

Spotsylvania County

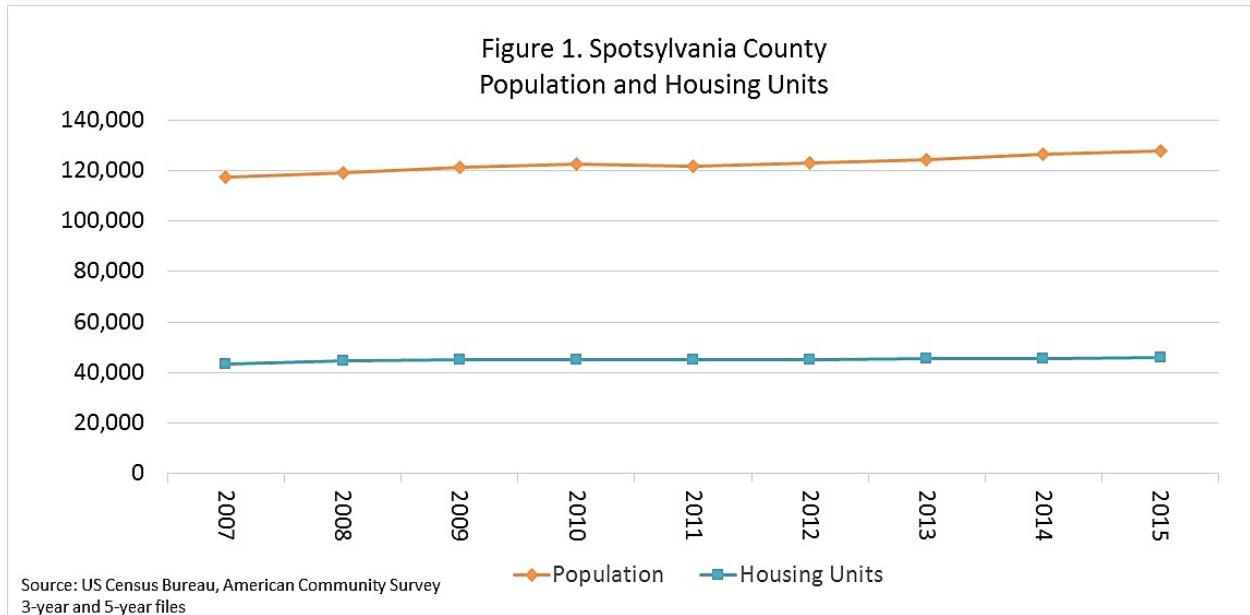
A Profile of Demographic, Economic and Housing Market Conditions

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 2007.¹ 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.



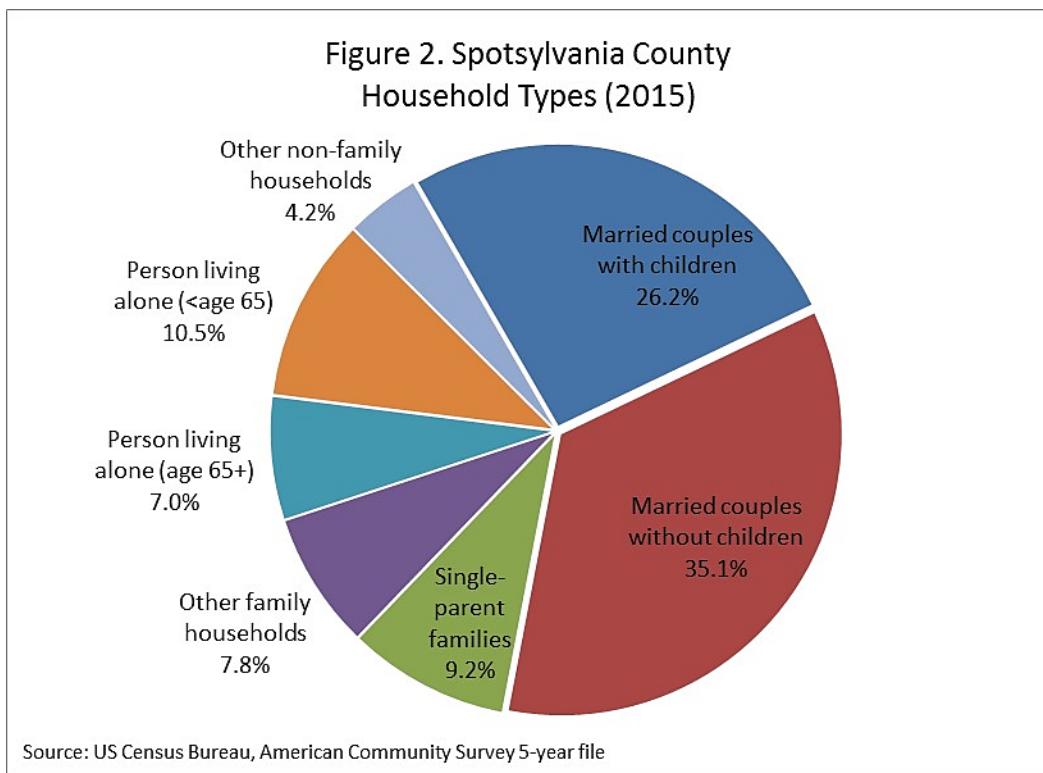
There were approximately 45,979 housing units in Spotsylvania County in 2015, up 1.8 percent since 2010, and a 5.9 percent increase compared to 2007. Growth in new housing units has been slower than population growth in the County. Between 2007 and 2015, the average annual growth rate in housing units 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.

¹ 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 2015.² 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.

