

Virginia

HOME SALES
REPORT

JULY 2020

Virginia Home Sales Report

July 2020

Economic Conditions

- Virginia's economy continues to improve this summer. About 63,500 jobs were added in June and the Statewide unemployment rate fell to 8.4%.
- The Leisure & Hospitality sector continues to be hardest hit by the economic downturn. Other key sectors of the economy, including the Professional & Technical Services and Federal Government sectors, have fared better during the downturn.
- Consumer confidence rebounded in July, although there is growing uncertainty about future economic conditions.
- Mortgage rates continue to drop, with the 30-year fixed-rate mortgage rate falling below 3% in mid-July.

Housing Market Conditions

- There were 14,581 home sales Statewide in July 2020, up 13.2% from a year ago and up 10.7% over June 2020 sales.
- Prices surged in July, reflecting strong demand and limited supply. In July, the median Statewide sales price was \$332,000, up 7.4% compared to July 2019.
- For the first time in months, the number of new monthly listings in Virginia increased. There were 16,175 new listings brought to the market in July 2020, which is 6.3% more listings than in July 2019.
- Despite the uptick in new listings in July, the overall inventory of homes available for sale continues to fall. At the end of July, there was a total of 24,281 active listings across Virginia, a decline of 38.1% compared to the end of July 2019, or nearly 15,000 fewer listings.

Virginia REALTORS® Market Report Key Takeaways

- Virginia's housing market bounced back strongly in July. There were significant increases in sales activity in local markets across the Commonwealth.
- Competition for homes is fierce, resulting in multiple offers and big price increases in many markets.
- Historically low mortgage rates create a huge incentive for current homeowners to refinance. The surge in refinance activity is contributing to the lack of inventory across Virginia.
- There is significant pent-up demand for housing that will keep buyers active in the market through the summer and into the fall. A surge in COVID-19 cases could slow home sales. However, currently, a lack of supply is a bigger constraint on the health of Virginia's housing market.

Summary

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- Consumer confidence rebounded in July, although there is growing uncertainty about future economic conditions.
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Housing Market Conditions

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Summary of Virginia's Housing Market Trends & Conditions

	Jul-19	Jul-20	Change	% Change	YTD 2019	YTD 2020	Change	% Change
Sales	12,885	14,581	1,696	13.2%	74,541	72,726	-1,815	-2.4%
Median Home Price (\$)	309,000	332,000	23,000	7.4%	299,000	310,000	11,000	3.7%
Sales Volume (\$ billions)	4.7	5.9	1.1	24.3%	26.9	27.6	0.6	2.4%
Average Days on Market	46	41	-5.0	-10.9%	61	49	-11.7	-19.2%
Pending Sales	11,922	13,087	1,165	9.8%	80,853	76,171	-4,682	-5.8%
New Listings	15,218	16,175	957	6.3%	109,451	98,795	-10,656	-9.7%
Active Listings (end of the month)	39,236	24,281	-14,955	-38.1%	39,236	24,281	-14,955	-38.1%
Months of Supply	3.8	2.3	-1.5	-39.7%	3.8	2.3	-1.5	-39.7%

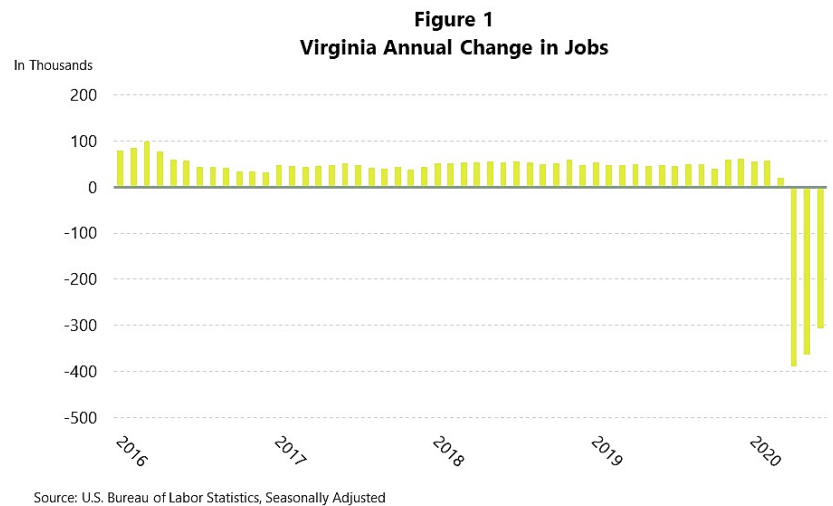
Source: Virginia REALTORS®, data accessed August 15, 2020

Economic Overview

Economic conditions continued to improve in July, although there is a long way to go before the jobs that were lost during the downturn are regained. The continued strengthening of the overall economy is important for the health of the housing market going forward. July marked the 3rd consecutive month of employment gains nationwide, with 1.8 million jobs added to the economy. However, the U.S. still has 11 million fewer jobs than it did at this time last year, which is a testament to the severe economic shock caused by the COVID-19 pandemic.

