



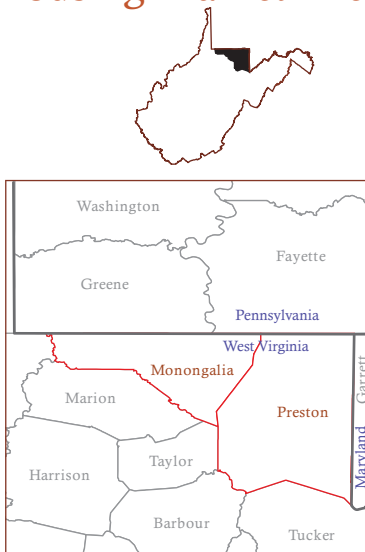
Morgantown, West Virginia

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2011



Summary

Housing Market Area



The Morgantown Housing Market Area (HMA), located in north-central West Virginia, consists of Monongalia and Preston Counties. The principal city of Morgantown, located in Monongalia County, is a regional center for education and health care. Morgantown is home to West Virginia University (WVU), with an enrollment of 29,300 students and an annual economic impact of \$4.9 billion on West Virginia, according to the WVU Bureau of Business and Economic Research.

Market Details

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Economy

After a year of slow growth, the Morgantown HMA economy expanded at a modest rate during the past 12 months. Nonfarm payrolls increased by 1,350 jobs, or 2.1 percent, to average 65,350 jobs during the 12 months ending June 2011 compared with an increase of 1,000 jobs, or 1.6 percent, during the 12 months ending June 2010. Major construction projects and natural gas drilling stimulated growth during the past year. During the 12 months ending June 2011, the average unemployment rate was 6.3 percent compared with a 5.7-percent rate during the previous 12 months.

Sales Market

Sales housing market conditions in the HMA are currently balanced, with an estimated 1.7-percent vacancy rate. During the 12 months ending June 2011, sales of new and existing homes decreased by 5 percent, to 870 homes sold, but the average sales price increased by 2 percent, to \$174,300. During the forecast period, demand is expected for 1,500 new homes (see Table 1). A portion of the 3,700 other vacant units in the HMA may re-enter the market and satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is currently balanced. The overall vacancy rate declined from 6.8 percent in 2010 to 6.4 percent as of July 1, 2011, because increased student enrollment at WVU helped to absorb units built in the past 2 years. During the forecast period, demand is expected for 1,400 new market-rate units (see Table 1). The 860 units currently under construction or conversion will satisfy more than one-half of this demand.

Table 1. Housing Demand in the Morgantown HMA, 3-Year Forecast, July 1, 2011 to July 1, 2014

	Morgantown HMA	
	Sales Units	Rental Units
Total Demand	1,500	1,400
Under Construction	10	860

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2011. A portion of the estimated 3,700 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

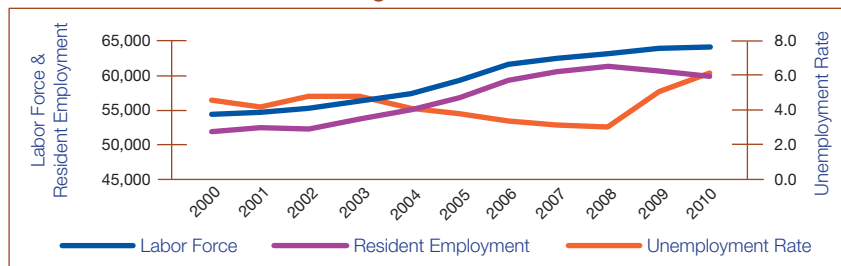
Economic Conditions

From 2000 to 2010, the economy of the Morgantown HMA added an average of 1,575 nonfarm payroll jobs, a 2.8-percent increase, each year. The pace of growth was faster during the first half of the decade; nonfarm payroll growth measured 3.1 percent from 2000 through 2005 before averaging 2.5 percent annually from 2006 through 2010. After December 2008, the month in which the HMA recorded the lowest unemployment rate in the nation, 2.7 percent, average annual nonfarm payroll growth fell below 1 percent. Employment losses in goods-producing sectors during 2009—including the closure of Kingwood Mining Company, LLC, which affected 325 workers, and layoffs at Matthews International, which

affected 120 workers—contributed to a 5.7-percent unemployment rate during the 12 months ending June 2010. Although the unemployment rate in the HMA remains the lowest among all metropolitan areas in West Virginia, the 6.3-percent average rate for the 12 months ending June 2011 is the highest recorded since the recession began. Figure 1 shows trends in labor force, resident employment, and unemployment rate from 2000 to 2010.

