

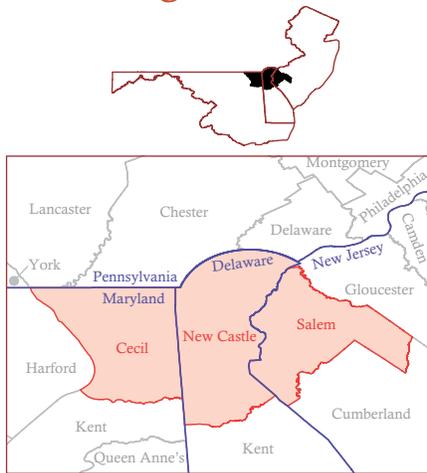


Wilmington, Delaware-Maryland-New Jersey

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



Housing Market Area



The Wilmington Housing Market Area (HMA) is coterminous with the Wilmington, DE-MD-NJ Metropolitan Division. The HMA consists of three counties in the southernmost portion of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area—New Castle County, Delaware; Cecil County, Maryland; and Salem County, New Jersey. The HMA is recognized nationally as a center for banking and financial services and is home to the University of Delaware in the city of Newark, Delaware.

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Summary

Economy

The economy of the Wilmington HMA has expanded since the end of 2010. Growth slowed, however, in late 2016, in part because of layoffs related to the merger of E.I. du Pont de Nemours and Company (DuPont) and The Dow Chemical Company. Total nonfarm payrolls increased by 1,400 jobs, or 0.4 percent, during the 12 months ending July 2017, but payrolls declined or were unchanged in 6 of the 11 sectors of the economy. During the next 3 years, nonfarm payrolls are expected to increase by 2,500 jobs, or 0.7 percent, annually.

Sales Market

The sales housing market in the HMA is currently balanced, with an estimated vacancy rate of 1.4 percent. The supply of existing homes was 4.6 months as of July 2017, and the supply of new homes was 6.0 months during the second quarter of 2017. During the 3-year forecast period, demand is expected for 1,800 new homes (Table 1). The 780 homes currently under construction and a portion of the 14,200 other vacant homes that may reenter the market likely will satisfy part of the forecast demand.

Rental Market

The overall rental housing market in the HMA is balanced, with an estimated vacancy rate of 7.5 percent. The apartment market is slightly tight, with a vacancy rate of 3.8 percent during the second quarter of 2017. A relatively strong increase in student enrollment at the University of Delaware contributed to tighter apartment market conditions during the past year. During the forecast period, demand is estimated for 2,200 new market-rate rental units (Table 1). The 1,200 apartment units currently under way will satisfy some of the forecast demand.

Table 1. Housing Demand in the Wilmington HMA During the Forecast Period

	Wilmington HMA	
	Sales Units	Rental Units
Total demand	1,800	2,200
Under construction	780	1,200

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2017. A portion of the estimated 14,200 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is August 1, 2017, to August 1, 2020.

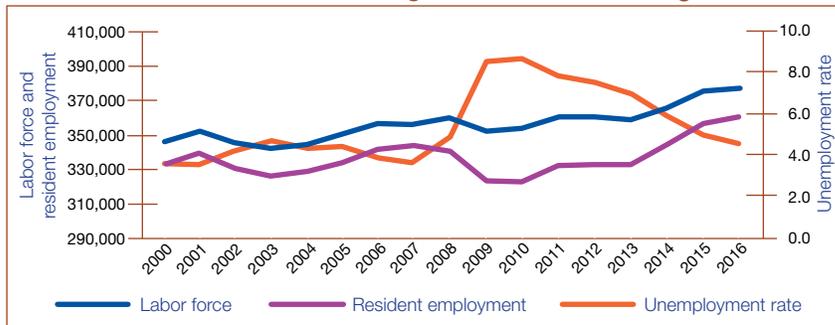
Source: Estimates by analyst

Economic Conditions

Economic conditions in the Wilmington HMA have strengthened since the end of a local downturn in 2011. Job growth in the HMA contributed to a decline in the unemployment rate from a peak of 8.8 percent during 2010 to 4.6 percent during 2016 (Figure 1). During the 12 months ending July 2017, total nonfarm payrolls in the HMA increased by 1,400 jobs, or 0.4 percent. The average unemployment rate declined from 4.7 to 4.6 percent during the same period. Job growth, however, was far weaker than the expansion in the HMA from 2013 through 2015.

