

# Virginia

HOME SALES  
REPORT

**JANUARY** 2019

# Virginia Homes Sales Report

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## January 2019

### Summary

#### Economic Conditions

- Job growth has been on an upswing in Virginia, and economic growth has been experienced broadly across most sectors of the economy. Even as consumer confidence declined slightly, low unemployment and steady employment expansion in the Commonwealth suggest a healthy economy.
- Despite forecasts of interest rate increases in 2019, the average 30-year fixed mortgage rate has decreased in the first part of the year.

#### Housing Market Conditions

- Home sales continued to decline throughout the state, evidence of a broader cooldown in the housing market rather than specific localized slowdowns. At this point, the slowdown in sales activity seems to reflect declining consumer confidence rather than negative economic fundamentals in the state.
- Even as sales activity slows somewhat, home prices in Virginia continue to increase at a consistent rate. This trend is being driven by steady job growth and low unemployment, as well as continued low levels of inventories in most markets.
- The average days on market metric continues to drop, reflecting the tight supply of active listings which has been driving the average downward over the past several years. There is early evidence this trend could be shifting in Northern Virginia, where there has been an uptick on the average days on market for the past 2 months.

#### Virginia Realtors® Market Report Key Takeaways

The Virginia economy continues to perform well with no signs of impending recession.

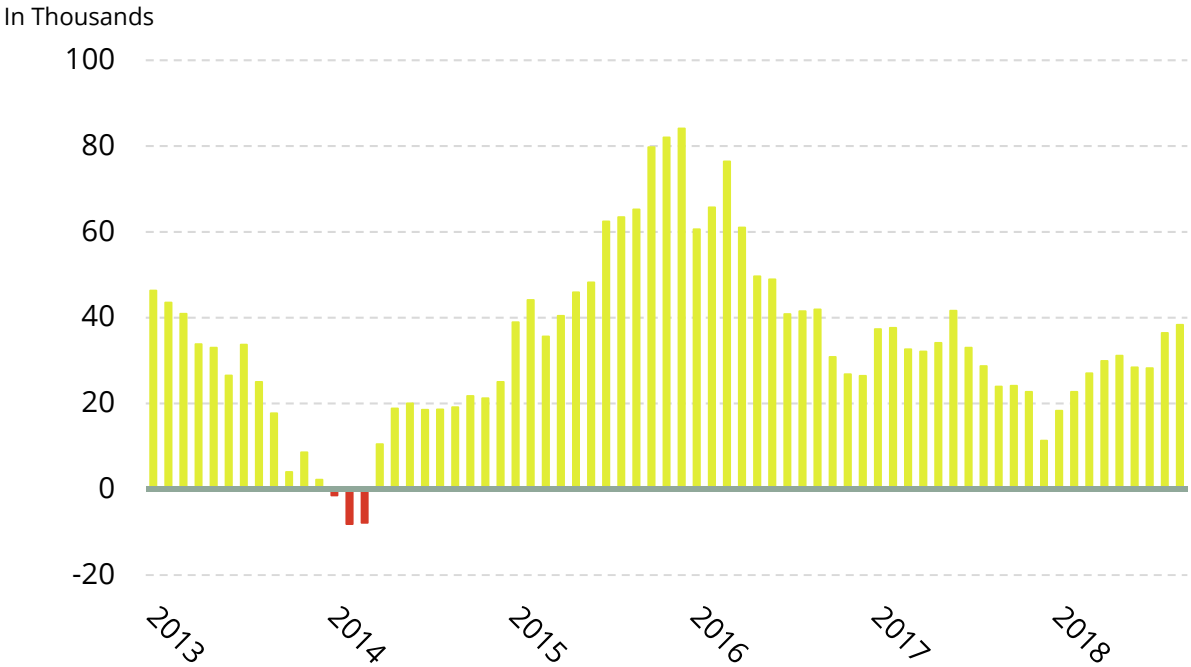
Home sales activity has slowed statewide which may be linked to declining consumer confidence and a “wait and see” approach related to Amazon in Northern Virginia markets.

Inventory remains tight and prices continue to rise, making it hard for first-time homebuyers to access some markets.

# Economic Overview

Job growth has been on an upswing in Virginia. Between December 2017 and December 2018 (the latest data available), the Commonwealth added 77,000 jobs, reflecting increases in 11 of the past 12 months.

