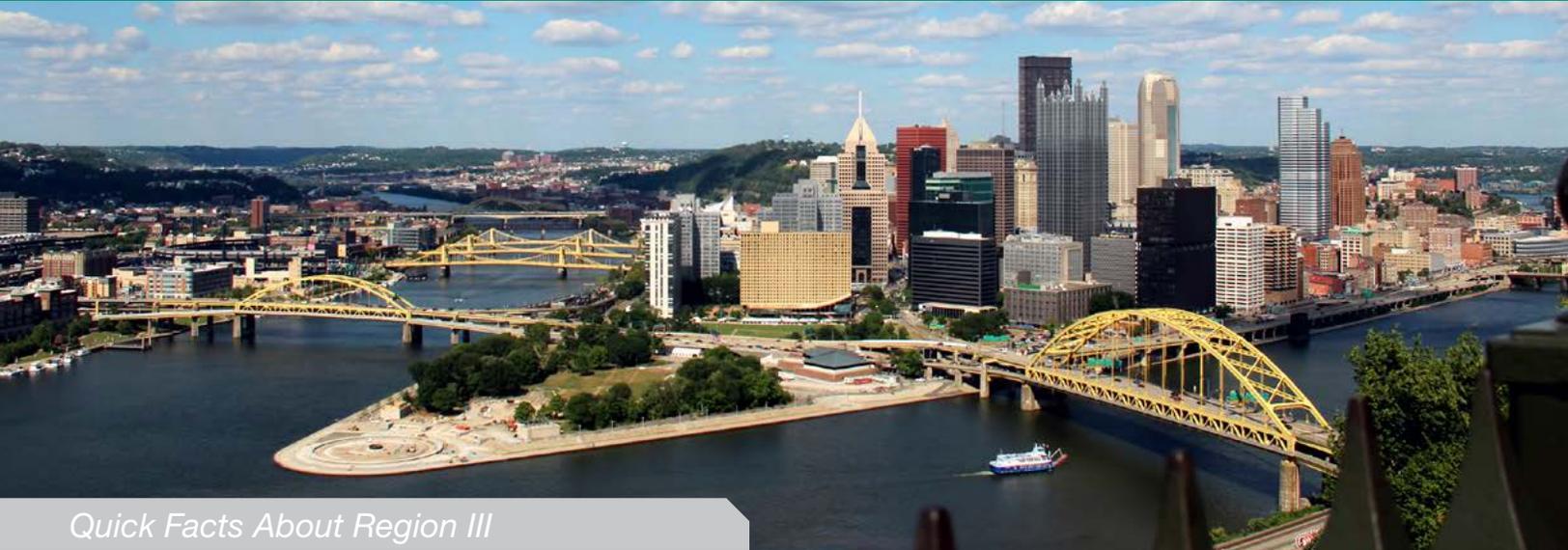


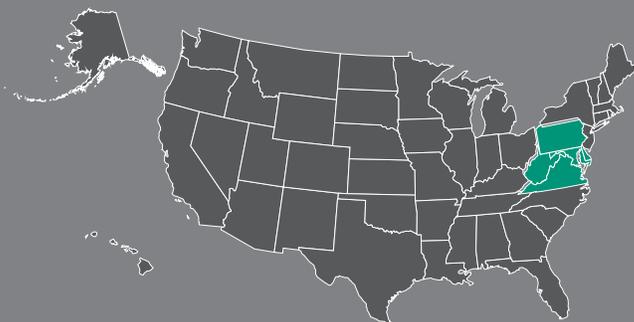
HUD PD&R Regional Reports

Region III: Mid-Atlantic



Quick Facts About Region III

- **Sales market conditions—**
First quarter 2013: slightly soft.
Fourth quarter 2012: slightly soft.
First quarter 2012: soft.
- **Rental market conditions—**
First quarter 2013: mixed (balanced to soft).
Fourth quarter 2012: mixed (balanced to soft).
First quarter 2012: mixed (soft to tight).



By Patricia Moroz | 1st quarter 2013

Overview

Economic conditions in the Mid-Atlantic region have improved since 2010, although job growth slowed from a year ago. The volume of home sales and the construction of single-family homes increased in all states in the region, and sales housing markets that were soft a year ago improved to slightly soft during the past year. Although the production of multifamily units increased during the past year, construction slowed during the most recent quarter. Permitting of multifamily units in Maryland and Pennsylvania has increased significantly since 2011, and rental housing market conditions in the larger metropolitan areas in those states softened and ranged from balanced in Philadelphia to slightly soft in Baltimore.

