

The COVID-19 pandemic has resulted in unprecedented large and rapid changes in many data series, and similarly unprecedented large policy responses, making analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.



COMPREHENSIVE HOUSING MARKET ANALYSIS

Harrisburg-Carlisle, Pennsylvania

**U.S. Department of Housing and Urban Development,
Office of Policy Development and Research**

As of January 1, 2021



PD&R

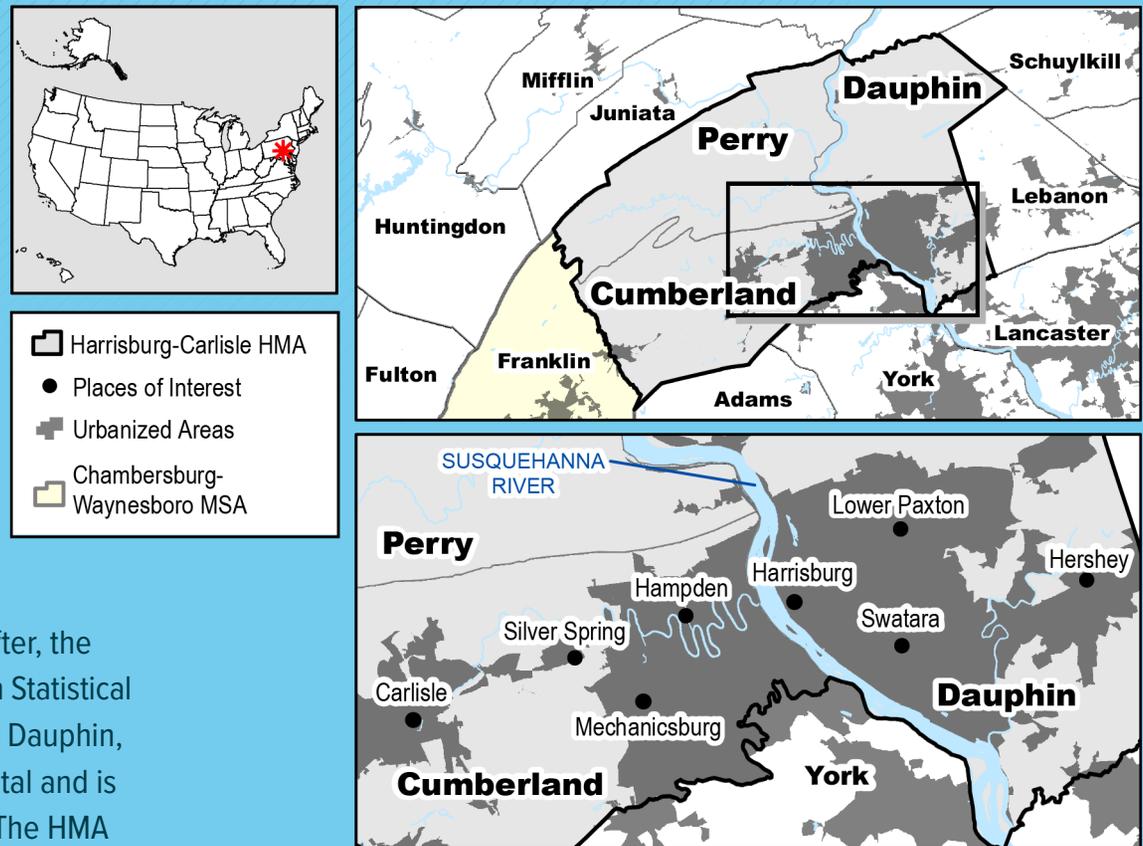
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Executive Summary

Housing Market Area Description

The Harrisburg-Carlisle Housing Market Area (hereafter, the Harrisburg HMA) is coterminous with the Metropolitan Statistical Area of the same name and consists of Cumberland, Dauphin, and Perry Counties. The HMA includes the state capital and is approximately 100 miles northwest of Philadelphia. The HMA is home to The National Civil War Museum and The Hershey Company. However, it has gained a reputation as an emerging hub for high-tech jobs.

The current population is estimated at 582,800.



- Harrisburg-Carlisle HMA
- Places of Interest
- Urbanized Areas
- Chambersburg-Waynesboro MSA

Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).
 Additional data for the HMA can be found in this report's [supplemental tables](#).
 For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Weak: Nonfarm payrolls declined 4.3 percent during 2020, compared with a gain of 1.6 percent a year earlier.

Nonfarm payrolls declined significantly during the past year due to measures taken to slow the spread of COVID-19, which led to a significant decline in leisure and hospitality jobs. Nonfarm payrolls are expected to increase an average of 0.9 percent annually during the 3-year forecast period, with job levels fully recovered by the end of the third year.

Sales Market



Slightly Tight: A 1.1-month supply of inventory was available as of November 2020, down from a 2.4-month supply during November 2019 (CoreLogic, Inc.).

Sales market conditions in the HMA are currently slightly tight, with a 1.1 percent vacancy rate, down from 2.1 percent in April 2010. Relatively low levels of home construction during the 2010s have contributed to significant absorption of excess inventory since 2011. During 2020, the low inventory contributed to a 10-percent decline in total home sales from 2019 to 8,525 homes sold. The average sales price increased 5 percent to \$224,300. During the 3-year forecast period, demand is estimated for 3,425 new homes. The estimated 290 units under construction will satisfy a portion of that demand.

Rental Market



Slightly Tight: The rental market has an estimated overall rental vacancy rate of 4.7 percent, down from 7.9 percent in 2010.

The apartment market is also slightly tight but moving toward more balanced conditions. During the fourth quarter of 2020, the apartment vacancy rate averaged 4.3 percent, up slightly from 4.2 percent a year earlier. The average apartment rent increased 3 percent during the same period to \$1,021 (Moody's Analytics REIS). During the forecast period, demand is estimated for 1,975 new rental units. The 680 units under construction are expected to satisfy a portion of that demand.

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3-Year Housing Demand Forecast			
		Sales Units	Rental Units
Harrisburg HMA	Total Demand	3,425	1,975
	Under Construction	290	680

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2021. The forecast period is January 1, 2021, to January 1, 2024.
Source: Estimates by the analyst



