

# PHILADELPHIA HOUSE PRICE INDICES



**July 13, 2015**

**KEVIN C. GILLEN, Ph.D.**

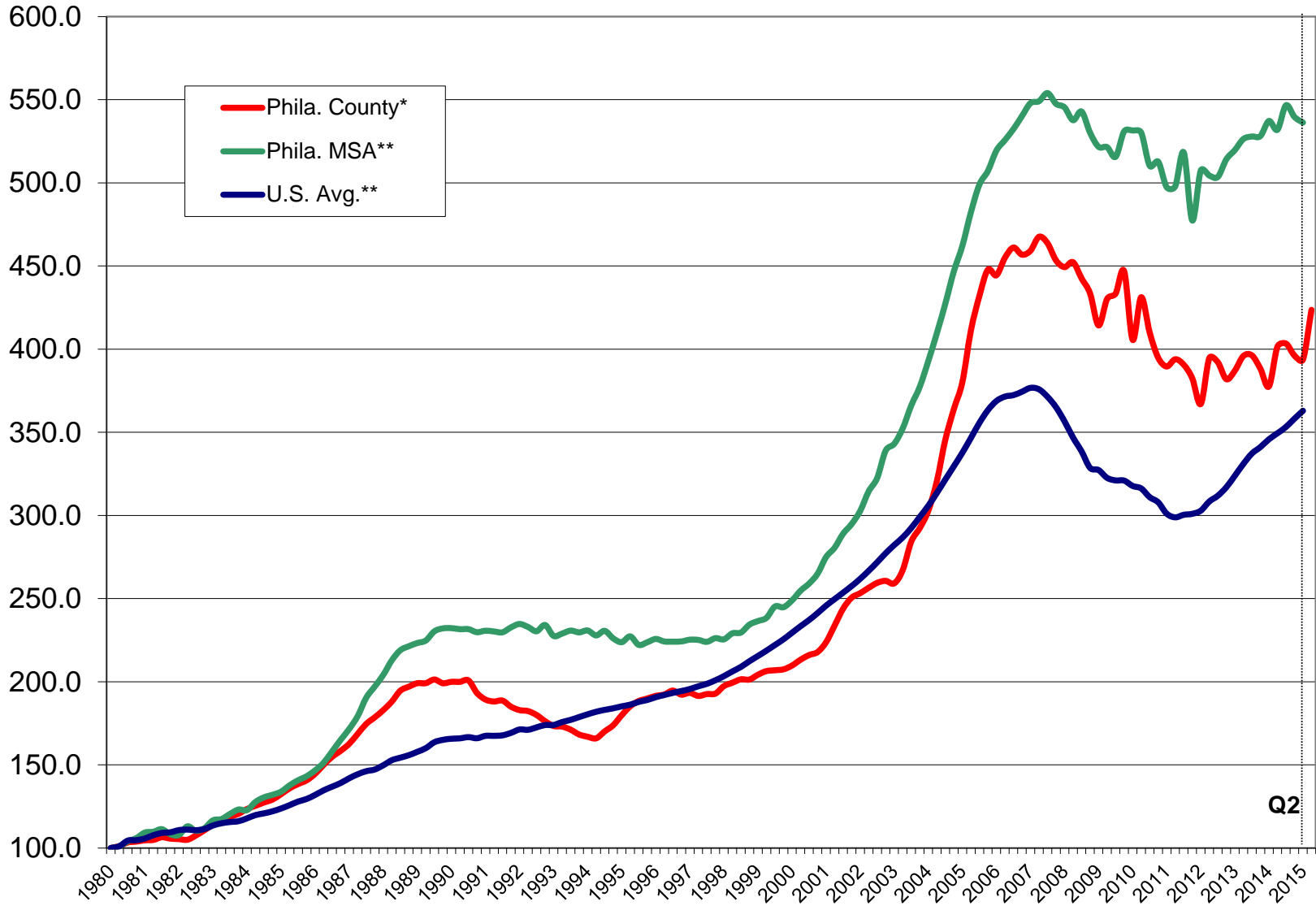
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**MEYERS RESEARCH**  
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**Disclaimers and Acknowledgments:** The Lindy Institute for Urban Innovation at Drexel University provides this report free of charge to the public. The report is produced by Lindy Senior Research Fellow Kevin Gillen, in association with Meyers Research LLC. The author thanks Azavea.com, the Philadelphia Office of Property Assessment, the Federal Housing Finance Agency, Case-Shiller MacroMarkets LLC, RealtyTrac, Zillow.com, Trulia.com and the NAHB for making their data publicly available.

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## House Price Indices 1980-2015: 1980Q1=100 Philadelphia County v. Philadelphia MSA and U.S. Average



\* Empirically estimated by Kevin C. Gillen, Ph.D.

\*\*Courtesy of the Federal Housing Finance Agency (FHFA).

HPIs are available through 2015Q1 only.

"MSA"=Metropolitan Statistical Area, which is the entire 9-county region

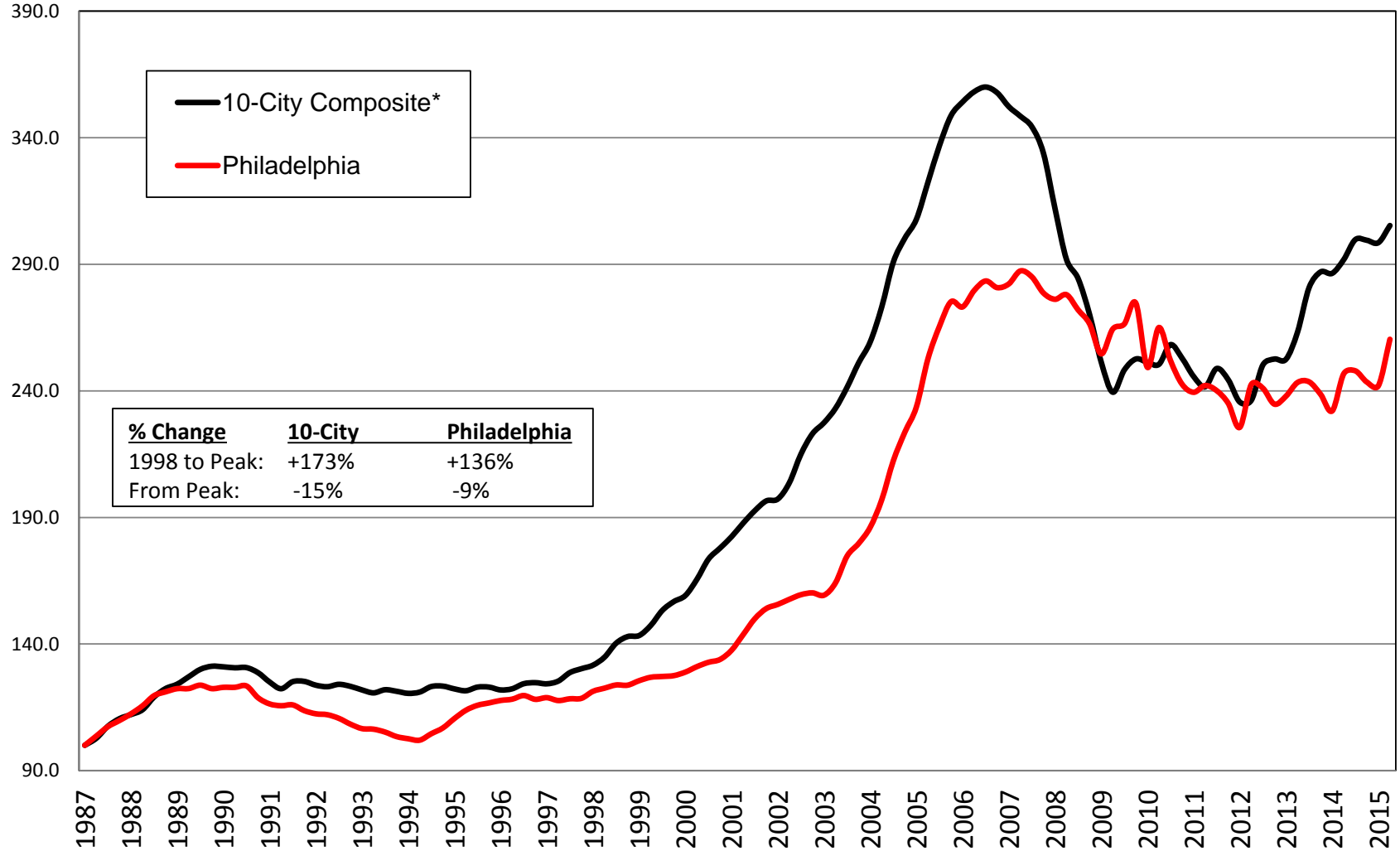
## Total House Price Appreciation Rates by Geographic Market

Period	Philadelphia County*	Philadelphia MSA**	U.S.A.**
36-Year	<b>144.4%</b>	<b>167.9%</b>	<b>128.9%</b>
10-Year	<b>3.0%</b>	<b>14.9%</b>	<b>7.2%</b>
1-Year	<b>5.4%</b>	<b>-0.2%</b>	<b>4.8%</b>
1-Quarter	<b>7.3%</b>	<b>-0.6%</b>	<b>1.3%</b>

\*Empirically estimated by Kevin C. Gillen Ph.D.

\*\*Source: U.S. Federal Housing Finance Agency (FHFA). These numbers are through 2015Q1 only. “MSA”=“Metropolitan Statistical Area”, which is the entire 10-county region.

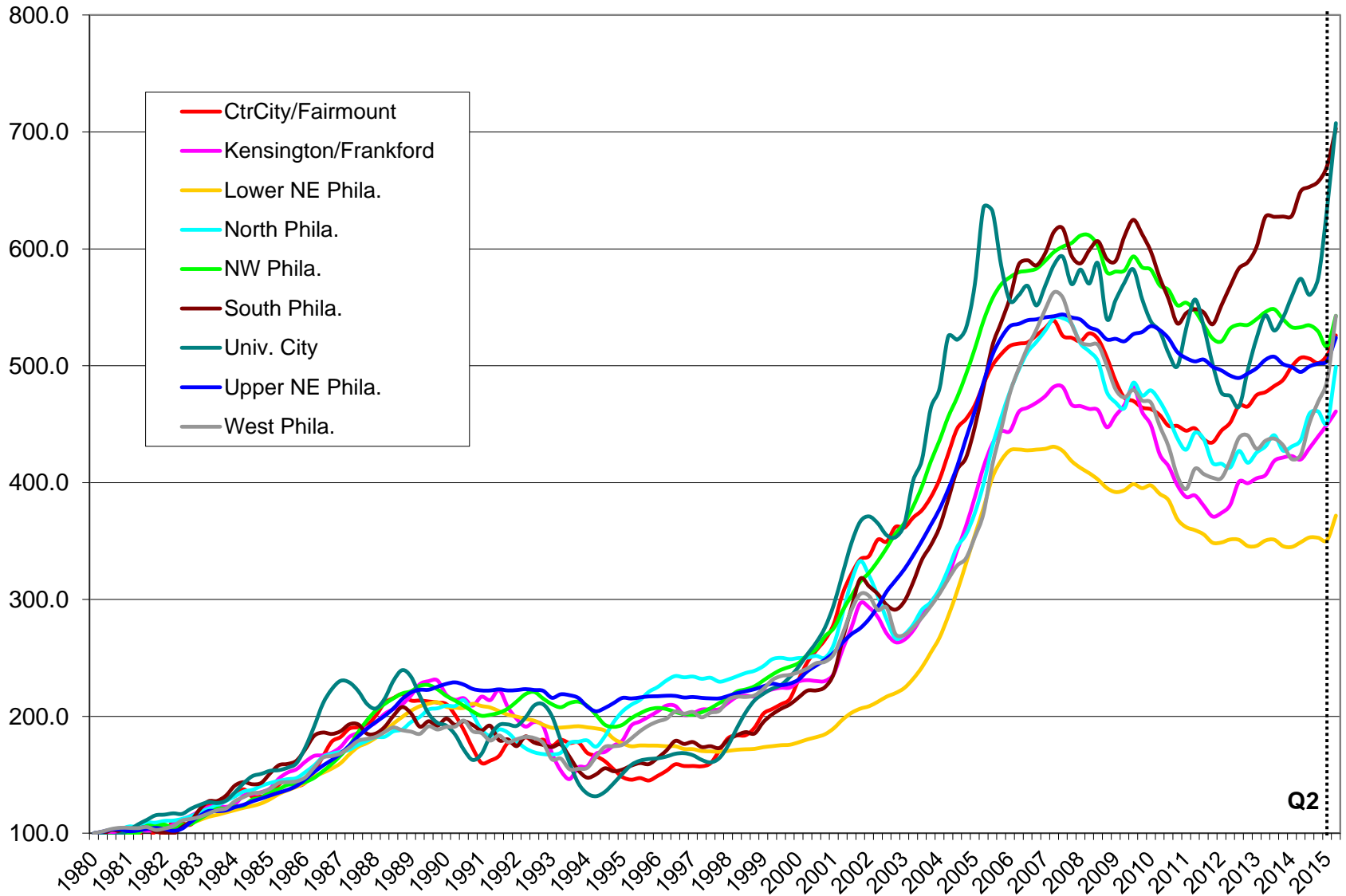
## House Price Appreciation 1987-2015: Philadelphia v. 10-City Composite



\*Source: S&P/Case-Shiller. The 10-City Composite index includes Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco, and Washington, DC. It does not include Philadelphia.

## Philadelphia House Price Indices by Neighborhood: 1980-2015

1980Q1=100



\* All indices empirically estimated by Kevin C. Gillen, Ph.D.