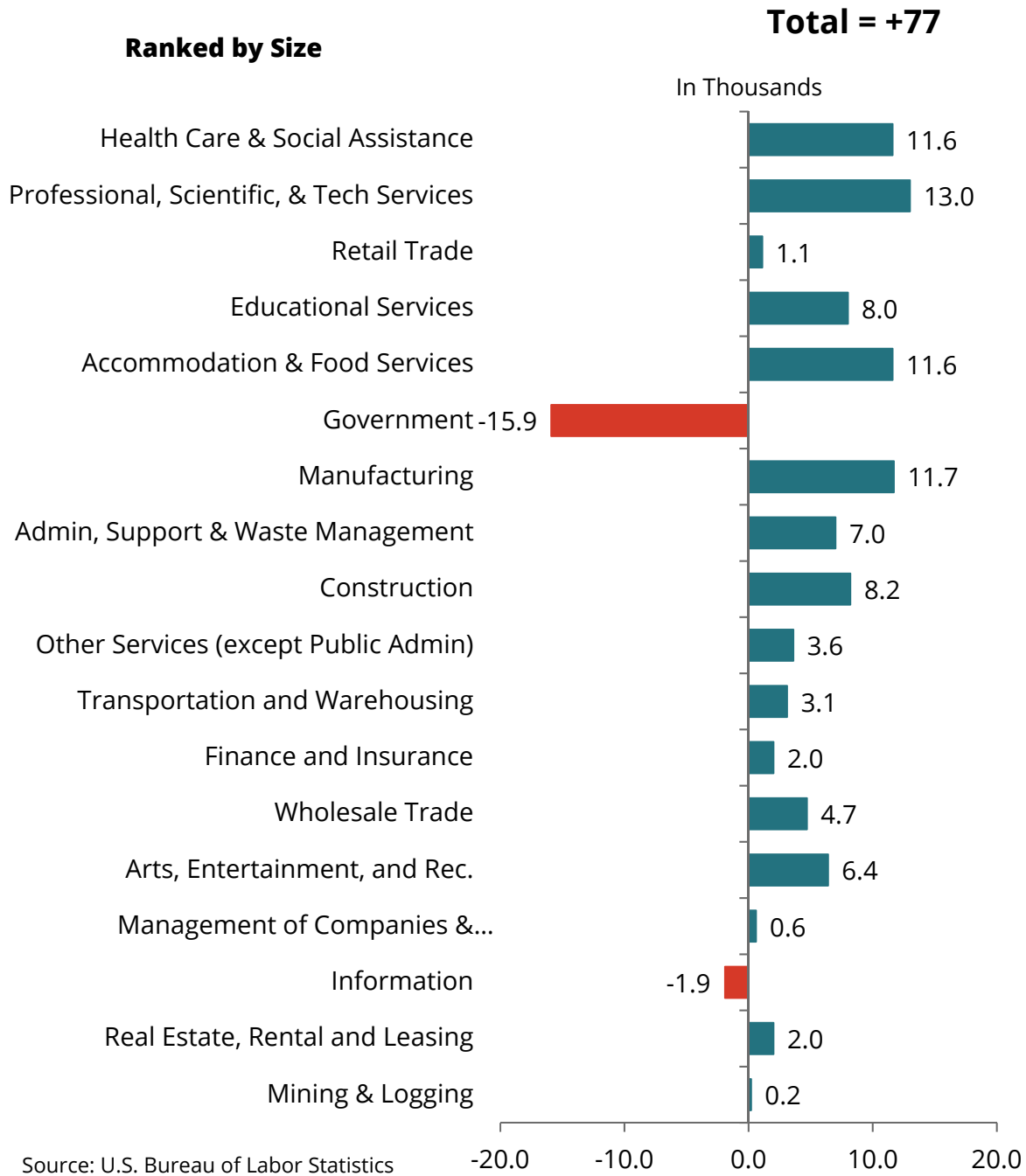
**Figure 1**  
**Virginia Annual Change in Jobs**



Source: U.S. Bureau of Labor Statistics

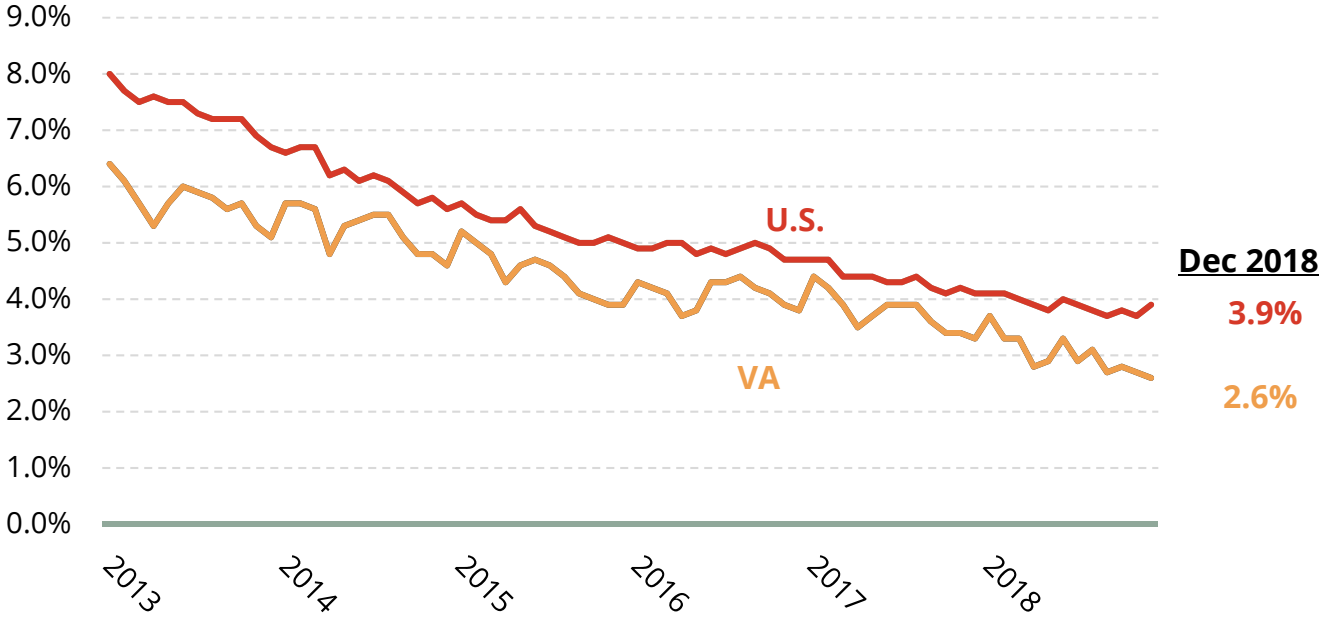
There was solid job growth across most sectors of the economy. Between December 2017 and December 2018, the state added 11,600 new jobs in the Health Care & Social Assistance sector and 13,000 new jobs in the Professional, Scientific & Technical Services sector. There were also big gains in the Accommodation and Food Services sector and the Manufacturing sector, which added 11,600 and 11,700 new jobs, respectively. The number of Government jobs statewide declined, reflecting a longer-term trend in the public sector.

