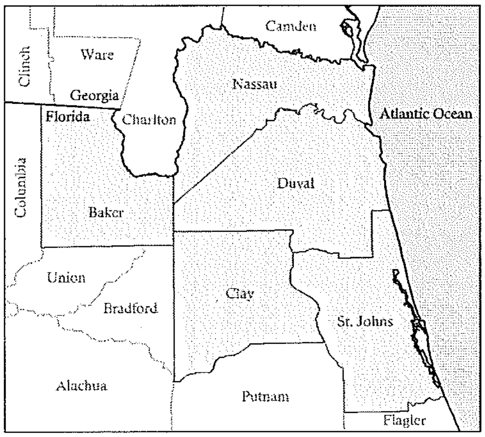
COMPREHENSIVE HOUSING MARKET ANALYSIS

Jacksonville, Florida

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of December 1, 2016



Housing Market Area

The Jacksonville Housing Market Area (HMA) is coterminous with the Jacksonville, FL Metropolitan Statistical Area and consists of Baker, Clay, Duval, Nassau, and St. Johns Counties in northeast Florida. For the purposes of this analysis, the HMA is divided into three submarkets: the Duval County submarket, which includes the city of Jacksonville; the Suburban submarket, which includes Clay and St. Johns Counties to the south; and the Rural submarket, which includes Baker and Nassau Counties to the west and north, respectively. The city of Jacksonville, which encompasses 875 square miles, is the largest incorporated city in the continental United States by area and the most populous in Florida, with an estimated 868,031 residents (Census Bureau population estimates as of July 1, 2015).

Summary

Economy

The Jacksonville HMA, which is on the Atlantic Coast, benefits significantly from the presence of multiple naval facilities and an international port. Economic conditions in the HMA strengthened during the past 24 months, continuing a trend of job growth that began in 2011. During the 12 months ending November 2016, nonfarm payrolls rose to 670,400, an increase of 24,400 jobs, or 3.8 percent, after increasing by 23,700 jobs, or 3.8 percent, during the previous 12 months. The unemployment rate declined to 4.6 percent, down from 5.3 percent during the previous 12 months. Average nonfarm payroll growth of 23,500 jobs, or 3.5 percent, a year is expected during the 3-year forecast period.

Sales Market

The sales housing market in the HMA is currently slightly soft, with an estimated vacancy rate of 1.5 percent. Market conditions have improved since 2010, but some excess inventory remains, and both the volume of sales and average sales prices are below mid-2000 highs. Demand is expected for 21,800 new homes during the forecast period, with demand increasing each year (Table 1). The 4,300 homes currently under construction and a portion of the 37,350 other vacant units that may reenter the market will satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is currently balanced with relatively slow multifamily construction in the late 2000s and early 2010s, allowing for absorption of excess units. The overall rental vacancy rate is currently estimated at 5.9 percent, down from 13.3 percent in 2010. During the forecast period, demand is expected for 10,690 new rental units. The 3,960 units currently under construction will meet a portion of the demand (Table 1).

Market Details

Table 1. Housing Demand in the Jacksonville HMA During the Forecast Period

	Jacksonville HMA		Duval County Submarket		Suburban Submarket		Rural Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	21,800	10,690	8,550	8,150	11,750	2,050	1,500	490
Under construction	4,300	3,960	1,375	3,700	2,375	260	550	0

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2016. A portion of the estimated 37,350 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is December 1, 2016, to December 1, 2019.

Source: Estimates by analyst

Economic Conditions

The Jacksonville HMA was hit hard by the economic downturn in the late 2000s but has added jobs each year since 2011, with nonfarm payrolls surpassing the prerecessionary high in 2015. During the 12 months ending November 2016, nonfarm payrolls averaged 670,400 jobs, an increase of 24,400 jobs, or 3.8 percent, more than double the national rate of 1.7 percent (Table 2). The leisure and hospitality and education and health services sectors added the most jobs, increasing by 5,700 and 4,300, or 7.2 and 4.4 percent, respectively.

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

	12 Months Ending		Absolute Change	Percent Change
	November 2015	November 2016		
Total nonfarm payroll jobs	646,000	670,400	24,400	3.8
Goods-producing sectors	64,600	68,500	3,900	6.0
Mining, logging, & construction	35,200	38,200	3,000	8.5
Manufacturing	29,400	30,300	900	3.1
Service-providing sectors	581,400	602,000	20,600	3.5
Wholesale & retail trade	101,000	103,700	2,700	2.7
Transportation & utilities	34,400	35,600	1,200	3.5
Information	9,200	9,000	– 200	– 2.2
Financial activities	61,400	64,000	2,600	4.2
Professional & business services	101,200	103,700	2,500	2.5
Education & health services	97,000	101,300	4,300	4.4
Leisure & hospitality	79,500	85,200	5,700	7.2
Other services	22,600	23,400	800	3.5
Government	75,100	76,200	1,100	1.5

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through November 2015 and November 2016.

Source: U.S. Bureau of Labor Statistics

An approximately 4-percent increase in the number of overnight visitors to Duval County and the completion of a $20 million renovation of The Lexington Hotel & Conference Center drove job growth in the leisure and hospitality sector (Visit Jacksonville). The approximately 115 jobs created by a $33.1 million expansion at St. Vincent's Medical Center Riverside, which opened in summer 2016, contributed to job growth in the education and health services sector. The fastest job growth (in percentage terms) occurred in the mining, logging, and construction sector, which added 3,000 jobs, or 8.5 percent, in part because of a significant increase in residential (single-family plus multifamily) permitting activity, which rose 18 percent from the previous 12 months. Nonfarm payrolls are currently 6.2 percent higher than the average of 631,100 jobs during the 12 months ending November 2007, the previous high for a 12-month period ending in November. The unemployment rate was 4.6 percent during the 12 months ending November 2016, down from 5.3 percent during the previous 12 months, and well below the high of 10.8 percent during the

12 months ending November 2010. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2015.

The economy of the HMA benefits significantly from a valuable location along the Atlantic Coast. Consisting of three public marine terminals and a cruise terminal, the Port of Jacksonville is the leading container port complex in Florida and the third busiest port in the state by tonnage (U.S. Bureau of Transportation Statistics). Commonly referred to as JAXPORT, the facility supported an estimated 132,600 jobs and contributed a total economic impact of $27 billion to the state in 2013 (*The Economic Impact of the Port of Jacksonville*, August 2014). Approximately 915,300 containers passed through the port during fiscal year 2015, up 11 percent from 826,500 in fiscal year 2010 (Jacksonville Port Authority). The HMA also benefits substantially from the presence of several military installations including Naval Air Station Jacksonville, Naval Station Mayport, and Camp Blanding Joint Training Center. The U.S. Navy is the largest single employer in the HMA and directly employs a combined 37,050 military personnel and civilians (Table 3). In 2014, the total economic impact of the military on the Northeast Florida region, which includes Flagler and Putnam Counties, was estimated at $13.1 billion, or 16 percent of the gross product in the region, including more than 123,000 jobs (*Florida Defense Factbook*, 2015). The HMA is also a popular destination for military retirees, and approximately $1.5 billion in pension and transfer payments were made to residents of the region during the period.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Jacksonville HMA, 2000 Through 2015

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Jacksonville HMA

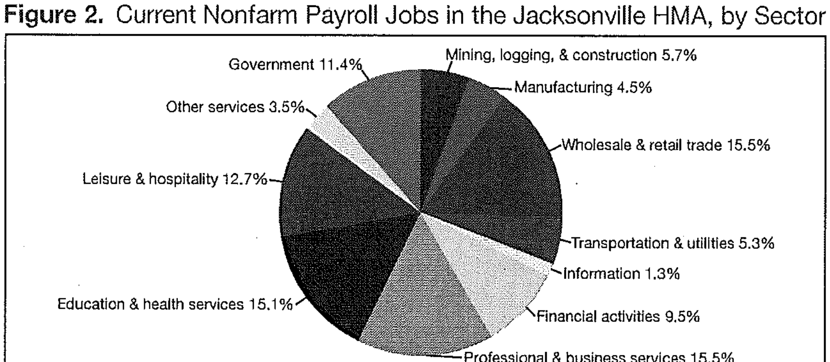
Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Navy	Government	37,050
Baptist Health	Education & health services	8,275
Bank of America Merrill Lynch	Financial activities	8,000
Blue Cross and Blue Shield of Florida	Education & health services	6,500
University of Florida Health	Government	6,000
St. Vincent's HealthCare	Education & health services	5,300
Mayo Foundation for Medical Education and Research	Education & health services	4,975
Citigroup Inc.	Financial activities	4,000
CSX Corporation Inc.	Transportation & utilities	3,600
JPMorgan Chase & Co.	Financial activities	3,500

