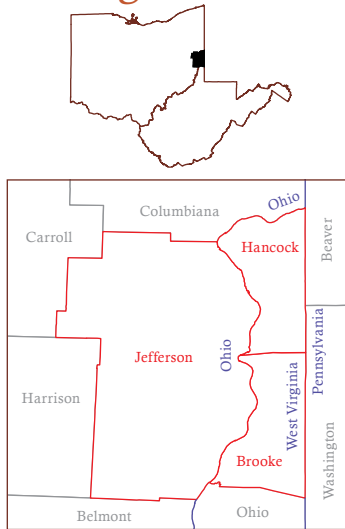




Steubenville-Weirton, Ohio-West Virginia



Housing Market Area



The Steubenville-Weirton Housing Market Area (HMA), which is coterminous with the Steubenville-Weirton, OH-WV Metropolitan Statistical Area, is 40 miles west of Pittsburgh, Pennsylvania. The HMA consists of Jefferson County in Ohio, where the city of Steubenville is the county seat, and Brooke and Hancock Counties in West Virginia. The city of Weirton lies in both Hancock and Brooke Counties. The Marcellus and Utica Shale Formations, which contain oil and natural gas deposits, underlie the HMA.

Market Details

- Economic Conditions 2
- Population and Households 5
- Housing Market Trends 6
- Data Profile 8

Summary

Economy

During the 12 months ending November 2012, average nonfarm payrolls in the Steubenville-Weirton HMA increased by 200 jobs, or 0.5 percent, to 43,800 jobs compared with a decline of 530 jobs, or 1.2 percent, a year ago. The largest employers in the HMA are Trinity Health System, Weirton Medical Center, and ArcelorMittal. During the next 3 years, nonfarm payrolls in the HMA are expected to increase an average of 0.5 percent annually. Job gains are likely to remain strong in the education and health services sector and support sectors related to the development of the Marcellus and Utica Shale Formations.

Sales Market

The sales housing market in the HMA is slightly soft with an estimated vacancy rate of 1.6 percent. During the 12 months ending October 2012, home sales increased to approximately 750, up 16 percent from a year ago, and the average home sales price was relatively unchanged at \$79,750 (Tri-State Multiple Listing Service [MLS]). The HMA currently has an excess supply of vacant available homes that will satisfy all of the demand during the forecast period (Table 1). In addition, a portion of the 4,750 other vacant units in the HMA may reenter the sales market during the forecast period.

Rental Market

The rental housing market in the HMA is currently balanced, with an estimated rental vacancy rate of 4.9 percent compared with the 10.0-percent rate recorded in April 2010. The median gross rent in the HMA was nearly \$550. During the forecast period, the current supply of vacant available units will satisfy all of the demand for rental units in the HMA (2011 American Community Survey [ACS] 1-year estimates; Table 1).

Table 1. Housing Demand in the Steubenville-Weirton HMA, 3-Year Forecast, December 1, 2012, to December 1, 2015

	Steubenville-Weirton HMA	
	Sales Units	Rental Units
Total Demand	0	0
Under Construction	10	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 December 1, 2012. A portion of the estimated 4,750 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

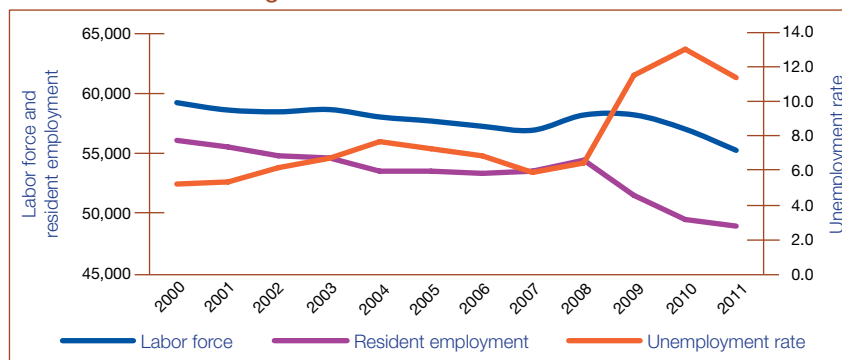
Economic conditions in the Steubenville-Weirton HMA improved during the past year after 3 consecutive years of payroll declines. During the 12 months ending November 2012, nonfarm payrolls increased by 200 jobs, or 0.5 percent, to an average of 43,800 jobs compared with a decline of 530 jobs, or 1.2 percent, during the previous 12-month period. From 2004 through 2006, nonfarm payrolls decreased by an average of 830 jobs, or 1.7 percent, a year. Job losses during the 2004-through-2007 period were concentrated in the primary metals manufacturing industry, which declined by an average of 700 jobs, or 13.2 percent, a year because

