

COMPREHENSIVE MARKET ANALYSIS REPORTS



Policy Development & Research

**Analysis of the
Wilmington-Newark,
Delaware-Maryland
Housing Market**

As of April 1, 2003



ECONOMIC RESEARCH

U.S. Department of Housing and Urban Development

Foreword

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing conditions and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in a particular locality or the housing market area.

The factual framework for this analysis was developed by HUD's Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as-of" date from both local and national sources. As such, they may be modified by subsequent developments. We wish to express our appreciation to those industry sources and government officials who provided data and information on local economic and housing market conditions.

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: 1990 to 2000, 2000 to the as-of date of the analysis ("Current date"), and from the Current date to a "Forecast date." The analysis presents counts and estimates of employment, population, households, and housing inventory as of the 1990 and 2000 Censuses, the Current date, and Forecast date. For the purpose of this analysis the forecast period is 24 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in demand-supply relationship given the market's condition on the as-of date of the analysis. This analysis was prepared by Ms. Patricia C. Moroz, the Division's Field Economist in the Philadelphia Regional Office, based on fieldwork conducted in April 2003. If there are questions regarding the findings and conclusions of the analysis, she may be reached at (215) 656-0500, extension 3031 and at Patricia_C._Moroz@hud.gov.

Housing Market Area

The Wilmington-Newark, Delaware-Maryland Housing Market Area (HMA) is comprised of New Castle County, Delaware and Cecil County, Maryland. For the purposes of this analysis the HMA has been divided into three submarkets: the city of Wilmington, the remainder of New Castle County (in this study referred to as New Castle County), and Cecil County. Wilmington, the central city of the HMA, is the largest city in Delaware.

Summary

The economy of the Wilmington-Newark HMA grew steadily during the 1990s as credit card companies, banks, other financial institutions, and information-related firms continually added new employees. However, the area economy has slowed since 2000 due to layoffs of temporary back-office employees. The economy is expected to improve during the forecast period, with a rate of employment growth slightly less than the average annual gain since 2000.

During the 1990s the population and households in the HMA grew both as a result of increasing employment opportunities and availability of affordable single-family housing for workers in other metropolitan areas. Homeowners comprised 71 percent of the households in the HMA in 2000. Approximately three-quarters of the total residential production in the HMA since 2000 has occurred in New Castle County. The rates of growth in population and households have declined slightly in recent years, but are expected to continue growing at a moderate pace.

The current demand-supply conditions in the Wilmington-Newark HMA's housing market can best be described as balanced. There is some tightness in the sales market, a balanced overall rental market, and weakness in the upper rent levels of the market. Demand for new sales housing is very strong due to the availability of affordably priced homes and low interest rates.

Conditions in the sales and rental housing markets are expected to remain balanced during the forecast period. The tightness in the sales market is expected to continue due to land use regulations. The weakness in the upper end of the rental market is expected to improve gradually as apartments currently under construction are absorbed.

Demand for new sales housing during the 2-year forecast period ending April 2005 is estimated at 2,000 homes annually. Demand for new market-rate rental housing during the period is estimated at 100 units annually. Given the number of rental units currently under construction in the HMA, any need for additional rental production to meet future demands will occur toward the the end of the 2-year forecast period and beyond.

Economy of the Area

The chemical industry and the DuPont Company dominated the economy of the Wilmington-Newark HMA for much of its history. However, during the past 20 years the economy has become more diverse. In 1981 the Delaware state legislature approved the Financial Center Development Act. The law removed restrictions on interest and fees charged by credit card companies, and lowered the state income taxes paid by banks. As a result more than half of the nation's largest credit card companies, including MBNA Corporation, have established operations in downtown Wilmington. MBNA is the largest private sector employer in the HMA with an estimated 10,000 employees.

As a result of the increase in banking and other financial services firms, Service Producing industries grew steadily throughout the 1990s, offsetting the employment losses in other sectors. The trends in average annual civilian labor force and total employment and nonfarm employment by industry sector from 1990 through the Current date are presented in Tables 1 and 2, respectively.

