

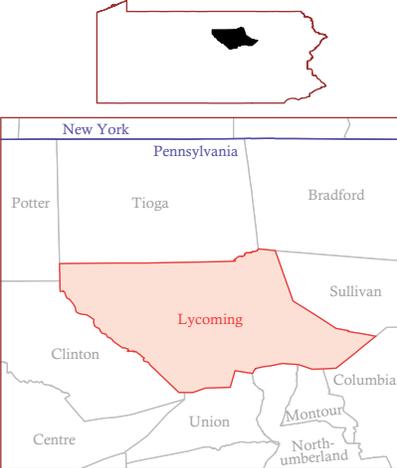


Williamsport, Pennsylvania

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of February 1, 2013



Housing Market Area



The Williamsport Housing Market Area (HMA), which consists of Lycoming County in central Pennsylvania, approximately 175 miles northwest of Philadelphia, is coterminous with the Williamsport, PA Metropolitan Statistical Area. The HMA is on the Marcellus Shale, a major natural gas formation. In addition, the HMA attracts approximately 61,000 visitors every August for the Little League World Series.

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Summary

Economy

Economic conditions in the Williamsport HMA improved during the past 3 years, after the area experienced significant job losses during 2009. During the 12 months ending January 2013, nonfarm payrolls increased by approximately 1,300 jobs, or 2.3 percent, to 56,600 jobs. The unemployment rate averaged 7.9 percent, up from 7.6 percent a year earlier. Approximately 90 percent of the recent job gains were in the mining, logging, and construction sector. Employment in the HMA is expected to increase an average of 0.8 percent annually during the 3-year forecast period.

Sales Market

The sales housing market in the HMA is currently tight. The estimated sales vacancy rate is 1.0 percent, down from the 1.2-percent rate recorded in 2010. During the next 3 years, demand is forecast for 380 new homes (Table 1). The 25 homes currently under construction and some of the 4,250 other vacant units in the HMA that may reenter the market will satisfy a portion of the demand.

Rental Market

The rental housing market in the HMA is currently tight. The estimated rental vacancy rate is 4.6 percent, compared with the 6.5-percent rate recorded in 2010. The HMA is home to two universities and the student population accounts for 7 percent of renter households. During the forecast period, demand is expected for 250 new rental units (Table 1).

Table 1. Housing Demand in the Williamsport HMA, 3-Year Forecast, February 1, 2013, to February 1, 2016

	Williamsport HMA	
	Sales Units	Rental Units
Total demand	380	250
Under construction	25	0

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of February 1, 2013. A portion of the estimated 4,250 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

Economic conditions in the Williamsport HMA improved during the past 3 years, after the area experienced significant job losses during 2009. During the 12 months ending January 2013, nonfarm payrolls increased by approximately 1,300 jobs, or 2.3 percent, to 56,600 jobs (Table 2). This followed an increase of approximately 2,500 jobs, or 4.8 percent, during the previous 12 months. During the 12 months ending January 2013, the unemployment rate averaged 7.9 percent, which was greater than the rate of 7.6 percent recorded a year earlier and the average rate of 5.6 percent recorded from 2001 through 2008. The

unemployment rate increased during the past 12 months because growth in the labor force outstripped gains in employment of residents. Figure 1 illustrates trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2012.

From 2001 through 2008, employment growth in the HMA fluctuated, and by 2008 employment remained at a lower level than in 2001, a consequence of the 2001 recession and the weak recovery that followed. The manufacturing sector was especially hard-hit. In 2001 and 2002, nonfarm payrolls decreased by an average 900 jobs, or 1.6 percent, annually. The greatest job losses occurred in the manufacturing sector and the retail trade subsector, with average declines of 450 and 600 jobs, or 3.3 and 7.1 percent, a year, respectively. Gains were recorded during 2003 and 2004, when nonfarm payrolls increased an average of 230 jobs, or 0.4 percent, annually; those gains were then erased in 2005 and 2006, when nonfarm payrolls declined by an average of 270 jobs, or 0.5 percent, annually. Increases of 300 jobs, or 0.6 percent, annually were recorded during 2007 and 2008. Whereas the education and health services and the government sectors expanded from 2003 through 2008, by approximately 230 and 70 jobs a year, respectively, the manufacturing sector continued to decline, by an average of 430 jobs, or 3.4 percent, annually. In 2003, Wirepole Works, Inc., reduced its workforce by 590 workers, and, in 2004, High Steel Structures Inc. closed a manufacturing plant in the HMA, resulting in a loss of more than 300 jobs.