Notes: Excludes local school districts. Data include military personnel, who are generally not included in nonfarm payroll survey data.
Source: JaxUSA, a division of JAX Chamber

From 2003 through 2007, the HMA added an average annual 14,600 jobs, or 2.5 percent. By comparison, the nation lost jobs in 2003 before expanding an average annual 2.4 percent from 2004 through 2007. The HMA lost an average of 17,000 jobs, or 2.8 percent, each year from 2008 through 2010, a notably steeper decline than the 1.9-percent rate for the nation, however. Overbuilding was a significant issue in the HMA prior to the economic downturn, and the mining, logging, and construction sector accounted for more than 40 percent of all jobs losses. The sector declined an average of 6,900 jobs, or 16.3 percent, each year from 2008 through 2010 as residential construction declined an average annual 32 percent. The HMA began adding jobs the following year and from 2011 through 2015, nonfarm payrolls expanded an average of 13,600 jobs, or 2.2 percent, a year, higher than the national rate of 1.7 percent during the period. The professional and business services sector added the most jobs, an average of 3,800, or 4.2 percent, a year. Job growth in the HMA included 400 jobs that were part of an $80 million expansion at the Northrop Grumman Corporation St. Augustine facility, which began in 2013, and 165 jobs as part of a gradual expansion at Kaman Corporation. The HMA also benefited from job growth in the leisure and hospitality sector, which added an average annual 3,000 jobs, or 4.2 percent, as visitor spending in the city of Jacksonville increased an average annual 5 percent to $2.02 billion (Visit Jacksonville). The increase in visitor spending was partly due to strengthening economic conditions in the southeast region. From 2011 through 2015, the combined number of jobs in Florida and Georgia, whose residents account for much of the tourism in the HMA, increased an average annual 2.3 percent.

Much of the indirect economic impact of both JAXPORT and the military occurs in the professional and business services sector, which accounted for 103,700 jobs, or 15.5 percent of all nonfarm payrolls in the HMA during the 12 months ending November 2016 (Figure 2). Private aviation and aerospace companies such as Northrop Grumman and Flightstar Aircraft Services, LLC—which account for 1,150 and 1,100 jobs, respectively—are closely linked to military spending, and access to the port terminals and the associated infrastructure make the HMA an attractive location for large corporations. The HMA is home to the headquarters of three Fortune 500 companies: CSX Corporation Inc., Fidelity National Financial, and Fidelity National Information Services Inc.—which employ 3,600, 500, and 400 people, respectively. Bank of America Merrill Lynch, Citigroup Inc., and JPMorgan Chase & Co., which employ 8,000, 4,000, and 3,500, respectively, also have significant corporate presences in the HMA.

Figure 2. Current Nonfarm Payroll Jobs in the Jacksonville HMA, by Sector



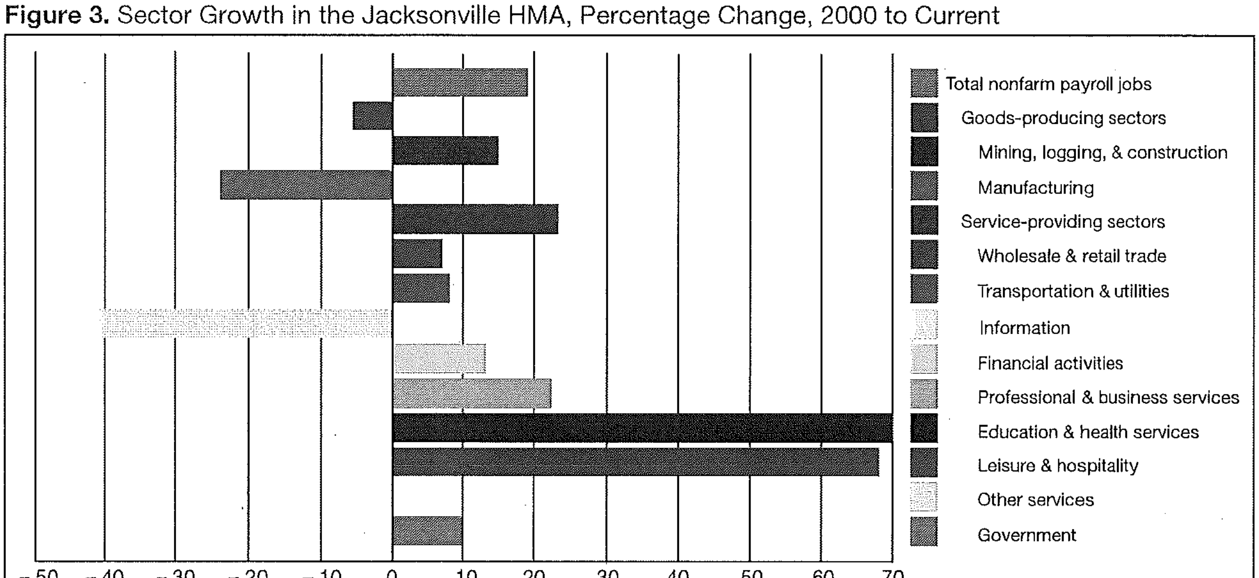
Note: Based on 12-month averages through November 2016.
Source: U.S. Bureau of Labor Statistics

The wholesale and retail trade sector is highly linked to the economic base of the HMA, with the retail trade subsector accounting for more than three-fourths of the jobs in the sector. From 2008 through 2010, when the HMA lost jobs overall, the sector declined an average of 4,100 jobs, or 4.0 percent, each year. The retail subsector accounted for 63 percent of the decline as taxable sales in the HMA declined from $21.8 billion in 2007 to $17.7 billion in 2010, an average annual decrease of 5 percent (Florida Department of Revenue). During the subsequent 5 years, the sector added an average annual 1,300 jobs, or 1.4 percent. The retail trade subsector accounted for all of the job growth in the sector during the period with taxable sales increasing an average annual 5 percent. During the 12 months ending November 2016, the sector expanded 2.7 percent to 103,700 jobs. Retail trade accounted for 78 percent of the job growth as taxable sales increased 5 percent to a new high of $24.2 billion.

Since 2000, the education and health services sector has been the fastest-growing sector in the HMA (Figure 3). The sector expanded by 70 percent and was the only sector in the HMA to add jobs each year during the period. Job gains in the sector were driven by increased demand for healthcare services, particularly associated with population growth. Several hospitals either opened or expanded during the period. Baptist Health, the largest private employer in the HMA with 8,275 employees, opened Baptist Medical Center South in 2005. An $85 million expansion of the facility in southeast Jacksonville, near the St. Johns County border, was completed in 2009. The 304-bed Mayo Foundation for Medical Education and Research, or Mayo Clinic Jacksonville, was completed in 2008. Mayo Clinic currently employs 4,975 people in the HMA after adding 400 jobs in 2013 by expanding the facility and opening an off-site primary care facility.

Economic conditions in the HMA are expected to continue to strengthen during the next 3 years with average nonfarm payroll growth of 23,500 jobs, or 3.5 percent a year. The military will continue to be an important economic driver in the HMA while notable expansions are also expected in the transportation and utilities and education and health services sectors. The Navy recently announced that Naval Station Mayport will be the home port for 12 Littoral Combat Ships. The first two ships, the USS Milwaukee and the USS Detroit, are already docked, and the USS Little Rock, USS Sioux City, and USS Wichita are expected to arrive during the next year. Each of the ships requires a crew of approximately 90 military personnel, creates 800 direct and indirect jobs, and represents an estimated $200 million economic benefit. Amazon.com, Inc., will open a new fulfillment center in north Jacksonville in the fall of 2017 and recently announced plans for a second site in southwest Jacksonville. An opening date for the second facility is yet to be released, but the two

Figure 3. Sector Growth in the Jacksonville HMA, Percentage Change, 2000 to Current



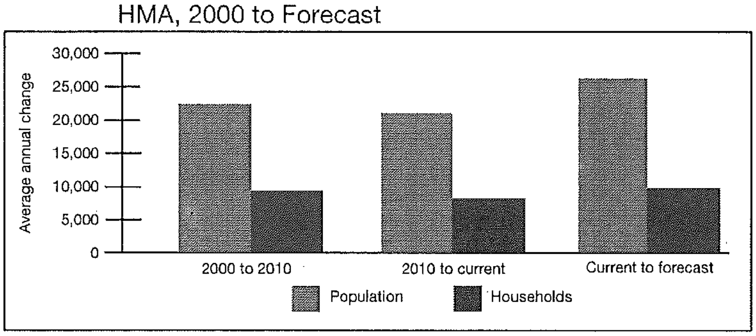
Notes: Current is based on 12-month averages through November 2016. During this period, payrolls in the other services sector showed no net change.
Source: U.S. Bureau of Labor Statistics

will create a combined 2,500 full-time jobs when completed. Baptist Health is scheduled to complete a 138-rooom expansion of Baptist Medical Center South in 2018, and the Mayo Clinic will create 500 jobs as part of an expansion of Mayo Clinic Jacksonville that began construction in mid-2016.

