COMPREHENSIVE MARKET ANALYSIS REPORTS

PD&R
Policy Development & Research

Analysis of the Montgomery-Frederick, Maryland Housing Market

As of February 1, 2005

ECONOMIC RESEARCH

U.S. Department of Housing and Urban Development

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 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 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.

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—February 1, 2005 (Current date)—and from the Current date to a Forecast date—February 1, 2008. In the analysis, 1990 and 2000 refer to the dates of the decennial census—April 1 unless specified otherwise. This 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 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 conditions on the as-of date of the analysis. This analysis was prepared by Kevin P. Kane, one of the Division's Field Economists in HUD's Philadelphia Office, based on fieldwork conducted in February 2005. 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 Montgomery-Frederick, Maryland Housing Market Area (HMA) is coterminous with the Bethesda-Frederick-Gaithersburg metropolitan division and is part of the larger Washington-Arlington-Alexandria Metropolitan Statistical Area. The HMA is composed of two Maryland counties—Montgomery and Frederick—which, in this analysis, are treated as separate submarkets.

Located on the western side of Maryland, the HMA is separated from Virginia by the Potomac River. Frederick County, which lies to the north of heavily developed Montgomery County, is more rural in nature and contains the historic city of Frederick. Bethesda, Gaithersburg, Rockville, and Silver Spring are the primary cities in Montgomery County, which is adjacent to the District of Columbia (Washington, D.C.).

Summary

The Montgomery-Frederick, Maryland HMA sales market is strong, because demand for housing near Washington, D.C., remains high. Home prices rose by 20 percent from a year ago, and homes on the market sold in less than 30 days on average throughout most of the HMA. Despite greater home production, demand continues to outpace supply. In response to a higher demand for sales units near Metro rail stations and the District of Columbia, condominium development increased in Montgomery County after 2000. Single-family construction increased in Frederick County where housing prices are relatively more affordable than in Montgomery County. During the 3-year forecast period, demand for approximately 15,600 homes is expected.

The rental market has become more balanced since 2000 because of increased production. The vacancy rate for the HMA rose from 3.6 percent to a current estimated rate of 4.6 percent. During the past 5 years, several multifamily projects converted from rentals to condominiums before completion. If this trend continues, the market will tighten, although more than 3,000 rental units are anticipated to begin leasing during the next 3 years. Demand for nearly 4,050 new rental units is expected during the 3-year forecast period.

The economy of the Montgomery-Frederick HMA maintains steady growth and stability because of its diversity and the influence of the federal government. The unemployment rate is consistently below the rate for the state of Maryland. Significant amounts of in- and out-commutation play a large role in the economy of the HMA, because the HMA is both a bedroom community for Washington, D.C., and a growing employment center. Employment is anticipated to grow at a higher rate during the forecast period than it has grown since 2000.

The rates of population and household growth have increased since 2000. Compared to the average annual rate during the 1990s, 3,000 more people are migrating to the HMA each year, and the gains from net natural increase (resident births minus resident deaths) have increased by nearly 500 a year. Household growth is expected to remain strong throughout the forecast period.

Economy of the Area

The economy of the HMA is closely connected to the economy of Washington, D.C. According to 2000 Census data, nearly one in five workers in the HMA, most from Montgomery County, commute to the nation's capital for employment.

Professional and business services; trade, transportation, and utilities; education and healthcare services; and leisure and hospitality are the leading employment sectors in the diverse economy of the HMA. With 108,000 jobs, 1.2 percent more than a year ago, professional and business services is the largest sector. It includes government contractors and related service-providing companies. According to the Montgomery County Department of Economic Development, more than 2,000 information technology companies, such as Avaya and IBM, are located in the county. Bechtel, a global engineering, construction, and telecommunications company, recently moved its headquarters from San Francisco to the city of Frederick and is expected to generate 1,800 jobs in the HMA.

