

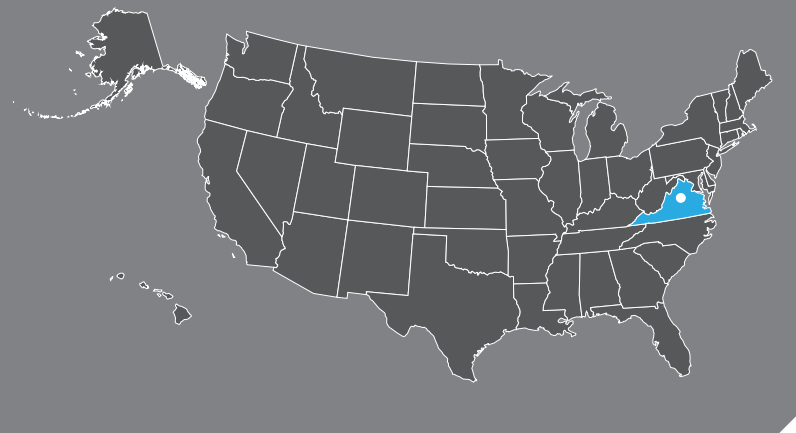
# HUD PD&R Housing Market Profiles

## Charlottesville, Virginia



### Quick Facts About Charlottesville

- **Current sales market conditions:** slightly tight
- **Current rental market conditions:** balanced
- **Located in central Virginia, the Charlottesville metropolitan area is home to the University of Virginia (UVA), a public university in the city of Charlottesville that enrolled approximately 26,150 students and employed 17,500 faculty and staff during the fall of 2022.**



By Mildred Jara Ramirez | As of January 1, 2023

### Overview

The Charlottesville, VA Metropolitan Statistical Area (hereafter, Charlottesville metropolitan area) is situated 75 miles northwest of the city of Richmond and includes the independent city of Charlottesville along with Albemarle, Buckingham, Fluvanna, Greene, and Nelson Counties. Its economy is heavily dependent on the government sector, largely because of the presence of UVA and UVA Health, the two largest employers in the metropolitan area. During the fourth quarter of 2022, the state government subsector, which includes UVA and UVA Health, accounted for 67 percent of government sector jobs. The professional and business services, the education and health services, and the leisure and hospitality sectors also contributed to the economic growth of the metropolitan area. Tourist attractions include the national historic landmark of Monticello; the walkable downtown mall in the city of Charlottesville; and year-round activities that include skiing, golfing, winetasting, and weddings at the Wintergreen Resort in Nelson County. The tourism industry generated \$898.7 million in visitor spending during 2021, a 54-percent increase from 2020, and supported 6,869 jobs in the metropolitan area, up 12 percent from 2020 (Virginia Tourism Corporation). By comparison, visitor spending

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during 2019, before the pandemic, totaled \$902.0 million and supported 8,391 jobs in the metropolitan area.

- As of January 1, 2023, the population of the metropolitan area is estimated at 242,200, representing an average increase of approximately 1,400, or 0.6 percent, annually since April 2020. Population growth since 2020 was predominantly due to net in-migration, which averaged 1,125 people a year and accounted for 81 percent of population growth, as people moved away from dense, urban cities during the pandemic to less populated areas such as the Charlottesville metropolitan area.
- From July 2017 to April 2020, the population of the metropolitan area rose by 1,525, or 0.6 percent, a year; however, net in-migration accounted only for 63 percent

of population growth and averaged 960 people a year (U.S. Census Bureau decennial census count and population estimates as of July 1). By comparison, from July 2013 to July 2017, the population increased by an average of 1,700, or 0.7 percent, each year; nearly 71 percent of the population growth was attributable to net in-migration, which averaged 1,200 people annually.

- The college-aged population (18 to 24 years old) accounts for a relatively large share of the population in the metropolitan area compared with Virginia and the nation, largely because of the presence of UVA. In 2021, approximately 13 percent of the population was college-aged compared with 10 percent in Virginia and 9 percent in the nation (2021 American Community Survey [ACS] 1-year data).

