

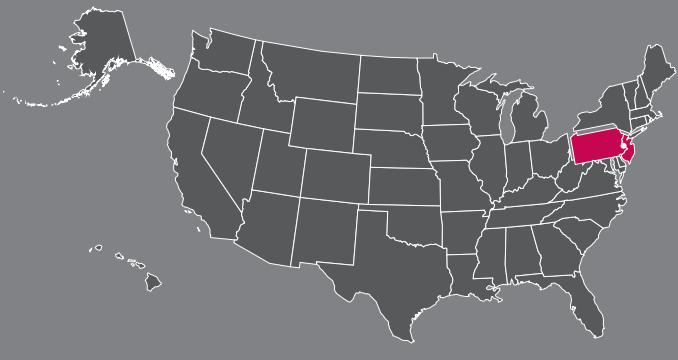
# HUD PD&R Housing Market Profiles

## Allentown-Bethlehem-Easton, Pennsylvania-New Jersey



### Quick Facts About Allentown-Bethlehem-Easton

- **Current sales market conditions: soft.**
- **Current apartment market conditions: balanced.**
- **The rate of growth in nonfarm payrolls in the metropolitan area during the 3 months ending July 2013 was higher than the rates of growth in Pennsylvania and New Jersey and in the Mid-Atlantic region.**



By Joseph Shinn | As of August 1, 2013

### Overview

The Allentown-Bethlehem-Easton metropolitan area, which comprises Carbon, Lehigh, and Northampton Counties in Pennsylvania and Warren County in New Jersey, is 50 miles north of Philadelphia and 80 miles west of New York City. The education and health services sector is the largest sector in the metropolitan area economy, and Lehigh Valley Health Network and St. Luke's University Health Network are the two largest employers in the metropolitan area, with 11,650 and 8,900 employees, respectively.

- As of August 1, 2013, the estimated population was 829,300.
- From July 2002 to July 2008, population growth averaged 9,575 people, or 1.2 percent, annually, and net in-migration averaged 7,750 people annually.
- Since July 2008, the population has increased by an average of 3,000, or 0.4 percent, annually, and net in-migration has averaged 1,625 people annually; the slower population growth rate and decreased net in-migration were because of weaker economic conditions than were recorded from 2002 through 2008.



The leisure and hospitality sector led recent nonfarm payroll growth in the Allentown-Bethlehem-Easton area.

	3 Months Ending		Year-Over-Year Change	
	July 2012 (thousands)	July 2013 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	346.6	355.5	9.0	2.6
Goods-producing sectors	48.9	50.3	1.4	2.8
Mining, logging, and construction	12.6	13.4	0.8	6.4
Manufacturing	36.4	36.9	0.6	1.6
Service-providing sectors	297.6	305.2	7.6	2.6
Wholesale and retail trade	53.6	53.8	0.2	0.3
Transportation and utilities	18.5	19.1	0.6	3.4
Information	5.8	5.7	-0.1	-1.2
Financial activities	15.2	15.1	-0.1	-0.7
Professional and business services	45.0	46.6	1.7	3.8
Education and health services	69.8	70.6	0.8	1.1
Leisure and hospitality	35.5	40.9	5.4	15.2
Other services	14.4	14.3	-0.2	-1.2
Government	39.8	39.1	-0.7	-1.8
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	6.8	6.4		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

## Economic Conditions

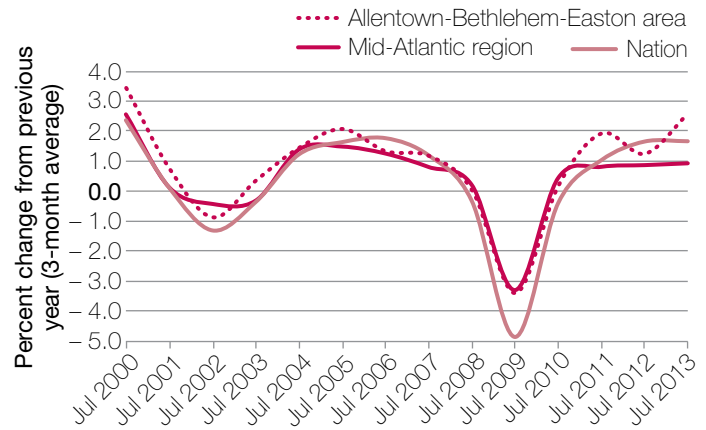
The Allentown-Bethlehem-Easton metropolitan area recorded strong job gains during the past 3 years after 2 years of significant losses.

