

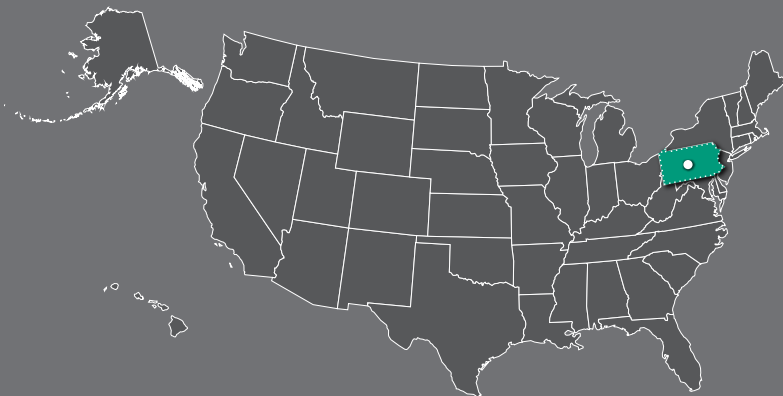
HUD PD&R Housing Market Profiles

State College, Pennsylvania



Quick Facts About State College

- Current sales market conditions: slightly tight
- Current rental market conditions: balanced
- The area around the University Park campus of The Pennsylvania State University is referred to as Happy Valley. The nickname comes from the relative economic prosperity in the region during the Great Depression.



By [Michael Flannelly](#) | As of March 1, 2024

Overview

The State College, PA Metropolitan Statistical Area (hereafter, State College metropolitan area) is in central Pennsylvania and coterminous with Centre County. The metropolitan area is home to Penn State University Park, the largest campus of The Pennsylvania State University system, in the borough of State College and College Township. Penn State University Park has a large economic and cultural impact on the metropolitan area. The university had an enrollment of approximately 48,500 undergraduate and graduate students and employed approximately 22,600 faculty and staff as of the fall 2023 semester (Penn State Office of Planning, Assessment, and Institutional Research). Fall enrollment at Penn State University Park decreased 2 percent year over year in 2020 during the COVID-19 pandemic but has increased an average of 2 percent annually since 2020. In addition, Penn State University Park athletics, including football, basketball, wrestling, and volleyball, had a \$132 million annual economic impact on the metropolitan area as of 2021 due to visitor spending on hotels, food, transportation, and retail (Econsult Solutions, Inc.). Penn State University Park football games alone generated a \$66.9 million annual economic impact on the metropolitan area, largely

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from the approximately 890,500 people that attend Penn State football games at Beaver Stadium—the fourth largest stadium in the world.

- As of March 1, 2024, the estimated population of the metropolitan area is 157,900, reflecting an average decrease of 270, or 0.2 percent, annually since 2018. By comparison, the population grew from 2012 to 2018 by an average of 700, or 0.4 percent, annually (U.S. Census Bureau population estimates as of July 1; estimates by the analyst).
- Since 2018, net out-migration and net natural decline—averaging 240 and 30 people annually, respectively—contributed to population loss. Net out-migration of 1,200

people occurred from 2019 to 2020, when Penn State University Park students moved back home following the start of the COVID-19 pandemic, and net natural decline grew because of a rise in COVID-19-related deaths. By comparison, from 2013 to 2018, net in-migration and net natural increase averaged 430 and 270 people a year, respectively.

- Because of the presence of Penn State University Park, the college-aged population (18 to 24 years old) accounted for approximately 25 percent of the population in the metropolitan area in 2022 compared with 9 percent in Pennsylvania and the nation (2022 American Community Survey [ACS] 1-year data).

