to 1.9 percent in April 2020 before reaching a recent peak of 5.3 percent in August 2020, when the impact of the countermeasures implemented to slow the spread of COVID-19 resulted in a temporary spike in seriously delinquent mortgages, almost exclusively in the 90+ day delinquent category, a result primarily of the COVID-19 foreclosure forbearance for federal-government-backed mortgages enacted in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Although the rate of seriously delinquent mortgages and REO properties remains elevated, at 3.3 percent during August 2021, the number of REO properties has been in decline since 2014 and is at the lowest level recorded in more than 2 decades. The portion of seriously delinquent mortgages and REO properties that are REO properties is less than 1 percent, down from nearly 10 percent in 2014.

The portion of existing sales categorized as REO sales have declined since 2014 and are currently at the lowest level recorded in more than 15 years.

During 2005, REO sales were 3 percent of existing sales in the HMA; by 2007, this portion had increased to 8 percent, and along with the national foreclosure crisis, the portion of REO sales steadily increased to a peak of 41 percent during 2010. REO sales fluctuated but remained above 28 percent from 2010 through 2014, accounting for 34 percent of existing sales during 2014, as many delinquent mortgages were processed through the legal system. From 2015 through 2020, REO sales declined by an average of 960 sales, or 27 percent, annually; during 2020, REO sales were 4 percent of existing sales and continued to decline to the current level of 2 percent.

Existing and New Home Sale Prices

During the 12 months ending August 2021, the average sales price of existing homes (including distressed sales and regular resales) increased 20 percent in the HMA, to \$346,600. The low supply of homes available for sale during the past year and increased buyer demand caused by stronger population growth contributed to the substantial home sales price growth during the past 12 months. The increase in the average sales price of an existing home during the past 12 months follows an increase of 8 percent during the 12 months ending August 2020; by comparison, the average sales price of existing homes increased an average of 5 percent annually from 2013 through 2019. During the 12 months ending August 2021, the average sales price of new homes increased 5 percent, to \$363,300. During the 12 months ending August 2020, the average sales price of a new home increased less than 1 percent; the average sales price of new homes increased an average of 6 percent annually from 2013 through 2019. Figure 7 shows the 12-month average sales prices by sales type in the HMA since 2006; Figure 8 shows new and existing home sales by price range during the 12 months ending August 2021.

Sales Construction

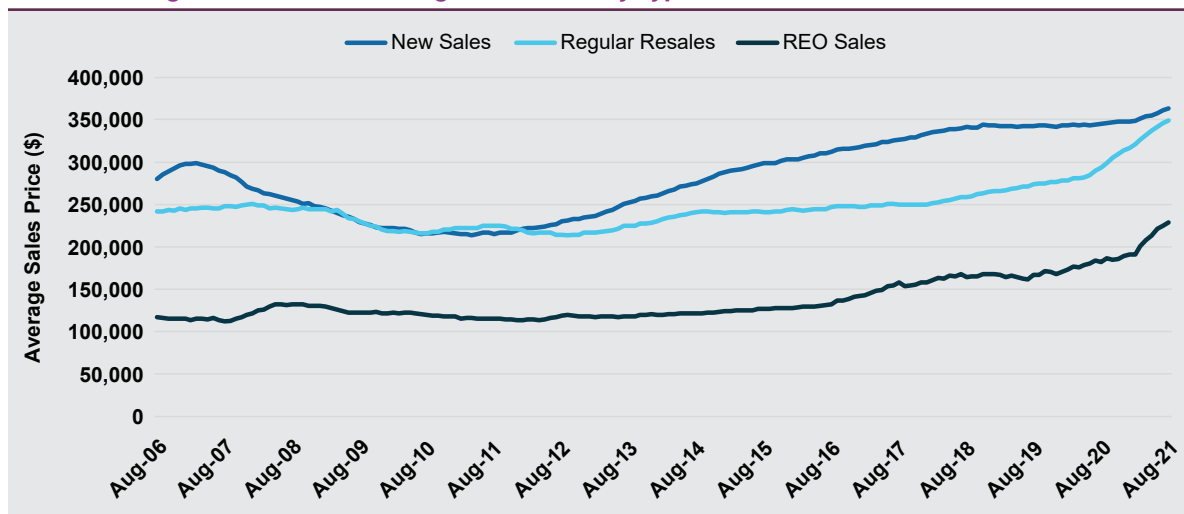
Home construction—measured by the number of single-family homes, townhomes, and condominiums permitted—is below the 2005 peak of 23,550. New home construction was strong from 2000 through 2003 and