of a partial plant closure at Arcelor-Mittal in Weirton. In 2007 and 2008, nonfarm payrolls increased by an average of 700 jobs, or 1.5 percent, annually because of gains in the mining, logging, and construction sector. In 2009 and 2010, the period of the largest payroll declines, nonfarm payrolls declined by an average of 2,400 jobs, or 5.0 percent, a year. The manufacturing sector accounted for 30 percent of total losses during 2009 and 2010; these losses occurred in the primary metals industry because of layoffs at the ArcelorMittal plant in Weirton. During the 12 months ending November 2012, the unemployment rate averaged 10.2 percent, down from an average of 11.6 percent during the previous 12 months. Figure 1 shows trends in resident employment, labor force, and the unemployment rate from 2000 through 2011.

During the 12 months ending November 2012, payrolls in the education and health services sector led job growth with the addition of 400 jobs, an increase of 4.2 percent, from the previous 12 months. Table 2 shows the change in nonfarm payrolls by sector. The education and health services sector is the largest sector in the HMA, accounting for more than 22 percent of nonfarm payrolls (Figure 2), and it is the second fastest growing sector since 2000 (Figure 3). Two of the largest employers in the HMA are providers of health services: Trinity Health System and Weirton Medical Center with 1,750 and 1,100 employees, respectively (Table 3).

The manufacturing sector is the second largest sector in the HMA, accounting for 15 percent of nonfarm payrolls. During the 12 months ending November 2012, payrolls in the manufacturing sector increased by 200 jobs, or 3.1

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Steubenville-Weirton HMA, 2000 Through 2011



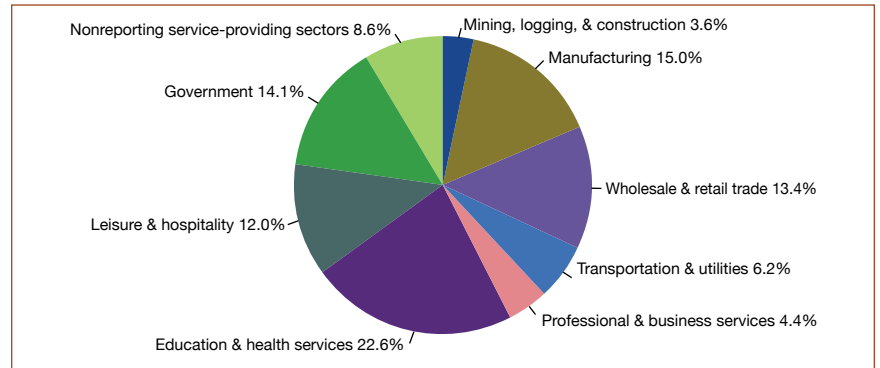
Sources: U.S. Bureau of Labor Statistics

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Steubenville-Weirton HMA, by Sector

	12 Months Ending November 2011	12 Months Ending November 2012	Percent Change
Total nonfarm payroll jobs	43,600	43,800	0.5
Goods-producing sectors	8,000	8,100	1.3
Mining, logging, & construction	1,600	1,600	0.0
Manufacturing	6,400	6,600	3.1
Service-providing sectors	35,500	35,600	0.3
Wholesale & retail trade	6,000	5,900	-1.7
Transportation & utilities	2,700	2,700	0.0
Professional & business services	1,900	1,900	0.0
Education & health services	9,500	9,900	4.2
Leisure & hospitality	5,100	5,300	3.9
Government	6,300	6,200	-1.6
Nonreporting service-providing sectors	4,100	3,800	-7.3