Economic Conditions

The economy of the State College metropolitan area is expanding strongly after recovering all the jobs lost because of the COVID-19-related recession during the previous 3 years. The local economic downturn was relatively severe, and the metropolitan area did not recover the jobs lost in March and April 2020 until October 2022. By contrast, jobs had fully recovered in Pennsylvania by May 2022 (monthly data, not seasonally adjusted). As of the 3 months ending February 2024, nonfarm payrolls were 0.7 percent above the level during the 3 months ending February 2020, before the start of the pandemic. As of the 3 months ending February 2024, nonfarm payrolls in the metropolitan area averaged 81,600 jobs, representing an increase of 2,400 jobs, or 3.0 percent, compared with the same period a year earlier, when jobs rose by 3,100, or 4.1 percent. By comparison, nonfarm payrolls in the Mid-Atlantic region and the nation rose 1.1 and 1.8 percent,

respectively, year over year as of the 3 months ending February 2024, following job growth of 2.3 and 3.0 percent, respectively, as of the same period in 2023.

As of the 3 months ending February 2024—

- The government sector, which accounts for 41 percent of all nonfarm payroll jobs in the metropolitan area, increased by 600 jobs, or 1.8 percent, from a year earlier to 33,800 jobs. Job growth in the state government subsector, which includes jobs at Penn State University Park, accounted for all the net gain in the government sector, rising by 700 jobs, or 2.6 percent, following an increase of 1,800 jobs, or 6.9 percent, as of the 3 months ending February 2023.
- Jobs in the leisure and hospitality sector totaled 7,500, representing a gain of 700 jobs, or 10.3 percent, from a year

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As of the 3 months ending February 2024, nonfarm payrolls in the State College metropolitan area were up from a year earlier in nearly all reported sectors.

	3 Months Ending		Year-Over-Year Change	
	February 2023 (Thousands)	February 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	79.2	81.6	2.4	3.0
Goods-Producing Sectors	7.5	7.7	0.2	2.7
Mining, Logging, & Construction	2.9	3.2	0.3	10.3
Manufacturing	4.6	4.5	-0.1	-2.2
Service-Providing Sectors	71.7	73.9	2.2	3.1
Professional & Business Services	6.4	6.5	0.1	1.6
Education & Health Services	9.6	10.0	0.4	4.2
Leisure & Hospitality	6.8	7.5	0.7	10.3
Government	33.2	33.8	0.6	1.8
All Other Service-Providing Sectors	15.7	16.1	0.4	2.5
Unemployment Rate	3.5%	2.5%		

Notes: Numbers may not add to totals due to rounding. All other service-providing sectors include nonreported sectors.

Source: U.S. Bureau of Labor Statistics



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earlier. Jobs in this sector are now 3.2 percent higher than in the 3 months ending February 2020, before mitigation efforts to prevent the spread of COVID-19 led to significant job losses in the sector.

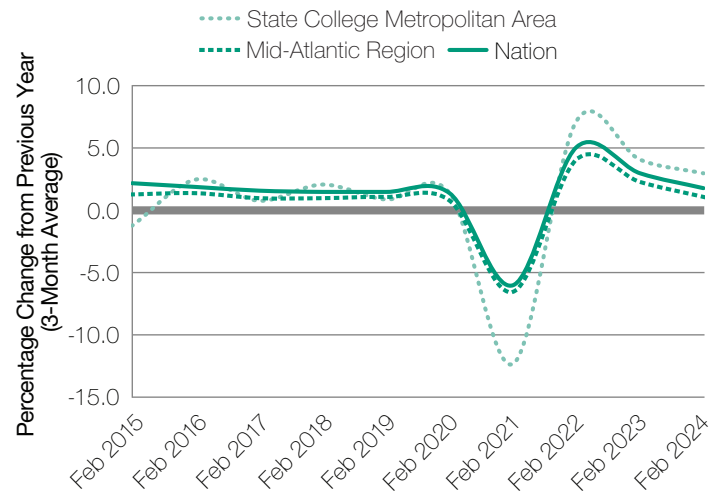
- Jobs in the manufacturing sector fell by 100, or 2.2 percent, from a year earlier. By comparison, jobs in this sector increased 4.5 and 4.7 percent as of the 3 months ending February 2023 and 2022, respectively.
- The unemployment rate in the metropolitan area averaged 2.5 percent, down from 3.5 percent as of both corresponding periods in 2022 and 2023. By comparison, the unemployment rate in Pennsylvania averaged 3.4 percent as of the 3 months ending February 2024, down from 3.8 percent as of the 3 months ending February 2023.

