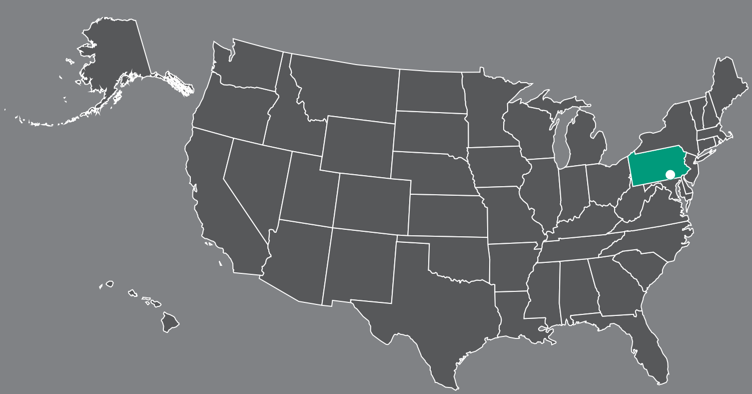
HUD PD&R Housing Market Profiles

York-Hanover, Pennsylvania

York, Pennsylvania

Quick Facts About York-Hanover

- **Current sales market conditions: slightly tight**
- **Current rental market conditions: balanced**
- **Known as the factory tour capital of the world, the York-Hanover metropolitan area has more than 20 factories. Among these factories are Harley-Davidson, Inc., Utz Quality Foods Inc., Martin's Snacks, and Snyder's of Hanover, all of which offer daily tours. Once a year, the Made in America Event takes place in the metropolitan area, featuring tours and product demonstrations by local businesses.**



By Mildred Jara Ramirez | As of March 1, 2020

Overview

The York-Hanover, PA Metropolitan Statistical Area (hereafter, York metropolitan area), in south central Pennsylvania, is coterminous with York County. The metropolitan area borders the Susquehanna River to the east and the state of Maryland to the south. As a central hub for manufacturing in Pennsylvania, the York metropolitan area is home to major snack food, vehicle manufacturing, and vehicle parts manufacturing companies; the manufacturing sector accounts for 17 percent of all nonfarm payroll jobs. Due to the proximity to larger metropolitan areas and relatively lower cost of housing, approximately 48 percent of employed residents in the York metropolitan area commute to surrounding counties for work; top work destinations include the counties of Cumberland, Lancaster, and Dauphin in Pennsylvania and Baltimore County, Maryland (U.S. Census Bureau, OnTheMap).

- As of March 1, 2020, the population of the metropolitan area was estimated at 449,900, reflecting an average annual increase of 1,750 people, or 0.4 percent, since July 2015. By contrast, population growth was slightly slower from 2010 to 2015, increasing by an average of

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1,300, or 0.3 percent, annually, and well below the growth rate of 1.3 percent a year during the 2000s (Census Bureau decennial census counts and population estimates as of July 1).

- The slightly faster rate of population growth since 2015 is partially attributable to increased net in-migration, averaging 1,000 people a year, compared with an average of 230 people annually from 2010 to 2015. Accelerating job growth from 2014 through 2016 and relative home affordability contributed to the surge in net in-migration from neighboring counties, including Baltimore and Carroll Counties in Maryland and Lancaster County, Pennsylvania. Economic growth in the York metropolitan area has slowed since 2017, however, which has resulted in recent lower levels of net in-migration.
- As of July 2018, the median age in the metropolitan area was 40.9 years, up slightly from the median age of 40.2 years in July 2010, partially because of the rising share of people at retirement age. The 65-and-over age cohort accounted for 17 percent of the population in 2018, up from 14 percent in 2010 (American Community Survey [ACS] 1-year estimates).

Economic Conditions

Economic conditions in the York metropolitan area have strengthened after an average loss of 4,500 jobs, or 2.5 percent, annually from 2009 through 2010 because of the Great Recession. In 2016, nonfarm payrolls surpassed the pre-recession peak of 182,900 jobs in 2008, and the economy has expanded every year since then; however, the rate of job growth has slowed for the past 3 years. Following the Great Recession, nonfarm payroll job growth averaged 1,700 jobs, or 1.0 percent, annually from 2011 through 2016, before slowing to an average of 1,100 jobs a year, or 0.6 percent, since 2017.

