

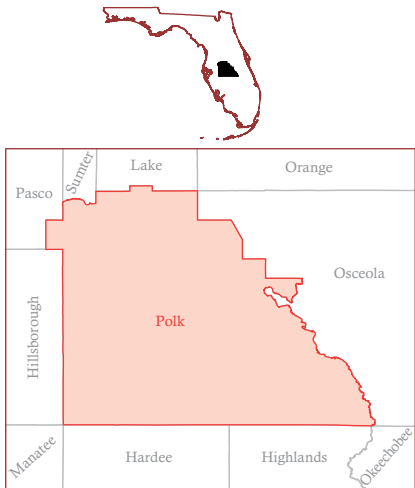


Lakeland-Winter Haven, Florida

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of September 1, 2014



Housing Market Area



The Lakeland-Winter Haven Housing Market Area (HMA), which consists of Polk County in central Florida, is coterminous with the Lakeland-Winter Haven, FL Metropolitan Statistical Area. The location of the HMA along the Interstate 4 (I-4) corridor, midway between Tampa and Orlando, provides substantial benefits to the economic development of the HMA, making it attractive for interstate trade and distribution networks.

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Summary

Economy

Economic conditions in the Lakeland-Winter Haven HMA began improving in 2012 after 4 years of economic decline. During the 12 months ending August 2014, nonfarm payrolls increased by 3,000 jobs, or 1.5 percent, to 198,900 jobs, from the previous 12 months. During the same period, increased employment in the HMA brought the unemployment rate down from 8.8 to 7.3 percent. Nonfarm payrolls are expected to continue growing during the 3-year forecast period by an average of 4,175 jobs, or 2.1 percent, annually.

Sales Market

Sales housing market conditions in the HMA are slightly soft but improving, with an estimated vacancy rate of 3.0 percent compared with 4.3 percent in April 2010. During the next 3 years, demand is expected for 5,150 homes (Table 1). The 940 homes currently under construction and some of the estimated 36,500 other vacant units that may return to the market will satisfy a portion of the demand.

Rental Market

The rental housing market in the HMA is balanced, with an estimated overall vacancy rate of 10.0 percent, down from 15.8 percent in April 2010. The apartment market is tight, with an estimated 3.8-percent vacancy rate during the third quarter of 2014 (Reis, Inc.). During the next 3 years, demand is expected for 3,250 new market-rate rental units (Table 1). Approximately 90 units are currently under construction and will meet a portion of the forecast demand.

Table 1. Housing Demand in the Lakeland-Winter Haven HMA During the Forecast Period

| | Lakeland-Winter Haven HMA | |
|--------------------|---------------------------|--------------|
| | Sales Units | Rental Units |
| Total demand | 5,150 | 3,250 |
| Under construction | 940 | 90 |

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2014. A portion of the estimated 36,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is September 1, 2014, to September 1, 2017.

Source: Estimates by analyst

Economic Conditions

Economic conditions in the Lakeland-Winter Haven HMA have improved steadily since mid-2012 after 4 years of economic decline. From the end of 2003 through 2006, nonfarm payrolls increased by an average of 9,300 jobs, or 4.9 percent, annually. The professional and business services, wholesale and retail trade, and mining, logging, and construction sectors led growth during that period. The unemployment rate during this period of economic expansion averaged 4.5 percent. Nonfarm payrolls stabilized in 2007. Subsequently, the effects of the national recession that began in December 2007 were

severe in the HMA; from the end of 2007 through 2011, nonfarm payrolls declined by an average of 5,000 jobs, or 2.5 percent, annually; during this period the unemployment rate averaged 10.4 percent. Job declines were greatest in the professional and business services sector. The mining, logging, and construction sector also declined significantly because of a sharp decrease in homebuilding. Economic recovery began in 2012, when nonfarm payrolls increased by 2,500 jobs, or 1.3 percent, and strengthened in 2013, when payrolls increased by 4,500 jobs, or 2.3 percent. Economic conditions remained strong during the 12 months ending August 2014, with nonfarm payrolls increasing by an average of 3,000 jobs, or 1.5 percent, to 198,900 (Table 2). The unemployment rate averaged 7.3 percent during the 12 months ending August 2014, down from 8.8 percent a year earlier, because of an increase in resident employment. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2013.

