

The analysis presented in this report was completed prior to the COVID-19 outbreak in the United States and therefore the forecast estimates do not take into account the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of countermeasures. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

COMPREHENSIVE HOUSING MARKET ANALYSIS

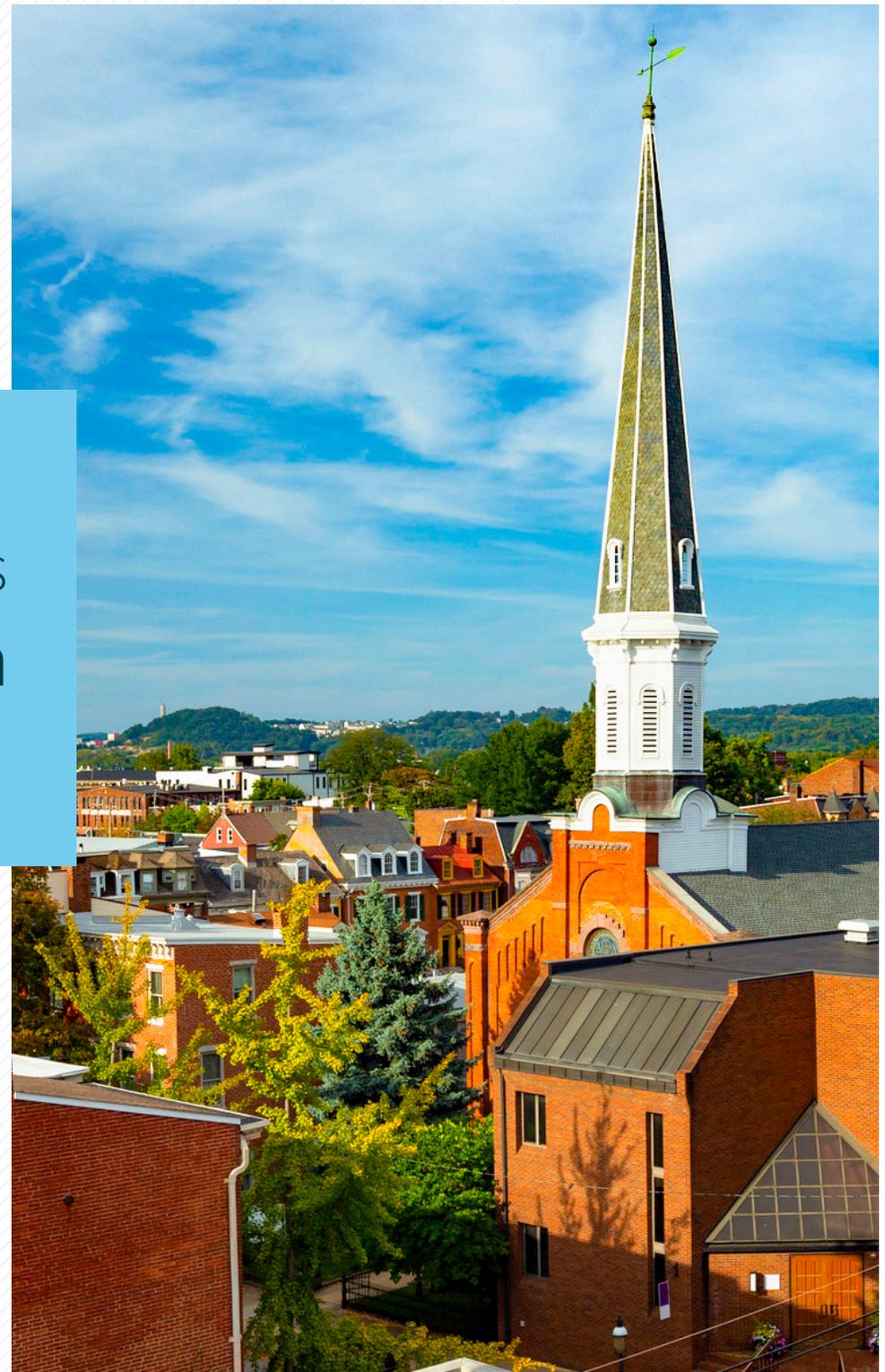
York-Hanover, Pennsylvania

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

As of March 1, 2020



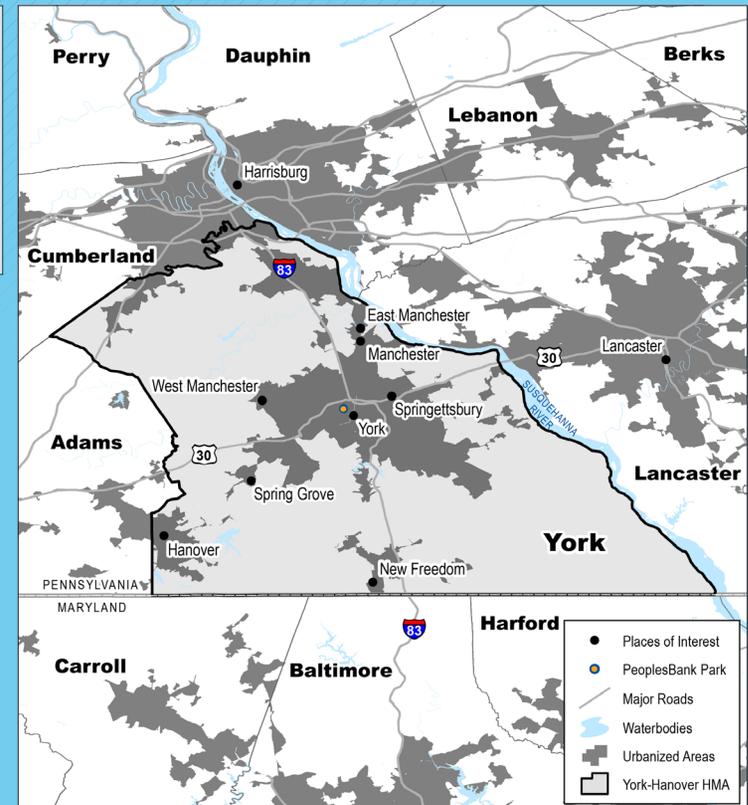
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Executive Summary

Housing Market Area Description

The York-Hanover Housing Market Area (hereafter, York HMA) is coterminous with the York-Hanover, PA Metropolitan Statistical Area (MSA) and is defined as York County. Bordering Baltimore, Carroll, and Harford Counties in Maryland and Adams, Cumberland, Dauphin, and Lancaster Counties in Pennsylvania, the York HMA is a manufacturing hub in South Central Pennsylvania. The HMA is known as the factory tour capital of the world.



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



Stable: Total nonfarm payrolls increased by 900 jobs, or 0.5 percent, during the 12 months ending February 2020.

Job growth after the Great Recession began in 2011 and has continued at a moderate pace during the past year. The manufacturing sector, the largest payroll sector in the HMA, led job gains during the 12 months ending February 2020, increasing by 900 jobs, or 2.9 percent, from the 12 months ending February 2019. The unemployment rate averaged 3.9 percent during the 12 months ending February 2020, up slightly from 3.7 percent a year earlier. During the 3-year forecast period, nonfarm payroll growth in the York HMA is expected to average 0.5 percent a year.

Sales Market



Slightly Tight: During the 12 months ending February 2020, new and existing home sales increased 16 and 2 percent, respectively.

