



THE FREDERICKSBURG  
AREA ASSOCIATION OF  
REALTORS® 2017 MULTI-  
UNIT HOUSING STUDY



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## **1. Executive Summary**

The 2017 Multi-Unit Housing Study is broadly divided into two parts. The first part explores the current status of multi-unit housing in the Fredericksburg region. In order to gather data, a survey was sent to the apartment managers of identified complexes in the region. The survey consisted of questions like condition of the apartment, pricing structure, vacancies, and available amenities.

### **Key Findings**

- The average units in an apartment complex is 224 while the vacancy average is 9 units. The minimum and maximum range of units among the survey respondents were 108 and 576 and the vacancy rate is approximately 5%.
- The survey respondents reported that the apartments were built between 1968 and 2016, while most apartments were built before 2000.
- Most apartment complexes have one-bedroom and two-bedroom units. Only one apartment surveyed has studio units. Out of the 20 responses, 19 apartments offer one and two-bedroom apartments, while 14 apartments have three- or more bedroom apartments. The average number of one-bedroom units is 70, two-bedroom units is 125 and three- or more bedroom units is 37.
- The average rent for a one-bedroom unit is \$1,071, for a two-bedroom unit is \$1,195.04, and for a three- or more bedroom unit is \$1,384.44. Most of the survey respondents (24) indicated that apartments are in very good condition with no repairs needed. Only five respondents indicated moderate repairs.
- The respondents indicated that referral discounts are offered, but only two respondents offer rental discount of one month for long-term leases.

## **2. Introduction**

This study investigates the current status and the projected growth in multi-unit housing in the region as requested by the Fredericksburg Area Association of Realtors® (FAAR). The region is comprised of three major jurisdictions including the City of Fredericksburg, and the counties of Spotsylvania and Stafford. FAAR was founded in 1957 and is a trade association which consists of more than 1,600 Realtor® and affiliate members in the region and surrounding counties. In order to conduct the study, FAAR engaged the services of the Center for Business Research at the University of Mary Washington in Fredericksburg.

The study was conducted utilizing a survey to property managers of identified apartment complexes throughout the region with 40 or more units.

## **3. Background**

- The goal of the 2017 Multi-Unit Housing Study is to establish a baseline inventory for apartment complexes throughout the region. The results of the inventory will be shared with local elected officials and the public to inform land use and development decisions in the future.
- In addition, the study will investigate the potential for future multi-unit housing demand.

## **4. Methodology**

The scope of work used in this study consisted of the following tasks:

- Collect contact information for the property managers of apartment complexes in the City of Fredericksburg, Spotsylvania County, and Stafford County that have more than 40 units.
- Design and administration of an email survey to property managers of all identified apartment complexes in the region.

- Follow up data collection with a telephone interview for those apartment property managers who did not respond to the email survey. Data collected focused on specific housing related questions:
1. For existing single-use multi-family housing, the assessments were broken down as follows:
    - Total number of housing units in apartment complexes by individual jurisdiction
    - Address of the property
    - Year property was built and condition of the building
    - Total number of vacancies and number of vacancies by apartment type
    - Pricing structure: Price points related to number of bedrooms
    - Breakdown of total housing units by unit sizes, i.e. total number of units broken down by number of bedrooms
    - Rental rates (low to high range) for unit sizes (Lease up rates and rent concessions to gauge true demand)
    - Special restrictions of property, such as transitional housing, senior housing, and housing for disabled
  2. Demand for multi-unit development by builders and developers based on economic outlook, employment growth projections, and population growth.