The education and health services sector accounts for 12 percent of all jobs in the metropolitan area. As of the 3 months ending February 2024, jobs in the sector averaged 10,000, reflecting a year-over-year increase of 400 jobs, or 4.2 percent, compared with a 400-job, or 4.7-percent, rise as of the 3 months ending February 2023. The sector includes Mount Nittany Health, the third largest employer in the metropolitan area, which operates Mount Nittany Medical Center, a 260-bed hospital employing approximately 2,400 people in the borough of State College. In addition, Mount Nittany Health is currently building a \$90 million outpatient facility in Patton Township that will employ more than 200 healthcare professionals once complete in the spring of 2024.

Sales Market Conditions

The sales housing market in the State College metropolitan area is slightly tight. The vacancy rate decreased to an estimated 0.8 percent from 1.0 percent in 2020, when the market was balanced. During the 12 months ending February 2024, home sales totaled 1,650, representing a decline of 240, or 13 percent, from a year earlier (CoreLogic, Inc., with adjustments by the analyst). New and existing home sales declined significantly during the past 2 years 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 6.8 percent in February 2024, up from 6.3 percent in February 2023 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 in the metropolitan area is low because many homeowners with low interest rates on existing mortgages are reluctant to sell. In February 2024, the

The State College metropolitan area added jobs at a faster rate than the Mid-Atlantic region and the nation during the past 3 years.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the State College Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The Pennsylvania State University	Government	22,600
Commonwealth of Pennsylvania	Government	5,200
Mount Nittany Health	Education & Health Services	2,400

Note: Excludes local school districts.

Sources: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis; Penn State Office of Planning, Assessment, and Institutional Research; Mount Nittany Health; estimates by the analyst

metropolitan area had 2.0 months of available for-sale housing inventory, up from 1.2 months in February 2023 but down from 3.6 months in April 2020 (Redfin, a national real estate brokerage). As of February 2024, 0.5 percent of home loans in the metropolitan area were seriously delinquent or in real estate owned status, down slightly from 0.7 percent a year earlier (CoreLogic, Inc.).

During the 12 months ending February 2024 —

- Existing home sales in the metropolitan area totaled 1,550, a decline of 200, or 11 percent, from a year earlier (CoreLogic, Inc.). By comparison, existing home sales fell 13 percent during the 12 months ending February 2023.
- The average sales price for existing homes was \$323,400, rising 2 percent from a year earlier but decelerating from a 13-percent increase during the 12 months ending February 2023.

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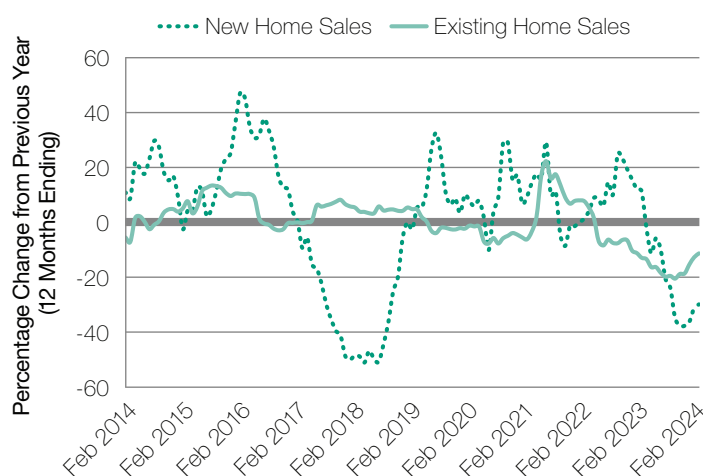
- New home sales totaled 100, down by 50 sales, or 33 percent, from the previous 12-month period, partially because of weaker demand amid rising mortgage rates. By comparison, new home sales increased 11 percent during the 12 months ending February 2023.
- The average sales price of a new home was \$458,700, 12 percent higher than the average sales price of a new home during the 12 months ending February 2023, partially because of higher construction costs and the construction of larger, more expensive homes. By comparison, the average

sales price for a new home rose 10 and 2 percent during the 12 months ending February 2023 and 2022, respectively.

