

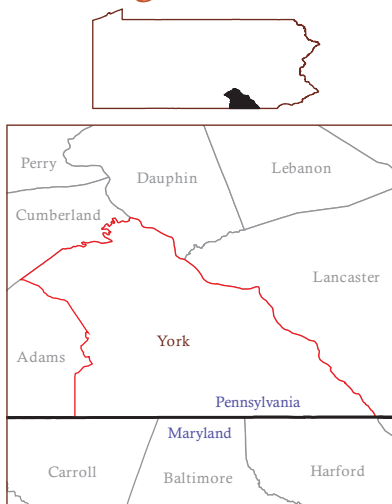


York-Hanover, Pennsylvania

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2011



Housing Market Area



The York-Hanover Housing Market Area (HMA), located 50 miles north of Baltimore, Maryland, is coterminous with York County. The HMA includes the city of York and Hanover Borough. Hanover is sometimes called “the snack food capital of the United States” because it is home to the headquarters of several notable food manufacturers, including UTZ Quality Foods, Inc., and Snyder’s of Hanover.

Market Details

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Summary

Economy

Economic conditions in the York-Hanover HMA are recovering after a 2-year contraction in growth. During the 12 months ending September 2011, nonfarm payrolls increased by an average of 2,900 jobs, or 1.7 percent, to 176,300 jobs compared with a decrease of 2.3 percent during the previous 12-month period. During the most recent 12-month period, the professional and business services and the transportation and utilities sectors each experienced a significant increase in employment. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 1.8 percent annually.

Sales Market

The home sales market in the HMA is slightly soft, with an estimated vacancy rate of 1.5 percent. During the 12 months ending September 2011, existing single-family home sales declined 22 percent. During the next 3 years, demand for new homes is expected to total nearly 3,775 units. It is likely that some of the 4,750 other vacant units will reenter the market during the forecast period and meet a portion of the demand (see Table 1).

Rental Market

The rental housing market in the HMA is slightly soft, with an estimated rental vacancy rate of 7.1 percent, unchanged from the rate recorded by the 2010 Census. During the next 3 years, demand is expected for 290 new rental units (see Table 1). Approximately 140 rental units are currently under construction and will satisfy a portion of the demand in the first and second years of the forecast period.

Table 1. Housing Demand in the York-Hanover HMA, 3-Year Forecast, October 1, 2011 to October 1, 2014

	York-Hanover HMA	
	Sales Units	Rental Units
Total Demand	3,775	290
Under Construction	150	140

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2011. A portion of the estimated 4,750 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

The economy of the York-Hanover HMA is beginning to improve, reversing the declines in employment that occurred during the past 2 years. During the 12 months ending September 2011, nonfarm payrolls increased by an average of 1.7 percent, or 2,900 jobs, to 176,300 jobs compared with a decrease of 2.3 percent during the previous 12-month period (see Table 2). In comparison, from 2000 through 2002, nonfarm payrolls decreased by an average of 2,100 jobs, or nearly 1.2 percent, annually. The economy began to recover

during the following year, and from 2003 through 2007, employment increased by an average of 2,800 jobs, or 1.6 percent, annually. In 2008, economic growth slowed and nonfarm payrolls increased by only 300 jobs, or 0.2 percent, from the previous year. The sharpest declines in employment occurred in 2009, when the HMA lost 8,300 jobs, or 4.5 percent, during the recession. Approximately 45 percent of the 2009 losses occurred in the manufacturing sector, which experienced a decline of 3,700 jobs, or 9.8 percent. The wholesale and retail trade and the mining, logging, and construction sectors lost 1,400 and 1,600 jobs, or 4.8 and 13.2 percent, respectively.

