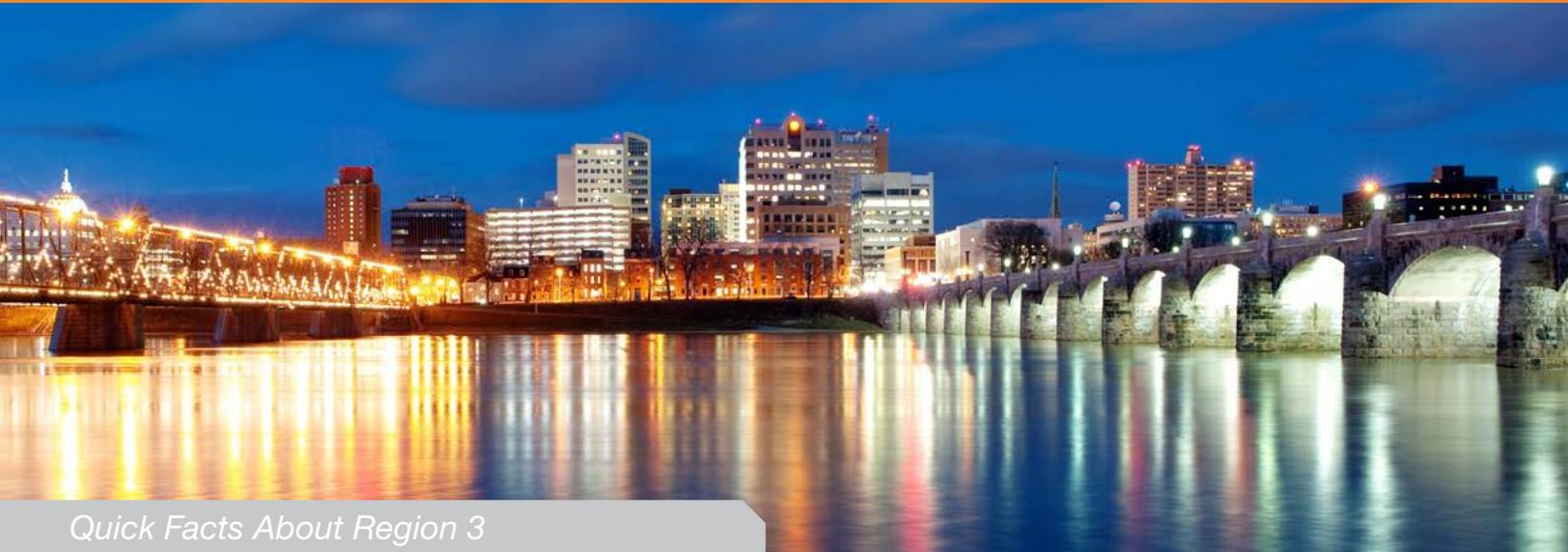


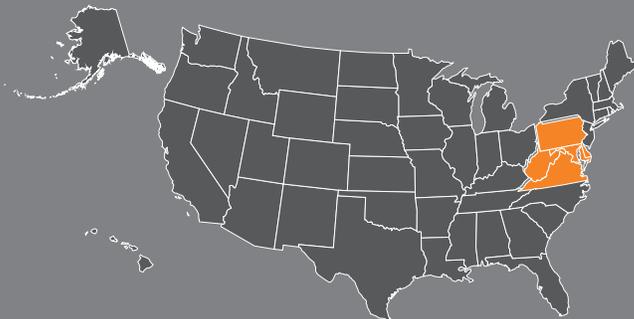
# HUD PD&R Regional Reports

## Region 3: Mid-Atlantic



### Quick Facts About Region 3

- **Sales market conditions—**  
Second quarter 2013: mixed (balanced to slightly soft).  
First quarter 2013: slightly soft.  
Second quarter 2012: soft.
- **Apartment market conditions—**  
Second quarter 2013: mixed (balanced to soft).  
First quarter 2013: mixed (balanced to soft).  
Second quarter 2012: mixed (balanced to soft).



By Patricia Moroz | 2nd quarter 2013

### Overview

Economic conditions in the Mid-Atlantic region improved during the past 3 years, with nonfarm payrolls increasing steadily since 2010. During the second quarter of 2013, the regional unemployment rate was 6.8 percent, down from 7.0 percent a year earlier. The volume of home sales and sales prices increased in every state in the region, and sales housing markets that were previously soft improved to balanced or slightly soft during the past year. Apartment market conditions currently range from balanced to soft throughout the region, with softer conditions in some of the larger metropolitan areas. The production of multifamily units has increased significantly since 2011, although construction stabilized during the second quarter of 2013.

