

2018 RESIDENTIAL MARKET ANALYSIS

FOR THE NEW CUMBERLAND REVITALIZATION STRATEGY

JANUARY 2019

PREPARED BY URBAN PARTNERS

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The Borough of New Cumberland retained a multi-disciplinary professional consulting team led by Gannett Fleming to prepare a revitalization strategy for the community. As part of this effort, Urban Partners examined the New Cumberland sales housing market to identify trends in for-sale residential real estate and determine the potential for new residential development and its associated pricing. To assess this market, we examined all new and resale owner-occupied housing in the borough – including single-family detached homes, twins/rowhouses, and condominiums – to understand the full variety of sales transactions and their characteristics. We also identified homes that were purchased by investors.

Urban Partners also examined the rental housing market in and around New Cumberland to identify trends, pricing, and availability of existing apartments as an indicator of future rental housing opportunities in the Borough.

OWNER-OCCUPIED HOUSING MARKET

Using Core Logic, a database of real estate transactions, the total number of sales and median sales price for resale owner-occupied homes in New Cumberland Borough were calculated for a five-year period between August 2013 and July 2018 (see Table 2). These figures describe the number of properties for which a sale took place over the five-year period, but it includes only the latest sales per address and does not count any multiple sales of the same address that may have occurred. A total of 425 homes were sold to owner-occupant buyers during the five-year period ending in July 2018. The median sales price of these homes was \$156,500.

TABLE 1. TOTAL OWNER-OCCUPIED HOME SALES, 8/13–7/18

	Total Home Sales 8/13-7/18	Median Sales Price 8/13 - 7/18
Owner-Occupied	425	\$156,500

Source: Core Logic, Urban Partners

To evaluate the sales trends of owner-occupied homes during the five-year analysis period, the number of sales and median sales prices were compared by year (see Table 3). During that period, the number of sales increased steadily each year since 2013 as the housing market continued to rebound to a peak of 111 sales in the year ending July 2017 – more than double the rate in three years. However, the last year has demonstrated a significant slowing of sales with a decrease of 25% to 83 sales. At the same time, median sales prices decreased during the first two years of the past five, rebounded in 2015/2016, then have slowly decreased since. However, median sales prices only decreased by 1.3% over the past year. The median sales price per square foot followed a slightly different pattern, decreasing with the median sales price through 2016, then increasing and dipping slightly again during the past year.

TABLE 2. TOTAL OWNER-OCCUPIED HOME SALES, 8/13–7/18

	8/13-7/14	8/14-7/15	8/15-7/16	8/16-7/17	8/17-7/18
Total Home Sales	50	84	97	111	83
Median Sales Price	\$ 165,000	\$ 154,950	\$ 159,210	\$ 155,000	\$ 153,000
Median Price/SF	\$ 104.88	\$ 93.25	\$ 97.03	\$ 103.41	\$ 101.50

Source: Core Logic, Urban Partners

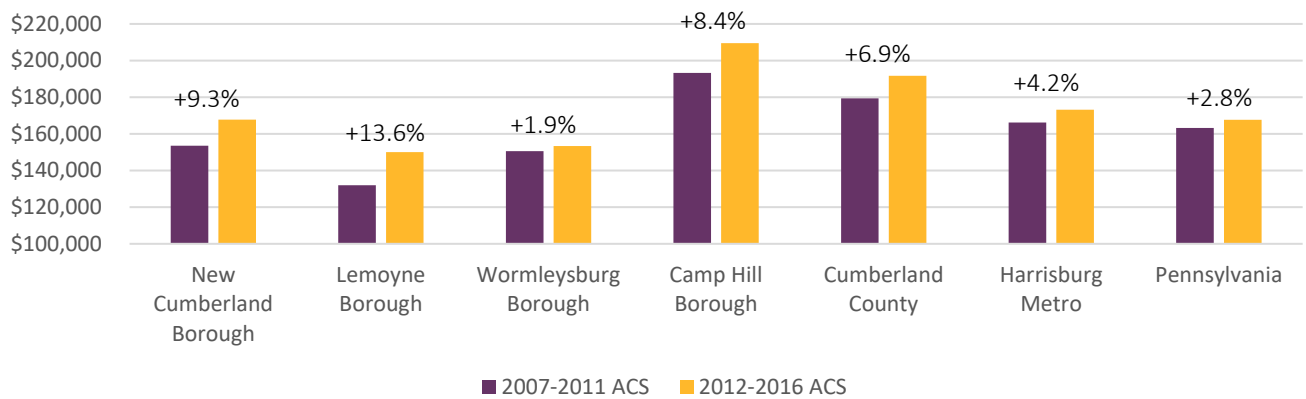
Overall, the borough experienced a 66% increase in home sales (activity) from August 2013 to July 2018 and a 7% decrease in median sales price. In the past year, sales prices for owner-occupied homes in New Cumberland Borough ranged from \$77,800 to \$309,400.



