

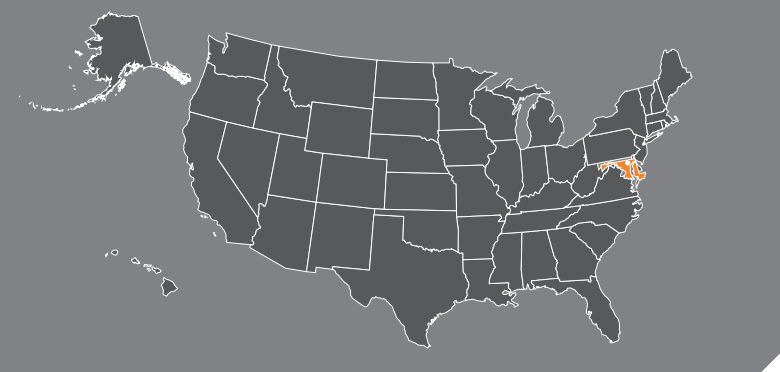
HUD PD&R Housing Market Profiles

Baltimore-Towson, Maryland



Quick Facts About Baltimore-Towson

- **Current sales market conditions: soft but improving.**
- **Current rental market conditions: slightly soft.**
- **The metropolitan area is home to Johns Hopkins University and Johns Hopkins Hospital and Health System, with a combined 49,000 employees.**



By Joseph J. Shinn | As of April 1, 2013

Overview

The Baltimore-Towson metropolitan area, which comprises Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's Counties and the city of Baltimore, borders the Philadelphia-Camden-Wilmington metropolitan area to the north and east and the Washington-Arlington-Alexandria metropolitan area to the south and west. Fort George G. Meade maintains a strong U.S. Army presence in the metropolitan area, of which it is the largest employer with approximately 56,700 civilian and military employees. The combined economic impact of the base on the local economy is estimated to be approximately \$5 billion per year (U.S. Department of Defense, Base Closure and Realignment Commission).

- As of April 1, 2013, the estimated population of the metropolitan area was 2.77 million, an average increase of 19,500, or 0.7 percent, annually since April 2010.
- From July 2007 to April 2010, the population increased by an average of 15,600, or 0.6 percent, annually.
- Net in-migration increased to average 9,225 people annually since April 2010, up from an average of 3,000 people annually from July 2007 to April 2010 because of improved economic conditions.



Nonfarm payrolls increased in 8 of 11 sectors in the Baltimore area.

	3 Months Ending		3-Month Change (2012–13)	
	March 2012 (thousands)	March 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	1,294.4	1,322.5	28.1	2.2
Goods-producing sectors	126.1	127.8	1.7	1.4
Mining, logging, and construction	66.2	71.9	5.7	8.6
Manufacturing	59.9	55.9	-3.9	-6.6
Service-providing sectors	1,168.3	1,194.6	26.3	2.3
Wholesale and retail trade	185.7	192.6	6.9	3.7
Transportation and utilities	44.5	45.0	0.5	1.1
Information	17.1	16.9	-0.2	-1.2
Financial activities	73.9	74.6	0.7	0.9
Professional and business services	200.6	211.4	10.7	5.3
Education and health services	245.4	251.3	5.9	2.4
Leisure and hospitality	111.9	116.3	4.4	4.0
Other services	54.3	54.4	0.1	0.2
Government	234.9	232.2	-2.7	-1.2

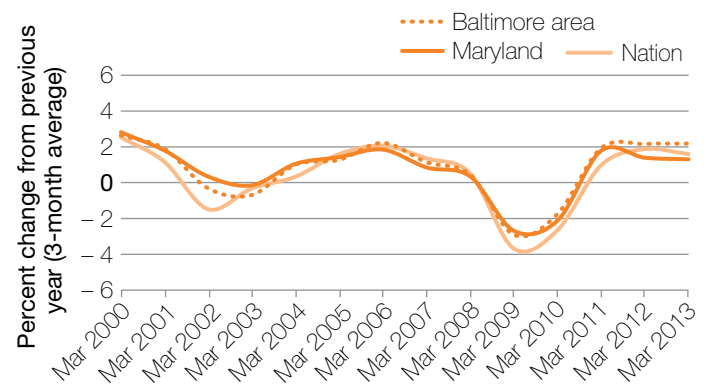
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Economic conditions in the Baltimore-Towson metropolitan area improved during the past 3 years, after job losses were recorded during the previous 2 years.