From 1990 to 2000 total resident employment increased steadily at a rate of 1.4 percent annually and nonfarm employment increased at a 1.9-percent annual rate. Gains in nonfarm wage and salary employment, however, were quite different in the second half of the 1990s compared with the first half. Nonfarm wage and salary employment increased an average of 0.2 percent annually during the first half of the decade and 3.1 percent annually during the latter half. The HMA's economy expanded as banking institutions such as MBNA grew steadily. As banking and credit card activity increased, information, technology, and other business services firms responded by hiring additional employees.

As a result of the national economic slowdown, nonfarm employment has declined since 2000. In the 12 months ending March 2003 nonfarm wage and salary employment in the Wilmington HMA averaged 316,200 persons, or a 2.3 percent decline from the comparable period ending in March 2002. Resident employment has also declined 1.8 percent in the 12 months ending March 2003.

The difference between residential employment and nonfarm wage and salary employment is due to the substantial numbers of workers from areas commuting to the HMA. From 1970 to 2000 in-commutation steadily increased. As of 2000 the U.S. Department of Commerce's Bureau of Economic Analysis estimated approximately 45,500 workers from other areas of Delaware, Maryland, Pennsylvania, and New Jersey commuted to jobs in the Wilmington HMA. As banks opened offices in the Wilmington area, upper and middle management executives from New York City relocated to Pennsylvania suburbs. In addition, a number of employees are former bank employees from the Philadelphia area who lost jobs during bank mergers and now commute to Wilmington. Overall, there is a net commutation of 13,500 workers into the HMA. The 32,000 workers that commute to jobs outside the area, many to the Philadelphia suburbs, reside in the HMA where housing is more affordable.

Manufacturing employment in the HMA declined from 1990 to 2000. Decreases of 2.4 percent a year during the first half of the decade were followed by some recovery and annual increases of 1.6 percent from 1995 to 1999. However, with the recent economic slowdown manufacturing employment has declined 8.4 percent annually since 2000. Job losses in manufacturing are expected to continue through the forecast period as automobile assembly plants eliminate jobs. Manufacturing employment in the HMA is diversified, including chemicals, pharmaceuticals, and automobile assembly plants. The largest firm in the HMA remains the DuPont Company, employing an estimated 9,900 persons as of the Current date. The pharmaceutical industry, represented by AstraZeneca, employs 4,000 workers. In addition, DaimlerChrysler and General Motors have automobile assembly plants in the HMA with a combined total of 3,900 employees.

Service Producing employment increased an average of 2.2 percent annually from 1990 through 1999, however, the increase averaged 3.1 percent from 1995 to 1999. Employment in the Financial Activities sector was the major factor behind the gains. Employment in the sector increased a rapid 4.8 percent annually during the first half of the decade, and continued to increase 3.4 percent annually during the second 5 years. Following the increase in finance and banking, the data communications and computer-based Information sector also registered a very rapid increase in employment, averaging 7.4 percent annually from 1990 to 2000. Since 2000 the economic slowdown has forced credit card companies and other financial institutions to eliminate a number of temporary back-office jobs.

Throughout the 2-year forecast period the regional economy is expected to recover as the national economy strengthens and the financial services and related institutions gradually increase employment. Education and Health Services and Other Services sectors of the economy are expected to be the source of many of the new jobs in the HMA. During the next 2 years total resident employment is forecast to increase 1.4 percent annually or 2,075 jobs, approximately half the rate of increase recorded during the past 24 months, as financial institutions restore temporary back-office jobs eliminated during the past 12 months.

Household Incomes

The Economic and Market Analysis Division of HUD estimated the median family income in the Wilmington-Newark HMA to be \$70,000 in 2003. The annual rate of increase in median family income during the past 3 years is slightly higher than the 3.9-percent average annual rate of increase from 1990 to 2000.

Population

As of April 1, 2003 the population of the Wilmington-Newark HMA was estimated to be 601,900, or an average annual gain of 0.9 percent since 2000, which is less than that recorded for the prior decade. From 1990 to 2000 the population increased by an average annual gain of 1.3 percent. The decline reflects slower economic growth and a declining birth rate.

More than 78 percent of the increase during the 1990s occurred in New Castle County, outside of the city of Wilmington. Approximately 20 percent of the population increase in the period occurred in Cecil County, reflecting the relative stability of the submarket. The trends in population from 1990 through the Forecast date for the HMA and the submarkets are presented in Table 3.

