

Virginia

HOME SALES
REPORT

NOVEMBER2020

Virginia Home Sales Report

November 2020

Summary

Economic Conditions

- Virginia's economy continues to improve, with 6 consecutive months of job growth. The State has added back more than half of the jobs lost this spring.
- Despite economic improvements, consumers are feeling more uncertain about economic conditions. The future economic index suggests households are more pessimistic about the pace of the economic recovery.
- Mortgage rates remain at historically low levels. The 30-year fixed-rate mortgage rate has been below 3% for 20 consecutive weeks.

Housing Market Conditions

- There were 11,590 home sales Statewide in November 2020, which is 2,681 more than November 2019, an increase of 30.1%.
- Home prices have been up by double-digit rates for 4 months in a row. In November, the median home sales price Statewide was \$328,000, which was up 13.8% compared to a year ago.
- Pending sales suggest that the housing market will remain strong throughout the end of the year. In November, there were 9,824 pending sales in Virginia, up 15.7%, compared to a year ago.
- There were 10,974 new listings brought to the market in November, which is a 15.1% increase over last year.
- At the end of November, there was a total of 20,493 active listings on the market, which is 13,570 fewer than a year ago, a 39.8% decline.

Virginia REALTORS® Market Report Key Takeaways

- The residential real estate market has led the economic recovery. Home sales activity remains a leading indicator as we close out 2020.
- With low mortgage rates and favorable demographic conditions, housing demand will be strong in the year to come.
- A lack of supply will be the biggest constraint on the market in 2021. There could be a slowdown in market activity as homebuyers face increasingly limited options.
- An uptick in new housing construction is a promising sign. However, the level of new construction is still not sufficient to meet demand.

Summary of Virginia's Housing Market Trends & Conditions

	Nov-19	Nov-20	Change	% Change	YTD 2019	YTD 2020	Change	% Change
Sales	8,909	11,590	2,681	30.1%	116,974	124,831	7,857	6.7%
Median Home Price (\$)	288,114	328,000	39,886	13.8%	296,000	319,000	23,000	7.8%
Sales Volume (\$ billions)	3.2	4.7	1.6	48.9%	42.0	48.7	6.7	15.9%
Average Days on Market	51	31	-19.5	-38.3%	48	41	-7.2	-14.9%
Pending Sales	8,491	9,824	1,333	15.7%	120,485	122,471	1,986	1.6%
New Listings	9,535	10,974	1,439	15.1%	160,440	155,326	-5,114	-3.2%
Active Listings (end of the month)	34,063	20,493	-13,570	-39.8%	34,063	20,493	-13,570	-39.8%
Months of Supply	3.2	1.8	-1.4	-43.9%	3.2	1.8	-1.4	-43.9%

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

Economic Overview

Jobs

The Commonwealth has been adding jobs each month since May. In October, there was a total of 34,000 jobs added to the State's economy, following 16,900 jobs added in September. The State has regained about 55% of the jobs that were lost this spring.

Despite the positive progress in the economy, there are still 165,000 fewer jobs in Virginia than there were last year at this time. The economic recovery could take years. During the Great Recession of 2008, for example, it took more than 6 years for Virginia to gain back the jobs that were lost as part of the downturn.

Between September and October, there were employment gains across a broad set of private sectors. The biggest gains were in the Leisure & Hospitality sector, which accounted for more than one out of every three jobs added in October. There were also more than 6,000 jobs added in the Health & Social Assistance, Professional & Technical Services, and Retail Trade sectors.

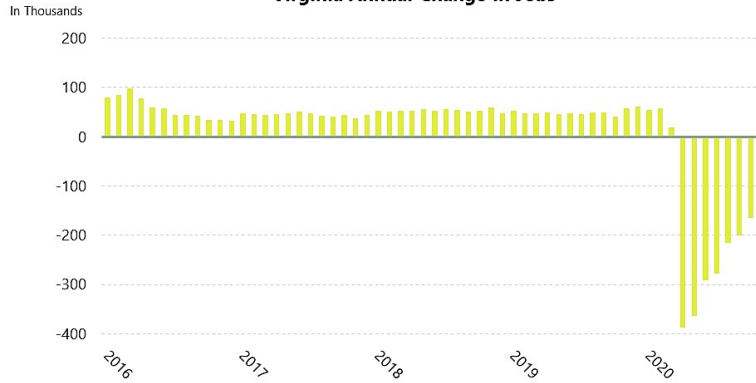
There have been slowdowns in public-sector employment. Between September and October, the number of Federal Government jobs in the state declined by 3,600 and the number of Local Government jobs fell by 3,000.

Unemployment

In October, Virginia's unemployment rate was 5.3%. The State's unemployment rate has been steadily declining since the summer. Virginia's rate is lower than the national rate, though it remains above pre-recession levels.