About 8 percent of the 536,800 jobs in the HMA are with the federal government. The largest employer is the National Institutes of Health with more than 18,600 employees. The Maryland-National Capital Park and Planning Commission (M-NCPPC) estimates that the federal government contributed $13.3 billion to Montgomery County's economy in fiscal year (FY) 2003 in the purchase of goods and services, wages and salaries, retirement and benefits, and grants. Other federal agencies located in the market area include the Food and Drug Administration (4,600 employees), the National Institute of Standards and Technology (3,000 employees), the National Oceanic and Atmospheric Administration (2,500 employees), and the Naval Surface Warfare Center (1,700 employees). The Fort Detrick Campus in Frederick, which contributes an estimated $500 million to the local economy each year, has nearly 8,000 employees representing 38 different agencies, including the National Cancer Institute.

Montgomery County is the state leader in the field of biotechnology with more than 140 companies and 11,000 jobs. According to the M-NCPPC, this industry has grown by 5 percent in Montgomery County in each of the past 2 years. In Frederick County, 3,000 people work in the biotechnology industry.

The education and healthcare services sector added 2,000 jobs during the past year, more than any sector. The leisure and hospitality sector, which benefits from the area's close proximity to Washington, D.C., and historic Frederick city, grew by 1.7 percent from a year ago.

Since 1990, more than 100,000 jobs were created in the HMA, generating significant in-commutation from Maryland counties such as Prince George's and Howard, as well as from Fairfax County, Virginia. Nearly 83 percent of the jobs in the HMA are located in Montgomery County. Overall job growth has slowed since 2000 compared to the rate during the 1990s, because gains were offset by losses in certain sectors, primarily manufacturing and information sectors. For the 12 months ending September 2004 (the most recent period of data available), average total covered employment was 536,800, representing gains of less than 1 percent from the previous year. Trends in covered employment from 1990 to 2000, by Standard Industrial Classification categories, are presented in Table 2. Table 3 shows trends from 2001 through the 12-month period ending September 2004, by North American Industry Classification System categories.

Covered employment is projected to increase by an average of 1.6 percent a year during the next 3 years, higher than the 1.4-percent rate since 2000. Growing biotechnology and information technology industries in Montgomery County, as well as the relocation of Bechtel's headquarters to Frederick County, will help accelerate job creation in the HMA. Continued high levels of population growth will also increase the demand for additional services throughout the HMA.

During the 1990s, labor force and resident employment increased at annual rates of 1.2 percent and 1.3 percent, respectively. Since 2000, annual labor force growth has been stable at 1.1 percent, resulting in a current level of 614,600 people in the labor force, although gains in annual employment declined slightly to 1.0 percent. The unemployment rate, which has been consistently lower than the Maryland state average, is currently 2.5 percent. Employment growth is expected to return to a 1.3-percent rate during the 3-year forecast period. Trends in labor force, employment, and unemployment from 1990 to the 12-month period ending in January 2005 are presented in Table 1.

Household Incomes

The 2000 Census reported median family incomes in Montgomery and Frederick Counties to be $84,035 and $67,879, respectively. These income levels reflect average annual increases of 3.0 percent and 3.9 percent, respectively, during the decade. For FY 2005, HUD estimated the median family income for the Washington, D.C. metropolitan area, which includes the HMA as well as additional counties in Maryland, Virginia, and West Virginia and the District of Columbia, to be $89,300, a 4.6-percent increase from the previous year.

Population

As of February 1, 2005, approximately 1,161,600 people were living in the HMA, an average annual increase of 1.7 percent, or 19,300 people, since the 2000 Census. During the 1990s, the population increased by about 15,600 a year, or 1.6 percent annually. Montgomery County's population is currently estimated to be 940,000, more than four times the estimated 221,600 people living in Frederick County.

The population in Montgomery County rose from 762,183 in 1990 to 873,341 in 2000, a 1.4-percent annual rate of growth, or about 11,100 each year. During the 1990s, net natural increase accounted for 66 percent of the total population gains, with the remaining percentage coming from net in-migration. Since 2000, the county population has increased by about 13,800 people a year, with an estimated 60-percent increase in the rate of net in-migration. Net natural increase accounted for only 57 percent of the total increase.

During the 1990s, the population in Frederick County increased at a rapid rate of 2.6 percent annually. This rate continued through the Current date with an estimated increase of 5,500 people each year since 2000. Unlike Montgomery County's population growth, Frederick County's growth is largely attributed to net in-migration, which has been the county's largest component of population growth, accounting for 67 percent of the gain during the 1990s and 70 percent of the gain since 2000. Because housing is relatively more affordable in Frederick County than in Montgomery County, commuters are willing to travel the longer distance to jobs near or in Washington, D.C. The county recently added two new train stations, extending Maryland Rail Commuter service from the city of Frederick to Union Station in Washington, D.C.

During the next 3 years, population growth in the HMA is expected to remain strong, increasing at a rate of 1.5 percent and resulting in an estimated 1,216,600 people by February 1, 2008. Montgomery County will add about 12,900 people a year and Frederick County will add 5,400 annually. Table 2 presents population trends from 1990 to the Forecast date for the HMA and its two submarkets.

Households

During the 1990s, the rate of household growth for the HMA was 1.6 percent annually, or 5,800 households each year. The number of households increased from 336,916 to 394,625. Nearly 69 percent of the growth occurred in Montgomery County, although the annual rate of growth in Frederick was much higher than in Montgomery—2.9 percent compared with 1.3 percent. Since 2000, households have been added to the HMA at a rate of 6,100 a year, resulting in 424,100 households as of the Current date; Montgomery County added 4,200 each year and Frederick added 1,900 a year. The average household size in the HMA has been increasing since 2000. Increases in the number of births and the significant amount of international migration into the HMA are the two primary factors for the change in size. From 1997 through 2003, the M-NCPPC estimates that 56 percent of the county's population growth was generated by foreign-born residents.

During the 3-year forecast period, the HMA is expected to add 5,900 new households annually. Montgomery County will add 4,000 a year and Frederick will add 1,900. Household size should continue to increase as well throughout the forecast period. By February 1, 2008, 441,900 households will be in the HMA, with nearly 81 percent residing in Montgomery County. The trends in households 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 nearly 5,500 units a year, resulting in a total of 407,649 units in 2000. Slightly more than half the additions to the inventory were single-family detached units. Single-family permits represented 77 percent of all building permits during the decade, and 23 percent of the permits were for multifamily units. Since 2000, 32 percent of new permits have been for multifamily units with all the increase located in Montgomery County. Currently, an estimated 437,500 housing units are in the HMA.

Nearly 67 percent of the new units added from 1990 to 2000 were in Montgomery County. Total housing units increased by 36,700, with more added during the second half of the decade. A little more than one-third of the single-family dwellings added during this period were attached, reflecting the significant number of townhomes built in the county. With increased construction of high-density structures, multifamily permits have accounted for 41 percent of all building permits since 2000, versus 28 percent during the 1990s. Condominiums and high-rise apartments have grown in popularity, particularly those in proximity to Metro rail stations or in areas closer to Washington, D.C. Currently an estimated 355,550 units are in Montgomery County.

The annual number of single-family permits in Montgomery County has declined since 2000 to an average of 2,745 a year compared with 2,960 during the latter half of the 1990s. Rising home prices have made condominiums more attractive. In addition, the supply of developable land in Montgomery County is quickly diminishing. The planning department estimates that 70,000 acres of developable land are available under current zoning guidelines and, although there is not an immediate concern, development may be restricted in the future. Several communities in the county have exhausted their supply of developable land, forcing them to redevelop existing parcels to accommodate new construction.

Frederick County has had consistently high levels of new construction since 1990. During the 1990s, the county added approximately 20,000 new housing units. Most were single-family homes, with townhomes representing about 30 percent. Activity since 2000 has remained constant with building permits averaging 2,000 a year, the same as during the 1990s, but with a shift toward more single-family homes. From 2000 to the Current date, single-family permits rose to 92 percent of total permits compared with 86 percent during the 1990s. Currently, an estimated 81,950 housing units are in the county. Available land is not an issue in Frederick County, since it is not as developed as Montgomery County.

Water supply issues have affected growth in Frederick city. A water moratorium was issued in 2001 because of water supply constraints, which had a negative impact on development within the city. The moratorium was repealed in 2003 and the city is currently operating under a water allocation ordinance. According to local officials, construction has begun on a pipeline that will bring water into the city from the Potomac River, doubling the water supply in the city. The project is expected to be completed in 2006.

Table 5 presents the trends in housing inventory, occupancy, and vacancy rates for the HMA and its two submarkets as of 1990, 2000, and the Current date. Table 6 provides building permit data for the HMA and its submarkets since 1990.

Housing Vacancy

Both the sales and rental markets tightened in the HMA during the 1990s, as demand outpaced supply. Total housing units available for rent or purchase fell from 11,166 in 1990 to 7,224 in 2000. Vacant units available for rent fell by 3,050, resulting in the vacancy rate decreasing from 6.5 percent to 3.6 percent. Although rental vacancy rates declined in both submarkets during this period, the drop was much greater in Montgomery County, decreasing from 6.7 percent to 3.3 percent in 2000. Because of an increase in rental construction since 2000 in Montgomery County, the annual rental survey conducted by the M-NCPPC estimated the 2004 rental vacancy rate to be 5.5 percent. As of the Current date, the rental vacancy rate in the county is estimated to be 4.5 percent. In contrast, rental construction slowed in Frederick County after 2000, reducing the vacancy rate to 5.0 percent. As of February 1, 2005, the rental vacancy rate for the entire HMA is estimated to be 4.6 percent.

During the 1990s, the sales market vacancy rate in the HMA declined from 1.6 to 1.0 percent; the number of available units for sale fell from 3,710 to 2,818. All the tightening of the sales market occurred in Montgomery County, where the rate fell from 1.7 percent to 0.9 percent. In Frederick County, production during the decade slightly outpaced demand, causing the rate to rise from 1.0 percent to 1.5 percent. Table 5 presents vacancy data for owner and rental units in the HMA and its submarkets.

Sales Market Conditions

The Montgomery-Frederick HMA sales market is strong. Since 2000, production has not kept up with rising demand, resulting in elevated prices and reduced vacancy rates. Increased in-migration and higher levels of net natural increase resulted in greater household growth. In addition, low interest rates helped to continue the trend toward home ownership that occurred during the 1990s, resulting in even higher levels of demand for owner units.

During the most recent 12 months through January 2005, 22,576 homes sold in the HMA, according to the Maryland Association of REALTORS®, up 9 percent from the previous 12 months. Home prices rose by 19 percent during this period from an average of $338,604 to $402,025. Total homes sold in Montgomery County increased by about 1,400 from a year ago and the average price rose by 18 percent, slightly less than the HMA average due to an increase in sales of less expensive condominium units. Frederick County sales rose by 9 percent, and, as single-family production increased, the prices increased by 22 percent. Over the past year, a home was on the market for an average of 27 days in Montgomery County and 32 days in Frederick County.

Prices for newly constructed units in the HMA are high. In Montgomery County, the median price for a two-story, single-family home is $668,000 and for a townhome is $414,100. Some of the newest construction in the county is occurring in Clarksburg, where townhomes with two-car garages are selling for $530,000. The condominium market has been strong because units are relatively affordable, located near Metro rail stations, and close to Washington, D.C. The starting price for a new one-bedroom condominium is $350,000. The demand for condominiums is so high that production is unable to keep pace. In recent years, many multifamily projects originally designed to become rental units in areas such as Rockville and Bethesda have converted to condominiums before entering the market.

Homes in Frederick County are not as expensive as those in Montgomery County, so Frederick County has become an attractive option for homebuyers willing to commute a longer distance. The median price for a newly constructed home in Frederick is about $500,000. According to local sources, few condominiums and townhome units are being constructed in the county. A 3,300-unit development, the Villages of Urbana, which is one of the county's largest developments, is expected to be completed by 2010. Currently, 1,320 single-family homes have already been built, and the remainder will be a mix of condominiums, townhomes, and single-family homes. Condominium sales prices are expected to start at $275,000.

The strong sales market is expected to continue throughout the forecast period. First-time homebuyers will continue to have difficulty purchasing in this market because prices are expected to continue to escalate. Household growth will remain strong along with a continued shift toward home ownership.

Rental Market Conditions

The rental market in the Montgomery-Frederick HMA has become more balanced in recent years. Increased production, particularly in Montgomery County, where nearly 6,000 additional rental units were added since 2000, has raised the vacancy rate from 3.6 percent to a current estimated rate of 4.6 percent. Most of the recent supply has been added in the areas of Bethesda, Chevy Chase, Gaithersburg, and Rockville. The market remained about the same in Frederick County, where a decrease in production was also matched by declining demand as more households shifted toward home ownership.

The current gross rents for recently constructed market-rate rentals in Montgomery County are $1,250 for a one-bedroom unit, $1,500 for a two-bedroom unit, and $1,800 for a three-bedroom unit. As with condominiums, large-scale rental construction has been focused near Metro rail stations and in the communities closest to Washington, D.C., where rents are higher. Because of the increase in construction since 2000, some communities are offering concessions such as free rent for 1 month. M-NCPPC estimates the highest vacancy rates were 8.5 percent in Rockville and 6.8 percent in Germantown/Gaithersburg as of 2004.

Construction of rental housing in Frederick County slowed after 2000, causing the rental vacancy rate to decline a bit as the market tightened. The current gross rents for recently constructed market-rate rentals are $1,000 for a one-bedroom unit, $1,250 for a two-bedroom unit, and $1,500 for a three-bedroom unit. One of the newest complexes built in the county is Wellington Terrace. The city of Frederick has added 300 units at Ballenger Creek and will add 96 more with the completion of Baker Manor. The rental market might tighten during the forecast period, particularly in Montgomery County, if rental units continue to convert to condominiums before coming on the market.

Forecast Housing Demand

Based on anticipated economic and demographic conditions in the Montgomery-Frederick HMA, estimates indicate a demand for approximately 15,600 new owner units and 4,050 new rental units during the next 3 years. Household growth will remain strong due to high levels of in-migration. Separate estimates of the qualitative demand in each of the submarkets over the next 3 years for rental and sales housing are presented in Tables 7a, 7b, 8a, and 8b.

Demand for sales housing in Montgomery County during the next 3 years will be for an estimated 9,950 new homes. Much of the demand below the $600,000 range will be satisfied by condominium and townhome construction. Areas expected to experience the most significant condominium and/or townhome activity are Rockville, Bethesda, Silver Spring, and Clarksburg. The greatest amount of single-family construction is expected in the Clarksburg area and around Germantown. Currently, approximately 1,000 units are under construction in the county. In its first quarter 2005 report, Delta Associates estimates that nearly 2,500 new condominium units will come on the market during the next 3 years. A demand for an estimated 3,350 rental units in the county will occur during the forecast period. Approximately 1,070 rental units are currently under construction. Delta Associates estimates that about 2,800 market rate rental units will enter the inventory during the next 3 years in Montgomery County. Most of those units will be built in Bethesda, Rockville, and Silver Spring. The county has an extensive pipeline of units, although many are in large-scale projects that may take a decade or more to enter the market.

Frederick County will have an estimated demand for 5,650 new sales units and 700 new rental units during the next 3 years. Currently, 400 sales units are under construction. Most construction during the next 3 years will take place in and around the city of Frederick, in New Market to the east, or in the southern sections of the county near Urbana. By 2010, the Villages of Urbana project is expected to complete about 2,000 additional units, consisting of condominiums, townhomes, and single-family units. Approximately 500 new rental units are expected to come on the market during the next 3 years.

Table 1
Labor Force and Employment
Montgomery-Frederick HMA
January 1, 1990 to February 1, 2005

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Labor Force	521,800	530,800	540,800	539,100	554,000	558,600	566,300	565,700	572,800	580,600
Employment	507,600	510,900	519,800	519,900	536,800	541,200	550,400	550,900	559,700	569,400
Unemployment	14,200	19,900	21,000	19,200	17,200	17,400	15,900	14,800	13,100	11,200
Rate (%)	2.7	3.7	3.9	3.6	3.1	3.1	2.8	2.6	2.3	1.9

	2000	2001	2002	2003	2004	Previous 12 Mos.[a]	Current 12 Mos.[b]
Labor Force	587,800	594,800	604,700	610,600	613,100	611,100	614,600
Employment	577,300	580,600	587,400	594,200	597,900	594,800	599,000
Unemployment	10,500	14,200	17,300	16,400	15,200	16,300	15,600
Rate (%)	1.8	2.4	2.9	2.7	2.5	2.7	2.5

[a] Ending January 2004.
[b] Ending January 2005.
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)

Montgomery-Frederick HMA

1990 to 2000

Employment Sector	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total Covered	432,900	418,900	422,900	428,800	440,300	445,900	452,700	466,600	485,100	499,100	524,900
Construction	33,300	27,700	25,800	25,400	27,200	27,200	27,300	28,600	30,700	31,200	34,200
Manufacturing	23,400	21,900	20,600	21,200	22,500	22,200	23,600	25,400	25,500	25,700	27,900
Transport. & Utilities	12,600	12,500	12,200	12,000	13,700	13,500	12,700	12,600	14,200	14,600	15,400
Wholesale Trade	16,400	15,700	15,300	15,200	15,800	16,400	16,200	16,200	16,100	16,700	17,100
Retail Trade	83,600	78,400	79,900	76,700	79,200	80,600	80,800	83,200	84,800	86,300	89,500
Finan., Ins., Real Est.	31,400	29,900	30,500	31,900	34,600	32,300	33,000	34,000	35,200	36,500	37,100
Services	149,100	146,200	145,800	153,100	154,900	160,400	167,200	175,800	186,000	193,600	205,100
Government	83,100	86,500	87,900	88,400	87,200	88,000	86,400	84,900	86,100	87,500	89,500
Federal	45,100	47,200	48,300	47,800	46,100	45,000	43,800	41,700	41,300	41,600	42,700
State	2,200	2,100	2,100	2,100	2,100	2,100	1,800	1,600	1,600	1,500	1,600
Local	35,800	37,300	37,500	38,400	39,000	41,000	40,800	41,600	43,100	44,400	45,200
Other	0	0	4,800	4,900	5,200	5,200	5,400	5,900	6,500	7,000	9,100

Note: Numbers may not add to totals due to rounding.
Source: State of Maryland Department of Labor, Licensing & Regulation

Table 3

Covered Employment, North American Classification System (NAICS)

Montgomery-Frederick HMA

2001 to September 2004

Employment Sector	2001	2002	2003	Previous 12 Mos.[a]	Current 12 Mos.[b]
Total Covered	529,300	535,400	536,100	535,600	536,800
Goods-Producing	64,000	63,000	61,700	61,600	62,100
Nat. Res. & Mining	1,000	1,000	1,100	1,100	1,200
Construction	36,700	37,800	38,100	37,700	38,800
Manufacturing	26,300	24,200	22,500	22,800	22,100
Service-Providing	373,200	376,600	382,600	380,700	383,500
Trade	81,500	81,600	80,900	81,100	80,400
Retail Trade	61,700	62,000	61,200	NA	NA
Wholesale Trade	13,600	13,400	13,600	NA	NA
Information	18,100	17,700	16,800	17,000	16,500
Financial Activities	39,300	40,400	42,400	41,800	42,400
Prof. & Bus. Svcs.	105,200	105,300	107,500	106,800	108,000
Edu. & Health Svcs.	58,900	61,700	63,200	63,000	65,000
Leisure & Hospitality	44,600	44,600	46,300	45,800	46,600
Other Services	23,600	24,200	24,900	24,700	24,500
Government	92,100	95,900	91,800	93,100	90,700
Federal	43,500	44,300	44,400	44,600	43,900
State	1,700	1,800	1,800	1,800	1,700
Local	46,900	49,700	45,600	46,700	45,100
Unclassified	1,900	1,000	600	700	700

[a] Ending September 2003.
[b] Ending September 2004.
NA = not available.
Note: Numbers may not add to totals due to rounding.
Source: State of Maryland Department of Labor, Licensing & Regulation