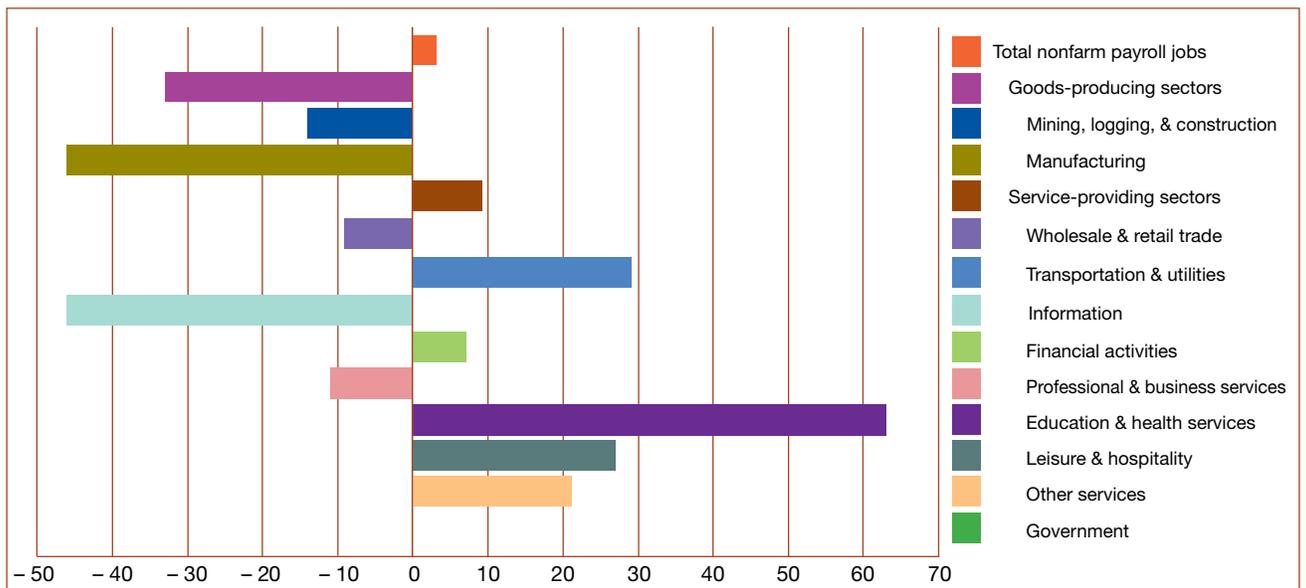
The economy of the HMA expanded strongly during much of the 1990s with an addition of 60,000 jobs from 1993 through 2000. However, from the end of 2000 through the current date, total nonfarm payrolls in the HMA increased by only 9,600 jobs, or 3 percent (Figure 2). A recession in the early 2000s and a much stronger downturn later in the decade dampened net job growth since 2000. From 2001 through 2003, nonfarm payrolls declined by an average of 3,400 jobs, or 1.0 percent, annually. From 2004 through 2007, the economy expanded by an average of 3,100 jobs, or 0.9 percent, annually. The most gains were in the education and health services sector, which added an average of 1,700 jobs, an increase of 3.8 percent, annually. From 2008 through 2010, payrolls declined rapidly, by 7,800 jobs, or 2.3 percent, annually. The greatest losses were in the professional and business services sector, which declined by an average of 2,200 jobs, or 4.1 percent, annually.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Wilmington HMA, 2000 Through 2016



Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Wilmington HMA, Percentage Change, 2000 to Current



Notes: Current is based on 12-month averages through July 2017. During this period, the government sector showed no net change.
Source: U.S. Bureau of Labor Statistics

The current economic expansion began modestly with an average annual gain of 2,800 jobs, or 0.8 percent, from 2011 through 2012. Growth then accelerated from 2013 through 2015 to an average annual increase of 7,100 jobs, or 2.1 percent. The education and health services sector led growth during the period with an average annual gain of 2,000 jobs, or 3.4 percent. The transportation and utilities sector increased annually by an average of 1,300 jobs, or 8.3 percent, and the financial activities sector added an average of 1,400 jobs, or 3.6 percent, annually. After 2015, overall job growth in the HMA

slowed, however, because of losses in the manufacturing and the professional and business services sectors and because of slower growth in most other economic sectors.

During the 12 months ending July 2017, nonfarm payrolls in the HMA averaged 359,500, a modest increase of 1,400 jobs, or 0.4 percent (Table 2). By comparison, payrolls increased by 4,700 jobs, or 1.3 percent, during the previous 12-month period. As with past periods of job growth, the education and health services sector led growth among all sectors with an increase of 2,000 jobs, or 3.3 percent, during the 12 months ending July 2017. Since 2000, the number of jobs in the education and health services sector has increased 63 percent, the highest level of growth among all other sectors, to become the largest in the HMA, accounting for nearly 18 percent of current payrolls (Figure 3). Approximately 90 percent of the growth in the sector since 2000, as well as the growth during the 12 months ending July 2017, was in the healthcare and social assistance subsector.

