

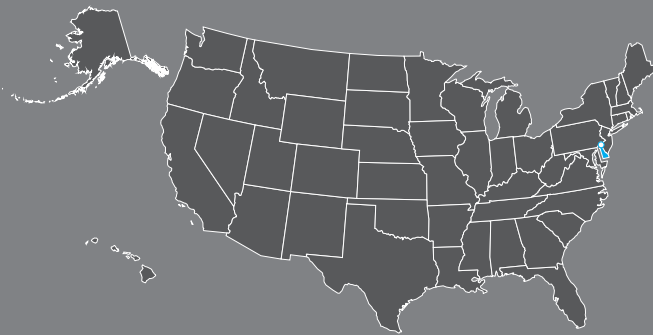
HUD PD&R Housing Market Profiles

Wilmington, Delaware-Maryland-New Jersey



Quick Facts About Wilmington

- Current sales market conditions: slightly soft.
- Current apartment market conditions: balanced.
- In February 2014, the University of Delaware will open the first educational building at its new Science, Technology, and Advanced Research (STAR) Campus. Formerly an automobile assembly plant that closed in 2008, the campus is intended to provide a setting for research partnerships in environmental sustainability, health sciences, and national defense.



By Benjamin B. Houck | As of December 1, 2013

Overview

The Wilmington metropolitan area, in the southernmost portion of the greater Philadelphia metropolitan area, consists of New Castle County, Delaware; Cecil County, Maryland; and Salem County, New Jersey. The metropolitan area is recognized nationally as a center for banking and financial services and experienced a recent resurgence in manufacturing.

- The estimated population of the metropolitan area is 717,700, an increase of 3,275, or 0.5 percent, a year since April 2010. Net natural change (resident births minus resident deaths) averaged 2,850 people a year and accounted for approximately 85 percent of the population growth during this period.
- Population growth since April 2010 was less than the average yearly gain of 3,700 people, or 0.5 percent, from July 2006 to April 2010, when net natural change averaged 3,650 people a year.
- More than 95 percent of the population growth from April 2010 to July 2012 occurred in New Castle County, which accounts for 75 percent of the population of the metropolitan area.



Total nonfarm payrolls in the Wilmington area expanded, with net gains in both goods-producing and service-providing sectors.

	3 Months Ending		Year-Over-Year Change	
	November 2012 (thousands)	November 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	336.8	339.9	3.1	0.9
Goods-producing sectors	34.1	34.2	0.1	0.3
Mining, logging, and construction	15.4	14.8	-0.6	-3.9
Manufacturing	18.7	19.5	0.8	4.3
Service-providing sectors	302.7	305.7	3.0	1.0
Wholesale and retail trade	46.0	45.7	-0.3	-0.7
Transportation and utilities	14.7	15.4	0.7	4.8
Information	4.6	4.6	0.0	0.0
Financial activities	38.7	39.4	0.7	1.8
Professional and business services	51.5	52.7	1.2	2.3
Education and health services	55.9	56.9	1.0	1.8
Leisure and hospitality	29.6	29.8	0.2	0.7
Other services	15.1	15.3	0.2	1.3
Government	46.5	45.9	-0.6	-1.3
	(percent)	(percent)		
Unemployment rate	7.1	6.5		

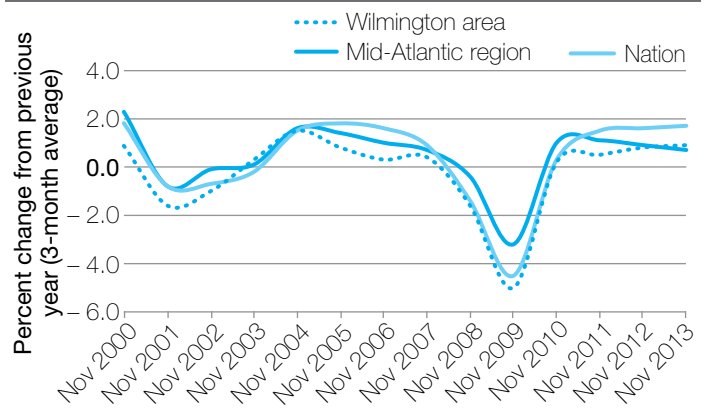
Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Since the end of the local economic recession in 2010, the Wilmington metropolitan area economy has added approximately 8,400 jobs, with the manufacturing and the transportation and utilities sectors accounting for one-third of the job growth.

