

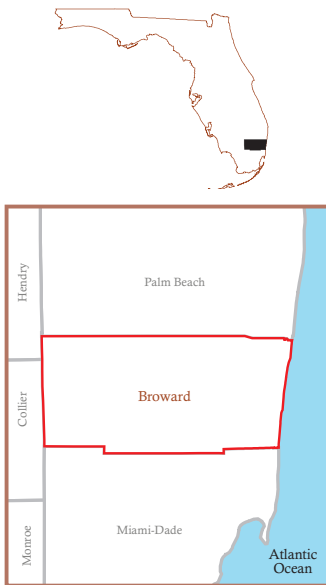


Fort Lauderdale-Pompano Beach-Deerfield Beach, Florida

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2008



Housing Market Area



The Fort Lauderdale-Pompano Beach-Deerfield Beach, Florida Housing Market Area (HMA) consists of Broward County on the southeast coast of Florida. The area has long been known as a vacation destination. Since 2000, international commerce, supported by expansion at both Port Everglades and Fort Lauderdale-Hollywood International Airport, has been a major factor in economic and demographic diversification.

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Summary

Economy

Primary industries in the HMA include aviation, port, and tourism, all of which are growing. Despite the growth in these industries, during the 12 months ending June 2008, total nonfarm employment decreased by 4,500 jobs, or 0.6 percent, and the unemployment rate averaged 4.2 percent. Local economic conditions are expected to remain sluggish during most of the forecast period.

Sales Market

The sales housing market in the HMA is currently soft. For the 12 months ending June 2008, the number of homes sold and median sales prices of both single-family homes and condominium units have declined from the sales volume and prices recorded a year earlier. Currently, more than 26,500 homes are in default or foreclosure or are bank owned. The owner vacancy rate is currently estimated at 3.2 percent.

During the forecast period, demand is estimated for approximately 14,000 new sales units in the HMA (see Table 1). As a result of the significant number of vacant units currently available, production of additional units should not occur until the second half of the 3-year forecast period to allow for the absorption of these units.

Rental Market

The rental housing market in the HMA is currently balanced, with an estimated vacancy rate of 6.1 percent. Conditions have softened from the tight conditions that existed in 2005 as a result of condominium reversions. Market conditions are expected to continue to soften significantly during the first half of the forecast period because the inventory of rental units is expected to increase while slower economic growth will reduce population gains and slow demand for rental housing. During the forecast period, no demand is expected for new market-rate rental units in the HMA (see Table 1).

Table 1. Housing Demand in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, 3-Year Forecast, July 1, 2008 to July 1, 2011

	Fort Lauderdale-Pompano Beach-Deerfield Beach HMA	
	Sales Units	Rental Units
Total Demand	14,000	0
Under Construction	2,000	500

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2008.

