COMPREHENSIVE HOUSING MARKET ANALYSIS

Orlando-Kissimmee-Sanford, Florida

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

As of July 1, 2024

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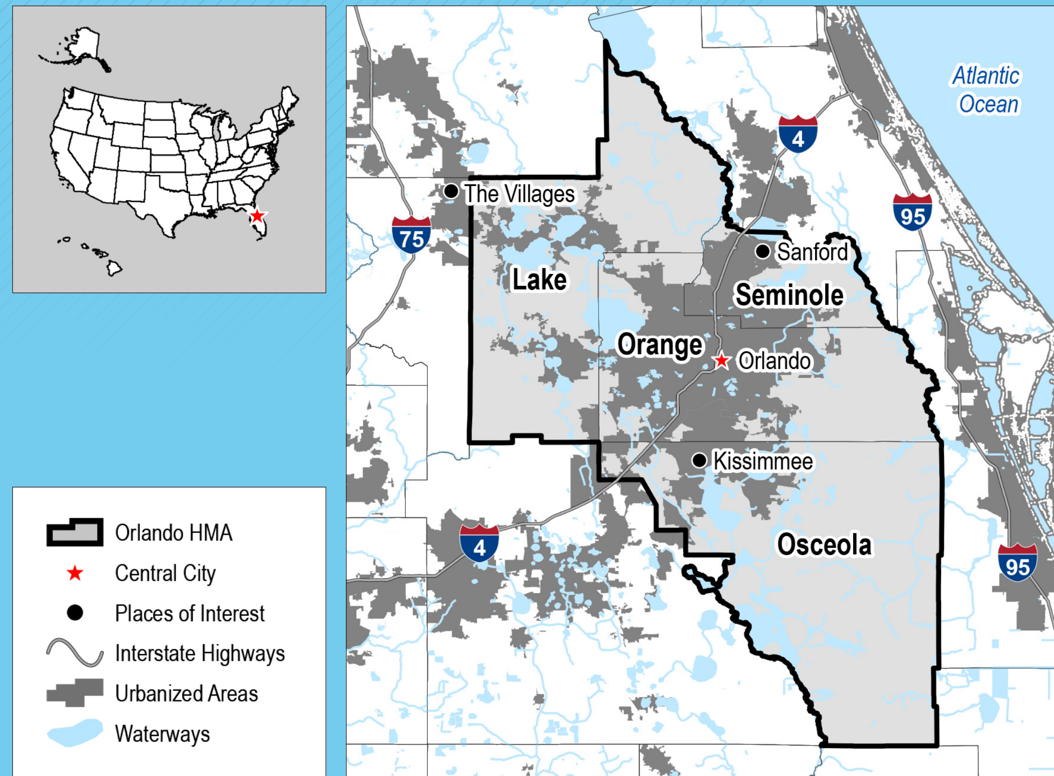
Executive Summary

Housing Market Area Description

The Orlando-Kissimmee-Sanford Housing Market Area (hereafter, Orlando HMA) is coterminous with the Metropolitan Statistical Area (MSA) of the same name and includes Lake, Orange, Osceola, and Seminole Counties in central Florida. The HMA is a leading tourist destination in the world and is home to Walt Disney World Resort (hereafter, Walt Disney World), Universal Studios Florida at Universal Orlando Resort (hereafter, Universal Orlando), and United Parks & Resorts Inc. (formerly SeaWorld Entertainment, Inc.). During 2023, the HMA welcomed about 74 million visitors, unchanged from 2022 (Visit Orlando). Tourism in the HMA generated an estimated $87.6 billion in annual economic impact in 2022.

The current population of the HMA is estimated at 2.87 million.

The city of Orlando is home to the Orange County Convention Center, which is the second largest convention facility in the nation. With 7.0 million square feet of space, it hosts nearly 200 events and more than 1.5 million visitors annually.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Strong: Economic expansion in the Orlando HMA during the past year was a continuation of strong nonfarm payroll growth following job losses from the 2020 pandemic.

Nonfarm payrolls in the HMA increased by 32,800 jobs, or 2.3 percent, during the 12 months ending June 2024, following an increase of 85,800 jobs, or 6.3 percent, during the previous 12 months. The labor market has been tight during the past 24 months, with the unemployment rate averaging 3.2 percent during the 12 months ending June 2024, up from 2.8 percent during the previous 12 months. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 2.5 percent, with notable growth expected in both goods-producing and service-providing sectors.

Sales Market

Balanced: During the 12 months ending June 2024, the average new and existing home sales price increased 5 percent to $449,200 despite new home sales decreasing 8 percent and existing home sales decreasing 9 percent (CoreLogic, Inc., with adjustments by the analyst).

The sales vacancy rate in the HMA is estimated at 2.0 percent as of July 1, 2024, up slightly from the 1.9-percent rate in April 2020, when the sales market was also balanced. During the 12 months ending June 2024, home sales totaled approximately 53,600, down 9 percent from the previous 12 months. High mortgage interest rates contributed to the decline in home sales during the past 12 months. The average interest rate for a 30-year, fixed-rate mortgage was 7.05 percent during June 2024, up from an annual low of 3.15 percent during 2021 (Bankrate; Freddie Mac). Demand is expected for 46,750 new homes during the forecast period. The 9,200 homes under construction will meet some of that demand.

Rental Market

Slightly Soft: The overall rental vacancy rate is estimated at 8.9 percent, up from 8.6 percent in 2020, when conditions were also slightly soft.

Apartment market conditions are slightly soft, similar to conditions in 2020. The apartment vacancy rate was 9.9 percent as of the second quarter of 2024, up from 9.3 percent as of the second quarter of 2020 (CoStar Group). The average monthly apartment rent in the HMA declined 2 percent from a year earlier in the second quarter of 2024 to $1,786, following a year-over-year decline of 1 percent in the second quarter of 2023. During the forecast period, demand is expected for 27,200 additional rental units. The 17,750 units under construction are expected to meet demand during the first and second years of the forecast period.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Orlando HMA	Total Demand	46,750	27,200
	Under Construction	9,200	17,750

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2024. The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Economic Conditions

Largest Sector: Leisure and Hospitality

The leisure and hospitality sector fully recovered from the significant job losses from the 2020 pandemic by 2023, surpassing the professional and business services sector to reemerge as the largest payroll sector in the Orlando HMA in early 2024. Each sector currently accounts for 19 percent of total nonfarm payrolls, and the two sectors have been the largest in the HMA since 2012.

