

COMPREHENSIVE HOUSING MARKET ANALYSIS

Charlottesville, Virginia

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of April 1, 2023



PD&R

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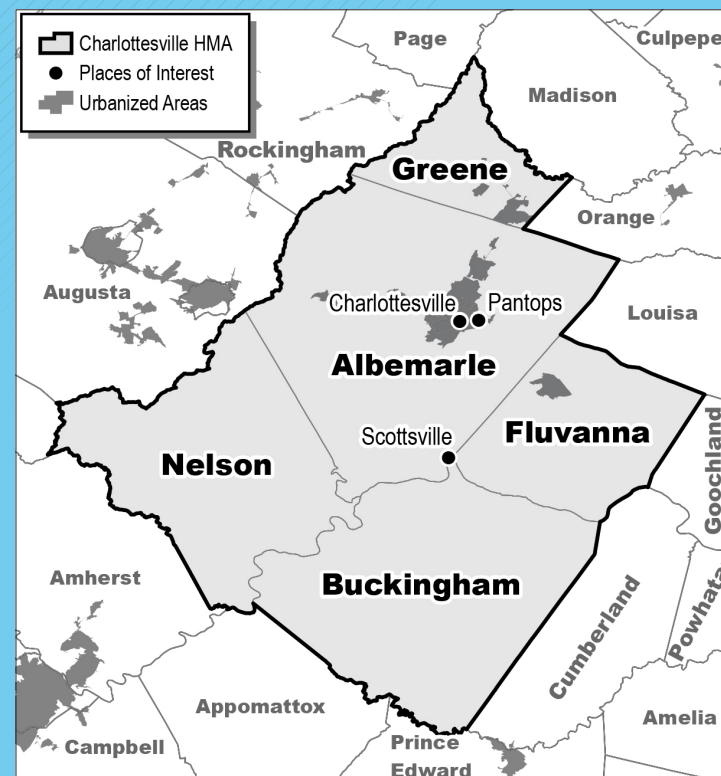
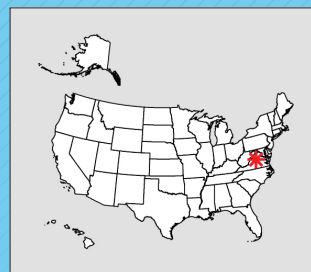
Executive Summary

Housing Market Area Description

The Charlottesville Housing Market Area (HMA) is coterminous with the Charlottesville, VA Metropolitan Statistical Area (MSA) and is defined as Albemarle, Buckingham, Fluvanna, Greene, and Nelson Counties, and the city of Charlottesville in Virginia. Situated along the foothills of the Blue Ridge Mountains, the HMA is approximately 75 miles northwest of the city of Richmond, the capital of Virginia, and approximately 100 miles southwest of Washington, D.C.

The current population of the HMA is estimated at 242,000.

The city of Charlottesville is home to the University of Virginia (UVA), a public university with 26,149 students enrolled during the fall of 2022 and 10,188 employees. The HMA is known as a tourist and wedding destination, with many wedding venues, wineries, breweries, and opportunities for outdoor recreational activities.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Strong: Job growth in the Charlottesville HMA was strong during the 12 months ending March 2023, with nonfarm payrolls rising by 4,000 jobs, or 3.4 percent, compared with the 12 months ending March 2022.

The economy in the HMA is strong after fully recovering the jobs lost during the recession from March to May 2020, which resulted from countermeasures taken to slow the spread of COVID-19. During the 12 months ending March 2023, nonfarm payrolls increased or were unchanged in 10 of 11 sectors, led by gains in the leisure and hospitality and the professional and business services sectors, each increasing by 1,200 jobs, or 9.6 and 7.1 percent, respectively. The unemployment rate averaged 2.7 percent during the 12 months ending March 2023, down from 3.0 percent during the previous 12-month period. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 2.2 percent annually.

Sales Market



Slightly Tight but Easing: The HMA had 3.3 months of available-for-sale housing inventory during March 2023, up from 1.8 months a year earlier (CoreLogic, Inc.).

The home sales market in the HMA is currently slightly tight but easing, with an estimated sales vacancy rate of 1.4 percent, down from 2.3 percent in April 2010 when conditions were soft. A low supply of homes for sale and rising mortgage interest rates contributed to declining total home sales. During the 12 months ending March 2023, new and existing home sales totaled 3,850, down 21 percent from a year earlier (CoreLogic, Inc.). The average home sales price increased 10 percent to \$476,300. During the next 3 years, demand is estimated for 2,050 new homes. The 290 homes under construction will satisfy a portion of that demand during the first year of the forecast period.

Rental Market



Balanced: The overall rental housing market has an estimated vacancy rate of 5.7 percent, a decline from 7.7 percent in April 2010.

Rental housing market conditions in the HMA are balanced compared with slightly soft conditions in 2010. Conditions in the apartment market are also balanced, with an apartment vacancy rate of 5.6 percent as of the first quarter of 2023, down from 7.3 percent as of the first quarter of 2022 (CoStar Group). The average apartment rent in the HMA was \$1,680 as of the first quarter of 2023, up 5 percent from the first quarter of 2022. During the forecast period, demand is estimated for 1,375 new rental units. The 750 rental units under construction will satisfy more than one-half of that demand.

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3-Year Housing Demand Forecast			
Charlottesville HMA	Sales Units		Rental Units
	Total Demand	2,050	1,375
	Under Construction	290	750

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2023. The forecast period is April 1, 2023, to April 1, 2026.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Government

The government sector accounts for 29 percent of all nonfarm payroll jobs in the Charlottesville HMA, anchored by UVA and UVA Health.

Primary Local Economic Factors

The Charlottesville HMA, located in central Virginia, has a rich history dating back to the 1700s and 1800s when Thomas Jefferson was president and established what are now two UNESCO World Heritage Sites—UVA and Monticello. UVA, a public institution of higher education founded in 1819, provides economic stability in the HMA. The state government subsector, which includes UVA and UVA Health—the two largest employers in the HMA (Table 1)—accounts for approximately 68 percent of jobs in the government sector and 20 percent of all jobs in the HMA (Figure 1). Based on the most recent study, the economic impact of UVA on the state of Virginia was more than \$5.9 billion in 2016, and it created more than 51,653 jobs in the state; the statewide annual impact of UVA Health was estimated at \$4 billion in 2017 (UVA Board Basics 2022, Board of Visitors Office).

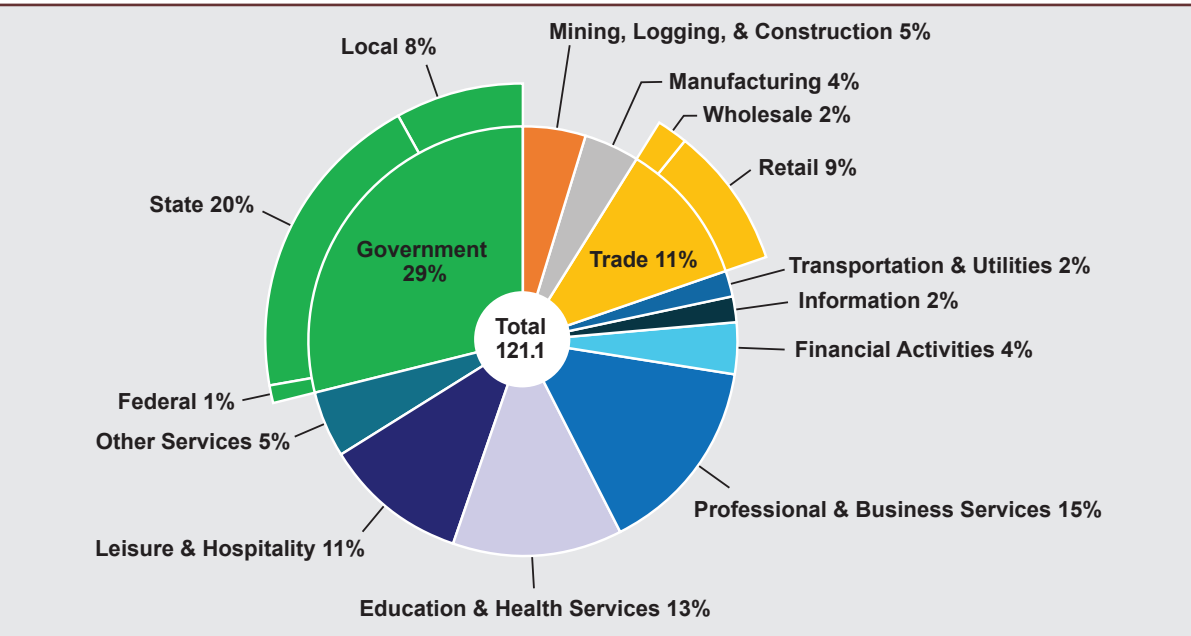
The professional and business services and the leisure and hospitality sectors are also major components of the economy in the HMA. Growth