from 2004 through 2006, when an average of 11,400 and 18,500 units were permitted annually, respectively. Demand for new homes declined as net in-migration began to slow during 2006; the number of homes permitted fell 40 percent annually during 2007 and 2008. Economic uncertainty and slower population growth reduced demand for additional housing in the Jacksonville HMA; an average of 3,700 units were permitted annually from 2009 through 2012. Respectively, from 2013 through 2016 and from 2017 through 2018, an average of 7,400 and 10,450 homes were permitted annually, as the housing market and economy continued to recover. During the 12 months ending August 2021, the number of homes permitted increased by 4,675, or 38 percent, from the previous 12 months, to about 16,800 units permitted (preliminary data); by comparison, an average of 13,050 units were permitted from 2019 through 2020 (Figure 9).

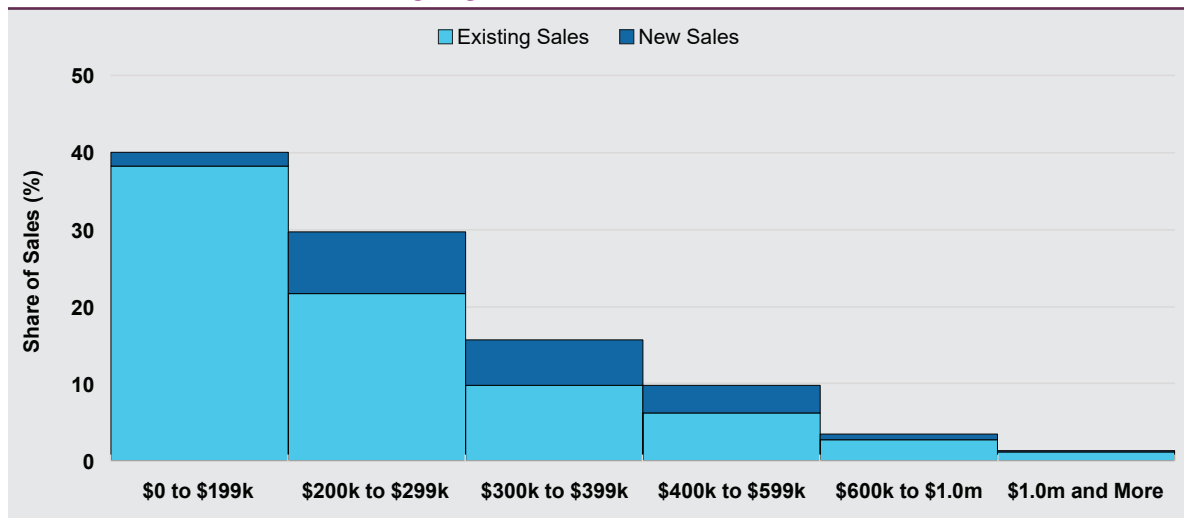
New home construction in St. Johns County accounted for 45 percent of new single-family homes in the HMA during the past year. Brookside Preserve, a new community in the city of St. Johns, will offer nearly 150 single-family homes beginning in late 2021 that start at \$370,000. The Trails at Grand Oaks, a new single-family home development in the city of St. Augustine, with plans for 150 single-family homes, is under construction, with prices starting at \$340,000.

Figure 7. 12-Month Average Sales Price by Type of Sale in the Jacksonville HMA



REO = real estate owned.
Source: Zonda

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending August 2021 in the Jacksonville HMA



k = thousand. m = million.
Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda



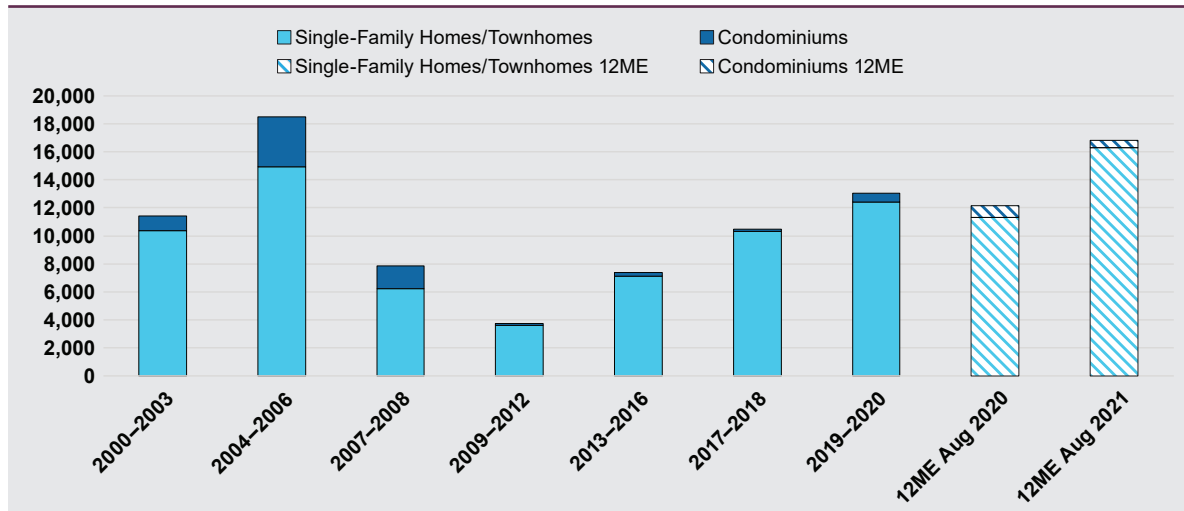
Housing Affordability: Sales

Homeownership in the Jacksonville HMA remained affordable during the past decade, although the affordability of buying a home in the HMA has moderated since 2016, when the large number of distressed sales following the foreclosure crisis were finally absorbed. The National Association of Home Builders (NAHB) Housing Opportunity Index (HOI) for the HMA, representing the share of homes sold that would have been affordable to a family earning the local median income, was 63.4 during the second quarter of 2021, down from 76.9 during the second quarter of 2020 (Figure 10). The year-over-year decrease was caused by an increase in the median cost of buying a home. The median home price in the HMA has increased 21 percent since the second quarter of 2020, as the median income has remained relatively unchanged during the same period. During the second quarter of 2021, according to the HOI, 136 of the 237 metropolitan areas measured, or 57 percent of metropolitan areas in the nation, had greater housing affordability than the Jacksonville HMA.

Forecast

During the 3-year forecast period, demand is estimated for 36,100 new single-family homes, townhomes, and condominiums in the HMA (Table 6). The 8,250 homes under construction will satisfy some of the demand, which is

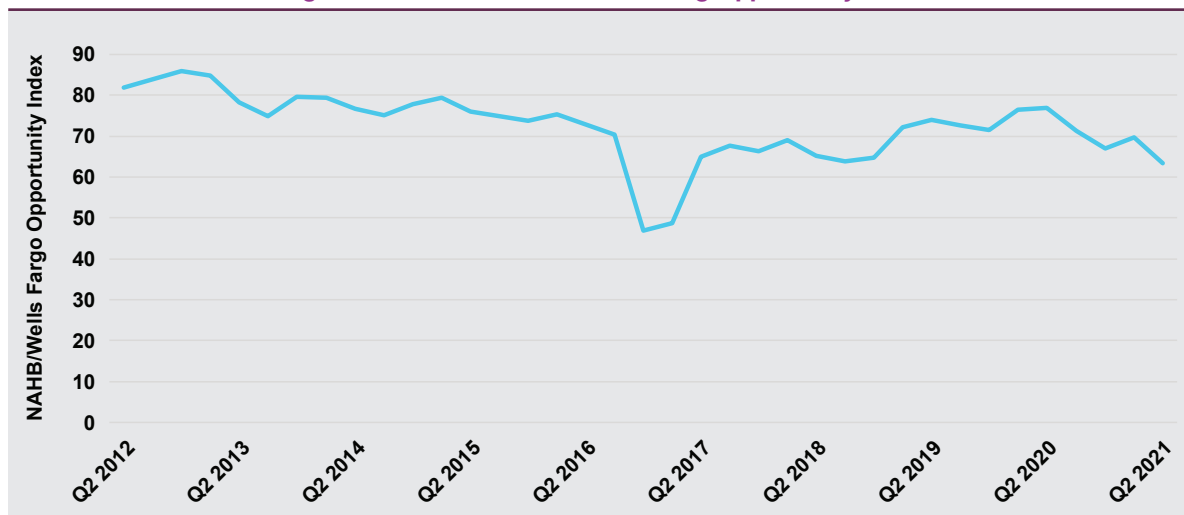
Figure 9. Annual Sales Permitting Activity in the Jacksonville HMA



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000-2020 final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Figure 10. Jacksonville HMA Housing Opportunity Index



NAHB = National Association of Home Builders. Q2 = second quarter.

