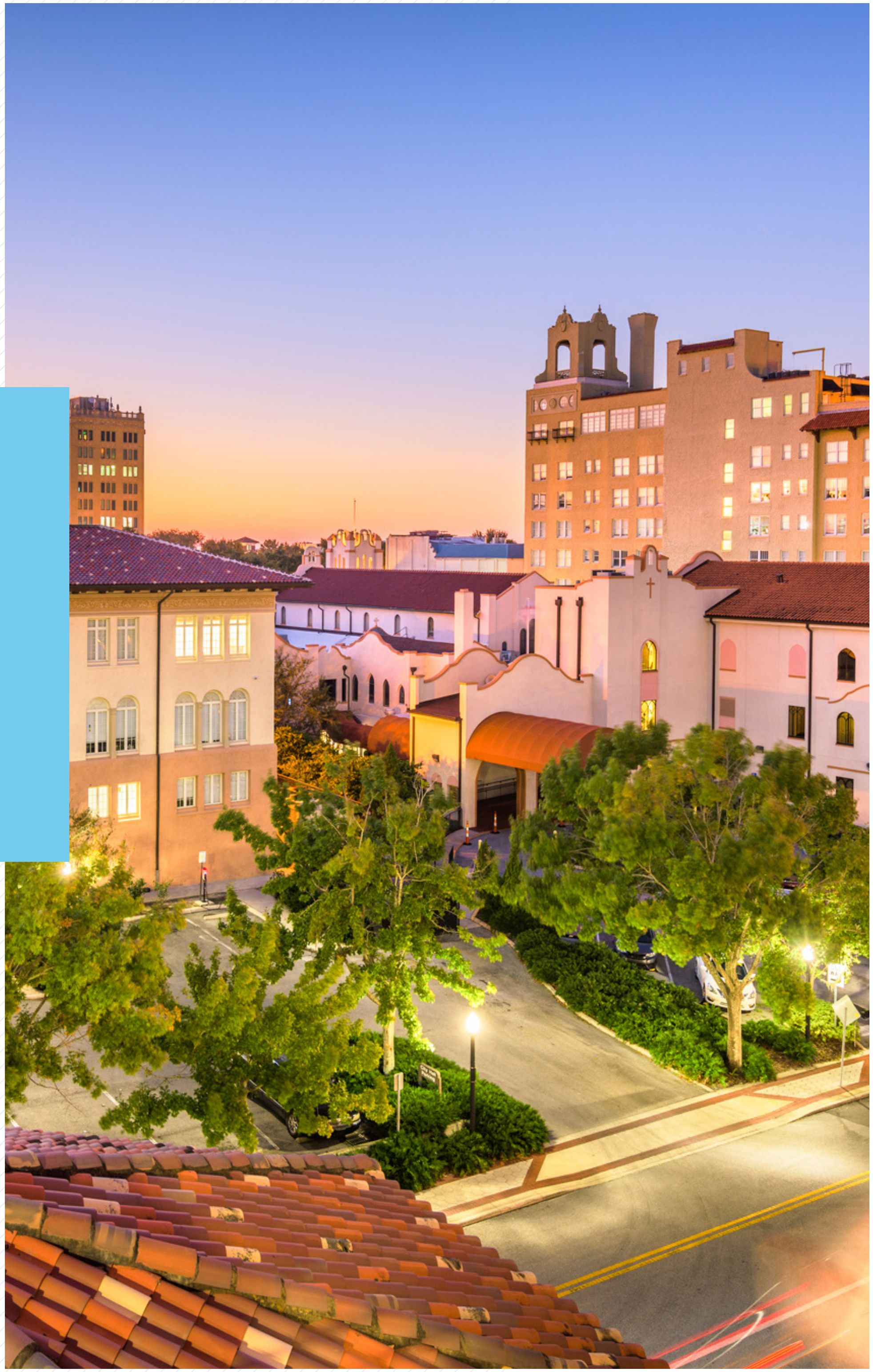
The analysis presented in this report includes data from the early stages of the COVID-19 outbreak in the United States. The unprecedentedly large and rapid changes in many data series, and the similarly unprecedentedly large policy responses, make analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

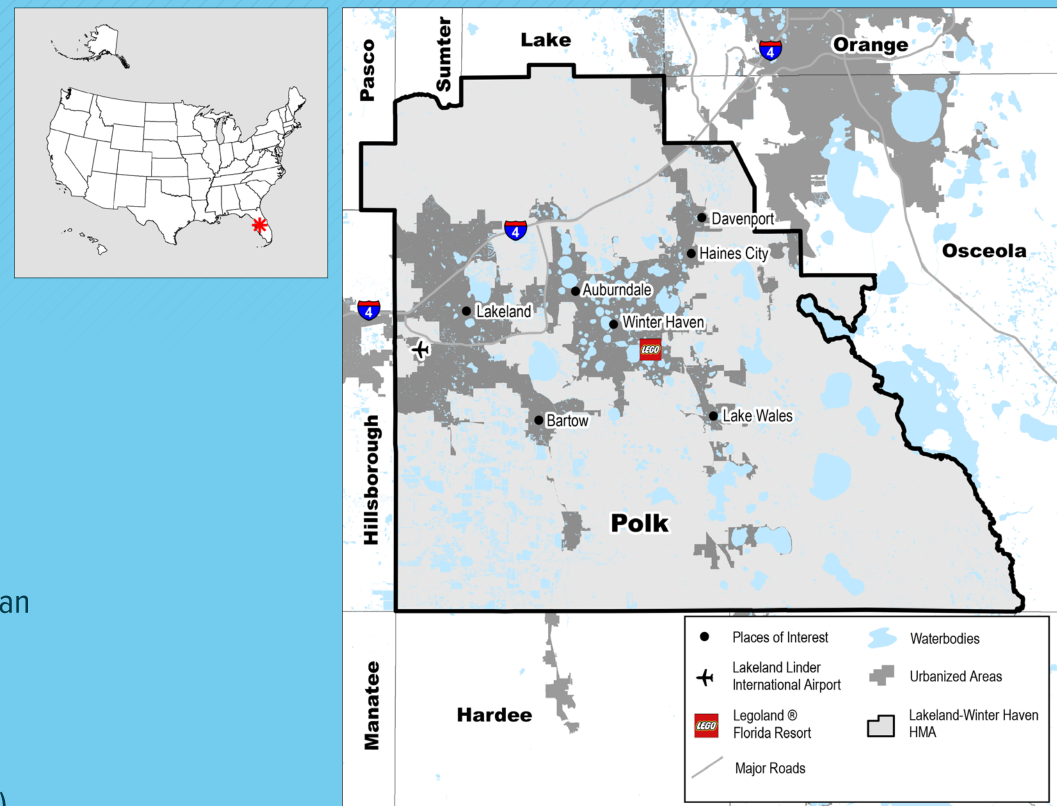
COMPREHENSIVE HOUSING MARKET ANALYSIS

Lakeland-Winter Haven, Florida



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

As of October 1, 2020



Executive Summary

Housing Market Area Description

The Lakeland-Winter Haven Housing Market Area (HMA) in central Florida consists of Polk County, Florida, and is coterminous with the Lakeland-Winter Haven, FL Metropolitan Statistical Area (MSA). The HMA is about 35 miles east of the city of Tampa and 35 miles west of the city of Orlando. The HMA is home to LEGOLAND® Florida Resort and the headquarters of Publix Super Markets, Inc. (hereafter, Publix). Historically, the production of processed citrus and commercial phosphate was important to the local economy, but in the past 20 years, the economy in the HMA has diversified.

The current HMA population is estimated at 706,400.

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

Weak: Approximately 63 percent of the jobs lost in March and April 2020, at the start of the COVID-19 pandemic, were recovered by September 2020.

During the 12 months ending September 2020, nonfarm payrolls decreased by 2,900 jobs, or 1.2 percent, to 230,600 jobs, compared with a 7,800-job, or 3.4-percent, increase during the previous 12 months. Before the onset of the COVID-19 pandemic, payrolls had increased every year since 2010. Job losses during the past 12 months were most severe in the leisure and hospitality sector, with a decline of 2,600 jobs, or 10.6 percent. During the 3-year forecast period, nonfarm payroll growth is expected to average 1.1 percent annually.

Sales Market

Balanced: Existing home sales declined 5 percent and the average sales price for an existing home increased 9 percent during the 12 months ending September 2020.