Source: Estimates by analyst

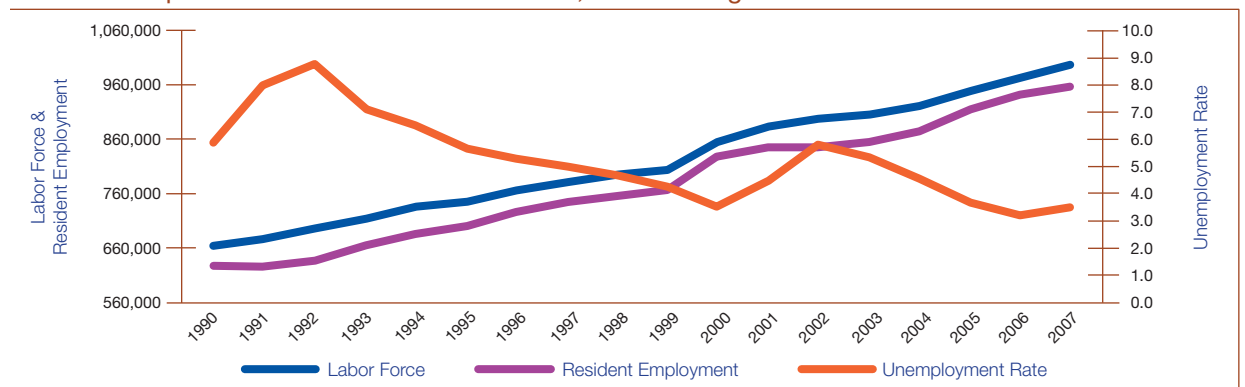
Economic Conditions

Nonfarm employment in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA averaged 786,200 jobs for the 12-month period ending June 2008, a decrease of 4,500 jobs, or 0.6 percent, from the number of jobs recorded during the same period a year ago. This decrease represents the first decline in nonfarm employment since the recession in 1991. For the 12-month period ending June 2008, the average unemployment rate increased to 4.2 percent from 3.2 percent for the previous 12-month period. See Figure 1 for labor force, resident employment, and unemployment trends in the HMA from 1990 through 2007.

Despite the recent declines in nonfarm employment, the primary industries in the HMA—aviation, port, and tourism—are growing. Passenger traffic at Fort Lauderdale-Hollywood International Airport totaled 22 million passengers in 2007. The record-setting figure represents a 5-percent increase compared with the number of passengers who used the facility in 2006. The airport employs 16,000 people and accounts for an additional 28,000 ancillary jobs that contribute \$2.6 billion each year to the HMA's economy.

Port Everglades is a manmade harbor that handles cargo, cruise, and petroleum businesses. The port has an annual impact of \$3 billion on the region's economy and is directly and indirectly responsible for more than 25,000 jobs. More than 3 million cruise passengers and 27 million tons of cargo and fuel pass through the port each year. Some three dozen cargo shipping lines call at the port, linking it to 70 countries around the globe. Cargo varies from cars and cement to lumber and bananas. A record 6 million tons of containerized cargo moved through Port Everglades last year. The port also supplies all the fuel for a 12-county region in southern Florida. The port is currently undergoing a \$2 billion expansion that will include larger terminals for supersize cruise ships, more berths for freighters, and a wharf to handle imported crushed rock for construction. The plan calls for deepening the entrance channel and expanding berths to handle Royal Caribbean International's next generation of cruise ships, each of which will carry up to 6,400 passengers. The port competes with the Port of Miami and Port Canaveral as the nation's busiest; some 40 cruise ships operate out of

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, 1990 Through 2007



Source: U.S. Bureau of Labor Statistics

Port Everglades and offer a range of options from daylong gambling cruises to multiday Caribbean cruises to round-the-world trips.

People who visited the HMA generated a record \$41 million in tourist tax revenue in fiscal year 2007. According to the Greater Fort Lauderdale Chamber of Commerce, tourism generates about 100,000 annual and 35,000 seasonal jobs in the HMA.

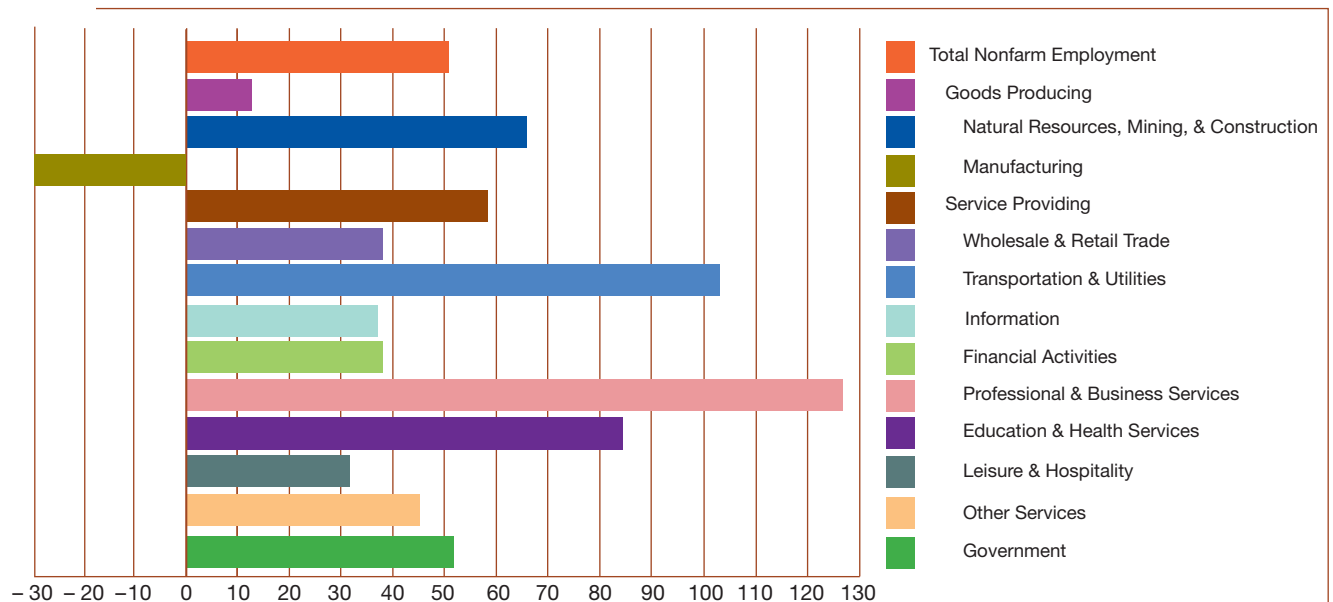
Construction was the fastest growing employment sector in the HMA between 2000 and 2006, increasing by more than 2,800 jobs a year, or at an average annual rate of 6.3 percent, as builders constructed new homes and condominiums to satisfy strong demand for sales housing. The increase in home sales also resulted in a 3.8-percent annual increase in employment in the financial activities sector, which added more than 2,100 jobs a year during the same period. Figure 2 shows changes in employ-

ment by sector in the HMA from 1990 to the current date.

When conditions in both the sales and rental housing markets weakened substantially in 2008, the construction and financial activities sectors were particularly hard hit. During the 12 months ending June 2008, employment in the construction sector decreased by more than 4,100 jobs, or 6.7 percent. During the same period, the financial activities sector lost more than 3,900 jobs for a decrease of 5.8 percent. In contrast, the education and health services sector increased by 3,100 jobs, or 3.4 percent. Table 2 shows average employment by sector in the HMA for the past two 12-month periods. Figure 3 shows current employment by sector in the HMA.

American Express Company, with 4,200 employees, is the leading private-sector employer in the HMA. Motorola, Inc., with approximately 3,500 employees, is the second lead-

Figure 2. Sector Growth in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through June 2008.

Source: U.S. Bureau of Labor Statistics

ing employer in the HMA. The company's communication division is a research and development center for new communication technology. Pediatrix Medical Group, Inc., is the third leading employer in the HMA. Table 3 lists the leading employers in the HMA.

Resident employment is expected to grow slowly during the forecast period. During the next 3 years, resident employment in the HMA will increase at an estimated average annual rate of about 7,200 jobs, or 0.7 percent.

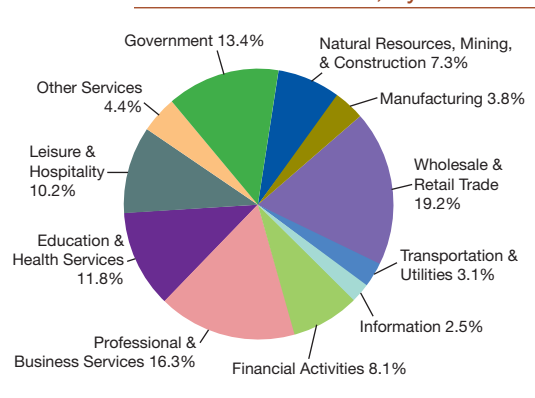
Table 2. 12-Month Average Employment in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, by Sector

