

Virginia

HOME SALES
REPORT

JUNE 2019

Virginia Home Sales Report

June 2019

Summary

Economic Conditions

- High-quality educational institutions and a highly-skilled workforce pushed Virginia to number 1 in CNBC's recent ranking of the best states for business.
- Strong, consistent job growth should continue throughout the rest of the year, fueling sustained demand for housing.
- Interest rates continued to fall in June; the 30-year fixed-rate mortgage rate stood at 3.81% in the 3rd week of June. There is no indication of significant rate increases in the months to come.

Housing Market Conditions

- Sales were down in June compared to a year ago, which continues a trend of slower sales that began in the Fall of 2018. The drop in June sales was largely driven by the Northern Virginia and Hampton Roads regional markets.
- The median sales price statewide was up 2% over last year. Prices are rising in all regional housing markets and continue to be driven up by strong demand and a declining supply of active listings.
- The average days on market at the state level remained unchanged in June at 45 days after trending down for much of the past few year.
- Inventories in markets across the Commonwealth continue to shrink, which is a key driver of price growth in the state.

Virginia REALTORS® Market Report Key Takeaways

Virginia is a great place for businesses, which is a key strength for local housing markets.

Interest rates continue to defy expectations and have moved even lower.

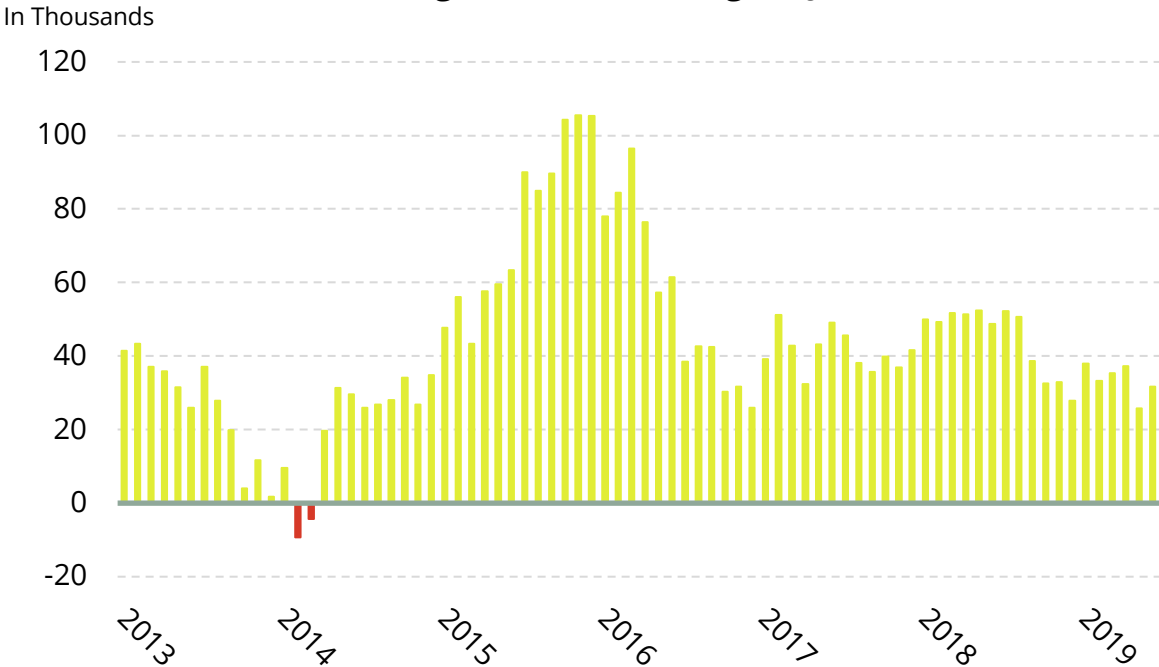
Sales activity slowed in most markets, and prices continue to rise.

A lack of inventory is the biggest constraint on the market, making it harder for buyers to find homes and giving an edge to sellers in most markets.

Economic Overview

Virginia’s economy remains healthy. State job growth was strong in June after a slight slowdown in May. Between June 2018 and June 2019, Virginia added 31,700 net new jobs, which is consistent with steady monthly job growth for the past three years.

