

Virginia

HOME SALES
REPORT

APRIL 2020

Virginia Home Sales Report

April 2020

Summary

Economic Conditions

- Virginia's economy has been feeling the impact of COVID-19. Nearly 700,000 Virginians have filed for unemployment benefits since early March and the unemployment rate will likely reach 15%.
- The Leisure & Hospitality sector has been hardest hit by the economic downturn, with nearly half of all job losses in the State in this one sector of the economy.
- Consumer confidence took a major hit in April as unemployment numbers increased.
- Mortgage rates have stabilized somewhat, and the 30-year fixed-rate mortgage rate has hit an all-time low. Rates should remain low, potentially dipping under 3%, through at least the beginning of 2021.

Housing Market Conditions

- There were 10,146 total sales Statewide in April 2020, down 6.9% from a year ago. The biggest decline in sales was in the State's Northern region, while in the Central region, sales activity was relatively stable compared to a year ago.
- In March, the median sales price was \$310,000 Statewide, up 5.3% year-over-year. Home prices were up in April in all regions across the Commonwealth.
- Pending sales were down 27.9% in April, which reflects the slowdown in buyer activity during the month.
- At the end of April 2020, there was a total of 29,119 active listings throughout Virginia, down nearly 10,000 compared to the end of April 2019.

Virginia REALTORS® Market Report Key Takeaways

- COVID-19 has had an impact on Virginia's economy and housing market. However, housing market conditions in April exceeded expectations.
- The State's plan for reopening for business should encourage more homebuyer and seller activity in late May and June.
- Mortgage rates remain at near-record low levels, which provides a major incentive to homebuyers.
- There is still strong demand for homeownership opportunities in Virginia. The lifting of the stay-at-home order could lead to a spike in buyer activity early this summer.

Summary of Virginia's Housing Market Trends & Conditions

	Apr-19	Apr-20	Change	% Change	YTD 2019	YTD 2020	Change	% Change
Sales	10,900	10,146	-754	-6.9%	34,668	35,518	850	2.5%
Median Home Price (\$)	300,000	316,000	16,000	5.3%	285,000	299,145	14,145	5.0%
Sales Volume (\$ billions)	4.0	3.9	-0.1	-2.0%	12.1	13.0	1.0	8.0%
Average Days on Market	53	41	-11.6	-21.9%	57	50	-6.7	-11.8%
Pending Sales	13,180	9,500	-3,680	-27.9%	43,079	39,949	-3,130	-7.3%
New Listings	18,352	13,149	-5,203	-28.4%	59,613	54,414	-5,199	-8.7%
Active Listings (end of the month)*	38,775	29,119	-9,656	-24.9%	37,311	28,669	-8,643	-23.2%
Months of Supply*	3.8	2.7	-1.1	-27.9%	3.7	2.7	-1	-26.4%

Source: Virginia REALTORS®, data accessed May 15, 2020

*YTD figures are averages of month-end data over the year.

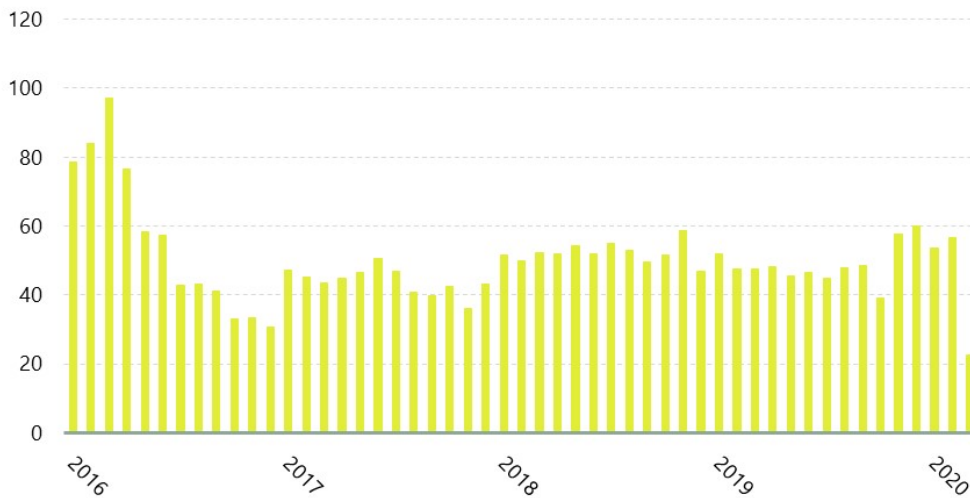
Economic Overview

The COVID-19 outbreak has led to an unprecedented downturn in both the U.S. and global economies. U.S. Gross Domestic Product (GDP) declined by 4.8% in the 1st quarter of 2020, and many economists are predicting that GDP will be down by 30% in the 2nd quarter.

Virginia's economy and housing market have been impacted by the public health pandemic and economic downturn. The Commonwealth will shed jobs this Spring, as the stay-at-home directive has kept workers at home and many businesses closed, and as global supply chains have been disrupted. However, some key sectors of the State's economy, including the Professional & Technical Services and Federal Government sectors, will remain relatively strong. In addition, because Virginia's economy was performing very well going into the current crisis, we will be in a strong position to rebound later this year.

