

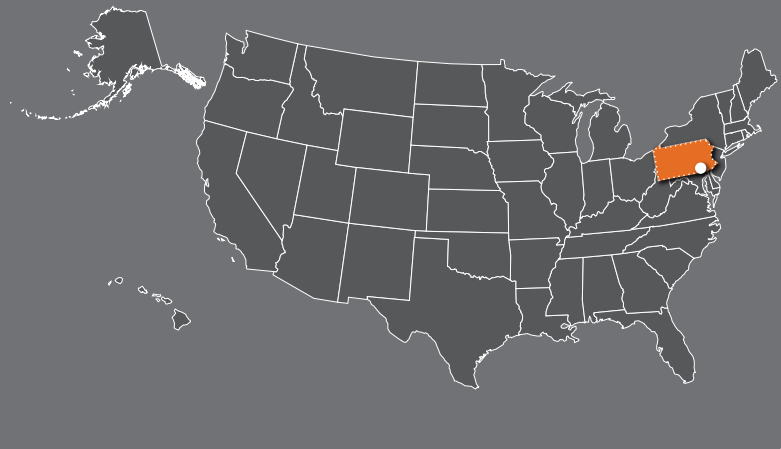
# HUD PD&R Housing Market Profiles

## Lancaster, Pennsylvania



### Quick Facts About Lancaster

- Current sales market conditions: tight
- Current apartment market conditions: slightly tight
- Recognized as “America’s Refugee Capital,” the city of Lancaster resettles refugees at a per capita rate 20 times higher than the nation overall (City of Lancaster). From 2002 to 2019, a combined 4,777 refugees settled in the city (*USA Today*).



By [Blandon Su](#) | As of May 1, 2024

### Overview

The Lancaster, PA Metropolitan Statistical Area (hereafter, Lancaster metropolitan area) is coterminous with Lancaster County, in a region known as Pennsylvania Dutch Country where sizable Amish communities live. The metropolitan area is approximately 70 miles west of Philadelphia and 40 miles southeast of Harrisburg, the state capital. The city of Lancaster is the most populous city in the metropolitan area, with approximately 57,150 people in 2023, or 10 percent of the total population (U.S. Census Bureau population estimate as of July 1). The metropolitan area benefits significantly from relatively high levels of international net in-migration, particularly from Southeast Asia and Central Africa. Many nonprofit organizations that aid with refugee resettlement are headquartered in and around the city of Lancaster. In 2014, foreign-born residents contributed \$1.3 billion to the economy of Lancaster County (New American Economy). The education and health services sector is the largest nonfarm payroll sector in the metropolitan area, which is an important regional hub for health care. Lancaster General Hospital, part of the University

continued on page 2



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continued from page 1

of Pennsylvania's health system, is the largest private employer in the metropolitan area.

- As of April 1, 2024, the population of the metropolitan area is estimated at 560,400, representing an average increase of approximately 1,825, or 0.3 percent, since April 2020 (U.S. Census Bureau decennial census counts and estimates by the analyst). Population growth since 2020 has been due predominantly to net natural change, which has averaged approximately 1,250 people a year and accounted for 68 percent of total population growth.

- From July 2015 to April 2020, the population of the metropolitan area increased by 2,825, or 0.5 percent, a year. Net natural change accounted for 67 percent of population growth and averaged 1,875 a year.
- International net in-migration has been relatively limited since the start of the pandemic but accounted for all of the net in-migration to the metropolitan area in the mid- and late-2010s. From 2015 to 2020, international net in-migration averaged 1,050 people a year, partly offset by domestic net out-migration, which averaged 740 people annually.

## Economic Conditions

Economic conditions in the Lancaster metropolitan area are stable. The metropolitan area has fully recovered the jobs lost during the pandemic, but job growth slowed during the past year. Nonfarm payroll jobs averaged 262,800 during the 3 months ending April 2024, representing an increase of 1,500 jobs, or 0.6 percent, from the same period a year ago, when payrolls rose by 3,700, or 1.4 percent. By comparison, nonfarm payrolls for the nation grew 1.8 percent year over year during the 3 months ending April 2024. The economic impact of the COVID-19 pandemic was relatively severe in the Lancaster metropolitan area, although the timing of the subsequent recovery was similar to that of the nation. From February through April 2020, the metropolitan area lost 47,000 jobs, or 18.0 percent of total nonfarm payrolls (monthly data, not seasonally adjusted). By comparison, nonfarm payrolls for the nation declined 13.7 percent

during the same period. Both the nation and the Lancaster metropolitan area had fully recovered those job losses by April 2022. Before the pandemic, from 2013 through 2019, nonfarm payrolls in the metropolitan area expanded an average of 1.8 percent annually, compared with average annual growth of 1.7 percent for the nation.