## 5. Current Status of Multi-Unit Housing in the Region

Figure 1: Units and vacancies in each apartment surveyed

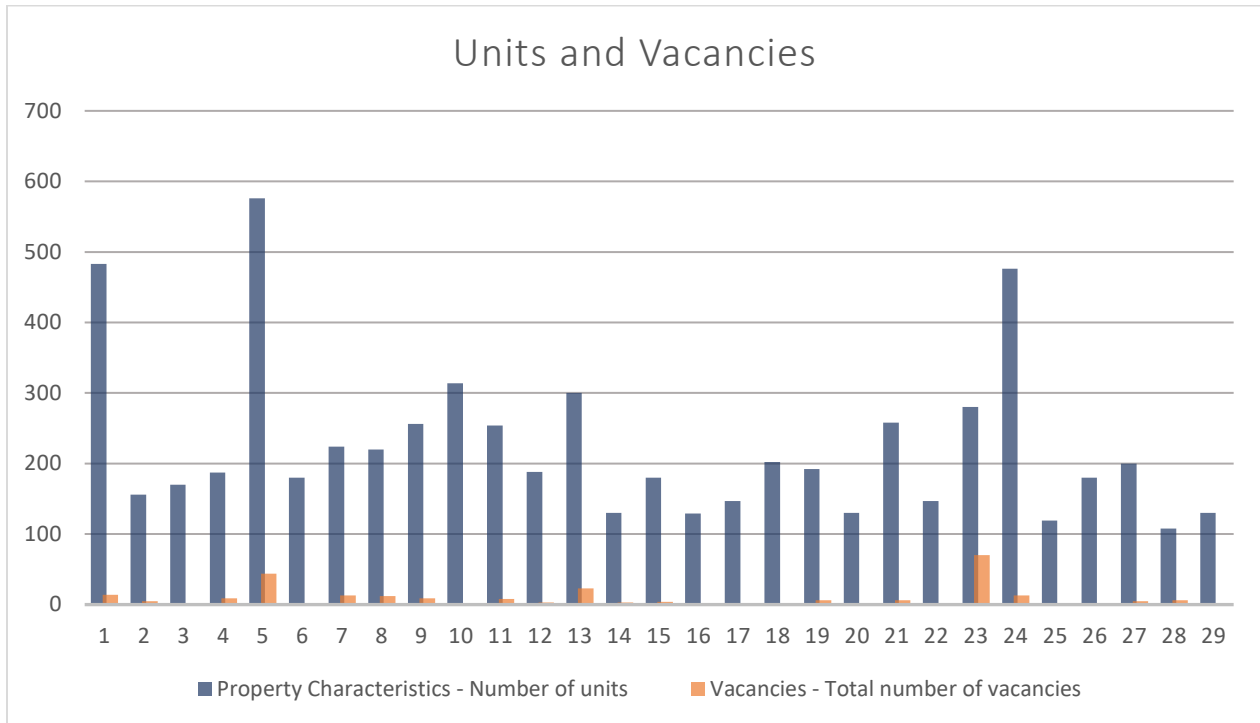
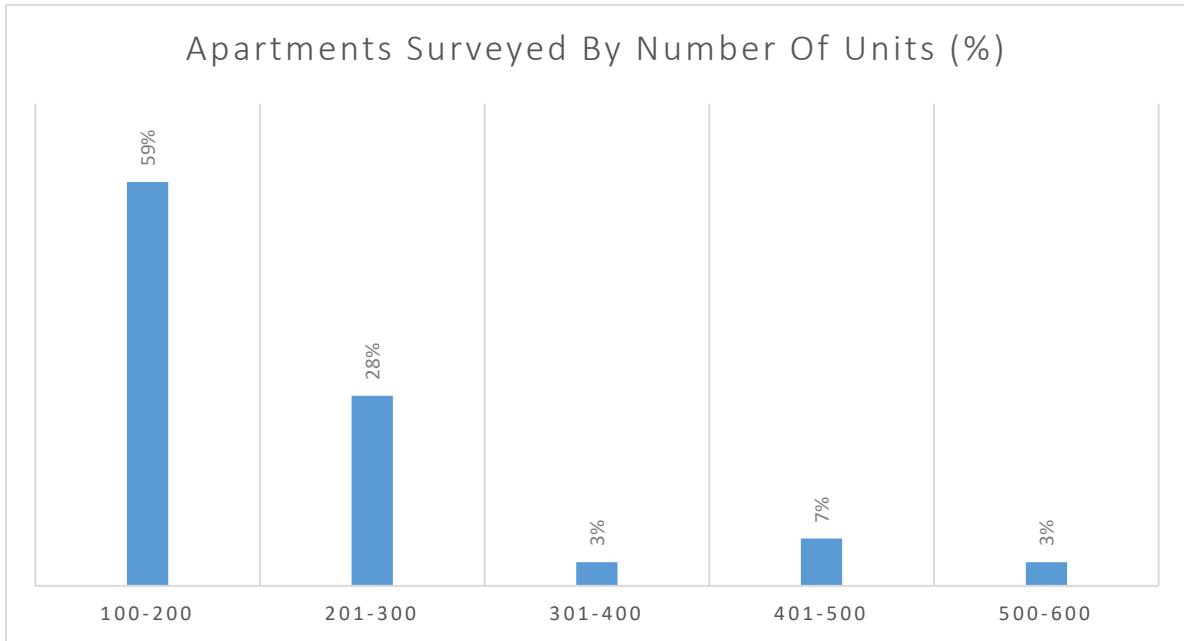


Table 1: Descriptive Statistics of the units and vacancies

Variable	n	Mean	S.D.	Min	Median	Max
Number of Units	29	224.69	114.1	108	188	576
Vacancies	28	9.21	15.02	0	5	70

Twenty-nine responses were received to the survey. Of those 29 apartment complexes to respond, the average number of units is 224 while the vacancy is about 9 units. As per the survey response, it shows a vacancy rate of approximately 5%.