During the 3 months ending February 2020—

- Nonfarm payrolls averaged 188,200 jobs, an increase of 700 jobs, or 0.4 percent, from a year earlier. The rate of job growth slowed from an average increase of 1,100 jobs, or 0.6 percent, during the 3 months ending February 2019.
- The manufacturing sector, the largest employment sector in the York metropolitan area, reported the largest job gains and was the fastest growing sector, increasing by 800 jobs, or 2.5 percent, from the 3 months ending February 2019. The food manufacturing industry accounted for 16 percent of manufacturing payrolls in 2019, with ongoing gains at Wolfgang Confectioners, a York-based candy maker that was the second fastest growing company in the region after adding more than 300 new jobs during the past 3 years.
- Job losses in three sectors offset job gains in six sectors, resulting in a slower rate of growth. Nonfarm payrolls

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The manufacturing sector led job gains in the York metropolitan area during the 3 months ending February 2020.

	3 Months Ending		Year-Over-Year Change	
	February 2019 (Thousands)	February 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	187.5	188.2	0.7	0.4
Goods-Producing Sectors	43.0	43.4	0.4	0.9
Mining, Logging, & Construction	11.5	11.1	-0.4	-3.5
Manufacturing	31.5	32.3	0.8	2.5
Service-Providing Sectors	144.5	144.8	0.3	0.2
Wholesale & Retail Trade	26.8	27.0	0.2	0.7
Transportation & Utilities	11.6	11.7	0.1	0.9
Information	1.6	1.4	-0.2	-12.5
Financial Activities	5.3	5.4	0.1	1.9
Professional & Business Services	24.0	24.0	0.0	0.0
Education & Health Services	29.3	29.3	0.0	0.0
Leisure & Hospitality	15.7	15.5	-0.2	-1.3
Other Services	10.1	10.2	0.1	1.0
Government	20.1	20.2	0.1	0.5
Unemployment Rate	3.7%	4.2%		

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

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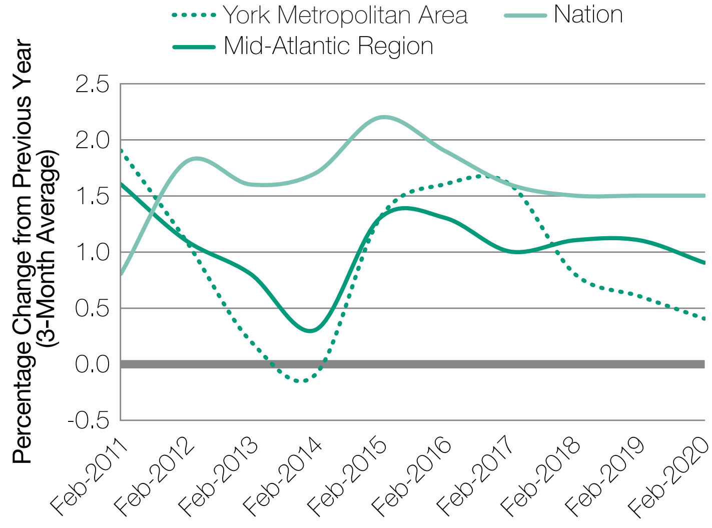
declined in the mining, logging, and construction, the information, and the leisure and hospitality sectors, down by 400, 200, and 200 jobs, or 3.5, 12.5, and 1.3 percent, respectively, from the 3 months ending February 2019. The closures of Old Country Buffet in York City and Kimmy's Cafe, LLC in Fawn Grove Borough in December 2019 and January 2020, respectively, contributed to the reduction of jobs in the leisure and hospitality sector.

