

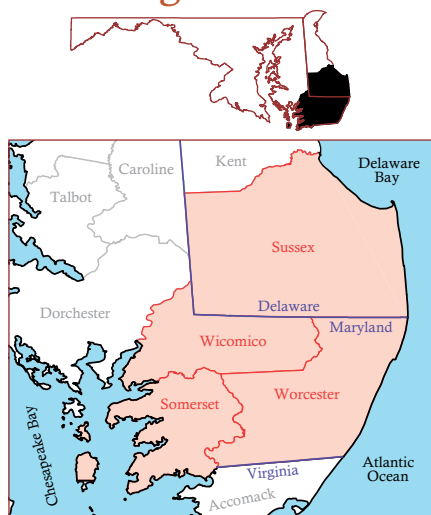


# Salisbury, Maryland-Delaware

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2017

PD&R

## Housing Market Area



The Salisbury Housing Market Area (HMA), coterminous with the Salisbury, MD-DE Metropolitan Statistical Area, is in southern Maryland and Delaware and is part of the region known as the Delmarva Peninsula that also includes the Eastern Shore of Virginia. The HMA includes the counties of Somerset, Wicomico, and Worcester in Maryland and Sussex in Delaware. The HMA is a popular tourist and retirement destination due to its beaches and golf courses and its proximity to the Baltimore, Philadelphia, and Washington, D.C. metropolitan areas.

## Market Details

Economic Conditions .....	2
Population and Households .....	6
Housing Market Trends .....	7
Data Profile .....	12

## Summary

### Economy

The economy of the Salisbury HMA has been improving since 2012, after contracting by an average of 1,800 jobs, or 1.2 percent, a year from 2008 through 2011. During the 12 months ending September 2017, nonfarm payrolls increased by 2,300 jobs, or 1.5 percent, from a year earlier, to an average of 158,400 jobs. The unemployment rate declined 0.2 percentage point to 5.5 percent during the same time and is down from a high of 9.8 percent in 2010. During the next 3 years, nonfarm payrolls are expected to increase an average of 1.5 percent annually.

### Sales Market

The sales housing market in the HMA is currently balanced, with an estimated vacancy rate of 2.2 percent, down from 4.1 percent in 2010. New and existing home sales increased by 870 homes, or 8 percent, to 11,800 homes sold during the 12 months ending May 2017 (CoreLogic, Inc., with adjustments by the analyst). The average sales price of a home increased nearly 5 percent to \$272,200. During the 3-year forecast period, demand is estimated for 6,425 new homes (Table 1). The 600 homes currently under construction will satisfy some of the demand.

### Rental Market

The rental housing market in the HMA is balanced, with an estimated vacancy rate of 5.2 percent for year-round rental housing (estimates by the analyst). The vacancy has declined significantly from an estimated 9.0 percent in 2010, in part, because of limited production of year-round rental units. During the forecast period, demand is estimated for 1,625 new market-rate rental units. The 400 units currently under construction and 50 units in planning will satisfy a majority of the demand in the first year of the forecast.

**Table 1. Housing Demand in the Salisbury HMA During the Forecast Period**

	Salisbury HMA	
	Sales Units	Rental Units
Total demand	6,425	1,625
Under construction	600	400

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2017. A portion of the estimated 83,000 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 100 mobile homes. The forecast period is October 1, 2017, to October 1, 2020.*

*Source: Estimates by analyst*

# Economic Conditions

The Salisbury HMA on the southern Delmarva Peninsula is a popular destination among tourists, with beach towns such as Rehoboth Beach, Delaware, and Ocean City, Maryland, drawing more than 16 million visitors a year combined (2017 *Update Comprehensive Plan: Town of Ocean City, Maryland; The Daily Times*, 2017). The beaches, along with the numerous marinas and golf communities, have made the HMA increasingly popular among retirees. The economy of the HMA has steadily improved since 2012, with nonfarm payroll growth averaging 2,500 jobs, or 1.7 percent, annually. During the 12 months ending September 2017,

nonfarm payrolls averaged 158,400, an increase of 2,300 jobs, or 1.5 percent, from a year earlier (Table 2).

From 2001 through 2007, nonfarm payrolls increased by an average of 2,500 jobs, or 1.8 percent, annually. During this period, the education and health services sector led the growth, increasing by 700 jobs, or 4.1 percent, annually, accounting for nearly 30 percent of all job growth. Sectors related to seasonal tourism also contributed to gains during this period. The mining, logging, and construction sector added 300 jobs annually, or 2.5 percent, as home construction increased. Leisure and hospitality payrolls increased by 400, or 2.0 percent, annually, partly due to the cities and counties in the HMA successfully promoting local nonsummer events such as the Rehoboth Beach Jazz Festival in October, Ocean City's Winterfest of Lights, and the Governor's Challenge high-school basketball tournament hosted in Salisbury at the end of December.

