

The COVID-19 pandemic has resulted in unprecedented large and rapid changes in many data series, and similarly unprecedented large policy responses, making analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

COMPREHENSIVE HOUSING MARKET ANALYSIS

Wilmington, Delaware- Maryland-New Jersey

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

As of January 1, 2021



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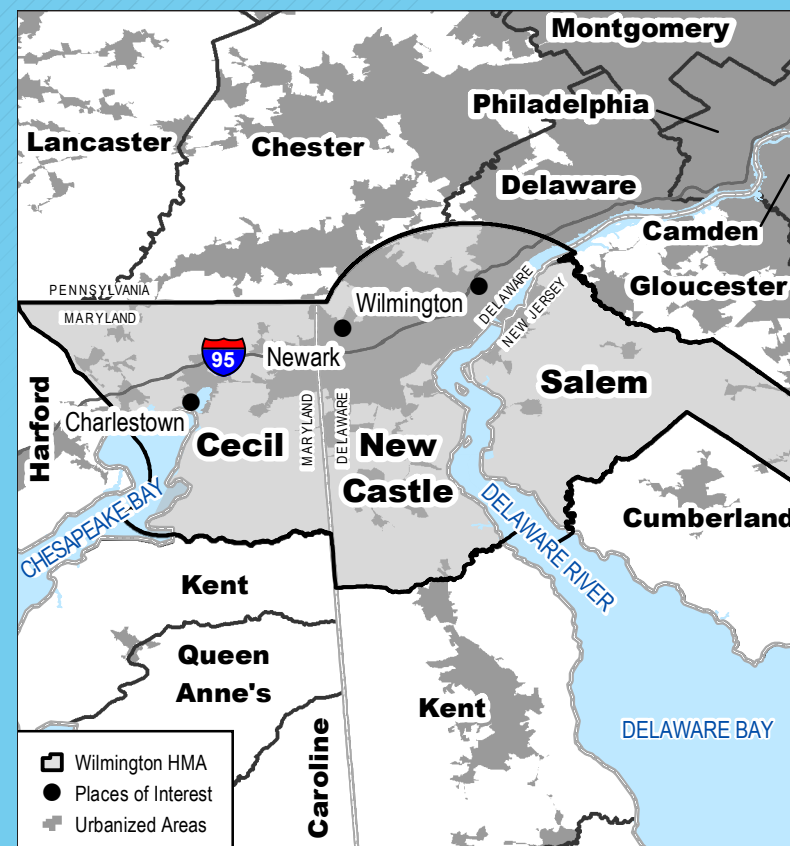


Executive Summary

Housing Market Area Description

The Wilmington Housing Market Area (hereafter, Wilmington HMA) is coterminous with the metropolitan division of the same name. The HMA includes three counties in the southernmost portion of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (hereafter, Philadelphia MSA)—New Castle County, Delaware; Cecil County, Maryland; and Salem County, New Jersey. DuPont de Nemours, Inc., previously E.I. du Pont de Nemours and Company—one of the largest chemical companies in the world—is headquartered in Wilmington, Delaware, where it was founded in 1802. The du Pont family has a history of philanthropy in the area, including the founding of the Nemours/Alfred I. duPont Hospital for Children in the city of Wilmington.

The current population of the HMA is estimated at approximately 724,900.



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



Weak: During 2020, nonfarm payrolls averaged 338,400—a decrease of 25,500 jobs, or 7.0 percent, compared with 2019.

Due to the restrictions put in place to slow the spread of COVID-19 beginning March 12, 2020, nonfarm payrolls in the Wilmington HMA declined during the past year after 9 consecutive years of growth. During 2020, nonfarm payrolls declined in all 11 sectors, led by a decrease of 8,900 jobs, or 25.1 percent, in the leisure and hospitality sector. The unemployment rate averaged 8.1 percent—up from 3.8 percent during the same period a year earlier. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.7 percent annually.

Sales Market



Slightly Tight: The HMA had 1.7 months of available for-sale housing inventory in November 2020—down from 3.0 months of inventory in November 2019 (CoreLogic, Inc.).

The sales market in the HMA is slightly tight, with an estimated vacancy rate of 1.2 percent—down from 1.8 percent in April 2010. During 2020, new and existing home sales decreased by 700, or 6 percent, to 10,750, and the average home sales price increased 10 percent, or by \$23,750, to a recent high of \$270,300 (Zonda). During the next 3 years, demand is estimated for 4,350 new homes. The 400 homes under construction will satisfy a portion of that demand.

Rental Market



Balanced: The overall rental vacancy rate is estimated at 6.8 percent—down from the 9.4-percent rate in April 2010.

The rental housing market in the HMA is currently balanced, compared with soft conditions in 2010. The apartment market, however, is slightly tight. The apartment vacancy rate during the fourth quarter of 2020 was 2.5 percent—down from 3.4 percent a year earlier—and the average apartment rent increased 4 percent from a year earlier to \$1,221 (RealPage, Inc.). During the forecast period, demand is estimated for 1,650 new rental units. The 830 units under construction will satisfy a portion of this demand.

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3-Year Housing Demand Forecast			
Wilmington HMA		Sales Units	Rental Units
	Total Demand	4,350	1,650
	Under Construction	400	830

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2021. The forecast period is January 1, 2021, to January 1, 2024.

Source: Estimates by the analyst



Economic Conditions

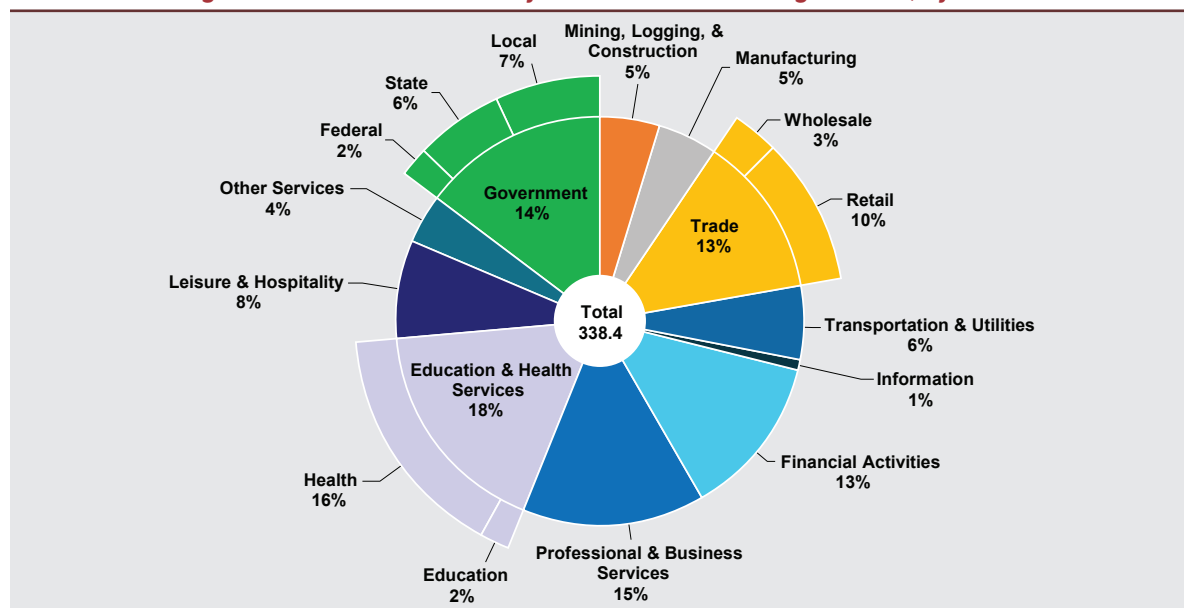
Largest sector: Education and Health Services

The financial activities sector—particularly credit and lending services—represents a larger share of jobs in the HMA than the nation and includes two of the three largest employers in the HMA.

