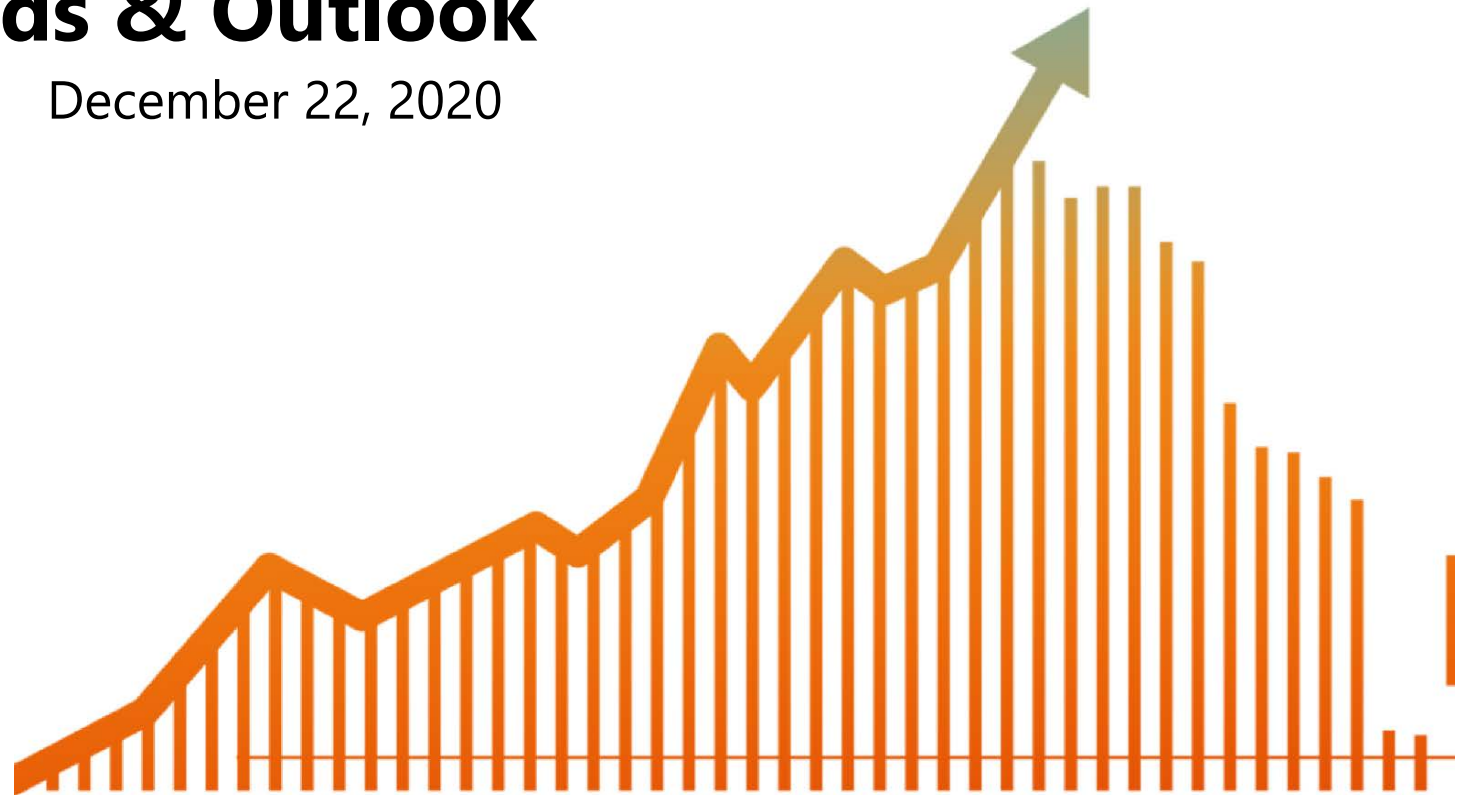


Economic & Housing Market Trends & Outlook

December 22, 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



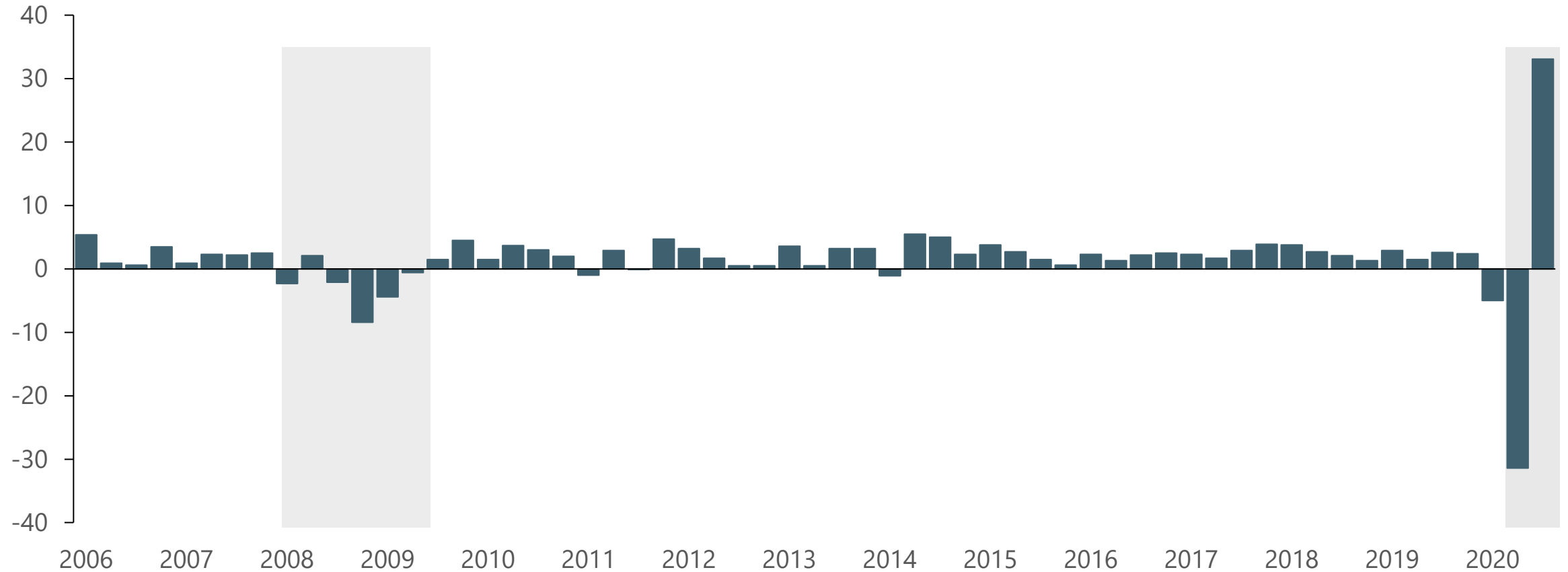
