

Stafford County

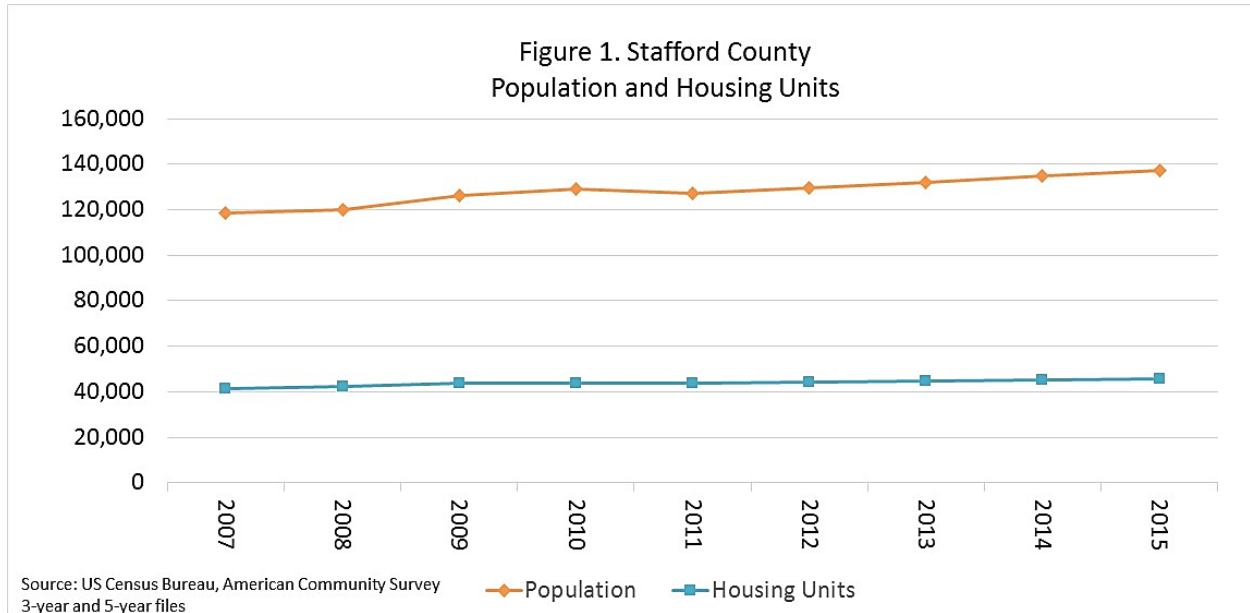
A Profile of Demographic, Economic and Housing Market Conditions

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

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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.



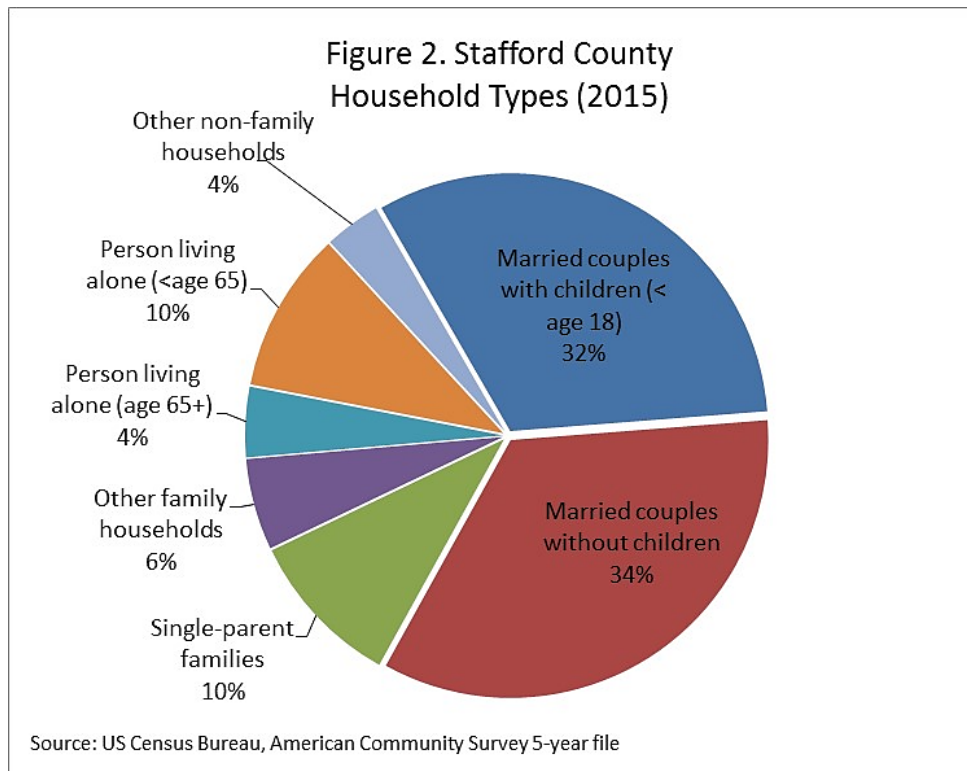
There were approximately 45,759 housing units in the County in 2015, up 4.0 percent from the start of the decade. The number of housing units has grown more slowly than the overall population in the County. Between 2007 and 2015, the average annual growth rate for new housing units was 1.3 percent compared 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).¹ 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.