During the 3 months ending July 2013—

- Nonfarm payrolls in the metropolitan area averaged 355,500, up by approximately 9,000 jobs, or 2.6 percent, compared with the number of jobs recorded during the 3 months ending July 2012.
- The leisure and hospitality and the professional and business services sectors recorded the greatest gains, increasing by 5,400 and 1,700 jobs, or 15.2 and 3.8 percent, respectively.
- The education and health services sector, the largest sector in the metropolitan area, with 20 percent of all nonfarm payrolls, added 800 jobs, a 1.1-percent increase.
- The unemployment rate in the metropolitan area averaged 6.4 percent, down from 6.8 percent during the 3 months ending July 2012.

A \$272 million, 8,500-seat hockey and events arena currently under construction in downtown Allentown is expected to be complete in mid-2014 and to create nearly 400 full- and part-time jobs.

Recent nonfarm payroll growth rates in the Allentown-Bethlehem-Easton area were higher than in the Mid-Atlantic region and the nation.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

Largest employers in the Allentown-Bethlehem-Easton area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lehigh Valley Health Network	Education and health services	11,650
St. Luke's University Health Network	Education and health services	8,900
Air Products and Chemicals	Manufacturing	3,500

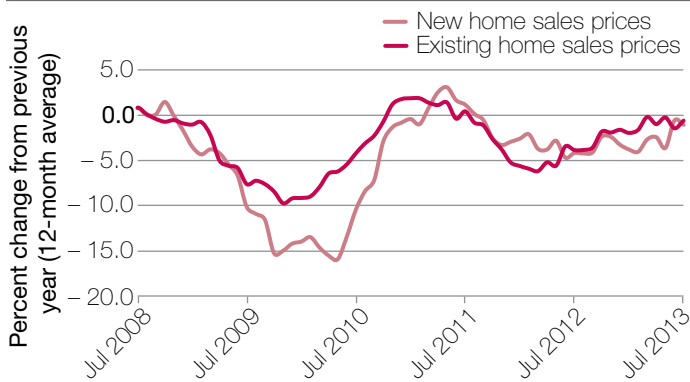
Note: Excludes local school districts.  
Sources: *The Morning Call*; Lehigh Valley Economic Development; Manta Media, Inc.



## Sales Market Conditions

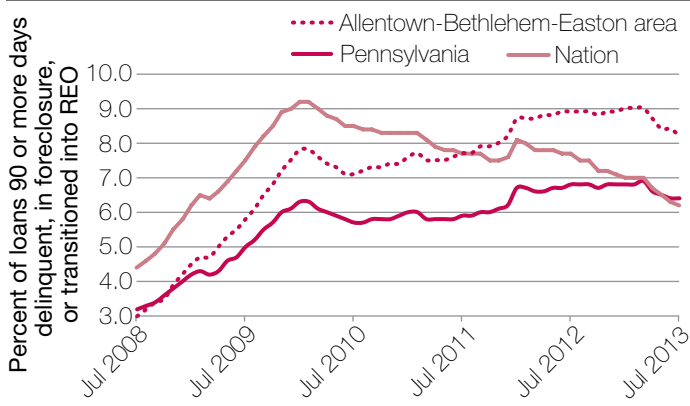
The sales housing market in the Allentown-Bethlehem-Easton metropolitan area is currently soft, with an estimated 2.2-percent vacancy rate. Approximately 9,400 existing single-family homes, townhomes, and condominiums sold during the 12 months ending July 2013, up 20 percent compared with the 7,825 existing homes sold during the 12 months ending July 2012 (Metrostudy, A Hanley Wood Company). By comparison, an average of 8,425 existing homes sold annually from 2008 through 2010. Despite an increase in sales volume, during the 12 months ending July 2013, the average sales price of an existing home was \$188,600, a decrease of less than 1 percent from the same period a year earlier and a 9-percent decrease compared with the average sales price from 2008 through 2010.