**Figure 2**  
**Job Change by Industry**  
**January 2018 - January 2019**



The statewide unemployment rate has continued to decline steadily. In December 2018, Virginia’s unemployment rate was just 2.6%, compared to 3.9% for the U.S. The historically low unemployment rate in the state reflects strong job growth and a very tight labor supply.

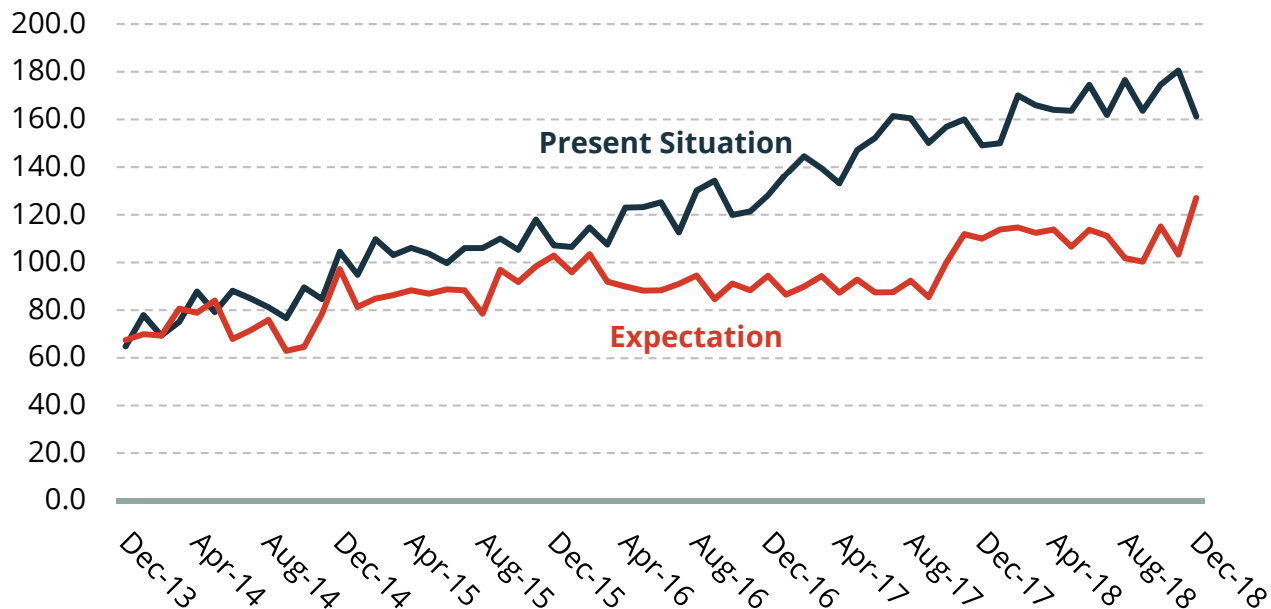
**Figure 3**  
**Unemployment Rate**



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

Consumer confidence dropped off in December 2018 potentially reflecting uncertainty in national economic conditions and concerns about interest rate increase. The Fed has since backed away from talk of multiple rate increases in 2019 which should help allay fears and reverse the consumer confidence numbers in January and February.

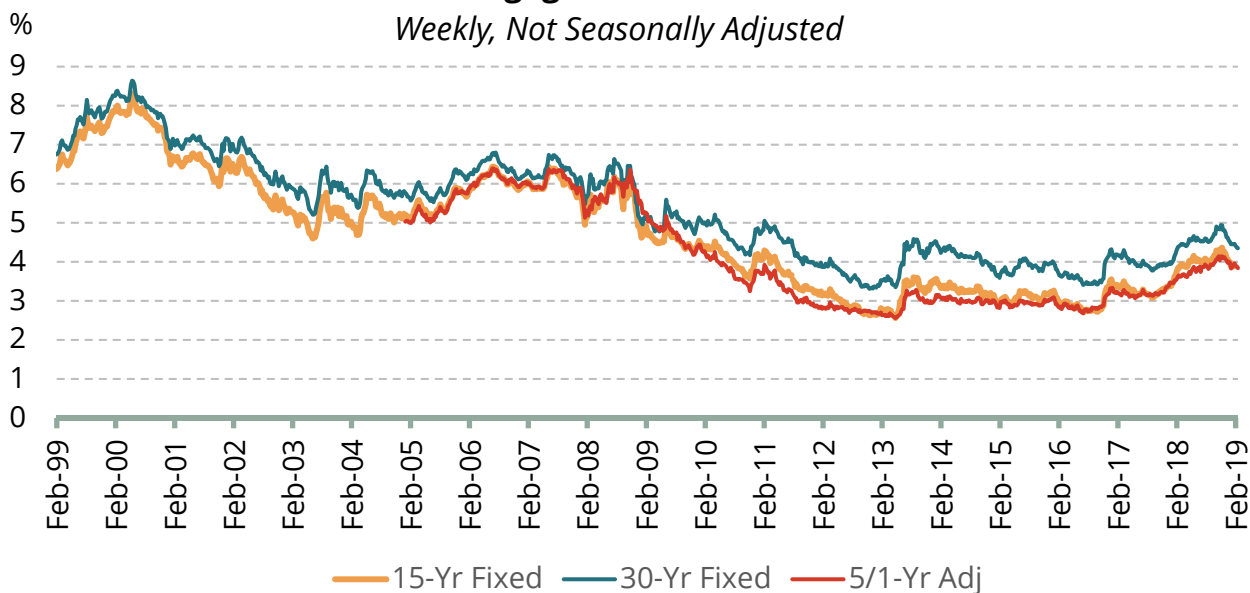
**Figure 4**  
**Consumer Confidence**  
**South Atlantic Region**



Source: The Conference Board

Mortgage rates have been edging downward in the first part of 2019. In the 3rd week of February, the 30-year fixed mortgage rate was at 4.35%, down from 4.55% at the end of 2018. Interest rates will likely stay at historically low levels, though it is likely to see them rise to 5% some time in the next few months.

**Figure 5**  
**Mortgage Interest Rates**  
*Weekly, Not Seasonally Adjusted*



Source: Federal Reserve Bank of St. Louis

# Housing Market Overview

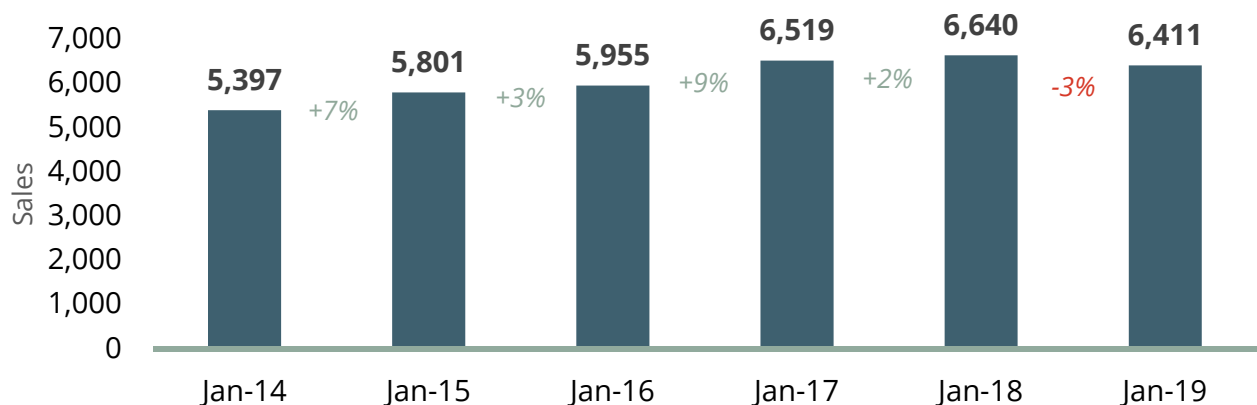
Sluggish sales continued into January in Virginia, a trend that began in the fall of 2018. All of the regional housing markets in the state also had flat or declining sales activity relative to last year, evidence of a broader cool down in the market rather than specific localized changes. Despite the declining sales, home prices in most parts of the state continue to climb. The rising prices along with declining days on market reflect the low supply of active listings available to buyers. While the inventory of listings had been trending upward since last summer, active listings at the end of January declined compared to this time last year. The slowdown in sales led to a decline in the total sold dollar volume in the state, which fell slightly from last January.

## Sales

The pace of home sales in Virginia continue to slow down relative than last year. There were 6,411 sales across the state in January 2019, 3% fewer than this time a year ago, a decline of 229 sales. Sales have declined for five consecutive months at the state-level and also within the three largest regional markets relative to last year, which is evidence of softening demand in the market. All regional markets in Virginia had flat or declining sales activity in January compared to last year.

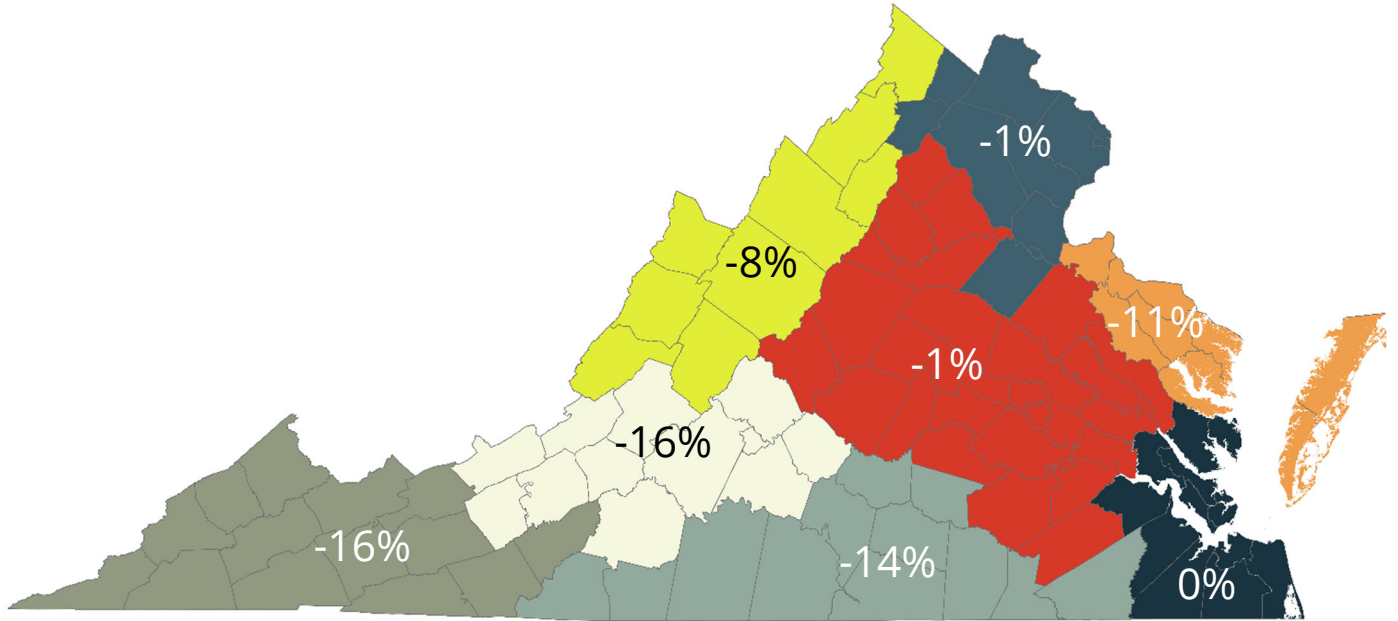
The West and Southwest regions had the largest percentage drop in January sales, each down 16% from a year ago, a decline of 94 and 19 sales respectively. Sales activity in the three largest regional housing markets in Virginia remained relatively flat or declined modestly from last year. Both Northern Virginia and Central Virginia had a 1% drop in January sales. Hampton Roads had the same number of January sales as a year ago.

