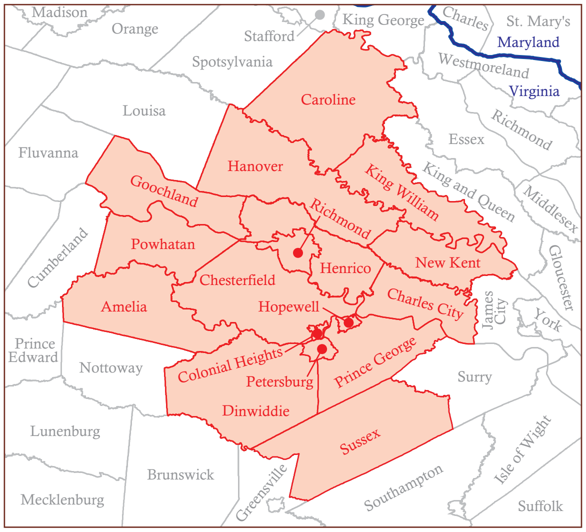
COMPREHENSIVE HOUSING MARKET ANALYSIS

Richmond, Virginia

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2016



Housing Market Area

The Richmond Housing Market Area (HMA) consists of 13 counties and 4 independent cities in central Virginia and is coterminous with the Richmond, VA Metropolitan Statistical Area. For purposes of this analysis, the HMA is divided into two submarkets: the Central Richmond submarket, which includes Henrico and Chesterfield Counties and the city of Richmond, and the Greater Richmond submarket, which includes Amelia, Caroline, Charles City, Dinwiddie, Goochland, Hanover, King William, New Kent, Powhatan, Prince George, and Sussex Counties and the independent cities of Colonial Heights, Hopewell, and Petersburg. The principal city of Richmond is also the state capital; it is approximately 100 miles south of Washington, D.C.

Summary

Economy

Economic conditions in the Richmond HMA are robust, with nonfarm payrolls growing by 23,800 jobs, or 3.7 percent, during the 12 months ending May 2016. Hiring was strong across several sectors, with more than one-third of the job gains in the professional and business services sector, which increased by 8,700 jobs, or 8.5 percent. During the 3-year forecast period, nonfarm payroll growth is expected to moderate to an average increase of 1.9 percent a year.

Sales Market

The sales housing market in the HMA is slightly soft but has improved significantly since the housing crisis of the late 2000s. During the 12 months ending April 2016, total home sales increased 10 percent, to 22,900, and the average home sales price increased 5 percent, to $243,600. During the 3-year forecast period, demand is estimated for 12,475 new homes (Table 1). The 1,640 homes currently under construction and some of the estimated 15,800 other vacant units that may become available will meet a portion of that demand.

Rental Market

The rental housing market in the HMA is balanced—an improvement from 2010, when the market was soft. The overall rental vacancy rate is estimated at 5.9 percent, down from 8.9 percent in 2010. The apartment market is also balanced, and rents have increased an average of 3 percent annually from 2010 to 2016. During the next 3 years, demand is estimated for 6,475 new market-rate rental units (Table 1). The 2,890 units currently under construction will meet demand during the first year and a portion of the second year.

Market Details

Table 1. Housing Demand in the Richmond HMA During the Forecast Period

	Richmond HMA		Central Richmond Submarket		Greater Richmond Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	12,475	6,475	8,675	5,725	3,800	750
Under construction	1,640	2,890	950	2,600	690	290

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2016. A portion of the estimated 15,800 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is June 1, 2016, to June 1, 2019.

Source: Estimates by analyst

Economic Conditions

The Richmond HMA in central Virginia has a service-based economy, with concentrations in finance, law, government, and health care. In the early 20th century, the Federal Reserve Bank of Richmond was established in the HMA; today, it ranks third out of the 12 Federal Reserve Bank Districts in terms of assets, behind New York City and San Francisco. Capital One Financial Corporation is the largest private-sector employer in the HMA, with nearly 11,300 employees (Table 2). The HMA is also home to 1 of the 13 United States Courts of Appeals, making it a regional law center. In addition to the influence of those government entities, the influence of government on the HMA is furthered by the city of Richmond's being the state capital and by the HMA's abutting the Washington, D.C. metropolitan area. Major federal government employers include Fort Lee Army Base (AB) in the city of Petersburg and the Defense Supply Center in Chesterfield County, which, combined, employ nearly 15,000 military and civilian personnel and contractors. Fort Lee AB, in particular, has a significant impact on the southern part of the HMA by supporting 28,000 direct, indirect, and induced jobs and by having a combined economic impact of $2.4 billion on the six counties and independent cities that directly surround the base (University of Illinois at Chicago). The HMA has been a regional center for health care since the Virginia Commonwealth University (VCU) Medical Center was founded in the 1800s. Three of the five largest private employers in the HMA are in the healthcare industry: VCU Health System Authority, Hospital

Table 2. Major Private-Sector Employers in the Richmond HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Capital One Financial Corporation	Financial activities	11,262
Virginia Commonwealth University Health System Authority	Education & health services	9,313
Hospital Corporation of America Virginia Health System	Education & health services	7,628
Bon Secours Richmond Health System	Education & health services	7,136
Wal-Mart Stores, Inc.	Wholesale & retail trade	5,605
Dominion Resources, Inc.	Transportation & utilities	5,433
Food Lion	Wholesale & retail trade	3,963
SunTrust Banks Inc.	Financial activities	3,810
Altria Group Inc.	Manufacturing	3,800
Amazon	Wholesale & retail trade	3,800

Notes: Excludes government-sector employers. The number of employees shown for Virginia Commonwealth University Health System Authority does not include the 5,978 public-sector employees at Virginia Commonwealth Unviersity.

