

Virginia

HOME SALES
REPORT

AUGUST 2019

Virginia Home Sales Report

August 2019

Summary

Economic Conditions

- The steady job growth in the Commonwealth remains a positive for a healthy housing market in Virginia. An extremely low unemployment rate and a lack of workers could be dampening the state's potential for economic growth.
- Interest rates have risen very slightly but still remain nearly a percentage point below where they were last year.
- Consumers remain optimistic both about the present and future economy, which is a key factor for continued economic growth and a robust housing market.

Housing Market Conditions

- Sales activity in the Commonwealth inched up in August compared to last year. However, two of the largest regional housing markets in the state had fewer sales in August (Northern Virginia -2%, Central Virginia -2%).
- In most markets, the relatively stable pace of home sales activity is an indicator of limited inventory rather than declining demand. The inventory of active listings on the market in Virginia fell 10% in August.
- Sales prices continue to rise throughout Virginia. The August median sales price at the state-level was up 4% from a year ago. Price gains are occurring consistently in most of the state's regional housing markets.

Virginia REALTORS® Market Report Key Takeaways

Despite talk of an approaching national recession, the state's economy continues to perform well.

Historically low interest rates are fueling refinancing activity but are not impacting home purchase activity.

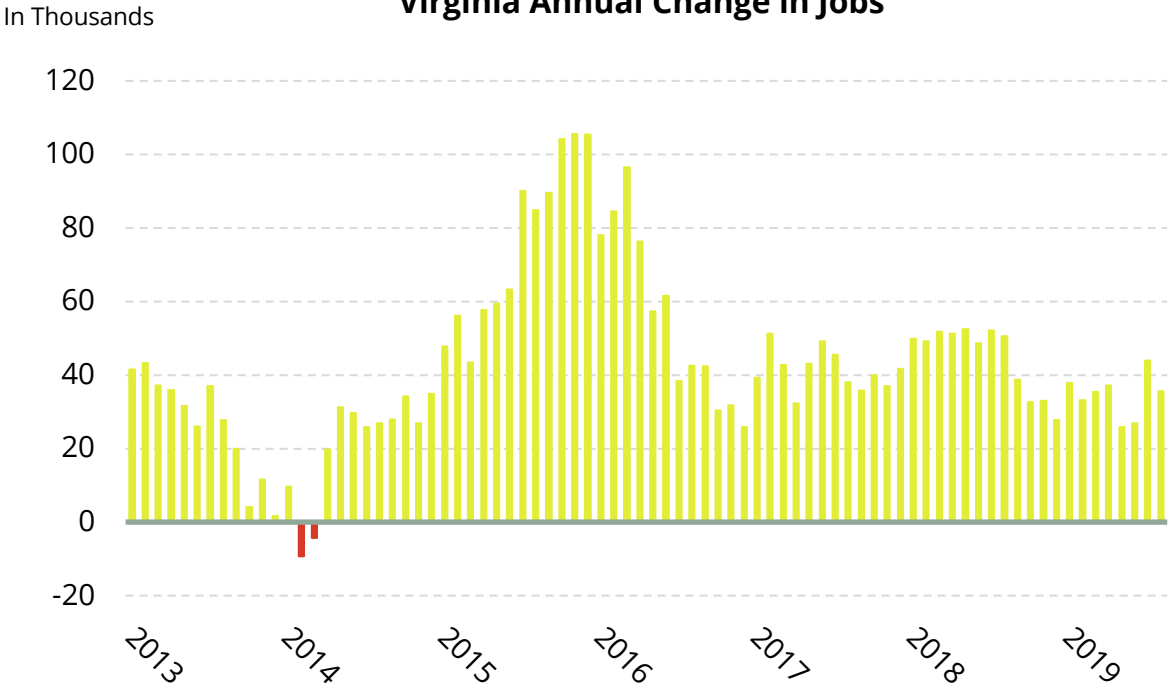
A lack of inventory continues to be a constraint on housing markets in many parts of the state.

Prices continue to rise, making it more difficult for first-time homebuyers in many markets to find a home they can afford.

Economic Overview

Between August 2018 and August 2019, Virginia added 35,600 net new jobs, continuing 4 years of strong job growth in the state. Despite increasing talk about a national recession, the state's economy continues to perform well. The steady job growth in the Commonwealth remains a positive for a healthy housing market.

