



COMPREHENSIVE HOUSING MARKET ANALYSIS

# Silver Spring-Frederick-Rockville, Maryland

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

As of July 1, 2021



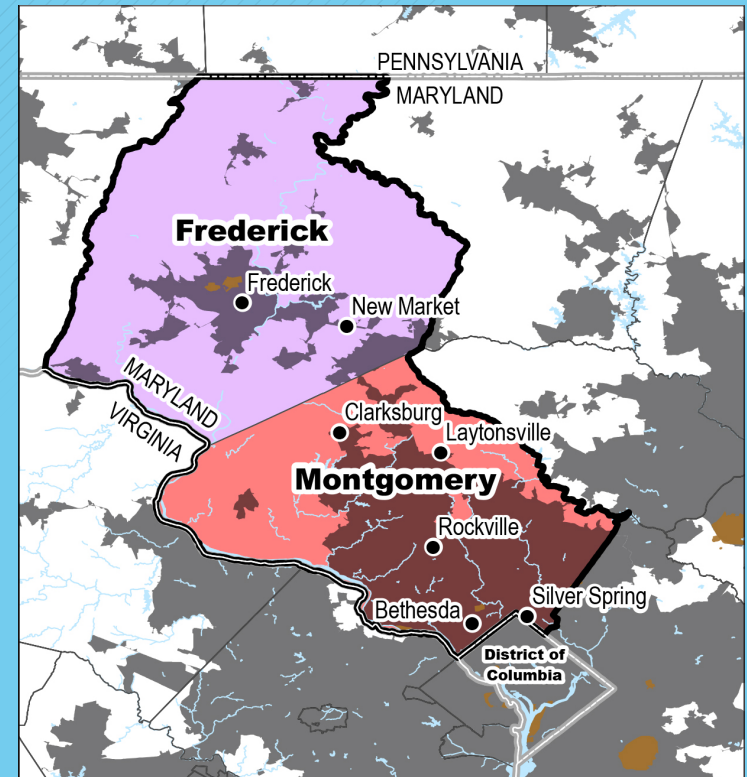
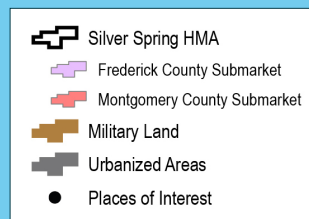
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# Executive Summary

## Housing Market Area Description

The Silver Spring-Frederick-Rockville Housing Market Area (HMA) consists of Frederick and Montgomery Counties in Maryland. The HMA is coterminous with the metropolitan division of the same name, which is part of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA). For purposes of this analysis, the HMA is divided into two submarkets: (1) the Montgomery County submarket and (2) the Frederick County submarket. The HMA is home to two military installations—Naval Support Activity Bethesda and Fort Detrick—which have 22,200 employees.

The current population of the HMA is estimated at 1.32 million.



## 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



**Improving:** During the second quarter of 2021, nonfarm payrolls averaged 569,600, representing an increase of 41,200 jobs, or 7.8 percent, compared with the second quarter of 2020.

Nonfarm payrolls in the Silver Spring-Frederick-Rockville HMA increased during the second quarter of 2021 when the economy continued to recover from severe job losses that occurred during March and April 2020 from the COVID-19 pandemic. As of June 2021, approximately two-thirds of the jobs lost in March and April 2020 have been recovered (not seasonally adjusted). During the second quarter of 2021, nonfarm payrolls were up in 10 of 11 sectors, led by the leisure and hospitality sector, which increased by 11,000 jobs, or 35.4 percent. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.5 percent annually.

### Sales Market



**Slightly Tight:** The HMA had 0.9 months of available for-sale housing inventory in June 2021, down from 1.5 months in June 2020 (Bright MLS, Inc.).

The current sales vacancy rate in the HMA is estimated at 1.4 percent, down from the 1.6-percent rate in 2010. During the 12 months ending June 2021, new and existing home sales increased 30 percent, to 21,100 homes sold, and the average sales price was up 11 percent, to \$564,400 (Bright MLS, Inc.). During the next 3 years, demand is estimated for 8,550 new homes, and the 1,320 homes under construction will satisfy a portion of that demand.

### Rental Market



**Balanced:** The overall rental vacancy rate is estimated at 5.9 percent, up from the 5.6-percent rate in 2010.

Conditions in the apartment market are balanced and unchanged compared with 2010. During the second quarter of 2021, the apartment vacancy rate was 4.2 percent, down slightly from the 4.3-percent rate during the same period a year earlier. The average apartment rent rose 1 percent, to \$1,767 (RealPage, Inc.). During the forecast period, demand is estimated for 5,450 new rental units. The 2,350 units currently under construction will satisfy a portion of that demand.

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	3-Year Housing Demand Forecast					
	Sales Units			Rental Units		
	Silver Spring-Frederick-Rockville HMA	Montgomery County Submarket	Frederick County Submarket	Silver Spring-Frederick-Rockville HMA	Montgomery County Submarket	Frederick County Submarket
<b>Total Demand</b>	8,550	3,025	5,525	5,450	3,850	1,600
<b>Under Construction</b>	1,320	500	820	2,350	1,900	450

**Notes:** Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period—units under construction as of July 1, 2021. The forecast period is July 1, 2021, to July 1, 2024.  
Source: Estimates by the analyst



# Economic Conditions

## Largest Sector: Professional and Business Services

The professional and business services, government, and education and health services sectors are the three largest nonfarm payroll sectors in the HMA, accounting for nearly 60 percent of all nonfarm payrolls.

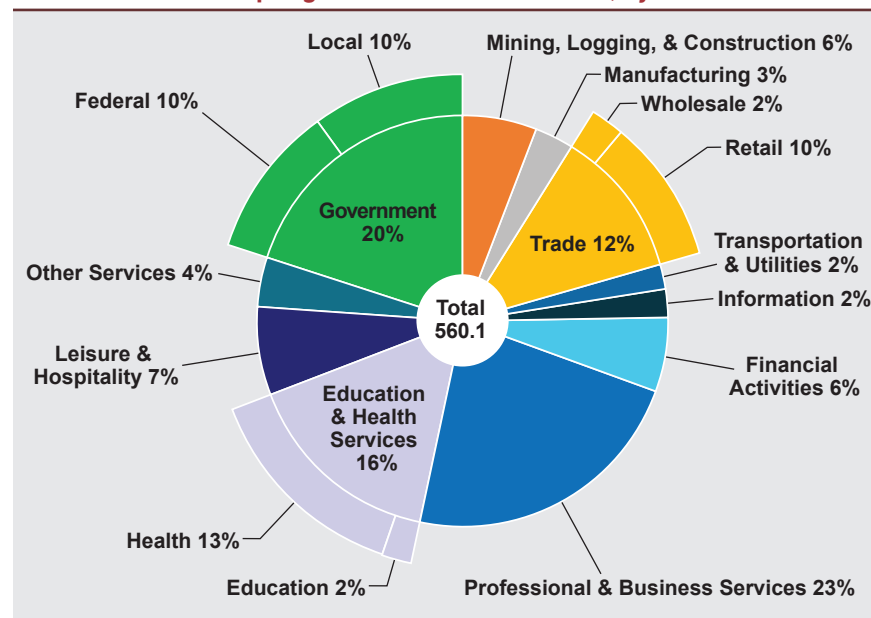
## Primary Local Economic Factors

The professional and business services sector is the largest nonfarm payroll sector in the HMA and accounts for 23 percent of all nonfarm payroll jobs (Figure 1). The HMA is home to more than 120 companies with at least 100 employees each (Choose Montgomery MD). Companies with headquarters in the HMA include Lockheed Martin Corporation and Marriott International, Inc., which rank 49 and 293 on the 2021 Fortune 500 list, respectively.

The government sector is also a major contributor to the economy of the HMA primarily due to a significant federal government presence. The sector accounts for 7 of the 10 largest employers in the HMA, including the National Institutes of Health and the U.S. Food and Drug Administration, which are the first and second-largest employers in the HMA, with 17,600 and 13,850 employees, respectively (Table 1).

The HMA is home to two military installations—Naval Support Activity Bethesda in Montgomery County and Fort Detrick in Frederick County—the third and fourth largest employers in the HMA, with 12,000 and 10,200 employees, respectively. Approximately 28 percent of the employees at these bases are active-duty military personnel, who are not included in the nonfarm payroll data. The remaining employees are a combination of civilian government workers and private-sector contract employees. From 2008 to 2012, there was significant job growth at both bases because of the 2005 Base Closure and Realignment Commission (BRAC) activities. During this period, employment at Naval Support Activity Bethesda and Fort Detrick increased by 3,575 and 2,350 employees, or 44 and 45 percent, respectively. In 2016, the combined economic impact of these military bases on the state of Maryland was \$8.44 billion, which represents an average annual increase of 16 percent since 2008 (FY 2016 Economic Impact Analysis of Maryland’s Military Installations).

Figure 1. Share of Nonfarm Payroll Jobs in the Silver Spring-Frederick-Rockville 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 June 2021. Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Silver Spring-Frederick-Rockville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
National Institutes of Health	Government	17,600
U.S. Food and Drug Administration	Government	13,850
Naval Support Activity Bethesda	Government	12,000
Fort Detrick	Government	10,200
Marriott International, Inc. (Headquarters)	Professional & Business Services	5,800
Adventist HealthCare	Education & Health Services	4,300
Montgomery College	Government	3,150
Giant of Maryland, LLC	Wholesale & Retail Trade	3,150
National Oceanic and Atmospheric Administration	Government	2,925
National Institute of Standards and Technology	Government	2,825

Notes: Excludes local school districts. Counts for Naval Support Activity Bethesda and Fort Detrick include federal civilian employees, military personnel, and private contractors. Sources: Moody’s Analytics; Frederick County Office of Redevelopment



## Economic Periods of Significance— Nonfarm Payrolls

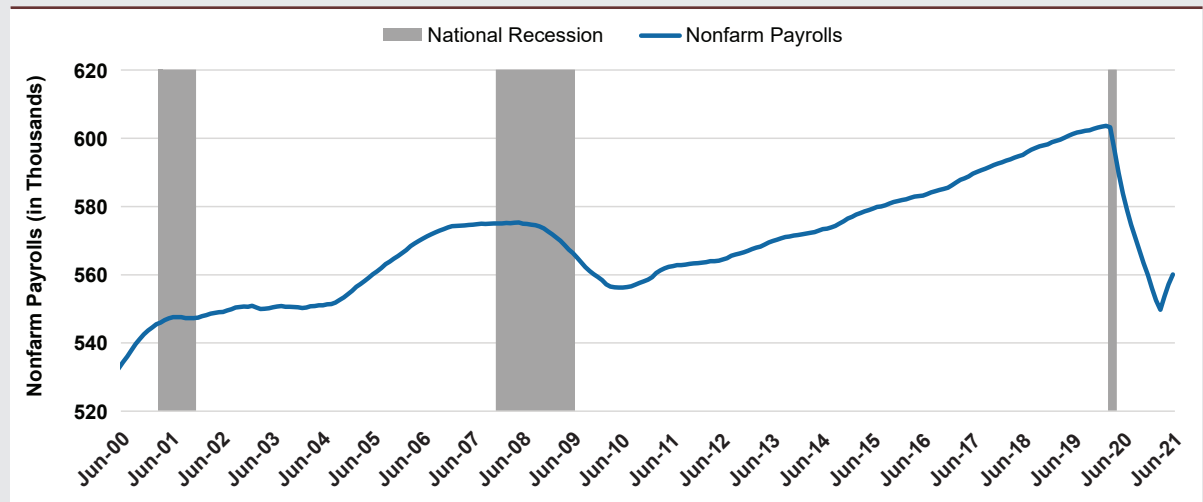
### 2001 and 2002

Nonfarm payrolls in the HMA increased during 2001 and 2002 by an average of 3,400 jobs, or 0.6 percent, annually. At the same time, nonfarm payrolls nationwide declined an average of 0.5 percent annually. Within the HMA, the largest gains were in the government and the education and health services sectors, which increased by averages of 2,300 and 1,900 jobs, or 2.4 and 3.0 percent, annually, respectively. Partially offsetting these gains were losses in the manufacturing sector and the retail trade subsector, which declined by averages of 1,700 and 700 jobs, or 6.4 and 1.1 percent, annually, respectively. Figure 2 shows the 12-month average nonfarm payrolls in the HMA since 2000.

### 2003 Through 2007

Economic growth continued in the HMA from 2003 through 2007, but job growth was slower than in the nation. During the 5-year period, nonfarm payrolls in the HMA were up by an average of 4,900 jobs, or 0.9 percent, annually. By comparison, nonfarm payrolls nationwide rose an average of 1.1 percent annually. Within the HMA, nonfarm payrolls were up or were relatively unchanged in 7 of 11 nonfarm payroll sectors. Job growth was led by the education and health services and the professional and business

Figure 2. 12-Month Average Nonfarm Payrolls in the Silver Spring-Frederick-Rockville HMA



Note: 12-month moving average.

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

services sectors adding an average of 1,800 jobs each, annually, or 2.7 and 1.5 percent, respectively, and the leisure and hospitality sector, which increased by an average of 1,100 jobs, or 2.6 percent, annually. Partially offsetting these gains were losses in the manufacturing and the government sectors, which declined annually by averages of 800 and 500 jobs, or 3.4 and 0.5 percent, respectively. In the manufacturing sector, approximately 600 jobs were lost in 2005 when Alcoa Eastalco Works closed an aluminum smelting plant in the HMA.

