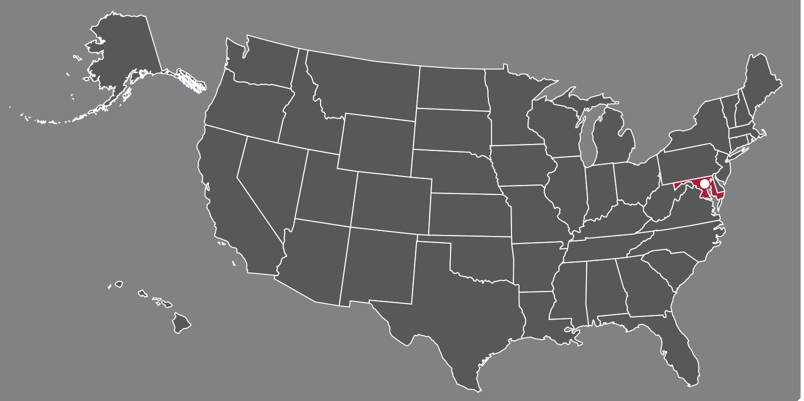
HUD PD&R **Housing Market Profiles**

Baltimore-Columbia-Towson, Maryland

Baltimore, Maryland

Quick Facts About Baltimore-Columbia-Towson

- **Current sales market conditions: tight but easing**
- **Current apartment market conditions: slightly soft**
- **The metropolitan area is home to two military bases, Fort George G. Meade and the U.S. Army Aberdeen Proving Ground, the first and third largest employers in the metropolitan area, respectively. In 2016, the combined economic impact of the military bases on the state of Maryland was $26.78 billion, accounting for approximately 7 percent of all statewide economic activity (Maryland Military Installation Economic Impact Study).**



By Diana Villavicencio | As of September 1, 2023

Overview

The Baltimore-Columbia-Towson (hereafter, Baltimore) metropolitan area includes the independent city of Baltimore and the counties of Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's. With the presence of Johns Hopkins University and The Johns Hopkins Health System Corporation, the education and health services sector in the metropolitan area has a strong impact. In 2022, the combined economic impact of the university and the health system totaled $15.1 billion throughout Maryland (Johns Hopkins University and Medicine Economic Impact Report, 2022). The economy in the metropolitan area continues to recover following the recession that resulted from the COVID-19 global pandemic in 2020. Nonfarm payrolls increased on a year-over-year basis for the third consecutive year, but job growth is slowing, as it is in the nation. The sales market has eased from a year ago, but it remains tight, partly because of job growth, slower population loss, and a shortage of for-sale housing. Apartment market conditions transitioned to slightly soft from balanced conditions 1 year earlier, partly because of increased new apartment completions.

- Nationwide, from April 2020 to July 2021, during the COVID-19 pandemic, job opportunities were relatively

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limited, and remote work became more prevalent; at the same time, deaths increased and births declined. During the period, net out-migration and net natural increase in the metropolitan area averaged 2,375 and 1,450 people, respectively, and caused an average annual population loss of less than 0.1 percent (U.S. Census Bureau decennial census count and population estimates as of July 1).

- When job growth accelerated nationwide, job opportunities were greater outside the metropolitan area, and net out-migration from the metropolitan area increased to 11,150 people from July 2021 to July 2022. This trend more than offset the net natural increase of 3,475 people and caused the population to decline 0.3 percent.
- As of September 1, 2023, the estimated population of the metropolitan area is 2.83 million, representing an average decrease of 0.1 percent annually since July 2022 because net out-migration has slowed to an average of 6,000 people a year, offsetting net natural increase, which averaged 4,400 people annually. The number of births rose and the number of deaths declined in the metropolitan area.