During 2009, as a result of the national recession, nonfarm payrolls declined

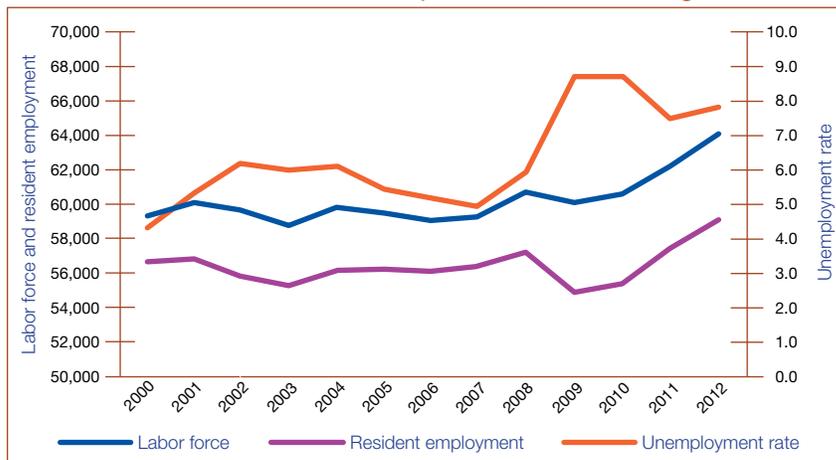
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Williamsport HMA, by Sector

	12 Months Ending January 2012	12 Months Ending January 2013	Percent Change
Total nonfarm payroll jobs	55,300	56,600	2.3
Goods-producing sectors	13,400	13,900	3.7
Mining, logging, & construction	4,300	5,500	25.7
Manufacturing	9,100	8,500	-6.8
Service-providing sectors	41,900	42,600	1.8
Trade, transportation, & utilities	11,100	11,400	2.4
Education & health services	9,100	9,200	1.6
Leisure & hospitality	4,300	4,500	4.6
Government	7,800	7,600	-2.9
All other service-providing sectors	9,500	9,900	4.0

Notes: Based on 12-month averages through January 2012 and January 2013. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Williamsport HMA, 2000 Through 2012