During the 12 months ending September 2011, several sectors, including professional and business services, education and health services, and transportation and utilities, added a significant number of jobs. The professional and business services sector, which accounts for approximately 10 percent of nonfarm payrolls in the HMA, grew by 1,100 jobs, or 6.7 percent (see Figure 1). The education and health services sector, which accounts for nearly 15 percent of nonfarm payrolls, grew by 400 jobs, or 1.6 percent, in part because of a \$17 million expansion at York Hospital that is expected to be complete in 2012. The first phase of the expansion was completed in late 2010 and included a \$4 million surgery center. York Hospital is the largest employer in the HMA, and the first phase of this expansion brought its total number of employees to 7,400. Table 3 shows the leading employers in the HMA. The transportation and utilities sector grew by 500 jobs, or 6.0 percent, and the mining, logging, and construction

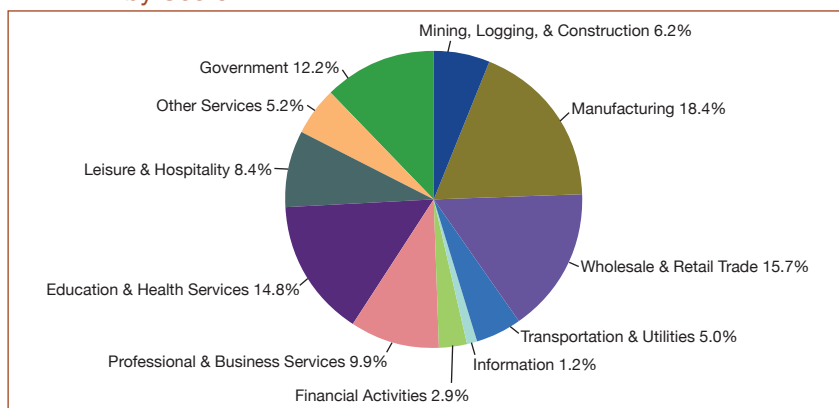
Table 2. 12-Month Average Nonfarm Payroll Jobs in the York-Hanover HMA, by Sector

	12 Months Ending September 2010	12 Months Ending September 2011	Percent Change
Total Nonfarm Payroll Jobs	173,400	176,300	1.7
Goods Producing	43,100	43,300	0.5
Mining, Logging, & Construction	10,300	10,900	5.8
Manufacturing	32,850	32,500	-1.1
Service Providing	130,300	133,000	2.1
Wholesale & Retail Trade	27,300	27,700	1.5
Transportation & Utilities	8,400	8,900	6.0
Information	2,100	2,100	0.0
Financial Activities	5,200	5,100	-1.9
Professional & Business Services	16,400	17,500	6.7
Education & Health Services	25,700	26,100	1.6
Leisure & Hospitality	14,600	14,800	1.4
Other Services	9,000	9,200	2.2
Government	21,800	21,500	-1.4

Notes: Based on 12-month averages through September 2010 and September 2011. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Current Nonfarm Payroll Jobs in the York-Hanover HMA, by Sector



Note: Based on 12-month averages through September 2011.

Source: U.S. Bureau of Labor Statistics

sector increased by 600 jobs, 5.8 percent, during the most recent 12-month period.

Manufacturing is the largest sector in the HMA, with food manufacturing accounting for nearly 16 percent of all manufacturing jobs. The economy of the HMA historically has been rooted in manufacturing, but it is the sector with the most job losses since 2000 (see Figure 2). The manufacturing sector also lost the most jobs of any sector during the 12 months ending September 2011, decreasing by 350

jobs, or 1.1 percent. This decline resulted from plant closings and layoffs. Yorktowne Cabinetry closed in the early summer of 2011 and Yorktowne Paperboard, owned by Newark Group, planned to close in mid-October 2011, resulting in losses of 110 and 78 jobs, respectively. In addition, BAE Systems U.S. Combat Systems, a defense contractor, laid off nearly 50 workers at its York manufacturing plant in February 2011 because of a reduction in workload. In the 12 months ending September 2011, the government sector recorded the second largest decline—300 jobs, or 1.4 percent—with almost all of the losses occurring in the federal subsector. Despite some jobs losses, overall gains contributed to a decrease in the unemployment rate, which fell to 7.9 percent during the 12-month period ending September 2011 from 8.8 percent during the previous 12-month period. Figure 3 shows the changes in labor force, resident employment, and unemployment rate from 2000 through 2010.