Despite the growth in the education and health services sector, losses that occurred in three sectors partly offset overall payroll growth in the HMA during the 12 months ending July 2017. Most notably, the professional and business services sector declined by 1,000 jobs, or 1.9 percent. The loss stems in large part from the layoff of 1,700 employees at E.I. du Pont de Nemours and Co. (hereafter, DuPont) following an announcement in December 2015 of its intended merger with The Dow Chemical Company. Jobs losses at DuPont, a major employer in the HMA (Table 3), were mostly in the functional areas of research and development.

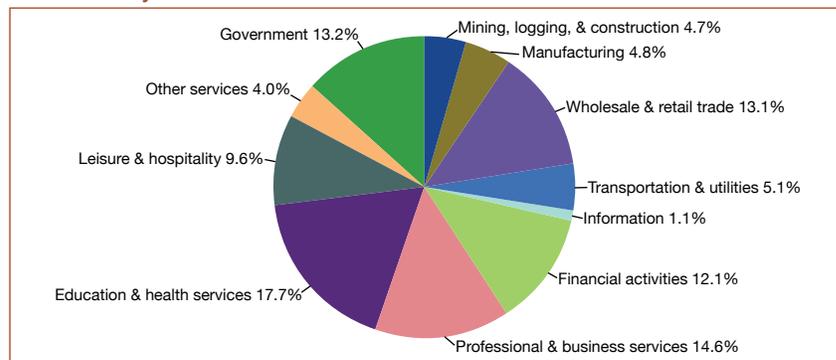
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Wilmington HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	July 2016	July 2017		
Total nonfarm payroll jobs	358,100	359,500	1,400	0.4
Goods-producing sectors	34,100	34,000	-100	-0.3
Mining, logging, & construction	16,600	16,800	200	1.2
Manufacturing	17,500	17,200	-300	-1.7
Service-providing sectors	324,000	325,600	1,600	0.5
Wholesale & retail trade	47,300	47,000	-300	-0.6
Transportation & utilities	18,300	18,400	100	0.5
Information	3,900	3,900	0	0.0
Financial activities	43,500	43,600	100	0.2
Professional & business services	53,700	52,700	-1,000	-1.9
Education & health services	61,500	63,500	2,000	3.3
Leisure & hospitality	33,900	34,600	700	2.1
Other services	14,500	14,500	0	0.0
Government	47,400	47,400	0	0.0

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

Source: U.S. Bureau of Labor Statistics

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



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

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Wilmington HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Christiana Care Health System	Education & health services	11,300
E.I. du Pont de Nemours and Co.	Professional & business services	6,000
Wal-Mart Stores Inc.	Wholesale & retail trade	5,000
Amazon.com, Inc.	Transportation & utilities	4,300
University of Delaware	Government	4,000
Nemours Children's Health System	Education & health services	3,795
Delaware YMCA	Leisure & hospitality	2,469
W.L. Gore & Associates, Inc.	Manufacturing	2,405
AstraZeneca Pharmaceuticals	Professional & business services	2,200
M&T Bank/Wilmington Trust	Financial activities	1,900

Note: Excludes local school districts.

Sources: Delaware Business Times 2016 Book of Lists; Cecil County Office of Economic Development

Payrolls also declined in the manufacturing sector, which was down by 300 jobs, or 1.7 percent, during the 12 months ending July 2017. The manufacturing sector increased modestly by an average of 200 jobs, or 1.1 percent, annually from 2011 through 2012 but has since resumed a pattern of long-term decline. EVRAZ steel mill closed in New Castle County in 2013 and Ardagh Glass, Inc. closed in Salem County in 2014, laying off 380 and 290 workers, respectively. More recently, window manufacturer BF Rich Windows & Doors closed its facility, with 140 employees, in New Castle County in February 2017.

The financial activities sector is a relatively large sector in the HMA, accounting for 12 percent of current payrolls compared with slightly less than 6 percent of payrolls nationally. Following the strong growth in the sector from 2013 through 2015, payroll growth was much more limited. The financial activities sector increased by only 100 jobs, or 0.2 percent, during the 12 months ending July 2017. Approximately 110 jobs were lost at Capitol One Mortgage Services in early 2016 through cost-cutting measures. In addition, HSBC Bank USA and Barclays PLC announced

plans in early 2017 to relocate 400 and 200 employees, respectively, to corporate offices in other states by the end of 2017.

The University of Delaware is a major employer in the HMA. Approximately 22,150 students were enrolled at the main campus in the city of Newark as of the fall 2017 semester. From the fall semesters of 2010 to 2016, the University of Delaware added 200 jobs in total, and enrollment increased by approximately 1,825 students (National Center for Education Statistics). In 2013 (the most recent data available), the annual economic impact on New Castle County by the University of Delaware was estimated at \$5.37 billion (University of Delaware Center for Applied Business & Economic Research). In February 2017, construction began on a \$40 million Science, Technology & Advanced Research Building, in part to provide new space for the College of Health Sciences.

