

# HUD PD&R Housing Market Profiles

Philadelphia-Camden-Wilmington, Pennsylvania-New Jersey-Delaware-Maryland



## Quick Facts About Philadelphia-Camden-Wilmington

Philadelphia, Pennsylvania

By Joseph Shinn | As of April 1, 2022

- Current sales market conditions: tight
- Current apartment market conditions: tight
- Six of the eight largest employers in the Philadelphia metropolitan area are in the education and health services sector, including the University of Pennsylvania and Penn Medicine, the largest employer in the area, with 47,200 employees. The combined impact of the university and health system on the Philadelphia region during the 2020 fiscal year (July 2019 through June 2020) was \$21.5 billion, including a \$15.5 billion impact in the city of Philadelphia (*Invested and Engaged: Penn's FY20 Economic and Social Impact*).

## Overview

The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (hereafter, Philadelphia metropolitan area) is made up of Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania; Burlington, Camden, Gloucester, and Salem Counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland. The metropolitan area includes the city of Philadelphia, which is coterminous with Philadelphia County and is the largest city in Pennsylvania and the sixth-largest city in the United States. During the first quarter of 2022, nonfarm payrolls in the Philadelphia metropolitan area increased for the fourth consecutive quarter on a year-over-year basis, compared with year-over-year declines in each of the previous four quarters. As of March 2022, the level of nonfarm payrolls in the metropolitan area was approximately 52,300 jobs, or 1.8 percent, below the February 2020 level, which was before the United States was impacted by the effects of the COVID-19 pandemic (not seasonally adjusted). Nonfarm payrolls rose in all 11 sectors during the recent quarter, led by the leisure and hospitality and the professional and business services sectors, which increased by 42,100 and 24,200 jobs, or 22.3 and 5.3 percent, respectively.

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- As of April 1, 2022, the estimated population of the Philadelphia metropolitan area is 6.24 million, representing an annualized increase of 14,050, or 0.2 percent, since July 1, 2021. By comparison, from April 1, 2020, to July 1, 2021, the population decreased by an average of 13,000, or 0.2 percent, annually (U.S. Census Bureau population estimates).
- The population decline from 2020 to 2021 was primarily due to net out-migration, which averaged 10,000 people annually and was mostly attributed to residents moving out of the metropolitan area, especially from the city of Philadelphia, to less densely populated areas during the early stages of the COVID-19 pandemic. As the restrictions put in place to slow

the spread of COVID-19 have been phased out, however, and more residents became vaccinated, it is estimated that net in-migration to the metropolitan area resumed since 2021, resulting in the recent population growth.

- In the city of Philadelphia, the estimated population is 1.57 million as of April 1, 2022, representing an annualized decrease of 5,500, or 0.3 percent, since July 1, 2021, compared with an average annual decline of 22,050, or 1.4 percent, from April 1, 2020, to July 1, 2021. The slower rate of decline since 2021 was largely due to net out-migration decelerating to an annualized pace of 10,000 people, down from an average of 23,800 people annually from April 1, 2020, to July 1, 2021.

## Economic Conditions

Nonfarm payrolls in the Philadelphia metropolitan area increased significantly during the first quarter of 2022 as the economy continued to recover from severe job losses during March and April 2020 that resulted from the COVID-19 global pandemic. As of March 2022, approximately 89 percent of the 480,500 jobs lost during March and April 2020 had been recovered (not seasonally adjusted). During the first quarter of 2022, the sectors that gained the most jobs in the metropolitan area were the sectors that declined the most during March and April 2020. Many establishments in those sectors were required to close or operate at limited capacity during the early stages of the COVID-19 pandemic, but they have since reopened and are now able to operate at full capacity.

