Overview

The Lancaster metropolitan area is coterminous with Lancaster County and is located in southeast Pennsylvania approximately 70 miles west of the city of Philadelphia. The Lancaster metropolitan area is known for being a large Amish settlement in addition to an agricultural center and tourist destination. The economic impact of tourism in the metropolitan area was $2.24 billion in 2018, a 4.6-percent increase from a year earlier (Tourism Economics). The number of visitors to the Lancaster metropolitan area increased for the ninth straight year in 2018, with 8.85 million visitors. Tourists travel to the Lancaster metropolitan area for diverse experiences, including Amish culture and settlement tours, farmers’ markets, and unique dining in the city of Lancaster. With approximately 5,100 farms in the metropolitan area, the economic impact of the agriculture industry is substantial. The market value of products sold in the metropolitan area totaled more than $1.5 billion in 2017, a 2-percent increase from 5 years earlier (2017 Census of Agriculture).

- The population of the Lancaster metropolitan area as of March 1, 2020, is estimated at nearly 546,800, an average increase of 2,750, or 0.5 percent, annually since 2010. During this period, population growth was strongest
Job gains in the Lancaster metropolitan area during the 3 months ending February 2020 were led by the education and health services sector.

- The recent slowdown in population growth is largely a result of migration patterns. Net in-migration averaged 2,725 people from 2001 to 2007, compared with 1,100 people from 2007 to 2018; more recently, net out-migration averaged 220 people in 2019.

**Economic Conditions**

Economic conditions in the Lancaster metropolitan area have been strong since 2010, but nonfarm payroll growth has slowed recently. From 2014 through 2018, the rate of job growth in the Lancaster metropolitan area was generally faster than in the Mid-Atlantic region and the nation, with nonfarm payroll growth averaging approximately 4,900 jobs, or 2.0 percent, annually. By comparison, nonfarm payroll growth for the Mid-Atlantic region and the nation averaged approximately 1.1 and 1.8 percent, respectively, during the same period. During this period, the education and health services and transportation and utilities sectors led job growth in the Lancaster metropolitan area, increasing by averages of 900 and 800 jobs, annually, or 2.0 and 7.3 percent, respectively. Job growth in the metropolitan area began to slow in 2018, partly because of slowing job growth in the transportation and utilities sector. From 2018 to 2019, nonfarm payrolls increased by 2,600 jobs or 1.0 percent. Partially offsetting job growth in other sectors, the manufacturing sector decreased by 500 jobs, or 1.3 percent, after increasing each year since 2013. The information sector also lost jobs in 2019, continuing an average decline of 200 jobs, or 6.7 percent a year since 2016.

During the 3 months ending February 2020—

- **Growth in nonfarm payrolls was modest, averaging 2,400 jobs, or 0.9 percent, compared with the same period a year ago.**

### Job Gains by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>3 Months Ending</th>
<th>Year-Over-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>February 2019</td>
<td>February 2020</td>
</tr>
<tr>
<td>Total Nonfarm Payrolls</td>
<td>256.7</td>
<td>259.1</td>
</tr>
<tr>
<td>Goods-Producing Sectors</td>
<td>55.1</td>
<td>55.2</td>
</tr>
<tr>
<td>Mining, Logging, &amp; Construction</td>
<td>17.6</td>
<td>18.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>37.4</td>
<td>37.1</td>
</tr>
<tr>
<td>Service-Providing Sectors</td>
<td>201.6</td>
<td>204.0</td>
</tr>
<tr>
<td>Wholesale &amp; Retail Trade</td>
<td>45.8</td>
<td>46.0</td>
</tr>
<tr>
<td>Transportation &amp; Utilities</td>
<td>14.6</td>
<td>14.8</td>
</tr>
<tr>
<td>Information</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>8.4</td>
<td>8.5</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>26.7</td>
<td>26.7</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>47.3</td>
<td>48.3</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>23.5</td>
<td>24.0</td>
</tr>
<tr>
<td>Other Services</td>
<td>12.4</td>
<td>12.6</td>
</tr>
<tr>
<td>Government</td>
<td>20.1</td>
<td>20.2</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>3.3%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

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

The sales housing market in the Lancaster metropolitan area is tight, with a current estimated sales vacancy rate of 0.9 percent, down from 1.5 percent during April 2010. Strengthening economic conditions and relatively high levels of home sales without a corresponding increase in home sales construction have contributed to a significant decline in available for-sale inventory since the early 2010s. As of February 2020, a 1.2-month supply of inventory was available for sale in the metropolitan area, down from a 1.8-month supply a year ago and well below the high of 9.1 months in August 2011 (CoreLogic, Inc.). The rate of seriously delinquent home loans and real estate owned (REO) properties in the Lancaster metropolitan area was 0.9 percent as of February 2020, down from 1.3 percent a year earlier (CoreLogic, Inc.). The current rate is lower than the 1.8-percent rate for Pennsylvania and the 1.3-percent rate for the nation.

During the 12 months ending February 2020—

- New home sales (including single-family homes, townhomes, and condominiums) totaled 600, down 4 percent from 630

Largest Employers in the Lancaster Metropolitan Area

<table>
<thead>
<tr>
<th>Name of Employer</th>
<th>Nonfarm Payroll Sector</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penn Medicine Lancaster General Health</td>
<td>Education and Health Services</td>
<td>9,260</td>
</tr>
<tr>
<td>Eurofins Lancaster Laboratories Environmental, LLC</td>
<td>Professional and Business Services</td>
<td>2,299</td>
</tr>
<tr>
<td>Dart Container Corporation</td>
<td>Manufacturing</td>
<td>1,935</td>
</tr>
</tbody>
</table>

Note: Excludes local school districts.  
Source: County of Lancaster Pennsylvania 2019 Comprehensive Annual Financial Report

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- New home sales (including single-family homes, townhomes, and condominiums) totaled 600, down 4 percent from 630
The average new home sales price in the Lancaster metropolitan area has been rising since late 2018, whereas the average existing home sales price has been increasing since 2015.

Since 2019, new home sales in the Lancaster metropolitan area have decreased and existing home sales have increased.

The rate of home loans that were delinquent, in foreclosure, or in REO status in the Lancaster metropolitan area has consistently been below the state and the nation.

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

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during the 12 months ending February 2019 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). From 2012 through 2016, an average of 550 new homes were sold annually.

- The average sales price for a new home was $341,300, an increase of $16,250, or 5 percent compared with a year ago. Sales prices increased an average of 7 percent a year from 2012 through 2016.

- Existing home sales and home sale prices reached recent highs of 6,350 homes and $228,800, increases of 9 and 4 percent, respectively. During the previous 12 months, existing home sales decreased 1 percent while existing home sales prices increased 3 percent. Sales prices increased because of a lack of available land and declining inventories.

- Distressed home sales, including REO home sales and short sales, decreased by 100 homes, or 43 percent, to 130, representing 1 percent of total home sales; the average sales price was $140,300 (CoreLogic, Inc. with adjustments by the analyst). In 2015, REO sales peaked at 440 sales, which accounted for 6 percent of total sales, with an average sales price of $108,100.

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Rental market conditions in the Lancaster metropolitan area are slightly tight and apartment market conditions are tight. During the 2010s, single-family rentals increased in part because apartment construction declined and demand for all rental units outpaced supply. In 2018, approximately 41 percent of renter households resided in single-family homes, while only 37 percent lived in multifamily structures with five or more units, typically apartments (2018 ACS 1-year data). In 2010, the comparable figures were 38 percent and 35 percent. At the same time, new apartment construction during the most recent decade was 30 percent lower than apartment construction during the 2000s.

- The current overall rental vacancy rate (including single-family homes, townhomes, and mobile homes) is estimated at 3.7 percent, down from 5.3 percent in 2010 when conditions were balanced.
- The apartment vacancy rate was 2.8 percent during the fourth quarter of 2019, up from 2.5 percent a year earlier (RealPage, Inc.).
- Apartment rents averaged $1,139 during the fourth quarter of 2019, a 2-percent increase from a year ago. From the fourth quarter of 2014 through the fourth quarter of 2018, rent growth averaged 4 percent annually because population growth was higher.

Since mid-2015, the vacancy rate in the Lancaster metropolitan area has been below 5 percent while average rents have increased each year.

Homebuilding activity, as measured by the number of single-family homes permitted, has been stable since 2013, although permitting activity is lower than construction activity during the previous decade.

- The number of single-family homes permitted totaled 65 during the 12 months ending February 2020, down 46 percent from the 120 homes permitted a year earlier (preliminary data).
- Traditions of America, a 55-plus retirement community, is currently under construction in the city of Lititz. The development is sold out and includes 329 single-family homes with an average price of $410,000. Another Traditions of America property in the borough of East Petersburgh is also under construction and will include 290 homes with prices starting in the upper $200,000s.
- The Wilbur Chocolate Factory warehouse is being converted into a multi-use property called 48 On The Park, which will include a hotel, restaurants, shops, 170 apartment units, and 25 condominiums, which have sold out. The project is expected to be complete by September 2020.

Note: Includes preliminary data from January 2020 through February 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst.
Multifamily building activity in the Lancaster metropolitan area reached a recent high in 2019, with more than 500 units permitted.

- The vacancy rate for professionally managed single-family homes, which are estimated to be a small portion of the overall single-family rental market, was 1.4 percent as of February 2020, unchanged from February 2019 but slightly lower than the 1.6-percent rate in February 2015 (CoreLogic, Inc., with adjustments by the analyst).

Apartment market conditions have tightened since 2010 because multifamily building activity (as measured by the number of units permitted) has lagged renter household growth. From 2000 through 2010, 460 multifamily units were permitted annually, compared with 290 units a year from 2011 through 2018. Renter households increased from 31.5 percent of all households in April 2010 to 32.9 percent in February 2020.

- During the 12 months ending February 2020, approximately 30 multifamily units were permitted, compared with only 5 units permitted a year earlier (preliminary data).

- Although the number of rental units constructed has not kept pace with renter household growth, apartments have represented a greater share of multifamily construction in recent years. From 2017 through 2019, multifamily permits accounted for approximately 29 percent of the total multifamily units permitted. For comparison, multifamily permits accounted for 23 percent of all multifamily units from 2011 through 2016.

- Currently under construction is the second phase of the Village of Olde Hickory apartments in the city of Lancaster. Another 54 units are currently under construction and are expected to be complete by September 2020. Rents start at $1,140, $1,444, and $1,483 for one-, two-, and three-bedroom units, respectively.

- The Crossings at Conestoga Creek, located in the city of Lancaster, opened in 2019. This property includes 258 apartment units in 6 buildings, with rents starting at $1,095, $1,278, $1,731, and $1,875 for studios, one-, two-, and three-bedroom units, respectively (ALN Apartment Data, Inc.).

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