

Virginia

HOME SALES
REPORT

JANUARY 2020

Virginia Home Sales Report

January 2020

Summary

Economic Conditions

- Virginia added 45,600 new jobs over the 12-month period ending in December 2019. Growth broadly across several economic sectors is a positive sign for the State's economy going into 2020.
- Mortgage rates continue to fall. At 3.47%, the 30-year fixed-rate mortgage rate in the 2nd week of February was nearly a percentage point lower than a year ago.

Housing Market Conditions

- In January 2020, there were 6,718 total sales across Virginia, an increase of 2.0% over a year ago. The Central and Hampton Roads regions experienced strong sales growth, while markets in the Northern region saw the number of transactions decline.
- The statewide median sales price in January 2020 was \$280,000, an increase of 1.8% compared to January 2019. The fastest price appreciation in January was in the Southwest, West Central, and Hampton Roads regions.
- At the end of January, there were an estimated 28,539 active listings statewide, which is about 10,000 fewer listings than a year ago.

Virginia REALTORS® Market Report Key Takeaways

- Consumer confidence has rebounded in January, though expectations about future economic conditions can fluctuate from month to month as a result of economic and political uncertainties.
- Despite strong price growth for several years, there are no signs of a “housing bubble” in Virginia. Instead, price appreciation is due to strong demand for housing and low inventories of both existing and new homes available for sale.
- Mortgage rates should remain low and housing demand will be high in 2020. A lack of inventory and housing affordability will be the biggest challenges to the housing market in the months to come.

Summary of Virginia's Housing Market Trends & Conditions

	Jan-19	Jan-20	Change	% Change	YTD 2019	YTD 2020	Change	% Change
Sales	6,589	6,718	129	2.0%	6,589	6,718	129	2.0%
Median Home Price (\$)	275,000	280,000	5,000	1.8%	275,000	280,000	5,000	1.8%
Sales Volume (\$ billions)	2.2	2.6	0.3	15.1%	2.2	2.6	0.3	15.1%
Average Days on Market	64	56	-8.0	-12.5%	64	56	-8.0	-12.5%
Pending Sales	8,287	8,003	-284	-3.4%	8,287	8,003	-284	-3.4%
New Listings	11,685	11,945	260	2.2%	11,685	11,945	260	2.2%
Active Listings (end of the month)*	38,792	28,539	-10,253	-26.4%	38,792	28,539	-10,253	-26.4%
Months of Supply*	3.8	2.7	-1.1	-29.1%	3.8	2.7	-1.1	-29.1%

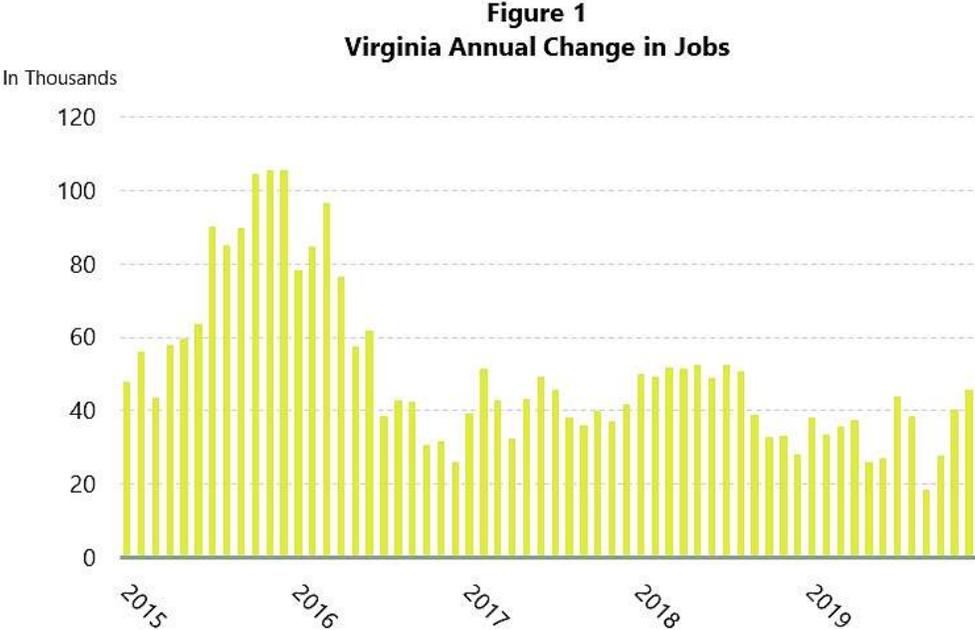
Source: Virginia REALTORS®, data accessed February 16, 2020

*YTD figures are averages of month-end data over the year.

Economic Overview

Virginia’s economy, overall, continues to perform very well. The outlook for continued strong job growth statewide is good, which will support strong housing demand in many local markets throughout the Commonwealth.

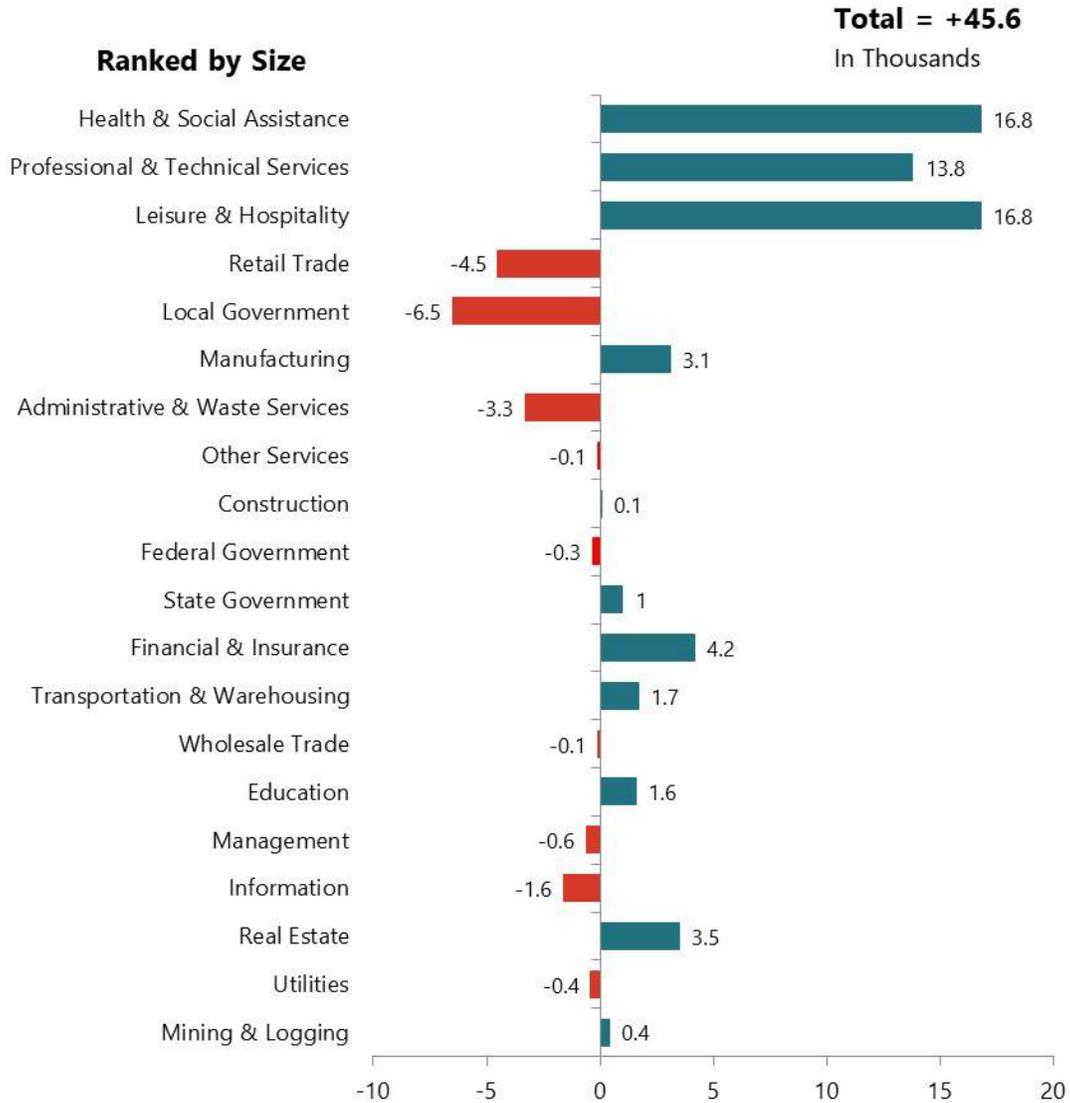
Between December 2018 and December 2019 (the latest data available), Virginia added an estimated 45,600 new jobs. The pace of job growth accelerated somewhat at the end last year, though employers still face challenges filling open positions.



Source: U.S. Bureau of Labor Statistics Not Seasonally Adjusted

In December, there continued to be strong growth in the State’s three largest sectors— Health Care & Social Assistance (+16,800 jobs), Professional & Technical Services (+13,800 jobs), and Leisure & Hospitality (+16,800 jobs) sectors. The State’s Manufacturing (+3,100 jobs) and Finance and Insurance (+4,200 jobs) also had positive job growth between December 2018 and December 2019. This broad-based job growth is a positive sign for Virginia’s economy heading into 2020.

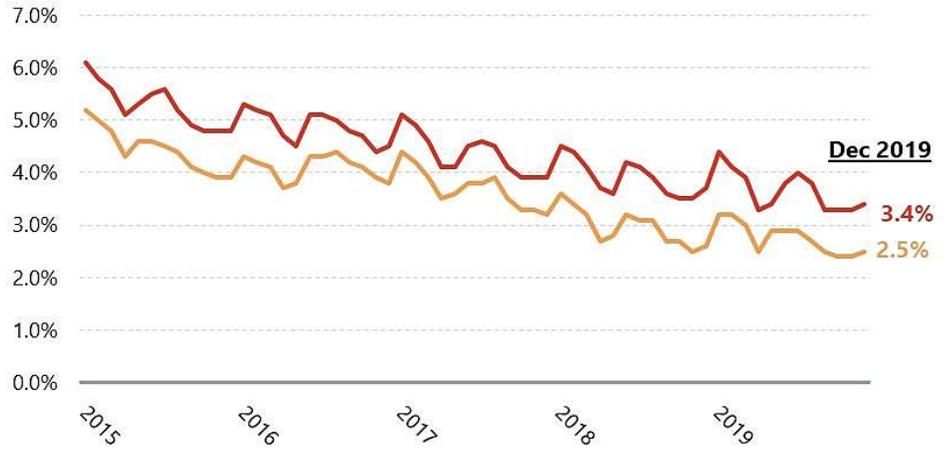
Figure 2
Virginia Job Change by Industry
December 2018 - December 2019



Source: U.S. Bureau of Labor Statistics, Not Seasonally Adjusted

The State's unemployment rate was 2.5% in December, unchanged from November and lower than a year prior. Statewide, the unemployment rate was 3.4% in December. Continued low unemployment rates are a sign of a strong economy, but also indicate a lack of available workers.

Figure 3
Unemployment Rate

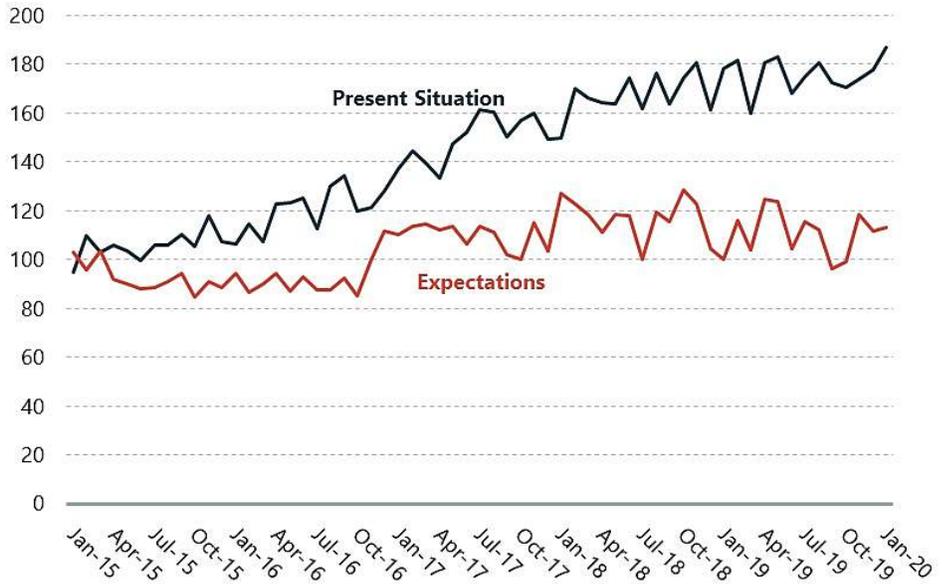


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Despite concerns that consumer confidence was weakening at the end of 2019, signs are positive in January. The consumer confidence index of present conditions was 186.9 in January 2020, while the future index was 113.1.

(A measure above 100 generally indicates optimism.) Expectations about the economy are very important to the strength of the housing market and can change quickly from month to month, given news about the global economy and the national political situation.

Figure 4
Consumer Confidence
South Atlantic Region



Source: The Conference Board

In the 2nd week of February, the 30-year fixed rate mortgage rate was 3.47%, down from a month ago and nearly a percentage point lower than in February 2019. There are no indicators that mortgage rates will rise significantly in the coming months, with 30-year fixed rates likely remaining at or below 4%. While these low interest rates are attractive for potential homebuyers, they have also fueled significant refinancing activity over the past two years. An increase in refinancing activity is leading to people staying in their homes longer, which likely has been one driver of the historically low inventory levels in Virginia.

