

COMPREHENSIVE HOUSING MARKET ANALYSIS

Ocala, Florida

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

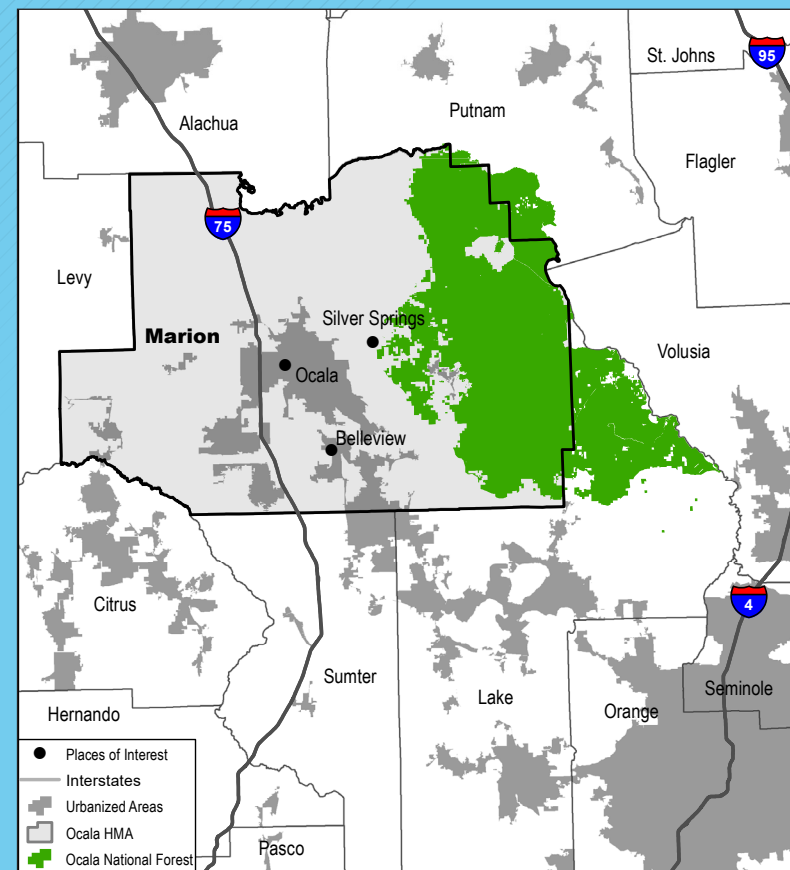
As of April 1, 2019



Executive Summary

Housing Market Area Description

The Ocala Housing Area (HMA) is coterminous with the Ocala, FL Metropolitan Statistical Area and consists of Marion County. The principal city is Ocala, and the HMA is in central Florida, less than an hour drive to the Atlantic Ocean to the east and the Gulf of Mexico to the west. The HMA is known as the Horse Capital of the World, with over 70,000 acres of training and breeding farms. It is also a popular destination for outdoor recreation and tourism being the home to the Ocala National Forest, the second largest national forest in Florida and one of the largest artesian (freshwater) spring formations in the world.



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



Relatively strong: Nonfarm payrolls increased 2.4 percent during the 12 months ending March 2019.

The economy has been growing at a steady pace since 2011. During the past 12 months, payrolls increased by 2,500 jobs to 105,100 jobs. Recent job gains have been concentrated in the education and health services sector, and two of the largest employers in the HMA are hospitals. During the next 3 years, nonfarm payrolls are expected to increase an average of 2.2 percent annually.

Sales Market



Balanced: Average existing home sales increased 2 percent during the 12 months ending February 2019.

The sales housing market is balanced in the HMA. The sales vacancy rate is currently estimated at 1.8 percent, down from 4.4 percent during 2010. The inventory of homes for sale increased to a 5.0-months supply in March 2019, from a 4.9-months supply a year earlier. Existing home sales increased 2 percent to 10,250 during the 12 months ending February 2019 compared with a year ago, and the average existing home price rose 15 percent, to \$149,200 (CoreLogic, Inc). During the 3-year forecast period, demand is estimated for 8,325 additional units. The 1,350 homes under construction are expected to meet a portion of demand.

Rental Market



Balanced: The average market-rate apartment rent during the first quarter of 2019 was \$899, up 8 percent from a year earlier.

The rental housing market in the Ocala HMA is currently balanced, with an overall estimated vacancy rate of 7.1 percent, down from 14.1 percent in April 2010. Apartment market conditions are also balanced, with a vacancy rate of 5.6 percent during the first quarter of 2019, compared with 5.0 percent from the first quarter of 2018 (Reis, Inc.). During the forecast period, demand is expected for 760 rental units. No units are currently under construction in the HMA.

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3-Year Housing Demand Forecast

Ocala HMA	Sales Units	Rental Units
	Total Demand	
	8,325	760
	Under Construction	0

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2019. The forecast period is April 1, 2019, to April 1, 2022.
Source: Estimates by the analyst



Economic Conditions

Largest sector: Wholesale and Retail Trade

The education and health services sector, the second largest sector in the economy, has been the fastest growing sector since 2000 (Figure 1).

