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Lehigh Valley Housing Market: Arrows Pointing Up

The Lehigh Valley Housing Market is a model of contrasts. Over the last decade it has seen the fewest homes built since the 1930s, but that's offset by the 3,571 units reviewed in 2019 alone.

Single-family detached homes have dominated the Lehigh Valley market for decades, but that's offset in the past few years by a more diverse mix that includes more single-family attached and multi-family homes.

And while the inventory dipped to historic lows, driving up prices over the past two years, the Lehigh Valley housing market remains attainable to the typical buyer.

It all adds up to a housing market in transition, according to the LVPC's BuildLV: Development and Housing Trends Report.

"It's a very different market since the recession. There's a greater diversity of new housing being built – and there are a lot of benefits to that," said LVPC Senior Community Planner Jill Seitz, who co-authored the report. "More options than just single-family detached means more homes are attainable to more people."

Identifying the trends in the region's housing sales market included analyzing every home sale made in 2017 and 2018, including sales that didn't go through a realtor. That was paired with a development report that shows what new homes were being proposed to be added to the market by investors and developers.

The report showed a market in which the number of sales has increased steadily since 2011, reaching 8,400 in 2018.

That's coming near the end of a decade of construction that accounted for just 3% of the region's current housing stock – easily the fewest homes added in any decade since detailed records started being kept in 1940.

That helped drive down the number of homes available for sale to less than 1,900 – the lowest amount in more than a decade. And that helped increase home prices by \$10,000 over two years, to an average median sales price of \$190,000 by the close of 2018.

Even with the increase, the region remains relatively affordable. Based on federal guidelines for affordability and ownership, a household with income above \$45,600 can afford a home of up to \$190,000. That means that a majority of Lehigh Valley households can afford the typical home on the market.

Where the Lehigh Valley market is most underserved, according to the BuildLV report, is homes for people with lower incomes.

“Despite a low inventory and median sales price increases, the average median sales price is actually well below what the median household income can afford,” Seitz said. “While the Lehigh Valley overall remains an affordable place to live, further analysis is needed to determine market gaps and see what types of housing units are needed.”

Among the encouraging signs in the market is a greater diversity in what’s being sold. Single-Family detached homes still made up 54% of homes sold, but that’s a 9% reduction from just two years ago, largely due to an increase of single-family attached and multi-family homes. While the average price of a single-family detached home was \$240,000, single-family attached homes sold for \$139,000 and multi-family units sold for \$153,000.

And while realtors say home inventory remains low, developers are racing to change that. In 2019 alone, they proposed adding 3,571 units, including a more diverse mix that includes 677 apartments and 211 townhomes. However, 2,000 of them were still working through the approval process when the year ended.

That suggests that -- unless the impact of the Covid-19 pandemic creates a long-term interruption of the economy -- homebuilding in the region will continue to transform the Lehigh Valley housing market.

The full BuildLV report can be found at <https://www.lvpc.org/subdivisionreport.html>