Table 4

Population and Household Trends

Montgomery-Frederick HMA

April 1, 1990 to February 1, 2008

	April 1, 1990	April 1, 2000	Current Date	Forecast Date	Average Annual Change: 1990 to 2000 Number	Average Annual Change: 1990 to 2000 Rate (%)	Average Annual Change: 2000 to Current Number	Average Annual Change: 2000 to Current Rate (%)	Average Annual Change: Current to Forecast Number	Average Annual Change: Current to Forecast Rate (%)
Population										
Montgomery-Frederick HMA	912,391	1,068,618	1,161,600	1,216,600	15,600	1.6	19,300	1.7	18,300	1.5
Montgomery County	762,183	873,341	940,000	978,900	11,100	1.4	13,800	1.5	12,900	1.3
Frederick County	150,208	195,277	221,600	237,700	4,500	2.6	5,500	2.6	5,400	2.3
Households										
Montgomery-Frederick HMA	336,916	394,625	424,100	441,900	5,800	1.6	6,100	1.5	5,900	1.4
Montgomery County	284,346	324,565	344,800	357,000	4,000	1.3	4,200	1.2	4,000	1.2
Frederick County	52,570	70,060	79,300	84,900	1,800	2.9	1,900	2.6	1,900	2.3

Notes: Rate of change is calculated on a compound basis.
Average annual changes rounded for comparison.
Sources: 1990 and 2000—U.S. Census Bureau
Current and Forecast—Estimates by analyst

Table 5
Housing Inventory, Tenure, and Vacancy
Montgomery-Frederick HMA
1990, 2000, and February 1, 2005

	Montgomery-Frederick HMA			Montgomery County			Frederick County		
	1990	2000	Current	1990	2000	Current	1990	2000	Current
Total Housing Inventory	352,791	407,649	437,500	297,919	334,632	355,550	54,872	73,017	81,950
Occupied Units	336,916	394,625	424,100	284,346	324,565	344,800	52,570	70,060	79,300
Owners	230,193	276,175	300,550	192,966	223,017	238,700	37,227	53,158	61,850
%	68.3	70.0	70.9	67.9	68.7	69.2	70.8	75.9	78.0
Renters	106,723	118,450	123,550	91,380	101,548	106,100	15,343	16,902	17,450
%	31.7	30.0	29.1	32.1	31.3	30.8	29.2	24.1	22.0
Vacant Units	15,875	13,024	13,400	13,573	10,067	10,750	2,302	2,957	2,650
For Sale	3,710	2,818	1,750	3,327	2,011	1,200	383	807	550
Rate (%)	1.6	1.0	0.6	1.7	0.9	0.5	1.0	1.5	0.9
For Rent	7,456	4,406	5,900	6,544	3,475	5,000	912	931	900
Rate (%)	6.5	3.6	4.6	6.7	3.3	4.5	5.6	5.2	5.0
Other Vacant	4,709	5,800	5,750	3,702	4,581	4,550	1,007	1,219	1,200

Note: 1990 counts for Montgomery County adjusted to include Tacoma Park.
Sources: 1990 and 2000—U.S. Census Bureau
Current—Estimates by analyst

Table 6

Residential Building Permit Activity

Montgomery-Frederick HMA

1990 to February 1, 2005 (1 of 2)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Montgomery-Frederick HMA										
Total	7,204	5,039	5,693	5,693	5,481	5,207	4,731	5,480	7,218	6,920
Single-family	4,164	3,719	4,953	4,747	4,577	4,173	4,107	3,771	5,310	5,618
Multifamily	3,040	1,320	740	946	904	1,034	624	1,709	1,908	1,302
Montgomery County										
Total	5,077	3,276	3,485	3,141	3,590	3,682	3,062	3,682	5,315	4,253
Single-family	2,494	2,081	2,889	2,707	2,976	2,833	2,616	2,333	3,548	3,467
Multifamily	2,583	1,195	596	434	614	849	446	1,349	1,767	786
Frederick County										
Total	2,127	1,763	2,208	2,552	1,891	1,525	1,669	1,798	1,903	2,667
Single-family	1,670	1,638	2,064	2,040	1,601	1,340	1,491	1,438	1,762	2,151
Multifamily	457	125	144	512	290	185	178	360	141	516

