

# HUD PD&R Housing Market Profiles

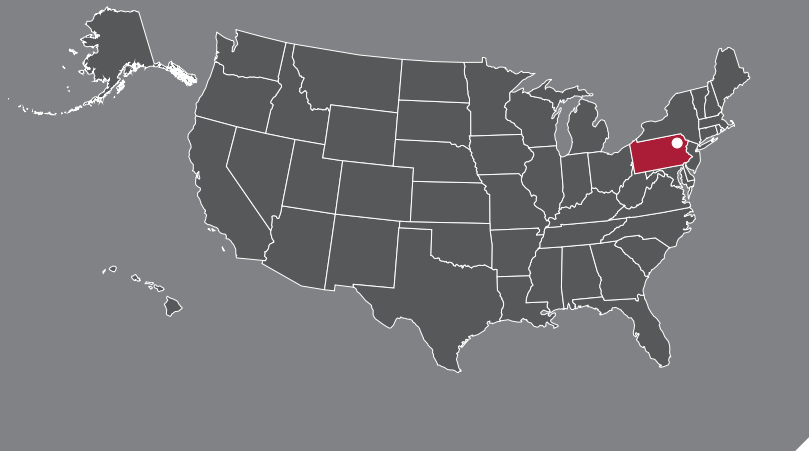
## Scranton–Wilkes-Barre–Hazleton, Pennsylvania



Scranton, Pennsylvania

### Quick Facts About Scranton–Wilkes-Barre–Hazleton

- Current sales market conditions: soft
- Current rental market conditions: soft
- Nicknamed “Electric City,” the city of Scranton, in Lackawanna County, is known for its history as an industrial and anthracite coal-mining community.



By Matthew Tieff | As of August 1, 2020

### Overview

The Scranton–Wilkes-Barre–Hazleton (hereafter, Scranton) metropolitan area includes the counties of Lackawanna, Luzerne, and Wyoming in Pennsylvania. The metropolitan area is located in the northeast part of Pennsylvania, 75 miles north of the city of Allentown and 120 miles northwest of New York City. Currently, the metropolitan area is ranked as one of the top 10 most affordable metropolitan areas in the country to buy a home (National Association of Home Builders/Wells Fargo Housing Opportunity Index). Because of its low cost of living and its proximity to other cities with large foreign-born communities, the metropolitan area has become a popular destination for immigrants, including more than 1,200 Nepali-Bhutanese refugees who have settled there since 2009.

- As of August 1, 2020, the estimated population of the metropolitan area is 552,200, reflecting an average annual decline of 1,100, or 0.2 percent, since 2010 (U.S. Census Bureau population estimates as of July 1 and estimates by the analyst).
- The decline in population during the past decade is due to a negative net natural change (resident births minus resident deaths) of 1,325 people annually and limited net in-migration of 220 people annually into the metropolitan

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area. During this period, net in-migration was entirely due to international net in-migration, which averaged 1,400 people each year, outpacing domestic net out-migration of 1,175 people yearly.

- Approximately 20 percent of the population in the Scranton metropolitan area was aged 65 years or older in 2018,

compared with 18 percent in Pennsylvania and 16 percent nationally. The median age for the metropolitan area was 43.3 years—higher than the Pennsylvania and the national median ages of 40.8 and 38.2 years, respectively (2018 American Community Survey [ACS] 1-year data).

## Economic Conditions

The Scranton metropolitan area was affected particularly hard by the countermeasures implemented to slow the spread of COVID-19 because economic growth was already depressed. On March 19, 2020, the governor of Pennsylvania ordered the closure of all non-essential businesses in the state. Although that level of restriction was eased throughout all of the counties in the metropolitan area by June 5, 2020, the closures and resulting layoffs and furloughs caused nonfarm payrolls to decline by 15.5 percent during the second quarter of 2020 from the second quarter of 2019. By comparison, nonfarm payrolls declined by 11.3 percent nationwide during the second quarter of 2020. The greater rate of jobs lost in the metropolitan area resulted from weak economic conditions that existed before the implementation of COVID-19 countermeasures. During the

second quarter of 2019, nonfarm payrolls declined 1.0 percent, compared with national gains of 1.3 percent. From 2011 through 2018, nonfarm payrolls in the metropolitan area grew by 0.6 percent each year, compared with 1.6 percent nationally.