Sources: NAHB; Wells Fargo



expected to increase slightly each year because of economic growth and is estimated to be strongest in St. Johns County because of the availability of less expensive vacant developable lots.

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

Sales Units	
Demand	36,100 Units
Under Construction	8,250 Units

Note: The forecast period is from September 1, 2021, to September 1, 2024.
Source: Estimates by the analyst



Rental Market

Market Conditions: Slightly Tight

Apartment construction in the Jacksonville HMA has been strong since 2018 in response to strong in-migration and subsequent tightening conditions.

Current Conditions and Recent Trends

Rental housing market conditions in the HMA are slightly tight, with an overall estimated rental vacancy rate of 5.7 percent, down from 13.3 percent in 2010, when overall rental housing market conditions were soft (Table 7). Relatively low levels of multifamily construction from 2009 through 2014 and increased rental household growth spurred by the housing crisis have contributed to declining vacancy rates and rising rents since 2010. Despite increasing multifamily construction since 2015, stronger migration into the HMA has contributed to the tightening rental market.

During the second quarter of 2021, the apartment vacancy rate was estimated at 3.7 percent, down from 6.0 percent during the second quarter of 2020 (CoStar Group), representing the lowest rate recorded during the past two decades (Figure 11). During the second quarter of 2009, the vacancy rate peaked at 12.8 percent before declining each year, to 6.0 percent during the second quarter of 2015. Average vacancy rates moderated between 5.8 and 6.5 percent from the second quarter

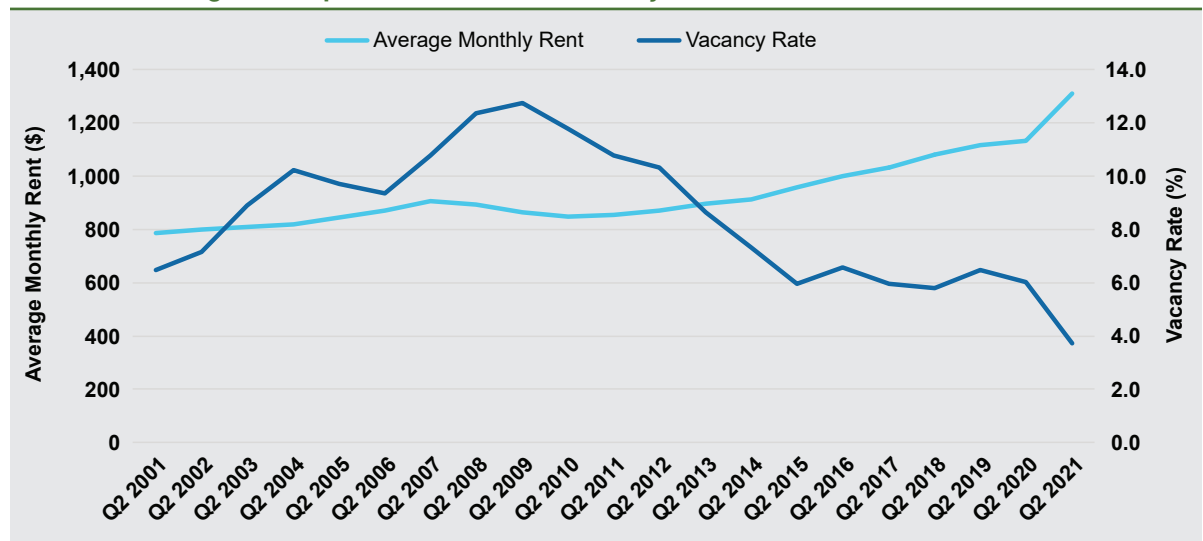
Table 7. Rental and Apartment Market Quick Facts in the Jacksonville HMA

Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	13.3
Occupied Rental Units by Structure	2010 (%)	2019 (%)
	Single-Family Attached & Detached	38.0
	Multifamily (2–4 Units)	11.5
	Multifamily (5+ Units)	43.1
	Other (Including Mobile Homes)	7.4

Notes: The current date is September 1, 2021. 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

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



Q2 = second quarter.
Source: CoStar Group

of 2015 through the same quarter in 2019, as increasing multifamily construction and strong in-migration maintained a balanced apartment rental market. The average apartment rent increased nearly 16 percent from the second quarter of 2020 to the second quarter of 2021, to \$1,309; by comparison, the average apartment rent increased 4 percent annually from the second quarter of 2013 through the same quarter in 2019.

