COMPREHENSIVE HOUSING MARKET ANALYSIS

Wilmington, Delaware-Maryland-New Jersey
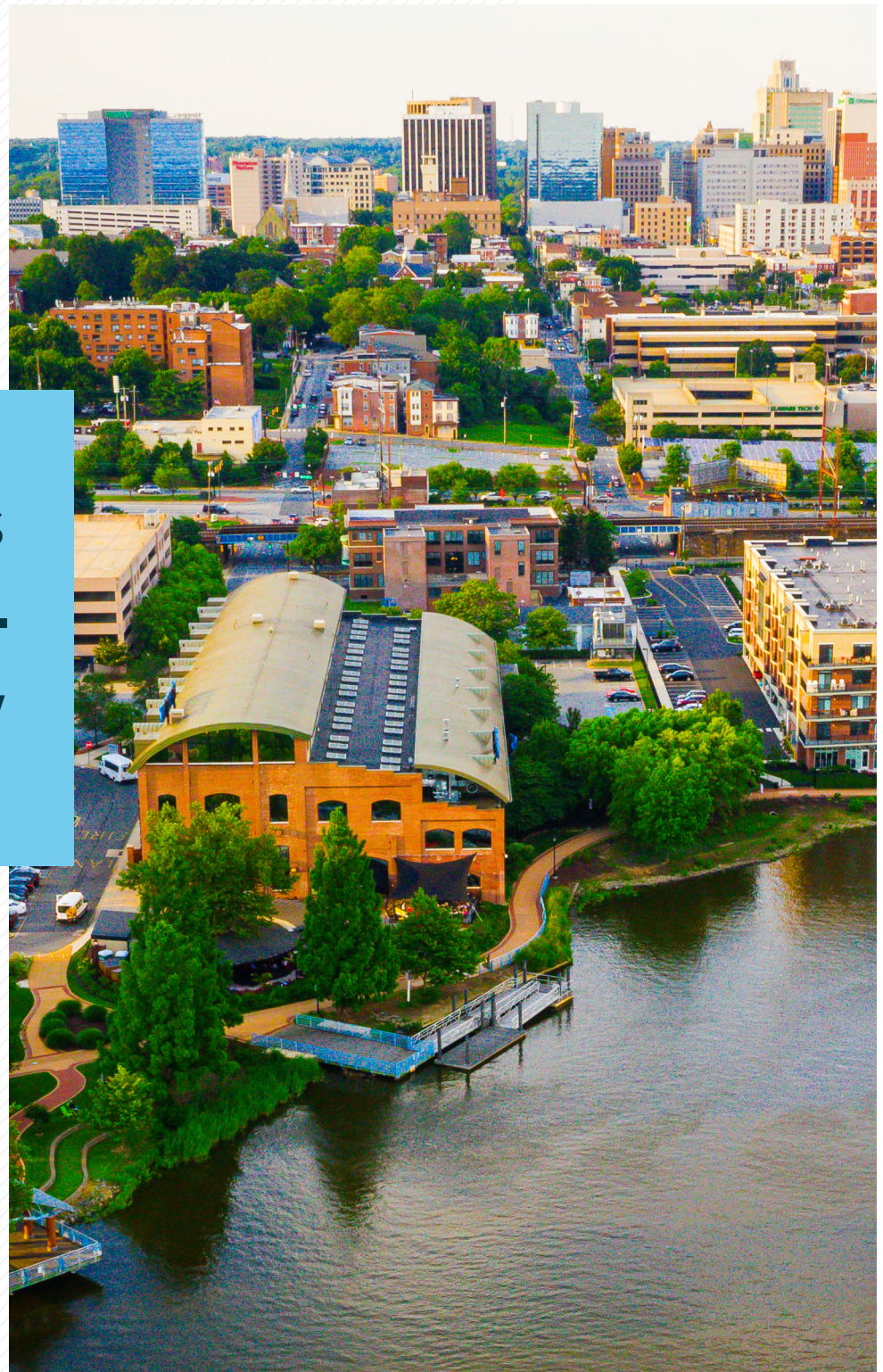
U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of August 1, 2023

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Executive Summary

Housing Market Area Description

The Wilmington Housing Market Area (hereafter, Wilmington HMA) is coterminous with the Wilmington, DE-MD-NJ Metropolitan Division and includes New Castle County, Delaware; Cecil County, Maryland; and Salem County, New Jersey. The Wilmington HMA is part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (hereafter, Philadelphia MSA).

The current population of the HMA is estimated at 748,400.

The HMA is a hub for banking and financial services and is home to the University of Delaware, a public university in the city of Newark with 22,623 degree-seeking students enrolled during the fall of 2022 and 4,644 employees (University of Delaware Institutional Research).
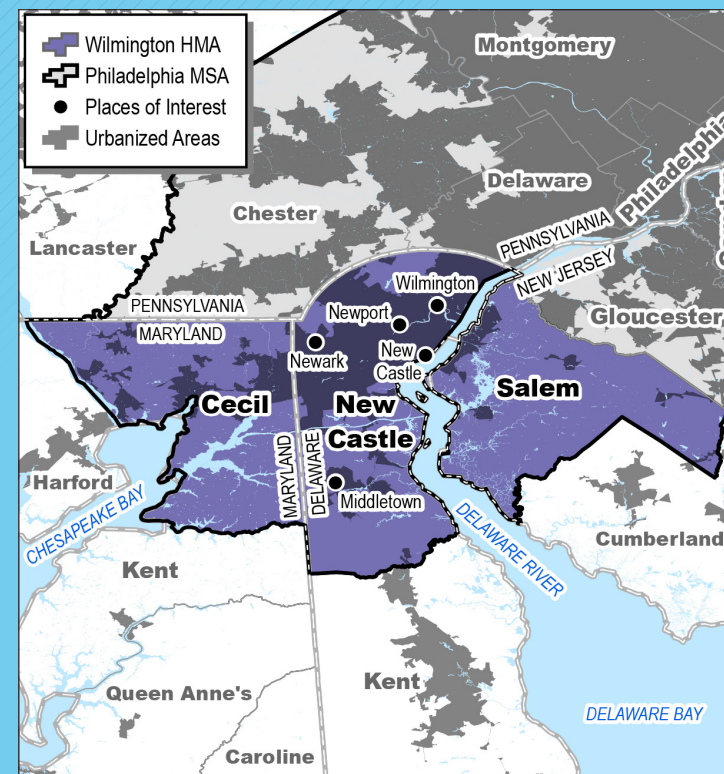
Tools and Resources

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.

Comprehensive Housing Market Analysis Wilmington, Delaware-Maryland-New Jersey
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Market Qualifiers

Economy

Strong: During the 12 months ending July 2023, total nonfarm payrolls in the Wilmington HMA were 2.3 percent higher than in 2019, compared with 2.7 percent higher nationally.

Nonfarm payrolls increased 3.1 percent year over year during the 12 months ending July 2023, following growth of 3.3 percent during the 12 months ending July 2022. The HMA economy is strong; by November 2021, the HMA had fully recovered the 44,200 jobs lost in April 2020 from countermeasures taken to slow the spread of COVID-19 (monthly data, not seasonally adjusted). During the 12 months ending July 2023, payrolls increased in 10 of the 11 nonfarm sectors, led by gains in the transportation and utilities sector, which rose 11.5 percent from a year earlier. The unemployment rate averaged 4.0 percent during the 12 months ending July 2023, down from 4.6 percent a year earlier. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.8 percent annually.

Sales Market

Tight but Easing: A 1.6-month supply of for-sale housing was available in the HMA in July 2023, up slightly from a 1.4-month supply a year earlier (Redfin, a national real estate brokerage).

The sales vacancy rate in the HMA is estimated at 1.1 percent, down from 1.3 percent in April 2020. Rising mortgage interest rates contributed to a decline in total home sales during the past 12-month period. During the 12 months ending July 2023, new and existing home sales totaled 10,700, representing a decline of 27 percent from a year ago (CoreLogic, Inc.). By comparison, home sales increased nearly 1 percent during the 12 months ending July 2022. The average home sales price increased 8 percent to $319,000 during the 12 months ending July 2023 compared with a 10-percent increase a year ago. During the next 3 years, demand is estimated for 4,650 new homes. The 450 homes under construction will satisfy a portion of that demand during the first year of the forecast period.

Rental Market

Slightly Tight: The overall rental market has an estimated vacancy rate of 6.5 percent, down from 6.8 percent in April 2020.

Rental housing market conditions in the HMA are slightly tight compared with balanced conditions in April 2020. Conditions in the apartment market are also slightly tight but easing, with an apartment vacancy rate of 4.5 percent as of the second quarter of 2023, up from 2.9 percent as of the second quarter of 2022 (CoStar Group). The average monthly apartment rent in the HMA was $1,546 as of the second quarter of 2023, up 5 percent from a year earlier. During the forecast period, demand is estimated for 3,125 new rental units. The 980 rental units under construction will satisfy a portion of that demand during the first year of the forecast period.