Table 1. Major Employers in the Charlottesville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Virginia	Government	10,188
University of Virginia Health	Government	7,325
Sentara Health	Education & Health Services	1,000+
U.S. Department of Defense	Government	1,000+
State Farm Mutual Automobile Insurance Company	Financial Activities	500-999
Food Lion LLC	Wholesale & Retail Trade	500-999
Walmart Inc.	Wholesale & Retail Trade	500-999
Crutchfield Corporation	Wholesale & Retail Trade	500-999
ServiceLink IP Holding Company, LLC	Professional & Business Services	500-999
Piedmont Virginia Community College	Government	500-999

Note: Excludes local school districts.
Sources: Virginia Employment Commission; University of Virginia

Figure 1. Share of Nonfarm Payroll Jobs in the Charlottesville HMA, by Sector

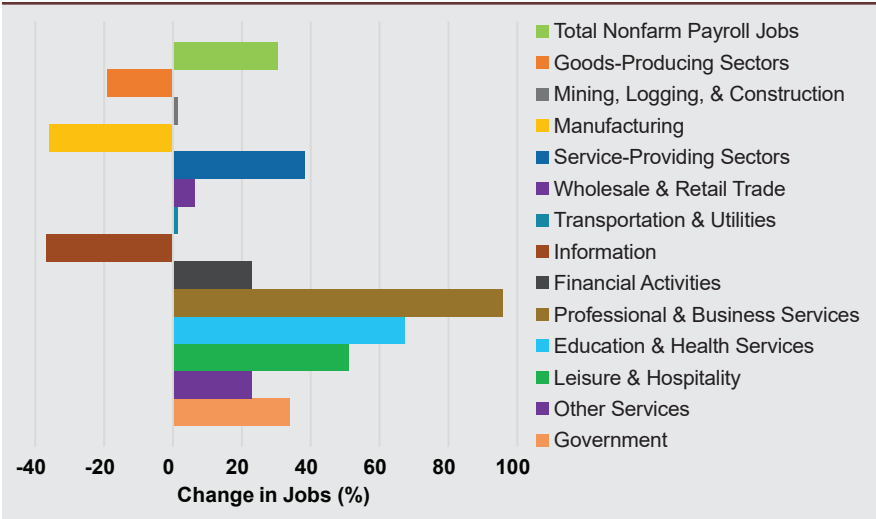


Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through March 2023.
Source: U.S. Bureau of Labor Statistics



in the professional and business services sector—the fastest growing sector in the HMA since 2001 (Figure 2)—partly resulted from UVA supplying a highly educated workforce and supporting the launch of 60 UVA-related technology startups from 2006 through 2018 (UVA Economic Development). The tourist industry supports job growth in the leisure and hospitality sector. Tourist attractions include historical sites, such as the Rotunda at UVA and Monticello, a national landmark designed by Thomas Jefferson. The HMA attracts visitors with a walkable downtown mall in Charlottesville and opportunities for year-round activities, such as skiing, golfing, winetasting, and weddings. During 2021, the tourism industry generated \$898.7 million in visitor spending, reflecting a 54-percent increase from 2020, and supported 6,869 jobs in the HMA, up 12 percent from 2020 (Virginia Tourism Corporation). By comparison, visitor spending during 2019, before the COVID-19 pandemic, totaled \$902.0 million and supported 8,391 jobs in the HMA.

Figure 2. Sector Growth in the Charlottesville HMA, 2001 to Current



Note: The current date is April 1, 2023.
Source: U.S. Bureau of Labor Statistics

Current Conditions—Nonfarm Payrolls

Following 9 years of job growth, the economy in the HMA contracted in 2020 because of the countermeasures taken to slow the spread of COVID-19. During 2020, jobs in the HMA declined by 8,900, or 7.3 percent. The rate of decline in the HMA was greater than in the nation, which fell 5.8 percent during 2020; all sectors in the HMA either lost jobs or remained relatively unchanged, with the greatest losses in the leisure and hospitality and the government sectors, which declined by 3,800 and 2,600 jobs, or 26.4 and 6.7 percent, respectively. Economic conditions in the HMA improved in 2021, and by October 2022, the 16,500 nonfarm payroll jobs lost from March to May 2020 were recovered (monthly data, not seasonally adjusted).

Although job growth in the HMA slowed during the past year, it has been relatively strong. During the 12 months ending March 2023, jobs rose by 4,000, or 3.4 percent, from a year earlier (Table 2). By comparison, jobs rose 3.8 percent nationwide during the same period. Nonfarm payrolls in the HMA were up or unchanged in 10 of the 11 job sectors during the 12 months ending March 2023. The sectors with the largest job gains were the leisure and hospitality and the professional and business services sectors, up by 1,200 jobs each, or 9.6 and 7.1 percent, respectively. Many establishments, including office buildings and hotels, that closed or operated at a limited capacity during the early stages of the COVID-19 pandemic have since reopened and now operate at full capacity. Increasing numbers of overnight visitors to the HMA and rising hotel occupancies supported job growth in the HMA. In March 2023, the average hotel occupancy rate was 67.0 percent, up from 39.0 percent in March 2020 (CoStar Group). By comparison, before the pandemic, the average occupancy rate at hotels in the HMA was 72.8 percent in March 2019. The opening of new hotels, including a Comfort Inn & Suites in Charlottesville in June 2022, also helped support job growth in the leisure and hospitality sector.

Job gains in the education and health services sector contributed to overall job growth in the HMA during the 12 months ending March 2023. Payrolls in the education and health services sector averaged 15,700 jobs, representing an increase of 700, or 4.7 percent, from a year ago. The government sector was the only sector to decline during the past year, down by an average of 100 jobs, or 0.3 percent, during the 12 months ending March 2023. Job losses in the state and federal subsectors of 300 and 100 jobs, or 1.2 and 3.9 percent, respectively, were partly offset by gains in the local government subsector, which was up by 200 jobs, or 2.4 percent.