### 2008 Through 2010

Nonfarm payrolls in the HMA declined each year from 2008 through 2010, similar to the nation, but the impact of the Great Recession was less severe in the HMA due to strong job gains in the education and health services sector and the federal government subsector. During this period, nonfarm payrolls in the HMA declined by an average of 5,500 jobs, or 1.0 percent, annually, compared with an average annual decline of 1.9 percent nationwide. In response to a significant decrease in residential construction activity, nearly 70 percent of the net decline in the HMA was in the mining, logging, and construction sector, which was down by an average of 3,800 jobs, or 10.0 percent, annually. Additional declines were in the wholesale and retail trade, the manufacturing, and the financial activities sectors, which

annually decreased by averages of 2,200, 1,100, and 1,100 jobs, or 3.0, 5.6, and 2.5 percent, respectively. Partially offsetting these losses were gains in the education and health services sector and the federal government subsector, which increased by averages of 2,100 and 1,800 jobs, or 2.8 and 4.0 percent, annually, respectively. In the education and health services sector, approximately 81 percent of the gains were in the health care and social assistance subsector. Job growth in the federal government subsector was largely attributed to the BRAC-related growth at Naval Support Activity Bethesda and Fort Detrick.

### 2011 Through 2019

The economy of the HMA recovered from the Great Recession from 2011 through 2014 and continued to expand from 2015 through 2019. However, job growth during the 9-year period was slower than in the nation overall. From 2011 through 2019, nonfarm payrolls in the HMA increased by an average of 5,000 jobs, or 0.9 percent, annually, to reach 603,100 jobs during 2019. Nationwide, jobs rose an average of 1.6-percent annually. Within the HMA, the largest gains were in the education and health services, the leisure and hospitality, and the professional and business services sectors, with average annual increases of 2,000, 1,200, and 1,000 jobs, or 2.3, 2.4, and 0.8 percent, respectively. The education and health services sector gained an unspecified number of jobs when Adventist HealthCare opened a new medical center in White Oak in mid-2019. An additional 200 jobs were created in the leisure and hospitality sector during 2019 when Dave & Buster's, Inc. opened a new location in the HMA. Partially offsetting these gains were average annual losses of 400 jobs in the information and the financial activities sectors and an average annual decline of 200 jobs in the other services sector, or down 2.9, 1.0, and 0.9 percent, respectively.

### 2020

The interventions taken in mid-March 2020 to slow the spread of COVID-19, including enforcing social distancing and discouraging nonessential travel, caused nonfarm payrolls in the HMA to decline by 65,100 jobs, or 11.0 percent (not seasonally adjusted) during March and April 2020 and remain below the 2019 peak. During 2020, the average level of nonfarm payrolls was down by 43,200 jobs, or 7.2 percent, compared with 2019. The most affected sectors were those heavily reliant on travelers and those dependent on in-person interactions.

The largest job losses during 2020 were in the leisure and hospitality sector, which decreased by 15,700 jobs, or 27.5 percent. Approximately two-thirds of the decline in the sector was in the food services industry, which was down by 10,500 jobs, or 24.5 percent; decreases in that industry were largely attributed to statewide restrictions on indoor dining capacities at restaurants and bars.

Additional losses were in the education and health services and the wholesale and retail trade sectors, which decreased by 8,100 and 5,500 jobs, or 8.4 and 7.9 percent, respectively. In the education and health services sector, declines were in the health care and social assistance and the educational services subsectors, which were down by 5,800 and 2,300 jobs, or 7.2 and 14.4 percent, respectively. Losses in the health care and social assistance subsector were partially attributed to nonessential and elective surgeries being prohibited or limited during most of 2020. In the educational services subsector, the Jefferson School and Residential Treatment Center, a private, special education school run by Sheppard Pratt, closed in August 2020, resulting in nearly 180 jobs lost.



## Current Conditions–Nonfarm Payrolls

During the 12 months ending June 2021, nonfarm payrolls in the HMA declined by 23,700 jobs or 4.1 percent. However, easing statewide restrictions that were put in place to slow the spread of COVID-19 and residents receiving the vaccine led to nonfarm payrolls in the HMA increasing significantly during the second quarter of 2021 compared with the second quarter of 2020. During the second quarter of 2021, nonfarm payrolls in the HMA were up by 41,200 jobs, or 7.8 percent, compared with a decrease of 77,800 jobs during the same period a year earlier (Table 2). During the second quarter of 2021, the sectors that added the most jobs were generally the ones that lost the most jobs a year earlier. This shift occurred because many establishments in these sectors were required to close or operate at a limited capacity during the early stages of the COVID-19 pandemic but have since re-opened and/or have been allowed to expand operational capacity.

The most jobs added during the second quarter of 2021 were in the leisure and hospitality sector, which increased by 11,000 jobs, or 35.4 percent. Capacity limits on indoor dining in Maryland were eased in early 2021 and eliminated on May 15, 2021. This caused nonfarm payrolls in the food services industry to increase by 7,900 jobs, or 31.8 percent, accounting for approximately 72 percent of all jobs added in the leisure and hospitality sector.

Additional gains were in the wholesale and retail trade, the professional and business services, and the education and health services sectors, which were up by 10,500, 7,400, and 4,000 jobs, or 18.3, 5.9, and 4.8 percent, respectively. In the wholesale and retail trade sector, more than 93 percent of the gains were in the retail trade subsector, which increased by 9,800 jobs, or 21.4 percent. The only sector to lose jobs during the second quarter of 2021 was the information sector, which declined by 100 jobs or 0.9 percent. Landmark's Bethesda Row Cinema has been closed since mid-March 2020, resulting in an unspecified number of jobs being lost in the sector during the past year. The movie theater has been closed longer than any other in the HMA during the COVID-19 pandemic but is expected to re-open by the end of 2021.

**Table 2. 3-Month Average Nonfarm Payroll Jobs (1,000s) in the Silver Spring-Frederick-Rockville HMA, by Sector**

	Second Quarter 2020	Second Quarter 2021	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>528.4</b>	<b>569.6</b>	<b>41.2</b>	<b>7.8</b>
<b>Goods-Producing Sectors</b>	<b>50.4</b>	<b>51.1</b>	<b>0.7</b>	<b>1.4</b>
Mining, Logging, & Construction	32.7	33.1	0.4	1.2
Manufacturing	17.7	18.0	0.3	1.7
<b>Service-Providing Sectors</b>	<b>478.0</b>	<b>518.4</b>	<b>40.4</b>	<b>8.5</b>
Wholesale & Retail Trade	57.5	68.0	10.5	18.3
Transportation & Utilities	7.4	8.6	1.2	16.2
Information	10.7	10.6	-0.1	-0.9
Financial Activities	35.3	35.8	0.5	1.4
Professional & Business Services	125.3	132.7	7.4	5.9
Education & Health Services	83.7	87.7	4.0	4.8
Leisure & Hospitality	31.1	42.1	11.0	35.4
Other Services	19.5	22.4	2.9	14.9
Government	107.5	110.5	3.0	2.8

Notes: Based on 3-month averages through June 2020 and June 2021. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics

## Current Conditions–Unemployment

Because of significant job losses during March and April 2020, the unemployment rate in the HMA has been elevated during the past year. During the 12 months ending June 2021, the unemployment rate in the HMA averaged 6.3 percent, up from 4.1 percent during the same period a year earlier (Figure 3). However, similar to trends in nonfarm payrolls, the unemployment rate declined during the second quarter of 2021 compared with the second quarter of 2020, when the rate was at the highest level in more than 40 years. During the second quarter of 2021, the unemployment rate in the HMA averaged 5.8 percent, down from 8.3 percent during the second quarter of 2020 but up from the 2.8-percent rate during the second quarter of 2019, which was a 15-year low.

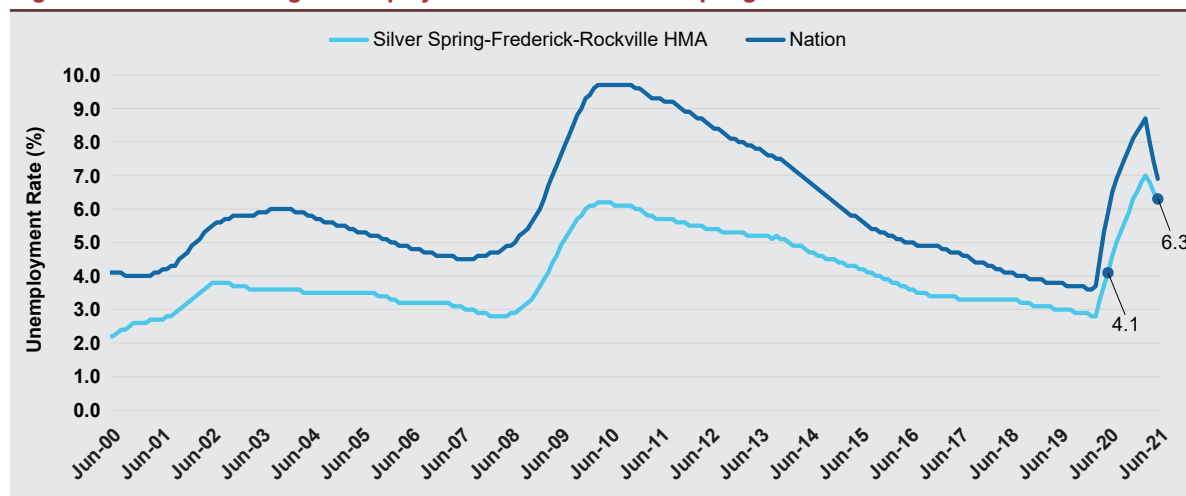


The rate during the second quarter of 2021 is lower than the statewide rate of 6.1 percent but is equal to the 5.8-percent national rate. During the second quarter of 2021, the unemployment rates in the Montgomery County and Frederick County submarkets were 5.9 and 5.2 percent, respectively, down from 8.2 and 8.3 percent during the same period a year ago.

## Commuting Patterns

Many who reside in the HMA work in other parts of the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA, especially those working in the District of Columbia. During the 5-year period from 2011 to 2015, approximately 29 percent of the working residents in the HMA, or approximately 192,800 residents, worked in other portions of the Washington-Arlington-Alexandria MSA, including 116,300 residents, or 18 percent, who worked in the District of Columbia (2011–2015 American Community Survey [ACS] 5-year data). Commuting of HMA residents to other portions of the MSA was especially notable in the Montgomery County submarket, where approximately 34 percent of the working residents in the submarket, or approximately 180,500 residents, worked in portions of the MSA where they did not reside. By comparison, in the Frederick County submarket, less than 10 percent of the working residents in the submarket, or approximately 12,350 residents,

**Figure 3. 12-Month Average Unemployment Rate in the Silver Spring-Frederick-Rockville HMA and the Nation**



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

worked in different portions of the MSA from where they lived, including 4,550 residents, or less than 4 percent, who worked in the District of Columbia.

## Employment Forecast

During the 3-year forecast period, the economy of the HMA is expected to continue to recover from the significant job losses in early-2020. Nonfarm payrolls are estimated to increase to an average of 1.5 percent annually during the next 3 years. Job gains are expected to be largely concentrated in the leisure and hospitality and the wholesale and retail trade sectors as more residents receive the COVID-19 vaccine and become less hesitant to visit the establishments in these sectors. Additional job growth is anticipated in the transportation and utilities sector as companies build distribution centers to speed up the delivery of their products that are purchased online. Approximately 500 new jobs are expected to be added in 2022 when The Kroger Co., a grocery retail company, opens a new fulfillment center in the city of Frederick.



# Population and Households

Current Population: 1.32 Million

Population growth in the HMA has been slow since 2017 due to net out-migration and lower levels of net natural increase.