During the first quarter of 2022—

- Nonfarm payrolls in the Philadelphia metropolitan area averaged 2.90 million, representing an increase of 120,600 jobs, or 4.3 percent, compared with the first quarter of 2021. By comparison, during the first quarter of 2021, nonfarm payrolls declined by 185,100 jobs, or 6.2 percent, compared with the same period a year earlier.
- Nearly 35 percent of the net gains were in the leisure and hospitality sector, which increased by 42,100 jobs, or 22.3 percent, compared with a decrease of 75,100 jobs, or 28.4 percent, during the same period a year earlier. Approximately 78 percent of the increase in the sector

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### Nonfarm payrolls increased in all 11 sectors in the Philadelphia metropolitan area during the first quarter of 2022.

	First Quarter		Year-Over-Year Change	
	2021 (Thousands)	2022 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	2,782.9	2,903.5	120.6	4.3
Goods-Producing Sectors	283.9	292.4	8.5	3.0
Mining, Logging, & Construction	112.0	116.1	4.1	3.7
Manufacturing	171.9	176.3	4.4	2.6
Service-Providing Sectors	2,499.0	2,611.1	112.1	4.5
Wholesale & Retail Trade	387.4	401.8	14.4	3.7
Transportation & Utilities	130.6	133.6	3.0	2.3
Information	47.6	48.7	1.1	2.3
Financial Activities	216.0	217.7	1.7	0.8
Professional & Business Services	456.3	480.5	24.2	5.3
Education & Health Services	637.0	651.4	14.4	2.3
Leisure & Hospitality	189.2	231.3	42.1	22.3
Other Services	107.4	115.7	8.3	7.7
Government	327.5	330.4	2.9	0.9
<b>Unemployment Rate</b>	7.3%	4.8%		

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

Source: U.S. Bureau of Labor Statistics

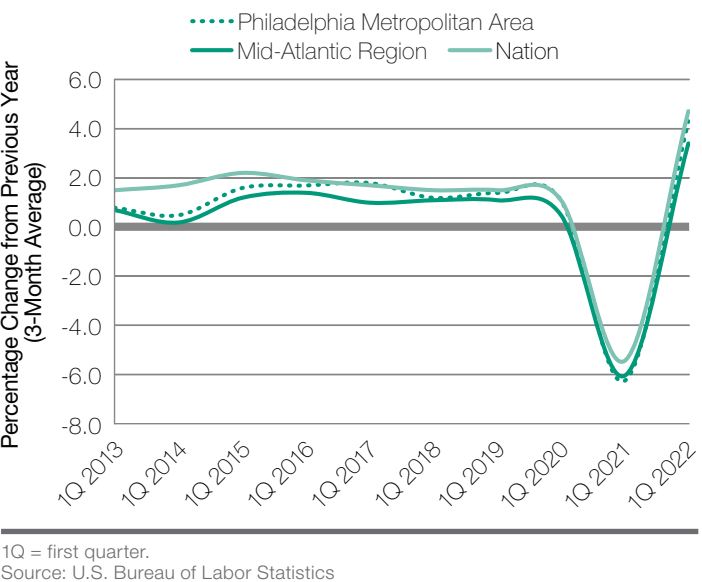


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- was in the accommodation and food services industry, which was up by 32,800 jobs, or 20.9 percent; gains in the industry were largely attributed to indoor dining capacity limits, which were put in place during the early stages of the COVID-19 pandemic, being mostly eliminated by June 2021.
- Additional gains were in the professional and business services and the wholesale and retail trade sectors, which increased by 24,200 and 14,400 jobs, or 5.3 and 3.7 percent, compared with declines of 9,400 and 14,200 jobs, or 2.0 and 3.5 percent, respectively, a year ago. The sectors are the only two in the metropolitan area that fully recovered all jobs lost during the early stages of the COVID-19 pandemic.
  - The unemployment rate in the metropolitan area averaged 4.8 percent, down from 7.3 percent during the same period a year earlier but higher than the 4.3-percent rate during the first quarter of 2019, which was the lowest first quarter rate since 2000. In the city of Philadelphia, the unemployment rate averaged 6.9 percent, down from the 10.7-percent rate during the first quarter of 2021.

