

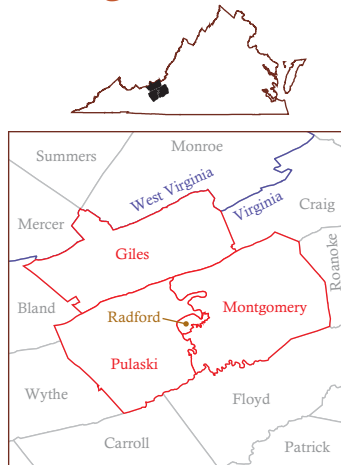


Blacksburg, Virginia

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2012



Housing Market Area



The Blacksburg Housing Market Area (HMA), which is coterminous with the Blacksburg-Christiansburg-Radford, VA Metropolitan Statistical Area, comprises Giles, Montgomery, and Pulaski Counties and the city of Radford in southwest Virginia. The HMA is home to the Virginia Polytechnic Institute and State University (Virginia Tech) and Radford University (RU), which currently enroll 28,850 and 9,575 students, respectively.

Market Details

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Summary

Economy

The economy of the Blacksburg HMA strengthened after contracting during 2009 and 2010. During the 12 months ending September 2012, nonfarm payrolls increased by 4,525 jobs, or 6.5 percent, to 74,450 jobs. Major employers include two universities and the largest Volvo truck manufacturing facility in the world. During the next 3 years, nonfarm payrolls are expected to approximate historical growth rates and to increase 1 percent annually.

Sales Market

The home sales market in the HMA is slightly soft but improving, with an estimated vacancy rate of 1.9 percent. During the next 3 years, demand is estimated for 970 new homes, including 60 mobile homes (Table 1). The 120 homes under construction and a portion of the estimated 4,325 other vacant units that might reenter the market will satisfy some of the demand.

Rental Market

Rental housing market conditions are currently balanced in the HMA. Limited apartment construction and a growing university student population in the HMA contributed to a decline in the vacancy rate from 6.3 percent in April 2010 to 4.8 percent currently. During the forecast period, demand is estimated for 760 new market-rate rental units (Table 1). The 140 rental units currently under construction will satisfy some of this demand.

Table 1. Housing Demand in the Blacksburg HMA, 3-Year Forecast, October 1, 2012, to October 1, 2015

	Blacksburg HMA	
	Sales Units	Rental Units
Total Demand	970	760
Under Construction	120	140

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2012. A portion of the estimated 4,325 other vacant units in the HMA will likely satisfy some of the forecast demand. Includes an estimated demand for 60 mobile homes.

Source: Estimates by analyst

Economic Conditions

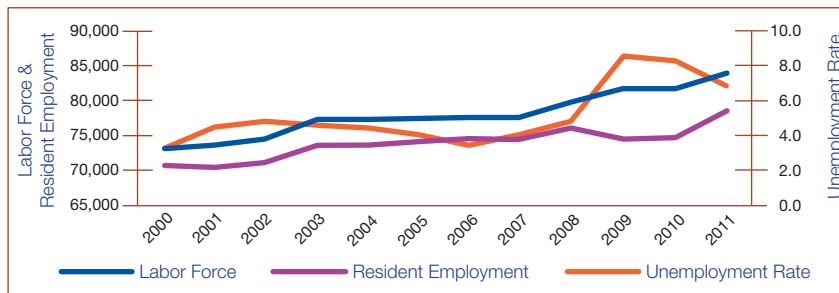
Economic conditions in the Blacksburg HMA strengthened after a 2-year contraction in jobs from 2009 through 2010, when nonfarm payrolls declined by an average of 1,800 jobs, or 2.5 percent, annually. During the 12 months ending September 2012, nonfarm payrolls increased

by 4,525 jobs, or 6.5 percent, to approximately 74,450 jobs. By comparison, during a period of economic expansion from 2003 through 2008, nonfarm payroll growth averaged 530 jobs, or 0.8 percent, and the unemployment rate averaged 4.2 percent (Figure 1). After peaking at 8.8 percent during the 12 months ending April 2010, the average unemployment rate decreased steadily to 6.2 percent during the 12 months ending September 2012.