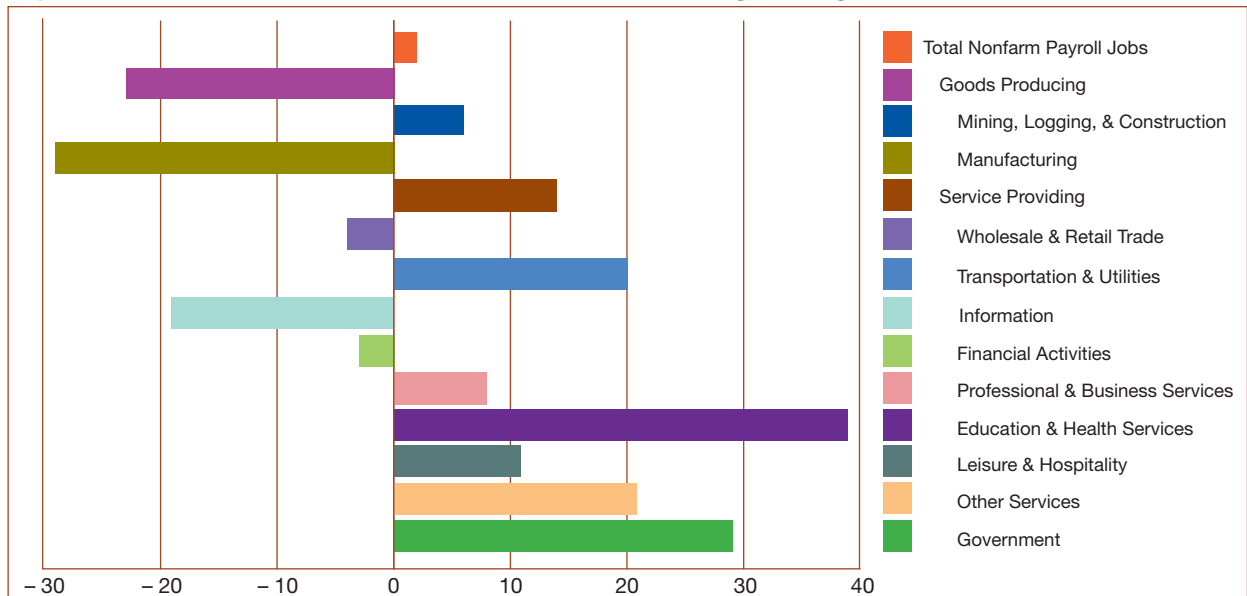
Table 3. Major Employers in the York-Hanover HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
York Hospital	Education & Health Services	7,400
Giant Food Stores, LLC	Wholesale & Retail Trade	2,850
Wal-Mart Stores, Inc.	Wholesale & Retail Trade	2,700
BAE Systems, Inc.	Manufacturing	1,700
UTZ Quality Foods, Inc.	Manufacturing	1,350
Kinsley Construction, Inc.	Mining, Logging, & Construction	1,320
Hanover Hospital	Education & Health Services	1,300
Harley-Davidson, Inc.	Manufacturing	1,200
Weis Markets, Inc.	Wholesale & Retail Trade	1,100
York International Corporation	Manufacturing	1,100

Note: Excludes local school districts.