## Population Trends

As of July 1, 2021, the estimated population of the Silver Spring-Frederick-Rockville HMA is approximately 1.32 million, representing an average increase of 10,100, or 0.8 percent, annually since 2010, compared with an average annual gain of 1.2 percent from 2000 to 2010 (Table 3). From 2000 to 2002, the population of the HMA increased by an average of 19,450, or 1.8 percent, annually, and net in-migration averaged 10,150 people annually (Figure 4). In response to job growth in the HMA being slower than the nation, net in-migration decreased dramatically from 2002 to 2008, averaging 150 people annually, which caused population growth to slow to an average of 9,950, or 0.9 percent, annually. From 2008 to 2012, population growth accelerated to an average of 18,250, or 1.5 percent, annually. The faster growth was caused by higher levels of net in-migration, which averaged 9,100 people annually and was largely attributed to more people moving into the area because of strong job gains at Naval Support Activity Bethesda and Fort Detrick. However, the BRAC related job gains

Table 3. Silver Spring-Frederick-Rockville HMA Population and Household Quick Facts

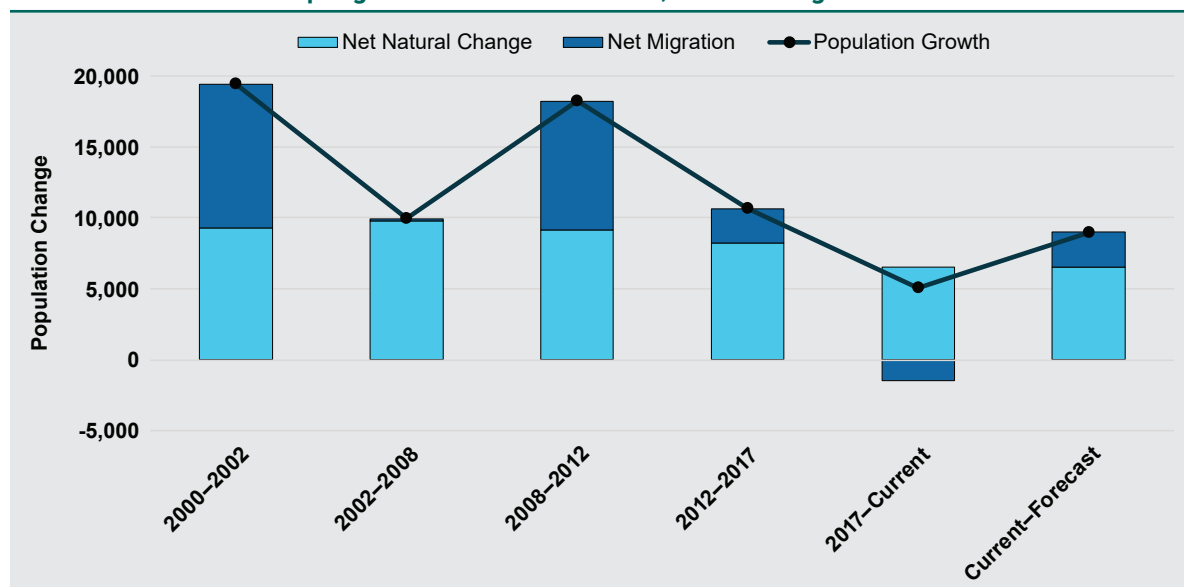
Population Quick Facts	2010	Current	Forecast	
	Population	1,205,162	1,319,000	1,346,000
	Average Annual Change	13,650	10,100	8,975
	Percentage Change	1.2	0.8	0.7

Household Quick Facts	2010	Current	Forecast	
	Households	441,886	486,200	496,500
	Average Annual Change	4,725	3,950	3,425
	Percentage Change	1.1	0.9	0.7

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 (July 1, 2021) to July 1, 2024.  
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the Silver Spring-Frederick-Rockville HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (July 1, 2021) to July 1, 2024.  
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

at these military installations ended and job growth in the HMA was slower than the nation overall, so net in-migration decreased to an average of 2,400 people annually from 2012 to 2017, causing population growth to slow to an average of 10,650, or 0.8 percent, annually. Population growth slowed further to an



average of 5,075, or 0.4 percent, annually since 2017, primarily due to net out-migration, which averaged 1,450 people annually.

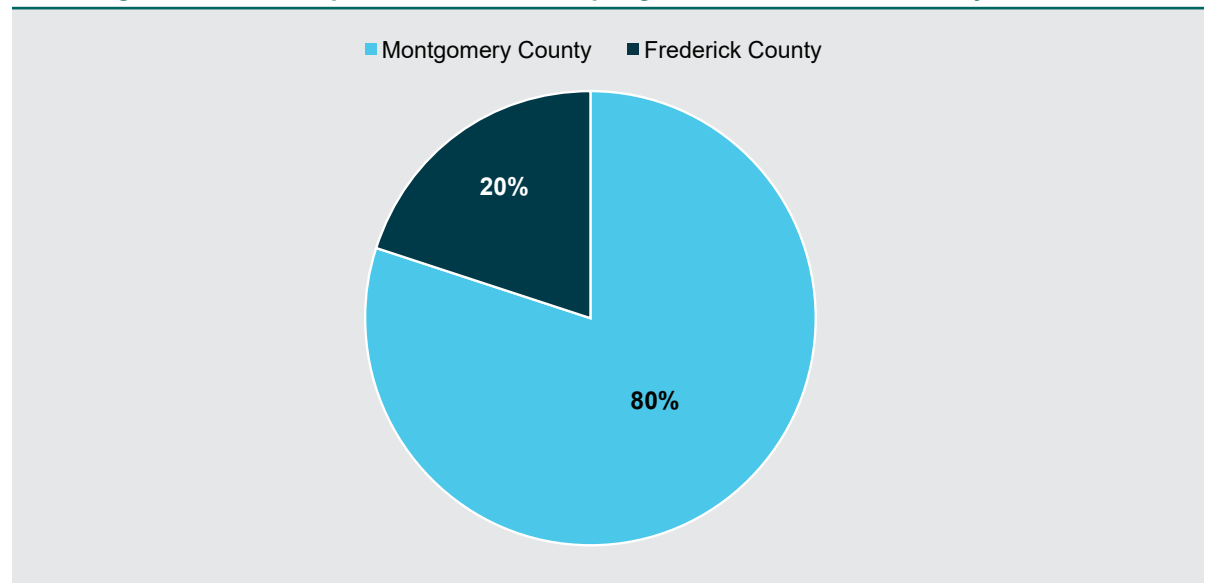
## Net Natural Change

After reaching a 10-year peak of approximately 8,750 people from July 2013 to July 2014, the net natural change (resident births minus resident deaths) in the HMA declined in 6 of the past 7 years. From 2014 to 2020, the net natural change in the HMA slowed by an average of 450, or 6.0 percent, annually compared with an average annual increase of 120, or 1.4 percent, annually from 2011 to 2014. The recent decline was due to a combination of decreasing resident births and increasing resident deaths. From 2014 to 2020, resident births in the HMA declined by an average of 160, or 1.1 percent, annually, whereas resident deaths rose by an average of 290, or 3.6 percent, annually. Additionally, net natural change is estimated to have further decreased during the past year largely due to COVID-19 related deaths. From July 1, 2020, to June 30, 2021, there have been approximately 1,100 COVID-related deaths in the HMA, compared with approximately 740 COVID-related deaths during the previous year (Center for Disease Control and Prevention).

## Montgomery County Submarket

The population of the Montgomery County submarket is estimated at 1.05 million, accounting for nearly 80 percent of the total population in the HMA (Figure 5). Population trends in the submarket have been similar to trends in the HMA. From

**Figure 5. Current Population in the Silver Spring-Frederick-Rockville HMA, by Submarket**



Source: Estimates by the analyst

2000 to 2002, the population in the submarket increased by an average of 13,250, or 1.5 percent, annually, and net in-migration averaged 5,575 people annually. Population growth slowed to an average of 6,600, or 0.7 percent, annually from 2002 to 2008 due to net out-migration, which averaged 1,600 people annually. Net in-migration resumed from 2008 to 2012, largely due to job growth at Naval Support Activity Bethesda, which is in the submarket. During this period, net in-migration averaged 7,875 people a year; population growth accelerated to an average of 15,650, or 1.6 percent, a year. When most of the BRAC-related expansions were completed at Naval Support Activity Bethesda, net in-migration into the submarket decreased to an average of 1,150 people annually from 2012 to 2017, causing population growth to slow to an average of 8,375, or 0.8 percent, annually. Since 2017, population growth has slowed further to an average of 360, or less than 0.1 percent, annually, largely due to net out-migration, which averaged 5,200 people annually. Net out-migration during this period was largely due to lower levels of international net in-migration into the submarket. From 2017 to 2020, international net in-migration averaged 6,025 people annually, down from the average of 9,400 people annually from 2011 to 2017. Additionally, international net in-migration is estimated to have further declined during the past year due to the international travel restrictions that were put in place to slow the spread of COVID-19.

## Frederick County Submarket

The population of the Frederick County submarket is estimated at 269,900, accounting for approximately 20 percent of the total population in the HMA. From 2000 to 2005, the population of the submarket rose by an average of 4,950, or 2.4 percent, annually, and net in-migration, which averaged 3,350 people annually, accounted for approximately two-thirds of the increase. Net in-migration in the submarket declined to an average of 830 people annually from 2005 to 2009, and population growth slowed to an average of 2,425, or 1.1 percent, annually, because of slow job growth in the HMA. Net in-migration accelerated to an average of 1,600 people annually from 2009 to 2012, largely because of job growth at Fort Detrick, most of which occurred during this period. Higher levels of net in-migration caused the population to increase at a faster pace, up by an average of 2,925, or 1.2 percent, annually. Similar to the Montgomery County submarket, net in-migration slowed in Frederick County from 2012 to 2016, averaging 850 people annually, which caused the population to increase at a slower pace of 1,900, or 0.8 percent, annually.

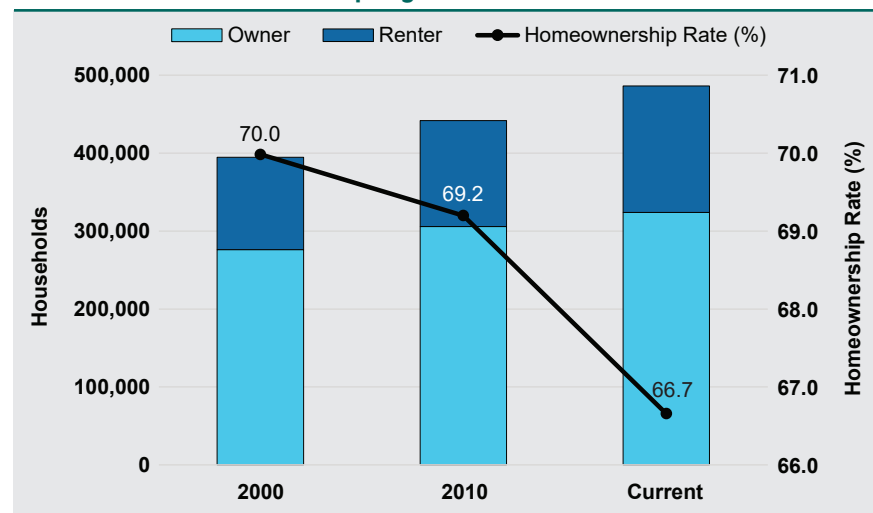
Population growth in the Frederick County submarket has accelerated since 2016, averaging 4,525, or 1.8 percent, annually. The faster rise in the population is due to higher levels of net in-migration, which have averaged 3,575 people annually. The higher levels of net in-migration during this period were entirely due to elevated domestic net in-migration, which averaged 3,000 people annually from 2016 to 2020, up from an average of 250 people annually from 2012 to 2016. More residents from the Montgomery County submarket seeking affordable housing options in the Frederick County submarket partially contributed to this increased domestic net in-migration. From 2016 through 2019, an average of 4,875 people moved from the Montgomery County submarket to the Frederick County submarket, up 73 percent compared with the average of 2,825 people from 2012 through 2015 (Internal Revenue Service). By comparison, from 2016 through 2019, an average of 1,650 people moved from the Frederick County submarket to the Montgomery County submarket, up 5 percent compared with 2012 through 2015.

## Household Trends

Household growth trends in the HMA and both submarkets have been similar to population growth trends. An estimated 486,200 households currently reside in the HMA, and 385,100 and 101,100 households currently reside in the Montgomery County and Frederick County submarkets, respectively. Since 2010, the number of households in the HMA has increased by an average of 3,950, or 0.9 percent, annually. By comparison, from 2000 to 2010, the number of households increased by an average of 4,725 households, or 1.1 percent, annually. The number of households in the Montgomery County and Frederick County submarkets has annually increased by averages of 2,500 and 1,450 households, or 0.7 and 1.6 percent, respectively, since 2010. By comparison, from 2000 to 2010, the number of households in the submarkets annually increased by averages of 3,250 and 1,475 households, or 1.0 and 1.9 percent, respectively.

The current homeownership rate in the Silver Spring-Frederick-Rockville HMA is estimated at 66.7 percent, down from 69.2 percent in 2010 (Figure 6).

**Figure 6. Households by Tenure and Homeownership Rate in the Silver Spring-Frederick-Rockville HMA**



Note: The current date is July 1, 2021.  
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst



In the Montgomery County and Frederick County submarkets, the homeownership rates are currently estimated at 64.6 and 74.5 percent, down from 67.6 and 75.8 percent in 2010, respectively. The larger decline in the rate in Montgomery County is partially attributed to more young professionals, many of whom are renters, choosing to move to the submarket because of the lower rents relative to the District of Columbia and having access to 1 of the 11 Washington Metropolitan Area Transit Authority (WMATA; hereafter, Metro) train stops in the county. In the Frederick County submarket, there are no Metro train stations, which makes the submarket less attractive to live for renters who work outside the county.

### Military Households

Approximately 6,250 military personnel are employed at Naval Support Activity Bethesda and Fort Detrick. Approximately 10 percent of all military personnel at these installations reside in on-base dormitories. Of the remaining personnel, an estimated 90 percent reside in the HMA; military households account for approximately 1 percent of all households.

### Forecast

During the 3-year forecast period, the population of the HMA is expected to increase by an average of 8,975, or 0.7 percent, annually, reaching 1.35 million by July 1, 2024. Population growth is expected to be slow during the first year of the forecast period but accelerate during the second and third years as economic conditions in the HMA continue to improve and international net in-migration increases. In the Montgomery County and Frederick County submarkets, the populations are expected to increase by averages of 3,975 and 5,000, or 0.4 and 1.8 percent, respectively.

During the next 3 years, the number of households in the HMA is expected to increase at a similar pace as the population, up by an average of 3,425, or 0.7 percent, annually, reaching approximately 496,500 households. In the Montgomery County and Frederick County submarkets, the number of households is estimated to increase by averages of 1,325 and 2,100, or 0.3 and 2.0 percent, annually, to 389,000 and 107,400 households, respectively.



# Home Sales Market

## Sales Market—Silver Spring-Frederick-Rockville HMA

### Market Conditions: Slightly Tight

Because of a strong increase in home sales, sales market conditions in the HMA have tightened during the past year.

