

# Virginia

## HOME SALES REPORT

**MAY** 2019

# Virginia Home Sales Report

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May 2019

## Summary

### Economic Conditions

- The national economy slowed somewhat in May, with a similar cooldown in the Commonwealth of Virginia. A lack of qualified labor is a key reason for slower job growth in Virginia.
- Despite slower economic growth, consumers remain relatively confident about their own personal economic situations. Importantly, interest rates remain low and there is little to indicate an increase in the months to come.

### Housing Market Conditions

- Sales activity in Virginia increased in May compared to last year, the first gain after several months of moderating and declining sales. Most of the May sales growth was driven by the Hampton Roads, Central Virginia, and Valley regional markets.
- Home prices around the state continue to rise. The median sales price in Virginia rose 5% to \$309,900 in May. All regional markets had higher median sales prices than a year ago, which primarily is being driven by a declining supply of active listings.
- The increased sales activity and rising prices led to a quarter billion dollar jump in sold volume state-wide in May compared to this time last year.

#### Virginia REALTORS® Market Report Key Takeaways

Demand for housing in Virginia remains strong.

Prices continue to climb which makes affordability a growing challenge.

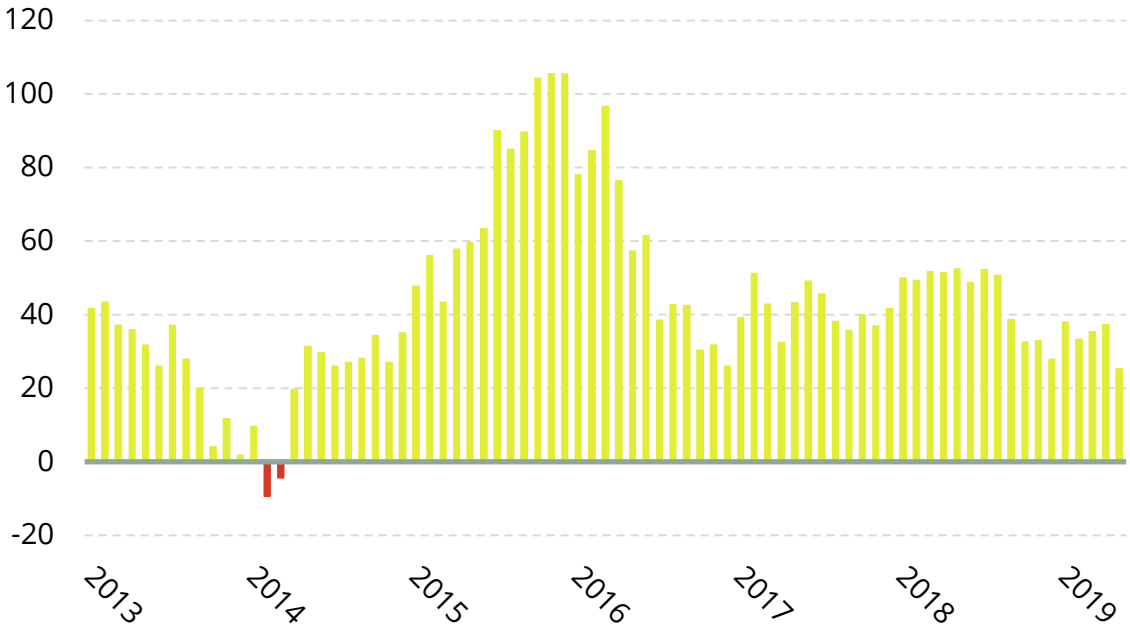
Inventories of homes for sale continue to fall.

Looking ahead, it will be important to monitor economic trends to see if the slowdown is the beginning of a longer-term trend.

# Economic Overview

Job growth nationally slowed in May, reflecting the impacts of national trade policy as well as labor shortages that are being felt across many parts of the country. Virginia also experienced a slowdown in May, with 25,200 net new jobs added to the economy over the past 12 months. (By comparison, since 2015, the Commonwealth has added over 50,000 new jobs annually.) The biggest slowdowns have been among smaller firms that are increasingly having difficulty finding qualified workers.