Figure 1
Virginia Annual Change in Jobs



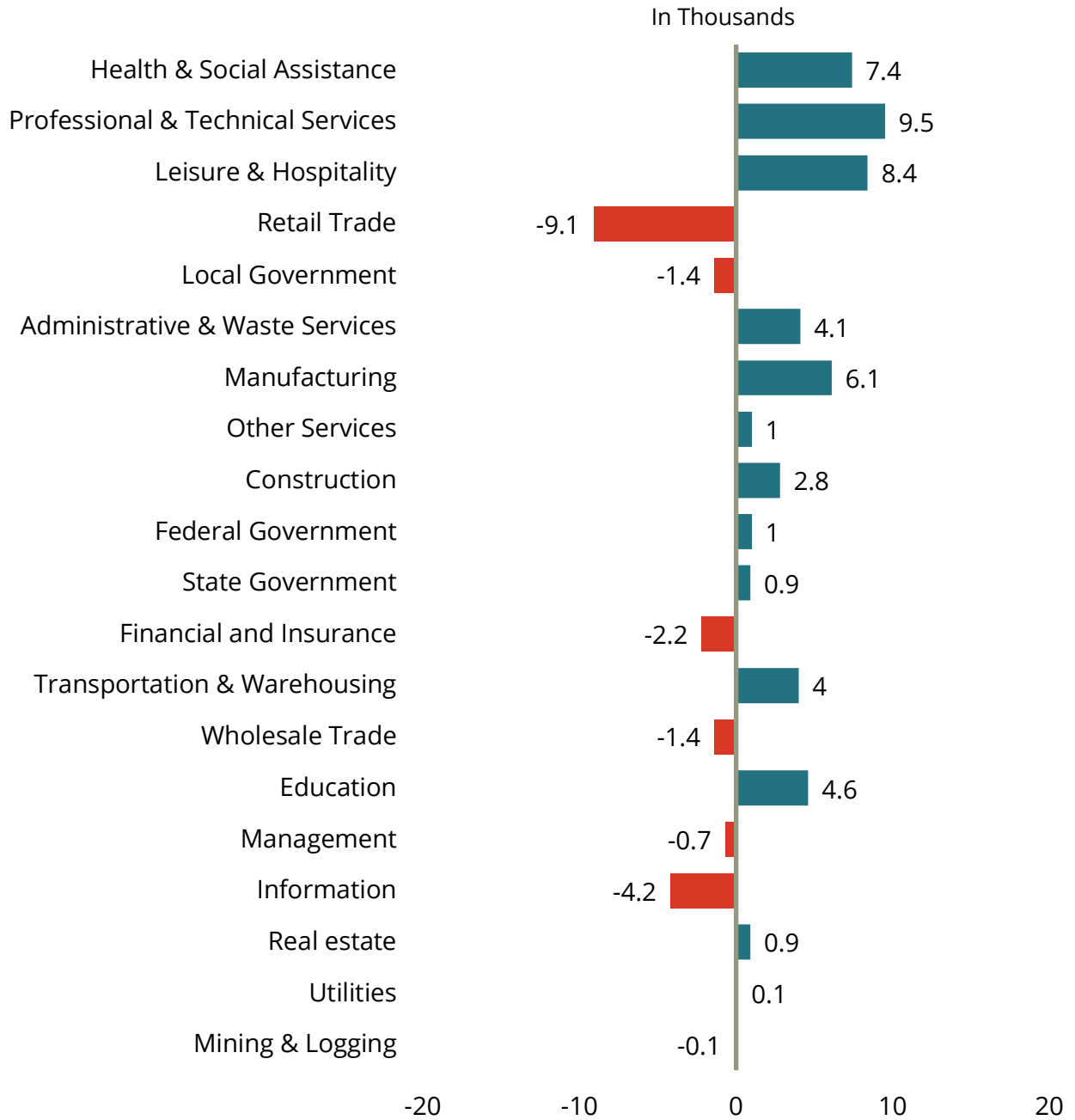
Source: U.S. Bureau of Labor Statistics

There was broad job growth across industry sectors in June. The Health & Social Assistance sector added 7,400 jobs and the Leisure & Hospitality sector added 8,400 jobs over the past 12 months. However, the greatest growth was in the Professional & Technical Services sector (+9,500 new jobs). The addition of relatively high-wage Professional & Technical Services jobs reflects Virginia’s overall economic competitiveness. In fact, CNBC recently named Virginia the top state for business in 2019. High-quality educational institutions and a highly-skilled workforce pushed Virginia to number 1 in that ranking and suggests strong, consistent job growth throughout the rest of the year.

Figure 2
Job Change by Industry
June 2018 - June 2019

Total = +31.7

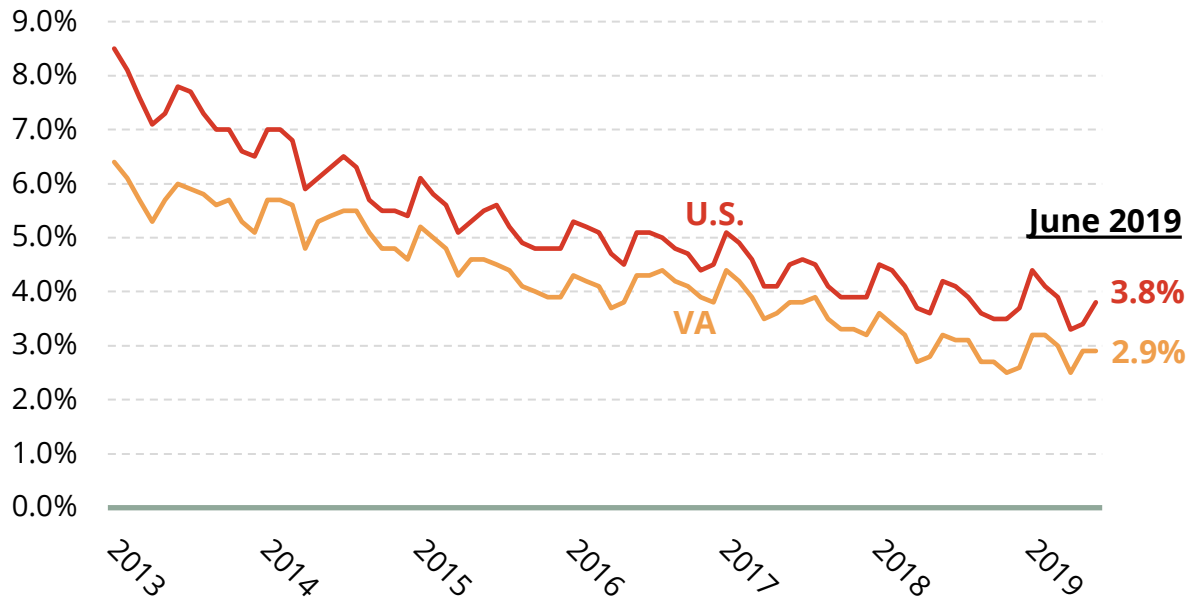
Ranked by Size



Source: U.S. Bureau of Labor Statistics

The state's unemployment rate held steady at 2.9% in June, compared to 3.8% for the U.S. as a whole. The ability to continue to attract and keep skilled labor in the state remains one potential concern in many parts of the Commonwealth.