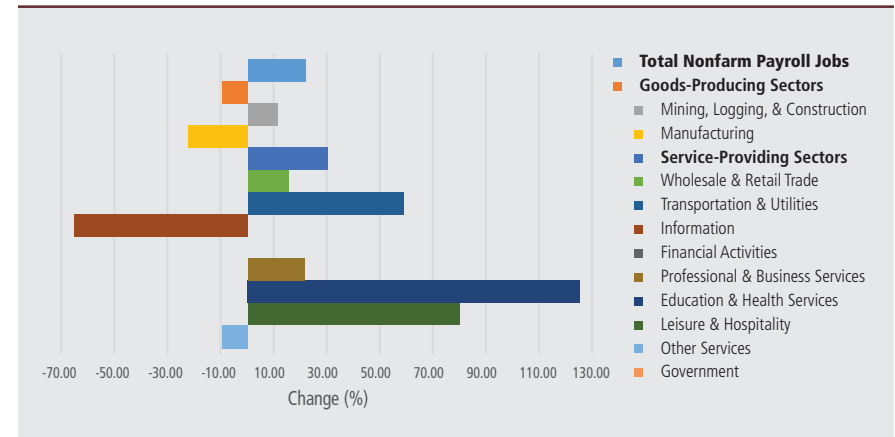
Primary Local Economic Factors

The Ocala HMA, in central Florida, is centered between the Atlantic Ocean to the east and the Gulf of Mexico to the west and is a destination for retirees. The area has developed a world-class equestrian industry, with more than 1,200 horse farms in the HMA; the attraction is the mild climate year-round and soil rich with limestone calcium that helps the horses develop strong bones. The HMA is home to approximately 430 thoroughbred farms and training centers and 35,300 thoroughbreds. The area is also a popular destination for eco-tourism as it is home to the Ocala National Forest and more than 600 springs, lakes, and rivers.

Nonfarm Payroll Trends—Overview

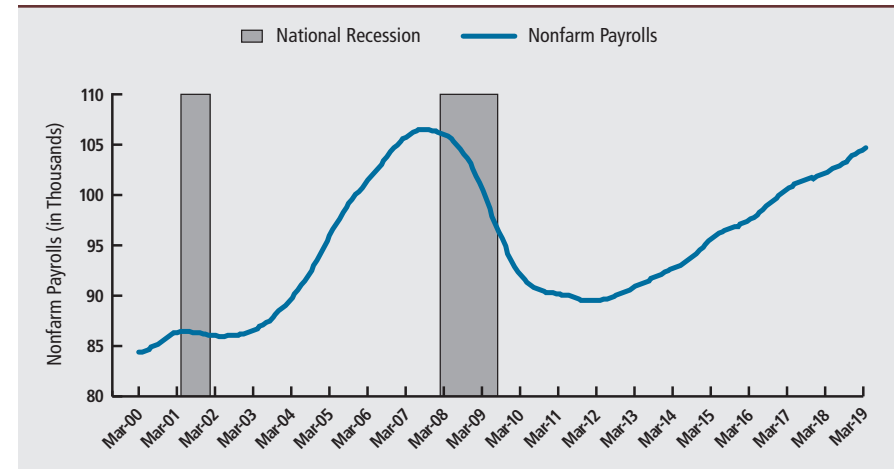
The economy of the Ocala HMA has improved since the Great Recession, adding jobs every year since 2011. Following a dip in the economy in 2000, the Ocala HMA had a period of economic growth: from 2001 through 2006, nonfarm payrolls in the HMA increased by an average 3,200 jobs, or 3.4 percent, annually (Figure 2). Payroll growth during this period was widespread, with most of the sectors adding jobs. During this period, the mining, logging, and construction sector led the growth, with an average increase of 900 jobs, or 9.8 percent, annually, accounting for more than 28 percent of all job growth. The information and manufacturing sectors were the only two sectors during this period to decline, falling by respective averages of 100 and 200 jobs, or 4.9 and 1.9 percent, annually. Although average annual payroll growth continued in 2007, growth slowed to 500 jobs, or 0.5 percent. From 2008 through 2011,

Figure 1. Sector Growth in the Ocala HMA, 2001 to Current



Notes: The current date is April 1, 2019. The changes in the financial activities and government sectors are too small to show on the graph.
Sources: U.S. Bureau of Labor Statistics

Figure 2. 12-Month Average Nonfarm Payrolls in the Ocala HMA



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

the effects of the Great Recession caused nonfarm payrolls to decline by an average of 4,100 jobs, or 4.1 percent, annually, with more than 56 percent of the losses occurring in the goods-producing sectors. The largest absolute losses were in the mining, logging, and construction sector which declined by an average of 1,500 jobs, or 16.3 percent, annually, as a result of a slowdown in residential construction. In 2012, the local economy stabilized and began to recover, and through 2017, nonfarm payrolls rose an average of 2,100 jobs, or 2.2 percent, annually. Growth was widespread, with only the financial activities and government sectors losing jobs, falling by 100 and 400 jobs respectively, or 1.2 and 2.4 percent annually. The education and health services sector added the most jobs and led all sectors with 800 jobs, or 5.0 percent, added annually.

Current Conditions—Nonfarm Payrolls

During the 12 months ending March 2019, nonfarm payrolls in the Ocala HMA increased by 2,500 jobs, or 2.4 percent, to 105,100 jobs compared with an increase of 1,600 jobs, or 1.5 percent, during the 12 months ending March 2018 (Table 1). During the past 12 months, every payroll sector in the HMA grew or remained the same except for the other services sector which declined by 100 jobs, or 3.3 percent. The current number of payroll jobs remains approximately 1 percent below the pre-recessionary peak of 106,100 in 2007.

Current Conditions—Unemployment

The unemployment rate, which peaked at 13.6 percent in the HMA during 2010, averaged 4.2 percent during the 12 months ending March 2019, down from 4.8 percent a year earlier. By comparison, the national unemployment rate declined from an average of 4.0 percent to 3.8 percent during the period and peaked in January 2010 at 10.6 percent. Employment growth far outpacing growth in the labor force has contributed to the declining unemployment rates, both in the HMA and at the national level. Figure 3 shows trends in the unemployment rate from 2000 to the current date for the HMA and the nation.

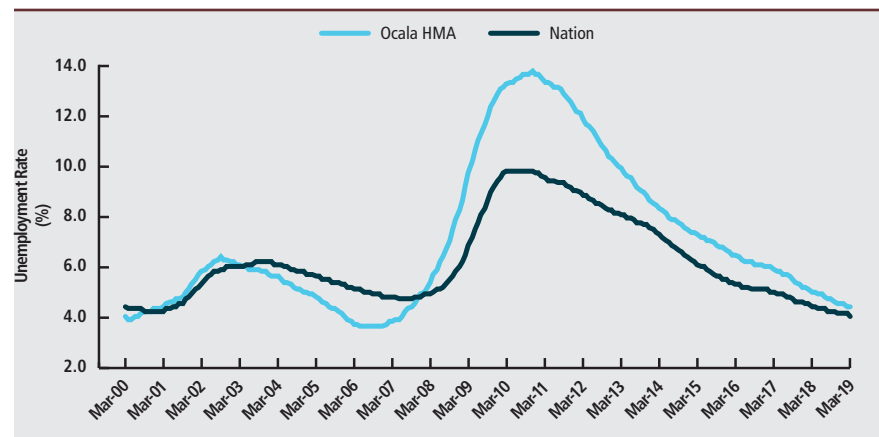
Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Ocala HMA, by Sector

	12 Months Ending March 2018	12 Months Ending March 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	102.6	105.1	2.5	2.4
Goods-Producing Sectors	15.7	16.6	0.9	5.9
Mining, Logging, & Construction	7.4	8.0	0.6	8.1
Manufacturing	8.3	8.6	0.3	3.6
Service-Providing Sectors	87.0	88.5	1.5	1.8
Wholesale & Retail Trade	20.3	20.7	0.4	1.8
Transportation & Utilities	3.7	3.8	0.1	2.7
Information	0.8	0.8	0.0	0.0
Financial Activities	3.9	3.9	0.0	0.0
Professional & Business Services	9.1	9.7	0.6	6.6
Education & Health Services	18.6	19.1	0.5	2.7
Leisure & Hospitality	12.9	12.9	0.0	0.0
Other Services	3.0	2.9	-0.1	-3.3
Government	14.8	14.9	0.1	0.7

Notes: Based on 12-month averages through March 2018 and March 2019. Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics

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



Source: U.S. Bureau of Labor Statistics

Economic Sectors of Significance

Professional and Business Services

Tied with the mining, logging, and construction sector, the professional and business services sector had the highest job growth in the HMA during the 12 months ending March 2019, expanding to 9,700 jobs, which reflects an increase of 600 jobs, or 6.6 percent. This increase followed a loss of 100 jobs, or 1.6 percent, during the previous 12 months. The professional and business service sector currently accounts for 9 percent of all nonfarm payroll jobs in the HMA and has been mostly adding jobs since the economic recovery began after the housing market crisis. From 2012 through 2017, the sector has added an average of 200 jobs, or 2.2 percent, annually. Part of this growth is due to e-commerce companies adding information technology and other professional jobs. In

the third quarter of 2018, Realtruck, Inc., an online truck accessory retailer, announced it was moving its headquarters to Marion County from Jamestown, North Dakota. The company plans to create 80 new high-wage jobs and invest \$2 million in a new headquarters.

Mining, Logging, and Construction

The mining, logging, and construction sector tied the professional and business services sector for the largest number of jobs added during the past 12 months. During the 12 months ending March 2019, the mining, logging, and construction sector expanded to 8,000 jobs, an increase of 600 jobs, or 8.0 percent from a year ago. This increase followed a gain of 300 jobs, or 4.9 percent, during the previous 12 months. This sector has added jobs every year since a low of 5,400 jobs in 2012, but current payroll levels have not reached the high of 12,600 jobs in 2006. From 2008 through 2011, a result of the Great Recession, this sector lost an average of 1,500 jobs, or 16.3 percent, annually, accounting for nearly 37 percent of job losses during this period. Payrolls in this sector have benefitted from increased building activity since 2013 in the HMA and from the equine industry, which has an estimated annual \$2.7 billion economic impact on the Ocala HMA (Ocala Marion County Chamber & Economic Partnership). The World Equestrian Center is currently under construction in the HMA and is expected to open in 2021. The center will comprise 4,000 acres, the largest equestrian complex in the Southeast, and will feature indoor and outdoor facilities, a brand-new luxury hotel with 254-suites, high-end boutiques, several restaurants, and 1.5 million square feet of riding space. Other construction projects that contributed to recent jobs gains in the sector include the Holiday Inn Express & Suites Ocala, a 76-room hotel that opened in the fourth quarter of 2018 slightly west of downtown Ocala near Interstate 75, and The Springhill Suites, a 95-room hotel close to the Ocala Breeders' Sales Company that opened in the first quarter of 2019. The number of jobs created by the two hotels has not been announced.

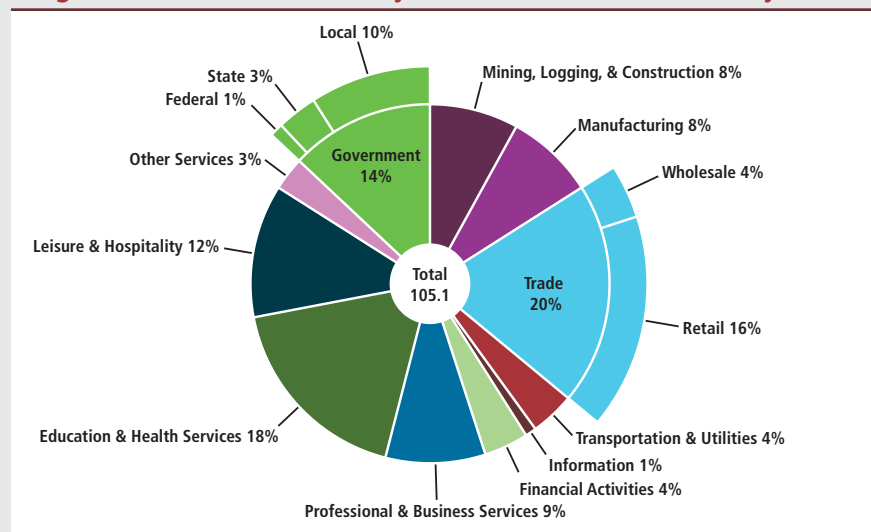
Education and Health Services

Education and health services is the second largest sector in the HMA and the fastest growing since 2000, currently accounting for 19,000 jobs, or 18 percent of total nonfarm payrolls (Figure 4). Two hospitals, AdventHealth Ocala and Ocala Regional Health System, are among the major employers in the HMA (Table 2). During the 12 months ending March 2019, sector payrolls increased by 500 jobs, or 2.5 percent, compared with a gain of 100 jobs, or 0.8 percent during the 12 months ending March 2018. By comparison, the sector grew by an average of 700 jobs, or 4.3 percent, annually from 2010 through 2018. AdventHealth Ocala opened a new emergency department that included new trauma rooms, a bariatric room, and an additional 20 private patient rooms in the first quarter of 2019. Ocala Regional Health System started construction in the first quarter of 2019 on a new freestanding emergency department that is expected to serve approximately 11,500 patients a year. The estimated capital investment is approximately \$13 million, and the expansion will employ approximately 30 full-time healthcare professionals. West Marion Community Hospital completed a \$65 million expansion, opening 36 new beds dedicated to orthopedic services in 2018. The education and health services sector is expected to continue growing during the forecast period as the healthcare industry expands to meet the needs of a growing and aging population.