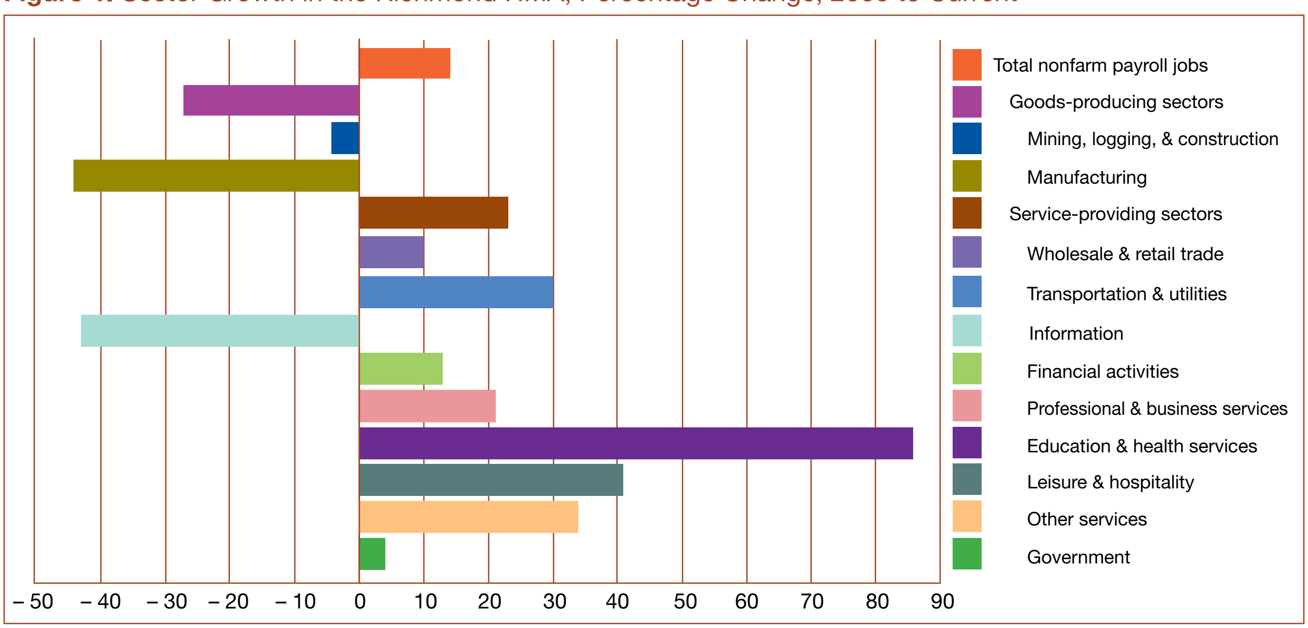
Source: Richmond Times-Dispatch

Corporation of America (HCA) Virginia Health System, and Bon Secours Richmond Health System make up about one-fourth of the total jobs in the education and health services sector. The presence of a large medical school, VCU Medical Center, and a skilled workforce has led to investment in biotechnology and research of health care and life sciences. A concentration of those jobs is at the Virginia BioTechnology Research Park, adjacent to VCU Medical Center, with approximately 2,400 jobs among several organizations. The largest organization at the park is Altria Group, Inc. (parent company to Philip Morris USA), which is headquartered in Henrico County and has 3,800 employees throughout the HMA.

The economy in the HMA is currently strong. The 12 months ending May 2016 had the fastest year-over-year rate of growth in nonfarm payrolls since 2000. After a slight decline in nonfarm payrolls in 2002, the economy added an average of 8,900 jobs, an increase of 1.5 percent, annually through 2007. The sector that added the most jobs during that time was the education and health services sector, which increased by an average of 3,500 jobs, or 5.5 percent, a year. The education and health services sector has been the fastest-growing sector in the HMA since 2000 (Figure 1), adding jobs each year. Offsetting some of the job growth from 2003 through 2007 were significant declines in the manufacturing sector, which shrank by an average of 1,800 jobs, or 3.9 percent, a year. Losses in the manufacturing sector have been widespread since 2000, but one of the largest single losses during this time occurred when Honeywell, Inc., sold its Richmond-based performance fibers business in 2004, resulting in the loss of 390 jobs.

Like the nation as a whole, the Richmond HMA began to lose jobs in 2008 as a result of the national recession and the housing crisis. Nonfarm payrolls in the HMA declined by an average of 10,300 jobs, or 1.7 percent, a year from 2008 through 2010, with more than three-fourths

Figure 1. Sector Growth in the Richmond HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through May 2016.
Source: U.S. Bureau of Labor Statistics

of those losses occurring in 2009. During the economic downturn, 9 of 11 sectors lost jobs, with the most significant losses in the goods-producing sectors: the manufacturing and the mining, logging, and construction sectors. Those two sectors combined accounted for approximately 70 percent of the losses from 2008 through 2010. Although the manufacturing sector had already been losing jobs before the downturn, losses accelerated to an average of 3,000 jobs, or 8.1 percent, a year. During that period, memory chip manufacturer Qimonda AG had layoffs and an eventual closing that resulted in a total loss of 2,550 jobs at its facility in eastern Henrico County. The decline in the mining, logging, and construction sector was even more severe than the decline in the manufacturing sector, in large part because of a significant slowdown in residential construction caused by the housing crisis. During the 3-year economic downturn, the mining, logging, and construction sector lost an average of 4,200 jobs, or a decrease of 10.4 percent, a year. In 2009, one of the largest builders in the HMA, Prospect Homes of Richmond, Inc., filed for chapter 11 bankruptcy after its home sales dropped 40 percent in 2008, forcing it to lower staffing levels by 70 percent. Although Prospect Homes of Richmond, Inc., was one of the most well-known casualties of the housing crisis, the industry as a whole suffered when the number of homes permitted declined by nearly one-half from the start of the housing crisis in 2007 through the bottom in 2010.

Despite an overall decline in jobs from 2008 through 2010, the education and health services and the government sectors experienced some growth. During that time, the education and health services sector grew by an average of 3,500 jobs, or 4.5 percent, a year—a strong rate of growth, albeit a slowdown from the 5.5-percent rate from 2003 through 2007. All the gains in the education and health services sector from 2008 through 2010 were in the healthcare and social assistance industry. Growth in the government sector as a whole was slight, at an average increase of 200 jobs, or 0.2 percent, a year; however, the increase was not evenly distributed across the subsectors. During that time, the state government sector declined by an average of 500 jobs a year, whereas average annual increases in the federal and local government subsectors of 500 and 300 jobs, respectively, more than made up for the decline. Growth in the federal government subsector resulted largely from the implementation of the 2005 Defense Base Closure and Realignment (BRAC) Commission recommendations for Fort Lee AB. From 2005 to 2016, the number of active-duty military and civilian employees at Fort Lee AB increased by approximately 2,400 (not including on-base contractors). In addition to affecting an increase in government payrolls, the BRAC recommendations had positive effects on other sectors in the region. Two contractors in Chesterfield County were awarded more than $25 million in prime contracts directly from the federal government for BRAC-related construction projects, which helped to mitigate some of the losses in the construction industry during the housing crisis.

More than a year after the national recession officially ended in June 2009, total nonfarm payrolls in the HMA began to increase. From 2011 through 2015, nonfarm payrolls increased by an average of 11,900 jobs, or 1.9 percent, annually, with all the losses from the 3-year downturn recovered by 2014. Growth accelerated further during the 12 months ending May 2016, to an average increase of 23,800 jobs, or 3.7 percent, compared with the number of jobs in the previous 12 months (Table 3). The professional and business services sector is the largest sector in the HMA (Figure 2) and, of all the sectors, has contributed the most to the economic recovery in the HMA. From 2011 through 2015, the professional and business services sector increased by an average of 2,900 jobs, or 3.0 percent, a year, but, in the past 12 months, the sector increased by an average 8,700 jobs, or 8.5 percent. Two large additions to this sector from 2011 through 2015 were Cuore Group, a call center and sales company that opened in the city of Midlothian in 2011, adding 772 jobs, and Aditya Birla Minacs, a business process outsourcing company that opened in Henrico County in 2013, adding 700 jobs. The sector with the third fastest rate of growth during the 12 months ending May 2016 was the mining, logging, and construction sector, which increased by 2,400 jobs, or 6.9 percent, as residential construction increased. Since the recovery began, the sector increased by an average of 800 jobs, or 2.3 percent, a year from 2011 through 2015; however, payrolls in the sector remain 7,800 jobs below the 2007 peak. One of the more recent large-scale construction projects was the $10 million Bon Secours Washington Redskins Training Center, which opened in 2013 in downtown Richmond. The training center was estimated to have a $10.5 million economic impact on the HMA in 2013 (Center for Sport Leadership, VCU).

