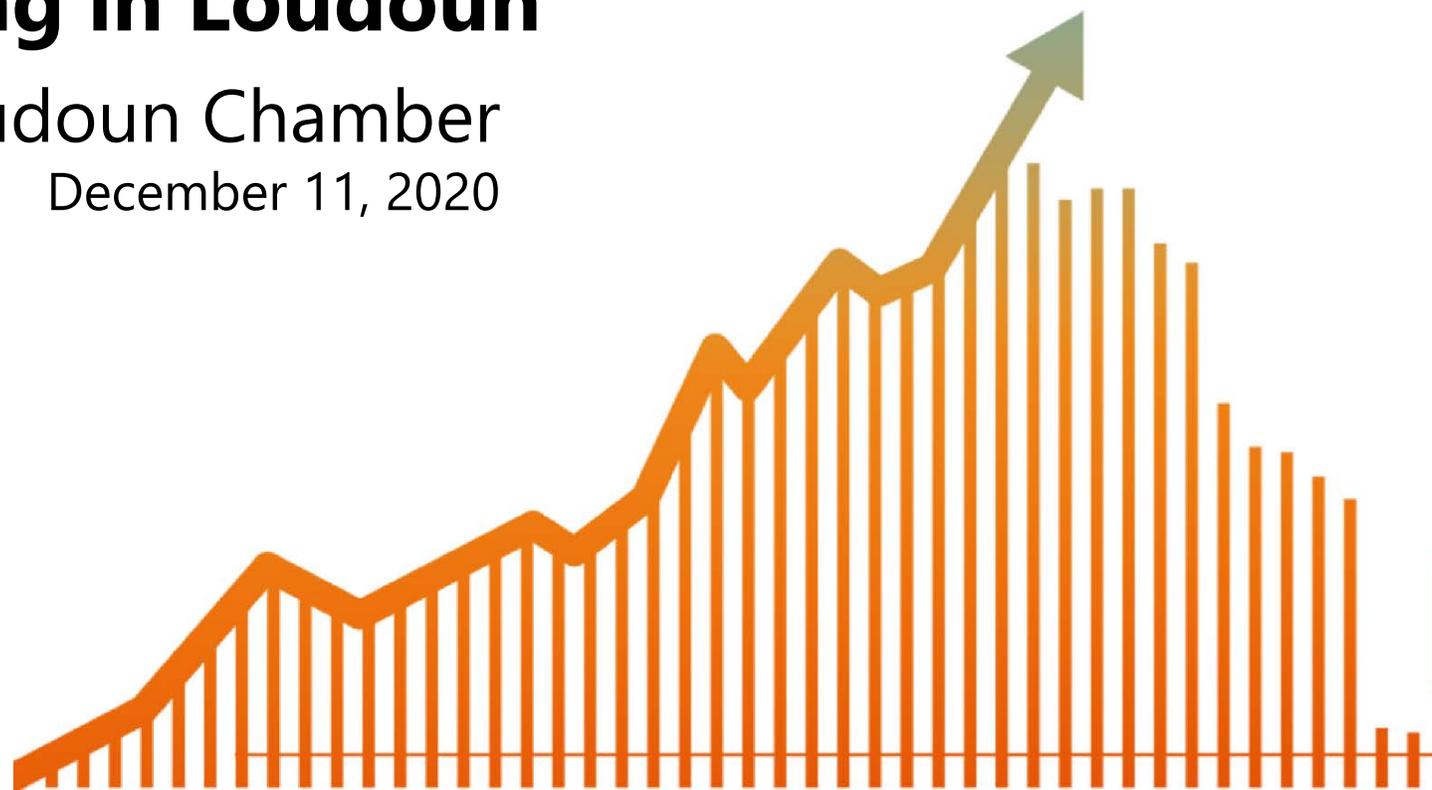


# State of Housing in Loudoun

Loudoun Chamber

December 11, 2020



Lisa Sturtevant, PhD  
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



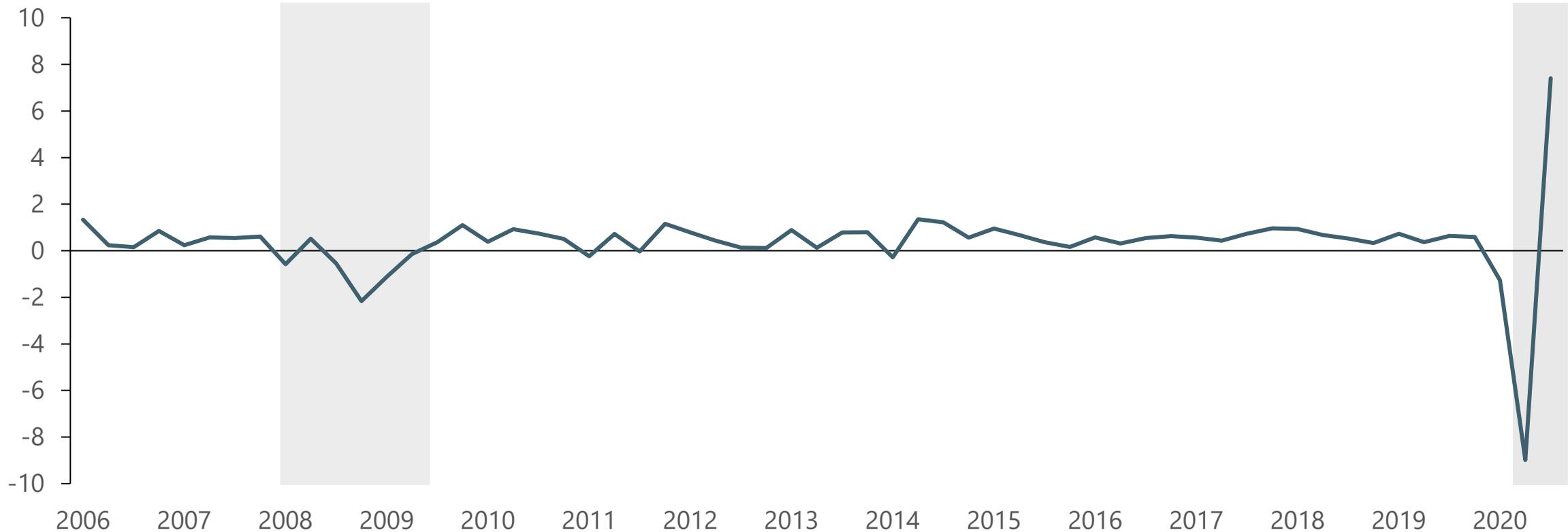
Longer-term shift in housing preferences expected at the margins

# Economic Trends

# U.S. Real GDP Growth

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

Quarterly Change (%)

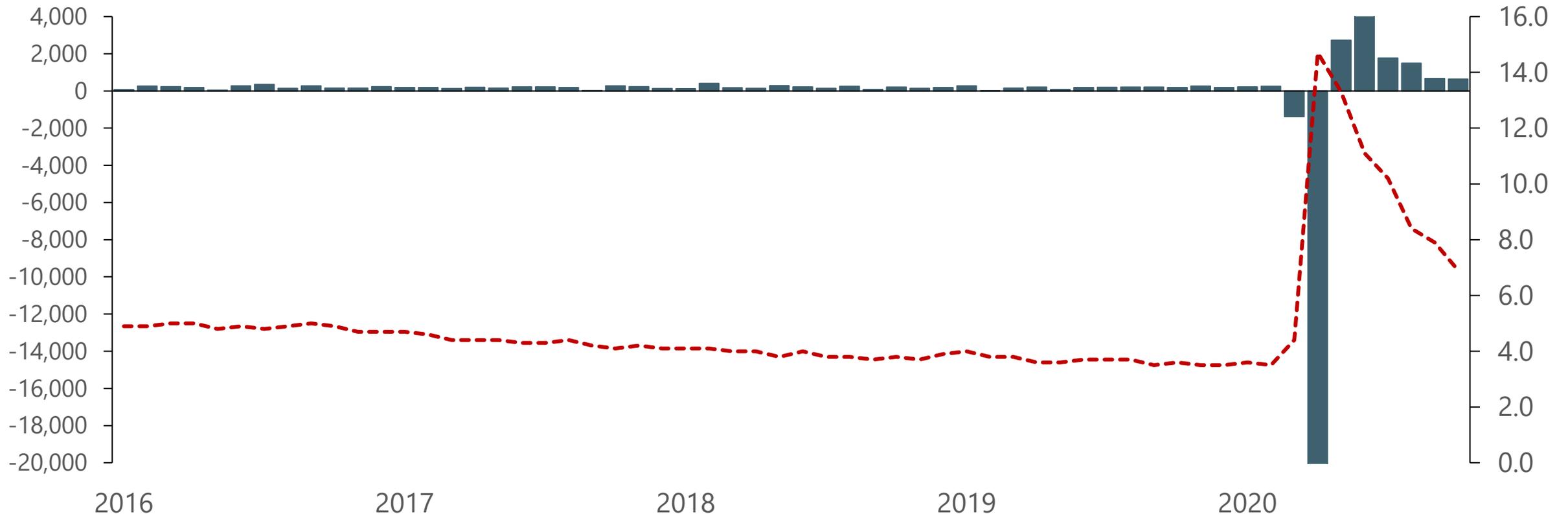


# U.S. Employment - Up for 6 Consecutive Months

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

Month to Month Job Change (000s)

