

Housing Market Profile

Mid-Atlantic • HUD Region III



Charlottesville, Virginia

The Charlottesville metropolitan area includes the city of Charlottesville and Albemarle, Fluvanna, Greene, and Nelson Counties. The area is located in the Blue Ridge Mountains, within 70 miles of Richmond, Virginia and 125 miles of Washington D.C. Charlottesville is home to the University of Virginia (UVA), which is the top employer and primary contributor to the metropolitan area economy. As of April 1, 2011, the population of the metropolitan area is estimated at 202,400, an increase of approximately 0.4 percent since April 1, 2010, compared with the average annual growth from 2006 to 2010 of 1.0 percent. The slower population growth was driven by net out-migration of 200 people since April 1, 2010, compared with average annual net in-migration of 960 people from 2006 to 2010.

Economic conditions in the Charlottesville metropolitan area are stabilizing after a 3-year decline from the prerecession peak of 101,900 nonfarm payroll jobs reported during the 12 months ending January 2008. During the 12 months ending January 2011, average nonfarm payroll jobs declined by 300, or 0.3 percent, to approximately 98,700 jobs, an improvement from the 2,700 jobs lost, a 2.7-percent decline, during the previous 12 months. Although employment levels remained relatively unchanged in most sectors, the leisure and hospitality sector gained 100 jobs, or 1.3 percent, but the goods producing sectors lost 400 jobs, or 4.0 percent. The government sector comprises one-third of total nonfarm payroll jobs in the metropolitan area and includes the two leading employers in the economy—UVA and UVA Medical Center—with a combined 19,700 jobs, or approximately 20 percent of the total nonfarm payroll jobs. The combined economic impact of UVA, which has an enrollment of 21,000 students and employs 2,100 faculty members, and UVA Medical Center in the metropolitan area was reported to be more than \$1.1 billion in 2005, according to the University of Virginia Weldon Cooper Center. The average unemployment rate during the 12 months ending January 2011 was 5.8 percent, an increase from 5.7 percent during the same period in 2010.

The home sales market in the Charlottesville metropolitan area is currently soft, with an estimated home sales vacancy rate of 2.3 percent, resulting from a weaker economy, declining net in-migration, and stricter lending requirements. Home sales in the area remain weak; however, after 3 straight years of decreasing volume,

the number of home sales has increased for the second straight year, partially due to the 2010 first-time homebuyer's tax credit. According to the Charlottesville Area Association of REALTORS®, during the 12 months ending February 2011, approximately 2,200 new and existing homes were sold, an increase of 2 percent compared with the 2,150 homes sold a year earlier, but a 17-percent decline from the average annual sales of 2,625 homes between 2007 and 2010. The average sales price of a new and existing home was \$331,100, an increase of 1 percent from the 12 months ending February 2010, but a 9-percent decline from the average sales price of \$358,400 between 2007 and 2009. According to LPS Applied Analytics, 3.0 percent of total loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in February 2011, down from 3.5 percent in February 2010.

As a result of a softening home sales market and the weak economy, single-family homebuilding activity, as measured by the number of permits issued, has declined in 5 of the past 6 years. Based on preliminary data, 480 building permits were issued for single-family homes during the 12 months ending February 2011, a decrease of 10 percent from the previous year and a 26-percent decline from the 650 average annual permits issued between 2007 and 2010. Approximately 70 single-family homes are currently under construction at the Old Trail Village, a Planned Unit Development in Albemarle County. When complete, Old Trail Village is expected to include 2,500 single-family homes, townhouses, condominiums, and apartments in addition to 126 assisted-living units. Approximately 300 units have already been completed, with the remaining buildout projected to continue over the next 10 to 15 years. Nearly 90 percent of the completed housing units are single-family homes or townhomes for sale.

The rental market in the Charlottesville metropolitan area is currently balanced, with the overall rental vacancy rate estimated at 6 percent. Increased rental demand and decreased building activity have caused rental market conditions to tighten compared with very soft conditions that existed 2 years earlier, when the overall vacancy rate was in excess of 9 percent. According to REIS, Inc., the apartment vacancy rate fell to 5.3 percent in the fourth quarter of 2010, a decline from 8 percent a year earlier. Average rents in the metropolitan area were \$970 during the fourth quarter of 2010, a 1-percent increase from a year earlier. Near UVA, rents for newly constructed units range from \$1,200 for one-bedroom units to \$2,900 for four-bedroom units. Based on preliminary data,



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450 multifamily units were permitted during the 12 months ending February 2011. In comparison, during the previous 3 years, a total of 190 units were permit-

ted. Currently, a 212-unit apartment complex at Arden Place in Albemarle County is under construction and expected to be completed in 2012.