- Economic conditions improved during the first quarter of 2013 with the addition of 98,800 jobs, a 0.7-percent increase, but nonfarm payrolls were approximately 300,000 jobs below the peak recorded during mid-2008.
- Sales market conditions strengthened during the first quarter of 2013. Every state in the region recorded increased home sales, ranging from 4 percent in Pennsylvania to 13 percent in Delaware.
- Apartment market conditions were balanced in Philadelphia, but conditions were soft in Washington, D.C., and slightly soft in Baltimore, where multifamily construction outpaced rental demand.



Nonfarm payrolls increased in the Mid-Atlantic region during the first quarter of 2013.

	First Quarter		3-Month Change (2012–13)	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	13,743.0	13,841.8	98.8	0.7
Goods-producing sectors	1,643.3	1,643.0	- 0.2	0.0
Mining, logging, and construction	664.3	667.5	3.2	0.5
Manufacturing	979.0	975.6	- 3.4	- 0.3
Service-providing sectors	12,099.7	12,198.8	99.1	0.8
Wholesale and retail trade	1,916.4	1,914.6	- 1.8	- 0.1
Transportation and utilities	473.3	478.7	5.5	1.2
Information	234.4	231.8	- 2.6	- 1.1
Financial activities	730.1	739.9	9.8	1.3
Professional and business services	2,051.9	2,081.5	29.6	1.4
Education and health services	2,360.3	2,409.3	49.0	2.1
Leisure and hospitality	1,222.1	1,234.7	12.6	1.0
Other services	693.0	694.1	1.1	0.2
Government	2,418.3	2,414.3	- 4.1	- 0.2

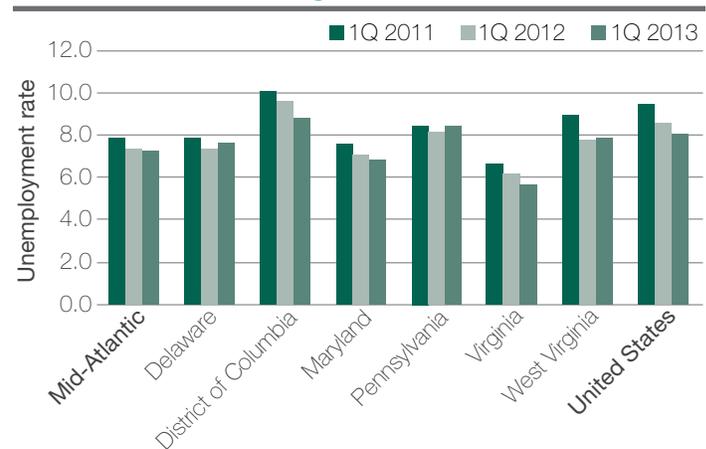
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Although job growth in the Mid-Atlantic region slowed compared with the rate of growth a year ago, economic conditions have improved since 2010. During the first quarter of 2013, nonfarm payrolls averaged 13.84 million jobs, an increase of 98,800 jobs, or 0.7 percent, which is less than the increase of 166,100 jobs, or 1.2 percent, a year earlier. The education and health services, professional and business services, and leisure and hospitality sectors, which increased by 49,000, 29,600, and 12,600 jobs, or 2.1, 1.4, and 1.0 percent, respectively, recorded the most job growth during the first quarter of 2013. The greatest payroll declines were in the government, manufacturing, and information sectors, which decreased by 4,100, 3,400, and 2,600 jobs, or 0.2, 0.3, and 1.1 percent, respectively.

- During the first quarter of 2013, every state in the region and the District of Columbia recorded job gains overall and in the education and health services and the professional and business services sectors, which together accounted for 80 percent of the nonfarm payroll growth in the region.
- Virginia registered the most growth, adding 35,700 jobs, a 1.0-percent increase, followed by Maryland and Pennsylvania, with gains of 32,650 and 17,700 jobs, or 1.3 and 0.3 percent, respectively.
- Delaware recorded the largest percentage increase, 1.7 percent, with the addition of 6,825 jobs. The professional and business services sector accounted for 40 percent of the jobs added in the state.