**Figure 6**  
**January Home Sales, Virginia**  
2014-2019



Source: REdatum

**Figure 7**  
**Change in Sales by Region**  
*January 2018 to January 2019*



<i>Region</i>	<i>Jan-18</i>	<i>Jan-19</i>	<i>% Change</i>
Central	1,427	1,406	-1%
Eastern	130	116	-11%
Hampton	1,578	1,578	0%
Northern	2,281	2,252	-1%
Southside	151	130	-14%
Southwest	118	99	-16%
Valley	381	351	-8%
West	573	479	-16%
<b>All of Virginia</b>	<b>6,640</b>	<b>6,411</b>	<b>-3%</b>

Source: REdatum



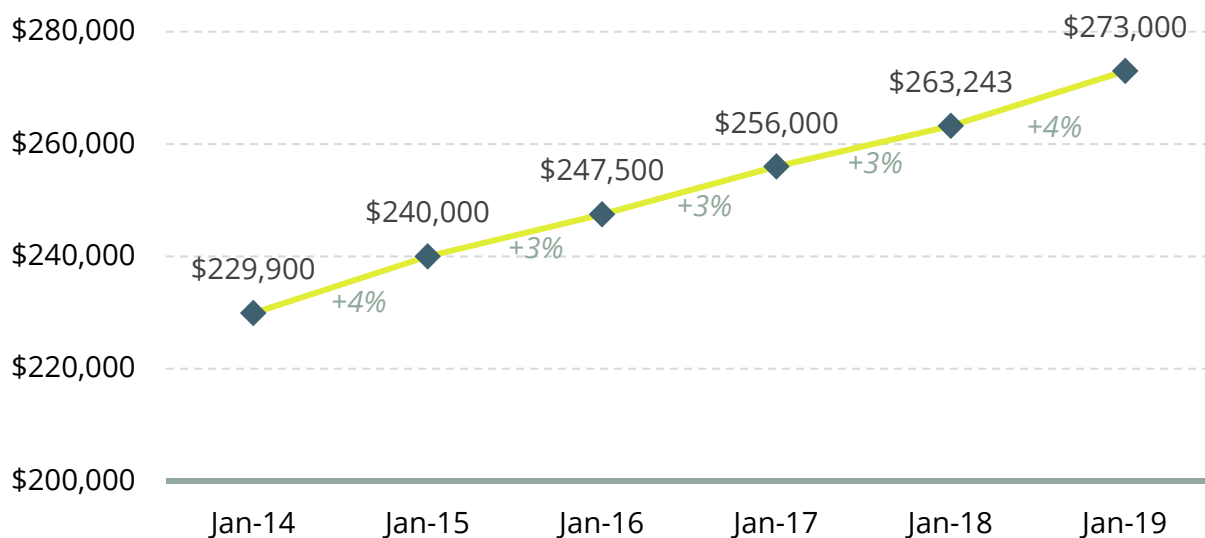
## Sales Prices

Home prices in Virginia continue to increase at a consistent rate, amid declining sales. This trend is being driven by steady job growth and low unemployment, which fuel buyer demand in the local housing markets. The low inventory of active listings also plays a significant role in the upward pressure on prices because a low supply often can lead to buyers competing for homes. The median sales price in Virginia was \$273,000 in January 2019, 4% higher than last January, an increase of nearly \$10,000.

Price points are shifting higher in the State. Nearly all price ranges above \$200,000 had a larger proportion of the January sales than a year ago, while there were fewer proportions of sales in price ranges below \$200,000 relative to last year. In January, more than one out of every four homes sold in Virginia had a closing price between \$200,000 and \$299,999.