Before the pandemic, nonfarm payrolls in the Philadelphia metropolitan area increased at the fastest pace in the leisure and hospitality sector. From 2010 through 2019, nonfarm payrolls in the sector increased an average of 2.3 percent, or by 5,700 jobs, annually. The strong growth in the sector during this period was largely attributed to rising tourism to the area. During 2019, approximately 44.4 million people visited the Greater Philadelphia area, representing an average increase of more than 2 percent a year since 2010 (Visit Philadelphia®). Because of the COVID-19 pandemic, however, tourism to the area during 2020 declined 32 percent compared with a year earlier, which contributed to significant job losses in the leisure and hospitality sector. During 2020, the average level of nonfarm payrolls in the sector was down by 80,600 jobs, or 29.0 percent, compared with 2019. Tourism to the area rose 21 percent, to 36.2 million visitors, during 2021; however, the number of visitors was still 19 percent fewer than in 2019. While nonfarm payrolls in the leisure and hospitality sector have increased in each of the past four quarters on a year-over-year

Nonfarm payrolls in the Philadelphia metropolitan area increased significantly during the first quarter of 2022, compared with a large decline a year ago.



Largest Employers in the Philadelphia Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Pennsylvania and Penn Medicine	Education & Health Services	47,200
Thomas Jefferson University and Thomas Jefferson University Hospitals	Education & Health Services	32,000
Children's Hospital of Philadelphia	Education & Health Services	21,900

Note: Excludes local school districts.  
Source: Philadelphia Business Journal

basis, the level of nonfarm payrolls in the sector during the first quarter of 2022 is still 33,000 jobs, or 12.5 percent, below the level during the first quarter of 2020, which was an all-time peak first-quarter level. By comparison, nationwide payrolls in the sector during the first quarter of 2022 were down only 8.4 percent compared with the first quarter of 2020.

Sales Market Conditions

The sales housing market in the Philadelphia metropolitan area is currently tight, with an estimated sales vacancy rate of 1.0 percent, down from 1.6 percent in April 2010. In March 2022, the metropolitan area had 0.9 month of available for-sale housing inventory, down from 1.4 months of inventory in March 2021, and the average number of days that a home was on the market was approximately 30, down 9 percent

from March 2021 (Bright MLS, Inc.). Sales of new and existing homes have increased during the past 2 years, which is largely attributed to low mortgage interest rates. Since 2020, the interest rate of a 30-year fixed-rate mortgage has averaged 3.1 percent (Freddie Mac). By comparison, from 2015 through 2019, the average interest rate exceeded 3.4 percent each month, including the 5-year peak rate of 4.9 percent in November 2018.

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During the 12 months ending March 2022, approximately 92,700 new and existing homes were sold, representing an increase of 4,825 homes, or 5 percent, compared with a 3-percent increase during the same period a year earlier (Bright MLS, Inc.). By comparison, home sales were relatively unchanged during 2018 and 2019. During the past year, more than two-thirds of the increase throughout the metropolitan area was in the city of Philadelphia, where the number of homes sold rose by 3,250 homes, or 20 percent. In response to tightening sales market conditions, the average sales price of new and existing homes in the Philadelphia metropolitan area surged during the past year, and the current price is at an all-time high. During the 12 months ending March 2022, the average sales price rose 13 percent to \$372,300. Since 2020, the average sales price has increased an average of 11 percent annually, compared with an average annual 2-percent rise from 2012 through 2019.