Unemployment Rate (%)



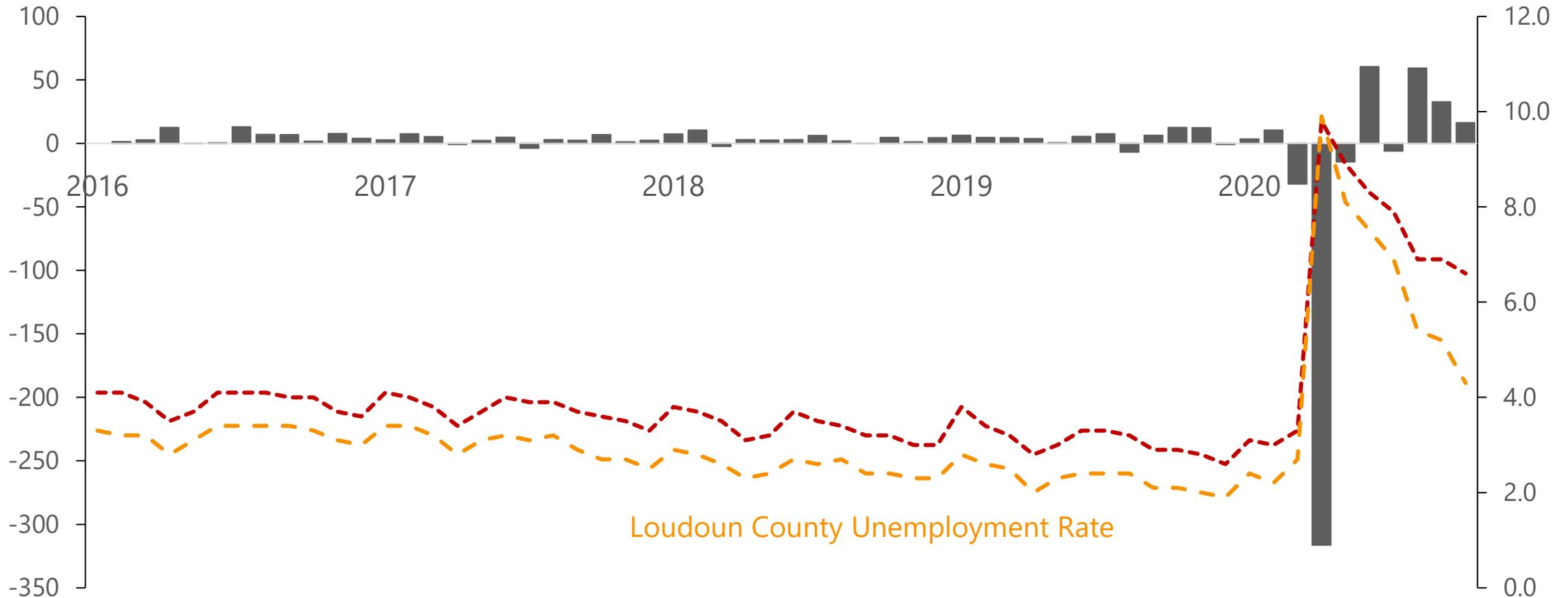
Source: U.S. Bureau of Labor Statistics, seasonally adjusted

# DC Metro Area Employment

*Unemployment rate was 5.6% in October; 4.3% in Loudoun County*

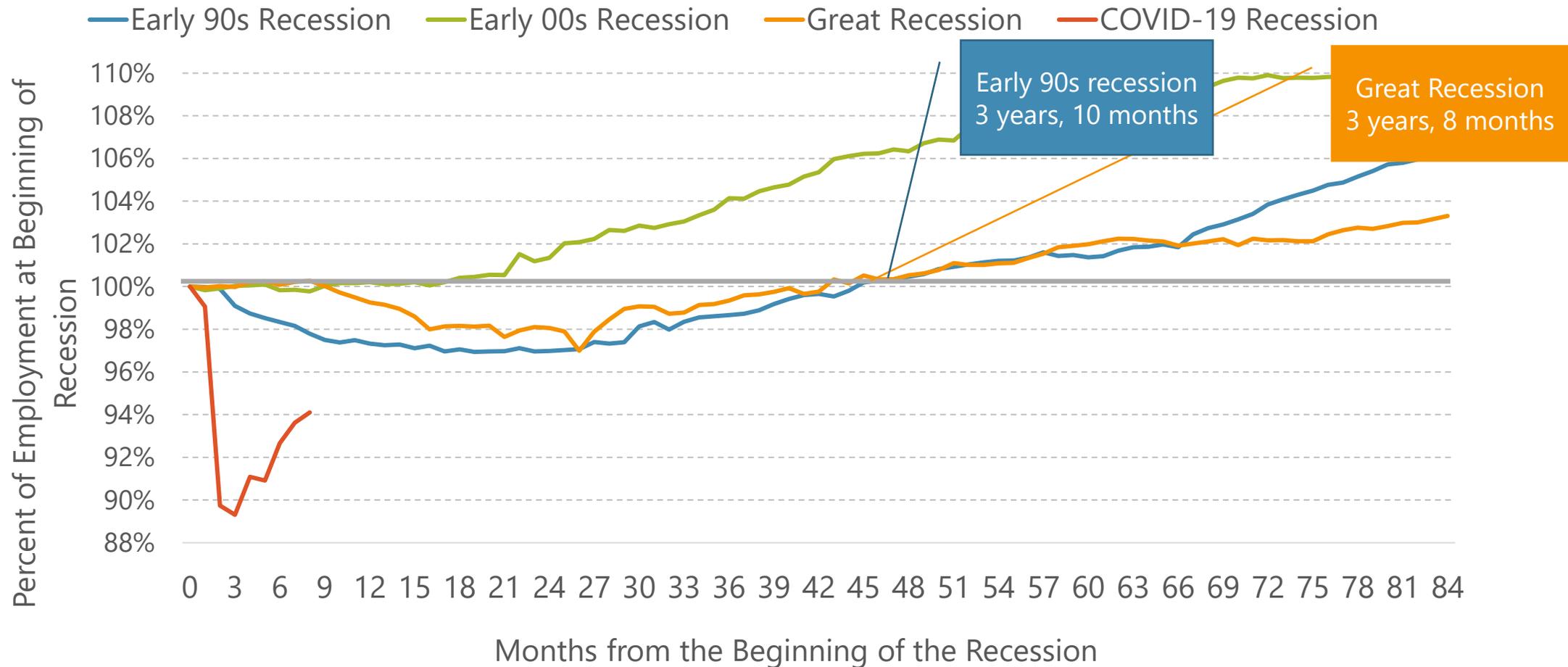
DC Metro Area Month to Month Job Change (000s)

Unemployment Rate (%)



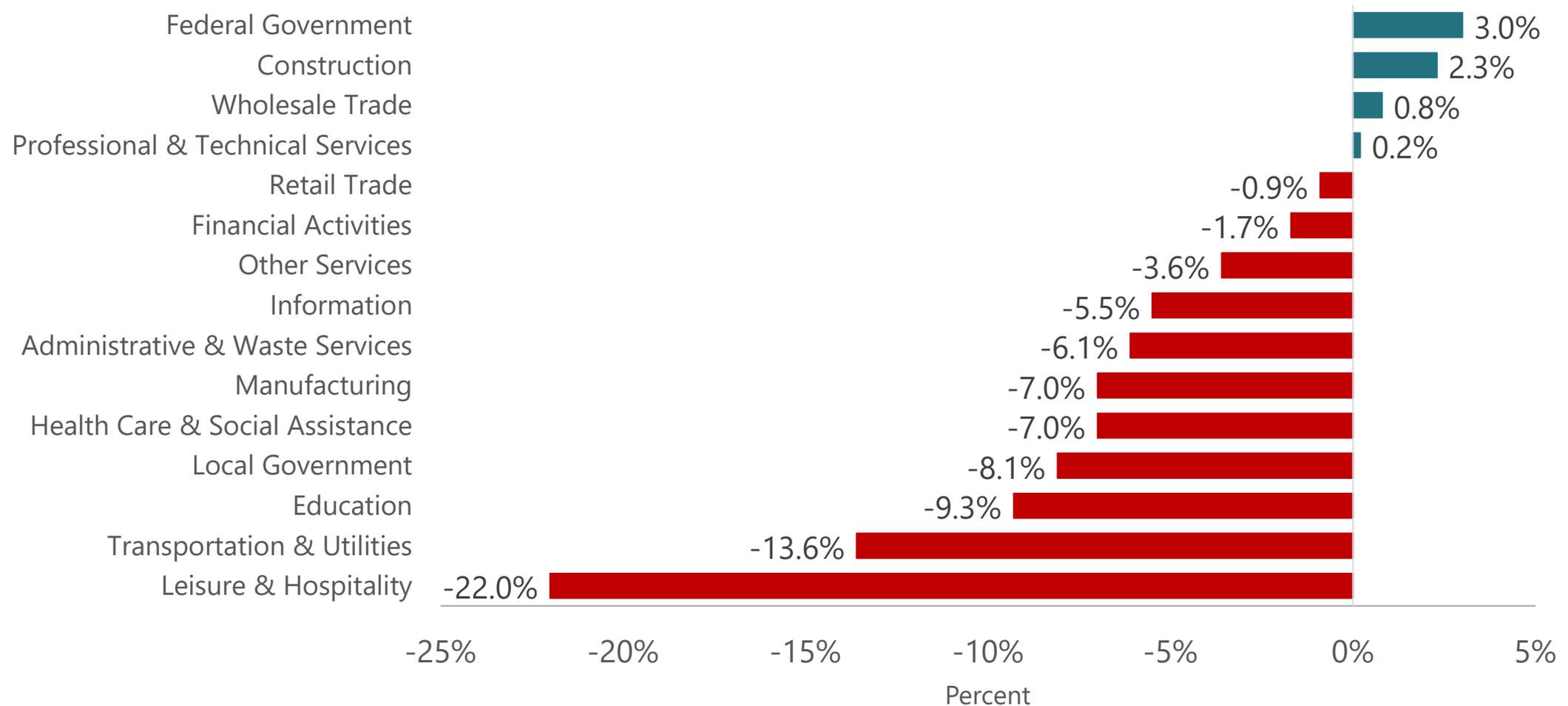
# The Washington DC Region is At 94% of Pre-recession Job Totals