Economic Conditions

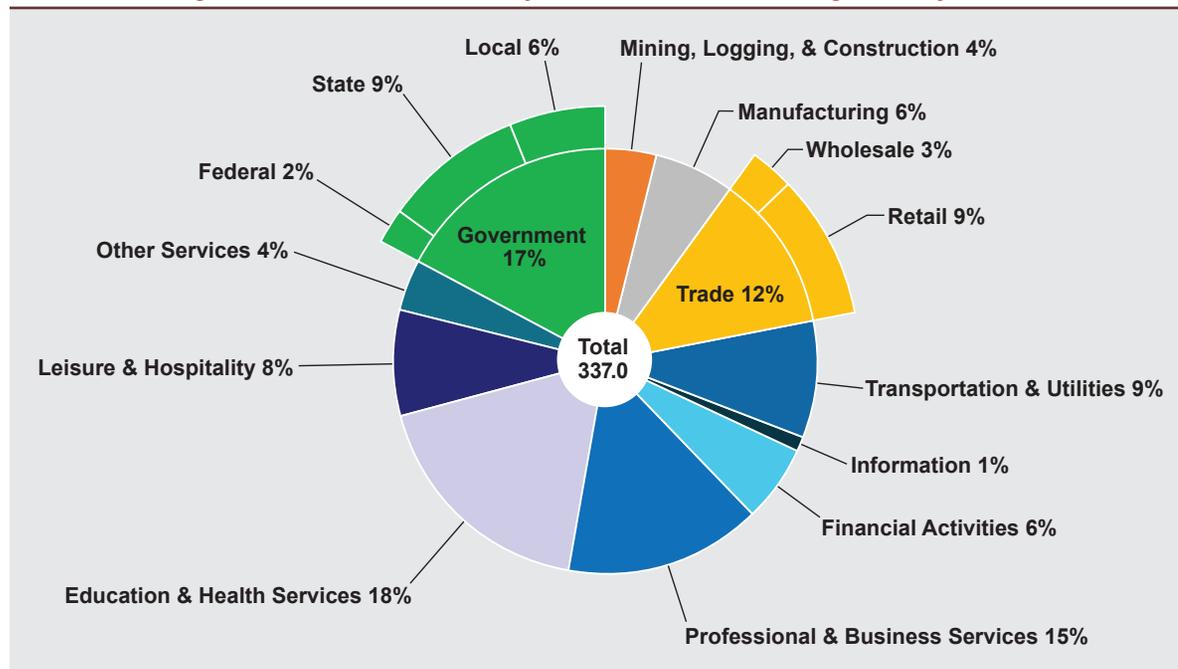
Largest Sector: Education and Health Services

The HMA includes the state capital of Harrisburg, and nearly one in five jobs are in the government sector, which provides considerable stability in the local economy.

Primary Local Economic Factors

The public sector and related support activities are integral to the Harrisburg HMA economy. The state capital, a stable military presence, and various local, state, and federal economic development organizations and programs contribute to the importance of the government sector, the second largest sector in the HMA, accounting for 17 percent of nonfarm payrolls (Figure 1). Approximately 4,275 military personnel—from all military branches—are currently stationed in the HMA, virtually unchanged from 2010. Naval Support Activity Mechanicsburg, the fourth-largest employer in the HMA (Table 1), and 193rd Special Operations Wing—two of the largest military installations in the state—contributed a combined economic output of \$1.29 billion to the HMA economy and \$1.39 billion to the state economy in 2018 (University of Pittsburgh University Center for Social and Urban Research, 2018). An estimated \$717.11 million, or 52 percent, of that output directly affected the education and health services, the government, and the professional and business services sectors, which are the

Figure 1. Share of Nonfarm Payroll Jobs in the Harrisburg HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2020.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Harrisburg HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Commonwealth of Pennsylvania	Government	29,900
Local Government	Government	19,200
University of Pittsburgh Medical Center	Education & Health Services	11,442
Naval Support Activity Mechanicsburg	Government	4,250
JFC Staffing Companies	Professional & Business Services	3,111
Select Medical Corporation	Education & Health Services	2,809
Keystone Human Services	Education & Health Services	2,500
Blue Cross Blue Shield (Highmark, Inc.)	Financial Activities	2,288
Harrisburg Area Community College	Government	2,032
Blue Cross Blue Shield (Capital BlueCross)	Financial Activities	1,654

Notes: Excludes local school districts. Data include military personnel at Naval Support Activity Mechanicsburg, who are generally not included in nonfarm payroll survey data.
Sources: Economy.com; Dunn & Bradstreet; U.S. Bureau of Labor Statistics; University of Pittsburgh University Center for Social & Urban Research, 2018



three largest sectors in the HMA. Approximately 4 percent of the workers at the Naval Support Activity Mechanicsburg are active-duty military, and the remainder of the workforce is civilian.

Government programs have contributed to growth in high-tech jobs in the education and health services and the professional and business services sectors. Ben Franklin Technology Partners, a Pennsylvania Department of Community and Economic Development program, provides critical support to tech-based startups, including business services and funding. Since 1989, the program has added more than \$23.5 billion and 140,000 new jobs to the state economy (Ben Franklin Technology Partners, 2016 Annual Report). During the 2010s, the business support services offered by the partnership and the Harrisburg University of Science and Technology began to attract high-tech firms to the HMA.

Current Conditions— Nonfarm Payrolls

The economy of the Harrisburg HMA weakened following the World Health Organization declaration of the COVID-19 global pandemic on March 11, 2020. Beginning on March 17, 2020, the state of Pennsylvania and local municipalities in the HMA mandated the closure of nonessential businesses to slow the spread of the virus. Consequently, widespread layoffs occurred in the HMA, especially in establishments that could not accommodate social distancing requirements,

such as restaurants, entertainment venues, medical facilities performing elective healthcare, and personal care services. During 2020, total nonfarm payrolls decreased by 15,200 jobs, or 4.3 percent (Table 2). These losses ended 9 years of economic growth. Job losses were most significant in the leisure and hospitality sector, which declined by 5,900 jobs, or 18.0 percent, and accounted for nearly 40 percent of total jobs lost. During the first quarter of 2020, Hershey Entertainment & Resorts Company announced layoffs at their Dauphin County location, a loss of 603 jobs effective March 19, 2020. These layoffs, which were expected to extend for more than 6 months, contributed to job losses in the leisure and hospitality sector. The sector with the second largest job loss was the wholesale and retail trade sector, which declined by 2,600 jobs, or 6.0 percent, partially because of the temporary layoff of 213 jobs at America's Auto Auction Harrisburg. Jobs have gradually increased throughout the year, as countermeasures have eased and businesses have opened, but many are still operating at limited capacity. Approximately 88 percent of the jobs lost in April 2020 had been recovered by December (not seasonally adjusted). Some of the job losses, however, were permanent. The *Press and Journal*, a local newspaper publishing firm that closed due to declining advertising revenues, printed its final edition on July 3, 2020. The firm was 166 years old.

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Harrisburg HMA, by Sector

	12 Months Ending December 2019	12 Months Ending December 2020	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	352.2	337.0	-15.2	-4.3
Goods-Producing Sectors	34.1	32.9	-1.2	-3.5
Mining, Logging, & Construction	12.1	12.1	0.0	0.0
Manufacturing	21.9	20.8	-1.1	-5.0
Service-Providing Sectors	318.1	304.1	-14.0	-4.4
Wholesale & Retail Trade	43.3	40.7	-2.6	-6.0
Transportation & Utilities	31.4	31.7	0.3	1.0
Information	3.6	3.5	-0.1	-2.8
Financial Activities	21.7	21.7	0.0	0.0
Professional & Business Services	51.5	50.2	-1.3	-2.5
Education & Health Services	60.2	59.1	-1.1	-1.8
Leisure & Hospitality	32.7	26.8	-5.9	-18.0
Other Services	15.4	13.8	-1.6	-10.4
Government	58.4	56.7	-1.7	-2.9

