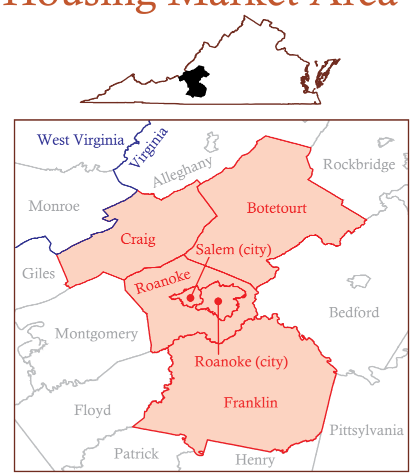
COMPREHENSIVE HOUSING MARKET ANALYSIS

Roanoke, Virginia

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2013

Housing Market Area



The Roanoke Housing Market Area (HMA) is coterminous with the Roanoke, VA Metropolitan Statistical Area and is located 190 miles west of Richmond in the Blue Ridge and Allegheny Mountains of southwestern Virginia. The HMA is divided into two submarkets: the Core submarket is coterminous with Roanoke County and includes the cities of Roanoke and Salem; the Remainder submarket includes Botetourt, Craig, and Franklin Counties.

Market Details

Summary

Economy

The economy of the Roanoke HMA has expanded since 2011, after contracting by an average of 2,700 jobs, or 1.7 percent, a year from 2008 through 2010. During the 12 months ending June 2013, nonfarm payrolls averaged 159,200, an increase of 2,000 jobs, or 1.3 percent, from a year earlier. Major employers include Carilion Clinic, the U.S. Department of Veterans Affairs, The Kroger Co., and Wells Fargo Bank N.A. During the next 3 years, nonfarm payrolls are expected to increase an average of 1.5 percent annually.

Sales Market

The home sales market in the HMA is slightly soft but improving, with a vacancy rate of 2.4 percent, down from 2.6 percent in April 2010. New and existing homes sales increased by more than 1 percent to more than 3,100 homes sold during the 12 months ending June 2013, the most recent data available, from a year earlier (Virginia Association of REALTORS® [VAR]). The average sales price increased more than 4 percent, to $185,800. During the next 3 years, demand is estimated for 1,550 homes, including 40 mobile homes (Table 1). The 180 homes under construction and a portion of the 11,400 other vacant units may reenter the market and satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is currently balanced, with an estimated rental vacancy rate of 7.9 percent, down from 8.8 percent in April 2010. The apartment vacancy rate is approximately 5.0 percent and the average asking rent is $710. During the next 3 years, demand is expected for 350 new rental units (Table 1). The 320 rental units currently under construction and the 160 units in planning will more than satisfy the forecast demand.

Table 1. Housing Demand in the Roanoke HMA, 3-Year Forecast, July 1, 2013, to July 1, 2016

	Roanoke HMA		Core Submarket		Remainder Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	1,550	350	870	350	690	0
Under construction	180	320	100	160	80	160

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2013. A portion of the estimated 11,400 other vacant units in the HMA will likely satisfy some of the forecast demand. Includes an estimated demand for 40 mobile homes.

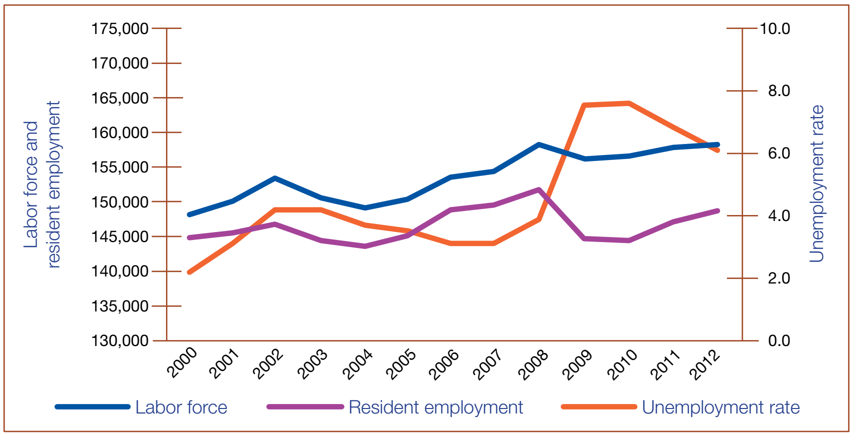
Source: Estimates by analyst

Economic Conditions

Economic conditions in the Roanoke HMA improved for the second consecutive year, after a 3-year contraction from 2008 through 2010. During the 12 months ending June 2013, nonfarm payrolls increased by 2,000 jobs, or 1.3 percent, to an average of 159,200 jobs, compared with an increase of 2,000 jobs, or 1.3 percent, during the same period a year earlier. From 2005 through 2007, nonfarm payrolls increased by an average of 2,200 jobs, or 1.4 percent, a year. During this period, approximately 66 percent of job growth was concentrated in the professional and business services and the education and health services sectors. In the professional and business services sector, UnitedHealth Group added 250 jobs to its Roanoke city customer support center in 2005 and Wells Fargo Bank N.A. added 150 jobs at its Roanoke County customer service center in 2006 (Virginia Economic Development Partnership). Economic conditions in the HMA weakened in 2008. From 2008 through 2010, payrolls declined by an average of 2,700, or 1.7 percent, annually. Payrolls in the mining, logging, and construction sector led the decline, decreasing by an average of 800 jobs, or 8.1 percent, annually as a result of decreased homebuilding activity. During this period, the unemployment rate rose to an average of 7.6 percent in 2010 from an average of 3.9 percent in 2008 (Figure 1). Recent employment growth has resulted in a lower unemployment rate. During the 12 months ending June 2013, the unemployment rate averaged 5.9 percent, down from 6.5 percent from a year earlier. Tables DP-1 through DP-3 at the end of this report provide additional employment and demographic data for the HMA and submarkets.