## Washington DC Metro Area Employment



# Employment Remains Below Pre-Recession Levels Across Most Sectors

## Job Change February to October, DC Metro



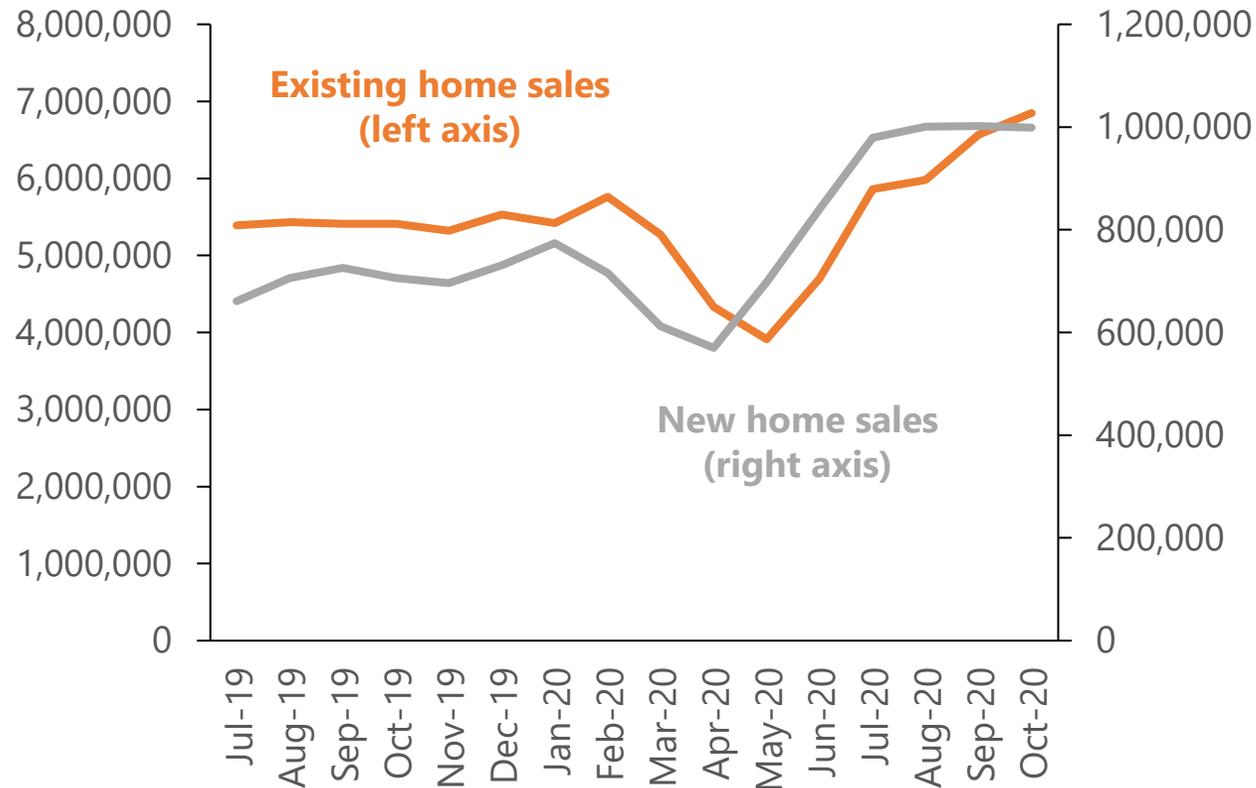
Source: U.S. Bureau of Labor Statistics, Not Seasonally Adjusted

# Housing Market Trends

# Why Has the Housing Market Been So Resilient?

*V-shaped recovery in the housing market*

## U.S. Home Sales



Annualized monthly home sales

Job losses have been concentrated in a few sectors where workers are mostly renters.

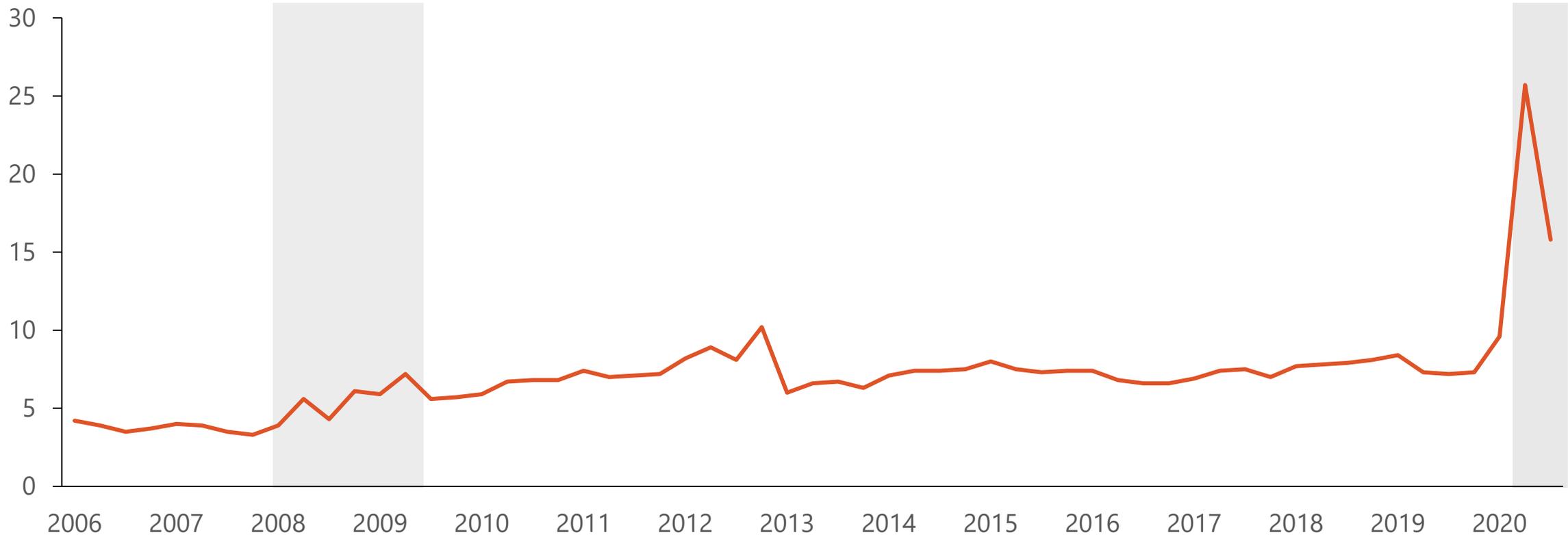
Mortgage rates have been at historically low levels.

Pre-COVID housing demand was strong – and will continue to be.