One of the largest industries in the HMA, poultry production, includes Perdue and Mountaire Farms, the 2 largest employers in the HMA, and 2 of the top 10 poultry producers in the country (Table 3). Total poultry company employees on the Delmarva Peninsula—which includes the HMA, Virginia's Eastern Shore, and the rest of the state of Delaware—increased by 75 jobs a year, or 0.5 percent, from 14,375 in 2001 to 14,822 through 2007 (Delmarva Poultry Industry, Inc.). Agriculture in the HMA is also largely dependent on the poultry industry, supplying the feed needed for raising chickens. As of 2007, farming in the HMA accounted for 3,135 jobs (U.S. Department of Agriculture, 2007 *Census of Agriculture*).

**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Salisbury HMA, by Sector**

	12 Months Ending		Absolute Change	Percent Change
	September 2016	September 2017		
Total nonfarm payroll jobs	156,100	158,400	2,300	1.5
Goods-producing sectors	21,900	22,400	500	2.3
Mining, logging, & construction	8,100	8,400	300	3.7
Manufacturing	13,800	14,000	200	1.4
Service-providing sectors	134,200	136,000	1,800	1.3
Wholesale & retail trade	27,400	27,600	200	0.7
Transportation & utilities	4,200	4,200	0	0.0
Information	1,200	1,200	0	0.0
Financial activities	6,600	6,900	300	4.5
Professional & business services	12,700	13,600	900	7.1
Education & health services	25,100	25,000	-100	-0.4
Leisure & hospitality	27,100	27,600	500	1.8
Other services	6,100	6,300	200	3.3
Government	23,800	23,800	0	0.0

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through September 2016 and September 2017.

Source: U.S. Bureau of Labor Statistics

**Table 3. Major Employers in the Salisbury HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Perdue	Manufacturing	4,000+
Mountaire Farms	Manufacturing	3,000
Bayhealth	Education & health services	2,900
Peninsula Regional Medical Center	Education & health services	2,900
Wal-mart Stores, Inc.	Wholesale & retail trade	2,000+
Salisbury University	Education & health services	1,800
The Harrison Group, Inc.	Leisure & hospitality	1,100
University of Maryland Eastern Shore	Education & health services	1,000
Atlantic General Hospital	Education & health services	800
Sysco Eastern Maryland, LLC	Wholesale & retail trade	700

Note: Excludes local school districts.

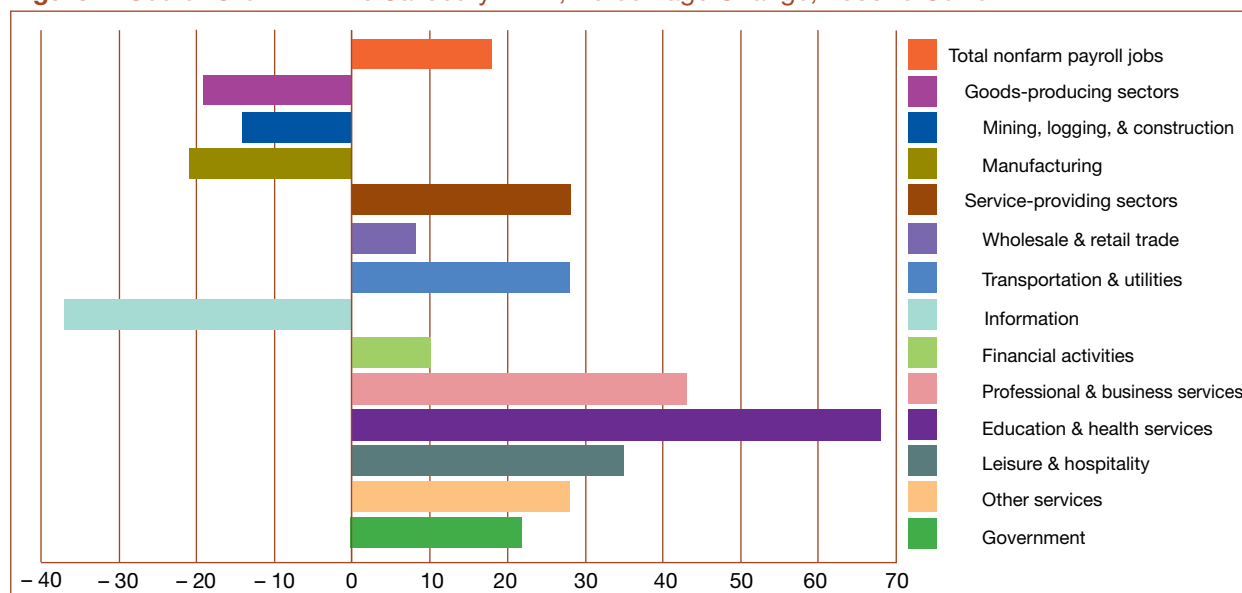
Sources: Newark Post "The Delaware 25;" Maryland Department of Commerce

From 2008 through 2011, coinciding with the Great Recession, payrolls in the HMA declined by an average of 1,800 jobs, or 1.2 percent, annually. The mining, logging, and construction sector led declines as demand for homes plummeted, leading to a decline in home construction. Jobs in this sector decreased by an average of 1,100 jobs, or 11.0 percent, a year, while the financial activities sector declined by 400 jobs, or 4.6 percent, annually in response to tightening of the credit market and increased rate of foreclosures.