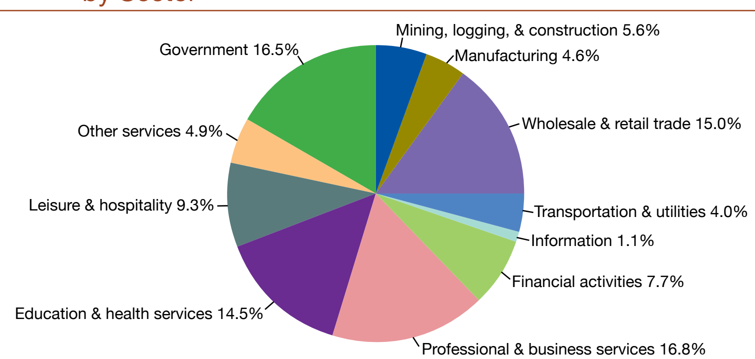
The three sectors to decline during the 12 months ending May 2016 were the manufacturing, information, and government sectors, which declined by 100, 200, and 200 jobs, or 0.3, 2.6, and 0.2 percent, respectively. The decline in manufacturing is relatively unchanged from the 2011-through-2015 rate but is significantly slower than the 2008-through-2010 decline of 8.1 percent a year. Despite the continued manufacturing job losses since 2011, the Rolls-Royce Crosspointe advanced aircraft manufacturing and research facility in Prince George County added nearly 300 jobs. Losses in the government sector during the past 12

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Richmond HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	May 2015	May 2016		
Total nonfarm payroll jobs	638,800	662,600	23,800	3.7
Goods-producing sectors	65,600	67,900	2,300	3.5
Mining, logging, & construction	34,800	37,200	2,400	6.9
Manufacturing	30,800	30,700	– 100	– 0.3
Service-providing sectors	573,100	594,800	21,700	3.8
Wholesale & retail trade	96,900	99,100	2,200	2.3
Transportation & utilities	23,000	26,600	3,600	15.7
Information	7,600	7,400	– 200	– 2.6
Financial activities	49,500	50,800	1,300	2.6
Professional & business services	102,300	111,000	8,700	8.5
Education & health services	94,000	96,300	2,300	2.4
Leisure & hospitality	58,800	61,700	2,900	4.9
Other services	31,100	32,200	1,100	3.5
Government	109,800	109,600	– 200	– 0.2

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through May 2015 and May 2016.
Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Richmond HMA, by Sector



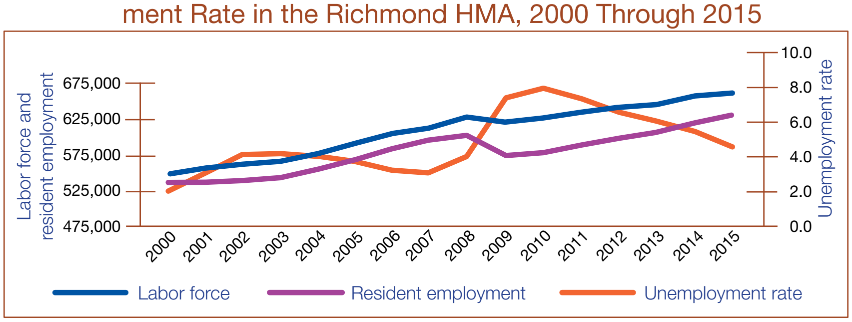
Note: Based on 12-month averages through May 2016.
Source: U.S. Bureau of Labor Statistics

months were in the state and local government subsectors; a 500-job increase in the federal government subsector was not enough to offset those losses. State government payrolls are about 2,200 jobs below the number of jobs in 2000, despite growth at VCU since 2000. From 2006 to 2015, the number of students enrolled at VCU increased by 861 and the number of employees increased by 6,375 (including private-sector employees at VCU Health System Authority). VCU generated $3.6 billion in spending and supported approximately 43,700 jobs in the state of Virginia during the 2009–10 fiscal year (Chmura Economics & Analytics, most recent data available).

The HMA has a relatively low unemployment rate that has been trending below the national average since 2000. From 2000 through 2007, the unemployment rate in the HMA averaged 3.5 percent compared with the national average of 5.0 percent. As the effects of the recession took hold in 2008, the unemployment rate began to increase, peaking in 2010 at 8.0 percent in the HMA and 9.6 percent for the nation. Since then, the unemployment rates for both geographies declined considerably, but the rate for the HMA remains 0.9 percentage points below the national average, at 4.2 percent, during the 12 months ending May 2016. See Figure 3 for unemployment rate trends in the HMA from 2000 through 2015.

The economic outlook for the Richmond HMA is positive. During the 3-year forecast period, nonfarm payroll growth is expected to moderate to a more sustainable increase of 12,800 jobs, or 1.9 percent, a year. A continued increase in construction jobs is expected as a result of several commercial and residential projects in the pipeline, including Stuart's Crossing Shopping Center and the mixed-use Libbie-Mill—Midtown development, both in Henrico County, and the 725-acre mixed-use development of CenterPointe in Chesterfield County. The leisure and hospitality sector is also expecting a boost from a vineyard and two breweries currently under construction: Upper Shirley Vineyards, Stone Brewing Co., and Hardywood Park Craft Brewery.

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Richmond HMA, 2000 Through 2015



Source: U.S. Bureau of Labor Statistics

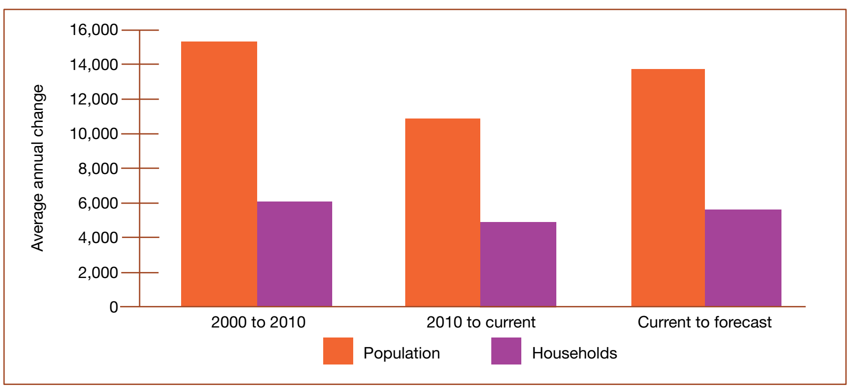
Population and Households

Despite the improved economy, population growth in the Richmond HMA has been moderate since the most recent recession ended in 2009. The population had been growing at a faster pace of 15,700, or 1.4 percent, a year from 2000 to 2008 because economic conditions were favorable through much of the period. During that time, net in-migration accounted for 64 percent of the population growth, averaging 10,100 people a year. As job losses began in 2008, net in-migration dropped drastically to 260 people, and net natural change (resident births minus resident deaths) of 6,300 people was the main driver of population growth from 2008 to 2009. Although job losses continued for another year, the economy has improved since then and population growth has averaged 12,050 people, or 1.0 percent, a year from 2009 to the current date. Growth since 2009 has been primarily from an average net in-migration of 7,025 annually. Household growth mirrored population growth patterns, with average annual growth declining from 5,950 households, or 1.4 percent, during the 2000s, to 4,775 households, or 1.0 percent, from 2010 to the current date. Figure 4 shows population and household growth and Figure 5 shows the components of population change from 2000 to the forecast date.

Although population growth and, in turn, household growth have slowed in both submarkets from the previous decade, the decline was more severe in the Greater Richmond submarket, where growth in both components was cut by approximately one-half. Population and household growth rates in the Greater Richmond sub-market declined from averages of 1.3 and 1.4 percent to 0.5 and 0.7 percent a year, respectively. By comparison, population and household growth in the Central Richmond submarket declined from averages of 1.4 and 1.3 percent a year from 2000 to 2010 to 1.0 and 1.1 percent a year, respectively, from 2010 to the current date. Much of the imbalance of growth resulted from the incredible turnaround in growth for the city of Richmond—the only county or independent city in the HMA to register a sizable increase in the rate of growth between the two periods. The population in the city of Richmond increased at an average rate of 0.3 percent a year from 2000 to 2010 and 1.3 percent a year from 2010 to 2015 (University of Virginia, Weldon Cooper Center for Public Service). The population gain in the city of Richmond reflects the overall resurgence of downtown areas nationwide. Increased preference for an urban lifestyle is why growth in cities nationwide now outpaces growth outside them for the first time since the 1920s (The Nielsen Company).