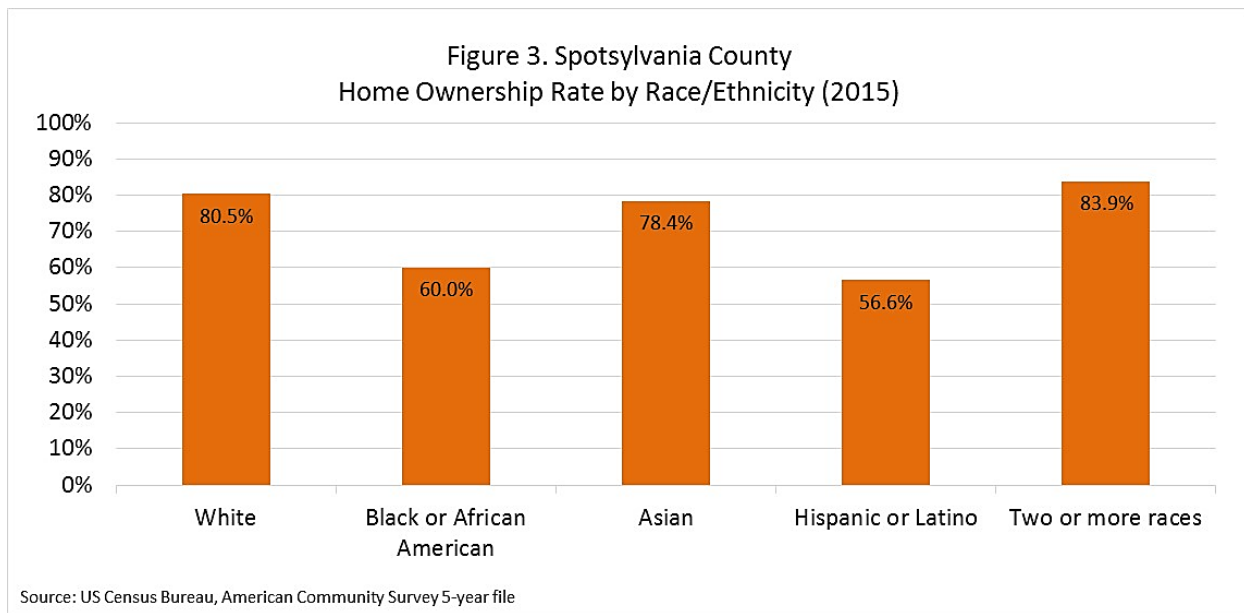


² Family households include households with two or more people related by marriage, birth or adoption. Non-family households include households with unrelated people, including people living alone.

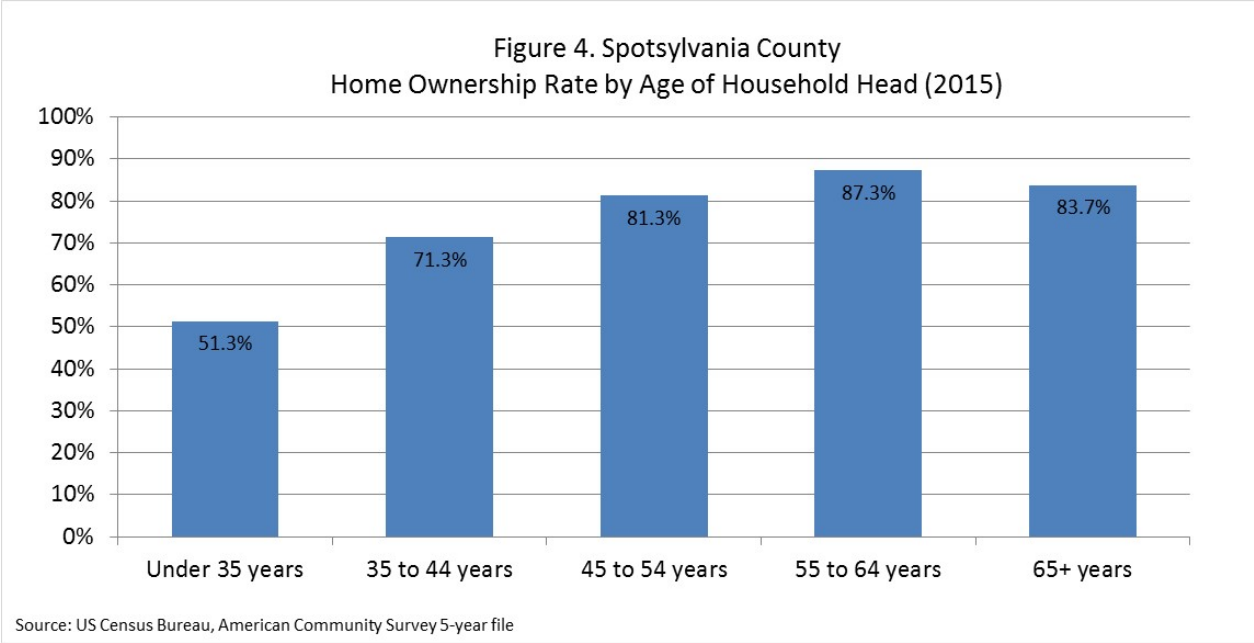
Housing Tenure – Renters and Owners

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).



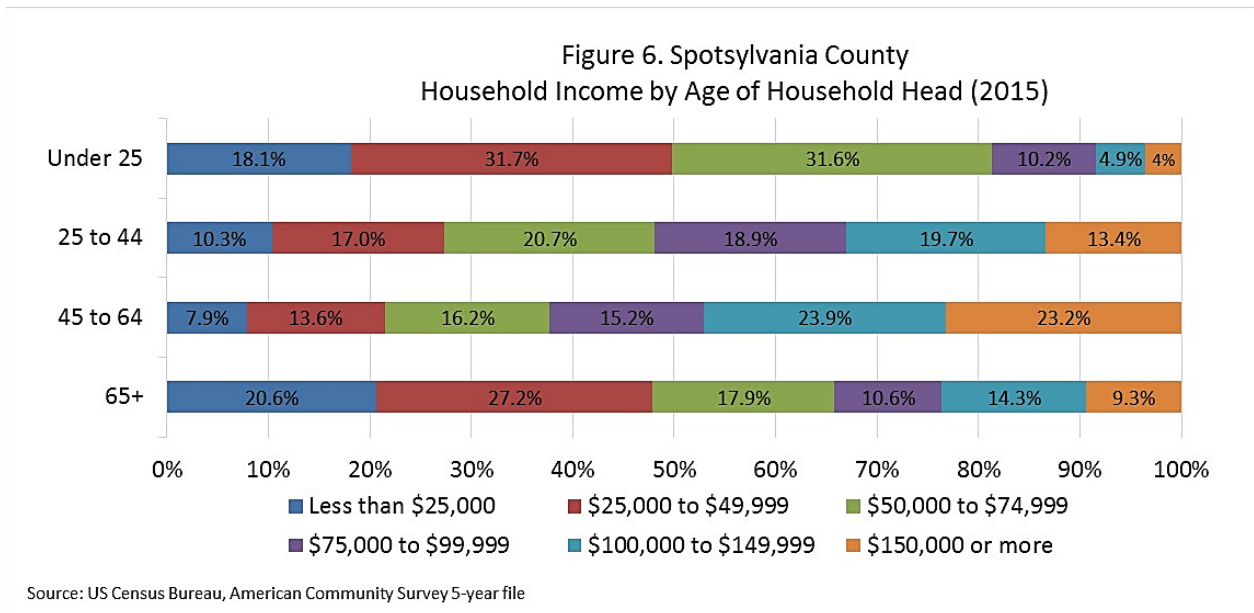
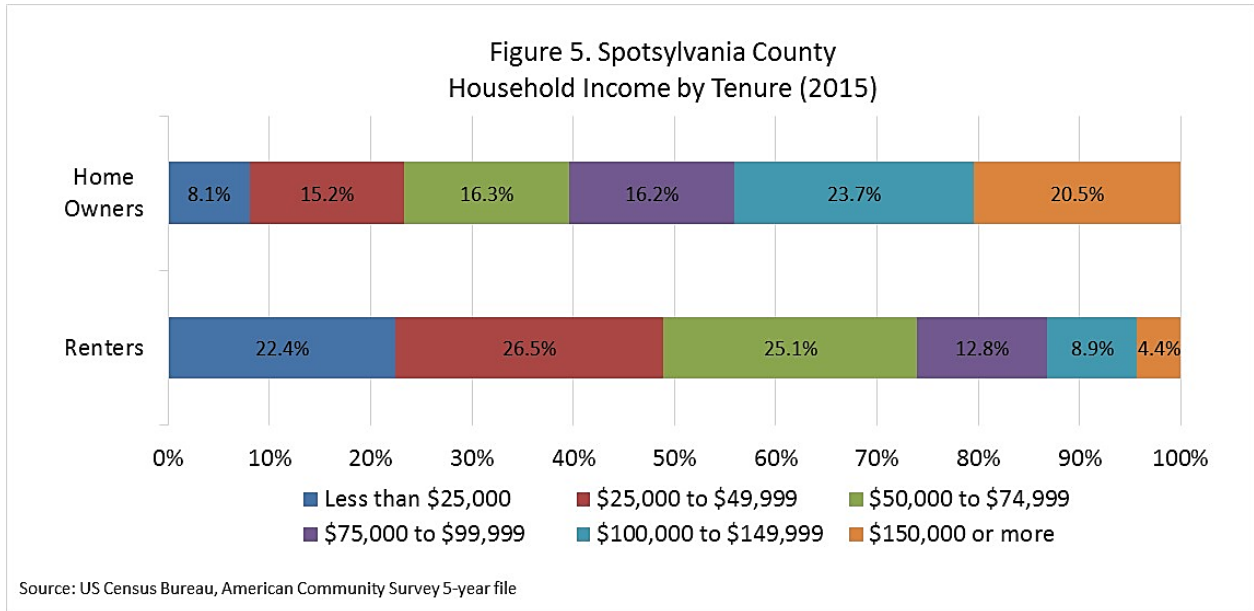
Household Income