# Personal Savings Rate

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

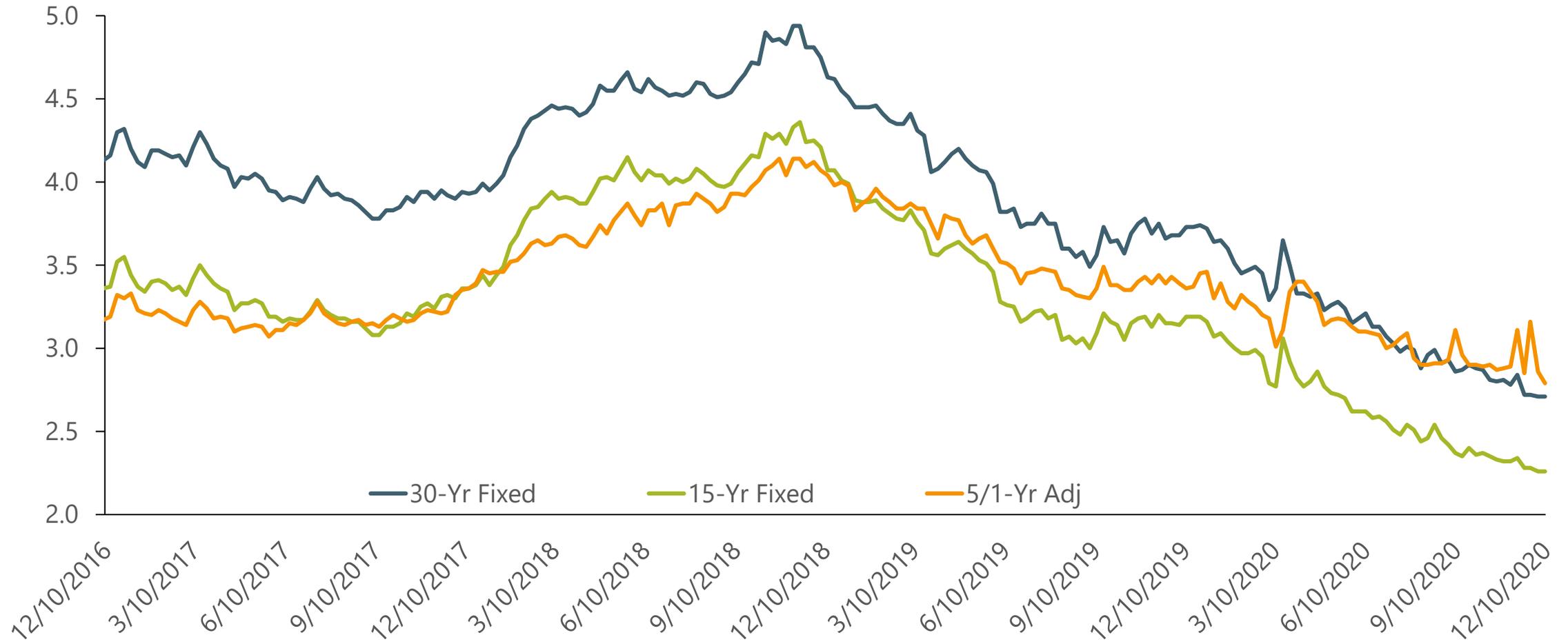
Personal Savings as a % of Disposable Income



# Mortgage Rates

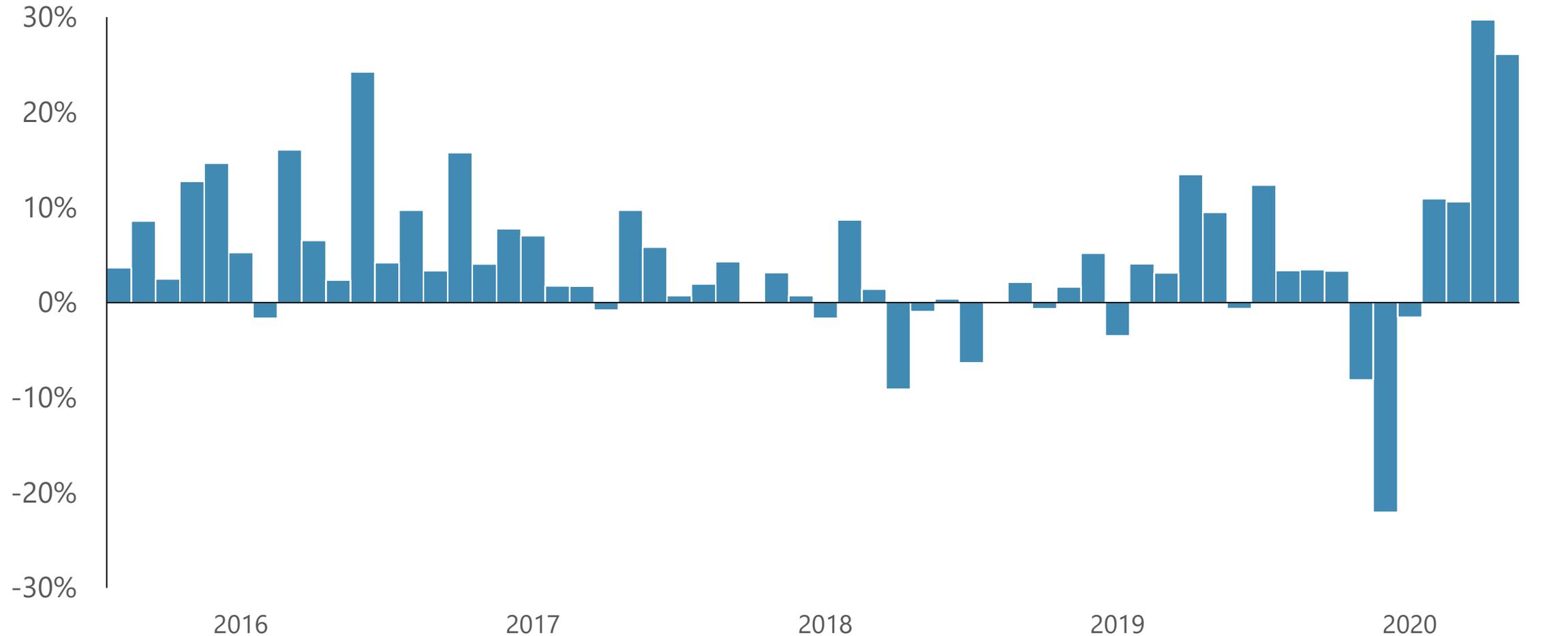
*Avg. 30-year fixed rate mortgage rate below 3% for 20 consecutive weeks*

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



# Virginia Home Sales

Virginia Y-o-Y Change in Monthly Homes Sales



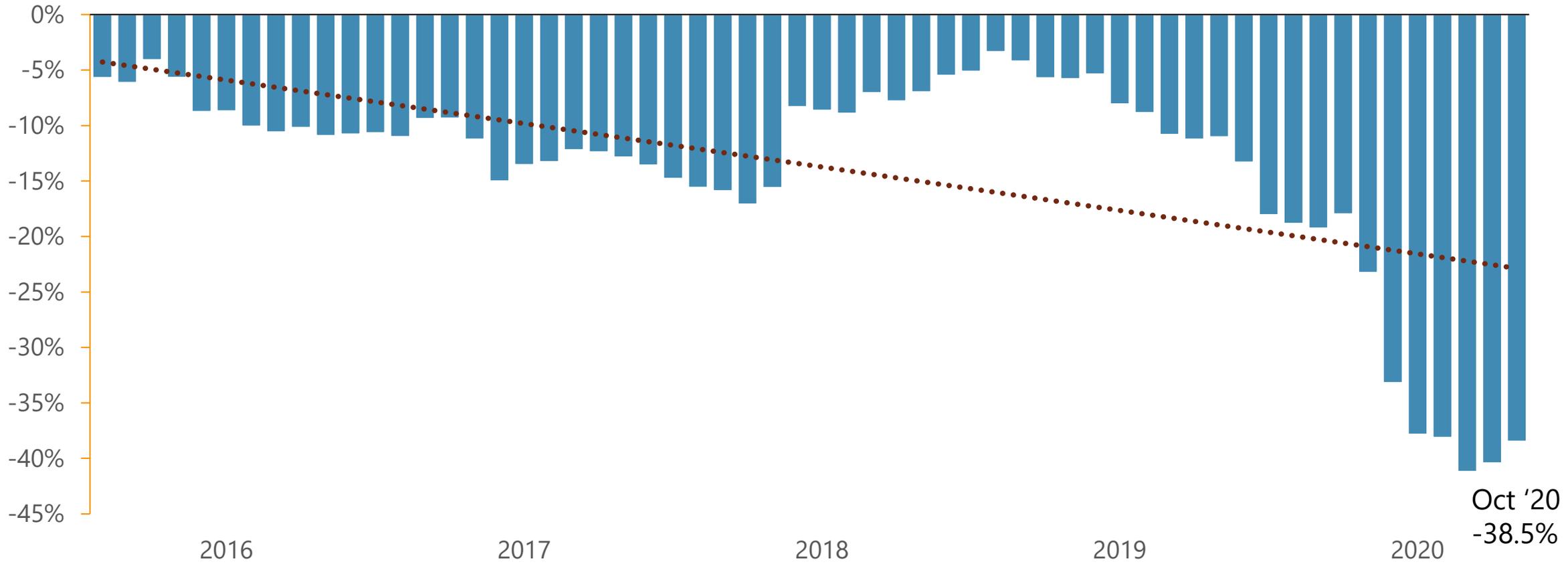
# Loudoun County Home Sales



# Virginia For-Sale Inventory

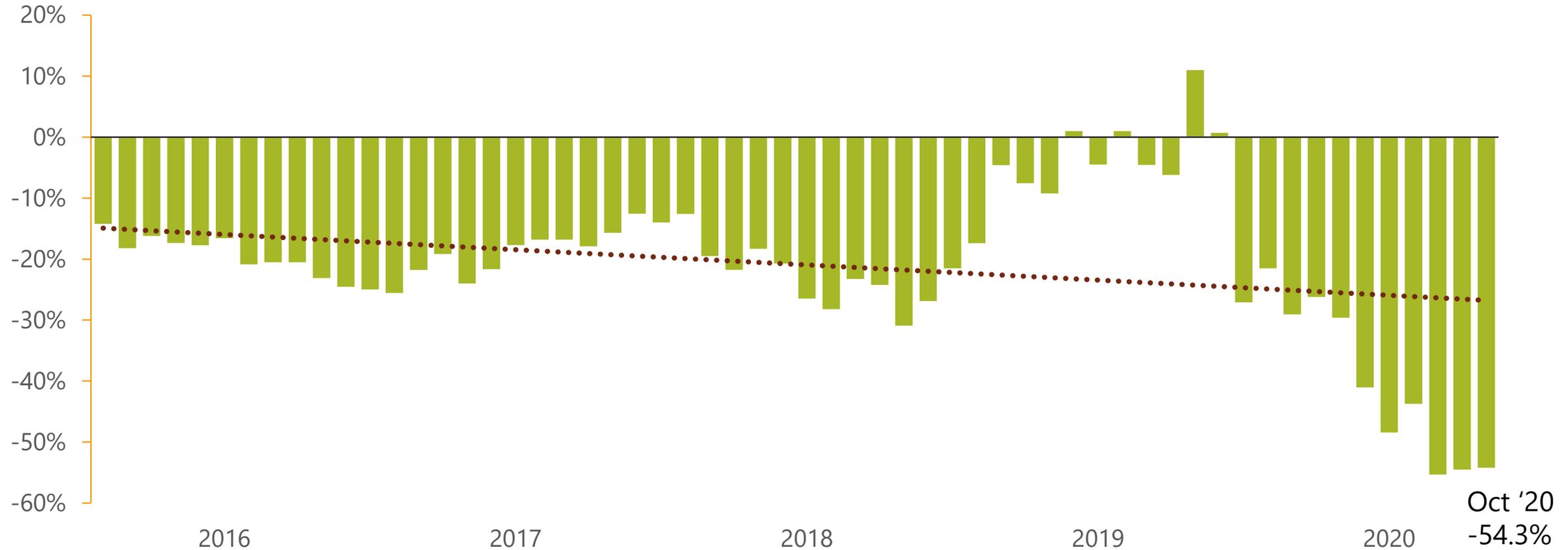
*Supply is a major constraint*

Virginia Y-o-Y Change in Monthly Active Listings



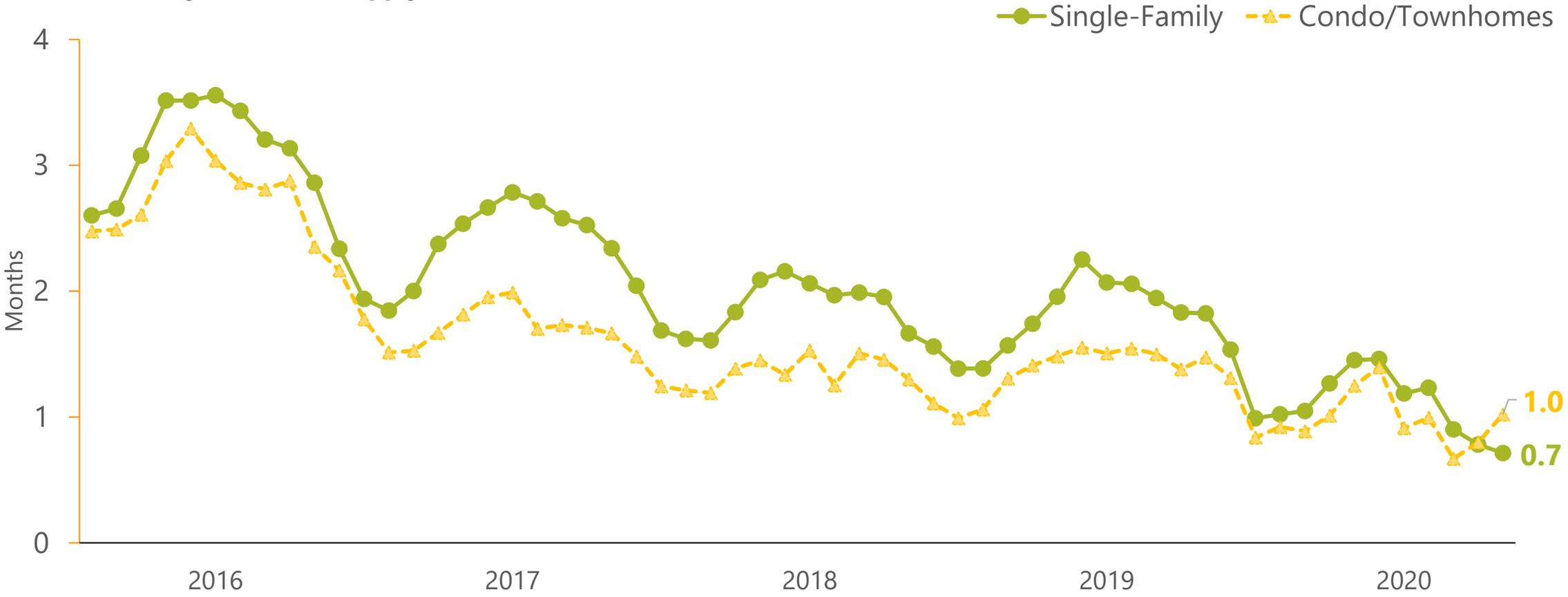
# Loudoun County For-Sale Inventory

Loudoun County Y-o-Y Change in Monthly Active Listings



# Loudoun County Months of Supply

Loudoun County Months of Supply, End of Month

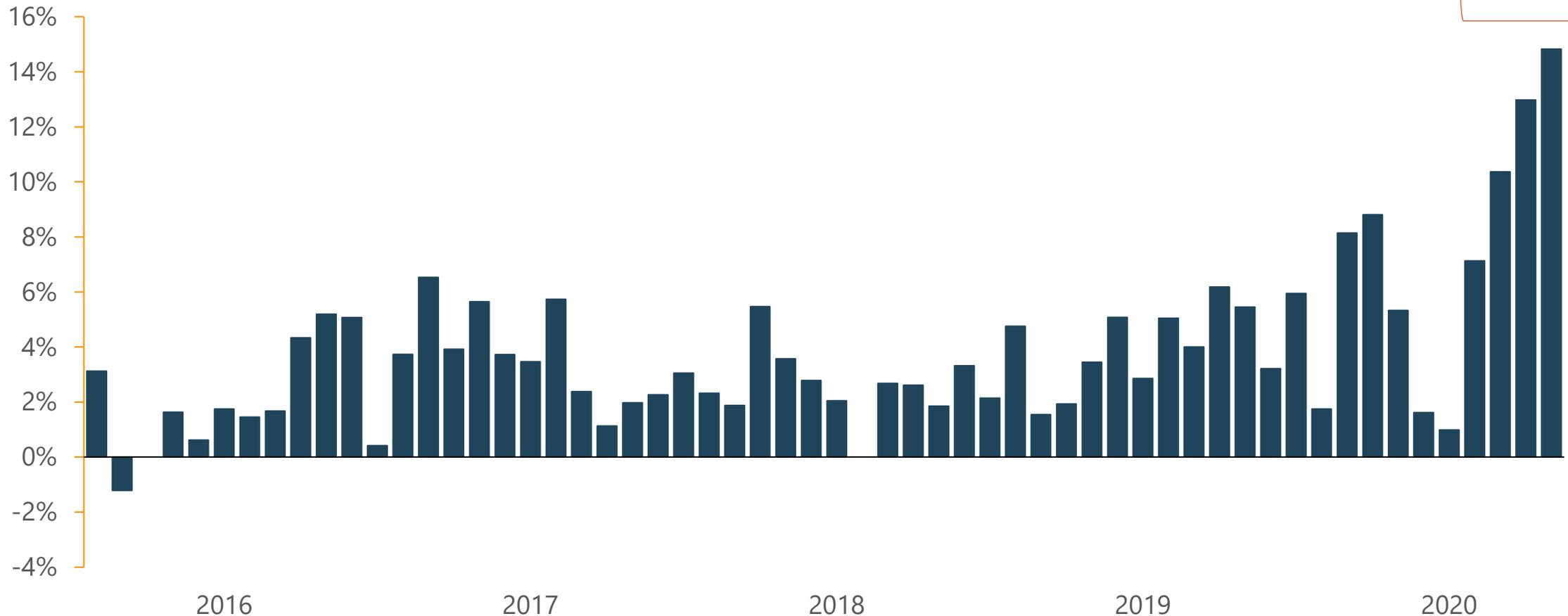


# Virginia Median Home Prices

*October 2020: \$333,000, up 14.8% from a year ago*

3 months  
double-digit  
price growth

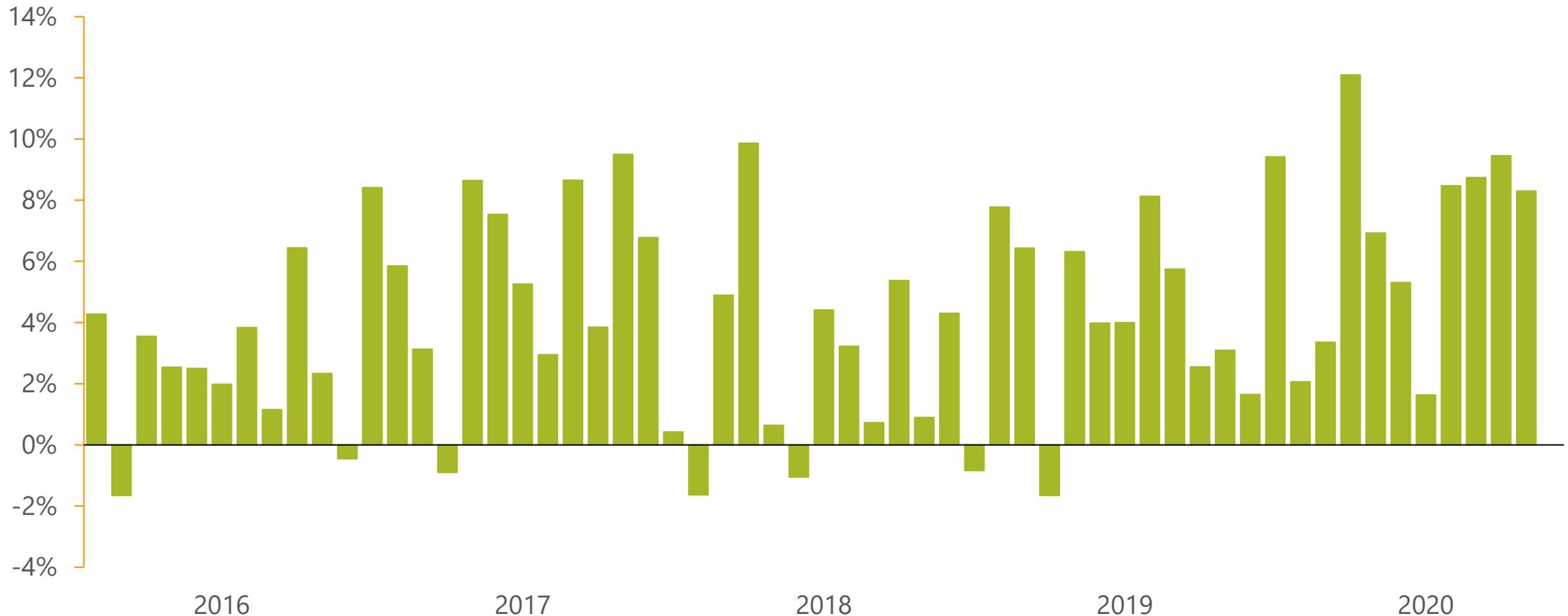
Virginia Y-o-Y Change in Monthly Median Home Price



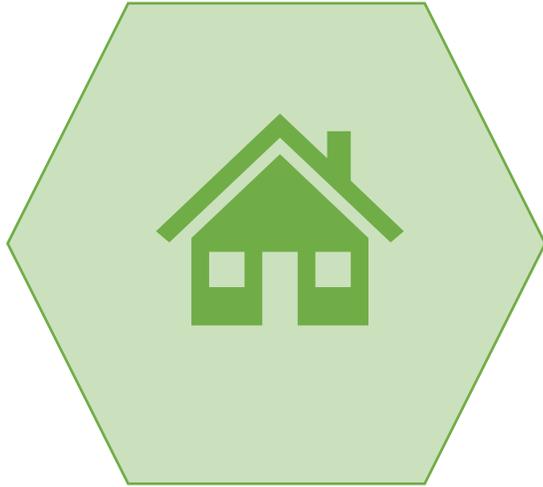