Current Conditions— Unemployment

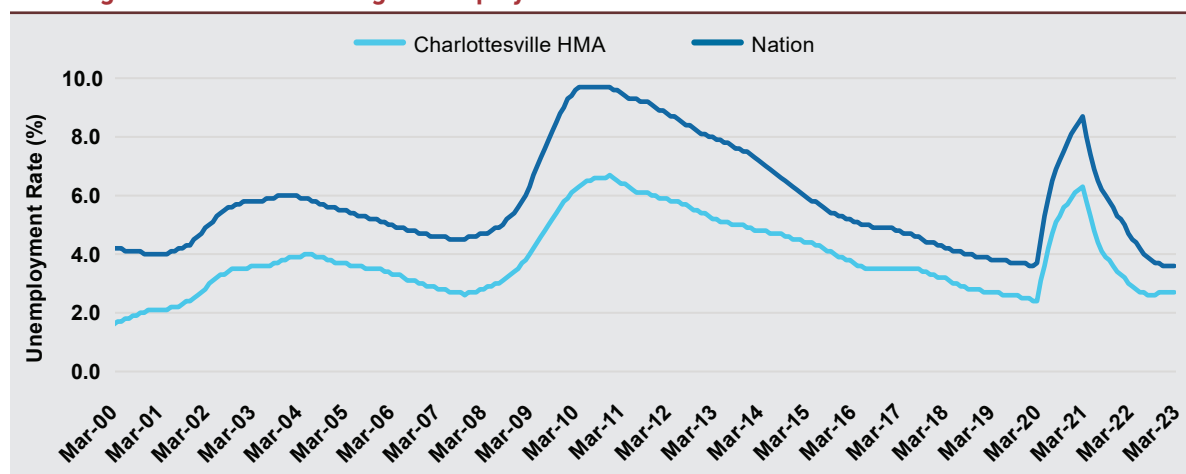
The average unemployment rate in the HMA declined during the 12 months ending March 2023 to 2.7 percent, down from 3.0 percent a year earlier and from a recent peak of 6.3 percent during the 12 months ending March 2021 (Figure 3). The average unemployment rate in the HMA was lower than the 3.6-percent national rate during the 12 months ending March 2023, down from 4.7 percent a year earlier and from a recent high of 8.7 percent during the 12 months ending March 2021. Before the COVID-19 pandemic, the average unemployment rate in the HMA had declined each year from 2011 through 2019, following the nationwide trend of decline during the same years.

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Charlottesville HMA, by Sector

	12 Months Ending March 2022	12 Months Ending March 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	117.1	121.1	4.0	3.4
Goods-Producing Sectors	10.1	10.5	0.4	4.0
Mining, Logging, & Construction	5.8	6.0	0.2	3.4
Manufacturing	4.3	4.5	0.2	4.7
Service-Providing Sectors	107.1	110.6	3.5	3.3
Wholesale & Retail Trade	12.8	13.0	0.2	1.6
Transportation & Utilities	1.8	1.9	0.1	5.6
Information	1.8	1.8	0.0	0.0
Financial Activities	5.1	5.2	0.1	2.0
Professional & Business Services	16.8	18.0	1.2	7.1
Education & Health Services	15.0	15.7	0.7	4.7
Leisure & Hospitality	12.5	13.7	1.2	9.6
Other Services	5.7	5.8	0.1	1.8
Government	35.6	35.5	-0.1	-0.3

Notes: Based on 12-month averages through March 2022 and March 2023. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Figure 3. 12-Month Average Unemployment Rate in the Charlottesville HMA and the Nation



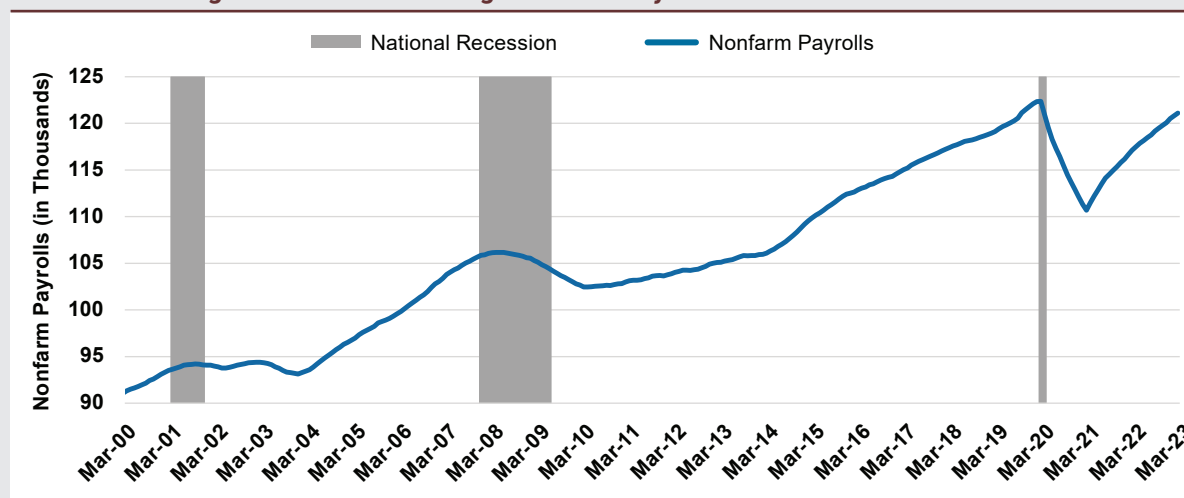
Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance—2001 Through 2019

2001 Through 2007—Economic Growth

The economy in the HMA expanded every year from 2001 through 2007, except in 2003, with nonfarm payrolls increasing by an average of 1,800 jobs, or 1.9 percent, a year (Figure 4). By comparison, job growth nationwide was slower, rising an average of 0.6 percent annually from 2001 through 2007. Seven of the 11 sectors in the HMA added jobs during the period. Job gains concentrated in the government and the professional and business services sectors averaged 900 and 400 jobs, or 3.0 and 4.0 percent, respectively, each year. Job additions in the government sector were largest in the state subsector, increasing by 700, or 3.9 percent, a year. High-tech firm expansions partially contributed to job gains in the professional and business services sector. CACI International Inc, a professional services and information technology company, added 50 jobs in 2005, and Video Gaming Technologies, Inc., an electronic bingo, poker, and blackjack casino game producer, added 200 jobs in 2007.

Figure 4. 12-Month Average Nonfarm Payrolls in the Charlottesville HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2008 Through 2010—The Great Recession

The Great Recession negatively impacted economic conditions in the HMA; however, job losses in the HMA were less severe than job losses nationwide. From 2008 through 2010, nonfarm payrolls in the HMA fell by an average of 1,000 jobs, or 1.0 percent, annually—a much lower rate than in the nation, which declined an average of 1.9 percent a year during the 3-year period. Job losses in the HMA were largely concentrated in the goods-producing sectors. Declining levels of residential construction severely affected the mining, logging, and construction sector, with payrolls falling by an average of 700 jobs, or 10.1 percent, a year. Job losses in the manufacturing sector averaged 500, or 11.5 percent, a year. Biotage, a manufacturing plant that produces pharmaceutical purification products in Albemarle County, announced the layoff of 65 employees with the closing of its plant in 2009. In addition, Hyosung USA, Inc, a tire manufacturer, closed its Scottsville plant in Albemarle County, resulting in nearly 100 job losses in 2010. The only gains during this period were in the education and health services, the government, and the leisure and hospitality sectors, which increased by averages of 300, 200, and 100 jobs, respectively, or 2.6, 0.7, and 0.6 percent, annually.

2011 Through 2019—Recovery and Expansion

Following 3 years of decline, economic conditions in the HMA began improving in 2011, although the initial recovery was sluggish. From 2011 through 2013, nonfarm payrolls increased by 1,000 jobs, or 1.0 percent, a year. By comparison, nonfarm payrolls nationwide averaged an annual increase of 1.5 percent during the same period. Job growth accelerated from 2014 through 2019 when the economy began expanding in 2014 after the HMA recovered the number of jobs lost during the recession. Nonfarm payrolls during the 6-year period increased by an average of 2,700 jobs, or 2.4 percent, annually—a faster rate than nationwide job growth, which averaged 1.7 percent a year. Job gains in the HMA occurred in all sectors but were strongest in the government, the professional and business services, and the leisure and hospitality sectors, which rose by 1,000, 400, and 400 jobs, each year, or 2.8, 3.0, and 2.9 percent, respectively, and accounted for a combined 67 percent of the net job growth in the HMA. Job additions in the government sector were partly due to rising enrollment at UVA and increased hiring. The number of employees at UVA increased from approximately 15,050 during the fall of 2014 to nearly 18,000 employees during the fall of 2019, reflecting an average annual increase of 590, or 3.6 percent (UVA Institutional Research and Analytics). Approximately 430 startup companies were created in 2018, a 19-percent increase from the nearly 360 startups formed in 2016, which supported job growth in the professional and business services sector (Virginia Employment Commission).