Despite rising mortgage rates and declining home sales, homebuilding activity increased recently, partly because of a low supply of existing homes for sale. During the 12 months ending February 2024, homebuilding activity in the metropolitan area, as measured by the number of single-family homes permitted, totaled 310, up 16 percent from the 12 months ending February 2023 (preliminary data).

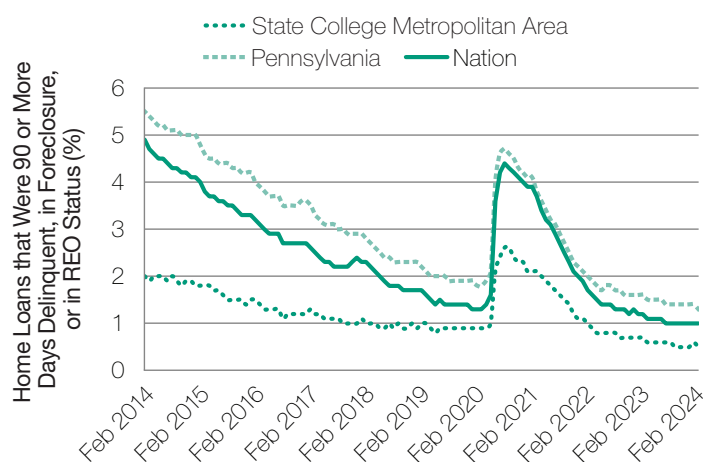
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New and existing home sales in the State College metropolitan area declined significantly during the past year.



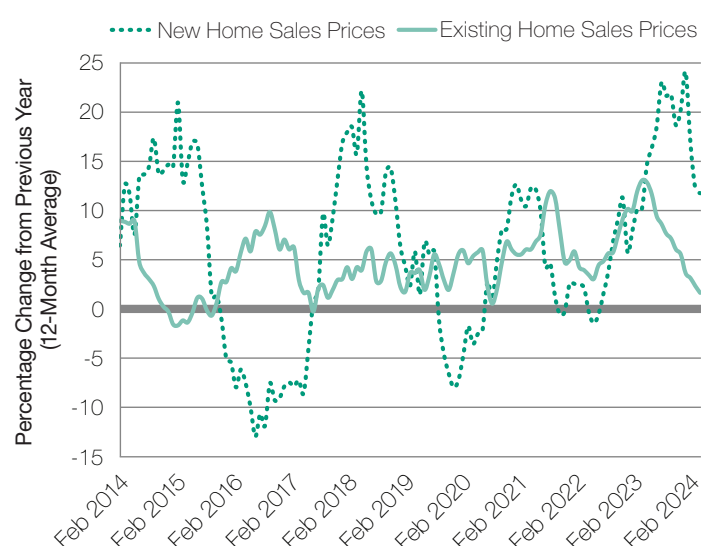
Note: Sales are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

The rate of seriously delinquent mortgages and REO properties in the State College metropolitan area has decreased since reaching a recent peak in September 2020 and is lower than the rates for the state and the nation.