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3-Year Housing Demand Forecast		
	Sales Units	Rental Units
Wilmington HMA Total Demand	4,650	3,125
Under Construction	450	980

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 August 1, 2023. The forecast period is August 1, 2023, to August 1, 2026.
Source: Estimates by the analyst

Economic Conditions

Largest Sector: Education and Health Services

The large share of nonfarm payroll jobs in the education and health services sector contributes stability to the HMA economy, anchored by ChristianaCare.

Primary Local Economic Factors

The Wilmington HMA—the southernmost part of the Philadelphia MSA—is recognized nationally as a hub for financial services, health care, and education. The education and health services sector is the largest sector in the HMA, accounting for 17 percent of all nonfarm payroll jobs during the 12 months ending July 2023 (Figure 1). ChristianaCare, with 13,708 employees, is the largest employer in the HMA (Table 1) and includes three hospitals containing more than 1,200 beds combined. The presence of ChristianaCare and other healthcare organizations, including Nemours Children's Health—the seventh largest employer in the HMA—provides economic stability in the HMA.

Another major source of employment in the HMA is the University of Delaware, one of the oldest public universities in the nation, with roots dating back to 1743. The University of Delaware is the fourth largest employer in the HMA and has an estimated annual economic impact of $3.2 billion on the state of Delaware (University of Delaware Institutional Research, 2022 Economic Impact

Figure 1. Share of Nonfarm Payroll Jobs in the Wilmington HMA, by Sector
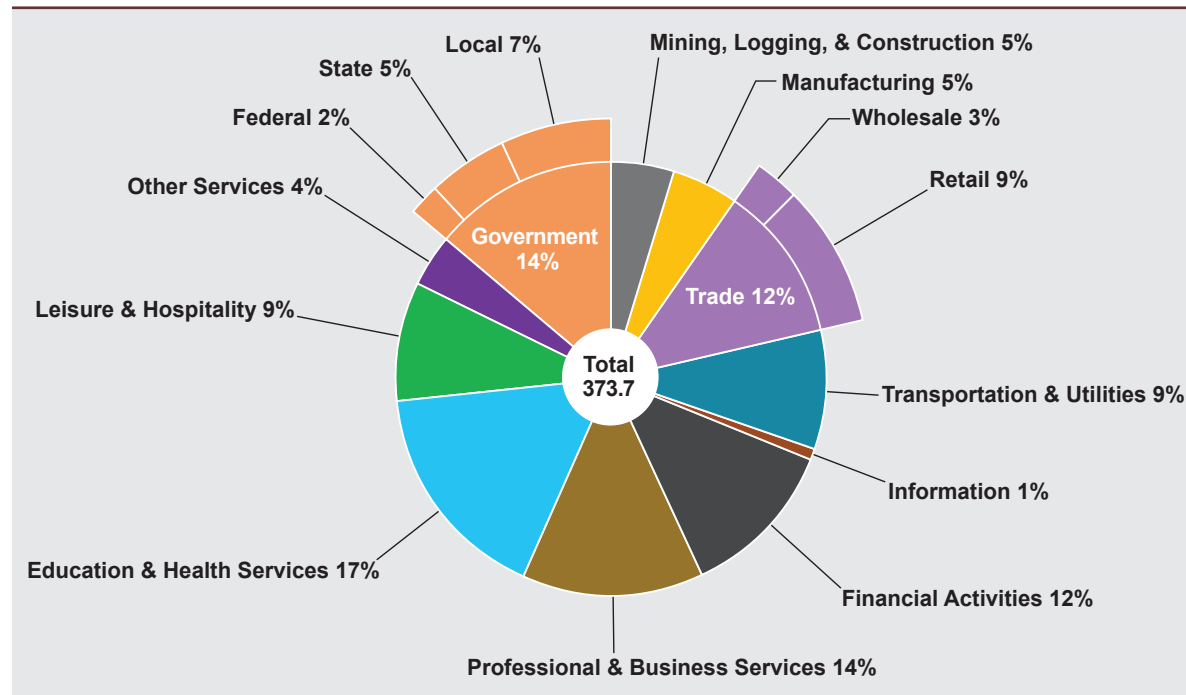
Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through July 2023.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Wilmington HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
ChristianaCare	Education & Health Services	13,708
JPMorgan Chase & Co.	Financial Activities	11,500
Bank of America Corporation	Financial Activities	10,000
University of Delaware	Government	4,644
Amazon.com, Inc.	Transportation & Utilities	4,300
DuPont de Nemours, Inc.	Professional & Business Services	2,700
Nemours Children's Health	Education & Health Services	2,568
YMCA of Delaware	Other Services	2,500
AstraZeneca PLC	Manufacturing	1,500
W.L. Gore and Associates, Inc.	Professional & Business Services	1,200

Note: Excludes local school districts.
Sources: ChristianaCare; City of Wilmington Office of Economic Development; University of Delaware Office of Institutional Research; Zippia, Inc.

Study). The University of Delaware is part of the state government subsector. Government is the third largest job sector in the HMA and accounts for 14 percent of nonfarm payrolls.

The professional and business services and the financial activities sectors are also major components of the HMA economy, largely because the HMA is an attractive location for financial and business services, including corporate headquarters, due to tax and legal advantages. According to the City of Wilmington, more than one-half of all Fortune 500 companies in the nation are incorporated in the city of Wilmington. Job gains in the professional and business services and the financial activities sectors have averaged 0.9 and 1.1 percent a year, respectively, since 2021. Job growth in the sectors can also be partly attributed to the presence of the University of Delaware, which has supplied a highly educated workforce. In 2022, the University of Delaware launched a financial technology company collaboration space, known as FinTech Innovation Hub, to generate research and innovation through collaboration between private-sector financial- and technology-related companies and the university. Four of the 10 major employers in the HMA are in the financial activities and the professional and business services sectors, with JPMorgan Chase & Co. and Bank of America Corporation employing a combined 21,500 employees.

Current Conditions—Nonfarm Payrolls

During the 12 months ending July 2023, nonfarm payrolls in the HMA rose by 11,300 jobs, or 3.1 percent, to 373,700 (Table 2), following an increase of 11,600 jobs, or 3.3 percent, a year earlier. Nationally, jobs also rose 3.1 percent during the 12 months ending July 2023, compared with a 4.7-percent increase during the 12 months ending July 2022. Nonfarm payrolls in the HMA were up in 10 of the 11 job sectors during the 12 months ending July 2023. The sectors with the largest job gains were the transportation and utilities, the financial activities, and the government sectors, up by 3,300, 1,500, and 1,400 jobs, or 11.5, 3.5, and 2.9 percent, respectively. In February 2023, Avelo Airlines expanded operations to Wilmington Airport, which resulted in more than 100 new jobs in the transportation and utilities sector. In January 2023, JPMorgan Chase & Co. announced 725 job openings, contributing to ongoing job growth in the financial activities sector during the year. In the government sector, job gains in the local and federal government subsectors of 1,000 and 500 jobs, or 4.3 and 8.1 percent, respectively, were partially offset by losses in the state government subsector, which was down by 100 jobs, or 0.5 percent.

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

	12 Months Ending July 2022	12 Months Ending July 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**362.4**	**373.7**	**11.3**	**3.1**
Goods-Producing Sectors	33.6	35.9	2.3	6.8
Mining, Logging, & Construction	17.2	18.4	1.2	7.0
Manufacturing	16.3	17.5	1.2	7.4
Service-Providing Sectors	328.8	337.7	8.9	2.7
Wholesale & Retail Trade	45.5	46.0	0.5	1.1
Transportation & Utilities	28.8	32.1	3.3	11.5
Information	2.8	2.7	-0.1	-3.6
Financial Activities	43.3	44.8	1.5	3.5
Professional & Business Services	51.8	52.0	0.2	0.4
Education & Health Services	61.6	62.2	0.6	1.0
Leisure & Hospitality	31.9	33.2	1.3	4.1
Other Services	14.0	14.2	0.2	1.4
Government	49.1	50.5	1.4	2.9

Notes: Based on 12-month averages through July 2022 and July 2023. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Current Conditions— Unemployment

The average unemployment rate in the HMA declined during the 12 months ending July 2023 to 4.0 percent, down from 4.6 percent a year earlier and from a recent peak of 7.8 percent during the 12 months ending March 2021 (Figure 2). The average unemployment rate in the HMA was higher than the national rate, which was 3.6 percent during the 12 months ending July 2023, down from 4.0 percent a year earlier and from a recent peak of 8.7 percent during the 12 months ending March 2021. Before the COVID-19 pandemic, the average unemployment rate in the HMA had been declining each year from 2011 through 2019, following the nationwide trend of decline during those years.

