

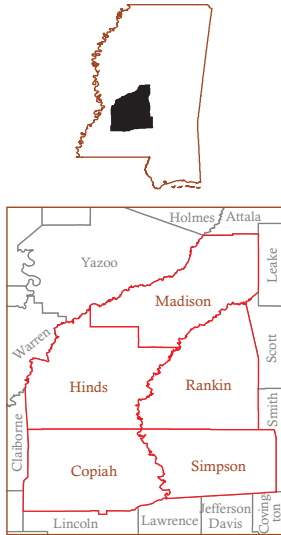


Jackson, Mississippi

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of November 1, 2009



Housing Market Area



The Jackson Housing Market Area (HMA) consists of Copiah, Hinds, Madison, Rankin, and Simpson Counties. Located in the southwestern portion of Mississippi, the city of Jackson is the state capital and the most populous city in the state. As of November 1, 2009, the population of the HMA was estimated at 540,400, an increase of 4,500, or 0.9 percent, annually since 2000.

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Summary

Economy

Employment declined in the Jackson HMA during the past year. During the 12 months ending October 2009, nonfarm employment declined by 3,450 jobs, or 1.3 percent, from the previous 12-month period. The education and health services and the government sectors were the only employment sectors that grew during this 12-month period, increasing by 900 and 1,900 jobs, or 3.3 and 3.6 percent, respectively. Nonfarm employment is expected to continue to decline in the next year, with modest growth expected in years 2 and 3 of the forecast period.

Sales Market

The Jackson HMA home sales market is slightly soft, with a vacancy rate of 3 percent. During the 12 months ending September 2009, the volume of existing single-family home sales had the highest decline since 2000, decreasing by 1,950 homes, or 29 percent, from the previous 12 months. During the next 3 years, demand for new home sales is expected to total 4,525 (see Table 1).

Rental Market

The rental market in the HMA is currently soft, with a rental vacancy rate of 9 percent. A decline in the construction of rental units, however, has led to a tightening market in recent years. During the 12 months ending October 2009, average rents were relatively unchanged at \$673 compared with rents during the previous 12 months. During the 3-year forecast period, demand for new rental units is expected to total 170 units (see Table 1).

Table 1. Housing Demand in the Jackson HMA, 3-Year Forecast, November 1, 2009 to November 1, 2012

	Jackson HMA	
	Sales Units	Rental Units
Total Demand	4,525	170
Under Construction	670	0

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2009. A portion of the 15,000 other vacant units in the HMA will likely satisfy a portion of the forecast demand.

Source: Estimates by analyst

Economic Conditions

A decline in employment during the past 2 years reversed the trend of annual economic growth that has occurred in the Jackson HMA since 2000. During the 12 months ending October 2009, nonfarm employment declined by 3,450 jobs, or 1.3 percent, from the previous 12-month period. Average employment decreased from 261,200 during the 12 months ending October 2008, to an average of 257,750 during the 12 months ending October 2009 (see Table 2). From 2000 to 2001, nonfarm employment increased by an average of 3,200 jobs, or 1.3 percent. The

economic recession caused a loss of 1,100 jobs in 2002, a decline of 0.4 percent from the previous year. The economy began to recover the following year and, from 2003 to 2007, employment increased by an average of 3,050 jobs, or 1.2 percent, annually. The HMA then started losing jobs in 2008 at a rate of 0.5 percent, or a loss of 1,200 jobs in that year. Recent job losses have contributed to an increase in the unemployment rate, from 5.4 percent a year ago to 7.2 percent during the past 12 months. Figure 1 shows changes in the unemployment rate from 1990 to 2008. Figure 2 shows employment growth by sector from 1990 to current.