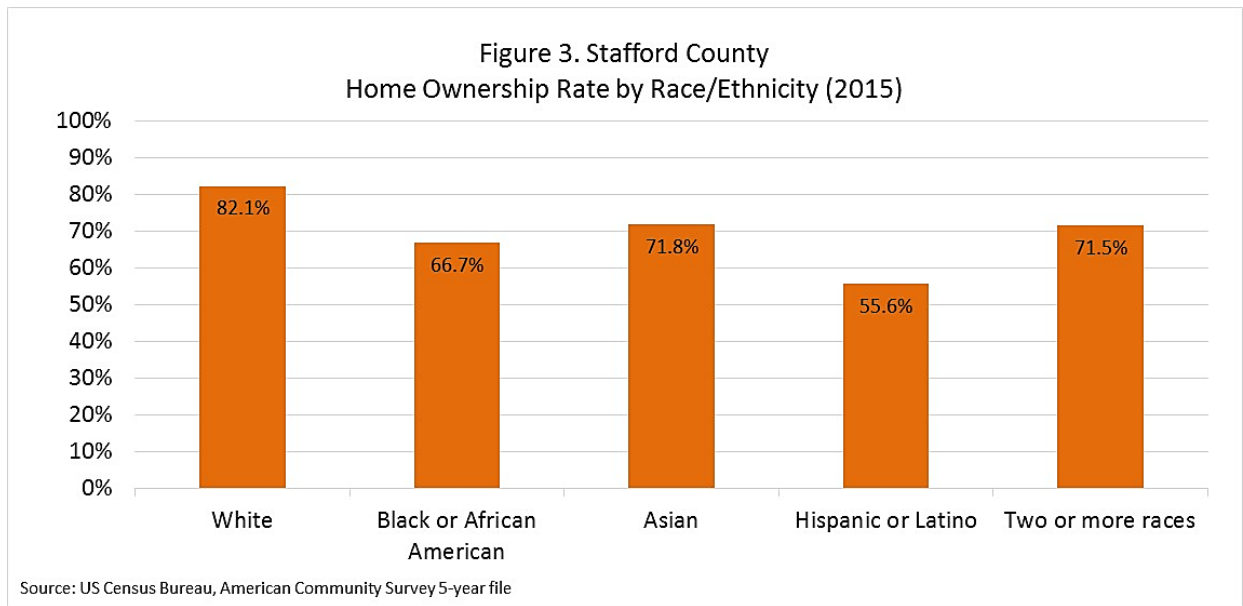


¹ Family households include households with two or more people related by marriage, birth or adoption. Non-family households include households with unrelated people, including people living alone.

Housing Tenure – Renters and Owners

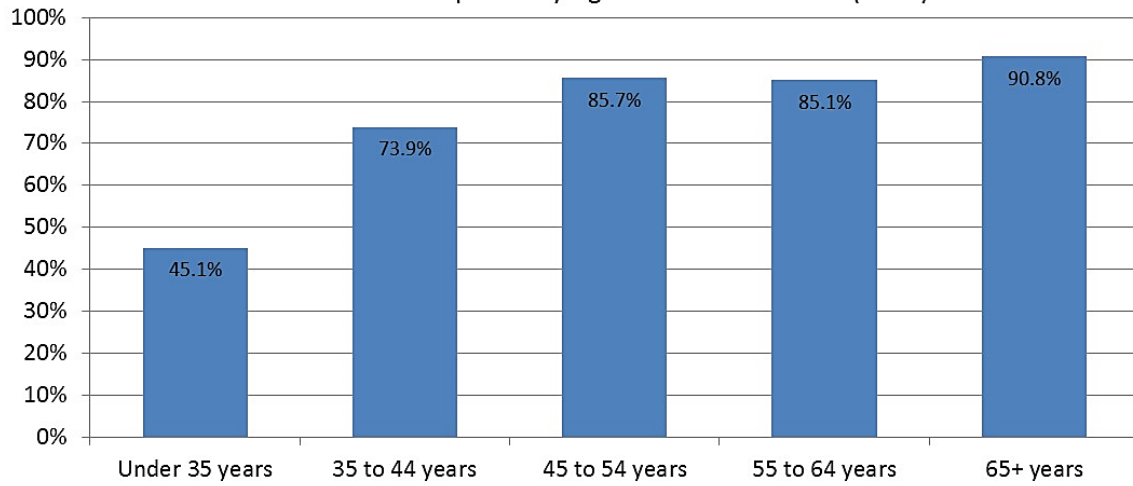
Home ownership rates in Stafford County have been trending downward over the past 15 years, going from 80.6 percent in 2000, to 78.8 percent during the housing boom in 2007, to 76.8 percent in 2015. The sharpest decline occurred during the recession when the County’s home ownership rate fell 2.1 percentage 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)

