

# Caroline County

## A Profile of Demographic, Economic and Housing Market Conditions

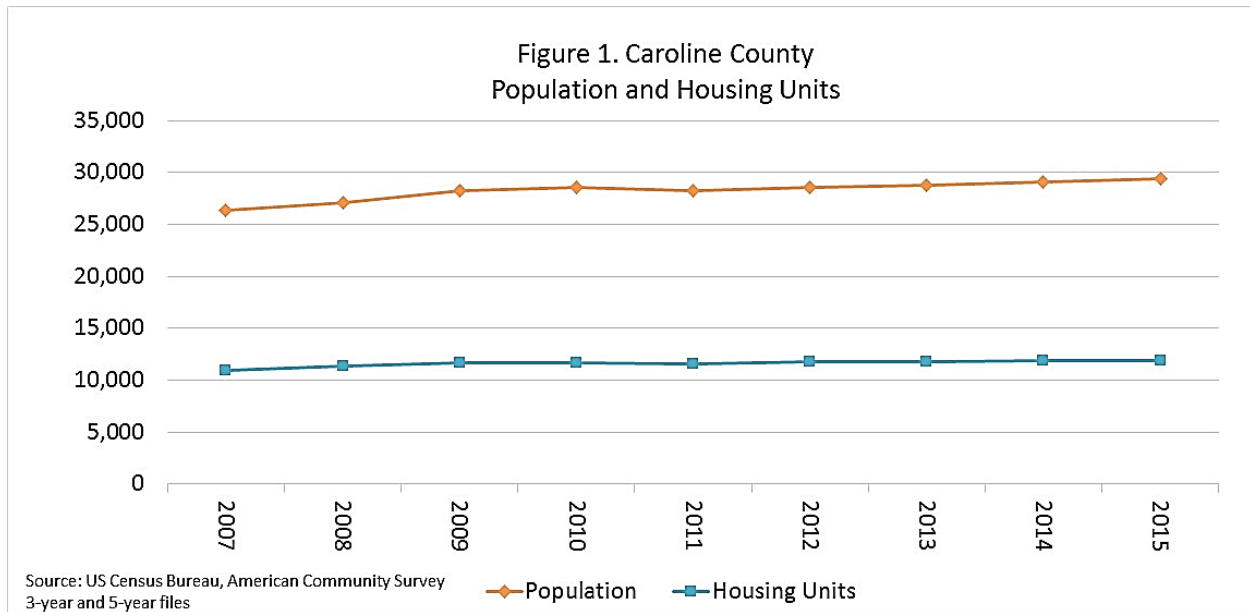
Prepared by Lisa Sturtevant & Associates LLC with support from the  
Fredericksburg Area Association of REALTORS®

June 2017



## Profile of Caroline County

Caroline County's population was 29,349 in 2015, up 2.8 percent since 2010, and up 11.4 percent since 2007, an addition of over 3,000 residents in eight years. The average annual growth rate between 2007 and 2015 was 1.4 percent, slightly lower than the 1.7 percent annual growth rate for the Fredericksburg region during the same time period.



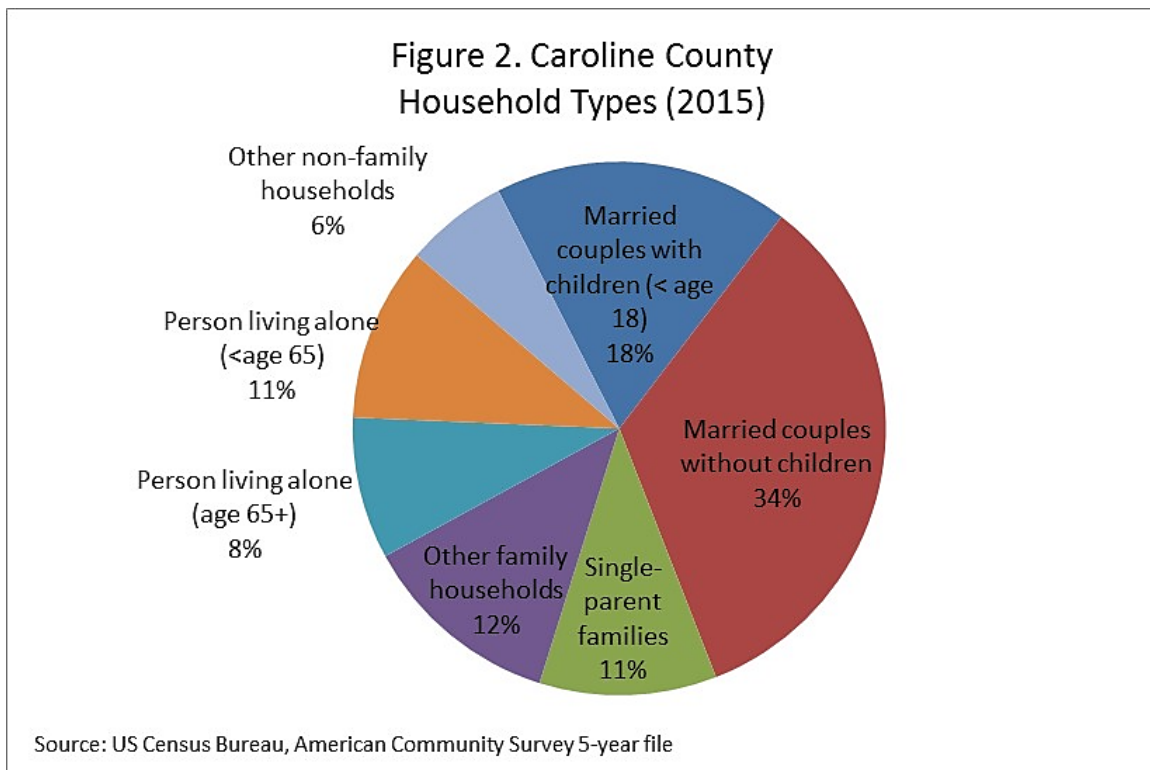
The number of housing units in the County has also increased over the past eight years. There were approximately 11,927 units in 2015, up 9.3 percent since 2007. Housing growth has slowed considerably since the recession; only 198 units have been added to the County's housing stock since 2010. The average annual growth rate for housing units in the County was 1.2 percent between 2007 and 2015. Thus the County's population grew faster on average than its housing stock. This is partially attributable to declining vacancy rates, which went from 10.8 percent in 2007 to 8.0 percent in 2015. The average persons per household in the County in 2015 was 2.7, unchanged from 2007.

## Household Type

There were an estimated 10,970 households in Caroline County in 2015 most of which were families. Approximately three out of every four households in the County are families (74.6 percent).<sup>1</sup> The largest segment of households residing in the County are married couples without children (33.7 percent). These couples represent both empty nesters and young married couples who may not yet have had children.

Approximately 28.7 percent of the County's households have children; this includes both married couples and single-parent families. Other family households, which can include siblings, cousins or other related people living together represent about 12.2 percent of all households in the County.

About one-fifth of the households in Caroline County are of people living alone (19.2 percent). About 10.6 percent of households in the County are someone under the age of 65 living by themselves. Seniors age 65 and older that are living alone account for approximately 8.6 percent of the County's households.

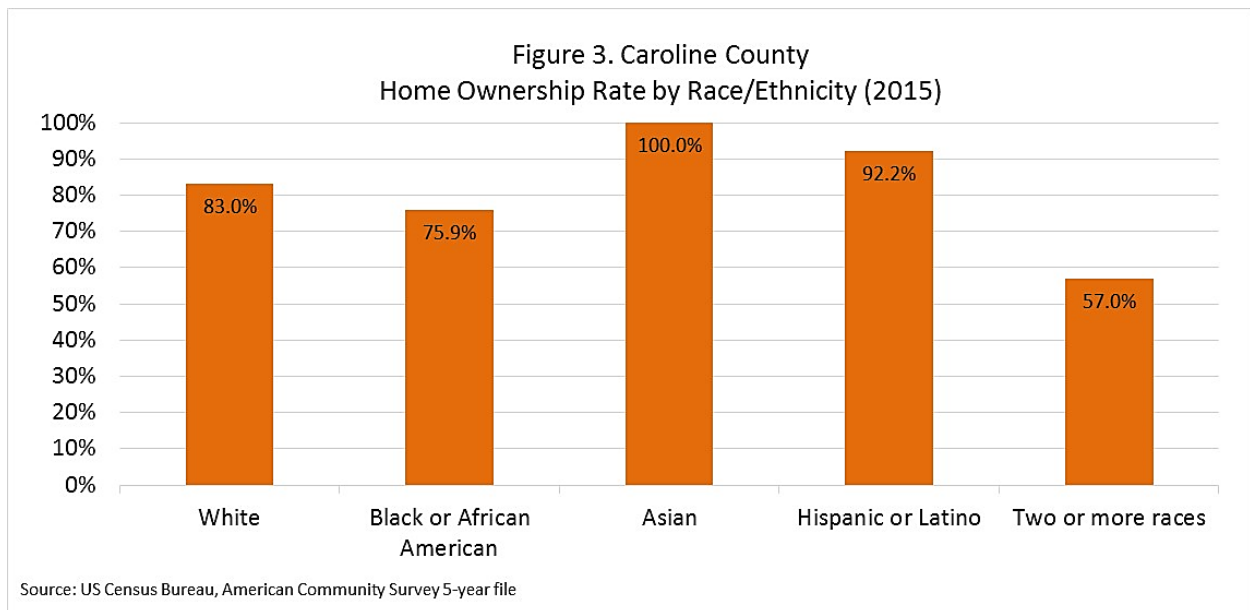


<sup>1</sup> Family households include households with two or more people related by marriage, birth or adoption. Non-family households include households with unrelated people, including people living alone.

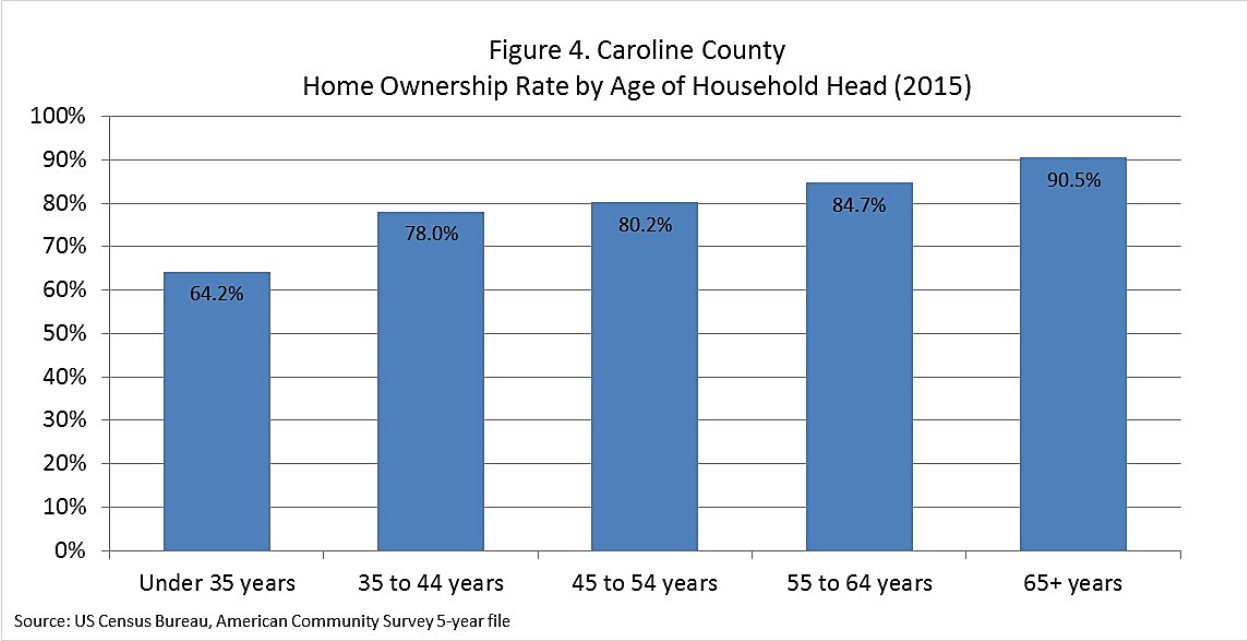
### Housing Tenure – Renters and Owners

The home ownership rate in Caroline County is quite high. Approximately 80.7 percent of County households own their home. This home ownership rate has remained relatively consistent over the past decade and a half, fluctuating up to 83.3 percent in 2008, and down to 80.1 percent in 2013.

Home ownership rates in the County vary by the race or ethnicity of the head of the household. There are a small number of Asian-headed households in the County, and the Census data suggest all are home owners. Another small group in Caroline County is Hispanic or Latino headed-households, which had the second highest home ownership rate. Home ownership rates for white and black or African American households were 83.0 percent and 75.9 percent, respectively. Caroline County had the highest homeownership rate in the Fredericksburg region.



An estimated 64.2 percent of households headed by someone under 35 own their home in Caroline County. Home ownership tends to increase with age. For example, the home ownership rate rises to 78.0 percent for households headed by someone 35 to 44 years old and then again to 80.2 percent for household heads 45 to 54 years of age. At 90.5 percent, senior households headed by someone over the age of 65 had the highest homeownership rates in the County by age group.



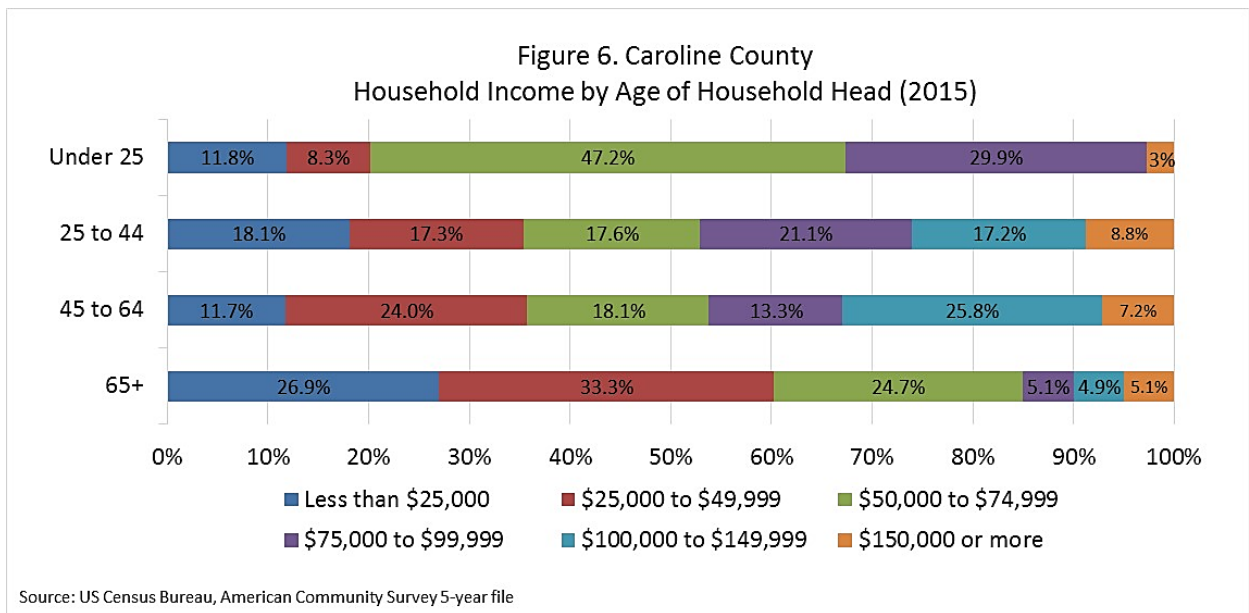
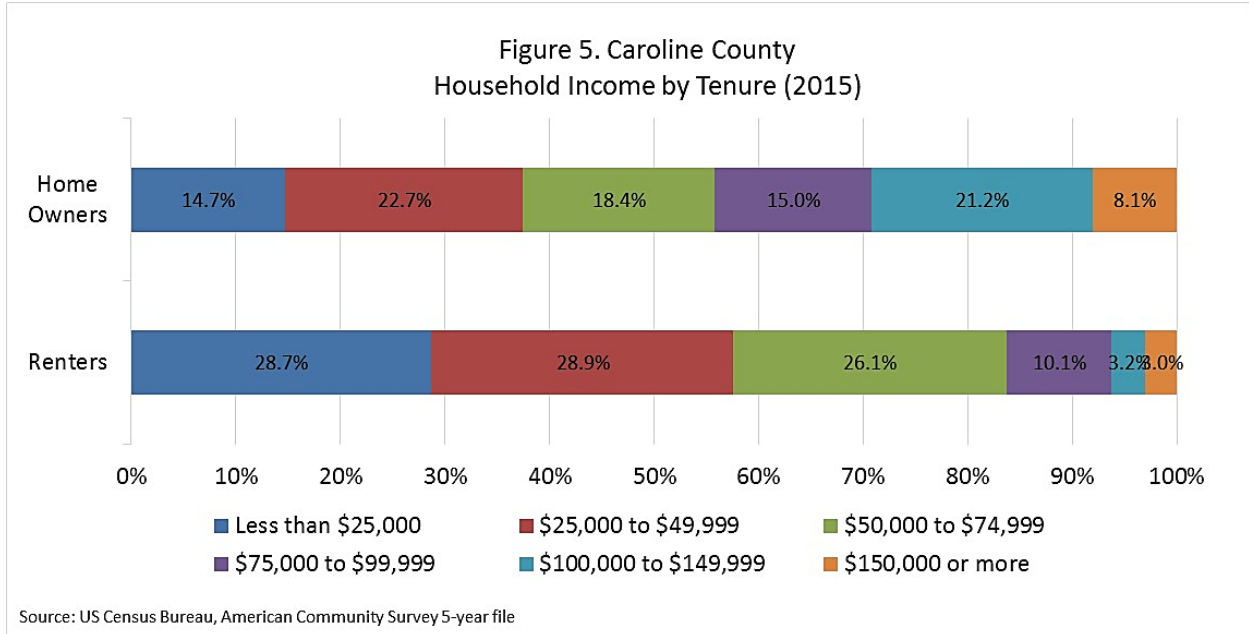
**Household Income**

The median household income in the County was \$59,227 in 2015; however income levels varied for renters and owners. Households owning their homes had a median annual income of \$66,728, whereas households renting their homes had a median annual income of \$43,594.

Households with higher income levels were more likely to own their home in Caroline County. For example, about 29.3 percent of home owners in the County had incomes of \$100,000 or more in 2015. In contrast only 6.2 percent of renter households had incomes at that same level. Over half of both owner (56.0 percent) and renter (65.1 percent) households had incomes between \$25,000 and \$100,000, which is reflective of the County’s overall median income which falls within this range.

The likelihood that a household will own their home depends both on income and age. In general, as people work longer and age, their incomes tend to rise. For example, the largest segment of Caroline County households \$100,000 or more are headed by someone age 45 to 64 (32.9 percent). The proportion of households in this income level declines with age. About 26.0 percent of households headed by someone 25 to 44 years old had income of \$100,000 or more in 2015, and only 2.8 percent of households headed by someone less than 25 years of age fell into this income range. More than three out of four households (77.1 percent) headed by someone under the age of 25 had income of \$50,000 to \$99,999 in 2015, which could be reflective of more two-

income households in this age segment. Approximately one-quarter of households headed by someone age 65 or older earned less than \$25,000 in 2015 (26.9 percent), the largest proportion for this income range in the County.

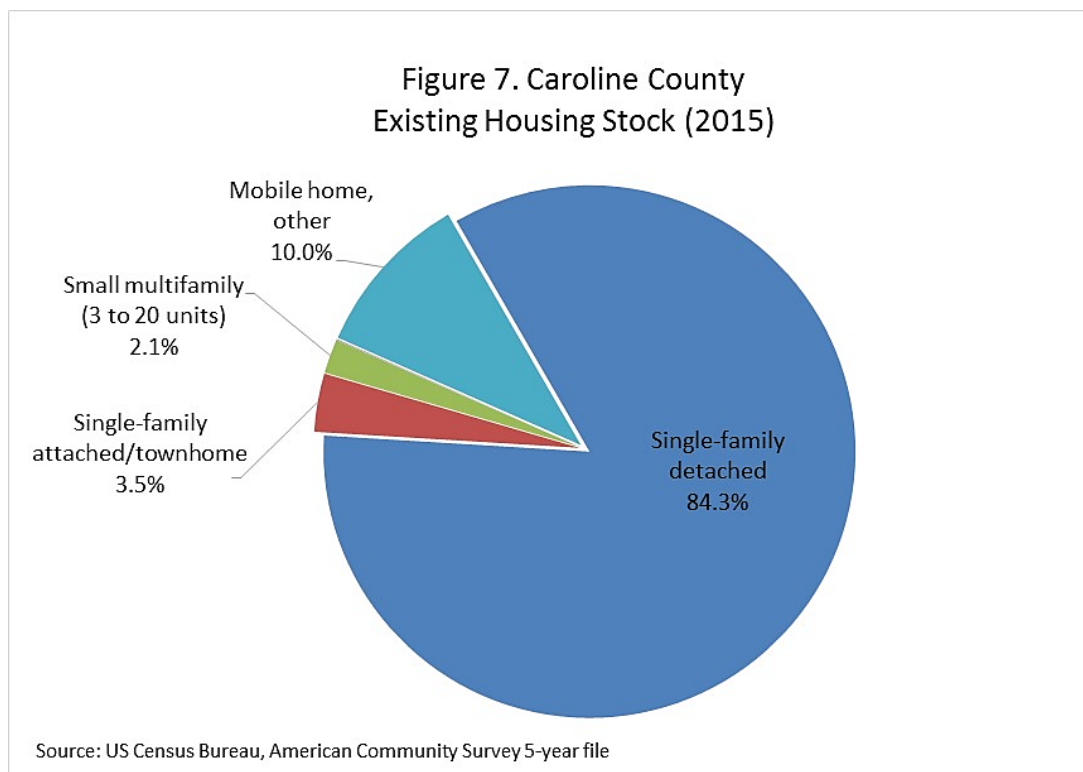


## Housing Stock

### Housing Type

There were approximately 11,927 housing units in Caroline County in 2015, including both occupied and vacant units. Most of these units were single-family detached homes (84.3 percent). Townhomes and duplexes (single-family attached) accounted for 3.5 percent of all housing units. Multifamily units represent just 2.1 percent of the County's housing stock as of 2015. The second largest portion of housing types were mobile homes, which accounted for 10.0% of the County's housing stock in 2015.

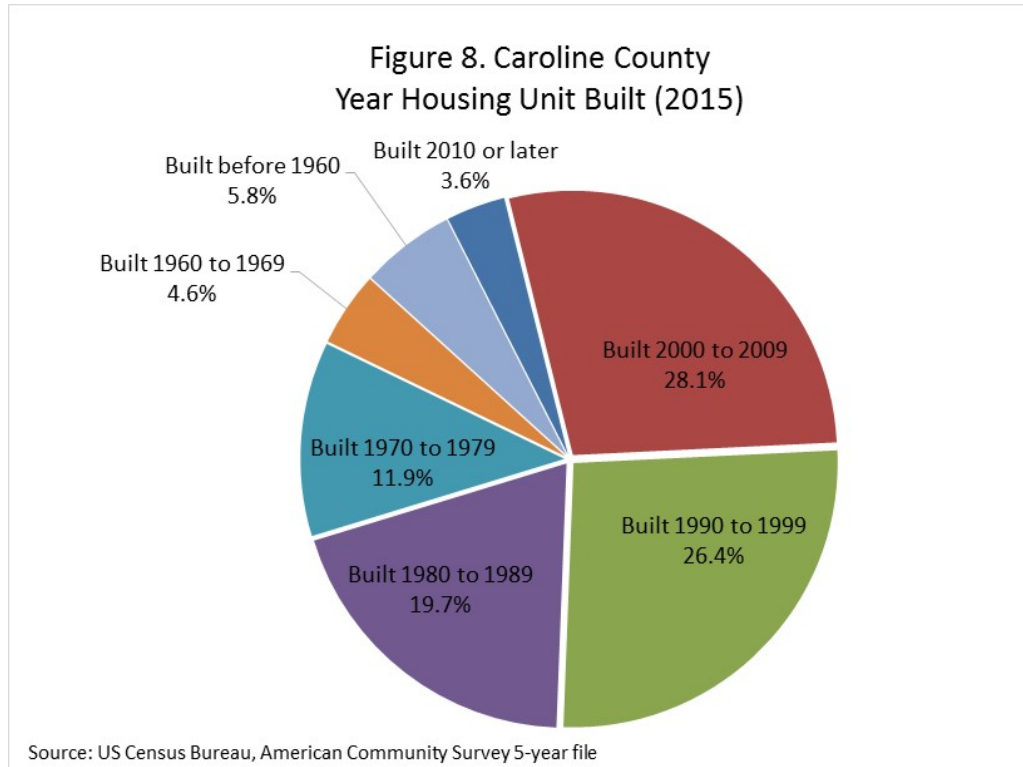
Housing type preferences lean heavily towards single-family detached homes for both owners and renters in Caroline County. Approximately nine out of 10 home owners in the County live in a single-family home (89.5 percent). Of the renter households, 63.5 percent occupy a single-family detached home. About 11.5 percent of all renter households rent a multifamily unit, which accounts for all of the apartment units in the County. As of the 2015 data, there are no households owning and occupying a multifamily unit in the County. About 13.0 percent of renter households and 8.6 percent of owner households live in mobile homes.





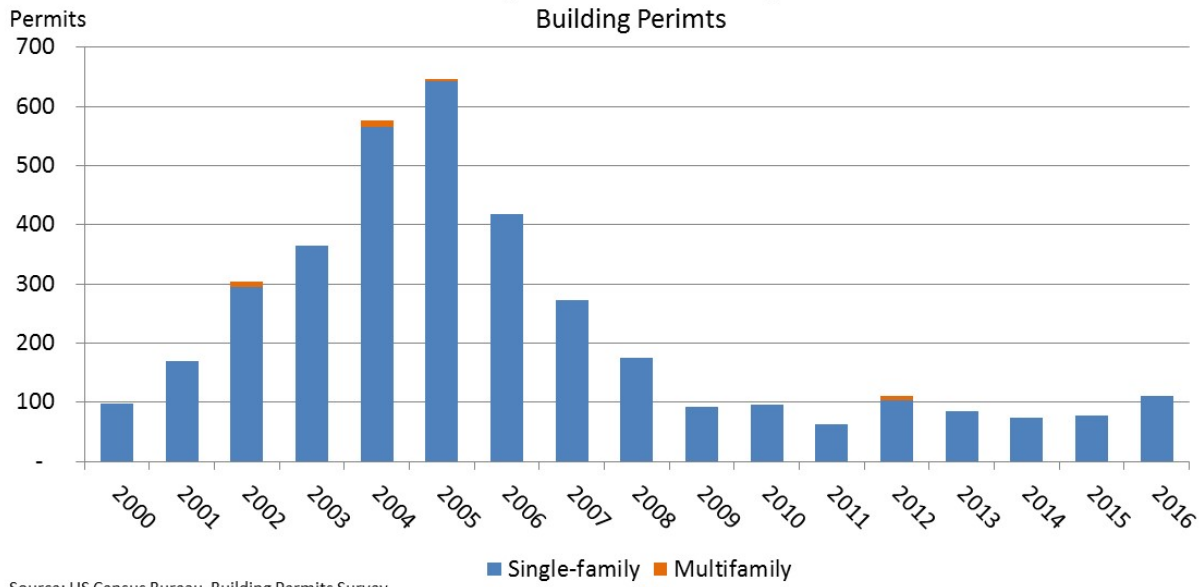
## Year Housing Unit Built

The largest share of the housing stock in Caroline County was constructed since 2000. Approximately 31.7 percent, or 14,522 units of the 45,759 units in the County, were built since 2000. A majority of these newer units (12,868) were built between 2000 and 2009 which is reflective of the housing boom. A little over one-quarter of the County's housing stock was built in the 1990s (26.4 percent), and about one in five homes were built in the 1980s (19.7 percent). Only 5.8 percent of the County's housing stock was built before 1960.



Caroline County issued on average 219 building permits each year between 2000 and 2016. There was a sharp increase in permits issued between 2002 and 2005, which began to subside in 2006 and fell sharply between 2007 and 2009 as the peak of the housing market ended and the recession was underway. Permit levels have been fairly consistent since 2009 and remain well below the peak years, hovering between 62 and 111 permits for new housing units over the past seven years. Nearly all residential building permits issued in the County have been for single-family detached homes. Multifamily residential permits account for less than one percent of all permits issued in the past 16 years. There were 110 permits issued in 2016, all of which were for single-family detached homes, the second highest level since 2008.

Figure 9. Caroline County  
Building Permits

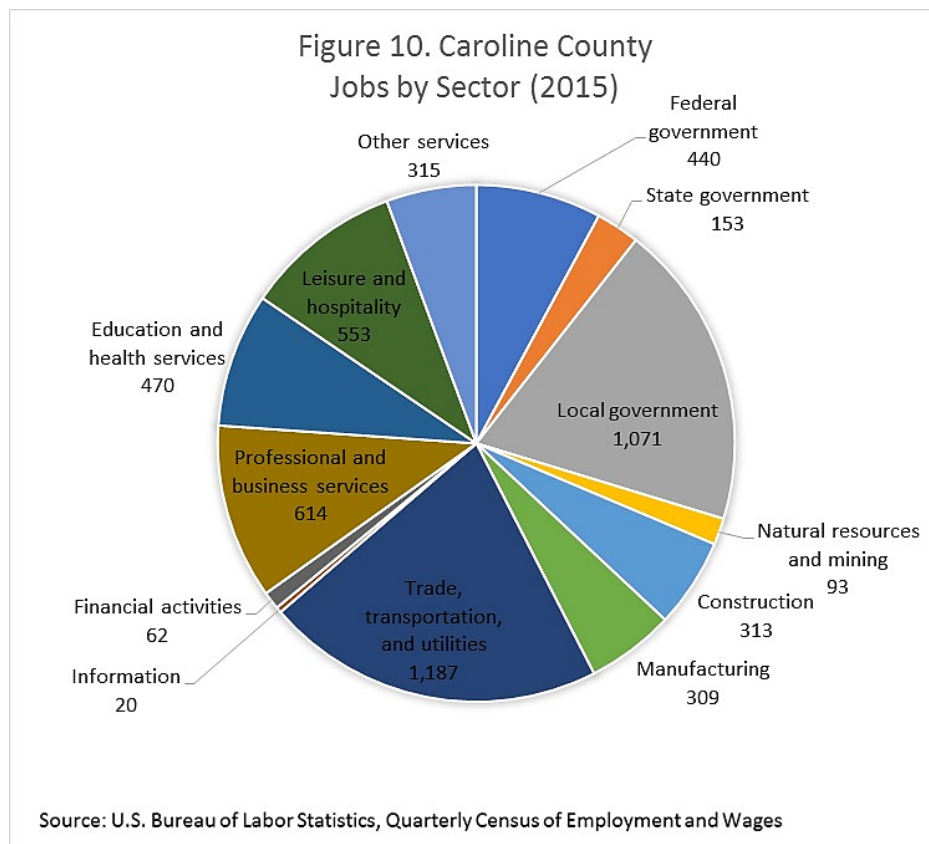


Source: US Census Bureau, Building Permits Survey

## Economy

### Jobs in Caroline County

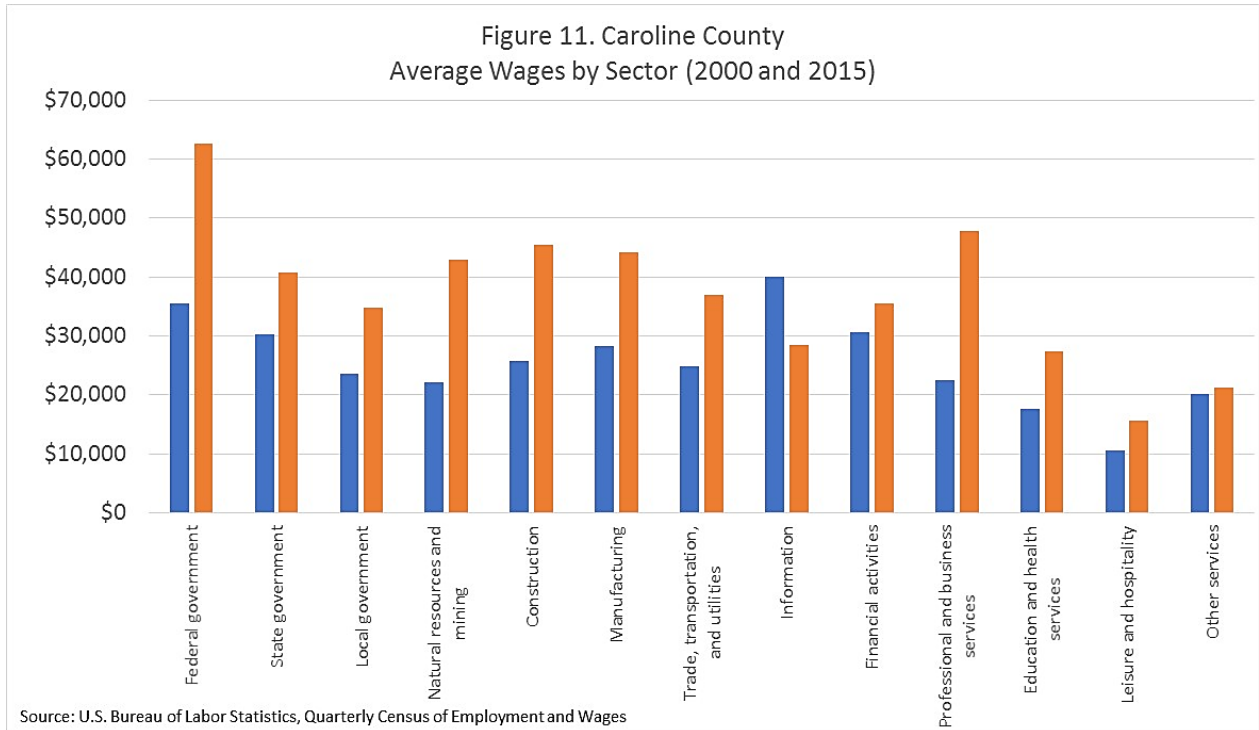
According to the U.S. Bureau of Labor Statistics, there were an estimated 5,600 jobs in Caroline County.<sup>2</sup> This includes jobs physically located in the County, held by County residents or individuals living elsewhere, or so-called “at-place employment.”<sup>3</sup> At-place employment in the County has increased by about 850 jobs between 2000 and 2015, an increase of 18.1 percent. The two largest industry sectors in Caroline County are Trade, Transportation and Utilities (1,190 jobs) and Local Government (1,100 jobs). The County has about 600 jobs in both the Professional and Business Services sector and the Leisure and Hospitality sectors.



<sup>2</sup> The employment and wage data presented includes full-time and part-time covered jobs, temporary or permanent. The data exclude some jobs in national security agencies, proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers, and railroad workers covered by the railroad unemployment insurance system.

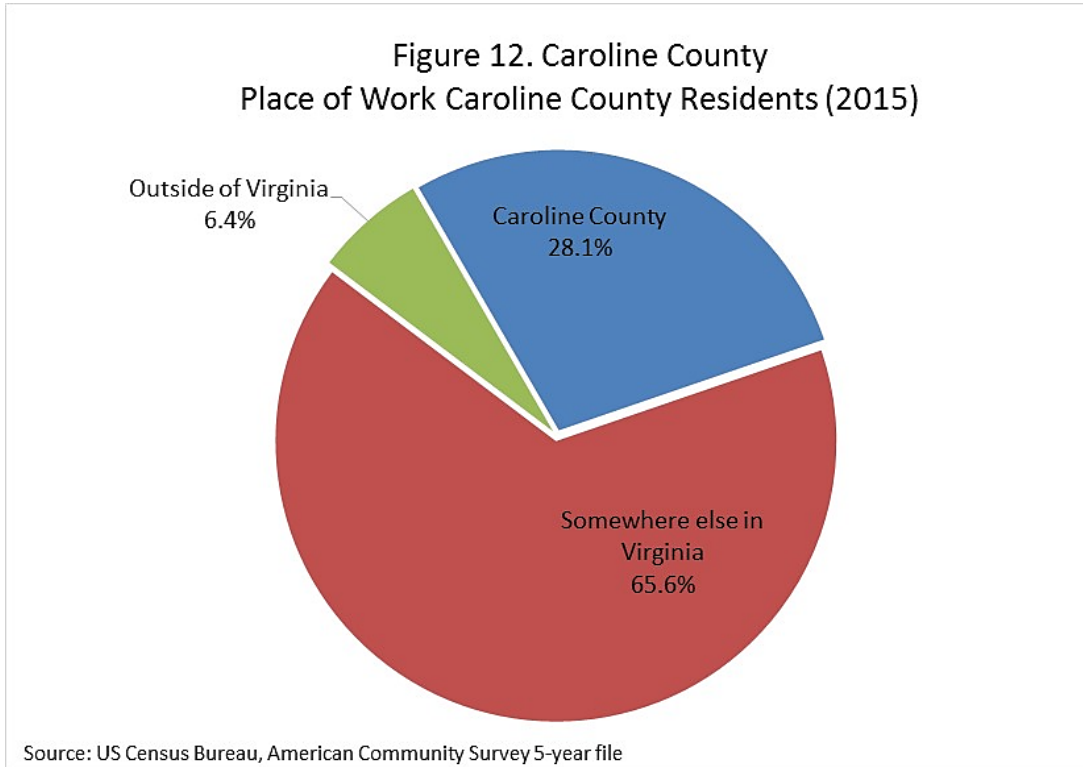
<sup>3</sup> By contrast, the County’s workforce includes all Caroline County residents that have a job. According to the American Community Survey 5-year data, there were an estimated 14,245 employed residents in Caroline County as of 2015.

The average wage of jobs in Caroline County was \$37,222 in 2015. Over the 2000 to 2015 period, the average wage in the County increased by 45.5 percent, somewhat slower than the rate of growth of wages statewide. On average, workers in the Trade, Transportation and Utilities sector earn \$37,021. The average wage in the Local Government sector is \$34,778. While a relative small sector with just about 440 jobs, the Federal Government sector has the highest average wage of all jobs in Caroline County at \$62,709.



## Resident Workforce

There were approximately 14,245 resident workers in Caroline County in 2015, which represents Caroline County residents who were employed. Nearly two-thirds of resident workers (65.6%) commute to jobs outside of Caroline County but somewhere else in Virginia. An estimated 28.1 percent have jobs in Caroline County. An estimated 908 workers (6.4 percent) commute to jobs outside of Virginia.



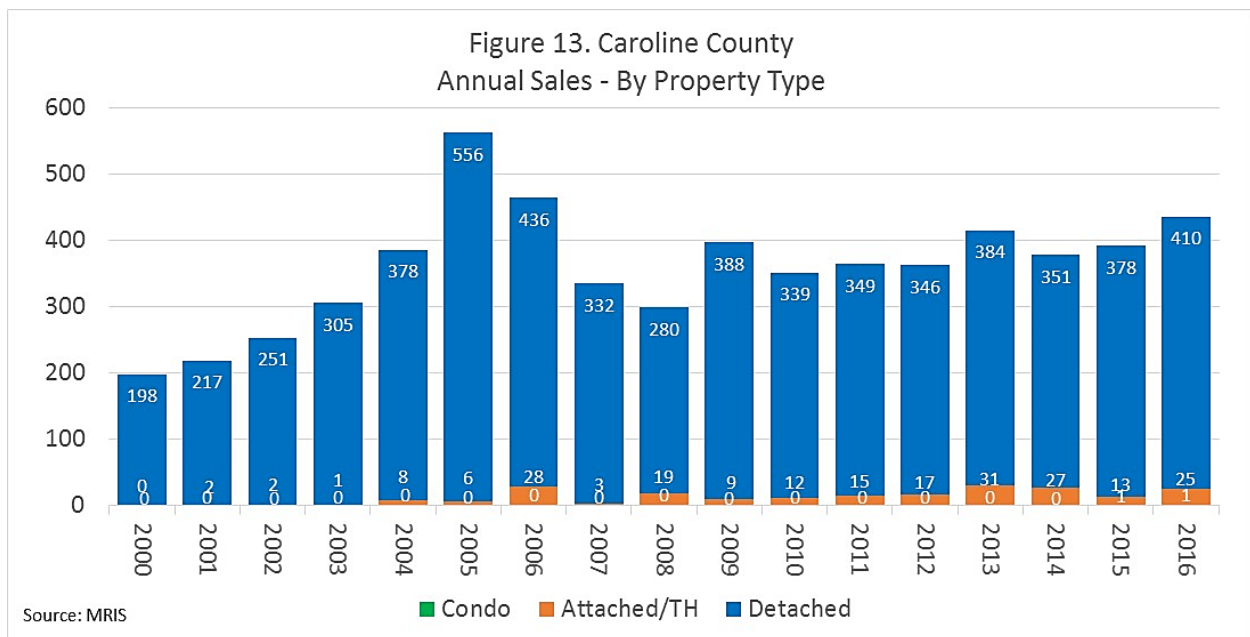
## Housing Market

### Home Sales

Sales activity in the Caroline County housing market has increased ten of the past 16 years. The housing boom of the early to mid-2000s brought rapid growth to the market starting in 2002. By 2005, there were 562 sales in the County, 309 more than three years prior. Sales began to decline in 2006 as the housing market cooled with early signs of the global financial crisis. After dropping 17.4 percent in 2006, the number of sales plummeted 27.8 percent the following year. By 2009 there were 299 sales in the County, about half of the peak just three years prior.

Sales activity jumped up 32.8 percent in 2009, ending three consecutive years of declining sales. Following a decline in 2010, sales remained relatively flat in 2011 and 2012 and then increased in 2013 to 415 sales. In 2016 there were 436 home sales in the County, 11.2 percent more than 2015, and approaching the levels seen during the housing boom years.

