

Virginia

HOME SALES
REPORT

FEBRUARY 2019

Virginia Homes Sales Report

February 2019

Summary

Economic Conditions

- Job growth in Virginia is a key indicator of the strength of the state's housing market. The state has been experiencing steady job growth over the past five years, reflecting strong economic fundamentals.
- The state's unemployment rate remains lower than the national average, at 3.2%.
- Consumer confidence is strong and rising, indicating continued confidence in the economy and the housing market in Virginia.

Housing Market Conditions

- The number of home sales declined modestly in February, reflecting a trend of a slower pace of sales activity since late last year.
- Despite fewer sales, the total sold dollar volume for the state increased from a year ago, which reflects higher price points in many of the state's regional housing markets.
- As prices remain on an upward trajectory, there continue to be fewer sales in the lower price ranges in Virginia. The number of homes that sold for prices between \$100,000 and \$199,999 declined by 24.3% between February 2018 and February 2019. Over the same period, the number of homes selling for \$500,000 or more increased by 15.1%.
- Inventories remain low and continue to fall, with 7% fewer homes listed for sale at the end of February 2019 compared to February 2018.

Virginia Realtors® Market Report Key Takeaways

Virginia's economy continues to show signs of strength.

Interest rates will continue to remain low through the spring market.

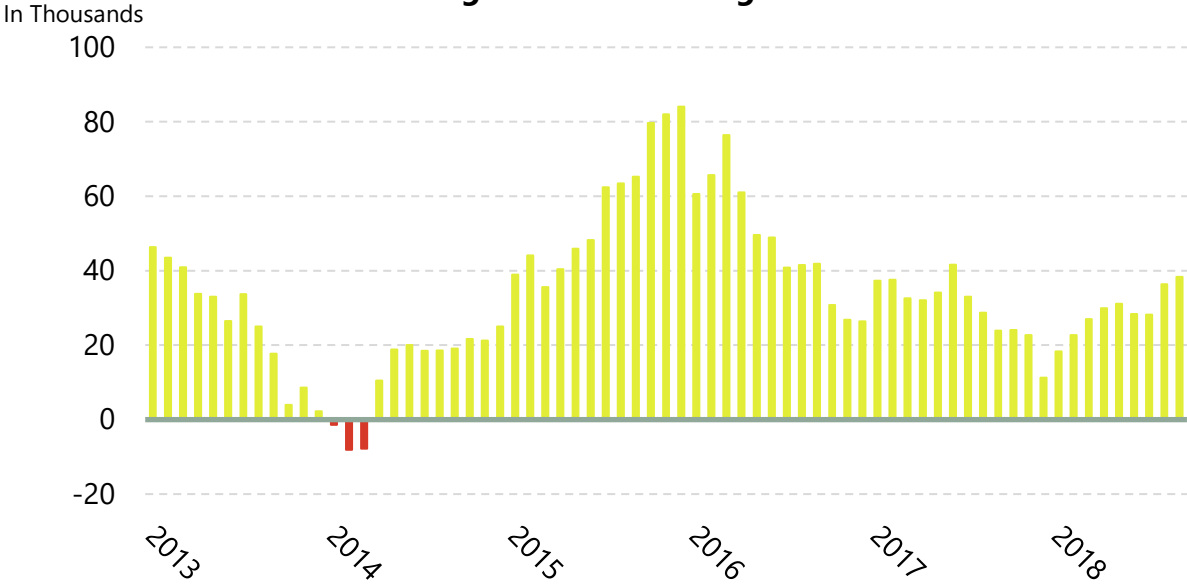
Home sales activity has slowed somewhat, likely due to limited inventories.

A notable decline in sales and an increase in average days on market in Northern Virginia were likely artifacts of the federal government shutdown.

Economic Overview

Job growth in Virginia is a key indicator of the strength of the demand for housing and, ultimately, the health of the overall housing market. The state continues to experience steady job growth, as it has almost consistently since the end of the Great Recession. Between February 2018 and February 2019, the Commonwealth added 34,900 jobs.¹ The most recent job numbers reflect a five-year trend in consistent job growth statewide.