### Current Conditions

The sales housing market in the Silver Spring-Frederick-Rockville HMA is currently slightly tight. The current vacancy rate is estimated at 1.4 percent (Table 4), down from 1.6 percent in 2010. In June 2021, the HMA had 0.9 months of available for-sale housing inventory, down from 1.5 months of inventory in June 2020 and from the 5-year peak of 2.8 months of inventory in June 2019 (Bright MLS, Inc.). Sales market conditions in the HMA have tightened during the past year, largely due to a surge in homebuying caused by declining mortgage interest rates during 2020. In December 2020, the average interest rate of a 30-year fixed-rate mortgage was 2.7 percent, down from 3.7 percent in December 2019 (Freddie Mac). Mortgage rates increased slightly during the first half of 2021, but the 3.0-percent rate in June 2021 is still well below prepandemic rates.

**Table 4. Home Sales Quick Facts in the Silver Spring-Frederick-Rockville HMA**

Home Sales Quick Facts	Silver Spring-Frederick-Rockville HMA		Nation
	<b>Vacancy Rate</b>	1.4%	NA
<b>Months of Inventory</b>	0.9		1.3
<b>Total Home Sales</b>	21,100		6,505,000
1-Year Change	30%		16%
<b>New Home Sales Price</b>	\$560,100		\$416,600
1-Year Change	2%		3%
<b>Existing Home Sales Price</b>	\$523,700		\$375,200
1-Year Change	10%		20%
<b>Mortgage Delinquency Rate</b>	3.0%		3.1%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2021, and months of inventory data and mortgage delinquency data are as of June 2021. The current date is July 1, 2021.

Sources: Vacancy rate—estimate by the analyst; months of inventory and mortgage delinquency rates—CoreLogic, Inc.; HMA home sales—Bright MLS, Inc.; HMA home sales prices—Zonda; national home sales and prices—National Association of Realtors® and Census Bureau/HUD

## Seriously Delinquent Mortgages and REO Properties

In June 2021, 3.0 percent of home loans in the Silver Spring-Frederick-Rockville HMA were seriously delinquent or had transitioned into real estate owned (REO) status, down from 3.4 percent in June 2020 (CoreLogic, Inc.). The rate increased from 0.9 percent in March 2020 to 4.5 percent in August 2020 due to a more than seven-fold increase in the number of home loans that were 90 or more days delinquent. The increase in the rate during this period was largely attributed to households being unable to make their mortgage payments because of elevated unemployment rates. However, as jobs continued to be added and the unemployment rate declined, more households caught up on their payments. As a result, the number of home loans that were 90 or more days delinquent declined 31 percent since August 2020, and the rate of homes that are seriously delinquent or had transitioned into REO status has declined in each of the past 9 months. Additionally, because of the forbearance programs helping to keep homes from going into foreclosure, the number of home loans that are either in foreclosure or had transitioned into REO status has generally decreased during the COVID-19 pandemic, continuing a trend that started in 2012. The current rate of home loans that are seriously delinquent or have transitioned into REO status in the HMA is lower than the statewide and nationwide rates of 4.3 and 3.1 percent, respectively.



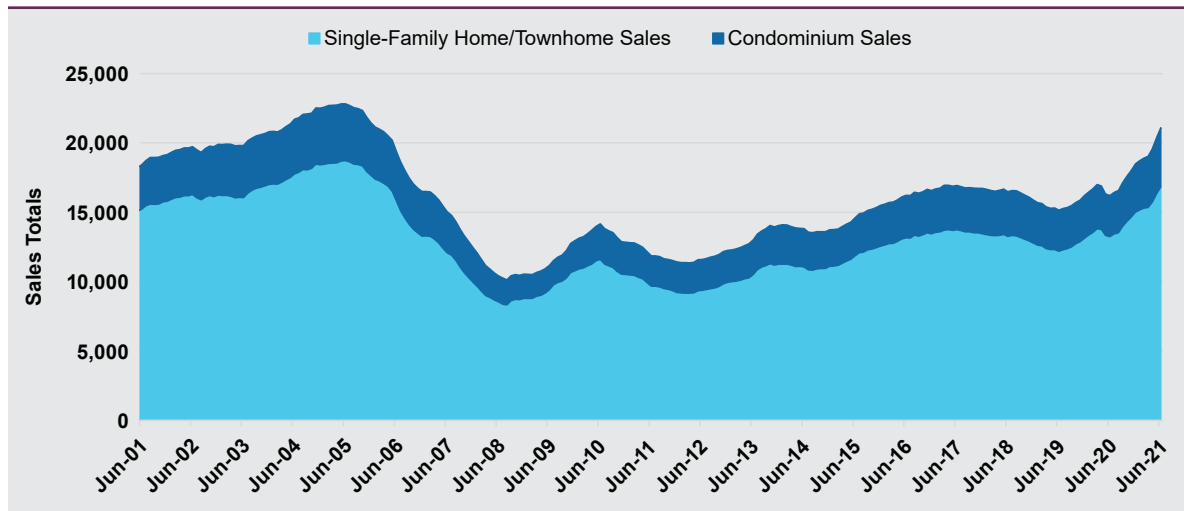
## Home Sales

Sales of new and existing homes rose during the past 9 years, including an accelerated rate of increase during the past year, and the current level of sales is at the highest level in more than 15 years. During the 12 months ending June 2021, approximately 21,100 new and existing homes sold, representing an increase of 4,875 homes, or 30 percent, compared with the previous 12-month period (Bright MLS, Inc.). Home sales have increased an average of 7 percent annually since 2012, and the current level of sales is up 85 percent compared with the 11,400 homes sold during 2011, which was a 20-year low. Additionally, the number of homes sold during the recent 12 months was only 6 percent lower than the 22,500 homes sold during 2004, a 20-year peak. Figure 7 shows the 12-month sales totals by unit type in the HMA since 2001, and Figure 8 shows the shares of new and existing home sales by price range during the 12 months ending June 2021.

## Home Sale Prices

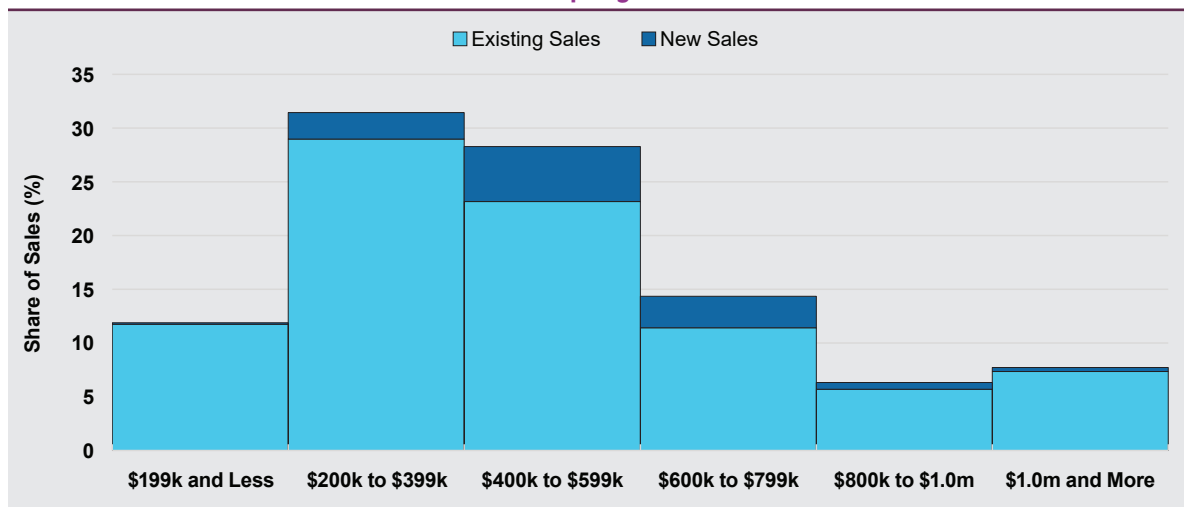
Because of decreases in the available for-sale inventory, the competition for homes among potential homebuyers has increased during the past year, producing a significant rise in the average sales price. In June 2021, nearly 60 percent of all homes sold had a sales price that was higher than the original listing price, up from approximately 32 percent of all homes sold in June 2020 (Redfin, a national real estate

Figure 7. 12-Month Sales Totals by Type in the Silver Spring-Frederick-Rockville HMA



Source: Bright MLS, Inc.

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending June 2021 in the Silver Spring-Frederick-Rockville HMA



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

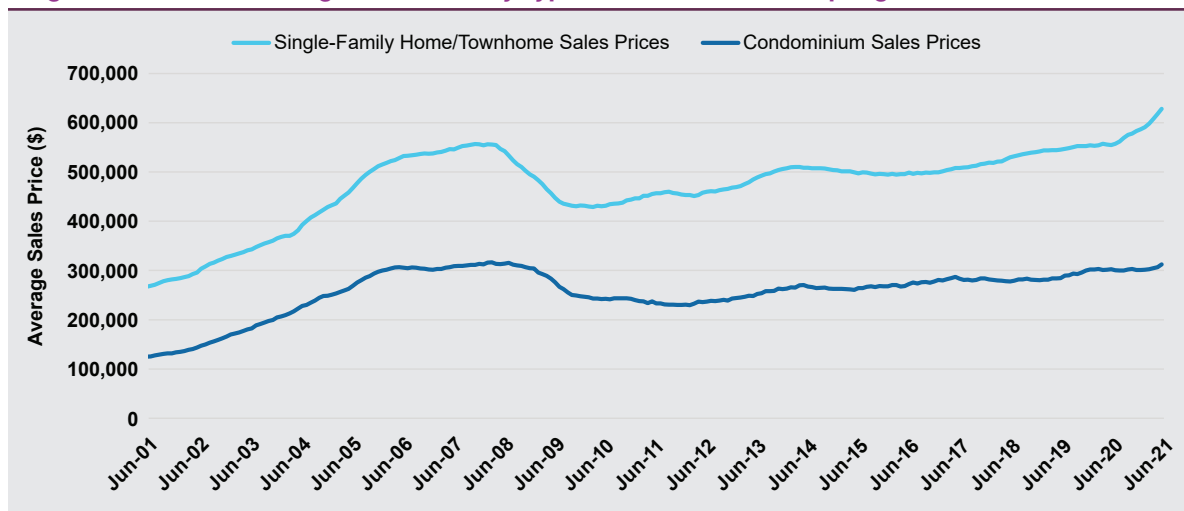


brokerage). During the 12 months ending June 2021, the average sales price of new and existing homes rose 11 percent to \$564,400, which was the largest increase in 15 years; the current average price is an all-time peak (Bright MLS, Inc.). By comparison, from 2010 through 2019, the average sales price rose an average of 2 percent annually. Figure 9 shows the 12-month average sales price by unit type in the HMA since 2001.

### Housing Affordability

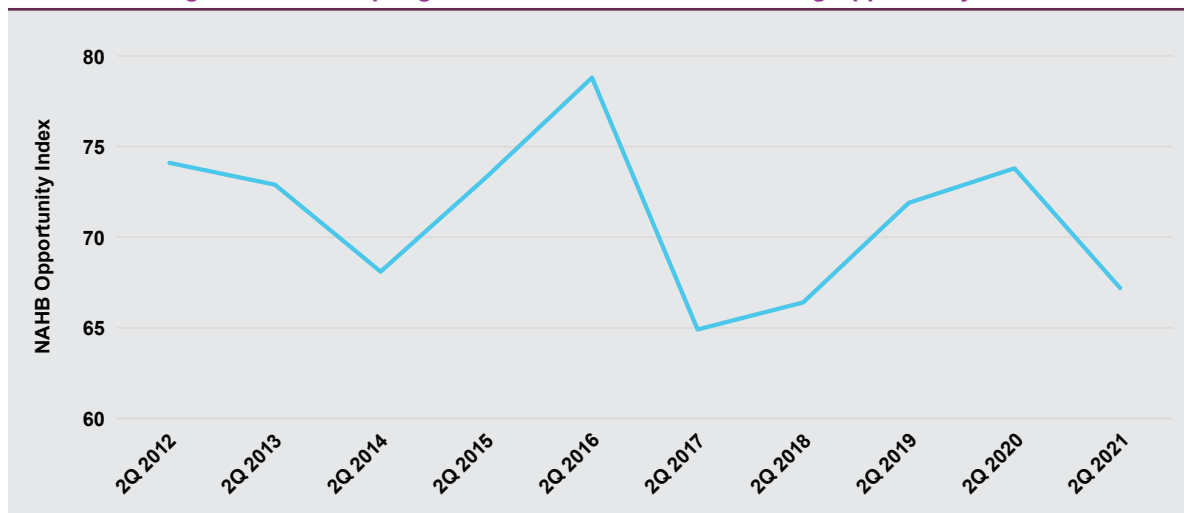
The affordability of owning a home in the Silver Spring-Frederick-Rockville HMA has declined during the past year, similar to the rest of the nation, due to a 10-percent increase in the median sales price outpacing the moderate 2-percent rise in median income (National Association of Homebuilders [NAHB]). The NAHB/Wells Fargo Housing Opportunity Index (HOI) for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 67.2 during the second quarter of 2021, down from 73.8 during the second quarter of 2020 (Figure 10). During the second quarter of 2021, approximately 110, or 46 percent, of the 236 ranked metropolitan areas and divisions in the nation were less affordable than the Silver Spring-Frederick-Rockville HMA. By comparison, during the second quarter of 2020, approximately 48 percent of all metropolitan areas and divisions were less affordable than the HMA.

