

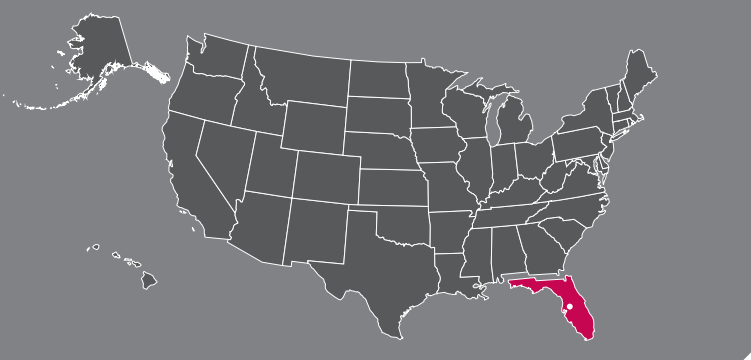
HUD PD&R Housing Market Profiles

Lakeland-Winter Haven, Florida



Quick Facts About Lakeland-Winter Haven

- **Current sales market conditions: slightly soft but improving.**
- **Current apartment market conditions: slightly tight.**
- **The metropolitan area is home to LEGOLAND® Florida, the largest LEGOLAND® park in the world, and it hosts the Detroit Tigers Major League Baseball team's spring training at Joker Marchant Stadium.**



By [Holi M. Weaver](#) | As of July 1, 2014

Overview

The Lakeland-Winter Haven (hereafter, Lakeland) metropolitan area consists of Polk County in central Florida, midway between Tampa and Orlando. The metropolitan area is home to Polk State College, which enrolled 12,225 students in the spring of 2014 and had an estimated economic impact of \$481.8 million locally during 2011 and 2012 (Polk State College data). In addition, Florida Polytechnic University will open in the city of Lakeland in the fall of 2014, with an inaugural freshman class of 500 students.

- As of July 1, 2014, the population of the metropolitan area was estimated at 630,300, reflecting an average annual increase of 6,325, or 1.1 percent, since April 2010; net in-migration accounted for nearly 80 percent of the growth.
- Population growth was strongest from 2003 through 2007, averaging 18,250 people, or 3.4 percent, annually. Nearly 90 percent of the growth was attributable to net in-migration, coinciding with the strong economic and housing market conditions during that period.
- Weak economic conditions from 2008 through 2010 severely hampered household mobility, causing population growth to slow significantly to an average of 5,150 people, or 0.9 percent, annually; the share of growth attributed to net in-migration fell to 58 percent.



The economic recovery in the Lakeland area began in 2012 and continued through the second quarter of 2014.

	3 Months Ending		Year-Over-Year Change	
	June 2013 (thousands)	June 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	197.0	200.5	3.5	1.8
Goods-producing sectors	26.5	27.4	0.9	3.4
Mining, logging, and construction	10.8	11.1	0.3	2.8
Manufacturing	15.7	16.3	0.6	3.8
Service-providing sectors	170.5	173.1	2.6	1.5
Wholesale and retail trade	34.6	36.0	1.4	4.0
Transportation and utilities	13.4	13.7	0.3	2.2
Information	1.6	1.6	0.0	0.0
Financial activities	11.6	11.7	0.1	0.9
Professional and business services	26.4	26.8	0.4	1.5
Education and health services	29.8	30.3	0.5	1.7
Leisure and hospitality	20.0	20.6	0.6	3.0
Other services	5.3	5.3	0.0	0.0
Government	27.8	27.0	-0.8	-2.9
	(percent)	(percent)		
Unemployment rate	8.2	6.7		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

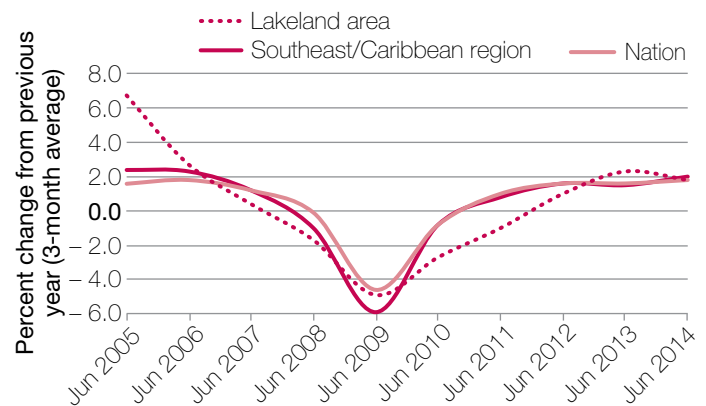
Economic conditions in the Lakeland metropolitan area began improving in 2012 after declining from 2007 through 2011 by an average of 5,000 jobs, or 2.5 percent, annually.