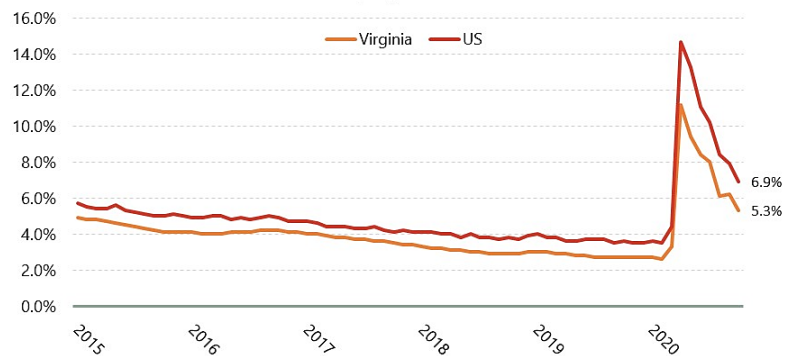
At the beginning of December, there were an estimated 74,000 Virginians receiving unemployment benefits. The number of weekly initial claims for unemployment

Figure 1
Virginia Annual Change in Jobs



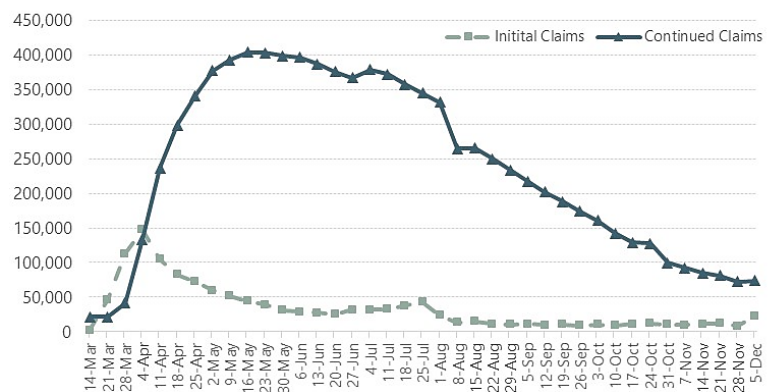
Source: U.S. Bureau of Labor Statistics, Seasonally Adjusted

Figure 2
Unemployment Rate



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

Figure 3
Virginia Unemployment Claims

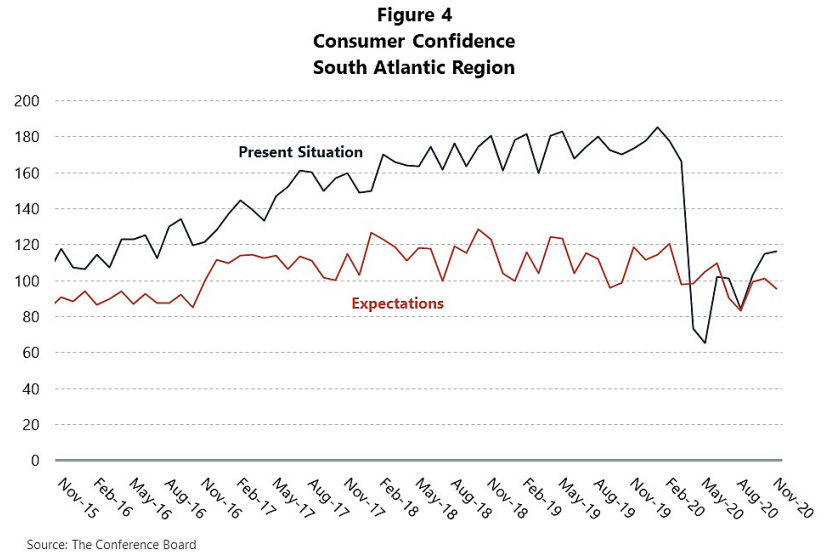


Source: Virginia Employment Commission, Not Seasonally Adjusted

benefits had been declining steadily throughout the fall. However, new unemployment claims ticked up significantly in early December, suggesting that there remains a great deal of uncertainty in the job recovery.

Consumer Confidence

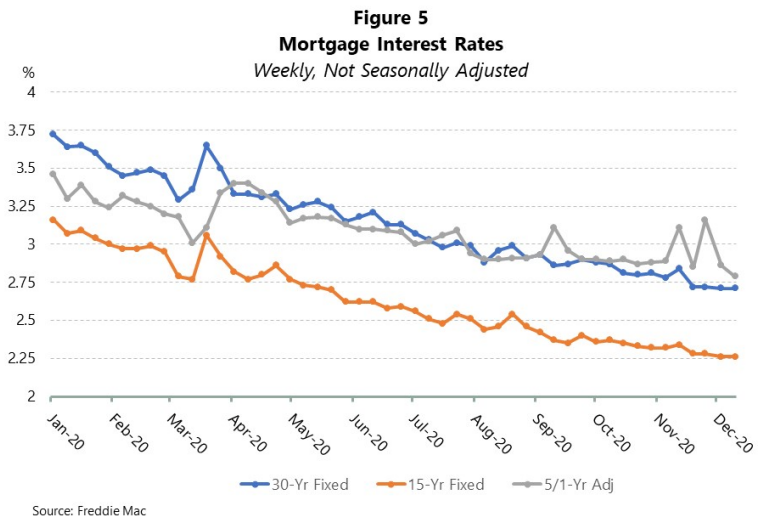
Measures of consumer confidence reflect how people feel about economic conditions. In November, consumers indicated that they were feeling less certain about future economic conditions. The measure of confidence in the present economic situation was 116.5 in November, but the future consumer confidence index was 95.8. A consumer confidence index below 100 indicates people are feeling more pessimistic. Uncertainty around the Presidential election in November, along with a rise in COVID-19 cases and slowing national economic growth likely led to the growing unease among consumers.



