

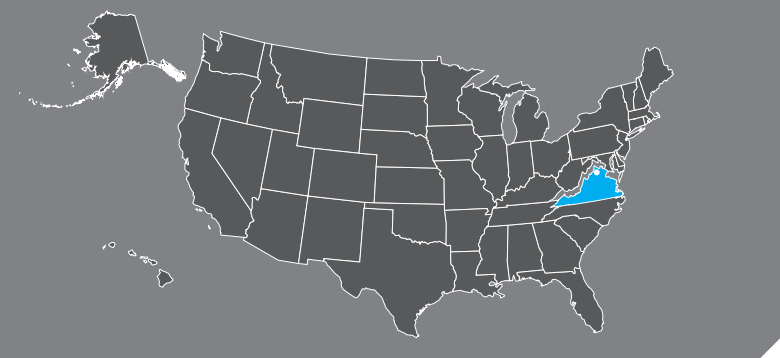
HUD PD&R Housing Market Profiles

Winchester, Virginia-West Virginia



Quick Facts About Winchester

- Current sales market conditions: soft.
- Current rental market conditions: slightly soft.
- In 2011, *AARP The Magazine* named the city of Winchester one of its “10 Affordable Cities for Retirement.”



By Joseph Shinn | As of December 1, 2013

Overview

The Winchester metropolitan area, which comprises the city of Winchester and Frederick County in Virginia and Hampshire County in West Virginia, is approximately 70 miles northwest of Washington, D.C. The education and health services sector, which is the second largest nonfarm payroll sector in the metropolitan area, includes Valley Health, the largest employer in the metropolitan area, with 4,450 employees, more than four times the number of employees at Wal-Mart Stores, Inc., the second largest employer.

- As of December 1, 2013, the estimated population of the metropolitan area was 132,300.
- From April 2000 to July 2007, population growth averaged 2,875 people, or 2.6 percent, annually, and net in-migration averaged 2,300 people annually.
- Since July 2007, the population has increased by an average of 1,325, or 1.0 percent, annually, and net in-migration has averaged 770 people annually; job losses from 2007 through 2010 and job totals through 2012 that were less than the 2006 totals contributed to the moderating population growth.



PD&R

Covered payrolls in the Winchester area increased in all but one sector during the second quarter of 2013.

	3 Months Ending		Year-Over-Year Change	
	June 2012 (thousands)	June 2013 (thousands)	Absolute (thousands)	Percent
Goods-producing sectors	9.6	9.6	0.0	0.0
Mining, logging, and construction	2.7	2.8	0.1	3.7
Manufacturing	6.9	6.8	-0.1	-1.4
Service-providing sectors	45.2	46.5	1.3	2.9
Trade, transportation, and utilities	11.6	11.8	0.2	1.7
Financial activities	2.1	2.3	0.2	9.5
Professional and business services	4.5	4.7	0.2	4.4
Education and health services	10.3	10.7	0.4	3.9
Leisure and hospitality	5.6	5.8	0.2	3.6
Other services	2.0	2.0	0.0	0.0
Government	9.1	9.2	0.1	1.1
	(percent)	(percent)		
Unemployment rate	5.5	4.8		

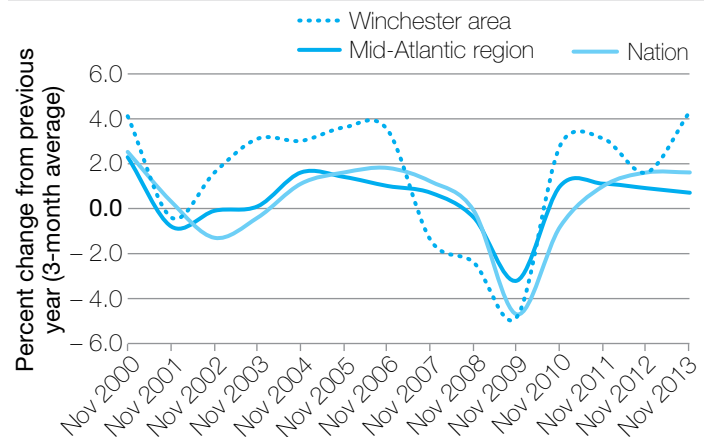
Notes: Numbers may not add to totals because of rounding. The unemployment rate is for the 3 months ending November 2012 and November 2013.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Economic conditions in the Winchester metropolitan area recovered fully during the past 4 years from significant job losses from 2007 through 2009.

