

COMPREHENSIVE HOUSING MARKET ANALYSIS

# Virginia Beach-Norfolk- Newport News, Virginia-North Carolina

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

As of November 1, 2024



Share on:   



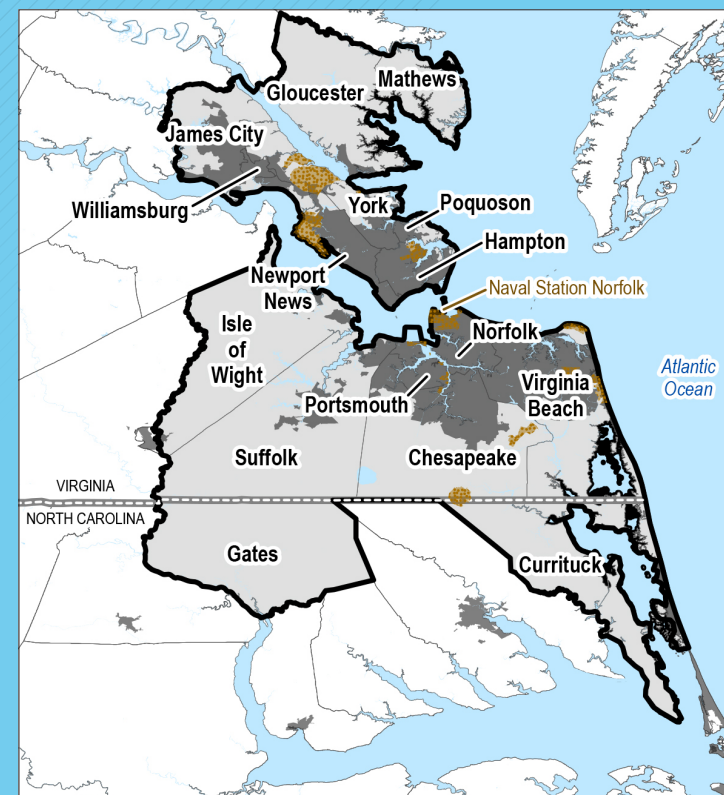
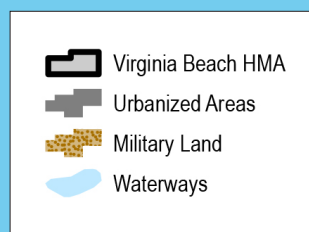
# Executive Summary

## Housing Market Area Description

The Virginia Beach-Norfolk-Newport News Housing Market Area (hereafter, Virginia Beach HMA) includes five counties (Gloucester, Isle of Wight, James City, Mathews, and York) and nine independent cities (Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg) in Virginia and Currituck and Gates Counties in North Carolina. Situated along the Atlantic Ocean, the HMA is coterminous with the metropolitan statistical area of the same name.

The current population of the HMA is estimated at 1.78 million.

The HMA is home to nine major military installations, representing all branches of the U.S. Armed Forces. The largest military installation is Naval Station Norfolk, which is home to approximately 82,000 active-duty personnel and more than 29,000 civilian workers. Due to the strong military presence, the U.S. Department of Defense is the largest employer in the HMA, with more than 45,000 civilian employees.



## 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:** During the 12 months ending October 2024, nonfarm payrolls averaged 820,800 jobs, representing an increase of 16,100 jobs, or 2.0 percent, compared with the 12 months ending October 2023.


Nonfarm payrolls in the Virginia Beach HMA increased during the past 4 years, and the total number of jobs lost during March and April 2020 from the COVID-19 pandemic was fully recovered by 2023. During the past 12 months, payrolls were up in 10 of the 11 nonfarm sectors, led by the education and health services and the mining, logging, and construction sectors, which increased by 4,500 and 3,300 jobs, or 3.8 and 8.1 percent, respectively. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.3 percent annually.

Sales Market

 **Slightly Tight but Easing:** In October 2024, the HMA had 2.1 months of housing inventory available for sale, up slightly from 1.9 months in October 2023 (Redfin, a national real estate brokerage).

The sales vacancy rate in the HMA is estimated at 1.2 percent as of November 1, 2024, down from 1.7 percent in April 2020. During the 12 months ending October 2024, new and existing home sales declined 5 percent compared with a 27-percent decrease a year ago (Redfin, a national real estate brokerage). During the past year, the average home sales price increased 6 percent to \$400,700, an all-time high. During the next 3 years, demand is estimated for 11,000 new homes. The 1,900 homes under construction will satisfy a portion of the demand.

Rental Market

 **Slightly Soft:** The overall rental vacancy rate is estimated at 6.8 percent, up from 6.6 percent in 2020.

Apartment market conditions in the HMA are also slightly soft, compared with balanced conditions in 2020. As of the third quarter of 2024, the apartment vacancy rate was 6.6 percent, up slightly from 6.4 percent as of the third quarter of 2023 and significantly higher than the 3.3-percent rate as of the third quarter of 2021, which was the lowest third quarter rate in more than 20 years (CoStar Group). During the forecast period, demand is estimated for 6,175 new rental units. The 1,800 rental units under construction will satisfy a portion of this demand.

TABLE OF CONTENTS

Economic Conditions 4

Population and Households 9

Home Sales Market 12

Rental Market 17

Terminology Definitions and Notes 20

3-Year Housing Demand Forecast			
Virginia Beach HMA	Sales Units		Rental Units
	Total Demand	11,000	6,175
	Under Construction	1,900	1,800

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 November 1, 2024. The forecast period is November 1, 2024, to November 1, 2027.  
Source: Estimates by the analyst



## Economic Conditions

### Largest Sector: Government

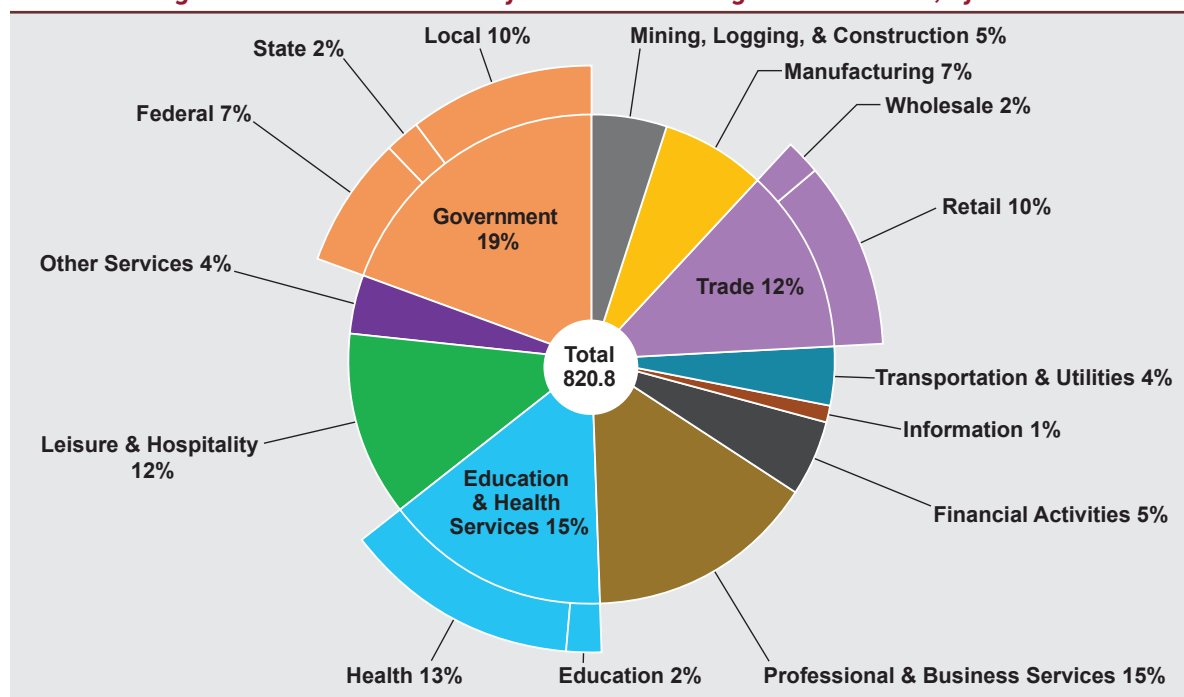
Nonfarm payrolls in the Virginia Beach HMA have increased since 2021, following a significant decline during 2020 due to the COVID-19 global pandemic.