The Central Richmond submarket accounts for about 70 percent of the total population in the HMA. The

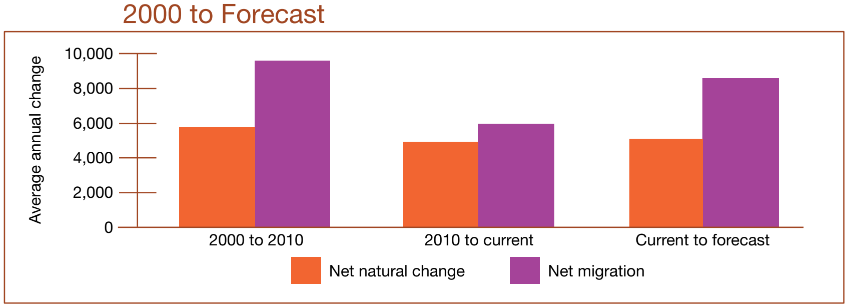
Figure 4. Population and Household Growth in the Richmond HMA, 2000 to Forecast



Notes: The current date is June 1, 2016. The forecast date is June 1, 2019.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Richmond HMA, 2000 to Forecast



Notes: The current date is June 1, 2016. The forecast date is June 1, 2019.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst submarket includes Richmond's urban core, where VCU is located, and densely populated suburban areas. As of the fall of 2015, VCU was the third largest 4-year public institution in the Commonwealth of Virginia, with an enrollment of 31,242 students. A Zillow report published in June 2016 stated that of all major U.S. metropolitan areas, the Richmond metropolitan statistical area had the greatest percentage of millennials (population ages 23 to 34) living alone, at 15 percent. More of them are estimated to be living in the Central Richmond submarket, providing one reason why the average household size is estimated to be significantly lower in the Central Richmond submarket (2.45) than in the Greater Richmond submarket (2.57).

The Greater Richmond submarket, with its 14 geographical components, is much greater in land area than the Central Richmond submarket; however, much of the land is rural. The submarket contains the counties of Hanover and Caroline, which follow the Interstate-95 corridor north toward Washington, D.C., and south toward the historical city of Petersburg, the location of Fort Lee AB. Although Fort Lee AB grew by approximately 2,400 active-duty and civilian personnel after the 2005 BRAC recommendations were implemented, population trends in the Greater Richmond submarket do not reflect the increase because the BRAC-related job growth was overshadowed by the overall economic decline in the late 2000s. In addition, local sources speculate that many of the new residents moved to Chesterfield County in the Central Richmond submarket. The three fastest-growing counties or independent cities in the HMA—New Kent, Caroline, and Goochland Counties—are in the Greater Richmond submarket, with average annual population increases of 3.4, 2.3, and 2.1 percent, respectively, from 2000 to 2015 (University of Virginia, Weldon Cooper Center for Public Service). The only two counties or independent cities in the HMA to register declines during that period are also in the Greater Richmond submarket: Sussex County and the city of Petersburg, with average annual population decreases of 0.3 percent each.

During the 3-year forecast period, the positive economic outlook translates to higher expected rates of population and household growth compared with rates in the 2010-to-current period. Growth rates for both population and the number of households are expected to increase to 1.1 percent for the HMA as a whole. The increasing rate of population growth in the city of Richmond is expected to continue into the forecast period, leading to higher population and household growth in the Central Richmond submarket than in the Greater Richmond submarket. The population and number of households are expected to increase 1.3 and 1.2 percent, respectively, in the Central Richmond submarket and 0.6 and 0.7 percent, respectively, in the Greater Richmond submarket. Tables DP-1, DP-2, and DP-3 at the end of this report provide additional demographic data.

Sales Market—Central Richmond Submarket

The sales housing market in the Central Richmond submarket is slightly soft, with an estimated vacancy rate of 1.6 percent, down from 2.6 percent in 2010. Conditions have improved significantly in the submarket from October 2010, when the market was softer and the months' supply of homes peaked at an average of 5.6 months (CoreLogic, Inc., with adjustments by the analyst). Since then, the months' supply of homes has trended downward to an average of 1.9 months in April 2016. Although the months' supply of homes that low typically is a characteristic of tight or balanced markets, the share of negative equity mortgages and real estate owned (REO) properties remains slightly elevated and is a negative factor in the overall condition of the housing market. Estimates indicate that potential homesellers are still waiting to regain their home equity before listing their home for sale; this inaction has pushed the average months' supply of homes downward. The share of mortgages with negative equity in the Richmond HMA remained elevated, at 7 percent, in the first quarter of 2016, despite a vast improvement from the high of 22 percent during the first quarter of 2011. In addition, the submarket still has room to improve on the share of mortgages that are in the foreclosure process or have transitioned into REO status. In April 2016, the rate of seriously delinquent mortgages (90 or more days delinquent or in foreclosure) and REO properties was 3.0 percent, down from 3.8 percent in April 2015 and 7.1 percent in April 2010. Although the housing market has improved greatly since 2010, the rate of seriously delinquent loans and REO properties remains above the 1.6-percent rate in April 2000, when the sales housing market was balanced.

The submarket was hit hard by the housing crisis in the late 2000s, with home sales and prices dropping more severely in the submarket than in the nation, partly because the preceding growth in sales prices in the submarket was much higher than it was in the nation. From peak to trough, total home sales (including single-family homes, townhomes, and condominiums) in the submarket declined 61 percent from the 12 months ending May 2006 to the 12 months ending June 2011 compared with a peak-to-trough decline for the nation of 50 percent from the 12 months ending December 2005 to the 12 months ending June 2011. In a similar way, home prices from peak to trough in the submarket declined 28 percent from the 12 months ending May 2006 to the 12 months ending February 2012 compared with a decline for the nation of 22 percent from the 12 months ending July 2007 through the 12 months ending November 2009.

Existing home sales, which constitute nearly 90 percent of total home sales in the Central Richmond submarket, and home sales prices increased during the past few years but remain below the averages reached before the housing bubble burst. During 2000 and 2001, unemployment was low and existing home sales averaged 15,700 annually. The year 2002 marked the beginning of the run-up of the housing boom in the submarket, and existing home sales increased to an average of 19,550 homes sold annually through 2006. Although economic conditions in the HMA remained positive in 2007, existing home sales began to decline precipitously each year, at an average of 15 percent annually, until bottoming out at 9,675 in 2010. Although the number of homes sold has increased each year since 2010, it remains lower than the number of homes sold in the early 2000s, when the sales market was balanced. From 2011 through 2014, existing home sales increased an average of 10 percent annually, to 14,175. During the 12 months ending April 2016, existing home sales increased 8 percent, to 14,050, compared with the number sold during the previous 12 months. At the national level, mortgage credit availability remains below the prehousing boom levels of 2001, which has continued to affect home sales (Urban Institute).