The variety of owner-occupied resale housing in New Cumberland

The U.S. Census and ACS provide another metric of the owner-occupied sales housing market – median home values. Figure 4 compares median values of the borough to Cumberland County, the Harrisburg region, and the Commonwealth of Pennsylvania. The latest 2012-2016 median value of \$167,800 was 14% lower than the county’s, 3% lower than the region’s, and right on par with the state. However, median home values increased by 9.3% in New Cumberland between the 2007-2011 period and 2012-2016. This was the highest increase compared to those geographies – more than twice the rate of increase of the region and more than three times that of the state.

FIGURE 1. ESTIMATED GROWTH IN MEDIAN VALUES OF OWNER-OCCUPIED HOMES



Source: U.S. Census, American Community Survey

New Cumberland’s home values can also be compared to its peer municipalities of Lemoyne, Wormleysburg, and Camp Hill Boroughs (also Figure 4). The borough’s latest 2012-2016 median value of \$167,800 was 11% higher than Lemoyne’s and 9% higher than Wormleysburg’s, but 25% lower than Camp Hill’s. At the same time, the borough’s 9.3% increase in median home value between the 2007-2011 period and 2012-2016 exceeded Camp Hill’s increase of 8.4%. Lemoyne had the largest increase among peer municipalities at 13.6%. Map 2 shows these changes in the area’s median home values by Census Tracts.

