

Virginia

HOME SALES
REPORT

MAY2020

Virginia Home Sales Report

May 2020

Summary

Economic Conditions

- Virginia's economy has been feeling the impact of COVID-19. The state lost nearly 400,000 jobs this spring, and the unemployment rate spiked to 10.6%.
- 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 tumbled again in May, although there are some signs that people are beginning to feel more optimistic about the future.
- Mortgage rates remain at historically low levels, and the number of applications for purchase mortgages continues to increase.

Housing Market Conditions

- There were 10,411 total sales Statewide in May 2020, down 20.5% from a year ago. Sales activity was down in regions throughout the State, with the biggest drop in the State's Northern region.
- In May, the median Statewide sales price was \$315,000, up 1.6% year-over-year.
- Pending sales were down 13.4% in May compared to a year ago, but the number of pending sales increased between April and May.
- At the end of May 2020, there was a total of 26,828 active listings throughout Virginia, down nearly 14,000 compared to the end of May 2019.

Virginia REALTORS® Market Report Key Takeaways

- Virginia's housing market slowed considerably this spring as a result of COVID-19 and the economic downturn.
- The economy has likely hit bottom, and a reversal in job losses is expected in Virginia as we head into the summer.
- June should be a good month for the State's housing market as buyer activity picks up.
- The biggest challenge to the recovery of the housing market is a lack of available inventory. A lack of homes for sale will lead to bidding wars and price acceleration in many markets.
- There might be a change in home and neighborhood preferences in the post-COVID-19 housing market.

Summary of Virginia's Housing Market Trends & Conditions

	May-19	May-20	Change	% Change	YTD 2019	YTD 2020	Change	% Change
Sales	13,101	10,411	-2,690	-20.5%	48,014	44,969	-3,045	-6.3%
Median Home Price (\$)	309,900	315,000	5,100	1.6%	290,000	300,000	10,000	3.4%
Sales Volume (\$ billions)	4.9	3.9	-1.0	-20.6%	12.1	12.8	0.7	5.8%
Average Days on Market	47	38	-9.0	-19.1%	53	47	-5.3	-10.1%
Pending Sales	13,630	11,798	-1,832	-13.4%	56,684	50,202	-6,482	-11.4%
New Listings	19,019	13,522	-5,497	-28.9%	78,652	67,908	-10,744	-13.7%
Active Listings (end of the month)*	40,651	26,828	-13,823	-34.0%	40,153	26,828	-13,325	-33.2%
Months of Supply*	4.0	2.6	-1.4	-35.0%	3.7	2.7	-1	-26.3%

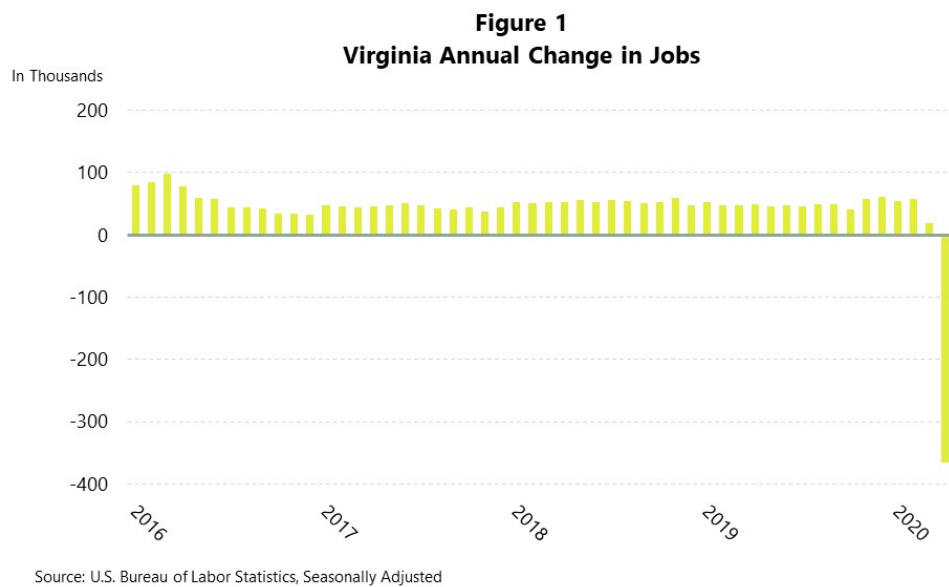
Source: Virginia REALTORS®, data accessed June 16, 2020

*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 economy. Virginia's economy and housing market also have been impacted by the public health pandemic and economic downturn.

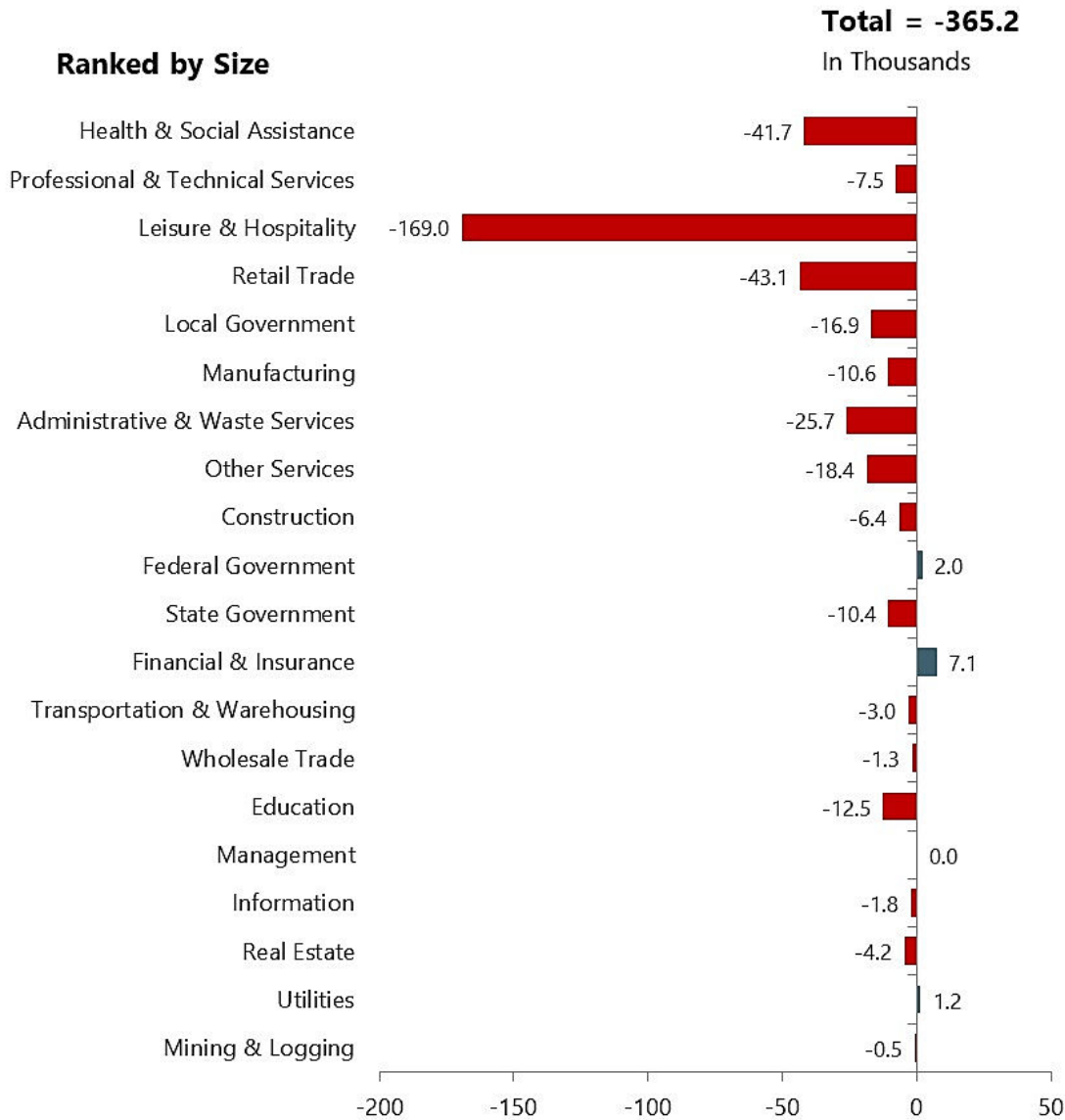
However, there is evidence that the economy has reached a turning point, and conditions should be improving over time. Nationally, the economy lost 22 million jobs in March and April. In May, however, the economy added 2.5 million jobs, upending the expectations that job losses would continue through the rest of the 2nd quarter. Virginia shed hundreds of thousands of jobs in March and April. May job data for Virginia will not be available until late June, but it is likely that Virginia's economy has also begun to turn around this month.



Between April 2019 and April 2020 (the latest State data available), Virginia lost about 365,000 jobs. Nearly half of all of the job losses in Virginia this Spring were in the Leisure & Hospitality sector (-169,000 jobs), particularly in the restaurant, bar, and hotel industries. More than 40,000 Retail Trade jobs and Health Care & Social Assistance jobs were also lost from the Virginia economy between April 2019 and April 2020.

In May, the U.S. unemployment rate was 13.3%, down from 14.7% in April. Virginia's unemployment rate has increased dramatically, but it remains lower than the national rate. In April, the unemployment rate in Virginia was 10.6%, up from less than 3 percent in April 2019.

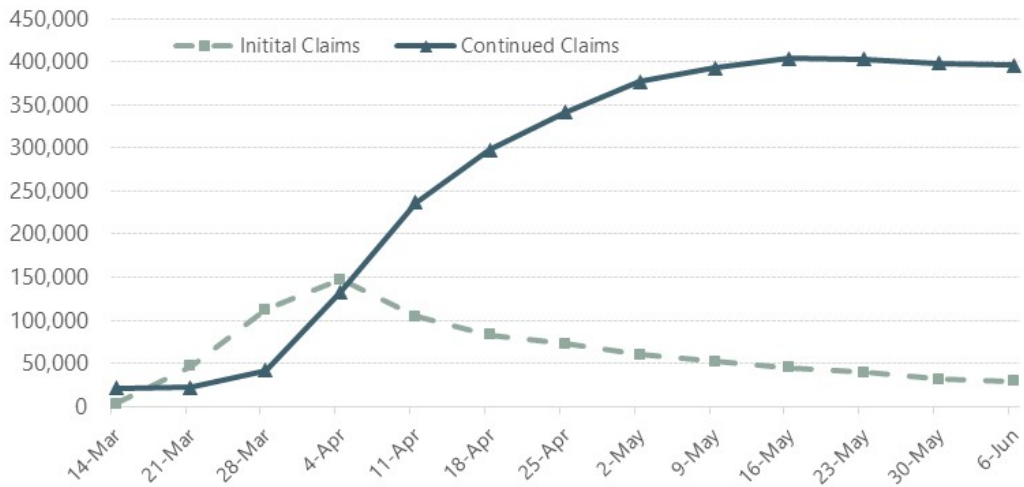
Figure 2
Virginia Job Change by Industry
April 2019 - April 2020



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

In the week ending June 6th, nearly 400,000 Virginians were receiving unemployment benefits. However, the weekly initial claims for unemployment have been declining since the beginning of April. Workers in the Accommodation & Food Services industries and the Retail Trade sector are most likely to have faced job losses this spring. Workers in other sectors, such as Public Administration (Government), Finance & Insurance, and Professional & Technical Services, have been relatively insulated from job losses.

Figure 3
Virginia Unemployment Claims, Spring 2020

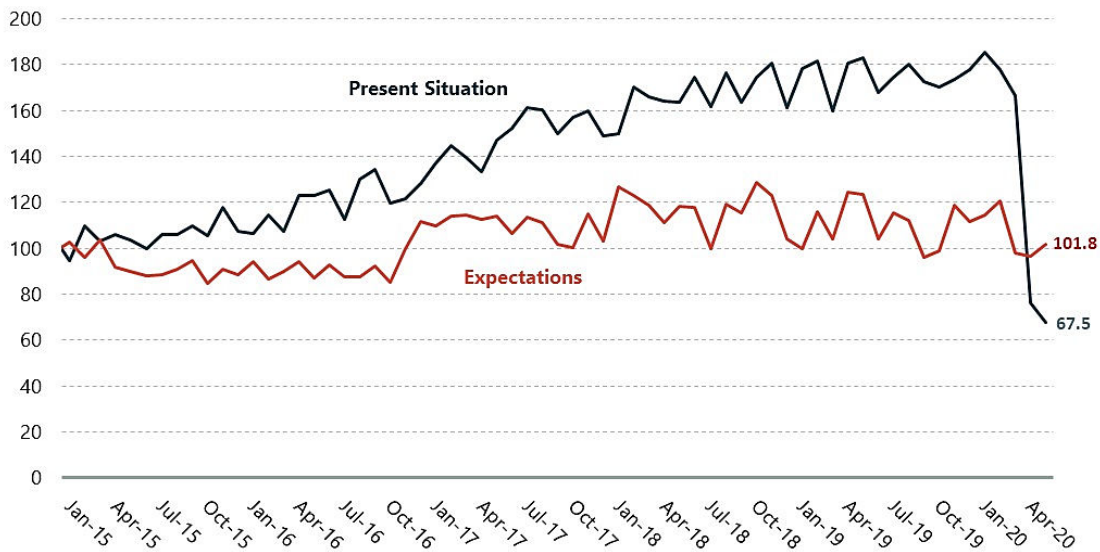


Source: Virginia Employment Commission, not seasonally adjusted

Consumer confidence is strongly tied to economic conditions and can also help predict where the economy and housing market are headed. Measures of consumer confidence tumbled in April and fell further in May. The consumer confidence present situation index was 67.5 in May in the South Atlantic region (which includes Virginia). Individuals have become to feel somewhat more optimistic about future economic conditions, with an expectations index of 101.8 in May. Consumer confidence indices below 100 indicate pessimism about economic conditions.

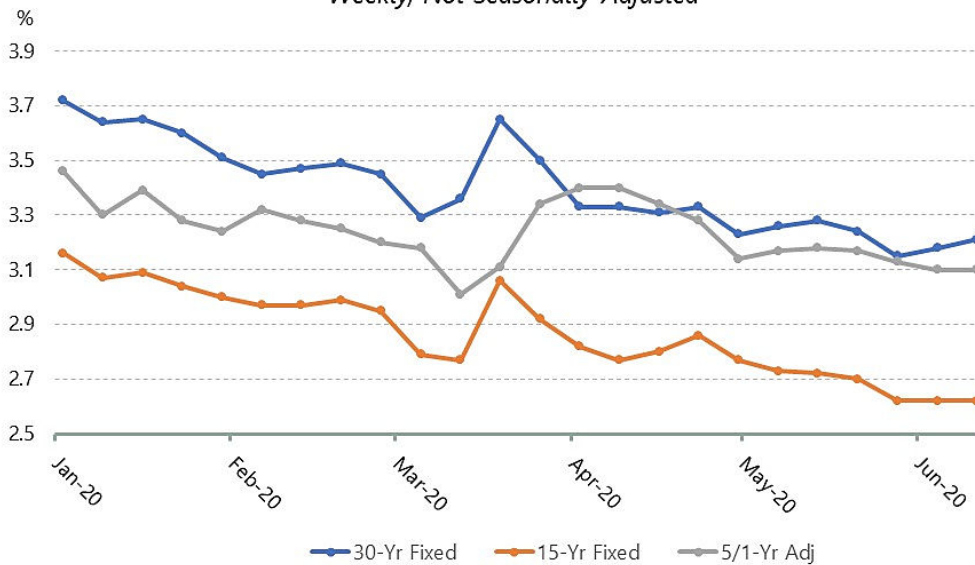
Mortgage rates continue to be at historically low levels. Fannie Mae and Freddie Mac are forecasting that the 30-year fixed rate mortgage rate will continue to be low—perhaps even dipping below 3%—through at least the 1st part of 2021. According to Freddie Mac, the 30-year fixed-rate mortgage averaged about 3.23% throughout May and hit 3.21% for the week ending June 11th.

Figure 4
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Figure 5
Mortgage Interest Rates
Weekly, Not Seasonally Adjusted



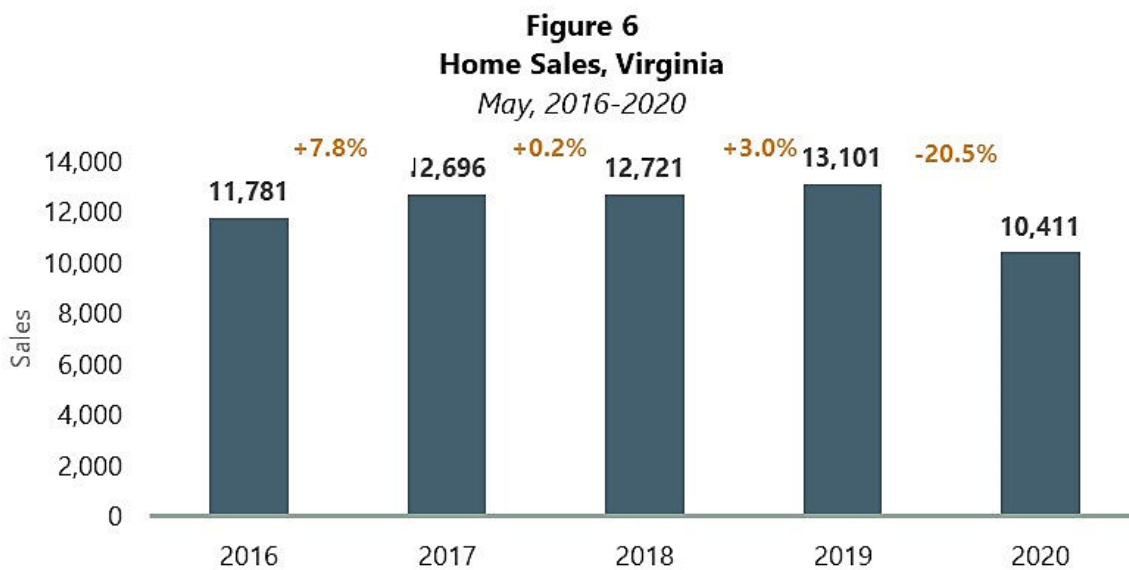
Source: Freddie Mac

Housing Market Overview

Home sales activity was down across Virginia in May as a result of COVID-19. The constrained housing market is also a result of continued low housing inventories. Data on new listings and pending sales suggest that May will represent the trough of the housing market slowdown in Virginia, with robust market activity expected in June.

Sales

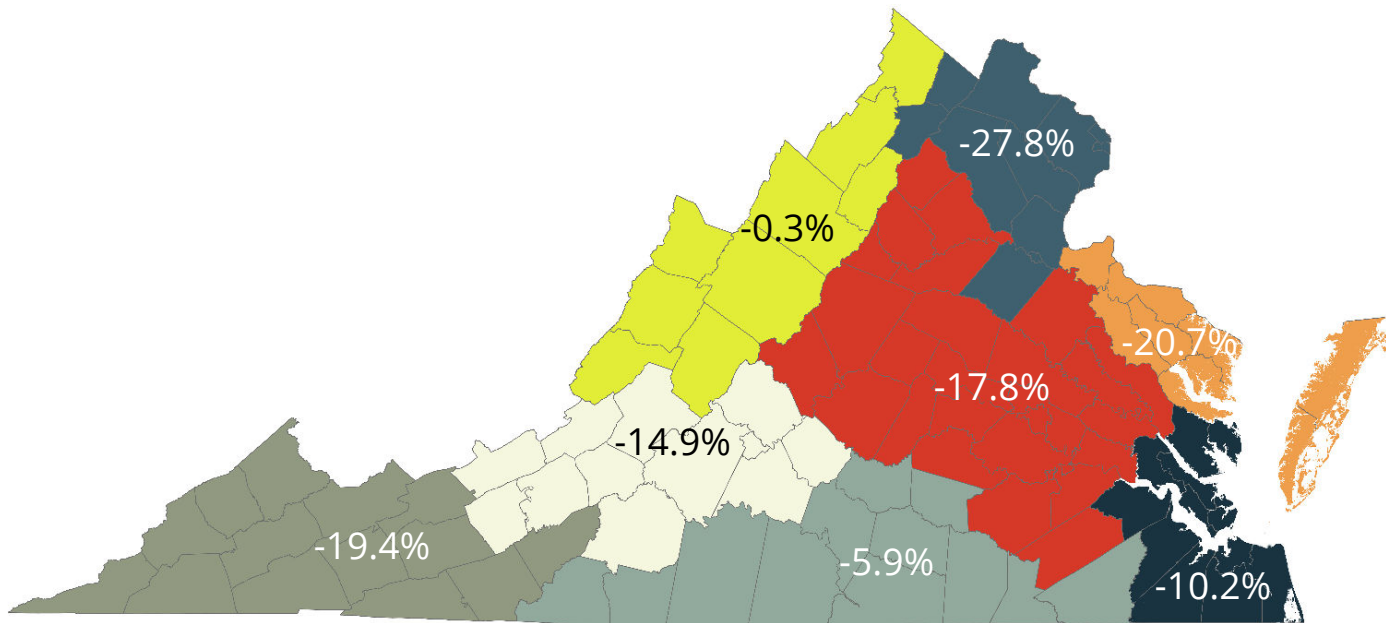
There was a total of 10,411 home sales Statewide in May, which is down 20.5% compared to May 2019. Housing market activity tends to increase between April and May but that traditional spring uptick has been muted as a result of COVID-19. Last year, the number of sales in May was 20% higher than in April. This year, May's sales total was just 2.6% higher than April.



Source: Virginia REALTORS®, data accessed June 16, 2020

Home sales were down in May in all regions in Virginia, although in some places, year-to-date home sales activity is still higher in 2020 than in 2019. The biggest decline in home sales activity was in the State's Northern region (-27.8%). Year-to-date, home sales in the Northern region are down 10.2% compared to 2019. In the Central and Hampton Roads regions, May home sales were down at a double-digit rate compared to a year ago; however, year-to-date home sales are down only modestly in these two regions. The Valley region has been the most resilient, with May home sales down 0.3%.

Figure 7
Change in Sales by Region
May 2019 to May 2020



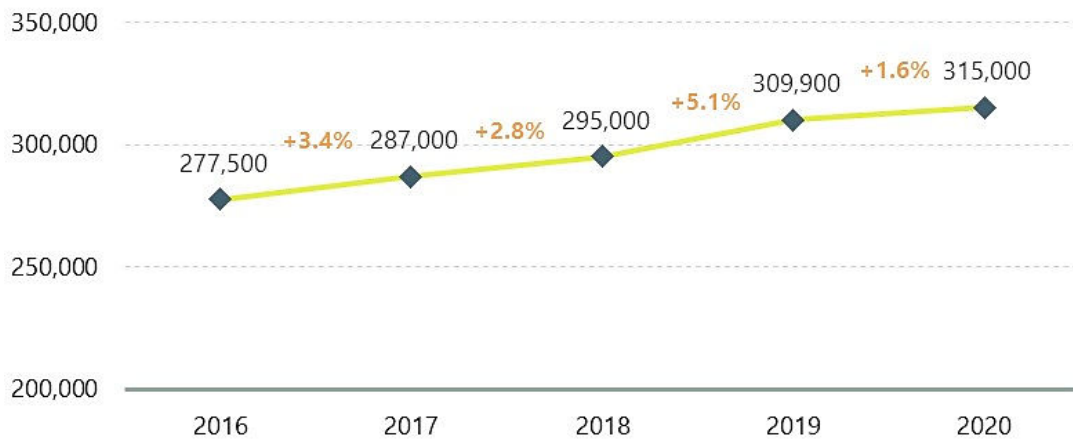
<i>Region</i>	<i>May-19</i>	<i>May-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	2,794	2,297	-17.8%	10,152	10,018	-1.3%
Eastern	232	184	-20.7%	856	866	1.2%
Hampton Roads	2,780	2,497	-10.2%	11,219	11,165	-0.5%
Northern	4,923	3,555	-27.8%	17,793	15,981	-10.2%
Southside	238	224	-5.9%	940	996	6.0%
Southwest	206	166	-19.4%	749	783	4.5%
Valley	604	602	-0.3%	2,510	2,467	-1.7%
West Central	1,041	886	-14.9%	3,794	3,833	1.0%

Source: Virginia REALTORS®, data accessed June 16, 2020

Home Prices

Across Virginia, home prices continue to rise. The median home sales price Statewide was \$315,000 in May, up 1.6% over May 2019. Price growth in May was somewhat lower than we have seen in recent months. The mix of homes sold plays an important role in this trend. In May, a greater share of lower-priced (e.g. entry-level) homes were sold and relatively fewer luxury homes were sold. As a result, the median sales price grew only modestly over last year.

Figure 8
Median Sale Price, Virginia
May, 2016-2020

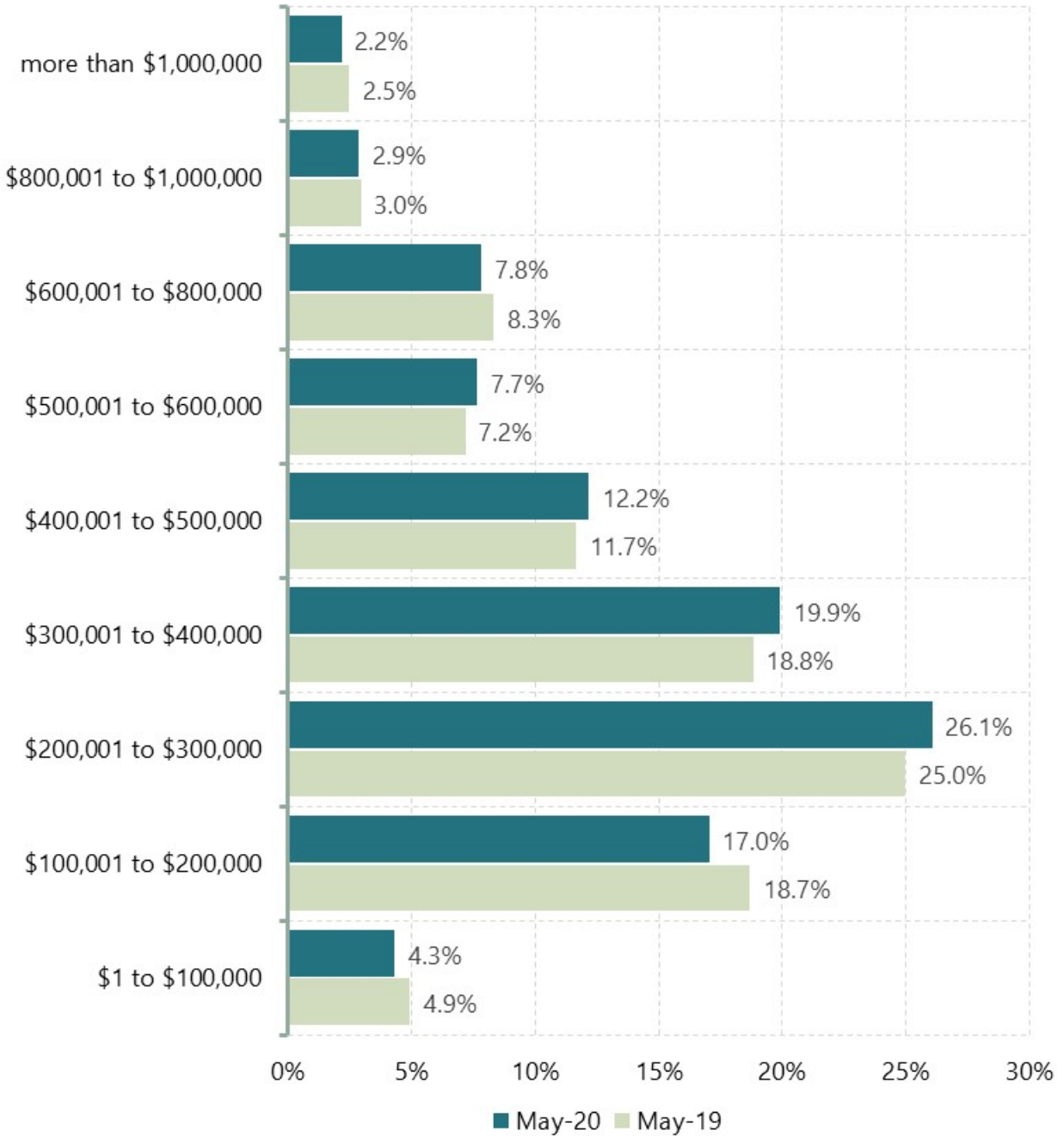


Source: Virginia REALTORS®, data accessed June 16, 2020

Nearly half (46.0%) of all homes sold in Virginia in May were in the \$200,001 to \$400,000 price range, which is a higher share than a year ago when 43.8% of homes sold were in this price range. By contrast, there were relatively fewer homes sold in higher price ranges. While 7.8% of May home sales were priced between \$600,001 and \$800,000, that share is down from 8.3% in May 2019. Homes priced at \$800,001 and higher accounted for 5.0% of May 2020 home sales, down from 5.4% of May 2019 home sales.

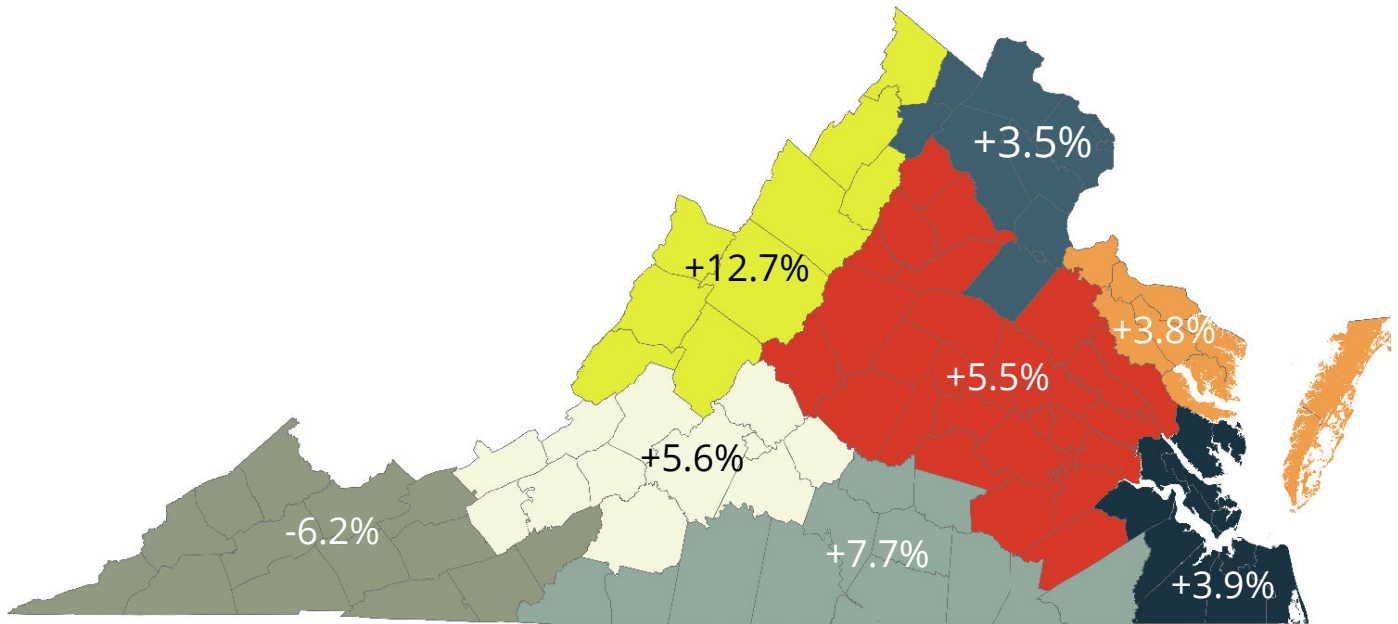
Prices were up in all regions across Virginia with the exception of the Southwest region. Price growth was strongest in the Valley region, where the median sales price in May 2020 was 12.7% higher than May 2019. Despite significantly lower sales, the median sales price in the State's Northern region increased 3.5% between May 2019 and May 2020. Prices were up 5.5% in the Central region and 3.9% in the Hampton Roads region.

Figure 9
Sold Prices by Price Range, Virginia
May, 2020 and 2019



Source: Virginia REALTORS®, data accessed June 16, 2020

Figure 10
Change in Median Sales Price by Region
May 2019 to May 2020



<i>Region</i>	<i>May-19</i>	<i>May-20</i>	<i>% Change</i>	<i>YTD</i> <i>2019</i>	<i>YTD</i> <i>2020</i>	<i>% Change</i>
Central	270,000	284,950	5.5%	259,000	272,500	5.2%
Eastern	221,000	229,500	3.8%	218,950	222,750	1.7%
Hampton Roads	254,950	265,000	3.9%	238,000	250,000	5.0%
Northern	459,000	475,000	3.5%	443,000	469,000	5.9%
Southside	130,000	140,000	7.7%	119,000	120,000	0.8%
Southwest	145,000	136,000	-6.2%	132,000	136,500	3.4%
Valley	221,750	250,000	12.7%	215,088	234,900	9.2%
West Central	194,500	205,450	5.6%	184,100	199,650	8.4%

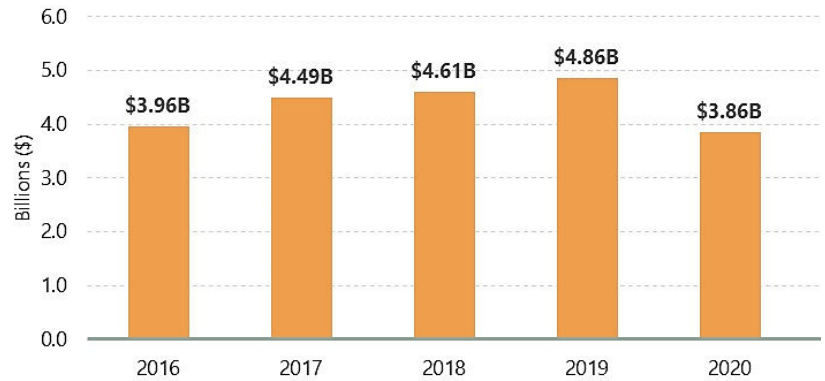
Source: Virginia REALTORS[®], data accessed June 16, 2020

Sold Volume

As a result of the decline in sales, the total sold dollar volume in Virginia also declined. In May 2020, there was \$3.86 billion in total sold volume across the State, down 20.6% compared to a year ago.

Sold volume in May was about 1.3% lower than in April this year. Continued declines in sales transactions in the highest-priced markets are having an impact on the total sold volume at the State level.

Figure 11
Sold Dollar Volume, Virginia
May, 2016-2020



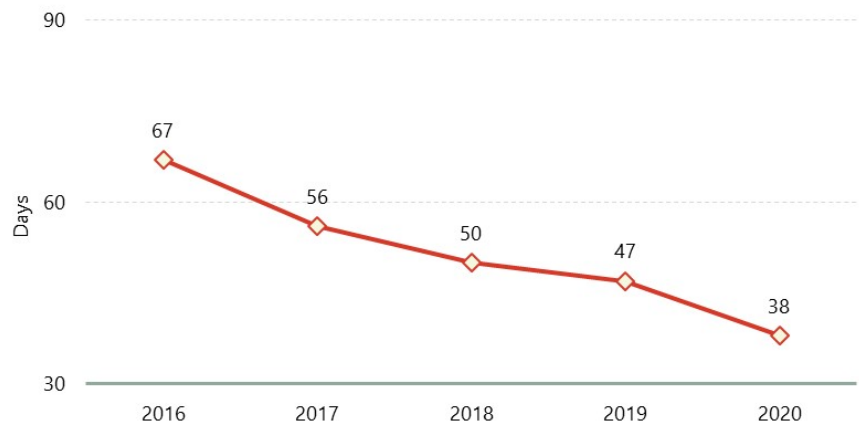
Source: Virginia REALTORS®, data updated June 16, 2020

Days on Market

Even though the overall number of sales transactions fell sharply in May, homes are selling very quickly, which indicates that there are still many homebuyers competing for relatively few listings.

In May 2020, across Virginia, homes sold in an average of 38 days, which is more than a week (9 days) faster than last year at this time.

Figure 12
Average Days on Market, Virginia
May, 2016-2020



Source: Virginia REALTORS®, data accessed June 16, 2020

Homes sold faster in all regions across the Commonwealth, with the exception of the Southside and Southwest regions. On average, homes sold most quickly in the Northern part of Virginia (20 days). In the Central region, the average days on market was 32 days, and in the Hampton Roads region, homes took 41 days, on average, to sell in May 2020.

Figure 13
Change in Average Days on Market by
Region
May 2019 to May 2020

<i>Region</i>	<i>May-19</i>	<i>May-20</i>	<i>Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>Change</i>
Central	37	32	-5	47	44	-3
Eastern	140	101	-40	150	157	7
Hampton Roads	53	41	-12	59	49	-11
Northern	20	20	-1	30	25	-4
Southside	151	164	13	175	161	-14
Southwest	136	146	9	161	164	2
Valley	71	53	-18	77	64	-12
West Central	48	45	-3	65	54	-11

Source: Virginia REALTORS[®], data accessed June 16, 2020. Figures have been rounded.

Pending Sales

Pending sales are the number of homes that have gone under contract in a given month but have not yet gone to closing. Trends in pending sales can be a leading indicator for future home sales one or two months out. May pending sales figures suggest that the housing market in Virginia has begun to turn around.

At the end of May, there were 11,798 pending sales Statewide, down 1,832, or 13.4%, compared to May 2019. However, pending sales jumped up significantly between April and May. This spring, the number of pending sales in May was 24.2% higher than in April; by contrast, pending sales increased by just 2.8% between April and May 2019.

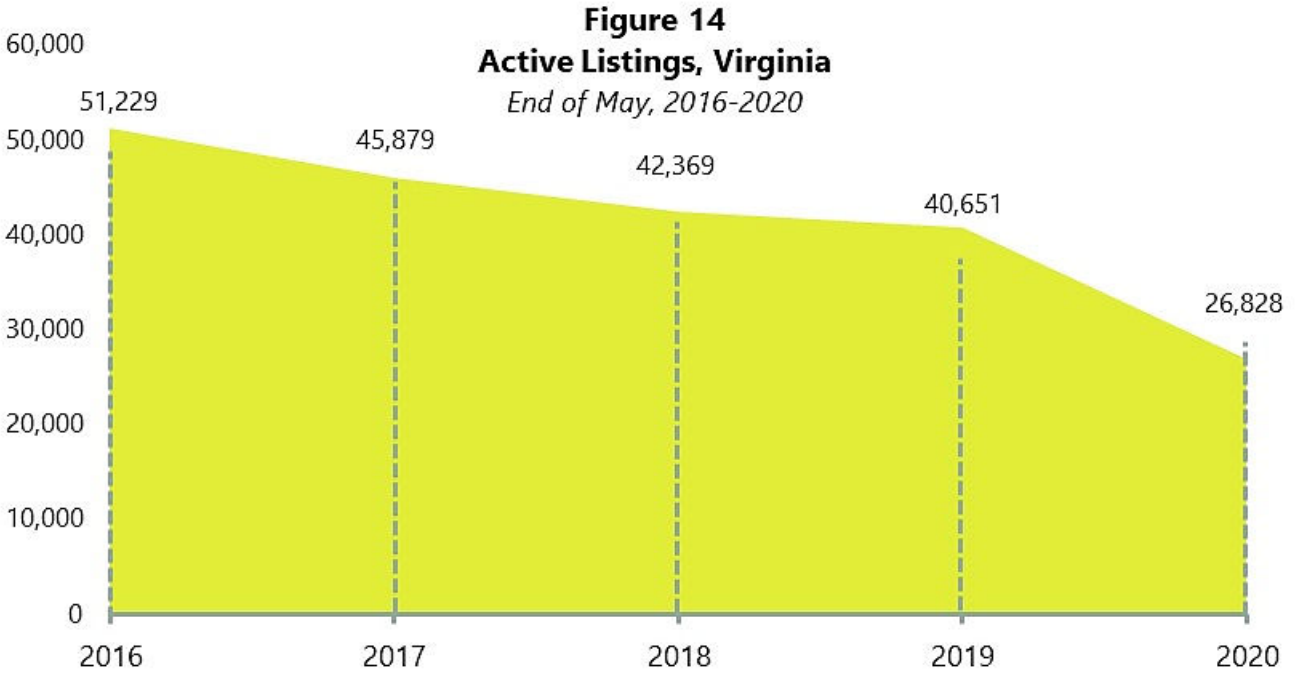
New Listings

The number of new listings being brought to market is also an important gauge of the impact COVID-19 is having. Declines in new listings have exacerbated the inventory challenges prospective homebuyers have encountered for years. In May 2020, there were 13,522 new listings brought to

the market, significantly fewer than a year ago (down 28.9%). New listings increased by 2.8% between April and May 2020, compared to an increase of 3.6% between April and May 2019.

Active Listings

The availability of homes for sale fell by an unprecedented amount in May. At the end of May 2020, there was a total of 26,828 active listings throughout Virginia, a decline of 34.0% compared to the end of May 2019, or nearly 14,000 fewer listings. As buyer activity rebounds in June, a lack of available inventory will be a significant constraint on the market. Competing offers, bidding wars, and falling days on market are likely in the weeks and months ahead in many local markets.



Source: Virginia REALTORS®, data accessed June 16, 2020

Because active listings are falling faster than closed sales, the months of supply continues to decline. At the end of May 2020, there was an estimated 2.58 months of supply Statewide, down from 3.97 months of supply in May 2019. 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 15
Months of Supply, Virginia
End of May, 2016-2020



Source: Virginia REALTORS®, data accessed June 16, 2020

Outlook

There are many signs that the economy and the housing market are improving in Virginia. Home sales activity in May slowed considerably, but it is likely that we are at the beginning of a turnaround and market activity will rebound in June. The typical robust spring market has been pushed into a hot summer market.

There are several reasons why we expect the housing market to rebound strongly in June. The Governor's phased re-opening plan has been proceeding, with all parts of the state in Phase 2, which involves relaxations of some of the stay-at-home restrictions and re-opening of many businesses. In addition, the strong demand that was present in the market before the COVID-19 outbreak is still a factor. Both first-time and move-up buyers who delayed their home purchase this spring will be returning to the market. Finally, historically low mortgage rates will continue to provide an enticement to home buyers this 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:

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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.