



# Baltimore, Maryland

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2008

PD&R

## Housing Market Area



The Baltimore, Maryland Housing Market Area (HMA) is divided into three submarkets: the city of Baltimore submarket; the Northern Suburbs submarket, which consists of Baltimore, Carroll, and Harford Counties; and the Southern Suburbs submarket, which includes Anne Arundel and Howard Counties. The HMA encompasses most of the Baltimore-Towson, Maryland Metropolitan Statistical Area (MSA), with the exception of Queen Anne's County. The HMA is within commuting distance of the Washington, D.C. metropolitan area.

## Summary

### Economy

Since 2004, employment in the Baltimore HMA has increased more rapidly than during the early 2000s. Education and health services is the largest and fastest growing sector of the economy. This sector includes the largest employer, Johns Hopkins University, as well as several medical research facilities. The government sector, which includes two military bases, helps provide stability to the economy. During the 3-year forecast period, the economy is expected to continue to expand with new biotechnology jobs and increased employment resulting from actions related to the Base Closure and Realignment (BRAC) Act.

decline of 3 percent from the price recorded in March 2007. Home sales decreased by 34 percent, from nearly 2,875 homes sold in the 12 months ending March 2007 to approximately 1,900 homes in the 12 months ending March 2008. An expanding economy and continued household growth will result in a demand for 21,150 new homes during the 3-year forecast period, as shown in Table 1.

### Rental Market

The rental housing market in the HMA is currently balanced, with an overall vacancy rate of 6.8 percent. The luxury apartment market is currently soft, particularly in downtown Baltimore, because recently completed units entering the market have been absorbed more slowly than builders anticipated. According to Delta Associates, in March 2008, vacancy rates for Class A units in large developments with all amenities in the HMA have increased to 11 percent, compared with 6 percent during March 2007. During the forecast period, household growth will contribute to a demand for 4,075 market-rate rental units, as shown in Table 1.

### Sales Market

Despite recent declines in home sales and prices, the sales housing market in the Baltimore HMA is balanced with a vacancy rate of 1.3 percent. According to Metropolitan Regional Information Systems, Inc. (MRIS®), as of March 2008, in the Baltimore HMA, the median sales price of a single-family home was \$259,900, a

## Market Details

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**Table 1.** Housing Demand in the Baltimore HMA, 3-Year Forecast, April 1, 2008 to April 1, 2011

	Baltimore HMA		City of Baltimore Submarket		Northern Suburbs Submarket		Southern Suburbs Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	21,150	4,075	725	400	12,000	1,800	8,425	1,875
Under Construction	4,805	1,675	730	280	1,525	280	2,550	1,115

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2008. Forecast demand in the city of Baltimore is limited primarily to downtown Baltimore and adjacent areas.

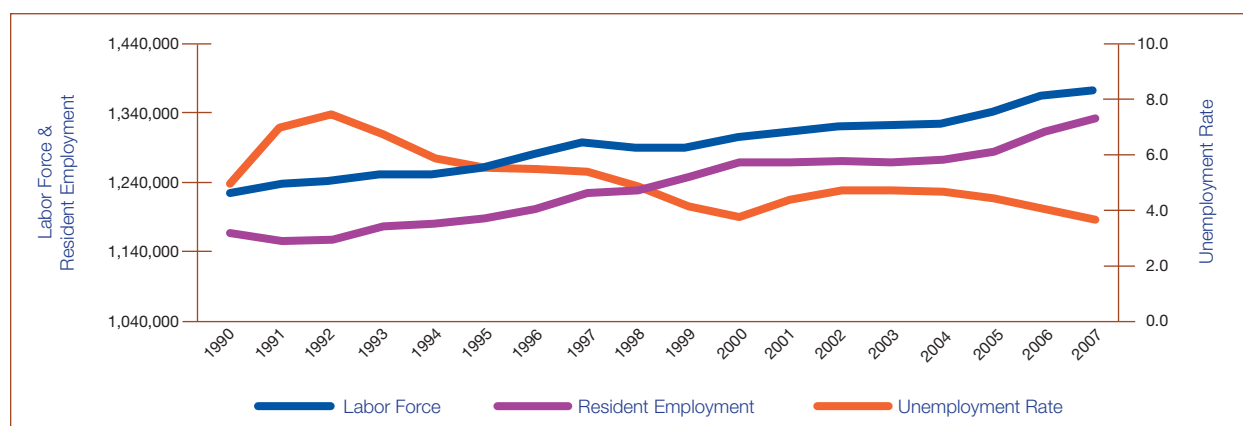
Source: Estimates by analyst

## Economic Conditions

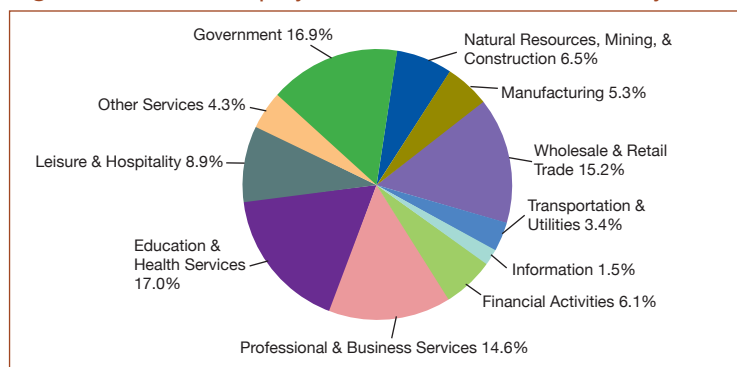
The economy of the Baltimore HMA expanded between 2004 and 2006, after fluctuating during the first few years of the decade. Resident employment remained nearly unchanged from 2000 to 2004; however, from 2004 to 2006, it increased by 26,700, or 2 percent, annually. Service-providing sectors contributed to the expansion, with particular strength in the education and health services sector. During the 12 months ending March 2008, resident employment increased by 5,200 people, or 0.4 percent, an improvement over the decline of 3,850 people, or 0.3 percent, that occurred during the previous 12-month period ending March 2007.

The unemployment rate decreased from 4 percent in March 2007 to 3.7 percent in March 2008. Figure 1 provides information on trends in the labor force, resident employment, and unemployment rate in the HMA from 1990 to 2007.

Since 2000, total nonfarm employment has increased, adding an average of 8,900 jobs, or 0.8 percent, a year. Service-providing sectors led the growth, with the education and health services and the professional and business services sectors accounting for two-thirds of the jobs added. During the 12 months ending March 2008, the

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Baltimore HMA, 1990 to 2007

Source: U.S. Bureau of Labor Statistics

**Figure 2. Current Employment in the Baltimore HMA, by Sector**

Note: Based on 12-month averages through March 2008.