With two universities and one medical school, the Edward Via College of Osteopathic Medicine, in the HMA, jobs in the education and health services sector represent nearly one-third of total employment (Figure 2). Virginia Tech, known primarily for its academic programs in engineering, is the largest local employer. From 2002 to 2012, Virginia Tech added 950 faculty positions and increased enrollment by more than 3,000 students. During the same period, RU added 50 faculty positions and 330 students and opened a \$42 million building for the College of Business and Economics in 2012.

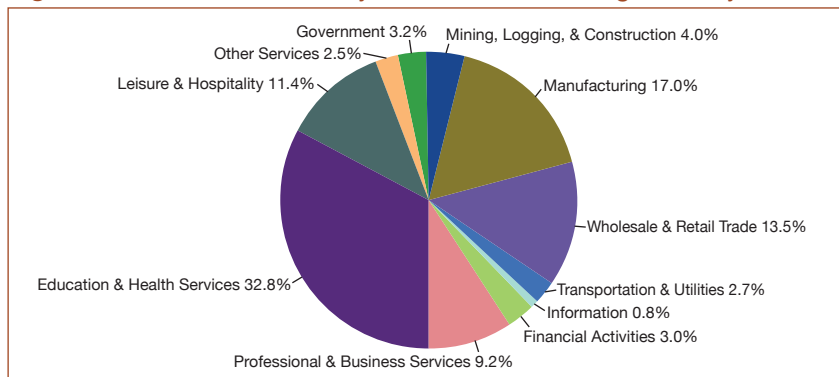
Several large employers in the HMA are manufacturers (Table 2), including the Radford Army Ammunition Plant, a supplier of explosives and propellant for the U.S. military with approximately 1,200 employees, and Moog Inc., a manufacturer of aircraft components, with approximately 950 workers. The manufacturing sector increased by 1,000 jobs, or 10.3 percent, during the 12 months ending June 2012 (the most recent data available), primarily because of a recall of 700 employees at Volvo Group North America, Inc. (Volvo), in July 2011 (Table 3). Despite strong job growth in the manufacturing sector during the past year, the sector has decreased

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Blacksburg HMA, 2000 Through 2011



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Covered Payrolls in the Blacksburg HMA, by Sector



Note: Based on 12-month averages through June 2012.

Source: Virginia Workforce Connection

Table 2. Major Employers in the Blacksburg HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Virginia Polytechnic Institute and State University	Education & Health Services	10,000+
Volvo Group North America, Inc.	Manufacturing	1,000+
Radford University	Education & Health Services	1,000+
Wal-Mart Stores, Inc.	Wholesale & Retail Trade	1,000+
BAE Systems, Inc.—Radford Army Ammunition Plant	Manufacturing	1,000+
Moog Inc.	Manufacturing	500–999
HCA Virginia	Education & Health Services	500–999
Carilion New River Valley Medical Center	Education & Health Services	500–999
EchoStar Communications Corporation	Education & Health Services	500–999
Kollmorgen	Manufacturing	500–999

Notes: Excludes local school districts. Data as of the first quarter of 2012.

Source: Virginia Employment Commission

by 5,700 jobs, or 35 percent, since 2000, in part because of job losses in the furniture manufacturing industry during the mid-2000s.

During the 12 months ending June 2012, the professional and business services sector increased by 200 jobs, or 3.6 percent, primarily because Phoenix Packaging Operations LLC added 100 jobs in July 2011 after

establishing its U.S. headquarters in the HMA in 2010. University research has generated significant job growth in the professional and business services sector since 2000 (Figure 3). During the 12 months ending June 2012, faculty and staff at Virginia Tech were awarded more than \$294 million in research grants, up 8 percent from the previous 12 months and nearly double the amount awarded 10 years earlier. Research awards during the past 15 years have helped to increase the number of facilities at the Virginia Tech Corporate Research Center (CRC), which has expanded from 1 building when it opened in 1997 to 26 buildings currently, providing space for approximately 2,400 workers and 150 companies.