Despite the mortgage crisis and downturn in the economy, the leisure and hospitality sector showed no decline from 2008 through 2011. Rehoboth Beach and Ocean City are near the Baltimore, Philadelphia, and Washington, D.C. metropolitan areas, making them popular family destinations during a period of tightening budgets and high gas prices. From 2008 through 2011, Ocean City hosted an average of 280,000 visitors per weekend in the summer season, an

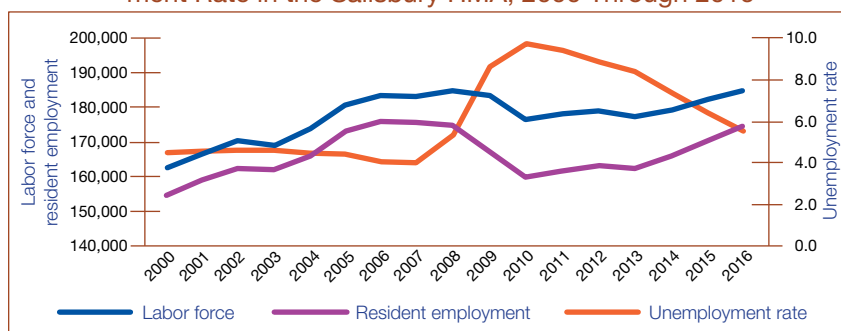
increase of 2,300, or 1.0 percent, from 2001 through 2007 (Planning and Zoning Commission estimates, *2017 Update Comprehensive Plan: Town of Ocean City, Maryland*). The education and health services sector continued to add jobs, albeit at a slower rate of 500 jobs, or 2.3 percent, a year, partly due to continued demand for health services from the aging population, as well as an increase in enrollment at local universities. During this period, Salisbury University in Wicomico County, the largest university in the HMA, expanded its total faculty from 530 to 610 in response to an increase in enrollment from 7,575 students to 8,600, an average growth rate of 3.2 percent annually. The education and health services sector has had the largest percentage gain in jobs since 2000 (Figure 1) and was the only sector to add jobs during each year of the local economic downturn. With the weak economy, the unemployment rate rose to an average of 9.8 percent in 2010 from an average of 4.0 percent in 2007 (Figure 2).

**Figure 1. Sector Growth in the Salisbury HMA, Percentage Change, 2000 to Current**



Note: Current is based on 12-month averages through September 2017.

Source: U.S. Bureau of Labor Statistics

**Figure 2.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Salisbury HMA, 2000 Through 2016

*Note: Unemployment has declined since 2010 but remains above prerecession levels.*

*Source: U.S. Bureau of Labor Statistics*

Although the poultry production industry was relatively stable from 2008 through 2010, totaling 14,900 jobs on the Delmarva Peninsula, in 2011, employment dropped to 13,150 jobs. This decline is mostly due to a drought in the region, which caused the price of feed to increase 40 percent, reducing total poultry production (Delmarva Poultry Industry, Inc.).

Economic conditions in the HMA began to improve in 2012, and nonfarm payrolls fully recovered by 2015, surpassing their previous peak of 151,200 jobs in 2007. Since the recovery began, nonfarm payrolls have increased by an average of 2,500 jobs, or 1.7 percent annually to 158,400 jobs during the 12 months ending September 2017. The leisure and hospitality sector led nonfarm payrolls in total growth during this period, increasing by an average of 700 jobs, or 2.8 percent annually. The professional and business services sector led with the fastest rate of growth, averaging 500 jobs, or 4.1 percent annually. As a result of continued economic growth and strengthening labor market conditions, the unemployment rate in the HMA has steadily decreased since the recession to an average of 5.5 percent during the 12 months ending September 2017.

Due to seasonal influences in the HMA, the monthly nonfarm payroll data vary significantly depending on the time of year. Nonfarm payroll jobs during the summer months of June, July, and August have been on average about 20,000 higher than the average number of nonfarm payroll jobs in the winter months of January, February, and March since 2000. Most of the seasonal expansion occurs in the leisure and hospitality sector, the largest employment sector in the HMA. During the 12 months ending September 2017, nonfarm payrolls in this sector totaled 27,600, an increase of 500 jobs, or 1.8 percent from the previous 12 months. During the peak tourist season of June, July, and August, employment in the leisure and hospitality sector spikes to accommodate the numerous visitors to the region. During the summer season, defined as the 3 months ending August 2017, nonfarm payrolls in the leisure and hospitality sector averaged 39,000, an increase of 19,000 jobs, or 95 percent, compared with the average during the winter season, the 3 months ending March 2017.

As the population expands, infrastructure, residential, and commercial building activity continues to increase. The mining, logging, and construction



sector grew by 300 jobs, or 3.7 percent, during the 12 months ending September 2017, in part, because of the construction of several new hotels, such as the Hyatt Place Oceanfront Hotel in Ocean City, and an increase in homebuilding activity. Increased homebuilding activity and home sales have also strengthened the financial activities sector, which added 300 jobs, an increase of 4.5 percent during the past 12 months.

