

HUD PD&R Housing Market Profiles

Blacksburg-Christiansburg-Radford, Virginia

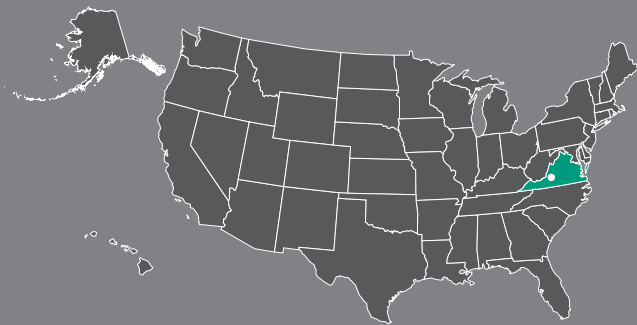


Quick Facts About Blacksburg-Christiansburg-Radford

Blacksburg, Virginia

By Marissa Dolin | As of May 1, 2020

- Current sales market conditions: balanced
- Current apartment market conditions: very tight
- Home football games played by the Virginia Polytechnic Institute and State University (Virginia Tech) Hokies had an estimated economic impact of \$69 million in 2015 and draw approximately 400,000 fans to the area each season (Virginia Tech).



Overview

The Blacksburg-Christiansburg-Radford (hereafter, Blacksburg) metropolitan area consists of four counties—Floyd, Giles, Montgomery, and Pulaski—and one independent city—Radford—in Virginia. The largest city, Blacksburg, is 200 miles west of Richmond and 270 miles southwest of Washington, D.C. Approximately 45 miles of the 2,200-mile Appalachian Trail cross through the metropolitan area. The area is a center for higher education with two public universities. In the fall of 2018, Virginia Tech had 32,700 students; employed 14,900 faculty, staff, and graduate assistants; and spent more than \$520 million on research, whereas Radford University had 9,350 students and employed 1,825.

- The current population is estimated at 183,600, representing an average increase of 410, or 0.2 percent, annually since 2014. The rate of population growth has slowed from the average gain of 700 people, or 0.4 percent, annually from 2010 to 2014 despite increasing student enrollment, which rose by an average of 340 students annually from the fall of 2010 to the fall of 2014 and by 880 students annually from the fall of 2015 through the fall of 2018.

continued on page 2



PD&R

continued from page 1

- Slower population growth in recent years is attributed to declines in both net natural increase (resident births minus resident deaths) and net in-migration. From 2010 to 2014, net natural increase and net in-migration averaged 180 and 520 people a year, respectively, but have declined to an average of less than 10 and 400 people annually since 2014.

- The college student-age population is a relatively large share of the local population compared with the nation. Residents ages 18 to 24 years old accounted for 22 percent of the population of the Blacksburg metropolitan area in 2018, but only 9 percent of the population nationally (2018 American Community Survey, 1-year data).

Economic Conditions

The economy in the Blacksburg metropolitan area has fluctuated between expansion and contraction since recovering from the Great Recession. The service-providing sectors led job growth in the early and mid-2010s, while alternating trends in the goods-producing sectors and the government sector—which accounts for nearly one-third of nonfarm payrolls in the metropolitan area—have resulted in periods of both economic expansion and contraction since 2015. From 2011 through 2015, nonfarm payrolls increased by an average of 1,200 jobs, or 1.7 percent annually with the total number of jobs exceeding the 2008 pre-recession high in 2013. Nonfarm payrolls decreased by an average of 200 jobs, or 0.3 percent, annually, during 2016 and 2017, but increased by an average of 700 jobs, or 0.9 percent annually during 2018 and 2019. In 2019, nonfarm payrolls averaged 78,100 jobs, or 7,100 jobs above the 2010 low and 3,600 jobs above the 2008 high.

off at a Volvo Group North America Inc. truck manufacturing plant. The same Volvo plant laid off 800 workers in 2016 and 500 workers in 2017.