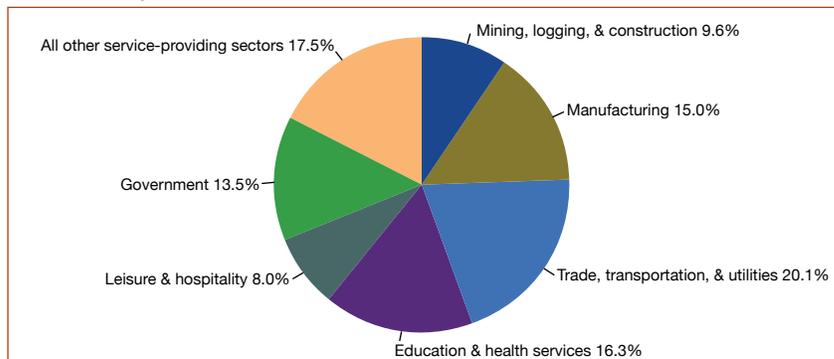
Source: U.S. Bureau of Labor Statistics

by approximately 2,025 jobs, or 3.7 percent. The decrease was especially notable in the manufacturing sector, which declined by 1,100 jobs, or 10.7 percent. The economy began to recover strongly in 2010, with much of the growth driven by energy-related activity. During the past 3 years, non-farm payrolls increased by an average of 1,525 jobs, or 2.9 percent, annually. More than 70 percent of the jobs added were in the mining, logging, and construction sector, which increased by an average of 1,100 jobs, or 37.0 percent, annually. The gains were primarily the result of substantial growth in natural gas drilling activity in the HMA, which increased from 12 wells drilled in 2008 to 200 wells drilled in 2012. Halliburton Energy Services, Inc., the largest employer in the sector, with approximately 530 employees in the HMA, added nearly 500 jobs during the past 3 years. Estimates indicate that increased drilling activity in the Marcellus Shale resulted in the creation of between 3,500 and 4,200 jobs in the HMA (2012 study by Lycoming County). Because much of the work is highly specialized, however, it is estimated that more than three-fourths of the workers are from outside the HMA, and those workers typically work in the HMA for fewer than

60 days. Many firms that hire these workers are contractors based outside the HMA and, therefore, the workers are not included in the HMA employment or population statistics. As a result, part of the impact on the HMA economy is indirect, through spending at hotels, restaurants, and other service providers. In addition, sales tax revenues increased because of spending by nonresidents. During the 12 months ending June 2012, the most recent data available, sales tax remittances totaled \$32.09 million, up 26 percent from the 12 months ending June 2009.

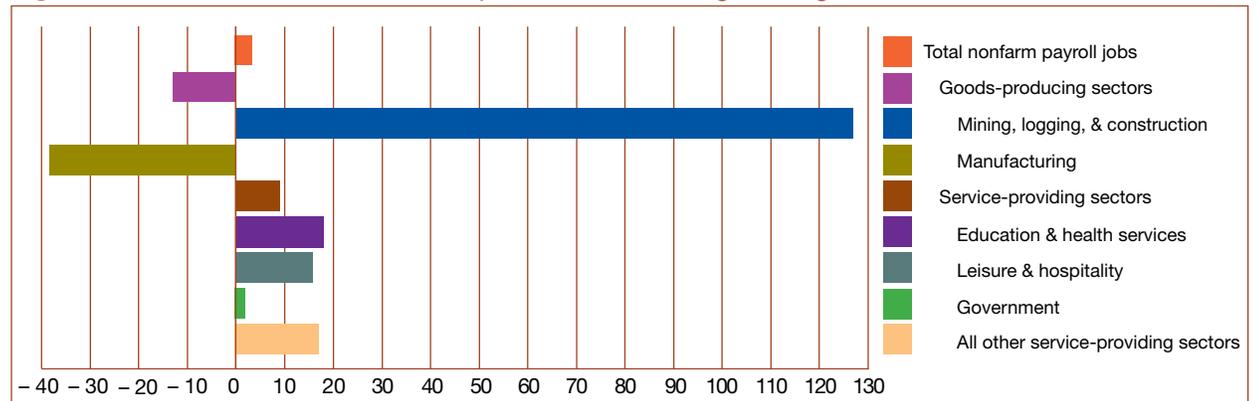
The trade, transportation, and utilities and the leisure and hospitality sectors recorded payroll gains, in part because of spending by workers in the gas industry. Since 2010, annual payroll increases in these two sectors have averaged 310 and 180 jobs, or 2.9 and 4.4 percent, respectively. The trade, transportation, and utilities sector is the largest employment sector in the HMA, accounting for approximately 20 percent of nonfarm payrolls (Figure 2). Payrolls in the retail trade subsector have increased by an average of 50 jobs, or 0.7 percent, annually since 2010. Most of the gains in the leisure and hospitality sector resulted from approximately 100 jobs added at the four new hotels built between 2009 and 2012 in response to increased demand from nonresident workers. Figure 3 illustrates the growth in nonfarm payrolls by sector since 2000. The HMA is also home to the Little League World Series (LLWS), which takes place every August. In 2011, the LLWS attracted approximately 61,000 visitors, and the economic impact on the economy of the HMA was more than \$30.14 million (Pennsylvania College of Technology study).

Figure 2. Current Nonfarm Payroll Jobs in the Williamsport HMA, by Sector



Note: Based on 12-month averages through January 2013.

Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Williamsport HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through January 2013.

Source: U.S. Bureau of Labor Statistics

The education and health services sector is the second largest employment sector in the HMA. The sector includes Susquehanna Health, the largest employer in the HMA, with more than 2,500 employees, and Lycoming College, a private university that employs approximately 300 faculty and staff and currently enrolls approximately 1,375 students. Table 3 lists the largest employers in the HMA. During 2012, Susquehanna Health completed a \$250 million expansion and renovation project, which was expected to add more than 200 jobs.

Payrolls in the government sector have declined by an average of 130 jobs, or 1.6 percent, annually since 2010, partially offsetting the recent job growth. The largest employer in the state government subsector is Pennsylvania College of Technology, with approximately 1,725 faculty and staff and 5,825 students. Enrollment has declined by approximately 700 students, or 11 percent, since 2007.

During the forecast period, economic conditions in the HMA are expected to continue improving at a moderate pace, with nonfarm payrolls increasing by 480 jobs, or 0.8 percent, annually. Job gains are expected to be steady during all 3 years of the forecast period. Because gas drilling is expected to continue to increase, much of the job growth is expected to be concentrated in three sectors: mining, logging, and construction; trade, transportation, and utilities; and leisure and hospitality.

Table 3. Major Employers in the Williamsport HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Sesquehanna Health	Education & health services	2,550
Pennsylvania College of Technology	Government	1,725
Halliburton Energy Services, Inc.	Mining, logging, & construction	530
Shop-Vac Corporation	Manufacturing	500-999
Weis Markets, Inc.	Trade, transportation, & utilities	500-999
Brodart Company	Trade, transportation, & utilities	250-499
C/S Group Payroll Services LLC	Professional & business services	250-499
Hope Enterprises, Inc.	Education & health services	250-499
Primus Technologies Corporation	Manufacturing	250-499
West Pharmaceutical Services, Inc.	Manufacturing	250-499

Note: Excludes local school districts.

Sources: Pennsylvania Center for Workforce Information and Analysis; Manta Media, Inc.; Economy.com; estimates by analyst

Population and Households

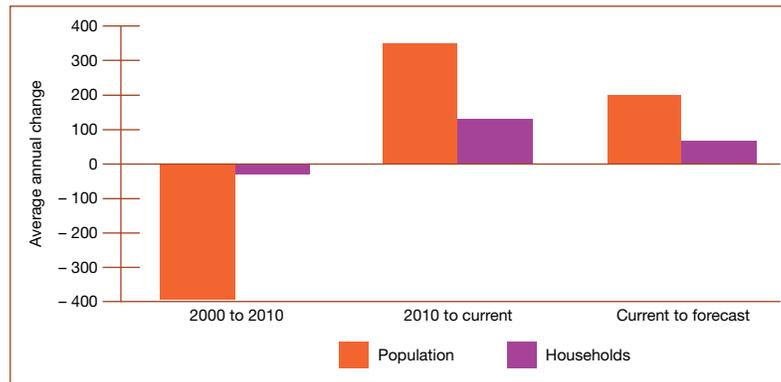
As of February 1, 2013, the population of the Williamsport HMA was estimated at 117,100. From July 2001 through July 2009, the population declined by an average of 360, or 0.3 percent, annually. Net natural change (resident births minus resident deaths) averaged approximately 75 people annually from 2001 through 2009 (Census Bureau estimates). Net out-migration, which averaged approximately 430 people annually from 2001 through 2009, was the result of weak

economic conditions in the HMA and more than offset net natural increase. Since 2009, improved economic conditions have resulted in net in-migration. Despite a decline in net natural change, which resulted in a decrease of approximately 30 people annually, population growth increased to 0.2 percent, or 280 people, annually because net in-migration averaged 310 people annually. Figure 4 shows population and household growth in the HMA and Figure 5 shows the components of population change in the HMA from 2000 through the forecast period.

