

Virginia

HOME SALES
REPORT

OCTOBER 2019

Virginia Home Sales Report

October 2019

Summary

Economic Conditions

- Between October 2018 and October 2019, Virginia added 29,200 net new jobs.
- The state's unemployment continues to fall, dropping to 2.4% in October, down from 2.5% in September.
- In the 2nd week of November, the 30-year fixed rate mortgage rate was 3.75%, up by about 0.1 percentage points from a month prior

Housing Market Conditions

- There were 10,460 sales in October, a 7% gain from a year ago, and the fourth consecutive month of sales gains in the State.
- At \$290,000, the median sales price is \$15,000 higher than it was in October last year, representing a 5% increase.
- Homes continue to sell faster in most parts of Virginia. The statewide average days on market in October was 50 days, which is 5 days lower than a year ago.
- There were approximately 34,032 active listings on the market at the end of October in Virginia, a 20% drop from a year ago. Overall, there was about 3.3 months of inventory supply in Virginia at the end of October.

Virginia REALTORS® Market Report Key Takeaways

Despite somewhat slower job growth this fall, the Virginia economy remains strong heading into the end of the year.

Modest declines in consumer confidence suggest some uncertainty about future economic conditions.

Interest rates are still low and there are no signs that this trend will change in the near term.

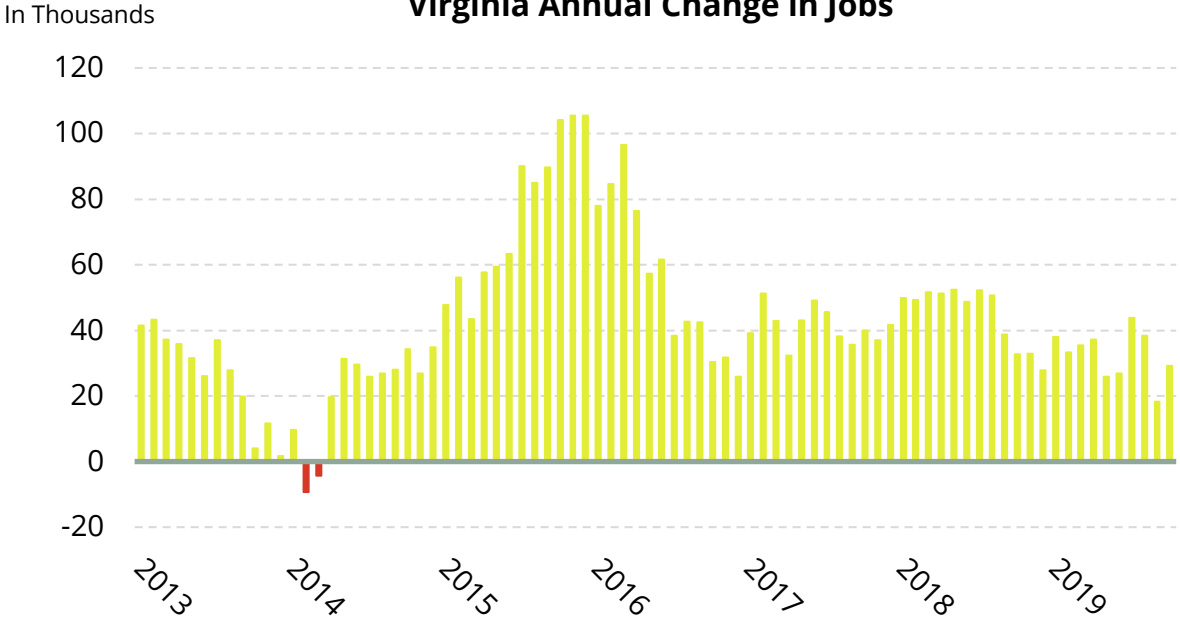
Both large and smaller regional housing markets across the State continue to perform well, indicative of broad-based demand in Virginia.

A continued lack of inventory could increasingly be due to "rate lock" or expectations about higher prices in the new year.

Economic Overview

Employment data were adjusted downward in September and, while job numbers were up in October, employment growth in Virginia this fall is somewhat slower than earlier this year. Despite this somewhat slower growth, the Commonwealth’s economy remains resilient. Between October 2018 and October 2019, Virginia added 29,200 net new jobs. Steady job growth will continue to be a key driver of the State’s solid housing market.

