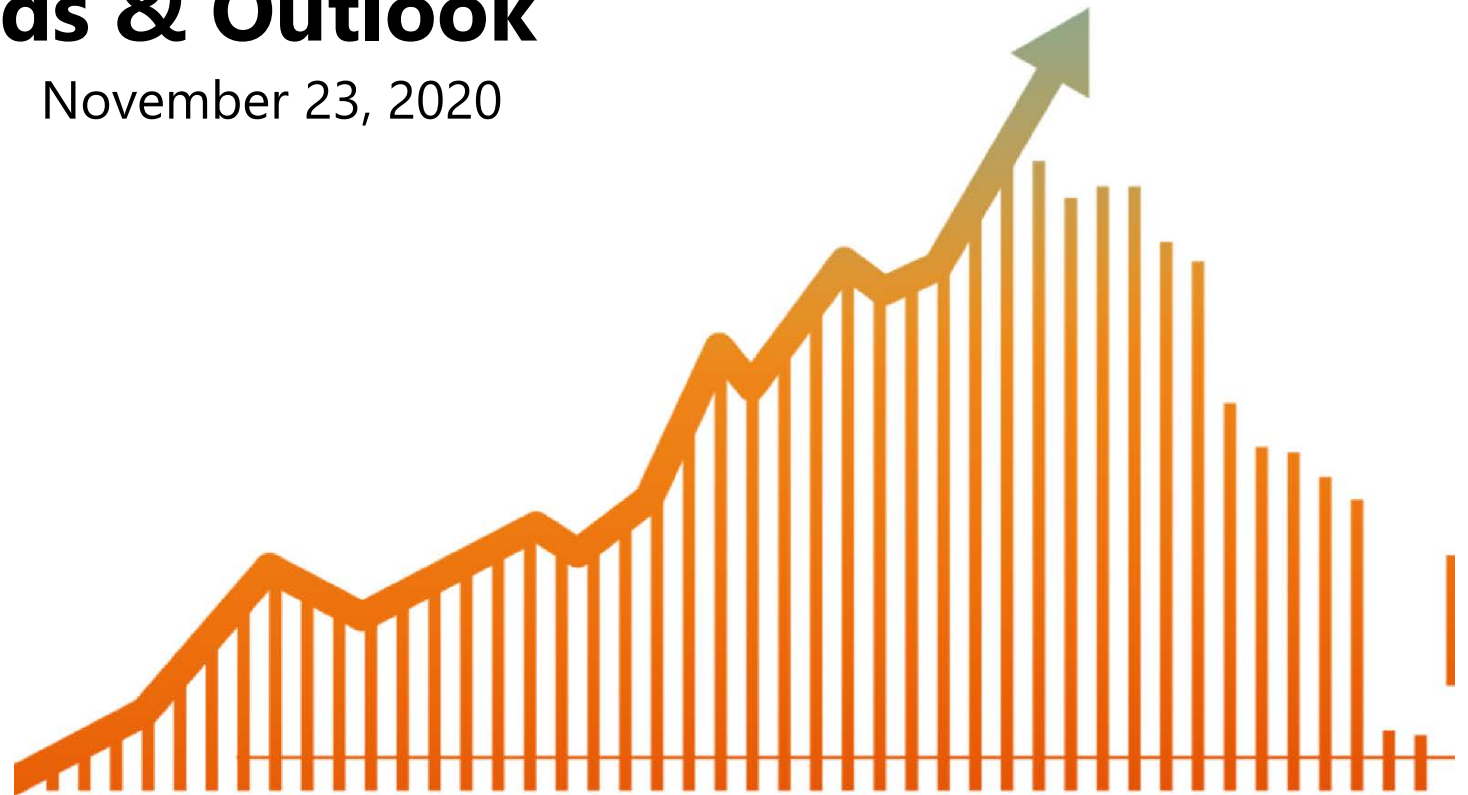


# Economic & Housing Market Trends & Outlook

November 23, 2020

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Chief Economist, Virginia REALTORS®



# Key Trends & Outlook

## *Factors Affecting Virginia's Housing Market*



"K-shaped" recovery is benefitting some over others; homeowners better positioned currently



Interest rates will stay low, making purchase and refinancing attractive



Home sales activity rebounded strongly but inventory remains a constraint



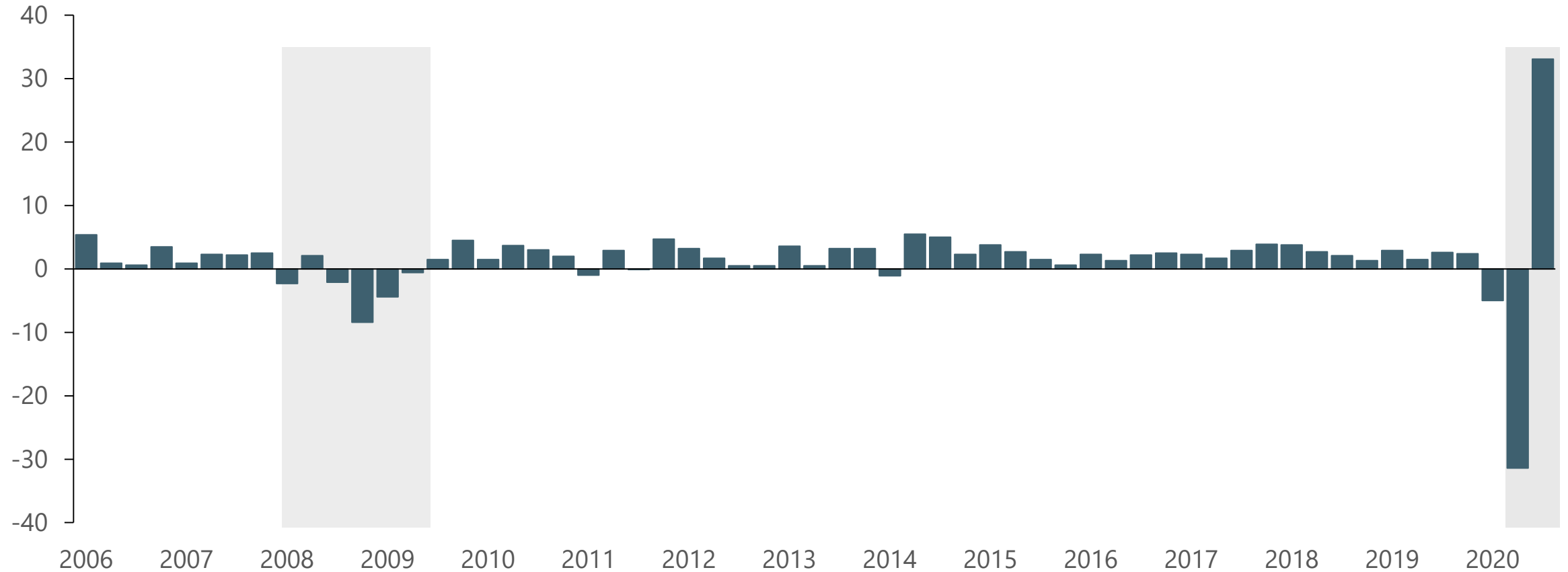
Longer-term shift in housing preferences expected at the margins

# Economic Trends

# U.S. Real GDP Growth

*3rd Quarter GDP Up 33.1% on an Annualized Basis*

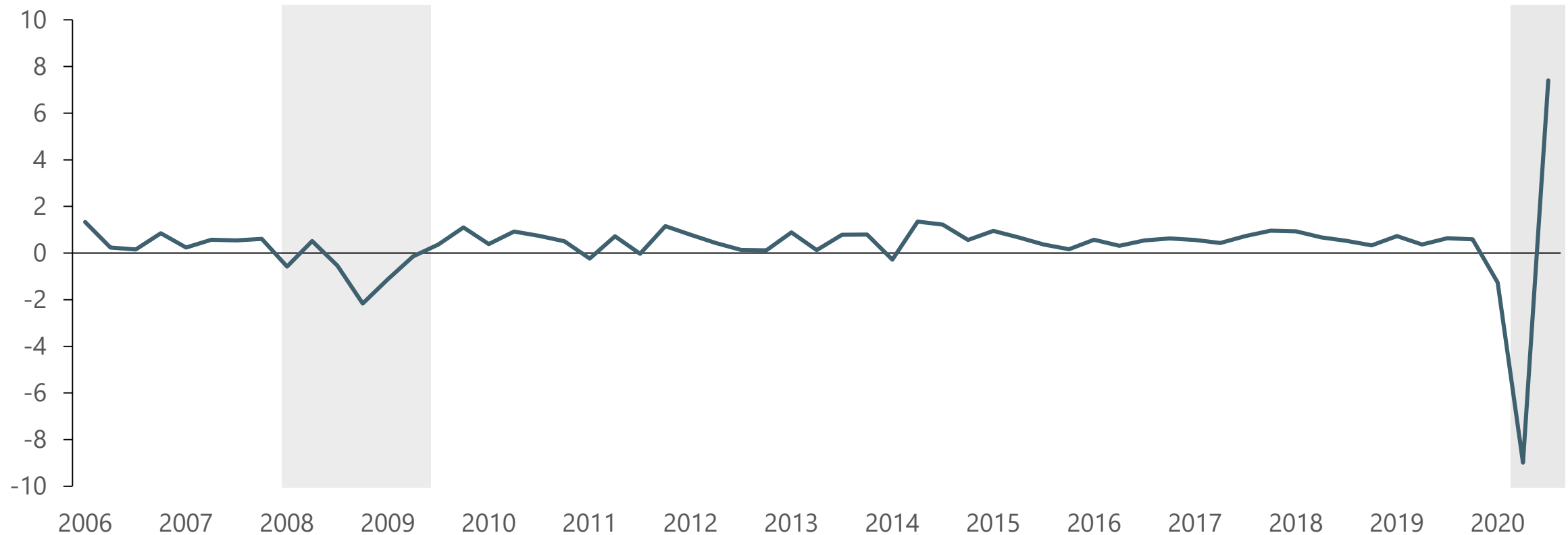
Annualized Quarterly Change (%)