As of the 3 months ending April 2024—

- Education and health services is the largest job sector in the metropolitan area, accounting for 20 percent of nonfarm payrolls. Sector payrolls increased by 1,900 jobs, or 3.8 percent, from a year earlier.
- Amish farms generate tourism to the metropolitan area through farm tours, restaurants, and lodging. In total,

continued on page 3

### Four nonfarm payroll sectors added jobs in the Lancaster metropolitan area during the past year.

	3 Months Ending		Year-Over-Year Change	
	April 2023 (Thousands)	April 2024 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	261.3	262.8	1.5	0.6
Goods-Producing Sectors	57.0	55.9	-1.1	-1.9
Mining, Logging, & Construction	19.1	18.7	-0.4	-2.1
Manufacturing	37.8	37.2	-0.6	-1.6
Service-Providing Sectors	204.4	206.9	2.5	1.2
Wholesale & Retail Trade	43.1	43.1	0.0	0.0
Transportation & Utilities	16.0	15.9	-0.1	-0.6
Information	2.7	2.7	0.0	0.0
Financial Activities	10.5	10.5	0.0	0.0
Professional & Business Services	27.0	25.9	-1.1	-4.1
Education & Health Services	49.5	51.4	1.9	3.8
Leisure & Hospitality	23.4	24.7	1.3	5.6
Other Services	12.5	12.7	0.2	1.6
Government	19.7	20.0	0.3	1.5
<b>Unemployment Rate</b>	2.6%	2.5%		

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

Source: U.S. Bureau of Labor Statistics



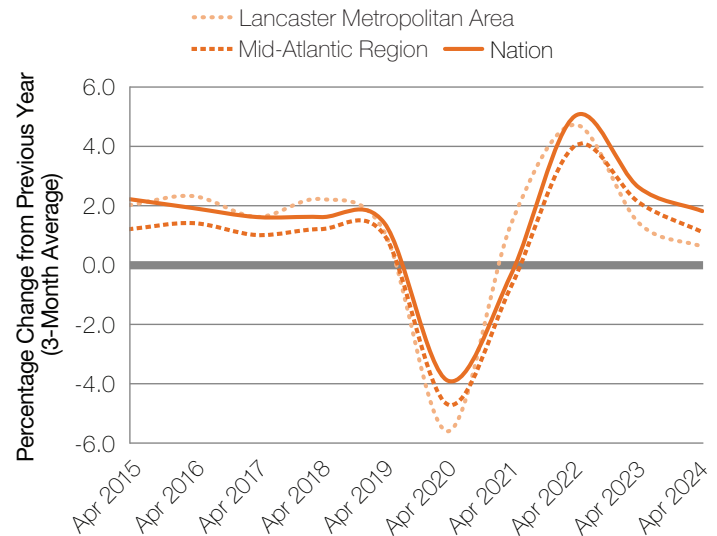
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tourism had an economic impact of approximately \$3.4 billion on the metropolitan area in 2023, a 3.8-percent increase from 2022 (Tourism Economics). Because of a strong rebound following the pandemic, the leisure and hospitality sector was the fastest growing sector in the metropolitan area as of the 3 months ending April 2024, increasing by 1,300 jobs, or 5.6 percent, from a year earlier.

- Gains in 4 of the 11 nonfarm payroll sectors were partially offset by losses in 4 other sectors, with the largest decline in the professional and business services sector, which decreased by 1,100 jobs, or 4.1 percent. Payrolls were largely unchanged in the remaining three sectors.
- The unemployment rate averaged 2.5 percent, down from 2.6 percent a year ago. By comparison, the national unemployment rate averaged 3.7 percent during the 3 months ending April 2024, up from 3.6 percent a year ago.

The education and health services sector grew at a generally consistent pace of 2.3 percent annually from 2010 to 2020, before the onset of the pandemic, but has increased an average of nearly 5.0 percent in the past 2 years. The largest private employer in the metropolitan area is Lancaster General Hospital, which became a member of the University of Pennsylvania Health System in 2015. Lancaster General Hospital has 9,700 employees, accounting for approximately 4 percent of all nonfarm payrolls in the metropolitan area, and had a \$2.1 billion economic impact on the region in 2015 (Lancaster General Health). The hospital is expected to complete a \$182 million expansion of its trauma and emergency department in June 2024. The expansion will approximately triple the square footage of the department, double the number of hospital beds, and increase its capacity to 130,000 patients annually.