Figure 1
Virginia Annual Change in Jobs

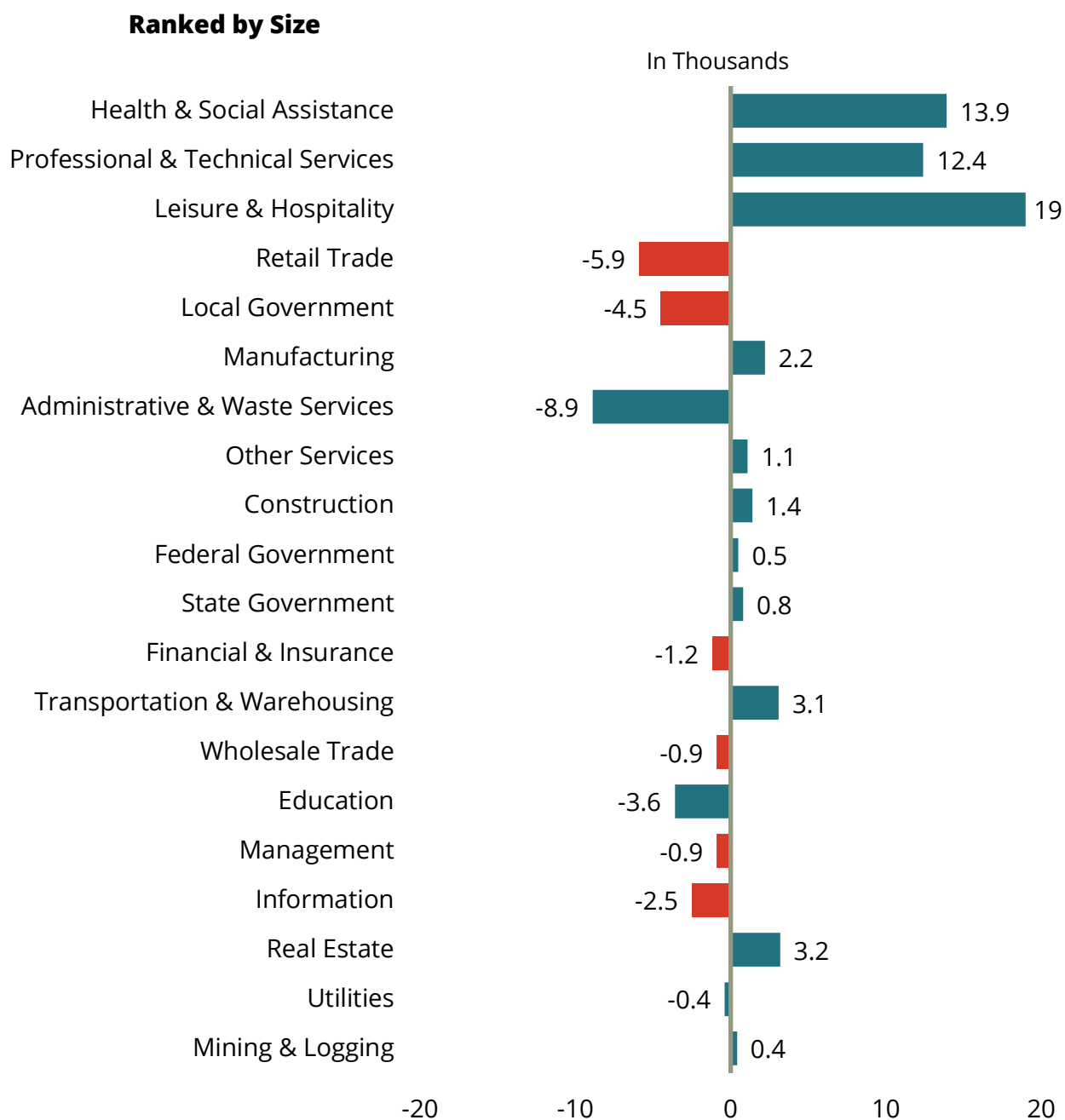


Source: U.S. Bureau of Labor Statistics

The three biggest economic sectors in Virginia continue to post strong gains. In October, Virginia added jobs in the Health Care & Social Assistance (+13,900 jobs) and the Professional & Technical Services (+12,400 jobs) sectors. The number of jobs in the Leisure & Hospitality sector grew by 19,000 in October compared to a year ago. The state also continued to add manufacturing jobs, even as the Manufacturing sector has been taking a hit in other parts of the country. Between October 2018 and October 2019, there were some job losses in the Retail Trade, Local Government, Administration & Waste Services, and Financial & Insurance sectors.

Figure 2
Job Change by Industry, Virginia
October 2018 - October 2019

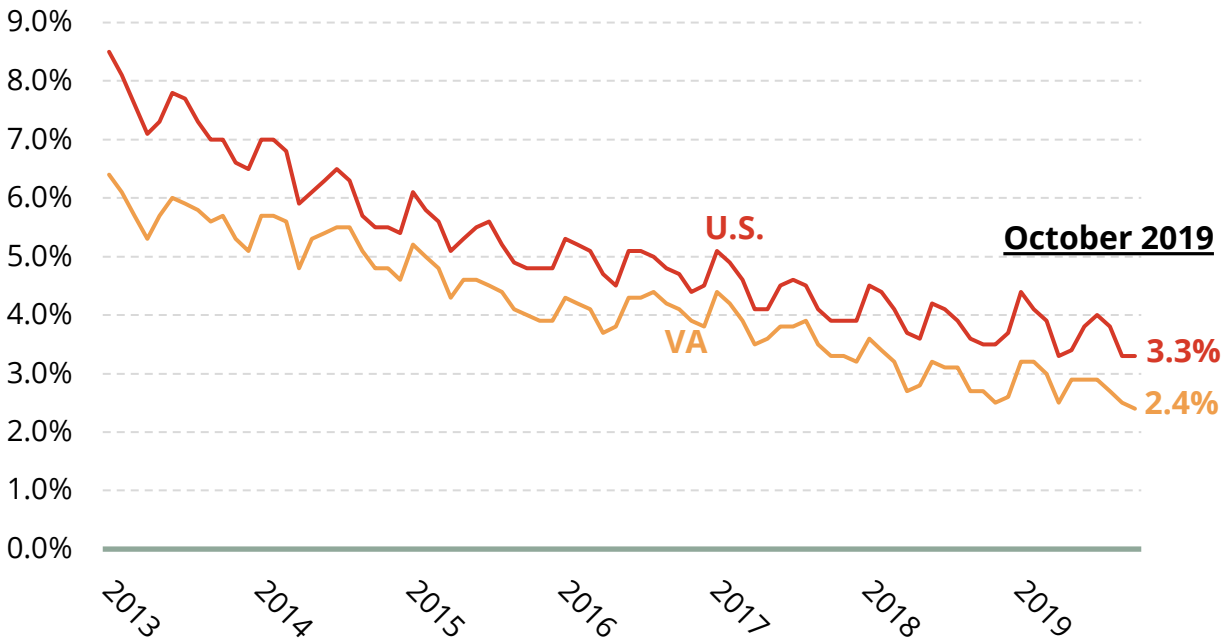
Total = +29.2



Source: U.S. Bureau of Labor Statistics

The State's unemployment continues to fall, dropping to 2.4% in October, down from 2.5% in September. The unemployment rate in Virginia remains lower than the U.S. unemployment rate, which was 3.3% in October (unchanged from September).