- During the 3 months ending November 2013, nonfarm payrolls in the metropolitan area averaged 60,500 jobs, up by approximately 2,500 jobs, or 4.3 percent, compared with the number of jobs recorded during the 3 months ending November 2012.
- During the second quarter of 2013 (the most recent data available for individual sectors), the education and health services sector recorded the greatest job gain among sectors in the metropolitan area, increasing by 400 jobs, or 3.9 percent, from the same period a year earlier; covered payrolls in this sector have increased 57 percent since 2001, the greatest increase in the metropolitan area during this time.
- The financial activities and the professional and business services sectors increased by 200 jobs each, or 9.5 and 4.4 percent, respectively, during the second quarter of 2013; in mid-2013, Navy Federal Credit Union filled 100 of the 400 new positions expected as a result of expansions under way at its call center in the city of Winchester.
- During the 3 months ending November 2013, the unemployment rate in the metropolitan area averaged 4.8 percent, down from 5.5 percent during the same period a year earlier and less than the statewide rates of 5.3 and 5.5 percent in Virginia and West Virginia, respectively.

Among all metropolitan areas in the country, the Winchester area ranked 11th in nonfarm payroll growth rate during the most recent 3-month period.



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

Largest employers in the Winchester area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Valley Health	Education and health services	4,450
Wal-Mart Stores, Inc.	Trade, transportation, and utilities	500-999
Rubbermaid Commercial Products, LLC	Manufacturing	500-999

Note: Excludes local school districts.
Sources: Virginia Employment Commission; local sources

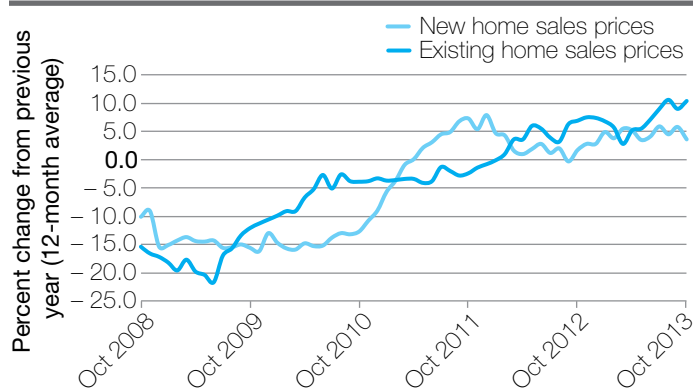
Job growth is expected to continue in the metropolitan area. McKesson Corp., a medical and surgical supplies wholesale distribution company, plans to invest \$36.9 million in a new distribution center, creating approximately 210 new jobs during the next 2 years.

Sales Market Conditions

The sales housing market in the Winchester metropolitan area is soft, with an estimated 2.4-percent vacancy rate, unchanged from April 2010. Conditions improved during the past 2 years as sales activity increased and the number of foreclosed homes on the market declined. Approximately 1,650 existing homes (including single-family homes, townhomes, and condominiums) sold during the 12 months ending October 2013, up 12 percent compared with the 1,475 homes sold a year earlier (CoreLogic, Inc.). During the same period, the average sales price of an existing home averaged \$213,000, up 10 percent.