Source: York County Economic Development Corporation

Figure 2. Sector Growth in the York-Hanover HMA, Percentage Change, 2000 to Current



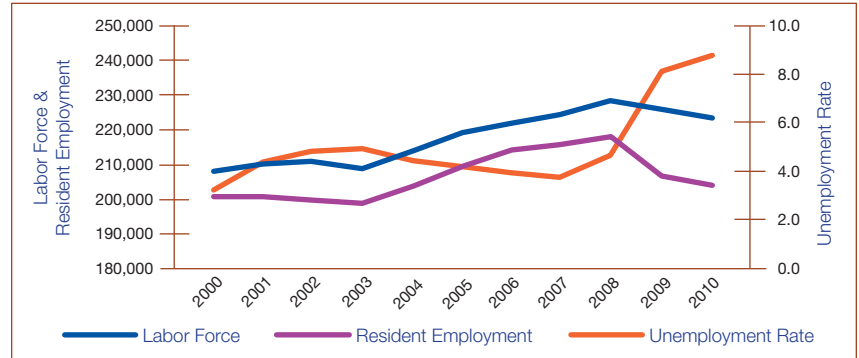
Note: Current is based on 12-month averages through September 2011.

Source: U.S. Bureau of Labor Statistics

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase by an average of nearly 3,200 jobs, or 1.8 percent, annually. Job growth is expected to continue in several sectors, including

the education and health services and the transportation and utilities sectors. Modest job growth will continue during the next 12 months, but the pace is expected to pick up during the last 24 months of the forecast period.

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the York-Hanover HMA, 2000 Through 2010



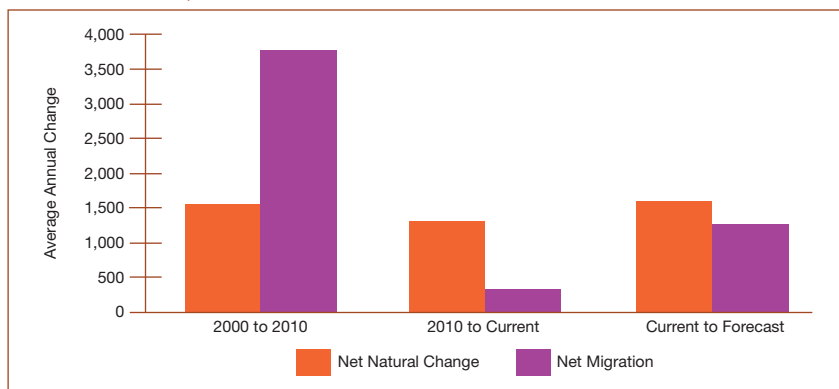
Source: U.S. Bureau of Labor Statistics

Population and Households

As of October 1, 2011, the population of the York-Hanover HMA was estimated at 437,400. The population has increased by 1,625, or 0.4 percent, annually since 2010, less than the annual increase of 5,325, or 1.3 percent, which occurred between 2000 and 2010. Net in-migration accounted for nearly 70 percent of

the population growth from 2000 to 2010 compared with approximately 20 percent since 2010. Net in-migration declined substantially because of a weak economy and potential in-migrants' inability to sell their homes in another geographic region. Figure 4 shows the components of population change in the HMA from 2000 to the forecast date.

Figure 4. Components of Population Change in the York-Hanover HMA, 2000 to Forecast

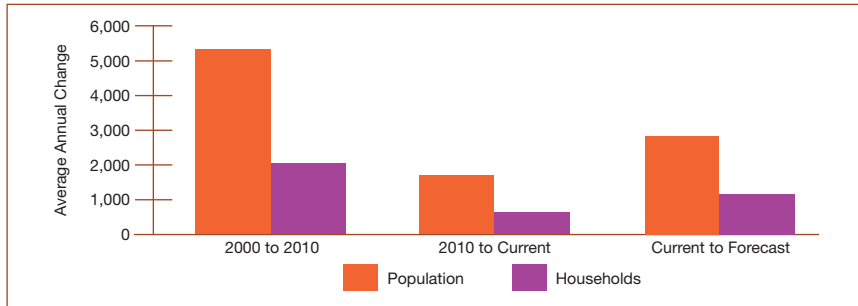


Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

During the 2000s, population growth was strongest from 2004 through 2007, when annual population growth averaged 7,775 people, or 1.9 percent. During this period, net in-migration accounted for nearly 80 percent of the increase in population. According to Internal Revenue Service data, people relocated primarily from nearby Cumberland and Adams Counties in Pennsylvania and from Baltimore, Maryland, because of the availability of affordable housing. From 2008