Figure 2. 12-Month Average Unemployment Rate in the Wilmington HMA and the Nation
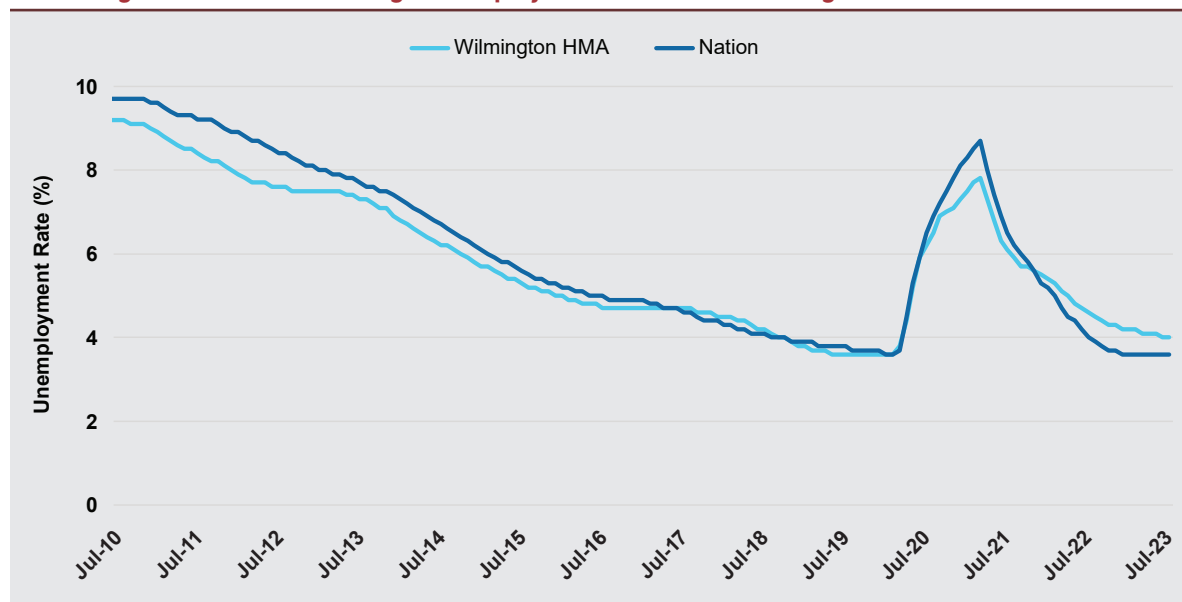
Note: Based on the 12-month moving average.
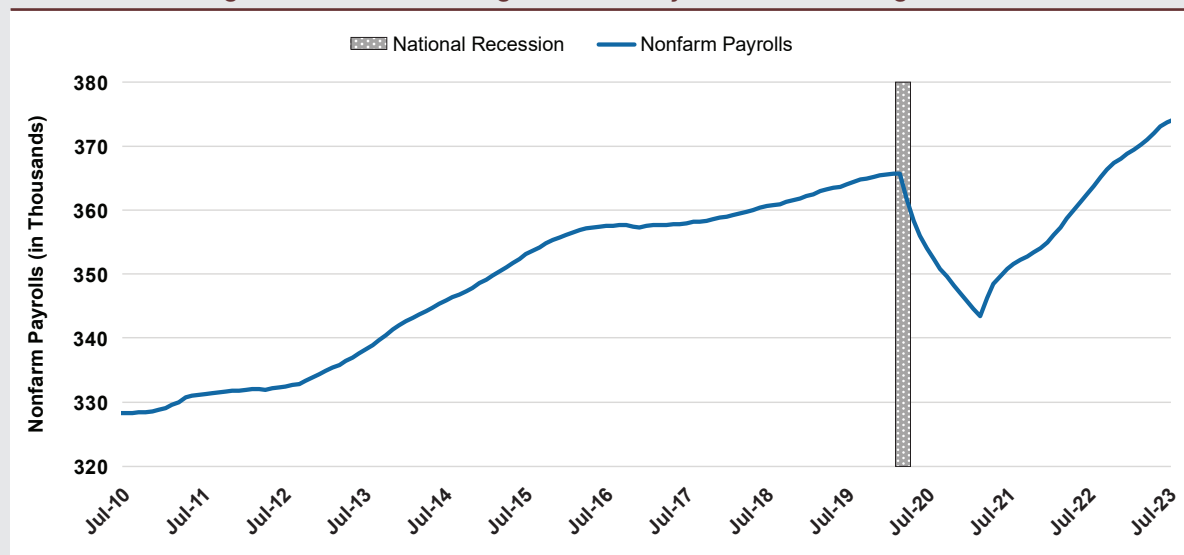**Source:** U.S. Bureau of Labor Statistics

Economic Periods of Significance
2011 Through 2015

Following the Great Recession, economic conditions in the HMA began to improve in 2011, although the initial recovery was sluggish; by 2015, employment surpassed prerecession levels. During 2011 and 2012, nonfarm payrolls increased by an average of 2,800 jobs, or 0.8 percent, a year (Figure 3). By comparison, nonfarm payrolls nationwide averaged an annual increase of 1.5 percent during the same period. Job growth accelerated from 2013 through 2015. Nonfarm payrolls during the period increased by an average of 7,100 jobs, or 2.1 percent, annually—a faster rate than nationwide job growth, which averaged 1.9 percent a year. Job gains in the HMA occurred in 9 of the 11 sectors and were strongest in the education and health services, the financial activities, and the transportation and utilities sectors, which rose annually by averages of 2,000, 1,400, and 1,300 jobs, or 3.5, 3.6, and 8.7 percent, respectively, and accounted for a combined 66 percent of the job growth in the HMA. Jobs increased in the education and health services sector partly due to the completion of the $210 million expansion of ChristianaCare in 2014 and the $270 million expansion of Nemours Children's Health in 2015. Amazon.com, Inc. opened a fulfillment center in New Castle County in October 2012, adding approximately 2,500 jobs in the transportation and utilities sector from 2012 to 2015.

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

Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2016 Through 2019

Job growth in the HMA slowed significantly during 2016 and 2017 before accelerating during 2018 and 2019. Nonfarm payroll growth in the HMA averaged 1,600 jobs, or 0.4 percent, annually during 2016 and 2017—a much lower rate than payrolls in the nation, which increased at an average rate of 1.7 percent a year during the same period. An elevated number of job losses in the wholesale and retail trade and the professional and business services sectors, which lost 1,100 and 600 jobs, or 2.4 and 1.2 percent, a year, respectively, contributed to the slower growth during 2016 and 2017. The closure of Foxfire Printing and Packaging, a retail store in the city of Newark that printed and sold signage and displays used in retail stores, in 2017 resulted in the layoff of 151 employees. In 2016, 1,700 employees were laid off at DuPont de Nemours, Inc.—including hundreds of research and development positions in the professional and business services sector. Job additions in the HMA during this period were largely concentrated in the transportation and utilities and the education and health services sectors, which were up by averages of 1,100 and 700 jobs, or 6.2 and 1.1 percent, a year, respectively. The pace of job growth during 2018 and 2019 rose, averaging 3,300 jobs, or 0.9 percent, annually. Much of the job growth during the 2-year

period was attributed to gains averaging 1,200 jobs, or 5.7 percent, annually in the transportation and utilities sector, supported by ongoing Amazon.com, Inc. job additions at two fulfillment centers in New Castle County. In addition, strong gains in the education and health services sector, averaging 900 jobs, or 1.4 percent, a year, contributed to overall payroll growth in the HMA.

2020

Following 9 years of job growth, the economy in the HMA contracted in 2020 because of the countermeasures taken to slow the spread of COVID-19. During 2020, nonfarm payrolls in the HMA declined by 18,400, or 5.0 percent. The rate of decline in the HMA was lower than in the nation, where payrolls fell 5.8 percent during 2020. Ten of the 11 sectors in the HMA lost jobs, with the greatest losses in the leisure and hospitality sector, which declined by 8,300 jobs, or 23.2 percent. The leisure and hospitality sector lost the most jobs because many establishments, including restaurants, were required to close or operate at limited capacity during the early stages of the COVID-19 pandemic. Jobs in the sector also fell partly because of a decrease in overnight visitors to the HMA and a decline in hotel occupancies. During December 2020, the average occupancy rate at hotels in the CoStar Group-defined Wilmington Hospitality Submarket was 40.9 percent, down from 47.6 percent in December 2019 (CoStar Group). The

only sector to add jobs during 2020 was the transportation and utilities sector, which rose by 1,100 jobs, or 4.8 percent, from a year earlier. The opening of a new Amazon.com, Inc. fulfillment center in the town of Newport in New Castle County in 2020 led to the creation of 1,000 jobs in the sector.