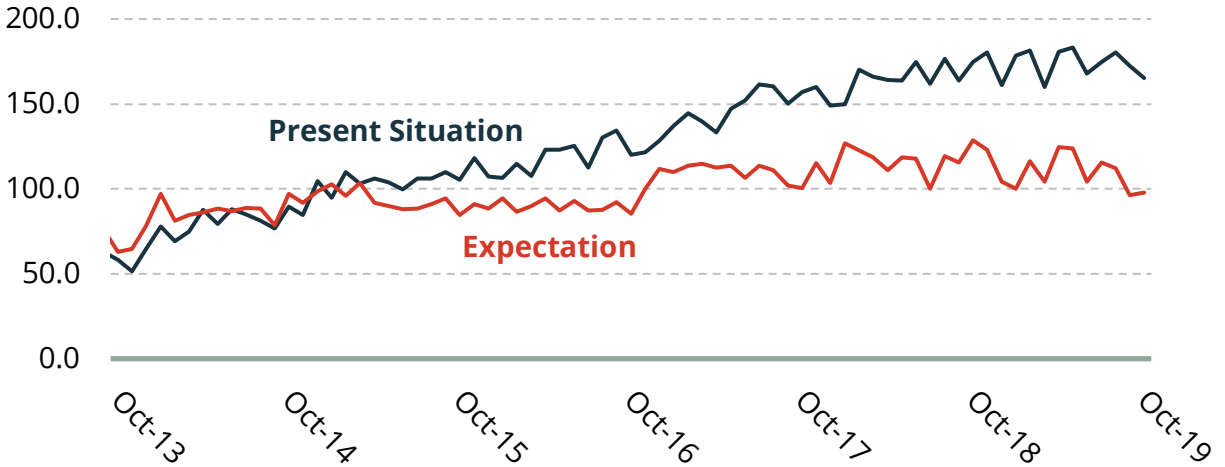
Figure 3
Unemployment Rate



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

This fall, consumer confidence has taken a turn after several years of positive outlooks for both the present and future economy. The measure of confidence in households' present economic situations in the South Atlantic region was 165.4 in October, which remains well above the 100 threshold that indicates optimism about the current economy. However, the measure of consumers' confidence in future economic conditions remains below 100 in October, indicating some uncertainty about future economic conditions.

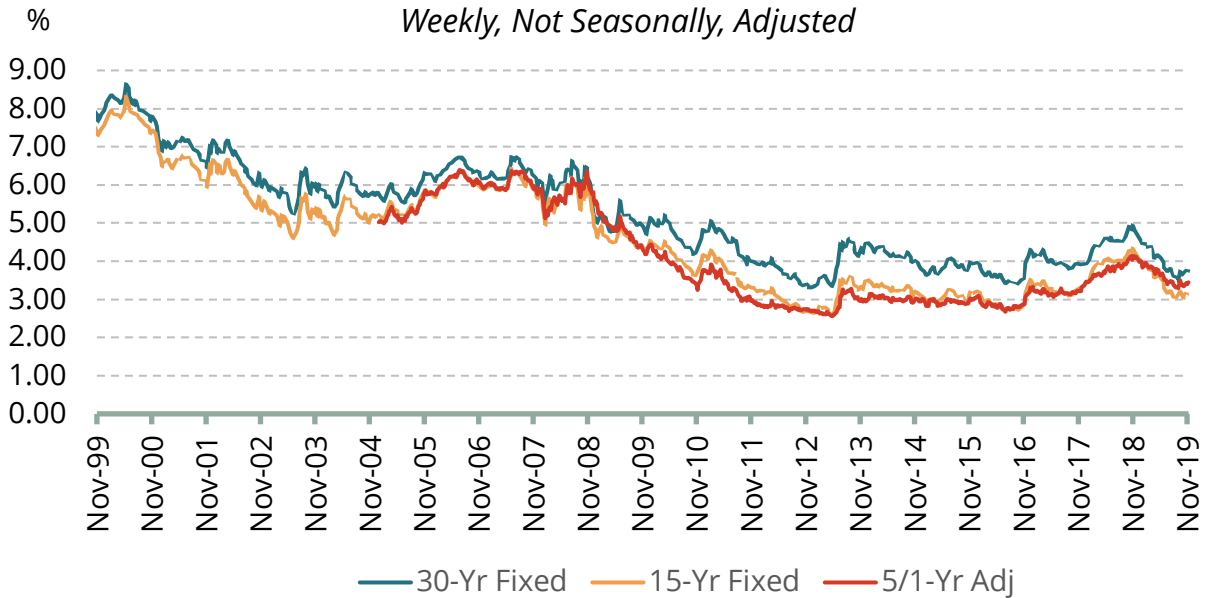
Figure 4
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Mortgage rates have risen slightly in recent weeks, though they still remain under 4%. In the 2nd week of November, the 30-year fixed rate mortgage rate was 3.75%, up by about 0.1 percentage points from a month prior, but three-quarters of a percentage point lower than a year ago. Recent trends should not raise concerns about a spike in rates; it is likely that mortgage rates will remain at or below 4% for at least the next few months.

Figure 5
Mortgage Interest Rates
Weekly, Not Seasonally, Adjusted



Source: Federal Reserve Bank of St. Louis

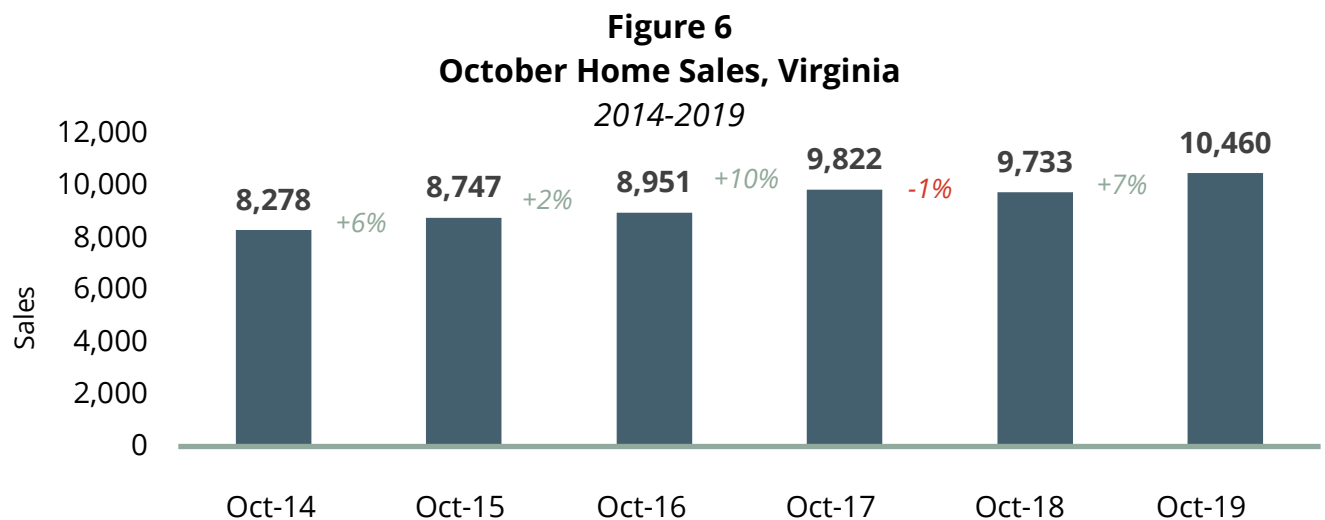
Housing Market Overview

Market indicators continue to be positive in the Virginia housing market in October. There were more sales transactions overall, a trend that has been consistent for much of the second half of this year. The Hampton Roads region, in particular, had strong sales growth in October and led all regional markets in sales growth. Home prices continue to climb in most parts of the State. The October median sales price in Virginia rose \$15,000 from a year ago, to \$290,000. The increase in sales and price levels led to a \$382 million bump in the total sold dollar volume across the State. The number of active listings on the market in Virginia continues to shrink. There were 20% fewer active listings on the market at the end of October throughout the State compared to last year. As demand is growing in the market and inventories are shrinking, homes are on the market for less time. The average days on market in Virginia is down 5 days from October of last year, and nearly a month lower than October 5 years ago.

Solid job growth and very low unemployment reflect strong economic conditions in Virginia, which provides fuel for many regional housing markets around the State. In addition, interest rates continue to be below 4% which should provide attractive mortgage options for buyers that are active in the market.

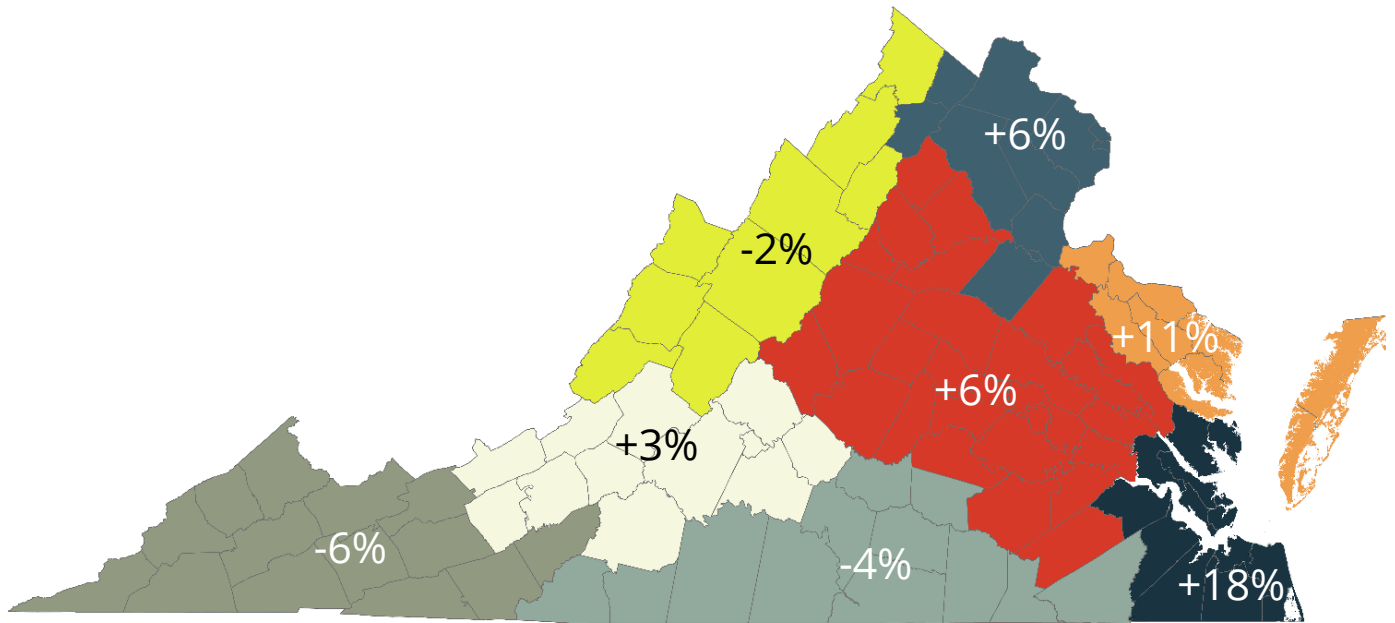
Sales

The number of sales transactions continues to climb around much of the Commonwealth compared to last year. There were 10,460 sales in October statewide, a 7% gain from a year ago, an increase of 727 sales. This is the fourth consecutive month of sales gains for the Virginia housing market, following a sluggish first half of the year, an indication of strong demand in many regions in the state. Hampton Roads led all regional housing markets in sales growth, surging 18% in October compared to last year, with 373 additional sales. Both Central Virginia and Northern Virginia had 6% more sales than last October, a gain of 127 and 209, respectively. Southwest Virginia had the sharpest decline in sales this month, down 13 sales from last October, a 6% reduction.