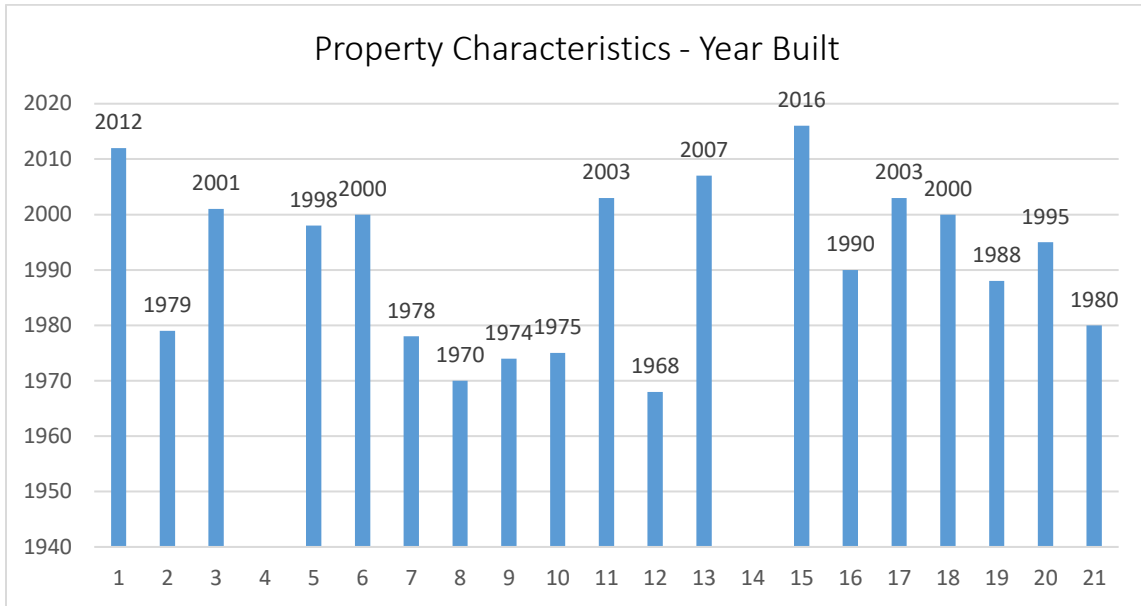
Figure 2: Apartments Surveyed By Number of Units (%)



Of those surveyed, the majority of apartments have 100- 200 units at 59%, while 28% have 201-300 units.

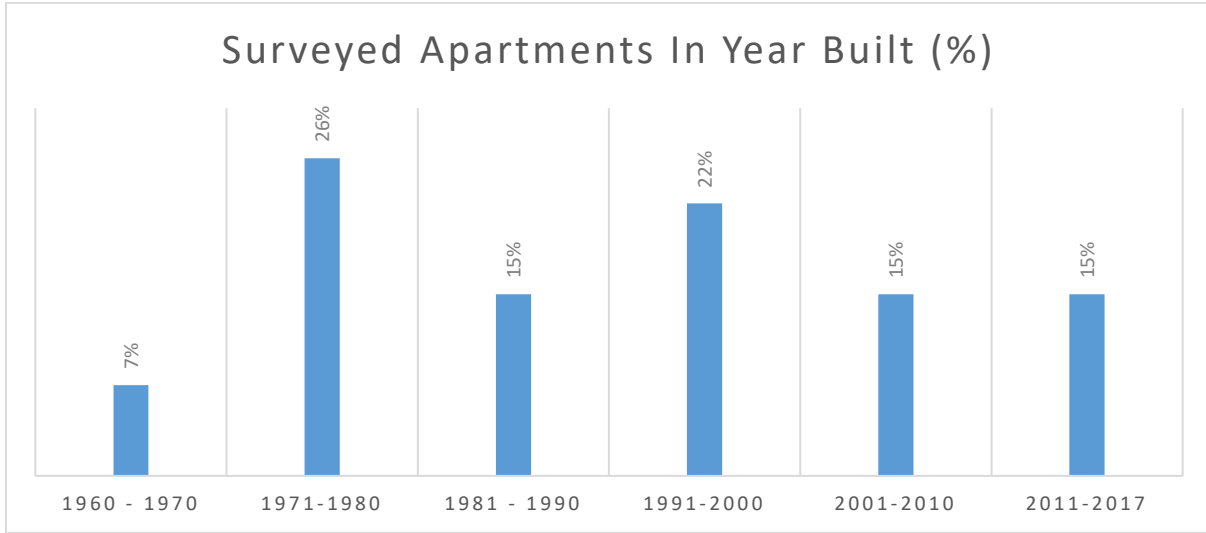


Figure 3: Year built each apartment surveyed



The apartments surveyed were built between 1968 and 2016, with 8 buildings built after 2000. The majority of apartments surveyed were built before the year 2000.