An estimated 47,100 households currently reside in the HMA, approximately 67 percent of which reside in owner-occupied units. The number of households has increased by an average of 120, or 0.3 percent, annually since April 2010. By comparison, the number of households declined by an average of 30, or 0.1 percent, annually from 2000 to 2010 because of net out-migration. Figure 6 shows the number of households by tenure in the HMA since 2000.

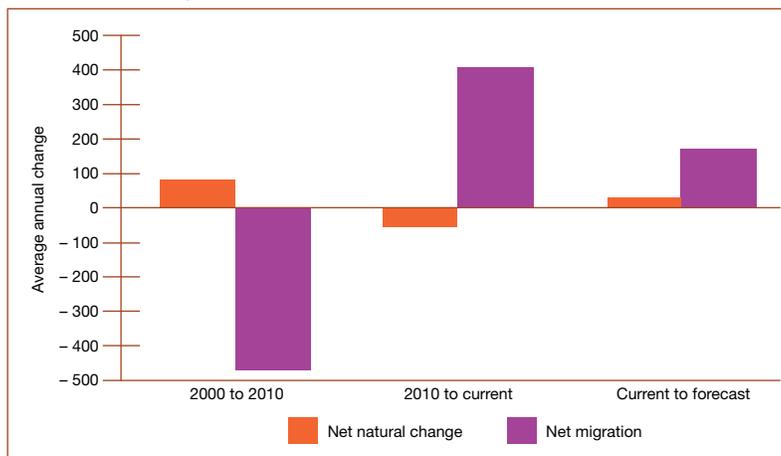
The population of the HMA is expected to grow by an average of 200, or 0.2 percent, annually during the forecast period, to reach 117,700. Net in-migration is expected to average 160 people annually and to remain steady during the 3 years of the forecast period because of continued job creation. The number of households is expected to grow at an average rate of 0.2 percent, or by 65 households, annually during the forecast period, to reach 47,250.

Figure 4. Population and Household Growth in the Williamsport HMA, 2000 to Forecast



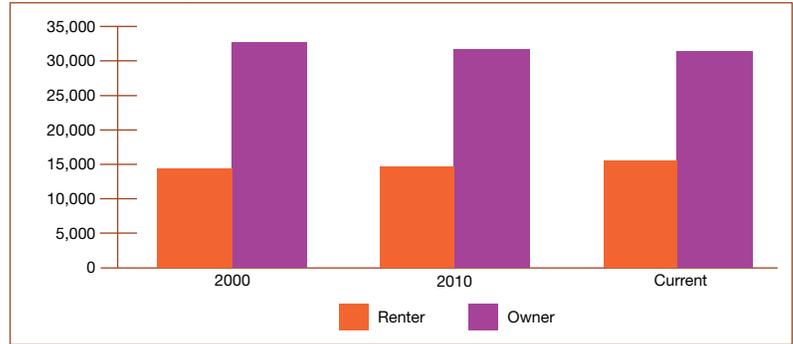
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Williamsport HMA, 2000 to Forecast



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

Figure 6. Number of Households by Tenure in the Williamsport HMA, 2000 to Current



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

Housing Market Trends

Sales Market

The sales housing market in the Williamsport HMA is currently tight, with an estimated vacancy rate of 1.0 percent, less than the 1.2-percent rate in April 2010 (Table DP-1 at the end of the report). Sales market conditions were balanced from 2000 through mid-2009 but have since tightened because of increased in-migration and limited additions to the supply. As of January 2013, 4.7 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), unchanged from a year earlier but less than the statewide rate of 6.8 percent (LPS Applied Analytics).

