

# HUD PD&R Housing Market Profiles

## Allentown-Bethlehem-Easton, Pennsylvania-New Jersey

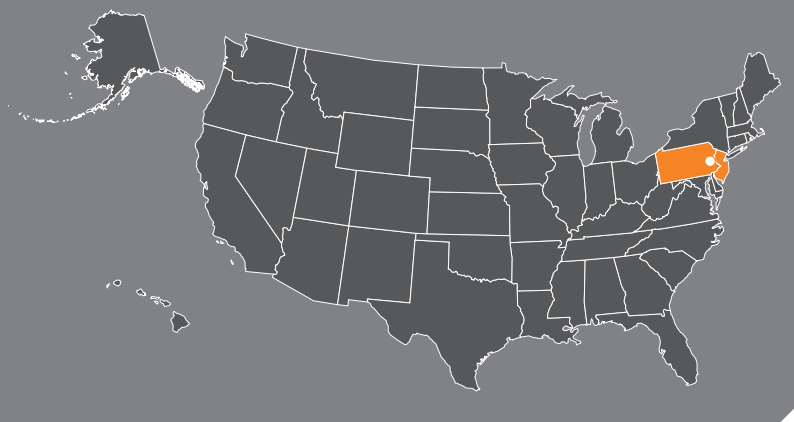


### Quick Facts About Allentown-Bethlehem-Easton

Allentown, Pennsylvania

By Michael Flannely | As of June 1, 2023

- Current sales market conditions: slightly tight
- Current rental market conditions: slightly tight
- Manufacturing—specifically steel manufacturing—has been a historically crucial part of the economy in the metropolitan area. Although the steel industry declined in the latter half of the 20th century, the manufacturing sector is a significant portion of the local economy, including art supply manufacturer Crayola LLC and guitar maker C. F. Martin & Co., Inc.



### Overview

The Allentown-Bethlehem-Easton, PA-NJ Metropolitan Statistical Area (hereafter, Allentown metropolitan area) includes Carbon, Lehigh, and Northampton Counties in Pennsylvania and Warren County in New Jersey. Known as the Lehigh Valley, the Allentown metropolitan area in eastern Pennsylvania is 60 miles north of the city of Philadelphia and 90 miles west of New York City. This location near major cities in the Northeast United States leads some to call the metropolitan area “the inland port of the East Coast” due to the proliferation of warehouse and distribution centers critical for e-commerce activity. Since 2014, several large companies, including Amazon.com, Inc., Walmart Inc., FedEx Corporation, and Swiss-based electrical equipment firm ABB Ltd have opened facilities in the Allentown metropolitan area to help with e-commerce and logistics. These facilities contributed to jobs in the transportation and warehousing industry becoming a vital part of the economy, currently accounting for 10.0 percent of all jobs in the metropolitan area, up from 5.5 percent in 2014.

- As of June 1, 2023, the estimated population of the Allentown metropolitan area is 876,400, an average increase of 4,575, or 0.5 percent, annually since 2020,

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compared with population growth averaging 4,950 people, or 0.6 percent, annually from 2013 to 2020 (U.S. Census Bureau decennial census count, population estimates as of July 1, and estimates by the analyst).

- Net in-migration has averaged 5,775 people annually since 2020, up from an average of 4,570 people annually from 2013 to 2020, largely due to people moving into

the metropolitan area from costlier metropolitan areas like New York and Philadelphia.

- An average annual net natural decline of 1,200 people has occurred since 2020, largely due to increased deaths associated with the COVID-19 pandemic, compared with the net natural increase averaging 380 people annually from 2013 to 2020.