The population increase in the HMA from 1990 to 2000 was roughly evenly divided between in-migration, 51 percent of the change, and net natural increase (resident births minus resident deaths) 49 percent. During the prior decade in-migration averaged approximately 3,725 persons annually. From 2000 to the Current date in-migration declined, averaging an estimated 2,275 persons annually, as the result of slowing economic conditions. Population change as a result of net natural increase averaged approximately 3,575 persons a year between 1990 and 2000. Annual data from Delaware Health and Social Services and the Maryland Department of Health indicated an overall decline in net natural increase with the exception of a brief increase during the late 1990s. Since 2000 net natural increase has decreased. During the forecast period the average annual net natural increase is expected to continue to decline slightly.

While the HMA is the location of the state's major university the number of students at the University of Delaware has been fairly stable since the mid-1990s, and it has not been a factor in the area's population growth. Combined undergraduate and graduate student enrollment totaled approximately 17,650 in the fall term of 2002. As of the Current date approximately 7,230 students at the university were living on campus in dormitories or apartments. The remainder of the students resides in off-campus housing, mostly in the rental market.

Based on the level of economic growth, in-migration, and net natural increase anticipated during the 2-year forecast period, population growth is expected to continue but at a slower rate than previously. As of April 1, 2005 population of the Wilmington-Newark HMA will be an estimated 611,700 persons. This translates to an average annual gain of 4,900 persons, or 0.8 percent.

Households

The trends in growth of the number of households in the Wilmington-Newark HMA have been comparable to the changes in the area's population during the past 13 years. Between 1990 and 2000 the HMA recorded steady growth with an average annual rate of growth of 3,125 households, or 1.5 percent. As of the Current date there are an estimated 227,100 households in the Wilmington-Newark HMA, or an average annual increase of more than 2,300 since 2000.

The trends in households from 1990 through the Forecast date for the HMA and the three submarkets are presented in Table 3. Based on current characteristics of household size and the rate of population growth expected as a result of employment increases and continued in-migration, it is estimated that the number of households in the HMA will increase by 2,100 annually during the 2-year forecast period to total 231,300 households as of April 2005.

Housing Inventory

The HMA's housing inventory grew at a moderate rate between 1990 and 2000. The inventory of single-family units increased by approximately 2,475 units annually from 1990 to 2000, and the multifamily inventory increased an average of 640 units during the same period. As of the Current date it is estimated that there are approximately 242,100 housing units in the Wilmington-Newark HMA, or an average annual increase of more than 2,700 units since 2000. The counts of housing inventory, occupancy, and vacancy by tenure for 1990, 2000, and the Current date are presented in Table 4. The trends in building permit activity from 1993 through the Current date for single-family and multifamily housing in the HMA and the three submarkets are presented in Table 5.

In 1997 the Unified Development Code (UDC) was passed by New Castle County to rezone and regulate the planning, subdivision, and development of unincorporated land in New Castle County. As a result developers have gradually shifted their development plans from unincorporated areas covered by the UDC to towns further south such as Middletown and Smyrna. These communities are less than an hour away from downtown Wilmington. Middletown annexed farmland adjacent to its boundaries, and 1,100 single-family homes have been developed in the community in 2000 and 2001. Plans for development over the next 20 years include a total of 3,000 new homes in Middletown and 1,500 to 1,800 new homes in Smyrna.

During the 1990s single-family permit activity averaged more than 2,975 a year, with activity slowing in the second half of the decade. From 1990 through 1994 single-family building permit activity averaged 3,075 homes annually; from 1995 through 1999 the annual average declined to 2,875. Then from 2000 through the Current date new home construction declined to an average of 2,675 a year, or 7 percent less than the annual activity during the last half of the prior decade. More recently, construction activity increased to 2,975 units in 2002. Approximately 80 percent of new home construction

has been single-family detached homes. However, single-family attached townhouse communities are also popular.

The change in the distribution of the housing inventory by tenure is a reflection of the area's changing market conditions. Economic growth and diversity of the economy in the Wilmington-Newark HMA have led to a steady increase in homeownership since 1990. In 1990, 69 percent of all households in the HMA were owners. By 2000 the homeownership rate had increased to 71 percent. During the 3 years from the 2000 Census to the Current date the rate has increased to 72 percent. Much of the shift in tenure in the past 3 years reflects continued low interest rates and the available supply of relatively affordable new homes.