Forecast

During the 3-year forecast period, nonfarm payroll jobs in the HMA are expected to increase at an average rate of 2.2 percent annually. Job gains are expected to be the strongest in the professional and business services sector—a continuation of recent trends—due to new high-tech companies launching and expanding. AGROSPHERES INC., an agricultural technology startup, is expected to create more than 50 jobs in Albemarle County, with a \$25 million expansion that is expected to fund the construction of a new facility in the HMA.



Population and Households

Current Population: 242,000

Since 2000, changes in net in-migration primarily contributed to Charlottesville HMA population growth trends.

Population and Migration Trends

As of April 1, 2023, the HMA population is estimated at 242,000, representing an average annual increase of 1,800, or 0.8 percent, since April 2010 (Table 3). Approximately 47 percent of the HMA population live in Albemarle County, nearly 20 percent in the city of Charlottesville, 11 percent in Fluvanna County, with the remainder residing in Greene, Nelson, or Buckingham Counties.

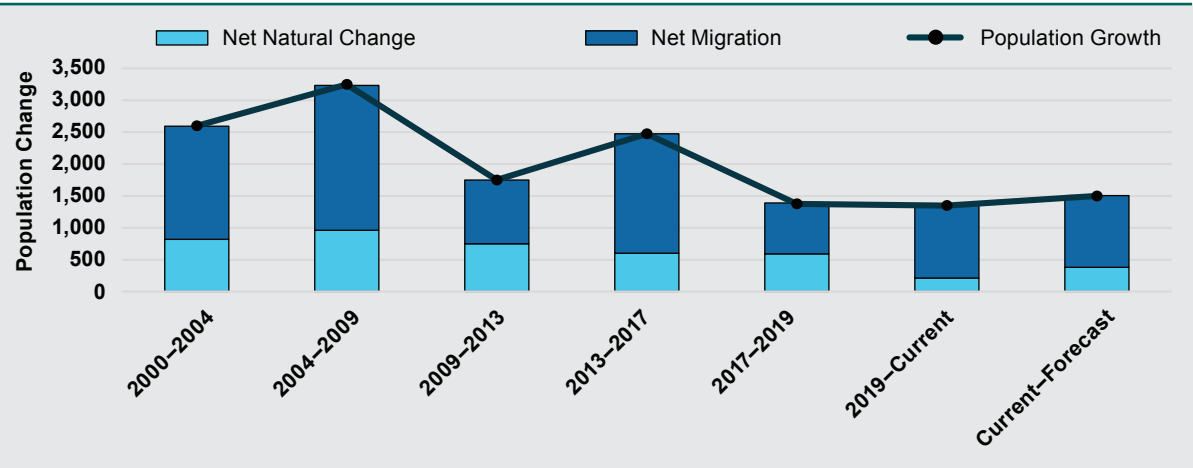
Economic conditions have generally influenced population growth and migration trends in the HMA since the 2000s. From 2000 to 2004, population growth in the HMA averaged 2,675 people, or 1.4 percent, annually, coinciding with moderate economic growth in the HMA (Figure 5). Net in-migration averaged 1,850 people a year, accounting for 69 percent of population growth during the period, whereas net natural change averaged nearly 820 people a year and accounted for the remaining 31 percent. Partially contributing to population growth in the HMA, enrollment at UVA increased by an average of 120 students, or 1.9 percent, annually from 2000 to 2004.

Table 3. Charlottesville HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast	
	Population	218,705	242,000	246,500
	Average Annual Change	2,900	1,800	1,500
	Percentage Change	1.4	0.8	0.6
Household Quick Facts	2010	Current	Forecast	
	Households	84,525	95,500	97,650
	Average Annual Change	1,175	840	720
	Percentage Change	1.5	0.9	0.7

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (April 1, 2023) to April 1, 2026.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Charlottesville HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (April 1, 2023) to April 1, 2026.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Population growth subsequently accelerated to an average of 3,250 people, or 1.6 percent, annually from 2004 to 2009, partly because of strong job growth during the mid-2000s. Net in-migration accounted for 71 percent of population growth, averaging 2,300 people a year, and net natural change averaged 960 people annually, accounting for the remaining 29 percent of population growth. During the period, UVA enrollment growth increased at a slower pace, averaging 80 students, or 0.6 percent, a year. Population



growth slowed to an average of 1,750 people annually, or 0.8 percent, from 2009 to 2013 partly because fewer people moved into the HMA due to the weak economic conditions during 2009 and 2010 and the slow initial recovery following the recession in the HMA. Lower levels of net in-migration and net natural change, averaging 1,000 and 750 people annually from 2009 to 2013, respectively, contributed to slower population growth. In addition, UVA enrollment declined by an average of 310 students, or 1.3 percent, from 2010 to 2013, which contributed to less net in-migration into the HMA. Strengthening economic conditions contributed to faster population growth from 2013 to 2017, averaging 2,475 people, or 1.1 percent, annually. During this period, net in-migration rose to greater levels, and net natural change slowed, averaging 1,875 and 600 people, respectively, accounting for 76 and 24 percent, respectively, of the population growth. From 2017 to 2019—the years immediately preceding the pandemic—population growth decelerated to an average of 1,375 people, or 0.6 percent, a year. Net natural increase averaged 590 people a year, and net in-migration slowed to an average of 790 people annually, or 57 percent of the population growth.

Since 2019, the population has increased by 1,350, or 0.6 percent, a year, which is relatively unchanged from the average growth during the previous 2 years; however, net in-migration has increased to much greater levels, averaging

1,150 people a year, and net natural change has slowed to 210 people annually, largely because of an aging population and elevated numbers of COVID-19-related deaths. Net in-migration primarily affected population growth since 2019, accounting for 85 percent of the growth, partly because of people moving away from dense, urban metropolitan areas during the pandemic to less populated areas, such as the HMA. The largest inflows of residents to the HMA during the 2016-to-2020 period were from the Washington D.C., the Richmond, and the Virginia Beach metropolitan areas, which accounted for a combined 36 percent of the in-migration (Table 4; 2016-2020 American Community Survey [ACS] 5-year data).

Table 4. Migration Flows in the Charlottesville HMA: 2016–2020

Into the HMA	
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	4,068
Richmond, VA MSA	1,152
Virginia Beach-Norfolk-Newport News, VA-NC MSA	1,119
Asia	908
New York-Newark-Jersey City, NY-NJ-PA MSA	631
Out of the HMA	
Washington-Arlington-Alexandria, DC-VA-MD-WV	2,257
Richmond, VA MSA	1,659
Virginia Beach-Norfolk-Newport News, VA-NC MSA	974
Lynchburg, VA MSA	856
New York-Newark-Jersey City, NY-NJ-PA MSA	721

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

Household Trends

As of April 1, 2023, an estimated 95,500 households reside in the HMA. Of those households, 61,700 are owner households, and 33,800 are renter households. Owner households have increased by an average of 480, or 0.8 percent, each year since 2010, compared with renter household growth averaging 360, or 1.2 percent, annually.

