

# Caroline County

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

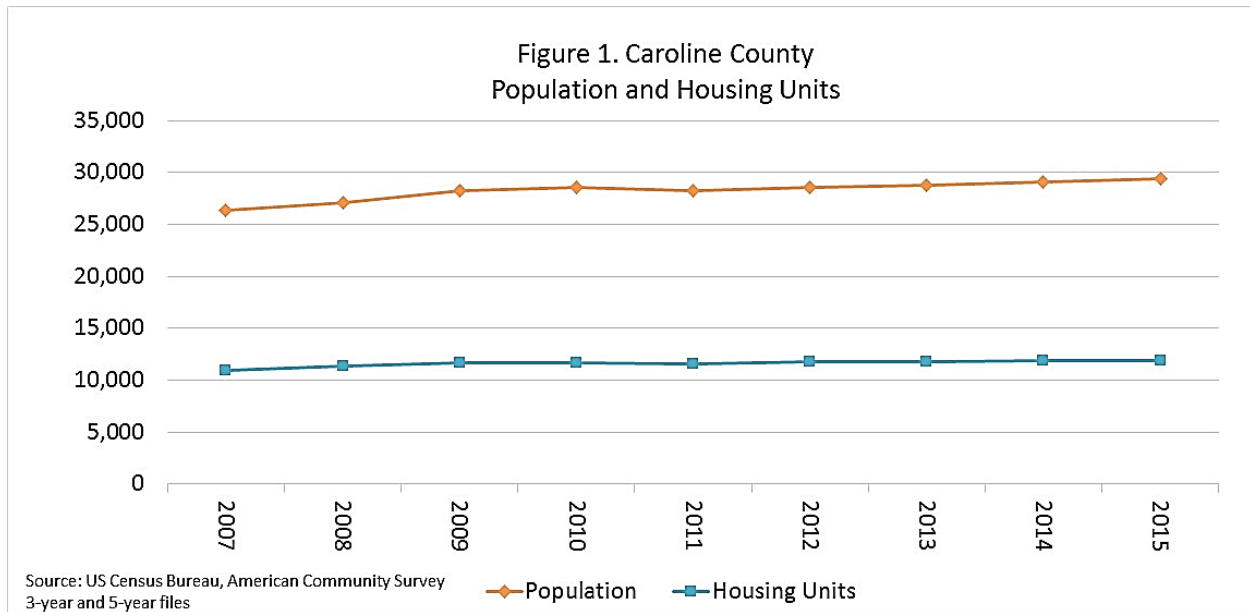
Prepared by Lisa Sturtevant & Associates LLC with support from the  
Fredericksburg Area Association of REALTORS®

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.



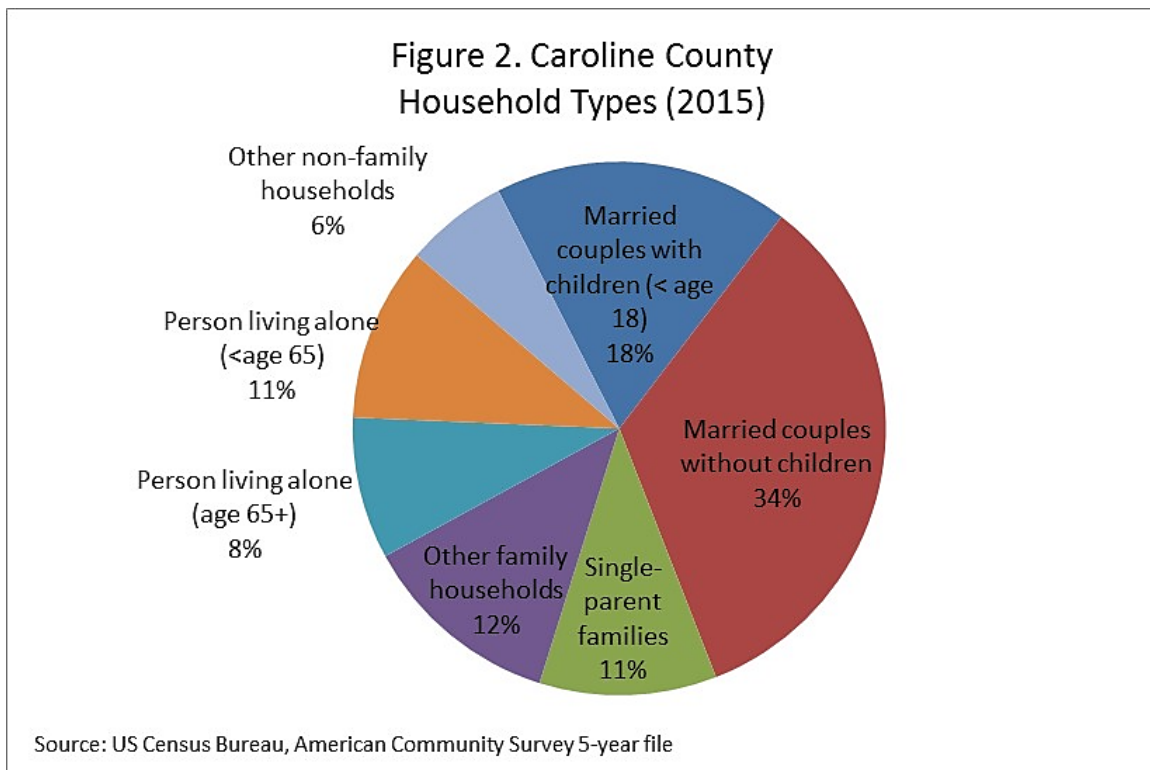
The number of housing units in the County has also increased over the past eight years. There were approximately 11,927 units in 2015, up 9.3 percent since 2007. Housing growth has slowed considerably since the recession; only 198 units have been added to the County's housing stock since 2010. The average 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.

