

COMPREHENSIVE HOUSING MARKET ANALYSIS

Salisbury, Maryland-Delaware

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of May 1, 2022



PD&R

Share on:   



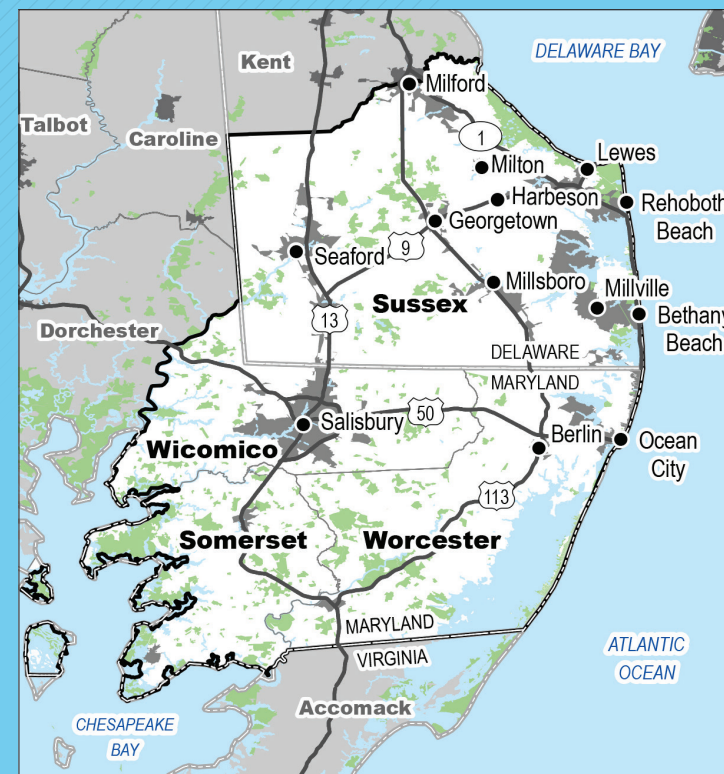
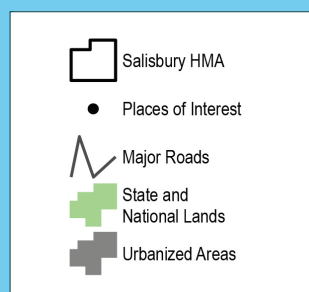
Executive Summary

Housing Market Area Description

The Salisbury Housing Market Area (HMA) is defined as Somerset, Wicomico, and Worcester Counties in Maryland and Sussex County in Delaware and is coterminous with the Salisbury, MD-DE Metropolitan Statistical Area (MSA). The HMA is located along the Atlantic Ocean in southern Maryland and Delaware and is part of the Delmarva Peninsula region, which also includes areas on the eastern shore of Virginia.

The current population of the HMA is estimated at 434,900.

The HMA is known as a tourist and retirement destination due to its proximity to the ocean, mild climate, and access to a variety of outdoor recreational activities, including fishing, boating, and golfing. The HMA is also home to Salisbury University in Wicomico County—the largest university in the HMA, with 7,570 students enrolled during the fall of 2021.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Strong: During the 12 months ending April 2022, nonfarm payrolls averaged 162,300, an increase of 8,000 jobs, or 5.2 percent, compared with a decline of 4.9 percent during the previous 12 months.

Nonfarm payroll growth in the Salisbury HMA was strong during the past year. The economy in the HMA has fully recovered following significant job losses in April 2020 resulting from countermeasures taken to slow the spread of COVID-19. Before the pandemic, economic growth in the HMA was stable; nonfarm payrolls increased by an average of 2,600 jobs, or 1.7 percent, annually from 2012 through 2019. The unemployment rate averaged 5.3 percent during the 12 months ending April 2022, down from 7.3 percent during the previous 12-month period. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.9 percent annually.

Sales Market



Tight: During April 2022, the inventory of available homes for sale in the Salisbury HMA was 1.6 months, down from a 1.7-month supply a year earlier (CoreLogic, Inc.).

The home sales market in the HMA is currently tight, with an estimated sales vacancy rate of 2.0 percent, down from 4.1 percent in April 2010 when conditions were soft. A decline in the inventory of homes for sale contributed to the tight market conditions. During the 12 months ending April 2022, the average new home sales price increased 18 percent to \$458,000, whereas the average existing home sales price increased 15 percent to \$363,100 (CoreLogic, Inc.). During the next 3 years, demand is estimated for 9,100 new homes. The 1,550 homes under construction will satisfy a portion of the demand during the first year of the forecast period.

Rental Market



Balanced: The overall rental market has an estimated vacancy rate of 9.0 percent, down from 17.0 percent in April 2010.

Rental housing market conditions in the Salisbury HMA are currently balanced, compared with soft conditions in 2010. Apartment market conditions are also balanced, with a vacancy rate of 5.0 percent during the first quarter of 2022, up from 3.2 percent during the first quarter of 2021 but below the recent peak of 7.8 percent during the first quarter of 2020 (CoStar Group). The apartment asking rent in the HMA averaged \$1,324 during the first quarter of 2022, up 11 percent from a year ago. During the next 3 years, demand is estimated for 2,650 new rental units. The 2,075 units under construction will satisfy a significant portion of that demand during the forecast period.

TABLE OF CONTENTS

Economic Conditions 4

Population and Households 9

Home Sales Market 12

Rental Market 17

Terminology Definitions and Notes 20

3-Year Housing Demand Forecast

Salisbury HMA	Sales Units		Rental Units	
	Total Demand	9,100	2,650	
	Under Construction	1,550	2,075	

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Demand for sales housing units does not include demand for seasonal or second homes. Units under construction as of May 1, 2022. The forecast period is May 1, 2022, to May 1, 2025.

Source: Estimates by the analyst



Economic Conditions

Largest Sector: Wholesale and Retail Trade

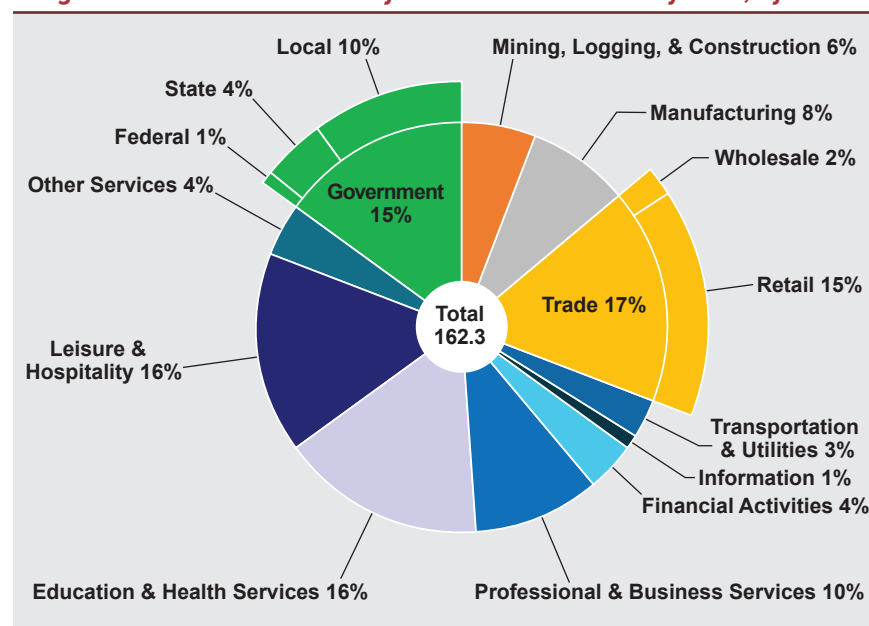
The prevalence of tourism and tax-free shopping in the HMA has contributed to significant employment in the retail trade subsector, which accounts for 15 percent of nonfarm payrolls. By comparison, the retail trade subsector accounts for only 11 percent of nonfarm payrolls nationally.