	12 Months Ending June 2007	12 Months Ending June 2008	Percent Change
Total Nonfarm Employment	790,700	786,200	- 0.6
Goods Producing	93,400	87,600	- 6.2
Natural Resources, Mining, & Construction	61,400	57,300	- 6.7
Manufacturing	31,900	30,200	- 5.3
Service Providing	697,300	698,700	0.2
Wholesale & Retail Trade	150,700	150,600	- 0.1
Transportation & Utilities	24,100	24,000	- 0.4
Information	20,000	19,900	- 0.5
Financial Activities	67,300	63,400	- 5.8
Professional & Business Services	129,000	127,800	- 0.9
Education & Health Services	90,000	93,100	3.4
Leisure & Hospitality	78,800	80,100	1.6
Other Services	33,800	34,400	1.8
Government	103,700	105,300	1.5

Notes: Based on 12-month averages through June 2007 and June 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 3. Current Employment in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, by Sector



Note: Based on 12-month averages through June 2008.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA

Name of Employer	Employment Sector	Number of Employees
American Express Company	Professional & Business Services	4,200
Motorola, Inc.	Information	3,500
Pediatrix Medical Group, Inc.	Education & Health Services	2,825
BFC Financial Corporation/Bank Atlantic Bancorp	Financial Activities	2,550
Ed Morse Automotive Group	Other Services	2,200
Sun-Sentinel Company	Information	1,800
Andrx Corporation	Manufacturing	1,800
Kaplan Higher Education Corporation	Education & Health Services	1,400
JM Family Enterprises, Inc.	Other Services	1,300
DHL International, Ltd.	Transportation & Utilities	1,300

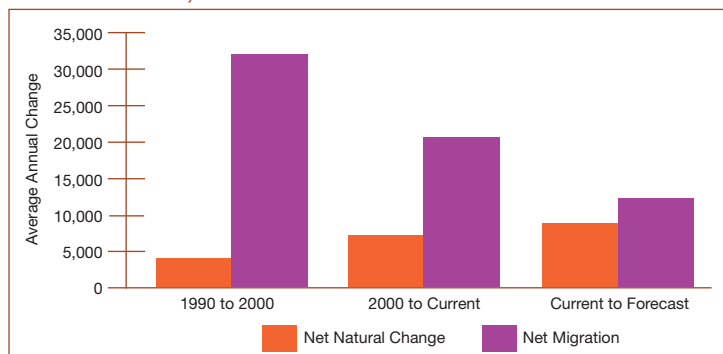
Source: Enterprise Florida, Inc.

Population and Households

Factors such as the presence of cultural and recreational amenities, a temperate climate, expanding employment, and in-migration have influenced population growth in the

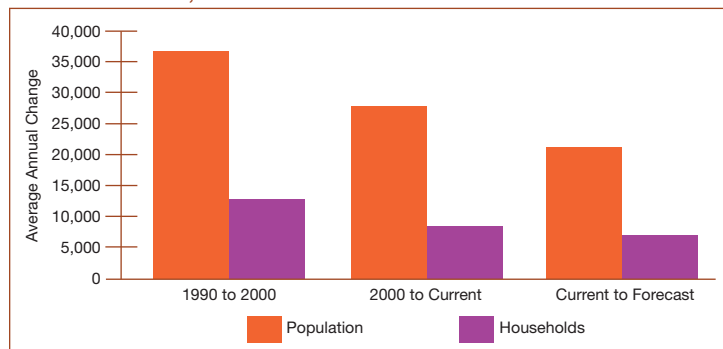
HMA. Since 2000, the population has increased by about 27,750, or 1.6 percent, a year. As of July 1, 2008 the population of the HMA is estimated at 1,852,000.