### Primary Local Economic Factors

The HMA economy is heavily reliant on the military. The government sector is the largest job sector, accounting for 19 percent of all nonfarm payrolls (Figure 1). Nine major military installations are in the HMA, representing all branches of the U.S. Armed Forces. In 2022, the military supported approximately 320,300 direct, indirect, and induced jobs, and the impact on the local economy was estimated at \$36.39 billion (Secretary of Veterans and Defense Affairs). Due to the strong military presence, the U.S. Department of Defense is the largest employer in the HMA, with more than 45,000 civilian employees (Table 1). Nonfarm payrolls in the federal government subsector make up 7 percent of all payrolls in the HMA compared with less than 2 percent nationwide.

Situated along the Atlantic Ocean, the HMA is also a major tourist destination, especially during the summer months, with visitors drawn to the 35 miles of beach and other attractions. In 2023, 14.1 million people visited the HMA, and the estimated economic impact from tourism totaled approximately \$3.8 billion, representing an average annual 7-percent increase since 2021

**Figure 1. Share of Nonfarm Payroll Jobs in the Virginia Beach 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 October 2024. Active duty military personnel are not counted in nonfarm payrolls.

Source: U.S. Bureau of Labor Statistics

**Table 1. Major Employers in the Virginia Beach HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Department of Defense	Government	45,000–55,000
Huntington Ingalls Industries, Inc.	Manufacturing	19,000
Sentara Health	Education & Health Services	16,450
Walmart Inc.	Wholesale & Retail Trade	8,000–10,000
Riverside Health System	Education & Health Services	8,000
City of Virginia Beach	Government	6,000
Food Lion, LLC	Wholesale & Retail Trade	4,500–6,000
City of Norfolk	Government	4,375
Old Dominion University	Government	3,200
City of Chesapeake	Government	2,900

Notes: Excludes local school districts. U.S. Department of Defense data include only civilian employees.

Sources: Hampton Roads Alliance; U.S. Navy; Virginia Beach Economic Development

(Virginia Beach Convention & Visitors Bureau). Strong growth in tourism has also contributed to jobs in the leisure and hospitality sector rising at the fastest pace among all sectors during the past 4 years after declining sharply in 2020. Since 2021, payrolls in the leisure and hospitality sector have increased by an average of 4,900 jobs, or 5.9 percent, annually compared with an average annual 2.2-percent rise in all nonfarm payrolls.

Higher education also contributes to the local economy, and student enrollment has recently increased following 10 years of declines. The HMA

contains 11 colleges and universities, with approximately a combined 84,000 students and 14,200 employees (National Center for Education Statistics [NCES]). From the fall of 2022 to the fall of 2023 school year, enrollment at these schools increased 1 percent compared with an average annual 2-percent decline from 2012 to 2022. Old Dominion University, with approximately 23,500 students and 3,200 employees, is the largest public university in the HMA. Regent University, with approximately 10,700 students and 700 employees, is the largest private university.

## Economic Periods of Significance

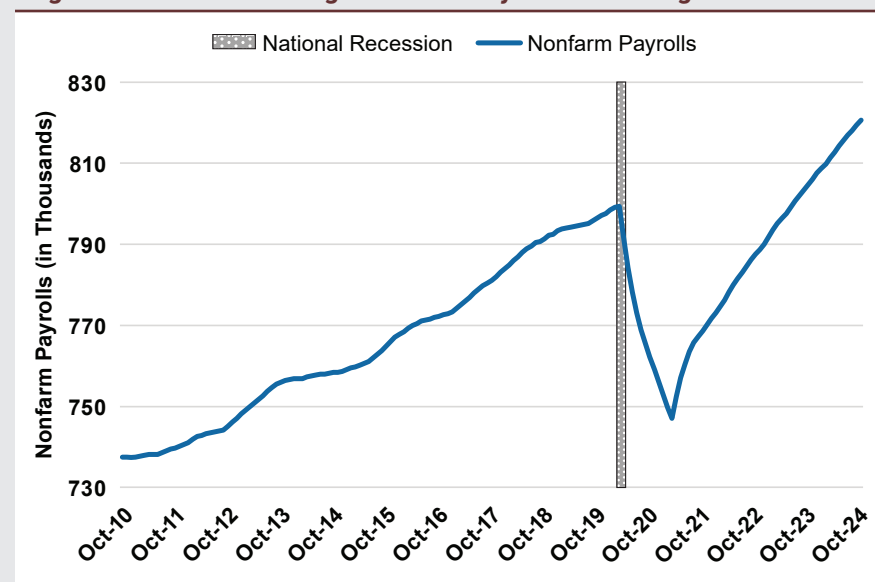
### Economic Recovery and Expansion: 2011 Through 2019

Following an average annual decline of 12,800 jobs, or 1.7 percent, from 2008 through 2010 due to the Great Recession, the HMA economy recovered by 2017 and continued to expand during 2018 and 2019. However, job growth was slower than in the nation overall. From 2011 through 2019, nonfarm payrolls rose by an average of 6,700 jobs, or 0.9 percent, annually compared with an average annual 1.6-percent increase nationwide. Nonfarm payrolls were up in the HMA in 8 of the 11 sectors, led by the education and health services, the professional and business services, and the leisure and hospitality sectors, which rose by averages of 2,200, 1,900, and 1,100 jobs, or 2.1, 1.8, and 1.3 percent, respectively. Losses in the information, the wholesale and retail trade, and the government sectors partially offset these gains, declining by averages of 200, 100, and 100 jobs, or 1.8, 0.1, and less than 0.1 percent, respectively. Figure 2 shows the 12-month average nonfarm payroll levels in the HMA since 2010.

### Job Losses During the COVID-19 Pandemic: 2020

Interventions taken in mid-March 2020 to slow the spread of COVID-19, including social distancing and discouraging nonessential travel, caused nonfarm payrolls in the HMA to decline by 92,900 jobs, or 11.7 percent, during March and April 2020 (not seasonally adjusted). Although the HMA economy started recovering in May 2020, the average level of nonfarm payrolls for the

**Figure 2. 12-Month Average Nonfarm Payrolls in the Virginia Beach HMA**



Note: 12-month moving average.

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

calendar year was below the level in the previous year. During 2020, nonfarm payrolls were down by 41,700 jobs, or 5.2 percent, compared with 2019—less than the 5.8-percent decline nationally. The sectors most affected were those heavily reliant on tourism and in-person interactions.

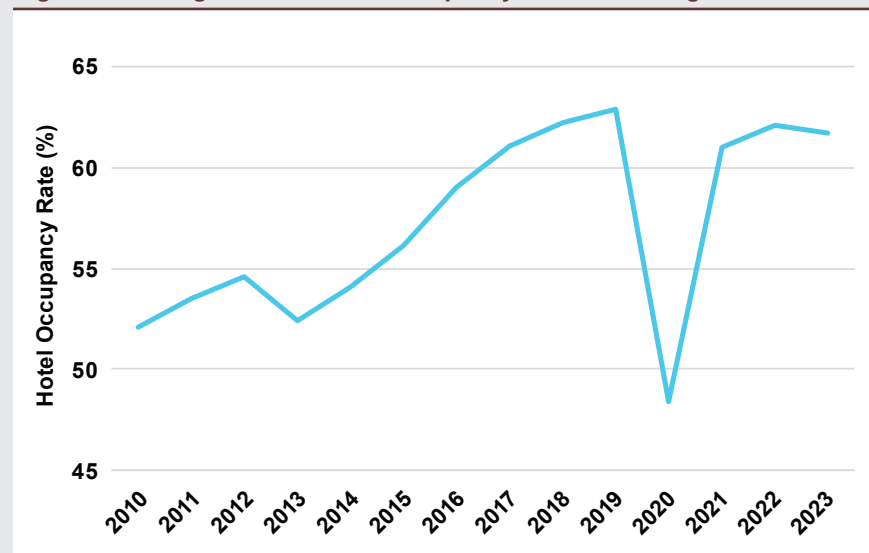
During 2020, the largest loss was in the leisure and hospitality sector, which decreased by 18,500 jobs, or 19.5 percent. Approximately 77 percent of the sector decline was in the accommodation and food services industry, which was down by 14,200 jobs, or 17.6 percent. A significant decline in tourism to the area, partly due to international and domestic travel restrictions to slow the spread of COVID-19, contributed to job losses in the industry. During 2020, the average hotel occupancy rate in the HMA was 48.4 percent, down from 62.9 percent during 2019 (CoStar Group; Figure 3). In addition, during 2020, significant job losses occurred in the education and health services and the wholesale and retail trade sectors, which declined by 5,400 and 5,000 jobs, or 4.7 and 4.8 percent, respectively. Gains in the federal government subsector and the mining, logging, and construction sector partially offset these losses, increasing by 1,300 and 400 jobs, or 2.2 and 1.0 percent, respectively.