During the next 3 years, nonfarm payrolls in the HMA are expected to increase by an average of 2,500 jobs, or 0.7 percent, annually. The education and health services sector is expected to continue to lead job growth. In July 2017, Christiana Care

Health System began construction on a \$178 million Women and Children's Health Building that is expected to be complete in early 2020 and add jobs to the education and health services sector. In addition, Wilmington University began construction in May 2017 on a new campus that could add 250 jobs to the education and health services sector as instructional facilities are completed during the next 10 years.

Job growth is expected to continue in the transportation and utilities sector. Amazon.com, Inc., expects to complete the construction of a new order fulfillment center in Cecil County by the end of 2017, adding 700 jobs to the transportation and utilities sector by the end of 2020. In addition, Germany-based grocery retailer Lidl US is constructing a new administrative and distribution center in Cecil County, adding 120 jobs to the sector on completion in 2018.

Jobs in the manufacturing sector may stabilize with a new \$102 million production facility for Datwyler Sealing Solutions USA and an expanded

battery production plant for Johnson Controls. Construction at each facility is expected to be complete during the first year of the 3-year forecast period and to add a combined 200 jobs to the manufacturing sector. Jobs in the professional and business services sector are expected to increase following the merger of DuPont with The Dow Chemical Company in late August 2017, and, within 2 years, it is anticipated that the new company will separate into three independent companies. It is expected that two of the three companies will be established in Delaware, providing stability to the professional and business services sector.

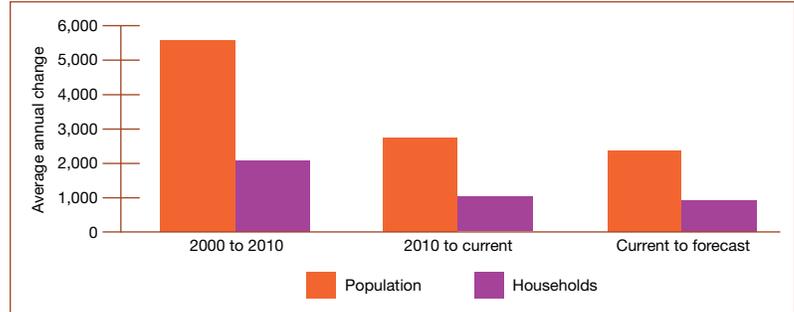
Finally, the redevelopment of the EVRAZ steel site in New Castle County is in initial stages, with demolition of existing structures and environmental remediation. The plan for the 425-acre site, called First State Crossing, includes office and industrial facilities and is estimated to potentially add 5,000 jobs in a variety of sectors.

Population and Households

The population of the Wilmington HMA is currently estimated at 725,400. Since 2010, population growth in the HMA has averaged 2,700 people, or 0.4 percent, annually (Figure 4). Since 2000, population growth was greatest from April 2000 to July 2005 at an average annual increase of 6,675 people, or 1.0 percent (U.S. Census Bureau decennial census, population estimates as of July 1). During this period, net in-migration

averaged 3,200 people annually, which contributed to a relatively high level of single-family construction activity in the HMA from 2000 through 2004. Annual population growth subsequently fell to an average of 4,225 people, or 0.6 percent, from 2005 to 2010, because of a decline in net in-migration to an average of 550 people annually. Despite economic growth in the HMA from 2004 through 2007, net in-migration fell sharply

Figure 4. Population and Household Growth in the Wilmington HMA, 2000 to Forecast



Notes: The current date is August 1, 2017. The forecast date is August 1, 2020.

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

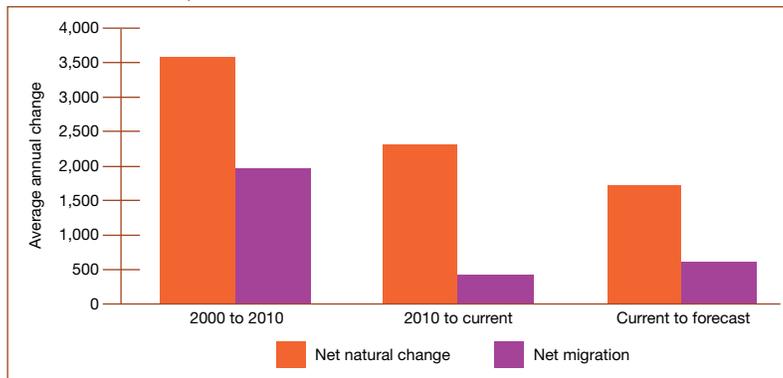
during the late 2000s, in part, because of less in-migration to the HMA from the city of Philadelphia. The city of Philadelphia enacted 10-year real estate tax abatements for newly constructed homes in the late 1990s, prompting residents to remain in the city rather than migrating to surrounding suburbs, including the HMA.

Population growth since 2010 has remained relatively low because of declines in net natural change (resident births minus resident deaths) and net in-migration. Net natural change has averaged 2,300 people annually since 2010, accounting for approximately 85 percent of population growth, although the level is down from an average of 3,575 people annually and

65 percent of growth during the 2000s (Figure 5). Net in-migration has averaged 400 people annually since 2010, also down from an average of 1,950 people annually during the 2000s, in part, because of the prolonged recovery from the economic contraction in the late 2000s.

A major contributor to overall population growth in the HMA from 2000 to the current date was an increase in residents ages 55 years and older. From 2000 to 2010, the population of residents ages 55 years and older increased annually by an average of 4,025, or 2.7 percent, compared with an average annual increase in population of 5,525, or 0.8 percent (Census Bureau). From 2010 to 2016 (the most recent data available), the population of residents ages 55 years and older increased by an average of 5,350, or 2.9 percent, annually. This growth is derived from residents aging in place, as well as those who move into the HMA. Older residents moving into the HMA are attracted by the rural character of Cecil and Salem Counties, where 40 to 50 percent of land area is farmland, and to New Castle County because of a tax exemption on Social Security benefits, among other tax advantages, in the state of

Figure 5. Components of Population Change in the Wilmington HMA, 2000 to Forecast



Notes: The current date is August 1, 2017. The forecast date is August 1, 2020.

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

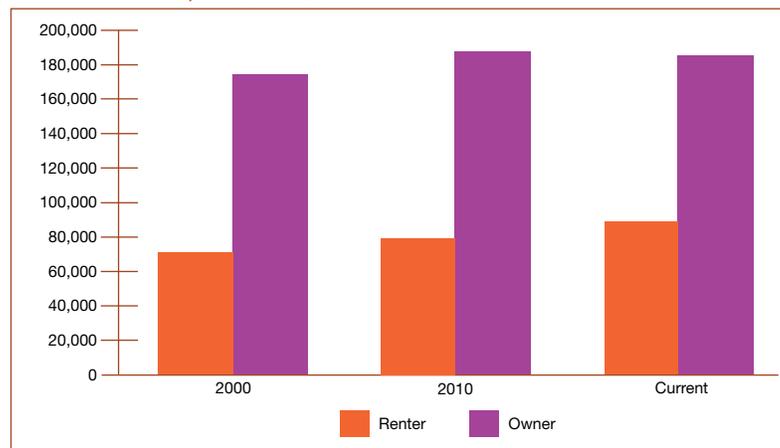
Delaware. Because 80 percent of households with householders ages 55 and older are owner households (2016 American Community Survey [ACS] 1-year data), growth in this population has contributed to an increase in existing home sales in the HMA since 2011.

An estimated 271,850 households currently reside in the HMA, an average annual gain of 960, or 0.4 percent, since 2010 (Table DP-1 at the end of the report). By comparison, from

2000 to 2010, when population growth was stronger, the number of households increased by an average of 2,025, or 0.8 percent, annually. The number of owner households is currently estimated at 184,000, and the homeownership rate is estimated at 67.7 percent (Figure 6). Despite the strong growth in residents ages 55 years and older, the number of owner households has declined since 2010, in part, because of an increase in foreclosures in the HMA following the national housing crisis. All of the net household growth since 2010 was in renter households, up from only 37 percent of household growth during the 2000s.

During the next 3 years, the population of the HMA is expected to increase by 2,300, or 0.3 percent, annually. Net in-migration is expected to increase slightly, to an average of 600 people annually, and net natural change is anticipated to decline to an average of 1,700 people annually. The rate of household growth is also expected to average 0.3 percent annually.

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



Note: The current date is August 1, 2017.

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

Housing Market Trends

Sales Market

The sales housing market in the Wilmington HMA is currently balanced. The sales vacancy rate is estimated at 1.4 percent, down from 1.8 percent in 2010. As of July 2017, the supply of existing homes on the market was 4.6 months, down from 5.7 months a year earlier and well below a supply of 10.1 months as of April 2010 (TREND, Metropolitan Regional Information Systems, Inc.[®] [MRIS]). Sales market conditions improved in

the past 6 years because of increased home sales combined with limited homebuilding activity.