Mortgage Rates

According to data reported by Freddie Mac, the average 30-year fixed-rate mortgage rate was 2.71% in early December, down slightly from a month earlier.

The 30-year rate has been below 3% for 20 consecutive weeks. Mortgage application activity, particularly refinance applications, has continued to surge and total mortgage volume is expected to hit record highs in 2020.



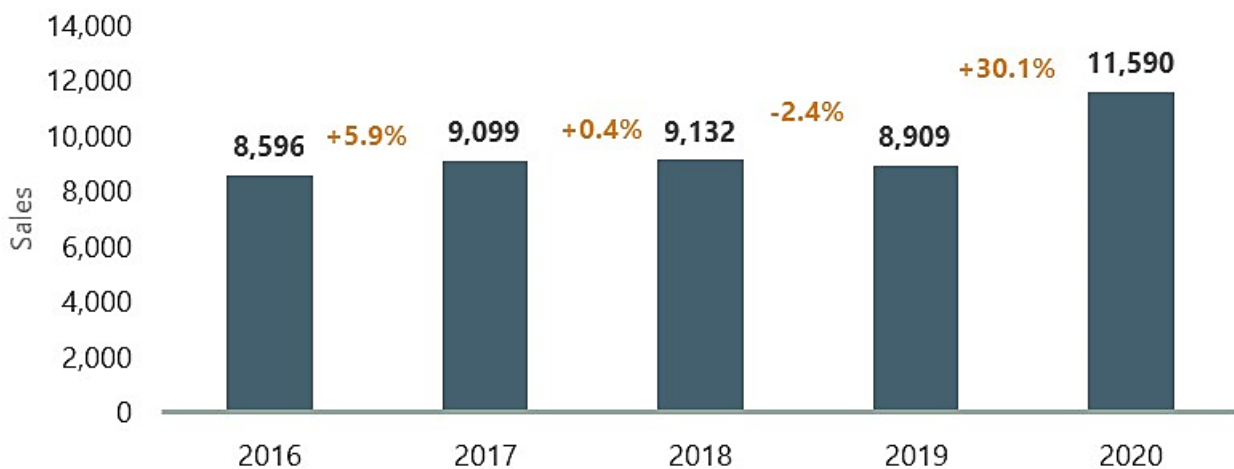
Housing Market Overview

Home sales were up strongly in November, and home prices increased by double-digit rates for the 4th consecutive month. Demand for housing continues to be strong and low mortgage rates are fueling home purchases, as well as refinance activity. However, supply is still the major constraint in the market. A lack of available inventory could slow down the strong housing market in the months to come.

Sales

In November, there were 11,590 home sales throughout Virginia. While the number of monthly sales was down from October, transactions were up a remarkable 30.1% compared to a year ago. Year-to-date, there have been nearly 8,000 more home sales in 2020 than there were during the same period in 2019, a 6.7% increase.

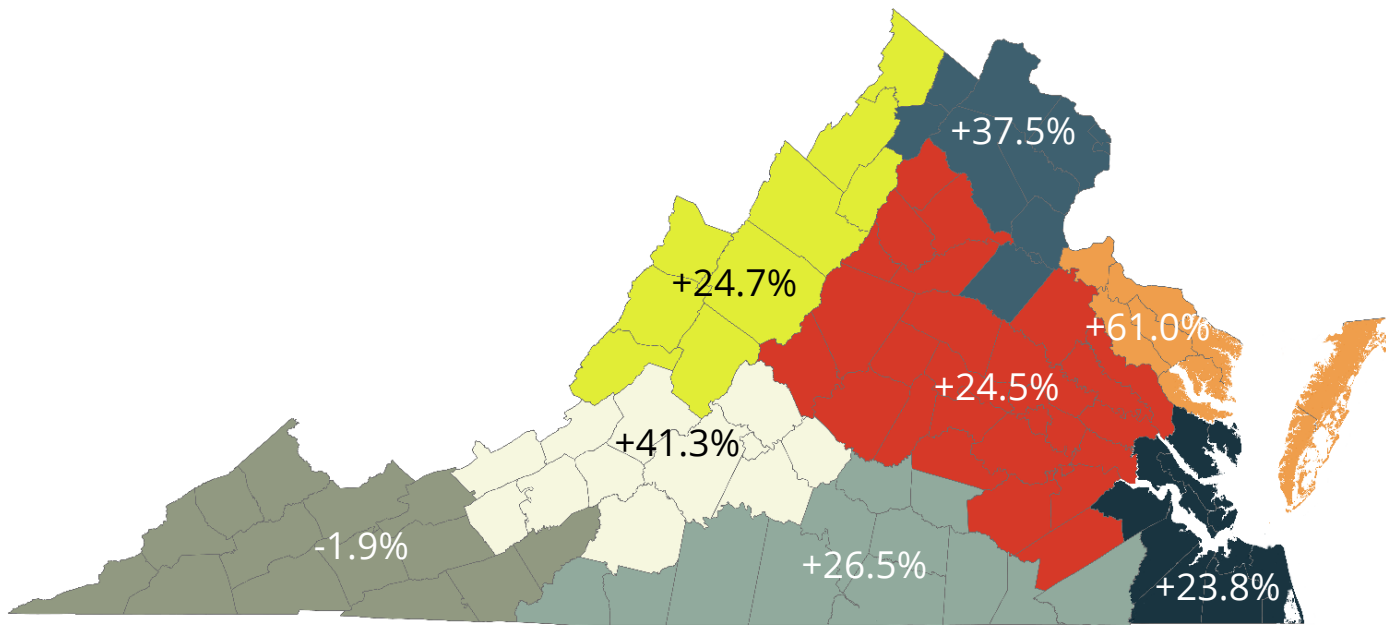
Figure 6
Home Sales, Virginia
November, 2016-2020



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

Sales were up in all regions across Virginia, except the Southwest region, where the number of home sales was virtually unchanged compared to a year ago. Home sales were up by more than 60% in the Eastern region and sales increased by more than 40% in the State's West Central region. Sales transactions also were up by double-digit rates in the State's largest markets. In November, there were more than 4,000 home sales in the Northern region, which is up 37.5% compared to a year ago. Sales were up 24.5% in the Central region and climbed by 23.8% year-over-year in the Hampton Roads region.

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



<i>Region</i>	<i>Nov-19</i>	<i>Nov-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	2,000	2,490	24.5%	25,368	26,848	5.8%
Eastern	177	285	61.0%	2,255	2,947	30.7%
Hampton Roads	2,190	2,712	23.8%	27,358	30,460	11.3%
Northern	2,968	4,082	37.5%	42,208	44,832	6.2%
Southside	170	215	26.5%	2,321	2,580	11.2%
Southwest	210	206	-1.9%	1,958	2,193	12.0%
Valley	530	661	24.7%	6,362	6,883	8.2%
West Central	663	937	41.3%	9,315	10,360	11.2%

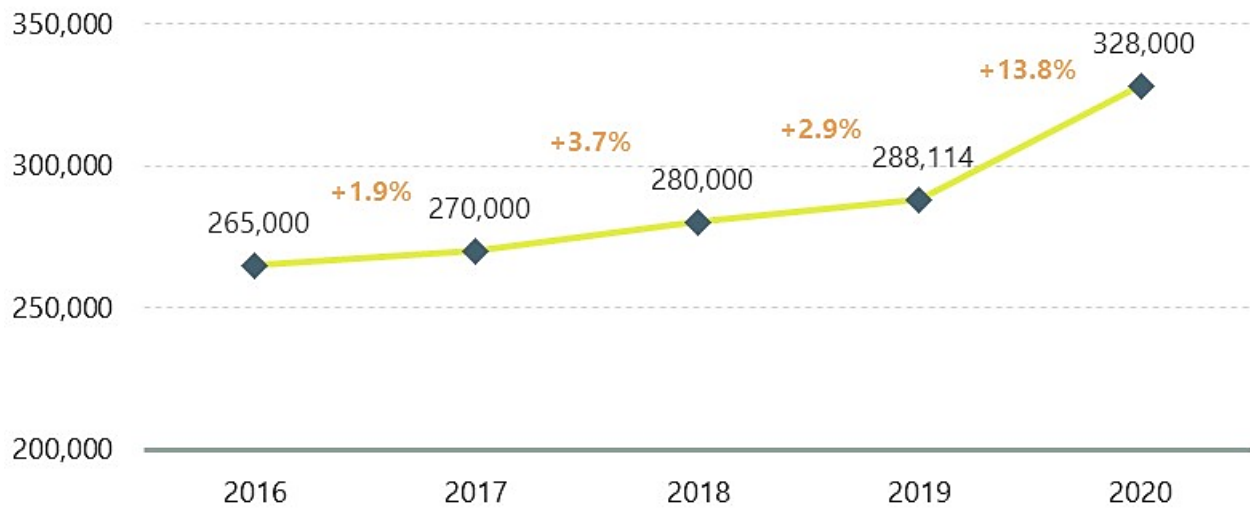
Source: Virginia REALTORS®, data accessed December 15, 2020

Home Prices

Home prices continue to surge across the Commonwealth, fueled by strong demand, low supply, and favorable mortgage rates. In November, the median home sales price Statewide was \$328,000, which is up 13.8% compared to a year ago. This is the 4th consecutive month of double-digit price appreciation in Virginia. Year-to-date, the Statewide median home price is up 7.8% compared to last year.

Even with historically low mortgage rates, rising home prices are making affordability challenges worse for some buyers, particularly first-time buyers. The median home sales price in November is nearly \$76,000 higher than it was 5 years ago.

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

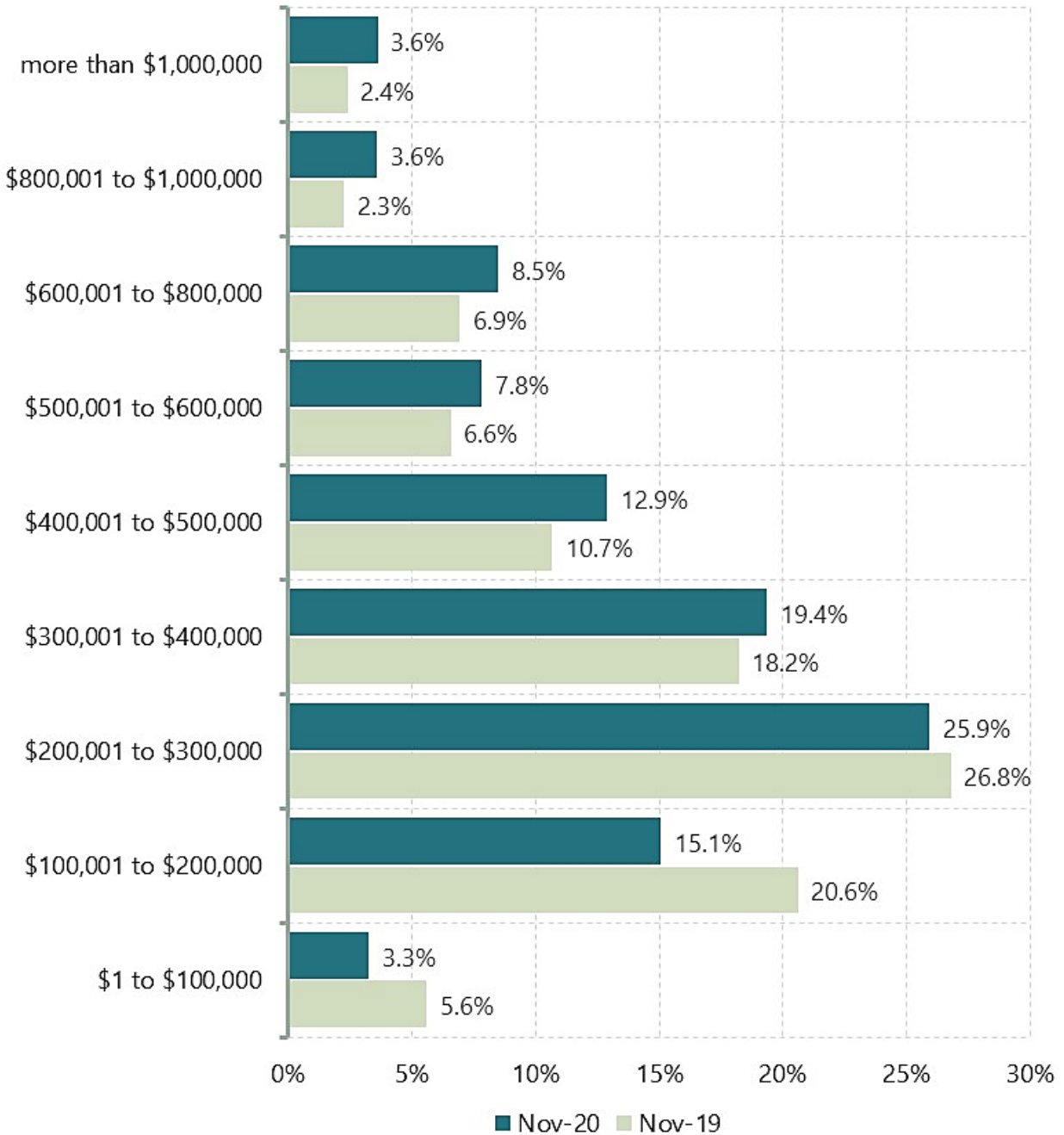


Source: Virginia REALTORS®, data accessed December 15, 2020

In November, homes priced under \$300,000 comprised a smaller part of the market. Last year at this time, more than half of homes sold Statewide (53.0%) were sold for less than \$300,000. By comparison, homes priced under \$300,000 made up only 44.2% of November 2020 sales. Homes priced between \$300,000 and \$599,999 accounted for 40.1% of the market in November 2020, compared to 35.4% of November 2019 sales. At the higher end, homes priced at \$600,000 or above accounted for 15.7% of home sales in November 2020 compared to 11.6% of sales in November 2019.

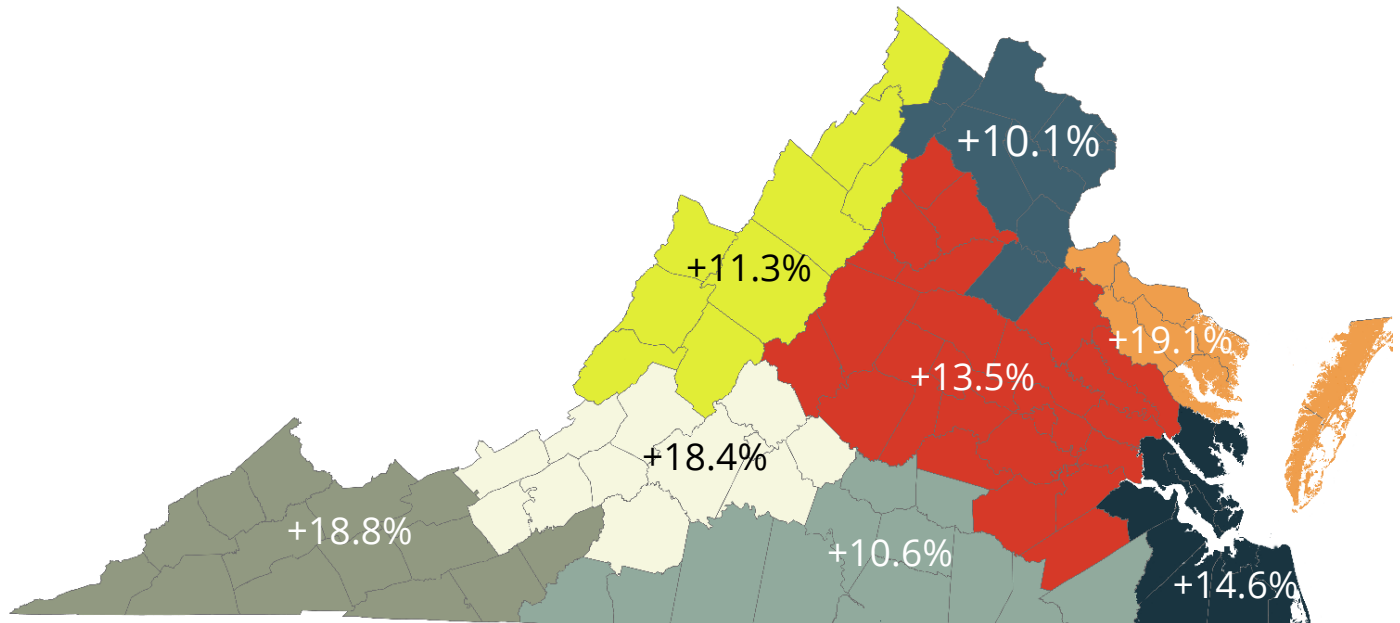
Prices were up at double-digit rates in every region across Virginia in November. The fastest price growth was in the Eastern, Southwest, and West Central regions, reflecting the growing demand for housing in those areas. In the State's Northern region, the median sales price was \$490,000 in November, which is up 10.1% compared to a year ago. Median home prices were up 13.5% and 14.6%, respectively, in the Central and Hampton Roads regions.

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



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

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



<i>Region</i>	<i>Nov-19</i>	<i>Nov-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	\$263,500	\$299,000	13.5%	\$265,000	\$287,000	8.3%
Eastern	\$235,000	\$279,900	19.1%	\$225,000	\$262,100	16.5%
Hampton Roads	\$240,000	\$275,000	14.6%	\$245,000	\$265,000	8.2%
Northern	\$445,000	\$490,000	10.1%	\$450,000	\$485,000	7.8%
Southside	\$126,500	\$139,950	10.6%	\$121,500	\$128,950	6.1%
Southwest	\$132,750	\$157,750	18.8%	\$134,950	\$147,000	8.9%
Valley	\$227,275	\$253,000	11.3%	\$220,000	\$245,000	11.4%
West Central	\$190,000	\$225,000	18.4%	\$189,900	\$212,500	11.9%

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

Sold Volume

Significant increases in both sales transactions and home prices led to a surge in the total sold volume across the State. In November, sold volume totaled \$4.72 billion, which is a gain of \$1.55 billion compared to a year ago, an increase of 48.9%.

Year-to-date, there has been a total of \$48.7 billion of sold volume in Virginia, which is \$6.7 billion more than a year ago, a 15.9% increase. Despite the pandemic and economic downturn, the residential real estate market has thrived in 2020, leading the economic recovery.

Days on Market

The competitive housing market has led to a rapid decline in the average days on market. In November, homes sold in an average of 31 days, which is down from 51 days in November 2019. The limited inventory has resulted in bidding wars and multiple offers in many local markets. The fast-moving market has made the homebuying process increasingly challenging for some homebuyers, particularly some first-time buyers.

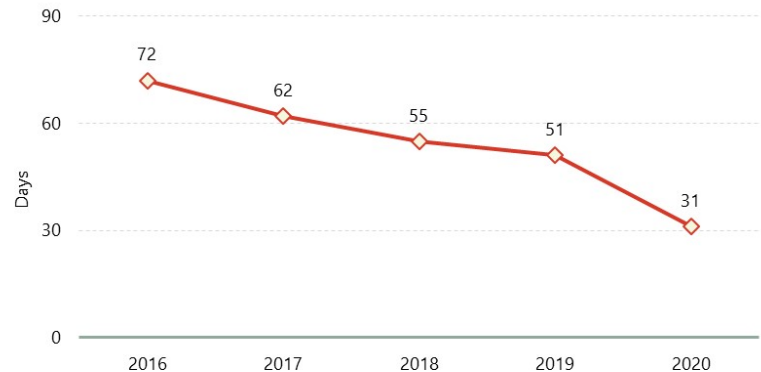
Homes are selling faster in all regions across the Commonwealth. The Northern region of Virginia has the lowest average days on market. In November, homes sold in an average of just 17 days, about half the time from just a year ago. The average days on market fell by more than 2 months (69 days) in the Southside region of the State.

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



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

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



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

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

<i>Region</i>	<i>Nov-19</i>	<i>Nov-20</i>	<i>Change</i>	<i>YTD</i> <i>2019</i>	<i>YTD</i> <i>2020</i>	<i>Change</i>
Central	42	27	-15	42	38	-4
Eastern	167	113	-54	145	144	-1
Hampton Roads	52	31	-21	53	41	-12
Northern	31	17	-14	28	21	-7
Southside	189	121	-69	166	154	-12
Southwest	158	130	-29	156	153	-3
Valley	66	37	-29	67	56	-12
West Central	54	39	-15	59	47	-12

Source: Virginia REALTORS®, data accessed December 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. Recent pending sales data indicate that the strong housing market will continue through the end of the year. At the end of November, there was a total of 9,824 pending sales Statewide. While November pending sales activity was down from October, there was a major increase from last November. Compared to a year ago, monthly pending sales were up by 15.7%, an increase of 1,333 homes under contract.

New Listings

New listings have been on the rise for several months. Despite the uptick, there has not been enough new inventory to keep up with demand. There were 10,974 new listings brought to market in November, which is 1,439 more listings than there were in November 2019, a 15.1% increase.

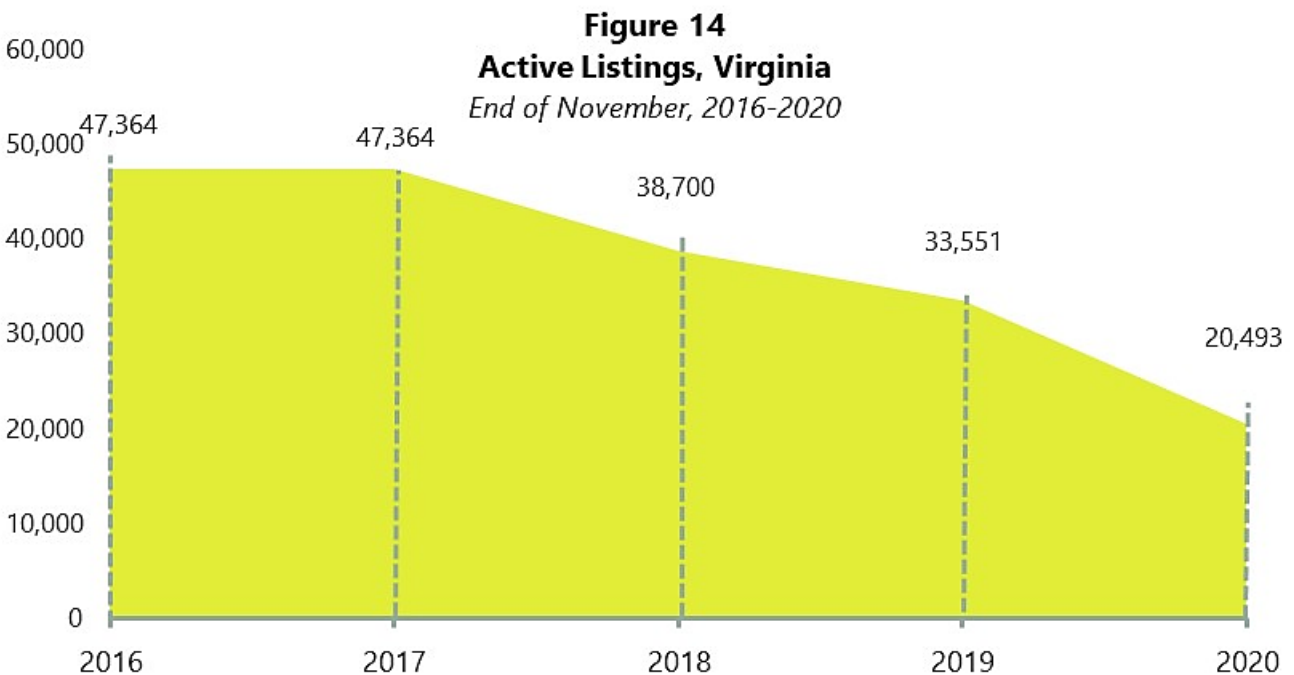
While there has been an increase in the number of new listings, the pace of sales activity has far outpaced the new supply. In November, the number of pending sales was 90% of the number of new listings. Combined, the total number of pending and closed sales in November was nearly double the number of new listings in November.