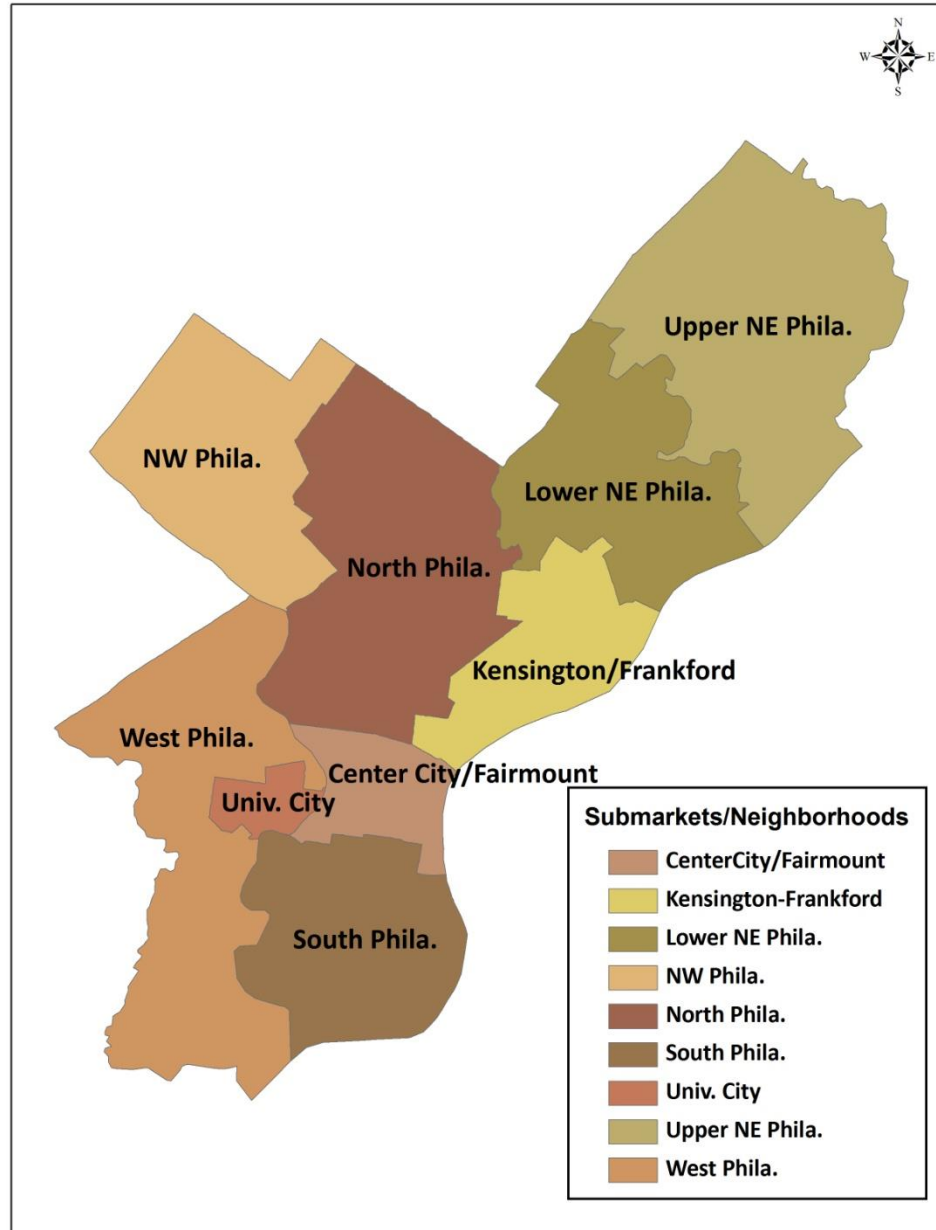
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## Philadelphia House Price Appreciation Rates by Neighborhood

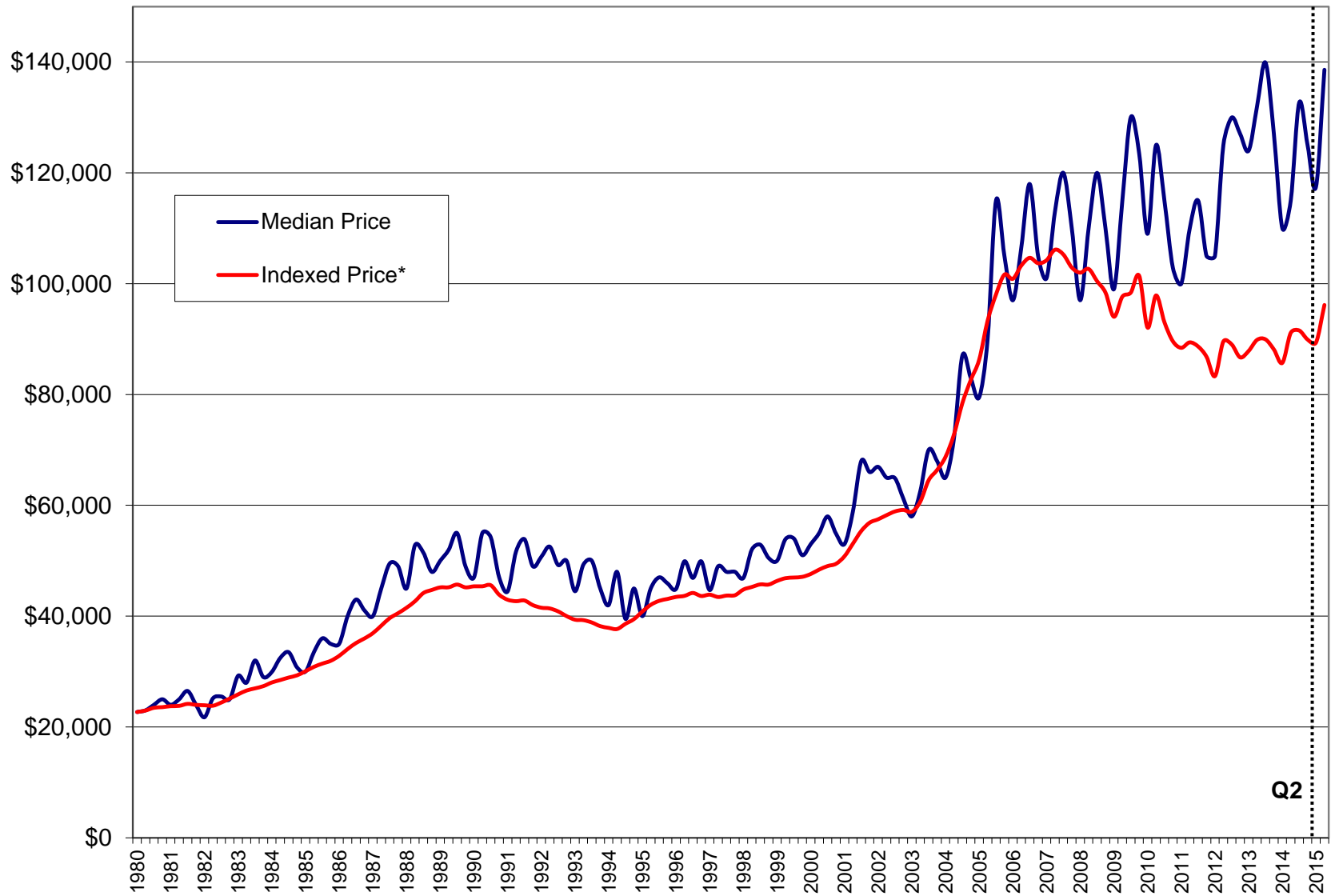
Period	Center City/ Fairmount	Kensington /Frankford	Lower NE Phila.	North Phila.	NW Phila.	South Phila.	Univ. City	Upper NE Phila.	West Phila.
<b>36-year</b>	<b>166.0%</b>	<b>152.8%</b>	<b>131.3%</b>	<b>160.8%</b>	<b>169.1%</b>	<b>195.0%</b>	<b>195.7%</b>	<b>165.6%</b>	<b>169.1%</b>
<b>10-year</b>	<b>8.2%</b>	<b>10.9%</b>	<b>-1.8%</b>	<b>22.4%</b>	<b>0.8%</b>	<b>37.8%</b>	<b>10.7%</b>	<b>7.5%</b>	<b>37.3%</b>
<b>1-Year</b>	<b>3.7%</b>	<b>9.3%</b>	<b>6.3%</b>	<b>13.5%</b>	<b>1.8%</b>	<b>8.0%</b>	<b>20.8%</b>	<b>5.7%</b>	<b>24.8%</b>
<b>1-Quarter</b>	<b>3.3%</b>	<b>2.5%</b>	<b>5.8%</b>	<b>10.1%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>10.9%</b>	<b>3.9%</b>	<b>10.8%</b>

This table gives the total % change in house prices by neighborhood, through 2015 Q2, from different starting points in time.

# Philadelphia Submarket Boundaries



# Median Philadelphia House Price v. Indexed Philadelphia House Price 1980-2015

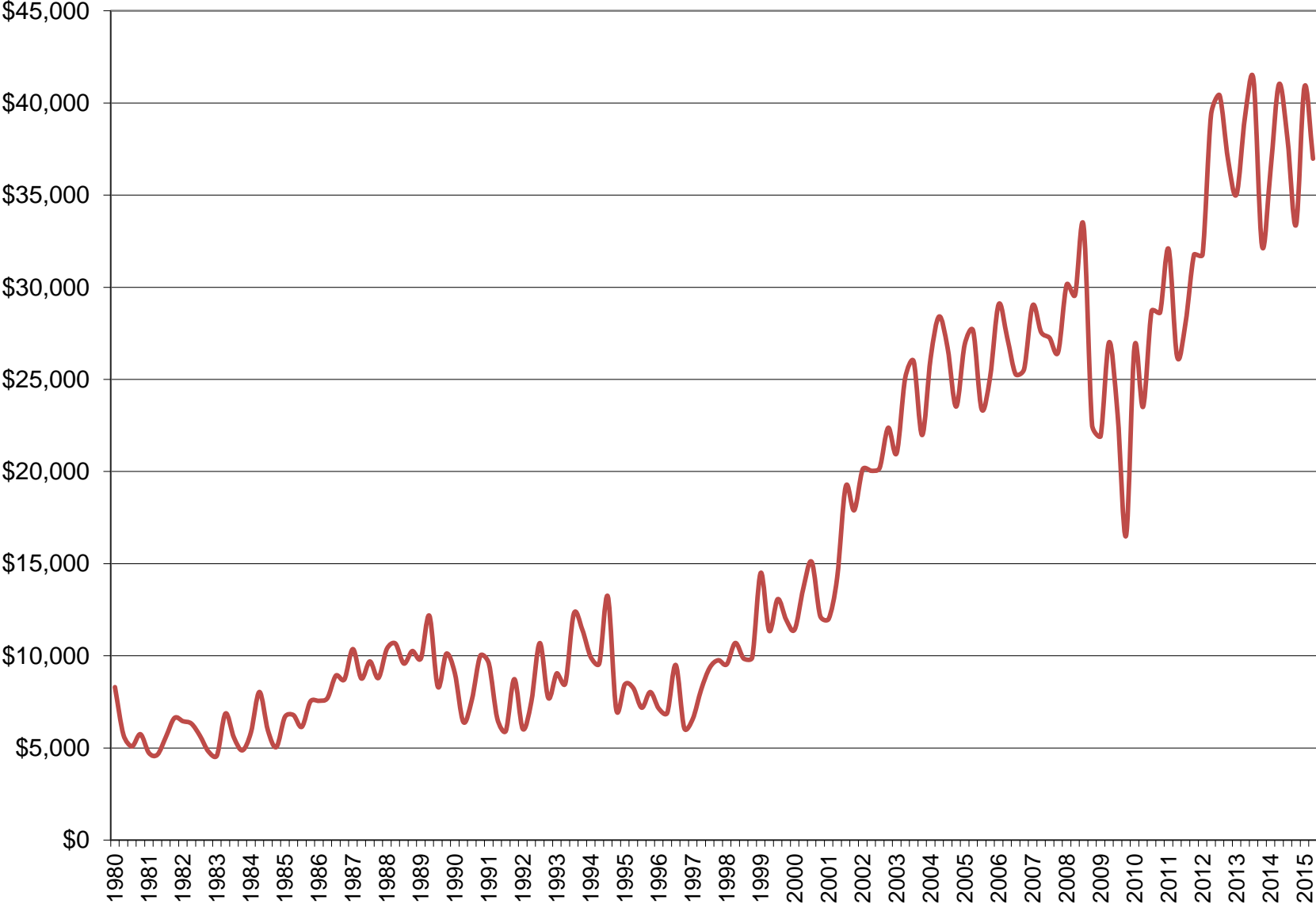


\* Empirically estimated by Kevin C. Gillen, PhD

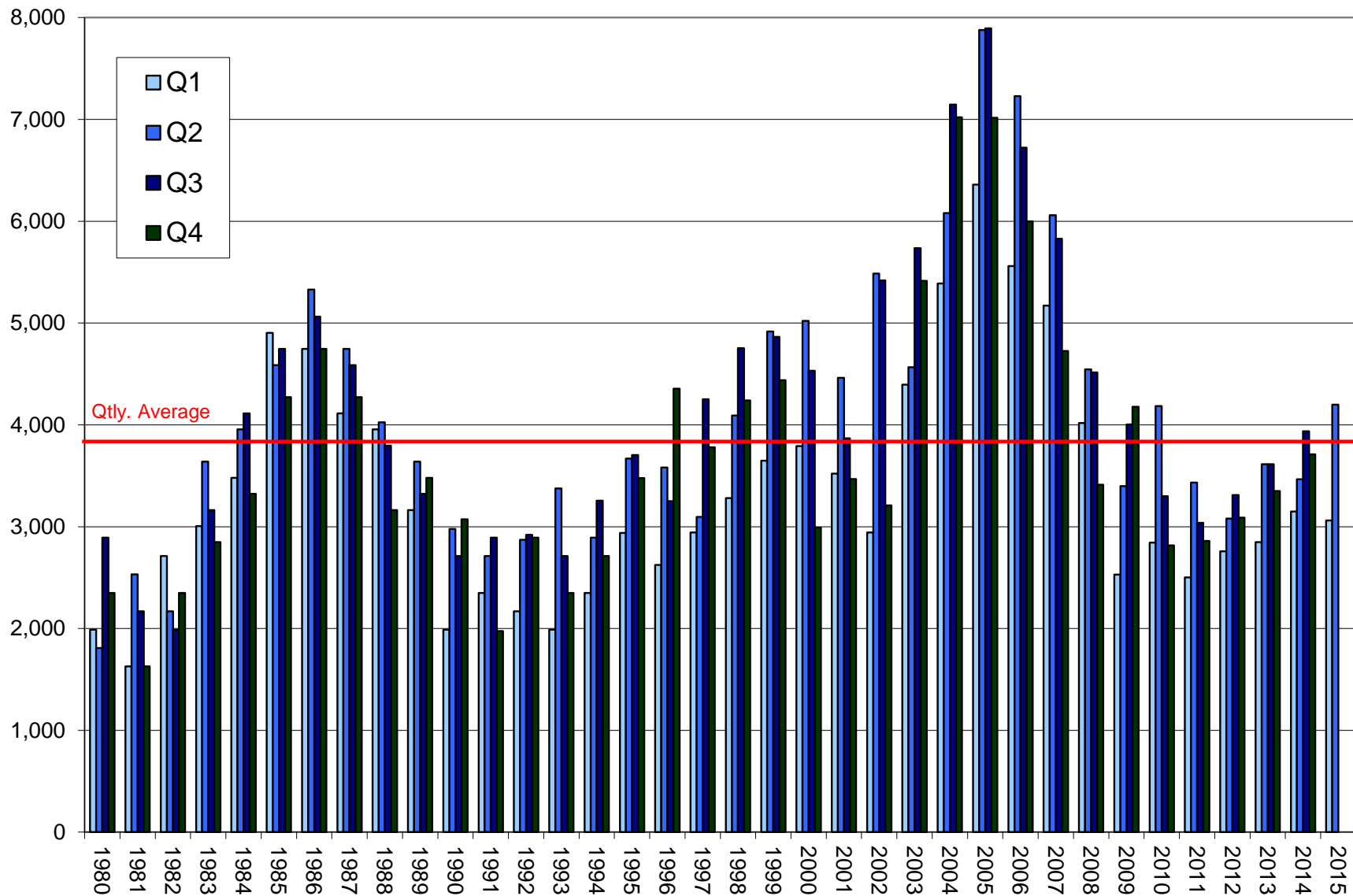
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# Average House Price Minus Median House Price: 1980-2015