During the 12 months ending June 2011, the HMA added 1,350 jobs, a 2.1-percent increase, to average 65,350 nonfarm payroll jobs (see Table 2). These figures compare with an increase of 1,000 jobs, or 1.6 percent, during the 12-month period a year earlier. During the 12 months ending June 2011, the goods-producing sectors increased by 550 jobs, or 6.7 percent. The mining and logging subsector added 160 jobs, a 21.8-percent increase, primarily because of increased drilling in the Marcellus Shale. Marcellus Shale, located beneath much of West Virginia and the surrounding states, is a major source of natural gas. According to the West Virginia Geological and Economic Survey, approximately 60 Marcellus Shale wells were completed or permitted in the HMA from 2005 through April 2011, and most are in northern Preston County. The construction subsector increased by 290 jobs, or 8.6 percent, as construction neared completion at the \$2 billion coal-fired power plant in Madsville, in Monongalia County. Commercial operations began in mid-2011. The new employees at the power plant will add 100 jobs to the utilities sector, and it is expected that the mining sector will grow by 210 jobs during the forecast period to supply coal to the plant as raw material.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Morgantown HMA, 2000 to 2010



Source: U.S. Bureau of Labor Statistics

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Morgantown HMA, by Sector

	12 Months Ending June 2010	12 Months Ending June 2011	Percent Change
Total Nonfarm Payroll Jobs	64,000	65,350	2.1
Goods Producing	7,875	8,425	6.7
Mining, Logging, & Construction	4,125	4,550	10.6
Manufacturing	3,775	3,875	2.9
Service Providing	56,100	56,950	1.5
Wholesale & Retail Trade	7,650	7,725	0.9
Transportation & Utilities	1,150	1,100	-3.6
Information	680	710	5.2
Financial Activities	1,700	1,775	4.8
Professional & Business Services	4,975	5,275	5.6
Education & Health Services	12,600	12,800	1.6
Leisure & Hospitality	6,325	6,575	3.6
Other Services	3,050	3,025	-1.3
Government	17,950	17,950	-0.1

Notes: Based on 12-month averages through June 2010 and June 2011. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

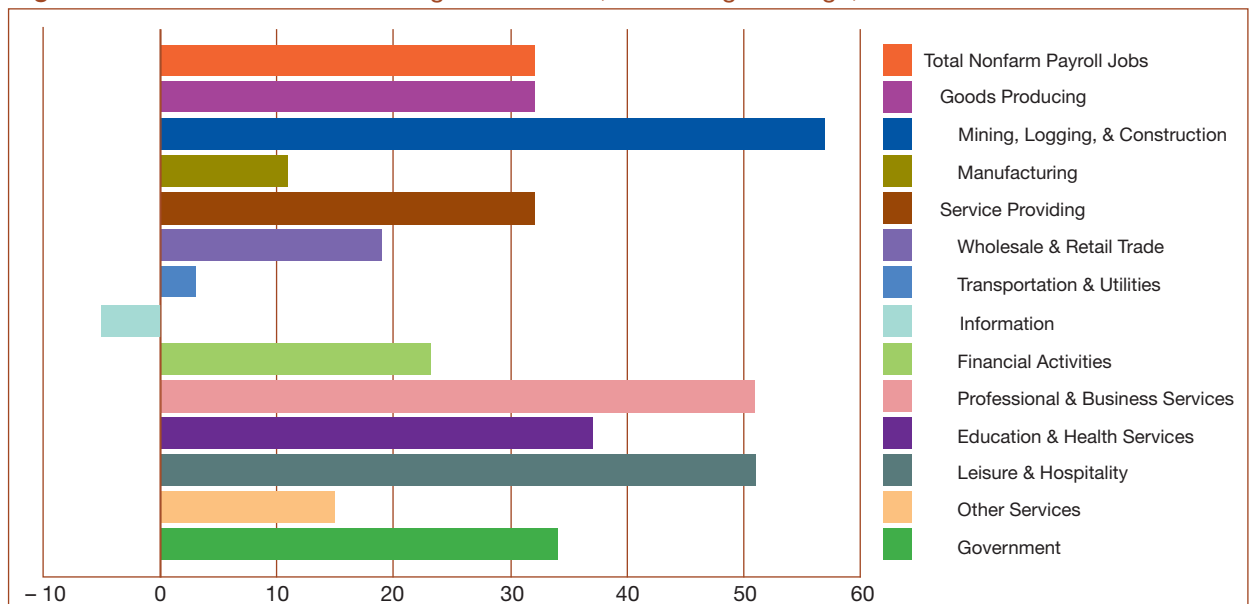
During the forecast period, the construction of four new schools and renovation of all existing schools in Preston County, as well as \$200 million in new buildings and renovations at the WVU-Evansdale campus in Morgantown, will add employment in the construction sector, although the expected number of new construction jobs is unknown at this time.