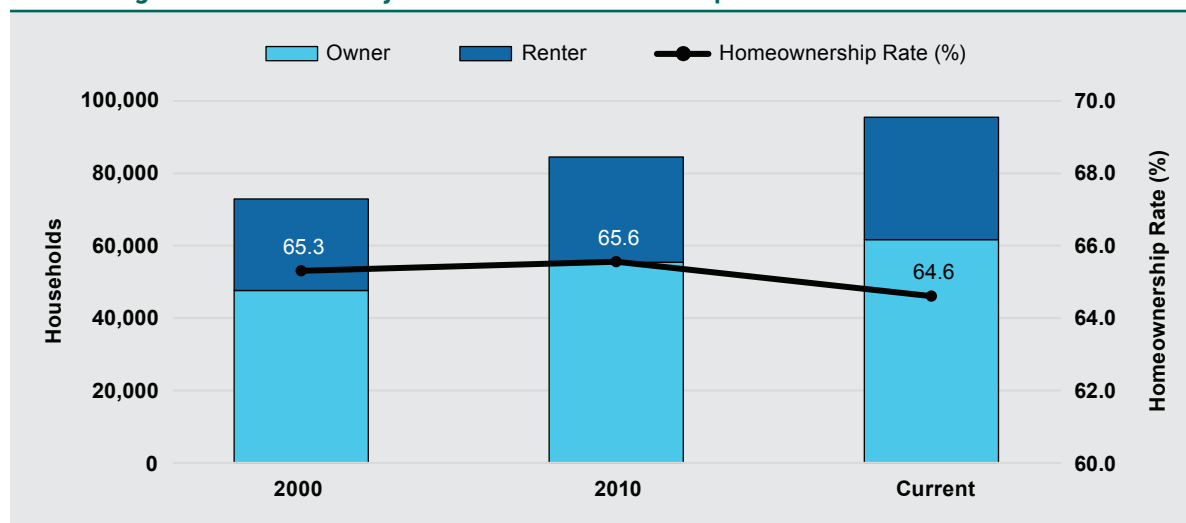
Since 2000, household growth in the HMA has increased slightly faster than population growth. From 2000 to 2010, the number of households increased by an average of approximately 1,175 households, or 1.5 percent, a year—slightly higher than the 1.4-percent annual population growth rate in the HMA

during the same period. Since 2010, the number of households has increased by an average of 840, or 0.9 percent, annually, compared with an average population growth rate of 0.8 percent a year during the same period. An estimated 64.6 percent of households are homeowners, down from 65.6 percent in 2010 (Figure 6).

Forecast

During the next 3 years, the pace of population growth in the HMA is expected to remain relatively unchanged from recent trends. The population is expected to reach 246,500 by April 1, 2026, reflecting an average annual growth of 1,500 people, or 0.6 percent. Population growth is expected to be steady throughout the 3-year forecast period. Net in-migration is anticipated to account for 75 percent of the population growth. By the end of the forecast period, the number of households in the HMA is expected to reach 97,650, averaging growth of 720 households, or 0.7 percent, annually. Due in part to continued net in-migration, increasingly elevated home prices, and high mortgage interest rates, the number of renter-occupied households is expected to increase more quickly than the number of owner households, resulting in a homeownership rate decline.

Figure 6. Households by Tenure and Homeownership Rate in the Charlottesville HMA



Note: The current date is April 1, 2023.

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

Home Sales Market

Market Conditions: Slightly Tight, but Easing

Despite a 21-percent decline in total home sales during the past 12 months, the average home sales price increased 10 percent (CoreLogic, Inc.).

Current Conditions

Sales market conditions in the Charlottesville HMA are slightly tight, but easing, with an overall estimated vacancy rate of 1.4 percent (Table 5), down from 2.3 percent in April 2010 when conditions were soft. Since the onset of the COVID-19 pandemic, sales market conditions have been tight; however, conditions have transitioned from tight to slightly tight during the past year. An increasing inventory of homes for sale and rising mortgage interest rates contributed to easing market conditions. In March 2023, the inventory of available homes for sale represented a 3.3-month supply, up from 1.8 months in March 2022 but less than the 5.2-month supply in March 2019 when conditions were balanced (CoreLogic, Inc.). The average rate for a 30-year fixed-rate mortgage rose from 4.2 percent in March 2022 to 6.5 percent in March 2023 (Freddie Mac), contributing to declining home sales during the past year. Total home sales fell by nearly 1,000 homes, or 21 percent, to 3,850 homes sold during the 12 months ending March 2023, compared with a 5-percent increase a year earlier

(CoreLogic, Inc.). Existing home sales declined 24 percent during the period, whereas new home sales increased 5 percent from a year earlier (Figure 7). Resale sales accounted for 99 percent of existing home sales during the 12 months ending March 2023, and distressed home sales accounted for the remaining 1 percent; this proportion is unchanged from the previous 12-month period. New home sales accounted for 16 percent of total home sales, up from 12 percent during the 12 months ending March 2022.

Table 5. Home Sales Quick Facts in the Charlottesville HMA

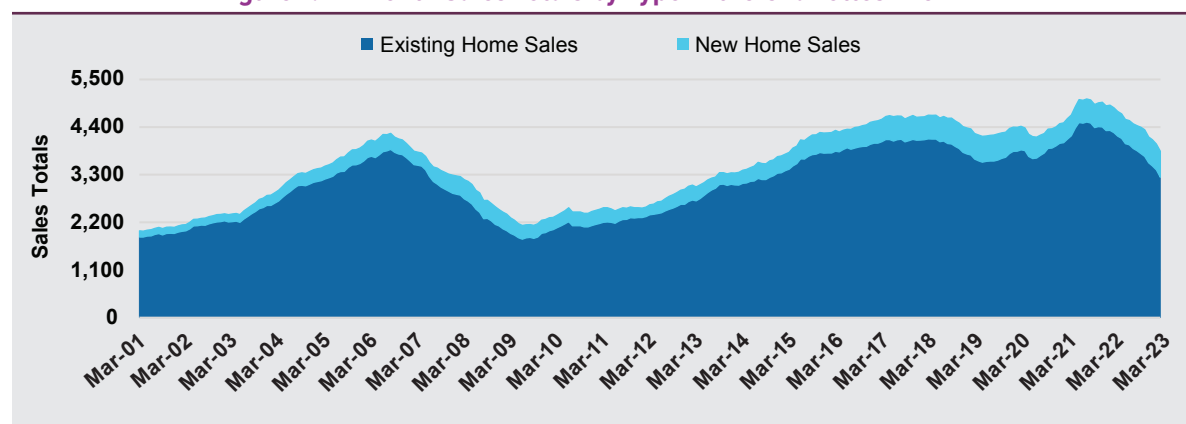
Home Sales Quick Facts	Charlottesville HMA		Nation
	Vacancy Rate	1.4%	NA
	Months of Inventory	3.3	1.9
	Total Home Sales	3,850	5,861,000
	1-Year Change	-21%	-23%
	New Home Sales Price	\$551,800	\$495,200
	1-Year Change	7%	12%
	Resale Sales Price	\$464,900	\$396,200
	1-Year Change	10%	4%
	Mortgage Delinquency Rate	0.7%	1.1%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending March 2023; and months of inventory and mortgage delinquency data are as of March 2023. The current date is April 1, 2023.

Sources: Vacancy rate—estimates by the analyst; months of inventory, mortgage delinquency rate, home sales and prices—CoreLogic, Inc.

Figure 7. 12-Month Sales Totals by Type in the Charlottesville HMA



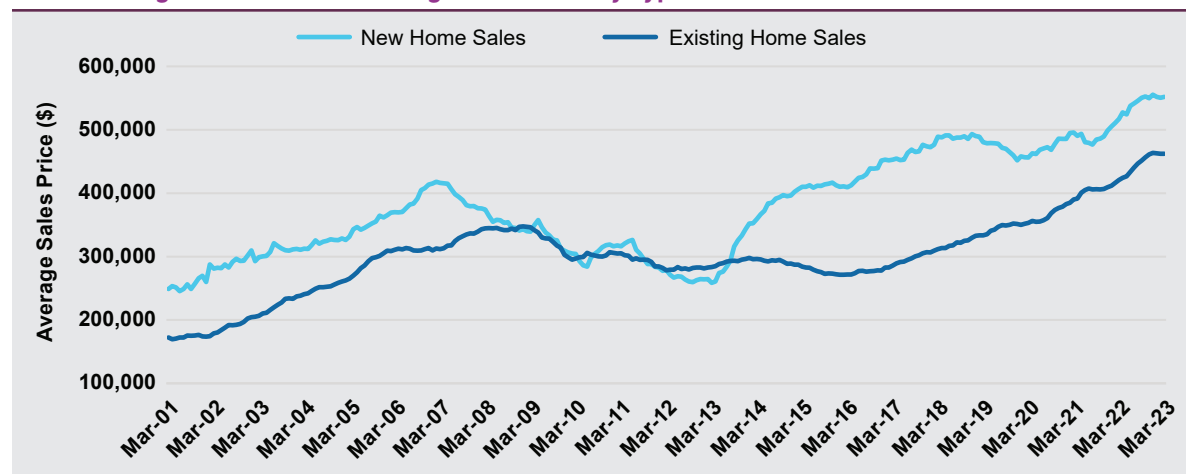
Source: CoreLogic, Inc.