## Economic Conditions

The economy in the Allentown metropolitan area is expanding after fully recovering from the COVID-19-related recession of early 2020. By October 2021, the metropolitan area had recovered jobs lost in March and April 2020; by contrast, jobs did not fully recover in Pennsylvania until May 2022 (monthly data, not seasonally adjusted). Nonfarm payrolls in the metropolitan area averaged 389,900 jobs during the 3 months ending May 2023, an increase of 6,700 jobs, or 1.7 percent, compared with the same period a year earlier when jobs rose by 17,400, or 4.8 percent. By comparison, year-over-year job growth in the Mid-Atlantic region and nation averaged 2.0 and 2.6 percent, respectively, during the 3 months ending May 2023, and 3.8 and 4.9 percent, respectively, during the 3 months ending May 2022.

During the 3 months ending May 2023—

- Job growth in the Allentown metropolitan area was led by the education and health services sector—the largest sector

in the metropolitan area—which grew by 3,000 jobs, or 3.8 percent, to 82,200 jobs, partially due to continued hiring after the June 2022 opening of the Lehigh Valley Hospital–Carbon in the borough of Lehigh.

- The wholesale and retail trade sector had the second largest job gain, increasing by 1,400, or 2.6 percent, to 54,700 jobs. The sector accounts for 14 percent of all jobs in the Allentown metropolitan area.
- Jobs in the professional and business services sector account for 13 percent of all nonfarm payrolls in the metropolitan area and rose by 200, or 0.4 percent, a deceleration from a 2,800-job, or 5.8 percent, increase during the 3 months ending May 2022.
- The unemployment rate averaged 3.6 percent, down from 4.1 percent during the 3 months ending May 2022. It is the lowest unemployment rate in the Allentown metropolitan area in more than 20 years.

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**During the 3 months ending May 2023, jobs increased in all 11 payroll sectors in the Allentown metropolitan area relative to a year ago.**

	3 Months Ending		Year-Over-Year Change	
	May 2022 (Thousands)	May 2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	383.2	389.9	6.7	1.7
Goods-Producing Sectors	54.6	54.8	0.2	0.4
Mining, Logging, & Construction	13.7	13.8	0.1	0.7
Manufacturing	40.9	41.0	0.1	0.2
Service-Providing Sectors	328.6	335.1	6.5	2.0
Wholesale & Retail Trade	53.3	54.7	1.4	2.6
Transportation & Utilities	39.1	39.4	0.3	0.8
Information	5.3	5.4	0.1	1.9
Financial Activities	12.7	12.9	0.2	1.6
Professional & Business Services	51.5	51.7	0.2	0.4
Education & Health Services	79.2	82.2	3.0	3.8
Leisure & Hospitality	34.6	35.1	0.5	1.4
Other Services	14.0	14.4	0.4	2.9
Government	38.8	39.4	0.6	1.5
<b>Unemployment Rate</b>	4.1%	3.6%		

Note: Numbers may not add to totals due to rounding.