The greatest nonfarm payroll gains during the 12 months ending August 2014 occurred in the wholesale and retail trade sector, which added 1,200 jobs, an increase of 3.5 percent. Most of this growth can be attributed to improving economic conditions, which encourage increased consumer spending, resulting in increased hiring at local retail stores. The wholesale and retail trade sector is the largest sector in the economy, accounting for 35,700 jobs, or 18.0 percent of all nonfarm payrolls (Figure 2), and includes 6,644 employees at Publix Super Markets, Inc., the largest employer in the HMA

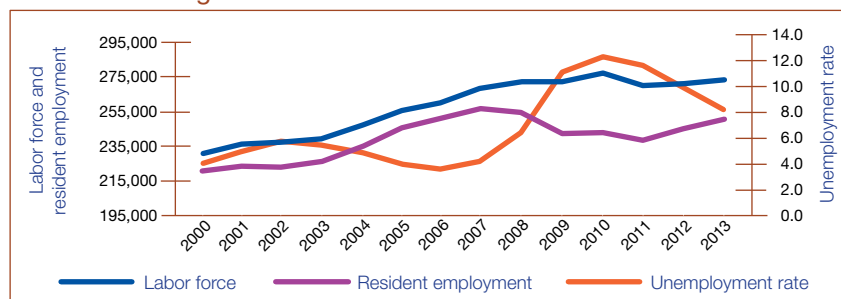
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Lakeland-Winter Haven HMA, by Sector

| | 12 Months Ending | | Absolute Change | Percent Change |
|----------------------------------|------------------|-------------|-----------------|----------------|
| | August 2013 | August 2014 | | |
| Total nonfarm payroll jobs | 195,900 | 198,900 | 3,000 | 1.5 |
| Goods-producing sectors | 26,100 | 27,200 | 1,100 | 4.2 |
| Mining, logging, & construction | 10,700 | 11,000 | 300 | 2.8 |
| Manufacturing | 15,400 | 16,200 | 800 | 5.2 |
| Service-providing sectors | 169,800 | 171,700 | 1,900 | 1.1 |
| Wholesale & retail trade | 34,500 | 35,700 | 1,200 | 3.5 |
| Transportation & utilities | 13,400 | 13,600 | 200 | 1.5 |
| Information | 1,600 | 1,600 | 0 | 0.0 |
| Financial activities | 11,600 | 11,700 | 100 | 0.9 |
| Professional & business services | 26,300 | 25,900 | -400 | -1.5 |
| Education & health services | 29,700 | 30,200 | 500 | 1.7 |
| Leisure & hospitality | 19,200 | 20,100 | 900 | 4.7 |
| Other services | 5,300 | 5,200 | -100 | -1.9 |
| Government | 28,400 | 27,600 | -800 | -2.8 |

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through August 2013 and August 2014.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Lakeland-Winter Haven HMA, 2000 Through 2013



Source: U.S. Bureau of Labor Statistics

(Table 3). During the recent economic recession, this sector lost an average of 1,200 jobs, or 3.4 percent, annually from the end of 2007 through 2010. By contrast, it has been the second fastest growing sector since the economic recovery began, adding an average of 600 jobs, a 1.9-percent increase, per year from the end of 2010 through 2013. This sector is expected to continue adding jobs during the 3-year forecast period as consumers become increasingly confident in both the national and local economic recoveries.

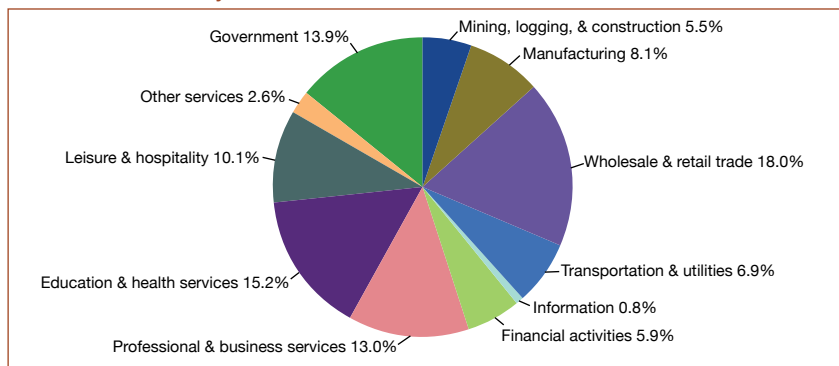
The leisure and hospitality sector added the second most number of jobs during the 12 months ending August 2014, increasing by 900 jobs, or 4.7 percent, to 20,100 jobs. By comparison, during the 12 months ending August 2013, the sector added 500 jobs, or 2.7 percent.

Much of this growth can be attributed

to hiring at restaurants and other eating establishments. The sector lost an average of 700 jobs a year from the end of 2008 through 2010 because weak labor market conditions put a strain on household finances, causing spending to decline. In 2011, the opening of LEGOLAND® Florida, the largest LEGOLAND® park in the world, helped to boost sector payroll by 1,000 jobs, or 6 percent. Sector payrolls continued to increase in 2012 and 2013, up 1,100 and 700 jobs, or 6.2 and 3.7 percent, respectively. The leisure and hospitality sector is expected to continue adding jobs during the forecast period, because the sector is directly affected by increases in consumer spending, which is expected to gain momentum while the economic recovery remains strong.

