



# Huntsville, Alabama

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2011



## Housing Market Area



The Huntsville Housing Market Area (HMA), which consists of Limestone and Madison Counties, is located in northern Alabama along the Alabama-Tennessee border, about 100 miles north of Birmingham. The city of Huntsville, known as Rocket City, is home to the National Aeronautics and Space Administration's (NASA's) Marshall Space Flight Center and the U.S. Army's Redstone Arsenal. Huntsville is the most populous city in the HMA, accounting for approximately 43 percent of the HMA population.

## Summary

### Economy

Nonfarm payrolls in the Huntsville HMA have declined since 2009, although losses have slowed in recent months. During the 12 months ending September 2011, nonfarm payrolls decreased by 200 jobs, or 0.1 percent, to an average of 208,000 jobs compared with a 1.1-percent decline during the 12 months ending September 2010. During the next 3 years, nonfarm payrolls are expected to grow at a 1.6-percent annual rate. Additional employment data for the HMA appear in Table DP-1 at the end of this report.

### Sales Market

The sales housing market in the HMA is soft. During the 3-year forecast period, employment and population gains are expected to support demand for 6,775 new market-rate sales housing units. The 640 homes currently under construction will satisfy a portion of this demand (see Table 1). A portion of the 6,800 other vacant units in the HMA may come back on the market and satisfy some of the forecast demand.

### Rental Market

Rental housing market conditions in the HMA are soft. The current rental vacancy rate is estimated at 9 percent, a decline from the 10.3-percent rate recorded in April 2010. During the 3-year forecast period, demand is estimated for 370 new rental units (see Table 1). The approximately 70 units currently under construction will meet a portion of this demand.

**Table 1. Housing Demand in the Huntsville HMA, 3-Year Forecast, October 1, 2011 to October 1, 2014**

	Huntsville HMA	
	Sales Units	Rental Units
Total Demand	6,775	370
Under Construction	640	70

*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, 2011. A portion of the estimated 6,800 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

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# Economic Conditions

The economy of the Huntsville HMA remains weak, after recording the largest declines in nonfarm payrolls in more than 10 years. Before the downturn began in early 2009, job growth from 2003 through 2008 averaged 5,150 jobs, or 2.6 percent, annually. Then, from 2009 through 2010, nonfarm payrolls decreased by about 3,050 jobs, or 1.4 percent, annually. During the 12 months ending September 2011, nonfarm payrolls decreased by 200 jobs, or 0.1 percent, to 208,000 jobs (see Table 2). At the same time, the average unemployment rate in the HMA increased slightly, from 7.6

to 7.9 percent. In comparison, from 2003 through 2008, the unemployment rate in the HMA averaged 3.5 percent. Figure 1 shows trends in labor force, resident employment, and unemployment rates since 2000.

The largest net declines in payrolls during the 12 months ending September 2011 occurred in the manufacturing and the professional and business services sectors, which recorded losses of 1,600 jobs, or 6.6 percent, and 1,000 jobs, or 2.1 percent, respectively. Layoffs of more than 1,200 employees at Continental Automotive Systems U.S., Inc., from 2009 through 2011, contributed to manufacturing sector losses.

The government sector added more jobs than any other sector during the 12 months ending September 2011. Government employment increased by 2,100 jobs, or 4.4 percent, during the 12 months ending September 2011. The government sector is the largest in the HMA and accounts for approximately 24 percent of all nonfarm payroll jobs, largely because of the 30,000 employees at Redstone Arsenal, a U.S. Army garrison and missile research center, and the 6,000 employees at NASA's Marshall Space Flight Center, which are two of the top three employers in the HMA (see Table 3). The Department of Defense 2005 Base Closure and Realignment Act, also known as BRAC, which plans to relocate about 4,600 jobs (mostly civilian) to Redstone Arsenal, has contributed to increased employment in the government sector since 2006. From 2009 through September 2011, more than 1,600 jobs had been relocated to Redstone Arsenal, which has contributed to the government sector job gains during the past 12 months. From 2000 to the current