Figure 1
Virginia Annual Change in Jobs

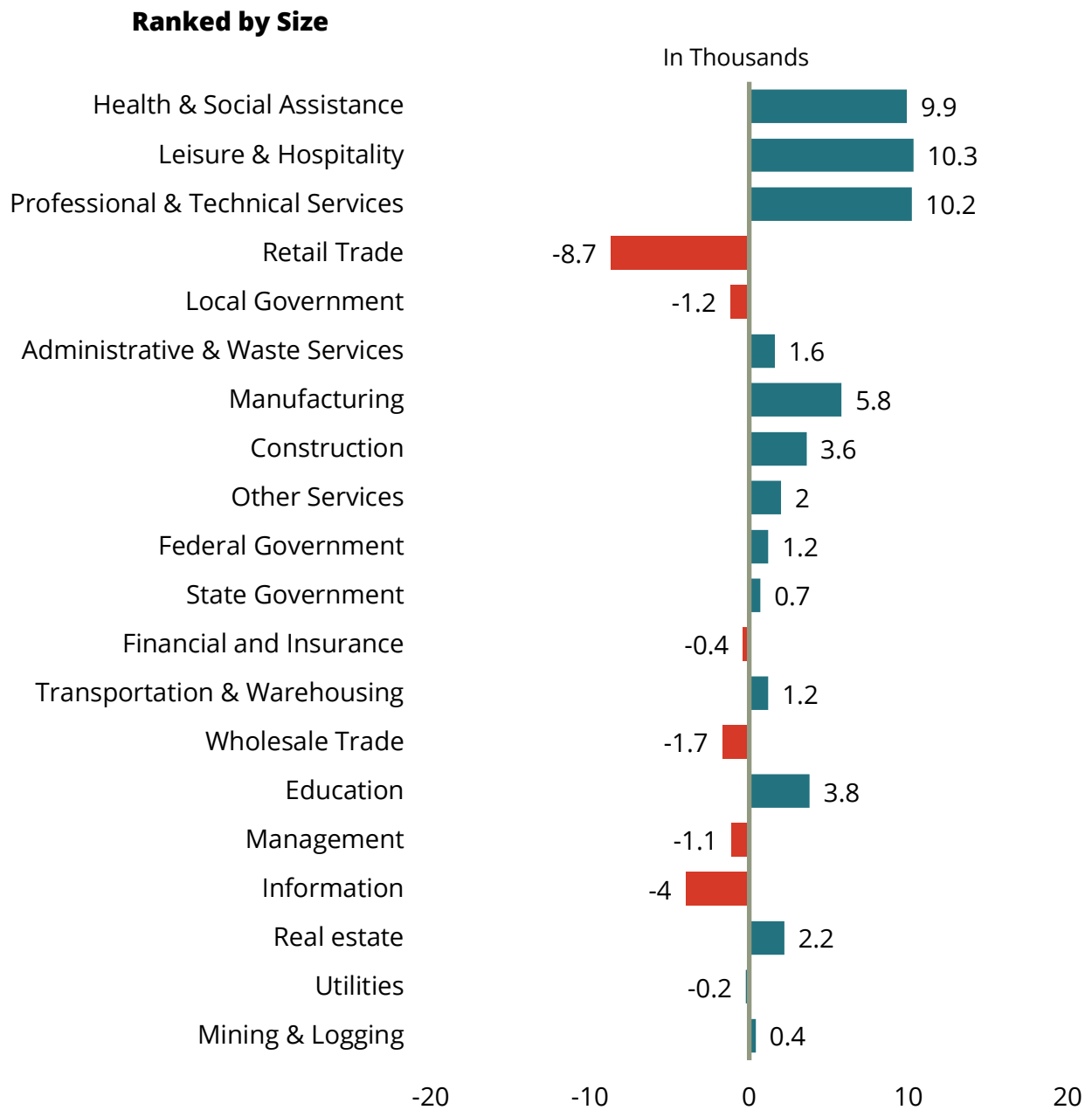


Source: U.S. Bureau of Labor Statistics

The state continues to add jobs broadly across many industries. The biggest gains in August were in the Professional & Technical Services and Leisure & Hospitality sectors, which added 10,300 jobs and 10,200 jobs, respectively. The state also experienced strong growth in the Health & Social Assistance sector, which added 9,900 jobs. There were also notable gains in the Manufacturing sector (+5,800 jobs) and the Construction sector (+3,600 jobs). The state continued to experience losses in the Retail Trade sector, with a decline of 8,700 jobs between August 2018 and August 2019.

Figure 2
Job Change by Industry
August 2018 - August 2019

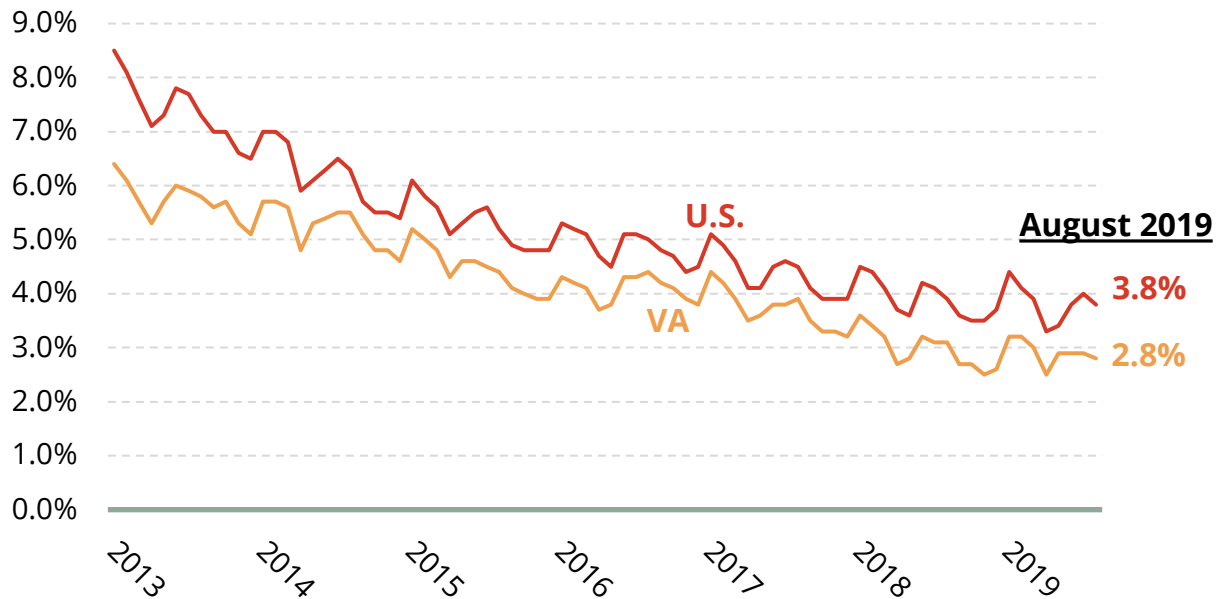
Total = +35.6



Source: U.S. Bureau of Labor Statistics

The state's unemployment rate fell in August to 2.8%, which is a full percentage point below the U.S. unemployment rate. The extremely low unemployment rate in Virginia may be a signal that employers are having an increasingly difficult time finding workers.