Investor-Purchased Housing

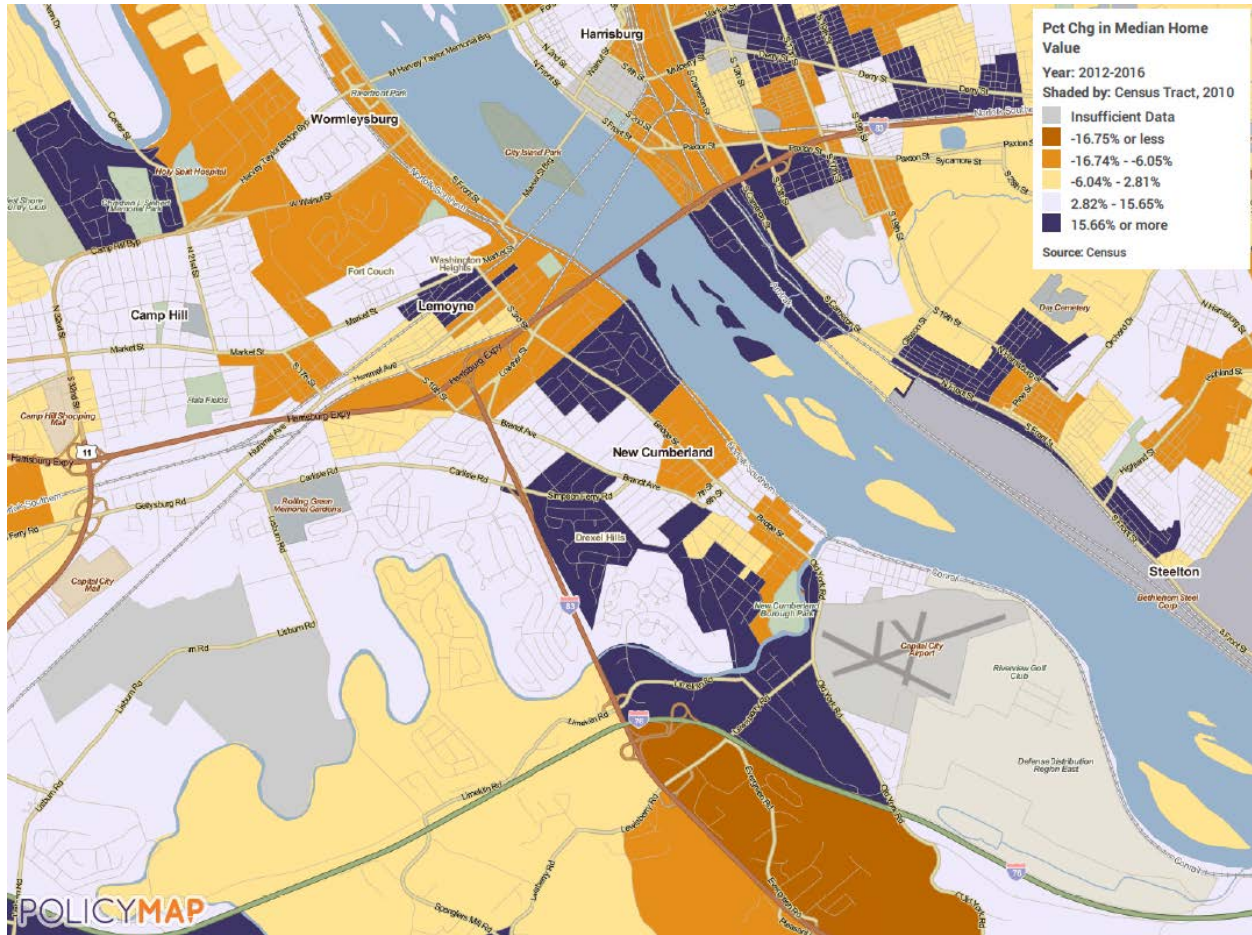
In addition to the sales housing by owner-occupants market, the investor-purchased housing market was also examined in New Cumberland to establish the degree of units being purchased by prospective landlords seeking to rent them to tenants. This further provides an indication of the rental housing demand in the borough. As with owner-occupied housing evaluated above, we evaluated the total number of sales and median sales prices for a five-year period between August 2013 and July 2018 (see Table 6). During that period, just 63 of the borough’s 488 total transactions (425+63=488) were sold to investors, or 12.9%. The median sales price for those investor-purchased homes was \$124,500, or 25.7% less than the median sales price for owner-occupied homes during the same period. The number of homes sold to investors has remained constant at about 15 units per year.

TABLE 3. TOTAL RENTER-PURCHASED HOME SALES, 8/13–7/18

	Total Home Sales 8/13-7/18	Median Sales Price 8/13 - 7/18
Investor-Purchased	63	\$124,500