The home sales market is balanced, with an estimated sales vacancy rate of 2.0 percent—down from 4.3 percent in 2010. During the 12 months ending September 2020, new and existing home sales decreased by 320, or 2 percent, whereas the average home sales price increased 6 percent, or by $13,200, to $221,800 (Zonda). During the forecast period, demand is estimated for 8,125 new homes. The 2,225 homes under construction are expected to meet a portion of demand during the first year of the forecast period.

Rental Market

Balanced: The number of rental units permitted surged in 2019, with 2,675 units permitted—more than 75 percent higher than the previous record in 2006.

The overall rental housing market is balanced with a current rental vacancy rate estimated at 7.5 percent, down from 15.8 percent in 2010. The apartment market is also balanced, with a vacancy rate of 4.1 percent during the third quarter of 2020—down from 4.3 percent a year earlier (Reis, Inc.). During the same period, the average apartment rent was unchanged, at $973. During the forecast period, demand is estimated for 3,125 units. The 4,075 units under construction will exceed the anticipated demand during the entire forecast period.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Lakeland-Winter Haven HMA	Total Demand	8,125	3,125
	Under Construction	2,225	4,075

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2020. Sales demand includes an estimated demand for 300 mobile homes. The forecast period is October 1, 2020, to October 1, 2023.
Source: Estimates by the analyst

Economic Conditions

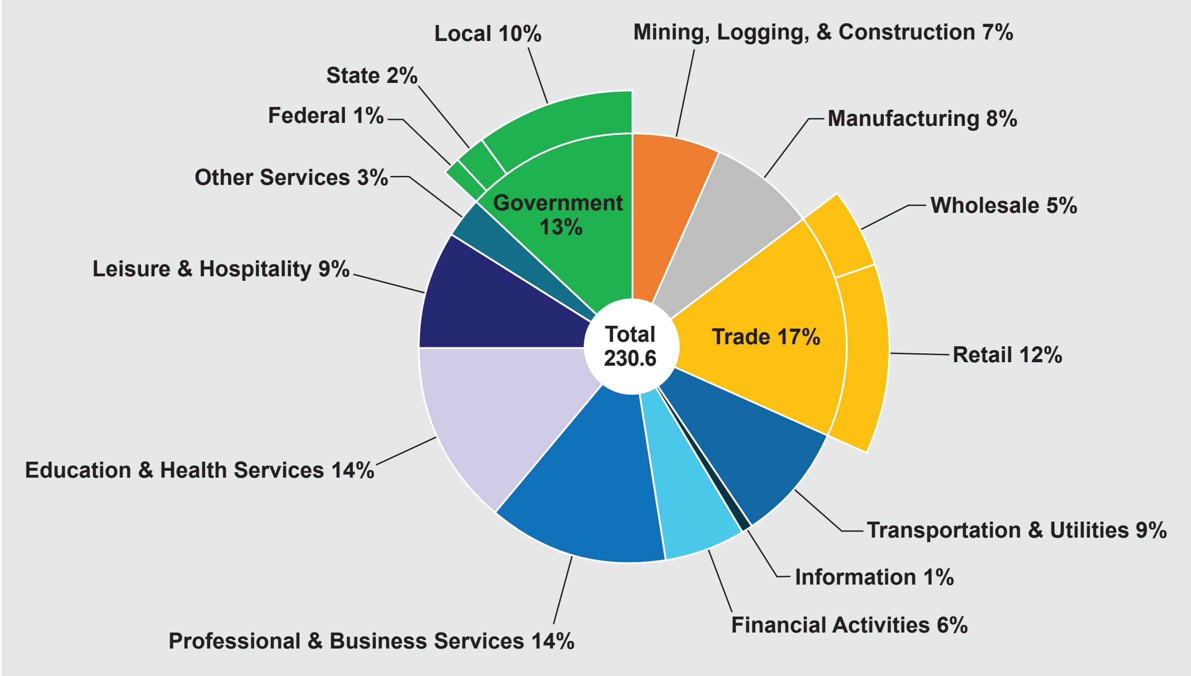
Largest Sector: Wholesale and Retail Trade

The mining, logging, and construction sector was one of the few sectors to gain jobs in the 12 months ending September 2020, adding 1,200 jobs, or 8.5 percent. That gain was due mostly to the job increases in the construction industry and exemptions to COVID-19 countermeasures.

Primary Local Economic Factors

The Lakeland-Winter Haven HMA is home to the Amazon.com, Inc. (hereafter, Amazon) air hub, the largest in the Southeast region, which opened in the summer of 2020, and the new Walmart Inc. (hereafter, Walmart) e-commerce fulfillment facility, which has been operating since 2017. The two facilities are the result of a combined investment of $400 million and created as many as 1,800 new jobs. The HMA connects the cities of Tampa and Orlando through the Interstate 4 corridor, which, along with an intermodal logistics center for rail freight from the rest of the country, contributed to growth in the transportation and utilities sector. The wholesale and retail trade sector is the largest in the HMA, with 17 percent of all jobs during the 12 months ending September 2020, followed by the professional and business services sector and the education and health services sector, with 14 percent each (Figure 1). Ranked 87 on Fortune 500, the largest employer in the HMA is Publix Super Markets, Inc. With 12,500 employees (Table 1), Publix is the largest employee-owned company in the world. Publix is also a major contributor to the professional and business services sector, the sector with the most jobs gained since 2001 (Figure 2). The number of jobs in the sector doubled, from 16,100 in 2000 to 32,300 currently. The HMA also attracts more than 5 million tourists each year, with LEGOLAND® Florida Resort (hereafter, LEGOLAND) and its affiliated and unaffiliated hotels and resorts being the backbone of the local leisure and hospitality sector. Tourists spent $1.5 billion in 2019 in the HMA, on pastimes including shopping, accommodations, and entertainment (Central Florida Visitors & Convention Bureau).

Figure 1. Share of Nonfarm Payroll Jobs in the Lakeland-Winter Haven HMA, by Sector



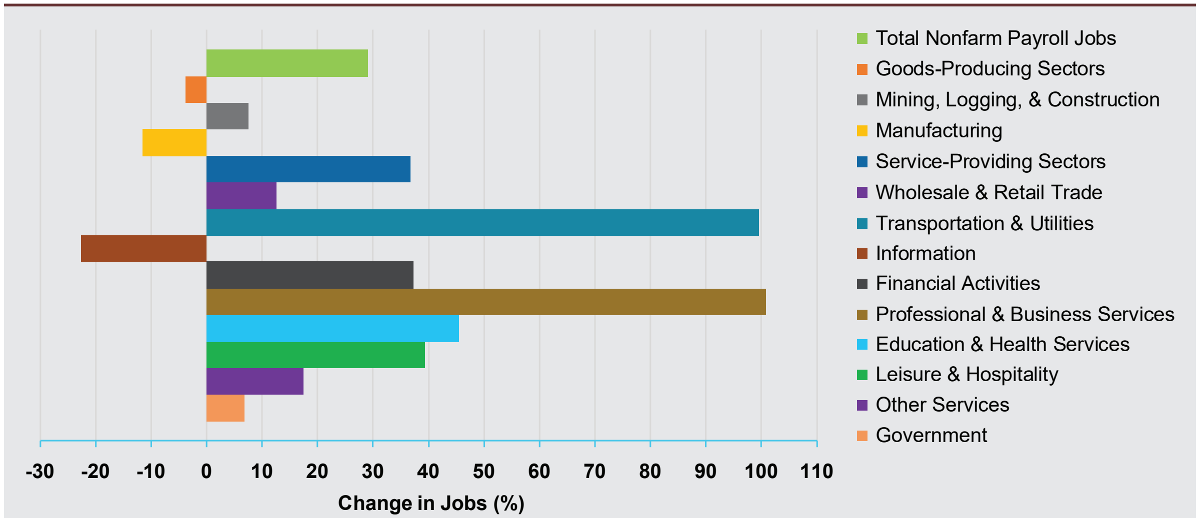
Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through September 2020.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Lakeland-Winter Haven HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Publix Super Markets, Inc.	Professional & Business Services	12,500
Lakeland Regional Health Systems, Inc.	Education & Health Services	5,575
Walmart Inc.	Wholesale & Retail Trade	4,250
Geico Corp.	Financial Activities	3,700
City of Lakeland	Government	2,800
Winter Haven Hospital, Inc.	Education & Health Services	2,200
Watson Clinic LLP	Education & Health Services	1,875
LEGOLAND® Florida Resort	Leisure & Hospitality	1,500+
The Mosaic Company	Manufacturing	1,350
Polk State College	Government	1,200

