

HUD PD&R Regional Reports

Region 3: Mid-Atlantic

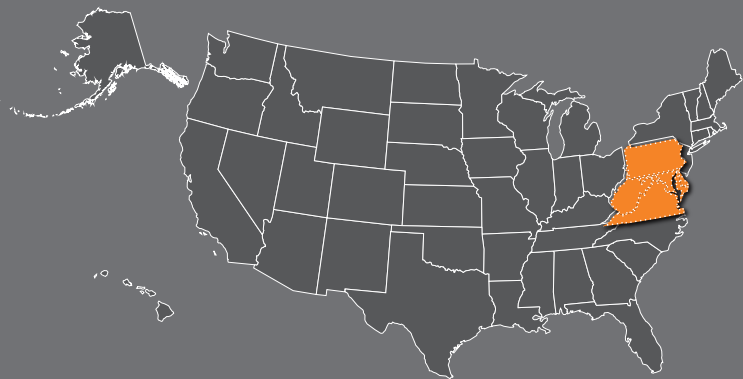


Morgantown, West Virginia

By [Patricia Moroz](#) and [Mildred Jara](#) | 2nd Quarter 2024

Quick Facts About Region 3

- Sales market conditions—**
Second quarter 2024: mixed (balanced to slightly tight)
First quarter 2024: mixed (balanced to slightly tight)
Second quarter 2023: mixed (slightly tight to tight)
- Apartment market conditions—**
Second quarter 2024: mixed (soft to slightly tight)
First quarter 2024: mixed (soft to balanced)
Second quarter 2023: mixed (soft to balanced)



Overview

Economic growth was moderate in the Mid-Atlantic region as of the second quarter of 2024. Nonfarm payroll jobs increased 1.4 percent from a year ago, slower than the growth rate of 1.9 percent a year earlier and less than the national rate of 1.7 percent. Sales market conditions eased during the past year compared with a year ago, partly because of rising mortgage interest rates contributing to reduced home sales demand. The months of supply of inventory available for sale increased slightly but were low throughout the region. Permitting of single-family homes rose by a relatively modest 1 percent compared with a year earlier. In response to generally soft apartment market conditions in most areas, the number of multifamily units permitted declined 16 percent compared with a year ago.

- The education and health services sector led job growth, with year-over-year increases in nearly all areas as of the second quarter of 2024, and accounted for more than one-half of the net job gain in the region.
- Home sales were down an average of 15 percent in the region during the 12 months ending May 2024, and average home sales prices rose in all metropolitan

continued on page 2



continued from page 1

areas and metropolitan divisions cited in this report, with increases ranging from 2 to 8 percent (CoreLogic, Inc.).

- Apartment market conditions as of the second quarter of 2024 were soft or slightly soft in five of the eight metropolitan

areas highlighted in this report, similar to a year earlier. Increases in the average rent ranged from 2 to 4 percent in the region as of the second quarter of 2024, higher than the national average increase of 1 percent (CoStar Group).

Economic Conditions

The economy of the Mid-Atlantic region expanded as of the second quarter of 2024 but at a slower rate than a year ago, continuing the year-over-year job growth that began as of the second quarter of 2021. Nonfarm payrolls in the region increased by 207,100 jobs, or 1.4 percent, from a year earlier to nearly 15.20 million. Although job growth slowed from a 1.9-percent gain a year ago, nonfarm payrolls in the region as of the second quarter of 2024 were 1.9 percent higher than the level as of the second quarter of 2019, before the COVID-19 pandemic. Payrolls in Delaware, Pennsylvania, Virginia, and West Virginia exceeded prepandemic levels by 5.0, 1.8, 4.7, and 0.5 percent, respectively, whereas respective payrolls in Maryland and the District of Columbia were 0.8 and 3.2 percent below prepandemic levels. Job growth in the region trailed the nation, where payrolls rose 1.7 percent as of the second quarter of 2024 from a year earlier and were more than 5 percent above the level as of the second quarter of 2019.

Job gains in the region were both the greatest and fastest in the education and health services sector, which rose by 110,600 jobs, or 4.1 percent, as of the second quarter of 2024, accelerating from growth of 3.9 percent a year earlier.

The sector accounted for 53 percent of regionwide net job gains. Payrolls in the education and health services sector were 5.0 percent above the level as of the second quarter of 2019. Jobs in the sector increased in every area of the region as of the second quarter of 2024 except for the District of Columbia, where a slight decline of 0.2 percent from a year ago partially offset job gains ranging from 2.7 percent in Maryland to 5.2 percent in Virginia. Notable gains also occurred in the government, the leisure and hospitality, and the other services sectors, with increases of 57,200, 32,800, and 14,200 jobs, or 2.4, 2.2, and 2.1 percent, respectively, compared with the second quarter of 2023, when the sectors grew by respective rates of 5.5, 1.4, and 3.0 percent year over year. Payrolls declined in four sectors, offsetting overall job gains in the region. The professional and business services sector lost the most jobs as of the second quarter of 2024, falling by 5,400 jobs, or 0.2 percent, compared with the second quarter of 2023, when payrolls in the sector rose by 14,000 jobs, or 0.6 percent, year over year. The largest declines in the sector were in Maryland and Pennsylvania, where losses totaled 6,600 and 6,400 jobs, or 1.4 and 0.8 percent, respectively. Increases in

continued on page 3

As of the second quarter of 2024, the Mid-Atlantic region added jobs in 7 of the 11 nonfarm sectors relative to a year ago.

	Second Quarter		Year-Over-Year Change	
	2023 (Thousands)	2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	14,990.7	15,197.8	207.1	1.4
Goods-Producing Sectors	1,765.6	1,769.6	4.0	0.2
Mining, Logging, & Construction	765.6	766.8	1.2	0.2
Manufacturing	1,000.0	1,002.8	2.8	0.3
Service-Providing Sectors	13,225.1	13,428.2	203.1	1.5
Wholesale & Retail Trade	1,860.5	1,857.8	-2.7	-0.1
Transportation & Utilities	655.2	653.8	-1.4	-0.2
Information	231.2	227.4	-3.8	-1.6
Financial Activities	803.3	804.7	1.4	0.2
Professional & Business Services	2,452.8	2,447.4	-5.4	-0.2
Education & Health Services	2,677.1	2,787.7	110.6	4.1
Leisure & Hospitality	1,468.2	1,501.0	32.8	2.2
Other Services	673.4	687.6	14.2	2.1
Government	2,403.4	2,460.6	57.2	2.4

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



continued from page 2

Virginia and West Virginia, with respective gains of 8,500 and 400 jobs, or 1.1 and 0.5 percent, partially offset losses in Maryland and Pennsylvania.

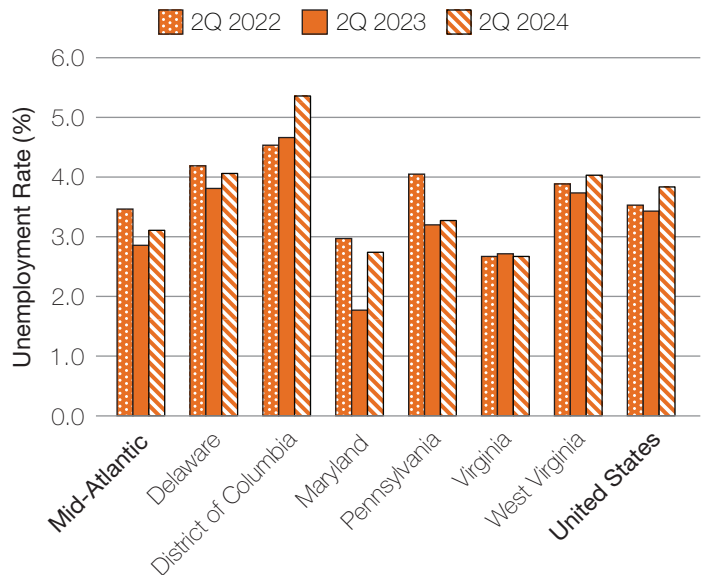
The unemployment rate in the region averaged 3.1 percent as of the second quarter of 2024, up from 2.9 percent a year earlier. Unemployment rates rose or were nearly unchanged throughout the region, with the largest percentage point increase in Maryland, rising from 1.8 to 2.7 percent. The 2.7-percent unemployment rates in Maryland and Virginia were the lowest in the region and below the national rate, which averaged 3.8 percent as of the second quarter of 2024. Unemployment rates in the remaining states in the region and the District of Columbia ranged from 3.3 percent in Pennsylvania, the only other state in the region with a rate lower than the national rate, to 5.4 percent in the District of Columbia.