# Loudoun County Median Home Prices

*October 2020: \$541,500, up 8.3% from a year ago*

**Loudoun County Y-o-Y Change in Monthly Median Home Price**



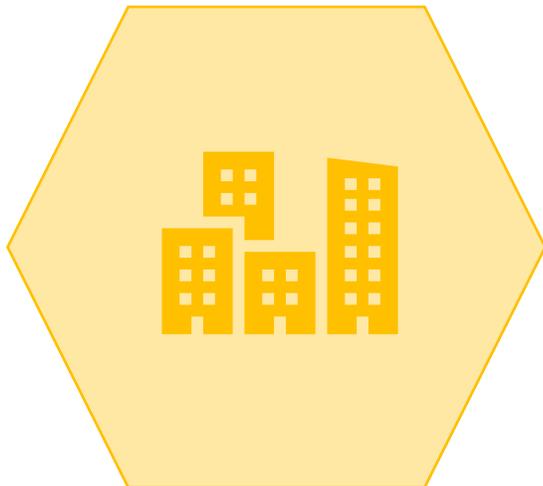
# Loudoun County Home Prices



## Single-Family Homes

2020 YTD Median Sales Price: \$598,000

2020 YTD Price Growth: +8.6%



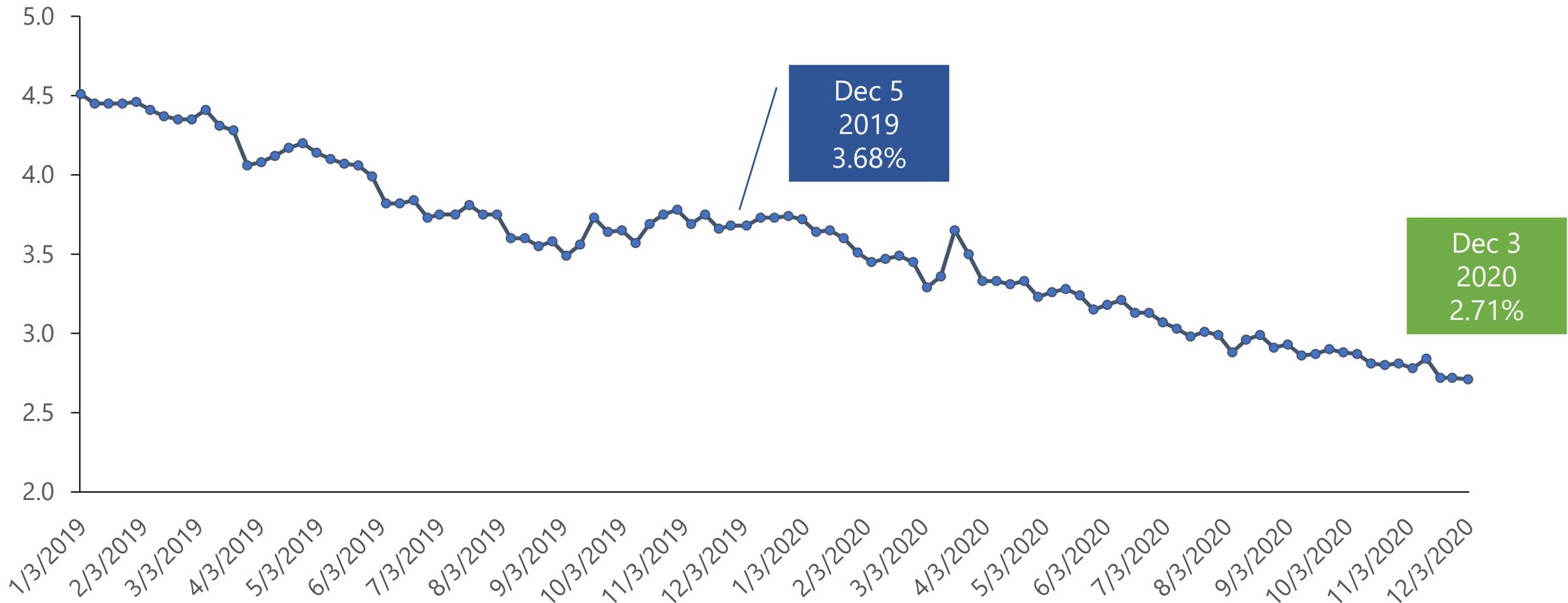
## Condos/Townhomes

2020 YTD Median Sales Price: \$360,000

2020 YTD Price Growth: +7.4%

# Low Mortgage Rates Fuel Demand

## 30-Year Fixed Rate Mortgage Rate



# Low Mortgage Rates → Lower Monthly Payments

	<u>Dec 2019</u>	<u>Dec 2020</u>	<u>Difference</u>
Median price (\$)	519,700	600,000	+80,300
Interest rate	3.68%	2.71%	~-100 bps
Loan term (years)	30	30	-
5% downpayment (\$)	25,985	30,000	+4,015
1.5% buyer closing costs (\$)	7,796	9,000	+1,205
Loan amount (\$)	493,715	570,000	+76,285
Monthly Payment (\$)	2,267	2,315	+48