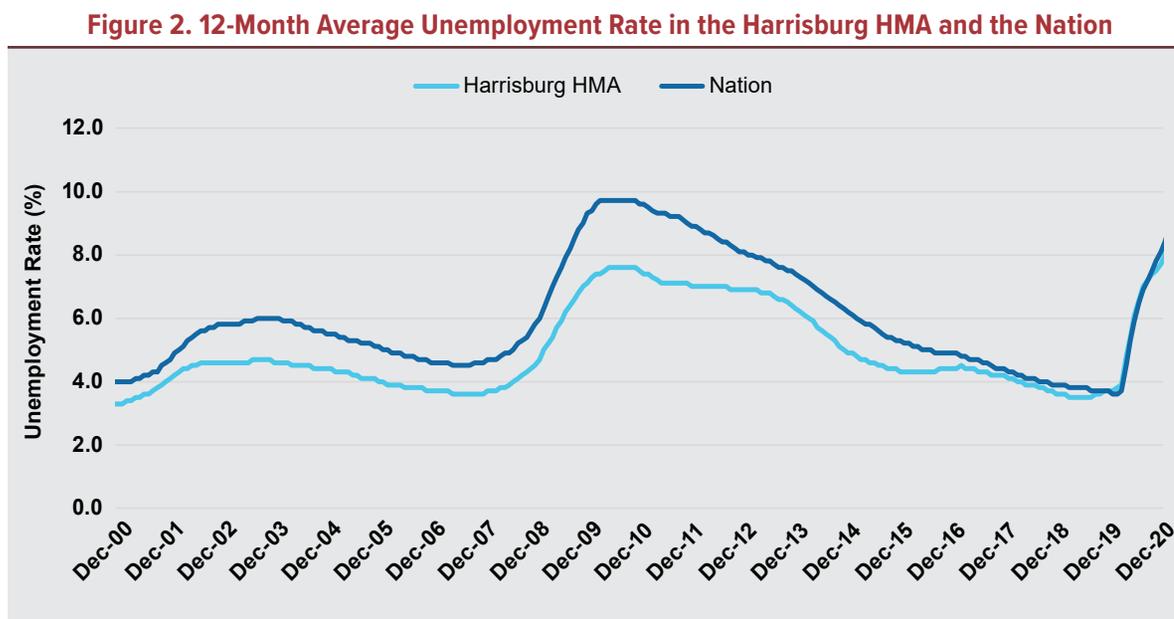
Notes: Based on 12-month averages through December 2019 and December 2020. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics



In a joint effort to ameliorate the economic effects of countermeasures used to slow the spread of COVID-19, the city of Harrisburg and Impact Harrisburg—a nonprofit corporation established to assist the city of Harrisburg with economic development opportunities and infrastructure challenges—allocated funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to more than 300 businesses, which received \$5,000 each in grants, with a goal of supporting payrolls and preventing layoffs. The program was available to city-licensed businesses located in the city of Harrisburg.

Current Conditions—Unemployment

The average unemployment rate in the HMA was 7.7 percent during 2020, up from 3.7 percent during 2019 (Figure 2). During April 2020, the unemployment rate increased significantly to 13.3 percent, up from 4.7 percent during March 2020, as many businesses were closed (not seasonally adjusted). The unemployment rate



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

has declined every month since April 2020, as restrictions to slow the spread of COVID-19 eased. The unemployment rate declined to 5.3 percent in December 2020 (not seasonally adjusted). By comparison, nationwide, the unemployment rate peaked at 14.4 percent in April 2020, up from 4.5 percent a month earlier, and decreased to 6.5 percent in December 2020 (not seasonally adjusted).

2001 Through 2003

In 2000, nonfarm payrolls in the Harrisburg HMA were 322,000 compared with 322,300 in 2003, but job growth fluctuated during the period (Figure 3). From 2001 through 2002, job growth was slow, averaging 1,100 jobs, or 0.3 percent, annually, compared with a loss of

1,900 jobs, or 0.6 percent, during 2003. During the 3-year period, the manufacturing, the mining, logging, and construction, and the wholesale and retail trade sectors led job losses, declining by averages of 1,000, 900, and 1,000 jobs, or 3.6, 6.8, and 2.1 percent, a year, respectively. The rapid job losses in the manufacturing sector occurred, in part, because Hershey Foods Corporation eliminated 2,500 jobs at two of their plants in the city of Hershey. By comparison, jobs declined an average of 0.7 percent a year nationally in 2002 and 2003.



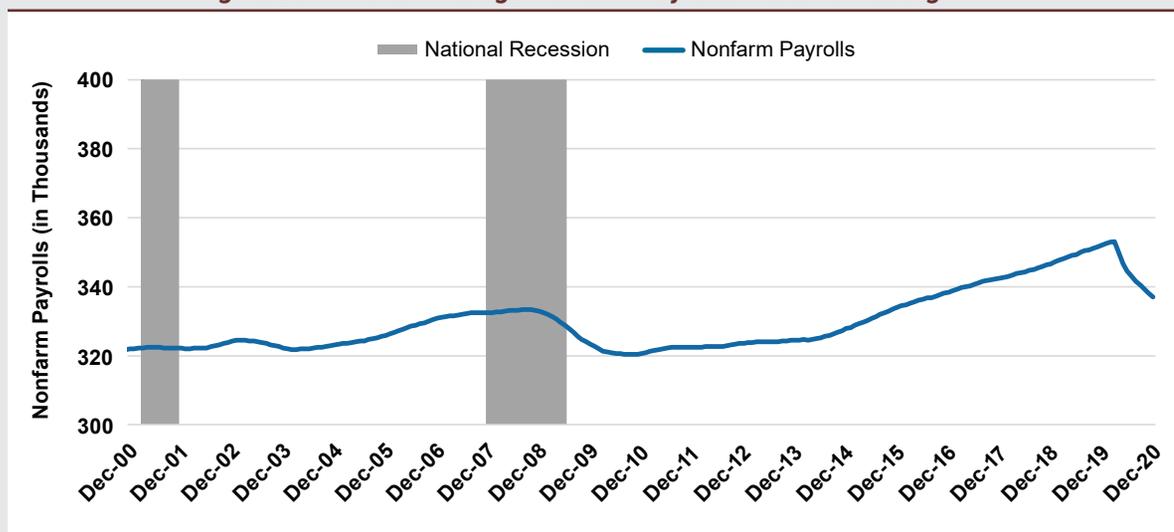
2004 Through 2008

The Harrisburg HMA entered a 5-year period of moderate job growth in 2004 and by 2005 had recovered the jobs lost during 2003. From 2004 through 2008, nonfarm payrolls increased by an average of 2,100 jobs, or 0.7 percent, annually. Two-thirds of job gains during the period occurred in the professional and business services sector, which rose by an average of 1,400 jobs, or 4.1 percent, annually, with approximately one-third of job additions in the computer system design and related services industry. The education and health services and the leisure and hospitality sectors increased by averages of 700 and 600 jobs, or 1.7 and 2.3 percent, a year, respectively, contributing to growth during the period. These job additions were partially offset by losses in the manufacturing sector, which declined by an average of 500 jobs, or 2.1 percent, annually, the most job losses of any sector during the period.