The education and health services and the government sectors were the only employment sectors to add jobs during the 12 months ending October 2009. The education and health services sector grew by 1,225 jobs, or 3.3 percent, due in part to an \$80 million expansion at the Baptist Medical Center that was completed in November 2008. The new Cardiovascular Center and Baptist for Women hospital brought the total number of employees at the second leading employer in the HMA, Baptist Health System, Inc., to 2,700. The third leading employer in the HMA, St. Dominic Health

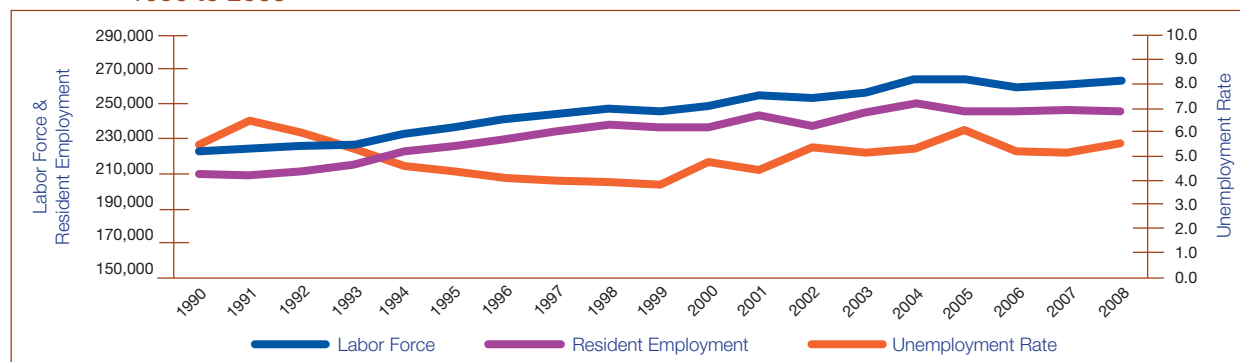
Table 2. 12-Month Average Employment in the Jackson HMA, by Sector

	12 Months Ending October 2008	12 Months Ending October 2009	Percent Change
Total Nonfarm Employment	261,200	257,800	- 1.3
Goods Producing	33,700	30,900	- 8.3
Mining, Logging, & Construction	14,400	13,400	- 6.9
Manufacturing	19,400	17,500	- 9.8
Service Providing	227,500	226,900	- 0.3
Wholesale & Retail Trade	40,800	39,800	- 2.5
Transportation & Utilities	11,500	11,100	- 3.5
Information	4,600	4,400	- 4.3
Financial Activities	16,300	16,100	- 1.2
Professional & Business Services	29,600	28,600	- 3.4
Education & Health Services	36,700	37,900	3.3
Leisure & Hospitality	22,400	21,600	- 3.6
Other Services	9,900	9,700	- 2.0
Government	55,700	57,700	3.6

Notes: Based on 12-month averages through October 2008 and October 2009. 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 Jackson HMA, 1990 to 2008