Primary Local Economic Factors

The education and health services, the professional and business services, and the government sectors are the largest sectors in the HMA, accounting for 18, 15, and 14 percent, respectively, of the nonfarm payroll jobs in the HMA (Figure 1). The HMA is home to numerous healthcare providers, including ChristianaCare, the largest employer in the HMA (Table 1). Several corporations are headquartered in the HMA, including the North American commercial branch of AstraZeneca PLC, a global pharmaceutical and biotechnology company. The University of Delaware, a public university in the city of Newark, employs a staff of more than 4,500 people in the government sector. A 2018 report estimates that economic activity related to the university directly and indirectly within the state of Delaware supported 24,450 jobs and generated \$86 million in state tax revenue (Econsult Solutions, Inc.). Approximately 86 percent of all jobs in the HMA are

Figure 1. Share of Nonfarm Payroll Jobs in the Wilmington 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 December 2020.

Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Wilmington HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
ChristianaCare	Education & Health Services	11,734
JPMorgan Chase & Co.	Financial Activities	11,500
Bank of America Corporation	Financial Activities	10,000
AstraZeneca PLC	Professional & Business Services	4,800
University of Delaware	Government	4,598
Amazon.com, Inc.	Transportation & Utilities	4,300
Nemours Children's Health System	Education & Health Services	4,207
DuPont de Nemours, Inc.	Professional & Business Services	3,500
YMCA of Delaware	Leisure & Hospitality	2,469
W.L. Gore & Associates, Inc.	Professional & Business Services	2,405

Note: Excludes local school districts. Employment totals are as of 2019.

Source: Moody's Analytics

in New Castle County, with approximately 25 percent of those jobs in the cities of Wilmington and Newark.

The financial activities sector in the HMA is notably large compared with the sector nationally. Currently, this sector accounts for 13 percent of nonfarm payrolls in the HMA, compared with 6 percent nationally. The HMA has a high concentration of credit card and lending services, with JPMorgan Chase & Co. and Bank of America Corporation two of the top three employers in the HMA. In 1981, legislation was passed in Delaware cutting state taxes for large corporations and lifting state interest rate ceilings on lenders, contributing to industry growth. Of the 42,500 jobs in the financial activities sector in the HMA, 62 percent are in the credit intermediation and related activities industry, compared with 30 percent nationally.

Current Conditions—Nonfarm Payrolls

The first confirmed case of COVID-19 in the Wilmington HMA was reported on March 11, 2020, in New Castle County (Delaware Division of Public Health). In March, measures were taken to slow the spread of COVID-19, including enforcing social distancing and discouraging nonessential travel, causing economic activity in the HMA to decline significantly.

During 2020, nonfarm payrolls in the HMA declined by 25,500 jobs, or 7.0 percent, compared with the same period a year earlier (Table 2). All payroll sectors in the HMA lost jobs, but the largest decline

was in the leisure and hospitality sector, which was down by 8,900 jobs, or 25.1 percent. The decline in this sector is due to limited travel into the HMA during this period, as well as efforts by the states within the HMA to slow the spread of the virus by implementing social distancing requirements, leading to business closures. Approximately 72 percent of jobs lost in this sector were in the accommodation and food services industry, which declined by 6,400 jobs, or 22.9 percent. During September 2020, as a result of the countermeasures implemented during the spring, hotel occupancy in New Castle County was down approximately one-third from a year earlier, bars were closed, and restaurants were limited to takeout and delivery options only, decreasing the number of jobs in the leisure and hospitality sector.

Nonfarm payrolls in the education and health services sector declined by 4,100 jobs, or 6.4 percent, with an estimated 90 percent of the jobs lost in this sector in the health care and social assistance industry, with a decrease of 3,700 jobs, or 6.5 percent. Jobs providing services for the elderly or disabled, family services, vocational rehabilitation services, and child daycare services were the primary sources of job losses. The decline was largely attributed to restrictions placed on most elective medical procedures and significantly fewer routine checkups with dentists and private physicians.

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

	12 Months Ending December 2019	12 Months Ending December 2020	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	363.9	338.4	-25.5	-7.0
Goods-Producing Sectors	36.0	33.5	-2.5	-6.9
Mining, Logging, & Construction	17.4	15.8	-1.6	-9.2
Manufacturing	18.6	17.7	-0.9	-4.8
Service-Providing Sectors	327.9	304.9	-23.0	-7.0
Wholesale & Retail Trade	45.3	43.5	-1.8	-4.0
Transportation & Utilities	20.3	19.2	-1.1	-5.4
Information	3.1	2.8	-0.3	-9.7
Financial Activities	43.9	42.5	-1.4	-3.2
Professional & Business Services	52.4	50.0	-2.4	-4.6
Education & Health Services	64.1	60.0	-4.1	-6.4
Leisure & Hospitality	35.4	26.5	-8.9	-25.1
Other Services	14.2	13.0	-1.2	-8.5
Government	49.2	47.5	-1.7	-3.5

Notes: Based on 12-month averages through December 2019 and December 2020. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics



The professional and business services sector lost 2,400 jobs—a decline of 4.6 percent compared with a year earlier. Approximately 92 percent of the losses in the sector occurred in the professional, scientific, and technical services industry, in part due to limited public and private research and development and reduced demand for outside consulting and advertising firms. In the government sector, more than 70 percent of the 1,700 jobs lost were in the state government subsector, which includes the University of Delaware. The rising costs of maintaining operations on campus during the pandemic, students opting to attend classes remotely, and revenue loss have resulted in an annual budget shortfall of \$250 million at the University of Delaware, and in October 2020, 122 employees were laid off.