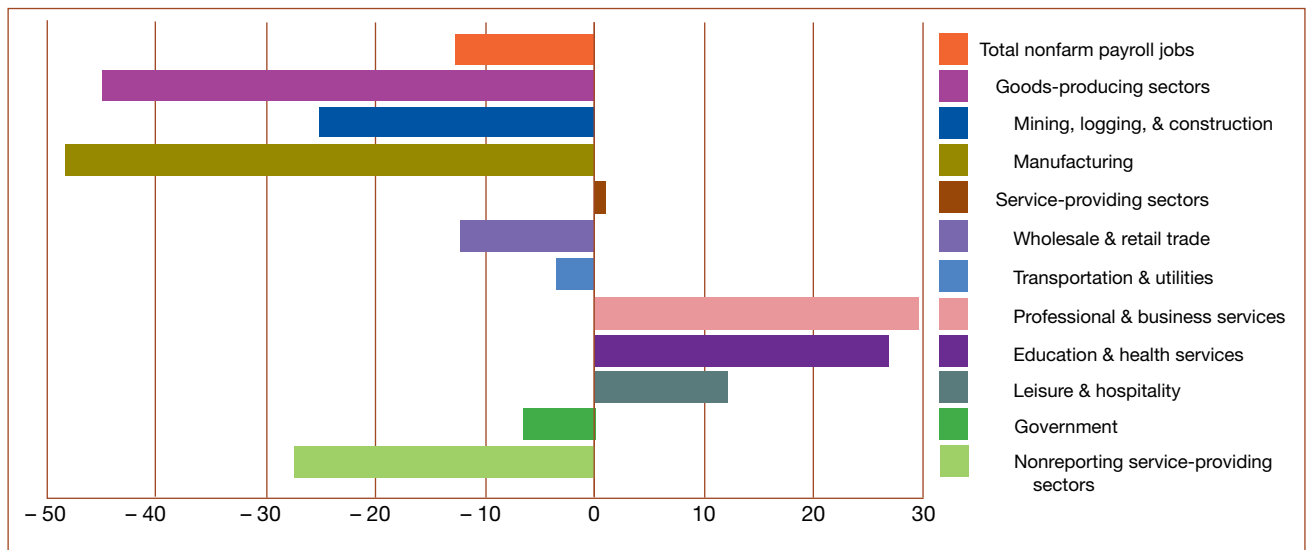
Notes: Based on 12-month averages through November 2011 and November 2012. Numbers may not add to totals because of rounding.

Sources: U.S. Bureau of Labor Statistics; estimates by analyst

Figure 2. Current Nonfarm Payroll Jobs in the Steubenville-Weirton HMA, by Sector

Note: Based on 12-month averages through November 2012.

Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Steubenville-Weirton HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through November 2012.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Steubenville-Weirton HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Trinity Health System	Education & health services	1,750
ArcelorMittal	Manufacturing	1,100
Weirton Medical Center	Education & health services	1,100
The Homer Laughlin China Co.	Manufacturing	830
Wal-Mart Stores, Inc.	Wholesale & retail trade	760
Timet Corporation	Manufacturing	750
Jefferson County	Government	700
Mountaineer Casino Racetrack & Resort	Leisure & hospitality	600
First Energy Corp.	Transportation & utilities	500
Marsh Bellofram	Manufacturing	500

Note: Excludes local school districts.

Sources: Progress Alliance; Business Development Corporation of the Northern Panhandle

percent, compared with an increase of 130 jobs, or 2.0 percent, during the previous 12 months. Employment in the manufacturing sector is down 48 percent from the peak employment level recorded since 2000. During the 12 months ending November 2012, payrolls in the retail trade subsector increased by 100 jobs, or 2.0 percent, from the previous 12 months. This increase is likely because of the growth in the number of temporary oil and gas workers in the HMA related to the development of the Utica Shale Formation.

Payrolls in the mining, logging, and construction sector were relatively unchanged at 1,600 jobs during the 12 months ending November 2012. It is unlikely, however, that the number of temporary oil and gas workers associated with developing the Utica Shale in the HMA would be included in the sector total because of the transient nature of these jobs. Furthermore, determining where the jobs are reported is difficult because direct employers and the employer of record are likely to be located outside of the HMA. During the 12 months ending November 2012, approximately 20 new Utica Shale wells were permitted in the HMA, up nearly 50 percent from a year ago. During the same period, an average of approximately three drilling rigs was in operation each month compared with an average of one rig in operation each month a year ago. An estimated 20 to 30 crewmembers operate each rig, and equipment and drilling support services require additional personnel. In response to the development of the Utica and Marcellus Shale Formations, several businesses recently established operations in the HMA, including Hess Corporation, which opened an office in Steubenville. Houston-based Express Energy Services expects to add nearly 100 employees in the HMA in the next several months. Another Houston-based oil and gas industrial company, Power Torque Services, LLC, currently employs approximately 10 workers in the HMA and they expect to double their payroll over the next several months. Heavy

Duty Industrial Services, which provides oil and gas drilling support services, created more than 70 jobs after establishing operations in the HMA in the spring of 2012 and is expected to add 30 more jobs by the end of 2012.