Economic Conditions

Nonfarm payrolls in the Baltimore metropolitan area increased during the 3 months ending August 2023 compared with a year earlier. The number of jobs is 9 percent higher than the recent low during the same 3-month period in 2020 when the COVID-19 pandemic caused significant job losses. Despite continued job gains, the rate of job growth decelerated compared with a year ago, and payrolls in the metropolitan area are 1 percent below the previous high of 1.43 million jobs during the 3 months ending August 2019. During the 3 months ending August 2023, nonfarm payrolls rose by 17,600 jobs, or 1.3 percent, from a year earlier, to 1.42 million jobs, compared with a 2.1-percent gain during the 3 months ending August 2022 and a 5.6-percent gain during the 3 months ending August 2021. By comparison, nonfarm payrolls in the nation rose 2.4 percent during the 3 months ending August 2023, and jobs were 3 percent above the prepandemic high.

During the 3 months ending August 2023—

- The leisure and hospitality sector rose by 8,000 jobs, or 6.2 percent, the largest year-over-year job gain of any sector in the metropolitan area, following an increase of 7,800 jobs, or 6.5 percent, during the 3 months ending August 2022. Job growth in the sector is expected to continue because The Paramount Baltimore, a 4,000-seat music hall, is expected to open in 2024 at The Walk at Warner Street, an entertainment district in downtown Baltimore.
- Job growth accelerated in the mining, logging, and construction sector, with payrolls up 5.8 percent year over year, compared with a 0.8-percent growth rate a year earlier. The recent rise in the sector was the fastest growth rate of any 3-month period ending in August since 2004.

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Jobs rose in 7 of the 11 nonfarm payroll sectors in the Baltimore metropolitan area during the past year.

	3 Months Ending		Year-Over-Year Change	
	August 2022 (Thousands)	August 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,402.5	1,420.1	17.6	1.3
Goods-Producing Sectors	140.5	143.9	3.4	2.4
Mining, Logging, & Construction	81.7	86.4	4.7	5.8
Manufacturing	58.8	57.6	-1.2	-2.0
Service-Providing Sectors	1,262.1	1,276.1	14.0	1.1
Wholesale & Retail Trade	175.5	174.3	-1.2	-0.7
Transportation & Utilities	77.0	78.2	1.2	1.6
Information	16.8	16.1	-0.7	-4.2
Financial Activities	76.1	77.9	1.8	2.4
Professional & Business Services	256.7	252.1	-4.6	-1.8
Education & Health Services	263.5	269.1	5.6	2.1
Leisure & Hospitality	128.6	136.6	8.0	6.2
Other Services	48.2	51.2	3.0	6.2
Government	219.7	220.6	0.9	0.4
Unemployment Rate	3.5%	1.8%		

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

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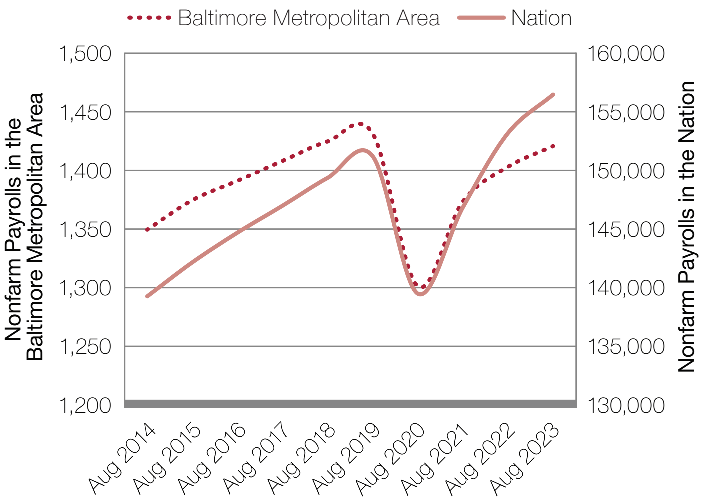
- The professional and business services sector is the second largest payroll sector in the metropolitan area, accounting for 252,100 jobs, or nearly 18 percent of all jobs in the metropolitan area. In the 3 months ending August 2023, payrolls decreased by 4,600 jobs, or 1.8 percent, compared with a 3.9-percent rise during the previous year. Despite the decline, growth in the sector is expected to resume because a new T. Rowe Price headquarters building under construction in the City of Baltimore will accommodate 1,700 employees when complete in 2024.
- The unemployment rate declined to an average of 1.8 percent—the lowest rate for any 3-month period ending in August since at least 1990, down from 3.5 percent a year earlier and 5.4 percent during the same 3-month period in 2021. The unemployment rate in the metropolitan area is below the 3.8-percent national rate.