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



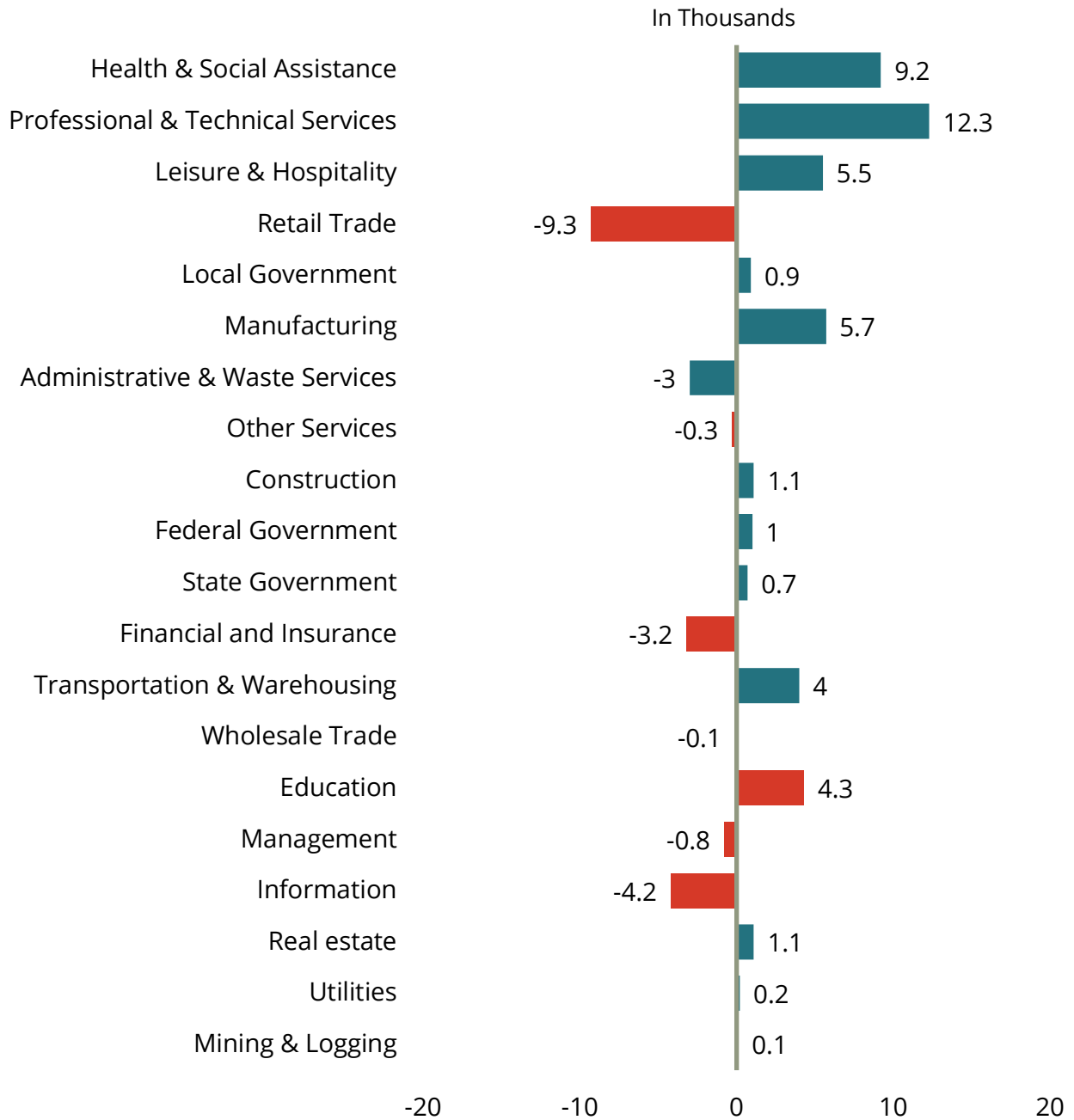
Source: U.S. Bureau of Labor Statistics, not seasonally adjusted

There were bright spots in Virginia’s economy. Despite a slowdown in the Manufacturing sector nationally, Manufacturing job growth in Virginia remained positive in May, with an addition of about 5,700 jobs between May 2018 and May 2019. The biggest job gains continued to be in the relatively high-wage Professional & Technical Services sector (+12,300 jobs) and the Health & Social Assistance sector (+9,200 jobs). The Leisure & Hospitality sector also continued its expansion, adding about 5,500 new jobs over the past 12 months.

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

**Total = +25.2**

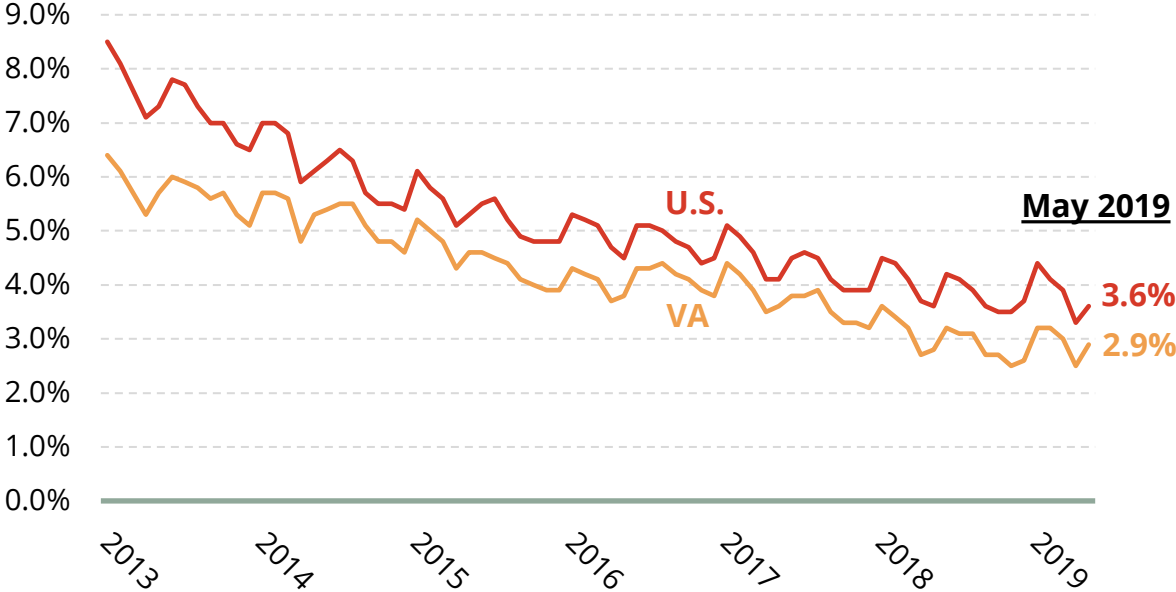
**Ranked by Size**



Source: U.S. Bureau of Labor Statistics

The statewide unemployment rate increased modestly to 2.9% in May as the U.S. unemployment rate increased to 3.6%. The slight increase in the unemployment rate indicates that more people are entering the labor market. However, the slowdown in job growth suggests that there is a mismatch between the skills employers are looking for and the skills of new entrants into the labor force.

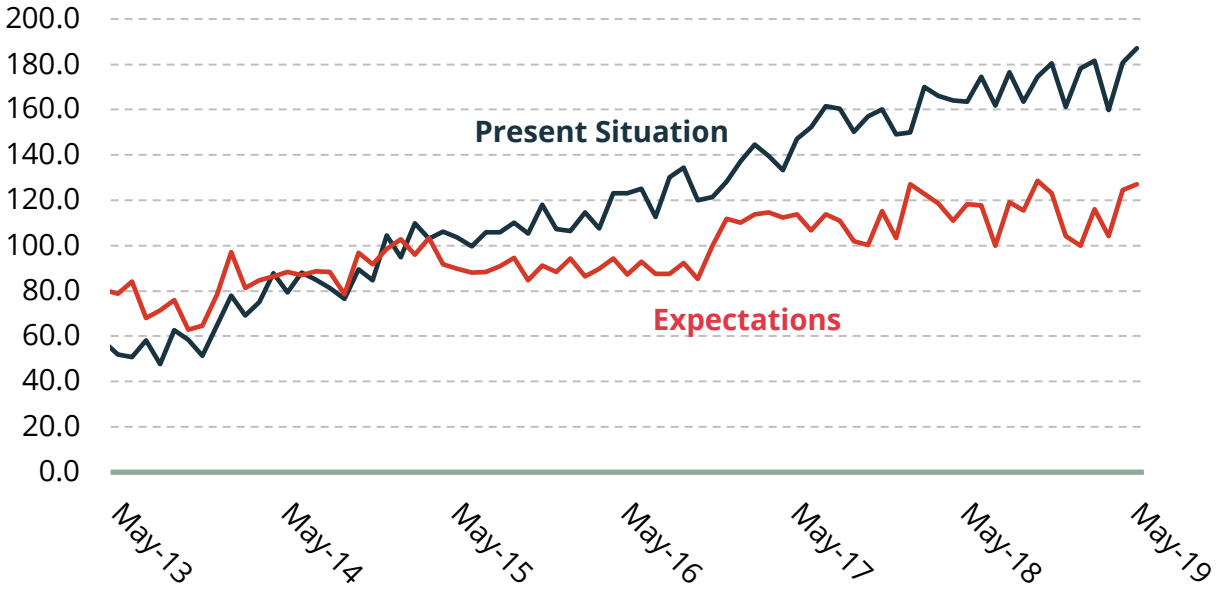
**Figure 3  
Unemployment Rate**



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

Despite the slower growth in the U.S. economy, consumer confidence remains high. The index of confidence in households current economic situations rose to 187.1 in May while confidence in future economic prospects rose to 127.1.

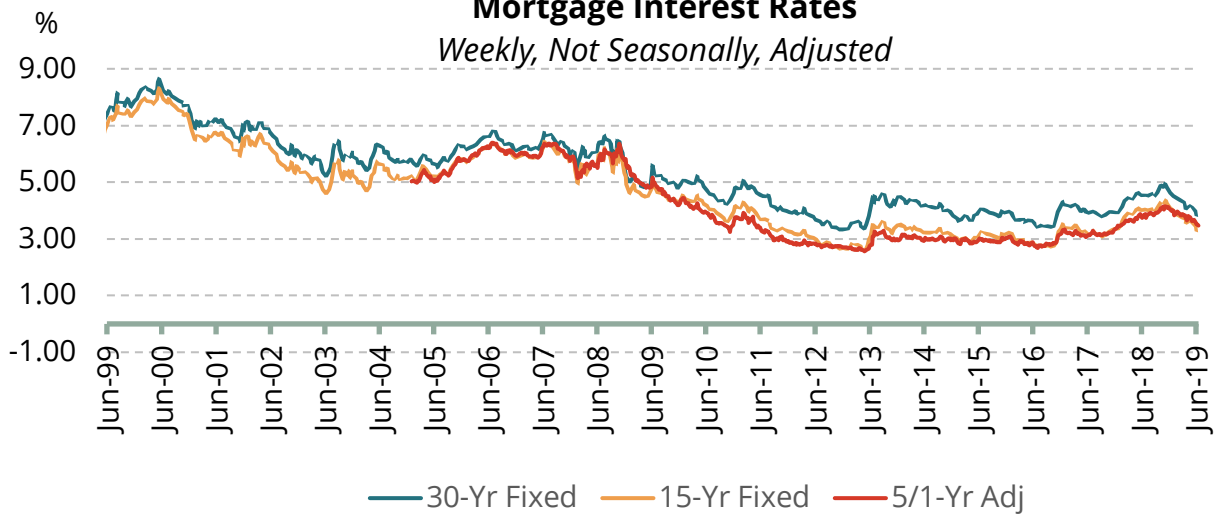
**Figure 4**  
**Consumer Confidence**  
**South Atlantic Region**



Source: The Conference Board

One reason households may be confident is the continued low interest rates. In June, the 30-year fixed-rate mortgage is below 4.0%, a level that has not been seen since January 2018. There is little to suggest that rates will rise notably in the months to come.