During the second quarter of 2020—

- Nonfarm payrolls averaged 222,200, reflecting a decline of 40,800 jobs, or 15.5 percent, from a year earlier.
- All sectors in the metropolitan area lost jobs, with the largest declines in the leisure and hospitality sector, which contracted by 15,300 jobs, or 63.2 percent. By comparison, the financial activities sector lost the smallest percentage of jobs, declining by 200 jobs, or 1.5 percent, because a larger

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### Nonfarm payrolls declined sharply in the Scranton metropolitan area during the second quarter of 2020.

	3 Months Ending		Year-Over-Year Change	
	June 2019 (Thousands)	June 2020 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	263.0	222.2	-40.8	-15.5
Goods-Producing Sectors	39.2	34.2	-5.0	-12.8
Mining, Logging, & Construction	10.6	8.4	-2.2	-20.8
Manufacturing	28.6	25.8	-2.8	-9.8
Service-Providing Sectors	223.8	188.0	-35.8	-16.0
Wholesale & Retail Trade	40.1	36.4	-3.7	-9.2
Transportation & Utilities	22.8	21.1	-1.7	-7.5
Information	2.9	2.7	-0.2	-6.9
Financial Activities	13.0	12.8	-0.2	-1.5
Professional & Business Services	27.9	23.3	-4.6	-16.5
Education & Health Services	54.9	49.2	-5.7	-10.4
Leisure & Hospitality	24.2	8.9	-15.3	-63.2
Other Services	8.8	6.0	-2.8	-31.8
Government	29.1	27.7	-1.4	-4.8
Unemployment Rate	4.9%	16.2%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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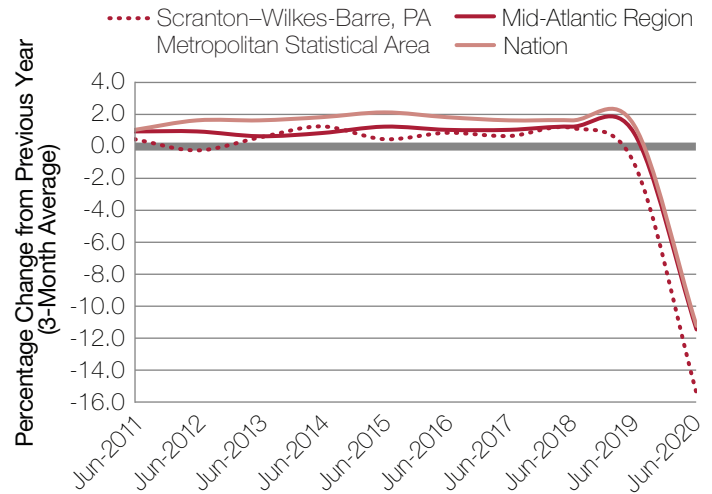
share of jobs in this sector could be done at home when nonessential businesses were ordered to close.

- The education and health services sector—the largest sector in the metropolitan area—declined by 5,700 jobs, or 10.4 percent. In contrast, the government sector had a loss of 1,400 jobs, or 4.8 percent, from the same period a year earlier. The smaller decline in the government sector is due to the federal government subsector reporting a gain of 100 jobs, or 3.1 percent—partially offsetting losses in the state and local government subsectors.
- The unemployment rate averaged 16.2 percent, up from 4.9 percent a year earlier. By comparison, during the second quarter of 2020, the unemployment rate averaged 14.0 percent in Pennsylvania and 12.9 percent nationally.