Source: U.S. Bureau of Labor Statistics

**Table 2. Major Employers in the Baltimore HMA**

Name of Employer	Employment Sector	Number of Employees
Johns Hopkins University	Education & Health Services	28,500
Fort George G. Meade	Government	28,000
MedStar Health	Education & Health Services	23,000
Johns Hopkins Health System	Education & Health Services	16,750
National Security Agency/Central Security Service	Government	14,000
Aberdeen Proving Ground	Government	12,500
University of Maryland Medical System	Education & Health Services	11,300
Northrop Grumman Corporation	Manufacturing	9,500
LifeBridge Health	Education & Health Services	7,100
Constellation Energy Group, Inc.	Utilities	6,000

Sources: *Economy.com*; Anne Arundel Economic Development Corporation

**Table 3. 12-Month Average Employment in the Baltimore HMA, by Sector**

Employment Sector	12 Months Ending March 2007	12 Months Ending March 2008	Percent Change
Total Nonfarm Employment	1,310,300	1,322,000	0.9
Goods Producing	158,600	156,400	-1.4
Natural Resources, Mining, & Construction	86,200	86,000	-0.2
Manufacturing	72,400	70,300	-2.9
Service Providing	1,151,700	1,165,400	1.2
Wholesale & Retail Trade	200,900	201,300	0.2
Transportation & Utilities	45,400	45,200	-0.4
Information	22,400	24,100	7.6
Financial Activities	82,400	80,500	-2.3
Professional & Business Services	189,800	192,700	1.5
Education & Health Services	218,200	224,600	2.9
Leisure & Hospitality	114,600	117,600	2.6
Other Services	56,500	56,700	0.4
Government	221,600	222,800	0.5

Notes: Based on 12-month averages through March 2007 and March 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

education and health services sector, which is the largest sector in the HMA (see Figure 2), increased rapidly due to hospital expansions. Employment at local hospitals increased by 2,400 jobs, or 3.8 percent, during the 12 months ending March 2008. Five of the ten leading employers in the HMA are in the education and health services sector, as shown in Table 2. The economic impact of the 16 area colleges and universities, as well as two teaching hospitals, was an estimated \$17.2 billion on the regional economy. Since 2000, the professional and business services sector has added jobs at a rate of 2,400, or 1.4 percent, annually due to increases in scientific research and development and related industries. Table 3 provides the average employment by sector for the two most recent 12-month periods. Figure 3 illustrates employment growth by sector in the HMA since 1990.

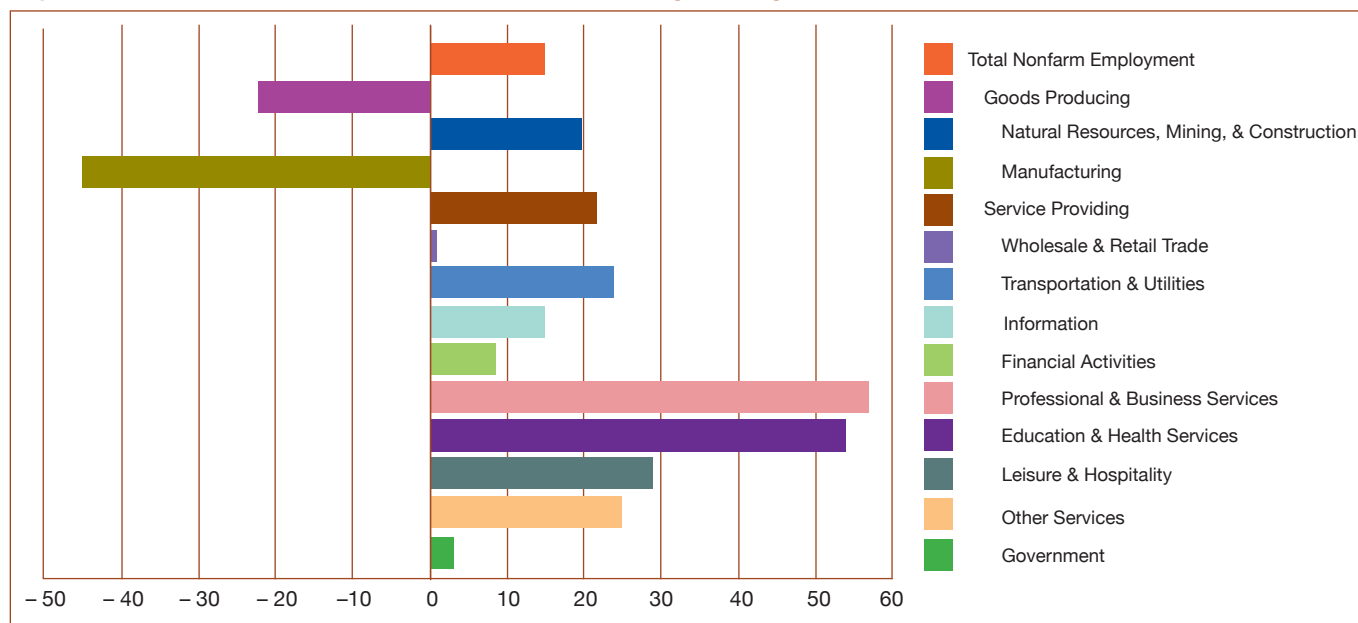
Government, the second largest employment sector in the HMA, includes employees at two military bases: Fort George G. Meade, located in Anne Arundel County, and Aberdeen Proving Ground, located in Harford County. In addition, the headquarters of the National Security Agency/Central Security Service is located at Fort Meade. The largest manufacturing employer in the HMA is the Northrop Grumman Corporation, a contractor for the U.S. Department of Defense that produces electronic systems. The government sector provides stability to the economy, and most of the recent growth has been in local government jobs. As a result of the BRAC actions, a net gain of 7,525 jobs is expected in the HMA, including 5,350 jobs at Fort Meade in 2011 and 2,175 jobs at Aberdeen Proving Ground in 2012. Nearly

all the increase will be in civilian employment, with the exception of 680 military positions at Fort Meade. Approximately 25 percent of the jobs resulting from the BRAC actions are expected to be added during the 3-year forecast period.

During the forecast period, resident employment is expected to increase by 8,800 people, and nonfarm employment is expected to increase by 8,925 jobs. The education and

health services sector is expected to continue to increase with the expansion of hospitals and biotechnology parks. Development of medical and research facilities totaling \$1.6 billion is currently under way, with construction likely to be completed during the forecast period. Leading employers, including Johns Hopkins Health System and the University of Maryland Medical System, account for more than 75 percent of the development.