# U.S. Real GDP Growth

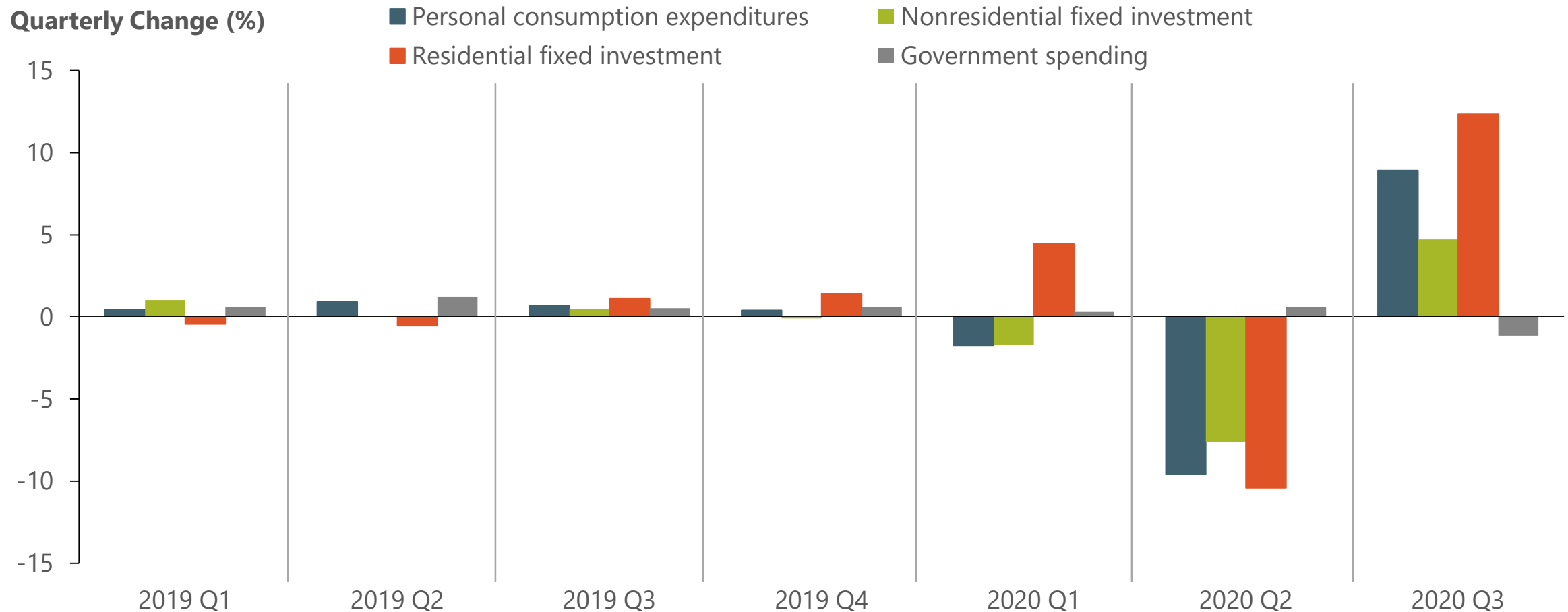
*Between July and September, GDP grew by 7.4%*

Quarterly Change (%)



# U.S. Real GDP Growth by Major Sector

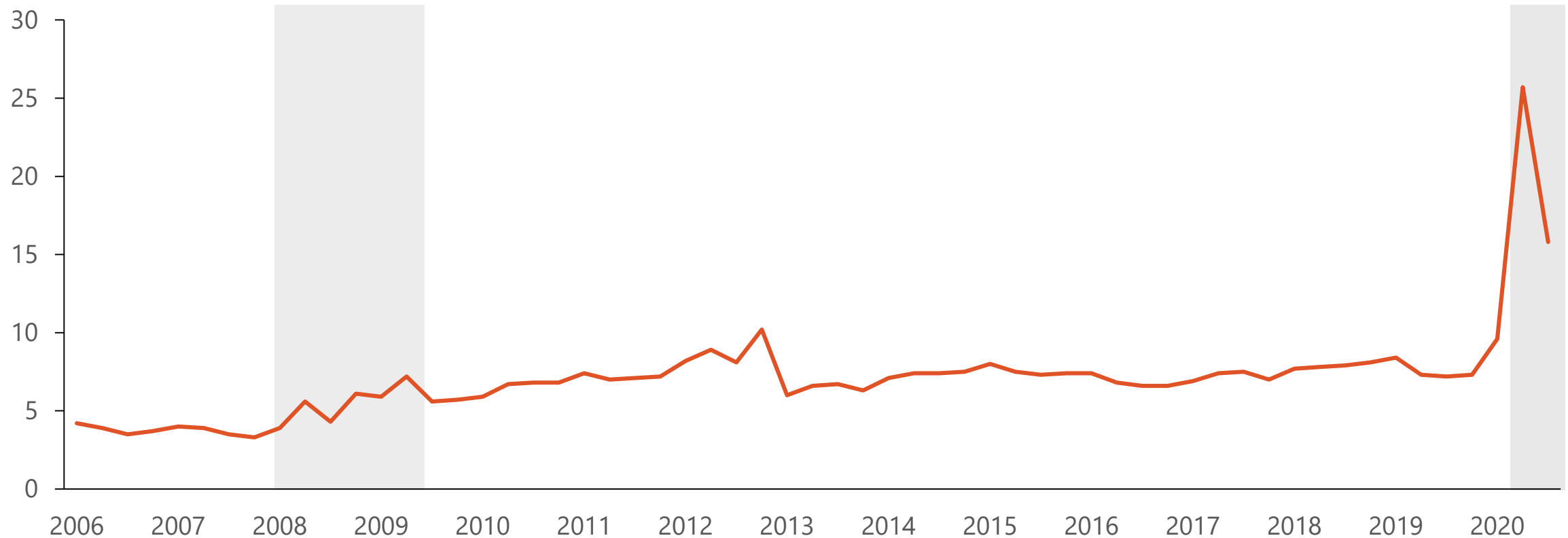
*Personal consumption spending and residential fixed investment lead growth*



# Personal Savings Rate

*Spiked to 26% in Q2, down slightly to 16% in Q3 but still high*

Personal Savings as a % of Disposable Income

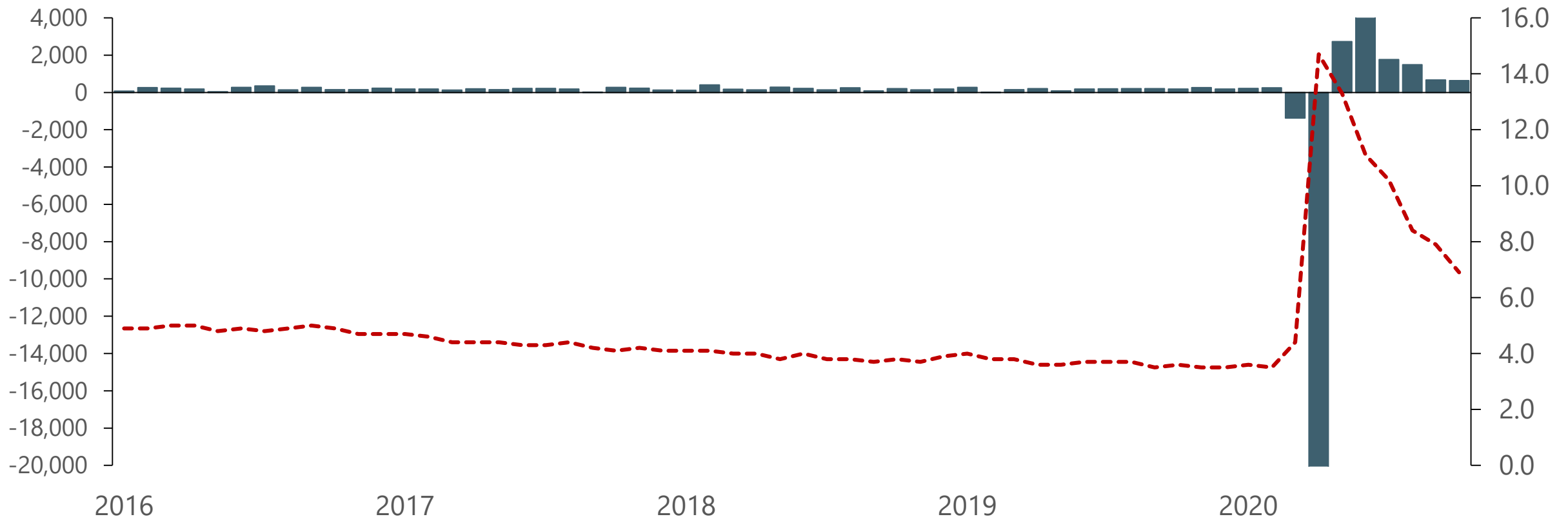


# U.S. Employment - Up for 6 Consecutive Months

*Pace of job growth has slowed; unemployment rate hit 6.9% in October*

Month to Month Job Change (000s)

Unemployment Rate (%)

