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# As Philly's housing market forges ahead, suburban prices still limp along

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such as these in Mount Laurel are an

by **DAVID M WARREN / STAFF**

Townhouses, such as these in Mount Laurel, are an increasingly popular suburban house form.

by **Caitlin McCabe**, Staff Writer [@mccabe\\_caitlin](https://twitter.com/mccabe_caitlin) ([http://twitter.com/mccabe\\_caitlin](http://twitter.com/mccabe_caitlin)) |  
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The Philadelphia suburbs aren't what they used to be — at least when it comes to home-sale prices.

For the fifth year in a row, the suburban counties saw a near-negligible increase in median home-sale price, ticking up just 0.9 percent overall in 2016 to end the fourth quarter at \$231,000. (Median is the middle number; half the houses sold for more, half for less.)

When compared to the city, where the median home-sale price jumped 8.6 percent year-over-year to \$140,000, it's clear the suburbs are not experiencing the same residential renaissance.

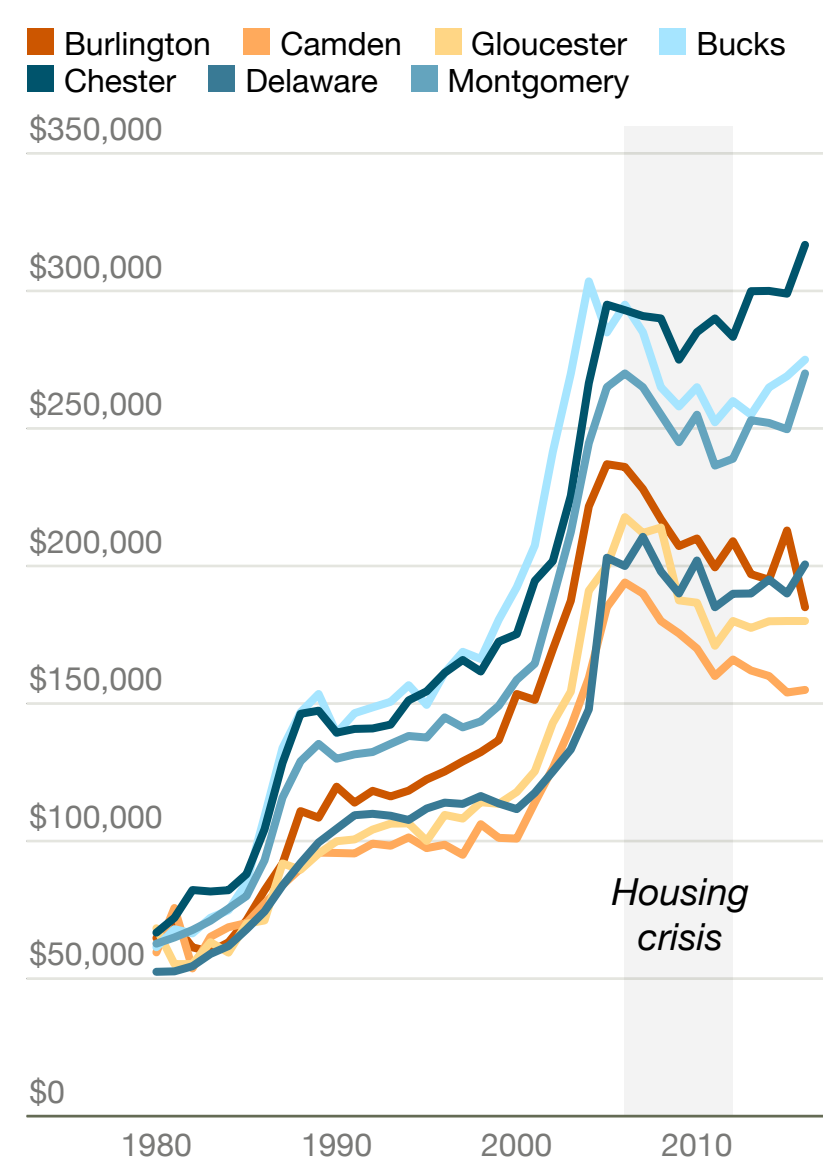
"In the 1980s, no one wanted to live in Philadelphia," said Forrest Huffman, a professor of finance and real estate at Temple University. Instead, he noted, people swarmed the suburbs, seeking land and good schools and jobs.



Today, Huffman said, baby boomers and millennials “have a much better take on Center City and the urban environment ... better access, public transit, being involved in the middle of everything.”