- During the 3 months ending November 2013, nonfarm payrolls averaged 339,900 jobs, a gain of 3,100 jobs, or 0.9 percent, compared with nonfarm payrolls during the same period a year earlier.
- In October 2013, California-based Bloom Energy opened its first east coast manufacturing facility on the STAR Campus in New Castle County. The facility, which produces boxes that convert natural gas to electricity, employs 80 people and plans to hire 100 additional workers in 2014.
- General Electric Aviation, a manufacturer of advanced aircraft engine components, plans to add 70 employees by 2016 through a \$27 million upgrade of its production and laboratory facility in New Castle County.
- Restoration Hardware, Inc., a California-based distributor of luxury home furnishings, opened a distribution center in Cecil County in late 2012, adding 150 jobs to the transportation and utilities sector.

Economic growth in the Wilmington area steadily accelerated during the past 3 years despite a regional slowdown.



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

Largest employers in the Wilmington area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
E. I. du Pont de Nemours and Company	Manufacturing	9,600
MBNA America Bank, N.A.	Financial activities	8,000
Christiana Care Health System	Education and health services	6,500

Note: Excludes local school districts.
Source: Select Greater Philadelphia



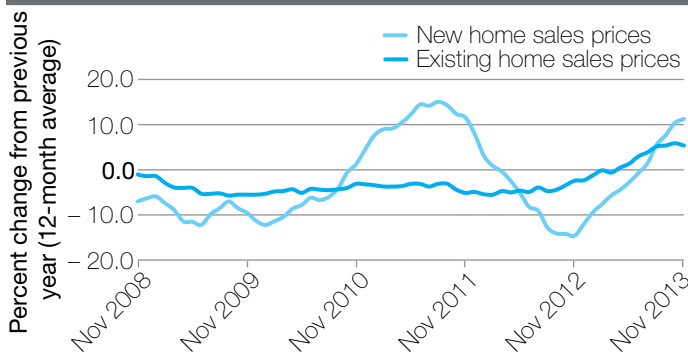
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Sales Market Conditions

The sales housing market in the Wilmington metropolitan area is slightly soft. Increases in home sales and the average sales price indicate improving market conditions, although the inventory of homes for sale remains elevated in areas with less sales activity. During the 12 months ending November 2013, 6,675 new and existing single-family homes, townhomes, and condominiums sold in the Wilmington metropolitan area, up 5 percent compared with the number sold during the previous 12 months. The current sales volume is 5 percent higher than the average number of homes sold each year from 2008 through 2010 but is down 40 percent compared with the average number of homes sold during 2006 and 2007.

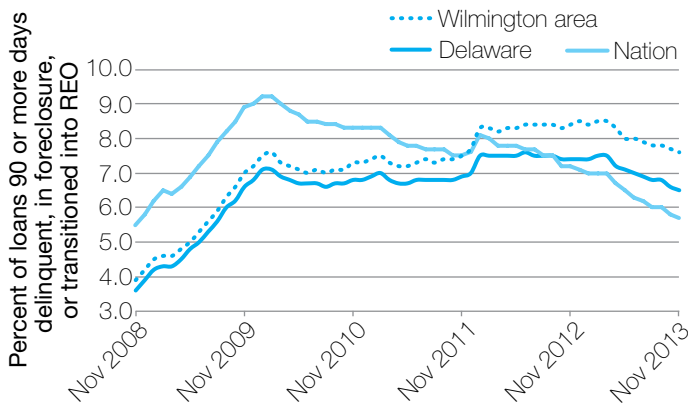
- During the 12 months ending November 2013, 5,625 existing homes sold, a 2-percent increase compared with sales during

After reaching an 8-year low in late 2012, new and existing home sales prices in the Wilmington area increased during the past year.



Notes: Includes single-family homes, townhomes, and condominiums. Excludes sales of foreclosed homes.
Source: Metrostudy, A Hanley Wood Company

The delinquency rate in the Wilmington area declined, but not as rapidly as the rates for Delaware and the United States.



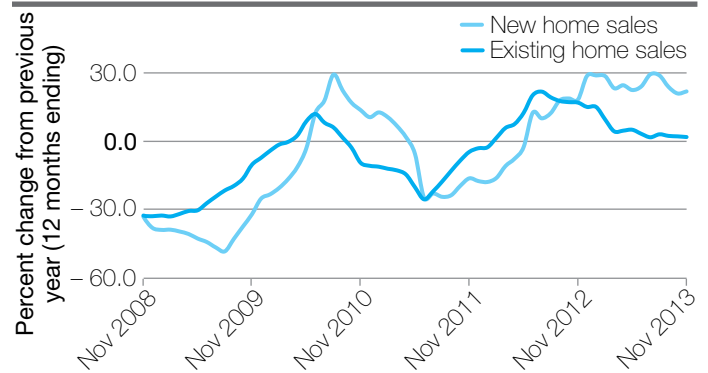
REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

the previous 12 months. The average existing home sales price increased 5 percent, to \$216,400 (Metrostudy, A Hanley Wood Company).

- During this same period, 1,050 new homes sold, up 22 percent compared with the number sold during the previous year. The average new home sales price rose 11 percent, to \$342,900 (Metrostudy, A Hanley Wood Company).
- The inventory of homes for sale totaled 3,700 as of November 2013, unchanged from November 2012. The inventory of unsold homes varied widely, however, from approximately a 5-month supply in New Castle County, to 11- and 18-month supplies in Cecil and Salem Counties, respectively (MRIS; TREND).
- As of November 2013, 7.6 percent of home loans in the Wilmington metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 8.4 percent a year earlier (Black Knight Financial Services, Inc.).

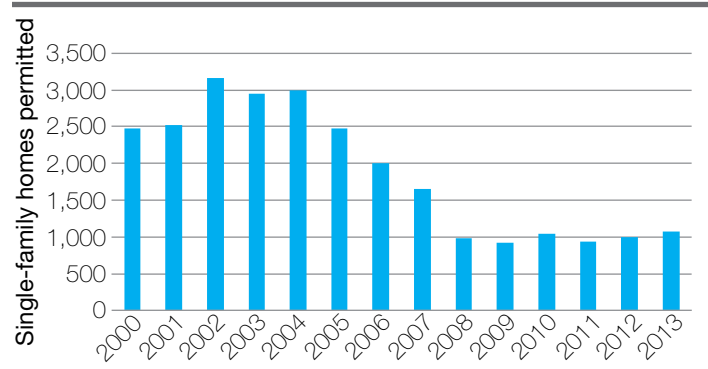
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New home sales in the Wilmington area rose 22 percent as builders offered incentives to encourage purchases.



Notes: Includes single-family homes, townhomes, and condominiums. Excludes sales of foreclosed homes.
Source: Metrostudy, A Hanley Wood Company

Homebuilding activity in the Wilmington area remained significantly less than during the mid-2000s but has increased since 2011.



Note: Includes preliminary data from January 2013 through November 2013.
Source: U.S. Census Bureau, Building Permits Survey



Single-family building activity, as measured by the number of single-family homes permitted, increased during the past 2 years but remains well below the level of activity recorded in the mid-2000s.

- During the 12 months ending November 2013, permits were issued for 1,175 single-family homes, up 12 percent from the previous 12 months (preliminary data), in part, because several new communities recently opened in New Castle County.
- From 2008 through 2012, permits were issued for an average of 980 homes each year, a decline of 40 percent from the average of 2,425 homes permitted annually from 2003 through 2007.

- New Castle County accounts for approximately two-thirds of homebuilding activity in the metropolitan area. Developments under construction in New Castle County include Four Seasons at Silver Maple, an active adult community with plans for 300 single-family homes. Prices for the approximately 80 new homes built since the community opened in 2012 average \$323,300 (Metrostudy, A Hanley Wood Company).

Apartment Market Conditions

The apartment market in the Wilmington metropolitan area is balanced. During the past year, rent concessions decreased and the vacancy rate was nearly unchanged. Annual rent growth moderated because of a significant increase in apartment units started in 2012.