The professional and business services sector was the fastest growing sector during the 12 months ending September 2017, increasing by 900 jobs, or 7.1 percent, from a year earlier. The recent large payroll gains in this sector are due, in part, to local and state investments into broadband infrastructure, the lack of which has hindered growth in the sector, and existing internet service providers such as Bloosurf, expanding wireless broadband coverage throughout the HMA.

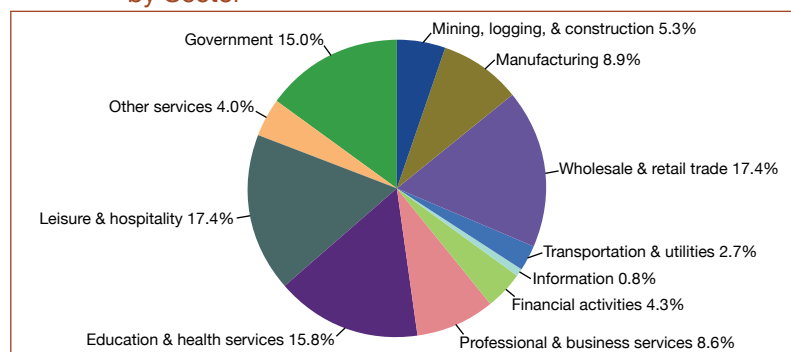
The HMA is also a popular shopping destination because of Delaware's zero sales tax and outlet stores. The wholesale and retail trade sector is tied with the leisure and hospitality sector as the largest employment sector in the HMA with 27,600 employees and accounts for 17 percent of all jobs

in the HMA. In this sector, the retail trade subsector is the largest component with 23,100 jobs, or nearly 84 percent of all jobs in this sector. The retail trade subsector increased by 100 jobs, or 0.4 percent, during the 12 months ending September 2017, partly because of recent renovations and expansions in the Tanger Outlets in Sussex County that include an additional 13 stores.

During the past 12 months, education and health services was the only sector to lose jobs. Despite declining by 100 jobs, or 0.4 percent, during the 12 months ending September 2017, the sector has grown by an average of 600 jobs, or 2.5 percent, annually since 2012. Currently, this sector accounts for nearly 16 percent of nonfarm payroll jobs in the HMA (Figure 3). One of the largest healthcare providers in the HMA, Bayhealth, is investing \$300 million into a new health campus in Milford, Delaware. Construction began in 2016 and is estimated to be complete in 2019. In addition, Beebe Healthcare recently approved \$180 million toward upgrading the current hospital campus in Lewes, Delaware and building a new surgical center in Rehoboth Beach. The first phase of construction is expected to begin in the fall of 2018.

During the 3-year forecast period, all sectors are expected to grow. Due to an increase in net in-migration as the baby boomer generation continues to retire and an overall improvement in the economy, nonfarm payrolls are expected to increase at an average rate of 1.5 percent annually during the next 3 years, slightly below the average annual growth rate of 1.7 percent since 2012.

**Figure 3. Current Nonfarm Payroll Jobs in the Salisbury HMA, by Sector**



Note: Based on 12-month averages through September 2017.

Source: U.S. Bureau of Labor Statistics

# Population and Households

Population growth in the Salisbury HMA has increased since July 2012 but at a slower rate than before the Great Recession. As of October 1, 2017, the population of the HMA is estimated at 406,400, with annual population growth of 4,725 people, or 1.2 percent, since 2012. By comparison, from 2000 to 2008, prior to the Great Recession, population growth averaged 6,575 people, or 2.0 percent, annually before declining to an average of 3,700 people, or 1.0 percent, from 2008 to 2012. Net in-migration dropped during this period to an average of 3,050 people per year compared with 5,900 people per year from 2000 to 2008. Since the economy began to recover in 2012, net in-migration has increased to an average of 4,850 per year, outpacing population growth due to an increasingly negative net natural change (resident births minus resident deaths) as more retirees move to the region, and the current population grows older. Figure 4 shows the components of population change in the HMA from 2000 to the forecast date.

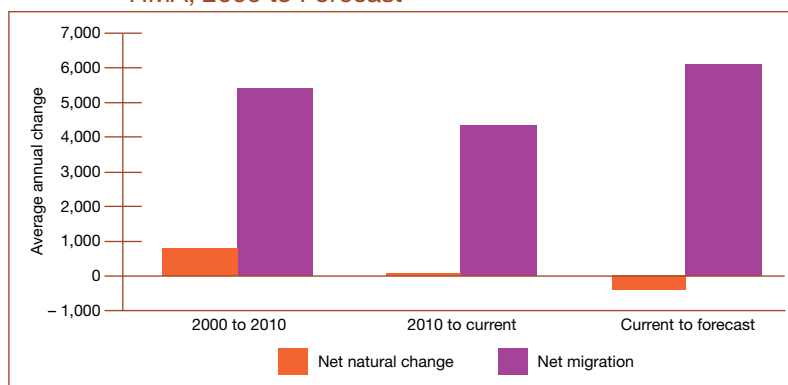
The HMA has been a popular destination for retirees because of its relatively low cost of living, proximity to other cities, and accessible healthcare. Sussex

County in the northern part of the HMA is especially attractive among this demographic group, with numerous golf courses and country clubs, marinas, and relatively low property tax. From 2000 to 2010, annual net in-migration into Sussex County averaged 3,650 people annually and accounted for 67.8 percent of net in-migration to the HMA. Since 2010, annual net in-migration increased to an average of 3,725 people, or 86.6 percent of net in-migration to the HMA. Approximately 69 percent of housing developments in the HMA from 2000 through 2010 were for seasonal housing built along the bays and oceanfronts, as retirees increasingly look for communities that offer more amenities and recreational activities.