### Recovery From Pandemic-Related Job Losses: 2021 Through 2023

Nonfarm payrolls in the HMA increased from 2021 through 2023 after the restrictions to slow the spread of COVID-19 had ended. By 2023, payroll levels had surpassed the prepandemic peak. Similar to the 2010s, nonfarm payrolls in the HMA increased at a slower pace than in the nation overall. From 2021 through 2023, nonfarm payrolls were up by an average of 17,200 jobs, or 2.2 percent, annually compared with a 3.2-percent average annual increase nationwide. As of 2023, nonfarm payrolls in the HMA were 9,800 jobs, or 1.2 percent above the prepandemic peak during 2019, compared with nationwide nonfarm payrolls 3.4 percent above the 2019 level.

From 2021 through 2023, nearly 70 percent of the net gains in nonfarm payrolls in the HMA were in the leisure and hospitality, the professional and business services, and the education and health services sectors, which

**Figure 3. Average Annual Hotel Occupancy Rate in the Virginia Beach HMA**



Note: 12-month moving average.  
Source: CoStar Group

were up by averages of 5,800, 3,200, and 3,000 jobs, or 7.0, 2.8, and 2.7 percent, respectively. Job growth in the leisure and hospitality sector was partially attributable to Rivers Casino Portsmouth opening in January 2023, creating approximately 1,300 permanent jobs. In the professional and business services sector, the largest gain was in the professional, scientific, and technical services industry, which increased by an average of 1,500 jobs, or 2.9 percent, annually. Additional significant gains occurred in the financial activities, the transportation and utilities, and the other services sectors, which increased by averages of 1,400, 1,200, and 1,000 jobs, or 3.4, 4.4, and 3.0 percent, respectively. The government sector also added jobs, although growth was slow, averaging only 100 jobs, or 0.1 percent, annually.

## Current Conditions— Nonfarm Payrolls

The HMA economy continued expanding during the past year, although the rate of job growth slowed. During the 12 months ending October 2024, nonfarm payrolls were up by 16,100 jobs, or 2.0 percent, compared with a 2.2-percent rise a year ago (Table 2). During the past year, nonfarm payrolls were up in 10 of 11 sectors, led by the education and health services and the mining, logging, and construction sectors, which increased by 4,500 and 3,300 jobs, or 3.8 and 8.1 percent, respectively. Gains in the education and health services sector occurred in both the healthcare and social assistance and the educational services subsectors, which were up by 3,600 and 900 jobs, or 3.6 and 4.5 percent, respectively. The gain in the mining, logging, and construction sector reflected strong construction activity and was partially due to local companies expanding recruiting efforts in response to labor shortages in the construction subsector.

Additional significant gains occurred in the leisure and hospitality and the manufacturing sectors, which were up by 2,100 and 1,500 jobs, or 2.3 and 2.6 percent, respectively. Three new hotels opening during the past year, with approximately 320 rooms, partially contributed to the increase in the leisure and hospitality sector. The gain in the manufacturing sector was concentrated in the durable goods industry, in which nonfarm

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

	12 Months Ending October 2023	12 Months Ending October 2024	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>804.7</b>	<b>820.8</b>	<b>16.1</b>	<b>2.0</b>
<b>Goods-Producing Sectors</b>	<b>99.2</b>	<b>104.0</b>	<b>4.8</b>	<b>4.8</b>
Mining, Logging, & Construction	40.8	44.1	3.3	8.1
Manufacturing	58.4	59.9	1.5	2.6
<b>Service-Providing Sectors</b>	<b>705.5</b>	<b>716.8</b>	<b>11.3</b>	<b>1.6</b>
Wholesale & Retail Trade	100.4	100.8	0.4	0.4
Transportation & Utilities	30.0	30.6	0.6	2.0
Information	9.1	8.9	-0.2	-2.2
Financial Activities	42.4	43.4	1.0	2.4
Professional & Business Services	121.2	122.2	1.0	0.8
Education & Health Services	117.1	121.6	4.5	3.8
Leisure & Hospitality	92.9	95.0	2.1	2.3
Other Services	34.4	35.4	1.0	2.9
Government	158.0	158.9	0.9	0.6

Notes: Based on 12-month averages through October 2023 and October 2024. Numbers may not add to totals due to rounding. Data are in thousands.  
Source: U.S. Bureau of Labor Statistics

payrolls rose by 1,700 jobs, or 3.6 percent, including an increase in the ship and boat building industry. In the government sector, nonfarm payrolls were up by 900 jobs, or 0.6 percent. The only sector to lose jobs during the past year was the information sector, which declined by 200 jobs, or 2.2 percent.

## Current Conditions—Unemployment

The unemployment rate in the HMA declined slightly during the past year in contrast to the national rate, which rose. During the 12 months ending October 2024, the unemployment rate in the HMA averaged 3.0 percent, down slightly from 3.1 percent a year ago and significantly less than the average 7.9-percent rate during the 12 months ending March 2021, the highest 12-month average rate in more than 30 years (Figure 4). The decline in the unemployment rate during the past year occurred because the 1.1-percent increase in resident employment outpaced a rise in the labor force of 1.0 percent. By comparison, the 0.5-percent nationwide increase in resident employment was slower than the 0.8-percent rise in the labor force, which caused the unemployment rate to increase to 4.0 percent during the 12 months

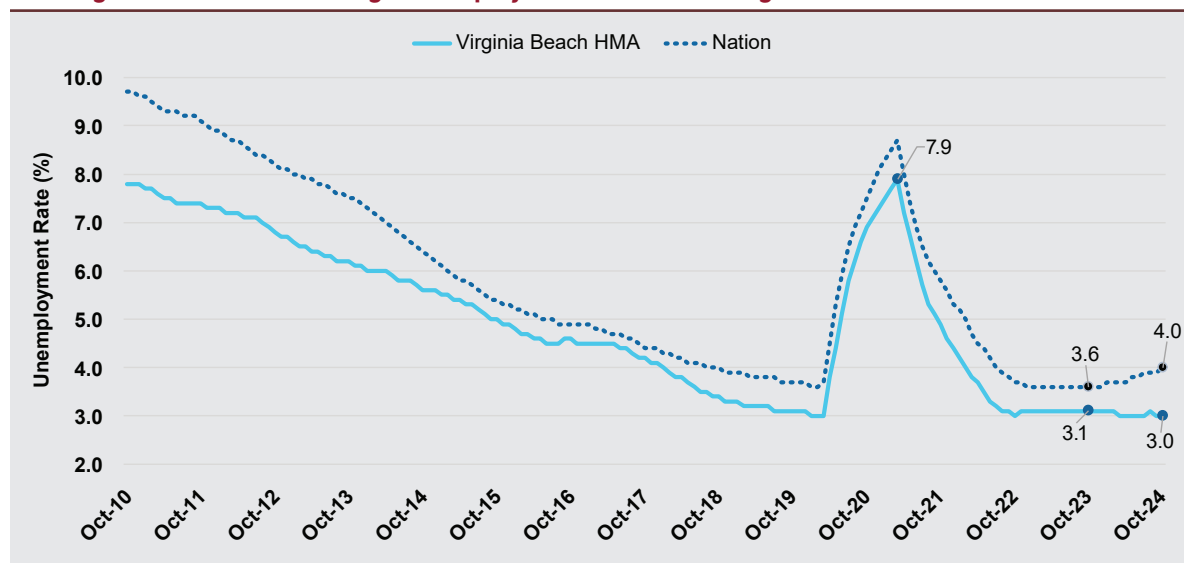


ending October 2024, up from 3.6 percent a year earlier. With the recent decline, the current unemployment rate in the HMA has reached its lowest point in more than 20 years.

## Forecast

During the 3-year forecast period, the HMA economy is expected to expand, although the rate of job growth is anticipated to continue slowing. Nonfarm payrolls are expected to increase an average of 1.3 percent annually during the next 3 years. Similar to recent trends, job growth is expected to be strongest in the education and health services sector. The Bon Secours health system will contribute to sector gains when the Bon Secours Health Center at Harbour View opens in 2025. Additional gains are expected in the transportation and utilities and the leisure and hospitality sectors. In the transportation and utilities sector, Amazon.com, Inc. is opening a new fulfillment center in the HMA by the end of 2025. It is expected to create more than 1,000 new jobs.

**Figure 4. 12-Month Average Unemployment Rate in the Virginia Beach HMA and the Nation**



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



# Population and Households

Current Population: 1.78 Million

Population growth in the Virginia Beach HMA since 2020 has slowed compared with the previous decade, largely because of net out-migration.

## Population Trends

As of November 1, 2024, the population of the HMA is estimated at 1.78 million, representing an average annual increase of 2,775, or 0.2 percent, since 2020 compared with an average annual gain of 8,700, or 0.5 percent, from 2010 to 2020 (Table 3). Population and migration trends in the HMA have generally been countercyclical to trends in the economy, with stronger population growth during periods when economic conditions were relatively weak. This pattern is partly because people stay in the area during and immediately following recessions but leave as the national job market improves, moving to other parts of the country for employment opportunities. From 2010 to 2013, the population increased by an average of 13,950, or 0.8 percent, annually, partially because of annual net in-migration that averaged 4,275 people (U.S. Census Bureau; University of Virginia Weldon Cooper Center for Public Service; Figure 5). Because job growth was slower than elsewhere in the nation, net out-migration occurred in 5 of 7 years from 2013 to 2020, causing population

**Table 3. Virginia Beach HMA Population and Household Quick Facts**

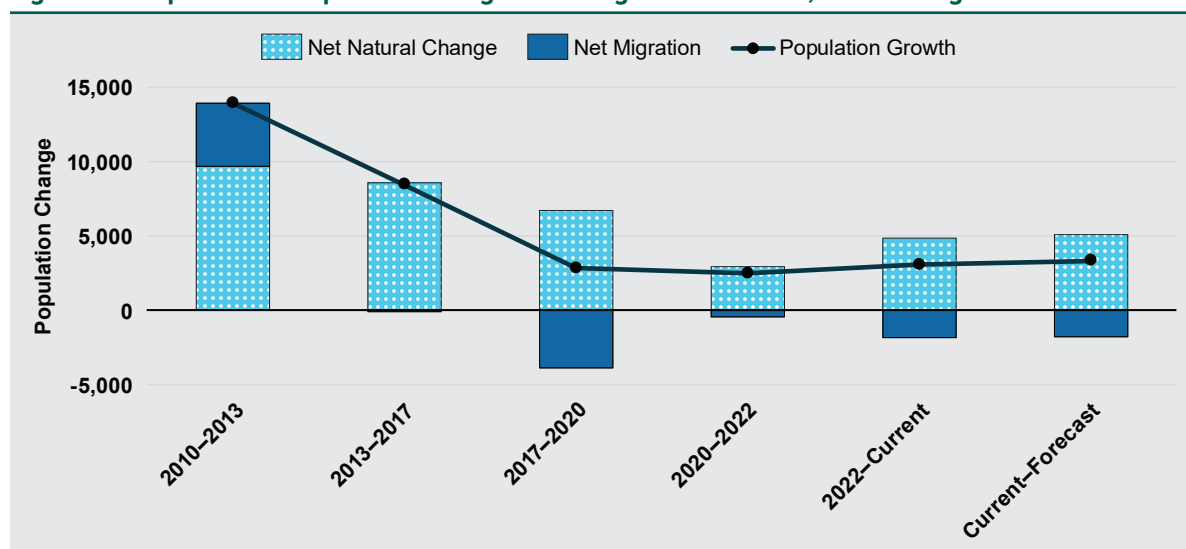
Population Quick Facts	2020	Current	Forecast
	Population	1,763,735	1,776,000
	Average Annual Change	8,700	2,775
	Percentage Change	0.5	0.2
Household Quick Facts	2020	Current	Forecast
	Households	688,077	715,200
	Average Annual Change	5,775	5,925
	Percentage Change	0.9	0.8

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast.

The forecast period is the current date (November 1, 2024) to November 1, 2027.

Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

**Figure 5. Components of Population Change in the Virginia Beach HMA, 2010 Through the Forecast Period**



Notes: Data displayed are average annual totals. The forecast period is the current date (November 1, 2024) to November 1, 2027.

Sources: U.S. Census Bureau, University of Virginia Weldon Cooper Center for Public Service; current to forecast—estimates by the analyst

growth to slow. From 2013 to 2017, net out-migration averaged 100 people annually, and population growth decelerated to an average of 8,450 people, or 0.5 percent, annually. Net out-migration increased to an average of 3,875 people annually from 2017 to 2020, resulting in population growth slowing further to an average of 2,825 people, or 0.2 percent, annually.

From 2020 to 2022, as the national labor market weakened following the onset of the COVID-19 pandemic, net out-migration slowed to an average of 480 people annually. However, population growth decelerated to an average of 2,475 people, or 0.1 percent, annually because net natural change decreased to 2,950 people annually from 2020 to 2022 compared with 6,700 people annually from 2017 to 2020. Since 2022, population growth has accelerated to an average of 3,075 people, or 0.2 percent, annually. The faster growth was because of a partial rebound in net natural change, which averaged 4,900 people annually, more than offsetting increased net out-migration, which averaged 1,825 people annually.

## Net Natural Change

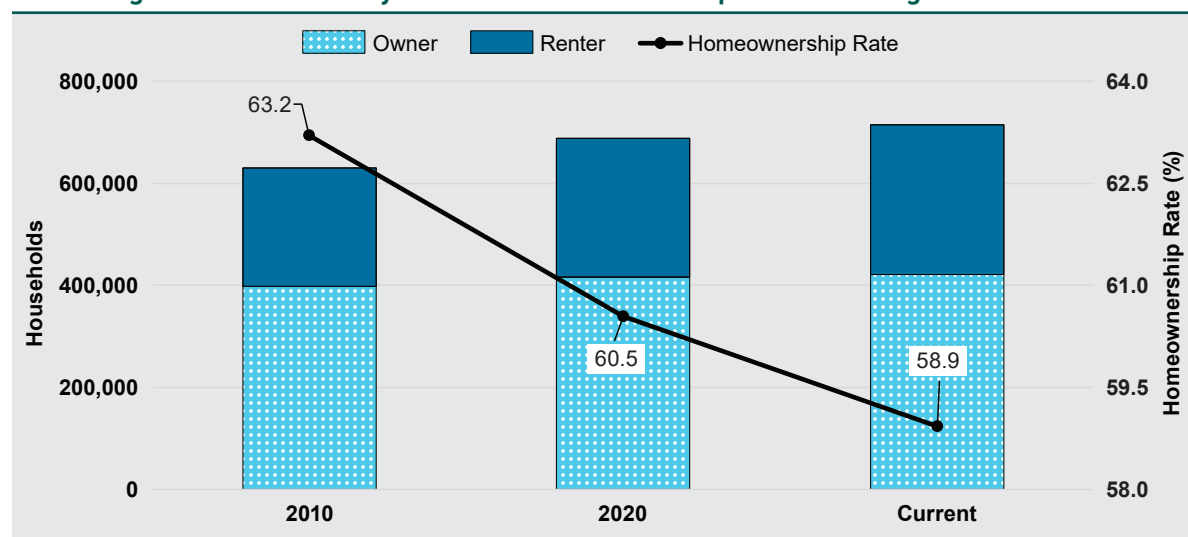
Net natural change in the HMA from 2010 to 2014 averaged 9,600 people annually before slowing thereafter. The slowdown in net natural change was due to significant increases in resident deaths and decreases in resident births, which was similar to national trends. From July 2014 to July 2020, resident deaths in the HMA rose by an average of 320, or 2.3 percent, annually, whereas resident births declined by an average of 260, or 1.2 percent, annually. From July 2020 to July 2022, net natural change averaged 2,725 people annually, down 63 percent from an average of 7,400 people annually from July 2014 to July 2020. The strong decline was largely due to COVID-19-related deaths. Since July 2022,

however, the number of COVID-19-related deaths has decreased significantly as many residents received the COVID-19 vaccine, contributing to the partial rebound in net natural change.