As in many metropolitan areas in Pennsylvania, the economy of the Scranton metropolitan area was disproportionately affected by the technological advances in automation and the liberalization of trade during the late 20th century. During 1990, 22 percent of jobs in the metropolitan area were in the manufacturing sector. By 2019, manufacturing jobs accounted for only 11 percent of all nonfarm payrolls in the metropolitan area. From 1991 through 2019, manufacturing jobs in the Scranton metropolitan area fell by 2.1 percent annually. By comparison, manufacturing jobs in the Pittsburgh and Allentown-Bethlehem-Easton metropolitan areas declined by annual rates of 1.4 and 1.7 percent, respectively, during the same period. Although manufacturing remains an important sector in the metropolitan area, with The Procter & Gamble Company, the third-largest employer, the transportation and utilities sector has led job growth in the metropolitan area during the past decade. From 2011 through 2019, the transportation and utilities sector was the fastest growing sector in the metropolitan area, increasing by an average of 740 jobs, or 3.9 percent each year, due to the rise in e-commerce and the need for warehousing and fulfillment centers. With Interstates

80, 81, 84, and 476 intersecting the metropolitan area, major cities in the region—such as New York; Washington, D.C.; and Philadelphia—are easily accessible from the Scranton metropolitan area, making it an attractive area for warehousing and distribution centers.

**The rate of jobs lost due to countermeasures to slow the spread of COVID-19 in the Scranton metropolitan area has outpaced the rates of both the region and the nation.**



Source: U.S. Bureau of Labor Statistics

**Largest Employers in the Scranton Metropolitan Area**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Geisinger Health System	Education & Health Services	3,000
Wyoming Valley Health Care System	Education & Health Services	2,972
The Procter & Gamble Company	Manufacturing	2,200

Note: Excludes local school districts. Source: Economy.com

**Sales Market Conditions**

Sales housing market conditions in the Scranton metropolitan area are currently soft due mostly to the continuing decline in population and weak economic conditions. The current estimated sales vacancy rate is 2.2 percent—up slightly from 2.1 percent in April 2010. The percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status was 5.3 percent in June 2020—up from 2.8 percent a year earlier (CoreLogic, Inc.). The rate

of seriously delinquent home loans and REO properties in the metropolitan area was higher than the 4.5-percent rate for the state of Pennsylvania and the 4.0-percent rate for the nation.

During the 12 months ending June 2020—

- Existing home sales—including single-family homes, townhomes, and condominiums—totaled 6,950, down 12 percent from the 7,900 homes sold during the 12 months ending June 2019 (CoreLogic, Inc., with adjustments by the analyst).

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Since 2018, the average sales price of a new home in the Scranton metropolitan area has fluctuated, whereas the average sales price of existing homes has increased.



Note: New and existing home sales prices include single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

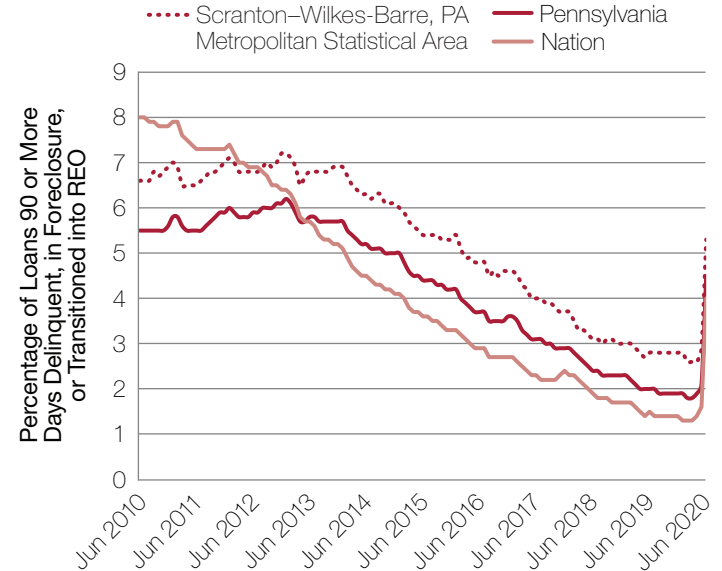
- The average sales price of existing homes was \$123,200, an increase of 2 percent from \$120,400 during the previous 12-month period; the average sales price during the most recent period was approximately 39 percent below the state average. Existing home sales prices have increased by an average of 2 percent annually since 2015.
- The number of new homes sold—including single-family homes, townhomes, and condominiums—totaled 110 homes, up 10 percent from the 100 homes sold during the previous 12 months.
- The average sales price for new homes was \$247,100, a 10-percent increase from \$224,700 a year earlier. Changes in the average price for new home sales in the Scranton metropolitan area can fluctuate significantly because of the small number of home sales. Since 2015, the price for a new home has increased by an average of 2 percent annually.