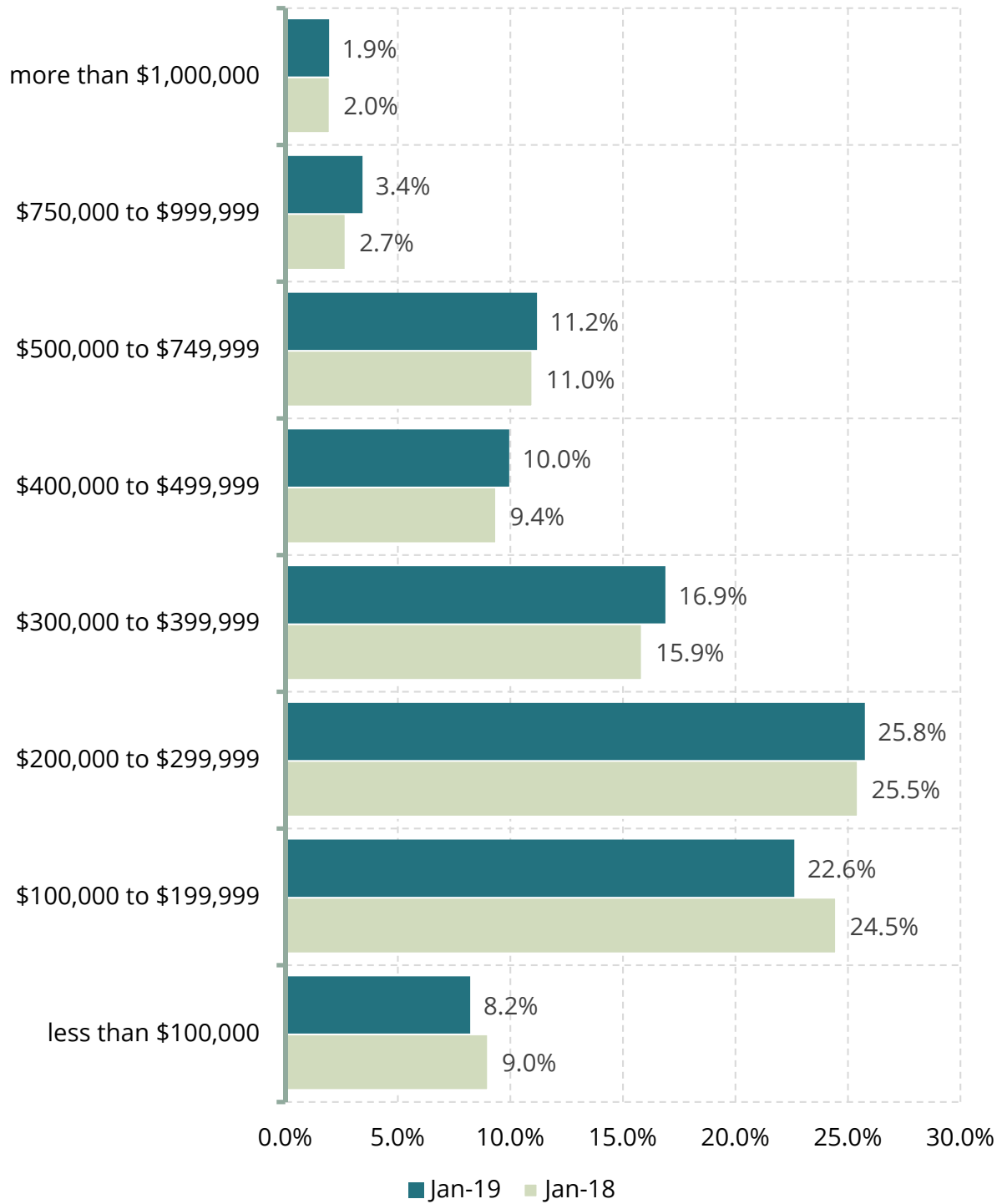
The price gains are occurring in most regions of the Commonwealth. The Southside region had the sharpest increase in median sales price, rising 30% from January of last year to \$124,900, a gain of nearly \$29,000 to the median price. The Eastern region also had strong price gains, up 13%, a \$25,000 increase. At \$417,250, the median sales price in Northern Virginia rose 4% from this time last year. Hampton Roads and Southwest Virginia were the only regions to have a decline in median sales price falling 1% and 5%, respectively.