Virginia added 63,500 jobs between May and June (the latest data available), which reflects the overall improvement in the state's economy amid a slowdown in COVID-19 cases and the relaxation of stay-at-home and business closure directives. Despite these gains, the Virginia economy has 306,000 fewer jobs than it did a year ago. The economic recovery will likely be slow, with potential starts and stops in the 3rd and 4th quarters of 2020.

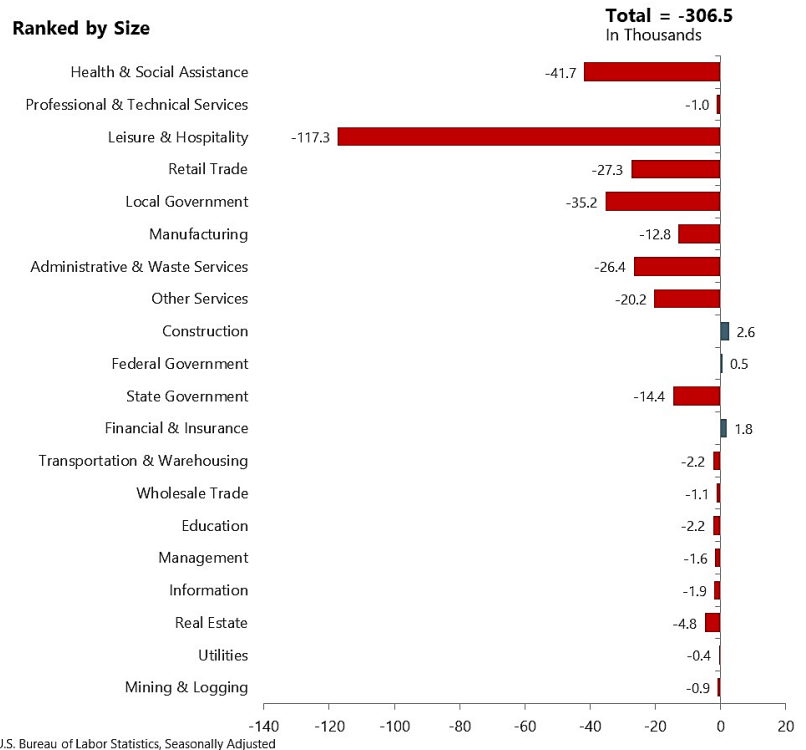
However, the state's economy remains stronger than many others across the country.



In Virginia, the Leisure & Hospitality sector remains the industry hardest hit by the economic downturn, with 117,300 fewer jobs in June compared to June 2019. However, some industries in Virginia have remained relatively unscathed by the economic recession, including the Construction, Federal Government, and Financial & Insurance sectors, which all posted job gains in June 2020.

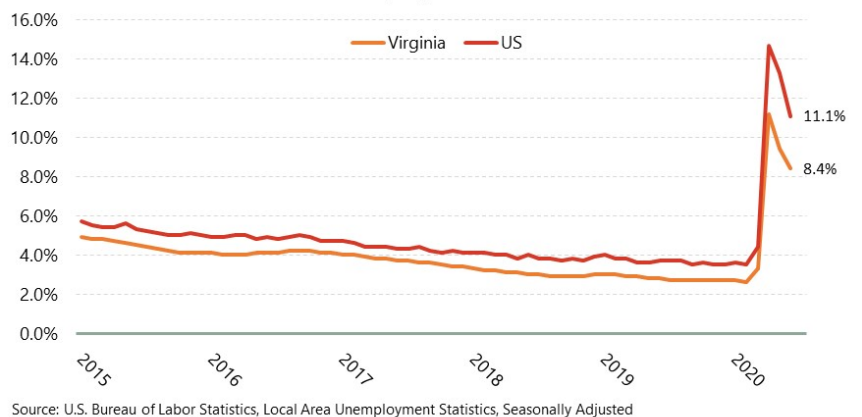
Another key sector of the state's economy, the Professional & Technical Services sector, has only experienced modest job losses. This sector includes many workers who have been able to transition to working from home. The relative strength of these sectors has helped support the state's housing market this summer.

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



The unemployment rate in Virginia improved in June, though it remains much higher than last year and still reflects the fact that thousands of Virginia residents remain without a job. In June, the Statewide unemployment rate was 8.4%, down from 9.4% in May and below the national rate of 11.1%.

Figure 3
Unemployment Rate



The number of unemployed workers in Virginia has been declining throughout July. In the week ending August 1st, the number of new weekly applications for unemployment benefits dropped to about 24,000, down from about 43,000 a week earlier. However, approximately 331,000 Virginians continued to receive unemployment benefits at the end of July.

Workers in the Accommodation & Food Services industries, Retail Trade sector, Health Care, and Administrative Support occupations have been the most likely to have faced job losses this spring and summer.