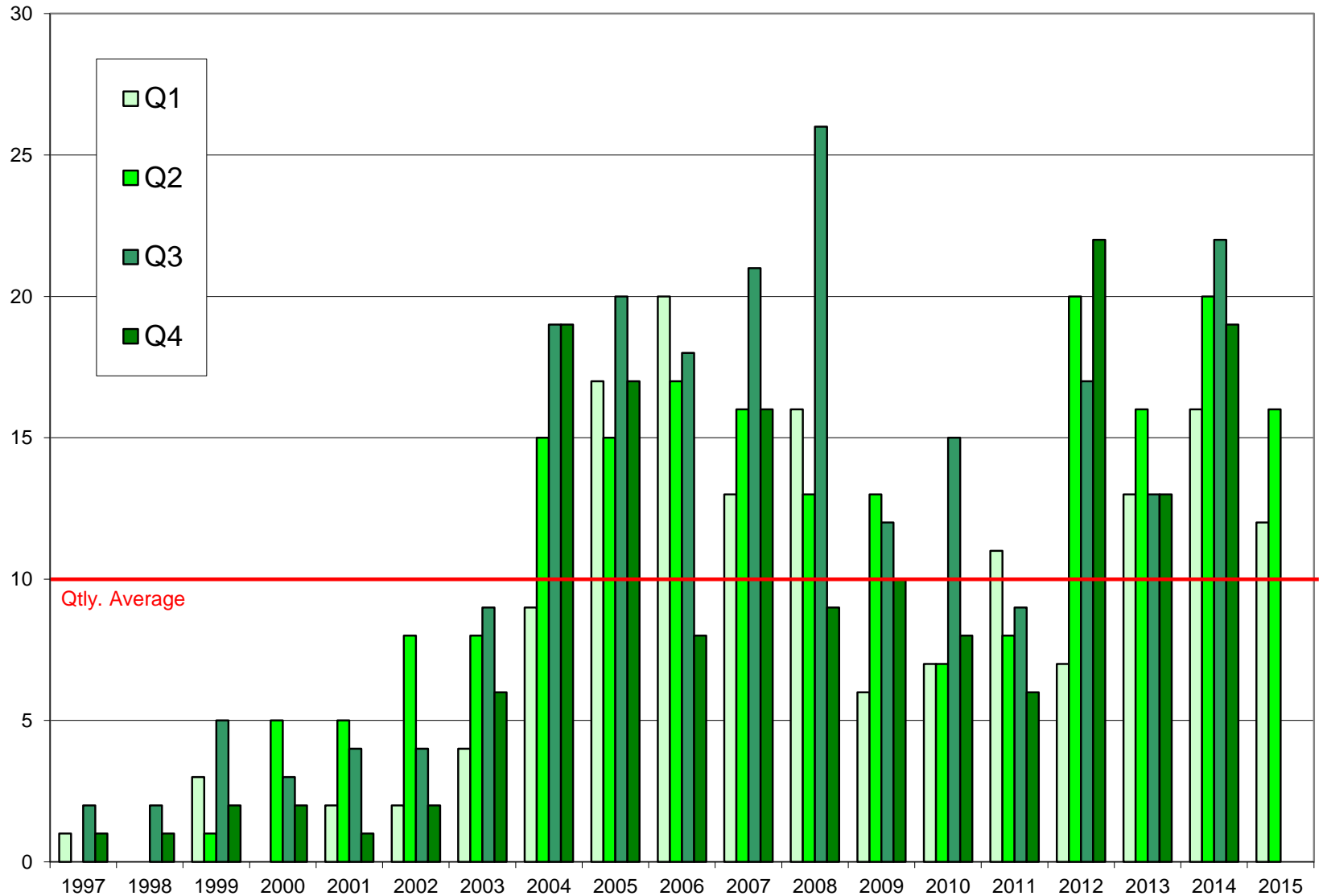
# Number of Philadelphia House Sales\* per Quarter: 1980-2015



Qtly. Average

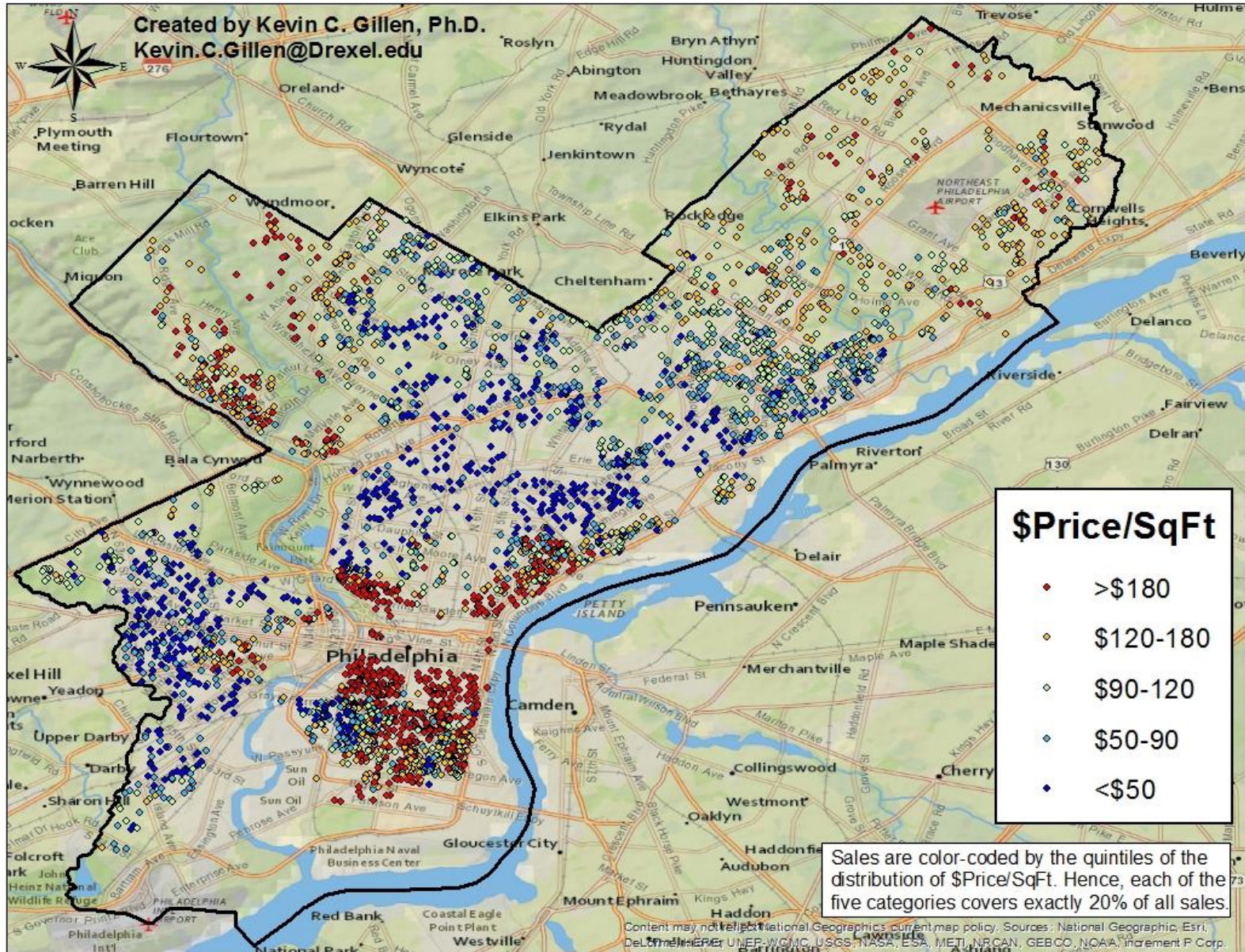
\*Only arms-length transactions between private sector entities were included in these numbers.

## Number of Philadelphia Home Sales\* per Quarter with Price >= \$1 Million: 1997-2015

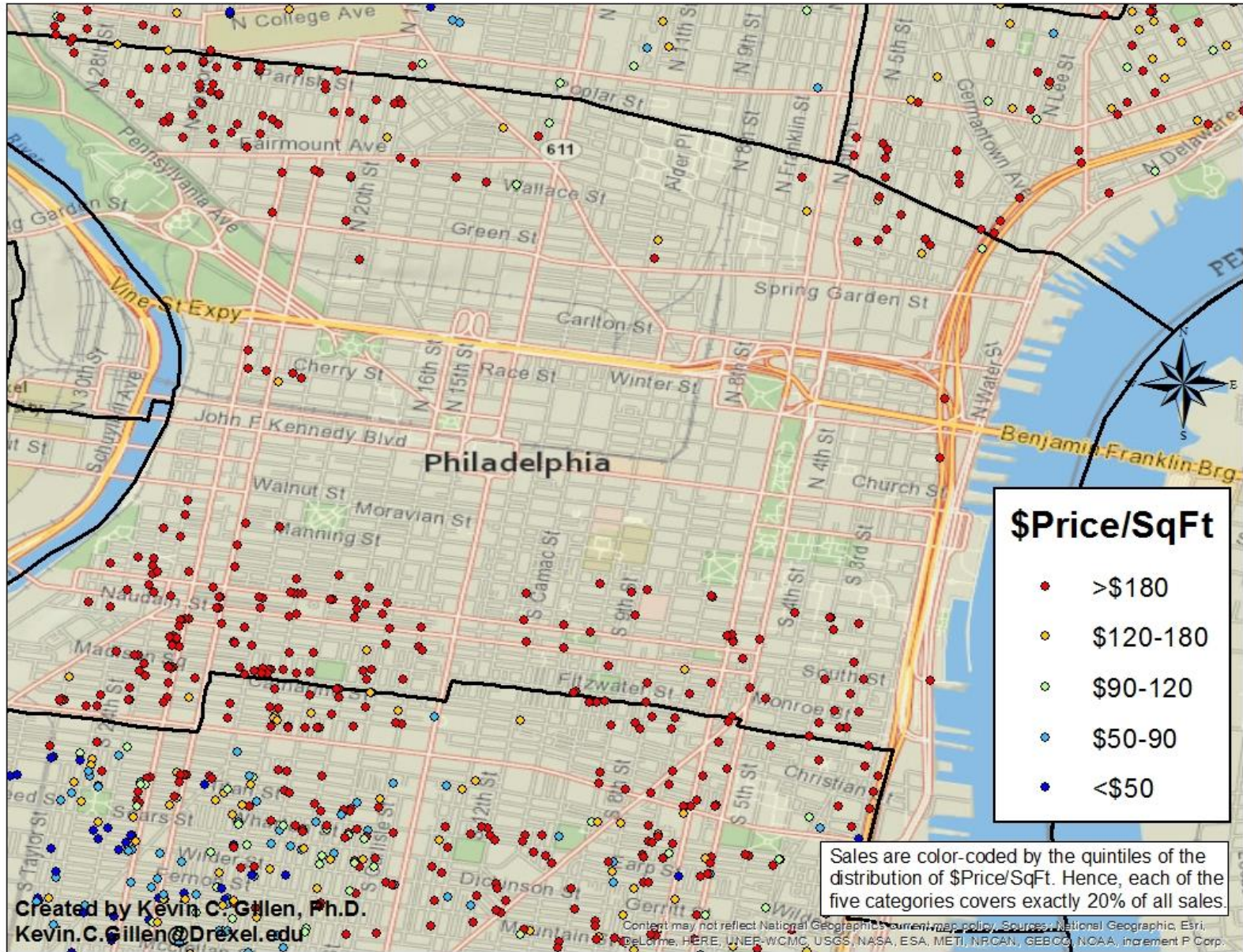


\*Only arms-length transactions between private sector entities were included in these numbers.