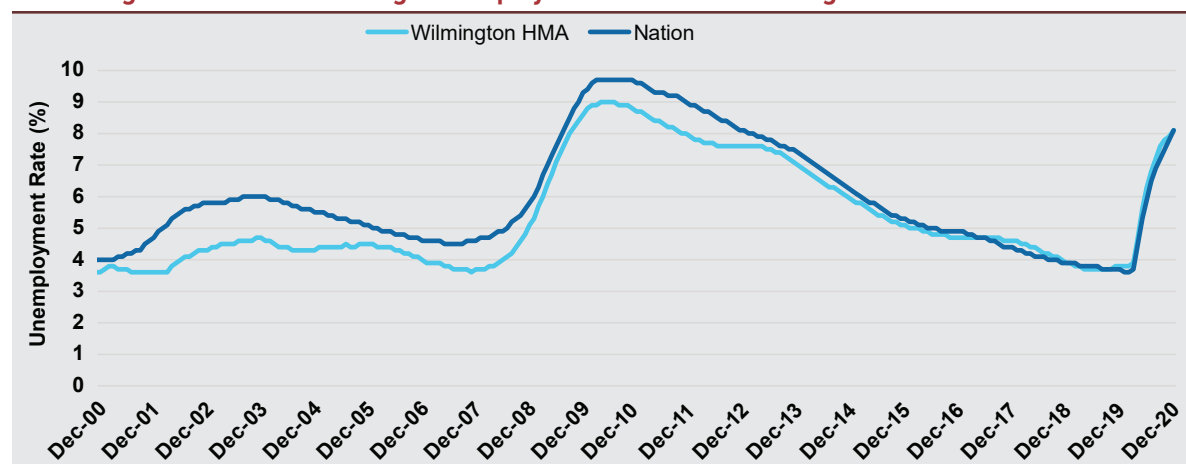
Although jobs remain below 2019 levels in the HMA, the economy began recovering in the latter half of the year. The most severe job losses during the pandemic occurred in March and April of 2020 when many nonessential businesses closed and services were limited. As businesses reopened in limited capacity beginning in May, some of the jobs lost gradually returned. By December 2020, 60 percent of the jobs lost earlier in the year were recovered (not seasonally adjusted).

Current Conditions—Unemployment

As a result of the large job losses during the past year, the unemployment rate increased significantly. During 2020, the unemployment rate in the HMA

averaged 8.1 percent, the same as the nation—up from the 3.8-percent rate during 2019 (Figure 2). The current average unemployment rate is the highest it has been since 9.7 percent in 2010.

Figure 2. 12-Month Average Unemployment Rate in the Wilmington HMA and the Nation

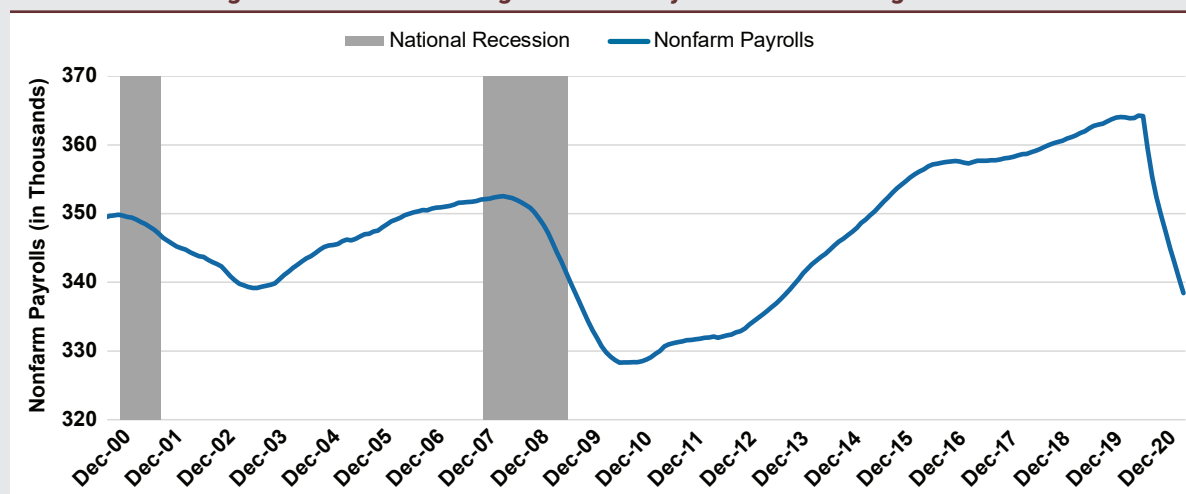


Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2001 Through 2003

The period of nonfarm payroll decline due to the recession in the early 2000s was more severe in the Wilmington HMA compared with the nation. From 2001 through 2003, nonfarm payrolls in the HMA declined by 3,400, or 1.0 percent, annually (Figure 3). By comparison, nationally, nonfarm payrolls declined by an average of 0.4 percent annually during the same period. The manufacturing sector continued its decline, which began in the 1990s due to increased automation and trade liberalization. From 2001 through 2003, the manufacturing sector declined by an average of 2,000 jobs, or 6.8 percent, each year—the highest total number of jobs lost of all 11 sectors in the HMA, whereas the professional and business services sector declined by 1,600 jobs—the second most jobs lost in the HMA—or 2.8 percent. Partially offsetting losses were job gains in the education and health services sector, which added an average of 1,100 jobs, or 2.8 percent, annually. In 2002, the Nemours/Alfred I. duPont Hospital for Children completed a \$13 million renovation and expansion of its surgical services area.

Figure 3. 12-Month Average Nonfarm Payrolls in the Wilmington HMA

Note: 12-month moving average.

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

2004 Through 2007

Compared with the previous period, economic conditions in the HMA improved from 2004 through 2007. During that period, nonfarm payrolls grew by an average of 3,100 jobs, or 0.9 percent, annually. In 2006, the HMA had recovered the number of jobs lost in the previous recession, and payrolls peaked at 352,100 jobs in 2007. The education and health services sector accounted for approximately 55 percent of the jobs gained during the 2004-through-2007 period, growing by 1,700 jobs, or 3.8 percent, each year. The leisure and hospitality and the mining, logging, and construction sectors averaged an additional 500 and 400 jobs each year, or annual growth of 1.6 and 1.9 percent, respectively. Despite the job growth in other economic sectors, job losses continued in the manufacturing sector, with average annual decline of 400 jobs, or 1.5 percent.

2008 through 2010

From 2008 through 2010, a period that includes the Great Recession, payrolls in the HMA declined by an average 7,800 jobs, or 2.3 percent, annually. The mining, logging, and construction sector had the greatest rate of decline, losing an average of 1,900 jobs, or 9.8 percent, a year; that decline was in response to a sharp

decrease in new home construction as demand fell due to a tightening credit market, an increased rate of foreclosures, and slower population growth. The manufacturing sector continued to decline, losing an average of 1,900 jobs, or 8.8 percent, each year. In 2008 and 2009, Chrysler Group and General Motors Company closed auto-assembly plants in New Castle County, eliminating 1,125 and 400 jobs, respectively. Unlike most other sectors, significant gains occurred in the education and health services sector, which grew by 1,300 jobs, or 2.6 percent, each year.

2011 through 2015

Economic conditions in the HMA began to improve in 2011. From 2011 through 2015, nonfarm payrolls increased by an average of 5,400 jobs, or 1.6 percent, annually, to 355,700. The education and health services sector led the HMA in total job growth, up an average of 1,600 jobs, or 2.8 percent, a year. During 2014 and 2015, ChristianaCare and the Nemours/Alfred I. duPont Hospital for Children each completed renovations and expansions of approximately \$210 million and \$270 million, respectively. Jobs in the transportation and utilities sector grew by 900, or 6.3 percent, each year. In October 2012, Amazon.com, Inc. opened its second fulfillment center in New Castle County, creating an additional 2,500 jobs through 2015. The leisure and hospitality sector added 700 jobs, or 2.1 percent, each year from 2011 through 2015. In 2014, four hotels opened in New Castle County, including The

Westin Wilmington, a 180-bed luxury hotel in downtown Wilmington, along the Christina River waterfront. By the end of 2015, the HMA had recovered the jobs lost during the Great Recession and surpassed the previous peak in 2007.