Between March 2019 and March 2020 (the latest State data available), Virginia added an estimated 22,700 new jobs. However, between February and March of this year, the Commonwealth shed 28,600 jobs, with the majority of those job losses in the Leisure & Hospitality sector.

Figure 1
Virginia Annual Change in Jobs



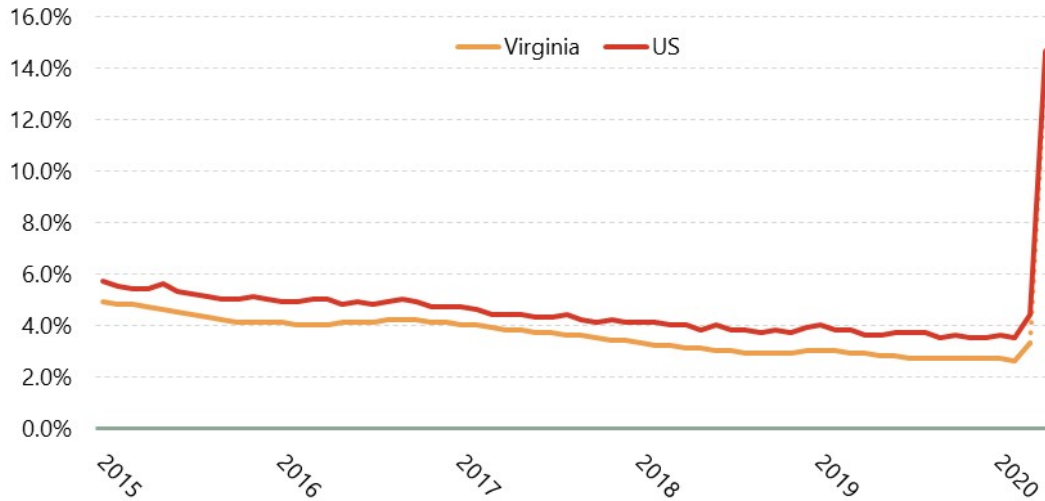
Source: U.S. Bureau of Labor Statistics, Seasonally Adjusted

Job losses increased across the country and in Virginia through March and April. In April, the U.S. unemployment rate hit 14.7%. Virginia's unemployment rate is typically lower than the national unemployment rate, but it is likely that the unemployment rate in the Commonwealth will be between 12 and 15% when Statewide numbers are released for April.

Hundreds of thousands of Virginia residents are currently unemployed as a result of COVID-19. Between March 21 and May 9, nearly 700,000 Virginians filed for unemployment benefits. However, the number of weekly initial claims for unemployment benefits has been declining steadily since early April.

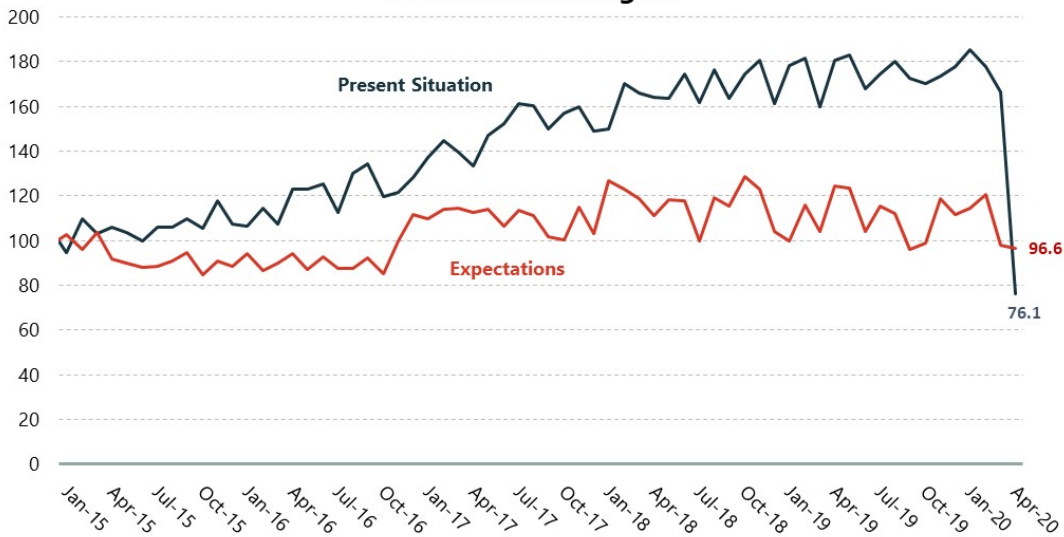
Workers in the Accommodation & Food Services industries (i.e. hotels, restaurants, and bars) and the Arts, Entertainment & Recreation sector have been hardest hit by the first wave of job losses. Other hard-hit industries have been the Retail Trade, Construction, and Administrative Support sectors.