Figure 9. 12-Month Average Sales Price by Type of Sale in the Silver Spring-Frederick-Rockville HMA



Source: Bright MLS, Inc.

Figure 10. Silver Spring-Frederick-Rockville HMA Housing Opportunity Index



NAHB = National Association of Home Builders. 2Q = second quarter. Sources: NAHB; Wells Fargo



## Forecast

During the 3-year forecast period, demand is estimated for 8,550 new homes (Table 5). The 1,320 homes under construction will satisfy some of that demand. Demand is expected to be strongest during the first year of the forecast period because mortgage interest rates are anticipated to stay relatively low. During the second and third years of the forecast period, demand is expected to decline slightly but remain relatively high because of steadily improving economic conditions.

**Table 5. Demand for New Sales Units in the Silver Spring-Frederick-Rockville HMA During the Forecast Period**

Sales Units	
<b>Demand</b>	8,550 Units
<b>Under Construction</b>	1,320 Units

Note: The forecast period is from July 1, 2021, to July 1, 2024.  
Source: Estimates by the analyst

## Sales Market—Montgomery County Submarket

### Market Conditions: Slightly Tight

The inventory of for-sale housing in the submarket is very low and has declined in 5 of the past 6 years.

### Current Conditions

The sales housing market in the Montgomery County submarket is currently slightly tight. The current vacancy rate is estimated at 1.4 percent (Table 6), down slightly from 1.5 percent in 2010. In June 2021, the submarket had 1.0 month of available for-sale housing inventory down from 1.5 months of inventory in June 2020, and nearly 73 percent of all homes that were sold were listed for 10 or fewer days, up from approximately 46 percent of all homes sold in June 2020 (Bright MLS, Inc.). Sales market conditions were

**Table 6. Home Sales Quick Facts in the Montgomery County Submarket**

	Montgomery County Submarket	Silver Spring-Frederick-Rockville HMA
<b>Vacancy Rate</b>	1.4%	1.4%
<b>Months of Inventory</b>	1.0	0.9
<b>Total Home Sales</b>	15,150	21,100
1-Year Change	28%	30%
<b>New Home Sales Price</b>	\$709,300	\$560,100
1-Year Change	-3%	2%
<b>Existing Home Sales Price</b>	\$605,400	\$523,700
1-Year Change	11%	10%
<b>Mortgage Delinquency Rate</b>	3.1%	3.0%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2021, and months of inventory data and mortgage delinquency data are as of June 2021. The current date is July 1, 2021.

Sources: Vacancy rate—estimate by the analyst; months of inventory and mortgage delinquency rates—CoreLogic, Inc.; home sales—Bright MLS, Inc.; home sales prices—Zonda

slightly tight from 2000 through 2002 but transitioned to slightly soft from 2003 through 2008 due to net out-migration. Despite the lingering effects of the national housing downturn and Great Recession, conditions transitioned to balanced from 2009 through 2012 because of net in-migration and low levels of for-sale home construction activity; the sales market remained balanced from 2013 through 2019. Similar to the HMA overall, conditions in the submarket tightened during the past year, largely due to a 39-percent decline in the number of available for-sale homes.

During the past year, sales market conditions in the market for single-family homes and townhomes were tighter than the market for condominiums. There was a 25-percent decline in the number of for-sale single-family homes and townhomes from June 2020 to June 2021, whereas the number of for-sale condominiums increased 8 percent. The rise in the number of available for-sale condominiums was largely attributed to investors that owned these units as rental properties deciding to sell them in response to the tightening sales market conditions.



## Seriously Delinquent Mortgages and REO Properties

The rate of seriously delinquent home loans and REO properties in the Montgomery County submarket is similar to the rate in the HMA. In June 2021, 3.1 percent of home loans in the Montgomery County submarket were seriously delinquent or had transitioned into REO status, down from 3.4 percent in June 2020 (CoreLogic, Inc.). The rate increased from 0.8 percent in March 2020 to 4.6 percent in August 2020 but has decreased or been relatively unchanged every month since September 2020.

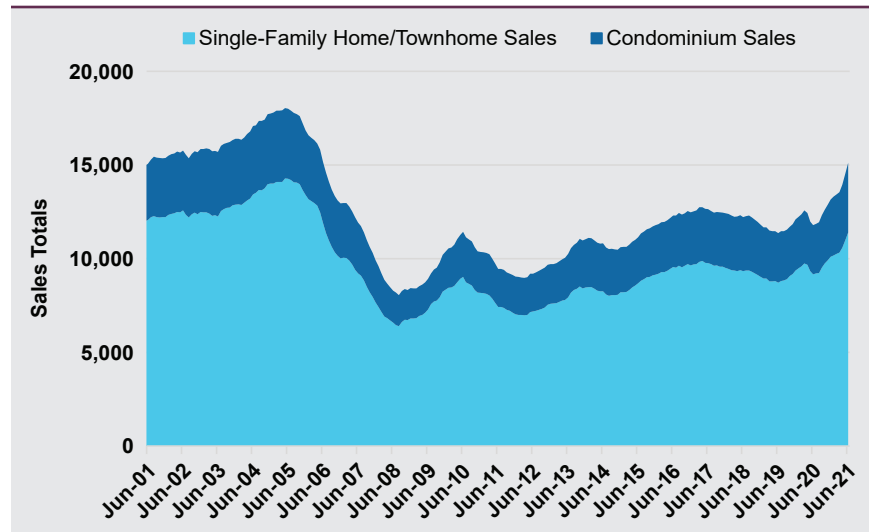
## Single-Family Home and Townhome Sales

Sales of new and existing single-family homes and townhomes have risen since 2019, which includes an accelerated rate of increase during the past 12-months. During the 12 months ending June 2021, approximately 11,400 new and existing single-family homes and townhomes were sold, representing an increase of 2,225 homes, or 24 percent, compared with the 12 months ending June 2020 (Bright MLS, Inc.). Home sales have increased an average of 10 percent annually since 2019, compared with an average 3-percent decrease during 2017 and 2018, partially due to rising mortgage interest rates. The current level of sales is up 62 percent compared with the 7,025 homes sold during 2011, which was the lowest level since 2008, but is 19 percent below the all-time peak level of 14,000 homes sold during 2004. Figure 11 shows the 12-month sales totals by unit type in the Montgomery County submarket since 2001, and Figure 12 shows the shares of new and existing home sales by price range during the 12 months ending June 2021.

## Condominium Sales

Sales of new and existing condominiums surged during the past year, and condominium sales increased at a faster pace than single-family homes and townhomes. Although the decrease in the number of available for-sale single-family homes and townhomes likely constrained the number of homes that could be sold in the submarket, the inventory of available for-sale condominiums rose, allowing the elevated demand for condominium units to be satisfied.

Figure 11. 12-Month Sales Totals by Type in the Montgomery County Submarket



Source: Bright MLS, Inc.

Figure 12. Share of Overall Sales by Price Range During the 12 Months Ending June 2021 in the Montgomery County Submarket



Source: Zonda



During the 12 months ending June 2021, approximately 3,725 new and existing condominiums were sold, representing an increase of 1,100 condominiums, or 42 percent, compared with the same period a year earlier (Bright MLS, Inc.). By comparison, condominium sales declined an average of 5 percent annually in corresponding periods during 2019 and 2020. Because of the recent increase, the current level of sales is more than double the 20-year low of 1,625 condominiums sold during 2008 and is approximately 1 percent lower than the all-time peak level of 3,750 condominiums sold during 2004.

### Sales Prices

Because of a combination of a significant increase in the number of homes sold and a decrease in the available for-sale inventory of single-family homes and townhomes, the average sales price of new and existing single-family homes and townhomes rose at the fastest pace in 15 years, reaching an all-time peak. During the 12 months ending June 2021, the average sales price of new and existing single-family homes and townhomes was up 14 percent, to \$725,800, compared with a 3-percent rise during the same period a year earlier. The average sales price has increased an average of 10 percent annually since 2020, compared with an average annual rise of 2-percent from 2010 through 2019, and the current price is up 52 percent compared with

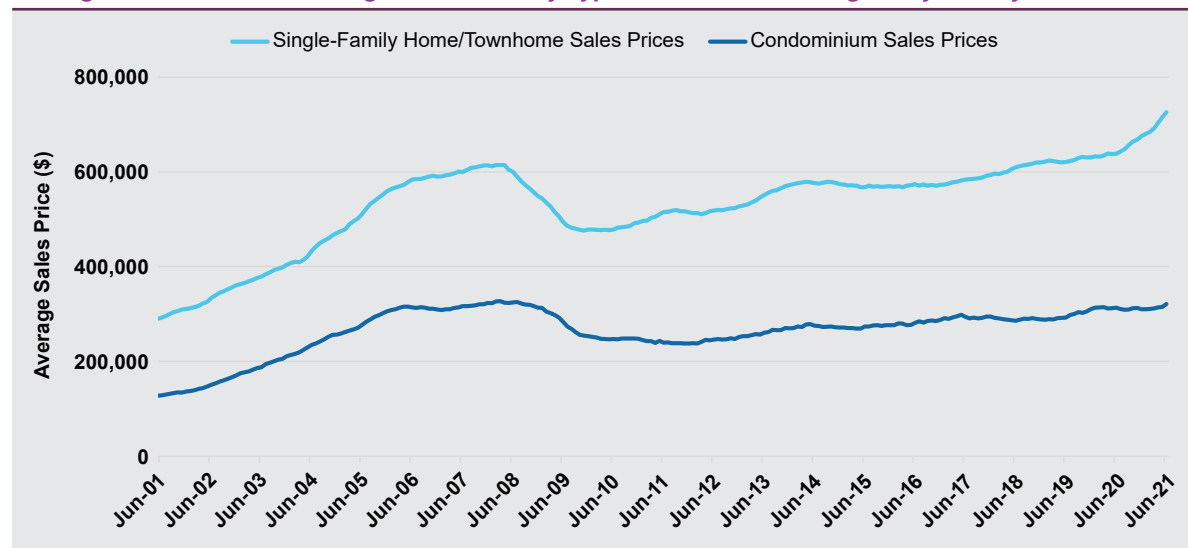
the 15-year low average price of \$478,500 during 2009. Figure 13 shows the 12-month average sales price by unit type in the Montgomery County submarket since 2001.

The average sales price of condominiums also rose during the past year. However, the increase was not as large as with single-family homes and townhomes, which is largely attributed to conditions being tighter in the market for single-family homes and townhomes than in the market for condominiums. During the 12 months ending June 2021, the average sales price of condominiums was up 2 percent, to \$321,000. The average sales price has increased an average of 3 percent annually since 2012, and the current price is up 35 percent compared with the 15-year low average price of \$238,000 during 2011. However, the current price is 1 percent below the average of \$323,500 during 2007, an all-time peak.

### Sales Construction Activity

Sales construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted (see [building permits](#)), has been relatively limited since 2017, in response to net out-migration. Sales construction activity was strongest from 2000 through 2005, when an average of 3,100 sales units were permitted annually (Figure 14). In response to declining sales totals, sales

Figure 13. 12-Month Average Sales Price by Type of Sale in the Montgomery County Submarket



Source: Bright MLS, Inc.

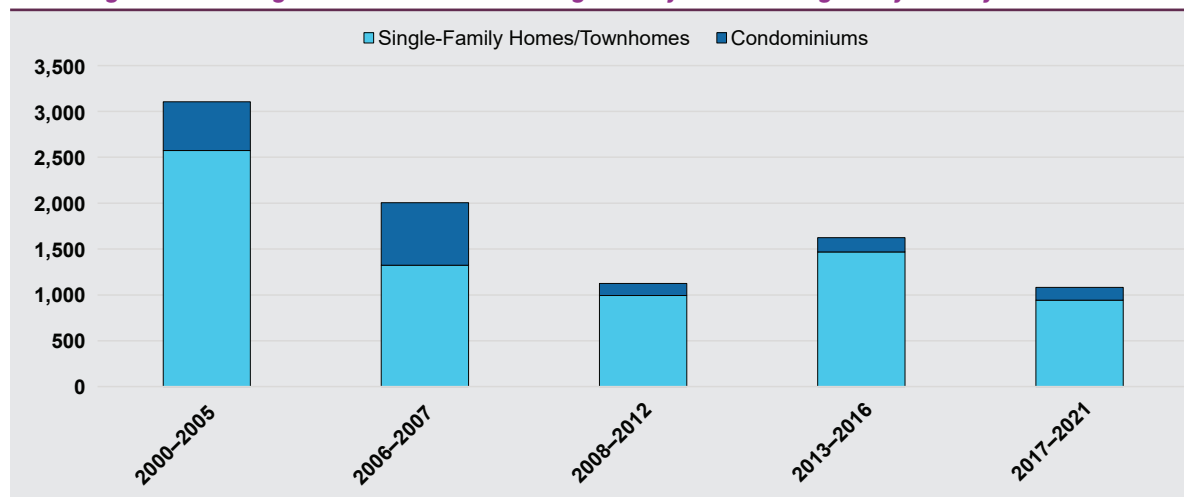


permitting activity slowed to an average of 2,000 sales units permitted annually during 2006 and 2007 and to an average of 1,125 sales units permitted annually from 2008 through 2012. Homebuilders responded to rising home sales by increasing sales construction activity to an average of 1,625 sales units permitted annually from 2013 through 2016. However, since 2017, construction activity slowed to an average of 1,075 sales units permitted annually. During the 12 months ending June 2021, approximately 1,000 sales units were permitted, down 6 percent from the previous 12-month period (preliminary data, with adjustments by the analyst). Since 2012, approximately 10 percent of all sales units permitted have been for condominiums, down significantly from 25 percent of all sales units permitted from 2003 through 2011, but up from 7 percent of all sales units permitted from 2000 through 2002. Condominium construction activity has been relatively limited in recent years because absorption of newly constructed condominium units has been slow.

