

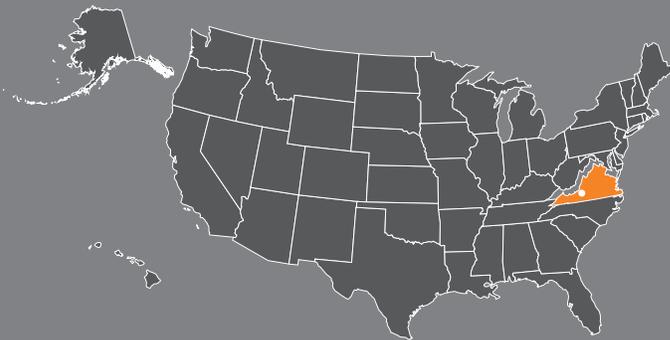
HUD PD&R Housing Market Profiles

Roanoke, Virginia



Quick Facts About Roanoke

- Current sales market conditions: slightly soft.
- Current rental market conditions: slightly tight.
- The metropolitan area is one of the top 25 places to retire in the United States (2009 CNN Money report).



By Timothy D. McNally | As of April 1, 2013

Overview

The Roanoke metropolitan area comprises Botetourt, Craig, Franklin, and Roanoke Counties and two independent cities, Roanoke and Salem. Located in the Blue Ridge and Allegheny Mountains of southwestern Virginia, the metropolitan area is a regional highway corridor and rail hub.

- As of April 1, 2013, the estimated population of the metropolitan area was 311,100, an average increase of 800, or 0.3 percent, annually since April 2010. This population growth rate is much less than the average increase of 2,175 people, or 0.7 percent, annually from 2007 to 2010, because of less net in-migration.
- Net in-migration has averaged 680 people since 2010, down from an average of approximately 1,050 people annually from 2007 to 2010.
- The metropolitan area is an increasingly popular retirement destination. The 65- to 79-year-old age group is the fastest growing segment of the population, increasing by an average of 490, or 3.8 percent, annually since 2010. This rate is greater than the average increase of 100, or 0.7 percent, annually for the same age group from 2000 to 2010.



PD&R

Nonfarm payroll growth in the Roanoke area was concentrated in the service-providing sectors.

	3 Months Ending		3-Month Change (2012-13)	
	March 2012 (thousands)	March 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	155.8	157.6	1.8	1.2
Goods-producing sectors	24.3	24.4	0.1	0.4
Mining, logging, and construction	7.4	7.2	-0.2	-2.7
Manufacturing	16.9	17.2	0.3	1.8
Service-providing sectors	131.5	133.2	1.7	1.3
Wholesale and retail trade	25.7	25.7	0.0	0.0
Transportation and utilities	8.8	8.9	0.1	1.1
Information	1.9	1.8	-0.1	-5.3
Financial activities	8.1	8.4	0.3	3.7
Professional and business services	20.5	20.5	0.0	0.0
Education and health services	24.7	25.3	0.6	2.4
Leisure and hospitality	12.8	13.0	0.2	1.6
Other services	7.0	7.1	0.1	1.4
Government	22.1	22.6	0.5	2.3

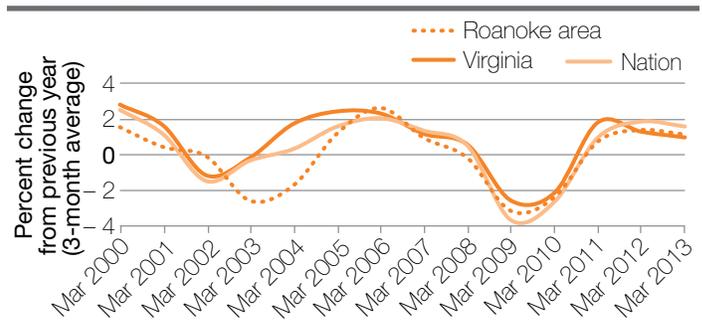
Source: U.S. Bureau of Labor Statistics

Economic Conditions

The Roanoke metropolitan area economy has expanded since 2011.

- During the 3 months ending March 2013, nonfarm payrolls averaged 157,600 jobs, an increase of approximately 1,800 jobs, or 1.2 percent, compared with the number of jobs recorded a year earlier.
- The education and health services sector led job growth during the 3 months ending March 2013 with an increase of 600 jobs, or 2.4 percent. This increase represented approximately one-third of total nonfarm payroll growth during the period.
- United HealthCare Services, Inc., added 125 jobs from 2011 through 2012 in the city of Roanoke, and Ply Gem Windows is expected to add 200 jobs at its Franklin County manufacturing facility by the end of 2014.

Nonfarm payrolls in the Roanoke area have been improving after sharp contraction in 2009.



Source: U.S. Bureau of Labor Statistics

Largest employers in the Roanoke area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Carilion Roanoke Memorial Hospital	Education and health services	1,000 and more
Department of Veterans Affairs	Government	1,000 and more
The Kroger Co.	Wholesale and retail trade	1,000 and more

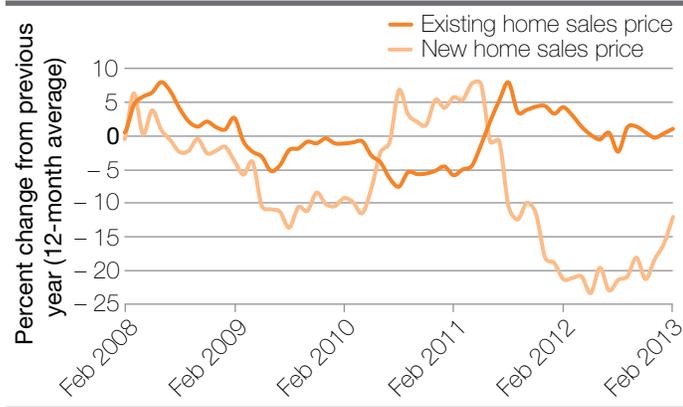
Note: Excludes local school districts.

Source: Virginia Employment Commission

Sales Market Conditions

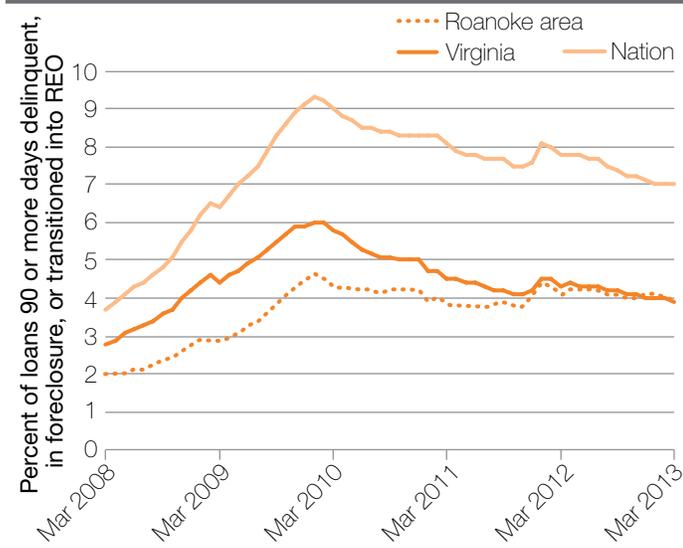
Sales housing market conditions in the Roanoke metropolitan area are slightly soft. Approximately 2,650 existing homes sold during the 12 months ending February 2013, relatively unchanged from a year earlier (CoreLogic, Inc.). By comparison, an average of nearly 3,875 existing homes sold annually from 2008 through 2010. The average sales price of an existing home increased more than 1 percent, to \$171,300, from a year earlier. New home sales totaled approximately 70 during the 12 months ending February 2013,

Existing home sales prices in the Roanoke area have improved from 2010, but new home sales prices remain depressed.



Source: CoreLogic, Inc.

Distressed loan rates remain elevated compared with prerecession levels in the Roanoke area.



REO = Real Estate Owned.
Source: LPS Applied Analytics

down more than 90 homes, or 55 percent, from the previous 12 months. The average new home sales price decreased 12 percent, to \$171,500. An average of 230 new homes sold with an average sales price of \$247,500 during the comparable periods from 2008 through 2010.

- Sales of REO (Real Estate Owned) homes totaled 620 during the 12 months ending February 2013, down more than 6 percent from a year earlier. An average of 400 REO homes sold annually from 2008 through 2010.
- REO homes were priced, on average, nearly 40 percent less than the average price for an existing home during the 12 months ending February 2013.

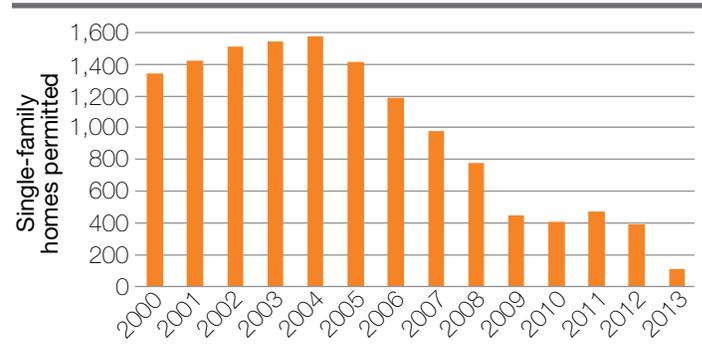
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Existing home sales growth was limited, and new home sales remain weak in the Roanoke area.