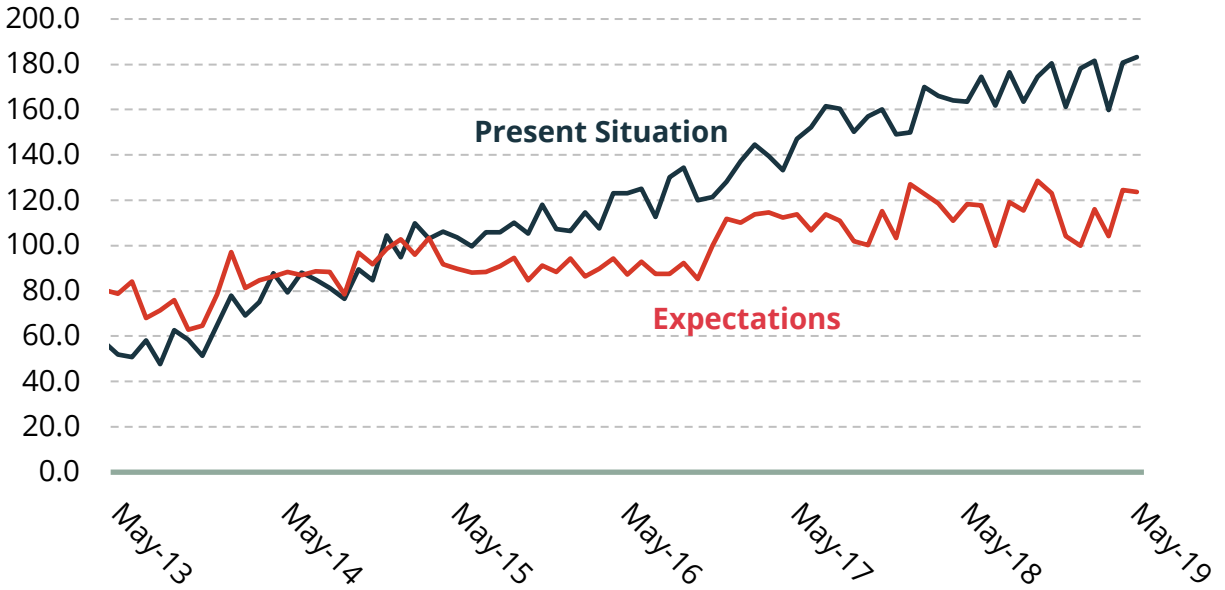
Figure 3
Unemployment Rate



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

Consumer confidence, both in terms of current economic conditions as well as in the outlook for future economic conditions, remains positive. Using data on consumer confidence in the South Atlantic region, the index of confidence in consumers' present situation edged up to 183.2 in June, while the index of expectations remains at about 124. When these measures are above 100, it indicates that consumers remain optimistic about their economic prospects. Strong consumer confidence is an important indicator for a strong housing market.

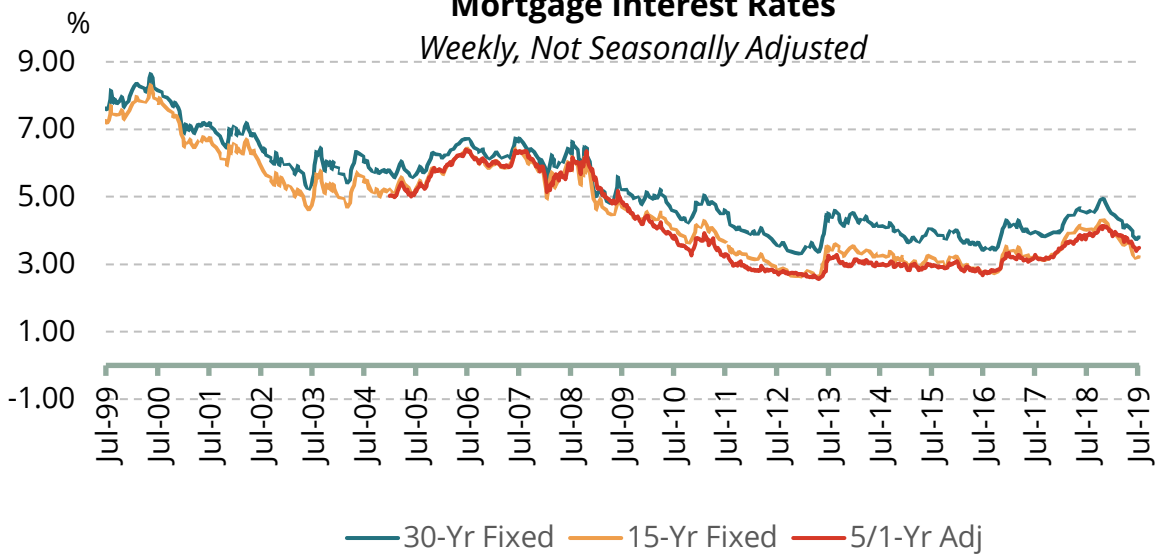
Figure 4
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Interest rates remain very low, with no increases in sight. In the 3rd week of July, the 30-year fixed-rate mortgage rate was 3.81%, down slightly from a month ago, and well below long-term averages.