## Economic Conditions

The economy in the Charlottesville metropolitan area is recovering from significant job losses that occurred in early 2020 because of the countermeasures taken to slow the spread of COVID-19. As of December 2022, approximately 91 percent of the 16,500 jobs lost during March and April 2020 have been recovered (monthly data, not seasonally adjusted). The rate of job growth in the metropolitan area during the fourth quarter of 2022 slowed from a year ago and lagged behind the rates in Virginia and the nation. The sectors that led job growth in the metropolitan area during the fourth quarter of 2022 were the government and the leisure and hospitality sectors. The

latter declined the most during the pandemic, because many establishments, including hotels and restaurants, were required to close or operate at limited capacity during the early stages of the COVID-19 pandemic. They have since reopened and are now able to operate at full capacity, thus supporting the recent strong job growth in the leisure and hospitality sector.

During the fourth quarter of 2022—

- Nonfarm payrolls in the metropolitan area averaged 120,900, representing an increase of 2,700 jobs, or 2.3 percent, from the fourth quarter of 2021, when nonfarm payroll

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**During the fourth quarter of 2022, 9 of the 11 payroll sectors in the Charlottesville metropolitan area added jobs or were unchanged from a year ago.**

	Fourth Quarter		Year-Over-Year Change	
	2021 (Thousands)	2022 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	118.2	120.9	2.7	2.3
Goods-Producing Sectors	9.8	9.8	0.0	0.0
Mining, Logging, & Construction	5.6	5.5	-0.1	-1.8
Manufacturing	4.2	4.3	0.1	2.4
Service-Providing Sectors	108.5	111.0	2.5	2.3
Wholesale & Retail Trade	13.3	13.5	0.2	1.5
Transportation & Utilities	1.9	1.9	0.0	0.0
Information	1.8	1.8	0.0	0.0
Financial Activities	5.0	4.9	-0.1	-2.0
Professional & Business Services	16.5	16.8	0.3	1.8
Education & Health Services	15.0	15.3	0.3	2.0
Leisure & Hospitality	13.1	13.8	0.7	5.3
Other Services	5.7	5.8	0.1	1.8
Government	36.2	37.2	1.0	2.8
<b>Unemployment Rate</b>	2.5%	2.6%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



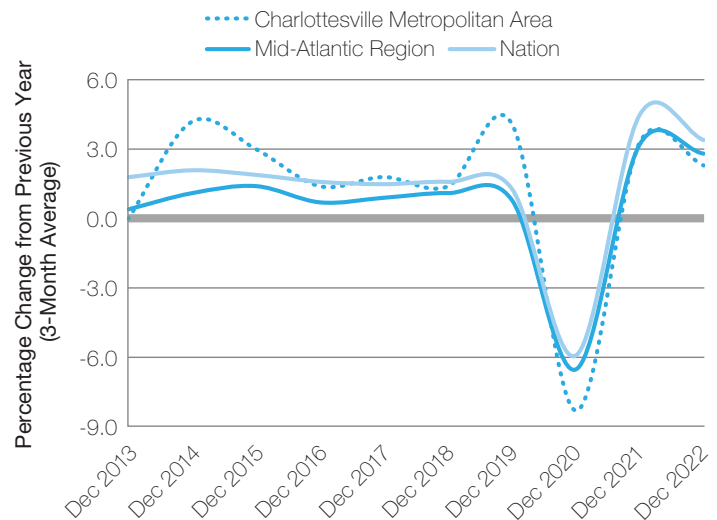
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growth was stronger—up by 3,800 jobs, or 3.3 percent. By comparison, job growth in Virginia accelerated to 2.8 percent, up from 2.7 percent during the fourth quarter of 2021, and national job growth slowed to 3.4 percent, down from 4.5 percent a year ago.