Figure 2
Unemployment Rate



Consumer confidence is strongly tied to economic conditions and can also help predict where the economy might be heading. Measures of consumer confidence tumbled in April, with the present situation index falling to 76.1 in the South Atlantic region (which includes Virginia), the lowest level since 2014. Individuals feel somewhat more optimistic about future economic conditions, with an

Figure 3
Consumer Confidence
South Atlantic Region

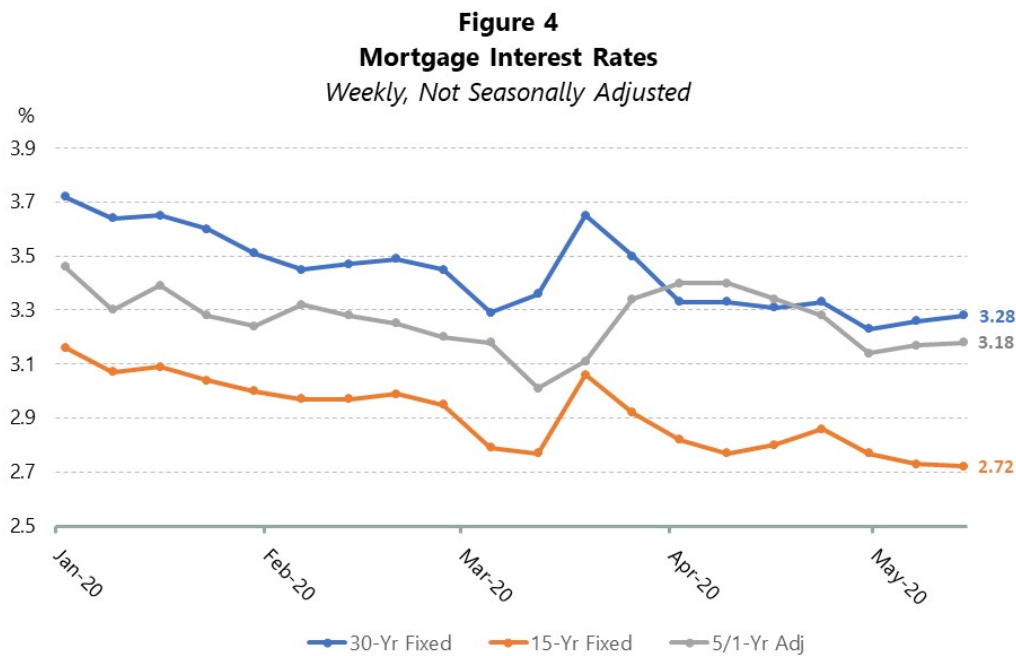


Source: The Conference Board

expectations index of 96.6. However, these metrics indicate that overall confidence in the economy was relatively pessimistic in April, which was to be expected given the news about major job losses and unemployment totals.

Mortgage rates remain at historically low levels, and Fannie Mae and Freddie Mac are forecasting that the 30-year fixed rate mortgage rate will continue to be low—perhaps even dipping below 3%—through at least the first part of 2020. The 30-year fixed-rate mortgage averaged 3.28% for the week ending May 15th, slightly higher than rates at the end of April, but still quite low.

While mortgage rates are low, access to home mortgages has become more difficult for some buyers. Lending criteria for non-conforming loans, or jumbo loans, have become tighter, including lower debt-to-income requirements and higher down payment and credit score requirements. Buyers looking to purchase a home with a mortgage above the conventional loan limit (i.e. \$510,400 in most places, \$765,600 in high-cost markets) may face some difficulties securing financing.