## Trends in Home Prices in the Suburbs

Among Philadelphia’s suburban counties, only Chester and Montgomery have seen home prices match or surpass their pre-housing-crisis levels. The chart below shows the median sale price in the fourth quarter of each year, by county.



Source: [Kevin Gillen, senior research fellow, Drexel University's Lindy Institute for Urban Innovation](#)

Staff Graphic

To be sure, not all suburbs experienced price changes equally. Burlington County was the driving force behind the region’s minimal gains — its median sale price tumbled 13.1 percent to \$185,000 last year, the lowest level since mid-2003, aside from one steep drop in early 2016.

Montgomery County, on the other hand, saw almost as much appreciation as Philadelphia, with the median sale price rising 8 percent to \$270,000. Still, that jump was tempered by modest price growth elsewhere.

Even more notable, the median sale price in the suburban counties overall was down 4.5 percent compared with 10 years ago, before the recession began, while the price in Philadelphia is up more than 33 percent, according to an analysis by Kevin Gillen, senior research fellow at Drexel University’s Lindy Institute for Urban Innovation. He analyzed Trend Multiple Listing Service sales data obtained through Berkshire Hathaway Home Services Fox & Roach and the city’s Recorder of Deeds Office.

(Gillen’s analysis, which did not include condominium sales, encompassed 10 suburban counties: Burlington, Camden, Gloucester, Mercer, and Salem in New Jersey; Bucks, Chester, Delaware, and Montgomery in Pennsylvania; and New Castle in Delaware.)

The disparity highlights what economists and analysts have observed as the U.S. economy has recovered: a growing divide between urban and suburban. Cities from San Francisco to Portland, Boston to Philadelphia have been experiencing massive revitalization — cleaning up, adding population, becoming hubs for the arts, entertainment, and business, and driving up property values and home prices. Suburbs and more rural areas, meanwhile, have largely been left behind.

Some of that, observers say, is a lingering consequence of the recession. Across this region, many homeowners still find themselves underwater, owing more on their mortgages than their homes are worth.

## Change in Home Sale Price by County

Median sale price by county in the fourth quarter of 2016, and the percentage change in price over one, five, and 10 years.

In historically lower- and middle-class areas, the problem is particularly acute:

According to a third-quarter analysis of 2016 data by real estate search engine Zillow, more than 20 percent of homes are underwater in Salem County. In Camden County, that figure is 16.9 percent; in Delaware County, 16.2 percent.

“It’s a vicious circle,” Gillen said. “We won’t see house prices increase until they recover their losses. And they won’t recover their losses until they increase.”

The result: little demand for houses there, observers say.

By contrast, Philadelphia has seen nearly unprecedented demand as millennials and baby boomers flock to the city seeking high-paying jobs and transit-oriented neighborhoods. [Few homes for sale](#)

COUNTY	STATE	PRICE	1 YEAR	5 YRS.	10 YRS.
Burlington	N.J.	\$185,000	-13%	-7%	-22%
Camden	N.J.	\$154,950	+1%	-3%	-20%
Gloucester	N.J.	\$180,000	0%	+5%	-17%
Bucks	Pa.	\$275,000	+2%	+9%	-7%
Chester	Pa.	\$316,750	+6%	+9%	+8%
Delaware	Pa.	\$200,570	+6%	+8%	0%
Montgomery	Pa.	\$270,000	+8%	+14%	0%
Philadelphia	Pa.	\$140,000	+9%	+33%	+33%

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Gloucester	N.J.	\$180,000	0%	+5%	-17%
Bucks	Pa.	\$275,000	+2%	+9%	-7%
Chester	Pa.	\$316,750	+6%	+9%	+8%
Delaware	Pa.	\$200,570	+6%	+8%	0%
Montgomery	Pa.	\$270,000	+8%	+14%	0%
Philadelphia	Pa.	\$140,000	+9%	+33%	+33%

SOURCE: Kevin Gillen, senior research fellow, Drexel University’s Lindy Institute for Urban Innovation

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[http://www.philly.com/philly/business/real\\_estate/residential/20170122\\_For\\_profitable\\_flipping\\_few\\_places\\_are\\_hotter\\_than\\_Philly\\_area.html](http://www.philly.com/philly/business/real_estate/residential/20170122_For_profitable_flipping_few_places_are_hotter_than_Philly_area.html) and little land left for building have helped drive up the price of previously owned homes.

Undoubtedly, some suburban communities have [experienced their own revival](#)

[http://www.philly.com/philly/business/real\\_estate/residential/Apartment-boom-in-suburbs.html](http://www.philly.com/philly/business/real_estate/residential/Apartment-boom-in-suburbs.html)). From Media to Conshohocken to West Chester, downtowns have been reborn and townhouses and apartments added, stimulating home prices.

Some turnarounds in the median home price are surprising: Pitman saw the largest increase, according to an Inquirer analysis of Gillen’s data, jumping 47 percent year over year. Camden also saw growth, up 30 percent.

“You are really seeing the market rebound in Pitman,” said Beth English, a broker and manager at Century 21 Hughes-Riggs Realty in Mullica Hill. “When the market inflated, it really inflated here. And when it went upside down, it hit just as hard.”

Now, English said, distressed homes are coming onto the market. In fourth quarter 2016, she found, 10 homes sold were distressed properties, up from six in fourth-quarter 2015. In general, she said, there are also simply more for sale.

As for Camden, Gillen said: “House prices are generally higher across all price tiers from 2015 to 2016.”

Other suburban communities tell a different story. In Devon, Chester County, Gillen found, the median home price dropped 59 percent in 2016. The same was true in Clementon (down 46 percent), Mantua (down 40 percent), and Mount Laurel (down 29 percent).

Some of that volatility — particularly in Devon — can be attributed to the kinds of homes that sold in 2016, Gillen said. In the fourth quarter of 2015, he noted, 15 houses sold in Devon for more than \$600,000 each, and four sold for more than \$1 million. In the same

## Top Gains and Losses By Sale Price

Suburban zip codes within the eight-county region with the highest percentage change in median sale prices from the fourth quarter of 2015 to the fourth quarter of 2016. The lists include only places with at least 20 sales in each quarter.

### Biggest gains

	ZIP CODE	STATE	2015	2016	CHG.
1	Pitman	N.J.	\$122,000	\$179,000	+47%
2	Bryn Mawr	Pa.	\$417,500	\$606,985	+45%
3	Spring City	Pa.	\$215,000	\$294,000	+37%
4	Clifton Hts.	Pa.	\$85,000	\$114,000	+34%
5	Newtown (Bucks)	Pa.	\$402,500	\$524,900	+30%
6	Camden	N.J.	\$32,000	\$41,625	+30%
7	Wayne	Pa.	\$403,000	\$515,501	+28%
8	Pottstown	Pa.	\$128,000	\$161,000	+26%
9	Exton	Pa.	\$299,900	\$377,000	+26%
10	Collegeville	Pa.	\$280,000	\$350,000	+25%

quarter in 2016, four sold for more than \$600,000; only one sold for more than \$1 million.

## Biggest losses

	ZIP CODE	STATE	2015	2016	CHG.
1	Devon	Pa.	\$663,000	\$272,000	-59%
2	Clementon	N.J.	\$92,000	\$50,000	-46%
3	Mantua	N.J.	\$230,000	\$138,000	-40%
4	Mount Laurel	N.J.	\$275,250	\$196,750	-29%
5	Chester	Pa.	\$40,000	\$29,250	-27%
6	West Deptford	N.J.	\$196,000	\$151,000	-23%
7	Gilbertsville	Pa.	\$324,990	\$266,385	-18%
8	Brookhaven	Pa.	\$173,750	\$145,000	-17%
9	Glen Mills	Pa.	\$402,750	\$340,000	-16%
10	Chadds Ford	Pa.	\$473,900	\$405,000	-15%

SOURCE: Kevin Gillen, senior research fellow, Drexel University's Lindy Institute for Urban Innovation

Staff Graphic

For that reason, Gillen based his analysis on an index that measures home values over time and assesses what the region's total housing stock is worth, rather than relying on a limited number of properties sold during a period. That way, he can evaluate how the market is changing based on market forces alone, stripping out seasonality or the physical characteristics of homes that sold.

Using that index, Gillen found similar trends: The value of a typical suburban home in the region increased 3.6 percent year-over-year in 2016. In the city, value jumped 11.6 percent.

Overall, home values in the region slightly outpaced the national average. The S&P CoreLogic Case-Shiller 20-city composite index released Tuesday, tracking the nation's largest metro areas (Philadelphia excluded), gained 5.6 percent year-over-year. The Philadelphia region, including the city, gained 6 percent, Gillen found.

"There is a fundamental improvement here to live, work, and play in the city, which helps [our housing] out," he said. "There's a demographic shift toward new urbanism — not just here, but in other cities."

Why, then, is this region outpacing the nation?

Simple, Gillen said: It's finally Philadelphia's time.

Other cities "had double-digit growth a few years ago, while we were in the single digits. Now, we're outperforming."

Read more by [Caitlin McCabe](#)

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