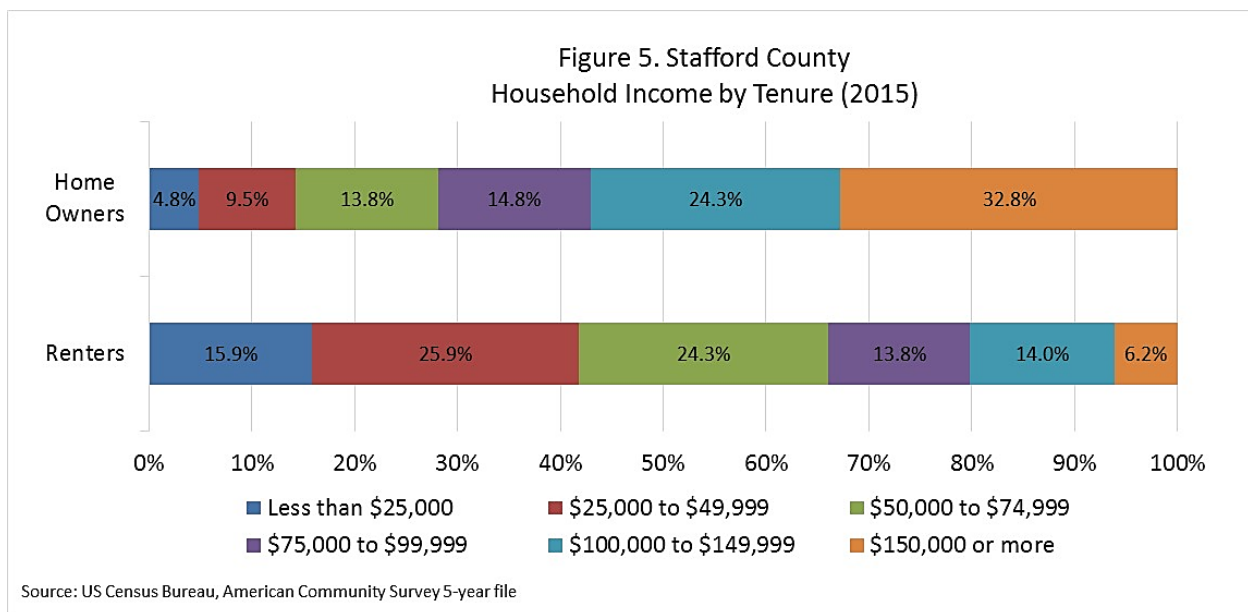


Source: US Census Bureau, American Community 5-year file

Household Income

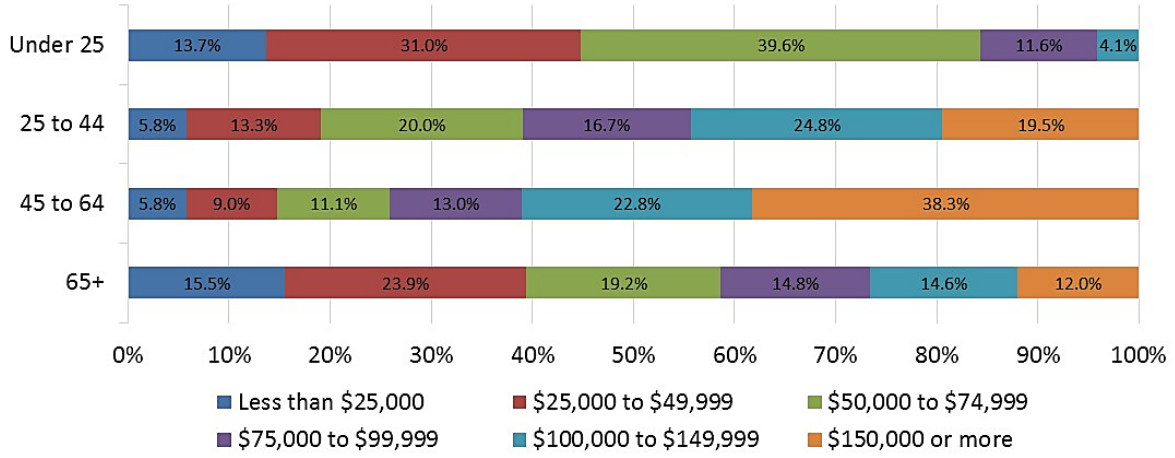
In 2015, the median household income in Stafford County was \$97,144; however, incomes varied widely for renters and owners. The median household income for renters was approximately \$55,679, and the median household income for owners was more than double, at \$113,224.

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)