Trends in existing home sales prices lagged the number of homes sold regarding the peak and trough of both variables. The existing home sales price peaked at an average of $270,800 in 2006 before declining 26 percent, to an average of $200,200 in 2011. The bottom of the average existing home sales price in 2011 coincided with a peak in the proportion of distressed sales (REO and short sales). The share of existing sales that were distressed increased from 1 percent in 2006 to 34 percent in 2011. Since then, for all existing home sales, the share of distressed sales has declined to 16 percent and the average sales price has increased an average of 4 percent annually, to $240,200, during the 12 months ending April 2016. Growth in the average existing home sales price has increased during the past 12 months to 7 percent compared with the average price during the previous 12 months.

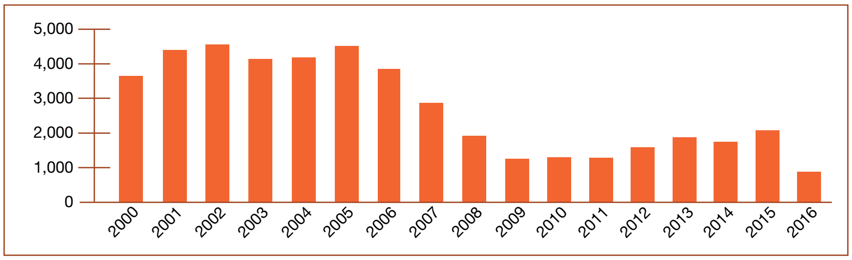
Since 2000, the trend in new home sales generally has followed the same pattern as with existing home sales in the Central Richmond submarket, but the recovery in the number of new home sales has been slower. From 2000 through 2005, new home sales increased an average of 11 percent annually, to 4,350. Following that period of growth, new home sales began to decline in 2006 at an average rate of 21 percent a year through 2010, to 1,350 homes sold. By 2007, new home sales were in their second year of decline, but the average sales price for new homes increased, peaking at $347,900, an average annual increase of 21 percent a year since 2001. In 2010, as with new home sales, new home prices bottomed out, at $293,300, an average decline of 6 percent annually since 2007. Since 2010, new home sales have increased an average of 7 percent annually, to 1,875 in 2015. During the 12 months ending April 2016, the number of new homes sold increased to 1,800, up 4 percent from the previous 12 months. During the past 12 months, new home sales prices increased to $377,000, up 4 percent from the previous 12 months, which is 8 percent more than the prerecession peak.

Since new home sales began to increase in 2011, builders have cautiously increased the production of single-family homes in the submarket. From 2000 through 2006, an average of 4,175 single-family homes were permitted annually. The home sales market subsequently softened, and the number of single-family homes permitted declined an average of 31 percent annually, to a low of about 1,250 homes permitted in 2009 (Figure 6). Although the housing market improved from 2010 through 2015, permitting remained low throughout the period, increasing an average of 10 percent annually, to about 2,050 homes permitted in 2015. Builders, however, seem more confident lately, as the number of single-family homes permitted increased 20 percent, to 2,225, during the 12 months ending May 2016 compared with number permitted during the previous 12 months (preliminary data).

Within the Central Richmond submarket, building is most active in Chesterfield County, the location of more than one-half of the single-family homes permitted in 2015. The top three subdivisions, ranked by the number of new home closings during the 12 months ending September 2015, were in Chesterfield County: Magnolia Green, Hallsley, and Brookcreek Crossing (Integra Realty Resources—Richmond). Magnolia Green, in the city of Moseley, is a 1,896-acre planned community with approval for 3,550 homes. From 2010 through 2014, 380 single-family homes were permitted in Magnolia Green (Chesterfield Observer). New homes in the neighborhoods that make up the community start in the $190,000s for townhomes and in the $270,000s for single-family homes.

During the 3-year forecast period, an increase in population and household growth in the submarket is expected to support demand for 8,675 new homes (Table 1), or an average of 2,900 homes a year. Demand is expected to increase each year of the forecast period. The 950 homes currently under construction and a portion of the 8,000 other vacant units that may return to the market will satisfy some of the demand. More than one-half of the demand is expected to be for homes priced between $150,000 and $349,999 (Table 4).

Figure 6. Single-Family Homes Permitted in the Central Richmond Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through May 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Central Richmond Submarket During the Forecast Period

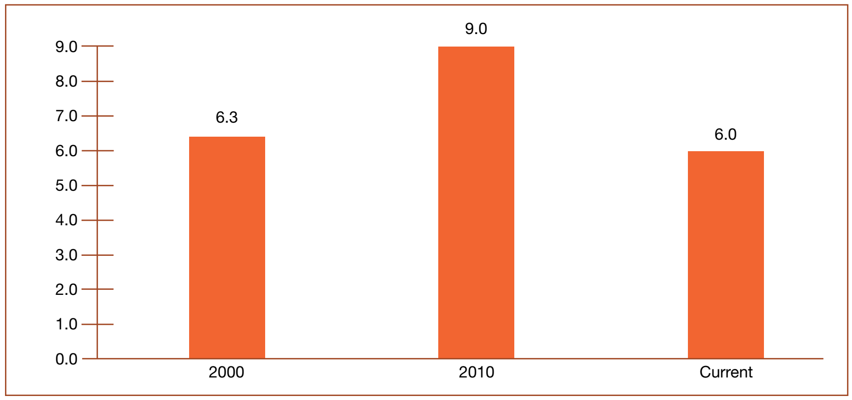
Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	249,999	3,025	35.0
250,000	349,999	2,600	30.0
350,000	449,999	1,725	20.0
450,000	and higher	1,300	15.0

Notes: The 950 homes currently under construction and a portion of the estimated 8,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is June 1, 2016, to June 1, 2019.
Source: Estimates by analyst

Rental Market—Central Richmond Submarket

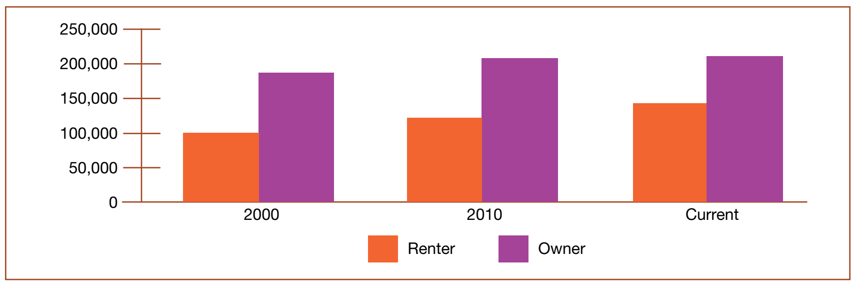
The rental housing market in the Central Richmond submarket is balanced—an improvement since 2010, when the market was soft. The overall rental vacancy rate is estimated at 6.0 percent, down from 9.0 percent in 2010 (Figure 7), mostly because of a large increase in the number of renter households. Although the number of owner households in the submarket increased by only 1,350 from 2010 to the current date, the number of renter households increased by 22,200 (Figure 8). The number of renter households added in the roughly 6 years since 2010 is more than the entire number added during the previous decade. Despite historically low

Figure 7. Rental Vacancy Rates in the Central Richmond Submarket, 2000 to Current



Note: The current date is June 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the Central Richmond Submarket, 2000 to Current



Note: The current date is June 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

mortgage interest rates since 2010 that would typically have a positive effect on homeownership, restricted credit availability, other barriers, and demographic preferences have continued to shift households toward renting.

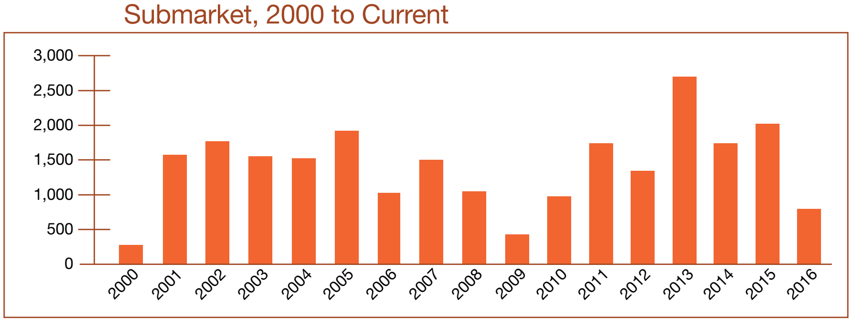
Apartments make up most of the rental inventory in the submarket, and single-family homes account for about 37 percent of renter-occupied units (2014 American Community Survey [ACS] 1-year estimates). Like the overall rental market, the apartment rental market is balanced—an improvement from soft conditions in 2010. The apartment vacancy rate for the Real Data-defined Richmond market area (which accounts for all of the Central Richmond submarket and a small portion of the Greater Richmond submarket) was 6.2 percent in January 2016, down from 6.6 percent in January 2015 and 9.9 percent in January 2010 (Real Data, most recent data available). As apartment vacancies declined, the average monthly rent increased, from $788 in January 2010 to $918 in January 2015 and $944 in January 2016. The compound increase in the average monthly rent of 3 percent a year from 2010 to 2016 was higher than the national average inflation rate of less than 2 percent during roughly the same period. Rents that average higher rate increases than the inflation rate is one reason that in a 2015 report RealtyTrac® Inc. stated that buying a home was more affordable than renting in Chesterfield County and the city of Richmond.

VCU's annual total enrollment for the past 10 years was more than 30,000 students; thus, the university's two urban campuses significantly affect the apartment market directly surrounding them, although the effect on the submarket as a whole is minimal. In January 2010, the apartment vacancy rate in the Real Data-defined Central market area was 6.5 percent, and the average monthly rent was the highest in the metropolitan area, at $1,211. The vacancy rate was slightly higher than the average for the metropolitan area as a whole because of the number of units in lease up. From January 2015 to January 2016, the Central market area added 319 units, the highest number of additions of all the market areas. Those newly added units are in two properties, each within less than 3 miles of a VCU campus. VCU has 6,201 beds on campus and nearly 100 percent occupancy. VCU's 2014 Housing Master Plan reports a shortage of 555 on-campus beds, and the students that need those beds currently are renting in the private apartment market. To resolve the shortage of on-campus housing, VCU is demolishing some of the existing inventory and rebuilding with a higher density of beds for a net increase of 667 beds during the next 3 years.

Multifamily building activity, as measured by the number of multifamily units permitted, has varied from year to year since 2000 but has averaged higher levels since 2011 because of increased demand. The great majority of the multifamily units recently permitted are for apartments; only 6 percent of multifamily units permitted since 2010 have been for owner occupancy compared with 23 percent in the previous decade. From 2000 through 2010, an average of 1,225 multifamily units were permitted annually (Figure 9). That period captured the rise and fall of the sales housing market, but not until sometime after the national recession ended in 2009 did rental demand increase. From 2011 through 2015, the number of multifamily units permitted increased to an average of 1,900 units annually, with a record high of 2,675 units permitted in 2013. In the past 12 months, the number of multifamily units permitted has declined by 28 percent, to about 1,050 units, which may be because of the large number of units in the pipeline rather than a reaction to current market conditions by builders. As of January 2016, 4,456 multifamily units were proposed in the metropolitan area, up from 3,602 in January 2015 (Real Data).

All three geographical components that make up the Central Richmond submarket have large apartment properties in the pipeline. Some of the largest apartment complexes currently under construction include Avia Apartment Homes in Henrico County, with 320 units; Bus Barn Apartments in the city of Richmond, with 280 units; and Abberly at Centerpointe in Chesterfield County, with 271 units. Two of the larger, recently completed properties are in Chesterfield County: Oxygen at Centerpointe Apartments, with 255 units, and

Figure 9. Multifamily Units Permitted in the Central Richmond Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through May 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Element at Stonebridge Apartments, with 400 units; construction of both was complete in early 2016. Monthly rents start at $998, $1,317, and $1,497 for one-, two-, and three-bedroom units, respectively, at Oxygen at Centerpointe. Monthly rents start at $1,035, $1,066, and $1,368 for studio, one-bedroom, and two-bedroom units, respectively, at Element at Stonebridge.

Continued growth in the number of renter households in the Central Richmond submarket is expected to increase rental demand in the next 3 years. During the forecast period, demand is estimated for 5,725 new market-rate rental units (Table 1), with demand for 1,850 occurring in the first year and gradual increases in demand each subsequent year. The 2,600 units currently under construction will meet all the demand in the first year and a portion of the demand in the second year. Demand is expected to be highest for two-bedroom units with monthly rents between $1,200 and $1,399 (Table 5).

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Central Richmond Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
850 to 1,049	210	1,000 to 1,199	1,075	1,200 to 1,399	2,750	1,250 to 1,449	400
1,050 or more	70	1,200 or more	360	1,400 or more	690	1,450 to 1,649	110
						1,650 or more	55
Total	290	Total	1,425	Total	3,425	Total	570

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 2,600 units currently under construction will likely satisfy some of the estimated demand. The forecast period is June 1, 2016, to June 1, 2019.
Source: Estimates by analyst

Sales Market—Greater Richmond Submarket

The sales housing market in the Greater Richmond submarket has improved since 2010, when the vacancy rate was 2.1 percent; however, the market remains slightly soft, with an estimated vacancy rate of 1.9 percent. The average months' supply of inventory was 2.7 months in April 2016, down from a recent peak of 6.5 months in August 2011 (CoreLogic, Inc., with adjustments by the analyst). The home sales market remains slightly soft, however, because the rates of distressed sales and seriously delinquent mortgages and REO properties remains higher than optimum levels. In addition, with the average existing home sales price during the past 12 months near the 2005 level, negative home equity likely continues to be a problem in the sales housing market.

The trends in total home sales and prices since 2000 in the Greater Richmond submarket have been similar to the trends in the Central Richmond submarket, with the peak and trough occurring at roughly the same times and the percentage changes being nearly the same. Because a large portion of the Greater Richmond submarket is rural, home prices in most areas of the submarket are relatively lower than in the Central Richmond submarket, with an average sales price 15 percent below the average sales price in the Central Richmond submarket during the 12 months ending April 2016. The exception is

Goochland County, which has the highest home prices in the entire HMA. The average home sales price in May 2016 in Goochland County was $449,314, whereas all other areas of the HMA had average home sales prices below $300,000 (Central Virginia Regional Multiple Listing Service). Goochland County is west of the Central Richmond submarket, and, although the county is mostly rural, the area that borders Henrico County includes some high-paying jobs—including jobs at West Creek Business Park, where Capital One Financial Corporation is the largest tenant. The city of Petersburg has the lowest housing prices in the HMA, with an average sales price of $88,219 in May 2016.