As more retirees move into the HMA, the population continues to get older. In 2013, people aged 65 and older accounted for 20.4 percent of the population. As of July 2016, nearly 22.5 percent of the population was aged 65 or older, compared with 15.2 percent nationally (2013 and 2016 American Community Survey [ACS] 1-year data). The median age in the HMA was estimated at 44.9 years, higher than the national median age of 37.9 years. With the aging population, net natural change has become negative in the past few years, averaging a decline of 270 people annually since 2014, indicating that more deaths than births occurred in the HMA during this period. By comparison, net natural change increased by an average of 720 a year from 2000 to 2010, before declining to an average increase of 250 a year from 2010 to 2014.

The HMA has an estimated 160,900 households, an increase of 1,775 households, or 1.2 percent, annually

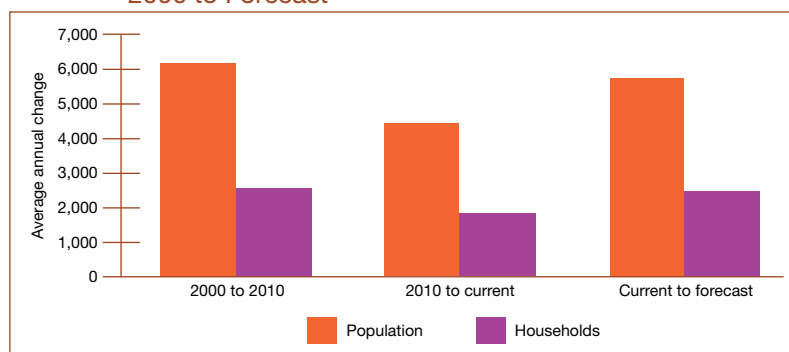
**Figure 4. Components of Population Change in the Salisbury HMA, 2000 to Forecast**



Notes: The current date is October 1, 2017. The forecast date is October 1, 2020.  
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

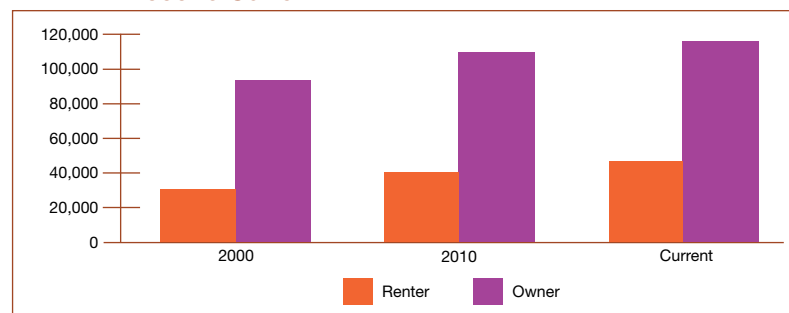
since 2010. By comparison, household growth averaged 2,475, or 1.9 percent, annually from 2000 to 2010.

**Figure 5. Population and Household Growth in the Salisbury HMA, 2000 to Forecast**



*Notes: The current date is October 1, 2017. The forecast date is October 1, 2020. Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst*

**Figure 6. Number of Households by Tenure in the Salisbury HMA, 2000 to Current**



*Note: The current date is October 1, 2017. Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst*

The decline in household growth reflects the overall decline in population growth between the two periods (Figure 5). The homeownership rate is currently 71.2 percent, down from 73.2 percent in 2010 because of the tight credit market and an increased demand for rental units since the beginning of the decade due to the Great Recession. Figure 6 shows the number of households by tenure in the HMA from 2000 to the current date.

During the 3-year forecast period, the population in the HMA is expected to increase by approximately 5,675 a year, or 1.4 percent, annually. All of the population growth will be due to net in-migration, because net natural change is expected to be increasingly negative. The number of households in the HMA is expected to increase by an average of 2,375, or 1.5 percent, annually to approximately 168,000. Growth is expected to concentrate around regions with easy access to the Atlantic Ocean, coves, and bays, as well as downtown districts and suburban town centers.

## Housing Market Trends

### Sales Market

Sales housing market conditions in the Salisbury HMA are balanced, with an estimated vacancy rate of 2.2 percent, down from 4.1 percent in April 2010 (Table DP-1 at the end of this report). The decline in vacancies reflects a decrease in new construction and the absorption of excess inventory after the foreclosure crisis. The inventory of homes for sale decreased from an 8.1-month supply during

the 12 months ending May 2016 to a 7.2-month supply during the 12 months ending May 2017 (CoreLogic, Inc., with adjustments by the analyst).