The sales housing market in the York HMA is slightly tight, compared with soft conditions in April 2010. The current sales vacancy rate is estimated at 1.1 percent, a decline from 1.9 percent in 2010. The total number of homes sold during the 12 months ending February 2020 was 8,775, up 3 percent from the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). During the 3-year forecast period, demand is estimated for 2,250 new homes. The 250 homes currently under construction will meet part of the demand.

Rental Market



Balanced: The average apartment rent in the York HMA was \$1,037 during the fourth quarter of 2019, up 2 percent from the fourth quarter of 2018.

The overall rental market in the York HMA is currently balanced, with an estimated vacancy rate of 6.3 percent, down from 7.1 percent in 2010 when conditions were soft. Apartment market conditions are tight, with a vacancy rate of 2.9 percent during the fourth quarter of 2019, down slightly from 3.0 percent during the fourth quarter of 2018 (Reis, Inc.). During the forecast period, demand is expected for 390 new rental units in the HMA. The 90 units under construction will satisfy a portion of the demand during the first year of the forecast.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
York HMA		
Total Demand	2,250	390
Under Construction	250	90

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of March 1, 2020. The forecast period is March 1, 2020, to March 1, 2023.
Source: Estimates by the analyst



Economic Conditions

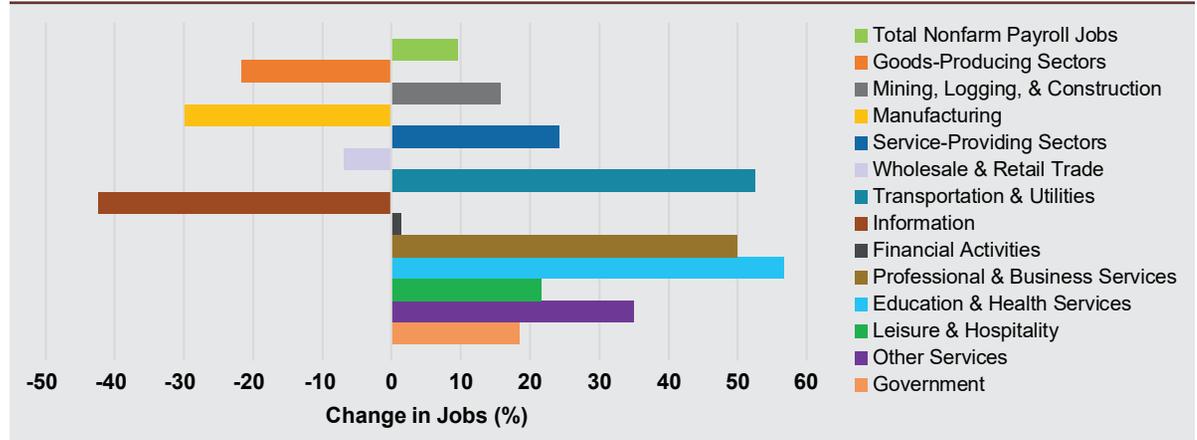
Largest Sector: Manufacturing

The education and health services sector has been the fastest growing nonfarm payroll sector in the HMA since 2001 (Figure 1).

Primary Local Economic Factors

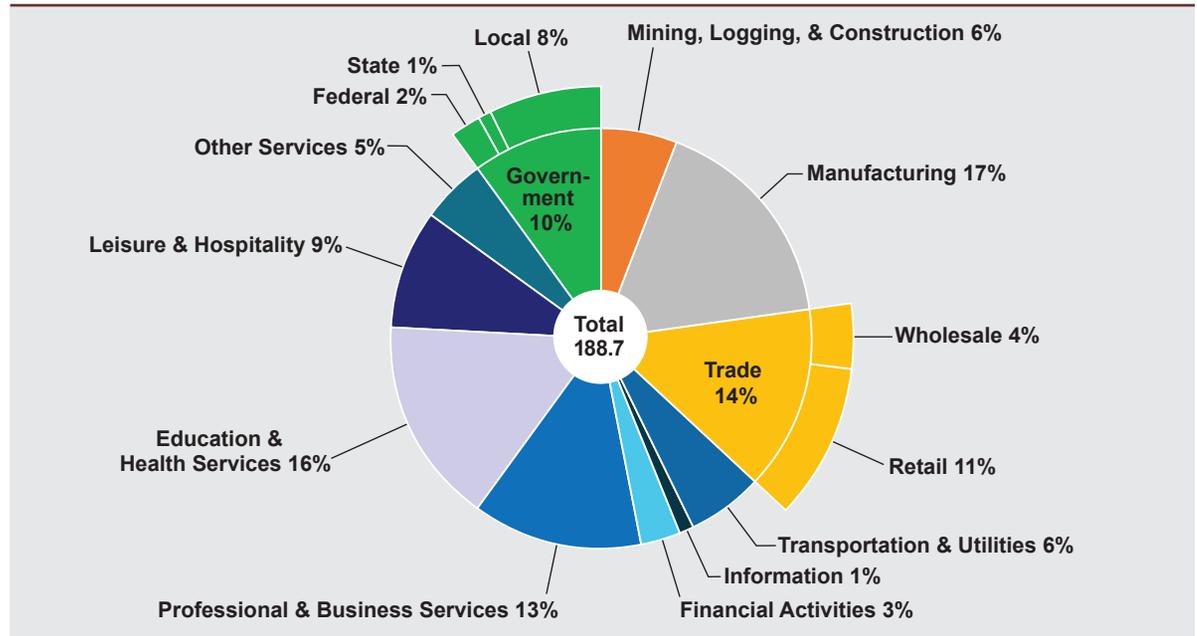
The economy in the York HMA has a high concentration of jobs in the manufacturing sector, encompassing 17 percent of all nonfarm payroll jobs in the HMA (Figure 2). By comparison, the share of nonfarm payrolls in the manufacturing sector in Pennsylvania is 9 percent. The HMA is home to a diverse group of manufacturing companies, including motorcycle maker Harley-Davidson, Inc., military combat vehicle manufacturer BAE Systems Land & Armaments, HVAC equipment manufacturer Johnson Controls, Inc. (formerly York International Corporation), and snack food makers such as Utz Quality Foods, LLC, Martin’s Potato Chips Inc., and Snyder’s-Lance, Inc. Although the manufacturing sector remains the largest nonfarm payroll sector, the aging population in the York HMA has contributed to a significant expansion of healthcare services and medical facilities during the past 2 decades, including WellSpan York Hospital, which is currently the largest private employer (Table 1). The education and health services sector has added jobs during all but 1 year since 2001

Figure 1. Sector Growth in the York HMA, 2001 to Current



Note: The current date is March 1, 2020.
Source: U.S. Bureau of Labor Statistics

Figure 2. Share of Nonfarm Payroll Jobs in the York 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 February 2020.
Source: U.S. Bureau of Labor Statistics



and is currently the second largest nonfarm payroll sector in the HMA.

Current Conditions— Nonfarm Payrolls

During the 12 months ending February 2020, nonfarm payrolls totaled 188,700 jobs, up by 900 jobs, or 0.5 percent (Table 2), compared with an increase of 1,500 jobs, or 0.8 percent, during the previous 12-month period. Job gains were heavily concentrated in the manufacturing and the professional and business services sectors, which increased by 900 and 500 jobs, or 2.9 and 2.1 percent, respectively. After declining for much of the past two decades, the manufacturing sector has added jobs since 2018. In 2017, BAE Systems Land & Armaments announced the addition of 530 new jobs; hiring for the positions began in 2018 and is expected to be completed by the end of 2020. In addition, following the closure of its assembly plant in Kansas City, Missouri, in mid-2019, Harley-Davidson, Inc. added 450 new jobs as part of a \$150 million expansion of the Springettsbury Township motorcycle manufacturing plant. Job gains during the most recent 12 months were partially offset by losses in 5 of the 11 sectors, including the mining, logging, and construction, the wholesale and retail trade, and the government sectors, which each declined by 200 jobs, or 1.7, 0.7, and 1.0 percent, respectively.