2009 Through 2010

As a result of the Great Recession, nonfarm payrolls in the HMA declined by an average of 6,200 jobs, or 1.9 percent, each year in 2009 and 2010. Although the average annual rate of job loss was the same as the national rate, the impacts were less severe in the HMA because there were only 2 years of job losses compared with 3 years nationally. Job losses were concentrated in the manufacturing and the

Figure 3. 12-Month Average Nonfarm Payrolls in the Harrisburg HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

wholesale and retail trade sectors, which fell by averages of 1,900 jobs each, or 8.3 and 4.1 percent, a year, respectively. Carlisle Tire and Wheel closed its plant in the city of Carlisle in 2010, eliminating about 340 jobs. The education and health services and the leisure and hospitality sectors added averages of 1,000 and 100 jobs, or 2.1 and 0.3 percent, annually, respectively.

2011 Through 2013

The economy began to recover during 2011. From 2011 through 2013, job growth was slow; nonfarm payrolls increased by an average of 1,300 jobs, or 0.4 percent, annually, to reach 324,500 jobs. For comparison, nonfarm payrolls increased an average of 1.5 percent a year in the nation during the same period. Job growth in the HMA was stymied by a lack of job growth in the goods-producing sectors, and strong job gains in the professional and business services and the education and health services sectors were offset by noteworthy job losses in the government sector. From 2011 through 2013, the government sector fell by an average of 1,100 jobs, or 1.8 percent, annually. The professional and business services



and the education and health services sectors increased by averages of 1,800 and 1,000 jobs, or 4.4 and 2.0 percent, annually, respectively. Various small tech-based firms, including Geneia (a wholly-owned subsidiary of Capital BlueCross) WebpageFX Inc., and several other high-tech firms were founded in or moved to the HMA during the period.

2014 Through 2019

The impact of Ben Franklin Technology Partners on the HMA economy was noteworthy from 2014 through 2019. During the period, more than 560 companies received approximately \$82 million in funding, resulting in 4,182 additional jobs and higher wages throughout the state (The Economic Impact

of Ben Franklin Technology Partners, 5th Edition). These benefits were reflected in the HMA economy. From 2013 to 2016, at least 18 high-tech firms relocated to or were founded in the city of Harrisburg, adding at least 700 employees to the HMA (Vendel, 2016). Nonfarm payrolls increased by an average of 4,600 jobs, or 1.4 percent, annually from 2014 through 2019. The HMA recovered the number of jobs lost during the Great Recession in 2015. The professional and business services sector, which includes the computer systems design and related services industry, increased by an average of 1,200 jobs, or 2.6 percent, annually, from 2014 through 2019. Geneia, a high-tech analytics firm that serves the healthcare industry, added approximately 50 jobs during the period.

Employment Forecast

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase by an average of 0.9 percent annually. Nonfarm payrolls are expected to recover to pre-pandemic levels during the final year of the forecast period.

The Penn State Health Hampden Medical Center, a 108-bed hospital currently under construction, is expected to add approximately 650 jobs to the education and health services sector during the period.



Population and Households

Current Population: 582,800

Population growth was slower during the 2010s compared with the 2000s because of lower levels of net in-migration in the years immediately following the Great Recession.

Population Trends

The population of the Harrisburg HMA is estimated at 582,800 as of January 1, 2021 (Table 3). Population growth is largely influenced by migration patterns stemming from job growth. Population growth slowed from an average annual increase of 3,875, or 0.8 percent, from 2001 to 2003 to an average annual increase of 3,300, or 0.6 percent, from 2003 to 2005 because of job losses that occurred during 2003. Strong economic conditions in the years preceding the foreclosure crisis contributed to accelerated population growth from 2005 to 2007, which averaged 5,750 people, or 1.1 percent, annually, as net natural change accelerated to an average of 1,525 during the period (Figure 4; U.S. Census Bureau population estimates as of July 1). Migration to the HMA slowed in response to the Great Recession and decelerated as the economy recovered. From 2007 to 2010, population growth averaged 4,275 people, or 0.8 percent, a year compared

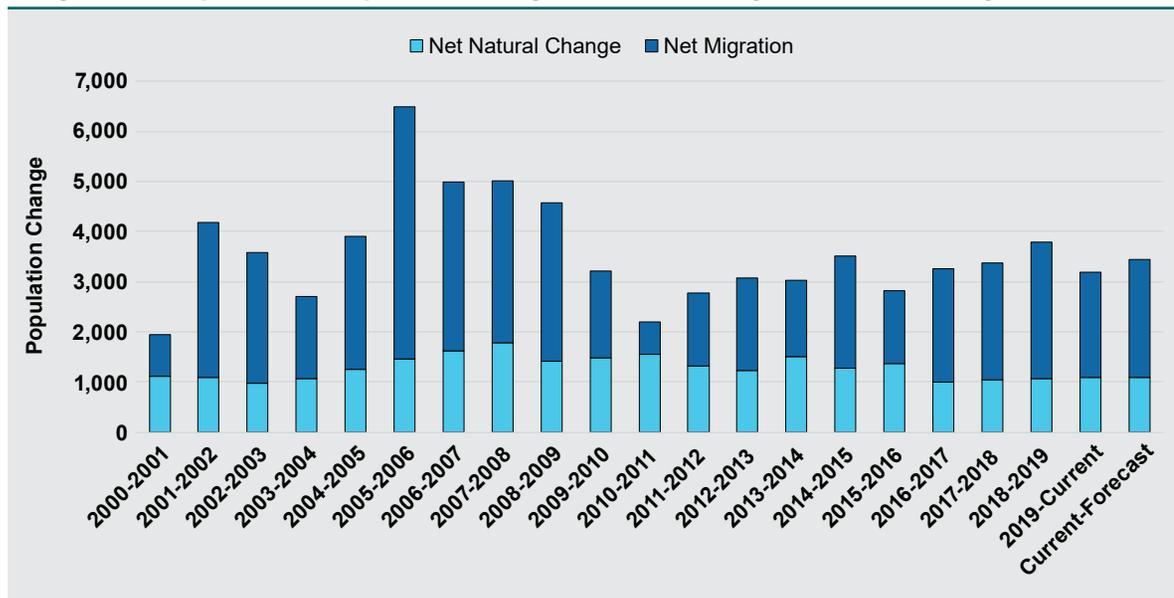
Table 3. Harrisburg HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast	
	Population	549,475	582,800	593,100
	Average Annual Change	4,050	3,100	3,450
Percentage Change	0.8	0.5	0.6	

Household Quick Facts	2010	Current	Forecast	
	Households	222,281	237,300	241,300
	Average Annual Change	2,000	1,400	1,325
Percentage Change	0.9	0.6	0.6	

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2021) to January 1, 2024.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the Harrisburg HMA, 2000 Through the Forecast



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (January 1, 2021) to January 1, 2024.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst



with an average annual increase of 2,775 people, or 0.5 percent, from 2010 to 2014. Young professionals migrated into the HMA as economic conditions improved. Since 2014, the HMA population increased by an average of 3,325 people, or 0.6 percent, a year, with net in-migration accounting for 65 percent of growth during the period.