Note: Excludes local school districts and county government.
Source: Central Florida Development Council

Figure 2. Sector Growth in the Lakeland-Winter Haven HMA, 2001 to Current



Note: The current date is October 1, 2020.
Source: U.S. Bureau of Labor Statistics

The Effects of the COVID-19 Pandemic

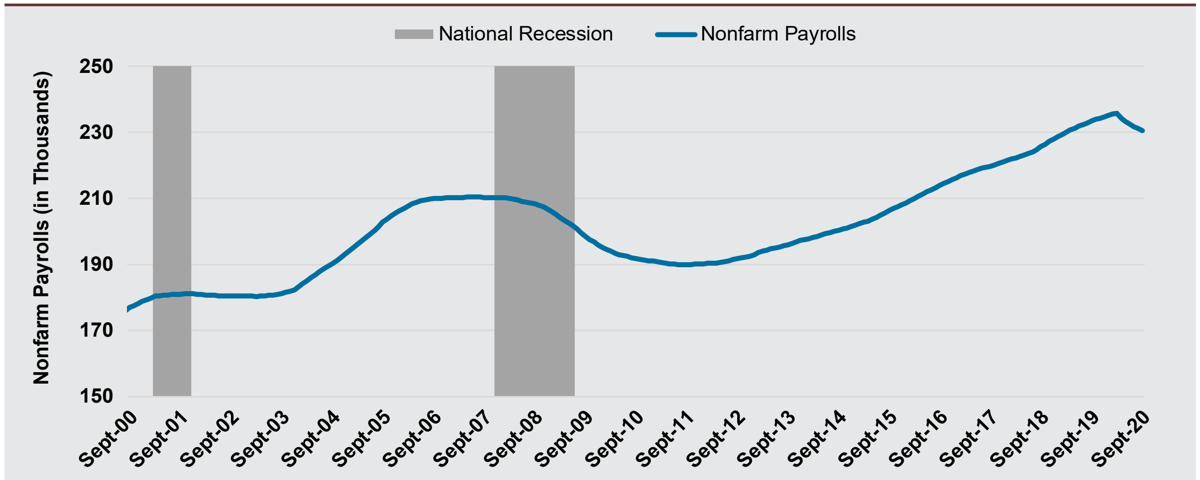
The COVID-19 pandemic has severely weakened the economy in the Lakeland-Winter Haven HMA, as countermeasures to slow the spread of the disease were put in place. On March 17, 2020, restrictions were put in place on bars and nightclubs, followed by the closing of restaurants 3 days later. On April 1, 2020, the governor issued a statewide stay-at-home order, which was relaxed in May. By June, major tourist attractions began to reopen, with lower capacity and safety precautions; LEGOLAND was the first major resort in central Florida to reopen. Along with the reopening of the resort, LEGOLAND went forward with previous plans to open a new hotel, Pirate Island Hotel, but because safety and health measures limited hotel and resort capacity, an undisclosed number of LEGOLAND workers were laid off. As a result of efforts to curb the pandemic, nonfarm payrolls fell by 23,100 jobs, or 9.7 percent, in March and April before recovering 7,400 jobs in May. An additional 5,600 jobs were recovered from June through September; however, payrolls remain 10,100 jobs below February levels. The large number of job losses stemming from the COVID-19 pandemic has had an enormous effect on the unemployment rate in the HMA. The unemployment rate peaked in May 2020 at 17.6 percent but dropped to 8.4 percent in September 2020. In February 2020, the month before the pandemic was declared, the unemployment rate in the HMA had been 3.5 percent.

Current Conditions—Nonfarm Payrolls

During the 12 months ending September 2020, nonfarm payrolls in the HMA decreased by 2,900 jobs, or 1.2 percent, to 230,600, compared with an increase of 3.4 percent, or 7,800 jobs, during the previous 12 months (Figure 3). Approximately 63 percent of the jobs lost in March and April 2020 were recovered through September 2020. Job losses were greatest in the leisure and hospitality sector, which decreased by 2,600 jobs, or 10.6 percent, in the 12 months ending September 2020 because of a decline in tourism (Table 2).

Declines were also strong in the education and health services sector, which lost 1,200 jobs, or 3.5 percent, compared with an increase of 800 jobs, or 2.5 percent, during the previous 12 months, in part due to state-issued guidelines prohibiting all unnecessary medical procedures from March 20 through April 30. The largest increase in jobs during the past 12 months was in the mining, logging, and construction sector, which gained 1,200 jobs, or 8.5 percent—twice as many jobs as during the previous 12 months. This reflects the fast pace of construction projects that were already in progress before the pandemic, such as the new Auto Inspection and Reconditioning Center built by Carvana Co. that is expected to open in late 2020. Also contributing to continued growth in the sector,

Figure 3. 12-Month Average Nonfarm Payrolls in the Lakeland-Winter Haven HMA



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

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

	12 Months Ending September 2019	12 Months Ending September 2020	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	233.5	230.6	-2.9	-1.2
Goods-Producing Sectors	32.0	33.1	1.1	3.4
Mining, Logging, & Construction	14.1	15.3	1.2	8.5
Manufacturing	17.9	17.9	0.0	0.0
Service-Providing Sectors	201.4	197.5	-3.9	-1.9
Wholesale & Retail Trade	40.2	39.8	-0.4	-1.0
Transportation & Utilities	20.1	20.2	0.1	0.5
Information	1.9	1.9	0.0	0.0
Financial Activities	13.1	13.5	0.4	3.1
Professional & Business Services	32.3	32.3	0.0	0.0
Education & Health Services	34.2	33.0	-1.2	-3.5
Leisure & Hospitality	24.5	21.9	-2.6	-10.6
Other Services	6.6	6.2	-0.4	-6.1
Government	28.6	28.8	0.2	0.7

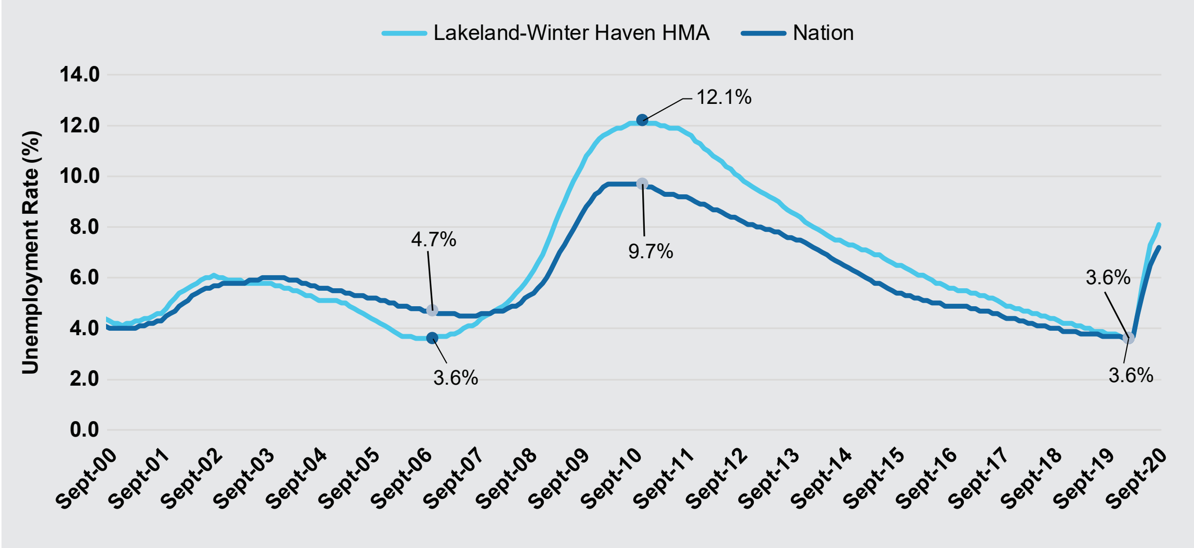
Notes: Based on 12-month averages through September 2019 and September 2020. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

construction jobs were classified as essential during the pandemic and therefore were not affected as significantly as jobs in some other sectors.

Current Conditions—Unemployment

The average unemployment rate for the 12 months ending September 2020 was 8.1 percent—more than twice the 3.8-percent rate from the 12 months ending September 2019 and the highest rate since 2013 (Figure 4). The unemployment rate in the HMA has been higher than the national rate since 2008 except for before the pandemic, during the 12 months ending February 2020, when the HMA and national rates were equal. The unemployment rate has been higher in the HMA than in the nation during the pandemic because of the relatively large number of leisure and hospitality sector jobs associated with LEGOLAND.

