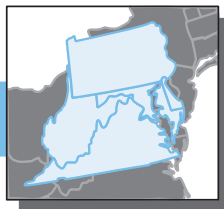


Housing Market Profile

Mid-Atlantic • HUD Region III



Reading, Pennsylvania

The Reading metropolitan area, which is coterminous with Berks County, is located 60 miles northwest of Philadelphia. The central city, Reading, is the fifth largest city in Pennsylvania. As of January 1, 2012, the population of the metropolitan area was estimated at 413,800, indicating an average increase of approximately 1,375, or 0.3 percent, annually since April 1, 2010, compared with an average annual growth of 3,175, or 0.8 percent, from July 1, 2005, to April 1, 2010. The slower population growth since April 1, 2010, resulted from an average annual net out-migration of approximately 240 people compared with annual net in-migration of 1,650 people from July 1, 2005, to April 1 2010, in response to a weakening economy.

Economic conditions in the Reading metropolitan area are improving after a 3-year decline from the 174,600 nonfarm payroll jobs reported during the 12 months ending November 2007, the largest number of jobs recorded during the last 10 years. During the 12 months ending November 2011, nonfarm payrolls increased by 2,300 jobs, or 1.4 percent, to approximately 168,700 jobs compared with a decrease of 200 jobs, or 0.1 percent, during the previous 12 months. The largest gain during the 12 months ending November 2011 was in the education and health services sector, which increased by 700 jobs, or 2.8 percent. The Reading Hospital and Medical Center, which is the largest employer in the metropolitan area, expanded operations and added 250 jobs. The manufacturing sector, the largest in the metropolitan area, increased by 500 jobs, or 1.9 percent, compared with nonfarm payrolls during the previous 12 months, but has declined by a total of 33 percent since 2000. During the 12 months ending November 2011, East Penn Manufacturing Company, Inc., and Carpenter Technology Corporation, the second and third largest employers in the metropolitan area, respectively, added more than 500 jobs combined. Other gains in the economy occurred in the mining, logging, and construction and the transportation and utilities sectors, which gained 300 and 200 jobs, or 4.4 and 2.3 percent, respectively, during the 12 months ending November 2011. The unemployment rate during the 12 months ending November 2011 averaged 8.2 percent, a decrease from the 9.2-percent rate recorded during the previous 12 months.

The sales housing market in the Reading metropolitan area currently is soft, with an estimated 1.9-percent vacancy rate, an increase from 1.7 percent on April 1, 2010. Vacancy rates increased during the past 12 months as a result of declining demand. According to TREND MLS, during the 12 months ending November 2011, approximately 3,075 new and existing single-family homes sold, indicating a 6-percent decrease from sales a year earlier and a 44-percent decrease from the average annual volume of 5,500 sales recorded from November 2003 through November 2007. The average sales price of new and existing single-family homes decreased by 6 percent during the 12 months ending November 2011, to \$152,400, 15 percent less than the decade-high price of \$178,900 reported during the 12 months ending November 2007. According to LPS Applied Analytics, 5.9 percent of mortgage loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in November 2011, compared with 5.5 percent of loans in November 2010.

Because the existing sales housing market has softened, builders have curtailed construction of new homes. A combination of decreased demand for new homes and, more recently, stricter financing requirements has led to the decline in single-family building activity. Based on preliminary data, building permits were issued for approximately 160 single-family homes during the 12 months ending November 2011, fewer than both the 190 issued during the same 12-month period in 2010 and the average of 350 single-family homes permitted annually from 2007 through 2009.

The rental housing market in the Reading metropolitan area is currently soft, with an estimated vacancy rate of 7.0 percent. Increased demand has reduced rental vacancy rates since April 1, 2010, when the rate was 7.5 percent. Based on analyst estimates, average rents for newly constructed one-, two-, and three-bedroom units in the area were \$1,100, \$1,300, and \$1,500, respectively. Based on preliminary data with analyst adjustments, approximately 70 multifamily units were permitted during the 12 months ending November 2011, relatively unchanged from the 65 permits issued a year earlier. A 59-unit market-rate apartment complex, The GoggleWorks Apartments, is currently under construction in the city of Reading and is expected to be complete in 2012.