**Figure 3. Sector Growth in the Baltimore HMA, Percentage Change, 1990 to Current**



Note: Current is based on 12-month averages through March 2008.

Source: U.S. Bureau of Labor Statistics

## Population and Households

The population of the Baltimore HMA increased more slowly from 2000 to the current date than it did during the 1990s. The slower growth occurred primarily in the Southern Suburbs submarket, where population growth declined to approximately one-half the rate of the 1990s. Both net in-migration and net

natural change (resident births minus resident deaths) increased by a slower rate than they did during the preceding decade. The scarcity of large tracts of developable land resulted in fewer subdivisions being constructed. The current population of the HMA totals 2.6 million. As a result of changes to military presence in the area, as

directed by BRAC actions, during the forecast period, the population is expected to increase as the first wave of new households move to the area; however, approximately 75 percent of the BRAC-related population increase will occur after the forecast period. Figure 4 illustrates population and household growth in the HMA from 1990 to the forecast date. Figure 5 depicts components of population change in the HMA for the same period.

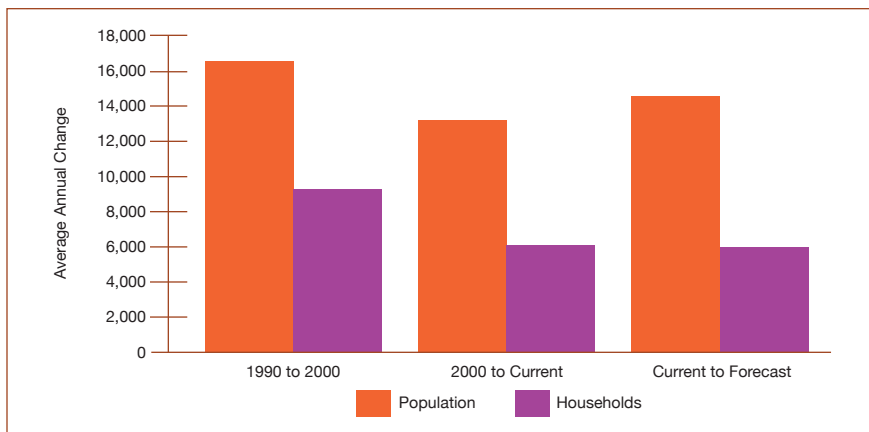
The population of the city of Baltimore submarket, which now totals 624,500, continues to decrease but at a slower pace than the rate of growth during the 1990s. Since 2000, as a result of the increasing popularity of the downtown area among young

professionals and retirees, net out-migration has slowed to 5,000 people annually, compared with 10,500 people during the 1990s. During the forecast period, the net out-migration is expected to continue to decrease to approximately 4,000 people annually. Despite overall population declines in the city, significant population growth has occurred in the 15 census tracts encompassing downtown Baltimore and the surrounding areas. Since 2000, the population of the downtown area has grown by 670, or 1.9 percent, annually, to its current level of 40,400, and it is expected to add another 700 people a year through 2011.

The population of the Northern Suburbs submarket, which now totals 1.2 million, continues to grow but at a slower pace than it did during the 1990s. Since 2000, the rate of population growth has declined to 9,150 people a year from 12,600 people annually during the 1990s due to a decrease in net in-migration. During the forecast period, however, international migration to the Northern Suburbs submarket, particularly in Baltimore County, is expected to increase slightly. Existing ethnic communities in Baltimore County are expected to expand, with a portion of the migration continuing to be from Mexico and Pakistan. Despite the slight increase in net in-migration, the population growth rate is expected to remain unchanged during the forecast period.

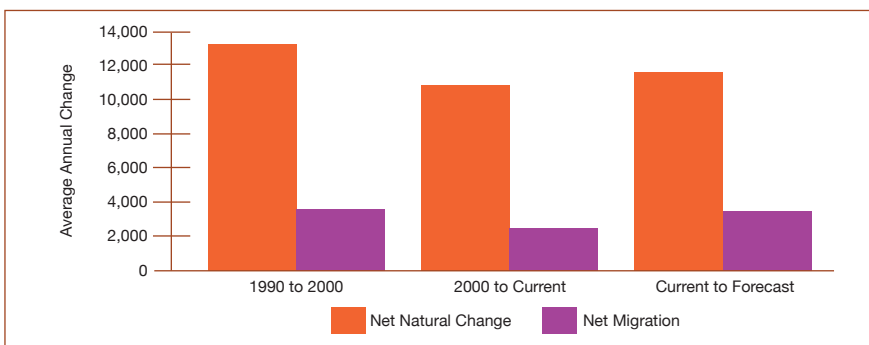
Although population growth has slowed in the Southern Suburbs submarket, this area remains the fastest growing submarket in the HMA, with a current population of 795,500. Population increases of 7,250 annually since 2000 have been lower than the rapid increase of 12,300 annually that occurred

**Figure 4. Population and Household Growth in the Baltimore HMA, 1990 to Forecast**



Sources: 1990 and 2000—U.S. Census; current and forecast—estimates by analyst

**Figure 5. Components of Population Change in the Baltimore HMA, 1990 to Forecast**



Sources: 1990 and 2000—U.S. Census; current and forecast—estimates by analyst



during the 1990s. Since 2000, net in-migration has declined, partly due to a decrease in the number of large tracts of developable land; however, the area continues to expand because of its location, within commuting distance of the cities of Baltimore and Washington, D.C. Growth is expected to continue at a rate of 7,325 people annually during the forecast period as net in-migration increases as a result of the BRAC actions.

As with population growth, the number of households in the HMA has increased more slowly since 2000 compared with the growth rate in the 1990s. Currently, more than 1 million households reside in the HMA. During

the forecast period, annual household growth is projected to remain at 6,000, or increase by only 0.6 percent, which is approximately the same rate as household growth from 2000 to the current date. The population is expected to increase at a slightly faster pace of 14,650 a year, compared with 13,050 annually from 2000 to the current date. In recent years, net natural change has risen as a result of an increasing number of births, and the trend is expected to continue during the forecast period. See Tables DP-1, DP-2, DP-3, and DP-4 at the end of this report for detailed information about population and household growth in the HMA and the three submarkets.