Primary Local Economic Factors

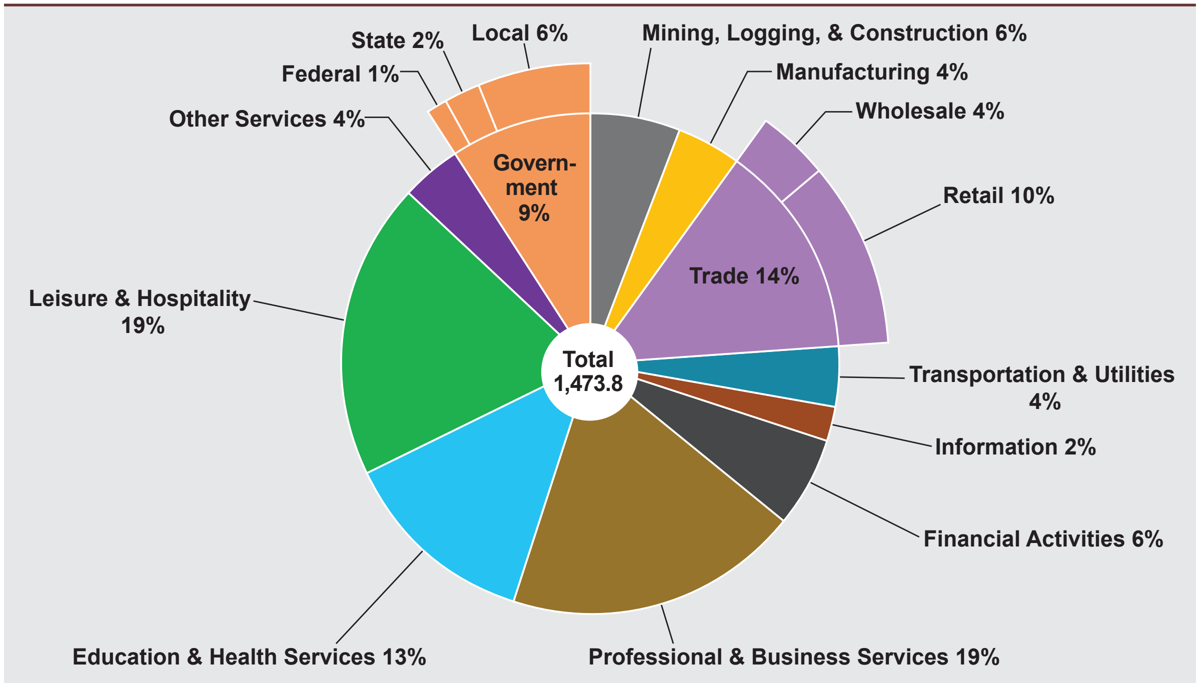
The HMA is one of the premier tourist destinations in the nation, particularly for families. The estimated $87.6 billion in annual economic impact of tourism in the HMA included $6.2 billion in local and state tax revenue (Visit Orlando, 2022). Tourism supports more than 450,000 jobs, including 75,000 and 26,800 at Walt Disney World and Universal Orlando, respectively (Table 1). Largely due to tourism, the leisure and hospitality sector was the largest sector in the HMA during the 12 months ending June 2024, a position it previously held from 2010 through 2019, when the sector accounted for an average of 20 percent of total nonfarm payrolls (Figure 1). By comparison, the leisure and hospitality sector accounted for an average of only 10 percent of total nonfarm payrolls nationally during the same 10-year period.

Table 1. Major Employers in the Orlando HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Walt Disney World Resort	Leisure & Hospitality	75,000
AdventHealth Orlando	Education & Health Services	37,672
Universal Studios Florida at Universal Orlando Resort	Leisure & Hospitality	26,800
Orlando Health	Education & Health Services	24,978
Seminole State College of Florida	Government	14,813
Lockheed Martin Corporation	Manufacturing	14,000
University of Central Florida	Government	13,004
United Parks & Resorts Inc.	Leisure & Hospitality	5,192
Darden Restaurants, Inc.	Wholesale & Retail Trade	5,127
Valencia College	Government	4,970

Note: Excludes local school districts.
Source: Orlando Economic Partnership, July 2024

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



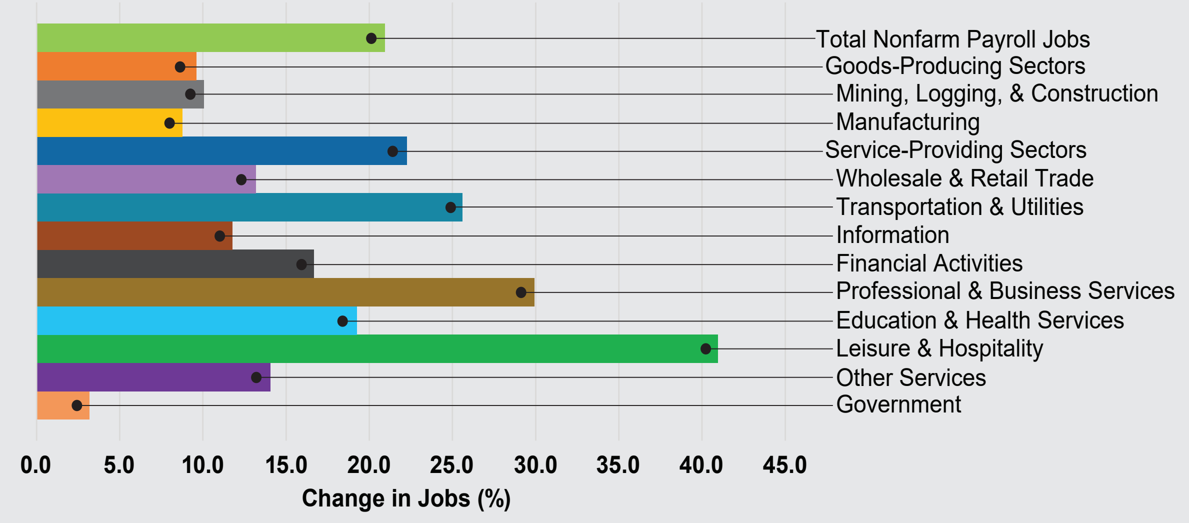
Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2024.
Source: U.S. Bureau of Labor Statistics

The relatively affordable housing and a lack of state income taxes make the HMA an increasingly attractive destination for businesses relocating from other states. The professional and business services sector has been the second fastest growing sector in the HMA since 2021 (Figure 2). ExamRoom.AI relocated its corporate headquarters from Delaware in 2023, adding 250 jobs. Also, in 2023, Rocket Technology, Inc. opened a corporate office in Orange County, adding 75 jobs. The HMA is home to more than 570 corporate headquarters and regional offices, including Darden Restaurants, Inc., its ninth largest employer, American Automobile Association, Travel + Leisure Co., and Tupperware Brands Corporation.

Current Conditions—Nonfarm Payrolls

Strong job growth during the 12 months ending June 2024 continued following the 2020 recession. Nonfarm payrolls increased by 32,800 jobs, or 2.3 percent, to 1.47 million jobs during the 12 months ending June 2024 compared with an increase of 85,800 jobs, or 6.3 percent, during the previous year (Table 2). Job growth in the HMA was faster than the national 1.9-percent increase during the past year and the national 3.2-percent gain during the 12 months ending June 2023. Nonfarm payrolls in the HMA have increased 9.9 percent from the prepandemic peak during March 2020 to June 2024. By comparison, nonfarm payrolls increased 4.0 percent in the nation during the same period.

Figure 2. Sector Growth in the Orlando HMA, 2021 to Current



Note: Current data are based on the 12-month averages ending June 2024.
Source: U.S. Bureau of Labor Statistics

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

	12 Months Ending June 2023	12 Months Ending June 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**1,441.0**	**1,473.8**	**32.8**	**2.3**
Goods-Producing Sectors	141.5	144.2	2.7	1.9
Mining, Logging, & Construction	89.3	91.5	2.2	2.5
Manufacturing	52.3	52.8	0.5	1.0
Service-Providing Sectors	1,299.5	1,329.6	30.1	2.3
Wholesale & Retail Trade	203.4	209.6	6.2	3.0
Transportation & Utilities	62.1	62.7	0.6	1.0
Information	27.0	26.9	-0.1	-0.4
Financial Activities	90.6	90.3	-0.3	-0.3
Professional & Business Services	280.8	283.8	3.0	1.1
Education & Health Services	179.6	187.7	8.1	4.5
Leisure & Hospitality	277.4	285.6	8.2	3.0
Other Services	51.9	53.6	1.7	3.3
Government	126.7	129.5	2.8	2.2

Notes: Based on 12-month averages through June 2023 and June 2024. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