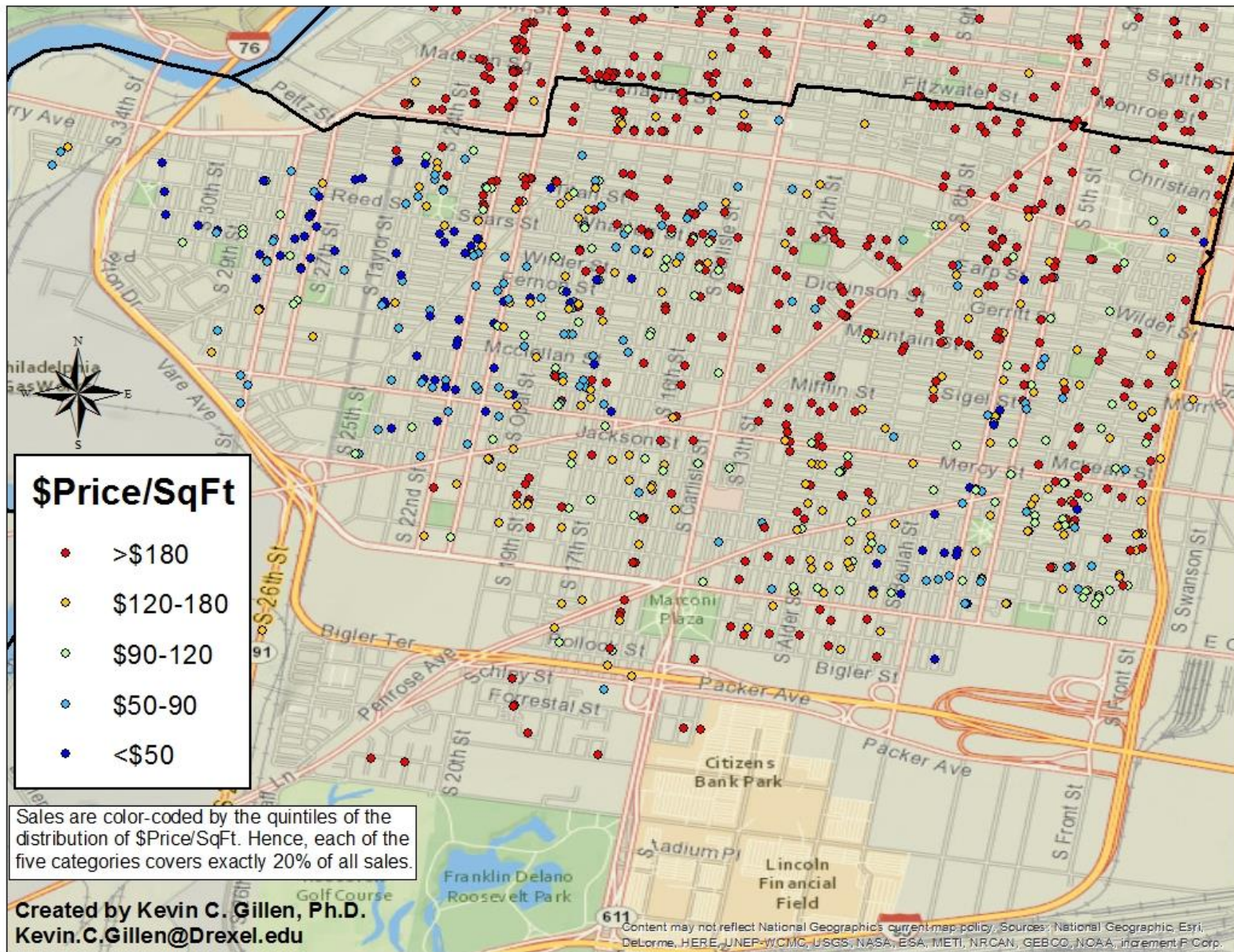
# Philadelphia House Sales in 2015 Q2



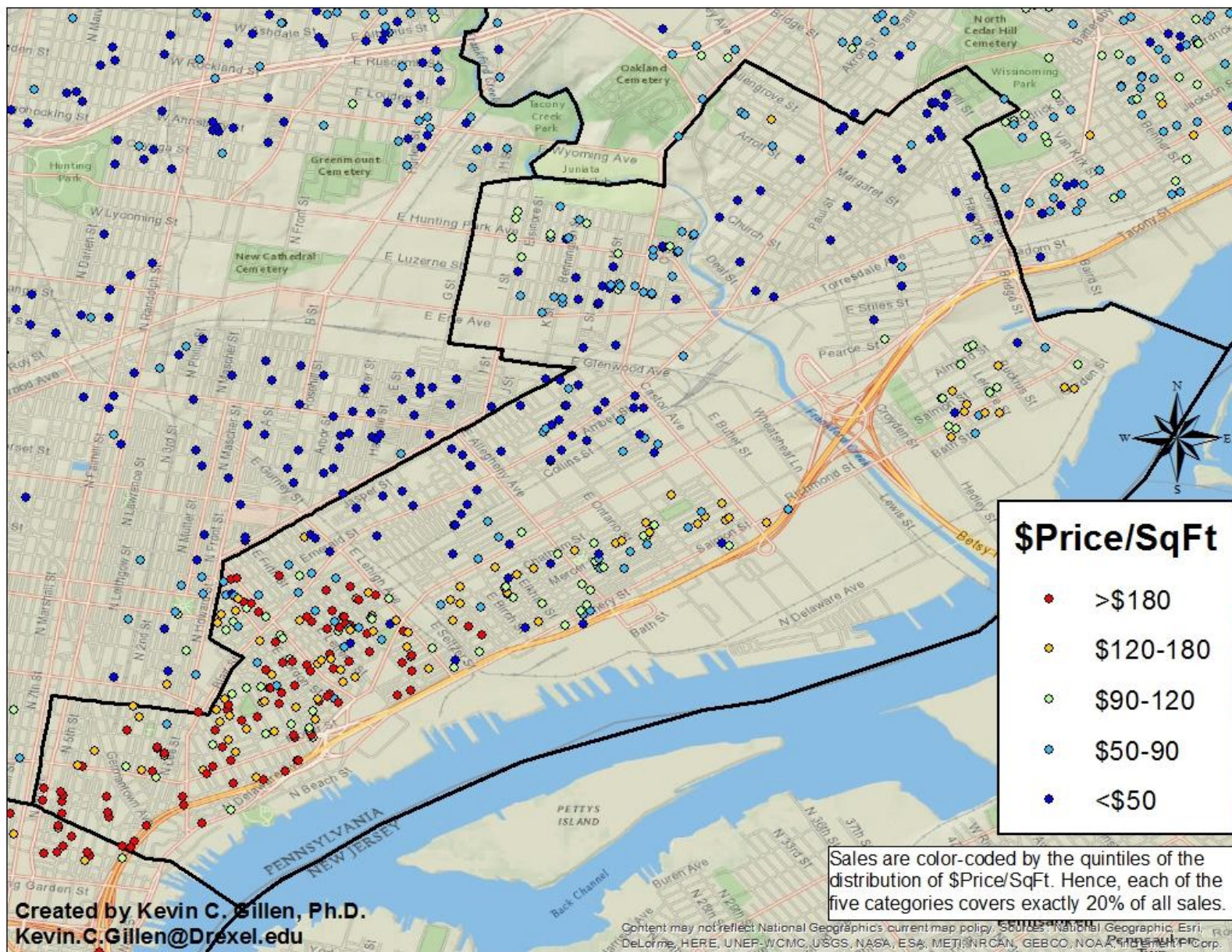
# Center City House Sales in 2015 Q2



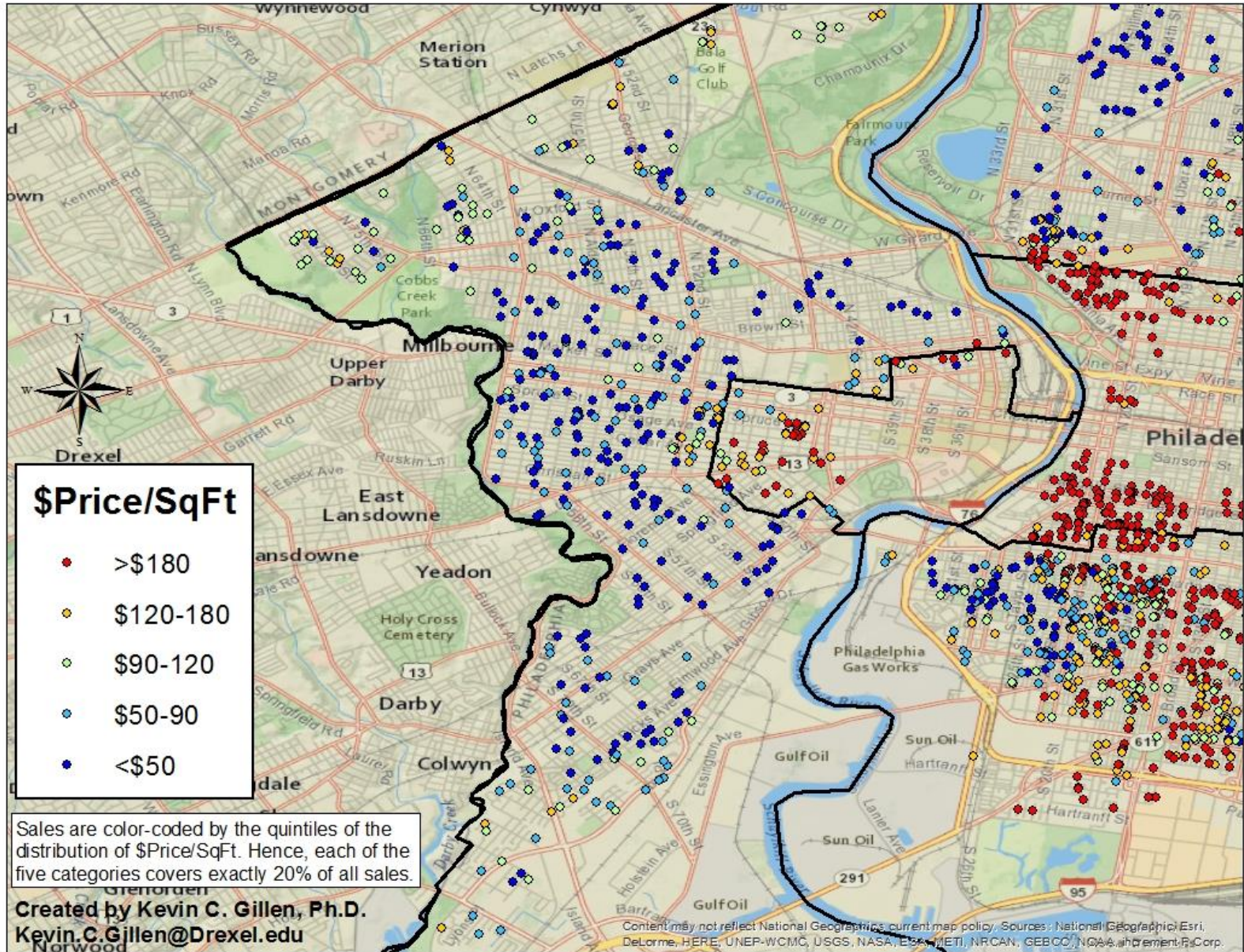
# South Philadelphia House Sales in 2015 Q2



# Kensington/Frankford House Sales in 2015 Q2

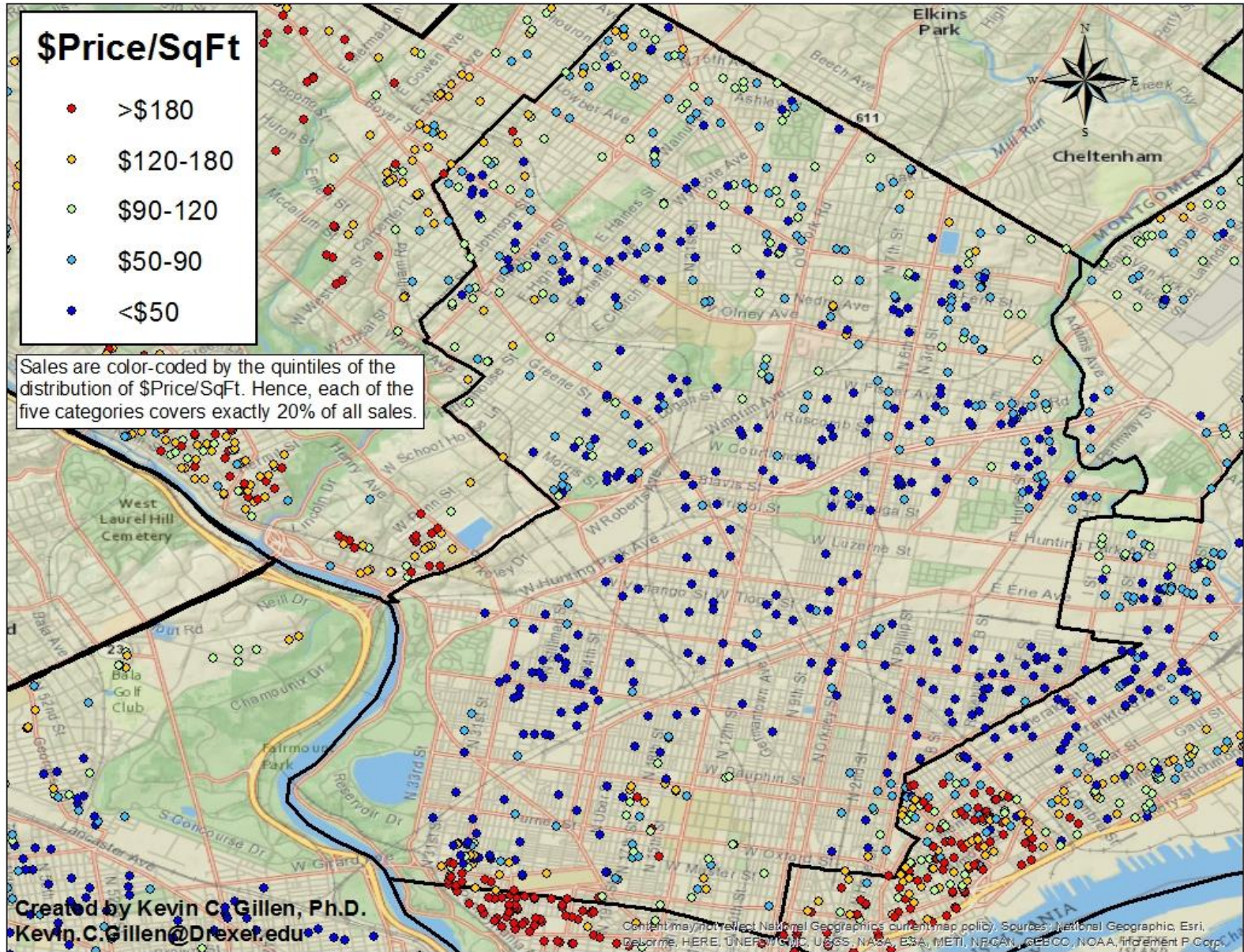


# West Philadelphia House Sales in 2015 Q2

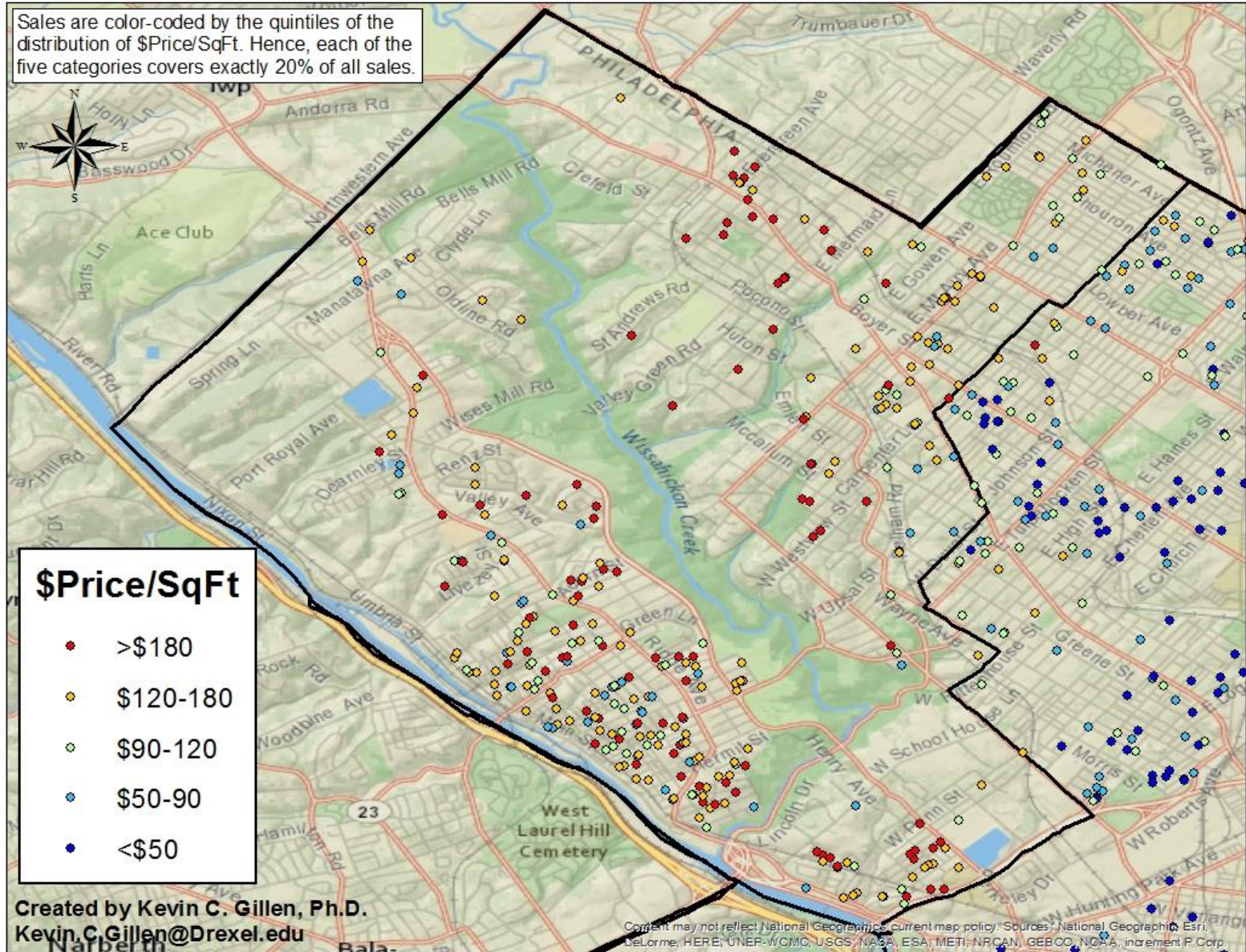




# North Philadelphia House Sales in 2015 Q2



# Northwest Philadelphia House Sales in 2015 Q2

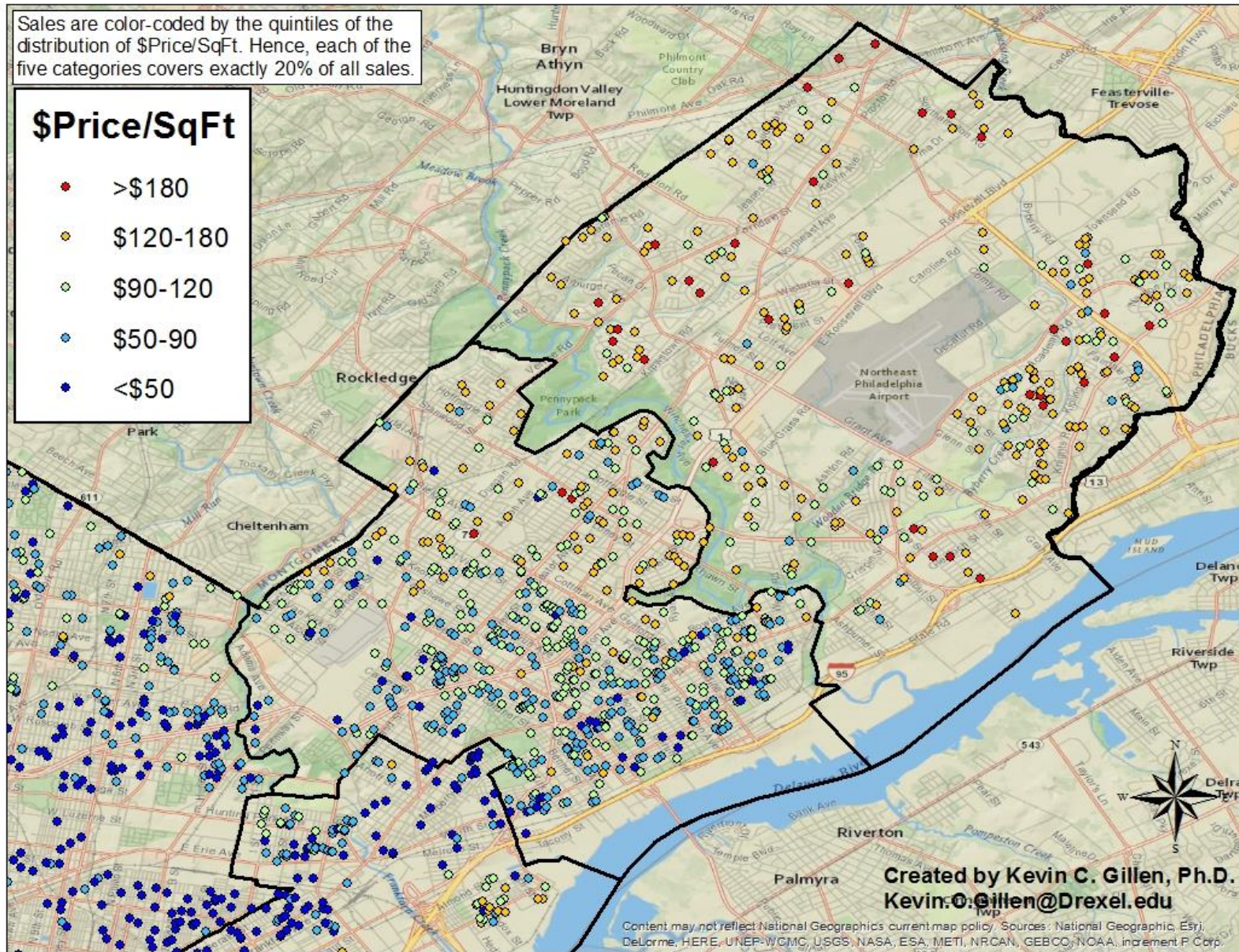


# Northeast Philadelphia House Sales in 2015 Q2

Sales are color-coded by the quintiles of the distribution of \$Price/SqFt. Hence, each of the five categories covers exactly 20% of all sales.

