

# Housing Market Profile

Mid-Atlantic • HUD Region III



## Philadelphia-Camden-Wilmington, Pennsylvania-New Jersey-Delaware-Maryland

The Philadelphia-Camden-Wilmington metropolitan area, the sixth largest metropolitan area in the nation, consists of five counties in southeastern Pennsylvania, four counties in New Jersey, and one county each in Delaware and Maryland. As of October 2012, the population of the metropolitan area was estimated at 6.02 million, an increase of 21,600, or 0.4 percent, annually since April 2010 compared with an annual increase of 29,800, or 0.5 percent, from 2007 to 2010. Despite an average net out-migration of 1,300 people a year from the metropolitan area since 2010, the population of the city of Philadelphia has increased by an average of 8,450, or 0.6 percent, during the same period. According to the Center City District/Central Philadelphia Development Corporation, the population in Center City Philadelphia, between Girard Avenue and Tasker Street, grew by an average of 2,475, or 1.6 percent, annually from 2000 through 2011, increasing to total 181,000.

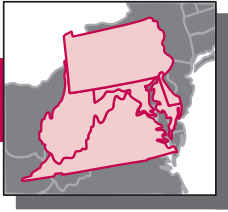
The economy of the metropolitan area has expanded since early 2011, after job losses totaled 122,100 in 2009 and 2010. During the 12 months ending August 2012, nonfarm payrolls increased by 7,500 jobs, or 0.3 percent, to 2.71 million jobs, a slower rate than the increase of 12,150 jobs, or 0.5 percent, during the previous 12 months. During the 12 months ending August 2012, as the number of jobs increased, the unemployment rate declined to 8.5 percent from 8.7 percent a year earlier. The largest employers in the metropolitan area are Jefferson Health System, Inc., the University of Pennsylvania, and University of Pennsylvania Health System, with approximately 19,150, 15,550, and 15,000 employees, respectively. The education and health services sector led employment growth during the 12 months ending August 2012, gaining 8,775 jobs, or 1.6 percent. The professional and business services sector added 8,250 jobs, an increase of 2.0 percent. The government sector declined by 9,450 jobs, or 2.8 percent, continuing a trend that began in October 2010. Nearly 65 percent of job losses in the government sector during the 12 months ending August 2012 were

in the local government subsector, primarily because of teacher layoffs in Pennsylvania that occurred as a result of budget cuts.

Tourism increased throughout most of the metropolitan area during the past 2 years. In response, the leisure and hospitality sector added 3,025 jobs, or 1.3 percent, during the 12 months ending August 2012, after an increase of 7,600 jobs, or 3.3 percent, a year earlier. According to the most recent data available from the Greater Philadelphia Tourism Marketing Corporation, 38 million tourists visited the Pennsylvania portion of the metropolitan area in 2011, generating an economic impact of \$9.34 billion in the metropolitan area, up more than 7 percent compared with the economic impact recorded in 2010. During the 12 months ending August 2012, approximately 30 percent of the jobs added in the leisure and hospitality sector were in the city of Philadelphia, where the sector increased by 1.4 percent, or 950 jobs.

Sales housing market conditions were soft, but home sales increased throughout most of the Philadelphia-Camden-Wilmington metropolitan area during the 12 months ending September 2012. According to TREND, the Multiple Listing Service (MLS), and the Metropolitan Regional Information Systems, Inc. (MRIS®) for Cecil County, Maryland, during the 12 months ending September 2012, the number of existing single-family home sales increased 12 percent, to 44,800 homes, compared with the number sold a year ago. The average home sales price was \$249,200, down 1 percent from a year earlier. During the 12 months ending September 2012, 30,050 homes sold in Pennsylvania, a 12-percent increase, and the average price was unchanged at \$266,300. In New Jersey, home sales totaled 8,775, up 12 percent, and the average price rose 1 percent, to \$216,700. In the Wilmington, Delaware metropolitan division, home sales increased 16 percent, to 5,975 homes, and the average price declined 4 percent, to \$210,300. According to LPS Applied Analytics, as of August 2012, 8.3 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), up from 6.9 percent in August 2011.

Condominium sales increased 9 percent, to 3,925 units sold, and accounted for 8 percent of the total number of existing home sales in the metropolitan area during the 12 months ending September 2012, according to TREND and MRIS®. The average sales price for a condominium declined 5 percent, to \$216,900, compared with the



average price a year earlier. In Pennsylvania, condominium sales increased 6 percent, to 2,750 units, and the average price decreased 3 percent, to \$250,600. In New Jersey, condominium sales increased 12 percent, to 850 units, and the average price declined 6 percent, to \$139,100. In the Wilmington metropolitan division, condominium sales increased 41 percent, to 320 units, and the average price declined 17 percent, to \$135,600.

Construction activity increased in the Philadelphia-Camden-Wilmington metropolitan area during the past year. Based on preliminary data, during the 12 months ending August 2012, the number of single-family homes permitted increased 4 percent, to 5,025 homes, compared with the number permitted during the previous 12 months. In Pennsylvania, sales prices for newly constructed single-family homes start at \$300,000 and for townhomes start at \$200,000. In New Jersey and in the Wilmington metropolitan division, sales prices for new single-family homes start at \$225,000 and \$200,000, respectively. The number of multifamily units permitted in the metropolitan area more than doubled, to 3,825 units, during the 12 months ending August 2012 compared with the number permitted a year ago. During 2012, construction began

on 4 new rental properties with 950 total units in Center City Philadelphia and on a 450-unit development in Burlington County, New Jersey.

The metropolitan area rental market is balanced overall, but the apartment market in Center City Philadelphia is tight. According to Delta Associates, the Class A apartment vacancy rate in the metropolitan area increased from 2.6 percent in September 2011 to 4.2 percent in September 2012, and rent concessions were up slightly, from 1.5 to 1.8 percent. The apartment vacancy rate in the Pennsylvania suburbs increased from 1.8 to 5.3 percent, but in the New Jersey suburbs, the rate decreased from 4.8 to 4.1 percent. Bucks County, Pennsylvania, reported the highest vacancy rate in the metropolitan area, 9.5 percent, primarily because of the leasing of a 230-unit development completed in April 2012. In September 2012, the average rent for Class A apartments in the metropolitan area remained unchanged at \$1,600 compared with the rent recorded a year ago. In Center City Philadelphia, the vacancy rate for Class A highrise units declined from 2.3 to 1.9 percent, the average rent decreased from \$2,155 to \$2,143, and rent concessions increased from 1.5 to 1.8 percent.