### New and existing home sales prices continued to decline in the Allentown-Bethlehem-Easton area, but the rate of decline slowed.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company

### Distressed loan rates remained higher in the Allentown-Bethlehem-Easton area than in the rest of Pennsylvania and the nation.

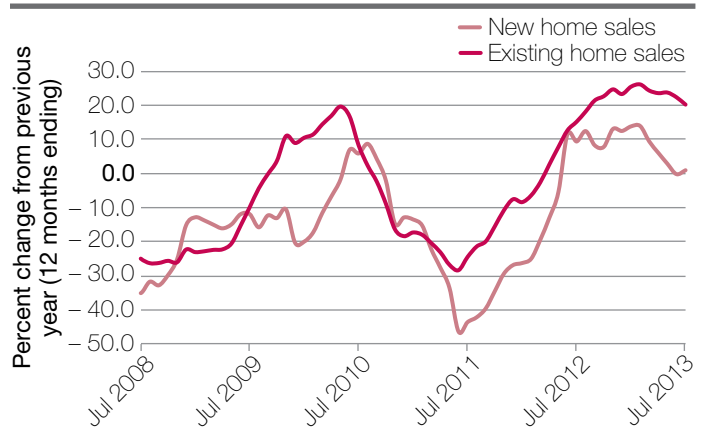


REO = Real Estate Owned.  
Source: LPS Applied Analytics

- Approximately 250 existing condominium units sold during the 12 months ending July 2013, a 17-percent increase from the number sold during the same period a year earlier; the average sales price was down 3 percent, to \$164,900 (Metrostudy, A Hanley Wood Company).
- During the 12 months ending July 2013, approximately 700 new single-family homes, townhomes, and condominiums sold, a 1-percent increase from the number sold during the same period a year earlier, and the average sales price declined 1 percent, to \$269,800.

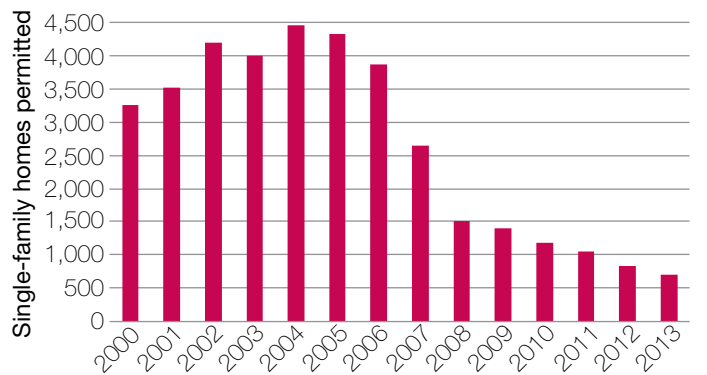
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### Existing home sales increased more than 20 percent, but the gain in new home sales moderated to approximately 1 percent in the Allentown-Bethlehem-Easton area.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company

### Recent single-family permitting activity in the Allentown-Bethlehem-Easton area remained much less than from 2000 through 2006.



Note: Includes preliminary data from January 2013 through July 2013.  
Source: U.S. Census Bureau, Building Permits Survey



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- REO (Real Estate Owned) sales accounted for 12 percent of all existing home sales during the 12 months ending July 2013, down from 13 percent during the previous 12-month period but up from an average of 4 percent from 2006 through 2008.
- As of July 2013, 8.2 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 8.9 percent a year earlier (LPS Applied Analytics).

Home construction activity, as measured by the number of single-family homes permitted, was up during the past 2 years.