Sales of existing single-family homes have increased in most years since 2011. During the 12 months ending July 2017, 8,700 existing single-family homes sold in the HMA, up 12 percent from the number sold during the previous 12 months (TREND, MRIS). From 2011 through 2016, existing

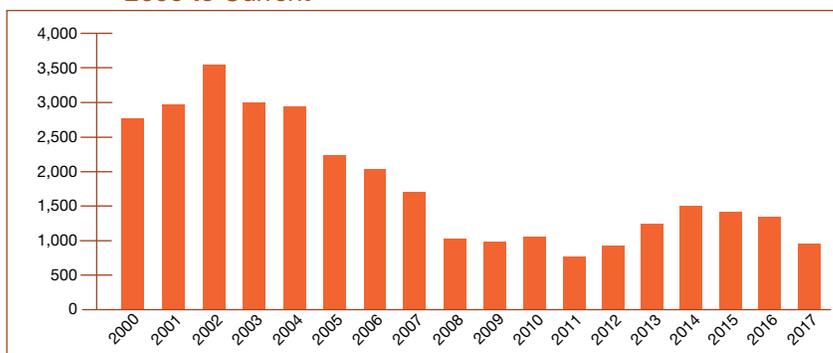
home sales increased an average of 7 percent, or by 470 homes, annually. From the end of 2008 through 2010, existing home sales declined an average of 4 percent, or by 200 homes, annually, in part because of the economic contraction in the HMA.

Sales of foreclosed and real estate owned (REO) homes more than tripled from 2007 through 2011 because of the effects of the national housing crisis. Foreclosure and REO sales rose from 830 during 2007 to 2,800 during 2011 (Metrostudy, A Hanley Wood Company). Despite economic growth in the HMA since 2011, sales in these categories remain elevated, totaling 2,325 sales during the 12 months ending July 2017. Foreclosure and REO home sales likely will decline during the 3-year forecast period as the foreclosure inventory decreases with improving mortgage loan performance. As of July 2017, the percentage of seriously delinquent home loans (loans that are 90 or more days delinquent or in foreclosure) and REO properties in the HMA was 3.8 percent, down from 4.6 percent a year earlier and a peak of 7.9 percent in January 2013 (CoreLogic, Inc.). By comparison, the national rate of seriously delinquent mortgages and REO properties was 2.2 percent as of July 2017.

Existing home sales prices have increased since 2013. Sales prices for existing single-family homes averaged \$237,900 during the 12 months ending July 2017, up 1 percent from the average for homes sold during the previous 12 months (TREND, MRIS). From 2013 through 2016, the average sales price increased an average of 3 percent annually after declining an average of 5 percent annually from 2009 through 2012. The increase in foreclosure and REO home sales contributed to the decline during the 2009-through-2012 period; sales prices for REO homes in the HMA are typically 43 percent less than prices for regular resales (Metrostudy, A Hanley Wood Company).

Single-family homebuilding activity, as measured by the number of single-family homes permitted, was strongest in the HMA from 2000 through 2004, when an average of 3,025 homes were permitted annually (Figure 7). Homebuilding activity peaked in 2002, partly in anticipation of the planned completion the following year of Delaware State Route 1, a limited-access highway that shortened the commute between southern New Castle County and employment centers in the cities of Wilmington and Philadelphia. Construction activity declined an average of 18 percent, or by 310 homes, annually from 2005 through 2011 because of slowing population growth and the economic contraction in the late 2000s. After economic conditions began to improve in 2011, homebuilding activity increased an average of 27 percent, or by 250 homes, annually from 2012 through 2014. Activity slowed slightly during 2015 and 2016, declining an average of 5 percent, or by 75 homes a year, in part because of the persistently

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



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

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

high level of foreclosure and REO sales. Single-family construction activity increased, however, during the 12 months ending July 2017 to 1,450 homes permitted, up 9 percent, or by 120 homes, from the 1,325 homes permitted during the previous 12 months (preliminary data).

The supply of new homes (including single-family homes, townhomes, and duplex homes under construction, finished but vacant homes, and model homes) was 6.0 months as of the second quarter of 2017, down from 6.5 months a year earlier (Metrostudy, A Hanley Wood Company). Observed closings increased 2 percent from 1,175 during the 12 months ending June 2016 to 1,200 during the 12 months ending June 2017. Sales prices for new single-family homes sold during the 12 months ending July 2017 averaged \$442,800. Sales prices for new townhomes and duplex homes averaged \$297,700 during the same period.

More than 70 percent of observed closings in the HMA during the 12 months ending July 2017 were in the Metrostudy-defined Southern

New Castle County market area, consisting of land to the south of the Chesapeake and Delaware Canal. A contributing factor to the concentration of activity in this area of the HMA is the enhancement of U.S. Route 301 to a limited-access highway that will improve means of approach to Delaware State Route 1. The new road is expected to open in 2018. Subdivisions under construction in the Southern New Castle County market area include The Grande at Shannon Cove, with single-family detached homes ranging in price from approximately \$340,000 to \$455,000. Nearly 90 percent of the 409 homes planned for The Grande at Shannon Cove have been built since construction began in 2006. Hyett's Crossing is a townhome community in the Southern New Castle County market area with asking prices ranging from approximately \$199,500 to \$220,500. Approximately 25 percent of the 226 townhomes planned for Hyett's Crossing have been built since construction began in 2014.