After declining each year from 2008 through 2011, home sales recently increased as net in-migration increased with retirees moving into the region. Although home sales grew, the number of homes sold remained well below

the prerecession peak. During the 12 months ending May 2017, sales of new and existing single-family homes, townhomes, and condominiums increased 8 percent, or by 870 homes, from the previous 12-month period to 11,800 homes (CoreLogic, Inc., with adjustments by the analyst). By comparison, during the housing boom from 2004 through 2006, new and existing home sales averaged 14,650 annually, reaching a peak in 2005 of 16,400 homes sold. Home sales declined significantly during the economic downturn from 2008 through 2011 to a 12-month average of 6,875 before the housing market began to recover in 2012. During the 12 months ending May 2017, the average new and existing home sales price increased 5 percent, or by \$11,850, to \$272,100 compared with a decrease of 2 percent, or \$5,700, during the previous 12-month period. By comparison, the 12-month average sales price peaked at \$316,000 in 2006 before declining to a low of \$249,700 in 2013.

A large number of foreclosed homes entered the market during the Great Recession, but absorption of those homes was slow due to a decline in net in-migration at the beginning of the decade. During the 12 months ending May 2017, distressed home sales (real estate owned [REO] and short sales) accounted for nearly 8 percent of total sales, below the high of 16 percent of all home sales in 2011. However, the average share of distressed property sales remains higher than at any time from 2001 through 2007, when they accounted for approximately 1 percent of sales. This higher share is due, in part, to the large number of REO properties that entered the market in 2015 that are still being absorbed. These properties were slow to enter

the market because Delaware and Maryland are judicial foreclosure states, and because of foreclosure protections given to households affected by Hurricane Sandy. During the 12 months ending May 2017, the sales price of an REO home averaged \$119,900, less than one-half the average sales price for a regular resale home, contributing to slower home price growth that was below the national average. Despite a relatively higher percentage of REO sales as of May 2017, the percentage of home loans in the HMA that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status was 3.4 percent, slightly above the national average of 3.2 percent but below the May 2016 average of 4.3 percent. Although this average is below the 2012 peak of 9.3 percent, it is above the average prior to the recession of 1.3 percent.

Absentee-owner sales, which are primarily investment or second home purchases, comprised 38 percent of total sales in the HMA during the 12 months ending May 2017, down from 42 percent a year earlier (Metrostudy, A Hanley Wood Company). By comparison, 27 percent of home sales consisted of absentee-owner sales nationally, unchanged from a year ago and down from a peak level of 31 percent in 2013.

Increasing net in-migration and demand for second homes resulting from improved economic conditions has led to a rise in new home construction, as measured by the number of homes permitted since 2012, despite a small decline during the past 12 months. Single-family permitting increased by an average of 250 homes, or 12 percent, a year from 2013 through

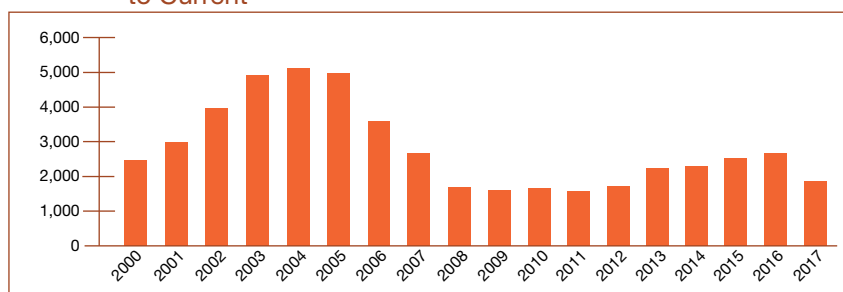


## Housing Market Trends

### Sales Market *Continued*

2016. By comparison, single-family homebuilding peaked in 2004 with 5,075 homes permitted (Figure 7), before declining by an average of 500 homes, or 16 percent, annually through 2011 to a low of 1,550 homes permitted. During the 12 months ending September 2017, 2,500 single-family homes were permitted, a decline of 5 percent compared with the same

**Figure 7.** Single-Family Homes Permitted in the Salisbury HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through September 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Salisbury HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	249,999	950	15.0
250,000	349,999	2,225	35.0
350,000	449,999	2,225	35.0
450,000	549,999	630	10.0
550,000	and higher	320	5.0

Notes: The 600 homes currently under construction and a portion of the estimated 83,000 other vacant units in the submarket will likely satisfy some of the forecast demand. Demand for 100 mobile homes during the forecast period is excluded from this table. The forecast period is October 1, 2017, to October 1, 2020.

Source: Estimates by analyst

period a year earlier (preliminary data). An estimated 600 single-family homes are currently under construction.

The Residences at Light House Cove is a luxury condominium development in Dewey Beach, Delaware south of Rehoboth Beach and 3 miles from the Tanger Outlets. The development consists of 54 units, ranging from one to four bedrooms in size. Units became available for sale in 2017, with prices starting at \$459,000 for a one-bedroom unit.

