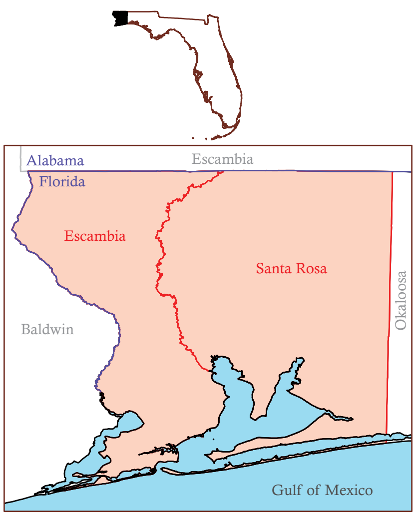
COMPREHENSIVE HOUSING MARKET ANALYSIS

Pensacola-Ferry Pass-Brent, Florida

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

Housing Market Area



The Pensacola-Ferry Pass-Brent Housing Market Area (hereafter, the Pensacola HMA) is coterminous with the Pensacola-Ferry Pass-Brent, FL Metropolitan Statistical Area and comprises Escambia and Santa Rosa Counties in the westernmost end of the Florida panhandle. The principal city of Pensacola is in Escambia County, approximately 60 miles east of Mobile, Alabama, and is the site of Naval Air Station Pensacola (NAS Pensacola), home of the U.S. Navy's Blue Angels.

Market Details

Summary

Economy

The economy of the Pensacola HMA has been recovering since 2010, after recording significant job losses from 2007 through 2009. During the 12 months ending October 2014, nonfarm payrolls increased by 1,700, or 1.1 percent, to 161,700 jobs. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 2,425, or 1.5 percent, annually. Navy Federal Credit Union is expected to continue expanding its operations in the HMA, contributing to gains in nonfarm payrolls.

Sales Market

Sales housing market conditions in the HMA are soft, but improving. The estimated sales vacancy rate is currently 2.4 percent, down from 3.0 percent in April 2010. During the 3-year forecast period, demand is expected for 5,100 new homes (Table 1). The 450 homes currently under construction and a portion of the estimated 14,400 other vacant units in the HMA that may reenter the sales market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are soft, but improving, with an estimated overall rental vacancy rate of 11.4 percent, down from 15.9 percent in 2010. Although the overall rental market is slightly soft, the apartment market is balanced and tightening. During the 3-year forecast period, demand is estimated for 930 new market-rate rental units in the HMA. The 430 market-rate units currently under construction will meet a portion of this demand (Table 1).

Table 1. Housing Demand in the Pensacola HMA* During the Forecast Period

	Pensacola HMA*	
	Sales Units	Rental Units
Total demand	5,100	930
Under construction	450	430

*Pensacola-Ferry Pass-Brent HMA.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2014. A portion of the estimated 14,400 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2014, to November 1, 2017.

Source: Estimates by analyst

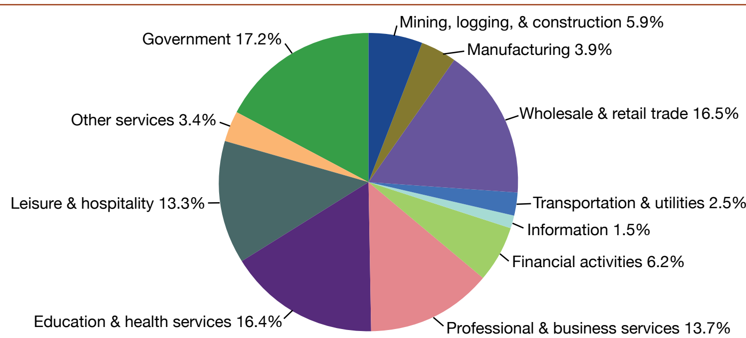
Economic Conditions

The Pensacola HMA depends heavily on the government sector, which comprised 27,900 jobs, or 17.2 percent of all nonfarm payrolls in the HMA, during the 12 months ending October 2014 (Figure 1). NAS Pensacola is the largest employer in the HMA, with 23,400 workers (Table 2), most of which are uniformed personnel and not included in nonfarm payroll figures. In 2013, NAS Pensacola had an annual economic impact on the local economy estimated at $1.2 billion (NAS Pensacola) and is a source of economic stability. The second largest employer is Baptist Health Care, with 4,500 workers. The third largest employer is Sacred Heart Health System, with 3,475 workers.