In March 2022, 2.0 percent of home loans in the Philadelphia metropolitan area were seriously delinquent or had transitioned into real estate owned (REO) status, down significantly from 4.5 percent in March 2021 (CoreLogic, Inc.). The rate increased from 2.0 percent in March 2020 to 5.5 percent in August 2020 due to the number of home loans that were 90 or more days delinquent nearly quadrupling, which is largely attributed to households being unable to make their mortgage payments because of elevated unemployment rates. When the economy began to improve, however, job growth accelerated, the unemployment rate declined, and more households became current on their mortgage payments. As a result, the number of home loans that were 90 or more days delinquent has declined

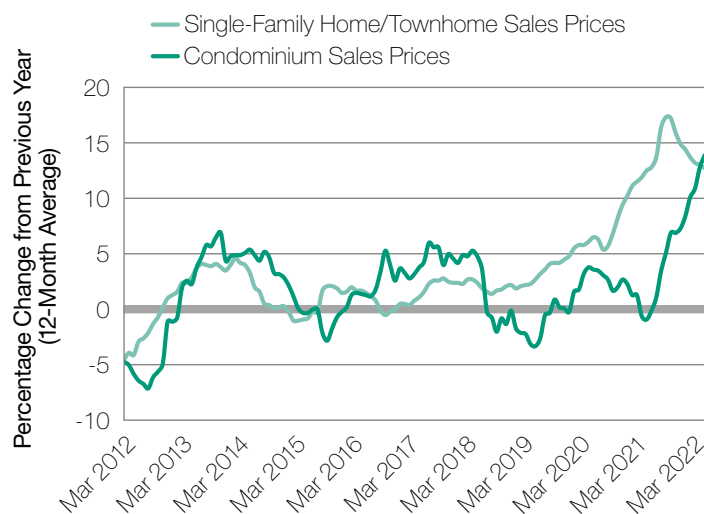
69 percent since August 2020, and the rate of home loans that are seriously delinquent or have transitioned into REO status has decreased or been unchanged in each of the past 19 months. Despite the recent decrease, the rate is still higher than the 1.5-percent national rate.

During the 12 months ending March 2022 —

- Approximately 84,950 new and existing single-family homes and townhomes were sold in the Philadelphia metropolitan area, an increase of 3,800 homes, or 5 percent, compared with the same period a year earlier (Bright MLS, Inc.). Home sales have increased in each of the past 10 years, and the current level of sales is at an all-time high.
- The average sales price of new and existing single-family homes and townhomes rose 13 percent, to \$379,100, compared with the 12 months ending March 2021. The average sales price has increased an average of 12 percent annually since 2020, compared with an average annual 5-percent rise from 2012 through 2019.
- Sales of new and existing condominiums rose by 1,025 units, or 15 percent, to 7,700 units sold. By comparison, condominium sales declined an average of 4 percent annually in corresponding periods from 2019 through 2021.
- In response to the strong rise in condominium sales, the average sales price of new and existing condominiums increased 14 percent, to \$297,600, which was an all-time high. By comparison, the average sales price was relatively unchanged during the previous 3 years.

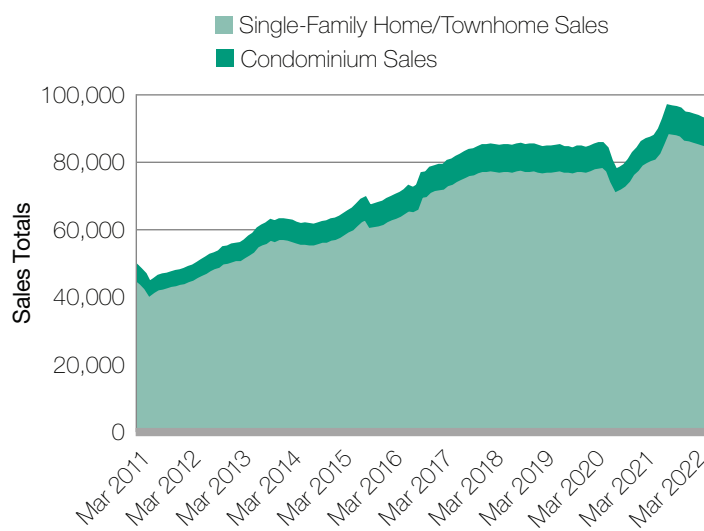
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**The average sales prices of single-family homes, townhomes, and condominiums in the Philadelphia metropolitan area increased at a strong pace during the past year.**



Note: Includes new and existing homes.  
Source: Bright MLS, Inc.

