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Real Estate

LANCASTER, PA.

Metro area population: 498,465

Median home price: \$206,000

12-month change in home value: +1.6%

Affordability index: 3/10

Homes sold this year: 1,166

Home value vs. national average: Same

Top employer: R.R. Donnelly & Sons publishing company

Known as an Amish cultural hub, the city is also **home to a diverse group of industries**, including printing and food processing. This helps keep the local market stable and unemployment low, as losses in one sector aren't devastating to the overall economy.

Locals say Lancaster is a conservative lending market, which limits foreclosures.

Forbes: County can ride out recession

Forbes report ranks Lancaster County economy among nation's most capable of riding out bad times. Here's why we're so strong.

Lancaster New Era

October 20, 2008

Sure, the local housing market didn't soar as high as it did in some places during the boom a couple years ago.

But that means the economy here won't plunge as low as it will in some places when the recession hits, if it hasn't hit already, says a leading business publication.



Photo Courtesy Lancaster Newspapers

A sturdy housing market is one reason Forbes magazine believes Lancaster County is the 10th best place "to ride out the recession."

"Lancaster shows that sometimes slow growth feels better than fast growth and big bust," the magazine writes.

In its article published last week, Forbes analyzes which communities are most and least vulnerable to the coming recession.

Its conclusions are based on three variables: housing, employment and the size of the community's financial services industry (which has been savaged by the financial crisis).

Elizabethtown College economist Tom Scheiding isn't surprised that Lancaster County would make Forbes' list of best-positioned areas.

"The business cycle is not as severe in Lancaster County," according to Scheiding.

"We're not immune to a recession, but the expansionary and peak periods are not as high and the contractionary and trough periods are not as low," he said today.

At the same time, the fact that the local economy has been barely growing in recent years raises a legitimate concern, noted Scheiding, assistant professor of economics.

The minimal growth here, as measured by the county's gross domestic product, has led to average per-capita income here trailing the national norm.

"We're stable," he said, "but at a level that's below the national average for per-capita income."

The metropolitan area that's best positioned to withstand a recession is Austin, says Forbes. With many university and government jobs, Austin enjoys rising home prices, low unemployment and few foreclosures.

Worst positioned is Riverside, Calif. Its profile is the opposite of Austin's. Foreclosures are rampant and the unemployment rate jumped more than six points in a year.

Lancaster County joins Austin on the "best" list, even though the local economy clearly has weakened in recent months, with unemployment and foreclosures higher.

Yet, compared to other metro areas, the local economy is better able to withstand a national downturn, Forbes suggests.

Despite moving up in recent months, the unemployment rate here still is much lower than elsewhere. It's consistently among the best in the state.

In addition, homeowners generally "have a comfortable cushion of equity and very few houses have dipped under water" (meaning the amount owed on a home exceeds the home's worth).

"Many regions of the country would probably opt for slow growth rather than a massive housing correction," Forbes says.

TOP 10

1. Austin.
2. Oklahoma City.
3. Honolulu.
4. Portland, Ore.
5. Tulsa.
6. Virginia Beach.
7. Seattle.
8. Baltimore.
9. Boston.

10. LANCASTER, PA