- During the 3 months ending July 2013, approximately 320 homes were permitted, more than 45 percent of which were permitted in Lehigh County (preliminary data).
- The current level of construction activity is up 4 percent from the 3 months ending July 2012 but down 25 percent from the comparable periods from 2008 through 2010.
- Eagles Landing, a community in Nazareth, Northampton County, has completed 170 homes since 2008 and is expected to complete an additional 130 homes during the next 2 to 3 years; prices for four-bedroom, three-bathroom homes start at \$294,900.

## Apartment Market Conditions

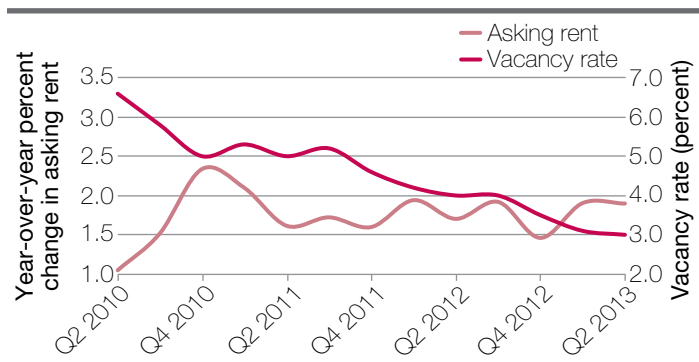
The apartment market in the Allentown-Bethlehem-Easton metropolitan area is balanced; conditions have improved since mid-2010.

- The average vacancy rate for market-rate apartments in the metropolitan area was 3.0 percent during the second quarter of 2013, down from 4.0 percent during the second quarter of 2012 (Reis, Inc.). During the second quarter of 2013, the average apartment asking rent was \$913, up 1.9 percent from the same period a year earlier.
- In the second quarter of 2013, the average apartment rents were \$794, \$978, and \$1,180 for one-, two-, and three-bedroom apartments, respectively.
- Since the second quarter of 2010, vacancy rates have declined from 6.6 to 3.0 percent, and the average asking rent has increased 5.3 percent, from \$867 to \$913.

Multifamily building activity, as measured by the number of units permitted, increased during the past 2 years.

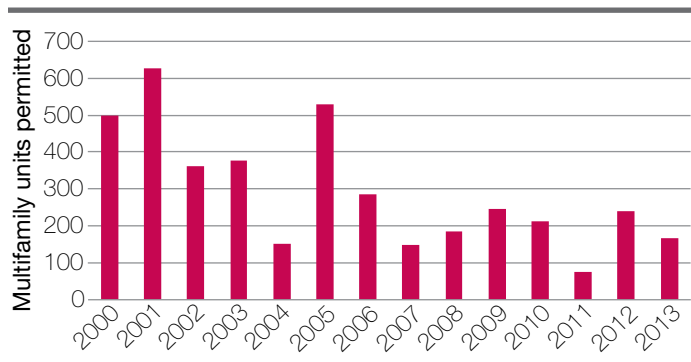
- Multifamily construction activity totaled 80 units permitted during the 3 months ending July 2013, up 37 percent compared with the number of units permitted during the same period a year earlier (preliminary data).
- During the 12 months ending July 2013, 280 units were permitted, a 25-percent increase from the 220 units permitted during the previous 12-month period.
- No condominium units have been permitted since 2009, after accounting for 35 percent of multifamily units permitted from 2004 through 2008.
- The Residences at Willow Ridge, in Northampton, has 220 apartment units under construction that are all expected to be complete during the next 3 to 6 months.
- Recent construction includes 216 units completed during 2012 at Woodmont Place at Palmer in Easton, Northampton County; rents for these one- and two-bedroom units start at \$1,250 and \$1,400, respectively.

### Apartment rents have increased and vacancy rates have decreased in the Allentown-Bethlehem-Easton area since mid-2010.



Source: Reis, Inc.

### Multifamily permitting in the Allentown-Bethlehem-Easton area has fluctuated since 2006.



Note: Includes preliminary data from January 2013 through July 2013.  
Source: U.S. Census Bureau, Building Permits Survey