Primary Local Economic Factors

The Salisbury HMA is a popular tourist and retirement destination, with a large retail subsector and many healthcare facilities. The tourism industry is a notably important component of the Salisbury HMA economy, contributing to job growth in the wholesale and retail trade sector and the leisure and hospitality sector, two of the largest sectors in the HMA (Figure 1). The numerous beaches and beach towns—including Rehoboth Beach in Sussex County and Ocean City in Worcester County—draw tourists to the HMA, particularly during the summer months. During Fiscal Year (FY) 2021, the tourism industry in Sussex County alone generated \$2.3 billion in visitor spending and supported 19,750 jobs in the county (Southern Delaware Tourism FY 2021 Annual Report).

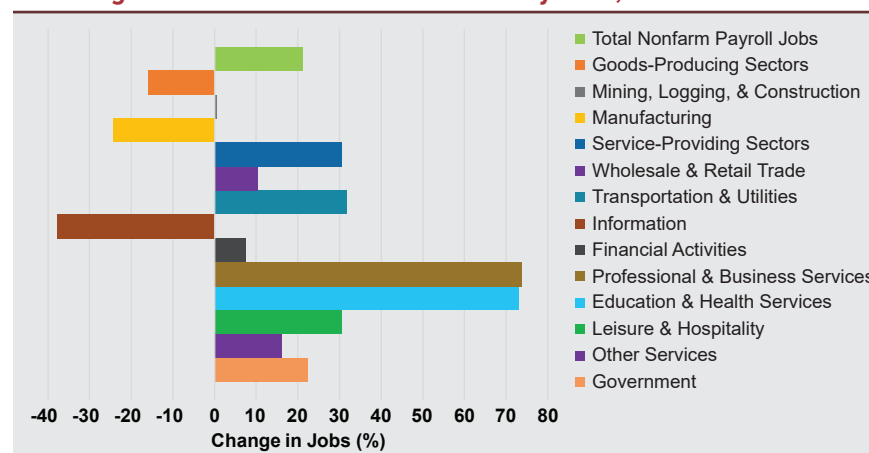
The proximity of the HMA to the Baltimore, Philadelphia, and Washington, D.C. metropolitan areas has contributed to strong tourism and the in-migration of retirees from those areas. Retirees are attracted to the HMA because of the mild climate, the numerous recreational outdoor activities, and the low property taxes in Sussex County. The share of retirees in the HMA has increased notably since the early 2010s, contributing to a higher median age; the median age in the HMA was 46.9 in 2019, up from 43.5 in 2013 (2013 and 2019 American Community Survey [ACS] 1-year data). The aging population has contributed to significant growth in the education and health services sector, which has been the second fastest growing sector in the HMA during much of the past two decades (Figure 2) and currently accounts for 16 percent of all nonfarm payrolls in the HMA. Of the 10 major employers in

Figure 1. Share of Nonfarm Payroll Jobs in the Salisbury HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through April 2022. Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Salisbury HMA, 2001 to Current



Note: The current date is May 1, 2022. Source: U.S. Bureau of Labor Statistics

the HMA, 5 are part of the education and health services sector, and 4 of those are hospitals (Table 1).

Partly because of the absence of sales tax in Sussex County, the HMA is also known as a regional shopping destination, with multiple shopping outlets located throughout the HMA, including the Tanger Factory Outlet Center in Rehoboth Beach and Outlets Ocean City in Worcester County, which have supported job growth in the wholesale and retail trade sector.

In addition to the tourist and retiree attractions, which are primarily located along the Atlantic coast of the HMA, a large portion of the inland part of the HMA is rural, with notable agricultural and poultry production industries. Perdue Farms Inc., the fourth largest poultry producer in the United States during 2020, is currently the largest employer in the HMA.

Table 1. Major Employers in the Salisbury HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Perdue Farms Inc.	Manufacturing	4,600
TidalHealth Peninsula Regional	Education & Health Services	4,212
Bayhealth Medical Center	Education & Health Services	3,700
Beebe Healthcare	Education & Health Services	2,850
Salisbury University	Government	1,748
Mountaire Farms	Manufacturing	1,699
Atlantic General Hospital	Education & Health Services	750–999
Walmart Inc.	Wholesale & Retail Trade	750–999
Seacrets Distilling Company	Manufacturing	500–749
Worcester County Developmental Center	Education & Health Services	500–749

Note: Excludes local school districts.

Sources: *Delaware Business Times*; Maryland Department of Commerce; Maryland Department of Labor; TidalHealth Peninsula Regional, 2020 IRS Form 990; Salisbury University EDS File

Current Conditions—Nonfarm Payrolls

The economy in the Salisbury HMA has fully recovered following significant job losses in April 2020 resulting from countermeasures taken to slow the spread of COVID-19. As of April 2022, nonfarm payroll jobs totaled 162,300, which is 4,900 jobs, or 3.1 percent, higher than the number of jobs in

March 2020, before the downturn (monthly data, not seasonally adjusted). Nonfarm payrolls were up or relatively unchanged in 10 of 11 sectors during the 12 months ending April 2022. The total number of jobs increased by 8,000, or 5.2 percent, during the 12 months ending April 2022 (Table 2), compared with a decline of 4.9 percent during the 12 months ending April 2021. The leisure and hospitality and the wholesale and retail trade sectors, which respectively increased by 3,000 and 1,600 jobs, or 12.7 and 6.1 percent, during the 12 months ending April 2022, led job gains in the HMA and together accounted for 58 percent of total job additions. The opening of the 105-room Hyatt House Lewes/Rehoboth Beach hotel in the city of Lewes in February 2022 contributed to 50 new jobs in the leisure and hospitality sector. The opening of new retail stores in the HMA—including Atlantic Discount Pharmacy and Sound Storm

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Salisbury HMA, by Sector

	12 Months Ending April 2021	12 Months Ending April 2022	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	154.3	162.3	8.0	5.2
Goods-Producing Sectors	23.0	23.2	0.2	0.9
Mining, Logging, & Construction	9.5	9.7	0.2	2.1
Manufacturing	13.6	13.5	-0.1	-0.7
Service-Providing Sectors	131.2	139.1	7.9	6.0
Wholesale & Retail Trade	26.4	28.0	1.6	6.1
Transportation & Utilities	4.2	4.4	0.2	4.8
Information	1.1	1.2	0.1	9.1
Financial Activities	6.4	6.7	0.3	4.7
Professional & Business Services	15.2	16.5	1.3	8.6
Education & Health Services	25.8	25.8	0.0	0.0
Leisure & Hospitality	23.7	26.7	3.0	12.7
Other Services	5.2	5.7	0.5	9.6
Government	23.3	24.2	0.9	3.9

Notes: Based on 12-month averages through April 2021 and April 2022. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics

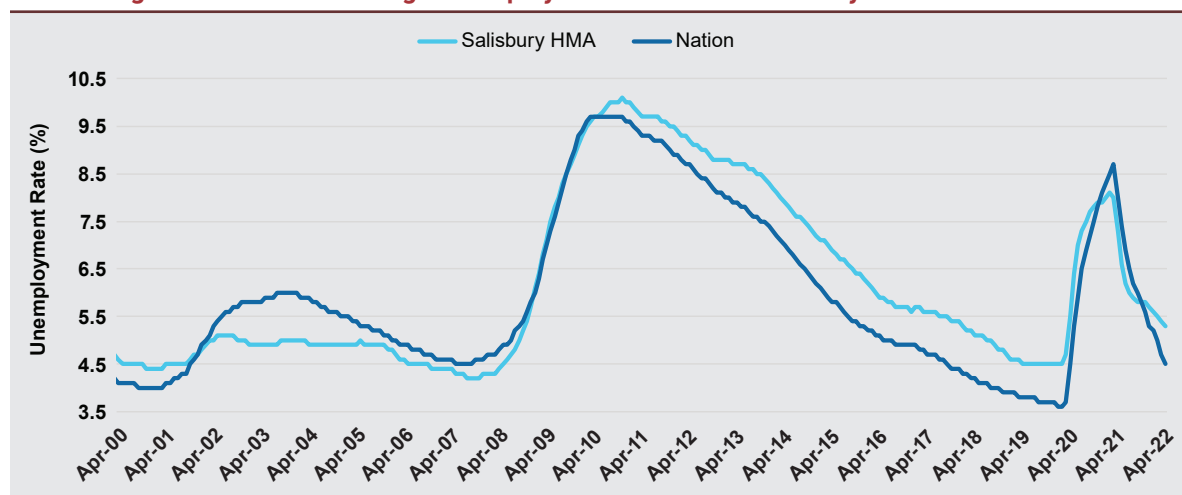


Records in the town of Berlin and the Ocean City shoe store Deadstock OC—supported job growth in the retail trade subsector. Despite a modest job loss in the manufacturing sector and no growth in the education and health services sector during the 12 months ending April 2022, overall job growth in the Salisbury HMA has been relatively strong during the past 12 months. For context, job growth of 5.0 percent in the nation was 0.2-percentage point slower than in the HMA during the 12 months ending April 2022.