Figure 3
Unemployment Rate

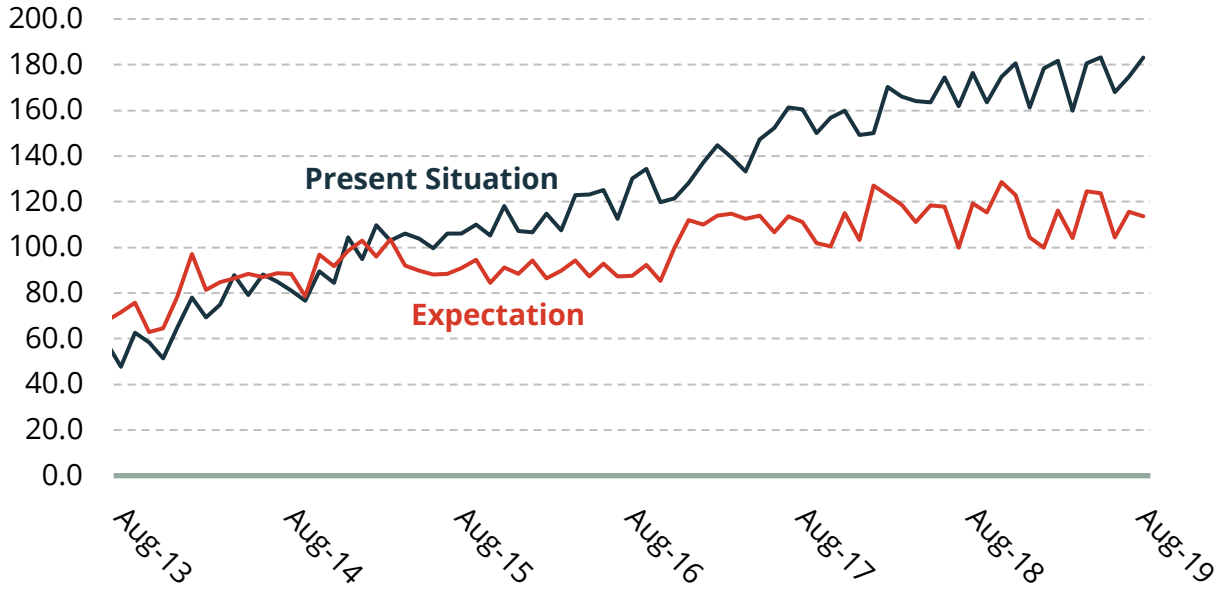


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Consumer confidence remains strong in the South Atlantic region, which includes Virginia. The measure of consumer confidence in the present economic situation was 183.1 in August, up from 174.7 in July. The index of expectations rose to 113.6 in August, up from 115.5 in July. When these measures are above 100, it indicates that consumers remain optimistic about their economic prospects.

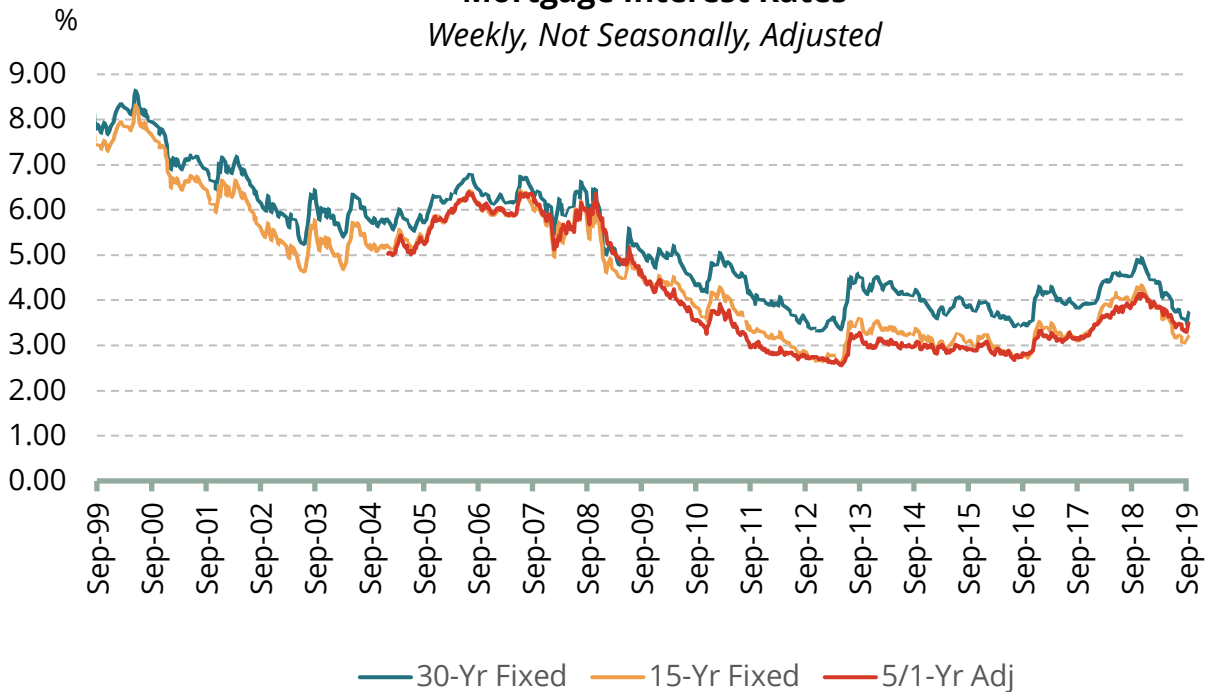
After dropping to a 3-year low in early September, the 30-year fixed rate mortgage rate rose slightly to 3.73% in the 3rd week of September. Despite the modest increase, rates continue to be nearly a full percentage point lower than a year ago. Low rates have spurred refinancing activity; however, lower rates have not impacted the pace of home sales.