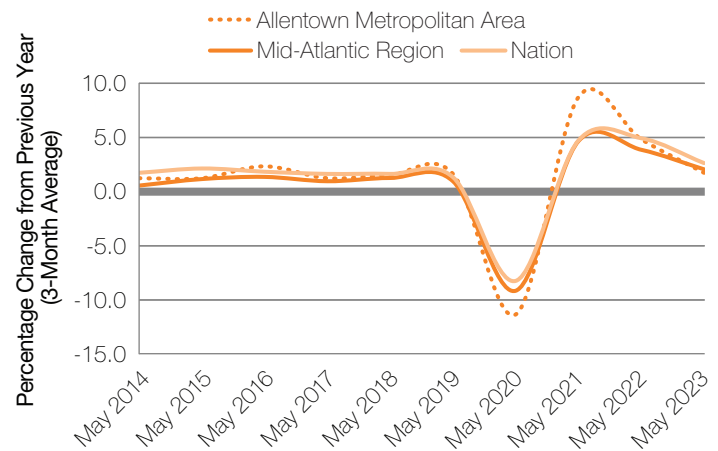
Source: U.S. Bureau of Labor Statistics



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Jobs in the leisure and hospitality sector in the Allentown metropolitan area continue recovering after a significant downturn due to the impact of the COVID-19 pandemic. From March to April 2020, leisure and hospitality jobs fell by 18,900, or 53.7 percent (monthly data, not seasonally adjusted). More than 2,000 employees were laid off in 2020 at Wind Creek Bethlehem, a casino resort along the Lehigh River in the city of Bethlehem, due to social distancing measures during the COVID-19 pandemic. Additionally, more than 350 workers were laid off at Bear Creek Mountain Resort in the borough of Macungie. Despite subsequent job gains in the leisure and hospitality sector in the 3 years since the start of the pandemic, including the hotel opening of Home2 Suites by Hilton Easton near the Lehigh Valley International Airport and the \$160 million expansion at Wind Creek Bethlehem, nonfarm payrolls in the sector have stayed below the prepandemic peak. During the 3 months ending May 2023, leisure and hospitality jobs averaged 35,100, approximately 7 percent below the average of 37,800 jobs during the 3 months ending May 2019, the last comparable 3-month period before the pandemic.

Job losses during the COVID-19 downturn were more severe in the Allentown metropolitan area than in the Mid-Atlantic region and the nation.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Allentown Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lehigh Valley Health Network	Education & Health Services	19,524
St. Luke's Health Network Inc.	Education & Health Services	11,972
Walmart Inc.	Wholesale & Retail Trade	4,223

Note: Excludes local school districts.

Source: Lehigh Valley Business, 2023 Book of Lists

## Sales Market Conditions

The sales housing market in the Allentown metropolitan area is slightly tight. The vacancy rate decreased to an estimated 1.0 percent from 1.2 percent in 2020, when the market was balanced. During the 12 months ending May 2023, home sales totaled 13,400, a decline of 3,725, or nearly 22 percent, from a year earlier (CoreLogic, Inc., with adjustments by the analyst). Total home sales have declined significantly in the past year because rising home sales prices and higher mortgage interest rates have made homeownership more expensive. The average interest rate for a 30-year, fixed-rate mortgage was 6.4 percent in May 2023, up from 5.2 percent in May 2022 and 3.8 percent in February 2022 (Freddie Mac), shortly before the Federal Reserve System began raising its target interest rate to combat inflation. Despite declining home sales, the supply of homes for sale is low, with the inventory of homes for sale decreasing from 1.2 months in May 2022 to 1.1 months in May 2023. As of May 2023, 1.5 percent of home loans in the Allentown metropolitan area were seriously delinquent (90 or more days delinquent or

in foreclosure) or in real estate owned (REO) status, down from 1.9 percent a year earlier (CoreLogic, Inc.).

During the 12 months ending May 2023—

- New home sales totaled 930, down by 140 sales, or 13 percent, from the previous 12 months, partially due to weaker demand despite increased net in-migration since 2020. By comparison, new home sales rose nearly 23 percent during the 12 months ending May 2022.
- The average sales price of a new home was \$521,400, 11 percent higher than the average sales price during the 12 months ending May 2022. By comparison, the average sales price for a new home rose 18 percent a year ago.
- Existing home sales totaled 12,500, a decline of 3,575 sales, or 22 percent, from a year earlier, partially due to higher mortgage rates impacting demand.

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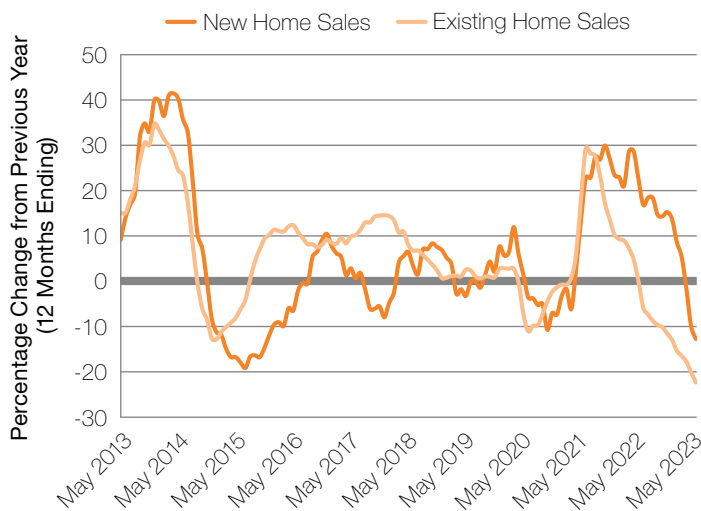


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- The average sales price of an existing home was \$294,700, an increase of \$25,700, or nearly 10 percent, from a year earlier.