Since 2014, single-family homebuilding—as measured by the number of homes permitted—has declined, mostly because of weak economic conditions and population decline.

- During the 12 months ending June 2020, 420 single-family homes were permitted—down approximately 9 percent from a year earlier (preliminary data, with estimates by the analyst).

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Since 2013, the percentage of seriously delinquent home loans and REO properties in the Scranton metropolitan area has been higher than the state and national rates.



REO = real estate owned.  
Source: CoreLogic, Inc.

During the past year, new home sales increased in the Scranton metropolitan area and existing home sales generally declined.



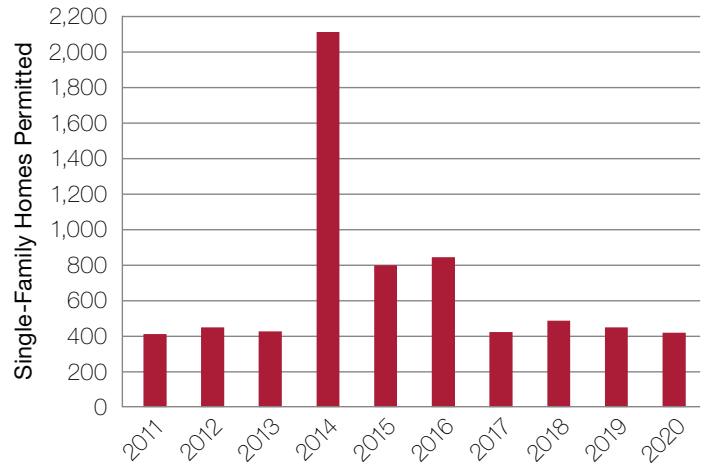
Note: New and existing home sales prices include single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst



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- Since 2017, single-family building activity has remained low, averaging 450 homes a year. By comparison, from 2014 through 2016, an average of 1,250 units was permitted each year.
- In Lackawanna County, an average of 1,025 single-family homes were permitted annually from 2014 through 2016, accounting for 81 percent of single-family homes permitted in the metropolitan area. Since 2017, single-family home permitting in Lackawanna County has fallen to 180 units each year—40 percent of single-family homes permitted in the metropolitan area.

Since a high in 2014, single-family homebuilding in the Scranton metropolitan area has declined.



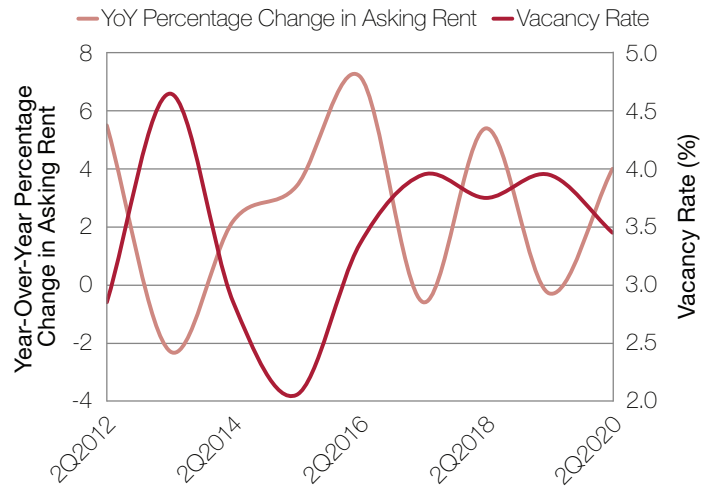
Note: Includes preliminary data from January 2020 through June 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

## Rental Market Conditions

Rental market conditions in the Scranton metropolitan area are currently soft, with an overall vacancy rate of 8.2 percent—up from 8.0 percent in April 2010. Since 2010, the rental market has been soft due to weak economic conditions and continued population decline. The overall rental market includes single-family homes, mobile homes, and multifamily structures with two or more units.