Table 1. Major Private Employers in the York HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
WellSpan York Hospital	Education & Health Services	8,375
Walmart Inc.	Wholesale & Retail Trade	2,450
The GIANT Company	Wholesale & Retail Trade	2,325
WellSpan Medical Group	Education & Health Services	2,250
WellSpan Health	Education & Health Services	1,300
UPMC Hanover	Education & Health Services	1,225
Kinsley Construction, Inc.	Mining, Logging, & Construction	1,125
Harley-Davidson, Inc.	Manufacturing	1,125
Utz Quality Foods, LLC	Manufacturing	1,100
ES3, LLC	Wholesale & Retail Trade	1,000

Notes: Excludes local school districts. Data for BAE Systems Land & Armaments are undisclosed.

Sources: Dun and Bradstreet; Moody's Analytics; York County Economic Alliance

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

	12 Months Ending February 2019	12 Months Ending February 2020	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	187.8	188.7	0.9	0.5
Goods-Producing Sectors	43.2	43.9	0.7	1.6
Mining, Logging, & Construction	12.0	11.8	-0.2	-1.7
Manufacturing	31.2	32.1	0.9	2.9
Service-Providing Sectors	144.6	144.8	0.2	0.1
Wholesale & Retail Trade	27.0	26.8	-0.2	-0.7
Transportation & Utilities	11.2	11.4	0.2	1.8
Information	1.6	1.5	-0.1	-6.3
Financial Activities	5.3	5.4	0.1	1.9
Professional & Business Services	23.8	24.3	0.5	2.1
Education & Health Services	29.2	29.3	0.1	0.3
Leisure & Hospitality	16.3	16.2	-0.1	-0.6
Other Services	10.2	10.2	0.0	0.0
Government	20.0	19.8	-0.2	-1.0

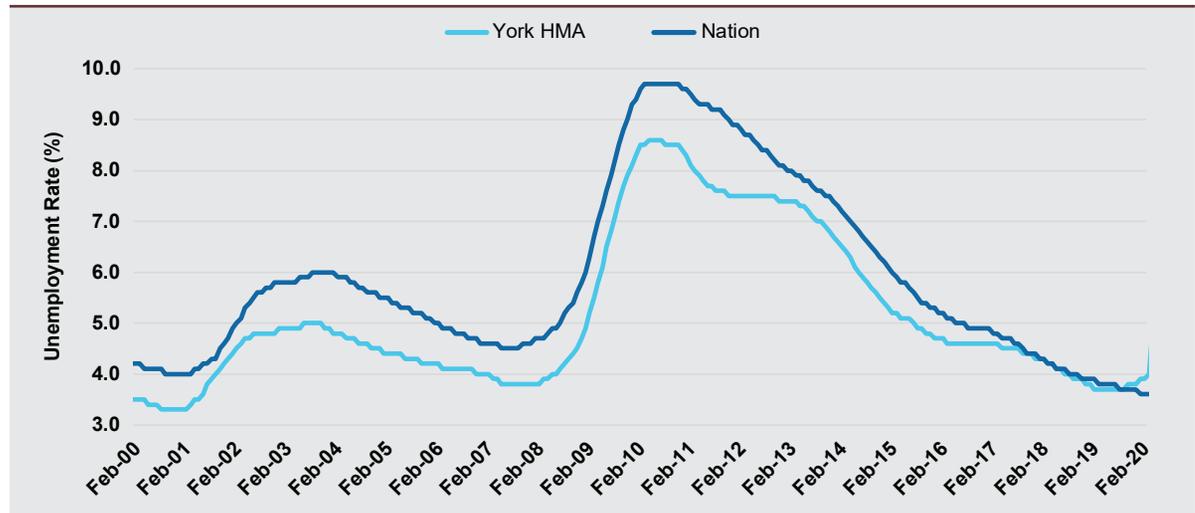
Notes: Based on 12-month averages through February 2019 and February 2020. Numbers may not add to totals due to rounding. Data are in thousands. Source: U.S. Bureau of Labor Statistics



Current Conditions— Unemployment

The unemployment rate averaged 3.9 percent during the 12 months ending February 2020, up slightly from 3.7 percent during the previous 12 months but less than half of the recent peak of 8.4 percent in 2010 (Figure 3). By comparison, the national unemployment rate averaged 3.6 percent during the 12 months ending February 2020, down from 3.9 percent during the previous 12 months.

Figure 3. 12-Month Average Unemployment Rate in the York HMA and the Nation



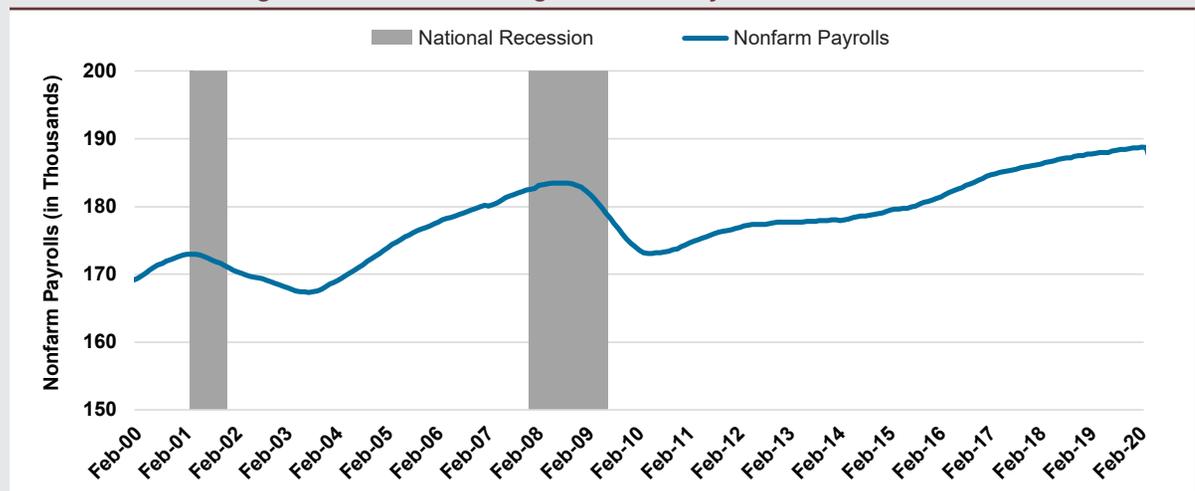
Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2001 through 2002

Nonfarm payrolls in the HMA declined from 2001 through 2002 by an average of 2,100 jobs, or 1.2 percent, annually (Figure 4). The manufacturing sector lost the most jobs during the period, declining by an average of 2,200 jobs, or 4.9 percent, a year, partly because of layoffs and closures at two leading air conditioning, heating, and refrigeration equipment manufacturers. Johnson Controls, Inc. laid off an unspecified number of workers in 2001, and 85 manufacturing jobs were lost

Figure 4. 12-Month Average Nonfarm Payrolls in the York HMA



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



in late 2002 when Carrier Global Corporation closed its plant in East Manchester Township. Counteracting some of the jobs lost in the manufacturing sector during this period, Harley-Davidson, Inc. constructed a \$145 million, 350,000-square-foot expansion of the Springettsbury Township motorcycle manufacturing plant, which created approximately 300 jobs in 2001. The professional and business services sector, which includes the temporary help services industry, declined by an average of 1,700 jobs, or 11.1 percent, each year from 2001 through 2002. Overall job losses in the HMA were partially offset by gains in 8 of the 11 nonfarm payroll sectors, including the education and health services sector and the leisure and hospitality sector, which increased annually by averages of 1,000 and 400 jobs, or 5.0 and 3.3 percent, respectively.