During the forecast period, demand is expected for 1,800 new single-family homes, townhomes, and condominiums (Table 1). Demand is expected to be somewhat evenly distributed each year during the period. The 780 homes under construction and a portion of the estimated 14,200 other vacant units that may reenter the market will satisfy some of the demand. Table 4 illustrates estimated demand for new market-rate sales housing by price range in the HMA during the forecast period.

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
180,000	199,999	90	5.0
200,000	249,999	270	15.0
250,000	299,999	410	22.5
300,000	349,999	410	22.5
350,000	399,999	450	25.0
400,000	and higher	180	10.0

Notes: The 780 homes currently under construction and a portion of the estimated 14,200 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is August 1, 2017, to August 1, 2020.

Source: Estimates by analyst

Rental Market

The rental housing market in the Wilmington HMA is currently balanced. The overall rental vacancy rate is estimated at 7.5 percent, down from 9.4 percent in 2010 (Figure 8). The rate declined even as the number of renter households living in single-family homes increased from 38 percent during 2010 to 42 percent during 2016 (2010 and 2016 ACS 1-year data). The apartment vacancy rate was 3.8 percent as of the second quarter of 2017, down from 4.6 percent a year earlier (MPF Research). The apartment vacancy rate in the MPF Research-defined Central Wilmington submarket increased slightly from 4.2 to 4.3 percent during the period but was down from 7.3 percent during the second quarter of 2013. The apartment market was slightly tighter in the MPF Research-defined Newark market area, at 3.5 percent during the second quarter of 2017, down from 5.0 percent a year earlier. A relatively strong year-over-year increase in student enrollment at the University of Delaware contributed to the decline.

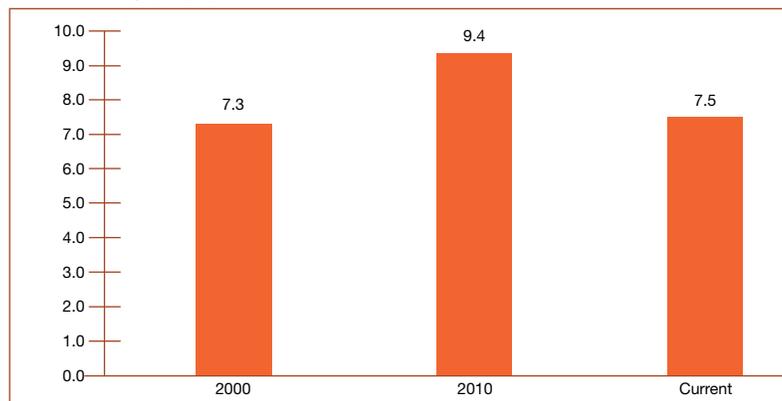
The average effective apartment rent in the HMA during the second quarter

of 2017 was approximately \$1,100, up 3 percent from the average a year earlier (MPF Research). From the second quarters of 2010 through 2017, the effective rent in the HMA increased an average of 2 percent annually. The effective rent in the Newark market area also increased 3 percent from the second quarter of 2016 through the second quarter of 2017, to \$1,116. The effective rent in the Central Wilmington market area increased 1 percent to \$1,115, up from no growth from the second quarters of 2015 to 2016.

The University of Delaware has a significant impact on the rental market in the Newark market area. Approximately 60 percent of the 17,650 undergraduate student population lives off campus, representing an estimated 2,800 renter households, or 16 percent of all renter households in the market area. Within the city of Newark, off-campus undergraduate and graduate student households represent an estimated 71 percent of renter households (Urban Partners). Total enrollment at the University of Delaware increased strongly, by 770 students, from the fall semesters of 2016 to 2017, more than double the average annual increase of 300 students from the fall semesters of 2011 to 2016.

Recently completed apartments in the HMA are primarily in New Castle County. The Reserve at South Ridge Phase I, in the town of Middletown in Delaware, was completed in stages from February 2016 through May 2017, and all 216 units are occupied. Monthly absorption was approximately 14 units a month. Asking rents for

Figure 8. Rental Vacancy Rates in the Wilmington HMA, 2000 to Current



Note: The current date is August 1, 2017.