Population growth occurred throughout the HMA during the 2010s, but growth was strongest in the townships in proximity to major HMA employers. Approximately 73 percent of the population growth in the HMA may be attributed to Cumberland County, the fastest-growing county in the state, which increased an average of 1,950, or 0.8 percent, annually from 2010 to 2019. Naval Support Activity Mechanicsburg is a major employer in Cumberland County. Silver Spring and Hampden Townships, located on the Interstate (I) 81 and I-76 corridors, are within 11 and 9 miles, respectively, of the city of Harrisburg. Population growth in Dauphin County, the most populous county in the HMA, averaged 1,110 people, or 0.4 percent, each year from 2010 to 2019. Growth was slower in Dauphin County than in Cumberland County because of a recent influx of smaller households and the migration of families from Dauphin County to Cumberland County. In 2016, 24 percent of households in Dauphin County were one-person households; in 2019, that figure increased to 33 percent. Lower

Paxton and Swatara Townships contributed most to growth in Dauphin County because both townships are in proximity to the Harrisburg International Airport and I-283, which provide access to job centers in the city of Harrisburg and the Hershey area. Approximately 48.2 percent of residents in the HMA live in Dauphin County, compared with 43.8 percent in Cumberland County and 8.0 percent in Perry County (2019 American Community Survey [ACS] 1-year estimates).

Military

Civilian employment at Naval Support Activity Mechanicsburg, located in Cumberland County, has contributed to population growth and housing demand in the surrounding townships, partially because most military installations in Pennsylvania do not maintain on-site housing units. From 2015 through 2019, civilian employment at military installations increased by 100 jobs, or 1.6 percent a year. Silver Spring and Hampden Townships, the two fastest growing locations in the HMA, are within 10 miles of the military base. From 2010 to 2019, population growth in Hampden and Silver Spring Townships averaged 320 and 510 people annually, or 1.1 and 3.3 percent, respectively. The total number of military personnel has remained stable during the 2010s, with 4,275 military members in the HMA as of September 2020 (Defense Manpower Data Center, 2010, 2019).

Age Cohort Trends

The share of seniors (aged 65 and older) in the HMA increased, whereas the share of all other age cohorts declined, from 2010 to 2019. Seniors increased from 14.6 percent of the population in 2010 to 18.1 percent in 2019 (ACS 1-year estimates). The population size and portion of four of the five smaller age subcategories of the 65-and-older age cohort all increased during the period. The HMA attracts retirees, especially those with a military connection interested in living in proximity to the Carlisle Barracks.

Household Trends

Currently, an estimated 237,300 households live in the HMA, reflecting an average annual increase of 1,400 households, or 0.6 percent, since 2010. Household growth has outpaced population growth during the 2010s primarily due to small households, including young professionals and retirees, migrating into the HMA since 2014. One-person households increased from 28.0 percent of all households in 2017 to 31.3 percent of all households in 2019. According to the 2019 ACS, 35.7 percent of movers into the HMA were renters from 2010 to 2014. That ratio increased to 61.5 percent from 2017 to 2019 (ACS 1-year estimates). The homeownership rate in the HMA has declined from 69.0 percent in 2010 to



67.8 percent currently. Whereas renter household growth was supported primarily by smaller households, owner household growth was supported partially by increased homeownership among family households, particularly three-person households. From 2015 to 2019, the homeownership rate for all 3-person households in the HMA increased from 63.9 to 74.9 percent.

Forecast

During the forecast period, the population of the HMA is expected to increase by an average of 3,450, or 0.6 percent, annually. Approximately one-fourth of the population growth is expected to occur in Dauphin County, with nearly all of the remaining population growth occurring in Cumberland County. The number of households in the HMA is expected to increase by an average of 1,325, or 0.6 percent, annually during the forecast period.



Home Sales Market

Market Conditions: Slightly Tight

Strong economic conditions and relatively low home construction during most years since 2012 have contributed to slightly tight sales market conditions in the HMA compared with 2010.

Current Conditions

As of January 1, 2021, the overall sales vacancy rate in the Harrisburg HMA is estimated at 1.1 percent (Table 4), down from the 2.1-percent rate during April 2010 when conditions were slightly soft. Market conditions tightened from 2012 through 2019 because of increased demand from families and retirees migrating to the HMA. As the economy improved and high-earning professionals moved into the HMA, housing demand outpaced new home construction. The inventory for homes declined to a 1.1-month supply during November 2020—down from 2.4 months a year ago and well below the peak of 12.3 months during August 2012 (CoreLogic, Inc.).

Home Sales

Overall home sales (including single-family homes, townhomes, and condominiums) totaled 8,525 during 2020, down 10 percent from a year ago (Figure 5). Home sales peaked at 9,550 in 2005, during the housing boom, before declining by an average of 800 homes,

Table 4. Home Sales Quick Facts in the Harrisburg HMA

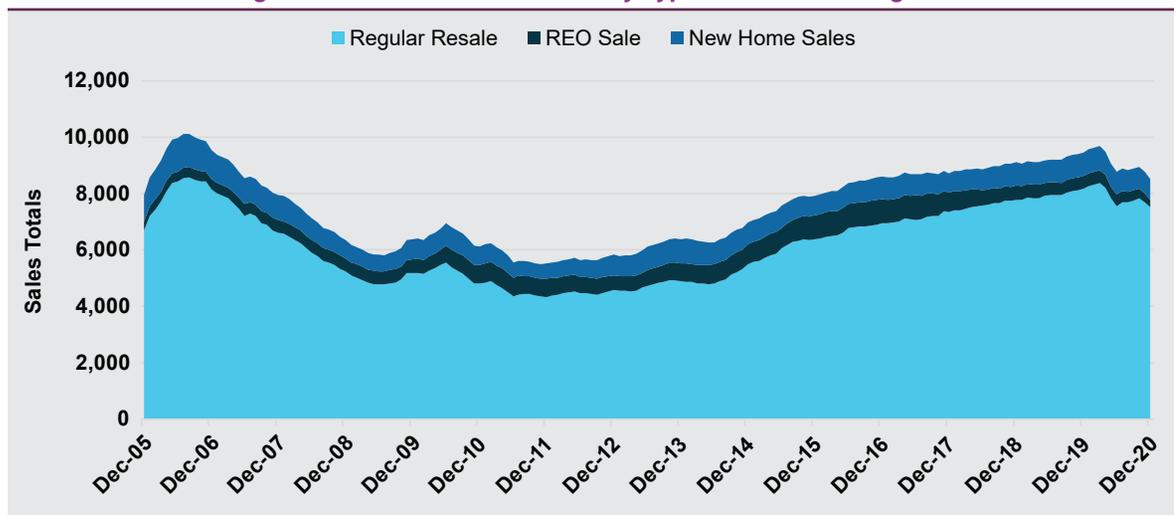
	Harrisburg HMA	Nation
Vacancy Rate	1.1%	NA
Months of Inventory	1.1	1.6
Total Home Sales	8,525	811,000
1-Year Change	-10%	6%
Existing Home Sales Price	\$213,400	\$296,500
1-Year Change	5%	9%
New Home Sales Price	\$338,100	\$333,100
1-Year Change	3%	4%
Mortgage Delinquency Rate	3.1%	4.0%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for 2020; months of supply and mortgage delinquency data are as of November 2020. The current date is January 1, 2021.

