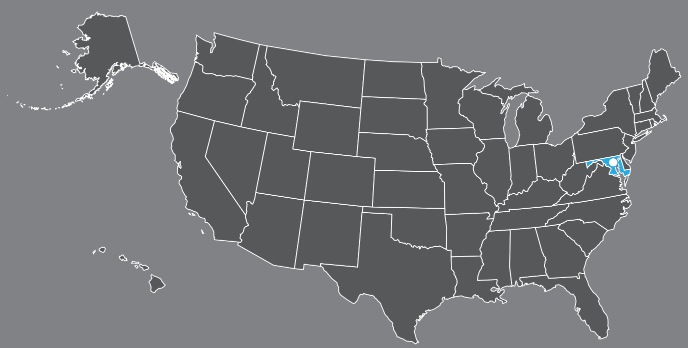
HUD PD&R Housing Market Profiles

Baltimore-Columbia-Towson, Maryland

Baltimore, Maryland

Quick Facts About Baltimore-Columbia-Towson

- **Current sales market conditions: slightly tight**
- **Current apartment market conditions: slightly tight**
- **The metropolitan area is home to two military bases—Fort George G. Meade and Aberdeen Proving Ground, the first and fifth largest employers in the area, with 54,000 and 21,000 employees, respectively. From 2009 through 2013, combined employment at those bases rose by approximately 23,600 employees because of activities related to the 2005 Base Realignment and Closure.**



By Joseph Shinn | As of January 1, 2021

Overview

The Baltimore-Columbia-Towson (hereafter, Baltimore) metropolitan area is made up of the independent city of Baltimore and the counties of Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's in Maryland. The metropolitan area is located along the Interstate 95 corridor and is between the Philadelphia and the Washington-Arlington-Alexandria metropolitan areas. During the fourth quarter of 2020, nonfarm payrolls declined significantly in the Baltimore metropolitan area; however, overall losses were partly offset by gains in the mining, logging, and construction sector—the only nonfarm payroll sector to add jobs.

- As of January 1, 2021, the estimated population of the Baltimore metropolitan area was 2.80 million, representing an average increase of 1,925, or 0.1 percent, annually since 2015. By comparison, from 2010 to 2015, the population increased by an average of 15,150, or 0.6 percent, annually (U.S. Census Bureau decennial census count and population estimates as of July 1).
- The slowdown in population growth since 2015 was due to strong net out-migration that averaged 4,375 people annually, compared with net in-migration from 2010

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to 2015 that averaged 4,500 people annually. Net out-migration in recent years was largely attributed to job losses during the past year and slow job growth during the previous 4 years.

- In the city of Baltimore, the estimated population was 585,800 as of January 1, 2021, representing an average decline of 6,675, or 1.1 percent, annually since 2015, compared with an average increase of 300, or less than 0.1 percent, annually from 2010 to 2015. The population decrease since 2015 was due to strong net out-migration, which has averaged 7,600 people annually—up significantly from the average annual net out-migration of 2,400 people from 2010 to 2015.
- The population decline in the city of Baltimore since 2015 was especially notable among young professionals. From 2015 to 2019, the population aged 20 to 34 years declined by an average of 3,550, or 2.2 percent, annually, compared with an average increase of 940, or 0.6 percent, annually from 2010 to 2015 (American Community Survey 1-year data). Before 2015, young professionals were moving into the city, especially into the downtown and Inner Harbor areas, offsetting some of the overall net out-migration during that period.

Economic Conditions

As a result of the restrictions put in place in early March 2020 to slow the spread of COVID-19, nonfarm payrolls in the Baltimore metropolitan area declined significantly during the past year after gains during the previous 10 years. As of December 2020, the level of payrolls in the Baltimore metropolitan area was approximately 46,000 jobs—approximately 3.2 percent below the February 2020 level, before the impact of the COVID-19 global pandemic (not seasonally adjusted). The nonfarm payroll sectors that were most affected were those that were heavily reliant on tourism and those that depended on in-person interactions that were not able to easily adhere to the social distancing guidelines.