# Income Needed to Buy a Home in Loudoun County

\$600,000 Sale Price  
(Single-Family Home)

5% downpayment (\$30,000)  
3% interest rate  
\$500 monthly debt



Needed annual income:  
\$137,000

\$360,000 Sale Price  
(Condo/Townhome)

5% downpayment (\$18,000)  
3% interest rate  
\$500 monthly debt



Needed annual income:  
\$82,000

\$360,000 Sale Price  
(Condo/Townhome)

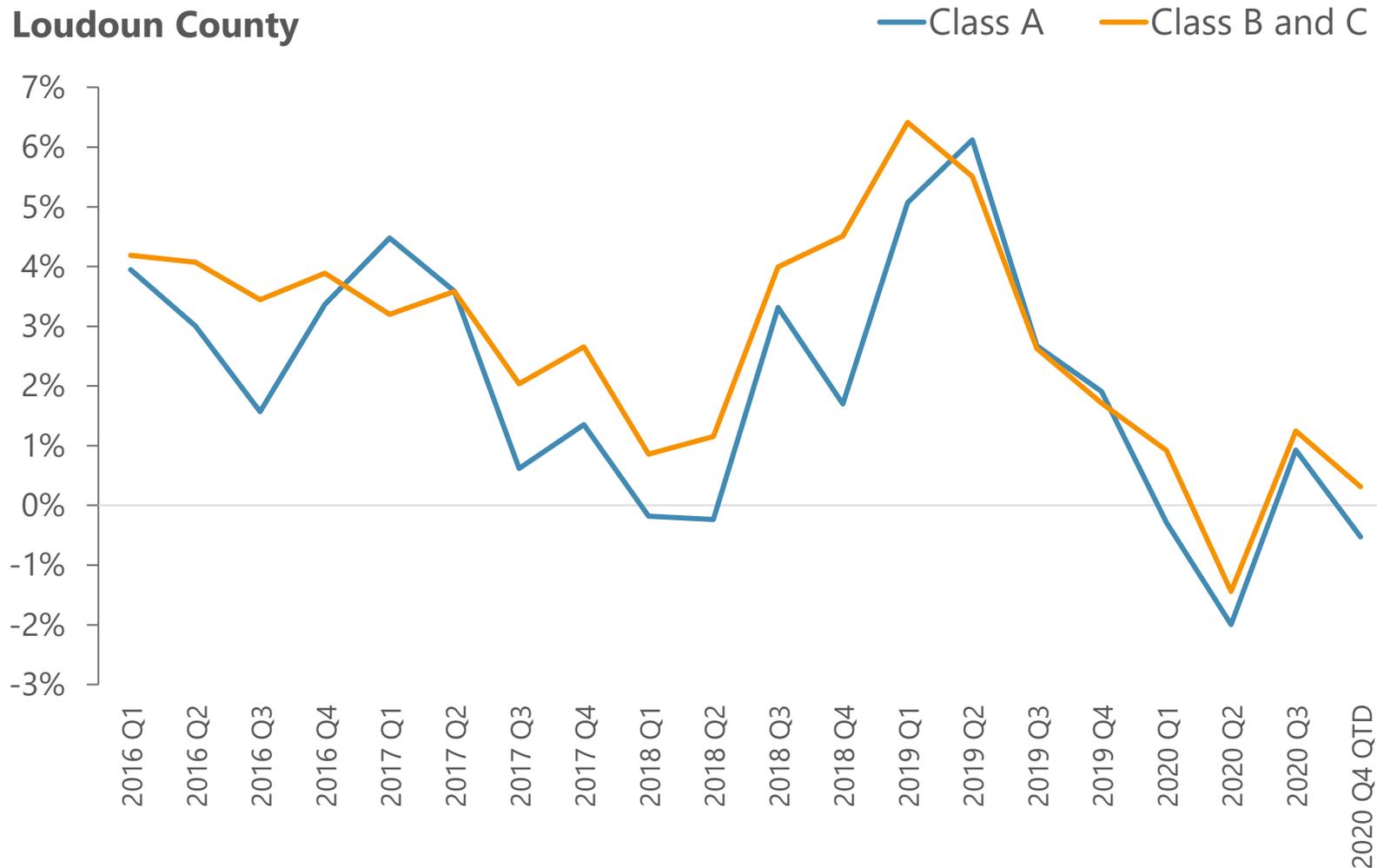
5% downpayment (\$18,000)  
3% interest rate  
**\$400 student debt payment**  
\$500 other monthly debt



Needed annual income:  
\$94,000

# Rental Market

**Y-o-Y Change in Rent (50+ unit buildings)  
Loudoun County**



**Average Monthly Rent**

**Class A: \$1,701**

**Class B/C: \$1,608**

~500 units UC  
(Ashburn)

**Single-Family: \$1,857**

(Source: 2018 ACS)

# Income Needed to Affordably Rent a Home in Loudoun County

Class A Apartment  
\$1,701 per month



Needed annual income:  
\$68,040

Class B/C Apartment  
\$1,608 per month



Needed annual income:  
\$64,320

Single-Family Rental  
\$1,857 per month



Needed annual income:  
\$74,280

# Outlook

# What's ahead for 2020 and 2021?

## Economy

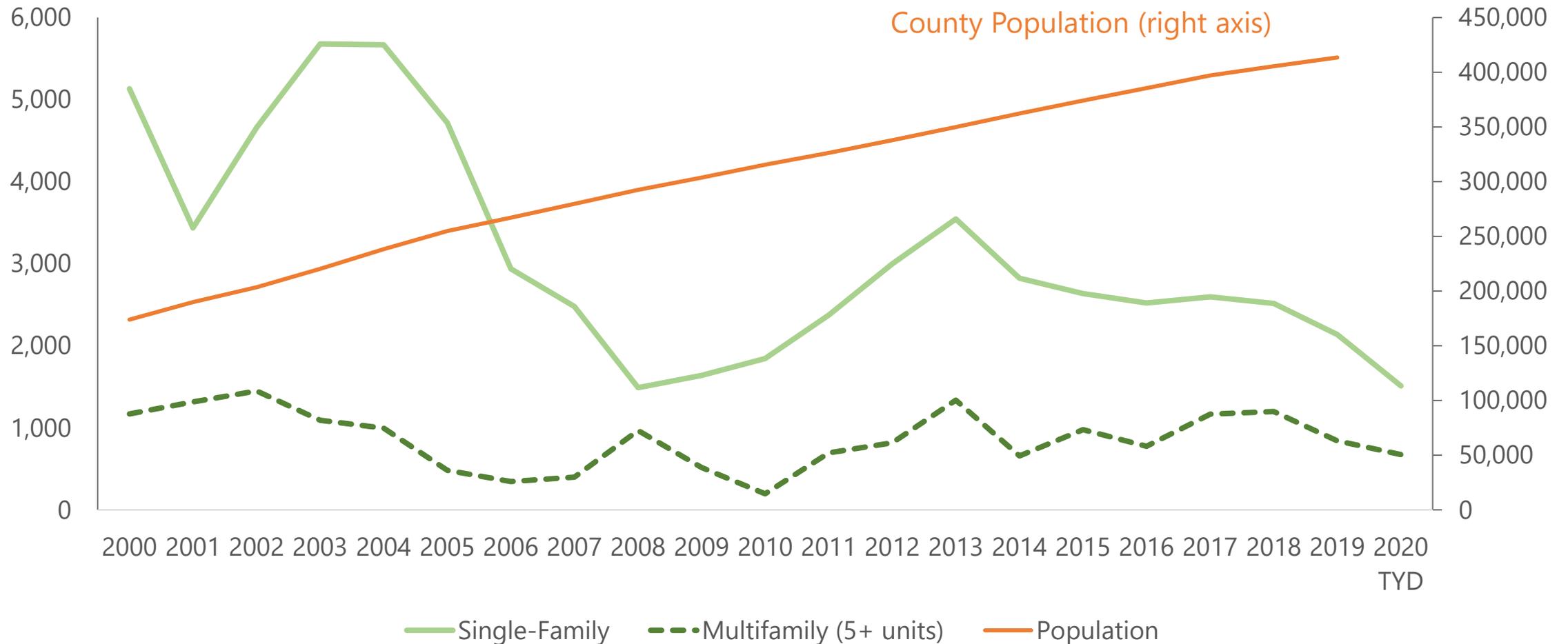
- Slower economic recovery in Q4
- Economic uncertainties remain
  - Federal stimulus?
  - Renewed job losses
  - Resurgence in COVID cases
- Low mortgage rates into 2021

## Housing Market

- Strong demand for housing, generally, and homeownership, in particular
- Housing affordability and low inventory will remain challenges

