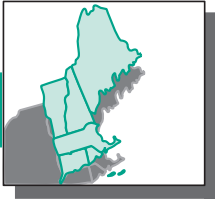


# Housing Market Profile

New England • HUD Region I



## Portland-South Portland-Biddeford, Maine

The Portland-South Portland-Biddeford metropolitan area, located on the southeastern coast of Maine, consists of Cumberland, Sagadahoc, and York Counties. The metropolitan area is home to the city of Portland and known for its many beaches and historic seaside towns. As of April 1, 2012, the population was estimated at 516,500, an increase of 1,200, or 0.2 percent, annually since April 1, 2010. During the period from 2008 through 2010, the population remained relatively unchanged, reflecting weak economic conditions. In comparison, the population grew at an average annual rate of 1,450, or 0.3 percent, from 2004 through 2008. According to Moody's Analytics, Inc., the largest employers in the metropolitan area are General Dynamics Bath Iron Works and Maine Medical Center, each with more than 5,000 employees.

Despite recent gains, nonfarm payrolls remain well below the peak of 195,600 jobs recorded in 2007. During the 12 months ending February 2012, nonfarm payrolls in the metropolitan area increased by 600 jobs, or 0.3 percent, to an average of 189,500 jobs compared with the increase of 700 jobs, or 0.4 percent, during the previous 12 months. The most significant gains during the 12 months ending February 2012 occurred in the education and health services sector, up 900 jobs, or 2.5 percent. During the same period, the professional and business services sector added approximately 500 jobs, a 2.1-percent increase, whereas the leisure and hospitality sector declined by 800 jobs, or 3.7 percent, because weak economic conditions affected local tourism. In addition, according to Global Insight, Inc., General Dynamics Bath Iron Works laid off approximately 600 workers during 2011 because of a slowdown in the production of destroyers for the U.S. Navy. The 12-month average unemployment rate declined from 6.6 percent in February 2011 to 6.2 percent in February 2012.

The home sales market in the metropolitan area is currently soft. Based on data from Hanley Wood, LLC, during the 12 months ending February 2012, new and existing single-family home sales in the metropolitan area totaled approximately 1,750, down 5 percent from the 1,850 homes sold during the previous 12 months. In comparison, new and existing home sales averaged 2,125 annually from 2007 through 2009. The decline in sales reflects weak economic conditions, tighter lending practices, and slower population growth. During the 12 months ending February

2012, the average sales price of new and existing single-family homes increased 4 percent, to \$258,100, up from \$247,600 during the previous 12 months. The current average sales price remains slightly less than the average of \$259,900 recorded from 2007 through 2009. According to LPS Applied Analytics, as of February 2012, 6.4 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from 6.2 percent in February 2011.

Builders have continued to curtail the production of single-family homes in response to weak economic conditions and the soft home sales market. Based on preliminary data, during the 12 months ending February 2012, building permits were issued for 820 single-family homes in the metropolitan area, down 180 permits, or 18 percent, compared with the number of homes permitted during the previous 12 months. From 2007 through 2009, an average of 1,450 single-family homes was permitted annually.

The rental housing market in the Portland-South Portland-Biddeford metropolitan area is balanced, with conditions improving from a soft market during the past 2 years, reflecting increased rental demand and low production levels of new units. The rental vacancy rate is currently estimated at 6.5 percent, down from 8.3 percent on April 1, 2010. Despite balanced overall rental market conditions, the apartment market in the metropolitan area is tight, with vacancy rates declining and rents increasing significantly during the past year. According to Reis, Inc., the apartment vacancy rate in the metropolitan area during the fourth quarter of 2011 was 3.8 percent, down from the 4.3-percent rate recorded a year earlier. During the same period, the average monthly rent was approximately \$1,050, an increase of more than 2 percent from \$1,025 in the fourth quarter of 2010.

During the past year, multifamily building activity began to increase in response to growing renter demand and tight apartment market conditions. Based on preliminary data, during the 12 months ending February 2012, 200 multifamily units were permitted, up significantly from only 35 units permitted during the previous 12 months but still down from the average of 260 units permitted annually from 2007 through 2009. Recent developments include 645 Congress Street, a 56-unit apartment development in Portland, completed in February 2010. Rents for studio and one-bedroom units start at \$630 and \$750, respectively. Affordable rental developments currently under construction include 54 units at Pearl Place II in Portland and 24 units through the adaptive reuse of the Emery School in Biddeford.