The service-providing sectors, which account for nearly 90 percent of nonfarm payroll jobs in the HMA, increased by 850 jobs, or 1.5 percent, during the 12 months ending June 2011. The professional and business services sector increased by 300 jobs, or 5.6 percent, with increased employment in scientific research and development services accounting for approximately two-thirds of this growth. The construction of a \$14.5 million biomedical research facility at the WVU Robert C. Byrd Health Sciences Center, which is expected to open in late 2012, will add approximately 250 jobs to this sector during

the forecast period. See Figure 2 for percentage growth by sector from 2000 to July 1, 2011.

The largest employers in the HMA are WVU, WVU Hospitals, and Mylan Pharmaceuticals Inc., with 6,700, 4,300, and 2,300 employees, respectively (see Table 3). According to the WVU Bureau of Business and Economic Research, direct expenditures by the university in 2009 produced an economic impact of approximately \$4.9 billion across West Virginia. With the presence of WVU, the United States Penitentiary-Hazelton, and the National Institute for Occupational Safety and Health, the government sector accounts for the largest share of nonfarm payroll jobs in the HMA (see Figure 3). During the forecast period, the HMA is expected to add an average of 1,725 jobs, a 2.6-percent increase, annually. The mining, logging, and construction and the professional and business services sectors will lead growth in nonfarm payrolls during the next 3 years.

Figure 2. Sector Growth in the Morgantown HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through June 2011.

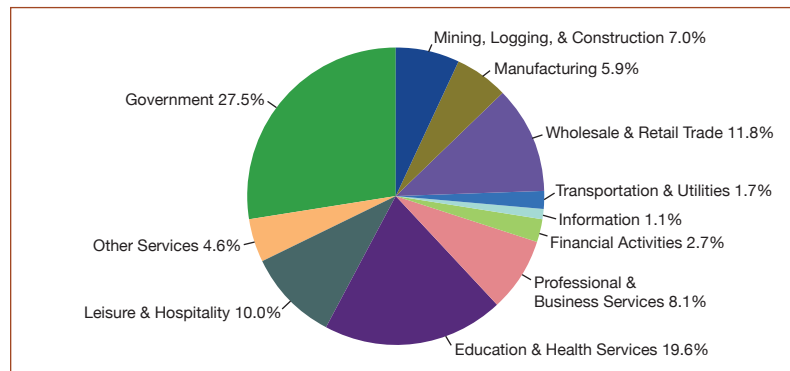
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Morgantown HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
West Virginia University	Government	6,700
West Virginia University Hospitals	Education & Health Services	4,300
Mylan Pharmaceuticals Inc. and Mylan Inc.	Manufacturing	2,300
West Virginia University Medical Corporation	Education & Health Services	1,500
Monongalia General Hospital	Education & Health Services	1,400
Aker Construction, Inc.	Mining, Logging, & Construction	1,300
Wal-Mart Stores, Inc.	Wholesale & Retail Trade	700
Teletch Customer Care Management (West Virginia), Inc.	Professional & Business Services	700
National Institute for Occupational Safety and Health	Government	500
Gabriel Brothers, Inc.	Wholesale & Retail Trade	400

Notes: As of March 2010. Excludes public employers such as local school districts.