Figure 4: Surveyed Apartments in Year Built (%)



Of the apartments surveyed, 26% were built between the years 1971-1980 and 22% were built between the years 1991-2000. Almost 15% of the apartments were built in the current decade between the years 2011-2017. Only 7% of the apartments were built between 1960-1970.

Figure 5: Distribution by number of bedrooms in apartments surveyed

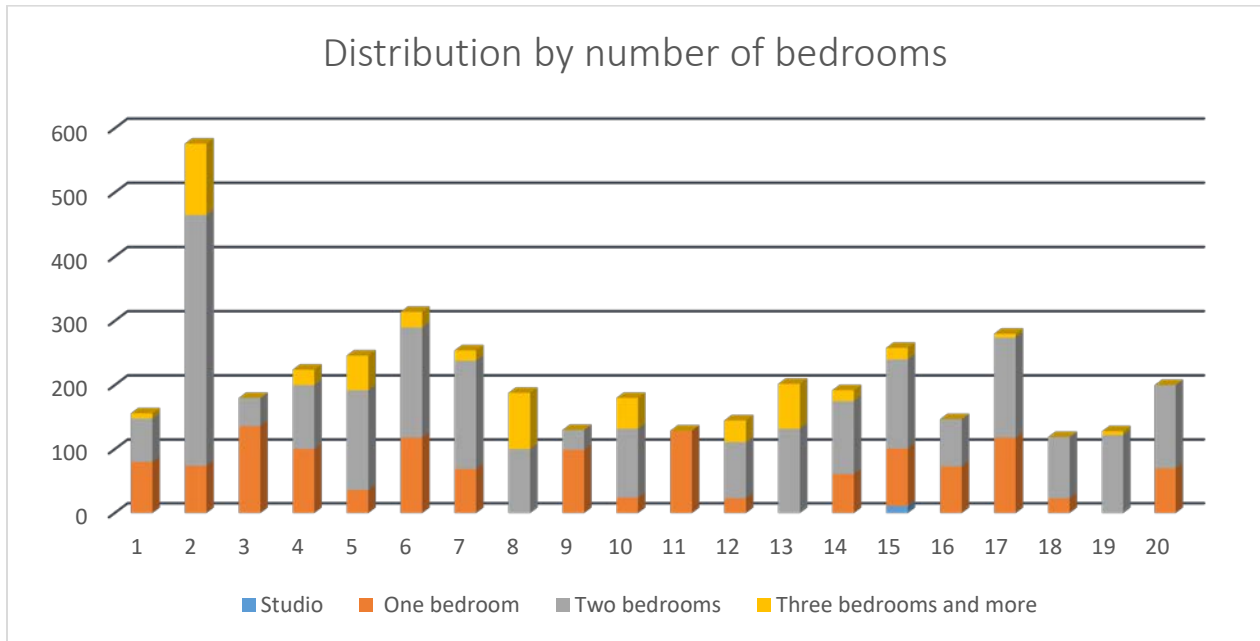
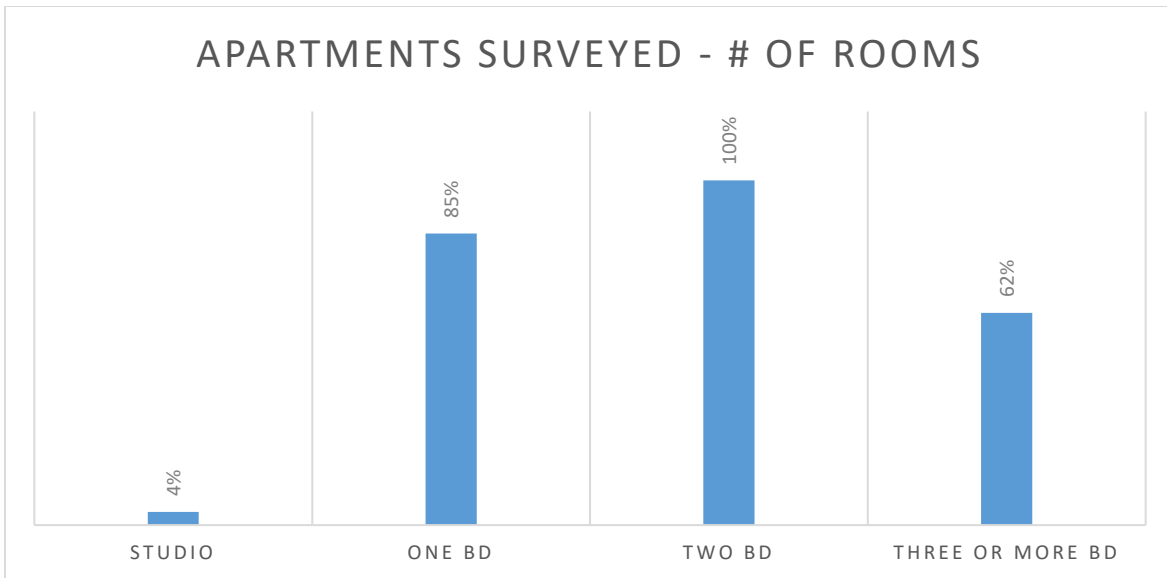