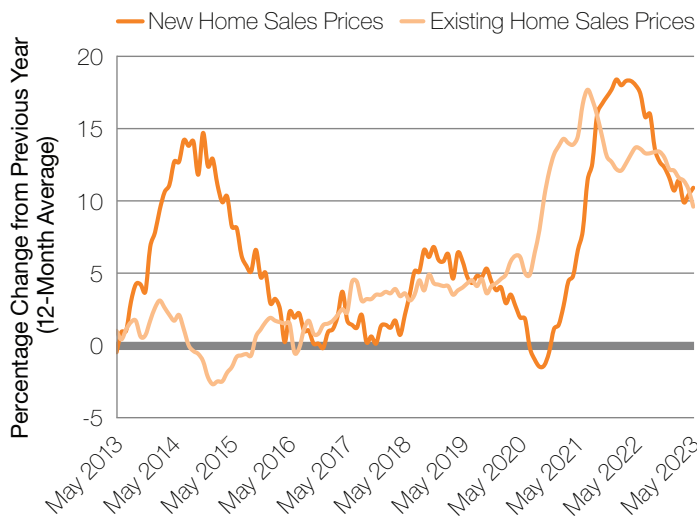
Despite rising mortgage rates and declining home sales, homebuilding activity increased recently due to a low supply of homes for sale. During the 12 months ending May 2023, homebuilding activity, as measured by the number of single-

**During the 12 months ending May 2023, new and existing home sales in the Allentown metropolitan area decreased.**



Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

**In the Allentown metropolitan area, price growth for new homes has decelerated since early 2022, and price growth for existing homes sold has slowed since mid-2021.**



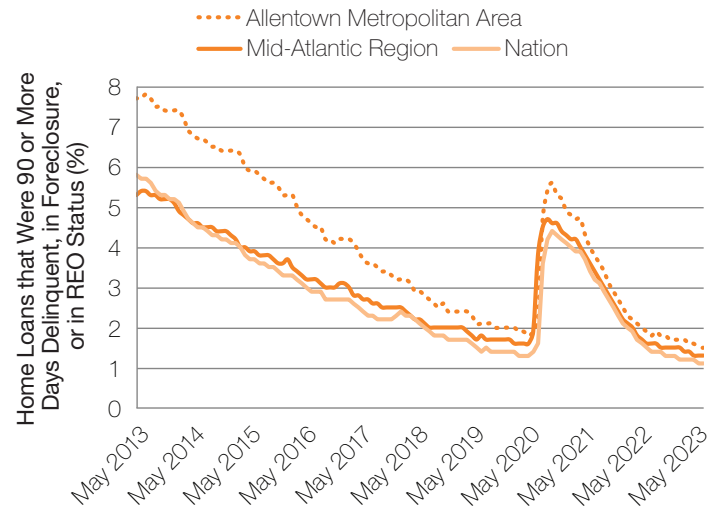
Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

family homes permitted, totaled 1,375, up by 350, or 34 percent, from the 12 months ending May 2022 (preliminary data).