Source: Core Logic, Urban Partners

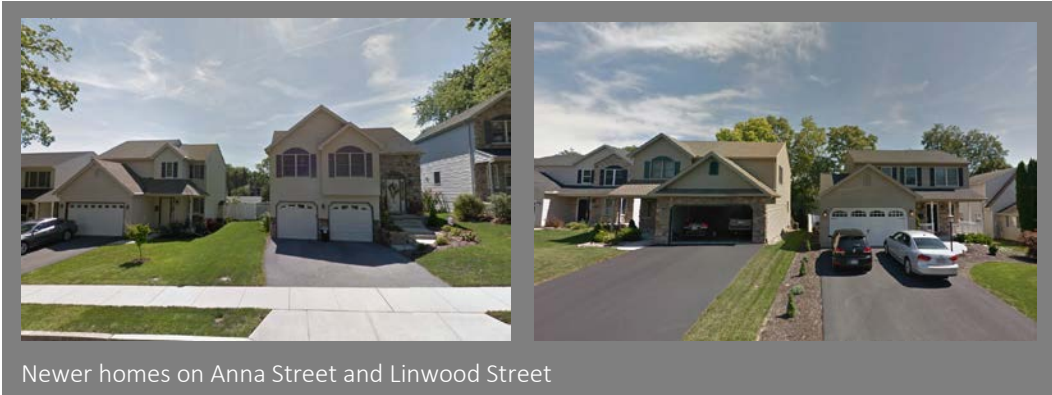
MAP 1. ESTIMATED PERCENTAGE CHANGE IN MEDIAN VALUE OF OWNER-OCCUPIED HOMES THE NEW CUMBERLAND AREA



Source: Policy Map

New Construction Homes

As an older borough, there is limited recent new construction in New Cumberland that could provide an understanding of the price points that new sales housing could command. There is, however, a grouping of newer sales housing known as the Gates Manor development. Consisting of 14 new homes, the development is located on the 1600 block of Anna Street, built between 2007 and 2009, and the 400 block of Linwood Street, built between 2009 and 2012. Among the six homes on Anna Street, the median sales price of the most recent sale is \$241,450, with a median sales price per square foot of \$139.17. Two of the homes are resales; one increased in price by 6% since its first sale and the other by 2%. Among the eight homes on Linwood Street, the median sales price is \$239,900, with a median sales price per square foot of \$142.77. (say something about new home sales values vs re-sales values?)



SALES Housing MARKET STRENGTHS

Our sales housing market research has revealed that median values for owner-occupied homes in New Cumberland Borough have increased in the past 10 years and remain competitive within the Harrisburg region as well as among nearby peer municipalities. The number of owner-occupied home sales in the borough have increased by 66% from August 2013 to July 2018. Also, the borough has witnessed new construction within the last 10 years commanding median sales prices around \$240,000, indicating relative strength of the sales market. Furthermore, the number of homes sold to investors has remained low and relatively consistent over the past few years.

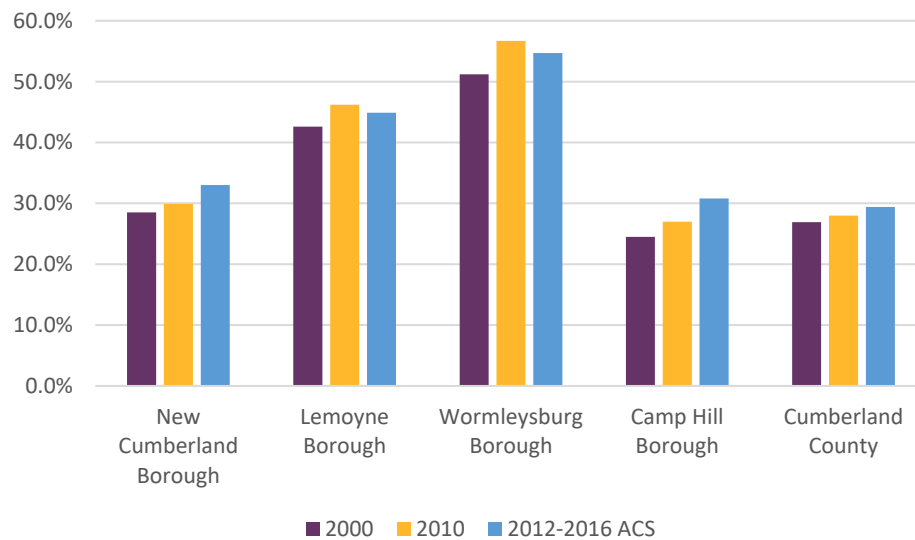
SALES Housing MARKET WEAKNESSES

At the same time, the borough has experienced a modest decrease in the median sales price of owner-occupied homes since 2013. More of a concern, however, is that the number of sales have dropped by 25% in the past year. Since the decline in home sales is a very recent trend, it should be monitored closely over the next few years to determine if the slowdown is a continuing trend or a more isolated occurrence. Median values and sales prices should also be monitored. Due to this recent slowdown in home sales, it appears that there is limited demand for existing homes and thus, no immediate need to add speculative units to the sales housing market.