As of the second quarter of 2024 —

- Pennsylvania added the most jobs in the region, up by 95,100 jobs, or 1.6 percent, year over year to 6.19 million, a slower gain than the 103,700 jobs, or 1.7 percent, a year earlier. The education and health services and the leisure and hospitality sectors had the largest payroll gains, up by 59,500 and 23,500 jobs, or 4.6 and 4.1 percent, respectively, accounting for a combined 87 percent of net job gains in the state.
- Virginia had the fastest year-over-year rate of job growth in the region, rising 2.1 percent, or by 85,700 jobs, compared with a 2.5-percent increase a year earlier. The education and health services and the government sectors led job growth, increasing by 29,700 and 17,800 jobs, or 5.2 and 2.4 percent, respectively.
- In Delaware and West Virginia, nonfarm payrolls rose by 7,100 and 11,700 jobs, or 1.5 and 1.6 percent, year over year to 490,000 and 720,000 jobs, respectively. The government sector led payroll growth in Delaware, up by 2,900 jobs, or 4.1 percent, from a year ago, whereas in West Virginia, the education and health services sector added the most jobs, increasing by 6,700 jobs, or 5.0 percent, year over year.

- Nonfarm payrolls in the District of Columbia rose by 3,100 jobs, or 0.4 percent, year over year, reflecting the smallest job gain in the region and slowing from an increase of 10,200 jobs, or 1.3 percent, a year earlier. Only 4 of the 11 sectors added jobs, with the largest gains in the other services and the government sectors, which were up by 2,400 and 2,100 jobs, or 3.6 and 0.9 percent, respectively, from a year ago.
- Job growth in Maryland was the slowest in the region, up 0.2 percent, or by 4,400 jobs, following a 1.5-percent year-over-year increase as of the second quarter of 2023. The government sector—the largest sector in the state, accounting for 20 percent of total nonfarm payrolls—increased the most, up by 13,800 jobs, or 2.6 percent, from a year ago, with 64 percent of the gains in the local government subsector.

In the Mid-Atlantic region, the unemployment rates in Maryland, Pennsylvania, and Virginia were below the national average rate as of the second quarter of 2024.



2Q = second quarter.
Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Sales market conditions in the Mid-Atlantic region were mixed, ranging from balanced to slightly tight as of the second quarter of 2024. Market conditions eased throughout the region during the past year compared with a year ago, partly because of rising mortgage interest rates contributing to reduced home sales demand. The 30-year, fixed-rate mortgage in the United States averaged 7.0 percent during the second quarter of 2024, up from an average of 6.5 percent during the second

quarter of 2023 and much higher than the 3.0-percent average in the second quarter of 2021 (Freddie Mac). The inventory of homes for sale in the region represented 2.5 months of supply as of June 2024, low but up from 1.2 months in June 2023 (CoreLogic, Inc.). The months of supply ranged from 1.9 in Virginia to 5.3 in the District of Columbia as of June 2024, up from 1.1 and 2.1 months a year ago, respectively.

continued on page 4



continued from page 3

Home sales in the region fell 15 percent to 415,000 during the 12 months ending May 2024, following a 23-percent decrease a year earlier (CoreLogic, Inc.). Home sales declined in all five states in the region and the District of Columbia, ranging from a 13-percent decrease each in Maryland and Pennsylvania to a 20-percent decrease in Delaware. The declines in home sales throughout the region have slowed from a year earlier, when home sales were down 16 to 27 percent. Declines in home sales in the metropolitan areas and metropolitan divisions cited in this report ranged from 6 to 17 percent during the 12 months ending May 2024 compared with declines ranging from 8 to 30 percent during the 12 months ending May 2023.

The average home sales price in the region was \$371,300 during the 12 months ending May 2024, up 5 percent from a year earlier compared with a 2-percent increase during the previous 12 months (CoreLogic, Inc.). Average home prices rose in all states in the region and the District of Columbia. Price increases ranged from 1 percent to \$790,600 in the District of Columbia to 7 percent to \$444,200 in Virginia. In Delaware and Pennsylvania, the average home price increased 3 and 4 percent to \$397,600 and \$287,200, respectively, compared with price increases of 11 and 4 percent a year earlier. The average home price in Maryland and West Virginia rose 5 percent each to \$435,800 and \$199,400, respectively, accelerating from 3 and less than 1 percent during the 12 months ending May 2023. Average home prices rose in all metropolitan areas and metropolitan divisions cited in this report, ranging from 2 percent in the Pittsburgh metropolitan

area to 8 percent each in the Morgantown, Richmond, and Virginia Beach-Norfolk-Newport News metropolitan areas.

The number of distressed home sales in the region decreased 1 percent during the 12 months ending May 2024 (CoreLogic, Inc.). The share of seriously delinquent mortgages and real estate owned properties was 1.0 percent in May 2024, down from 1.3 percent in May 2023 and below the 1.7-percent prepandemic rate in May 2019. By comparison, the national rate in May 2024 was 0.9 percent, down from 1.0 percent a year earlier and 1.4 percent in May 2019. Regionwide, the rates ranged from 0.7 percent in Virginia to 1.3 percent in the District of Columbia, with declines during the past year in all states in the region and the District of Columbia except for Virginia, where the rate was unchanged at 0.7 percent compared with a year ago.

As of the second quarter of 2024, homebuilding activity in the region, as measured by the number of single-family homes permitted, rose 1 percent from the second quarter of 2023 (preliminary data).

As of the second quarter of 2024 (preliminary data)—

- The largest increase in single-family home permitting in the region was in Virginia, up by 270 homes, or 5 percent, to 6,150 homes permitted. The Richmond metropolitan area accounted for 97 percent of the net gain in permitting in the state.

continued on page 5

During the 12 months ending May 2024, home sales fell throughout the Mid-Atlantic region, whereas average home sales prices rose compared with a year earlier.

	12 Months Ending	Number of Homes Sold			Average	Price		
		2023	2024	Percent Change		2023 (\$)	2024 (\$)	Percent Change
Baltimore-Columbia-Towson, MD; MSA	May	46,000	39,600	-14	AVG	\$370,900	\$392,000	6
Dover, DE; MSA	May	3,400	2,875	-15	AVG	\$316,600	\$327,600	3
Morgantown, WV; MSA	May	1,925	1,800	-6	AVG	\$252,700	\$273,000	8
Pittsburgh, PA; MSA	May	33,550	29,550	-12	AVG	\$241,800	\$246,500	2
Richmond, VA; MSA	May	23,800	21,400	-10	AVG	\$373,000	\$402,700	8
Virginia Beach-Norfolk-Newport News, VA-NC; MSA	May	33,550	28,800	-14	AVG	\$354,900	\$382,500	8
Philadelphia, PA; MD	May	29,900	26,600	-11	AVG	\$295,600	\$305,000	3
Montgomery-Bucks-Chester Counties, PA; MD	May	27,550	23,400	-15	AVG	\$488,800	\$520,500	6
Wilmington, DE-MD-NJ; MD	May	11,600	9,850	-15	AVG	\$314,900	\$331,700	5
Washington-Arlington-Alexandria, DC-VA-MD-WV; MD	May	69,550	58,750	-16	AVG	\$612,600	\$634,800	4
Silver Spring-Frederick-Rockville, MD; MD	May	18,000	15,000	-17	AVG	\$618,800	\$643,000	4

AVG = average. MD = metropolitan division. MSA = metropolitan statistical area.

Notes: All figures are rounded. Data include new and existing single-family homes, townhomes, and condominiums.