During the 12 months ending June 2013, the education and health services sector led job growth, increasing by 800 jobs, or 3.3 percent (Table 2). The education and health services sector is the second largest sector in the HMA, and two of the largest employers are providers of health services: Carilion Roanoke Memorial Hospital and HCA Virginia Health System (Table 3). The Virginia Tech Carilion Research Institute, which opened in 2010, provides state-of-the-art medical research facilities for 21 research teams

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Roanoke HMA, 2000 Through 2012



Source: U.S. Bureau of Labor Statistics

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Roanoke HMA, by Sector

	12 Months Ending June 2012	12 Months Ending June 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	157,200	159,200	2,000	1.3
Goods-producing sectors	24,700	24,900	200	0.8
Mining, logging, & construction	7,800	7,600	– 200	– 2.6
Manufacturing	16,900	17,300	400	2.4
Service-providing sectors	132,500	134,300	1,800	1.4
Wholesale & retail trade	26,000	25,900	– 100	– 0.4
Transportation & utilities	8,900	9,000	100	1.1
Information	1,800	1,800	0	0.0
Financial activities	8,200	8,400	200	2.4
Professional & business services	20,700	21,000	300	1.4
Education & health services	24,400	25,200	800	3.3
Leisure & hospitality	13,300	13,700	400	3.0
Other services	7,100	7,200	100	1.4
Government	21,900	22,200	300	1.4

Notes: Based on 12-month averages through June 2012 and June 2013. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics with more than 150 faculty and staff. The institute is expected to expand to more than 30 research teams in the coming years, but growth at the facility may slow because of funding cuts. Since 2000, the education and health services sector has been the fastest growing sector, increasing by an average of more than 2.0 percent a year from 2000 to 2013 (Figure 2).

The professional and business services sector is the fourth largest sector in the HMA, accounting for 13 percent of nonfarm payrolls (Figure 3). During the 12 months ending June 2013, payrolls in the professional and business services sector increased by 300 jobs, or 1.4 percent. UnitedHealth Group added a total of 125 jobs from 2011 through 2012 at its customer care and sales division in the city of Roanoke. Headquartered in the city of Roanoke, Advance Auto Parts will add 75 jobs by 2014 as part of an $8 million dollar expansion. Payrolls in the manufacturing sector increased by 400 jobs, or 2.4 percent, during the 12 months ending June 2013. By comparison, payrolls in the sector decreased by an average of 1,100 jobs, or 6.0 percent, a year from 2007 through 2009 before increasing by an annual average of 500 jobs, or 3.3 percent, from 2010 through 2012. The recent improvement in the manufacturing sector is mainly the result of expansions at existing facilities. In 2012, GE Energy announced the addition of 60 new jobs at its Salem manufacturing plant and Virginia Transformer Corporation added 100 jobs at its Roanoke city manufacturing facility (Virginia Economic Development Partnership).

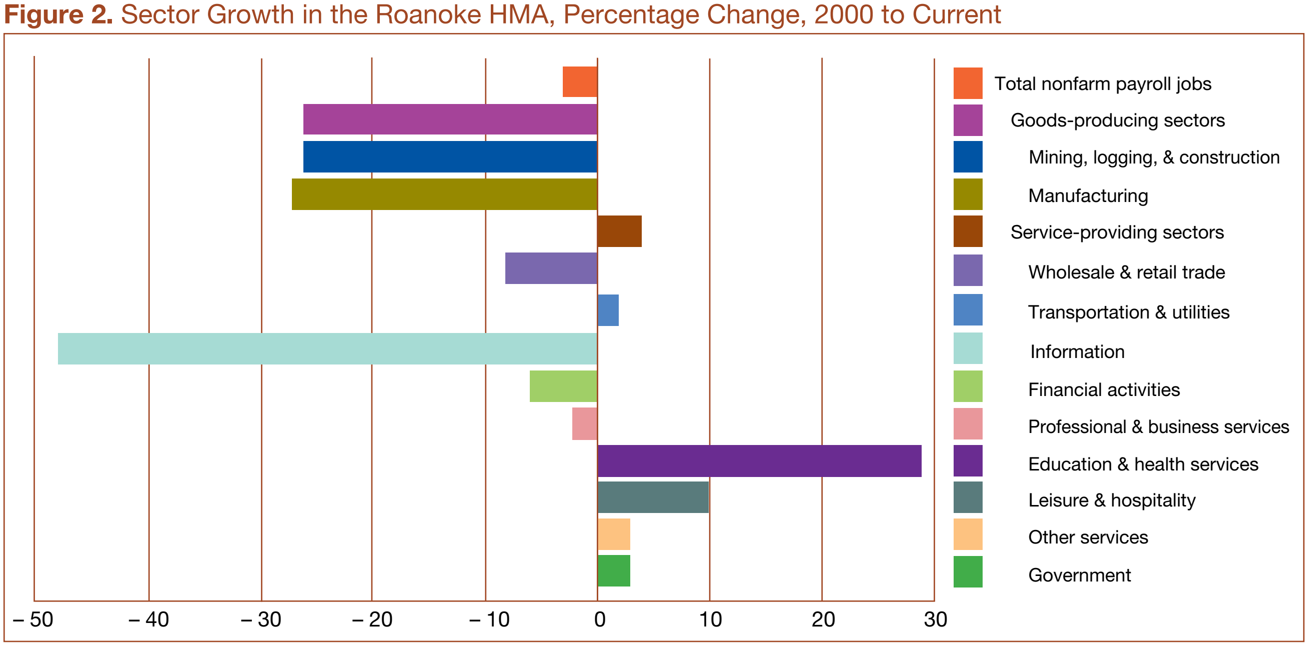
Table 3. Employers With 1,000 or More Employees in the Roanoke HMA