Figure 4. 12-Month Average Unemployment Rate in the Lakeland-Winter Haven 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

From 2003 through 2007, before the effects of the Great Recession, nonfarm payrolls in the HMA increased by an average of 6,000 jobs, or 3.1 percent, annually. Approximately 38 percent of new jobs were in the professional and business services sector, which increased by an average of 2,300 jobs, or 9.7 percent, annually. Contributing to gains in the sector was the opening of the new Publix headquarters in 2002, which resulted in 1,200 new jobs by 2006. The only sector that declined was the manufacturing sector, which was down by an average of 200 jobs, or 1.3 percent, annually. The shutdown of three mines and two phosphate plants by The Mosaic Company resulted in the permanent loss of 1,560 mining and manufacturing jobs during the period. A boom in residential construction during the period resulted in construction subsector job growth offsetting mining and logging subsector job losses and contributing to growth of an average of 400 jobs, or 3.0 percent, annually in the mining, logging, and construction sector. The education and health services sector increased by an average of 1,100 jobs, or 4.4 percent, annually, reflecting an increased need for hospitals stemming from population growth during the period. Lakeland Regional Health Medical Center, currently the fifth largest hospital in Florida, opened a new wing in 2005, with approximately 280 beds.

2008 through 2011

The Great Recession had a significant effect on the economy in the HMA, with nonfarm jobs falling by an average of 5,000 jobs, or 2.5 percent, a year from 2008 through 2011. As the demand for housing weakened, the mining, logging, and construction sector lost an average of 1,500 jobs, or 10.5 percent, annually, and the professional and business services sector declined by an average of 1,500 jobs, or 5.3 percent, annually—each accounting for 30 percent of losses. Job losses were widespread and affected every private sector except the education and health services sector, which gained an average of 400 jobs, or 1.2 percent, annually.

In 2009, the Cyprus Gardens theme park in the city of Winter Haven was shut down, which led to a decrease in tourism, affecting both the leisure and hospitality and the wholesale and retail trade sector. The closed park was subsequently bought and reopened in 2011 as LEGOLAND, adding an undisclosed number of jobs. The reduction in consumer demand accounted for a decline in trade—a loss of 800 jobs, or 2.2 percent, annually. The manufacturing sector lost the same number of jobs, declining an average of 4.7 percent annually, and the leisure and hospitality sector decreased by an average of 100 jobs, or 0.6 percent, annually.

2012 through 2019

Nonfarm payrolls in the HMA began to recover in 2012 and increased at a rate of 5,600 jobs, or 2.7 percent, a year through 2019. Growth from 2012 through 2019 was widespread across all private sectors. The transportation and utilities sector and the professional and business services sector each had average annual increases of 1,000 jobs, or 6.2 and 3.6 percent, respectively, annually. O'Reilly Automotive, Inc., expanded its auto parts stores and constructed a distribution center in 2014, adding 400 new jobs. The creation of a significant number of warehouses, depots, and distribution centers contributed to growth in the transportation and utilities sector. The CSX Intermodal Logistics Center opened in the city of Winter Haven in 2014, as rail freight was routed away from the city of Orlando. Combined with other major expansions of infrastructure connecting the cities of Orlando and Tampa, such as improvements to local airports, the hub contributed to job gains in the transportation and utilities sector. The leisure and hospitality sector increased by an average of 900 jobs, or 4.1 percent, which was the second fastest rate of growth in the HMA. The opening of the Streamsong Resort in 2015, the LEGOLAND Hotel in 2015, and the LEGOLAND Beach Retreat in 2017 also contributed to growth in the sector.

Job growth during the 2012-through-2019 period also occurred in the trade, healthcare, and construction industries. The wholesale and retail trade sector increased by 900 jobs, or 2.4 percent, a year; part of that growth is attributed to the opening of the Lakeland Park Center shopping mall in 2014, which created 200 new jobs. The education and health services sector maintained a pace of 600 jobs, or 1.8 percent, added annually, in response to the education and healthcare demands of an increasing population. The mining, logging, and construction sector increased by an average of 500 jobs, or 4.2 percent, annually, partially due to an increase in residential and commercial construction.

Employment Forecast

During the forecast period, nonfarm payrolls are expected to increase an average of 1.1 percent annually. Job growth is likely to occur at a slower pace compared with recent years because recovery from the pandemic is expected to occur more slowly in service-providing sectors, especially the leisure and hospitality sector. Publix has plans to expand its headquarters during the next few years, adding up to 700 jobs, which will contribute to continued job growth in the professional and business services sector. Also, Nucor Corporation is building a steel manufacturing facility in the second half of 2020 that is expected to create 250 new jobs, which will contribute to job gains in the manufacturing sector.

Population and Households

Current Population: 706,400

From 2015 to 2019, net in-migration was strong, averaging 14,000 people annually and accounting for 94 percent of population growth during the period.

Population Trends

As of October 1, 2020, the population of the Lakeland-Winter Haven HMA, is estimated at 706,400, representing an average increase of 9,950, or 1.5 percent, annually since April 2010 (Table 3). Net in-migration averaged 8,900 annually reflecting strong job growth. Net natural change (resident births minus resident deaths) has averaged 1,050 people annually since 2010 but has been declining since 2007 because an increasing portion of the population are 65 years and older. From 2010 to 2018, Lakeland—the largest city in the HMA—gained, on average, 1,550 people, or 1.5 percent, annually, to reach 110,500, whereas Winter Haven, the next largest city, grew by 1,025 people, or 2.7 percent, annually, to 43,000.

From April 2000 to July 2007, when the economy was generally expanding, population growth in the HMA averaged 14,100 people, or 2.7 percent, annually. Net in-migration during that period averaged 12,150 people, or 86 percent of total population growth (Figure 5). The Great Recession contributed to a sharp decrease in net in-migration in the HMA. From 2007 to 2012, population growth slowed to 4,275 people, or 0.7 percent, annually; net in-migration slowed to 2,200 people annually, or 51 percent of population growth. Since 2012, a strong local economy has contributed to relatively high levels of net in-migration, whereas an increased portion of the population ages 65 and older contributed to lower net natural increase. Average annual population growth in the HMA rose to 12,000, or 1.8 percent, since 2012, with net in-migration reaching an average of 11,050, or 92 percent of total population growth, annually, and net natural change slowing to 950 people a year.

Table 3. Lakeland-Winter Haven HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	602,095	706,400	729,800
	Average Annual Change	11,800	9,950	7,800
	Percentage Change	2.2	1.5	1.1
		2010	**Current**	**Forecast**
Household Quick Facts	**Households**	227,485	260,500	269,000
	Average Annual Change	4,025	3,150	2,850
	Percentage Change	2.0	1.3	1.1

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 (October 1, 2020) to October 1, 2023.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Age Cohort Trends

The fastest growing age cohort from 2010 to 2019 was the 65-and-older cohort, having increased from 18.0 percent of the population in 2010 to 20.6 percent of the population in 2019 (2010 and 2019 American Community Survey [ACS] 1-year data). The population size and portion of each of the five smaller age subcategories of the 65-and-older age cohort increased during the period. The only other age cohort to increase during the period was the cohort ages 25 to 34, which increased from 11.8 percent in 2010 to 13.2 percent in 2019 (Figure 6).