The Lancaster metropolitan area added jobs at a fast rate during the recovery from the COVID-19 pandemic, but job growth has lagged behind the Mid-Atlantic region and the nation in the past year.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Lancaster Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lancaster General Hospital	Education & Health Services	9,700
The Giant Company	Wholesale & Retail Trade	3,000
Willow Valley Communities	Education & Health Services	1,400

Note: Excludes local school districts.

Source: Pennsylvania Department of Labor and Industry Center for Workforce Information and Analysis

## Sales Market Conditions

Sales housing market conditions in the Lancaster metropolitan area are tight but easing. The sales vacancy rate is currently estimated at 1.0 percent, up from 0.9 percent as of April 2020. As of April 2024, the metropolitan area had 1.2 months of available for-sale housing inventory, down from 1.3 months of inventory a year earlier (Redfin, a national real estate brokerage). By comparison, the area had 2.2 months of supply in April 2019, the most recent comparable period before the pandemic. Although for-sale inventory remains low, rising interest rates have reduced sales demand since the beginning of 2023. The average 30-year fixed mortgage rate in the United States was 6.8 percent during the last week of March 2024, up from 6.3 percent in March 2023 and 4.7 percent in March 2022

(Freddie Mac). Price growth has slowed following strong price increases during the pandemic, and total home sales have decreased at a fast pace because of the increase in mortgage interest rates. During the 12 months ending February 2024, the average home sales price increased 7 percent to \$331,900, with a decline in new home prices partially offsetting an increase in existing home prices (CoreLogic, Inc., with adjustments by the analyst). By comparison, year-over-year home sales price growth was 11 percent a year ago. Total home sales decreased 14 percent to 6,600 homes during the 12 months ending February 2024. Year-over-year total home sales decreased 17 percent during the 12 months ending February 2023.

continued on page 4



continued from page 3

During the 12 months ending February 2024—

- Existing home sales totaled 6,350, a 12-percent decrease from the 12 months ending February 2024. The average existing home sales price rose 8 percent during the past year to \$327,800.
- New home sales declined 37 percent to 260 homes during the 12 months ending February 2024. The average new home sales price decreased 8 percent to \$443,700.
- The percentage of seriously delinquent mortgages and real estate owned properties in the metropolitan area was 0.8 percent in February 2024, down from 1.0 percent in

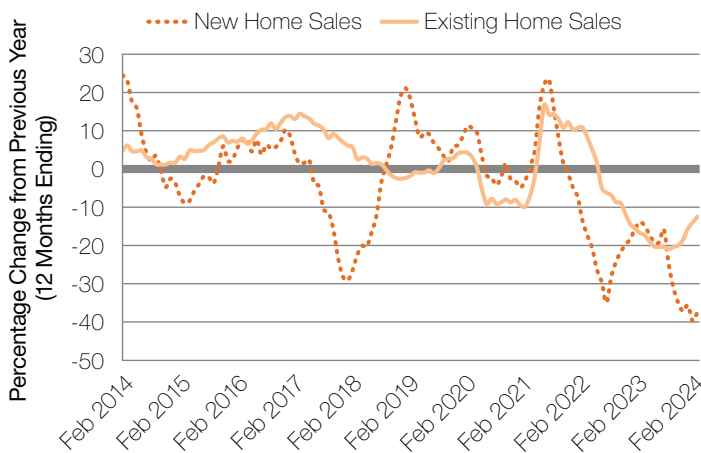
February 2023 and 1.2 percent in February 2022

(CoreLogic, Inc.). Throughout the past 10 years, the rate for the metropolitan area has been below respective figures for the state and the nation, which were 1.3 percent and 1.0 percent in February 2024.

New single-family home construction activity—as measured by the number of homes permitted—spiked in 2023 when builders responded to the very tight home sales market in 2022. The number of single-family homes permitted decreased during the past year, however, as market conditions eased.

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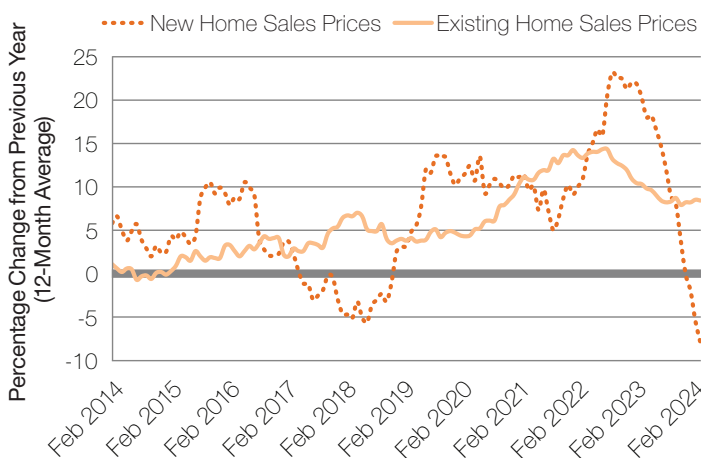
**New and existing home sales in the Lancaster metropolitan area peaked during the pandemic.**



Note: Data include new and existing single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

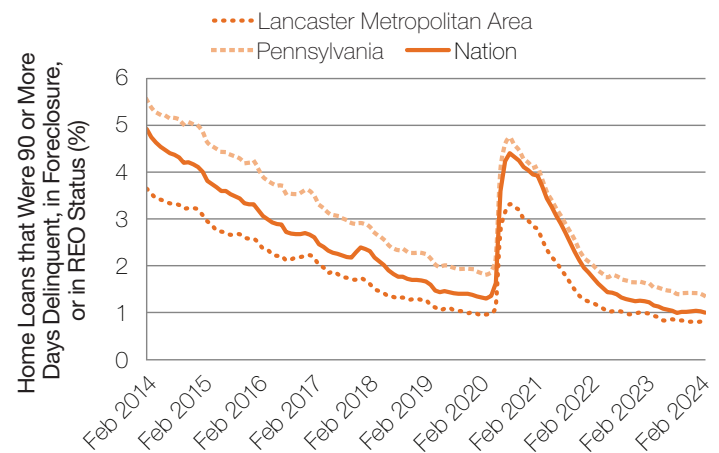
**Prices for new homes in the Lancaster metropolitan area rose sharply during the pandemic but decreased during the past year as sales market conditions eased.**



Note: Data include new and existing single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

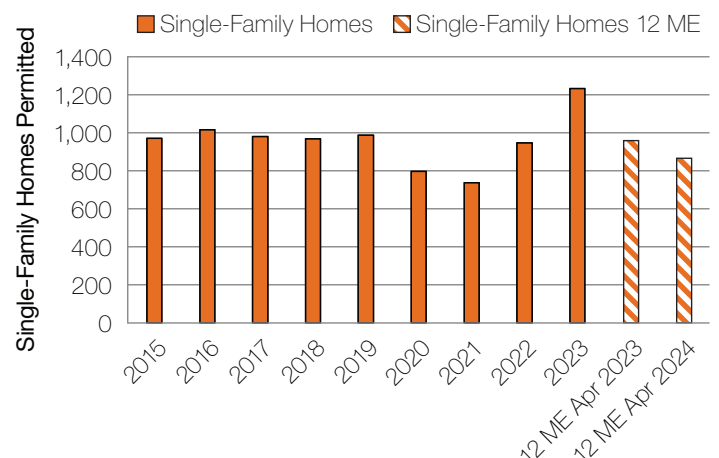
**The rate of seriously delinquent loans and REO properties declined in the Lancaster metropolitan area from a year ago and remained lower than the rate for both the state and the nation.**



REO = real estate owned.

Source: CoreLogic, Inc.

**The number of single-family homes permitted in the Lancaster metropolitan area declined during the most recent 12 months.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

continued from page 4

- Approximately 865 single-family homes were permitted during the 12 months ending April 2024, down 10 percent from the previous year, when 960 homes were permitted (preliminary data, with adjustments by the analyst).
- From 2015 through 2019, single-family construction averaged 980 homes permitted annually, a figure that decreased to an average of 830 homes permitted annually from 2020 to 2022.

- Many of the new home communities are in Lititz, a borough 9 miles north of the city of Lancaster. Warwick Crossing, a recently completed subdivision in Lititz, features 53 homes, with an additional 32 single-family homes in the planning phase. Eleven homes currently are for sale, with prices ranging from \$495,900 to \$614,900.

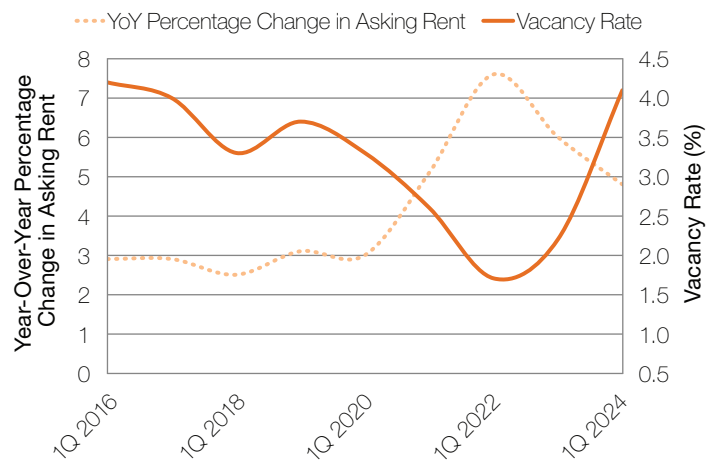
## Apartment Market Conditions

Apartment market conditions are slightly tight in the Lancaster metropolitan area. However, a surge of new construction has led to a relatively high number of units currently in lease up and a notable increase in the apartment vacancy rate during the past year. The apartment vacancy rate averaged 4.1 percent as of the first quarter of 2024, up from 2.2 percent a year earlier and a recent low of 1.7 percent as of the first quarter of 2022 (CoStar Group). During 2023, 630 new apartment units entered the market. By comparison, an average of 490 new units entered the market each year from 2017 through 2022. The average rent as of the first quarter of 2024 was \$1,473, up 5 percent from a year earlier. From the first quarter of 2014 to the first quarter of 2021, year-over-year rent growth averaged 3 percent annually before spiking to an increase of 8 percent as of the first quarter of 2022, when apartment market conditions were tight.

- Apartments are mostly concentrated near the city of Lancaster. Across the 10 CoStar Group-defined market areas in the metropolitan area, the Lancaster market area has the largest inventory of apartment units, 11,100, accounting for 62 percent of all apartment units in the metropolitan area.
- The Lancaster market area also had the fastest rent growth as of the first quarter of 2024. The average rent was \$1,540, a 5-percent increase from a year earlier.
- Much of the recent apartment construction in the metropolitan area has occurred in the Lancaster market area, which includes 16 percent of all units currently in lease up and 96 percent of all units under construction.
- Across the nine other market areas, apartment vacancy rates ranged from a low of 0.8 percent in the Denver/Adamstown market area to a high of 18.3 percent in the Manheim/Lititz market area, where 368 units were recently completed. Average rents ranged from \$904 in the Buck/Peach Bottom/Quarryville/Christiana market area to \$1,562 in the Millersville/Conestoga/Willow Street market area.

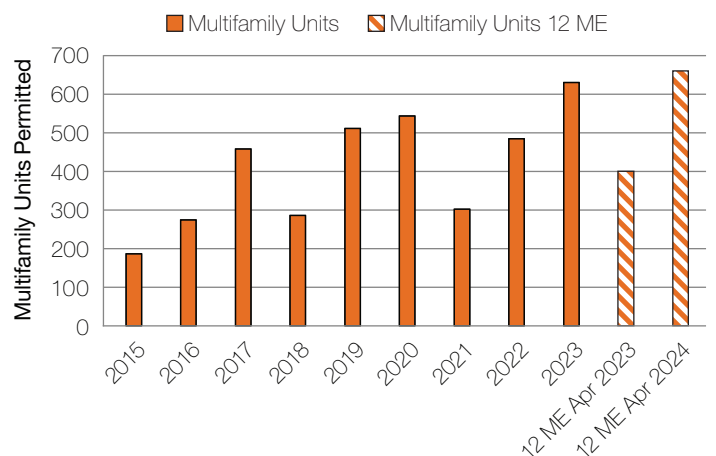
Multifamily construction activity, as measured by the number of multifamily units permitted, has increased sharply since 2022, when apartment market conditions were tight.

The apartment market in the Lancaster metropolitan area trended toward more balanced conditions as of the first quarter of 2024, when vacancies increased and rent growth slowed.



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

The number of multifamily units permitted in the Lancaster metropolitan area increased strongly during the 12 months ending April 2024.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

continued on page 6

continued from page 5

- During the 12 months ending April 2024, 660 multifamily units were permitted, up 65 percent from the 400 multifamily units permitted during the 12 months ending April 2023 (preliminary data, with adjustments by the analyst).
- From 2017 through 2020, multifamily construction averaged 450 units permitted annually, a figure that increased to an average of 470 units permitted annually from 2021 through 2023.
- A recently completed apartment property in the metropolitan area is the 190-unit The Harvest, which opened in March 2024 in the city of Manheim. Current rents for one- and two-bedroom units are \$1,508 and \$1,789, respectively.
- In the city of Lancaster, construction began in April 2023 on the 142-unit 202 Queen Apartments, which is expected to be completed by July 2024. The announced rents for the studio and one- and two-bedroom units are \$1,679, \$2,013, and \$2,517, respectively.

## Terminology Definitions and Notes

### A. Definitions

Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
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 resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
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 Mid-Atlantic region includes Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia.