

A Housing Needs and Market Analysis for Culpeper County, Virginia

Prepared for:
Greater Piedmont Area Association of Realtors

Prepared by:
David E. Versel
Senior Research Associate
George Mason University Center for Regional Analysis

DRAFT: April 2015

Introduction and Purpose

Culpeper County, Virginia is in the process of updating its Comprehensive Plan. The leadership of the County has emphasized the importance of the Housing chapter to the overall plan and has asked the Greater Piedmont Area Association of Realtors (GPAAR) for assistance with this effort. GPAAR, in turn, identified the need to conduct this housing needs and market analysis in order to provide a basis for the projections of future housing supply and demand in Culpeper County.

This report provides critical information that will be used to inform the County's policy decisions regarding housing. The report is divided into four sections, as follows:

1. Profile of Existing Households and Housing Stock
2. Housing Market Overview
3. Future Housing Forecasts
4. Summary of Future Housing Needs

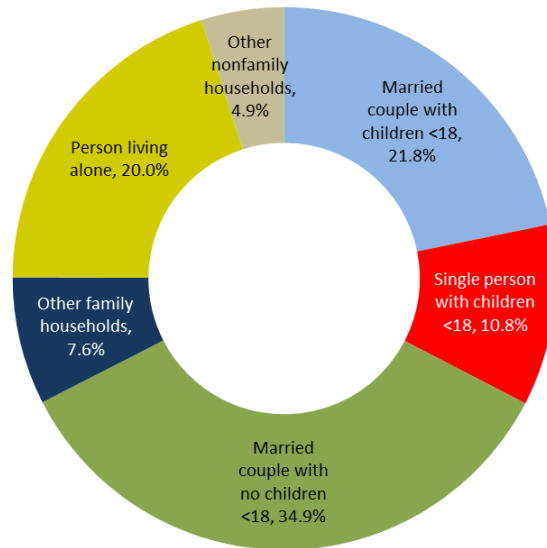
Profile of Existing Households and Housing Stock

This section presents the most complete set of available data on Culpeper County’s current households and housing stock. All data are averages for the years 2011-2013, which represents the most recent release for Culpeper County by the U.S. Bureau of the Census’ American Community Survey (ACS). This dataset is used as the current baseline for this profile. Though the data are three-year averages, this report refers to the most current information as being from 2013.

Household Type

As of 2013 there were an estimated 16,343 households in Culpeper County, with an average household size of 2.82 persons. Married couples with at least one child under the age of 18 only account for 21.8 percent of households in Culpeper County. Households headed by a single person with a child under 18 at home represent another 10.8 percent of all households. Thus, just 32.6 percent of households in Culpeper County have children under the age of 18. The median age in Culpeper is reflective of its modest share of households with children. The County’s current median age is 39.1, compared with 37.4 for the U.S. and 37.6 for Virginia.

Figure 1: Culpeper County Households by Type



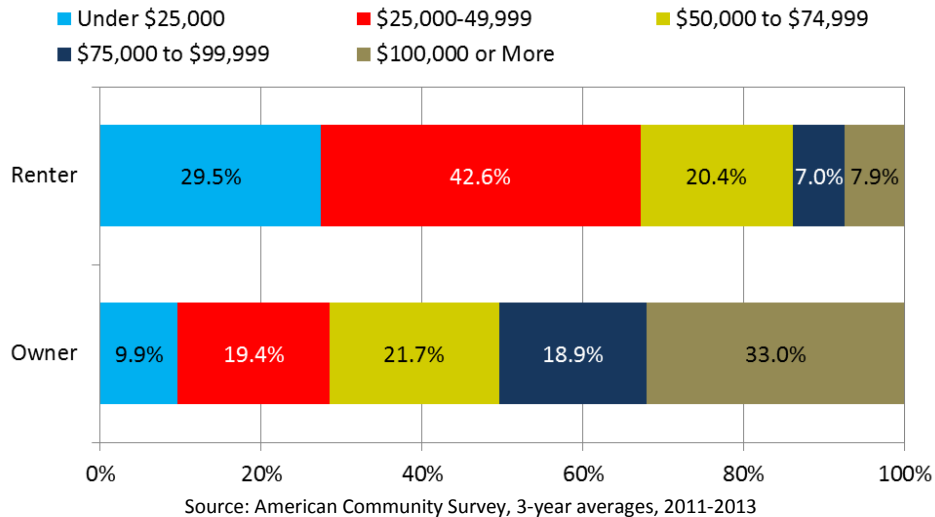
Source: American Community Survey, 3-year averages, 2011-2013

The most prevalent household type in Culpeper County is actually married couples with no children in the home under 18 (i.e., empty nesters); these households account for 34.9 percent of all households in the County. Individuals living alone also represent a significant share of the County’s households, at 20.0 percent. Other family households (7.6 percent) and other nonfamily households (4.9 percent) account for the remaining households.

Tenure, Income and Age of Householder

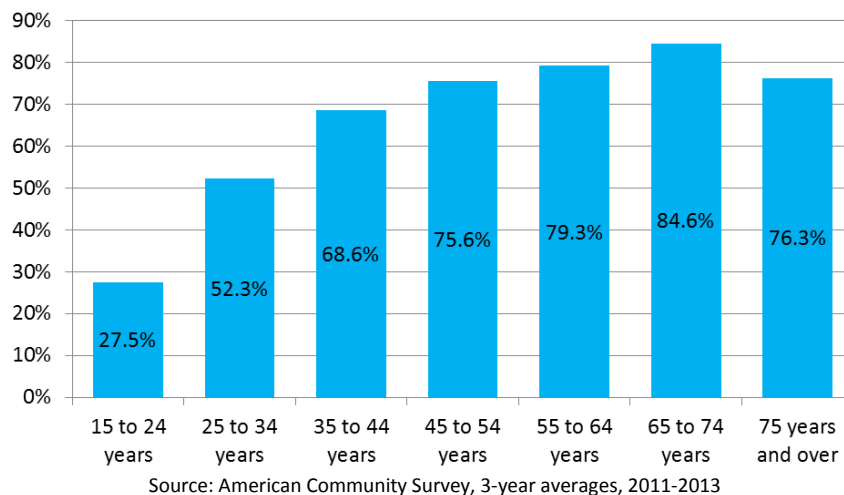
Most households in Culpeper County own the units that they occupy; as of 2013, 73 percent of the County's households were homeowners and 27 percent were renters. The average household size did not vary much by tenure type: owner households averaged 2.82 persons compared with 2.80 persons for renter households. There were great differences in income by housing tenure, though. The median income for owner households was \$73,641, which was 71 percent above the median income for renter households of \$43,048.

Figure 2: Culpeper County Households by Tenure and Income



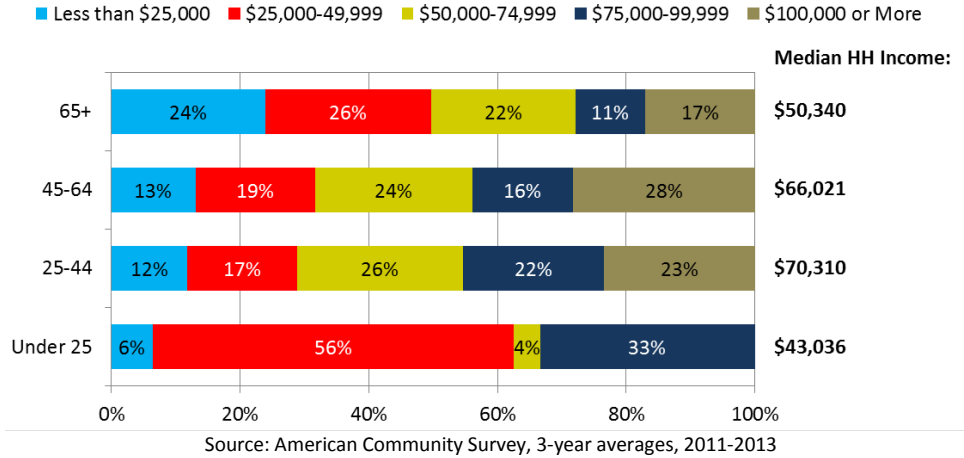
Among homeowner households in Culpeper County 33.0 percent had annual incomes in excess of \$100,000, compared with just 7.9 percent of renter households. By contrast, 72.1 percent of renter households in Culpeper earned below \$50,000 per year, compared with just 29.3 percent of homeowner households. Interestingly the shares were similar middle income households earning between \$50,000 and \$74,999 per year: 21.7 percent for homeowners and 20.4 percent for renters.

Figure 3: Homeowner Share by Age of Householder



The likelihood that a household in Culpeper County will own its home generally increases with the age of the householder. The homeowner rate among the County’s youngest householders (age 15-24) is just 27.5 percent. This rate increases steadily by age group, reaching 84.6 percent for householders in the age 65-74 range. The homeownership rate begins to decrease after the age of 75, though: the rate among householders age 75 or older is 76.3 percent and the rate among those 85 or older is 65.1 percent.

Figure 4: Household Income by Age of Householder

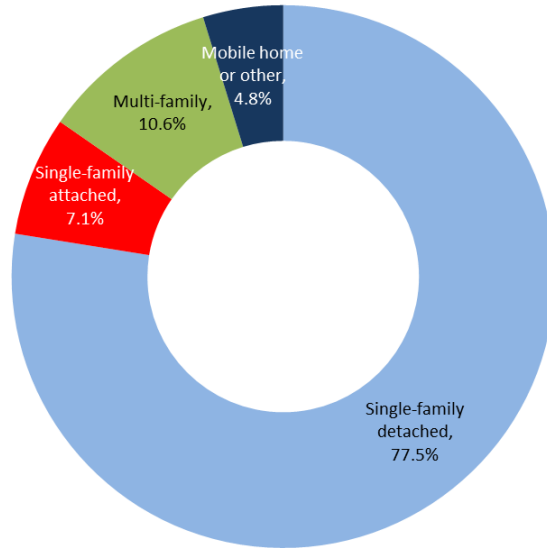


Household incomes do not track exactly with the age of householders. The highest median household income is actually found among householders in the age 25-44 range, whose median level is \$70,310. Householders age 45-64 have a slightly lower median (\$66,021), but the highest share of households with incomes in excess of \$100,000. Based on these figures, the County’s top earning younger households may not earn as much as older households, but younger households are less likely to have low- to moderate-income levels than are older households.

Existing Housing Stock

As of 2013 there were 17,803 housing units in Culpeper County, of which 1,460 (8.2 percent) were not occupied. An estimated 518 of these units were either being offered for rent or sale, already rented or sold but not occupied, or in use for seasonal or recreational purposes. The remaining 942 units were deemed vacant, meaning that 5.3 percent of Culpeper’s housing units are currently vacant.

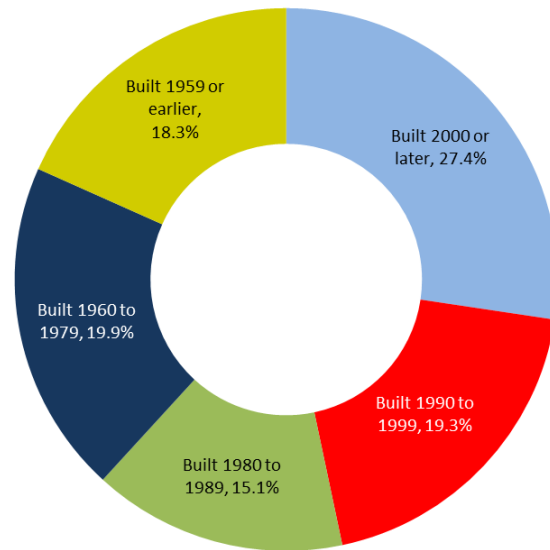
Figure 5: Existing Housing Stock in Culpeper County by Unit Type



Source: American Community Survey, 3-year averages, 2011-2013

The vast majority (77.5 percent) of existing housing units in Culpeper County is comprised of single-family detached units. Single-family attached units represent 7.1 percent of units, and multi-family units represent 10.6 percent of the housing stock. Mobile homes and related housing types (e.g., boats, RVs, vans) accounted for the remaining 4.8 percent of housing units.

Figure 6: Year Structure Built, Housing Units in Culpeper County



Source: American Community Survey, 3-year averages, 2011-2013

Culpeper County has a varied housing stock in terms of its age. A total of 4,871 of the existing units as of 2013 were built in 2000 or later. These newer units represent 27.4 percent of the County's total housing stock. There are another 8,541 existing units that were built between 1960 and 1999, accounting for 48 percent of the total housing stock. The County's stock also includes an estimated 3,262 units that were built prior to 1960 (18.3 percent of the stock). The median year built for all housing units in Culpeper County is 1988, so the median unit is about 25 years old.

The pace of new housing development in Culpeper County has varied greatly by year over the past 15 years. In total, there were 7,770 permits for new housing units issued in the County between 2000 and 2014, an average of 518 per year. More than half of these permits (4,129, or 53 percent) were issued in just the three years between 2004 and 2006; the average number of permits in these years was 1,376. During the seven year period between 2008 and 2014, however, there were just 956 permits issued in the County, an average of 137 per year. The number of permits has risen steadily in recent years, though, increasing from 57 in 2009 to 215 in 2014.

Nearly all of the new housing permits issued in Culpeper County since 2000 have been for single-family units, as 7,444 of the 7,770 permits (96 percent) were in 1-unit structures. There were 221 permits issued for units in structures with five or more units, and just 105 for units in structures with 2-4 units.

Table 1: Housing Permits by Year in Culpeper County, 2000-2014

Year	1 unit	2 units	3-4 units	5+ units	Total
2000	301	2	3	28	334
2001	422	8	0	0	430
2002	432	4	0	10	446
2003	707	10	8	24	749
2004	1,236	16	40	136	1,428
2005	1,482	8	0	12	1,502
2006	1,184	0	4	11	1,199
2007	726	0	0	0	726
2008	113	0	0	0	113
2009	57	0	0	0	57
2010	93	0	0	0	93
2011	137	2	0	0	139
2012	147	0	0	0	147
2013	192	0	0	0	192
2014	215	0	0	0	215
Total	7,444	50	55	221	7,770
<i>Annual Average</i>	<i>496</i>	<i>3</i>	<i>4</i>	<i>15</i>	<i>518</i>

Source: Census Building Permits Survey, Estimates With Imputation

Summary: Households and Housing Stock

Culpeper County has a diverse inventory of households and housing units. Less than one-third of the County's households have children under 18 living in them, and just 22 percent of households are comprised of two married adults with minor children. More than half of the County's households are either married couples with no minor children or adults living alone.

About 73 percent of Culpeper's households own their homes, and homeowners in the County typically have far higher incomes than do renters. Homeownership rates in Culpeper generally track with age, though the rate of homeownership declines among those aged 75 or older. The highest median household income level in the County is actually among those headed by a person in the 25-44 age range.

About 78 percent of Culpeper's existing housing stock is comprised of single-family detached homes. The County has a good balance between older and newer housing, but has experienced an uneven pace of development over the past 15 years. Since the three-year boom of new housing permit activity between 2004 and 2006 there have been comparatively few housing permits issued in the County.

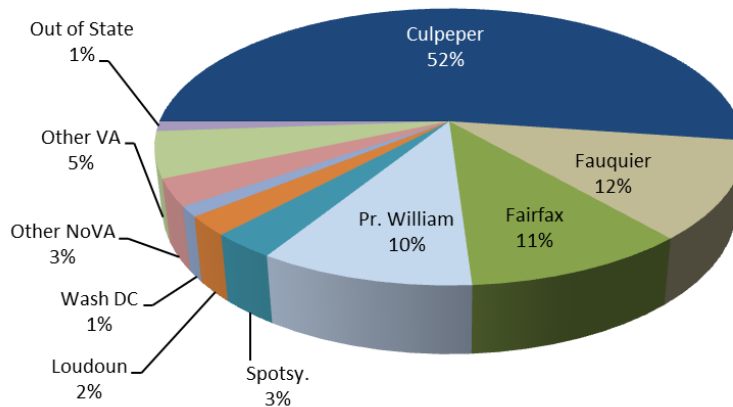
Housing Market Overview

Culpeper County's Three Housing Markets

The housing market in any area is dictated by the location of jobs where its residents can work. Culpeper County's housing market is influenced equally by the County's own employment base and by its location on the edge of the Washington, DC metropolitan area. The most recent complete dataset available on commuting patterns is 2006-2010 five-year average data from the American Community Survey¹.

Among the estimated 21,600 employed residents of Culpeper County covered in this dataset, 52 percent were employed within the County and another 42 percent commuted to work in Northern Virginia² or Washington, DC. The remaining six percent of employed residents of Culpeper County either worked elsewhere in Virginia or were employed outside the region entirely.

Figure 7: Place of Work of Culpeper County Residents, 2006-2010 Averages



Source: American Community Survey, 5-year averages, 2006-2010

The leading commuting destinations for Culpeper residents who work outside the County are all in the US29/I-66 corridor: Fauquier, Fairfax, and Prince William Counties. Each of these counties is the place of work for more than 10 percent of Culpeper's workforce. In total, more than 6,800 Culpeper County residents commute to these three jurisdictions alone, representing 33 percent of the County's resident workforce. No other jurisdiction accounts for more than three percent of Culpeper commuters.

In more recent years the share of Culpeper residents that commutes outside the County's boundaries has remained steady. The 2011-2013 three-year average data from the ACS reports that 52 percent of

¹ The ACS dataset contains 2006-2010 five-year average figures on county-to-county worker flow. This information differs somewhat from commuting data reported by the Census' Longitudinal Employer-Household Dynamics (LEHD) program, which is assembled from a variety of different sources.

² Northern Virginia refers to the portion of the Washington-Arlington-Alexandria Metropolitan Statistical Area (MSA) located in Virginia. As of this period this included 9 counties (Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, and Warren) and 6 independent cities (Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park). Culpeper and Rappahannock Counties were not added to the Washington MSA until 2013.

Culpeper's resident labor force works in the county and 48 percent out-commutes. This dataset did not report the actual cities or counties where Culpeper residents worked.

The appeal of Culpeper County as a place to live is different to those employed locally than it is to those who commute to jobs in other parts of Northern Virginia. This difference is clearly illustrated by the large gap in wages paid by jobs in Culpeper County as opposed to wages paid by jobs elsewhere in Northern Virginia. As of the third quarter of 2014 the U.S. Bureau of Labor Statistics (BLS) reported the average annual wage for all jobs located in Culpeper County as \$38,012. BLS reported the average wage for all jobs in the Northern Virginia region³ for the same quarter as \$63,180. The appeal of high paying jobs is particularly strong for those working in Fairfax County, where the average wage is \$76,596. Wages in Fauquier (\$41,600) and Prince William (\$39,988) are comparable to Culpeper, though. These figures point the diversity of Culpeper's appeal: while proximity to work is important for those employed in or near Culpeper, those employed in Fairfax choose to live in Culpeper for its lower housing costs.

There are clearly two distinct housing markets among working residents of Culpeper County: 1) a lower-cost market for those who work nearby; and 2) a higher-cost market for those who are willing to commute to jobs located closer to Washington, DC. There is also a third generator of housing demand in Culpeper: seniors and retirees. At present an estimated 13.0 percent of the County's residents are aged 65 or older, compared with 10.7 percent for the Washington metro area. The County's senior population is relatively mobile, as 6.1 percent of residents age 65+ had moved into Culpeper County as of 2013 had moved into the County in the preceding 12 months.

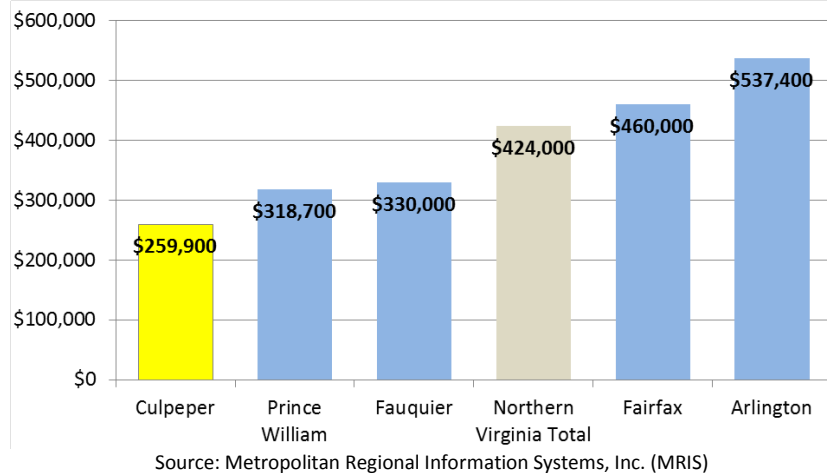
For-Sale Housing Market Performance

Data on the for-sale housing market in Culpeper County were obtained from Metropolitan Regional Information Systems, Inc. (MRIS), RealEstate Business Intelligence, Inc. (RBI), and the Greater Piedmont Area Association of Realtors (GPAAR). The following information comes from those sources.

During the calendar year 2014 there were 495 residential properties sold in Culpeper County. The vast majority of these (462 sales, 93 percent) was of single-family detached homes. The remaining 33 sales were of single-family attached (townhouse) units. The median sale price for all residential sales in Culpeper County during 2014 was \$259,900. The median single-family detached sale was slightly higher, at \$265,000, and the median townhouse sale was \$179,900.

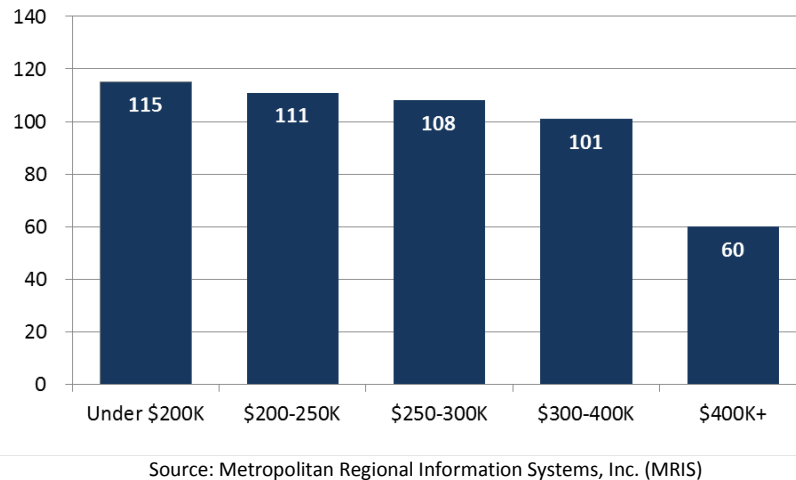
³ Includes all 17 jurisdictions in Virginia that are part of the Washington-Arlington-Alexandria Metropolitan Statistical Area (MSA).

Figure 8: Median Home Sale Prices, 2014



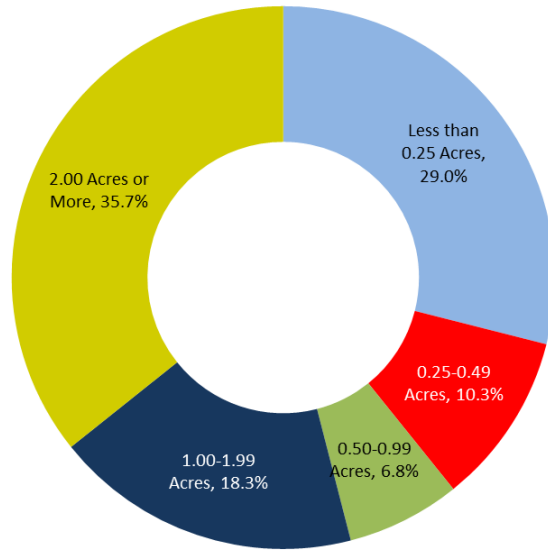
The 2014 median home sale price in Culpeper County was 63 percent below the Northern Virginia median sale price of \$424,000, 77 percent below Fairfax County’s median of \$460,000, and 107 percent below Arlington County’s median of \$537,400. The gap was smaller between Culpeper’s median price and those in Prince William (23 percent) and Fauquier (27 percent), but still significant.

Figure 9: Units Sold in Culpeper County by Price Range, 2014



The distribution of sales by price in Culpeper during 2014 was fairly even, with between 101 and 115 sales in each of the price categories below \$400,000. There were also 60 units sold for more than \$400,000. The age of housing only had an effect on the lowest priced units in the County: among units that sold for less than \$200,000, the median year built was 1987. However, the median year built for units in all other price categories was between 2001 and 2004.

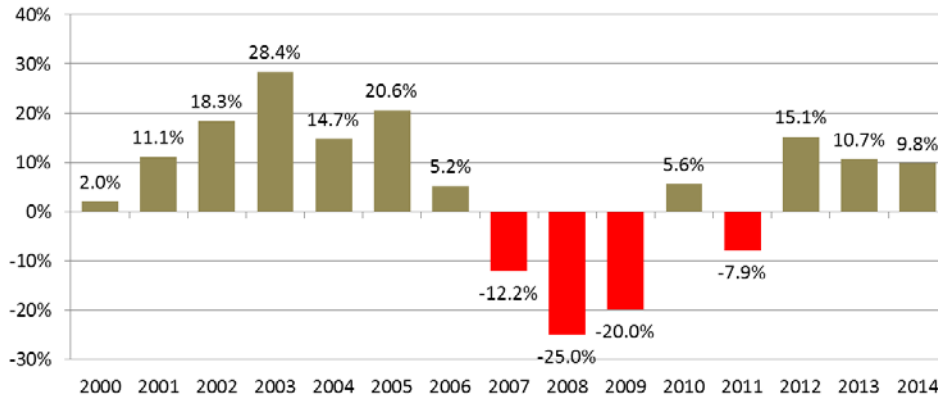
Figure 10: Units Sold in Culpeper County by Lot Size, 2014



Source: Metropolitan Regional Information Systems, Inc. (MRIS)

In contrast to closer-in areas of Northern Virginia Culpeper County remains a predominantly large-lot market. Among all homes sold in 2014, 54.0 percent were on lots of 1.00 acres or larger and 35.7 were on lots of at least 2.00 acres. Just 29.0 percent of sales were of small-lot homes on less than 0.25 acres.

Figure 11: Annual Change in Median Sale Price in Culpeper County, 2000-2014



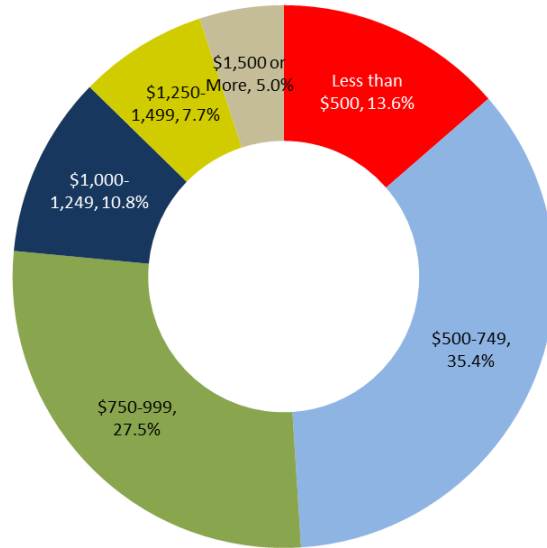
Source: RealEstate Business Intelligence, Inc. (RBI)

Median prices in Culpeper County have shown strong but steady increases over the past three years. From 2012 to 2014 the median price increase was between 10 and 15 percent each year. This is in contrast to the housing “bubble” years of the preceding decade, when unsustainable growth rates in excess of 20 percent were followed by sharp declines. In spite of the recent price increases, the 2014 median sale price in Culpeper County was still almost 25 percent below the 2006 peak of \$342,000.

Rental Housing Market

There are no commercial market reports available on Culpeper’s rental housing market, so data from the American Community Survey are used here. There are currently 4,478 renter occupied households in the County, with a rental vacancy rate of just 1.5 percent. The median rent for all renter households in the County over the 2011-2013 period was \$768.

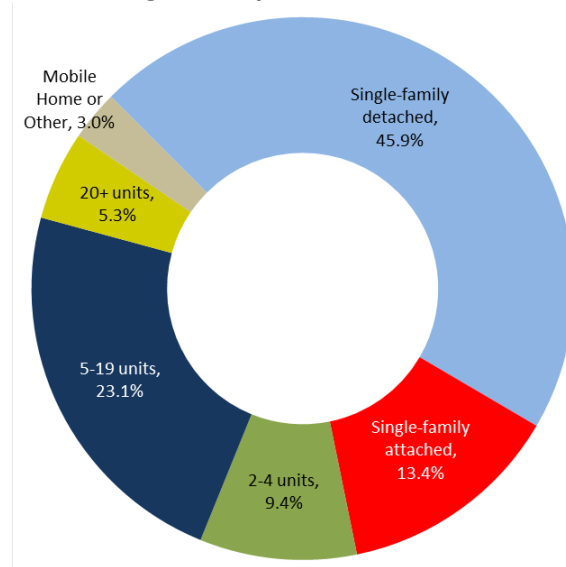
Figure 12: Contract Rent for Units in Culpeper County, 2011-2013 Averages



Source: American Community Survey, 3-year averages, 2011-2013

The majority of the rental units in Culpeper County (62.9 percent) rented in the range of \$500-999 per month. Less than 14 percent of the County’s units were rented at a rate below \$500 per month, and just 5.0 percent rented for more than \$1,500 per month. There were no units reported to be rented for more than \$2,000 per month.

Figure 13: Rental Housing Stock by Units in Structure, 2011-2013 Averages



Source: American Community Survey, 3-year averages, 2011-2013

More than 59 percent of the renter households in Culpeper County live in single-family units; most of these (45.9 percent) occupy single-family detached units. Most of the County's renters who occupy multifamily units live in buildings with 5-19 units. Just 5.3 percent of renters live in multifamily buildings of 20 or more units.

Summary: Housing Market Overview

Culpeper County's housing market is comprised of three very different groups: 1) local area workers; 2) commuters to Northern Virginia; and 3) seniors and retirees. Each of these groups has different needs and wants in regard to housing. While for-sale housing in Culpeper County is considerably less expensive than in closer-in areas of Northern Virginia, the County's market remains active at all price points. Culpeper's for-sale housing market is dominated by sales of single-family detached units on larger lots of 1.00 acres or more. The County's median sale price has shown strong and steady appreciation over the past three years, and does not appear to be as susceptible to a housing "bubble" as it was a decade ago.

The rental housing market in Culpeper County is generally a lower-cost market, and most of the existing rental stock is contained in single-family units. Most of the County's multifamily units are in buildings with 5-19 units; there are very few multi-family units in larger buildings with 20 or more units.

Future Housing Forecasts

Introduction and Methodology

This section presents forecasts of future housing demand in Culpeper County. These forecasts originate from a 2015 baseline and go out 25 years to 2040. For each five-year period during this time frame, forecasted housing demand is presented for rental and for-sale units by price range.

This set of forecasts is primarily employment driven and is based on employment forecasts prepared by IHS Economics, a leading national economic forecasting firm. Employment forecasts by major employment sector and five-year period to 2040 were assembled for Culpeper County and surrounding jurisdictions and these forecasts were then translated to future housing demand by applying the following assumptions:

- The commuting patterns of Culpeper residents will remain the same over time, so the shares of the resident workforce that commutes to each jurisdiction will remain constant to 2040—52 percent of residents will work in Culpeper, 12 percent in Fauquier, 11 percent in Fairfax, etc.;
- Real median earnings (not adjusted for inflation) for each jurisdiction and major employment sector will remain constant to 2040;
- The current ratio between employed residents and households in Culpeper County of 1.59 will increase steadily over time, and reach 1.68 by 2040. This takes into consideration the expected effects of the coupling/marriage of Millennials over the next two decades;
- The share of households that have at least one employed person will remain constant over time at about 83 percent; and
- The average household size will decrease steadily from its current level of 2.82 to 2.70 in 2040—this will be driven by lower fertility rates for married couples and by the continued in-migration of seniors (see below).

In addition to the employment-driven forecasts, additional demand is forecasted for the retiree market. Several assumptions are made regarding this market:

- Households are headed by a person aged 65 or older;
- No employed adults live in these households;
- The 65+ population's share of the in-migration rate will remain equal to its share from the 2011-2013 ACS data (7.8 percent of new in-migrants are aged 65+); and
- The share of owners and renters among the 65+ population will remain the same as it is now.

These forecasts of housing demand for rental and for-sale housing were then segmented by price point by making the following assumptions:

- The shares of homeowners and renters by income range will remain constant to 2040. For example, among households earning between \$50,000 and 74,999 per year, 74 percent own their homes and 26 percent are renters—these shares will continue to 2040;
- For households with more than one income, the second income in the household will be, on average, 60 percent as much as the first income;
- The maximum monthly housing payment that a household can afford is equal to 30 percent of its gross income;
- The monthly cost for a mortgage (principal, interest, taxes, and insurance, or PITI) or rent is equal to 75 percent of the total monthly housing costs to a household—the remainder is for utilities and related expenses;

- The mortgage (principal and interest only) represents about 80 percent of the total PITI for a typical homeowner;
- The average down payment amount for a household purchasing a home is 10 percent; and
- The average mortgage loan will be taken out with a 4.0 percent annual interest rate and a term of 30 years; and
- Households headed by a person aged 65+ will have more cash and/or equity on hand than other households, so they will be able to purchase or rent a more expensive home relative to income.

Using these assumptions housing demand was segmented into the following price ranges (all prices are in constant 2014 dollars):

For-Sale Housing (Sale Price)

Under \$200,000
 \$200,000-249,999
 \$250,000-299,999
 \$300,000-399,999
 \$400,000 or More

Rental Housing (Monthly Rent)

Under \$1,000
 \$1,000-1,249
 \$1,250-1,499
 \$1,500-1,999
 \$2,000 or More

Resident Employment Forecasts by Major Sector

The employment forecasts for the region by IHS Economics project a net increase of 745,000 jobs added in all of the areas where Culpeper residents commute to jobs between 2015 and 2040. This includes a net gain of about 14,000 jobs in Culpeper County, and 731,000 jobs in all other surrounding areas. Assuming that Culpeper County’s commuting patterns remain the same over time, this would translate to an increase of about 14,800 additional jobs for residents of Culpeper County (Table 2).

**Table 2: Net New Jobs by Sector for Culpeper Residents
 2015-2040, by 5-Year Period**

	2015-20	2020-25	2025-30	2030-35	2035-40	Totals
Construction, Nat. Res. & Mining	778	180	297	174	298	1,727
Manufacturing	0	0	0	0	0	0
Wholesale Trade	198	7	70	50	25	351
Retail Trade	90	29	17	31	22	189
Transportation, Warehousing, & Util.	35	8	70	63	77	254
Information	152	76	59	46	48	381
Financial Activities	9	132	120	110	120	490
Professional & Business Svcs	494	534	694	670	795	3,187
Educational & Health Svcs	987	1,107	1,230	1,063	1,397	5,784
Leisure & Hospitality	406	166	269	326	374	1,540
Other Services	243	14	75	118	173	624
Government	29	71	107	23	45	274
Net Job Growth per Period	3,420	2,326	3,009	2,672	3,374	14,802
Average per Year	684	465	602	534	675	2,960

Source: IHS Economics and GMU Center for Regional Analysis

Table 3: Forecasted Employment Growth and Median Wage by Employment Sector

Sector	Employment Change, 2015-2040		Median Wage, 2013	
	Net Change	Share of Growth	DC/No. VA	Other VA
Construction, Nat. Res. & Mining	1,727	11.7%	\$67,463	\$48,732
Manufacturing	0	0.0%	\$75,605	\$54,401
Wholesale Trade	351	2.4%	\$90,591	\$71,846
Retail Trade	189	1.3%	\$30,655	\$26,512
Transportation, Warehousing, & Util.	254	1.7%	\$50,470	\$47,221
Information	381	2.6%	\$108,570	\$86,161
Financial Activities	490	3.3%	\$91,937	\$71,945
Professional & Business Svcs	3,187	21.5%	\$94,047	\$79,797
Educational & Health Svcs	5,784	39.1%	\$51,315	\$44,948
Leisure & Hospitality	1,540	10.4%	\$24,097	\$18,072
Other Services	624	4.2%	\$60,241	\$38,690
Government	274	1.9%	\$98,072	\$53,001
Net Job Growth per Period	14,802	100.0%		

Source: IHS Economics, Bureau of Labor Statistics, and GMU Center for Regional Analysis

Future job growth for Culpeper residents will be concentrated in a few employment sectors. The top four sectors—Professional & Business Services, Educational & Health Services, Construction, and Leisure & Hospitality—are expected to account for 83 percent of all job growth to 2040. Professional & Business Services, the top sector in terms of forecasted job growth, is also among the highest paying: the median wage for such jobs in the Washington/Northern Virginia area is in excess of \$94,000 and the median wage in other parts of Virginia is nearly \$80,000. The other sectors that will account for future employment growth are not generally high-paying, particularly Leisure & Hospitality, which has the lowest wages of any sector.

Total Housing Demand Forecasts

Table 4 displays forecasts for housing demand in Culpeper County by source and whether it is for ownership or rental housing.

Table 4: Housing Demand Forecasts in Culpeper County by Five-Year Period, 2015-2040

	2015-20	2020-25	2025-30	2030-35	2035-40	Totals
Demand from Employed Residents						
Owner Occupied Housing	1,632	1,141	1,465	1,286	1,623	7,146
Rental Housing	520	322	428	395	500	2,163
<i>Subtotal</i>	<i>2,151</i>	<i>1,463</i>	<i>1,893</i>	<i>1,681</i>	<i>2,122</i>	<i>9,309</i>
Demand from Senior Population						
Owner Occupied Housing	148	100	130	115	146	640
Rental Housing	34	23	30	27	34	149
<i>Subtotal</i>	<i>182</i>	<i>124</i>	<i>160</i>	<i>142</i>	<i>180</i>	<i>789</i>
Total Demand						
Owner Occupied Housing	1,779	1,242	1,595	1,401	1,768	7,786
Rental Housing	554	345	458	422	534	2,312
Total Demand	2,333	1,587	2,053	1,823	2,302	10,098
<i>Demand per Year</i>	<i>467</i>	<i>317</i>	<i>411</i>	<i>365</i>	<i>460</i>	<i>404</i>

Source: GMU Center for Regional Analysis

In total there will be demand for 10,098 new housing units in Culpeper County between 2015 and 2040, an average of 404 new units per year. This would represent an increase of about 57 percent above the existing housing stock of 17,803 units. About 9,300 units will be needed to house working individuals and families—this represents 92 percent of future demand. About 800 units will be needed to house seniors/retirees over the next 25 years.

An estimated 7,786 units (77 percent) of new housing in Culpeper will need to be for homeowners, compared with 2,312 units for renters. This breakdown does not necessarily correlate directly with housing units types, as some owner units could be townhouses or condominiums, and some rental units could be single-family detached units.

The amount of demand is expected to fluctuate throughout the 25-year period, as employment growth will be uneven over time. The next five years, from 2015 to 2020, are actually expected to have the greatest housing need, with an average of 467 units per year needed to meet demand. Growth is then expected to be significantly slower from 2020 to 2025, but will resume in the following years.

Housing Demand Forecasts by Price Point

Table 5 displays forecasts for owner and rental housing demand in Culpeper County by price point.

Table 5: Housing Demand in Culpeper County by Price Point, 2015-2040

	2015-20	2020-25	2025-30	2030-35	2035-40	Totals	Share
Owner Occupied Housing							
Under \$200K	332	106	165	210	257	1,070	10.6%
\$200-250K	762	595	733	603	810	3,503	34.7%
\$250-300K	135	49	102	51	87	423	4.2%
\$300-400K	153	132	189	152	164	790	7.8%
\$400K+	398	360	406	386	449	2,000	19.8%
<i>Subtotal</i>	<i>1,779</i>	<i>1,242</i>	<i>1,595</i>	<i>1,401</i>	<i>1,768</i>	<i>7,786</i>	<i>77.1%</i>
Rental Housing							
Under \$1,000	195	65	101	131	153	645	6.4%
\$1,000-1,249	238	197	241	195	270	1,141	11.3%
\$1,250-1,499	29	13	29	20	20	109	1.1%
\$1,500-1,999	38	19	26	20	24	127	1.3%
\$2,000+	55	51	61	56	67	290	2.9%
<i>Subtotal</i>	<i>554</i>	<i>345</i>	<i>458</i>	<i>422</i>	<i>534</i>	<i>2,312</i>	<i>22.9%</i>
Total Demand	2,333	1,587	2,053	1,823	2,302	10,098	100.0%

Source: GMU Center for Regional Analysis

There will be significant amounts of demand for housing in Culpeper County at multiple price points, though demand will be most concentrated at the lower and upper ends of the price scale. The largest amount of demand (4,573 units, 45.3 percent of total) will be for owner occupied units priced below \$250,000. There will also be significant demand for high-end owner occupied housing priced above \$400,000: 2,000 units, or 19.8 percent of demand.

Most demand for rental units in Culpeper will be for units with rents below \$1,250 per month. About 77 percent of rental demand will fall in this price range. There will be some demand for luxury rental housing priced above \$2,000 though.

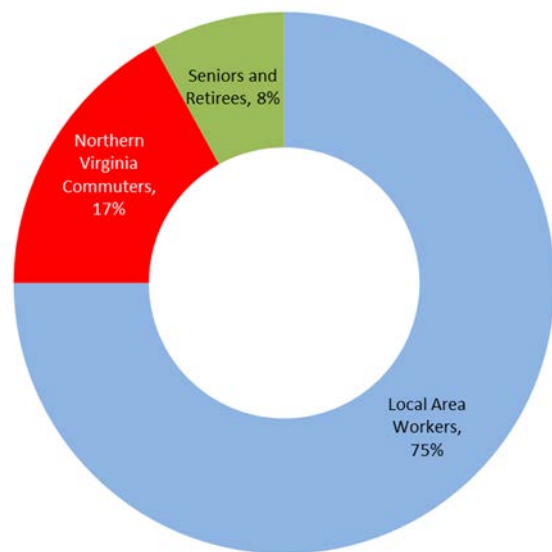
Summary of Future Housing Needs

The character of the housing needed in Culpeper County over the next 25 years will reflect the diverse and evolving makeup of the families and individual residents who do—and will—make their homes in the County. The current population of Culpeper County is already mismatched with its housing stock: while 78 percent of existing units are single-family detached homes, just 22 percent of households are “traditional” families of two married adults with children living at home. The housing that will be added in the County to 2040 will need to address this growing mismatch.