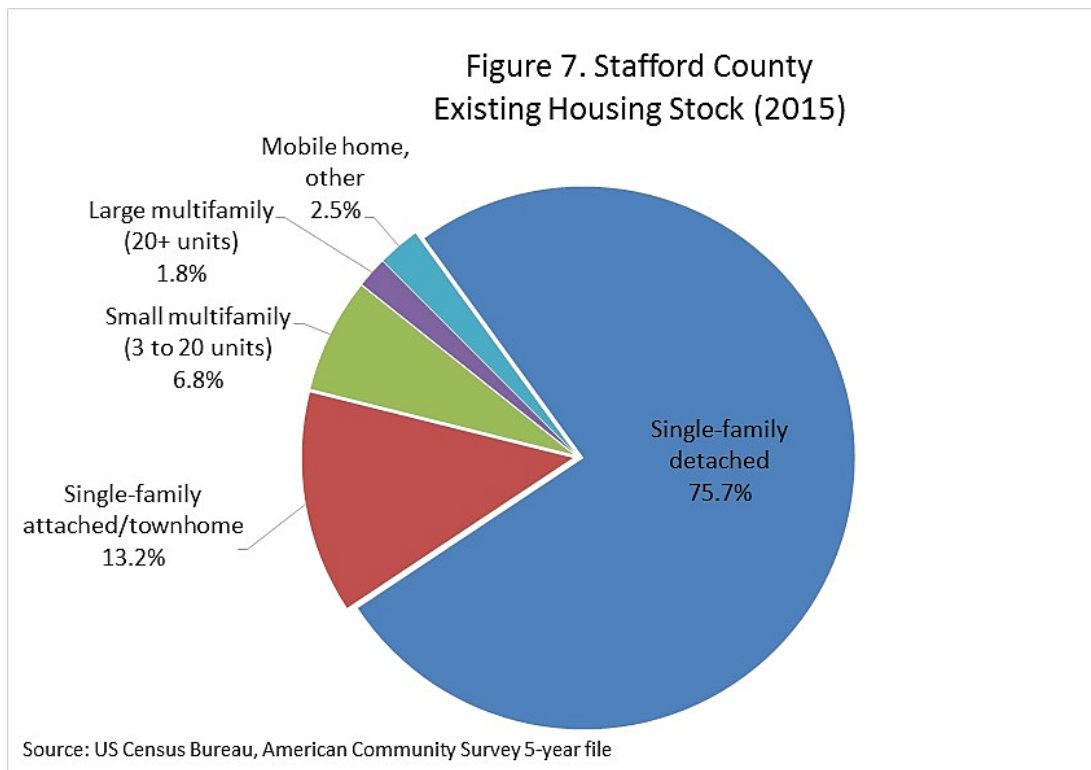


Source: US Census Bureau, American Community Survey 5-year file

Housing Stock

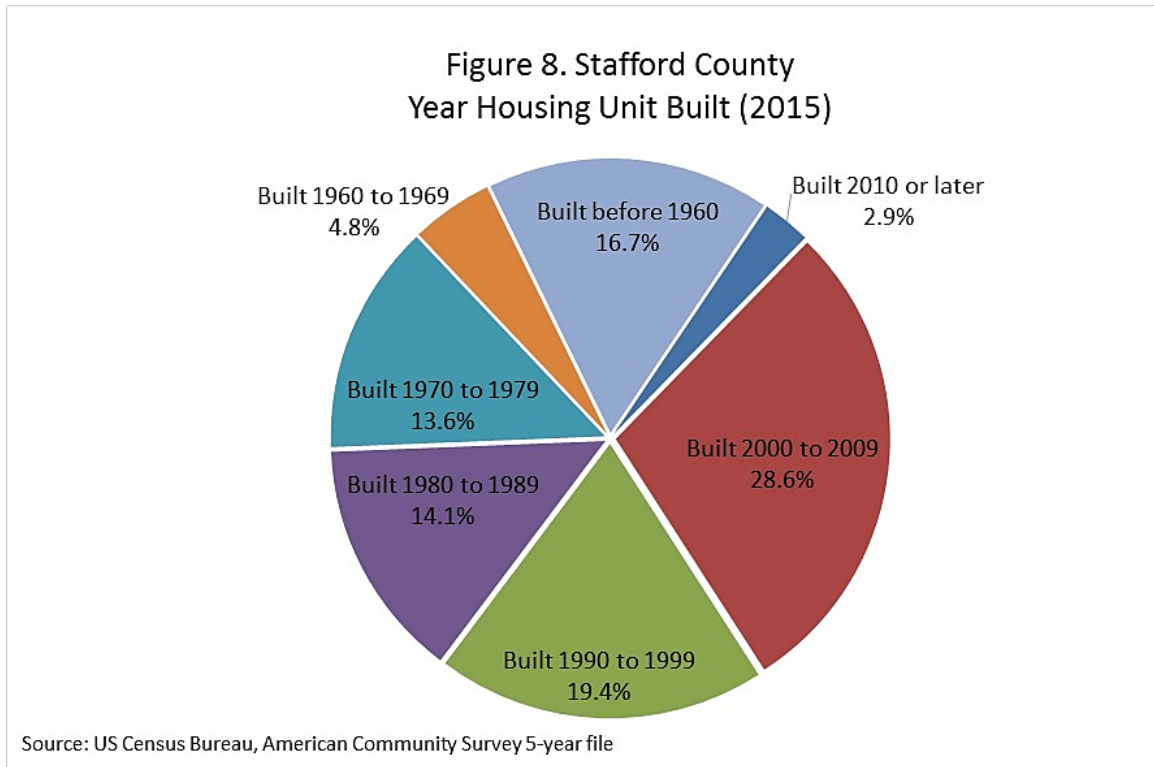
Housing Type

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.