Although the inventory of homes for sale has increased during the past year, the supply of available homes for sale is still relatively low. Because of increased home sales demand and a limited inventory of existing homes for sale during the past 3 years, the average home sales price in the HMA has increased steadily since the onset of the pandemic in early 2020. The average home sales price increased 10 percent during the 12 months ending March 2023 to an all-time high of \$476,300, compared with an 8-percent increase during the 12 months ending March 2022. The average new home sales price rose 7 percent to an average of \$551,800, and the average sales price of an existing home rose 10 percent to \$462,300 during the 12 months ending March 2023 (Figure 8). The easing home sales market conditions are more pronounced when comparing the first quarter of 2023 with the same period a year earlier. Total home sales declined 35 percent during the period, and the average home sales price declined 2 percent. The majority of home sales, 28 percent, sold at prices ranging from \$300,000 to \$449,000 during the 12 months ending March 2023 (Figure 9).

New and Existing Home Sales

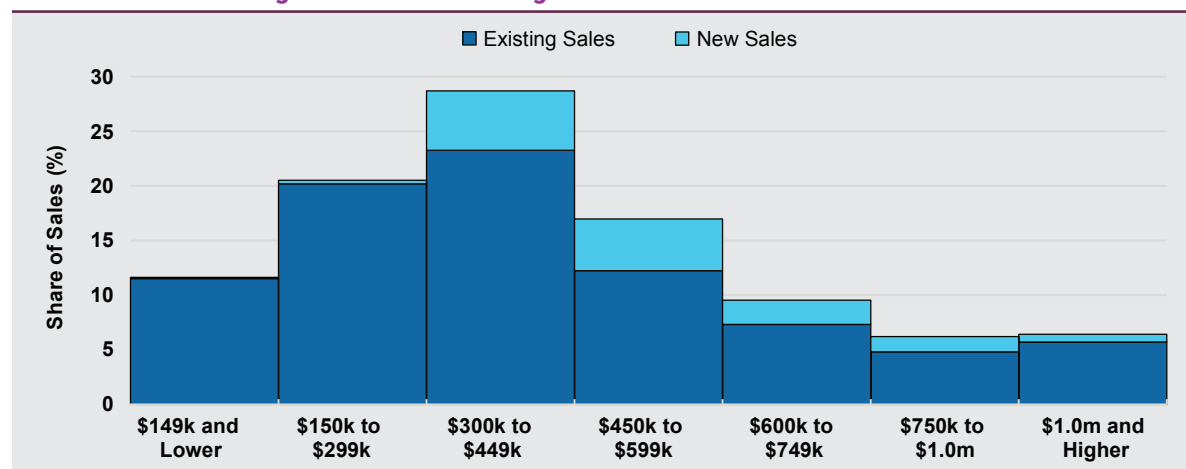
Home sales increased at a high rate during the early to mid-2000s, up by an average of 340, or 13 percent, annually from 2001 through 2006 (CoreLogic, Inc.). Strong economic conditions and lenient mortgage lending standards during the

Figure 8. 12-Month Average Sales Price by Type of Sale in the Charlottesville HMA



Source: CoreLogic, Inc.

Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending March 2023 in the Charlottesville HMA



Notes: New and existing sales include single-family homes, townhomes, and condominium units. Existing home sales include regular resales and real estate owned sales.

Source: Zonda

period allowed for increased homeownership, leading to accelerated home sales. Home sales began declining when mortgage lending standards tightened at the beginning of the 2007 housing crisis. From 2007 through 2009, home sales declined by an average of 590, or 17 percent, annually to a low of 2,275 homes sold. During the period, the decline in existing home sales was particularly strong, down an average of 19 percent annually compared with a 3-percent average annual decrease in new home sales.

From 2010 through 2017, total home sales increased by an average of 300, or 9 percent, annually, with new home sales increasing an average of 7 percent annually and existing home sales rising an average of 10 percent a year. Improving economic conditions in the HMA beginning in 2011 contributed to increasing home sales. Total home sales fell by an average of 130, or 3 percent, annually during 2018 and 2019, partly because of slowing population growth due to lower levels of net in-migration. Reduced numbers of existing home sales, which fell an average of 4 percent each year during the period, accounted for all of the decline in total home sales because new home sales rose an average of 4 percent annually. Increased demand for homes from people relocating to the HMA and low mortgage interest rates contributed to a rise in home sales during 2020 and 2021, averaging 300, or 7 percent, annually. Existing home sales increased an average of 8 percent each year and accounted

for all of the increase in total home sales because new home sales remained relatively unchanged. The total number of homes sold declined by an average of 800, or 16 percent, during 2022, partly because of increasing mortgage interest rates. Existing home sales declined 19 percent in 2022, whereas new home sales increased 5 percent, which coincided with increasing new home construction activity.

Seriously Delinquent Mortgages and Real Estate Owned Properties

The rate of seriously delinquent mortgages (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the HMA declined to a low of 0.7 percent in March 2020 from a high of 3.4 percent in February 2010 (CoreLogic, Inc.). By comparison, the rate declined to 1.3 percent in March 2020 from 8.6 percent in February 2010 nationwide. The COVID-19-related economic contraction contributed to increases in the overall rate of delinquent mortgages and REO properties in the HMA, when homeowners struggled to make mortgage payments, reaching 3.0 percent in August 2020, compared with a 4.4-percent rate nationwide. The rate increase was due to a rise in delinquent mortgages when many homeowners were able to avoid foreclosures due to mortgage forbearance during this period. As of March 2023, the rate of seriously delinquent mortgages and REO properties in the HMA was 0.7 percent, down from 1.0 percent in March 2022. By comparison, the rate of seriously delinquent mortgages and REO properties in the nation was 1.1 percent as of March 2023, down from 1.6 percent in March 2022. During the 12 months ending March 2023, 1 percent of existing home sales were REO sales. REO sales have accounted for less than 3 percent of existing home sales since 2017. REO sales peaked in 2011 at 12 percent of existing home sales.

New and Existing Home Sales Prices

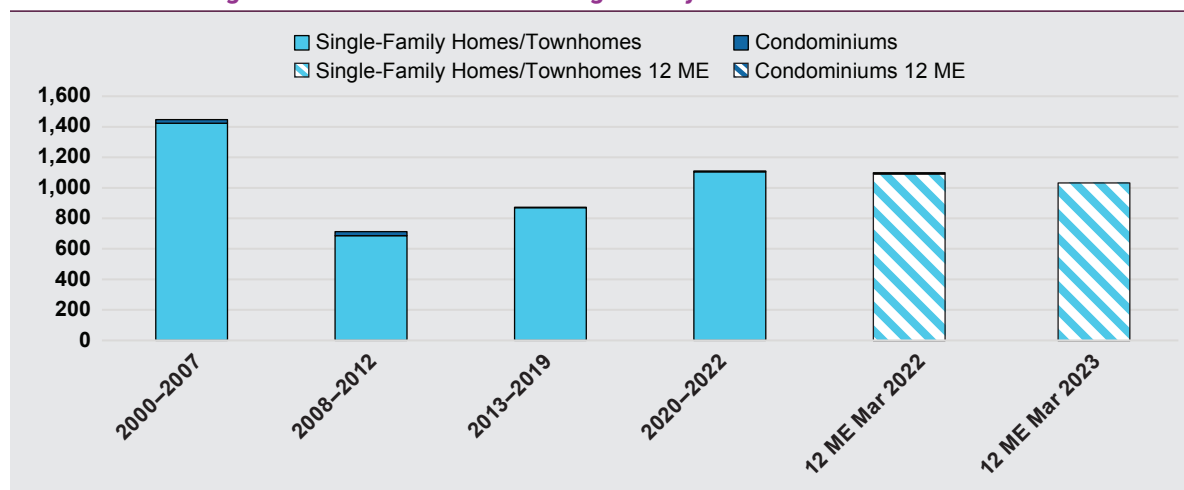
The average sales price for a new home in the HMA rose every year from 2001 through 2006, with an average increase of \$29,500, or 10 percent, annually. The average new home sales price began falling when the housing crisis impacted the HMA in 2007, leading to an average decline of \$24,800, or 7 percent, annually from 2007 through 2012. Strong population growth from 2013 through 2017 due to high levels of net in-migration contributed to increased demand for new homes and rising new home prices. During the 5-year period, new home sales price growth averaged \$41,900, or 12 percent, a year. As net in-migration slowed, new home price growth decelerated to 4 percent in 2018 then declined 8 percent in 2019. Increased demand for homes resulting from higher levels of net in-migration since the COVID-19 pandemic, coupled with historically low mortgage interest rates, put upward pressure on home sales prices. The average new home sales price rose from 2020 through 2022 by an average of \$34,450, or 7 percent, each year.