GlenRiddle is a single-family home subdivision in Worcester County. It has a private marina, two golf courses, and is near the Casino at Ocean Downs. The subdivision is currently in phase 1 of development, with 60 homes built of a planned 500. Homes are built as they are sold with a base price of \$380,000.

During the next 3 years, demand is expected for 6,425 new homes in the HMA, including 100 mobile homes (Table 1). The 600 homes currently under construction will satisfy a portion of the demand. Approximately 70 percent of the demand will be for new homes priced between \$250,000 and \$449,999 (Table 4).

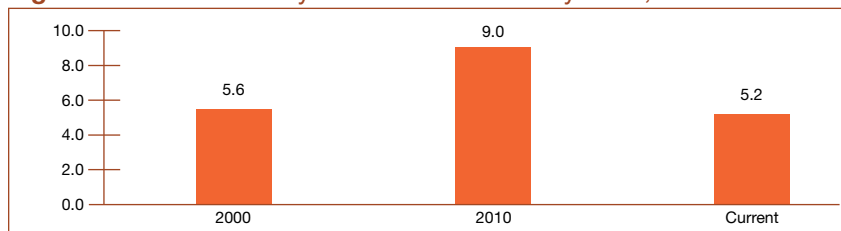
## Rental Market

Rental housing market conditions in the Salisbury HMA are currently balanced, with an overall rental vacancy rate estimated at 5.2 percent as of October 1, 2017, a decline from the estimated April 2010 rental vacancy rate of 9.0 percent (Figure 8) (estimates by the analyst based on year-round market-rate units). As of July 2016, approximately 48.7 percent of all renter households live in single-family

homes, down from 51.4 percent in 2013 but higher than the national average of 34.8 percent (2013 and 2016 ACS 1-year data).

Although the overall rental housing market is balanced, the apartment market is currently tight with a vacancy rate of 2.5 percent as of the third quarter of 2017, down from 3.7 percent in the third quarter of

## Housing Market Trends

Rental Market *Continued***Figure 8. Rental Vacancy Rates in the Salisbury HMA, 2000 to Current**

Note: The current date is October 1, 2017.

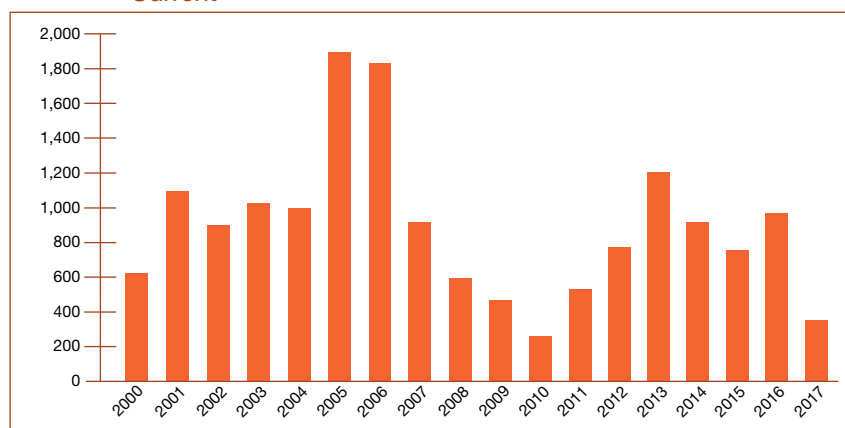
Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

2016 (Reis, Inc.). The current rate is slightly below the 2012 vacancy rate of 5.3 percent. In general, since 2012, the apartment vacancy rate in the HMA has declined each quarter, while net in-migration has increased. Rents in the third quarter of 2017 averaged \$950, an increase of \$20, or 2 percent, from a year ago. Rents for one-, two-, and three-bedroom apartments averaged \$798, \$941, and \$1,126 respectively (Reis, Inc.).

Because condominiums play a strong role in the housing market in the HMA, a significant percentage of multifamily units permitted are not year-round market-rate rental units. The current rate of multifamily permitting is below the level of activity in the HMA prior to 2005 (Figure 9). During the 12 months ending September 2017, 660 multifamily units were

permitted, a decrease of 210, or 24 percent from the 870 units permitted during the previous 12 months (preliminary data). From 2000 through 2004, the number of multifamily units permitted averaged 920 a year, before increasing dramatically in 2005 and 2006 to 1,900 and 1,825 units respectively. With the beginning of the housing crisis, multifamily permitting fell to 910 units in 2007. From 2008 through 2010, multifamily permitting in the HMA declined by an average of 220 units, or 36 percent, a year to a low of 240 units permitted, in part, because of reduced demand caused by limited access to financing and slow population growth. From 2011 through 2016, an average of 850 multifamily units were permitted annually.