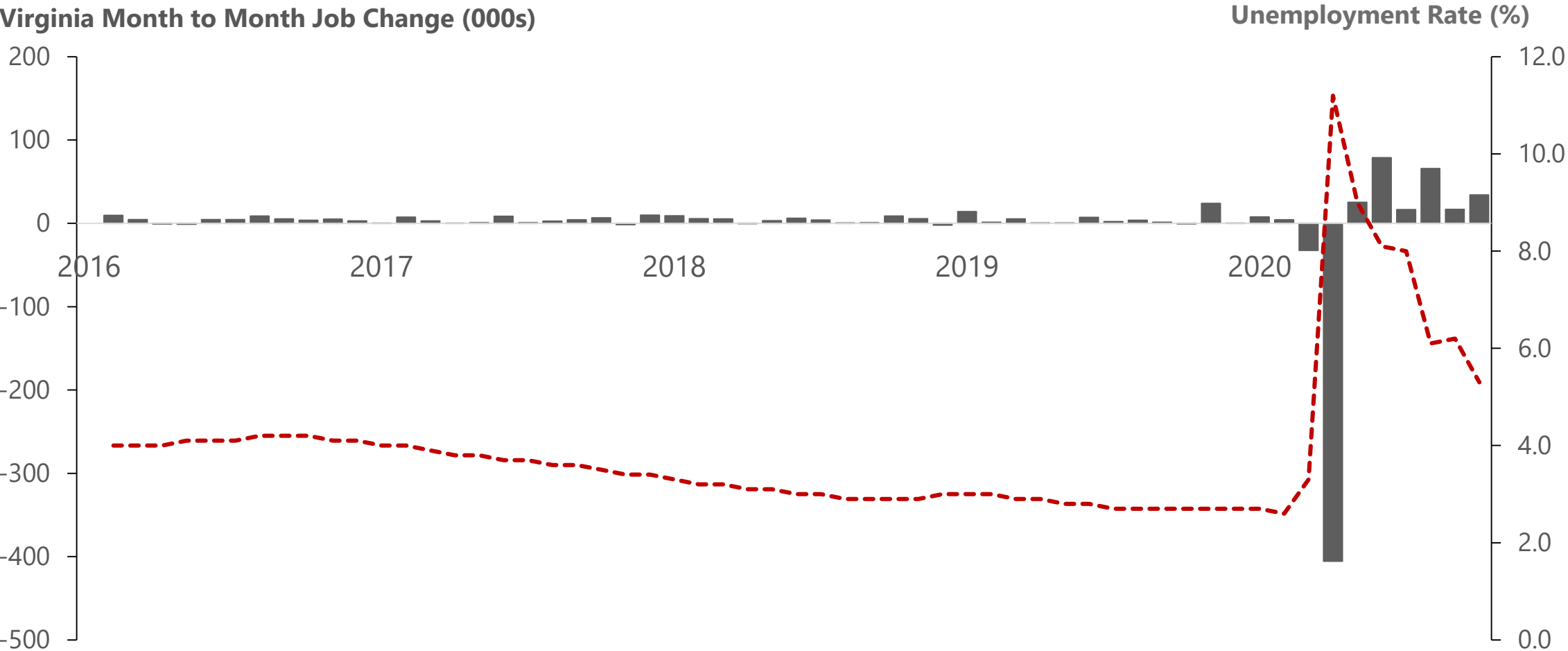


Source: U.S. Bureau of Labor Statistics, seasonally adjusted



# Virginia Employment - Up for 6 Consecutive Months

*Unemployment rate was 5.3% in October*

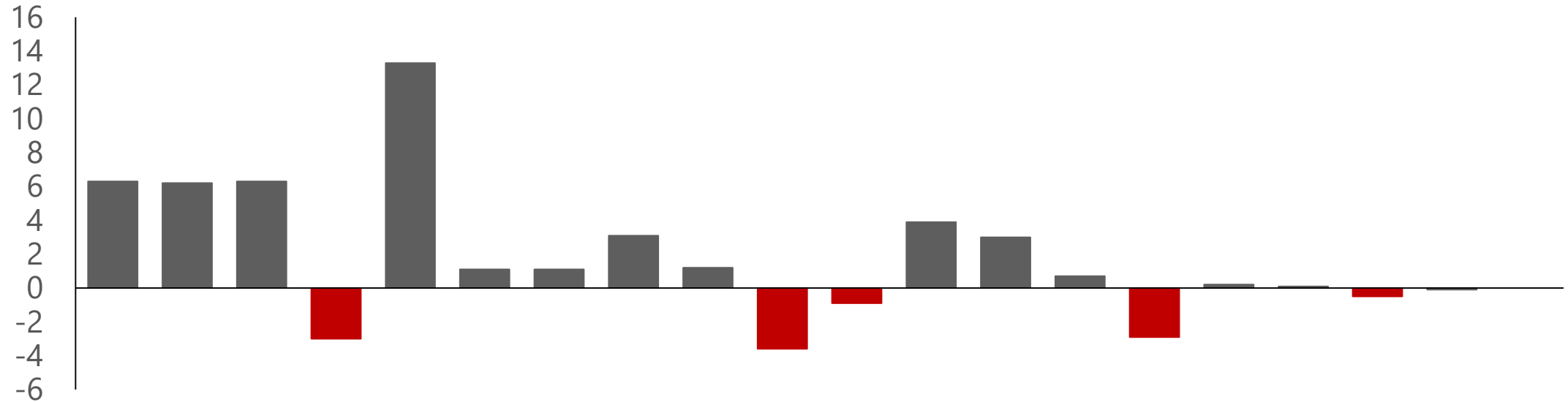


Source: U.S. Bureau of Labor Statistics, seasonally adjusted

# Virginia Job Change – September to October 2020

*Steady gains across most sectors; some weakness in Government employment*

Thousands of Jobs

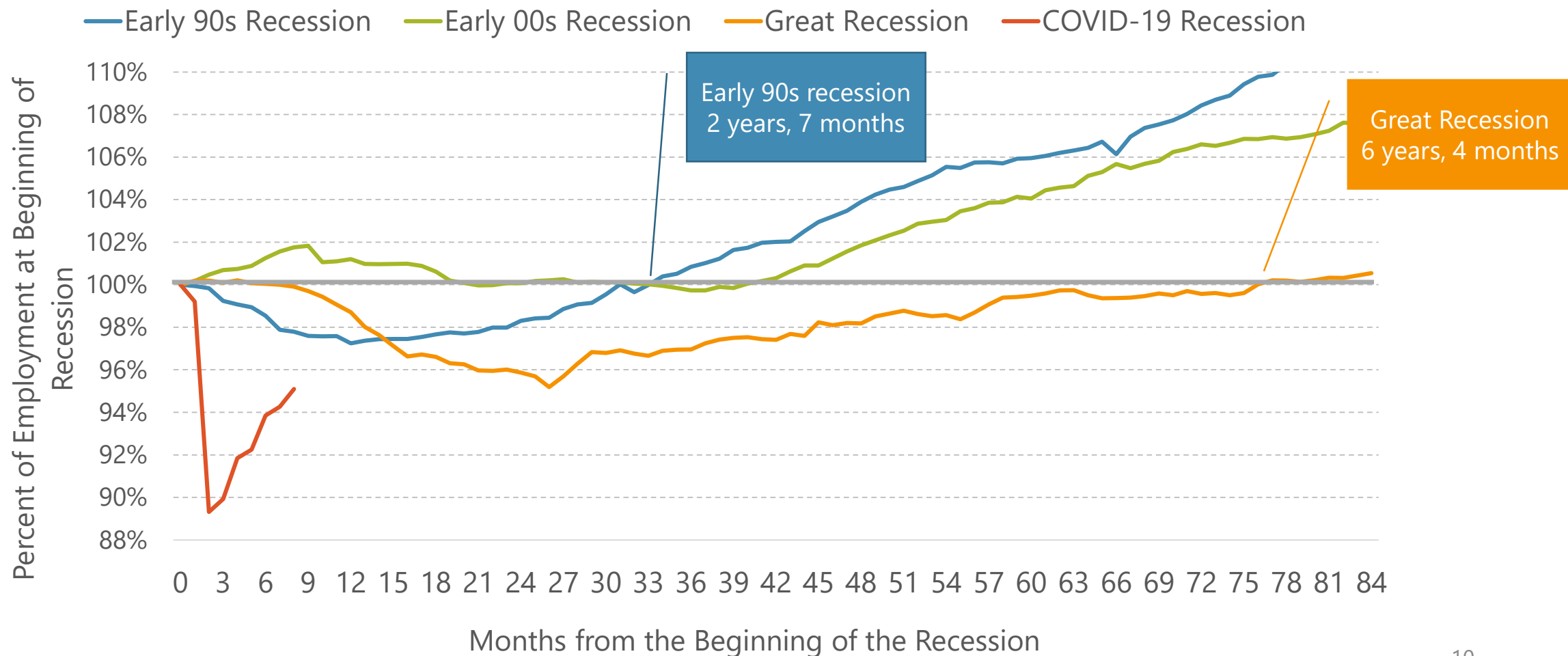


Professional & Technical Services  
Health Care & Social Assistance  
Retail Trade  
Local Government  
Leisure & Hospitality  
Manufacturing  
Administrative & Waste Services  
Construction  
Other Services  
Federal Government  
Financial & Insurance  
State Government  
Transportation & Warehousing  
Wholesale Trade  
Education  
Management  
Information  
Real Estate  
Utilities  
Mining & Logging

# In October, we are at 95% of pre-recession job totals

*Full recovery could take years*

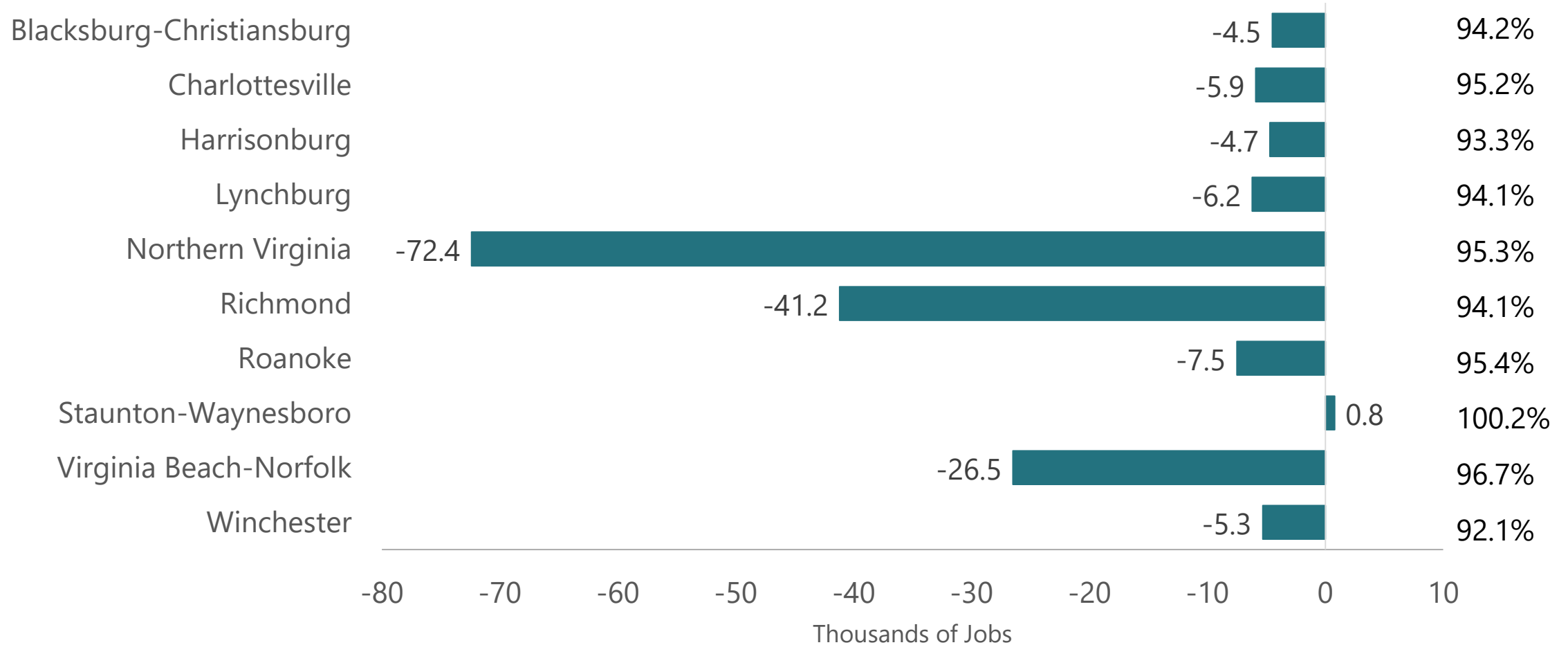
## Virginia Employment



# Employment in most regions still 5 to 8% below Feb totals

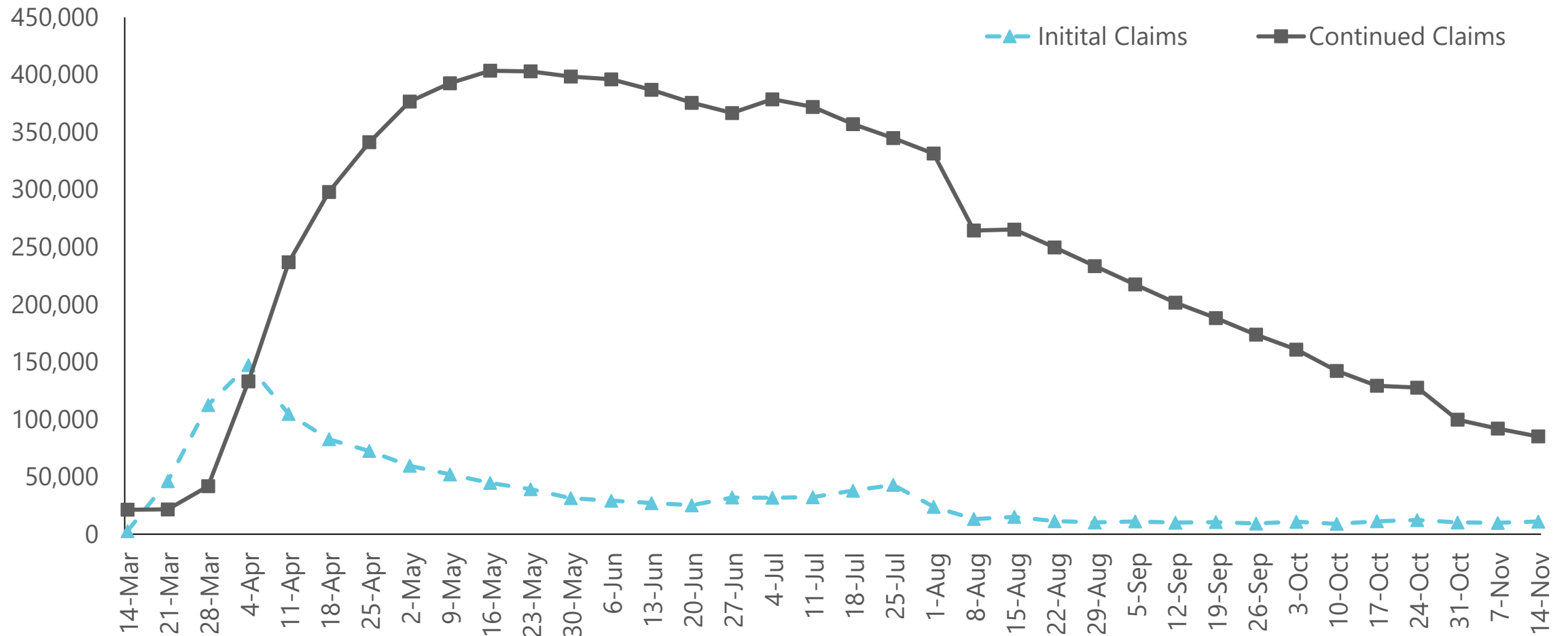
## Job Change February to October by Metro Area

Oct jobs as a  
% of Feb jobs



# Virginia Unemployment Claims – Steady Declines

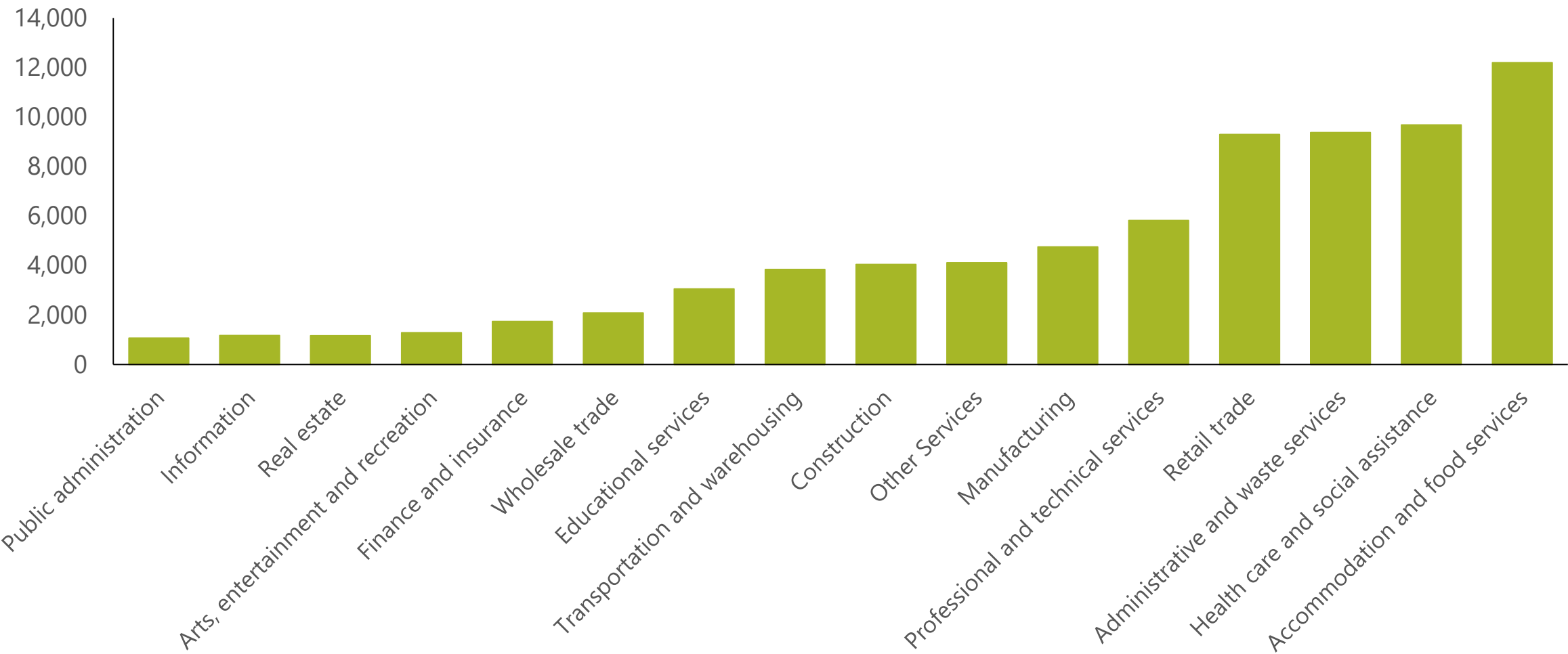
*About 85,000 Virginians were receiving unemployment benefits (Nov 14)*



Source: U.S. Department of Labor, Virginia Employment Commission, Not Seasonally Adjusted

# Virginia Unemployment Claims by Industry

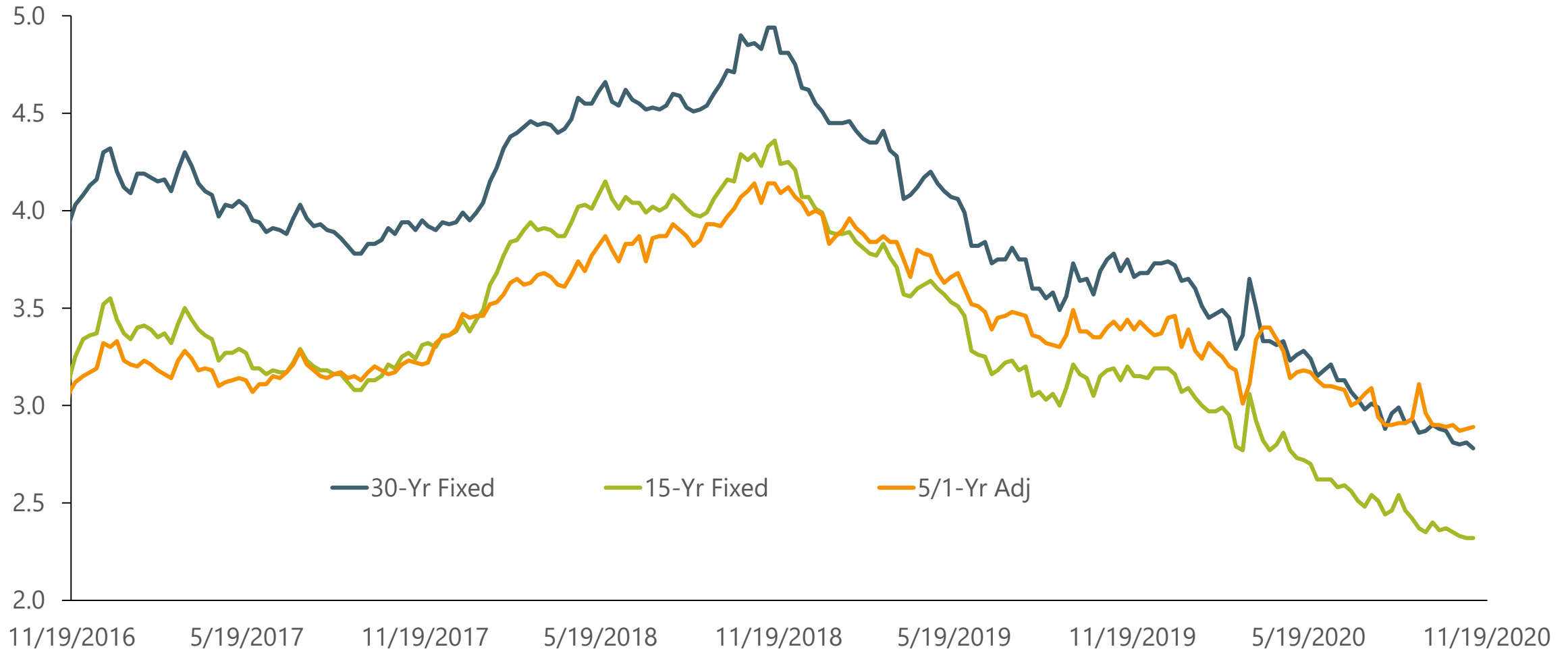
**Total Continued Claims by Industry (Nov 14)**



# Mortgage Rates

*Avg. 30-year fixed rate mortgage rate below 3% for 17 consecutive weeks*

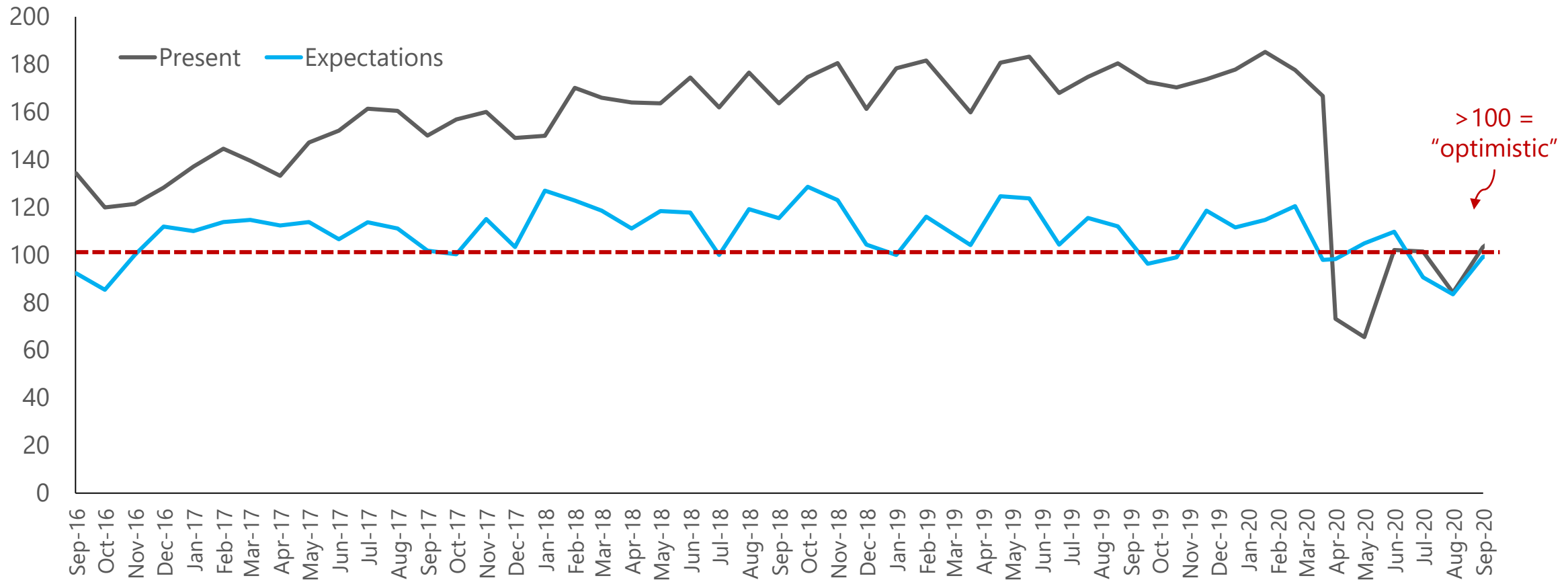
**Weekly Mortgage Interest Rates (%), Not Seasonally Adjusted**



# Consumer Confidence Improved in October

*The Present and Expectations indices rose above 100*

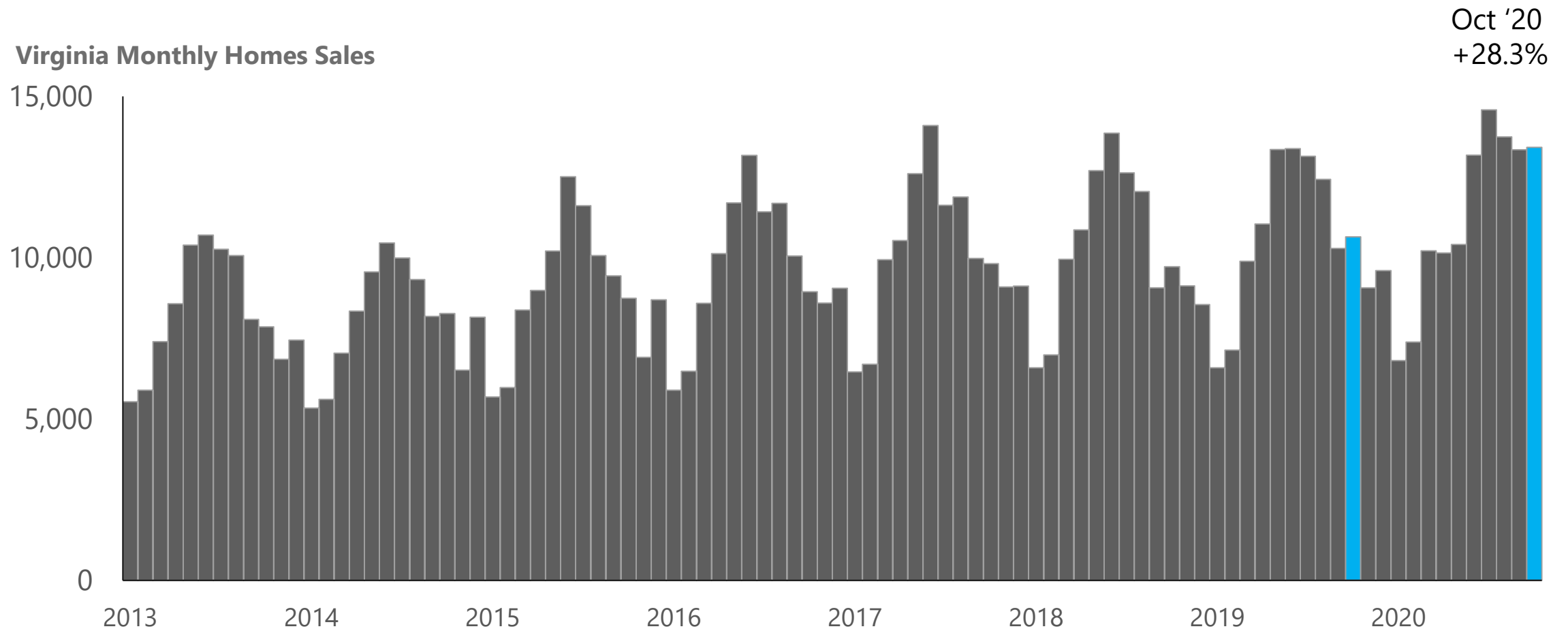
Consumer Confidence Index – South Atlantic Region



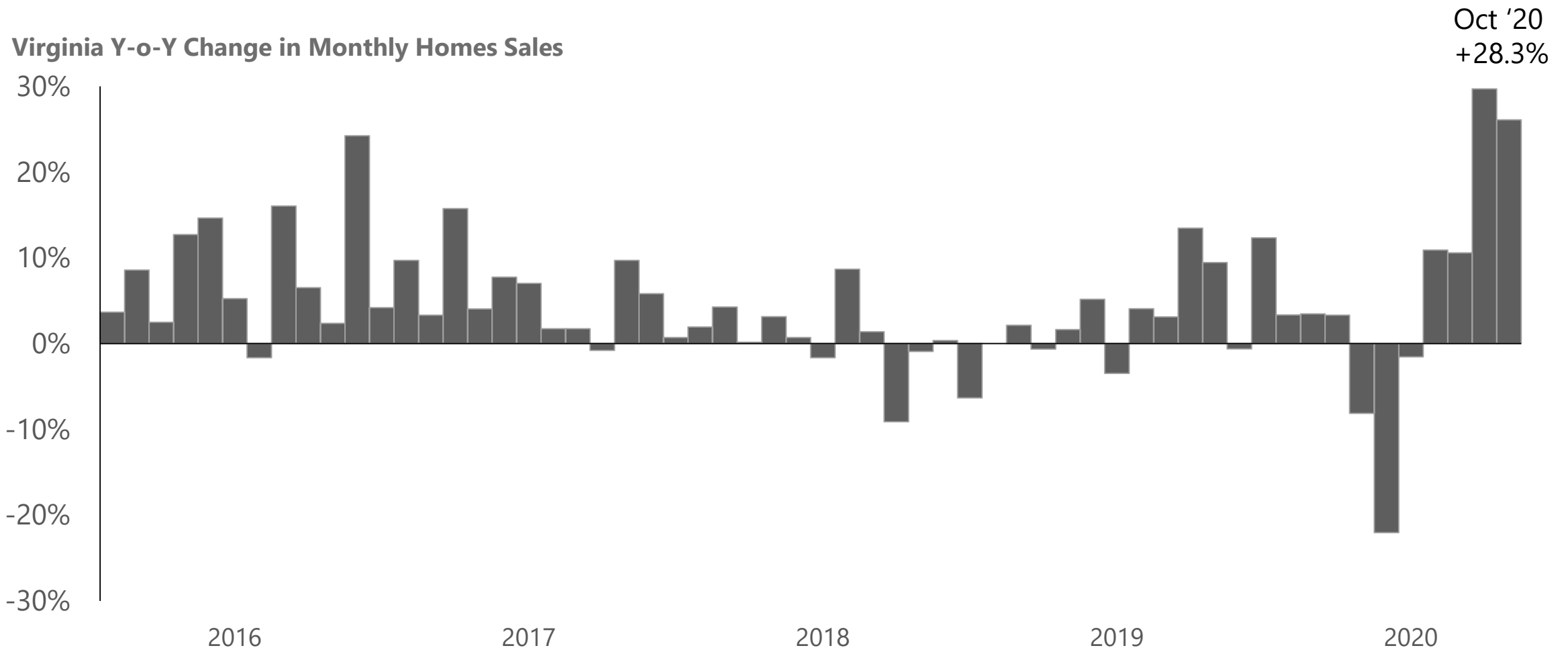


# Housing Market Trends

# Virginia Home Sales Rebounded Strongly This Summer and Into the Fall



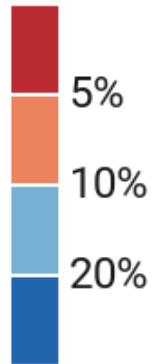
# Virginia Home Sales Rebounded Strongly This Summer and Into the Fall



# 2020 Home Sales Have Been Up in Most Parts of the State

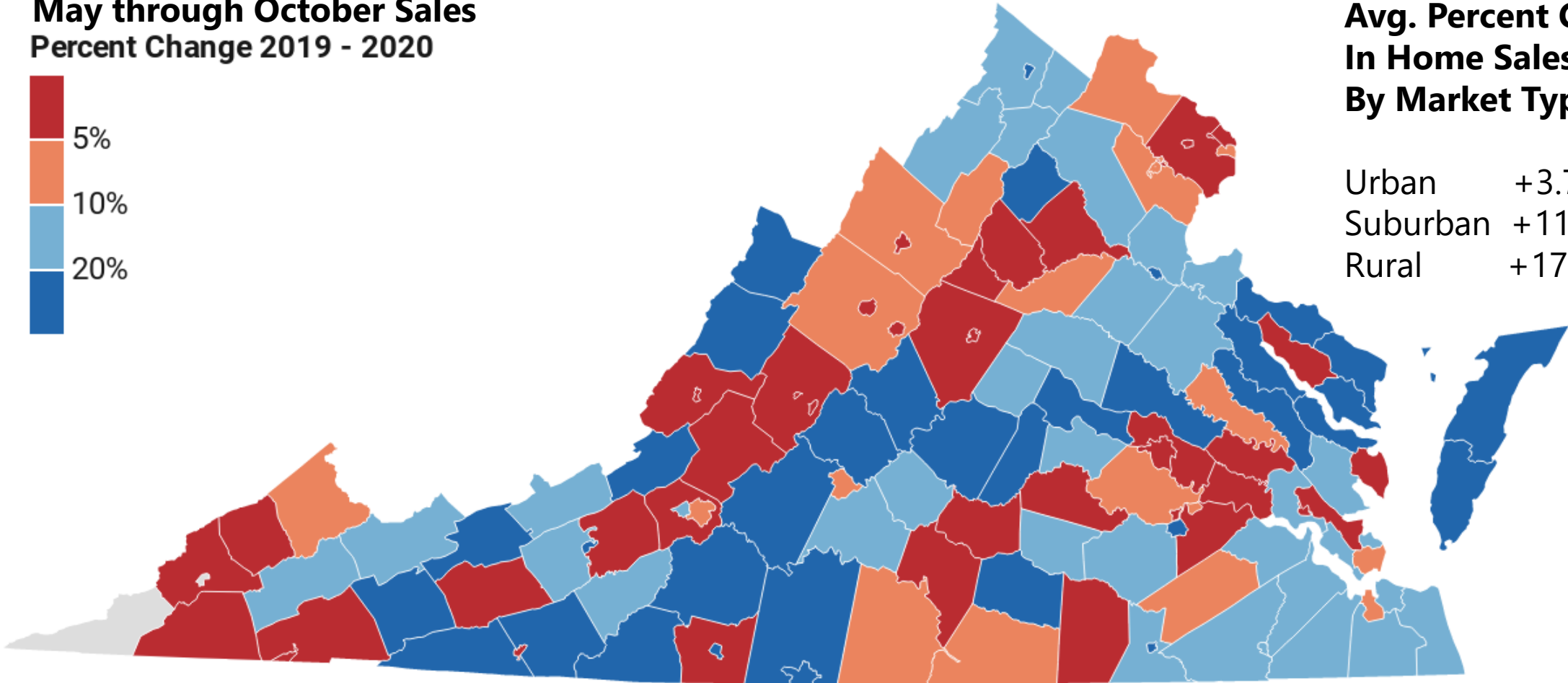
*Stronger sales activity in suburban and rural markets*

**May through October Sales**  
Percent Change 2019 - 2020



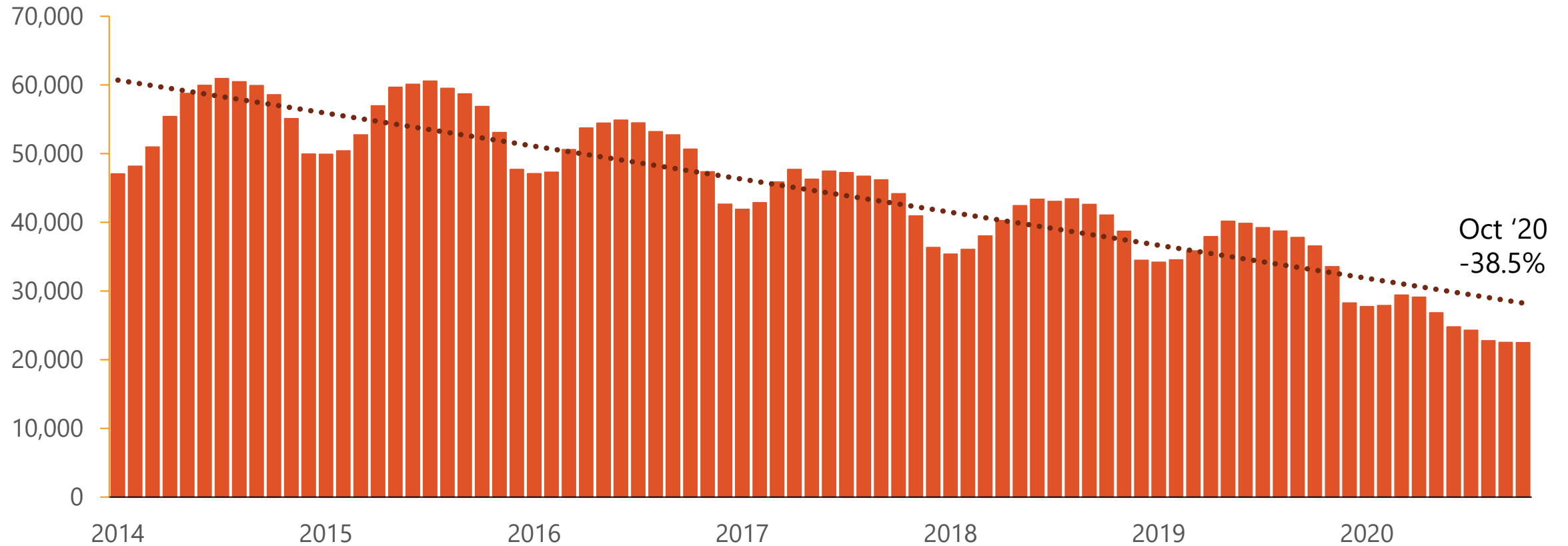
**Avg. Percent Change  
In Home Sales  
By Market Type**

Urban	+3.7%
Suburban	+11.7%
Rural	+17.9%



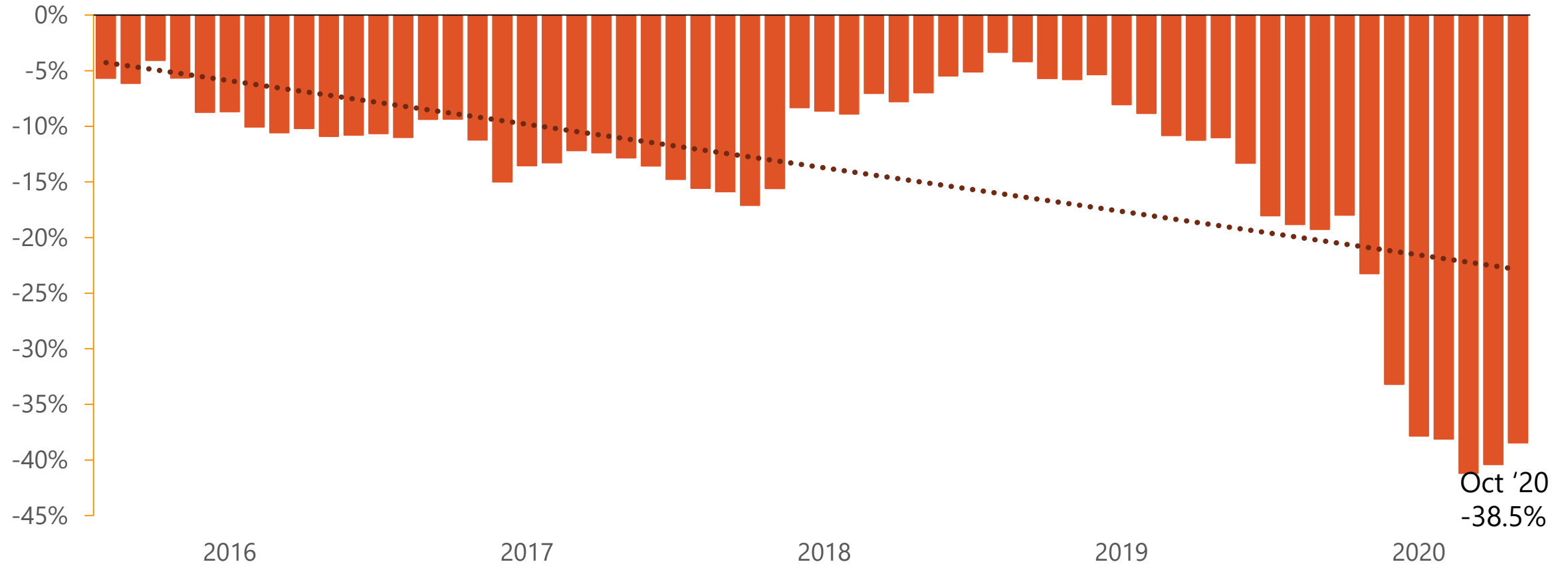
# Inventory – Supply Remains a Major Constraint

Virginia Active Listings, End of the Month



# Inventory – Supply Remains a Major Constraint

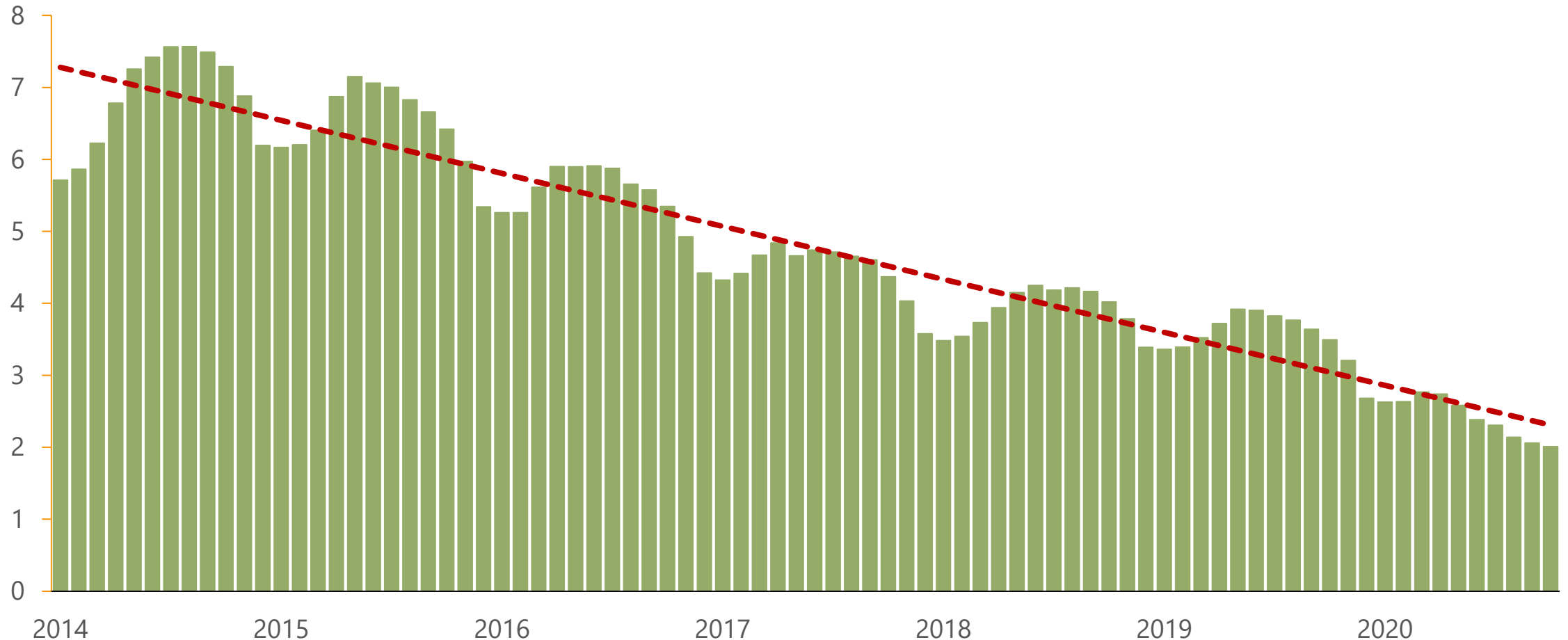
Virginia Y-o-Y Change in Monthly Active Listings



# Months of Supply – Homebuyers Face Limited Choices

*In October, there was an average of just 2.01 months of supply statewide*

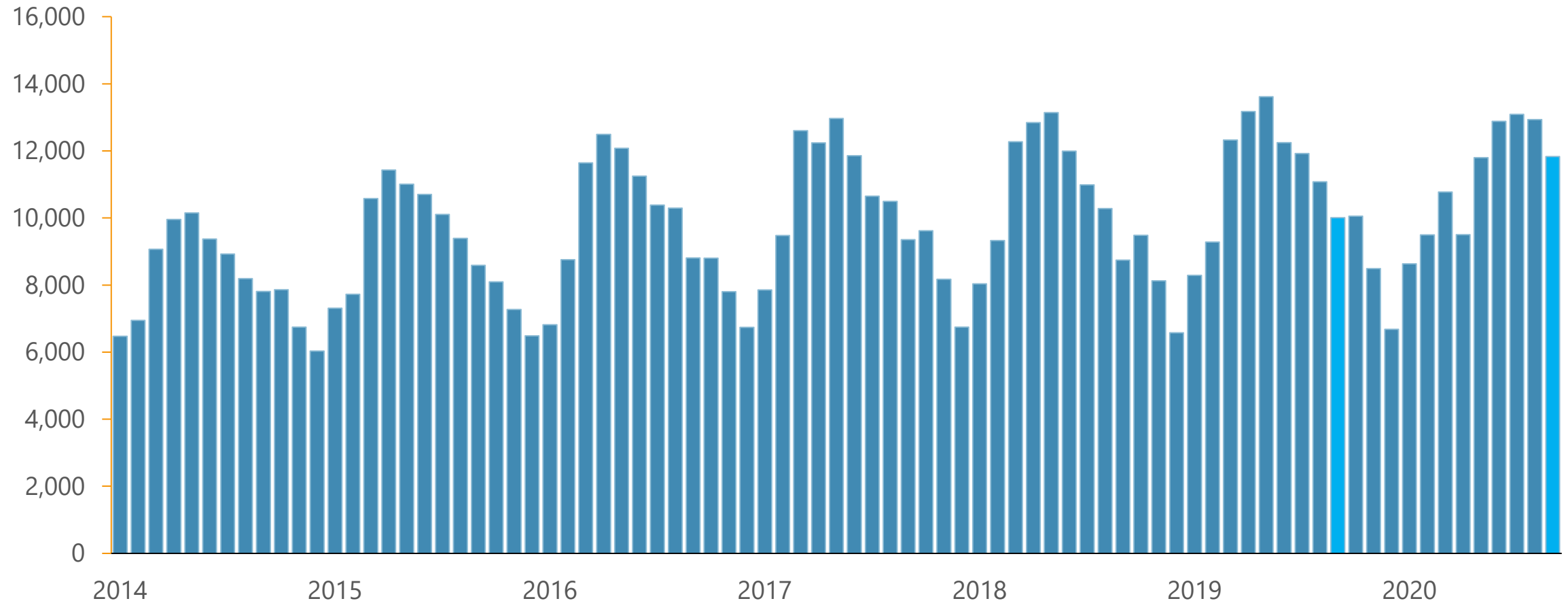
Months of Supply, End of the Month



# Pending Sales – Indicate Fall Sales will be Up

*October pending sales up 16.5% year-over-year*

**Pending Sales, End of the Month**

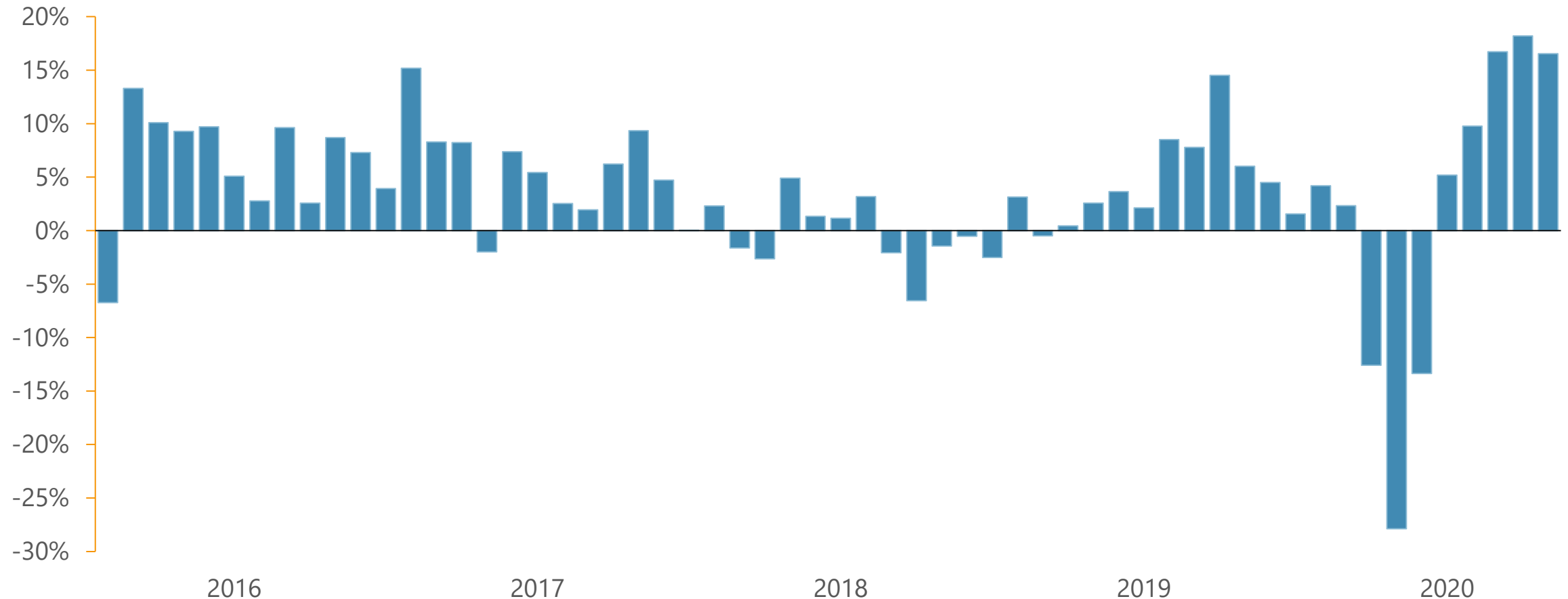




# Pending Sales – Indicate Fall Sales will be Up

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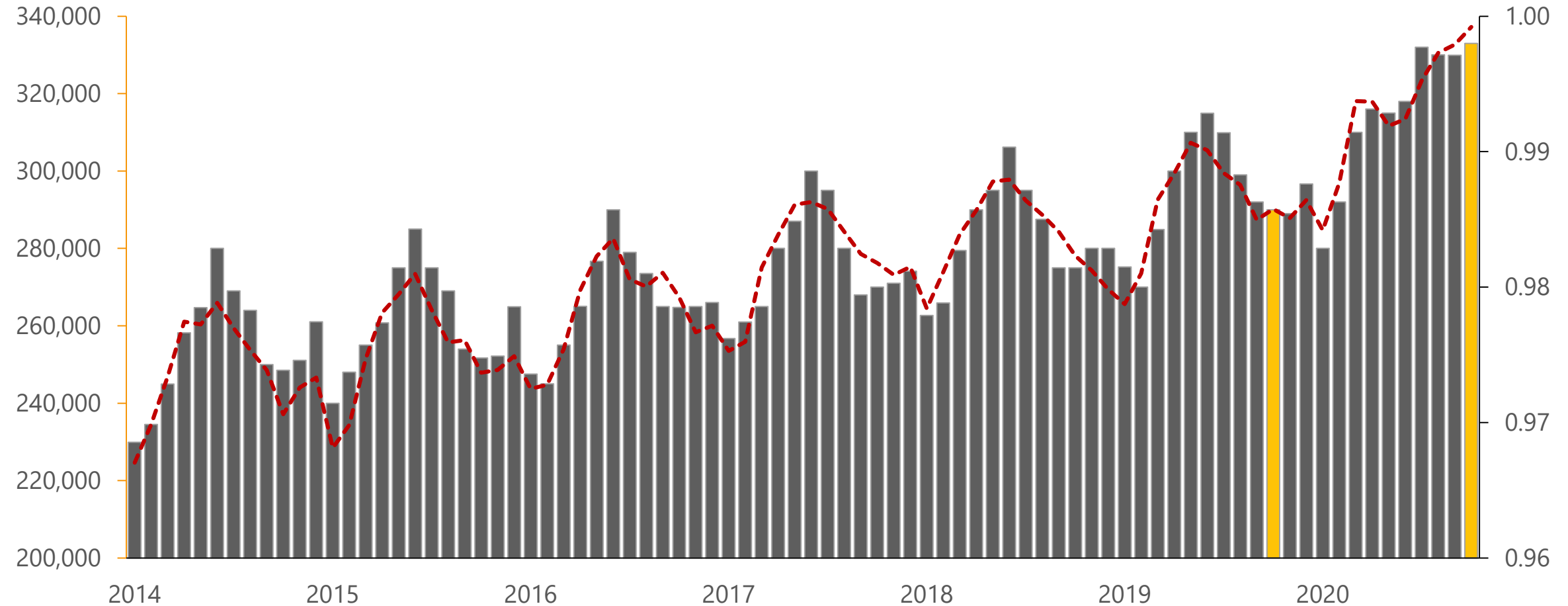
Virginia Y-o-Y Change in Monthly Pending Sales



# Home Prices Are on the Rise

The average sold-to-list price ratio is approaching 1.00

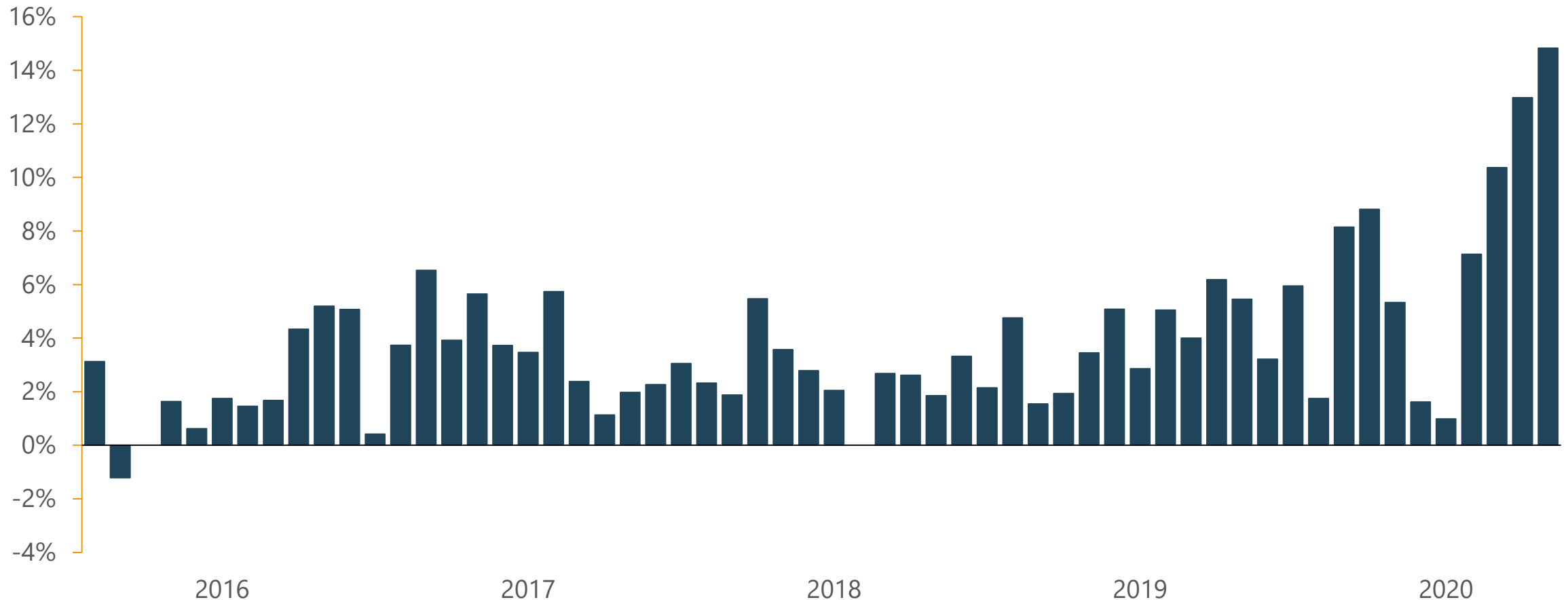
Median Sales Price(\$), End of the Month



# Home Prices Are on the Rise

*The statewide median home price was \$333,000, up 14.8% from a year ago*

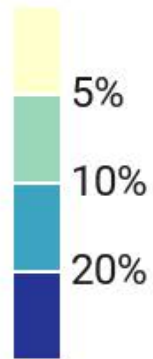
Virginia Y-o-Y Change in Monthly Median Home Price



# Median Home Prices (Sales May through October)

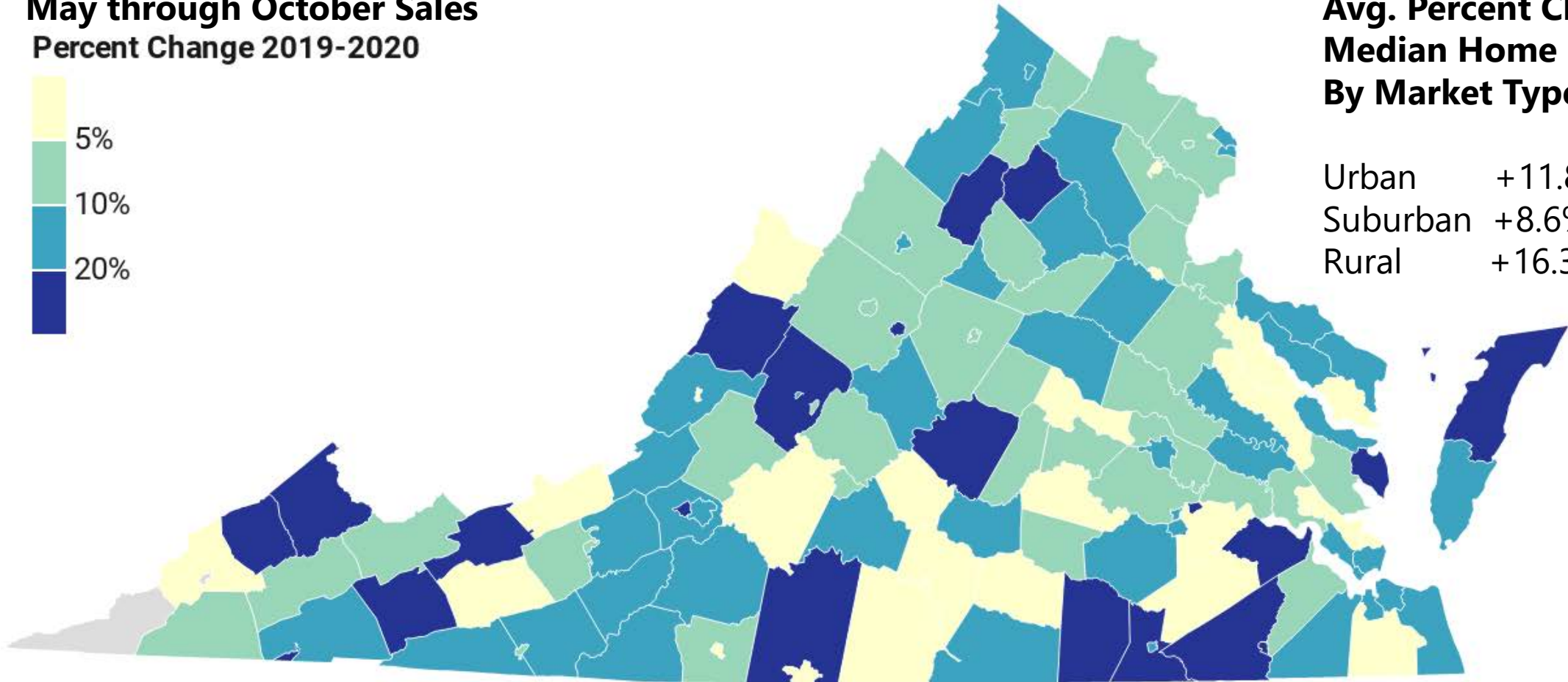
*Prices are rising fastest in rural markets during COVID-19*

## May through October Sales Percent Change 2019-2020



## Avg. Percent Change Median Home Price By Market Type

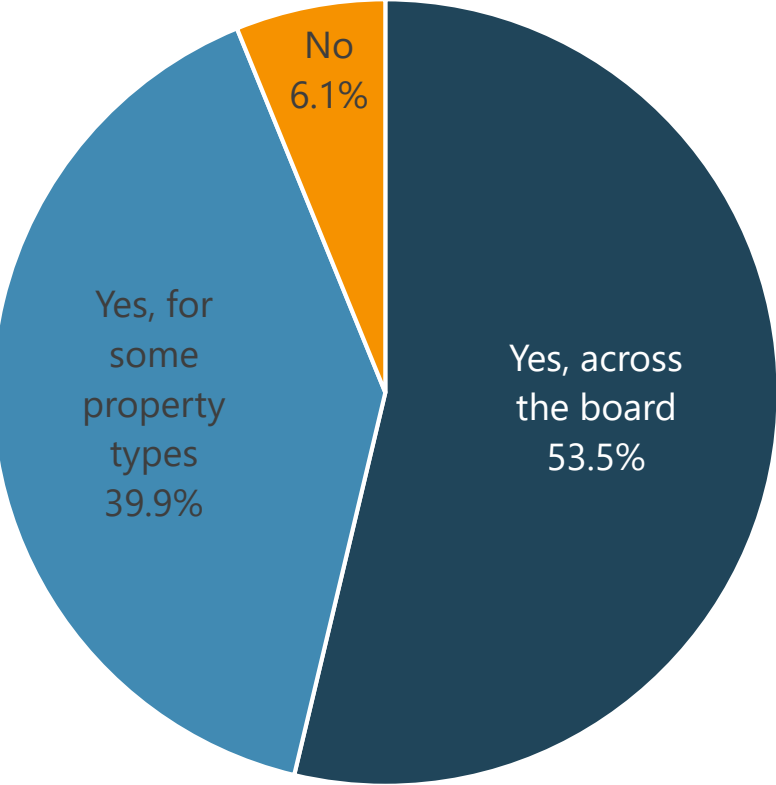
Urban	+11.8%
Suburban	+8.6%
Rural	+16.3%



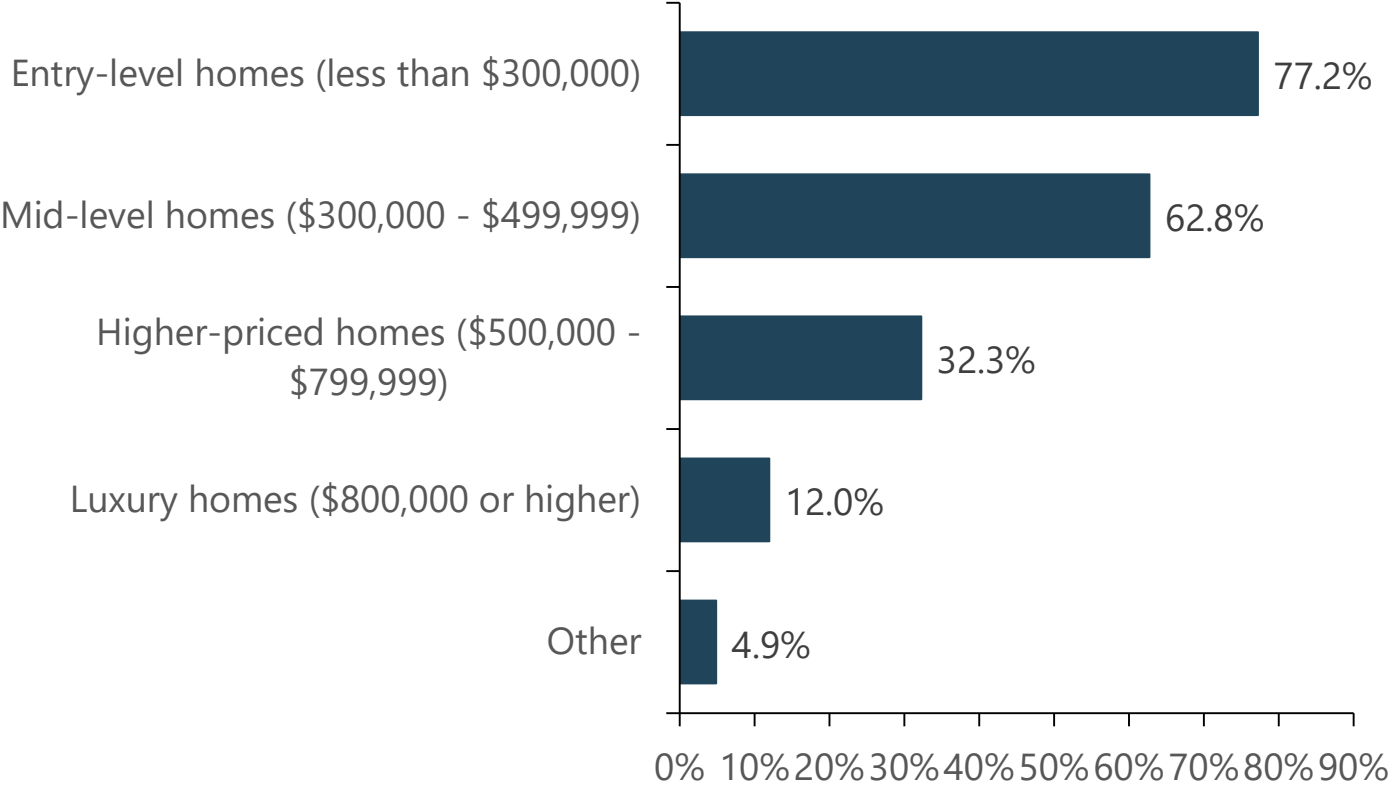
# Nearly all Virginia REALTORS® are Seeing Multiple Offers

*Biggest competition among entry-level and mid-level homes*

**In your recent transactions, have there been multiple offers on a home?**



**In general, what price ranges are you seeing multiple offers on homes?**



# What's ahead for 2020 and 2021?

- V-shaped housing market recovery
  - Flattening of the rebound
- Slower economic recovery in Q4
- Economic uncertainties remain
  - Lack of Federal stimulus
  - Renewed job losses
  - Resurgence in COVID cases
- Low mortgage rates into 2021
- Strong home sales activity this fall
  - Demand strong; demographics are key driver
- More demand for smaller markets and single-family homes
- Housing affordability and low inventory will remain challenges

# Questions or Need More Info?

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[virginiarealtors.org/research-statistics](http://virginiarealtors.org/research-statistics)