Figure 1
Virginia Annual Change in Jobs



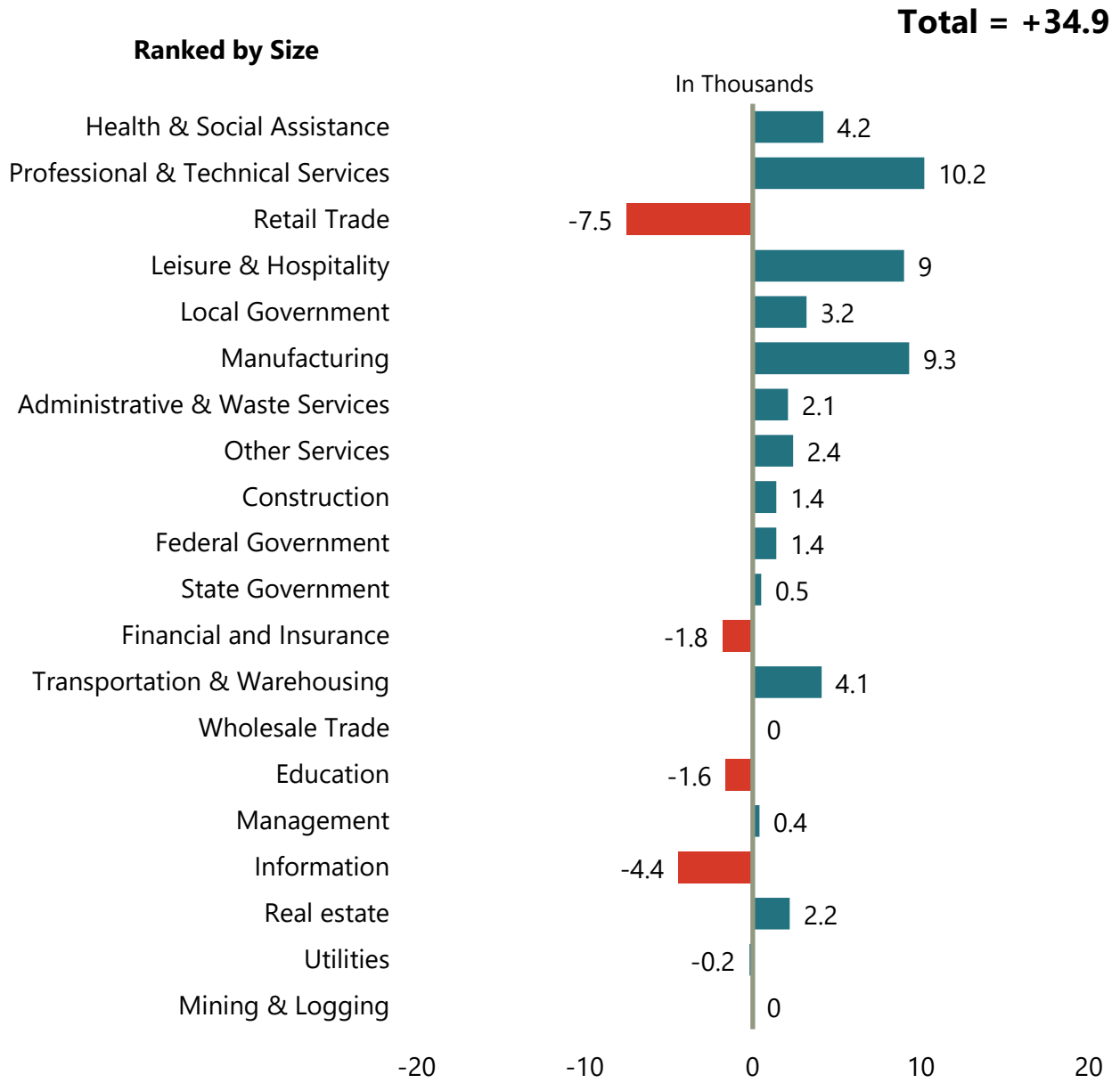
Source: U.S. Bureau of Labor Statistics, Not Seasonally Adjusted

There was solid job growth across most sectors of the economy in Virginia. Between February 2018 and February 2019, the state added 10,200 new jobs in the Professional & Technical Services sector and 4,200 jobs in the Health & Social Assistance sector. There were also notable gains in the state’s Manufacturing sector, which added 9,300 jobs over the past two years. After the negative impacts on the Government sector as a result of the Federal Government shutdown in December and January, there was positive growth across the Local, State, and Federal Government

¹ Job figures are not seasonally adjusted which reflects a change in how they were reported in the January 2019 Market Report.

sectors in the state in February. Continuing a relatively long-term trend, the state lost about 7,500 Retail Trade jobs over the past year.

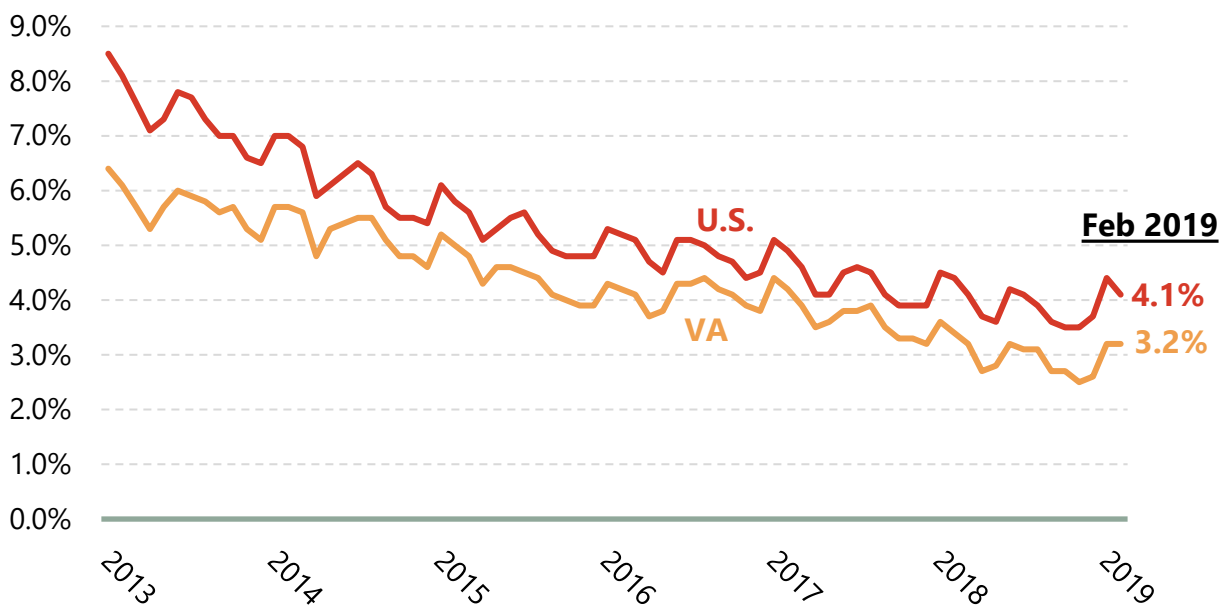
Figure 2
Job Change by Industry
February 2018 - February 2019



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

The statewide unemployment held steady at 3.2% in February after edging up from a historic low of 2.5% in November 2018. The slight increase actually reflects a strength in the economy, as more people enter or re-join the labor market and begin looking for work.

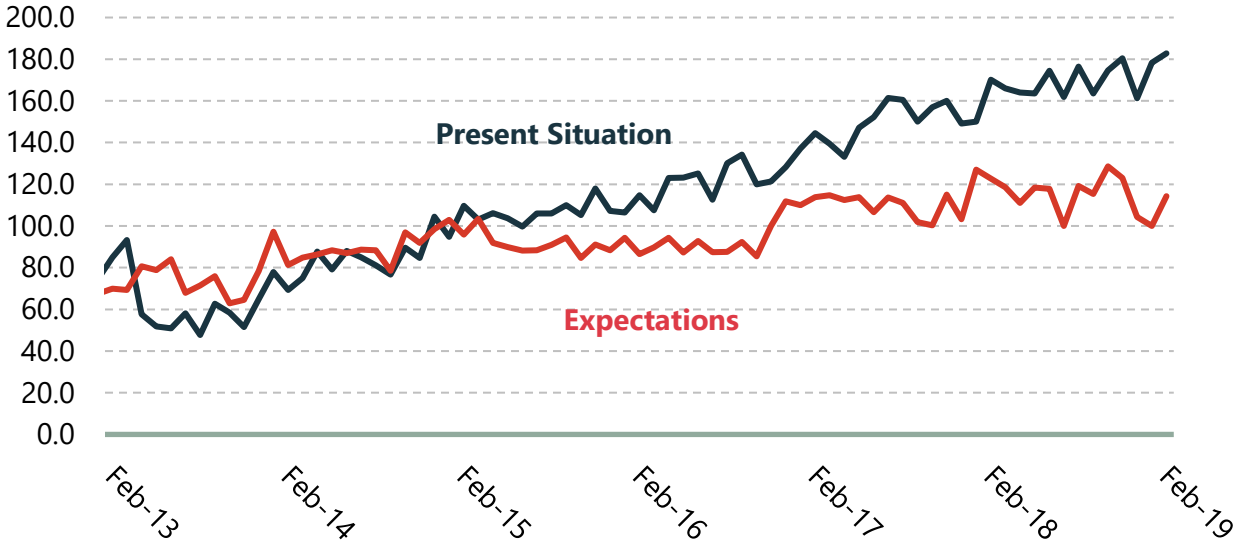
**Figure 3
Unemployment Rate**



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

Consumer confidence increased in February after dipping slightly at the end of last year. Consumers in the South Atlantic region (which includes Virginia) feel very confident about their present economic situations. While more cautious about the future, consumers do feel fairly optimistic about their economic prospects six months out.

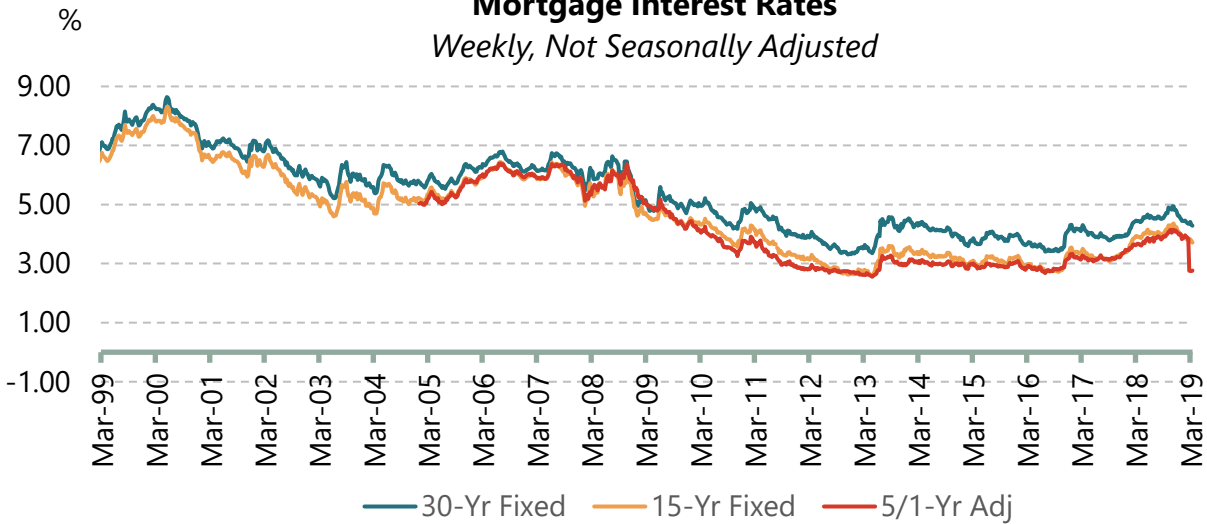
Figure 4
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Mortgage rates continue to hold fairly steady at historically low levels. In the 3rd week of March, the 30-year fixed-rate mortgage was 4.28%, down from 4.51% at the beginning of the year. The 15-year fixed rate mortgage rate has also declined and the 5/1-year adjustable rate mortgage took a more dramatic drop in March, though it is likely to increase modestly in the weeks ahead.

Figure 5
Mortgage Interest Rates
Weekly, Not Seasonally Adjusted



Source: Federal Reserve Bank of St. Louis

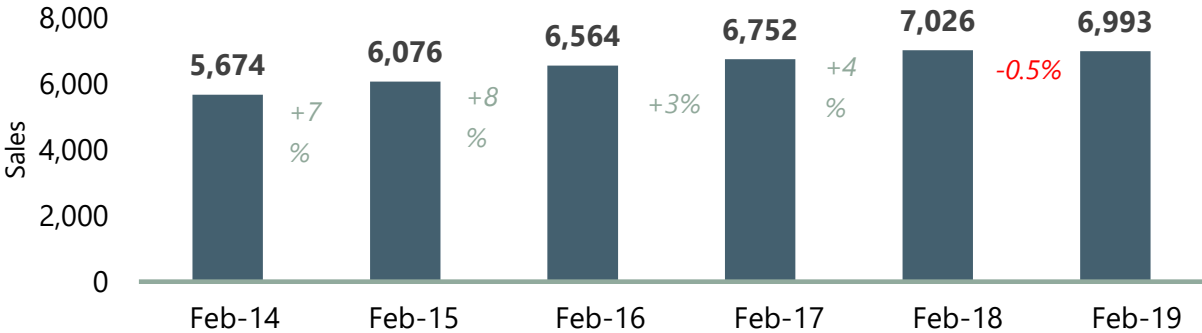
Housing Market Overview

The housing market cooldown continued into February through much of Virginia. There were fewer home sales in the state overall than a year ago, though the pace of decline moderated from recent months. Despite fewer sales, the total sold dollar volume for the state increased from a year ago which reflects higher price points in many of the state’s regional housing markets. Home prices continue to inch upward, which is reflected in both the median price, as well as shifts in the number of sales by price range. The lower price points have fewer sales while the higher price ranges continue to expand. Over time this could have implications for some local markets where first-time home buyers could have few options to choose from. The inventory of active listings continues to dwindle and remains historically low. The average days on market has been trending upward in some of the state’s largest housing markets over the past several months. This emerging trend is now reflected at the state-level as homes sold, on average, one day slower than a year ago.

Sales

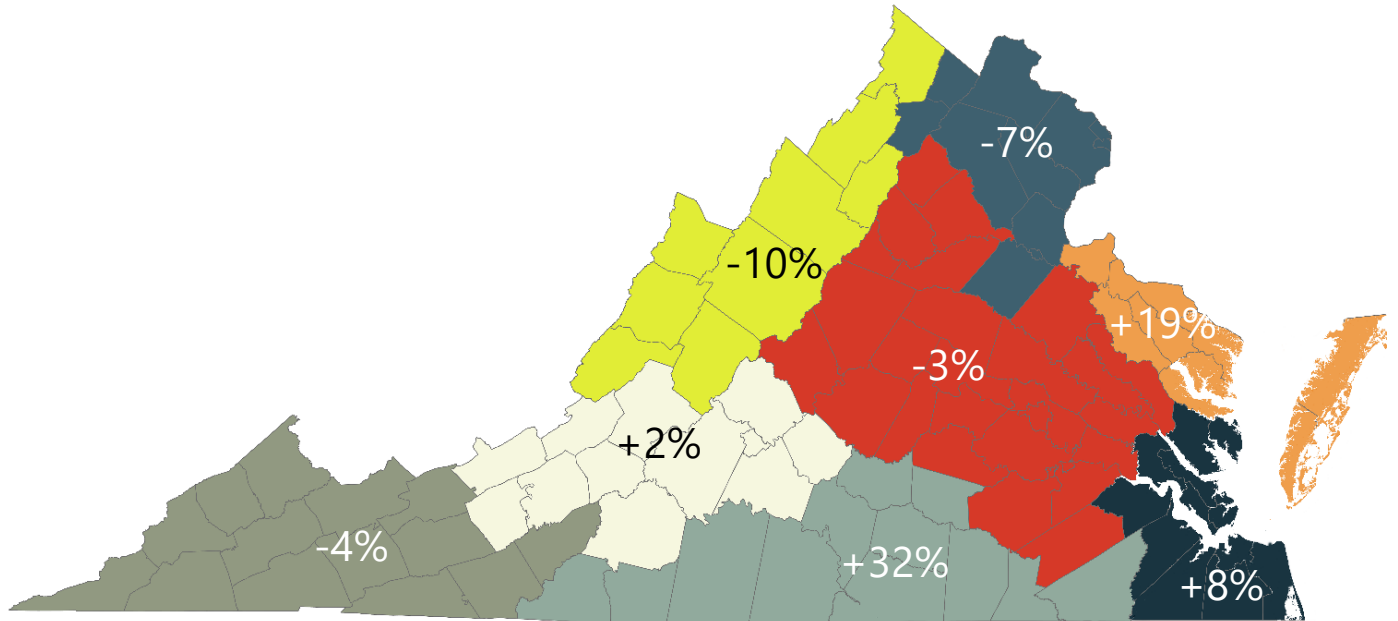
Home sales in Virginia declined modestly in February relative to last year. There were 6,993 home sales across the Commonwealth in February 2019, 0.5% fewer than a year ago, a decline of 33 sales. Despite the decline in sales at the state-level, several of the regional housing markets in Virginia had an uptick in sales this month. The Hampton Roads region, which is one of the state’s three largest housing markets, had an 8% increase in sales compared to February of last year, a gain of 128 sales. The Southside, Eastern, and West regions all had a higher pace of sales than this time last year up, 32%, 19%, and 2%, respectively. The state’s largest housing market, Northern Virginia, had 163 fewer sales than a year ago, a 7% decline. This is the fastest sales decline for Northern Virginia since September of last year. However, this drop may reflect an impact from the Federal government shutdown and may not persist into the spring.

Figure 6
February Home Sales, Virginia
2014-2019



Source: REdatum

Figure 7
Change in Sales by Region
February 2018 to February 2019



<i>Region</i>	<i>Feb-18</i>	<i>Feb-19</i>	<i>% Change</i>
Central	1,515	1,477	-3%
Eastern	125	149	19%
Hampton	1,693	1,821	8%
Northern	2,486	2,323	-7%
Southside	138	182	32%
Southwest	123	118	-4%
Valley	389	352	-10%
West	557	570	2%
All of Virginia	7,026	6,993	-0.5%

Source: REdatum

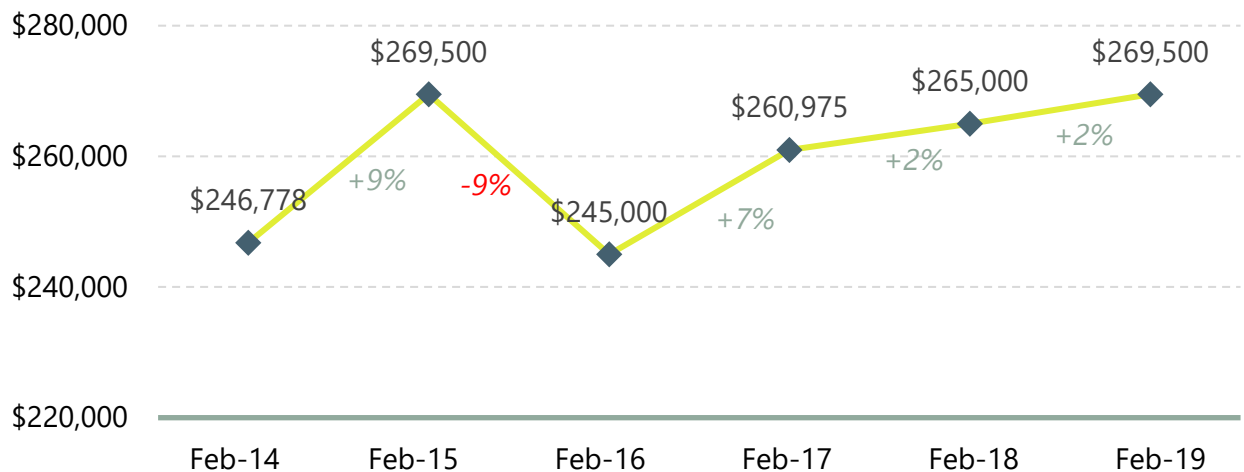
Sales Prices

While the pace of sales remains slower across much of the State, home prices continue to climb, evidence both of low inventory and continued buyer demand in many local markets. The median sales price in Virginia was \$269,500 in February, up 2% from a year ago, a gain of \$4,500. The statewide February median sales price has now climbed \$24,500 in the past three years.

As prices remain on an upward trajectory, there continue to be fewer sales in the lower price ranges in Virginia. For example, 23.0% of homes sold in February went for between \$100,000 and \$199,999, down from 24.3% this time last year. Approximately 15.6% of homes sold for more than \$500,000, which is up from 15.1% a year ago.