During the second quarter of 2014—

- Job growth continued, with nonfarm payrolls averaging 200,500 jobs, reflecting an increase of 3,500 jobs, or 1.8 percent; however, the rate of growth slowed compared with an increase of 4,400 jobs, or 2.3 percent, during the second quarter of 2013.
- The wholesale and retail trade sector led job growth, increasing by 1,400 jobs, or 4.0 percent, partially a result of increased consumer spending.
- Additional nonfarm payroll growth occurred in the leisure and hospitality and the manufacturing sectors, which added 600 jobs each, increases of 3.0 and 3.8 percent, respectively. An increase in hiring at local restaurants and bars partly led to the increase in the leisure and hospitality sector.
- The only sector to lose jobs was the government sector, decreasing by 800 jobs, or 2.9 percent, partially a result of state and local government budget constraints.

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Nonfarm payroll growth in the Lakeland area exceeded national and regional growth in 2013, but it was similar to both as of the second quarter of 2014.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Lakeland area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Publix Super Markets, Inc.	Wholesale and retail trade	6,644
Lakeland Regional Medical Center	Education and health services	4,540
GEICO	Financial activities	2,018

Note: Excludes local school districts.
Source: University of Central Florida, College of Business Administration, Institute for Economic Competitiveness



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- Increased employment in the metropolitan area brought the average unemployment rate down to 6.7 percent compared with 8.2 percent during the same period in 2013. This rate represents a significant improvement from conditions from 2009 through 2011, when the unemployment rate averaged 11.6 percent, but it remains higher than the 4.0-percent rate recorded from 2005 through 2007.

The location of the HMA along the Interstate 4 corridor provides substantial benefits to the economic development of the metropolitan area, making it attractive for interstate trade and distribution networks. In April 2014, Evansville Western Railway (an affiliate of CSX

Corporation Inc.) opened a state-of-the-art intermodal terminal known as the Central Florida Intermodal Logistics Center (ILC). The transportation and utilities sector increased by an average of 500 jobs, or 3.8 percent, annually from 2010 through 2013 and added 300 jobs, a 2.2-percent increase, during the second quarter of 2014. This trend is expected to accelerate, because ILC has the potential to create thousands of jobs during the next 10 years. The terminal, which moves freight between trucks and trains, will have an estimated capacity to process 300,000 containers a year. In addition, the facility is surrounded by 930 acres that are approved for developing up to nearly 8 million square feet of warehouse distribution centers, light industrial facilities, and office buildings.

Sales Market Conditions

The sales housing market in the Lakeland metropolitan area is slightly soft but improving, with an estimated vacancy rate of 3.0 percent compared with 4.3 percent in April 2010. During the 12 months ending May 2014, 10,400 existing single-family homes, townhomes, and condominiums sold, up 5 percent from the same period a year ago, and the average sales price increased 11 percent, to \$109,100 (CoreLogic, Inc.; adjustments by the analyst). The market for new homes improved significantly, with 1,625 homes sold, up 30 percent from a year ago, and the average sales price increased 12 percent, to \$196,200.

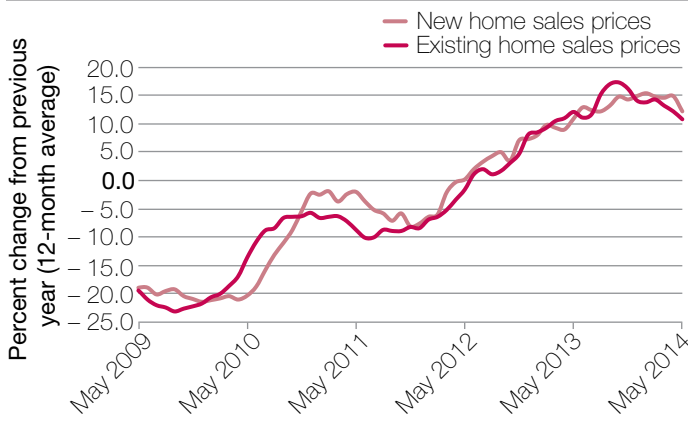
- Existing home sales peaked from 2001 through 2006, when an average of 19,300 homes sold annually, and subsequently declined from 2007 through 2012 by an average of 2,750 sales, or 14 percent, annually because weak economic conditions resulted in decreased demand for housing.