2016 Through 2019

From 2016 through 2019, job growth in the HMA slowed significantly. Overall job growth decelerated because gains in the education and health services and the transportation and utilities sectors slowed, and a contraction occurred in the professional and business services sector because of job losses at E.I. duPont de Nemours and Company. During that period, nonfarm payrolls grew by 2,000 jobs, or 0.6 percent, annually. The education and health services sector grew by 800 jobs, or 1.3 percent, a year—slower than the rate of growth in the sector from previous periods. Each year, the transportation and utilities sector continued its

growth, increasing by 600 jobs, or 3.2 percent. Although slower than the previous period, the sector continued to have the fastest rate of growth in the HMA since 2013, in part due to Amazon.com, Inc. expanding its workforce at its two fulfillment centers in New Castle County. The government sector added 500 jobs, or 1.0 percent, annually. Approximately 40 percent of the government sector gains were in the state government subsector, in part because of an 11-percent increase in the number of full-time and part-time faculty at the University of Delaware. Partially offsetting job gains and contributing to the slower growth was the layoff of 1,700 employees at E.I. du Pont de Nemours and Company in 2016, following an announcement in December 2015 of its intended merger with The Dow Chemical Company. A majority of those jobs were in the professional and business services sector, which averaged a loss of 400 jobs, or 0.7 percent, each year.

Employment Forecast

During the 3-year forecast period, the economy of the HMA is expected to continue recovering from the recent job losses, with nonfarm payrolls estimated to increase an average of 1.7 percent annually; however, the number of jobs lost in 2020 are not expected to be fully recovered during the forecast period. Nevertheless, job growth is expected to be stronger than during the previous decade, as the jobs lost because of the COVID-19 pandemic return. Gains are expected to be largely concentrated in the leisure and hospitality and the

education and health services sectors as the restrictions that were put in place to slow the spread of COVID-19 continue to ease, and businesses such as medical offices and restaurants can return to more normal operations. During the summer of 2020, Amazon.com, Inc. announced plans to open an additional fulfillment center in New Castle County at the site of the former General Motors Company assembly plant in the city of Wilmington. The center, opening in 2021, is expected to add an additional 1,000 full-time jobs to the HMA.



Population and Households

Current population: 724,900

Despite slowing, net natural change continues to offset net out-migration since 2010 and together accounted for the slower population growth than growth during the 2000s.

Population growth in the Wilmington HMA has slowed during the past two decades. As of January 1, 2021, the population of the HMA is estimated at approximately 724,900, with average annual population growth of 1,800 people, or 0.3 percent, since 2010 (Table 3). By comparison, from 2000 to 2006, population growth averaged 6,600 people, or 1.0 percent, annually; net in-migration averaged 3,100 people each year during that period, whereas net natural change averaged 3,500 people each year (Census Bureau decennial census counts and population estimates as of July 1; Figure 4). From 2006 to 2009, the population of the HMA increased by an average of 4,025, or 0.6 percent, annually. The slower population growth was due to lower levels of net in-migration compared with the previous period. During that period, net in-migration averaged 380 people annually, whereas net natural change continued at

Table 3. Wilmington HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast	
	Population	705,670	724,900	728,400
	Average Annual Change	5,525	1,800	1,175
	Percentage Change	0.8	0.3	0.2
Household Quick Facts	2010	Current	Forecast	
	Households	264,808	277,700	280,300
	Average Annual Change	2,025	1,200	890
	Percentage Change	0.8	0.4	0.3

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

levels similar to the previous period. The decline in migration was partly due to the city of Philadelphia enacting a 10-year real estate tax abatement for newly constructed homes in 2000, prompting residents to remain in the city rather than migrating to surrounding suburbs, including the HMA. From 2009 to 2016, the economy transitioned from contraction to recovery and expansion; despite the strengthening economy, net in-migration reversed to net out-migration and net natural change slowed. During that period, the population expanded by 2,400 people, or 0.3 percent, annually; net out-migration averaged 150 people a year but was more than offset by net natural change, which averaged 2,550 people annually. The reverse in trend from net in-migration to net out-migration coincides with a continuing decline in migration from Philadelphia County to the HMA from the previous period. Approximately 2,700 people migrated from Philadelphia County each year to the HMA during the 2005-through-2009 period, but that number decreased to 1,850 people each year during the 2014-through-2018 period (American Community Survey [ACS] 5-year estimates). From 2016 to 2019, the trend of slowing population growth continued, with increasing net out-migration and subdued net natural change. Population growth during that period averaged 1,075 people, or 0.1 percent, annually, with an annual net out-migration of 430 people, partially offsetting net natural change. Since 2019, the population is estimated to have increased by 630, or less than 0.1 percent, annually. During this period, net natural change is estimated to have declined to 700 people each year as deaths increased due to COVID-19.

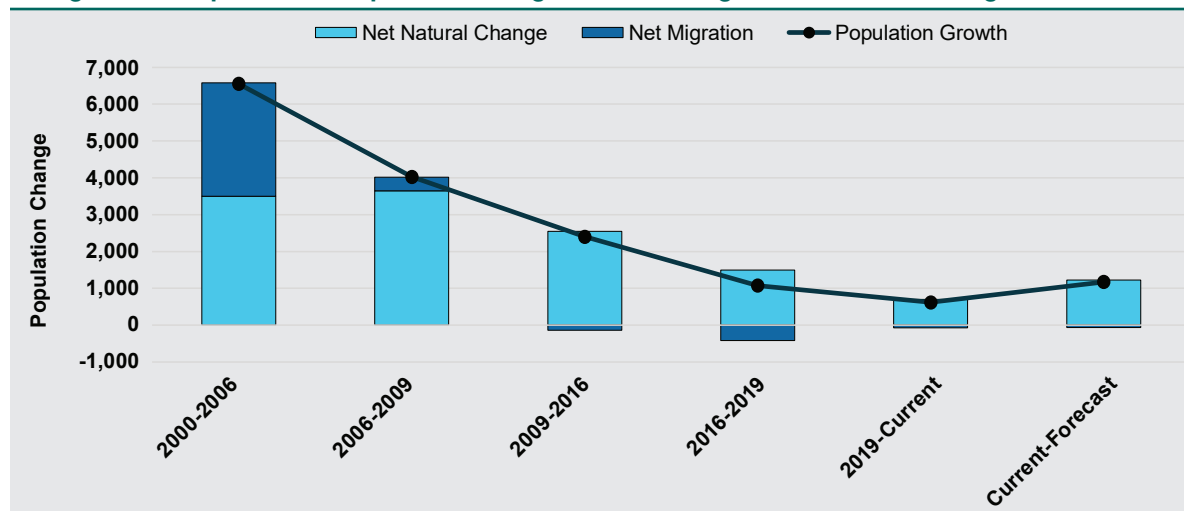


Demographics Trends

The Wilmington HMA has been an attractive area for retirees relocating within the Philadelphia MSA, searching for less urban environments with lower costs of living. The population aged 65 and older in the Wilmington HMA grew by 3,300 people, or 3.3 percent, from 2010 to 2019 (2010 and 2019 ACS 1-year estimates), outpacing the 2.3-percent growth in the Philadelphia MSA, and is the fastest growing age group in the HMA. During the same period, the percentage of population aged 65 years or older in the Wilmington HMA increased from 12.6 to 16.4 percent.