Offsetting payroll growth in the aforementioned sectors, payrolls in the nonreporting sectors, which include the information, financial activities, and other services sectors, decreased by 300 jobs, or 7.3 percent, during the 12 months ending November 2012. In addition, payrolls in the local government subsector declined by 100 jobs, or 1.7 percent, and accounted for the entire payroll decline in the government sector, the third largest sector in the HMA, as a result of recent budget cuts.

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 0.5 percent a year. Job growth is expected to remain slow during the first year of the forecast period; the second and third years of the forecast period are expected to account for nearly 85 percent of total nonfarm payroll growth during the next 3 years. In addition to the companies that already plan to expand their operations in the Utica and Marcellus Shale Formations, additional businesses are looking to establish operations in the HMA tied to the development of the shale formations that would add jobs in the construction subsector and the transportation and utilities sector (local sources).

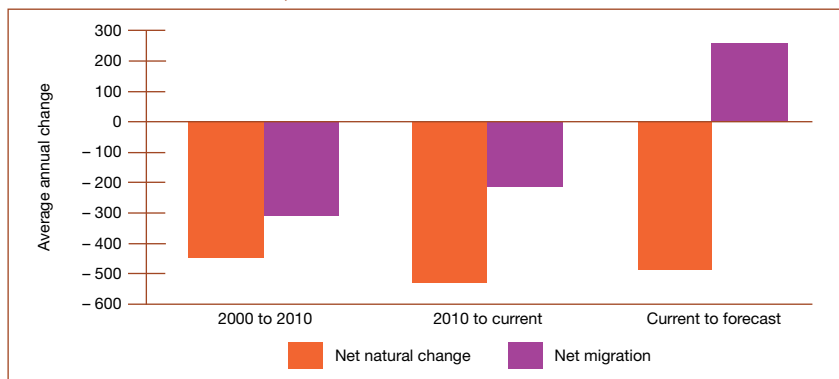
Population and Households

As of December 1, 2012, the population of the Steubenville-Weirton HMA was estimated at 122,500, an average annual decrease of 730, or 0.6 percent, since April 1, 2010 (Table DP-1 at the end of this report). The decline is related to weak economic conditions. The current rate of decline is faster than the average annual decrease of 520, or 0.4 percent, from 2007 to 2010. From 2004 to 2007, the period of the largest job losses, the population in the HMA decreased by an average of 940, or 0.7 percent, a year. Out-migration accounted for roughly one-half of the decline during the 2004-through-2007 period compared with the decade average of approximately 64 percent (Figure 4). During 2009 and 2010, approximately

7 percent of the out-migration from the HMA went to Allegheny County (Pittsburgh), Pennsylvania, and approximately 6 percent went to Columbiana County (Youngstown), Ohio, for employment opportunities (Internal Revenue Service). Since 2010, net out-migration has averaged 210 people a year compared with net out-migration of approximately 50 people a year from 2007 to 2010. Net natural decline (resident births minus resident deaths) has accounted for 71 percent of the population decrease since 2010, averaging 520 people a year compared with an average annual net natural decline of 460 people from 2007 to 2010. The population is expected to decrease by 230, or 0.2 percent, annually during the 3-year forecast period (Figure 5) and total 121,800 by December 2015. The decline in population is expected to slow because of in-migration related to the ancillary and support jobs involved in developing the Utica and Marcellus Shale Formations.

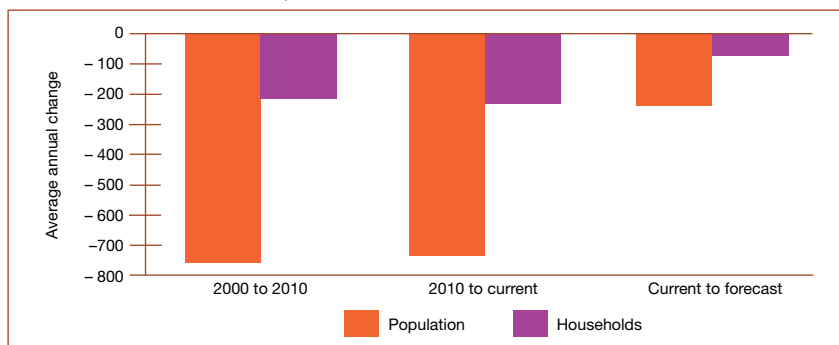
An estimated 51,850 households currently reside in the HMA. Since 2010, the number of households in the HMA declined by an average of 220, or 0.4 percent, a year compared with an average annual decrease of 210, or 0.4 percent, during the 2000s. Approximately 37,000, or 71 percent, are owner households, and the remaining 14,850 are renter households (Figure 6). Since 2010, the number of renter households has increased an average of nearly 1.9 percent annually, and the number of owner households has decreased an average of approximately 1.3 percent annually. The number of households in the HMA is expected to decrease to approximately 51,650, declining by 65 households, or 0.1 percent, annually during the next 3 years.