Active Listings

A lack of homes for sale is the biggest challenge in the housing market. Even though housing demand is strong, some would-be buyers are becoming discouraged and are deciding to put off buying a home. Sales activity could slow in the months ahead as a result of the inventory constraint.

At the end of November, there were just 20,493 active listings across Virginia, which is 13,058 fewer active listings than there were at the end of November 2019, a 38.9% drop. Inventory declined by 8.9% between October and November.

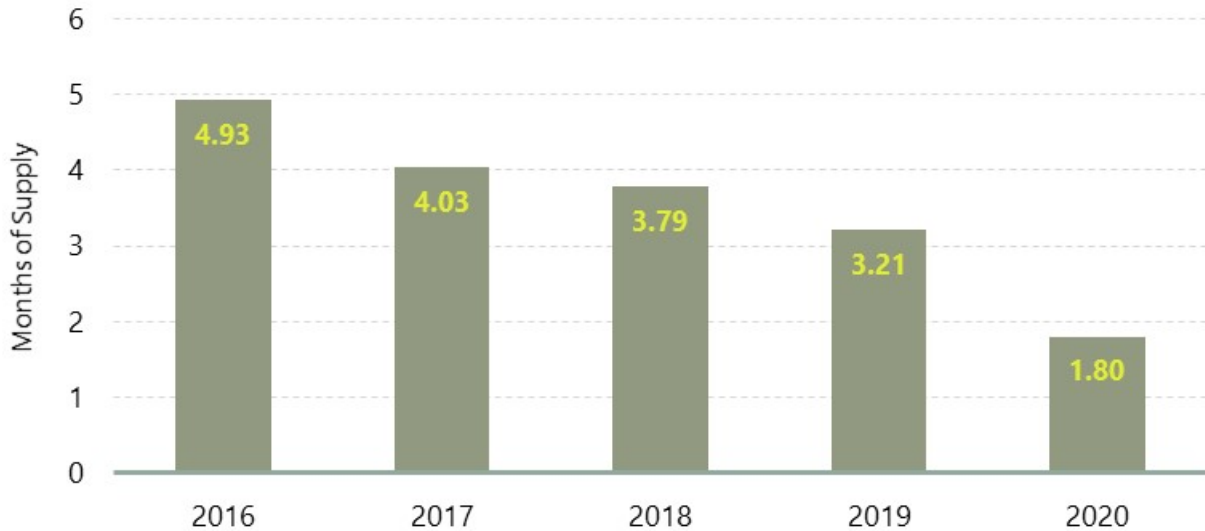
The recent inventory declines have accelerated a trend that has been underway for 5 years. The current level of available homes for sale is less than 40% of the inventory available at the end of November 2015.



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

The market is much tighter than it has been in recent years. At the end of November 2020, there was an estimated 1.80 months of supply in Virginia, down from 3.25 months of supply at the end of November 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.

Figure 15
Months of Supply, Virginia
End of November, 2016-2020



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

Outlook

This past year has brought unprecedented economic losses but also a resilient and surging housing market in Virginia. When the news of COVID-19 first hit last spring, no one knew how the public health crisis would impact the housing market and the economy. Despite reasonable fears in the early days of the pandemic, the housing market has been remarkably resilient in 2020.

Demographic factors and persistently low mortgage rates point to strong housing demand in 2021. Economic conditions in Virginia will continue to improve and housing market fundamentals will remain strong. The biggest risks relate to the ability to bring COVID-19 under control so that the economy can return to more normalcy.

Key indicators for 2021:

- Demand for homeownership will continue to be strong in Virginia in 2021, but a lack of inventory will be a major constraint on the market. Virginia REALTORS® forecasts suggest that in 2021, the number of home sales transactions will increase by 2.0% over 2020.
- A lack of supply, growing demand, and low mortgage rates have pushed prices up in Virginia. It is expected that those factors will continue to put upward pressure on home prices in 2021. Our forecasts are for the median home sales price statewide in Virginia to be up by more than 8% this year and will increase by 9.5% in 2021.



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:

Robin Spensieri
Virginia REALTORS® Vice President of Communications and Media Relations
rspensieri@virginiarealtors.org
804-622-7954

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.