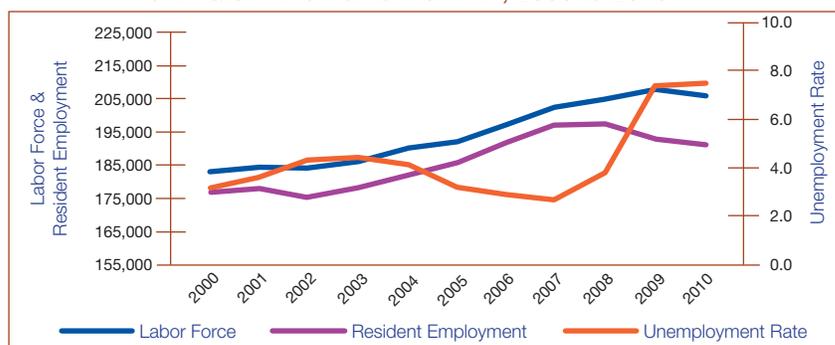
**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Huntsville HMA, by Sector**

	12 Months Ending September 2010	12 Months Ending September 2011	Percent Change
Total Nonfarm Payroll Jobs	208,200	208,000	-0.1
Goods Producing	31,400	30,250	-3.7
Mining, Logging, & Construction	7,100	7,550	6.3
Manufacturing	24,300	22,700	-6.6
Service Providing	176,700	177,800	0.6
Wholesale & Retail Trade	27,350	27,200	-0.6
Transportation & Utilities	2,600	2,550	-1.9
Information	2,400	2,600	8.7
Financial Activities	6,150	6,125	-0.7
Professional & Business Services	48,800	47,800	-2.1
Education & Health Services	16,900	17,050	0.9
Leisure & Hospitality	17,800	17,750	-0.3
Other Services	7,400	7,350	-0.8
Government	47,350	49,450	4.4

Notes: Based on 12-month averages through September 2010 and September 2011. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

**Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Huntsville HMA, 2000 to 2010**



Source: U.S. Bureau of Labor Statistics

**Table 3. Major Employers in the Huntsville HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Army Redstone Arsenal	Government	30,000
Huntsville Hospital	Government	6,300
NASA Marshall Space Flight Center	Government	6,000
The Boeing Company	Manufacturing	3,000
Science Applications International Corporation	Professional & Business Services	2,250
University of Alabama in Huntsville	Government	1,675
Sanmina-SCI Corporation	Manufacturing	1,575
Teledyne Brown Engineering, Inc.	Manufacturing	1,525
ADTRAN, Inc.	Manufacturing	1,475
Cinram, Inc.	Manufacturing	1,450