Source: Virginia REALTORS®, data accessed November 18, 2019

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



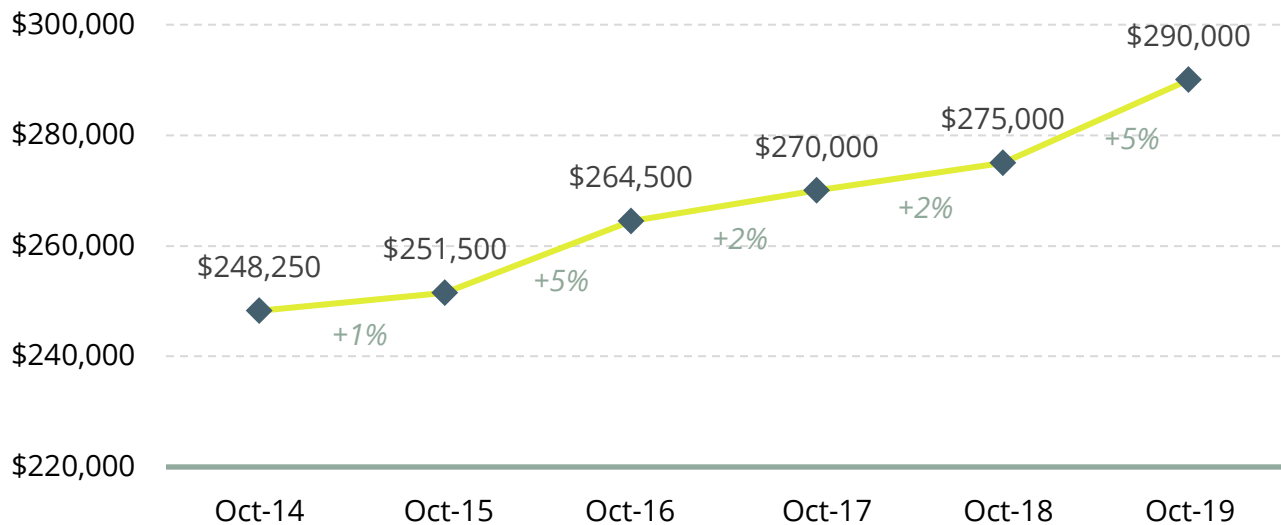
<i>Region</i>	<i>Oct-18</i>	<i>Oct-19</i>	<i>% Change</i>
Central	2,158	2,285	6%
Eastern	237	263	11%
Hampton	2,130	2,503	18%
Northern	3,381	3,590	6%
Southside	233	224	-4%
Southwest	203	190	-6%
Valley	574	562	-2%
West	815	841	3%
All of Virginia	9,733	10,460	7%

Source: Virginia REALTORS®, data accessed November 18, 2019

Sales Prices

Home prices continue an upward trajectory in most parts of Virginia. At \$290,000, the median sales price is \$15,000 higher than it was in October last year, representing a 5% increase. The State's median sales price has been climbing consistently for several years due to strong market activity and shrinking inventories. The median sales price in Central Virginia rose nearly \$17,000, a 7% gain. At \$444,950, the median sales price in Northern Virginia increased by about \$20,000 from a year ago, a 5% gain. The October median sales price in Southwest Virginia surged 17% from last year, also up about \$20,000. The Southside region was the only part of the State with a flat median sales price in October compared to last year.