RENTAL HOUSING MARKET

The U.S. Census and its American Community Survey (ACS) provides a snapshot of the occurrence of rental housing in New Cumberland Borough compared to several peer municipalities, including Lemoyne, Wormleysburg, and Camp Hill Boroughs, as well as Cumberland County (see Figure 7). Renter-occupied housing units in the Borough increased by 4.5% between 2000 and 2016, though it must be noted that the 2016 figure is an estimate from the American Community Survey. Compared to the other neighboring boroughs and Cumberland County, New Cumberland experienced the second-highest increase after Camp Hill's 6.3%. Lemoyne experienced the lowest increase in renter housing at just 2.3%. However, as the table indicates, New Cumberland also had the second-lowest renter-occupancy rate among the examined boroughs, next to Camp Hill. As of 2016 (estimated), just 33% of the borough's housing stock was renter-occupied.

FIGURE 2. PERCENTAGE OF RENTER-OCCUPIED HOUSING UNITS

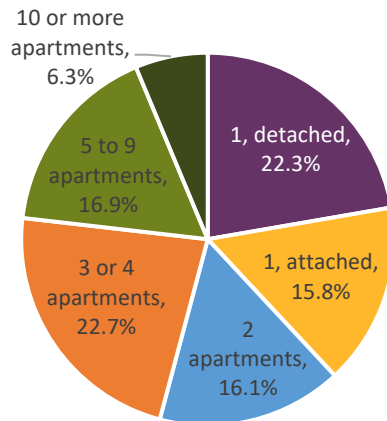


Source: U.S. Census

Within the borough, rental housing is fairly concentrated in the downtown and riverfront areas (see Map 3). This tends to be where older higher-density homes exist, many of which are twins and duplexes. Areas to the north and west, such as Drexel Hills, have much lower renter-occupancy rates. These locations are predominated by detached, single-family homes.

Rental units in New Cumberland are generally located in attached twins or homes subdivided into apartments (see Figure 8). ACS 2012-2016 estimates indicate that 38.1% of all apartments in New Cumberland are in buildings with no more than one unit – likely a twin or full single-family house. Buildings with three or four units are the next most popular type, likely represented by a subdivided home. The least popular type of building with rental units in New Cumberland are those with more than 10 units (just 6.3%), which is evidenced by the borough's lack of any large modern apartment complex.

FIGURE 3. NUMBER OF RENTAL UNITS IN STRUCTURE

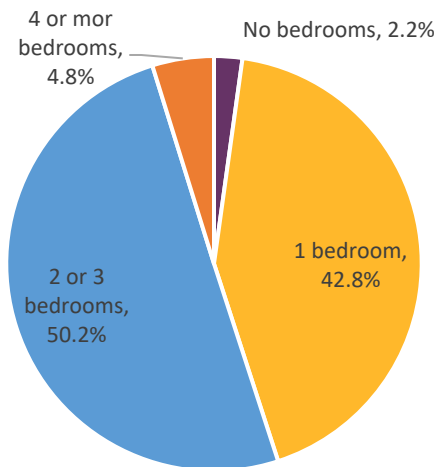


Source: U.S. Census

Two- and three-bedroom units are the most popular type of apartment in New Cumberland (see Figure 9). More than half of the units in the borough – 50.2% - are of this type. One-bedroom units constitute 42.8% of the apartments in New Cumberland. Studios and larger units (most likely larger homes) for rent are relatively rare.