Figure 5
Mortgage Interest Rates
Weekly, Not Seasonally Adjusted



Source: Federal Reserve Bank of St. Louis

Housing Market Overview

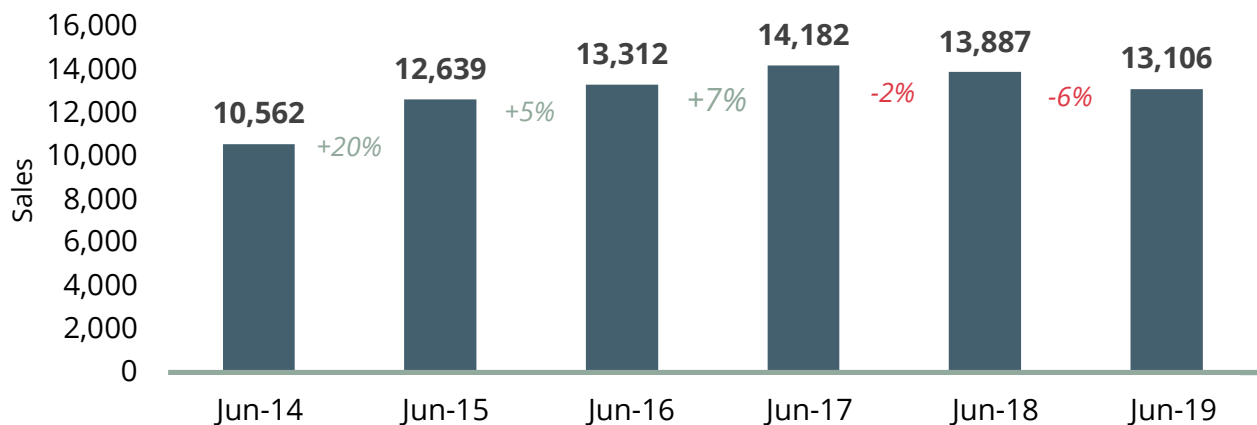
After a brief uptick in sales activity in May, the pace of sales in June slowed down compared to last year. The drop in sales continues a trend that started in the Fall of last year. Despite somewhat slower sales, home prices continue to rise in all regions of the state, and inventory continues to shrink in many areas.

The fact that prices continue to rise despite fewer sales indicates the low supply of listings is playing a big role in market conditions. It also indicates that even as fewer sales are occurring overall, there continues to be more than enough buyer demand in many regional markets in the state to absorb the available supply. The buyer demand is being fueled by strong economic conditions in Virginia, as well as demographic factors, such as the aging of the Millennial population. Consumer confidence remains high, and interest rates continue to drop to historically low levels. All of these factors play a role in keeping buyers active in the market.

Sales

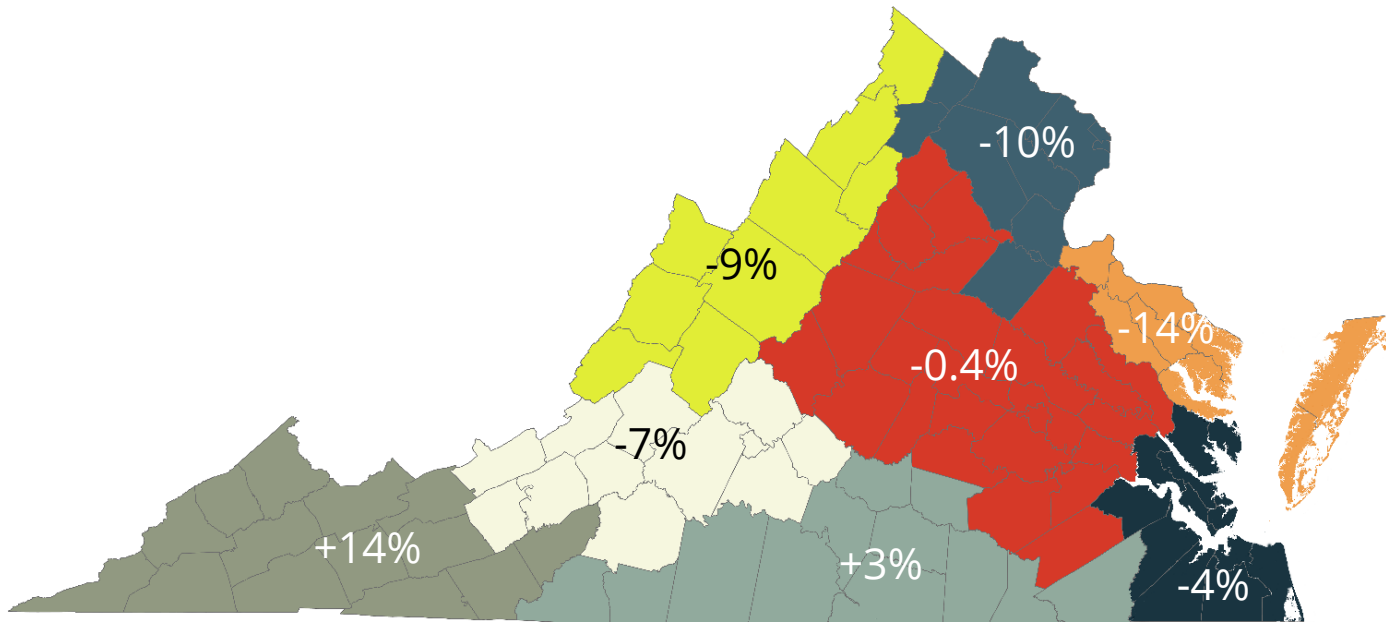
There were 13,106 sales in Virginia in June, which is 781 sales fewer than this time last year, representing a 6% drop. Sales fell in most of the regional markets in June. Notably, in the Northern Virginia region there were 10% fewer sales in June compared to last year, a drop of over 500 sales. This is the sharpest decline in sales in this region since September of 2018. There were 2,937 sales in Hampton Roads in June, down 4% from a year ago, a drop of 113 sales. The Southwest and Southside regions were the only areas of the state to have an increase in sales in June, rising 14% and 3%, respectively, compared to June of last year.