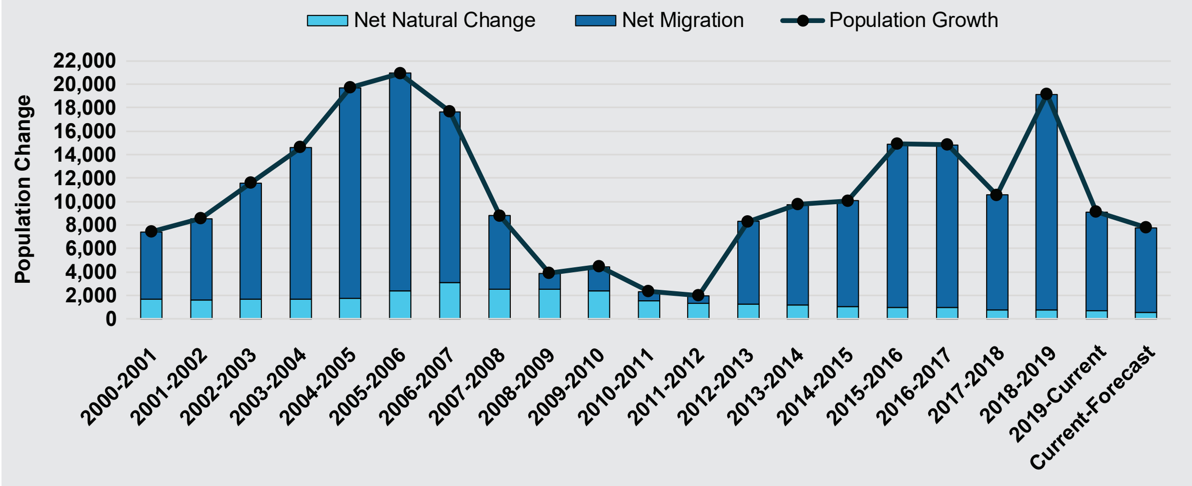
Household Trends

Similar to population growth trends, household growth in the HMA since 2010 has been slower than during the 2000s. The current number of households in the HMA is estimated at 260,500, an average annual increase of 3,150, or 1.3 percent, since 2010—slightly lower than the rate of population growth, which was 1.5 percent during the same period. By comparison, from 2000 to 2010, household growth averaged 4,025, or 2.0 percent, annually. An increase in doubling up of households and a trend of delayed household formation that began in the late 2000s as a result of the Great Recession have contributed to the slower pace in household growth since 2010. The average household size rose from 2.52 in 2000 to 2.59 in 2010 and is currently estimated at 2.66. Nationally, household size dropped from 2.59 in 2000 to 2.58 in 2010 and was back up to 2.61 in 2019 (Decennial Census and 2019 ACS 1-year data). For the HMA, homeownership has been falling: from 73.4 percent in 2000 to 70.5 percent in 2010, with a further decrease to 68.9 percent, currently, because of the large increase in rental households.

Forecast

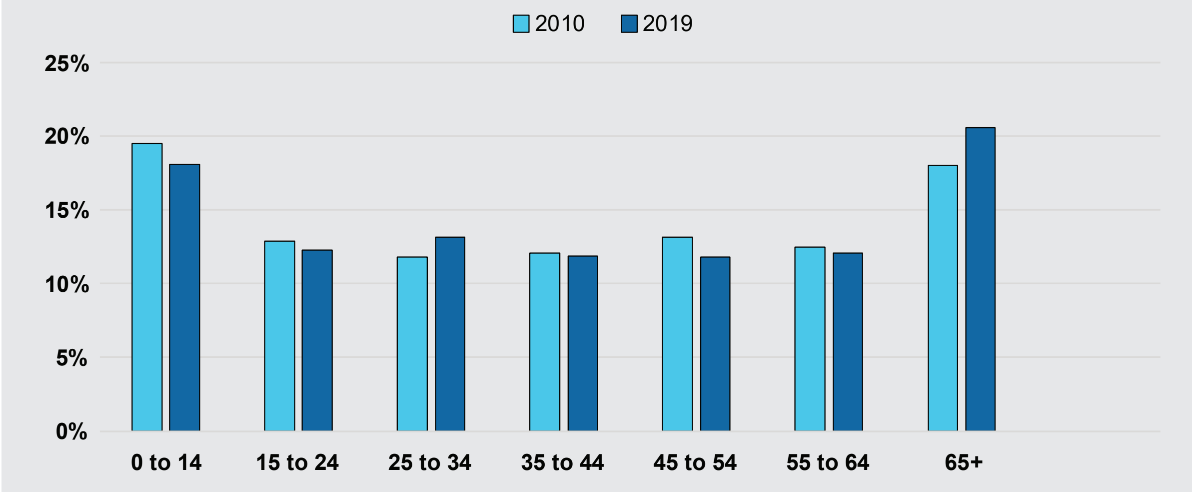
The population of the HMA is expected to increase an average of 1.1 percent annually during the forecast period, reflecting relatively slower job growth compared with recent years. During the period, net in-migration is expected to account for 93 percent of population growth. Net natural increase is expected to continue to slow due to an increasing portion of residents aged 65 and older. Households are expected to increase by an average of 2,850, or 1.1 percent, a year, a pace in line with population growth.

Figure 5. Components of Population Change in the Lakeland-Winter Haven HMA, 2000 Through the Forecast



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (October 1, 2020) to October 1, 2023.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Figure 6. Population by Age Range in the Lakeland-Winter Haven HMA



Sources: U.S. Census Bureau; 2010 and 2019 American Community Survey [ACS] 1-year data

Home Sales Market

Market Conditions: Balanced

New home sales accounted for 27 percent of total home sales during the 12 months ending September 2020.

Current Conditions

The sales housing market in the Lakeland-Winter Haven HMA is currently balanced, with an estimated 2.0-percent vacancy rate (Table 4)—down from 4.3 percent in 2010. The inventory of homes for sale fell to 2.2 months during September 2020, a decrease from the 3.1-month supply in September 2019 and slightly lower than the national inventory of 2.3 months (CoreLogic, Inc.). During the 12 months ending September 2020, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 16,650—a 2-percent decrease from the number of homes sold a year earlier, compared with a decrease of 5 percent nationally (Zonda). Before the start of the COVID-19 pandemic, home sales were already declining in the HMA due to low inventory. The average sales price for new and existing homes increased 6 percent during the 12 months ending September 2020, to $221,800, compared with a 9-percent increase in the previous 12 months. Existing homes were responsible for almost all the increase during the past year because new home prices increased less than one-half percent. The relative affordability of housing in the HMA has contributed to population growth in recent years. During the 12 months ending September 2020, new and existing home sales prices averaged $295,800 and $334,400 for the Tampa-St. Petersburg-Clearwater, FL MSA and the Orlando-Kissimmee-Sanford, FL MSA—33 and 51 percent higher, respectively, than the average price in the Lakeland-Winter Haven HMA.

Table 4. Home Sales Quick Facts in the Lakeland-Winter Haven HMA

		Lakeland-Winter Haven HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	2.0%	NA
	Months of Inventory	2.2	2.3
	Total Home Sales	16,650	4,268,000
	1-Year Change	-2%	-5%
	New Home Sales Price	$253,200	$405,600
	1-Year Change	0%	2%
	Existing Home Sales Price	$209,700	$333,000
	1-Year Change	9%	6%
	Mortgage Delinquency Rate	6.0%	4.4%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending September 2020; and months of inventory and mortgage delinquency data are as of September 2020. The current date is October 1, 2020.
Sources: CoreLogic, Inc.; Zonda

New and Existing Home Sales

Sales of new homes totaled 4,550 in the 12 months ending September 2020—7 percent higher than a year earlier, compared with a near-record-high increase of 25 percent for the 12 months ending September 2019. New home sales peaked at 8,000 in 2005, during the housing boom, before declining by an average of 1,200, or 31 percent, annually, to a low of 840 in 2011, following the Great Recession (Figure 7). As the economy improved and in-migration accelerated, new home sales increased every year from 2012 through 2019, averaging 450, or 23 percent, annually, to approximately 4,450 homes in 2019.

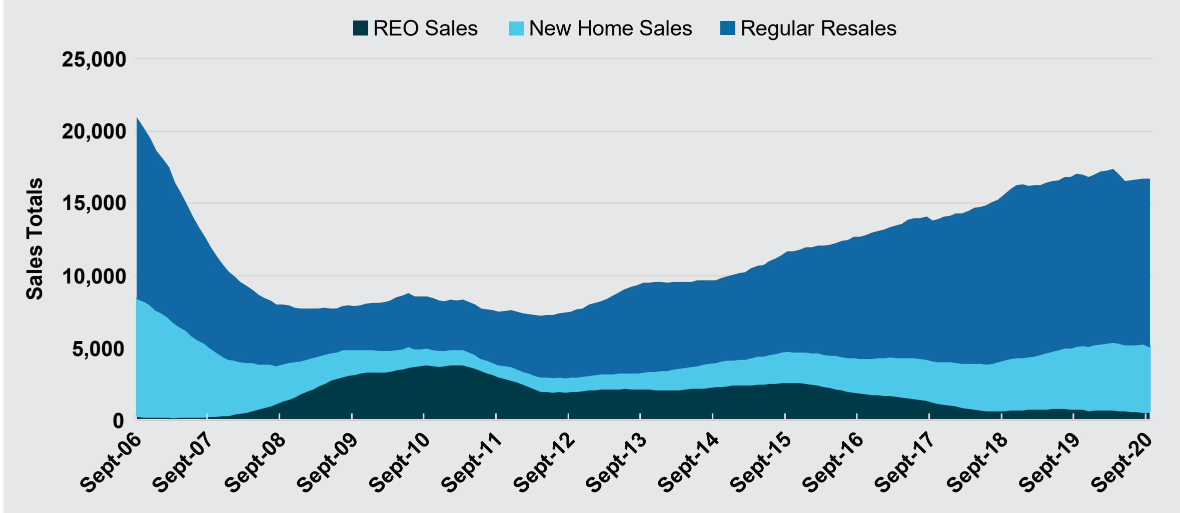
New home sales represented 27 percent of total homes sales in the 12 months ending September

2020—the highest share since 2008. The new home share had previously reached a high of 39 percent in 2006. The share has been consistently increasing every year from a low of 11 percent in 2011 as a result of both the absorption of surplus housing since the Great Recession and the increasing demand for housing due to in-migration from the strengthening economy—prior to the COVID-19 pandemic.