Current Conditions—Unemployment

Before the impact of COVID-19, the unemployment rate in the Salisbury HMA declined each year of the 2010s, from a high of 10.0 percent in 2010 to a low of 4.5 percent in 2019 (Figure 3). As the impact of the pandemic deepened, the unemployment rate in the HMA rose to 5.5 percent

Figure 3. 12-Month Average Unemployment Rate in the Salisbury HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

during the 12 months ending April 2020 and again to 7.3 percent during the 12 months ending April 2021. The unemployment rate, however, declined to 5.3 percent during the 12 months ending April 2022. By comparison, the unemployment in the nation declined from 8.0 percent during the 12 months ending April 2021 to 4.5 percent during the 12 months ending April 2022.

Economic Periods of Significance

2001 Through 2007

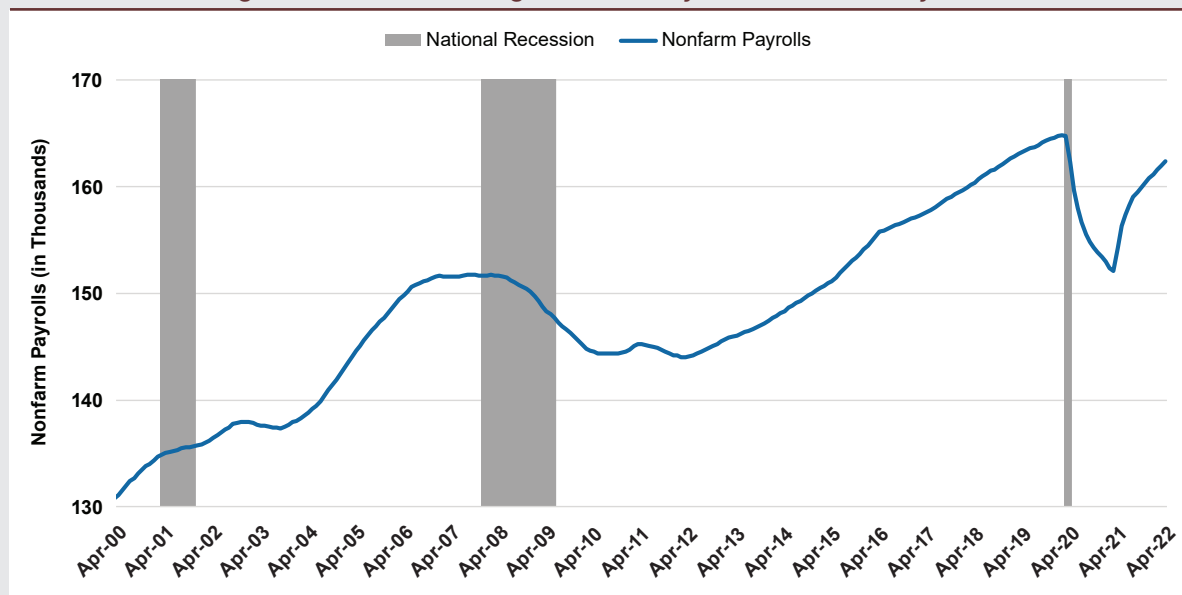
The economy in the Salisbury HMA generally expanded during the early and mid-2000s (Figure 4). Nonfarm payrolls grew at an average annual rate of 1.8 percent, or 2,500 jobs, a year from 2001 through 2007, despite a loss of 100 jobs, or 0.1 percent, during 2003. From 2001 through 2007, jobs in the HMA increased at a

faster rate than in the nation, which rose 0.6 percent annually. Sixty percent of the net job gain in the HMA occurred in the education and health services, the leisure and hospitality, and the government sectors, which were up by averages of 700, 400, and 400 jobs, or 4.1, 2.0, and 1.8 percent, a year, respectively. The fastest job growth was in the education and health services sector, which coincided with high levels of net in-migration, particularly retirees moving to the area who typically have greater needs for healthcare services. The opening of the Beebe Healthcare Rehoboth Health Campus in 2003 and the subsequent opening of the Tunnell Cancer Center facility on the same campus in 2007 contributed to gains in the sector during the period.

2008 Through 2011

Economic conditions in the Salisbury HMA weakened significantly from 2008 through 2011, in large part because of the Great Recession. Nonfarm payrolls declined by an average of 1,900 jobs, or 1.2 percent, annually during the period—a slightly faster rate than in the nation, which declined an average of 1.1 percent a year. Job losses in the HMA occurred in 7 of 11 nonfarm payroll sectors but were concentrated in the goods-producing sectors, which accounted for 84 percent of net job losses. The mining, logging, and construction and the manufacturing sectors were predominantly affected by declining levels of new home construction and reduced demand, falling by averages of 1,100 and 500 jobs, or 11.0 and 3.4 percent, a year. During the period, residential construction declined 61 percent from the 2001-through-2007 period. Invista, a nylon manufacturing plant in the town of Seaford, laid off 400 of its 500 employees in 2009, partially contributing to job losses in the manufacturing sector. Among the service-providing sectors, job losses were greatest in the financial activities and the wholesale and retail trade sectors, down by an average of 400 jobs each, or 4.6 and 1.5 percent, respectively, a year. The only three sectors to add jobs were the education and health services, the professional and business services, and the government sectors, which were up by averages of 500, 200, and 200 jobs, or 2.4, 1.4, and 1.0 percent, respectively, a year.

Figure 4. 12-Month Average Nonfarm Payrolls in the Salisbury HMA



Note: 12-month moving average.

Sources: National Bureau of Economic Research; U.S. Bureau of Labor Statistics

2012 Through 2019

The economy in the Salisbury HMA began to recover in 2012, and by 2015, nonfarm payrolls had surpassed the prerecessionary high in 2007. From 2012 through 2019, the HMA added an average of 2,600 jobs, or 1.7 percent, annually—the same rate of job growth as in the nation. Job gains in the HMA were strongest in the leisure and hospitality, the professional and business services, and the education and health services sectors, which rose by respective averages of 700, 600, and 600 jobs, or 2.8, 4.5, and 2.5 percent, a year, and accounted for 73 percent of the net job growth in the HMA. The completion of several new hotels, including Bethany Beach Ocean Suites Residence Inn by Marriot in 2015, Hyatt Place Ocean City/Oceanfront in 2018, and Aloft Ocean City in 2019, supported job growth in the leisure and hospitality sector during the period. The completion of the Beebe Healthcare Imaging Georgetown facility, the expansion of Beebe Healthcare Imaging Millville in the town of Millville in 2014, and the opening of Bayhealth Hospital, Sussex Campus in the town of Milford in 2018 contributed to job gains in the education and health services sector during the period.

Commuting Patterns

Approximately 54 percent of primary jobs in the HMA in 2019 were located in Sussex County, with 27 percent in Wicomico County, 14 percent in Worcester County, and 5 percent in Somerset County (U.S. Census Bureau, OnTheMap). Despite the higher concentration of jobs in Sussex County, most working residents in the four counties who make up the HMA live and work in the same county (Table 3; U.S. Census Bureau, OnTheMap). Sussex County had the greatest proportion of working residents with jobs in the same county where they live, at 60 percent. Somerset County had the greatest proportion of residents working outside of the county where they live, at 72 percent, with the plurality of those commuting to jobs outside the HMA. Notably, more than 25 percent of workers residing in each of the four counties commuted to jobs outside of the HMA, reflecting greater employment opportunities in larger nearby metropolitan areas, such as the Philadelphia, Baltimore, and Washington, D.C. MSAs.