Existing home sales price growth was also strong from 2020 through 2022, averaging an increase of \$37,300, or 10 percent, a year, compared with an average annual increase of \$24,550, or 8 percent, from 2017 through 2019. Home sales prices remained relatively unchanged from 2013 through 2016. Weak economic conditions during 2009 and 2010, combined with relatively low levels of net in-migration, contributed to a decline in existing home sales prices of \$16,050, or 5 percent, annually from 2009 through 2012. By comparison, the average existing home sales price in the HMA rose by an average of \$21,750, or 9 percent, a year from 2001 through 2008.

Sales Construction

Home sales construction in the HMA—as measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted—has generally increased since 2013; however, levels are not as high as they were during the early- to mid-2000s (Figure 10). From 2000 through 2007, homebuilding activity was strong, partly because of robust economic conditions and elevated net in-migration, and an average of 1,450 homes were permitted annually. As economic conditions weakened and the sales market softened during the housing market crisis, for-sale home construction fell to an average of 710 homes permitted annually from 2008 through 2012, representing a 51-percent decline from the average during the 2000-through-2007 period.

Figure 10. Annual Sales Permitting Activity in the Charlottesville HMA



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Sales construction activity from 2013 through 2019 rose as the economy expanded, averaging 870 homes annually. Increased demand for homes contributed to rising new home construction from 2020 through 2022, averaging 1,100 homes a year. During the 12 months ending March 2023, 1,050 homes were permitted, down 5 percent from a year earlier (preliminary data, with adjustments by the analyst).

New Construction

For-sale home construction has been concentrated in Albemarle County. During the 12 months ending March 2023, nearly 60 percent of all single-family homes permitted in the HMA were in Albemarle County, which does not include the city of Charlottesville. New home construction is underway at North Pointe, a mixed-use community in Albemarle County, which is expected to include 200 detached single-family homes, ranging in size from approximately 2,150 to 3,775 square feet, with prices starting at \$574,900. Also in Albemarle County, Galaxie Farm, a single-family home community that is expected to have 65 homes ranging from 2,200 to 4,850 square feet, is also under construction. Prices for the single-family homes are expected to range from \$674,900 to \$843,900.

Forecast

During the next 3 years, demand is expected for an estimated 2,050 new homes (Table 6). The 290 homes under construction in the HMA will satisfy only a portion of that demand in the first year of the 3-year forecast period. Demand is expected to be relatively steady throughout the forecast period. Home sales construction is expected to be concentrated in Albemarle County.

Table 6. Demand for New Sales Units in the Charlottesville HMA During the Forecast Period

Sales Units	
Demand	2,050 Units
Under Construction	290 Units

Note: The forecast period is from April 1, 2023, to April 1, 2026.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

Rent growth in the Charlottesville HMA has been strong during the past 2 years, and the average apartment vacancy rate has declined.

Current Conditions and Recent Trends

The rental housing market in the Charlottesville HMA is balanced. As of April 1, 2023, the overall rental vacancy rate is estimated at 5.7 percent, down from 7.7 percent in April 2010 when the market was slightly soft (Table 7). Strong renter household growth has outpaced rental production, contributing to the tightening of the rental housing market since 2010. An increase in apartment construction since 2010 has contributed to a rise in the number of renter households living in multifamily structures with five or more units, typically apartments. During the 2017-through-2021 period, approximately 43 percent of renter households in the HMA resided in multifamily structures with five or more units, compared with 40 percent during the 2006-through-2010 period (2006–2010 and 2017–2021 ACS 5-year data). The remaining 57 percent of renter households resided in single-family homes, mobile homes, townhomes, and two- to four-unit structures during the 2017-through-2021 period.

Table 7. Rental and Apartment Market Quick Facts in the Charlottesville HMA

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	7.7	5.7
		2010 (%)	2021 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	41	38
	Multifamily (2–4 Units)	14	14
	Multifamily (5+ Units)	40	43
	Other (Including Mobile Homes)	5	5
Apartment Market Quick Facts		1Q 2023	YoY Change
	Apartment Vacancy Rate	5.6	-1.7
	Average Rent	\$1,680	5%

1Q = first quarter. YoY = year-over-year.

Notes: The current date is April 1, 2023. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2006–10 and 2017–21 American Community Survey 5-year data; apartment data—CoStar Group

Single-Family Home Rentals

Single-family homes make up a substantial portion of the rental housing market in the HMA. During the 2017-through-2021 period, approximately 38 percent of renter households in the HMA lived in single-family homes, compared with 41 percent during the 2006-through-2010 period (2006–2010 and 2017–2021 ACS 5-year data). The decline occurred in part because of the tightening of the sales housing market as the conversion of owner-occupied homes to rentals slowed and because apartment construction increased during the period. The average vacancy rate for professionally managed single-family rental homes in March 2023 was 1.4 percent, down slightly from 1.5 percent a year ago (CoreLogic, Inc.). The average rent for two-, three-, and four-bedroom single-family homes increased 2, 11, and 10 percent, respectively, during the past year. As of March 2023, monthly rents for two-, three-, and four-bedroom homes averaged \$1,780, \$2,210, and \$2,954, respectively.

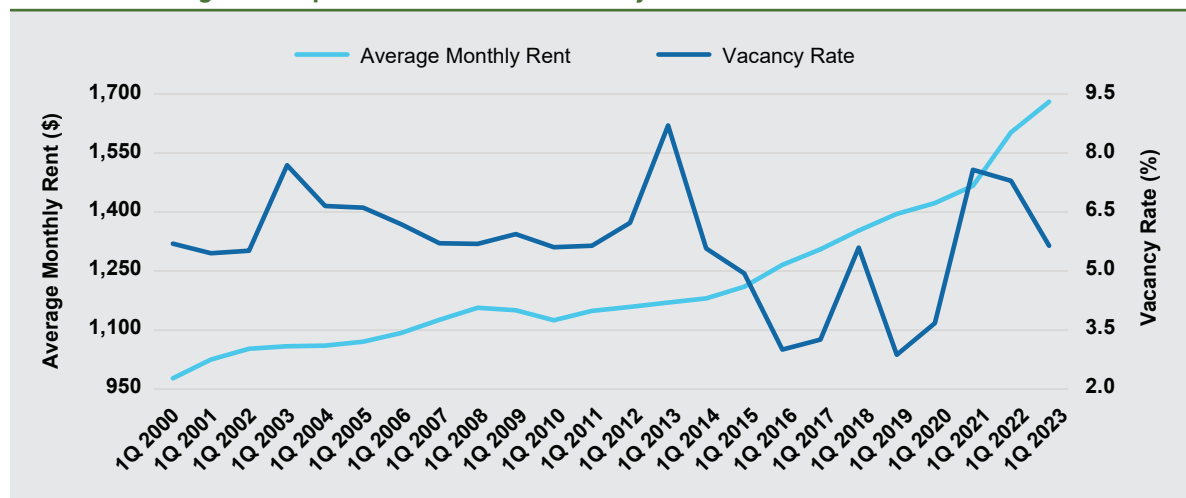
Apartment Market Conditions

Apartment market conditions in the HMA were balanced as of the first quarter of 2023, with a 5.6-percent vacancy rate, down from 7.3 percent as of the first quarter of 2022 and from 7.6 percent

as of the first quarter of 2021 (Figure 11; CoStar Group). Rent growth during the past 2 years has been robust, partly in response to increased demand from people moving to the HMA and from students attending UVA. As of the first quarter of 2023, the average apartment rent in the HMA rose 5 percent to \$1,680, compared with a 9-percent increase as of the first quarter of 2022. The apartment vacancy rate has declined during the past 2 years; at the same time, greater levels of new apartment construction have been steadily absorbed.