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

one-, two-, and three-bedroom units start at \$1,160, \$1,325, and \$1,495, respectively. The 281-unit Reserve at Darley Green, in northern New Castle County, is expected to be complete in early August 2017, with asking rents for one-, two-, and three-bedroom units starting at \$1,300, \$1,500, and \$1,725, respectively. The first units at The Reserve at Darley Green opened in October 2015, and currently all but 2 units are leased; monthly absorption averaged 28 units a month. The 76-unit Residences at Harlan Flats Phase II was completed in May 2017 and is an addition to a 116-unit Phase I that was completed in early 2015. The overall property is currently 65 percent occupied, and rents for the one- and two-bedroom units in Phase II start at \$1,600 and \$2,255, respectively. Although monthly absorption for Phase II averaged only five units a month, the apartments were successfully leased at these relatively high rents, because the property is within walking distance to several major employers in the financial activities sector, one of the highest-paying sectors in the HMA.

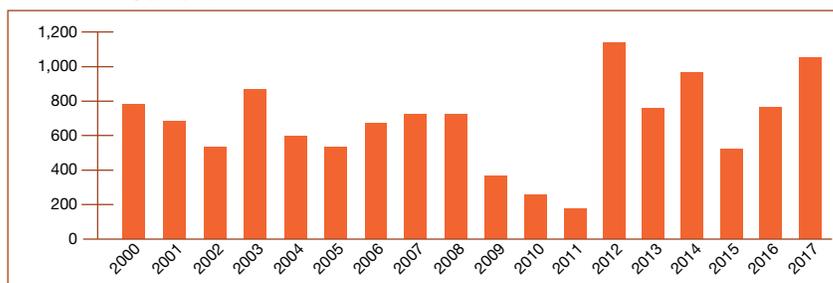
Multifamily construction activity, as measured by the number of multifamily units permitted, has been strong in the HMA since 2012. An average of 820 units were permitted annually from 2012 through 2016 (Figure 9).

By comparison, an average of 670 units were permitted annually from 2000 through 2008, and an average of only 260 units were permitted annually from 2009 through 2011. Multifamily construction activity increased strongly during the 12 months ending July 2017 with 1,225 units permitted, up 26 percent from 970 units permitted during the previous 12 months (preliminary data). Construction activity increased in part because of improving apartment market conditions in the Central Wilmington market area. In addition, several rehabilitation-to-apartment projects began construction during the past year, adding to new construction activity.

Approximately 1,200 apartment units are currently under construction in the HMA, of which 90 percent are market rate. Each of the two largest properties in development is in the city of Wilmington. Construction began in June 2016 for the 198-unit Residences at Mid-Town Park, and construction began 1 year later for the 169-unit 2000 Pennsylvania Avenue. Both are expected to be complete in mid-2018. Construction began in early 2017 on the 68-unit 101 Avenue of the Arts in the city of Wilmington, with completion also expected in mid-2018. Also, an additional 96 units were permitted in May and June 2017 for Reserve at South Ridge Phase II, and construction is expected to be complete in early 2018.

During the next 3 years, demand is estimated for 2,200 new market-rate rental units in the HMA (Table 1). The 1,200 apartments under construction and an additional 120 units expected to begin construction by the end of 2017 are expected to satisfy approximately 60 percent of demand,

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



Notes: Excludes townhomes. Current includes data through July 2017.

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

therefore demand for additional rental units is not expected until the second half of 2019. Table 5 illustrates the

estimated demand for new market-rate rental units by number of bedrooms and rent level.

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

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
1,200 to 1,399	310	1,350 to 1,549	440	1,550 to 1,749	65
1,400 or more	460	1,550 to 1,749	220	1,750 to 1,949	130
		1,750 or more	440	1,950 or more	130
Total	770	Total	1,100	Total	330

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,200 units currently under construction will likely satisfy some of the estimated demand. The forecast period is August 1, 2017, to August 1, 2020.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	335,145	324,448	361,500	-0.3	1.7
Unemployment rate	3.6%	8.8%	4.6%		
Nonfarm payroll jobs	349,900	329,000	360,100	-0.6	1.4
Total population	650,501	705,670	725,400	0.8	0.4
Total households	244,453	264,808	271,850	0.8	0.4
Owner households	173,642	186,439	184,000	0.7	-0.2
Percent owner	71.0%	70.4%	67.7%		
Renter households	70,811	78,369	87,850	1.0	1.6
Percent renter	29.0%	29.6%	32.3%		
Total housing units	260,140	286,031	295,800	1.0	0.5
Owner vacancy rate	1.3%	1.8%	1.4%		
Rental vacancy rate	7.3%	9.4%	7.5%		
Median Family Income	\$58,760	\$78,300	\$80,300	2.9	0.4

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through July 2017. Median Family Incomes are for 1999, 2009, and 2016. The current date is August 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: 8/1/2017—Estimates by the analyst
 Forecast period: 8/1/2017–8/1/2020—Estimates
 by the analyst

The metropolitan division and metropolitan statistical area definitions in this report are 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 http://huduser.gov/publications/pdf/CMARtables_WilmingtonDE_MD_NJ_17.pdf.

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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.