During the housing crisis, existing home sales and prices in the Greater Richmond submarket declined considerably, and both measures remain below the previous highs reached. From 2001 through 2003, existing home sales increased an average of 5 percent annually, to 5,775 homes sold. In 2004, existing home sales began to rise significantly, increasing an average of 18 percent annually, to a high of 7,975 in 2006. Existing home sales prices also peaked in 2006, reaching an average of $239,600, up by more than $100,000 from only 4 years earlier. Both existing home sales and prices began a downward spiral in 2007, ahead of the decline in nonfarm payrolls, which continued to grow through the year. Existing home sales stayed low from 2007 through 2014, averaging 4,400 annually, a 42-percent decline from the 2004-through-2006 average of 7,525 homes sold annually. During 2007 through 2014, existing home sales reached a recent low of 3,600 in 2011—the same year that the proportion of distressed sales peaked, at 22 percent. The average existing home sales price bottomed out a year later, in 2012, at $180,100, an average annual decline of 5 percent since 2006, and the rate of distressed sales remained high, at 20 percent. As the economy picked up steam during the 12 months ending April 2016, existing home sales and prices increased 16 and 5 percent, to 6,150 homes sold and $202,400, respectively, from the previous 12 months. The rate of distressed sales also has improved, declining to 15 percent of all existing home sales in the 12 months ending April 2016. That rate should continue to decline as a lower share of home loans are delinquent or in the foreclosure process. In April 2016, the rate of seriously delinquent mortgages and REO properties was 3.3 percent, down from 4.0 percent in April 2015 and 6.8 percent in April 2010.

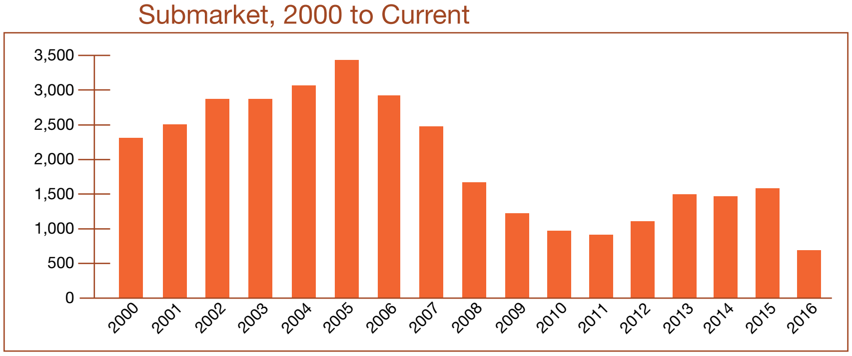
New home sales constitute about one-tenth of the total number of homes sold in the Greater Richmond submarket, and those sales, too, have increased in the past couple of years. In the first 3 years of the previous decade, new home sales averaged 775 sold a year before increasing 45 percent, to an average of 1,125 homes sold from 2003 through 2006. In 2007, the direction of new home sales turned, the same year as existing home sales, and an average of 660 new homes were sold from 2007 through 2015, a decline of 41 percent from the previous period. In those 9 years, new home sales remained low, but they have recovered since the 2011 low of 410 because of the improved economy. The fall in new home prices was relatively brief but dramatic, declining an average of 12 percent annually, from $371,300 in 2006 to $252,400 in 2009. Since then, new home sales prices generally have trended upward, averaging an increase of 4 percent annually, to an average of $320,100 during the 12 months ending April 2016, unchanged from the previous 12 months. An average of 920 new homes were sold in the 12 months ending April 2016, an increase of 21 percent from the previous 12 months.

In 2011, the same year that new home sales bottomed out, single-family building activity, as measured by the number of single-family homes permitted, reached a low and has been gradually increasing since then. The HMA economy was strong through much of the 2000-through-2007 period, and the number of single-family homes permitted averaged 2,800, including the peak of 3,425 homes permitted in 2005 (Figure 10). As the number of jobs started to decline in 2008, the number of single-family homes permitted began to decline annually, reaching a low of approximately 900 homes permitted in 2011. Since then, building activity has increased 56 percent, to an average of 1,400 single-family homes permitted from 2012 through 2015. The number of single-family homes permitted has increased 15 percent, to 1,650, during the 12 months ending May 2016 (preliminary data).

In the Greater Richmond submarket, Hanover County accounts for most of the single-family homebuilding activity. Of the top 10 subdivisions by number of new home closings during the 12 months ending September 2015, two are in Hanover County: Providence and Rutland subdivisions (Integra Realty Resources—Richmond, most recent data available). Successful sales numbers in the 160-home Providence subdivision encouraged the developer to request zoning for an additional 51 homes in May 2016. Home prices in Providence start in the $270,000s. The Rutland subdivision has single-family homes priced from about $380,000, and nearly all 81 lots have been sold to date.

Steady household growth in the Greater Richmond submarket during the 3-year forecast period is expected to generate a limited amount of sales demand. During the forecast period, demand is estimated for 3,800 new homes (Table 1), or an average of 1,275 homes annually. The 690 units currently under construction and some of the 7,800 other vacant units that may return to the market will meet a portion of the demand. Most of the demand is expected to be for homes priced between $100,000 and $299,999 (Table 6).

Figure 10. Single-Family Homes Permitted in the Greater Richmond Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through May 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Greater Richmond Submarket During the Forecast Period

Price Range ($) From	Price Range ($) To	Units of Demand	Percent of Total
100,000	199,999	1,525	40.0
200,000	299,999	1,125	30.0
300,000	399,999	760	20.0
400,000	and higher	380	10.0

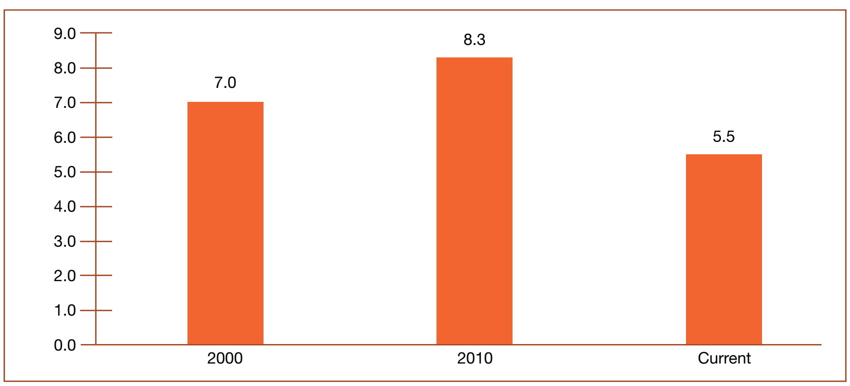
Notes: The 690 homes currently under construction and a portion of the estimated 7,800 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is June 1, 2016, to June 1, 2019.

Source: Estimates by analyst

Rental Market—Greater Richmond Submarket

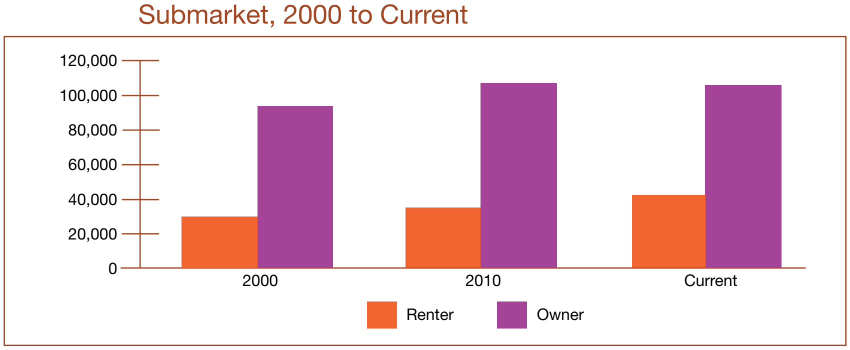
The overall rental housing market in the Greater Richmond submarket is currently balanced compared with the market in 2010, which was soft. Since 2010, the rental vacancy rate has dropped from 8.3 to 5.5 percent (Figure 11). The change in household tenure distribution has been more severe in the Greater Richmond submarket than in the Central Richmond submarket, because, since 2010, the number of owner households has declined and the number of renter households has increased significantly (Figure 12). Apartments are less common in the Greater Richmond submarket than in the Central Richmond submarket, with 63 percent of renter households occupying single-family homes (2014 ACS 1-year estimates).

Figure 11. Rental Vacancy Rates in the Greater Richmond Submarket, 2000 to Current



Note: The current date is June 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 12. Number of Households by Tenure in the Greater Richmond Submarket, 2000 to Current

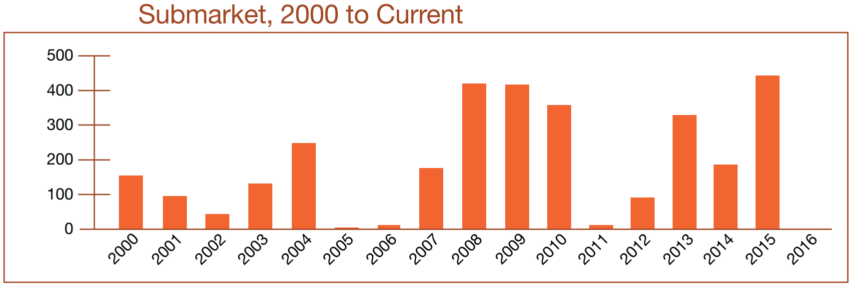


Note: The current date is June 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

The apartment market is also balanced, and some of the lowest apartment vacancy rates in the Richmond HMA are in the Greater Richmond submarket. The Real Data-defined market areas of North (which contains most of Hanover County) and the Tri-Cities had vacancy rates of 4.4 and 5.7 percent, respectively, in January 2016, down from 5.2 and 7.2 percent in January 2015. The submarket has few apartments outside those areas. The North market area includes the city of Ashland, several relatively large employers such as Kings Dominion, and easy transportation access to the Central Richmond submarket. Because of its desirable location, the North market area has the second highest average monthly rent in the entire HMA, at $1,006 in January 2016. The Tri-Cities market area, on the south side of the Greater Richmond submarket, includes Fort Lee AB and the independent cities of Petersburg, Colonial Heights, and Hopewell (the Tri-Cities market area). The average monthly rent for apartments in the Tri-Cities area was $900 in January 2016. Although the number of military personnel stationed at Fort Lee AB who choose to rent instead of purchase their home is unknown, they have a sizeable effect on the rental market. The base has 892 troop housing spaces and 1,508 family housing units, so a large portion of the total 3,825 permanent party military must seek off-base housing. The military provides a monthly basic allowance for housing, ranging from $1,053 to $2,322, and military personnel may use it for rent or to purchase a home.

In the Greater Richmond submarket, multifamily building activity, as measured by the number of multifamily units permitted, generally has been higher since 2008 compared with the number of units permitted earlier in the decade. From 2000 through 2007, an average of 110 multifamily units were permitted annually (Figure 13). That period coincides with the peak years for single-family homebuilding activity and a strong preference for buying over renting. In the midst of the national recession in 2008, multifamily permitting began to increase, with builders responding to increased demand for rental housing as the sales market softened. An average of 400 multifamily units were permitted annually from 2008 through 2010 before a temporary dip to an average of 50 units a year from 2011 through 2012 as the market absorbed new units. Multifamily permitting levels rebounded the next year and averaged 320 units a year from 2013 through 2015. The average number of units permitted remained at approximately 320 during the 12 months ending May 2016 (analyst estimates).

Figure 13. Multifamily Units Permitted in the Greater Richmond Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through May 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

One of the largest apartment properties under construction in the submarket is Charleston Ridge Apartments in Hanover County. The 172-unit property is expected to be complete in the fall of 2016 and currently is preleasing. Monthly rents at Charleston Ridge start at $1,050 for a one-bedroom unit and $1,275 for a two-bedroom unit. The largest, most recently completed property in this submarket is the Retreat at West Creek in Goochland County, just over the Henrico County line and close to Short Pump Shopping Center. The Retreat at West Creek, with 254 units, opened in 2014 and has monthly rents starting at $1,168 for a one-bedroom unit and $1,463 for a two-bedroom unit. A second phase of the property, with 82 units, currently is under construction and expected to be complete by the end of 2016.

During the 3-year forecast period, a continuation in strong renter household growth is expected to contribute to an estimated demand of 750 new market-rate rental units (Table 1). The 290 units currently under construction will meet all the demand in year 1 of the forecast period. Rental demand is expected to gradually increase each year of the forecast period. The highest concentration of demand is expected to be for two-bedroom units with monthly rents ranging between $950 and $1,149 (Table 7).

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Greater Richmond Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
700 or more	40	800 to 999	110	950 to 1,149	230	1,000 to 1,199	110
		1,000 or more	75	1,150 to 1,349	110	1,200 or more	40
				1,350 or more	40		
Total	40	Total	190	Total	380	Total	150

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 290 units currently under construction will likely satisfy some of the estimated demand. The forecast period is June 1, 2016, to June 1, 2019.
Source: Estimates by analyst

Data Profiles

Table DP-1. Richmond HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	536,608	578,495	637,200	0.8	1.8
Unemployment rate	2.1%	8.0%	4.2%		
Nonfarm payroll jobs	578,800	591,900	662,600	0.2	2.1
Total population	1,055,683	1,208,101	1,275,000	1.4	0.9
Total households	408,954	468,524	497,900	1.4	1.0
Owner households	279,332	314,360	314,600	1.2	0.0
Percent owner	68.3%	67.1%	63.2%		
Renter households	129,622	154,164	183,300	1.7	2.8
Percent renter	31.7%	32.9%	36.8%		
Total housing units	433,734	507,289	530,600	1.6	0.7
Owner vacancy rate	1.5%	2.4%	1.7%		
Rental vacancy rate	6.4%	8.9%	5.9%		
Median Family Income	NA	NA	$72,900	NA	NA

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through May 2016. Current Median Family Income is for 2014. The current date is June 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Central Richmond Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	719,993	827,385	881,000	1.4	1.0
Total households	286,442	327,432	351,000	1.3	1.1
Owner households	185,971	207,638	209,000	1.1	0.1
Percent owner	64.9%	63.4%	59.5%		
Rental households	100,471	119,794	142,000	1.8	2.8
Percent renter	35.1%	36.6%	40.5%		
Total housing units	302,559	353,682	371,500	1.6	0.8
Owner vacancy rate	1.4%	2.6%	1.6%		
Rental vacancy rate	6.3%	9.0%	6.0%		

Notes: Numbers may not add to totals because of rounding. The current date is June 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Greater Richmond Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	335,690	380,716	393,700	1.3	0.5
Total households	122,512	141,092	146,950	1.4	0.7
Owner households	93,361	106,722	105,600	1.3	– 0.2
Percent owner	76.2	75.6	71.9		
Rental households	29,151	34,370	41,350	1.7	3.0
Percent renter	23.8	24.4	28.1		
Total housing units	131,175	153,607	159,200	1.6	0.6
Owner vacancy rate	1.5	2.1	1.9		
Rental vacancy rate	7.0	8.3	5.5		

Notes: Numbers may not add to totals because of rounding. The current date is June 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 6/1/2016—Analyst's estimates
Forecast period: 6/1/2016–6/1/2019—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_RichmondVA_16.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.