- The unemployment rate averaged 4.2 percent, up from 3.7 percent a year earlier. Previously, the unemployment rate peaked at 8.4 percent in 2010 as a result of the Great Recession.

Aside from brief upticks in 2008 and 2015, jobs in the manufacturing sector generally declined in the York metropolitan area for the past two decades. Since 2017, notable gains in manufacturing employment, however, have reversed this trend. In 2017, BAE Systems, Inc., a military combat vehicle manufacturer, announced the addition of 530 manufacturing jobs throughout the course of 3 years, increasing the number of employees to approximately 1,800. Hiring for these positions began in 2018 and is expected to be completed by the end of 2020. In mid-2019, Harley-Davidson, Inc. reported the addition of 450 new jobs as a result of the $150 million expansion of the Springettsbury Township motorcycle manufacturing plant following the closure of the motorcycle assembly plant in Kansas City, Missouri. Growth in the manufacturing sector is expected to continue with the $24.6 million expansion of Crown Cork & Seal USA Inc., a metal food, beverage, and aerosol container manufacturer, resulting in the creation of 41 new jobs throughout the next 3 years.

Nonfarm payroll growth in the York metropolitan area has lagged both the regional and national averages since mid-2017.



Source: U.S. Bureau of Labor Statistics

Largest Private Employers in the York Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
WellSpan York Hospital	Education & Health Services	5,825
WellSpan Medical Group Inc.	Education & Health Services	3,975
Walmart Inc.	Wholesale & Retail Trade	2,450

Note: Excludes local school districts.
Sources: Pennsylvania Department of Labor and Industry Center for Workforce Information & Analysis; 2017 Internal Revenue Service Form 990; 2018 County of York, Pennsylvania Comprehensive Annual Financial Report

Sales Market Conditions

The sales housing market in the York metropolitan area is currently slightly tight, with an estimated 1.1-percent vacancy rate, down from 1.9 percent in April 2010, when conditions were soft. Economic and population growth, combined with lower levels of single-family homebuilding compared with the previous decade, have contributed to the absorption of the excess inventory of homes on the market. During February 2020, an estimated 1.8-month supply of homes was available for sale in the metropolitan area, down from a 2.6-month supply a year earlier (CoreLogic, Inc.). By contrast, during February 2009, when conditions were soft, a 7.9-month supply of homes was available for sale. The tighter sales market has contributed to a decline in the percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into real estate owned (REO) status; the share declined to 1.7 percent in February 2020 from 2.0 percent in February 2019 (CoreLogic, Inc.). By comparison, during 2009, the rate of seriously delinquent mortgages and REO properties peaked at 5.8 percent. The February 2020 rate in the York metropolitan area is slightly below the 1.8-percent rate for the state of Pennsylvania but higher than the 1.3-percent rate for the nation.

During the 12 months ending February 2020—

- New home sales increased approximately 15 percent from the previous 12-month period to 570 homes sold, higher than the average growth rate of 3 percent annually from 2012 through 2018 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst).