## Household Trends

Household growth trends in the HMA have been similar to population growth trends, with the rate of growth slowing since 2020 relative to the previous decade. The HMA currently has an estimated 715,200 households, representing an average annual increase of 5,925 households, or 0.8 percent, since 2020. By comparison, the number of households was up by an average of 5,775, or 0.9 percent, annually from 2010 to 2020. The slowdown in household growth since 2020 has been less pronounced compared with population growth, partially because of the economic assistance payments during the early stages of the pandemic that allowed new households to form at a faster pace. Since 2020, the number of renter households has increased an average of 1.7 percent annually compared with an average annual 0.3-percent rise in the number of owner households. Because of the faster growth rate of renter households, the homeownership rate in the HMA declined from 60.5 percent in 2020 to a current estimate of 58.9 percent (Figure 6). Household growth in the HMA has generally exceeded population

**Figure 6. Households by Tenure and Homeownership Rate in the Virginia Beach HMA**



Note: The current date is November 1, 2024.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

growth since 2010, partially because of a significant increase in the share of young professionals, who tend to have smaller households.

## Student Households

Eight of the 11 colleges and universities in the HMA provide housing for students. Total student enrollment at those eight schools is approximately 60,750 (NCES). Enrollment rose an average of 1 percent annually from 2021 to 2023 and was relatively unchanged from 2011 to 2021. Approximately 18,100 enrolled students, or 30 percent, live on campus in dormitories. Of the remaining students, an estimated 95 percent reside in the HMA, and student households account for an estimated 5 percent of all renter households.

## Military Households

Approximately 96,850 active-duty military personnel assigned to the nine major military installations reside in the HMA, a number that has changed little in recent years. Approximately 23 percent of all military personnel at

these installations reside in barracks on base. Of the remaining personnel, an estimated 95 percent reside in the HMA, with military households accounting for approximately 6 percent of all households.

## Forecast

During the 3-year forecast period, the population of the HMA is expected to increase by an average of 3,325, or 0.2 percent, annually, reaching 1.79 million by November 1, 2027. Population growth is expected to be relatively steady during all 3 years of the forecast period, and all growth is expected to be due to net natural change, which will more than offset small net out-migration. Similar to recent trends, household growth in the HMA is anticipated to outpace population growth during the forecast period because of continued declines in the average household size. During the next 3 years, the number of households is expected to increase by an average of 4,000, or 0.6 percent, annually, reaching an estimated 727,200 households.



# Home Sales Market

## Market Conditions: Slightly Tight but Easing

New and existing home sales in the Virginia Beach HMA have decreased since 2022 compared with strong increases during 2020 and 2021.

## Current Conditions

The sales housing market in the HMA is currently slightly tight, but conditions are easing. The vacancy rate is estimated at 1.2 percent, down from 1.7 percent in 2020 and 2.5 percent in 2010 (Table 4). In October 2024, the HMA had 2.1 months of housing inventory available for sale, up slightly from 1.9 months of inventory in October 2023, and the average number of days a home was on the market was 34, up 31 percent from the average of 26 days a year ago (Redfin, a national real estate brokerage). Sales market conditions were slightly soft in 2010 following the Great Recession. However, conditions transitioned to balanced by 2011, reflecting steadily improving economic conditions, and the sales market remained balanced through mid-2020. Sales market conditions tightened beginning in mid-2020 because of a significant reduction in the number of homes listed for sale during the early stages of the COVID-19 pandemic. Conditions continued to tighten from late 2020 through 2021, largely because of a surge in homebuying demand, helped by low

Table 4. Home Sales Quick Facts in the Virginia Beach HMA

Home Sales Quick Facts	Virginia Beach HMA		Nation
	Vacancy Rate	1.2%	NA
	Months of Inventory	2.1	2.9
	Total Home Sales	27,950	4,982,000
	1-Year Change	-5%	-1%
	New Home Sales Price	\$492,900	\$559,500
	1-Year Change	2%	0%
	Existing Home Sales Price	\$396,900	\$503,300
	1-Year Change	7%	7%
	Mortgage Delinquency Rate	1.0%	1.0%

NA = data not available.  
Notes: The vacancy rate is as of the current date; home sales and prices and months of inventory are for the 12 months ending October 2024; and mortgage delinquency data are as of August 2024. The current date is November 1, 2024.  
Sources: Vacancy rate—estimates by the analyst; home sales and prices and months of inventory—Redfin, a national real estate brokerage; mortgage delinquency rates—CoreLogic, Inc.

mortgage interest rates. However, mortgage interest rates increased significantly during 2022 and stayed elevated through 2024, causing home sales to plummet and sales market conditions to ease. During the 12 months ending October 2024, the average interest rate for a 30-year fixed-rate mortgage was 6.8 percent, up slightly from 6.7 percent during the same period a year ago and significantly greater than the average 3.0-percent rate during 2020 and 2021 (Freddie Mac). By comparison, the average annual rate ranged from 3.6 to 4.5 percent from 2015 through 2019.

## Seriously Delinquent Mortgages and Real Estate Owned Properties

In August 2024, 1.0 percent of home loans in the HMA were seriously delinquent or had transitioned to real estate owned (REO) status, unchanged from August 2023 (CoreLogic, Inc.). The rate increased from 1.6 percent in March 2020 to 4.7 percent in August 2020 as the number of home loans that were 90 or more days delinquent more than tripled, largely because some households were unable to make mortgage payments during the pandemic because of unemployment or loss of income. With the recovery of jobs, more households caught up on payments. As a result, the number of home loans 90 or more days delinquent has declined 82 percent since August 2020. The current rate of home loans in the HMA that are seriously delinquent or in REO status is above the 0.7-percent rate in Virginia but is the same as the national rate.





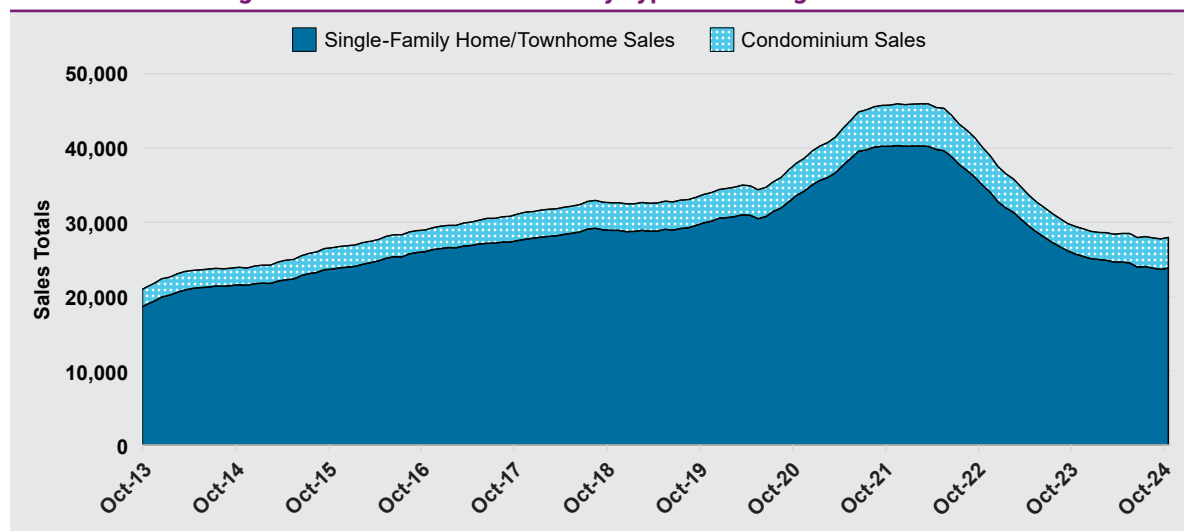
## Single-Family Home and Townhome Sales

Because of high interest rates, sales of new and existing single-family homes and townhomes have declined significantly since 2022 compared with strong increases during 2020 and 2021, when interest rates were low. During the 12 months ending October 2024, approximately 23,800 new and existing single-family homes and townhomes were sold in the HMA, representing a decrease of 1,900 homes, or 7 percent, compared with the 12 months ending October 2023, when home sales were down 27 percent from the same period a year earlier (Redfin, a national real estate brokerage). Since 2022, home sales have declined an average of 17 percent annually compared with an average annual 15-percent rise during 2020 and 2021. The current level of sales is the lowest since 2014 and is 41 percent below the recent peak of 40,250 homes sold during 2021. Figure 7 shows the 12-month sales totals by unit type in the HMA since 2013. Figure 8 shows the distribution of new and existing home sales by price range during the 12 months ending October 2024.