2003 through 2008

The HMA entered a 6-year period of job growth in 2003 and had recovered the jobs lost during 2001 and 2002 by 2004. From 2003 through 2008, nonfarm payrolls rose by an average of 2,400 jobs, or 1.4 percent, annually. One-third of the increase in nonfarm payroll jobs during the period occurred in the professional and business services sector, which increased by an average of 800 jobs, or 5.1 percent, annually, with most job additions in the temporary help services industry. Significant growth in the education and health services sector—which expanded by an average of 700 jobs, or 3.1 percent, annually from 2003 through 2008—also contributed to job gains. Job growth also occurred in the mining, logging, and construction and the leisure and hospitality sectors, which rose by averages of 300 and 200 jobs, or 2.7 and 1.0 percent, each year, respectively. Construction of PeoplesBank Park, a \$32 million baseball stadium in downtown York, began in 2006 and contributed to gains in both the mining, logging, and construction sector and the leisure and hospitality sector during the period. Continued losses in the manufacturing sector during much of the period partially offset job gains

in the HMA. The sector declined by an average of 800 jobs, or 2.0 percent, annually from 2003 through 2007 before adding 400 jobs in 2008.

2009 through 2010

The Great Recession, which began in late 2007 and ended mid-2009, caused the economy of the York HMA to contract from 2009 through 2010, precipitating job losses in 8 of the 11 nonfarm payroll sectors. During this period, nonfarm payrolls in the HMA declined by 4,500 jobs, or 2.5 percent, a year, with the largest job losses in the goods-producing sectors as demand for manufactured goods and homes fell. Single-family home permitting declined by an average of 240 homes, or 20 percent, annually during this period. The manufacturing and the mining, logging, and construction sectors declined by respective averages of 2,600 and 900 jobs, or 7.3 percent each, annually. Although mining, logging, and construction payrolls declined from 2009 through 2010, one major commercial construction project occurred during this time: a \$7.8 million medical education facility at WellSpan York Hospital was constructed in 2010. The education and health services sector fared well during the 2009-through-2010 downturn, increasing by an average of 500 jobs, or 2.0 percent, annually.

2011 through 2019

The economy of the York HMA began to recover in 2011, and by 2016, nonfarm payrolls had surpassed the prerecessionary high of 182,900 jobs, which occurred during 2008. From 2011 through 2013, nonfarm payrolls rose by an average of 1,300 jobs, or 0.8 percent, annually. The professional and business services sector led job gains, rising by an average of 1,000 jobs, or 5.6 percent, a year. The education and health services sector increased annually by an average of 200 jobs, or 0.9 percent, due in part to the completion of the \$73 million WellSpan Surgery and Rehabilitation Hospital in 2012. Job growth accelerated to an average of 2,100 jobs, or 1.1 percent, a year from 2014 through 2016



before slowing to an average of 1,500 jobs, or 0.8 percent, a year from 2017 through 2019, partly because growth in the mining, logging, and construction sector slowed after the completion of a \$50 million expansion of the Emergency Department at WellSpan York Hospital in 2017. Recent job growth in the HMA has been supported by a \$4 million expansion of two Assurant, Inc. mobile device repair facilities in Manchester Township during 2018, which created nearly 310 jobs, as well as the completion of the \$290 million University of

Pittsburgh Medical Center (UPMC) Memorial hospital in West Manchester Township, which created 150 new jobs in 2019. The increasing demand for health care due to the rising share of people at retirement age supported the hospital additions and expansions in the HMA; the 65-and-over age cohort accounted for 18 percent of the population in 2019, up from 14 percent in 2010 (American Community Survey [ACS] 1-year estimates).

Employment Forecast

Job growth is expected to continue in the HMA during the next 3 years although at a slightly slower rate than during the past year. During the 3-year forecast period, nonfarm payrolls are estimated to increase an average of 0.5 percent annually. The manufacturing, the education and health services, and the mining, logging, and construction sectors are expected to contribute to payroll growth during the period. Plans for a \$169 million Innovation District, also known as the York Plan 2.0, were recently approved

in August 2019. The development, which aims to be a hub for robotics and artificial intelligence companies, will be in the Northwest Triangle area of downtown York and could potentially add more than 2,000 new technology and manufacturing jobs within the next 3 to 5 years. In addition, beyond the forecast period, a \$225 million expansion of WellSpan York Hospital is expected to add more than 500 new jobs when it is complete in 2025.



Population and Households

Current Population: 449,900

Since 2010, the population of the HMA has grown at a slower rate than it did during the 2000s.

Population Trends

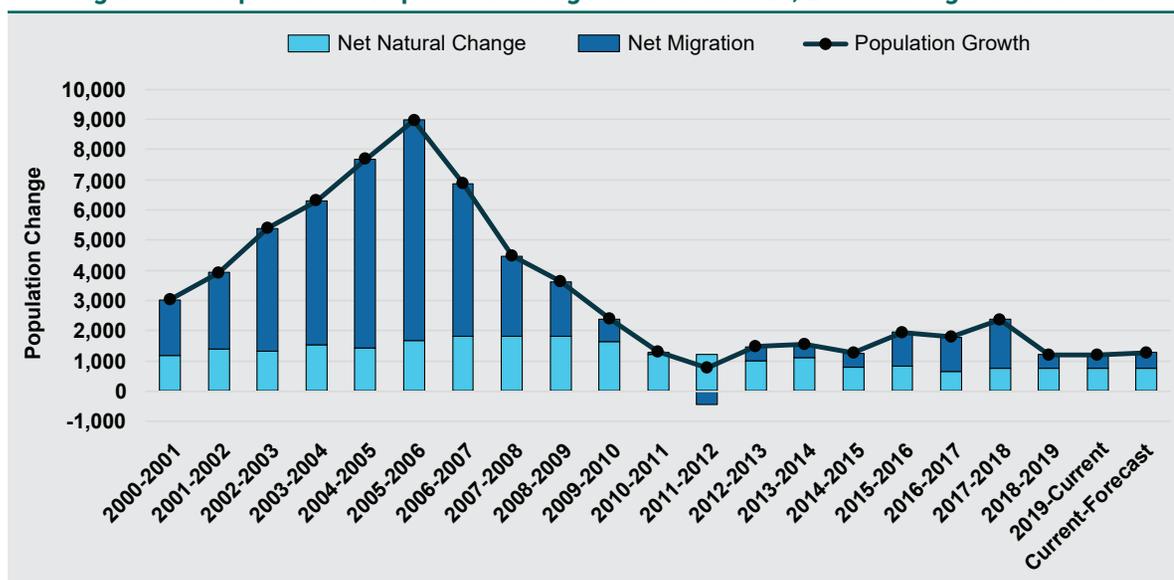
As of March 1, 2020, the population of the York HMA is estimated at 449,900, representing an average increase of 1,500, or 0.3 percent, annually since April 2010 (Table 3). By comparison, from 2003 to 2008, the HMA had the strongest population growth since before 2000, averaging 6,850 people, or 1.7 percent, a year. Strong economic conditions contributed to an average net in-migration of 5,200 people annually during the period, which accounted for 76 percent of total population growth (Figure 5). Population growth subsequently slowed to an average of 2,025 people, or 0.5 percent, annually from 2008 to 2012, as weak economic conditions resulted in net in-migration of only 550 people, or 27 percent of total population growth. Low levels of net in-migration continued to limit population growth from 2012 to 2015, although strengthening economic conditions have subsequently contributed to higher levels of

Table 3. York HMA Population and Household Quick Facts

	2010	Current	Forecast	
Population Quick Facts	Population	434,972	449,900	453,700
	Average Annual Change	5,325	1,500	1,275
	Percentage Change	1.3	0.3	0.3
Household Quick Facts	Households	168,372	175,700	177,600
	Average Annual Change	2,025	740	640
	Percentage Change	1.3	0.4	0.4

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 (March 1, 2020) to March 1, 2023.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the York 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 (March 1, 2020) to March 1, 2023.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

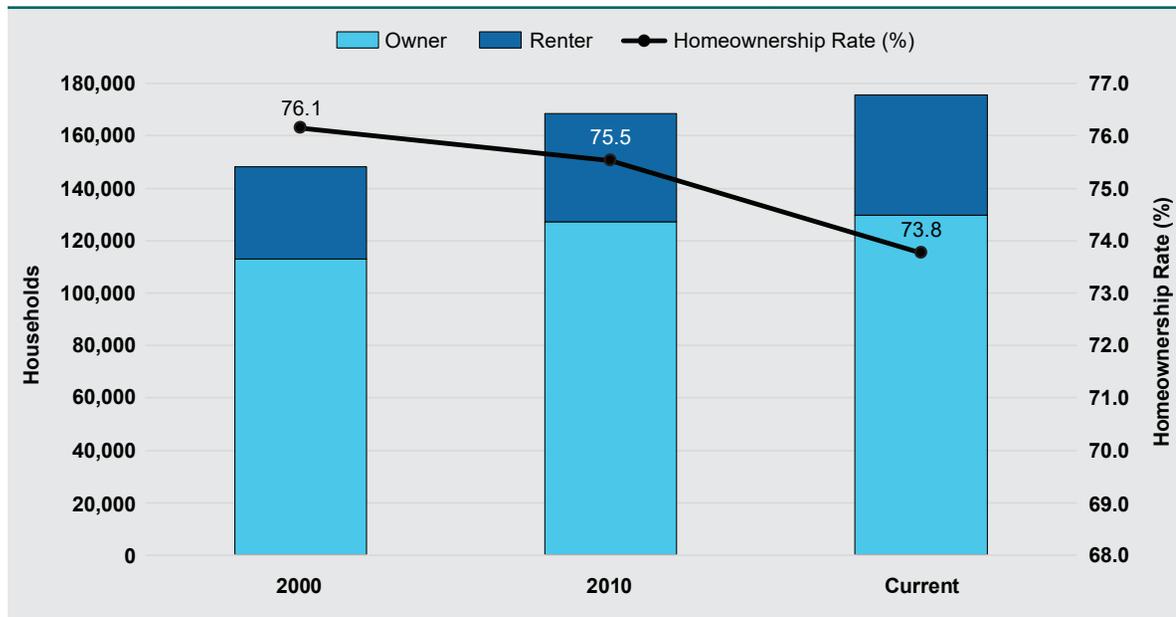


net in-migration. From 2012 to 2015, population growth averaged only 1,425 people a year as net in-migration averaged 460 people annually. Since 2015, however, net in-migration has averaged 1,000 people annually, and population growth has averaged 1,750 people, or 0.4 percent, a year. Relative home affordability contributed to the surge in net in-migration from neighboring counties, including Baltimore and Carroll Counties in Maryland and Lancaster County in Pennsylvania.

Household Trends

Consistent with population growth, household growth in the HMA since 2010 has been well below the average growth rate during the 2000s. As of March 1, 2020, an estimated 175,700 households reside in the HMA, reflecting an average annual increase of 740 households, or 0.4 percent, since 2010. By comparison, from 2000 to 2010, households increased by an average of 2,025, or 1.3 percent, annually. Currently, an estimated 73.8 percent of households, or 129,600 households, are homeowners (Figure 6). The homeownership rate has declined compared with 2000 and 2010, when 76.1 and 75.5 percent of households, respectively, were homeowners.

Figure 6. Households by Tenure and Homeownership Rate in the York HMA



Note: The current date is March 1, 2020.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

Modest population growth is expected to continue during the 3-year forecast period. The population of the HMA is expected to reach 453,700 by March 1, 2023, reflecting an average annual increase of 1,275 people, or 0.3 percent. Net in-migration is expected to account for approximately 42 percent of the population growth during the forecast period. The number of households in the HMA is expected to increase by an average of 640, or 0.4 percent, annually during the next 3 years, reaching 177,600 by March 1, 2023.



Home Sales Market

Market Conditions: Slightly Tight

The average home sales price in the York HMA increased 3 percent during the 12 months ending February 2020.

Current Conditions

The sales housing market in the York HMA is currently slightly tight, with an estimated sales vacancy rate of 1.1 percent (Table 4), down from 1.9 percent in April 2010, when conditions were soft due to the housing market crisis. Economic and population growth, combined with lower levels of single-family homebuilding compared with the previous decade, have contributed to the absorption of the excess inventory of homes on the market. As of February 2020, an estimated 1.8-month supply of homes was available for sale in the HMA, down from a 2.6-month supply a year earlier and down from a 5.8-month supply during February 2010 (CoreLogic, Inc.). Total home sales (including new and existing home sales) in the HMA increased to 8,775 homes sold during the 12 months ending February 2020, up 3 percent compared with the previous

12 months (CoreLogic, Inc., with adjustments by the analyst). The average home sales price increased 3 percent, to \$163,500, during the most recent 12 months.

Home Sales

Due to low levels of for-sale inventory, the number of total home sales is below the high levels reached in the mid-2000s, when job gains generated relatively strong population growth. Total home sales in the HMA increased by an average of 950 homes, or 10 percent, annually from 2001 through 2005, a period when levels of net in-migration were high (Figure 7). After peaking at 12,600 homes sold in 2005, home sales fell sharply due to the housing market crisis, declining by an average of 1,200 homes, or 13 percent, annually from 2006 through 2011. As the economy in the HMA recovered following the recession, the housing market began to improve, and the number of total home sales increased by an average of 440 homes, or 7 percent, annually in all but 1 of the next 8 years after reaching a low of 5,325 homes sold in 2011.

Table 4. Home Sales Quick Facts in the York HMA

	York HMA	Nation
Vacancy Rate	1.1%	NA
Months of Inventory	1.8	2.5
Total Home Sales	8,775	5,738,000
1-Year Change	3%	1%
New Home Sales Price	\$264,400	\$413,000
1-Year Change	1%	0%
Existing Home Sales Price	\$173,700	\$315,600
1-Year Change	3%	4%
Mortgage Delinquency Rate	1.7%	1.3%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending February 2020; and months of inventory and mortgage delinquency data are as of February 2020. The current date is March 1, 2020.

Sources: Vacancy rates: estimates by the analyst; sales, sales prices, inventory, and delinquency rates: CoreLogic, Inc., with adjustments by the analyst

REO Sales and Delinquent Mortgages

During 2011, when foreclosures were flooding the market, the number of real estate owned (REO) sales in the HMA totaled 760 homes and accounted for 14 percent of total home sales. The share of REO sales as a percentage of total

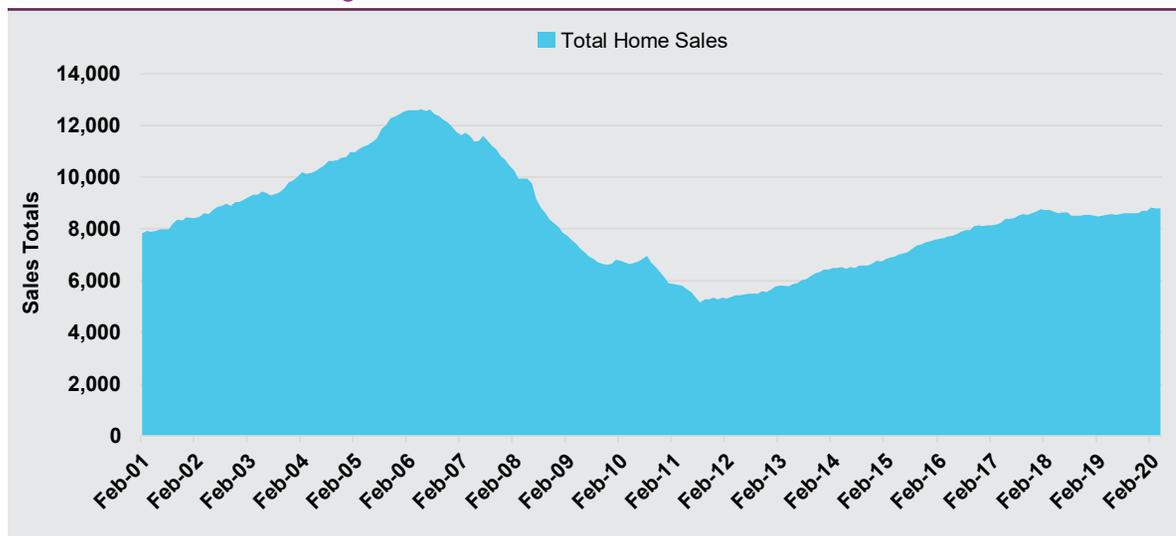


homes sales has declined during 7 of the 8 years since 2011. During the 12 months ending February 2020, REO sales totaled 280 homes, or 3 percent of total home sales, down from 430 homes and 5 percent of total home sales during the 12 months ending February 2019. During February 2020, approximately 1.7 percent of all mortgage loans in the HMA were seriously delinquent or had transitioned into REO status, down from 2.0 percent in February 2019 and below the peak of 6.5 percent in January 2013 (CoreLogic, Inc.). By comparison, the national percentage of seriously delinquent mortgages and REO properties was 1.3 percent in February 2020, down from 1.7 percent a year earlier and significantly below the peak rate of 8.6 percent in February 2010.

Home Sale Prices

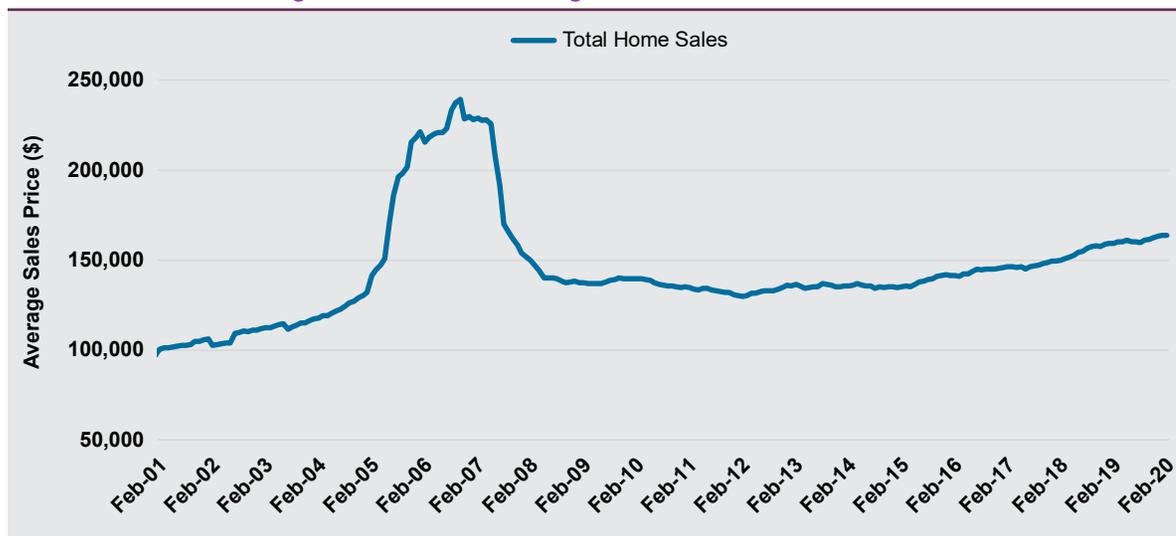
Home sales prices increased in the HMA during the early 2000s but subsequently declined sharply. After increasing by an average of \$22,150, or 15 percent, a year from 2001 through 2006, the average home sales price peaked at \$229,900 (CoreLogic, Inc., with adjustments by the analyst; Figure 8). Due to the housing market downturn, total home sales prices fell in all but 1 of the next 5 years by an average of \$19,900, or 11 percent, annually, to a low of \$130,400 in 2011. Increasing numbers of relatively low-priced REO sales strongly contributed to declining sales prices in the late 2000s and early 2010s. The average sales price of an REO property was

Figure 7. 12-Month Sales Totals in the York HMA



Source: CoreLogic, Inc. with adjustments by the analyst

Figure 8. 12-Month Average Sales Price in the York HMA



Source: CoreLogic, Inc. with adjustments by the analyst



\$98,800 in 2011, compared with a regular resale price of \$146,900. As economic conditions in the HMA have improved, the demand for sales housing has increased and home prices have risen. The average home sales price increased by an average of \$4,075, or 3 percent, a year during 6 of the 8 years since 2011, to \$163,100 in 2019.