The education and health services sector is the largest nonfarm payroll sector in the metropolitan area, accounting for 269,100 jobs, or 19 percent of total jobs during the 3 months ending August 2023. The sector grew by 5,600 jobs during the past year, the second largest gain of any sector, following a 2,400-job increase during the previous year. Even though most of the jobs lost during the COVID-19 pandemic have been recovered, jobs in the sector are 3 percent below the 2019 level. Some of the recent job growth occurred at the Greater Baltimore Medical Center, affiliated with The Johns Hopkins Health System Corporation, where a new three-story, 117,000-square-foot building is nearing completion. A future phase is expected to be complete in the fall of 2024, including a two-story, 70,000-square-foot pavilion to house the Sandra and Malcolm Berman Cancer Institute.

Nonfarm payrolls in the Baltimore metropolitan area are below the level during the 3 months ending August 2019, whereas jobs in the nation have surpassed that level.



Note: 3-month average nonfarm payrolls, in thousands.
Source: U.S. Bureau of Labor Statistics

Largest Employers in the Baltimore Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort George G. Meade	Government	62,680
Johns Hopkins University	Education & Health Services	25,800
U.S. Army Aberdeen Proving Ground	Government	21,000

Note: Excludes local school districts.
Sources: City of Baltimore and Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's Counties Annual Comprehensive Financial Reports for the Fiscal Year Ended June 30, 2022

Sales Market Conditions

The home sales market in the Baltimore metropolitan area is currently tight but easing, with an estimated vacancy rate of 1.5 percent as of September 1, 2023—down from 1.6 percent in April 2020. The sales market was very tight from late 2020 to mid-2021, when mortgage interest rates reached their lowest level in more than 50 years and caused a surge in homebuying, resulting in a low inventory of homes for sale. Partly because interest rates have been rising since mid-2021, the pace of home sales has slowed sharply, and the for-sale inventory rose to 1.5 months of supply during August 2023, up from 1.2 months a year earlier (Bright MLS, Inc.). For context, the average interest rate of a 30-year fixed-rate mortgage was 7.2 percent during August 2023, up from 5.6 percent in August 2022 and 2.9 percent during August 2020 and 2021 (Freddie Mac).

The rate of seriously delinquent mortgages and real estate owned (REO) properties in the metropolitan area declined from 2021 through 2023 after temporarily rising in 2020 because of weak economic conditions caused by the pandemic. As of July 2023, 1.5 percent of home loans were seriously delinquent or in REO status, down from 1.9 and 4.0 percent in July 2022 and 2021, respectively, and from the 5.5-percent rate in July 2020 (CoreLogic, Inc.). By comparison, the nationwide rate was 4.2 percent in July 2020 and declined to 1.0 percent as of July 2023.

During the 12 months ending August 2023—

- Approximately 35,700 existing homes were sold in the metropolitan area, representing a decrease of 16,500 homes, or 32 percent, from 1 year earlier and compared

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with an 11-percent decrease during the 12 months ending August 2022 (Zonda). The decline in existing sales during the recent 12 months reflected decreases of 32 and 12 percent in regular resale and REO home sales, respectively.