Figure 4. Components of Population Change in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, 1990 to Forecast



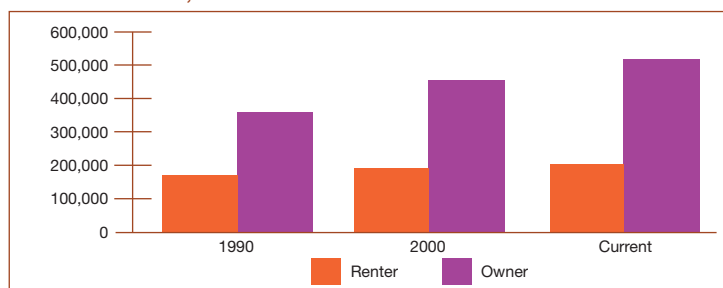
Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Fort Lauderdale-Pompano Beach-Deerfield Beach 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 Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, 1990 to Current



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

Net in-migration averaged more than 32,500 people a year during the 1990s and has averaged 20,500 people a year since 2000, accounting for more than 83 percent of population growth recorded since 1990. During the 1990s, international immigrants accounted for more than one-half of the migration into the HMA. Since 2000, international in-migration has accounted for more than two-thirds of net in-migration to the HMA and more than one-half of all population growth. These trends are attributed to increasing international commerce resulting from expansions at Fort Lauderdale-Hollywood International Airport and Port Everglades. Figure 4 shows the components of population change in the HMA from 1990 to the forecast period.

During the 1990s, the number of households increased by about 12,600, or 2.2 percent, a year. Since 2000, growth in the number of households has slowed to about 8,300, or 1.2 percent, a year. Figure 5 illustrates population and household growth in the HMA from 1990 to the forecast period.

During the 1990s, the number of owner households increased by about 9,500 a year, accounting for 75 percent of the total increase in the number of households in the HMA. Since 2000, the number of owner households has grown by about 8,200 a year, accounting for nearly all household growth. Figure 6 shows the number of households by tenure in the HMA from 1990 to the current date.

The number of renter households increased by 3,100 a year during the 1990s; since 2000, growth has slowed to 100 households a year. The decrease, which was primarily attributed to low interest rates in the early part of the decade, enabled more renters to become homeowners. See Table DP-1 at the end of this report for additional information about population and households in the HMA from 1990 to the current date.

During the 3-year forecast period, anticipated slowing in the rate of employment growth is expected to result in a decrease in net in-migration. As a result, the population of the HMA is expected to increase by about 21,000, or 1.1 percent, a year and the number of households is expected to increase by approximately 6,700 a year during the forecast period.

Housing Market Trends

Sales Market

The sales housing market in the HMA is currently soft, with an estimated vacancy rate of 3.2 percent. New home construction has been slowing for the past 2 years, but the rate of decline in construction is significantly less than the decline in home sales that began 3 years ago.

Various factors have contributed to the current soft market conditions. In the past year, tightened credit for homebuyers contributed to the decline in home sales and decrease in home sales prices. In addition, more than 85 percent of the 19,950 multi-family units permitted in the 5-year span from the beginning of 2002 through 2006 were for owner occupancy, according to the McGraw-Hill Construction Pipeline database. In addition, between 2003 and 2006, more than 25,000 apartments were converted to condominiums.

According to the Florida Association of REALTORS® (FAR), during the 12 months ending June 2008, sales of existing single-family homes in

the HMA totaled 7,400 units, down 24 percent compared with the 5,600 homes sold during the same period a year ago. During the 12-month period ending June 2008, sales of existing condominiums fell by 19 percent, from 7,500 to 6,100 units. From 2002 through 2006, the price of an existing single-family home in the HMA increased by 21 percent a year, from \$197,100 to \$361,000, as a result of strong demand. By mid-2006, however, conditions began to change and, in the 2 years between July 2006 and July 2008, the price of an existing single-family home decreased by an average of 3 percent a year, with most of the decline occurring during the 12 months ending June 2008. Sales of existing condominium units followed a similar pattern. During the 12 months ending June 2008, sales of existing condominiums fell by 19 percent, from 7,500 to 6,100 units. According to FAR, during this period, the price of an existing condominium fell by more than 20 percent, from \$201,100 to \$154,900.

