

Housing Market Profile

Mid-Atlantic • HUD Region III



Lancaster, Pennsylvania

The Lancaster metropolitan area, coterminous with Lancaster County, is located 70 miles west of Philadelphia. As of January 1, 2012, the population in the metropolitan area was estimated at 526,000, with an average annual growth of 3,900 people, or 0.7 percent, since July 1, 2010. By comparison, from 2005 through 2010, population growth averaged 5,100 people, or 1 percent, annually. Net in-migration, which averaged 2,400 people each year from 2005 to 2010, has declined to an annual average of 1,650 people since 2010 because of a weaker local economy. The area, with more than 5,400 farms, is known for its rural character and is a retirement destination. The largest employers in the metropolitan area are Lancaster General Health, R. R. Donnelley & Sons Company, and Manheim Remarketing, with 7,050, 3,000, and 2,600 employees, respectively.

Total nonfarm payrolls declined by 400 jobs, or 0.2 percent, to 226,500 jobs during the 12 months ending November 2011, an improvement compared with the loss of 1,800 jobs, or 0.8 percent, during the 12 months ending November 2010. During the 12 months ending November 2011, the largest job losses occurred in the professional and business services and the manufacturing sectors, which declined by 800 and 600 jobs, or 4.3 and 1.6 percent, respectively. The largest job gains in the metropolitan area occurred in the wholesale and retail trade, leisure and hospitality, and education and health services sectors, which increased by 900, 300, and 200 jobs, or 2.2, 1.3, and 0.6 percent, respectively. The retail trade subsector expanded by 600 jobs, or 1.9 percent. The health care and social assistance subsector, which includes outpatient care centers, home health agencies, and assisted-living centers, accounts for 15 percent of total nonfarm payrolls in the metropolitan area and has added 5,200 jobs since 2005, including 500 jobs during the most recent 12 months. During the 12 months ending November 2011, the unemployment rate averaged 6.7 percent, a decline from the 7.6-percent average during the previous 12-month period.

The home sales market in the Lancaster metropolitan area is soft but stabilizing. According to the Lancaster County Association of Realtors®, 4,275 new and existing homes sold during the 12 months ending November 2011, unchanged from the number sold during the

previous 12-month period, when sales declined 10 percent from the 12 months ending November 2009. The median home sales price of \$157,900 in November 2011 was \$7,100 less than the median price in November 2010. According to LPS Applied Analytics, in November 2011, 4.2 percent of all home loans in Lancaster County were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from the 4.0-percent rate of a year earlier.

According to Hanley Wood, LLC, 340 new homes sold during the 12 months ending November 2011, 55 percent fewer than during the previous 12-month period. Average home sales prices are \$256,300 for new detached homes and \$200,000 for new townhomes. In response to declining home sales, the volume of new single-family home construction remains low compared with activity in recent years. Based on preliminary data, which accounts for roughly 60 percent of all permits issued, 600 single-family homes were permitted during the 12 months ending November 2011, down 18 percent from the previous 12-month period and down 17 percent compared with the average number of permits issued from 2007 through 2009. New communities include two for people age 55 and older: Traditions of America at Mount Joy, with two- and three-bedroom homes starting at \$204,900, and Home Towne Square in Ephrata, with 300 one- to four-bedroom single-family homes starting at \$215,900.

Rental housing market conditions in the metropolitan area are tight because of increased demand and a limited supply of new rental units. According to Reis, Inc., the apartment vacancy rate declined from 2.5 percent during the third quarter of 2010 to 1.7 percent during the third quarter of 2011, and the average asking rent increased more than 1 percent to approximately \$870. Based on preliminary data, 300 multifamily units were permitted during the 12 months ending November 2011, nearly double the number permitted during the previous 12-month period. Many of the new units have been added to existing multifamily communities. Country Manor Apartments in Millersville added 32 units during the first half of 2011, Willow Creek Apartments in Ephrata added 30 units during the second half of 2011, and Bentley Ridge in East Lampeter Township is expected to build an additional 50 units in 2012. According to the Apartment Association of Central Pennsylvania, average rents are \$775, \$875, and \$1,025 for one-, two-, and three-bedroom units, respectively.