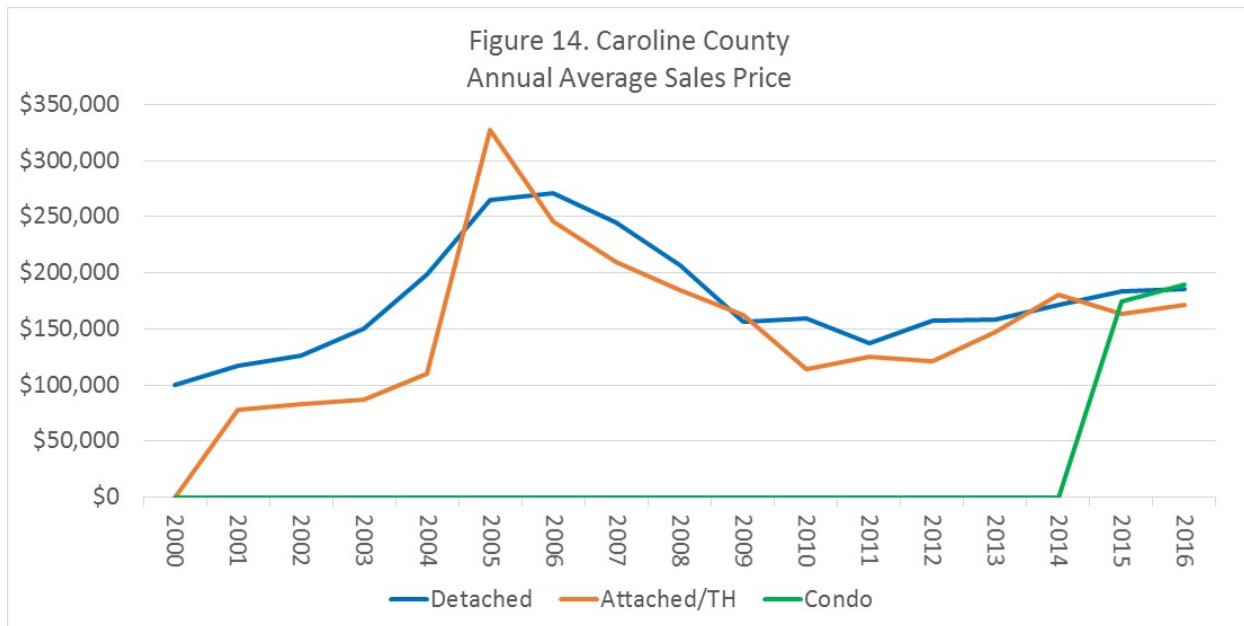
Nearly all sales in the Caroline County housing market are single-family detached units. Single-family attached homes/townhome units represent 3.6 percent of all home sales since 2000. There are virtually no condominium sales in the County; MRIS lists only two condominium units have been sold in in the past 16 years in Caroline County.



## Home Prices

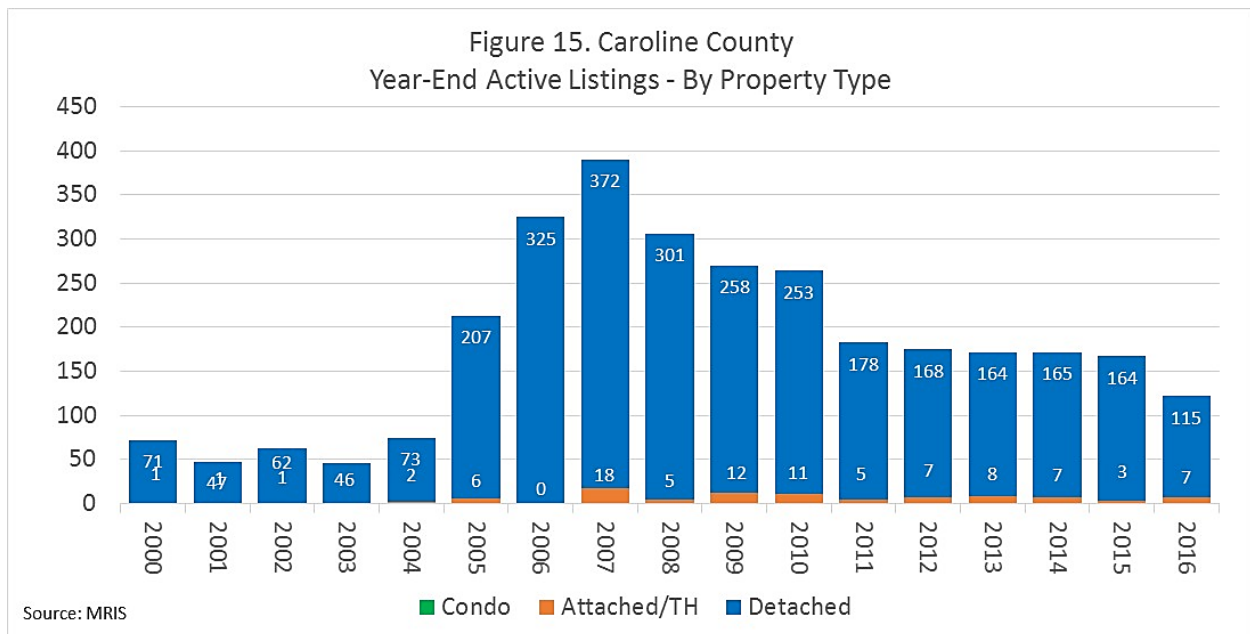
As demand in the Caroline County housing market began strengthening in the early 2000s, average sales prices quickly escalated. The steepest price gains occurred between 2003 and 2005. In 2002, the average sales price for a single-family detached home in the County was \$125,961. By 2005 the average sales price was \$265,104, more than double the value in just three years. The rising prices were largely driven by strong demand for housing and easy access to financing options. Home prices peaked in 2006 when the average sales price reached \$270,590 for single-family detached homes, however price gains quickly diminished in the years following as the global financial crisis and recession took its toll on the market.

Starting with a 9.1 percent decline in 2007, average sales prices for detached homes fell in three consecutive years. By 2011, the average price of a detached home in the County was \$137,035, about half of the peak price in 2006. Prices for detached homes jumped up 14.9 percent in 2012 and have been stable or rising for the past five years. While the average price has recovered nearly \$50,000 since 2011, single-family detached homes in Caroline County are still selling far below the prices seen during the housing boom. The average sales price for a detached home in 2016 was \$185,654, 1.2 percent higher than 2015, but 31.4 percent lower than the peak value a decade earlier.



## Active Listings

The inventory of homes for sale in Caroline County has been in decline since 2008 and continues to fall. Up until the mid-2000s the number of active listings at the end of each year hovered between 46 and 75 homes. The number of homes on the market rose dramatically in 2005, jumping to 213 listings at the end of the year. The inventory continued to climb in 2006 and 2007. After peaking at 390 listings in 2007, the inventory of homes for sale declined rapidly. From the end of 2007 until the end of 2011, the number of single-family detached homes on the market shrank by 53.1 percent. The inventory of homes for sale continues to fall in the County, and at the end of 2016 there were 122 homes for sale, 26.9 percent fewer than the previous year. As prices remain below the housing boom levels, many potential sellers who bought their homes in the mid-2000s could be waiting for prices to rise to list their properties on the market.

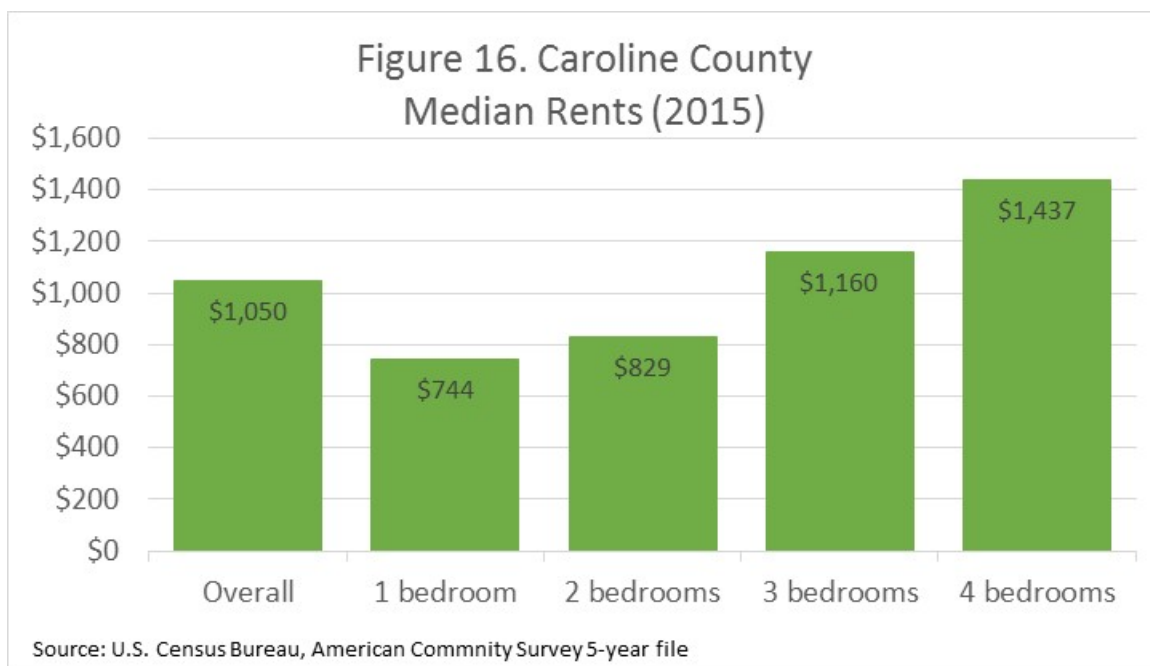




## Rents

About 2,115 of Caroline County's 10,970 households are renter households and the renter population has not grown as fast as it has in other jurisdictions in the Fredericksburg region. In 2015, the median monthly rent in Caroline County was \$1,050, up 78.9 percent over the median rent in 2000 (\$587). The majority (78.1 percent) of all rental units in the County are two- or three-bedroom units, with median rents of \$829 and \$1,160, respectively.

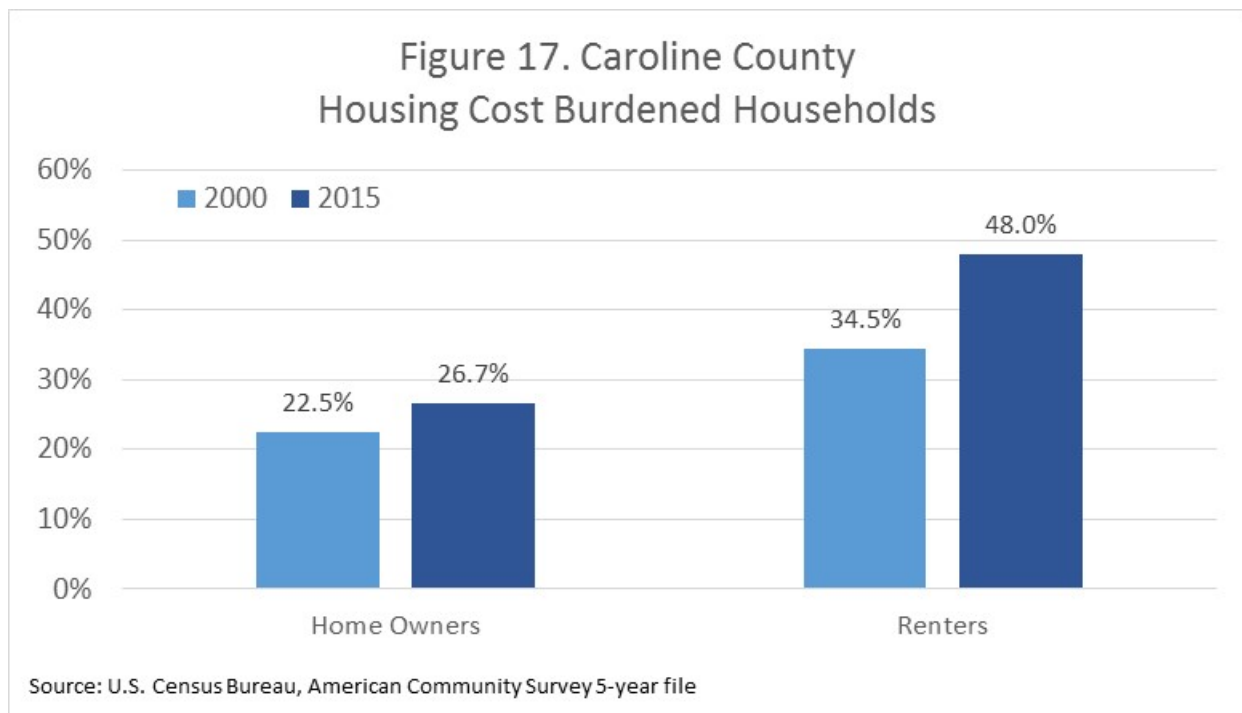
Three quarters (75.5 percent) of the rental units in Caroline County are single-family detached homes or single-family attached homes/townhomes. About 13.0 percent of renters live in mobile homes. About 11.5 percent of rental units are in multifamily buildings.



## Housing Affordability

Housing affordability is measured by comparing household incomes to housing costs. Generally, housing is considered “affordable” if it takes up no more than 30 percent of a households’ gross income. Households that spend more than 30 percent of their income on housing costs are sometimes called “housing cost burdened.” When households spend a disproportionately high share of their income on housing costs, there is often an insufficient amount left over for other necessities, such as health care, food, transportation and education expenses.

In Caroline County, one out of five home owners (22.5 percent) is cost burdened. The rate of housing cost burden is much higher among renters. Almost half of renter households in Caroline County (48.0 percent) spends more than 30 percent of their income on housing. Rates of housing cost burden have increased among renters in the County from 35.4 percent in 2000. Rates of housing cost burden have also increased slightly for home owners in the County over the 2000 to 2015 period.



## Forecasts of Future Housing Needs in Caroline County

Having a sufficient supply of housing is essential for supporting a vibrant and sustainable local economy. Based on prior forecasts of local housing demand produced by George Mason University<sup>4</sup> and forecasts produced by the University of Virginia Weldon Cooper Center, and along with updates with more recent data on the current housing stock, it is suggested that Caroline County would need to add 3,236 new housing units over the next 15 years to accommodate new household growth.

The GMU forecasts did not explicitly model housing demand for Caroline County. However, patterns of estimated housing demand in Spotsylvania and Stafford counties, along with an examination of Weldon Cooper Center forecasts for Caroline County, helped inform the forecasts below. The GMU regional forecasts are for the 2012 through 2032 period. The forecasts below use the GMU regional forecasts, forecasts for Spotsylvania and Stafford County, data on recent housing trends, and forecasts from the Weldon Cooper Center to prepare estimates of expected housing demand in Caroline County between the 2017 and 2032 period with separate forecasts for the 2017-2022, 2022-2027, and 2027-2032 periods.

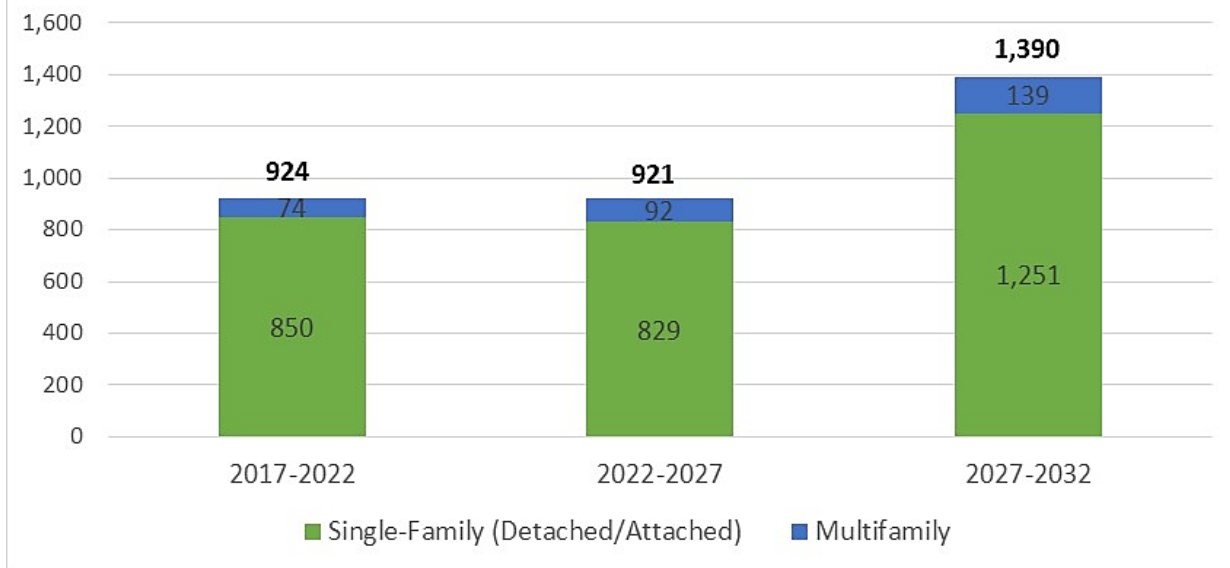
Between 2017 and 2022, these forecasts suggest a need for 924 new housing. Between 2022 and 2027, there is expected to be demand for 921 new housing units. Finally, in the 2027 to 2032 period, the pace of housing demand is expected to accelerate somewhat with a need for an additional 1,390 housing units over that five-year period.

Between 2017 and 2032, therefore, these housing demand forecasts suggest a need for 216 new units to be built in Caroline County each year. Over the past five years, the County has issued permits for the construction of an average of only 91 housing units annually. Between 2001 and 2007, however, the County built an average of more than 400 new housing units each year, so the annual targets suggested by these housing forecasts are not out of line with recent residential construction trends and remain lower than the construction levels during the housing boom.

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<sup>4</sup> Sturtevant, Lisa and Jeannette Chapman. 2013. Housing the Region's Future Workforce, 2012-2032. Arlington, VA: George Mason University Center for Regional Analysis. Online [http://cra.gmu.edu/pdfs/studies\\_reports\\_presentations/Housing\\_the\\_Regions\\_Future\\_Workforce\\_2012.pdf](http://cra.gmu.edu/pdfs/studies_reports_presentations/Housing_the_Regions_Future_Workforce_2012.pdf).

Figure 18. Caroline County  
Forecasts of Expected Housing Needs by Type

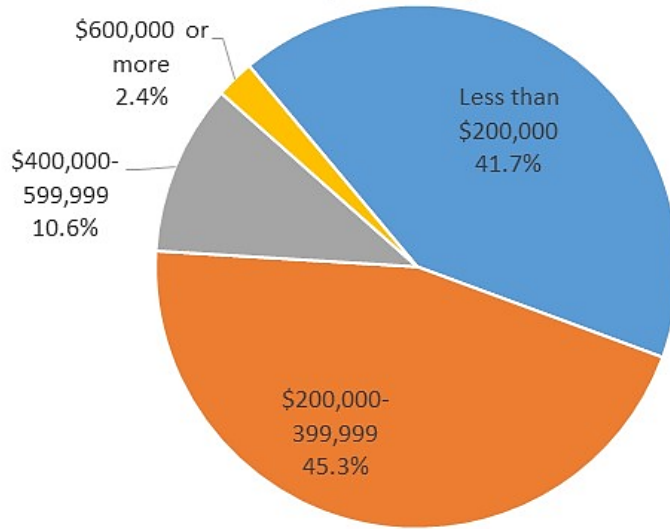


Given the expected characteristics and incomes of new households in Caroline County over the next 15 years, it is expected that 90.6 percent (2,931 housing units) will need to be single-family detached or attached homes to meet demand. Just 9.4 percent (305 housing units) are projected to be multifamily. The demand for multifamily housing is therefore about 20 multifamily units per year for the next 15 years. (Note that multifamily housing includes buildings with three or more units).

These housing demand forecasts suggest that 75.1 percent new housing units that will be needed over the next 15 years in Caroline County will be owner-occupied and 24.9 percent will be renter-occupied. In 2015, it is estimated that 80.7 percent of the current occupied housing stock is owner-occupied. Therefore, these housing demand forecasts suggest a slight downward shift in the home ownership rate in the County over the next 15 years.

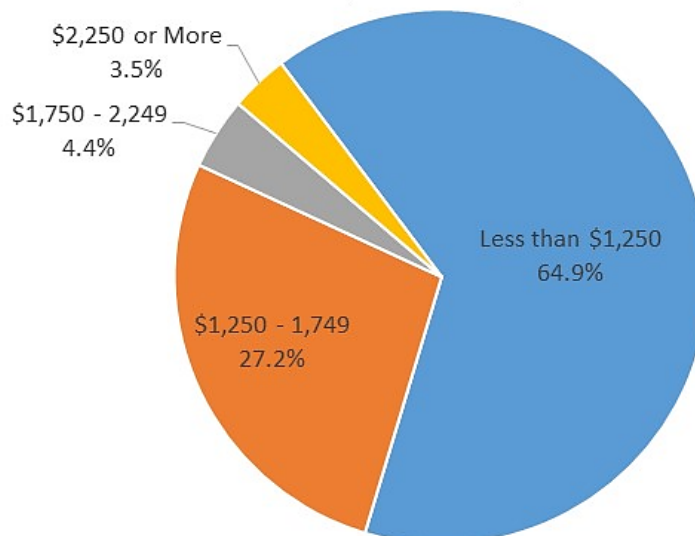
The characteristics and incomes of households in the County will dictate the home prices and rents that will be needed to accommodate the growing population in Caroline County. There will be a need for housing at all price points in the years to come. Over the next 15 years, however, based on an assessment of expected household incomes, it is expected that over 40 percent of the demand from new residents for owner-occupied homes will be for homes that are priced below \$200,000 (i.e. affordable to households earning about \$50,000). Another 45.3 percent owner-occupied homes need to be priced between \$200,000 and \$399,999 and 10.6 percent need to be priced between \$400,000 and \$599,999 to meet demand for new residents. It is estimated that new demand for owner-occupied housing units priced at \$600,000 or above will come from only 2.4 percent of new owner households over the next 15 years in Caroline County.

Figure 19. Caroline County  
Forecasts of Expected Owner-Occupied Units by Price  
(2017-2032)



On the rental side, the biggest need will be for housing affordable to renters earning below \$50,000. Based on these estimates of future housing needs in Caroline County, about 64.9 percent of all new renter households will have incomes below \$50,000 and therefore will need housing with rents at or below \$1,250 per month to be affordable. It is expected that 27.2 percent of new renter households in Caroline County will be able to afford rents between \$1,250 and \$1,749 per month. Assessing the incomes of future households in Caroline County, it is expected that demand for higher-end rental units will be relatively low, with the suggestion that 4.4 percent of future renters in the County will be able to afford rents between \$1,749 and \$2,249 per month and 3.5 percent will be able to afford rents of \$2,250 or more per month.

Figure 20. Caroline County  
Forecasts of Expected Renter-Occupied Units by Rent  
(2017-2032)



# City of Fredericksburg

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Prepared by Lisa Sturtevant & Associates LLC with support from the  
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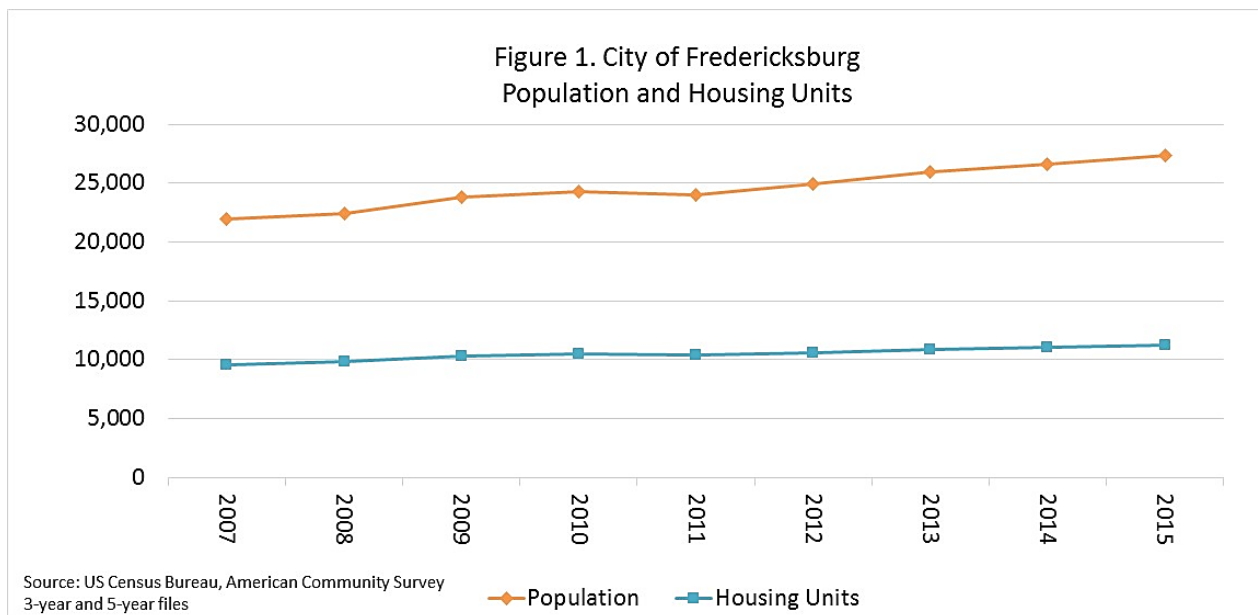


## Introduction

### Profile of the City of Fredericksburg

#### Population and Households

In 2015, the population of the City of Fredericksburg was nearly 27,500, up 25.0 percent since 2007. The City has grown somewhat more quickly than the overall region in recent years. Between 2007 and 2015, the Fredericksburg population grew at an average annual rate of 3.1 percent, compared to an annual growth rate of 1.7 percent for the greater region.



There were an estimated 11,252 housing units in the City of Fredericksburg in 2015, reflecting an increase of 17.6 percent over 2007. Growth in the number of new housing units has been slower than population growth in Fredericksburg. Between 2007 and 2015, the number of housing units in the City grew at an average annual rate of 2.2 percent (compared to 3.1 percent for population). Vacancy rates have declined slightly since 2007 (from 10.6 percent to 10.4 percent) which partially explains how population could grow faster than housing units over this time. In addition, the average number of people per occupied housing unit increased in the City, going from 2.6 in 2007 to 2.7 in 2015, so in general more people are residing in each housing unit, on average.



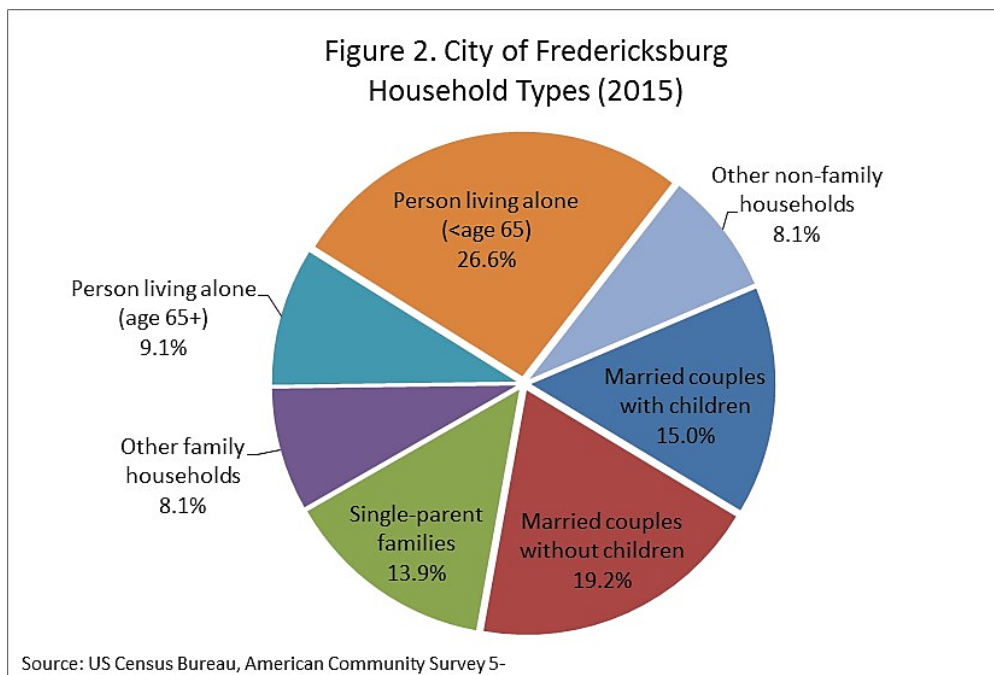
## Household Type

The City of Fredericksburg was home to 10,080 households in 2015, including 5,663 family households (56.2 percent) and 4,417 non-family households (43.8 percent)<sup>1</sup>. The overall average household size in Fredericksburg was 2.46, and the average size of family households was 3.20.

The largest share of Fredericksburg households were people under age 65 living alone. In 2015, approximately 26.6 percent of all households (about 2,680 households) were people under age 65 living alone. This includes about 940 single people in their 20s and early 30s.

About one in five households in Fredericksburg (19.2 percent or about 1,935 households) are married couples without children under 18, including both empty nesters and young married couples without children. About 15.0 percent of households (about 1,515 households) are married couples with children under 18 and another 13.9 percent (about 1,400 households) are single-parent families with children. Therefore, about 28.9% of households in the City of Fredericksburg include children under age 18.

Other family households—which can include siblings, cousins or other related people living together—account for 8.1 percent of households in Fredericksburg. Single seniors are currently a relatively small share of households in Fredericksburg. Approximately 9.1 percent of all households in the City (about 917 households) are seniors age 65+ living alone.



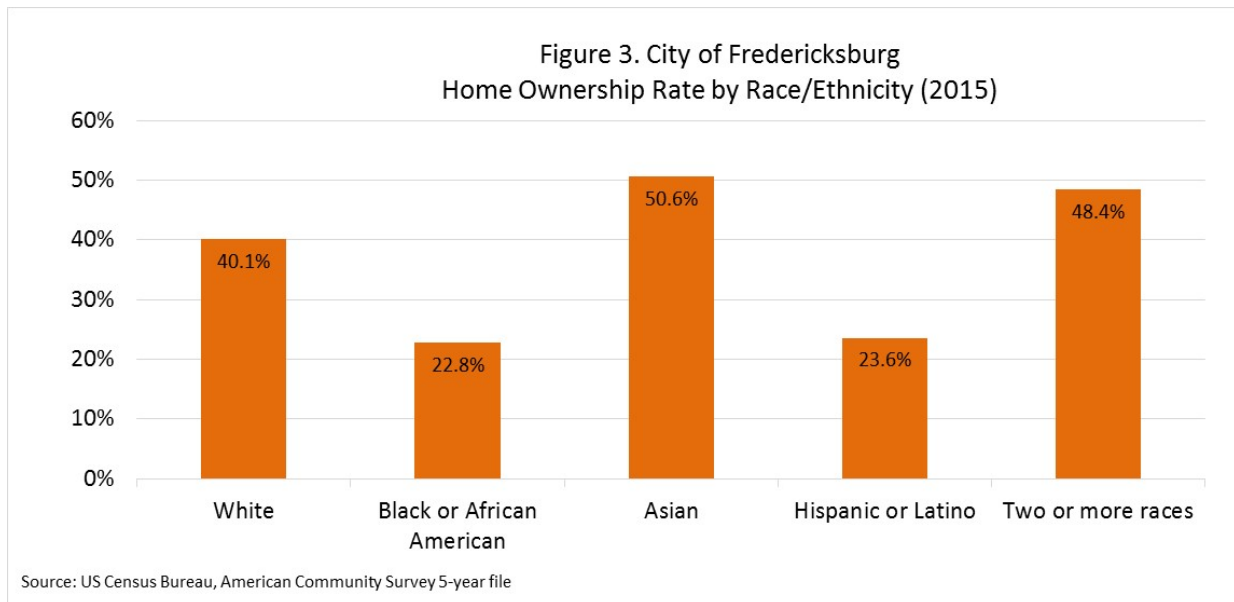
<sup>1</sup> Family households include households with two or more people related by marriage, birth or adoption. Non-family households include households with unrelated people, including people living alone.

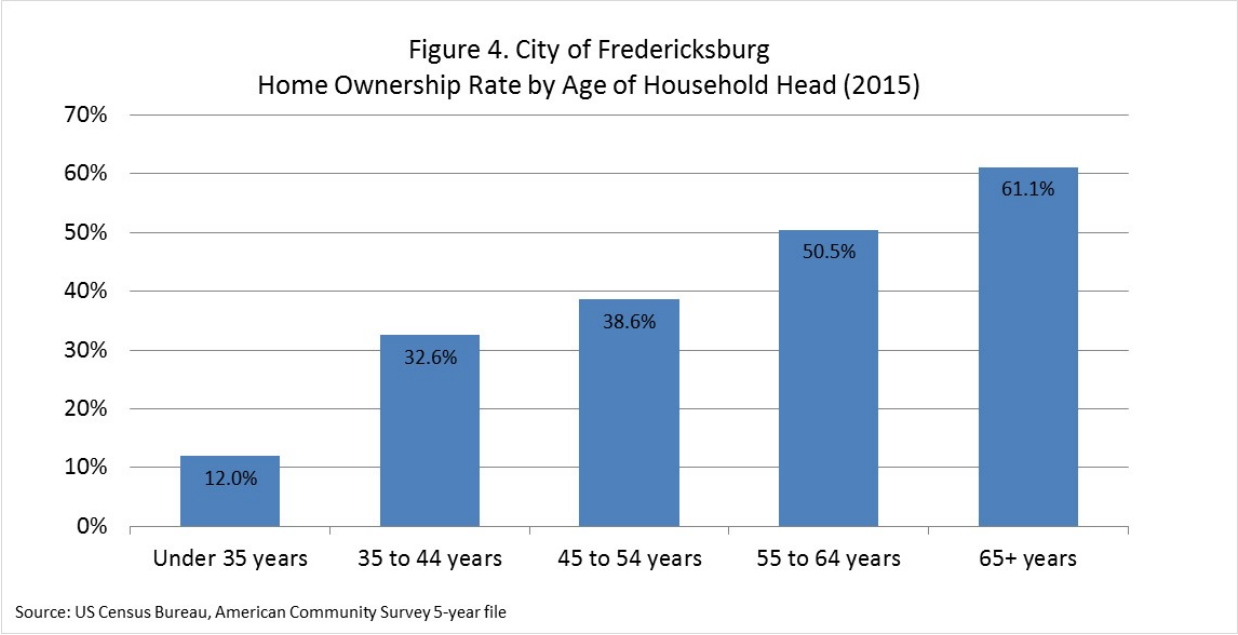
### Housing Tenure – Renters and Owners

In 2015, the home ownership rate in the City of Fredericksburg was 34.5 percent, which is lower than the home ownership rate at the peak of the housing market in 2007 (37.5 percent) and also somewhat lower than the home ownership rate in 2000 (35.6 percent).

Home ownership rates in the City of Fredericksburg vary by the race or ethnicity of the head of the household. In 2015, Asian-headed households had the highest home ownership rates, at 50.6 percent. The home ownership rate for white households was 40.1 percent. Black or African American households and Latino or Hispanic households had similar home ownership rates, at 22.8 percent and 23.6 percent, respectively.

Only 12.0 percent of households headed by someone under age 35 are home owners. Home ownership rates increase steadily with age. About a third (32.6 percent) of 35 to 44 year olds and 38.6 percent of 45 to 54 year olds are home owners. More than half (50.5 percent) of 55 to 64 year olds and 61.1 percent of households headed by some age 65 and older are home owners.





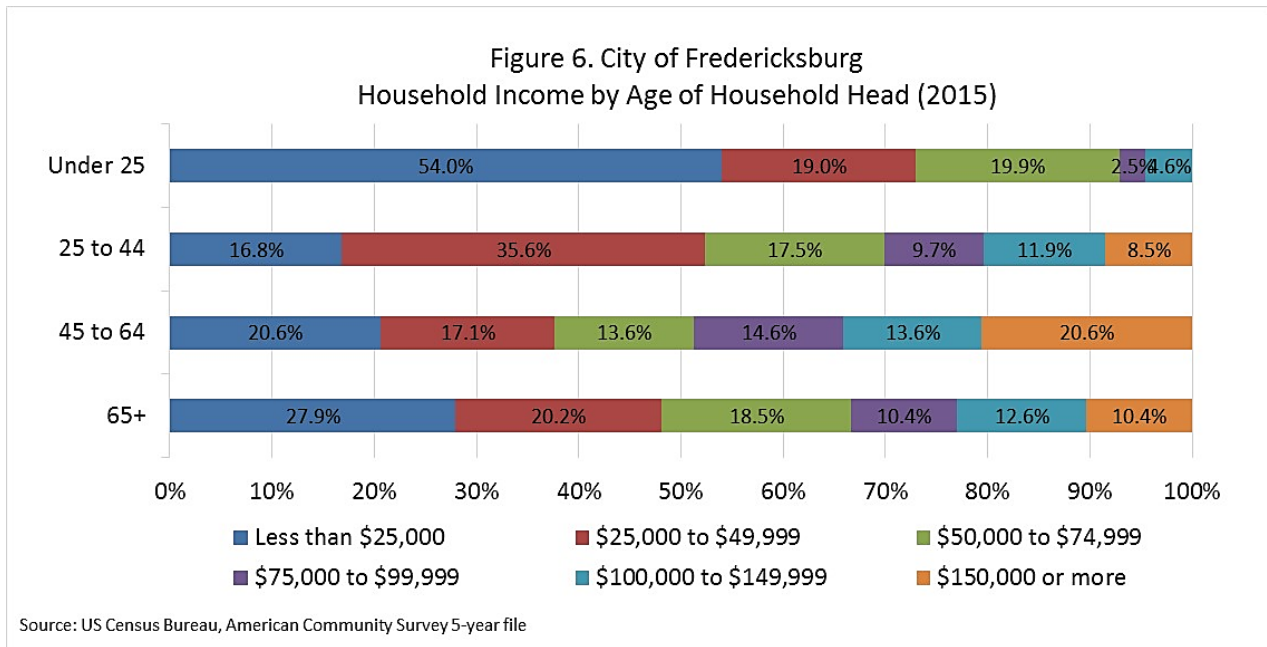
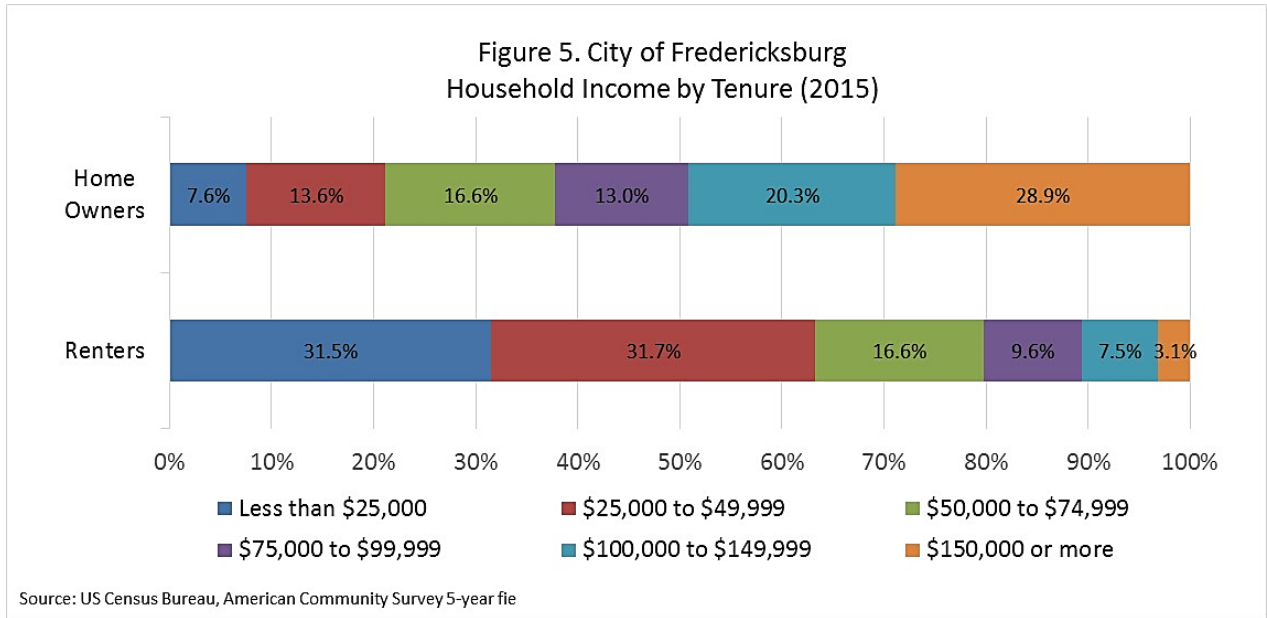
**Household Income**

The median household income in the City of Fredericksburg was \$51,762 in 2015; however, incomes varied for owners and renters. The median household income for home owners was \$97,383 in 2015 and the median household income was \$39,347 for renter households.

In 2015, about a third of renter households (31.5 percent) had incomes below \$25,000 and another third (31.7 percent) had incomes between \$25,000 and \$49,999. By comparison, just 21.1 percent of home owners in the City of Fredericksburg had incomes below \$50,000, including 7.6 percent with incomes below \$25,000 and 13.6 percent between \$25,000 and \$49,999. Only 10.6 percent of renters had incomes of \$100,000 or more but nearly half (49.2 percent) of home owners in the City of Fredericksburg had a household income of \$100,000 or more, including 28.9 percent that had incomes of \$150,000 or more.