- During the first quarter of 2013, nonfarm payrolls in the metropolitan area averaged 1.32 million, an increase of approximately 28,100 jobs, or 2.2 percent, compared with the number of jobs recorded during the first quarter of 2012.
- The professional and business services, wholesale and retail trade, and education and health services sectors recorded significant gains of 10,700, 6,900, and 5,900 jobs, or 5.3, 3.7, and 2.4 percent, respectively.
- Nonfarm payrolls in the mining, logging, and construction sector increased by 5,700 jobs, or 8.6 percent. The gains were estimated to be greatest in nonresidential construction, because multi-family building activity declined 45 percent from the first quarter of 2012.
- Maryland Live! Casino, which opened in June 2012 in Hanover, Anne Arundel County, continued to add games, restaurants, stores, and entertainment venues through March 2013. The casino currently employs approximately 2,400 workers and expects to add an additional 300 employees during the summer of 2013, when a new poker room is complete.
- During the first quarter of 2013, the unemployment rate in the metropolitan area averaged 7.2 percent, down from 7.4 percent during the first quarter of 2012.

Nonfarm payrolls in the Baltimore area have increased since mid-2010.



Source: U.S. Bureau of Labor Statistics

Largest employers in the Baltimore area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort George G. Meade	Government; professional and business services	56,700
Johns Hopkins University	Education and health services	30,250
Johns Hopkins Hospital and Health System	Education and health services	18,750

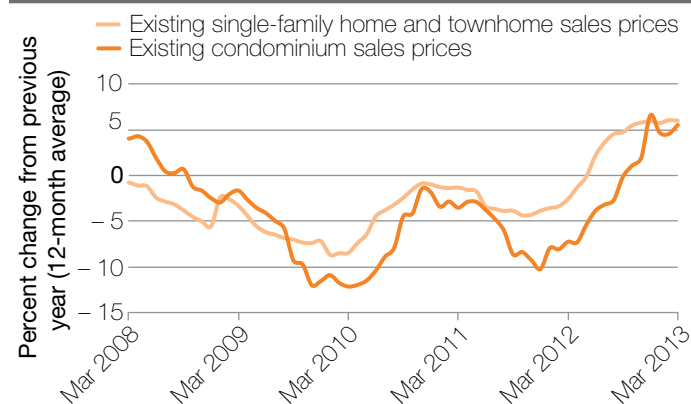
Notes: Excludes local school districts. Fort George G. Meade employees include military, who are not included in nonfarm payrolls.

Sources: Department of Business and Economic Development; Moody's Economy

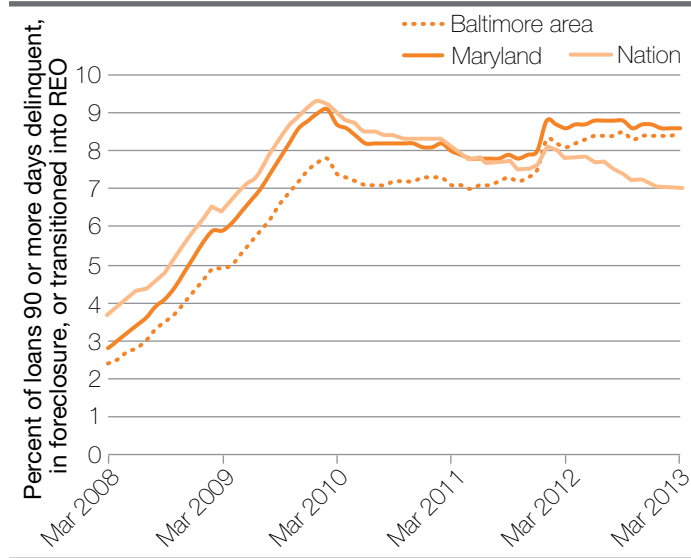
Sales Market Conditions

The sales housing market in the Baltimore-Towson metropolitan area is currently soft but improving, with an estimated 2.5-percent vacancy rate. Approximately 24,650 existing single-family, town-home, and condominium units sold during the 12 months ending March 2013, up 11 percent compared with the 22,200 homes sold during the 12 months ending March 2012 (Metropolitan Regional Information Systems, Inc. [MRIS®]). By comparison, an average of 23,150 homes sold from 2008 through 2010. During the 12 months ending March 2013, the average sales price of an existing