Table 3. Jobs by Place of Worker Residence in the Salisbury HMA

Location of Primary Job	Worker Residence			
	Sussex County (%)	Wicomico County (%)	Worcester County (%)	Somerset County (%)
Sussex County	60	8	7	3
Wicomico County	5	54	16	26
Worcester County	3	8	48	7
Somerset County	0	3	2	28
Outside the HMA	32	27	26	35

Note: Columns may not add to 100 percent due to rounding.

Source: U.S. Census Bureau, 2019 OnTheMap

Forecast

During the 3-year forecast period, nonfarm payroll jobs in the HMA are expected to increase at an average rate of 1.9 percent annually. Job gains are expected to be the strongest in the leisure and hospitality sector—a continuation of recent trends—as new restaurants and hotels open in response to increased tourism. Job growth is also expected in the education and health services sector as healthcare services and medical facilities expand. High levels of net in-migration and the relatively large share of retirees in the HMA are expected to put upward pressure on healthcare services. In late 2021, Bayhealth Medical Center began the construction of Bayhealth Total Care, a 48,500-square foot health care center in the town of Milton in Sussex County, which is expected to be complete in early 2023. In addition, a \$125 million, 135,000-square foot Specialty Surgical Hospital at the Beebe Healthcare Rehoboth Beach Health Campus is under construction and is expected to open in mid-May of 2022. Approximately 150 jobs will be added when construction is complete, and these positions will include 12 surgeons.

Population and Households

Current Population: 434,900

Since 2015, the population of the Salisbury HMA has been increasing because of high levels of net in-migration, despite net natural decline.

Population and Migration Trends

As of May 1, 2022, the population of the Salisbury HMA is estimated at 434,900, representing an average annual increase of 5,050, or 1.3 percent, since April 2010 (Table 4). Approximately 58 percent of the population live in Sussex County, the fastest growing county both in the HMA and in the state of Delaware. The remaining 42 percent live in the Maryland counties, with 24 percent living in Wicomico County, 12 percent in Worcester County, and 6 percent in Somerset County.

Economic conditions have generally impacted population growth and migration trends in the HMA since the 2000s. The economic expansion during much of the 2000s contributed to strong population growth from 2000 to 2008, increasing by 6,575, or 2.0 percent, annually (Figure 5). Net in-migration averaged 5,875 people a year, accounting for 89 percent of population growth during the period, whereas net natural increase averaged 700 people a year and accounted for 11 percent of population growth.

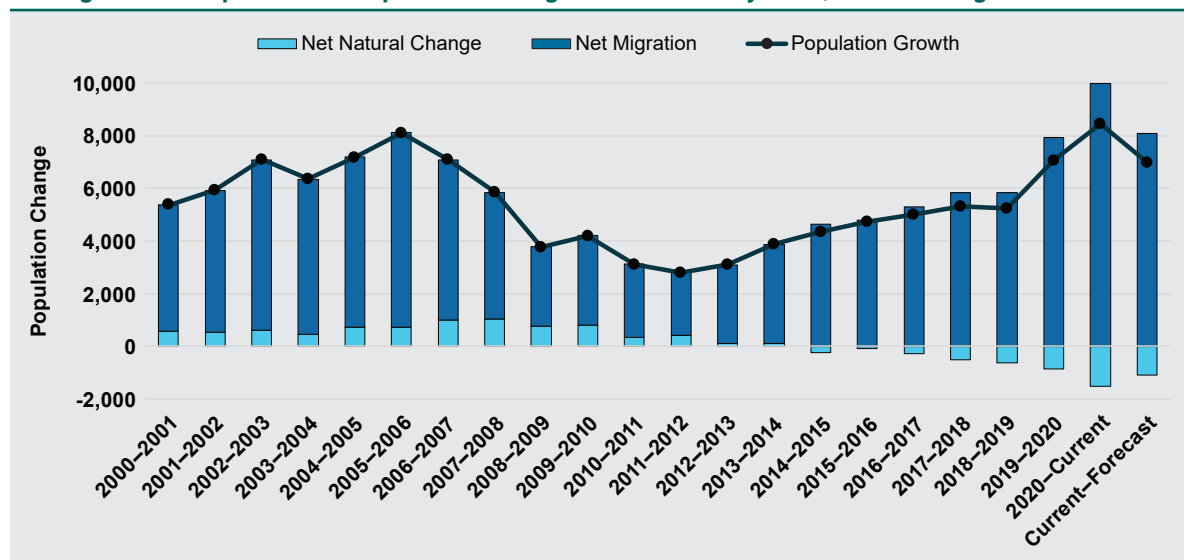
Table 4. Salisbury HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast
	Population	373,802	434,900
	Average Annual Change	6,125	5,050
	Percentage Change	1.8	1.3
Household Quick Facts	2010	Current	Forecast
	Households	147,605	177,100
	Average Annual Change	2,475	2,450
	Percentage Change	1.9	1.5

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (May 1, 2022) to May 1, 2025.

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

Figure 5. Components of Population Change in the Salisbury HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (May 1, 2022) to May 1, 2025.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Weak economic conditions in the HMA contributed to lower levels of net in-migration in the late 2000s and early 2010s, resulting in slower population growth. Population growth in the HMA averaged only 3,400 people, or 0.9 percent, annually, from 2008 to 2013. Net in-migration fell to an average of 2,900

people a year during the period, accounting for 85 percent of total population growth; net natural increase slowed to an average of 500 people annually and accounted for 15 percent of the population change. In response to the economic recovery and subsequent expansion that began in 2012, population growth accelerated from 2013 to 2019, averaging 4,750 people, or 1.2 percent, annually, with average net in-migration of 5,025 people a year. Net in-migration accounted for all the population growth during the period but was offset by net natural decline of 275 people a year. Retirees moving into the HMA contributed to both net in-migration and net natural decline during the period.

Since 2019, population growth has been strong despite the economic contraction in 2020 and accelerated net natural decline due to the COVID-19 pandemic. Population growth has averaged 7,975 people, or 1.9 percent, annually with net in-migration and net natural decline averaging 9,275 and 1,300 people a year, respectively. Recent migration into the HMA has generally been from nearby larger metropolitan areas, including the Baltimore, Washington, D.C., and Philadelphia metropolitan areas (Table 5).

Table 5. Metro-to-Metro Migration Flows in the Salisbury HMA, 2015–19

Into the HMA	
Baltimore-Columbia-Towson, MD	4,562
Washington-Arlington-Alexandria, DC-VA-MD-WV	2,833
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	2,657
New York-Newark-Jersey City, NY-NJ-PA	1,549
Dover, DE	1,504
Out of the HMA	
Baltimore-Columbia-Towson, MD	1,843
Dover, DE	1,810
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1,808
Washington-Arlington-Alexandria, DC-VA-MD-WV	1,442
Hagerstown-Martinsburg, MD-WV	465

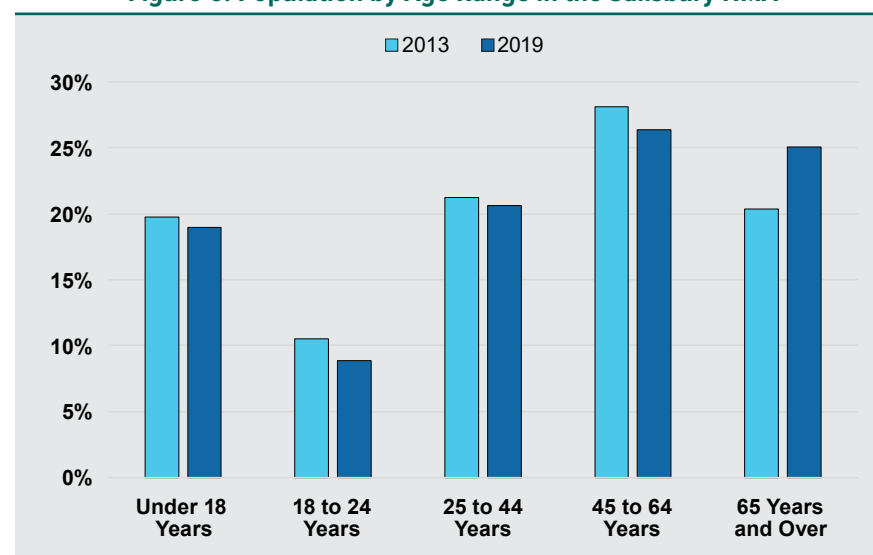
Source: U.S. Census Bureau Migration Flows, 2015–2019 American Community Survey 5-year data

Net in-migration has been at higher levels in recent years as more people have retired and moved to the HMA because of the pandemic or have benefited from expanded remote work opportunities and relocated to the HMA.