Lower unemployment rates in the District of Columbia, Maryland, and Virginia offset increases in other Mid-Atlantic region states.



1Q = first quarter.
Source: U.S. Bureau of Labor Statistics

- Nonfarm payrolls in the District of Columbia and West Virginia increased 0.4 percent each, adding 3,200 and 2,725 jobs, respectively. Although growth was slower than a year ago, job gains in the education and health services sector offset losses in other sectors.
- During the first quarter of 2013, the unemployment rate in the region averaged 7.3 percent, down from 7.4 percent during the first quarter of 2012.



Sales Market Conditions

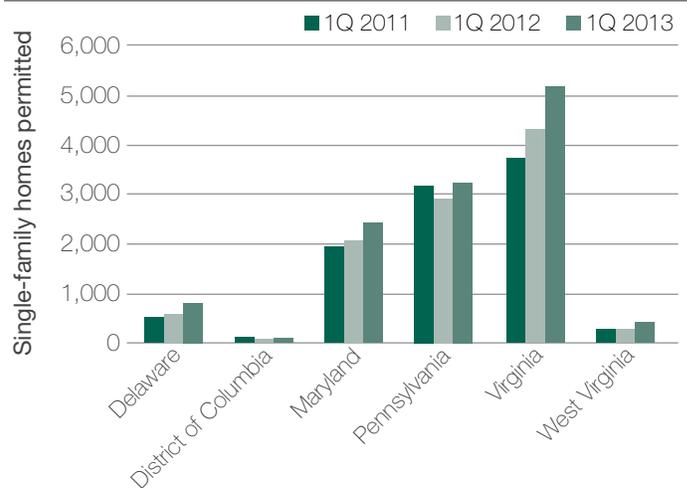
After 3 successive years of job growth, sales housing market conditions in the Mid-Atlantic region improved during the first quarter of 2013 to slightly soft compared with the soft conditions a year ago. In Virginia, Maryland, and the District of Columbia, approximately 91,500, 54,850, and 6,825 existing homes sold during the 12 months ending March 2013, increases of 7.5, 7.5, and 11.0 percent, respectively (state and local REALTOR® associations). Sales of new and existing homes in Pennsylvania increased 4.1 percent, to 134,400 homes sold, during the 12 months ending November 2012 (CoreLogic, Inc.). In Delaware and West Virginia, home sales increased 13.3 and 9.3 percent, to 9,800 and 6,200 homes sold, respectively, during the 12 months ending October 2012. Home prices increased in every state in the region except Delaware. As of March 2013, 6.3 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), unchanged from March 2012 (LPS Applied Analytics). The rates declined to 3.9 and 4.6 percent in Virginia and West Virginia, respectively; were unchanged at 8.6, 7.5, and 5.9 percent in Maryland, Delaware, and the District of Columbia, respectively; and increased to 6.9 percent in Pennsylvania.

Based on preliminary data, during the first quarter of 2013—

- The number of single-family homes permitted in the region increased by 1,975 homes, or 19 percent, to 12,300 homes permitted compared with the number permitted during the first quarter of 2012. During the first quarters of 2001 through 2007, an average of 21,000 homes were permitted.

- Virginia recorded the greatest increase in the number of single-family homes permitted, a gain of 870 homes, or 20 percent, to 5,200 homes, followed by Maryland, where homebuilding activity was up 18 percent, to 2,450 homes permitted.
- Pennsylvania and Delaware reported increases of 300 and 200 homes, or 11 and 34 percent, to 3,250 and 820 homes, respectively.
- Single-family construction activity increased by 170 homes, or 60 percent, to 450 homes in West Virginia, and construction doubled from 50 to 100 homes in the District of Columbia.

Single-family construction increased in all five states and the District of Columbia in the Mid-Atlantic region.



1Q = first quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Home sales and prices increased throughout most of the Mid-Atlantic region.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2012	2013	Percent Change		2012 (\$)	2013 (\$)	Percent Change
District of Columbia (E)	March	6,150	6,825	11.0	AVG	517,300	558,400	7.9
Maryland (E)	March	51,000	54,850	7.5	AVG	276,100	293,000	6.1
Virginia (E)	March	85,100	91,500	7.5	MED	215,000	232,600	8.2
		2011	2012			2011 (\$)	2012 (\$)	
Delaware (N&E)	October	8,650	9,800	13.3	AVG	247,200	235,200	- 4.9
Pennsylvania (N&E)	November	129,100	134,400	4.1	AVG	166,800	172,500	3.4
West Virginia (N&E)	October	5,675	6,200	9.3	AVG	130,300	133,400	2.4

AVG = average. E = existing. MED = median. N&E = new and existing.

Notes: All price figures are rounded. Median prices for Virginia are for the first quarter. Average prices in all other areas are for the 12 months ending March, October, or November, as indicated.

Sources: CoreLogic, Inc.; Metropolitan Regional Information Systems, Inc.; Maryland Association of REALTORS®; Virginia Association of REALTORS®



Rental Market Conditions

Rental housing market conditions ranged from balanced to soft in the Mid-Atlantic region during the first quarter of 2013. The apartment vacancy rate in the Philadelphia metropolitan area increased to 6.0 percent, whereas the average rent remained unchanged at approximately \$1,625, compared with the corresponding figures a year ago (Delta Associates). In Center City Philadelphia, the vacancy rate for Class A highrise units, including units in lease up, increased from 2.0 to 8.9 percent, and the average rent remained unchanged at \$2,150. In the Baltimore metropolitan area, the apartment vacancy rate was 8.7 percent compared with the rate of 7.4 percent a year ago, and the average rent increased 2 percent, to \$1,575. In Baltimore City, an increase in the number of units currently in lease up caused the vacancy rate to rise from 6.8 to 15.7 percent, and the average rent increased 3 percent, to nearly \$1,800. In the Washington, DC metropolitan area, the vacancy rate increased from 6.1 to 9.7 percent for Class A highrise and garden apartments, including units in lease up, and the average rents were unchanged at \$2,400 for highrise units and \$1,590 for garden apartments. In the District of Columbia, the vacancy rate for highrise units increased from 7.8 to 13.0 percent, and the average rent declined 1 percent to less than \$2,650.

Metropolitan apartment markets in the Mid-Atlantic region ranged from balanced to soft.

Metropolitan Area	Market Condition
Allentown	Balanced
Baltimore	Slightly soft
Philadelphia	Balanced
Pittsburgh	Balanced
Richmond	Balanced
Virginia Beach	Slightly soft
Washington, DC	Soft

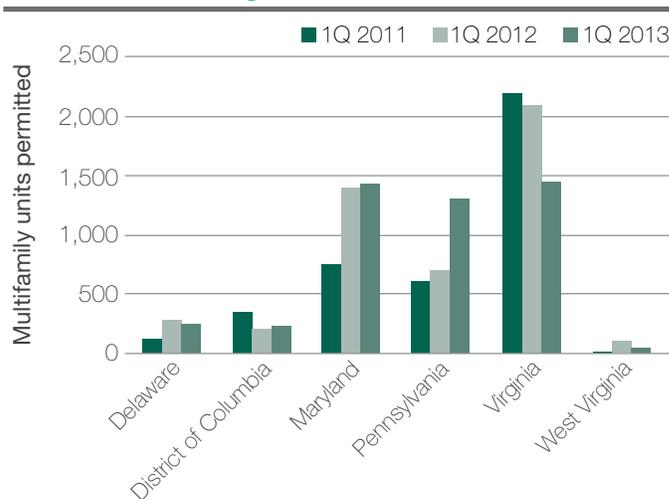
Source: HUD, PD&R, Economic and Market Analysis Division

Multifamily construction, as measured by the number of units permitted, increased 19 percent, to 23,700 units, during the 12 months ending March 2013 compared with the number permitted during the previous 12 months. Multifamily construction declined slightly during the first quarter of 2013, however.

Based on preliminary data, during the first quarter of 2013—

- The number of multifamily units permitted in the region decreased by 80 units, or 2 percent, to 4,725 units compared with the number permitted during the first quarter of 2012.
- Multifamily construction increased 85, 11, and 3 percent, to 1,300, 240, and 1,425 units permitted, in Pennsylvania, the District of Columbia, and Maryland, respectively.
- In Virginia, multifamily construction decreased 31 percent, to 1,450 units. During the 12 months ending March 2013, however, multifamily building was up 18 percent from the same period a year ago.
- In Delaware and West Virginia, multifamily construction declined 15 and 47 percent, to 250 and 60 units permitted, respectively.

Multifamily construction was down slightly overall in the Mid-Atlantic region.



1Q = first quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey