

Housing Market Profile

Southeast/Caribbean • HUD Region IV



Jacksonville, Florida

Located on the northeastern coast of Florida, the Jacksonville metropolitan area consists of Baker, Clay, Duval, Nassau, and St. Johns Counties. The metropolitan area is a major transportation hub, a recreational destination for the region, and home to two significant naval stations. The city of Jacksonville, located in Duval County, is the largest city in the state, with an approximate population of 837,600. As of January 1, 2012, the estimated population of the metropolitan area was 1.4 million. Population growth has slowed during the past 3 years because of recent declines in net in-migration resulting from employment losses from 2008 through 2010. Since early 2008, the population has increased at an average annual rate of 15,200, or 1.1 percent, compared with a rate of nearly 25,000, or 2.1 percent, annually from 2000 through 2007. The largest employers in the area are Naval Air Station Jacksonville, Naval Station Mayport, and Baptist Health System, Inc., with 25,000, 12,900, and 8,200 employees, respectively.

During the past year, employment began to recover from the decline that began in December 2007. During the 12 months ending November 2011, nonfarm payrolls in the metropolitan area increased by 3,900 jobs, or 0.7 percent, to an average of 584,600 jobs compared with the decline of 8,100 jobs, or 1.4 percent, during the previous 12 months. The most significant job gains during the 12 months ending November 2011 occurred in the leisure and hospitality sector, which added 3,000 jobs, a gain of 4.7 percent. According to the Jacksonville Value of Tourism study, tourism had an economic impact of \$1.5 billion on the metropolitan area in 2009. Although the leisure and hospitality sector posted job losses in 2009 and 2010, gains in the past year have resulted in a return to the previous high for the sector. During the 12 months ending November 2011, job gains also occurred in the professional and business services and education and health services sectors, which added 2,100 and 1,600 jobs, gains of 2.4 and 1.9 percent, respectively. Primarily because of a continued slowdown in the housing industry, the financial services sector and the construction subsector reported losses of 1,000 and 700 jobs, or 1.8 and 2.6 percent, respectively. Net job gains contributed to a decrease in the 12-month average unemployment rate from 11.2 percent in November 2010 to 10.3 percent in November 2011.

The Jacksonville home sales market is currently soft. Based on data from Hanley Wood, LLC, sales of new and existing

single-family homes in the area totaled approximately 12,350 homes during the 12 months ending November 2011 (the most recent data available), a decrease of 12 percent compared with the 13,950 homes sold during the previous 12 months. The decrease in sales was a result of tighter lending practices and slower population growth. The average sales price of new and existing homes decreased by 0.4 percent, to \$188,700, during the 12 months ending November 2011 from \$189,500 during the previous 12 months. The average home sales price is 27 percent below the 2007 peak of \$257,300. According to LPS Applied Analytics, as of November 2011, approximately 28,100 home loans, or 14.1 percent of all mortgage loans, were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from 13.7 percent in November 2010. This rate is lower than the state rate of 17.4 percent but almost double the national rate of 7.5 percent. This high volume of loans classified as distressed will likely continue to impede housing market recovery in the Jacksonville metropolitan area.

Builders have continued to curtail housing production, as measured by the number of single-family building permits issued, in the metropolitan area. Based on preliminary data, building permits were issued for 3,425 single-family homes during the 12-month period ending November 2011, unchanged from the rate during previous 12 months. From 2007 through 2009, an average of 5,700 single-family homes were permitted annually, down significantly from the average of 14,600 homes a year from 2002 through 2006. According to Hanley Wood, LLC, during the 12 months ending November 2011, average new single-family home sales prices increased by 3 percent to \$221,300 compared with \$213,900 during the previous 12 months.

Sales of new and existing condominiums began to decrease during the 12 months ending October 2011, following increases that started in early 2010. Based on data from Hanley Wood, LLC, approximately 2,375 new and existing condominiums sold in the metropolitan area during the 12 months ending October 2011 (the most recent data available), a 9-percent decrease compared with the previous 12 months' total of 2,600. The average sales price increased by 6 percent to \$152,000 during the same period, due to a 29-percent reduction in REO sales. During the 12 months ending December 2011, 650 multifamily units were permitted, up from 230 during the previous 12 months but well below the average of 3,050 multifamily units permitted annually from 2006 through 2009. Since 2000, 20 percent of multifamily construction has been for owner occupation.





The rental housing market in the metropolitan area is currently soft, despite a reduced level of multifamily construction during the past 2 years. Based on data from ALN Systems, Inc., the apartment vacancy rate as of December 2011 was 12.2 percent, improved from 13.2 percent the previous year. Single-family homes comprise 40 percent of the rental housing market. In December 2011, the average asking rent for apartments was approximately \$765, relatively unchanged from the previous year's average rent. The absorption of more than 4,200 existing vacant units during the 12 months ending November 2011 was in part because of a decrease in new

apartment completions. Approximately 1,150 apartment units were completed during the 12 months ending November 2011, down from approximately 1,400 completions during the previous 12 months. Since the beginning of 2010, more than 90 percent of newly completed multifamily units have been in the city of Jacksonville, compared with 75 percent from 2000 through 2009. The most recent market-rate apartment completion in the city of Jacksonville was the 432-unit North Beach on Kernan, with rents for one-, two-, and three-bedroom units starting at \$940, \$1,160, and \$1,440, respectively.