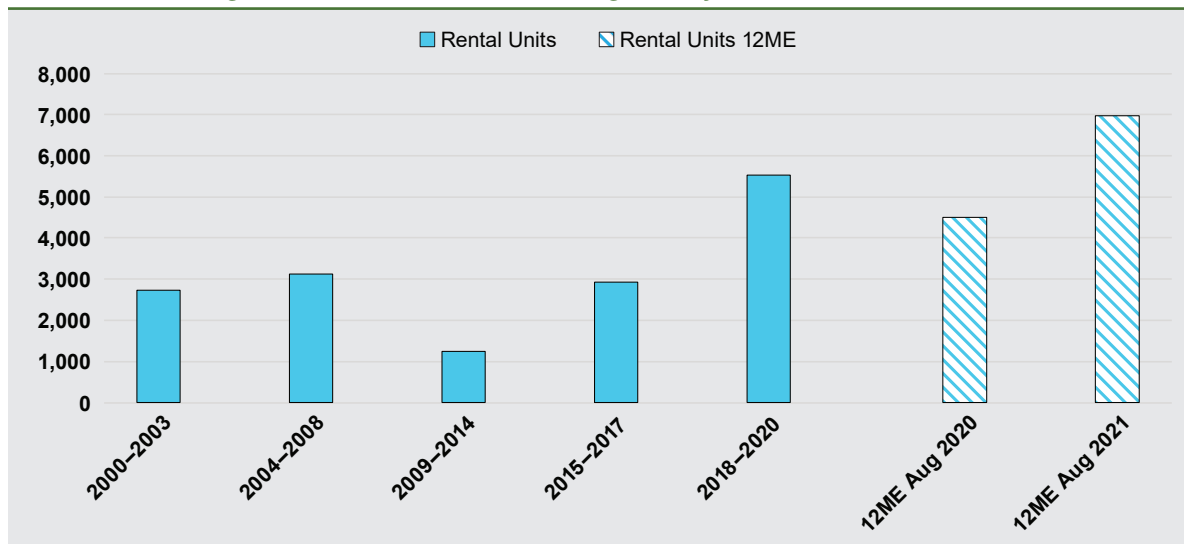


During the second quarter of 2021, apartment market conditions tightened in all 11 CoStar Group-defined market areas in the HMA, with vacancy rates ranging from 1.0 percent in the Baker County market area to 8.6 percent in the Central Jacksonville market area. Apartment vacancy rates declined the most in the Central Jacksonville and the Downtown Jacksonville market areas, from 15.1 and 6.7 percent to 8.6 and 3.2 percent, respectively. The average rent increased in each of the market areas in the HMA. During the second quarter of 2021, the average rent in the Nassau County market area increased 7 percent, to \$1,563, the highest rent among all areas. Rent growth during the second quarter of 2021 ranged from 4 percent in the Downtown and the Central Jacksonville market areas, at \$1,263 and \$964, respectively, to nearly 11 percent in the Beaches market area, where the average monthly rent was \$1,493.

Rental Construction

Rental construction activity, as measured by the number of rental units permitted, has been strong in the HMA since 2018, which is primarily attributed to stronger population growth. An average of 1,225 rental units were permitted annually from 2010 through 2014 (Figure 12) before activity increased to an average of 2,925 units permitted annually from 2015 through 2017, when builders responded to tightening rental market conditions. Stronger net migration into the HMA and low vacancy rates at existing apartment

Figure 12. Annual Rental Permitting Activity in the Jacksonville HMA



12ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

communities caused builders to increase construction activity to an average of 5,525 units permitted annually from 2018 through 2020. During the 12 months ending August 2021, approximately 6,975 rental units were permitted, up 55 percent compared with the previous 12-month period (preliminary data, with adjustments by the analyst).

New multifamily construction is scattered throughout the HMA; of the units under construction, more than two-thirds are in the city of Jacksonville. Recent construction activity includes the 250-unit Springs at Flagler Center in the city of Jacksonville, which was completed in August 2021; rents for studios and one-, two-, and three-bedroom units start at \$1,261, \$1,484, \$1,768, and \$2,047, respectively. Vista Brooklyn, a 308-unit apartment community in the city of Jacksonville, was completed in May 2021; rents for studios and one-, two-, and three-bedroom units start at \$1,470, \$1,555, \$2,190, and \$3,395, respectively.