Age Cohort Trends

Due to significant in-migration of retirees, people in the HMA aged 65 and older represent a large and increasing share of the population. As a result, the population in the HMA is, on average, older than the rest of the nation. In 2019, 25 percent of the population in the HMA was aged 65 and older, up from 20 percent in 2013 (Figure 6; 2013 and 2019 ACS 1-year data). By comparison, nationwide, the 65 and older age cohort represented 17 percent of the total population in 2019, up from 14 percent in 2013. The 65 and older age cohort was the only age cohort in the HMA to increase from 2013 to 2019, which reflects both aging of the existing population in the HMA and the significance of retirees relocating to the HMA. This large and increasing

Figure 6. Population by Age Range in the Salisbury HMA



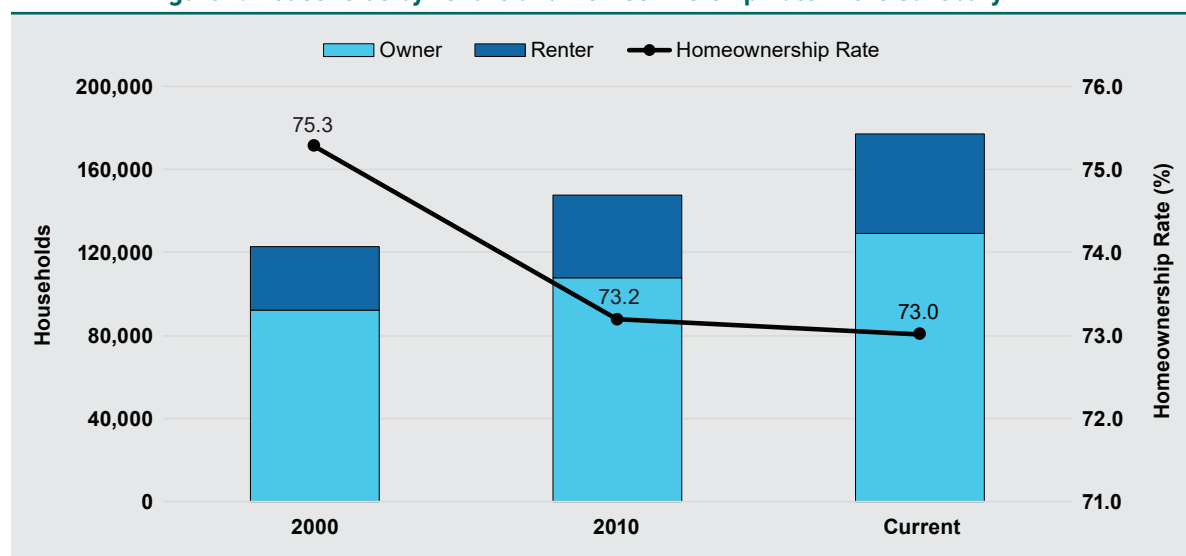
Source: 2013 and 2019 American Community Survey 1-year data

age cohort has contributed to a notably high median age in the HMA, which was 46.9 in 2019, compared with 38.5 nationally.

Household Trends

The prevalence of older residents, who typically live in smaller households, has contributed to slightly faster household growth than population growth in the HMA since 2000. As of May 1, 2022, an estimated 177,100 households reside in the Salisbury HMA, reflecting an average annual increase of 2,450 households, or 1.5 percent, since April 2010—a faster pace than the 1.3-percent population growth rate in the HMA during the same period. From 2000 to 2010, the number of households increased by an average of 2,475, or 1.9 percent, annually—a slightly faster rate than the 1.8-percent population growth during the same period. Currently, an estimated 73.0 percent of households are homeowners, down from 73.2 percent in 2010 (Figure 7). As the rate of homeownership has declined, the proportion of renter households in the HMA has increased from 26.8 percent in 2010 to 27.0 percent currently.

Figure 7. Households by Tenure and Homeownership Rate in the Salisbury HMA



Note: The current date is May 1, 2022.

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

Forecast

During the next 3 years, the population of the HMA is expected to increase by an average of 7,000, or 1.6 percent, annually, to 455,900. Population growth is expected to be faster than the 2010-to-current rate of growth, a continuation of strong population growth in recent years due to higher levels of net in-migration. Net in-migration will more than offset net natural decline resulting from the aging population. The number of households in the HMA is expected to increase at an average of 1.8 percent, or by 3,300, annually during the forecast period, to 187,000 households.

Home Sales Market

Market Conditions: Tight

The average home sales price in the Salisbury HMA has increased nearly every year since 2012 as the home sales market has tightened.

Current Conditions

The home sales market in the Salisbury HMA is tight, with an overall estimated vacancy rate of 2.0 percent (Table 6), down from 4.1 percent in April 2010, when conditions were soft. Despite rising levels of single-family home construction from 2012 through 2021, increasing levels of net in-migration during the same period have contributed to the absorption of new homes for sale and a declining supply of existing for-sale homes, which has led to the tightening of the sales market. Absentee-owner sales—which are primarily investment, seasonal, or second-home purchases—have accounted for approximately 56 percent of total home sales in the HMA since 2010 (Zonda), contributing to the reduction in the available inventory. The inventory of available homes for sale was 1.6 months in April 2022, down from a 1.7-month supply in April 2021 and significantly lower than the 18.4-month supply in April 2010 (CoreLogic, Inc.). Because of the low inventory of homes for sale, new and existing home sales declined during the 12 months ending April 2022, down 6 percent to 15,400 homes sold, compared with 16,300 homes sold a year earlier. During the same period, the average sales price of new and

existing homes increased 16 percent, to \$377,200, faster than the 9-percent increase during the 12 months ending April 2021. During the 12 months ending April 2022, 27 percent of homes sold at prices ranging from \$150,000 to \$299,000, the greatest share in the HMA, slightly higher than the 26 percent share of homes sold at prices ranging from \$300,000 to \$449,000 (Zonda; Figure 8).

Table 6. Home Sales Quick Facts in the Salisbury HMA

	Salisbury HMA	Nation
Vacancy Rate	2.0%	NA
Months of Inventory	1.6	1.3
Total Home Sales	15,400	7,368,000
1-Year Change	-6%	2%
New Home Sales Price	\$458,000	\$448,000
1-Year Change	18%	13%
Existing Home Sales Price	\$363,100	\$387,400
1-Year Change	15%	15%
Mortgage Delinquency Rate	1.2%	1.5%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending April 2022; and months of inventory and mortgage delinquency data are as of April 2022. The current date is May 1, 2022.

Sources: Vacancy rate—estimates by the analyst; months of inventory—CoreLogic, Inc.; HMA and national home sales and prices—CoreLogic, Inc.