## \$Price/SqFt

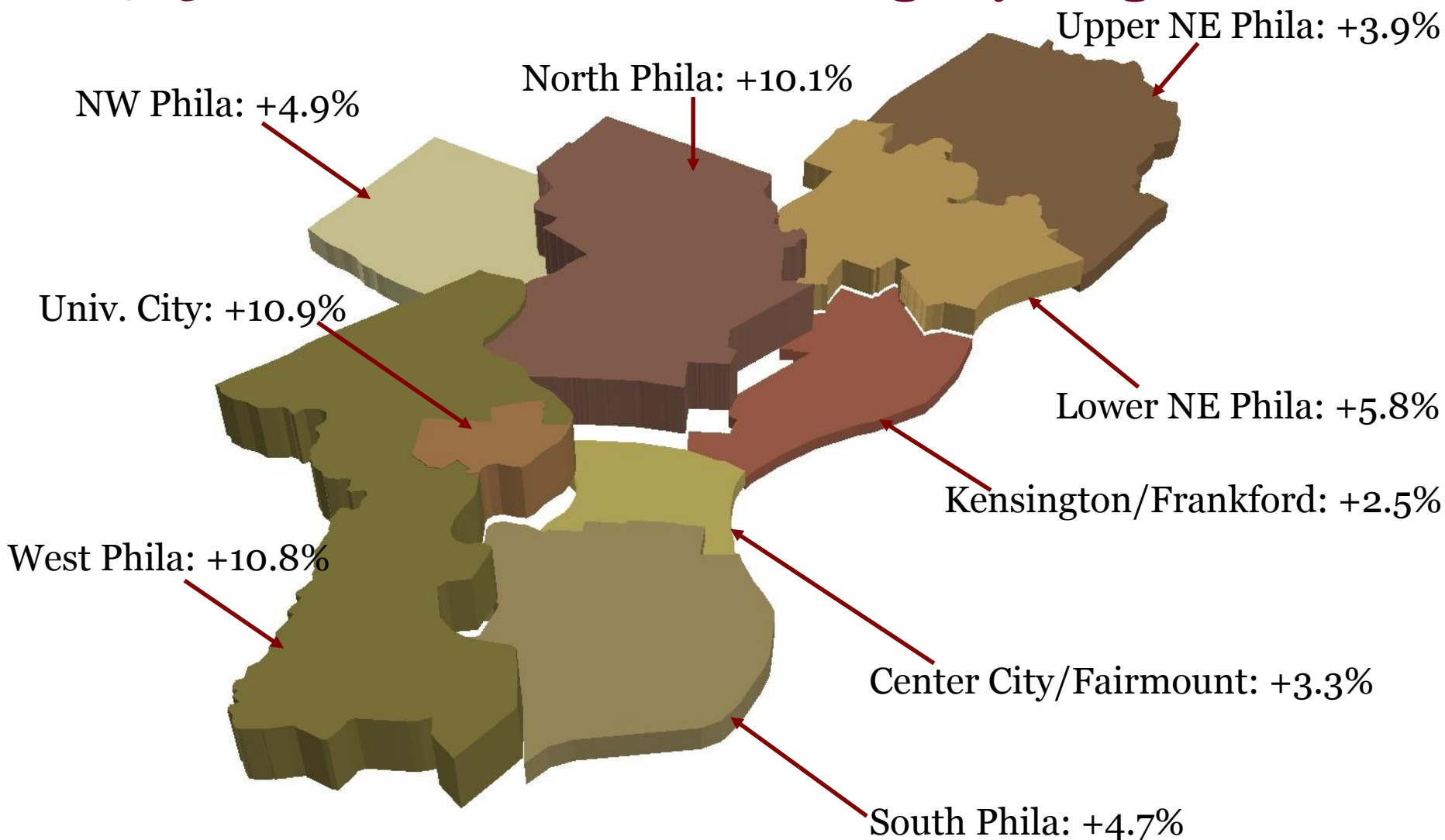
- >\$180
- \$120-180
- \$90-120
- \$50-90
- <\$50



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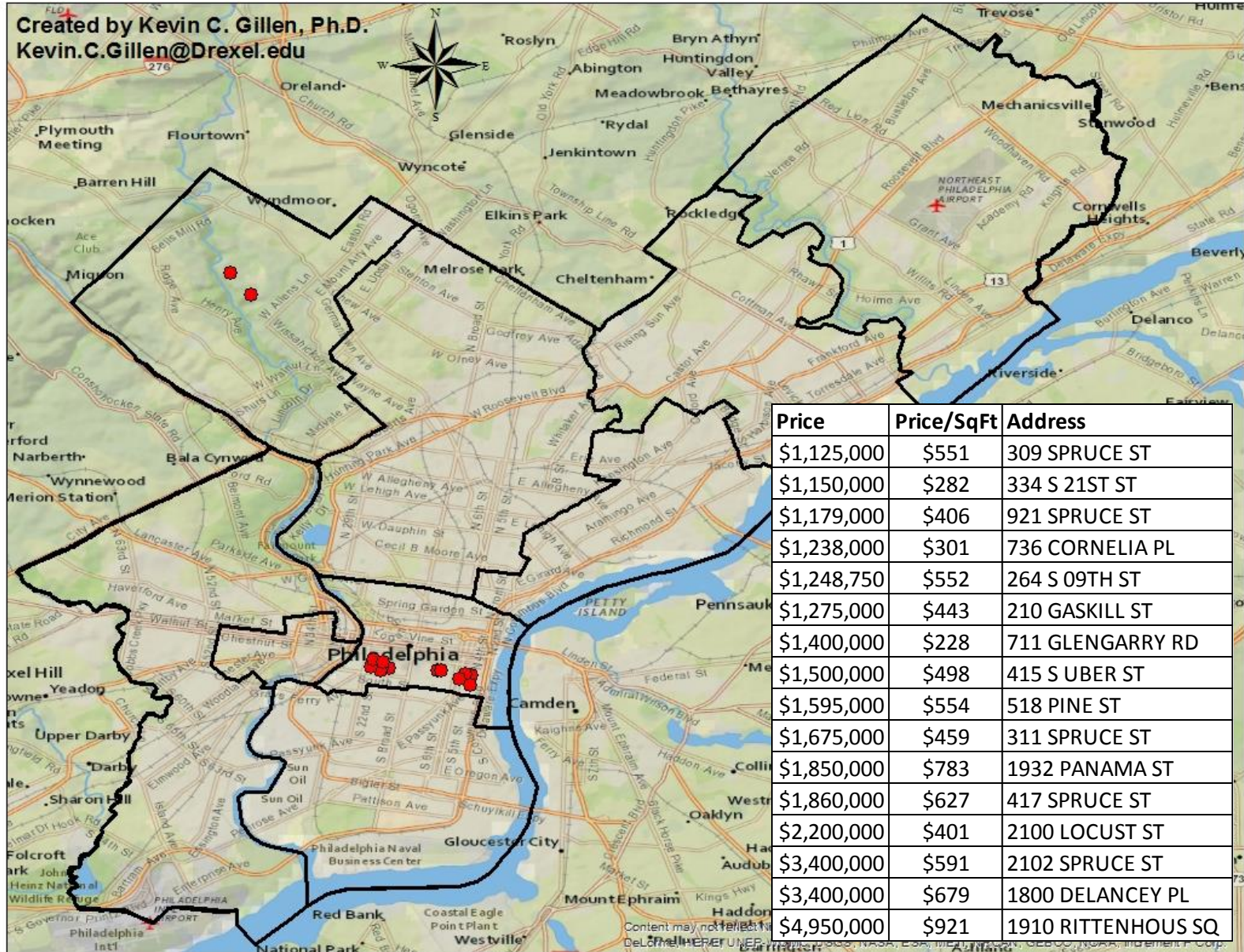
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# 2015 Q2 House Price Rate of Change by Neighborhood

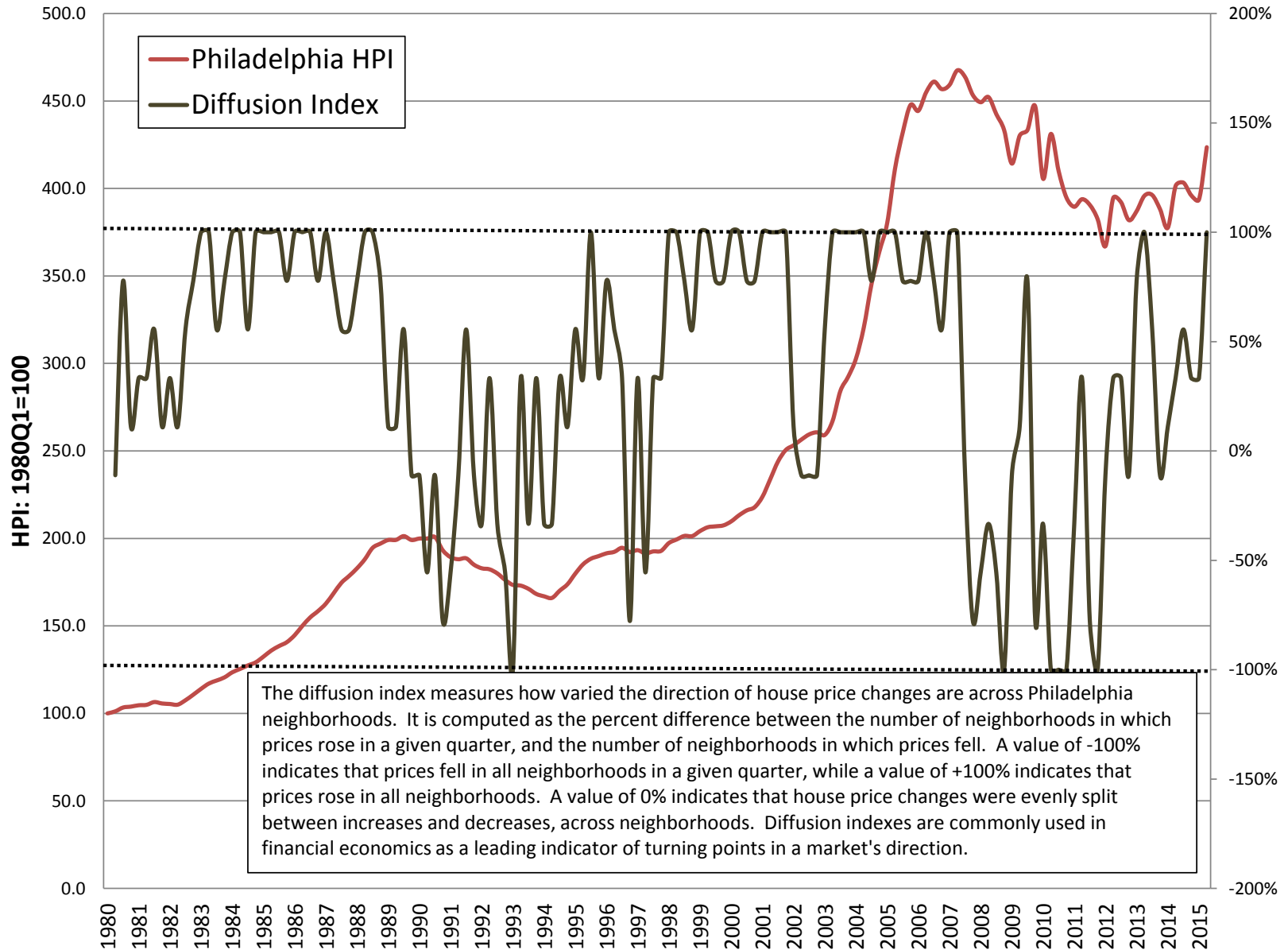


Note: Each neighborhood is extruded by its average change in house values during 2015 Q2 in order to reflect its growth (or depreciation) rate relative to other neighborhoods.