During the next 3 years, nonfarm payrolls are expected to increase an average of 1 percent a year. Construction will begin on four buildings at the CRC during 2013, providing space to accommodate 500 new jobs in the professional and business services sector. Backcountry.com opened a

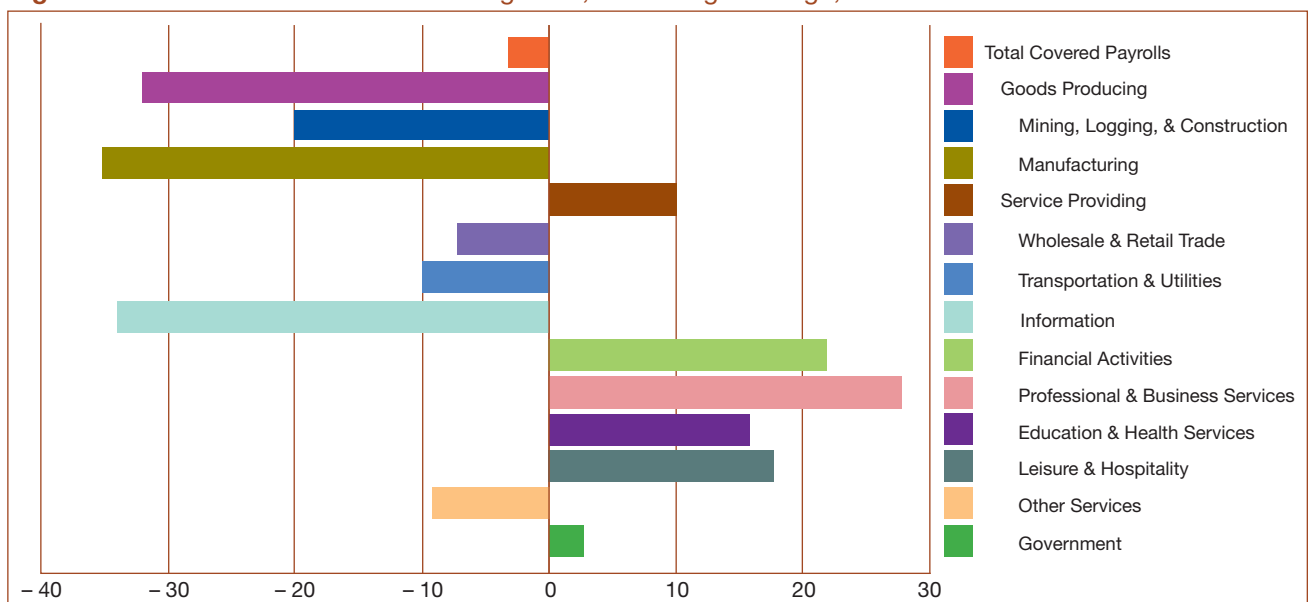
Table 3. 12-Month Average Covered Payrolls in the Blacksburg HMA, by Sector

	12 Months Ending June 2011	12 Months Ending June 2012	Percent Change
Total Nonfarm Payroll Jobs	61,500	63,100	2.6
Goods Producing	12,500	13,200	5.6
Mining, Logging, & Construction	2,700	2,500	-7.4
Manufacturing	9,700	10,700	10.3
Service Providing	49,100	49,900	1.6
Wholesale & Retail Trade	8,500	8,500	0.0
Transportation & Utilities	1,600	1,700	6.3
Information	500	500	0.0
Financial Activities	1,700	1,900	11.8
Professional & Business Services	5,600	5,800	3.6
Education & Health Services	20,600	20,700	0.5
Leisure & Hospitality	7,000	7,200	2.9
Other Services	1,600	1,600	0.0
Government	2,000	2,000	0.0

Notes: Based on 12-month averages through June 2011 and June 2012. Numbers may not add to totals because of rounding.

Source: Virginia Workforce Connection

Figure 3. Sector Growth in the Blacksburg HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through June 2012.

Source: Virginia Workforce Connection

\$20 million order-fulfillment center in August 2012 and is expected to add 175 jobs to the retail trade subsector during the next year. Celanese Corporation plans to invest \$150 million to replace its boilers by 2015, adding 22 full-time jobs to the manufacturing

sector and 200 temporary construction jobs. Volvo announced its intention to reduce its workforce by 300 employees in 2013 because of a decline in orders, which will affect overall job growth during the first year of the forecast period.

Population and Households

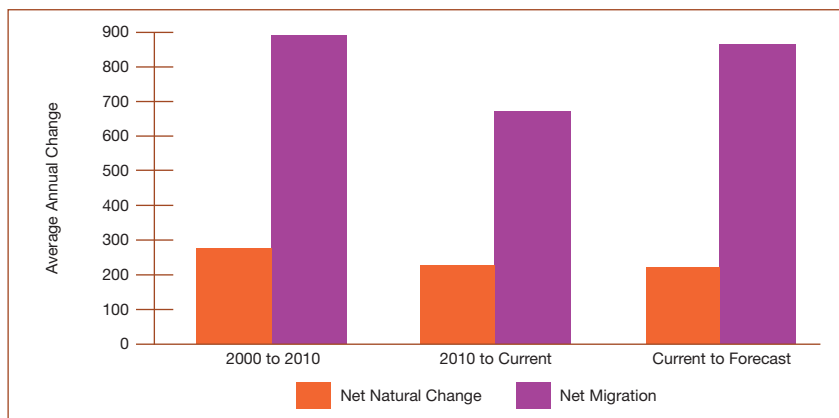
As of October 1, 2012, the population of the Blacksburg HMA was estimated at 165,200, reflecting an average annual increase of 900, or 0.5 percent, since April 2010. Population growth averaged 0.9 percent annually from 2004 to 2008, when economic conditions were stronger, before slowing to 0.6 percent from 2009 to 2010, when local and national economic conditions were weak.

Since 2010, approximately 75 percent of population growth was from net in-migration, down slightly compared with the 77 percent of growth attributable to net in-migration during the 2000s. Net in-migration has averaged 670 people annually since 2010, down from an average of 900 people annually

from 2000 to 2010 (Figure 4). According to Internal Revenue Service migration data for the period 2006 through 2010, in-migration to the HMA occurred most commonly from adjacent counties along the Interstate 81 corridor, including Roanoke and Wythe Counties, and from outside the country to Montgomery County, which includes the city of Blacksburg and Virginia Tech. Net natural change (resident births minus resident deaths) has added 230 people a year since 2010 compared with the 270 people a year added because of net natural change from 2000 to 2010.

An estimated 64,600 households currently reside in the HMA (Table DP-1, at the end of the report). From 2000 to 2010, the number of households increased by 540, or 0.9 percent, annually. Since 2010, the increase in the number of households has slowed to 320, or 0.5 percent, annually, in part because of an increase in students living in dormitories. At Virginia Tech, 39 percent of undergraduates live on campus, up from 36 percent a year earlier but down from 40 percent 10 years ago. At RU, 30 percent of undergraduates live on campus, unchanged from a year earlier but down from 35 percent 10 years ago.

Figure 4. Components of Population Change in the Blacksburg HMA, 2000 to Forecast

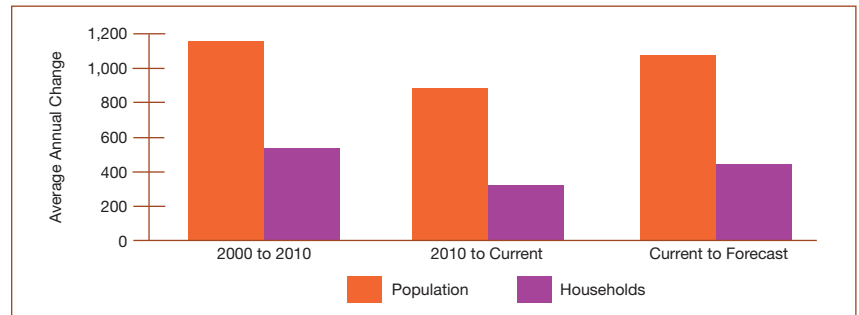


Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

During the next 3 years, the population of the HMA is expected to increase by an average of 1,100, or 0.7 percent, annually. Net in-migration is expected to increase each year as a result of the strengthening economy.