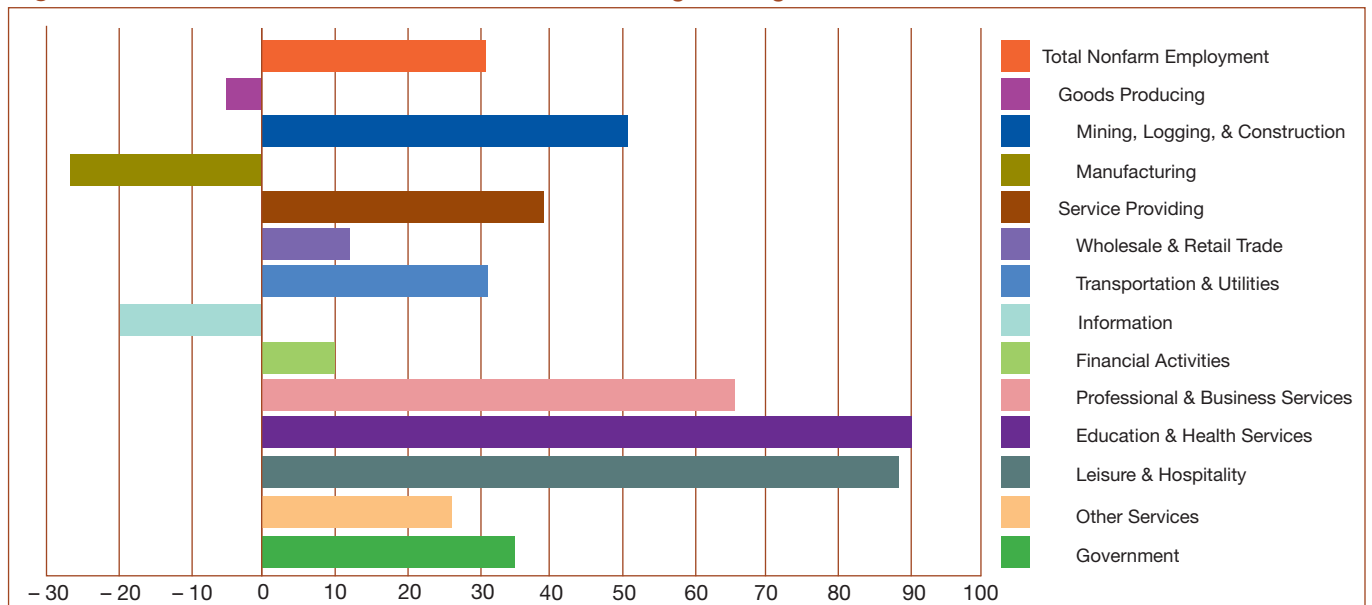


Source: U.S. Bureau of Labor Statistics

Services, Inc., with 2,600 employees, is also part of this growing sector. Table 3 shows top employers in the HMA. The government sector grew by 2,000 jobs, or 3.6 percent, due to jobs added in local and state governments. The manufacturing sector lost the most jobs during the 12 months ending October 2009, with a loss of 1,850 jobs, or 9.6 percent. This decline resulted from layoffs and closures of several manufacturing plants, primarily in Hinds and Madison Counties. Nissan North America, Inc., the leading employer in the HMA, recently expanded its Canton plant. Despite

the expansion, however, no new jobs were created and work hours have been scaled back as a result of the economy. The professional and business services sector had the second largest decline, decreasing by 1,000 jobs, or 3.4 percent, during the past 12 months. Pinnacle Business Solutions, Inc., which handles the administration of Medicare claim payments, closed in September 2009. Approximately 80 jobs were lost as a result of the closure. Figure 3 shows the percentage of employment in each sector during the 12 months ending October 2009.

Figure 2. Sector Growth in the Jackson HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through October 2009.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Jackson HMA

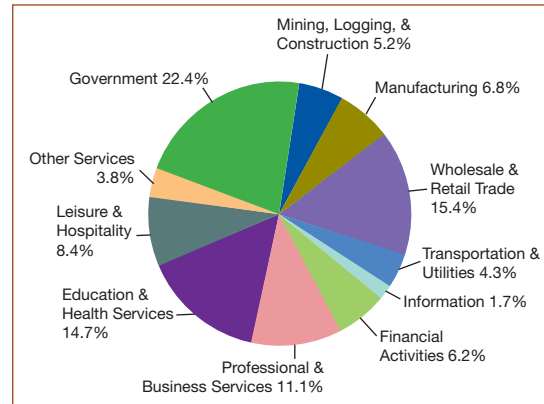
Name of Employer	Employment Sector	Number of Employees
Nissan North America, Inc.	Manufacturing	5,275
Baptist Health Systems	Education & Health Services	2,700
St. Dominic Health Services Inc.	Education & Health Services	2,600
Mississippi State Hospital	Government	2,500
Trustmark National Bank	Financial Activities	1,600
Saks Incorporated	Trade	1,450
Skytel Communications, Inc.	Information	1,400
Jackson State University	Government	1,375
River Oaks Health System	Education & Health Services	1,225
Bellsouth Corporation	Professional & Business Services	1,200

Source: *Economy.com*

New developments in downtown Jackson are the primary sources of economic growth in the HMA. Revitalization of the central business district has occurred through large-scale commercial and residential projects. The King Edward Hotel was recently renovated into a \$90 million mixed-use project. The building houses the Hilton Garden Inn with 190 hotel rooms, retail space, and approximately 60 apartment units. The hotel will be completed in

December 2009, and occupancy of the apartments is expected to begin in January 2010. In January 2009, the

Figure 3. Current Employment in the Jackson HMA, by Sector



Note: Based on 12-month averages through October 2009.
Source: U.S. Bureau of Labor Statistics

330,000-square-foot Jackson Convention Complex opened in downtown Jackson. Since opening, the \$65 million complex has brought in more than \$21 million and more than \$583,000 in event jobs for the local economy, according to the complex's 2009 Economic Impact Report.