In the last week of July, expanded unemployment benefits came to an end. These extra benefits were approved as part of the federal CARES Act and provided an additional \$600 per week to unemployed workers. Most economists agree that these additional payments helped prop up consumer spending and helped millions of unemployed workers across the country stay current on their rent and mortgage payments. The expiration of these benefits without a plan in place for a new round of assistance could put unemployed individuals at financial risk.

Figure 4
Virginia Unemployment Claims

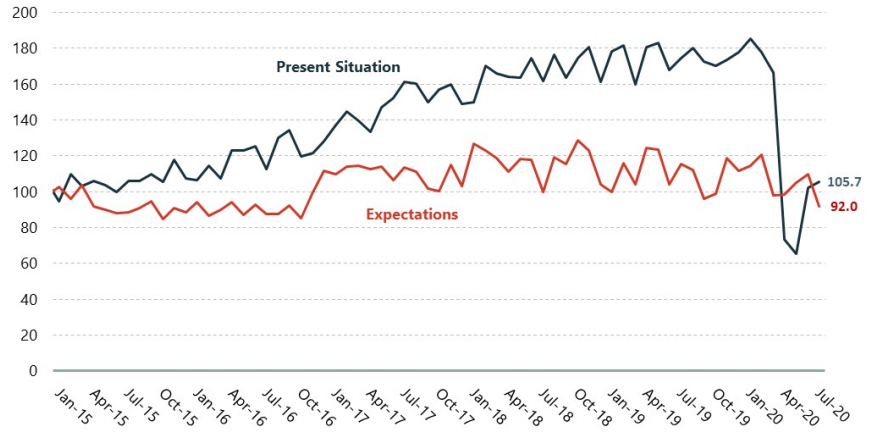


Source: Virginia Employment Commission, Not Seasonally Adjusted

Consumer confidence rebounded in June and July. Among residents of the South Atlantic region of the U.S., which includes Virginia, the measure of confidence in current economic conditions was 105.7 in July, up strongly compared to May and June. Individuals and families are beginning to feel a little more uncertain about the future. The measure of consumers' confidence in future economic conditions rose to 109.7 in June, but it fell sharply in July amid concerns about increases in COVID-19 cases and uncertainty about federal action on assistance for unemployed workers. A consumer confidence measure above 100 indicates consumers are feeling more optimistic about economic conditions.

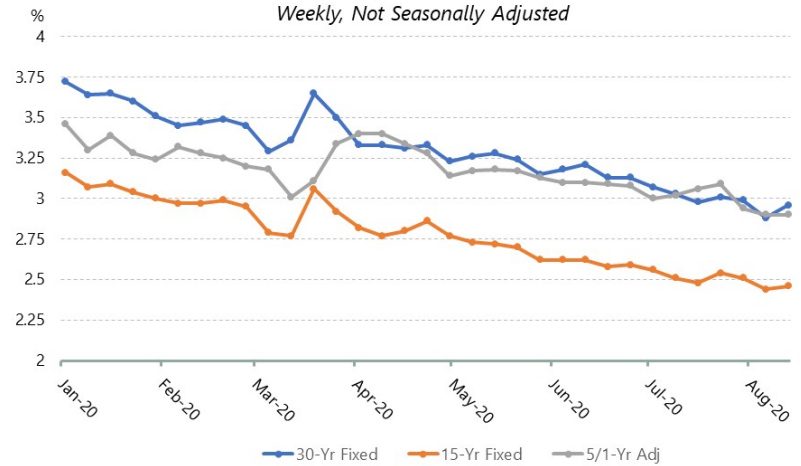
Mortgage rates continue to remain at historically low levels. According to Freddie Mac, the average 30-year mortgage rate has hit record lows eight times since the beginning of the COVID-19 pandemic and went below 3% in mid-July. Record low mortgage rates have made homebuying more attractive and have also driven a refinancing boom.

Figure 5
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Figure 6
Mortgage Interest Rates
Weekly, Not Seasonally Adjusted