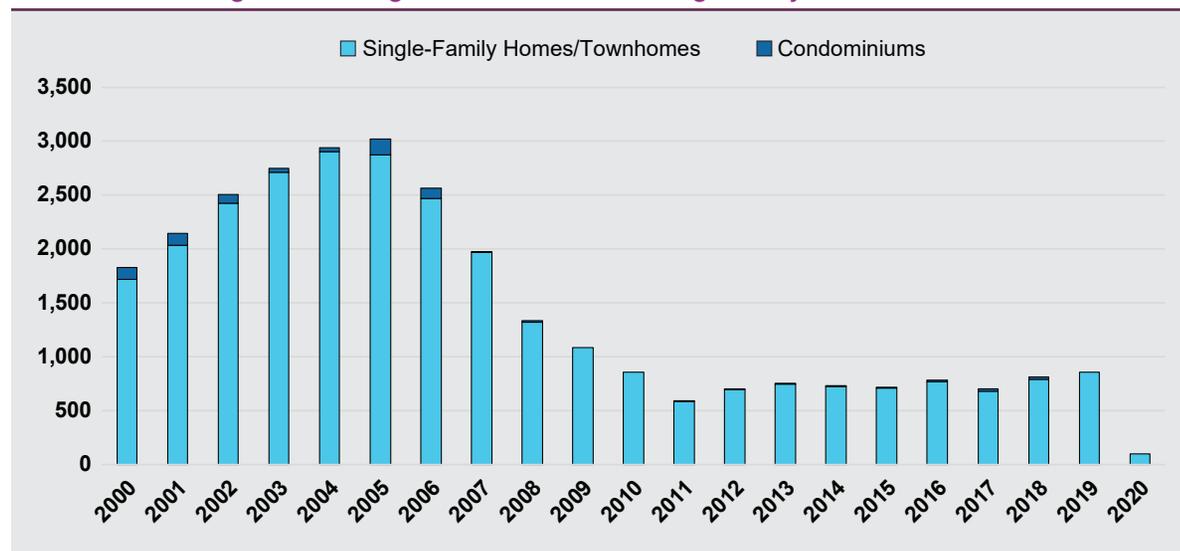
Sales Construction Activity

Despite tightening sales housing market conditions, home construction activity—as measured by the number of single-family homes, townhomes, and condominiums permitted—has maintained relatively low and steady levels since 2012, compared with the early and mid-2000s (Figure 9). Homebuilding activity was at particularly high levels in the HMA from 2000 through 2005, when population growth was accelerating, averaging 2,525 homes permitted annually. Population growth subsequently decelerated during the years leading up to and during the housing market downturn, however, and from 2006 through 2011, sales construction activity declined by an average of 410 homes, or 24 percent, annually, to a low

of 580 homes. From 2012 through 2017, new home construction activity was relatively flat, averaging 730 homes a year, before increasing by an average of 80 homes a year from 2018 through 2019 due to increased demand for single-family homes, rising home prices, and declining for-sale inventory. During the 12 months ending February 2020, approximately 820 single-family homes were permitted, unchanged from the 12 months ending February 2019 (preliminary data, with adjustments by the analyst).

The relative affordability of housing in the HMA—in particular, homes priced below \$200,000— attracts people from surrounding metropolitan areas to the HMA. During the 12 months ending February 2020, 62 percent of total homes sold were priced under \$200,000 (Figure 10). Notable single-family home developments under construction in the York HMA include Spring Forge, a community of 140 single-family homes in Spring Grove Borough that will contain 220 homes at buildout, with prices starting at \$300,000. In addition, Stonewicke, a single-family home community in Hanover Borough, and Stonewicke North, the second phase of the development, are both currently under construction. Upon completion, the first and second phases of the development will include 104 homes, starting at \$200,000.

Figure 9. Average Annual Sales Permitting Activity in the York HMA



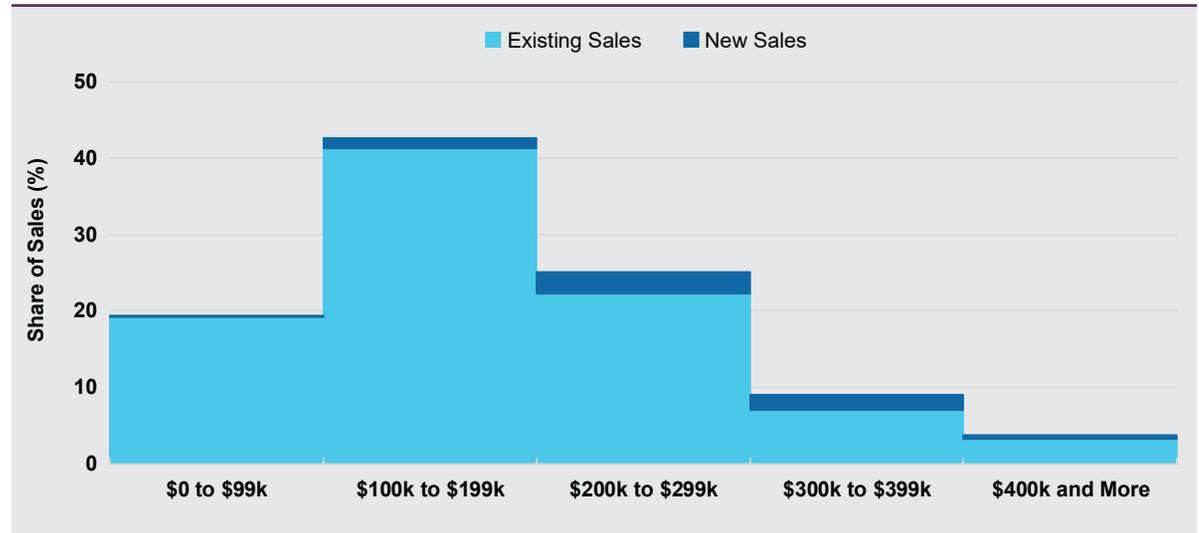
Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through February 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



Forecast

During the next 3 years, demand for an additional 2,250 homes is expected in the HMA, with demand evenly distributed each year of the forecast (Table 5). The 250 homes currently under construction are expected to meet a portion of demand during the first year of the forecast period.

Figure 10. Share of Sales by Price Range During the 12 Months Ending February 2020 in the York HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
 Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

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

Sales Units	
Demand	2,250 Units
Under Construction	250 Units

Note: The forecast period is from March 1, 2020, to March 1, 2023.
 Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

Rental construction activity in the York HMA peaked in 2019, totaling 460 multifamily units permitted.

Current Conditions and Recent Trends

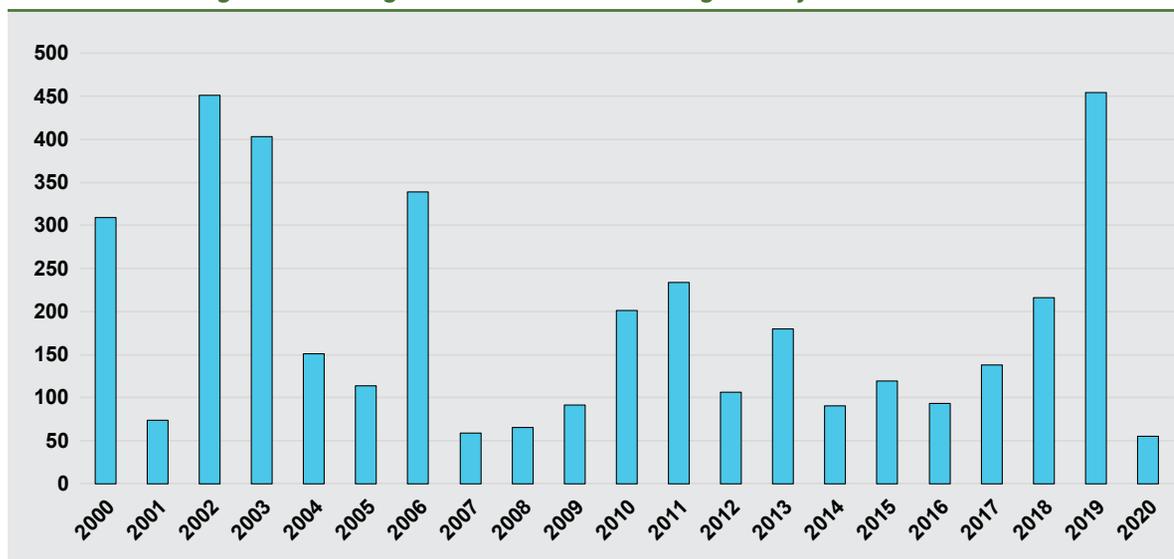
The rental housing market in the York HMA—including apartment units, mobile homes, and single-family homes for rent—is currently balanced. As of March 1, 2020, the overall rental vacancy rate is estimated at 6.3 percent, down from 7.1 percent in 2010, when the rental market was slightly soft (Table 6). The decline in the overall vacancy rate since 2010 is due in part to a trend of relatively strong renter household growth, which has outpaced the number of rental housing units added—including the construction of new apartments and single-family homes converted to rental housing. Despite a spike in multifamily development in 2019, rental construction activity has been at relatively low levels since 2007, compared with the early 2000s and mid-2000s, which has contributed to the tightening of the rental market despite a slowdown in renter household growth (Figure 11). Renter households currently account for 26.2 percent of all households in the HMA, up from 24.5 percent