# + \$1 Million Dollar House Sales in 2015 Q2

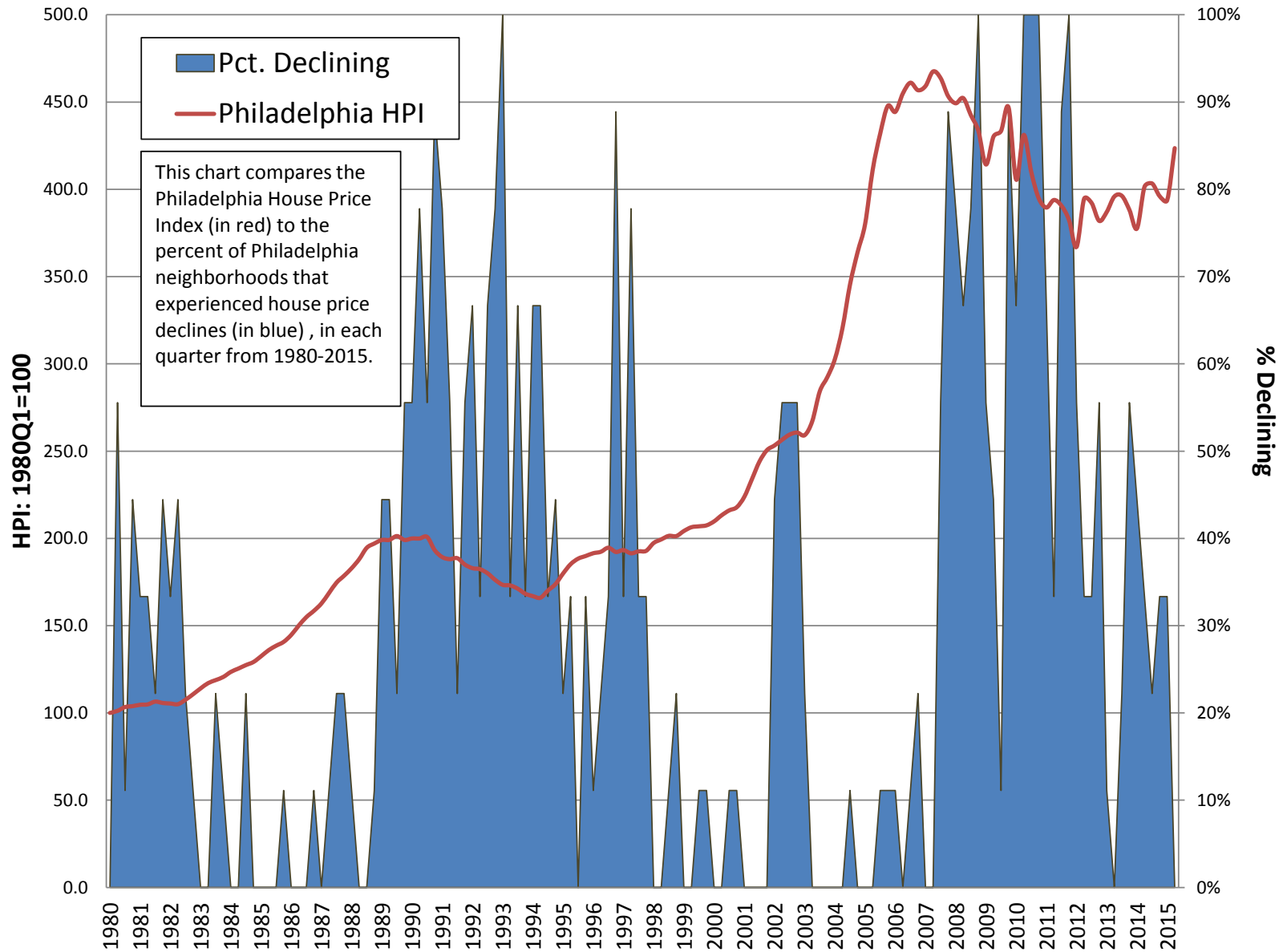


# Philadelphia House Price Diffusion Index

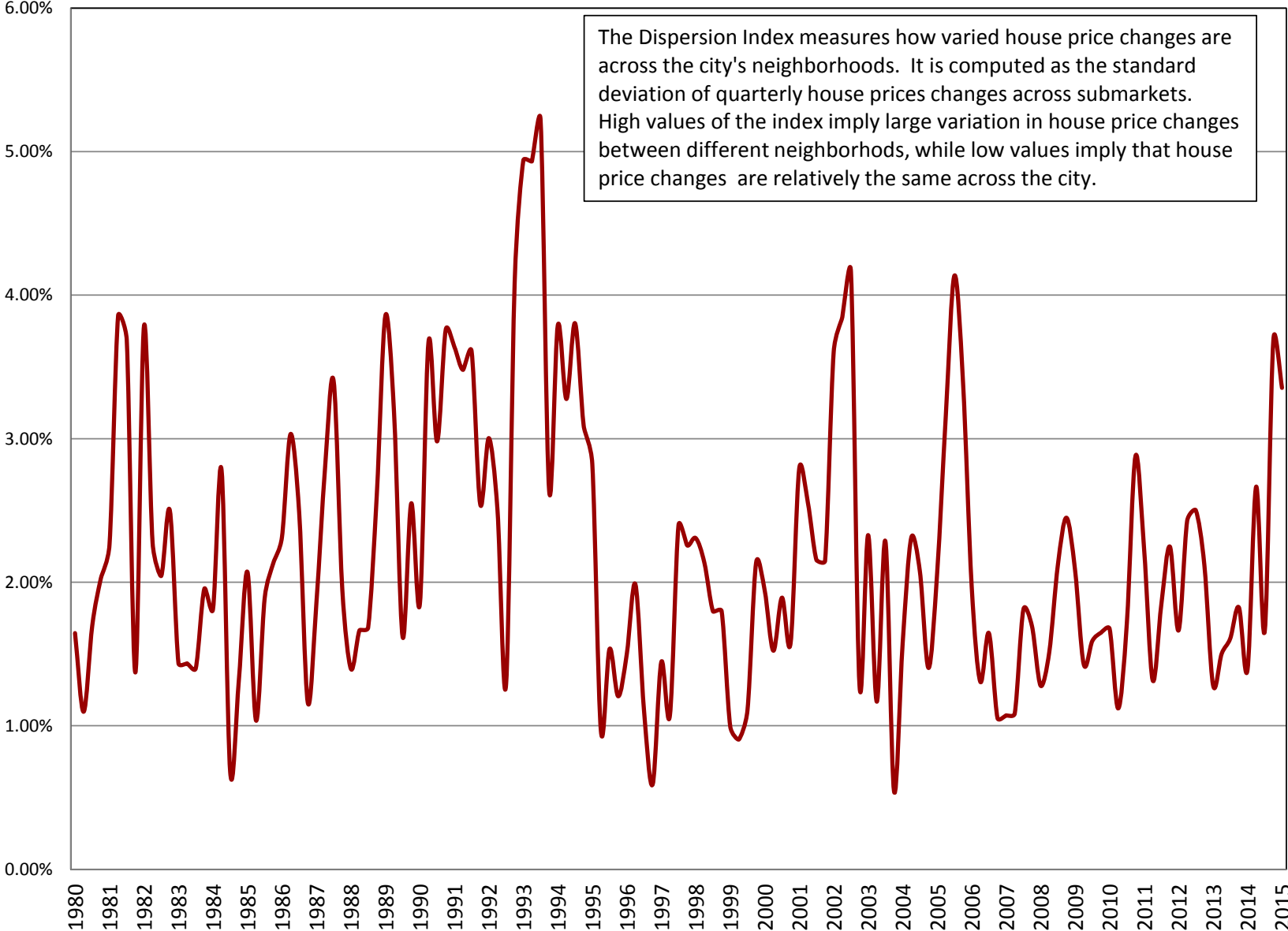


The diffusion index measures how varied the direction of house price changes are across Philadelphia neighborhoods. It is computed as the percent difference between the number of neighborhoods in which prices rose in a given quarter, and the number of neighborhoods in which prices fell. A value of -100% indicates that prices fell in all neighborhoods in a given quarter, while a value of +100% indicates that prices rose in all neighborhoods. A value of 0% indicates that house price changes were evenly split between increases and decreases, across neighborhoods. Diffusion indexes are commonly used in financial economics as a leading indicator of turning points in a market's direction.

# Philadelphia House Prices: Declines v. House Price Index

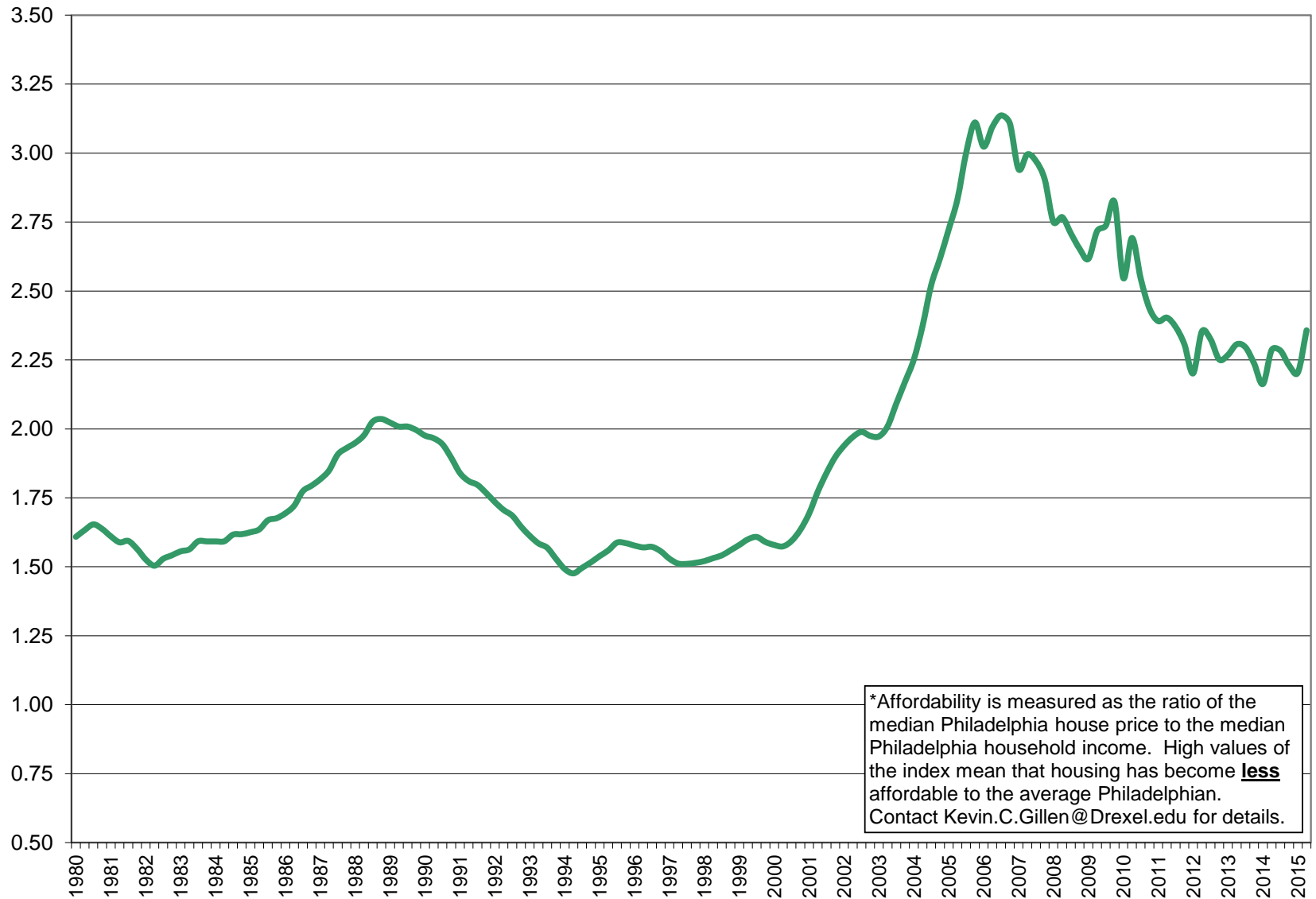


# Dispersion Index of Philadelphia Housing



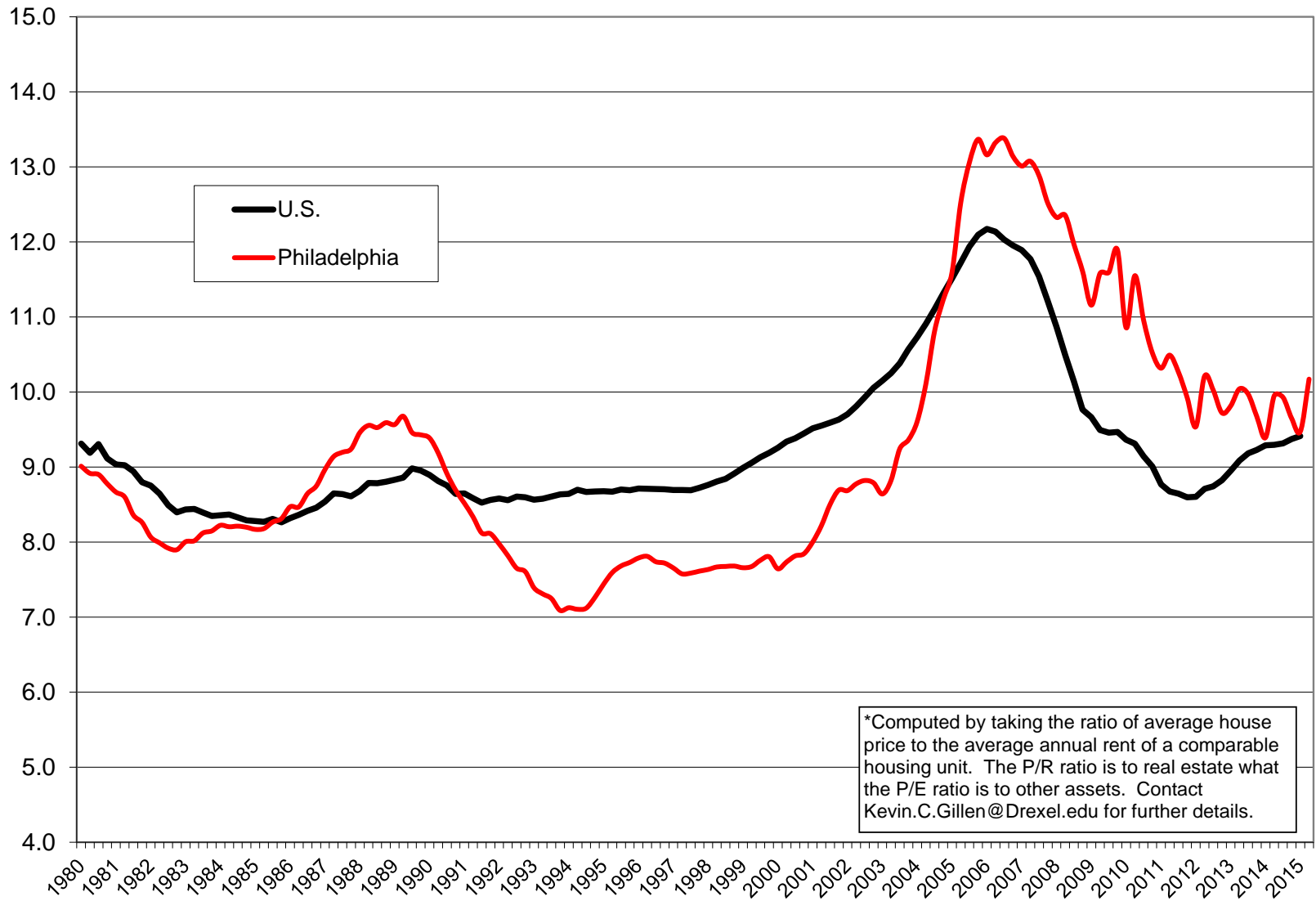


# Philadelphia Housing Affordability\* Index: 1980-2015



\*Affordability is measured as the ratio of the median Philadelphia house price to the median Philadelphia household income. High values of the index mean that housing has become **less** affordable to the average Philadelphian. Contact [Kevin.C.Gillen@Drexel.edu](mailto:Kevin.C.Gillen@Drexel.edu) for details.