- The average sales price for existing homes was $399,800, reflecting a 3-percent year-over-year gain, compared with a 7-percent increase during the same period a year earlier (Zonda). During the 12 months ending August 2023, prices rose 4 percent for regular resales and declined 4 percent for REO home sales.
- New home sales declined 35 percent from the same period a year earlier to 2,325 homes sold—the fastest rate of decline during any 12-month period ending in August since 2007. By comparison, new home sales declined 18 percent during the 12 months ending August 2022.
- The average sales price for a new home was $648,500, up 7 percent from $607,500 during the previous year. During the 12 months ending August 2022, the average sales price increased 13 percent—the fastest rate observed in the metropolitan area in more than a decade.

Despite a recent increase in homebuilding activity, as measured by the number of single-family homes permitted, construction has been relatively low since 2022 compared with the 2014-through-2021 period, partly in response to increased interest rates and a decline in new home sales.

During the 12 months ending August 2023—

- The number of single-family homes permitted increased 4 percent to 3,500 homes compared with the 3,350 homes permitted a year earlier (preliminary data). Permitting from 2014 through 2016 averaged 4,650 homes annually and rose to an average of 5,175 homes annually during 2017

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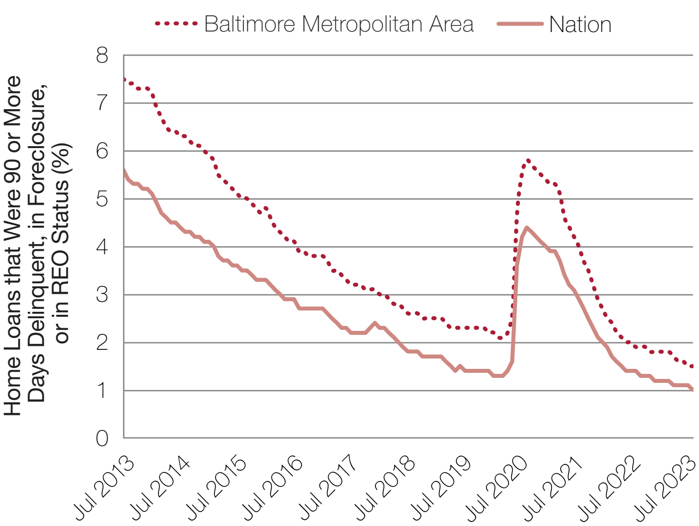
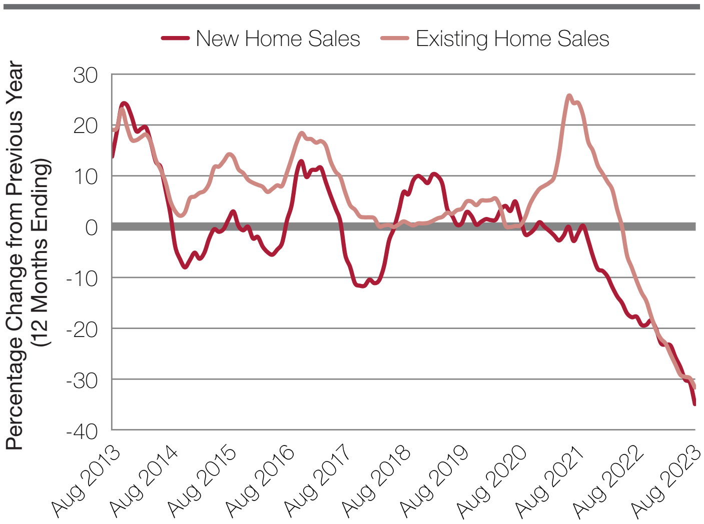
The rate of seriously delinquent mortgages and REO properties in the Baltimore metropolitan area is below the prepandemic rate following significant increases from April 2020 through August 2020.



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

New and existing home sales in the Baltimore metropolitan area decreased at faster rates during the past year compared with a year ago.



Note: Sales are for single-family homes, townhomes, and condominiums.
Source: Zonda

New and existing home sales price growth during the past year in the Baltimore metropolitan area was slower than 1 year earlier.

Note: Prices are for single-family homes, townhomes, and condominiums.
Source: Zonda

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and 2018 before slowing to an average of 4,875 a year from 2019 through 2021 and further declining to 2,825 in 2022.

- Anne Arundel, Baltimore, Harford, and Howard Counties contained 84 percent of the single-family homes permitted in the metropolitan area. In Baltimore County, construction began in 2016 at Greenleigh at Crossroads, a mixed-use community that will include 700 single-family homes and 300 townhomes, with sales prices starting at $455,800, in addition to 100 apartment units and 1.8 million square feet of commercial space when complete.
- Carroll and Queen Anne's Counties contained 12 percent of the single-family homes permitted in the metropolitan area. The remaining 4 percent occurred in the City of Baltimore, where a relatively limited supply of developable land has led to higher density housing development, such as townhomes. In the City of Baltimore, construction began in 2020 at the 108-townhome Banner Row; the second phase, containing the remaining 54 townhomes, is underway, with sales prices starting at $589,900.

Single-family home permitting activity in the Baltimore metropolitan area has been at relatively low levels since 2022.

12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

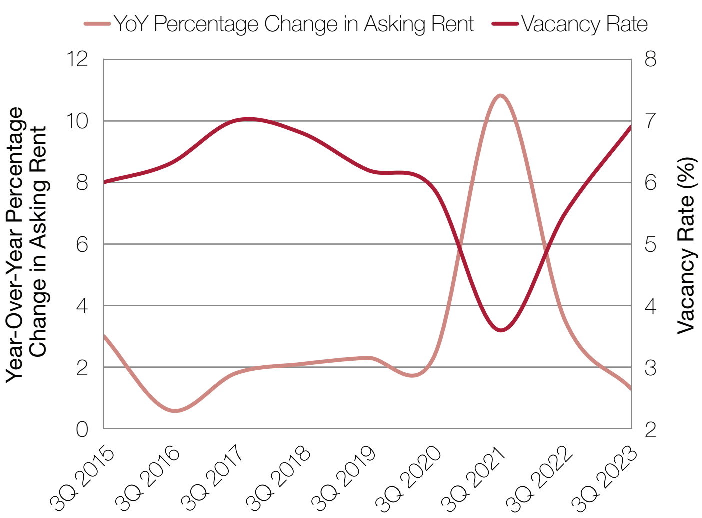
Apartment Market Conditions

Apartment market conditions in the Baltimore metropolitan area transitioned to slightly soft as of the third quarter of 2023, compared with conditions ranging from balanced to tight during the same quarters from 2020 through 2022. Conditions eased partly because deliveries of new rental units increased significantly compared with the previous 2 years to 2,675 units, and absorption of apartments was negative (CoStar Group). The recent vacancy rate is higher than the 5.9-percent rate as of the third quarter of 2020. Despite the completion of more apartments in the third quarter of 2020, with approximately 4,875 units delivered, apartment absorption was positive.

As of the third quarter of 2023—

- The apartment vacancy rate was 6.9 percent, up from 5.5 percent as of the third quarter of 2022 and the 3.6-percent rate as of the third quarter of 2021—the lowest third quarter rate in more than 20 years (CoStar Group). As of the third quarter of 2023, the average rent rose 1 percent year over year to $1,619 compared with a 4-percent increase 1 year earlier and an 11-percent increase from the third quarter of 2020 to the third quarter of 2021. Nationally, the apartment vacancy rate was 7.0 percent as of the third quarter of 2023, up from 5.9 percent a year earlier, and the average rent rose 1 percent to $1,668.
- The apartment vacancy rate rose in six of the seven counties and the independent city that make up the metropolitan

The apartment vacancy rate increased during the third quarter of 2023 from a year earlier, and the average rent increased at a slower rate.



3Q = third quarter. YoY = year-over-year.
Source: CoStar Group

area, ranging from a 0.4-percentage-point increase to 7.7 percent in the City of Baltimore to an increase of 5.6 percentage points to 9.1 percent in Harford County, the two areas with the highest vacancy rates in the metropolitan area. The large increase in Harford County occurred partly

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because nearly 530 units were delivered in the past 12 months, compared with no deliveries 1 year earlier.