During the 12 months ending September 2020, existing home sales decreased by 610, or 5 percent, compared with the previous 12 months. Existing home sales peaked at 15,200 homes in 2005 but declined by an average of 3,250, or 29 percent, a year to a low of 5,425 homes in 2008, during the Great Recession. Sales of existing homes fluctuated from 2009 through 2011 during the worst of the housing market crisis and averaged 6,775 homes sold. Sales began increasing in 2012 as the economy started to recover, averaging increases of 10 percent, or 880 homes, annually through 2018, when home sales reached 12,700 before declining 2 percent in 2019 to 12,450. Although existing home sales decreased by 270 homes, new home sales offset the decline with an increase of more than 970 homes. Most new home sales in 2019 were in areas of the HMA that were relatively undeveloped, with fewer existing homes and more available land.

Real estate owned (REO) sales were a significant portion of existing home sales in the early 2010s, as the HMA recovered from the housing crisis.

Figure 7. 12-Month Sales Totals by Type in the Lakeland-Winter Haven HMA



REO = real estate owned.
Source: Zonda

During the economic expansion in 2006, the total of 290 REO sales made up 3 percent of existing homes sales that year. By 2010, REO sales had increased more than tenfold, to 3,850, or 54 percent of existing home sales. During the 12 months ending September 2020, the number of REO sales decreased by 260, or 30 percent, to 600 homes, compared with the previous 12 months, and represented 5 percent of existing home sales.

New and Existing Home Sales Price Trends

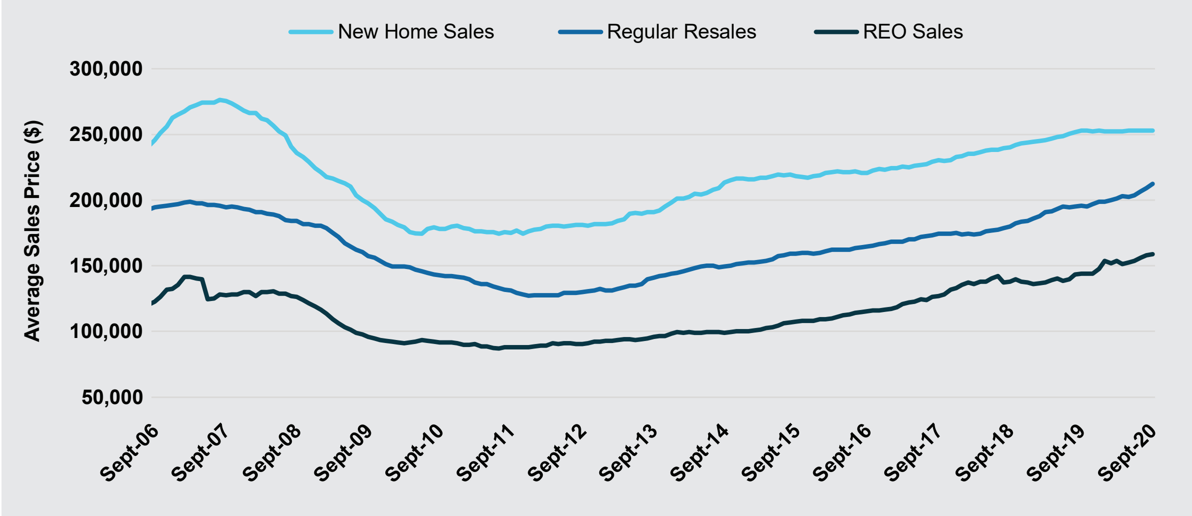
During the 12 months ending September 2020, the average price of a new home sold was $253,200—a slight increase of less than 1 percent from the previous 12 months, compared with a 5-percent increase a year earlier (Figure 8). The average new home sales price has not recovered to the previous peak of $276,400 in 2007, which is $23,200, or 9 percent, higher than the current average price. The average new home sales price increased 15 percent annually from 2006 through 2007 to a peak of $268,300 before beginning to decline as a result of worsening economic and sales housing market conditions. From 2008 through 2011, the average new home sales price decreased by an average of $23,050, or 10 percent, annually to a low of $176,100. As economic conditions improved and in-migration increased from 2012 through 2019, the average new home sales price rose to $252,700, an average increase of 5 percent, or $9,575, a year.

Existing homes, which had greater supply constraints due to the COVID-19 pandemic, had a sales price increase of $16,600, or 9 percent, to an average of $209,700 during the 12 months ending September 2020—the same increase as during the previous 12 months. Before the Great Recession, the average existing home sales price peaked in 2006, at $194,800, a $23,700, or 14-percent, increase from the previous year. Subsequently, the average existing home sales price decreased by $16,650, or 11 percent, annually, to a low of $111,600 in 2011, due to the housing crisis. In the years that followed, the improving economic conditions and the resulting in-migration led to an increase in the average existing home sales price of $10,550, or 7 percent, annually, to $195,800 in 2019. The average existing home sales price surpassed the peak reached before the Great Recession in 2019.

Delinquent Mortgages and REO Properties

The rate of seriously delinquent mortgages and REO properties in the HMA has generally been higher than the national average since 2000 (CoreLogic, Inc.). In January 2010, the rate of seriously delinquent mortgages and REO properties in the HMA peaked, at 18.6 percent;

Figure 8. 12-Month Average Sales Price by Type of Sale in the Lakeland-Winter Haven HMA



REO = real estate owned.
Source: Zonda

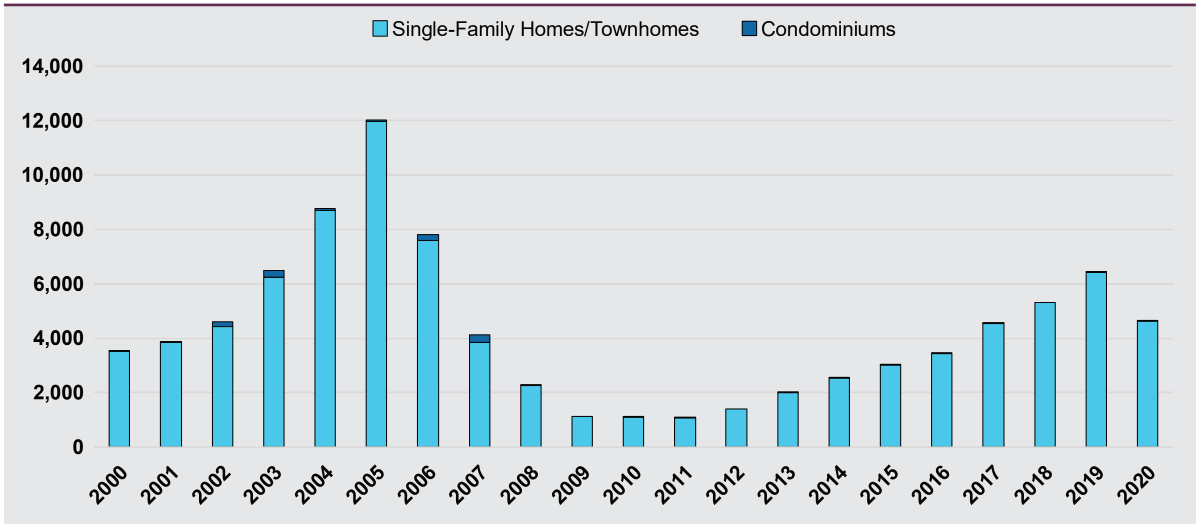
the national rate reached a high of 8.6 percent in February 2010. Mortgage delinquencies trended downward for much of the 2010s and only recently began to rise as a result of the economic downturn caused by the COVID-19 pandemic. In August 2020, 5.9 percent of mortgages in the HMA were seriously delinquent or in REO status—up from 2.1 percent a year earlier. Nationally, the rate increased from 1.4 percent in August 2019 to 4.4 percent in August 2020.