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending April 2022 in the Salisbury HMA



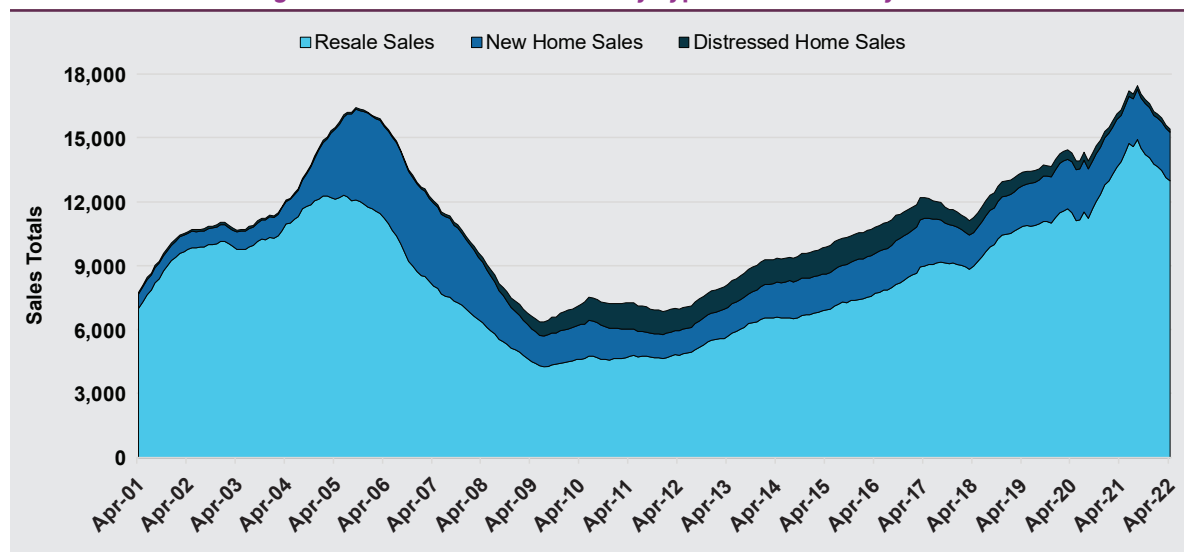
Note: New and existing sales include single-family homes, townhomes, and condominium units.

Source: Zonda

Home Sales

Home sales in the Salisbury HMA generally increased during the early to mid-2000s (Figure 9). Economic growth and increasing net in-migration during most of the period, coupled with lenient mortgage lending standards, allowed a greater proportion of households in the HMA to purchase homes. From 2001 through 2005, new and existing home sales rose by 1,850 homes, or 19 percent, a year to a high of 16,200 homes sold (CoreLogic, Inc.). The tightening of mortgage lending standards and the economic contraction in the HMA that began during the late 2000s contributed to a subsequent decline in home sales. From 2006 through 2009, home sales fell by an average of 2,350 homes, or 19 percent, annually, to a low of 6,850 homes sold. Declines in new home sales and resale sales, averaging 23 and 22 percent a year, respectively, accounted for the entire decrease during the 2006-through-2009 period because distressed home sales started to rise, up an average of 98 percent a year. New home sales and resale sales remained at low levels during 2010 and 2011 when the economy of the HMA contracted, averaging 1,275 and 4,650 homes sold a year, respectively. Distressed home sales, however, were at higher levels during the period. An average of 1,125 distressed home sales a year accounted for 19 percent of total existing sales during 2010 and 2011. As the economy recovered and the housing market began to improve, new homes sales and resale sales rose and continued

Figure 9. 12-Month Sales Totals by Type in the Salisbury HMA



Source: CoreLogic, Inc.

to increase through 2021, up by respective averages of 120 and 910 homes, or 8 and 11 percent, annually from 2012 through 2021. During the period, distressed home sales declined by an average of 90 homes, or 17 percent, a year.

Delinquent Mortgages

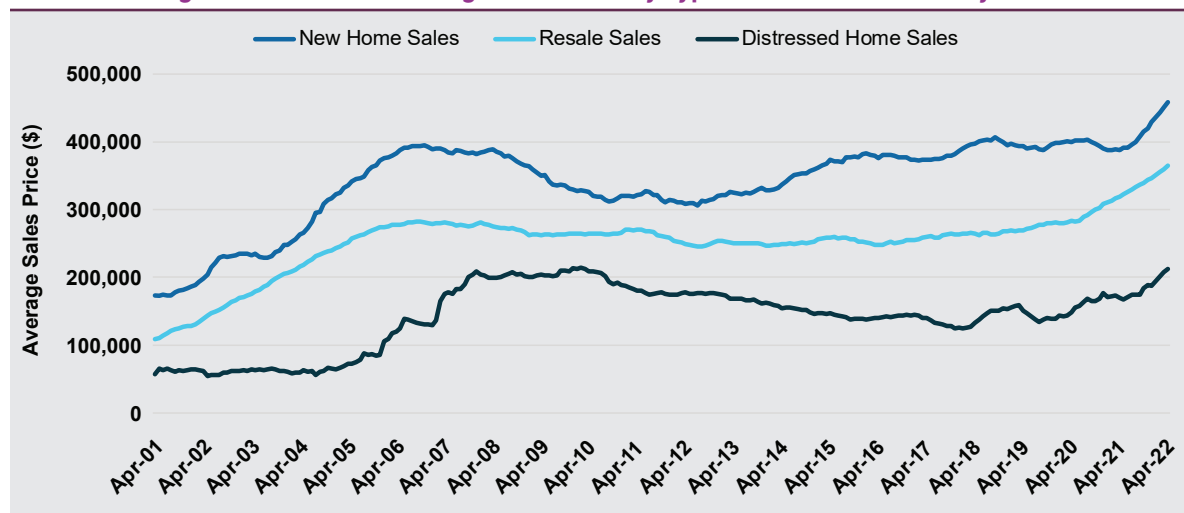
The rate of seriously delinquent mortgages and real estate owned [REO] properties in the Salisbury HMA reached a recent peak in February 2013 at 6.0 percent, compared with a 6.3-percent rate nationwide (CoreLogic, Inc.). The rate in the HMA subsequently declined to a prepandemic low of 1.2 percent in January 2020, compared with a 1.4-percent rate nationwide. The economic contraction caused by the COVID-19 pandemic contributed to an overall increase in the rate in the HMA as homeowners struggled to make mortgage payments, reaching 3.2 percent in August 2020, compared with a 4.4-percent rate nationwide. The increase in the rate in the HMA from January to August 2020 was due to a 305 percent increase in the number of home loans that were 90 or more days delinquent. During the same period, the number of home loans that were either in foreclosure or transitioned into REO status declined a combined 26 percent. The number of home loans that are 90 or more days delinquent has declined 66 percent since

August 2020, whereas the number of home loans that are either in foreclosure or transitioned into REO status has declined a combined 27 percent. As of April 2022, the rate of seriously delinquent mortgages and REO properties in the HMA was 1.1 percent, lower than the 1.2-percent rate in January 2020, before the pandemic. The April 2022 rate in the HMA was below the 1.5-percent rate for the nation.

Home Sale Prices

New and existing home sale prices declined during the late 2000s and early 2010s because of the housing crisis and the economic contraction in the HMA. Before this decline, population and economic growth during much of the 2001-through-2006 period contributed to increased demand for homes, placing upward pressure on home prices. From 2001 through 2006, the average new and existing home sales price rose by an average of \$34,900, or 20 percent, a year, to a high of \$314,700 (Figure 10; CoreLogic, Inc.). The average home sales price declined from 2007 through 2013 as the market softened, falling by an average of \$9,250, or 3 percent, a year, to \$250,000. A relatively high share of distressed sales, which sold for an average of \$189,300 from 2007 through 2013, contributed to declining sales prices during the period. As demand for sales housing has increased and available inventory has declined, home prices in the HMA have risen each year

Figure 10. 12-Month Average Sales Price by Type of Sale in the Salisbury HMA



Source: CoreLogic, Inc.

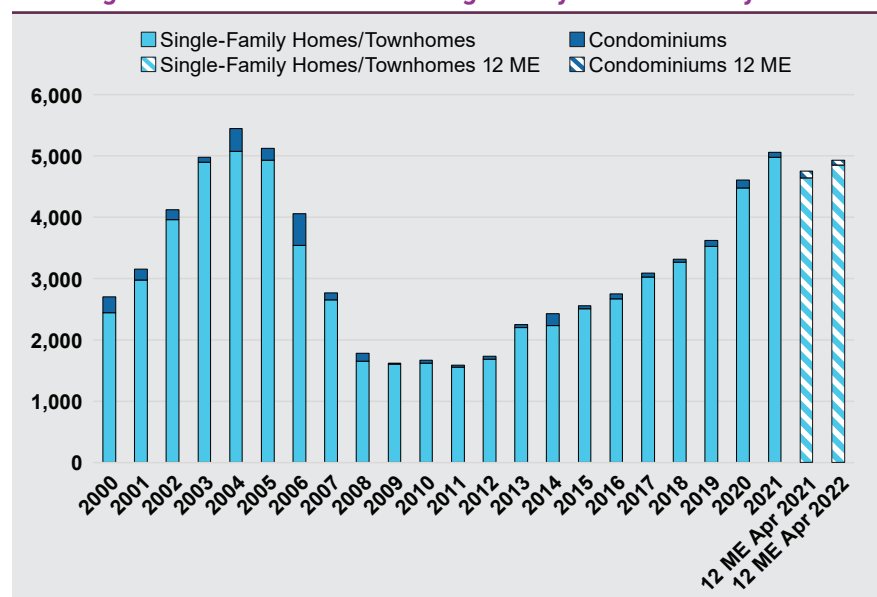
since 2014. The average home price increased an average of 3 percent, or \$7,575, annually from 2014 through 2019, and accelerated to an average of 10 percent a year from 2020 through 2021. The average new home sales price rose an average of 4 percent a year from 2020 through 2021, to \$428,700, whereas the average resale sales price and distressed sales price increased 11 and 16 percent a year, respectively, to \$345,700 and \$187,300.