Population and Households

Improving economic conditions have generated increased net in-migration to the Jacksonville HMA, and population growth has accelerated since 2010. As of December 1, 2016, the population of the HMA is estimated at 1.48 million, an average annual increase of 20,750, or 1.5 percent, since April 2010 (Figure 4). Net in-migration averaged 14,800 people a year, or 71 percent of population growth, during the period (Figure 5). Population growth averaged 13,050 people, or 1.0 percent, a year from 2008 to 2010, when the HMA lost jobs and net in-migration averaged 4,375 a year (U.S. Census Bureau population estimates as of July 1). From 2003 to 2007, the previous period of job growth, population growth averaged 28,450, or 2.3 percent, while net in-migration averaged 20,700 a year.

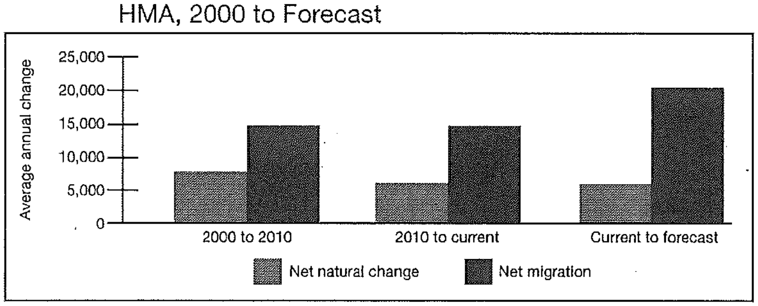
Figure 4. Population and Household Growth in the Jacksonville HMA, 2000 to Forecast



Notes: The current date is December 1, 2016. The forecast date is December 1, 2019.

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

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



Notes: The current date is December 1, 2016. The forecast date is December 1, 2019.

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

The population of the Duval County submarket is currently estimated at 929,600. The submarket, which includes the city of Jacksonville, accounts for 63 percent of the total population of the HMA. Since 2010, the submarket has added an average annual 9,800 people, or 1.1 percent, with net in-migration averaging 4,875 a year. Job losses in the HMA resulted in average annual net out-migration from the submarket of 1,775 people from 2008 to 2010, as population growth averaged 5,050 people, or 0.6 percent, a year. Population growth averaged 10,350, or 1.3 percent a year, from 2003 to 2007 as net out-migration averaged 4,325 annually.

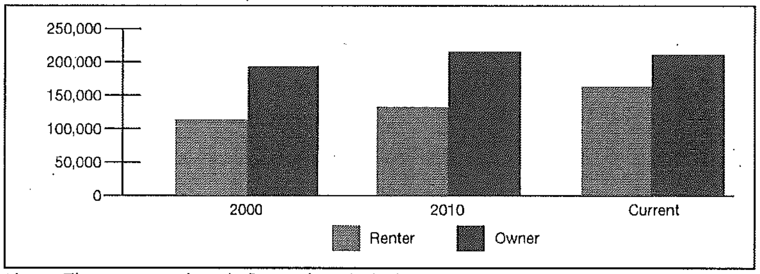
The Suburban submarket has had the fastest population growth in the HMA for the past two decades due to significant in-migration, particularly to relatively affluent communities south of the city of Jacksonville. St. Johns and Clay Counties have the highest median household incomes in the HMA at $66,194 and $58,290, or 27 and 12 percent higher, respectively, than the $51,998 for the HMA (2011–2015 American Community Survey [ACS] 5-year data). The population of the submarket is currently estimated at 446,300, an average annual increase of 9,800, or 2.4 percent, since 2010. Net in-migration averaged 8,900 people a year during the period. The submarket added an average of 6,850 people, or 1.8 percent, a year from 2008 to 2010, when the HMA lost jobs and net in-migration averaged 5,450 annually. Population growth in the submarket averaged 14,250, or 4.4 percent, a year from 2003 to 2007.

The population of the Rural submarket is currently estimated at 107,900, an average annual increase of 1,125, or 1.1 percent, since 2010. Net in-migration averaged 990 people a year during the period. The submarket added an average annual 1,225 people, or 1.2 percent, from 2008 to 2010. Net in-migration averaged only 830 a year during the period as the HMA lost jobs; however, net natural change (resident births minus resident deaths) averaged 400 people each year compared with 140 a year since 2010. The population of the submarket expanded an average annual 2.8 percent from 2003 to 2007, as net in-migration averaged 2,175 and net natural change averaged 360. Recent population growth in the submarket shifted moderately to areas with convenient access to the city of Jacksonville, but coastal communities, which are particularly popular with retirees, traditionally account for much of the net in-migration. Nassau County, which represents approximately 73 percent of the population of the submarket, has a median age of 44.2 years, the highest of any county in the HMA and more than 6 years older than the median of 37.9 years for the HMA (2011–2015 ACS 5-year data).

The number of households in the HMA is currently estimated at 578,000, an average annual increase of 8,075, or 1.5 percent, a year since 2010. Household growth averaged 9,150, or 1.9 percent, each year from 2000 to 2010. In the Duval County submarket, the number of households is currently estimated at 370,800, an average annual increase of 4,250, or 1.2 percent, since 2010. In percentage terms, the rate of household growth in the submarket is largely unchanged from 2000 to 2010. The number of households in the Suburban submarket is currently estimated at 166,800, an average annual increase of 2.2 percent since 2010. From 2000 to 2010, the submarket added an average of 4,425 households, or 3.7 percent, each year. Household growth has been slowest in the Rural submarket, which has added an average of 440 households, or 1.1 percent, each year since 2010. The number of households in the submarket is currently estimated 40,500. The submarket added an average annual 850 households, a rate of 2.6 percent, from 2000 to 2010.

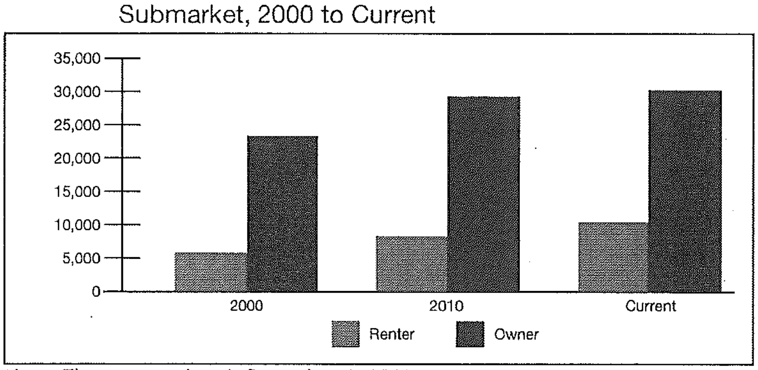
Approximately 29,800 military personnel are stationed in the HMA with on-base housing provided only for approximately 4,650. The remaining personnel and their families find housing in areas surrounding their respective facilities. This effect is of particular significance in the Duval County submarket, where both Naval Air Station Jacksonville and Naval Station Mayport are located. Clay County—home to Camp Blanding Joint Training Center and the city of Orange Park, which is directly adjacent to Naval Air Station Jacksonville—also benefits notably from the presence of military households. In addition to active-duty personnel, the various bases in the HMA are also highly desired duty stations for military members preparing to separate from military service; about 3,000 service members a year stay in the HMA after completing military service.