## Condominium Sales

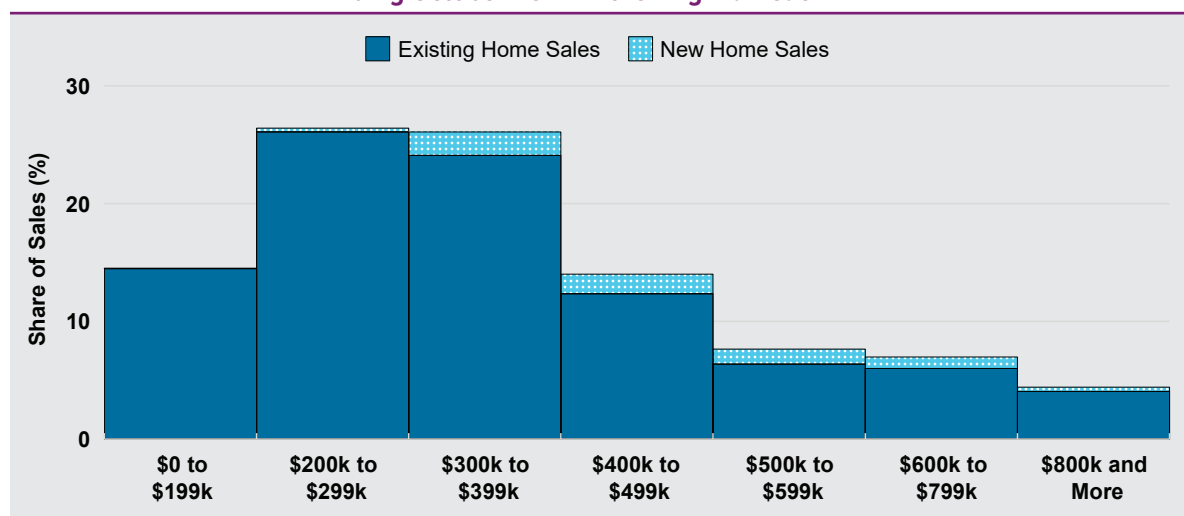
Sales of new and existing condominiums increased during the past year, following large declines during the previous 2 years. The rise in condominium sales during the past year contrasted with the decline in single-family home and townhome sales, partially attributed to stronger demand for smaller, lower priced units. Some homebuyers were priced out of

**Figure 7. 12-Month Sales Totals by Type in the Virginia Beach HMA**



Source: Redfin, a national real estate brokerage

**Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending October 2024 in the Virginia Beach HMA**



Note: New and existing home sales include single-family homes, townhomes, and condominiums.

Source: Zonda

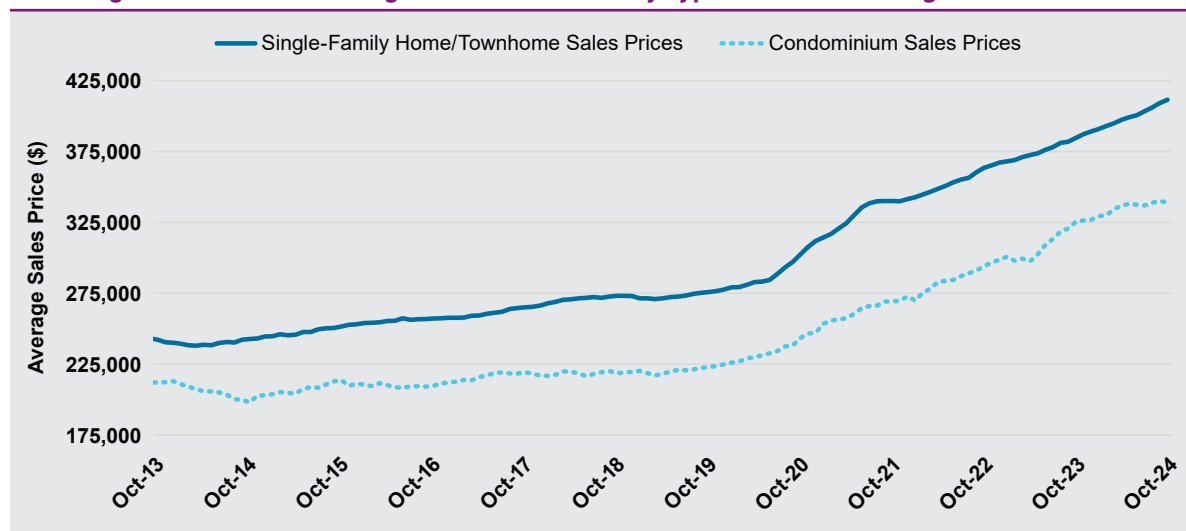
the market for the higher priced single-family homes and townhomes because of recent strong increases in home sales prices. During the 12 months ending October 2024, approximately 4,150 new and existing condominiums were sold, representing an increase of 430 units, or 12 percent, from a year ago. By comparison, condominium sales declined an average of 19 percent annually during 2022 and 2023, following average annual 20-percent increases during 2020 and 2021. Despite the recent increase, the current level of sales is still 26 percent below the recent peak of 5,625 condominiums sold during 2021 but 11 percent higher than the average of 3,750 units sold annually from 2017 through 2019, before the pandemic.

## Home Sales Prices

Despite recent declines in home sales, the average price of new and existing single-family homes and townhomes in the HMA continued to increase at a strong pace, largely attributed to sales market conditions staying slightly tight. During the 12 months ending October 2024, the average price of new and existing single-family homes and townhomes increased 7 percent from the previous 12-month period to \$411,400, which is an all-time high. The average home price has increased an average of 7 percent annually since 2022, slowing from an average annual 11-percent rise during 2020 and 2021, when home sales demand was surging. By comparison, the average home price rose an average of 3 percent annually from 2015 through 2019.

The average price of new and existing condominiums has increased in each of the past 10 years. During the 12 months ending October 2024, the average price of new and existing condominiums increased 4 percent to \$338,900, slowing from an average annual 10-percent rise from 2020 through 2023. By comparison, the average home price was up an average of 2 percent annually from 2015 through 2019. Figure 9 shows the 12-month average home price by unit type in the HMA since 2013.

**Figure 9. 12-Month Average Home Sales Price by Type of Sale in the Virginia Beach HMA**



Source: Redfin, a national real estate brokerage

## Sales Construction Activity

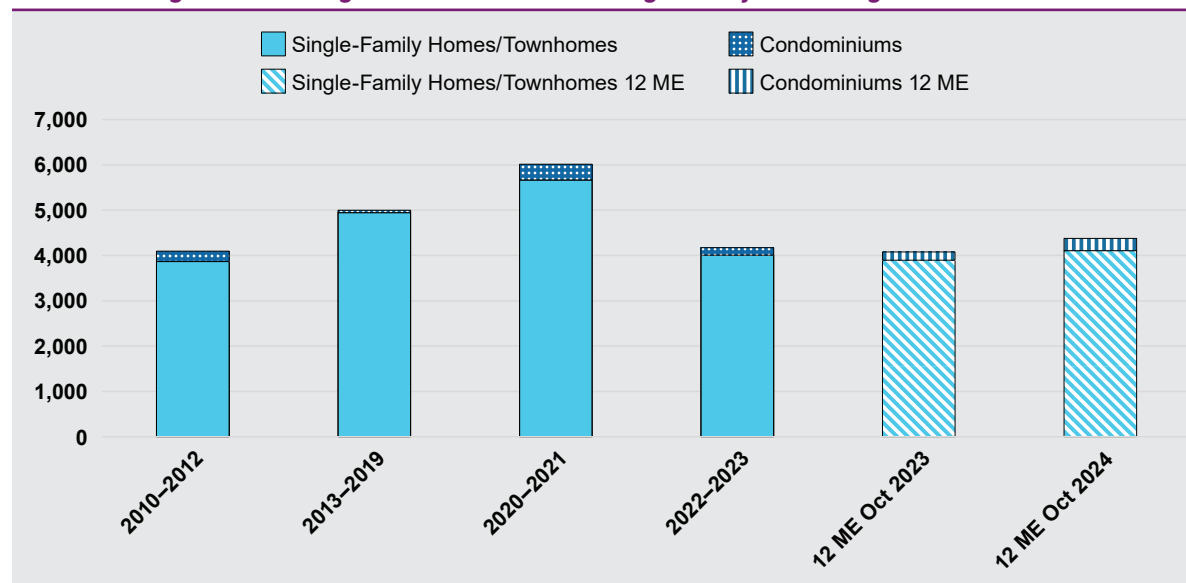
The decline in single-family homes and townhomes more than offset the increase in condominium sales, leading to a decline in total home sales. In response to the weak sales demand, construction of sales units in the HMA, as measured by the number of single-family homes, townhomes, and condominiums permitted (see [building permits](#)), has been relatively limited since 2022. During 2022 and 2023, an average of 4,175 sales units were permitted annually, down 31 percent from the average of 6,025 sales units permitted annually during 2020 and 2021 (Figure 10). By comparison, an average of 5,000 sales units were permitted annually from 2013 through 2019, which was up 22 percent from the average of 4,100 sales units permitted annually from 2010 through 2012. During the 12 months ending October 2024,

approximately 4,375 sales units were permitted, up 7 percent compared with the 12 months ending October 2023 (preliminary data, with adjustments by the analyst). The increase in sales permitting activity during the past year is partially attributed to continued low levels of for-sale housing inventory. Since 2020, approximately 5 percent of all sales units permitted in the HMA has been for condominiums, up from 1 percent of all sales units permitted from 2012 through 2019.