## New Construction

Recent construction activity in the submarket has been primarily concentrated in the more suburban portions of the county where developable land is abundant. Recent activity includes Laytonsville Grove, a single-family home community that is in the town of Laytonsville. All 36 homes at this community were completed between 2019 and early 2021, and prices for these five-, six-, and seven-bedroom homes start at \$860,500, \$998,000, and \$1.06 million,

**Figure 14. Average Annual Sales Permitting Activity in the Montgomery County Submarket**



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2021 are through June 2021 and are annualized. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

respectively. The Villages at Cabin Branch is a community in Clarksburg (see [Census Designated Place](#)) that is under construction and will have more than 2,250 single-family homes, townhomes, and condominiums once completed. Approximately 1,300 single-family homes and townhomes have been completed at the community since 2013, and approximately 110 homes are currently under construction. The remaining homes at this community, including approximately 270 condominium units, are expected to be completed within the next 3 to 5 years. Prices for newly constructed single-family homes and townhomes start at approximately \$689,900 and \$600,000, respectively.

## Forecast

During the 3-year forecast period, demand is estimated for 3,025 new single-family homes, townhomes, and condominiums (Table 7). The 500 homes under construction will satisfy some of the demand that is expected to increase each year slightly because of improving economic conditions and rising net in-migration.

**Table 7. Demand for New Sales Units in the Montgomery County Submarket During the Forecast Period**

Sales Units	
<b>Demand</b>	3,025 Units
<b>Under Construction</b>	500 Units

Note: The forecast period is from July 1, 2021, to July 1, 2024. Source: Estimates by the analyst



## Sales Market—Frederick County Submarket

### Market Conditions: Very Tight

During the past year, the average sales price of new and existing homes in the submarket increased at the fastest pace in 15 years.

### Current Conditions

The sales housing market in the Frederick County submarket is currently very tight. The current vacancy rate is estimated at 1.5 percent (Table 8), down from 1.8 percent in 2010. In June 2021, the submarket had 0.7 months of available for-sale housing inventory, down from 1.6 months of inventory in June 2020, and the average number of days that a home was on the market was 9, down 70 percent compared with the average of 30 days a year earlier (Bright MLS, Inc.). Sales market conditions in the submarket were balanced from 2000 through 2005. However, conditions transitioned to slightly soft from 2006 through 2008 because of slower population growth and the effects of the national housing downturn. Higher levels of net in-migration contributed to conditions becoming balanced from 2009 through 2012, and conditions remained balanced from 2013 through 2015. Since 2016, conditions have generally tightened due to strong net in-migration and the surge in homebuying during the past year.

**Table 8. Home Sales Quick Facts in the Frederick County Submarket**

	Frederick County Submarket	Silver Spring-Frederick-Rockville HMA
<b>Vacancy Rate</b>	1.5%	1.4%
<b>Months of Inventory</b>	0.7	0.9
<b>Total Home Sales</b>	5,975	21,100
1-Year Change	35%	30%
<b>New Home Sales Price</b>	\$493,500	\$560,100
1-Year Change	9%	2%
<b>Existing Home Sales Price</b>	\$349,400	\$523,700
1-Year Change	12%	10%
<b>Mortgage Delinquency Rate</b>	2.9%	3.0%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2021, and months of inventory data and mortgage delinquency data are as of June 2021. The current date is July 1, 2021.

Sources: Vacancy rate—estimate by the analyst; months of inventory and mortgage delinquency rates—CoreLogic, Inc.; home sales—Bright MLS, Inc.; home sales prices—Zonda

Sales market conditions in the Frederick County submarket were very tight in the markets for single-family homes and townhomes and in the market for condominiums. This was largely due to the inventory of for-sale homes declining in both segments, unlike the Montgomery County submarket in which only the single-family and townhome inventory declined. In June 2021, the submarket had 0.7 of a month of available for-sale housing inventory for single-family homes and townhomes, down from 1.7 months of inventory in June 2020 (Bright MLS, Inc.). The condominium market had 0.8 months of available for-sale inventory in June 2021, down from 1.5 months in June 2020.

### Seriously Delinquent Mortgages and REO Properties

The rate of seriously delinquent home loans and REO properties in the Frederick County submarket has shown similar trends as in the Montgomery County submarket. In June 2021, 2.9 percent of home loans in the Frederick County submarket were seriously delinquent or had transitioned into REO status, down from 3.3 percent in June 2020 (CoreLogic, Inc.). The current rate is down from the 4.3 percent rate in August 2020, which was the highest rate in more than 7 years.

### Single-Family Home and Townhome Sales

Sales of new and existing single-family homes and townhomes have increased at a rapid pace

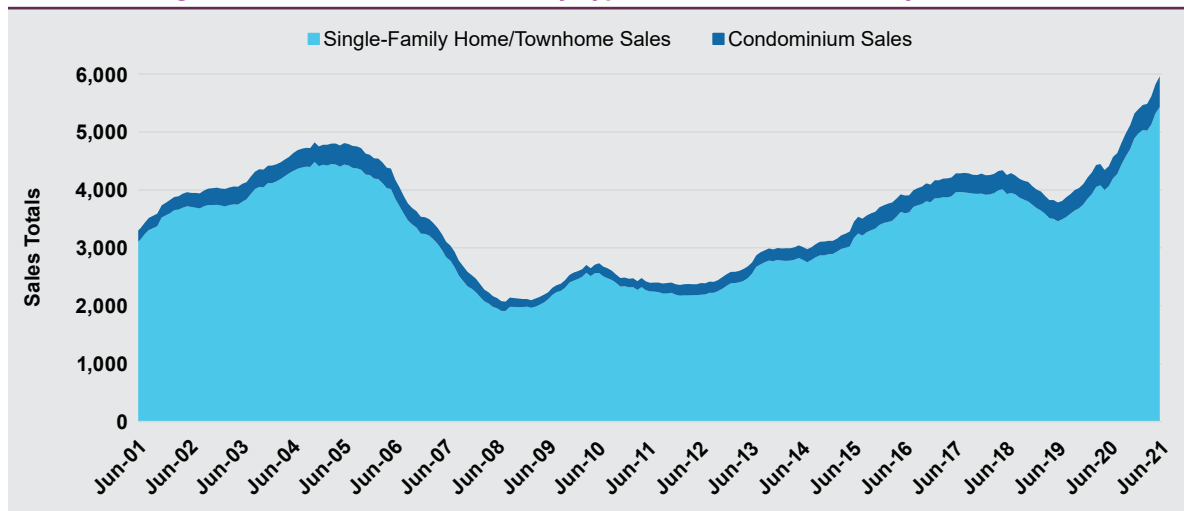


since 2020. During the 12 months ending June 2021, sales of new and existing single-family homes and townhomes increased by 1,375, or 34 percent, to 5,425 homes sold, compared with a 17-percent increase during the same period a year earlier. By comparison, from 2012 through 2019 home sales increased an average of 7-percent annually. The number of homes sold during the 12 months ending June 2021 is at an all-time peak, up 23-percent from the previous peak of 4,400 homes sold during 2004. Figure 15 shows the 12-month sales totals by unit type in the Frederick County submarket since 2001, and Figure 16 shows the shares of new and existing home sales by price range during the 12 months ending June 2021.

### Condominium Sales

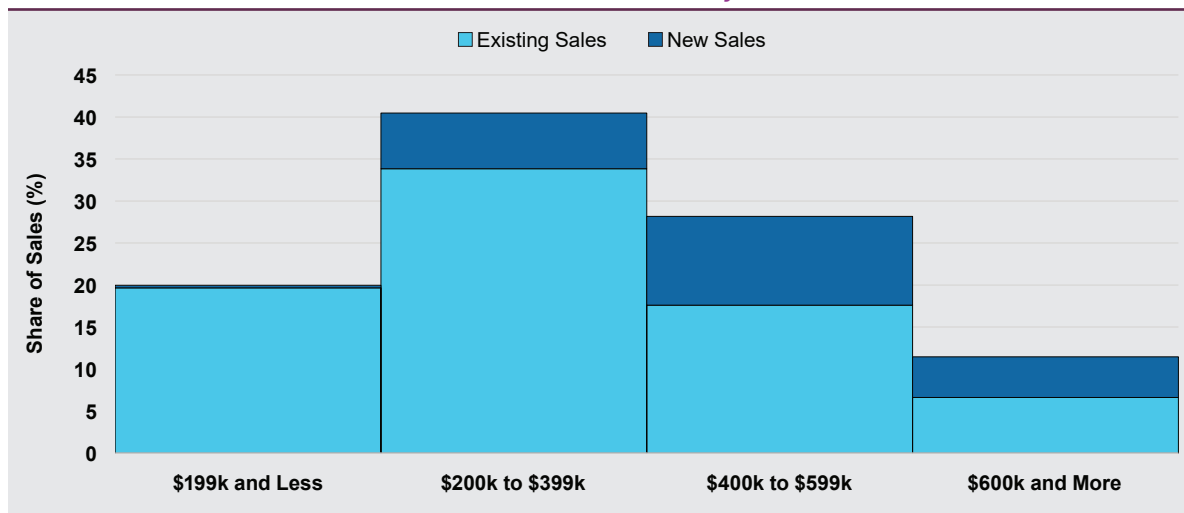
During the past 12 months, sales of new and existing condominiums increased at the fastest pace in more than 20 years, reaching an all-time peak level. During the 12 months ending June 2021, approximately 530 new and existing condominiums sold, up by 190 units, or 54 percent, from the previous 12-month period, compared with a 7-percent rise during the same period a year earlier. Condominium sales increased an average of 31 percent annually since 2020, compared with an average annual rise of 10-percent from 2010 through 2019. The current level of condominium sales is more than triple the 20-year low of 140 condominiums sold during 2009.

Figure 15. 12-Month Sales Totals by Type in the Frederick County Submarket



Source: Bright MLS, Inc.

Figure 16. Share of Sales by Price Range During the 12 Months Ending June 2021 in the Frederick County Submarket



Source: Zonda

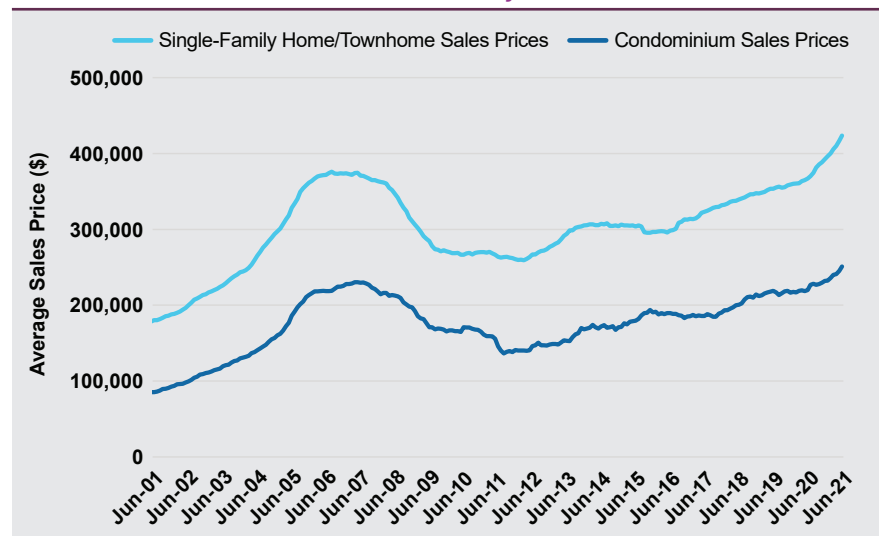


## Sales Prices

As with the Montgomery County submarket, the average sales price of new and existing single-family homes and townhomes reached an all-time peak after increasing significantly during the past year. During the 12 months ending June 2021, the average sales price of new and existing single-family homes and townhomes rose 15 percent, to \$423,500, accelerating from the 4-percent increase during the previous year. The average sales price has increased an average of 12 percent annually since 2020, compared with an average annual rise of 4-percent from 2012 through 2019, and the current average price is 13-percent higher than the previous peak of \$373,500 during 2006. Figure 17 shows the 12-month average sales price by unit type in the Frederick County submarket since 2001.