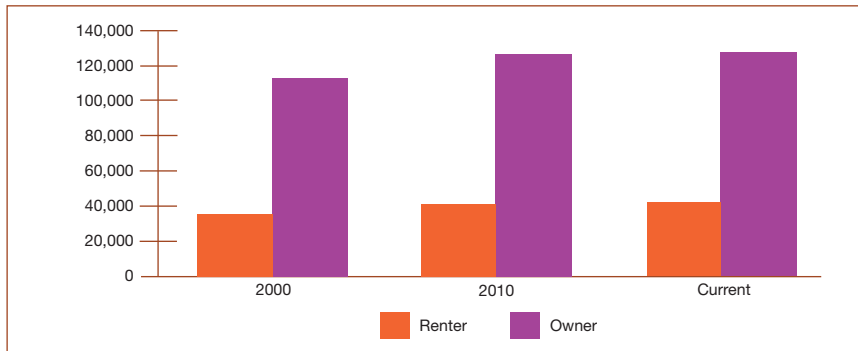
through 2009, population growth declined to an average annual increase of 3,950 people, or 0.9 percent. The recent recession is expected to have a lingering effect on the HMA, resulting in slow population growth

Figure 5. Population and Household Growth in the York-Hanover HMA, 2000 to Forecast



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

Figure 6. Number of Households by Tenure in the York-Hanover HMA, 2000 to Current



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

during the next 3 years. During the forecast period, population growth is expected to average 2,875 people, or 0.7 percent, annually. Figure 5 shows population and household growth in the HMA. Additional demographic and housing data for the HMA appear in Table DP-1 at the end of this report.

Currently, an estimated 169,400 households are in the HMA. Figure 6 shows the number of households by tenure in the HMA for 2000, 2010, and the current date. The number of households has increased at a rate comparable to the population growth rate. Since 2010, the number of households in the HMA increased by an average of 690, or 0.4 percent, annually. During the 3-year forecast period, the number of households is expected to grow by nearly 1,100, or 0.6 percent, annually, to nearly 172,700. With some households shifting toward renting instead of owning, the homeownership rate is expected to decrease to 74.9 percent at the end of the forecast period from the 75.5-percent rate reported by the 2010 Census.

Housing Market Trends

Sales Market

The sales housing market in the York-Hanover HMA is slightly soft, with a current sales vacancy rate of 1.5 percent, down from the 1.9-percent rate recorded by the 2010 Census. According to Hanley Wood, LLC, during the 12 months ending September 2011, 4,500 existing attached and detached single-family homes sold, down nearly

22 percent from the 5,800 homes sold a year earlier. Existing home sales peaked in 2007, when nearly 9,000 homes sold. During the most recent 12-month period, the median sales price for existing single-family homes declined approximately 7 percent, to \$157,000. According to LPS Applied Analytics, as of September 2011,