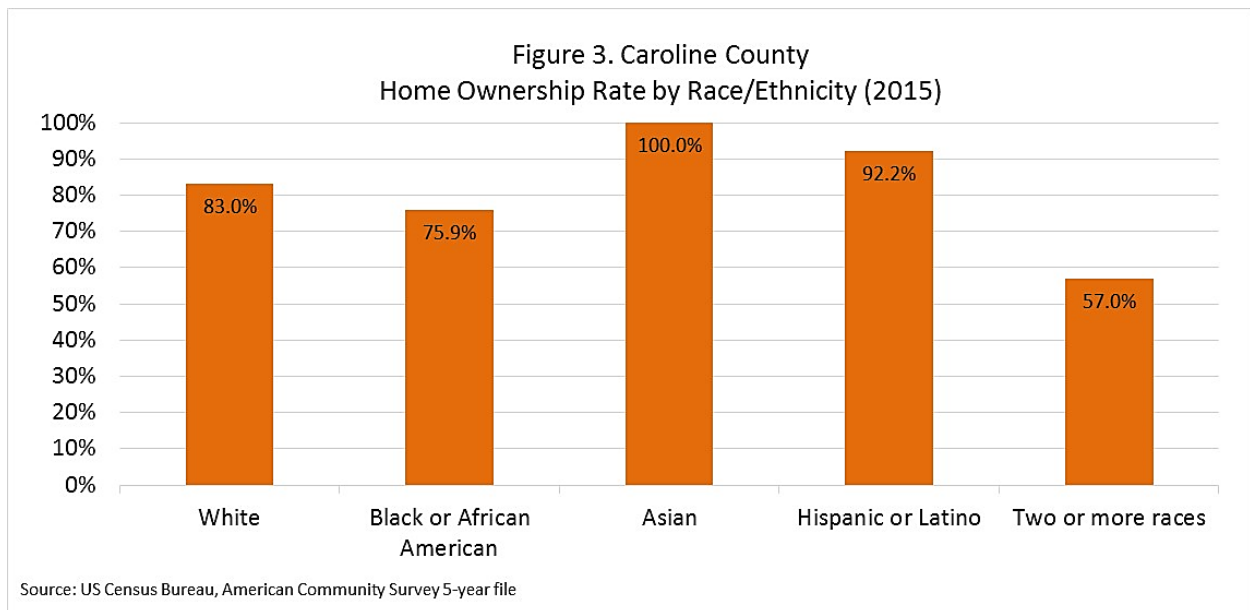


<sup>1</sup> Family households include households with two or more people related by marriage, birth or adoption. Non-family households include households with unrelated people, including people living alone.

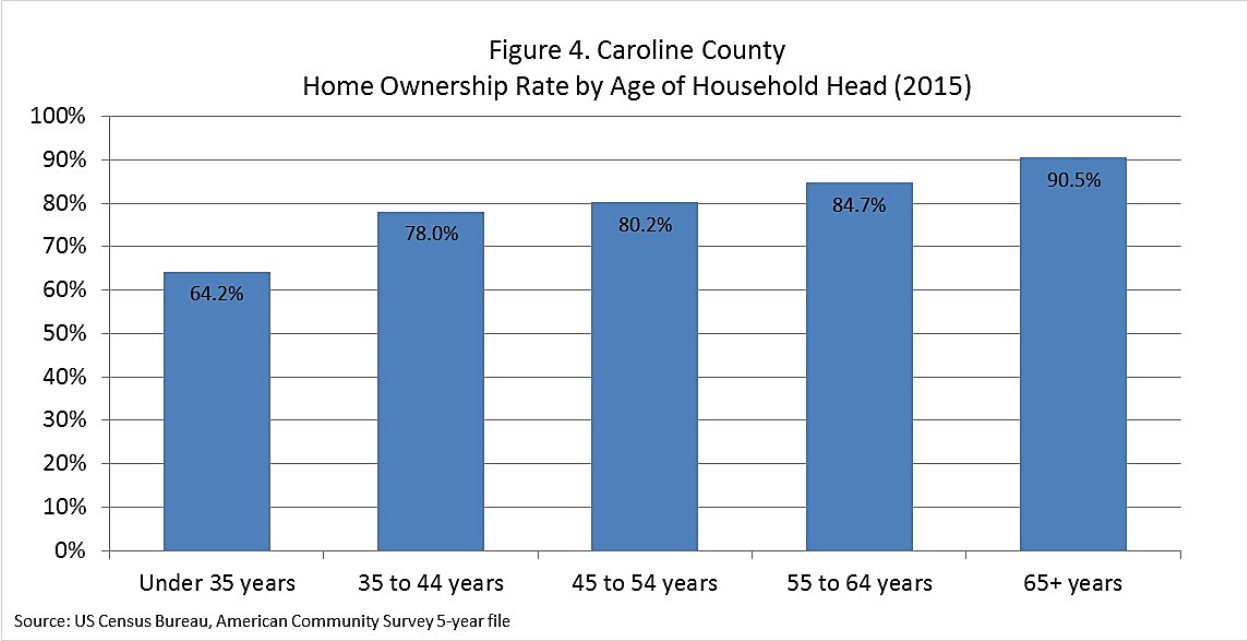
### Housing Tenure – Renters and Owners

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.