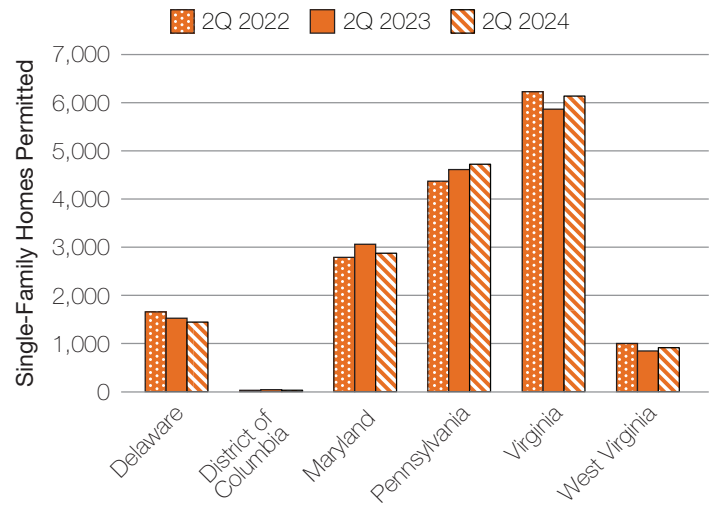
Source: CoreLogic, Inc.



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- In Pennsylvania and West Virginia, homebuilding activity was up by 100 and 65 homes, or 2 and 8 percent, to 4,725 and 930 homes, respectively. An increase of 75 homes, or 4 percent, occurred in the Philadelphia metropolitan division compared with a 16-percent decline as of the second quarter of 2023.
- Single-family home permitting in Delaware and Maryland declined by 90 and 190 homes, or 6 percent each, to 1,450 and 2,875 homes, respectively. The decline in homebuilding in the Baltimore-Columbia-Towson metropolitan area accounted for 97 percent of the decline in Maryland.
- In the District of Columbia, homebuilding activity decreased to 45 homes permitted, down from 50 homes as of the second quarter of 2023. An average of 65 homes were permitted in the second quarters of 2020 through 2023.

Single-family home permitting increased in the Mid-Atlantic region as of the second quarter of 2024 compared with a year ago, with increases in Pennsylvania, Virginia, and West Virginia.



2Q = second quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the major metropolitan areas in the Mid-Atlantic region ranged from soft to slightly tight as of the second quarter of 2024 compared with soft to balanced a year ago. Apartment vacancy rates decreased or were unchanged in six of the eight metropolitan areas cited in this report compared with a year ago. Annual rent growth was relatively unchanged at 2 to 3 percent in most areas, slightly higher than the 1-percent average increase in the nation (CoStar Group).

Conditions were soft or slightly soft in five of the eight areas highlighted in this report as of the second quarter of 2024, similar to a year earlier. In the Richmond metropolitan area, conditions were soft but improving; the vacancy rate decreased from 8.7 to 7.9 percent, and the average rent rose 3 percent to \$1,513 compared with a 1-percent year-over-year increase as of the second quarter of 2023. Slightly soft conditions persisted in the Washington-Arlington-Alexandria metropolitan area, where the vacancy rate was unchanged at 6.7 percent, but the average rent rose 4 percent to \$2,217 in response to increased absorption of units, the strongest rent increase among areas cited in this report. Conditions were slightly soft in the Philadelphia-Camden-Wilmington metropolitan area; the vacancy rate rose from 6.0 to 7.3 percent because the completion of 3,540 units outpaced the absorption of 3,090 units. The average rent in the Philadelphia area was \$1,761,

up 2 percent from a year earlier. In the Baltimore-Columbia-Towson metropolitan area, the vacancy rate declined from 7.2 to 6.9 percent, and the average rent increased 2 percent to \$1,676. Absorption of units more than doubled in the Baltimore area to more than 1,700 units a year, whereas the completion of units slowed. In the Morgantown metropolitan area, conditions were slightly soft compared with previously balanced conditions a year earlier; the vacancy rate rose from 5.9 to 7.1 percent, and the average rent increased 2 percent to \$1,026.

Conditions were balanced in the Pittsburgh and Virginia Beach-Norfolk-Newport News metropolitan areas, with vacancy rates of 5.8 and 6.3 percent, respectively. The vacancy rate in the Pittsburgh area declined from 6.2 percent a year ago, and the average rent rose 2 percent to \$1,336. The vacancy rate in the Virginia Beach area was unchanged, and rent growth slowed slightly to 3 percent to an average rent of \$1,501. Conditions tightened in the Dover metropolitan area, with a decrease in the vacancy rate from 6.1 to 4.6 percent, and rent growth slowed to 3 from 5 percent a year earlier to an average rent of \$1,562.