Longer-term shift in housing preferences expected at the margins

Economic Trends

U.S. Real GDP Growth

3rd Quarter GDP Up 33.1% on an Annualized Basis

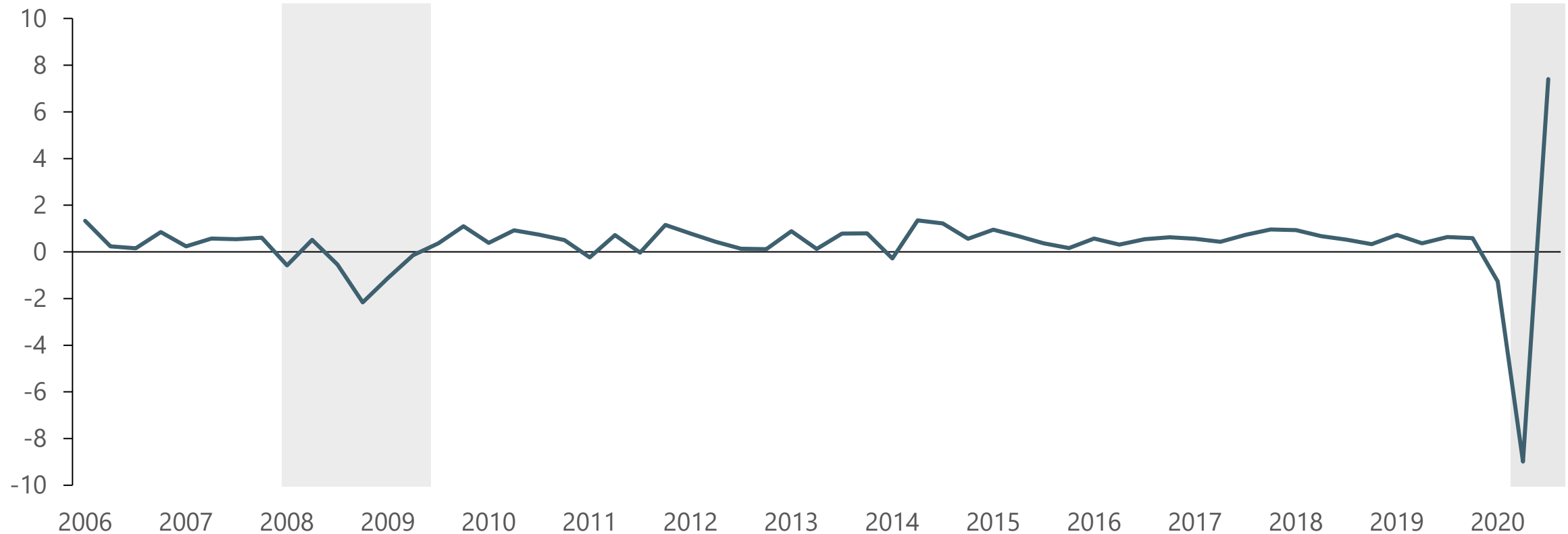
Annualized Quarterly Change (%)