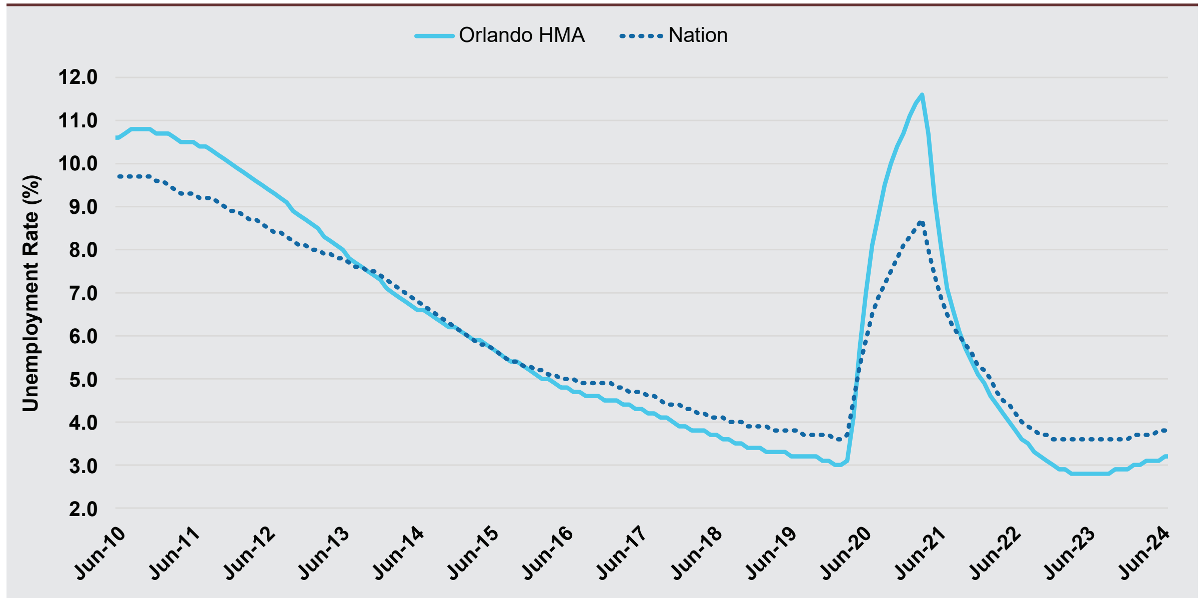
The service-providing sectors led job growth during the 12 months ending June 2024; seven of the nine service-providing sectors increased. The leisure and hospitality sector, the sector with the most losses during 2020, led growth with a gain of 8,200 jobs, or 3.0 percent. The education and health services sector, the fastest growing sector during 2020, added 8,100 jobs, or 4.5 percent. The wholesale and retail trade sector gained 6,200 jobs, or 3.0 percent. In response to the COVID-19 pandemic, Universal Orlando and Walt Disney World closed on March 15, 2020, and later that month, Orange County issued a stay-at-home order to slow the spread of COVID-19. These measures had a significant effect on the tourism industry. Although the restrictions and self-imposed cutbacks in travel and spending relaxed during the following months, the recovery of the jobs lost in the leisure and hospitality sector was slow. Payrolls did not fully recover until late 2023, but the sector added significantly to total job gains in the 24 months ending June 2024.

Growth was strong in the two goods-producing sectors during the 12 months ending June 2024. The manufacturing sector added 500 jobs, or 1.0 percent, and has expanded nearly every year since 2012, helped by the presence of a skilled workforce attracted by warm climate and quality of life. Located in central Florida, the HMA has a well-developed transportation and utility infrastructure aiding manufacturing efficiency. The mining, logging, and construction sector expanded by 2,200 jobs, or 2.5 percent, during the 12 months ending June 2024. Nearly all the gains were due to growth in the construction subsector, accounting for 99 percent of jobs in the sector. Caribe Royale Resort in Orlando completed $140 million in renovations in early 2024, updating 1,340 suites, 290,000 square feet of meeting, event, and ballroom space, and eight food and beverage venues on site.

Current Conditions—Unemployment

The labor market in the HMA was tight for the past 2 years. The unemployment rate during the 12 months ending June 2024 averaged 3.2 percent, with employment and labor force growth of 1.6 and 2.0 percent, respectively. The unemployment rate averaged 2.8 percent during the 12 months ending June 2023, down from 3.8 percent a year earlier because resident employment growth of 6.0 percent outpaced the labor force increase of 4.9 percent. The unemployment rate reached a recent peak of 11.6 percent during the 12 months ending March 2021 before declining to a recent low of 2.8 percent during the 12 months ending March 2023 (Figure 3). During the 12 months ending June 2024, the respective rates for the state and nation were 3.1 and 3.8 percent.

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



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

Economic Periods of Significance

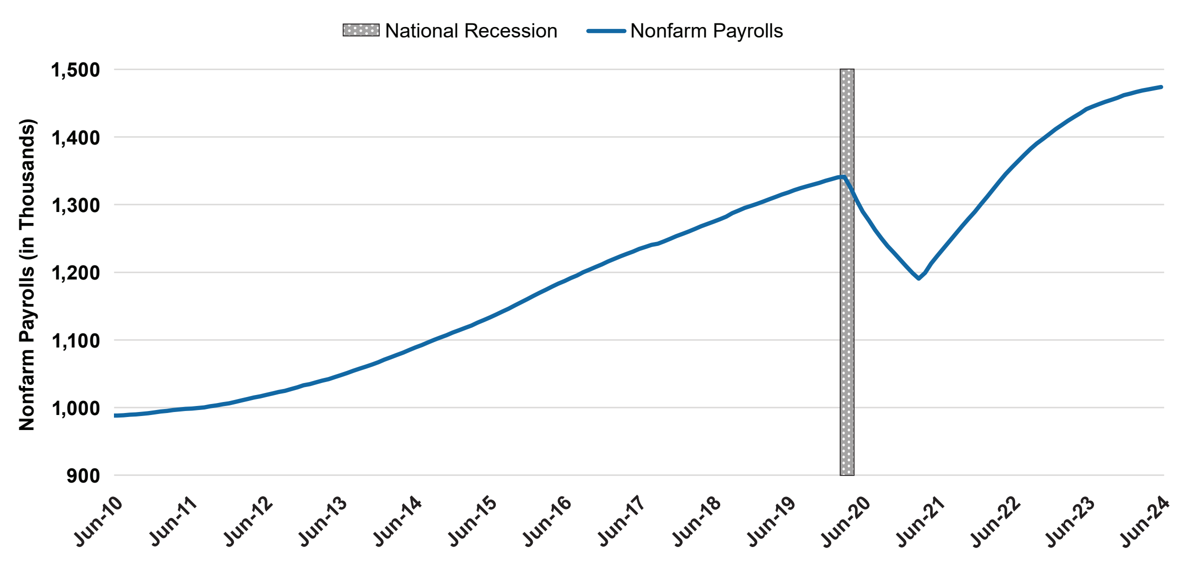
2011 Through 2014

Economic conditions strengthened from 2011 through 2014 following the Great Recession, with nonfarm payroll growth in the HMA outpacing the national average. During the 4-year period, nonfarm payrolls increased by an average of 29,500 jobs, or 2.8 percent, annually. By comparison, payrolls nationwide were up an average of 1.6 percent annually during the same period. All sectors in the HMA added jobs. The largest gain was in the leisure and hospitality sector, up by an average of 8,900 jobs, or 4.2 percent, annually. The sector benefited from the approximately 3,500 combined jobs created when The Wizarding World of Harry Potter™—Diagon Alley™ and the Cabana Bay Beach Resort opened at Universal Orlando in 2014. Figure 4 shows 12-month average nonfarm payrolls in the HMA.

2015 Through 2019

Economic conditions strengthened significantly from 2015 through 2019, with nonfarm payroll growth in the HMA continuing to outpace the national average. During the 5-year period, nonfarm payroll growth accelerated to an average of 44,900 jobs, or 3.7 percent, annually. By comparison, payrolls nationwide were up an average of 1.7 percent annually during the same period. Growth occurred in all sectors in the HMA, led by the professional and business services, the leisure and hospitality, and the mining, logging, and construction sectors, up by annual averages of 10,400, 9,000, and 6,100 jobs, or 5.2, 3.6, and 9.0 percent, respectively. Several corporate office relocations and expansions in the city of Orlando contributed to gains in the professional and business services sector, including Lockheed Martin Corporation, which added 500 employees at a new 255,000-square-foot office facility in 2018. Gains in the mining, logging, and construction sector from 2015 through 2019 were partly due to increased residential construction during most years from 2011 through 2019.

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



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

2020

During 2020, the countermeasures implemented to slow the spread of COVID-19 resulted in nonfarm payrolls declining by 116,200 jobs, or 8.7 percent. Ten of the 11 sectors declined in 2020. More than 63 percent of the job losses were in the leisure and hospitality sector, which decreased by 73,600 jobs, or 26.6 percent, primarily as a result of travel restrictions on tourism in the HMA. Although the professional and business services sector had the second most losses of 16,600 jobs, or 7.1 percent, the sector became the largest nonfarm payroll sector because the leisure and hospitality sector had more severe losses. The wholesale and retail trade sector declined by 11,800 jobs, or 6.0 percent, mostly in the retail trade subsector, which lost 10,600 jobs, or 7.0 percent. Although all sectors were affected in the initial months of the pandemic, the transportation and utilities sector added 700 jobs, or 1.4 percent, on an annual basis during 2020.

