



COMPREHENSIVE HOUSING MARKET ANALYSIS

West Palm Beach-Boca Raton-Delray Beach, Florida

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of August 1, 2021



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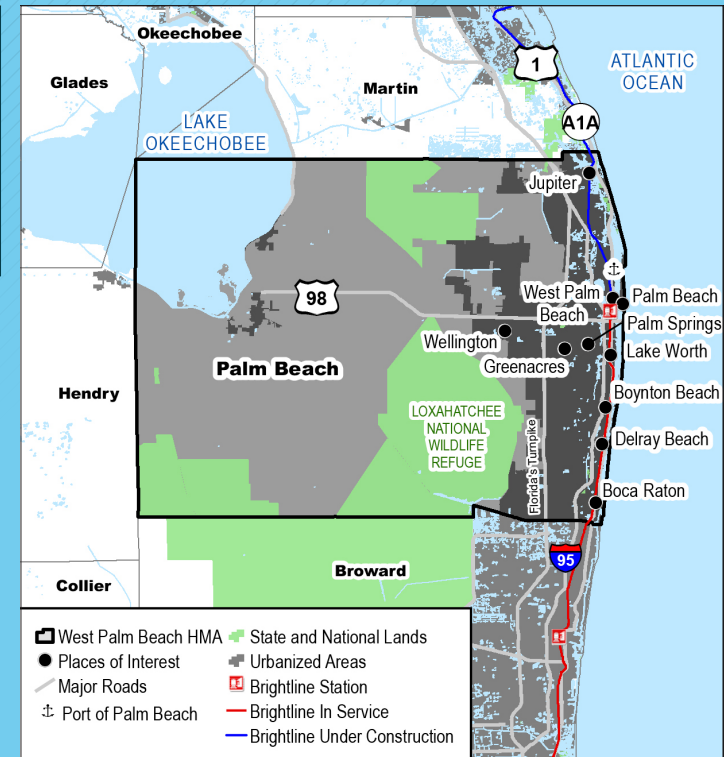
Executive Summary

Housing Market Area Description

The West Palm Beach-Boca Raton-Delray Beach Housing Market Area (hereafter, the West Palm Beach HMA) is coterminous with the metropolitan division of the same name and includes Palm Beach County. The HMA, combined with Broward and Miami-Dade Counties along the southeastern coast of Florida, form the Miami-Fort Lauderdale-West Palm Beach, FL Metropolitan Statistical Area (hereafter, Miami MSA), the eighth most populous metropolitan area in the nation. Palm Beach County is the second largest county in Florida by land area and the third largest county by population.

The current population of the HMA is estimated at 1.50 million.

Much of the inland portion of the HMA is land used for agriculture and natural wetlands; an estimated 85 percent of the population is concentrated on a 13-mile band along the eastern coast (2015–2019 American Community Survey [ACS] 5-year data, with adjustments by the analyst). The HMA attracted more than 8 million tourists to beaches and other attractions in 2018. Retirees who settle in the HMA are drawn to the weather, outdoor recreation amenities, and lack of state income tax. The largest economic sectors are the professional and business services sector and the education and health services sector.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#). Additional data for the HMA can be found in this report's [supplemental tables](#). For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Weak, but Improving: Sixty-five percent of the 109,400 nonfarm payroll jobs lost in March and April 2020—due to measures implemented in March 2020 to slow the spread of COVID-19—were recovered by the end of July 2021 (not seasonally adjusted).

During the 12 months ending July 2021, nonfarm payrolls in the West Palm Beach HMA fell year over year by 9,500 jobs, or 1.5 percent. By comparison, payrolls decreased by 15,600 jobs, or 2.4 percent, year over year during the 12 months ending July 2020, in stark contrast to the average annual payroll growth of 7,800 jobs, or 1.1 percent, from 2017 through 2019. The unemployment rate averaged 5.1 percent during the past 12 months—down from 6.7 percent a year ago. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 2.5 percent.

Sales Market



Slightly Tight: During the past 12 months, strong demand for new homes in the HMA led builders to increase new home construction to the highest level since 2006.

The sales market in the HMA has a current estimated vacancy rate of 0.9 percent, down from the 3.4-percent rate in 2010, when the market was soft. During the 12 months ending July 2021, new and existing home sales increased 11 percent, to 41,900 homes sold, and the average sales price was up 24 percent, to \$535,050, an all-time high (Zonda). During the next 3 years, demand is estimated for 13,250 new homes; the 1,975 under construction are expected to satisfy a portion of that demand.

Rental Market



Balanced: The overall rental market is balanced, with an estimated rental vacancy rate of 7.2 percent—down from 12.4 percent in April 2010, when conditions were soft.

Apartment market conditions are also balanced, with a 5.5-percent vacancy rate during the second quarter of 2021, up slightly from 5.4 percent a year ago (Moody's Analytics REIS). The average apartment rent increased less than 1 percent, to \$1,607, compared with an increase of 5 percent from the second quarter of 2018 through the second quarter of 2019. The moderate vacancy rate and rent growth result from strong apartment completions, which are meeting demand. During the 3-year forecast, demand is estimated for 9,750 new rental units; more than three-fourths of that demand is expected to be met by the 7,450 units under construction.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
West Palm Beach HMA	Total Demand	13,250
	Under Construction	1,975

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2021. The forecast period is August 1, 2021, to August 1, 2024.

Source: Estimates by the analyst



Economic Conditions

Largest Sector: Professional and Business Services

The professional and business services sector makes up 19 percent of payrolls, compared with 14 percent for the nation.

Primary Local Economic Factors and Trends

Traditionally, the West Palm Beach HMA has had a solid foundation in agriculture, the exports of which have been facilitated by the Port of Palm Beach, which handles \$7 billion of goods annually and is the fourth busiest port in Florida. The HMA is the largest producer of agricultural goods east of the Mississippi River (Port of Palm Beach) and the top-ranked county nationally for sugarcane production (2017 Census of Agriculture). One-third of the land in the HMA is devoted to sugarcane, and the HMA produces 18 percent of all the sugar in the nation. The HMA also is a leading producer of agricultural goods, including bell peppers, celery, lettuce and other leafy vegetables, and rice. The agriculture industry employed 7,850 workers in 2020 (Quarterly Census of Employment and Wages). Approximately 80 percent of the economic activity in the port is devoted to exports, including sugarcane, which accounts for approximately 26 percent of all exports (Port of Palm Beach). The Bahamas is the top destination for exports.

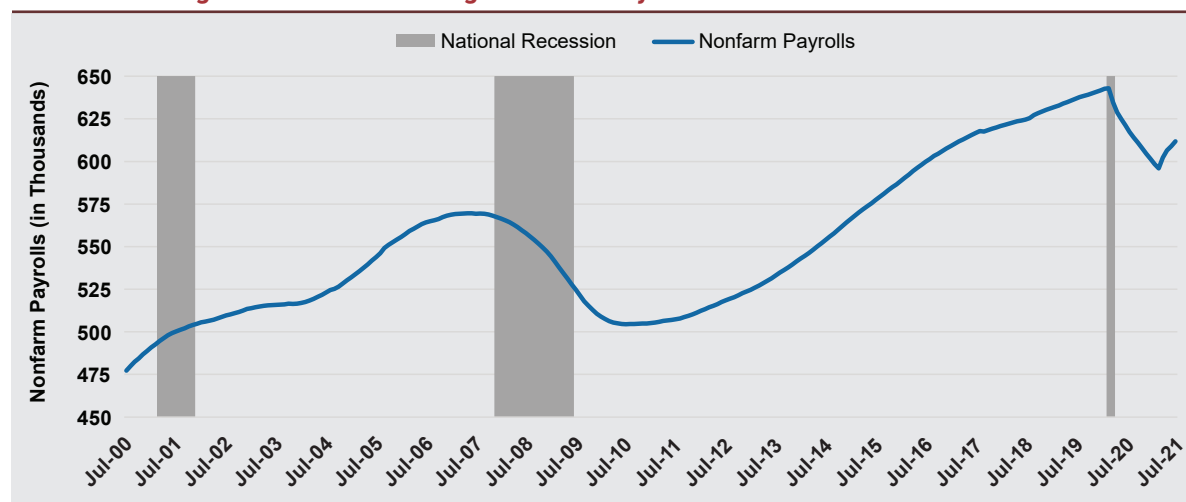
The port is home to two cruise lines, also to the Bahamas. Before the impacts from the COVID-19 pandemic, during fiscal year 2019 (October 2018

through September 2019), nearly 449,500 cruise passengers passed through the port and had a \$100 million economic impact on the state. Cruises halted from late March 2020 until mid-July 2021. In addition to cruise passengers, the HMA attracts visitors with its 47 miles of sandy beaches, mild tropical weather, and recreational amenities. Tourism in the HMA peaked in 2019 after 10 consecutive years of record growth, with an annual economic impact of approximately \$7.7 billion locally, and was responsible for 66,000 jobs in 2019 (Palm Beach County Tourist Development Council). Other draws to the HMA include access to the third largest barrier reef system for snorkeling and diving, more than 150 golf courses, and a wildlife sanctuary. Those attractions also appeal to retirees moving to the HMA who benefit from the lack of state income tax.

Economic Trends Since 2000

The HMA has had strong economic growth since 2000, although it was negatively affected by the Great Recession and the COVID-19-induced recession (Figure 1). From 2001 through 2006, all sectors grew other than the manufacturing sector, which lost an average of 1,400 jobs, or 5.7 percent, annually, and the information sector, which lost an average of 200 jobs, or 1.7 percent, annually. The three largest sectors created jobs: the professional and business services sector, the leisure and hospitality sector, and the education and health services sector increased by averages of 3,100, 2,300, and 2,100 jobs, or 3.7, 3.6, and 3.0 percent a year, respectively. The HMA gained an average of 13,200 jobs, or 2.5 percent, annually from 2001 through 2006. From 2007 through 2010, the only sector to avoid job losses was education and health

Figure 1. 12-Month Average Nonfarm Payrolls in the West Palm Beach HMA



Note: 12-month moving average.
Sources: National Bureau of Economic Research; U.S. Bureau of Labor Statistics



services, which grew by 1,100 jobs, or 1.4 percent, annually, due to population growth. The mining, logging, and construction sector lost 6,300 jobs, or 16.2 percent—almost twice the 3,200 job losses in the professional and business sector, which experienced the second most losses. Job losses in the HMA averaged 15,800, or 2.9 percent, a year during this period. During the next 7 years, through 2017, the government was the only sector to lose jobs—an average of 200 jobs, or less than 1.0 percent, a year. The professional and business services, the leisure and hospitality, and the education and health services sectors grew by averages of 4,200 jobs, or 4.4 percent; 2,800 jobs, or 3.7 percent; and 2,500 jobs, or 2.9 percent, a year, respectively. The HMA gained an average of 16,400 jobs, or 3.0 percent, a year, during this period. In 2018 and 2019, before the pandemic, the number of jobs increased by an average of 10,400, or 1.7 percent, annually. The education and health services, professional and business services, and leisure and hospitality sectors increased by averages of 3,500, 1,700, and 1,600 jobs, or 3.4, 1.4, and 1.8 percent a year, respectively. The mining, logging, and construction sector also gained an average of 1,600 jobs, or 2.8 percent, annually. The information sector lost an average of 500 jobs each year, or 4.4 percent.