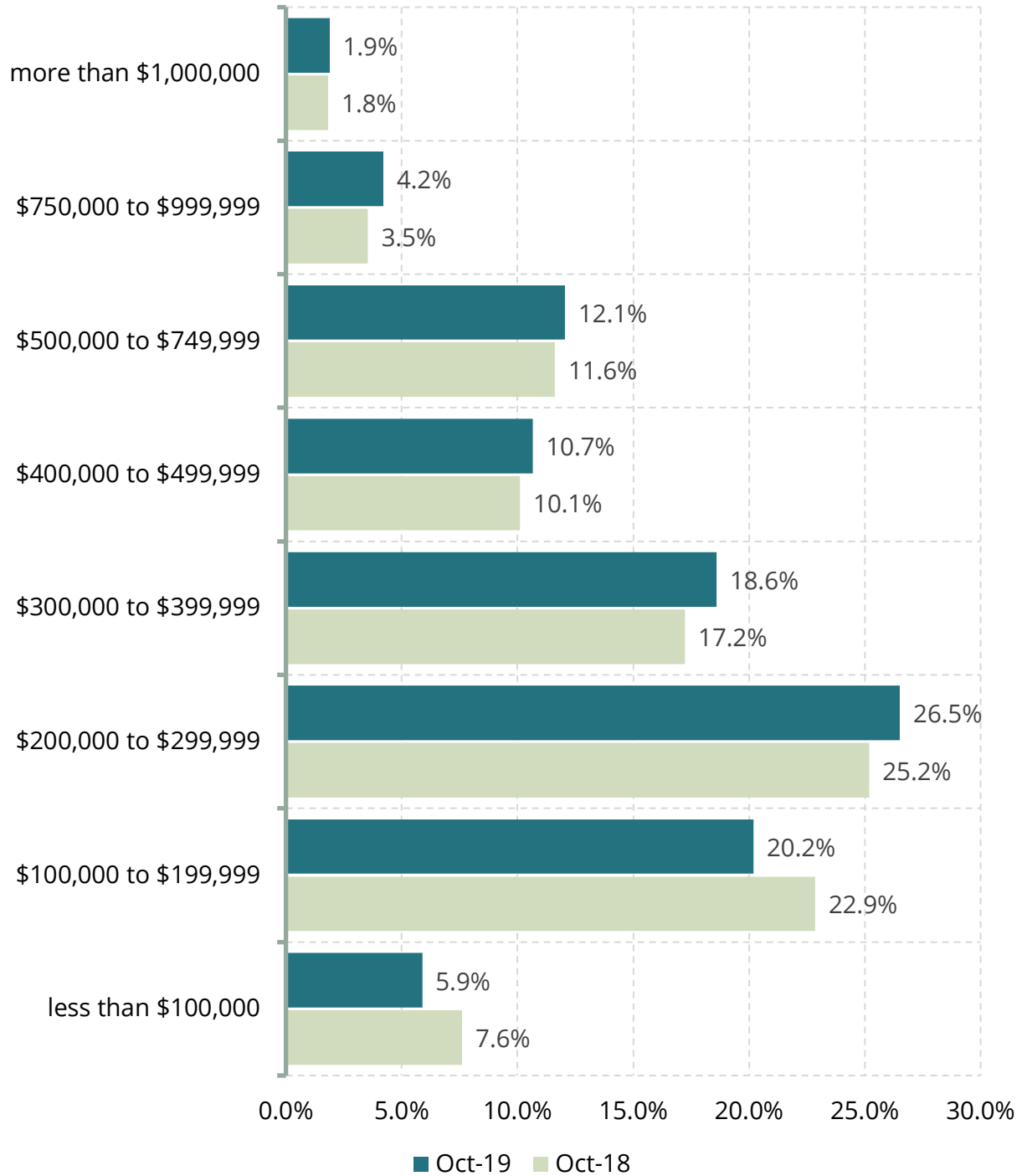
Figure 8
October Median Sales Price, Virginia
2014-2019



Source: Virginia REALTORS®, data accessed November 18, 2019

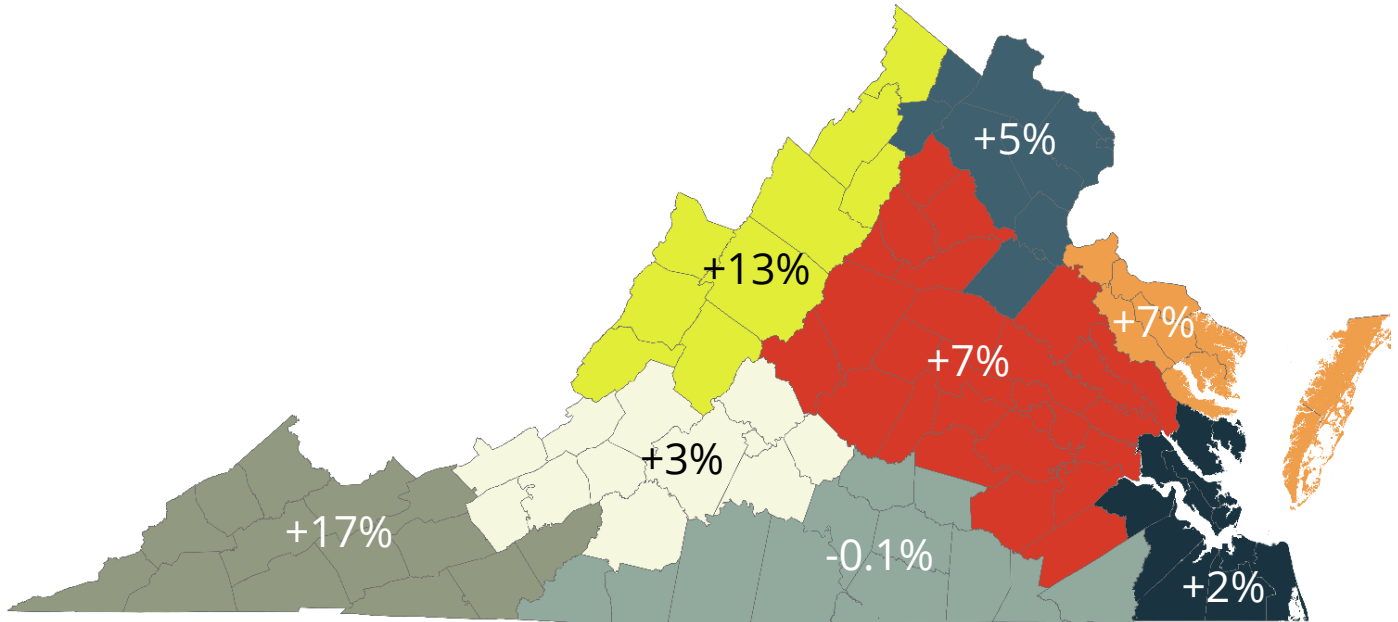
More than 1 out of every 4 (26.5%) homes sold in October in Virginia had a sales price between \$200,000 and \$300,000, making it the most common price range. The second largest share of sales in October were priced between \$100,000 and \$199,999; about 1 out of every 5 homes sold in this price range (20.2%). Overall, compared to last October, there were fewer homes that sold for below \$200,000, a trend that has been consistent over the past several years. Homes in this price range are an important part of many local housing markets around the State and are in high demand from buyers looking for starter homes.