Figure 6
June Home Sales, Virginia
2014-2019



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

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



<i>Region</i>	<i>Jun-18</i>	<i>Jun-19</i>	<i>% Change</i>
Central	3,048	3,037	-0.4%
Eastern	259	222	-14%
Hampton	3,050	2,937	-4%
Northern	5,343	4,827	-10%
Southside	236	244	3%
Southwest	177	201	14%
Valley	721	658	-9%
West	1,051	980	-7%
All of Virginia	13,887	13,106	-6%

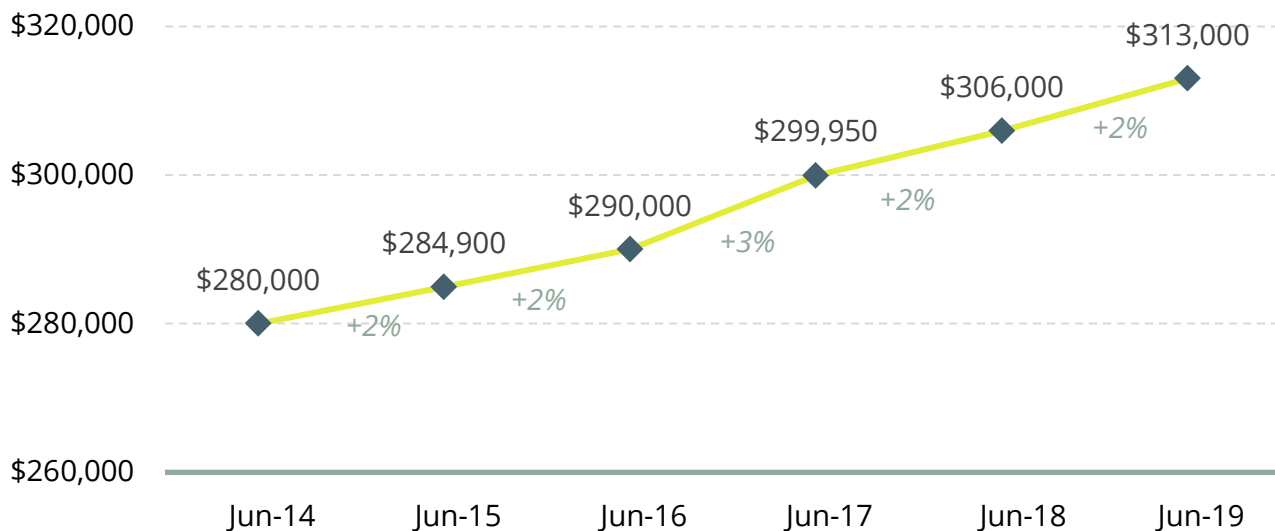
Source: Virginia REALTORS®, data accessed July 17, 2019

Sales Prices

Home prices continue to climb steadily across the Commonwealth, a multi-year trend that is largely being driven by shrinking inventories. At \$313,000, the median sales price state-wide was 2% higher than June of last year, an increase of \$7,000. All regions in the state had higher median sales prices than this time last year, led by the Southside region, where prices rose 18%, a gain of over \$22,000. At \$277,000, the median sales price in Central Virginia rose more than \$12,000 from a year ago, representing a 5% increase. Despite a sharp decline in sales this month, the median sales price in Northern Virginia climbed 4% to \$467,500 in June, a \$17,500 gain. The median sales price in the Hampton Roads market increased 2% in June, and prices remained essentially flat in the Valley Region, with the median price up just \$665 from last June.