Sales Construction

Homebuilding in the HMA—as measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted—has generally trended upwards since 2012, but has only recently reached levels of construction comparable with the mid-2000s (Figure 11). Relatively high levels of net in-migration during the early and mid-2000s supported high levels of homebuilding, which averaged 4,050 homes permitted annually from 2000 through 2007. Single-family home construction declined as the market softened during the housing market crisis and remained at lower levels through 2011. From 2008 through 2011, an average of only 1,675 homes were permitted annually, down 59 percent from the 2000-through-2007 average. Sales construction activity increased by an average of 350 homes, or 12 percent, annually, from a low of 1,600 homes in 2011 to 5,075 homes in 2021, largely because of

accelerating population growth and increased demand by absentee-owners. Absentee-owner sales accounted for an average of 57 percent of total home sales during the period, compared with an average of 55 percent of total home sales during the 2008-through-2011 period. During the 12 months ending April 2022, approximately 4,925 homes were permitted, up 4 percent from the 4,750 homes permitted during the 12 months ending April 2021 (preliminary data, with estimates by the analyst).

Figure 11. Annual Sales Permitting Activity in the Salisbury HMA



12 ME = 12 months ending.

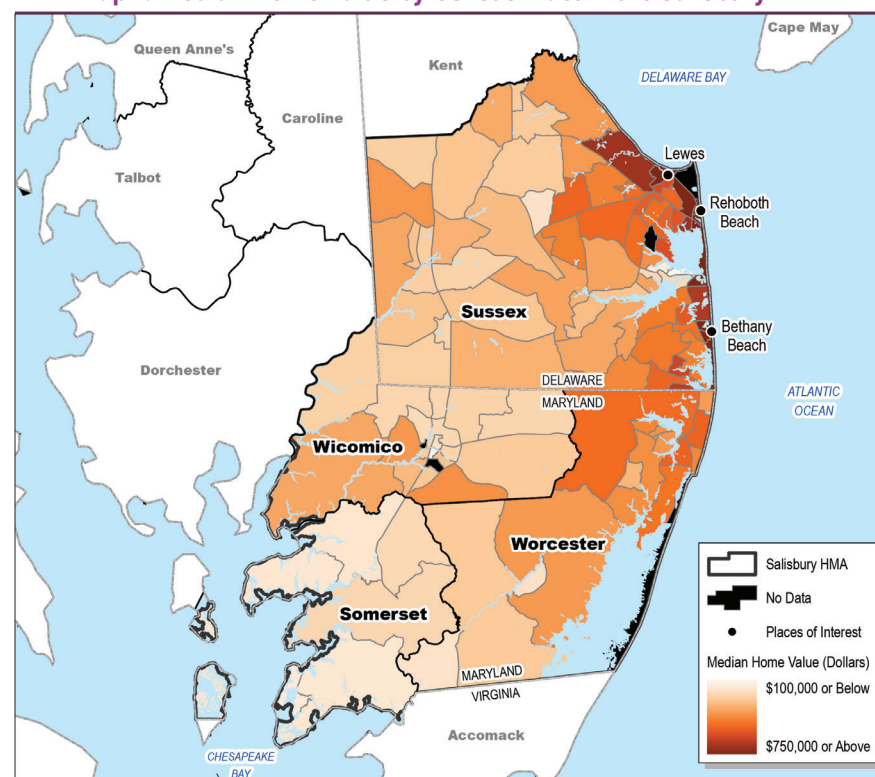
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

New Construction

Single-family home construction has been largely concentrated in Sussex County, which has countywide water and sewer systems and lower property taxes compared with the Maryland counties in the HMA. Since 2010, approximately 88 percent of single-family permitting activity has occurred in

Sussex County, the county with the fastest population growth and the largest share of the population in the HMA. Worcester, Wicomico, and Somerset Counties in Maryland have accounted for 6, 5, and 1 percent, respectively, of single-family permitting in the HMA since 2010. Home values within the HMA vary; however, they are generally elevated in coastal communities (Map 1). Osprey Point, a single-family home community under construction in the city of Rehoboth Beach, is expected to have 217 homes upon completion, with prices starting from the upper \$700,000s. In the unincorporated town of Harbeson, which is further inland, home prices for the three- to six-bedroom homes at the

Map 1. Median Home Value by Census Tract in the Salisbury HMA



Source: 2016-2020 American Community Survey 5-year data

95-unit Villas at Walden, which are currently under construction, start from the low \$400,000s.

Forecast

During the next 3 years, demand for year-round sales housing is estimated for 9,100 new homes (Table 7). The 1,550 homes under construction in the HMA will satisfy only a portion of that demand in the first year of the forecast. Demand is expected to be relatively steady throughout the forecast period.

Table 7. Demand for New Sales Units in the Salisbury HMA During the Forecast Period

Sales Units	
Demand	9,100 Units
Under Construction	1,550 Units

Notes: Demand does not include demand for seasonal or second homes. The forecast period is from May 1, 2022, to May 1, 2025.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

Multifamily construction since the late 2010s has contributed to an easing of previously slightly tight apartment market conditions during the past year.

Current Conditions and Recent Trends

The rental housing market in the Salisbury HMA is balanced. The overall rental vacancy rate is estimated at 9.0 percent (Table 8), down from 17.0 percent in April 2010, when conditions were soft. The relatively high rental vacancy rates in the HMA reflect a large number of vacation and other short-term rental properties captured in the available-for-rent data. Renter household growth has contributed, in part, to the absorption of existing inventory and a general tightening of the rental market during much of the period since 2010. In 2019, approximately 72 percent of renter households in the HMA resided in single-family homes, mobile homes, townhomes, and two- to four-unit structures, a decline from 74 percent in 2013 (2013 and 2019 ACS 1-year data). The remainder of renter households, or 28 percent, resided in multifamily structures with five or more units, typically apartments, compared with 26 percent in 2013.

Table 8. Rental and Apartment Market Quick Facts in the Salisbury HMA

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	17.0	9.0
		2013 (%)	2019 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	51	52
	Multifamily (2–4 Units)	10	12
	Multifamily (5+ Units)	26	28
	Other (Including Mobile Homes)	12	8
Apartment Market Quick Facts		Q1 2022 (%)	YoY
	Apartment Vacancy Rate	5.0	1.8
	Average Rent	\$1,324	11%

Q1 = first quarter. YoY = year-over-year.

Notes: The current date is May 1, 2022. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2013 and 2019 American Community Survey 1-year data; apartment data—CoStar Group

Single-Family Home Rentals

In 2019, approximately 52 percent of renter households in the HMA resided in single-family homes, up from 51 percent in 2013 (2013 and 2019 ACS 1-year data). The rental market for single-family homes is slightly tight, unchanged from a year ago. Rising demand for single-family homes, which typically have some land and more bedrooms compared with apartments, contributed to the slightly tight market conditions. The average vacancy rate for professionally managed single-family rental homes during April 2022 was 2.2 percent, down slightly from 2.3 percent a year ago but notably lower than the 3.9-percent vacancy rate in April 2013, the earliest data available (CoreLogic, Inc.). During the past year, average rents increased for all unit types, ranging from a 3-percent increase for four-bedroom single-family homes to an 18-percent increase for three-bedroom single-family homes. As of April 2022, average monthly rents for one-, two-, three-, and four-bedroom homes were \$1,558, \$1,896, \$2,398, and \$3,180, respectively.