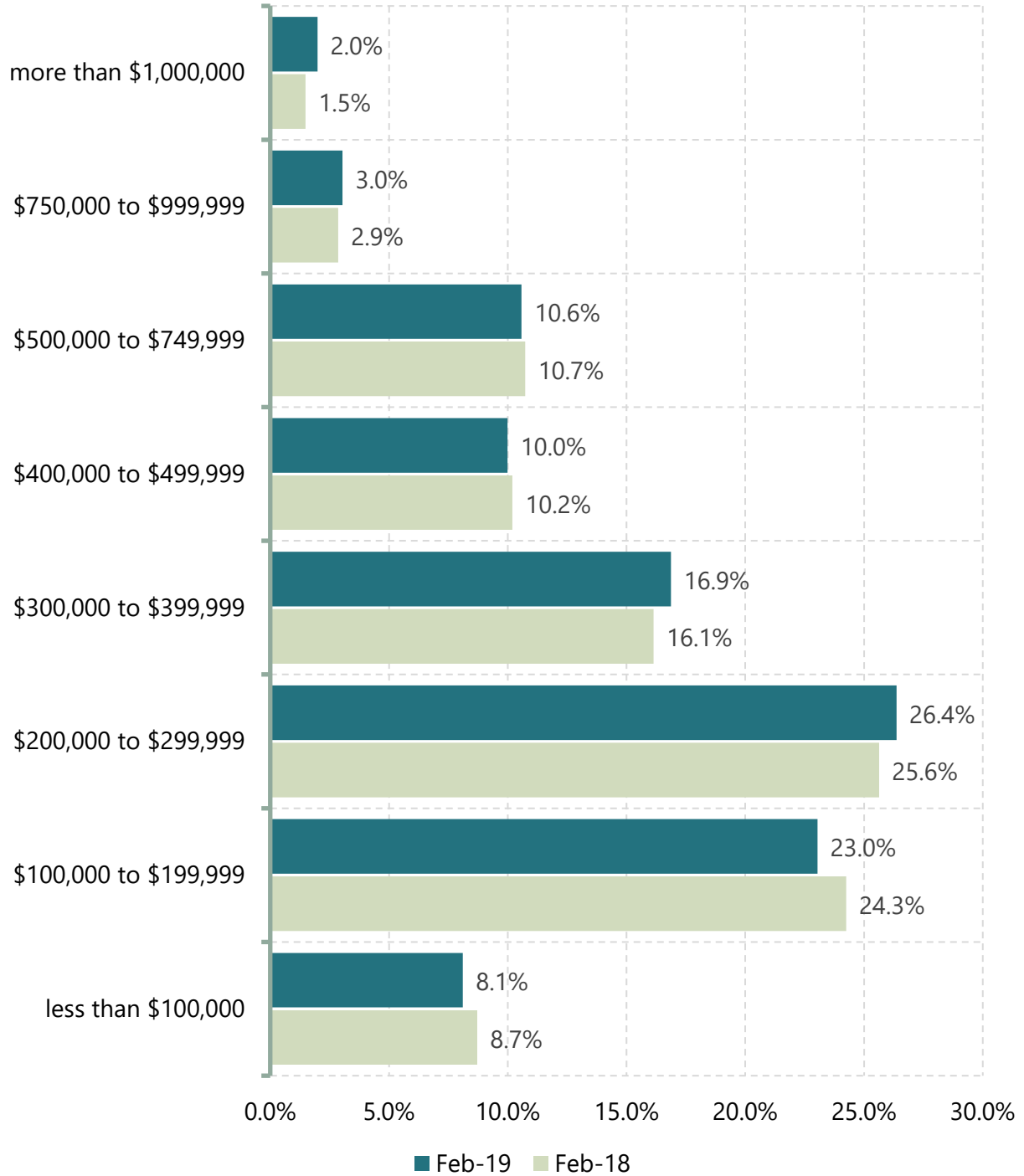
Rising prices are occurring in most of the State's regional housing markets. The Eastern and Southwest regions both had a 19% increase in the median sales price from last year, a gain of over \$33,000 and \$23,000 respectively. The median sales price in Hampton Roads was \$229,000 in February, up 2% from last year. At \$424,900, the median sales price in Northern Virginia was up 5% from February of last year, a gain of nearly \$20,000.