## New Construction

Recent construction activity has occurred throughout the HMA and has mostly been for single-family homes and townhomes, although a small but significant share of the construction has been for condominium units. Recent developments include Creekside Reserve, a single-family-home community in the northeast part of the city of Suffolk. Of the 53 homes planned at this community, 2 have been completed, 16 are under construction, and the remaining homes are expected to be built within the next 2 years. Prices for the three- and four-bedroom homes start at \$504,000 and \$512,000, respectively. In the southeast part of the city of Chesapeake, construction is underway at the single-family-home community of Sanderson Estates. Approximately 30 of the planned 50 homes have been completed since mid-2023, and the remaining homes are expected to be completed within the next year. Woodland Park is a townhome community in the city of Portsmouth.

**Figure 10. Average Annual Sales Permitting Activity in the Virginia Beach HMA**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Approximately 40 of the planned 197 townhomes in this community have been completed since mid-2023, and the remaining homes are expected to be built as they sell. Prices for the two- and three-bedroom townhomes start at \$279,200 and \$330,000, respectively.

## Housing Affordability

Homeownership in the HMA has become much less affordable since 2022. Although the average annual 7-percent increase in the median income from 2022 through June 2024 (the most recent data available) matched the 7-percent rise in the average home price during this period, a substantial increase in the mortgage interest rate caused the monthly cost of a home purchase to rise faster than monthly income (Redfin, a national real estate brokerage; National Association of Home Builders/Wells Fargo). During the 12 months ending June 2024, the estimated monthly mortgage payment for an average-priced home in the HMA was \$2,084, representing an average annual 28-percent rise since 2022. By comparison, the estimated monthly mortgage payment increased an average of 4 percent annually from 2017 through 2021, the same as the average annual 4-percent rise in the median income.

Forecast

During the 3-year forecast period, demand is estimated for 11,000 new single-family homes, townhomes, and condominiums (Table 5). The 1,900 sales units under construction will satisfy some of that demand. Demand is expected to strengthen each year of the forecast period as economic conditions continue to improve.

Table 5. Demand for New Sales Units in the Virginia Beach HMA During the Forecast Period

Sales Units	
Demand	11,000 Units
Under Construction	1,900 Units

Note: The forecast period is November 1, 2024, to November 1, 2027.  
Source: Estimates by the analyst





# Rental Market

## Market Conditions: Slightly Soft

Rental market conditions in the Virginia Beach HMA have softened since 2022, reversing the trend of tightening conditions from mid-2020 through 2021.

## Rental Market Conditions and Recent Trends

The rental housing market in the HMA is currently slightly soft. The vacancy rate is estimated at 6.8 percent, up slightly from 6.6 percent in 2020 but down from the 7.6-percent rate in 2010 (Table 6). The rental market was generally slightly soft from 2010 through 2017. However, despite continued strong net out-migration, rental market conditions transitioned to balanced from 2018 through mid-2020, largely due to more residents choosing to live in and around the city of Norfolk, where rental housing is more prevalent, partly because of the redevelopment of the downtown district. Market conditions tightened from mid-2020 through 2021, partially because of state and federal eviction protection policies during the COVID-19 pandemic and economic assistance payments to renter households that contributed to stronger demand for rental units. In addition, increased demand for living space led to renter households forming at a faster pace. However, rental market conditions have softened since 2022 because of the lifting of eviction protections

Table 6. Rental and Apartment Market Quick Facts in the Virginia Beach HMA

Rental Market Quick Facts	2020 (%)	Current (%)		
	Rental Vacancy Rate	6.6	6.8	
	2009–2013 (%)		2019–2023 (%)	
	Occupied Rental Units by Structure			
	Single-Family Attached & Detached	40	36	
	Multifamily (2–4 Units)	15	16	
	Multifamily (5+ Units)	43	46	
	Other (Including Mobile Homes)	2	2	
Apartment Market Quick Facts	3Q 2024		YoY Change	
	Apartment Vacancy Rate		6.6	0.2
	Average Rent		\$1,519	3%
	Studio	\$1,270	4%	
	One-Bedroom	\$1,367	3%	
	Two-Bedroom	\$1,536	2%	
	Three-Bedroom	\$1,892	3%	

3Q = third quarter. YoY = year-over-year.  
Notes: The current date is November 1, 2024. Percentages may not add to 100 due to rounding.  
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2009–2013 and 2019–2023 American Community Survey 5-year data; apartment data—CoStar Group

and the end of assistance payments, causing the absorption of rental units to slow considerably. During the 5-year period from 2019 through 2023, approximately 36 percent of all renter households lived in single-family homes, down from 40 percent during the 5-year period from 2009 through 2013 (American Community Survey 5-year data). In addition, 16 percent of renter households lived in structures with two to four units, up slightly from 15 percent from 2009 through 2013. Multifamily buildings with five or more units, typically apartments, accounted for 46 percent of all occupied rental units from 2019 through 2023, up from 43 percent from 2009 through 2013.

## Apartment Market Conditions

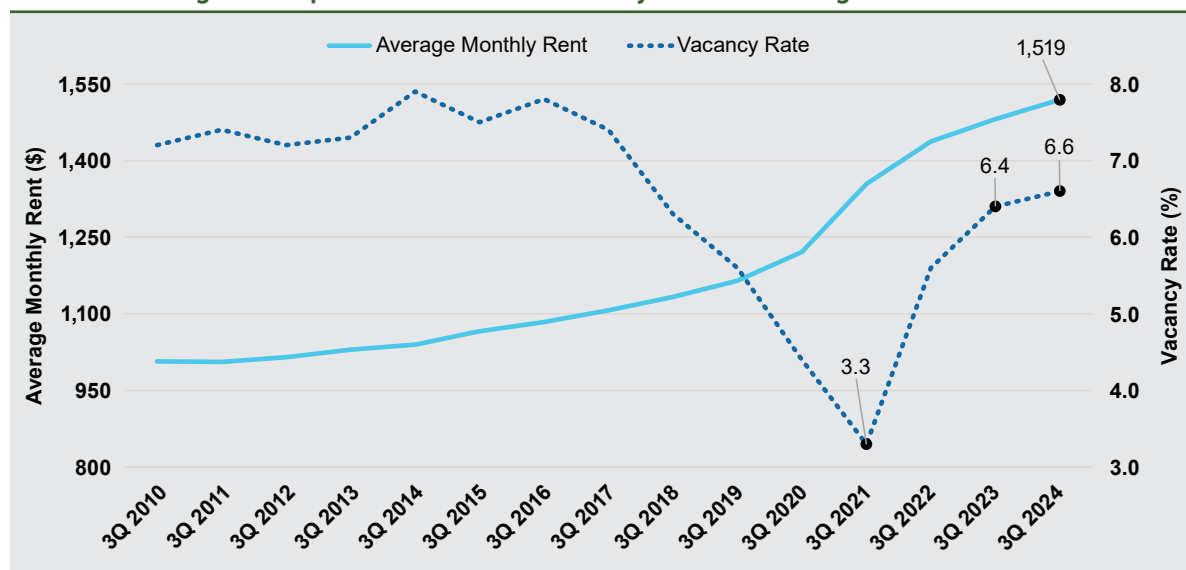
Apartment market conditions in the HMA are slightly soft compared with balanced conditions in 2020. As of the third quarter of 2024, the apartment vacancy rate was 6.6 percent, up slightly from 6.4 percent a year ago (CoStar Group; Figure 11). Apartment vacancies exceeded 7.0 percent in every third quarter from 2010 through 2017 before declining each year from 2018 through 2021, reaching 3.3 percent as of the third quarter of 2021,



the lowest third quarter rate in more than 20 years. Conditions in the apartment market have softened during the past 3 years because of a slowdown in the number of apartment units being absorbed. Since 2022, an average of 710 apartment units have been absorbed annually, down from the average of 2,875 units absorbed annually from 2018 through 2021.