The number of households is expected to increase by 450, or 0.7 percent, annually. Figure 5 illustrates population and household growth in the HMA from 2000 through the forecast period.

Figure 5. Population and Household Growth in the Blacksburg HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Blacksburg HMA is soft but began to improve during the summer of 2012 because of recent economic growth, a relatively low foreclosure rate, and a modest amount of speculative single-family homebuilding. The current vacancy rate is estimated at 1.9 percent, less than the 2.5 percent recorded in April 2010. According to the Virginia Association of REALTORS®, during the 12 months ending September 2012, the number of new and existing homes sold in the HMA increased 13 percent, to 1,275, compared with the number sold during the previous 12 months. The current sales volume is the greatest annual total recorded since the 12 months ending June 2010, when the first-time homebuyer tax credit program was in effect, but

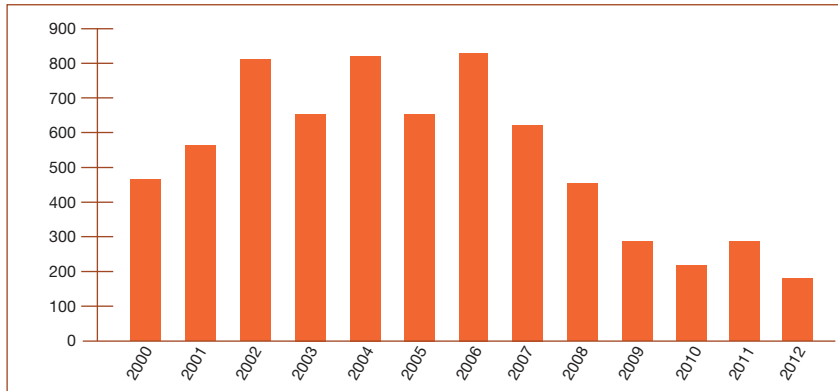
it is 20 percent less than the average number of homes sold annually from 2007 through 2009.

During the 12 months ending September 2012, the average sales price for new and existing homes in the HMA increased 1 percent, to \$177,800, compared with the average price recorded during the previous 12 months. By comparison, from 2007 through 2009, sales prices averaged \$179,500. A relatively low number of foreclosures helped to stabilize home prices. According to LPS Applied Analytics, as of September 2012, 3.1 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), unchanged compared with the rate recorded a year earlier

but less than the 4.2-percent rate statewide and the 7.5-percent rate nationally.

Approximately 260 building permits were issued for single-family homes in

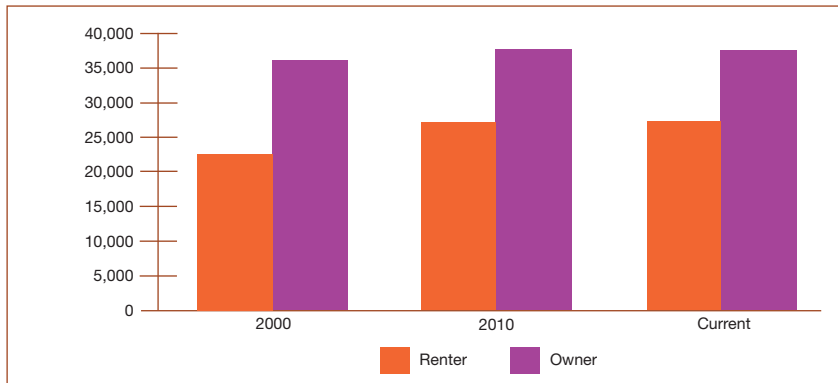
Figure 6. Single-Family Building Permits Issued in the Blacksburg HMA, 2000 to 2012



Notes: Includes townhomes. Includes data through September 2012.