Existing single-family home, townhome, and condominium sales prices increased during the past year in the Baltimore area.



Distressed loan rates remain higher in the Baltimore area than in the rest of the country.

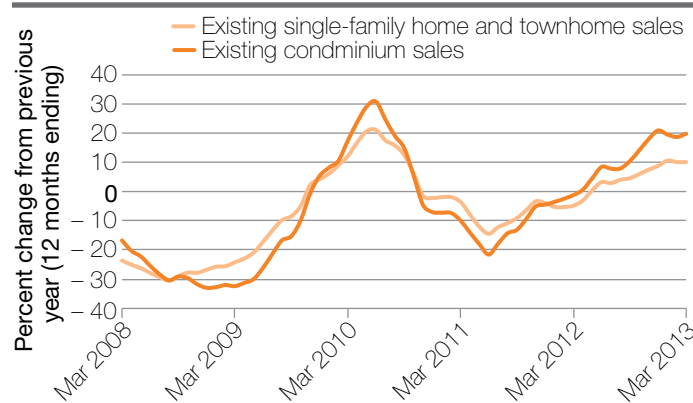


home was \$278,100, a 6-percent increase from the same period a year earlier but down 2 percent compared with the average sales price from 2008 through 2010.

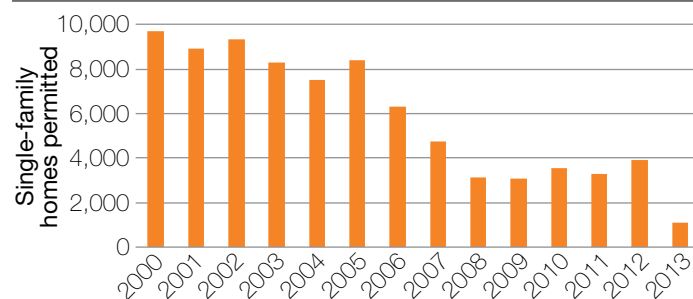
- The average number of days a home remained on the market decreased to 101 days in March 2013 compared with 137 days in March 2012 and an average of 118 days from 2008 through 2010 (MRIS®).
- Conditions in the existing condominium market recently improved. During the 12 months ending March 2013, approximately 2,625 existing condominium units sold, a 20-percent increase from the same period a year earlier, and the average sales price was up 6 percent, to \$214,400.
- During the 12 months ending February 2013, approximately 1,300 new single-family homes sold, a 1-percent decline compared with the number sold during the same period a year earlier, and the average sales price declined 1 percent, to \$494,100 (Hanley Wood, LLC).

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Existing single-family home, townhome, and condominium sales increased significantly during the past year in the Baltimore area.



Single-family permitting in the Baltimore area has increased since 2011 but remains less than 2000-through-2006 levels.



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- The number of new condominium homes sold decreased 5 percent, and the average sales price was down 4 percent, to \$338,900, during the 12 months ending February 2013.
- As of March 2013, 8.5 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), up from 8.3 percent a year earlier (LPS Applied Analytics).

Home construction activity, as measured by the number of single-family homes permitted, was up during the past 2 years because of improvements in the existing home sales market and increased net in-migration.

Rental Market Conditions

The rental housing market in the Baltimore-Towson metropolitan area is currently slightly soft, with an estimated overall vacancy rate of 7.0 percent. The vacancy rate increased from 6.6 percent in March 2012 because more than 3,000 new apartment units came on line.