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

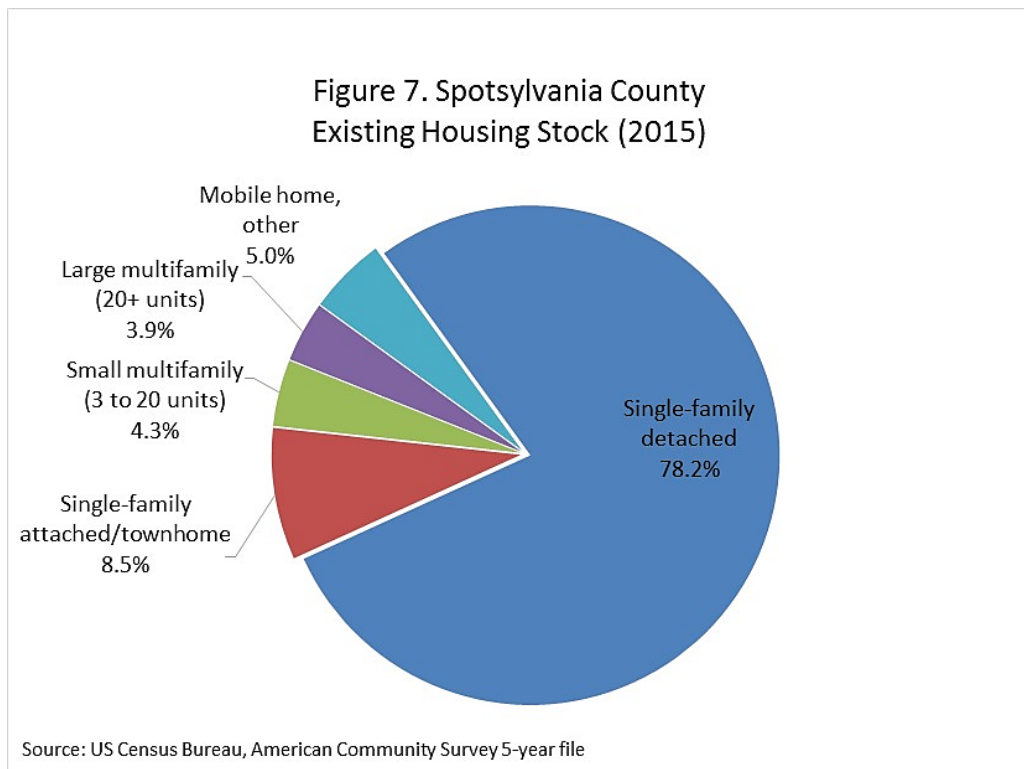
half (47.1 percent) of residents within that age range make \$100,000 per year or more, and nearly one in four (23.2 percent) have incomes exceeding \$150,000 annually. Only 13.4 percent of householders age 25 to 44 and 3.6 percent of householders under 25 earned over \$150,000 in 2015.



Housing Stock

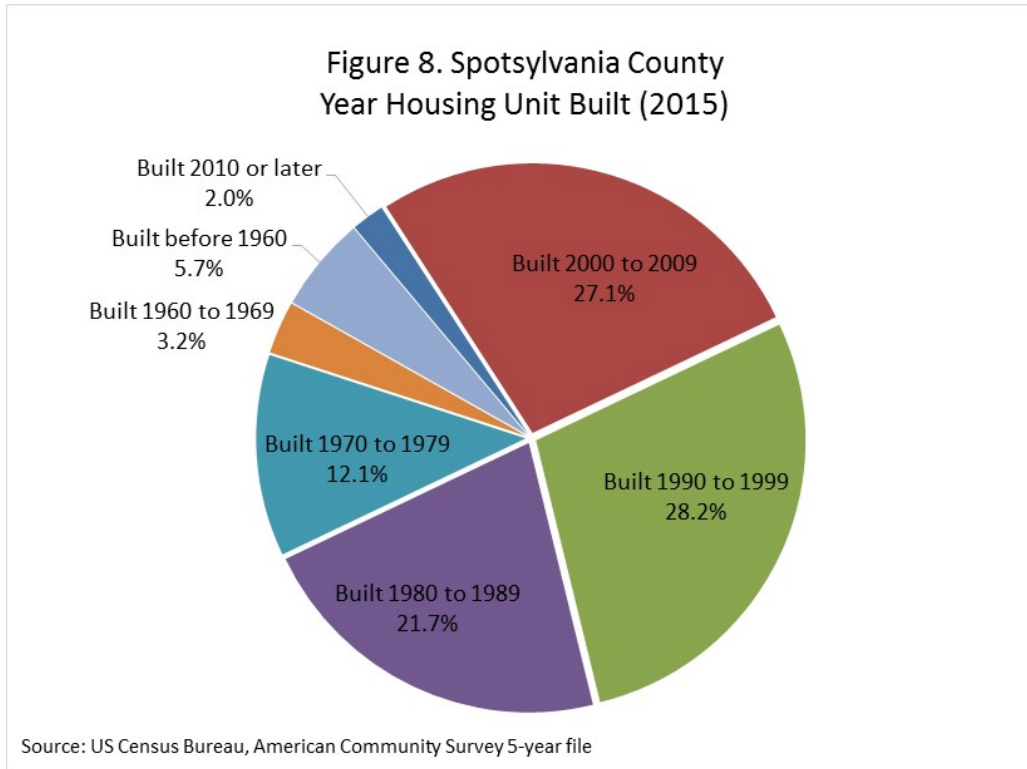
Housing Type

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.

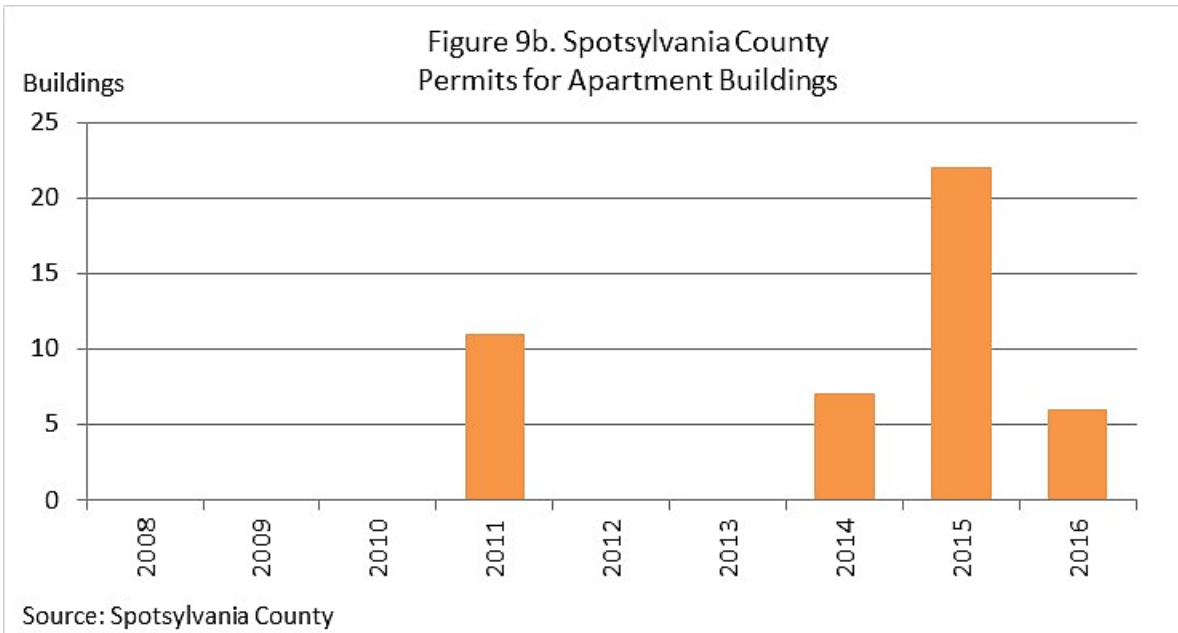
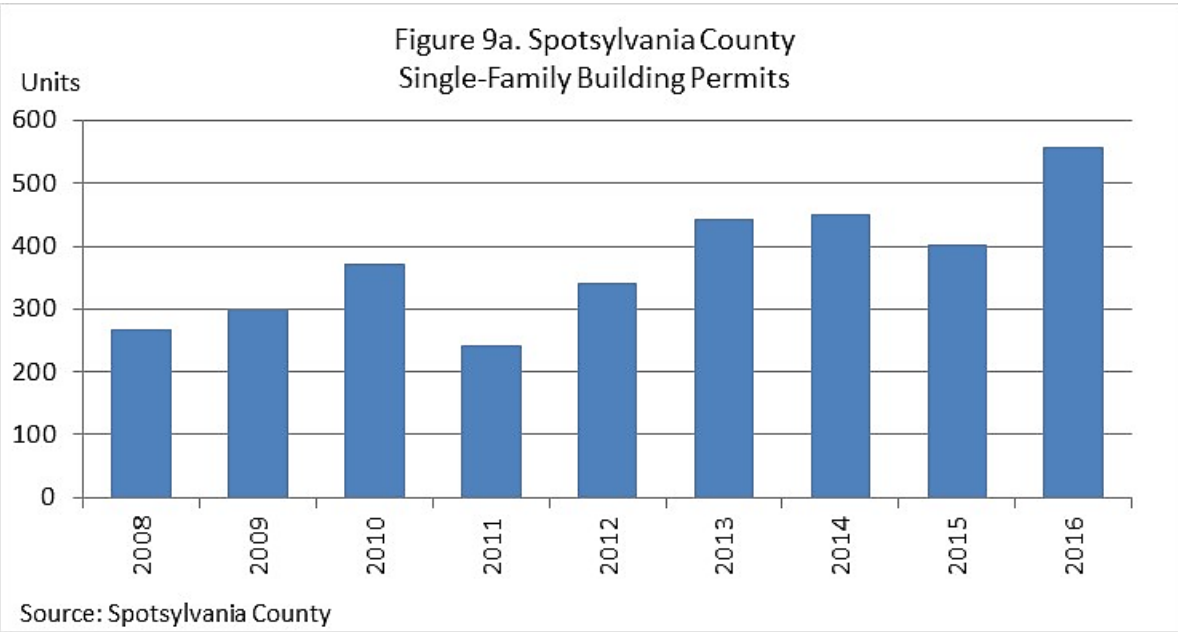


Year Housing Unit Built

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.



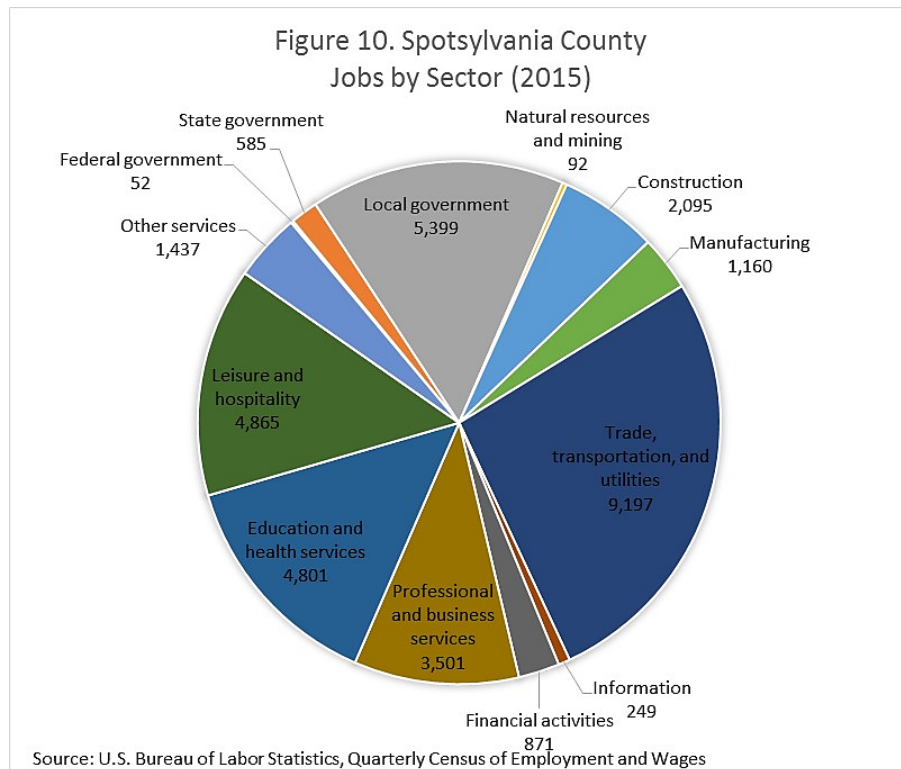
Between 2008 and 2016, Spotsylvania County issues permits for the construction of a total of 3,369 single-family homes (including single-family detached homes, townhouses, modular homes, and manufactured homes), as well as permits for the construction of 46 multifamily apartment buildings. Permits for 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

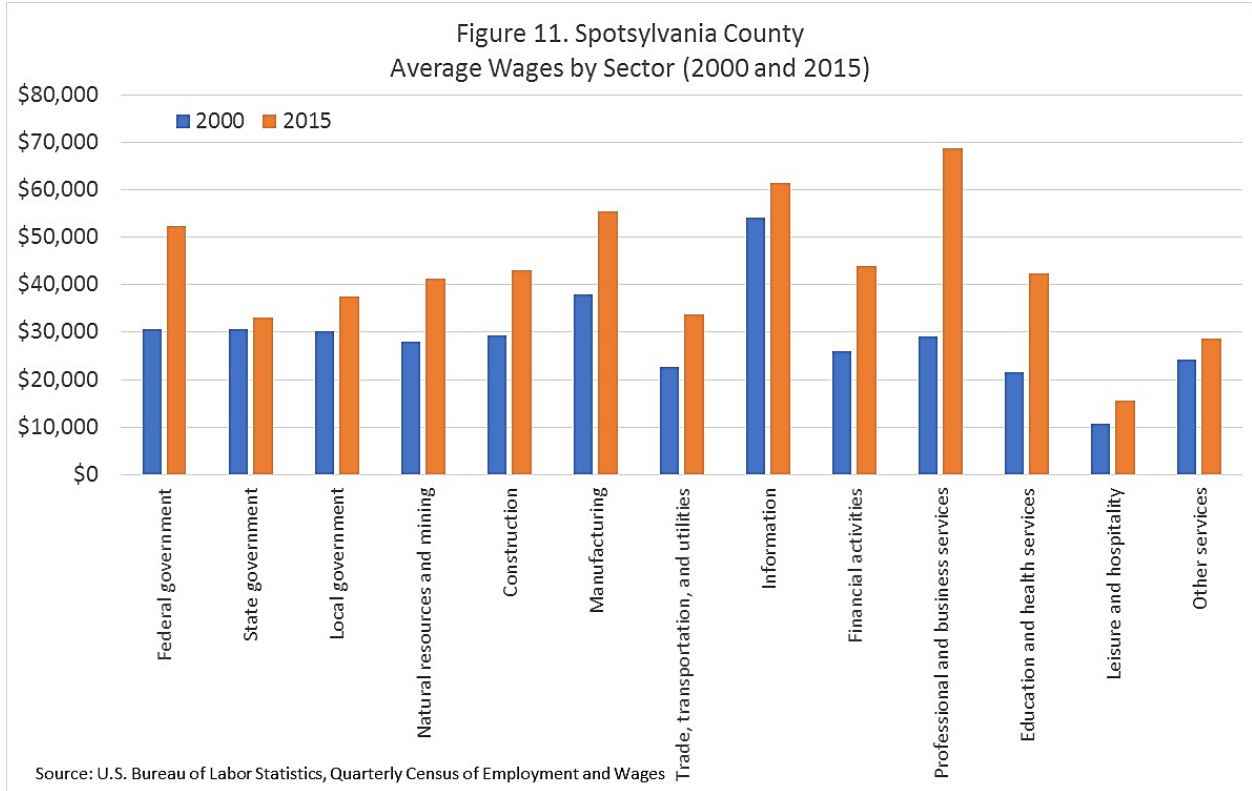
According to the U.S. Bureau of Labor Statistics, in 2015, there were an estimated 34,300 jobs in Spotsylvania County.³ Between 2000 and 2015, the number of jobs in the County increased by 46.1 percent. The County's largest industry sector is the Trade, Transportation and Utilities sector, which employs 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

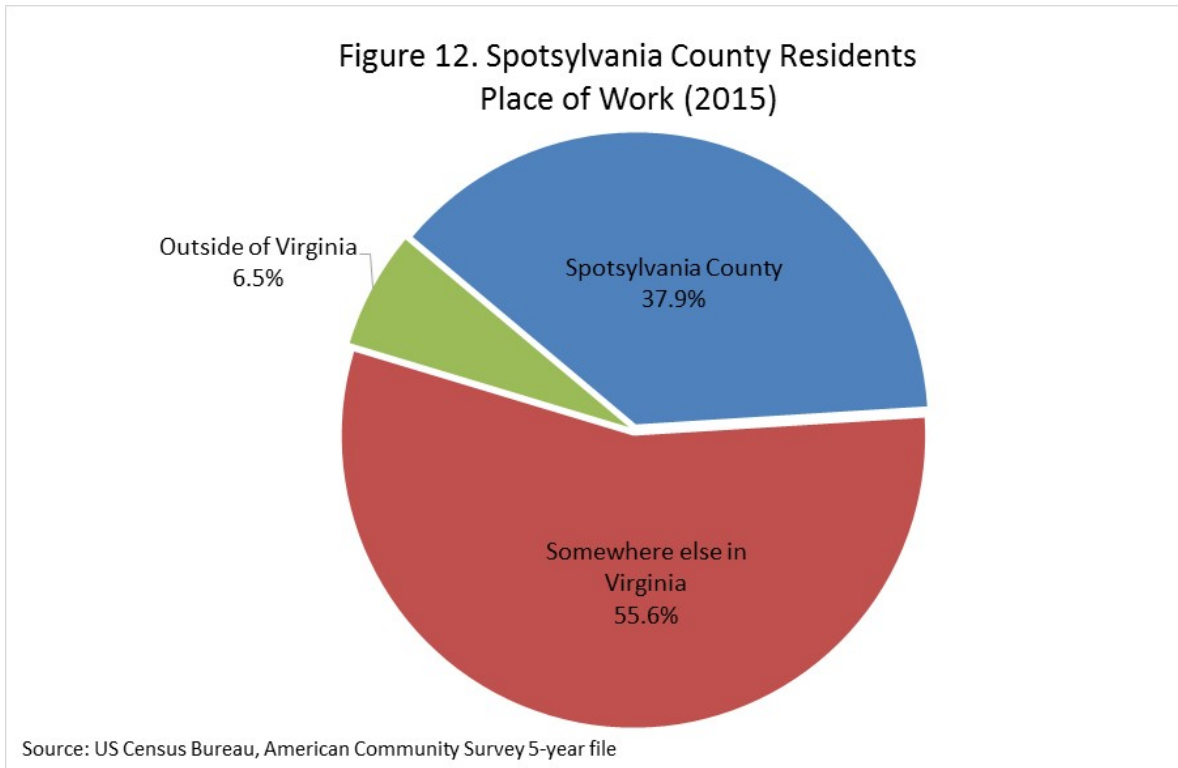
³ The employment and wage data presented includes full-time and part-time covered jobs, temporary or permanent. The data exclude some jobs in national security agencies, proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers, and railroad workers covered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



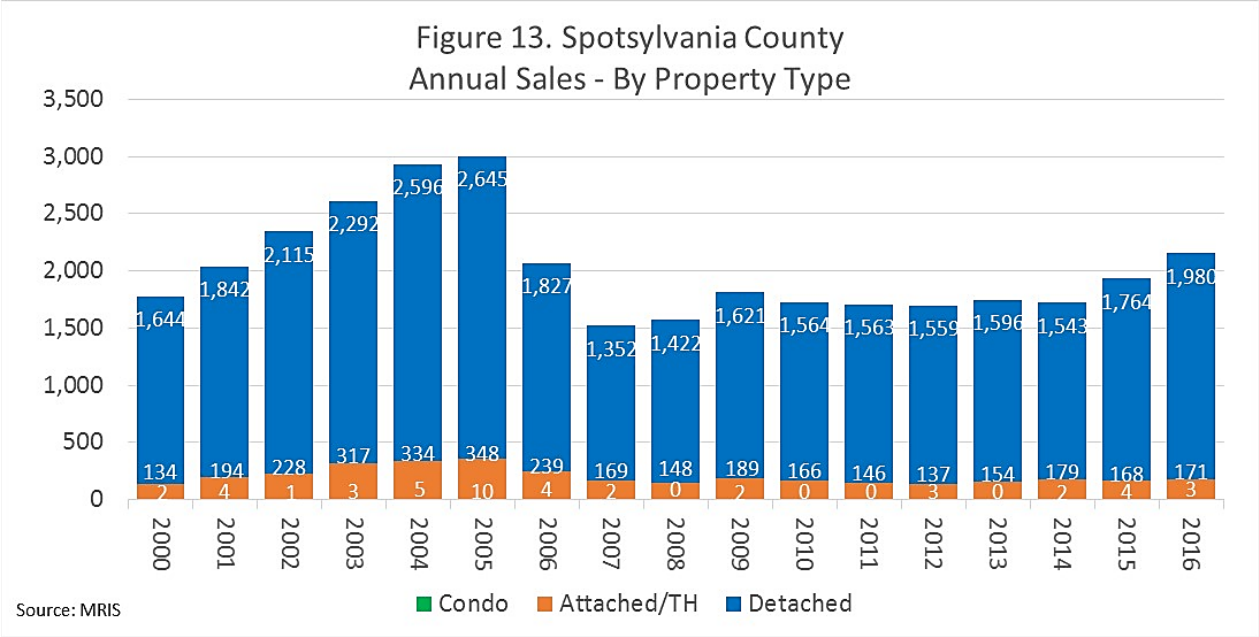
Housing Market

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.

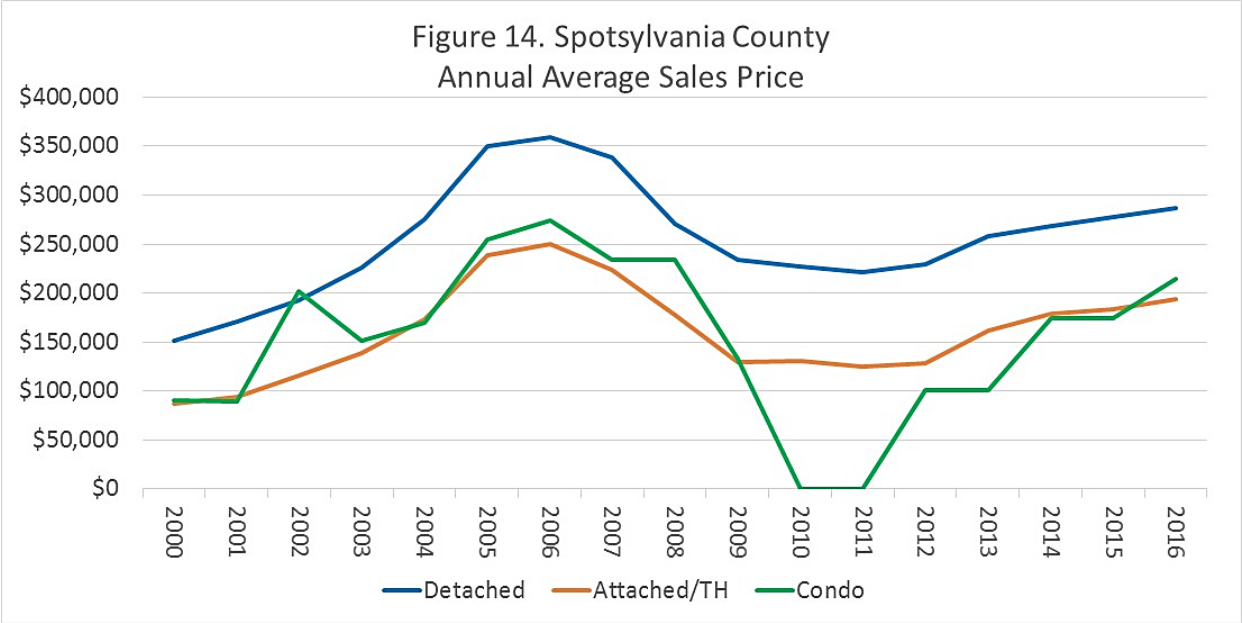
After two years of dramatic declines, -31.1 percent in 2006 and -26.4 percent in 2007 home sales in Spotsylvania County increased in 2008 and 2009. Similar to other jurisdictions in the Washington region, this was likely in part due to increased federal spending and employment during the great recession. 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.



