

# HUD PD&R Housing Market Profiles

## Harrisburg-Carlisle, Pennsylvania

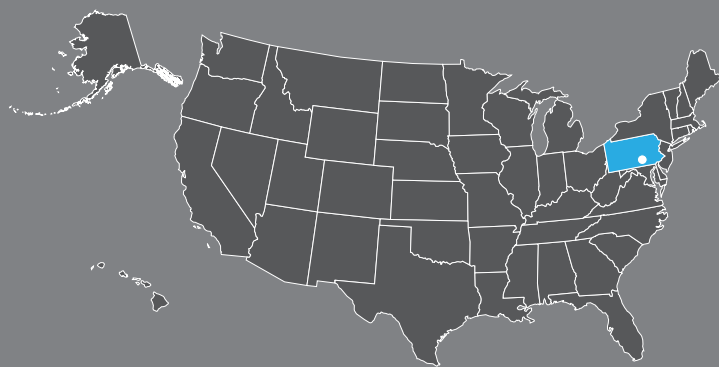


### Quick Facts About Harrisburg-Carlisle

Harrisburg, Pennsylvania

By Derek Brightman II | As of November 1, 2020

- Current sales market conditions: slightly tight
- Current apartment market conditions: slightly tight
- The Harrisburg-Carlisle metropolitan area is the home of The Hershey Company, one of the largest chocolate manufacturers in the world. The corporate headquarters and two manufacturing plants are in the city of Hershey, Pennsylvania.



### Overview

The Harrisburg-Carlisle (hereafter, Harrisburg) metropolitan area is in south-central Pennsylvania and consists of Cumberland, Dauphin, and Perry Counties. As a regional center for local and state government agencies, and with the city of Harrisburg as the state capital, the economy of the metropolitan area is heavily reliant on public-sector employment, particularly state government jobs. The Harrisburg metropolitan area was ranked the second-best metropolitan area to raise a family in 2010. The city of Harrisburg, located in Dauphin County, was ranked the seventh-best city in America to raise a family in 2017 (Forbes, Inc.). Strong economic growth and the emergence of at least 18 high technology firms since the Great Recession, safety, and affordable home prices were among the reasons for a high quality of life in the metropolitan area.

- As of November 1, 2020, the population of the Harrisburg metropolitan area was estimated at 582,500, an average annual increase of 3,125, or 0.6 percent, since April 2010. Cumberland County, the fastest growing county in the state, contributed 63 percent of the growth in the metropolitan area during the period.

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- Despite the rate of population growth being nearly identical during the 2010-to-2015 and 2015-to-2019 periods, net in-migration increased, from 1,500 people, or 52 percent of population growth, to 2,200 people, or 66 percent of population growth. Net in-migration increased following a significant improvement in economic conditions.
- Young adults attracted to Harrisburg University of Science and Technology and the emerging technology industry in

the city of Harrisburg have contributed to a relatively lower median age in Dauphin County. In 2019, the median age in Dauphin County was 39.6 years, compared with a median age of 40.6 years in the Harrisburg metropolitan area and 40.8 years in the state (2019 American Community Survey [ACS], 1-year data).

## Economic Conditions

The economy in the Harrisburg metropolitan area entered a period of growth in 2011 and was expanding until the spring of 2020 when economic conditions weakened due to the COVID-19 pandemic. The World Health Organization declared COVID-19 a pandemic on March 11, 2020. While year-over-year payrolls were up in the metropolitan area in March 2020, they declined 12 percent year-over-year in April 2020 (not seasonally adjusted). In May 2020, the governor of Pennsylvania announced layoffs of 2,500 state government employees throughout Pennsylvania in response to declines in state tax revenue brought on by countermeasures taken to slow the spread of COVID-19. State government jobs in the Harrisburg metropolitan area, which account for approximately 20 percent of state government jobs in Pennsylvania, declined by 1,600 jobs, or 5.2 percent, during the 3 months ending October 2020.

Total nonfarm payrolls in the Harrisburg metropolitan area fell by 14,800 jobs, or 4.2 percent, compared with a decline of 6.5 percent in the Mid-Atlantic region and 6.4 percent in the nation during the same period.