Current Conditions— Nonfarm Payrolls

The World Health Organization declared COVID-19 a pandemic in March 2020. Local interventions taken in mid-March 2020 to slow the spread of

COVID-19, including enforcing social distancing and discouraging nonessential travel, disrupted economic activity in the HMA. Conditions are improving; as of August 1, 2021, 65 percent of the 109,400 jobs lost during March and April 2020 had been recovered (monthly basis; not seasonally adjusted).

The impact of the pandemic did not affect all sectors equally, with the largest losses in the government sector during the 12 months ending July 2021. During this period, nonfarm payrolls in the HMA declined by 9,500 jobs, or 1.5 percent, compared with the 12 months ending July 2020, to 611,700 jobs (Table 1). Government payrolls fell by 4,700 jobs, or 7.3 percent, compared with a loss of 700 jobs, or 0.9 percent, during the previous 12 months; local government accounted for 85 percent of those job losses during the past year. Pandemic precautions led to decreased tax revenue, job losses, and furloughs. The decline in the past year is in part due to staffing shortages in public schools. In the Palm Beach County School District, approximately 60 percent of schools had vacancies (Palm Beach County School District). The nearly 350 vacancies for teaching positions in the school district at the start of the 2021 school year were more than four times the number of vacancies during the 2020 school year and 57 percent higher than those for the 2019 school year, before the impacts of the pandemic.

The other sector with significant job losses was the leisure and hospitality sector, which decreased by 4,100 jobs, or 5.0 percent, during the 12 months ending July 2021 compared with a decrease of 8,300 jobs, or

Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the West Palm Beach HMA, by Sector

	12 Months Ending July 2020	12 Months Ending July 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	621.2	611.7	-9.5	-1.5
Goods-Producing Sectors	57.8	57.6	-0.2	-0.3
Mining, Logging, & Construction	37.8	37.7	-0.1	-0.3
Manufacturing	19.8	19.7	-0.1	-0.5
Service-Providing Sectors	563.5	554.1	-9.4	-1.7
Wholesale & Retail Trade	99.8	98.3	-1.5	-1.5
Transportation & Utilities	13.6	14.1	0.5	3.7
Information	10.2	9.5	-0.7	-6.9
Financial Activities	43.4	43.9	0.5	1.2
Professional & Business Services	114.8	117.8	3.0	2.6
Education & Health Services	104.3	103.1	-1.2	-1.2
Leisure & Hospitality	81.5	77.4	-4.1	-5.0
Other Services	31.4	30.2	-1.2	-3.8
Government	64.5	59.8	-4.7	-7.3

Notes: Based on 12-month averages through July 2020 and July 2021. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics



9.2 percent, in the 12 months ending July 2020. Travel cancellations resulted in a severe decline in the hospitality industry, which attracted more than 8 million visitors and had a \$7.4-billion economic impact in the HMA in 2018 (Palm Beach County Tourist Development Council). Hotels, restaurants, movie theaters, and sporting venues laid off employees as travel slowed amid efforts to limit the spread of COVID-19. Losses in the sector include The Breakers Palm Beach, Inc. and the Boca Raton Resort & Club, two resorts that closed in 2020 and 2021, respectively: each accounted for more than 650 lost jobs. The Breakers Palm Beach, Inc. gradually reopened in late May 2020, with increasing capacity throughout the summer. The Boca Raton Resort & Club remained closed through the as-of date to undergo renovations and is expected to rehire up to 1,000 workers in fall 2021 for its reopening in December 2021.

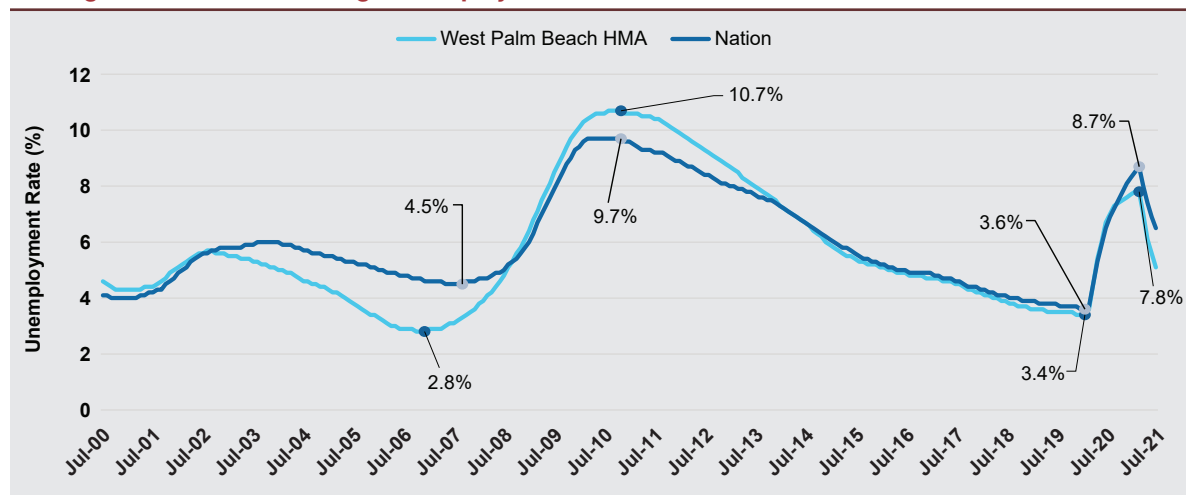
In addition to the professional and business services sector, the transportation and utilities sector and the financial activities sector were the only sectors to gain jobs during the past 12 months. The transportation and utilities sector gained 500 jobs, or 3.7 percent, during the 12 months ending July 2021, similar to the gain of 500 jobs, or 3.9 percent, during the previous 12 months. The new Brightline commuter rail line, which connects the HMA with the rest of the Miami MSA, opened in 2018. Although it shut down in late March 2020, the line is adding a station in Boca Raton to open in 2022. Rail service is expected to resume in the fall.

The HMA has attracted many finance jobs from the Northeast to the self-proclaimed “Wall Street South.” The financial activities sector gained 500 jobs, or 1.2 percent, during the 12 months ending July 2021. The HMA has also attracted hedge fund managers from the Northeast looking to benefit from lower costs of living and the lack of state income tax. More than 300 financial firms operate in the HMA, and at least five major financial service firms have moved there since the start of the pandemic (Palm Beach County Business Development Board). Two examples include Elliott Investment Management L.P. and Virtu Financial Inc., which together employ more than 500 workers in the HMA. Most jobs in this sector could be done remotely, providing insulation from most countermeasures to slow the spread of COVID-19.

Current Conditions—Unemployment

The unemployment rate decreased from 6.7 percent during the 12 months ending July 2020 to 5.1 percent during the 12 months ending July 2021. By comparison, the unemployment rate was 6.5 percent for the nation during the past 12 months. Before the current economic downturn, the unemployment rate in the HMA had declined throughout the 2010s (Figure 2). Due to job losses during the Great Recession, the unemployment rate in the HMA peaked at 10.7 percent during the 12 months ending November 2010, compared with 9.7 percent for the nation during the same period. The unemployment rate in the HMA declined each year from 2011 to a low of 3.4 percent in 2019.

Figure 2. 12-Month Average Unemployment Rate in the West Palm Beach HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

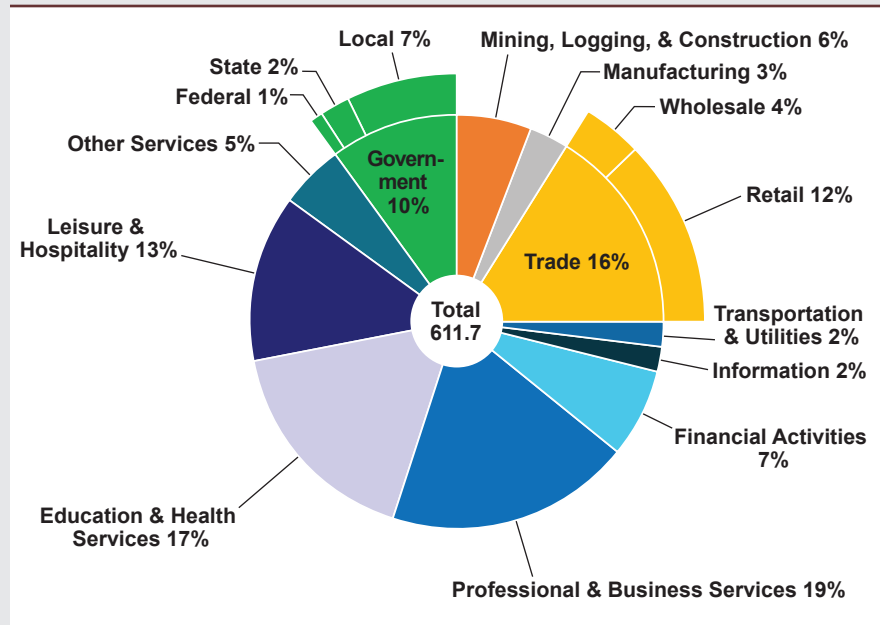


Economic Sectors of Significance

Professional and Business Services

The largest nonfarm payroll sector in the HMA is the professional and business services sector, which accounts for 19 percent of total payrolls (Figure 3), up from 17 percent in 2010. The sector includes three Fortune 500 headquarters: NextEra Energy, Inc., in Juno Beach; The ODP Corporation (Office Depot) in Boca Raton; and Collins Aerospace in West Palm Beach. During the 12 months ending July 2021, the sector increased by 3,000 jobs, a 2.6-percent increase from a year earlier. Within the sector, the professional, scientific, and technical services industry has been the fastest growing industry since 2010, in part supported by a grouping of aerospace companies in the northern part of the

Figure 3. Share of Nonfarm Payroll Jobs in the West Palm Beach HMA, by Sector



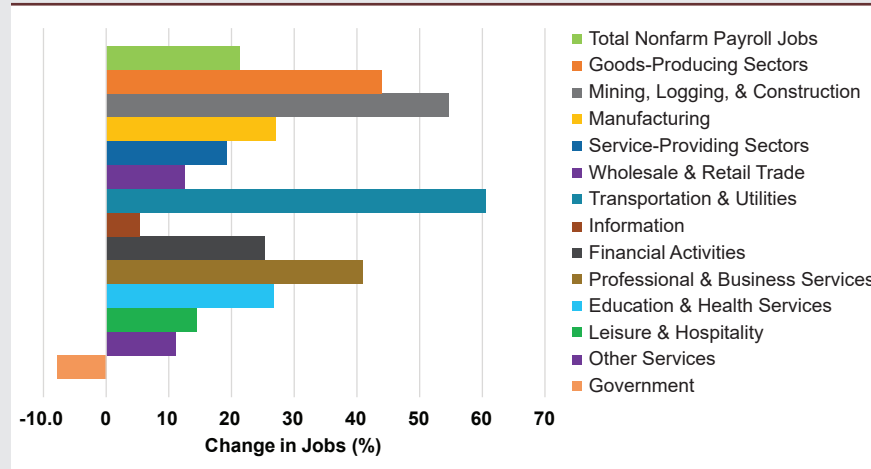
Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through July 2021. Source: U.S. Bureau of Labor Statistics

HMA, which contribute \$10.3 billion a year to the local economy (Palm Beach Business Development Board 2021 report).