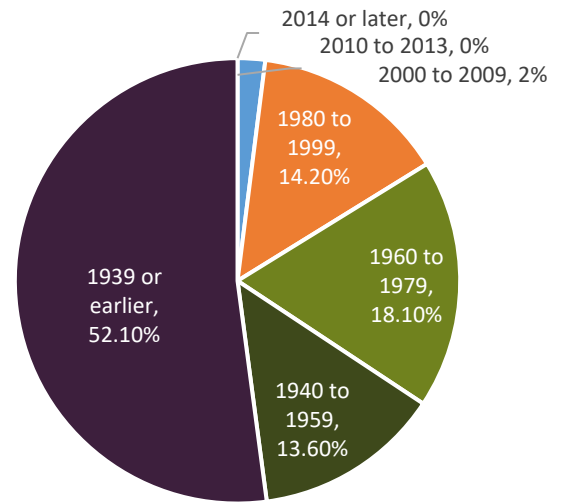
Apartments in the borough are also relatively old (see Figure 10). The majority of units in New Cumberland – 52.1% - were built before 1939, making them over 80 years old. No buildings containing apartments have been constructed since 2010, and only 2.0% from 2000-2010.

FIGURE 4. NUMBER OF BEDROOMS IN RENTER-OCCUPIED UNITS



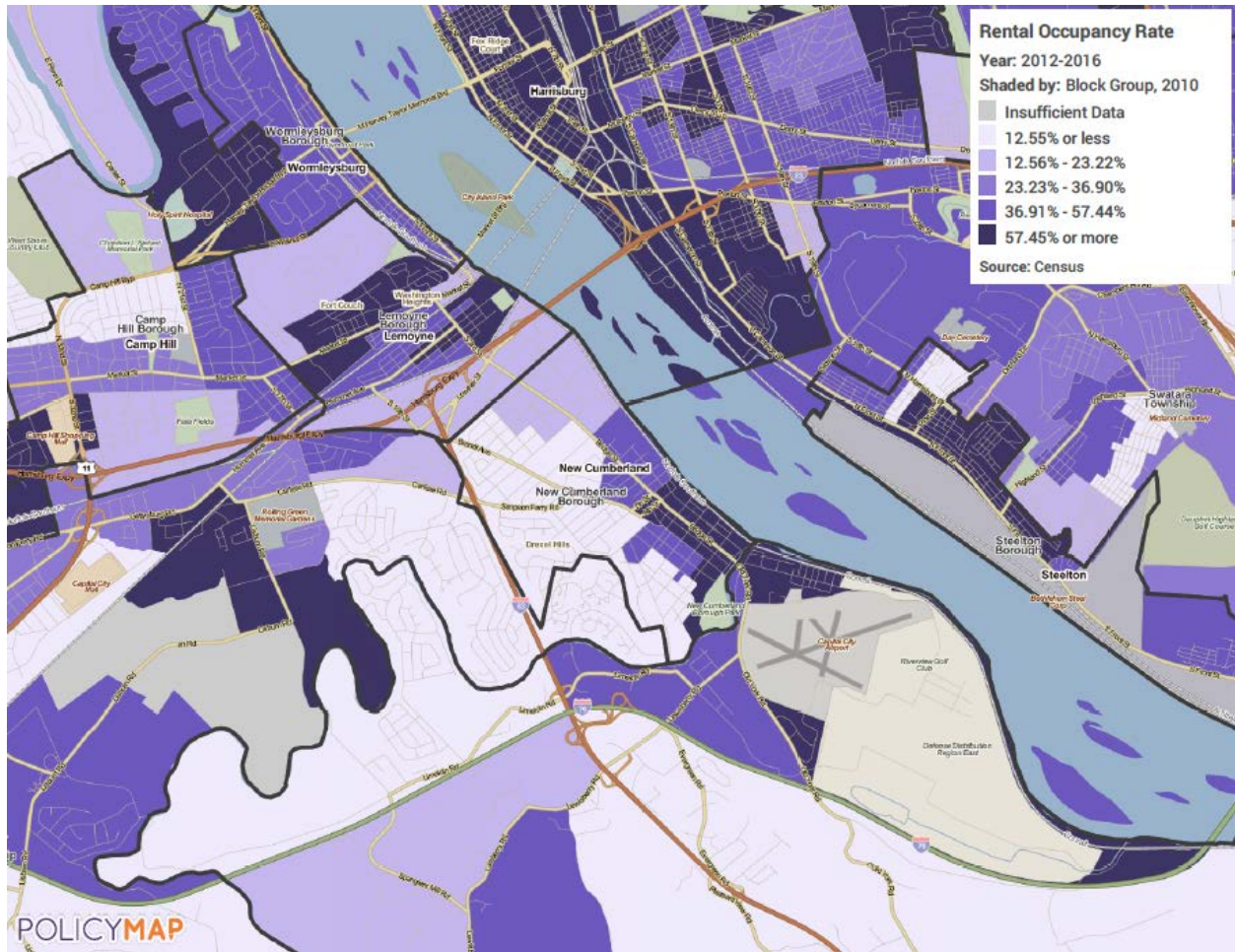
Source: U.S. Census

FIGURE 5. AGE OF RENTER-OCCUPIED STRUCTURES



Source: U.S. Census

MAP 2. RENTER-OCCUPANCY RATE IN THE NEW CUMBERLAND AREA



Source: Policy Map

To get a sense of current rents being commanded in individual apartments located in New Cumberland, we examined current area listings (see Table 11). As of August 2018, there were 13 available apartments (among the estimated #) in the borough—a relatively limited supply.

TABLE 4. SAMPLE RENTAL LISTINGS IN NEW CUMBERLAND, 8/2018

Address	Type	Rent	BR	BA	Utilities	Description
400 Block 5th Street	House	\$1,200	4	2.0	+ Utilities	Full home, chef's kitchen, large closets
1714 Maple Street	Duplex	\$1,300	3	2.5	+ Electric	Full twin, new appliances, central air, in-unit washer/dryer
903 Bridge Street	Duplex	\$950	3	2.0	+ Utilities	Full twin, laundry room, two off-street parking spaces
812 Market Street	Townhouse	\$975	2	1.5	+ Electric	Townhouse, central air, in-unit washer/dryer, off-street parking
520 Reno Road	Apartment	\$925	2	1.0	+ Electric	Newly renovated, central air, off-street parking
1550 Bridge Street	Apartment	\$875	2	1.0	+ Electric	First floor, large unit, upgraded kitchen and bath, storage