- The vacancy rate for Class A apartments in the metropolitan area, including units in lease up, was 8.7 percent in the first quarter of 2013, up from 7.4 percent in the first quarter of 2012 (Delta Associates).
- During the same period, vacancy rates for Class A apartments, including units in lease up, increased from 6.8 to 15.6 percent in Baltimore but decreased from 7.5 to 7.1 percent in the Baltimore suburbs.
- During the first quarter of 2013, the average rent for Class A apartments in the metropolitan area increased 2 percent, to \$1,574, compared with the average rent during the first quarter of 2012.
- Rent increases were the largest in the Delta Associates-defined Baltimore City submarket, where the average rent during the first quarter of 2013 was \$1,807, up 3 percent from the first quarter of 2012.

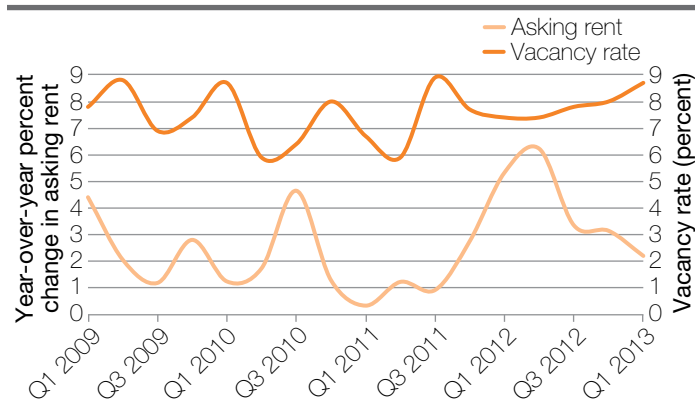
Multifamily building activity, as measured by the number of units permitted, recently declined, but construction activity levels remain high.

- Multifamily construction activity totaled 500 units during the first quarter of 2013, down 45 percent compared with the number permitted during the same period a year earlier, which witnessed the highest multifamily permitting level since 2000 (preliminary data).
- Current construction activity is up 30 percent compared with the average of 380 units permitted during the first quarters from 2009 through 2011.

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- Based on preliminary data, during the first quarter of 2013, approximately 1,075 homes were permitted, nearly one-third of which were permitted in Anne Arundel County.
- The current level of construction activity is up 9 percent from the first quarter of 2012 and up 47 percent from the average of the first quarters from 2008 through 2010.
- The Kelly Glen community in Bel Air, Harford County, has completed 30 single-family homes since 2011 and expects to complete an additional 75 homes during the next 3 years. Prices for the four-bedroom, two-bathroom homes start at \$408,000.

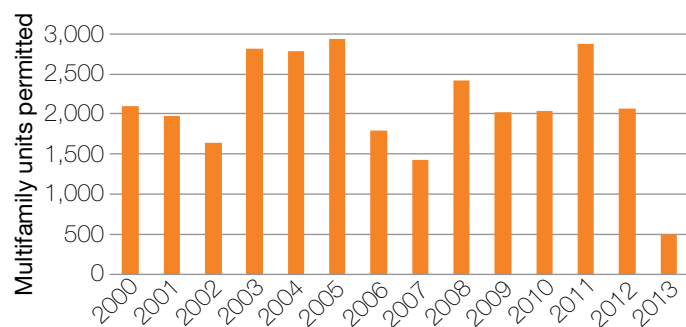
Class A apartment rents in the Baltimore area have increased since 2009, but Class A vacancy rates remain high.



Note: Rents and vacancy rates are for Class A units, including those currently in lease up.

Source: Delta Associates

Multifamily permitting in the Baltimore area continues to be strong.



Note: Includes data through March 2013.

Source: U.S. Census Bureau, Building Permits Survey

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- Since 2010, condominium units have accounted for approximately 10 percent of multifamily units permitted, down from 23 percent of multifamily units permitted from 2003 through 2009.
- More than 3,000 market-rate units came on line during the past 12 months, and an estimated 4,000 additional units currently under construction are likely to come on line during the next 18 months.
- Current construction in the metropolitan area includes 560 units at Dorsey Ridge in Hanover, where approximately 96 percent of the planned units are complete, and the remaining units are expected to be complete in mid-2013.