2021 Through 2022

Job growth during 2021 and 2022 led to the recovery of jobs lost during the previous year, with 8 of the 11 sectors fully recovering from job losses from the pandemic. Nonfarm payrolls increased by an average of 92,600 jobs, or 7.3 percent, annually to 1.40 million jobs. The service-providing sectors led growth during 2021 and 2022, with the leisure and hospitality and the professional and business services sectors adding annual averages of 31,600 and 26,600 jobs, or 14.6 and 11.5 percent, respectively. Gains in the professional and business services sector were partly due to Checkr, Inc. selecting the city of Orlando as the location for its third headquarters, adding 600 jobs in 2021. Notable gains during 2021 and 2022 also occurred in the education and health services, the wholesale and retail trade, and the financial activities sectors, with increases of 8,000, 7,600, and 6,000 jobs, or 5.0, 4.0, and 7.5 percent, respectively.

Forecast

During the next 3 years, nonfarm payrolls are expected to increase an average of 2.5 percent annually. Job growth is expected in most sectors but at a slower pace compared with the growth during the past 2 years. Both the goods-producing and the service-providing sectors are expected to contribute to payroll growth during the next 3 years. Westcourt Orlando, a $500 million mixed-use development, is expected to be complete during the next 3 years. With 900,000 square feet, the development will include 270 apartment units, a 260-room hotel, a 3,500-seat live entertainment venue, office space, and restaurant and retail space in downtown Orlando. Epic Universe, a $1 billion expansion at Universal Orlando, is currently under construction and expected to be complete during 2025, nearly doubling the size of the park and adding nearly 14,000 jobs.

Population and Households

Current Population: 2.87 Million

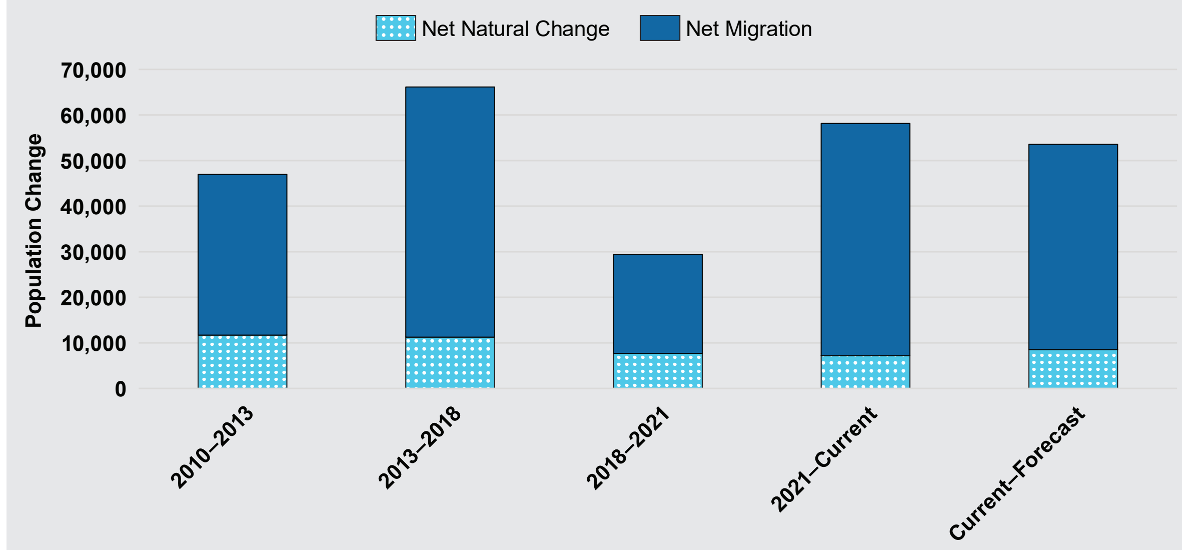
Population growth in the Orlando HMA has been strong since 2010, primarily a result of net in-migration.

Population Trends

From 2010 to 2013, population growth averaged 44,900 people, or 2.1 percent, annually (Figure 5). Net in-migration averaged 33,250 people annually, and net natural change averaged 11,650 people annually. From 2013 to 2018, population growth increased to an average of 66,100 people, or 2.7 percent, annually. Net in-migration increased to an average of 54,850 people annually because of strong job growth during most of the period, attracting workers from outside the HMA even as the national economy also expanded. From 2018 to 2021, a period that included the pandemic, population growth slowed to an average of 29,400 people, or 1.1 percent, annually because average net natural change slowed to approximately 7,675 people a year, because of excess deaths caused by COVID-19, and the slowing of net in-migration to an average of 21,750 people annually.

As of July 1, 2024, the population of the HMA is estimated at 2.87 million (Table 3). Since 2021, population growth has averaged 58,200 people, or 2.1 percent, annually. Net in-migration accounted for 88 percent of the increase, or 51,000 people a year. The average net natural change of 7,200 people a year has accounted for the remaining 12 percent of population growth since 2021.

Figure 5. Components of Population Change in the Orlando HMA, 2010 Through the Forecast Period



Notes: Data displayed are average annual totals. The forecast period is the current date (July 1, 2024) to July 1, 2027.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Table 3. Orlando HMA Population and Household Quick Facts

		2020	Current	Forecast
Population Quick Facts	Population	2,673,376	2,874,000	3,034,000
	Average Annual Change	53,900	47,100	53,550
	Percentage Change	2.3	1.7	1.8
		2020	Current	Forecast
Household Quick Facts	Households	989,354	1,088,600	1,159,000
	Average Annual Change	19,100	23,350	23,450
	Percentage Change	2.2	2.3	2.1

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (July 1, 2024) to July 1, 2027.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Migration Trends

Net in-migration from 2016 through 2020 was primarily from other MSAs in Florida, Puerto Rico, and the Northeast region of the country. Net in-migration from other MSAs in Florida accounted for nearly one-fourth of all domestic net in-migration to the HMA, led by the Miami-Fort Lauderdale-West Palm Beach MSA. Of the top 20 metropolitan areas accounting for net in-migration to the HMA, 5 were in Florida. From 2016 through 2020, approximately 15 and 12 percent of all domestic net in-migration, including from Puerto Rico, originated from the San Juan-Bayamón-Caguas and the New York-Newark-Jersey City MSAs, respectively (U.S. Census Bureau Metro-to-Metro Migration Flows; American Community Survey [ACS] 5-year data; Table 4).

Age Cohort Trends

The share of the population in the HMA age 60 and older is low compared with the nation (Table 5). However, the warm climate and lack of state income taxes make parts of the HMA increasingly popular with retirees. In total, 22.3 percent of all residents of the HMA were aged 60 or older as of 2023, up from 21.1 percent in 2019 but below the figure for the nation, which rose from 22.9 percent in 2019 to 24.2 percent in 2023 (ACS 1-year data). Older residents tend to live outside the urban core of the HMA, with the highest share of residents aged 60 and older, 34.3 percent, in Lake County. The Villages, a master-planned, age-restricted community northwest of the HMA primarily in Sumter County, has been expanding and now extends into the western portion of Lake County. Orange County attracts young workers to fill the large number of leisure and hospitality jobs in the county. Residents aged 20 to 29 represent 14.8 percent of the population of Orange County compared with 13.0 percent in the nation.

Table 4. Metro-to-Metro Migration Flows in the Orlando HMA, 2016–20

Into the HMA	
Miami-Fort Lauderdale-Pompano Beach, FL	8,018
San Juan-Bayamón-Caguas, PR	7,925
New York-Newark-Jersey City, NY-NJ-PA	6,211
Port St. Lucie, FL	1,434
Washington-Arlington-Alexandria, DC-VA-MD-WV	1,410
Out of the HMA	
Deltona-Daytona Beach-Ormond Beach, FL	3,716
Lakeland-Winter Haven, FL	2,487
Dallas-Fort Worth-Arlington, TX	1,135
Ocala, FL	1,060
Tampa-St. Petersburg-Clearwater, FL	741

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

Table 5. Selected Population and Household Demographics

	Orlando HMA	Nation
Population Age 18 and Under	21.1%	21.7%
Population Age 60 and Over	22.3%	24.2%
Median Age	38.9	39.2
White	65.8%	60.5%
Black	19.3%	12.1%
Asian	6.1%	6.0%
Other Race	8.8%	21.4%
Hispanic	33.4%	19.4%
Non-Hispanic	66.6%	80.6%
Median Household Income	$77,378	$77,719
Households With One or More Children Under Age 18	30.0%	28.8%

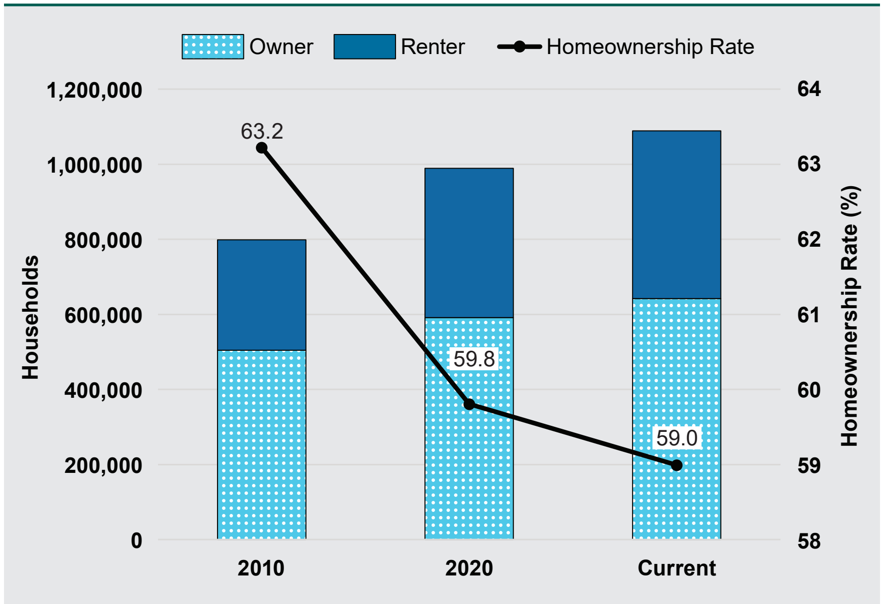
Source: 2023 American Community Survey 1-year data

Household Trends

Household growth in the HMA has outpaced population growth since 2020, partly because relatively affordable rental housing has stimulated household formation. As of July 1, 2024, the number of households in the HMA is estimated at 1.09 million, an average increase of 23,350 households, or 2.3 percent, annually since 2020, whereas population growth averaged 1.7 percent annually. By comparison, household growth averaged 19,100, or 2.2 percent, annually from 2010 to 2020, slightly lagging behind population growth, which averaged 2.3 percent annually.

Household growth occurred throughout the HMA. Increased development of multifamily units in the suburban areas has aided household formation and growth in renter households, even though suburban expansion continues to be characterized mostly by planned housing developments with primarily single-family homes for sale. The homeownership rate in the HMA is currently estimated at 59.0 percent, down from 59.8 percent in 2020 and 63.2 percent in 2010. Despite strong economic growth, high mortgage interest rates and rising home sales prices have been a barrier to homeownership in the HMA (Figure 6).

Figure 6. Households by Tenure and Homeownership Rate in the Orlando HMA



Note: The current date is July 1, 2024.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Forecast

During the 3-year forecast period, the population and number of households in the HMA are expected to increase by averages of 53,550 and 23,450 a year, or 1.8 and 2.1 percent, respectively, to 3.03 million people and 1.16 million households. Net in-migration, which is expected to account for more than 84 percent of growth, will continue to lead population growth. Household growth is expected to continue to outpace population growth, partly because rental housing is relatively affordable, and the growth rate for renter households is anticipated to continue outpacing the owner growth rate.

Home Sales Market

Market Conditions: Balanced

The number of homes sold in the Orlando HMA during the 12 months ending June 2024 declined 9 percent to the lowest level since 2012, but home sales prices increased.

Current Conditions

Sales housing market conditions in the HMA are currently balanced, with an estimated vacancy rate of 2.0 percent (Table 6), up slightly from 1.9 percent in April 2020, when conditions were also balanced. Strong job growth, increased net in-migration, and declining levels of new home construction have supported balanced sales market conditions. The 4.1-month supply of homes available for sale in the HMA during June 2024 is up from the 2.7-month supply during June 2023 and 2.6-month supply during June 2022 (CoreLogic, Inc.). New and existing home sales declined 9 percent to 53,600 homes sold during the 12 months ending June 2024 compared with the previous year (CoreLogic, Inc., with adjustments by the analyst), primarily because elevated mortgage interest rates and increasing new and existing home prices made homes less affordable. The average home price increased 5 percent to $449,200 during the 12 months ending June 2024, following a 12-percent increase during the previous year. The average annual interest rate for a 30-year, fixed-rate mortgage was 3.15, 5.53, and 7.00 percent during 2021, 2022, and 2023, respectively, and the rate averaged 7.05 percent during June 2024 (Bankrate; Freddie Mac).

Table 6. Home Sales Quick Facts in the Orlando HMA

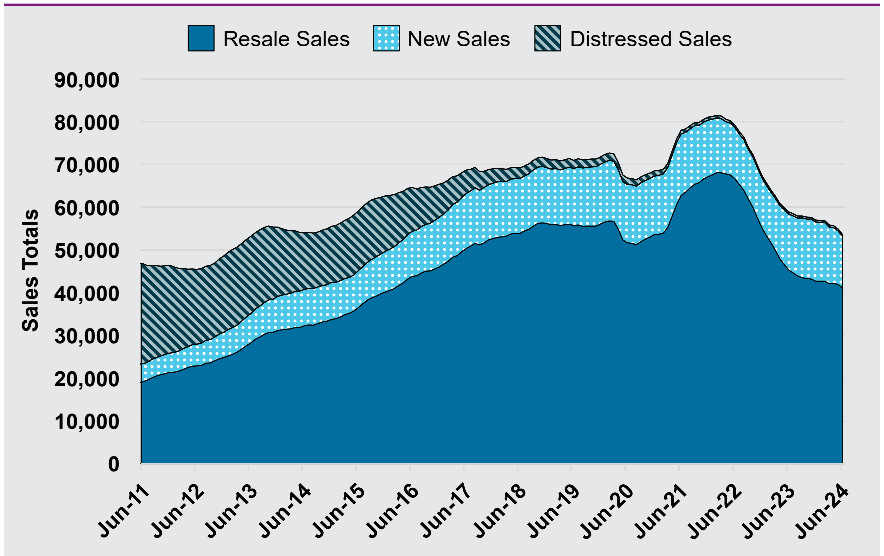
		Orlando HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	2.0%	NA
	Months of Inventory	4.1	3.3
	Total Home Sales	53,600	4,979,000
	1-Year Change	-9%	-12%
	New Sales Price	$510,500	$492,500
	1-Year Change	4%	-0.2%
	Existing Sales Price	$431,400	$402,700
	1-Year Change	5%	6%
	Mortgage Delinquency Rate	1.1%	0.9%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2024; and months of inventory and mortgage delinquency data are as of June 2024. The current date is July 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

Resale and New Home Sales

Resales increased most years from 2011 through 2021 but declined during the past 24 months. Resales in the HMA totaled 18,350 homes sold during 2010 before increasing each year through 2018 (CoreLogic, Inc., with adjustments by the analyst). From 2011 through 2018, resales rose by an average of 4,725, or 15 percent, annually to 56,200 homes (Figure 7). Strong net in-migration and an expanding economy fueled the increase in home sales. Resales

Figure 7. 12-Month Sales Totals by Type in the Orlando HMA



Note: Sales include single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

were essentially flat during 2019 when net in-migration slowed, and resales declined by 80 homes sold, or less than 1 percent. During 2020, concerns regarding the spread of COVID-19 resulted in continued slow net in-migration and reduced home sales, with resales declining by 2,500, or 4 percent. Resales in 2021 increased by 13,500 homes sold, or 25 percent, but started declining in 2022 when sales fell by 11,900 homes sold, or 18 percent. During the 12 months ending June 2024, resales totaled 41,100 homes sold, down 9 percent from a year earlier. The 45,300 resale homes sold during the 12 months ending June 2023 represented a 32-percent decline from the previous year. The recent decline in resales largely reflects rising mortgage interest rates from historic lows during 2021.

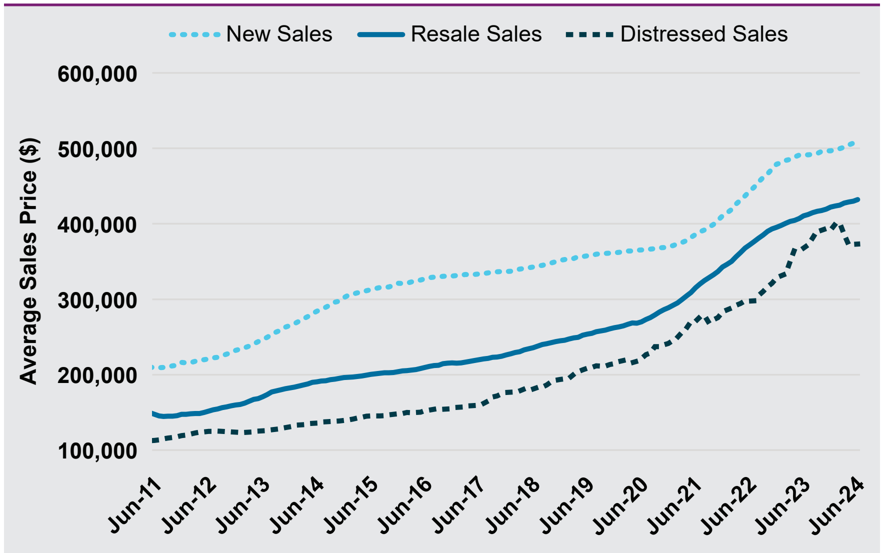
New home sales increased every year from 2012 through 2019 and have declined most years since 2020. The number of new home sales during 2011, 4,525, was virtually unchanged from the previous year, and sales from 2012 through 2019 increased an average of 15 percent annually to 13,950 homes sold in 2019. During 2020 and 2021, new home sales fell by an average of 330, or 2 percent, annually to 13,250 homes sold, then fell during 2022 by 1,575, or 12 percent, to 11,700 homes sold. The 12,050 new home sales during the 12 months ending June 2024 represented a decline of 8 percent from the previous 12 months, primarily because of decreased demand stemming from elevated mortgage interest rates and high prices for new homes. New home sales briefly increased during the 12 months ending June 2023, when 13,100 new homes sold, up 10 percent from the previous year. During the 12 months ending June 2023, the supply of existing homes for sale declined, and builders increased construction to meet demand.

Resale and New Home Sales Prices

Average resale prices increased rapidly in the early 2020s, when mortgage interest rates were at historic lows, before rising during 2022 as price growth slowed. A low supply of homes available for sale since 2020 and increased demand from stronger population growth starting in 2021 also contributed to the substantial increases in home prices. From 2020 through 2022, the average resale price in the HMA increased an average of 15 percent annually to $395,300 in 2022, whereas the average resale price increased 5 percent to $432,000 during the 12 months ending June 2024. That rise followed a 10-percent increase during the 12 months ending June 2023. By comparison, the average resale price increased an average of 7 percent annually from 2012 through 2019.

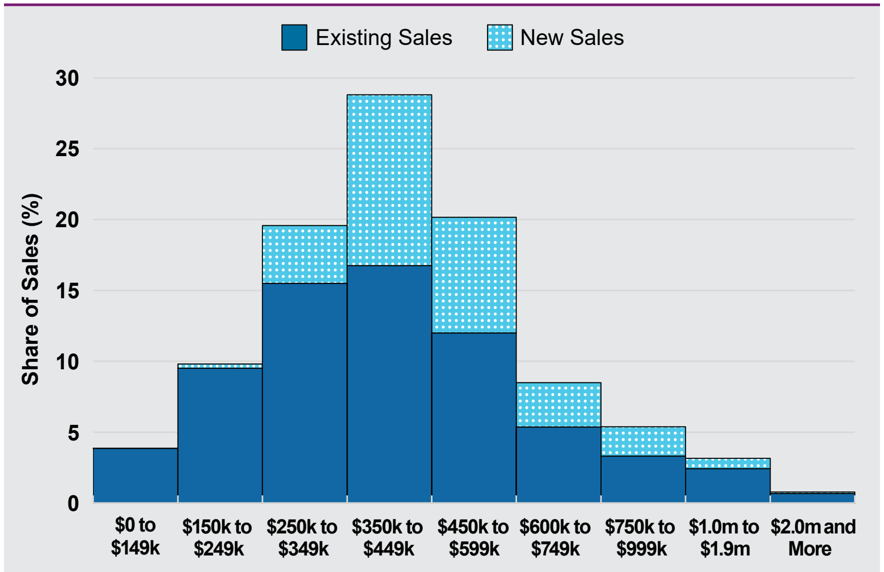
Elevated mortgage interest rates and declining new home sales demand contributed to slower new home price increases during the past year. During the 12 months ending June 2024, the average new home price increased 4 percent to $510,500, following an 11-percent increase a year earlier. From 2021 through 2022, the average price of new homes increased an average of 14 percent annually to $479,000. That rise followed a 2-percent increase during 2020, when new home demand declined briefly, reflected in slower new home sales during the year. Previously, the average price for new homes increased an average of 7 percent annually from 2012 through 2019 (Figure 8). During the 12 months ending June 2024, nearly 66 percent of new homes sold ranged from $350,000 to $599,999 (Zonda; Figure 9).

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



Note: Sales include single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending June 2024 in the Orlando HMA



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

Distressed Sales and Delinquent Mortgages

Distressed sales in the HMA declined each year following 2010 after foreclosures peaked in the Orlando HMA (CoreLogic, Inc., with adjustments by the analyst). From 2011 through 2022, distressed sales declined by an average of 1,875, annually. During the 12 months ending June 2024, distressed sales totaled 450 homes, down 12 percent from the 510 distressed sales during the 12 months ending June 2023. Distressed sales represented less than 1 percent of total home sales during the 12 months ending June 2024 compared with a peak level of 50 percent in 2010.

The average price for a distressed home during the 12 months ending June 2024 was $373,200, a 1-percent increase from a year earlier. This increase coincided with a decrease in distressed properties available for sale and reflected a continued decline in seriously delinquent mortgages. By comparison, the average distressed home price increased 24 percent during the previous 12 months to approximately $368,000. From 2011 through 2022, the average distressed home price increased by an average of $17,850, or 9 percent, annually.

As of June 2024, 1.1 percent of home loans in the HMA were seriously delinquent or had transitioned into real estate owned (REO) status, down from 1.3 percent a year earlier (CoreLogic, Inc.). By comparison, the percentage of seriously delinquent mortgages and REO properties peaked at 21.0 percent in February 2010 because of the Great Recession and housing crisis but mostly declined during the following 10 years to a 1.5-percent low in March 2020. The rate was 6.5 percent in August 2020, a recent peak, because measures to slow the spread of COVID-19 led to a significant number of homeowners falling behind on mortgage payments, and many mortgages were in forbearance. The rate of seriously delinquent mortgages and REO properties in the HMA has since declined because economic conditions have improved.

Sales Construction

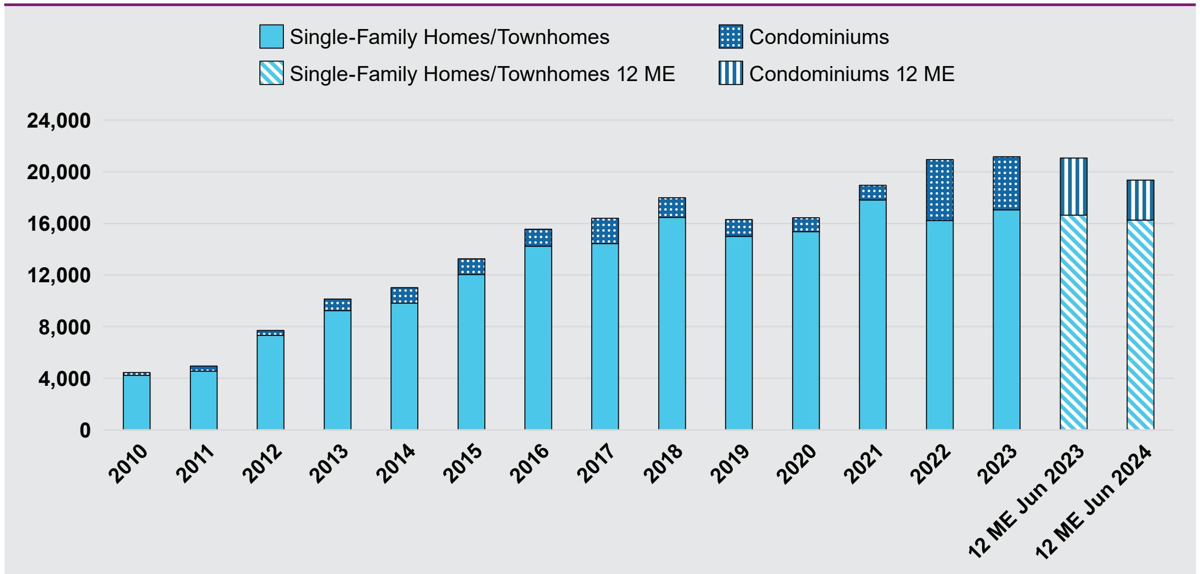
Throughout the early 2010s, new home construction activity, as measured by the number of sales housing units permitted (see building permits), was relatively low in the HMA because the Great Recession reduced demand and greatly increased the number of homes in REO status. From 2010 through 2012, when the housing market was weak, demand for new housing was relatively low despite low average new home prices. New home construction, which includes single-family homes, townhomes, and condominiums, averaged 5,700 homes annually from 2010 through 2012 (Figure 10). Net in-migration to the HMA was strong beginning in 2013 because the economy expanded at a faster pace and consumer confidence improved, leading to an increase in the demand for new homes. New home construction increased an average of 15 percent annually from 2013 through 2018 to nearly 18,000 homes, then declined 9 percent during 2019 and 2020 to an annual average of 16,350 homes when net in-migration slowed and demand weakened. During 2021 and 2022, new home construction increased 22 percent to an annual average of 19,950 homes because of increased new home sales demand during most of the period. During the 12 months ending June 2024, the number of homes permitted declined 8 percent to 19,350 from the 21,050 homes permitted a year earlier (preliminary data, with adjustments by the analyst).

Osceola and Orange Counties accounted for 36 and 34 percent, respectively, of new homes constructed in the HMA during the past year and 17 and 48 percent of all existing single-family homes. Sunbridge, a 27,000-acre, master-planned community in north Osceola County, began construction on the first neighborhood, Del Webb Sunbridge, in 2020. It will include 1,250 homes spread across 700 acres when complete. A total of 390 homes were sold in Del Webb Sunbridge during 2023, making the list of the top 50 highest selling, master-planned communities in the nation (RCLCO). New home prices in Del Webb Sunbridge start in the high $300,000s for three-bedroom homes.

Forecast

During the 3-year forecast period, demand is estimated for 46,750 new single-family homes, townhomes, and condominiums in the HMA (Table 7). The 9,200 homes under construction will satisfy some of the demand, which is expected to increase slightly each year because of economic growth. Demand is estimated to be strongest in Osceola County because of the availability of less expensive, vacant, developable lots.

Figure 10. Annual Sales Permitting Activity in the Orlando HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Table 7. Demand for New Sales Units in the Orlando HMA During the Forecast Period

	Sales Units
Demand	46,750 Units
Under Construction	9,200 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Rental Market

Market Conditions: Slightly Soft

Apartment construction in the Orlando HMA has been strong since 2021 in response to strong net in-migration, but elevated apartment construction since 2021 has recently resulted in softer market conditions.

Current Conditions and Recent Trends

Rental housing market conditions in the HMA are slightly soft, with an overall estimated rental vacancy rate of 8.9 percent, up from 8.6 percent in 2020, when overall rental housing market conditions were also slightly soft (Table 8). Relatively low levels of rental construction from 2010 through 2015 and increased rental household growth spurred by the sales housing crisis contributed to declining vacancy rates and rising rents most years from 2010 through 2017. From 2018 through 2021, slowing net in-migration and strong construction activity that outpaced the growth in rental demand led to rising vacancy rates and moderating rental growth. During 2021 and 2022, the market tightened temporarily when rising demand from net in-migration exceeded the growth in supply. Delays in construction completions due to supply chain disruptions from the COVID-19 pandemic temporarily hampered multifamily completions during the period. When those disruptions eased in 2022, multifamily construction completions increased, contributing to softening market conditions.

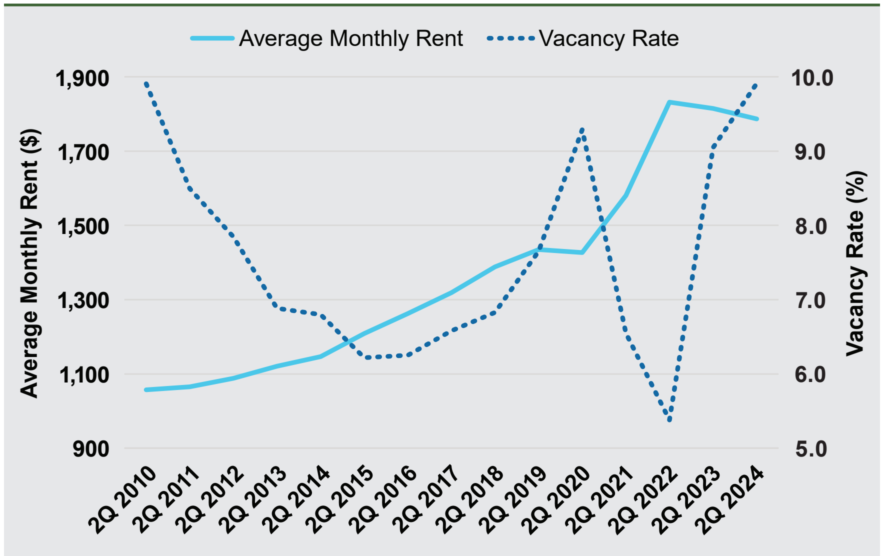
The apartment vacancy rate was 9.9 percent as of the second quarter of 2024, representing the highest rate recorded during a second quarter in more than a decade and up from 9.0 percent as of the second quarter of 2023 (CoStar Group; Figure 11). As of the second quarter of 2010, the apartment vacancy rate was also 9.9 percent before it declined each of the following 5 years to

Table 8. Rental and Apartment Market Quick Facts in the Orlando HMA

		2020 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	8.6	8.9
		2021 (%)	2022 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	33	30
	Multifamily (2–4 Units)	12	10
	Multifamily (5+ Units)	52	57
	Other (Including Mobile Homes)	4	3
		2024 2Q	YoY Change
Apartment Market Quick Facts	Apartment Vacancy Rate	9.9%	0.9
	Average Rent	$1,786	-2%
	Studio	$1,357	-1%
	One-Bedroom	$1,554	-2%
	Two-Bedroom	$1,898	-1%
	Three-Bedroom	$2,250	-2%

2Q = second quarter. YoY = year-over-year.
Notes: The current date is July 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2021 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

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



2Q = second quarter.
Source: CoStar Group

6.2 percent as of the second quarter of 2015. The vacancy rate increased to 9.3 percent as of the second quarter of 2020, when slowing net in-migration contributed to softening apartment market conditions. Apartment completions slowed during 2020 and 2021, however, contributing to declining vacancy rates. The rate was down to 5.4 percent as of the second quarter of 2022, primarily because of delays due to labor and construction material shortages. The average apartment rent declined 2 percent to $1,786 from the second quarter of 2023 to the second quarter of 2024 following a 1-percent decline a year earlier. By comparison, the average apartment rent increased 3 percent annually from the second quarter of 2010 to the second quarter of 2019 before decreasing 1 percent as of the second quarter of 2020. The average rent then increased 13 percent annually from the second quarter of 2020 to the second quarter of 2022.