Figure 6. Number of Households by Tenure in the Duval County Submarket, 2000 to Current



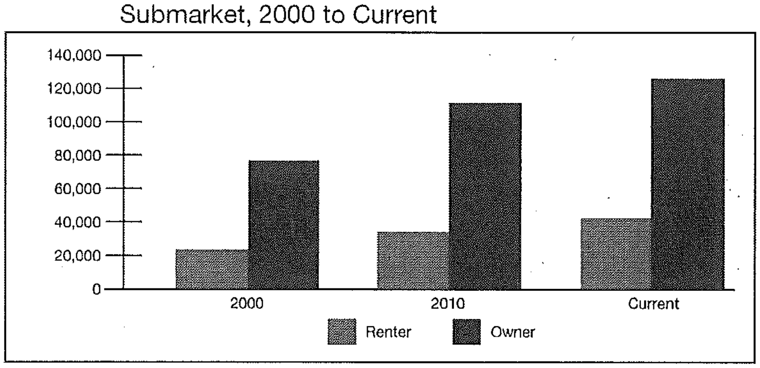
Note: The current date is December 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Rural Submarket, 2000 to Current



Note: The current date is December 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the Suburban Submarket, 2000 to Current



Note: The current date is December 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

High foreclosure rates have resulted in declining homeownership throughout the HMA since 2010. The homeownership rate is currently estimated at 63.2 percent, down from 66.9 percent in 2010. The largest homeownership decline occurred in the Duval County submarket, which recorded some of the highest foreclosure rates in the nation in the early 2010s (Figure 6). The homeownership rate in the submarket is currently estimated at 56.5 percent, down from 61.6 percent in 2010. The second largest decline occurred in the Rural submarket—where a surplus of existing inventory, particularly seasonal and vacation homes that were purchased prior to the economic downturn, is still being absorbed (Figure 7). The homeownership rate in the submarket is currently estimated at 74.9 percent, down from 77.9 percent in 2010. In the Suburban submarket, the homeownership rate is currently estimated at 75.2 percent compared with 76.6 percent in 2010 (Figure 8).

During the next 3 years, population growth in the HMA is expected to average 26,000 people, or 1.7 percent, each year. Net in-migration is expected to average 20,200 a year as job growth continues to attract new residents. Population growth is expected to be fastest in the Suburban submarket, which will add an estimated 12,550 people, or 2.7 percent a year. The Duval County and Rural submarkets are expected to add averages of 11,800 and 1,600 people, or 1.3 and 1.5 percent, respectively each year. Household growth is expected to mirror population growth in the Duval

County submarket. In the Suburban submarket, household growth is expected to trail population growth with a significant percentage of net in-migration consisting of families. Household growth is expected to be lower than population growth in the Rural submarket, with significant in-migration of retirees partially offset by that of families. Homeownership is expected to decline throughout the HMA but at slower rates than from 2010 to the current period. Tables DP-1 through DP-4 at the end of the report show additional data.

Housing Market Trends

Sales Market—Duval County Submarket

The sales housing market in the Duval County submarket is currently slightly soft. Although market conditions have improved significantly since the early 2010s, some excess inventory remains. Both the number of homes sold and the average sales price are below the highs of the mid 2000s. The sales vacancy rate is currently estimated at 1.5 percent, down from 3.4 percent in 2010. During the 12 months ending November 2016, 17,650 new and existing homes (including single-family homes, condominiums and townhomes) were sold in the submarket, a 3-percent decline from the previous 12 months (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The decrease was primarily due to a 34-percent reduction in real estate owned (REO) sales, as reflected by the 5-percent increase in the average sales price to $198,300. The number of homes sold was 39 percent below the high of 28,700 during the 12 months ending November 2006 but is up 67 percent from a low of 10,600 during the 12 months ending November 2011. The average sales price is up 31 percent from a recent low of $151,200 during the 12 months ending November 2010 but is 9 percent below the previous high of $217,500 during the 12 months ending November 2006.

After declining for 6 consecutive years beginning in 2007, the number of new homes sold in the submarket has increased during each of the past 4 years. Recent new home construction has been focused in higher-end developments, and the number of new homes sold is well below the mid-2000 peak levels. The average sales price of a new home has increased for 6 consecutive years and currently exceeds the prerecessionary high. During the 12 months ending November 2016, 2,100 new homes sold in the submarket, up 1 percent from the previous 12 months. The number of new homes sold was up 87 percent from a low of 1,125 during the 12 months ending November 2012 but was 79 percent lower than the high of 9,775 during the 12 months ending November 2006. The average price of a new home was $286,200 during the 12 months ending November 2016, up 3 percent from the previous 12-month period. Since reaching a low of $175,900 during the 12 months ending November 2010, the average new home sales price has increased 8 percent a year and currently exceeds the previous high of $243,900, which occurred during the 12 months ending November 2007, by 17 percent.

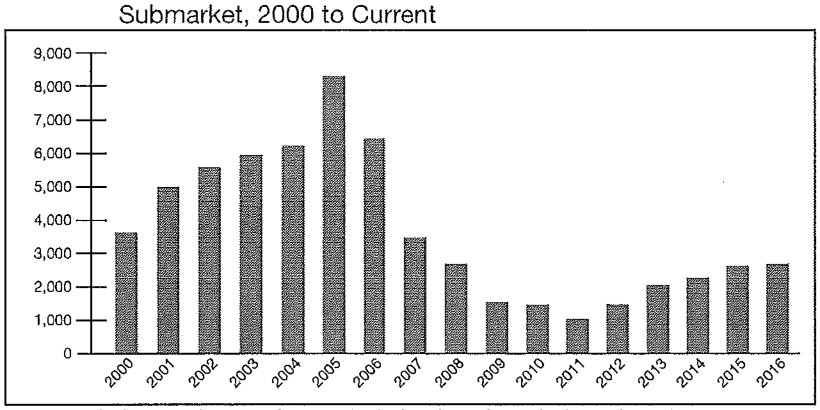
Condominiums represent about 5 percent of all owner-occupied units in the submarket, although development slowed drastically in the late 2000s and remains severely limited. During the 12 months ending November 2016, 35 new condominiums sold, up slightly from 30 during the previous 12 months. By comparison, 3,500 condominiums sold during the 12 months ending November 2006, the high for a 12-month period ending in November. Since the start of 2012, condominiums have accounted for only 1 percent of all new home sales in the submarket after accounting for 32 percent of all new homes sales in 2005 and 2006.

Low levels of new home construction combined with improving economic conditions and increased population growth have contributed to significant absorption of existing inventory since the early 2010s. Despite a rapidly declining number of REO sales, the number of existing home sales increased during 4 of the past 5 years. REO sales remain a notable part of the sales market however; although the average sales price for an existing home has increased significantly since 2010, it is below the prerecessionary high. During the 12 months ending November 2016, 15,550 existing homes sold in the submarket, down 4 percent from the 12 months ending November 2015. A 34-percent decline in the number of REO sales, to 3,450, accounted for the entire decline and the number of regular resales increased 10 percent. The current number of existing home sales is up 91 percent from a low of 8,150 during the 12 months ending November 2008 but is 18 percent lower than the high of 18,900 during the 12 months ending November 2006. After peaking at 5,200 during the 12 months ending November 2014, the number of REO sales has declined an average of 23 percent a year. During the 12 months ending November 2016, the average sales price of an existing home in the submarket was $186,500, a 6-percent increase from the previous 12 months. The average sales price for existing homes is up 26 percent from a low of $148,100 during the 12 months ending November 2011. REO sales, which accounted for 22 percent of all existing home sales during the most recent 12 months, continue to limit sales prices, and the average existing home price is 11 percent lower than the previous high of $208,500 that occurred during the 12 months ending November 2006. The average price of an REO sale was $112,200 during the 12 months ending November 2016, 46 percent lower than the average of $207,700 for regular resales.

The rate of seriously delinquent loans (90 or more days delinquent or in foreclosure) and REO properties in the submarket declined significantly during the past 5 years but is currently above the rates for Florida and the nation. During November 2016, 4.6 percent of homes loans in the submarket were seriously delinquent or in REO status, down from 6.2 percent during November 2015 and less than a third of the 16.0-percent peak of December 2011 (CoreLogic, Inc.). By comparison, the rate in Florida was 3.7 percent during November 2016, down from both 5.4 percent during November 2015 and a high of 18.8 percent during February 2010. The national rate was 2.6 percent during November 2016, down from 3.3 percent in November 2015, and well below the 8.6-percent peak in January 2010.

Single-family home construction, as measured by the number of single-family homes permitted, has increased in the submarket since 2012 but remains well below the mid-2000 levels. During the 12 months ending November 2016, 2,875 single-family homes were permitted in the submarket, a 13-percent increase from the previous 12 months (preliminary data). After reaching a low of 1,025 homes in 2011, the number of single-family homes permitted increased an average of 26 percent annually to 2,600 in 2015 (Figure 9). By comparison, single-family home permitting increased an average of 18 percent annually from 3,625 in 2000 to a high of 8,325 in 2005 before declining an average of 29 percent annually during the subsequent 6 years.

Figure 9. Single-Family Homes Permitted in the Duval County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through November 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Duval County Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	249,999	2,125	25.0
250,000	299,999	2,575	30.0
300,000	349,999	2,125	25.0
350,000	399,999	850	10.0
400,000	499,999	510	6.0
500,000	and higher	340	4.0

Notes: The 1,375 homes currently under construction and a portion of the estimated 17,950 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is December 1, 2016, to December 1, 2019.
Source: Estimates by analyst

Recent new home development has been focused in the southern part of the submarket. Nocatee, which encompasses 13,300 acres along the border of Duval and St. Johns Counties, was the third most active master-planned community in the nation in 2016 (RCLCO Real Estate Advisors). In 2016, 970 homes were sold in the development, and approximately 4,200 of the maximum 12,600 homes have been sold so far. New home prices currently range from the mid $200,000s for a three-bedroom home to the high $900,000s for a five-bedroom home.

During the next 3 years, demand is estimated for 8,550 new homes in the submarket (Table 1). Demand is expected to increase each year during the 3-year forecast period as economic conditions continue to improve and excess inventory is absorbed. An estimated 80 percent of the demand will be for homes priced from $150,000 to $349,999. The 1,375 homes currently under construction and a portion of the 17,950 other vacant units in the submarket that may reenter the market will satisfy some of the forecast demand. Table 4 illustrates estimated demand for new sales housing in the submarket, by price range, during the forecast period.

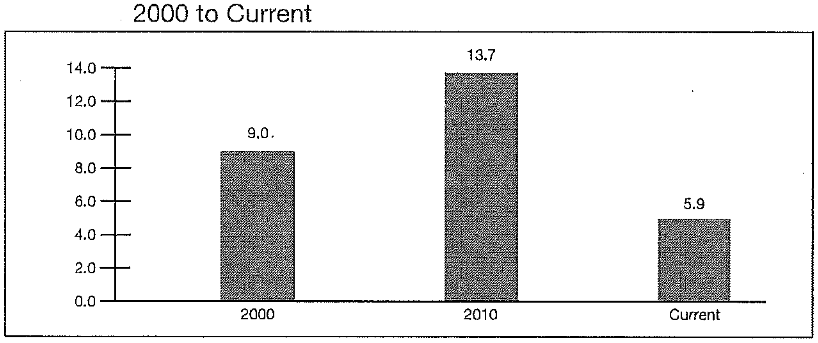
Rental Market—Duval County Submarket

The rental housing market in the Duval County submarket is currently balanced due to relatively low levels of multifamily construction in the late 2000s combined with increased population growth and declining homeownership that has allowed for absorption of excess units since 2010. The overall rental vacancy rate is currently estimated at 5.9 percent, down from 13.7 percent in 2010 (Figure 10). Apartments account for about 61 percent of all rental units in the submarket, the highest rate in the HMA (2015 ACS 1-year data). Single-family homes still account for approximately 35 percent of all rental units in the submarket, and the apartment vacancy rate is notably lower than the overall rate.

The apartment vacancy rate in the submarket was 4.2 percent during the third quarter of 2016, down from 4.6 percent during the third quarter of 2015, and less than one-half of the 9.9-percent rate during the third quarter of 2010 (MPF Research). The average rent was $937, a 6-percent increase from the previous year and 24 percent higher than $756 during the third quarter of 2010. Apartment vacancy rates were relatively consistent throughout the submarket, ranging from a low of 2.9 percent in the MPF Research-defined Mandarin market area to a high of 4.6 percent in the Baymeadows market area. Average rents and rent growth varied substantially, however. The highest rents were recorded in the areas directly south and east of the St. Johns River from downtown Jacksonville and those along the Atlantic Coast. The Upper Southside, Jacksonville Beaches, and Baymeadows market areas had the highest rents in the submarket during the third quarter of 2016 at $1,098, $1,046, and $1,044, respectively. The fastest rent growth occurred in the Central Jacksonville market area, where the average rent increased 15 percent to $982. The lowest average rent, $805, was reported in the Westside market area.

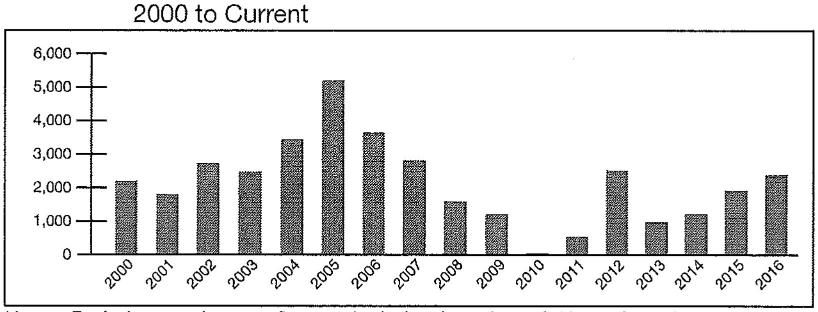
Multifamily construction in the submarket, as measured by the number of units permitted, has generally trended upward since the early 2010s and currently exceeds historical averages but is well below the peak levels recorded in the mid 2000s (Figure 11). During the 12 months ending November 2016, 2,500 multifamily units were permitted, up from 1,950 units during the previous 12 months (preliminary data). An average of 1,650 units were permitted each year from 2012 through 2015, up from an average

Figure 10. Rental Vacancy Rates in the Duval County Submarket, 2000 to Current



Note: The current date is December 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 11. Multifamily Units Permitted in the Duval County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through November 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

of only 870 units each year from 2008 through 2011. By comparison, an average of 3,775 units were permitted each year from 2004 through 2007, and an average of 2,300 units were permitted each year from 2000 through 2003.

The submarket has accounted for approximately 88 percent of all multifamily units permitted in the HMA since 2012, with the vast majority of those units located in the city of Jacksonville. Development has been particularly notable in the relatively expensive neighborhoods directly southeast of downtown. The Loree, a 300-unit development in the Baymeadows market area, was completed in mid-2016. Rents currently range from $1,100 to $1,450 for one-bedroom units, from $1,400 to $1,675 for two-bedroom units, and from $1,525 to $1,650 for three-bedroom units. In the Southbank neighborhood, construction is under way at the 263-unit Broadstone River House. The Property is expected to be complete by early 2018, although some units will likely be available by mid 2017. Rents are expected to start at $900 for studio units and range up to $2,200 for three-bedroom units.

During the 3-year forecast period demand is estimated for 8,150 new market-rate rental units (Table 1). Demand is expected to be strongest for two-bedroom units with rents ranging from $1,200 to $1,399 and for one-bedroom units with rents ranging from $1,000 to $1,199. The 3,700 units currently under construction and an additional 1,700 units that are expected to be complete will meet much of the demand during the next 2 years. Table 5 shows estimated demand for market-rate rental units in the submarket by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Duval County Submarket 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
850 to 1,049	570	1,000 to 1,199	1,700	1,200 to 1,399	2,000	1,350 to 1,549	1,425
1,050 to 1,249	200	1,200 to 1,399	610	1,400 to 1,599	710	1,550 to 1,749	510
1,250 or more	40	1,400 or more	120	1,600 or more	140	1,750 or more	100
Total	810	Total	2,450	Total	2,850	Total	2,025

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 3,700 units currently under construction will likely satisfy some of the estimated demand. The forecast period is December 1, 2016, to December 1, 2019.

Source: Estimates by analyst

Sales Market—Suburban Submarket

Sales housing market conditions in the Suburban submarket are currently balanced with the sales vacancy rate estimated at 1.4 percent, down significantly from 3.3 percent in 2010. Relatively high incomes and rapid population growth in the submarket contributed to faster excess inventory absorption following the housing market downturn than in the rest of the HMA. During the 12 months ending November 2016, 12,900 homes sold in the submarket a 2-percent increase from the 12 months ending November 2015 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The average sales price increased 7 percent to $275,000. The current number of homes sold is up 95 percent from a low of 6,625 during the 12 months ending November 2009 but is 24 percent below the high of 17,000 during the 12 months ending November 2006. The average sales price is up 32 percent from a recent low of $208,500 during the 12 months ending November 2010 but is 3 percent below the previous high of $284,800 during the 12 months ending November 2006.

The number of new homes sold in the submarket declined for 5 consecutive years beginning in 2007 but subsequently increased during 4 of the following 5 years. During the 12 months ending November 2016, 3,425 new homes sold in the submarket, up 22 percent from the previous 12 months. The number of new homes sold is currently more than double a recent low of 1,575 during the 12 months ending November 2011 but is 48 percent below the high of 6,525 during the 12 months ending November 2006. During the 12 months ending November 2016, the average sales price of a new home in the submarket increased 4 percent to $326,000. The sales price of a new home declined an average of 5 percent annually from a peak of $297,100 during the 12 months ending November 2006 to a low of $229,100 during the 12 months ending November 2011. During the subsequent 5 years, the average sales price of a new home increased 7 percent, surpassing the prerecessionary high during the 12 months ending November 2015.

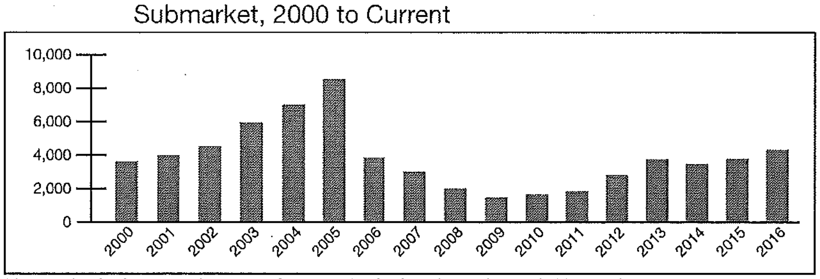
The number of existing homes sold in the submarket increased during 6 of the past 9 years but decreased 4 percent during the most recent 12 months due to a rapid decline in the number of REO sales. During the 12 months ending November 2016, 9,475 existing homes sold, more than double the recent low of 4,385 during the 12 months ending November 2008 but 10 percent below a high of 10,500 during the 12 months ending November 2016. Regular resales increased during each of the past 7 years but remain well below mid-2000 levels. During the 12 months ending November 2016, regular resales totaled 8,200, up 6 percent from the previous 12 months and more than double the recent low of 3,825 during the 12 months ending November 2010 but 20 percent below the high of 10,250 during the 12 months ending November 2006. The number of REO sales declined to 1,275 during the 12 months ending November 2016, down 39 percent from a high of 2,100 during the previous 12 months. REO sales accounted for 13 percent of existing home sales in the submarket during the most recent 12 months, the lowest rate in the HMA. The decline in REO sales, which sold for an average of 48 percent less than regular resales during the 12 months ending November 2016, contributed to a 7-percent increase in the average sales price of an existing home during the same 12-month period. The average sales price of an existing home in the submarket was $256,600 during the most recent 12 months, up from $240,000 during the 12 months ending November 2015. Since reaching a low of $202,000 during the 12 months ending November 2010, the average sales price of an existing home has increased an average of 4 percent a year. The current sales price remains 9 percent below the $281,300 high during the 12 months ending November 2007.

The rate of seriously delinquent loans and REO properties in the submarket declined during each of the past 5 years and has been the lowest in the

HMA since 2012. During November 2016, 2.9 percent of homes loans in the submarket were seriously delinquent or in REO status, down from 4.1 percent during November 2015 and one-fourth of the peak rate of 11.6 percent during November 2011 (CoreLogic, Inc.). The current rate for the Suburban submarket is below the current rate for Florida but slightly higher than the current national rate.

Single-family home construction in the submarket, as measured by the number single-family homes permitted, declined for a shorter period and less significantly than the rest of the HMA during the economic downturn in the late 2000s. The number of single-family homes permitted increased during 5 of the past 6 years but remains well below the record levels of the mid 2000s (Figure 12). During the 12 months ending November 2016, 4,325 single-family homes were permitted in the submarket, a 15-percent increase from 3,775 during the previous 12 months (preliminary data). The current level of permitting is more than double the low of 1,425 homes permitted during the 12 months ending November 2009 but well below a high of 8,500 homes permitted during the 12 months ending November 2005. Based on annual data, the number of single-family homes permitted in the submarket declined 81 percent from a record high of 8,575 in 2005 to a low of 1,550 in 2009. By comparison, the number of single-family homes permitted in the Duval County and Rural submarkets declined 88 and 82 percent, from respective highs in 2005 to lows in 2011 and 2010, respectively.

Figure 12. Single-Family Homes Permitted in the Suburban Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through November 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Recent new home development has been concentrated in areas with convenient access to the city of Jacksonville, particularly along the Interstate 95 corridor in St. Johns County and northeastern Clay County. Construction is under way at RiverTown, a 4,175-acre, master-planned community along the eastern bank of the St. Johns River. Approximately 210 of the planned 4,950 new homes have sold, with prices starting in the low $200,000s. Directly southwest of the city of Jacksonville, Oakleaf Plantation is the most active development in Clay County. More than one-half of the planned 14,000 homes have sold since construction began in 2002, with prices currently starting in the mid $100,000s for three-bedroom townhomes and in the low $200,000s for detached single-family homes.

During the 3-year forecast period, demand is estimated for 11,750 new homes in the submarket, with demand increasing each year as population growth accelerates (Table 1). An estimated 50 percent of the demand will be for homes priced from $300,000 to $399,999, with an additional 20 percent of total demand estimated for homes priced between $250,00 and $299,999. The 2,375 homes currently under construction and a portion of the 13,050 other vacant units in the submarket that may reenter the market will satisfy some of the forecast demand. Table 6 illustrates estimated demand for new sales housing in the submarket, by price range, during the forecast period.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Suburban Submarket During the Forecast Period

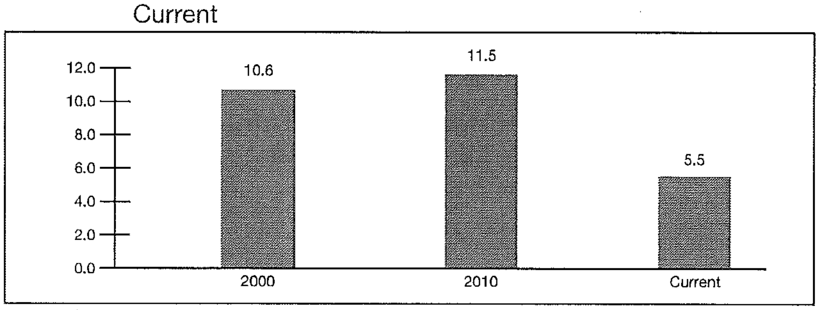
Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	249,999	1,750	15.0
250,000	299,999	2,350	20.0
300,000	349,999	2,925	25.0
350,000	399,999	2,925	25.0
400,000	499,999	1,175	10.0
500,000	and higher	590	5.0

Notes: The 2,375 homes currently under construction and a portion of the estimated 13,050 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is December 1, 2016, to December 1, 2019.
Source: Estimates by analyst

Rental Market—Suburban Submarket

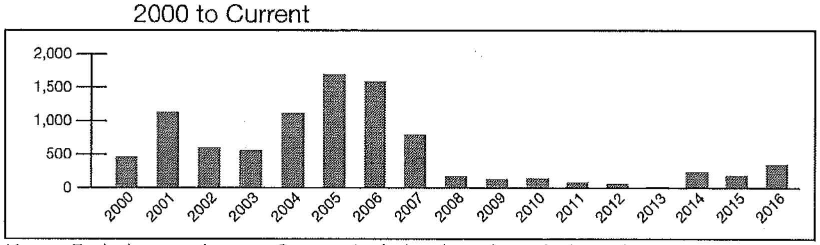
The rental housing market in the Suburban submarket is currently balanced with increased population growth and declining homeownership contributing to absorption of available inventory since 2010. The overall rental vacancy rate is estimated at 5.5 percent, less than one-half of the 11.5-percent rate in 2010 (Figure 13). Very low levels of multifamily construction have contributed to tight apartment market conditions.

Figure 13. Rental Vacancy Rates in the Suburban Submarket, 2000 to Current



Note: The current date is December 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 14. Multifamily Units Permitted in the Suburban Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through November 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

The apartment vacancy rate in the submarket was 3.0 percent during the third quarter of 2016, up slightly from 2.8 percent during the third quarter of 2015 but well below the 7.1-percent rate during the third quarter of 2010 (MPF Research). The average rent was $867, a 2-percent increase from $848 during the third quarter of 2015 and 18 percent higher than $733 during the third quarter of 2010. Apartment vacancy rates ranged from 1.2 percent in the MPF Research-defined St. Augustine market area, down from 2.4 percent a year ago, to 3.4 percent in the Orange Park-Clay County market area, up from 2.9 percent a year ago. The Orange Park-Clay County market area has the highest rent in the submarket at $880, up 3 percent from the third quarter of 2015.

Multifamily construction in the submarket, as measured by the number of units permitted, has trended upward since 2014 but remains at very low levels (Figure 14). During the 12 months ending November 2016, 330 multifamily units were permitted, up from 220 units during the previous 12 months (preliminary data). An average of 210 units were permitted each year in 2014 and 2015, up from an average of only

110 units each year from 2008 through 2013. Excluding the 2008-through-2013 period, the combined 430 units permitted in 2014 and 2015 was the lowest total for a 2-year period in the submarket since 360 units were permitted in 1993 and 1994. By comparison, an average of 1,475 units were permitted each year from 2004 through 2006 and an average of 690 units were permitted each year from 2000 through 2003.

As with new home construction, recent apartment development in the submarket has been concentrated in northwestern Clay County and northeastern St. Johns County. In Clay County, the 128-unit second phase of Fieldstone Village at Oakleaf Plantation is currently under construction with completion scheduled for fall 2017. Rents at the first phase of the property, completed in 2009, start at $1,075 for two-bedroom units, $1,150 for three-bedroom units, and $1,450 for four-bedroom units. Preliminary construction is under way at Durbin Park, a 1,600-acre, mixed-use development near the border between St. Johns and Duval Counties. When complete, the development is expected to include 2.8 million square feet of office space, 2.4 million square feet of retail space, 350 hotel rooms, and 999 multifamily units. The development will be built in four phases with the first phase scheduled to be complete in mid-2018.

During the next 3 years, demand is estimated for 2,050 new market-rate rental units (Table 1). Demand is expected to be strongest for two-bedroom units with rents ranging from $1,125 to $1,324, although notable demand will also exist for one-bedroom units with rents ranging from $930 to $1,129 and three-bedroom units with rents ranging from $1,275 to $1,474. The 260 units currently under construction will meet a portion of the forecast demand. Table 7 shows estimated demand for market-rate rental units in the submarket by rent level and number of bedrooms.

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Suburban Submarket 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
800 to 999	75	930 to 1,129	460	1,125 to 1,324	540	1,275 to 1,474	460
1,000 or more	25	1,130 to 1,329	120	1,325 to 1,524	140	1,475 to 1,674	120
		1,330 or more	30	1,525 or more	35	1,675 or more	30
Total	100	Total	610	Total	710	Total	610

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 260 units currently under construction will likely satisfy some of the estimated demand. The forecast period is December 1, 2016, to December 1, 2019.

Source: Estimates by analyst

Sales Market—Rural Submarket

The sales housing market in the Rural submarket is slightly soft. Market conditions have improved significantly since the early 2010s. Some excess inventory remains, and both the number of homes sold and the average sales price are below the mid-2000 highs. The sales vacancy rate is currently estimated at 1.9 percent, down from 3.3 percent in 2010. During the 12 months ending November 2016, 2,875 new and existing homes (including single-family homes, condominiums, and townhomes) sold in the submarket, an 11-percent increase from the previous 12 months (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The average sales price increased 2 percent to $243,600 as the number of REO sales declined 8 percent. The number of homes sold was down 27 percent from the high of 3,925 during the 12 months ending November 2006 but is more than double the low of 1,300 during the 12 months ending November 2009. The average sales price is up 31 percent from a low of $185,600 during the 12 months ending November 2010 but is 21 percent below a high of $306,800 during the 12 months ending November 2007.

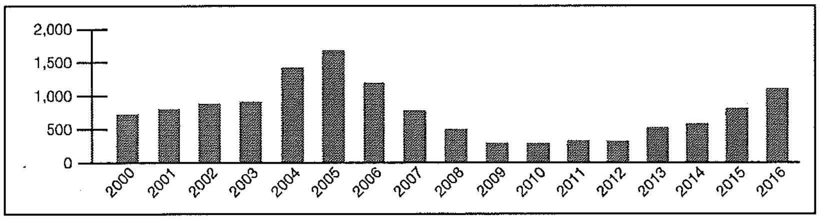
Both the number of new home sales and the average sales price of a new home in the submarket have increased significantly from respective early-2010 lows. Both figures are well below the previous high, however. During the 12 months ending November 2016, 580 new homes sold in the submarket, up 37 percent from the previous 12 months. The number of new homes sold is up from a low of 210 during the 12 months ending November 2012 but is 50 percent lower than the high of 1,175 during the 12 months ending November 2006. The average sales price of a new home was $262,600 during the 12 months ending November 2016, up 11 percent from the previous 12-month period. Since reaching a low of $171,600 during the 12 months ending November 2010, the average price of a new home increased during 5 of the past 6 years but remains 19 percent below the high of $326,000 that occurred during the 12 months ending November 2007.

Very low levels of new home construction in the early 2010s combined with accelerating population growth contributed to significant absorption of existing inventory. The number of existing home sales increased during each of the past 6 years. REO sales remain a notable part of the sales market, however, and although the average sales price for an existing home increased during 5 of the past 6 years, it remains well below the prerecessionary high. During the 12 months ending November 2016, 2,275 existing homes sold in the submarket, up 6 percent from the 12 months ending November 2015. The increase occurred despite an 8-percent decline in the number of REO sales, which totaled 450, as the number of regular resales increased 10 percent. The current number of existing home sales is more than double the low of 970 during the 12 months ending November 2009 but is 17 percent lower than the high of 2,750 during the 12 months ending November 2006. During the 12 months ending November 2016, the average sales price of an existing home in the submarket was $238,800, down slightly from the previous 12 months due, in part, to a shifting of sales activity away from expensive coastal communities to more affordable areas along the Interstate 95 corridor. REO sales, which sold for an average of 47 percent less than regular resales, accounted for 20 percent of all existing home sales during the most recent 12 months, the second highest rate in the HMA. The average sales price for existing homes is up 26 percent from a low of $190,000 during the 12 months ending November 2010 but is 20 percent lower than previous high of $297,400 that occurred during the 12 months ending November 2007.

The rate of seriously delinquent loans and REO properties in the submarket has decreased significantly since 2012 but remains higher than the national rate. During November 2016, 3.6 percent of home loans in the submarket were seriously delinquent or in REO status, slightly below the rate for Florida but a full percentage point higher than the national rate. The current rate in the submarket is down from both 5.6 percent during November 2015 and the peak of 11.5 percent during January 2012 (CoreLogic, Inc.).

Single-family home construction, as measured by the number of single-family homes permitted, increased significantly during the past 24 months. During the 12 months ending November 2016, 1,275 single-family homes were permitted in the submarket, a 57-percent increase from the previous 12 months (preliminary data). After reaching a low of 290 homes in 2010, the number of single-family homes permitted increased during 4 of the next 5 years to 840 in 2015 (Figure 15). By comparison, single-family home permitting averaged 1,450 a year from 2004 through 2006 and 840 a year from 2000 through 2003. Nassau County has a median income of $54,116, which is 15 percent higher than the $47,121 in Baker County, and has accounted for 85 percent of the single-family home construction in the submarket since 2015 (2011–2015 ACS 5-year data).

Figure 15. Single-Family Homes Permitted in the Rural Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through November 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Recent new home development in the submarket has been particularly active in central Nassau County, including the communities of Yulee and Callahan, which offer convenient access to the city of Jacksonville via Interstate 95 and Route 23, respectively. Notable construction has also occurred in and around the city of Fernandina Beach. In Yulee, the Plummer Creek development was originally approved in 2005, although construction was stalled until 2013 due to the housing market downturn. Since then, 182 of a possible 500 homes have sold with prices starting in the low $200,000s for homes ranging in size from 1,875 to 3,500 square feet. Construction at The Dunes of Amelia in the southern part of Fernandina Beach began in 2015. More than 20 of the 70 homes in the initial phase have sold, with prices for three-bedroom homes starting in the low $350,000s. A schedule for the remaining 40 homes in the development is yet to be released.

During the next 3 years, demand is estimated for 1,500 new homes in the submarket (Table 1). Demand is expected to increase each year during the 3-year forecast period as economic conditions continue to improve and excess inventory is absorbed. An estimated 55 percent of the demand will be for homes priced from $250,000 to $349,999. The 550 homes currently under construction and a portion of the 6,350 other vacant units in the submarket that may reenter the market will satisfy some of the forecast demand. Table 8 illustrates estimated demand for new sales housing in the submarket, by price range, during the forecast period.

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Rural Submarket During the Forecast Period

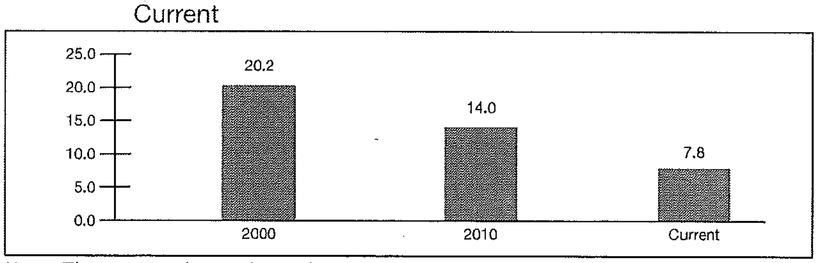
Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	249,999	230	15.0
250,000	299,999	530	35.0
300,000	349,999	300	20.0
350,000	399,999	230	15.0
400,000	499,999	150	10.0
500,000	and higher	75	5.0

Notes: The 550 homes currently under construction and a portion of the estimated 6,350 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is December 1, 2016, to December 1, 2019.
Source: Estimates by analyst

Rental Market—Rural Submarket

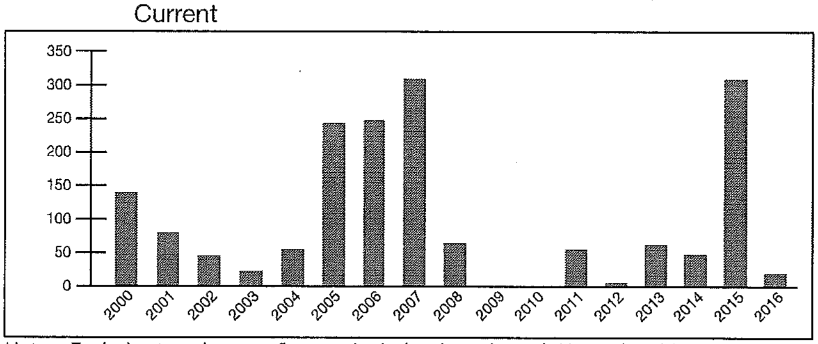
The rental housing market in the Rural submarket is currently balanced because very low levels of multifamily construction in the late 2000s and early 2010s allowed for absorption of excess units. The overall rental vacancy rate is estimated at 7.8 percent, down from the 14.0-percent rate in 2010 (Figure 16). Single-family homes and mobile homes represent approximately 68 percent of all rental units in the submarket, and the apartment vacancy rate is notably lower than the overall rate.

Figure 16. Rental Vacancy Rates in the Rural Submarket, 2000 to Current



Note: The current date is December 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 17. Multifamily Units Permitted in the Rural Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through November 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

The apartment vacancy rate in the MPF Research-defined Northside market area, which encompasses much of the apartment inventory in the submarket, was 4.9 percent during the third quarter of 2016, down from 5.4 percent during the third quarter of 2015 and well below the 15.1 percent during the third quarter of 2010 (MPF Research). The average rent was $856 during the third quarter of 2016, a 9-percent increase from $783 during the same period in 2015 and 30 percent higher than $657 during the third quarter of 2010.

Multifamily construction was very slow in the submarket for much of the past decade, allowing for significant absorption of existing inventory. Based on preliminary data, only 25 multifamily units were permitted during the 12 months ending November 2016, down from 310 units during the previous 12 months. An average of only 35 units were permitted each year from 2008 through 2014, the lowest figure on record for a 7-year period (Figure 17). By comparison, an average of 270 units were permitted each year from

2005 through 2007, and an average of 70 units were permitted each year from 2000 through 2004. Since the end of 2008, 580 new apartment units have been completed in the Northside market area.

Nassau County has accounted for nearly all of the multifamily permitting in the submarket since 2000, with much of the permitting in the early and mid 2000s occurring in beach communities in the eastern part of the county. Development recently shifted west along State Road 200 toward the central part of the county, however. The Reserve at Amelia is the largest new apartment property developed in the submarket since the mid 2000s. In the community of Yulee, the 300-unit property, completed in May 2016, accounts for more than one-half of the multifamily units permitted in the submarket since 2008. Rents currently start at $1,050 for one-bedroom units, $1,300 for two-bedroom units, and $1,450 for three-bedroom units.

During the next 3 years, demand is estimated for 490 new market-rate rental units in the submarket (Table 1). No multifamily units are currently under construction. As population growth in the submarket accelerates, demand is expected to increase during each subsequent year during the period. Estimated demand will be strongest for two-bedroom units with rents ranging from $1,050 to $1,249, although notable demand will also exist for one-bedroom units with rents ranging from $930 to $1,129 and three-bedroom units with rents ranging from $1,275 to $1,399. Table 9 shows estimated demand for market-rate rental units in the submarket by rent level and number of bedrooms.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Rural Submarket 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
850 to 1,049	95	1,050 to 1,249	150	1,200 to 1,399	130
1,050 or more	30	1,250 to 1,449	40	1,400 to 1,599	35
		1,450 or more	10	1,600 or more	10
Total	120	Total	200	Total	170

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The forecast period is December 1, 2016, to December 1, 2019.
Source: Estimates by analyst

Data Profiles

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	570,005	622,208	704,800	0.9	2.1
Unemployment rate	3.2%	10.7%	4.6%		
Nonfarm payroll jobs	562,300	580,000	670,400	0.3	2.5
Total population	1,122,750	1,345,596	1,484,000	1.8	1.5
Total households	432,627	524,146	578,000	1.9	1.5
Owner households	292,183	350,768	365,200	1.8	0.6
Percent owner	67.5%	66.9%	63.2%		
Renter households	140,444	173,378	212,800	2.1	3.1
Percent renter	32.5%	33.1%	36.8%		
Total housing units	475,043	598,490	634,300	2.3	0.9
Owner vacancy rate	1.8%	3.4%	1.5%		
Rental vacancy rate	9.8%	13.3%	5.9%		
Median Family Income	$48,800	$56,559	$66,748	1.5	2.8

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through November 2016. Median Family Incomes are for 1999, 2009, and 2015. The curent date is December 1, 2016.

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

Table DP-2. Duval County Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	778,879	864,263	929,600	1.0	1.1
Total households	303,747	342,450	370,800	1.2	1.2
Owner households	191,734	211,077	209,500	1.0	– 0.1
Percent owner	63.1%	61.6%	56.5%		
Rental households	112,013	131,373	161,300	1.6	3.1
Percent renter	36.9%	38.4%	43.5%		
Total housing units	329,778	388,486	402,100	1.7	0.5
Owner vacancy rate	1.8%	3.4%	1.5%		
Rental vacancy rate	9.0%	13.7%	5.9%		
Median family income	NA	$65,100	$63,300	NA	– 0.5

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Median Family Incomes are for 2009 and 2015. The current date is December 1, 2016.

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

Table DP-3. Suburban Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	263,949	380,904	446,300	3.7	2.4
Total households	99,857	144,130	166,800	3.7	2.2
Owner households	77,004	110,429	125,400	3.7	1.9
Percent owner	77.1%	76.6%	75.2%		
Rental households	22,853	33,701	41,400	4.0	3.1
Percent renter	22.9%	23.4%	24.8%		
Total housing units	111,756	165,308	184,000	4.0	1.6
Owner vacancy rate	1.9%	3.3%	1.4%		
Rental vacancy rate	10.6%	11.5%	5.5%		

Notes: Numbers may not add to totals because of rounding. The current date is December 1, 2016.

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

Table DP-4. Rural Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	79,922	100,429	107,900	2.3	1.1
Total households	29,023	37,566	40,500	2.6	1.1
Owner households	23,445	29,262	30,350	2.2	0.5
Percent owner	80.8%	77.9%	74.9%		
Rental households	5,578	8,304	10,150	4.1	3.1
Percent renter	19.2%	22.1%	25.1%		
Total housing units	33,509	44,696	48,300	2.9	1.2
Owner vacancy rate	1.3%	3.3%	1.9%		
Rental vacancy rate	20.2%	14.0%	7.8%		

Notes: Numbers may not add to totals because of rounding. The current date is December 1, 2016.
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: 12/1/2016—Analyst's estimates
Forecast period: 12/1/2016–12/1/2019—
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 huduser.gov/publications/pdf/CMARtables_JacksonvilleFL_17.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 huduser.gov/portal/ushmc/chma_archive.html.