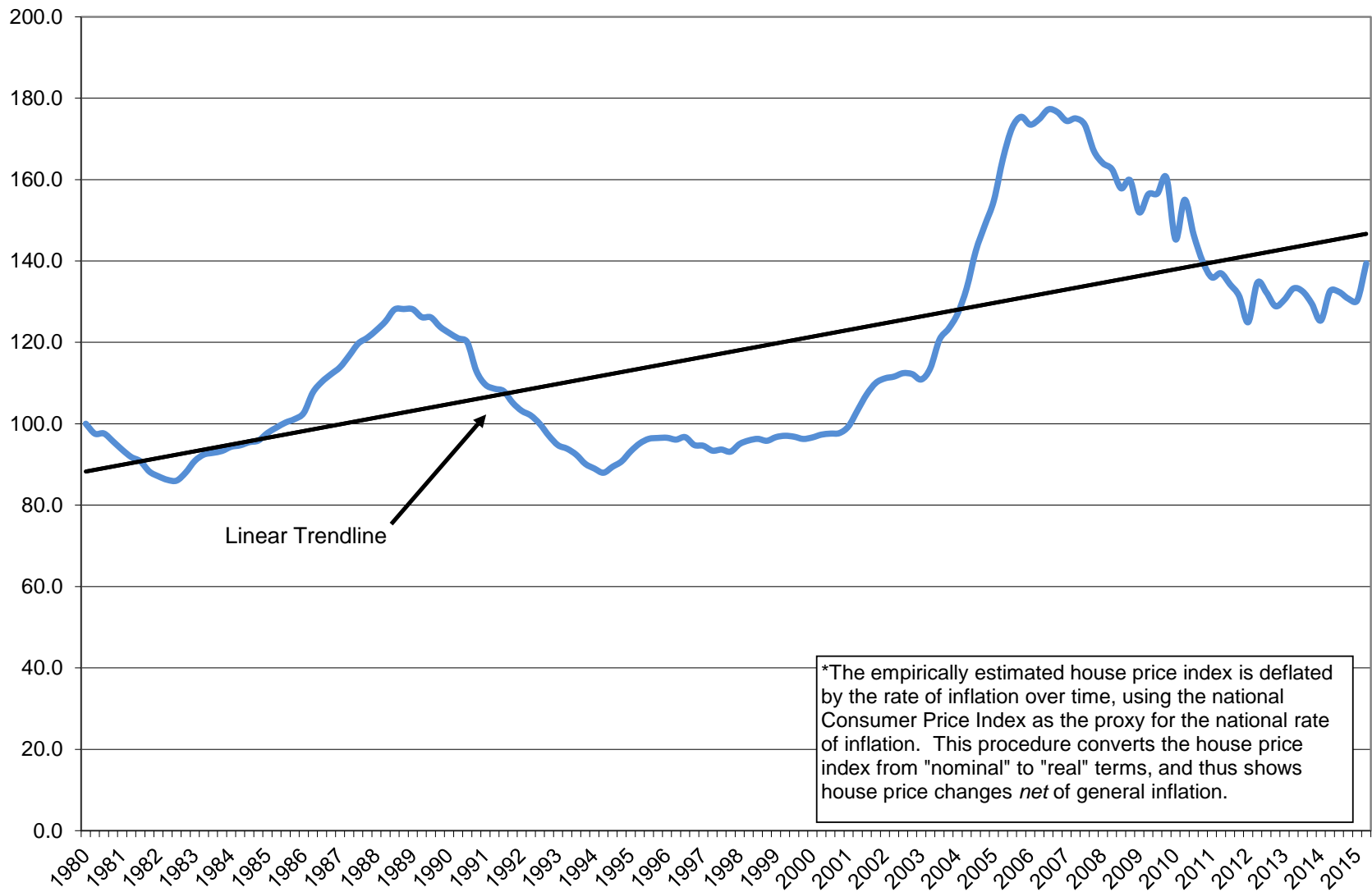
## Average House Price-to-Rent Ratios\*: 1980-2015 Philadelphia v. U.S.



\*Computed by taking the ratio of average house price to the average annual rent of a comparable housing unit. The P/R ratio is to real estate what the P/E ratio is to other assets. Contact Kevin.C.Gillen@Drexel.edu for further details.

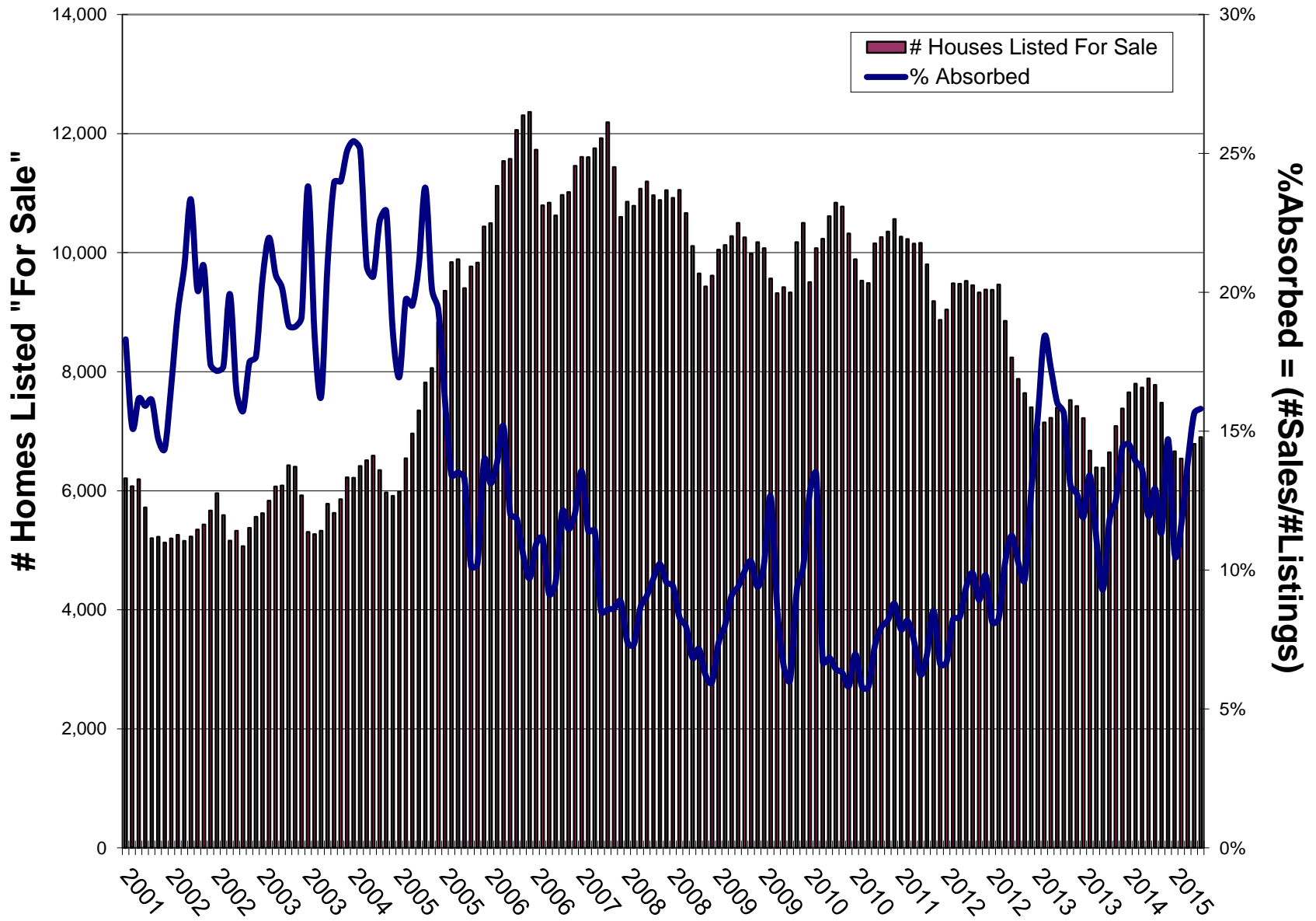
# Inflation-Adjusted\* Philadelphia House Price Index 1980-2015

## 1980Q1=100



Source: US Bureau of Labor Statistics

# Philadelphia Houses Listed For Sale: Inventory v. Absorption Rate



“%Absorbed” is defined as the percent of homes listed for sale in a given month that also sold in that same month.

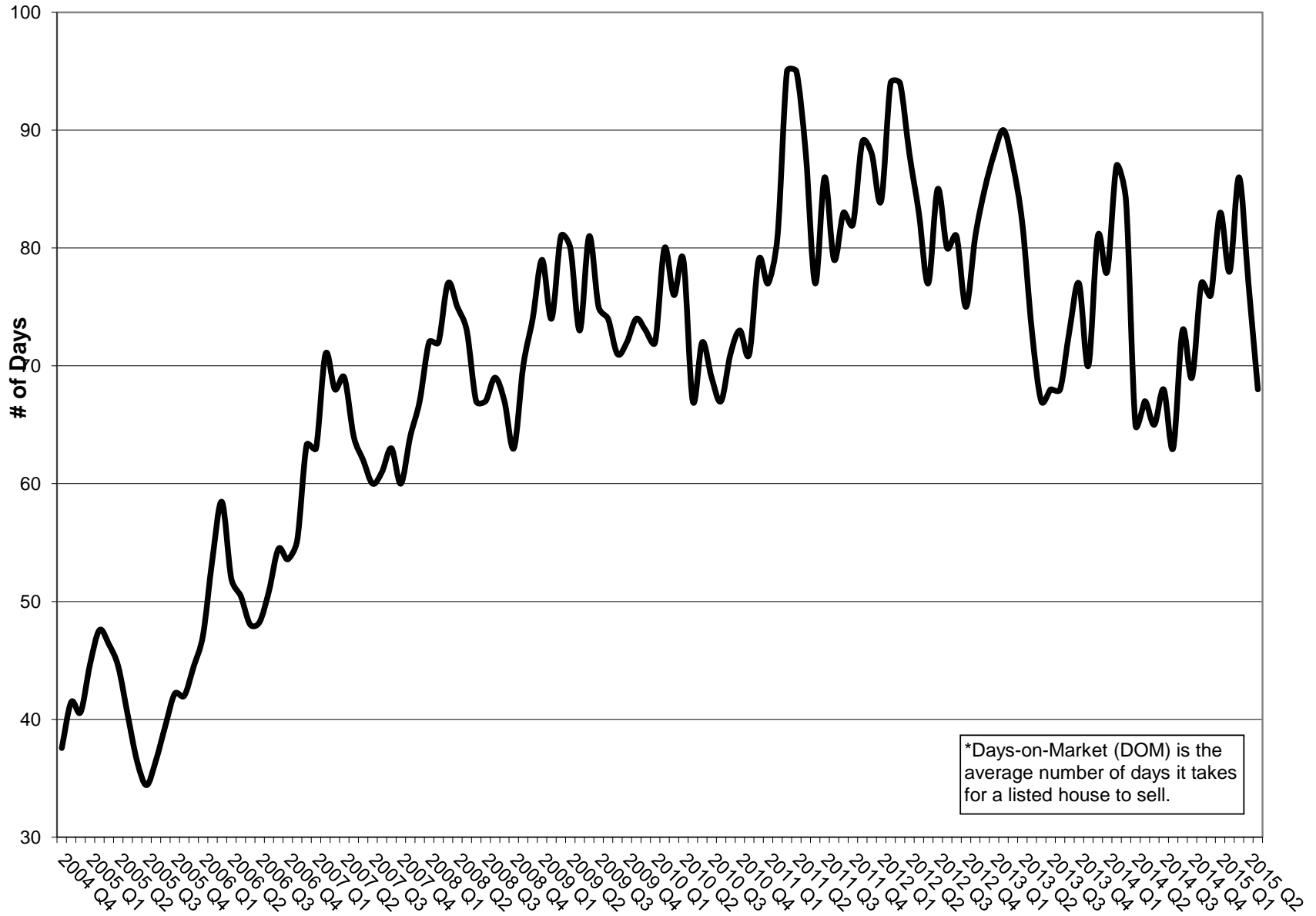
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Source: Trend MLS

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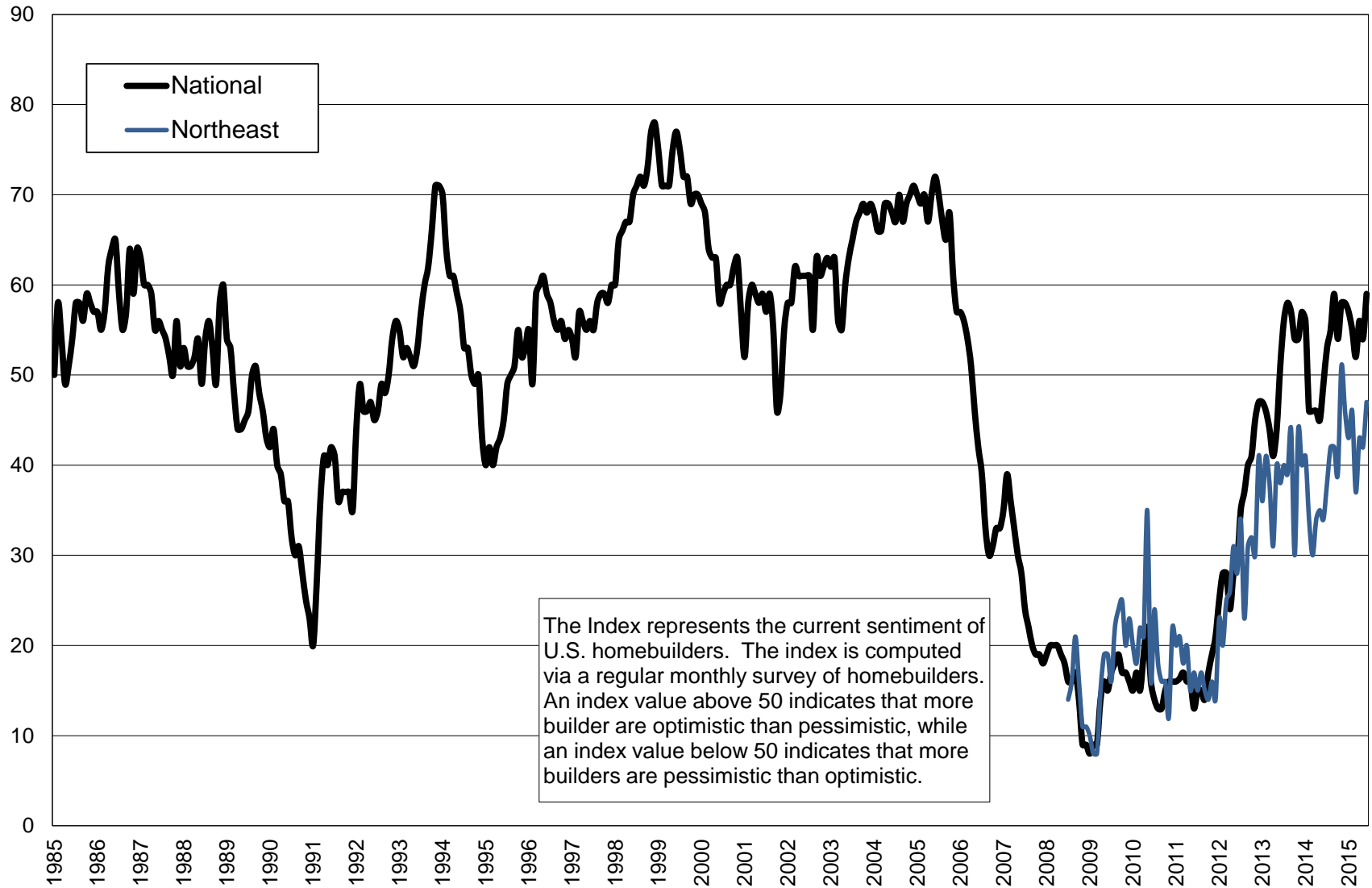
# Average Days-on-Market\* for Philadelphia Homes



\*Days-on-Market (DOM) is the average number of days it takes for a listed house to sell.