Source: Freddie Mac

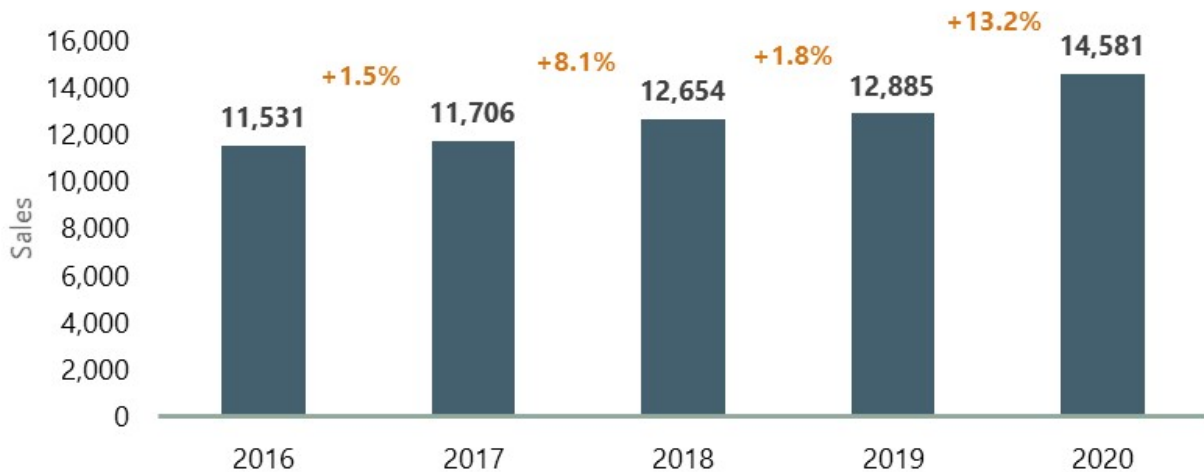
Housing Market Overview

Pent-up demand was unleashed on the market as home sales activity in Virginia rebounded strongly in July. There was a significant increase in sales activity across the State and a refreshing boost in new listings. The summer housing market should continue to be strong with increased buyer interest and activity. However, there are constraints on the market. Even with historically low mortgage rates, housing affordability is once again becoming a challenge in many local markets. In addition, a lack of inventory continues to frustrate many would-be homebuyers who have gotten back in the market this summer.

Sales

In June, there were 14,581 total sales Statewide, which is up 13.2% over the number of total sales in July 2019. Typically, the number of sales slows slightly in July, but this year, July sales were 10.7% higher than June sales, reflecting the fact that many buyers delayed their transaction earlier in the year as a result of COVID-19.

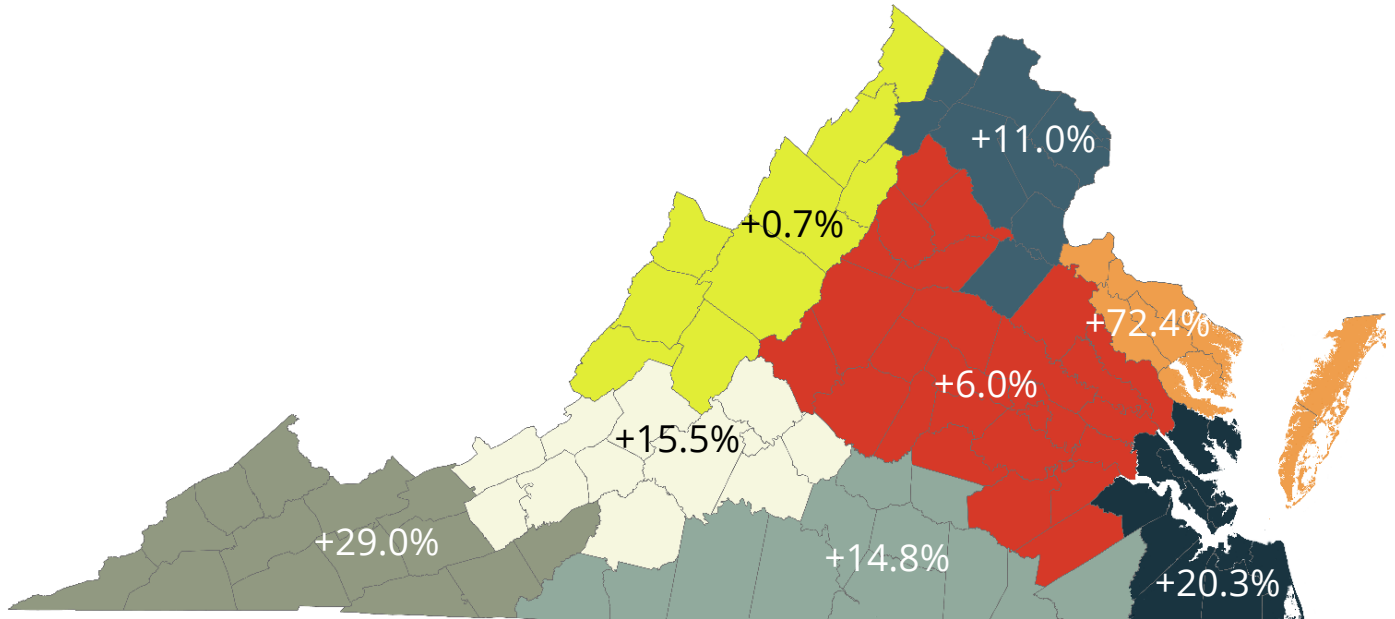
Figure 7
Home Sales, Virginia
July, 2016-2020



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

Home sales were up strongly in most markets across the Commonwealth. The biggest surge was in the Eastern region of Virginia, where July 2020 sales were up 72.4% compared to July 2019. Sales were up by 20.3% in the Hampton Roads region and increased 11.0% in the State's Northern region. In the Central region, sales activity was up by 6.0% compared to last year.

Figure 8
Change in Sales by Region
July 2019 to July 2020



<i>Region</i>	<i>Jul-19</i>	<i>Jul-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	2,830	3,001	6.0%	16,060	15,846	-1.3%
Eastern	221	381	72.4%	1,306	1,555	19.1%
Hampton Roads	3,000	3,608	20.3%	17,240	18,021	4.5%
Northern	4,722	5,242	11.0%	27,639	25,949	-6.1%
Southside	230	264	14.8%	1,418	1,464	3.2%
Southwest	183	236	29.0%	1,147	1,237	7.8%
Valley	761	766	0.7%	3,984	3,976	-0.2%
West Central	937	1,082	15.5%	5,872	6,136	4.5%

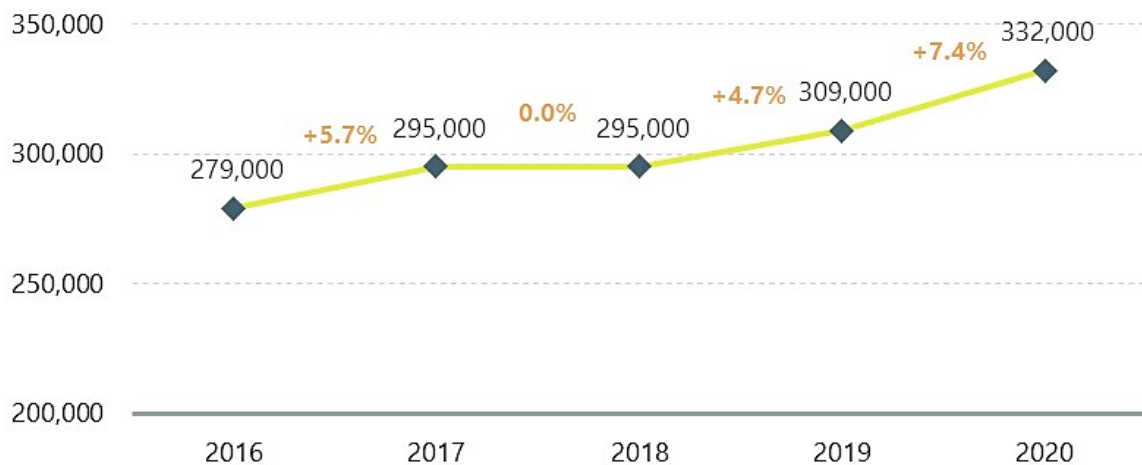
Source: Virginia REALTORS®, data accessed August 15, 2020

Home Prices

Home prices had continued to grow modestly during the market slowdown, but prices surged in July, reflecting strong demand and limited supply. The median sales price Statewide was \$332,000 in July, which was \$23,000 higher than a year ago, or a 7.4% increase.

Statewide, the average close-to-list price ratio was 99.5 in July, up from 99.2 in May and June. In many markets, however, homes are being sold for above asking price. The close-to-list price ratio was above 100 (i.e., on average, across all transactions, homes sold for more than they were listed for) in several local markets, including many markets in Northern Virginia and the Richmond region.

Figure 9
Median Sale Price, Virginia
July, 2016-2020



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

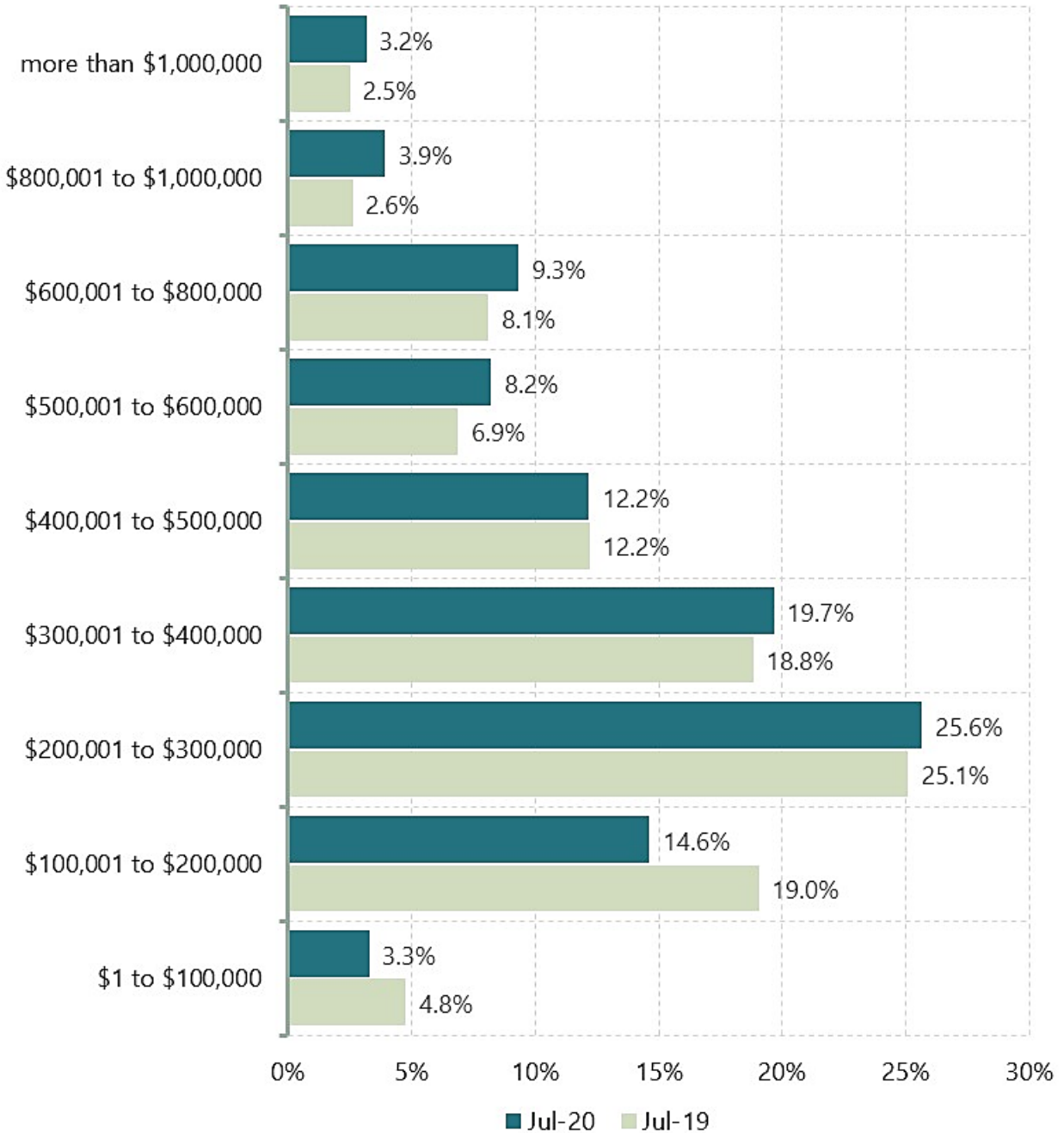
Demand for starter homes continues to push home prices up for those in the more modest price ranges. In July, 43.5% of all homes sold Statewide were sold for \$300,000 or less. This is down from a year ago, when 48.9% of homes sold were in this lower price tier.

In May and June, it seemed as though the market for luxury homes was softer than for homes in the lower- and mid-tier price ranges. However, this segment of the market grew in July. In July 2020, 7.1% of sales were priced at \$800,001 and higher, compared with 5.1% of July 2019 sales. Homes priced at more than one million dollars accounted for 3.2% of all sales this July; in July 2019, homes priced above one million dollars were 2.5% of all sales.

Prices were up strongly in all regions across Virginia. The biggest increase in prices was in the Eastern region of the State, where the median sales price in July was up 17.0% compared to a year ago. There were also significant price increases in the State's largest markets. The median sales price in the

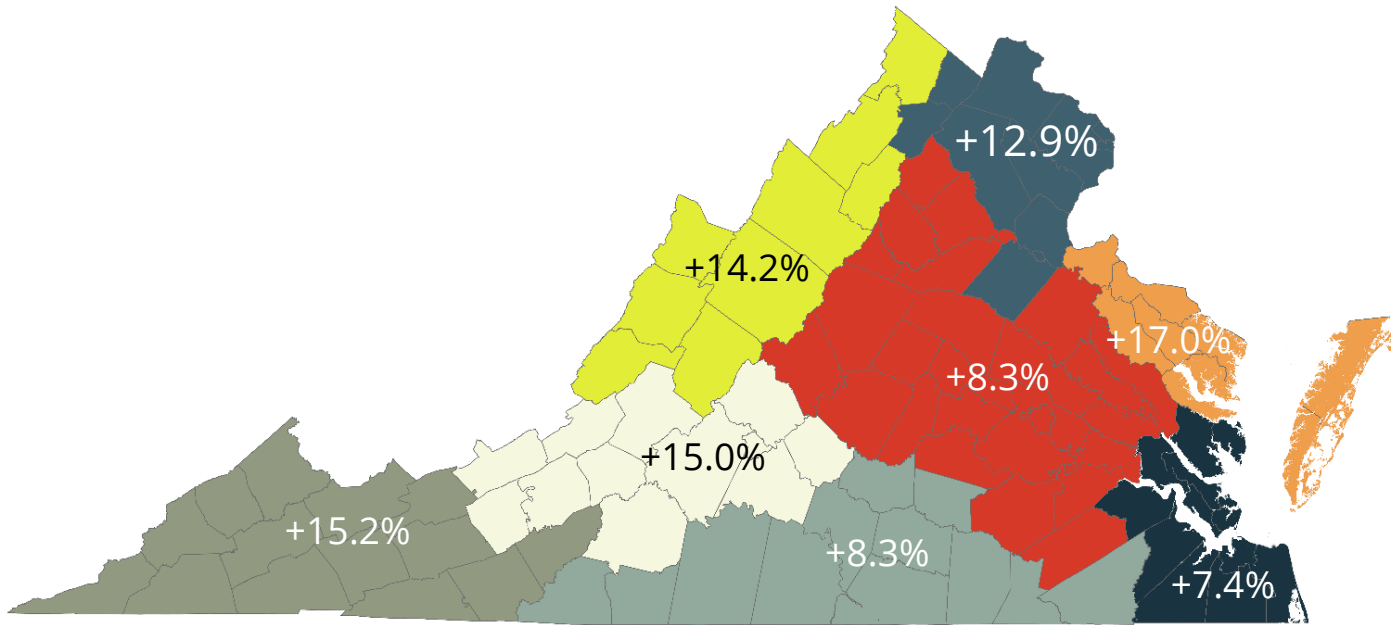
Northern region was up 12.9% compared to a year ago. Median prices increased by 8.3% and 7.4%, respectively, in the Central and Hampton Roads regions.

Figure 10
Sold Prices by Price Range, Virginia
July, 2020 and 2019



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

Figure 11
Change in Median Sales Price by Region
July 2019 to July 2020



<i>Region</i>	<i>Jul-19</i>	<i>Jul-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	272,500	295,000	8.3%	264,925	279,900	5.7%
Eastern	230,000	269,000	17.0%	220,000	242,000	10.0%
Hampton Roads	255,950	275,000	7.4%	243,700	259,000	6.3%
Northern	455,000	513,677	12.9%	450,000	477,500	6.1%
Southside	120,000	130,000	8.3%	120,000	124,250	3.5%
Southwest	130,000	149,775	15.2%	133,500	140,000	4.9%
Valley	219,000	250,000	14.2%	219,850	239,250	8.8%
West Central	195,000	224,250	15.0%	189,000	205,000	8.5%

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

Sold Volume

As a result of the increase in both sales and home prices, the total sold dollar volume in Virginia surged in July. In July 2020, there was \$5.88 billion in total sold volume across the State, which is up 24.3% compared to July 2019.

Sold volume increased by 17.8% between June and July this year.

Days on Market

Increased buyer activity, along with the limited inventory of homes for sale, led to another decline in the average length of time it took to sell a home. In July, the Statewide average days on market was 41 days, down from 46 days a year ago.

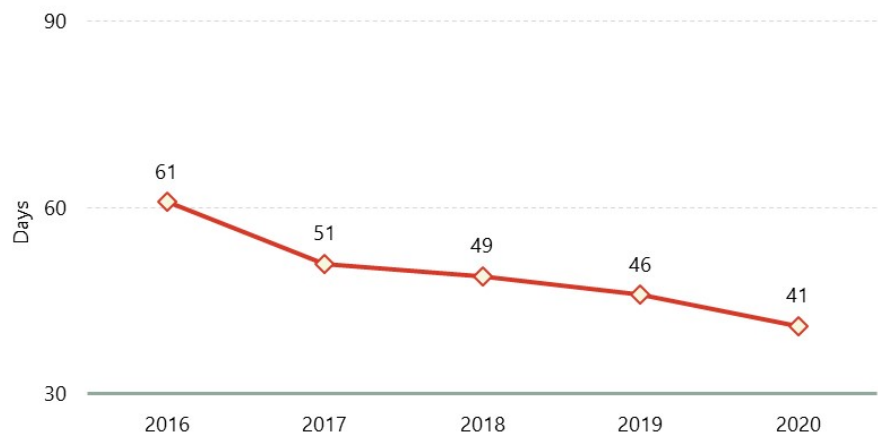
There is a lot of variation in the average days on market data across the State, which reflects not only market conditions but also markets where there are relatively low numbers of transactions. Homes sold most quickly in the Northern region, where the average days on market was 21 in July. The average days on market increased in the Central region but declined in the Hampton Roads area. It took the longest to sell the typical home in the Southwest, Southside, and Eastern regions of the State.

Figure 12
Sold Dollar Volume, Virginia
July, 2016-2020



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

Figure 13
Average Days on Market, Virginia
July, 2016-2020



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

Figure 14
Change in Average Days on Market by
Region
July 2019 to July 2020

<i>Region</i>	<i>Jul-19</i>	<i>Jul-20</i>	<i>Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>Change</i>
Central	34	38	5	42	42	-1
Eastern	138	159	21	142	157	16
Hampton Roads	46	41	-6	55	46	-9
Northern	24	21	-3	27	24	-3
Southside	154	139	-15	169	154	-15
Southwest	152	151	-1	159	160	1
Valley	57	52	-4	70	60	-9
West Central	50	46	-4	63	52	-11

Source: Virginia REALTORS[®], data accessed August 15, 2020. Figures have been rounded.

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. July pending sales figures suggest that home sales activity will be strong through the end of the summer.

