



Policy Development & Research

**Analysis of the
Hagerstown-Maryland,
Martinsburg-West
Virginia
Housing Market**

As of April 1, 2004



ECONOMIC RESEARCH

Foreword

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 be useful also 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 particular mortgage insurance proposals that may be under consideration in a particular locality or the housing market area.

The factual framework for this analysis follows the guidelines 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, any 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.

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: from 1990 to 2000, from 2000 to the as-of date of the analysis (Current date), and from the Current date to a Forecast date. The analysis presents counts and estimates of employment, population, households, and housing inventory as of the 1990 Census, 2000 Census, Current date, and Forecast date. For the purposes of this analysis the forecast period is 36 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in the demand-supply relationship given the market's condition on the as-of date of the analysis. This analysis was prepared by Kevin P. Kane, one of the Division's Field Economists in the Pennsylvania State Office in Philadelphia, based on fieldwork conducted in April 2004. Questions regarding the findings and conclusions of the analysis may be addressed to Mr. Kane at 215-656-0604, ext. 3027, and at kevin_p._kane@hud.gov.

Housing Market Area

The Hagerstown-Martinsburg Housing Market Area (HMA) consists of Washington County, Maryland, and Berkeley and Morgan Counties, West Virginia, and is coterminous with the Hagerstown-Martinsburg metropolitan statistical area. Located in western Maryland and the eastern panhandle of West Virginia, the HMA is approximately 70 miles from Baltimore, Maryland, and Washington, D.C. The HMA contains two submarkets: Washington County, which includes the city of Hagerstown, and the two West Virginia counties of Berkeley, which contains the city of Martinsburg, and Morgan.

Summary

The Hagerstown-Martinsburg HMA economy experienced a dramatic decline in unemployment during the 1990s. Since 2000, the unemployment rate has increased slightly to the current level of 4.4 percent. Approximately 22 percent of the jobs in the HMA are in the trade, transportation, and utilities sector, primarily because of the region's proximity to the Baltimore and Washington, D.C. metropolitan areas and accessibility to Interstates 70 and 81.

Increased levels of in-migration since 2000 have caused the rates of population and household growth to accelerate above the 1990 to 2000 rates. Relatively low housing prices compared to nearby counties, combined with historically low interest rates, have been the major factors for growth. As interest rates rise, in-migration will slow, leading to slight declines in the rates of population and household growth. The low cost of housing, however, will keep growth rates above the 1990 to 2000 rates.

The sales market remains strong, and high demand has been met with increased production. The number of homes sold in each county has increased every year since 2000 because of the increased level of household growth. Future housing growth trends will be impacted by local government policies, which differ significantly between Washington County and the West Virginia counties. During the next 3 years, there will be a demand for approximately 2,200 units of new sales housing each year. A slight overproduction in the rental market in recent years has caused vacancy rates to increase. A brief pause in construction of about 6 months will help reestablish balance in the market; production can then resume to a level of about 225 units a year for the remainder of the forecast period.

Economy of the Area

The HMA's labor force currently consists of 115,900 people, 4.4 percent more than in 2000. Significant levels of in- and out-commutation have a large impact on the area's available workforce. Within the HMA and the surrounding area, the pattern of commuting tends to be from the northwest to the southeast. Many residents in Franklin County, Pennsylvania, and Berkeley and Morgan Counties work in Washington County, particularly in the Hagerstown area, while a number of residents in Berkeley and

Washington Counties works in Jefferson County, West Virginia, Northern Virginia, or the D.C. suburbs.

During the 1990s, the unemployment rate declined dramatically from a high of 9.3 percent in 1992 to 3.0 percent in 2000. A similar trend occurred in Maryland during the decade, although the HMA had a slightly higher rate of unemployment through 1996 and a slightly lower rate of unemployment throughout the remainder of the decade. Since 2000, the unemployment rate in the HMA has risen to the current rate of 4.4 percent. Trends in labor force, employment, and unemployment from 1993 to the 12-month period ending in March 2004 are presented in Table 1.

As the center of economic activity in the HMA, Washington County accounts for approximately two-thirds of all jobs, a rate that has remained relatively constant for more than a decade. Agriculture, manufacturing, education and health care, and trade, transportation, and utilities are the major employment sectors in the region. According to the 2002 Census of Agriculture, 224,505 acres of land were designated for farming in the HMA, a 1.1 percent decline from the 1997 level. Using the market value of agricultural products sold as a basis of information, Washington County is oriented more toward livestock production, while the West Virginia counties specialize more in crop production.

Comparing the most recent 12-month average ending in September 2003 with the comparable period ending in 2002, the service-providing sector gained 1,000 jobs while the manufacturing sector lost 100 jobs. Despite the decline in manufacturing jobs, the manufacturing sector still accounts for almost 13 percent of the overall employment in the region. Mack Trucks, the largest manufacturing employer, has nearly 1,300 people on its payroll and is adding an additional 150 jobs by the end of 2007. The education and healthcare sector, which employs about 12,400 people, added 400 jobs, the largest gain of any sector. Washington County Health System, Inc., the largest employer in the HMA, employs nearly 2,900 people according to the Hagerstown-Washington County Economic Development Commission (HWEDC).

The financial activities sector, which employs 7,600 people, had an increase of 300 people from a year ago. Citicorp Credit Services and First Data Merchant Services collectively employ roughly 4,400 people in the HMA; Citicorp is expected to increase its workforce with 400 new jobs by the end of 2004, according to the HWEDC.

The trade, transportation, and utilities sector lost approximately 100 employees during the 12 months ending September 2003 but remains the largest employing sector in the HMA, accounting for 22.2 percent of the total number of jobs. Interstates 81 and 70, which provide excellent access to markets in eastern Maryland, Northern Virginia, and central Pennsylvania, contribute to maintaining a large number of jobs in this sector. A new FedEx facility in Washington County, combined with a new Home Depot regional distribution facility also in Washington County, will add an estimated 630 new jobs to the area in the next few years, according to the HWEDC. The Hagerstown Regional Airport's \$60 million runway extension project, which is expected to be completed by 2007, will enable larger planes to land at the airport.

The leisure and hospitality industry employs 8,000 people, 200 more than a year ago. Washington County is home to many parks and historic sites, most notably the Antietam Civil War National Battlefield. Morgan County's strong tourism component includes activities such as an annual water festival, and it is home to Berkeley Springs, one of the most prestigious small arts communities in the country. Morgan County is also a popular destination for hunting, fishing, skiing, and other outdoor activities.

While nearly all of the largest private employers are located in Washington County, almost all of the federal government jobs in the HMA are located in Berkeley County. The Veterans Administration Center, the largest federal employer in the area, employs 1,450 people, according to the Berkeley County Development Authority. The U.S. Coast Guard has two centers in the county, and the West Virginia Air National Guard, the Internal Revenue Service, and the Bureau of Alcohol, Tobacco, and Firearms each have a facility. The largest private employers in Berkeley County are City Hospital, Inc., Quad/Graphics, Inc., and General Motors Corporation. Morgan County does not have any large-scale private or federal employers comparable to Washington and Berkeley Counties. Trends in covered employment from 1990 to 2000 are presented in Table 2. Table 3 shows trends in covered employment from 2001 through the 12-month period ending September 2003.

Household Incomes

The 2000 Census reported median family income in Washington, Berkeley, and Morgan Counties to be \$48,962, \$44,302, and \$40,690, respectively. These figures represent an annual average increase of 4.1, 3.8, and 4.4 percent from their 1990 values of \$34,614, \$32,040, and \$28,252. As of fiscal year 2004, the HUD-estimated median family income for each county is \$54,400, \$53,600, and \$49,700, respectively.

Population

During the 1990s, population in the HMA increased by an annual average of 3,000 people per year, or 1.4 percent. Total population rose from 192,774 in 1990 to 222,771 in 2000. Nearly two-thirds of the growth occurred in Berkeley and Morgan Counties, which grew at a 2.4 percent annual rate, increasing from 71,381 to 90,848. Nearly all this growth occurred in Berkeley County. Morgan County remains relatively rural and undeveloped. Washington County, which had 121,393 people in 1990, grew by 0.8 percent a year during this same period, to 131,923 people at the end of the decade.

Nearly three-quarters of the growth in the HMA during the 1990s resulted from in-migration; the remaining growth came from net natural increase (resident births minus resident deaths). Almost 72 percent of the in-migration occurred in the Berkeley and Morgan Counties submarket as these counties continue to grow as bedroom communities for Washington County. Because of its lower cost of housing, the entire HMA has become a bedroom community for the Washington D.C. suburbs, particularly Frederick and Montgomery Counties in Maryland. In addition, Berkeley County has had significant growth since 1990 in the number of residents who work in Jefferson County, West

Virginia and Frederick County, Virginia. According to the 1990 Census Journey to Work data, the percentage of residents in each county in the HMA who worked in a different county was 38, 50, and 24 for Berkeley, Morgan, and Washington Counties, respectively. By 2000, these percentages increased to 44, 61, and 27.

The annual increase in population in the HMA attributed to net natural change declined during the first half of the 1990s but increased after 1995. This trend was caused by a similar pattern in the number of annual births, which declined in the early half of the decade, primarily because of a smaller percentage of people of childbearing age in the HMA. The 18- to 39-year-old age group constituted 35.5 percent of the overall population in 1990. This age group constituted 30.8 percent of a larger population in 2000. The number of annual births began to increase in 1995 as more people began to migrate into the area, and by the end of the decade the number of annual births was higher than at the beginning of the decade.

From 2000 to the Current date, population in the HMA increased by an average of 4,350, or 1.9 percent, annually. Berkeley and Morgan Counties still accounted for nearly two-thirds of the new growth, with a combined annual growth rate of 3.0 percent, while Washington County's growth rate increased to 1.1 percent a year. Low interest rates combined with a lower price of housing relative to the Washington, D.C. suburbs made in-migration an even larger component of growth during this period, accounting for 81 percent of the population growth in the HMA.

During the 3-year forecast period, the population is projected to increase by 4,375 people, or 1.8 percent, each year. The rate of in-migration will decrease slightly as interest rates begin to rise, although in-migration is projected to continue to account for 80 percent of the gains in population. The Berkeley and Morgan Counties submarket will continue to experience most of the gains in population, with nearly all the growth in Berkeley County.

During the 1990s, the nonhousehold population increased by 1,468 people. Correctional institutions, which increased by 1,508 people from 1990 to 2000, constitute the largest portion of nonhousehold population in the HMA. Most of the increase occurred in Washington County, which has three state prisons: the Roxbury Correctional Institution, the Maryland Correctional Training Center, and the Maryland Correctional Institution. All these facilities expanded in the early 1990s to allow for 384 additional inmates at each facility, or 1,152 total new inmates. During the 1990s, the prison population in Washington County, including state and local prisons, increased by 1,374 to a total of 7,271 inmates. Berkeley County's prison population, most of which is contained in the Eastern Regional Jail, increased by 134 inmates to a total of 261 by the end of the decade. Since 2000, the prison population in Washington County has declined slightly to an estimated 7,137, while Berkeley County's prison population has risen to 437.

Nursing homes account for the other major category of nonhousehold population in the HMA, with 1,375 residents. Approximately 77 percent of the nursing home residents live in Washington County, 14 percent in Berkeley County, and 9 percent in Morgan County. No new nursing homes or prison expansions are planned for the forecast period. The

trends in population changes from 1990 to the Forecast date for the HMA and its two submarkets are presented in Table 4.

Households

From 1990 to 2000, the number of households in the HMA increased from 71,843 to 85,440, an annual average growth of 1,350, or 1.7 percent. The two West Virginia counties accounted for approximately 63 percent of the overall household growth in the HMA. Berkeley and Morgan Counties averaged 2.8 percent annual growth, while Washington County had an annual average growth of 1.1 percent. Since 2000, the rate of household growth increased in the HMA to 2.4 percent a year due to higher levels of in-migration. A slightly lower rate of growth of an estimated 2.2 percent is expected throughout the 3-year forecast period as the rate of migration into the HMA is expected to slow a little from its recent pace. Growth in the West Virginia counties will continue to outpace growth in Washington County. The trends in household changes from 1990 to the Forecast date for the HMA and its two submarkets are presented in Table 4.

Housing Inventory

During the 1990s, the housing stock in the HMA increased by an average of 1,450 units each year. Sixty-two percent of the additions to the inventory were in Berkeley and Morgan Counties, with the remainder occurring in Washington County. During the 1990s, Washington County began to implement programs to preserve open space and farmland through a variety of zoning regulations and preservation districts. Washington County has been attempting to focus most of its growth in a designated Urban Growth Area that surrounds and includes the city of Hagerstown and contains about 37,700 acres of land. The county has imposed a moratorium on new subdivisions with more than five lots in rural areas. Any areas that were subdivided before the moratorium will not be affected by the new regulation, but construction will be impacted beyond the forecast period. All the growth in West Virginia has primarily been in Berkeley County. Morgan County is still very rural and has had no large-scale residential development. Unlike Washington County, Berkeley County does not have countywide zoning.

Since 2000, additions to the housing inventory have averaged 2,260 units a year, reflecting the increased levels of in-migration. From 2000 to 2003, an average of 2,400 permits were issued each year, almost 60 percent higher than the annual average of 1,530 permits from 1996 to 1999. Since 2000, 90 percent of the permits issued have been for single-family units, a proportion unchanged from the 1990s. The current total number of housing units in the HMA is estimated to be 103,000. Mobile homes, which accounted for approximately 10 percent of the housing inventory in 2000, continue to represent a significant element of the housing stock, but permits for new mobile homes since 2000 have slowed in each of the three counties, primarily because higher incomes and low interest rates have made single-family homes more attainable. Washington County instituted impact fees on new home construction at the end of 2003 to help pay for schools and infrastructure. Berkeley County has also considered adopting impact fees but currently does not have them. Table 5 presents the trends in housing inventory, housing

occupancy, and vacancy rates for the HMA and the two submarkets as of 1990, 2000, and the Current date. Table 6 provides building permit data for the HMA and its submarkets since 1994.

The city of Hagerstown has recently been considering ways to limit multifamily construction within the city limits, including a possible moratorium on apartments, and to encourage more home ownership. Annexation is a controversial issue in Washington County, as Hagerstown has annexed land surrounding the city in an effort to increase its tax base.

Housing Vacancy

Renter vacancy rates in the HMA decreased from 6.4 percent to 5.9 percent during the 1990s as demand outpaced growth in the rental inventory. Vacancy rates declined most dramatically in Berkeley and Morgan Counties, where the vacancy rate fell from 8.6 percent to 7.3 percent. Renter households grew by 2.7 percent each year in the Berkeley and Morgan Counties area, but the rental stock of housing increased by only 1.6 percent each year. In Washington County, vacancy rates also declined, but less dramatically, from 5.4 percent to 5.1 percent. Since 2000, the overall vacancy rate returned to the 1990 level of 6.4 percent. In 2002, 350 rental units were added to the inventory, which was more than the 200 units the market had been absorbing in recent years, causing the vacancy rate to increase. In addition, historically low interest rates made homeownership attainable for more households.

During the 1990s, vacancy rates in the sales market increased, rising to 2.0 percent from 1.7 percent at the beginning of the decade as additions to the inventory slightly outpaced the growth in owner households. The vacancy rate increased in both the Washington County and Berkeley and Morgan Counties submarkets. Since 2000, the vacancy rate in the HMA has remained constant as the overall sales market remains balanced. Higher levels of in-migration have been met with higher levels of housing unit production.

The HMA also has a large percentage of housing units classified according to the census as “for seasonal, recreational, or occasional use.” In 2000, about 3.2 percent of the overall housing stock in the HMA was in this category. Most of the units are located in West Virginia, with about 1,300 in Berkeley County and 1,200 in Morgan County. Both areas are popular vacation destinations for camping, hiking, skiing, and other outdoor activities. Table 5 presents vacancy data for owner and rental units in the HMA and both submarkets.

Sales Market Conditions

The sales market in the HMA remains strong with little unsold inventory because of increased in-migration, historically low interest rates, and an increasing amount of tenure shift from renters to owners. The low cost of housing relative to neighboring counties has been the principal reason for the in-migration. According to Metropolitan Regional Information Systems, Inc.[®] (MRIS), the average prices for homes (both new and existing)

sold in Washington, Berkeley, and Morgan Counties in 2003 were \$170,685, \$148,474, and \$130,567, respectively. Prices in nearby Maryland counties averaged between \$235,687 and \$362,997 in 2003; prices in neighboring Virginia and West Virginia counties averaged between \$202,982 and \$213,392. Since 2000, the average price of housing has increased every year in each county in the HMA, and the average price for the entire HMA rose from \$114,718 in 2000 to \$158,628 in 2003. From 2002 to 2003, the average price for a home in the HMA increased by 17.5 percent, with prices rising in Washington, Berkeley, and Morgan Counties by 18.4, 17.1, and 9.9 percent, respectively.

According to MRIS, 3,338 homes were sold in the HMA in 2003, a 10.5-percent increase from the 2002 level and a 41.9-percent increase from the number sold in 2000. In addition, since 2000, each county has experienced a dramatic decline in the average number of days a home was on the market. Berkeley County had the largest decline, going from 159 days in 2000 to 66 days in 2003, a 58-percent reduction.

Rental Market Conditions

The rental market has been absorbing about 200 units each year since 2000. In 2002, the market softened a little because of a slight overproduction of rental units, which caused the vacancy rate to increase. The HMA currently has 270 rental units under construction, including a 120-unit project in Berkeley County, which are scheduled to be completed in the next year.

Even with a softer market, none of the apartments contacted in the area were offering any significant concessions to attract residents. The current gross rents for market-rate rentals are \$580 for a one-bedroom unit, \$640 for a two-bedroom unit, and \$740 for a three-bedroom unit. More of the newer rental housing is located in Washington County in the area surrounding the city of Hagerstown. Rents for units in Berkeley County are slightly less than those in Washington County.

Nearly half of all renter households in the HMA reside in the cities of Martinsburg or Hagerstown, both of which have an older rental housing stock. Approximately 80 percent of the rental units in the two cities were built before 1980, and nearly half of this 80 percent were built before 1939.

Forecast Housing Demand

Based on anticipated economic and demographic conditions in the Hagerstown-Martinsburg HMA, estimates indicate a demand for approximately 6,600 new sales units (2,200 per year) during the next 3 years, with nearly all this demand occurring in Washington and Berkeley Counties. Rising interest rates will cause a slowdown in the market from the high levels of demand during the past few years, but relatively low prices compared to surrounding counties will continue to attract new households to the area. Households are estimated to grow by 2.2 percent throughout the forecast period, slightly less than the rate of growth that has occurred since 2000.

The rental market is currently a little soft due to overproduction. A brief pause in production of about 6 months is warranted to enable the market to absorb the excess vacant units and achieve a balance. Production can then resume at a level of about 225 units per year throughout the 3-year forecast period. Estimates of the annual qualitative demand for the HMA over the next 3 years for rental and sales housing are presented in Table 7 and Table 8.

Table 1
Labor Force and Total Employment
Hagerstown-Martinsburg HMA
1993 to April 1, 2004

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Previous 12 Mos. ^a	Current 12 Mos. ^b
Labor Force	102,600	101,400	104,000	108,500	108,900	108,300	109,300	111,000	113,600	115,700	115,600	115,800	115,900
Employment	94,300	94,900	97,700	102,800	103,700	103,800	105,500	107,600	109,200	110,300	110,300	110,500	110,800
Unemployment	8,225	6,550	6,325	5,700	5,250	4,475	3,750	3,375	4,400	5,325	5,300	5,325	5,150
Rate (%)	8.0	6.5	6.1	5.3	4.8	4.1	3.4	3.0	3.9	4.6	4.6	4.6	4.4

^a Ending March 2003.

^b Ending March 2004.