Sources: Vacancy rate—estimates by the analyst; months of inventory—CoreLogic, Inc.; HMA home sales and prices—Zonda; national home sales and prices—National Association of Realtors® and Census Bureau/HUD

Figure 5. 12-Month Sales Totals by Type in the Harrisburg HMA



REO = real estate owned.
Source: Zonda

or 10 percent, annually from 2007 through 2011, a period that includes the foreclosure crisis. Despite low net in-migration compared with the previous decade, overall home sales increased from 2012 through 2019, averaging 490, or 7 percent, annually, to 9,450 homes. Sales remained strong from 2012



through 2019, partially because the relatively slow population growth from 2010 to 2014 was partially offset by increased demand from family households.

Condominiums

Demand for condominiums increased during the mid to late 2010s, as they tend to be popular housing options for retirees and first-time homebuyers. From 2014 through 2020, the average condominium sales price was \$162,400, or 28 percent less than the average price of all homes. Condominium sales averaged nearly 5 percent of total sales during the period.

REO Sales and Delinquent Mortgages

Approximately 310 real estate owned (REO) sales occurred in the HMA during 2005, accounting for 4 percent of existing home sales. That figure increased significantly during the next 6 years, reaching 13 percent of all existing home sales during 2011. REO sales remained elevated through 2016 before declining during each of the most recent 4 years to 270 homes, or 4 percent of total sales, in 2020.

In December 2020, 3.1 percent of home loans in the Harrisburg HMA were seriously delinquent mortgages or had transitioned into REO status, up from 1.4 percent a year ago but below the

peak of 4.7 percent in December 2012 (CoreLogic, Inc.). By comparison, the national rate of seriously delinquent mortgages and REO properties was 4.0 percent in December 2020, up from 1.4 percent a year ago but below the peak of 8.6 percent in January 2010.

Overall Home Sales Prices

Overall home sales prices increased during the past 9 years, with accelerated price growth since 2019. From 2007 through 2008, the average home sales price increased an average of \$6,825, or 4 percent, annually. In response to the Great Recession, prices declined by an average of \$2,025, or 1 percent, annually, from 2009 through 2011. By comparison, new and existing home sales prices increased by an annual average of \$3,250, or 2 percent, from 2012 through 2017 (Figure 6). In December 2007, before the foreclosure crisis, inventory reached a 17.6-month supply. Population growth slowed from 2010 to 2014 in response to the foreclosure crisis, resulting in elevated levels of inventory from 2012 through 2016 and moderate price growth from 2012 through 2017. As population growth accelerated from 2014 to the current date, the annual average inventory count declined from 3,300 homes in 2014 to 1,000 homes during 2020, resulting in strong price growth in recent years. From 2019 through 2020, the overall home

Figure 6. 12-Month Average Sales Price by Type of Sale in the Harrisburg HMA



REO = real estate owned.
Source: Zonda

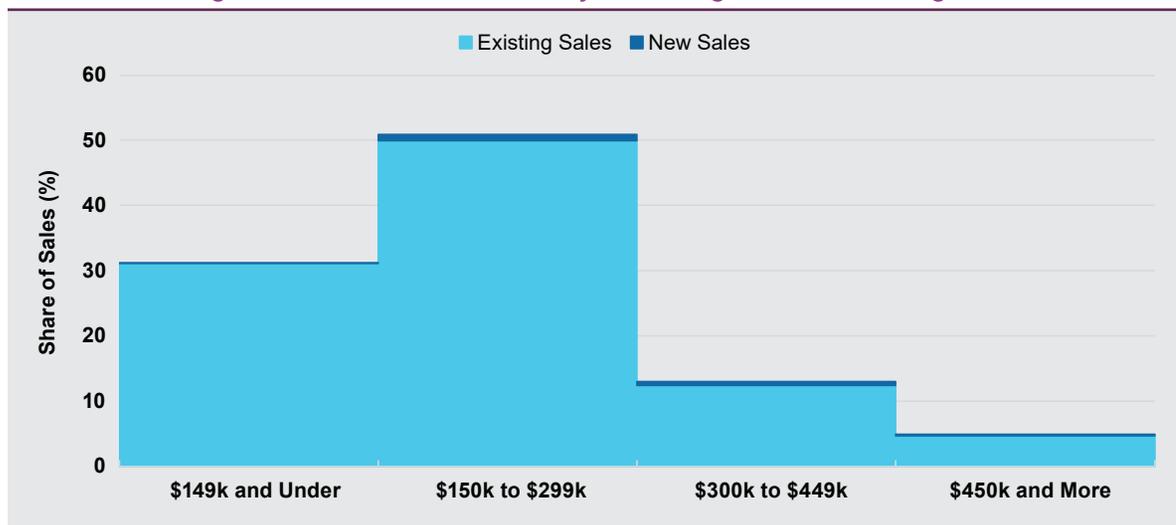


sales price increased by an average of \$10,400, or 5 percent, annually, compared with an average annual increase of \$3,100, or 2 percent, from 2012 through 2018. Whereas home prices have increased recently, the largest share of sales were for homes priced between \$150,000 to \$299,999 (Figure 7).

Sales Construction Activity

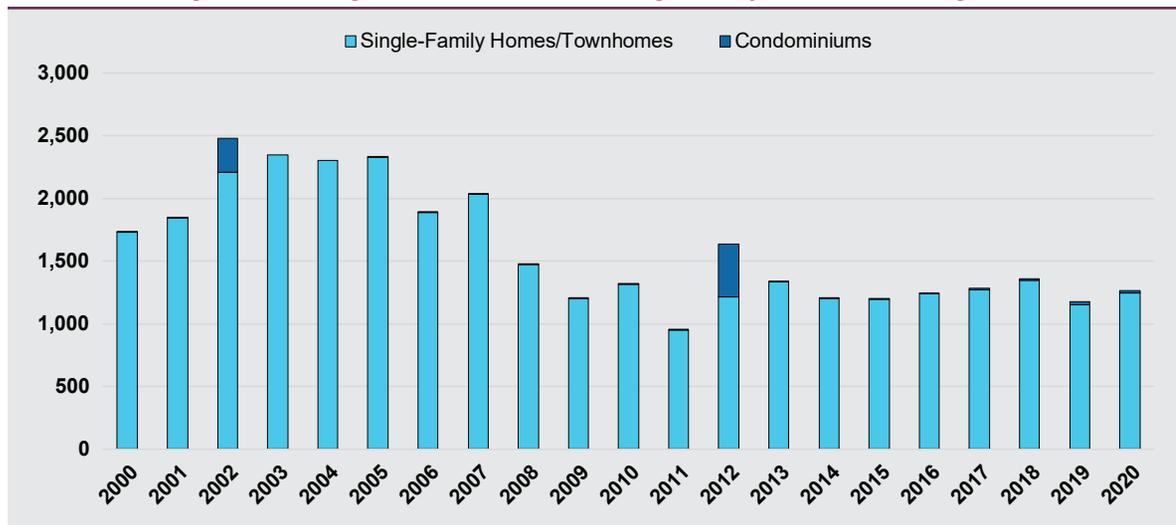
Sales construction activity in the HMA, as measured by the number of single-family homes, townhomes, and condominiums permitted, has generally been stable since 2012. Sales construction activity increased during 2020 but remained below the relatively high levels of the mid-2000s (Figure 8). An average of 2,125 homes were permitted annually from 2000 through 2007. Sales construction activity was slower from 2008 through 2011, however, and averaged 1,250 homes annually. From 2012 through 2019, sales construction averaged 1,300 homes annually. Approximately 61 percent of permitting activity during this period occurred in Cumberland County, the fastest growing county in the HMA (Map 1). During 2020, home construction in the HMA increased 7 percent from a year ago to 1,250 homes permitted (preliminary data, with adjustments by the analyst). The first phase of Legacy Park, a 325-unit subdevelopment in the city of Mechanicsburg, is currently under construction, with home prices starting at \$375,800 for two-bedroom homes, \$385,700 for three-bedroom homes, and \$395,800 for four-bedroom homes, respectively. Other notable