Source: Morgantown Area Economic Partnership

Figure 3. Current Nonfarm Payroll Jobs in the Morgantown HMA, by Sector

Note: Based on 12-month averages through June 2011.

Source: U.S. Bureau of Labor Statistics

Population and Households

The population of the Morgantown HMA as of July 1, 2011, was estimated at 131,200 (see Table DP-1). Annual population growth averaged 1,700 people, or 1.5 percent, from 2000 to 2003, slowed to 1,600 people, or 1.4 percent, from 2003 to 2004 during a period of relatively high unemployment, and averaged 2,050 people, or 1.7 percent, from 2004 to 2010. Net in-migration accounted

for approximately 85 percent of population growth from 2000 through 2010. The enrollment of out-of-state students at WVU, which increased by 5,350 students, or 83 percent, from 2000 to 2010, accounted for approximately one-third of in-migration during the decade. After increasing by an average of 860 students a year from 2000 to 2008, enrollment at WVU slowed to an average annual

increase of only 230 students from 2008 to 2010. Economic growth also fueled the increase in population since 2000. According to the 2005–2009 American Community Survey 5-Year Estimates, 70 percent of individuals who moved into the HMA within the previous year moved from within West Virginia. Approximately one-third of these in-state moves were from counties immediately to the southwest of the HMA. Since 2000, net natural change (resident births minus resident deaths) has averaged 280 people a year (see Figure 4).

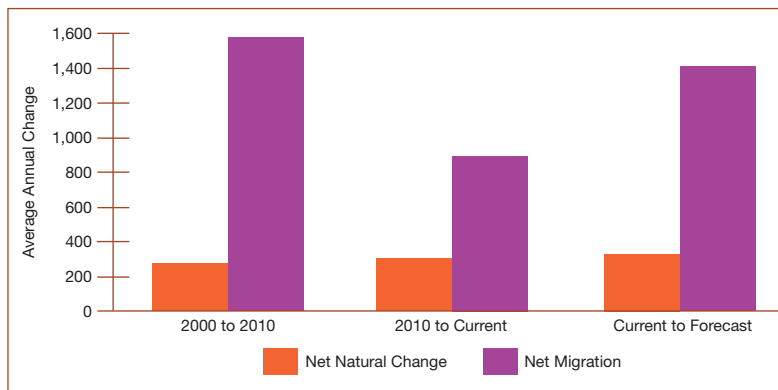
Since April 1, 2010, population growth has slowed to an average of 1,200 people, or 0.9 percent, annually. As the economy continues to

improve, the population is expected to grow by 1,725, or 1.3 percent, annually during the next 3 years. Enrollment at WVU is expected to increase by approximately 590 students for the 2011–12 academic year.

The number of people living in group quarters increased from 5.5 percent of the total population in 2000 to an estimated 7.2 percent currently. The construction of two dormitories at WVU—Lincoln Hall, with 330 beds, in 2006 and Honors Hall, with 350 beds, in 2009—and the opening of the United States Penitentiary-Hazelton in 2004 caused this increase. Approximately 7.7 percent of the population will live in group quarters by the end of the forecast period, with the opening of the penitentiary's fourth prison in 2013, which will house 1,100 inmates.