Wholesale and Retail Trade

During the 12 months ending March 2019, the wholesale and retail trade sector added 400 jobs, or 1.8 percent, compared with 500 jobs, or 2.4 percent from a year earlier. This sector has been adding jobs since a low of 17,800 jobs in 2010 yet has not reached the peak of wholesale and retail trade jobs in the HMA of 20,800 in 2007. Cardinal LG, a developer and distributor of laminated glass, is investing \$38 million in an expansion of an operations center that will result in approximately 50 new, high-wage jobs. The facility is expected to be open in the second quarter of 2019. In 2018, Chewy.com, a leading online retailer of pet food and pet products in the United States, invested \$31 million in a

Figure 4. Current Nonfarm Payroll Jobs in the Ocala HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding.
Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Ocala HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
AdventHealth Ocala	Education & Health Services	2,648
State of Florida	Government	2,600
Walmart Inc.	Wholesale & Retail Trade	2,370
Ocala Regional Health System	Education & Health Services	2,166
Publix Supermarkets	Wholesale & Retail Trade	1,488
Marion County	Government	1,368
Lockheed Martin	Manufacturing	1,018
AT&T	Professional & Business Services	1,000
City of Ocala	Government	989

Note: Excludes local school districts.

Source: Marion County Economic Development Corporation

new distribution facility that created more than 600 new jobs. Also, in 2018, AutoZone, Inc., a retailer of aftermarket automobile parts and accessories, opened a new \$49 million 440,000 square foot distribution facility adding approximately 400 new jobs. Both facilities are conveniently near Interstate 75 for major north-south connectivity.

Employment Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 2.2 percent, annually, a pace that is slightly below the average growth rate of 2.3 percent since 2017. Job growth in the education and health services and the wholesale and retail sectors is expected to continue during the forecast period. Ocala Regional Medical Center announced in April 2019 that it was investing \$31 million to add 29,000 square feet of new space dedicated to cardiovascular inpatient services. The expansion will add approximately 34 new beds and is scheduled to open in December 2020. Encompass Health Rehabilitation Hospital, formerly HealthSouth, is currently constructing a new \$5.5 million wing that will add an additional 20 beds to a 60-bed facility and should open in the summer of 2019; expected job creation information is unavailable. McLane Co., Inc., a food wholesaler, is currently building a 400,000-square-foot facility in the Ocala International Commerce Center and will create more than 400 jobs. Construction is expected to be complete, and the new facility open, in the fourth quarter of 2019.



Population and Households

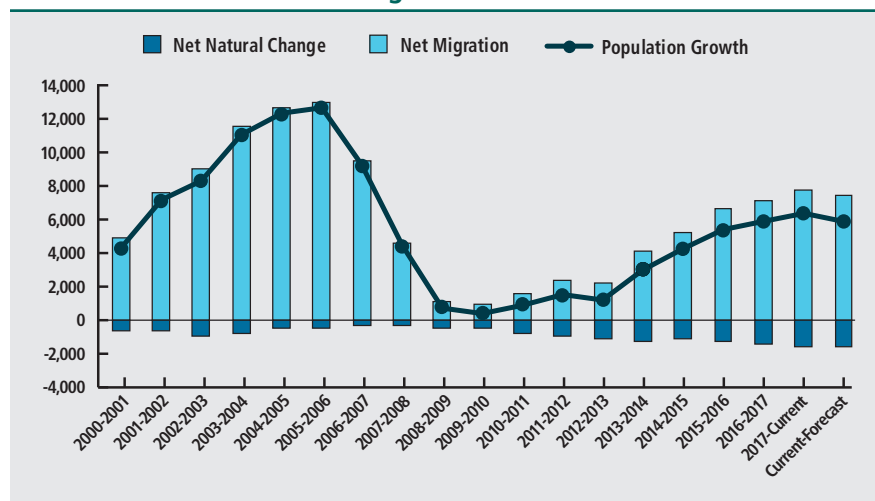
Current population: 364,800

Population growth in the HMA has been steady since 2013 but is still below the levels before the Great Recession.

Population Trends

All population growth in the HMA has been a result of migration patterns, which follow a similar trend to the economy but may lag by a year or two. Conversely, net natural change (resident births minus resident deaths) has been negative every year from 2000 to current, averaging 840 people per year (Figure 5). The HMA had a period of strong population growth from 2000 to 2006, in

Figure 5. Components of Population Change in the Ocala 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 (April 1, 2019), to April 1, 2022.

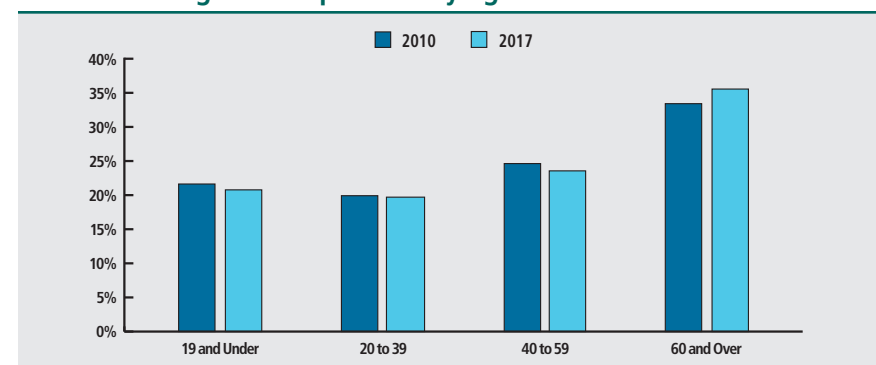
Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics; current to forecast—estimates by the analyst

response to strong economic conditions and the housing boom. Well-paying jobs in the construction and the health service industries attracted workers to the HMA, and net in-migration of retirees accelerated. During this period the population increased by an average of 9,175, or 3.3 percent, annually, with net in-migration averaging 9,775 people a year. From 2006 to 2008, net in-migration remained elevated but was on a downward trend, mirroring a slowdown in economic growth during the period; net in-migration averaged 7,175 people a year, and average annual population growth declined to 6,875 people, or 2.1 percent. The economic downturn along with the national housing crisis slowed population growth in the HMA. From 2008 to 2013, population growth slowed to 1,025 people, or 0.3 percent, a year, and net in-migration fell to an average of 1,725 annually. In response to improving economic conditions, net migration to the HMA has averaged an annual increase of 6,325 people since 2013, and population growth has averaged 4,975 people a year, or 1.4 percent, annually.

Age Cohort Trends

The largest and fastest growing age cohort in the Ocala HMA is residents 60 years of age and older; it constituted more than 35 percent of the total population in 2017 (Figure 6). This demographic cohort is generally defined as

Figure 6. Population by Age in the Ocala HMA



Source: 2010 and 2017 American Community Survey, 1-year data

people who are retired or those getting ready to retire. The HMA has attracted and retained members of this age cohort because of its warm climate, proximity to healthcare and golf courses, an abundance of active adult communities, and relative affordability. By comparison, all other age cohorts showed a decline from 2010 to 2017. The rising share of older residents contributed to the decline in net natural change during the past decade.

Population Forecast

Population growth is expected to continue during the 3-year forecast period, with the population reaching 382,700 people by April 1, 2022, reflecting average annual growth of 5,975 people, or 1.6 percent (Table 3). All population growth is expected to come from net in-migration as net natural change will remain negative. Recently announced expansions in the education and health services sector are a result of the expected net in-migration of retirees moving into the area.

Household Trends

Household growth in the HMA remains below the average growth rate from 2000 to 2010 but has increased since the late 2000s. As of April 1, 2019, an estimated

149,500 households reside in the HMA, reflecting an average annual increase of 1,300 households, or 0.9 percent, since 2010. By comparison, from 2000 to 2010, households increased by an average of 3,100, or 2.6 percent, a year. An estimated 73.6 percent of current households, or 110,000 households, are homeowners, and the remaining 39,450 are renter households (Figure 7). The homeownership rate has decreased since 2010, when 76.3 percent of households were homeowners, because of the prolonged effects of the Great Recession, which resulted in stricter lending practices and a shift in household preferences toward renting.

Household Forecast

As economic conditions remain strong and net in-migration continues, households in the HMA are expected to increase by an average of 2,625, or 1.7 percent, annually during the next 3 years, reaching 157,400 by April 1, 2022. Owner households are expected to comprise nearly 74 percent of total household growth during the next 3 years, similar to the current homeownership rate.

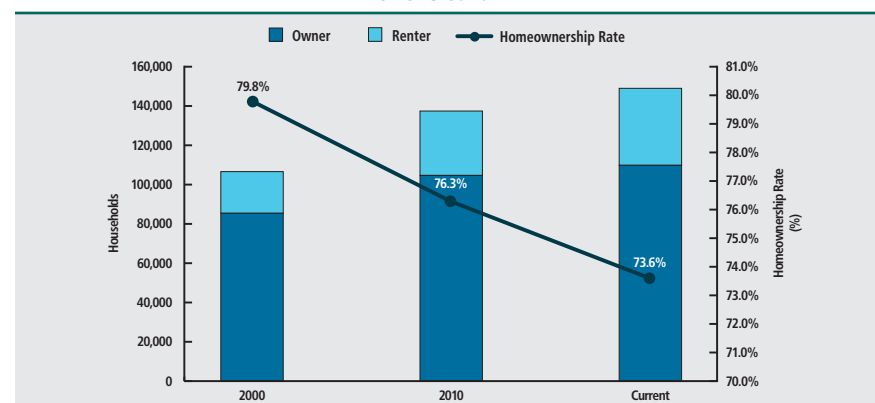
Table 3. Ocala HMA Population and Household Quick Facts

Population Quick Facts		2010	Current	Forecast
	Population	331,298	364,800	382,700
	Average Annual Change	7,250	3,725	5,975
	Percentage Change	2.5%	1.1%	1.6%
Household Quick Facts		2010	Current	Forecast
	Households	137,726	149,500	157,400
	Average Annual Change	3,100	1,300	2,625
	Percentage Change	2.6%	0.9%	1.7%

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (April 1, 2019), to April 1, 2022.

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

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



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

Home Sales Market Conditions

Market Conditions: Balanced

Approximately 1,625 new homes sold in the HMA during the 12 months ending February 2019, up 30 percent from the 1,250 homes sold during the previous 12 months.

Current Conditions

The sales market in the Ocala HMA is currently balanced, with an estimated sales vacancy rate of 1.8 percent (Table 4), down from 4.4 percent in 2010. The for-sale inventory for new and existing single-family homes in the HMA increased from a 4.9-months supply in March 2018 to a 5.0-months supply in March 2019 (Ocala/Marion County Association of Realtors®). Despite a decline in real estate owned (REO) and short sales during the past year, an increase in new home sales led to an increase in total home sales in the HMA, to 11,950 homes sold

Table 4. Home Sales Quick Facts in the Ocala HMA

Home Sales Quick Facts	Ocala HMA		Nation	
	Vacancy Rate	1.8%	NA	
	Months of Inventory	4.8	3	
	Total Home Sales	11,950	6,069,000	
	1-Year Change	4.8%	-3.1%	
	Average New Home Sales Price	\$226,900	\$379,000	
	1-Year Change	4%	1%	
	Existing Home Sales Price	\$149,200	\$294,000	
	1-Year Change	15%	3%	
	Mortgage Delinquency Rate	2.7%	1.6%	

NA = data not available.