In response to the rapid increase in employment in the service sector during the 1990s multifamily housing production increased from an annual average of 250 units from 1990 to 1996 to 600 units annually from 1997 to 2000. As the economy has slowed construction of new units has tapered off to an average of 300 units annually from 2000 to the Current date. New developments have included traditional garden apartment projects as well as townhouse developments.

The impact of household growth on the housing inventory varies throughout the HMA's submarkets. New Castle County accounts for 73 percent of the increase in the housing inventory in the HMA since 2000. Cecil County accounted for 24 percent of growth in the housing inventory. The city of Wilmington registered a slight decline in population due to out-migration since 2000, accounting for only 3 percent of the increase in the housing inventory. The majority of new development during the forecast period will continue to occur in suburban New Castle County.

Housing Vacancy

Since 1990 vacancy rates in the HMA have been relatively stable. As of 1990 the sales vacancy rate was 2 percent. With strong demand for homes in the 1990s the sales vacancy rate declined to 1.3 percent in 2000. Conditions in the rental market are not as tight as in the sales market. The rental vacancy rate in the HMA remained almost unchanged during the decade. The rate as of 1990 was 7.4 percent and declined only slightly to 7.3 percent as of 2000. As of April 2003 the sales vacancy rate declined slightly to 1.2 percent, and the rental vacancy rate increased to 7.9 percent. Vacancy trends between 1990 and the Current date for the HMA and the three submarkets are presented in Table 4.

Sales Market Conditions

The sales market in the Wilmington-Newark HMA is currently strong in all price ranges. Growth in households during the 1990s increased demand for new single-family homes. Even the recent economic slowdown has not reduced demand for sales housing, and the market remains tight. The HMA's supply of relatively affordable housing is expected to continue to attract residents who work in nearby areas such as the Philadelphia area.

According to the New Castle County Board of REALTORS® and the Cecil County Board of REALTORS®, the median sales price of an existing home increased an average of 8.6 percent annually since 2000 to approximately \$151,000 in 2002. During the same period sales volume increased 4 percent annually to 8,225 units as of the end of 2002. Single-family detached homes continue to dominate the sales market in the HMA. New condominium activity has been minimal in recent years and condominium conversions have not been a significant part of the sales market either.

Rental Market Conditions

The Wilmington-Newark HMA rental market is balanced as of the Current date. However, since 2000 market conditions have weakened as lower interest rates have allowed a larger segment of the rental market to become first-time homebuyers. Market conditions are expected to improve toward the end of the forecast period as the pipeline of more than 1,000 units currently under construction are completed and absorbed. As of the Current date vacancies in newer upscale apartments average more than 10 percent throughout the HMA.

Housing options in the Wilmington downtown area are expanding with the conversion of three blocks of historic buildings and a former office tower to luxury rentals. When completed the developments are expected to add more than 380 luxury apartments to the downtown market. These developments are the first major efforts in years to bring housing to the downtown area. While the demand for upscale rentals in the downtown area hasn't been tested, indications from pre-leasing and marketing indicate considerable interest.

Rent trends in recent months indicate the average gross rent for a two-bedroom/two-bath unit in a newly completed Class A development is \$1,100 in the Wilmington-Newark HMA.

Forecast Housing Demand

Based on anticipated household growth and current market conditions, it is estimated that there will be a demand for approximately 4,000 new sales units and 200 rental units during the 2-year forecast period ending April 1, 2005. This level of construction will allow for a balanced market condition. The current pipeline of rental housing currently under construction is adequate to meet the estimated annual demand of 100 units annually during the forecast period. To maintain a balanced rental market any demand for additional new construction will occur toward the end of the 2-year forecast period and thereafter. Any rental units added to the inventory prior to that will contribute to overbuilding of the market. Given current market conditions and recent trends, it is anticipated that much of the future demand for new rental housing will occur in the suburbs. A tabular summary of the annual rental qualitative demand for the HMA in total is located in Table 6.