During the fourth quarter of 2020—

- Nonfarm payrolls in the metropolitan area averaged nearly 1.37 million, representing a decline of 72,800 jobs, or 5.1 percent, compared with the fourth quarter of 2019. By comparison, nonfarm payrolls were up by an average of 16,400 jobs, or 1.2 percent, annually, every fourth quarter from 2010 through 2019.
- The largest job decline occurred in the leisure and hospitality sector, which decreased by 23,800 jobs, or 17.4 percent. Net losses were primarily concentrated in the accommodation and food services industry, which was down by 23,900 jobs, or 21.0 percent; decreases in the industry were largely attributed to statewide restrictions limiting or preventing restaurants and bars from offering indoor dining.
- Additional decreases were in the government and the education and health services sectors, which were down by

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Nonfarm payrolls declined in 10 of 11 sectors in the Baltimore metropolitan area during the fourth quarter of 2020.

	3 Months Ending		Year-Over-Year Change	
	December 2019 (Thousands)	December 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,440.6	1,367.8	-72.8	-5.1
Goods-Producing Sectors	142.3	146.5	4.2	3.0
Mining, Logging, & Construction	83.0	87.4	4.4	5.3
Manufacturing	59.3	59.1	-0.2	-0.3
Service-Providing Sectors	1,298.2	1,221.3	-76.9	-5.9
Wholesale & Retail Trade	190.5	187.0	-3.5	-1.8
Transportation & Utilities	64.1	61.5	-2.6	-4.1
Information	17.2	14.7	-2.5	-14.5
Financial Activities	78.6	76.2	-2.4	-3.1
Professional & Business Services	252.5	244.4	-8.1	-3.2
Education & Health Services	280.2	267.2	-13.0	-4.6
Leisure & Hospitality	137.0	113.2	-23.8	-17.4
Other Services	51.3	49.7	-1.6	-3.1
Government	226.8	207.4	-19.4	-8.6
Unemployment Rate	3.2%	6.3%		

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

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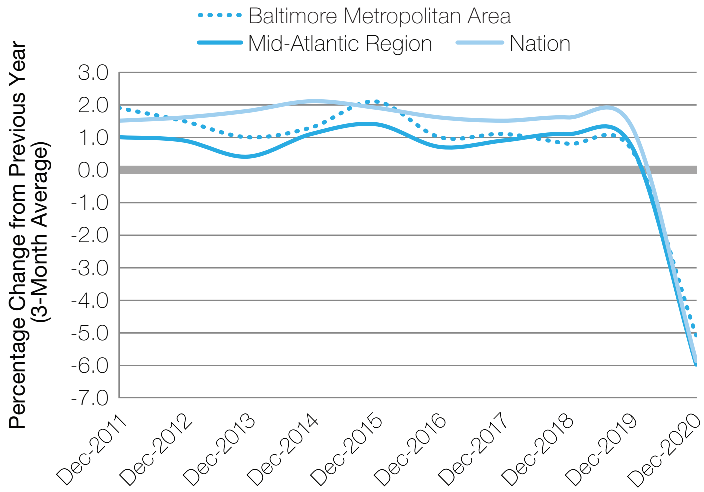
19,400 and 13,000 jobs, or 8.6 and 4.6 percent, respectively. In the government sector, more than three-fourths of the net decline was in the local government subsector, which decreased by 14,600 jobs, or 13.4 percent; more than 400 employees were laid off by the Baltimore City school district in late 2020 in response to a budget shortfall.

- The only nonfarm payroll sector to add jobs was the mining, logging, and construction sector, which increased by 4,400 jobs, or 5.3 percent. Net gains in the sector were in response to increased single-family home construction activity in the suburban counties of the metropolitan area, where nonfarm payrolls in the sector were up by 4,900 jobs, or 6.8 percent.
- The unemployment rate in the metropolitan area averaged 6.3 percent, up from 3.2 percent during the same period a year earlier but lower than the 7.8-percent rate during the fourth quarter of 2010. In the city of Baltimore, the unemployment rate averaged 8.9 percent, up from the 4.6-percent rate during the fourth quarter of 2019.