Table 2: Descriptive Statistics of the number of bedrooms in the apartments surveyed

Variable	n	Mean	S.D.	Min	Max	Max
Studio	1	11	.	11	11	11
One BD	19	69.63	42.35	0	73	136
Two BD	19	125.79	75.35	31	114	391
Three or More BD	14	37.43	32.68	6	24	111

Most apartment complexes have one-bedroom and two-bedrooms units, while one apartment offered studio units. Out of the 20 responses, 14 apartments offered three- or more bedroom units. The average number of one-bedroom units is 70 and two-bedroom units is 125.

Figure 6: Apartments Surveyed by number of bedrooms (%)



Of the apartments surveyed, all complexes have two-bedroom units, while 85% of have one-bedroom units and 62% have two-bedroom units.

Figure 7: Pricing Structure of the apartment surveyed based on the number of rooms

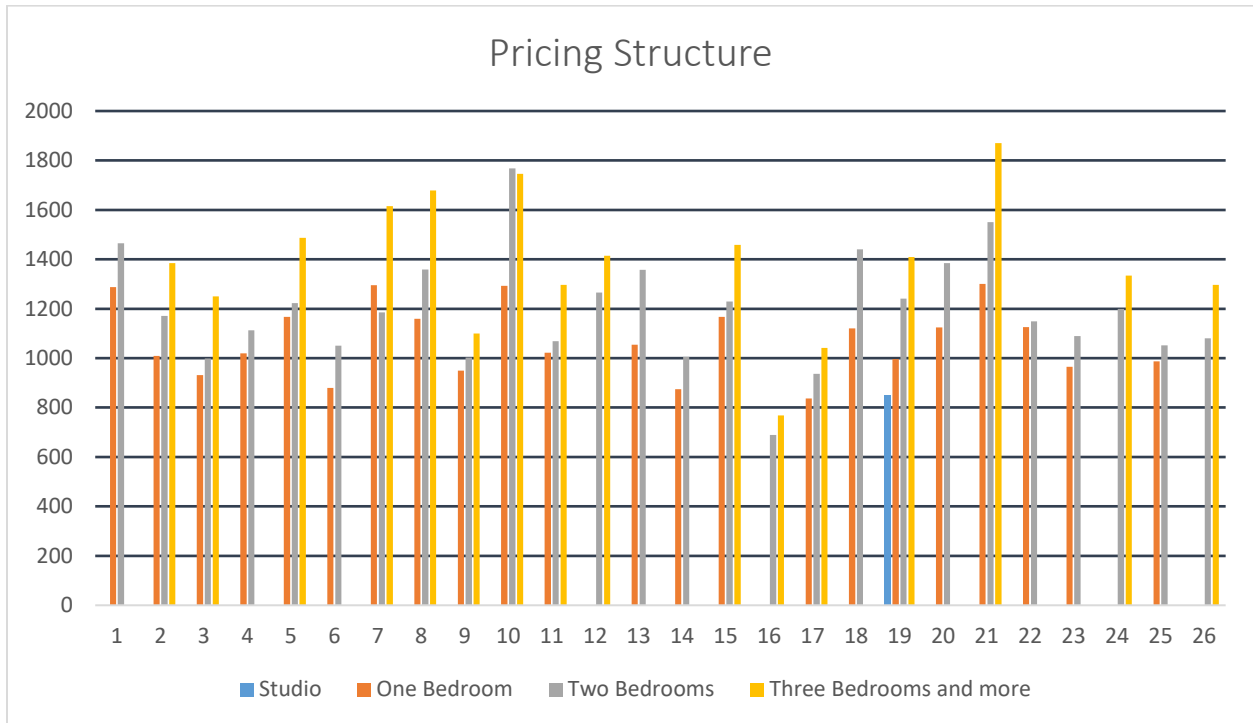
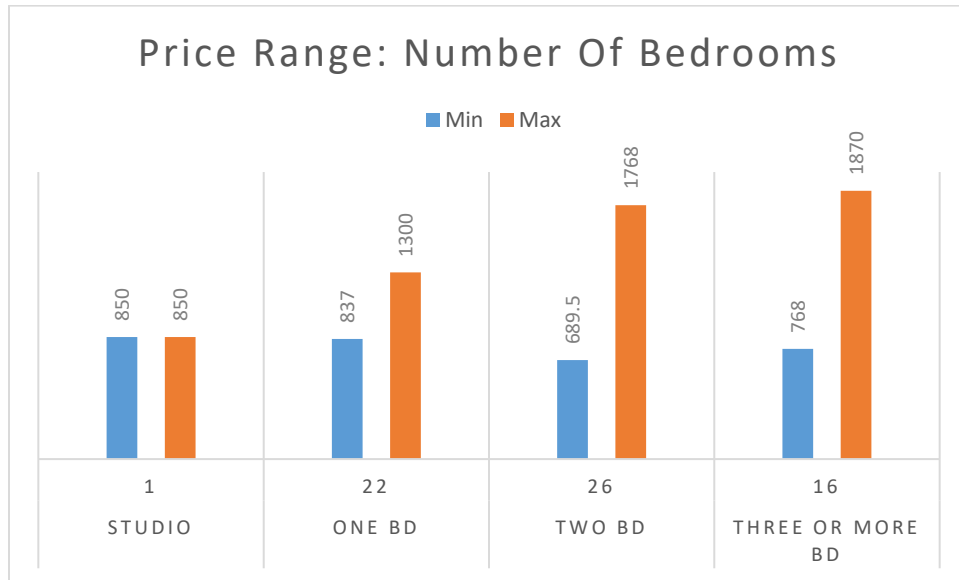