Figure 5
Mortgage Interest Rates
Weekly, Not Seasonally Adjusted

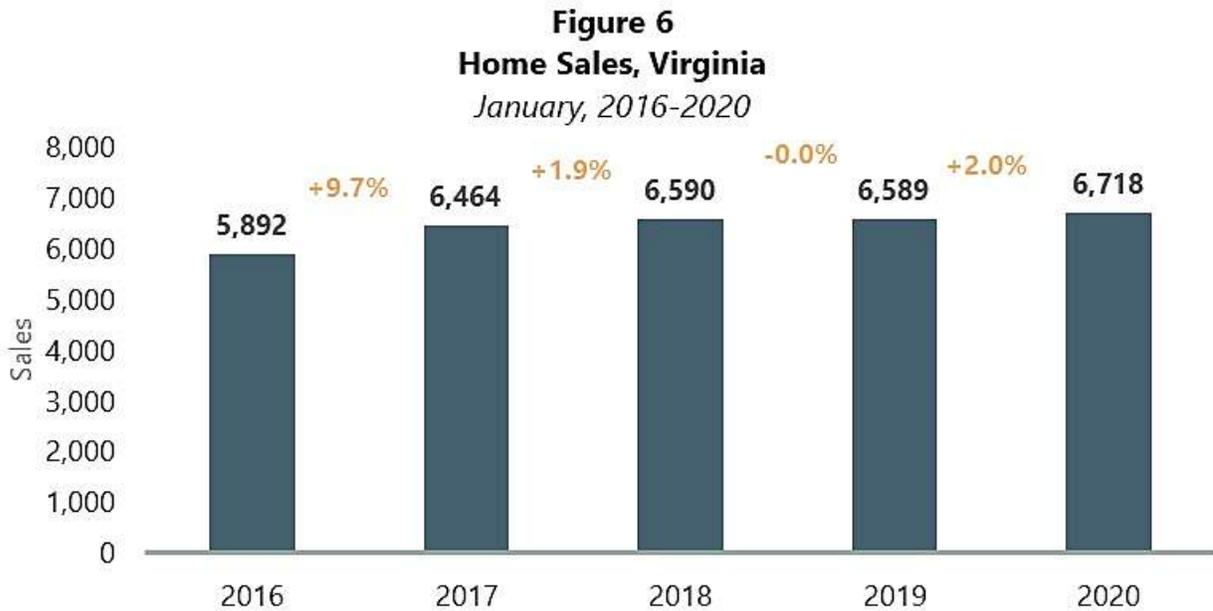


Source: Federal Reserve Bank of St. Louis

Housing Market Overview

Sales

January tends to be a relatively slow month for sales activity each year. There were 6,718 total sales statewide in January 2020, up 2.0% from a year ago. The pace of sales growth has been modest over the past couple of years, reflecting a lack of supply which continues to frustrate potential buyers.

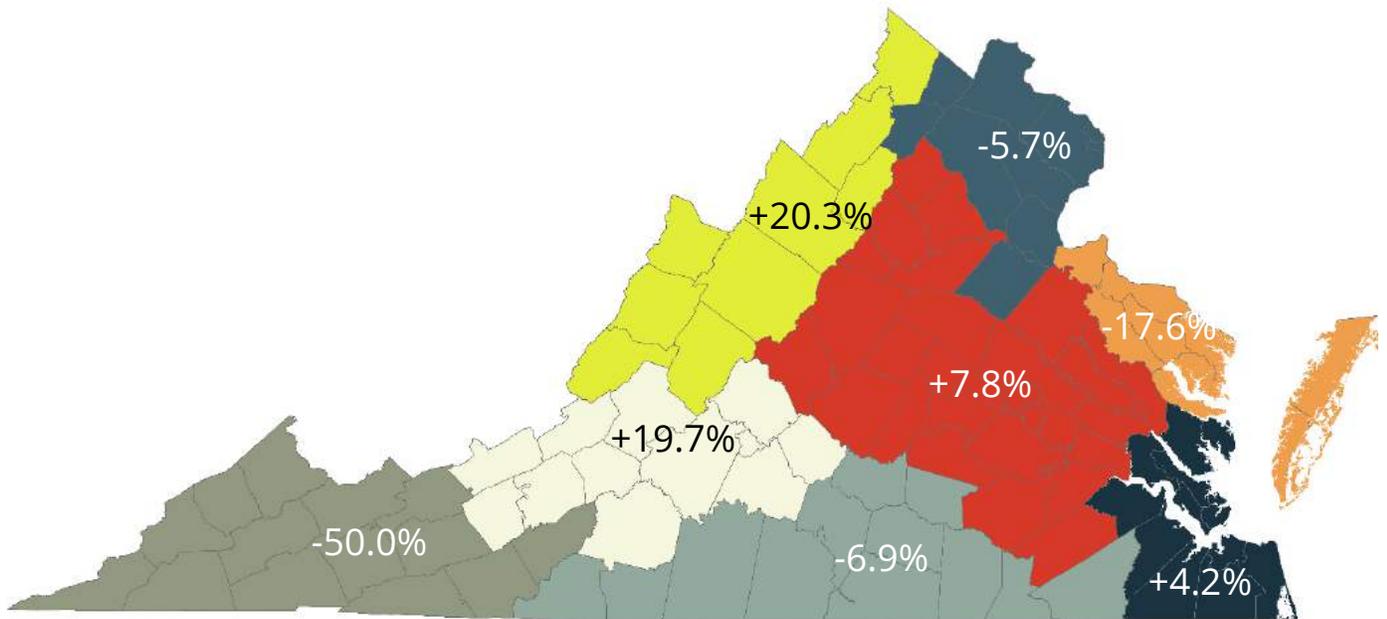


Source: Virginia REALTORS®, data accessed February 16, 2020

There were several regions across the Commonwealth where sales were down in January, including the State's largest region, the Northern region, where the number of sales declined 5.7% in January 2020 compared to January 2019. However, in the State's 2nd and 3rd largest regions, sales were up, with a 7.8% increase in the Central region and a 4.2% increase in the Hampton Roads region. The slowdown in sales activity in markets in Virginia's Northern region have been driven by significant drops in inventory and rising affordability challenges.

Sales activity was up in the Valley and West Central regions of the State in January, though the number of sales was down in the Eastern, Southside, and Southwest areas of the State.

Figure 7
Change in Sales by Region
January 2019 to January 2020



<i>Region</i>	<i>Jan-19</i>	<i>Jan-20</i>	<i>% Change</i>	YTD 2019	YTD 2020	<i>% Change</i>
Central	1,422	1,533	7.8%	1,422	1,533	7.8%
Eastern	125	103	-17.6%	125	103	-17.6%
Hampton Roads	1,579	1,645	4.2%	1,579	1,645	4.2%
Northern	2,390	2,253	-5.7%	2,390	2,253	-5.7%
Southside	130	121	-6.9%	130	121	-6.9%
Southwest	100	50	-50.0%	100	50	-50.0%
Valley	360	433	20.3%	360	433	20.3%
West Central	483	578	19.7%	483	578	19.7%
All of Virginia	6,589	6,718	2.0%	6,589	6,718	2.0%

Source: Virginia REALTORS®, data accessed February 16, 2019

Home Prices

The median price of homes sold in Virginia in January 2020 was \$280,000, an increase of 1.8% over January 2019. At the State level, home prices have been increasing steadily since 2012, reflecting strong demand and declining inventories. The overall price gain for the State was modest in January, likely because of a shift to more sales in lower-priced markets throughout the State.

Figure 8
Median Sale Price, Virginia
January, 2016-2020

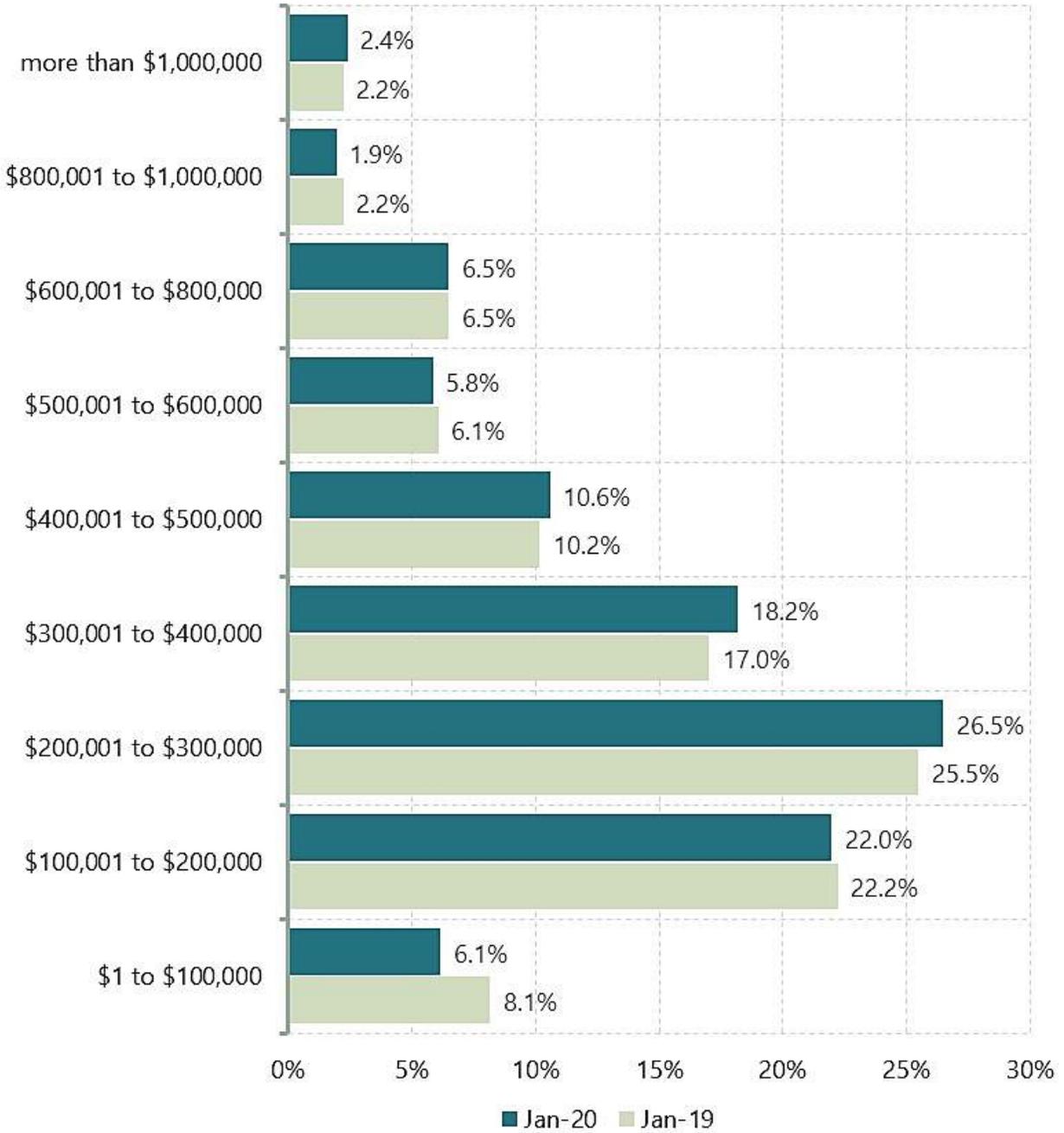


Source: Virginia REALTORS®, data accessed February 16, 2020

About 28% of the homes sold in Virginia in January 2020 sold for \$200,000 or less. More than a quarter (26.5%) had prices between \$200,001 and \$300,000. The fastest growing segment of the market in January was homes priced between \$300,001 and \$400,000, with sales in this price band increasing by 8.9% compared to 2.0% growth in sales overall. The share of higher-priced homes (\$600,000 or higher) remained fairly steady in January 2020, at about 11% of the total market statewide.

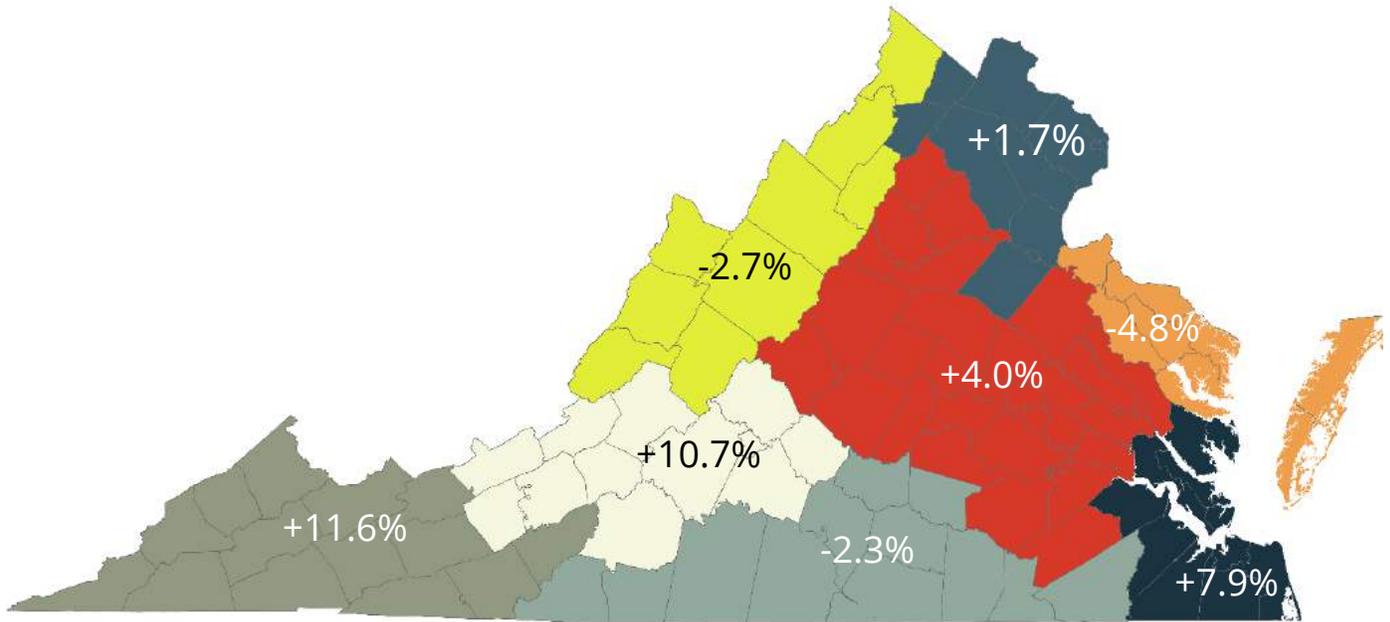
There was a lot of variation in price appreciation across the State. The fastest price growth between January 2019 and January 2020 was in the Southwest (+11.6%) and West Central (+10.7%) regions. There was also robust price growth in the Hampton Roads region, where the median sales price increased by 7.9%. Median sales prices were down in the Eastern, Southside, and Valley regions in January.