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



Source: Federal Reserve Bank of St. Louis

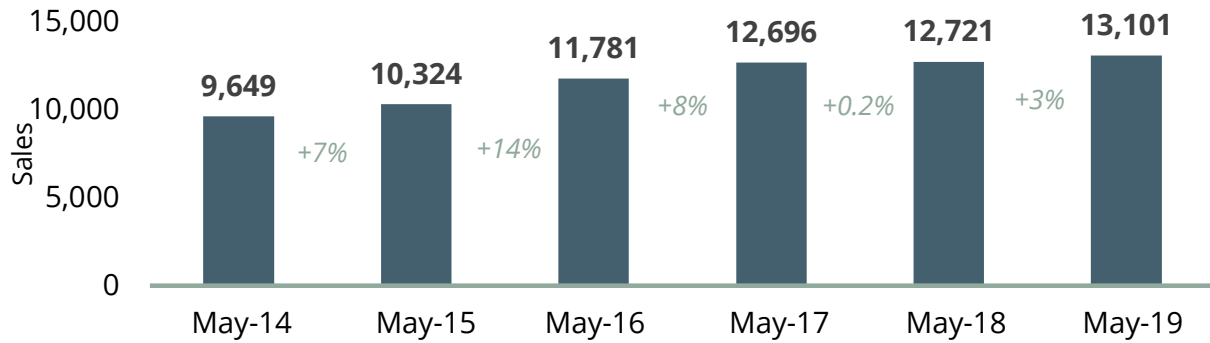
# Housing Market Overview

Sales activity is back on the rise in Virginia after a sluggish fall/winter, and median prices continue to climb in most parts of the state. The increase in sales quantity and price levels led to a quarter billion dollar jump in overall sales volume state-wide in May compared to a year ago. The inventory of homes active on the market continues to dwindle and low inventory levels influenced both price levels and days-on-market in many local areas. While job growth moderated and unemployment inched up in Virginia and nationally, the state's economy remains relatively healthy and continues to provide a steady supply of buyers that are active in the market. Interest rates have fallen in recent months and will likely remain steady over the summer, which also plays a role keeping demand strong in the housing market.

## Sales

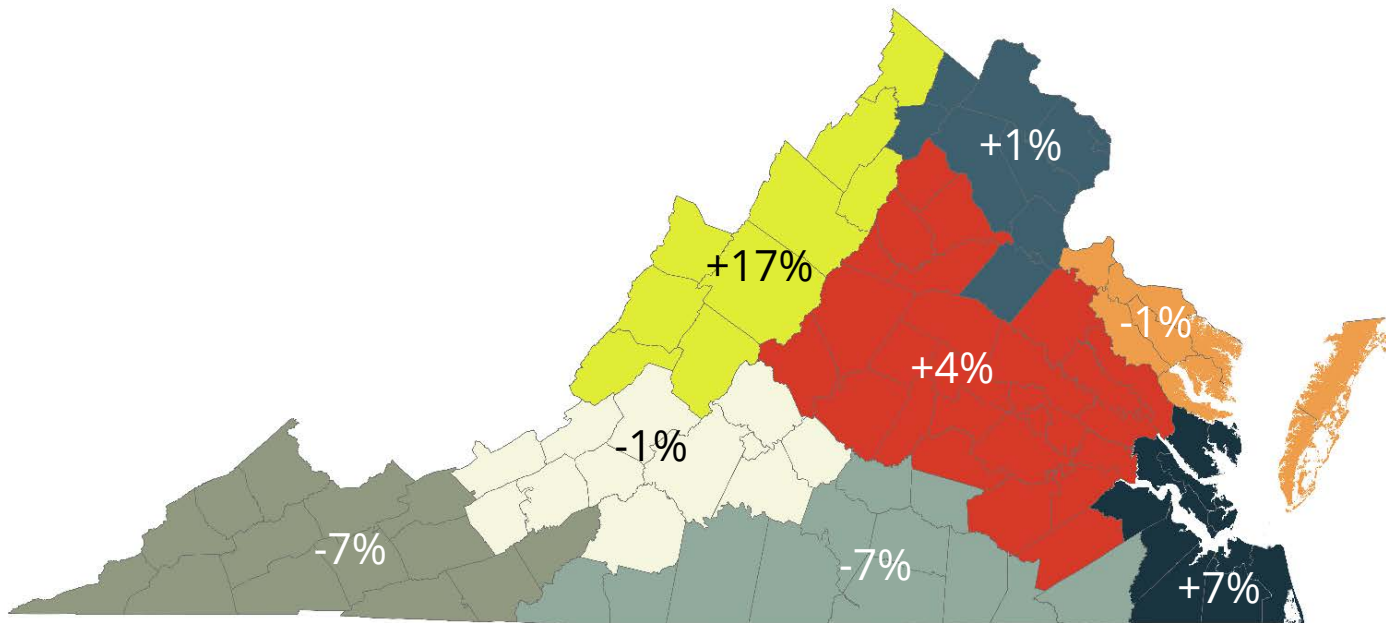
The pace of sales increased in May compared to this time last year. There were 13,101 sales across the Commonwealth in May, which is 380 more sales than last year, representing a 3% gain. Prior to this increase, sales activity had been flat or declining for eight consecutive months. The uptick in sales at the state level in May was driven primarily by strong sales growth in several regions within the state. Hampton Roads, the state's 2<sup>nd</sup> largest housing market, had 2,972 sales in May, which is up 7% from a year ago, a gain of 192 sales. There were 2,794 sales in the Central Virginia region, which is a 4% increase from last year, a gain of 100 sales. The sharpest percentage growth occurred in the Valley region, where there were 708 sales in May, 104 more than a year ago, which is a 17% surge. Both the Southside and Southwest regions had somewhat slower sales activity than last May, each falling 7%, a decline of 17 and 14 sales, respectively. Sales remained relatively flat in the Northern Virginia regional housing market. There were 4,923 sales in Northern Virginia, up 1% from last May.

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



Source: Virginia REALTORS®, data accessed June 17, 2019

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



Region	May-18	May-19	% Change
Central	2,694	2,794	4%
Eastern	232	229	-1%
Hampton	2,780	2,972	7%
Northern	4,923	4,951	1%
Southside	238	221	-7%



Southwest	206	192	-7%
Valley	604	708	17%
West	1,041	1,033	-1%
<b>All of Virginia</b>	<b>12,721</b>	<b>13,101</b>	<b>3%</b>

Source: Virginia REALTORS®, data accessed June 17, 2019

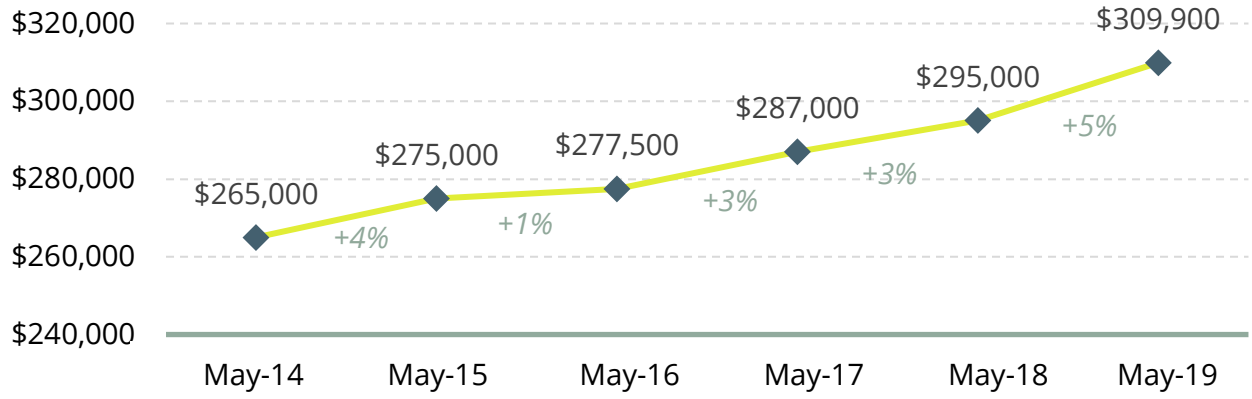
## Sales Prices

The price of homes continues to rise throughout Virginia; all regions in the state had growth in the median sales price in May compared to a year ago. The median sales price state-wide was \$309,900 in May, up 5% from this time last year, a gain of nearly \$15,000. The low supply of homes available on the market has been putting pressure on prices for several years. The median sales price state-wide is now nearly \$45,000 higher than it was five years ago.

Prices are rising across the state, evidence of continued demand in local markets with relatively tight inventories. The Eastern region had the largest dollar gain in the median price, climbing to \$221,000 in May, up nearly \$30,000 from a year ago, representing a 16% jump. Despite declining sales activity, the median sales prices in both the Southside and Southwest regions rose \$20,000 from May of last year, an 18% and 16% gain, respectively. The median sales price in both the Central Virginia and Hampton Roads regions rose 6% to \$270,000 and \$254,950, respectively, a gain of about \$15,000 in each region. At \$459,000 the median price in Northern Virginia climbed 3% in May, a \$14,000 increase.

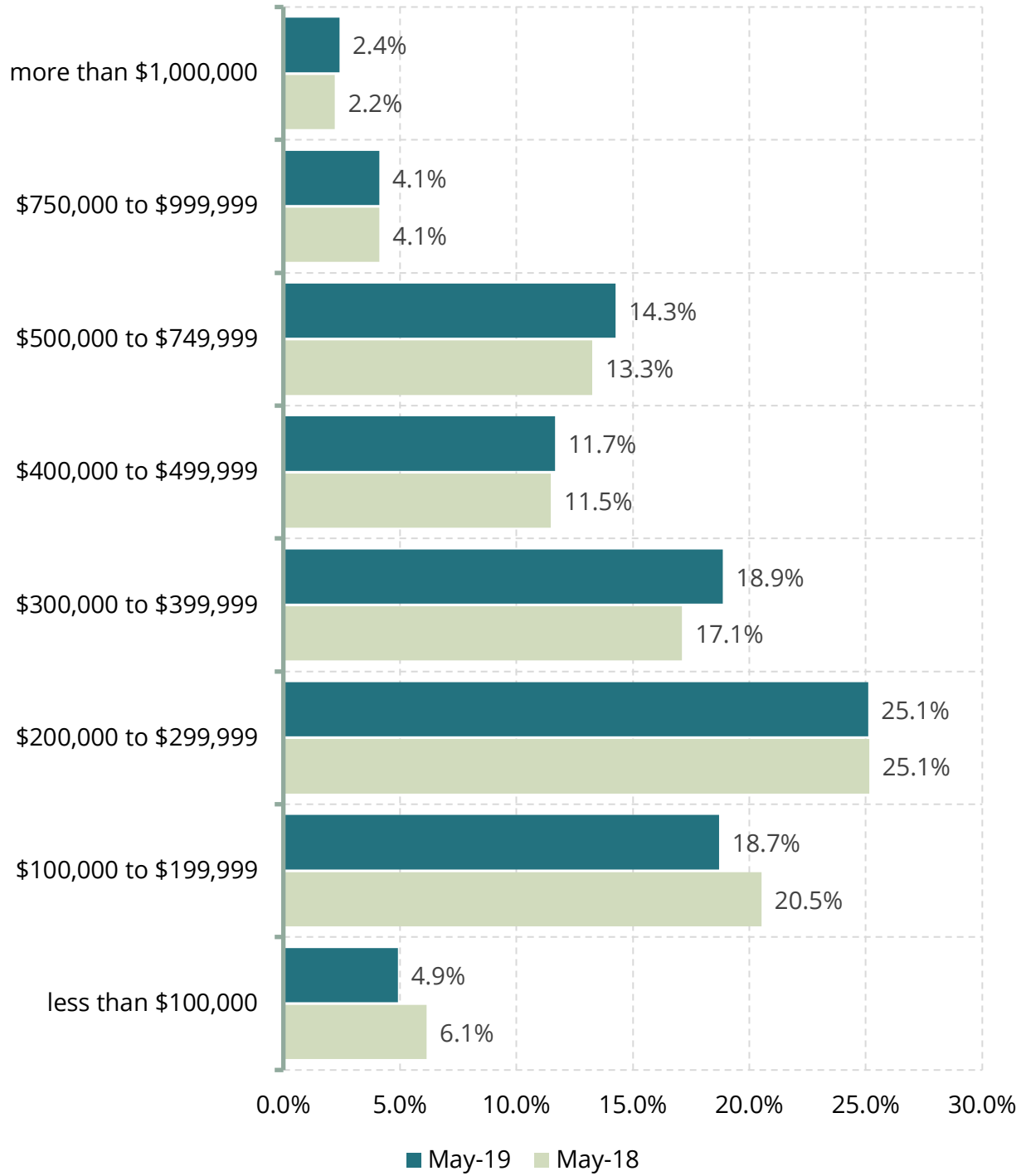
The rising prices are also reflected in the sales-by-price-range data. The higher price ranges, specifically those above \$300,000, had a larger share of sales than a year ago. The largest growth in the number of sales was in the \$300,000 to \$399,999 price range, which accounted for nearly 1 out of every 5 sales in May (18.9%), up from 17.1% of sales a year ago. Homes in the \$500,000 to \$749,999 range also had a notable increase, going from 13.3% of sales in May of last year to 14.3% of sales in May of 2019. While price points shift higher, the proportion of sales at price levels below \$200,000 continue to decline, representing 23.6% of all sales in May, down from 26.7% of all sales a year ago.

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



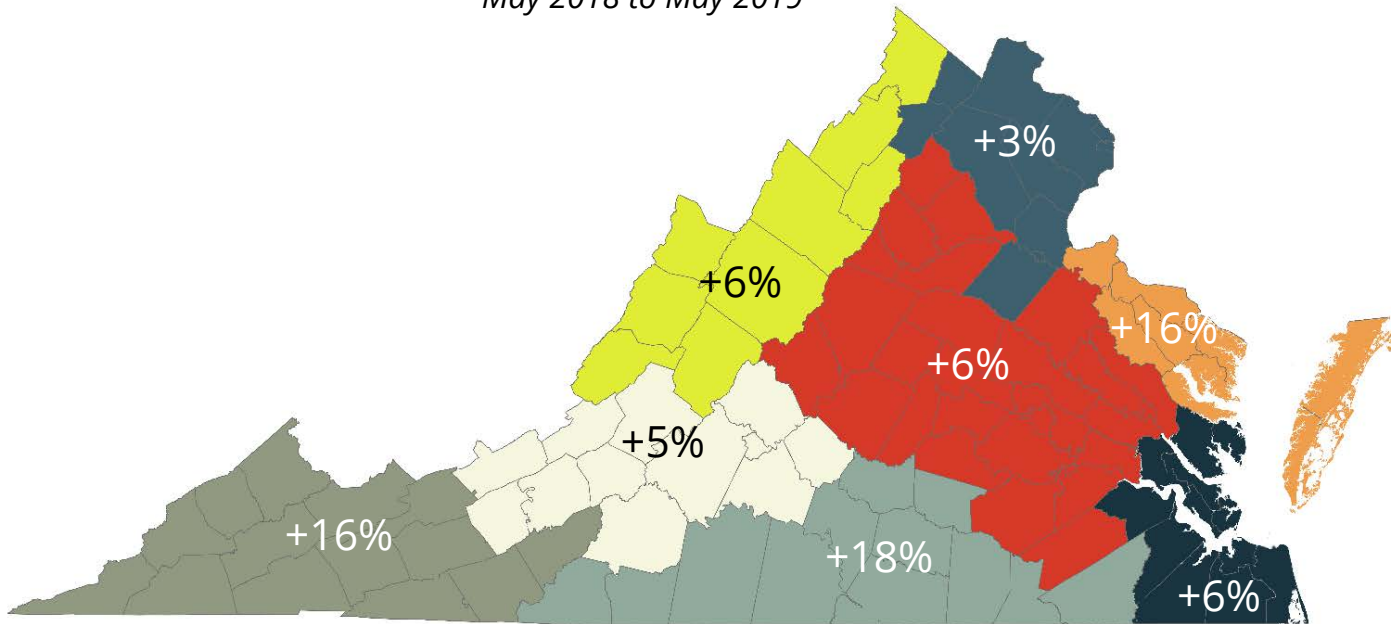
Source: Virginia REALTORS®, data accessed June 17, 2019