Sources: U.S. Census Bureau, Building Permits Survey; local permit offices; estimates by analyst

Figure 7. Number of Households by Tenure in the Blacksburg HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Blacksburg HMA, October 1, 2012, to October 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	249,999	140	15.0
250,000	299,999	320	35.0
300,000	349,999	270	30.0
350,000	449,999	90	10.0
450,000	and higher	90	10.0

Note: The 120 homes currently under construction and a portion of the estimated 4,325 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

the Blacksburg HMA during the 12 months ending September 2012, down slightly compared with the number of permits issued during the previous 12 months, based on data from local permit offices. Single-family home construction, as measured by the number of single-family building permits issued, peaked between 2002 and 2007, when an average of 730 homes was permitted annually. From 2008 through 2010, homebuilding activity decreased more than 25 percent each year, to a low of 210 homes permitted in 2010 (Figure 6). In Blacksburg, at Mount Tabor Meadows, which broke ground in 2007, 22 of the planned 49 single-family homes are complete, with list prices ranging from \$300,000 to \$500,000. Kensington Terrace in Christiansburg plans for 120 single-family homes with list prices ranging from \$155,000 to \$195,000.

As economic growth continues, demand is estimated for 970 new homes, including 60 mobile homes, during the next 3 years (Table 1). The 120 single-family homes currently under construction will meet a portion of this demand. The number of owner households, which has decreased slightly since 2010 (Figure 7), is expected to increase during each year of the forecast period. Demand is expected to be greatest for homes priced between \$250,000 and \$350,000 (Table 4). A portion of the estimated 4,325 other vacant units may reenter the market and satisfy some of the forecast demand.

Rental Market

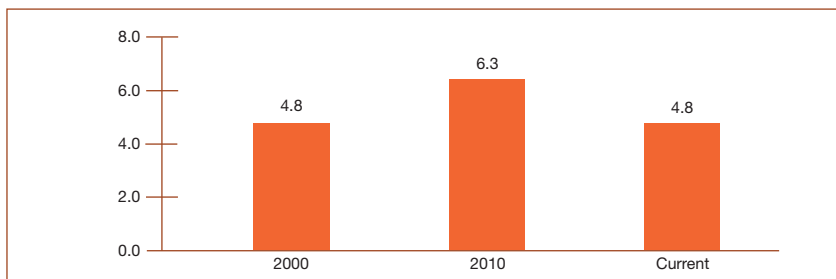
The rental housing market in the Blacksburg HMA is currently balanced because of an increase in demand for rental units and low levels of new apartment construction since 2010. The current overall vacancy rate is estimated at 4.8 percent, less than the 6.3 percent recorded in April 2010. Figure 8 illustrates the overall vacancy rate for 2000, 2010, and the current date. Although the overall rental market is balanced, the apartment market is currently tight. According to data from Axiometrics Inc., the U.S. Department of Agriculture, and Community Housing Partners, the apartment vacancy rate is currently estimated at 1.2 percent, unchanged compared with the rate recorded a year earlier, although concessions have increased from recent years.

Concessions increased and apartment leasing slowed during the past year because more beds are available on the Virginia Tech campus. From August 2009 to August 2012, renovations to two of the largest residence halls at Virginia Tech decreased the number of students living on campus. With these renovations complete,

Virginia Tech currently offers its full complement of approximately 9,300 beds. In addition, Virginia Tech created incentives for students to remain on campus by adding amenities to residence halls, including study lounges and private bathrooms, and by developing living-learning communities where students of similar interests live together. On-campus occupancy, which averaged 98 percent during the past decade, is nearly 100 percent currently. As a result, off-campus student properties offer concessions, such as application fee waivers and signing bonuses, to achieve occupancy levels that currently range from 95 to 98 percent, according to the New River Valley Apartment Council.

Multifamily construction activity, as measured by the number of units permitted, increased from the depressed levels recorded between 2009 and 2011. According to local sources, during the 12 months ending September 2012, 130 apartment units were permitted compared with the 90 units permitted during the previous 12 months. Multifamily permitting peaked in 2007 and 2008, when an average of 480 units was permitted annually, including 284 student apartments at Smith's Landing in the city of Blacksburg and 148 condominiums for seniors at The Villas at Peppers Ferry in Christiansburg (Figure 9). The largest rental development under construction is the 110-unit Knollwood Apartments near the CRC, which is expected to be complete by August 2013.

Figure 8. Rental Vacancy Rates in the Blacksburg HMA, 2000 to Current

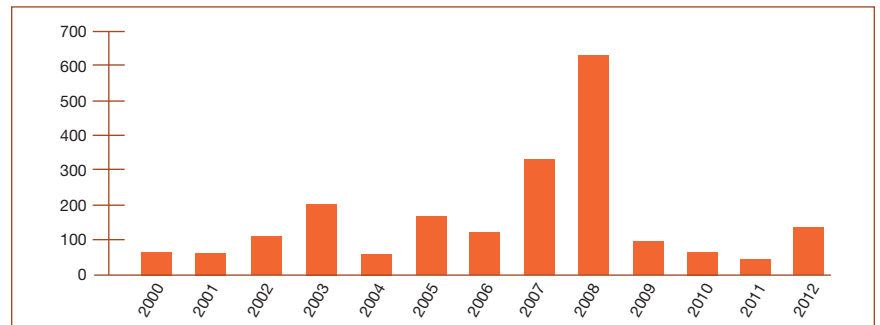


Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

During the next 3 years, demand is estimated for 760 new market-rate rental units. The 140 units under construction will satisfy a portion of this demand (Table 1). Demand is estimated to be greater in the city of Radford and in Montgomery County,

which have accounted for 80 percent of the growth in renter households in the Blacksburg HMA since 2010. Rents for new market-rate apartments are estimated to start at \$800, \$1,050, and \$1,350 for one-, two-, and three-bedroom units, respectively (Table 5).

Figure 9. Multifamily Building Permits Issued in the Blacksburg HMA, 2000 to 2012



Notes: Excludes townhomes. Includes data through September 2012.

Sources: U.S. Census Bureau, Building Permits Survey; local permit offices; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Blacksburg HMA, October 1, 2012, to October 1, 2015

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
800 or more	140	1,050 to 1,249	250	1,350 to 1,549	170
		1,250 to 1,449	85	1,550 to 1,749	50
		1,450 or more	40	1,750 or more	25
Total	140	Total	370	Total	240

Notes: Numbers may not add to totals because of rounding. The 140 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Blacksburg HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	70,673	74,831	81,900	0.6	5.3
Unemployment Rate	3.2%	8.2%	6.2%		
Nonfarm Payroll Jobs	65,071	60,903	63,100	- 0.7	2.0
Total Population	151,272	162,958	165,200	0.7	0.5
Total Households	58,443	63,793	64,600	0.9	0.5
Owner Households	36,001	37,735	37,550	0.5	- 0.2
Percent Owner	61.6%	59.2%	58.1%		
Renter Households	22,442	26,058	27,050	1.5	1.5
Percent Renter	38.4%	40.8%	41.9%		
Total Housing Units	62,721	70,550	71,050	1.2	0.3
Owner Vacancy Rate	1.2%	2.5%	1.9%		
Rental Vacancy Rate	4.8%	6.3%	4.8%		
Median Family Income	\$40,550	\$65,300	\$67,400	4.9	1.6

Notes: Numbers may not add to totals because of rounding. Covered employment data represent annual averages for 2000, 2010, and the 12 months through March 2012. Resident employment and the unemployment rate represent annual averages for 2000, 2010, and the 12 months through September 2012. Median family incomes are for 1999, 2009, and 2011.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 10/1/2012—Analyst’s estimates
Forecast period: 10/1/2012–10/1/2015—
Analyst’s estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_BlacksburgVA_13.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to
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