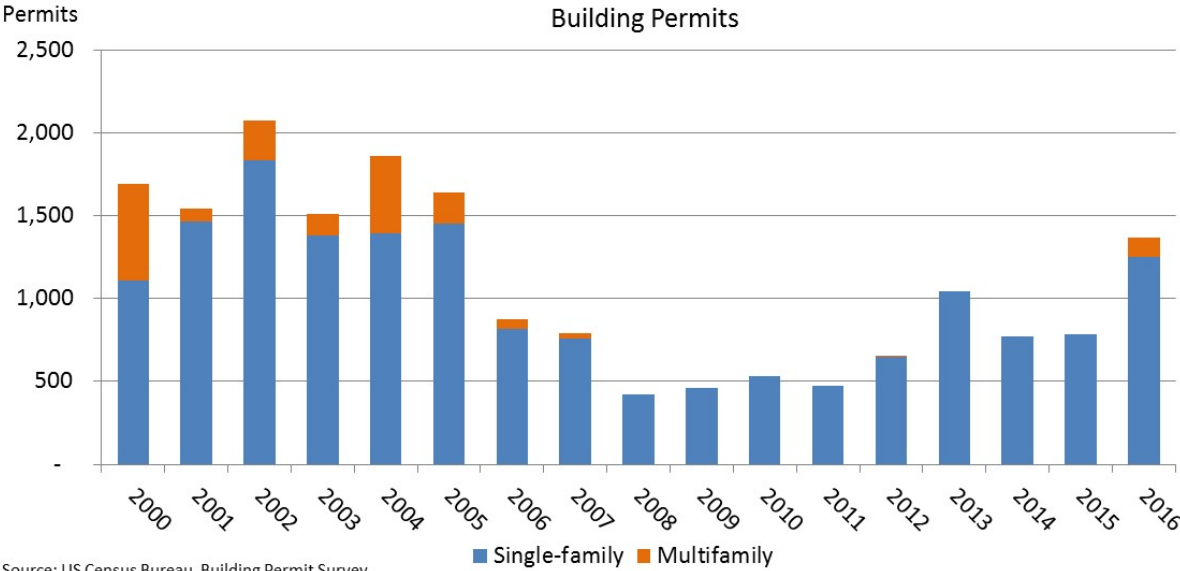
Year Housing Unit Built

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

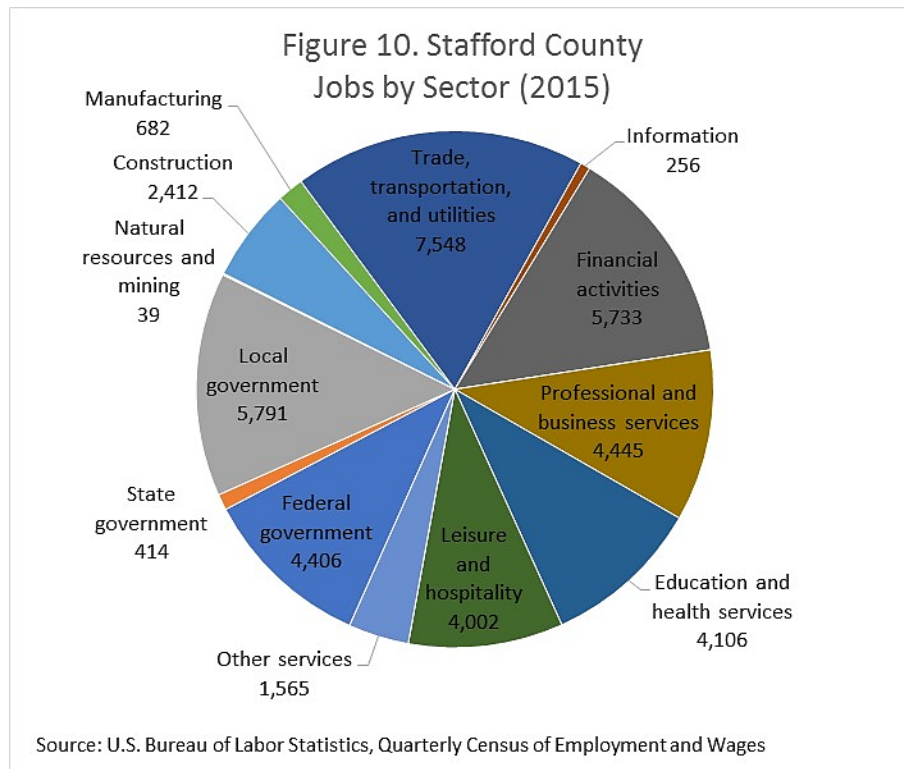


Source: US Census Bureau, Building Permit Survey

Economy

Jobs in Stafford County

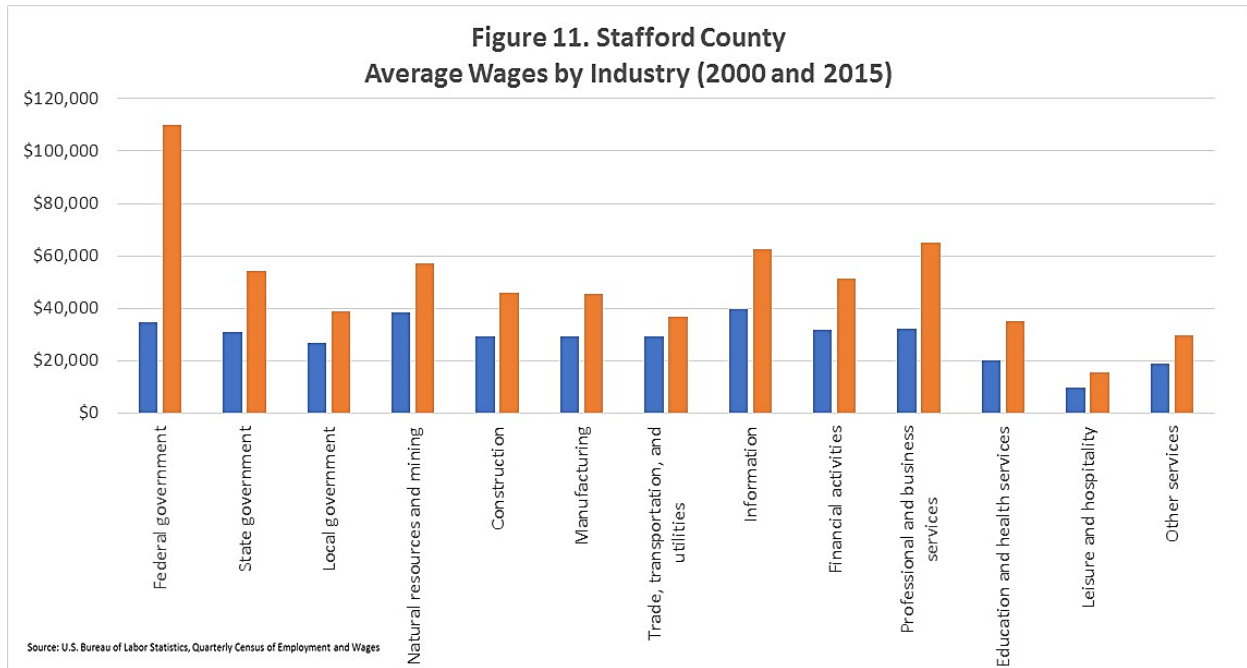
In 2015, there were an estimated 41,400 jobs in Stafford County.² Between 2000 and 2015, the number of jobs in the County increased by 70.8 percent, far surpassing the growth rate for the state as a whole. The County's largest industry sector is the Trade, Transportation and Utilities sector, which employs 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

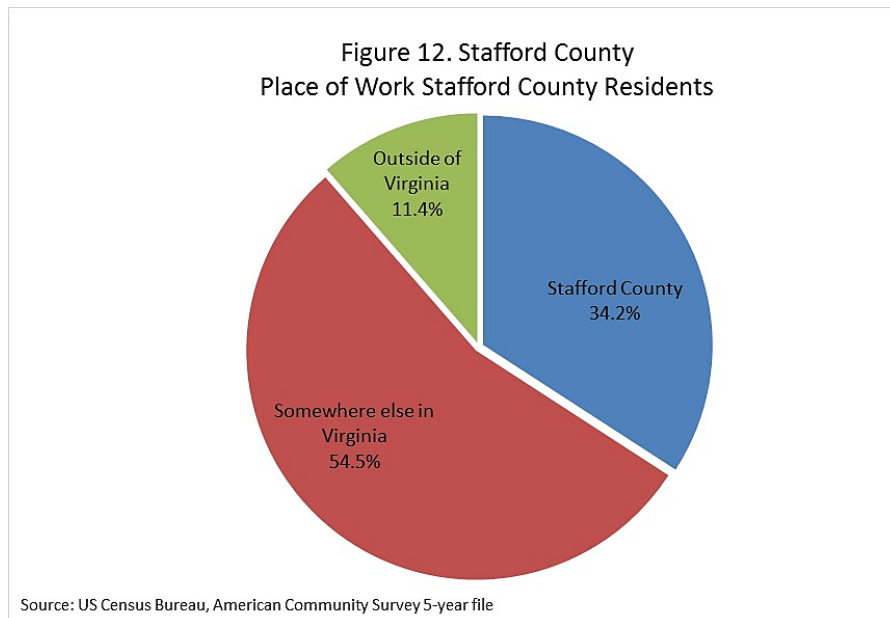
² The employment and wage data presented includes full-time and part-time covered jobs, temporary or permanent. The data exclude some jobs in national security agencies, proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers, and railroad workers covered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