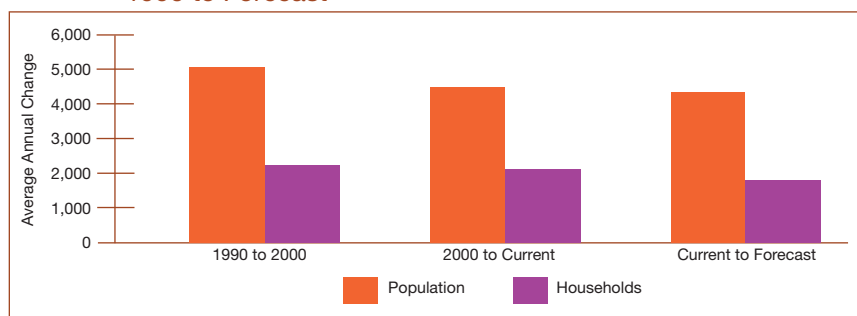
During the 3-year forecast period, nonfarm employment is expected to remain relatively unchanged. Losses are expected to continue during the first half of the forecast period, with gains occurring during the last half of the period and with the education and health services and the government sectors continuing to lead growth.

Population and Households

As of November 1, 2009, the population of the Jackson HMA was estimated at 540,400. The population increased by 4,500, or 0.9 percent, annually since 2000, a decline from the annual increase of 5,025, or 1.1 percent, during the 1990s. Net in-migration peaked in 2006 at 5,375 when Hurricane Katrina evacuees moved to the HMA. Since 2007, net outmigration from the

HMA has averaged approximately 550 people, because many people returned to New Orleans and other areas affected by Hurricane Katrina. More than 90 percent of outmigration was from Hinds County as people moved out of the city of Jackson. Net outmigration from Hinds County has occurred every year since 2000, with the exception of 2006, when the population grew as a result of the in-migration of Hurricane Katrina evacuees. Hinds County is the most populous county in the HMA and accounts for approximately 45 percent of the HMA population. Population in the HMA is expected to grow at a slightly slower pace of 4,300, or 0.8 percent, annually during the forecast period compared with growth recorded from 2000 to the current period. Figure 4 shows population and household growth from 1990 to

Figure 4. Population and Household Growth in the Jackson HMA, 1990 to Forecast



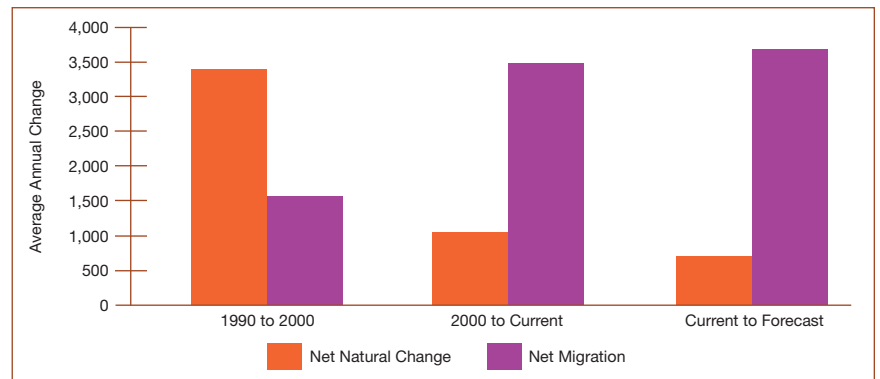
Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

the forecast date. Figure 5 shows the components of population change in the HMA from 1990 to the forecast date. Net in-migration is expected to account for only 16 percent of population growth during the forecast period, compared with 23 percent of population growth recorded from 2000 to the current date.