The likelihood that a household is a home owner depends critically on income which is also related to a person’s age. In general, as people work longer and age, their incomes tend to rise. For example, more than half of all Fredericksburg household heads under the age of 25 make \$25,000 or less per year (54.0 percent). By comparison, 16.8 percent of householders age 25 to 44, and 20.6 percent of householders 45 to 64 years of age have household income less than \$25,000 per year. Fredericksburg households age 45 to 64 represent the highest income age group in the City. More than a third (34.2 percent) of household heads within that age range have incomes of \$100,000 or more per year, and nearly one in five (20.6 percent) have incomes

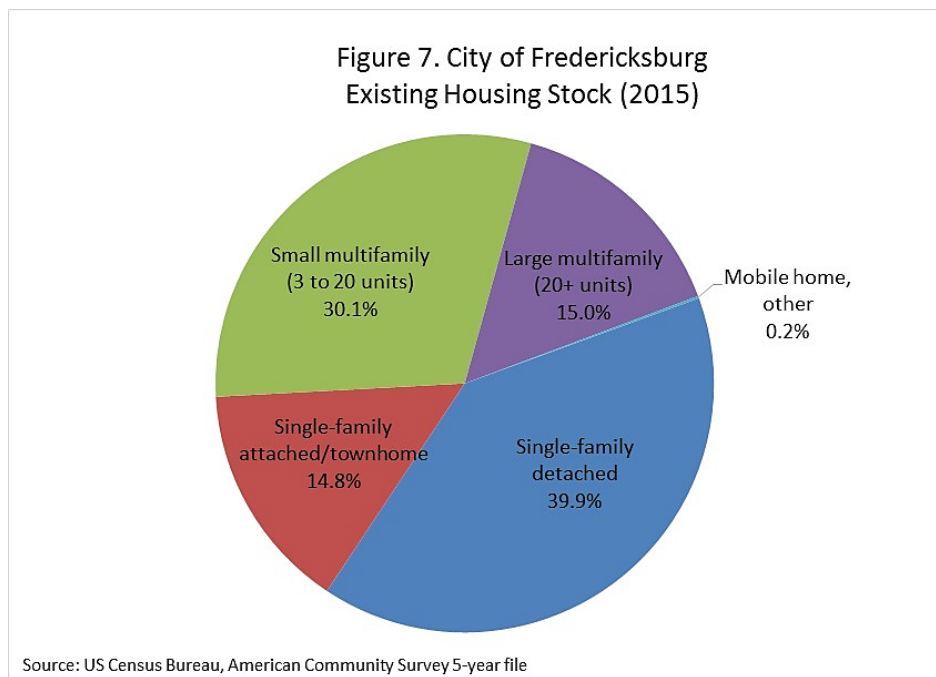
exceeding \$150,000 annually. Only 8.5 percent of households headed by someone age 25 to 44 earned over \$150,000.



## Housing Stock

### Housing Type

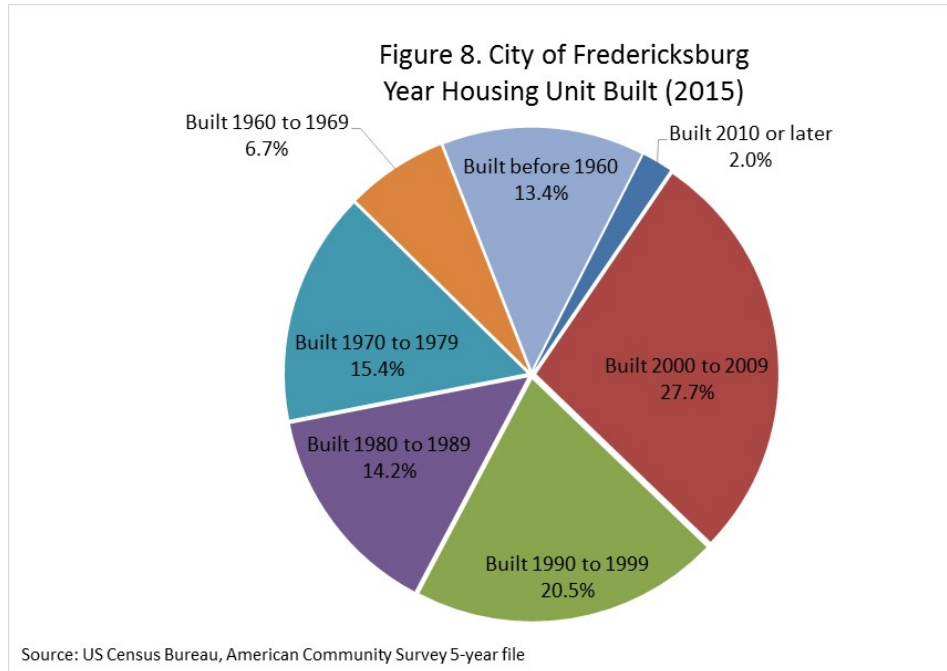
In 2015, there were an estimated 11,252 total housing units in the City of Fredericksburg, including occupied and vacant units. Four out of every ten homes located in the City are single-family detached homes (39.9 percent). Another 14.8 percent are single-family attached homes, or duplexes or townhomes. Therefore, a little more than half (54.7 percent) of the City's housing stock consists of single-family housing. The other half is comprised by multifamily housing. Just over 30 percent of the housing units in the City of Fredericksburg are in small multifamily buildings (i.e. buildings with between three and 19 units). About 15.0 percent of housing units are in larger multifamily buildings with 20 or more units. Less than one percent of the housing stock in the City of Fredericksburg is mobile homes (0.2 percent).



Approximately 85.1 percent of owner-occupied housing units are single-family detached homes and about 12.2 percent are single-family attached/townhomes. Only 2.7 percent of the owner-occupied homes in the City of Fredericksburg are in multifamily buildings (e.g. condominiums). By contrast, more than two-thirds (67.9 percent) of renter-occupied homes are in multifamily buildings. About 15.6 percent of renter units are single-family detached and about 16.3 percent are single-family attached homes (townhomes or duplexes).

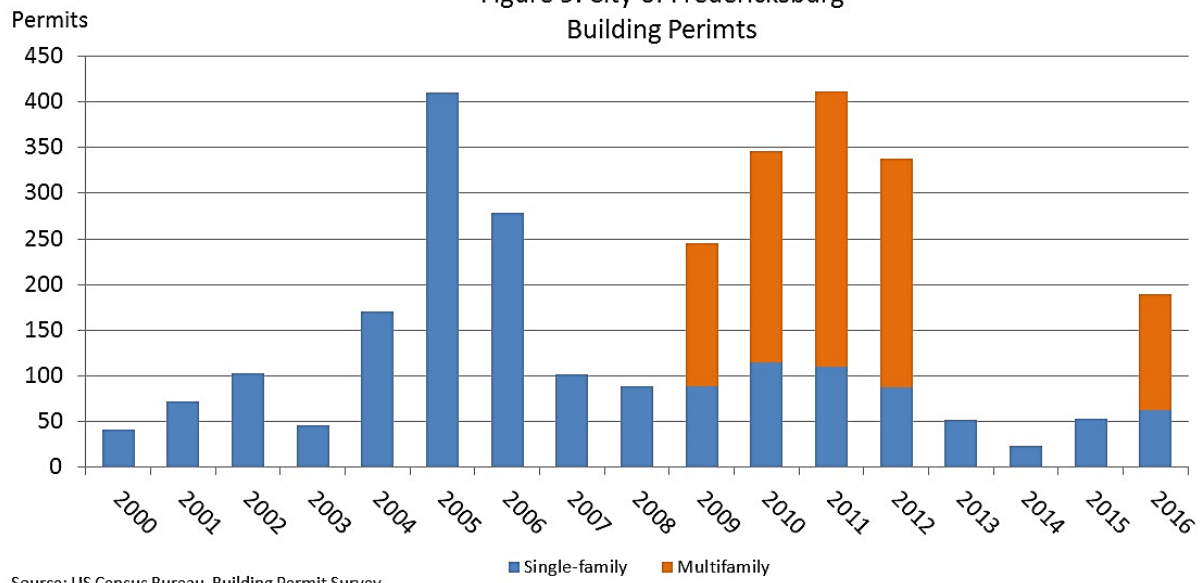
## Year Housing Unit Built

The largest share of housing units in the City of Fredericksburg was built in the 2000s. Approximately 27.7 percent of the City’s housing units—or more than 3,300 housing units—were built between 2000 and 2009. Another fifth of the housing stock (20.5 percent) were built in the 1990s. About 30 percent of the housing units in the City were built in the 1970s and 1980s (29.6 percent). About seven percent were built in the 1960s and 13.4 percent of the City’s housing stock—including its historic buildings—were built before 1960.



Over the 16-year period from 2000 through 2016, the City of Fredericksburg has issued permits for an average of 175 new housing units each year. While there was a surge in new construction over the 2009 through 2012 period, new residential construction dropped off for a few years before picking up again in 2016. In 2016, the City issued permits for 190 housing units, including 62 single-family homes (including townhomes) and 128 multifamily units. The biggest change since the recession has been an increase in multifamily construction. Between 2000 and 2009, all permits were for single-family homes. Since 2009, nearly two-thirds of all permits (64.5 percent) were for multifamily construction.

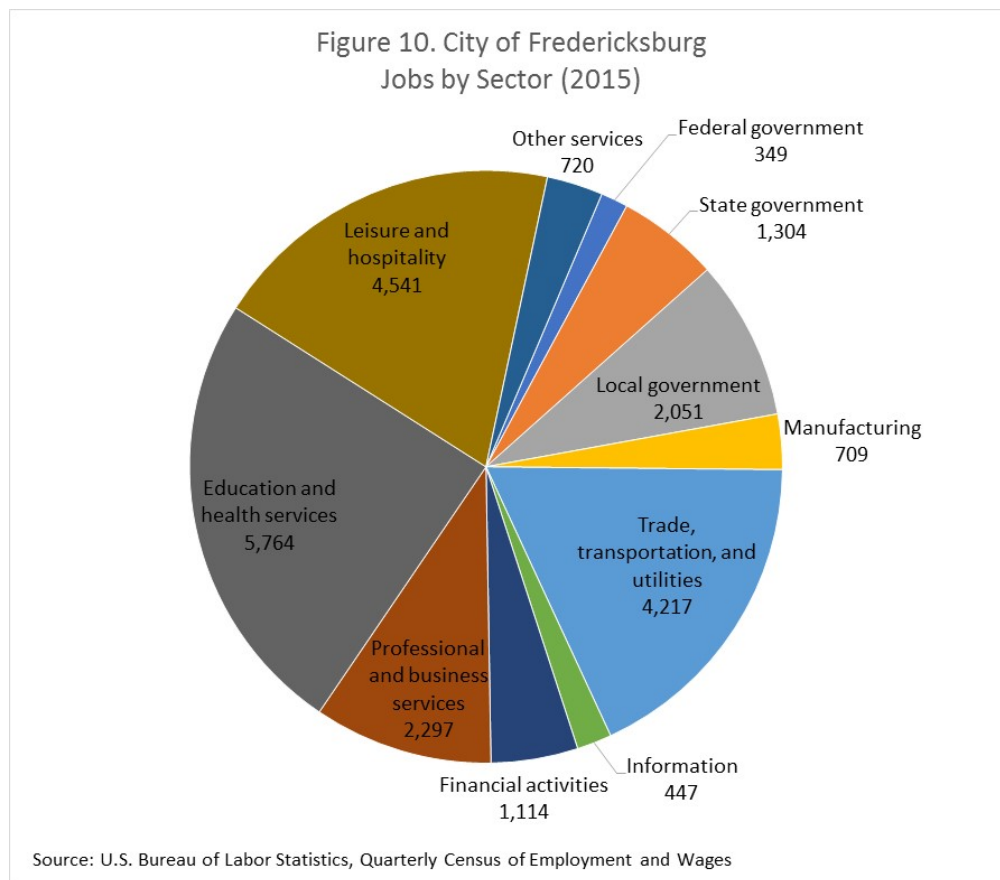
Figure 9. City of Fredericksburg  
Building Permits



## Economy

### Jobs in the City of Fredericksburg

In 2015, there were an estimated 24,000 jobs in the City of Fredericksburg.<sup>2</sup> Between 2000 and 2015, the number of jobs in Fredericksburg increased by just 1.6 percent. The City's largest industry sector is the Education and Health Services sector, which has nearly 5,800 jobs. There are an estimated 4,500 jobs in the Leisure and Hospitality sector and 4,200 jobs in the Trade, Transportation and Utilities sector, primary in the Retail Trade subsector.

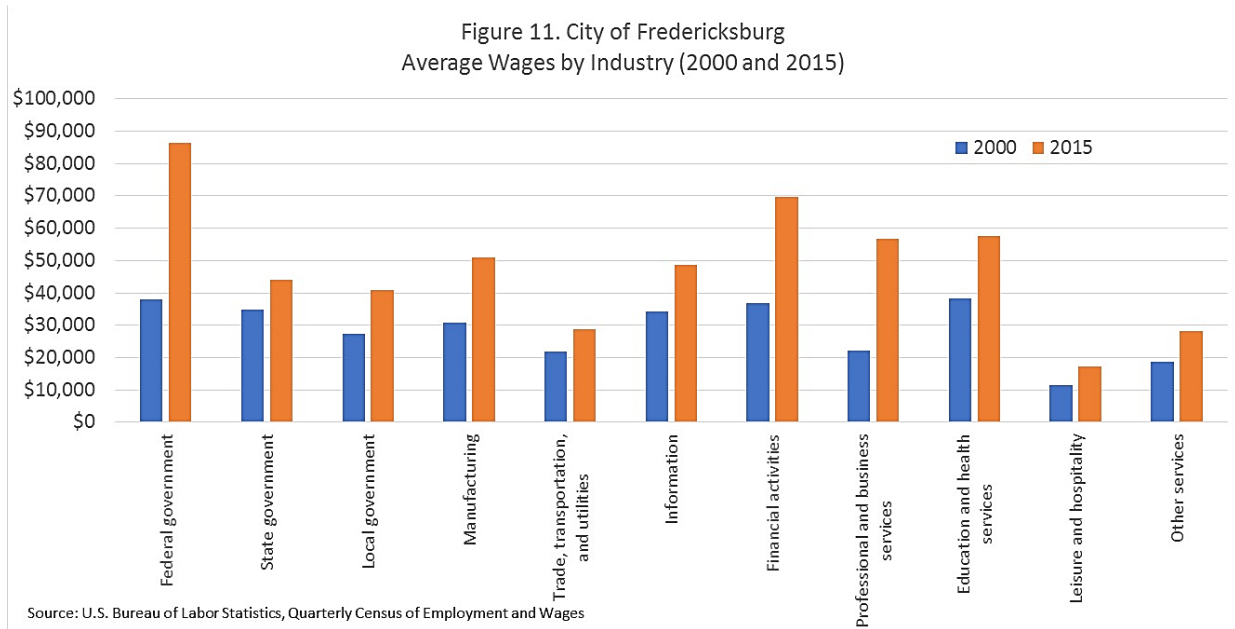


The average wage (current dollars) for jobs located in the City of Fredericksburg was \$48,074 in 2015, and wages increased by 68.2 percent since 2000. By comparison, wages increase approximately 52 percent across the Commonwealth of Virginia between 2000 and 2015. Wages in the City vary considerably across sectors. The average wage of a job in the Education and Health Services sector was \$57,706. Jobs in the Leisure and Hospitality and Trade sectors had lower wages, at \$17,223 and \$28,625, respectively. (Note that these figures include part-time workers.)

<sup>2</sup> The employment and wage data presented includes full-time and part-time covered jobs, temporary or permanent. The data exclude some jobs in national security agencies, proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers, and railroad workers covered by the railroad unemployment insurance system.

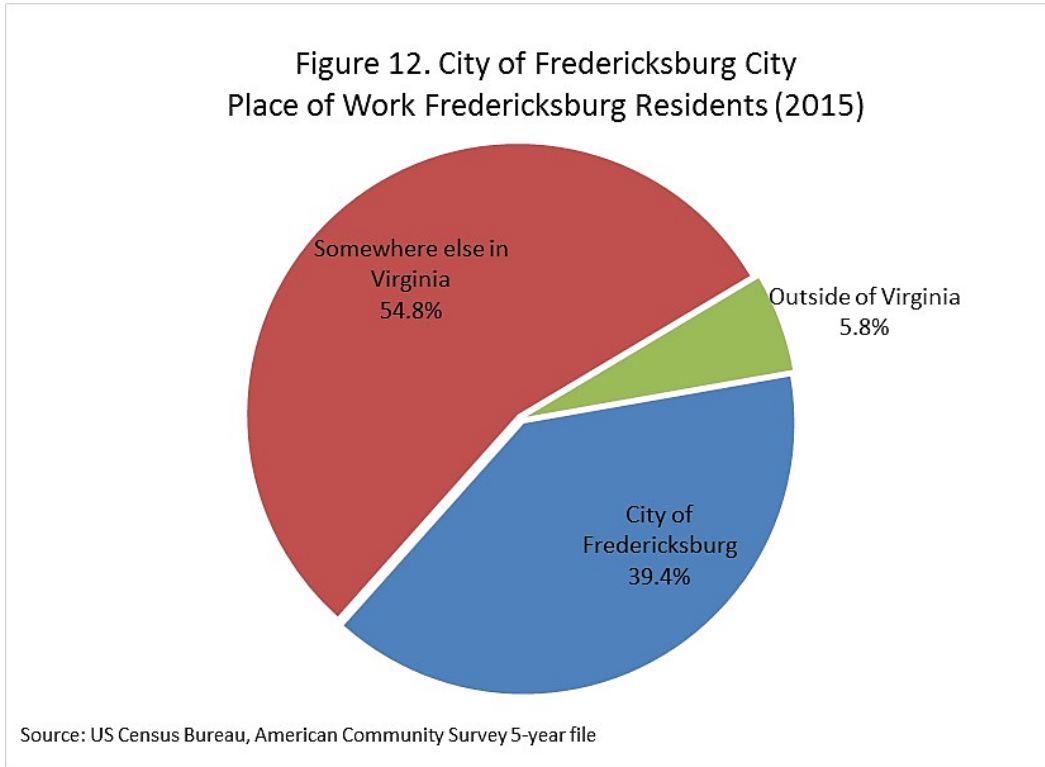


The City's highest wages were in among Federal Government jobs, where the average wage was \$86,289 in 2015. Wages have generally increased in every sector, with increases ranging from 26.9 percent for State Government jobs to 155.9 percent for jobs in the Professional and Business Services sector.



## Resident Workforce

In 2015, there were an estimated 13,282 resident workers in Fredericksburg—that is, City of Fredericksburg residents who were employed. About two out of five resident workers (39.4 percent) have jobs located in the City of Fredericksburg. More than half (54.8 percent) of the City’s resident workforce commutes to other places in Virginia. Approximately six percent of workers—commute to jobs outside of Virginia, largely to the District of Columbia.



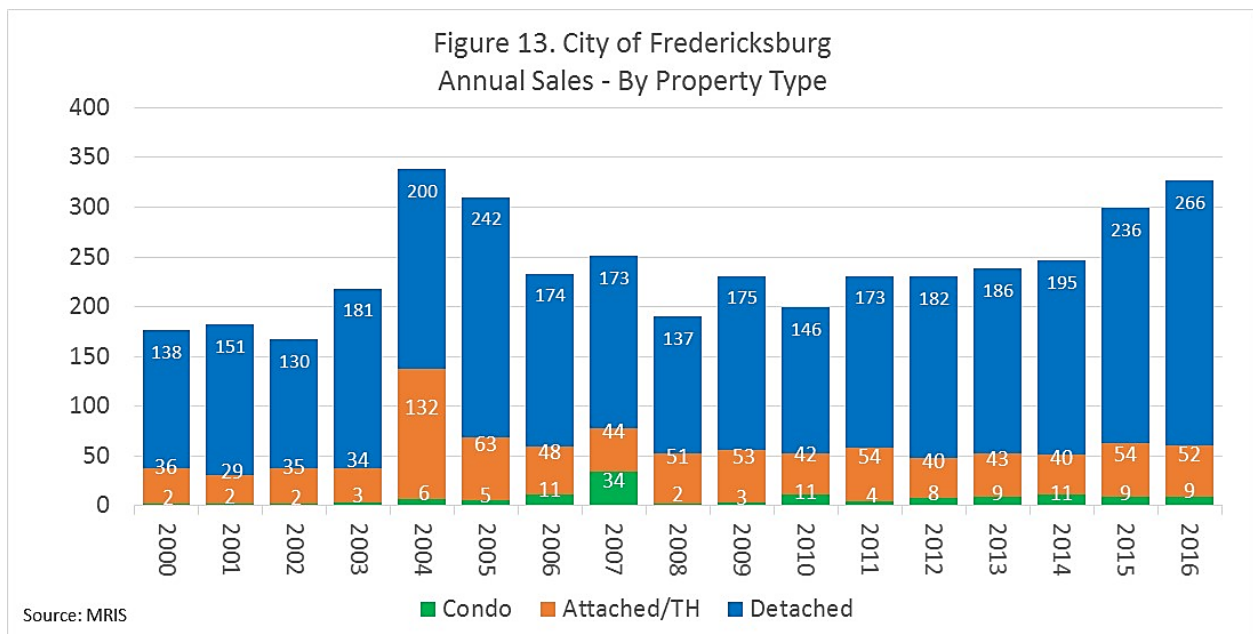
## Housing Market

### Home Sales

In the early 2000s, home sales in the City of Fredericksburg remained relatively flat, hovering between 167 and 182 sales annually. By 2003, the housing boom was underway and home sales in the City rose quickly. In two years, sales activity more than doubled in the Fredericksburg housing market going from 167 sales in 2002, to 338 sales in 2004. Sales dipped slightly in 2005, before falling sharply over the next few years as the financial crisis and recession occurred.

By 2008 there were 190 homes sold in Fredericksburg, 148 fewer than the peak 4 years prior, a 44 percent decline. Between 2008 and 2011, there was an ebb and flow pattern in the City's housing market, with sales rising and falling between 30 and 40 sales each year, before stabilizing in 2012. Since that time, home sales in Fredericksburg have been increasing and are nearing the levels seen at the peak of the housing boom. There were 327 sales in the City in 2016, up 9.4 percent than 2015, and only 11 shy of the 2004 peak.

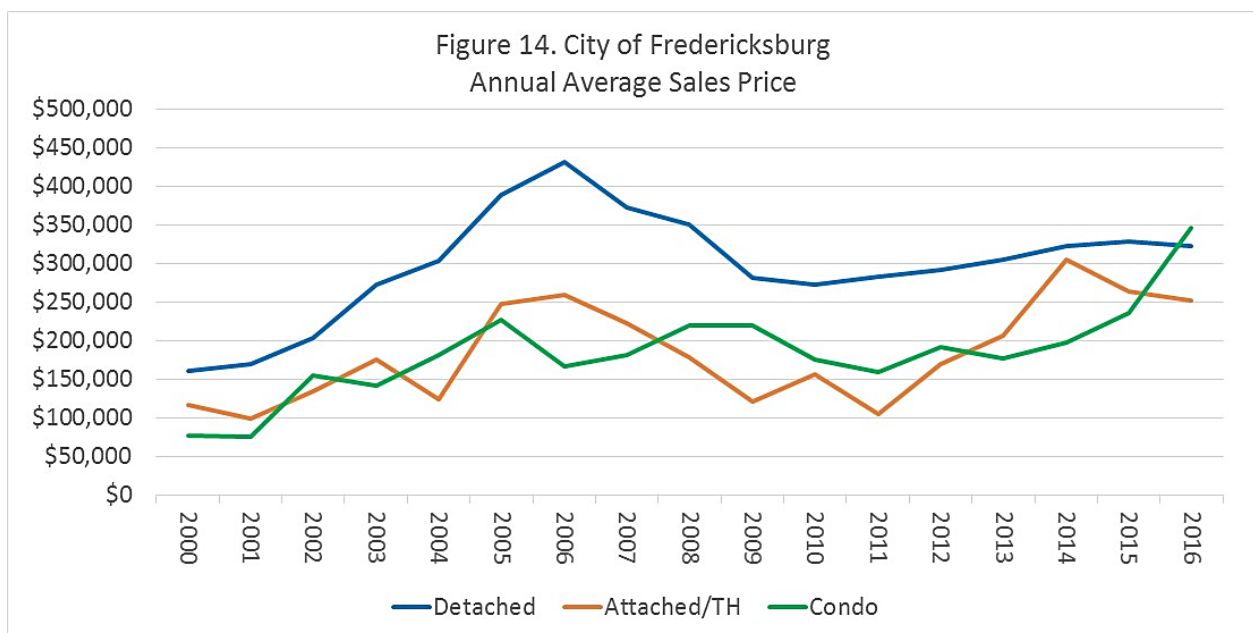
Most of the sales in the City of Fredericksburg single-family detached homes. Since 2000, single-family detached home sales have consistently exceeded more than three-quarters of all sales in any given year. Approximately 21 percent of all sales since 2000 have been single-family attached homes or townhomes. The market share of these types of properties has slowly declined since the housing boom and now represent between 16 and 18 percent of all sales in a given year. The condominium market in the City of Fredericksburg, while small in quantity, has increased considerably since the early 2000s. Since 2012, there have been between eight and 11 condos sold each year, compared to two to three condo sales each year from 2000 and 2003. In 2016 condominium sales made up approximately 3 percent of all sales in the City.



## Home Prices

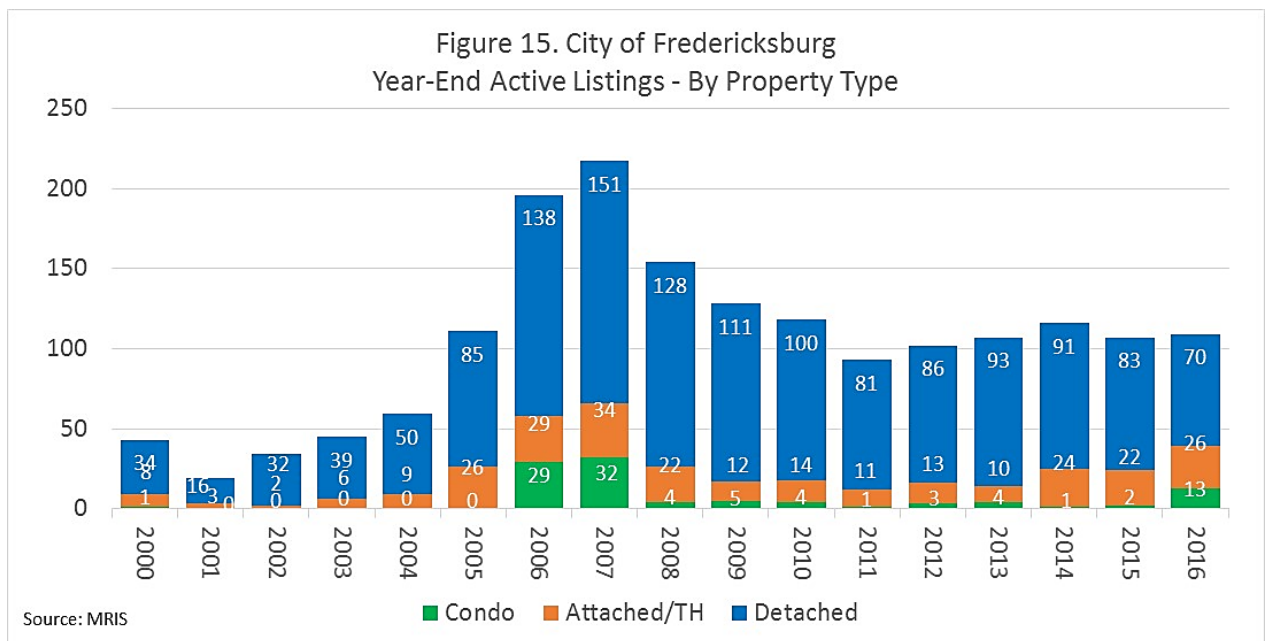
Similar to other jurisdictions in the region and around the country, home values in the City of Fredericksburg rose dramatically during housing boom years before abruptly declining as the financial crisis unfolded. Over a four-year period, the average sales price for a single-family detached home in Fredericksburg more than doubled, going from \$203,542 in 2002 to \$432,025 in 2006, a spike of more than \$228,483. Home prices climbed at double digit rates for five consecutive years during this period, driven by strong housing demand and financing options for a broad range of the credit spectrum. This price trend came to a halt in 2007, falling 13.9 percent that year compared to the peak level a year prior. The average sales price for detached homes in the City decline for four consecutive years, and by 2010 was at \$273,082, more than \$158,000 lower than the peak in 2006, a 37 percent drop.

While lower than their housing boom levels, home prices in the City of Fredericksburg have fared better than many neighboring jurisdictions following the recession. By 2011, the average sales price stabilized in the City, and has been rising steadily over the past five years, increasing nearly \$50,000 since the trough level in 2010. The average sales price for a detached home in Fredericksburg was \$321,990 in 2016, slightly lower than the previous year, a 1.8 percent decline.



## Active Listings

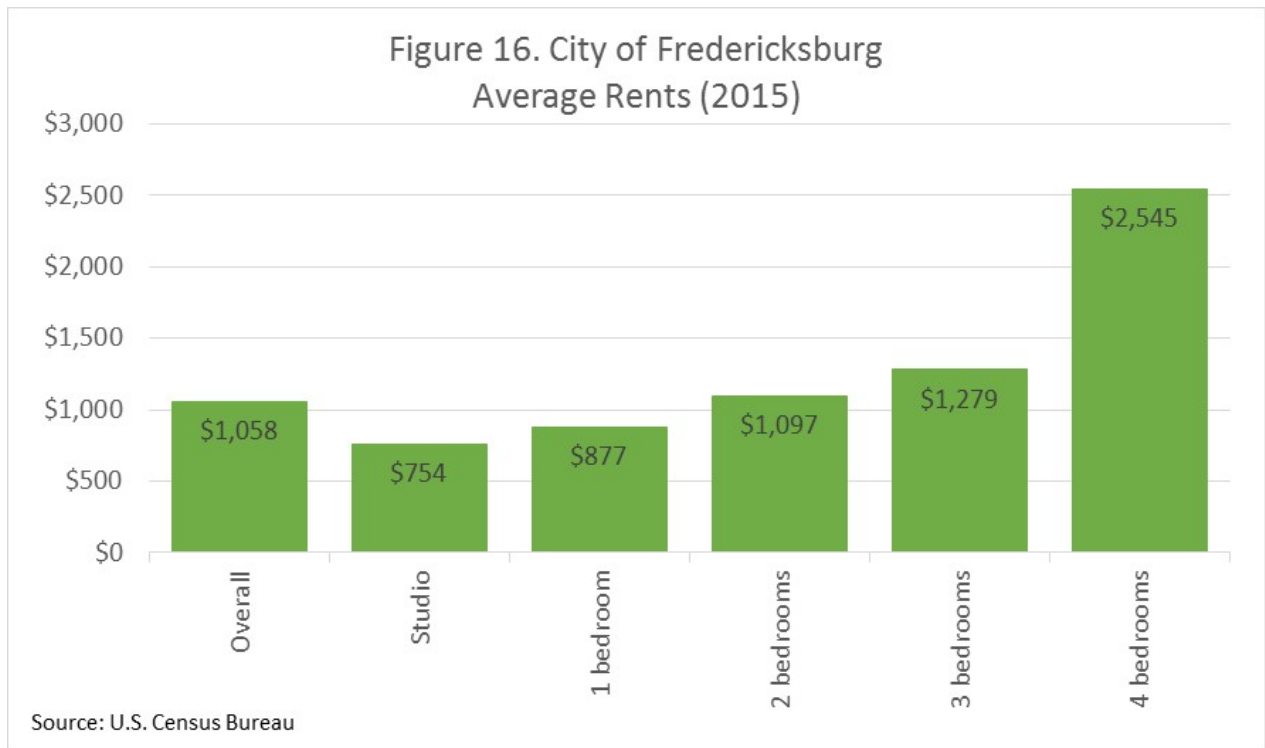
The inventory of homes for sale in the City of Fredericksburg has seen large fluctuations over the past 16 years. In the early 2000s the number of active listings was relatively low, even dipping below 20 listings City-wide at the end of 2001. As the housing boom began, the inventory levels increased rapidly, with active listings more than quadrupling between 2003 and 2006. After a peak of 217 listings at the end 2007, the number of homes for sale in Fredericksburg declined over the next 4 years. By the end of 2011, there were only 93 homes on the market, down 21.2 percent from the year before, and less than half of the peak level four years prior. Home prices fell sharply during this same period, leaving many who purchased homes during the housing boom owing more on their mortgage than the market value of their homes. As a result, fewer homes were listed for sale as people waited for prices to rise. The inventory of homes for sale has now stabilized in Fredericksburg, and has been hovering between 102 and 116 over the past five years. There were 109 active listings at the end of 2016, two more than the same period a year before, a 1.9 percent increase.



## Rents

The number of renters in the City of Fredericksburg has increased since the housing market downturn and recession and currently about 6,600 households in the City are renters. In 2015, the median rent in the City of Fredericksburg was estimated at \$1,058, up 62.5 percent over 2000 (\$651). Studio and one-bedroom apartments rent for an average of under \$900 per month while two- and three-bedroom units have rents of \$1,097 and \$1,279, respectively.

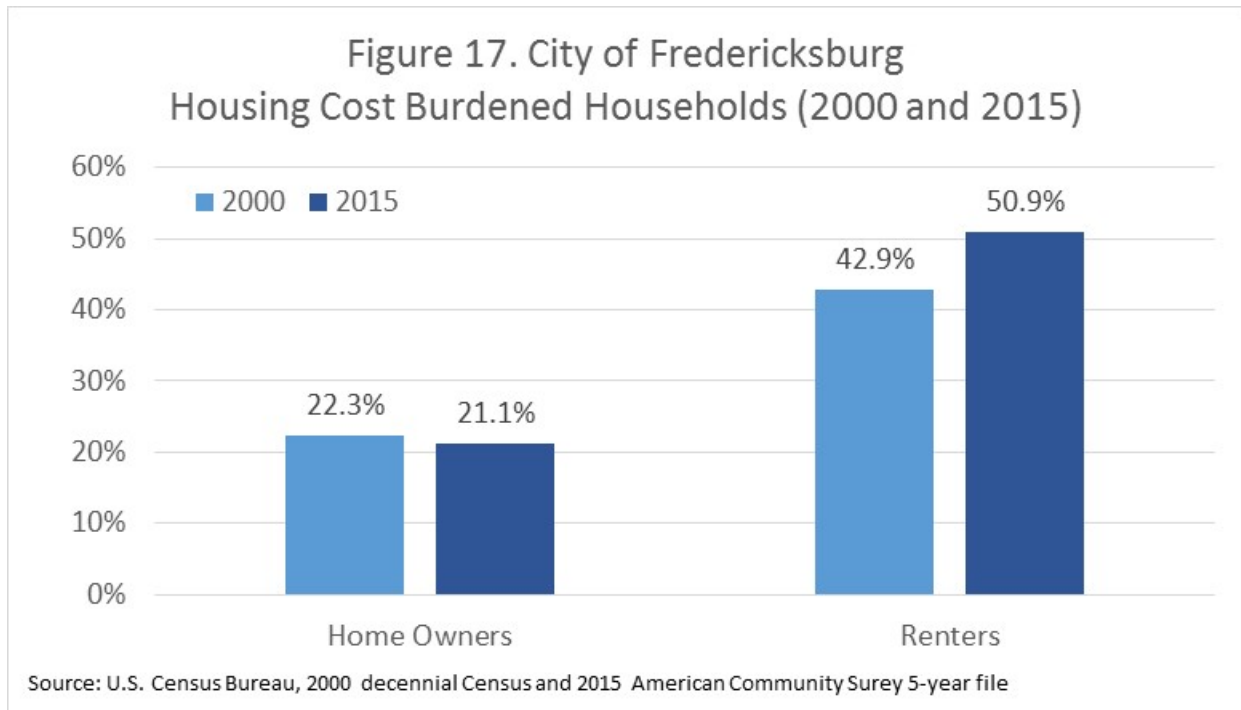
These rent figures do not take into account the rents of new residential buildings, specifically those completed in 2015 and 2016. Rents at these new properties are significantly higher. For example, at The Apartments at Cobblestone Square, monthly rents from \$1,388 per month to \$3,838 per month.



## Housing Affordability

Housing affordability is measured by comparing household incomes to housing costs. Generally, housing is considered “affordable” if it takes up no more than 30 percent of a households’ gross income. Households that spend more than 30 percent of their income on housing costs are sometimes called “housing cost burdened.” When households spend a disproportionately high share of their income on housing costs, there is often an insufficient amount left over for other necessities, such as health care, food, transportation and education expenses.

In the City of Fredericksburg, one out of five home owners (21.1 percent) and one out of every two renters (50.9 percent) spends more than 30 percent of their income on housing. Rates of housing cost burden have increased among renters in the City of Fredericksburg. In 2000, about 42.9 percent of renters were cost burdened. Rates of housing cost burden have not changed significantly for home owners in the City over the 2000 to 2015 period.



## Forecasts of Future Housing Needs in the City of Fredericksburg

Having a sufficient supply of housing is essential for supporting a vibrant and sustainable local economy. Using prior forecasts of local housing demand produced by George Mason University,<sup>3</sup> updated with more recent data on the current housing stock, the housing forecasts below suggest that the City of Fredericksburg would need to add 2,032 new housing units over the next 15 years to house new workers, including both a share of workers in the City and residents in the City that work elsewhere.<sup>4</sup>

In 2013, the George Mason University Center for Regional Analysis (GMU) produced forecasts of the amount, types and prices/rents of housing that would be needed to accommodate job growth in the greater Washington DC region, including for the City of Fredericksburg, Spotsylvania County and Stafford County in the Fredericksburg region. Around the same time, the George Washington Regional Commission/Fredericksburg Area Metropolitan Planning Organization (MPO) produced population, household and housing unit forecasts that were included in the Metropolitan Washington Council of Governments (MWCOG) Round 9.0 cooperative forecasts. The housing forecasts presented below for the City of Fredericksburg are based on the GMU forecasts, with MPO/MWCOG forecasts used as a check on the credibility of the estimates.

The GMU housing forecasts examined forecasts of expected job growth by sector in the greater Washington DC region to produce jurisdiction-level housing demand forecasts of the amount. (The published GMU forecasts combined the City of Fredericksburg with Spotsylvania County but the estimates below are for Fredericksburg only.) The housing unit forecasts for the City of Fredericksburg include housing that would be needed to accommodate new workers that both live and work in Fredericksburg as well as workers that are expected to live in Fredericksburg but will have a job in another jurisdiction (i.e., out commuters). The shares of new workers living in Fredericksburg are based on an analysis of current commuting patterns.

The GMU forecasts are for the 2012 through 2032 period. The forecasts below adjust the GMU forecasts to provide estimates of expected housing demand between the 2017 and 2032 period with separate forecasts for the 2017-2022, 2022-2027, and 2027-2032 periods. The forecasts based on the GMU analysis are compared with the MWCOG/MPO forecasts of household growth to ensure that the rates of expected growth in the housing stock are realistic given current local expectations.

The GMU analysis uses information on the expected wages, ages and household composition of new workers throughout the region to estimate demand for housing of different types (i.e., renter and owner, single-family and multifamily) and at different price and rent levels.

These estimates of future housing demand in the City of Fredericksburg will likely understate total future housing demand because they do not account for the housing that will be needed to accommodate new residents who are not in the labor force (e.g., new retirees to the area). This approach to forecasting housing demand in the City of Fredericksburg is just one way to thinking about the City's future housing

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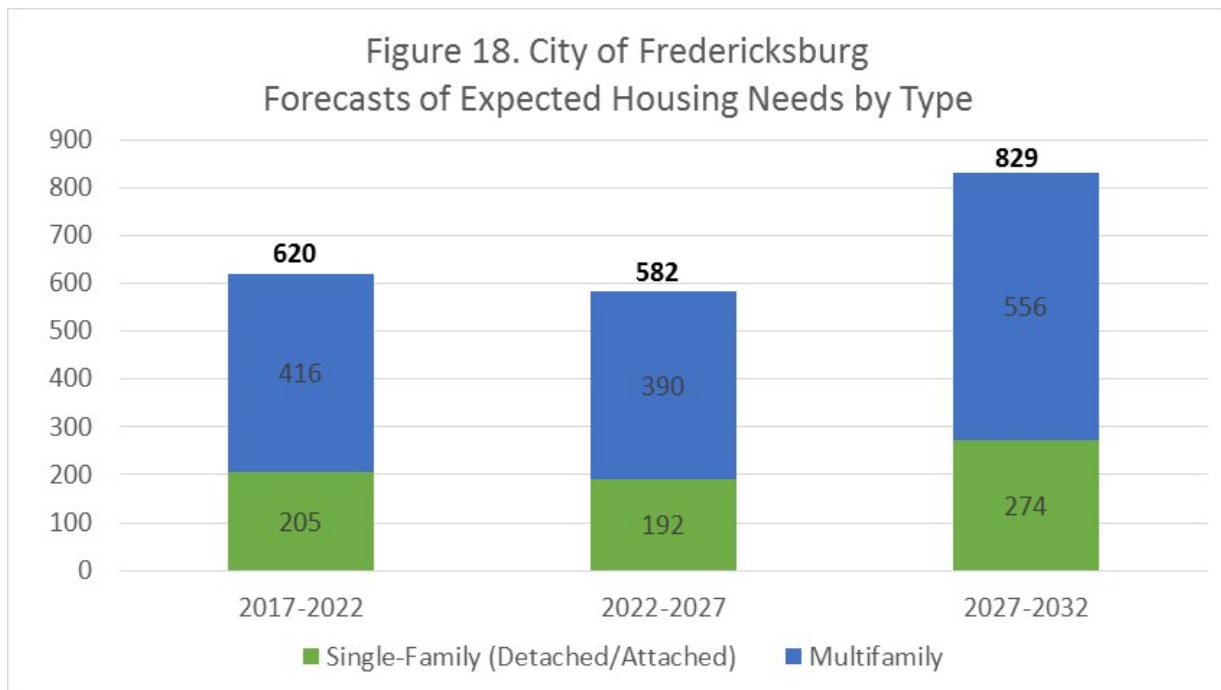
<sup>3</sup> Sturtevant, Lisa and Jeannette Chapman. 2013. Housing the Region's Future Workforce, 2012-2032. Arlington, VA: George Mason University Center for Regional Analysis. Online [http://cra.gmu.edu/pdfs/studies\\_reports\\_presentations/Housing\\_the\\_Regions\\_Future\\_Workforce\\_2012.pdf](http://cra.gmu.edu/pdfs/studies_reports_presentations/Housing_the_Regions_Future_Workforce_2012.pdf).

<sup>4</sup> Job forecasts are based on econometric forecasts prepared by IHS Global Insight. These housing demand forecasts assume that all new workers in the jurisdiction will live in the jurisdiction, thereby assuming that the levels of jurisdiction-to-jurisdiction commuting will not increase. Changes to these assumptions would obviously change the resulting housing need forecasts presented in this report.



needs, explicitly linking growth in the housing stock to employment growth. Other housing forecasts that have been produced for other purposes for the City may be based on different assumptions and may come to different conclusions about future housing growth.

Overall, these forecasts suggest a need for 2,032 net new housing units in the City of Fredericksburg between 2017 and 2032. Between 2017 and 2022, these forecasts suggest a need for 620 net new housing units; between 2022 and 2027, there is expected to be demand for 582 net new housing units. Finally, in the 2027 to 2032 period, the pace of housing demand is expected to accelerate somewhat (along with expected accelerations in local and regional job growth) with a need for an additional 829 housing units in the City of Fredericksburg over that five-year period.



Between 2017 and 2032, therefore, these housing demand forecasts suggest a need for 135 new units to be built in the City of Fredericksburg each year. Over the past five years, the City has issued permits for the construction of 131 housing units annually, on average, which suggests that it is on target to meet the demand suggested by these employment-driven forecasts of housing demand. However, the types and prices/rents of housing are shifting and current supply may not be sufficiently meeting changing demand for rental and multifamily housing.

Given the expected characteristics and incomes of new working households in the City of Fredericksburg over the next 15 years, it is expected that just one-third (670 housing units) will need to be single-family detached or attached homes to meet demand. The remaining two-thirds (1,361 housing units) are forecasted to be multifamily.<sup>5</sup> This reflects a shift from current development patterns in the City of

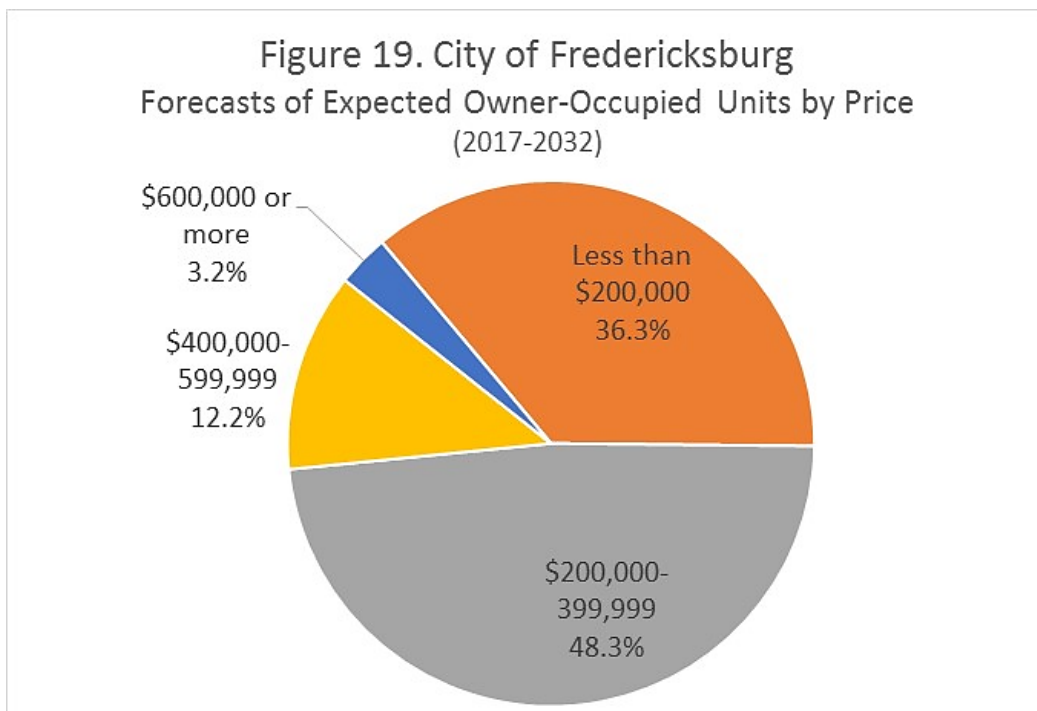
<sup>5</sup> Numbers may not sum to total due to rounding.

Fredericksburg where 54.7 percent of homes in the City are single-family detached or attached homes and 45.1 percent are multifamily units.

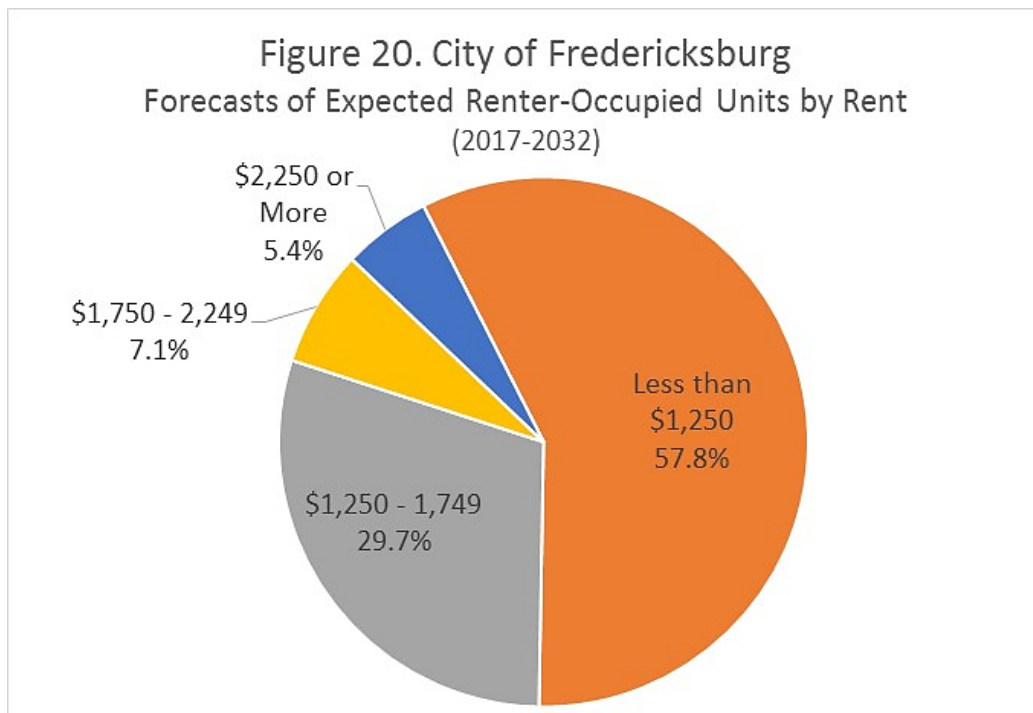
These housing demand forecasts suggest that just 27.5 percent new housing units that will be needed over the next 15 years to accommodate new workers will be owner-occupied (including both single-family and multifamily owner-occupied units) and 72.5 percent will be renter-occupied. In 2015, it is estimated that 34.5 percent of the current occupied housing stock is owner-occupied. Therefore, these housing demand forecasts suggest a shift towards more renters and fewer home owners among new residents over the next 15 years.

The shift towards more multifamily housing and more rental housing reflects a younger workforce and stronger growth in industry sectors that pay relatively lower wages. Younger households and households with lower incomes are more likely than other households to live in rental housing and multifamily housing. The trend toward demand for more multifamily housing and more rental housing is being experienced in communities throughout Virginia and in many parts of the rest of the country.

These household characteristics also dictate the home prices and rents that will be needed to accommodate the growing working population in the City of Fredericksburg. There will be a need for housing at all price points in the years to come. Over the next 15 years, however, based on an assessment of expected household incomes, it is expected that more than one-third (36.3 percent) of the new future owner-occupied homes in the City of Fredericksburg—including both single-family and multifamily—will need to be priced below \$200,000 to meet demand (i.e., affordable to households earning about \$50,000). About half (48.3 percent) of owner-occupied homes need to be priced between \$200,000 and \$399,999 and 12.2 percent need to be priced between \$400,000 and \$599,999 to be affordable to new households. It is estimated that only 3.2 percent of new owner-occupied will need to be priced at \$600,000 or above to meet new demand over the next 15 years.



On the rental side, there will be substantial need for housing affordable to renters earning below \$50,000. Based on these estimates of future housing needs in the City of Fredericksburg, about 57.8 percent of future renters will be able to afford renters at or below \$1,250 per month. About 29.7 percent of new rental demand will be able to afford rents between \$1,250 and \$1,749 per month and 7.1 percent will be able to afford rents between \$1,750 and \$2,249 per month. It is expected that demand for high-end rental units will be relatively low, with these forecasts suggesting that new rental demand will include only 5.4 percent of units with rents of \$2,250 or more over the next 15 years.



# King George County

## A Profile of Demographic, Economic and Housing Market Conditions

Prepared by Lisa Sturtevant & Associates LLC with support from the  
Fredericksburg Area Association of REALTORS®

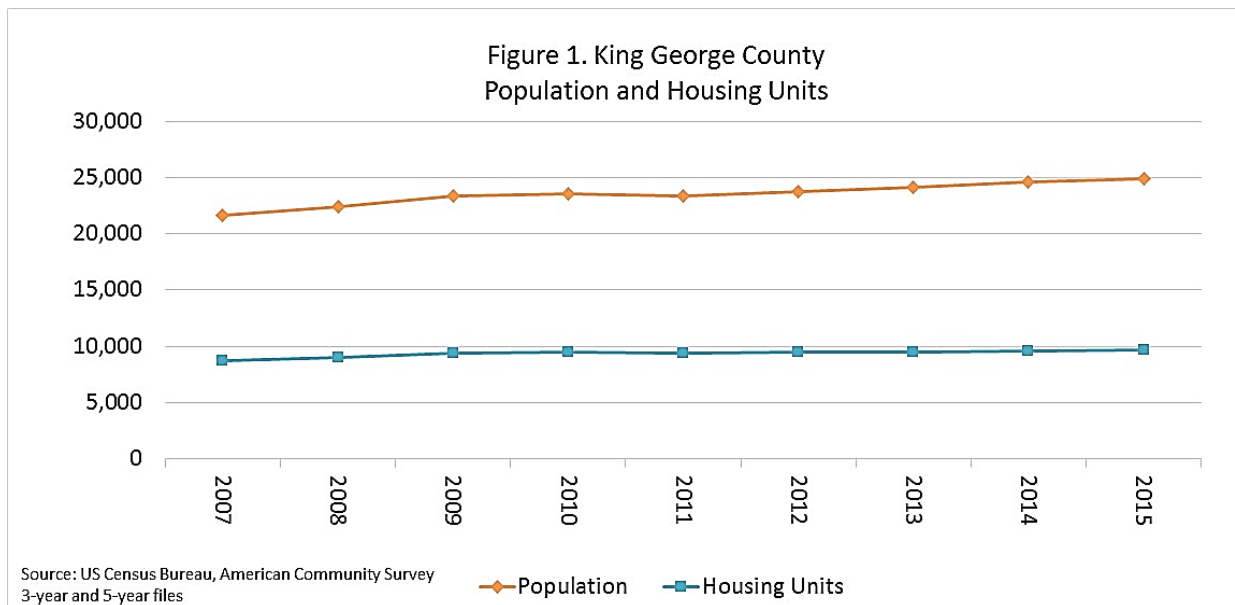
June 2017



## Profile of King George County

There were 24,933 residents in King George County in 2015, up 5.7 percent since 2010, and up 15.3 percent from 2007 when the County's estimated population was 21,619. The average annual growth rate between 2007 and 2015 was 1.9 percent, slightly higher than the annual growth rate for the Fredericksburg region which was 1.7 percent during the same time period.

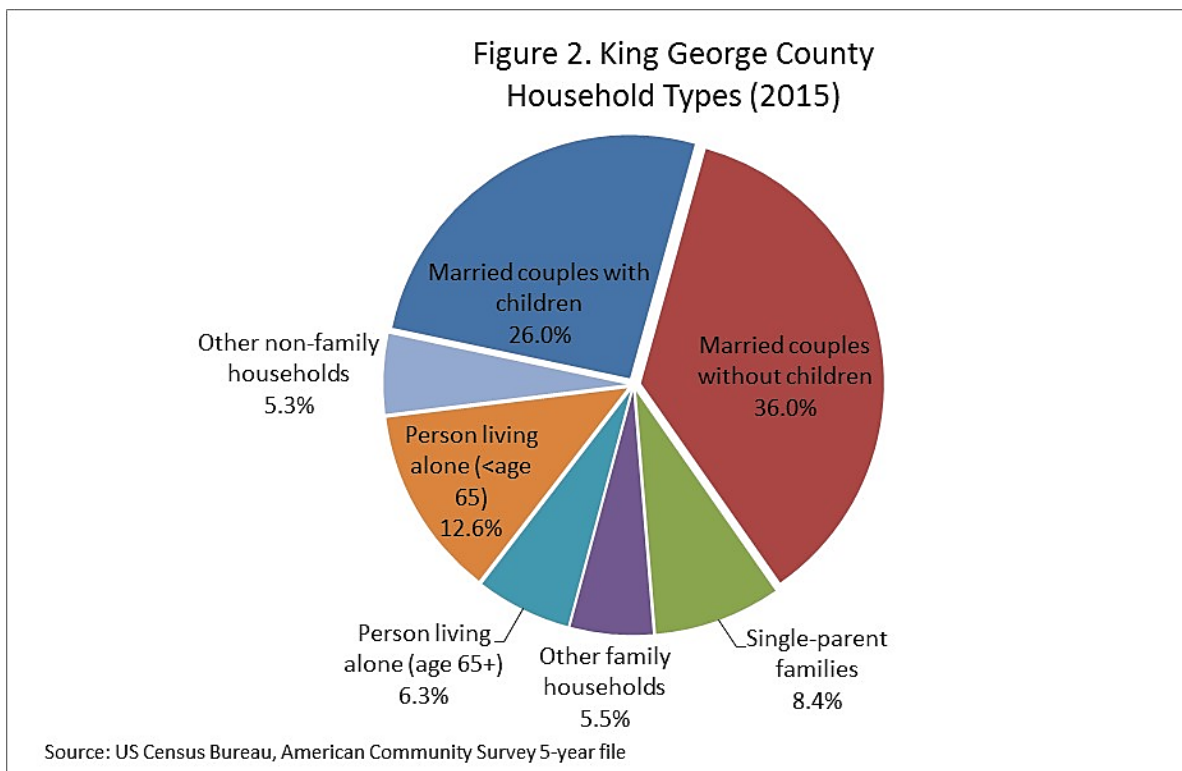
There were approximately 9,706 housing units in the County in 2015, up 11.3 percent since 2007. Housing unit growth has slowed since the recession; only 229 units have been added to the County's housing stock since 2010. The average annual growth rate for housing units was 1.4 percent between 2007 and 2015. While more than 3,300 additional people live in the County in 2015 relative to 2007, the vacancy rate of its housing stock has increased. The vacancy rate was 13.7 percent in 2015, up from 11.8 percent in 2007. Growing population and increasing vacancy can be partially explained by household size trends. The average number of people per household in the County was 3.0 in 2015, up from 2.8 in 2007. Therefore, so on average more people are occupying each housing unit in the County leaving more units vacant than eight years prior.



## Household Type

King George County was home to approximately 8,379 households in 2015 most of which were families.<sup>1</sup> About three-quarters of these households (75.8 percent) were family households, and the remaining quarter (24.2 percent) were non-family households. The overall average household size was 3.0 persons per household but the average family size in the County was 3.4 people in 2015.

Married couples without children account for the largest share of household types in King George County (36.0 percent). Married couples with children represent the second largest share at 26.0 percent. Nearly one-fifth of all households in King George County were people living alone (18.9 percent). There were an estimated 705 single-parent families in the County in 2015, about 8.4 percent of all households. Seniors age 65 and older that live alone are a relatively small share of the County's households, accounting for 6.3 percent of all households. Other family households, which can include siblings, cousins or other related people living together account for 5.3 percent of households in the County.

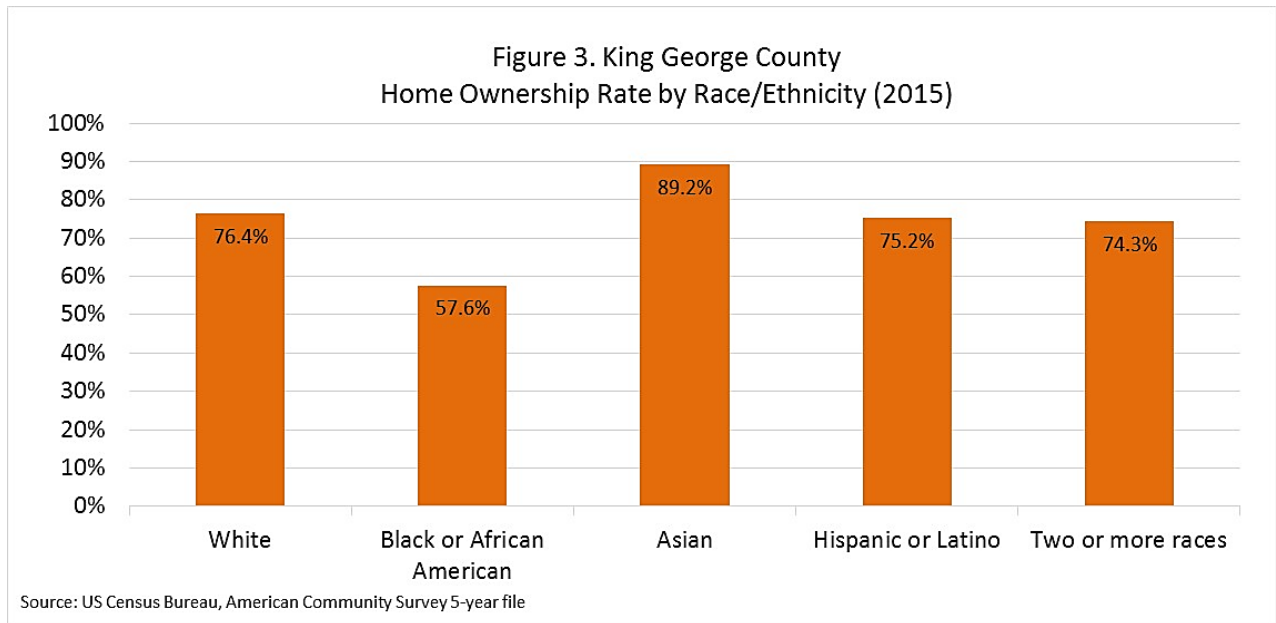


<sup>1</sup> Family households include households with two or more people related by marriage, birth or adoption. Non-family households include households with unrelated people, including people living alone.

### Housing Tenure – Renters and Owners

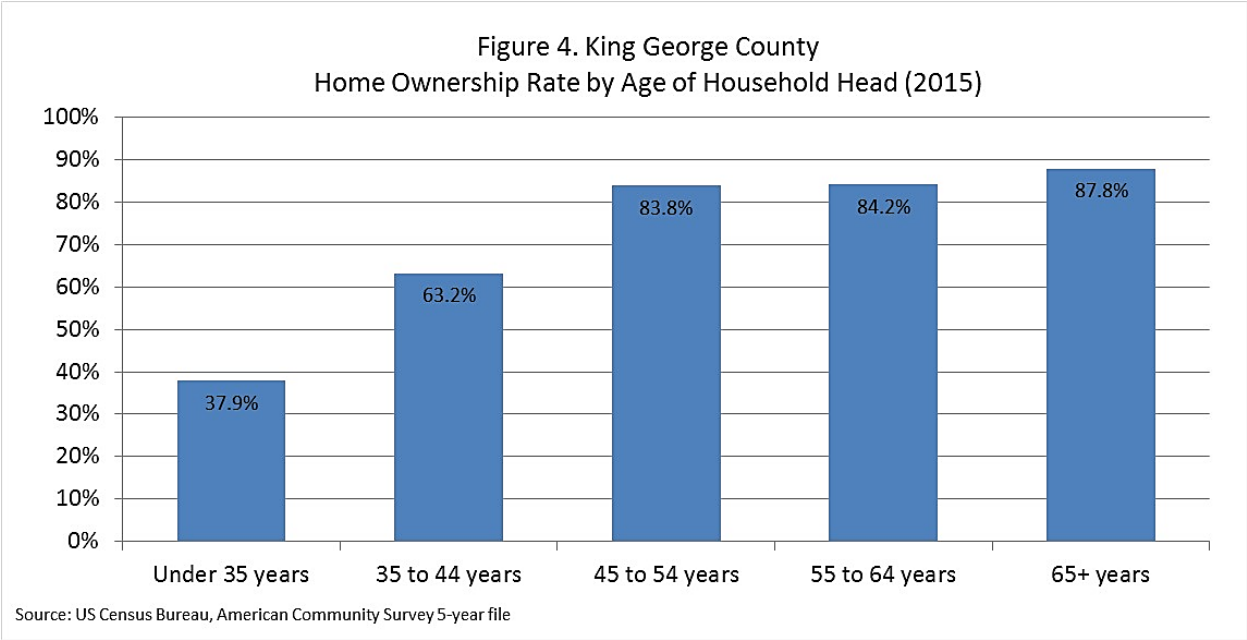
The home ownership rate in King George County was 73.0 percent in 2015. This rate has been trending down since the peak of the housing market in 2007. At that time the home ownership rate in the County was 77.0 percent. Overall, however, the home ownership rate has increased somewhat since 2000 when it was 71.8 percent.

Home ownership rates in the County vary by the race or ethnicity of the head of the household. Asian-headed households had the highest home ownership rates in King George County, at 89.2 percent, although there are very few Asian households in the County. White and Latino or Hispanic households had similar home ownership rates at 76.4 percent and 75.2 percent, respectively in 2015. The home ownership rate for black or African American households trailed behind at 57.6 percent.



Home ownership rates tend to increase with age. About 37.9 percent of households headed by someone under 35 owned their homes. By contrast, 87.8 percent of household heads age 65 or older owned their homes. Household heads age 45 to 54 years and 55 to 64 years had similar home ownership rates at 83.8 percent and 84.2 percent, respectively. The homeownership rate for households headed by someone age 35 to 44 was 63.2 percent in King George County.





**Household Income**

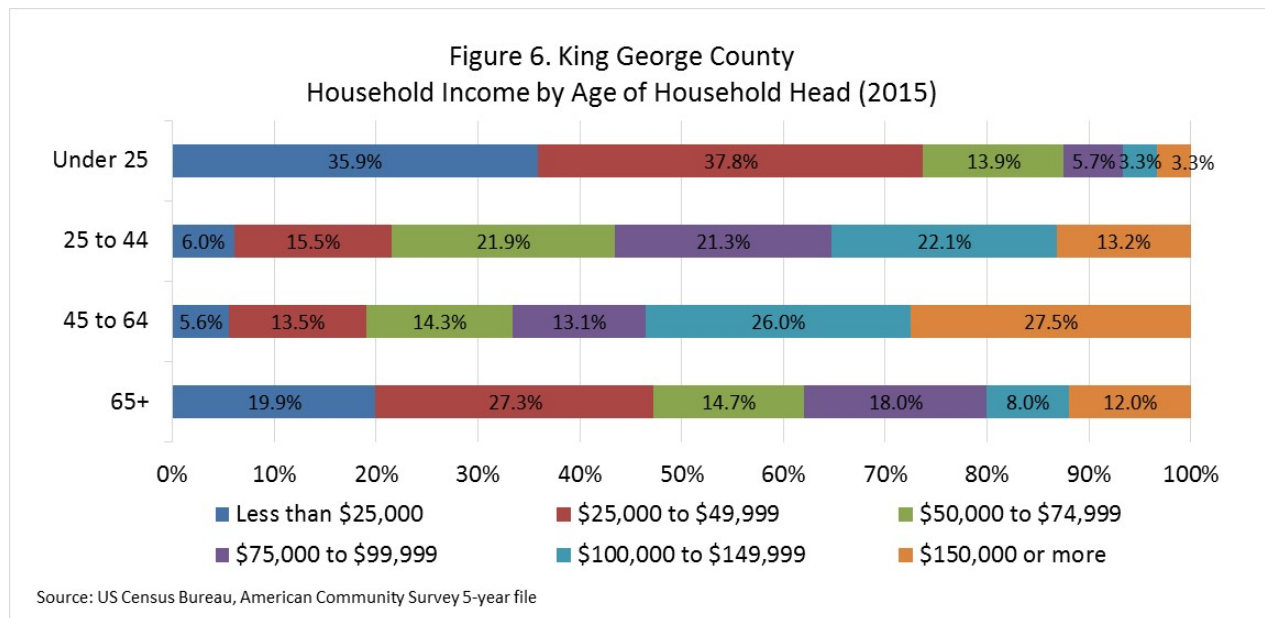
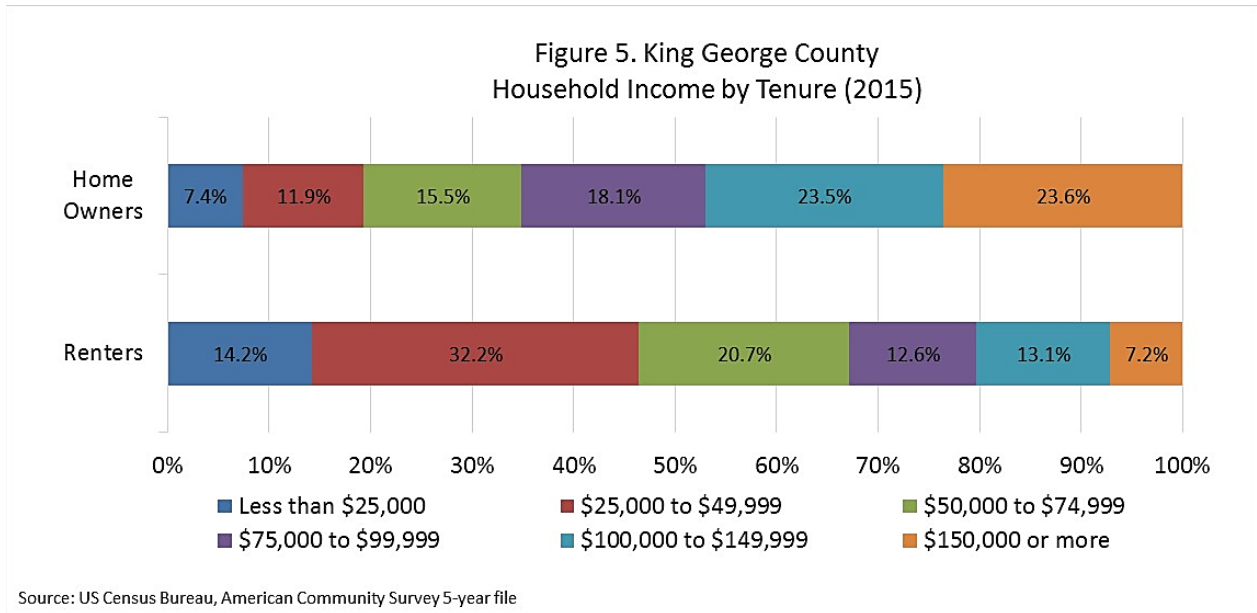
The median household income in King George County was \$81,688 in 2015; however income levels varied significantly for renters and owners. Households renting their homes had a median annual income of \$56,637. By contrast, the median household income for home owners was about 64.5 percent higher at \$93,157.

Home ownership was more common in the County for households with higher incomes. For example, nearly half (47.0 percent) of all households that owned their home had incomes of \$100,000 or more. Only 19.3 percent of home owners had incomes less than \$50,000 in 2015. The inverse was true for renter households. Approximately 46.4 percent of all renter households had incomes less than \$50,000, and only 20.3 percent of renter households had incomes of \$100,000 or more.

Age and income are both important factors in determining homeownership trends. In general, as people work longer and age, their incomes tend to rise. For example, the largest proportion of households in the County making over \$150,000 in 2015 were those headed by someone age 44 to 64 (27.5 percent). The proportion of households earning in this top income bracket declines among younger households. Approximately 13.2 percent of household heads between the ages of 25 and 44 earn more than \$150,000. Only 3.3 percent of household heads under 25 earned over \$150,000 in 2015.

The share of households with lower incomes tend to decline with age and then rise after retirement age. More than one out of every three (35.9 percent) of households headed by

someone under the age of 25 earned less than \$25,000 in 2015. Only 6.0 percent of 25 to 44 year old house holders and 5.6 percent of 45 to 64 year old household heads earned less than \$25,000. This proportion jumps up to 19.9 percent for senior household heads age 65 and older.

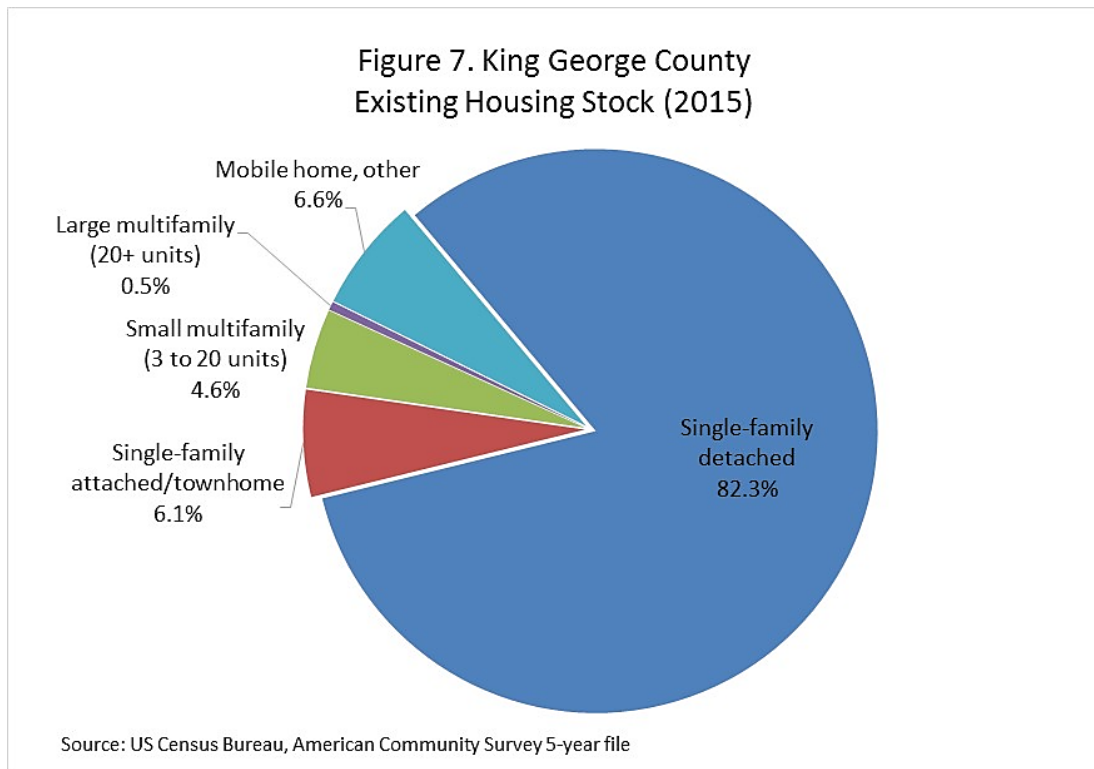


## Housing Stock

### Housing Type

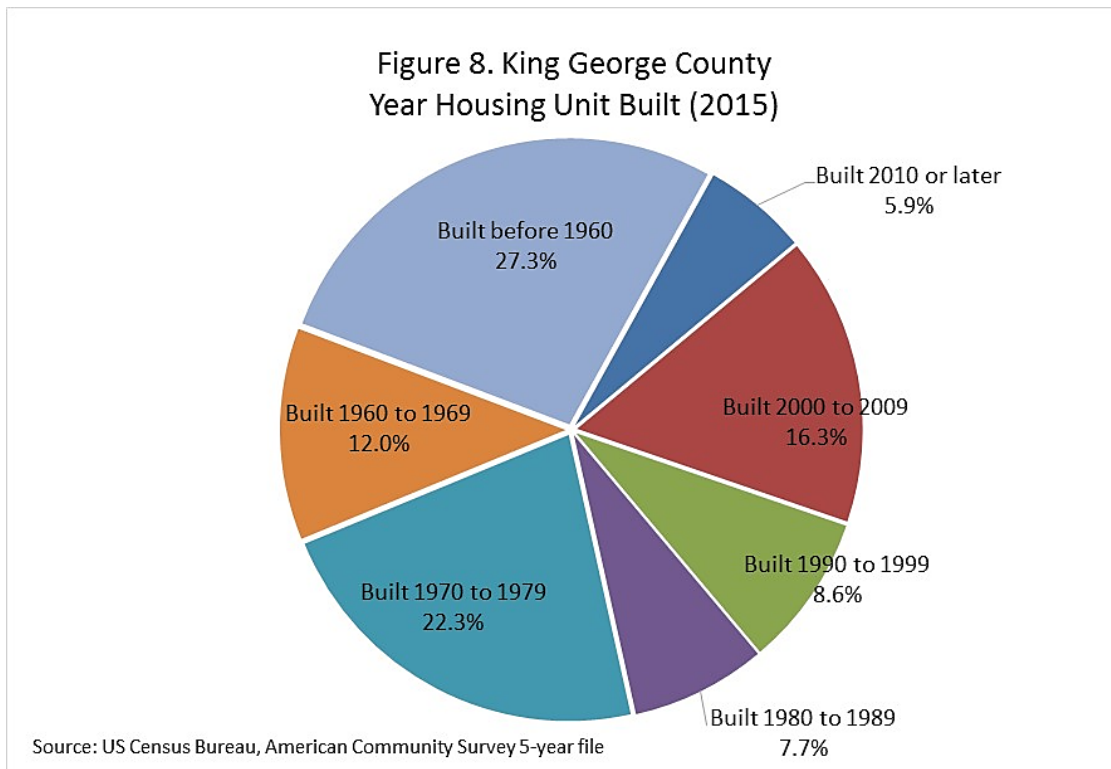
There were an estimated 9,706 housing units in King George County in 2015, including both occupied and vacant units. Most homes in the County are single-family detached homes (82.3 percent). Townhomes and duplexes (single-family attached homes) accounted for 6.1 percent of the County's housing stock in 2015. Therefore, single-family housing, both detached and attached, make up about nine out of every 10 units in the County (88.4 percent). Multifamily housing is not very common in King George County, representing only 5.0 percent of all units in 2015. Approximately 6.6 percent of the County's housing units are mobile homes.

The vast majority of housing for both home owners and renters is single-family housing. Approximately 93.1 percent of the County's 6,120 owner-occupied housing units are single-family detached homes. Less than one percent of the County's home owners live in a townhome or duplex. Approximately 6.0 percent of owners live in mobile homes. Rental units in the County are also primarily single-family detached homes; however there is greater variety in unit type for rentals. Approximately 57.2 percent of the County's 2,259 renter-occupied units are single-family detached homes. An estimated one in five renter households lives in townhomes or duplexes (21.0 percent), and 16.5 percent of renters live in units in multifamily buildings, most of which are small properties (fewer than 20 units). About 5.3 percent of rental units in King George County are mobile homes.



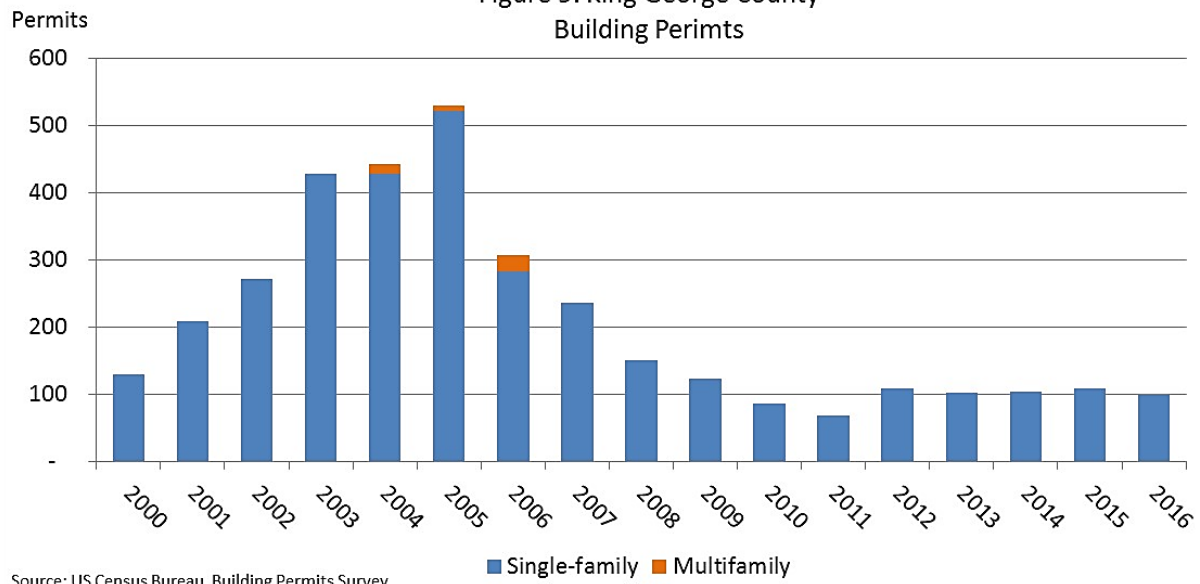
### Year Housing Unit Built

At 27.3 percent, the largest share of housing units in King George County were built before 1960. Newer housing units, built since 2000, represent about 22.2 percent of the County's housing stock. Another quarter of the housing units in the County were built in the 1970s (22.3 percent). Housing units built in the 1980s and 1990s represent 7.7 percent and 8.6 percent of the County's housing stock, respectively. Approximately 12.0 percent of the County's housing units were built in the 1960s.



King George County issued on average 206 building permits each year between 2000 and 2016. There was a sharp increase in permits issued between 2002 and 2005, which began to subside in 2006 and fell sharply between 2007 and 2010 as the peak of the housing market ended and the recession was underway. Permit levels have been fairly consistent since 2010 and remain well below the peak years, hovering between 68 and 109 permits for new housing over the past six years. Nearly all residential building permits issued in the County have been for single-family detached homes. Multifamily residential permits account for approximately 1.3 percent of all permits issued in the past 16 years. There were 99 permits issued in 2016, all of which were for single-family detached homes.

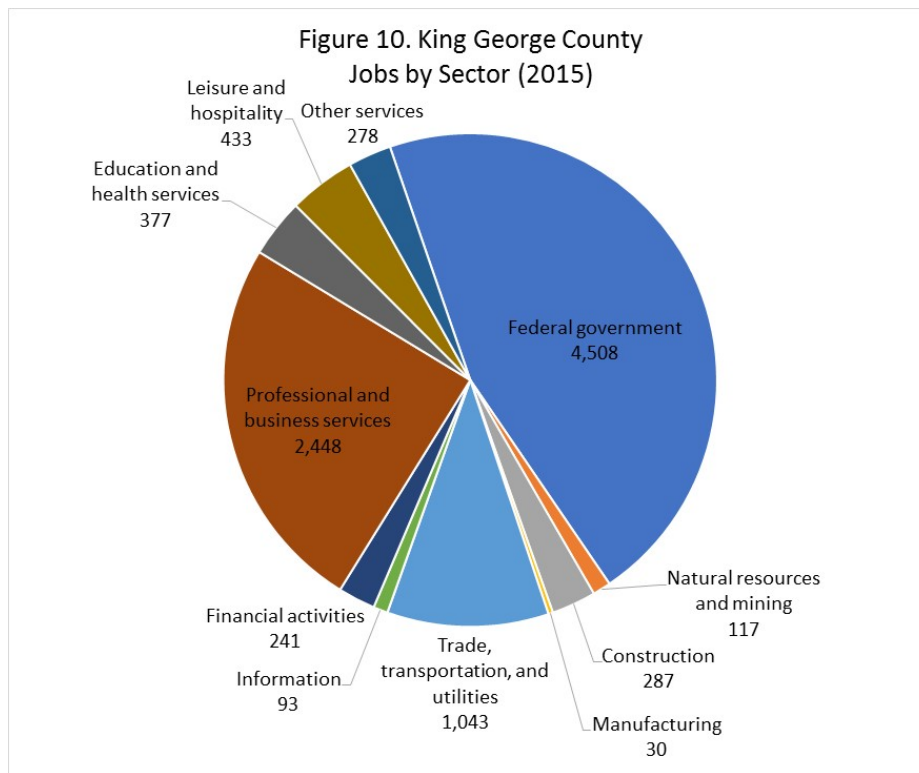
Figure 9. King George County  
Building Permits



## Economy

### Jobs in King George County

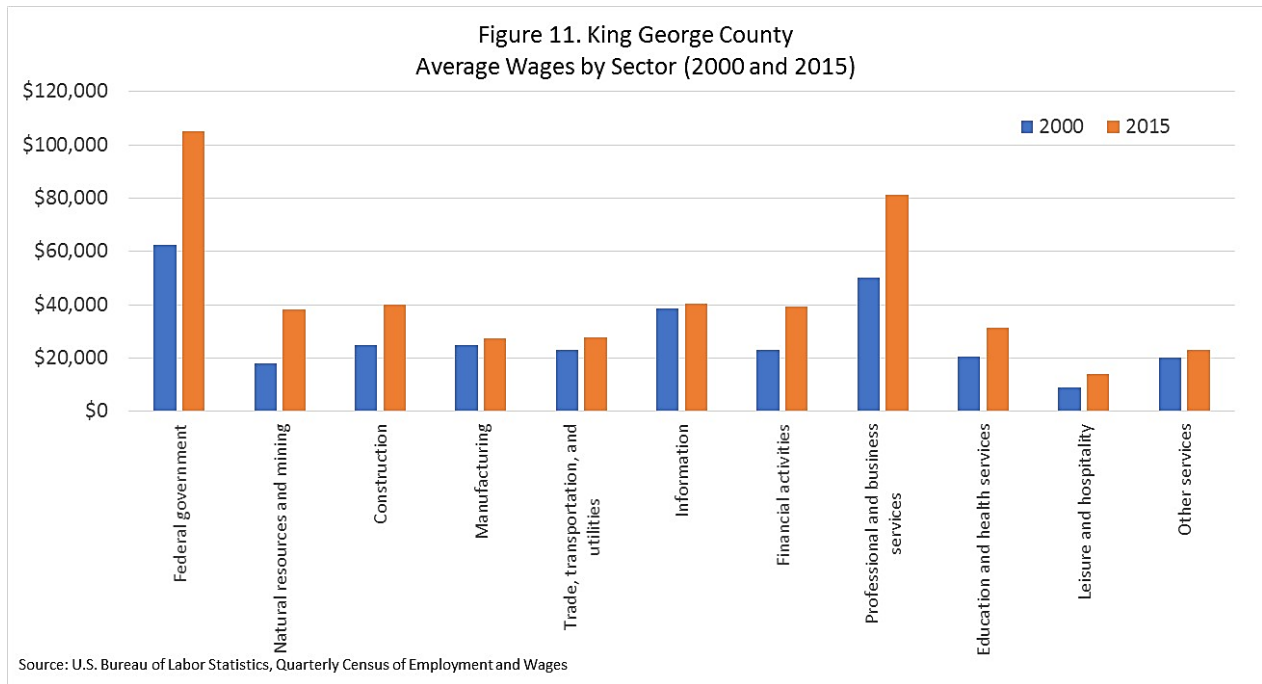
In 2015, there were an estimated 9,855 jobs in King George County.<sup>2</sup> The County added about 1,340 jobs between 2000 and 2015, reflecting an increase of 15.7 percent. Job growth in King George County has been somewhat slower than for the state as a whole. The County's largest industry sector is the Federal Government sector, which accounts for nearly half of all jobs in King George County (45.7 percent, or an estimated 4,500 jobs). The Professional and Business Services sector is the second largest sector, with about 2,450 jobs. The Trade, Transportation and Utilities sector comprises the third largest sector (1,040 jobs).