- In 2018, approximately 43 percent of all renter households in the Scranton metropolitan area lived in single-family homes; that rate was above the national average of 34 percent (ACS, 1-year data).
- Despite the softness of the overall rental market, the apartment market is tight because of limited multifamily construction activity. During the second quarter of 2020, the apartment vacancy rate was 3.4 percent—down from 3.9 percent a year earlier (RealPage, Inc.). The vacancy rate is below the national average of 4.7 percent and is the lowest second-quarter vacancy rate in the Scranton metropolitan area since 2016.
- The average apartment rent in the metropolitan area during the second quarter of 2020 was \$1,196—an increase of 4 percent from the average of \$1,150 during the second quarter of 2019. The average effective rent in the Scranton metropolitan area is 5 percent lower than in the RealPage, Inc.-defined Allentown-Bethlehem-Easton market area, where rents averaged \$1,254 and are 16 percent lower than the national average of \$1,416.

Since 2012, rents in the Scranton metropolitan area have grown an average of less than 3 percent annually, and the vacancy rate has remained below 5 percent.



2Q = second quarter. YoY = year-over-year. Source: Axiometrics, Inc.

Multifamily building activity, as measured by the number of units permitted, has been limited due to the annual decline in population and the numerous brownfields impeding development because of the once-thriving coal-mining industry.

- During the 12 months ending June 2020, approximately 70 multifamily units were permitted—unchanged from the previous year (preliminary data, with adjustments by the analyst).

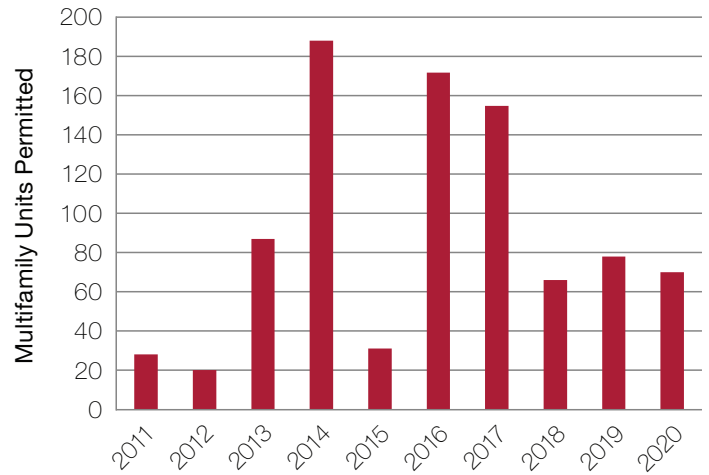
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- An average of 120 multifamily units was permitted annually from 2013 through 2018. During that period, multifamily permitting ranged from a low of 30 units permitted in 2015 to a high of 190 units permitted in 2014.
- Approximately 55 percent of the multifamily units permitted in the metropolitan area since 2013 were in Luzerne County, where an average of 60 units was permitted annually.
- Renovations are currently underway at the former Lackawanna County administration building in downtown Scranton. Upon expected completion during the next year, the mixed-use six-story development will include 65 apartment units, with retail space on the first floor.
- In downtown Hazleton, in Luzerne County, renovations are underway at the Altamont Hotel, which was built in 1930. On completion, which is expected to be in 2022, the 10-story hotel will have been converted to 60 apartment units and will include retail space and a catering hall.

Multifamily permitting in the Scranton metropolitan area has been volatile, with current permitting levels below the recent high during 2014.



Note: Includes preliminary data from January 2020 through June 2020.  
 Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