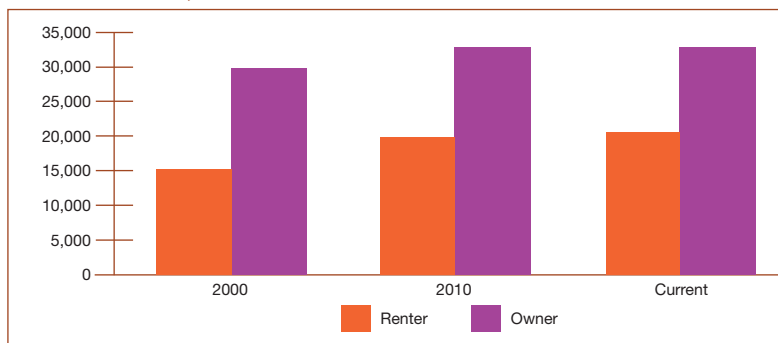
Currently, the Morgantown HMA has an estimated 53,250 households. Annual growth averaged 770 households, or 1.6 percent, from 2000 to 2010. Annual growth decreased to 460 households, or 0.9 percent, from April 1, 2010 to July 1, 2011, because the slower pace of job growth during the 12 months ending June 2010 tempered migration into the HMA. Of the current households, an estimated 32,750 are owner households, and the remaining 20,500 are renter households (see Figure 5). The HMA has added an average of 490 renter households and 250 owner households each year since 2000. The homeownership rate declined from 66.6 percent in 2000 to an estimated 61.5 percent currently. The HMA is expected to add approximately 800 total households annually during the forecast period (see Figure 6).

Figure 4. Components of Population Change in the Morgantown HMA, 2000 to Forecast

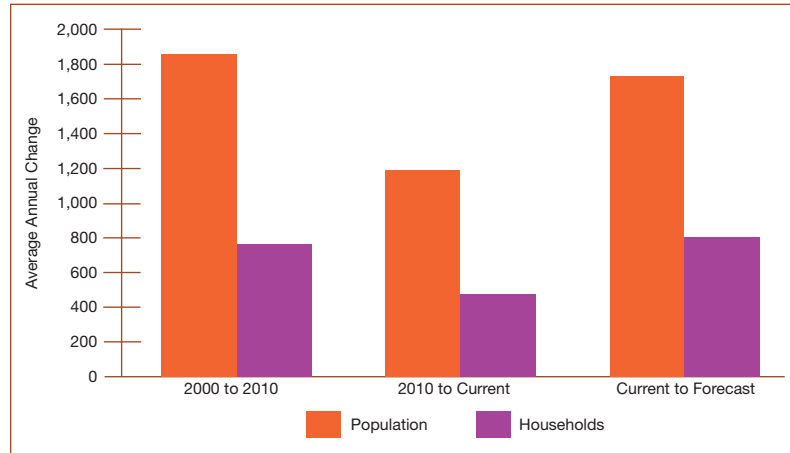


Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Number of Households by Tenure in the Morgantown HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Morgantown HMA, 2000 to Forecast

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Morgantown HMA is currently balanced. The current vacancy rate is estimated at 1.7 percent, relatively unchanged since 2010. According to data from the West Virginia Association of REALTORS®, 870 new and existing homes sold during the 12 months ending June 2011, a 5-percent decrease from the number sold during the previous 12-month period. The average sales price increased by 2 percent, to \$174,300, during the 12 months ending June 2011. According to local sources, annual single-family home price appreciation ranged from 10 to 25 percent in the mid-2000s. During the 12 months ending May 2011 (the most recent data available), new and existing single-family homes sold for an average of \$225,900, whereas townhomes and condominiums sold for an average of \$156,700 and accounted for one-third of all homes

sold. The average inventory of 860 unsold homes during the 12 months ending June 2011 represents a supply of slightly less than a year, up slightly compared with the average inventory during the 12 months ending June 2010. According to LPS Applied Analytics, in June 2011, 2 percent of home loans in the HMA were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from the 2.8-percent rate recorded in June 2010.

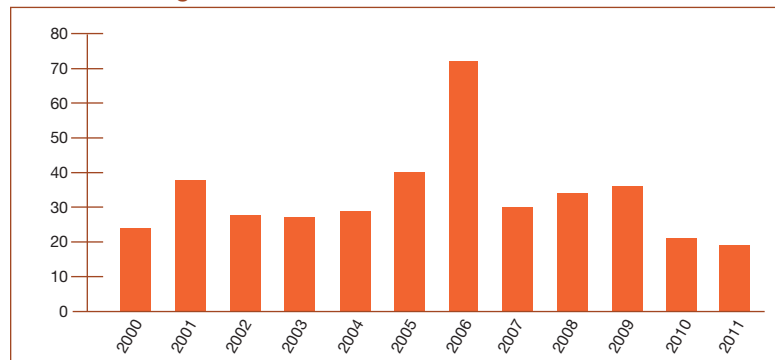
Based on preliminary data, 30 single-family homes were permitted in the 12 months ending June 2011 compared with 20 homes permitted in the previous 12 months (see Figure 7). Building permits, however, are not inclusive of all housing construction activity across the HMA, because permits are only issued within town and city limits, and most building in the HMA occurs in unincorporated areas. New