Table 1
 Labor Force and Total Employment
 Wilmington-Newark HMA
 1992 to April 1, 2003

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Prior ^a 12 Mos.	Current ^b 12 Mos.
Labor Force	273,700	279,400	284,300	283,600	287,700	287,500	294,900	292,900	306,000	312,400	312,600	313,000	310,500
Total Employment	256,700	263,800	269,900	270,300	270,400	274,600	282,800	282,900	293,700	300,900	298,400	301,500	296,200
Unemployment	16,900	15,600	14,400	13,300	17,300	13,000	12,000	9,900	12,300	11,500	14,200	11,400	14,400
Rate (%)	6.2	5.6	5.1	4.7	6.0	4.5	4.1	3.4	4.0	3.7	4.6	3.7	4.6

^aEnding March 2002

^bEnding March 2003

Source: U.S. Department of Labor, Bureau of Labor Statistics

Table 2
 Nonfarm Employment
 Wilmington-Newark HMA
 1992 to April 1, 2003

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Prior ^a 12 Mos.	Current ^b 12 Mos.
Total	263,800	270,700	276,100	283,000	290,300	301,500	311,400	321,200	327,300	325,000	318,200	323,600	316,200
Construction and Mining	14,000	14,000	13,600	14,900	16,700	16,900	16,800	18,500	18,600	18,500	18,600	18,700	18,100
Manufacturing	30,500	30,300	29,400	28,700	26,900	29,700	30,700	31,600	28,200	25,600	24,300	25,500	23,700
Trade, Transportation, and Utilities	48,400	49,900	51,600	53,000	53,300	53,700	55,400	57,400	58,800	59,200	57,400	58,700	56,800
Information	2,900	2,900	3,500	3,900	4,000	5,100	5,900	6,400	6,900	7,100	6,900	7,000	7,000
Financial Activities	26,000	27,100	28,400	28,900	29,200	30,600	32,600	33,500	33,400	33,500	32,500	33,300	32,200
Professional and Business Services	50,200	51,100	51,600	54,000	56,900	59,300	61,400	63,300	66,700	64,800	61,400	61,200	61,100
Education and Health Services	27,500	28,700	30,800	31,500	32,300	32,900	33,500	34,100	35,600	36,200	37,500	36,400	37,800
Leisure and Hospitality	20,000	20,900	21,200	21,900	22,600	23,300	23,800	24,300	24,900	25,200	24,900	25,100	24,800
Other Services	9,500	9,700	10,100	10,200	10,800	11,600	11,900	12,200	12,500	13,000	13,300	13,000	13,300
Government	34,500	35,700	35,500	35,700	37,100	37,900	38,900	39,400	41,400	41,900	41,400	41,900	41,500

^aEnding March 2002

^bEnding March 2003

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

Source: U.S. Department of Labor, Bureau of Labor Statistics

Table 3
Population and Household Trends
Wilmington-Newark HMA
1990 to April 1, 2005

	April 1, 1990	April 1, 2000	Current Date ¹	Forecast Date ²	Average Annual Change					
					1990 to 2000		2000 to Current		Current to Forecast	
					Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
<u>Population</u>										
Wilmington-Newark HMA	513,293	586,216	601,900	611,700	7,292	1.3	5,228	0.9	4,900	0.8
Wilmington City	71,529	72,664	72,450	72,350	114	0.2	-71	-0.1	-50	-0.1
Remainder New Castle County	370,417	427,601	439,300	446,500	5,718	1.4	3,900	0.9	3,600	0.8
Cecil County, Maryland	71,347	85,951	90,150	92,850	1,460	1.9	1,400	1.6	1,350	1.5
<u>Households</u>										
Wilmington-Newark HMA	188,886	220,158	227,100	231,300	3,127	1.5	2,314	1.0	2,100	0.9
Wilmington City	28,556	28,617	28,550	28,550	6	0.0	-22	-0.1	0	0.0
Remainder New Castle County	135,605	160,318	165,300	168,300	2,471	1.7	1,661	1.0	1,500	0.9
Cecil County, Maryland	24,725	31,223	33,250	34,400	650	2.3	676	2.1	575	1.7

¹April 1, 2003

²April 1, 2005

Notes: Rates of change calculated on a compound basis.
Numbers have been rounded for comparison.