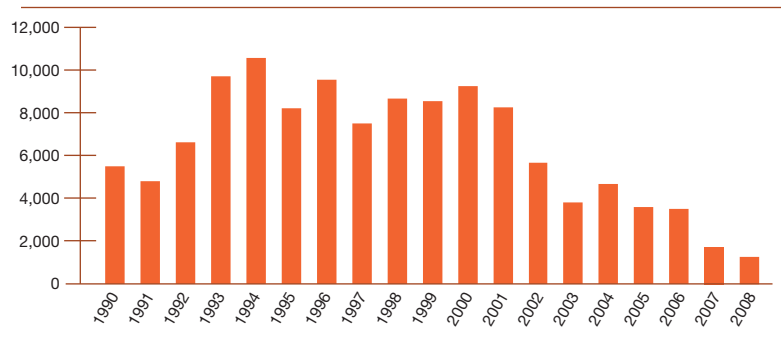
Housing Market Trends

Sales Market *Continued*

A significant increase in the demand for condominium units that began in 2002 resulted in a change in the rate of single-family construction. During the 1990s, about 45 percent of multifamily units constructed were for owner occupancy; since 2000, more than 85 percent of multifamily units have been constructed for

owner occupancy. Between 2002 and 2007, single-family construction, as measured by the number of building permits issued, averaged about 3,900 units a year compared with nearly 9,000 units a year from 1993 through 2001. In response to the recent slowdown in single-family home sales, builders have scaled back the level of housing construction in the HMA. During the 12 months ending June 2008, the number of single-family homes authorized by building permits declined 55 percent compared with the number recorded during the same period a year ago, from 2,700 to 1,200 homes. This decrease is a significant decline from the rate of single-family construction recorded throughout most of the decade. Since 2000, the number of single-family building permits issued has averaged nearly 5,100 units a year; this figure is more than four times the number of permits issued during the 12 months ending June 2008. Figure 7 provides details about single-family building permits issued in the HMA from 1990 to 2008.

Figure 7. Single-Family Building Permits Issued in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, 1990 to 2008



Notes: Includes only single-family units. Includes data through June 2008.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, July 1, 2008 to July 1, 2011

Price Range (\$)	Units of Demand	Percent of Total
175,000	1,975	14.1
200,000	2,775	19.8
250,000	2,375	17.0
300,000	1,475	10.5
350,000	1,150	8.2
400,000	1,050	7.5
450,000	825	5.9
500,000	750	5.4
600,000	550	3.9
800,000	450	3.2
1,000,000	375	2.7
1,250,000	250	1.8

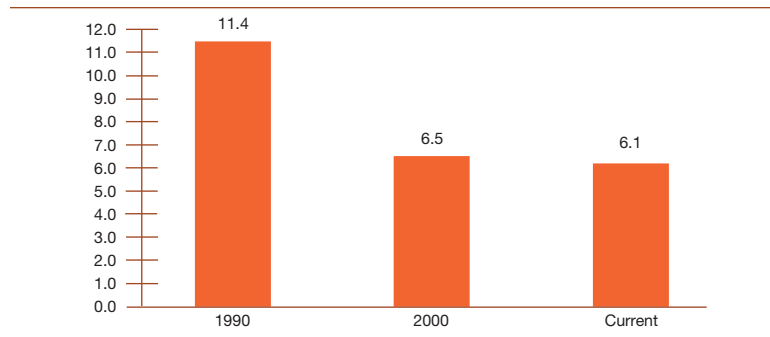
Source: Estimates by analyst

Anticipated growth in the number of households during the 3-year forecast period will result in an estimated demand for 14,000 new sales units. The 2,000 units currently under construction will meet a portion of the estimated demand. Table 4 shows estimated demand by price range for new market-rate sales housing in the HMA during the forecast period.