Figure 4
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Figure 5
Mortgage Interest Rates
Weekly, Not Seasonally, Adjusted



Source: Federal Reserve Bank of St. Louis

Housing Market Overview

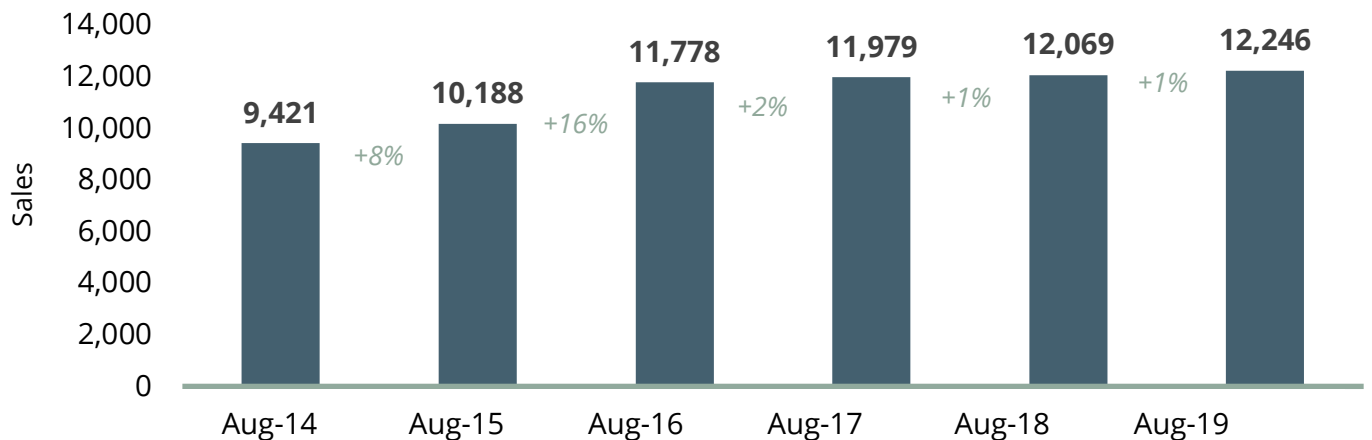
For the second month in a row, sales activity inched up in the Virginia housing market compared to a year ago. Despite the small increase, the pace of sales has been relatively stagnant this year in most regions, evidence of a slowdown in some local markets due largely to insufficient supply. Home prices continue to climb throughout the Commonwealth, a trend that has been consistent for several years in many areas. The August median sales price in Virginia is \$25,000 higher than it was 3 years ago.

Economic conditions in Virginia remain strong and the job base continues to expand. The unemployment rate is historically low, and consumers remain optimistic. These economic conditions provide a solid foundation for the state's housing market; however, the rising prices and low inventory of homes on the market is driving declining sales activity in some regional markets. The supply of active listings at the state level declined again in August, falling 10% below the inventory level a year ago.

Sales

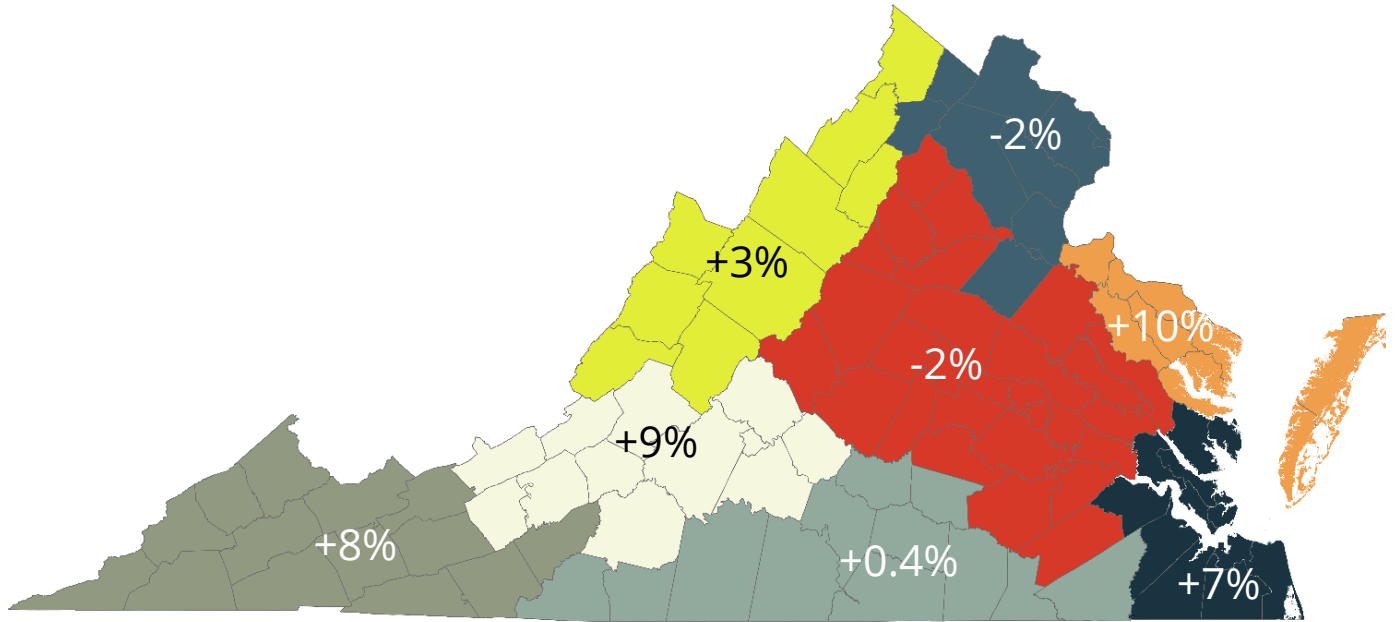
There were 12,246 sales across Virginia in August, which is slightly more than a year ago, up 1%, an increase of 177 sales. While the overall total sales for the state inched up from last year, some of the largest regional housing markets in Virginia had fewer sales in August compared to a year ago. Sales activity in both Northern and Central Virginia declined about 2% compared to August of last year, a drop of 101 and 45 sales, respectively. Most of the sales gains in the state occurred in the Hampton Roads region, which had 184 more sales in August, up 7% from a year ago. The Eastern and Western regions of the state also had notable sales growth compared to last year, with 26 and 81 additional sales, respectively.