Currently, an estimated 200,500 households are in the HMA. Figure 6 shows the number of households by tenure in the HMA for 1990, 2000, and the

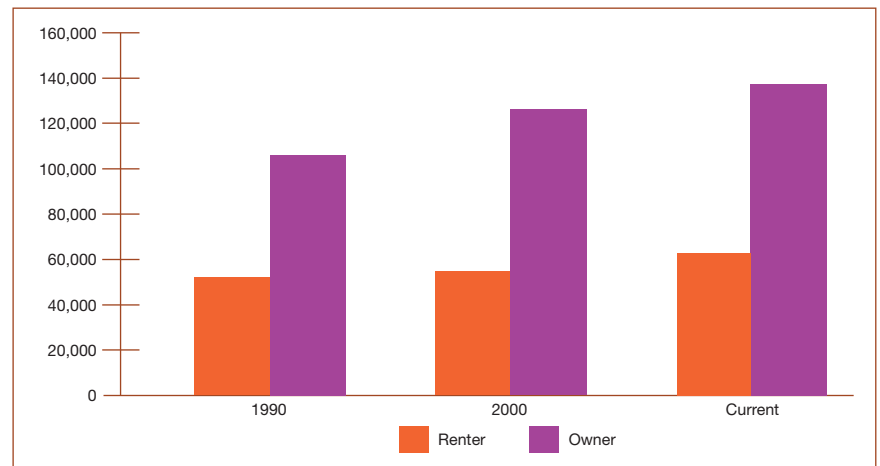
current date. The number of households has increased at a moderate rate since 2000, slowing along with the population. Since 2000, the number of households has grown by 2,075, or 1.1 percent, annually (see Table DP-1 at the end of this report). This number reflects a decline from the 1990s, when households grew by 2,275, or 1.4 percent, annually. During the 3-year forecast period, the number of households is expected to grow by 1,800 annually, or 0.9 percent, to 205,900.

Figure 5. Components of Population Change in the Jackson HMA, 1990 to Forecast



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

Figure 6. Number of Households by Tenure in the Jackson HMA, 1990 to Current



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

Housing Market Trends

Sales Market

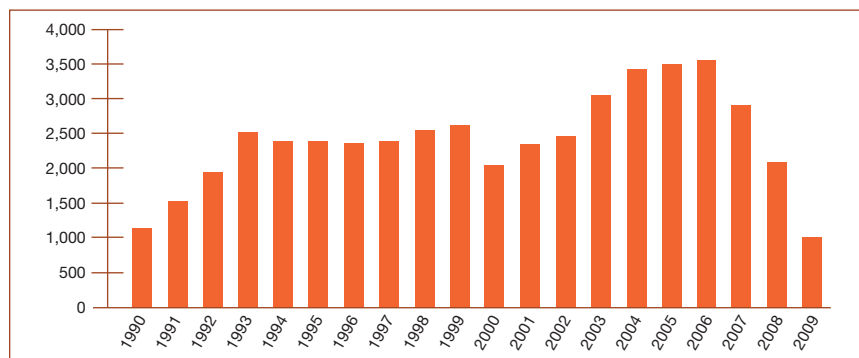
The sales market in the Jackson HMA is slightly soft, with a current estimated vacancy rate of 3 percent. The weakened economy and tighter lending standards have led to a significant decline in HMA home sales during the past 2 years compared with sales levels from 2000 to 2007. The Jackson Association of REALTORS® tracks a seven-county market area that includes Copiah, Hinds, Madison, Rankin, Scott, Simpson, and Yazoo Counties. During the 12 months ending October 2009, 5,050 existing single-family homes were sold in that area compared with approximately 6,500 homes sold during the previous 12-month period, a 22-percent decline. Total sales peaked in 2007, when 6,725 homes were sold. According to the NATIONAL ASSOCIATION OF REALTORS®, the median sales price in the Jackson HMA peaked in 2006 at \$147,100. Since then, the median price had declined annually by an average of 7.4 percent until the first quarter of 2009, when it reached \$122,600. In the second quarter of 2009, the median price increased by 8 percent to \$140,100 from the second quarter of 2008. During the third

quarter of 2009, the median sales price increased by less than 1 percent to \$141,200 compared with sales prices during the third quarter of 2008.

Single-family home construction activity, as measured by the number of single-family building permits issued, has slowed in response to a decline in home sales. During the 12 months ending October 2009, the number of homes permitted declined to 1,125 homes compared with 2,100 homes permitted during the previous 12-month period, a 46-percent decrease, based on preliminary data. From 2000 to 2006, an average of approximately 2,925 homes were permitted annually. The number of permits peaked at 3,550 homes in 2006, when net in-migration peaked. Since 2007, the number of permits issued for single-family homes has declined every year, averaging 2,125 annually. Figure 7 shows the number of single-family home permits issued from 1990 to the current date.

During the 3-year forecast period, demand is estimated for 4,525 new homes in the HMA. Virtually no demand for new units is expected in the first year of the forecast period to allow for the excess supply to be absorbed. The greatest demand is expected to be in the \$150,000-to-\$199,999 price range. Table 4 shows the estimated demand for new market-rate sales housing by price range. The estimated 670 homes currently under construction will meet a portion of this demand. It is likely that some of the 15,000 other vacant units will return to the market and also satisfy part of this demand.

Figure 7. Single-Family Building Permits Issued in the Jackson HMA, 1990 to 2009



Notes: Includes only single-family units. Includes data through October 2009.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Jackson HMA, November 1, 2009 to November 1, 2012

Price Range (\$)		Units of Demand	Percent of Total
From	To		
90,000	99,999	450	10.1
100,000	149,999	1,025	23.1
150,000	199,999	1,275	28.7
200,000	249,999	710	16.0
250,000	299,999	400	9.0
300,000	399,999	270	6.1
400,000	499,999	180	4.1
500,000	and higher	130	2.9

Notes: A portion of the 15,000 other vacant units in the HMA will likely satisfy some of the forecast sales demand. In addition, during the next 3 years, demand is estimated for 80 mobile homes, which are not included in the distribution above.

Source: Estimates by analyst

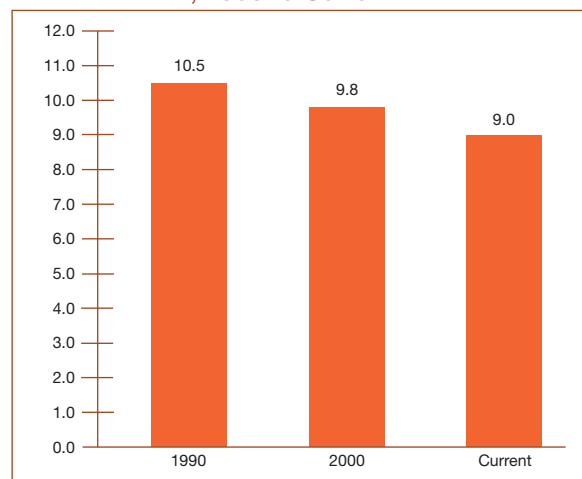
Rental Market

The rental market in the Jackson HMA is currently soft. The overall rental vacancy rate is estimated to be 9 percent, down from 9.8 percent in 2000 (see Figure 8). According to Reis, Inc., the apartment market has softened significantly from the previous year. As of the third quarter of 2009, the apartment vacancy rate was 10.2 percent, compared with the 8.8-percent vacancy rate recorded during the third quarter of 2008. According to the 2009 CB Richard Ellis, Inc., year-end report, multifamily units built during the 1980s and since

2000 had the highest increase in vacancy, increasing by 2.1 and 1.8 percentage points, respectively, to 8.3 and 8.9 percent. The areas with the lowest vacancy rates for multifamily units built since 2000 were the cities of Pearl/Richland and Flowood with vacancy rates of 4.4 and 4.6, respectively. Average rents for the HMA increased by nearly 1 percent to \$673 in the third quarter of 2009 compared with the average rents recorded for the third quarter of 2008.

Multifamily construction, as measured by the number of units permitted, has been slow during the past 2 years. During the 12 months ending October 2009, virtually no multifamily units were permitted; only 40 units were permitted during the previous 12-month period, based on preliminary data. A 2-year moratorium on new apartment projects in Pearl, the largest city in Rankin County, which was lifted in March 2009, contributed to the decline in the number of multifamily units permitted. A temporary countywide moratorium on new apartments in Rankin County was just enacted in December 2009 and is expected to keep permitting levels low. From 2000