At the end of July, there were 13,087 pending sales Statewide, up 1,165, or 9.8%, compared to July 2019. The number of pending sales increased modestly (+1.6%) between June and July 2020, but in a typical year, pending sales data declines slightly between these two summer months.

New Listings

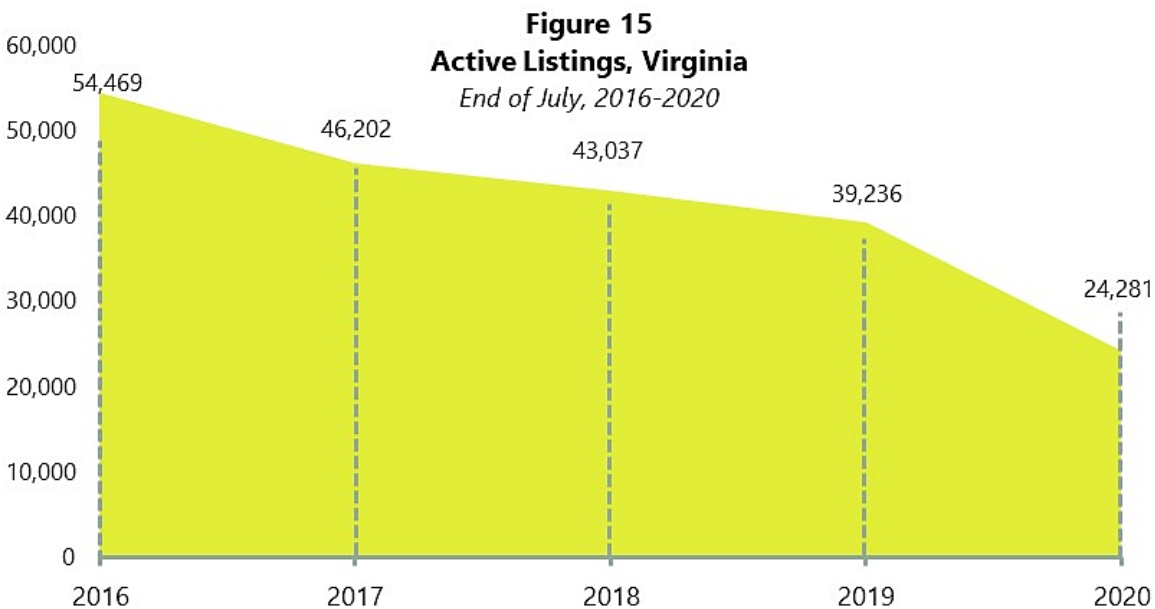
The number of new listings being brought to market is also an important gauge of the state of the housing market. For the first time in months, the number of monthly new listings is higher than it was a year ago. While the number of listings remains far below what is needed to meet demand, the increase in new listings in July is encouraging.

There were 16,175 new listings brought to the market in July 2020, which is 957 more listings, or 6.3% more listings, than July 2019. Statewide, new listings surged 9.9% between June and July this year.

Active Listings

Despite the uptick in new listings in July, the overall inventory of homes available for sale continues to decline. At the end of July, there was a total of 24,281 active listings across Virginia, a decline of 38.1% compared to the end of July 2019, or nearly 15,000 fewer listings. There was a slight increase in active inventory between June and July; the number of available listings increased by nearly 700, or 2.9%.

A lack of available inventory continues to be a significant constraint on the market. In the weeks and months to come, home sales in Virginia might slow not because of slower demand but because of a lack of inventory.



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

At the end of July 2020, there was an estimated 2.31 months of supply Statewide, down from 3.83 months of supply at the end of July 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 strongly sellers' markets during COVID-19.

Figure 16
Months of Supply, Virginia
End of July, 2016-2020



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

Outlook

Virginia's housing market rebounded strongly in July, with buyers returning to the market in large numbers, driving a "V-shaped" recovery. Market activity is up as spring sales have shifted into the summer months. Low mortgage rates have made homebuying even more attractive, and sales activity should continue to be strong throughout the rest of the summer.

The overall news is good for the State's housing market, and it is anticipated that the 3rd quarter will remain strong. There are some factors to watch which could potentially put a damper on Virginia's housing market.

- The expiration of expanded unemployment benefits could put some renters and homeowners in a financially challenging position, making it difficult for them to keep up with rent and mortgage payments.
- Even with low mortgage rates, home price appreciation means that first-time homebuyers in many local markets will have a hard time finding a home they can afford.
- Low mortgage rates have also aggravated the inventory challenges as more current homeowners refinance their mortgage and remain in their homes.
- It is possible that a resurgence of COVID-19 cases in Virginia could stall the economic progress made in the past two months.

Despite the potential risks, the Commonwealth of Virginia remains in a better position than many other states across the country as the nation begins its economic recovery. Furthermore, Virginia's housing market will continue to benefit from significant pent-up housing demand, low mortgage rates, and an innovative and flexible real estate industry.



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.