Name of Employer	Nonfarm Payroll Sector
Carilion Roanoke Memorial Hospital	Education & health services
U.S. Department of Veterans Affairs	Government
The Kroger Co.	Wholesale & retail trade
HCA Virginia Health System	Education & health services
Wells Fargo Bank N.A.	Financial activities
City of Roanoke	Government
Wal-Mart Stores, Inc.	Wholesale & retail trade
County of Roanoke	Government
Carilion Services	Education & health services
Allstate Insurance Company	Professional & business services

Note: Excludes local school districts.

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW), 4th Quarter (October, November, December) 2012

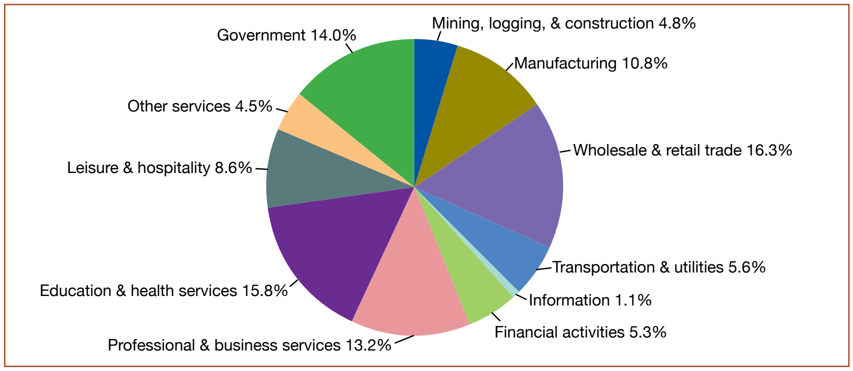
Figure 2. Sector Growth in the Roanoke HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through June 2013.

Source: U.S. Bureau of Labor Statistics

Figure 3. Current Nonfarm Payroll Jobs in the Roanoke HMA, by Sector



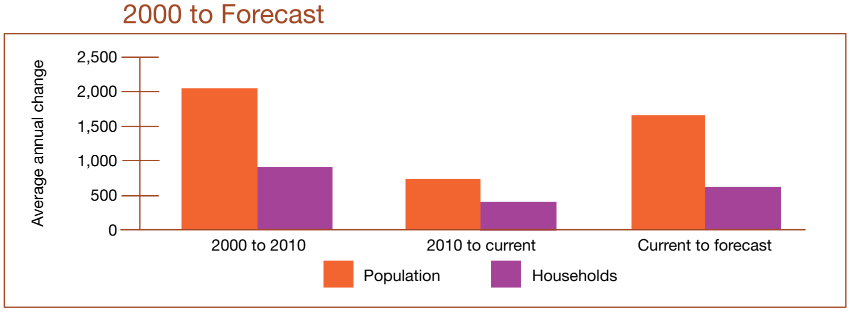
Note: Based on 12-month averages through June 2013.
Source: U.S. Bureau of Labor Statistics

Nonfarm payrolls are forecast to improve steadily each year during the next 3 years, increasing by an average of 2,400 jobs, or 1.5 percent, annually. The education and health services and the manufacturing sectors are expected to continue to lead job growth. During the first and second years of the forecast period, window and door manufacturer Ply Gem Windows is expected to add 200 jobs at its Franklin County facility. Altec Industries, Inc., a truck-mounted mobile equipment manufacturer in Botetourt County, is expected to add nearly 100 jobs (Virginia Economic Development Partnership).