The location of the HMA along the I-4 corridor provides substantial benefits to the economic development of the HMA, making it attractive for interstate trade and distribution networks. In April 2014, Evansville Western Railway (an affiliate of CSX Corporation Inc.) opened a state-of-the-art intermodal terminal known as the Central Florida Intermodal Logistics Center (ILC). The terminal, which moves freight between trucks and trains, will have an estimated capacity to process 300,000 containers a year. In addition, the facility is surrounded by 930 acres that are approved for developing up to nearly 8 million square feet of warehouse distribution centers, light industrial facilities, and office buildings. The facility is too recent to have a quantifiable economic impact; however, it has the potential to create thousands of jobs during the next 10 years, mainly in the manufacturing and the transportation and utilities sectors.

Figure 2. Current Nonfarm Payroll Jobs in the Lakeland-Winter Haven HMA, by Sector



Note: Based on 12-month averages through August 2014.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Lakeland-Winter Haven HMA

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|----------------------------------|----------------------------------|---------------------|
| Publix Super Markets, Inc. | Wholesale & retail trade | 6,644 |
| Lakeland Regional Medical Center | Education & health services | 4,540 |
| GEICO | Financial activities | 2,018 |
| Watson Clinic LLP | Education & health services | 1,500 |
| GC Services Limited Partnership | Professional & business services | 1,000 |
| Rooms To Go.com, Inc. | Wholesale & retail trade | 900 |
| Liberty Mutual Insurance | Financial activities | 654 |
| Saddle Creek Logistics Services | Transportation & utilities | 625 |
| Stryker Sustainability Solutions | Professional & business services | 600 |

Note: Excludes local school districts.

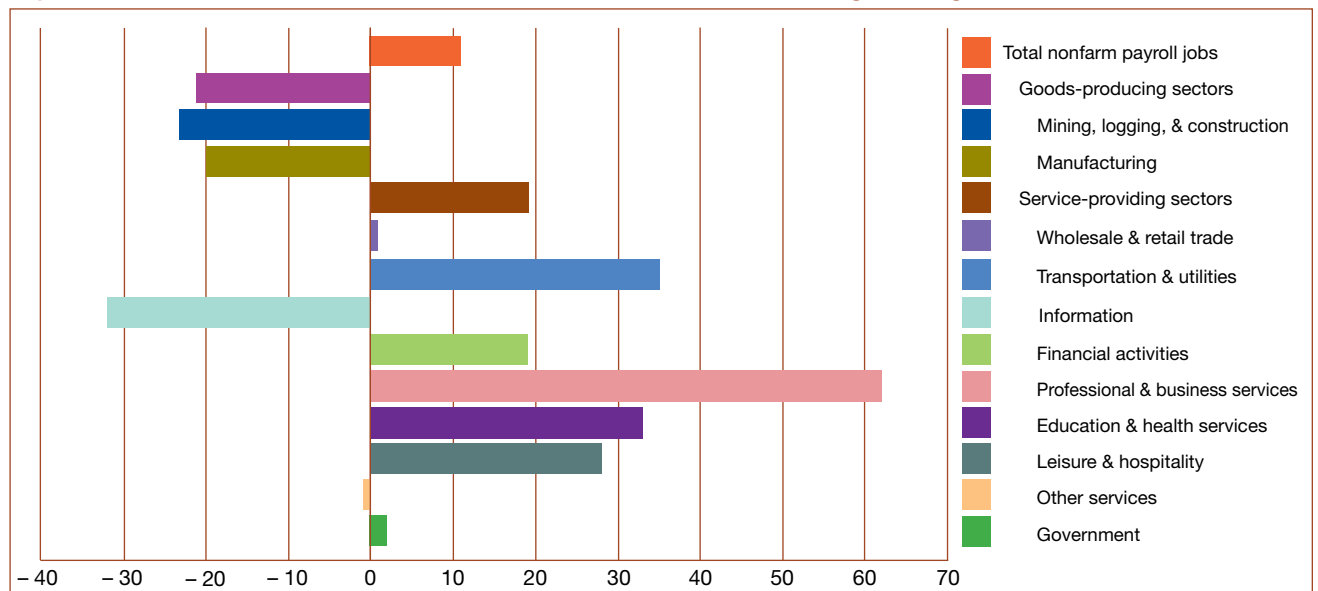
Source: Lakeland Economic Development Council 2013

The manufacturing sector added 800 jobs, an increase of 5.2 percent, during the 12 months ending August 2014 compared with an increase of 1,000 jobs, or 7.3 percent, during the previous 12 months. A portion of this growth can be attributed to increased hiring for manufacturing jobs related to phosphate mining in the HMA and hiring at several small firms in HMA. In 2000, the manufacturing sector accounted for 20,200 jobs, or 11.3 percent, of all nonfarm payrolls; it has since declined 20 percent (Figure 3) to 16,200 jobs, or 8.1 percent, of total nonfarm payrolls. Recent job growth in the manufacturing sector is expected to continue during the forecast period as businesses take advantage of the ILC and increased access to distribution networks. During the 12 months ending August 2014, the transportation and utilities sector added 200 jobs, an increase of 1.5 percent, because of hiring in the warehousing and storage subsector. By comparison, the transportation and utilities sector added 400 jobs, an increase of 2.8 percent, during the 12 months ending August 2013. Aside from losing 900 jobs from 2007 to

2009, this sector has been a source of job growth since 2000, increasing by an average of 250 jobs, or 2.3 percent, a year from 2000 to 2013. This trend is expected to accelerate during the next 3 years as ILC continues to develop and expand.