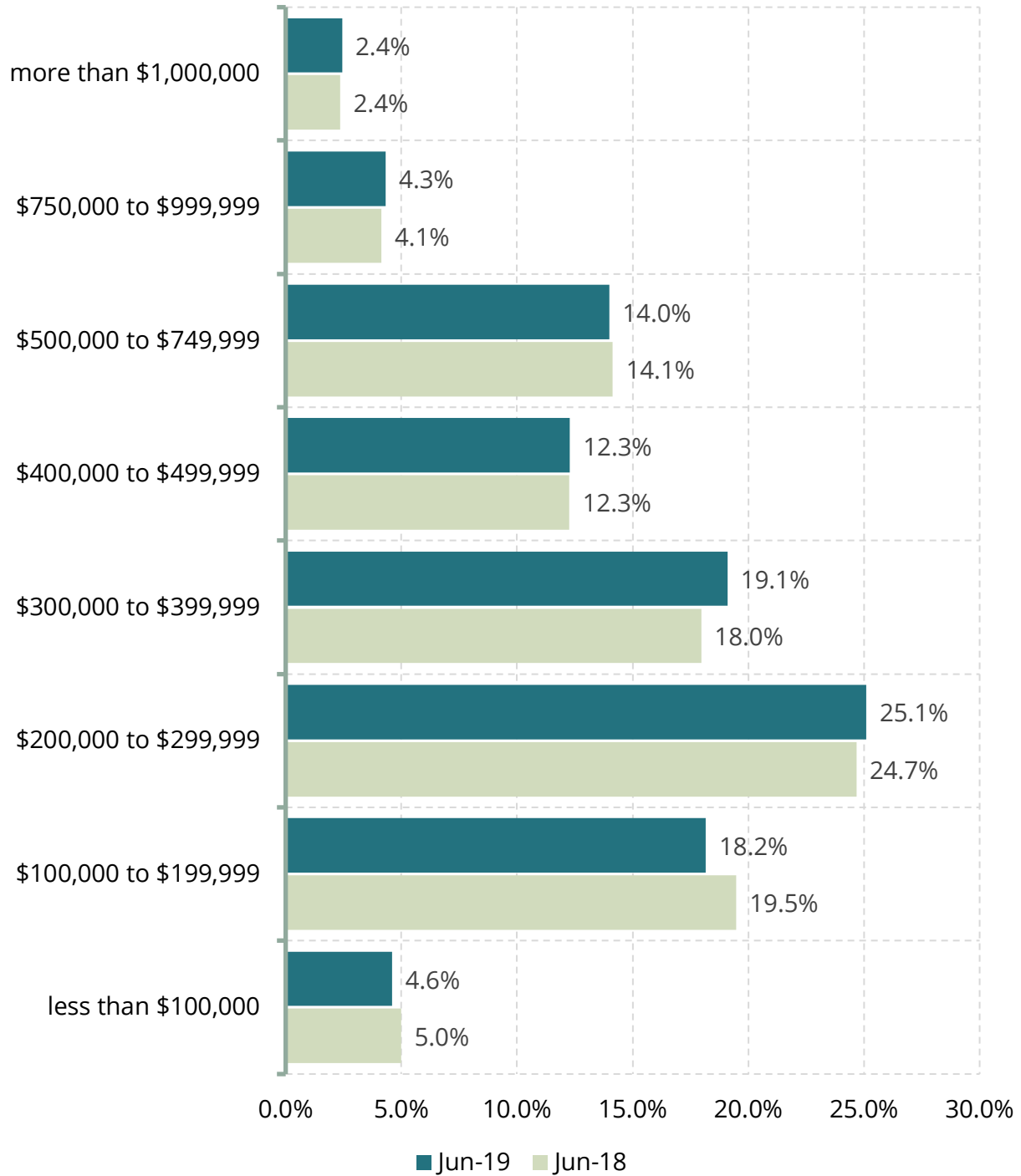
Approximately 1 out of 4 homes sold in Virginia in June had a sales price between \$200,000 and \$299,999 (25.1%), making it the largest price segment of the state's housing market. Nearly 1 out of 5 homes sold for between \$100,000 and \$199,999 (18.2%), and another 1 out of 5 sold for between \$300,000 and \$399,999 (19.1%). As prices shift higher in Virginia, the proportion of sales below \$200,000 continues to decline, which can have impacts on the availability of homes for large segments of the market, including first-time homebuyers.

Figure 8
June Median Sales Price, Virginia
2014-2019



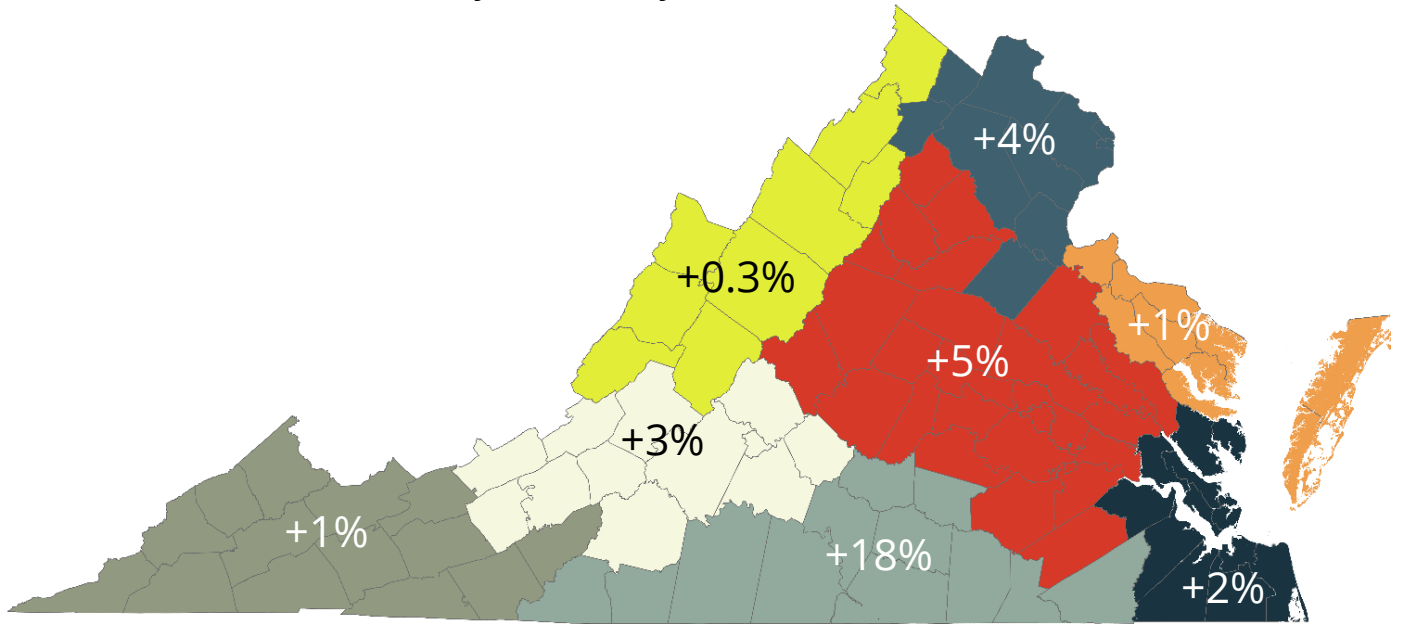
Source: Virginia REALTORS®, data accessed July 17, 2019