Note: Numbers have been rounded for comparison.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Table 2
Covered Employment
Standard Industrial Classification (SIC)
Hagerstown-Martinsburg HMA
1990 to 2000

Employment Sector	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total Covered	72,400	74,000	74,900	76,800	78,200	81,200	83,100	85,500	87,600	89,500	91,700
Construction	4,300	3,700	3,700	3,800	3,900	3,900	4,100	4,300	4,400	4,500	4,500
Manufacturing	12,400	13,100	13,000	13,100	12,600	12,600	12,500	12,600	13,600	14,400	15,100
Trans. & Pub. Utilities	3,600	3,800	4,000	4,100	4,000	4,200	4,100	4,000	4,100	4,400	4,500
Wholesale Trade	4,600	4,700	4,700	4,400	4,600	4,800	4,800	5,000	4,800	4,500	4,900
Retail Trade	16,400	16,700	15,900	16,200	16,600	17,600	17,800	17,400	17,400	17,500	17,800
Finance, Insur., & Real Estate	2,500	2,500	2,500	2,500	2,600	2,700	2,700	2,700	2,800	5,100	5,100
Services	15,200	15,600	16,400	17,800	18,900	20,200	21,500	24,100	24,900	23,300	23,600
Government	12,800	13,300	13,700	13,900	14,000	14,300	14,600	14,400	14,500	14,600	14,900
Federal	3,700	3,900	4,200	4,200	4,100	4,300	4,300	4,100	4,000	3,800	3,700
State	2,700	2,900	3,000	3,000	3,000	3,000	3,200	3,000	3,100	3,100	3,200
Local	6,400	6,500	6,600	6,700	6,900	7,000	7,100	7,300	7,500	7,800	8,000
Other	500	600	1,000	1,000	900	1,000	1,000	1,000	1,100	1,200	1,200

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

Sources: State of Maryland Department of Labor, Licensing, and Regulation
 West Virginia Bureau of Employment Programs

Table 3
Covered Employment
North American Industry Classification System (NAICS)
Hagerstown-Martinsburg HMA
2001 to September 2003

Employment Sector	2001	2002	Previous 12 Months ^a	Current 12 Months ^b
Total Covered	92,700	93,500	93,200	94,100
Goods-Producing	18,200	17,900	17,900	17,800
Nat. Res., Mining, & Const.	5,400	5,600	5,600	5,800
Manufacturing	12,900	12,300	12,300	12,100
Service-Providing	59,300	60,300	60,100	61,000
Trade, Trans., & Utilities	20,600	21,100	21,000	20,900
Information	2,600	2,400	2,400	2,500
Financial Activities	7,300	7,300	7,300	7,600
Prof. & Business Svcs.	6,800	7,000	7,000	7,000
Education & Health Care	11,500	12,100	12,000	12,400
Leisure & Hospitality	7,900	7,700	7,800	8,000
Other Services	2,600	2,600	2,600	2,600
Government	15,000	15,300	15,200	15,300
Federal	3,600	3,600	3,600	3,600
State	3,400	3,400	3,400	3,400
Local	8,100	8,300	8,200	8,300
Unclassified	0	0	0	0

^a Ending September 2002.

^b Ending September 2003.

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

Source: U.S. Department of Labor, Bureau of Labor Statistics

Table 4
Population and Household Trends
Hagerstown-Martinsburg HMA
1990 to April 1, 2007

	April 1, 1990	April 1, 2000	Current Date	Forecast Date	Average Annual Change					
					1990 to 2000		2000 to Current		Current to Forecast	
					Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
Population										
Hagerstown-Martinsburg HMA	192,774	222,771	240,200	253,300	3,000	1.4	4,350	1.9	4,375	1.8
Washington County Submarket	121,393	131,923	137,800	141,800	1,050	0.8	1,475	1.1	1,325	1.0
Berkeley and Morgan Counties Submarket	71,381	90,848	102,500	111,400	1,950	2.4	2,925	3.0	2,975	2.8
Households										
Hagerstown-Martinsburg HMA	71,843	85,440	94,000	100,500	1,350	1.7	2,150	2.4	2,175	2.2
Washington County Submarket	44,762	49,726	53,000	55,300	500	1.1	825	1.6	775	1.4
Berkeley and Morgan Counties Submarket	27,081	35,714	41,000	45,100	850	2.8	1,325	3.5	1,375	3.2

Notes: Rate of change calculated on a compound basis.
Annual averages may not add to totals due to rounding.
Sources: 1990 and 2000, U.S. Census Bureau
Current and Forecast: Estimates by analyst

Table 5
Housing Inventory, Tenure, and Vacancy
Hagerstown-Martinsburg HMA
1990 to April 1, 2004