During the 12 months ending August 2014, jobs losses were greatest in the government sector, which decreased by 800 jobs, or 2.8 percent, mainly because of job losses in the local government subsector. By comparison, sector payrolls declined by 400 jobs, or 1.6 percent during the 12 months ending August 2013. The government sector was a strong source of job growth in the 2000s, and, from the end 2001 through 2010, government sector payrolls increased by an average of 400 jobs, or 1.5 percent, annually. From the end of 2010 through 2013, payrolls declined by an average of 600 jobs, or 2.0 percent, annually because of revenue shortfalls and budget constraints. Job losses in the government sector are expected to slow during the next 3 years as the economic recovery continues and tax revenues increase.

Figure 3. Sector Growth in the Lakeland-Winter Haven HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through August 2014.

Source: U.S. Bureau of Labor Statistics

Growth in the professional and business services sector has fluctuated in the past several years; however, the sector has been the fastest growing of any nonfarm payroll sector since 2000, increasing 62 percent, or by 9,925 jobs. During the 12 months ending August 2014, payrolls declined by 400 jobs, or 1.5 percent, compared with an increase of 1,300 jobs, or 5.3 percent, during the previous 12 months. The sector was hit hard by the national recession, and, from the end of 2005 to 2011, payrolls fell by an average of 1,200 jobs, or 4.3 percent, annually. As the economy began slowly improving, payrolls increased by an average of 900 jobs, or 3.8 percent, a year from the end of 2011 through 2013. Job

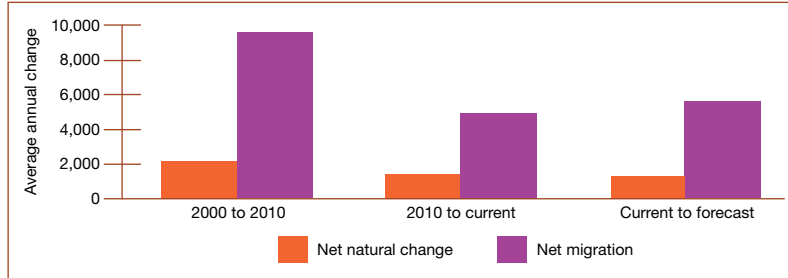
declines in the professional and business services sector are expected to moderate during the forecast period as the economic recovery continues.

During the forecast period, nonfarm payrolls are expected to increase by an average of 4,175 jobs, or 2.1 percent, annually, with the growth rate increasing slightly in the first year relative to the 12 months ending August 2014 and stabilizing in the second and third years. The wholesale and retail trade, leisure and hospitality, manufacturing, and transportation and utilities sectors are expected to lead growth. Table DP-1 at the end of this report provides additional employment data.

Population and Households

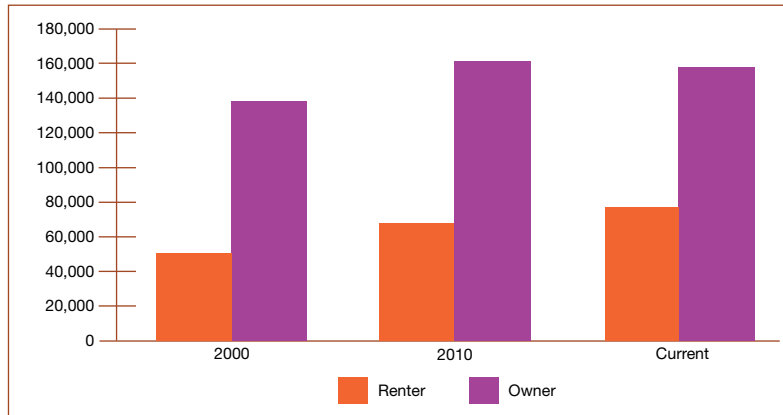
As of September 1, 2014, the population of the Lakeland-Winter Haven HMA was estimated at 630,300, reflecting an average annual growth rate of 1.0 percent, or 6,375, since 2010; net in-migration accounted for 79 percent of the increase. From 2000 to 2002 (intercensal based on Census population estimates as of July 1), population growth averaged 7,975 people, or 1.6 percent, annually, with net in-migration accounting for approximately 6,350 people each year, or 80 percent of the increase. As the economy expanded from 2002 to 2007, the population increased an average of 3.2 percent, or by 16,900, a year. During this period, the relatively affordable cost of living compared with other nearby metropolitan areas coupled with increased employment opportunities boosted net in-migration

to an average of 14,825 people a year, accounting for 88 percent of the growth. A weak labor market and the foreclosure crisis hampered residential mobility, slowing the rate of population growth to an average of 1.0 percent, or 5,825 people, a year from 2007 to 2010; net in-migration fell to an average of 3,150 people a year, accounting for only 49 percent of the growth. From 2010 to 2013, as economic and housing market conditions began to improve, the population growth rate increased slightly to 1.1 percent, or 6,525 people; net in-migration increased more than 50 percent to 5,225 people annually, accounting for nearly 78 percent of population growth. As the economy continues to recover and household mobility returns, the population growth rate is expected to stabilize at a rate of 1.1 percent, or by

Population and Households *Continued***Figure 4.** Components of Population Change in the Lakeland-Winter Haven HMA, 2000 to Forecast

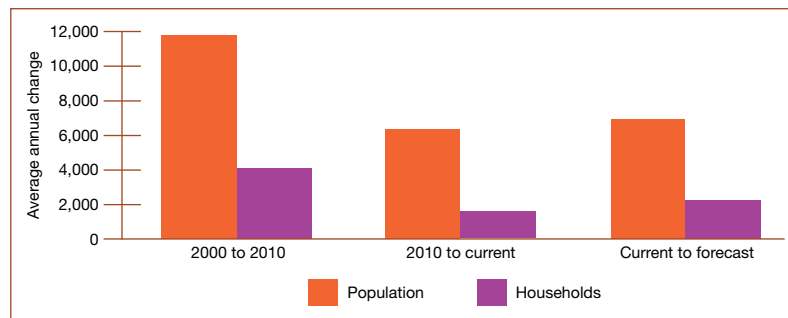
Notes: The current date is September 1, 2014. The forecast date is September 1, 2017.

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

Figure 5. Number of Households by Tenure in the Lakeland-Winter Haven HMA, 2000 to Current

Note: The current date is September 1, 2014.

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

Figure 6. Population and Household Growth in the Lakeland-Winter Haven HMA, 2000 to Forecast

Notes: The current date is September 1, 2014. The forecast date is September 1, 2017.

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

6,900 people, during the next 3 years, with 82 percent of the increase resulting from net in-migration. The population of the HMA is expected to reach 651,000 by August 1, 2017. Figure 4 shows the components of population change from 2000 to the forecast date.

An estimated 233,950 households reside in the HMA, reflecting an average annual increase of 1,475 households, or 0.6 percent, since 2010. By comparison, from 2000 to 2010, when population growth was stronger, the number of households increased at an average annual rate of 2.0 percent, or 4,025. An estimated 67.0 percent of current households, or 156,700 households, are homeowners and the remaining 77,250 households are renters. The homeownership rate has declined since 2010, when 70.5 percent of households were homeowners, because of persistently weak sales housing market conditions, stricter lending practices, and a shift in household preferences toward renting. Figure 5 shows the distribution of households by tenure for 2000, 2010, and the current date. As employment and financial conditions improve and net in-migration increases, household growth is expected to average 2,150 households, or 0.9 percent, a year during the 3-year forecast period, reaching 240,400 households by August 1, 2017. Figure 6 shows population and household growth trends from 2000 to the forecast date.

Housing Market Trends

Sales Market

Sales housing market conditions in the Lakeland-Winter Haven HMA are currently slightly soft but represent a significant improvement from the 2008-through-2012 period, when the foreclosure crisis and weak economy resulted in very soft market conditions. The estimated sales vacancy rate is 3.0 percent, down from 4.3 percent in April 2010. The decline reflects increased demand, because consumer confidence is returning and much of the excess inventory that resulted from the recent housing crisis has been absorbed.

During the 12 months ending August 2014, sales of existing single-family homes, townhomes, and condominiums (hereafter, existing homes) totaled 10,550, reflecting an increase of 4 percent from the previous 12 months, the most existing homes sold since 2007 (CoreLogic, Inc., with adjustments by the analyst). Existing home sales peaked from 2002 through 2006, averaging 20,350 sales annually. Sales began a slight decline in 2006, even though 2006 was part of the peak period. Existing home sales declined by an average of 5,875 homes, or 31 percent, a year from 2006 through 2008, to a decade low of 8,400 in 2008. Existing home sales increased 3 percent, to 8,675, in 2009. The first-time homebuyer's tax credit program helped boost home sales 6 percent in 2010, to 9,200. From 2011 through 2013, an average of 9,425 existing homes sold a year.

The average existing home sales price was \$110,000 during the 12 months ending August 2014, up 7 percent from the previous 12 months, marking the second consecutive 12-month period of increasing prices. Sales prices peaked

in 2006, at an average of \$152,600, and subsequently declined at an average annual rate of 11 percent from 2007 through 2011, to an average of \$86,300, during 2011. The inventory of homes for sale began declining substantially in 2012, putting upward pressure on prices, which increased 8 percent in 2012, to \$93,100, and 14 percent in 2013, to \$106,200. In August 2011, a 9.3-month supply of homes was for sale in the city of Lakeland (Lakeland Association of Realtors®). Subsequently, the months' supply of for-sale inventory declined to 7.8, 6.3, and 5.2 in August 2012, 2013, and 2014, respectively. East Polk County followed a similar trend, with 11.5 months' worth of inventory for sale in August 2011, declining to 9.3, 7.8, and 6.2, in August 2012, 2013, and 2014, respectively, for the east side of Polk County, excluding the cities of Lake Wales and Bartow (East Polk County Association of Realtors®).

The foreclosure crisis significantly impacted the HMA, causing a sharp increase in the number of distressed loans and REO (Real Estate Owned) properties, but conditions have improved recently. In January 2010, the rate of distressed loans and REO properties peaked when 19.4 percent of all home loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO status compared with a low of 5.9 percent in January 2008 (Black Knight Financial Services, Inc.). REO home sales averaged 3,725 annually in 2009 and 2010, accounting for nearly 42 percent of all existing home sales, and declined slightly to an average of 2,325 sales, or 25 percent of existing sales, from 2011 through 2013 (CoreLogic, Inc.,

Housing Market Trends

Sales Market *Continued*

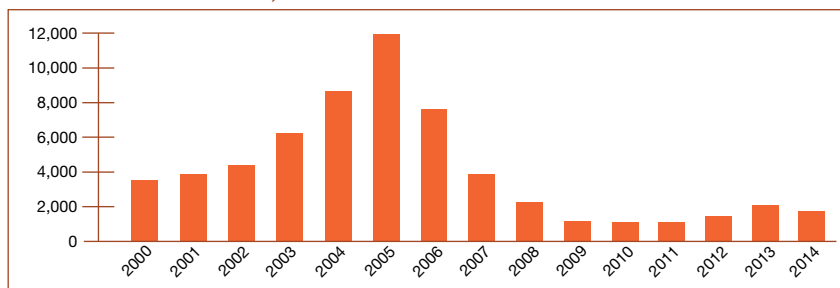
and adjustments by the analyst). By contrast, from 2000 through 2007, approximately 700 REO homes sold annually, accounting for only 4 percent of existing home sales. During the 12 months ending August 2014, 2,475 REO homes sold, an increase of 9 percent from the previous 12 months, because the backlog of distressed loans and REO properties is gradually clearing through the foreclosure pipeline as a result of the implementation of Florida's Foreclosure Backlog Reduction Plan, which began in July 2013. During the same time, the rate of home loans that were 90 or more days delinquent, were in foreclosure, or transitioned into REO status declined from 13.1 to 9.4 percent.

The market for new single-family homes, townhomes, and condominiums (hereafter, new homes) has improved since 2011, after 5 consecutive years of decline, in response to improving economic conditions and increased population growth. During the 12 months ending August 2014, 1,775 new homes sold, up 42 percent from the previous 12-month period and the greatest number of new homes sold since 2008 (CoreLogic, Inc., with adjustments by analyst). New home sales peaked from 2003 through 2007, when economic and population growth was strongest and an average of 5,975 new homes sold annually. New home sales fell sharply

as the economy began to weaken, averaging 1,700 sales annually from 2008 through 2010. The market stabilized in 2011, and an average of approximately 1,150 new homes sold a year in 2011 and 2012, followed by an increase of 28 percent in 2013, to 1,480 sales. The average sales price for a new home during the 12 months ending August 2014 was \$202,100, reflecting an increase of 12 percent from a year earlier. Similarly, prices increased an average of 12 percent a year from 2002 through 2007, peaking in 2007 at approximately \$257,400. Prices began to decrease in 2008 in response to decreased demand, and, from 2008 through 2011, the average price declined an average of 12 percent annually, reaching a low of \$153,000 in 2011. An increase in demand coupled with a limited supply of new homes caused prices to increase beginning in 2012; from 2012 through 2013, the average sales price increased 11 percent.

Beginning in 2012, builders responded to the improvement in the sales market by increasing new home construction, as measured by the number of single-family homes permitted. During the 12 months ending August 2014, the number of single-family homes permitted increased 30 percent, to 2,375, compared with the number permitted during the previous 12 months (preliminary data). New home construction was strong from 2000 through 2004, when an average of 5,350 new homes were permitted annually. In 2005, when population growth and economic growth were at their peaks, single-family permitting spiked 37 percent, to 12,000 homes, and then fell 36 percent in 2006, to 7,600 homes, as growth began to slow (Figure 7). As economic conditions worsened, unemployment increased and population growth

Figure 7. Single-Family Homes Permitted in the Lakeland-Winter Haven HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through August 2014.

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

slowed, causing demand for new sales housing to fall sharply. Builders reacted by scaling back new home construction, and single-family home permitting fell by an average of 2,150 homes, or 47 percent, annually from 2007 through 2009. Although sales prices were still declining in 2010 and 2011, the rate of decline slowed significantly, and the level of single-family permitting stabilized, averaging 1,100 permits a year. Record low levels of construction from 2009 through 2011 resulted in a limited supply of new homes for sale, which put upward pressure on prices. Builders responded by increasing new home construction, and an average of 1,675 new homes were permitted annually in 2012 and 2013.

Nearly all large new home subdivisions with the most home sales since the beginning of 2014 are in the cities of Lakeland, the county seat and largest city in the HMA, and Davenport. Two of the larger developments in Lakeland include Krenson Woods, with 54 new homes sold at an average sales price of \$174,200, and Terralargo, with 50 new homes sold at an average price of \$292,700. Davenport, which is on the east side of the HMA close to Orlando, is one of the fastest growing cities in the HMA. Two of the larger subdivisions in Davenport include Highland Meadows, where 118 new homes sold at an average sales price of \$159,000, and Solterra, where 51 new homes sold at an average sales price of \$393,300.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Lakeland-Winter Haven HMA During the Forecast Period

| Price Range (\$) | | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From | To | | |
| 100,000 | 149,999 | 1,300 | 25.0 |
| 150,000 | 199,999 | 2,050 | 40.0 |
| 200,000 | 249,999 | 770 | 15.0 |
| 250,000 | 299,999 | 520 | 10.0 |
| 300,000 | 349,999 | 260 | 5.0 |
| 350,000 | and higher | 260 | 5.0 |

Notes: The 940 homes currently under construction and a portion of the estimated 36,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is September 1, 2014, to September 1, 2017.

Source: Estimates by analyst

During the 3-year forecast period, demand is expected for 5,150 new homes, with demand increasing slightly each year of the forecast period. The 940 homes currently under construction and a portion of the 36,500 other vacant units that may reenter the market will satisfy some of the demand (Table 1). Demand is expected to be greatest in the \$100,000-to-\$199,999 price range (Table 4).

Rental Market

The rental housing market in the Lakeland-Winter Haven HMA is balanced, with an estimated overall vacancy rate of 10.0 percent as of September 1, 2014, down from 15.8 percent in April 2010 (Figure 8). The market began to tighten toward the end of 2010 because weak labor market conditions and stricter lending standards contributed to a decrease in the homeownership rate and an increase in demand for rental units, and it

has continued to tighten because the supply of new rental units has not kept up with the demand.

The apartment market is significantly tighter than the overall rental market, with an estimated vacancy rate of 3.8 percent in the third quarter of 2014, down from 5.3 percent in the third quarter of 2013 (Reis, Inc.). By comparison, the apartment vacancy rate peaked in the first quarter of 2010, at 12 percent, and has fallen consistently

because of a shift in preferences toward renting and record low inventory growth from 2009 through the current date. From the third quarter of 2013 to the third quarter of 2014, the average asking rent increased 3 percent, to \$776, and rents averaged \$577 for studios, \$681 for one-bedroom units, \$820 for two-bedroom units, and \$951 for three-bedroom units.

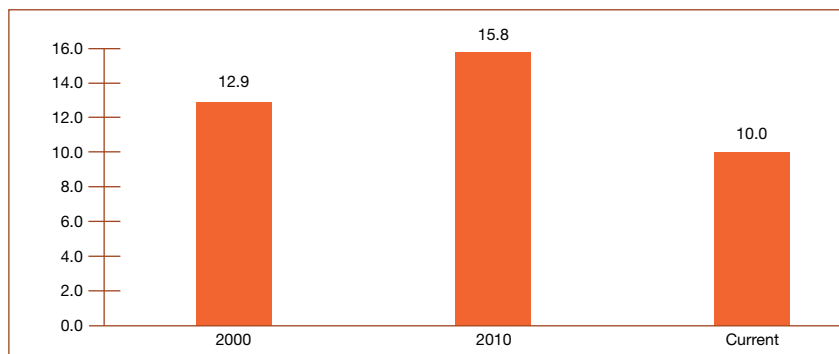
During the 12 months ending August 2014, no multifamily units were permitted (preliminary data) compared with 40 units permitted during the 12 months ending August 2013. Multifamily construction, as measured by

the number of units permitted, was strongest from 2004 through 2008, when population growth and economic conditions were healthiest, and an average of 1,175 units were built each year; approximately 30 percent were constructed as condominiums (Figure 9). Multifamily permitting declined rapidly following the economic recession and housing market collapse. From 2009 through 2013, an average of 70 multifamily units were permitted annually, and no permits were issued for condominiums. During this time, a large portion of existing home sales were purchased by investors to convert into single-family rentals, which satisfied a portion of the increased demand for rental units. As the sales market continues to improve, however, fewer home purchases are expected to be used as rentals, increasing the demand for multifamily construction.

Two apartment complexes under construction in the HMA are both in the city of Lakeland. The 42-unit Salvation Army Family Village Phase 1 is subsidized for low-income families and is expected to be complete in December 2014. Arbor Hills Independent Living Facility will consist of 91 units when complete in December 2014.

During the next 3 years, demand is expected for 3,250 new market-rate rental units in the HMA; 900, 1,000, and 1,350 in the first, second, and third years of the forecast period, respectively (Table 1). The estimated 90 units currently under construction will meet a portion of the forecast demand. Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

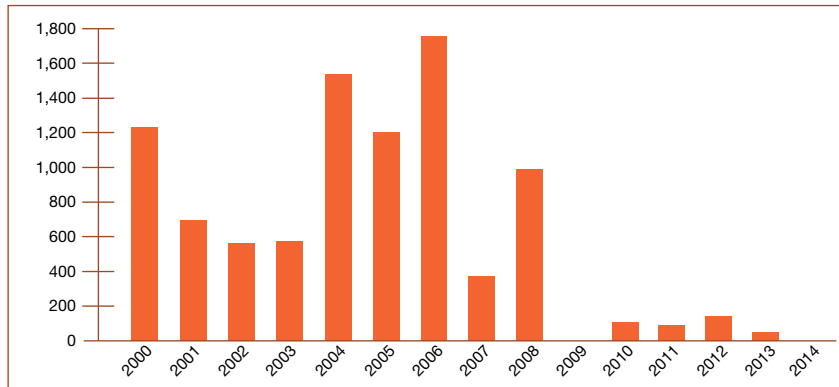
Figure 8. Rental Vacancy Rates in the Lakeland-Winter Haven HMA, 2000 to Current



Note: The current date is September 1, 2014.

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

Figure 9. Multifamily Units Permitted in the Lakeland-Winter Haven HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through August 2014.

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

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Lakeland-Winter Haven HMA During the Forecast Period

| 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 |
| 560 to 759 | 150 | 850 to 1,049 | 880 | 975 to 1,174 | 1,600 | 1,200 to 1,399 | 290 |
| 760 or more | 15 | 1,050 or more | 100 | 1,175 or more | 180 | 1,400 or more | 35 |
| Total | 160 | Total | 980 | Total | 1,800 | Total | 330 |

Notes: Numbers may not add to totals because of rounding. The 90 units currently under construction will likely satisfy some of the estimated demand. The forecast period is September 1, 2014, to September 1, 2017.

Source: Estimates by analyst

Data Profile

Table DP-1. Lakeland-Winter Haven HMA Data Profile, 2000 to Current

| | 2000 | 2010 | Current | Average Annual Change (%) | |
|---------------------------|----------|----------|----------|---------------------------|-----------------|
| | | | | 2000 to 2010 | 2010 to Current |
| Total resident employment | 221,751 | 243,188 | 254,700 | 0.9 | 1.3 |
| Unemployment rate | 4.1% | 12.2% | 7.3% | | |
| Nonfarm payroll jobs | 178,700 | 191,100 | 198,900 | 0.7 | 1.1 |
| Total population | 483,924 | 602,095 | 630,300 | 2.2 | 1.0 |
| Total households | 187,233 | 227,485 | 233,950 | 2.0 | 0.6 |
| Owner households | 137,389 | 160,442 | 156,700 | 1.6 | -0.5 |
| Percent owner | 73.4% | 70.5% | 67.0% | | |
| Renter households | 49,844 | 67,043 | 77,250 | 3.0 | 3.3 |
| Percent renter | 26.6% | 29.5% | 33.0% | | |
| Total housing units | 226,376 | 281,214 | 283,900 | 2.2 | 0.2 |
| Owner vacancy rate | 2.9% | 4.3% | 3.0% | | |
| Rental vacancy rate | 12.9% | 15.8% | 10.0% | | |
| Median Family Income | \$42,100 | \$52,200 | \$51,000 | 2.2 | -0.6 |

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through August 2013. Median Family Incomes are for 1999, 2009, and 2013. The current date is September 1, 2014.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 9/1/2014—Analyst’s estimates
 Forecast period: 9/1/2014–9/1/2017—Analyst’s estimates

The metropolitan statistical area definition 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.

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 the U.S. Department of Housing and Urban Development’s (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 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.

For additional data pertaining to the housing market for this HMA, go to http://www.huduser.org/publications/pdf/CMARtables_Lakeland-WinterHavenFL_15.pdf.

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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.

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/portal/ushmc/chma_archive.html.