single-family subdivisions in the HMA include Harvest Ridge, a 300-lot community located south of Morgantown, where approximately 100 homes, with an average sales price of \$285,000, have been built since 2007, and The Meadows, a 130-lot golf course subdivision located 8 miles west of Morgantown. Single-family homes sold at The Meadows average \$135,000 and townhomes average \$109,000. At Alpine Lake Resort in Preston County, where 75 percent of homes are for seasonal occupancy, the 17 homes sold in 2010 were 25 percent fewer than the average

number of homes sold each year from 2000 to 2009, and lot prices were down 80 percent from 2007, when the average lot price peaked at \$20,850.

During the next 3 years, demand is expected for 1,500 new homes in the HMA. Demand is expected to be strongest for new homes priced between \$125,000 and \$175,000. Table 4 illustrates estimated demand for new housing by price range. A portion of the 3,700 other vacant units in the HMA may re-enter the market and satisfy some of the forecast demand.

Figure 7. Single-Family Building Permits Issued in the Morgantown HMA, 2000 to 2011



Notes: Includes only single-family units. Includes data through June 2011.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Morgantown HMA, July 1, 2011 to July 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	124,999	150	10.0
125,000	174,999	450	30.0
175,000	224,999	380	25.0
225,000	274,999	300	20.0
275,000	324,999	120	8.0
325,000	and higher	110	7.0

Notes: The 10 homes currently under construction and a portion of the estimated 3,700 other vacant units in the HMA will likely satisfy some of the forecast demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

Rental Market

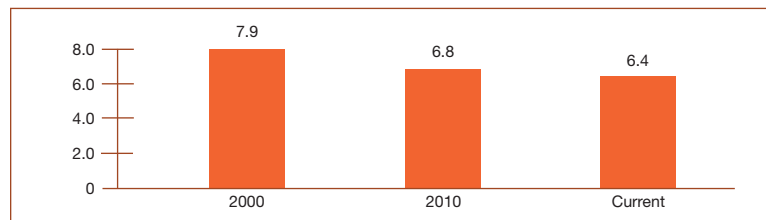
The rental housing market in the Morgantown HMA is currently balanced. In 2009, the delivery of approximately 1,350 apartment units—well above the average of 510 units constructed annually from 2005 to 2008—along with a growth in enrollment of only 60 students at WVU led to concessions at several rental properties marketed to students. Enrollment increased by 410 students from 2009 to 2010, and the rental vacancy rate declined from 6.8 percent in April 2010 to a rate currently estimated at 6.4 percent. The market tightened from 2000, when the vacancy rate was 7.9 percent (see Figure 8).

The rental housing market in the HMA is largely oriented around WVU, where 23,450 students, or 80 percent of the student body, live off campus and represent approximately two-thirds of

all renter households in Monongalia County. Many units rented closer to campus are in single-family structures. According to the city of Morgantown, approximately 45 percent of rental units within the city are in single-family structures, including converted units, or in mobile homes. Units rented farther from campus are often within newer communities of 20 or more units which offer modern amenities. Apartment market rents average \$750 for a one-bedroom unit, \$990 for a two-bedroom unit, and \$1,525 for a three-bedroom unit. Single-family homes rent for an average of \$800 for a two-bedroom home and \$1,050 for a three-bedroom home. According to a study conducted for the city of Morgantown by Vogt Santer Insights, the apartment vacancy rate in the greater Morgantown area was 3.4 percent as of January 2011.