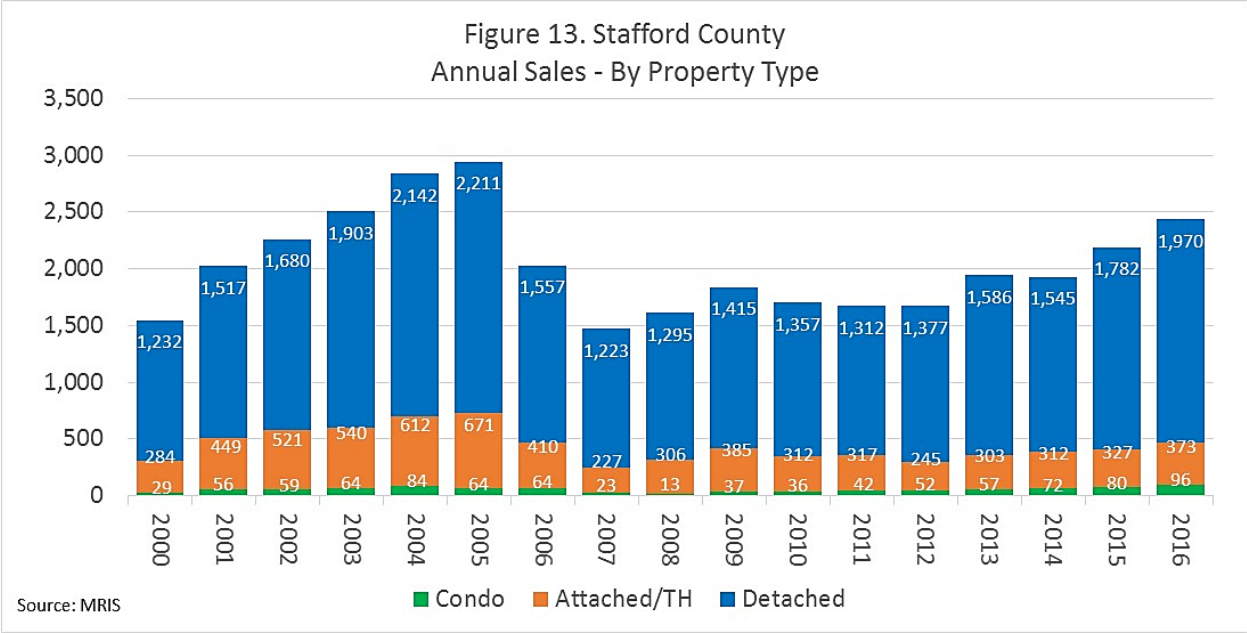
Housing Market

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.

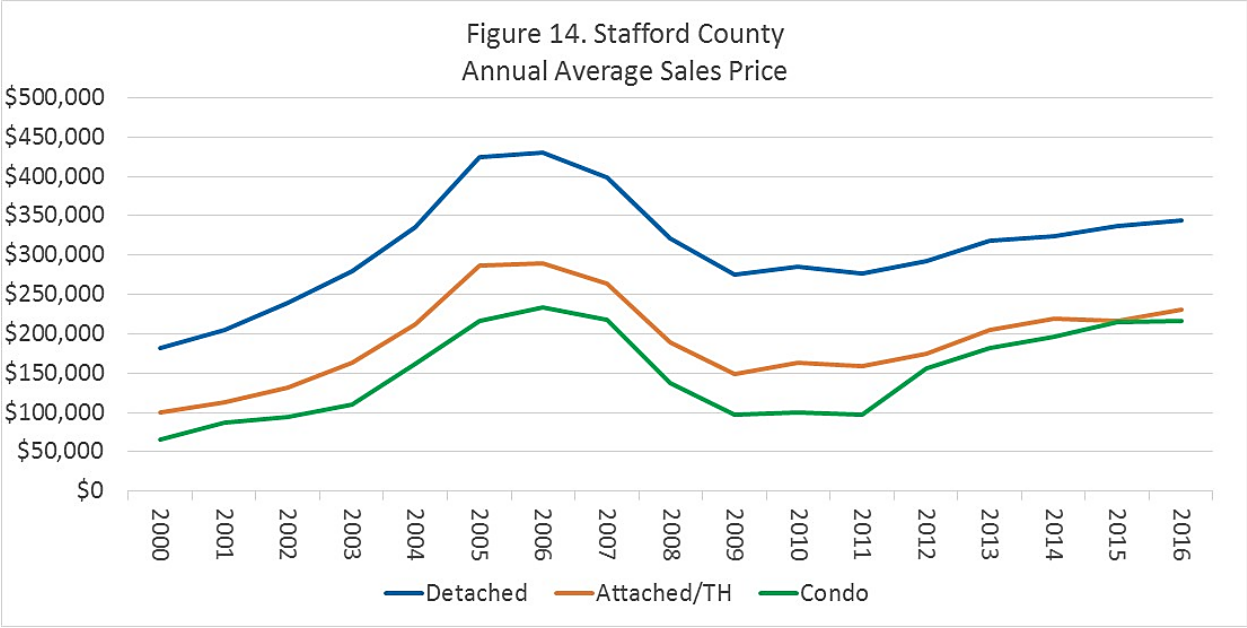
Following two years of sharp declines, sales activity in the County briefly stabilized in 2008 and 2009, rising 9.6 percent and 13.8 percent, respectively. This was likely in part due to increased federal spending and employment during the great recession. Sales activity slowed over the next several 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