- The market for new homes was strongest from 2004 through 2007, when an average of 6,525 new homes sold a year. Demand for new homes fell sharply from 2008 through 2011 as economic conditions weakened and banks developed stricter lending standards, and sales decreased by an average of 1,325 homes, or 35 percent, a year.
- The percentage of home loans that were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status declined to 9.7 percent in June 2014 compared with 14.0 percent in June 2013, because economic and sales market conditions gradually improved (Black Knight Financial Services, Inc.).

In response to improving sales market and economic conditions, builders increased new home construction, as measured by the number of single-family homes permitted, beginning in 2012.

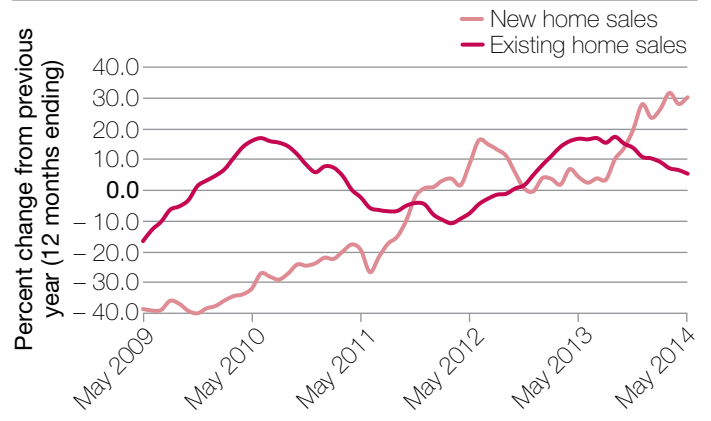
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The average sales prices of new and existing homes in the Lakeland area have increased consistently since May 2012, but the growth rate has slowed.



Note: Includes single-family homes, townhomes, and condominiums. Sources: CoreLogic, Inc.; adjustments by the analyst

New home sales in the Lakeland area increased sharply starting in 2013 as the housing market recovery that began in 2012 continued.



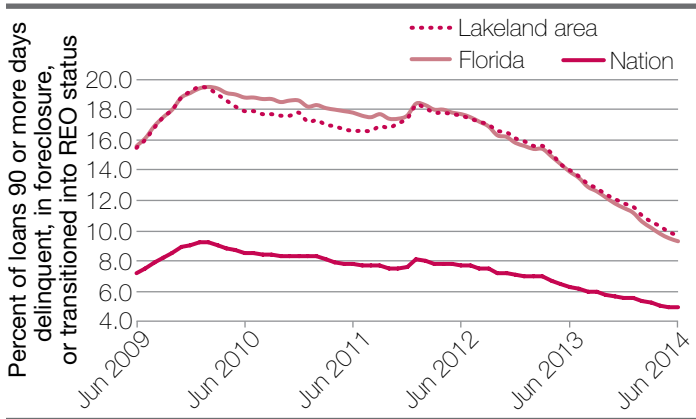
Note: Includes single-family homes, townhomes, and condominiums. Sources: CoreLogic, Inc.; adjustments by the analyst



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- During the second quarter of 2014, permits were issued for 730 single-family homes, up 26 percent from the 580 homes permitted during the second quarter of 2013 (preliminary data).
- New home construction peaked from 2002 through 2006, when an average of 7,800 homes were permitted annually, before declining at an average annual rate of 30 percent from 2006 through 2011 to a low of 1,070 homes permitted, the lowest level of permitting in the past 25 years.

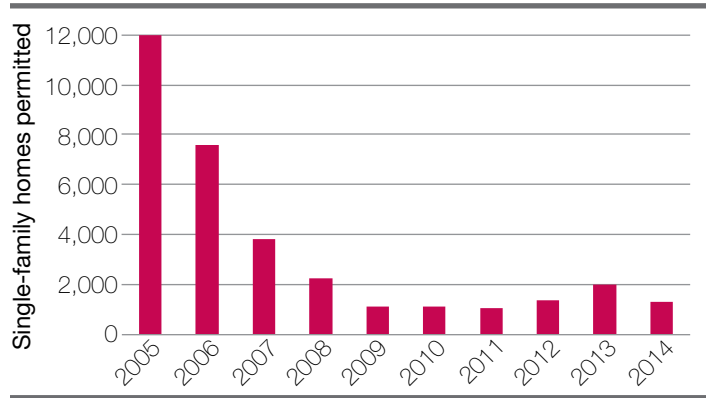
The rate of distressed loans and REO properties in the Lakeland area has declined significantly but remained nearly twice as high as the national rate.



REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

- As of July 1, 2014, 940 single-family homes were under construction in the metropolitan area (preliminary data).
- The Highland Meadows subdivision in Davenport has had the most new home sales since the beginning of 2014, with 71 homes sold at an average price of \$152,700. Krenson Woods, in the city of Lakeland, has had the second most, with 37 homes sold at an average price of \$174,300.

Single-family home construction in the Lakeland area remained very restricted compared with construction during the peak years in the mid-2000s.



Note: Includes preliminary data from January 2014 through June 2014.
Source: U.S. Census Bureau, Building Permits Survey

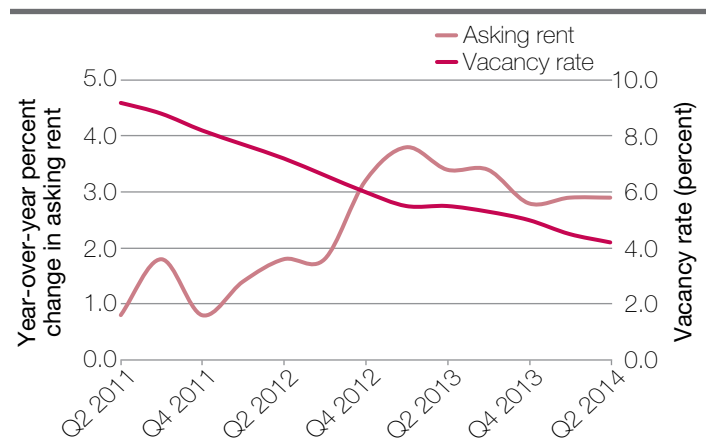
Apartment Market Conditions

The apartment market in the Lakeland metropolitan area is currently slightly tight, with an estimated vacancy rate of 4.2 percent, down from 5.5 percent during the second quarter of 2013 (Reis, Inc.).

- The apartment vacancy rate was 11.8 percent in 2009, the highest since 2005, because weak economic conditions slowed net in-migration, resulting in slower household growth. Low levels of apartment construction since 2009 and an increase in the number of renter households have tightened the rental market considerably.
- During the second quarter of 2014, the average asking rent was \$722, up 2.9 percent from the second quarter of 2013. The average asking rent was \$569 for a studio unit, \$676 for a one-bedroom unit, \$815 for a two-bedroom unit, and \$995 for a three-bedroom unit (Reis, Inc.).
- Approximately 43,300, or 60 percent, of renter households in the metropolitan area live in apartments, and the remaining 28,600, or 40 percent, live in single-family homes (2012 American Community Survey 1-year estimates).

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A steep decline in new apartment construction during the past several years resulted in a decline in the vacancy rate and placed upward pressure on average rents in the Lakeland area.



Source: Reis, Inc.

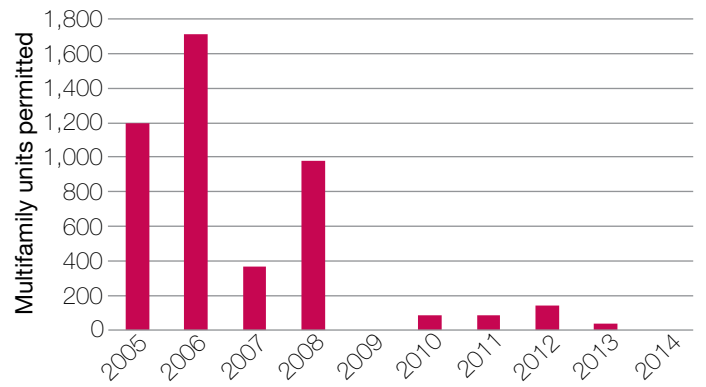


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Apartment construction, as measured by the number of multifamily units permitted, has been very limited since 2009, and no multifamily units were permitted during the second quarter of 2014.

- Apartment construction was strongest from 2004 through 2008, when an average of 1,150 units were permitted annually.
- As the economy weakened and financing became harder to acquire, apartment construction came to a halt and no units were permitted in 2009.
- An average of 90 multifamily units were permitted annually from 2010 through 2013, which was not enough to meet the increasing demand for rental units, causing apartment market conditions to tighten further.
- An estimated 130 apartments were under construction in the metropolitan area as of July 1, 2014, including the 40-unit Salvation Army Family Village Phase I and the 90-unit Arbor Hills independent living facility.

Since 2009, annual multifamily construction activity in the Lakeland area has been the lowest of any other 5-year period in the past 25 years.



Note: Includes preliminary data from January 2014 through June 2014.
Source: U.S. Census Bureau, Building Permits Survey