Table 6. Rental and Apartment Market Quick Facts in the York HMA

Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	7.1
Occupied Rental Units by Structure		
Single-Family Attached & Detached	43	42
Multifamily (2–4 Units)	24	22
Multifamily (5+ Units)	30	32
Other (Including Mobile Homes)	4	4

Notes: The current date is March 1, 2020. Percentages may not add to 100 due to rounding. Sources: Rental vacancy rates: 2010 Census and estimates by the analyst; units in structure: 2010 and 2019 American Community Survey 1-year data

Figure 11. Average Annual Rental Permitting Activity in the York HMA



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

in 2010. Approximately 42 percent of renter households live in single-family attached or detached homes, whereas only 32 percent live in multifamily homes with five or more units, typically apartments; in 2010, the comparable figures were 43 and 30 percent (2010 and 2019 ACS 1-year data).

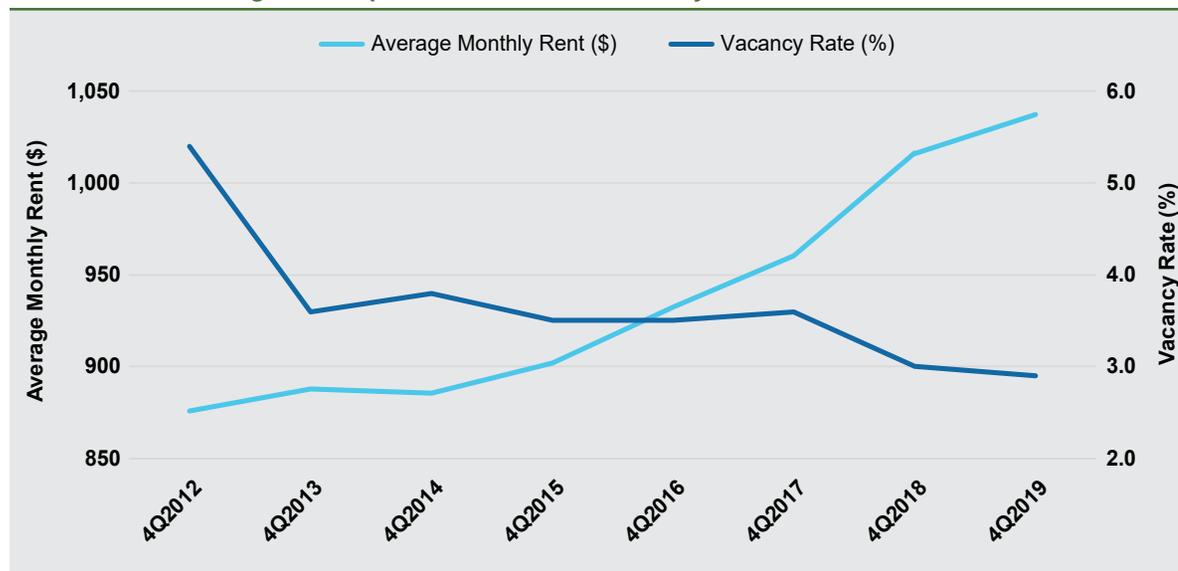


Apartment market conditions in the HMA are tight despite an increase in new apartment construction in 2019. During the fourth quarter of 2019, the apartment vacancy rate in the HMA was 2.9 percent, down slightly from the 3.0-percent rate during the fourth quarter of 2018 (Figure 12; Reis, Inc.). The apartment market has tightened since the fourth quarter of 2012, when the vacancy rate reached a high of 5.4 percent. During the fourth quarter of 2019, the average apartment rent in the HMA was \$1,037, up 2 percent from \$1,016 during the fourth quarter of 2018. The average asking rent in the HMA has generally increased since 2012; the average asking rent during the fourth quarter of 2019 was up by approximately 18 percent from \$876 during the fourth quarter of 2012.

Rental Construction Activity

In response to tightening apartment market conditions, the number of rental units permitted has increased significantly since the start of 2019. Rental construction activity in the York HMA, as measured by the number of units permitted, totaled approximately 430 units during the 12 months ending February 2020, up from 260 units permitted during the previous 12-month period (preliminary data, with adjustments by the analyst). The number of rental units permitted fluctuated significantly during the 2000s, but on average, the number of rental units permitted was higher from 2000 through 2006 than in

Figure 12. Apartment Rents and Vacancy Rates in the York HMA



4Q = fourth quarter.
Source: Reis, Inc.

subsequent years. From 2000 through 2006, an average of 260 rental units were permitted annually, and from 2007 through 2009, an average of 70 rental units were permitted annually because of decelerating economic growth and slowed net in-migration. Rental construction activity increased to an average of 220 units annually during 2010 and 2011 before slowing to an average of 120 units a year from 2012 through 2017. During 2018 and 2019, as the apartment market continued to tighten, the number of rental units permitted increased sharply, peaking at approximately 460 units in 2019.

Developers have responded to increased rental demand from commuters traveling out of the HMA for work by building more apartments near interstate corridors. Lease up at Wynfield Apartments, a 236-unit development near Interstate 83, began in late 2019. Unit sizes at the development range from 850 to 1,370 square feet, and rents currently range from \$1,150 to \$1,350 for one-bedroom units, from \$1,375 to \$1,525 for two-bedroom units, and from \$1,450 to \$1,600 for three-bedroom units. The 154-unit Dover Run Apartments also began lease up in late 2019. Monthly rents at the property currently range from \$950 to



\$1,000 for one-bedroom units and from \$1,200 to \$1,250 for two-bedroom units. The first phase of Franklin Square is a 74-unit rental townhome development that was completed in early 2020 in New Freedom Borough. The development features four-bedroom townhomes that are approximately 1,600 square feet in size and have rents ranging from \$1,600 to \$1,850.

Forecast

During the 3-year forecast period, demand is estimated for 390 new rental units in the HMA

(Table 7). Demand is expected to be relatively steady throughout the forecast period. The 90 units under construction are expected to satisfy a portion of the demand. Apartment market conditions may ease with the absorption of 460 new apartment units permitted in 2019, which was more than double the number of units permitted in 2018.

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

Rental Units	
Demand	390 Units
Under Construction	90 Units

Note: The forecast period is March 1, 2020, to March 1, 2023.
 Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

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 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.
Forecast Period	3/1/2020–3/1/2023—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
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 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.
3.	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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