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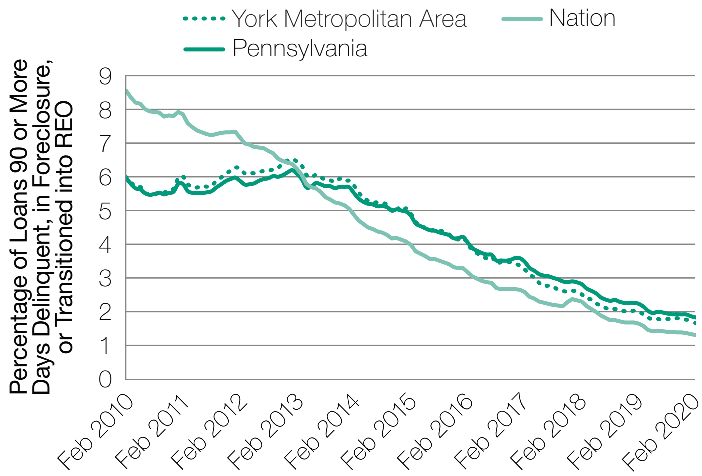
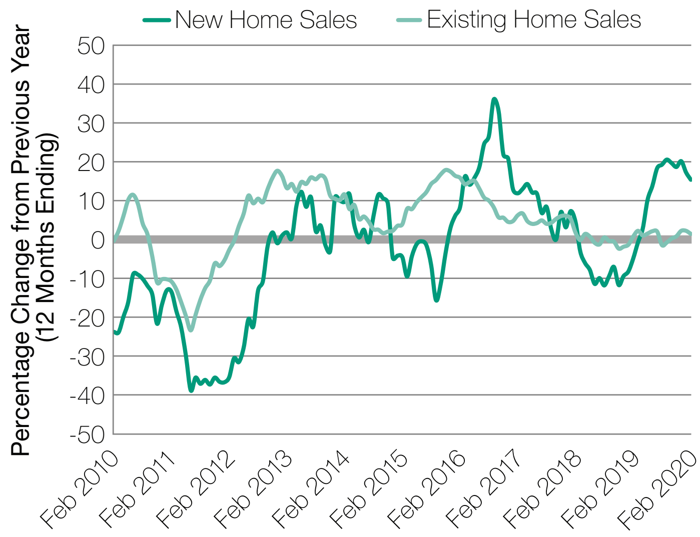
The rate of seriously delinquent mortgages and REO properties in the York metropolitan area peaked in 2013, later than the nationwide peak in 2010, because Pennsylvania is a judicial foreclosure state.



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

New home sales in the York metropolitan area have increased since April 2019, while existing home sales have remained relatively flat.



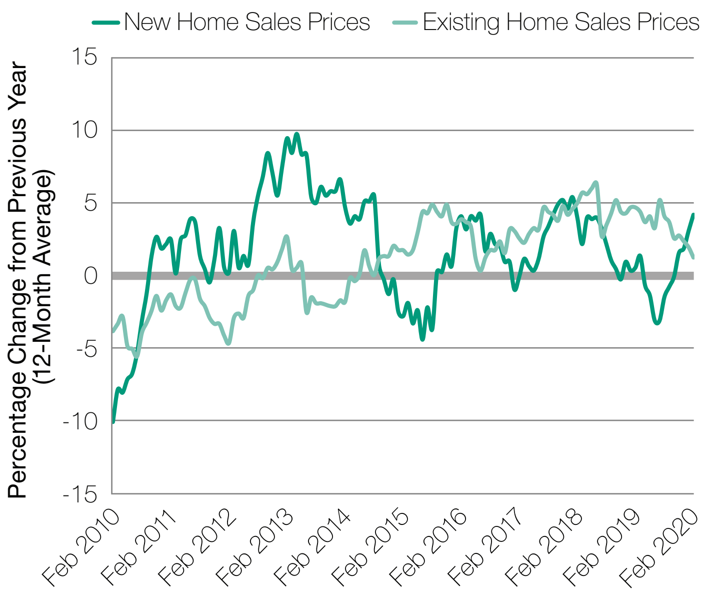
Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

- Existing home sales totaled 6,850, up almost 2 percent from existing home sales during the prior 12 months. Existing home sales growth is down from an average of 8 percent annually from 2012 through 2018 due to declining inventory of homes for sale, particularly single-family homes priced below $200,000.
- The average new home sales price was $273,200, approximately 4 percent above the $262,900 average sales price during the previous 12 months. The average new home sales price is nearly 27 percent higher than the average price of $215,500 in 2009, when new home sales prices were at their lowest during the housing market crisis.
- The average sales price for existing homes was $194,300, 1 percent higher than the average price during the previous 12 months, but 1 percent below the pre-recession peak of $197,000 in 2006.

New home construction, as measured by the number of single-family homes permitted, has remained relatively steady since the housing market recovered in 2012, but at levels well below those of the previous decade, partly because of slower population growth. Homebuilding activity from 2012 through 2016 was relatively flat before slightly increasing every year from 2017 through 2019 due to increased demand for single-family homes, rising home prices, and declining for-sale inventory.