Housing Affordability: Rental

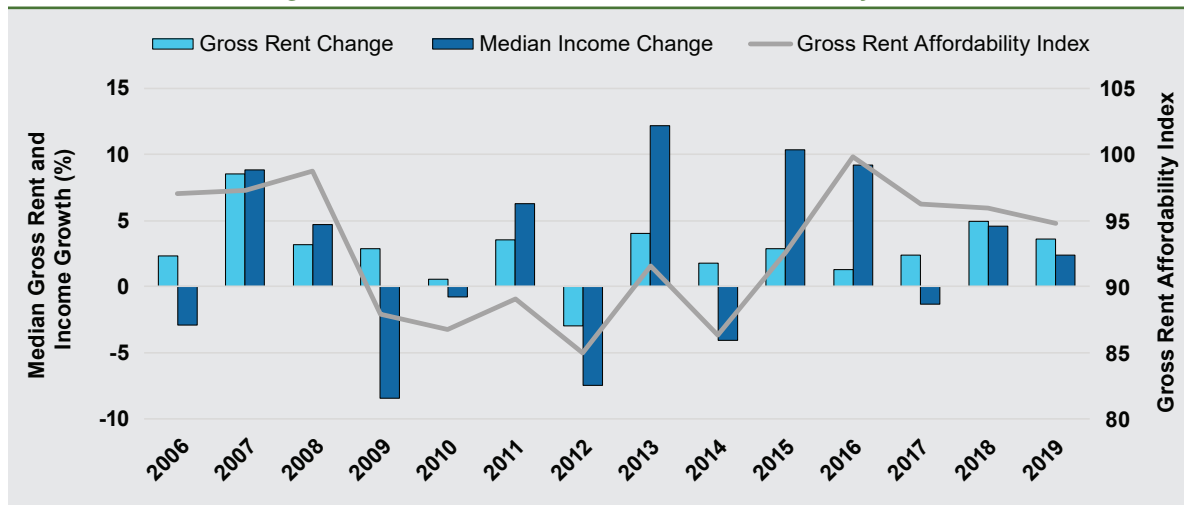
The rental market in the Jacksonville HMA has been affordable—rental affordability has generally increased since 2012 due to moderate rent growth—and recent strong average rent increases will likely

challenge rental affordability. From 2014 to 2016, the median gross monthly rent increased only 4 percent, from \$966 to \$1,007, and the median income for rental households in the HMA rose 21 percent, from \$33,357 in 2014 to \$40,214 in 2016. A decline in median income for rental households in 2017 resulted in a slight rental affordability decline, as gross monthly rent increased moderately during the same period. From 2018 through 2019, median gross monthly rent and the median income for rental households increased 9 and 7 percent, respectively. The HUD Rental Affordability Index, a measure of median renter household income relative to qualifying income for a median-priced rental unit, has remained relatively unchanged since 2017; it was 95.0 during 2019, down from 99.8 in 2016 and down slightly from 96.0 in 2017 and 2018 (Figure 13). By comparison, the rate for the nation was 96.8 during 2019.

Forecast

During the 3-year forecast period, demand is estimated for 15,500 rental units (Table 8). The 6,775 units under construction will satisfy some of the demand, which is expected to be relatively steady throughout the forecast period; the units under construction will satisfy demand during the first year.

Figure 13. Jacksonville HMA Gross Rent Affordability Index



MSA = metropolitan statistical area.
 Notes: Rental affordability is for the larger Jacksonville MSA. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that the HUD index is based on combined rent and utilities expenditure.
 Source: American Community Survey 1-year data

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

Rental Units	
Demand	15,500 Units
Under Construction	6,775 Units

Note: The forecast period is September 1, 2021, to September 1, 2024.
 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, estimates 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 under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Regular resales and REO sales.
Forecast Period	9/1/2021–9/1/2024—Estimates by the analyst.
Home Sales/ Home Sales Prices	Single-family, townhome, and condominium sales.
Regular 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 and include short sales.



Rental Housing Market/Rental Vacancy Rate	Apartments and other rental units, such as single-family, multifamily, and mobile homes.
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 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.	The National Association of Home Builders (NAHB) Housing Opportunity Index (HOI) represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The 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.
3.	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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