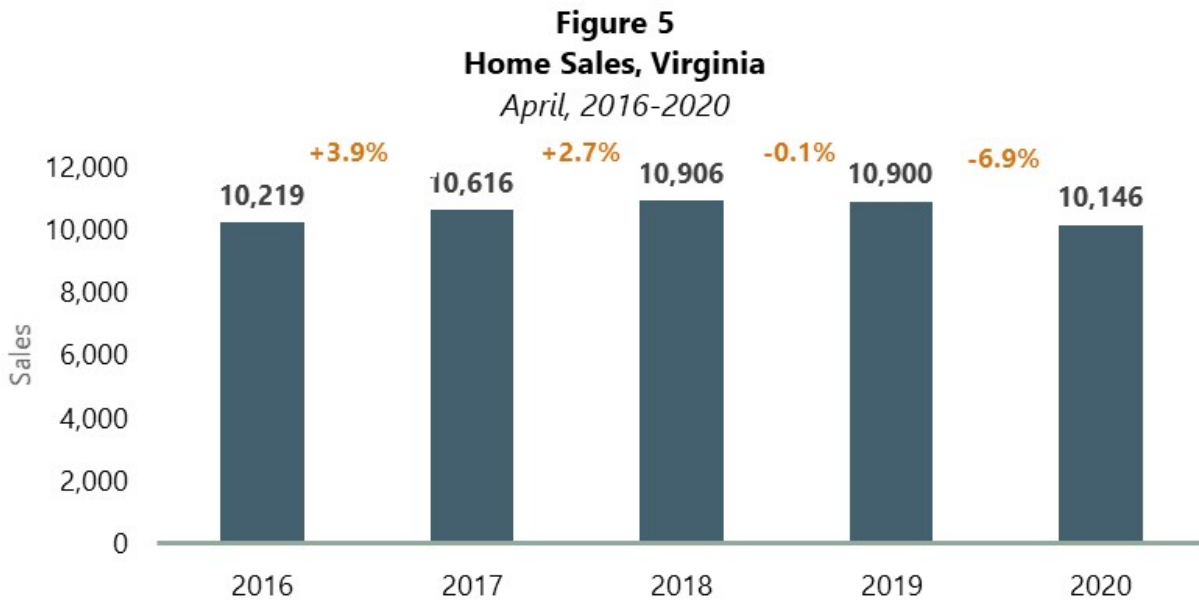
Source: Freddie Mac

Housing Market Overview

Home sales activity was down in most parts of Virginia in April as a result of COVID-19. However, Virginia's housing market performed better than many places around the country, and some local markets in the State experienced steady sales growth in April, reflecting strong buyer demand and the ability of REALTORS® to pivot to new ways of conducting business.

Sales

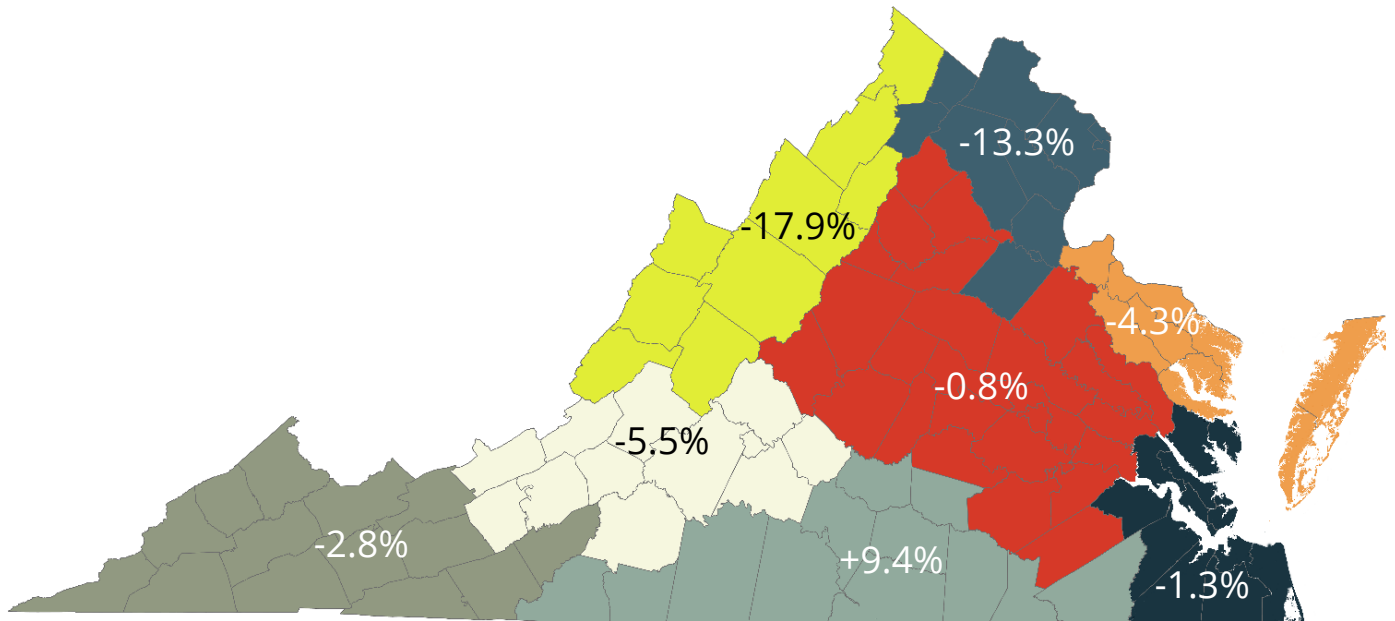
There was a total of 10,146 home sales Statewide in April, which is down 6.9% compared to April 2019. Housing market activity tends to increase between March and April. Last year, the number of sales in April was 12% higher than in March. However, this year's April sales total was down 3.5% from March. This decline reflects the impact of COVID-19, which has created financial uncertainty for some individuals and families and has kept many people at home.



Source: Virginia REALTORS®, data accessed May 15, 2020

There were significant variations in the impact of COVID-19 on home sales in regions across Virginia. The Central Virginia market saw only a modest decline, with the number of home sales down less than 1% compared to a year ago. In Southside, April 2020 sales were actually higher than April 2019. The biggest declines in sales activity in April were in the Valley (down 17.9%) and Northern (down 13.3%) regions. Despite the downturn in April, all regions—with the exception of the Northern region—are still posting positive year-to-date sales growth.