- During the 12 months ending February 2020, approximately 100 single-family homes were permitted, down nearly 16 percent from the 120 homes permitted during the

Existing home sales prices have increased since late 2014; new home sales prices have been more volatile but have increased recently.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

12 months ending February 2019 (preliminary data, not all jurisdictions reporting).

- Despite slightly tight market conditions, single-family homebuilding has been limited since 2012. From 2012

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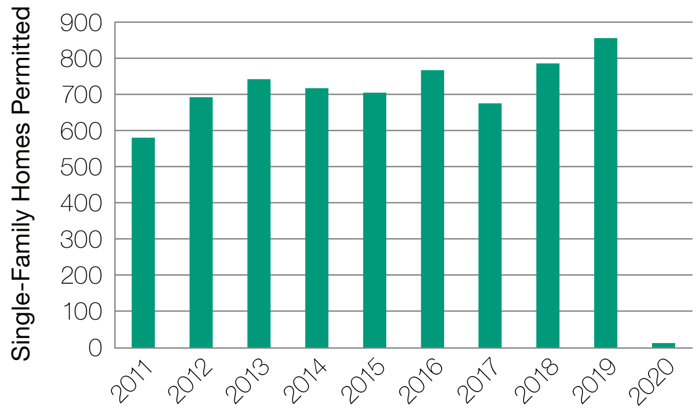
through 2019, an average of only 740 homes were permitted annually, down from an average of 960 homes a year during the worst of the housing market crisis, from 2008 through 2011, and far below the pre-recession average of 2,475 homes permitted a year from 2001 through 2007.

- Several single-family home developments are currently under construction in the York metropolitan area, including Spring Forge, a community of 140 single-family homes in Spring Grove Borough that will contain a total of 220 homes at buildout, with home prices starting at $300,000. Additionally, Stonewicke, a single-family home community in Hanover Borough, and Stonewicke North, the second phase of the development, are both currently under construction. Upon completion, the first and second phases of the development will include a total of 104 homes starting at $200,000.

Single-family home permitting in the York metropolitan area has increased every year since 2017.



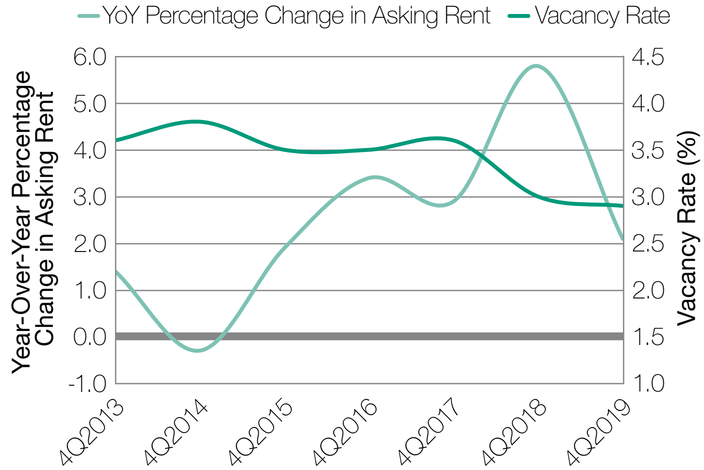
Note: Includes preliminary data from January 2020 through February 2020.
Source: U.S. Census Bureau, Building Permits Survey

Rental Market Conditions

As of March 1, 2020, overall rental market conditions in the York metropolitan area are currently balanced, while apartment market conditions are tight. In 2018, approximately 41 percent of renter households lived in single-family attached or detached homes, while only 31 percent lived in multifamily homes with five or more units, typically apartments; in 2010, the comparable figures were 43 and 30 percent (2010 and 2018 ACS 1-year data). Renter households currently account for 26.2 percent of all households, up from 24.5 percent in 2010. The increase in the number of renter households since 2010 has outpaced the number of rental housing units added to the market—including the construction of new apartments and homes for sale that shifted to the rental market—contributing to the overall balanced market conditions.