Housing Market Trends
Sales Market *Continued*

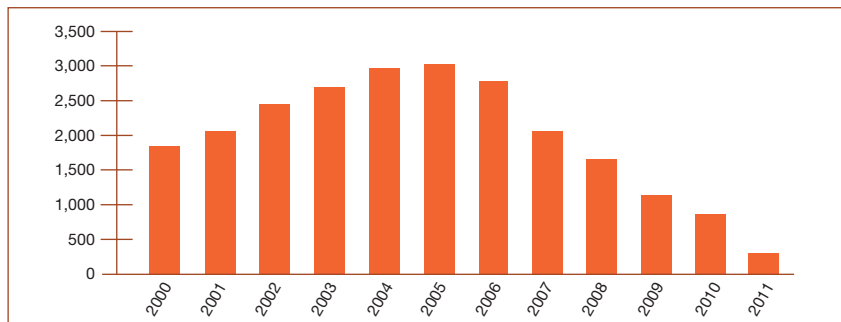
approximately 6.3 percent of total home loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from the 6.0-percent rate a year earlier and the September 2011 rate of 6.0 percent in all of Pennsylvania, but much less than the 7.7-percent national rate. According to Hanley Wood, LLC, during the 12 months ending September 2011, foreclosed and REO home sales represented nearly 27 percent of new and existing single-family home sales, unchanged from the nearly 26-percent rate recorded during the previous 12-month period.

Single-family home construction activity, as measured by the number of single-family building permits issued,

has slowed because of the decline in home sales. From 2000 through 2006, an average of approximately 2,550 homes was permitted annually. After the home sales market began to soften in 2007, the number of single-family homes permitted dropped to an average of 1,425 annually from 2007 through 2010. Figure 7 shows the number of single-family home permits issued from 2000 to the current date. During the most recent 12-month period, the number of single-family homes permitted decreased 5 percent, to 480 homes, compared with the 510 homes permitted during the previous 12-month period, and the median sales price for new single-family homes declined 1 percent, to \$225,500, from the previous 12-month period. Jackson Heights, in Jackson Township, is an ongoing development with 127 single-family detached homes and 208 townhomes and prices starting at \$225,000 for a three-bedroom detached home and \$129,900 for a three-bedroom townhome. Stonegate at Regents' Glen, a new townhome development in Spring Garden Township, has three-bedroom units starting at \$132,900.

During the 3-year forecast period, demand is estimated for 3,775 homes in the HMA. The 150 homes currently under construction will meet a portion of the demand (see Table 1). Demand is expected to be strongest for units priced between \$300,000 and \$399,999 (see Table 4) and during the second and third years of the forecast period, when an improving economy will support the demand for new homes. It is likely that a portion of the estimated 4,750 other vacant units will reenter the sales housing market and satisfy some of the forecast demand.

Figure 7. Single-Family Building Permits Issued in the York-Hanover HMA, 2000 to 2011



Notes: Includes townhomes. Includes data through September 2011.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the York-Hanover HMA, October 1, 2011 to October 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	199,999	190	5.0
200,000	299,999	760	20.0
300,000	399,999	1,025	27.0
400,000	499,999	640	17.0
500,000	599,999	640	17.0
600,000	699,999	300	8.0
700,000	799,999	150	4.0
800,000	and higher	75	2.0

Note: The 150 homes currently under construction and a portion of the estimated 4,750 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

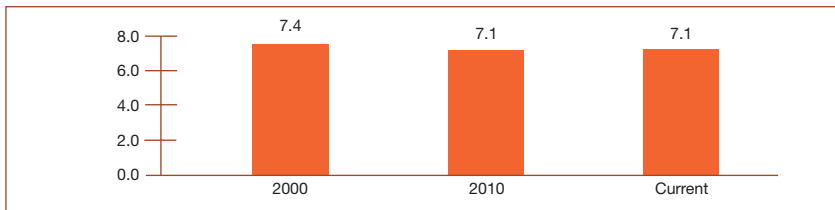
The rental housing market in the York-Hanover HMA is slightly soft. The overall vacancy rate is estimated to be 7.1 percent, unchanged from the rate recorded by the 2010 Census (see Figure 8). During the 12 months ending September 2011, the estimated average rents were \$700 for a one-bedroom unit, \$800 for a two-bedroom unit, and \$1,050 for a three-bedroom unit, slightly higher than rents during the previous 12-month period. Concessions are currently not prevalent in the market.