Figure 9
Sold Prices by Price Range, Virginia
January, 2016-2020



Source: Virginia REALTORS®, data accessed February 16, 2020

Figure 10
Change in Median Sales Price by Region
January 2019 to January 2020



<i>Region</i>	<i>Jan-19</i>	<i>Jan-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	246,750	256,500	4.0%	246,750	256,500	4.0%
Eastern	212,000	201,900	-4.8%	212,000	201,900	-4.8%
Hampton Roads	222,000	239,500	7.9%	222,000	239,500	7.9%
Northern	420,000	427,250	1.7%	420,000	427,250	1.7%
Southside	124,900	122,000	-2.3%	124,900	122,000	-2.3%
Southwest	125,000	139,500	11.6%	125,000	139,500	11.6%
Valley	216,500	210,700	-2.7%	216,500	210,700	-2.7%
West Central	174,950	193,750	10.7%	174,950	193,750	10.7%
All of Virginia	275,000	280,000	1.8%	275,000	280,000	1.8%

Source: Virginia REALTORS®, data accessed February 16, 2019

Sold Volume

In January 2020, the total sold dollar volume in Virginia was \$2.2 billion, an increase of 15.1% over a year ago. The increase in sold volume is due to increases in both the number of sales transactions and the median sales price statewide. However, growth in total sold volume also reflects variations year-to-year in the local markets with the strongest sales activity.

Figure 11
Sold Dollar Volume, Virginia
January, 2016-2020

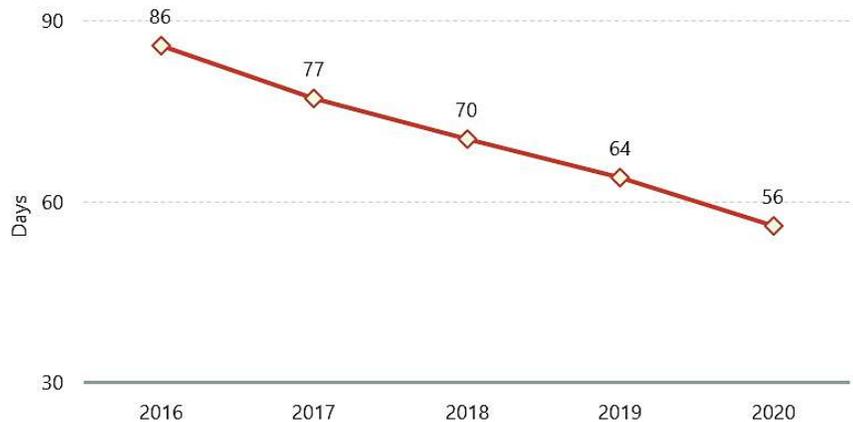


Source: Virginia REALTORS®, data accessed February 16, 2020

Days on Market

Homes in Virginia continue to sell more quickly, with the January average days on market at 56 days, which is more than a week faster than a year ago. Homes sold faster in all regions across the Commonwealth, with the exception of the Central region, where the average days on market increased slightly in January. Homes sold significantly more quickly in the Southside, Southwest, Valley, and West Central regions.

Figure 12
Average Days on Market, Virginia
January, 2016-2020



Source: Virginia REALTORS®, data accessed February 16, 2020

Figure 13
Change in Average Days on Market by
Region

January 2019 to January 2020

<i>Region</i>	<i>Jan-19</i>	<i>Jan-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>Change</i>
Central	55	57	2	55	57	2
Eastern	166	156	-10	166	156	-10
Hampton Roads	66	59	-7	66	59	-7
Northern	46	38	-8	46	38	-8
Southside	175	129	-46	175	129	-46
Southwest	171	145	-26	171	145	-26
Valley	87	67	-21	87	67	-21
West Central	79	59	-20	79	59	-20
All of Virginia	64	56	-9	64	56	-9

Source: Virginia REALTORS®, data accessed February 16, 2019

Pending Sales

Pending sales are the number of homes that went under contract in a given month but did not yet go to closing. Trends in pending sales can be a leading indicator for future home sales one or two months out. In January, there were 8,003 pending sales, down 284, or 3.4%, from January 2019. The January decline in pending sales follows a similar decline in December, which could preface somewhat slower closed sales in February.