Notes: Vacancy rate is as of the current date, April 1, 2019. Home sales and prices are for the 12 months ending February 2019. Months of inventory and mortgage delinquency data are as of February 2019.

Sources: Ocala/Marion County Association of Realtors®, CoreLogic, Inc.

during the 12 months ending February 2019; that increase was approximately 5 percent compared with the previous 12 months and 56 percent above the recent low of 5,200 in April 2009 (CoreLogic, Inc., with adjustments by the analyst). The average total home sales price during the 12 months ending February 2019 was \$159,900, up 15 percent from \$139,600 a year earlier and 1 percent lower than the previous peak of \$161,400 in September 2007. Manufactured housing represents 7 percent of homes listed in the Ocala HMA.

New Home Sales

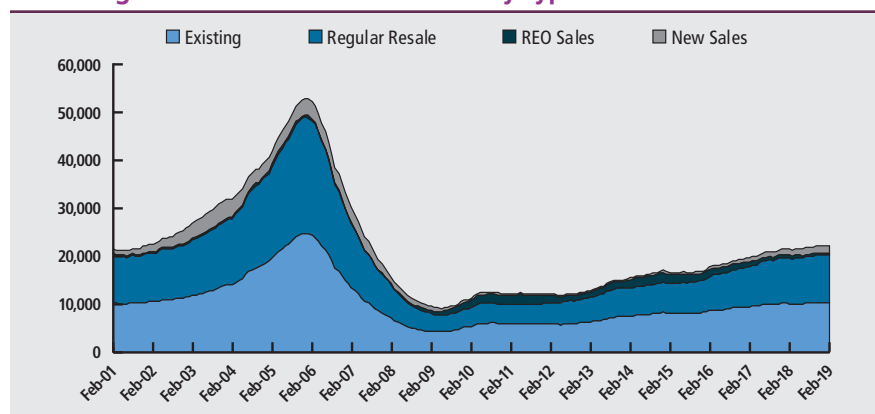
Approximately 1,625 new homes sold in the HMA during the 12 months ending February 2019, up 30 percent from the 1,275 homes sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). Currently, the number of new home sales is approximately 60 percent below the previous high of 4,025 homes sold during October 2003. New home sales increased by 19 percent, or 400 homes, annually from 2002 through 2006 and averaged 3,300 homes sold a year, during a period of strong economic growth. New home sales declined at an average annual rate of 33 percent beginning in 2007 to a low of 310 new homes sold in 2012, in part due to the Great Recession and housing market collapse. As the economy improved, new home sales rebounded, increasing at an average annual rate of 31 percent from 2013 through 2017.

Existing Home Sales

During the 12 months ending February 2019, existing home sales (including regular resale and REO home sales) totaled 10,250, an increase of 180 homes, or 2 percent from the previous 12 months, and REO properties accounted for approximately 4 percent of all existing home sales (CoreLogic, Inc., adjustments by the analyst). Existing home sales peaked from 2001 through 2006, averaging 15,600 a year, and REO sales comprised less than 2 percent of the total. From 2007 through 2012, existing home sales averaged 5,875 homes annually, with a low of 4,200 homes during the 12 months ending April 2009. REO sales began increasing a couple of years after the onset of the housing market crash, and

from 2009 through 2014, they made up nearly 24 percent of all existing home sales in the HMA (Figure 8). In response to improving economic conditions and increased in-migration, the market for existing homes improved, and from 2013 through 2017, sales increased at an average annual rate of 11 percent, while REO sales declined at an average annual rate of 12 percent.

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



REO = real estate owned.

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

REO Sales and Delinquent Mortgages

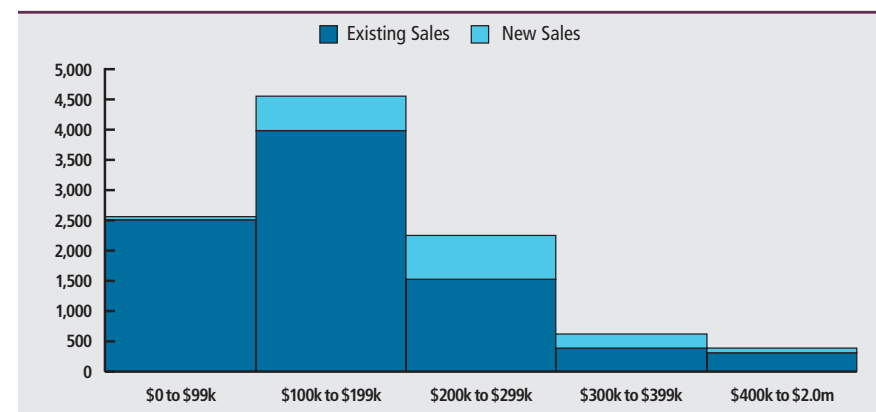
The rate of seriously delinquent home loans and REO properties in the Ocala HMA peaked in February 2010 at 16.3 percent, compared with rates of 18.8 percent statewide and 8.6 percent nationwide (CoreLogic, Inc.). The delinquency rate in the HMA has consistently fallen since 2012, and was 2.7 percent in February 2019, compared with 2.2 percent statewide and 1.6 percent nationwide.

New Home Sales Price

The average sales price for a new home during the 12 months ending February 2019 was \$226,900, reflecting an increase of 4 percent from a year earlier. The

current price is 1 and 32 percent greater than the pre-recession peak and the post-recession low, respectively. From 2002 through 2006, while the economy was expanding, new home prices increased at an average annual rate 12 percent, to \$205,900. By contrast, the recession caused new home prices to decrease at an average annual rate of 2 percent a year from 2007 through 2012, to a low of approximately \$172,500 in March 2012. Improving economic conditions led to increased demand for new homes, and average annual price growth accelerated to 4 percent through 2017. During the past 12 months, new homes sales were greatest among homes priced from \$200,000 through \$299,999 (Figure 9).