Whereas the Wilmington HMA attracts retirees, New Castle County—the most populous county in the HMA, accounting for 75 percent of the population— attracts young professionals due to its lower cost of living, property tax, and sales tax rates. Since 2010, the population of New Castle County has grown by 0.4 percent annually. By comparison, the population in the county aged 25 to 34 years has increased by 1.5 percent each year during the same period. While fewer people migrate from Philadelphia County to live in the HMA, approximately 8,975 people from New Castle County commute to work in Philadelphia County (2011–2015 ACS 5-year data). By comparison, 3,450 Philadelphia County residents commute to work in New Castle County. The increasing share of residents aged 25 to 34 in New Castle County has led to a higher level of net natural change in the county. From 2010 to 2019, net

Figure 4. Components of Population Change in the Wilmington HMA, 2000 Through the Forecast



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (January 1, 2021) to January 1, 2024.

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

natural change in New Castle County averaged 1,825 people annually, compared with 75 people a year in Cecil and Salem Counties combined. The median age in New Castle County is 38.4 years, compared with the median age in Cecil and Salem counties of 40.8 and 42.1 years, respectively (2019 ACS 1-year estimates).

Household Trends

Household growth in the HMA has generally followed population trends. The Wilmington HMA has an estimated 277,700 households as of January 1, 2021—an increase of 1,200 households, or 0.4 percent, annually since 2010. By comparison, household growth averaged 2,025, or 0.8 percent, annually from 2000 to 2010, when population growth was also much stronger. The slower household growth reflects increased net out-migration and lower levels of net natural change since 2010 compared with the previous decade. The homeownership rate is currently estimated at 68.4 percent, down from 70.4 percent in 2010 (Figure 5), in part due to a greater preference to rent among the younger migrants into New Castle County. With its younger population, New Castle County has a homeownership rate of 66.5 as of 2019—lower than the averages in Cecil and Salem Counties of 73.4 and 71.6 percent, respectively (2019 ACS 1-year estimates).

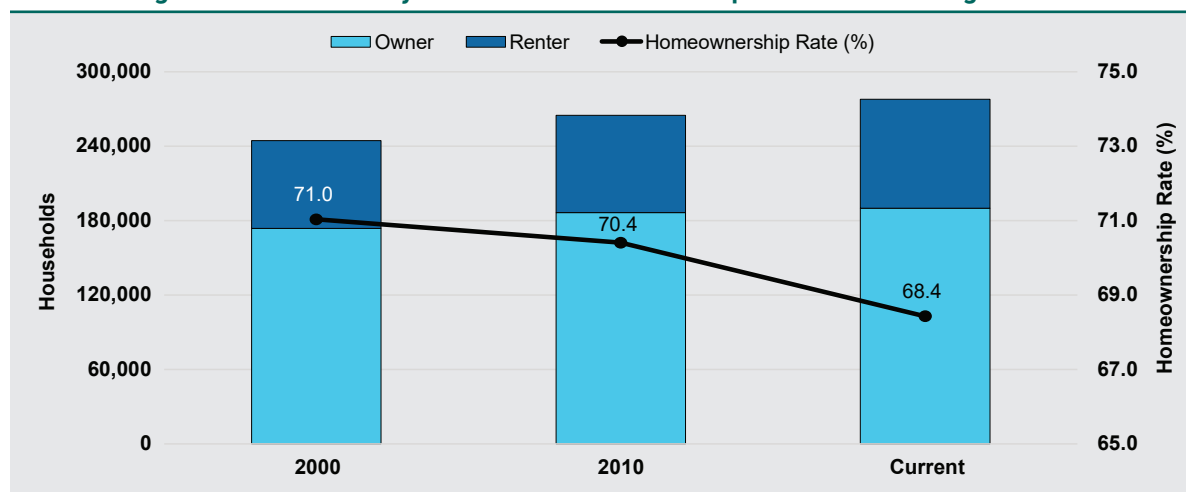
Student Population

The student population accounts for a modest portion of the population of the HMA. Approximately 26,400 full-time undergraduate and graduate students live in the HMA—a 4-percent share of the population of the HMA. Of those students, 21,600, or 82 percent, attend the University of Delaware in the city of Newark (National Center for Education Statistics). Undergraduate and graduate enrollment at the University of Delaware has grown 1.5 percent a year since 2010, compared with 0.3-percent population growth in the HMA.

Population and Household Forecasts

During the 3-year forecast period, the population in the HMA is expected to increase by an average of 1,175 people a year, or 0.2 percent annually. All of the population growth is expected to be from net natural change, as net out-migration is likely to continue. Net natural change is expected to return to levels similar to the period from 2017 to 2019 as deaths from COVID-19 decline. The number of households in the HMA is expected to increase by an average of 890, or 0.3 percent, annually, to approximately 280,300 by January 1, 2024.

Figure 5. Households by Tenure and Homeownership Rate in the Wilmington HMA



Note: The current date is January 1, 2021.

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

Home Sales Market

Market Conditions: Slightly Tight

During the past year, the average number of homes sold declined, whereas the average price of a home increased at a faster pace than in more than a decade.

Current Conditions

Sales housing market conditions in the Wilmington HMA are slightly tight, with an estimated vacancy rate of 1.2 percent (Table 4)—down from 1.8 percent in April 2010, when the market was soft. The decline in vacancies reflects the absorption of excess inventory after the foreclosure crisis, coupled with a decrease in new home construction compared with the previous decade. The inventory of homes for sale decreased from a 3.0-month supply in November 2019 to a 1.7-month supply in November 2020 (CoreLogic, Inc.).

Home Sales

Home sales in the Wilmington HMA started to increase in 2012 after generally declining from 2006 through 2011, in part because of slower population growth (Figure 6). After reaching 13,900 homes sold during 2005, total home sales declined significantly from 2006 through 2008, with sales declining by 20 percent annually as economic conditions worsened (Zonda). From 2009 through 2011, sales continued to decline but at the slower

