5th District
Footprint

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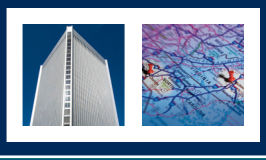


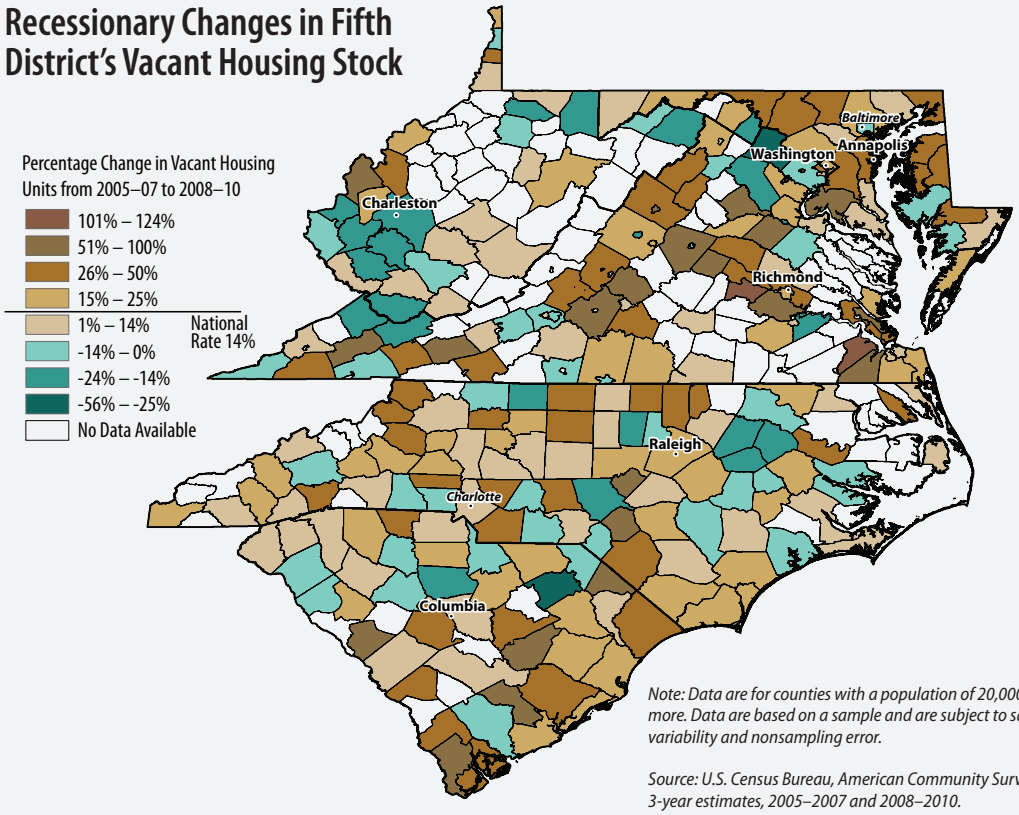
Vacant Housing and the Great Recession

The foreclosure crisis has resulted in an unprecedented number of vacant properties. In the second quarter of 2011, there were roughly 2 million vacant homes for sale in the U.S.[1] Over a quarter of the homes were real estate owned (REO) properties whose ownership passes to a lender after a foreclosure. The large stock of vacant housing is seen as a barrier to housing market recovery. Vacant properties increase the supply of available houses, putting downward pressure on prices. Foreclosures, in particular, have been found to depress local property prices.[2]

Estimates of the stock of vacant housing for this issue come from the U.S. Census Bureau's American Community Survey.[3] The map shows the percentage change in the number of vacant housing units pre- (2005–07) and postrecession (2008–10) across counties in the Fifth District states.[4] Of the counties included in the dataset, nearly three-fourths experienced an increase in their vacant housing stock, over a quarter experienced a decrease, and less than one percent reported no change.

Some of the largest increases in vacant housing happened in rural areas. For example, Jasper County, SC, Powhatan County, VA, and Isle of Wight, VA, doubled their vacant housing stock. In absolute terms, Horry County, SC, had the largest postrecession vacant housing stock. Its stock reached nearly 71,000 units, a 35 percent increase from the prerecession period. Vacation homes make up some part of the stock because the county is home to Myrtle Beach and other ocean-side communities.

Recessionary Changes in Fifth District's Vacant Housing Stock



Note: Data are for counties with a population of 20,000 or more. Data are based on a sample and are subject to sampling variability and nonsampling error.

Source: U.S. Census Bureau, American Community Survey, 3-year estimates, 2005–2007 and 2008–2010.

Vacant housing is included in a county's total housing stock and the most prevalent pattern across the District was an increase in both total and vacant housing.[5] For example, Dorchester County, SC, reported a total and vacant housing increase of 20 and 55 percent, respectively, between the pre- and postrecession periods. However, in other counties, such as Fairfax County, VA, vacant housing declined despite an increase in total housing. Finally, a few counties across West Virginia and Virginia experienced a decline in both total and vacant housing. The most severe declines occurred in McDowell County, WV, a county that has grappled with persistent poverty. It faced 15 and 21 percent declines, respectively, in its total and vacant housing stock. The decline in total housing units could have stemmed from demolition as well as the deterioration of existing vacant structures.

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1. *Duke (2011), "Rebalancing the Housing Market" Remarks at the Federal Reserve Board Policy Forum: "The Housing Market Going Forward: Lessons Learned from the Recent Crisis."*
2. *Lee (2008), "Foreclosure's Price-Depressing Spillover Effects on Local Properties: A Literature Review," FRB Boston Community Affairs Discussion Paper 2008-01.*
3. *http://www.census.gov/acs/www/*
4. *We use three-year rather than one-year estimates because the former provide data for a larger number of counties.*
5. *In the American Community Survey, total housing units are the sum of occupied and vacant housing units. A vacant unit must be intended for occupancy. Units that are condemned, slated for demolition or whose interiors are not protected from the elements are no longer counted as vacant.*