Education and Health Services

The second-largest sector in the HMA is the education and health services sector, which, before the pandemic, had grown every year since 2001 and currently represents 17 percent of jobs. The sector has grown 27 percent since 2011 (Figure 4) to meet the healthcare needs of the growing retiree population. The ambulatory health care services and hospitals industries make up 61 percent of jobs in the sector. Bethesda Health, Inc. is one of the largest employers in the region (Table 2). Bethesda Hospital West opened in 2013 and is expected to add 119 hospital beds during the next decade (*Palm Beach Post*). The hospital is well situated to care for the significant increase in active adult communities in the nearby area. Mount Sinai Doctors New York-Palm Beach and NYU Langone Medical Associates—West Palm Beach have opened medical centers in the HMA since 2016. In July 2019,

Figure 4. Sector Growth in the West Palm Beach HMA, 2011 to Current



Note: The current date is August 1, 2021. Source: U.S. Bureau of Labor Statistics



Good Samaritan Medical Center, part of Tenet Healthcare Corporation, opened a new emergency room in the city of West Palm Beach. The Hospital for Special Surgery of New York opened in January 2020. The New York affiliations are in the HMA because many residents relocated from the New York City metropolitan area. During the 12 months ending July 2021, the HMA lost 1,200 education and health services sector jobs, or 1.2 percent, after a loss of 200 jobs, or 0.2 percent, the 12 months previous. Moratoriums on elective surgeries and general avoidance of healthcare facilities during the pandemic have hampered job growth in the past year. Jobs are expected to recover in the health industry as those services resume.

Mining, Logging, and Construction

The local economic downturns severely affected the mining, logging, and construction sector; virtually all sector jobs are in the construction subsector. Sector payrolls increased by an average of 2,400 jobs, or 6.0 percent, annually from 2001 through 2006, the second largest growth of any sector because the period includes the strongest levels of residential construction in the past two decades. Following the 2000-through-2006 period, residential construction levels plummeted, partly because of the weaker economy and slower net in-migration, which reduced demand for additional housing. Payrolls in the sector decreased by an average of 6,300 jobs, or 16.2 percent, annually from 2007 through 2010, almost twice the volume as the next closest sector, the professional and business services sector. From 2011 through 2017, sector payrolls increased an average annual rate of 5.7 percent, or 1,600 jobs,

Forecast

During the 3-year forecast period, the economy of the HMA is expected to expand, with nonfarm payrolls increasing an average of 2.5 percent annually. The HMA is expected to recover the jobs lost during the pandemic recession during the next 3 years. Job growth is expected across most sectors as the HMA recovers and is anticipated to be particularly strong in the leisure and hospitality sector as public health measures are lifted, tourism resumes, and restaurants reopen at full capacity. The leisure and hospitality sector is

Table 2. Major Employers in the West Palm Beach HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Tenet Healthcare Corporation	Education & Health Services	6,500
NextEra Energy, Inc. (Headquarters)	Transportation & Utilities	5,125
Florida Atlantic University	Government	3,125
Baptist Health South Florida, Inc.	Education & Health Services	3,050
West Palm Beach VA Healthcare System	Government	3,000
HCA Healthcare, Inc.	Education & Health Services	2,800
The Breakers Palm Beach, Inc.	Leisure & Hospitality	2,300
Bethesda Health, Inc.	Education & Health Services	2,275
The ODP Corporation (Headquarters)	Professional & Business Services	2,000
Florida Crystals Corporation	Wholesale & Retail Trade	2,000

Note: Excludes local school districts.

Source: Business Development Board of Palm Beach County

as the economy and housing markets recovered and expanded following the Great Recession. In 2018 and 2019, sector jobs slowed to an average annual growth of 3.8 percent, or 1,400 jobs, a year as the local economy slowed. During the 12 months ending July 2021, sector payrolls decreased by 100 jobs, or 0.3 percent, to 37,700 jobs as the local economy slowly recovered. Two mixed-use developments, One West Palm in the city of West Palm Beach and Atlantic Crossing in Delray Beach, are expected to have residential, retail, restaurant, and office space when completed in 2021 and 2022, respectively. These developments currently contribute to job growth in the construction subsector and are anticipated to contribute to the wholesale and retail trade and the leisure and hospitality sectors when completed.

expected to be supported by the return of tourism and the opening of the Brightline rail expansion to Orlando International Airport, scheduled for 2022. Amazon.com, Inc., is expanding its distribution network by approximately 1,000 workers during the forecast period, further supporting job growth in the wholesale and retail trade and the transportation and utilities sectors. Vibra Healthcare, LLC, plans to build a specialty hospital in Boynton Beach during the forecast period, creating 160 jobs at the \$32 million facility.



Population and Households

Current Population: 1.50 Million

The population growth rate started slowing before the pandemic, primarily due to decreased net in-migration caused by slower economic growth.

Population Trends

As of August 1, 2021, the population of the West Palm Beach HMA was estimated at 1.50 million, reflecting an average annual increase of 1.2 percent, or 16,150, since 2010 (Table 3), with all the population growth coming from net in-migration. Migration in the area reflected economic growth and also had a considerable component of foreign immigrants and domestic retirees. As the economy expanded during the buildup to the Great Recession, the population increased by an average of 2.1 percent, or 24,550, a year from 2000 to 2006, and net in-migration averaged 23,550 people or 96 percent of population growth (Figure 5). The economic downturn, especially in the real estate industry, led to the net out-migration of 550 people from 2006 to 2007, the only period of net out-migration since 2000. Net natural change peaked at 2,650 people during this period, mostly due to demographic reasons, such as the number of households of childbearing age increasing

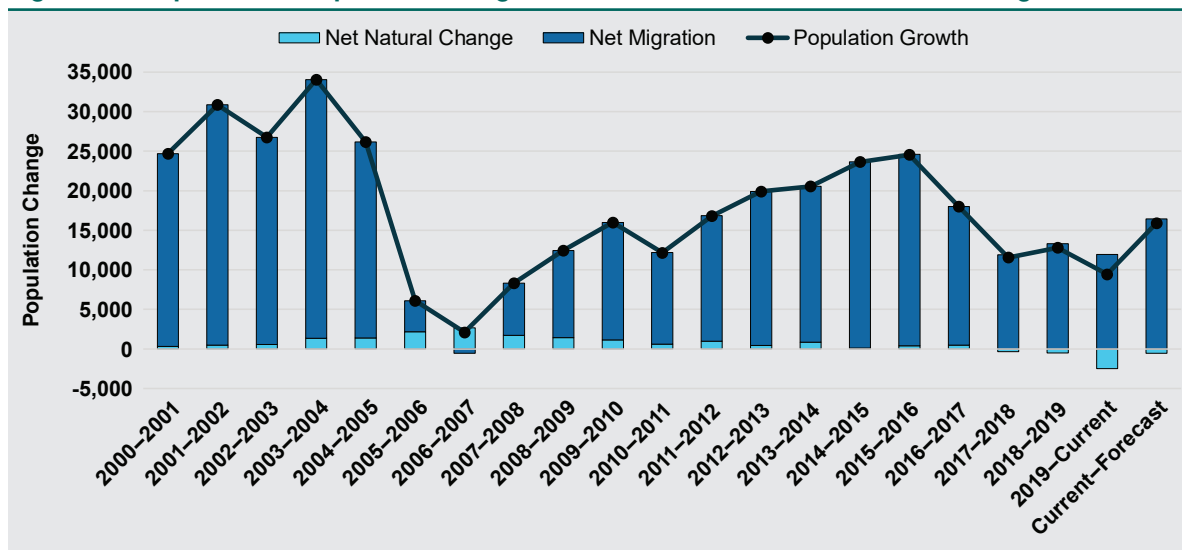
Table 3. West Palm Beach HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast	
	Population	1,320,134	1,503,000	1,551,000
	Average Annual Change	18,900	16,150	15,900
	Percentage Change	1.6	1.2	1.0

Household Quick Facts	2010	Current	Forecast	
	Households	544,227	614,400	632,900
	Average Annual Change	7,000	6,200	6,150
	Percentage Change	1.4	1.1	1.0

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (August 1, 2021) to August 1, 2024. Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the West Palm Beach HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (August 1, 2021) to August 1, 2024. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

(Florida Legislature, Office of Economic and Demographic Research). Population growth fell to an average annual rate of 0.2 percent, or 2,100 people. Despite increasing unemployment from 2007 through 2010, net in-migration increased to a modest average of 10,850 people each year, and the total population



grew by an average annual rate of 0.9 percent, or 12,250 people. The HMA had slightly lower unemployment rates than nearby counties; people moved to the HMA for relatively better employment opportunities. In addition, retirees, who do not participate in the labor force, contributed to the migration into the HMA. Migrants into the HMA accounted for 89 percent of population growth.