Table 4. Home Sales Quick Facts in the Wilmington HMA

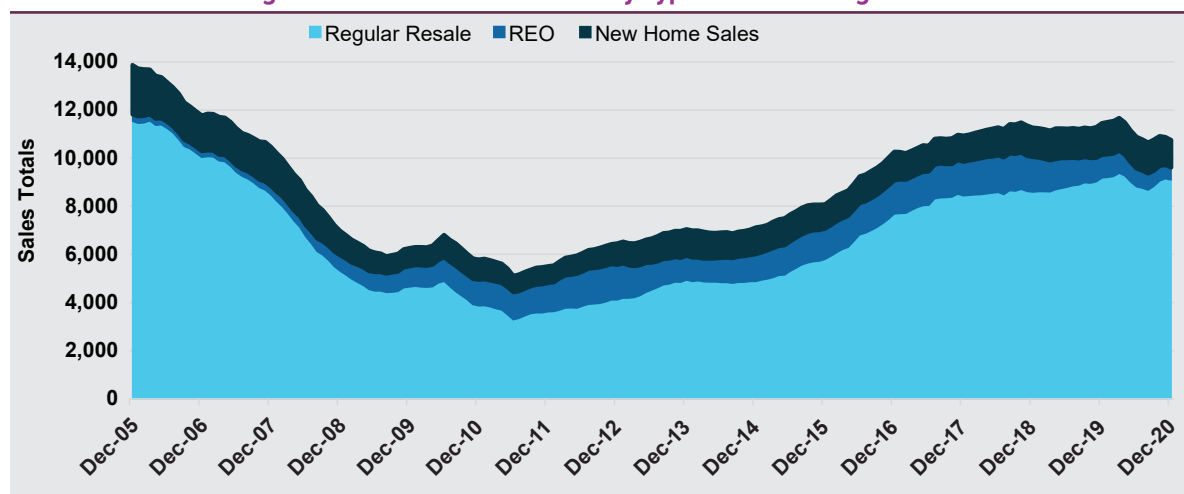
Home Sales Quick Facts	Wilmington HMA		Nation
	Vacancy Rate	1.2%	NA
	Months of Inventory	1.7	1.9
	Total Home Sales	10,750	5,724,000
	1-Year Change	-6%	-1%
	New Home Sales Price	\$394,200	\$408,200
	1-Year Change	8%	-1%
	Existing Home Sales Price	\$255,400	\$342,300
	1-Year Change	11%	11%
	Mortgage Delinquency Rate	5.1%	4.1%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2020; and months of inventory and mortgage delinquency data are as of November 2020. The current date is January 1, 2021.

Sources: CoreLogic, Inc.; Zonda

Figure 6. 12-Month Sales Totals by Type in the Wilmington HMA



REO = real estate owned.

Source: Zonda

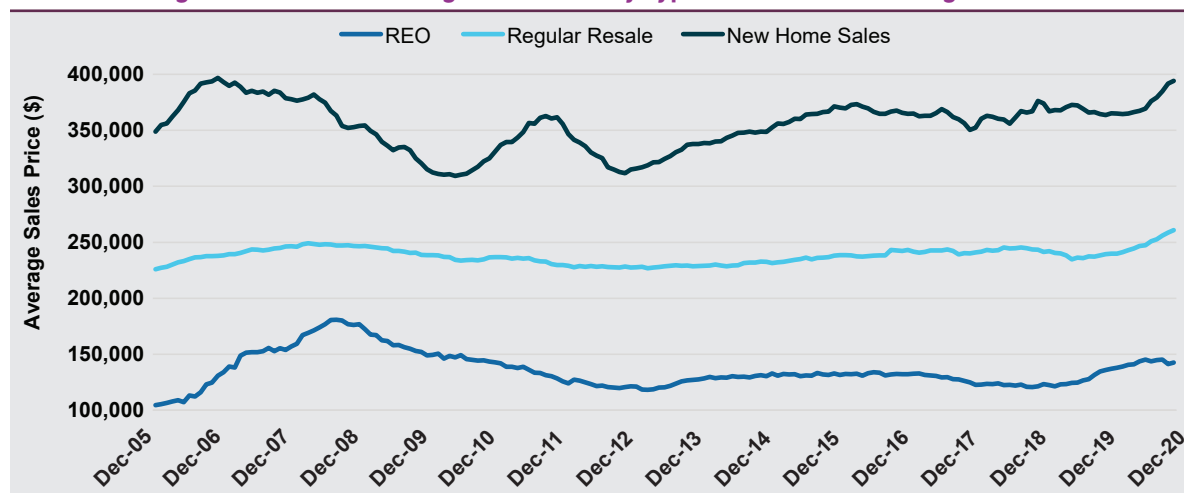
rate of 8 percent, as the economy began to recover from the Great Recession. The slower rate of decline in sales coincides with the first-time homebuyer tax credit, incentivizing homeownership. After a low of 5,500 sales during 2011, sales increased from 2012 through 2019 by an average of 740 sales, or 10 percent, annually,

as the economy improved. During 2020, home sales totaled 10,750—a decline of 6 percent from the 11,450 homes sold during 2019. New home sales accounted for approximately 11 percent of total home sales from 2015 through 2020—down from an average of 14 percent from 2006 through 2008, when net in-migration contributed to stronger population growth.

Home Sales Prices

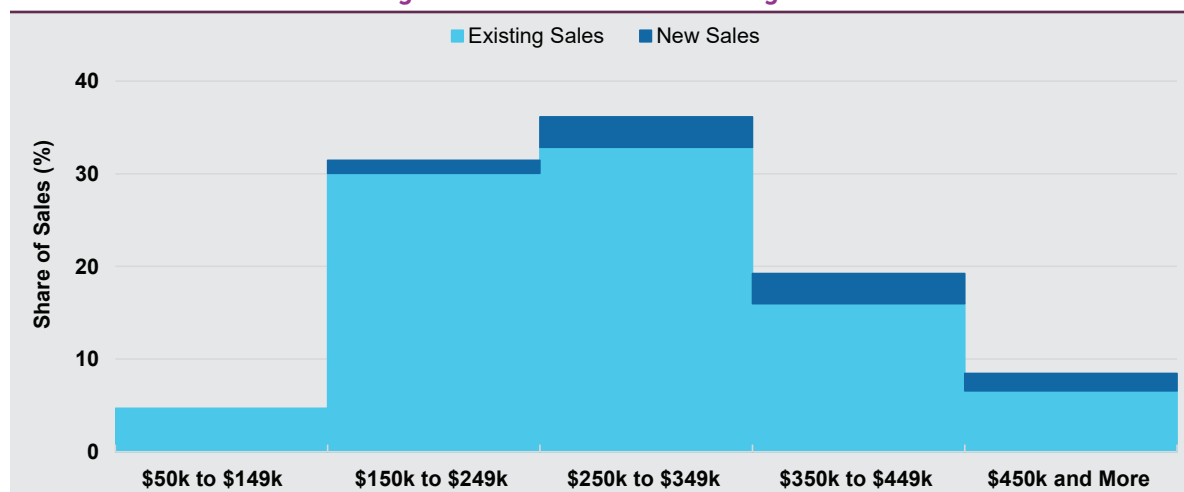
During 2020, the average sales price of a home increased 10 percent, or by \$23,750, to a recent high of \$270,300—the fastest average annual rate of price growth in the past 10 years (Zonda). By comparison, the average annual sales price peaked at \$260,100 during 2007 before declining 4 percent each year to a low of \$217,600 during 2012 due to a decline in sales and an increase in the share of foreclosed homes that entered the market during the economic downturn (Figure 7). From 2013 through 2019, home prices increased by an average of \$4,125 a year, or 2 percent, annually, to \$246,500 during 2019. During 2020, new home sales prices averaged \$394,200—approximately 51 percent higher than the average regular resale home price of \$260,900. That difference has grown since 2012, when the price of a new home was \$315,100, or 39 percent higher than the \$227,400 price of a regular resale home. Figure 8 shows the share of new and existing home sales by price range during 2020.

Figure 7. 12-Month Average Sales Price by Type of Sale in the Wilmington HMA



REO = real estate owned.
Source: Zonda

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending December 2020 in the Wilmington HMA



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

REO Properties and Delinquent Mortgages

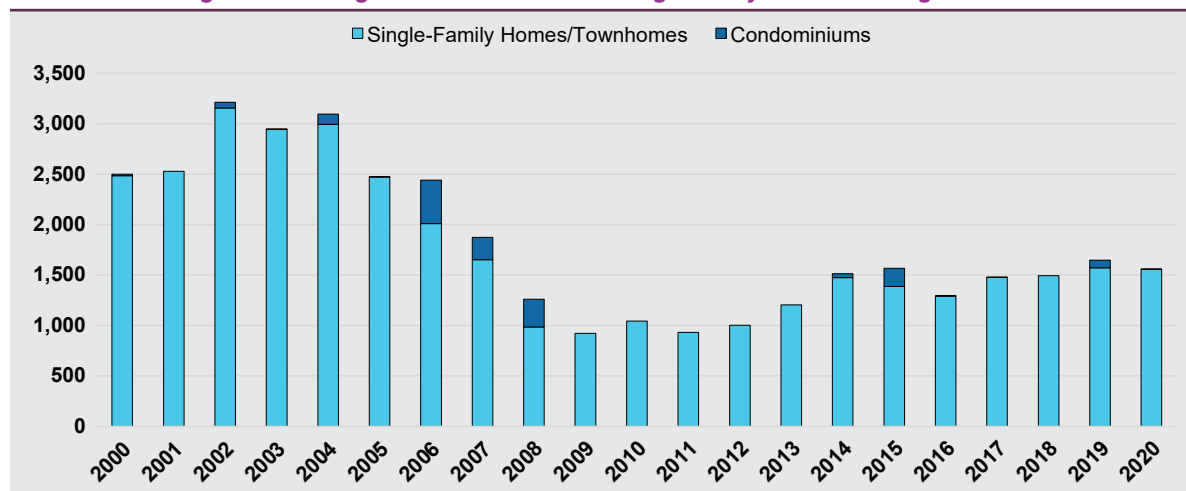
After several years of low mortgage delinquency rates, a higher share of mortgages became delinquent in the past year, in large part because of the economic downturn caused by the COVID-19 pandemic. During 2020, real estate owned (REO) home sales accounted for approximately 5 percent of total sales—down from the previous peak of 22 percent in 2012 (Zonda). However, the share of REO home sales remains higher than in 2005, before the housing market started to weaken, when REO sales accounted for 2 percent of total sales. During 2020, the average sales price of an REO home in the HMA increased 5 percent, to \$142,500—approximately 45 percent less than the average sales price of a regular resale home. As of December 2020, the percentage of home loans in the HMA that were seriously delinquent or had transitioned into REO status was 5.0 percent—up from 2.3 percent a year earlier (CoreLogic, Inc.). By comparison, as of December 2020, the national rate was 4.0 percent—up from 1.4 percent a year earlier. Although the rate in the HMA is below the peak of 7.8 percent that occurred in 2012, it is the highest rate of seriously delinquent home loans in the HMA since 2015. The significant rise in the rate in the HMA during the past year was due to a 112-percent increase in the number of home loans that were 90 or more days delinquent, which is largely attributed to households being unable to make their mortgage payments as a result of jobs lost during

the COVID-19 pandemic. Mortgage forbearance for homeowners with federally backed mortgages was included as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and has allowed homeowners facing financial hardship because of the COVID-19 pandemic to postpone their payments. As a result of more households receiving forbearances on their mortgage payments, the number of home loans in foreclosure or REO status is down 43 percent compared with December 2019.

Sales Construction Activity

Recent sales construction activity—as measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted—has been lower than levels during the early 2000s. From 2000 through 2006, an average of 2,750 homes a year were permitted before declining an average of 18 percent annually to 930 homes built in 2011 (Figure 9). The number of homes permitted has increased only modestly since the housing crisis that coincided with the Great Recession, in part because of slower population growth and net out-migration in the past decade. The number of homes permitted increased by an average of 160 homes, or 14 percent, each year from 2012 through 2015, to nearly 1,575 homes permitted in 2015. From 2016 through 2018, an average of 1,425 homes were permitted annually, before increasing to 1,650 homes in 2019. During 2020, an

Figure 9. Average Annual Sales Permitting Activity in the Wilmington HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through December 2020.

Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

estimated 1,550 homes were permitted—a decline of 6 percent compared with 2019 (preliminary data). Since 2010, approximately 82 percent of homes permitted have been in New Castle County—up from 63 percent during the previous decade.

New Construction

Currently, an estimated 400 homes intended for sale are under construction in the HMA. To address the housing demand for the growing retiree population, the Columbia Place development—restricted to households aged 55 and older—is currently underway in the city of Wilmington. The development will include 17 single-family homes that will surround 49 townhomes and 88 condominiums. Home prices start at \$700,000 for a three-bedroom townhome. Cool Springs at Charlestown is a single-family home development currently underway in the historic town of Charlestown in Cecil County, Maryland, approximately 10 miles from Interstate 95. Homes prices start at \$250,000 for a two-bedroom home, and the development will include 86 homes upon completion.

Forecast

During the next 3 years, demand is expected for 4,350 new homes in the HMA (Table 5), with demand increasing each year, as COVID-19 countermeasures are eased with the introduction of COVID-19 vaccines and therapeutics. Approximately 80 percent of the demand is expected in New Castle County. The 400 homes currently under construction will satisfy a portion of the demand.

Table 5. Demand for New Sales Units in the Wilmington HMA During the Forecast Period

Sales Units	
Demand	4,350 Units
Under Construction	400 Units

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



Rental Market

Market Conditions: Balanced

Nearly 80 percent of rental construction since 2010 has been concentrated in New Castle County, where most of the population growth is occurring.

Current Conditions and Recent Trends

Rental housing market conditions in the Wilmington HMA are currently balanced, with an overall rental vacancy rate estimated at 6.8 percent as of January 1, 2020—a decline from the April 2010 rental vacancy rate of 9.4 percent, when conditions were soft (Table 6). Approximately 35.8 percent of all renter households live in single-family homes—down slightly from an estimated 37.7 percent in 2010 and above the national average of 32.9 percent (2010 and 2019 ACS 1-year estimates). An estimated 13.0 percent of renter households in the HMA reside in buildings with 2 to 4 units—lower than the national rate of 17.3 percent. An additional 48.9 percent of renter households live in multifamily buildings with 5 or more units, typically apartments.

Although the overall rental housing market is balanced, the apartment market is slightly tight. In the RealPage, Inc.-defined combined Central

Table 6. Rental Market Quick Facts in the Wilmington HMA

Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	9.4
		6.8
	2010 (%)	2019 (%)
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	37.7
	Multifamily (2–4 Units)	16.3
	Multifamily (5+ Units)	43.6
	Other (Including Mobile Homes)	1.5
		2.3

Notes: The current date is January 1, 2021. Percentages may not add to 100 due to rounding.
Sources: 2010 and 2019 American Community Survey, 1-year data

Wilmington, Newark, and Outer Wilmington market areas, which collectively cover most of the HMA, the apartment vacancy rate during the fourth quarter of 2020 was 2.5 percent—down from 3.4 percent a year earlier. The vacancy rate has declined each year from a recent high of 5.4 percent during the fourth quarter of 2016. Lower levels of rental construction in the HMA from 2018 through 2020—coupled with stronger population growth and a greater preference to rent in the younger population of New Castle County, where most of the rental units are built—contributed to the declining vacancy rate. The student population has a moderate impact on the rental market in New Castle County. Students living off campus while attending the University of Delaware and other institutions account for approximately 8 percent of renter households in the county, compared with 6 percent in the HMA. Several developments have opened during the past few years in the city of Wilmington, along the downtown riverfront area, as part of city revitalization plans in the designated Downtown Development District that is attracting younger professionals into the city. Construction projects in this designated district may qualify to receive city and state incentives, including a rebate of 20 percent of the construction costs from the state. Rents during the fourth quarter of 2020 averaged \$1,221—up 4 percent from a year ago—as newly constructed apartment units continue to make up a large portion of the apartment market. From the fourth quarter of 2009 to the fourth quarter of 2019, rents in the HMA rose steadily by an average of 3 percent each year. Figure 10 shows apartment rents and vacancy rates since 2005.

