

# Housing Market Profile

Mid-Atlantic • HUD Region III



## Baltimore-Towson, Maryland

The Baltimore-Towson metropolitan area, which comprises Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's Counties and the city of Baltimore, borders the northeast section of the Washington-Arlington-Alexandria metropolitan area. As of July 1, 2012, the population of the Baltimore-Towson metropolitan area was estimated at 2.74 million, accounting for nearly one-half of the total population in Maryland. During the 12 months ending June 2012, population growth totaled 13,900 people, or 0.5 percent, with net in-migration totaling 3,000 people. By comparison, from July 2008 through July 2011, the population increased by an average annual rate of 16,450, or 0.6 percent, and net in-migration averaged 4,575 people, annually. The higher net in-migration from July 2008 through July 2011 was primarily the result of job gains at Fort Meade, the largest employer in the metropolitan area, with 56,000 employees, because of Base Closure and Realignment (BRAC) relocations.

Economic conditions in the Baltimore-Towson metropolitan area improved during the past 2 years, after declines were recorded during 2009 and 2010. During the 12 months ending May 2012, total nonfarm payrolls in the area averaged approximately 1.3 million jobs, an increase of 18,300 jobs, or 1.4 percent, compared with the number of jobs during the previous 12-month period. The largest payroll gain was recorded in the education and health services sector, the largest sector in the metropolitan area, which added 8,550 jobs, or 3.5 percent. Employers in this sector include Johns Hopkins University and Johns Hopkins Hospital, the second and third largest employers in the area, with 30,250 and 18,750 employees, respectively. In May 2012, as part of a \$1.1 billion expansion, Johns Hopkins Hospital completed a new 1.6 million-square-foot facility, which created approximately 700 new jobs. Other significant gains were recorded in the professional and business services and government sectors, which added 7,700 and 4,875 jobs, or 4.1 and 2.1 percent, respectively. Gains in these sectors were partially attributed to 5,700 jobs added at Fort Meade as a result of BRAC actions. Of the total jobs added from the BRAC relocations, approximately 55 percent were civilian, 35 percent were contractors, and 10 percent were military.

Maryland Live! Casino opened in June 2012, creating approximately 900 new jobs. This opening was the first of two phases of the \$500 million project. The second phase, which consists of expanding the casino and adding additional restaurants, is expected to be completed during 2012 and will add an additional 600 new jobs. Despite these additions, employment in the leisure and hospitality sector declined by 940 jobs, or 0.8 percent, during the 12 months ending May 2012. Other losses were recorded in the transportation and utilities and the information sectors, which declined by 2,250 and 1,725 jobs, or 5.3 and 9.1 percent, respectively. More than 30 percent of the losses in the information sector were in the telecommunications industry, which declined by 530 jobs, or 6.2 percent. The unemployment rate during the 12 months ending May 2012 averaged 7.3 percent, a decrease from the 7.9-percent rate recorded during the previous 12 months.

The sales housing market in the Baltimore-Towson metropolitan area currently is soft, with an estimated 2.5-percent vacancy rate, an increase from 2.1 percent in April 2010. Based on data from Hanley Wood, LLC, during the 12 months ending May 2012, approximately 14,900 new and existing single-family homes sold. The current volume is a decrease of 1,550 homes, or 9 percent, compared with the number sold during the previous 12 months, and a 12-percent decline from the average volume of 16,950 units sold annually from May 2008 through May 2010. During the 12 months ending May 2012, the average sales price of new and existing homes sold declined 3 percent, to \$342,400. The current home sales price is 15 percent less than the average sales price of \$402,800 from 2006 through 2008. Trends in the condominium market, which comprises approximately 17 percent of the total sales market, were similar to trends in the single-family sales market. During the 12 months ending May 2012, approximately 3,075 new and existing condominium homes were sold, a decrease of 180 homes, or 6 percent, compared with the number sold during the previous 12 months. The average sales price of new and existing condominium homes sold declined 5 percent to \$221,800. According to LPS Applied Analytics, 8.3 percent of mortgage loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in May 2012 compared with 7.0 percent of loans in May 2011.

Despite soft sales housing market conditions, home construction activity, as measured by the number of building permits issued for single-family homes, increased



recently. According to preliminary data, during the 12 months ending May 2012, approximately 3,600 homes were permitted, a 3-percent increase from the 3,500 homes permitted during the previous 12-month period. The current level of construction activity is also an increase of 5 percent compared with an average of 3,425 homes permitted annually from May 2008 through May 2010. Most of the homebuilding activity during the 12 months ending May 2012 was concentrated in Anne Arundel County, where Fort Meade is located, and was attributed to the jobs added at the base. In Anne Arundel County, the number of homes permitted increased by 220, or 29 percent, to 980 homes permitted. By comparison, in the remainder of the metropolitan area, the number of homes permitted declined by 120 homes, or 4 percent. Condominium building activity has been limited recently. During the 12 months ending May 2012, 15 condominium units were constructed. By comparison, an average of approximately 380 condominium units was constructed annually from 2008 through 2010. Based on data from Hanley Wood, LLC, during the 12 months ending May 2012, the average sales price of new single-family homes in the area was \$510,600.

The rental housing market in the Baltimore-Towson metropolitan area currently is balanced, with an estimated overall vacancy rate of 6.8 percent, a decline from 8.4 percent in April 2010. Since 2010, because of economic hardships that resulted from weakened economic conditions,

some households have moved from owner to renter units out of necessity, while others have postponed buying. As a result, rental demand outpaced new rental construction, vacancy rates declined, and market conditions became more balanced. According to Reis, Inc., in the first quarter of 2012, the apartment vacancy rate in the metropolitan area was 3.8 percent, down from the 4.7-percent rate recorded a year earlier. The average asking rent was approximately \$1,025, up more than 2 percent from the first quarter of 2011. Multifamily building activity, as measured by the number of multifamily units permitted, recently increased. Based on preliminary data, during the 12 months ending May 2012, approximately 3,025 multifamily units were permitted, and approximately 99 percent of the permitted units were apartments. The current building activity is more than double the 1,425 units that were permitted during the previous 12-month period, approximately 72 percent of which were apartment units. Nearly 60 percent of the multifamily units permitted during the past year were located in Anne Arundel County. Current construction in the metropolitan area includes 560 units at Dorsey Ridge Apartments in Hanover, 375 units at The View at Mill Run in Owings Mills, and 190 units at 1901 South Charles Street in Baltimore City; all units are expected to be completed during the next 12 to 18 months. Asking rents for newly constructed one-, two-, and three-bedroom apartments in the metropolitan area start at \$1,200, \$1,400, and \$1,800, respectively.