Despite recent job losses, the education and health services sector is the largest nonfarm payroll sector in the Baltimore metropolitan area, accounting for approximately 20 percent of all nonfarm payroll jobs. Before the pandemic, nonfarm payrolls in the sector increased by an average of 4,900 jobs, or 2.1 percent, annually, from 2001 through 2019, accounting for more than one-half of all net job growth in the metropolitan area. Included in the sector are Johns Hopkins University and The Johns Hopkins University Health System Corporation, which are the second and third largest employers in the metropolitan area, with 27,300 and 23,500 employees, respectively. In 2019, the combined economic impact of the university and health system totaled $12.6 billion throughout Maryland (Johns Hopkins University and Medicine Economic Impact Report—2019). The impact was especially notable in the city of Baltimore—home to approximately 80 percent of all jobs at the university and health system in the metropolitan area—with the city accounting for $6.2 billion of that overall economic impact in 2019.

Nonfarm payrolls in the Baltimore metropolitan area declined significantly during the past year, compared with increases during the previous 10 years.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Baltimore Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort George G. Meade	Government	54,000
Johns Hopkins University	Education & Health Services	27,300
The Johns Hopkins Health System Corporation	Education & Health Services	23,500

Notes: Excludes local school districts. Data include military personnel, who are generally not included in payroll survey data. Payroll data at Fort George G. Meade include private contractors.
Source: Moody's Analytics REIS

Sales Market Conditions

The sales housing market in the Baltimore metropolitan area is currently slightly tight, with an estimated sales vacancy rate of 2.0 percent, down slightly from 2.1 percent in April 2010. Sales market conditions have tightened during the past year, partially due to a 52-percent decline in the number of homes for sale (Bright MLS, Inc.). That decline in available inventory was primarily attributed to the reluctance of homeowners to list their homes for sale during the COVID-19 pandemic and a surge in homebuying in the past year. In December 2020, the metropolitan area had 1.0 month of available for-sale housing inventory, down from 2.4 months of inventory in December 2019 (Bright MLS, Inc.). Despite significant job losses during the past year, sales of new and existing homes (including single-family homes, townhomes, and condominiums) increased at the fastest pace in 5 years, which was largely attributed to mortgage interest rates reaching their lowest levels in more than 50 years. In December 2020, the average interest rate of a 30-year fixed rate mortgage was 2.7 percent, down from 3.7 percent in December 2019 and from a recent high of 4.9 percent in November 2018 (Federal Home Loan Mortgage Corporation). During 2020, new and existing home sales rose 15 percent, to 44,300 homes sold, compared with an average annual 2-percent increase from 2016 through 2019 (Bright MLS, Inc.). In response to tightening sales market conditions,

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the average sales price of new and existing homes increased 10 percent, to $352,900, which was an all-time peak.

In December 2020, 5.4 percent of home loans in the metropolitan area were seriously delinquent or had transitioned into real estate owned (REO) status, up from 2.2 percent in December 2019 (CoreLogic, Inc.). The significant rise in the rate during the past year was due to a 238-percent increase in the number of home loans that were 90 or more days delinquent. By comparison, the number of home loans that were in foreclosure or had transitioned into REO status was down 37 percent compared with December 2019. The current rate in the metropolitan area is higher than the 4.0-percent national rate.

During 2020—

- Approximately 39,950 new and existing single-family homes and townhomes were sold in the metropolitan area, representing an increase of 4,975 homes, or 14 percent, compared with 2019. Home sales have increased an average of 8 percent annually since 2012; the current level of home sales is less than 1 percent below the 40,100 homes sold during 2005, which was an all-time peak (Bright MLS, Inc.).
- The average sales price of new and existing single-family homes and townhomes reached an all-time peak of $362,700, up 10 percent compared with the average price during 2019. The average sales price has increased an average of 3 percent annually since 2012; the current price is 34 percent higher than the 15-year low of $270,500 during 2011.
- Sales of new and existing condominiums increased by 650, or 17 percent, to 4,350 units sold. By comparison, during 2018 and 2019, condominium sales declined by an average of 280 units, or 7 percent, annually.
- The average sales price of new and existing condominiums increased 6 percent, to $262,900. The average sales price rose

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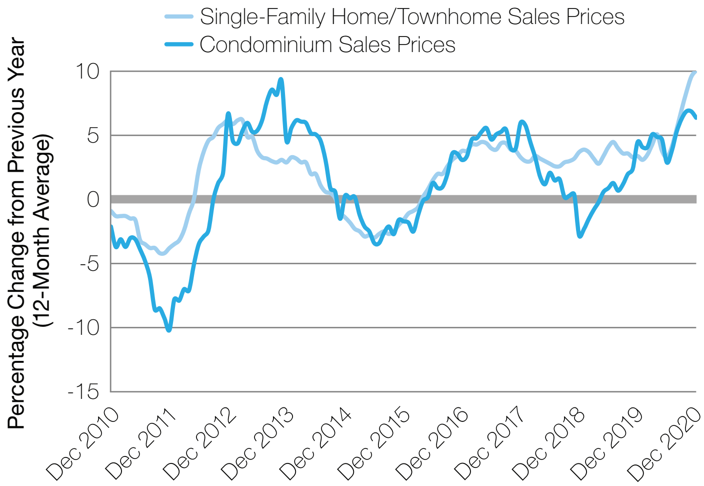
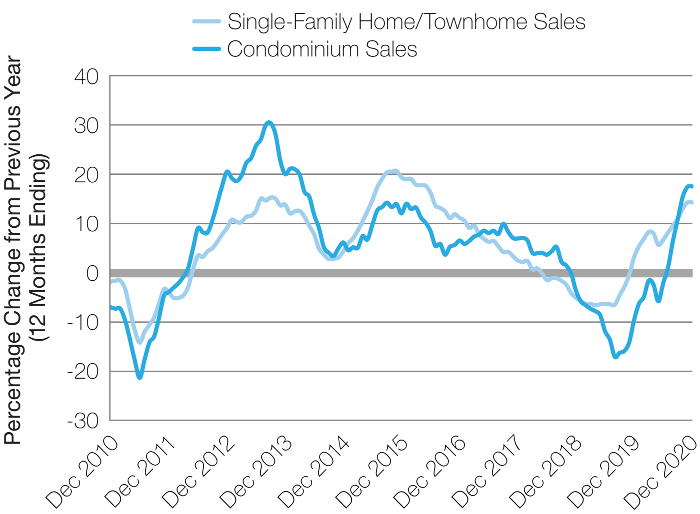
Sales prices of single-family homes, townhomes, and condominiums increased significantly during the past year in the Baltimore metropolitan area.



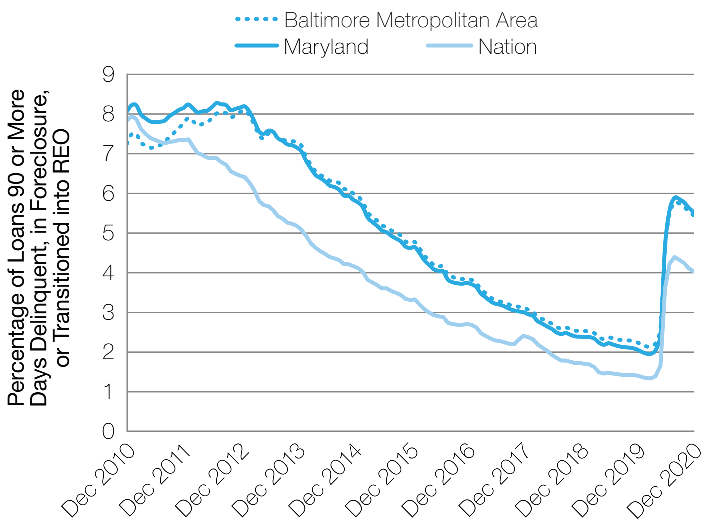
Note: Includes new and existing homes.
Source: Bright MLS, Inc.

During 2020, sales of single-family homes and townhomes in the Baltimore metropolitan area rose at the fastest pace in the past 5 years, whereas the sale of condominiums increased following a decrease during the previous 2 years.



Note: Includes new and existing homes.
Source: Bright MLS, Inc.

The rate of seriously delinquent mortgages and REO properties in the Baltimore metropolitan area increased significantly from April 2020 through September 2020 but has slowly declined since October 2020.