Table 3: Descriptive Statistics of the pricing structure of the apartment surveyed based on the number of rooms

Variable	n	Mean	S.D.	Min	Median	Max
Studio	1	850	.	850	850	850
One BD	22	1071.23	143.09	837	1038.5	1300
Two BD	26	1195.04	220.03	689.5	1178	1768
Three or More BD	16	1384.44	275.54	768	1396.5	1870

The average rent for a one-bedroom unit is \$1,071 a two-bedroom unit is \$1,195, and a three-bedroom or more unit is 1384.44. One apartment complex surveyed had studio units which rent for \$850.

Figure 8: Price Range: Number of Bedrooms



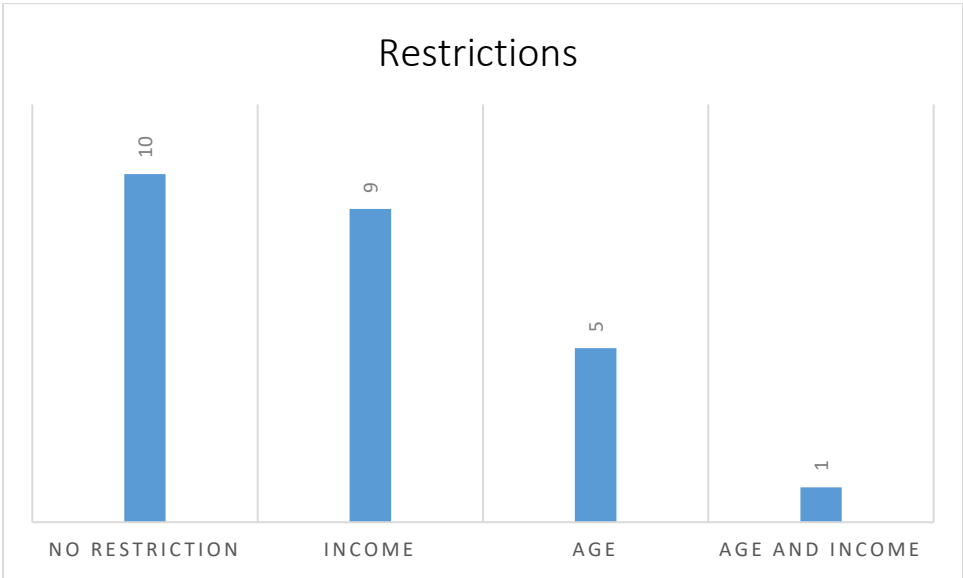
The price range for the apartments varied significantly. As per the survey respondents, one-bedroom units ranged from \$837 to \$1,300. The price range for two-bedroom unit is \$689.50 to \$1,768. The price range for three- or more bedroom units is \$768 to \$1,870.

Table 4: Condition of the Apartments

Status	Numbers of Apartments
No repairs Needed	24
Moderate Repairs Needed	5

The highest number of survey respondents (24) indicated that apartments are in very good condition with no repairs needed. Only 5 respondents indicated moderate repairs were required.

Figure 9: Restrictions



Out of the survey respondents, 10 indicated no restrictions for tenants, while 9 indicated income restriction for tenants.





## 6. Future Demand of the Multi-Unit Housing in the Region

In order to measure the future demand of multi-unit housing in the region, the study looked at four indicators including projected population growth of the region, current rental status, employment outlook, and gross domestic product of the region. These are four macro-level indicators which can give some indication about the future demand for multi-unit housing in the region.

### Population Projection

Table 6: Population Projections, Age 25-65, Both Genders

	Fredericksburg City	Spotsylvania County	Stafford County
Current Population	14,832	72,157	80,204
Population 2027	18,196	78,233	92,436
% Increase	23%	8%	15%

*Data Source: <http://jobseq.eqsuite.com/>*

Table 6 shows the projected population growth for the region. The study concentrated on the age group of 25-65 because most of the demand for multi-unit housing comes from this age group. In that group, the City of Fredericksburg population is estimated to grow by 23% from 2017 to 2027. Spotsylvania County and Stafford County population growth will be 8% and 15% respectively.