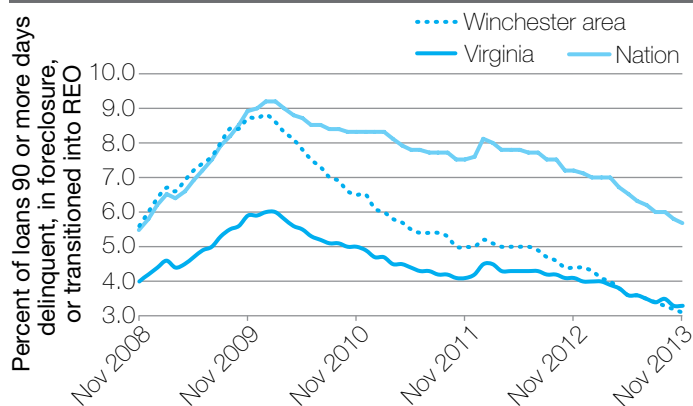
- From 2008 through 2011, existing home sales averaged 1,400 annually, and the average sales price was \$191,800.

Existing home sales prices in the Winchester area increased at the fastest rate since 2005; new home sales prices continued to increase, but at a more moderate pace.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

The distressed loan rate in the Winchester area remained below the national average.

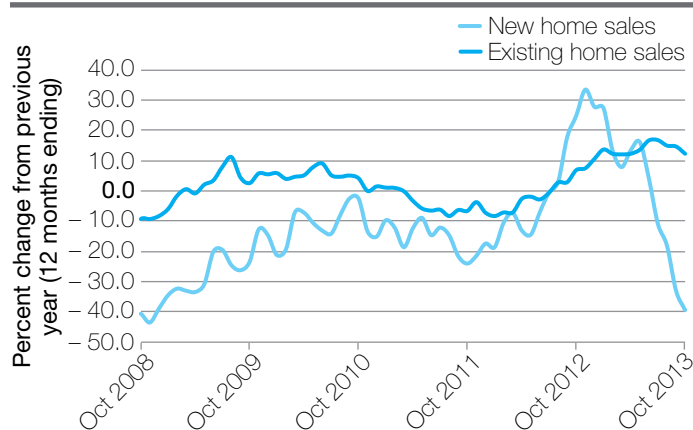


REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

- During the 12 months ending October 2013, approximately 130 new homes (including single-family homes, townhomes, and condominiums) sold, down 39 percent from a year earlier, but the average sales price increased 4 percent, to \$266,300.
- REO (Real Estate Owned) sales accounted for 13 percent of all existing home sales during the 12 months ending October 2013, down from an average of 38 percent from 2008 through 2010.
- As of November 2013, 3.1 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 4.4 percent a year earlier (Black Knight Financial Services, Inc.).

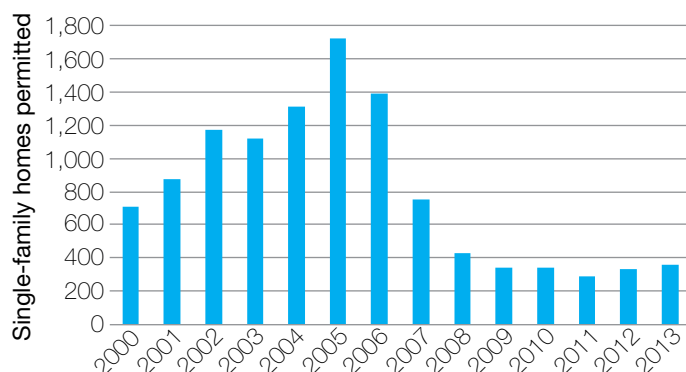
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Existing home sales continued to increase, but new home sales declined at the fastest pace in 5 years in the Winchester area.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

Single-family building activity in the Winchester area remained low during the past 6 years because of limited net in-migration.



Note: Includes preliminary data from January 2013 through November 2013.
Source: U.S. Census Bureau, Building Permits Survey

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Home construction activity, as measured by the number of single-family homes permitted, was up during the past 2 years but remains significantly less than the levels of activity recorded from 2004 through 2006.

- During the 3 months ending November 2013, approximately 100 homes were permitted, more than 85 percent of which were permitted in Frederick County (preliminary data).