Net natural change continued to slow following the Great Recession; net in-migration became the sole source of population growth from 2016 through the current date. From 2010 to 2016, average net in-migration increased to 19,050 people annually, accounting for 97 percent of population growth during the period, which increased at an average annual rate of 1.4 percent, or 19,600 people. Service-related industries in the HMA, such as healthcare services and retail trade, expanded to serve the increase in population, which resulted in even stronger labor market conditions, prompting further net in-migration from jobseekers and creating additional demand for new homes. Before the COVID-19 pandemic, from 2016 to 2019, the population increased by an average of 14,100 people, or 1.0 percent, annually because net in-migration slowed to an average of 14,250 each year as a result of decreased international in-migration. Net natural decline averaged 130 people annually because of the aging of the population. Since 2019, population growth has slowed to an average of 9,425 people

a year, or 0.6 percent. During this period, which includes impacts from the pandemic, net natural change has averaged a decline of 2,675 people annually. This stark decline in net natural change is primarily due to increased deaths directly or indirectly related to the spread of COVID-19; older populations were among the most vulnerable, and many people delayed seeking medical care for other conditions out of concern about catching the virus. Migration was also subdued, slowing to an average of 12,100 people a year, as some people held off moves during the period of uncertainty.

Migration Patterns

Most in- and out-migration in the HMA is between the other counties in the Miami MSA (2015–2019 ACS 5-year data). In addition, people move from nearby counties in Florida; outside Florida, most domestic migration originates from metropolitan areas in New York and New Jersey (Table 4). Migration from the Northeast tends to come from older and wealthier people looking for a cheaper place to live or at the height of their earning potential before retirement. For instance, those moving from New York City earn almost 30 percent more than Palm Beach County residents (Unacast). Out-migration is strongly tied to the Florida Atlantic coast, with people migrating south to the rest of the Miami MSA or to Martin and St. Lucie Counties to the north. Another top destination, Orange County, includes the city of Orlando and the Walt Disney World® Resort and is a destination for tourism jobs.

Table 4. Domestic County-to-County Migration Flows in the West Palm Beach HMA, 2015–19

Into the HMA	
Broward County, FL	14,200
Miami-Dade County, FL	4,475
Orange County, FL	2,275
Nassau County, NY	1,675
Queens County, NY	1,525
Out of the HMA	
Broward County, FL	7,525
St. Lucie County, FL	3,350
Martin County, FL	3,050
Orange County, FL	2,950
Miami-Dade County, FL	2,050

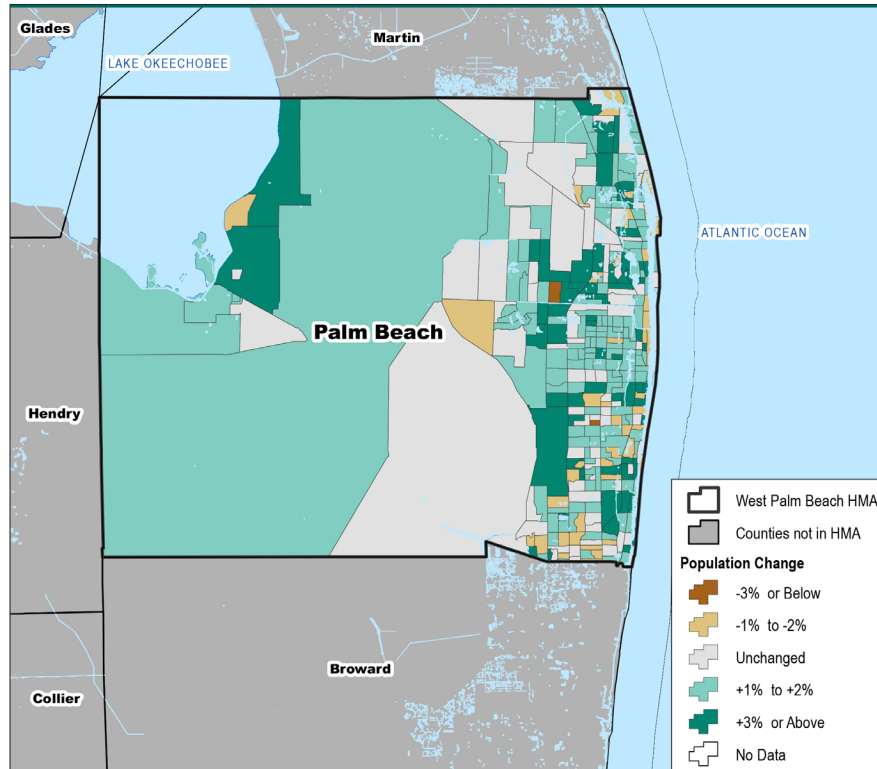
Source: U.S. Census Bureau Migration Flows, 2015–2019 American Community Survey 5-year data



Population by Geography

The coastal areas of the HMA are highly popular, but they are the most expensive areas of the HMA in which to reside. Inland is much more affordable, with ample land for development, but it lacks the sandy beaches, resulting in two primary patterns of population growth as households choose between affordability and amenities. Inland areas, including near Lake Okeechobee and Loxahatchee Wildlife Refuge, have had strong population growth since 2015, with sufficient land for large neighborhoods with single-family homes (Map 1). Coastal areas remain sought after—for households that can afford them—and the increasing population along the coast is primarily in higher density developments.

Map 1. Population Change by Census Tract in the West Palm Beach HMA: 2010–2014 to 2015–2019

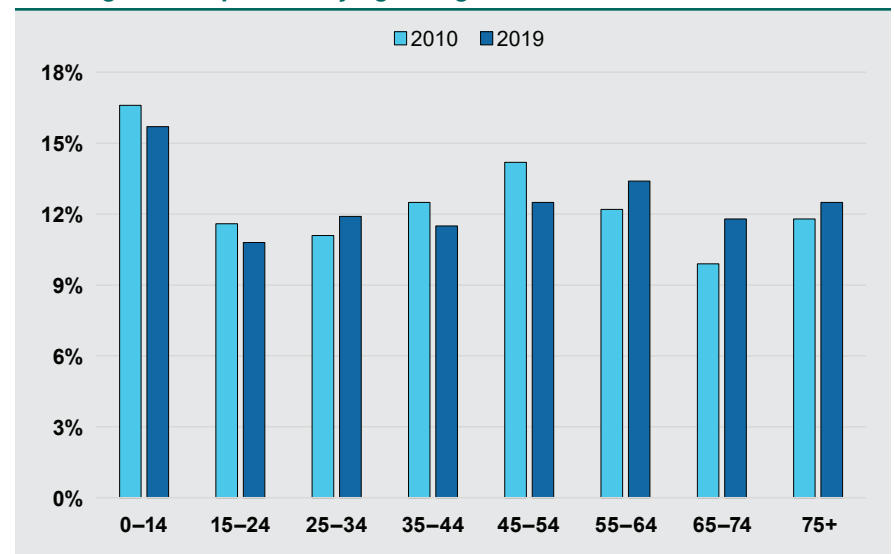


Source: 2010–2014 and 2015–2019 American Community Survey 5-year data, with adjustments by the analyst

Age Cohort Trends

Retirees are the principal factor in demographic changes by age. Of the age cohorts in Figure 6, the two that grew the most from 2010 to 2019 were the cohorts 55 to 64 and 65 to 74 years of age. The HMA is an appealing destination for retirees due to the lack of a state income tax, the year-round pleasant weather, and recreation amenities such as sandy beaches and golf courses. The share of residents age 55 and older in the HMA increased from 33.9 percent in 2010 to 37.7 percent in 2019 (2010 and 2019 ACS 5-year estimates). The cohort age 65 to 74 had the fastest rising share, which rose from 9.9 percent of the population in 2010 to 11.8 percent in 2019. This trend increased the median age, which was 45.2 in 2019, up from 43.7 in 2010. By comparison, the median age in 2019 was 42.4 for all of Florida and 38.5 for the nation (Table 5). The only other 10-year cohort range to increase was those age 25 to 34, which rose modestly from 11.1 percent to 11.9 percent. This cohort has increased partially because of the jobs brought about by the retirees and tourists.

Figure 6. Population by Age Range in the West Palm Beach HMA



Source: U.S. Census Bureau

Household Trends

Trends in household growth generally follow population growth and have slowed since 2010 compared with the previous decade. An estimated 614,400 households reside in the HMA, reflecting an average annual increase of 6,200 households, or 1.1 percent, since 2010. By comparison, from 2000 to 2010, the number of households increased by an average of 7,000 households, or 1.4 percent, annually. An estimated 68.1 percent of current households, or 418,600 households, are homeowners; the remaining 195,800 are renter households (Figure 7). Corresponding with the national trend of declining homeownership—largely a result of the Great Recession—the homeownership rate in the HMA declined from 74.7 percent in 2000 to 71.4 percent in 2010. Declining affordability of homeownership and an increasing preference toward renting have contributed to the decline of homeownership since 2010.

Forecast

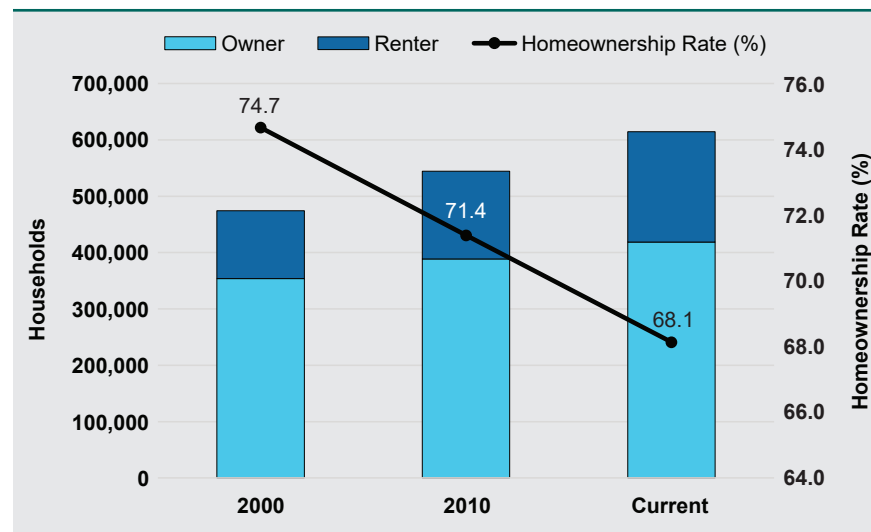
During the 3-year forecast period, the population growth rate is expected to be higher than in recent years due to projected economic growth and continued net in-migration to the HMA. Net natural decline is expected to moderate some of that increase because the rising share of older residents will likely continue. The population is expected to increase by an average of 15,900, or 1.0 percent, annually, reaching 1.55 million by August 1, 2024. All the forecast growth is expected to come from net in-migration. The number of households is estimated to increase during the 3-year forecast period by an average of 6,150, or 1.0 percent, a year, reaching 632,900 households. Owner and renter households are forecast to increase at average annual rates of 1.1 and 1.0 percent, respectively, during the forecast period.