New Listings

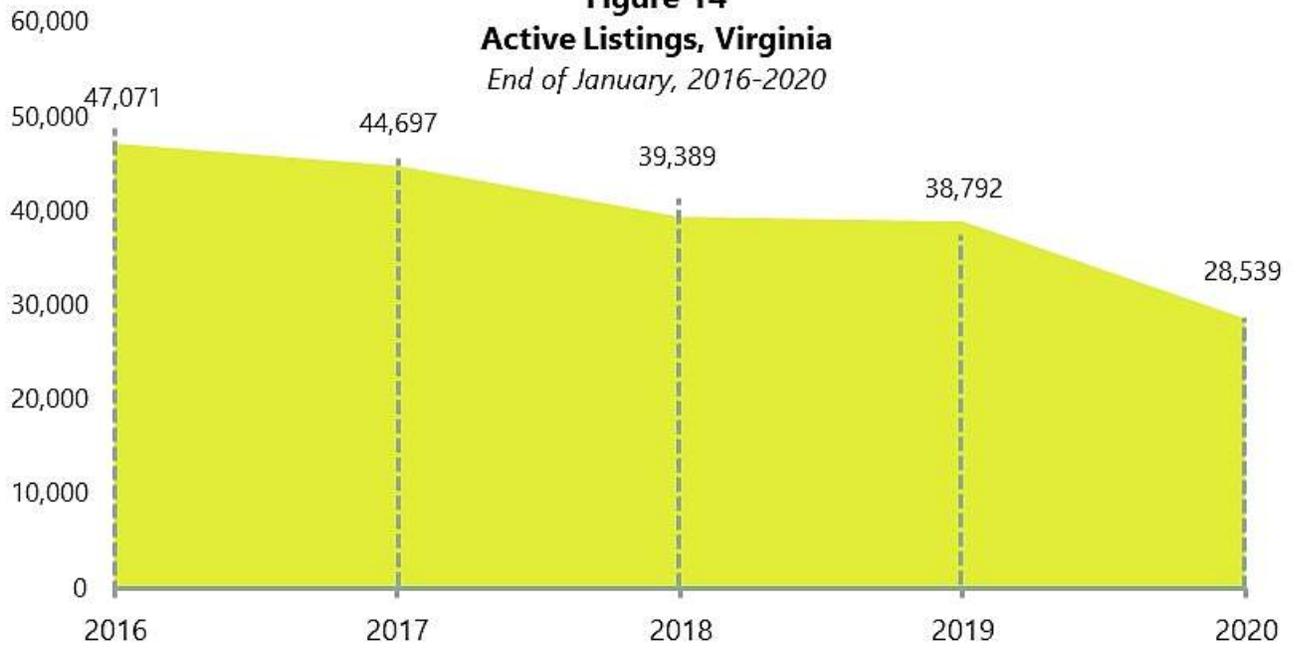
There were 11,945 new listings posted in January 2020, which is up 260 listings, or 2.2%, compared to January 2019. While an increase in new listings is a positive sign, homes are selling more quickly statewide, so inventories continue to be drawn down at faster and faster rates.

Active Listings

The availability of homes for sale has shrunk considerably in Virginia over the past five years, and that trend continues into 2020. At the end of January 2020, there was a total of 28,538 active listings across the Commonwealth, more than 10,000 fewer than a year ago, a decline of 26.4%. The available inventory at the end of January is just about 60% of the level available four years ago, at the end of January 2016.

Figure 14
Active Listings, Virginia

End of January, 2016-2020



Source: Virginia REALTORS®, data accessed February 16, 2020

Figure 15
Months of Supply, Virginia

End of January, 2016-2020



Source: Virginia REALTORS®, data accessed February 16, 2020

Growth in sales and declining inventories have led to a substantial drop in the months of supply, which are now at historically low levels for the State. At the end of January 2020, there was an estimated 2.7 months of supply statewide, down from 3.8 months of supply a year ago. In some local markets, such as the City of Falls Church, Prince William County, and the City of Harrisonburg, the months of supply is below one.

The months of supply statistic is calculated by taking the average monthly sales over the preceding 12-month period and dividing it by the inventory of active listings. Historically, a supply below five or six months has tended to favor sellers rather than buyers. While there are variations across the state, both in terms of inventory and months of supply, most markets continued to be very soundly sellers' markets.

Outlook

Economic conditions in Virginia continue to be good, which will create strong demand for housing into 2020. Low mortgage rates will continue throughout the Spring, making homebuying attractive *if* potential buyers can find a home. Therefore, the biggest challenge in 2020 will continue to be a lack of inventory. In the State's largest markets in the Northern region, inventory levels have fallen to record low levels, with some potential sellers holding off on listing their homes to take advantage of anticipated new demand spurred on by hiring at Amazon's HQ2 in Arlington. How homeowners in Northern Virginia react as HQ2 ramps up hiring will be a key component of inventory levels and sales activity. However, it is expected that inventory will remain low across most local markets, at least through the first part of 2020. As a result, prices will continue to rise and the number of sales will grow modestly.



The Virginia REALTORS® association is one of the largest professional trade associations in Virginia, representing 35,000 REALTORS® engaged in the residential and commercial real estate business. The Virginia REALTORS® association serves as the advocate for homeownership and private property rights and represents the interests of real estate professionals and property owners in the Commonwealth of Virginia.

NOTE: The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict code of ethics.

All inquiries regarding this report may be directed to:

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Data and analysis provided by Virginia REALTORS® Chief Economist, Lisa Sturtevant, PhD.

The numbers reported here are preliminary and based on current entries into multiple listing services. Over time, data may be adjusted slightly to reflect increased reporting. Information is sourced from multiple listing services across Virginia and is deemed reliable, but not guaranteed.