537 Brandt Avenue	Apartment	\$800	2	1.0	+ Electric	Large unit, central air, fireplace, spacious closets
300 Block 3rd Street	Apartment	\$900	1	1.0	Included	Second floor, large living room, off-street parking.
900 Block Bridge Street	Apartment	\$700	1	1.0	+ Electric	Second floor, new kitchen, freshly painted, off-street parking
500 Block Market Street	Apartment	\$700	1	1.0	Included	First floor, freshly painted, off-street parking, on-site laundry
307 Market Street	Apartment	\$625	1	1.0	+ Electric	Second floor, off-street parking.
1225 Bridge Street	Apartment	\$595	1	1.0	+ Electric	Second floor, eat-in kitchen, off-street parking
700 Block 3rd Street	Apartment	\$400	1	1.0	+ Utilities	Extra storage, off-street parking

Source: Craig's List, Trulia

As the table shows, among available units, those commanding the highest rents in New Cumberland are, not surprisingly, the largest. The apartment with the highest rent currently listed is a four-bedroom house on 5th Street for \$1,200 per month, plus utilities. This entire house has a renovated chef's kitchen and large closets. Another larger unit is a three-bedroom twin at 903 Bridge Street for \$950 per month plus utilities. This house offers a laundry room and two off-street parking spaces.

Available two-bedroom units in the borough range in rent from \$800 to \$975, all of which require electric utility payment. At the upper end is a townhouse with one and a half-bath, followed by a newly renovated apartment for \$925, which serves as a good comparable for a newer two-bedroom unit in New Cumberland. These units have central air conditioning and off-street parking, and some have additional storage.