The average wage of jobs in King George County was \$42,620 in 2015; however, the largest employment sector, Federal Government, has significantly higher wages (\$105,174 on average). Jobs in the Professional and Business Services sector also had relative high average wages at \$81,137. Jobs in the Trade, Transportation and Utilities sector have an average wage of \$27,879 and likely includes a number of part-time workers. Overall, the average wage in King George

<sup>2</sup> The employment and wage data are from the U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages and includes full-time and part-time covered jobs, both temporary and permanent jobs. The data exclude some jobs in national security agencies, proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers, and railroad workers covered by the railroad unemployment insurance system.

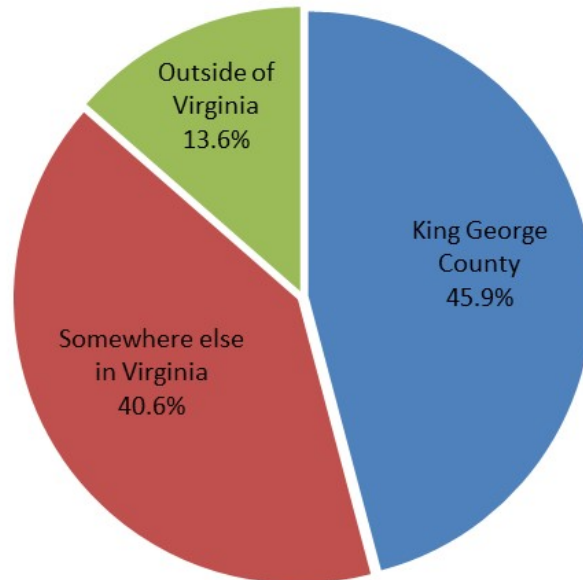
County increase 48.6 percent between 2000 and 2015, about on par with the increase in average wages statewide over this period.



## Resident Workers

There were approximately 12,262 resident workers in King George County in 2015. Resident workers are defined as County residents who are employed, working inside or outside of the County. About half (45.9 percent) of King George County residents work in King George County. An estimated 40.6 percent commute to jobs in other places in Virginia outside of King George County, and an estimated 1,663 workers (13.6 percent) commute to jobs outside of Virginia, largely to Maryland and the District of Columbia.

Figure 12. King George County  
Place of Work King George County Residents (2015)



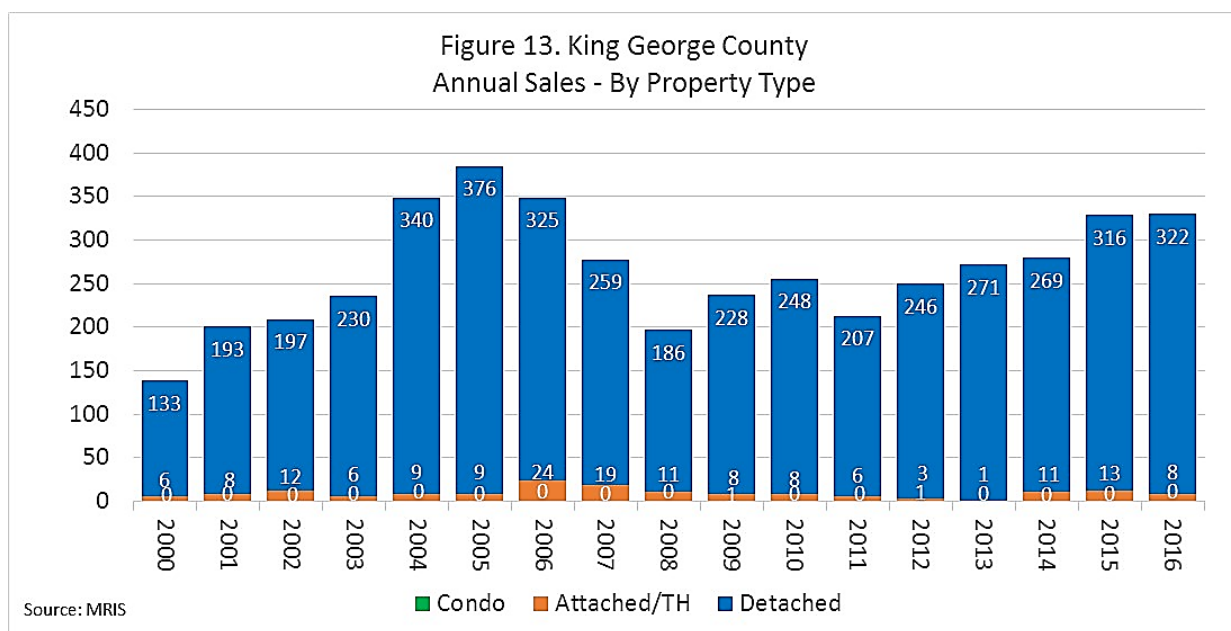
Source: US Census Bureau, American Community Survey 5-year file



## Housing Market

### Home Sales

Home sales in King George County have followed a similar trend as neighboring jurisdictions over the past 16 years; however the County has fared better with sales following the recession than other jurisdictions. The housing boom of the early to mid-2000s brought rapid growth in the County's housing market. By 2005, homes sales in the County peaked at 385, up 10.3 percent from the year before and nearly double the level seen just a few years prior. Sales activity began to taper off in 2006, declining rapidly over the next two years as the housing crisis and recession occurred. By 2008, there were 197 sales in the County, approximately half of the total seen at the market peak just three years prior.

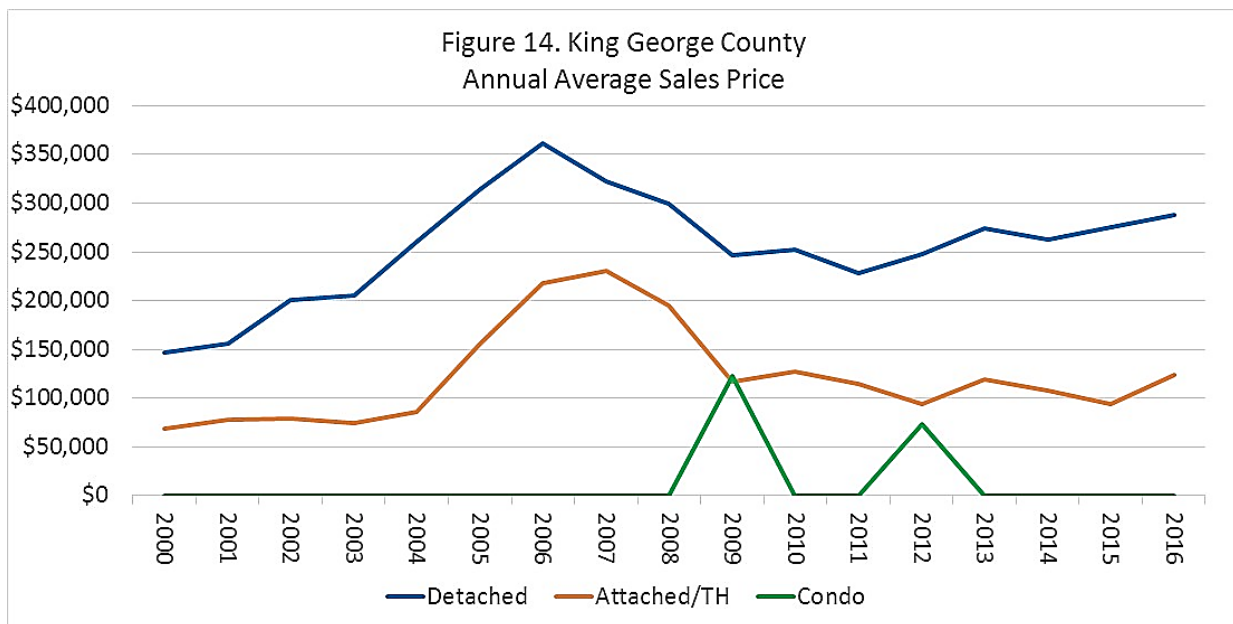


After three years of declining sales, market activity picked up in King George County starting in 2009. There were 237 sales that year, up 20.3 percent from the previous year. Notably, with the exception of a 16.8 percent decline in 2011, home sales in the County have increased every year for the past eight years and are approaching levels seen during the housing boom years. There were 330 sales in 2016.

Virtually all of the home sales in the King George County market are single-family detached units. Since 2000, 96 percent of all homes sold have been single-family detached. Attached/townhome units represent four percent of all home sales since 2000. There are virtually no condominium sales in the County; MRIS reports only two condominium units have been sold since 2000.

## Home Prices

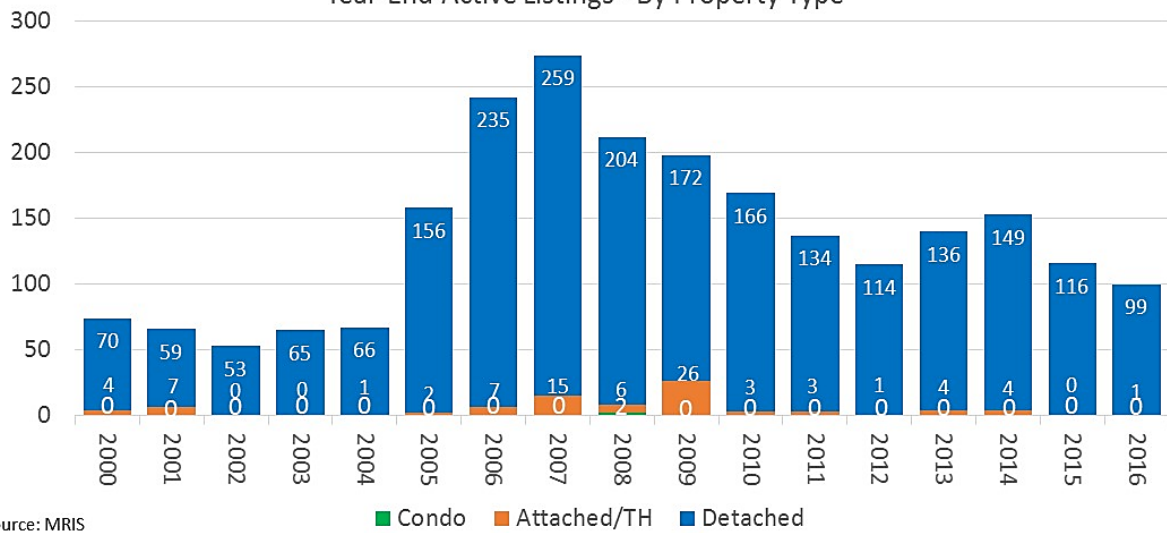
As with many housing markets in the region and around the country, home prices in King George County rose and fell sharply with the housing boom and the recession that followed. The average sales price for single-family detached homes began rising quickly in 2002. Over the next four years the average home price increased over \$161,000. By 2006, the average price for a single-family detached home in the County was \$361,858, up 15.2 percent from the year before, and up 80.2 percent from 2002 when the boom began. As the financial crisis and recession began, prices quickly declined. Between 2006 and 2011, the average price for single-family detached homes in King George County fell over \$133,000, a 37 percent drop. Prices stabilized in 2012, and have been rising steadily since that time. Despite these steady gains, home prices in King George County on average remain well below the peak levels during the housing boom. The average sales price for a detached home was \$287,537 in 2016, 4.3 percent above the previous year.



## Active Listings

The inventory of homes for sale in King George County has been declining for nearly a decade. During the early to mid-2000s, the number of active listings hovered between 50 and 70 at the end of each year. Starting in 2005, active listings rose dramatically, more than doubling the total at the end of 2004. By 2007, the number of detached homes for sale at the end of the year peaked at 259; nearly quadruple the amount on the market just three years prior. The number of active listings began declining in 2008, and with the exception of a brief stabilization in 2013 and 2014 has been declining ever since at double-digit rates. By 2016, the number of active listings has fallen to 99, a 61.8 percent drop from peak level nine years earlier.

Figure 15. King George County  
Year-End Active Listings - By Property Type



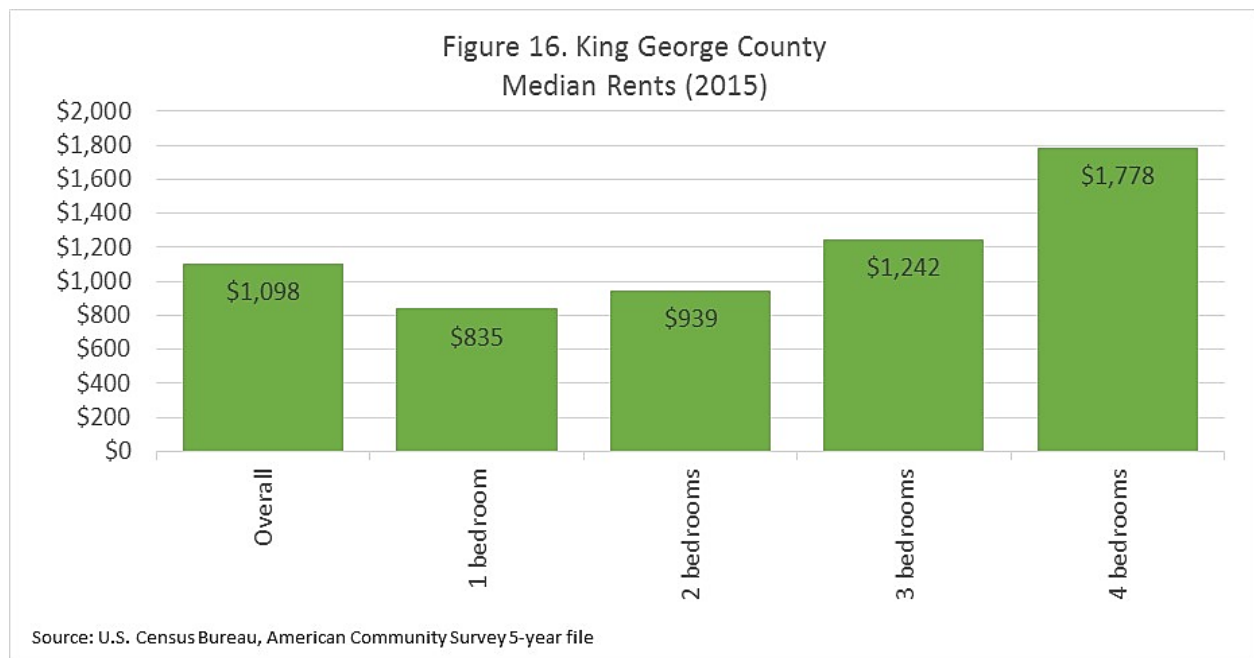
Source: MRIS

Condo Attached/TH Detached

## Rents

In 2015, the estimated median rent in King George County was \$1,098 per month. Rents have increased by 76.5 percent since 2000 (\$622). Among the estimated 2,260 renter households in the County, about a third live in two-bedroom units (35.8 percent) and about a third live in three-bedroom units (36.7 percent). The median rents for a two- and three-bedroom rental unit are \$939 and \$1,242, respectively. A one-bedroom rental unit in King George County has a median monthly rent of \$835. Larger rental homes, with four bedrooms, have a median rent of \$1,778.

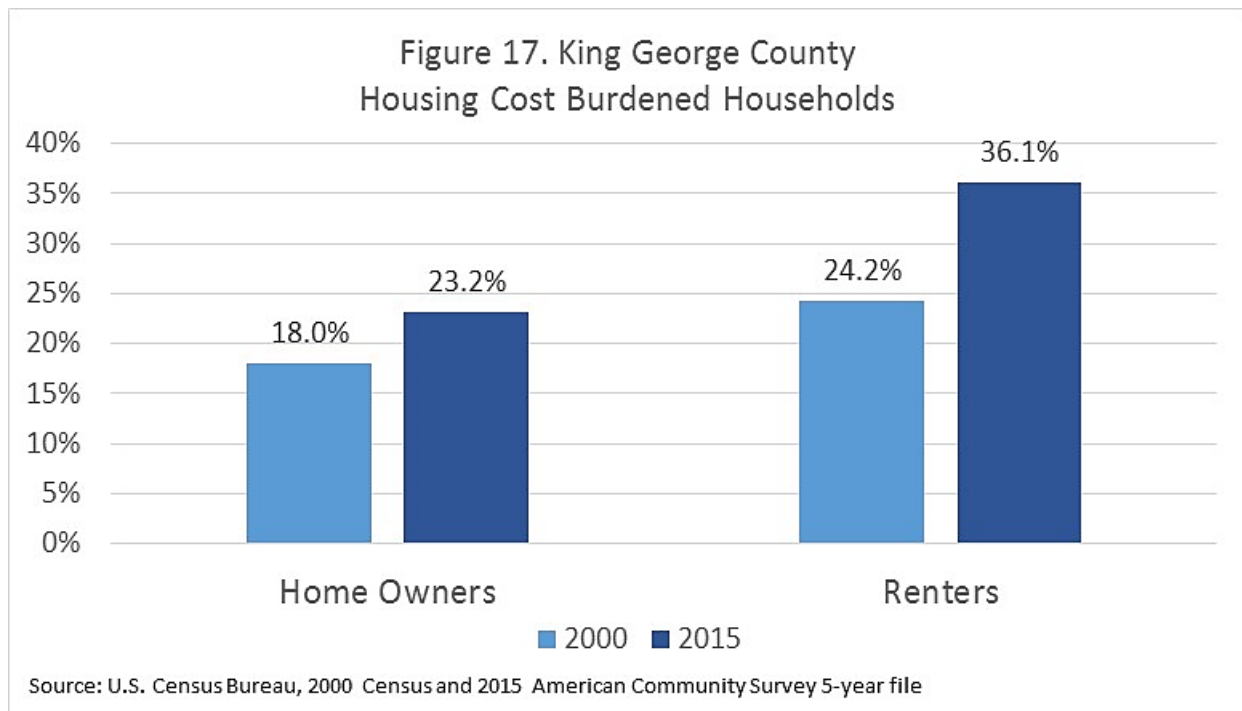
Almost three quarters of the rental homes in King George County are single-family units including 57.2 percent that are single-family detached homes and 21.0 percent that are single-family attached homes/townhomes. There are some multifamily rental buildings in King George County. Approximately 16.5 percent of rental units are in multifamily buildings, distributed mainly in small properties with less than 20 units. About 5.3 percent of rental units are mobile homes.



## Housing Affordability

Housing affordability is measured by comparing household incomes to housing costs. Generally, housing is considered “affordable” if it takes up no more than 30 percent of a household’s gross income. Households that spend more than 30 percent of their income on housing costs are called “housing cost burdened.” When households spend a disproportionately high share of their income on housing costs, there is can be an insufficient amount left over for other necessities, such as health care, food, transportation and education expenses.

Compared to other jurisdictions in the region, King George County has somewhat lower rates of housing cost burden. In 2015, about a quarter of home owners (23.2 percent) in the County was cost burdened, up from 18.0 percent of home owners in 2000. About a third of renters in the County (36.1 percent) are cost burdened, spending 30 percent or more of their income on housing costs. The cost burden rate among renters increased from 24.2 percent in 2000



## Forecasts of Housing Needs in King George County

Having a sufficient supply of housing is essential for supporting a vibrant and sustainable local economy. Based on prior forecasts of local housing demand produced by George Mason University<sup>3</sup> and household forecasts produced by the George Washington Regional Commission/Fredericksburg Area MPO, along with updates with more recent data on the current housing stock, it is suggested that King George County would need to add 4,358 new housing units over the next 15 years.<sup>4</sup>

The GMU forecasts did not explicitly model housing demand for King George County. However, patterns of estimated housing demand in Spotsylvania and Stafford counties, along with an examination of MPO forecasts, helped inform the forecasts below. The GMU regional forecasts are for the 2012 through 2032 period. The forecasts below use the GMU regional forecasts, forecasts for Spotsylvania and Stafford County, and data on recent housing trends and forecasts from the MPO to prepare estimates of expected housing demand in King George County between the 2017 and 2032 period with separate forecasts for the 2017-2022, 2022-2027, and 2027-2032 periods.

Between 2017 and 2022, these forecasts suggest a need for 1,245 net new housing in King George County. Between 2022 and 2027, there is expected to be demand for 1,241 net new housing units. Finally, in the 2027 to 2032 period, the pace of housing demand is expected to accelerate somewhat with a need for an additional 1,872 housing units over that five-year period.

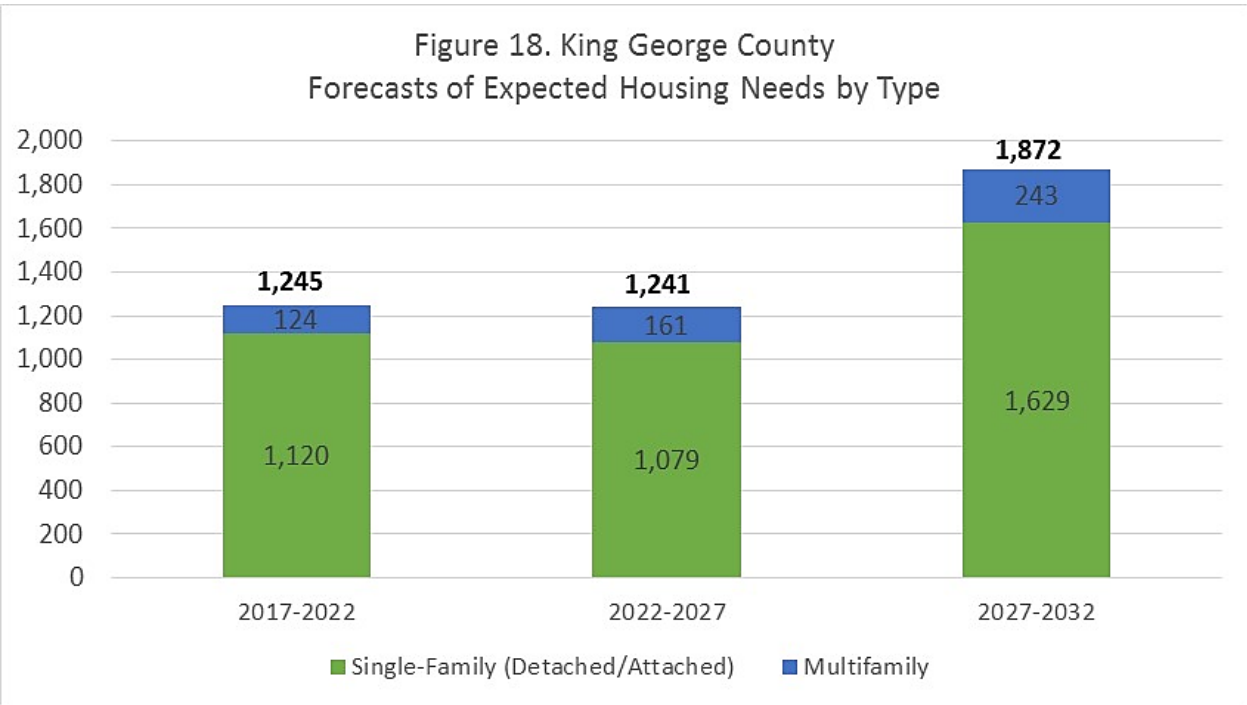
Between 2017 and 2032, therefore, these housing demand forecasts suggest a need for 291 new units to be built in King George County each year. Over the past five years, the County has issued permits for the construction of an average of only 104 housing units annually. Between 2001 and 2007, however, the County built an average of 346 new housing units each year, so the annual targets suggested by these housing forecasts are not out of line with recent residential construction trends and remain lower than the construction levels during the housing boom.

Given the expected characteristics and incomes of new households in King George County over the next 15 years, it is expected that 87.9 percent (3,828 housing units) will need to be single-family detached or attached homes to meet demand. The remaining 12.1 percent (529 housing units) are forecasted to be multifamily. The demand for multifamily housing is about 35 multifamily units per year for the next 15 years. (Note that multifamily housing includes buildings with three or more units). No new multifamily housing has been constructed in King George County since at least 2006, so this suggests a change in development patterns in the County.

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<sup>3</sup> Sturtevant, Lisa and Jeannette Chapman. 2013. Housing the Region's Future Workforce, 2012-2032. Arlington, VA: George Mason University Center for Regional Analysis. Online [http://cra.gmu.edu/pdfs/studies\\_reports\\_presentations/Housing\\_the\\_Regions\\_Future\\_Workforce\\_2012.pdf](http://cra.gmu.edu/pdfs/studies_reports_presentations/Housing_the_Regions_Future_Workforce_2012.pdf).

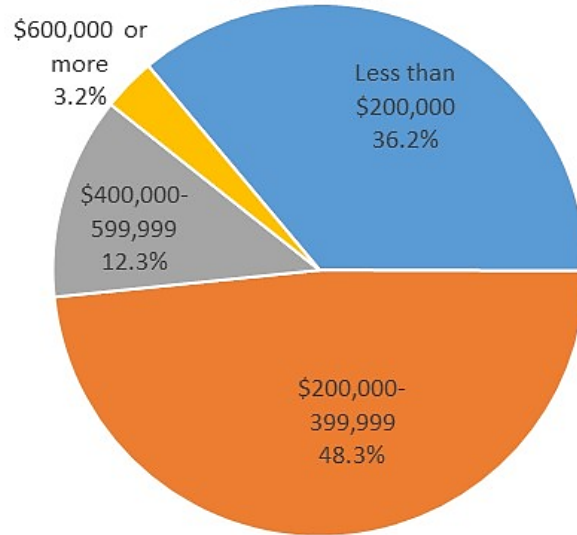
<sup>4</sup> Job forecasts are based on econometric forecasts prepared by IHS Global Insight. These housing demand forecasts assume that all new workers in the jurisdiction will live in the jurisdiction, thereby assuming that the levels of jurisdiction-to-jurisdiction commuting will not increase. Changes to these assumptions would obviously change the resulting housing need forecasts presented in this report.



These housing demand forecasts suggest that 75.1 percent new housing units that will be needed over the next 15 years in King George County will be owner-occupied and 24.9 percent will be renter-occupied. In 2015, it is estimated that 73.0 percent of the current occupied housing stock is owner-occupied. Therefore, these housing demand forecasts suggest a slight upward shift in the home ownership rate in the County over the next 15 years.

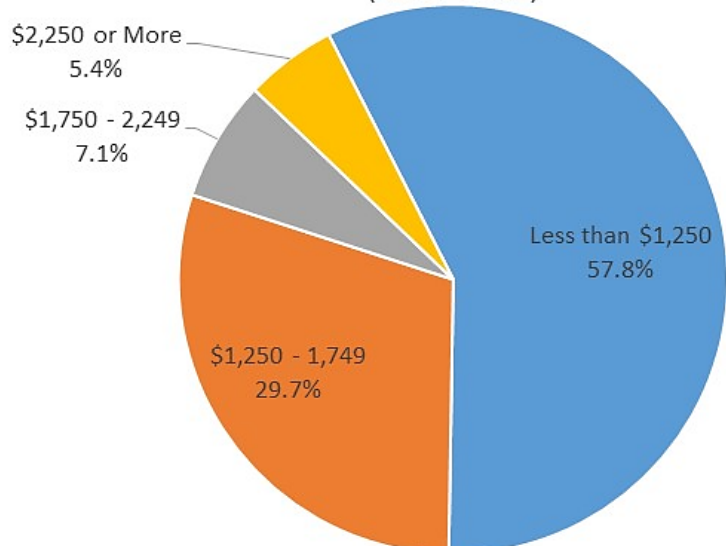
The characteristics and incomes of households in the County will dictate the home prices and rents that will be needed to accommodate the growing working population in King George County. There will be a need for housing at all price points in the years to come. Over the next 15 years, however, based on an assessment of expected household incomes, it is expected that about a third (36.2 percent) of the demand for owner-occupied homes will be for homes that are priced below \$200,000 (i.e. affordable to households earning about \$50,000). About half (48.3 percent) of forecasted owner-occupied homes would need to be priced between \$200,000 and \$399,999 and 12.3 percent would need to be priced between \$400,000 and \$599,999 to meet expected demand. It is estimated that new demand for owner-occupied housing units priced at \$600,000 or above will come from only about 3.2 percent of new owners in King George County over the next 15 years.

Figure 19. King George County  
Forecasts of Expected Owner-Occupied Units by Price  
(2017-2032)



On the rental side, there will be substantial need for housing affordable to renters earning below \$50,000. Based on these estimates of future housing needs in King George County, about 57.8 percent of rental demand will be from renters that can afford rents at or below \$1,250. It is expected that about 29.7 percent of rental demand will be for homes with rents between \$1,250 and \$1,749. Assessing the incomes of future households in King George County, it is expected that demand for higher-end rental homes will be relatively low, with the suggestion that 7.1 percent of future rental demand will be for units with rents between \$1,750 and \$2,249 and 5.4 percent with rents of \$2,250 or more.

Figure 20. King George County  
Forecasts of Expected Renter-Occupied Units by Rent  
(2017-2032)





# Spotsylvania County

## A Profile of Demographic, Economic and Housing Market Conditions

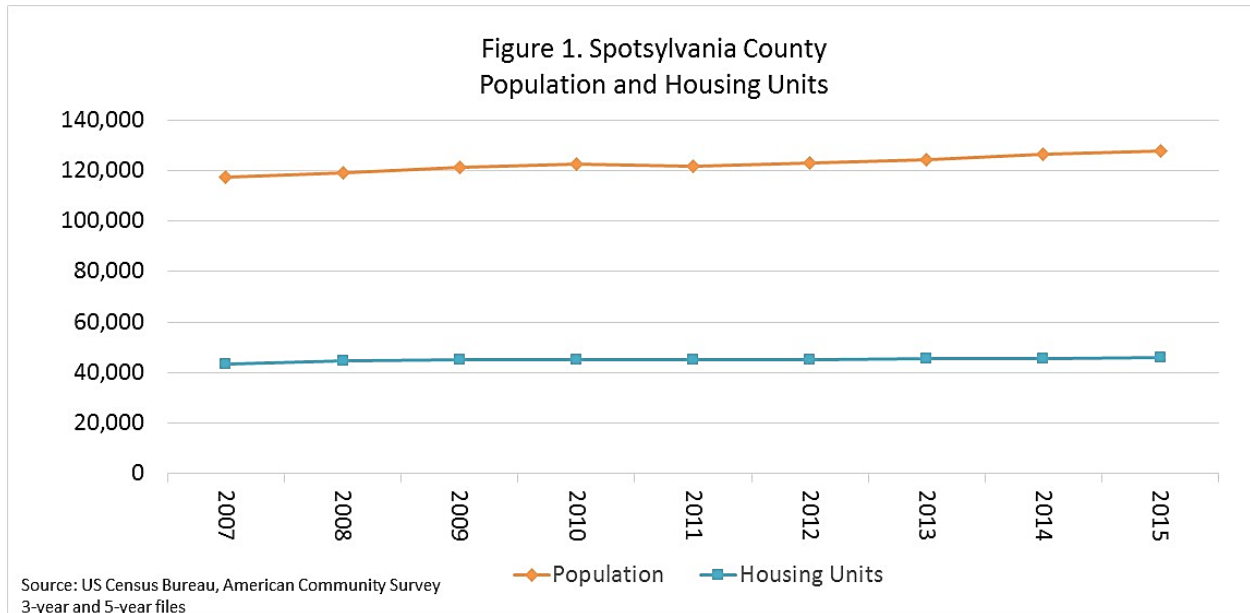
Prepared by Lisa Sturtevant & Associates LLC with support from the  
Fredericksburg Area Association of REALTORS®

June 2017



## Profile of Spotsylvania County

According to the 2011-2015 American Community Survey 5-year data, the estimated 2015 population of Spotsylvania County was 127,691, up 4.3 percent from the start of the decade, and up 8.8 percent since 2007.<sup>1</sup> The County's population grew at an average annual rate of 1.1 percent over the past nine years, slightly lower than the 1.7 percent rate for the greater Fredericksburg region for the same time period.



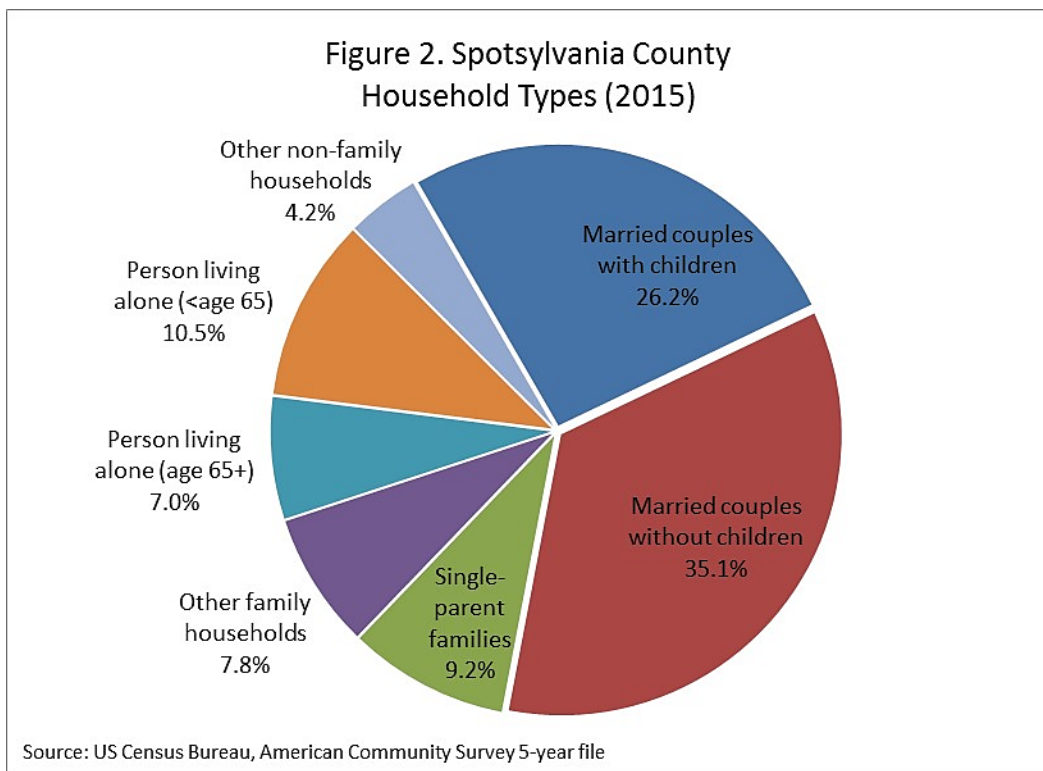
There were approximately 45,979 housing units in Spotsylvania County in 2015, up 1.8 percent since 2010, and a 5.9 percent increase compared to 2007. Growth in new housing units has been slower than population growth in the County. Between 2007 and 2015, the average annual growth rate in housing units was 0.7 percent, whereas the County's population grew 1.1 percent annually on average. The average household size in the County rose from 2.9 persons per household in 2007 to 3.0 in 2015, which could partially explain how population growth exceeded housing growth over the past nine years. The housing vacancy rate in the County actually increased, going from 5.9 percent in 2007 to 6.9 percent in 2015.

<sup>1</sup> Data from the American Community Survey (ACS) 5-year will differ from data from the ACS 1-year file and may differ from other data reported by Spotsylvania County.

## Household Type

Spotsylvania County was home to 42,823 households in 2015, a majority of which were families. Approximately 78.3 percent of all households in the County were families, and the remaining 21.7 percent were non-family households in 2015.<sup>2</sup> The average household size in the County was 3.0, and the average family size was 3.3 people.

The largest share of Spotsylvania County households were married couples without children, accounting for 35.1 percent of all households in 2015 (15,028 households). About one in four households in the County were married couples with children (26.2 percent), and approximately 9.2 percent of all households were single-parent families (3,942 households). About 17.5 percent of households in the County are people living alone, most of them under the age of 65. Seniors, age 65 and older living alone account for approximately 7.0 percent of the County's households.

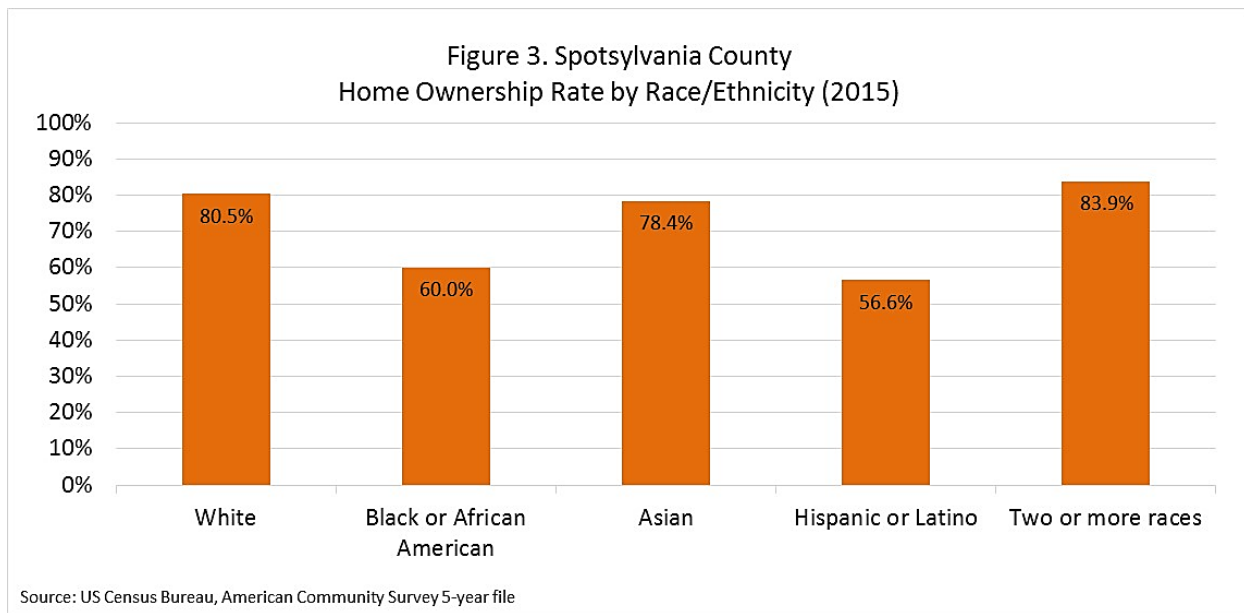


<sup>2</sup> Family households include households with two or more people related by marriage, birth or adoption. Non-family households include households with unrelated people, including people living alone.

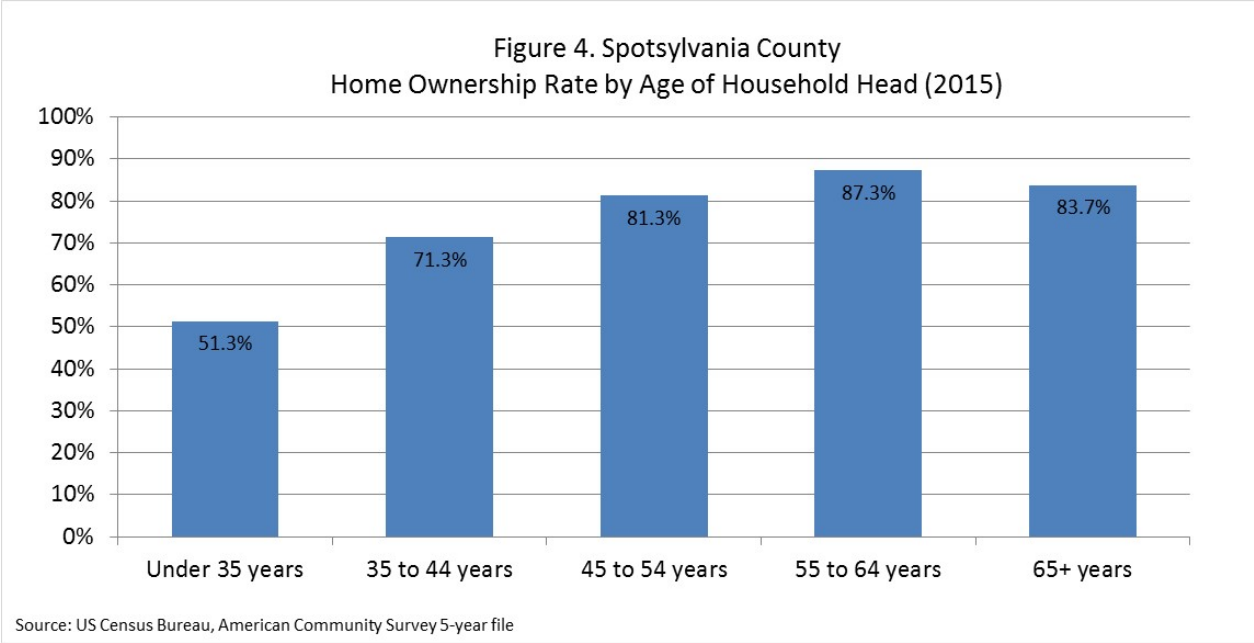
### Housing Tenure – Renters and Owners

The homeownership rate in Spotsylvania County was 76.1 percent in 2015, down from 81.6 percent around the peak of the housing market in 2007, and also lower than the homeownership rate in 2000 (82.2 percent).

Home ownership rates in the County vary by race/ethnicity of the head of the household. In 2015, householders that were two or more races had the highest homeownership rate, at 83.9 percent, though they comprise a small share of the overall population in the County. The second highest home ownership rate was for white-headed households at 80.5 percent. About 78.4 percent of the County’s Asian households were home owners. The homeownership rates for black and Latino or Hispanic households were 60.0 percent and 56.6 percent, respectively.



Home ownership rates in the County tend to increase with age. About 51.3 percent of households headed by someone under the age of 35 are homeowners in Spotsylvania County. The home ownership rate rises to 71.3 percent for householders age 35 to 44. Household heads age 45 to 54 years and 55 to 64 years have home ownership rates of 81.3 percent and 87.3 percent, respectively. The home ownership rate declines slightly for senior household heads age 65 and older (83.7 percent).



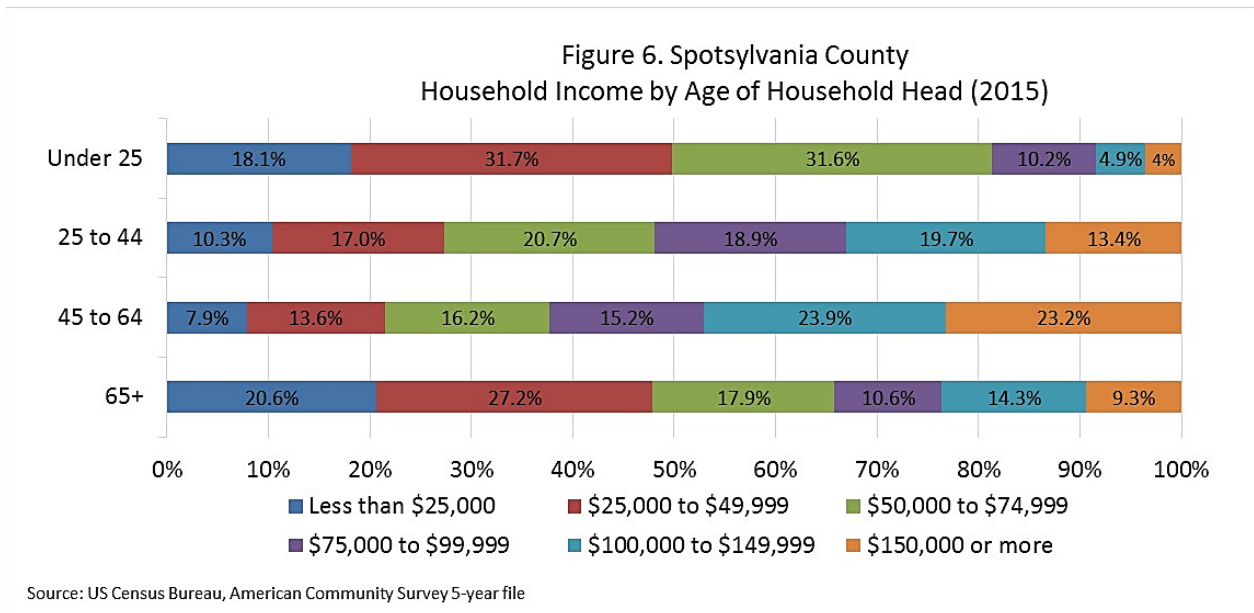
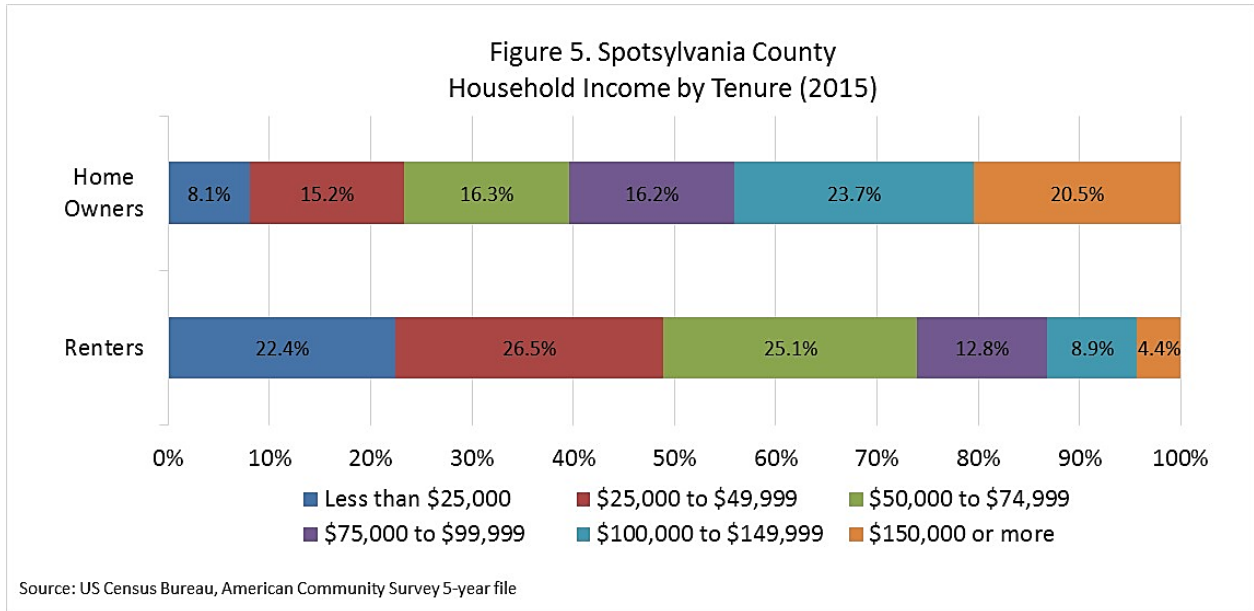
**Household Income**

The median household income in Spotsylvania County was \$78,125 in 2015; however, income levels varied widely for renters and home owners. The median household income for County renters is \$50,869, and jumps to \$90,872 for home owners.

In 2015, approximately 22.4 percent of renters had incomes of less than \$25,000, and 26.5 percent had incomes between \$25,000 and \$49,999. By comparison, only 8.1 percent of home owners had incomes below \$25,000, and 15.2 percent had incomes between \$25,000 and \$49,999. Home ownership in the County tends to increase with income. For example, 44.1 percent of all homeowners in the County had incomes of \$100,000 or more in 2015, whereas only 23.3 percent had incomes below \$50,000. The inverse is true for renter households. Nearly half of renters (48.9 percent) had annual incomes less than \$50,000, and only 13.2 percent had annual incomes of \$100,000 or more in 2015.

The likelihood that a household owns their home depends critically on income which is also related to a person’s age. In general, as people work longer and age, their incomes tend to rise. For example, half of all Spotsylvania County households with heads under the age of 25 make \$50,000 or less per year (49.8 percent). By comparison, about 27.3 percent of residents age 25 to 44, and 21.5 percent of residents 45 to 64 years of age make less than \$50,000 per year. Residents age 45 to 64 represent the highest earning age group in Spotsylvania County. Nearly

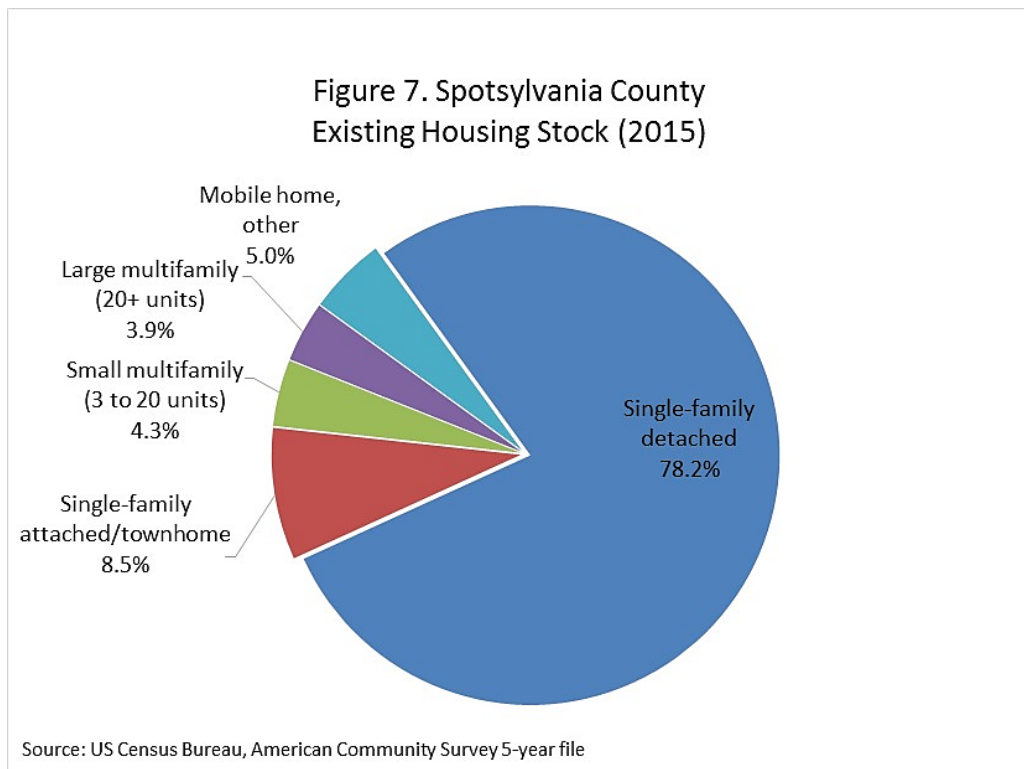
half (47.1 percent) of residents within that age range make \$100,000 per year or more, and nearly one in four (23.2 percent) have incomes exceeding \$150,000 annually. Only 13.4 percent of householders age 25 to 44 and 3.6 percent of householders under 25 earned over \$150,000 in 2015.



## Housing Stock

### Housing Type

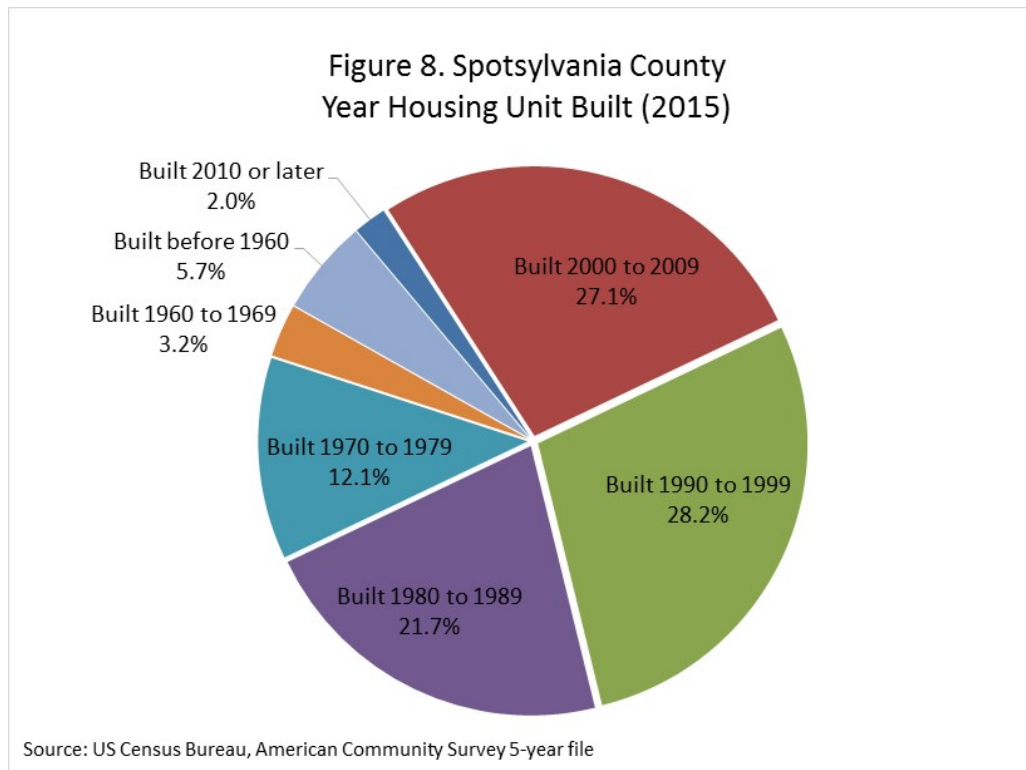
In 2015, there were approximately 45,979 total housing units in Spotsylvania County including both occupied and vacant units. More than three-quarters (78.2 percent) of the housing units in the County are single-family detached homes. Townhomes/duplexes (single-family attached homes) account for about 8.5 percent of the housing stock in the County, therefore combined, the single-family housing stock accounts for 86.7% of all housing in the County (39,875 units). Multifamily housing units account for 8.2 Percent of the County's housing stock. Multifamily housing is defined as having more than two units in a structure. Small multifamily buildings contain three to 20 units, and represent 4.3 percent of the County's housing stock. Large multifamily buildings with 20 units or more make up 3.9 percent of the County's housing stock. About 5.0 percent of the housing stock in the County are mobile homes.



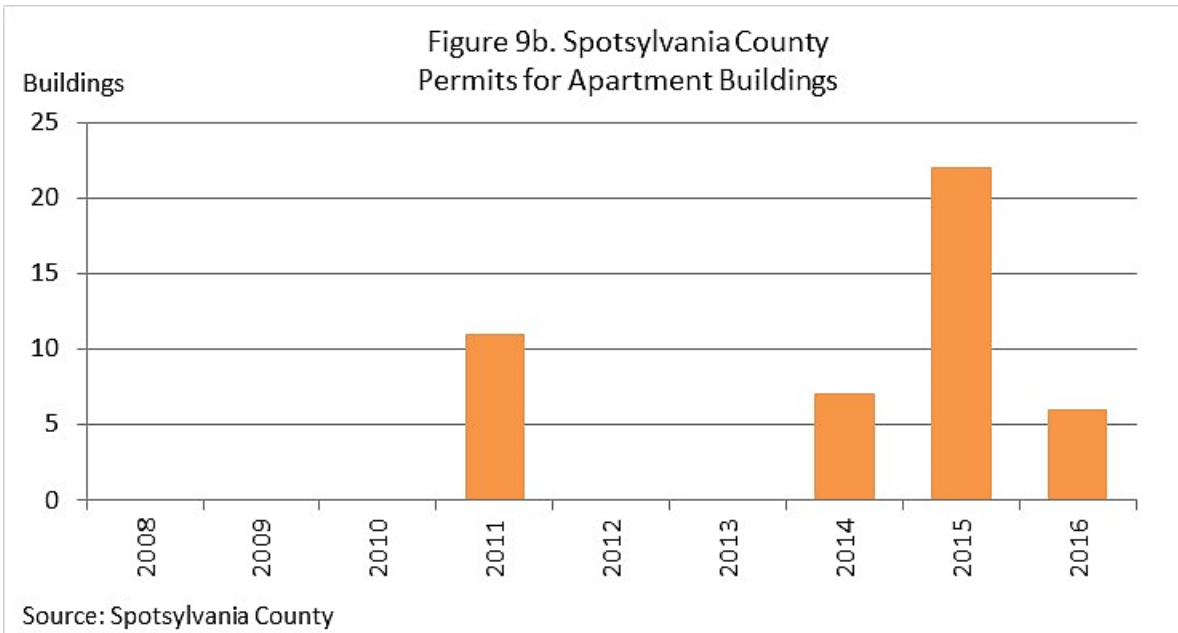
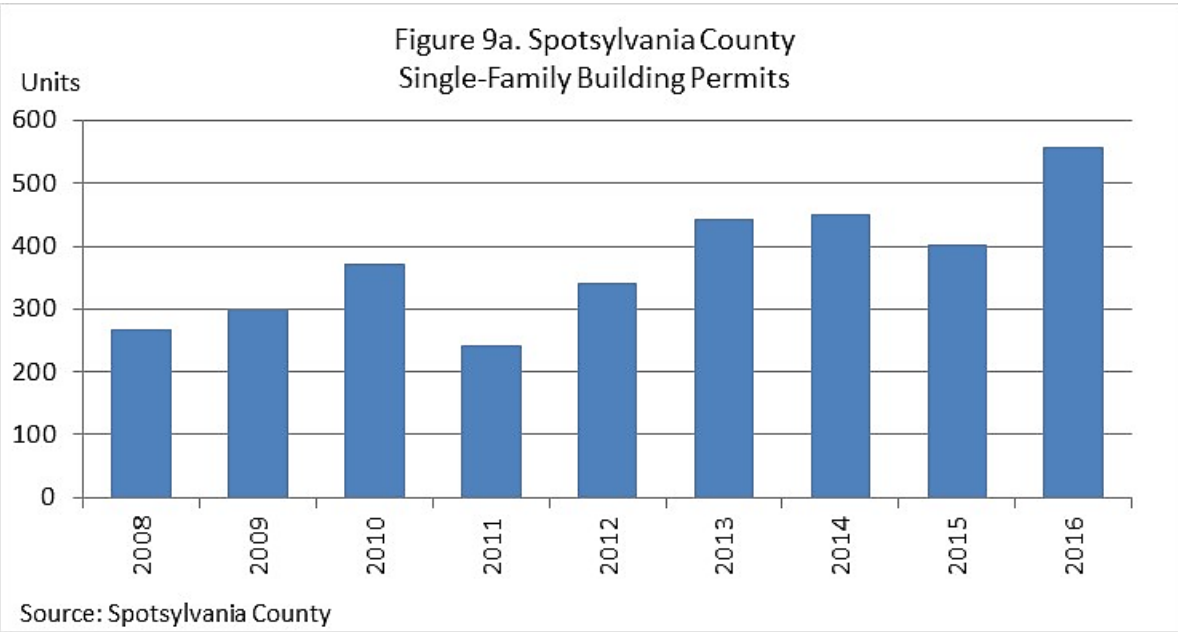


## Year Housing Unit Built

The largest proportion of housing units in Spotsylvania County was constructed in the 1990s. Approximately 28.2 percent (12,987 units) were built between 1990 and 1999. Another 27.1 percent of the County's housing stock was built between 2000 and 2009. Only 2.0 percent (about 900 units) have been built since 2010. An estimated one out of every five housing units in the County was built in the 1980s (21.7 percent). Housing units built before 1960 account for only 5.7 percent of the County's housing stock.



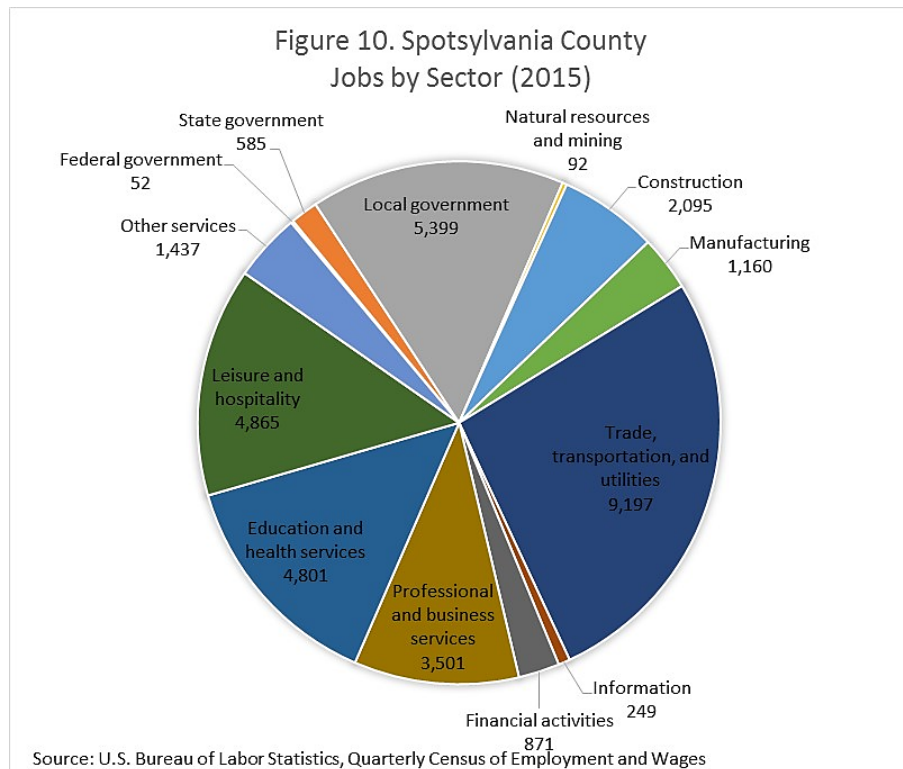
Between 2008 and 2016, Spotsylvania County issues permits for the construction of a total of 3,369 single-family homes (including single-family detached homes, townhouses, modular homes, and manufactured homes), as well as permits for the construction of 46 multifamily apartment buildings. Permits for new single-family homes have been on the rise since 2008 with 558 permits issued in 2016. Construction of multifamily apartment buildings has also been on the rise in recent years.



## Economy

### Jobs in Spotsylvania County

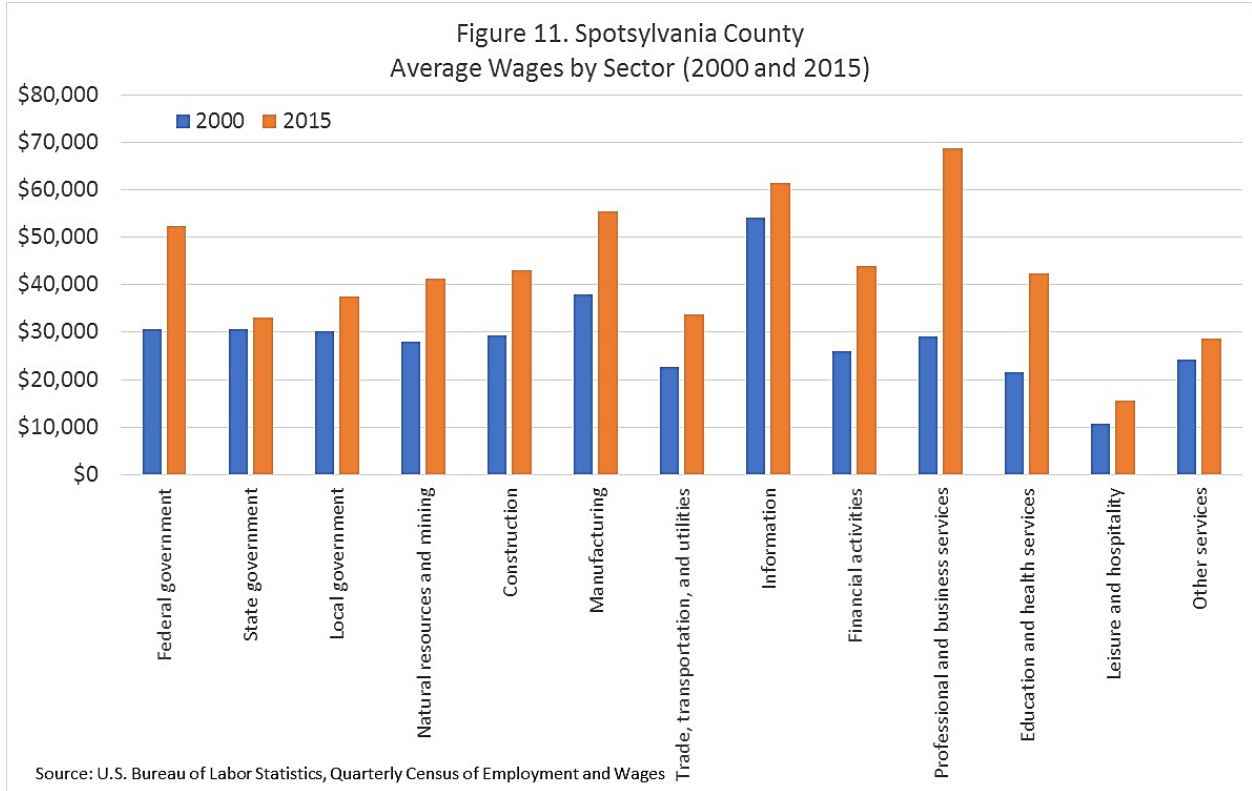
According to the U.S. Bureau of Labor Statistics, in 2015, there were an estimated 34,300 jobs in Spotsylvania County.<sup>3</sup> Between 2000 and 2015, the number of jobs in the County increased by 46.1 percent. The County's largest industry sector is the Trade, Transportation and Utilities sector, which employs about 9,200 people in the County. Local Government is the second largest sector in Spotsylvania County (5,400 jobs), followed by the Leisure and Hospitality sector (4,900 jobs) and the Education and Health Services sector (4,800 jobs).



The average wage (current dollars) for jobs located in Spotsylvania County was \$42,909 in 2015, and wages increased by 48.6 percent since 2000. By comparison, wages increase approximately 52 percent across the Commonwealth of Virginia between 2000 and 2015. Wages in the County vary considerably across sectors. The average wage of a job in the Trade Transportation and Utilities sector was \$33,848. Jobs in Local Government paid an average wage of \$37,558. The

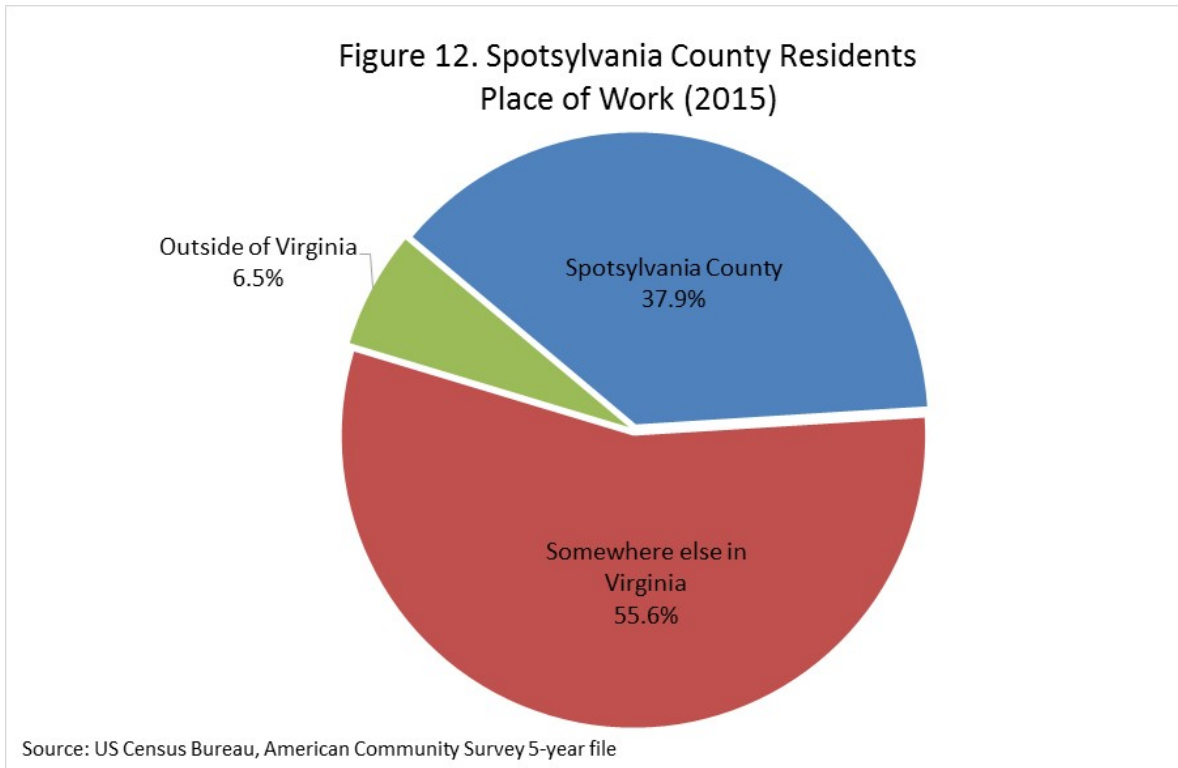
<sup>3</sup> The employment and wage data presented includes full-time and part-time covered jobs, temporary or permanent. The data exclude some jobs in national security agencies, proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers, and railroad workers covered by the railroad unemployment insurance system.

average wage for the Leisure and Hospitality Sector was \$15,466. (Note that this sector likely includes a large share of part-time workers.) A job in the Education and Health Services sector in Spotsylvania County has an average wage of \$42,411.



## Resident Workforce

In 2015, there were approximately 61,893 resident workers in Spotsylvania County—that is, County residents who were employed. Over half (55.6 percent) of these resident workers commuted to jobs elsewhere in Virginia, outside of Spotsylvania County. Over one-third (37.9 percent) had jobs within Spotsylvania County, and about 6.5 percent or nearly 4,000 workers commuted to jobs outside of Virginia, a majority of which were to the District of Columbia.



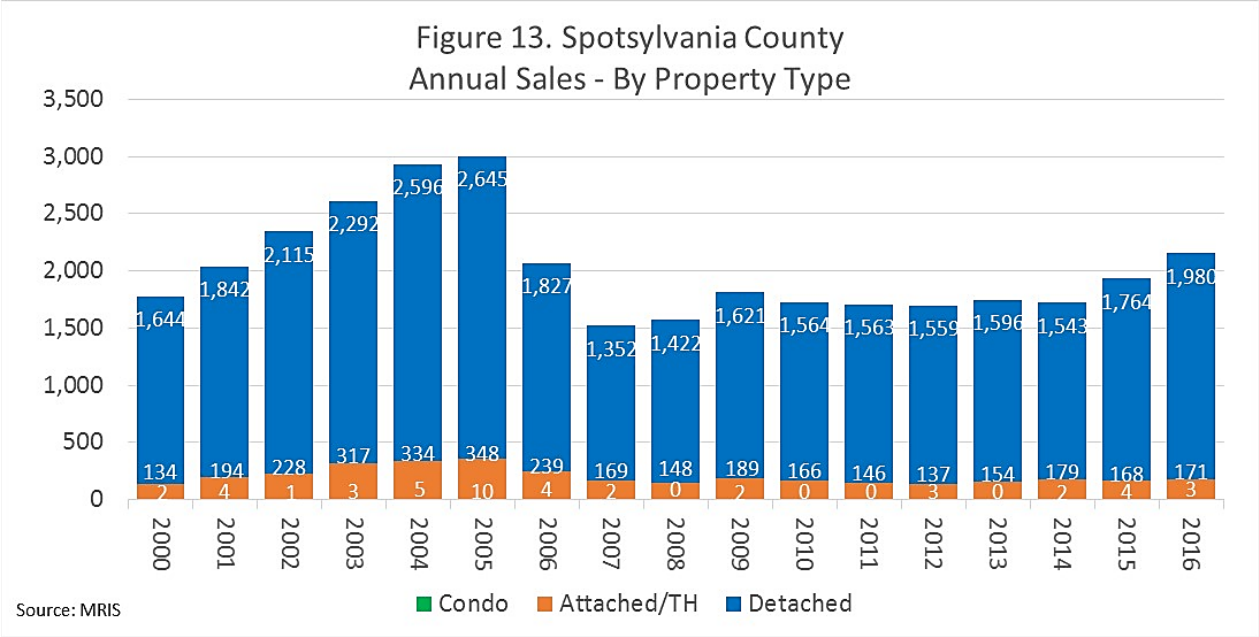
## Housing Market

### Home Sales

As the housing boom of the 2000s began, home sales in Spotsylvania County climbed rapidly. Sales grew from 1,780 in 2000 to just over 3,000 in 2005, a 68.7 percent increase over a five-year period. The home sales growth was sharp and consistent during the boom years, increasing at double digit rates for 4 consecutive years. This growth moderated briefly in 2005, when sales reached their peak, but only 2.3 percent higher than the year before. As the global financial crisis began to take its toll over the next few years, home sales in Spotsylvania County plummeted. There were 3,003 sales in the County in 2005, by 2007 that number fell to 1,523, a 49.3 percent drop.

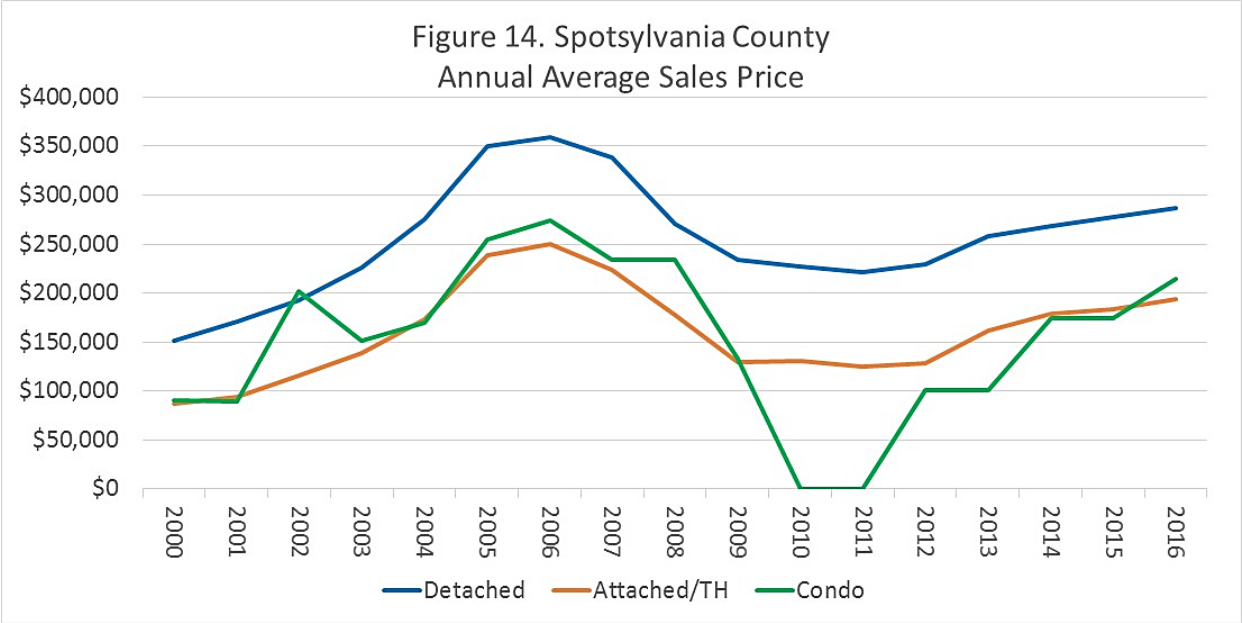
After two years of dramatic declines, -31.1 percent in 2006 and -26.4 percent in 2007 home sales in Spotsylvania County increased in 2008 and 2009. Similar to other jurisdictions in the Washington region, this was likely in part due to increased federal spending and employment during the great recession. Sales activity remained relatively flat between 2010 and 2014 as home prices continued at levels well below the housing boom years, leaving many owing more on their mortgage than the value of the home. Home sales in the County have surged over the past two years, rising 12.3 percent in 2015 and 11.3 percent in 2016. There were 2,154 sales in the County in 2016, the first time in a decade sales have reached the 2,000 mark.

A vast majority of sales in Spotsylvania County are single-family detached homes. Over the past 16 years, detached homes have accounted for 89.9 percent of all sales in the County. At their peak in 2003, single-family attached/townhomes accounted for 12.1 percent of all home sales in the County. The proportion of single-family attached/townhome sales has slowly declined since the housing boom, and now account for 7.9 percent of all sales as of 2016. There are very few condominiums sold in the County, typically less than five per year, a fraction of a percent of all sales.



**Home Prices**

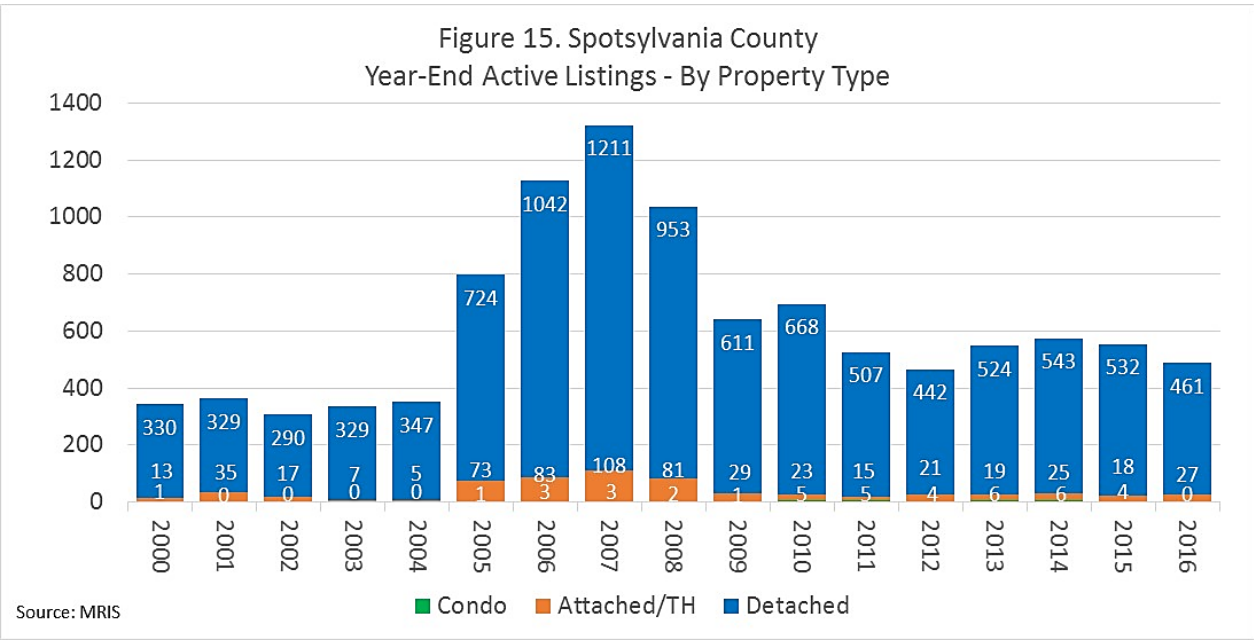
Home prices in Spotsylvania County have risen since the housing crisis, but remain well below the peak levels of the mid-2000s. As housing demand rose dramatically during the boom years, average sales prices in the County soared. In 2000, the average sales price for a detached home was \$151,615, by 2005 that metric had more than doubled, jumping to \$349,731. Home prices climbed at double-digit rates for five consecutive years, before peaking in 2006 at \$359,682. Starting in 2007, prices in Spotsylvania County began to decline as the global financial crisis and recession ensued. The average sales price for detached homes dropped for five consecutive years starting in 2007. By 2011, single-family detached homes were selling for \$221,115 on average in the County, over \$138,000 less than their peak five years prior. The downward trend changed in 2012, as prices began to moderate. The average price for a single-family detached home jumped nearly \$30,000 between 2012 and 2013 and has been rising at a steady rate since that time. In 2016, the average price for a single-family detached home in the County was \$287,183, up 3.3 percent from 2015, the fifth consecutive year of price increases.



**Active Listings**

The inventory of homes for sale in Spotsylvania County has fluctuated widely since 2000. Between 2000 and 2004, active listings hovered between 300 and 350 at the end of each year. As the housing boom occurred, the inventory quadrupled in only a few years. The first spike took place in 2005, by the end of that year, there were 798 homes for sale in the County. By the end of 2007, the number of active listings peaked at 1,322, nearly 1,000 more listings than three years before. This inventory growth came to a halt in 2008, and active listings declined rapidly over the next several years. Home prices fell sharply across the County leaving many homeowners stuck in underwater mortgages. Fewer people were listing their homes as a result and the inventory of active listings retracted. With the exception of a brief increase in 2010, active listings in the County dropped at double-digit rates every year from 2008 to 2012. By the end of 2012 there were 467 active listings in the County, 855 fewer than the peak in 2007. The inventory pattern changed in 2013 and 2014, with active listings rising 17.6 percent and 4.6 percent at the end of each of those respective years. However, inventory levels have declined the past two years. There were 488 active listings at the end of 2016, 11.9 percent fewer than the year before.



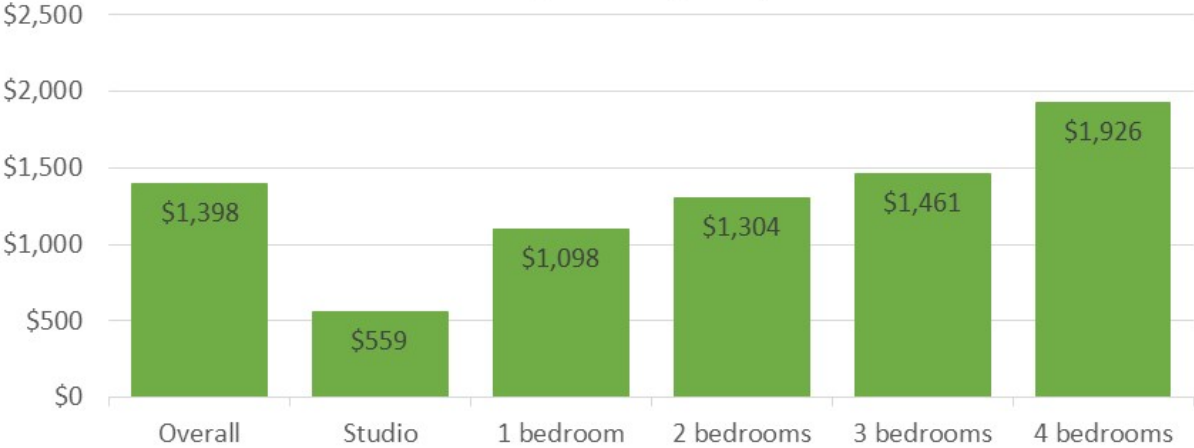


**Rents**

The number of renters in Spotsylvania County has increased since the housing market downturn and recession and currently about 10,200 households in the County are renters (about 23.9 percent of all households). In 2015, the median rent in Stafford County was estimated at \$1,398, up 73.7 percent over 2000 (\$805). About 3.1 percent of all rental units are studio apartments, and the average rent is \$559. One-bedroom rental units in Spotsylvania County rent for an average of \$1,098 per month and constitute about 11.4 percent of the total rental units in the County. About a quarter (27.3 percent) of the rental units are two-bedroom units with an average rent of \$1,304 per month. Nearly 60 percent of the rental units in Spotsylvania County have three or more bedrooms and have rents that average between \$1,400 and \$2,400 per month.

Nearly half (45.8 percent) of all rental units in Spotsylvania County are single-family detached homes and 13.8 percent are single-family attached homes/townhomes/duplexes. Thirty-seven percent of units are in multifamily buildings (i.e. buildings with three or more units), with 14.8 percent in buildings with 10 to 19 units and 11.8 percent in larger buildings, with 50 or more units.

Figure 16. Spotsylvania County  
Average Rents (2015)

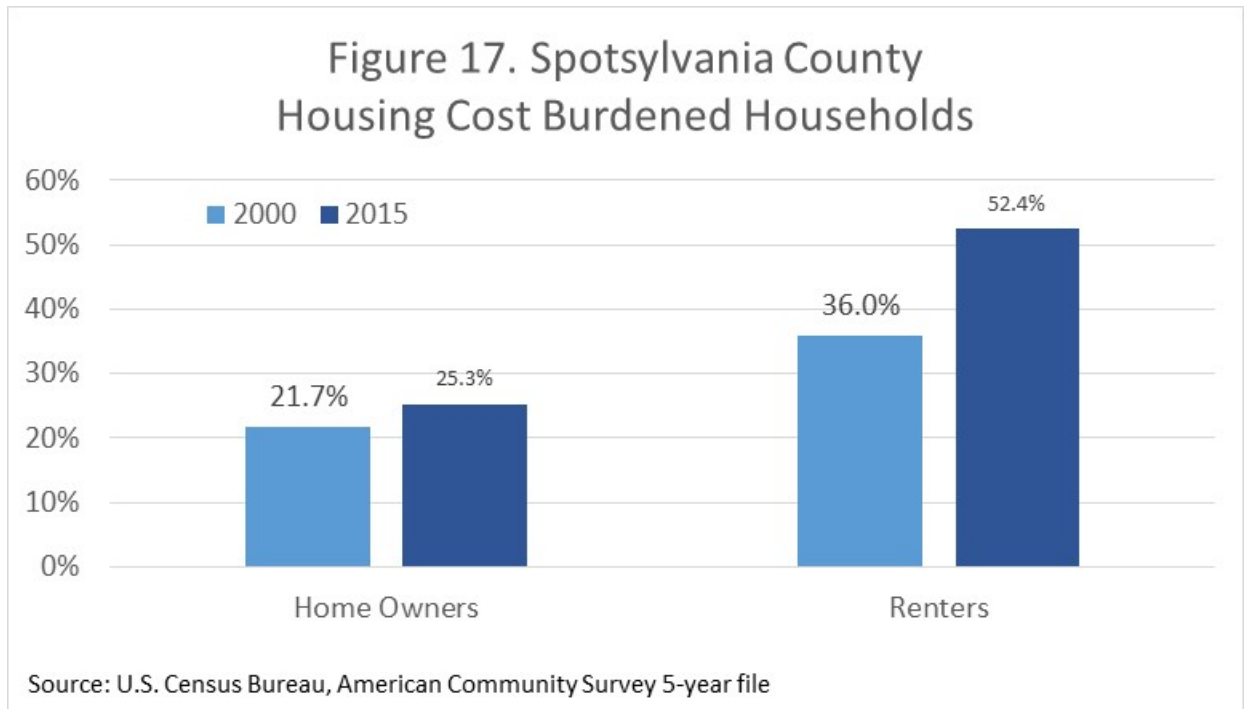


Source: U.S. Census Bureau, American Community Survey 5-year file

## Housing Affordability

Housing affordability is measured by comparing household incomes to housing costs. Generally, housing is considered “affordable” if it takes up no more than 30 percent of a households’ gross income. Households that spend more than 30 percent of their income on housing costs are sometimes called “housing cost burdened.” When households spend a disproportionately high share of their income on housing costs, there is often an insufficient amount left over for other necessities, such as health care, food, transportation and education expenses.

In Spotsylvania County, one out of four home owners (25.3 percent) is cost burdened. However, the rate of housing cost burden is much higher among renters; more than half of renters in Spotsylvania County (52.4 percent) spends more than 30 percent of their income on housing. Rates of housing cost burden have increased dramatically among renters in the County. In 2000, about 36.0 percent of renters were cost burdened. Rates of housing cost burden have not changed significantly for home owners in the County over the 2000 to 2015 period.



## Forecasts of Housing Needs in Spotsylvania County

Having a sufficient supply of housing is essential for supporting a vibrant and sustainable local economy. Based on prior forecasts of local housing demand produced by George Mason University<sup>4</sup>, updated with more recent data on the current housing stock, suggests that Spotsylvania County would need to add 14,445 new housing units over the next 15 years to house new workers, including both a share of workers with jobs in the County and a share of County residents that work elsewhere.<sup>5</sup>

In 2013, the George Mason University Center for Regional Analysis (GMU) produced forecasts of the amount, types and prices/rents of housing that would be needed to accommodate job growth in the greater Washington DC region, including for the City of Fredericksburg, Spotsylvania County and Stafford County in the Fredericksburg region. Around the same time, the George Washington Regional Commission/Fredericksburg Area Metropolitan Planning Organization (MPO) produced population, household and housing unit forecasts that were included in the Metropolitan Washington Council of Governments (MWCOG) Round 9.0 cooperative forecasts. The housing forecasts presented below for the City of Fredericksburg are based on the GMU forecasts, with MPO/MWCOG forecasts used as a check on the credibility of the estimates.

The GMU housing forecasts examined forecasts of expected job growth by sector in the greater Washington DC region to produce jurisdiction-level forecasts of the amount, types and prices/rents of housing that would be needed to accommodate the region's new workers. (The published GMU forecasts combined the City of Fredericksburg and Spotsylvania County but the estimates below are for Spotsylvania County.) The housing unit forecasts for Spotsylvania County include housing that would be needed to accommodate new workers that both live and work in the County as well as workers that are expected to live in Spotsylvania County but will have a job in another jurisdiction (i.e., out commuters). The shares of new workers living in Spotsylvania County are based on an analysis of current commuting patterns.

The GMU forecasts are for the 2012 through 2032 period. The forecasts below adjust the GMU forecasts to provide estimates of expected housing demand between the 2017 and 2032 period with separate forecasts for the 2017-2022, 2022-2027, and 2027-2032 periods. The forecasts based on the GMU analysis are compared with the MWCOG/MPO forecasts of household growth to ensure that the rates of expected growth in the housing stock are realistic given current local expectations.

The GMU analysis uses information on the expected wages, ages and household composition of new workers throughout the region to estimate demand for housing of different types (i.e. renter and owner, single-family and multifamily) and at different price and rent levels.

These estimates of future housing demand in Spotsylvania County may understate total future housing demand because they do not account for the housing that will be needed to accommodate new residents who are not in the labor force (e.g., new retirees to the area). This approach to forecasting housing

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<sup>4</sup> Sturtevant, Lisa and Jeannette Chapman. 2013. Housing the Region's Future Workforce, 2012-2032. Arlington, VA: George Mason University Center for Regional Analysis. Online [http://cra.gmu.edu/pdfs/studies\\_reports\\_presentations/Housing\\_the\\_Regions\\_Future\\_Workforce\\_2012.pdf](http://cra.gmu.edu/pdfs/studies_reports_presentations/Housing_the_Regions_Future_Workforce_2012.pdf).

<sup>5</sup> Job forecasts are based on econometric forecasts prepared by IHS Global Insight. These housing demand forecasts assume that all new workers in the jurisdiction will live in the jurisdiction, thereby assuming that the levels of jurisdiction-to-jurisdiction commuting will not increase. Changes to these assumptions would obviously change the resulting housing need forecasts presented in this report.

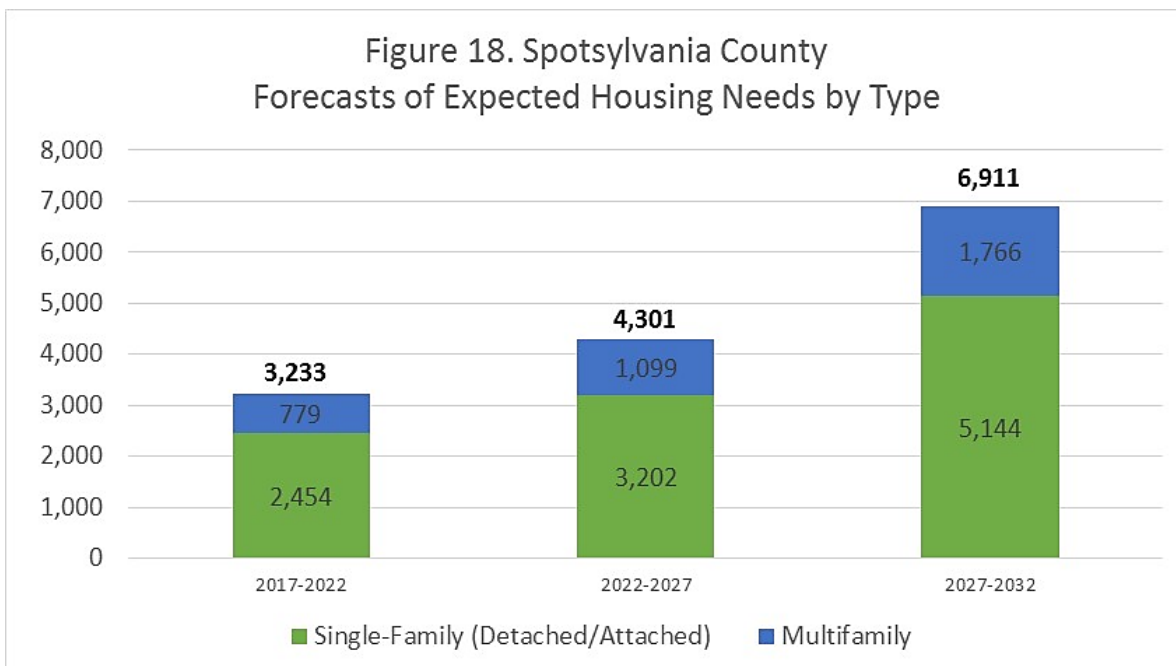
demand in Spotsylvania County is just one way to thinking about the County’s future housing needs, explicitly linking growth in the housing stock to employment growth. Other housing forecasts produced for other purposes and based on different assumptions may come to different conclusions about future housing growth.

Between 2017 and 2022, these forecasts suggest a need for 4,962 net new housing units to accommodate new workers in Spotsylvania County. Between 2022 and 2027, there is expected to be demand for 4,947 net new housing units. Finally, in the 2027 to 2032 period, the pace of housing demand is expected to accelerate somewhat (along with expected accelerations in job growth in the County) with a need for an additional 7,464 housing units over that five-year period.

Between 2017 and 2032, therefore, these housing demand forecasts suggest a need for 647 new units to be built in Spotsylvania County each year. Over the past five years, Spotsylvania County has issued permits for the construction of an average of 439 single-family homes per year, along with permits for several multifamily apartment buildings. (According to County staff, the County currently has about 15,000 housing units that are enabled but unbuilt.)

Given the expected characteristics and incomes of net new working households in Spotsylvania County over the next 15 years, it is expected that 74.8 percent (10,800 housing units) will need to be single-family detached or attached homes to meet demand. The remaining 25.2 percent (3,645 housing units) are forecasted to be multifamily. This reflects a shift from current development patterns in Spotsylvania County where 86.7 percent of homes in the County are single-family detached or attached homes and only 8.2 percent are multifamily units. (Five percent of the existing units in Spotsylvania County are mobile homes.)

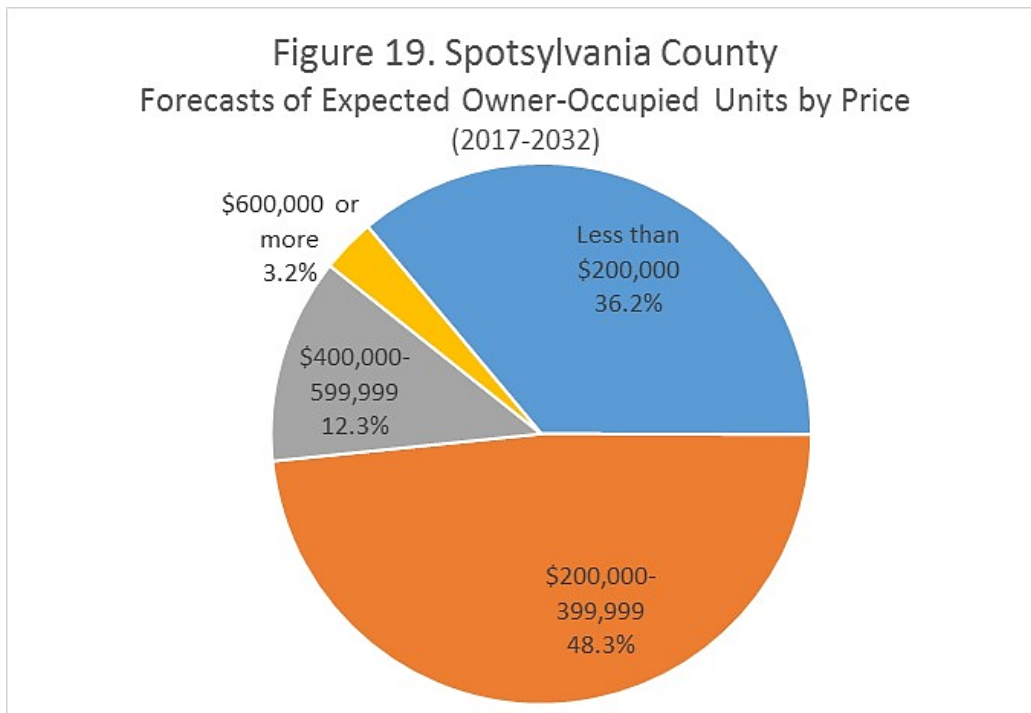
These housing demand forecasts suggest that 61.7 percent of the net new housing units that will be needed over the next 15 years to accommodate the growing workforce will be owner-occupied and 38.3 percent will be renter-occupied. In 2015, it is estimated that 76.1 percent of the current occupied housing



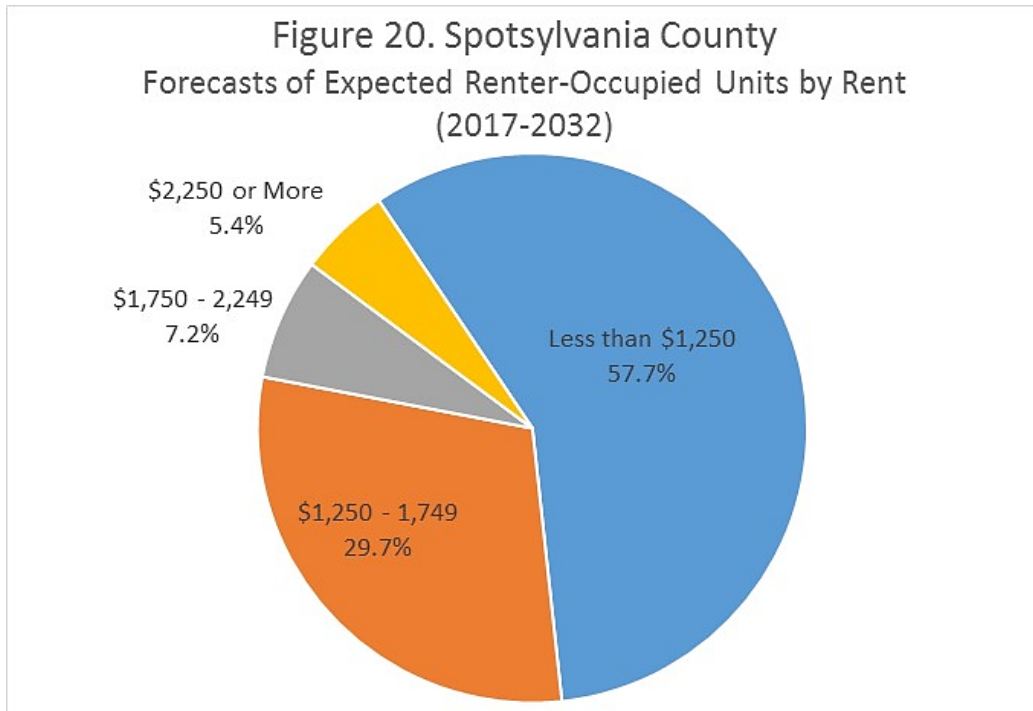
stock is owner-occupied. Therefore, these housing demand forecasts suggest a shift towards more renters and fewer home owners over the next 15 years.

The shift towards more multifamily housing and more rental housing reflects a younger workforce and stronger growth in industry sectors that pay relatively lower wages. Younger households and households with lower incomes tend to prefer both rental housing and multifamily housing.

These household characteristics also dictate the home prices and rents that will be needed to accommodate the growing working population in Spotsylvania County. There will be a need for housing at all price points in the years to come. Over the next 15 years, however, based on an assessment of expected household incomes of future households, about a third of new home owners (36.2 percent) will need housing priced below \$200,000, potentially including both single-family and multifamily. About half of new County home owners will be able to afford housing priced between \$200,000 and \$399,999 and 12.3 percent will be able to afford homes priced between \$400,000 and \$599,999. There will be modest demand for higher-priced housing among new home owners. It is estimated that about 3.2 percent of new home owner households in Spotsylvania County over the next 15 years will be able to afford homes priced at \$600,000 or above.



On the rental side, there will be substantial need for housing affordable to renters earning below \$50,000. Based on these estimates of future housing needs in Spotsylvania County, about 57.7 percent of future renters will earn below this level and will need rents at or below \$1,250 to be affordable. It is expected that 29.7 percent of new renter households in the County will be able to afford rents between \$1,250 and \$1,749. In Spotsylvania County, it is expected that demand for higher-end rental units will be relatively low, with the suggestion that 7.2 percent of the new renter demand will be for units with rents between \$1,750 and \$2,249 per month and 5.4 percent for units with rents of \$2,250 per month or higher.



# Stafford County

## A Profile of Demographic, Economic and Housing Market Conditions

Prepared by Lisa Sturtevant & Associates LLC with support from the  
Fredericksburg Area Association of REALTORS®

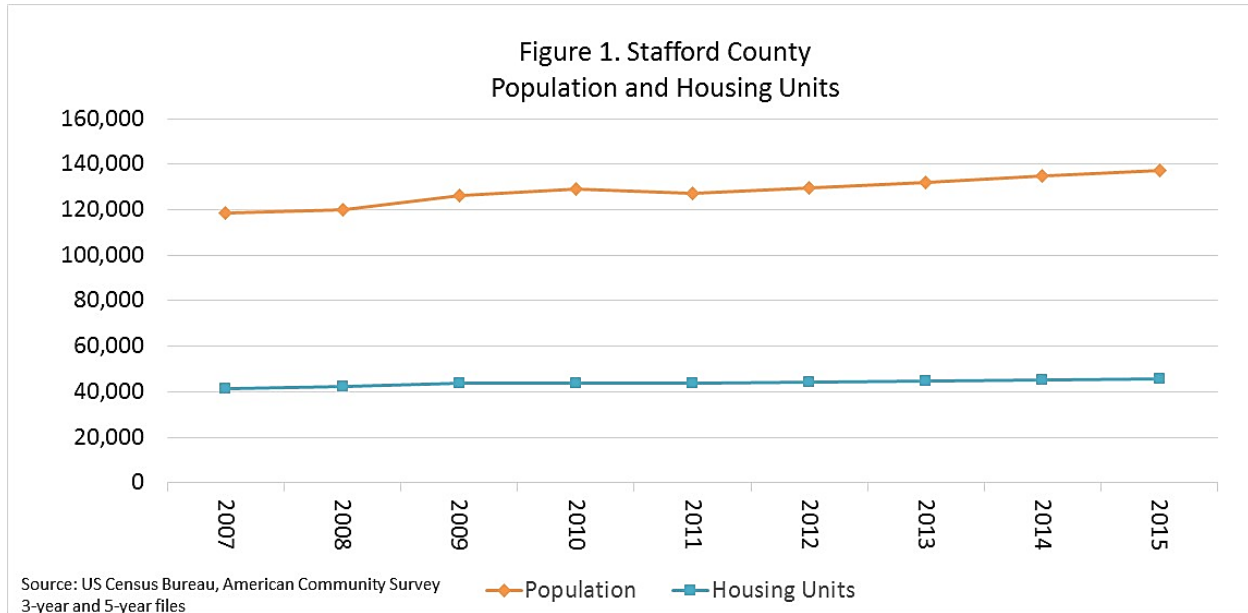
June 2017





## Profile of Stafford County

As of 2015, there were 137,145 residents living in Stafford County, 15.7 percent higher than the population in 2007, making it one of the fastest growing jurisdictions in the greater Fredericksburg region. The average annual population growth rate during this time same time period was 2.0 percent for the County, compared to an annual growth rate of 1.7 percent for the greater region.



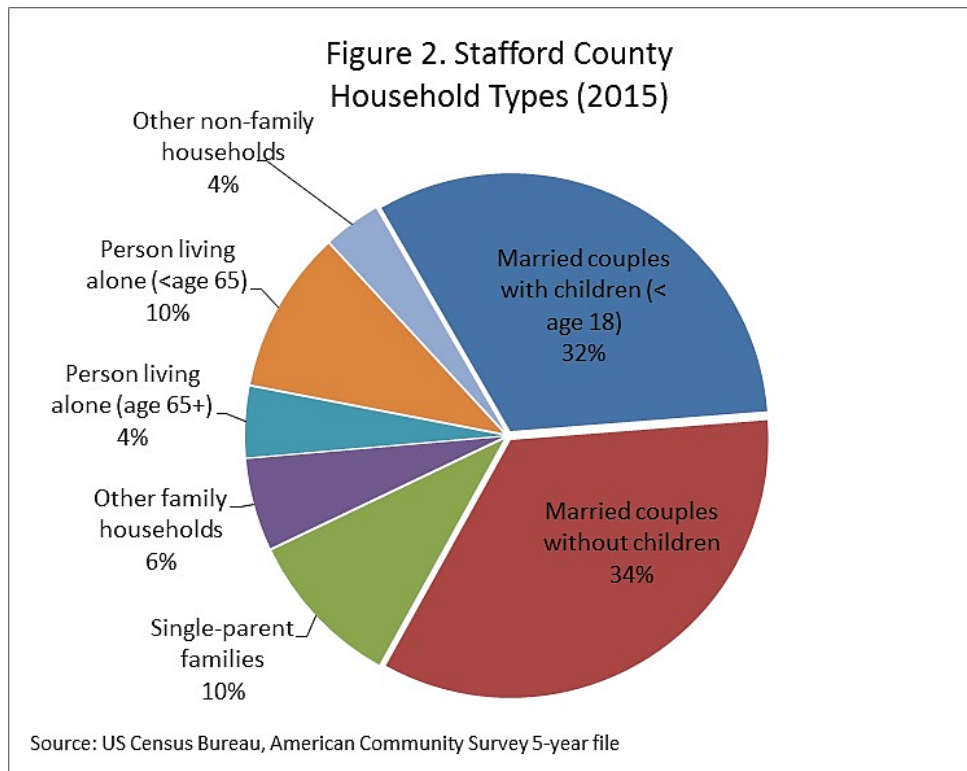
There were approximately 45,759 housing units in the County in 2015, up 4.0 percent from the start of the decade. The number of housing units has grown more slowly than the overall population in the County. Between 2007 and 2015, the average annual growth rate for new housing units was 1.3 percent compared to 2.0 percent for population. This is likely due to decreasing vacancy rates. The housing vacancy rate in 2015 was 5.1 percent, down from 6.5 percent in 2007. The average size of a Stafford County household was 3.2 people in 2015, down just slightly from 3.1 in 2007.

## Household Type

Approximately 43,405 households resided in Stafford County in 2015, which included 35,578 family households (82.01 percent of all Stafford County households) and 7,827 non-family households (18.0 percent).<sup>1</sup> The average size of the family households was 3.4 people.

About two out of every three households in the County were married couple households. About one-third of households in the County were married couples without children (34.3 percent), making it the largest share of household types in 2015. These household types include both young couples who have not yet had children and empty nesters. Married couples with children accounted for another third of the County's total households at 32.1 percent, slightly lower than married couples without children. However, when added to the share of single-parent households in the County (9.9 percent), households with children represent the largest number of households in the County (42.0 percent).

Households of people living alone account for about 14.5 percent of the County's households. Seniors age 65 and older living alone made up 4.4 percent of the County's households.

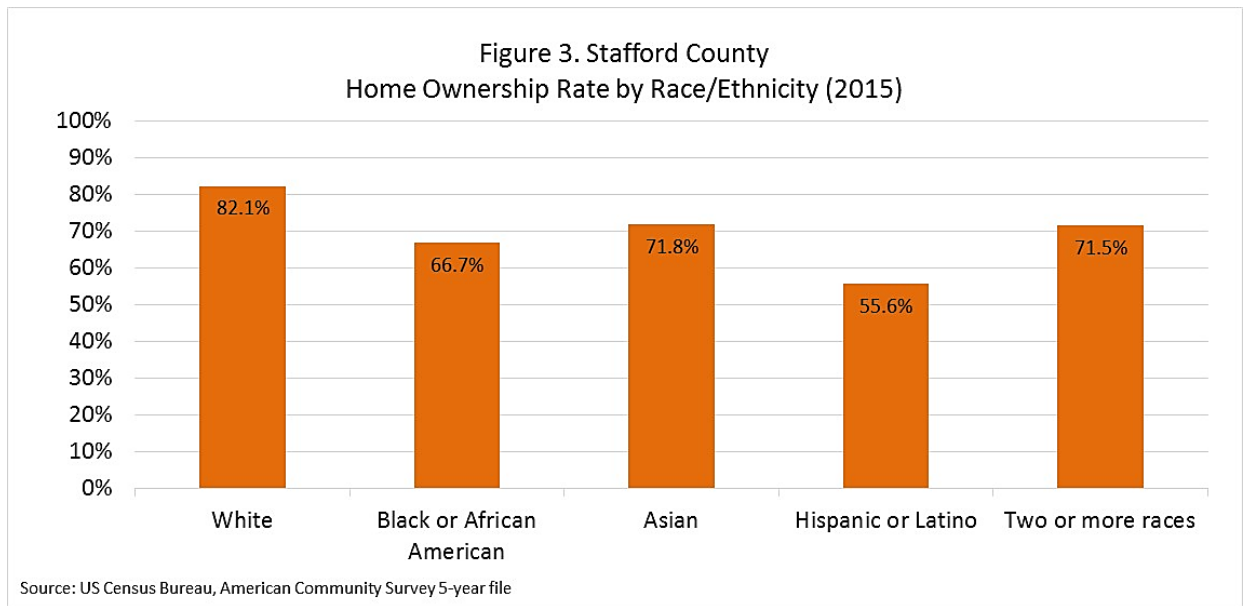


<sup>1</sup> Family households include households with two or more people related by marriage, birth or adoption. Non-family households include households with unrelated people, including people living alone.

### Housing Tenure – Renters and Owners

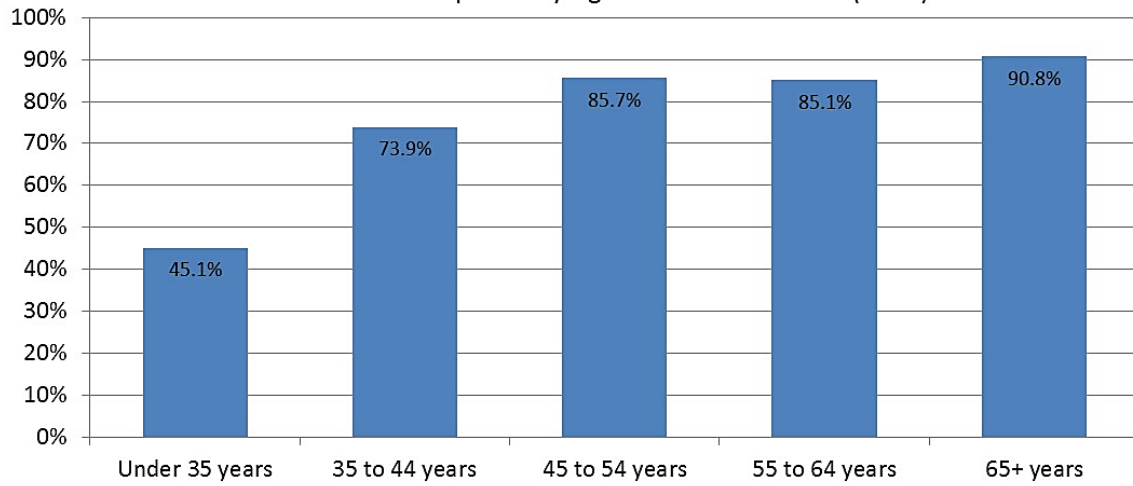
Home ownership rates in Stafford County have been trending downward over the past 15 years, going from 80.6 percent in 2000, to 78.8 percent during the housing boom in 2007, to 76.8 percent in 2015. The sharpest decline occurred during the recession when the County’s home ownership rate fell 2.1 percentage points in just one year, going from 79.5 percent in 2009 to 77.4 percent by 2010. Despite the downward trends in the home ownership, Stafford County’s rate of home ownership remains high relative to many other parts of the region.

Home ownership rates vary by the race or ethnicity of the head of the household. In 2015, white-headed households had the largest share of home ownership at 82.1 percent. Asian-headed households and households headed by someone of two or more races had similar home ownership rates at 71.8 percent and 71.5 percent, respectively. Approximately 66.7 percent of Black or African American households in the County owned homes in 2015, and the home ownership rate for Hispanic or Latino-headed households was 55.6 percent.



Home ownership rates in Stafford County also vary by age. Only 45.1 percent of households headed by someone under the age of 35 owned their home in 2015; however home ownership rates increase quickly after the age of 35. Approximately 73.9 percent of household heads age 35 to 44 owned their homes, and this rate increases to 85.7 percent for 45 to 54 year olds. Home ownership rates are the highest for senior age householders. An estimated 90.8 percent of households headed by someone age 65 or older in Stafford County own their home.

Figure 4. Stafford County  
Home Ownership Rate by Age of Household Head (2015)

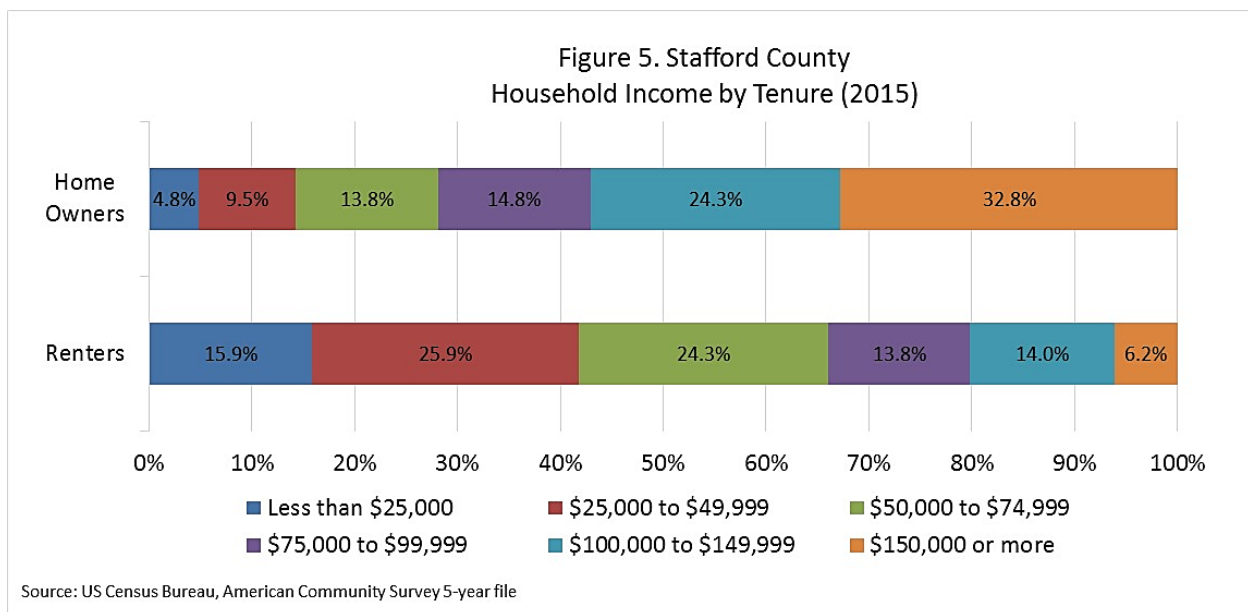


Source: US Census Bureau, American Community 5-year file

## Household Income

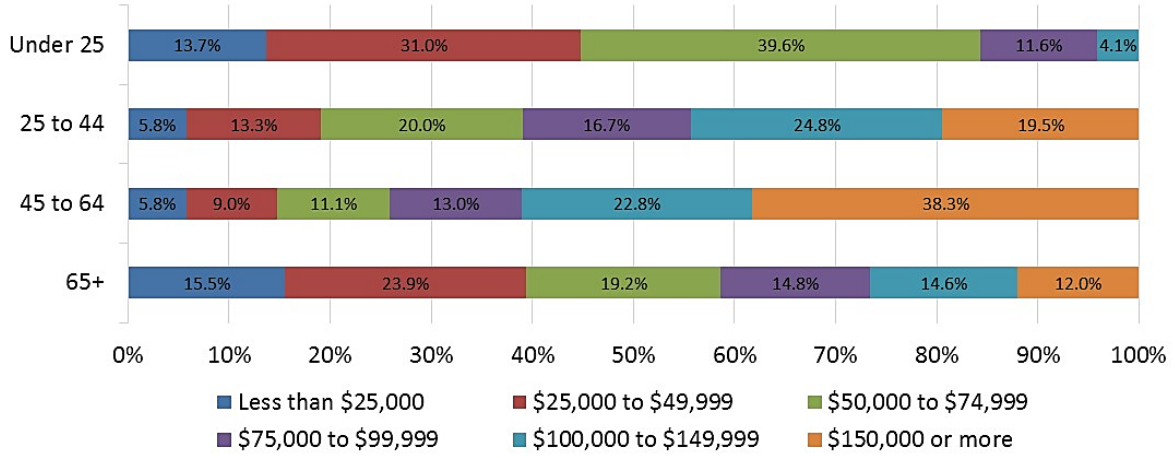
In 2015, the median household income in Stafford County was \$97,144; however, incomes varied widely for renters and owners. The median household income for renters was approximately \$55,679, and the median household income for owners was more than double, at \$113,224.

Home ownership tends to increase with income levels. Only 4.8 percent of households that own their home made less than \$25,000 per year in 2015. In contrast one out of every three households that own their home in the County made \$150,000 or more in 2015 (32.8 percent). Notably, nearly three-fifths (57.1 percent) of all households that own their home had an income of \$100,000 or more in 2015. Among renter households in the County, only 20.1 percent had incomes of \$100,000 or more.



Both income and age are critically linked to home ownership trends. In general, as people work longer and age, their incomes tend to rise. For example, only 4.1 percent of households headed by someone under the age of 25 made more than \$100,000 in 2015. By contrast, approximately 61.1 percent of households headed by someone age 45 to 64 had income exceeding \$100,000, and 38.3 percent of households in this age range had incomes exceeding \$150,000. Income distribution with seniors age 65 and older is fairly even, ranging between 12.0 percent and 23.9 percent for each income bracket.

Figure 6. Stafford County  
Household Income by Age (2015)

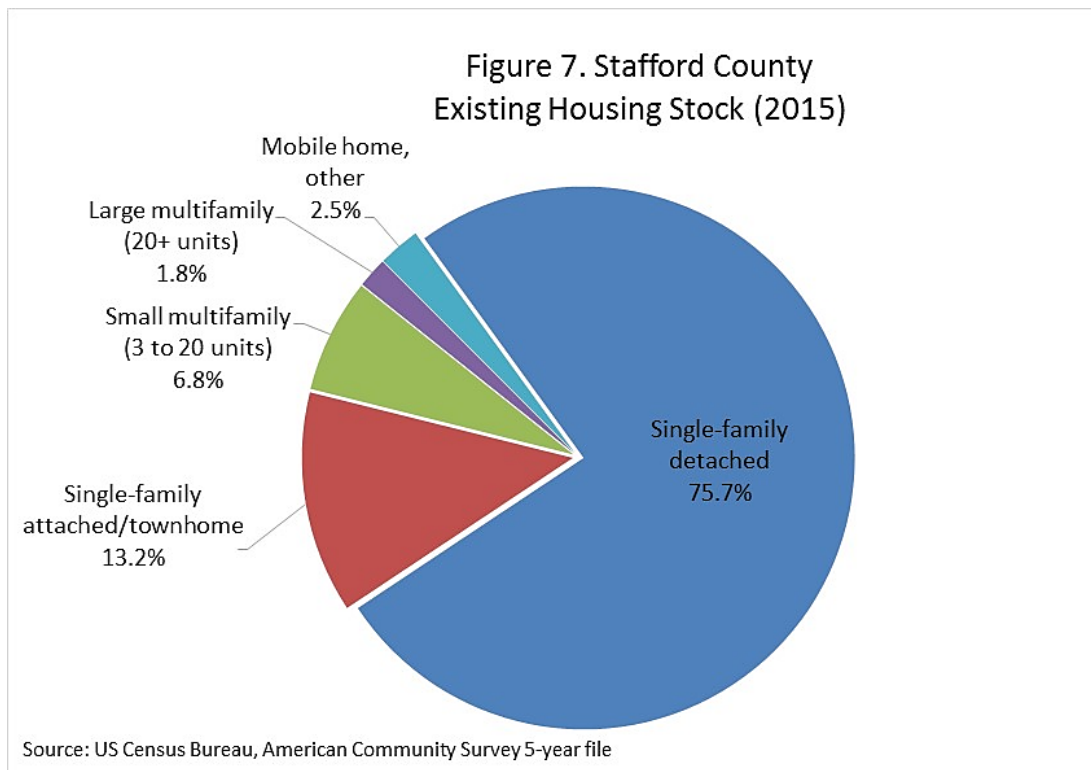


Source: US Census Bureau, American Community Survey 5-year file

## Housing Stock

### Housing Type

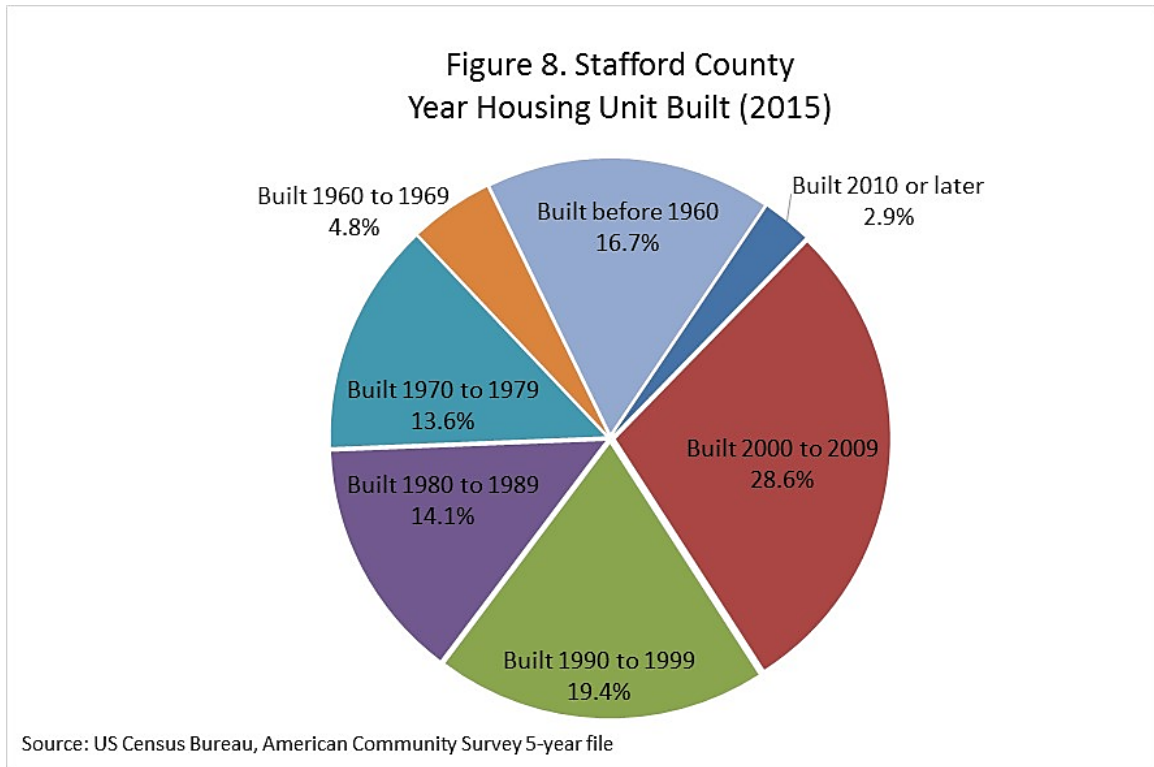
There were approximately 45,759 total housing units in Stafford County in 2015, including both occupied and vacant units. About three-quarters of homes in the County are single-family detached homes (75.7 percent). Another 13.2 percent are single-family attached homes, which includes duplexes or townhomes. Therefore, nearly nine out of every 10 homes in Stafford County's housing stock are single-family structures (88.9 percent). Multifamily buildings, both large (20+ units) and small (3 to 20 units), account for 8.6 percent of the housing stock. Only 2.5 percent of the County's housing units are mobile homes.