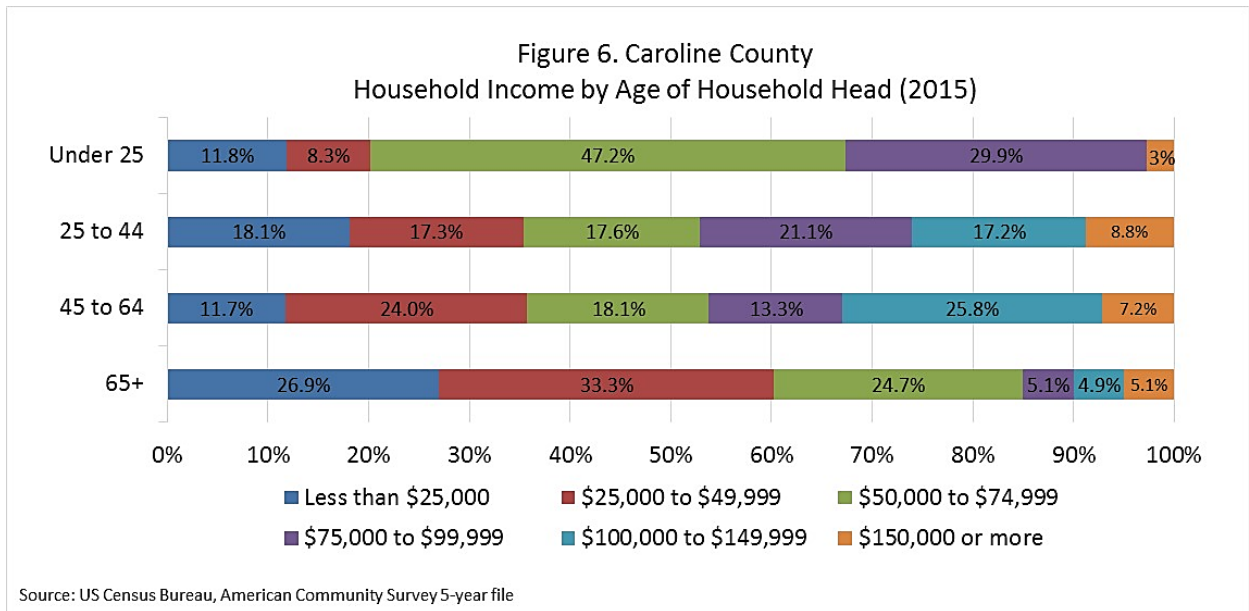
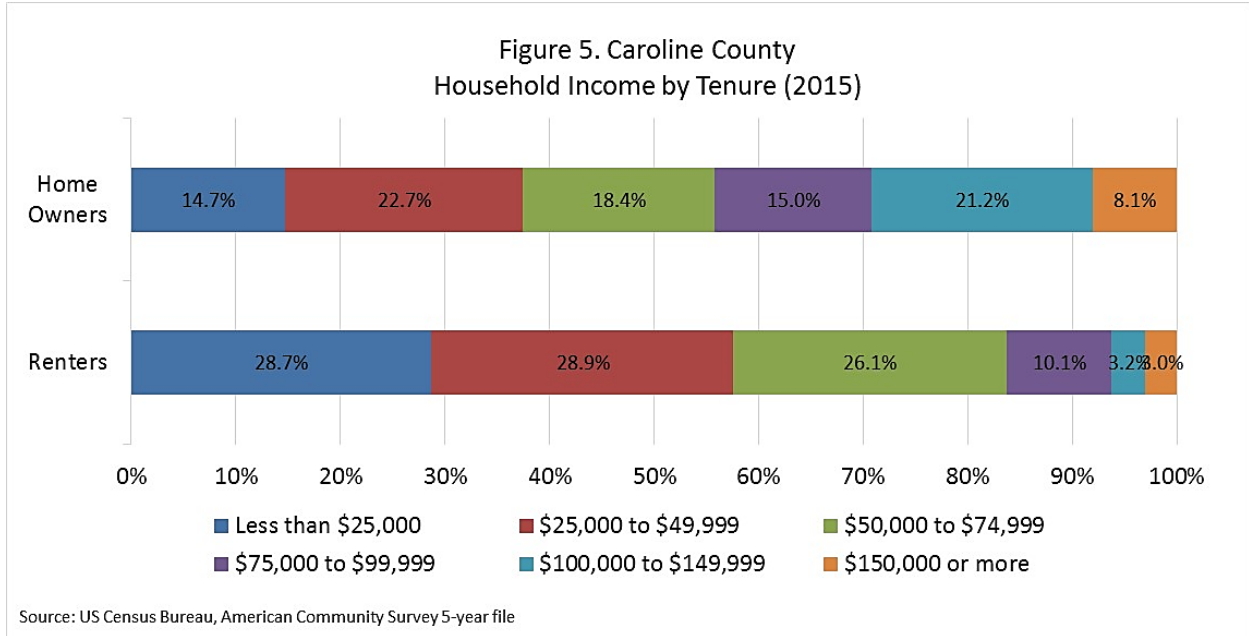
**Household Income**

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.