- Single-family home construction from 2014 through 2020 averaged 1,025 homes annually before increasing to an average of 1,650 homes annually during 2021 and 2022

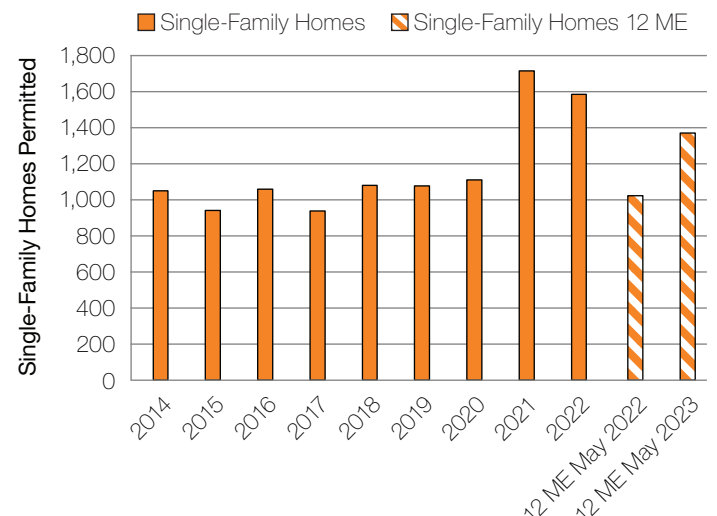
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**The rate of seriously delinquent mortgages and REO properties in the Allentown metropolitan area has declined significantly since a recent peak in September 2020.**



REO = real estate owned.  
Source: CoreLogic, Inc.

**Single-family home construction in the Allentown metropolitan area was at relatively high levels during 2021 and 2022.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data; data from January 2023 through May 2023—preliminary data

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due partly to low mortgage interest rates and subsequently high demand for homes.

- Lehigh County, the most populous county in the Allentown metropolitan area, has accounted for more than 43 percent of all new single-family homes permitted since 2014.
- Northampton County, which contains 36 percent of the

population of the metropolitan area, has accounted for nearly 38 percent of all single-family home construction.

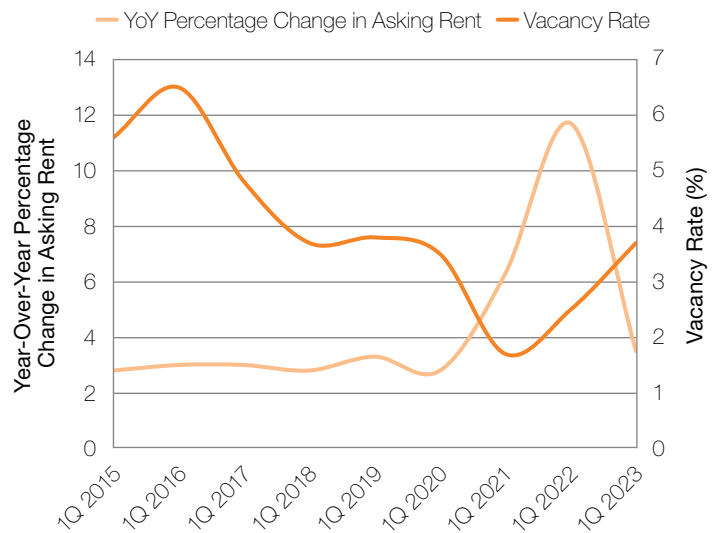
- One of the most recently completed new home communities built in the metropolitan area is Nancy Run Estates in Bethlehem Township. The development includes more than 80 single-family homes with prices starting at \$325,000.

## Rental Market Conditions

Rental market conditions in the Allentown metropolitan area are currently slightly tight. The estimated vacancy rate for all rental units—including single-family homes, mobile homes, and apartments—is 5.5 percent as of June 1, 2023, down from 5.7 percent in April 2020. Single-family homes are the most common type of rental unit in the metropolitan area, accounting for nearly 40 percent of all occupied rental units in 2021, up from approximately 36 percent in 2010 (American Community Survey [ACS] 1-year data). By comparison, renter-occupied single-family homes accounted for approximately 32 percent of all rental units in the nation during 2021, down from 34 percent in 2010. Apartments, which tend to be in structures with five or more units, accounted for nearly 36 percent of all occupied rental units in the metropolitan area during 2021, down from 38 percent in 2010.

- In May 2023, the average rent for professionally managed, three-bedroom single-family homes was \$1,883, up 11 percent from a year ago (CoreLogic, Inc.). The vacancy rate for all sizes of single-family homes for rent was 1.6 percent, down from 1.7 percent a year earlier.
- The apartment market in the metropolitan area was balanced during the second quarter of 2023, with a 3.4 percent vacancy rate, unchanged from a year earlier and up from 1.7 percent during the second quarter of 2021 (CoStar Group). From 2018 to 2020, the apartment vacancy rate in the metropolitan area averaged 3.6 percent.
- The average apartment rent in the metropolitan area was \$1,585 during the second quarter of 2023, up nearly 3 percent from the same period a year earlier. By comparison, the average apartment rent increased an average of 8 percent a year from the second quarter of 2020 through the second quarter of 2022.
- During the second quarter of 2023, apartment vacancy rates in the 10 CoStar Group-defined market areas in the metropolitan area ranged from 1.6 percent in the Southern Lehigh County market area to 5.0 percent in the Warren County market area. During the same period, average apartment rents ranged from \$737 in the Carbon County market area to \$1,766 in the Southeastern Northampton County market area.

**Rent growth in the Allentown metropolitan area slowed during the first quarter of 2023 compared with a year earlier.**



1Q = first quarter. YoY = year-over-year.  
Source: CoStar Group

Multifamily construction activity, as measured by the number of multifamily units permitted, has been elevated since 2020 compared with the previous 5 years. After an average of approximately 250 units were permitted annually from 2015 through 2019, multifamily permitting rose to an average of 730 units annually from 2020 through 2022. The increase in multifamily construction largely occurred because of the higher levels of domestic in-migration into the metropolitan area.

- During the 12 months ending May 2023, multifamily building activity totaled 620 units, an increase of 250 units, or nearly 70 percent, from the previous 12 months (preliminary data).
- Nearly 24 percent of all multifamily units permitted in the metropolitan area since 2020 have been in the city of Bethlehem to accommodate young professionals and students at Lehigh University.
- One of the more recently completed apartment developments in downtown Bethlehem is The Wilbur Views, a 50-unit

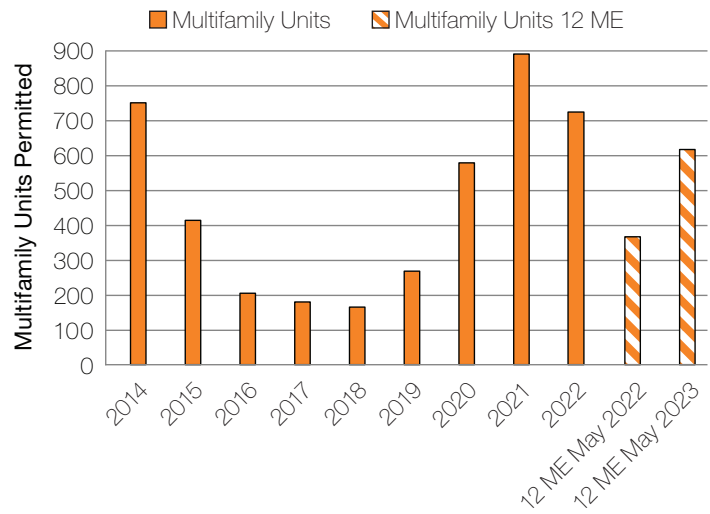
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property overlooking the Lehigh River with rents for one- and two-bedroom units starting at \$2,050 and \$2,675, respectively.

- The Reserve at Palmer Pointe in the city of Easton was completed in December 2022. Located just off the Lehigh Valley Thruway, the 312-unit apartment property has rents for one- and two-bedroom units starting at \$1,980 and \$2,400, respectively.

The number of multifamily units permitted in the Allentown metropolitan area during 2022 slightly declined from the previous year.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data; data from January 2023 through May 2023—preliminary data

## Terminology Definitions and Notes

### A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Include resales, short sales, and REO (real estate owned) sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Decline	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90 or more 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.	The HUD-defined Mid-Atlantic region includes Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia.