

Virginia

HOME SALES
REPORT

OCTOBER 2020

Virginia Home Sales Report

October 2020

Summary

Economic Conditions

- While there was a strong rebound in the 3rd quarter, the pace of the economic recovery has slowed this fall.
- There have been 5 consecutive months of job gains in Virginia, with key economic sectors outperforming last year.
- Measures of consumer confidence reflect uncertainty in the political and economic situations.
- Mortgage rates have been below 3% for 15 consecutive weeks with no signs of an increase.

Housing Market Conditions

- There were 13,424 home sales Statewide in October 2020, up 28.3% from a year ago.
- Strong demand, limited inventory, and low mortgage rates have led to rising home prices. The Statewide median sales price was \$333,000 in October, up 14.8% from a year ago.
- At the end of October, there were 11,715 pending sales Statewide, up 16.5%, compared to October 2019.
- There were 15,319 new listings brought to the market in October 2020, which is a 14.4% increase over last year.
- There were 22,499 active listings on the market at the end of October, which is 14,056 fewer compared to a year ago, a 38.5% decline.

Virginia REALTORS® Market Report Key Takeaways

- Even with COVID-19 and the economic downturn, the number of sales transactions and total sales volume in 2020 is set to outpace 2019.
- Demand for homeownership will continue to be strong throughout the rest of the year and into 2021.
- A lack of supply continues to be the primary constraint on the market. Fewer options are leading to bidding wars and escalating prices in some local markets.
- Home sales activity could slow in the months to come as prospective homebuyers become discouraged by the lack of supply and put off their home search.
- The demand for single-family homes and homes in rural and exurban markets will continue to be strong into 2021.

Summary of Virginia's Housing Market Trends & Conditions

	Oct-19	Oct-20	Change	% Change	YTD 2019	YTD 2020	Change	% Change
Sales	10,460	13,424	2,964	28.3%	107,904	113,241	5,337	4.9%
Median Home Price (\$)	290,000	333,000	43,000	14.8%	297,000	318,000	21,000	7.1%
Sales Volume (\$ billions)	3.7	5.5	1.8	48.5%	38.8	43.9	5.1	13.1%
Average Days on Market	50	34	-16.0	-32.0%	48	42	-6.0	-12.5%
Pending Sales	10,053	11,715	1,662	16.5%	111,994	112,647	653	0.6%
New Listings	13,393	15,319	1,926	14.4%	150,905	144,352	-6,553	-4.3%
Active Listings	36,555	22,499	-14,056	-38.5%	36,555	22,499	-14,056	-38.5%
Months of Supply	3.5	2.0	-1.5	-42.4%	3.5	2.0	-1.5	-42.4%

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

Economic Overview

Nationally, the economy continues to improve. Gross Domestic Product (GDP) rebounded in the 3rd quarter. There have been 6 consecutive months of job growth nationwide. Despite these positive signs, there are indicators that the momentum of the economic recovery is slowing. A lack of additional Federal stimulus has contributed to the slowdown and a rise in COVID-19 cases has created more uncertainty in the strength of the ongoing recovery.

Jobs

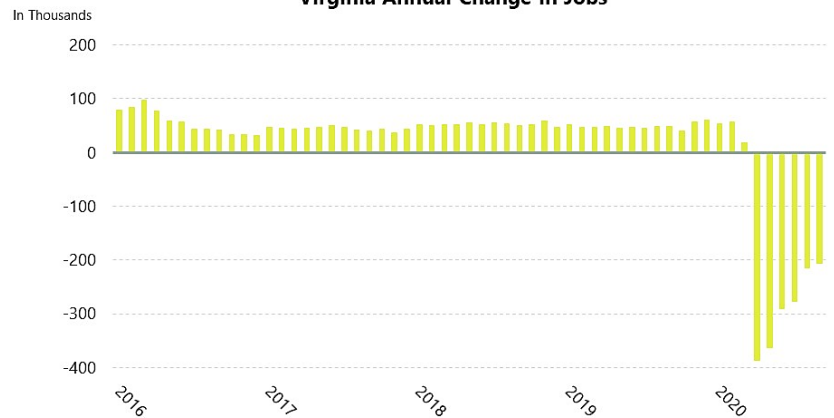
In Virginia, the economy continues to perform relatively well. The Commonwealth has added jobs for 5 months, though with a slowdown in September. In September, there were 9,200 jobs added to Virginia's economy, following a 65,700 boost in jobs in August.

The State's economy likely will continue to add jobs slowly, and it will be a long time before all of the jobs lost this spring are regained. In September, there were an estimated 207,000 fewer jobs in Virginia than there were at this time last year.

There have been job gains across industries this fall. However, some sectors continue to be hard hit by the ongoing pandemic. Compared to a year ago, there are an estimated 76,400 fewer jobs in the Leisure & Hospitality sector, which includes workers in restaurants, bars, hotels, and other tourism-related businesses. There are 34,900 fewer Health Care & Social Assistance jobs now compared to a year ago. The Administrative & Waste Services sector is down 27,900 jobs. This sector includes not only administrative assistants and office support positions, but also building maintenance workers and janitorial staff.

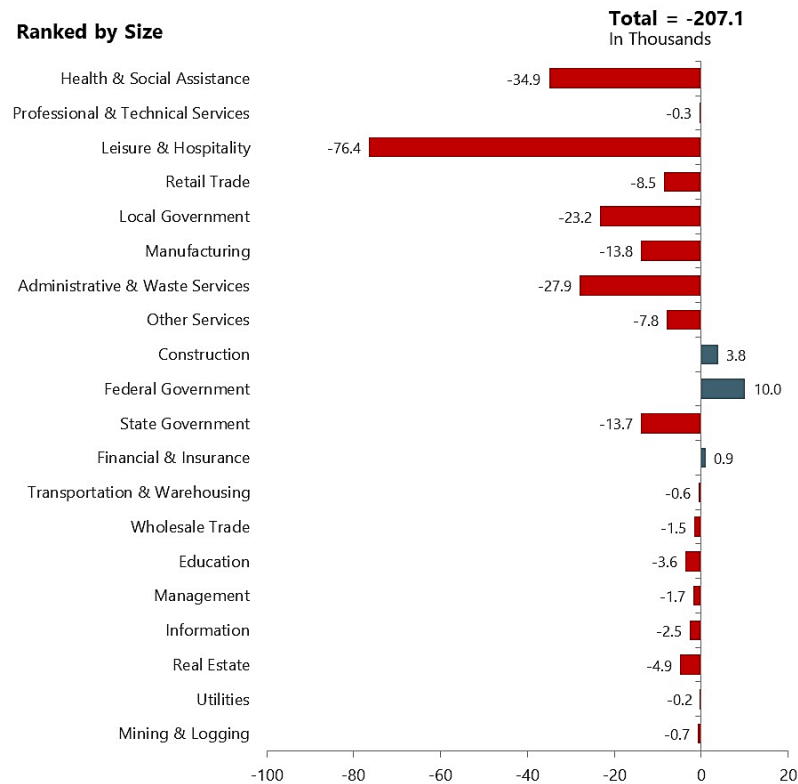
There are some sectors that have been fairly resilient during this economic downturn. The number of jobs in the Construction sector in Virginia is up by

Figure 1
Virginia Annual Change in Jobs



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

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



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

3,800 compared to a year ago, reflecting the uptick in residential construction across many parts of the Commonwealth.

The Federal Government continues to be a strong part of Virginia’s economy, with an estimated 10,000 more jobs in September compared to a year ago. (Some of this gain in Federal Government employment represents the hiring of temporary Census workers.)

Two sectors that tend to have relatively high-wage jobs have strengthened this fall. The Finance & Insurance sector is up by about 900 jobs compared to a year ago. The number of jobs in the Professional & Technical Services sector is down by just 300 jobs compared to last September, reflecting recent gains.

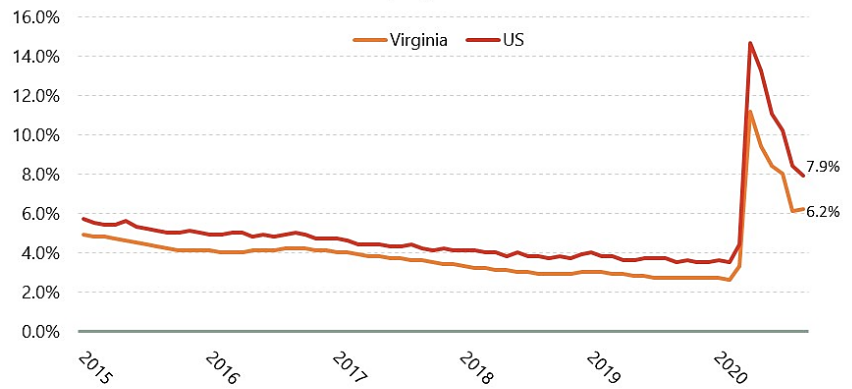
Unemployment

Virginia’s unemployment rate ticked up very slightly in September, though it remains lower than the national unemployment rate (6.2% versus 7.9% in September). Unemployment has fallen sharply since the peak in April, when the unemployment rate hit 11.2% in Virginia and 14.7% nationwide. However, unemployment remains much higher than it was at this time last year.

In general, claims for unemployment benefits have been declining steadily in Virginia. In the week ending October 31, there were 10,350 initial claims for unemployment benefits, which is up slightly from a month ago. There were an estimated 99,700 Virginians who were continuing to receive unemployment benefits at the end of October.

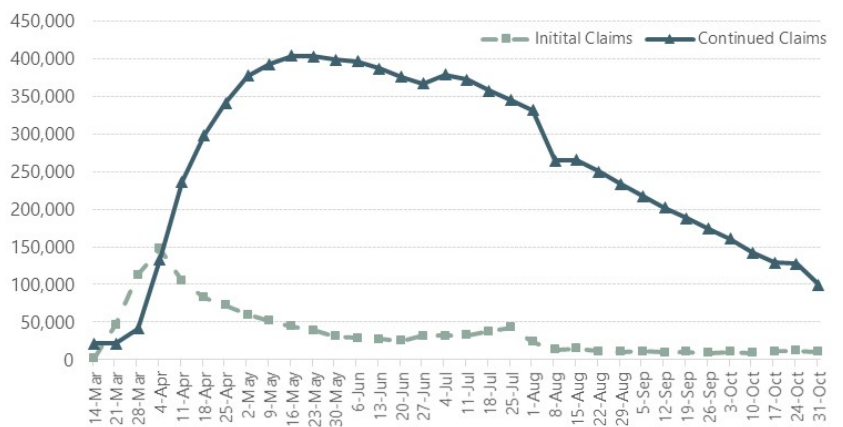
Many unemployed are now in the category of “long-term” unemployed, meaning they have been without work for 27 weeks or longer. Longer spells of unemployment often make it harder for workers to find new jobs.

Figure 3
Unemployment Rate



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

Figure 4
Virginia Unemployment Claims



Source: Virginia Employment Commission, Not Seasonally Adjusted

Consumer Confidence

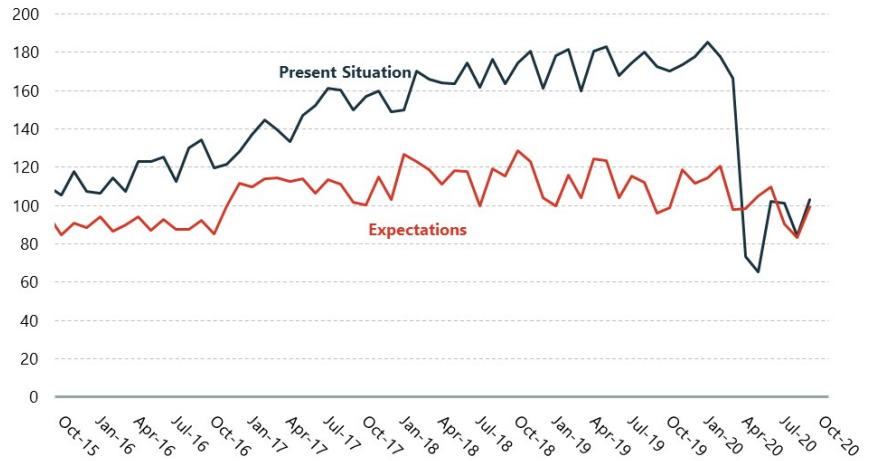
Measures of consumer confidence reflect how people feel about economic conditions. The consumer confidence index plummeted in August before recovering in September and October. The measure of confidence in the present economic situation was 112.3 in October, and the future consumer confidence index was 100.3. A consumer confidence index of 100 or more indicates individuals feel optimistic about economic conditions. It is likely that these measures will go up and down this fall as people feel uncertain about both the economic and political climate.

Mortgage Rates

According to data reported by Freddie Mac, the average 30-year fixed-rate mortgage rate was 2.78% during the 1st week of November, down slightly from a week earlier. Compared to last year at this time, mortgage rates are nearly a percentage point lower, and the 30-year fixed-rate mortgage rate has been below 3% for 15 consecutive weeks.

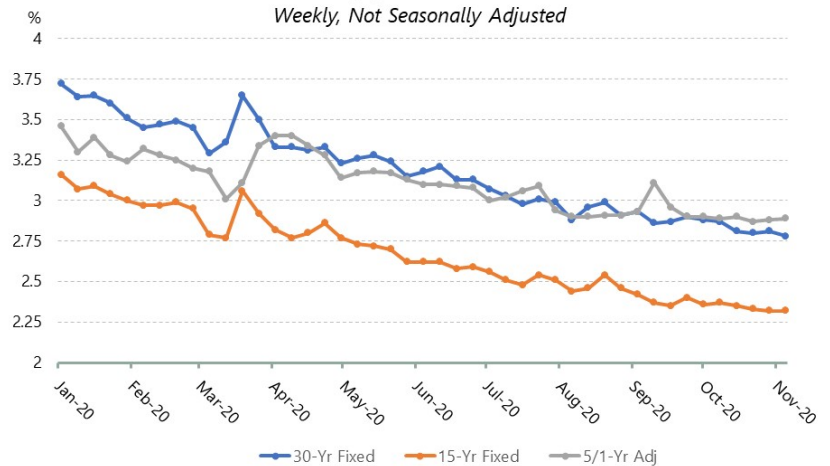
The longer the economic recovery remains uncertain, the more likely rates will remain low. It is likely that mortgage rates will stay in historically low territory, at least through the 1st quarter of 2021.

Figure 5
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Figure 6
Mortgage Interest Rates
Weekly, Not Seasonally Adjusted



Source: Freddie Mac

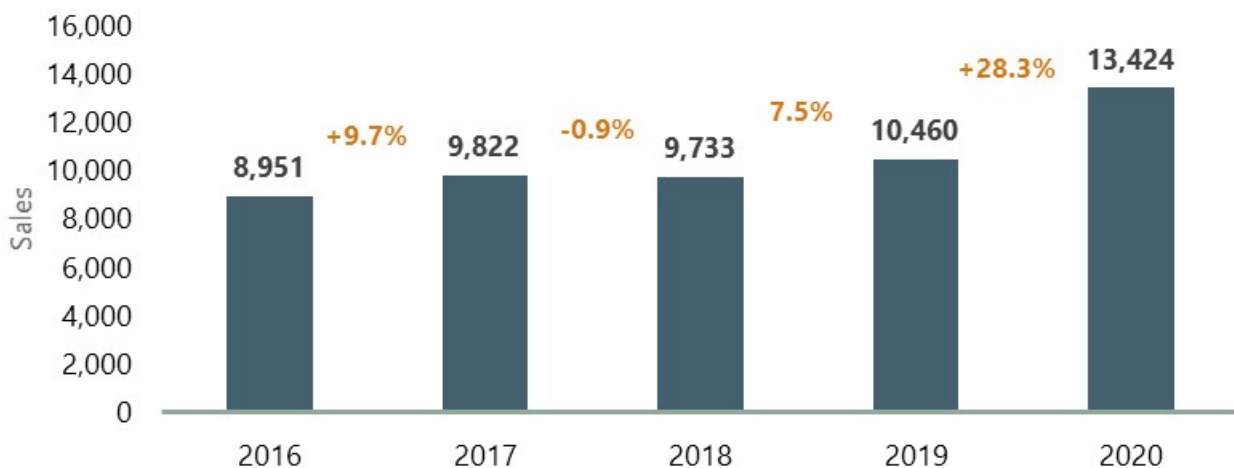
Housing Market Overview

In October, home sales and home prices were up by double-digit rates across Virginia. Low mortgage rates and pent-up demand continue to fuel the strong market. The key constraint on the housing market is a lack of supply. Would-be homebuyers are facing bidding wars and price escalation. Some buyers—particularly first-time homebuyers—are being priced out of some markets. The inventory challenge likely will persist into 2021 and could dampen sales activity.

Sales

In October, there were 13,424 home sales throughout Virginia, which is up slightly from last month and is a 28.3% surge compared to a year ago. While there was a slowdown during the spring, the housing market has rebounded, and the number of home sales year-to-date in Virginia is up 4.9% compared to last year.

Figure 7
Home Sales, Virginia
October, 2016-2020

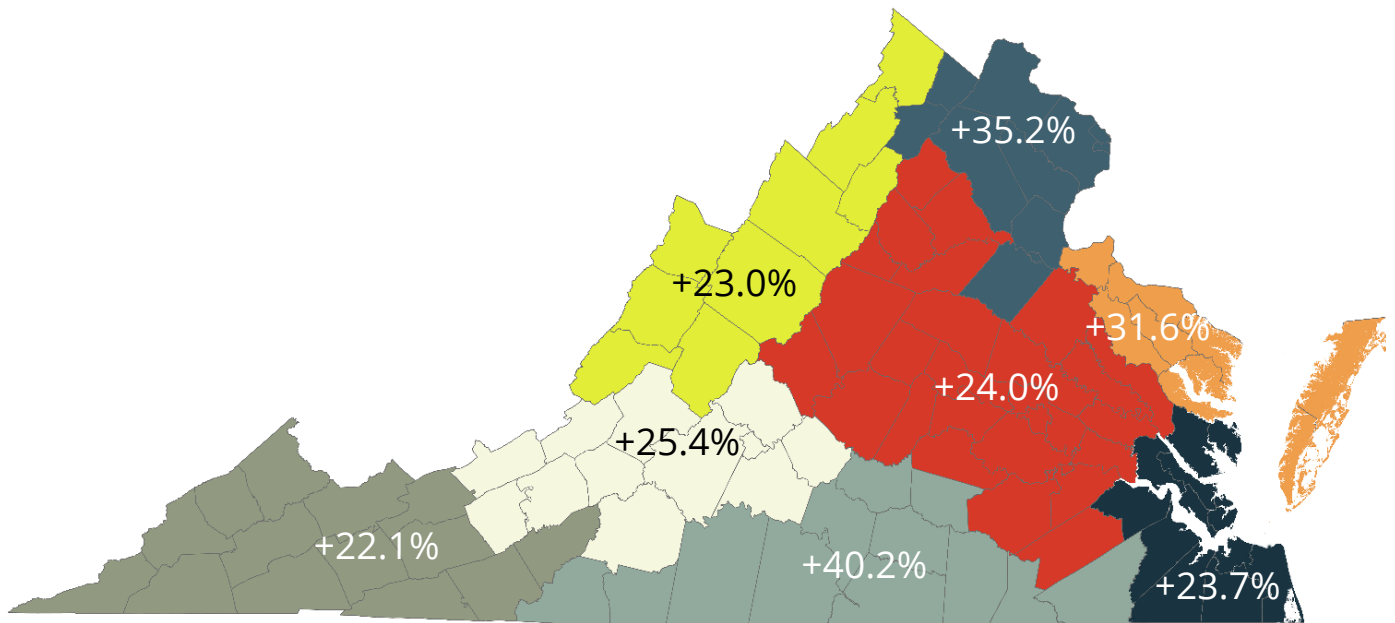


Source: Virginia REALTORS®, data accessed November 15, 2020

Across Virginia, home sales were up in small and large markets alike. In the State's Northern region, home sales were up 35.2% in October compared to a year ago. Sales were up about 24% in both the Central and Hampton Roads regions. The biggest gain in sales activity was in the State's Southside region, where the number of home sales was up 40.2% compared to last October.

Within these regions, there has been an increase in sales activity in rural and exurban markets. The shift in demand to smaller markets is at least partially a result of the growing share of Virginians who have been working from home during the COVID-19 pandemic. Being able to work remotely allows some individuals and families to move further from their place of employment and into smaller communities, taking advantage of lower home prices, more open spaces, and a relatively greater supply of homes to choose from.

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



<i>Region</i>	<i>Oct-19</i>	<i>Oct-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	2,285	2,833	24.0%	23,350	24,342	4.2%
Eastern	263	346	31.6%	2,078	2,653	27.7%
Hampton Roads	2,503	3,097	23.7%	25,139	27,699	10.2%
Northern	3,590	4,855	35.2%	39,171	40,682	3.9%
Southside	224	314	40.2%	2,144	2,362	10.2%
Southwest	190	232	22.1%	1,747	1,983	13.5%
Valley	562	691	23.0%	5,808	6,200	6.7%
West Central	841	1,055	25.4%	8,621	9,404	9.1%

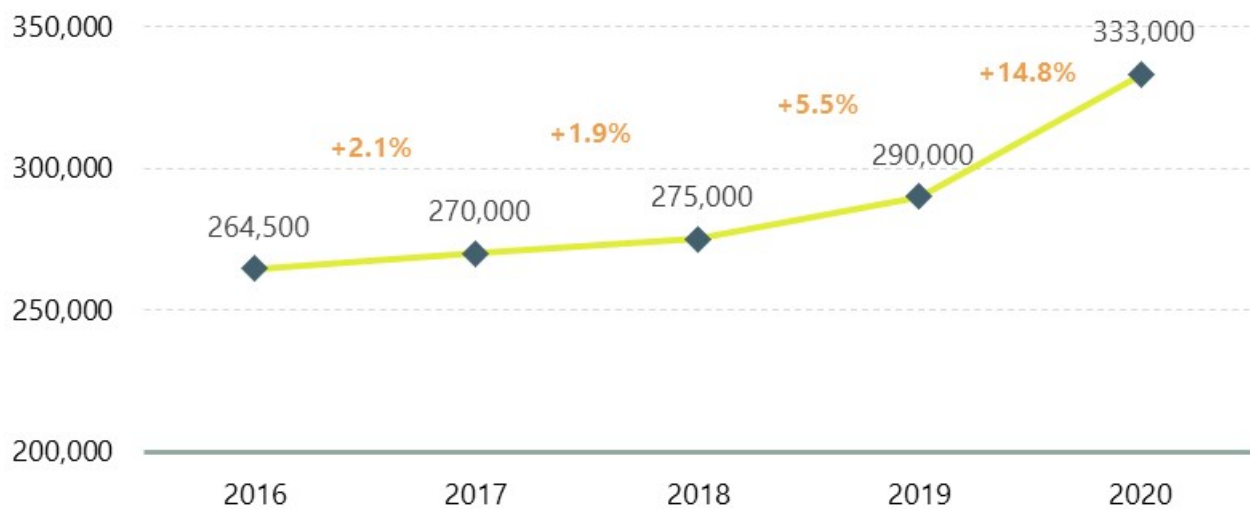
Source: Virginia REALTORS®, data accessed November 15, 2020

Home Prices

Home prices continue to surge in local housing markets, fueled by strong demand, low inventory, and favorable mortgage rates. In October, the median home sales price Statewide was \$333,000, which is up 14.8% compared to a year ago. This is the 3rd month in a row that the median sales price in Virginia has increased at a double-digit rate. Year-to-date, the Statewide median home price is up 7.1% compared to last year at this time.

Rising home prices are a boon for sellers, but higher prices are making affordability challenges worse for buyers, particularly first-time homebuyers. The median price of a home in Virginia this October is nearly \$70,000 higher than it was 5 years ago.

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

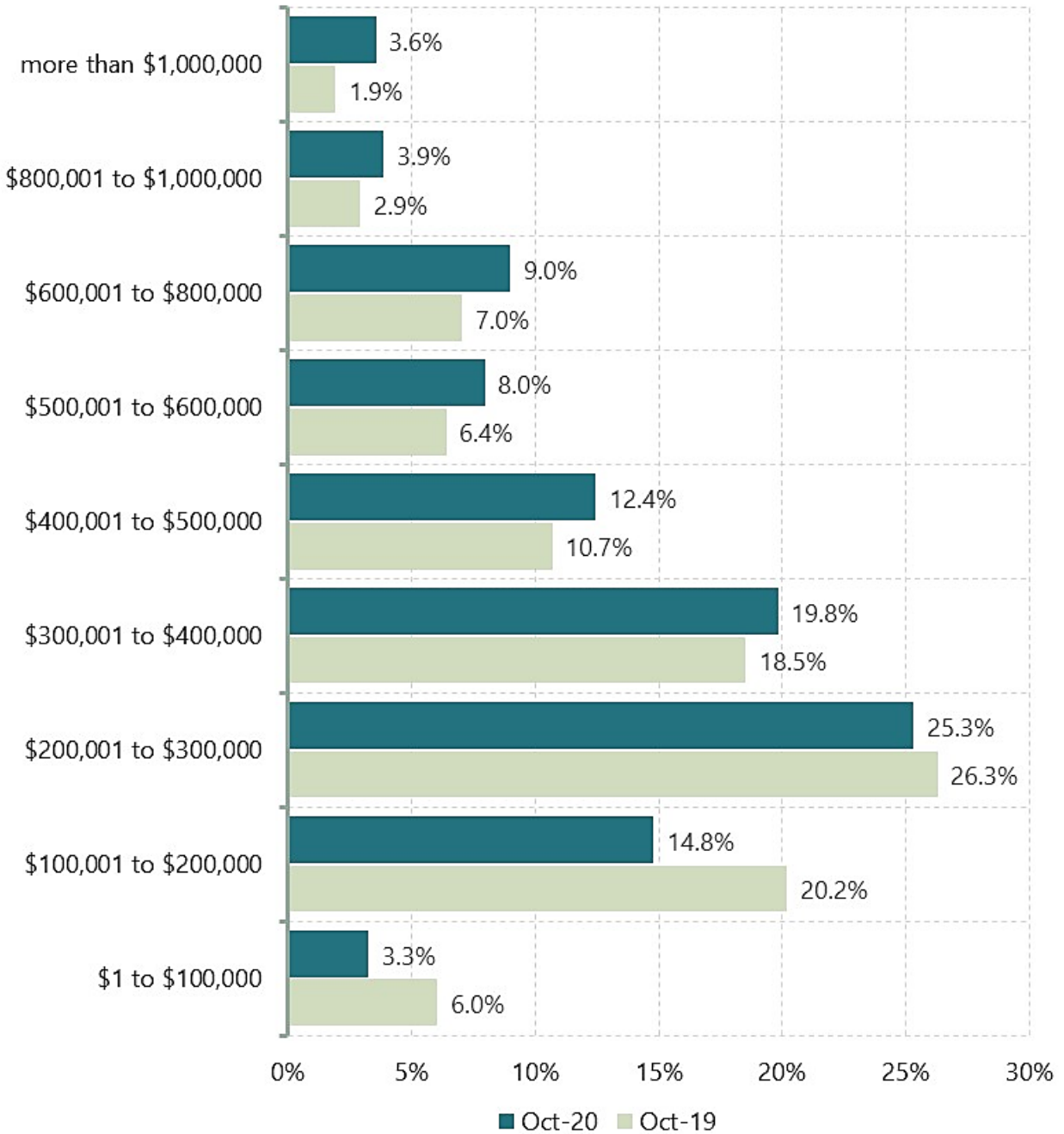


Source: Virginia REALTORS®, data accessed November 15, 2020

Homes priced under \$300,000 are a smaller part of the market than they were a year ago. Last October, more than half of homes sold Statewide (52.5%) were sold for less than \$300,000. By comparison, homes priced under \$300,000 made up only 43.4% of October 2020 sales. Homes priced between \$300,000 and \$599,999, accounted for 40.2% of the market in October 2020, compared to 35.6% of October 2019 sales. At the higher end, homes priced at \$600,000 or above accounted for 16.4% of home sales in October 2020 compared to 11.9% of sales in October 2019.

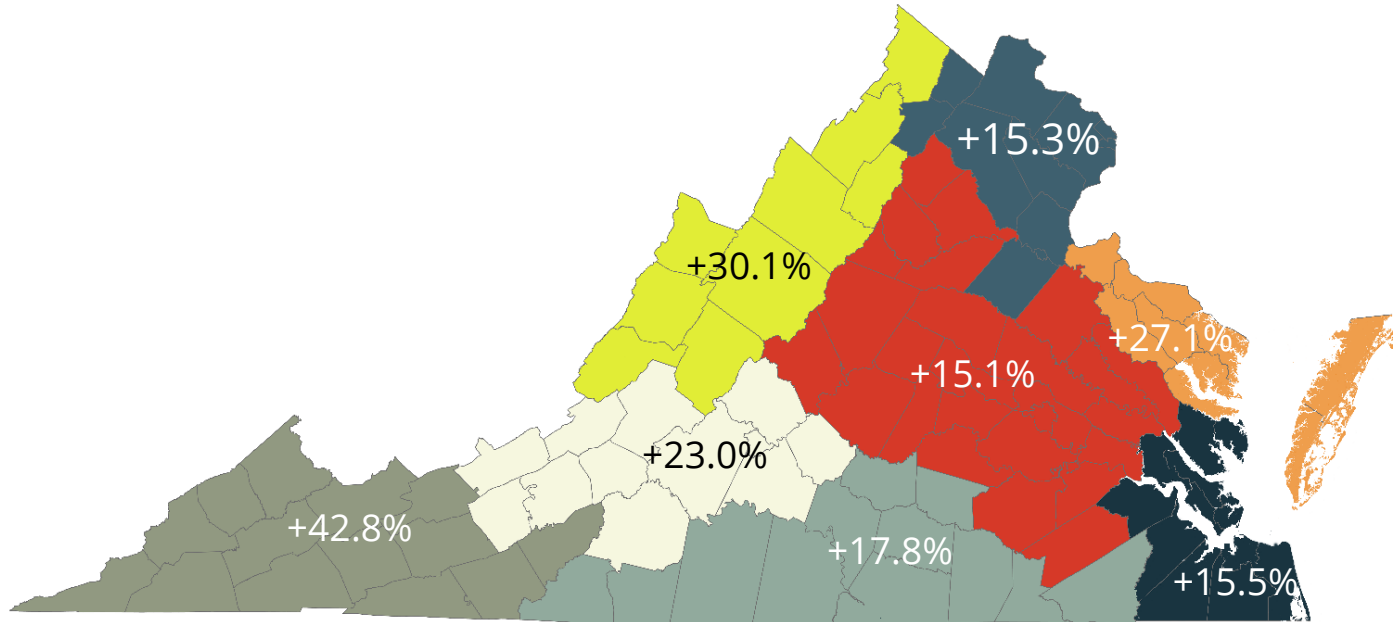
Prices were up at double-digit rates in every region across Virginia this month. In the State's largest regions—the Northern, Central, and Hampton Roads regions—median home prices were up by more than 15%. The fastest price appreciation in October was in the Southwest region, where the median home price was 42.8% higher than a year ago.

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



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

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



<i>Region</i>	<i>Oct-19</i>	<i>Oct-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	\$265,000	\$305,000	15.1%	\$265,000	\$285,000	7.5%
Eastern	\$225,000	\$286,000	27.1%	\$225,000	\$260,000	15.6%
Hampton Roads	\$235,000	\$271,417	15.5%	\$245,000	\$264,000	7.8%
Northern	\$425,000	\$490,000	15.3%	\$450,000	\$485,000	7.8%
Southside	\$116,500	\$137,250	17.8%	\$120,250	\$128,000	6.4%
Southwest	\$114,500	\$163,500	42.8%	\$135,000	\$145,000	7.4%
Valley	\$199,900	\$259,980	30.1%	\$220,000	\$245,000	11.4%
West Central	\$182,900	\$225,000	23.0%	\$189,900	\$210,000	10.6%

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

Sold Volume

Big increases in both sales transactions and home prices across the State led to a surge in the total sold volume. In October, sold volume totaled \$5.46 billion, which is an \$83 million increase from the September sold volume. Compared to a year ago, the total sold dollar volume is up by 48.5%.

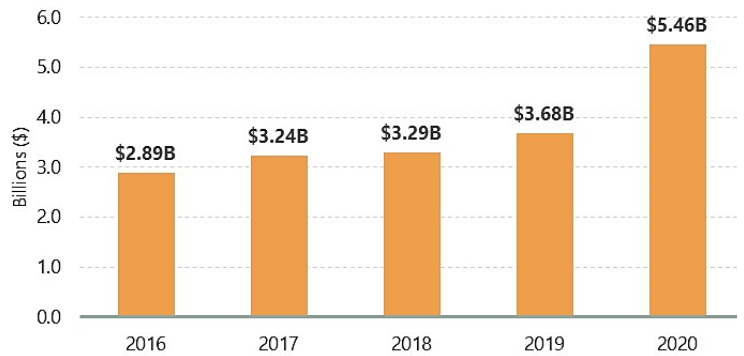
Year-to-date, there has been a total of \$43.9 billion of volume, an increase of 13.1% over last year. While COVID-19 slowed the market this spring, the rebounding summer and fall markets have fueled significant growth in the total volume of residential real estate sold in Virginia in 2020.

Days on Market

Homes continue to sell faster, reflecting the very tight inventory. Homes sold in an average of 34 days in October 2020, which is down from 50 days in October 2019. Buyers must act very quickly in many markets across the Commonwealth, and they can often face competition and bidding wars on properties.

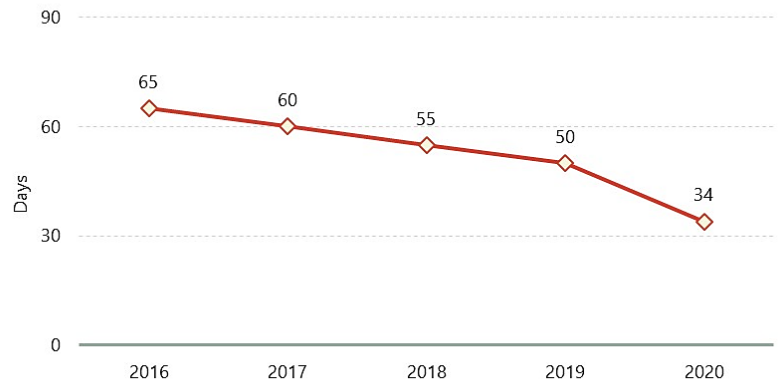
There is a lot of variation in the average days on market data across the State, but the trend in all markets is towards faster transactions. Homes sold most quickly in the Northern region, where the average days on market was 17 in October, down from 29 a year ago. The average days on market declined most quickly in the Southwest region, from 173 days in October 2019 to 150 days in October 2020.

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



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

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



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

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

<i>Region</i>	<i>Oct-19</i>	<i>Oct-20</i>	<i>Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>Change</i>
Central	42	30	-12	41	39	-3
Eastern	144	125	-20	143	148	5
Hampton Roads	52	32	-21	53	42	-11
Northern	29	17	-12	28	22	-6
Southside	176	171	-5	164	157	-7
Southwest	173	150	-23	155	155	0
Valley	62	44	-18	67	58	-10
West Central	52	33	-19	59	48	-11

Source: Virginia REALTORS®, data accessed November 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. October pending sales figures suggest that home sales will continue to be strong in November and December.