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

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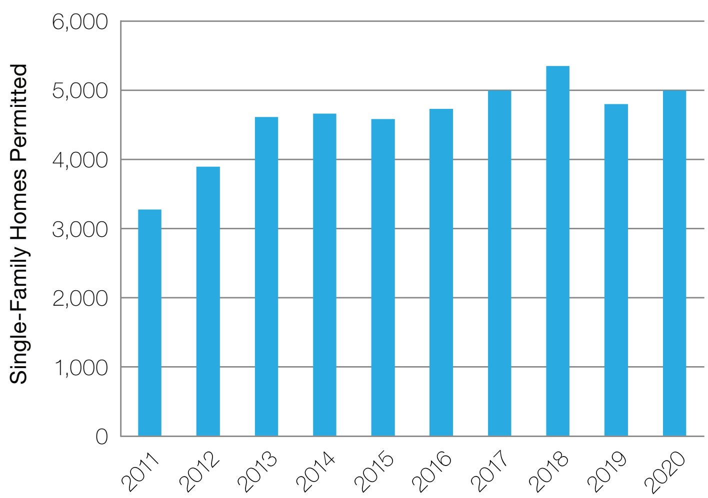
in 7 of the past 9 years, increasing an average of 3 percent annually; the current price is up 30 percent from the recent low of $202,200 during 2011.

In response to rising home sales, homebuilding activity, as measured by the number of single-family homes permitted, has been strong since 2013. In addition, homebuilding activity accelerated during the past year—especially during the second half of 2020, as sales market conditions tightened during the COVID-19 pandemic.

- During 2020, approximately 5,000 single-family homes were permitted in the Baltimore metropolitan area, representing an increase of 200 homes, or 4 percent, compared with 2019 (preliminary data). The largest net gains were in Anne Arundel and Carroll Counties, where the number of homes permitted rose by 200 and 110 homes, or 11 and 32 percent, respectively.
- The increase in homebuilding activity during 2020 occurred during the second half of the year, when single-family permitting activity was up by 550 homes, or 25 percent, to 2,775 homes permitted, compared with the second half of 2019; homebuilding activity during this period was at the highest level in 15 years (preliminary data). By comparison, during the first half of 2020—when most nonessential residential construction projects were halted following the onset of the COVID-19 pandemic—homebuilding activity was down by 350 homes, or 14 percent, compared with the same period a year earlier.
- An average of 4,825 single-family homes were permitted annually from 2013 through 2019, up 42 percent compared with the average of 3,400 homes permitted annually from 2008 through 2012. Approximately one-half of the homebuilding activity from 2013 through 2019 was in Anne Arundel County, partly because of an abundance of developable land and close proximity to the Washington-Arlington-Alexandria metropolitan area.

Single-family homebuilding activity in the Baltimore metropolitan area has been elevated since 2013.



Note: Includes preliminary data from January 2020 through December 2020.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the Baltimore metropolitan area are currently slightly tight, compared with balanced conditions in 2010. Conditions in the metropolitan area were balanced from 2010 through 2016 but have tightened in response to lower levels of apartment construction activity.

During the fourth quarter of 2020—

- The apartment vacancy rate in the metropolitan area was 4.0 percent, down from 4.8 percent during the fourth quarter of 2019 and from the recent peak rate of 5.9 percent during the fourth quarter of 2016 (RealPage, Inc.). During the past year, apartment vacancy rates were down in 11 of the 15 RealPage, Inc.-defined market areas (hereafter, market areas) that make up the metropolitan area, including a 1.8-percentage-point decrease, to 3.3 percent, in the Northwest Anne Arundel County market area—among the tightest market areas in the metropolitan area.
- The average apartment rent in the metropolitan area rose 2 percent, to $1,389, compared with a 3-percent increase during the same period a year earlier. Average apartment rents were up in 13 of the 15 market areas that make up the metropolitan area, led by a 9-percent increase in the Southeast Baltimore County market area, to $1,174. The recent addition of new, primarily high-priced, apartment units contributed to the increase in rents.
- In the city of Baltimore, the vacancy rate was 6.0 percent, relatively unchanged compared with the same period a year earlier. Vacancy rates in the city have stayed elevated since 2015, which was largely attributed to strong net out-migration. Within the city, the vacancy rate was highest in the Downtown Baltimore market area, at 7.9 percent—up from the 7.0-percent rate during the fourth quarter of 2019.
- In response to elevated vacancy rates, the average apartment rent in the city of Baltimore decreased 3 percent, to $1,262, compared with a 3-percent increase during the same period a year earlier. Within the city, the largest decline was in the Downtown Baltimore market area, where the average rent declined 7 percent, to $1,498.

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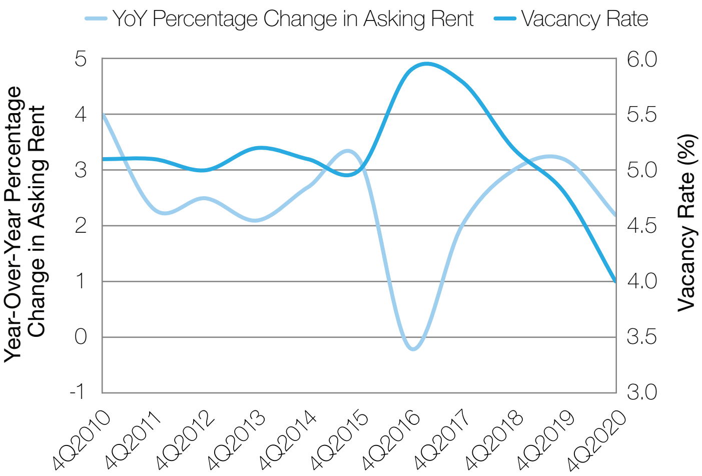
Multifamily building activity in the Baltimore metropolitan area, as measured by the number of multifamily units permitted, has slightly slowed since 2017.

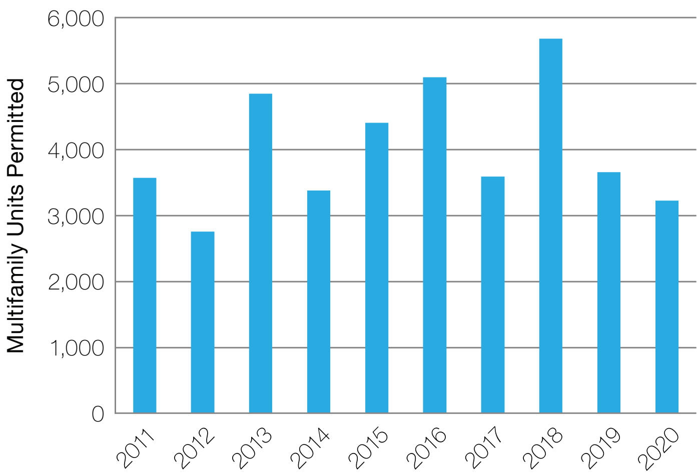
- During 2020, approximately 3,225 multifamily units were permitted, representing a decrease of 420 units, or 12 percent, compared with the number of units permitted during 2019 (preliminary data, with adjustments by the analyst).
- Since 2017, an average of approximately 4,050 multifamily units have been permitted annually. Multifamily permitting activity since 2017 has been down 8 percent compared with the average of 4,425 units permitted annually from 2013 through 2016 but has still been up 51 percent from the average of 2,675 units permitted annually from 2007 through 2012.
- In the city of Baltimore, an average of 1,725 multifamily units have been permitted annually since 2016, compared with an average of 990 units permitted annually from 2008 through 2015. Construction activity in the city has been elevated since 2016 despite strong net out-migration, largely because of builders taking advantage of a market-rate apartment tax-credit program offered by the city.
- Since 2010, approximately 4 percent of all multifamily units permitted in the metropolitan area has been for condominiums—down from 19 percent of all multifamily units permitted from 2000 through 2009. In the city of Baltimore, approximately 1 percent of all multifamily units permitted since 2010 has been for condominiums—down from 21 percent from 2000 through 2009.
- Recent construction activity in the metropolitan area includes the 324-unit Avenue Grand apartment community in the census-designated area of White Marsh, Baltimore County, that was completed in mid-2020; rents range from $1,550 to $1,750 for one-bedroom units and from $1,725 to $2,050 for two-bedroom units. In the Brewers Hill neighborhood of the city of Baltimore, the 371-unit Alta Brewers Hill was completed in mid-2020; rents for one-, two-, and three-bedroom units start at $1,475, $2,225, and $3,550, respectively.

Since 2017, the fourth-quarter vacancy rate in the Baltimore metropolitan area has declined and the average rent has generally increased.



4Q = fourth quarter. YoY = year-over-year.
Source: RealPage, Inc.

Multifamily building activity in the Baltimore metropolitan area decreased during 2019 and 2020.



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