Sales Construction Activity

Sales construction activity, as measured by the number of sales units permitted—including single-family homes, townhomes, and condominiums—has generally increased in the HMA since 2009 (Figure 9). During the 12 months ending September 2020, approximately 5,800 sales units were permitted—down 5 percent from 6,075 during the previous 12-month period (preliminary data, with adjustments by the analyst). From 2001 through 2006, the number of sales units permitted increased by an average of 710 units, or 14 percent, annually, to 7,800 units in 2006, to meet demand stemming from the surge in in-migration due to economic growth. Demand for new sales housing slowed as a result of the housing crisis and the Great Recession, contributing to a decline in the number of units permitted from 2007 through 2009 by an average of 2,225, or 47 percent, annually to 1,125 units permitted in 2009. During 2010 and 2011, the number of homes permitted continued to decline but at a slower pace, decreasing an average of 30 homes, or 3 percent, annually, to a low of 1,075 homes in 2011. Increasing population and robust economic growth beginning in 2012 led to renewed confidence in the housing market and increased demand for new homes. The number of sales units permitted increased by an average of 670 units, or 25 percent, annually from 2012 through 2019, to 6,450 units. Condominiums represented 2 percent of sales construction activity from 2002 through 2007, but since 2008, condominiums have accounted for less than 1 percent of home construction.

Most new subdivisions are in the northern half of the HMA, near the Interstate 4 corridor and the two largest cities of Lakeland and Winter Haven. A significant increase in development has been occurring in the northeast part of the HMA since 2017 because of the development of higher density infrastructure to meet the demand for commuters to the Orlando-Kissimmee-Sanford MSA and employees at the Walmart e-commerce fulfillment facility in the city of Davenport. Subdivisions underway in the area include the fourth phase of Highland Meadows, totaling 200 homes. Prices in the community range from $197,000 for a three-bedroom home to $243,000 for a five-bedroom home.

Figure 9. Average Annual Sales Permitting Activity in the Lakeland-Winter Haven HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through September 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

Forecast

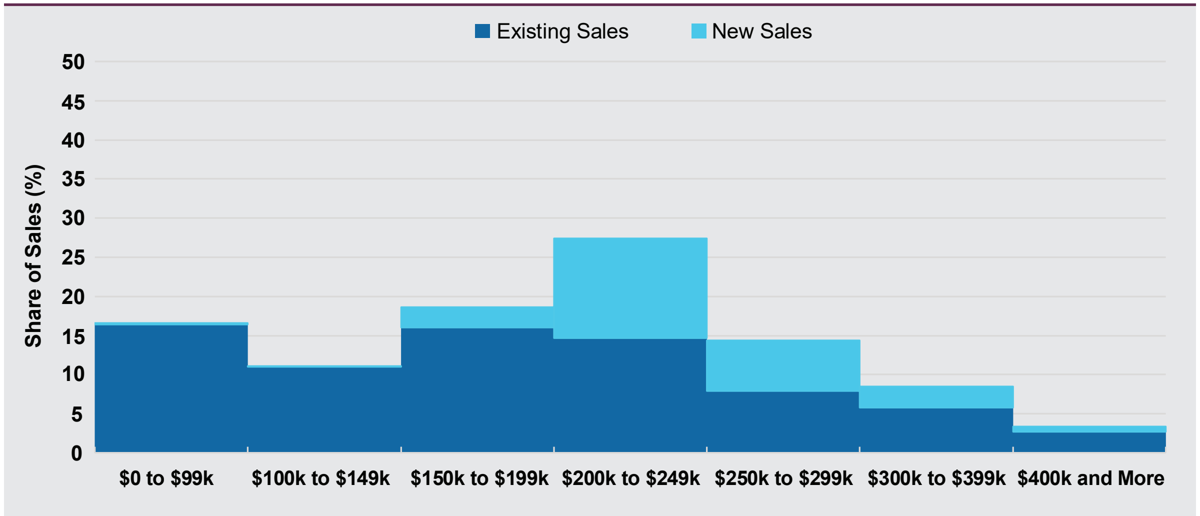
During the next 3 years, demand is expected for 8,125 new sales units in the HMA (Table 5). The 2,225 homes currently under construction are expected to meet part of the demand during the first year. Sales demand is expected to remain stable during the forecast period due to stable economic growth. Demand by price range is expected to be similar to the distribution of new home sales during the past 12 months, with most demand falling in the $200,000-to-$249,999 price range (Figure 10).

Table 5. Demand for New Sales Units in the Lakeland-Winter Haven HMA During the Forecast Period

	Sales Units
Demand	8,125 Units
Under Construction	2,225 Units

Notes: The forecast period is from October 1, 2020, to October 1, 2023. Sales demand includes an estimated demand for 300 mobile homes.
Source: Estimates by the analyst

Figure 10. Share of Sales by Price Range During the 12 Months Ending September 2020 in the Lakeland-Winter Haven HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

Rental Market

Market Conditions: Balanced

More than 68 percent of market-rate rental construction in the HMA since 2016 has been concentrated in the northeastern part of the HMA, away from the traditional population centers.

Current Rental Market Conditions and Recent Trends

The rental market in the Lakeland-Winter Haven HMA is currently balanced, with an overall estimated rental vacancy rate of 7.5 percent—down from 15.8 percent in April 2010 (Table 6). Strong net in-migration, relatively slow rental construction activity during and following the Great Recession, and increased renter household growth contributed to declining vacancy rates and rising rents during the mid- to late 2010s. The proportion of renter households in the HMA increased from 29.5 percent in 2010 to an estimated 31.1 percent currently because of the large number of foreclosures in the sales market in the early 2010s and strong renter household growth during the remainder of the decade. The effects of the countermeasures used to slow the spread of COVID-19 were mostly mitigated because of eviction protection policies at the state and federal levels.

Table 6. Rental Market Quick Facts in the Lakeland-Winter Haven HMA

		2010 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	15.8	7.5
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	40.0	44.0
	Multifamily (2–4 Units)	17.0	15.0
	Multifamily (5+ Units)	27.0	28.0
	Other (Including Mobile Homes)	16.0	13.0
		Current	**YoY Change**
Apartment Market Quick Facts	**Apartment Vacancy Rate**	4.1	-2.0
	Average Rent	$980	1.5
	Studio	$689	6.2
	One-Bedroom	$838	-0.2
	Two-Bedroom	$1,015	0.2
	Three-Bedroom	$1,319	2.8

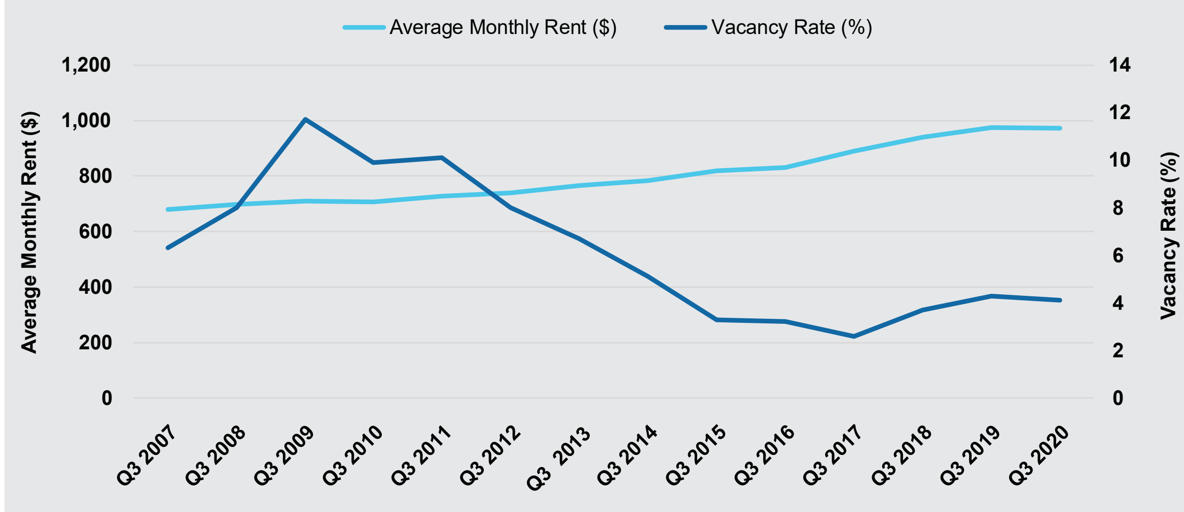
YoY = year-over-year.
Notes: The current date is October 1, 2020. Percentages may not add to 100 due to rounding.
Sources: 2010 and 2019 American Community Survey, 1-year data; Reis, Inc.