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

Table 6
Residential Building Permit Activity
Montgomery-Frederick HMA
1990 to February 1, 2005 (2 of 2)

	2000	2001	2002	2003	2004	2005[a]
Montgomery-Frederick HMA						
Total	7,697	7,232	6,591	6,265	5,571	193
Single-family	5,626	4,912	4,261	3,944	4,071	193
Multifamily	2,071	2,320	2,330	2,321	1,500	0
Montgomery County						
Total	4,950	5,249	5,013	4,428	3,798	114
Single-family	2,931	3,191	2,909	2,339	2,353	114
Multifamily	2,019	2,058	2,104	2,089	1,445	0
Frederick County						
Total	2,747	1,983	1,578	1,837	1,773	79
Single-family	2,695	1,721	1,352	1,605	1,718	79
Multifamily	52	262	226	232	55	0

[a] Includes jurisdictions reporting on a monthly basis through January 2005 only.
Source: U.S. Census Bureau, Building Permits Survey

Table 7a

Estimated Qualitative Demand for New Market-Rate Rental Housing

Montgomery County

February 1, 2005 to February 1, 2008

One Bedroom		Two Bedrooms		Three Bedrooms	
Monthly Gross Rent ($)	**Units of Demand**	**Monthly Gross Rent ($)**	**Units of Demand**	**Monthly Gross Rent ($)**	**Units of Demand**
1,250	1,270	1,500	1,200	1,800	870
1,300	1,090	1,550	1,000	1,850	710
1,350	1,000	1,600	890	1,900	650
1,400	880	1,650	760	1,950	580
1,450	740	1,700	630	2,000	510
1,500	600	1,750	500	2,050	450
1,550	470	1,800	400	2,100	390
1,650	360	1,900	310	2,200	340
1,750	280	2,000	240	2,300	290
1,850	210	2,100	190	2,400	170
1,950	160	2,200	140	2,500	80
2,050	110	2,300	30	2,600	70
2,150 and higher	80	2,400 and higher	10	2,700 and higher	70

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

Table 7b

Estimated Qualitative Demand for New Market-Rate Rental Housing

Frederick County

February 1, 2005 to February 1, 2008

One Bedroom		Two Bedrooms		Three Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,000	180	1,250	250	1,500	280
1,050	150	1,300	200	1,550	230
1,100	140	1,350	180	1,600	210
1,150	120	1,400	160	1,650	190
1,200	100	1,450	130	1,700	170
1,250	80	1,500	100	1,750	150
1,300	70	1,550	80	1,800	130
1,400	50	1,650	60	1,900	110
1,500	40	1,750	50	2,000	90
1,600	30	1,850	40	2,100	60
1,700 and higher	20	1,950 and higher	30	2,200 and higher	30

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

Table 8a

Estimated Qualitative Demand for New Market-Rate Sales Housing

Montgomery County

February 1, 2005 through February 1, 2008

Price Range ($)		Units of Demand
From	To	
300,000	349,999	1,590
350,000	399,999	1,290
400,000	449,999	1,190
450,000	499,999	1,100
500,000	599,999	700
600,000	699,999	500
700,000	799,999	500
800,000	899,999	450
900,000	999,999	440
1,000,000	1,099,999	550
1,100,000	1,999,999	650
1,200,000	and higher	990
Total		9,950

Source: Estimates by analyst

Table 8b

Estimated Qualitative Demand for New Market-Rate Sales Housing

Frederick County

February 1, 2005 through February 1, 2008

Price Range ($)		Units of Demand
From	**To**	
200,000	224,999	700
225,000	249,999	720
250,000	299,999	1,210
300,000	349,999	910
350,000	399,999	480
400,000	449,999	470
450,000	499,999	470
500,000	1,000,000	370
1,000,000	and higher	320
Total		5,650

Source: Estimates by analyst