- The largest numerical job gains were in the government sector, which rose by 1,000 jobs, or 2.8 percent, compared with a decline of 300 jobs, or 0.9 percent, during the same period a year earlier. The jobs added in the sector accounted for 37 percent of net job gains in the metropolitan area. The local government subsector added 800 jobs, or 8.3 percent, contributing 80 percent of the sector growth, and the state government subsector gained 300 jobs, or 0.8 percent, more than offsetting the loss of 100 jobs, or 6.7 percent, in the federal government subsector.
- The leisure and hospitality sector, the sector with the fastest rate of growth in the metropolitan area, rose by 700 jobs, or 5.3 percent, from the fourth quarter of 2021. The opening of new hotels, including a Comfort Inn & Suites in the city of Charlottesville in June 2022, supported job growth in the leisure and hospitality sector.
- The unemployment rate in the metropolitan area averaged 2.6 percent, up slightly from 2.5 percent during the fourth quarter of 2021 but down from 4.2 percent during the fourth quarter of 2020. By comparison, the unemployment rate in the nation averaged 3.4 percent during the fourth quarter of 2022, down from 4.0 percent during the same period a year earlier.

The government sector, with 37,200 jobs, is the largest employment sector in the metropolitan area, accounting for 31 percent of all nonfarm payrolls during the fourth quarter of 2022. UVA and UVA Health—with approximately 17,500 and 8,500 employees, respectively, in the state government subsector—have generally provided a strong and stable economic base to the metropolitan area. The number of employees at UVA increased by 450, or 3 percent, from nearly 17,050 employees

The rate of job growth in the Charlottesville metropolitan area was less than the rates for the Mid-Atlantic region and the nation during the fourth quarter of 2022.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Charlottesville Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Virginia	Government	17,500
University of Virginia Health	Government	8,500
Sentara Healthcare	Education & Health Services	1,000+

Note: Excludes local school districts.

Sources: Virginia Employment Commission; University of Virginia

during the fall of 2021 but is still 3 percent below the nearly 18,000 employees during the fall of 2019 (UVA Institutional Research and Analytics). The annual statewide economic impact of UVA was estimated at \$5.9 billion in 2022, and the annual impact of UVA Health was estimated at \$4 billion in 2017 (UVA Board Basics 2022, Board of Visitors Office).

## Sales Market Conditions

The sales housing market in the Charlottesville metropolitan area is slightly tight, with an estimated sales vacancy rate of 1.2 percent—down from 2.3 percent in April 2010, when the market was soft. Relatively high levels of net in-migration since the start of the pandemic have contributed to the tighter market conditions and a low supply of for-sale inventory. The inventory of homes available for sale represented a 1.9-month supply in December 2022, up from 1.8 months a year earlier and

significantly less than the 9.8 months of supply in December 2012 (Redfin, a national real estate brokerage). During 2022, the average sales price of new and existing homes—including single-family homes, townhomes, and condominiums—increased 18 percent from a year ago to \$480,300 compared with a 10-percent increase a year earlier (Zonda). Home sales declined 26 percent to 3,850 homes sold during 2022 compared with a 10-percent increase a year earlier. Increasing mortgage interest

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rates partially contributed to the decline in home sales. The average rate for a 30-year fixed-rate mortgage rose from 3.1 percent in December 2021 to 6.4 percent in December 2022 (Freddie Mac).

The percentage of home loans in the metropolitan area that were seriously delinquent or had transitioned into real estate owned status fell to 0.8 percent in December 2022 from 1.3 percent in December 2021 (CoreLogic, Inc.). The percentage has declined nearly every month since reaching a recent high of 3.0 percent in August 2020 during the economic downturn caused by the COVID-19 pandemic. The December 2022 rate in the metropolitan area was less than the 1.0-percent rate for Virginia and the 1.2-percent rate for the nation.

During 2022 —

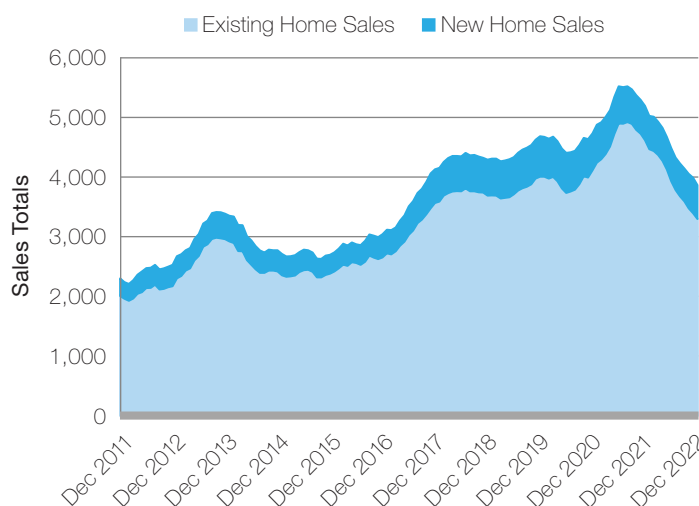
- Existing home sales in the metropolitan area totaled 3,300, representing a 28-percent decline from the 4,600 homes sold during 2021 (CoreLogic, Inc.). By comparison, existing home sales increased 12 percent from a year earlier during 2021.
- The average sales price for existing homes reached \$468,600, reflecting an 18-percent increase compared with 2021, when the average sales price for existing homes rose 11 percent from a year earlier. By comparison, the sales price increased an average of 7 percent annually during 2019 and 2020.
- New home sales totaled 570 homes, representing a 2-percent decrease from the 580 new homes sold during

2021. By comparison, new home sales declined an average of 8 percent annually during 2020 and 2021.

- The average sales price for new homes was \$547,700, 17 percent higher than the \$468,400 average sales price during 2021. Previously, the average new home sales price increased at an average annual rate of 5 percent during 2020 and 2021.

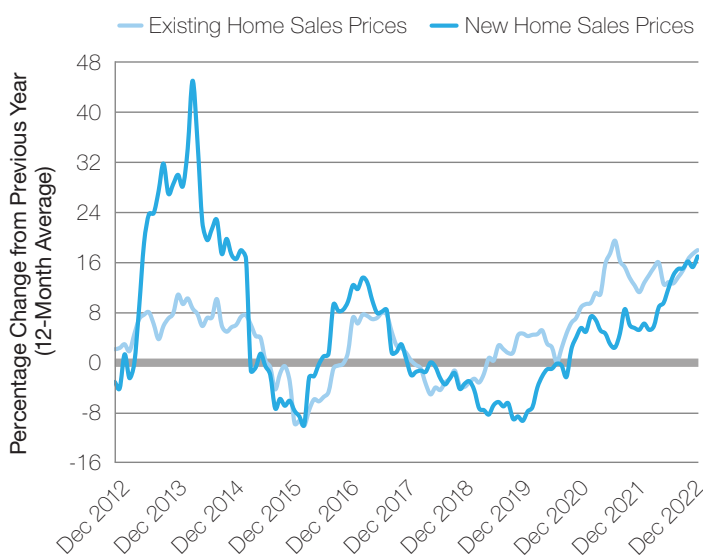
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### Led by a strong decline in existing home sales, total home sales declined in the Charlottesville metropolitan area during 2022.



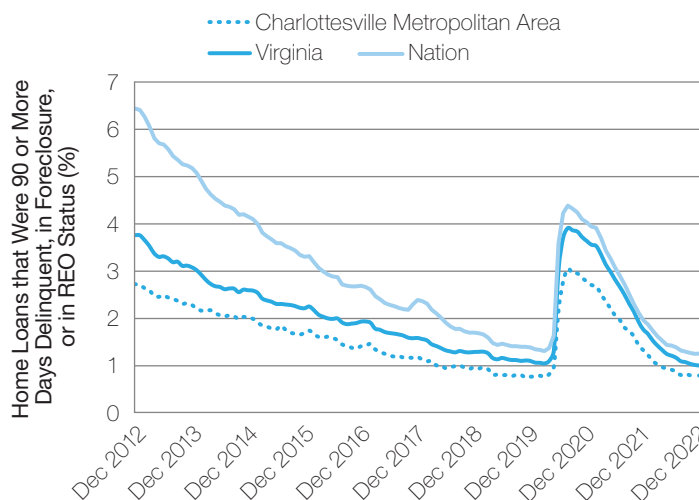
Note: Sales are for single-family homes, townhomes, and condominiums.  
Source: Zonda

### Existing home sales price growth was slightly greater than new home sales price growth in the Charlottesville metropolitan area during 2022.



Note: Prices are for single-family homes, townhomes, and condominiums.  
Source: Zonda

### The rate of seriously delinquent mortgages and REO properties in the Charlottesville metropolitan area has decreased significantly since reaching a recent peak in August 2020 and remains less than the rates for the state and the nation.