- The overall rental vacancy rate (including single-family homes, townhomes, mobile homes, and apartments) is estimated at 6.3 percent as of March 1, 2020, down from 7.1 percent in April 2010 when conditions were slightly soft.
- The market changed from slightly soft in 2010 to currently balanced, due in part to faster renter household growth as households shifted away from homeownership following the Great Recession.
- The apartment market is tight, however, with a vacancy rate of 2.9 percent during the fourth quarter of 2019, slightly below the 3.0-percent rate a year earlier and below the 3.6-percent rate during the fourth quarter of 2017 (Reis, Inc.). Apartment market conditions may ease with the absorption of 460 new apartment units permitted in 2019—a number that is significantly higher than the 130 units permitted during 2018.
- The average monthly apartment asking rent in the York metropolitan area was $1,037 during the fourth quarter of 2019, approximately 2 percent higher than the average asking rent of $1,016 during the fourth quarter of 2018.

Apartment vacancy rates in the York metropolitan area were relatively stable during the past year, while average apartment rent growth slowed.



4Q = fourth quarter. YoY = year-over-year.
Source: Reis, Inc.

Multifamily construction, as measured by the number of units permitted, has been limited in the York metropolitan area, averaging 120 units a year from 2010 through 2018, commensurate with slow population growth. Multifamily construction spiked in 2019, however, in response to the tighter apartment market.

- During the 12 months ending February 2020, approximately 75 multifamily units were permitted, up from 25 units permitted during the previous 12-month period (preliminary data, not all jurisdictions reporting).

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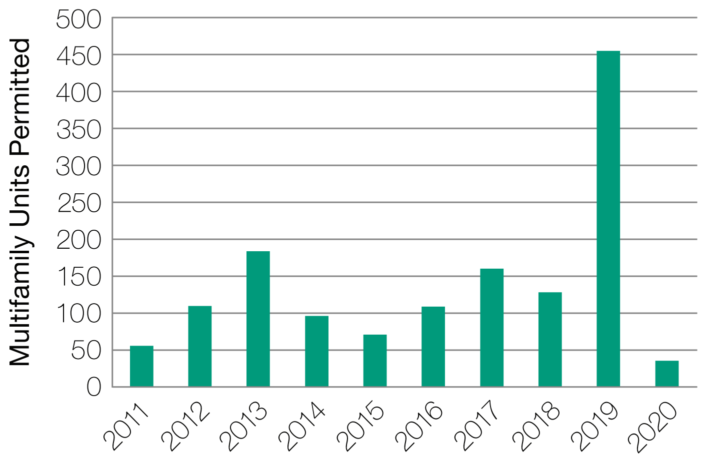
- The number of multifamily units permitted averaged 140 each year from 2010 through 2013. Multifamily construction activity declined to an average of 110 annually from 2014 through 2018 but increased sharply to 460 units permitted in 2019, the highest number of units permitted since 2003.
- Developers have responded to increased demand from commuters for units close to interstate corridors by building apartment communities such as Wynfield Luxury Apartments, a 236-unit development completed in 2019 near Interstate 83. Unit sizes range from 850 to 1,370 square feet, and rents range from $1,150 to $1,350 for one-bedroom units, from $1,375 to $1,525 for two-bedroom units, and from $1,450 to $1,600 for three-bedroom units.
- Dover Run Apartments, a 154-unit apartment property built in 2019 near Interstate 83, is the second of two new developments with more than 100 units built in the past decade. As of March 2020, rents range from $950 to $1,000 for one-bedroom units and from $1,200 to $1,250 for two-bedroom units.
- Franklin Square, in New Freedom Borough, is a 74-unit rental townhome development that was completed in early 2020, featuring four-bedroom townhomes approximately 1,600 square feet in size, with rents ranging from $1,600 to $1,850. There are plans to build 72 apartment units in the second phase.

Multifamily permitting in the York metropolitan area has been at relatively low levels but increased significantly during 2019.



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