During 2012, approximately 1,475 new and existing homes sold in the HMA, an increase of 200 homes sold, or 15 percent, from a year earlier (West Branch Valley Association of REALTORS®). Recent home sales activity nearly matches the average of approximately 1,500 homes sold annually from

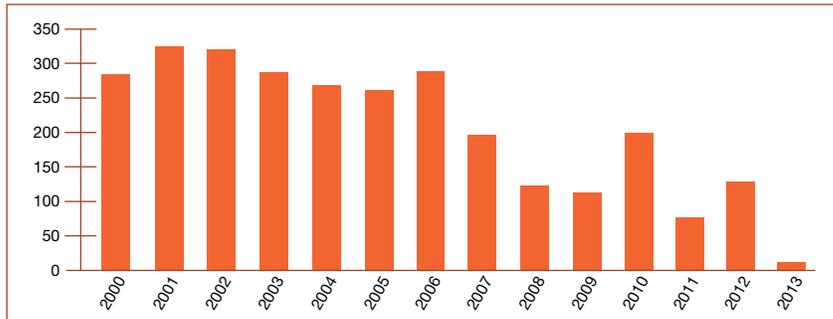
2005 through 2009. During 2010 and 2011, the number of sales declined to approximately 1,350 homes annually. During 2012, the average sales price of new and existing homes increased 15 percent from a year earlier, to approximately \$146,400, the highest average price recorded in the HMA. By comparison, from 2009 through 2011, the average home sales price was \$118,000. The previous peak in home prices was from 2006 through 2008, when the average sales price was \$130,600.

Construction of single-family homes, as measured by the number of homes permitted, increased in 2012 but remains less than the average number of homes permitted from 2000 through 2006. Approximately 130 single-family homes were permitted during 2012, a 70-percent increase compared with the number of homes permitted in 2011 (Figure 7). By comparison, single-family construction averaged nearly

300 homes a year from 2000 through 2006. Beginning in 2007, however, construction declined, partly in response to stricter lending requirements for home builders. From 2007 through 2010, single-family construction averaged approximately 160 homes permitted a year. Most recent single-family

home construction consisted of individual infill projects and custom-built homes, but one large-scale development, Mountain View Estates in Montoursville, consists of approximately 70 homes built from 2005 through 2011. All the homes have at least three bedrooms and two bathrooms, at least 1,900 square feet, and sales prices starting at approximately \$250,000.

Figure 7. Single-Family Homes Permitted in the Williamsport HMA, 2000 to 2013



Notes: Includes townhomes. Includes data through January 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Williamsport HMA, February 1, 2013, to February 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
50,000	99,999	75	20.0
100,000	149,999	110	30.0
150,000	199,999	110	30.0
200,000	249,999	40	10.0
250,000	and higher	40	10.0

Notes: Numbers may not add to totals because of rounding. The 25 homes currently under construction and a portion of the estimated 4,250 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

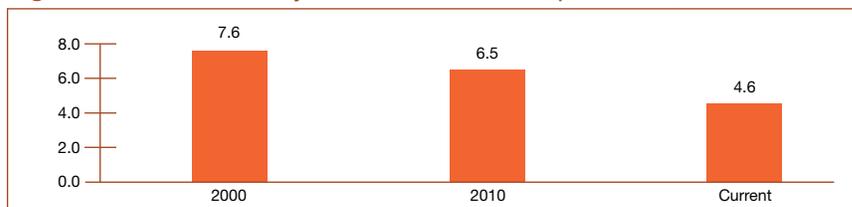
Rental Market

The rental housing market in the Williamsport HMA is currently tight. The estimated vacancy rate is 4.6 percent, down from 6.5 percent in 2010 (Figure 8). Based on a recent

HUD survey, no apartment complexes were offering rent concessions. Rental market conditions in the HMA were balanced from 2000 through 2009. Since 2010, conditions have tightened because of increased in-migration, which has included many workers new to the HMA who choose to rent.