Rental Market

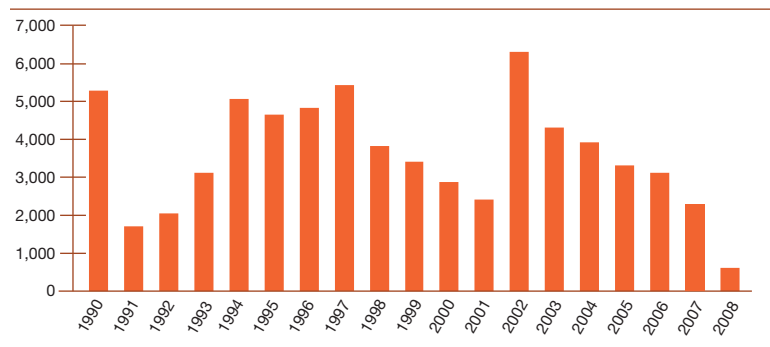
The rental housing market in the HMA was balanced in 2000 with a vacancy rate of 6.5 percent, down significantly from 11.4 percent in 1990. As a result of a decline in apartment production and an increase in the conversion of apartments to condominium units, the renter vacancy rate declined to 2.6 percent by 2005. Since 2005, rental housing market conditions have become more balanced as condominium units have been reverted back to apartments. The rental vacancy rate is currently estimated at 6.1 percent. Figure 8 illustrates rental vacancy rates in the HMA from 1990 to the current date.

Figure 8. Rental Vacancy Rates in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, 1990 to Current



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

Figure 9. Multifamily Building Permits Issued in the Fort Lauderdale-Pompano Beach-Deerfield Beach HMA, 1990 to 2008



Notes: Includes all multifamily units in structures with two or more units. Includes data through June 2008.

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

The current average monthly rent is about \$1,062, relatively unchanged from the rent recorded a year ago.

Since 2000, the number of multifamily building permits issued has averaged 3,100 units a year, a decrease of about 20 percent compared with the average of 3,900 units permitted each year during the 1990s. As a result of the increase in condominium construction since 2000, apartment construction has fallen from about 2,200 units a year to about 400 units a year. Figure 9 shows permit activity for multifamily units in the HMA from 1990 to 2008.

Between 2002 and 2005, an estimated 25,000 apartments were converted to condominium units, significantly reducing the rental supply and creating a very tight market. Beginning in 2006, the sales housing market began to weaken and an estimated 18,000 apartments reverted from condominium units back to rental units. In addition, several condominium complexes originally intended for sale were offered for rent. An estimated three-quarters of the converted apartments have been reverted back to rental units during the past 2 years. Following the tight rental housing market conditions experienced in 2005, the market is now balanced because reverted apartments and existing condominiums for rent have increased the supply of rental units. Conditions are expected to continue to soften as a result of ongoing reversions.

Increasing vacancies and slower economic and population growth will adversely affect the rental market in the HMA during the forecast period. It is estimated that no demand will

Housing Market Trends

Rental Market *Continued*

exist for new market-rate rental units during the 3-year forecast period. Reverted units already in inventory will meet demand for rental housing

as will the 500 apartments currently under construction and expected to come on line during the first year of the forecast period.

Data Profile

Table DP-1. Fort Lauderdale-Pompano Beach-Deerfield Beach HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	628,508	824,100	958,400	2.7	2.0
Unemployment Rate (%)	5.9	3.6	4.2		
Nonfarm Employment	519,200	675,200	786,300	2.7	2.1
Total Population	1,255,488	1,623,018	1,852,000	2.6	1.6
Total Households	528,442	654,445	722,900	2.2	1.2
Owner Households	359,570	454,750	522,300	2.4	1.7
Percent Owner (%)	68.0	69.5	72.3		
Renter Households	168,872	199,695	200,600	1.7	0.1
Percent Renter (%)	32.0	30.5	27.7		
Total Housing Units	628,660	741,043	807,100	1.7	1.0
Owner Vacancy Rate (%)	3.0	2.6	3.2		
Rental Vacancy Rate (%)	11.4	6.5	6.1		
Median Family Income	\$36,801	\$50,531	\$60,600	3.2	2.6

Notes: Employment data represent annual averages for 1990, 2000, and the 12 months through June 2008. Median family income data are for 1989, 1999, and 2006.

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

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 7/1/2008—Analyst's estimates

Forecast period: 7/1/2008–7/1/2011—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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_FtLauderdaleFL_09.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.