# New Residential Construction in Loudoun County

Annual Permits for the Construction of New Residential Units



Source: U.S. Census Bureau

# What's ahead for 2020 and 2021?

## Economy

- Slower economic recovery in Q4
- Economic uncertainties remain
  - Federal stimulus?
  - Renewed job losses
  - Resurgence in COVID cases
- Low mortgage rates into 2021

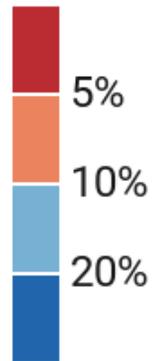
## Housing Market

- Strong demand for housing, generally, and homeownership, in particular
- Housing affordability and low inventory will remain challenges
- More demand for smaller markets and single-family homes

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

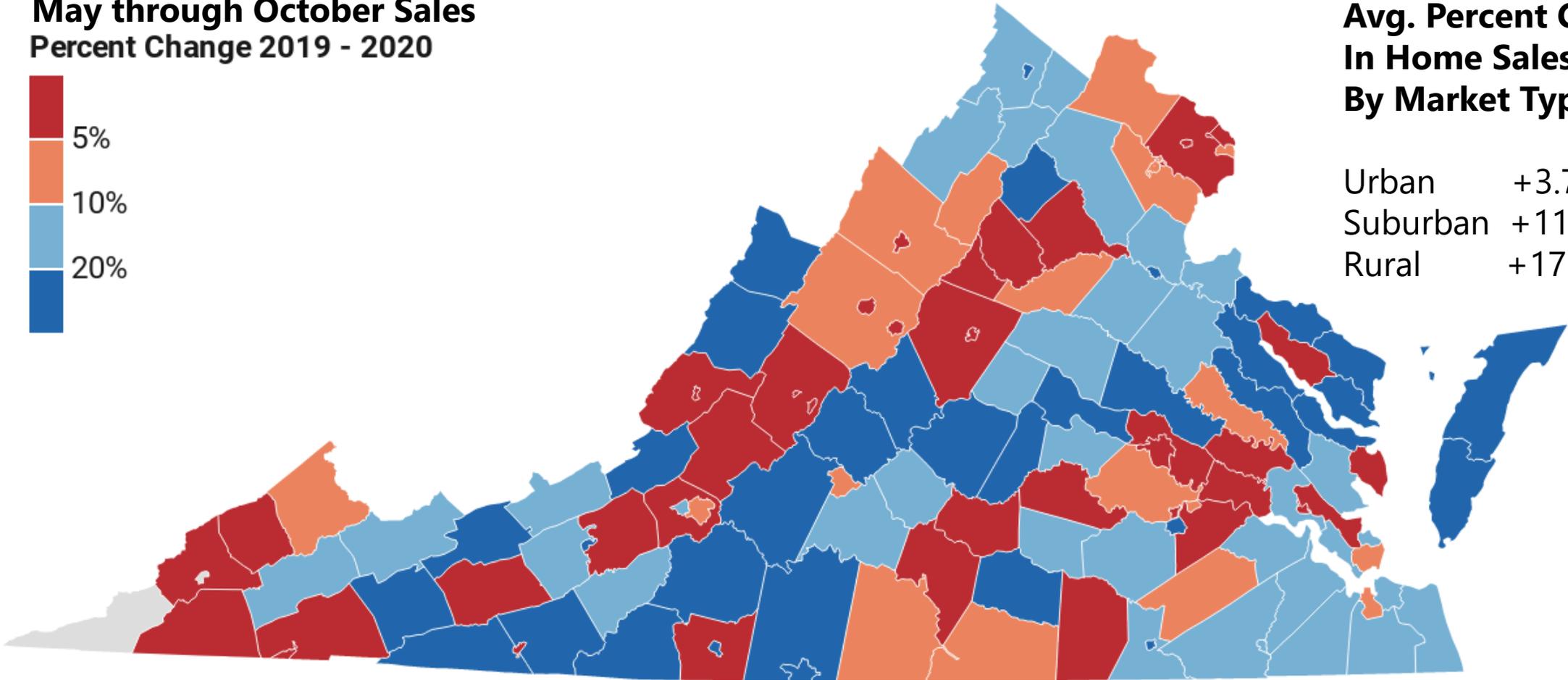
*Stronger sales activity in suburban and rural markets*

## May through October Sales Percent Change 2019 - 2020



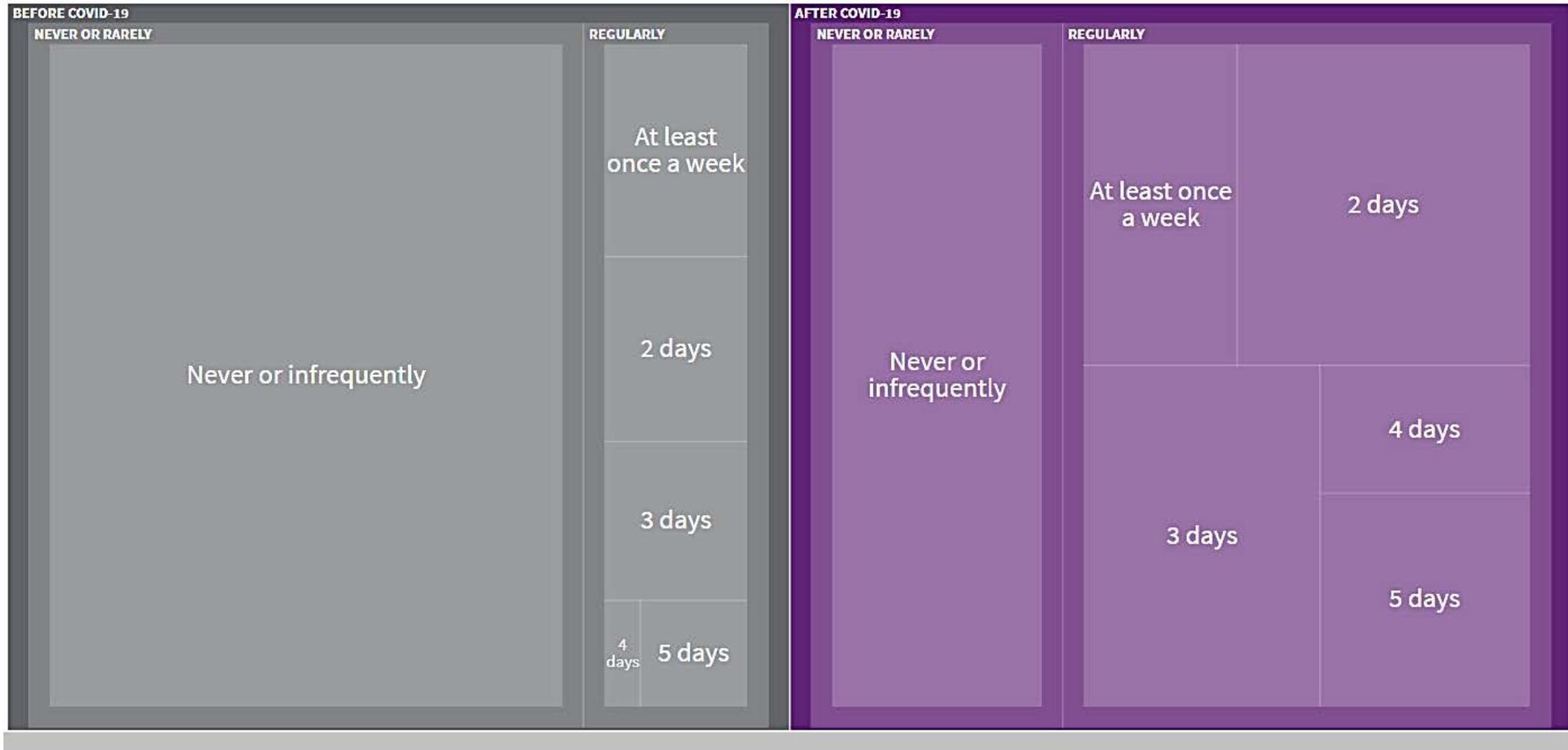
## Avg. Percent Change In Home Sales By Market Type

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



# Work from Home Trend?

*Only 10% want to work full-time from home post-COVID*



# Virginia's Economic & Housing Market Outlook

Economic Indicators	2019	Forecast		Year-to-Year Change	
		2020	2021	2019 - 2020	2020 - 2021
Total Jobs (in thousands)	4,058.5	3,879.2	3,964.5	-4.4%	2.2%
Unemployment Rate	2.8	6.0	5.0	3.2pp	-1.0pp
<b>Housing Market Indicators</b>					
Existing Home Sales	126,305	132,370	135,018	4.8%	2.0%
Median Home Price (\$)	295,000	318,900	349,196	8.1%	9.5%
New Housing Permits	32,418	34,224	37,270	5.6%	8.9%
30-Year Mortgage Rates (Dec avg)	3.72	2.90	3.20	-0.82pp	0.30pp

Sources: Virginia Realtors®, U.S. Bureau of Labor Statistics, U.S. Census Bureau, Freddie Mac  
 pp = percentage points

# Questions or Need More Info?

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