**Sales of single-family homes, townhomes, and condominiums in the Philadelphia metropolitan area have been strong in recent years.**



Note: Includes new and existing homes.  
Source: Bright MLS, Inc.

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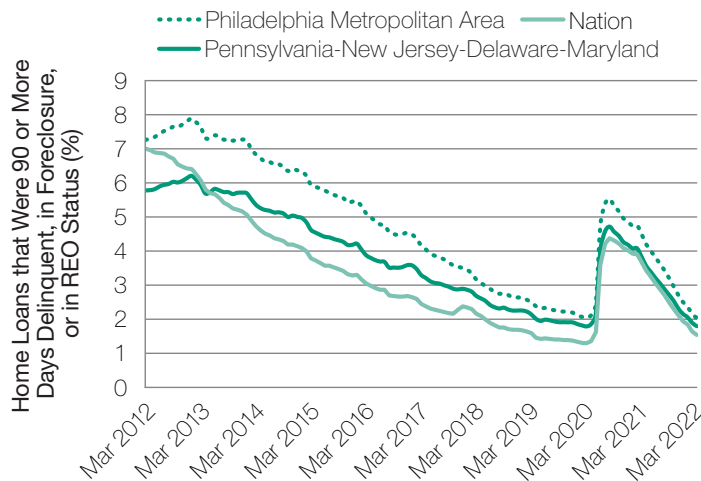
In response to tightening sales market conditions, single-family construction activity, as measured by the number of homes permitted, has been strong during the past 2 years.

- During the 12 months ending March 2022, single-family construction activity in the Philadelphia metropolitan area totaled approximately 8,900 homes, representing an increase of 410 homes, or 5 percent, compared with the previous 12-month period (preliminary data). By comparison, during the 12 months ending March 2021, homebuilding activity was up 22 percent compared with the same period a year earlier.
- Single-family homebuilding activity in the metropolitan area has averaged 8,500 homes permitted annually since 2020, up 23 percent compared with the average of 6,925 homes

permitted annually from 2015 through 2019. In the city of Philadelphia, an average of approximately 1,200 single-family homes have been permitted annually since 2020, up 46 percent compared with the average of 820 homes permitted annually from 2015 through 2019.

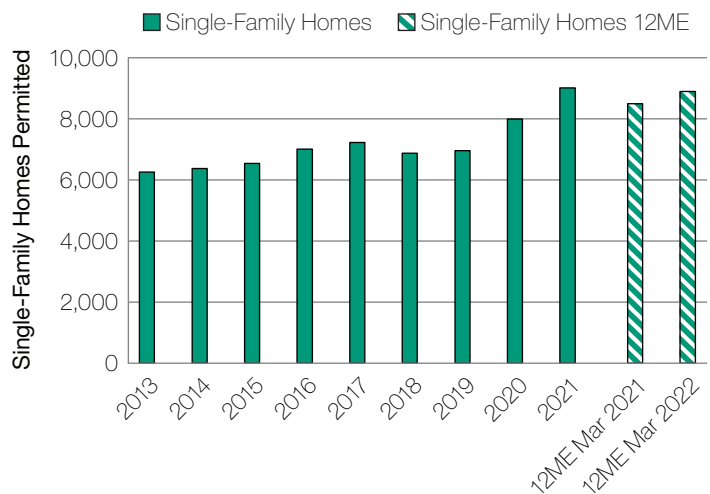
- Since 2020, an average of approximately 920 condominium units were permitted annually, up 96 percent compared with the average of 470 units permitted annually from 2010 through 2019 in the metropolitan area. Currently under construction is The Moyer, a 29-unit condominium community in the city of Philadelphia; all units are expected to be complete by the end of 2022 and prices for one- and two-bedroom condominium units start at \$294,900 and \$354,900, respectively.