Figure 6
August Home Sales, Virginia
2014-2019



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

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



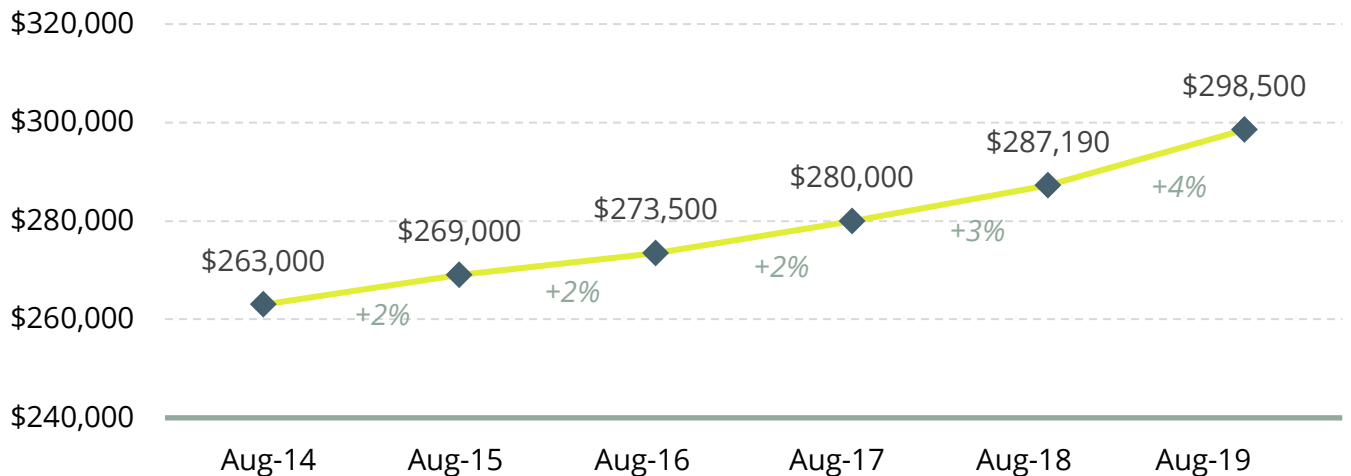
<i>Region</i>	<i>Aug-18</i>	<i>Aug-19</i>	<i>% Change</i>
Central	2,751	2,706	-2%
Eastern	259	285	10%
Hampton	2,751	2,935	7%
Northern	4,296	4,195	-2%
Southside	269	270	0.4%
Southwest	194	209	8%
Valley	619	635	3%
West	929	1,010	9%
All of Virginia	12,069	12,246	1%

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

Sales Prices

Home prices continue to climb in the Commonwealth, a multi-year trend that is impacting all regions in the state. At \$298,500, the August median sales price in Virginia climbed more than \$11,000 from this time last year, a 4% gain. The August median sales price was higher in all regions in Virginia compared to a year ago. The Eastern Virginia region led the state in price growth in August, climbing more than \$27,000 from last year to \$242,400, representing a 13% jump. The median sales price in Northern Virginia rose to \$450,000 in August, up \$20,000 from a year ago, a 5% increase. At \$250,000, the August median sales price in Hampton Roads climbed \$7,500 from a year ago, a 3% gain. Median prices in both the Central Virginia and Southside regions rose 4% from last year, an increase of \$10,550 and \$5,000, respectively.

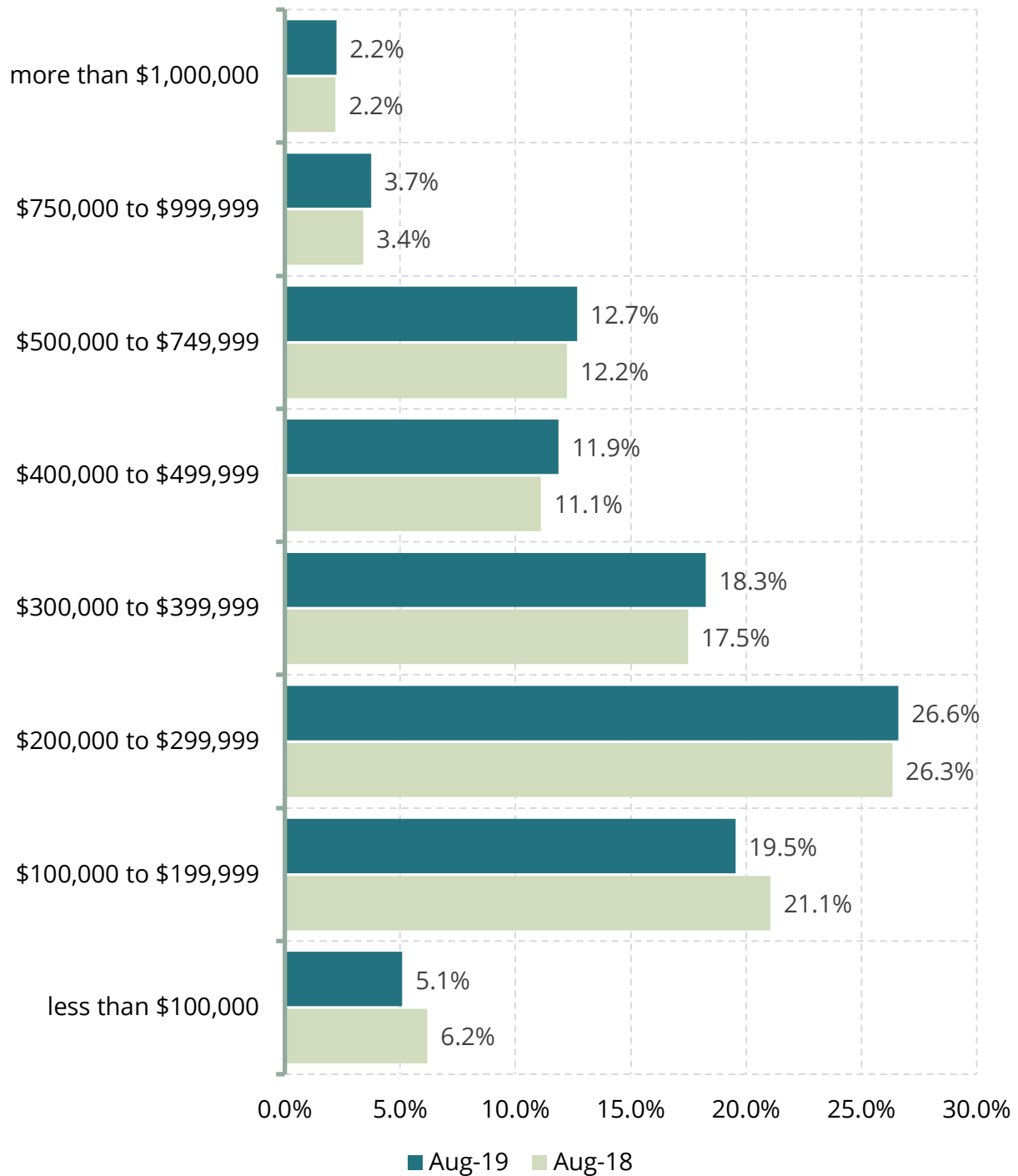
Figure 8
August Median Sales Price, Virginia
2014-2019