Figure 9. Sales by Price Range During the 12 Months Ending March 2019 in the Ocala HMA



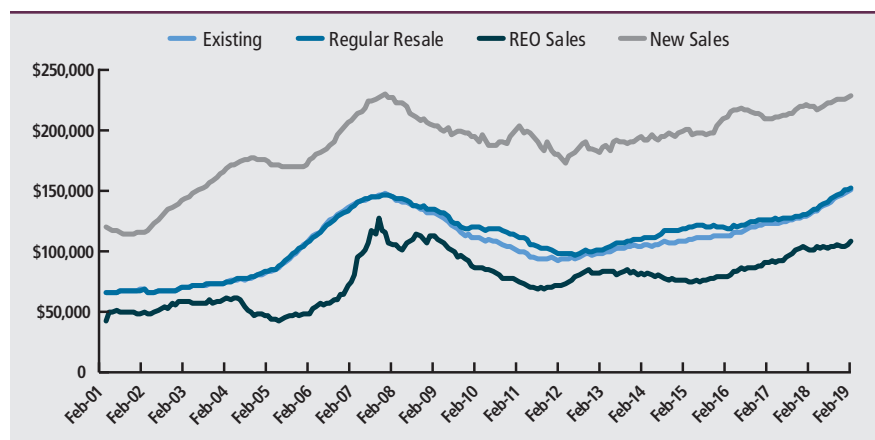
Source: Metrostudy, A Hanley Wood Company

Existing Home Sales Price

During the 12 months ending February 2019, the average sales price of an existing home was \$149,200, up nearly 15 percent from the previous 12 months compared with slightly more than 6 percent a year earlier. Fewer houses have been permitted since 2009, and that has contributed to rising prices for existing homes. The largest concentration of existing home sales during the past

12 months was for homes priced from \$100,000 through \$199,999, which accounted for nearly 46 percent of sales. From 2002 through 2006, prices for existing homes increased at an average annual rate of 15 percent during a time when the economy was expanding. As the recession started, the demand for houses dropped. From 2007 through 2012, existing home prices declined an average of 5 percent annually, to a low of \$92,700 in January 2012. An increase in REO home sales during the period, which sold at a discount compared with regular resale homes, contributed to the declining average sales price for existing homes. The average sales price of an REO property was \$88,750 during the period compared with \$118,400 for a regular resale home (Figure 10). Prices increased along with the improving economy, and from 2013 through 2017, existing home sales prices increased an average of 6 percent annually.

Figure 10. 12-Month Average Sales Price by Type of Sale in the Ocala HMA



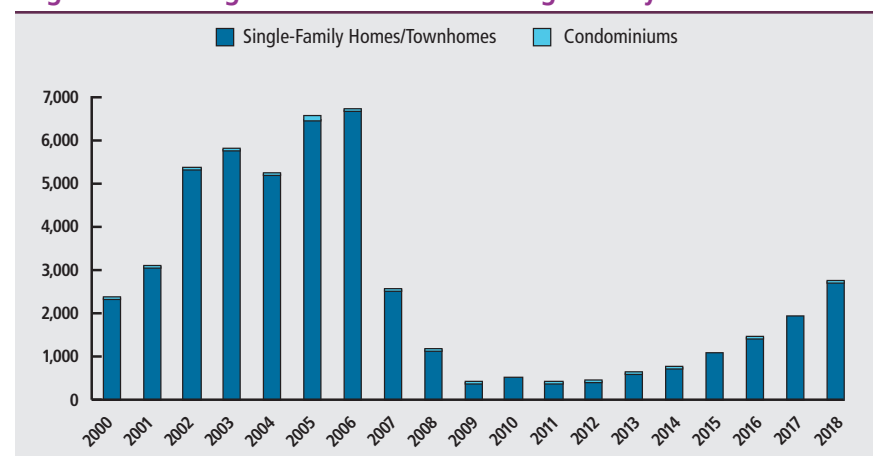
REO = real estate owned.

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

Sales Permit Activity

The permitting of homes for sale has trended upward since 2012 but is well below the historically high levels reached in the mid-2000s during the housing boom (Figure 11). From 2000 through 2006, an average of 5,050 sales units was permitted annually. Elevated home sales activity and rising sales prices during the early 2000s contributed to growth during this period. From 2007 through 2013, sales permitting slowed, and an average of 1,575 sales units was permitted annually. Builders responded to improving economic conditions and rising new home sales, and an average of 1,150 homes was permitted annually from 2014 through 2017. During the 12 months ending March 2019, 2,600 homes were permitted, a 20-percent increase from the 2,175 homes permitted during the previous 12 months. Permits in the HMA are nearly exclusively for single-family homes, with very few condominiums and townhomes being permitted.

Figure 11. Average Annual Sales Permitting Activity in the Ocala HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2018 are through March 2019.

Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018—preliminary data and estimates by the analyst

New Construction Properties

New home construction is occurring throughout the HMA. Subdivisions are mostly concentrated along the Interstate 75 corridor, south of the city of Ocala, and to the east in the city of Silver Springs. One of the largest builders in the HMA is D.R. Horton, Inc., which is currently constructing homes in the 179-lot Cobblestone North, south of Ocala in the city of Belleview. Prices range from \$185,000 for a three-bedroom, two-bathroom home to \$250,000 for a four-bedroom, three-bathroom home. Located east in the Silver Springs area is the 239-lot Oak Hill Plantation Phase I. Currently, 21 lots are developed, with homes ranging from 1,600 square feet to 2,800 square feet and priced between \$185,000 and \$230,000, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 8,325 new homes in the HMA, with demand evenly distributed each year (Table 5). The 1,350 homes currently under construction are expected to meet a portion of demand during the first year of the forecast.