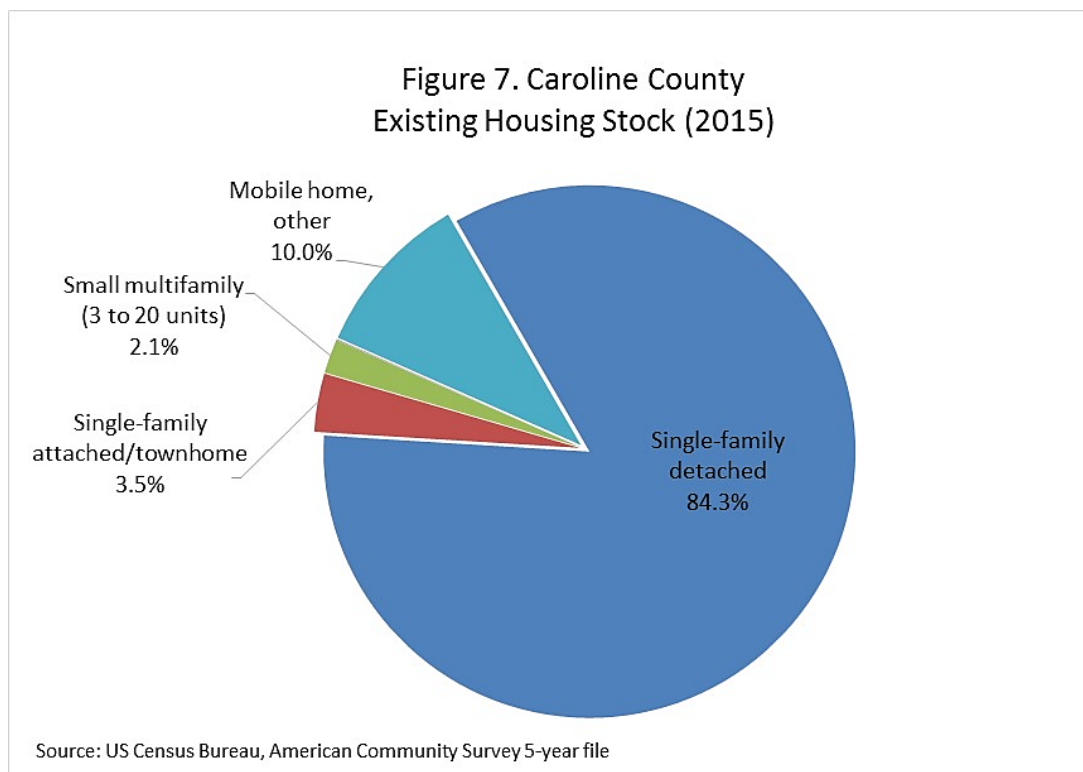


## Housing Stock

### 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.

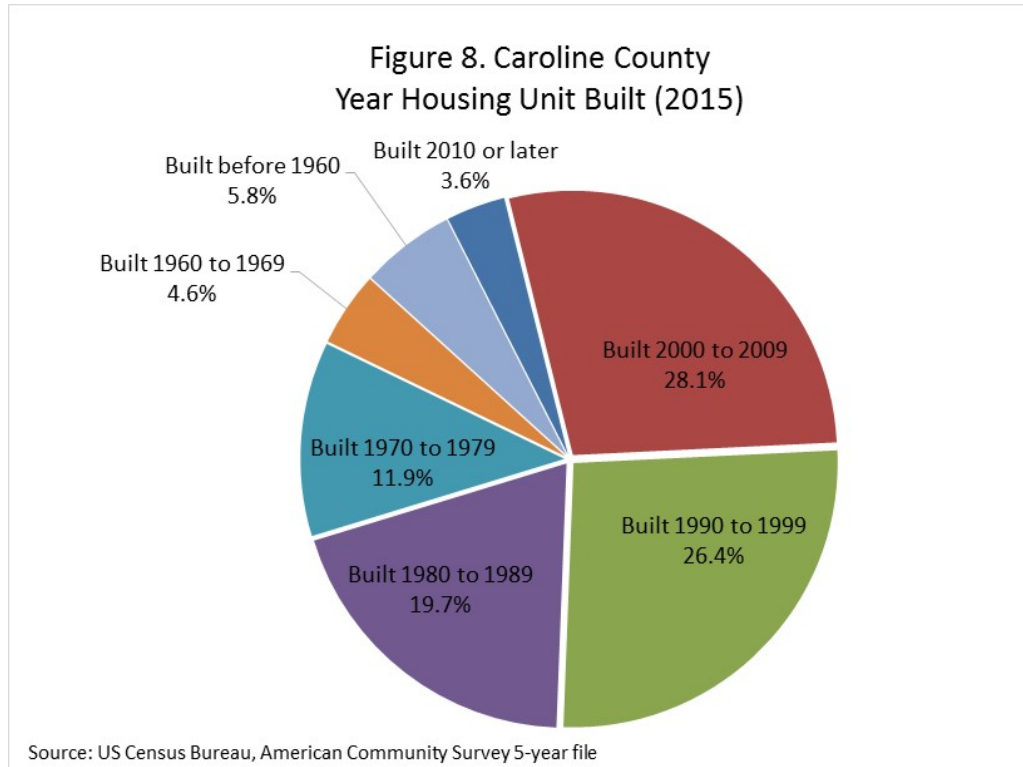
Housing type preferences lean heavily towards single-family detached homes for both owners and renters in Caroline County. Approximately nine out of 10 home owners in the County live in a single-family home (89.5 percent). Of the renter households, 63.5 percent occupy a single-family detached home. About 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.