	Hagerstown-Martinsburg HMA			Washington County Submarket			Berkeley and Morgan Counties Submarket		
	1990	2000	Current	1990	2000	Current	1990	2000	Current
Total Housing Inventory	79,590	93,961	103,000	47,448	52,972	56,600	32,142	40,989	46,400
Occupied Units	71,843	85,440	94,000	44,762	49,726	53,000	27,081	35,714	41,000
Owners	48,817	59,683	67,300	28,577	32,637	35,400	20,240	27,046	32,000
%	67.9	69.9	71.7	63.8	65.6	66.7	74.7	75.7	78.1
Renters	23,026	25,757	26,600	16,185	17,089	17,600	6,841	8,668	9,000
%	32.1	30.1	28.3	36.2	34.4	33.3	25.3	24.3	21.9
Vacant Units	7,747	8,521	9,075	2,686	3,246	3,615	5,061	5,275	5,440
Available Units	2,403	2,830	3,225	1,298	1,468	1,690	1,105	1,362	1,540
For Sale	842	1,227	1,400	378	543	590	464	684	810
Rate (%)	1.7	2.0	2.0	1.3	1.6	1.6	2.2	2.5	2.5
For Rent	1,561	1,603	1,825	920	925	1,100	641	687	730
Rate (%)	6.4	5.9	6.4	5.4	5.1	5.8	8.6	7.3	7.5
Other Vacant	5,344	5,691	5,850	1,388	1,778	1,925	3,956	3,913	3,900

Note: Numbers may not add to total due to rounding.
Sources: 1990 and 2000, U.S. Census Bureau
Current: Estimates by analyst

Table 6
Residential Building Permit Activity
Hagerstown-Martinsburg HMA
1994 to April 1, 2004

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^a
Hagerstown-Martinsburg HMA											
Total	1,640	1,294	1,528	1,577	1,413	1,606	1,653	2,213	2,907	2,832	862
Single-family	1,452	1,171	1,271	1,309	1,360	1,480	1,467	2,022	2,560	2,636	708
Multifamily	188	123	257	268	53	126	186	191	347	196	154
Washington County Submarket											
Total	656	544	640	601	676	642	721	986	1,235	1,105	263
Single-family	570	470	604	589	638	594	559	834	978	1,001	240
Multifamily	86	74	36	12	38	48	162	152	257	104	23
Berkeley and Morgan Counties Submarket											
Total	984	750	888	976	737	964	932	1,227	1,672	1,727	599
Single-family	882	701	667	720	722	886	908	1,188	1,582	1,635	468
Multifamily	102	49	221	256	15	78	24	39	90	92	131

^a Includes jurisdictions reporting on a monthly basis through March 2004 only.

Source: U.S. Census Bureau, C40 Construction Series

Table 7
Estimated Qualitative Annual Demand for New Market-Rate Rental Housing
Hagerstown-Martinsburg HMA
April 1, 2004 to April 1, 2007

One Bedroom		Two Bedrooms		Three Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
580	57	640	91	740	75
630	49	690	76	790	61
680	45	740	68	840	56
730	40	790	58	890	50
780	33	840	48	940	45
830	27	890	38	990	39
880	21	940	30	1,040	34
980	16	1,040	24	1,140	29
1,080	12	1,140	19	1,240	25
1,180	0	1,240	14	1,340	15
1,280	0	1,340	11	1,440	0
1,380 or more	0	1,440 or more	0	1,550 or more	0

Notes: Distribution above is noncumulative.
Demand of fewer than 10 units is shown as 0.
Numbers have been rounded for comparison.

Source: Estimates by analyst

Table 8
Estimated Qualitative Annual Demand for New Market-Rate Sales Housing
Hagerstown-Martinsburg HMA
April 1, 2004 to April 1, 2007

Price Range (\$)	Units of Demand
Less than 70,000	207
70,000–99,999	379
100,000–124,999	376
125,000–149,999	396
150,000–174,999	266
175,000–199,999	172
200,000–249,999	191
250,000–299,999	102
300,000–399,999	70
400,000–499,999	24
500,000–749,999	17
750,000–1,000,000	0
1,000,000 and higher	0
Total	2,200

Source: Estimates by analyst