The one-bedroom apartments have a wide range of rents from \$400 to \$900, also with a variety of utility offerings. These units are mainly second-floor apartments in subdivided houses. Along with some upgrades and larger living spaces, most of the one-bedroom apartments available include off-street parking.



Typical buildings containing apartments in New Cumberland

While New Cumberland does not have any large modern apartment complexes, the borough is surrounded by many in the adjacent municipalities, some of which are newer. We researched these complexes in the area to understand the types of units, amenities, and rents being commanded as an indication of what could be expected for any future new or rehabbed rental housing in New Cumberland.

The newest complex is Brooks Edge Apartments at 850 Lisburn Road in Lower Allen Township. This development with 151 units was built in 2015 and contains only two-bedroom units. Although it is the newest complex, rents are

among the more modest among large area apartment complexes. Rents range from \$1,160 per month for a 1,202 SF unit (\$0.97/SF) to \$1,180 per month for a 1,014 SF unit (\$1.16/SF). Amenities include higher-end kitchens, in-unit washers and dryers, balconies, and patios. Building amenities include a fitness center, lounge, and barbecue area. The building had just two vacancies as of August 2018, for a vacancy rate of just over 1%.



Brooks Edge Apartments – the newest area complex, and the Overlook

Also built in the 2010s is the Overlook, located at 150 Erford Road in East Pennsboro Township. This larger complex contains 288 units of the one-, two- bedroom variety. Rents range from \$1,175 per month for a 736 SF 1 BR unit (\$1.60/SF) to \$1,400 per month for a 1,015 SF 2 BR unit (\$1.38/SF). While rents are significantly higher than at Brooks Edge, so are the amenities. Amenities at the Overlook include high-end kitchens with stainless appliances, walk-in closets, high ceilings, and balconies. Building amenities include a fitness center, salt water pool, yoga studio, club room, business center, and pet play area. The building has six vacancies as of August 2018 for a vacancy rate of 2%.

The remaining apartment complexes adjacent to New Cumberland were all built in the 1960s and '70s. They are located in Wormleysburg, Lemoyne, Camp Hill, and East Pennsboro Township. Rents range from \$1.65 per SF for a studio apartment at Highland Park in Lemoyne to \$0.91 per square foot for a three-bedroom unit at Camp Hill Plaza in Camp Hill. These complexes come with a variety of community amenities including basketball and volleyball courts, picnic areas, fitness centers, pools, and business centers. Vacancy rates range from 1% to 6%.

RENTAL HOUSING MARKET WEAKNESSES

Our rental housing market research has revealed that New Cumberland Borough has experienced a modest increase in rental units as a percentage of total units since 2010, though the borough maintains a low rental rate among peer municipalities. This is reflected in the relatively limited supply of available apartments. Those that are available are quite modest with limited amenities. Surrounding the borough, however, are many apartment complexes offering a variety of unit types and amenities. As a result, rents are higher for units at these complexes than anything offered in the borough.

RENTAL HOUSING MARKET STRENGTHS

At the same time, vacancy rates are extremely low, indicating significant demand in the local area for a range of rental products. As New Cumberland revitalizes, especially as the retail market expands, the demand for higher-priced new and rehabbed apartments in the borough will likely increase. Furthermore, this type of housing would appeal to the Midtown Singles group, identified in the Tapestry Segment Analysis as favoring the portion of New Cumberland around the downtown area as a place to live. This group seeks apartments in more urban settings that are walkable to goods and services. As a result of these market conditions, it appears that new rental housing is potentially a viable opportunity for an evolving New Cumberland. New units could potentially exist in several formats as they become available: in vacant or underutilized space above ground-floor retail on various downtown blocks, in any vacant or underutilized downtown buildings as part of a larger apartment complex, or as new construction on infill lots or future developable parcels, particularly near the downtown. Any new rental construction should include amenities that would attract the Midtown Singles.