Apartment market conditions in the HMA have fluctuated between slightly tight and slightly soft since 2000, with apartment vacancy rates ranging from a high of 8.7 percent as of the first quarter of 2013 to a low of 2.9 percent as of the first quarter of 2019. The apartment vacancy rate was generally stable from the first quarter of 2000 to the first quarter of 2010. The rate subsequently increased to an all-time high as of the first quarter of 2013 in response to a surge in rental construction activity from 2010 through 2013. The apartment vacancy rate generally declined from 2014 to 2017 partly because of a reduction in rental construction and an increase in net in-migration. Since 2018, rental building activity has been at generally higher levels, and apartment vacancy rates have fluctuated, reflecting brief periods between units entering the market and being absorbed.

Figure 11. Apartment Rents and Vacancy Rates in the Charlottesville HMA



1Q = first quarter.

Note: The vacancy rates and average monthly rents are for market-rate and mixed (market-rate and affordable general occupancy) apartment properties with five or more units, including those that are stabilized and in lease up.

Source: CoStar Group

In the CoStar Group-defined Charlottesville market area, which is defined as the city of Charlottesville and includes UVA, apartment market conditions are tight, partly because of the strong demand for apartments from UVA students living off-campus. As of the first quarter of 2023, the apartment vacancy rate in the market area was 1.9 percent, down from 5.4 percent as of the first quarter of 2022. The average apartment rent in the Charlottesville market area was \$1,723 as of the first quarter of 2023, representing a 7-percent increase from \$1,615 as of the first quarter of 2022.

Rental Construction Activity

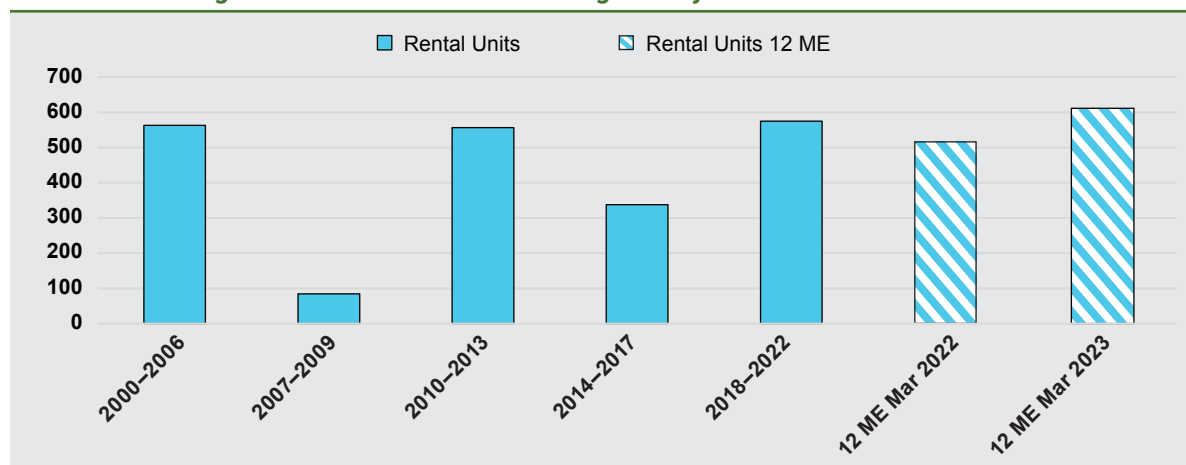
Rental construction activity in the HMA—as measured by the number of rental units permitted—has been strong during the past 5 years, resembling levels during the early 2000s and early 2010s (Figure 12). High numbers of rental units were permitted from 2000 through 2006, averaging 560 units a year, partly because of strong economic and population growth. From 2007 through 2009, permitting declined to an average of 85 units a year. Builders responded to slowing rent growth and weak economic

conditions by reducing new home construction during the period. As the economy of the HMA recovered from the economic contraction, rental construction activity returned to similar levels achieved during the early 2000s, averaging 560 units a year from 2010 through 2013. Despite strong economic growth, permitting declined from 2014 through 2017 to an average of 340 units annually, partly because builders were responding to the high number of units permitted during the previous 4 years that were being completed and entering into the rental supply. The average apartment vacancy rate increased from a low of 5.6 percent as of the first quarter of 2010 to a high of 8.7 percent as of the first quarter of 2013. New rental construction increased to an average of 570 units a year from 2018 through 2022, partly in response to strong overall absorption of new units into the market and generally declining vacancy rates during the previous 4 years. During the 12 months ending March 2023, 610 rental units were permitted, representing a 17-percent increase from the nearly 520 units permitted during the 12 months ending March 2022 (preliminary data, with adjustments by the analyst).

Student Housing

Students attending UVA have a notable impact on the rental housing market in the HMA, particularly in the city of Charlottesville, where the university is located. Approximately 38 percent of UVA

Figure 12. Annual Rental Permitting Activity in the Charlottesville HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

undergraduate students live in housing that is owned by, operated by, or affiliated with the college, and 62 percent live off campus. Off-campus student households currently account for an estimated 7 percent of all renter households in the HMA. New UVA dormitories are under construction at Brandon Avenue. This new construction is expected to include two residence hall buildings with 350 dormitory bedrooms, a dining hall, a student activity space, and 100 parking spaces. Completion is expected by the fall of 2024.

New Construction

New apartment construction has been concentrated in the city of Charlottesville and Albemarle County since 2000, accounting for nearly 90 percent of multifamily permitting in the HMA. An apartment community in Albemarle County, Stonefield Apartments, has 234 units under construction. When the development is complete in mid-2024, rents for one-, two-, and three-bedroom units are expected to start at \$1,858, \$1,893, and \$2,500, respectively. Altoview is an apartment development underway in Pantops (a census-designated place in Albemarle County). The 250-unit development will include one-, two-, and three-bedroom units, with monthly rents anticipated to start at \$1,850, \$2,200, and \$2,750, respectively. Completion of the development is expected in August 2023.

Forecast

During the 3-year forecast period, demand is estimated for 1,375 new rental units in the HMA (Table 8). The 750 units under construction are expected to satisfy part of the demand during the first and second years of the forecast period. Demand is expected to be relatively steady throughout the forecast period. Rental construction is expected to concentrate in the city of Charlottesville and Albemarle County.

Table 8. Demand for New Rental Units in the Charlottesville HMA During the Forecast Period

Rental Units	
Demand	1,375 Units
Under Construction	750 Units

Note: The forecast period is April 1, 2023, to April 1, 2026.
Source: Estimates by the analyst



Terminology Definitions and Notes



A. Definitions

Apartment Vacancy Rate/ Average Monthly Rent	Data are for market-rate and mixed (market-rate and affordable general occupancy) apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits/ Permitting/ Permitted	Building permits do not necessarily reflect all residential building activity that occurs in a housing market area (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.
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.
Distressed Home Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resale sales, short sales, and REO sales.
Forecast Period	April 1, 2023–April 1, 2026—Estimates by the analyst.



Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Net Natural Change	Resident births are greater than resident deaths.
Resale Sales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Rental Housing 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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C. Additional Notes

1.	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.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.

D. Photo/Map Credits

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