Apartment Market Trends

The average apartment vacancy rate rose from 6.3 percent in the third quarter of 2007 (Reis, Inc.) to a high of 11.7 percent for the same quarter in 2009 as a result of job losses and the completion of a large number of apartment properties (Figure 11). From 2007 through 2009, 2,000 apartment units were completed and added to the supply. The average monthly rent increased an average of 2 percent, annually, during the period, to $709. The average vacancy rate fell considerably in 2012, to 8.0 percent. As the economy and the housing market recovered and apartment construction stalled, the vacancy rate dropped to 2.6 percent in the third quarter of 2017, whereas the average rent continued to climb an average of 3 percent annually, to $888. As new apartments entered the market, the vacancy rate rose to 4.3 percent in the third quarter of 2019, with the average rent increasing an average of 4 percent annually from 2017 to 2019, to a high of $973. As of the third quarter of 2020, apartment market conditions in the HMA were balanced, with a 4.1-percent vacancy rate, compared with 4.3 percent during the third quarter of 2019. During the same period, the average apartment rent was unchanged, at $973.

As of the third quarter of 2020, the market for senior apartments in the HMA was soft, with a 14.4-percent vacancy rate, compared with 13.5 percent a year earlier. The average rent for senior apartments during the third quarter of 2020 was $2,553, representing a 1-percent decrease from a year earlier and an average increase of 1 percent annually since the third quarter of 2015. Rents for senior housing tend to be higher due to the more comprehensive set of amenities provided. In 2019, 18 percent of households with heads of household aged 65 or older were renter households, compared with 14 percent in 2010 (2010 and 2019 ACS 1-year data).

Figure 11. Apartment Rents and Vacancy Rates in the Lakeland-Winter Haven HMA



Q3 = third quarter.
Source: Reis, Inc.

Single-Family Homes for Rent

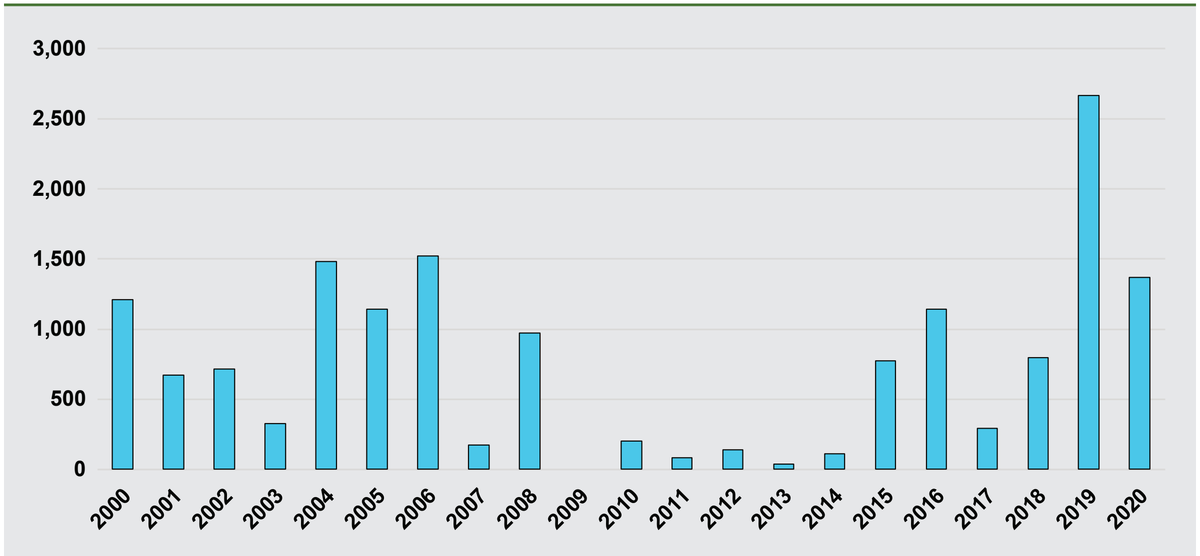
The average vacancy rate for professionally managed single-family rental homes was 2.7 percent in September 2020—down from 4.0 percent in September 2012 (CoreLogic, Inc.), the earliest year for which those data were collected. Renter households residing in single-family homes represent a significant portion of all renter households in the HMA. In 2019, 44.0 percent of renter households lived in single-family homes—up from 40.0 percent in 2010 (2010 and 2019 ACS 1-year data). In September 2020, the average vacancy rate among professionally managed, two-bedroom, single-family rental homes was 2.4 percent—down from 3.8 percent in 2012. The average rent in September 2020 for a professionally managed, two-bedroom single-family rental home was $1,151—up 4 percent from a year earlier and an average of 4 percent annually since 2012 (CoreLogic, Inc.). The vacancy rate among professionally managed, three-bedroom, single-family rental homes was 1.5 percent—unchanged from a year earlier and down from 2.3 percent in 2012. The average monthly rent for professionally managed, three-bedroom, single-family rental homes was $1,461—up 8 percent from a year earlier and up from an average of 5 percent annually since 2012.

Rental Construction Activity

Since 2000, rental construction activity, as measured by the number of rental housing units permitted, has fluctuated, with a limited number of units permitted from 2009 through 2014 (Figure 12). An average of 910 rental units were permitted annually from 2000 through 2008. During 2009, no rental housing permits were issued, as builders responded to job losses and a soft apartment market. From 2010 through 2014, rental housing construction remained low, averaging 110 units permitted annually. Job losses during

2010 and 2011 contributed to relatively low rental housing construction; the number of rental units permitted stayed low through 2014 despite a strengthening economy and rental market, as developers were slow to respond to increased demand. From 2015 through 2018, rental housing construction increased, averaging 750 units permitted annually, and then peaked at 2,675 units permitted in 2019. Increased demand stemming from job and population growth contributed to increased rental housing permitting during this period. The number of units permitted increased 8 percent during the 12 months ending September 2020, to nearly 2,100 units, from a year earlier.

Figure 12. Average Annual Rental Permitting Activity in the Lakeland-Winter Haven HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through September 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

Rental Construction Activity by Geography

Recent apartment construction activity has been concentrated in the city of Davenport in the northeast portion of the HMA, due to a $300 million state-of-the-art Walmart Inc. e-commerce fulfillment center that opened in 2017. The following year, the facility created 1,000 jobs, with further room to expand as necessary. Since the completion of the fulfillment center, the county focused resources on developing the area, such as building new schools. The location of the city of Davenport, along the border of the Orlando-Kissimmee-Sanford MSA, has attracted commuters to the relatively affordable area, particularly leisure and hospitality workers who have been priced out of the neighboring market closer to their workplaces. The city of Davenport has accounted for 38 percent of rental construction since 2016.

Current Rental Construction Activity

Approximately 4,075 rental housing units are under construction in the HMA; 1,400 of the units are in the city of Davenport, slightly fewer than the much larger city of Lakeland, which has 1,750 units under construction. Currently under construction in the city of Davenport is the Thrive by Watermark apartments, with 328 units, which is scheduled to be completed in March 2021. Rents for one-, two-, and three-bedroom units at the development start at $1,199, $1,460, and $1,799, respectively. In the city of Lakeland, the 305-unit Mirrorton apartments are under construction and scheduled to be completed in April 2021. Rents at the development for one-, two-, and three-bedroom units are expected to start at $1,050, $1,600, and $2,225, respectively.

Forecast

During the forecast period, apartments in the HMA are expected to remain more affordable than in the Tampa or Orlando metropolitan areas, and demand is estimated for 3,125 new rental units in the HMA (Table 7). Rental demand is expected to increase each year during the forecast period as economic conditions improve. The 4,075 units under construction are expected to exceed demand during the forecast period.

Table 7. Demand for New Rental Units in the Lakeland-Winter Haven HMA During the Forecast Period

	Rental Units
Demand	3,125 Units
Under Construction	4,075 Units

Note: The forecast period is October 1, 2020, to October 1, 2023.
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.
Forecast Period	10/1/2020–10/1/2023—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.
Rental Market/ Rental Vacancy Rate	Includes 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.

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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