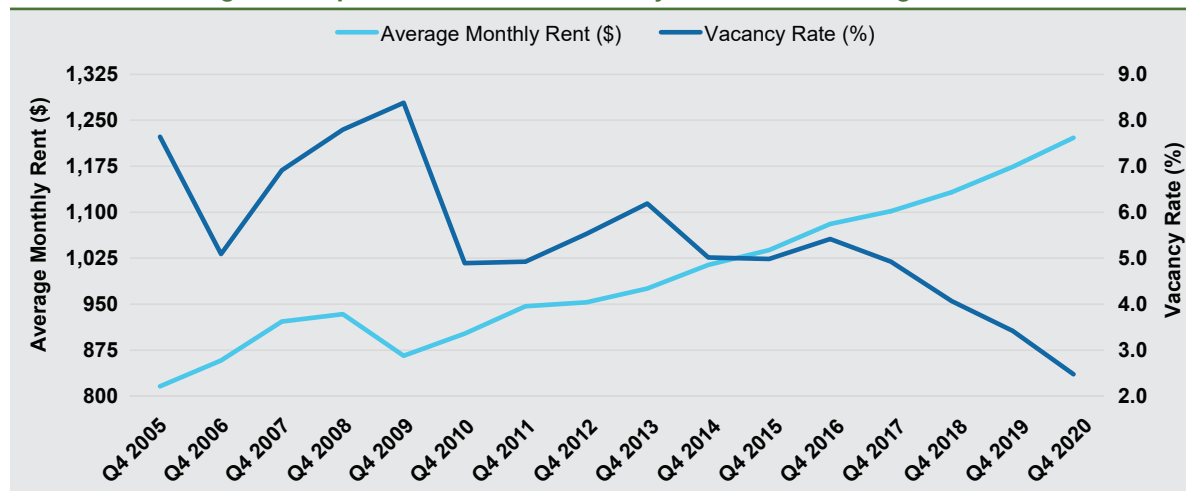
Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted, has declined since a recent peak in 2017 (Figure 11). During 2020, approximately 650 rental units were permitted—an increase of 260, or 67 percent, from the 390 units permitted during 2019 (preliminary data, with adjustments by the analyst). After a recent high of 1,525 rental units permitted during 2000, rental construction activity averaged 530 units annually from 2001 through 2007. From 2008 through 2011, multifamily permitting in the HMA declined by an average of 28 percent each year, coinciding with increased out-migration and the local economic downturn that resulted from the Great Recession. From 2012 through 2017, rental permitting was elevated at the highest level since the peak in 2000 and ranged from 525 units permitted in 2013 to 1,325 units in 2017, and averaged 960 units annually during the period. From 2018 through 2019, rental permitting once again declined, averaging 440 units annually. Rental construction activity since 2010 has been mostly in New Castle County, accounting for nearly 80 percent of units permitted, as it is attractive to recent college graduates and young professionals with a higher propensity to rent.

New Construction

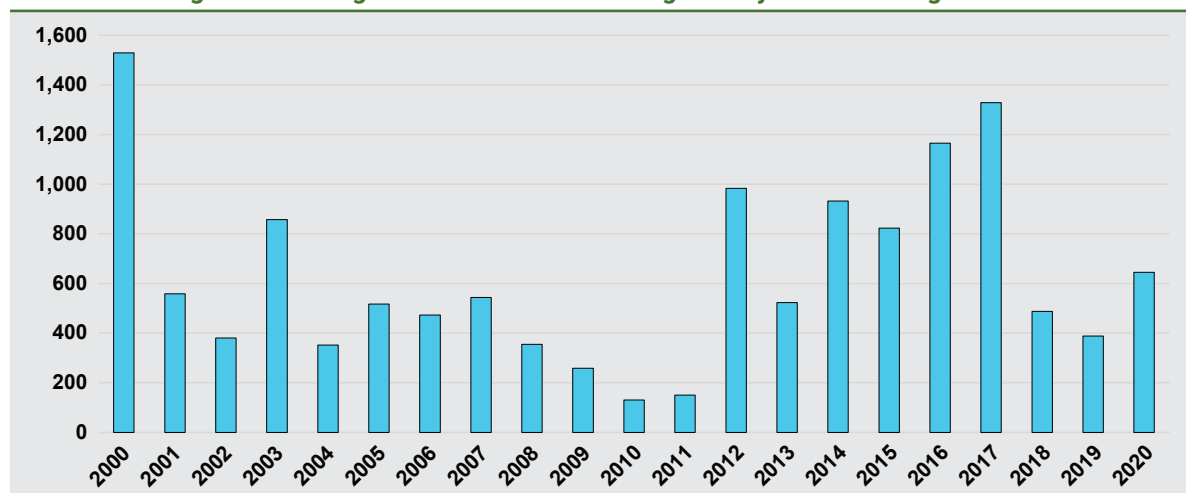
The 166-unit 101 duPont place, a renovation of the DuPont Building in downtown Wilmington, is under construction in the HMA. The development is currently leasing units while construction is ongoing.

Figure 10. Apartment Rents and Vacancy Rates in the Wilmington HMA



Q4 = fourth quarter.
Source: RealPage, Inc

Figure 11. Average Annual Rental Permitting Activity in the Wilmington HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through December 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

Rents start at \$1,250, \$1,325, \$2,590, and \$3,620 for studio, one-bedroom, two-bedroom, and three-bedroom units, respectively. The first phase of College Square Apartments is currently underway in the city of Newark, near the University of Delaware. The development includes the renovation and conversion of the existing College Square shopping center. The first phase will include 150 units out of 306 units marketed to students and is expected to open in 2022.

Forecast

During the 3-year forecast period, demand is estimated for 1,650 new rental units in the HMA (Table 7). Demand is expected to rise steadily during the second and third years of the forecast period. The 830 units under construction will satisfy a majority of the demand during the first year, most of which will be in New Castle County.

Table 7. Demand for New Rental Units in the Wilmington HMA During the Forecast Period

Rental Units	
Demand	1,650 Units
Under Construction	830 Units

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



Terminology Definitions and Notes

A. Definitions

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.
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.
Forecast Period	1/1/2021–1/1/2024—Estimates by the analyst.
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Home Sales	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.

Net Out-Migration	Net out-migration occurs when out-migration is greater than in-migration.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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.
Rental Market	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

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

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
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2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.
Cover Photo	iStock

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