2021 Through 2022

Economic conditions in the HMA improved in 2021, and by November 2021, all 44,200 jobs that were lost in April 2020 were recovered (monthly data, not seasonally adjusted). Nonfarm payroll job growth during 2021 and 2022 was strong, increasing by an average of 10,500 jobs, or 3.0 percent, annually. By comparison, nationwide job growth averaged 3.6 percent. Job gains in the HMA occurred in 10 of the 11 sectors and were strongest in the transportation and utilities, the leisure and hospitality, and the wholesale and retail trade sectors, which rose each year by 3,600, 2,400, and 2,000 jobs, or 14.1, 8.4, and 4.7 percent, respectively, and accounted for a combined 76 percent of the job growth in the HMA. In the accommodation and food services industry, nonfarm payrolls rose by an average of 2,100 jobs, or 9 percent, each year. The retail trade subsector accounted for 65 percent of the job growth in the wholesale and retail trade sector, increasing by an average of 1,300 jobs, or 3.8 percent, annually during 2021 and 2022.

Forecast

During the 3-year forecast period, nonfarm payroll growth in the HMA is expected to continue at a steady pace, increasing at an average rate of 1.8 percent annually. Job gains are expected to be strongest in the transportation

and utilities sector—a continuation of recent trends. Amazon.com, Inc. is expected to create 225 jobs when it occupies an 890,348-square-foot warehouse under development near Wilmington Airport.

Population and Households

Current Population: 748,400

Since 2020, population growth in the Wilmington HMA has been entirely the result of net in-migration.

Population Trends

The population of the Wilmington HMA is estimated at 748,400 as of August 1, 2023, representing an average annual increase of 2,750, or 0.4 percent, since April 2020 (Table 3). Approximately 77 percent of the HMA population lives in New Castle County, and nearly 14 percent resides in Cecil County. The remaining 9 percent of the HMA population resides in Salem County. The proportions of HMA population among those three counties have been relatively unchanged since 2010.

Population growth in the HMA during the 2010s largely reflected economic trends. From 2010 to 2015, population growth in the HMA was strong, averaging 3,850 people, or 0.5 percent, annually, when the local economy transitioned from recovery to expansion following the Great Recession (Figure 4). During the period, net in-migration averaged 1,350 people a year, accounting for 35 percent of the population growth, whereas net natural increase averaged 2,500 people a year and accounted for the remaining 65 percent of the population growth.

Table 3. Wilmington HMA Population and Household Quick Facts

Population Quick Facts		2020	Current	Forecast
	Population	739,281	748,400	756,200
	Average Annual Change	3,350	2,750	2,600
	Percentage Change	0.5	0.4	0.3
Household Quick Facts		2020	Current	Forecast
	Households	284,194	289,950	294,800
	Average Annual Change	1,950	1,725	1,625
	Percentage Change	0.7	0.6	0.6

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (August 1, 2023) to August 1, 2026.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the Wilmington HMA, 2010 Through the Forecast
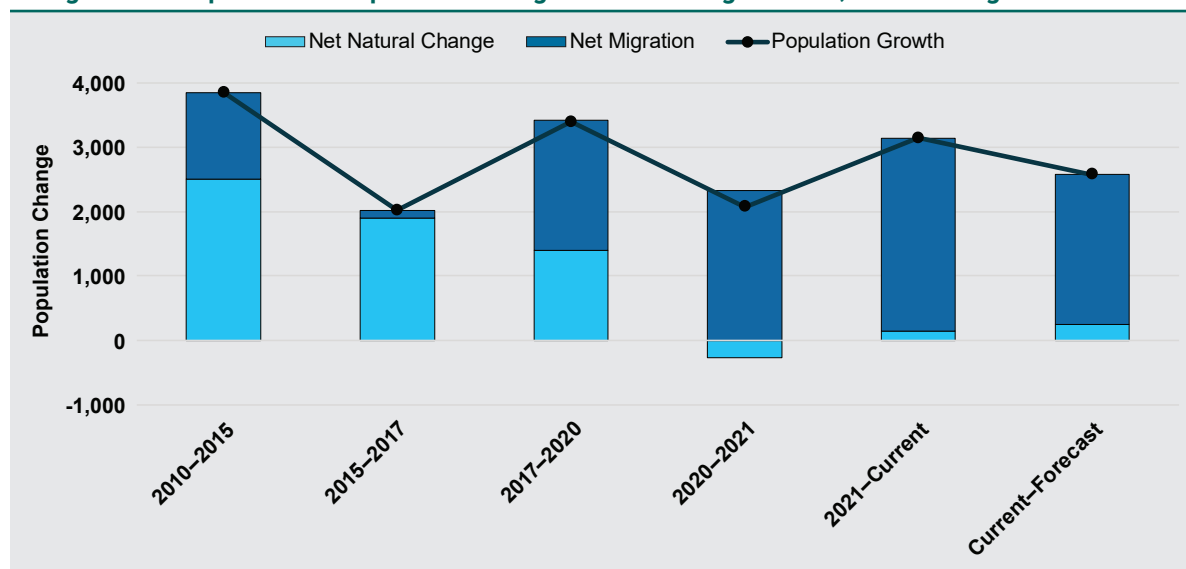
Notes: Data displayed are average annual totals. The forecast period is the current date (August 1, 2023) to August 1, 2026.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

A sharp slowdown in job growth during 2016 and 2017 affected population growth, which slowed to an average of 2,025 people, or 0.3 percent, annually from 2015 to 2017. Net natural increase accounted for 94 percent of population growth during the period, averaging 1,900 people a year, whereas net in-migration averaged only 125 people a year and accounted for 6 percent of the population growth. During the first

year of that period, net in-migration slowed significantly but remained positive before reversing to net out-migration during the second year. From 2017 to April 2020, population growth accelerated to an average of 3,425 people, or 0.5 percent, annually, in large part because the economy strengthened during 2018 and 2019. Net in-migration resumed and averaged 2,025 people a year from 2017 to April 2020, accounting for 59 percent of the population growth; however, net natural increase slowed to an average of 1,400 people annually, accounting for the remaining 41 percent of the population growth.

From April 2020 to July 2021, the population grew by an average of 2,075, or 0.3 percent, annually. Net in-migration increased to an average of 2,350 people annually and accounted for all the population growth during the period. The pandemic contributed to a surge in net in-migration to the HMA, partly because a shift to remote work provided many households the flexibility to move from more densely populated urban areas to the Wilmington HMA, leading to population growth in the HMA during 2020 and 2021. In addition, historically low mortgage rates and the relatively more affordable sales housing in the HMA compared with the nearby Philadelphia, PA Metropolitan Division (hereafter, Philadelphia Metropolitan Division), which is also part of the Philadelphia MSA, contributed to net in-migration. The average home price in the Wilmington HMA during 2020 and 2021 was

5 percent lower than the average home price in the Philadelphia Metropolitan Division (CoreLogic, Inc.). Net natural decline from April 2020 to July 2021, which averaged 270 people a year, was largely due to an elevated number of COVID-19-related deaths. Since 2021, the population has increased by an average of 3,150, or 0.4 percent, a year, a slightly faster rate than the previous period because net in-migration increased, averaging 3,000 people a year, and net natural increase resumed, averaging 150 people annually. Most of the population growth since 2021 has been due to net in-migration, accounting for 95 percent of growth.

Migration Trends

Most migration into the HMA has historically been the result of people moving from the Philadelphia Metropolitan Division or from surrounding counties outside the Philadelphia MSA. The largest source of net in-migration during the 2016-to-2020 period was from the Philadelphia Metropolitan Division, which is defined as Philadelphia and Delaware Counties (Table 4; U.S. Census Bureau County-to-County Migration Flows; 2016–2020 American Community Survey [ACS] 5-year data). However, the largest inflows and outflows of residents during the 5-year period were between the HMA and Kent County in Delaware, immediately south of the HMA.

Table 4. County-to-County Migration Flows in the Wilmington HMA: 2016–2020

Into the HMA	
Kent County, DE	3,095
Philadelphia County, PA	2,448
Delaware County, PA	2,296
Chester County, PA	1,567
Sussex County, DE	1,156
Out of the HMA	
Kent County, DE	2,849
Sussex County, DE	1,745
Chester County, PA	1,562
Delaware County, PA	1,495
Philadelphia County, PA	943

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

Household Trends

As of August 1, 2023, an estimated 289,950 households reside in the HMA. Since 2020, the number of households has increased by an average of 1,725, or 0.6 percent, annually—faster than the average population growth rate of 0.4 percent a year during the same period.

From 2010 to 2020, the number of households increased by an average of approximately 1,950 households, or 0.7 percent, a year—higher than the 0.5-percent annual population growth rate in the HMA during the same period. An estimated 67.3 percent of households are homeowners, down from 67.6 percent in 2020 and from 70.4 percent in 2010 (Figure 5). As of the current date, 195,000 owner households and 94,950 renter households reside in the HMA. Owner households have increased by an average of 860, or 0.4 percent, each year since 2020, compared with renter household growth averaging 865, or 0.9 percent, annually.