## Housing Market Trends

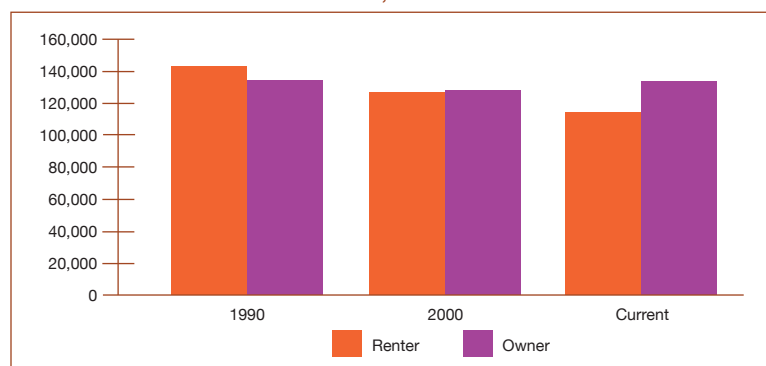
### Sales Market—City of Baltimore Submarket

The sales housing market in the city of Baltimore submarket is slightly soft with a current vacancy rate of 2.5 percent, down from the 3.6-percent rate reported in the 2000 Census. The vacancy rate in the city is higher than in the suburban submarkets because of a large number of older, single-family homes available for sale.

Vacancy rates declined during 2005 and 2006 but increased during the past year as the inventory of unsold homes grew in response to declining sales. The inventory of unsold homes increased by 18 percent to more than 5,500 homes in March 2008 compared with the inventory in March 2007, according to the Maryland Association of REALTORS®. As a result of the popularity of condominiums in the downtown area, the number of owner households in the city increased between 2000 and the current date, as shown in Figure 6.

During the 12 months ending March 2008, the sales market has slowed as a result of stricter lending requirements; however, prices have remained relatively steady. According to MRIS, in the city of Baltimore submarket during

**Figure 6.** Number of Households by Tenure in the City of Baltimore Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

## Housing Market Trends

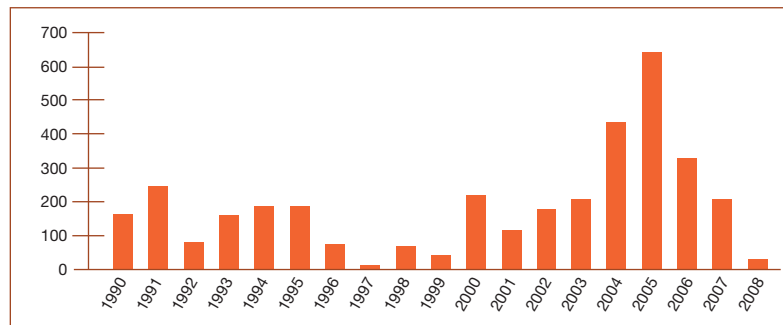
### Sales Market—City of Baltimore Submarket *Continued*

the 12 months ending March 2008, home sales were down more than 26 percent compared with sales during the 12 months ending March 2007. Despite the decline in sales, the median price increased 3 percent, from \$150,000 in March 2007 to \$155,000 in March 2008. According to local sources, sales of condominiums in the \$500,000-to-\$1,000,000 price range have slowed, but sales of condominiums priced at less than \$500,000 and at more than \$1 million have remained steady.

Since 2000, the number of building permits issued for single-family homes has increased due to the popularity of the downtown area among young professionals and retirees. During the 1990s, an average of 120 permits

for single-family homes were issued annually, compared with an average of 300 a year from 2000 to the current date. The number of single-family permits reached a peak of 640 homes in 2005 and has decreased since then, as shown in Figure 7. During the 12 months ending March 2008, 150 permits were issued for single-family homes, a decline from the 325 issued during the 12 months ending March 2007. Condominium development is occurring primarily in the downtown and surrounding areas. A total of 730 condominium units are currently under construction, including two large developments with a combined total of nearly 600 units. In response to slower sales, however, builders are currently delaying new home construction while existing inventories are absorbed.

**Figure 7.** Single-Family Building Permits Issued in the City of Baltimore Submarket, 1990 to 2008



Notes: Includes only single-family units. Includes data through March 2008.

Source: U.S. Census Bureau, Building Permits Survey

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the City of Baltimore Submarket, April 1, 2008 to April 1, 2011

Price Range (\$)		Units of Demand	Percent of Total
From	To		
200,000	249,999	70	9.7
250,000	299,999	175	24.1
300,000	399,999	210	29.0
400,000	499,999	180	24.8
500,000	and higher	90	12.4

Source: Estimates by analyst

During the next 3 years, demand is forecast for 725 new homes, including both single-family and condominium units. Prices for new units are expected to start at \$200,000. Currently, approximately 730 homes are under construction, all condominium units. The construction pipeline totals 1,100 additional sales units planned for completion during the forecast period, and approximately 75 percent of those units are condominiums. Continued tighter lending practices may cause developers to cancel or switch some condominium projects to the rental market. Table 4 presents detailed information on the estimated demand for new market-rate sales housing by price range in the city of Baltimore submarket during the forecast period.

## Rental Market—City of Baltimore Submarket

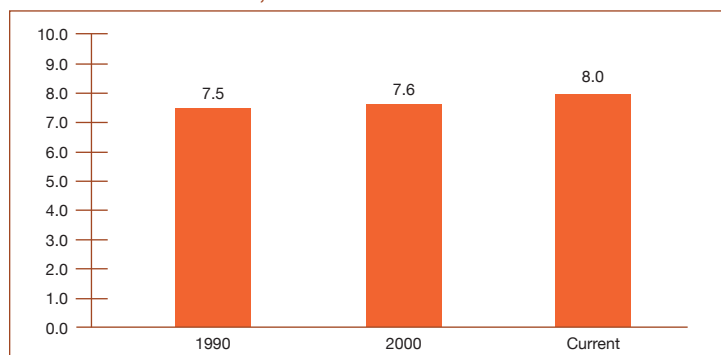
With an overall vacancy rate of 8 percent, the rental housing market in the city of Baltimore submarket has softened slightly compared with the vacancy rate of 7.6 percent recorded in 2000, as shown in Figure 8. Despite a higher vacancy rate than in the suburban submarkets, the rental market in the city is still considered balanced. Many of the available rental units in the submarket are older and lack modern amenities such as garage parking, a fitness center, and a swimming pool. Vacancies are highest, however, for Class A units in large developments with all amenities, particularly for new units located in the downtown and Fells Point areas of the city due to recent overbuilding. More than 600 units are currently leasing in

those areas. According to Delta Associates, as of March 2008, the vacancy rate for Class A units in the city of Baltimore submarket was 20 percent, double the 10-percent vacancy rate reported as of March 2007.

During the 1990s, permits were issued for an average of 80 multifamily units annually; however, the average increased to 310 units a year from 2000 to the current date, as shown in Figure 9. Since 2000, the conversion of obsolete commercial buildings into apartments has resulted in the addition of 600 rental units, which are not included in the number of building permits issued. During the 12 months ending March 2008, 457 multifamily units were permitted, an increase of 54 percent over the number permitted during the previous 12-month period. Of the 1,000 multifamily units currently under construction, approximately 70 percent are condominium units. During the forecast period, 2,300 units are planned for construction, with approximately one-half of the units expected to be rentals. As the economy expands with the addition of healthcare jobs, and as young professionals and retirees continue to migrate to the area, the current soft market conditions are expected to improve for Class A rental units. Should a significant portion of the pipeline of condominium units switch to rentals, however, the soft rental market for Class A units will continue through the forecast period. According to Reis, Inc., rents in the city of Baltimore submarket increased 5 percent to \$1,076 as of March 2008, compared with the previous year.

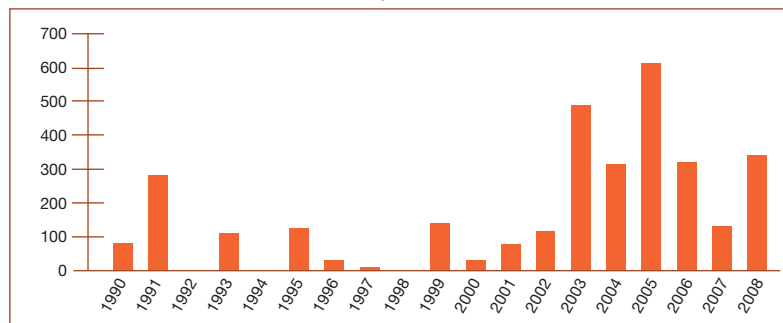
During the next 3 years, demand for new market-rate rental units in the city of Baltimore submarket will occur

**Figure 8. Rental Vacancy Rates in the City of Baltimore Submarket, 1990 to Current**



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

**Figure 9. Multifamily Building Permits Issued in the City of Baltimore Submarket, 1990 to 2008**



Notes: Includes all multifamily units in structures with two or more units. Includes data through March 2008.

Source: U.S. Census Bureau, Building Permits Survey



## Housing Market Trends

### Rental Market—City of Baltimore Submarket *Continued*

mostly in and around the downtown area. Demand is forecast for a total of 400 rental units, including the 280 units currently under construction. Rents for the new units are projected to start at \$1,100 for an efficiency unit, \$1,350 for a one-bedroom unit,

\$1,600 for a two-bedroom unit, and \$2,200 for a three-bedroom unit. Table 5 presents detailed information about the estimated demand for new market-rate rental housing by number of bedrooms and rent level in the submarket during the forecast period.

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the City of Baltimore Submarket, April 1, 2008 to April 1, 2011

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
1,100	20	1,350	220	1,600	120	2,200	40
1,150	20	1,400	190	1,650	100	2,250	40
1,200	20	1,450	180	1,700	90	2,300	30
1,250	10	1,500	160	1,750	80	2,350	30
and higher		1,550	140	1,800	70	2,400	20
		1,600	120	1,850	60	2,450	20
		1,650	100	1,900	50	2,500	20
		1,750	80	2,000	40	2,600	10
		and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher. Forecast demand in the city of Baltimore is limited primarily to downtown Baltimore and adjacent areas.

Source: Estimates by analyst

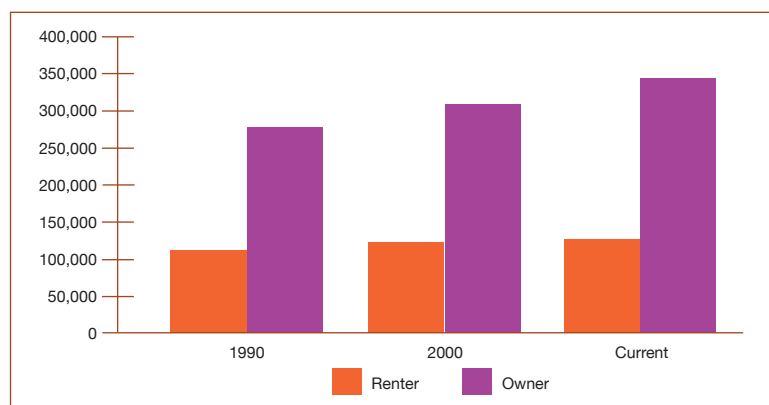
## Sales Market—Northern Suburbs Submarket

The sales market in the Northern Suburbs submarket is balanced, with a vacancy rate of 1 percent, slightly lower than the rate of 1.3 percent recorded in 2000; however, during the 12 months ending March 2008, sales activity has slowed. The percentage of owner households has increased from

69 percent of all households in 1990 to 73 percent as of the current date, as shown in Figure 10. According to MRIS, the average price of a single-family home remained nearly constant at \$310,500, increasing by approximately 1 percent during the 12 months ending March 2008 compared with the price recorded during the previous year. Home sales in the submarket have fallen by more than 21 percent, declining from nearly 15,100 during the 12 months ending March 2007 to approximately 11,800 for the 12 months ending March 2008.

Due to the recent slowdown in the sales market, developers have reduced the volume of homebuilding. Since 2000, construction activity has averaged 4,300 single-family homes a year—less than the 5,300 homes constructed annually during the 1990s. In the past year, new home construction, as mea-

**Figure 10.** Number of Households by Tenure in the Northern Suburbs Submarket, 1990 to Current



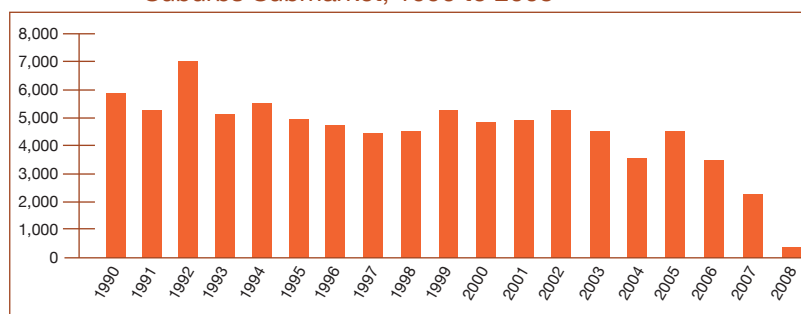
Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

## Housing Market Trends

### Sales Market—Northern Suburbs Submarket *Continued*

sured by the number of building permits issued for single-family homes, decreased by more than 35 percent, declining to 1,975 homes for the 12 months ending March 2008.

**Figure 11.** Single-Family Building Permits Issued in the Northern Suburbs Submarket, 1990 to 2008



Notes: Includes only single-family units. Includes data through March 2008.

Source: U.S. Census Bureau, Building Permits Survey

**Table 6.** Estimated Demand for New Market-Rate Sales Housing in the Northern Suburbs Submarket, April 1, 2008 to April 1, 2011

Price Range (\$)		Units of Demand	Percent of Total
From	To		
200,000	299,999	120	1.0
300,000	399,999	1,200	10.0
400,000	499,999	2,400	20.0
500,000	599,999	1,800	15.0
600,000	699,999	1,680	14.0
700,000	799,999	1,560	13.0
800,000	899,999	1,320	11.0
900,000	1,249,999	960	8.0
1,250,000	1,499,999	840	7.0
1,500,000	and higher	120	1.0

Source: Estimates by analyst

Nearly 90 percent of the new homes currently under construction are located in Baltimore and Harford Counties. Figure 11 provides data on single-family building permits issued in the Northern Suburbs submarket from 1990 through March 2008.

During the next 3 years, demand is forecast for 12,000 new single-family homes and condominium units. Annual forecast demand is slightly less than the average of 4,125 homes that have entered the market each year since 2000. Home prices are expected to start at \$200,000. Although the sales market has slowed during the past year, it is expected to improve during the next 3 years as the economy expands and in-migration increases. Historically, 40 percent of the production in the submarket has occurred in Baltimore County, 40 percent in Harford County, and 20 percent in Carroll County. Demand is expected to follow a similar pattern during the forecast period. Table 6 presents detailed information on the estimated demand for new sales housing by price range in the Northern Suburbs submarket during the forecast period.

## Rental Market—Northern Suburbs Submarket

The rental market in the Northern Suburbs submarket is currently balanced, with an overall vacancy rate of 6.5 percent, despite an increase from the 5.6-percent rate recorded as of the 2000 Census (see Figure 12). Since 2000, rental market conditions have softened a bit as mortgage interest rates have declined, enabling more households to become homeowners. According to Delta Associates, as of March 2008, Class A units in large developments with all amenities have

a vacancy rate of 7.8 percent, higher than the 5-percent rate reported a year ago.

Vacancy rates in Class A developments are 8 to 9 percent in Baltimore County; however, conditions are tighter in the rest of the submarket. Since 2000, approximately 70 percent of the multifamily construction has occurred in Baltimore County, where approximately 350 new rental units are currently being marketed. In Harford County, the Class A vacancy rate

## Housing Market Trends

### Rental Market—Northern Suburbs Submarket *Continued*

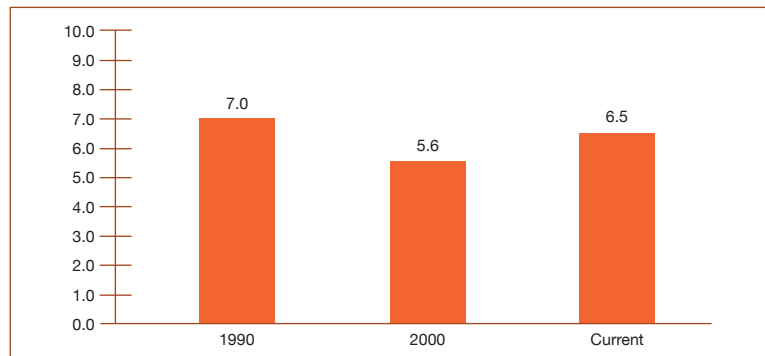
is 1 percent, even lower than the 3-percent rate recorded a year ago. The construction of new apartments in Harford County has occurred at a moderate pace, averaging 230 units annually since 2000.

Since 2000, building permits have been issued for an average of 980 multifamily units a year, nearly 17 percent less than the annual average of 1,175 permits issued during the 1990s. Also, since 2000, approximately 80 percent

of multifamily units constructed have been rentals, while the remaining units have been condominiums. The number of units permitted decreased during the 12 months ending March 2008, with permits issued for 570 multifamily units, 13 percent less than the number issued during the same period a year ago. One of the largest multifamily developments, The Quarter, containing 900 units, is currently under construction in Towson near the Town Center. The first phase of the development of 150 condominiums and 280 apartments began in 2007 and is expected to be completed by the end of 2008. Additional phases will include 295 apartment units and another 175 units, which will be rentals or condominiums depending on market conditions. See Figure 13 for information on the number of multifamily building permits issued in the submarket from 1990 to 2008.

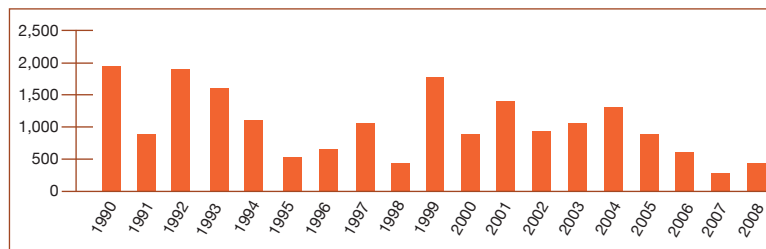
During the next 3 years, demand is forecast for 1,800 new market-rate rental housing units, including the 280 units currently under construction. Rents for the new units are projected to start at \$900 for an efficiency unit, \$1,100 for a one-bedroom unit, \$1,550 for a two-bedroom unit, and \$1,700 for a three-bedroom unit. Table 7 provides the estimated demand for new market-rate rental housing by number of bedrooms and rent level in the submarket during the forecast period.

**Figure 12. Rental Vacancy Rates in the Northern Suburbs Submarket, 1990 to Current**



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

**Figure 13. Multifamily Building Permits Issued in the Northern Suburbs Submarket, 1990 to 2008**



Notes: Includes all multifamily units in structures with two or more units. Includes data through March 2008.