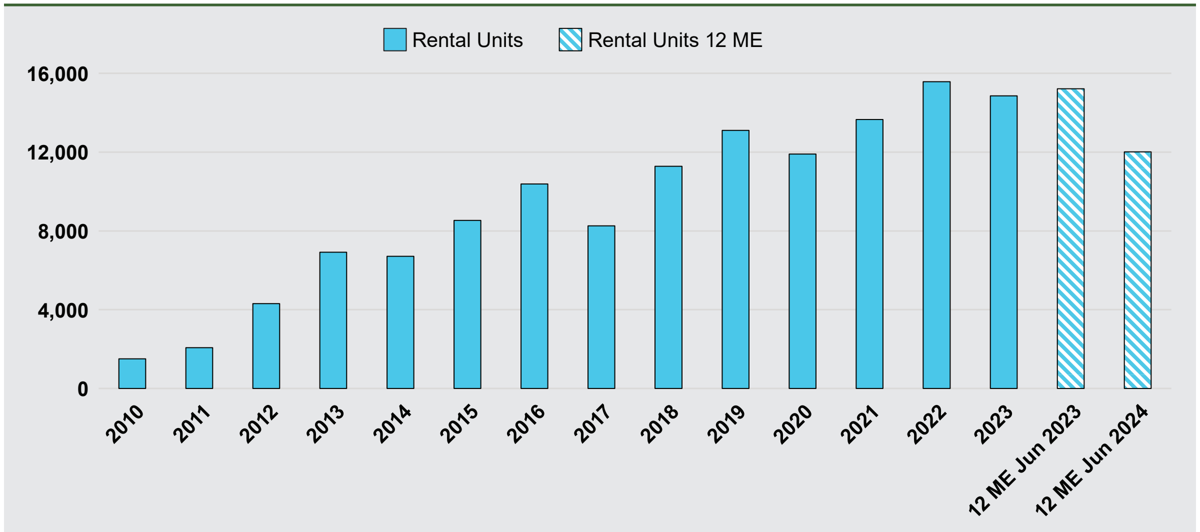
Current Apartment Conditions by Geography

As of the second quarter of 2024, apartment market conditions softened in 11 of the 13 CoStar Group-defined market areas in the HMA, with vacancy rates ranging from 5.9 percent in the Eastside market area, where apartment market conditions were slightly tight, to 16.4 percent in the Northwest Orlando market area, where conditions were soft. Apartment vacancy rates increased the most in the Northwest Orlando and the Osceola County market areas by 7.1 and 7.0 percentage points, respectively, from the same quarter a year earlier. The growth corresponded with 19- and 14-percent increases in the apartment inventories of the respective areas during the past year. The average rent declined in 9 of the 13 market areas in the HMA. As of the second quarter of 2024, the respective average rents in the East Outlying, South Orlando, and Windermere market areas each declined 3 percent to $1,970, $1,626, and $2,102 from a year earlier. The Eastside market area was the only market area where the average rent increased as of the second quarter of 2024, up 1 percent to $1,779. During the past year, the Eastside market area had the fewest multifamily units delivered in the HMA. The highest average rent, $2,218, was in the Osceola County market area, 1 of 3 market areas where rents were unchanged from the second quarter of 2023.

Rental Construction

Rental construction activity, as measured by the number of rental units permitted, has been generally strong in the HMA since 2019, partly attributed to builders responding to low vacancy rates, significant rent growth, and substantial population growth since 2021. An average of 5,000 rental units were permitted annually from 2010 through 2015 before building activity increased to an average of 9,975 units permitted annually from 2016 through 2018, when builders responded to relatively tighter rental market conditions compared with the previous period (Figure 12). Strong apartment rent growth and low vacancy rates at

Figure 12. Annual Rental Permitting Activity in the Orlando HMA



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

existing apartment communities prompted builders to increase construction activity to an average of 13,550 units permitted annually from 2019 through 2022. During the past year, builders responded to rising average vacancy rates and declining average rents with reduced multifamily permitting. During the 12 months ending June 2024, approximately 12,000 rental units were permitted, down 21 percent from the 15,200 units permitted during the previous 12 months (preliminary data, with adjustments by the analyst).

New rental construction projects are scattered throughout the HMA (Map 1). Of the units under construction, about 38 and 22 percent are in the cities of Orlando and Kissimmee, respectively. Recent new developments include the 400-unit Avida in the city of Orlando, completed in 2024. Rents at Avida for one-, two-, and three-bedroom units start at $1,655, $1,974, and $2,392, respectively. Tapestry Headwaters, a 316-unit apartment community in the city of Kissimmee, was completed in 2024, with rents for studio and one-, two-, and three-bedroom units starting at $1,700, $1,730, $2,200, and $2,800, respectively.

Forecast

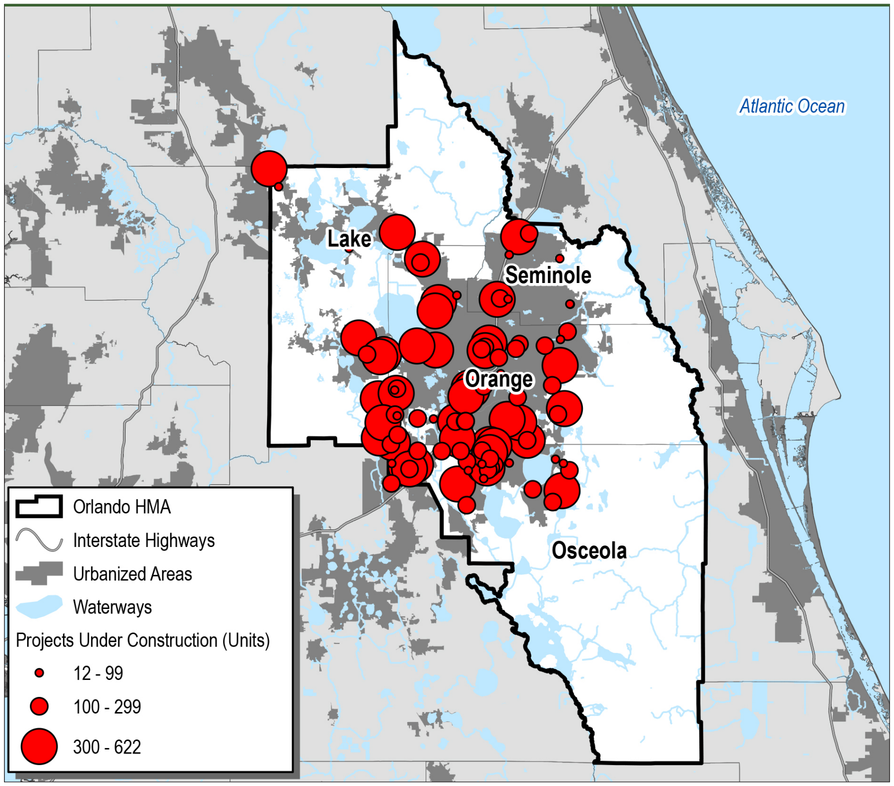
During the 3-year forecast period, demand is estimated for 27,200 rental units (Table 9). Demand is expected to be relatively steady throughout the forecast period. The 17,750 units under construction will satisfy demand during the first 2 years.

Table 9. Demand for New Rental Units in the Orlando HMA During the Forecast Period

Rental Units	
Demand	27,200 Units
Under Construction	17,750 Units

Notes: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Map 1. Projects Underway in the Orlando HMA



Source: McGraw-Hill Construction Pipeline database, with adjustments by the analyst

Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/ Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Forecast Period	7/1/2024–7/1/2027—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Net Natural Change	Resident births minus resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.

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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