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



Source: Virginia REALTORS®, data accessed November 18, 2019

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



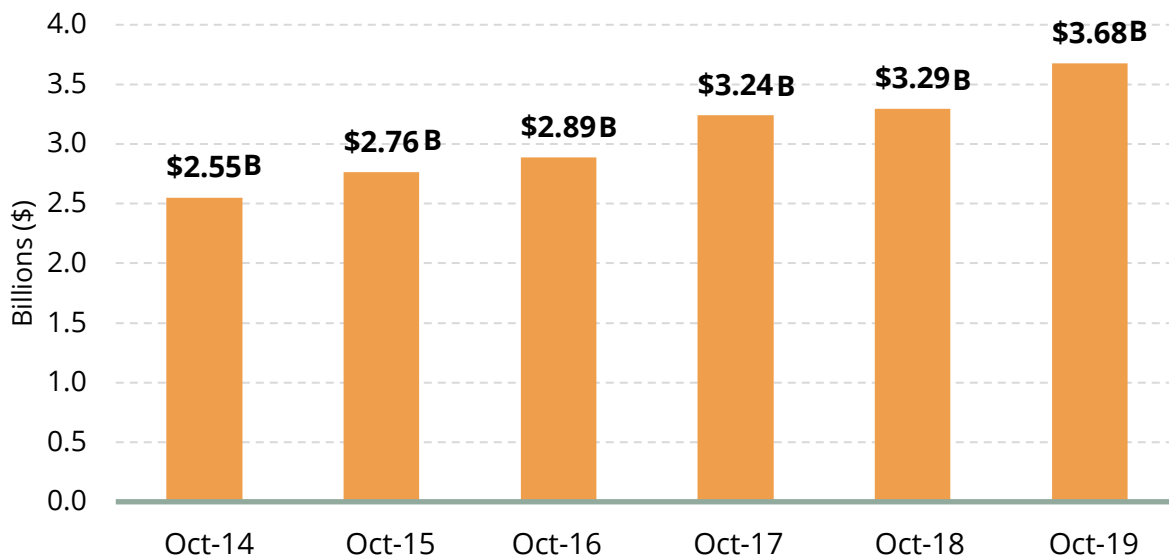
<i>Region</i>	<i>Oct-18</i>	<i>Oct-19</i>	<i>% Change</i>
Central	\$248,250	\$265,000	7%
Eastern	\$210,000	\$225,000	7%
Hampton	\$235,000	\$240,000	2%
Northern	\$425,000	\$444,950	5%
Southside	\$116,500	\$116,450	-0.1%
Southwest	\$114,500	\$134,250	17%
Valley	\$199,900	\$224,950	13%
West	\$182,900	\$188,000	3%
All of Virginia	\$275,000	\$290,000	5%

Source: Virginia REALTORS®, data accessed November 18, 2019

Sold Volume

As there continues to be more sales transactions and higher price levels around the State, the sold dollar volume in Virginia continues to increase each month compared to last year. There was approximately \$3.68 billion in sold volume across the Commonwealth in October, an increase of more than \$382 million. Of the regional housing markets in Virginia, Hampton Roads had the largest percentage growth this month in sold volume, surging 20% from a year ago, an additional \$112.6 million in volume. Both Northern Virginia and Central Virginia had strong volume growth this month, up 10% and 12%, respectively from October of last year. The sold volume in the Western region climbed nearly \$17 million in October compared to a year ago, a 10% gain. The Eastern region had a slight dip in sold volume in October, falling 3% from last year, a decline of \$2.3 million.

Figure 11
October Sold Dollar Volume, Virginia
2014-2019

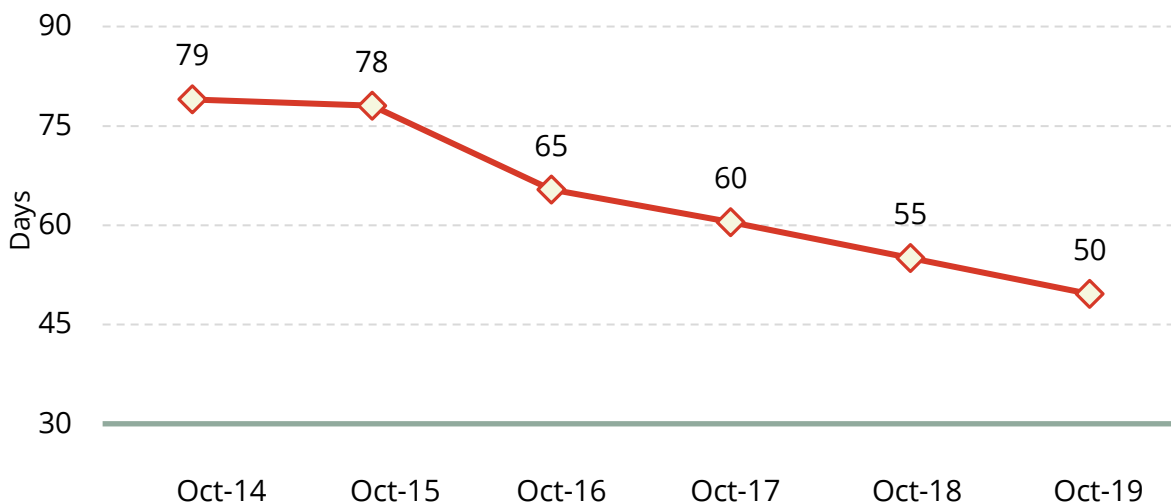


Source: Virginia REALTORS®, data accessed November 18, 2019

Days on Market

Homes continue to sell faster in most parts of Virginia. The statewide average days on market in October was 50 days, which is 5 days lower than a year ago. Inventories of active listings remain tight in most regional markets around the State, which is helping to drive down this metric. Homes sold about a week faster on average in both the Hampton Roads (-7 days) and Northern Virginia (-6 days) regions compared to last October. Southside Virginia was the only region to have an increase, with the average days on market rising 37 days in October compared to last year. The average days on market has been trending down consistently for the past several years in Virginia and is now nearly a month lower (-29 days) than it was in October 5 years ago.