In response to a surge in condominium sales, the average sales price of new and existing condominiums rose at the fastest pace in 15 years. During the

**Figure 17. 12-Month Average Sales Price by Type of Sale in the Frederick County Submarket**



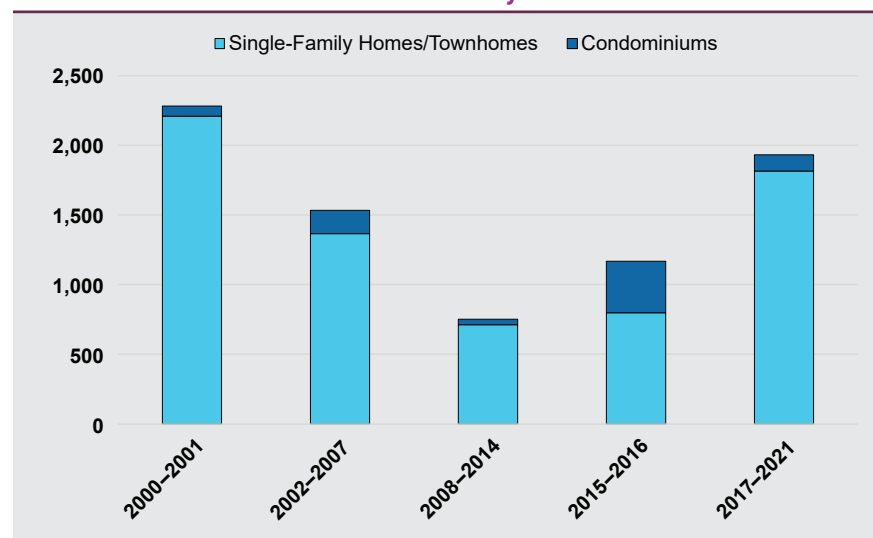
REO = real estate owned.  
Source: Bright MLS, Inc.

12 months ending June 2021, the average sales price of new and existing condominiums was up 14 percent to \$251,200, an all-time peak, up from the less than 1-percent increase during the previous year. The average sales price has increased an average of 10 percent annually since 2020, compared with an average annual rise of 5 percent from 2012 through 2019, and the current price is up 78 percent compared with the recent low average price of \$141,100 during 2011, which was a 15-year low.

## Sales Construction Activity

In response to increases in the number of homes sold, sales construction activity in the submarket has been strong since 2017, including accelerated building activity during the past year when the sales market tightened. Since 2017, an average of 1,925 sales units were permitted annually (Figure 18). Sales construction activity since 2017 is up 64 percent compared with the

**Figure 18. Average Annual Sales Permitting Activity in the Frederick County Submarket**



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2021 are through June 2021 and are annualized.  
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst



average of 1,175 sales units permitted annually during 2015 and 2016. It is more than two and a half times the average of 750 sales units permitted annually from 2008 through 2014. During the 12 months ending June 2021, approximately 2,475 sales units were permitted, up 44 percent compared with the previous 12-month period (preliminary data, with adjustments by the analyst). Since 2015, approximately 12 percent of all sales units permitted have been for condominiums, up from 5 percent of all sales units permitted from 2007 through 2014. The increase in condominium construction activity in recent years is largely attributed to higher demand for new housing in the city of Frederick, where developable land is relatively limited.

## New Construction

Recent construction activity in the submarket includes The Preserve at Long Branch, which is a single-family home community in the city of Frederick. Approximately 75 of the planned 146 homes at this community have been completed since late 2019, and an additional 25 are currently under construction; the remaining homes are expected to be built within the next 3 years. Prices for the four- and five-bedroom homes at this community start at \$603,500 and \$665,000, respectively. Also in the city of Frederick is Harrington Terrace Villas, a townhome community that began construction in early 2021. All 110 townhomes at this community

are expected to be completed within the next 2 to 3 years. Prices for these three- and four-bedroom homes start at approximately \$441,500 and \$519,600, respectively. Recent condominium construction activity in the city of Frederick includes the 46 condominiums completed during 2021 at the second phase of Westview South. Prices for the three-bedroom, two-and-a-half bathroom units at this community start at approximately \$250,000.

## Forecast

During the 3-year forecast period, demand is estimated for 5,525 new single-family homes, townhomes, and condominiums (Table 9). The 820 homes under construction will satisfy some of that demand, which is expected to be strongest during the first year of the forecast period. However, it is still expected to stay elevated during the second and third years as economic conditions throughout the HMA continue to improve.

**Table 9. Demand for New Sales Units in the Frederick County Submarket During the Forecast Period**

Sales Units	
<b>Demand</b>	5,525 Units
<b>Under Construction</b>	820 Units

Note: The forecast period is from July 1, 2021, to July 1, 2024.

Source: Estimates by the analyst



# Rental Market

## Rental Market—Silver Spring-Frederick-Rockville HMA

### Market Conditions: Balanced

The overall rental market in the HMA and in both submarkets is currently balanced.

### Current Conditions and Recent Trends

The rental housing market in the Silver Spring-Frederick-Rockville HMA—including apartments, single-family homes, townhomes, condominiums, and mobile homes for rent—is currently balanced. The overall vacancy rate is estimated at 5.9 percent, up from 5.6 percent in 2010 (Table 10). In 2019, approximately 26 percent of all renter-occupied units were single-family homes, down from 29 percent of all renter-occupied units in 2010 (ACS 1-year data). Additionally, 5 percent of all renter-occupied units were in structures with two to four units, up slightly from 4 percent of all units in 2010. Multifamily buildings with five or more units, typically apartments, accounted for 68 percent of all occupied rental units in 2019, up slightly from 67 percent of all occupied rental units in 2010.

Conditions in the apartment market are currently balanced and unchanged compared with 2010. During the second quarter of 2021, the apartment vacancy rate was 4.2 percent, down slightly from 4.3 percent during the second quarter of 2020 (Figure 19; RealPage, Inc.). Since 2010, conditions in the HMA have been balanced, and the second-quarter vacancy rate has ranged from 3.8 percent during 2011 to 4.9 percent in 2010. During the second quarter of 2021, the average apartment asking rent was \$1,767, up 1 percent from the second quarter of 2020. The average asking rent has increased an average of 1 percent annually since the second quarter of 2012 compared with an average 3-percent rise from 2005 through 2011.

Table 10. Rental and Apartment Market Quick Facts in the Silver Spring-Frederick-Rockville HMA

Rental Market Quick Facts	2010 (%)	Current (%)	
	Rental Vacancy Rate	5.6	5.9
	2010 (%)	2019 (%)	
Occupied Rental Units by Structure			
Single-Family Attached & Detached	29	26	
Multifamily (2–4 Units)	4	5	
Multifamily (5+ Units)	67	68	
Other (Including Mobile Homes)	0	1	

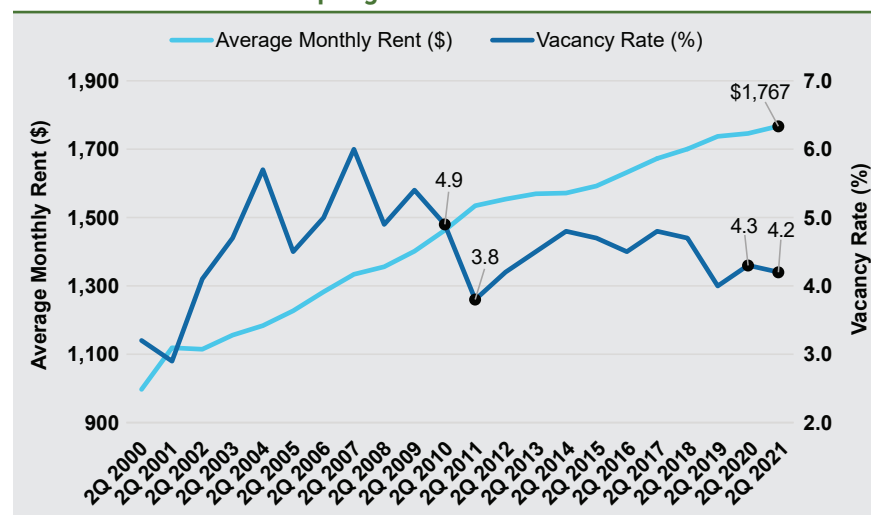
Apartment Market Quick Facts	2Q 2021	YoY Change	
	Apartment Vacancy Rate	4.2	-0.1
	Average Rent	\$1,767	1%

2Q = second quarter. YoY = year-over-year.

Notes: The current date is July 1, 2021. 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—2010 and 2019 American Community Survey, 1-year data; apartment data—RealPage, Inc.

Figure 19. Apartment Rents and Vacancy Rates in the Silver Spring-Frederick-Rockville HMA



2Q = second quarter.  
Source: RealPage, Inc.





## Forecast

During the 3-year forecast period, demand is estimated for 5,450 new rental units in the HMA (Table 11). Demand is expected to be relatively steady during the forecast period but slightly increase during the second and third years when net in-migration is expected to accelerate. New supply should be targeted to come online during the second and third years of the forecast period because the 2,350 units under construction will satisfy all demand during the first year.

**Table 11. Demand for New Rental Units in the Silver Spring-Frederick-Rockville HMA During the Forecast Period**

Rental Units	
<b>Demand</b>	5,450 Units
<b>Under Construction</b>	2,350 Units

Note: The forecast period is July 1, 2021, to July 1, 2024.

Source: Estimates by the analyst

## Rental Market—Montgomery County Submarket

### Market Conditions: Balanced

The overall rental market in the submarket has remained balanced since 2009.

### Current Conditions and Recent Trends

The rental market in the Montgomery County submarket—including apartment units, single-family homes, townhomes, condominiums, and mobile homes for rent—is currently balanced. The overall rental vacancy rate is estimated at 6.0 percent, up from 5.4 percent in 2010 (Table 12) and the 3.3-percent rate in 2000. Rental market conditions were tight from 2000 through 2002.

**Table 12. Rental and Apartment Market Quick Facts in the Montgomery County Submarket**

<b>Rental Market Quick Facts</b>	<b>2010 (%)</b>	<b>Current (%)</b>	
	<b>Rental Vacancy Rate</b>	5.4	6.0
	<b>2010 (%)</b>	<b>2019 (%)</b>	
	<b>Occupied Rental Units by Structure</b>		
	Single-Family Attached & Detached	25	23
Multifamily (2–4 Units)	4	4	
Multifamily (5+ Units)	71	73	
Other (Including Mobile Homes)	0	0	
<b>Apartment Market Quick Facts</b>	<b>2Q 2021</b>	<b>YoY Change</b>	
	<b>Apartment Vacancy Rate</b>	4.4	0.2
	<b>Average Rent</b>	\$1,786	0%

2Q = second quarter. YoY = year-over-year.

Notes: The current date is July 1, 2021. 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—2010 and 2019 American Community Survey, 1-year data; apartment data—RealPage, Inc.

Conditions went from tight to balanced from 2003 through 2008 partly because of strong net out-migration, and the rental market has remained balanced since 2009. In 2019, approximately 23 percent of all renter-occupied units were single-family homes, down from 25 percent of all renter-occupied units in 2010 (ACS 1-year data). Additionally, 4 percent of all renter units were in structures with two to four units, unchanged compared with 2010. Multifamily buildings with five or more units, typically apartments, accounted for 73 percent of all occupied rental units in 2019, up slightly from 71 percent of all occupied rental units in 2010.

Conditions are also balanced in the apartment market, unchanged compared with 2010. During the second quarter of 2021, the apartment vacancy rate was 4.4 percent, up slightly from 4.2 percent during the second quarter of 2020 (Figure 20; RealPage, Inc.). Similar to the HMA, apartment market conditions in the Montgomery County submarket have remained balanced since 2010, and the second-quarter vacancy rate ranged from a low of 3.8 percent in 2011 to a high of 4.9 percent in 2010.



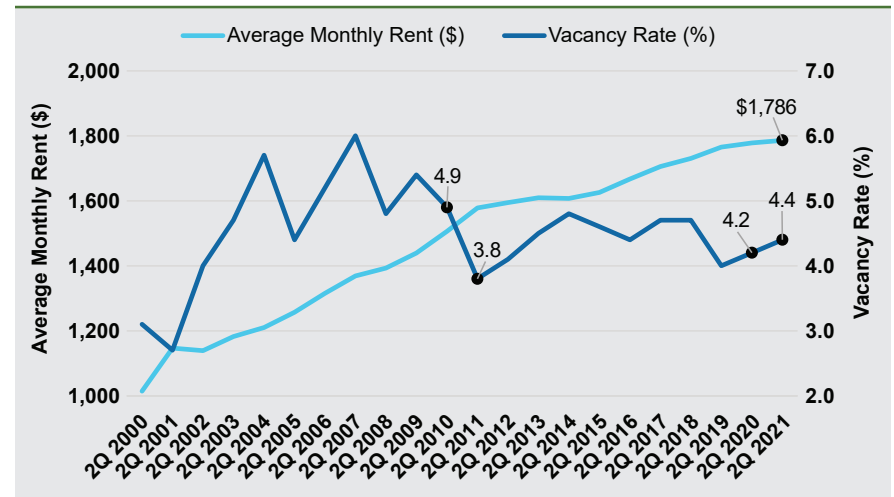
During the second quarter of 2021, vacancy rates were up in four of the eight RealPage, Inc.-defined market areas (hereafter, market areas) that make up the Montgomery County submarket. The largest increase was in the Bethesda/Chevy Chase market area, where the vacancy rate was up 1.5 percentage points to 6.3 percent. The second-quarter vacancy rate in the market area was at or below 3.8 percent each year from 2009 through 2011, which is largely attributed to the strong job growth at Naval Support Activity Bethesda, which is in the market area. However, the second-quarter vacancy rate has equaled or exceeded 4.8 percent in 9 of the past 10 years. In the Rockville/North Bethesda market area, the vacancy rate was 4.9 percent during the second quarter of 2021, up from the 4.2-percent rate during the same period a year earlier. In the remaining four market areas, the vacancy rate declined. The largest decrease was in the Gaithersburg market area, where the vacancy rate was down by 0.6 percentage points to 3.8 percent, which was the lowest second-quarter vacancy rate in 20 years. The vacancy rate in the market area declined in 2 of the past 3 years, largely attributed to no new market-rate apartment completions since 2018.