Source: U.S. Census Bureau, Building Permits Survey

## Housing Market Trends

Rental Market—Northern Suburbs Submarket *Continued***Table 7.** Estimated Demand for New Market-Rate Rental Housing in the Northern Suburbs Submarket, April 1, 2008 to April 1, 2011

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
900	125	1,100	625	1,550	870	1,700	180
950	110	1,150	550	1,600	720	1,750	160
1,000	100	1,200	510	1,650	660	1,800	150
1,050	90	1,250	450	1,700	590	1,850	130
1,100	70	1,300	400	1,750	510	1,900	100
1,150	60	1,350	340	1,800	440	1,950	90
1,200	50	1,400	280	1,850	370	2,000	80
1,300	40	1,500	230	1,950	300	2,100	60
1,400	30	1,600	180	2,050	190	2,200	40
1,500	20	1,700	140	2,150	130	2,300	30
1,600	20	1,800	110	2,250	90	2,400	30
and higher		and higher		and higher		and higher	

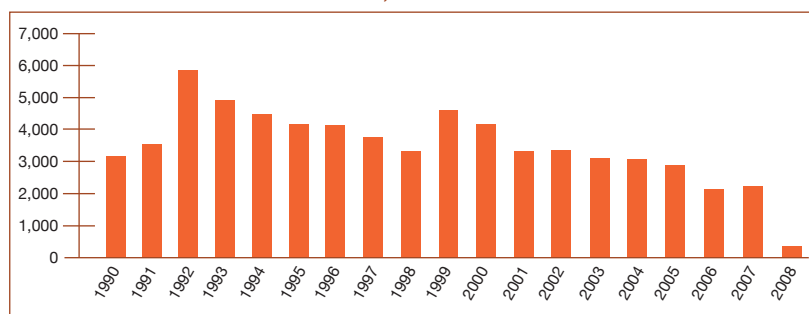
Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

## Sales Market—Southern Suburbs Submarket

The sales market in the Southern Suburbs submarket is currently balanced, with a vacancy rate of 1 percent, identical to the rate recorded in 2000; however, sales activity has slowed during the past year. According to MRIS, as of the 12 months ending March 2008, the average price of a single-family home remained nearly unchanged at \$427,400, declining by less than 1 percent from the previous year. During the same period, sales decreased to 8,650 homes, which is 24 percent less when compared with the number of homes sold during the previous 12 months.

Although the sales market in the Southern Suburbs submarket has slowed, the decrease in the volume of homebuilding has been less severe than in the other submarkets of the HMA. Recent increases in interest rates and the supply of unsold homes on the market have resulted in fewer units currently in development. Since 2000, construction activity, as measured by the number of building permits issued, has averaged 3,175 units a year, down from the 4,250 units permitted annually during the 1990s. The number of permits issued for single-family homes declined by 4 percent to 1,950 permits during the 12 months ending March 2008 compared with the number issued during the previous year, as shown in Figure 14. Despite the recent slowing in the sales market, the number of owner households has increased from 73 percent in 1990 to 77 percent as of the current date, as shown in Figure 15.

**Figure 14.** Single-Family Building Permits Issued in the Southern Suburbs Submarket, 1990 to 2008

Notes: Includes only single-family units. Includes data through March 2008.

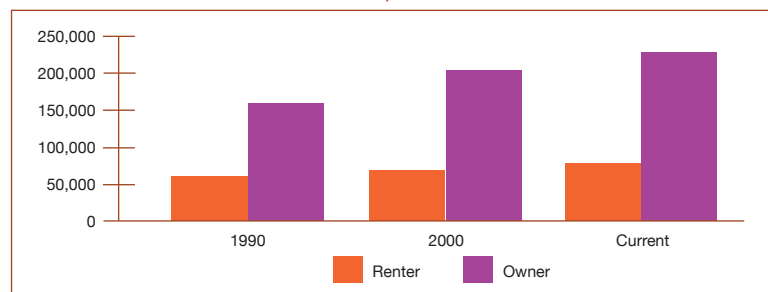
Source: U.S. Census Bureau, Building Permits Survey

In the Southern Suburbs submarket, several condominium developments, with approximately 1,925 units, are under construction, with more than

## Housing Market Trends

Sales Market—Southern Suburbs Submarket *Continued*

**Figure 15.** Number of Households by Tenure in the Southern Suburbs Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

**Table 8.** Estimated Demand for New Market-Rate Sales Housing in the Southern Suburbs Submarket, April 1, 2008 to April 1, 2011

Price Range (\$)		Units of Demand	Percent of Total
From	To		
225,000	299,999	300	3.6
300,000	399,999	420	5.0
400,000	499,999	1,000	11.9
500,000	599,999	1,525	18.1
600,000	799,999	2,200	26.1
800,000	999,999	1,675	19.9
1,000,000	1,499,999	1,175	13.9
1,500,000	and higher	130	1.5

Source: Estimates by analyst

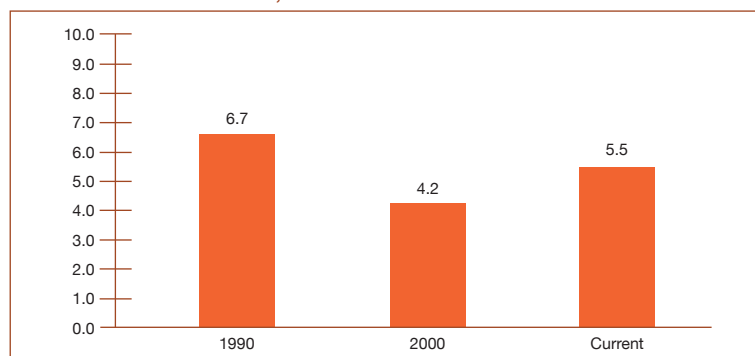
70 percent of the units located in Anne Arundel County. Nearly 700 units are being built at the Town Center in Annapolis. In addition, approximately 1,000 condominium units are in the planning phase, with 90 percent of the units planned for construction in Anne Arundel County.

During the 3-year forecast period, demand in the Southern Suburbs submarket is estimated for 8,425 new single-family homes and condominiums, with prices starting at \$225,000. As a result of the slowing sales market, annual forecast demand is slightly less than the average number of homes that entered the market each year from 2000 to the current date. A portion of the demand will be influenced by the BRAC action, which will result in an increased number of households moving to the area. Table 8 presents detailed information on the estimated demand for new market-rate sales housing by price range in the submarket during the forecast period.

## Rental Market—Southern Suburbs Submarket

The rental market in the Southern Suburbs submarket is currently balanced, with a vacancy rate of 5.5 percent, the lowest overall vacancy rate in the HMA, as shown in Figure 16.

**Figure 16.** Rental Vacancy Rates in the Southern Suburbs Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

According to Delta Associates, vacancies at Class A units in large developments with all amenities increased from 6 percent in March 2007 to 10 percent in March 2008. Approximately 1,350 recently constructed rental units are being marketed in the submarket, with nearly 90 percent located in Anne Arundel County. Absorption of units in Anne Arundel County has been strong, averaging more than 30 units a month since 2007.