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

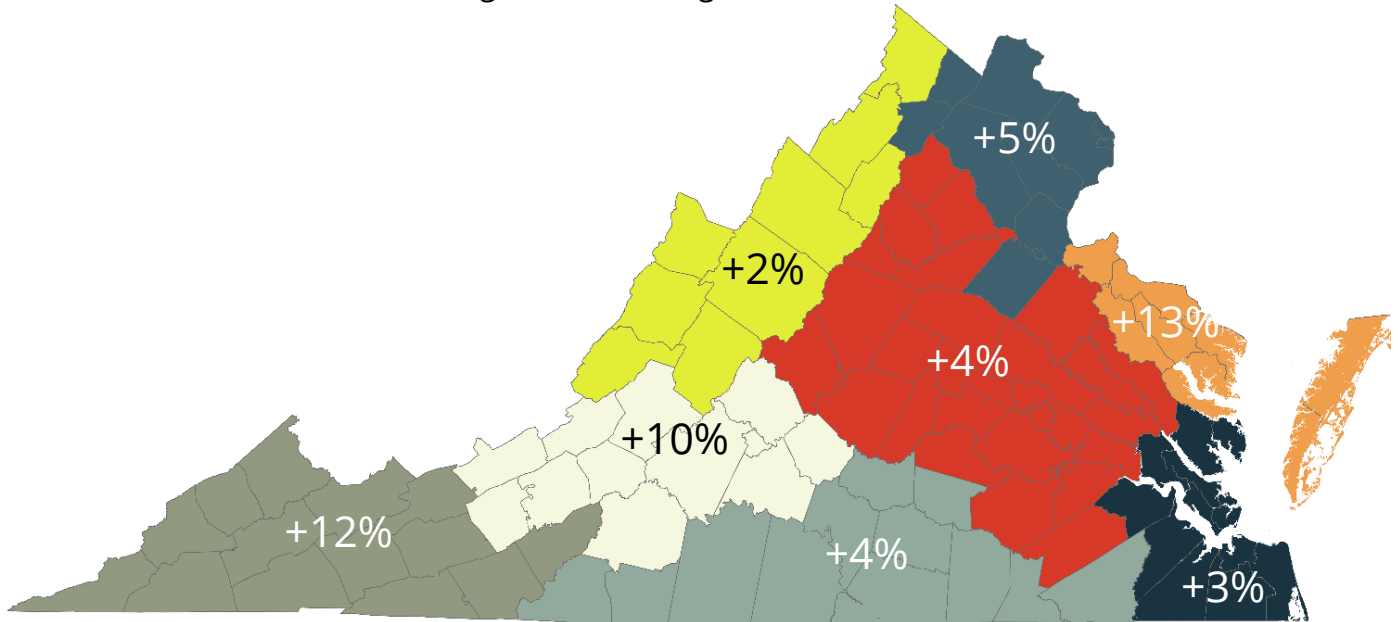
More than 1 out of every 4 homes sold in Virginia in August had a sales price between \$200,000 and \$299,999, making it the largest price segment in the state market. While the market share for this price band is similar to last year, sales in other price bands have been shifting. For example, sales in the \$300,000 to \$399,999 range account for 18.3% of all sales in August, which is up from 17.5% of August sales last year, an increase of 125 sales in this price range. Homes priced below \$200,000 account for about 24.6% of all August sales statewide, which is down from 27.2% one year prior, representing a decrease of 270 sales in this price range. First-time homebuyers and other segments of the market are likely being impacted by the rising price trends and could be opting to delay a home purchase until additional options become available in the market.