Figure 4. Components of Population Change in the Steubenville-Weirton HMA, 2000 to Forecast

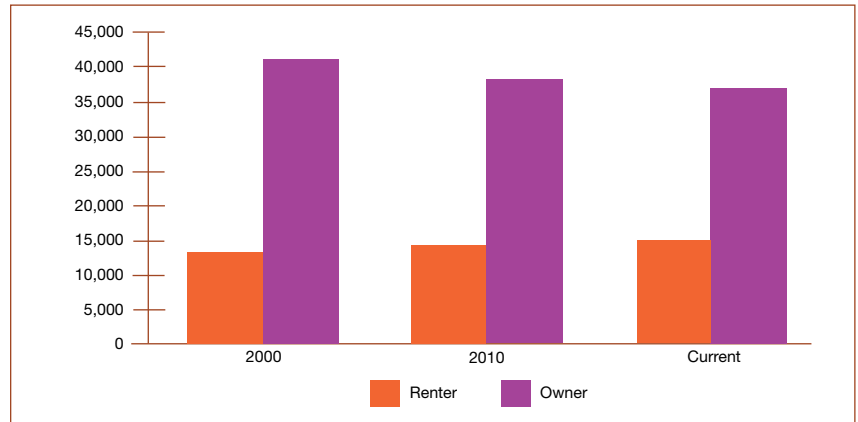


Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Steubenville-Weirton HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Steubenville-Weirton HMA, 2000 to Current

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

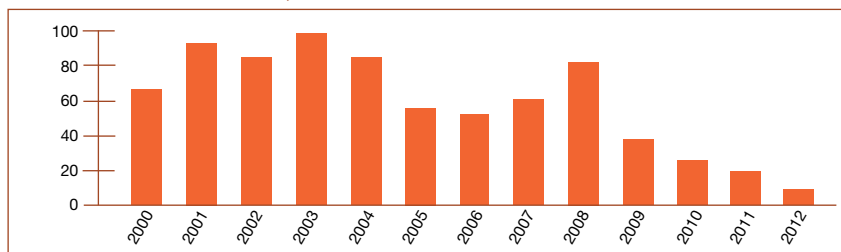
Housing Market Trends

Sales Market

The sales housing market in the Steubenville-Weirton HMA is currently slightly soft, with a 1.6-percent estimated sales vacancy rate, down from the 2.0-percent rate recorded in April 2010. The decline in the vacancy rate is a result of low levels of new home construction. During the 12 months ending October 2012, approximately 750 new and existing homes were sold in the HMA, up 16 percent from the previous 12 months (Tri-State MLS). The average sales price was unchanged from the previous 12-month period at approximately \$79,750. From

2008 through 2010, an average of 650 new and existing homes was sold annually, at an average sales price of \$74,300. As of October 2012, 8.4 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), relatively unchanged from a year earlier but higher than the 7.2-percent national rate (LPS Applied Analytics).

New home construction activity, as measured by the number of single-family homes permitted, is well below the average level of building activity recorded during the past decade (Figure 7). Approximately 10 homes were permitted during the 12 months ending September 2012, unchanged from the previous 12 months (preliminary data). Single-family construction averaged approximately 50 homes a year from 2007 through 2010. The 28-home Mission Pointe in Country Club Hills, a condominium subdivision

Figure 7. Single-Family Building Permits Issued in the Steubenville-Weirton HMA, 2000 to 2012

Notes: Includes townhomes. Includes data through November 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

currently under construction in Jefferson County, includes two- and three-bedroom attached homes starting at \$199,900 and \$204,900, respectively. Approximately six lots are available.

The HMA currently has an excess supply of vacant available homes that will satisfy all of the demand during

the forecast period. In addition, a portion of the 4,750 other vacant units in the HMA may reenter the sales market at some time during the forecast period. Any additional home construction during the next 3 years is likely to lead to continued soft sales market conditions (Table 1).