Figure 7. Share of Overall Sales by Price Range in the Harrisburg HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

Figure 8. Average Annual Sales Permitting Activity in the Harrisburg HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through December 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



developments under construction include Stray Winds Farm, a residential development consisting of 449 homes. Approximately 53 percent of the development will be marketed to residents aged 55 years and older.

Forecast

During the next 3 years, demand is estimated for 3,425 new homes (Table 5). The 290 homes currently under construction are expected to meet a portion of demand during the first year of the forecast period. Demand is expected to be lower during the first year of the forecast and increase in the second and third years, partly because of increasing employment and net-in migration. Demand in Cumberland County is expected to exceed demand in Dauphin and Perry Counties due to faster population growth.

Map 1. Building Permits by Municipality in the Harrisburg HMA, 2010 Through 2019

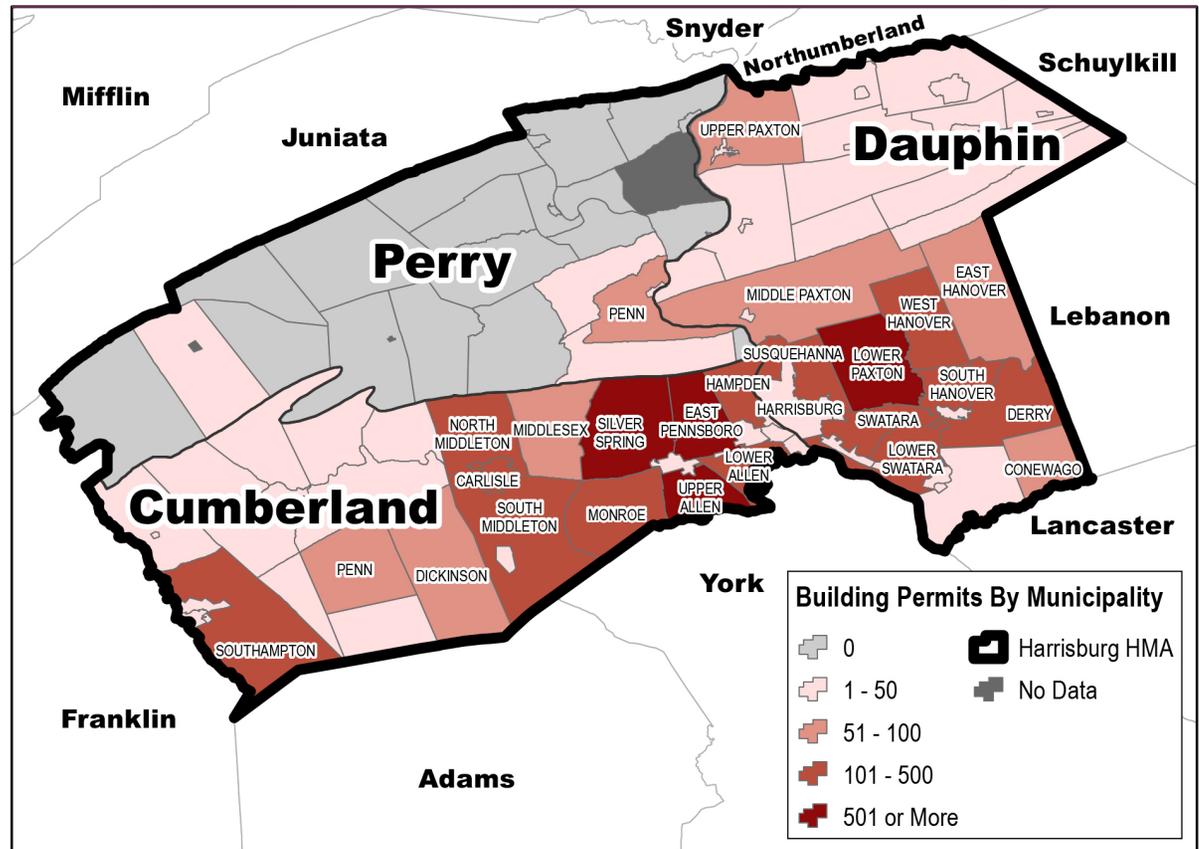


Table 5. Demand for New Sales Units in the Harrisburg HMA During the Forecast Period

Sales Units	
Demand	3,425 Units
Under Construction	290 Units

Note: The forecast period is from January 1, 2021, to January 1, 2024.
Source: Estimates by the analyst



Rental Market

Market Conditions: Slightly Tight

Historic levels of apartment construction in 2018 and 2019 contributed to an easing of tight rental market conditions.

Current Conditions and Recent Trends

The overall rental market in the Harrisburg HMA is slightly tight, with a rental vacancy rate estimated at 4.7 percent, down from 7.9 percent in April 2010 (Table 6). Rental market conditions in the HMA have eased from very tight to slightly tight since 2018, partly because of historically high apartment construction activity in 2018 and 2019. Despite the increase in apartment construction, single-family rentals remain a significant source of rental housing in the HMA. Approximately 37.6 percent of rental households lived in single-family homes in 2019, whereas the share of renters living in multifamily buildings with five or more units, typically apartments, was 38.3 percent. For comparison, approximately 32.9 percent of rental households in the nation lived in single-family homes, whereas 45.4 percent of rental households in the nation lived in multifamily buildings with 5 or more units.

Single-Family Rental Homes

The share of renters in the Harrisburg HMA living in single-family homes increased during the early 2010s before declining from 2015 to 2019 due to improving sales market conditions. In 2015, 42.0 percent of

renters lived in single-family homes, compared with 37.6 percent in 2019 (ACS 1-year data). The rental market for professionally managed single-family homes is tight, with a vacancy rate of 2.6 percent as of October 2020, up from 2.4 percent during October 2019 (CoreLogic, Inc.). Average rents for one-, two-, three-, and four-bedroom single-family homes increased 4, 8, 9, and 3 percent, respectively, during the same period.