Figure 6
Change in Sales by Region
April 2019 to April 2020



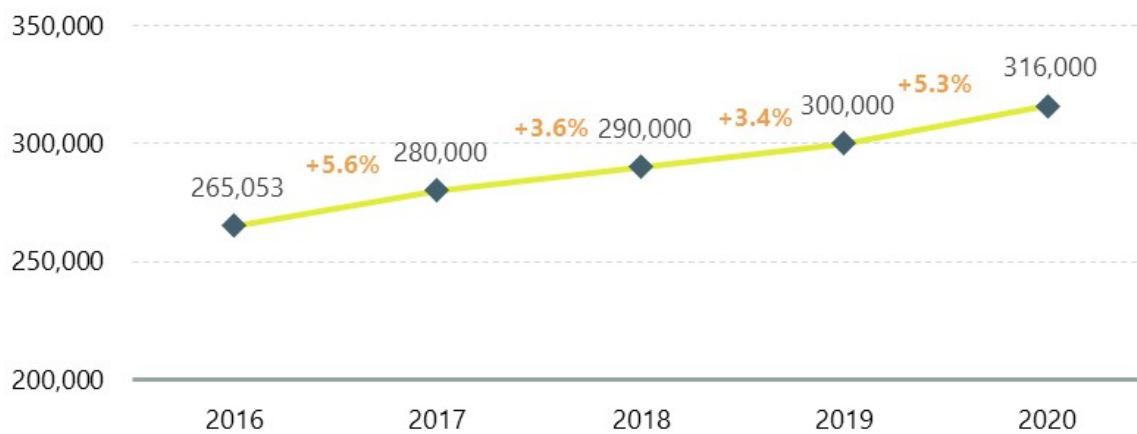
<i>Region</i>	<i>Apr-19</i>	<i>Apr-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	2,241	2,224	-0.8%	7,337	7,700	4.9%
Eastern	164	157	-4.3%	621	670	7.9%
Hampton Roads	2,478	2,446	-1.3%	8,223	8,629	4.9%
Northern	4,205	3,647	-13.3%	12,689	12,356	-2.6%
Southside	191	209	9.4%	716	771	7.7%
Southwest	179	174	-2.8%	554	614	10.8%
Valley	593	487	-17.9%	1,791	1,850	3.3%
West Central	848	801	-5.5%	2,735	2,923	6.9%

Source: Virginia REALTORS®, data accessed May 15, 2020

Home Prices

Across Virginia, home prices continue to rise. The median home sales price Statewide was \$310,000, up 5.3% over April 2019. Despite the slowdown of sales transactions in many local markets, there is little evidence of sellers drastically reducing list prices in order to attract buyers. Continued strong housing demand and very low inventories will keep price growth in Virginia relatively strong this spring.

Figure 7
Median Sale Price, Virginia
April, 2016-2020



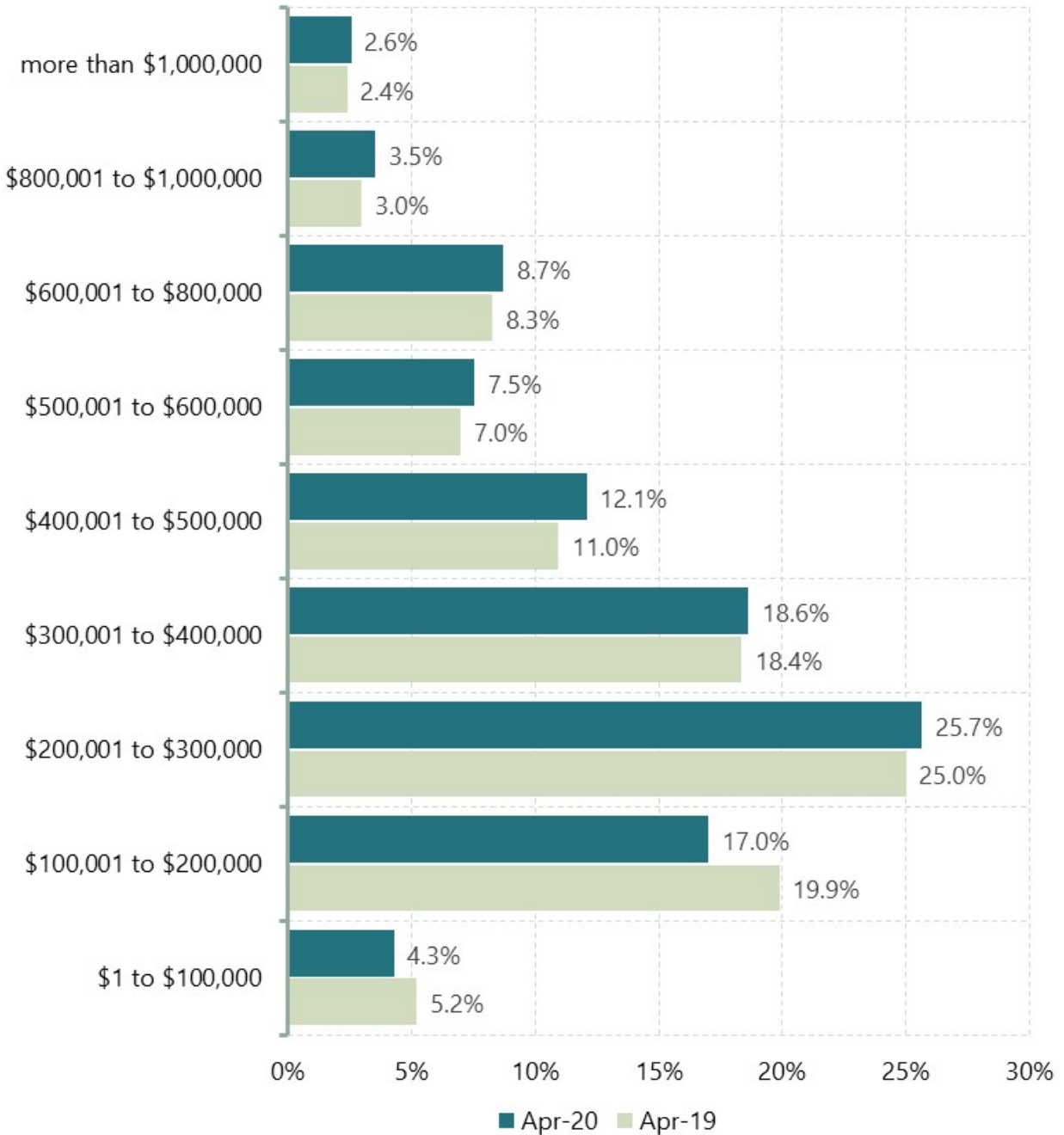
Source: Virginia REALTORS®, data accessed May 15, 2020