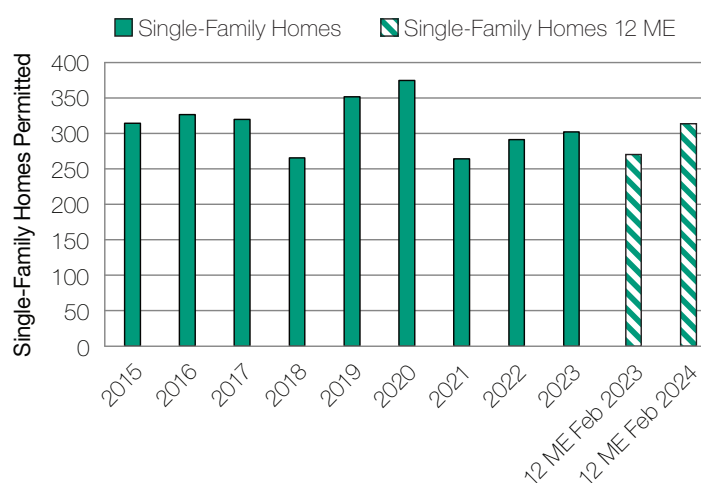
REO = real estate owned.
Source: CoreLogic, Inc.

New home sales price growth was greater than existing home sales price growth in the State College metropolitan area during the past year.



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

Single-family homebuilding activity in the State College metropolitan area has increased each year since 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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- Single-family home construction from 2015 through 2020 averaged 320 homes annually before decreasing to an average of 280 homes during 2021 and 2022, partially because of a hiring freeze at Penn State University Park leading to fewer homebuyers in the area.
- Patton Township, the third most populous jurisdiction in the metropolitan area, has accounted for 20 percent of all new single-family homes permitted since 2020. Ferguson

and Benner Townships, the second and fifth most populous jurisdictions in the metropolitan area, have accounted for 14 and 11 percent of permits, respectively, since 2020.

- Since 2021, approximately 60 homes have been built and sold at Nittany Glen, a community in Benner Township, with two-, three-, and four-bedroom single-family homes ranging in price from \$272,500 to \$473,800.

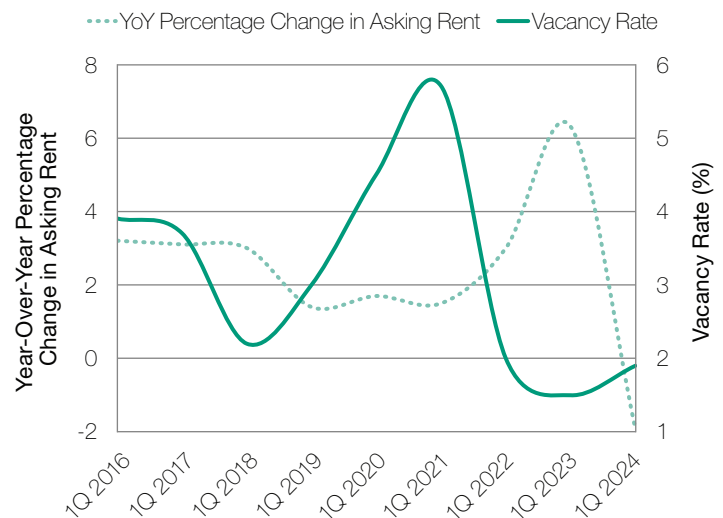
Rental Market Conditions

Rental market conditions in the State College metropolitan area are currently balanced compared with tight conditions a year ago. The estimated vacancy rate for all rental units—including single-family homes, mobile homes, and apartments—is 2.5 percent as of March 1, 2024, down from 5.6 percent in April 2020, when conditions were slightly soft, because many Penn State University Park students and faculty left the metropolitan area following the start of the COVID-19 pandemic. Structures with five or more units, typically apartments, accounted for approximately 58 percent of all occupied rental units in the metropolitan area during 2022, and single-family units accounted for 22 percent of all occupied rental units (2022 ACS 1-year data). The apartment market in the metropolitan area is currently balanced, easing from tight conditions in 2022 and 2023, partly because a large number of apartments were completed in the past year. Following balanced conditions from 2016 to 2019, the apartment market softened in 2020 and 2021 because of a decline in students, faculty, and staff at Penn State University Park but tightened after the pandemic. Students attending Penn State University Park make up approximately 70 percent of renter households in the metropolitan area.