Table 5. Selected Population and Household Demographics

	West Palm Beach HMA	Nation
Population Age 18 and Younger	19.0%	22.2%
Population Age 65 and Over	24.4%	16.5%
Median Age	45.2	38.5
White	74.6%	72.0%
Black	20.5%	12.8%
Asian	3.8%	5.7%
Other Race	3.4%	5.9%
Hispanic	23.4%	18.4%
Non-Hispanic	76.6%	81.6%
Median Household Income	\$63,299	\$43,585
Households With One or More Children Under Age 18	22.5%	29.9%

Source: 2019 American Community Survey 1-year data

Figure 7. Households by Tenure and Homeownership Rate in the West Palm Beach HMA



Note: The current date is August 1, 2021.

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



Home Sales Market

Market Conditions: Slightly Tight

Increased demand for new homes contributed to a 30-percent increase in construction activity of sales housing units during the 12 months ending July 2021.

Current Conditions

Sales housing market conditions in the West Palm Beach HMA are currently slightly tight, with an estimated vacancy rate of 0.9 percent (Table 6), down from 3.4 percent in April 2010, when the market was soft. Limited new home construction during the recovery from the Great Recession reduced the available for-sale inventory, and steady net in-migration has boosted demand for sales housing. The 2.0-month supply of homes available for sale in the HMA as of July 2021 was higher than the 1.4-month supply nationally but lower than the 3.5-month supply for the HMA in July 2020 (Redfin, a national real estate brokerage). Recent changes in housing trends, such as increased working from home and historically low mortgage interest rates, further strengthened the demand for sales housing in the HMA. During the 12 months ending July 2021, new and existing home sales in the HMA increased to 41,900—up 11 percent compared with the previous 12 months—and the average home sales price rose 24 percent, to \$535,100 (Zonda). By comparison, the average home sales price in the HMA rose 5 percent annually during 2018 and 2019. A relatively small number of high-

priced homes sold in the HMA skewed the average sales price upward; approximately 61 percent of homes sold during the past 12 months sold for less than \$400,000, and almost 10 percent of sales were for homes that sold for \$1 million or higher (Figure 8). Home sales have generally increased following the recovery

Table 6. Home Sales Quick Facts in the West Palm Beach HMA

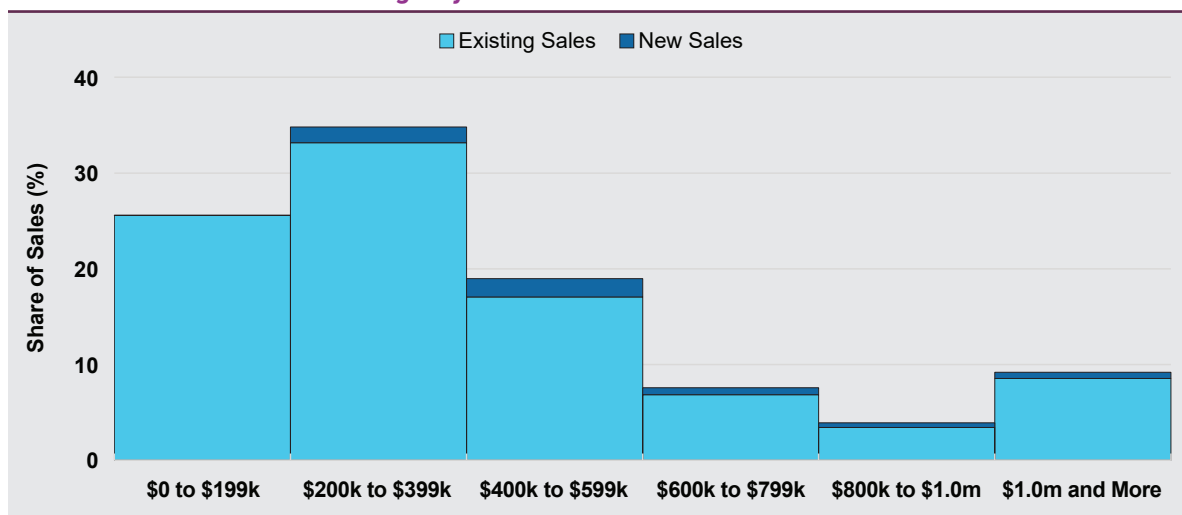
	West Palm Beach HMA	Nation
Vacancy Rate	0.9%	NA
Months of Inventory	2.0	1.4
Total Home Sales	41,900	\$6,524,000
1-Year Change	11%	15%
New Home Sales Price	\$634,400	\$425,200
1-Year Change	-20%	4%
Existing Home Sales Price	\$529,300	\$380,800
1-Year Change	32%	21%
Mortgage Delinquency Rate	3.7%	2.9%

NA = data not available.

Notes: The vacancy rate is as of the current date, home sales and prices are for the 12 months ending July 2021, and months of inventory and mortgage delinquency data are as of July 2021. The current date is August 1, 2021.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; HMA and national home sales and prices—Zonda; mortgage delinquency rate—CoreLogic, Inc.

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending July 2021 in the West Palm Beach HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.

Source: Zonda

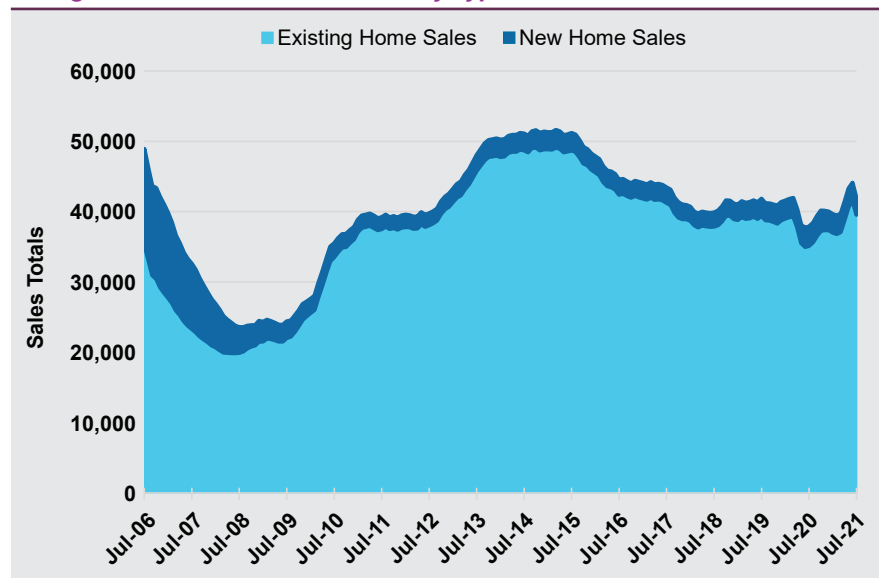


from the Great Recession. The current level of sales is 71 percent higher than the 24,450 homes sold in 2008, during the trough of the recession, but is approximately 18 percent lower than the previous high of 51,350 homes sold in 2014. The low supply of homes available for sale, strong population growth, increasing demand for homes, and the recent shift to remote work contributed to the substantial home sales price growth during the past 12 months.

Existing Home Sales and Prices

Existing home sales in the HMA have increased as difficulties showing and buying homes due to the pandemic have eased. During the 12 months ending July 2021, existing home sales totaled 39,600, up 13 percent from a year earlier, compared with an 11-percent decrease during the 12 months ending July 2020. The current number of existing home sales is 89 percent higher than the low of 21,000 existing homes sold during 2007 during the local impact of the Great Recession (Figure 9). With improving economic conditions, the home sales market started to recover, and from 2008 through 2010, existing home sales increased an average of 20 percent, or by 5,025 homes

Figure 9. 12-Month Sales Totals by Type in the West Palm Beach HMA

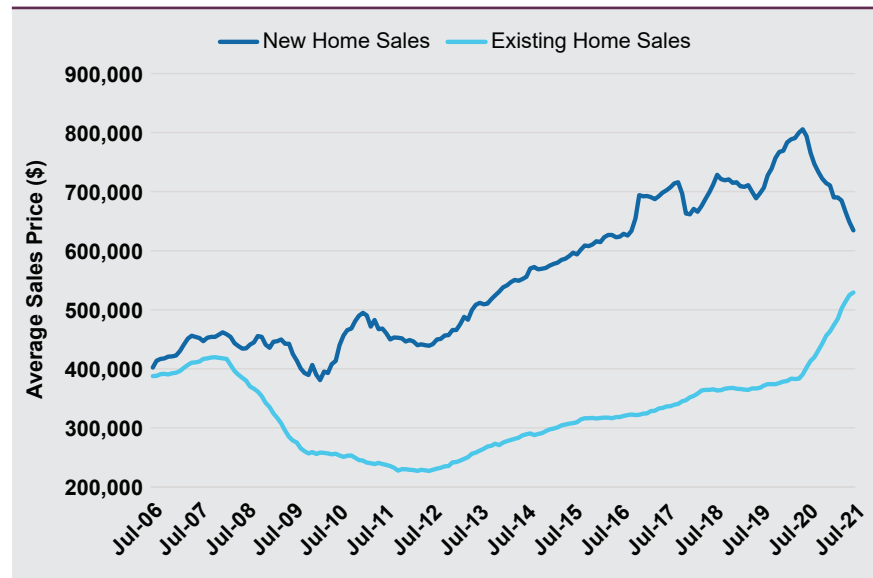


Source: Zonda

a year, to 36,100 in 2010. From 2011 through 2014, existing home sales in the HMA increased an average of 8 percent, or by 3,200 annually, to 48,900 in 2014. Sales decreased from 2015 to 2017 an average of 7 percent a year, to 39,000 in 2017, as surpluses from the housing boom and housing crisis were depleted. In 2018 and 2019, sales stabilized, averaging 38,900 annually. This slowdown in sales also roughly corresponds to a slowdown in population growth from 2016 to 2019.

The average price for existing homes increased 32 percent in the HMA during the 12 months ending July 2021, to \$529,300, following a gain of 9 percent during the 12 months ending July 2020. The significant increase during the past 12 months was due to the decreased availability of new homes, which tend to compete with higher priced existing homes, and increased demand. The current high rate of home price growth is an acceleration of previous trends (Figure 10). During 2007, the average price for existing homes in the HMA peaked at \$418,800 before falling an average of 14 percent annually,

Figure 10. 12-Month Average Sales Price by Type of Sale in the West Palm Beach HMA



Source: Zonda



to \$230,100, in 2011. From 2012 through 2013, sale prices for existing homes increased an average of \$20,500, or 9 percent, a year. Average price growth slowed to 6 percent, or \$19,000, annually from 2014 through 2017. Existing home prices averaged \$347,100 in 2017, and from 2018 through 2019, they continued to increase but at an average annual rate of 4 percent, or \$14,550.