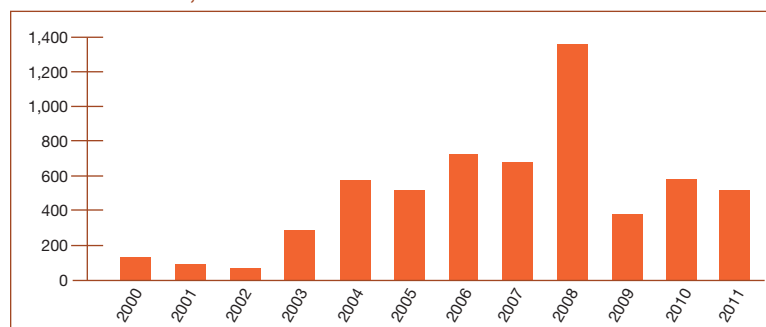
Based on preliminary data, 790 multifamily units were permitted during the 12 months ending June 2011, up from 480 units permitted in the previous 12 months. Building permits are not inclusive of all construction activity across the HMA, because most building occurs in unincorporated areas. The data on multifamily permits in Figure 9, however, are adjusted for major rental projects constructed in the HMA since 2000. Multifamily starts averaged 550 units a year from 2003 through 2007, peaked in 2008 at 1,350 units, and averaged 480 units from 2009 through 2010. Properties completed during the past year include Mountaineer Place, a property of 34 one- to four-bedroom units abutting the WVU-Downtown campus, with rents ranging from \$660 to \$1,040 per bed, and Stonepath

Figure 8. Rental Vacancy Rates in the Morgantown HMA, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Morgantown HMA, 2000 to 2011



Notes: Includes all multifamily units in structures with two or more units. Includes data through June 2011.

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

Housing Market Trends

Rental Market *Continued*

Apartments, a 46-unit, low-income housing tax credit rental community near Cheat Lake, with rents starting at \$415. Communities under construction include Beechview Place, a 233-unit, mixed-use property in downtown Morgantown, with rents starting at \$695 per bed, which is expected to be complete in December 2011, and The Domain, a 315-unit luxury student property in Granville expected to be completed in July 2012.

During the next 3 years, demand is expected for 1,400 new market-rate rental units in the HMA. The 860 units currently under construction or conversion will meet a portion of this demand. Approximately 90 percent of the rental units currently under construction target student renters. Table 5 illustrates estimated demand for new market-rate rental housing in the HMA by number of bedrooms and rent level.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Morgantown HMA, July 1, 2011 to July 1, 2014

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
625 to 824	320	850 to 1,049	320	1,300 to 1,499	180
825 or more	110	1,050 to 1,249	190	1,500 to 1,699	110
		1,250 to 1,449	65	1,700 to 1,899	35
		1,450 or more	65	1,900 to 2,099	20
				2,100 or more	20
Total	420	Total	630	Total	350

Notes: The 860 units currently under construction will satisfy some of the estimated demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

Data Profile

Table DP-1. Morgantown HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	52,107	59,993	59,650	1.4	- 1.1
Unemployment Rate	4.6%	6.1%	6.3%		
Nonfarm Payroll Jobs	49,400	65,166	65,350	2.8	0.6
Total Population	111,200	129,709	131,200	1.6	0.9
Total Households	44,990	52,672	53,250	1.6	0.9
Owner Households	29,976	32,679	32,750	0.9	0.2
Percent Owner	66.6%	62.0%	61.5%		
Renter Households	15,014	19,993	20,500	2.9	2.0
Percent Renter	33.4%	38.0%	38.5%		
Total Housing Units	50,139	58,335	58,950	1.5	0.8
Owner Vacancy Rate	2.3%	1.8%	1.7%		
Rental Vacancy Rate	7.9%	6.8%	6.4%		
Median Family Income	\$35,750	\$52,700	\$55,900	4.0	3.0

Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through June 2011. Median family incomes are for 1999, 2009, and 2011.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 7/1/2011—Analyst's estimates

Forecast period: 7/1/2011–7/1/2014—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units are classified as commercial structures and 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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_MorgantownWV_11.pdf.

Contact Information

Benjamin B. Houck, Economist
Philadelphia HUD Regional Office
215-430-6678
benjamin.b.houck@hud.gov

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 also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.