As of the first quarter of 2024—

- The apartment market vacancy rate was 1.9 percent, up from 1.5 percent a year earlier (CoStar Group). By comparison, the apartment vacancy rate averaged 3.2 percent from the first quarter of 2016 through the first quarter of 2019 before rising to 4.5 and 5.7 percent in the first quarters of 2020 and 2021, respectively.
- The average apartment rent in the metropolitan area was \$1,412, down 2 percent from the same period a year earlier. By comparison, the average apartment rent increased an average of 5 percent a year in the first quarters of 2022 and 2023, up from a 2-percent average annual increase in the first quarters of 2020 and 2021.
- The CoStar Group-defined Pennsylvania State University student housing market, which includes multifamily units

The apartment vacancy rate in the State College metropolitan area increased slightly as of the first quarter of 2024 from a year earlier, and the average rent declined.



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

near the campus targeted toward college students and rented by the bed per semester, is balanced. The student housing market has a vacancy rate of 2.9 percent, down from 4.9 and 3.7 percent in the first quarters of 2023 and 2022, respectively, when market conditions were softer after student apartment completions rose.

- The average rent per bed for student housing was \$904, up 2 percent from the same period a year earlier. The average rent increased 8 and 5 percent as of the first quarters of 2023 and 2022, respectively.

Multifamily construction activity, as measured by the number of multifamily units permitted, was up significantly during 2021 and 2022, averaging 380 units a year, primarily because an increase in enrollment at Penn State University Park since 2020 has led to increased construction of student apartments.

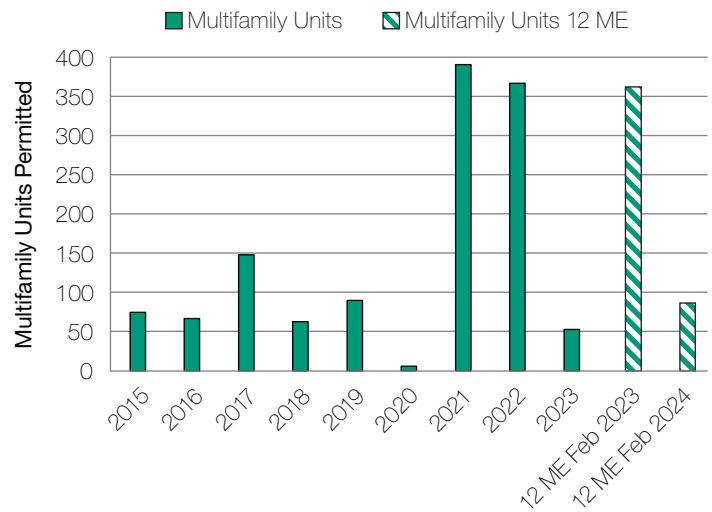
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By comparison, multifamily construction averaged 75 units permitted annually from 2015 through 2020.

- During the 12 months ending February 2024, multifamily building activity totaled 85 units, a decrease of 280 units, or nearly 76 percent, from the previous 12 months (preliminary data).
- Nearly 80 percent of all multifamily units permitted in the metropolitan area since 2020 have been in College Township and the borough of State College, including student housing developments to accommodate students at Penn State University Park.
- Aspen State College, a 262-unit, 651-bed community completed in August 2023, is one of the more recently completed student housing developments in State College, with an average rent per bed of \$1,012.
- ðLiv State College and ðLiv Highland are under construction in the borough of State College. They will include 400 student units with 1,455 beds. When complete, before the fall 2024 semester, the average rent per bed is expected to be approximately \$1,450.

The number of multifamily units permitted in the State College metropolitan area was up significantly during 2021 and 2022.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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 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 Mid-Atlantic region includes Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia.
3.	The CoStar Group-defined Pennsylvania State University student housing market includes only students from Penn State University Park.