Throughout the 2000s, the economy of the HMA fluctuated alongside national economic trends. In 2001, nonfarm jobs in the HMA increased by 1,700, or 1.1 percent. In 2002, nonfarm jobs decreased by 600 jobs, or 0.4 percent, partly as a lagged result of the national economic recession that occurred during 2001. Economic expansion was considerable from 2003 through 2006, when nonfarm payrolls increased by an average of 4,475 jobs, or 2.8 percent, annually, led by gains in the mining, logging and construction sector, which increased by an average of 1,075 jobs, or 8.5 percent, annually. Increased construction resulting from the real estate boom in Florida led to an average annual increase of 960 jobs, or 9.3 percent, in the construction subsector, which accounted for 89 percent of the net gains in the mining, logging and construction sector (Quarterly Census of Employment and Wages, Bureau of Labor Statistics).

From 2007 through 2009, the economy of the HMA contracted as a result of the downturn in the real estate industry and the national recession that began in December 2007. From 2007 through 2009, the HMA lost an average of 5,275 jobs, or 3.2 percent, annually. The mining, logging, and construction sector led job contraction, losing an average of 1,600 jobs, or 11.8 percent, annually. The construction subsector accounted for 85 percent of the net losses in the mining, logging, and construction sector (Quarterly Census of Employment and Wages). The HMA economy began to recover in 2010.

Figure 1. Current Nonfarm Payroll Jobs in the Pensacola HMA,* by Sector



**Pensacola-Ferry Pass-Brent HMA.*
Note: Based on 12-month averages through October 2014.
Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Pensacola HMA*

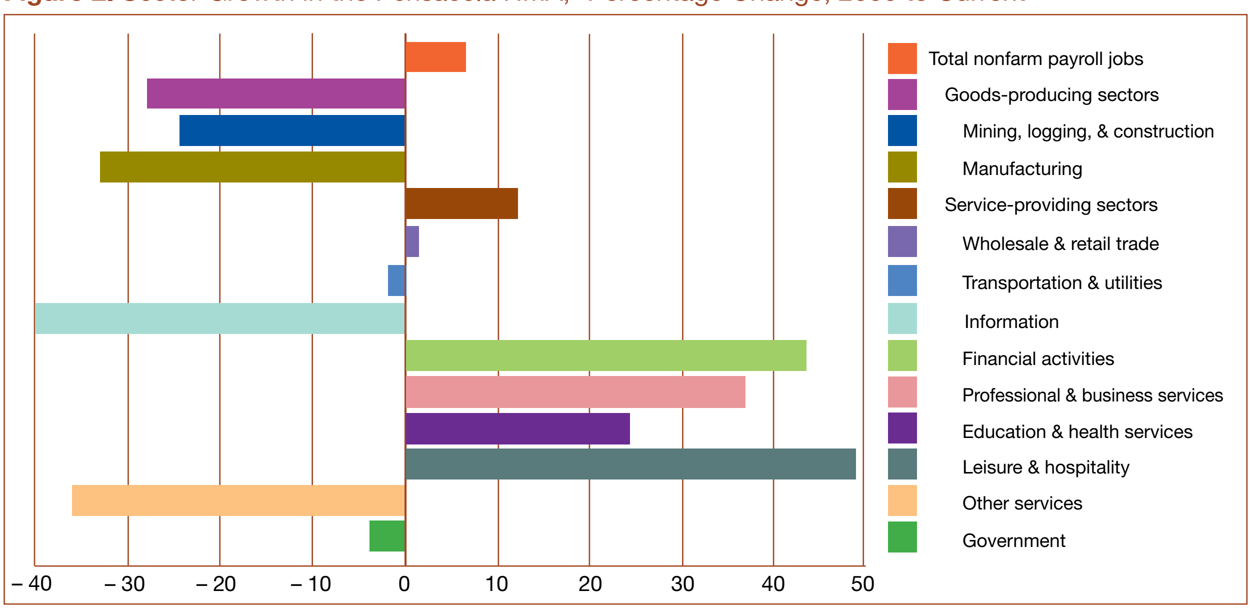
Name of Employer	Nonfarm Payroll Sector	Number of Employees
Naval Air Station Pensacola	Government	23,400
Baptist Health Care	Education & health services	4,500
Sacred Heart Health System	Education & health services	3,475
Navy Federal Credit Union	Financial activities	3,125
Gulf Power	Transportation & utilities	1,775
West Florida Hospital	Education & health services	1,300
Ascend Performance Materials	Manufacturing	800
West Corporation	Professional & business services	800
Medical Center Clinic	Education & health services	500
Santa Rosa Medical Center	Education & health services	500

**Pensacola-Ferry Pass-Brent HMA.*
Notes: Excludes local school districts. Data for Naval Air Station Pensacola include uniformed military personnel, who are generally not included in nonfarm payroll survey data.
Sources: Greater Pensacola Chamber; Naval Air Station Pensacola.

From 2010 through 2013, nonfarm payrolls increased by an average of 1,400 jobs, or 0.9 percent, annually, to 160,400 jobs. Gains were led by the professional and business services sector, which increased by an average of 930 jobs, or 4.7 percent, annually. The leisure and hospitality sector was the second fastest growing sector, gaining an average of 780 jobs, or 4.1 percent, annually, because of growth in tourism. The mining, logging, and construction sector lost more jobs than any other sector during the period, losing an average of 380 jobs, or 3.7 percent, annually, because of weakness in residential construction activity. Despite overall gains from 2010 through 2013, nonfarm payrolls remain less than the prerecession peak of 170,600 jobs recorded in 2006. Figure 2 illustrates nonfarm payroll sector growth from 2000 to the current date.

During the 12 months ending October 2014, the economy continued to grow at a moderate pace, with nonfarm payrolls increasing by 1,700, or 1.1 percent, to 161,700 jobs. The leisure and hospitality sector led job growth, increasing by 900, or 4.4 percent, to 21,500 jobs because of growth in tourism, which was caused by the improving national economy and the appeal of beaches in the HMA. In August 2014, the latest data available, bed tax (a tax on hotels) revenues in the HMA totaled $1,789,000, up 18 percent from $1,510,000 in August 2013 (Haas Center, University of West Florida). By comparison, bed tax revenues in August 2010 totaled $785,300 because of the effects of the Deepwater Horizon oil spill, which began on April 20, 2010, and which caused a decline in tourism. The financial activities sector grew at a faster rate than any other sector during the past 12 months, increasing by 500 jobs, or 5.2 percent, to 10,100 (Table 3). In 2014, Navy Federal Credit Union, the fourth largest employer in the HMA, added 530 jobs as part of a $1 billion expansion at its Nine Mile Road campus. The credit union has added an average of 280 jobs annually since 2003, the year it

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



**Pensacola-Ferry Pass-Brent HMA.*
Note: Current is based on 12-month averages through October 2014.
Source: U.S. Bureau of Labor Statistics

began operations in the HMA with 60 employees, and has been a major contributor to the growth recorded in the financial activities sector. During the most recent 12-month period, the education and health services sector lost 100 jobs, or 0.4 percent, partly because Sacred Heart Health System laid off approximately 90 employees in the second half of 2013 because of a decline in revenues.

During the 12 months ending October 2014, the unemployment rate in the HMA averaged 6.2 percent, down from 7.4 percent a year earlier, and is much less than the peak of 10.0 percent recorded in 2010. By comparison, the national unemployment rate during the 12 months ending October 2014 averaged 6.6 percent, down from 7.9 percent a year earlier. During 2012 and 2013, the unemployment rates in the HMA averaged 8.4 and 7.0 percent, respectively. Figure 3 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2013.

During the 3-year forecast period, the HMA economy is expected to continue expanding. Nonfarm payrolls are expected to increase by an average of 2,425, or 1.5 percent, annually. Job growth is expected to gradually increase during the forecast period, from 1.4 percent in the first year to 1.6 percent in the third year of the forecast period because of continued expansion at Navy Federal Credit Union. The credit union plans to add an additional 5,000 jobs by the time the expansion is complete in 2026, although it is uncertain how many of these jobs will be created during the next 3 years. International Paper Company, a producer and distributor of paper, packaging, and forest products, announced a $90 million reinvestment at its Pensacola Containerboard Mill, which currently employs 400 workers. It is unclear if any permanent jobs will be created by the time the reinvestment is complete in 5 years. In September 2014, VT Mobile Aerospace Engineering, Inc., announced plans to establish an aircraft maintenance, repair, and overhaul facility at Pensacola International Airport. The facility is expected to create 300 jobs, although the completion date is uncertain.

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Pensacola HMA,* by Sector

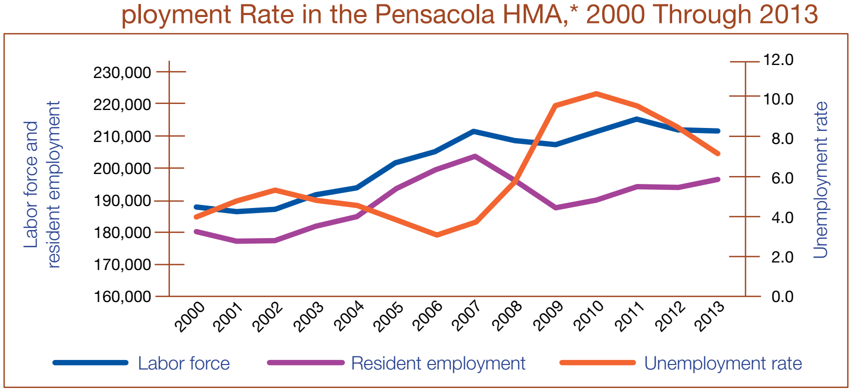
	12 Months Ending		Absolute Change	Percent Change
	October 2013	October 2014		
Total nonfarm payroll jobs	160,000	161,700	1,700	1.1
Goods-producing sectors	14,900	15,000	100	0.7
Mining, logging, & construction	9,100	9,100	0	0.0
Manufacturing	5,800	5,900	100	1.7
Service-providing sectors	145,100	146,600	1,500	1.0
Wholesale & retail trade	26,300	26,600	300	1.1
Transportation & utilities	4,000	4,100	100	2.5
Information	2,400	2,400	0	0.0
Financial activities	9,600	10,100	500	5.2
Professional & business services	21,800	22,100	300	1.4
Education & health services	26,700	26,600	– 100	– 0.4
Leisure & hospitality	20,600	21,500	900	4.4
Other services	5,600	5,500	– 100	– 1.8
Government	28,100	27,900	– 200	– 0.7

**Pensacola-Ferry Pass-Brent HMA.*

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

Source: U.S. Bureau of Labor Statistics

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Pensacola HMA,* 2000 Through 2013



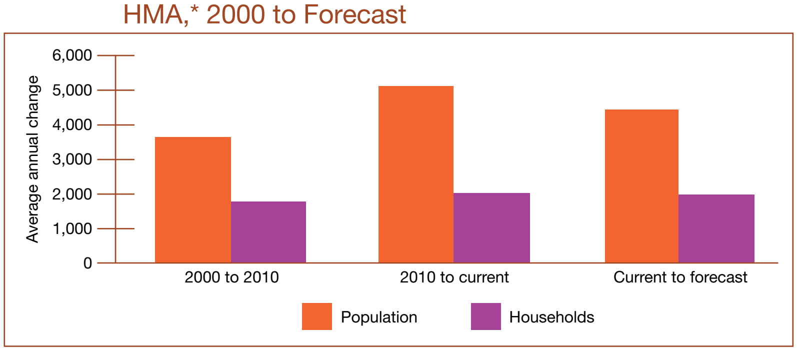
**Pensacola-Ferry Pass-Brent HMA.*

Source: U.S. Bureau of Labor Statistics

Population and Households

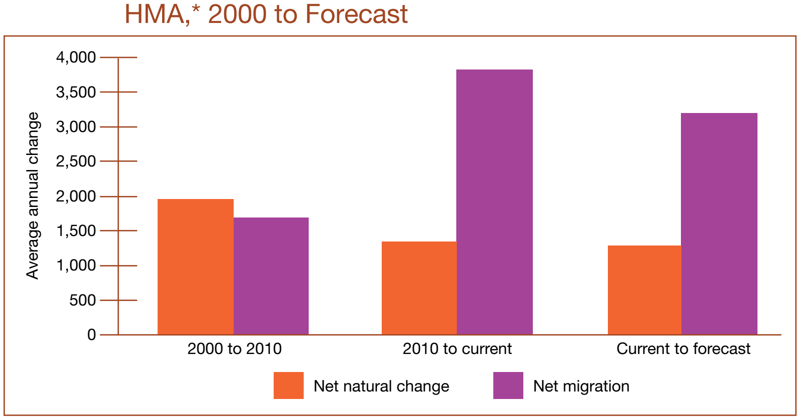
As of November 1, 2014, the population of the Pensacola HMA was estimated at 472,700, reflecting an average annual growth rate of 5,175, or 1.1 percent, annually since April 1, 2010, with net in-migration accounting for 70 percent of the increase. From 2000 to 2006, population growth in the HMA averaged 5,000 people, or 1.2 percent, annually (inter-censal based on census population estimates as of July 1, 2000, and July 1, 2006). During the same period, net in-migration averaged 3,225 annually, or 65 percent of the net population increase. As the economy contracted and the foreclosure crisis mounted, the rate of population growth slowed to 910, or 0.2 percent, annually from 2006 to 2009. During this period, job losses in the construction subsector contributed to net out-migration, averaging 1,250 people annually. From 2009 to 2013, as economic and housing market conditions began to improve, the rate of population growth increased to 5,100 people, or 1.1 percent, annually; net in-migration averaged 3,500 people annually, accounting for 69 percent of population growth. From 2009 to 2013, population growth was disproportionately strong in Santa Rosa County, which grew 1.9 percent annually compared with a growth rate of 0.7 percent annually for Escambia County. As the economy continues to improve and the real estate market recovers, the population is expected to grow at an average annual rate of 4,500, or 0.9 percent, with 71 percent of the increase resulting from net in-migration. The population of the HMA is expected to reach 486,200 by November 1, 2017 (Figure 4). Figure 5 shows the components of population change from 2000 to the forecast date.

Figure 4. Population and Household Growth in the Pensacola HMA,* 2000 to Forecast



*Pensacola-Ferry Pass-Brent HMA.
Notes: The current date is November 1, 2014. The forecast date is November 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

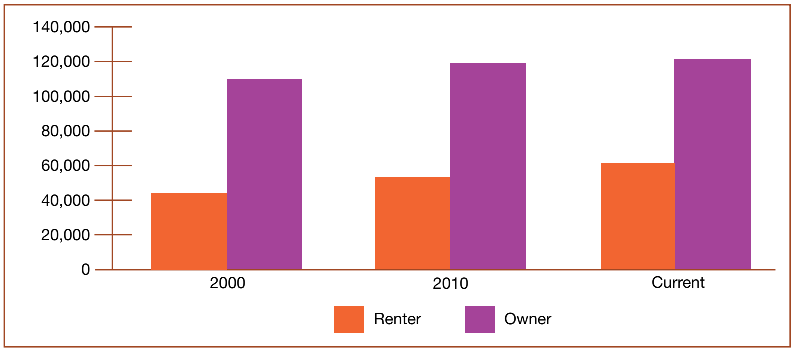
Figure 5. Components of Population Change in the Pensacola HMA,* 2000 to Forecast



*Pensacola-Ferry Pass-Brent HMA.
Notes: The current date is November 1, 2014. The forecast date is November 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

An estimated 182,650 households are in the HMA, reflecting an average annual increase of 2,075 households, or 1.2 percent, since 2010. By comparison, from 2000 to 2010, when population growth was lower, the number of households increased at an average annual rate of 1,825, or 1.1 percent. Population and household growth has been particularly strong in the city of Pace, which is northeast of the city of Pensacola in Santa Rosa County. An estimated 66.4 percent, or 121,200 of current households, are owner households; the remaining 61,450 are renter households. The homeownership rate

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



*Pensacola-Ferry Pass-Brent HMA.
Note: The current date is November 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

has declined from 68.7 percent in 2010 because of weak real estate market conditions, limited job growth, and stricter mortgage lending standards. Figure 6 shows the distribution of households by tenure for 2000, 2010, and the current date. During the 3-year forecast period, the number of households is expected to increase by 1,975, or 1.1 percent, annually, to approximately 188,600 households by November 1, 2017. Table DP-1 at the end of this report provides additional demographic data for the HMA.

Housing Market Trends

Sales Market

Sales housing market conditions in the Pensacola HMA are soft but improving. The estimated sales vacancy rate is currently 2.4 percent, down from 3.0 percent in April 2010. During the 12 months ending October 2014, new home sales (including single-family homes, townhomes, and condominiums) totaled 1,050, a 3-percent increase compared with new home sales during the previous 12-month period (Metrostudy, A Hanley Wood Company). The number of existing home sales (including single-family homes, townhomes, and condominiums) totaled 8,125 during the 12 months ending October 2014, a 10-percent increase from the previous 12-month period. Despite recent increases, the current level of home sales remains below the levels recorded from 2005 through 2007, when the number of new and existing homes sold averaged 2,375 and 11,250 a year, respectively. From 2008 through 2012, the number of new and existing homes sold declined to an average of 990 and 5,425, respectively, because of job losses during the early part of the period and tighter mortgage lending standards.

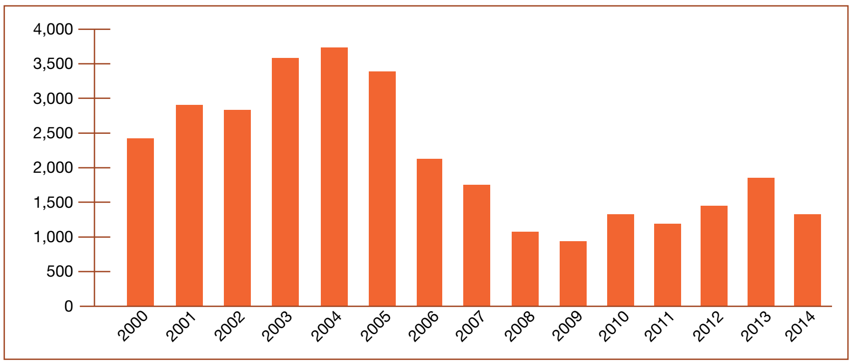
During the 12 months ending October 2014, the average sales price of new homes increased 6 percent, to $215,500, and the average sales price of existing homes decreased 1 percent, to $165,400. The average sales price of existing homes decreased because the number of REO (Real Estate Owned) homes—which tend to have lower prices—sold during the period increased 37 percent. The average price for new and existing homes remains at much less than the prerecession peaks of $206,500 and $278,000, respectively, set during the 12 months ending November 2006. Sales prices for new homes reached an annual low of $185,900 during the 12 months ending February 2013 before beginning to recover. Sales prices for existing homes reached an annual low of $154,400 during the 12 months ending April 2011 before beginning to recover. In October 2014, the CoreLogic House Price Index for single-family homes was 143.4, up 4 percent from October 2013, but it remains 27 percent less than the peak of 196.0 recorded in February 2006 (CoreLogic, Inc.). As of October 2014, 7.0 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into real estate owned (REO) status, down from 8.7 percent in October 2013 (Black Knight Financial Services, Inc.). During the 12 months ending October 2014, REO sales accounted for 27 percent of existing home sales, up from 22 percent during the 12 months ending October 2013, because the backlog of distressed home 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 12 months ending October 2014, fewer than 5 new condominiums sold, down from 10 sold during the previous 12 months. During the same period, existing condominium sales totaled 780 homes, a 3-percent increase compared with sales during the previous 12-month period (Metrostudy, A Hanley Wood Company). By comparison, from 2005 through 2007, sales of new and existing condominiums averaged 310 and 790 a year, respectively. Sales declined significantly from 2008 through 2012, when the number of new and existing condominiums sold averaged 50 and 520 a year, respectively, because of the end of the Florida housing boom and the effects of the national recession that began in December 2007. During the 12 months ending October 2014, new condominium sales were too low to provide a representative price. During the same period, existing condominium sales prices declined 3 percent, to an average of $237,900, and remain near the lowest level recorded since records began in 2005. By comparison, from 2005 through 2007, prices for new and existing condominiums averaged $531,600 and $440,500, respectively. Prices declined significantly from 2008 through 2012, when the average price for new and existing condominiums sold averaged $443,500 and $298,500, respectively, because of the end of the housing boom and the effects of the national recession that began in December 2007.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, decreased in the Pensacola HMA during the 12 months ending October 2014, because of the slowing rate of growth in new home sales. On April 29, 2014, the HMA was struck by flooding, which damaged an estimated 3,200 homes, destroyed 13 homes, and caused an estimated $21 million of damage in Escambia County. Because few homes were completely destroyed in the city of Pensacola, the recovery efforts have focused on repairing the damaged homes; 141 homes have been permitted for repair work. During the 12 months ending October 2014, the number of single-family homes permitted decreased 16 percent, to 1,550 (preliminary data). The current level of activity remains near the lowest levels recorded since 2000. By comparison, the number of single-family homes permitted averaged 3,000 annually from 2000 through 2006, a period that included rebuilding from the damage inflicted by Hurricane Ivan, which struck the HMA in September 2004. In Escambia County, Hurricane Ivan destroyed 3,547 housing units, and an additional 1,641 units suffered major damage (Escambia County). In Santa Rosa County, the hurricane damaged or destroyed 4,751 housing units, including 364 mobile homes and 58 multifamily units (Santa Rosa County). As the economy contracted and the foreclosure crisis mounted, the number of single-family homes permitted declined to an average of 1,275 annually from 2007 through 2009. From 2010 through 2013, as the economy began to recover, the number of single-family homes permitted increased to an average of 1,475 annually (Figure 7). Sales prices for new three-bedroom, single-family homes start at approximately $95,000. Although home construction remains at low levels compared with those recorded earlier in the 2000s, development is under way at several new subdivisions in the HMA. Ashley Plantation is a 200-home subdivision currently under development in Pace. Prices start at $220,000 for new three-bedroom, two-bathroom homes and range as high as $400,000. Approximately 60 percent of the homes have been completed; the remaining 40 percent are expected to be complete during the next 2 years.

During the next 3 years, demand is expected for 5,100 new homes (Table 1). The 450 homes currently under construction and a portion of the estimated 14,400 other vacant units in the HMA that may reenter the sales market will satisfy some of the forecast demand. Demand is expected to increase during the 3-year forecast period, from 1,350 homes in the first year to 1,875 homes annually during the final 2 years. Approximately 53 percent of the demand is expected to be for homes priced from $100,000 to $199,999 (Table 4).

Figure 7. Single-Family Homes Permitted in the Pensacola HMA,* 2000 to Current



**Pensacola-Ferry Pass-Brent HMA.*
Notes: Includes townhomes. Current includes data through October 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Pensacola HMA* During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
95,000	99,999	200	4.0
100,000	149,999	1,325	26.0
150,000	199,999	1,375	27.0
200,000	249,999	970	19.0
250,000	299,999	660	13.0
300,000	and higher	560	11.0

**Pensacola-Ferry Pass-Brent HMA.*
Notes: The 450 homes currently under construction and a portion of the estimated 14,400 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2014, to November 1, 2017.
Source: Estimates by analyst

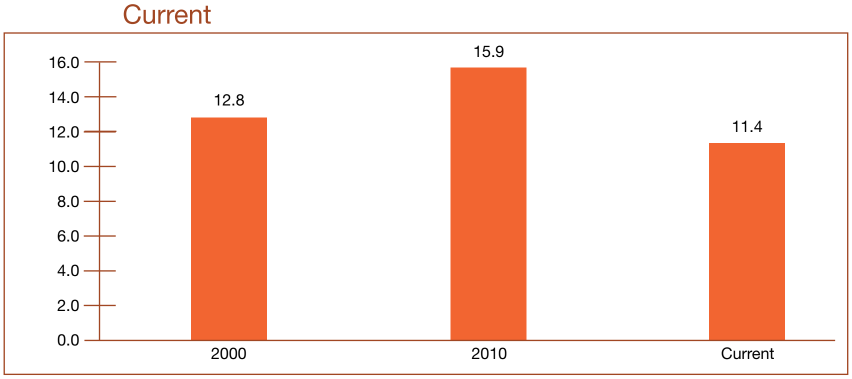
Rental Market

Overall rental housing market conditions in the Pensacola HMA are soft but improving, although the apartment market is balanced. The estimated overall rental vacancy rate in the HMA is 11.4 percent (Figure 8), down from 15.9 percent in 2010, partly because of significant absorption of apartments resulting from moderate job growth coupled with a limited number of apartment completions since 2010.

An estimated 49 percent of rental units are single-family homes, up from an estimated 42 percent in 2000. In October 2014, the median rent for a single-family home was $1,025, up 8 percent from $950 in October 2013 and up from $850 in October 2012 (Yahoo!-Zillow Real Estate Network). Rents for condominium units offered for rent start at $600 and range as high as $3,300 (analyst estimates). Only an estimated 25 percent of rental units in the HMA are in traditional apartment complexes, nearly unchanged from 2000.

The apartment market was balanced but tightening as of October 2014, with a vacancy rate of 5.0 percent, down from 7.6 percent a year ago (ALN Apartment Data, Inc.).

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



**Pensacola-Ferry Pass-Brent HMA.*
Note: The current date is November 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Apartment absorption during the 12 months ending October 2014 totaled 490 units compared with 590 units during the previous 12 months (ALN Apartment Data, Inc.). Conditions vary somewhat by submarket and are tightest in the ALN-defined Pace-Milton market area, northeast of the city of Pensacola, with a vacancy rate of 1.7 percent, because of relatively affordable rents. Conditions are softest in the ALN-defined Beachfront market area, with a vacancy rate of 7.2 percent, because of relatively high rents. The ALN-defined East Pensacola and West Pensacola market area recorded vacancy rates of 4.2 and 6.5 percent, respectively. Vacancy rates do not vary significantly by age of inventory, with apartments built after 2000 averaging a 5.2-percent vacancy rate. By comparison, the vacancy rates for apartments built before 1980 and from 1980 through 1999 averaged 5.2 and 4.6 percent, respectively. Approximately 35 per-cent of the apartment inventory was built before 1980, 38 percent was built from 1980 to 1999, and 27 percent was built after 1999.

Effective rents for all apartments averaged $780 in October 2014, up 4 percent from $750 a year ago. The average effective apartment rents by number of bedrooms were $660, $800, and $970, for one-, two-, and three-bedroom units, respectively (ALN Systems). Concessions are minimal, averaging $2 per unit, and down from $6 per unit a year ago. Effective rents averaged $680, $780, and $900 for units built before 1980, built from 1980 to 1999, and built after 1999, respectively. Effective rents are highest in the ALN-defined

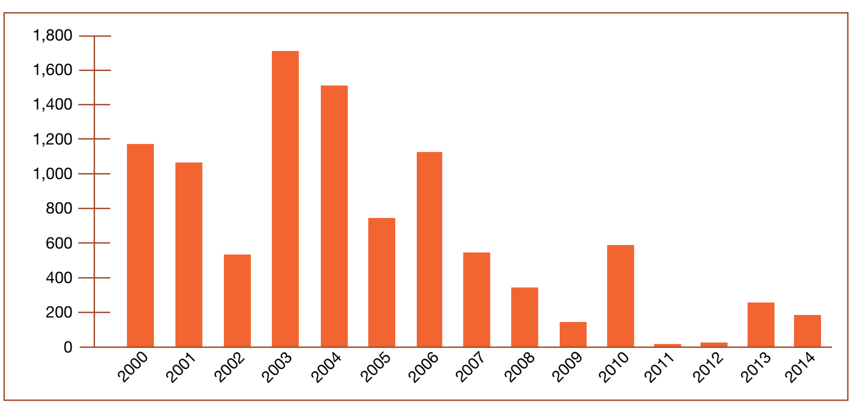
Beachfront market area, where they average $940 monthly. By comparison, effective rents in the ALN-defined East Pensacola, West Pensacola, and Pace-Milton market area average $790, $770, and $670, respectively.

Income-restricted properties comprise an estimated 12 percent of the apartment inventory (ALN Systems). The vacancy rate at income-restricted properties averaged 6.4 percent, down from 11.9 percent a year ago. Effective rents at income-restricted properties averaged $640 monthly, up 1 percent from a year ago. Effective rents for income-restricted units by number of bedrooms average $550, $640, and $750 for one-, two-, and three-bedroom units, respectively. Construction of the income-restricted 96-unit Palafox Landing was com-plete in December 2011; rents start at $650 for a two-bedroom unit. The April 29, 2014 flood caused $2.8 million of damage to public housing and destroyed 41 units (Area Housing Commission).

During the 12 months ending October 2014, approximately 470 multifamily units were permitted, up significantly from 25 units permitted during the previous 12 months (preliminary data). In contrast, multifamily permitting averaged 1,050 units annually from 2000 through 2007, before the national recession that began in December 2007 (Figure 9). From 2000 through 2007, an estimated 52 percent of multifamily units permitted were intended for condominiums, which included condominiums intended for owner occupancy and resort-style condominiums intended for vacation rentals. In September 2004, Hurricane Ivan destroyed several multifamily properties, including Spanish Bluffs, Chateau Royale, and Pelicans on the Bay, comprising an unspecified number of units (Escambia County). From 2008 through 2013, during and after the recent recession, multifamily permitting averaged 230 units annually; during this period, multifamily permitting intended for condominiums virtually ceased.

The 165-unit Residences at Hillview, currently under construction near the University of West Florida (UWF) campus, is expected to be complete by August 2015; the starting rents are currently uncertain (CBRE Group, Inc.). With approximately 12,600 students as of the fall of 2013 (the latest available data) and a current dormitory capacity estimated at 2,150 beds, most of UWF's remaining 10,450 students are estimated to constitute less than 3 percent of private-market renter households, with many concentrated in the area near the university (analyst's estimates). Construction of the 55-unit College Vue, which is marketed primarily to students but not restricted to students, was complete in August 2014 in the city of Pensacola, immediately to the south of UWF (CBRE Group, Inc.). The 92-unit Fairfield Manor,

Figure 9. Multifamily Units Permitted in the Pensacola HMA,* 2000 to Current



**Pensacola-Ferry Pass-Brent HMA.*
Notes: Excludes townhomes. Current includes data through October 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

a community targeting senior citizens aged 55 or older, is currently under construction in the city of Pensacola, and is expected to be complete by December 2014 (CBRE Group, Inc.). The rents are expected to start at $579 and $670 for one- and two-bedroom units, respectively.

During the 3-year forecast period, demand is estimated for 930 new market-rate rental units in the HMA. The 430 market-rate units currently under construction will meet a portion of this demand (Table 1). The units under construction and current vacant available units will meet demand for the next year; additional units will not be needed until the second year of the forecast period. Table 5 shows forecast demand by number of bedrooms and rent levels.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Pensacola HMA* During the Forecast Period

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
780 to 979	170	830 to 1,029	40	1,000 to 1,199	30
980 or more	55	1,030 to 1,229	290	1,200 to 1,399	75
		1,230 or more	160	1,400 or more	100
Total	220	Total	500	Total	200

**Pensacola-Ferry Pass-Brent HMA.*

Notes: Numbers may not add to totals because of rounding. The 430 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2014, to November 1, 2017.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	180,030	190,377	199,600	0.6	1.2
Unemployment rate	4.0%	10.0%	6.2%		
Nonfarm payroll jobs	151,600	156,700	161,700	0.3	0.8
Total population	412,153	448,991	472,700	0.9	1.1
Total households	154,842	173,148	182,650	1.1	1.2
Owner households	109,881	118,871	121,200	0.8	0.4
Percent owner	71.0%	68.7%	66.4%		
Renter households	44,961	54,277	61,450	1.9	2.7
Percent renter	29.0%	31.3%	33.6%		
Total housing units	173,766	201,463	207,900	1.5	0.7
Owner vacancy rate	2.3%	3.0%	2.4%		
Rental vacancy rate	12.8%	15.9%	11.4%		
Median Family Income	$41,900	$57,100	$57,700	3.1	0.3

**Pensacola-Ferry Pass-Brent HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through October 2014. Median Family Incomes are for 1999, 2009, and 2013. The current date is November 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: 11/1/2014—Analyst's estimates
Forecast period: 11/1/2014–11/1/2017—
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 December 1, 2009, and does not reflect changes defined by 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_Pensacola-Ferry Pass-Brent FL_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.