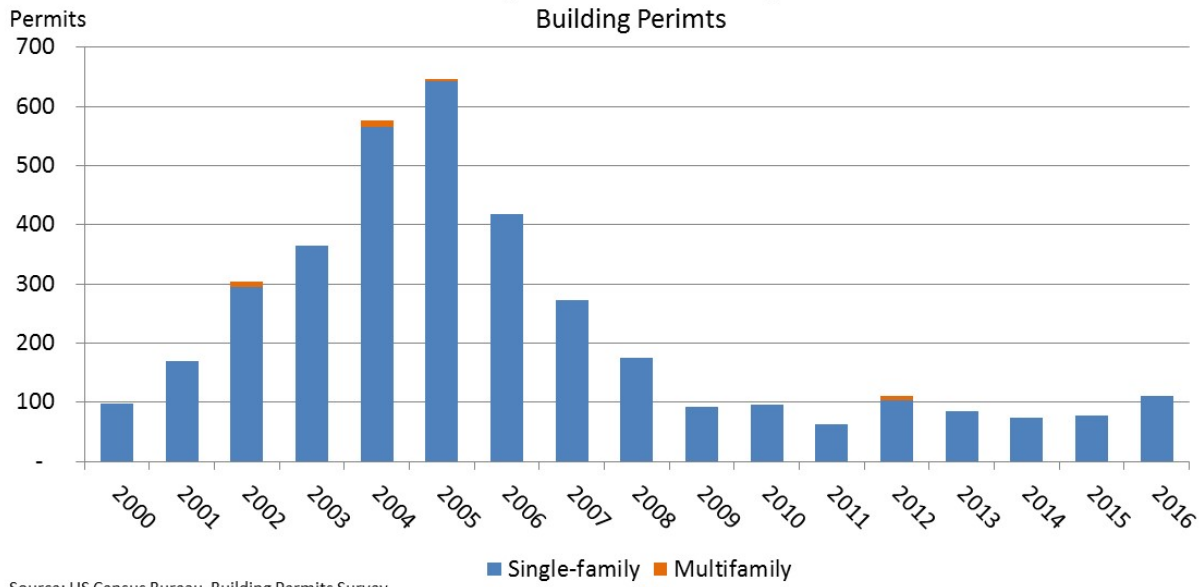
## Year Housing Unit Built

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

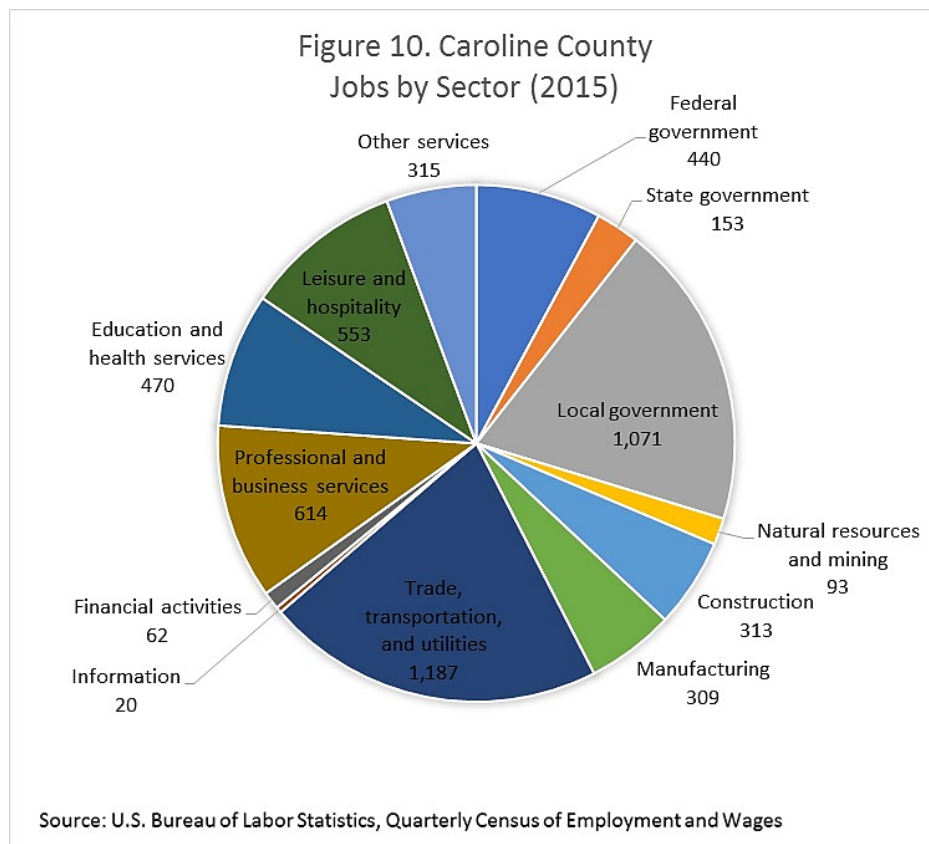


Source: US Census Bureau, Building Permits Survey

## Economy

### Jobs in Caroline County

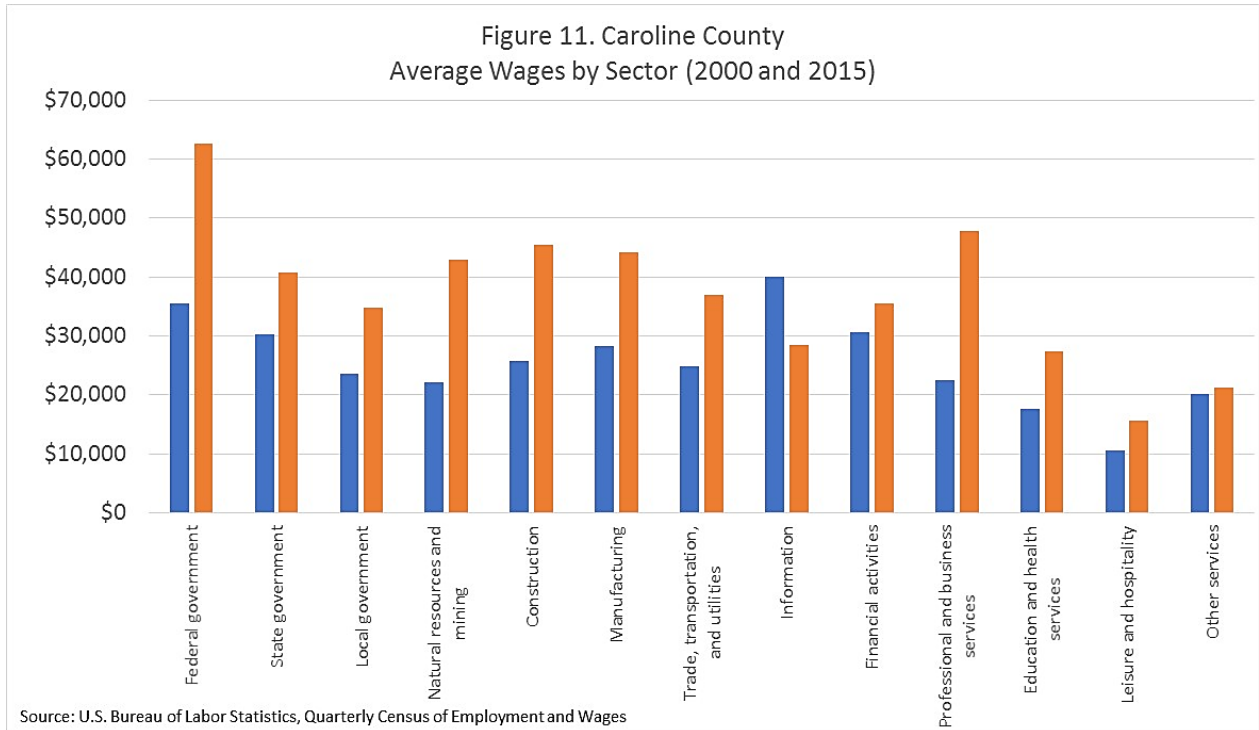
According to the U.S. Bureau of Labor Statistics, there were an estimated 5,600 jobs in Caroline County.<sup>2</sup> This includes jobs physically located in the County, held by County residents or individuals living elsewhere, or so-called “at-place employment.”<sup>3</sup> At-place employment in the 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.

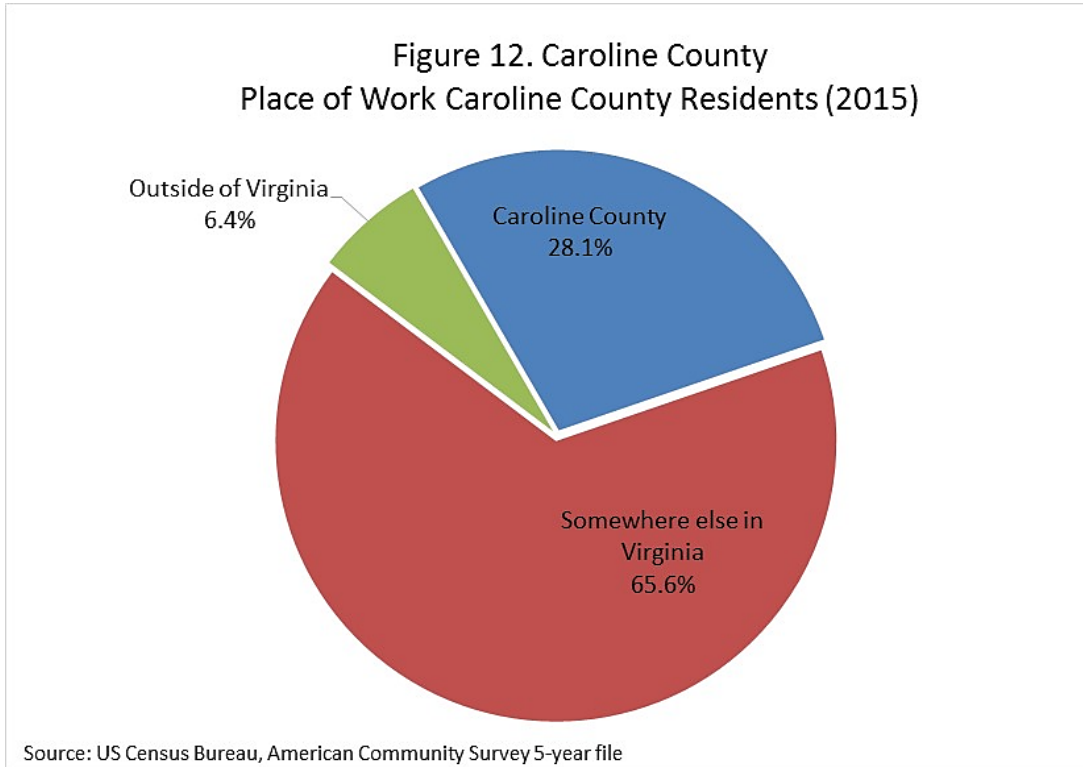
<sup>3</sup> By contrast, the County’s workforce includes all Caroline County residents that have a job. According to the American Community Survey 5-year data, there were an estimated 14,245 employed residents in Caroline County as of 2015.

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.



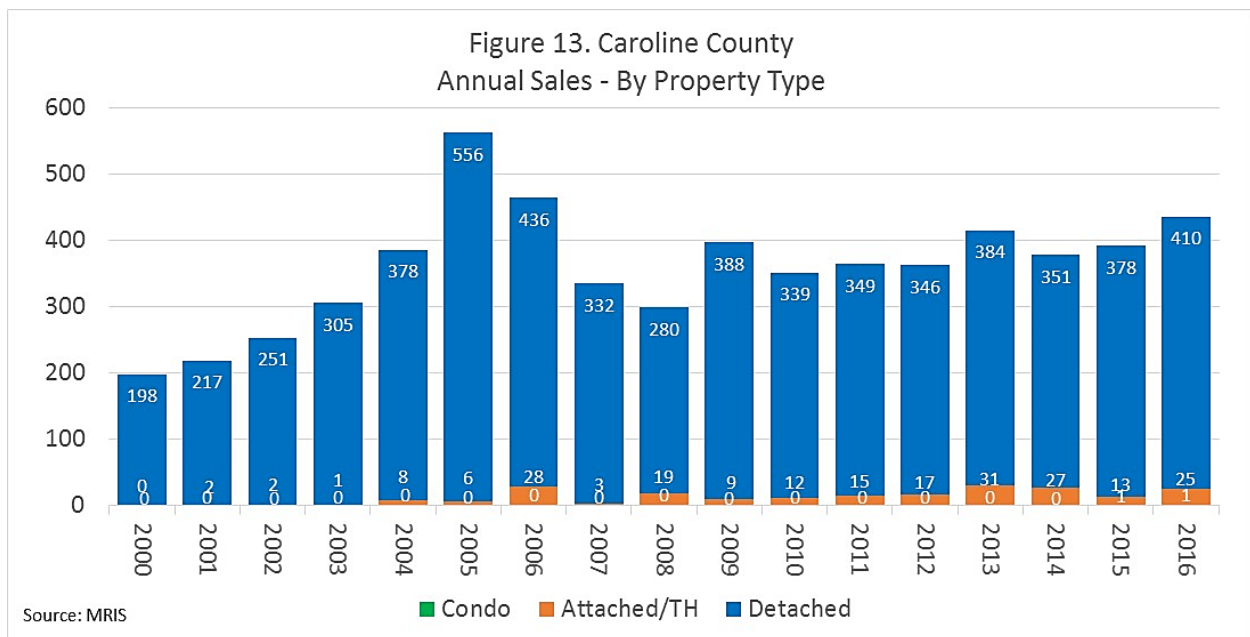
## Housing Market

### 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.

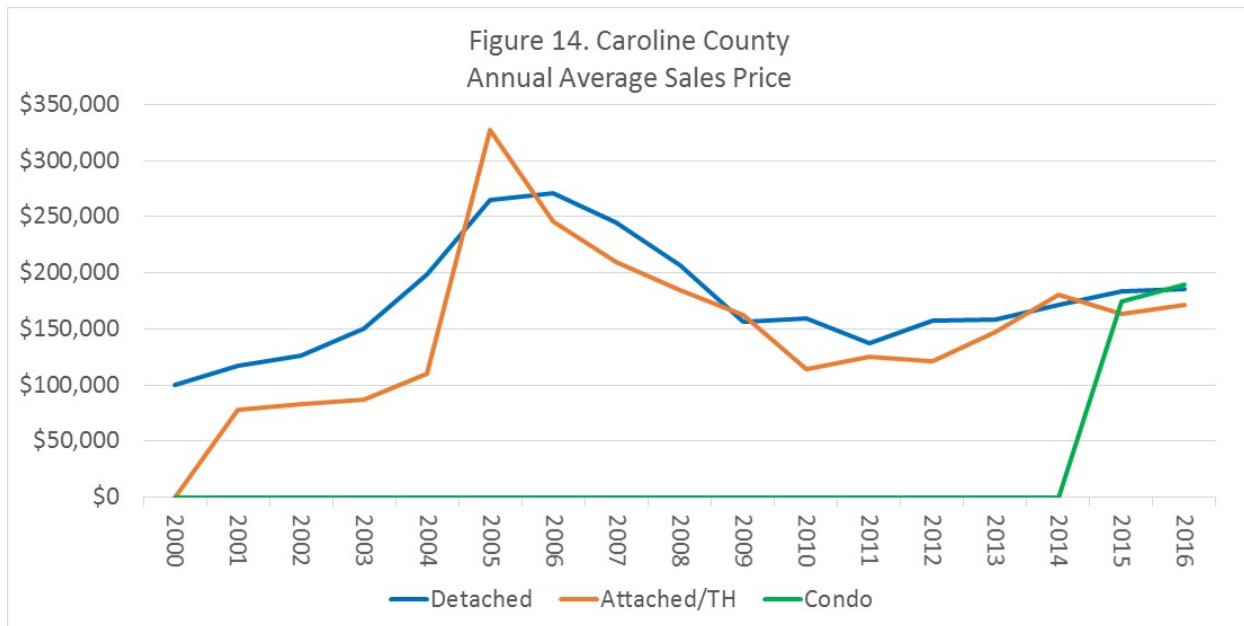
Nearly all sales in the Caroline County housing market are single-family detached units. Single-family attached homes/townhome units represent 3.6 percent of all home sales since 2000. There are virtually no condominium sales in the County; MRIS lists only two condominium units have been sold in in the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



## Home Prices

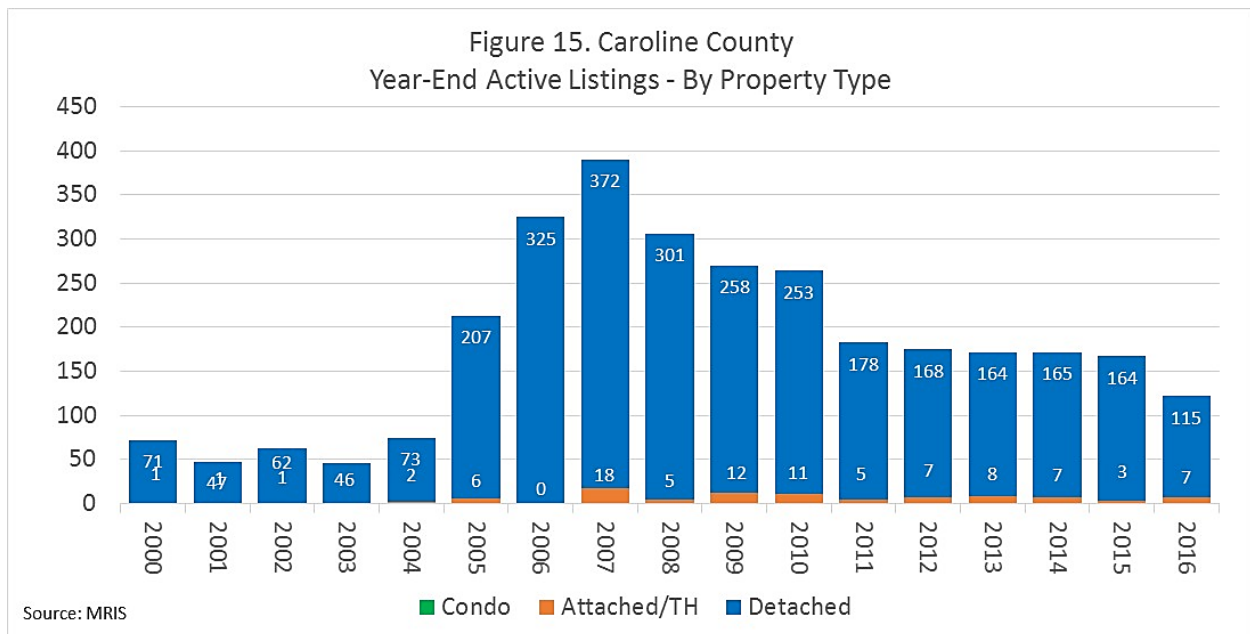
As demand in the Caroline County housing market began strengthening in the early 2000s, average sales prices quickly escalated. The steepest price gains occurred between 2003 and 2005. In 2002, the average sales price for a single-family detached home in the County was \$125,961. By 2005 the average 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.

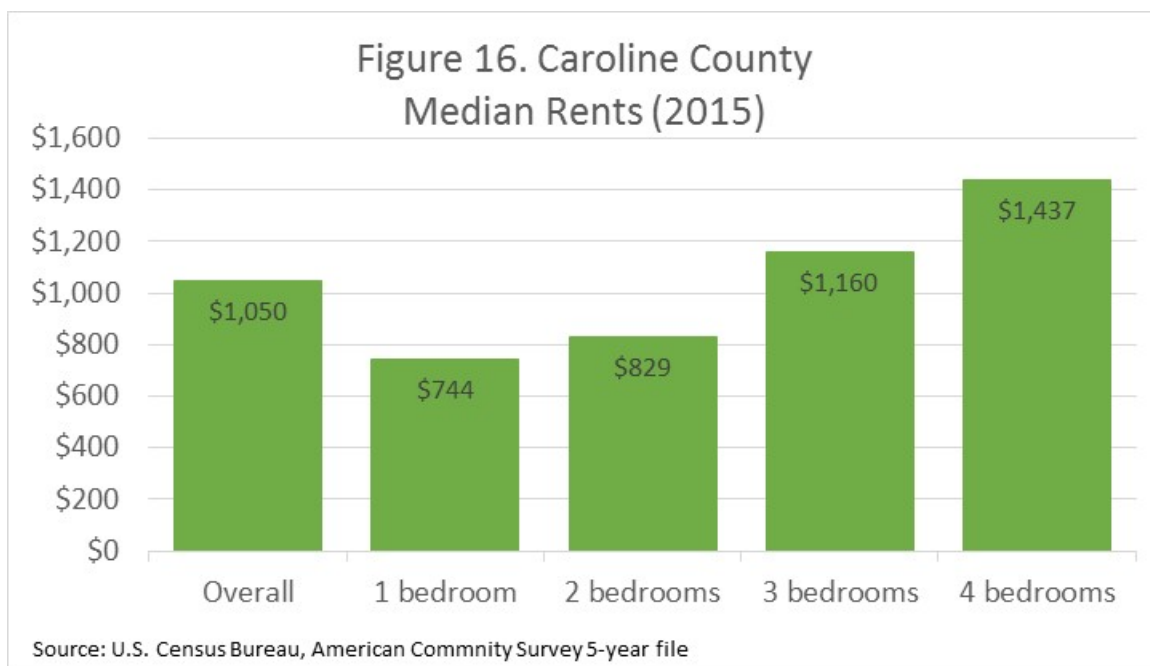




## Rents

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.

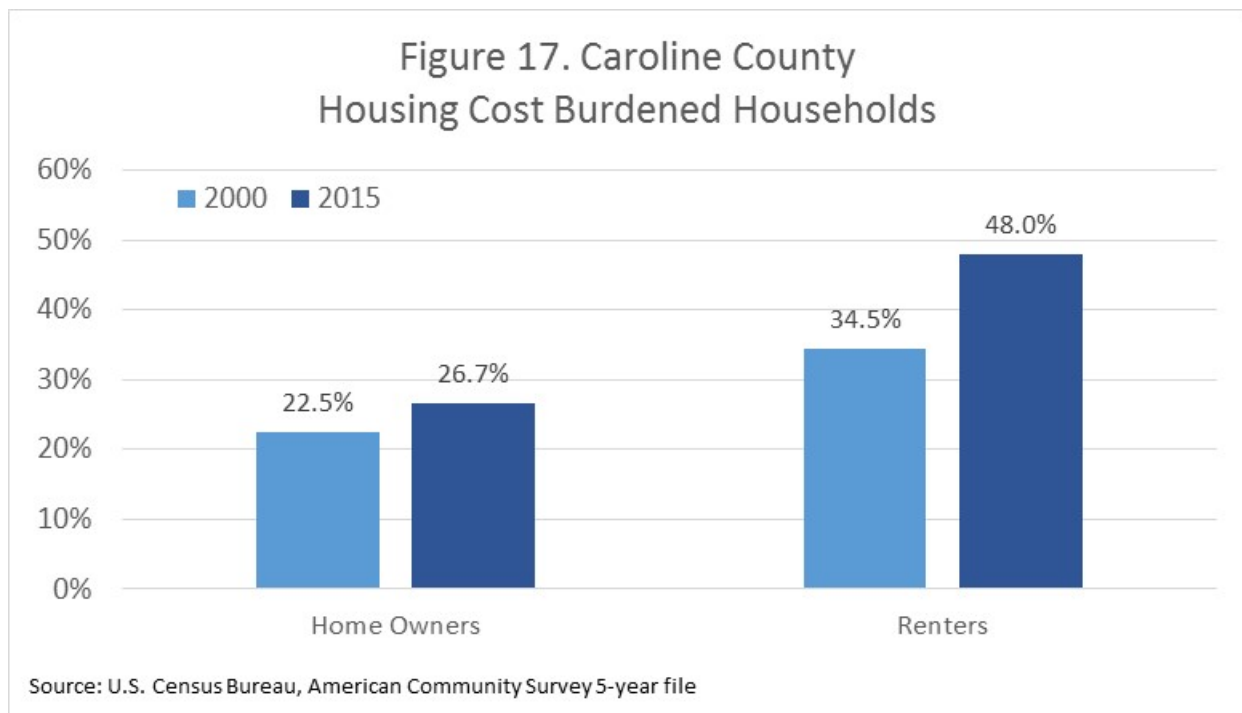
Three quarters (75.5 percent) of the rental units in Caroline County are single-family detached homes or single-family attached homes/townhomes. About 13.0 percent of renters live in mobile homes. About 11.5 percent of rental units are in multifamily buildings.



## 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.

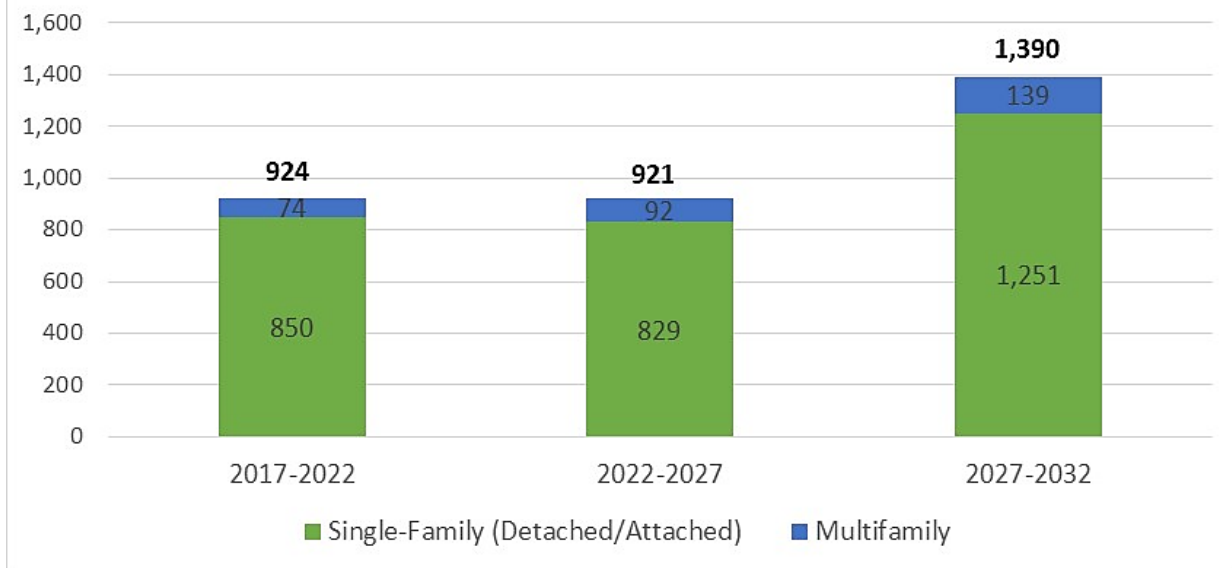
Between 2017 and 2022, these forecasts suggest a need for 924 new housing. Between 2022 and 2027, there is expected to be demand for 921 new housing units. Finally, in the 2027 to 2032 period, the pace of housing demand is expected to accelerate somewhat with a need for an additional 1,390 housing units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

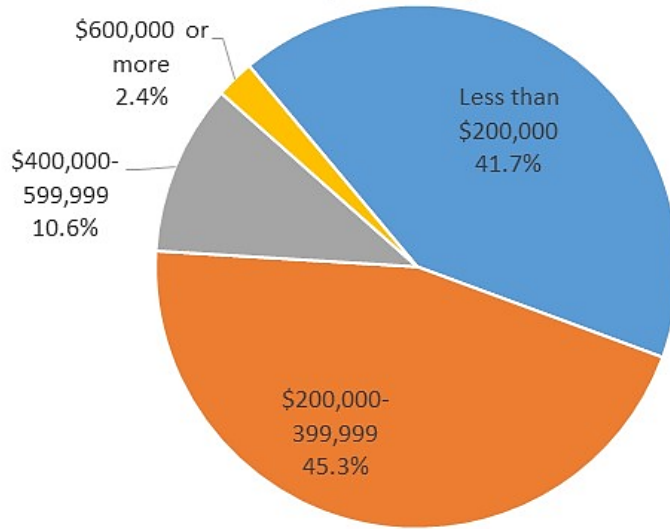


Given the expected characteristics and incomes of new households in Caroline County over the next 15 years, it is expected that 90.6 percent (2,931 housing units) will need to be single-family detached or attached homes to meet demand. Just 9.4 percent (305 housing units) are projected to be multifamily. 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)