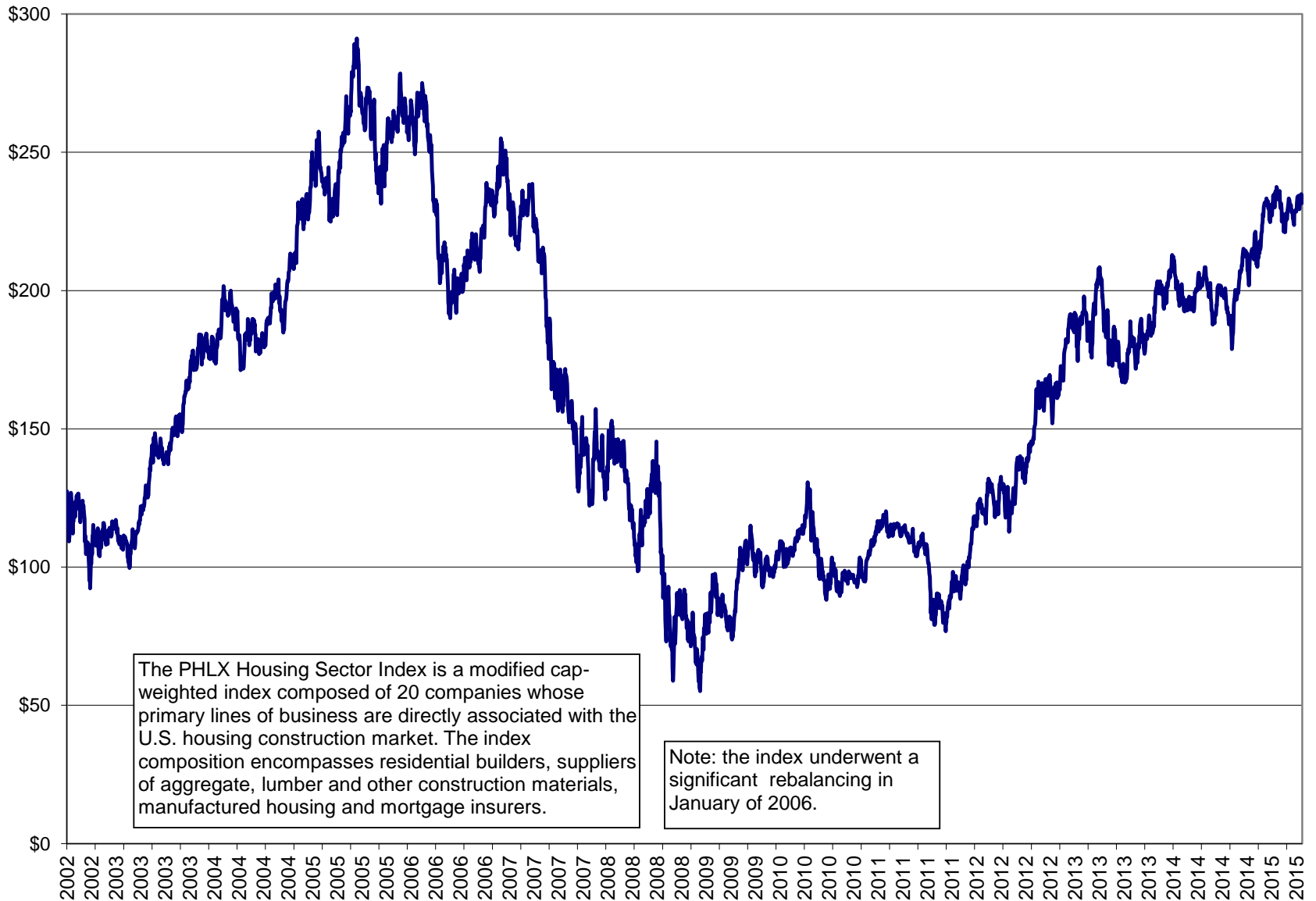
Source: Trend MLS

## Index of Homebuilder Sentiment: 1985-2015 (Seasonally Adjusted)



Source: National Assoc. of Homebuilders (NAHB)/Wells Fargo

# Philadelphia Stock Exchange Housing Sector Index: 2002-2015

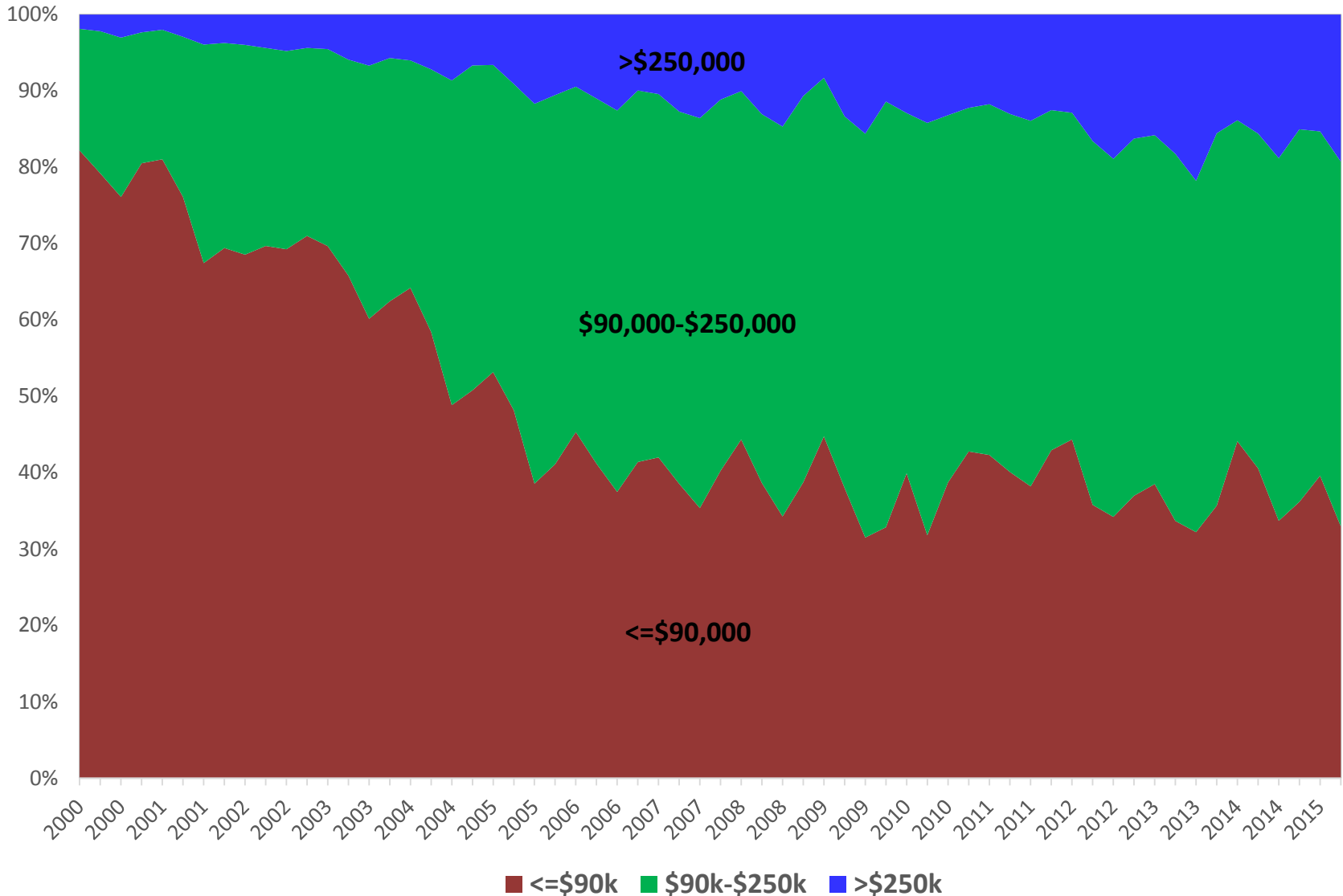


The PHLX Housing Sector Index is a modified cap-weighted index composed of 20 companies whose primary lines of business are directly associated with the U.S. housing construction market. The index composition encompasses residential builders, suppliers of aggregate, lumber and other construction materials, manufactured housing and mortgage insurers.

Note: the index underwent a significant rebalancing in January of 2006.

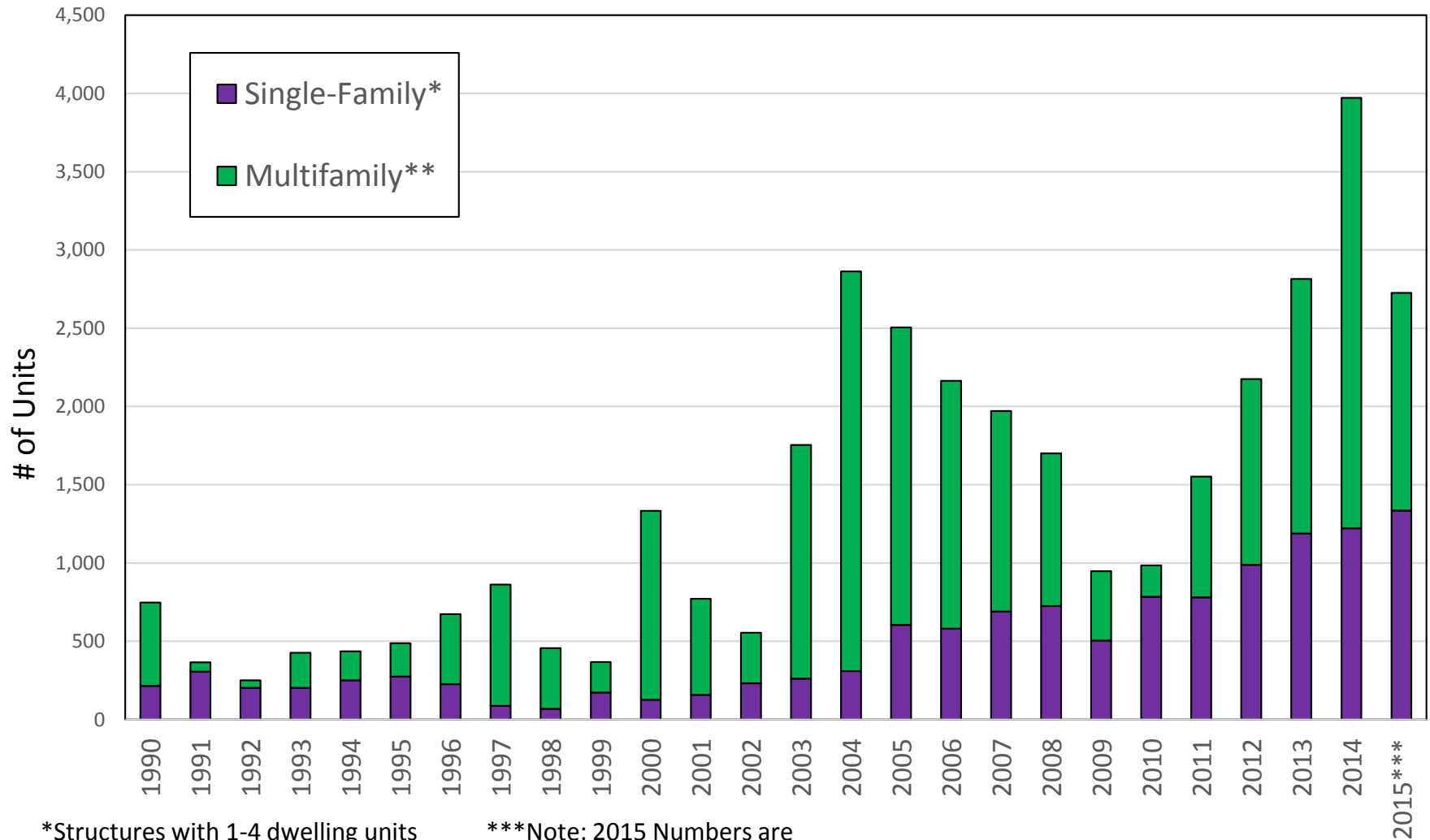
Source: finance.yahoo.com

# %Market Share of Philadelphia Home Sales by Price Category: 2000-2015





# Building Permits Issued for Construction of Residential Units: Single-Family v. Multifamily



\*Structures with 1-4 dwelling units  
 \*\*Structures with >=5 dwelling units

\*\*\*Note: 2015 Numbers are extrapolated from YTD numbers.

# Philadelphia House Price Index and 1-Year Forecast

## Philadelphia Market Overview

Data through May 31, 2015

**\$117,800** ZHVI

**2.3%** 1-yr forecast (May 31, 2016)

**No data** Median listing price

**\$147,700** Median sale price

## Philadelphia Market Health

Data through May 31, 2015

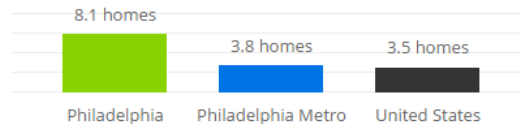
**No recent data** Less healthy

**No data** Average days on Zillow

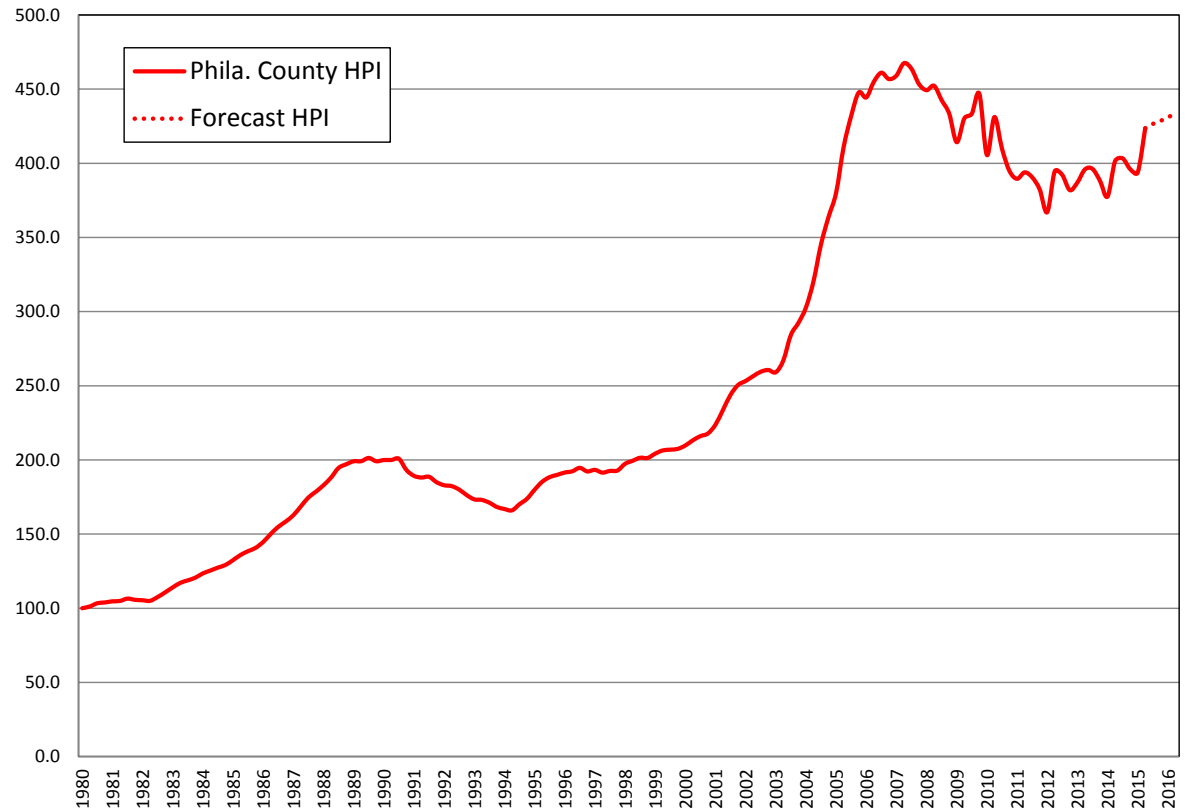
**23.6%** Homes with negative equity (15.4% US Avg)  
(Mar 31, 2015)

**8.2%** Delinquent on mortgage (6.0% US Avg) (Mar 31, 2015)

**HOMES FORECLOSED** (per 10,000)



## Philadelphia House Price Index: Actual v. Forecast



Zillow.com is currently forecasting Philadelphia house prices to rise an average of 2.3% over the next year, which is unchanged from its previous forecast from one quarter ago, but remains an upgrade of its 2014 Q4 forecast of 0.5%.

Source: <http://www.zillow.com/philadelphia-pa/home-values/>