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



Source: Virginia REALTORS®, data accessed June 17, 2019

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



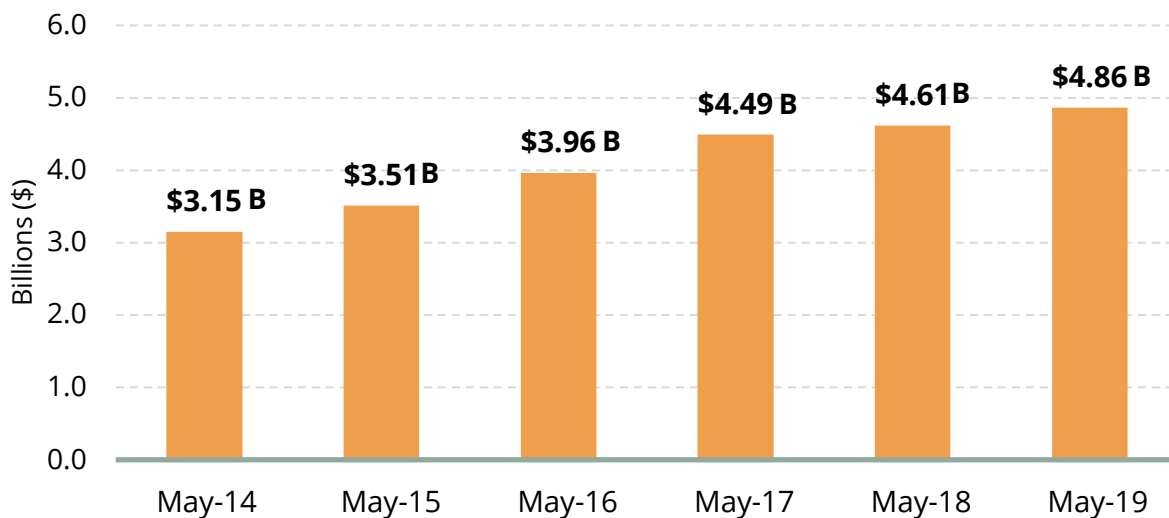
<i>Region</i>	<i>May-18</i>	<i>May-19</i>	<i>% Change</i>
Central	\$255,000	\$270,000	6%
Eastern	\$191,250	\$221,000	16%
Hampton	\$240,000	\$254,950	6%
Northern	\$445,000	\$459,000	3%
Southside	\$110,000	\$130,000	18%
Southwest	\$125,000	\$145,000	16%
Valley	\$210,000	\$221,750	6%
West	\$185,000	\$194,500	5%
<b>All of Virginia</b>	<b>\$295,000</b>	<b>\$309,900</b>	<b>5%</b>

Source: Virginia REALTORS®, data accessed June 17, 2019

## Sold Volume

The bump in sales activity and higher prices in May led to an increase in the total sold dollar volume in Virginia compared to a year ago. There was approximately \$4.86 billion in sold volume in May across the Commonwealth, which is 5% higher than last year, a gain of nearly a quarter of a billion dollars (\$248 million). The May sold dollar volume in the state has increased \$1.7 billion from five years prior.

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

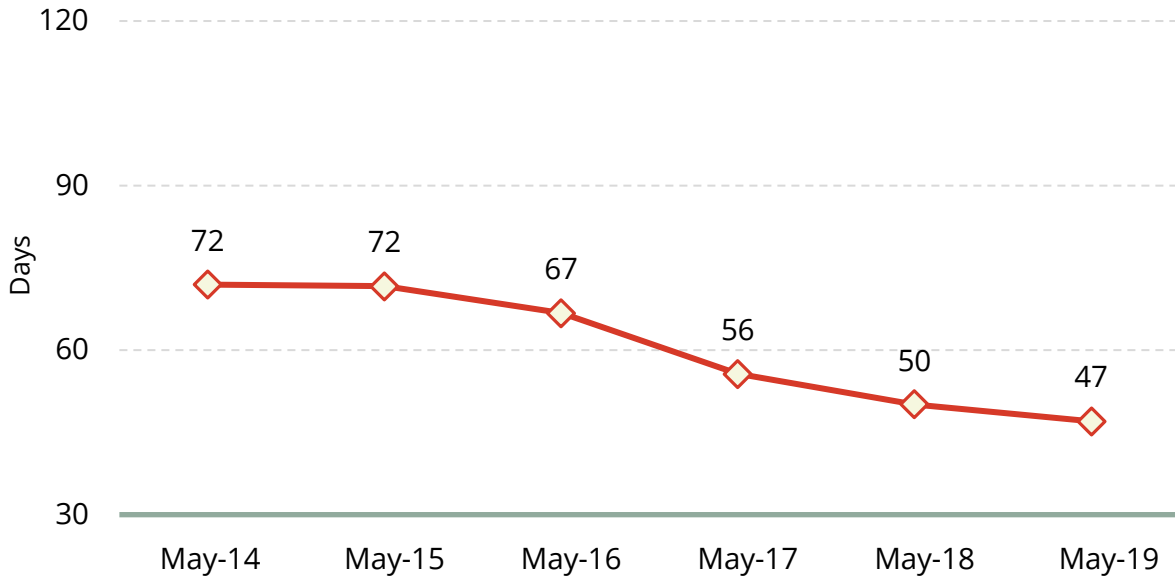


Source: Virginia REALTORS®, data accessed June 17, 2019

## Days on Market

Homes continue to sell faster in many parts of Virginia. The average days on market state-wide in May was 47 days, which is three days faster than a year ago. The shrinking supply of homes for sale on the market has been pulling this metric down as buyers have fewer homes to choose from. All but two of the regional housing markets in the state had a lower average days-on-market in May compared to last year. Northern Virginia and Central Virginia were the only regions to have an uptick, rising three days and two days, respectively, from a year ago.