- Sales market conditions strengthened during the second quarter of 2013 and currently range from slightly soft to balanced in most areas. Every state in the region recorded increased home sales and prices.
- Apartment market conditions were balanced throughout most of the Mid-Atlantic region, but conditions were soft in Washington, D.C., and Baltimore, where recent multifamily construction outpaced rental demand.
- In response to stronger sales and apartment markets, the construction of both single-family and multifamily units increased during the second quarter of 2013.



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

	Second Quarter		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	14,003.5	14,123.1	119.6	0.9
Goods-producing sectors	1,687.6	1,692.8	5.2	0.3
Mining, logging, and construction	702.1	708.4	6.3	0.9
Manufacturing	985.5	984.4	- 1.1	- 0.1
Service-providing sectors	12,315.9	12,430.3	114.4	0.9
Wholesale and retail trade	1,940.7	1,940.8	0.1	0.0
Transportation and utilities	476.9	483.6	6.7	1.4
Information	234.2	229.8	- 4.4	- 1.9
Financial activities	737.7	751.3	13.6	1.8
Professional and business services	2,096.1	2,130.6	34.5	1.6
Education and health services	2,360.5	2,409.2	48.7	2.1
Leisure and hospitality	1,344.6	1,365.4	20.8	1.5
Other services	705.0	705.9	0.9	0.1
Government	2,420.2	2,413.7	- 6.5	- 0.3

Source: U.S. Bureau of Labor Statistics

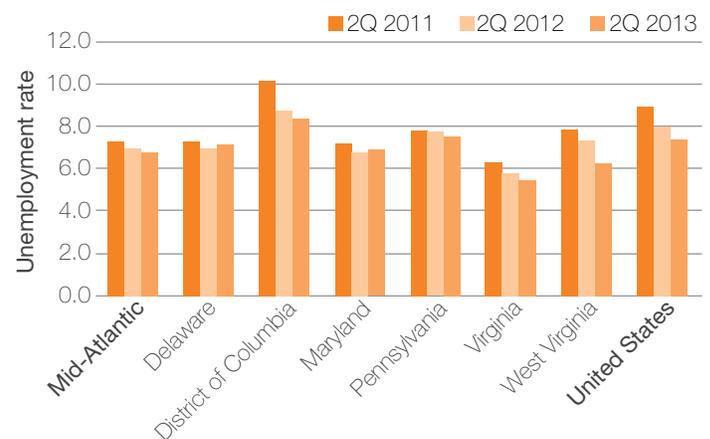
## Economic Conditions

The economy of the Mid-Atlantic region has expanded since 2010. During the second quarter of 2013, nonfarm payrolls averaged 14.12 million jobs, an increase of 119,600 jobs, or 0.9 percent, from a year ago and equal to the year-over-year growth rate in the second quarter of 2012. The education and health services, professional and business services, and leisure and hospitality sectors recorded the most job growth during the second quarter of 2013, increasing by 48,700, 34,500, and 20,800 jobs, or 2.1, 1.6, and 1.5 percent, respectively. These job gains were partially offset by payroll declines in the government, information, and manufacturing sectors, which decreased by 6,500, 4,400, and 1,100 jobs, or 0.3, 1.9, and 0.1 percent, respectively.

During the second quarter of 2013—

- Pennsylvania registered the most growth in nonfarm payrolls, adding 40,750 jobs, a 0.7-percent increase, and accounting for one-third of the job gains in the region.
- Virginia added 36,350 jobs, a 1.1-percent increase, with the education and health services and the financial activities sectors recording the greatest gains. Virginia, with an increase of 8,400 jobs, or 4.5 percent, in the financial activities sector, accounted for 62 percent of all jobs added in that sector in the region.
- In Maryland, job gains totaled 30,900, an increase of 1.2 percent, with approximately two-thirds of those jobs added in the professional and business services and the education and health services sectors.

## Unemployment rates declined in the District of Columbia and in most states in the Mid-Atlantic region.



2Q = second quarter.

Source: U.S. Bureau of Labor Statistics

- West Virginia and the District of Columbia gained 10,950 and 1,100 jobs, increases of 1.5 and 0.2 percent, respectively.
- Delaware recorded the greatest percentage increase, 1.7 percent, with the addition of 7,175 jobs. The professional and business services sector accounted for 44 percent of the jobs added in the state.



## Sales Market Conditions

Sales housing market conditions ranged from balanced to slightly soft in the Mid-Atlantic region during the second quarter of 2013. Conditions in Virginia, Maryland, and the District of Columbia were balanced, an improvement from the slightly soft conditions of a year ago, whereas conditions in Pennsylvania, Delaware, and West Virginia remained slightly soft. In Virginia, Maryland, and the District of Columbia, approximately 94,850, 56,950, and 7,125 existing homes sold during the 12 months ending June 2013, increases of 9.5, 10.4, and 13.5 percent, respectively (state and local REALTOR® associations). Sales of new and existing homes in Pennsylvania increased 4.2 percent, to 142,400 homes sold, during the 12 months ending May 2013 (CoreLogic, Inc.). In Delaware and West Virginia, total home sales increased 4.0 and 14.1 percent, to 10,450 and 6,875 homes sold, respectively, during the 12 months ending March and April 2013, respectively. Home prices also rose in every state in the region, with increases ranging from approximately 3 to 9 percent. The rates of distressed mortgages declined in every state in the region relative to a year ago. As of June 2013, 5.9 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) compared with the rate of 6.4 percent recorded in June 2012 (LPS Applied Analytics).

Improvements in the Mid-Atlantic sales markets during the past year resulted in an increase in single-family construction. Based on preliminary data, during the second quarter of 2013—

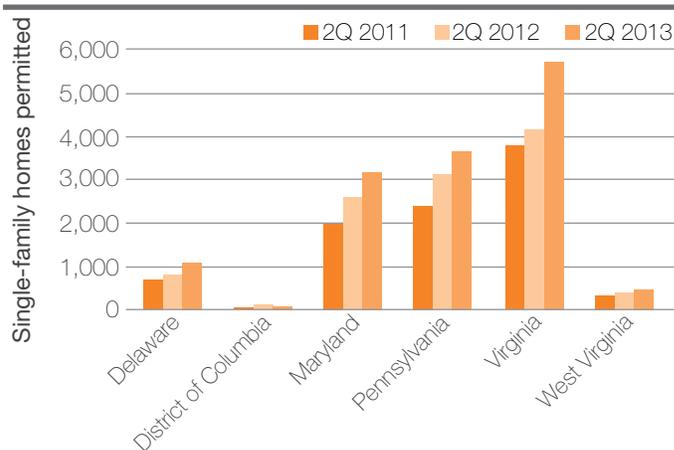
- The number of single-family homes permitted in the region increased by 2,975 homes, or 27 percent, compared with the

number permitted during the second quarter of 2012, to 14,100 homes permitted. During the corresponding periods from 2001 through 2007, an average of 28,250 homes were permitted.

- Virginia recorded the greatest increase in single-family construction, a gain of 1,550 homes, or 38 percent, to 5,700 homes permitted, and the state accounted for 40 percent of all single-family homes permitted in the region.

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### Single-family permitting increased in all five states in the Mid-Atlantic region but declined slightly in the District of Columbia.



2Q = second quarter.  
 Note: Based on preliminary data.  
 Source: U.S. Census Bureau, Building Permits Survey

### Home sales and prices increased throughout 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)	June	6,275	7,125	13.5	AVG	536,800	573,400	6.8
Maryland (E)	June	51,600	56,950	10.4	AVG	285,400	299,700	5.0
Virginia (E)	June	86,650	94,850	9.5	MED	249,500	269,000	7.8
Delaware (N&E)	March	10,050	10,450	4.0	AVG	232,300	240,800	3.7
Pennsylvania (N&E)	May	136,600	142,400	4.2	AVG	167,800	176,300	5.1
West Virginia (N&E)	April	6,025	6,875	14.1	AVG	130,400	141,700	8.7
Washington, D.C. metropolitan area (E)	June	61,850	68,450	10.7	AVG	386,200	417,500	8.1
Philadelphia (E)	June	43,500	49,850	14.6	AVG	246,700	254,800	3.3
Baltimore (E)	June	22,700	25,850	13.9	AVG	270,600	280,600	3.7

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

Notes: All price figures are rounded. Median prices for Virginia are for the second quarter. Average prices in all other areas are for the 12 months ending March, April, May, or June, as indicated.

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



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- Maryland and Pennsylvania reported increases of 560 and 550 homes permitted, or 22 and 18 percent, to 3,150 and 3,650 homes, respectively.

- Single-family construction activity increased by 280 homes permitted, or 35 percent, to 1,075 homes in Delaware and by 70 homes permitted, or 18 percent, to 460 homes in West Virginia. Homebuilding declined from 100 to 70 homes permitted in the District of Columbia.

## Apartment Market Conditions

Apartment market conditions ranged from balanced to soft in the Mid-Atlantic region during the second quarter of 2013. In the Baltimore metropolitan area, the apartment vacancy rate was 10.9 percent compared with the rate of 7.4 percent a year ago, and the average rent increased 4 percent from a year ago, to \$1,625 (Delta Associates). In the city of Baltimore, an increase in the number of apartments recently completed and in lease up caused the vacancy rate to rise from 5.5 to 18.4 percent; nevertheless, the average rent increased 6 percent, to \$1,850. In the Washington, D.C. metropolitan area, the vacancy rate for apartments, including units in lease up, increased from 8.8 to 9.1 percent for Class A highrise apartments and from 7.5 to 8.8 percent for garden apartments. The average rent increased 1 percent for both apartment types, to \$2,300 for highrise units and \$1,650 for garden apartments. In the District of Columbia, the vacancy rate for highrise units increased from 11.0 to 14.9 percent, the average rent declined 1 percent, to less than \$2,650, and concessions increased from 2.3 to 3.0 percent. The absorption of Class A and B units numbered 4,925 units during the second quarter of 2013, which was approximately 3 percent less than the average quarterly absorption of 5,100 units since mid-2010. The apartment vacancy rate in the Philadelphia metropolitan area was 3.9 percent, down from 4.7 percent a year ago, and the average rent increased 1 percent, to \$1,650. In Center City Philadelphia, the vacancy rate for Class A highrise units, including units in lease up, increased from 1.6 to 3.4 percent, and the average rent declined 1 percent, to \$2,200.

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

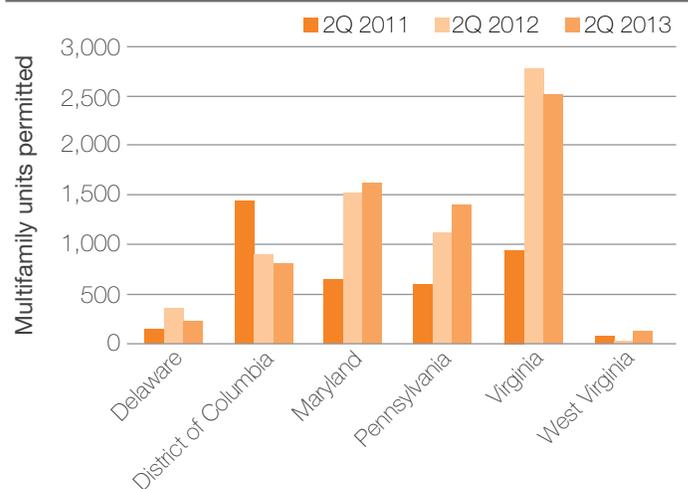
Metropolitan Area	Market Condition
Baltimore	Soft
Charleston	Balanced
Philadelphia	Balanced
Pittsburgh	Balanced
Richmond	Balanced
Virginia Beach	Balanced
Washington, D.C.	Soft

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

Multifamily construction, as measured by the number of units permitted, increased 7 percent in the Mid-Atlantic region, to 24,400 units, during the 12 months ending June 2013 compared with the number permitted in the region during the previous 12 months. Multifamily construction remained stable during the second quarter of 2013. Based on preliminary data, during the second quarter of 2013—

- The number of multifamily units permitted in the region remained unchanged at 6,650 units compared with the number permitted during the second quarter of 2012.
- Construction of multifamily units in Pennsylvania and Maryland increased 25 and 7 percent, to 1,400 and 1,625 units, respectively.
- Multifamily construction decreased 37 percent in Delaware, to 220 units, and declined 10 percent each in Virginia and the District of Columbia, to 2,500 and 800 units, respectively.
- In West Virginia, multifamily construction increased from 20 to 120 units.

### Multifamily construction remained stable in the Mid-Atlantic region, with steady increases in Maryland and Pennsylvania.



2Q = second quarter.

Note: Based on preliminary data.

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