Figure 8
February Median Sales Price, Virginia
2014-2019



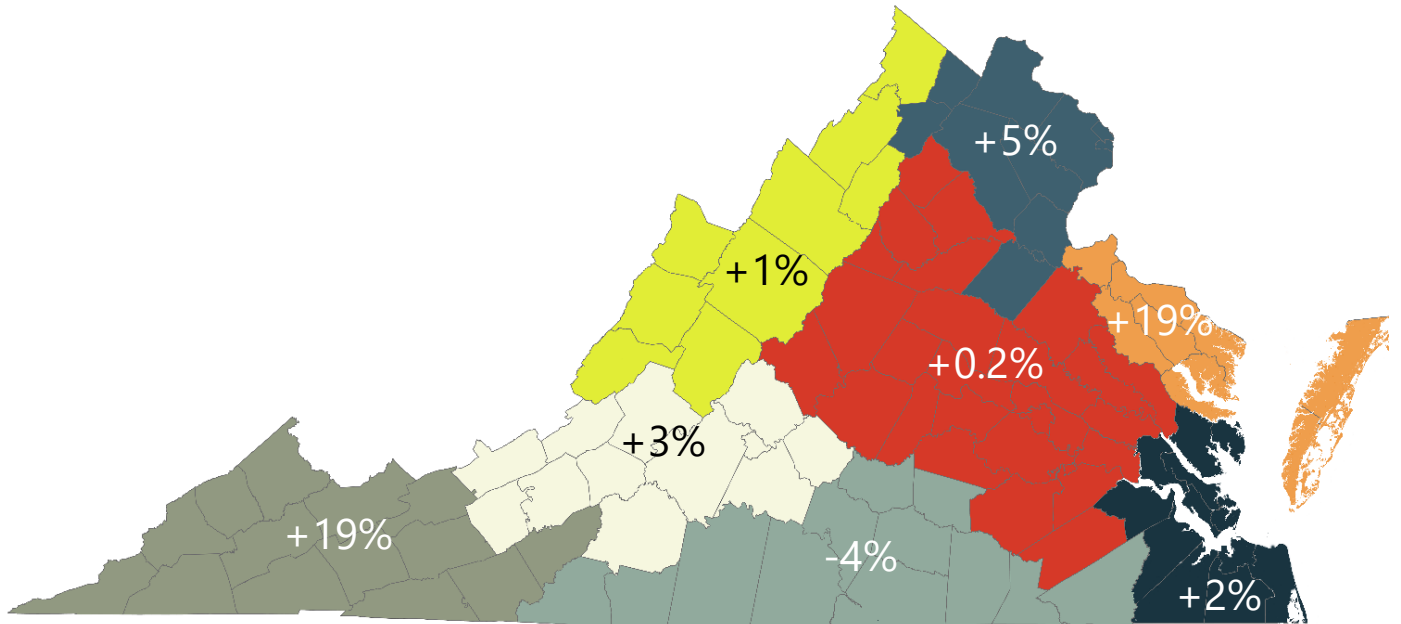
Source: REdatum

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



Source: REdatum

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



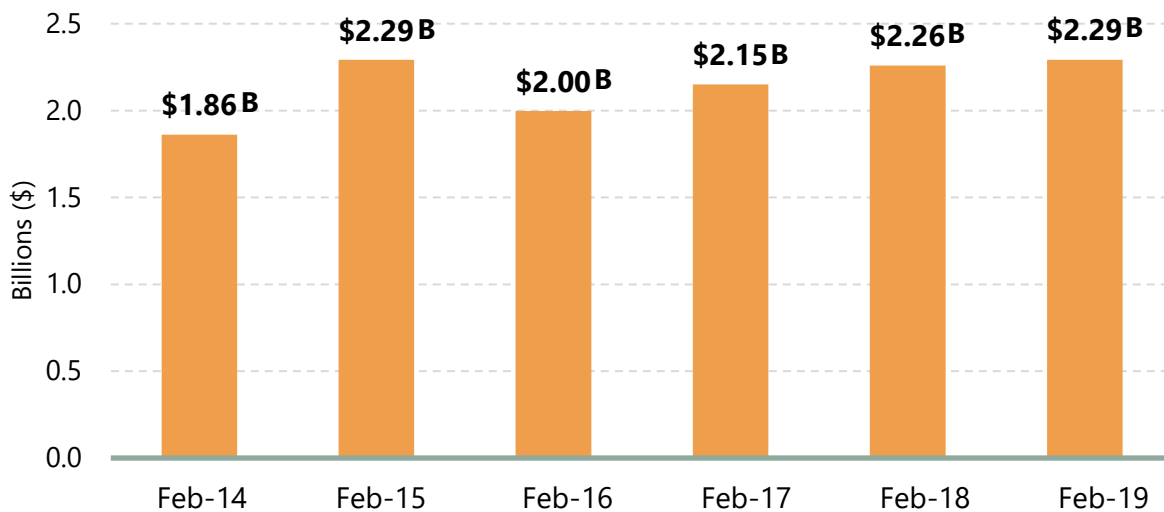
<i>Region</i>	<i>Feb-18</i>	<i>Feb-19</i>	<i>% Change</i>
Central	239,500	240,000	0.2%
Eastern	179,700	213,500	19%
Hampton	225,000	229,000	2%
Northern	405,000	424,900	5%
Southside	125,000	119,950	-4%
Southwest	121,500	144,750	19%
Valley	197,500	200,000	1%
West	168,700	174,475	3%
All of Virginia	265,000	269,500	2%

Source: REdatum

Sold Volume

While there were fewer homes sold in February compared to last year, the total sold dollar volume was over \$33 million higher state-wide than February 2018. There was \$2.29 billion in sold dollar volume in February in the Commonwealth, up 1.5% from the same time last year. Rising sales prices around the State, and in particular in the larger regional markets of Hampton Roads and Northern Virginia, helped to drive this metric up, after several months of declines.

Figure 11
February Sold Dollar Volume, Virginia
2014-2019

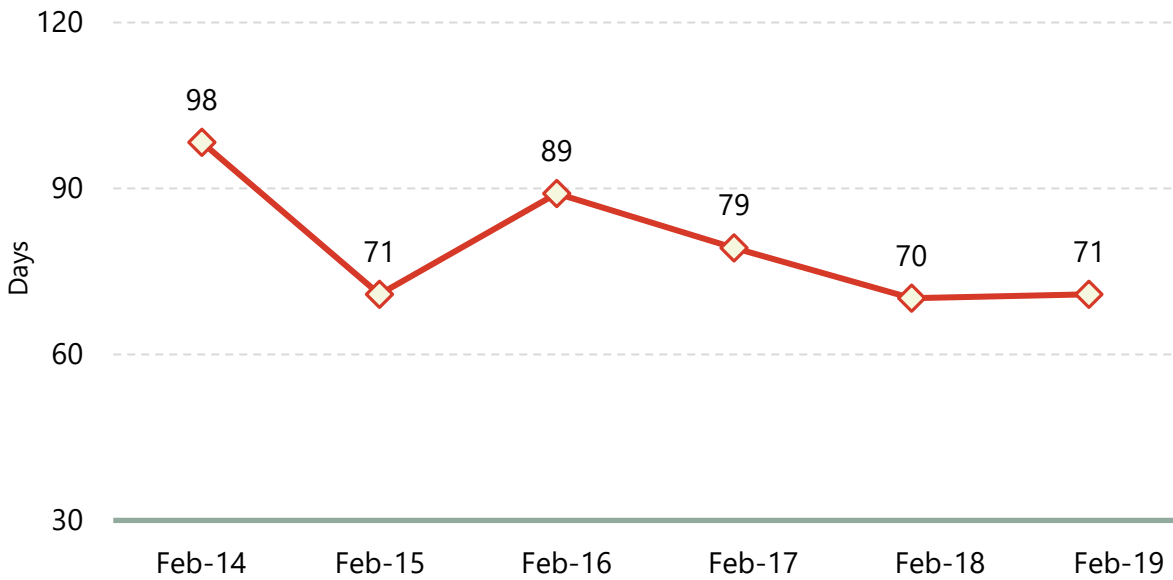


Source: REdatum

Days on Market

The average days on market in Virginia inched upward in February for the first time in many months. On average, homes sold in 71 days statewide in February, one day faster than a year ago. The change in this metric for the state is largely being driven by the Central Virginia and Northern Virginia regions. On average, homes sold a week slower in Northern Virginia than last year, and two days slower in Central Virginia compared to last year. These slowdowns may be an impact of the federal government shutdown.