University of Delaware Student Households

Students attending the University of Delaware have a modest impact on the rental market in the HMA. The university provides on-campus housing for approximately 7,500 students, or one-third of the 22,623 students enrolled during the fall of 2022. The remaining students make up an estimated 5,050 households, of which

Figure 5. Households by Tenure and Homeownership Rate in the Wilmington HMA
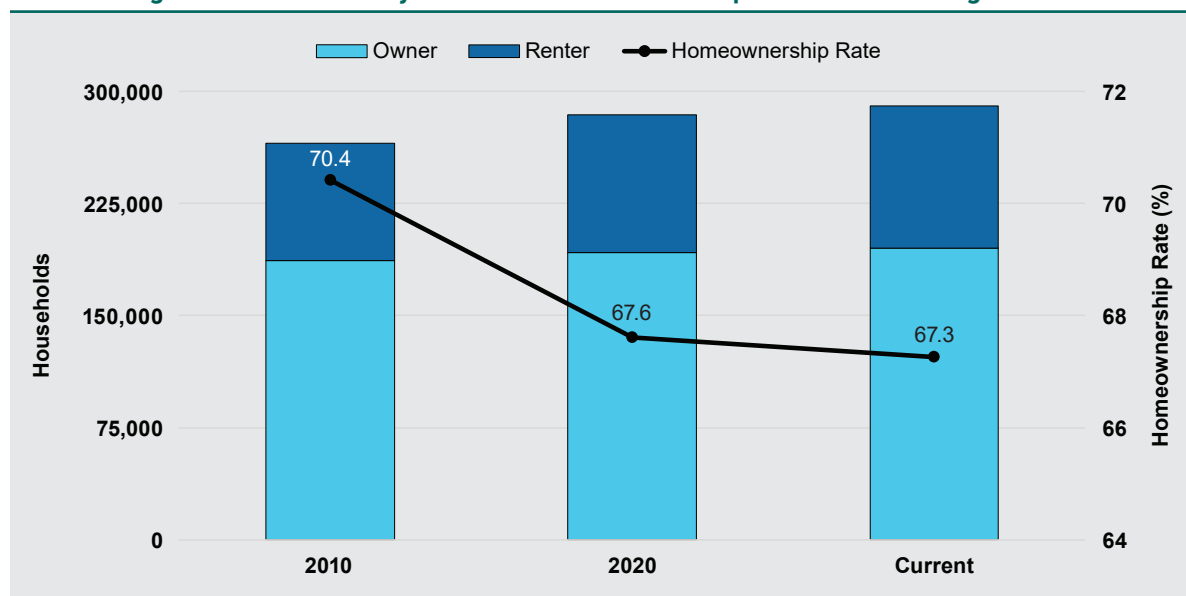
Note: The current date is August 1, 2023.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

approximately 4,800 are renter households; those students reside primarily in New Castle County. Off-campus student households account for an estimated 4 percent of all renter households in the HMA; the concentration is higher in the city of Newark, where the primary campus is located.

Forecast

During the next 3 years, the pace of population growth in the HMA is expected to slow slightly from recent trends. The population is expected to reach 756,200 by August 1, 2026, reflecting an average annual increase of 2,600 people, or 0.3 percent. Population growth is expected to remain steady throughout the 3-year forecast period and continue to be predominantly due to net in-migration, which is expected to account for 90 percent of the population growth. Household growth is expected to average 1,625, or 0.6 percent, annually, reaching 294,800 households in the HMA by the end of the forecast period. Due in part to high mortgage interest rates, the number of renter households is expected to increase at a faster rate than the number of owner households, resulting in a continued decline in the homeownership rate.

Home Sales Market

Market Conditions: Tight but Easing

> New and existing home sales have declined substantially during the past 12 months, and growth in the average home sales price has slowed.

Current Conditions

The sales housing market in the Wilmington HMA is tight but easing compared with a year ago. The home sales vacancy rate is estimated at 1.1 percent (Table 5), down from 1.3 percent in April 2020. The sales market has been tight since late 2020, when demand for homes in the HMA rose and the inventory of homes declined. Sales housing market conditions have eased during the past year, partly because rising mortgage interest rates have decreased the affordability of buying a home, contributing to a small increase in for-sale inventory relative to sales. In July 2023, the supply of homes available for sale represented a 1.6-month supply compared with 1.4 months in July 2022 (Redfin, a national real estate brokerage). The current supply is less than the 2.7 months of supply before the pandemic in July 2019 and significantly less than the previous high for a July of 5.7 months in 2012. The average rate for a 30-year fixed-rate mortgage rose from 5.4 percent in July 2022 to 6.8 percent in July 2023 (Freddie Mac), contributing to a substantial decline in home sales during the past year. During the 12 months ending July 2023, total new and existing home

sales fell by approximately 4,050 homes, or 27 percent, to 10,700 homes sold, compared with an increase of nearly 1 percent a year earlier (CoreLogic, Inc.). Existing home sales declined 28 percent to 9,550 during the period, whereas new home sales declined 18 percent from a year earlier to 1,125 (Figure 6). New home

**Table 5. Home Sales Quick Facts in the Wilmington HMA**

		Wilmington HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.1%	NA
	Months of Inventory	1.6	2.2
	Total Home Sales	10,700	5,315,000
	1-Year Change	-27%	-27%
	New Home Sales Price	$502,900	$496,600
	1-Year Change	15%	6%
	Existing Home Sales Price	$297,300	$393,200
	1-Year Change	6%	0%
	Mortgage Delinquency Rate	1.4%	1.0%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending July 2023; and months of inventory and mortgage delinquency data are as of July 2023. The current date is August 1, 2023.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; mortgage delinquency rate, home sales, and home sales prices—CoreLogic, Inc.

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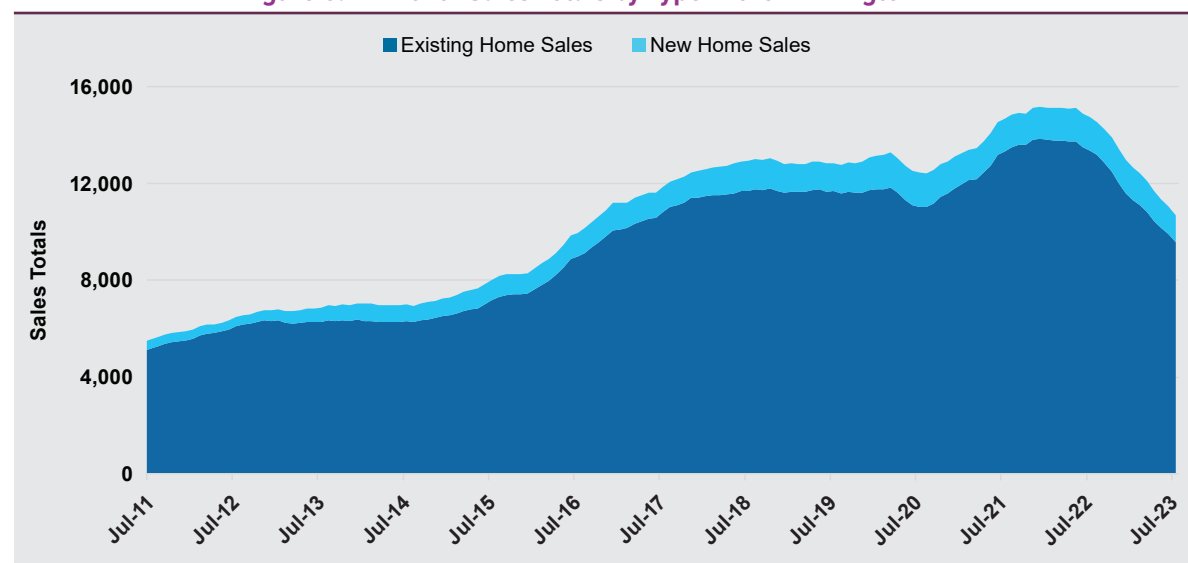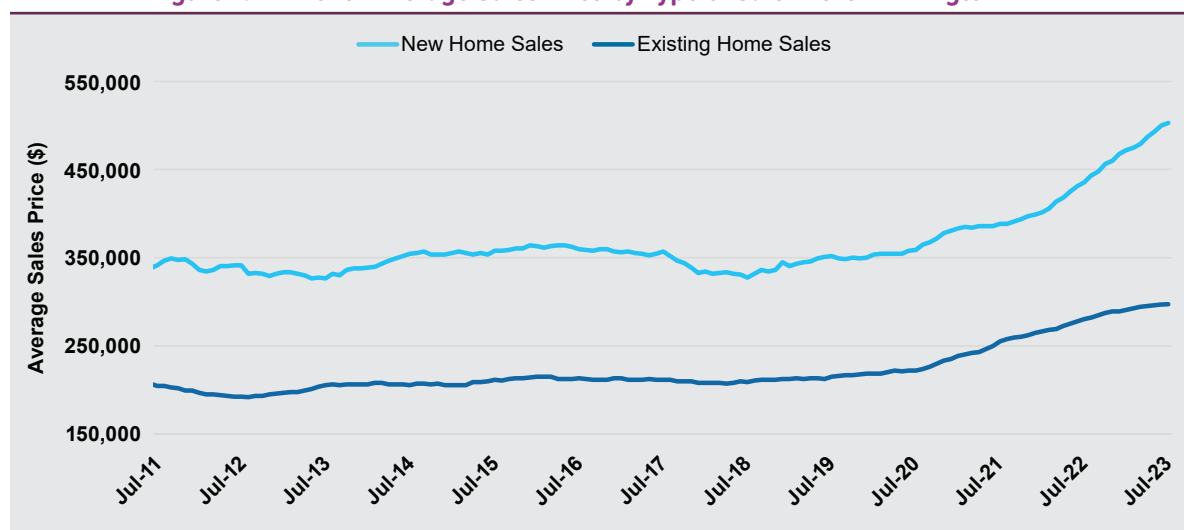

Source: CoreLogic, Inc.

sales accounted for 11 percent of total home sales, up from 9 percent during the 12 months ending July 2022. Resales accounted for 98 percent of existing home sales during the 12 months ending July 2023, and the remaining 2 percent were distressed home sales; the proportion was unchanged from the previous 12-month period. The share of home sales that were distressed peaked in 2012, accounting for 28 percent of existing home sales.

Since 2020, home sales price growth in the HMA has been strong; however, price growth has slowed during the past year. The average home sales price increased 8 percent during the 12 months ending July 2023 to a new high of $319,000 compared with a 10-percent increase during the 12 months ending July 2022. During the 12 months ending July 2023, the average new home sales price rose 15 percent to an average of $502,900, whereas the average sales price of an existing home rose 6 percent to $297,300 (Figure 7). During the 12 months ending July 2023, the plurality of new and existing home sales, 35 percent, were at prices ranging from $150,000 to $299,000 (Figure 8; Zonda).
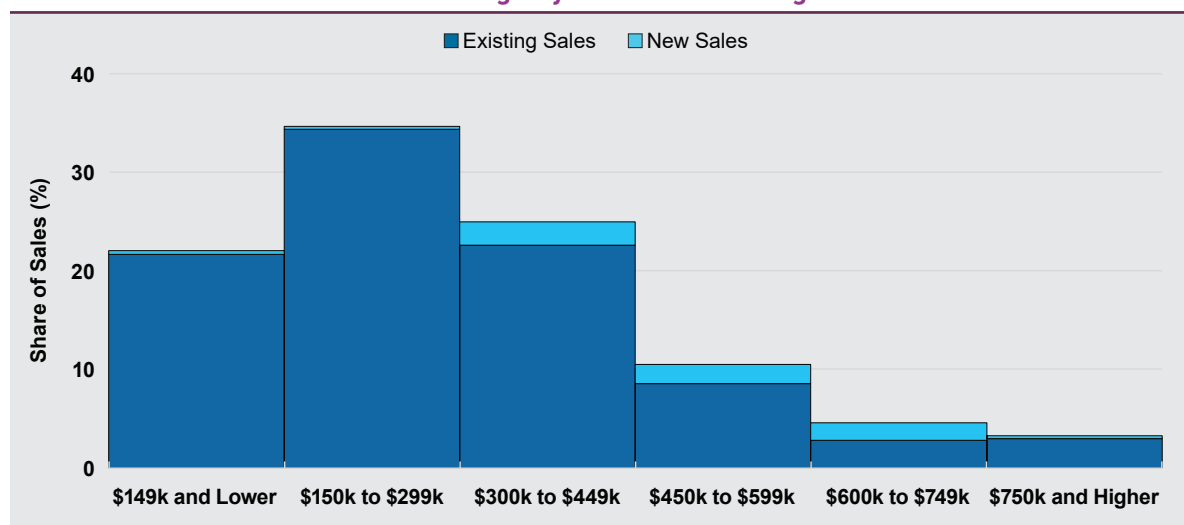
New and Existing Home Sales

The number of existing home sales fell substantially during the early stages of the housing crisis and the Great Recession that followed before increasing every year from 2011 through 2021. From 2011 through 2014, a period that included the economic recovery following

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

Source: CoreLogic, Inc.

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending July 2023 in the Wilmington HMA

Notes: New and existing sales include single-family homes, townhomes, and condominium units. Existing home sales include regular resales and real estate owned sales.
Source: Zonda

the Great Recession, existing home sales rose by an average of 280, or 5 percent, a year (CoreLogic, Inc.). As the economy in the HMA strengthened and employment surpassed prerecession levels by 2015, existing home sales accelerated, increasing by an average of 1,650, or 21 percent, annually from 2015 through 2017. Growth in existing home sales slowed to an increase of an average of 120, or 1 percent, a year from 2018 through 2020, a period that included the onset of the COVID-19 pandemic. During 2021, demand for homes increased as a result of people relocating to the HMA because of expanded remote work opportunities and historically low mortgage interest rates, and existing home sales rose by 2,050, or 17 percent, from a year earlier. During 2022, existing home sales declined by 2,250, or 16 percent, partly because of rapidly rising mortgage interest rates and a low inventory of homes for sale.

New home sales in the HMA declined following the housing crisis and Great Recession to a low of 380 homes sold in 2011, a year when new home construction activity was also at its lowest level since at least 2000. New home sales began increasing in 2012, coinciding with improving economic conditions in the HMA, up by an average of 150 homes, or 25 percent, annually through 2016. From 2017 through 2019, growth in new home sales slowed to an increase of an average of 70 homes, or 6 percent, a year. During 2020, new home sales declined 3 percent from a year earlier. The number of new homes sold fell during the early stages of the pandemic, partly because of economic uncertainty and concerns regarding the spread of COVID-19. During 2021, new home sales were flat, and during 2022, sales rose by 70 homes, or 5 percent, partly in response to the low inventory of existing homes for sale, creating increased demand for new homes in the HMA despite increasing mortgage interest rates in 2022.

New and Existing Home Sales Prices

From 2011 through 2019, the average new home sales price increased at a slow pace, averaging an increase of $3,525, or 1 percent, annually (CoreLogic, Inc.). The average existing home sales price during the period

increased at a similar pace, by an average of $590, or less than 1 percent, a year. The modest price growth contributed to the relative affordability of sales housing in the HMA. The average sales prices for both new and existing homes began accelerating in 2020 with the onset of the pandemic, and prices in the HMA have risen at a fast pace since 2020. From 2020 through 2022, new home sales price growth averaged $39,200, or 10 percent, annually, and the average existing home sales price rose by an average of $23,750, or 10 percent, a year. Increased demand for homes resulting from high levels of net in-migration and historically low mortgage interest rates during 2020 and 2021 put upward pressure on home sales prices.

Seriously Delinquent Mortgages and REO Properties

The economic contraction resulting from the COVID-19 pandemic contributed to a significant increase in the rate of seriously delinquent mortgages and real estate owned (REO) properties in the Wilmington HMA. The rate of delinquent mortgages and REO properties in the HMA increased from 2.2 percent in April 2020 to a recent peak of 5.2 percent in August 2020 (CoreLogic, Inc.). By comparison, nationwide, the rate increased to 4.4 percent in August 2020 from 1.3 percent in March 2020. The entire increase in the HMA was due to a rise in the number of seriously delinquent mortgages, and many homeowners took advantage of mortgage forbearance. As of July 2023, the rate of seriously delinquent mortgages and REO properties was 1.4 percent in the HMA, down from 2.0 percent in July 2022 and well below the 7.9-percent peak in January 2012. By comparison, the rate for the nation was 1.0 percent as of July 2023, down from 1.4 percent in July 2022 and from a peak of 8.6 percent in February 2010.

Sales Construction Trends

New home construction in the HMA—as measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted—generally trended upward from 2010 through 2020 (Figure 9). From 2010

through 2012, homebuilding activity was low, averaging 990 homes permitted annually. Weak economic conditions during 2010 and a slow recovery beginning in 2011 led to low levels of homebuilding activity during the 3-year period. Increased demand for homes and stronger economic growth from 2013 through 2015 led to a rapid rise in new home construction, which rose by an average of 190 homes, or 16 percent, a year to 1,575 homes permitted in 2015. New home production fell 17 percent in 2016 to 1,300 homes permitted, partly because of slower population growth and a substantial decline in condominium construction from a year earlier. Condominium construction peaked in 2015 at 180 new condominiums built, which accounted for 11 percent of new home construction, but in 2016 declined to fewer than 5 condominiums built. As net in-migration resumed in the HMA, for-sale home construction increased by an average of 130 homes, or 9 percent, a year from 2017 through 2020 to a high of 1,825 homes. Stronger home sales demand during the period stemmed from higher levels of net in-migration coupled with historically low mortgage interest rates beginning in 2020, leading to an increase in new home demand and homebuilding activity. Flat new home sales during 2021 and declining existing home sales during 2022 due to increasing mortgage interest rates partly contributed to a decline in homebuilding activity during 2021 and 2022, down by an average of 210 homes, or 12 percent, each year. During the

Figure 9. Annual Sales Permitting Activity in the Wilmington HMA
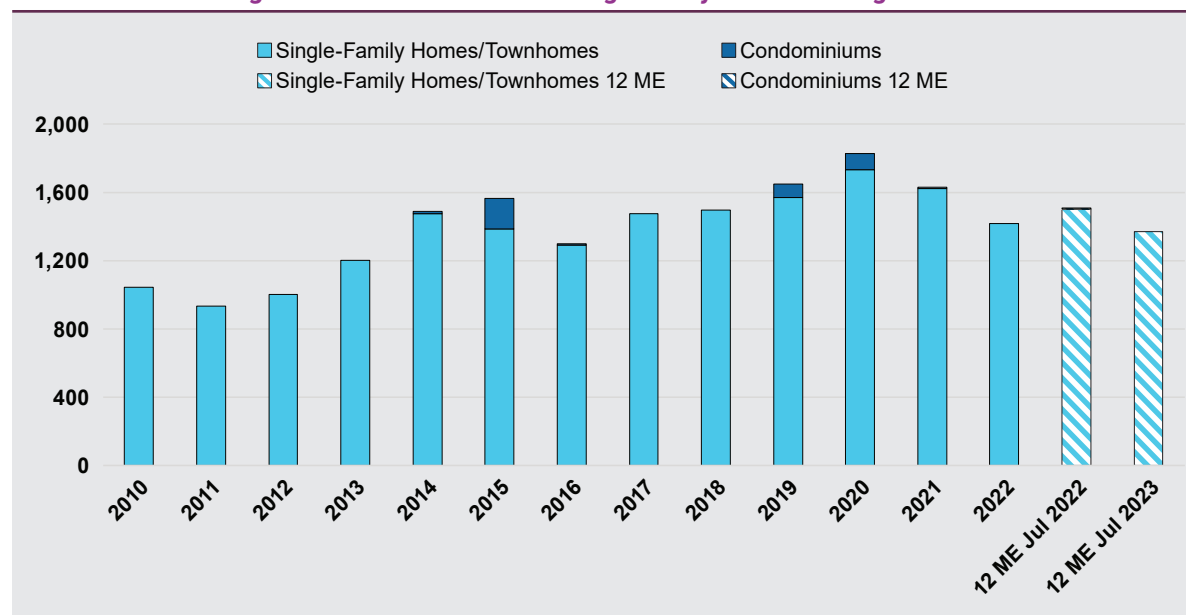
12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

12 months ending July 2023, 1,375 homes were permitted, down 9 percent from a year earlier (preliminary data, with adjustments by the analyst). Declining home sales and rising mortgage interest rates continued to contribute to the recent decline in permitting.

New Sales Construction

Construction of new sales housing has mostly been concentrated in New Castle County. During the 12 months ending July 2023, nearly 77 percent of all single-family homes permitted in the HMA was in New Castle County; 450 new homes are under construction in the HMA. Construction is underway at Overlook at Linden Run, a townhome community in the city of Wilmington with 17 three- and four-bedroom homes ranging in size from approximately 1,925 to 2,500 square feet and prices starting in the low $500,000s. In the town of Middletown in New Castle County, Copperleaf, a single-family home community under construction, is expected to have 153 homes at buildout, ranging from 2,682 to 3,461 square feet, with

prices ranging from $644,900 to $729,534. Construction began during the summer of 2022, with completion expected in the next 2 years; approximately 20 homes have been built, of which 10 have been sold.

Forecast

During the next 3 years, demand is expected for 4,650 new homes (Table 6). The 450 homes under construction in the HMA will satisfy a portion of the demand in the first year of the forecast period. Demand is expected to be relatively steady throughout the 3-year forecast period. Sales housing construction is expected to continue to be concentrated in New Castle County.

Table 6. Demand for New Sales Units in the Wilmington HMA During the Forecast Period

Sales Units	
Demand	4,650 Units
Under Construction	450 Units

Note: The forecast period is August 1, 2023, to August 1, 2026.
Source: Estimates by the analyst

Rental Market

Market Conditions: Slightly Tight

> The average apartment vacancy rate as of the second quarter of 2023 increased from a year earlier; in response, growth in the average apartment rent slowed.

Current Conditions and Recent Trends

The rental housing market in the Wilmington HMA is currently slightly tight. As of August 1, 2023, the overall rental vacancy rate is estimated at 6.5 percent, down from 6.8 percent in April 2020 (Table 7). Strong renter household growth has outpaced rental production, contributing to market conditions ranging from slightly tight to tight since 2020. In 2022, 49 percent of renter households lived in multifamily buildings with five or more units, most of which are apartments, up from 44 percent in 2010 (2010 and 2022 ACS 1-year data). The remaining 51 percent of renter households resided in single-family homes, mobile homes, townhomes, and two- to four-unit structures.

Single-Family Home Rentals

Single-family homes account for a substantial portion of the rental housing inventory in the HMA. During 2022, 32 percent of renter households in the HMA lived in single-family homes (2022 ACS 1-year data). The average vacancy rate for professionally managed single-family rental

Table 7. Rental Market Quick Facts in the Wilmington HMA

		2020 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	6.8	6.5
		2010 (%)	**2022 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	38	32
	Multifamily (2–4 Units)	16	15
	Multifamily (5+ Units)	44	49
	Other (Including Mobile Homes)	2	4

Notes: The current date is August 1, 2023. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2022 American Community Survey 1-year data

homes in New Castle County during July 2023 was 2.2 percent, up from 1.5 percent in July 2022 but below a July high of 3.0 percent in 2013 (CoreLogic, Inc.). The average rents for three- and four-bedroom single-family homes increased 1 and 2 percent, respectively, during the past year. The average rents for one- and two-bedroom single-family homes were relatively unchanged from July 2022. As of July 2023, monthly rents for one-, two-, three-, and four-bedroom homes in New Castle County averaged $1,665, $1,780, $1,943, and $2,543, respectively. In Cecil County, the average vacancy rate for professionally managed, single-family rental homes in July 2023 was 2.2 percent, up from 2.0 percent a year ago and slightly below a July high of 2.3 percent in 2015. The average rents for two-, three- and four-bedroom single-family homes increased 4, 9, and 1 percent, respectively, during the past year, whereas the average rent for one-bedroom single-family homes declined 6 percent from July 2022. As of July 2023, monthly rents for one-, two-, three-, and four-bedroom homes in Cecil County averaged $1,715, $1,976, $2,125, and $2,529, respectively.

Apartment Market Conditions

Apartment market conditions in the HMA were slightly tight but easing as of the second quarter of 2023, with a 4.5-percent vacancy rate, up from 2.9 percent as of the second quarters of 2022 and 2021, when the apartment market was tight (Figure 10; CoStar Group). Rent growth as of the second quarter of 2023 slowed, partly in response to the increase in the vacancy rate. As of the second quarter of 2023, the average apartment rent in the HMA had risen 5 percent to $1,546 from a year ago compared with an 11-percent increase as of the second quarter of 2022 and an 8-percent increase as of the second quarter of 2021.

From 2010 to 2020, apartment market conditions in the HMA fluctuated between slightly soft and slightly tight, with apartment vacancy rates ranging from a high of 7.8 percent as of the second quarter of 2013 to

4.5 percent as of the second quarter of 2020. The apartment vacancy rate generally declined from the second quarter of 2010 to the second quarter of 2021 before rising as of the second quarter of 2023. A spike in new household formation following the pandemic partly accounted for the sharp decline in the vacancy rate during 2021 and 2022. A rise in new rental units added to the supply during the past year contributed to the easing market conditions as of the second quarter of 2023.