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



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

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



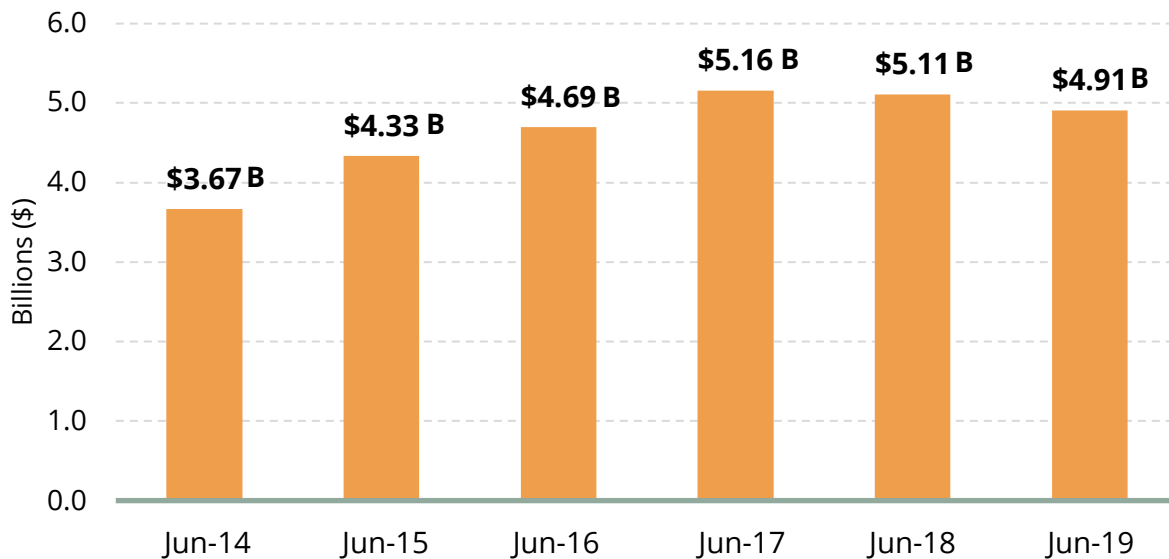
<i>Region</i>	<i>Jun-18</i>	<i>Jun-19</i>	<i>% Change</i>
Central	\$264,648	\$277,000	5%
Eastern	\$218,000	\$221,000	1%
Hampton	\$249,540	\$255,000	2%
Northern	\$450,000	\$467,500	4%
Southside	\$122,750	\$145,000	18%
Southwest	\$138,000	\$140,000	1%
Valley	\$229,000	\$229,665	<1%
West	\$196,950	\$202,000	3%
All of Virginia	\$306,000	\$313,000	2%

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

Sold Volume

While median prices rose throughout Virginia, the decline in sales activity led to a drop in total sold dollar volume in June. There was approximately \$4.91 billion in sold volume in June across the State, which is down 4% from a year ago, a decline of over \$200 million. Despite the lower volume from last year, the June sales volume in Virginia is up approximately \$1.2 billion from 5 year ago.

Figure 11
June Sold Dollar Volume, Virginia
2014-2019

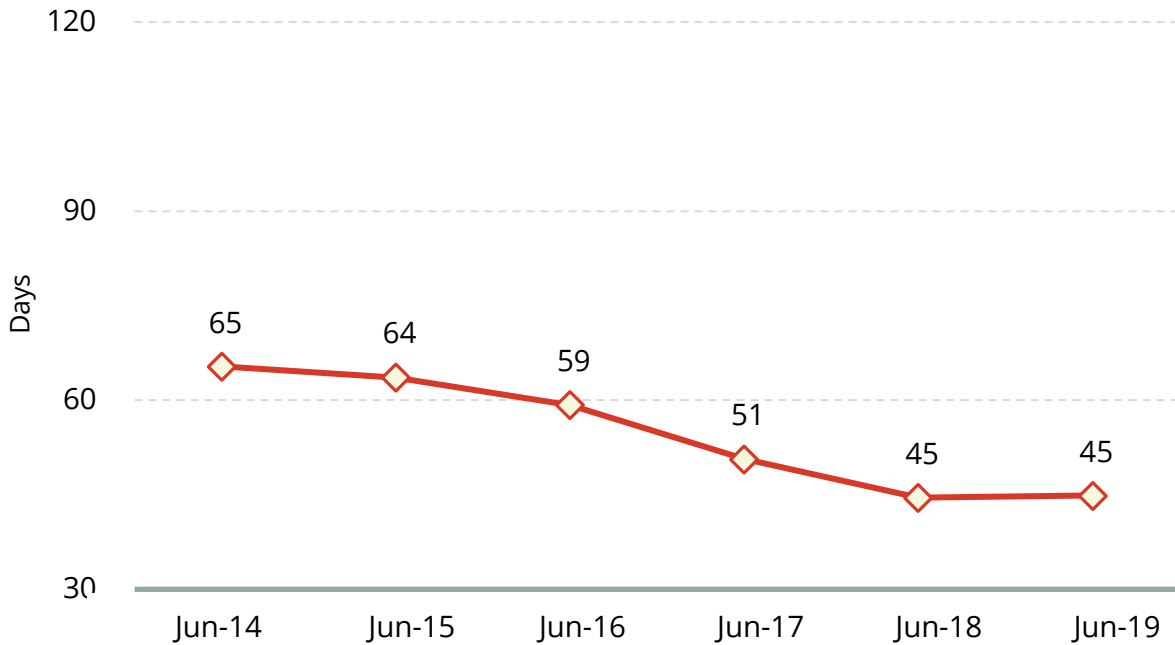


Source: Virginia REALTORS®, data accessed July 17, 2019

Days on Market

Homes were on the market an average of 45 days in June, which is unchanged from a year ago. The average days on market in the Northern Virginia region rose 8 days in June compared to a year ago, which had a significant impact on the overall State average, as more than a third (37%) of sales in Virginia in June occurred in this region. Two other regions in the State also had an increase in the average days on market, Central Virginia (+1 day) and Southside (+16 days). Homes sold in 46 days, on average, in the Hampton Roads market, which is 8 days faster than June of last year.