Compared to last April, there were more higher-priced sales in April 2020. More than a third (34.4%) of home sales in April 2020 had closed prices of more than \$400,000, compared to 31.6% of homes sold in April 2019. The biggest increase was among homes priced between \$800,001 and \$1 million, with sales in this price range increasing by 9.1% between April 2019 and April 2020. There was also growth in the number of sales in the \$400,001 to \$500,000 price range, with the number of home sales up by 1.2% compared to a year ago.

Lower-priced homes declined as a share of home sales. In April 2020, 21.3% of home sales were priced at \$200,000 or less. In April 2019, that share was higher, at 25.1%.

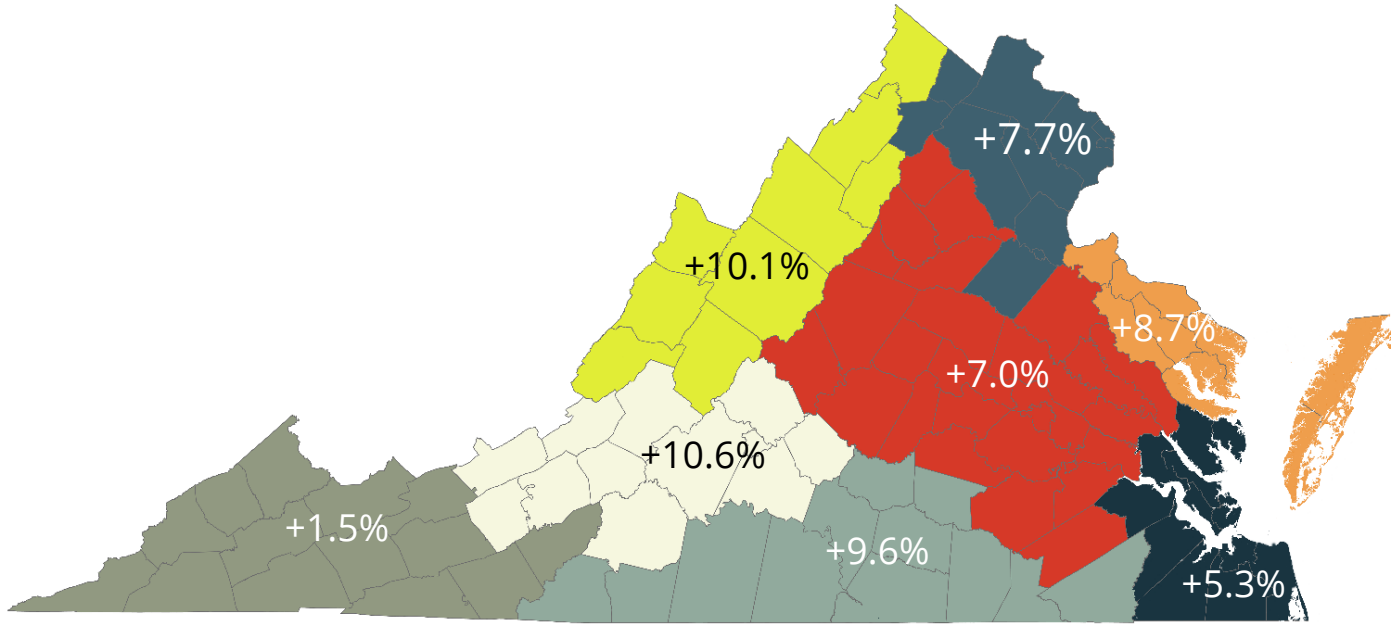
Home prices were up in regions across Virginia. There was double-digit price growth in the Valley (+10.1%) and West Central (+10.6%) regions. However, price appreciation was strong across the State. In April 2020, median sales prices increased by 7.7% in the Northern region, by 7.0% in the Central region, and by 5.3% in the Hampton Roads region.