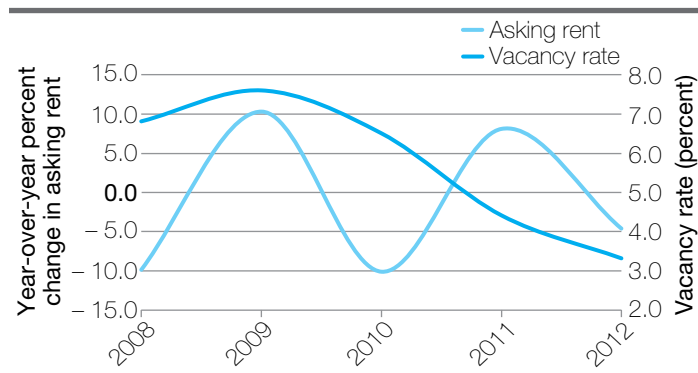
Rental Market Conditions

The rental housing market in the Winchester metropolitan area is soft. The estimated overall vacancy rate increased significantly during the past year, to more than 7 percent, because approximately 170 new apartment units came on line during 2013.

- Overall rental market conditions were balanced from 2009 through 2012 but have since softened because of moderating net in-migration and the significant number of new apartment units that came on line during 2013.
- The overall vacancy rate declined from 7.6 percent in 2009 to 3.3 percent in 2012 because of limited apartment construction activity (American Community Survey).
- The median contract rent was \$685 in 2012, the most recent data available, down more than 4 percent from 2011 (American Community Survey).
- Approximately 67 percent of renter households lived in single-family or mobile homes in 2012, up from 58 percent in 2000 (American Community Survey; 2000 Census).

Multifamily building activity, as measured by the number of units permitted, increased during the past 3 years.

The vacancy rate in the Winchester area declined from 2008 through 2012, but the average monthly rent fluctuated.

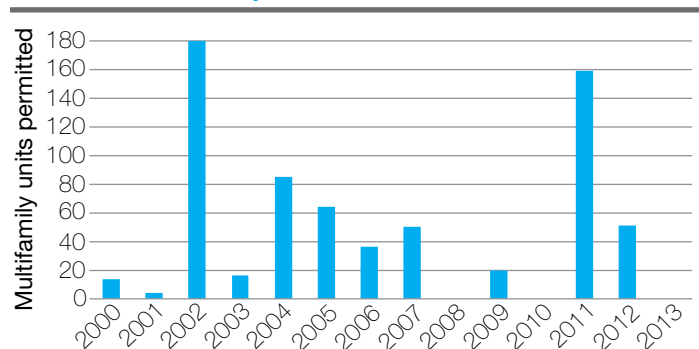


Source: American Community Survey 1-year estimates

- Permitting during the most recent 3 months was up more than 40 percent from the 70 units permitted during the 3 months ending November 2012 but down 68 percent from the comparable 3-month periods from 2004 through 2006.
- Snowden Bridge, a residential community in Stephenson, Frederick County, has completed more than 200 homes since 2009 and is expected to complete an additional 1,200 homes during the next 10 years; prices for three-bedroom, one-bathroom homes start at \$250,000.

- Since 2011, an average of approximately 70 units have been permitted annually; approximately 170 units came on line during 2013 and the remaining 40 units are expected to be complete during the next 3 years.
- By comparison, an average of 20 units were permitted annually from 2006 through 2010.
- The Village at Orchard Ridge, an active-adult retirement community in the city of Winchester that opened in February 2013, includes approximately 150 apartment units; of these units, 125 require fully or partially refundable entrance fees starting at \$161,700 and monthly service fees ranging from approximately \$1,850 for one-bedroom units to \$2,600 for two-bedroom units.
- At Cedar Hill Apartments in the city of Winchester, 12 of the 48 permitted units are complete, and rents for the two-bedroom, two-bathroom units start at \$1,050. Of the additional 36 units planned, 12 units are currently under construction and the remaining 24 units are expected to be complete during the next 2 to 3 years as the previously constructed units are absorbed.
- No additional units are currently under construction, but the Village at Orchard Ridge recently announced plans to construct 80 new apartment units, scheduled to come on line in 2016.

More than 70 percent of multifamily permitting in the Winchester area since 2011 has been concentrated in Frederick County.



Note: Includes preliminary data from January 2013 through November 2013.

Source: U.S. Census Bureau, Building Permits Survey