The rate of seriously delinquent mortgages and REO properties in the Philadelphia metropolitan area increased significantly from April 2020 through August 2020 but has steadily declined since September 2020.



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

Single-family homebuilding activity in the Philadelphia metropolitan area accelerated during the past 2 years.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data; past 24 months of data—preliminary data

## Apartment Market Conditions

Apartment market conditions in the Philadelphia metropolitan area are currently tight, compared with balanced conditions in 2010. Conditions in the metropolitan area were generally balanced from 2010 through 2020, but they have tightened during the past year, partly due to a slowdown in the number of new apartment units coming on line and resumed net in-migration. During the 12 months ending March 2022, approximately 6,150 new apartment units were completed, down 9 percent compared with the average of 6,725 units completed annually during the previous 3 years (CoStar Group).

During the first quarter of 2022—

- The apartment vacancy rate in the Philadelphia metropolitan area was 1.7 percent, down from 3.4 percent during the first quarter of 2021 and significantly lower than the 10-year peak rate of 5.8 percent during the first quarter of 2014 (RealPage, Inc.). During the past year, the apartment vacancy rate declined in all 16 RealPage, Inc.-defined market areas (hereafter, market areas) that make up the metropolitan area, led by a 4.0-percentage point decrease, to 0.9 percent, in the Bucks County market area.

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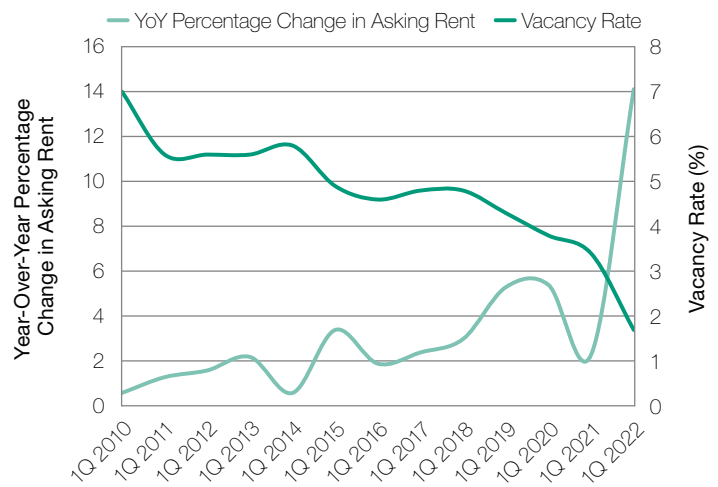
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- In response to tightening apartment market conditions, the average apartment rent in the Philadelphia metropolitan area rose 14 percent, to \$1,646, compared with the first quarter of 2021, which was the fastest rate of increase in more than 20 years. By comparison, from 2010 through 2020, the average rent was up an average of 3 percent annually.
- In the city of Philadelphia, the vacancy rate was 2.6 percent, down significantly from the 5.2-percent rate during the same period a year earlier, which was the highest first-quarter rate since 2014. The strong decline in the vacancy rate during the past year is largely attributed to more people moving into the Center City market area, where more than 35 percent of all apartment units in the city are located.
- The average apartment rent in the city of Philadelphia rose 12 percent, to \$1,867, compared with a 2-percent decline during the same period a year earlier. The average rents rose in all four market areas that make up the city, led by a 14-percent increase in the Southwest Philadelphia market area.

Multifamily construction activity in the Philadelphia metropolitan area, as measured by the number of units permitted, has been strong since 2014, partly because of newly constructed apartment units being absorbed at a rapid pace. Additionally, multifamily permitting activity surged during 2021, largely because developers wanted to take advantage of a tax-abatement program in the city of Philadelphia that expired at the end of 2021. To qualify for the program, which allowed for tax-abatements over a 10-year period, the building permits had to be approved by the end of the year; however, construction on many of those developments is not expected to begin for years.