Figure 8
Sold Prices by Price Range, Virginia
April, 2020 and 2019



Source: Virginia REALTORS®, data accessed May 15, 2020

Figure 9
Change in Median Sales Price by Region
April 2019 to April 2020



<i>Region</i>	<i>Apr-19</i>	<i>Apr-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	262,000	280,373	7.0%	255,000	269,500	5.7%
Eastern	216,250	235,000	8.7%	215,000	221,375	3.0%
Hampton Roads	244,900	258,000	5.3%	232,500	246,000	5.8%
Northern	455,000	490,000	7.7%	438,500	465,000	6.0%
Southside	115,000	126,000	9.6%	114,450	115,000	0.5%
Southwest	129,000	130,900	1.5%	127,500	137,000	7.5%
Valley	219,900	242,000	10.1%	215,000	229,950	7.0%
West Central	189,900	210,000	10.6%	181,000	196,700	8.7%

Source: Virginia REALTORS®, data accessed May 15, 2020

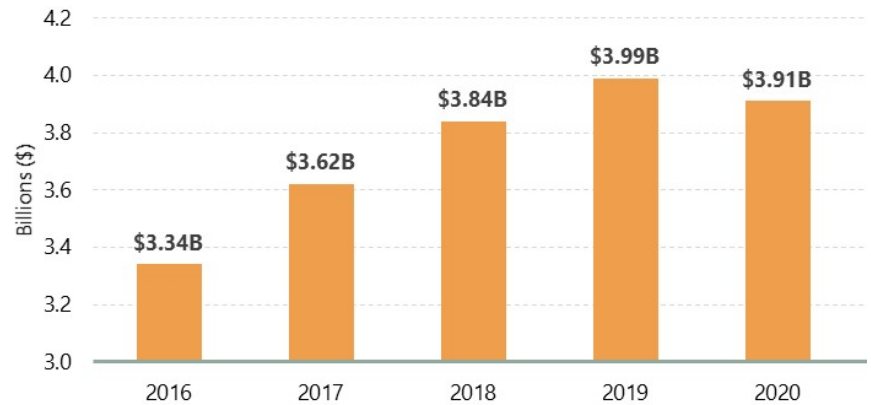
Sold Volume

As a result of the decline in sales, the total sold dollar volume in Virginia also declined. In April 2020, there was \$3.91 billion in total sold volume across the State, about the same level as in March 2020, but down 2% compared to April 2019.

The Statewide sold volume figure is driven partially by variations year-to-year in the number of sales in different markets across Virginia.

Declines in sales transactions in the highest-priced markets will have a bigger impact on the total sold volume at the State level.

Figure 10
Sold Dollar Volume, Virginia
April, 2016-2020



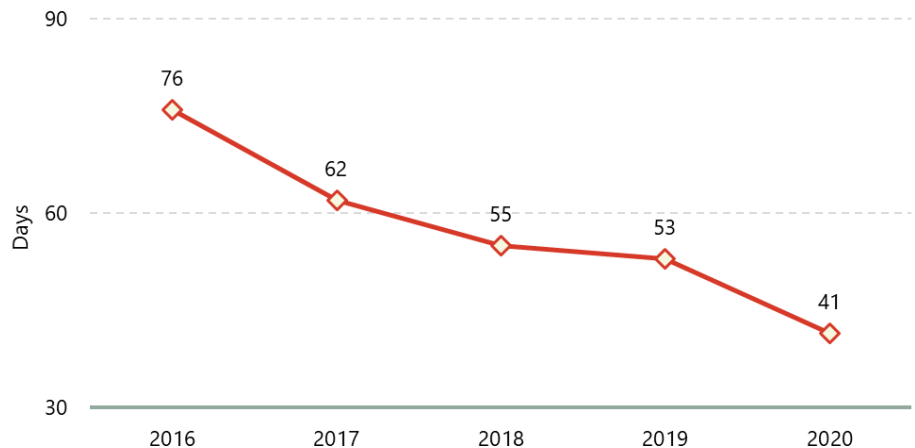
Source: Virginia REALTORS®, data updated May 15, 2020

Days on Market

While the number of sales transactions declined in April, homes continued to sell very quickly, which is an indicator of the low inventories available to buyers in the market. In April 2020, across Virginia, homes sold in an average of 41 days, which is nearly 2 weeks (12 days) faster than last year at this time.

Homes sold faster in all regions across the Commonwealth, with the exception of the Eastern and Southside regions. On average, homes sold most quickly in the Northern part of Virginia (17 days). In the Central region, the average days on market was 39 days, and in the Hampton Roads region, homes took 45 days, on average, to sell in April 2020.

Figure 11
Average Days on Market, Virginia
April, 2016-2020



Source: Virginia REALTORS®, data accessed May 15, 2020

Figure 12
Change in Average Days on Market by
Region
April 2019 to April 2020

<i>Region</i>	<i>Apr-19</i>	<i>Apr-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>Change</i>
Central	42	39	-4	51	48	-3
Eastern	164	164	0	154	171	18
Hampton Roads	58	45	-12	62	51	-11
Northern	23	17	-6	34	27	-7
Southside	172	190	17	182	160	-22
Southwest	162	159	-3	170	169	-1
Valley	75	59	-16	79	68	-11
West Central	64	49	-15	72	57	-15

Source: Virginia REALTORS®, data accessed May 15, 2020

Pending Sales

Pending sales are the number of homes that went under contract in a given month but had not yet gone to closing. Trends in pending sales can be a leading indicator for future home sales one or two months out.