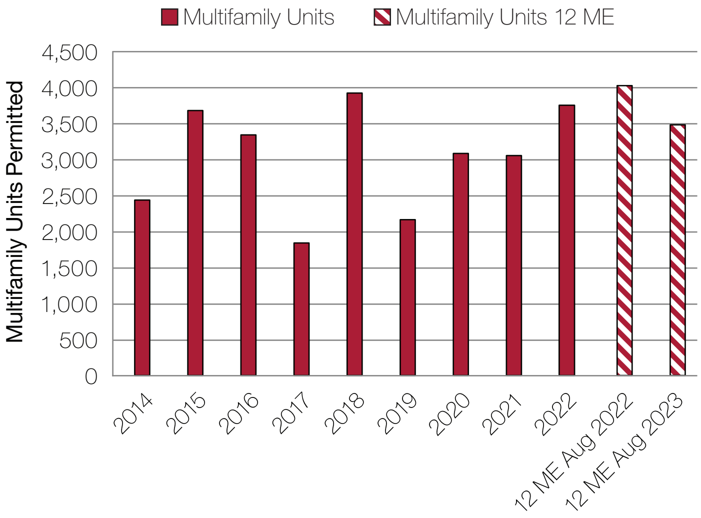
- The apartment vacancy rate declined 0.6 percentage point to 2.7 percent in Carroll County, where no units were delivered in the past 24 months, but absorption of units was stronger than a year earlier.
- Apartment rents rose in the City of Baltimore and in all the counties in the metropolitan area, ranging from a nearly 1-percent increase in Baltimore County to an average of $1,489 to 5-percent increases in Carroll and Queen Anne's Counties to $1,472 and $1,363, respectively—the two areas with the lowest rents in the metropolitan area.

Multifamily building activity, as measured by the number of units permitted, increased to a relatively high level in the metropolitan area during the 12 months ending August 2022 but declined during the 12 months ending August 2023 in response to easing apartment market conditions. From 2014 through 2016, an average of 3,150 multifamily units were permitted annually. Multifamily permitting briefly declined to 1,850 units during 2017 before rising to an average of 3,200 units a year from 2018 through 2022.

During the 12 months ending August 2023—

- Approximately 3,475 multifamily units were permitted, down 14 percent from the 4,025 units permitted during the same period a year earlier (preliminary data). Permitting declined in three counties and in the City of Baltimore and rose in the remaining three counties.
- Although permitting declined 9 percent in the City of Baltimore, the city had nearly 46 percent of the new multifamily units permitted in the metropolitan area. Nearly 20 apartment properties, with 3,050 units, are under construction, including the Vivo Living Baltimore apartments, with 551 market-rate units, expected to be complete by December 2024. The property is a conversion of two hotel towers and will include studio, one-bedroom, and two-bedroom units, with rents averaging $1,155, $1,390, and $1,785, respectively.

Multifamily building activity in the Baltimore metropolitan area increased to a relatively high level during the 12 months ending August 2022 and has since declined.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

- Multifamily building activity in Harford County declined 19 percent to 880 units, accounting for 25 percent of permitting in the metropolitan area, whereas multifamily permitting in Baltimore County rose nearly eightfold to 500 units, or 14 percent of permitting.
- In Queen Anne's County, construction rose 18 percent, and in Howard County, it more than doubled; the two areas accounted for 7 and 6 percent, respectively, of the metropolitan area total. In Howard County, 500 market-rate units are under construction at three properties.
- The remaining 2 percent of multifamily units permitted were in Anne Arundel and Carroll Counties, where approximately 990 units are under construction at five properties. The 250-unit, market-rate Aventon Annapolis apartments in Anne Arundel County will include one-, two-, and three-bedroom units when complete in the spring of 2024.

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	Includes regular resales and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Regular 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 and include short sales.
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.