

Housing Market Profile

Mid-Atlantic • HUD Region III



Virginia Beach-Norfolk-Newport News, Virginia-North Carolina

The Virginia Beach-Norfolk-Newport News metropolitan area, which consists of 6 counties and 10 independent cities, is located approximately 100 miles southeast of Richmond, Virginia. The metropolitan area includes Naval Station Norfolk, the nation's largest naval base, and is a popular resort and retirement area. As of April 1, 2012, the population of the metropolitan area was estimated to be more than 1.6 million, an average annual increase of 5,900, or 0.4 percent, since April 2010, the same rate of growth that was recorded from 2005 to April 2010. According to the Hampton Roads Economic Development Alliance, the largest employers in the metropolitan area are Newport News Shipbuilding and Sentara Healthcare, with 20,000 and 17,000 employees, respectively. The Norfolk Naval Shipyard has 9,575 employees, of which 8,600 are active-duty personnel and 970 are civilian personnel.

Since 2011, after 3 years of decline, nonfarm payrolls in the metropolitan area have been increasing. During the 12 months ending February 2012, nonfarm payrolls increased by 2,075 jobs, or 0.3 percent, to 737,400 jobs compared with a decline of 2,600 jobs, or 0.4 percent, during the previous 12-month period. Payrolls in the healthcare and social assistance industry, federal government subsector, and retail trade subsector increased by 2,800, 1,600, and 1,100 jobs, or 3.6, 3.2, and 1.3 percent, respectively, during the 12 months ending February 2012. According to the Virginia Economic Development Partnership, Green Mountain Coffee Roasters, Inc., will construct a new production and distribution facility in the metropolitan area, adding 800 jobs from 2011 through 2017. The largest declines during the 12 months ending February 2012 occurred in the mining, logging, and construction, the professional and business services, and the leisure and hospitality sectors, which decreased by 1,700, 1,600, and 700 jobs, or 4.6, 1.6, and 0.9 percent, respectively. The average unemployment rate in the metropolitan area during the 12 months ending February 2012 was 6.9 percent, a decrease from the 7.2-percent average rate recorded during the previous 12-month period.

Every branch of the U.S. military is represented within the metropolitan area. According to the Statistical Information

Analysis Division of the Department of Defense, as of 2009, the most recent data available, 32,000 military and 15,400 civilian personnel were assigned to 12 bases in the metropolitan area. The Navy accounts for approximately 40 percent of the military personnel and 56 percent of the civilian personnel in the metropolitan area. According to the Commander, Navy Region Mid-Atlantic business office, in fiscal year (FY) 2010, the Navy had an estimated economic impact of approximately \$13.5 billion on the metropolitan area, a decrease of nearly \$1.4 billion, or 9 percent, compared with the impact in FY 2009 because of a decline in the procurement of goods and services. After the 2005 Base Realignment and Closure Act, completed in 2011, military and civilian employment in the metropolitan area was relatively unchanged. During the 12 months ending February 2012, nearly all of the approximately 1,900 jobs lost as a result of the closure of the United States Joint Forces Command in Suffolk were civilian personnel.

The home sales market in the metropolitan area is soft, with an estimated 2.3-percent vacancy rate as of April 1, 2012, down from the 2.5-percent rate recorded in April 2010. According to Hanley Wood, LLC, during 2011, the number of existing single-family home sales increased 3 percent to 8,675 from 8,450 sales in 2010 but was down nearly 30 percent from the average of 12,300 existing homes sold annually from 2007 through 2009. The median price in 2011 was \$219,800, down nearly 4 percent from \$228,100 in 2010. During 2011, new single-family home sales increased nearly 12 percent, to 1,675, and the median sales price was \$277,800, down approximately 2 percent from \$283,400 during 2010. Existing condominium sales, which accounted for approximately 10 percent of the total number of existing homes sold during 2011, totaled 1,100 units sold, up 4 percent from the 1,050 sold during 2010. The median sales price for existing condominiums declined 3 percent to \$191,300. New condominium sales declined 25 percent to 320 units sold, and the median sales price was \$276,600, an 8-percent increase. In 2011, foreclosed and REO (Real Estate Owned) home sales accounted for 50 percent of all existing homes sold, unchanged from 2010. According to LPS Applied Analytics, as of February 2012, 5.2 percent of all home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO, unchanged from February 2011.

Home construction activity, as measured by the number of building permits issued for single-family homes, increased. According to preliminary data, during the 12 months ending February 2012, approximately 3,300



single-family homes were permitted, up nearly 8 percent compared with the number permitted during the previous 12-month period. Approximately 40 percent of new single-family homebuilding activity is in the cities of Chesapeake and Virginia Beach. An average of 4,250 homes was permitted annually from 2006 through 2009.

The rental housing market in the metropolitan area is slightly soft, with an estimated 6.5-percent vacancy rate as of April 1, 2012, a decline compared with the 7.6-percent rate recorded in April 2010. According to Reis, Inc., the apartment vacancy rate for the metropolitan area was 4.3 percent as of February 2012, down from 5.2 percent a year earlier. According to the Commander, Navy Region Mid-Atlantic business office, military households account for 12 percent of renter households in the metropolitan area, and 4,375 households currently reside in military housing. The current average asking rents for one-, two-, and three-bedroom units in the metropolitan area are \$800, \$900, and \$1,100, respectively. The average asking rent for all apartments in the metropolitan area increased

by nearly 2 percent from a year earlier, to \$890. According to Real Data, as of November 2011, the most recent data available, the average asking rents for newly constructed one-, two-, and three-bedroom units in the metropolitan area are \$1,150, \$1,275, and \$1,424, respectively. Apartment properties under construction in the city of Virginia Beach include the 276-unit Cambria at Cornerstone and 224-unit Greenwich Village. In Chesapeake and Virginia Beach, submarkets closer to large military installations, the average asking rent increased by nearly 4 and 2 percent, respectively. Based on preliminary data, during the 12 months ending February 2012, 2,750 multifamily units were permitted in the metropolitan area, a nearly 170-percent increase compared with the 1,025 multifamily units permitted during the previous 12-month period. Approximately 95 percent of the multifamily units permitted during the 12 months ending February 2012 were apartments. From 2006 through 2009, an average of 6,975 multifamily units was permitted annually, of which approximately 84 percent were apartments.