At the end of April, there were 9,500 pending sales Statewide, down 3,680, or 28.4%, compared to April 2019. Pending sales usually increase between March and April. This year, however, the number of April pending sales was about 13% lower than the number in March. These pending sales figures suggest that the number of closed sales in May will be down.

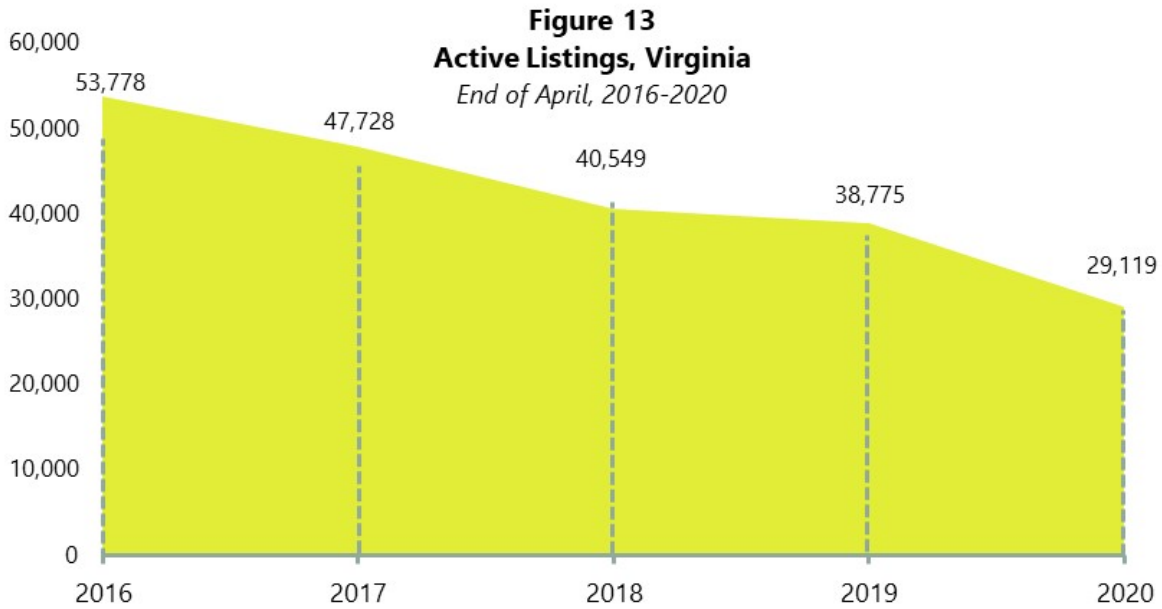
New Listings

The number of new listings being brought to market is also an important gauge of the impact COVID-19 is having. In April 2020, there were 13,149 new listings brought to the market, significantly fewer than a year ago (down 28.4%). The decline in new listings in both March and April of this year has intensified the inventory shortage, leaving buyers who are in the market even fewer choices.

Active Listings

The availability of homes for sale continues to fall at unprecedented rates, with no indications of a turnaround, or even a levelling off. Both demand and supply have slowed as a result of COVID-19, but the impacts on the supply side are a continuation of a years-long trend of declining inventories in the State.

At the end of April 2020, there was a total of 29,119 active listings throughout Virginia, nearly identical to the number at the end of March, but nearly 10,000 fewer than a year ago, a decline of 24.9%.



Source: Virginia REALTORS®, data accessed May 15, 2020

At the end of April 2020, there was an estimated 2.74 months of supply Statewide. In some local markets, however, inventories are even tighter, with less than a month's supply. The months of supply statistic is calculated by taking the average monthly sales over the preceding 12-month period and dividing it by the inventory of active listings. Historically, a supply below five or six months has tended to favor sellers rather than buyers. While there are variations across the state, both in terms of inventory and months of supply, most markets remain sellers' markets during COVID-19.

Figure 14
Months of Supply, Virginia
End of April, 2016-2020



Source: Virginia REALTORS®, data accessed May 15, 2020

Outlook

The COVID-19 outbreak has led to an unprecedented economic downturn in the U.S. However, there are some signs that both the economy and the housing market are poised to begin turning the corner in Virginia. The Governor of Virginia has relaxed some of the stay-at-home restrictions in many parts of the State in mid-May. Buyers, sellers, and REALTORS® have all become more comfortable with using technology tools and social distancing practices to continue completing real estate transactions. As a result, more people should be entering the market in late Spring and early Summer.

Home sales activity was down in April, which was not unexpected, but the decline was not as severe as some had anticipated, and some local markets remained strong during the month. Based on Statewide data on new listings and pending sales, it is likely that home sales will be down again in May. However, positive indicators, including the Governor's announcement of the plan for reopening Virginia, the slowdown in new claims for unemployment benefits, and the extremely low interest rates, suggest that the State's housing market may begin improving in the early part of the Summer.



The Virginia REALTORS® association is one of the largest professional trade associations 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:

Robin Spensieri
Virginia REALTORS® Vice President of Communications and Media Relations
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.