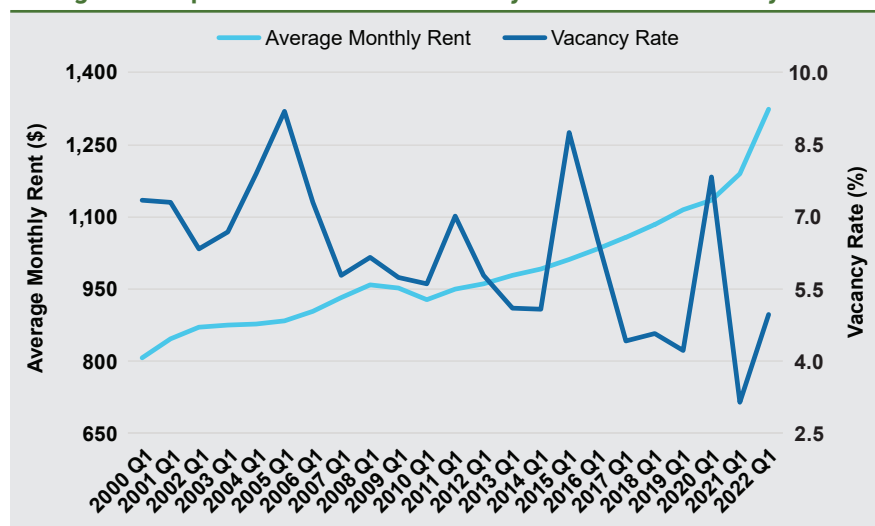
Apartment Market Conditions

Apartment market conditions in the HMA are balanced, with a 5.0-percent vacancy rate during the first quarter of 2022, up from the 3.2-percent rate during the first quarter of 2021, when the market was

slightly tight (Figure 12; CoStar Group). The average vacancy rate increased significantly during the first quarter of 2022, partly because of an increase in the number of apartment completions and units in lease up during the past year. The average monthly apartment asking rent in the HMA was \$1,324 during the first quarter of 2022, reflecting an 11-percent increase from \$1,189 during the first quarter of 2021. By comparison, the average asking rent increased 5 percent during the first quarter of 2021, up from \$1,134 a year earlier.

The increase in the apartment vacancy rate during the past year was particularly significant in the CoStar Group-defined Sussex County market area, where much of the recent apartment development has been concentrated. During the first quarter of 2022, the apartment vacancy rate in the market area was 8.2 percent, up from 3.3 percent during the first quarter of 2021. The rise in the vacancy rate was partially due to an increase in the number of units in lease up in Sussex County. New units in lease up, which generally have higher rents, also impacted the average asking rent in Sussex County during the first

Figure 12. Apartment Rents and Vacancy Rates in the Salisbury HMA



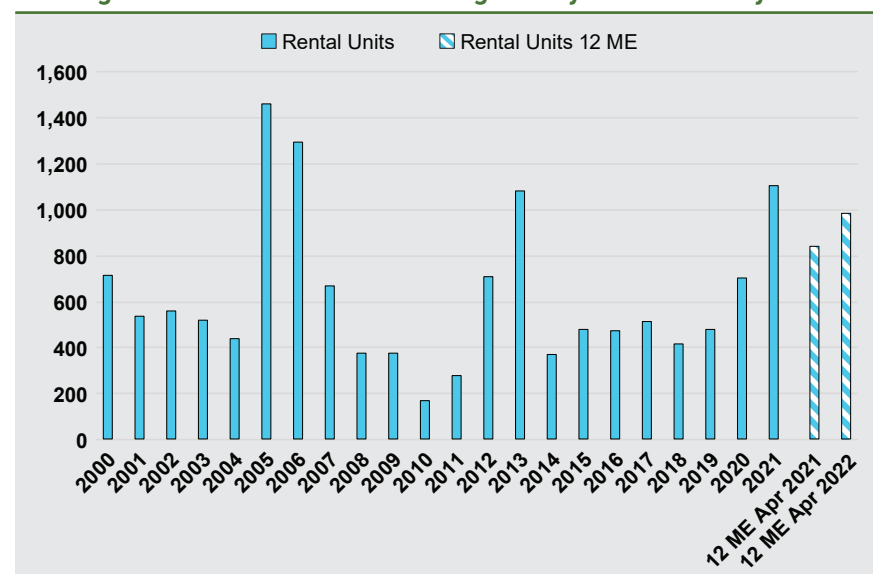
Q1 = first quarter.
Source: CoStar Group

quarter of 2022. The average apartment asking rent in the Sussex County market area was \$1,424, a 9-percent increase from \$1,312 during the first quarter of 2021.

Rental Construction Activity

Rental construction activity in the HMA—as measured by the number of rental units permitted—has fluctuated since 2000 in response to changes in economic and population growth (Figure 13). From 2000 through 2004, an average of 550 units were permitted annually, before increasing to an average of 1,150 units a year from 2005 through 2007, partly because of high levels of net in-migration and the economic expansion in the HMA. Rental unit permitting declined, to an average of 300 units a year, from 2008 through 2011, when builders scaled back construction in response to weak economic conditions and slower population growth. As the economy recovered,

Figure 13. Annual Rental Permitting Activity in the Salisbury HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

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



multifamily construction rose, averaging 890 units during 2012 and 2013. From 2014 through 2019, construction slowed as recently built units were being absorbed, averaging 460 units annually. Higher levels of net in-migration since 2019 have contributed to an increase in rental construction during 2020 and 2021, averaging 910 units a year. During the 12 months ending April 2022, approximately 990 multifamily units were permitted, an 18-percent increase from the 840 units permitted during the previous 12-month period (preliminary data, with estimates by the analyst).

New Construction

Approximately 72 percent of permitting activity during 2021 was concentrated in Sussex County, including several developments that are under construction. Weston Willows, a 287-unit general occupancy apartment development in the town of Georgetown, is underway, and units in the third building are in lease up. Rents for one-, two-, and three-bedroom units start at \$1,269, \$1,458, and \$1,701, respectively. The 224-unit Seaglass at Rehoboth Beach apartment community, also in Sussex County, is under construction and is expected to be complete in 2023. The development will have one-, two-, and three-bedroom units with rents starting from \$1,669, \$1,939, and \$2,209, respectively. In response to the large share of retirees in the HMA, age-restricted apartments

represent an increasing portion of new units recently completed and underway. The 85-unit The Lodge at Truitt Homestead in Rehoboth Beach, with rents for one- and two-bedroom independent living apartments starting at \$4,000 and \$5,000, respectively, was completed in 2020. The Lodge at Historic Lewes, a senior living facility with 175 units, including 78 independent living, 65 assisted-living, and 32 memory care units, is currently under construction in the city of Lewes, with expected completion in 2023.

Forecast

During the 3-year forecast period, demand is estimated for 2,650 new rental units in the HMA (Table 9). The 2,075 units under construction are expected to satisfy a significant part of the demand during the next 3 years. Demand is expected to be relatively steady throughout the forecast period.

Table 9. Demand for New Rental Units in the Salisbury HMA During the Forecast Period

Rental Units	
Demand	2,650 Units
Under Construction	2,075 Units

Note: The forecast period is May 1, 2022, to May 1, 2025.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits/ Permitting/ Permitted	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 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.
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.
Delmarva Peninsula	The Delmarva Peninsula includes Delaware and the Eastern Shore regions of Maryland and Virginia.
Distressed Home Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resale sales, short sales, and REO sales.
Forecast Period	5/1/2022–5/1/2025—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.

Home Value	Estimate by the homeowner of how much the property (house and lot, mobile home and lot, or condominium unit) would sell for if it were for sale.
Net Natural Decline	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than resident deaths.
Resale Sales	Home closings that have no ties to either new home closings (builders) or foreclosures; homes that were previously constructed and sold to an unaffiliated third party.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ 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.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.



C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of 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.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.

D. Photo/Map Credits

Cover Photo	Wikimedia Commons
-------------	-------------------

Contact Information

Mildred Jara Ramirez, Economist
Philadelphia HUD Regional Office
215-430-6713
mildred.x.jararamirez@hud.gov