The growth in multifamily building activity since 2011 is predominantly due to an increase in activity in Sussex and Wicomico Counties. Downtown Salisbury in Wicomico County with its many amenities—including numerous bars and restaurants, as well as Salisbury University and nearby hospitals such as the Eastern Shore Medical Center—is appealing to students and young professionals in and around the HMA, contributing to the recent increase in the demand for apartments. Salisbury University and University of Maryland Eastern Shore have a combined enrollment of 12,650 students, making up a better part of the total student population in the

**Figure 9. Multifamily Units Permitted in the Salisbury HMA, 2000 to Current**

Notes: Multifamily units permitted includes seasonal units not available for year-round rent. Excludes townhomes. Current includes data through September 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

HMA. Approximately 53 percent of students live off campus in the HMA, with student households accounting for approximately 5 percent of all renter households. The town centers of Lewes and Seaford, Delaware in Sussex County also had some recent multifamily developments near Routes 13 and 9, respectively. However, much of the growth in multifamily developments in Sussex County is seasonal beachfront property.

Both Sussex and Worcester Counties have a significant amount of multifamily construction that is seasonal and is not a part of the overall inventory of units available for rent. Oceanfront condominiums in places like Rehoboth Beach and Ocean City are still being constructed, although at lower rates than before the Great Recession. From 2001 through 2007, an estimated 210 condominiums were permitted annually in the HMA compared with an average of 60 units since 2008. Aside from condominiums, single-family homes are often replaced with two, three, or four-unit developments, which are built for the purpose of seasonal rentals. About 26 percent of multifamily homes permitted in the HMA are seasonal units.

Ocean Aisle is an apartment development recently built in 2015 in Wicomico County. The complex consists of 72 two-bedroom and 24 three-bedroom apartments. Monthly rents start at \$1,299 for two-bedroom and \$1,499 for three-bedroom apartments. The property is approximately 4 miles from downtown Salisbury and Salisbury University.

The Residences at River Place in Sussex County is a 72-unit complex consisting of 16 one-bedroom, 32 two-bedroom, and 24 three-bedroom units. Rents begin at \$975, \$1,250, and \$1,500 respectively. Completed in 2017, the development is on the Nanticoke River across from the Nanticoke Memorial Hospital and Blades Marina.

During the 3-year forecast period, demand is expected for 1,625 new market-rate rental units (Table 1). Currently, 400 units are under construction, including The Lodge at Truitt Homestead apartments in Rehoboth Beach, a senior living community that will consist of 88 studio, one-, and two-bedroom apartments. Fifty units are currently in the planning stages to be included as part of Marina Landing, a mixed-use commercial and residential development in Salisbury, Maryland. Units currently under construction and in planning will satisfy most of the demand for rental housing during the first year of the forecast period. Table 5 shows the total demand by rent level and number of bedrooms for new market-rate rental housing in the HMA.

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Salisbury HMA During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
975 to 1,174	120	1,150 to 1,349	200	1,350 to 1,549	100
1,175 to 1,374	100	1,350 to 1,549	490	1,550 to 1,749	140
1,375 or more	25	1,550 or more	290	1,750 to 1,949	80
				1,950 to 2,149	40
				2,150 or more	40
<b>Total</b>	<b>240</b>	<b>Total</b>	<b>980</b>	<b>Total</b>	<b>410</b>

*Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 400 units currently under construction will likely satisfy some of the estimated demand. The forecast period is October 1, 2017, to October 1, 2020.*

*Source: Estimates by analyst*

# Data Profile

**Table DP-1. Salisbury HMA Data Profile, 2000 to Current**

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	154,876	159,818	176,900	0.3	1.5
Unemployment rate	4.5%	9.8%	5.5%		
Nonfarm payroll jobs	133,800	144,200	158,400	0.8	1.4
Total population	312,572	373,802	406,400	1.8	1.1
Total households	122,850	147,605	160,850	1.9	1.2
Owner households	92,492	108,036	114,500	1.6	0.8
Percent owner	75.3%	73.2%	71.2%		
Renter households	30,358	39,569	46,350	2.7	2.1
Percent renter	24.7%	26.8%	28.8%		
Total housing units	184,923	231,143	249,000	2.3	1.0
Owner vacancy rate	2.0%	4.1%	2.2%		
Rental vacancy rate	5.6%	9.0%	5.2%		
Median Family Income	NA	NA	\$66,334	NA	NA

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2017. Median Family Income is for 2016. The current date is October 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

## Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census  
 2010: 4/1/2010—U.S. Decennial Census  
 Current date: 10/1/2017—Estimates by the analyst  
 Forecast period: 10/1/2017–10/1/2020—  
 Estimates by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

**Demand:** The demand estimates in the analysis are not a forecast of building activity. They are the 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.

**Other Vacant Units:** 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.

**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.

For additional data pertaining to the housing market for this HMA, go to [huduser.gov/publications/pdf/CMARtables\\_SalisburyMD\\_DE\\_18.pdf](http://huduser.gov/publications/pdf/CMARtables_SalisburyMD_DE_18.pdf).

## Contact Information

Matthew Tieff, Economist  
 Philadelphia HUD Regional Office  
 215–430–6680  
[matthew.c.tieff@hud.gov](mailto:matthew.c.tieff@hud.gov)

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.

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.

For additional reports on other market areas, please go to [huduser.gov/portal/ushmc/chma\\_archive.html](http://huduser.gov/portal/ushmc/chma_archive.html).