At the end of October, there were 11,715 pending sales Statewide. While this number is down 1.0% from September, pending sales are up by 1,662, or 16.5%, compared to last year at this time.

New Listings

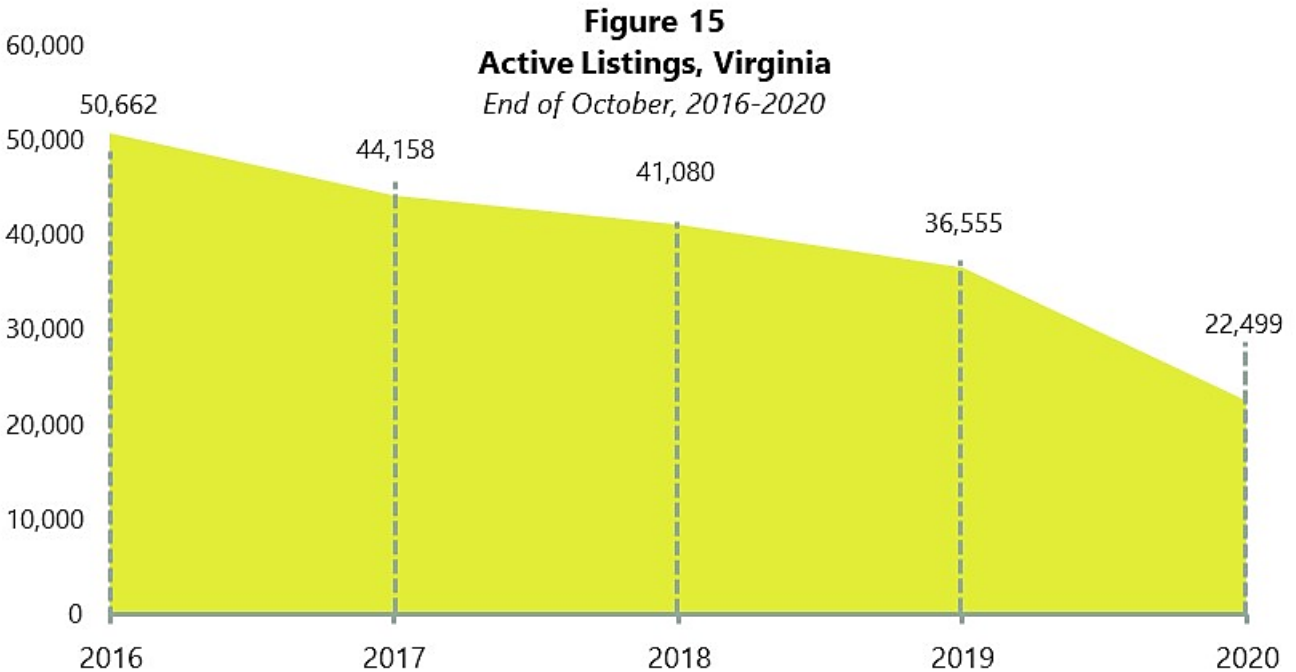
New listings have been up for the past several months, which is a positive indicator for the market. However, demand has been so strong that new listings are not remaining on the market for long.

In October 2020, there were 15,319 new listings brought to market, which is 1,926 more listings than there were in October 2019, a 14.4% increase. Last year, the number of new listings brought to market declined between September and October. This year, however, the number of new listings in October increased by 0.5% over the previous month.

Active Listings

A lack of inventory is the biggest challenge in the market. Supply has been on the decline for more than 5 years in Virginia. Without enough new housing construction to meet growing demand, a lack of inventory remains the biggest constraint on the performance of the State's housing market.

At the end of October, there were 22,499 active listings in Virginia, which is 14,056 fewer active listings than there were at the end of October 2019, a 38.5% drop. Inventory declined by 0.2% between September and October.



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

At the end of October 2020, there was an estimated 2.01 months of supply in Virginia, down from 3.49 months of supply at the end of October 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, many markets remain very competitive offering limited choices to would-be buyers.

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



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

Outlook

The residential real estate market has been a leader in this economic recovery. Strong demand for homeownership, driven by demographic factors and low mortgage rates, has meant that the number of home sales transactions in Virginia in 2020 is outpacing the number in 2019. Looking ahead, there are several factors that will have an impact on the housing market:

- The pace of the economic recovery has slowed and could be at risk of stalling. If job gains begin to reverse and a broader set of economic sectors is impacted, there could be a negative effect on the housing market. A Federal stimulus package in the form of assistance to individuals, families, and businesses is essential for propping up the economic recovery.
- Many public health experts expect a rise in COVID-19 cases this winter. If the Governor puts into place stricter stay-at-home directives and orders business closures, home sales activity could be adversely impacted. REALTORS® should be prepared to make use of virtual tools and social distancing to complete transactions this winter.
- There likely will be more demand for homes in rural and exurban communities, particularly those where there is reliable high-speed internet. These smaller communities could experience significant price pressures as more buyers come from the State's urban areas.



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.