New Home Sales and Prices

New home sales in the West Palm Beach HMA account for 6 percent of total home sales, down from 30 percent in 2006. During the 12 months ending July 2021, new home sales fell 15 percent, to approximately 2,300, following a 14-percent increase during the previous 12 months (Zonda). The current drop is a result of shrinking inventory after strong sales increases in 2019 and 2020. Some of the pressure on the new sales housing market eased as the sales of regular resales, a substitute for new homes, resumed following the relaxation of restrictions on open houses implemented during the early part of the pandemic. Sales of new homes in the HMA were strong early in the 2000s because of more lenient mortgage lending standards and strong population growth. New home sales peaked at 12,550 in 2006 and then declined, because of the housing crisis, at an average rate of 39 percent annually, to a low of 1,725 home sales in 2010. New home sales rebounded during the next 3 years as the economy recovered. New home sales then fell by an average of 110 homes, or 5 percent, annually, to 2,000 in 2017. Following that low, new home sales rose an average of 14 percent annually through 2019 due to sustained economic growth despite the slower population growth.

During the 12 months ending July 2021, the average new home sales price decreased 20 percent, to \$634,400, compared with a 14-percent price gain during the previous 12 months. Most of the difference in the average prices reflects changes in the size of new homes built during those periods. During the 12 months ending July 2021, the average size of a new home was 2,300 square feet, compared with 4,075 and 2,250 square feet during the same periods in 2020 and 2019, respectively. Prices for new homes rose rapidly at the beginning of the pandemic because the new home supply had not been

enough to satisfy demand; new home construction has been constrained by the increasing cost of land and materials and a shortage of qualified labor. The market for new homes has since slowed after 9 years of generally sustained growth, reflecting the slower population growth. The current average price for a new home is 72 percent higher than the \$369,000 during 2005. After the housing crisis, the average sales price of a new home began to rise consistently from 2011 through 2013, by \$13,500, or 3 percent, annually. From 2014 through 2017, growth more than doubled, to \$33,100, or 6 percent, annually, to \$663,200 in 2017. In 2018 and 2019, before the pandemic, the average price increased at a faster rate, by \$52,000, or 8 percent, annually.

REO Sales and Delinquent Mortgages

Although the sales market is slightly tight, some mortgage borrowers have been affected negatively by the economic downturn caused by the COVID-19 pandemic. As of July 2021, 3.7 percent of home loans were seriously delinquent or had transitioned into REO status—down from 6.5 percent in July 2020 but elevated from 1.5 percent in July 2019 (CoreLogic, Inc.). The increase in 2020 reflects homeowners that took advantage of mortgage forbearance of federally backed mortgages as one of the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. That pattern also occurred nationally, with the percentage of seriously delinquent mortgages and REO properties of 2.9 percent in July 2021, compared with 4.2 percent a year earlier and 1.4 percent in July 2019. The current percentage of seriously delinquent mortgages and REO properties in the HMA is lower than the peak rate of 20.4 percent in May 2010, following the Great Recession.

Sales Construction Activity

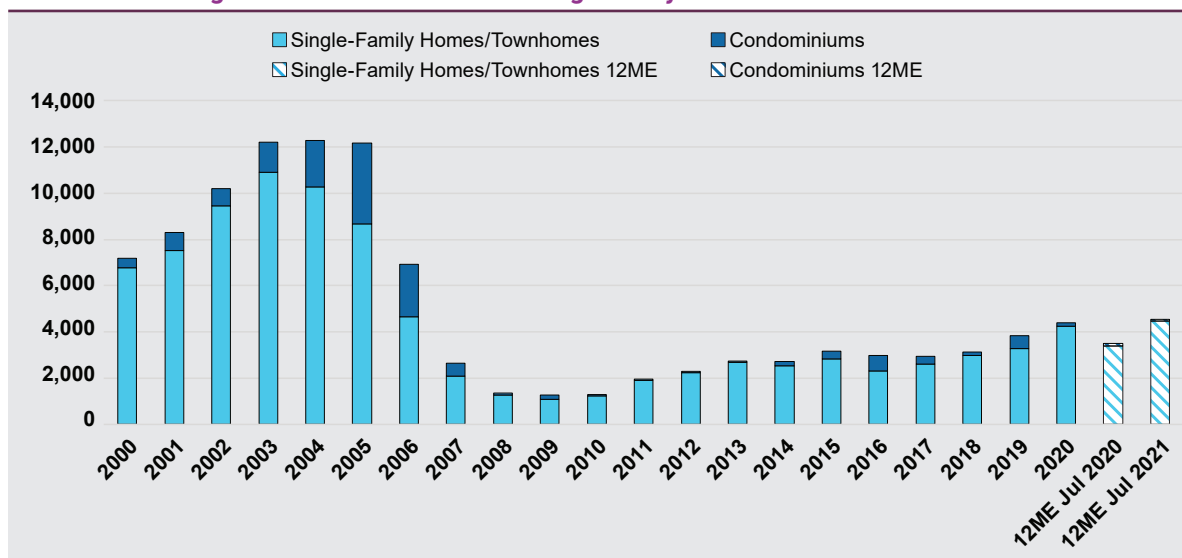
Despite the higher costs of labor and material inputs, the pandemic has not seriously hindered new home construction, as measured by the number of sales units permitted. During the 12 months ending July 2021, a total of 4,550 homes were permitted (see building permits)—up 30 percent from the previous 12 months (preliminary data, with adjustments by the analyst). Overbuilding, caused by low interest rates and speculation in the 2000s, led to an oversupply



of homes that, combined with the slower pace of household formation in the 2010s, has contributed to lower sales construction activity since 2010 compared with the 2000s (Figure 11). The number of available for-sale homes from before the housing crisis satisfied a portion of demand years later. An average of 10,400 homes were permitted annually from 2000 through 2005 before permitting declined an average of 36 percent a year through 2010, to a low of 1,275 homes permitted. From 2011 through 2015, a period of moderate recovery in the HMA, new home construction increased by an average of 20 percent annually, or 370 homes. The pace slowed as homes were absorbed and the economic conditions moderated from 2016 through 2019; home construction increased by an average of 290 homes annually, to 3,825 homes, in 2019.

Recent construction includes the The Fields, under construction in the city of Lake Worth, with more than 500 single-family homes. Prices range from the low \$400,000s to the high \$600,000s; 440 homes have already sold. For retirees in the area, some communities are restricted to households age 55 and older, such as Valencia Sound in Boynton Beach. The community is anticipated to have approximately 650 single-family homes when completed; 280 have been built, another 210 are under construction, and 160 additional lots are available. The starting price for a home with two bedrooms is \$740,900.

Figure 11. Annual Sales Permitting Activity in the West Palm Beach HMA



12ME = 12 months ending.
 Note: Includes single-family homes, townhomes, and condominiums.
 Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

Housing Affordability: Sales

Homeownership is becoming increasingly unaffordable in the HMA as affordability has generally declined since 2012 because home prices increased faster than wages. Much of the upward pressure on sales prices resulted from households moving to the HMA from higher cost metropolitan areas, especially from the Northeast; these households came into the HMA with considerable equity from their previous home that assisted in their home purchase in the HMA. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the HMA represents the share of homes sold that would have been affordable to a household earning the local median income. This measure was 54.1 percent during the second quarter of 2021, down sharply from 60.8 percent during the second quarter of 2020 and down substantially from 72.4 percent during the second quarter of 2012 (Figure 12). During the most recent quarter, 164 of the 237 metropolitan areas measured, or 69 percent of metropolitan areas in the nation, had greater housing affordability than the HMA. The state has the William E. Sadowski affordable housing fund, which, in addition to funding affordable rental housing development, helps with downpayments and



repairs to owner-occupied housing for income-qualified residents. The HMA received \$2 million of assistance in the past year (*Boca Raton Tribune*).

The HUD First-Time Homebuyer Index is a measure of the median household income for householders age 25 to 44 years relative to the income needed to purchase the 25th percentile-priced home. Homeownership among the age group has been decreasing since 2000 at a rate faster than that of the nation, and the homeownership rate for this age group is lower than the national rate (Table 7). By comparison, the homeownership rate among total households also declined but is higher in the HMA than in the nation. The index value in the HMA has been above 1.00 since 2010, indicating that most entry-level homes are affordable for young households, but the index has declined in recent years (Figure 13). From a high of 2.34 in 2013, the index has generally trended down and was 1.89 in 2019; nationwide, the index declined from 2.29 in 2012 to 1.88 in 2019. Although this index indicates relative affordability for first-time

homebuyers in the HMA, it assumes a downpayment equal to 10 percent of the home value; saving for a downpayment has been identified as one of the major obstacles impeding homeownership for this age group.

Forecast

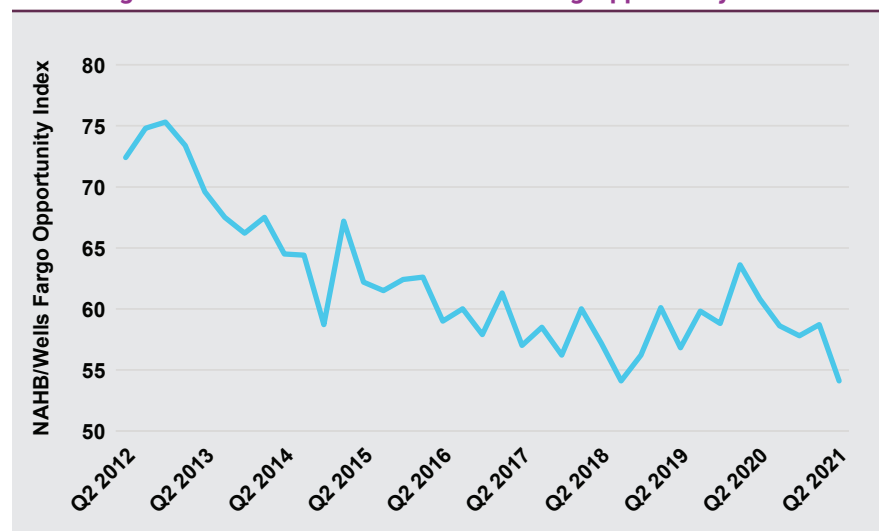
During the next 3 years, demand is expected for 13,250 new single-family homes, townhomes, and condominiums in the HMA; the 1,975 units under

Table 7. Homeownership Rates by Age of Householder

	West Palm Beach HMA			Nation		
	2000	2010	2019	2000	2010	2019
Householder Age 25 to 34 Years	47.9	35.6	34.6	45.6	41.3	38.5
Householder Age 35 to 44 Years	69.0	61.9	52.8	66.2	61.9	58.3
Total Households	74.7	72.2	69.5	66.2	65.4	64.1

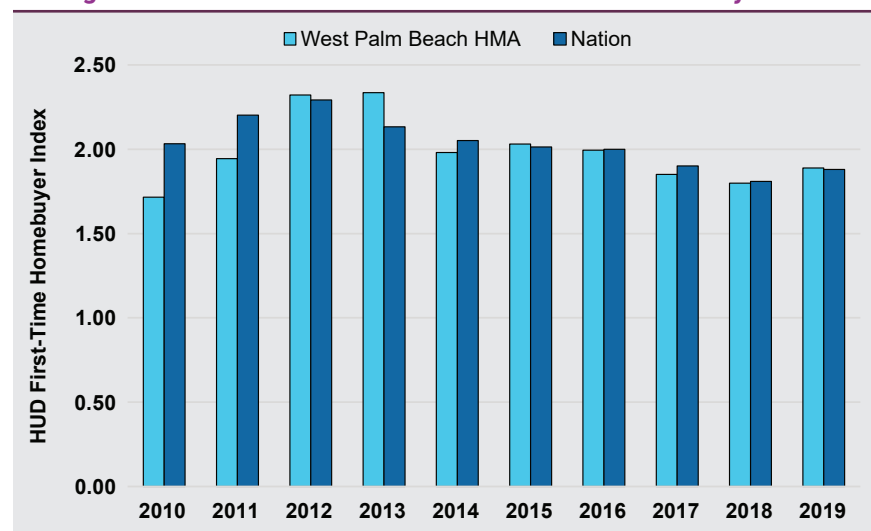
Sources: 2000 and 2010 Decennial Census; 2019 American Community Survey 1-year data

Figure 12. West Palm Beach HMA Housing Opportunity Index



NAHB = National Association of Home Builders. Q2 = second quarter.
Sources: NAHB; Wells Fargo

Figure 13. West Palm Beach HMA HUD First-Time Homebuyer Index



Sources: American Community Survey 1-year data; Federal Housing Finance Agency; Zonda



construction are expected to satisfy part of the demand during the first year of the forecast period (Table 8). Sales housing is expected to account for nearly 58 percent of total housing demand in the HMA during the forecast period, up from 52 percent from 2010 through 2020, as low interest rates and a continuing inflow of retirees spur further demand for sales homes.

Table 8. Demand for New Sales Units in the West Palm Beach HMA During the Forecast Period

Sales Units	
Demand	13,250 Units
Under Construction	1,975 Units

Note: The forecast period is from August 1, 2021, to August 1, 2024.
 Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

More apartment units were permitted in 2020 than in any year since 2000.

Current Conditions and Recent Trends

The rental housing market in the West Palm Beach HMA—including apartment units, single-family homes, townhomes, and condominiums for rent—is currently balanced. The overall vacancy rate is estimated at 7.2 percent on August 1, 2021, a significant decline from 12.4 percent on April 1, 2010, when the market was soft (Table 9). Strong net in-migration, relatively low rental construction during the Great Recession, and increased renter household growth spurred by the housing crisis contributed to declining vacancy rates and rising rents. Approximately 31 percent of renter households live in single-family homes, 16 percent live in multifamily buildings with fewer than five

units per building, 50 percent live in multifamily buildings with five or more units per building—typically apartments—and 3 percent live in mobile homes (2019 ACS 1-year estimates).

The West Palm Beach HMA apartment market is also balanced. Apartment construction has met the demands of the growing population, and the apartment market has been balanced or slightly tight since 2012. The apartment vacancy rate during the second quarter of 2021 was 5.5 percent, up from 5.4 percent a year earlier, and the average rent rose less than 1 percent, to \$1,607 (Moody’s Analytics REIS). By comparison, average rents decreased less than 1 percent in the second quarter of 2020 compared with the second quarter of 2019 (Figure 14). Average rents fell in 2020 due to decreased in-migration and weaker economic conditions in response to the measures used to slow the spread of COVID-19.

Table 9. Rental and Apartment Market Quick Facts in the West Palm Beach HMA

Rental Market Quick Facts	2010 (%)	Current (%)	
	Rental Vacancy Rate	12.4	7.2
	2010 (%)	2019 (%)	
Occupied Rental Units by Structure			
Single-Family Attached & Detached	25.5	30.7	
Multifamily (2–4 Units)	22.5	16.2	
Multifamily (5+ Units)	49.7	50.4	
Other (Including Mobile Homes)	2.2	2.7	

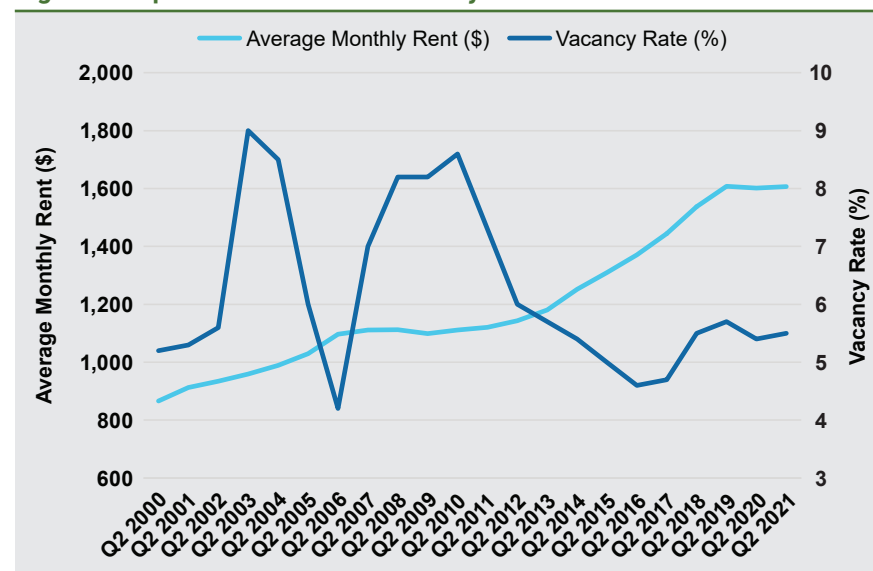
Apartment Market Quick Facts	Second Quarter 2021	YoY Change	
	Apartment Vacancy Rate	5.5	0.1
	Average Rent	\$1,607	1%

YoY = year-over-year.

Notes: The current date is August 1, 2021. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey 1-year data; apartment data—Moody’s Analytics REIS

Figure 14. Apartment Rents and Vacancy Rates in the West Palm Beach HMA



Q2 = second quarter.

Source: Moody’s Analytics REIS



The second quarter vacancy rate in the HMA decreased to a low of 4.2 percent in 2006, when market conditions were tight. Increasingly weak economic conditions and the resulting weak in-migration caused the vacancy rate to rise to a high of 8.6 percent in 2010. During this time, the average rent remained unchanged. Subsequently, with improving market conditions in a stronger economy attracting more in-migration, builders responded by increasing apartment construction as surplus housing from the Great Recession was absorbed. The vacancy rate dropped to 4.6 percent during the second quarter of 2016, and rent growth averaged nearly 4 percent annually from 2011 to 2016. From 2017 through 2019, the vacancy rate increased to 5.7 percent, and the average rent increased 5 percent annually as builders raced to keep up with demand. Rents increased in all years except 2009, during the housing crisis as unemployment surged, and in 2020, due to the pandemic and after a record level of construction.

Market Trends by Geography

Of the seven Moody's Analytics REIS-defined market areas in the HMA, those along coastal areas tend to have the highest rents. The West Palm Beach/Palm Beach market area, along the coast, had the largest year-over-year rise in average rent during the second quarter of 2021. Rent increased 9 percent, to \$1,701, and the vacancy rate increased from 7.7 to 8.9 percent. The market area has the most units under construction and includes 13 percent of the HMA inventory. Some of the rent increase can be attributed to newly built luxury units. The Boca Raton East market area had the highest rents, up 1 percent from a year earlier, to \$2,046; the vacancy rate was 4.7 percent, up from 2.4 percent a year earlier. The market area has beachfront property, contributing to some of the highest rents in the HMA, and makes up 10 percent of the total inventory. The Boca Raton West market area had the lowest vacancy rates in the metropolitan area and the largest drop in rent. The average rent decreased 3 percent, to \$1,561, and the vacancy rate declined to 2.8 percent from 3.0 percent a year earlier. The area contains 11 percent of the HMA inventory and has no coastline. The lowest rents were in the Green Acres City/Palm Springs/Lake Worth market area, in the center of the HMA; the average rent decreased 3 percent, to \$1,360,

and had a 5.6-percent vacancy rate, up from 3.8 percent a year earlier. This area is the largest in terms of population and constitutes 18 percent of the HMA inventory.

Senior Housing

Vacancies in age-restricted housing increased during the second quarter of 2021 compared with the same quarter a year ago and are much higher than levels before the pandemic. Much of the increase is due to the public health crisis and seniors being one of the groups most vulnerable to suffering serious health consequences from contracting COVID-19. High transmission and fatality rates among the older population during the pandemic led to their reluctance to move to densely populated age-restricted housing since 2020. In the HMA, the vacancy rate for senior housing increased to 14.5 percent during the second quarter of 2021, compared with 10.0 percent during the same period a year earlier and 7.5 percent in the second quarter of 2019 (Moody's Analytics REIS).

Vacancies in assisted-living units decreased in the past year, to 15.6 percent during the second quarter of 2021, compared with second quarter vacancy rates of 18.3 percent in 2020 and 7.1 percent in 2019. Of the Moody's Analytics REIS-defined submarkets, the vacancy increased the most in the South Palm Beach market area; the rate was 15.6 percent during the second quarter of 2021 compared with 10.2 percent a year earlier. When pandemic concerns ease among senior households, the vacancy rates in senior housing are expected to return to historically typical levels.