Rental Market

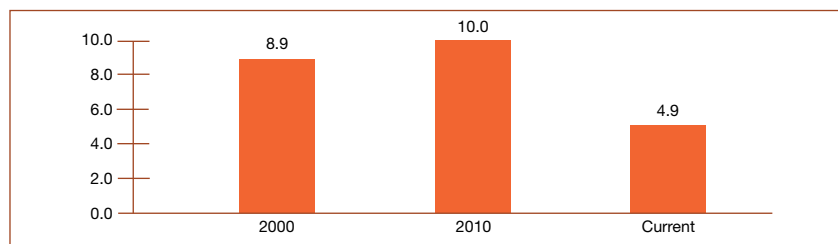
The rental housing market in the Steubenville-Weirton HMA currently is balanced, but has improved significantly since 2010. The overall rental vacancy rate is estimated at 4.9 percent, down from 10.0 percent in April 2010 (Figure 8) because of an increase in temporary oil and gas workers in the HMA and limited multifamily building activity. Local sources indicate that many temporary oil and gas workers are occupying hotels, motels, and other temporary residences. Vacancy data on apartment rentals in the HMA

are not available. Current average apartment rents are estimated at \$450, \$540, and \$560 for one-, two-, and three-bedroom units, respectively (local sources).

No multifamily building activity, as measured by the number of multifamily units permitted, occurred in the HMA during the past 5 years. From 2000 through 2004, multifamily permitting averaged approximately 80 units annually before declining to an average of 25 units annually from 2005 through 2007. Since 2008, no multifamily units have been permitted (Figure 9). Local sources indicate that apartments compete with single-family homes for prospective renters. Approximately 50 percent of the rental market is single-family detached and attached homes (2011 ACS 1-year estimates), up from approximately 42 percent a year earlier (2010 ACS 1-year estimates). A three-bedroom home rents for approximately \$850 a month (local sources). No multifamily projects are currently in the pipeline.

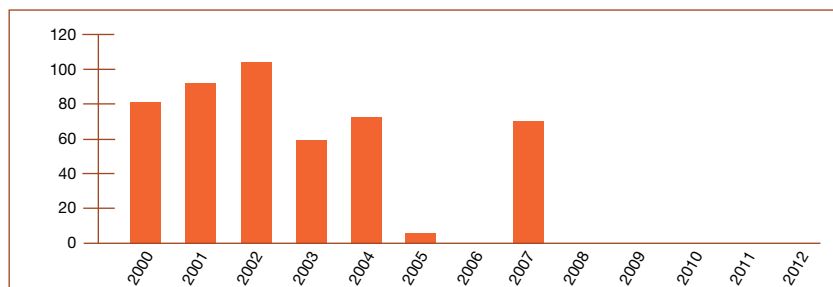
The HMA currently has an excess supply of vacant available rental units. To achieve balanced rental market conditions, the excess vacant inventory needs to be absorbed. As a result, no additional rental units should be constructed during the 3-year forecast period (Table 1).

Figure 8. Rental Vacancy Rates in the Steubenville-Weirton HMA, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Steubenville-Weirton HMA, 2000 to 2012



Notes: Excludes townhomes. Includes data through November 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Data Profile

Table DP-1. Steubenville-Weirton HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	56,166	49,571	49,350	- 1.2	- 0.2
Unemployment rate	5.2%	13.1%	10.2%		
Nonfarm payroll jobs	50,100	44,100	43,750	- 1.3	- 0.4
Total population	132,008	124,454	122,500	- 0.6	- 0.6
Total households	54,491	52,426	51,850	- 0.4	- 0.4
Owner households	41,126	38,300	37,000	- 0.7	- 1.3
Percent owner	75.5%	73.1%	71.4%		
Renter households	13,365	14,126	14,850	0.6	1.9
Percent renter	24.5%	26.9%	28.6%		
Total housing units	59,169	58,334	57,950	- 0.1	- 0.2
Owner vacancy rate	1.5%	2.0%	1.6%		
Rental vacancy rate	8.9%	10.0%	4.9%		
Median Family Income	NA	\$46,884	\$50,451	NA	3.7

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through November 2012. Median Family Incomes are for 1999, 2009, and 2010.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 12/1/2012—Analyst’s estimates
Forecast period: 12/1/2012–12/1/2015—
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 the U.S. Department of Housing and Urban Development’s (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; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_Steubenville-WeirtonOH-WV_13.pdf.

Contact Information

Timothy D. McNally, Economist
Philadelphia HUD Regional Office
215-430-6677
timothy.d.mcnally@hud.gov

This analysis has been prepared for the assistance and guidance of 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.