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

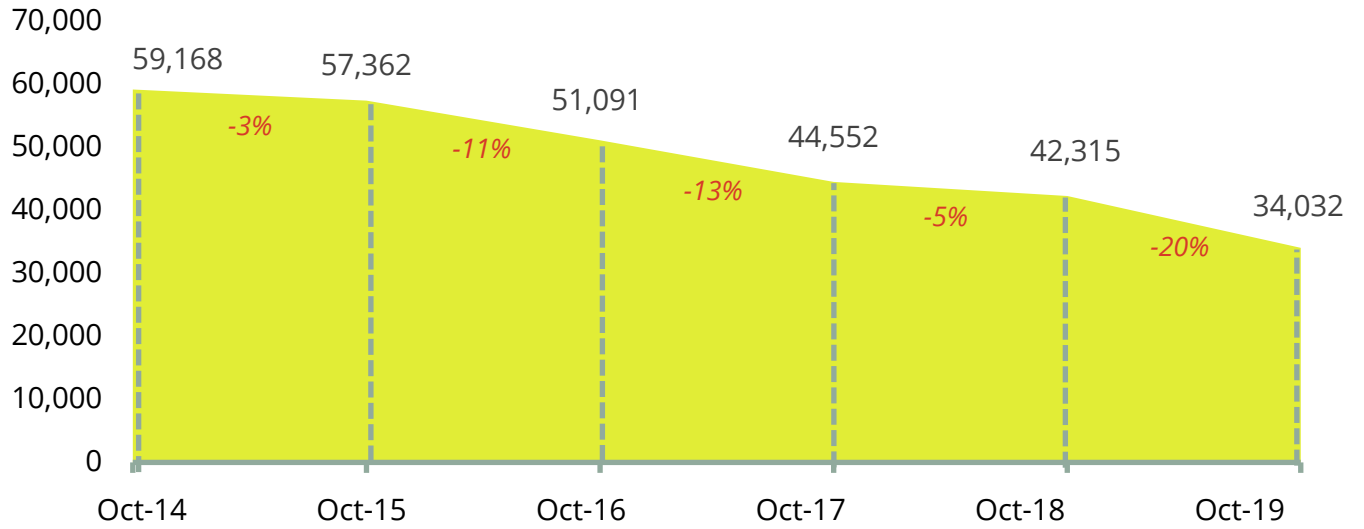


Source: Virginia REALTORS®, data accessed November 18, 2019

Listings

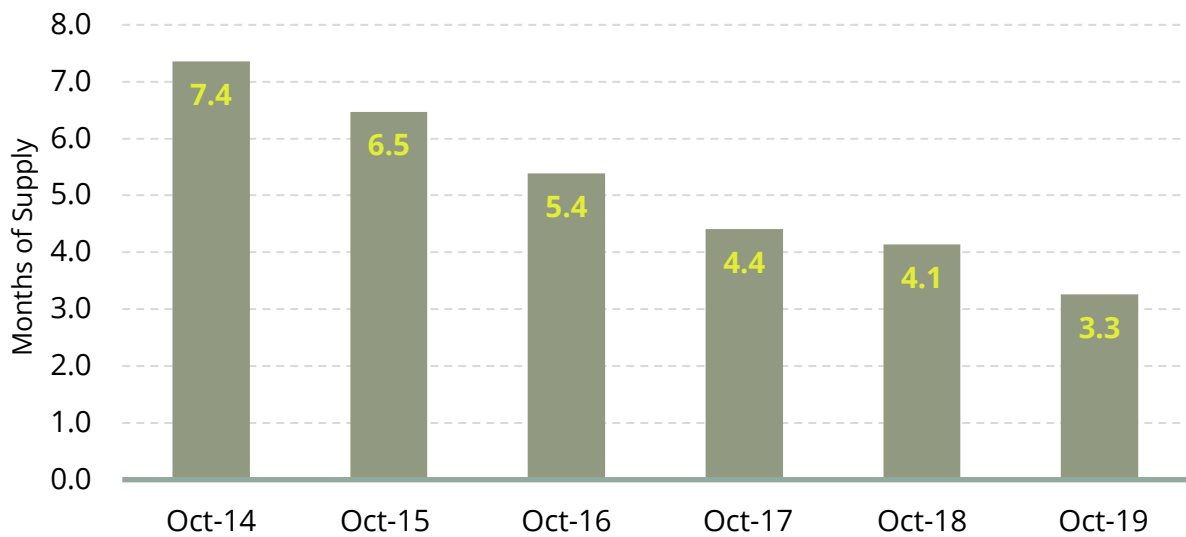
There were approximately 34,032 active listings on the market at the end of October in Virginia, a 20% drop from a year ago, about 8,200 fewer active listings. Inventories of active listings are shrinking in all regional housing markets in the State. The largest reduction in October occurred in Southwest Virginia, where the supply of active listings fell 38% from a year ago. Overall, there was about 3.3 months of inventory supply in Virginia at the end of October, which is down from 4.1 months last year. The months of supply is calculated by taking the average monthly sales over the preceding 12-month period and dividing it by the inventory of active listings. In most housing markets, a supply below 6 months tends to favor sellers rather than buyers. The shrinking supply of active listings continues to put upward pressure on home prices in many local markets around Virginia.

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



Source: Virginia REALTORS®, data accessed November 18, 2019

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



Source: Virginia REALTORS®, data accessed November 18, 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:

Robin Spensieri
Virginia REALTORS® Communications Director
rspensieri@virginiarealtors.org
804-622-7954

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.