Rental Construction Activity

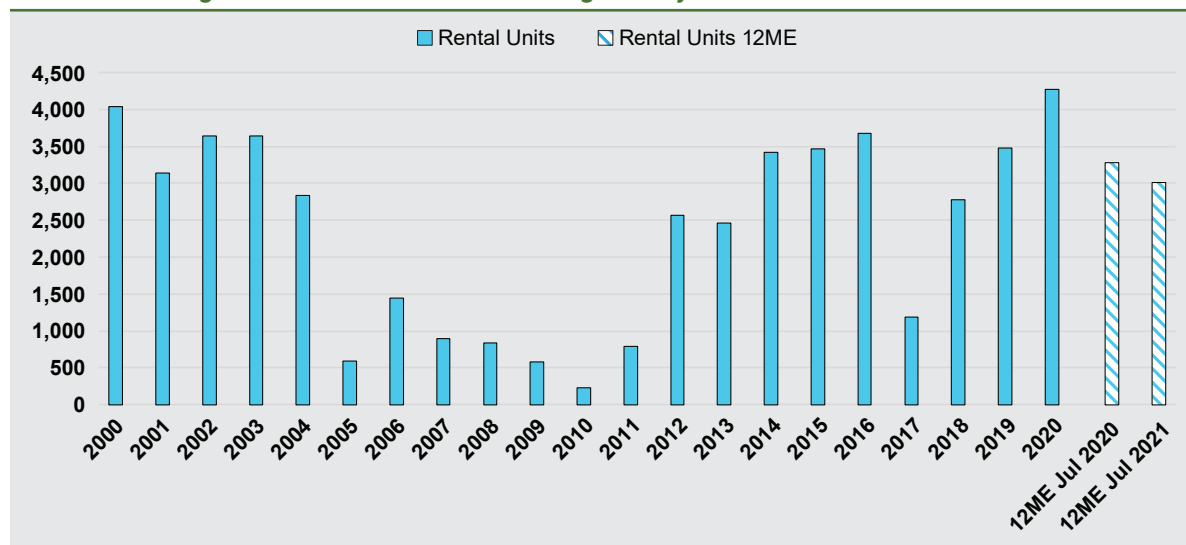
Rental construction activity, as measured by the number of rental units permitted, declined recently, partly because of uncertainty related to the COVID-19 pandemic. During the 12 months ending July 2021, the number of rental units permitted, approximately 3,000, was down 8 percent from 3,275 during the previous 12 months (preliminary data, with adjustments by the analyst). After 2,850 rental units were permitted in 2004, permitting in the HMA



fell to a low of 590 units in 2005 (Figure 15). A year later, in 2006, construction rebounded to 1,450 units as newly completed units were absorbed, and builders were reassured. The decline began again during the local impacts of the Great Recession, falling an average of 37 percent annually from 2007 through 2010, to 230 rental units permitted in 2010, and increased significantly to 800 units in 2011. The market had not yet recovered from the foreclosure crisis, and vacant single-family homes were available to rent. From 2012 through 2016, as the economy recovered in the HMA, rental unit construction surged to an average of 3,125 each year. After another drop in 2017, to 1,200 units permitted, rental construction in the HMA grew again, increasing by an average of 1,025, or 53 percent, a year from 2018 through 2020 in response to tightening apartment market conditions. The 4,275 rental units permitted in 2020 were the highest level since at least 2000. The cities with the largest share of apartment units currently under construction are Boca Raton and West Palm Beach, with 17 and 22 percent of the HMA apartment construction, respectively.

The 220-unit Oversea apartment development, in the city of West Palm Beach, is currently preleasing, and construction is scheduled for completion in mid-2022. Rents for the studio, one-bedroom, and two-bedroom units start at \$1,600, \$2,550, and \$3,950, respectively. To meet the demand for the growing senior population, recent multifamily construction has included many age-restricted developments; for example,

Figure 15. Annual Rental Permitting Activity in the West Palm Beach HMA



12ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

the 220-unit Arcadia Gardens in Palm Beach Gardens is restricted to householders age 62 and older, with rents for the one-bedroom units starting at \$2,575.

Housing Affordability: Rental

Although rental affordability improved during the 2010s, many renter households in the HMA face some degree of cost burden, spending more than 30 percent of their income on rent. During the 2013-through-2017 period, an estimated 25.4 percent of all renter households in the HMA experienced moderate to high cost burden, spending 31 to 50 percent of their income on rent, whereas 29.2 percent were severely cost burdened, spending 51 percent or more of their income toward rent (Table 10). These rates were higher than the national rates of 21.8 percent and 22.9 percent for moderate to high cost burden and severe cost burden, respectively. The cost burdens are more pervasive for very low-income renter households. For renter households in the HMA with incomes less than 50 percent of the Area Median Family Income, 19.5 percent faced moderate to high cost burden, and 63.9 percent were severely cost burdened. For the nation, those figures are 25.6 percent and 50.1 percent, respectively.



The HUD Gross Rent Affordability Index, a measure of median renter household income relative to the qualifying income for the median-priced rental unit, has remained below 100, indicating that the rental market is generally unaffordable in the HMA (Figure 16). Affordability in the HMA has improved slightly in recent years as income growth outpaced rent growth. The index increased from a low of 79.7 in 2011, while the local economy was still recovering from the effects of the Great Recession, to 81.2 in 2019. The HMA is less affordable than the nation; the national index was 88.8 in 2011 and increased to 96.8 in 2019.

This dynamic is fueled by households moving to the HMA from higher cost metropolitan areas in the Northeast. The Palm Beach County Housing Authority supports affordability by providing housing choice vouchers and public housing. The HMA has tried to combat the problem of affordability by requiring new properties to set aside one-fourth of units as affordable “workforce housing,” creating more than 1,600 affordable housing units from 2018 through 2019. Table 11 shows the growth in renter households receiving federal housing assistance from 2010 to 2020; nationally, households receiving such assistance grew less than in the West Palm Beach HMA. The average HUD subsidy is down because average income and overall affordability increased slightly. All waiting lists for housing assistance in the HMA are currently closed.

Forecast

During the 3-year forecast period, demand is estimated for 9,750 new rental units in the

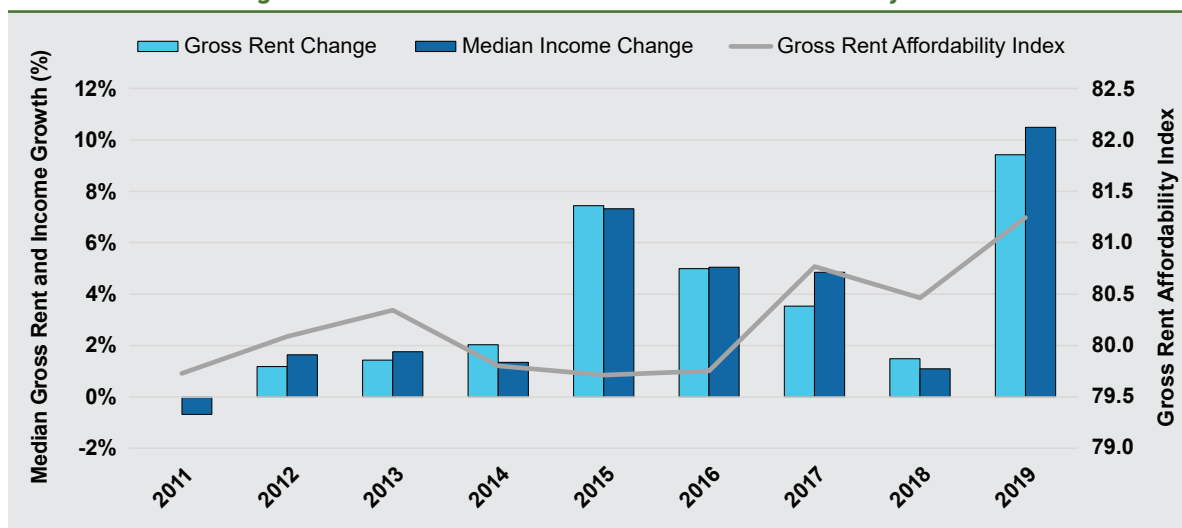
Table 10. Percentage of Cost-Burdened Renter Households by Income, 2017

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	West Palm Beach HMA	Nation	West Palm Beach HMA	Nation
Renter Households with Income <50% HAMFI	19.5	25.6	63.9	50.1
Total Renter Households	25.4	21.8	29.2	22.9

HAMFI = HUD area median family income.

Sources: Consolidated Planning/CHAS Data; 2017 American Community Survey 5-year estimates

Figure 16. West Palm Beach HMA Gross Rent Affordability Index



Note: The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure.

Source: American Community Survey, 1-year data

HMA (Table 12). The 7,450 units under construction and 100 units in final planning are expected to be completed during the forecast period and satisfy all the demand during the first 2 years of the 3-year forecast period. Additional units should be timed to come on the market during the third year of the forecast period. Apartment construction is expected to be most active in the cities of Boynton Beach, Boca Raton, and West Palm Beach because of increased demand in densely populated areas after the COVID-19 pandemic subsides.



Table 11. Picture of Subsidized Households, 2020

	West Palm Beach HMA	HMA Change Since 2010	National Total	National Change Since 2010
Total Assisted Households (2020)	10,326	10.1%	4,599,832	3.9%
Total Housing Voucher Households (2020)	7,608	17.4%	2,313,166	13.4%
Average HCV Tenant Monthly Contribution	\$450	6.3%	\$386	-0.2%
Average Monthly HUD Subsidy	\$1,128	-2.9%	\$834	0.4%

HCV = housing choice voucher.

Note: Dollar changes are inflation adjusted using the Consumer Price Index for All Urban Consumers (CPI-U).

Source: HUD Picture of Subsidized Households

Table 12. Demand for New Rental Units in the West Palm Beach HMA During the Forecast Period

Rental Units	
Demand	9,750 Units
Under Construction	7,450 Units

Note: The forecast period is August 1, 2021, to August 1, 2024.

Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

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.
CARES Act	The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The more-than-\$2 trillion in federal funding provides economic assistance in response to the public health and economic impacts of COVID-19. The Act also included provisions for mortgage forbearance for federally backed mortgages.
Cost Burdened	Spending more than 30 percent of household income on housing costs.
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.
Existing Home Sales	Includes regular resales and REO sales.
Forecast Period	8/1/2021–8/1/2024—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.



Regular Resales	Home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
REO	Real estate owned.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan division definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	The NAHB/Wells Fargo Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The 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.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.



D. Photo/Map Credits

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Contact Information

Maciej Misztal, Economist
Atlanta HUD Regional Office
678-732-2660
maciej.d.misztal@hud.gov

Katharine Jones, Regional Economist
Denver HUD Regional Office
303-672-5060
katharine.jones@hud.gov

