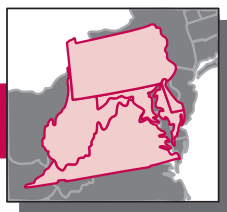


Housing Market Profile

Mid-Atlantic • HUD Region III



Harrisburg-Carlisle, Pennsylvania

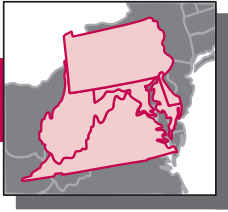
The Harrisburg-Carlisle metropolitan area, which consists of Cumberland, Dauphin, and Perry Counties, is 100 miles west of Philadelphia. The metropolitan area includes the state capital, Harrisburg, and the United States Army War College. As of October 1, 2012, the population was estimated at 555,200, an average annual increase of nearly 3,000, or 0.4 percent, since April 2010. From 2007 to 2010, the population increased by an average of 3,800, or 0.7 percent, a year. Population growth has slowed recently because of declines in net in-migration resulting from cuts in state spending. According to the Harrisburg Regional Chamber and the Capital Region Economic Development Council (CREDC), the largest employers in the metropolitan area are the Commonwealth of Pennsylvania, Giant Food Stores, LLC, and Penn State Medical Center, with 21,900, 8,900, and 8,850 employees, respectively.

Nonfarm payroll job growth that began in 2011 has slowed. During the 12 months ending August 2012, nonfarm payrolls remained relatively unchanged at 323,300 jobs compared with an increase of 2,300 jobs, or 0.7 percent, during the previous 12-month period. During the 12 months ending August 2012, the leisure and hospitality sector increased by 1,200 jobs, or 4.0 percent, led the accommodation and food service industry, which accounted for 60 percent of the sector's total increase. The education and health services sector increased by 1,200 jobs, or 1.2 percent, entirely because of gains in the health-care and social assistance industry. Construction is under way on a new 263,000-square-foot Penn State Hershey Children's Hospital, which is expected to open in late 2012 and add approximately 1,200 jobs. According to the CREDC, Novitas Solutions, Inc., a healthcare firm, added 250 employees in 2012, and Volvo Construction Equipment has recently relocated 220 employees from Asheville, North Carolina, to a new facility in the metropolitan area. The greatest nonfarm payroll declines during the 12 months ending August 2012 occurred in the local government subsector, which declined by 1,725 jobs, or 8.0 percent, because payrolls in the local government education industry declined by 1,550 jobs, or 11.0 percent. Payrolls in the transportation and utilities sector declined by 600 jobs, or 2.8 percent; the warehousing and storage industry accounted for the entire net decline. The

average unemployment rate in the metropolitan area during the 12 months ending August 2012 was 7.1 percent, a decrease from 7.4 percent during the previous 12 months.

Sales housing market conditions in the Harrisburg-Carlisle metropolitan area are slightly soft, with an estimated 1.7-percent vacancy rate as of October 2012. Hanley Wood, LLC, reported that, during the 12 months ending August 2012, sales of existing single-family and attached homes decreased to 3,925, down nearly 2 percent from 4,000 sold during the previous 12 months and down nearly 26 percent compared with the average annual sales of 5,275 existing homes from 2007 through 2009. The median price for existing homes sold during the 12 months ending August 2012 increased more than 1 percent, to \$154,900, and was up nearly 1 percent from the median sales price from 2007 through 2010. During the 12 months ending August 2012, sales of new single-family and attached homes declined nearly 19 percent, to 540 homes sold, but the median sales price increased nearly 2 percent, to \$255,700, and was up 9 percent from the median sales price from 2007 through 2010. Foreclosed and REO (Real Estate Owned) home sales accounted for nearly 22 percent of all existing home sales during the 12 months ending August 2012, relatively unchanged from 23 percent during the previous 12-month period. From 2007 through 2009, foreclosed and REO home sales accounted for an average of 15 percent of annual existing home sales. REO homes were priced, on average, approximately \$80,200 less than other existing homes sold in the metropolitan area during the 12 months ending August 2012. According to LPS Applied Analytics, as of July 2012, 5.0 percent of all home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO, up from 4.1 percent in July 2011 but lower than the 6.8-percent state rate and the 7.7-percent national rate.

Single-family home construction, as measured by the number of homes permitted, increased by 110 homes, or 17 percent, to 730 single-family homes permitted in the metropolitan area during the 12 months ending August 2012 compared with the number permitted during the previous 12 months, based on preliminary data. From 2007 through 2009, an average of 920 homes was permitted annually. Spring Hill, a 137-home development in Dauphin County, offers three- and four-bedroom homes with prices starting at \$220,000 and \$234,000, respectively. The 104-home Rivendell development in Cumberland County, which offers three- and four-bedroom homes with prices starting at \$260,000, is expected to be complete in late 2012.



Harrisburg-Carlisle, Pennsylvania
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U.S. Housing Market Conditions
3rd Quarter 2012

The rental housing market in the Harrisburg-Carlisle metropolitan area is slightly soft, with an estimated vacancy rate of 7.4 percent, down from 7.9 percent in April 2010. By contrast, the apartment market, which accounts for approximately 60 percent of rental units, is tight. According to Reis, Inc., the apartment vacancy rate was 2.7 percent in June 2012, down from 3.8 percent a year earlier. The average asking rent for apartments increased more than 2 percent from a year ago, to \$810. Recent developments include the Residences at Seven Gables, 165-unit apartment complex in the town of

Carlisle completed in the summer of 2011, with rents for one- and two-bedroom units of \$950 and \$1,175, respectively. The 288-unit The Overlook and the 150-unit Keystone Arms, a townhome rental community, are currently under construction. According to preliminary data, during the 12 months ending August 2012, approximately 240 multifamily units were permitted compared with the nearly 50 multifamily units permitted during the previous 12-month period. From 2007 through 2009, an average of 65 multifamily units was permitted annually.