The future housing market in Culpeper County will need to respond to the distinct needs of three different types of households:

1. **Local area workers:** These households typically have annual incomes of no more than \$60,000 and their occupants live in Culpeper because they have jobs in the local area. Most of these households will only be able to afford for-sale housing units priced below \$250,000 or rental units with lease rates below \$1,250 per month. This segment is the most likely to be willing to live in smaller-lot homes, townhomes, multi-family units, or other “nontraditional” housing types. *This segment represents about 75 percent of future demand.*
2. **Northern Virginia commuters:** These households have at least one worker who is employed in the US-29/I-66 corridor, and typically have annual incomes in the range of \$100,000. These households will be seeking newer homes on lots of at least 0.25 acres, and will choose Culpeper if they cannot afford such homes in locations closer to their jobs. With homes in Culpeper that meet this description currently available for as little as \$300,000, these residents can be described by the phrase “drive ‘til you qualify.” *This segment represents about 17 percent of future demand.*
3. **Seniors and retirees:** Culpeper County is, and will remain, a moderately priced market with small town charm located in reasonably close proximity to the Washington, DC region. These factors have already helped make the County an attractive destination for older adults and, with the Baby Boomer generation now reaching retirement age, Culpeper will become even more attractive to this market. The types of housing that appeal to seniors and retirees will vary depending on where future homebuyers live now. Those who already live nearby will mostly be looking to trade down their older units for newer, smaller units priced below \$250,000. Those who are selling more expensive homes in more urban locations will likely come to Culpeper seeking homes priced at \$300,000 or more. *This segment represents about 8 percent of future demand.*

Figure 14: Sources of Future Housing Demand in Culpeper County

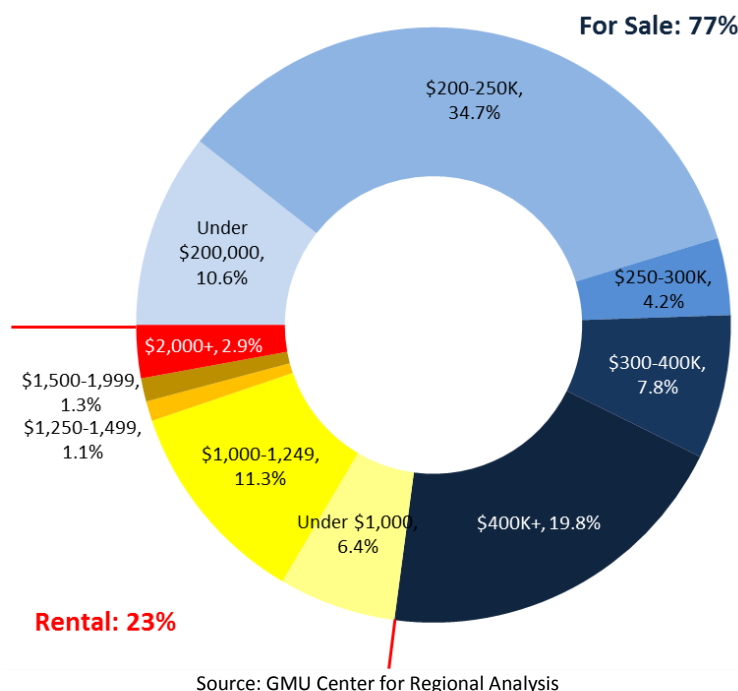


Source: GMU Center for Regional Analysis

Forecasts for future growth in these market segments will drive demand for an average of 404 new housing units each year between 2015 and 2040, or a total of about 10,100 units over the next 25 years. This would represent a 57 percent increase in the County’s overall housing stock from its current base of about 17,800. Although this pace of housing growth is greater than the trend of the past few years, it is actually well below the 15-year trend: between 2000 and 2014 the average number of permits for new housing units in Culpeper County was 518.

Figure 15 displays future demand for housing in Culpeper County by tenure (for-sale vs. rental) and price point. These forecasts are predicated on expectations of household profile, future income levels, and housing type preferences for the three segments that comprise the County’s housing market.

Figure 15: Sources of Future Housing Demand in Culpeper County, 2015-2040
All Figures in Current (2014) Dollars



More than three-quarters of future demand for housing in Culpeper County will originate from those seeking for-sale housing. The majority of for-sale demand will be for units priced below \$250,000 (in 2015 dollars), with the largest market segment being for units in the \$200,000-250,000 range (34.7 percent of total housing demand). There will also be significant demand for high-end, for-sale housing priced above \$400,000; this accounts for 19.8 percent of total future demand. There will only be a modest amount of demand for mid-range housing priced between \$250,000 and \$400,000.

The future market for rental housing in Culpeper County will be more geared towards lower cost housing. More than three-quarters of the demand for rental housing will be for units with rents below \$1,250 per month, and the dominant market segment will be the \$1,000-1,249 range. There will be a modest amount of demand (2.9 percent of all units) for luxury rentals in excess of \$2,000 and very little demand for units priced in the \$1,250-1,999 range.

These forecasts point to a future housing market in Culpeper County that continues to shift towards having two distinct levels. One level will be for moderately-priced units selling for less than \$250,000 or renting for less than \$1,250, that serve individuals and families who earn their livings in or around Culpeper. The other will be for a high-end housing market with homes priced above \$400,000 that appeal to who are willing to commute to Northern Virginia and affluent retirees. There will be little demand for housing serving either the mid-range housing market (\$250,000-399,999) or the high-end rental market (above \$1,250).