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



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

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



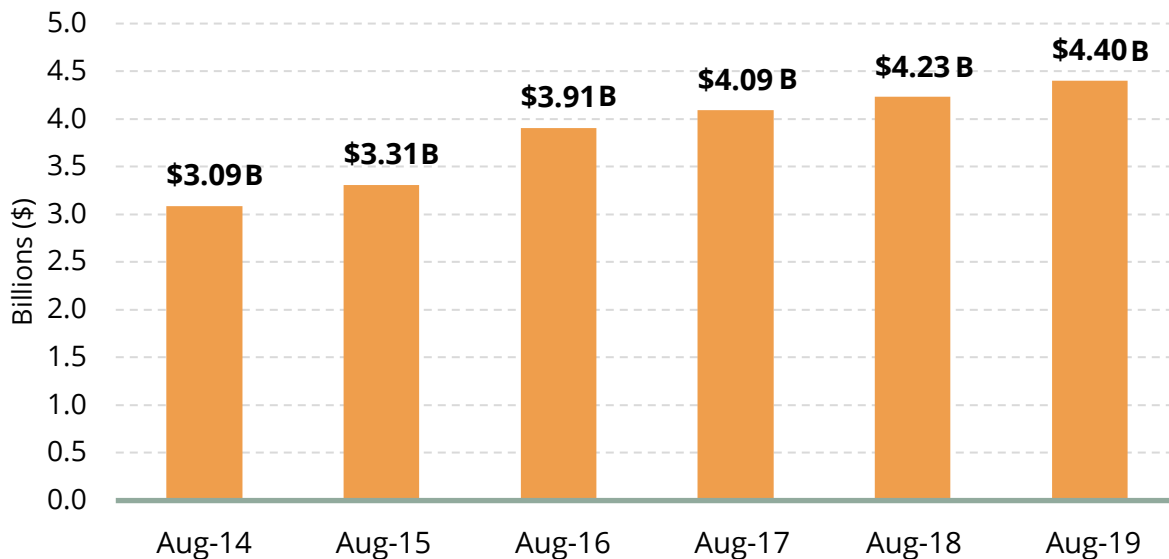
<i>Region</i>	<i>Aug-18</i>	<i>Aug-19</i>	<i>% Change</i>
Central	\$259,950	\$270,500	4%
Eastern	\$215,000	\$242,400	13%
Hampton	\$242,500	\$250,000	3%
Northern	\$430,000	\$450,000	5%
Southside	\$120,000	\$125,000	4%
Southwest	\$128,500	\$144,000	12%
Valley	\$211,000	\$215,000	2%
West	\$185,000	\$204,175	10%
All of Virginia	\$287,190	\$298,500	4%

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

Sold Volume

There was approximately \$4.40 billion in sold volume in August throughout the Commonwealth, which represents a 4% gain from a year ago, an increase of nearly \$169 million. After a slow start to the year, the state's sold dollar volume has been climbing in recent months compared to last year, driven by modest sales growth and increasing sales prices in most regions. The August sold dollar volume in Virginia is more than \$1.31 billion higher than the level 5 years ago.

Figure 11
August Sold Dollar Volume, Virginia
2014-2019

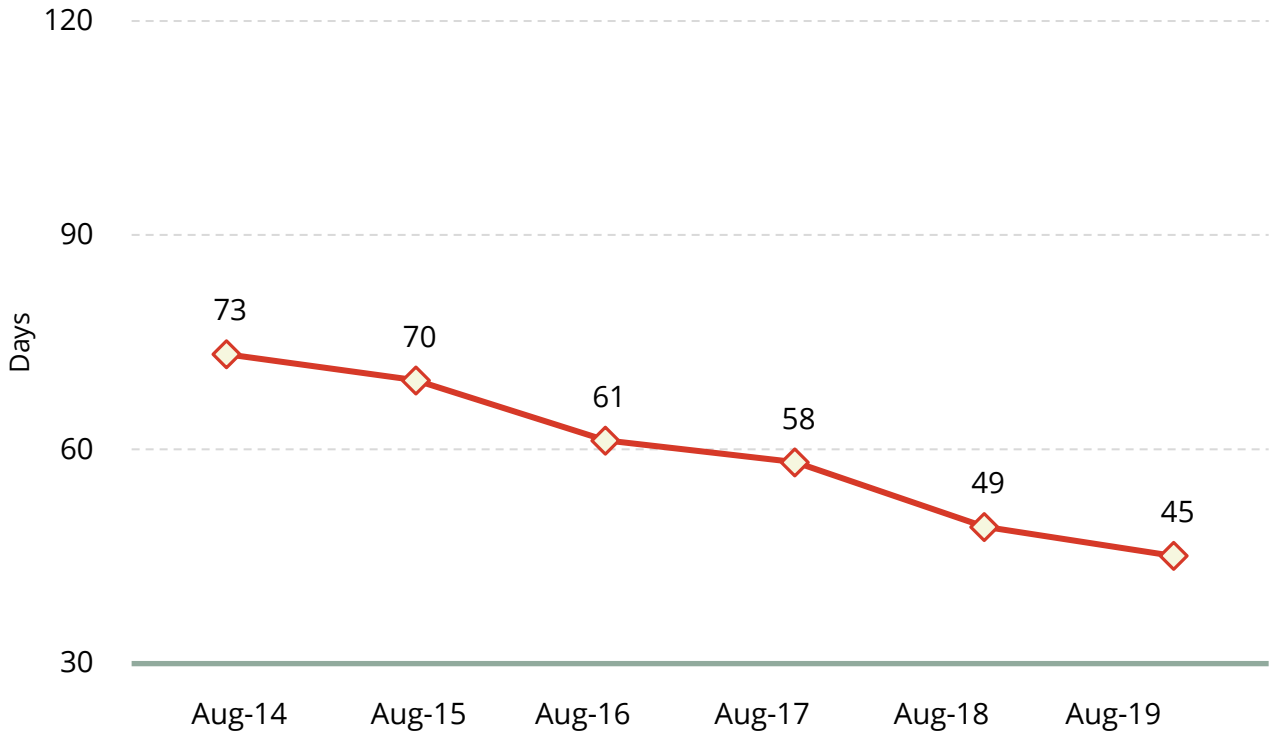


Source: Virginia REALTORS®, data accessed September 17, 2019

Days on Market

The average days on market in Virginia in August was 45 days, which is 4 days lower than a year ago. Homes have been selling faster in many parts of the state due to the low supply of active listings and continued buyer demand in the market. Except for the Valley region, homes sold faster in all areas of the state in August compared to last year. The average days on market in the broadly-defined Northern Virginia region declined by 3 days in August to 27 days. At 137 days, homes in the Southside region sold about a month faster on average compared to a year ago.

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

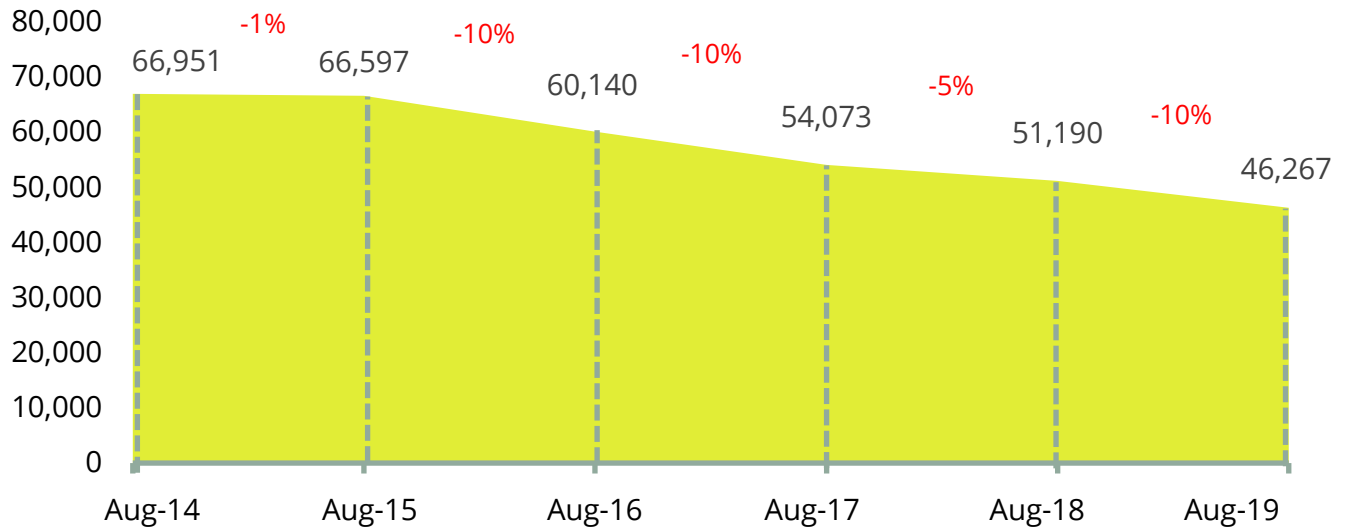


Source: Virginia REALTORS®, data accessed September 17, 2019

Listings

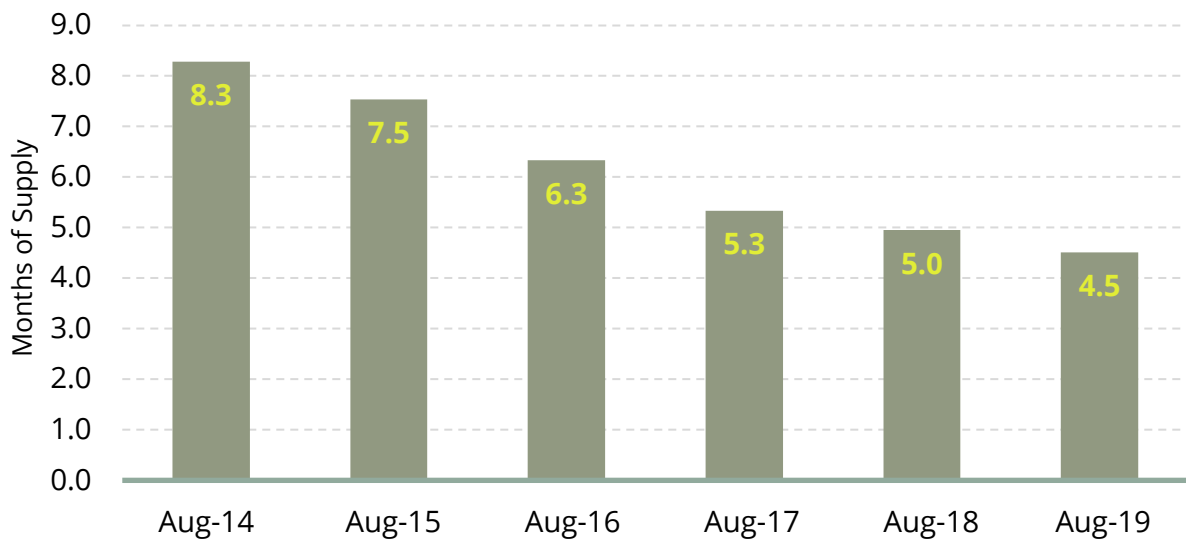
The supply of active listings on the market in Virginia continues to shrink. There were approximately 46,267 active listings at the end of August, which is nearly 5,000 less than this time last year, a 10% decline. The inventory represents about 4.5 months of supply in the statewide housing market, which is down from 5.0 months of supply last August. The months of supply is calculated by taking the average monthly sales over the preceding 12-month period and dividing it by the current inventory of active listings. In most housing markets, a supply below 6 months tends to favor sellers rather than buyers. The low supply of active listings in many of the state's regional housing markets continues to put upward pressure on prices.

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



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

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



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



The Virginia REALTORS® association is the largest professional trade association 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.