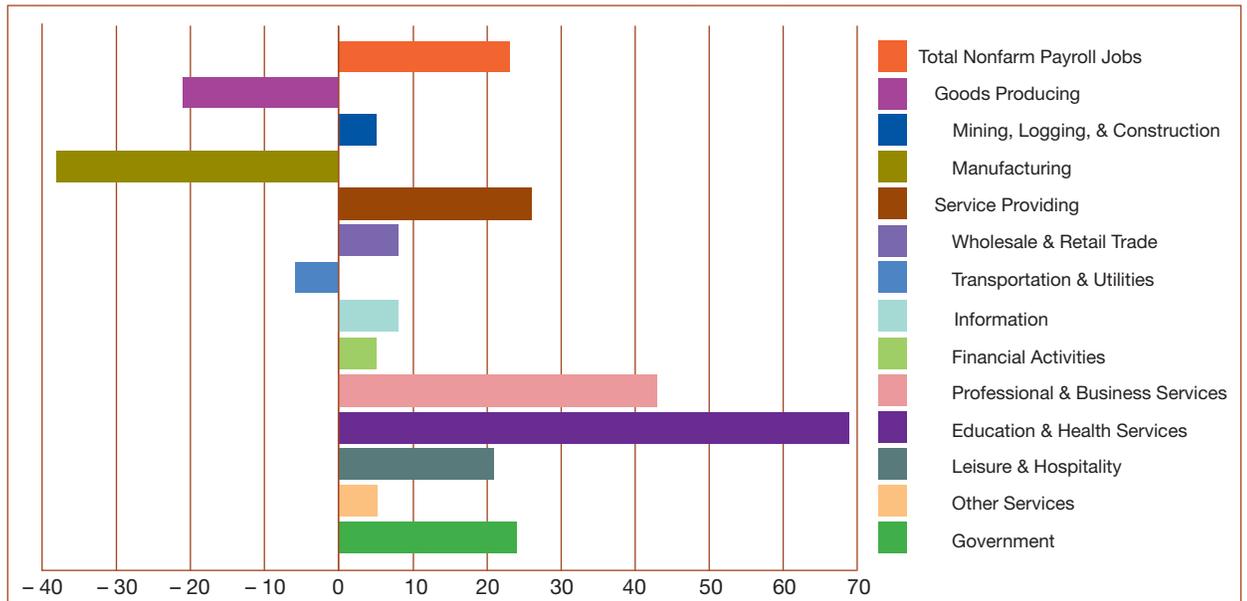
*Notes: As of September 2011. Excludes local school districts.*

*Source: Huntsville Chamber of Commerce*

date, government employment increased by 24 percent, and the government sector was the fourth fastest growing sector during that period. Figure 2 illustrates sector growth in the HMA from 2000 to the current date, and Figure 3 illustrates current nonfarm payroll jobs in the HMA by sector.

During the 12 months ending September 2011, the mining, logging, and construction sector was the second fastest growing sector, with an increase

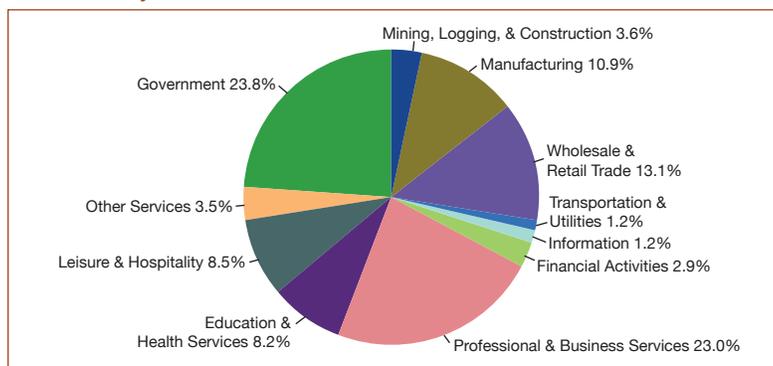
**Figure 2. Sector Growth in the Huntsville HMA, Percentage Change, 2000 to Current**



*Note: Current is based on 12-month averages through September 2011.*

*Source: U.S. Bureau of Labor Statistics*

**Figure 3. Current Nonfarm Payroll Jobs in the Huntsville HMA, by Sector**



*Note: Based on 12-month averages through September 2011.*

*Source: U.S. Bureau of Labor Statistics*

of 450 jobs, or 6.3 percent, mostly because of several large ongoing construction projects. Construction of the \$1 billion Redstone Gateway began in 2010 and will add 4.4 million square feet of office space to Redstone Arsenal when complete. In June 2011, Raytheon Company broke ground on the first phase of a \$75 million, 70,000-square-foot facility for producing and developing the Standard Missile-3 and Standard Missile-6. The facility is expected to create 300 jobs when it is complete in 2 to 3 years. In September 2011, The

Boeing Company completed a \$45 million expansion of its Patriot Advanced Capability-3 missile production facility.

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 3,325 jobs, or 1.6 percent, annually. Although job transfers to Redstone Arsenal as a result of the 2005 BRAC are complete, an estimated 500 of those jobs remain vacant; they are expected to

be filled within the next year. Dynetics, an engineering, scientific, and information technology company, is currently building a 226,000-square-foot research and development facility in Cummings Research Park, a \$52 million investment. When completed, within the next 3 years, the facility is expected to create more than 300 jobs, with an average salary of \$100,000 a year, in the professional and business services sector.

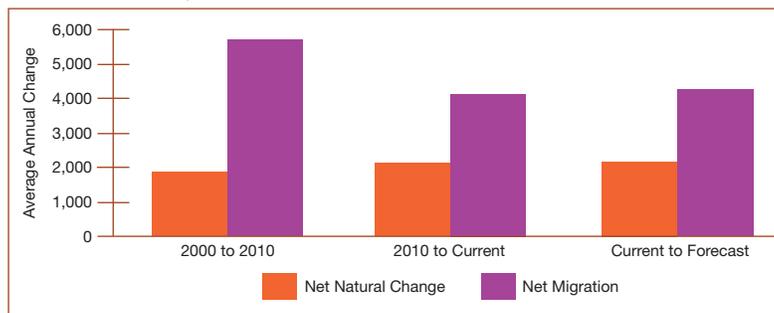
## Population and Households

As of October 1, 2011, the population of the Huntsville HMA is estimated at 427,000, reflecting an average annual increase of 6,275, or 1.5 percent, from approximately 417,600 on April 1, 2010. In comparison, from 2000 through 2010, the population increased by an average of 7,525, or 2.0 percent, a year. According to the Census Bureau, as of April 1, 2010, the city of Huntsville had a population of about 180,100, accounting for approximately 43 percent of the HMA's population.

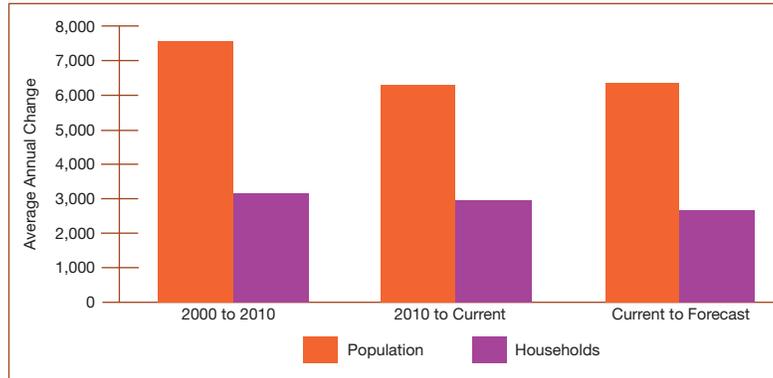
Since April 1, 2000, net in-migration has accounted for approximately 75

percent of the population gain, and the remainder of the growth has come from net natural change (resident births minus resident deaths). Figure 4 shows the components of population change in the HMA from 2000 to the current date. In-migration during the 2000s was strongest from 2005 through 2009, when it averaged an estimated 8,200 people annually because of strong job growth. During this period, more than 2,000 jobs (mainly civilian) relocated to the HMA because of the 2005 BRAC; hires from outside the HMA are estimated to have filled more than one-half of those jobs. Since 2009, in-migration has slowed to an estimated average annual increase of 3,975 people, a result of job losses during 2009 and 2010. Madison County, which contains Huntsville, accounted for approximately 75 percent of net in-migration in the HMA from 2000 through 2010. Population growth has concentrated in outlying areas of Madison County, to the west, north, and east of Huntsville. The HMA population is forecast to grow by

**Figure 4.** Components of Population Change in the Huntsville HMA, 2000 to Forecast



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

Population and Households *Continued***Figure 5.** Population and Household Growth in the Huntsville HMA, 2000 to Forecast

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

**Figure 6.** Number of Households by Tenure in the Huntsville HMA, 2000 to Current

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

1.5 percent a year during the next 3 years to total approximately 446,100 by October 1, 2014. Filling vacant positions already transferred as a result of the 2005 BRAC is expected to contribute to population and household growth during the forecast period. See Figure 5 for population and household growth in the HMA from 2000 to the current date.

From 2000 through 2010, the number of households in the HMA increased by 3,150, or 2.1 percent, annually. From 2010 to the current date, the number of households increased by 2,975, or 1.8 percent, annually, reflecting a slower rate of growth. Currently, the HMA has an estimated 170,600 households. Figure 6 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date. During the forecast period, the number of households is expected to increase by 2,600, or 1.5 percent, annually to total approximately 178,400 by October 1, 2014.

## Housing Market Trends

### Sales Market

The sales housing market in the Huntsville HMA is soft because of job losses during 2009 and 2010, the expiration of the first-time homebuyer tax credit in 2010, and tight mortgage lending standards. The home sales vacancy rate is currently estimated at 2.5 percent, unchanged from April 1, 2010. According to data from the Alabama Center for Real Estate, during the 12 months ending September 2011, the number of single-family homes sold in the HMA decreased to 4,250,

a 10-percent decline compared with the number of homes sold during the previous 12-month period. The current number of sales is well below the annualized average of 6,275 that prevailed from 2005 through 2007. The low home sales volume has contributed to a decline in the homeownership rate in the HMA. According to the Census Bureau, the homeownership rate was 70.0 percent on April 1, 2010, down from the 71.2-percent rate recorded on April 1, 2000.

## Housing Market Trends

### Sales Market *Continued*

The average sales price for new and existing homes in the HMA increased by 2 percent, to \$183,600, during the 12 months ending September 2011 compared with prices during the previous 12 months, according to the Alabama Center for Real Estate. Average sales prices have been increasing since the first-time homebuyer tax credit expired in June 2010, because the credit disproportionately stimulated lower priced home sales. In contrast, the average sales price for new and existing homes decreased by 1.5 percent during the 12 months ending May 2010, before the tax credit expired. During the 12 months ending September 2011, the available inventory of new and existing homes in the HMA averaged a 9-month supply, an increase from the average 8-month supply recorded during the previous 12-month period and the second highest inventory supply level recorded since 2005. According to LPS Applied Analytics, in September 2011, 3.8 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), unchanged from the rate recorded in September 2010.

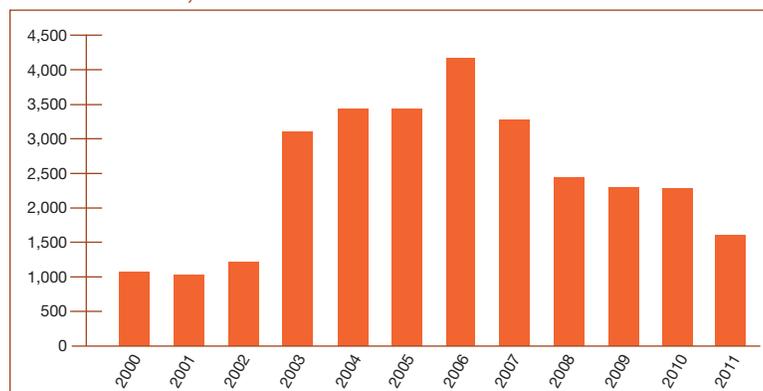
Homebuilding activity, as measured by the number of single-family building permits issued, declined during

the 12 months ending September 2011 because of decreased demand for sales housing (see Figure 7). The number of single-family homes permitted declined to 2,100, a 5-percent decline from the 2,175 homes permitted during the previous 12-month period, based on preliminary data. The current level of construction activity remains below the average of 3,475 single-family homes permitted annually from 2003 through 2007. Prices for new three-bedroom, single-family homes in the HMA start at about \$100,000. New developments include McMullen Cove and Burwell Gardens, which have plans for about 1,400 and 700 homes with prices starting at \$280,000 and \$100,000, respectively.

The April 27, 2011 tornadoes that struck much of Alabama affected the HMA. An estimated 600 homes in the HMA sustained major damage. The damage was concentrated in Limestone County and northwestern Madison County. The tornadoes destroyed approximately 250 homes in Limestone County and damaged an additional 300 homes to various degrees. In Madison County, an estimated 300 homes were either destroyed or sustained major damage, and the Federal Emergency Management Agency verified approximately \$10 million in losses. The Small Business Administration has approved more than \$5.6 million in disaster loans in Limestone and Madison Counties. The affected homes represent less than 1 percent of the HMA's single-family inventory.

During the next 3 years, demand is expected for 6,775 new homes (see Table 1). The 640 homes currently under construction will meet a portion of this demand. The demand

**Figure 7.** Single-Family Building Permits Issued in the Huntsville HMA, 2000 to 2011



Notes: Includes townhomes. Includes data through September 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

is expected to increase during the forecast period, from 1,375 homes in the first year to 2,700 homes annually during the last 2 years. More than one-half of the demand is expected to be for units priced between \$150,000

and \$299,999 (see Table 4). It is likely that a portion of the estimated 6,800 other vacant units will enter the sales housing market and satisfy some of the forecast demand.

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Huntsville HMA, October 1, 2011 to October 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	149,999	1,025	15.0
150,000	199,999	1,625	24.0
200,000	249,999	1,275	19.0
250,000	299,999	1,150	17.0
300,000	399,999	1,025	15.0
400,000	and higher	680	10.0

*Note: The 640 homes currently under construction and a portion of the estimated 6,800 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

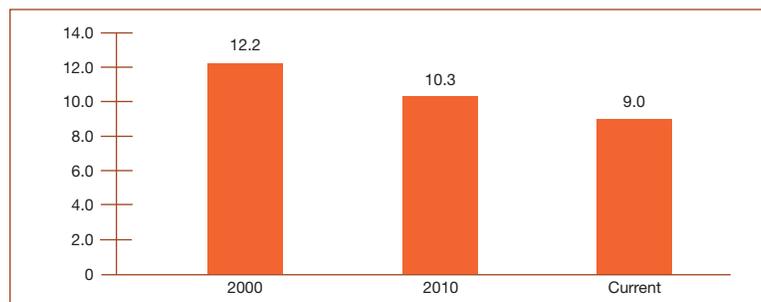
## Rental Market

Rental housing market conditions in the Huntsville HMA are soft. The current overall rental vacancy rate is estimated at 9 percent, which is lower than the 10.3-percent rate recorded in April 2010 and the 12.2-percent rate recorded in April 2000 (see Figure 8). According to Reis, Inc., during the third quarter of 2011, the apartment vacancy rate averaged 8.1 percent, down from 9.0 percent during the third quarter of 2010. The decrease in the apartment vacancy rate is due to low levels of apartment completions since 2010, coupled with increased demand

from households displaced by the April 2011 tornadoes. During the third quarter of 2011, apartment asking rents averaged \$550 for a one-bedroom unit, \$640 for a two-bedroom unit, and \$820 for a three-bedroom unit; average asking rents for all apartment units increased by 1 percent, to \$620, compared with the rents recorded during the third quarter of 2010.

Multifamily construction activity, as measured by the number of units permitted, has been minimal since 2010. Based on preliminary data, during the 12 months ending September 2011, approximately 70 multifamily units were permitted compared with no units permitted during the previous 12 months. The current level of activity is well below the average of 730 units permitted annually from 2006 through 2009. In comparison, multifamily permitting levels averaged 430 units annually from 2000 through 2005 (see Figure 9). The most recently completed apartment development is

**Figure 8.** Rental Vacancy Rates in the Huntsville HMA, 2000 to Current



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

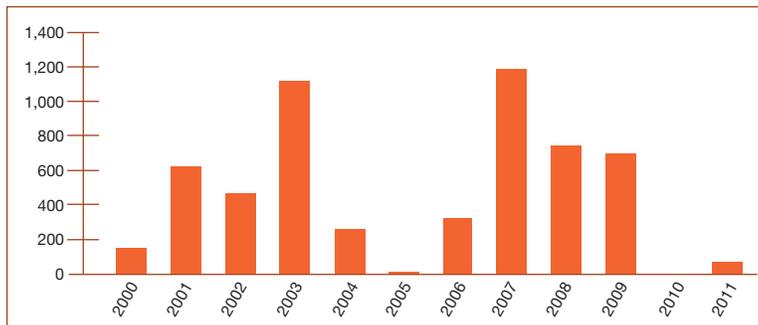
**Housing Market Trends**  
**Rental Market** *Continued*

18 Watercress Green, with 324 units, which was completed in 2010. Gateway Place Apartments, an 86-unit Huntsville Public Housing Authority development for elderly people, is expected to be complete by November 2011. Eagles Landing Phase II, a 64-unit low-income housing tax credit development, is currently under

construction in the city of Madison and is expected to be complete by 2012. In the fall of 2010, The University of Alabama in Huntsville (UAH) completed Charger Village, a \$29 million, 400-unit dormitory. UAH has a total enrollment of 7,600 students, 84 percent of whom reside off campus and account for an estimated 5 percent of the rental housing market.

During the 3-year forecast period, demand is estimated for 370 new rental units (see Table 1). The approximately 70 units currently under construction will meet a portion of this demand. To allow for the absorption of excess vacant rental units, additional units will not be needed until the third year of the forecast period. Table 5 shows demand by number of bedrooms and rent level.

**Figure 9. Multifamily Building Permits Issued in the Huntsville HMA, 2000 to 2011**



Notes: Excludes townhomes. Includes data through September 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

**Table 5. Estimated Demand for New Market-Rate Rental Housing in the Huntsville HMA, October 1, 2011 to October 1, 2014**

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
600 or more	10	650 to 849	65	730 to 929	70	900 to 1,099	25
		850 or more	65	930 to 1,129	70	1,100 to 1,299	25
				1,130 or more	35	1,300 or more	10
<b>Total</b>	<b>10</b>	<b>Total</b>	<b>130</b>	<b>Total</b>	<b>180</b>	<b>Total</b>	<b>55</b>

Notes: The 70 units currently under construction will satisfy some of the estimated demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

# Data Profile

**Table DP-1. Huntsville HMA Data Profile, 2000 to Current**

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	177,710	191,153	193,000	0.7	1.3
Unemployment Rate	3.2%	7.5%	7.9%		
Nonfarm Payroll Jobs	184,900	208,200	208,000	1.2	- 0.1
Total Population	342,376	417,593	427,000	2.0	1.5
Total Households	134,643	166,146	170,600	2.1	1.8
Owner Households	95,908	116,340	119,000	2.0	1.5
Percent Owner	71.2%	70.0%	69.8%		
Renter Households	38,735	49,806	51,600	2.5	2.4
Percent Renter	28.8%	30.0%	30.2%		
Total Housing Units	147,185	181,424	185,500	2.1	1.5
Owner Vacancy Rate	2.3%	2.5%	2.5%		
Rental Vacancy Rate	12.2%	10.3%	9.0%		
Median Family Income	\$54,600	\$67,500	\$68,000	2.1	0.7

Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through September 2011. Median family incomes are for 1999, 2009, and 2010.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 10/1/2011—Analyst's estimates

Forecast period: 10/1/2011–10/1/2014—  
Analyst's estimates

**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 HUD's analysis, 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 are classified as commercial structures and 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.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_HuntsvilleAL\\_11.pdf](http://www.huduser.org/publications/pdf/CMARtables_HuntsvilleAL_11.pdf).

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to  
[www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).