From 2000 through 2007, multifamily construction, as measured by the number of units permitted, averaged about 390 units a year with a peak of

480 in 2002. As the recession began in 2007, production of new units began to decline. From 2008 through 2009, the number of permits issued for multifamily construction declined sharply, averaging 70 units annually (see Figure 9). According to preliminary data, 150 apartments were permitted during the 12-month period ending September 2011, up from the 45 multifamily permits issued during the previous 12 months. Recently completed apartment complexes in the city of York include Codo 241, located downtown and consisting of 36 units with an average asking rent of \$1,095, and Gable Flats, a converted tobacco warehouse completed in November 2010 and consisting of 15 units with average asking rents of \$975 to \$1,025. Conversion of the former York Casket Company warehouse into 80 apartments began in the spring of 2011, with 23 apartments expected to come on line in late 2011.

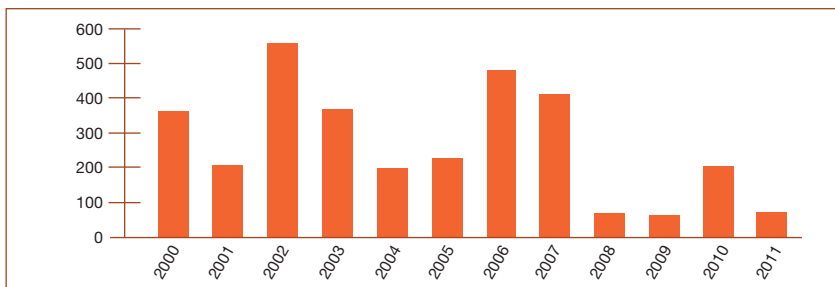
During the forecast period, demand is estimated for 290 new market-rate rental units in the HMA (see Table 1). Demand will be strongest in the second and third years of the forecast period. The 140 rental units currently under construction will meet the demand for new units during the first year of the forecast period. Table 5 illustrates the estimated demand for market-rate rental housing in the HMA by rent range.

Figure 8. Rental Vacancy Rates in the York-Hanover HMA, 2000 to Current



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

Figure 9. Multifamily Building Permits Issued in the York-Hanover HMA, 2000 to 2011



Notes: Excludes townhomes. Includes data through September 2011.

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

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the York-Hanover HMA, October 1, 2011 to October 1, 2014

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
500 to 699	10	600 to 799	30	800 to 999	25	900 to 1,099	20
700 or more	20	800 to 999	35	1,000 to 1,199	40	1,100 to 1,299	20
		1,000 or more	10	1,200 to 1,399	40	1,300 to 1,499	20
				1,400 or more	10	1,500 or more	10
Total	30	Total	75	Total	120	Total	75

Notes: The 140 units currently under construction will satisfy some of the estimated demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	201,958	204,087	206,100	0.1	1.3
Unemployment Rate	3.3%	8.8%	7.9%		
Nonfarm Payroll Jobs	172,600	174,200	176,300	0.1	1.6
Total Population	381,751	434,972	437,400	1.3	0.4
Total Households	148,219	168,372	169,400	1.3	0.4
Owner Households	112,852	127,173	127,600	1.2	0.2
Percent Owner	76.1%	75.5%	75.3%		
Renter Households	35,367	41,199	41,800	1.5	1.0
Percent Renter	23.9%	24.5%	24.7%		
Total Housing Units	156,720	178,671	179,200	1.3	0.2
Owner Vacancy Rate	1.5%	1.9%	1.5%		
Rental Vacancy Rate	7.4%	7.1%	7.1%		
Median Family Income	\$52,278	\$66,347	\$66,964	2.4	0.9

Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through September 2011. Median family incomes are for 1999, 2009, and 2011.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 10/1/2011—Analyst's estimates

Forecast period: 10/1/2011–10/1/2014—
Analyst's estimates

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

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

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units are classified as commercial structures and are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_YorkPA_12.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

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

For additional reports on other market areas, please go to
www.huduser.org/publications/econdev/mkt_analysis.html.