Apartment Market Conditions

From 2006 through 2011, the apartment vacancy rate generally declined, from 7.4 percent to 3.1 percent, as residents increasingly preferred to rent, partly due to the foreclosure crisis. The apartment market moved toward balanced conditions from the fourth quarter of 2011 to the fourth quarter of 2015, with the average apartment rent increasing by an average of \$16, or 2 percent, annually during the period. The apartment market generally tightened from 2015 through 2018 as demand from retirees with military connections and young professionals migrating to the HMA increased. The apartment vacancy rate increased from 2.3 percent during the fourth quarter of 2018 to 4.3 percent during the fourth quarter of 2020 (Figure 9). The vacancy rate increased because of historic peak levels of construction in 2018 and 2019. Consistent with easing market conditions, rent growth slowed to

Table 6. Rental Market Quick Facts in the Harrisburg HMA

	2010 (%)	Current (%)
Rental Vacancy Rate	7.9	4.7
Occupied Rental Units by Structure		
Single-Family Attached & Detached	35.8	37.6
Multifamily (2–4 Units)	21.8	21.6
Multifamily (5+ Units)	40.0	38.2
Other (Including Mobile Homes)	2.3	2.5

Note: Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimates by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey, 1-year data

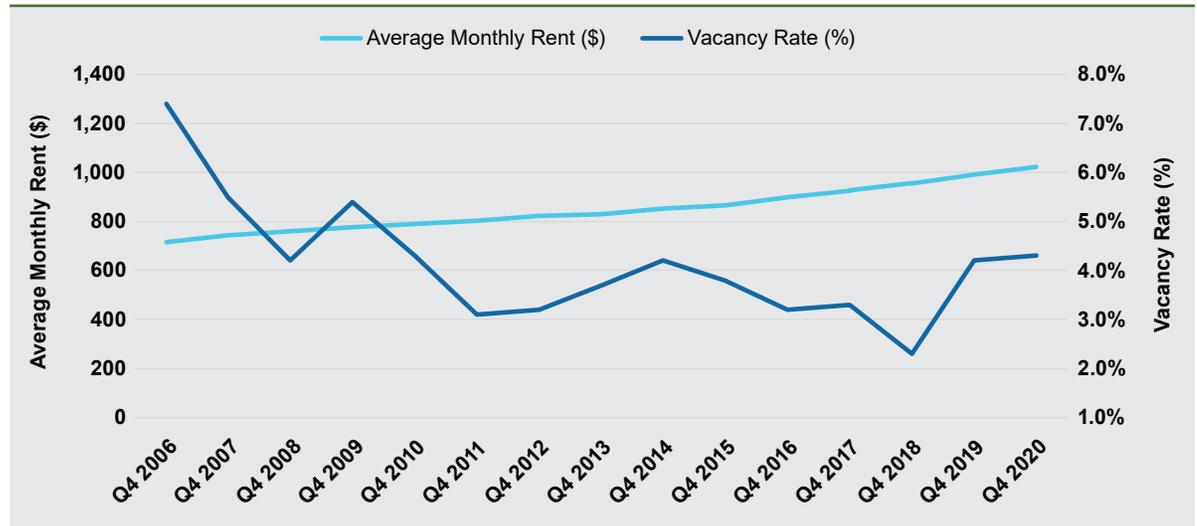


\$29, or 3 percent, from the fourth quarter of 2019 to the fourth quarter of 2020, compared with an increase of \$38, or 4 percent, from the fourth quarter of 2018 to the fourth quarter of 2019.

Rental Construction Activity

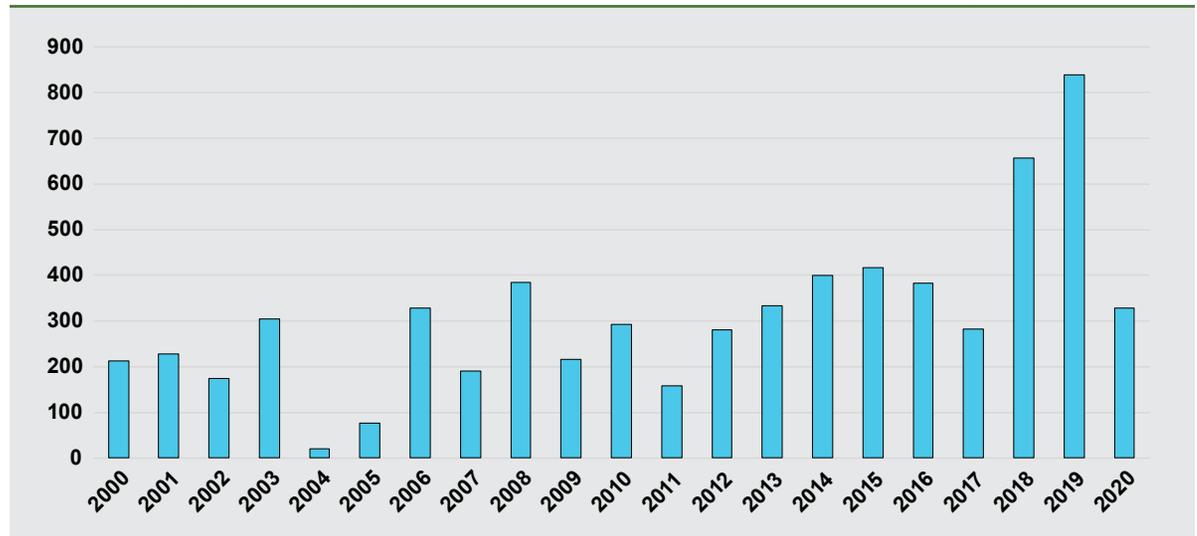
Recent rental construction activity in the HMA, as measured by the number of rental units permitted, averaged only 170 units a year from 2000 through 2005. Construction activity was low partially because many households preferred to own during that period because access to mortgage financing was widely available in the build-up to the housing foreclosure crisis and Great Recession. As net in-migration increased, developers increased rental production to an average of 280 units a year from 2006 through 2010. Rental demand increased further during the years following the Great Recession. Rental permitting activity from 2011 through 2017 averaged 320 units annually before spiking during the next 2 years (Figure 10). In 2018, apartment construction activity increased significantly to 660 units and increased 28 percent in 2019 to a peak of 840 units, the highest level of construction for any 2-year period. Permitting declined to 330 units during 2020 (preliminary data, with adjustments by the analyst) due to construction delays stemming from the pandemic. OakWood Hills Apartments, located in Cumberland County, was completed in December 2019. This property includes 137 apartment units in four buildings, with rents starting at \$985 and \$1,375 for one- and two-bedroom units, respectively.

Figure 9. Apartment Rents and Vacancy Rates in the Harrisburg HMA



Q4 = fourth quarter.
Source: Moody's Analytics REIS

Figure 10. Average Annual Rental Permitting Activity in the Harrisburg HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through December 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



Forecast

Demand is expected for an estimated 1,975 rental units in the HMA during the 3-year forecast period (Table 7). Rental demand is expected to be lowest during the first year of the forecast period and gradually increase as economic conditions improve. The 680 units under construction are expected to satisfy a portion of demand during the first and second years of the forecast period.

Table 7. Demand for New Rental Units in the Harrisburg HMA During the Forecast Period

Rental Units	
Demand	1,975 Units
Under Construction	680 Units

Note: The forecast period is January 1, 2021, to January 1, 2024.

Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions (sorted alphabetically)

Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Forecast Period	1/1/2021-1/1/2024—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Other Vacant	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.



B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo/Map Credits

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