Sources: 1990 and 2000—U.S. Census Bureau
Current and Forecast—Estimates by Analyst

Table 4
Housing Inventory Tenure and Vacancy

Wilmington-Newark HMA

1990 to April 2003

	Wilmington-Newark HMA			Wilmington City Submarket Area			Remainder of New Castle County Submarket Area			Cecil County, Maryland Submarket Area		
	1990	2000	Current	1990	2000	Current	1990	2000	Current	1990	2000	Current
Total housing inventory	201,216	233,982	242,100	31,244	32,138	32,350	142,316	167,383	173,000	27,656	34,461	36,850
Occupied units	188,886	220,158	227,100	28,556	28,617	28,550	135,605	160,318	165,200	24,725	31,223	33,350
Owners	130,574	155,918	162,600	15,179	14,332	14,350	96,861	118,182	122,900	18,534	23,404	25,300
%	69.1	70.8	71.6	53.2	50.1	50.3	71.4	73.7	74.4	75.0	75.0	76.0
Renters	58,312	64,240	64,550	13,377	14,285	14,200	38,744	42,136	42,350	6,191	7,819	8,025
%	30.9	29.2	28.4	46.8	49.9	49.7	28.6	26.3	25.6	25.0	25.0	24.0
Vacant units	12,330	13,824	14,950	2,688	3,521	3,650	6,711	7,065	7,750	2,931	3,238	3,500
Available units	7,275	7,059	7,550	1,517	1,694	1,650	4,934	4,432	4,850	824	933	1,050
For sale	2,629	1,989	2,000	518	388	350	1,730	1,240	1,250	381	361	410
Rate (%)	2.0	1.3	1.2	3.3	2.6	2.4	1.8	1.0	1.0	2.0	1.5	1.6
For rent	4,646	5,070	5,550	999	1,306	1,300	3,204	3,192	3,600	433	572	650
Rate (%)	7.4	7.3	7.9	7.0	8.4	8.4	7.6	7.0	7.8	6.7	6.8	7.6
Other vacant	5,055	6,765	7,425	1,171	1,827	2,000	1,777	2,633	2,900	2,107	2,305	2,450

Note: Numbers have been rounded for comparison.

Sources: 1990 and 2000—U.S. Census Bureau
Current and Forecast—Estimates by Analyst

Table 5
Residential Building Permit Activity
Wilmington-Newark HMA
1993 to April 1, 2003

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*
Wilmington-Newark HMA											
Total	3,311	3,451	2,959	2,951	2,966	4,046	3,325	3,099	2,806	3,222	811
Single-family	3,223	3,248	2,873	2,812	2,620	3,152	2,971	2,324	2,348	2,975	754
Multifamily	88	203	86	139	346	894	354	775	458	247	57
Wilmington City											
Total	22	77	71	80	85	113	116	116	118	124	30
Single-family	22	47	40	45	45	53	54	55	58	64	15
Multifamily	0	30	31	35	40	60	62	61	60	60	15
Remainder New Castle County											
Total	2,628	2,539	2,277	2,140	2,224	2,594	2,459	2,215	1,748	2,130	447
Single-family	2,628	2,523	2,223	2,132	2,032	2,274	2,219	1,585	1,588	2,008	435
Multifamily	0	16	54	8	192	320	240	630	160	122	12
Cecil County, Maryland											
Total	661	835	610	731	657	1,339	750	768	940	968	334
Single-family	573	678	610	635	543	825	698	684	702	903	304
Multifamily	88	157	0	96	114	514	52	84	238	65	30

* Partial building activity through March 31, 2003.

Source: U.S. Census Bureau, C-40 Series

Table 6

Estimated Qualitative Annual Demand for
New Market Rate Rental Housing

Wilmington-Newark HMA

April 1, 2003 to April 1, 2005

One Bedroom		Two Bedrooms		Three Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
900	30	1,100	50	1,350	20
950	26	1,150	42	1,400	16
1,000	24	1,200	37	1,450	15
1,050	21	1,250	32	1,500	13
1,100	18	1,300	26	1,550	12
1,150	14	1,350	21	1,650	10
1,200	11	1,400	17	1,750	0
1,300	0	1,500	13	1,850	0
1,400	0	1,600	10	1,950	0
1,500	0	1,700	0	2,050	0
1,600 or more	0	1,800 or more	0	2,100 or more	0

Notes: Demand shown above will occur in the suburbs toward the end of the forecast period and after April, 2005.

Distribution above is noncumulative. Demand of fewer than 10 units is shown as 0.

Numbers have been rounded for comparison.

Source: Estimates by Analyst