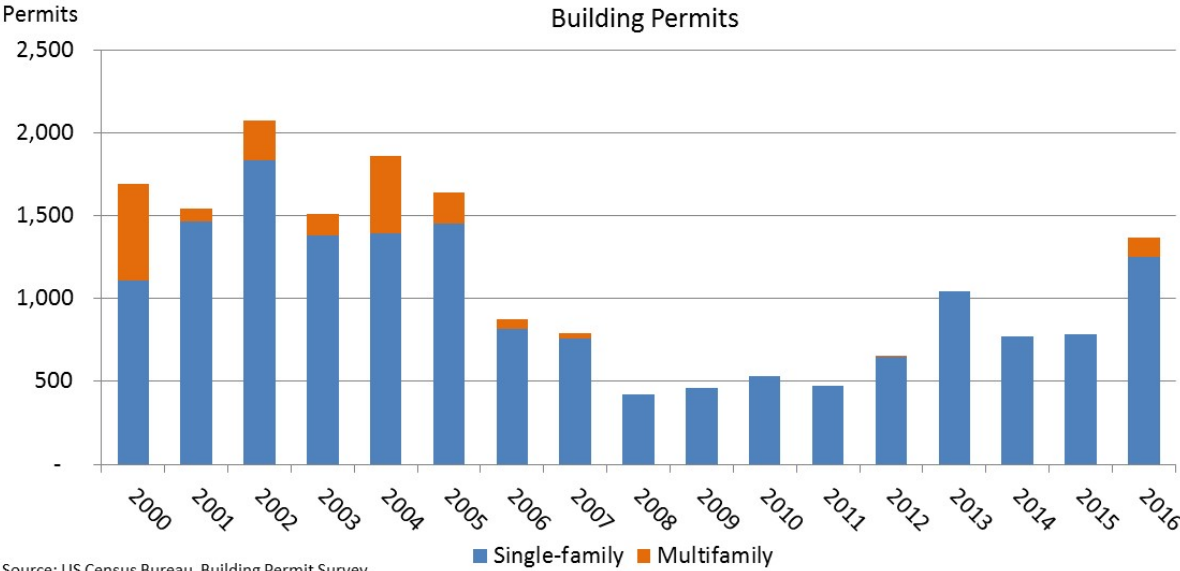
## Year Housing Unit Built

The largest share of housing units in Stafford County were built between 2000 and 2009 (28.6 percent), which is reflective of the housing boom years in the mid-2000s. Housing construction has slowed considerably since that time; only 2.9 percent of all housing units in the County have been built since 2010. Approximately one third (33.5 percent) of the County's housing stock was built in the 1980s and 1990s. Housing units built before 1960 account for 16.7 percent of the total housing stock.



Between 2000 and 2016 approximately 1,088 residential building permits were issued each year on average in Stafford County. The quantity of permits issued rose sharply in the early to mid-2000s. The number of permits began to decline quickly starting in 2006 and continued to decline through the recession. Building permit activity has fluctuated since 2010, rising and falling between 471 and 1,372 permits annually. There were 1,372 residential building permits issued in 2016, the highest level issued since the peak of the housing market more than a decade earlier. Most of the building permits issued in the County are for single-family detached housing; however 120 permits were issued for multifamily units in 2016, the most since 2005. Over the past 16 years, only 10.3 percent of the permits issued in the have been for multifamily construction.

Figure 9. Stafford County  
Building Permits

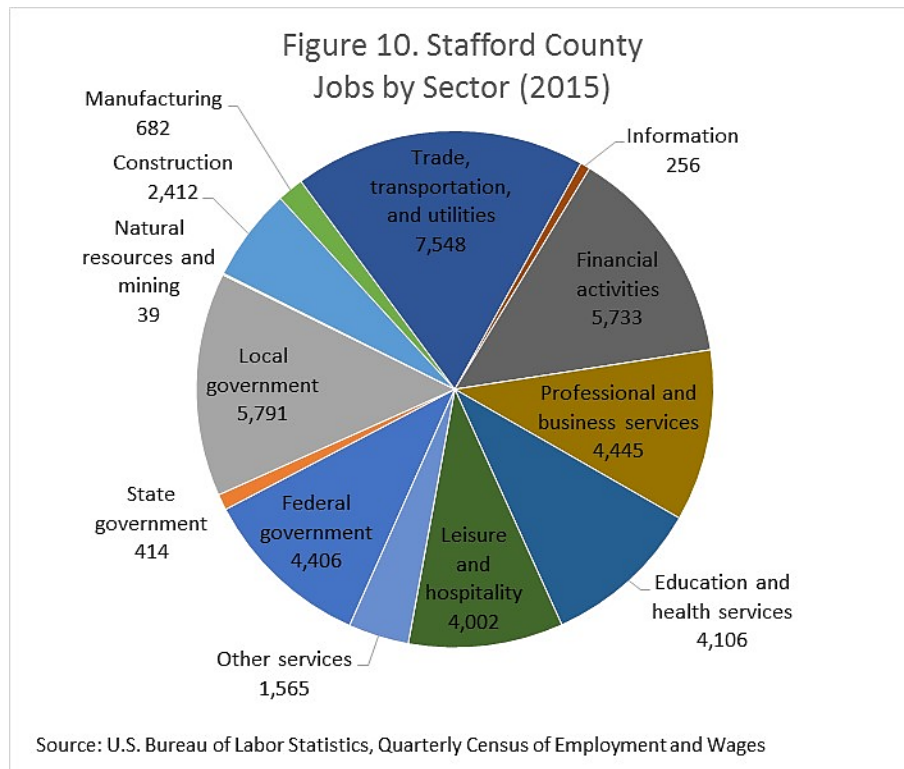


Source: US Census Bureau, Building Permit Survey

## Economy

### Jobs in Stafford County

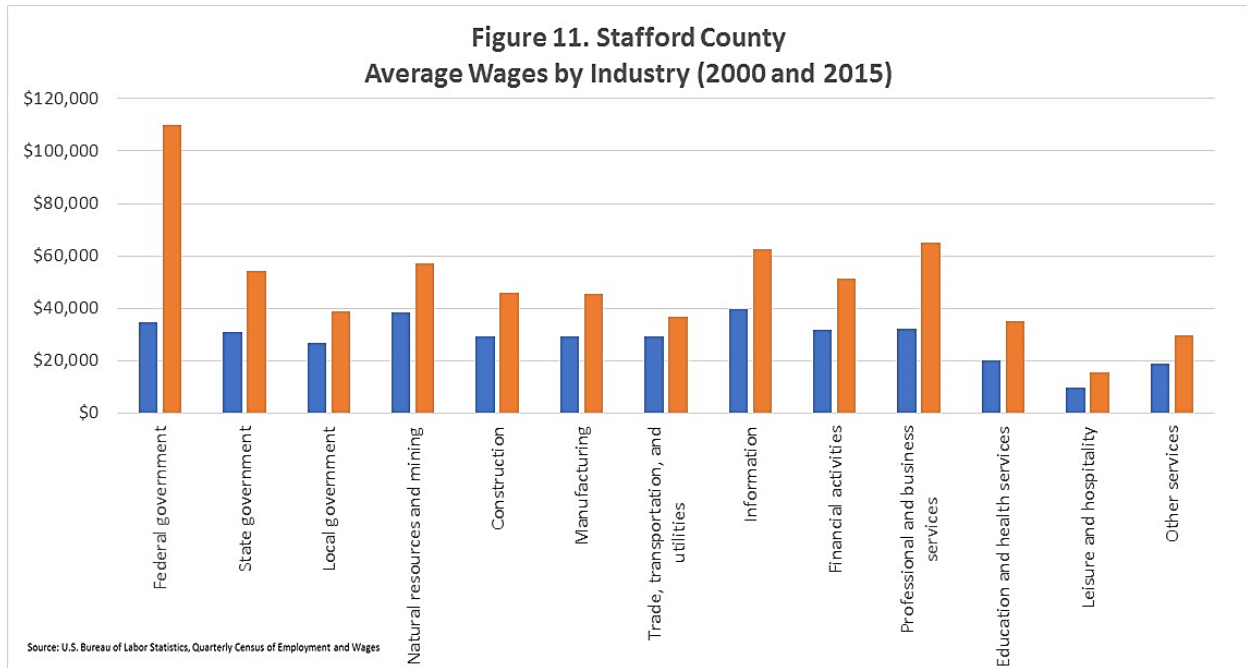
In 2015, there were an estimated 41,400 jobs in Stafford County.<sup>2</sup> Between 2000 and 2015, the number of jobs in the County increased by 70.8 percent, far surpassing the growth rate for the state as a whole. The County's largest industry sector is the Trade, Transportation and Utilities sector, which employs about 7,500 people in the County. Local Government is the second largest sector in Stafford County (5,800 jobs), followed by the Financial Services sector (5,700 jobs), Federal Government (4,400 jobs), and the Professional and Business Services sector (4,400 jobs).



The average wage (current dollars) for jobs located in Stafford County was \$49,746 in 2015, and wages increased by 74.5 percent since 2000. By comparison, wages increase approximately 52 percent across the Commonwealth of Virginia between 2000 and 2015. Wages in the County vary considerably across sectors. The average wage of a job in the Trade Transportation and Utilities sector was \$36,834. Jobs in Local Government paid an average wage of \$38,904. The average wage for the Financial Services sector was \$51,150. The County's highest wages were for Federal

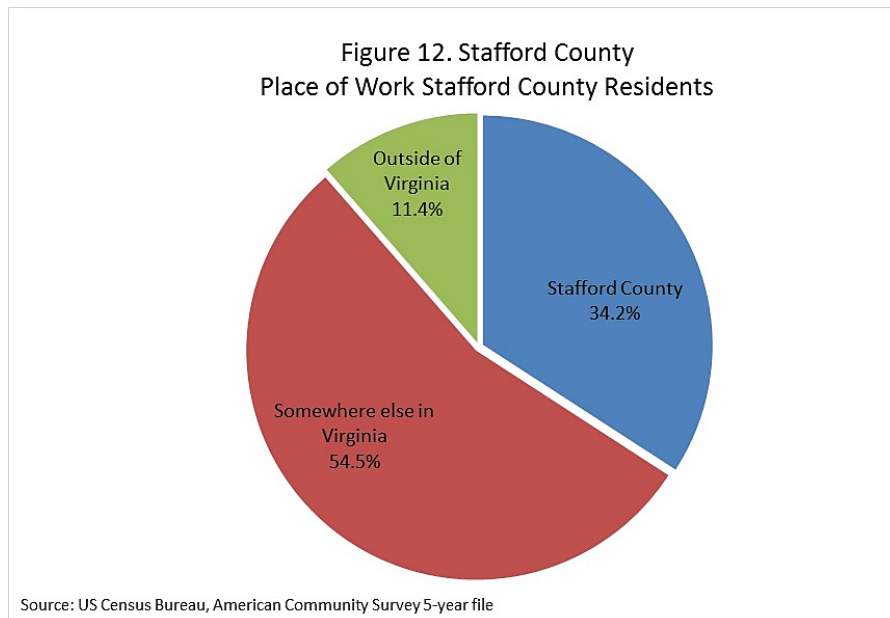
<sup>2</sup> The employment and wage data presented includes full-time and part-time covered jobs, temporary or permanent. The data exclude some jobs in national security agencies, proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers, and railroad workers covered by the railroad unemployment insurance system.

Government jobs where the average was considerably higher than for all other sectors (\$109,758).



### Resident Workforce

According to the American Community Survey 5-year file, in 2015, there were approximately 68,014 resident workers in Stafford County—that is, County residents who were employed. Over half (54.5 percent) of these resident workers commuted to jobs elsewhere in Virginia, outside of Stafford County. About one-third (34.2 percent) had jobs within Stafford County, and approximately 11.4 percent (7,743 workers) commuted to jobs outside of Virginia, largely to the District of Columbia.



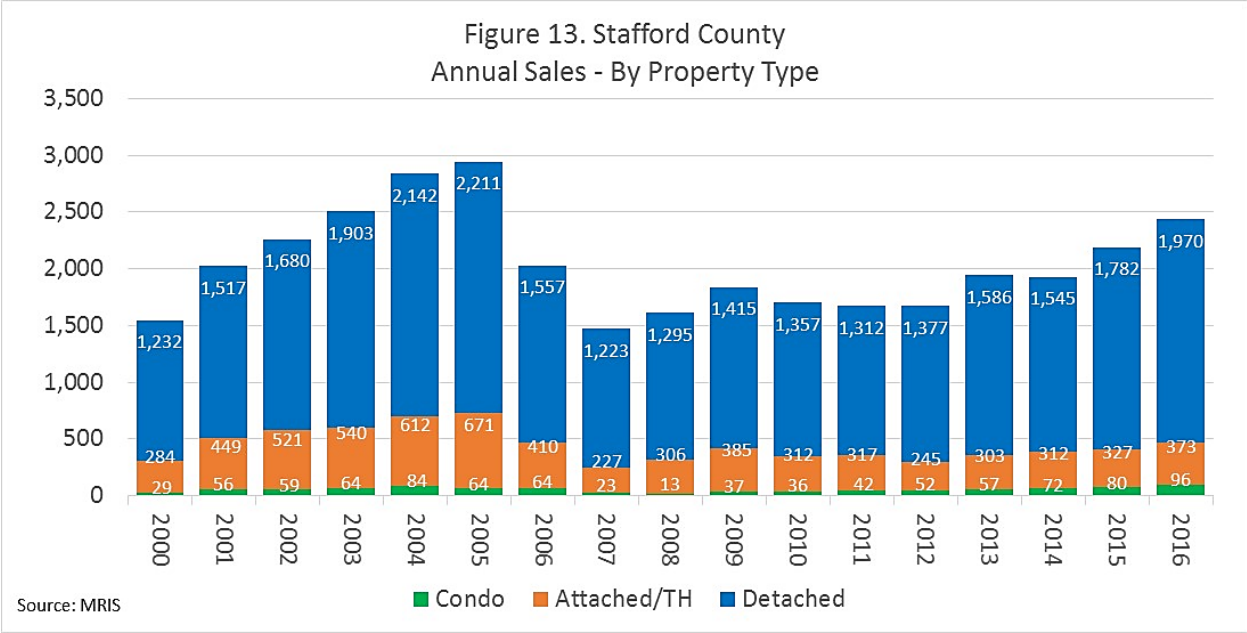
## Housing Market

### Home Sales

During the housing boom of the early to mid-2000's sales activity in Stafford County rose dramatically. Starting in 2001, home sales in the County increased five consecutive years, four of which were at double digit rates. The sharpest gain during this period occurred in 2001, when the County had 2,022 sales, up 30.9 percent from the previous year. After a modest 3.8 percent gain in 2005, sales began to decline sharply as early signs of the global financial crisis began to emerge. After reaching a peak of nearly 3,000 sales in 2005, activity in the Stafford County housing market slowed abruptly. There were 2,031 home sales in the County in 2006, a 31.1 percent drop from the year prior. This trend continued into 2007, when sales dropped to 1,473, down 50 percent from the peak level just two years before.

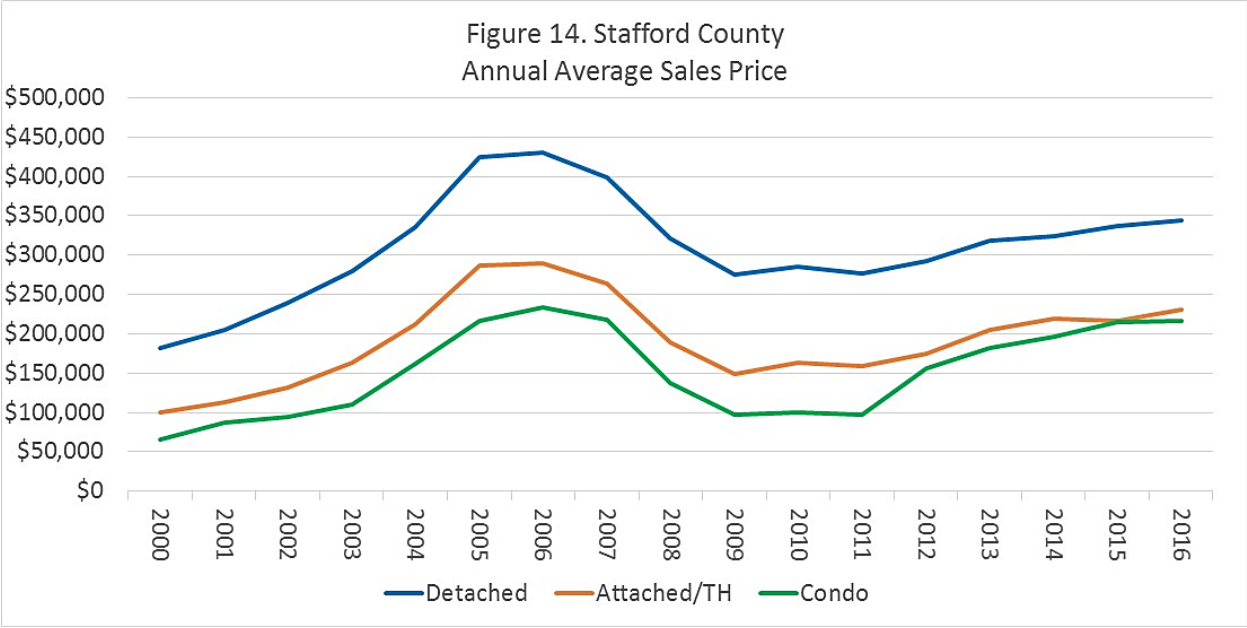
Following two years of sharp declines, sales activity in the County briefly stabilized in 2008 and 2009, rising 9.6 percent and 13.8 percent, respectively. This was likely in part due to increased federal spending and employment during the great recession. Sales activity slowed over the next several years as home prices struggled to recover to their pre-recession levels, leaving many stuck in underwater mortgages. The declining trend changed in 2012 as sales activity began to increase, albeit slowly at first. Driven largely by job growth and improving consumer confidence in the stabilizing economy, sales jumped 16.2 percent between 2012 and 2013. After a flat 2014, sales growth has resumed at a double digit rate in Stafford County for the past two years, reaching levels seen in the early 2000's. There were 2,439 home sales in the County in 2016, up 11.4 percent from 2015.

Single-family detached homes dominate the Stafford County market, accounting for more than three-quarters of all sales since 2000. After peaking at 23.1 percent of all sales in 2002, the share of attached/townhome sales in the County has gradually declined and now represents 15.3 percent of all sales as of 2016. Conversely, condominium sales have been gaining market share in Stafford County. After a low of less than one percent of all sales in 2008, condominiums in Stafford County now represent 3.9 percent of all sales in the County.



**Home Prices**

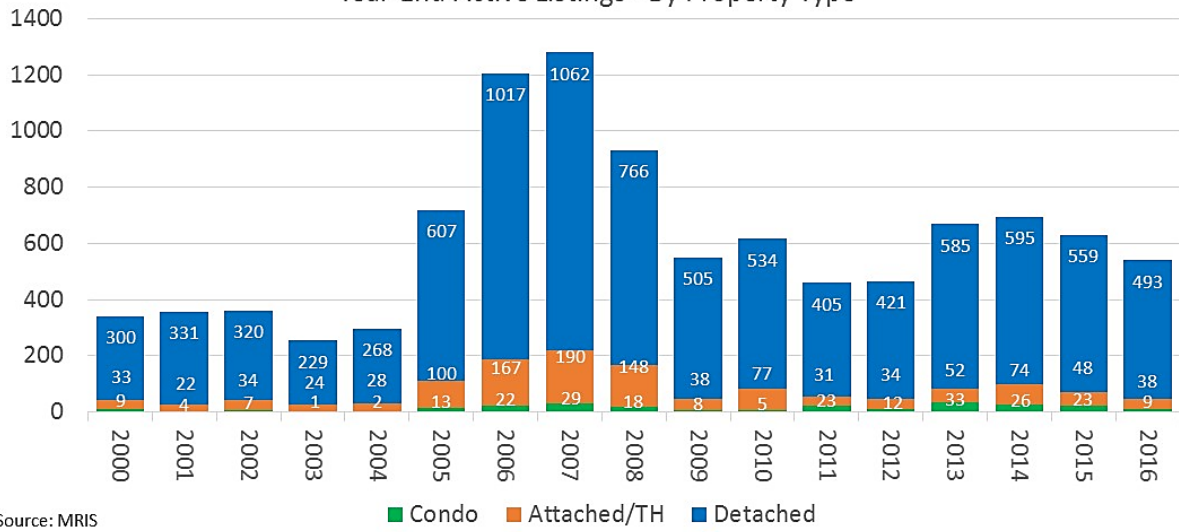
Similar to sales trends in Stafford County, the average price for a home in the County rose sharply during the housing boom of the early to mid-2000s. Between 2000 and 2006, the average price for a single-family detached home in the County rose nearly a quarter of a million dollars. Prices climbed at double digit rates each year during this period, driven by strong demand in the housing market and wide-spread access to financing across the credit spectrum. The average sales price for a single-family detached home in the County peaked in 2006 at \$430,066, up 26.5 percent from the year prior, and more than double the level seen at the start of the decade. Following the peak level, prices tumbled as the housing markets crashed around the globe. The average sales price in Stafford County fell three consecutive years starting in 2007 across all property types. By 2009, the average sales price for a detached home in the County was \$274,914, down 36.1 percent from the peak in 2006 just three years prior. Sales prices have stabilized since that time, rising modestly and consistently. With the exception of 2011 when the average sales price fell 2.9 percent for single-family detached homes, prices have climbed between two and nine percent each year since 2010, a reflection of the strengthened economic conditions, but also of a declining inventory of active listings on the market. Fewer and fewer homes are available, which puts upward pressure on sales prices when demand remains strong. Similar trends have occurred with single-family attached/townhomes and condominiums in the County, though these price changes have been more volatile.



**Active Listings**

The inventory of active listings on the market fluctuates in Stafford County each year, though some discernable trends can be identified. The inventory levels were low in the early 2000s, with just 342 active listing at the end of 2000. The inventory hovered around this level until 2005 when active listings spiked up to 720 by years end, nearly 2 ½ times the number of homes available at the end of 2004. This dramatic rise in active listing continued into the 2006, by the end of that year over 1,200 homes were on the market in Stafford County, up 67.5 percent from the previous year, and four to five times more inventory than what was available a few years prior. By the end of 2007, the inventory of active listings reached 1,281 and quickly diminished as the great recession ensued. Home prices plunged, the economy was weakening, and many home owners were underwater on their mortgages, owing more to the bank than the market value of their properties. Home owners were not listing their homes on the market at nearly the same rate as seen a few years prior. Between 2007 and 2009, the number of active listings in the County fell 57.0 percent. The trend changed briefly in 2010, rising 11.8 percent, but declines in inventory resumed in 2011. Since that time, active listings have fallen the past two years in the County, dropping 9.4 percent at the end of 2015, and 14.3 percent at the end of 2016 compared to the previous year.

Figure 15. Stafford County  
Year-End Active Listings - By Property Type

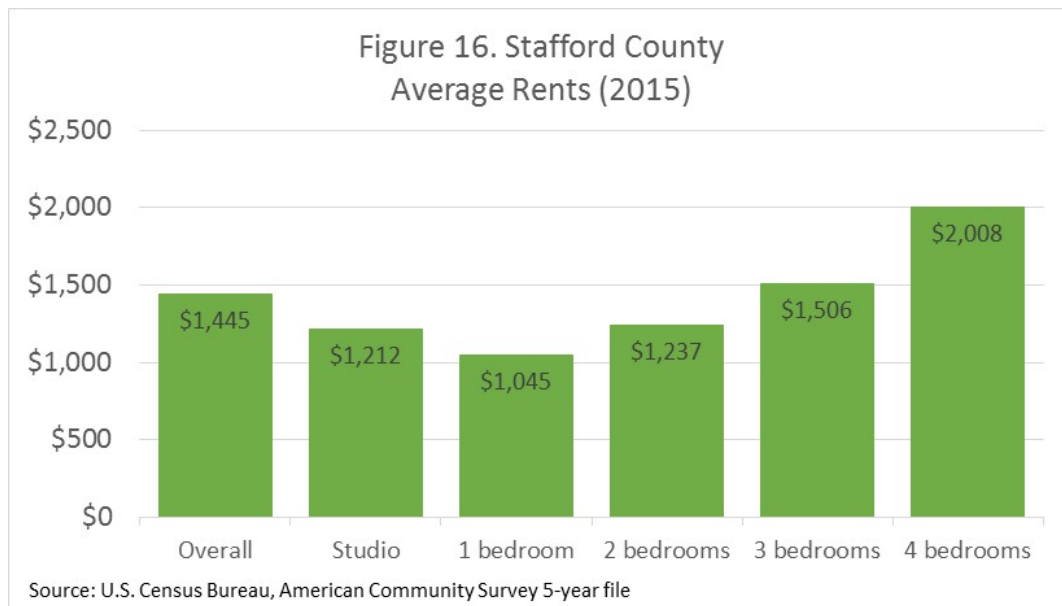


Source: MRIS



## Rents

The number of renters in Stafford County has increased since the housing market downturn and recession and currently about 10,000 households in the County are renters. In 2015, the median rent in Stafford County was estimated at \$1,445, up 71.6 percent over 2000 (\$842). Studio apartments in Stafford County actually have slightly higher rents than one-bedroom apartments, but studio apartments make up less than two percent of all of the rental units in the County, as of 2015. One-bedroom apartments have rents of \$1,045 per month, on average. A quarter of the rental units in Stafford County are two-bedroom units with average rents of \$1,237 per month. But nearly two-thirds of the rental units in Stafford County have three or more bedrooms and have rents between \$1,500 and \$2,000, on average.

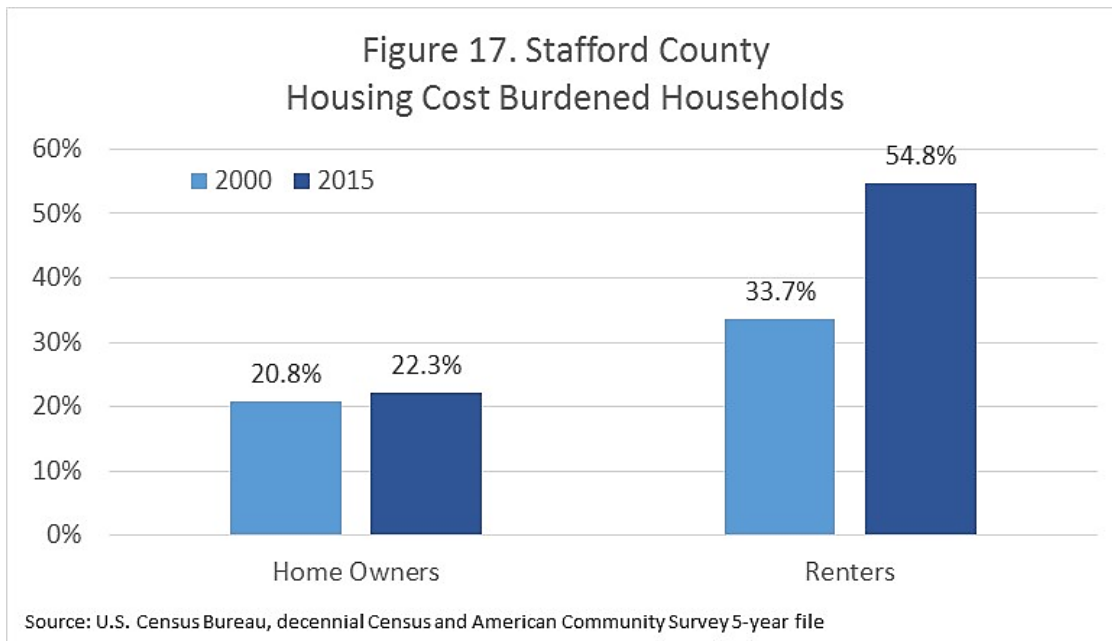


The vast majority of the rental units in Stafford County are single-family homes. In 2015, about 40 percent of rental units were single-family detached homes and about a quarter (24.7 percent) were single-family attached homes/duplexes. About 32.0 percent of rental homes in Stafford County were in multifamily buildings with most in smaller buildings containing between five and 19 total units.

## Housing Affordability

Housing affordability is measured by comparing household incomes to housing costs. Generally, housing is considered “affordable” if it takes up no more than 30 percent of a household’s gross income. Households that spend more than 30 percent of their income on housing costs are sometimes called “housing cost burdened.” When households spend a disproportionately high share of their income on housing costs, there is often an insufficient amount left over for other necessities, such as health care, food, transportation and education expenses.

In Stafford County, one out of five home owners (22.3 percent) is cost burdened. However, the rate of housing cost burden is much higher among renters; more than half of renters in Stafford County (54.8 percent) spends more than 30 percent of their income on housing. Rates of housing cost burden have increased dramatically among renters in the County. In 2000, about a third (33.7 percent) of renters were cost burdened. Rates of housing cost burden have not changed significantly for home owners in the City over the 2000 to 2015 period.



## Forecasts of Future Housing Needs in Stafford County

Having a sufficient supply of housing is essential for supporting a vibrant and sustainable local economy. Based on prior forecasts of local housing demand produced by George Mason University<sup>3</sup>, updated with more recent data on the current housing stock, suggests that Stafford County would need to add 12,702 net new housing units over the next 15 years to house new workers.<sup>4</sup>

In 2013, the George Mason University Center for Regional Analysis (GMU) produced forecasts of the amount, types and prices/rents of housing that would be needed to accommodate job growth in the greater Washington DC region, including for the City of Fredericksburg, Spotsylvania County and Stafford County in the Fredericksburg region. Around the same time, the George Washington Regional Commission/Fredericksburg Area Metropolitan Planning Organization (MPO) produced population, household and housing unit forecasts that were included in the Metropolitan Washington Council of Governments (MWCOG) Round 9.0 cooperative forecasts. The housing forecasts presented below for the Stafford County are based on the GMU forecasts, with MPO/MWCOG forecasts used as a check on the credibility of the estimates.

The GMU housing forecasts examined forecasts of expected job growth by sector in the greater Washington DC region to produce jurisdiction-level forecasts of the amount, types and prices/rents of housing that would be needed to accommodate the region's new workers. The housing unit forecasts for Stafford County include housing that would be needed to accommodate new workers that both live and work in Stafford County as well as workers that are expected to live in Stafford County but will have a job in another jurisdiction (i.e., out commuters). The shares of new workers living in Stafford County are based on an analysis of current commuting patterns.

The GMU forecasts are for the 2012 through 2032 period. The forecasts below adjust the GMU forecasts to provide estimates of expected housing demand between the 2017 and 2032 period with separate forecasts for the 2017-2022, 2022-2027, and 2027-2032 periods. The forecasts based on the GMU analysis are compared with the MWCOG/MPO forecasts of household growth to ensure that the rates of expected growth in the housing stock are realistic given current local expectations.

The GMU analysis uses information on the expected wages, ages and household composition of new workers throughout the region to estimate demand for housing of different types (i.e. renter and owner, single-family and multifamily) and at different price and rent levels.

These estimates of future housing demand in Stafford County will likely understate total future housing demand because they do not account for the housing that will be needed to accommodate new residents who are not in the labor force (e.g., new retirees to the area). This approach to forecasting housing demand in Stafford County is just one way to thinking about the County's future housing needs, explicitly linking growth in the housing stock to employment growth. Other housing forecasts produced for other

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<sup>3</sup> Sturtevant, Lisa and Jeannette Chapman. 2013. Housing the Region's Future Workforce, 2012-2032. Arlington, VA: George Mason University Center for Regional Analysis. Online [http://cra.gmu.edu/pdfs/studies\\_reports\\_presentations/Housing\\_the\\_Regions\\_Future\\_Workforce\\_2012.pdf](http://cra.gmu.edu/pdfs/studies_reports_presentations/Housing_the_Regions_Future_Workforce_2012.pdf).

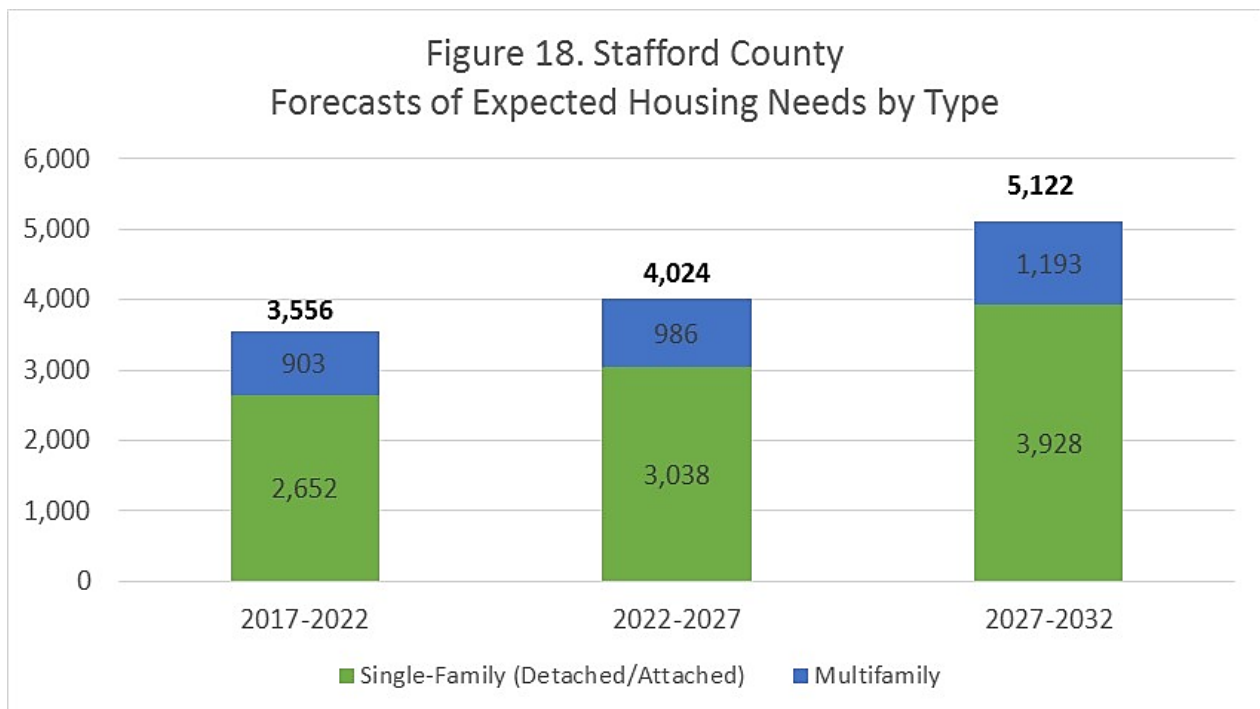
<sup>4</sup> Job forecasts are based on econometric forecasts prepared by IHS Global Insight. These housing demand forecasts assume that all new workers in the jurisdiction will live in the jurisdiction, thereby assuming that the levels of jurisdiction-to-jurisdiction commuting will not increase. Changes to these assumptions would obviously change the resulting housing need forecasts presented in this report.

purposes and based on different assumptions may come to different conclusions about future housing growth.

Between 2017 and 2022, these forecasts suggest a need for 3,556 net new housing units to accommodate new workers. Between 2022 and 2027, there is expected to be demand for 4,024 net new housing units. Finally, in the 2027 to 2032 period, the pace of housing demand is expected to accelerate somewhat (along with expected accelerations in job growth in the County) with a need for an additional 5,122 housing units over that five-year period.

Between 2017 and 2032, therefore, these housing demand forecasts suggest a need for 847 new units to be built in Stafford County each year. Over the past five years, Stafford County has issued permits for the construction of 926 housing units annually which suggests that the County is positioned to accommodate the level of housing construction suggested by these housing demand forecasts.

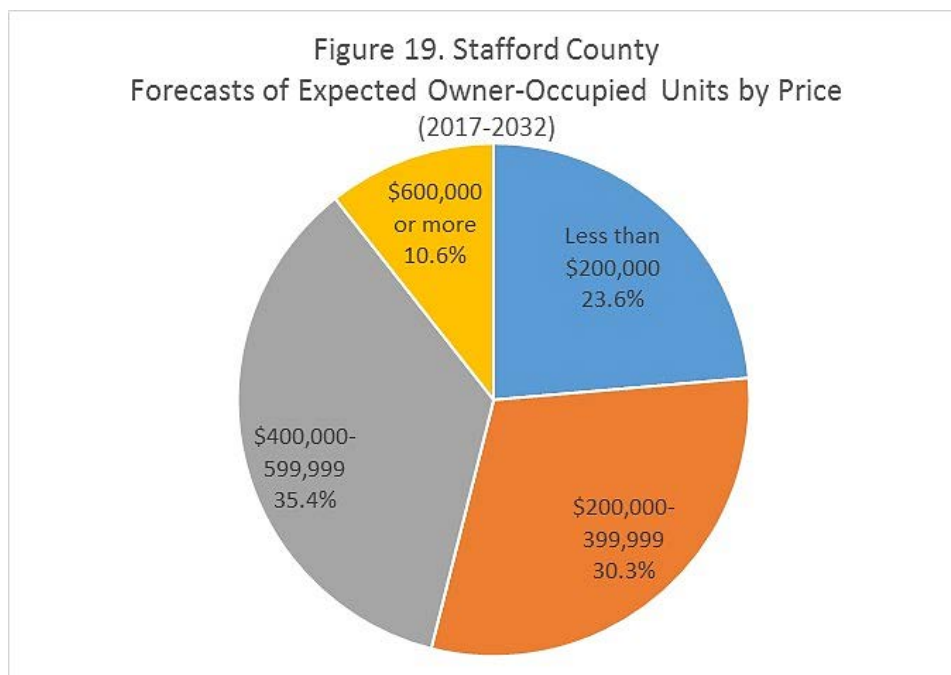
Given the expected characteristics and incomes of new working households in Stafford County over the next 15 years, it is expected that about three quarters (75.8 percent, or 9,619 housing units) will need to be single-family detached or attached homes to meet demand. The remaining 24.2 percent (3,082 housing units) are forecasted to be multifamily. This reflects a shift from current development patterns in Stafford County where 88.9 percent of homes in the County are single-family detached or attached homes and only 8.6 percent are multifamily units. (About 2.5 percent of the existing units in Stafford County are mobile homes.)



These housing demand forecasts suggest that 61.7 percent of the new housing units that will be needed over the next 15 years to accommodate the growing workforce will be owner-occupied and 38.3 percent will be renter-occupied. In 2015, it is estimated that 76.8 percent of the current occupied housing stock is owner-occupied. Therefore, these housing demand forecasts suggest a shift towards more renters and fewer home owners among new residents over the next 15 years.

The shift towards more multifamily housing and more rental housing reflects a younger workforce and stronger growth in industry sectors that pay relatively lower wages. Younger households and households with lower incomes are more likely than other households to live in both rental housing and multifamily housing.

These household characteristics also dictate the home prices and rents that will be needed to accommodate the growing working population in Stafford County. There will be a need for housing at all price points in the years to come. However, based on an assessment of expected household incomes, it is expected that about a quarter (23.6 percent) of the demand for owner-occupied homes over the next 15 years will be for homes—potentially including both single-family and multifamily—that are priced below \$200,000 (i.e. affordable to households earning about \$50,000). Another 30.3 percent of owner-occupied homes need to be priced between \$200,000 and \$399,999 and 35.4 percent need to be priced between \$400,000 and \$599,999 to meet expected demand. There will be demand for higher-priced housing among new workers to Stafford County and the region. It is estimated that about 10.6 percent of owner-occupied housing units should have prices of \$600,000 or above to meet expected demand over the next 15 years.



On the rental side, there will be substantial need for housing affordable to renters earning below \$50,000. Based on these estimates of future housing needs in Stafford County, more than three-fifths of new renter households (61.5 percent) will be able to afford rents at or below \$1,250 per month. It is expected that about 29.1 percent of future rental demand will be for units with rents between \$1,250 and \$1,749 per month. It is expected that demand for higher-end rental units will be relatively low, with the suggestion that only 8.3 percent of renter households will be able to afford rents between \$1,750 and \$2,249, and 1.1 percent will be able to afford rents of \$2,250 or more.

