THINK REALTY

A REAL ESTATE OF MIND

BALTIMORE, MARYLAND
HOUSING MARKET BY THE NUMBERS

2018

BACKGROUND INFORMATION

The Baltimore Housing Market Area (HMA) is defined by HUD as "the independent city of Baltimore and six counties in Maryland."

The HMA is divided into three submarkets:

- **Baltimore City**
- **Northern Suburbs** of Baltimore County, Carroll County, and Harford County
- **Southern Suburbs** of Anne Arundel, Howard, and Queen Anne's Counties

The Baltimore metropolitan statistical area (MSA) is different and located along the I-95 corridor between Washington, D.C., and Philadelphia.

Why does this matter to investors?
When reading market reports and data, it is important to understand which areas of the region are being referred to in the analysis.

HUD predicts jobs in the area will grow at an annual rate of 1.7 percent "with relatively steady growth expected throughout the period [2016-2019]."

TURNING POINTS FOR THE BALTIMORE HMA

2011   The economy began to improve, and by 2013, the number of jobs had eclipsed the pre-recession peak.

2016-2019   HUD predicts jobs in the area will grow at an annual rate of 1.7 percent "with relatively steady growth expected throughout the period."

2016   Slightly more inventory available than elsewhere in the area, but that number has been declining since 2010. Only 950 homes were under construction with an estimated need for more than 11,000 in inventory by 2019.

2010   Point at which rental vacancies started trending downward. In 2016, HUD estimated a need for 8,650 new market-rate rentals, with only 2,750 under construction.

2014   Baltimore's Inner Harbor brought in 24.5 million domestic visitors who spent $5.2 billion cumulatively and created or sustained an estimated 82,400 jobs. Ongoing hospitality and tourism-based development in the area, including two casinos, further bolsters the tourism industry.

Note: Hospitality and tourism-based development workers are more likely to be renters than homeowners.

Why does this matter to investors?
In the Baltimore area, there is a significant renting population of steadily employed hospitality workers. Because tourism is more directly affected than other industries by consumer confidence, if you are investing in areas where this population resides, remember that economic swings or volatility will affect these tenants' and buyers' incomes more immediately than they will affect incomes in the government, educational, or health services sectors.

Regarding inventory, a shortage was developing as early as 2016, and the demand for housing remains strong.

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ACTIVE INVESTOR COMMENTARY:

"The market is hot, like 2004, again [in the Baltimore area]. Right now, it's a little troubling to see the number of rehabbers and wholesalers signing high volumes of contracts. I don't think the market can continue up at the rate it's going right now."

- Craig Fuhr, FlipClub

"The average price point for houses we rehab in southern Maryland [closer to D.C.] is somewhere around $300,000-$350,000. 40 miles up the road in Baltimore, those properties might have an average retail price of maybe $225,000…

"We work with 'older' inventory, and in suburban Maryland that might be a house built in the 1960s or 1970s, but lately we've had the pleasure of renovating houses built as recently as 2003. Baltimore housing inventory, however, can easily be 100 years old or older. It's very common to rehab houses that were build in the 1920s or 1930s, especially row houses."

- Vernon Vaughan, FairandFastHomeBuyers.com

These investors and many others participated in our extended study of the Washington D.C./Baltimore areas. That market breakdown is available in the April 2018 issue of Think Realty Magazine, which will be available in print at the Think Realty National Conference & Expo in Baltimore on April 14-15, 2018.

REGIONAL ECONOMIC INFORMATION:

Top employers:

- Federal government
- Health services
- Educational services

Why does this matter to investors?
Areas of the market that would be appealing or that are trending toward being appealing toward employees in these sectors are likely to be strong for investments. Look for:

- proximity to federal government, health service, and educational service employers by alternative transit methods
- proximity to federal government, health service, and educational service employers by automotive commute
- new developments or employers moving into the area
- communities starting to host these employee populations
- population and demographic preferences in terms of renting or owning (both in terms of what they want to do and what they are actually doing)

COLD, HARD HOUSING NUMBERS IN BALTIMORE, MARYLAND:

2% The increase in the number of houses sold in January 2018 vs. January 2017 in Baltimore City.[1]

13% The amount active inventory has fallen year-over-year in Baltimore City as of January 2018.[3]

**30%** The decrease in the number of houses sold December 2017 vs. January 2018 in Baltimore City.[2]

2,798,886: population of Baltimore MSA as of 2016. From 2014 (population 2,710,489) Baltimore's population increased for the first time in decades.[4]

This is noteworthy since the population of Baltimore City has been declining slowly but steadily for decades, even as household incomes grow.

[1]Long and Foster; [2]Long and Foster; [3]Long and Foster; [4]most recent Census data

## COLD, HARD HOUSING NUMBERS *(CONTINUED)*
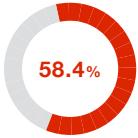
58.4% Percentage of residents in Baltimore who drive alone to work. About one in five use public transit, and the average commute time is just over 30 minutes.

This means the average worker in Baltimore is accustomed to a longer commute than the average worker nationally. It also means that access to public transit options could be a draw for renters and owners.

> **Baltimore is home to the 16th-fastest-gentrifying zip code in the country, 21224.**
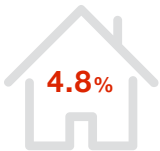
4.8% The months' supply of housing in Baltimore City as of January 2018. That is a decrease of 15 percent year-over-year.[5]

$239K
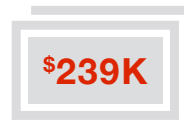
Median Home Value: February 2018
This is up 1.7 percent over December 2017.

38 Average number of days homes were on market in the Baltimore area in January 2018. *8 days fewer than January 2017.*

Why do these number matter to investors?
All these numbers are key economic and housing health indicators. Viewed in conjunction with one another, you may use them to make predictions about the best real estate investing strategies and target markets for you.

"TOP-OF-THE-LISTS"

• **Cumberland, Maryland,** is the most affordable metro area in the country[6] Cumberland is about two hours from Baltimore and Washington, D.C.

• **Baltimore, Maryland,** is home to the 16th-fastest-gentrifying zip code in the country, 21224.[7]

• **Baltimore, Maryland,** ranked 6th on the CreditCards.com study indicating metro areas with highest monthly credit card balances.

Why do these rankings matter to investors?
"Top" rankings, both good and bad, play a role in homebuyers' and renters' decisions to move into an area. However, remember that these reports are generated for the broad consumer population, not investors, and may be inappropriate for use as deciding factors in strategic decisions.

Hear a panel of local experts discuss the Baltimore market at the Think Realty Conference and Expo on April 14-15, 2018.
Click here to reserve your spot.