From 2000 through 2008, multifamily building activity, as measured by the number of units permitted, was limited because of population decline and the

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



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

Housing Market Trends
 Rental Market *Continued*

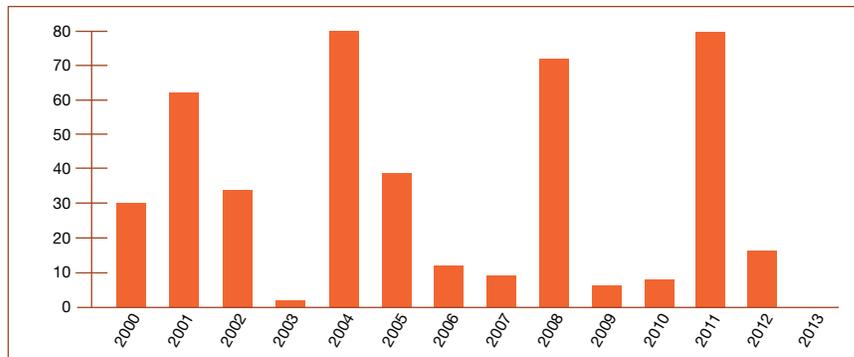
slow absorption of new units. During the entire 9-year period, an average of approximately 40 units were permitted annually (Figure 9). Approximately 55 percent of the units permitted were Low-Income Housing Tax Credit Program units. Fewer than 15 units were permitted from 2009 through 2010, but approximately 95 units were permitted from 2011 through 2012 in response to greater demand for rental units because of increased in-migration. Recent market-rate projects include the 48-unit Diamond Pointe Apartments, offering one- and two-bedroom units with rents starting at \$1,100 and \$1,600, respectively. Brighton Place Apartments is a 38-unit complex with one-, two-, and three-bedroom units starting at \$1,100,

\$1,450, and \$1,800, respectively. Both projects were completed in 2012, and the units have been absorbed at a moderate pace, with approximately 75 percent of the units at Diamond Point Apartments and 85 percent of the units at Brighton Place currently leased.

Students at the two colleges in the HMA represent a significant part of the rental market in the HMA. Approximately 1,725 of the 5,825 students at Pennsylvania College of Technology live on campus, whereas Lycoming College houses 95 percent of its 1,375 students on campus. Of the remaining 4,200 students, more than three-fourths reside in the HMA, and the remaining 1,000 live in adjacent counties, generally less than a 1-hour drive from campus. Student households account for an estimated 7 percent of all rental households in the HMA. No changes to enrollment or student housing are expected during the next 3 years.

During the forecast period, demand is expected for 250 rental units (Table 1). Table 5 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the HMA during the forecast period.

Figure 9. Multifamily Units Permitted in the Williamsport HMA, 2000 to 2013



Notes: Excludes townhomes. Includes data through January 2013.
 Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Williamsport HMA, February 1, 2013, to February 1, 2016

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
900 to 1,099	45	1,200 to 1,399	15	1,500 to 1,699	10
1,100 to 1,299	75	1,400 to 1,599	45	1,700 to 1,899	15
1,300 to 1,499	30	1,600 to 1,799	15		
Total	150	Total	75	Total	25

Note: Numbers may not add to totals because of rounding.
 Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	56,677	55,226	58,250	-0.3	2.6
Unemployment rate	4.3%	8.8%	7.9%		
Nonfarm payroll jobs	55,100	52,600	56,550	-0.5	3.5
Total population	120,044	116,111	117,100	-0.3	0.3
Total households	47,003	46,700	47,100	-0.1	0.3
Owner households	32,636	31,821	31,650	-0.3	-0.2
Percent owner	69.4%	68.1%	67.2%		
Renter households	14,367	14,879	15,450	0.4	1.3
Percent renter	30.6%	31.9%	32.8%		
Total housing units	52,464	52,500	52,400	0.0	-0.1
Owner vacancy rate	1.6%	1.2%	1.0%		
Rental vacancy rate	7.6%	6.5%	4.6%		
Median Family Income	\$41,040	\$52,944	\$54,183	2.6	1.2

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through January 2013. Median Family Incomes are for 1999, 2009, and 2011.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 2/1/2013—Analyst's estimates
Forecast period: 2/1/2013–2/1/2016—Analyst's estimates

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 February 28, 2013.

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

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

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

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_WilliamsportPA_13.pdf.

Contact Information

Joseph J. Shinn, Economist
Philadelphia HUD Regional Office
215-430-6683
joseph.j.shinn@hud.gov

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.

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

For additional reports on other market areas, please go to
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