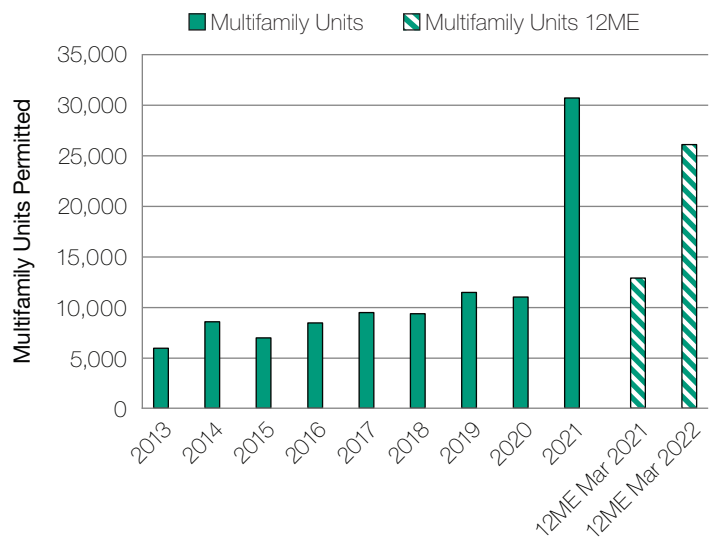
- During the 12 months ending March 2022, a total of 26,100 multifamily units were permitted in the Philadelphia metropolitan area, more than double the 12,900 units permitted during the same period a year earlier (preliminary data, with adjustments by the analyst). Nearly 82 percent of the units permitted in the metropolitan area during the past year were in the city of Philadelphia, where the number of multifamily units permitted more than doubled to 21,350 units permitted.
- From 2014 through 2020, an average of 9,300 multifamily units were permitted annually in the Philadelphia metropolitan area. By comparison, from 2007 through 2013, an average of 4,350 multifamily units were permitted annually.
- Since 2012, approximately 5 percent of all multifamily units permitted in the Philadelphia metropolitan area were for condominiums, down from 27 percent of units permitted from 2004 through 2011 (estimates by the analyst). In the city of Philadelphia, the percentage of all multifamily units that were for condominiums declined from 34 percent from 2004 through 2011 to 6 percent since 2012.

**During the past year, the apartment vacancy rate in the Philadelphia metropolitan area declined, whereas the average rent increased significantly.**



1Q = first quarter. YoY = year-over-year.  
Source: RealPage, Inc.

**Multifamily building activity in the Philadelphia metropolitan area surged during 2021 because developers applied for permits to take advantage of a tax-abatement program before it expired at the end of the year.**



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

- Recent apartment construction activity includes the 205-unit Luxor Lifestyle Apartments Phoenixville, which is in Chester County, Pennsylvania, and was completed in early 2022. Rents for the studio, one-bedroom, and two-bedroom units at this community start at \$1,800, \$2,000, and \$2,650, respectively.

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- In the city of Philadelphia, the 330-unit Broadridge Philly apartment community was completed in mid-2021. Rents for the studio, one-bedroom, two-bedroom, and three-bedroom units start at \$1,550, \$2,100, \$2,900, and \$3,000, respectively.

## Terminology Definitions and Notes

### A. Definitions

<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity that occurs in an area. 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.
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<b>Existing Home Sales</b>	Include resales, short sales, and REO sales.
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<b>Home Sales/Home Sales Prices</b>	Include single-family, townhome, and condominium sales.
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<b>Seriously Delinquent Mortgages</b>	Mortgages 90+ days delinquent or in foreclosure.
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### 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 Greater Philadelphia region is defined by Visit Philadelphia® as the counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia.