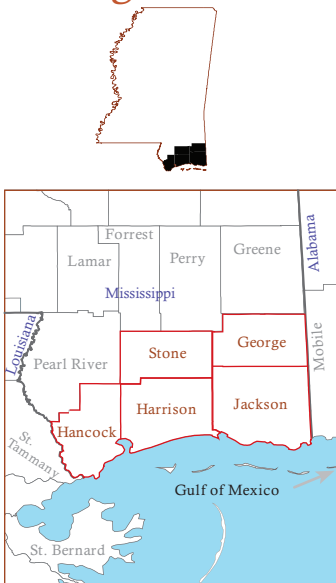


Gulfport-Biloxi-Pascagoula, Mississippi



Housing Market Area



The Gulfport-Biloxi-Pascagoula Housing Market Area (HMA) is coterminous with the Gulfport-Biloxi-Pascagoula Combined Statistical Area. The HMA is composed of two adjacent metropolitan areas. The Gulfport-Biloxi Metropolitan Statistical Area (MSA), which consists of Hancock, Harrison, and Stone Counties, is adjacent to the New Orleans, LA MSA. The Pascagoula MSA, which consists of George and Jackson Counties, is located to the east of the Gulfport-Biloxi MSA and is adjacent to the Mobile, AL MSA.

Market Details

- Economic Conditions 2
- Population and Households 4
- Housing Market Trends 5
- Data Profile 8

Summary

Economy

Nonfarm payroll declines slowed in the Gulfport-Biloxi-Pascagoula HMA in 2010. During 2010, nonfarm payrolls declined by 0.2 percent compared with a decline of 3.2 percent in 2009. Job growth is expected to resume during the 3-year forecast period as nonfarm payrolls increase by approximately 1.3 percent annually. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

Recent declines in home sales, coupled with a large number of units being constructed since Hurricane Katrina made landfall, have led to a soft sales market in the HMA. The current sales vacancy rate for the area is estimated at 2.2 percent, up from 1.8 percent in 2000, but down from the 2.3-percent rate reported by the 2009 American Community Survey (ACS). During the forecast period, demand is expected for 6,525 new homes, as shown in Table 1.

Rental Market

The rental housing market in the HMA is soft. The overall rental vacancy rate for the area is currently estimated at 17.4 percent, up from 10.9 percent in 2000 but down from 20.2 percent during the 2009 ACS. During the forecast period, all demand for additional rental units can be satisfied by the existing supply of vacant available units. Additional construction will contribute to prolonging soft market conditions.

Table 1. Housing Demand in the Gulfport-Biloxi-Pascagoula HMA, 3-Year Forecast, January 1, 2011 to January 1, 2014

	Gulfport-Biloxi-Pascagoula HMA	
	Sales Units	Rental Units
Total Demand	6,525	0
Under Construction	540	710

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2011. A portion of the estimated 17,500 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

On August 29, 2005, Hurricane Katrina made final landfall along the Louisiana-Mississippi state line before travelling north up the entire state. The Gulfport-Biloxi-Pascagoula HMA is still in recovery. The most significant damage in the HMA occurred along the Mississippi Gulf Coast in Hancock, Harrison, and Jackson Counties. According to the National Hurricane Center, the hurricane caused \$81 billion in damage to the mainland United States, primarily along the Louisiana and Mississippi Gulf Coasts. According to Federal Emergency Management Agency estimates for the HMA, approximately 8,600 owner-occupied and 5,650 renter-occupied dwellings along the Mississippi Gulf Coast were severely damaged by the storm and

another 121,800 residential units received at least minor damage.

Since 2008, nonfarm payrolls have continued to decrease in the HMA, although declines have slowed. During 2010, nonfarm payrolls decreased by 400 jobs, or 0.2 percent, to 164,200 jobs (see Table 2), after a decline of 3.2 percent during 2009. During the 12 months ending August 2005, nonfarm payrolls in the HMA peaked at 169,900 jobs before declining to 152,600 jobs during the 12 months ending August 2006 because of the effects of Hurricane Katrina on local businesses. Strong job growth resumed in 2007 and 2008 when many residents and businesses returned to the area; in late 2008, nonfarm payrolls briefly surpassed pre-Hurricane Katrina levels, before declining again because of the current economic downturn. The unemployment rate in the HMA rose from 8.2 percent in 2009 to 9.2 percent in 2010 as labor force growth of 2.3 percent, or 4,325 people, outpaced employment growth during the same period. Figure 1 shows trends in labor force, resident employment, and unemployment rates since 2000.

During 2010, declines in the goods-producing sectors were partially offset by gains in the service-providing sectors, which increased by 700 jobs, or 0.5 percent, to 131,500 jobs. The government sector, the largest sector in the HMA, increased by 100 jobs, or 0.2 percent, to 36,600 jobs. Small gains in federal and state government payrolls were partially offset by small declines in local government, primarily local school districts. The leisure and hospitality sector, which includes the four leading employers in the HMA, remained relatively unchanged at 21,900 jobs. The gambling and casino hotel industries, which include three

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

	12 Months Ending December 2009	12 Months Ending December 2010	Percent Change
Total Nonfarm Payroll Jobs	164,600	164,200	-0.2
Goods Producing	33,750	32,650	-3.3
Mining, Logging, & Construction	11,450	11,150	-2.9
Manufacturing	22,300	21,550	-3.4
Service Providing	130,800	131,500	0.5
Leisure & Hospitality	21,900	21,850	-0.3
Government	36,500	36,550	0.2

Notes: Based on 12-month averages through December 2009 and December 2010. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Gulfport-Biloxi-Pascagoula HMA, 2000 to 2010



Source: U.S. Bureau of Labor Statistics

of the four largest employers, account for approximately one-half of employment in the leisure and hospitality sector in the HMA. Taxed gross gaming revenue in the city of Biloxi totaled \$830.9 million in 2010, down from \$833.5 million in 2009 and \$951.3 million in 2008. The gambling and casino hotel industries are heavily influenced by tourism in the Mississippi Gulf Coast region, which was negatively affected by both the recent national economic downturn and the Deepwater Horizon oil spill, which released an estimated 4.9 million barrels of crude oil into gulf coastal waters between April and July of 2010.

In 2010, the goods-producing sectors decreased by 1,100 jobs, or 3.3 percent, to 164,200 jobs. The decline was split

between the mining, logging, and construction sector and the manufacturing sector, which decreased by approximately 300 and 700 jobs to 11,100 and 21,600 jobs, respectively. Construction employment has declined during the past 2 years as builders responded to soft sales and rental housing markets by slowing the production of new homes and rental units. Employment in the mining, logging, and construction sector increased significantly in the years after Hurricane Katrina from 7,300 jobs in 2004 to 12,800 jobs in 2008 because of the need for large-scale repair and rebuilding of damaged structures in the area. Employment in the manufacturing sector in the HMA remained relatively unchanged throughout most of the past decade. Manufacturing employment in the area is concentrated primarily in oil-related industries such as refining and includes companies such as the Chevron Pascagoula Refinery, the largest goods-producing employer in the area, with approximately 1,300 employees. Table 3 shows a list of the leading employers in the HMA and Figure 2 shows nonfarm payroll growth by sector since 2000.

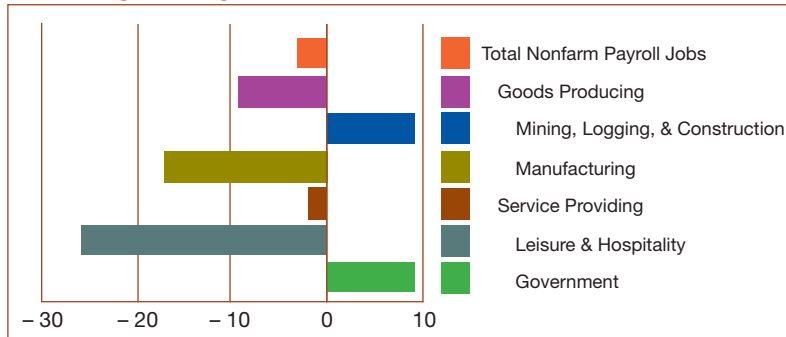
During the forecast period, nonfarm payrolls are expected to increase by an average of 2,100 jobs, or 1.3 percent, annually. Job growth is expected to increase during each year of the forecast period as the current economic downturn subsides, local tourism increases, and the area economy begins to recover. The leisure and hospitality industry is expected to lead employment growth.

Table 3. Major Employers in the Gulfport-Biloxi-Pascagoula HMA

Name of Employer	Employment Sector	Number of Employees
Beau Rivage Resort and Casino	Leisure & Hospitality	4,000
RPM Pizza, LLC	Leisure & Hospitality	3,500
Grand Casino Biloxi	Leisure & Hospitality	3,000
Hollywood Casino Bay Saint Louis	Leisure & Hospitality	2,950
Gulfport Memorial Hospital	Education & Health Services	2,100
Island View Casino Resort	Leisure & Hospitality	2,000
Singing River Health System	Education & Health Services	1,575
Hard Rock Hotel & Casino	Leisure & Hospitality	1,400
Chevron Pascagoula Refinery	Manufacturing	1,300

Source: U.S. Department of Labor, Employment and Training Administration

Figure 2. Sector Growth in the Gulfport-Biloxi-Pascagoula HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through December 2010.

Source: U.S. Bureau of Labor Statistics

Population and Households

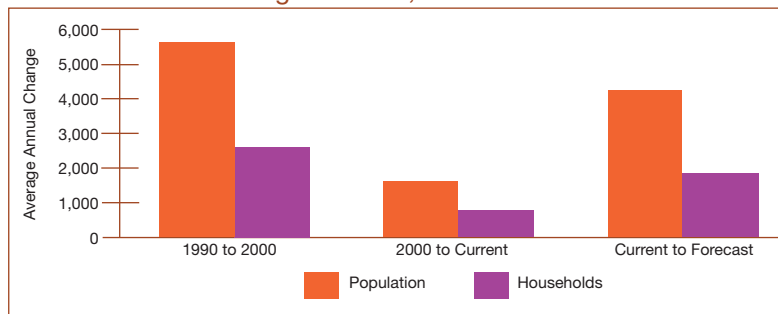
The population of the Gulfport-Biloxi-Pascagoula HMA increased by an average of approximately 1,600, or 0.4 percent, annually since 2000 to a current estimate of 413,900, as shown in Figure 3. Average net out-migration of 530 people annually was more than offset by an average net natural increase (resident births minus resident deaths) of 2,125 people annually, as shown in Figure 4. The effects of Hurricane Katrina, which made landfall in August 2005, significantly affected migration patterns in the HMA, as many residents of the HMA relocated outside the HMA. Between 2000 and mid-2005, net in-migration to the HMA averaged 820 people annually. Between mid-2005 and mid-2006, approximately 30,250 people moved out of the HMA. Since that time, net in-migration has resumed

as rebuilding has occurred and many Hurricane Katrina evacuees have returned to the area. Since mid-2006, the population of the HMA has increased by an average of 6,825, or 1.8 percent, annually and net in-migration has averaged 3,150 people annually. The area has now surpassed the pre-Hurricane Katrina population level, estimated at 412,000, despite the fact that employment remains below pre-Hurricane Katrina levels.

The Gulfport-Biloxi MSA currently has a population estimated at 250,800, about 4 percent below the pre-Hurricane Katrina population of 256,700. The metropolitan area accounted for approximately 90 percent of the out-migration that occurred throughout the HMA in the year after Hurricane Katrina. Between 2000 and 2005, before Hurricane Katrina occurred, Gulfport-Biloxi had an average annual population growth of 2,000 people, or 0.8 percent, and a net in-migration of 720 people, or 0.3 percent. In the year after Hurricane Katrina made landfall, an estimated 27,300 people, or 10.3 percent, moved out of the metropolitan area. Since July 2006, population growth in the Gulfport-Biloxi MSA has averaged 2 percent annually.

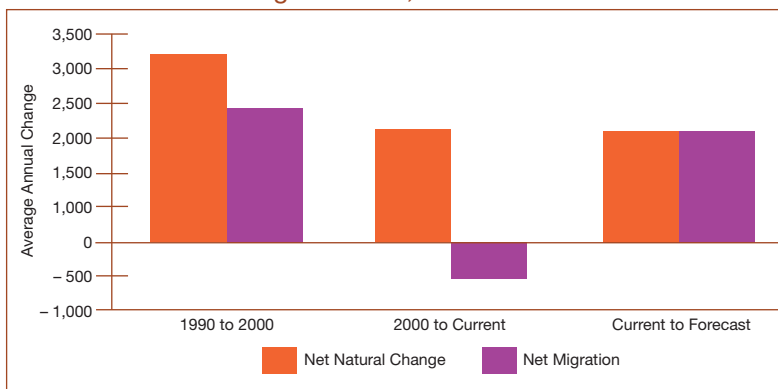
The Pascagoula MSA has a current estimated population of 163,100 and has more than surpassed the estimated pre-Hurricane Katrina population of 155,300. The Pascagoula area was less severely affected by Hurricane Katrina than the Gulfport-Biloxi area. Between 2000 and 2005, before Hurricane Katrina occurred, Pascagoula had an average annual population growth of 0.6 percent and a net in-migration of 110 people. In the year after Hurricane Katrina made landfall,

Figure 3. Population and Household Growth in the Gulfport-Biloxi-Pascagoula HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 4. Components of Population Change in the Gulfport-Biloxi-Pascagoula HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

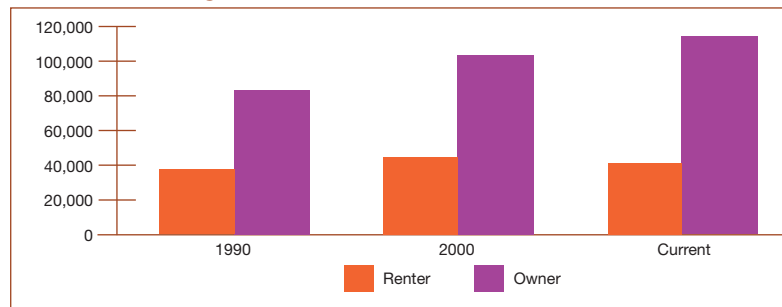
Population and Households *Continued*

the population declined by 1.5 percent and net out-migration of 2,950 people occurred. Since July 2006, population growth in the Pascagoula MSA has averaged 1.5 percent annually.

Due to the continued weak economic conditions and a continued decline in the number of Hurricane Katrina

evacuees returning to the HMA, population growth is forecast to slow to 1 percent annually during the 3-year forecast period, with approximately 50 percent of the increase due to net in-migration. The Gulfport-Biloxi and Pascagoula metropolitan areas are expected to grow by 1.2 and 0.8 percent annually, respectively. Overall household growth in the HMA, which has averaged 0.5 percent annually since 2000, is expected to average 1.2 percent, or 1,825 households. Household growth in the Gulfport-Biloxi and Pascagoula MSAs is expected to average 1.3 and 0.9 percent, respectively. Figure 5 shows the number of households by tenure for the HMA from 1990 to the current date.

Figure 5. Number of Households by Tenure in the Gulfport-Biloxi-Pascagoula HMA, 1990 to Current



Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Sales Market

As a result of the slow economy, stringent mortgage lending standards, and overbuilding during the post-Hurricane Katrina recovery, the sales housing market in the Gulfport-Biloxi-Pascagoula HMA is currently soft. The overall sales vacancy rate is estimated to be 2.2 percent, up from 1.8 percent as reported in the 2000 Census but slightly below the 2.3-percent rate reported in the 2009 ACS.

According to the Mississippi Gulf Coast Multiple Listing Service, Inc., during 2010, a total of 2,675 new and existing homes sold in the three coastal counties of Harrison, Hancock, and Jackson, representing a decrease of more than 4 percent compared with home sales from 2009. Home sales

have declined each year since peaking at 5,275 homes in 2006 as rebuilding from Hurricane Katrina began. The number of home sales averaged approximately 3,875 annually from 2000 through 2005. In 2010, the average home sales price declined by approximately 9 percent to \$132,500, when compared with the price recorded during the previous year. Since reaching a peak of \$160,800 in 2006, average prices declined each year. From 2009 to 2010, the average number of days a home remained on the market was essentially unchanged at 165, its highest level in at least 20 years and well above the average of 130 days on the market recorded from 2000 through 2008. According to LPS Applied Analytics,

in December 2010, the percentage of mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) was 10.7 percent, a minor decrease from the 11-percent rate recorded in December 2009.

In response to the slowdown in home sales, single-family building activity, as measured by the number of single-family building permits issued, declined significantly in 2010. Building activity peaked in 2006 at 4,700 units as residents returned to the area and many

damaged homes were replaced. Building activity has declined significantly since that time, however, as shown in Figure 6. In 2010, the number of single-family building permits issued declined by more than 40 percent to 1,600 homes compared with the number issued in 2009, based on preliminary data. Permits for an average of 2,400 single-family homes were issued annually in the HMA from 2000 through 2005. In addition to the 1,600 single-family permits issued in 2010, permits were issued for an estimated 90 townhomes and condominiums. Approximately 20 percent of multifamily units permitted in the HMA since 2000 were intended for owner occupancy.

During the next 3 years, demand is estimated for 6,525 new homes, including single-family, townhome, and condominium units, which is below the high levels recorded during the rebuilding efforts after Hurricane Katrina. Approximately 60 percent of this demand is expected to occur in the Gulfport-Biloxi MSA, with the other 40 percent occurring in the Pascagoula MSA. Currently, 540 homes are under construction in the HMA, which will satisfy some of the forecast demand. In addition, an estimated 17,500 other vacant units may come back on the market and satisfy some of the forecast demand. Prices for new homes are expected to start at \$125,000. Table 4 presents estimates of demand for new market-rate sales housing in the HMA by price range during the forecast period.

Figure 6. Single-Family Building Permits Issued in the Gulfport-Biloxi-Pascagoula HMA, 2000 to 2010



Note: Includes only single-family units.

Source: U.S. Census Bureau, Building Permits Survey

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Gulfport-Biloxi-Pascagoula HMA, January 1, 2011 to January 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
125,000	149,999	2,150	33.0
150,000	174,999	2,150	33.0
175,000	199,999	1,625	25.0
200,000	and higher	590	9.0

Note: A portion of the estimated 17,500 other vacant units will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

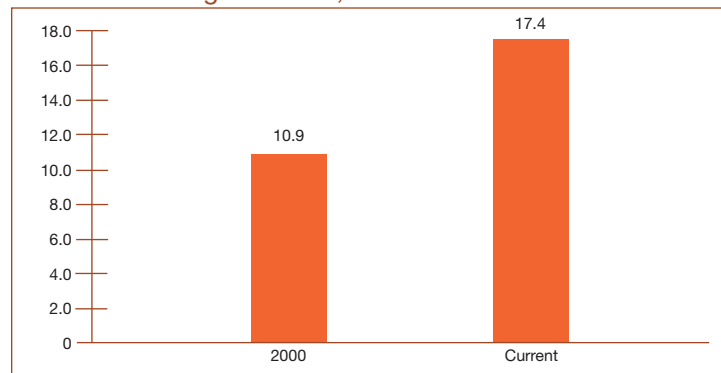
The rental housing market in the Gulfport-Biloxi-Pascagoula HMA is very soft, with an estimated current overall vacancy rate of 17.4 percent (see Figure 7), up from 10.9 percent as reported in the 2000 Census, but down from 20.2 percent as reported in the 2009 ACS. The apartment market in the HMA is also soft. According to a June 2010 survey by the Gulf Regional Planning Commission (GRPC), the apartment vacancy rate for market-rate units was 14.4 percent in the three coastal counties of Harrison, Hancock, and Jackson, up from 12.1 percent a year earlier. In October 2004, prior to Hurricane Katrina, the apartment vacancy rate was 9.3 percent in the three counties. As of

June 2010, the three largest cities in the HMA of Gulfport, Biloxi, and Pascagoula had vacancy rates of 13.3, 12.7, and 15.9 percent, respectively. During the same period, the vacancy rate among the approximately 7,700 assisted rental units surveyed in the three coastal counties was lower than the overall market at 6.1 percent.

Average rents in the HMA declined during the past year. According to the June 2010 GRPC apartment survey, Harrison County, which contains more than two-thirds of the apartment units in the HMA, recorded average rental rates of \$600, \$710, and \$890 for one-, two-, and three-bedroom units, respectively. These figures represent declines of 8, 6, and 6 percent from the previous year survey, respectively. Similar declines in average rents occurred during the past year in other parts of the HMA.

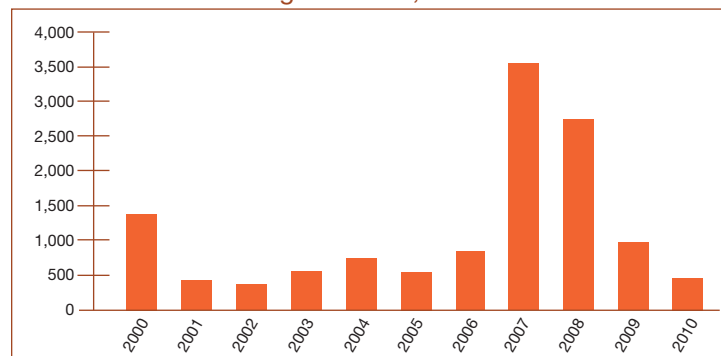
Most of the recent softness in the local rental market can be attributed to the large number of units that were constructed post-Hurricane Katrina to replace damaged and destroyed units. Multifamily building activity in the HMA, as measured by the number of multifamily units permitted, averaged 680 units annually from 2000 through 2006; however, in 2007 and 2008, building activity increased substantially and building permits for an average of 3,150 units annually were issued. As shown in Figure 8, in 2010, permits were issued for 470 multifamily units, down more than 60 percent from the 960 permits issued in 2009. Since 2000, approximately 80 percent of the multifamily units permitted in the HMA were located in the Gulfport-Biloxi MSA, with the rest located in the Pascagoula MSA.

Figure 7. Rental Vacancy Rates in the Gulfport-Biloxi-Pascagoula HMA, 2000 to Current



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

Figure 8. Multifamily Building Permits Issued in the Gulfport-Biloxi-Pascagoula HMA, 2000 to 2010



Notes: Includes all multifamily units in structures with two or more units.

Source: U.S. Census Bureau, Building Permits Survey

Housing Market Trends

Rental Market *Continued*

Units under construction in the Gulfport-Biloxi MSA include four Low-Income Housing Tax Credit properties: the 129-unit Bay Pines located in Bay St. Louis; the 160-unit Gates at Coral Bay located in Waveland; the 80-unit Oak Haven, also located in Waveland; and the 144-unit Franklin Point located in Gulfport. In the Pascagoula MSA, Bayside Village, a 60-unit income-restricted apartment complex intended for senior occupancy, is currently under construction. The complex, which is expected to begin leasing units in January 2011, involved the rehabilitation of the 1930s-era Old Pascagoula High School.

During the next 3 years, after accounting for the current excess supply of vacant available units, no demand is expected for additional new market-rate rental units in the HMA. The 710 units currently under construction and the large number of recently completed units to be absorbed should be more than sufficient to meet the demand for rental units in the HMA for the foreseeable future. In addition, a portion of the estimated 17,500 other vacant units will likely come back on the market and satisfy some of the forecast demand. The construction of additional units will prolong soft market conditions.

Data Profile

Table DP-1. Gulfport-Biloxi-Pascagoula HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	140,560	178,669	171,300	2.4	- 0.4
Unemployment Rate (%)	7.2	5.4	9.2		
Nonfarm Payrolls	119,600	170,100	164,200	3.6	- 0.4
Total Population	339,791	396,754	413,900	1.6	0.4
Total Households	121,292	147,600	155,400	2.0	0.5
Owner Households	83,573	103,490	114,700	2.2	1.0
Percent Owner (%)	68.9	70.1	73.8		
Renter Households	37,719	44,110	40,700	1.6	- 0.7
Percent Renter (%)	31.1	29.9	26.2		
Total Housing Units	140,727	165,242	184,100	1.6	1.0
Owner Vacancy Rate (%)	3.0	1.8	2.2		
Rental Vacancy Rate (%)	13.6	10.9	17.4		

Notes: Employment data represent annual averages for 1990, 2000, and the 12 months through December 2010.

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

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

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

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

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_Gulfport-Biloxi-PascagoulaMS_11.pdf.

Contact Information

Robert Stephens, Economist
Fort Worth, Texas HUD Regional Office
817-978-9412
robert.p.stephens@hud.gov

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to
www.huduser.org/publications/econdev/mkt_analysis.html.