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

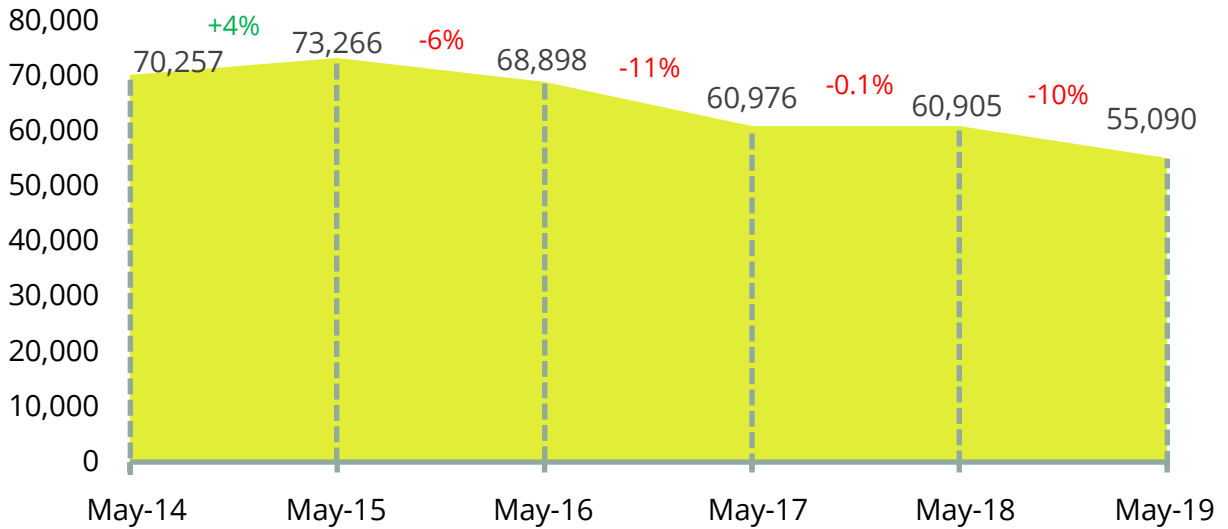


Source: Virginia REALTORS®, data accessed June 17, 2019

## Listings

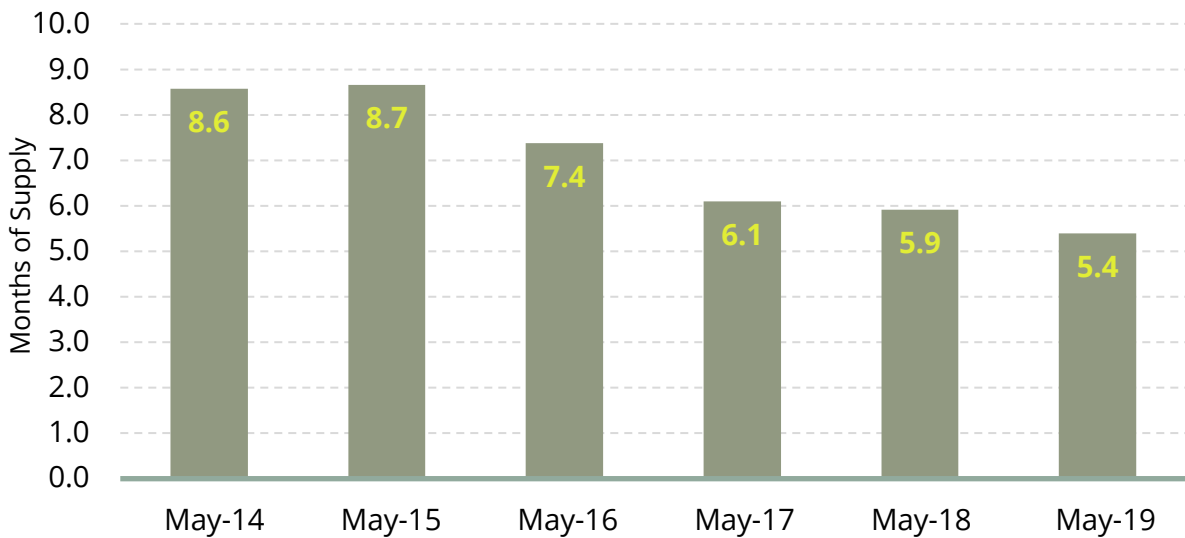
There were fewer homes listed for sale at the end of May in Virginia than a year ago, a downward trend that has occurred every month thus far in 2019. The supply of active listings has been shrinking consistently for several years; however, there were some signs of stabilization for much of 2018. In 2019, inventories have been shrinking again. There were approximately 55,090 active listings at the end of May across the state, which is about 5,800 less than this time last year, representing a 10% reduction. There was approximately 5.4 months of supply at the end of May in Virginia, down from 5.9 months a year ago.

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



Source: Virginia REALTORS®, data accessed June 17, 2019

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



Source: Virginia REALTORS®, data accessed June 17, 2019



The Virginia REALTORS® association is the largest professional trade association in Virginia, representing nearly 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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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.