Figure 8. Rental Vacancy Rates in the Jackson HMA, 1990 to Current



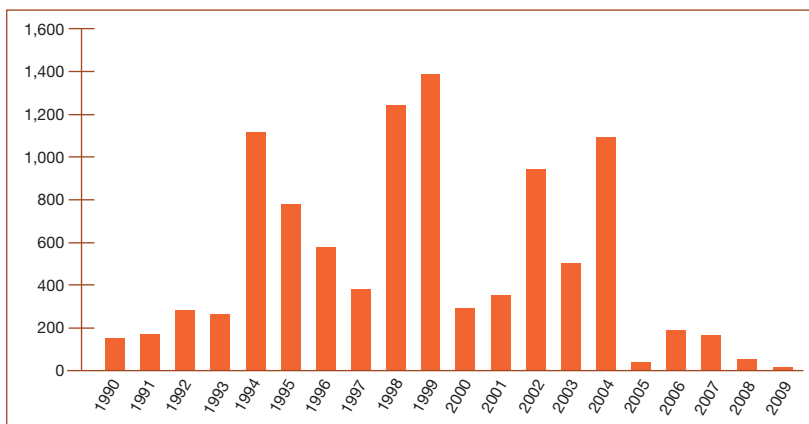
Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Rental Market *Continued*

to 2004, an average of 630 multifamily units were permitted annually. The number of multifamily units permitted peaked in 2004 at 1,100 units. Since 2005, permitting for multifamily units has declined to an average of 110 units permitted annually. Figure 9 shows annual multifamily units permitted from 1990 to the current date.

Figure 9. Multifamily Building Permits Issued in the Jackson HMA, 1990 to 2009



Notes: Includes all multifamily units in structures with two or more units. Includes data through October 2009.

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

The first phase of a \$150 million mixed-use development, University Place of Jackson, between downtown Jackson and Jackson State University broke ground in November 2009. It is a 50-acre planning area that will consist of 300 single-family homes, 300 apartments, and 50,000 square feet of retail space. Phase one, One University Place, with 78 one- and two-bedroom apartments and more than 22,000 square feet of retail space is expected to be complete in the summer of 2010. The 60 apartments at the King Edward Hotel are expected to rent from \$715 a month for a one-bedroom unit to \$1,590 a month for a two-bedroom unit.

During the 3-year forecast period, demand is estimated for 170 new rental units. Table 5 shows demand by number of bedrooms and rent level. To allow for the absorption of excess vacant rental units, the 170 units should not come on line until the third year of the forecast period.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Jackson HMA, November 1, 2009 to November 1, 2012

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
525 to 724	20	625 to 824	25	725 to 924	10
725 to 924	20	825 to 1,024	20	925 to 1,124	10
925 to 1,124	15	1,025 to 1,224	20	1,125 to 1,324	0
1,125 to 1,324	10	1,225 to 1,424	15	1,325 to 1,524	0
1,325 to 1,524	10	1,425 to 1,624	10	1,525 to 1,724	0
1,525 or more	0	1,625 or more	0	1,725 or more	0
Total	75	Total	90	Total	20

Notes: A portion of the 15,000 excess vacant units in the HMA will likely satisfy some of the forecast rental demand. Numbers may not add to total demand because of rounding.

Source: Estimates by analyst

Data Profile

Table DP-1. Jackson HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	210,450	237,013	238,100	1.2	0.1
Unemployment Rate (%)	5.5	3.9	7.2		
Nonfarm Employment	196,100	239,900	257,800	2.0	0.8
Total Population	446,941	497,197	540,400	1.1	0.9
Total Households	157,818	180,556	200,500	1.4	1.1
Owner Households	106,280	126,173	138,300	1.7	1.0
Percent Owner (%)	67.3	69.9	69.0		
Renter Households	51,538	54,383	62,200	0.5	1.4
Percent Renter (%)	32.7	30.1	31.0		
Total Housing Units	172,127	196,546	225,925	1.3	1.5
Owner Vacancy Rate (%)	2.2	1.7	3.0		
Rental Vacancy Rate (%)	10.5	9.8	9.0		
Median Family Income	\$30,600	\$44,373	\$56,700	3.8	2.5

Notes: Employment data represent annual averages for 1990, 2000, and the 12 months through October 2009. Median family incomes are for 1989, 1999, and 2009.

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: 11/1/2009—Analyst's estimates

Forecast period:

11/1/2009–11/1/2012—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; units held for seasonal, recreational, or occasional use; units 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_JacksonMS_10.pdf.

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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.