

Housing Market Profile

Mid-Atlantic • HUD Region III



Baltimore-Towson, Maryland

Located in central Maryland along the Chesapeake Bay, the Baltimore-Towson metropolitan area comprises Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's Counties and the city of Baltimore. As of October 1, 2011, the population of the metropolitan area was estimated at 2.7 million, accounting for nearly one-half of the population in Maryland. During the 12 months ending September 2011, population growth in the metropolitan area totaled 15,300 people, or 0.5 percent, an improvement from the average annual increase of 10,000 people, or 0.4 percent, from 2006 through 2009. The recent increase in the rate of population growth resulted from the Department of Defense's Base Closure and Realignment (BRAC) actions that led to an average annual net immigration of nearly 2,000 people during the past 12 months. BRAC activities are expected to lead to a net gain of 680 military personnel at Fort George G. Meade by September 2011 as well as a gain of 6,850 civilian jobs at Fort Meade and the Aberdeen Proving Ground by 2012. Fort Meade is the largest employer in the area, followed by Johns Hopkins University, MedStar Health, and Aberdeen Proving Ground, with 40,400, 31,900, 23,000, and 18,600 employees, respectively.

Economic conditions in the Baltimore-Towson metropolitan area are showing signs of improvement as the pace of job losses has slowed significantly from the initial economic decline during 2009. Nonfarm payrolls decreased by 220 jobs, or 0.4 percent, during the 12 months ending August 2011, significantly less than the 15,900 jobs, or 1.9 percent, lost during the previous 12-month period. The largest reductions during the 12 months ending August 2011 occurred in the financial activities, manufacturing, and logging, mining, and construction sectors, which decreased by 1,800, 1,400, and 1,000 jobs, or 2.5, 2.2, and 1.4 percent, respectively. Offsetting these losses was growth in several other sectors. The professional and business services sector increased by 4,600 jobs, or 2.5 percent, while the education and health services sector, the largest sector of the economy, increased by 2,800 jobs, or 1.2 percent. The 15 independent colleges and universities in the metropolitan area account for more than \$2 billion annually in payrolls and have an annual economic impact of \$6 billion, according to the Maryland Independent

College and University Association. New developments in the education and health services sector are expected to further job growth during the next 2 years. The \$994 million expansion of Johns Hopkins Medical Campus will add 400 jobs by 2012, and the University of Baltimore's \$265 million Health Sciences Facility expansion, slated to start construction in 2012, will add 370 research positions. Further growth is expected as hospitals prepare for increased military personnel from BRAC actions, including the \$31 million expansion of the Baltimore Washington Medical Center, adding 150 jobs, and the \$60 million expansion at Upper Chesapeake Health, adding 80 jobs, by 2012. The leisure and hospitality sector added 1,300 jobs, or 1.1 percent. Approximately 11 million people visit Baltimore each year, resulting in an economic impact of nearly \$3 billion annually, according to the Downtown Baltimore Partnership. The average unemployment rate declined slightly as conditions improved, from 7.9 to 7.6 percent, during the 12 months ending August 2011.

Despite improving economic conditions, the sales housing market in the Baltimore-Towson metropolitan area is slightly soft, with an estimated vacancy rate of 2 percent as of September 1, 2011, a result of tighter mortgage lending standards and economic conditions. During the 12 months ending August 2011, new and existing home sales decreased by 24 percent to 27,500 from 36,300 sold a year earlier, and down 45 percent from the average of 50,100 sold during the comparable periods ending 2006 through 2009, according to Hanley Wood, LLC. During the 12 months ending August 2011, the average home sales price for new and existing homes remained relatively unchanged at \$286,800 but was 8 percent below the average price of \$310,000 recorded during the comparable periods ending 2006 through 2009. Condominium sales accounted for 10 percent of total home sales, with 3,150 condominiums sold during the 12 months ending August 2011, down 25 percent from the 4,200 sold during the 12 months ending August 2010. The average condominium price was \$235,600, an increase of 3 percent from the \$228,300 price recorded during the previous 12 months. According to LPS Applied Analytics, from August 2010 to August 2011, the number of loans that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) remained unchanged at 7.2 percent but was below the 7.7-percent rate for the nation.

Soft sales market conditions resulted in a reduction in home construction activity, as measured by the number of building permits issued for single-family homes.





According to preliminary data, during the 12 months ending August 2011, single-family homebuilding activity totaled 3,500 homes permitted, down 3 percent compared with the number permitted during the 12 months ending August 2010. Single-family home construction averaged 4,000 homes permitted annually from 2007 through 2010. Approximately 50 percent of all single-family home construction in the metropolitan area is concentrated in Anne Arundel County, where Fort Meade is located, and Howard County, both of which border the Washington, D.C. metropolitan area. Prices for new three-bedroom homes in Anne Arundel and Howard Counties start at \$237,000, below the average price of \$409,000 for new homes in the Baltimore-Towson metropolitan area as a whole.

The overall rental housing market, as of September 1, 2011, is balanced, with an estimated vacancy rate of 7.9 percent, a decline from 8.4 percent a year ago. According to Delta Associates, the apartment vacancy rate, including units in leasing, increased from 6.4 to 8.9 percent during the third quarter of 2011 due to the number of units recently completed. Vacancy rates excluding units in leasing declined from 3.7 to 3.4 percent. The average asking rent increased slightly by

1.7 percent to approximately \$1,525. In the city of Baltimore, the vacancy rate was nearly unchanged at 8 percent but rents increased by 5 percent compared with the rental market in the southern suburbs, which reported a 7-percent vacancy rate with a nearly 3-percent increase in rents. According to local data, during the 12 months ending August 2011, apartment construction activity, as measured by the number of units permitted, increased by 39 percent to 2,200 units permitted compared with 1,680 units permitted during the previous year; the number of units is 28 percent above the average of 1,725 units permitted during 2007 through 2009. Approximately 30 percent, or 740 units, of all apartment construction projects are within Anne Arundel County, with the remaining developments being concentrated in the city of Baltimore and Baltimore County. Current construction includes The Lofts at McHenry Row, a 250-unit complex; The Palisades of Arundel, a 250-unit complex; and Village at Odenton Station, a 235-unit complex. Asking rents for newly constructed efficiency, one-bedroom, and two-bedroom apartments in the metropolitan area start at \$1,175, \$1,250, and \$1,475, respectively.