Multifamily building activity, as measured by the number of units permitted, decreased in the region as of the second quarter of 2024 from the same period a year earlier, despite increases in Maryland and West Virginia (preliminary data).

continued on page 6



continued from page 5

Average rents increased from a year ago throughout the major metropolitan areas in the Mid-Atlantic region as of the second quarter of 2024.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2023 (%)	2Q 2024 (%)	Percentage Point Change	2Q 2023 (\$)	2Q 2024 (\$)	Percent Change
Baltimore-Columbia-Towson, MD; MSA	Slightly Soft	7.2	6.9	-0.3	1,637	1,676	2
Dover, DE; MSA	Slightly Tight	6.1	4.6	-1.5	1,520	1,562	3
Morgantown, WV; MSA	Slightly Soft	5.9	7.1	1.2	1,004	1,026	2
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD; MSA	Slightly Soft	6.0	7.3	1.3	1,720	1,761	2
Pittsburgh, PA; MSA	Balanced	6.2	5.8	-0.4	1,306	1,336	2
Richmond, VA; MSA	Soft	8.7	7.9	-0.8	1,465	1,513	3
Virginia Beach-Norfolk-Newport News, VA-NC; MSA	Balanced	6.3	6.3	0	1,463	1,501	3
Washington-Arlington-Alexandria, DC-VA-MD-WV; MSA	Slightly Soft	6.7	6.7	0	2,139	2,217	4

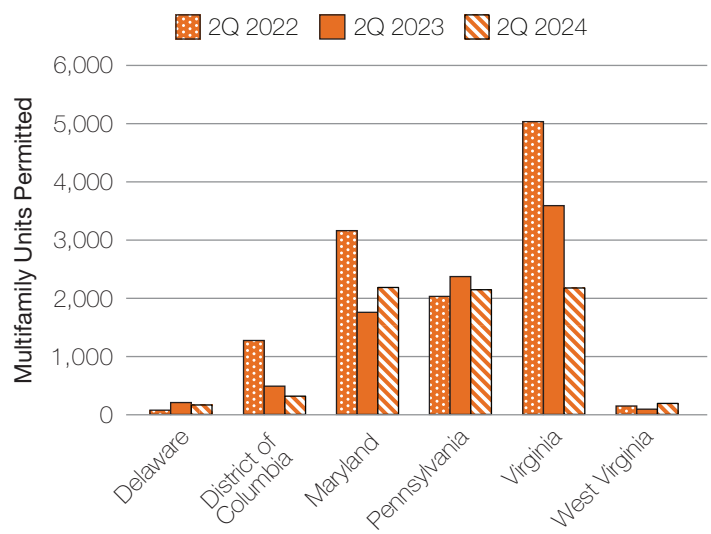
2Q = second quarter. MSA = metropolitan statistical area.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—CoStar Group

As of the second quarter of 2024 (preliminary data)—

- The number of multifamily units permitted in the region fell 16 percent from a year earlier, following a 27-percent decrease as of the second quarter of 2023. Similarly, multifamily construction in the nation declined 15 percent year over year as of the second quarter of 2024 after a 24-percent decrease during the previous year.
- Multifamily permitting in Virginia decreased by 1,400 units, or 39 percent, to 2,175 units. The Virginia Beach metropolitan area accounted for 37 percent of the net decline in permitting in the state, decreasing by 520 units, or 85 percent.
- The number of multifamily units permitted in Pennsylvania, the District of Columbia, and Delaware declined by 230, 170, and 45 units, or 10, 35, and 20 percent, to 2,150, 320, and 180 units, respectively. Permitting fell by 71 units, or 89 percent, in the Dover metropolitan area and by 220 units, or 13 percent, in the Philadelphia metropolitan area. Permitting in Bucks, Chester, and Philadelphia Counties contributed to the net decrease.
- In Maryland, the number of multifamily units permitted rose by 420 units, or 24 percent, to 2,200 units, despite a 33-percent decrease in permitting in the Baltimore metropolitan area. Multifamily permitting activity in West Virginia more than doubled to 200 units compared with 95 units a year earlier.

Virginia accounted for the largest year-over-year decrease in multifamily permitting in the Mid-Atlantic region as of the second quarter of 2024.



2Q = second quarter.

Note: Based on preliminary data.

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



Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
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	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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Decline	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
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.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized	A property is stabilized once the occupancy rate has reached 90 percent or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.

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.
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