Vacancy rates were up or relatively unchanged in 8 of the 15 CoStar Group-defined market areas (hereafter, market areas) that make up the HMA. In the Norfolk City market area—which includes Naval Station Norfolk, the largest military installation in the HMA, with more than 82,000 active-duty military personnel, and Old Dominion University—the vacancy rate increased from 6.4 percent as of the third quarter of 2023 to 8.4 percent as of the third quarter of 2024—the highest third quarter rate since 2005. The rise in the vacancy rate during the past year was because of a surge in the number of newly completed apartments. During the 12 months ending September 2024, approximately 1,375 new market-rate apartments entered the market, which is more than three times the average of 400 units completed annually in corresponding periods from 2020 through 2023. In the Virginia Beach market area, which is home to four military installations, the vacancy rate as of the third quarter of 2024 was 4.7 percent, down from 5.9 percent a year ago. The decline was due to the absorption of 1,025 market-rate apartment units more than offsetting the 650 new units completed.

**Figure 11. Apartment Rents and Vacancy Rates in the Virginia Beach HMA**



3Q = third quarter.  
Source: CoStar Group

In response to apartment market conditions softening, apartment rent growth slowed in each of the past 3 years. As of the third quarter of 2024, the average apartment rent in the HMA was \$1,519, up less than 3 percent from the third quarter of 2023, when the average rent rose more than 3 percent from the same period a year earlier. By comparison, the average rent was up 6 percent year over year as of the third quarter of 2022, following an 11-percent rise a year earlier. Despite softer market conditions, average rents were up at least 2 percent in all market areas in the HMA, led by a 5-percent increase in the Williamsburg market area. In the Virginia Beach and Norfolk City market areas—which include a combined 48 percent of all market-rate apartment units in the HMA—the average rents increased 2 percent in both areas to \$1,658 and \$1,381, respectively.

## Rental Construction Activity

In response to softening apartment market conditions, rental construction activity, as measured by the number of rental units permitted, slowed significantly during the past year. During the 12 months ending October 2024, approximately 1,775 rental units were permitted, down 37 percent compared with a year ago (preliminary data, with adjustments by the analyst). From 2013 through 2018, an average of 3,000

rental units were permitted annually, up from the average of 1,900 units permitted annually from 2010 through 2012 (Figure 12). In response to declining vacancy rates, rental permitting activity during 2019 and 2020 increased to an average of 3,475 rental units permitted annually before slowing to an average of 2,975 units permitted annually from 2021 through 2023.

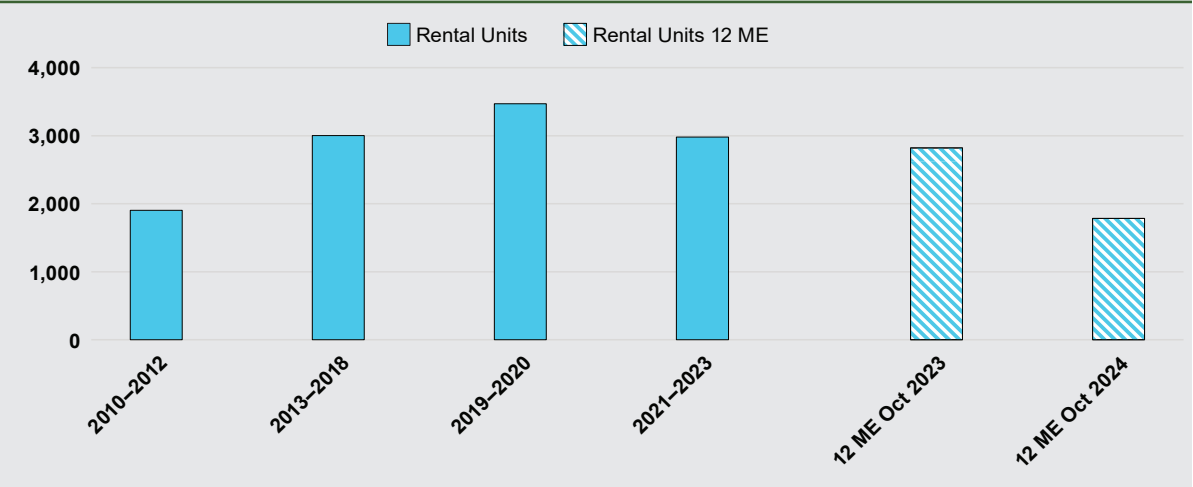
### New Construction

Recent construction activity has been largely concentrated in the Norfolk City and Virginia Beach market areas. The 295-unit Livano Norfolk in the Norfolk City market area was completed in mid-2024. Rents for the studio, one-bedroom, two-bedroom, and three-bedroom units start at \$1,525, \$1,750, \$2,175, and \$2,525, respectively. In the Virginia Beach market area, the 241-unit Pinnacle on 31st Street was completed in early 2024. Rents for one-, two-, and three-bedroom units start at \$1,950, \$2,450, and \$3,050, respectively. The Westerly at Benn’s Grant is a 240-unit apartment community in the Isle of Wight market area. Construction of this community was completed in early 2024, and rents for one-, two-, and three-bedroom units start at \$1,675, \$1,925, and \$2,425, respectively.

### Student Housing

The HMA contains eight colleges and universities that house students. The students residing off campus represent an estimated 13,500 renter households in the HMA, accounting for approximately 5 percent of all renter households.

Figure 12. Average Annual Rental Permitting Activity in the Virginia Beach HMA



12 ME = 12 months ending.  
Note: Includes apartments and units intended for rental occupancy.  
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Construction of Midtown Row, a privately owned apartment community targeted to students, was completed in late 2021 near the College of William and Mary campus in the Williamsburg market area. The 240 furnished units in this community are rented by the bedroom, and rents start at \$1,975 for one-bedroom units, \$1,400 per bedroom for two-bedroom units, \$1,275 per bedroom for three-bedroom units, and \$1,150 per bedroom for four-bedroom units.

### Forecast

During the 3-year forecast period, demand is estimated for 6,175 new rental units in the HMA (Table 7). Demand is expected to be relatively steady during the forecast period. Because the 1,800 units under construction will satisfy all demand during the first year however, the timing of additional new supply should be targeted to be completed during the second and third years of the forecast period.

Table 7. Demand for New Rental Units in the Virginia Beach HMA During the Forecast Period

Rental Units	
Demand	6,175 Units
Under Construction	1,800 Units

Note: The forecast period is November 1, 2024, to November 1, 2027.  
Source: Estimates by the analyst

# Terminology Definitions and Notes

## A. Definitions

<b>Absorption</b>	The net change, positive or negative, in the number of occupied units in a given geographic range.
<b>Apartment Vacancy Rate/Average Monthly Rent</b>	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. A property is stabilized once it reaches an occupancy rate of 90 percent or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.
<b>Building Permits</b>	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.
<b>Demand</b>	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.
<b>Forecast Period</b>	11/1/2024–11/1/2027—Estimates by the analyst.
<b>Great Recession</b>	The Great Recession occurred nationally from December 2007 to June 2009.
<b>Monthly Mortgage Payment</b>	The estimated monthly mortgage payment was calculated using the average home sales price and 30-year fixed-rate mortgage interest rate during the past 12 months, assuming a 20-percent down payment.



<b>Home Sales/ Home Sales Prices</b>	<b>Includes new and existing single-family home, townhome, and condominium sales.</b>
<b>Net Natural Change</b>	<b>Resident births minus resident deaths.</b>
<b>Rental Market</b>	<b>Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.</b>
<b>Seriously Delinquent Mortgages</b>	<b>Mortgages 90 or more days delinquent or in foreclosure.</b>

#### **B. Notes on Geography**

<b>1.</b>	<b>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.</b>
-----------	--

#### **C. Additional Notes**

<b>1.</b>	<b>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.</b>
<b>2.</b>	<b>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.</b>



D. Photo/Map Credits

Cover Photo	Adobe Stock
-------------	-------------

Contact Information

Joseph Shinn, Regional Economist  
Philadelphia HUD Regional Office  
215-430-6683  
joseph.j.shinn@hud.gov