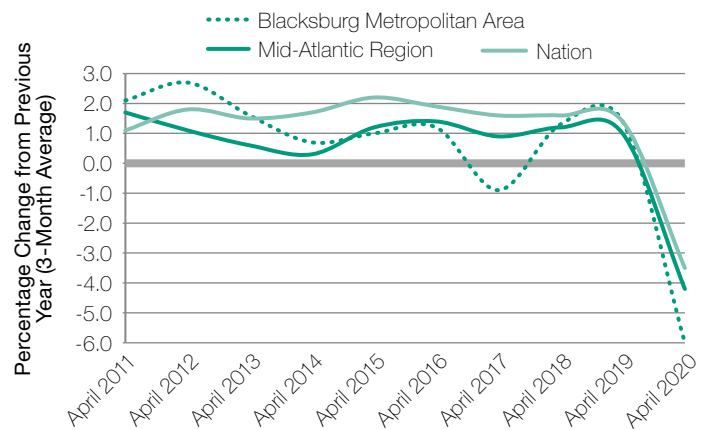
- The unemployment rate averaged 6.1 percent, more than double the 2.9-percent rate a year ago. Resident employment fell by 4,900, or 5.4 percent, while the labor force declined by 2,000, or 2.1 percent because many out-of-work residents decided not to seek new employment.

continued on page 3

During the 3 months ending April 2020, nonfarm payrolls in the Blacksburg metropolitan area, Mid-Atlantic region, and nation all recorded the largest year-over-year decline in more than a decade.

During the 3 months ending April 2020—

- Total nonfarm payrolls averaged 75,100, a decline of 4,800 jobs, or 6.0 percent after a gain of 1,200 jobs, or 1.4 percent during the 3 months ending April 2019. Measures taken to combat the spread of COVID-19 have contributed significantly to job losses during the past year.
- In the service-providing sectors, nonfarm payrolls decreased by 4,100 jobs, or 6.3 percent, after a gain of 300 jobs, or 0.2 percent a year ago. Although formal furlough or layoff announcements were not made at either university, the state government subsector declined by 700 jobs, or 4.0 percent during the 3 months ending April 2020.
- The goods-producing sectors declined by 700 jobs, or 4.6 percent. In January 2020, approximately 700 workers were laid



Note: Nonfarm payroll job growth.
Source: U.S. Bureau of Labor Statistics

The decline in nonfarm payrolls in the Blacksburg metropolitan area during the 3 months ending April 2020 was concentrated in the service-providing sectors.

	3 Months Ending		Year-Over-Year Change	
	April 2019 (Thousands)	April 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	79.9	75.1	-4.8	-6.0
Goods-Producing Sectors	15.1	14.4	-0.7	-4.6
Service-Providing Sectors	64.8	60.7	-4.1	-6.3
Government	25.9	25.3	-0.6	-2.3
Unemployment Rate	2.9%	6.1%		

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics



continued from page 2

Largest Employers in the Blacksburg Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Virginia Polytechnic Institute and State University	Government	1,000+
Volvo Group North America Inc.	Manufacturing	1,000+
Radford University	Government	1,000+

Note: Excludes local school districts.

Source: Virginia Employment Commission, 2019

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. To combat the spread of the

Sales Market Conditions

The home sales market in the Blacksburg metropolitan area is balanced, improved from 2010 when conditions were soft. Declining levels of for-sale inventory and fewer foreclosed homes, which tend to have relatively low sales prices, have contributed to rising home sales prices since the mid-2010s. Total home sales increased 27 percent to 2,650 homes sold in 2019, following an average decline in sales of 6 percent, annually, from 2016 through 2018. The average home sales price increased 7 percent in 2019, up from an average increase of 5 percent annually from 2016 through 2018. In February 2020, the inventory of homes for sale was at 4.4 months, down from 4.6 months a year earlier, and 6.1 months in February 2017 (Zillow Group). As of February 2020, the rate of seriously delinquent mortgage loans and real estate owned (REO) sales in the Blacksburg metropolitan area was 0.9 percent, down from 1.2 percent a year earlier and the lowest February rate since 2008 (CoreLogic, Inc.). The rates for the state and nation in February 2020 were also at historic lows of 1.0 and 1.3 percent, respectively.

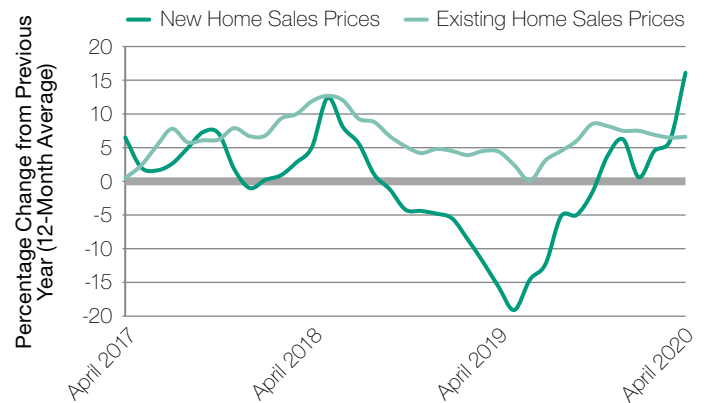
During the 12 months ending April 2020—

- Existing home sales, which accounted for more than 97 percent of all sales, totaled 2,450; those sales were up 13 percent from the previous 12 months, accelerating from a 7-percent increase a year earlier (Metrostudy, A Hanley Wood Company).
- The average sales price of an existing home increased 7 percent to \$208,400, up from a 4-percent increase a year earlier, due in part to the low inventory of homes for sale.
- New home sales prices averaged \$343,200, up 16 percent from the 12 months ending April 2019, when the average new home sales price decreased 16 percent. The average new home sales price was \$133,800, or 64 percent, higher than the average existing home sales price during the most recent 12 months.
- New home sales totaled 100 homes, up from 85 new homes sold during the previous 12-month period.

continued on page 4

virus, a Stay at Home Order went into effect March 24, 2020, for the Commonwealth of Virginia, closing recreational and entertainment businesses, non-essential retail, and restricting eating and drinking establishments. Virginia Tech and Radford University extended spring break to 2 weeks and then moved to online classes beginning March 23, 2020. Students were encouraged to return to their permanent residence, the majority of which were outside the metropolitan area. During the week ending May 2, 2020, continued unemployment insurance claims for residents of the metropolitan area that had been unemployed 1 week or longer were approximately 8,125, up from 700 during the week ending March 14, 2020 (Virginia Employment Commission).

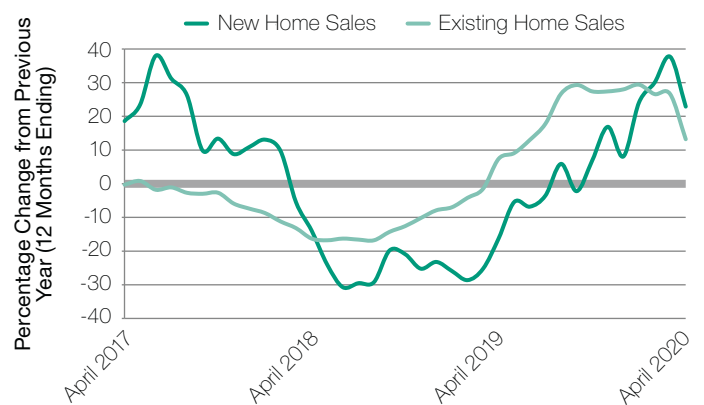
During the 12 months ending April 2020, new home sales prices increased faster than existing home sales prices in the Blacksburg metropolitan area.



Note: Prices include single-family homes, townhomes, and condominiums.

Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

In the Blacksburg metropolitan area, the number of new and existing homes sold during the 12 months ending April 2020 was higher than home sales during the 12 months ending April 2019.



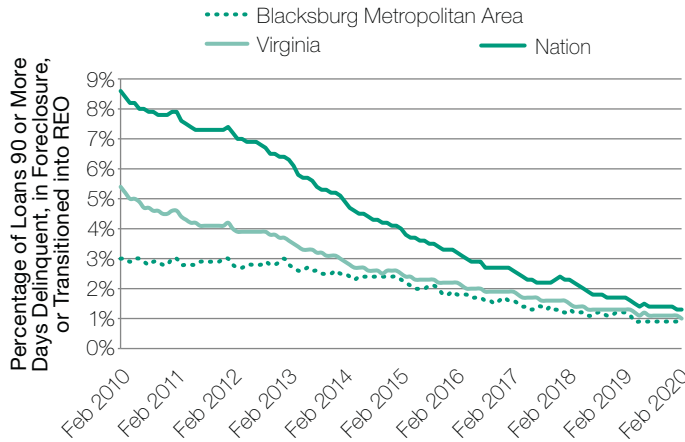
Note: Sales include single-family homes, townhomes, and condominiums.

Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst



continued from page 3

The percentage of homes 90 or more days delinquent, in foreclosure, or recently transitioned to REO in the Blacksburg metropolitan area remained lower than the rates for the state and nation through February 2020.



REO = real estate owned.
Source: CoreLogic, Inc.

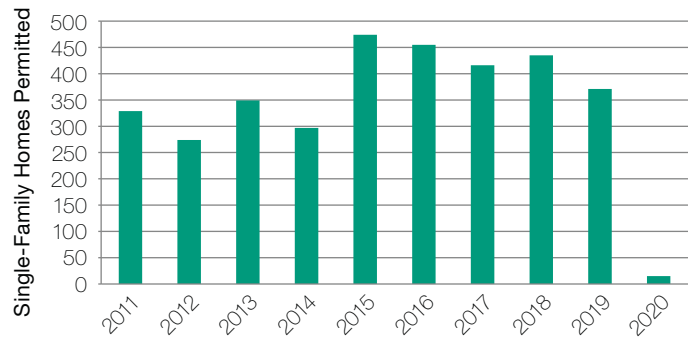
New home construction, as measured by the number of single-family homes permitted, increased in the latter half of the 2010s, supported by low levels of for-sale inventory and relatively high new home sales prices.

- Single-family permitting averaged 430 homes annually from 2015 through 2019, up from an average of 310 homes annually from 2011 through 2014.
- Permitting in Montgomery County—which includes Blacksburg and Christiansburg, the two most populous towns in the metropolitan area—accounted for nearly three-fourths of all

single-family homes constructed from 2015 through 2019, up from approximately 60 percent of single-family construction from 2011 through 2014.

- During the 12 months ending April 2020, the total number of single-family homes permitted was approximately 45, relatively unchanged from the previous 12 months (preliminary data, not all jurisdictions reporting).
- New construction townhomes are priced to compete with more expensive existing homes, although prices for new single-family homes far exceed the average existing home sales price. At Clifton, a subdivision in Christiansburg with 82 townhome lots and 42 single-family home lots, townhome prices currently range from \$264,000 to \$277,000, while single-family home prices range from \$410,000 to \$464,000.

Single-family permitting in the Blacksburg metropolitan area has been higher since 2015 compared with earlier in the 2010s.



Notes: Includes preliminary data from January 2020 through April 2020. Not all jurisdictions report preliminary data.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Apartment Market Conditions

Apartment market conditions in the Blacksburg metropolitan area are very tight. The increasing significance of the student population, nearly all of whom are renters, has led to high levels of demand for apartments. Despite increased multifamily construction, the apartment vacancy rate has remained very low since the early 2010s, and rent growth was strong during the past year. The majority of professionally managed apartments are in the town of Blacksburg, where Virginia Tech is located, and most of the remaining apartments are in the city of Radford, proximate to Radford University. Rental units in buildings with five or more units, many of which are professionally managed apartment properties, represent approximately 40 percent of all renter-occupied housing in the metropolitan area.

- The apartment vacancy rate during the first quarter of 2020 was 1.2 percent, up from 0.4 percent a year earlier (RealPage, Inc.). The vacancy rate has not exceeded 2.0 percent since before 2013.

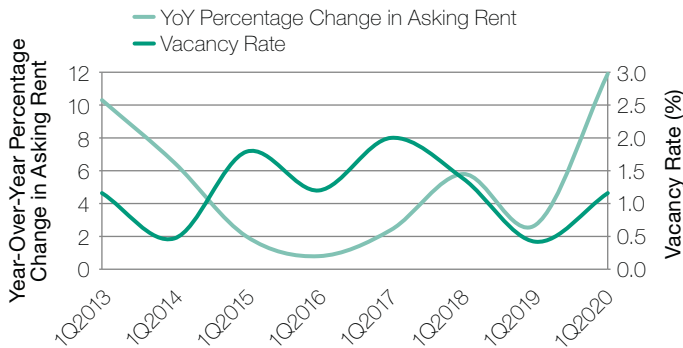
- During the first quarter of 2020, the average apartment rent was \$1,283, a 12-percent increase from the first quarter of 2019, when the average apartment rent increased 3 percent. With few apartment vacancies and most student renters preferring to live near campus, management companies were able to increase rents and maintain low vacancy rates.
- Average rents for studio, one-, two-, three-, and four-bedroom units were \$604, \$926, \$1,169, \$1,459, and \$2,363, respectively, in April 2020 (RealPage, Inc.). Rents increased 3 percent, 6 percent, 7 percent, 7 percent, and 10 percent, respectively, from the same month a year earlier.
- At Virginia Tech, the monthly cost of on-campus university housing averaged \$605 plus \$412 for board, which includes a meal plan, while privately owned student-oriented apartment rents averaged \$577 per bedroom during the fall 2019 semester.

continued on page 5



continued from page 4

In the Blacksburg metropolitan area, the apartment vacancy rate has not exceeded 2 percent since before 2013.



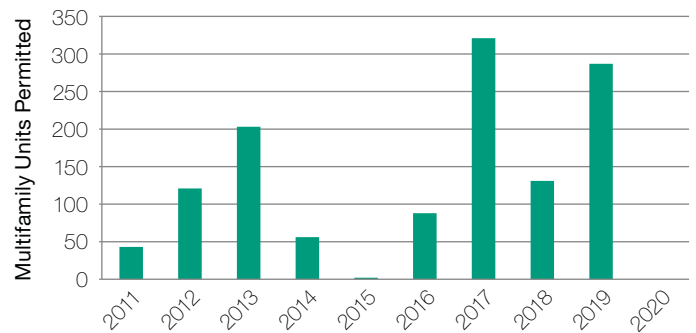
1Q = first quarter. YoY = year-over-year.
Source: RealPage, Inc.

In response to low vacancy rates and accelerated growth in the student population, multifamily construction, as measured by the number of units permitted, has increased in recent years.

- From 2017 through 2019, the number of multifamily units permitted averaged 250 annually, up from an average of 90 units annually from 2011 through 2016.
- No units have been permitted during 2020 (preliminary data, not all jurisdictions reporting), however most jurisdictions report multifamily permitting annually.

- Under construction near the Virginia Tech campus in Blacksburg, with a planned opening for the fall 2020 semester, is Park37, a 75-unit student-oriented apartment development. Rents range from \$1,100 for a one-bedroom unit to \$850 for one bedroom in a four-bedroom unit.
- The first market-rate, general occupancy apartment development built outside Blacksburg in more than a decade is The Adams at Peppers Ferry. Rents at the 168-unit property, which opened in early-2019, range from \$1,095 for a one-bedroom unit to \$1,619 for a three-bedroom unit.

Multifamily permitting in the Blacksburg metropolitan area was relatively higher from 2017 through 2019 compared with earlier in the decade.



Notes: Includes preliminary data from January 2020 through April 2020. Not all jurisdictions report preliminary data.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