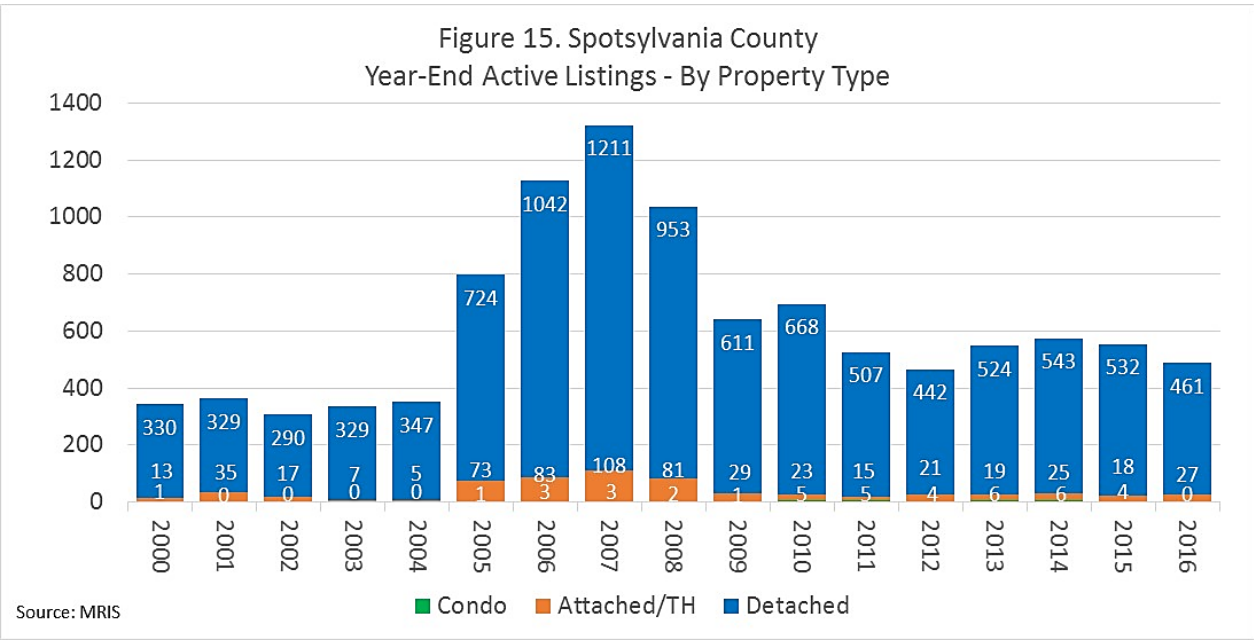
Home Prices

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.

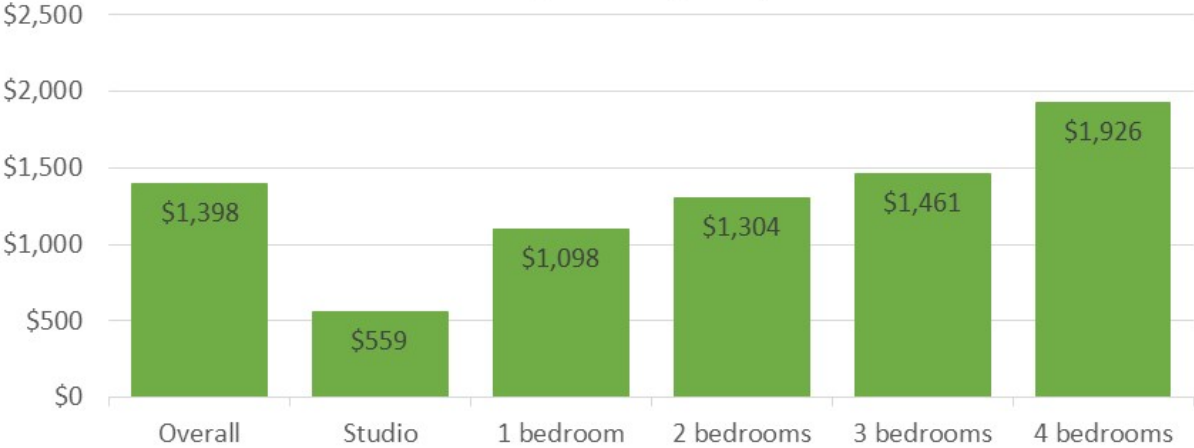


Rents

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)

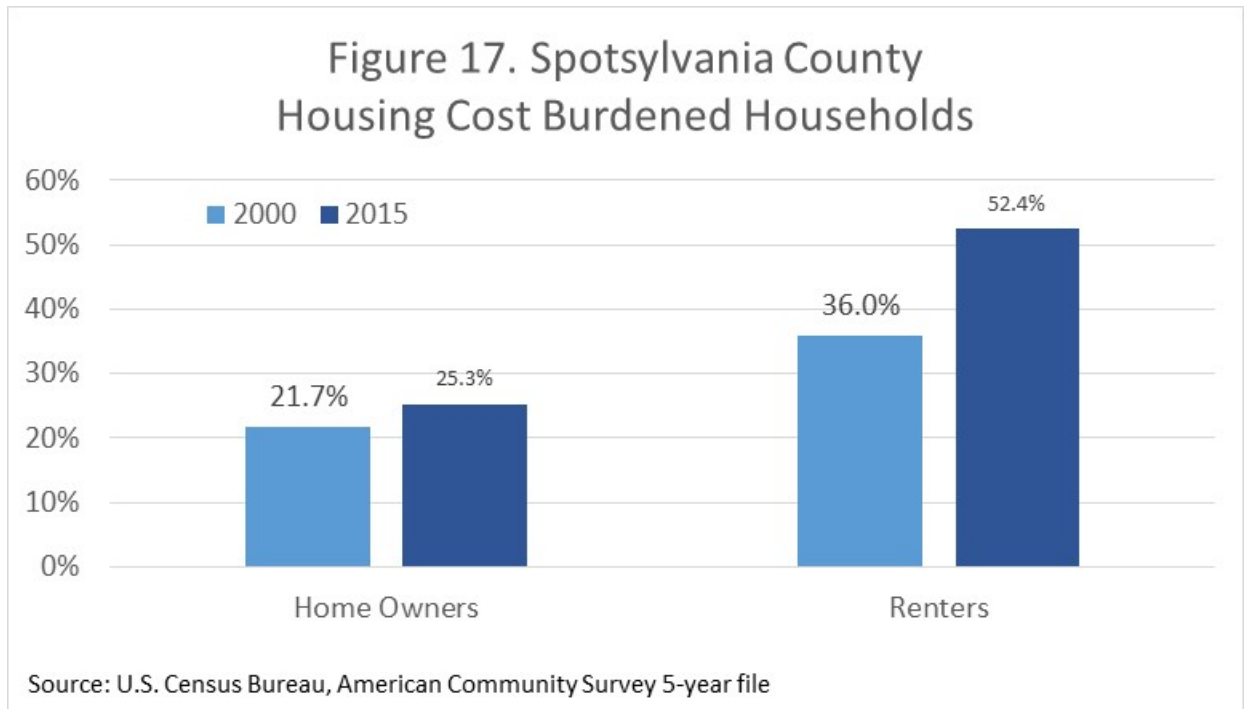


Source: U.S. Census Bureau, American Community Survey 5-year file

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 University⁴, 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.⁵

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

⁴ 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.

⁵ 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.

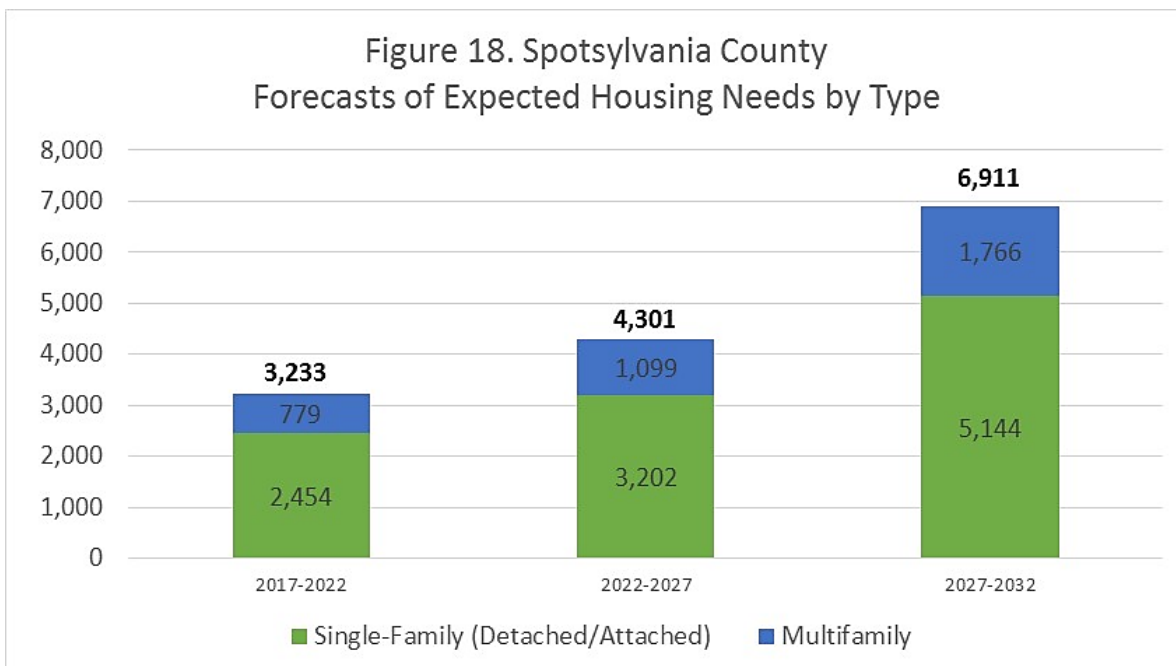
demand in Spotsylvania County is just one way to thinking about the County’s future housing needs, explicitly linking growth in the housing stock to employment growth. Other housing forecasts produced for other purposes and based on different assumptions may come to different conclusions about future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

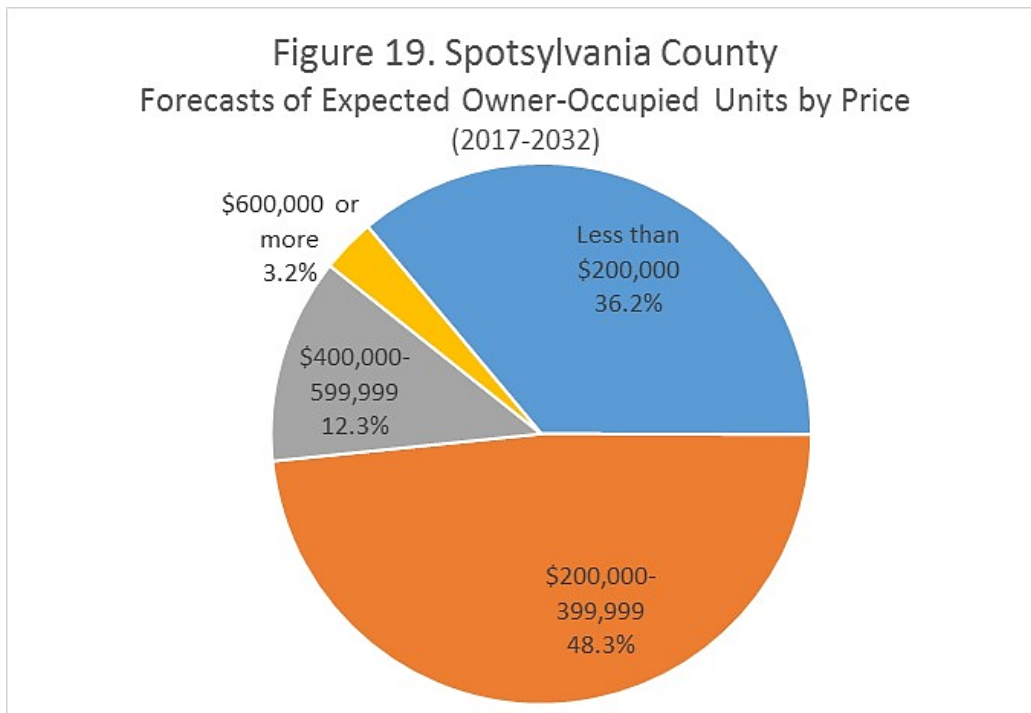
These housing demand forecasts suggest that 61.7 percent of the net new housing units that will be needed over the next 15 years to accommodate the growing workforce will be owner-occupied and 38.3 percent will be renter-occupied. In 2015, it is estimated that 76.1 percent of the current occupied housing



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.