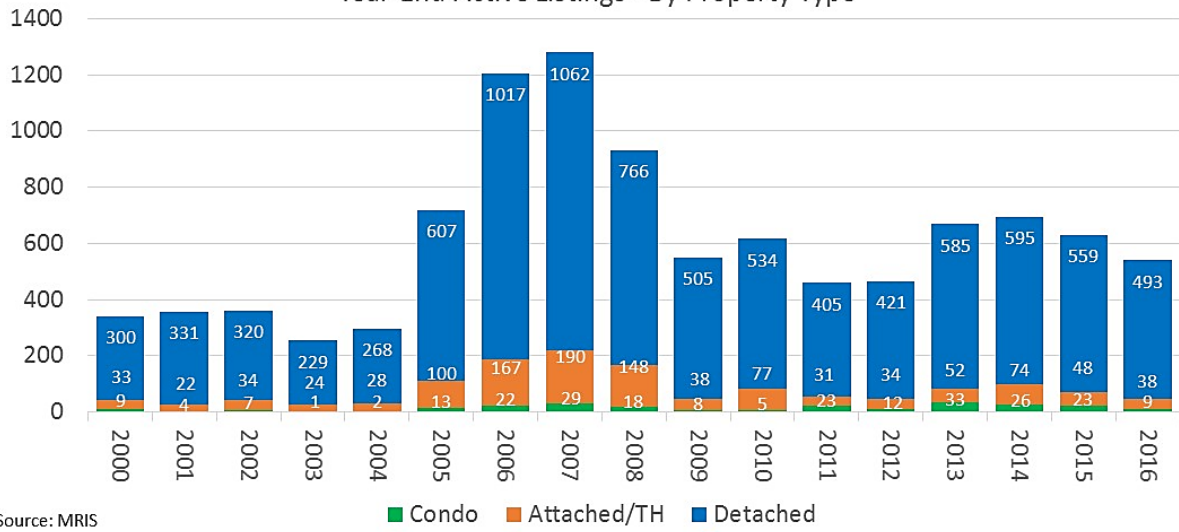
Similar to sales trends in Stafford County, the average price for a home in the County rose sharply during the housing boom of the early to mid-2000s. Between 2000 and 2006, the average price for a single-family detached home in the County rose nearly a quarter of a million dollars. Prices climbed at 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.

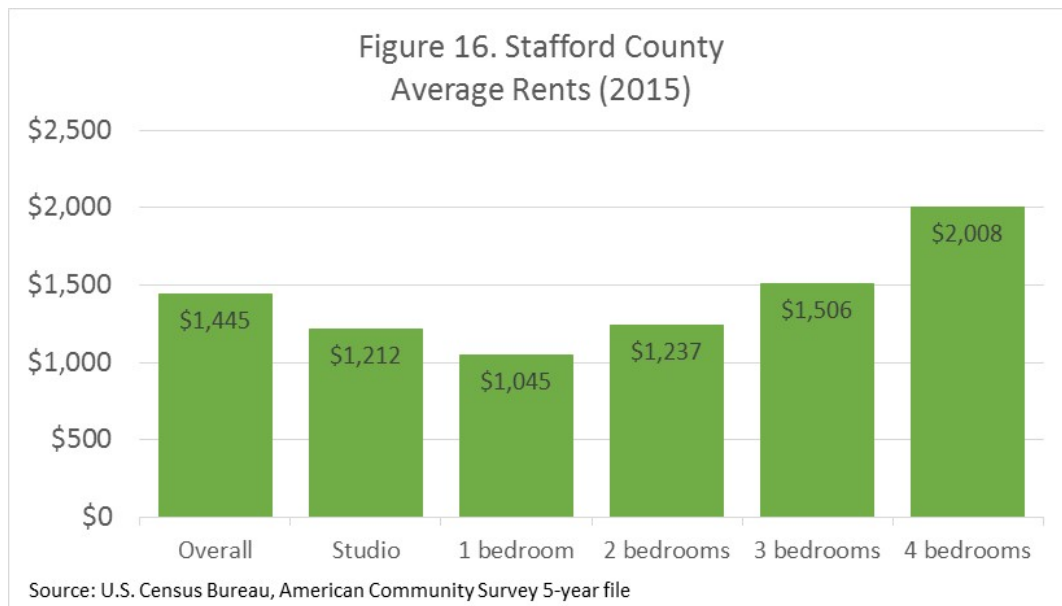
Figure 15. Stafford County
Year-End Active Listings - By Property Type



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.

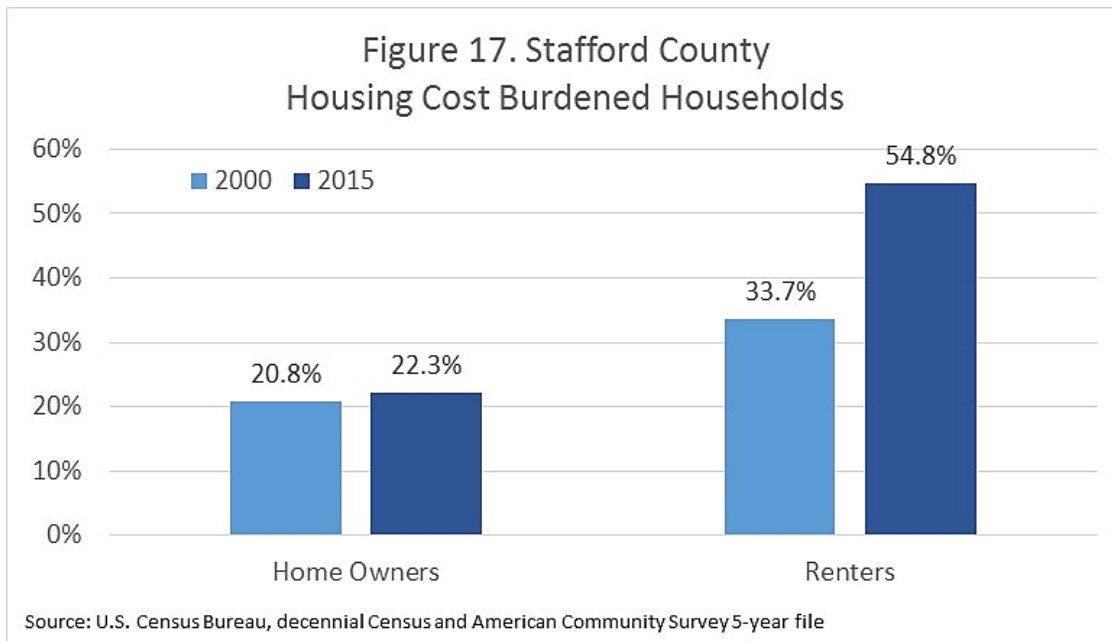


The vast majority of the rental units in Stafford County are single-family homes. In 2015, about 40 percent of rental units were single-family detached homes and about a quarter (24.7 percent) were single-family attached homes/duplexes. About 32.0 percent of rental homes in Stafford County were in multifamily 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 University³, 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.⁴

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

³ 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.

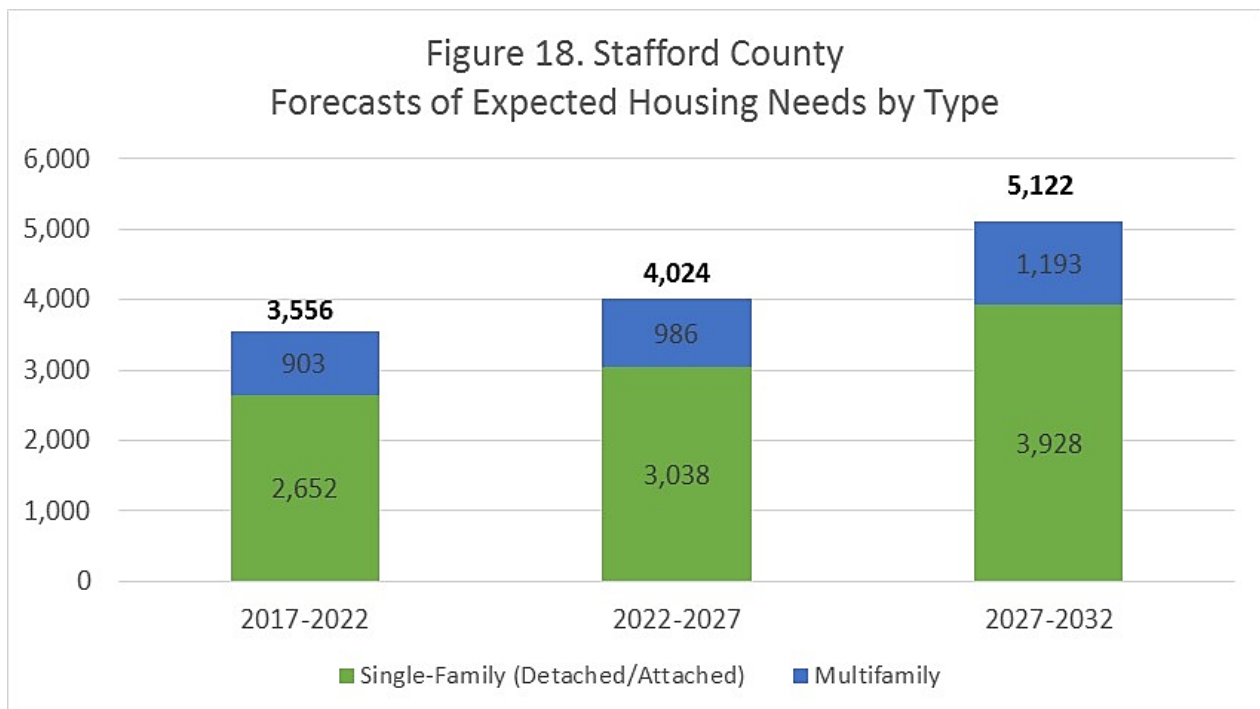
⁴ Job forecasts are based on econometric forecasts prepared by IHS Global Insight. These housing demand forecasts assume that all new workers in the jurisdiction will live in the jurisdiction, thereby assuming that the levels of jurisdiction-to-jurisdiction commuting will not increase. Changes to these 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.

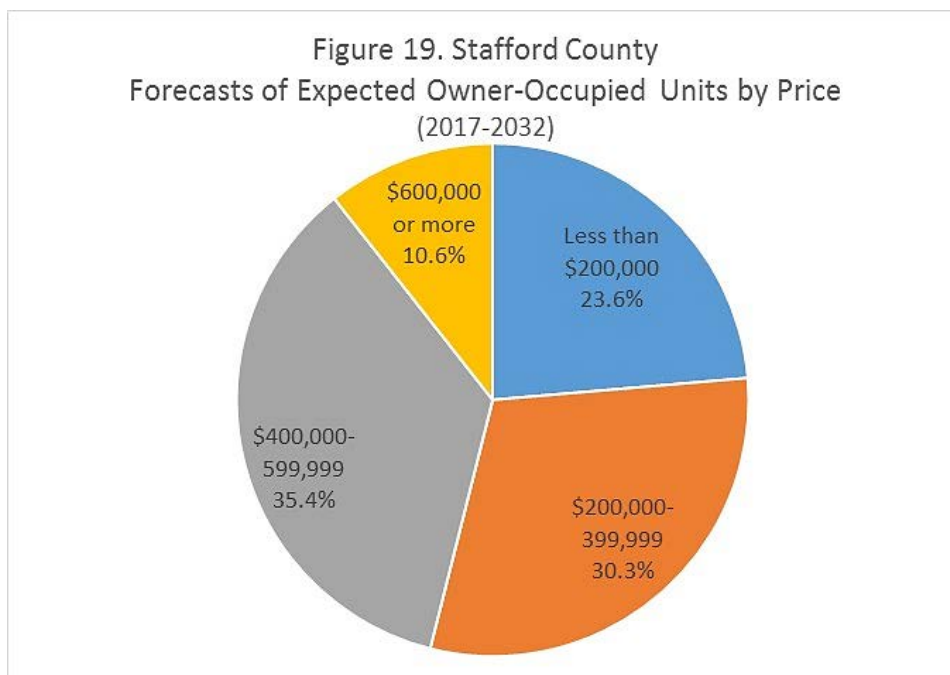
Given the expected characteristics and incomes of new working households in Stafford County over the next 15 years, it is expected that about three quarters (75.8 percent, or 9,619 housing units) will need to be single-family detached or attached homes to meet demand. The remaining 24.2 percent (3,082 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.