During the 3 months ending October 2020—

- Payroll losses occurred in 9 of the 11 job sectors. The decline was most pronounced in the leisure and hospitality sector, which fell by 4,500 jobs, or 13.4 percent, in part because of permanent restaurant closures stemming from the countermeasures implemented to slow the spread of COVID-19.
- Job losses were also significant in the government and the wholesale and retail trade sectors, which declined by 2,400 and 2,300 jobs, or 4.1 and 5.3 percent, respectively. The

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### Nonfarm payrolls in the Harrisburg metropolitan area declined significantly, with 30 percent of job losses occurring in the leisure and hospitality sector.

	3 Months Ending		Year-Over-Year Change	
	October 2019 (Thousands)	October 2020 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	354.3	339.5	-14.8	-4.2
Goods-Producing Sectors	34.3	33.7	-0.6	-1.7
Mining, Logging, & Construction	12.4	13.2	0.8	6.5
Manufacturing	21.9	20.5	-1.4	-6.4
Service-Providing Sectors	320.0	305.8	-14.2	-4.4
Wholesale & Retail Trade	43.1	40.8	-2.3	-5.3
Transportation & Utilities	31.5	30.5	-1.0	-3.2
Information	3.6	3.5	-0.1	-2.8
Financial Activities	21.6	21.8	0.2	0.9
Professional & Business Services	51.9	50.9	-1.0	-1.9
Education & Health Services	60.7	58.9	-1.8	-3.0
Leisure & Hospitality	33.6	29.1	-4.5	-13.4
Other Services	15.4	14.3	-1.1	-7.1
Government	58.5	56.1	-2.4	-4.1
<b>Unemployment Rate</b>	3.9%	7.0%		

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

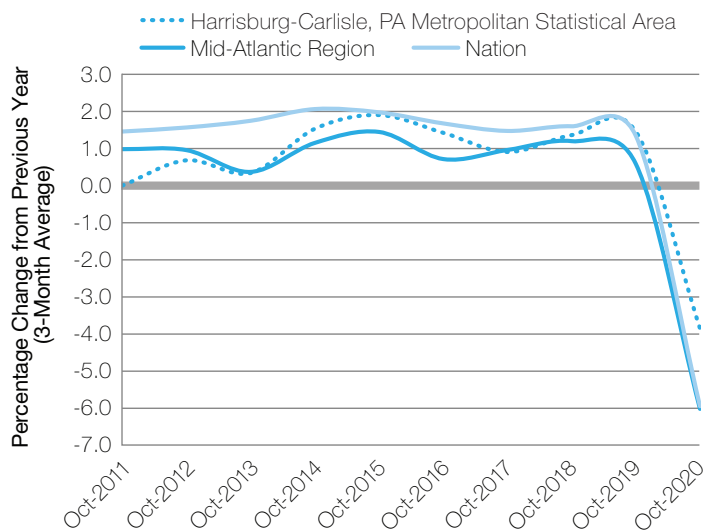


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government sector is the largest in the metropolitan area, with 56,100 jobs, accounting for 16.5 percent of nonfarm payrolls.

- The unemployment rate rose sharply to 7.0 percent during the 3 months ending October 2020 due to layoffs, up from

**Since early 2020, nonfarm payrolls in the Harrisburg metropolitan area fell at a slower rate than in the Mid-Atlantic region and the nation.**



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

3.9 percent a year earlier. For comparison, the national unemployment rate increased to 7.6 percent, up from 3.5 percent during the previous year.

In a joint effort to ameliorate the economic effects of countermeasures used to slow the spread of COVID-19, the city of Harrisburg and Impact Harrisburg—a federally established nonprofit created to assist the city of Harrisburg with economic development opportunities and infrastructure challenges—allocated funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to more than 300 businesses, which received \$5,000 each in grants. The program was available to city-licensed businesses located in the city of Harrisburg. Ongoing Impact Harrisburg projects include a \$2 million collaboration with Capital Region Water for citywide playground renovations.

**Largest Employers in the Harrisburg Metropolitan Area**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The Commonwealth of Pennsylvania	State Government	31,200
U.S. Government	Federal Government	11,600
The Hershey Company	Manufacturing	5,600

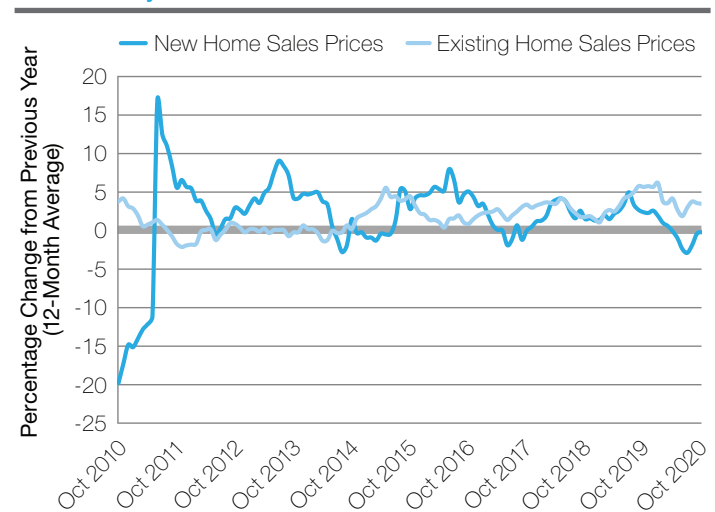
Note: Excludes local school districts.  
Source: Advameg, Inc.

**Sales Market Conditions**

The home sales market in the Harrisburg metropolitan area is slightly tight, with an estimated vacancy rate of 1.1 percent, down from 2.1 percent in 2010 when the market was slightly soft. The home sales market has tightened since the early 2010s, and home sales rose every year from 2012 through 2017 as the economy improved and net in-migration increased. Despite the recent economic downturn caused by the COVID-19 pandemic, the sales market remains slightly tight, and the low supply of homes for sale has led to declining home sales. During the 12 months ending October 2020, approximately 7,000 new and existing single-family homes, condominiums, and townhomes sold in the metropolitan area, compared with 8,625 homes sold during the 12 months ending October 2019 (Zonda). Whereas home sales have declined recently, the months of supply in the Harrisburg metropolitan area reached a low of 1.2 months in October 2020, down from 2.6 months in October 2019 (CoreLogic, Inc.).

As of October 2020, 3.3 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or in real estate owned (REO) status,

**Year-over-year existing home price increases have occurred in the Harrisburg metropolitan area since late 2014, whereas new home prices have declined since early 2020.**



Note: New and existing home sales include single-family homes, townhomes, and condominiums.  
Source: Zonda

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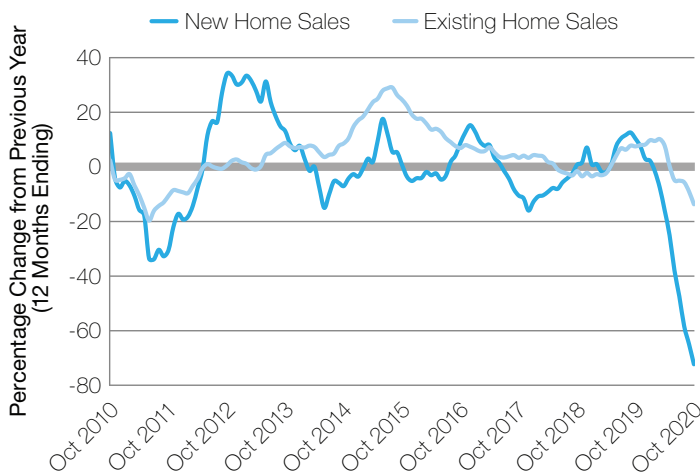
up from 1.4 percent a year earlier, as delinquent mortgages increased significantly because of job losses due to the pandemic. From May 2020 to October 2020, seriously delinquent mortgages more than doubled, from 970 to 2,125. The rate of seriously delinquent home loans and REO properties remains below the previous peak of 4.7 percent in January 2013.

During the 12 months ending October 2020—

- Existing home sales totaled 6,800, down 1,100 homes, or 14 percent, compared with the previous year (Zonda).
- The average existing home sales price increased 4 percent to \$209,300, down from an increase of 6 percent, during the previous 12 months. From 2013 through 2017, the average existing home sales price increased by an average of 2 percent annually.
- New home sales, which accounted for 3 percent of all homes sold, totaled 200 homes, down by 540 homes, or 73 percent, compared with a year ago. The average sales price for new homes declined by \$660, or less than 1 percent, to \$330,300, compared with an increase of \$7,675, or 2 percent, during the previous 12 months.
- Approximately 22 percent of new home sales in the metropolitan area occurred in the \$200,000-to-\$250,000 price range, the largest share of any price range, followed closely by the \$150,000-to-\$200,000 price range at about 19 percent.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, was stable in recent years, averaging 1,125 homes a year permitted from 2013 through 2019.

**New home sales in the Harrisburg metropolitan area have declined since early 2020, whereas existing home sales have declined since mid-2020.**

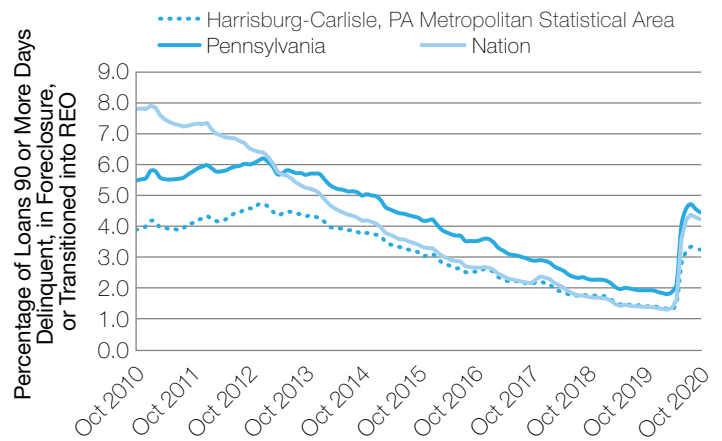


Note: New and existing home sales include single-family homes, townhomes, and condominiums.  
Source: Zonda

- During the 12 months ending October 2020, single-family building activity totaled 2,000 homes, an increase of 25 homes, or 2 percent, from the 1,175 homes permitted a year ago (preliminary data).
- The largest concentration of single-family homes permitted since 2013 was in Cumberland County, which accounts for nearly 61 percent of all single-family homes permitted in the Harrisburg metropolitan area.
- The completion of Legacy Park, a mixed-use 185-acre development, was delayed due to scheduling complications

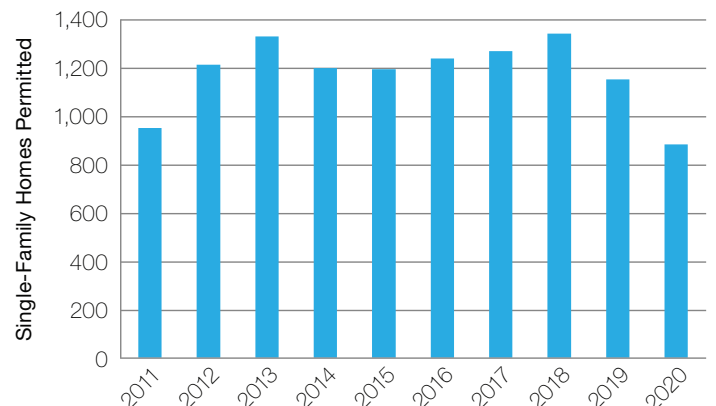
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**The share of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Harrisburg metropolitan area rose sharply in June 2020 but remained below the rates for the state and the nation.**



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

**Single-family home permitting in the Harrisburg metropolitan area has been fairly stable since 2012.**



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



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arising from the pandemic. The project will include Madison Court townhomes, Wright’s Landing single-family homes, Pinnacle Ridge apartments, and Market Square, with commercial and retail buildings. Wright’s Landing, whose construction is currently underway, will include 301 single-

family homes, and prices will range from \$360,800 to \$372,800 for two-bedroom single-family homes, \$377,700 to \$396,900 for three-bedroom single-family homes, and \$379,600 to \$522,800 for four-bedroom single-family homes.

## Apartment Market Conditions

The apartment market in the Harrisburg metropolitan area is slightly tight, but market conditions have fluctuated from tight conditions in 2018 to balanced conditions in 2019. During the third quarter of 2018, the apartment vacancy rate was 2.4 percent (Reis, Inc.). As apartment construction increased in 2018 and 2019, the vacancy rate increased to 4.2 percent during the third quarter of 2019. The vacancy rate decreased to 3.4 percent during the third quarter of 2020 due to the absorption of recently completed units.

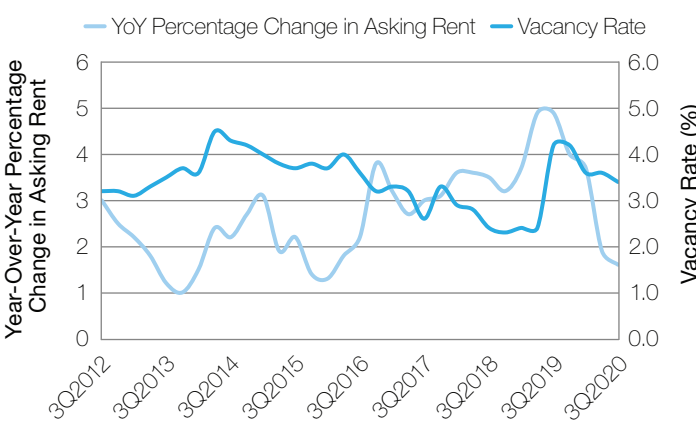
- During the third quarter of 2020, the average apartment rent in the metropolitan area was \$1,007, up \$16 or 2 percent from a year earlier. For comparison, the average apartment rent increased \$29 or 3 percent annually from 2014 to 2019 (Reis, Inc.).
- Apartments built since 2010 have both the highest average rent and vacancy rate, at \$1,501 and 7.1 percent, respectively. Apartments built from 1990 through 1999 have the second-highest average rent, at \$1,376, and apartments built before 1970 have the second-highest vacancy rate, at 4.4 percent.
- During the third quarter of 2020, the average asking apartment rents by number of bedrooms in the metropolitan area were \$753, \$884, \$1,061, and \$1,340 for studio, one-, two-, and three-bedroom units, respectively.

Multifamily construction activity in the Harrisburg metropolitan area, as measured by the number of multifamily units permitted,

declined significantly in 2020 because developers delayed construction resulting from countermeasures taken to slow the spread of COVID-19.

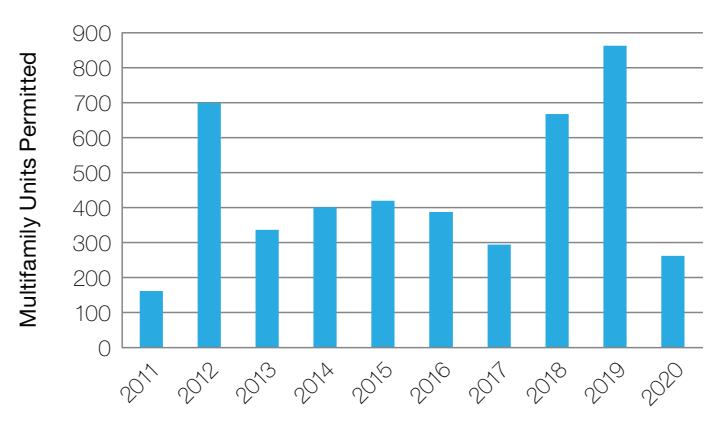
- During the 12 months ending October 2020, 330 units were permitted, fewer than one-half of the 880 units permitted a year earlier (preliminary data).
- Since 2016, 60 percent of all multifamily permitting occurred in Cumberland County, compared with 30 percent from 2014 through 2015. Multifamily construction rose in Cumberland County because of increased rental demand resulting from higher levels of net in-migration.
- Among the largest properties underway is the 184-unit Blue Ridge Apartments, part of the mixed-use Blue Ridge Village community located in the city of Harrisburg. The development is currently in lease up, with rents starting at \$1,005 for studios, \$1,295 for one-bedroom units, and \$1,485 for two-bedroom units. Upon completion of all three phases, the mixed-use development will also include 108 single-family homes, 128 age-restricted townhomes, an assisted living facility, a 32-acre park, and two 7,500 square-foot retail buildings.
- OakWood Hills Apartments, located in Cumberland County, was completed in December 2019. This property includes 137 apartment units in four buildings, with rents starting at \$985 and \$1,375 for one- and two-bedroom units, respectively.

Since early 2019, apartment rent growth has slowed, and the vacancy rate has generally declined since late 2019.



3Q = third quarter. YoY = year-over-year. Source: Reis, Inc.

Multifamily permitting activity in the Harrisburg metropolitan area was relatively high in 2018 and 2019 compared with 2013 through 2017.



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