## Current Rental Vacancy

Table 7: Rental Vacancy

	Percent			Value		
	Fredericksburg City	Spotsylvania County	Stafford County	Fredericksburg City	Spotsylvania County	Stafford County
-Rental Vacancy	7.3%	6.0%	5.7%	538	654	623
-Renter Occupied housing units	65.5%	23.2%	23.9%	6,607	10,091	10,234
-Occupied housing units with no vehicle available	10.7%	1.9%	3.3%	1,075	830	1,421

*Data Source: <http://jobseq.eqsuite.com/>*

Table 7 shows the overall rental vacancy for the region. The average rental vacancy is 6% which closely tracks survey data detailed in the previous section.

## Employment

Figure 11: City of Fredericksburg Employment



Data Source: <http://jobseqsuite.com/>

As of the second quarter of 2017, total employment for the City of Fredericksburg City was 24,808 individuals (based on a four-quarter moving average). Over the year ending in the second quarter of 2017, employment declined 0.7% in the region.

Figure 12: Spotsylvania County Employment



Data Source: <http://jobseq.eqsuite.com/>

As of the second quarter of 2017, total employment for Spotsylvania County was 38,700 individuals (based on a four-quarter moving average). Over the year ending in the second quarter of 2017, employment remained steady in the region.

Figure 13: Stafford County Employment

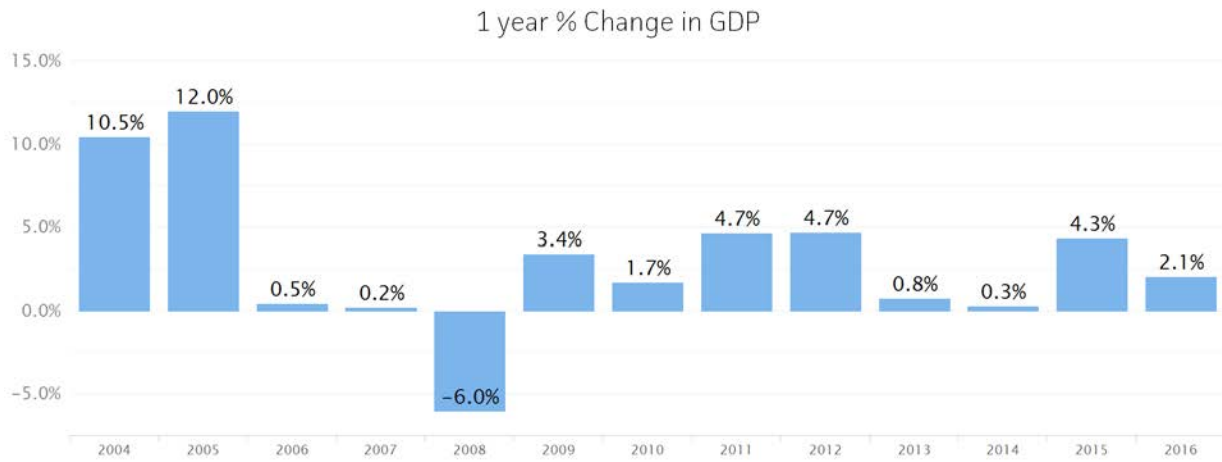


Data Source: <http://jobseqsuite.com/>

As of the second quarter of 2017, total employment for Stafford County was 46,581 individuals (based on a four-quarter moving average). Over the year ending in the second quarter of 2017, employment increased 2.3% in the region.

## Gross Domestic Product

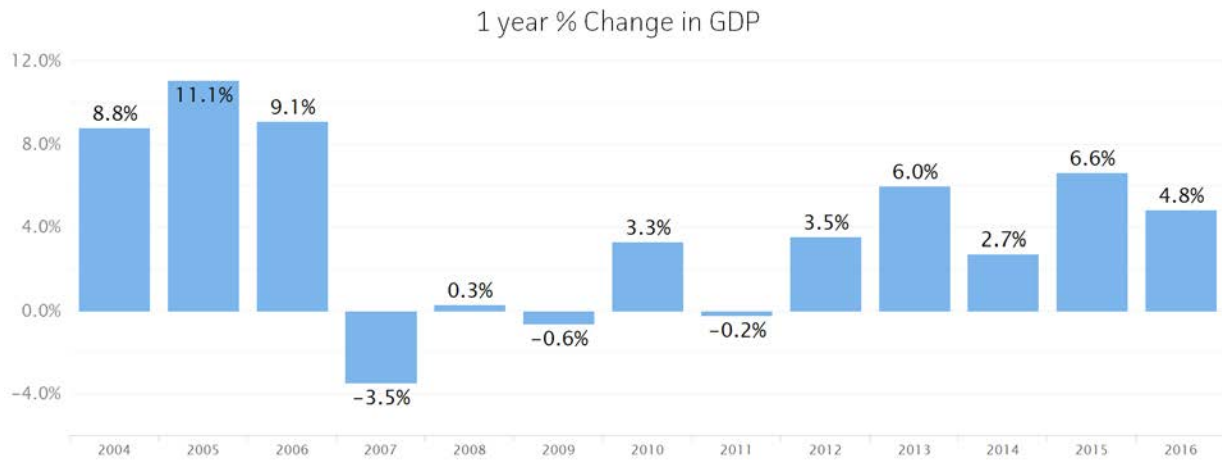
Figure 14: City of Fredericksburg GDP



Data Source: <http://jobseqsuite.com/>

In 2016, nominal GDP in the City of Fredericksburg expanded 2.1%. This follows growth of 4.3% in 2015. As of 2016, total GDP in the City was \$2,463,689,000.

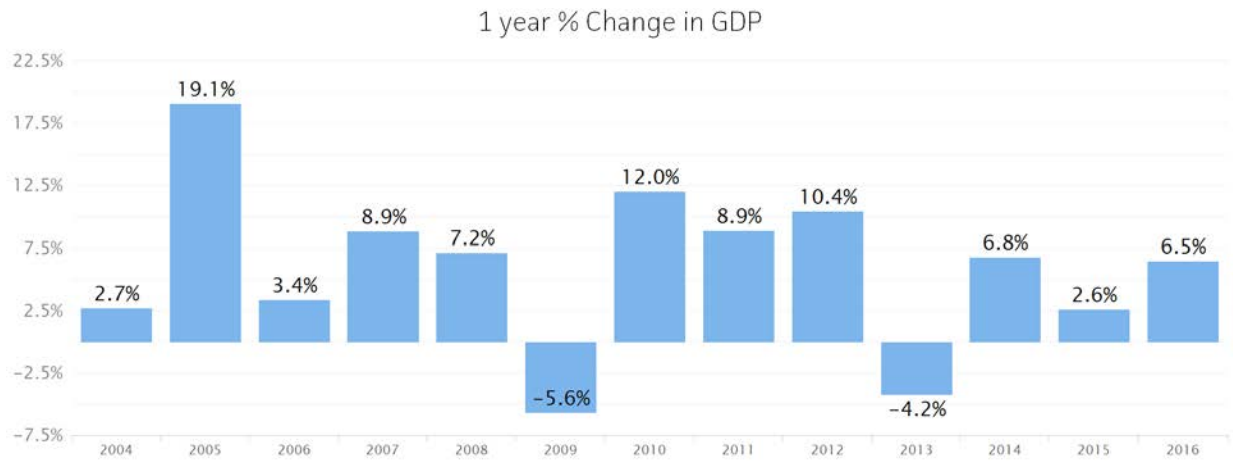
Figure 15: Spotsylvania County GDP



Data Source: <http://jobseqsuite.com/>

In 2016, nominal GDP in Spotsylvania County expanded 4.8%. This follows growth of 6.6% in 2015. As of 2016, total GDP in the County was \$3,365,956,000.

Figure 16: Stafford County GDP



Data Source: <http://jobseqsuite.com/>

In 2016, nominal GDP in Stafford County expanded 6.5%. This follows growth of 2.6% in 2015. As of 2016, total GDP in the County was \$5,225,202,000.

## 7. Conclusion

The study is broadly divided into two parts. The first part explores the current status of multi-unit housing in the region. In order to gather data, a survey was sent to the apartment managers of identified complexes in the region. The survey consisted of questions like condition of the apartment, pricing structure, vacancies, and available amenities. Below are some of the key findings:

- The average units in an apartment complex is 224 while the vacancy average is 9 units.
- The survey respondents reported that the apartments were built between 1968 and 2016.
- Most apartment complexes have one-bedroom and two-bedroom units.
- The average rent for a one-bedroom unit is \$1,071.
- The average rent for a two-bedroom unit is \$1,195.04.
- The average rent for a three- or more bedroom unit is \$1,384.44.

The second part of the survey looked at the future demand of multi-unit housing in the region. In order to forecast the future demand of multi-unit housing, the study investigated macro data for projected population growth of the region, current rental status, employment outlook, and gross domestic product of the region. Most of the variables suggest a strong demand for multi-unit housing in the region. Given the robust economic outlook for the region and low vacancy rate, demand may soon overtake supply. Improving transportation options between Fredericksburg and Northern Virginia, specifically I-95 Express Lanes Fredericksburg Extension and the North and South Rappahannock River Crossing Projects, may increase demand for multi-unit housing even more.