Apartment Market Conditions by Geography

Market conditions across all four CoStar Group-defined market areas that make up the HMA—Cecil County, Salem County, Southern New Castle County, and Upper New Castle County—were slightly tight as of the second quarter of 2023. In the Upper New Castle County market area—which includes the cities of New Castle, Newark, and Wilmington and the University of Delaware and is the largest in the HMA—apartment market conditions are slightly tight, partly because of the strong demand for apartments from students living off campus. As of the second quarter of 2023, the apartment vacancy rate in the market area was 4.6 percent, up from 2.6 percent as of the second quarter of 2022 but below the prepandemic rate of 6.1 percent as of the second quarter of 2019. The average apartment rent in the Upper New Castle

Figure 10. Apartment Rents and Vacancy Rates in the Wilmington HMA
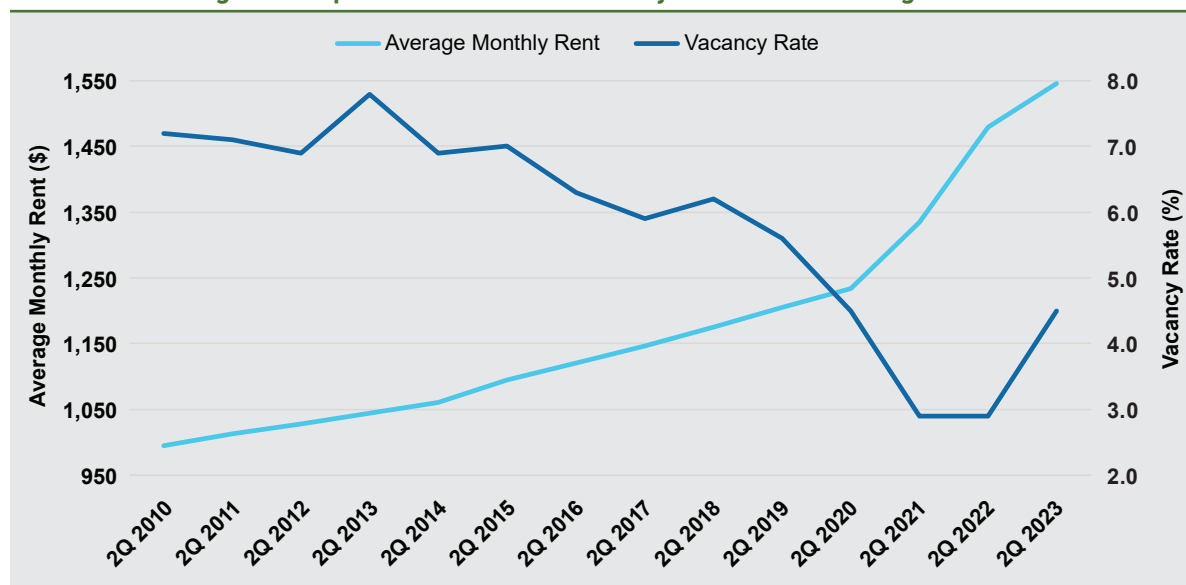
2Q = second quarter.
Note: The vacancy rates and average monthly rents are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Source: CoStar Group

County market area was $1,504 as of the second quarter of 2023, representing a 4-percent increase from $1,442 as of the second quarter of 2022.

In the Cecil County and Southern New Castle County market areas, the apartment vacancy rates increased to 4.0 and 4.6 percent, respectively, as of the second quarter of 2023, up from 2.9 and 3.3 percent as of the second quarter of 2022. In the Cecil County market area, the average apartment rent was $1,567 as of the second quarter of 2023, reflecting an increase of 2 percent from the second quarter of 2022. The average apartment rent in the Southern New Castle County market area was $1,679 as of the second quarter of 2023, representing a 5-percent increase from $1,599 as of the second quarter of 2022. In the Salem County market area, the apartment vacancy rate was 4.9 percent, down from 5.2 percent as of the second quarter of 2022 and below the prepandemic rate of 7.4 percent as of the second quarter of 2019. The average apartment rent was $1,250 as of the second quarter of 2023, representing a 3-percent increase from the second quarter of 2022.

Rental Construction Activity

Rental construction activity in the HMA—as measured by the number of rental units permitted—increased each year from 2019 through 2022 (Figure 11). From 2010 through 2014, slightly soft rental market conditions limited the demand for additional rental units; an average of 680 rental units were permitted annually. As the economy expanded, rental construction rose to an average of 1,025 units a year from 2015 through 2017. In 2018, permitting declined to 440 units before increasing each year by an average of 200 units, or 30 percent, annually to a high of 1,250 units in 2022. During the period, builders increased rental construction due to tightening apartment market conditions stemming from increasing net in-migration and an increase in new household formation. The apartment vacancy rate fell from 6.2 percent as of the second quarter of 2018 to a low of 2.9 percent as of the second quarter of 2021. In response to easing apartment market conditions during the past year, builders have scaled back construction. During the 12 months ending July 2023, approximately 650 rental units were permitted, representing a 46-percent decline from the 1,200 units permitted during the 12 months ending July 2022 (preliminary data, with adjustments by the analyst).

Figure 11. Annual Rental Permitting Activity in the Wilmington HMA
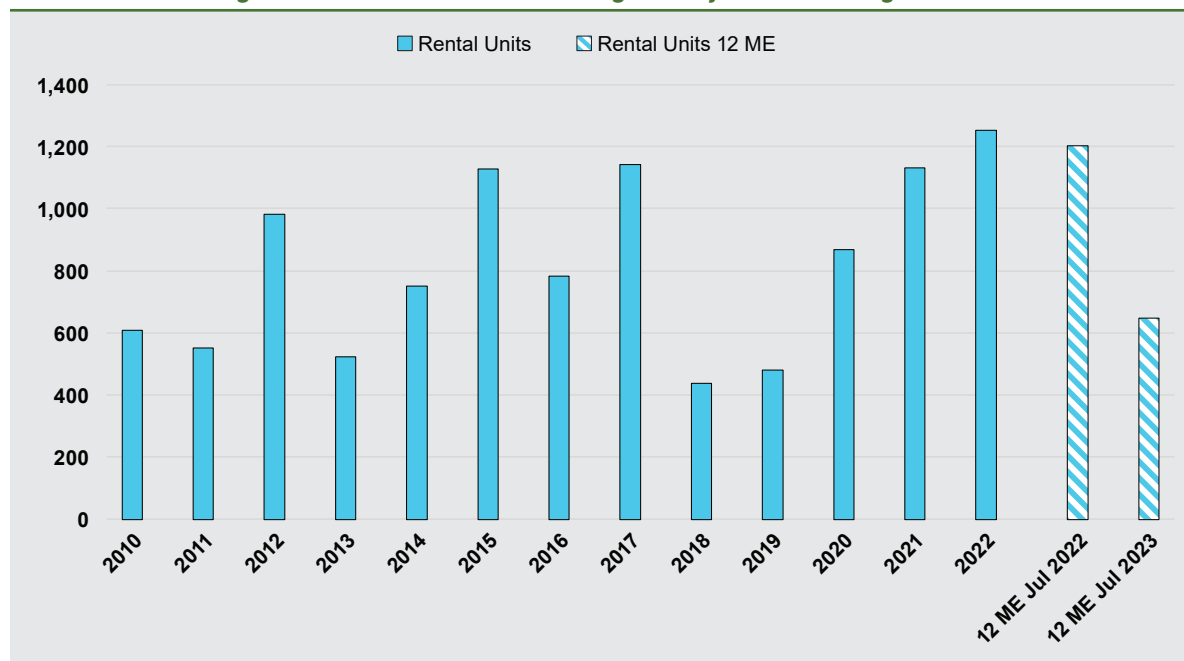
12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

New Construction

New apartment construction has been concentrated in New Castle County since 2010, accounting for nearly 80 percent of multifamily permitting in the HMA, where approximately 980 rental units are under construction. In the city of Wilmington, 193 units are under construction at Luxor Lifestyle Apartments. When the apartment community is complete by the end of 2023, rents for studio, one-bedroom, and two-bedroom units are expected to start at $1,497, $1,673, and $2,429, respectively. Humble Park, an apartment community in the city of Wilmington, started construction in July 2023; it is expected to include 61 one- and two-bedroom apartment units upon completion in August 2024, with rents yet to be

determined. Compass at the Grove, a 306-unit apartment community in the city of Newark, was completed in 2022. It has studios and one-, two-, and three-bedroom units, with rents starting at $1,925, $1,999, $2,650, and $3,550, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 3,125 new rental units in the HMA (Table 8). The 980 units under construction are expected to satisfy part of the demand during the first year of the forecast period. Demand is expected to be relatively steady throughout the forecast period. Rental construction is expected to continue to be concentrated in New Castle County.

Table 8. Demand for New Rental Units in the Wilmington HMA During the Forecast Period

Rental Units	
Demand	3,125 Units
Under Construction	980 Units

Note: The forecast period is August 1, 2023, to August 1, 2026.
Source: Estimates by the analyst

Terminology Definitions and Notes

A.   Definitions

Apartment Vacancy Rate/ Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits/ Permitting/ Permitted	Building permits do not necessarily reflect all residential building activity. 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.
Distressed Home Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Forecast Period	April 1, 2023–April 1, 2026—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.

Net Natural Decline	**Resident deaths are greater than resident births.**
Net Natural Increase	**Resident births are greater than resident deaths.**
Resales	**These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.**
Rental Market/ Rental Vacancy Rate	**Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.**
Seriously Delinquent Mortgages	**Mortgages 90 or more 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.**

C.   Additional Notes

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

D.   Photo/Map Credits

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Contact Information

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