**Figure 8**  
**January Median Sales Price, Virginia**  
2014-2019



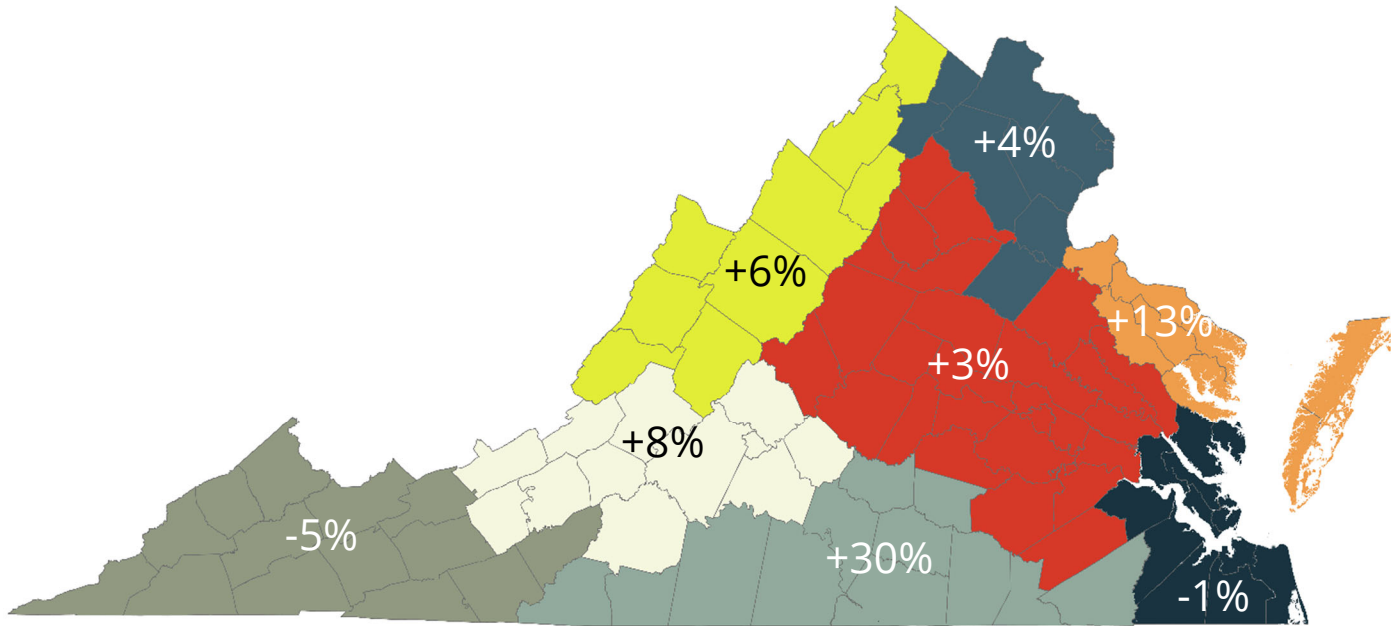
Source: REdatum

**Figure 9**  
**Proportion of Sales by Price Range, Virginia**  
*January 2019 and January 2018*



Source: REdatum

**Figure 10**  
**Change in Median Sales Price by Region**  
*January 2018 to January 2019*



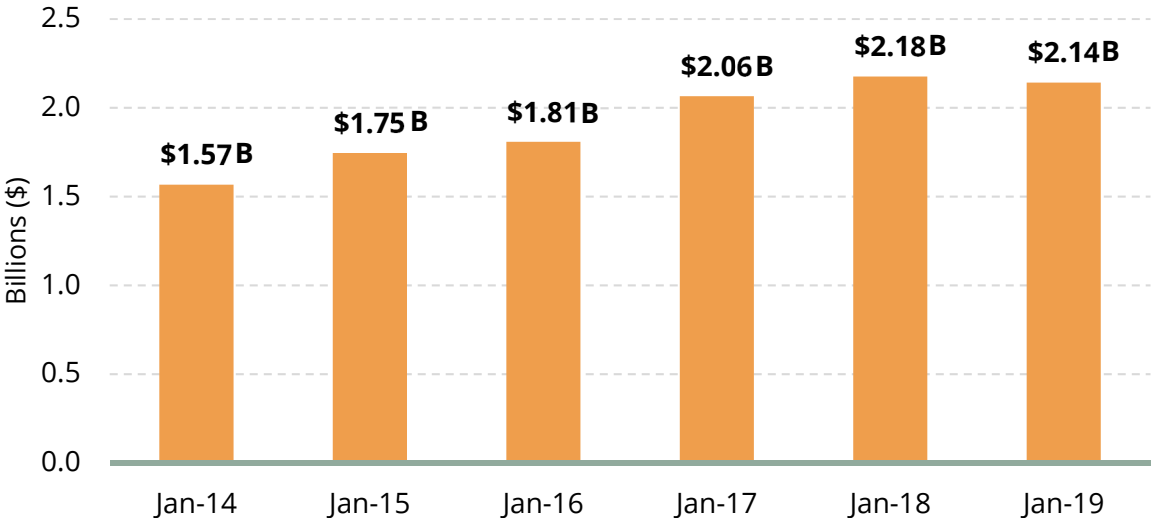
<i>Region</i>	<i>Jan-18</i>	<i>Jan-19</i>	<i>% Change</i>
Central	\$238,975	\$245,950	3%
Eastern	\$191,000	\$216,000	13%
Hampton	\$225,000	\$222,750	-1%
Northern	\$400,000	\$417,250	4%
Southside	\$96,000	\$124,900	30%
Southwest	\$131,000	\$125,000	-5%
Valley	\$202,750	\$215,000	6%
West	\$160,000	\$173,000	8%
<b>All of Virginia</b>	<b>\$263,243</b>	<b>\$273,000</b>	<b>4%</b>

Source: REdatum

## Sold Volume

The decline in home sales led to another drop in the sold dollar volume in January relative to last year. There was \$2.14 billion in sold dollar volume in January state-wide, 2% lower than this time last year, or a decline of over \$34 million in total volume. The rising sales prices around the state lessened the impact of fewer overall sales on this metric, which has now been trending down since September of 2018. While the state’s dollar sold volume has been declining recently, it remains more than half a billion dollars higher than January five years ago.

**Figure 11**  
**January Sold Dollar Volume, Virginia**  
*2014-2019*

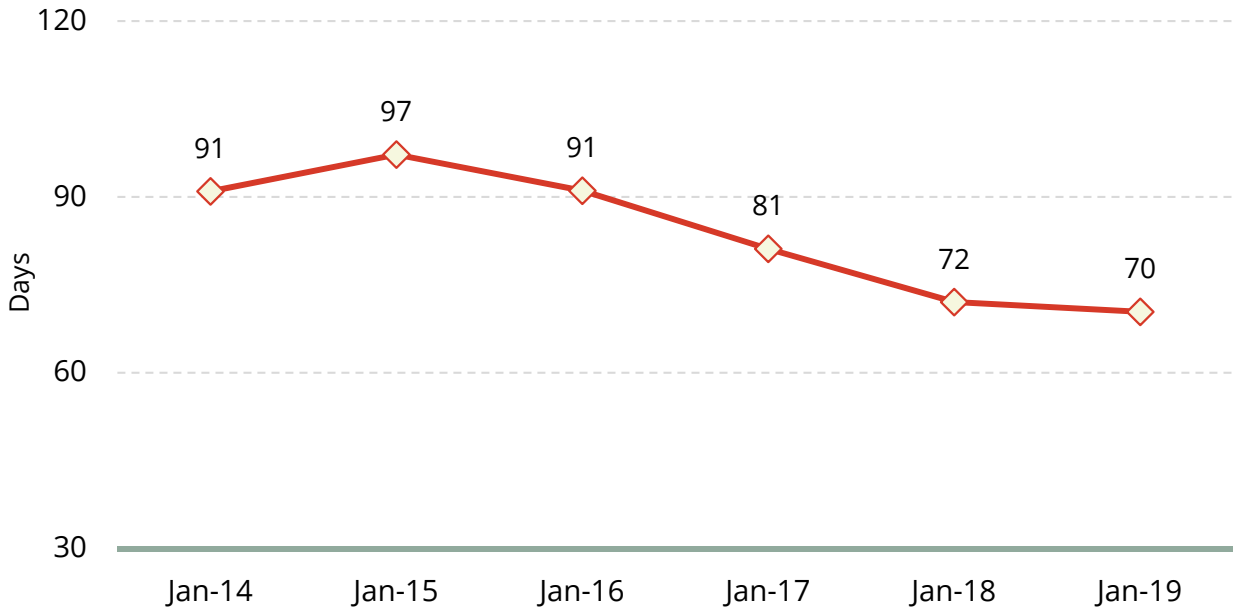


Source: REdatum

## Days on Market

The average days on market in Virginia continues to tend downward. On average throughout the state, homes sold in 70 days in January 2019, 2 days faster than the same period last year. The tight supply of active listings has been driving this metric downward over the past several years. There is early evidence this trend could be shifting in some parts of the state. The state’s largest regional housing market for example, Northern Virginia, has had an uptick in this metric for the past 2 months. The average days on market in Northern Virginia in January was 61 days, up 9 days from a year ago.