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

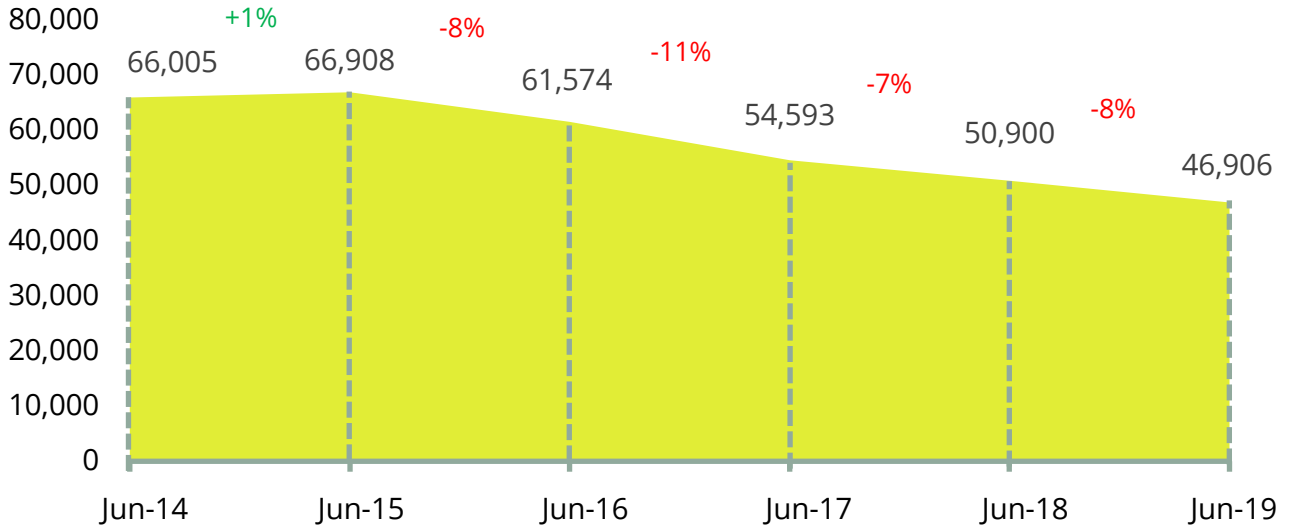


Source: Virginia REALTORS®, data accessed July 17, 2019

Listings

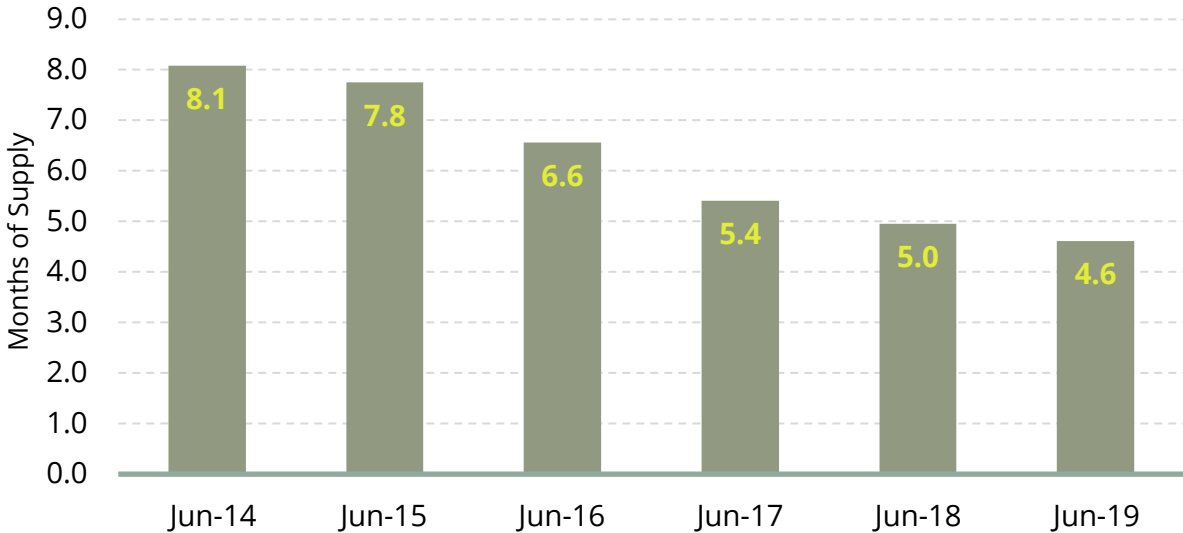
The supply of active listings in the Commonwealth continues to shrink. There were approximately 46,900 active listings on the market at the end of June, which is nearly 4,000 fewer than this time last year, an 8% drop. The declining supply of homes for sale is playing a key role in the rising prices seen through much of the State, a trend that has been consistent over the past several years. There was approximately 4.6 months of supply at the end of June, which is down from 5.0 months in June of last year.

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



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

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



Source: Virginia REALTORS®, data accessed July 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.