During the past year, the level of multi-family construction has declined below the average number of units built annually since 2000. Although the number of building permits issued for

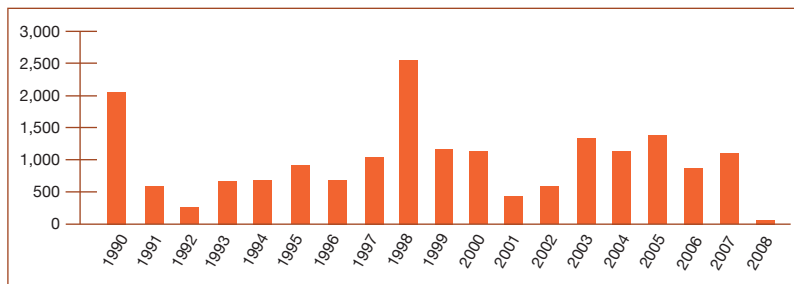


## Housing Market Trends

Rental Market—Southern Suburbs Submarket *Continued*

multifamily units has fluctuated from year to year, the average annual rate has been 1,050 permits issued since 2000, the same as during the 1990s, as shown in Figure 17. During the 12 months ending March 2008, the number of building permits issued for multifamily units declined to 830, 7 percent less than the number issued during the same period a year ago.

**Figure 17. Multifamily Building Permits Issued in the Southern Suburbs Submarket, 1990 to 2008**



Notes: Includes all multifamily units in structures with two or more units. Includes data through March 2008.

Source: U.S. Census Bureau, Building Permits Survey

Currently, 620 apartment units are under construction in Anne Arundel County and 495 units are under construction in Howard County. These 1,115 apartment units are in addition to the 1,925 condominium units currently under construction in the submarket.

Anticipated household growth will result in a demand for a total of 1,875 new market-rate rental housing units during the next 3 years, including the 1,115 units currently under construction. Rents for the new units are projected to start at \$900 for an efficiency unit, \$1,150 for a one-bedroom unit, \$1,500 for a two-bedroom unit, and \$1,800 for a three-bedroom unit. Table 9 provides the estimated demand for new market-rate rental housing by number of bedrooms and rent level in the submarket during the forecast period.

**Table 9. Estimated Demand for New Market-Rate Rental Housing in the Southern Suburbs Submarket, April 1, 2008 to April 1, 2011**

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
900	60	1,150	560	1,500	1,125	1,800	130
950	50	1,200	500	1,550	930	1,850	120
1,000	40	1,250	460	1,600	860	1,900	110
1,050	40	1,300	410	1,650	770	1,950	90
1,100	30	1,350	360	1,700	660	2,000	80
1,150	30	1,400	300	1,750	560	2,050	70
1,200	20	1,450	250	1,800	470	2,100	60
1,300	20	1,550	200	1,900	380	2,200	40
1,400	10	1,650	160	2,000	250	2,300	30
and higher		and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

# Data Profiles

**Table DP-1.** Baltimore HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	1,164,762	1,257,910	1,321,615	0.8	0.7
Unemployment Rate (%)	5.0	3.8	3.7		
Nonfarm Employment	1,152,800	1,250,500	1,321,700	0.8	0.8
Total Population	2,348,219	2,512,431	2,617,000	0.7	0.5
Total Households	867,656	958,756	1,007,200	1.0	0.6
Owner Households	550,287	639,044	700,300	1.5	1.2
Percent Owner (%)	63.4	66.7	69.5		
Renter Households	317,369	319,712	306,900	0.1	- 0.5
Percent Renter (%)	36.6	33.3	30.5		
Total Housing Units	925,035	1,031,372	1,094,694	1.1	0.7
Owner Vacancy Rate (%)	1.6	1.6	1.3		
Rental Vacancy Rate (%)	7.2	6.1	6.8		
Median Family Income	\$42,206	\$59,324	\$78,200	3.5	4.0

Notes: Employment data represent annual averages for 1990, 2000, and the 12 months through March 2008. Median family income data are for 1989, 1999, and 2006.

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

**Table DP-2.** City of Baltimore Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	736,014	651,154	624,500	- 1.2	- 0.5
Total Households	276,484	257,996	247,000	- 0.7	- 0.5
Owner Households	134,424	129,869	133,000	- 0.3	0.3
Percent Owner (%)	48.6	50.3	53.8		
Renter Households	142,060	128,127	114,000	- 1.0	- 1.4
Percent Renter (%)	51.4	49.7	46.2		
Total Housing Units	303,706	300,477	299,223	- 0.1	- 0.1
Owner Vacancy Rate (%)	2.0	3.6	2.5		
Rental Vacancy Rate (%)	7.5	7.6	8.0		
Median Family Income	\$28,217	\$35,438	\$36,031	2.3	0.2

Note: Median family income data are for 1989, 1999, and 2006.

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

**Table DP-3.** Northern Suburbs Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	997,638	1,123,779	1,197,000	1.2	0.8
Total Households	373,721	432,047	466,400	1.5	1.0
Owner Households	257,862	307,775	341,600	1.8	1.3
Percent Owner (%)	69.0	71.2	73.2		
Renter Households	115,859	124,272	124,800	0.7	0.1
Percent Renter (%)	31.0	28.8	26.8		
Total Housing Units	391,552	451,140	487,778	1.4	1.0
Owner Vacancy Rate (%)	1.4	1.2	1.0		
Rental Vacancy Rate (%)	7.0	5.6	6.5		
Median Family Income	NA	NA	NA	NA	NA

NA = Data are not available.

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

**Table DP-4.** Southern Suburbs Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	614,567	737,498	795,500	1.8	1.0
Total Households	217,451	268,713	293,800	2.1	1.1
Owner Households	158,001	201,400	225,700	2.5	1.4
Percent Owner (%)	72.7	74.9	76.8		
Renter Households	59,450	67,313	68,100	1.2	0.1
Percent Renter (%)	27.3	25.1	23.2		
Total Housing Units	229,777	279,755	307,693	2.0	1.2
Owner Vacancy Rate (%)	1.5	1.0	1.0		
Rental Vacancy Rate (%)	6.7	4.2	5.5		
Median Family Income	NA	NA	NA	NA	NA

NA = Data are not available.

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

## Data Definitions and Sources

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1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 4/1/2008—Analyst's estimates

Forecast period: 4/1/2008–4/1/2011—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.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_BaltimoreMD.pdf](http://www.huduser.org/publications/pdf/CMARtables_BaltimoreMD.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 wishes to express 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](http://www.huduser.org/publications/econdev/mkt_analysis.html).