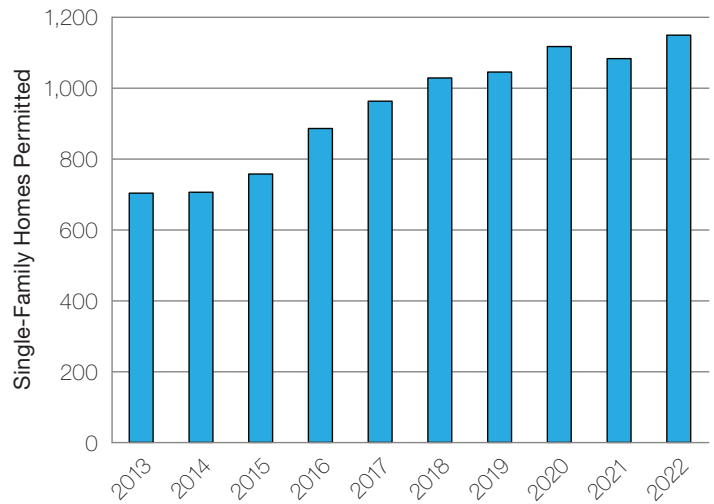
REO = real estate owned.  
Source: CoreLogic, Inc.

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During the past year, new home construction, as measured by the number of single-family homes permitted, reached the highest level in 14 years. Economic and population growth during the past year partly contributed to the high level of home construction, because people moved to the metropolitan area partially in response to expanded remote work opportunities.

- During 2022, approximately 1,150 single-family homes were permitted, a 7-percent increase from approximately 1,075 homes permitted during 2021 (preliminary data, with adjustments by the analyst).
- During 2022, approximately 55 percent of all single-family homes permitted in the metropolitan area, or nearly 630 homes, were in Albemarle County, which surrounds the city of Charlottesville.
- Construction is under way at North Pointe, a mixed-use community in Albemarle County expected to have 200 detached single-family homes, ranging in size from about 2,150 to 3,775 square feet, with prices starting at \$574,900. Galaxie Farm, a single-family home community expected to have 65 homes ranging from 2,200 to 4,850 square feet, is also under construction in Albemarle County, with prices ranging from \$674,900 to \$843,900.

### Single-family home construction in the Charlottesville metropolitan area has generally increased since 2014.



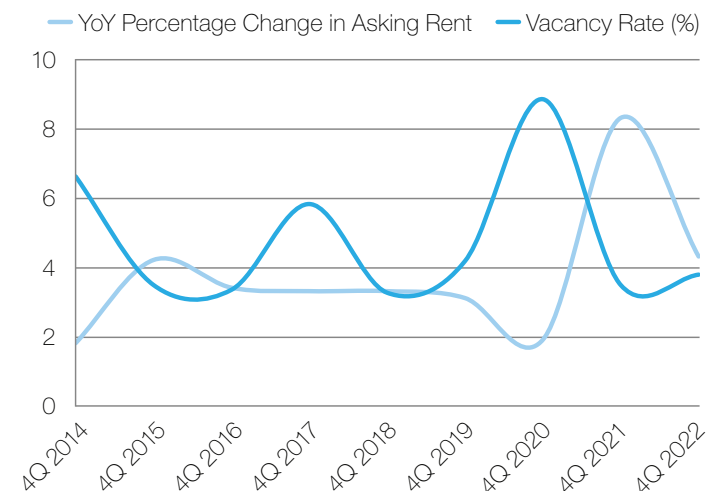
Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; 2022—preliminary data and estimates by the analyst

## Rental Market Conditions

Rental market conditions in the Charlottesville metropolitan area are currently balanced compared with soft conditions in 2010. A rise in the number of renter households since 2010 has generally outpaced the construction of new rental units, contributing to tightening rental market conditions. Structures with five or more units, typically apartments, are the most common types of rental units in the metropolitan area, accounting for 48 percent of all occupied rental units in 2021, up from 38 percent in 2010 (2010 and 2021 ACS 1-year data). Single-family homes accounted for 35 percent of all occupied rental units during 2021, down from 43 percent in 2010.

- The overall rental vacancy rate is estimated at 5.6 percent as of January 1, 2023, down from 7.7 percent in 2010, when the market was soft.
- During the fourth quarter of 2022, the apartment market in the metropolitan area was slightly tight, with a vacancy rate of 3.8 percent, up from 3.5 percent during the fourth quarter of 2021 (CoStar Group). The average apartment asking rent was \$1,626, up 4 percent from \$1,558 during the fourth quarter of 2021.
- The apartment vacancy rate in the CoStar Group-defined Charlottesville market area, which encompasses the city of Charlottesville, including the campus of UVA, was

### Rent growth in the Charlottesville metropolitan area slowed during the fourth quarter of 2022.



4Q = fourth quarter. YoY = year-over-year.

Source: CoStar Group

1.5 percent during the fourth quarter of 2022, down from 1.7 percent during the fourth quarter of 2021. The average apartment rent in the Charlottesville market area was \$1,625, representing a 4-percent increase from \$1,557 during the fourth quarter of 2021.

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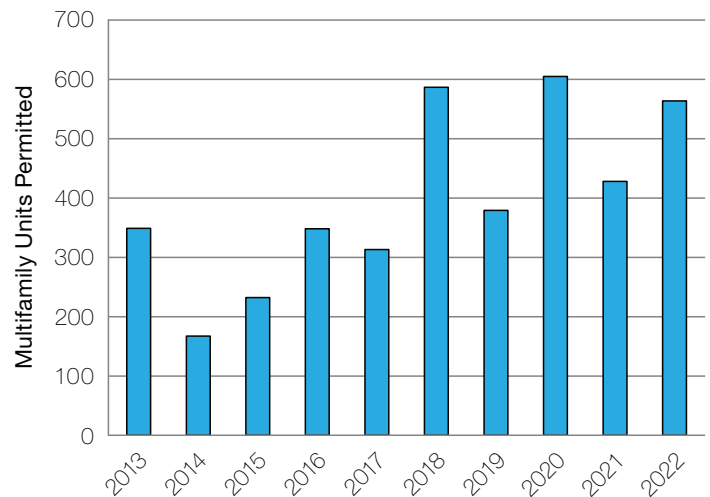
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- In December 2022, the average vacancy rate for professionally managed single-family homes for rent in the metropolitan area was 1.4 percent, down from 1.5 percent in December 2021 (CoreLogic, Inc.). The respective average rents for one-, two-, three-, and four-bedroom single-family homes were \$1,507, \$1,753, \$2,120, and \$2,805 in December 2022, up 3, 4, 5, and 4 percent, respectively, from a year earlier.

Multifamily construction activity in the metropolitan area, as measured by the number of units permitted, has been at generally higher levels since 2018, partly in response to increased apartment demand as younger people have moved to the metropolitan area, in particular to the city of Charlottesville.

- During 2022, approximately 560 multifamily units were permitted, reflecting a 30-percent increase from the nearly 430 units permitted during 2021 (preliminary data, with adjustments by the analyst).
- After averaging approximately 280 units permitted from 2013 through 2017, multifamily permitting rose to an average of 515 units annually from 2018 through 2021. Rental construction activity has been concentrated in the city of Charlottesville and Albemarle County since 2000, accounting for approximately 90 percent of multifamily permitting in the metropolitan area.
- A total of 234 units are under construction at Stonefield Commons, an apartment community in Albemarle County. When complete in mid-2024, rents for the one-, two-, and three-bedroom units are expected to start at \$1,858, \$1,893, and \$2,500, respectively.

**The number of multifamily units permitted in the Charlottesville metropolitan area increased during 2022 compared with a year earlier.**



Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; 2022—preliminary data and estimates by the analyst

- Altoview, an apartment development in Pantops—a census-designated place in Albemarle County—with 250 one-, two-, and three-bedroom units is under way, with expected completion during the spring of 2023. Monthly rents for the one-, two-, and three-bedroom units will start at \$1,850, \$2,200, and \$2,750, respectively.

## Terminology Definitions and Notes

### A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Includes resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

### B. Notes on Geography

1.	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 April 10, 2018.
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