Table 5. Demand for New Sales Units in the Ocala HMA During the Forecast Period

Sales Units	
Demand	8,325 Units
Under Construction	1,350 Units

Notes: The forecast period is from April 1, 2019, to April 1, 2022.
Sources: Estimates by the analyst



Rental Market Conditions

Market Conditions: Balanced

The average market-rate apartment rent during the first quarter of 2019 was \$899, up 8 percent from a year earlier (Reis, Inc.).

Current Conditions and Current Trends

The rental housing market (including single-family homes, mobile homes, and apartments) in the Ocala HMA is currently balanced, with an overall estimated vacancy rate of 7.1 percent, down from 14.1 percent in April 2010 (Table 6).

Table 6. Rental and Apartment Market Quick Facts in the Ocala HMA

Rental Market Quick Facts		2010	Current
	Rental Vacancy Rate	14.1%	7.1%
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	42%	50%
	Multifamily (2–4 Units)	16%	11%
	Multifamily (5+ Units)	22%	18%
Apartment Market Quick Facts	Other (Including Mobile Homes)	20%	21%
		Current	YoY Change
	Apartment Vacancy Rate	5.6%	1.6
	Average Rent	\$899	8%
	Studio	\$608	-0.4%
	One-Bedroom	\$706	4%
	Two-Bedroom	\$938	3%
	Three-Bedroom	\$1,147	2%

YoY = year-over-year.

Note: The current date is April 1, 2019.

Sources: Occupied rental units by structure data—2017 American Community Survey, 1-year data; apartment data—Reis, Inc.

Since 2010, 58 percent of household growth in the HMA is attributed to an increase in renter households. In 2010, 23.7 percent of occupied units were rental, which increased to an estimated 26.4 percent in the first quarter of 2019. Since 2010, relatively few new rental units were built, causing the rental market to shift from soft conditions at the beginning of the decade to currently balanced conditions. Approximately 1,250 new rental units were constructed in the HMA since 2010; more than 300 of those were in Canterbury Circle Apartments, which was completed in 2018. Approximately 71 percent of renter household in the HMA live in single-family homes, townhomes, and mobile homes (American Community Survey, 2017 1-year data), compared with 62 percent in 2010. The national average is currently 56 percent. Approximately 11 percent live in buildings with two to four units, and 18 percent live in larger buildings with five or more units, compared with 16 percent and 22 percent, respectively, in 2010.

Apartment Market Conditions

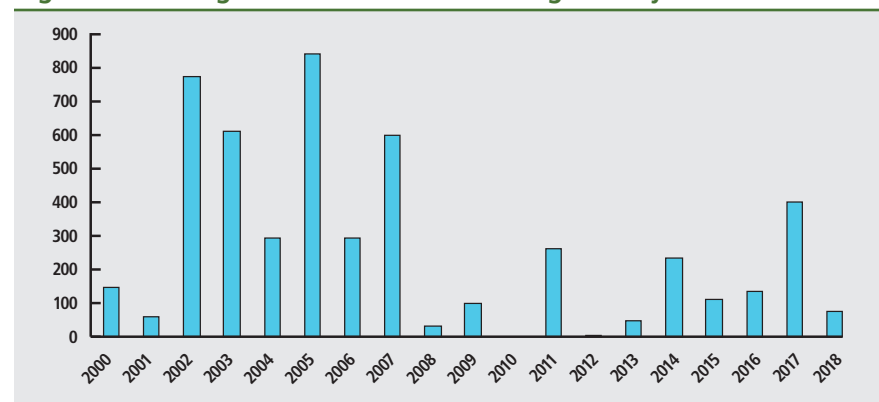
Currently, apartment market conditions are balanced compared with soft conditions in 2012 (the earliest data available). During the first quarter of 2019, the apartment vacancy rate was estimated at 5.6 percent, up from 5.0 percent during the first quarter of 2018 (Reis, Inc.) The average market-rate apartment rent during the first quarter of 2019 was \$899, up 8 percent from a year earlier and up 21 percent since the first quarter of 2015. With a limited number of units being permitted rents in the HMA are increasing. By comparison, rent growth averaged more than 3 percent annually from 2012 through 2018.

Rental Permit Activity

During the building boom of the early 2000s, rental permitting activity in the Ocala HMA averaged 450 units annually from 2000 through 2007. The building of rental units slowed after 2007, with very low activity through 2013 except for 2011 when 260 units were permitted (Figure 12). The effects of the national recession and the housing market crash caused market conditions to soften from 2008 through 2013, and the number of units permitted averaged 75 units

annually, with 60 percent of units permitted in 2011. In 2014, building activity, spurred by an increase in net in-migration, started to trend upward. As the HMA began to recover from the Great Recession and demand for rental units grew, multifamily permitting increased to 220 units annually from 2014 through 2017. During the 12 months ending March 2019, approximately 85 rental units were permitted compared with the 310 during the same period a year ago.

Figure 12. Average Annual Rental Permitting Activity in the Ocala HMA



Notes: Includes apartments and units designed for rental occupancy. Data for 2018 are through March 2019.

Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018—preliminary data and estimates by the analyst

Recently Completed Rental Properties

Most of the new rental construction in the HMA is in the city of Ocala. The only new apartment development in the past 5 years that is not income- or age-restricted is Canterbury Circle Apartments. This development, west of downtown Ocala near Interstate 75, opened in the third quarter of 2018 and has 304 units. One-, two-, and three-bedroom apartment rents start at \$1,159, \$1,339, and \$1,655, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 760 apartments in the HMA (Table 7). Demand is expected to be evenly distributed among all years of the forecast period. No units are currently under construction in the HMA.

Table 7. Demand for New Rental Units in the Ocala HMA During the Forecast Period

Sales Units	
Demand	760 Units
Under Construction	0 Units

Note: The forecast period is April 1, 2019, to April 1, 2022.

Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.
Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Distressed Sales	Short sales and real estate owned (REO) sales.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Forecast Period	4/1/2019–4/1/2022—Estimates by the analyst
Cost Burdened	Spending more than 30 percent of household income on housing costs.

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 February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	The NAHB Housing Opportunity Index 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 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.
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.
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