In response to an increased vacancy rate in the Montgomery County submarket during the second quarter of 2021, the average apartment rent in the submarket was relatively unchanged, at \$1,786, compared with an average annual increase of 1 percent during the previous 9 years. Average apartment rents were up within the submarket in five of the eight market areas, led by a 9-percent increase in the Germantown market area. In response to rising vacancy rates in the Bethesda/Chevy Chase and the Rockville/North Bethesda market areas, the average rents declined 4 and 1 percent, to \$2,330 and \$1,963, respectively.

### Rental Construction Activity

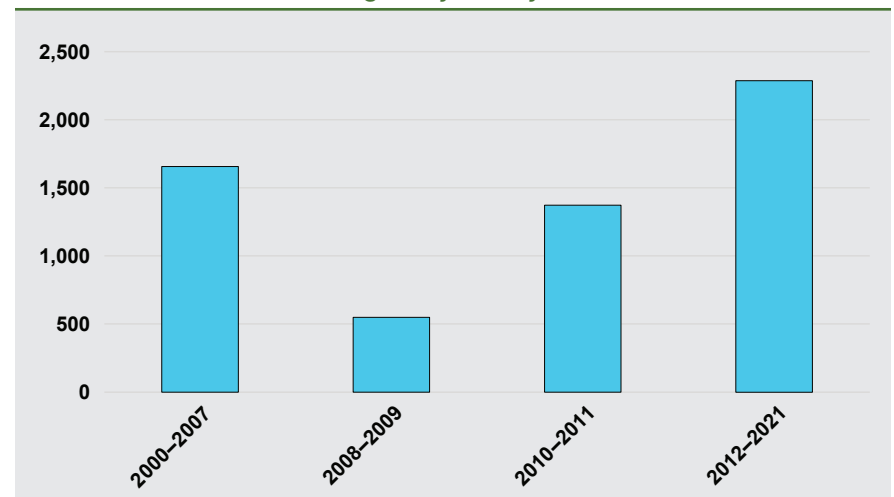
In response to newly constructed apartment units being absorbed at a regular pace, rental construction activity, measured by the number of rental units permitted, has been strong during the past 10 years. Since 2012, an average of 2,450 rental units have been permitted annually, up 78 percent compared with the average of 1,375 rental units permitted annually during 2010 and 2011 and nearly four-and-a-half times the average of 550 rental units permitted annually during 2008 and 2009 (Figure 21). During the 12 months ending June 2021,

**Figure 20. Apartment Rents and Vacancy Rates in the Montgomery County Submarket**



2Q = second quarter.  
Source: RealPage, Inc.

**Figure 21. Average Annual Rental Permitting Activity in the Montgomery County Submarket**



Notes: Includes apartments and units intended for rental occupancy. Data for 2021 are through June 2021 and are annualized.  
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and analyst estimates; 2021 preliminary data and estimates by the analyst



approximately 1,875 rental units were permitted, down 32 percent compared with the previous 12-month period (preliminary data, with adjustments by the analyst).

## New Construction

Recent construction activity has been concentrated primarily in the city of Rockville, as well as in Bethesda and Silver Spring. Demand for rental units in these parts of the submarket have been especially strong because these areas are close to Metro stops and have a variety of dining and entertainment options available to residents. In the city of Rockville, the 294-unit Arrowwood Apartments was completed in mid-2021, with rents for studio, one-bedroom, and two-bedroom units starting at \$1,925, \$1,975, and \$2,375, respectively. The Elm is a 456-unit apartment community in Bethesda completed in early 2021, with rents for studio, one-bedroom, and two-bedroom units at this community starting at \$1,700, \$2,600, and \$3,100, respectively. In Silver Spring, the 250-unit Atelier apartments initially opened in late 2020, and rents for the market-rate units at this community range from \$1,575 to \$1,800 for one-bedroom units and \$2,250 to \$2,575 for two-bedroom units.

## Forecast

During the 3-year forecast period, demand is estimated for 3,850 new rental units in the submarket (Table 13). Demand is expected to be relatively steady during the forecast period. The 1,900 units under construction will satisfy all demand during the first year. Demand for new rental units is expected to be primarily concentrated in portions of the submarket near Metro train stops.

**Table 13. Demand for New Rental Units in the Montgomery County Submarket During the Forecast Period**

	Rental Units
<b>Demand</b>	3,850 Units
<b>Under Construction</b>	1,900 Units

Note: The forecast period is July 1, 2021, to July 1, 2024.

Source: Estimates by the analyst

## Rental Market—Frederick County Submarket

Market Conditions: Balanced

The overall rental market in the submarket is currently balanced, but conditions in the apartment market are tight.

## Current Conditions and Recent Trends

The rental market in the Frederick County submarket—including apartment units, single-family homes, townhomes, condominiums, and mobile homes for rent—is currently balanced. The overall rental vacancy rate is estimated at 5.7 percent, down from 6.8 percent in 2010 (Table 14). Rental market conditions were balanced from 2000 through 2005 when population growth was relatively high. Because of slower population growth, rental market conditions transitioned from balanced to slightly soft from 2006 through 2009 and stayed slightly soft from 2012 through 2015. Since 2016, the rental vacancy

**Table 14. Rental and Apartment Market Quick Facts in the Frederick County Submarket**

<b>Rental Market Quick Facts</b>	<b>2010 (%)</b>	<b>Current (%)</b>	
	<b>Rental Vacancy Rate</b>	6.8	5.7
	<b>2010 (%)</b>	<b>2019 (%)</b>	
	<b>Occupied Rental Units by Structure</b>		
	Single-Family Attached & Detached	49	40
Multifamily (2–4 Units)	8	7	
Multifamily (5+ Units)	41	50	
Other (Including Mobile Homes)	2	0	
<b>Apartment Market Quick Facts</b>	<b>2Q 2021</b>	<b>YoY Change</b>	
	<b>Apartment Vacancy Rate</b>	2.3	-2.6
	<b>Average Rent</b>	\$1,559	13.0%

2Q = second quarter. YoY = year-over-year.

Notes: The current date is July 1, 2021. 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—2010 and 2019 American Community Survey, 1-year data; apartment data—RealPage, Inc.



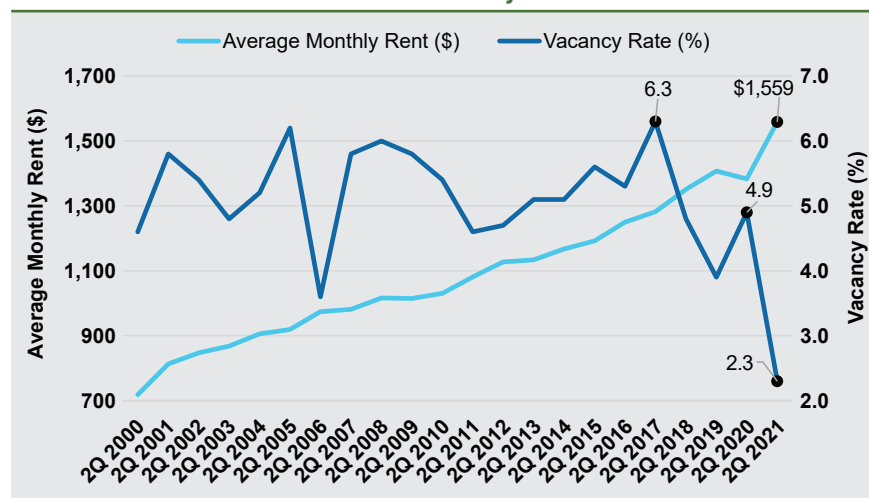
rate has declined, and rental market conditions have been balanced largely because of strong net in-migration. In 2019, approximately 40 percent of all renter-occupied units were single-family homes, down from 49 percent of all renter-occupied units in 2010 (ACS 1-year data). Additionally, 7 percent of all renter-occupied units were in structures with two to four units, down slightly from 8 percent of all units in 2010. Multifamily buildings with five or more units, typically apartments, accounted for 50 percent of all occupied rental units in 2019, up from 41 percent of all occupied rental units in 2010.

Conditions in the apartment market in the submarket, which is primarily concentrated in the city of Frederick, are currently tight, compared with balanced conditions in 2010. During the second quarter of 2021, the apartment vacancy rate was 2.3 percent, down from 4.9 percent during the second quarter of 2020 and from the 20-year high 6.3-percent vacancy rate during the second quarter of 2017 (Figure 22; RealPage, Inc.). In response to stronger net in-migration, the apartment vacancy rate has declined in 3 of the past 4 years, and the current rate is the lowest in more than 20 years. Additionally, state and federal eviction protection policies that were put in place to protect renters who lost their jobs during the COVID-19 pandemic contributed to tightening conditions during the past year. In response to tightening apartment market conditions, the average apartment rent rose 13 percent during the past year to \$1,559. By comparison, from the second quarters of 2010 through 2020, the average rent increased an average of 3 percent annually.

## Rental Construction Activity

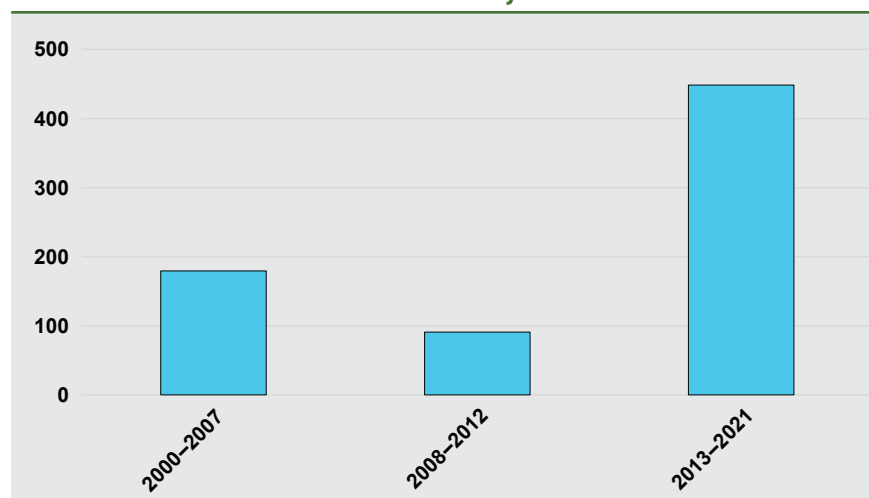
In response to newly constructed apartment units being absorbed at a steady pace, rental construction activity, measured by the number of units permitted, has fluctuated since 2013 but has been relatively strong. Since 2013, an average of 450 rental units were permitted annually (Figure 23). Permitting activity during this period is five times the average of 90 rental units permitted annually from 2008 through 2012. During the 12 months ending June 2021, approximately

**Figure 22. Apartment Rents and Vacancy Rates in the Frederick County Submarket**



2Q = second quarter.  
Source: RealPage, Inc.

**Figure 23. Average Annual Rental Permitting Activity in the Frederick County Submarket**



Notes: Includes apartments and units intended for rental occupancy. Data for 2021 are through June 2021 and are annualized.  
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and analyst estimates; 2021 preliminary data and estimates by the analyst



450 rental units were permitted, down 2 percent compared with the previous 12-month period (preliminary data, with adjustments by the analyst).

## New Construction

Recent construction activity in the submarket has been primarily concentrated in the city of Frederick and within 2 miles of Fort Detrick. Recent activity includes The Bottling Plant, an 86-unit apartment community in the city of Frederick that was completed in early 2021, with rents ranging from \$1,800 to \$1,950 for the one-bedroom units and \$2,200 to \$2,525 for the two-bedroom units. The second phase of the East of Market Apartments, also in the city of Frederick, was completed in late 2020, with rents for one- and two-bedroom apartments starting at \$2,050 and \$2,500, respectively. In the town of New Market, the 308-unit Bainbridge Lake Linganore was completed in late 2020, with rents for the one-, two-, and three-bedroom units at this community starting at \$1,525, \$1,825, and \$2,250, respectively.

## Forecast

During the 3-year forecast period, demand is estimated for 1,600 new rental units in the submarket (Table 15). The 450 units under construction will satisfy a portion of this demand, which is expected to be relatively steady during the forecast period because of continued net in-migration.

**Table 15. Demand for New Rental Units in the Frederick County Submarket During the Forecast Period**

Rental Units	
<b>Demand</b>	1,600 Units
<b>Under Construction</b>	450 Units

Note: The forecast period is July 1, 2021, to July 1, 2024.  
Source: Estimates by the analyst



# Terminology Definitions and Notes

## A. Definitions

<b>Building Permits</b>	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.
<b>Census Designated Place</b>	Census-designated places are “statistical geographic entities representing closely settled, unincorporated communities that are locally recognized and identified by name” ( <i>Federal Register</i> ). For ease of reading, the term <i>census-designated place</i> was not included with the names of these locations in the narrative.
<b>Demand</b>	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.
<b>Forecast Period</b>	7/1/2021–7/1/2024—Estimates by the analyst.
<b>Great Recession</b>	The Great Recession occurred nationally from December 2007 to June 2009.
<b>Home Sales</b>	Includes single-family, townhome, and condominium sales.
<b>Rental Market</b>	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
<b>Seriously Delinquent Mortgages</b>	Mortgages 90+ days delinquent or in foreclosure.



**B. Notes on Geography**

1.	The metropolitan statistical area and metropolitan division definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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**C. Additional Notes**

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The 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.
3.	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**

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