During the third quarter of 2013—

- The apartment vacancy rate was 4.9 percent, up slightly from 4.6 percent during the third quarter of 2012 (MPF Research).
- The average effective rent was \$1,000, up 1.1 percent compared with the average a year earlier; by comparison, the average effective rent increased 2.5 percent during the third quarter of 2012 (MPF Research).
- The average rent concession decreased to 5.6 percent from 8.5 percent, or approximately 1 month of free rent, during the third quarter of 2012 (MPF Research).
- The University of Delaware, in New Castle County, enrolled 17,725 undergraduates as of October 2013, an increase of 240 students,

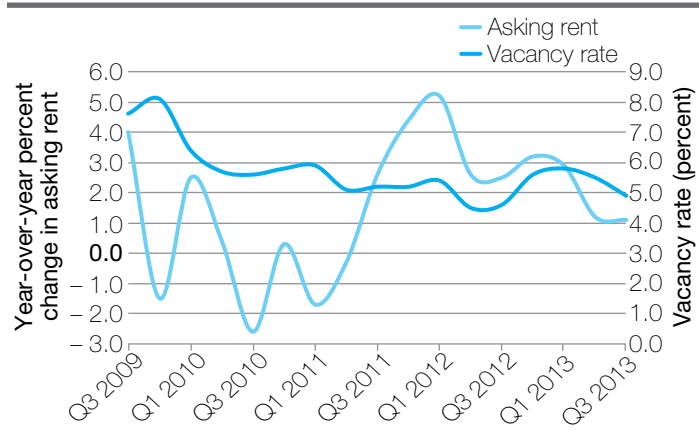
or 1 percent, from a year earlier. The 56 percent of undergraduates who live off campus or commute are a stable source of rental demand. The number of off-campus renters may decline, however, with the addition of Louis Redding and Eliphalet Gilbert Halls, freshmen dormitories with 770 total beds completed in August 2013, and an additional 750 beds planned for completion by 2017.

Multifamily construction activity peaked at 980 units permitted in 2012 after 3 years of minimal production. The number of units permitted during the 12 months ending November 2013 was closer to the average annual volume of units permitted during much of the 2000s.

- During the 12 months ending November 2013, 640 multifamily units were permitted in the Wilmington metropolitan area, a 32-percent increase compared with the number permitted during the previous 12 months (preliminary data).
- From 2000 through 2008, construction activity averaged nearly 500 multifamily units permitted a year.

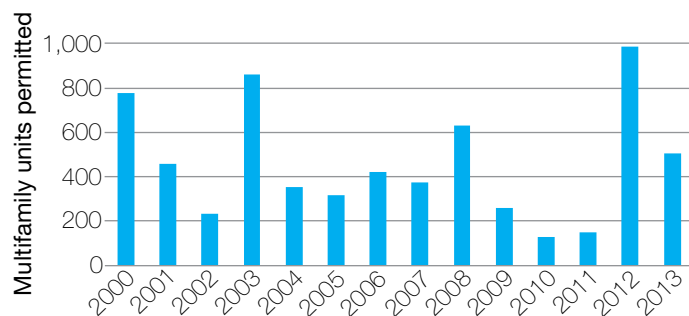
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The apartment market in the Wilmington area improved in the past 2 years, with rents increasing and vacancy rates ranging from 4 to 6 percent.



Source: Reis, Inc.

Apartment construction in the Wilmington area surged in 2012, to nearly 1,000 units, more than in any year since the late 1980s.



Note: Includes preliminary data from January 2013 through November 2013.
Source: U.S. Census Bureau, Building Permits Survey



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- Approximately one-half of the 240 units at The Reserve at Becks Pond in New Castle County have been completed since the project broke ground in 2012. Rents for the one-, two-, and three-bedroom apartments start at \$1,125, \$1,275, and \$1,500, respectively.
- The construction of 220 garden apartments at Meridian Crossing, in New Castle County, is expected to be complete by July 2014. Rents for the one-, two-, and three-bedroom apartments start at \$1,150, \$1,350, and \$1,525, respectively.
- The construction of 332 apartments at Charlestown Crossing, in Cecil County, is expected to be complete in April 2014. Rents for one-, two-, and three-bedroom apartments, which are anticipated to attract new military and civilian workers at Aberdeen Proving Ground in nearby Harford County, Maryland, start at \$920, \$1,025, and \$1,275, respectively.