Population and Households

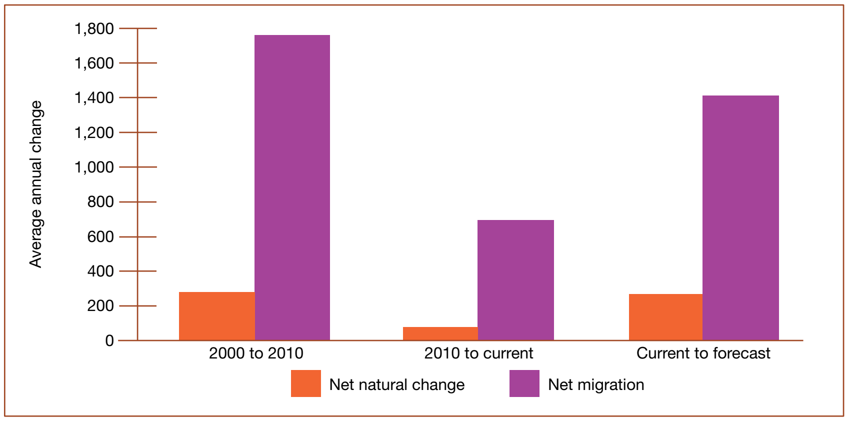
As of July 1, 2013, the population of the Roanoke HMA was estimated at 311,200, an average annual increase of 770, or 0.2 percent, since April 2010 (Figure 4). By comparison, from 2006 to 2010, the population increased by an average of 2,450, or 0.8 percent, annually. Despite slower overall population growth since 2010, the 65-to-79-year-old age cohort increased by an average of nearly 490, or 3.8 percent, annually and is the fastest growing segment of the population in the HMA. From 2000 to 2010, the cohort increased by an average of 100, or 0.7 percent, annually. The HMA is one of the top 10 places for Americans older than 50 years old to live on $100 a day in the United States, and this age group is also attracted to the area because of the available outdoor activities and mild climate (2012 AARP report). Net in-migration to the HMA averaged 690 people a year and accounted for approximately 90 percent of the total population growth since 2010 (Figure 5). From 2006

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



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

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



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

through 2010, net in-migration averaged 1,750 people a year and accounted for nearly 85 percent of the total population growth. During the next 3 years, the population in the HMA is expected to increase by 1,700, or 0.5 percent, annually to total 316,300.

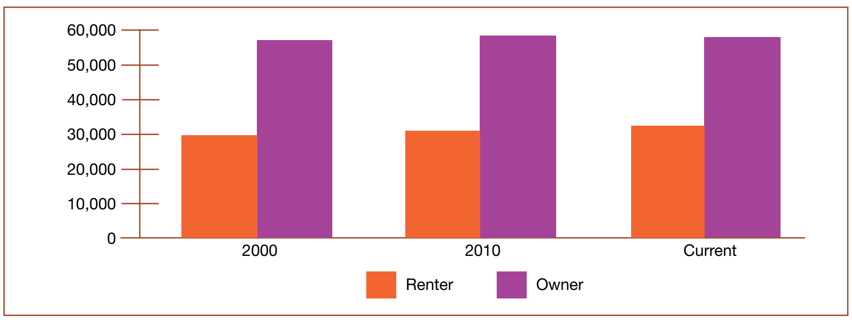
The population of the Core submarket is estimated at 216,400 and accounts for nearly 70 percent of the total population in the HMA. Since 2010, the Core submarket has accounted for 87 percent of the population growth in the HMA. The population increased by an average of 670, or 0.3 percent, a year since 2010 compared with an average annual increase of 1,325, or 0.6 percent, annually from 2006 to 2010. The slowdown in population growth since 2010 is related to weak economic conditions. Since 2010, net in-migration accounted for 72 percent of the total population growth compared with 77 percent from 2006 to 2010. Most migration to the Core submarket came from Bedford, Botetourt, and Montgomery Counties in Virginia (2006–10 American Community Survey [ACS] 5-year estimates). During the next 3 years, the total population is expected to increase by an average of 1,225, or 0.6 percent, annually due to improving economic conditions and the continued in-migration of retirees.

The population of the Remainder submarket, estimated at 94,800, increased by an average of 95, or 0.1 percent, a year since 2010. This small increase is a result of weak economic conditions. By comparison, from 2006 to 2010, the population increased by an average of 1,125, or 1.2 percent, annually. During this period, net in-migration accounted for nearly 80 percent of the total population growth; however, since 2010, net in-migration has accounted for all of the population growth. Most migration to the Remainder submarket came from the Core submarket, Henry County, and Dalevile city in Virginia (2006–10 ACS 5-year estimates). The population during the next 3 years is expected to increase by an average of 450, or 0.5 percent, annually in the Remainder submarket.

The number of households in the HMA increased at a slower rate since 2010 in response to weak economic conditions and slower population growth than during the previous decade. Since 2010, the number of households increased by an average of 410, or 0.3 percent, annually compared with an average annual increase of 910, or 0.7 percent, from 2000 to 2010. The number of households in the HMA is estimated at 129,800. An estimated 68.8 percent of households are homeowners, down slightly from 69.9 percent in April 2010. Growth in the number of households in the Core submarket averaged 320, or 0.4 percent, a year since 2010 and accounted for more than 83 percent of total household growth in the HMA. Household growth in the Core submarket indicates a response to an increased preference for the Core submarket's access to jobs, health care, and recreational activities. By comparison, from 2000 to 2010, household growth in the Core submarket averaged 370, or 0.4 percent, annually. In the Remainder submarket, growth in the number of households decelerated substantially because of slower population growth. Since 2010, the number of households in the Remainder submarket has increased by an average of 80, or 0.2 percent, annually compared with an average annual increase of 540, or 1.5 percent, from 2000 to 2010. Figures 6 and 7 illustrate the number of households by tenure in each submarket for 2000, 2010, and the current date.

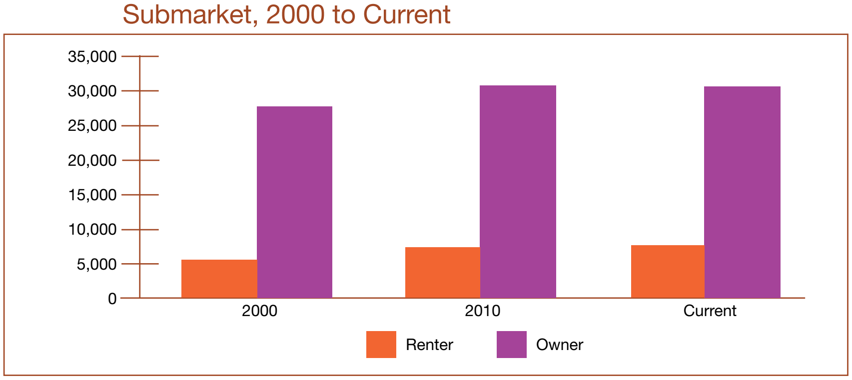
During the 3-year forecast period, the number of households in the HMA is expected to increase by an average of 630, or 0.5 percent, annually, to total approximately 131,700. Household growth in the Core submarket is expected to account for nearly 70 percent of total household growth in the HMA.

Figure 6. Number of Households by Tenure in the Core Submarket, 2000 to Current



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

Figure 7. Number of Households by Tenure in the Remainder Submarket, 2000 to Current



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

Housing Market Trends

Sales Market—Core Submarket

The sales housing market in the Core submarket is currently slightly soft, with an estimated 2.3-percent vacancy rate, down from 2.6 percent in April 2010. The decline in the vacancy rate is the result of improved economic conditions and low levels of new construction. During the 12 months ending June 2013, the number of new and existing single-family homes and townhomes sold increased by approximately 6 percent, to more than 2,250 homes sold, compared with the number sold during the previous 12-month period

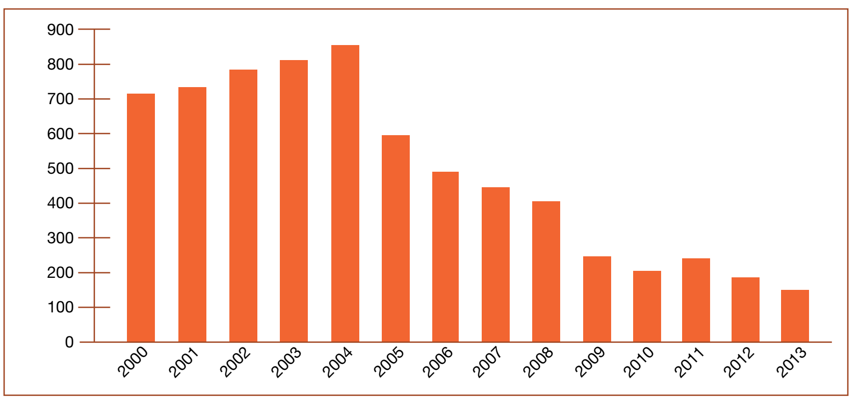
(VAR data). The current level of sales is 11 percent lower than the average of more than 2,525 homes sold annually from 2008 through 2010. Despite recent improvements in economic conditions, the homeownership rate in the submarket is estimated at 64.2 percent, down from 65.3 percent in April 2010.

During the 12 months ending June 2013, the average sales price for new and existing homes increased more than 6 percent, to $168,600, compared with the average sales price during the previous 12 months. The current sales price level is more than 3 percent less than the average sales price of $174,000 from 2008 through 2010. As of June 2013, 3.9 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 4.2 percent a year earlier (LPS Applied Analytics). This rate is higher than the 3.6-percent rate for the state of Virginia but lower than the 6.3-percent national rate.

Approximately 250 single-family homes were permitted in the Core submarket during the 12 months ending June 2013, up 25 percent from the number of homes permitted during the previous 12 months (preliminary data). Single-family homebuilding activity, as measured by the number of single-family homes permitted, peaked from 2002 through 2004, when an average of more than 810 homes were permitted annually. From 2005 through 2010, homebuilding decreased by an average of more than 16 percent a year (Figure 8). The 65-home Coach Homes of Southwood subdivision, located in South Roanoke, is in the final stage of development and is expected to be complete in June 2013. This maintenance-free community is geared to active adults and professionals and includes three- and four-bedroom, single-family homes starting at $499,900 and $529,500, respectively.

During the next 3 years, demand is anticipated for 870 new homes in the submarket, including 20 mobile homes (Table 1). Demand is expected to increase each year during the next 3 years and be stronger in the later years of the forecast period as economic conditions improve. The 100 homes currently under construction and some of the estimated 3,650 other vacant units that may return to the market will likely satisfy a portion of the demand. Demand will be strongest for new homes priced between $250,000 and $349,999. Table 4 provides the estimated demand by price range for new market-rate housing during the forecast period.