Source: CoreLogic, Inc.

Construction of new homes has been limited since 2009 in the Roanoke area.



Note: Includes data through March 2013.
Source: U.S. Census Bureau, Building Permits Survey



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Because of improving economic conditions, the volume of new home construction, as measured by the number of homes permitted, increased in the metropolitan area from 2011.

- Based on preliminary data, 110 single-family homes were permitted during the 3 months ending March 2013, up from nearly 85 homes permitted a year earlier. An average of 160 single-family homes were permitted during the same periods from 2008 through 2010.

- During the 12 months ending March 2013, single-family home permitting increased nearly 5 percent, to more than 380, from a year earlier, based on preliminary data.
- The 65-home Coach Homes of Southwood in south Roanoke, which includes three- and four-bedroom single-family homes with sales prices starting at \$400,000, is expected to be complete in June 2013.

Rental Market Conditions

The apartment market in the Roanoke metropolitan area is slightly tight. Rents increased, but vacancy rates also increased because more new projects were in lease up during the first quarter of 2013 relative to a year earlier.

- The apartment vacancy rate was 4.1 percent in the first quarter of 2013, up from 3.3 percent a year earlier (Reis, Inc.).
- During the first quarter of 2013, apartment rents averaged \$700, up nearly 3 percent from a year earlier.
- The average rent for apartments built after 2009 was \$980.
- The recently completed, 128-unit River House consists of studio, one-bedroom, and two-bedroom units with rents ranging from \$500 to \$1,000.

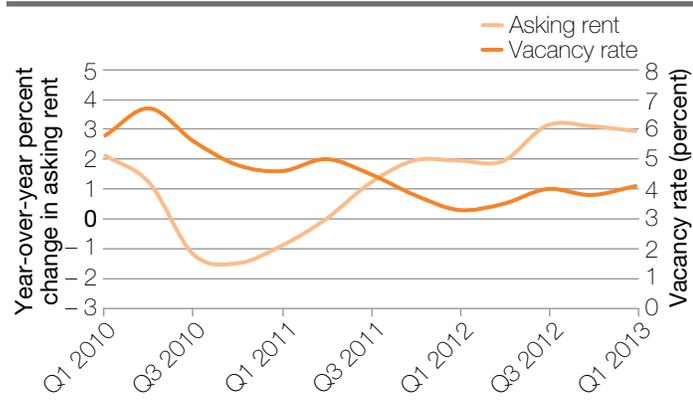
The number of multifamily units under construction and in planning has increased significantly in the metropolitan area since 2011.

- Based on preliminary data, no multifamily units were permitted during the 3 months ending March 2013, unchanged from a

year earlier. During the 12 months ending March 2013, however, nearly 40 multifamily units were permitted, down from 430 a year earlier.

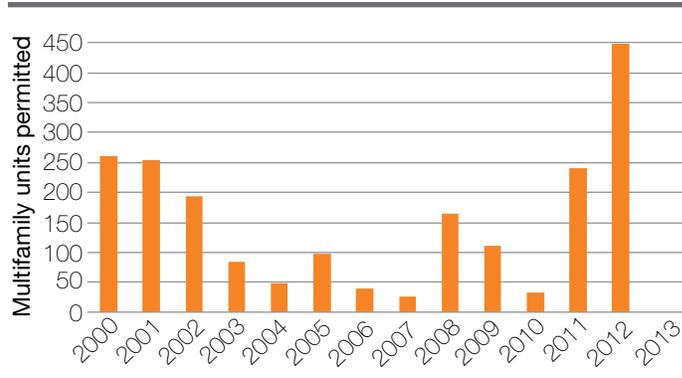
- Multifamily construction, as measured by the number of units permitted, began increasing in 2011. Permitting activity during 2012 totaled nearly 450 units, surpassing the previous peak in 2000 and 2001, when an average of 260 units were permitted annually.
- Multifamily development is concentrated in the city of Roanoke and the surrounding areas.
- Apartment projects currently under construction in downtown Roanoke include the 70-unit Crystal Towers and the 90-unit Shenandoah Building. The 120-unit Daleville Town Center is under construction in Botetourt County.
- Projects in planning include the 108-unit Suncrest Apartments in Roanoke County and a 150-unit riverfront development in the city of Roanoke.

Rents are up significantly as the vacancy rate has stabilized in the Roanoke area.



Source: Reis, Inc.

Multifamily construction activity has increased since 2011 in the Roanoke area.



Note: Includes data through March 2013.

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