**Figure 12**  
**January Average Days on Market, Virginia**  
2014-2019

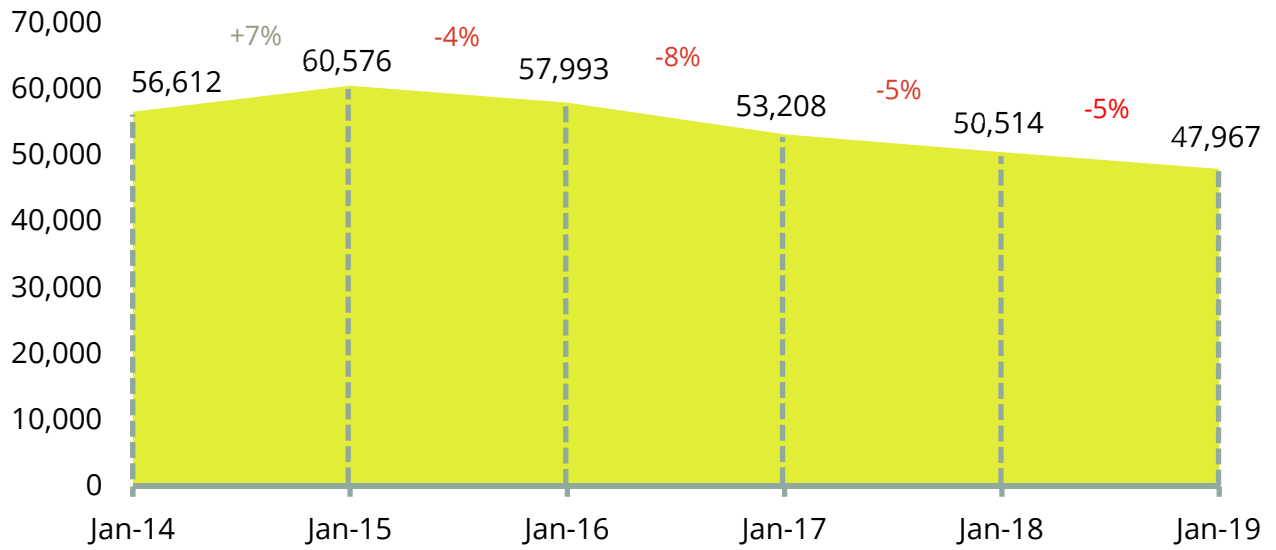


Source: REdatum

## Listings

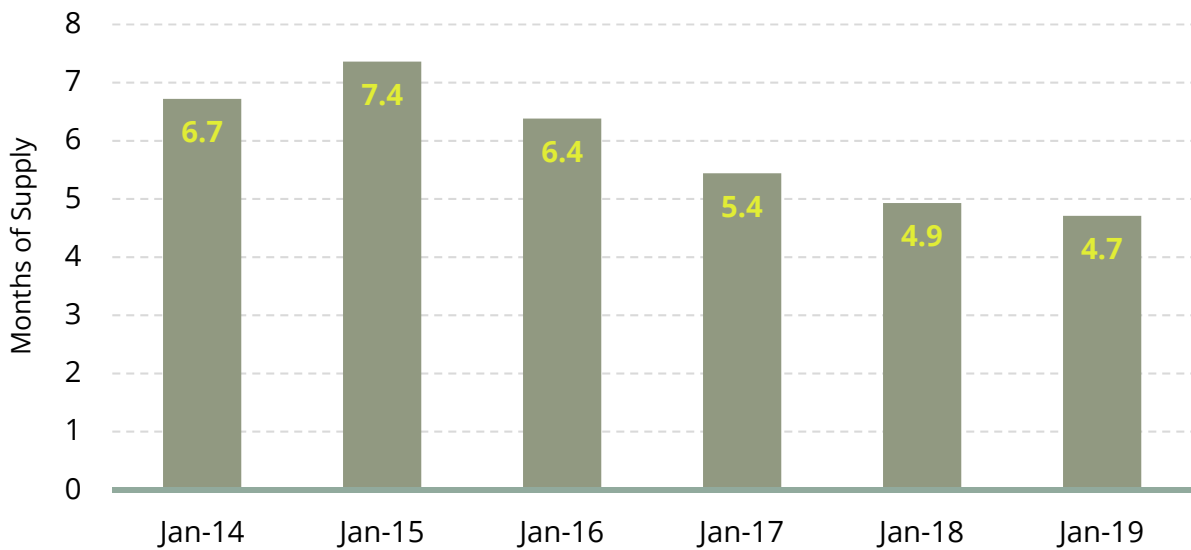
The total inventory of active listings in Virginia declined in January compared to last year. There were 47,967 active listings state-wide at the end of January, down 5% from a year ago, a drop of over 2,500 listings. The supply of active listings in the state had been trending up since the summer until now. Prior to the summer, inventory levels in the state housing market have been consistently declining for several years. The historically tight inventory has been putting upward pressure on home prices and causing homes to sell faster in many of the state's local markets. At the end of January there were 4.7 months of inventory supply in Virginia, down from 4.9 months of supply at the end of January 2018.

**Figure 13**  
**End of January Active Listing Inventory, Virginia**  
*2014-2019*



Source: REdatum

**Figure 14**  
**Months of Supply (January), Virginia**  
*2014-2019*



Source: REdatum



**The Virginia REALTORS®** association is the largest professional trade association in Virginia, representing approximately 34,000 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.

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