Figure 8. Single-Family Homes Permitted in the Core Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Core Submarket, July 1, 2013, to July 1, 2016

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	249,999	210	25.0
250,000	349,999	300	35.0
350,000	449,999	210	25.0
450,000	and higher	130	15.0

Notes: Numbers may not add to totals because of rounding. The 100 homes currently under construction and a portion of the estimated 3,650 other vacant units in the submarket will likely satisfy some of the forecast demand. Includes an estimated demand for 20 mobile homes.
Source: Estimates by analyst

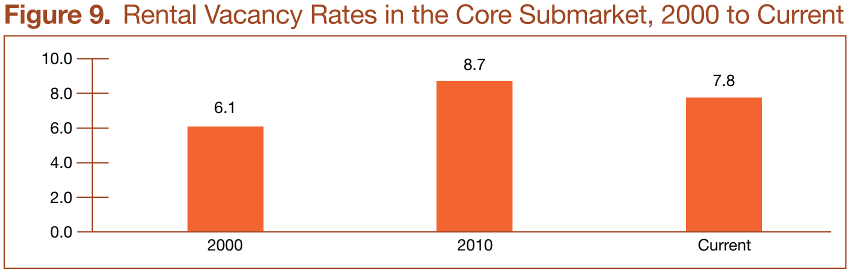
Rental Market—Core Submarket

Rental housing market conditions in the Core submarket have tightened since 2010 as a result of increased rental demand from professionals and urban revitalization in the city of Roanoke. Conditions in the submarket are currently balanced, with an estimated 7.8-percent overall vacancy rate, down from 8.7 percent in April 2010 (Figure 9). The apartment vacancy rate is 5.0 percent, down from approximately 5.5 percent a year earlier (Real Data). The average apartment rent in the Core submarket is more than $710, up nearly 2 percent from a year earlier (Real Data). In the first quarter of 2013, apartment market rents in the Core submarket averaged $370 for an efficiency unit, $610 for a one-bedroom unit, $710 for a two-bedroom unit, and $850 for a three-bedroom unit.

Multifamily construction, as measured by the number of multifamily units permitted, increased during the past 2 years as projects in the pipeline were developed. During the 12 months ending June 2013, the number of units permitted increased to more than 160 units from 5 units a year earlier (preliminary data). Units permitted in rehabilitated or converted apartments are not reflected in the preliminary data; however, information on units permitted in rehabilitated or converted apartments are incorporated in Figure 10. Conversions of existing structures into apartment units accounted for approximately 20 percent of all apartment units developed from 2000 through 2009 compared with nearly 70 percent since 2010 (analyst's estimates). When economic conditions started to improve in 2011, multifamily construction activity in the submarket increased substantially, with an average of 260 units permitted annually in 2011 and 2012. By comparison, an average of 70 units were permitted annually from 2006 through 2010. Nearly all the multifamily units permitted in the submarket are concentrated in the city of Roanoke and consist of apartments.

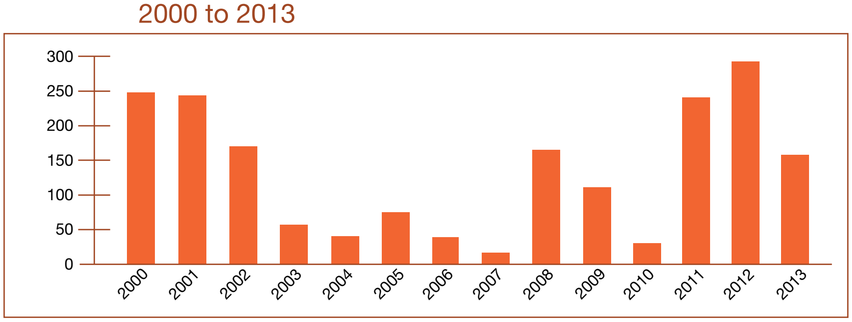
Recent market-rate developments include the River House, an adaptive reuse development, with 128 apartment units and commercial space, located in the former Ice House in the city of Roanoke. Completed in 2012, the River House has rents ranging from $490 for a studio unit to $1,250 for a two-bedroom unit. In addition, the conversion of a former hotel into the 132-unit Patrick Henry, with rents ranging from $550 for an efficiency unit to $1,350 for a two-bedroom unit, was completed in 2011. Projects currently under construction include the 70-unit Crystal Tower and 90-unit

Figure 9. Rental Vacancy Rates in the Core Submarket, 2000 to Current



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

Figure 10. Multifamily Units Permitted in the Core Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Shenandoah; both are expected to be complete in 2013. Construction on the 157-unit The Bridges is expected to commence during the second half of 2013.

During the 3-year forecast period, demand is expected for 350 new market-rate rental housing units (Table 1). The nearly 160 units currently under construction and 157 units in planning will satisfy approximately 90 percent of the total demand. Table 5 provides the estimated demand by rent level for new market-rate rental housing in the submarket during the forecast period.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Core Submarket, July 1, 2013, to July 1, 2016

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
500 to 699	25	700 to 899	55	850 to 1,049	85	1,000 to 1,199	35
700 or more	10	900 or more	35	1,050 or more	70	1,200 or more	35
Total	35	Total	90	Total	160	Total	70

Notes: Numbers may not add to totals because of rounding. The 160 units currently under construction will satisfy some of the estimated demand.
Source: Estimates by analyst

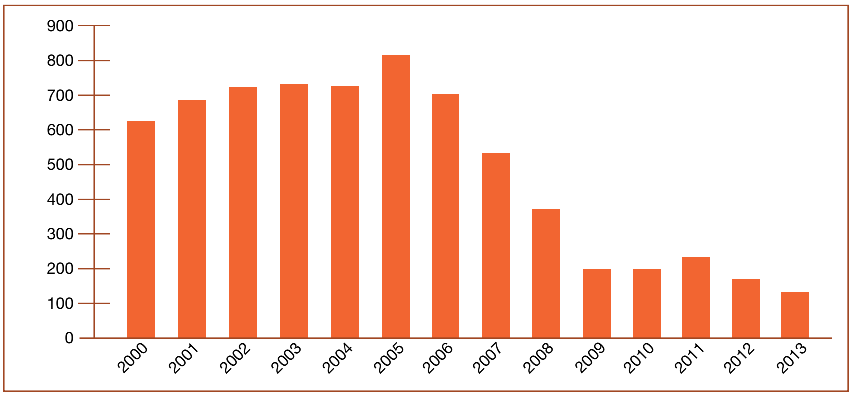
Sales Market—Remainder Submarket

The sales housing market in the Remainder submarket is currently slightly soft, with a 2.5-percent estimated vacancy rate, down from 2.7 percent in April 2010. The decline in the vacancy rate was the result of reduced levels of new construction. During the 12 months ending June 2013, the number of new and existing single-family homes and townhomes sold increased more than 9 percent, to 840 homes sold, compared with the number sold during the previous 12-month period (VAR). Home sales in Franklin County accounted for approximately 60 percent of the total number of sales in the submarket, and home sales in Botetourt and Craig Counties accounted for the remaining 40 percent of the total sales. The current level of home sales is approximately 1 percent higher than the average of 830 homes sold annually from 2008 through 2010. The homeownership rate in the submarket is estimated at 79.5 percent, down from 81.0 percent in April 2010.

During the 12 months ending June 2013, the average sales price for new and existing homes decreased 1 percent, to $232,000, compared with prices during the previous 12 months (VAR). Homes in the Remainder submarket are priced, on average, higher than homes in the Core submarket due, in large part, to the price of homes sold in the Smith Mountain Lake portion of Franklin County. Homes in Franklin County are priced nearly 6 percent higher than homes in the rest of the submarket. The current average sales price in the submarket is more than 8 percent greater than the average of $214,200 from 2008 through 2010. As of June 2013, 3.8 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down slightly from 4.1 percent a year earlier (LPS Applied Analytics). This rate is slightly higher than the 3.6-percent state rate but lower than the 6.3-percent national rate.

Nearly 170 single-family homes were permitted in the Remainder submarket during the 12 months ending June 2013, up more than 13 percent from the number of homes permitted during the previous 12 months (preliminary data). Single-family homebuilding activity, as measured by the number of single-family homes permitted, peaked from 2000 through 2005 when an average of 720 homes were permitted annually. From 2006 through 2010, homebuilding activity declined to an average of 400 homes annually, a decrease of more than 28 percent a year (Figure 11). The 23-lot Medallion Hills subdivision in the Daleville portion of Botetourt County has 8 lots remaining for development and includes three- and four-bedroom, single-family homes, with sales prices starting at nearly $320,000 and $439,500, respectively. Also in Botetourt County, the 415-home Ashley Plantation subdivision has 65 lots remaining for development. Started in 1998, Ashley Plantation offers homes ranging in price from $400,000 to more than $1 million.

Figure 11. Single-Family Homes Permitted in the Remainder Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Remainder Submarket, July 1, 2013, to July 1, 2016

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	249,999	130	20.0
250,000	349,999	200	30.0
350,000	449,999	200	30.0
450,000	and higher	130	20.0

Notes: Numbers may not add to totals because of rounding. The 80 homes currently under construction and a portion of the estimated 7,775 other vacant units in the submarket will likely satisfy some of the forecast demand. Includes an estimated demand for 20 mobile homes.
Source: Estimates by analyst

During the 3-year forecast period, demand in the Remainder submarket is expected for approximately 690 homes, including 20 mobile homes (Table 1). The 80 homes currently under construction and some of the estimated 7,775 other vacant units that may return to the market will likely satisfy a portion of the demand. Demand is strongest for new homes priced between $250,000 and $449,999. Table 6 provides the estimated demand by price range for new market-rate housing during the forecast period.

Rental Market—Remainder Submarket

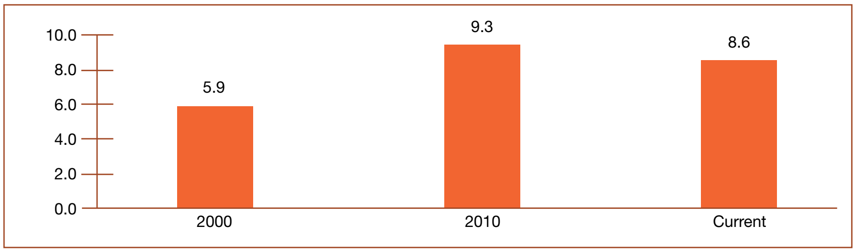
The rental housing market in the Remainder submarket currently is slightly soft, with an estimated 8.6-percent overall vacancy rate, down from 9.3 percent in April 2010 (Figure 12). The decline in the vacancy rate was the result of limited production of new rental units and growth of renter households. The rental market in the Franklin County portion of the Remainder submarket is affected by seasonal factors due to its relative proximity to the Smith Mountain Lake recreational area. Data on apartment vacancy rates and rents in this submarket are unavailable because the number of apartments is limited. Approximately two-thirds of renter households in the Remainder submarket reside in structures with four units or fewer, indicating that a large portion of renter households resides in single-family structures and small apartment buildings (2007–11 ACS 5-year estimates).

Multifamily construction activity, as measured by the number of units permitted, increased during the past 12 months as builders responded to increased rental demand. During the 12 months ending June 2013, 120 multifamily units were permitted, up from nearly 40 units permitted during the same period a year earlier (preliminary data and analyst's estimates). Nearly 50 units were permitted per year on average from 2000 through 2005 (Figure 13). During this period, apartments accounted for approximately one-half of the total multifamily units permitted and owner-occupied units accounted for the other half. From 2006 through 2010, nearly no multifamily units were permitted.

The 120-unit Daleville Town Center in Botetourt County began construction in late 2012 and is expected to be complete in late 2013. Rents at Daleville Town Center for one-, two-, and three-bedroom units start at $849, $979, and $1,079, respectively.

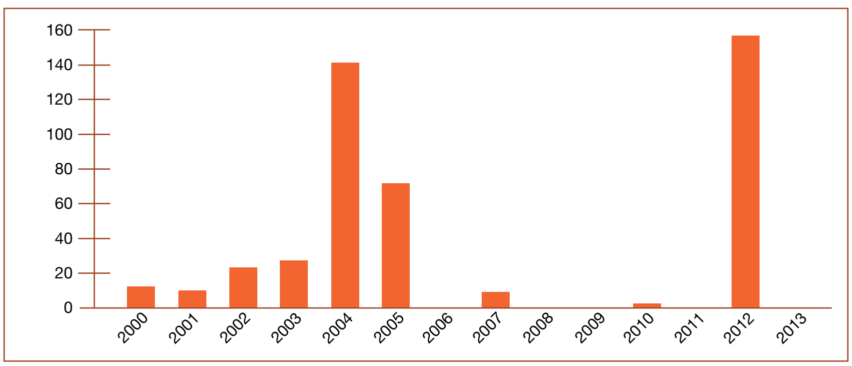
The nearly 160 units currently under construction in the Remainder submarket will satisfy all of the demand during the 3-year forecast period (Table 1). To allow for the market to absorb the excess supply of units, no new units should be constructed during the forecast period.

Figure 12. Rental Vacancy Rates in the Remainder Submarket, 2000 to Current



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

Figure 13. Multifamily Units Permitted in the Remainder Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Data Profiles

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	144,904	144,462	149,100	0.0	1.3
Unemployment rate	2.2%	7.6%	5.9%		
Nonfarm payroll jobs	163,400	155,100	159,200	– 0.5	1.0
Total population	288,309	308,707	311,200	0.7	0.2
Total households	119,366	128,454	129,800	0.7	0.3
Owner households	84,476	89,832	89,250	0.6	– 0.2
Percent owner	70.8%	69.9%	68.8%		
Renter households	34,890	38,622	40,550	1.0	1.5
Percent renter	29.2%	30.1%	31.2%		
Total housing units	129,623	144,987	146,900	1.1	0.4
Owner vacancy rate	1.5%	2.6%	2.4%		
Rental vacancy rate	6.1%	8.8%	7.9%		
Median Family Income	NA	$56,556	$60,456	NA	3.4

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 June 2013. Median Family Incomes are for 1999, 2009, and 2011.

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

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	205,436	214,210	216,400	0.4	0.3
Total households	86,643	90,365	91,400	0.4	0.4
Owner households	57,150	58,981	58,750	0.3	– 0.1
Percent owner	66.0%	65.3%	64.2%		
Rental households	29,493	31,384	32,700	0.6	1.3
Percent renter	34.0%	34.7%	35.8%		
Total housing units	91,781	98,301	99,200	0.7	0.3
Owner vacancy rate	1.5%	2.6%	2.3%		
Rental vacancy rate	6.1%	8.7%	7.8%		

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

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	82,873	94,497	94,800	1.3	0.1
Total households	32,723	38,089	38,350	1.5	0.2
Owner households	27,326	30,851	30,500	1.2	– 0.4
Percent owner	83.5%	81.0%	79.5%		
Rental households	5,397	7,238	7,850	3.0	2.5
Percent renter	16.5%	19.0%	20.5%		
Total housing units	37,842	46,686	47,650	2.1	0.6
Owner vacancy rate	1.4%	2.7%	2.5%		
Rental vacancy rate	5.9%	9.3%	8.6%		

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: 7/1/2013—Analyst's estimates
Forecast period: 7/1/2013–7/1/2016—Analyst's estimates

The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 1, 2009 (and does not reflect changes defined by 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 www.huduser.org/publications/pdf/CMARtables_RoanokeVA_13.pdf.

Contact Information

Timothy D. McNally, Economist
Philadelphia HUD Regional Office
215–430–6677
timothy.d.mcnally@hud.gov

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 www.huduser.org/publications/econdev/mkt_analysis.html.