Figure 12
February Average Days on Market, Virginia
2014-2019

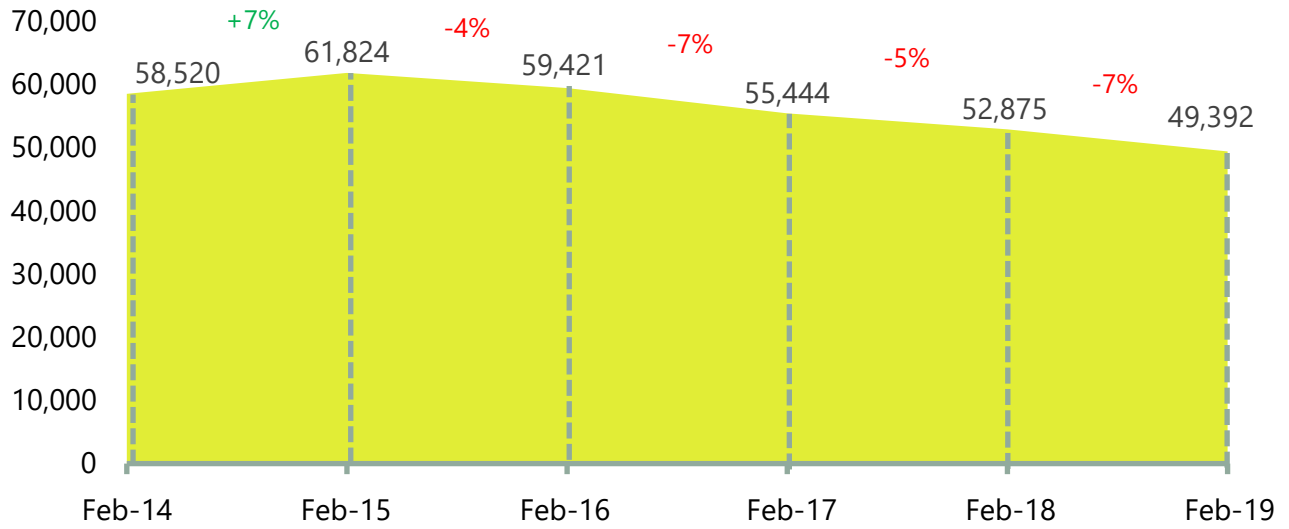


Source: REdatum

Listings

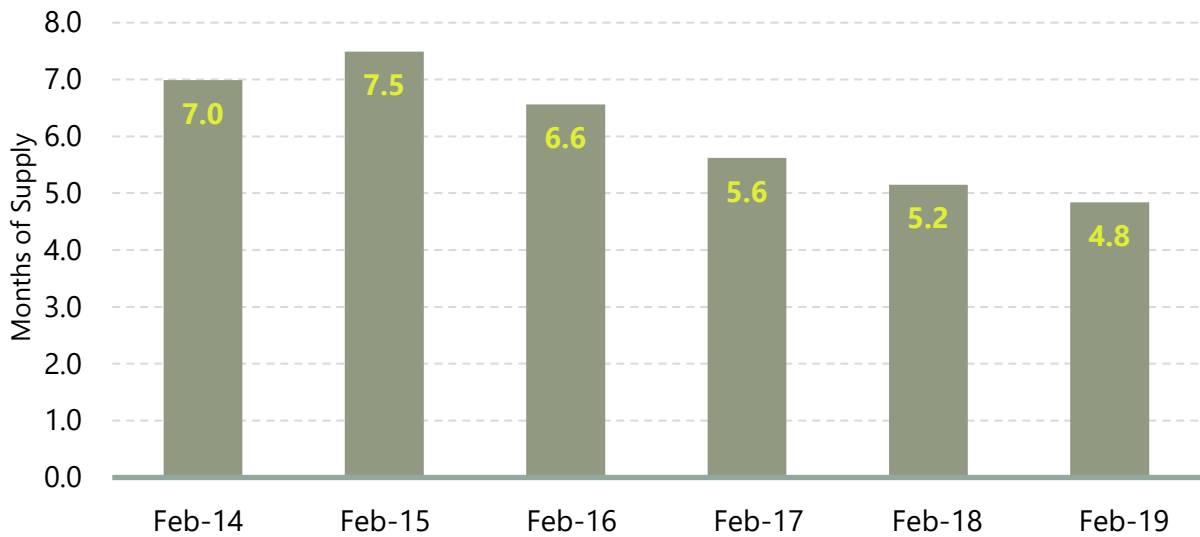
The supply of active listings continues to fall in Virginia after increasing for much of last year. There were 49,392 active listings statewide at the end of February, 7% lower than a year prior, a drop of 3,483. As the inventory remains constrained, home prices are rising as fewer homes are available to interested buyers. At the end of February there were approximately 4.8 months of supply on the market statewide, which is down from 5.2 months this time last year.

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



Source: REdatum

Figure 14
Months of Supply (February), 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.

All inquiries regarding this report may be directed to:

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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.