U.S. Real GDP Growth

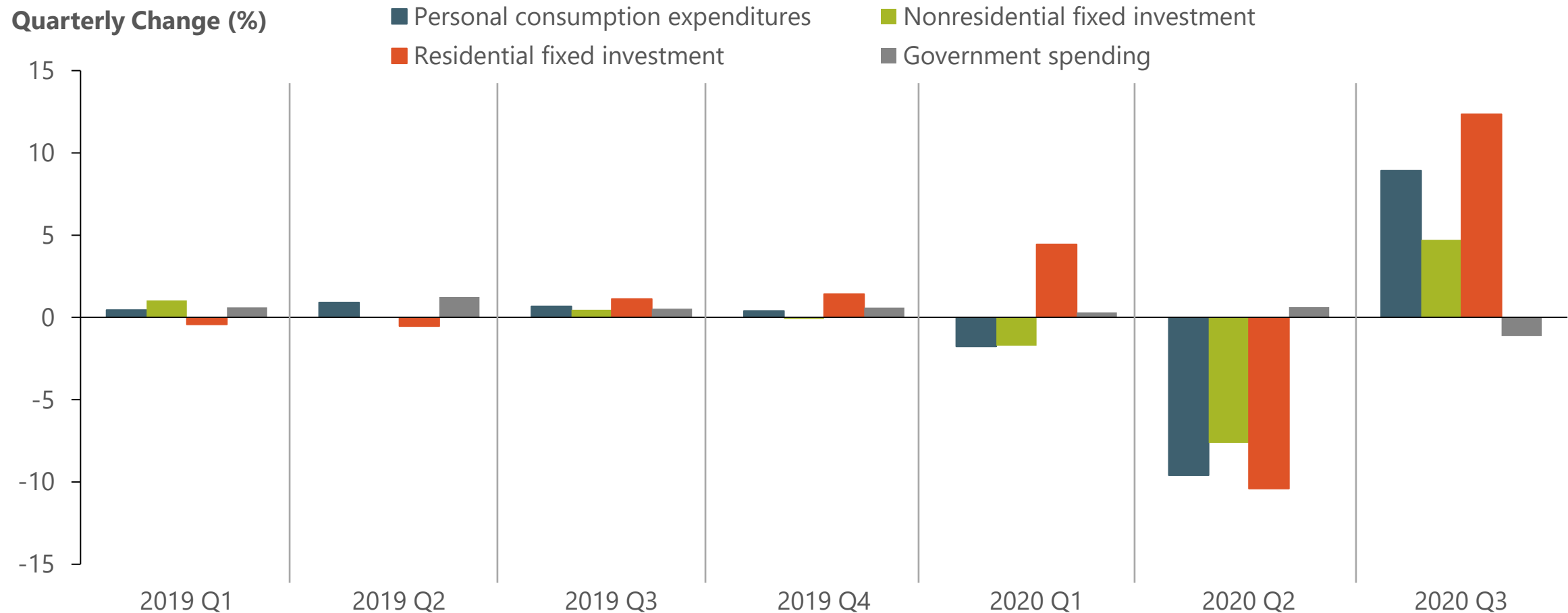
Between July and September, GDP grew by 7.4%

Quarterly Change (%)



U.S. Real GDP Growth by Major Sector

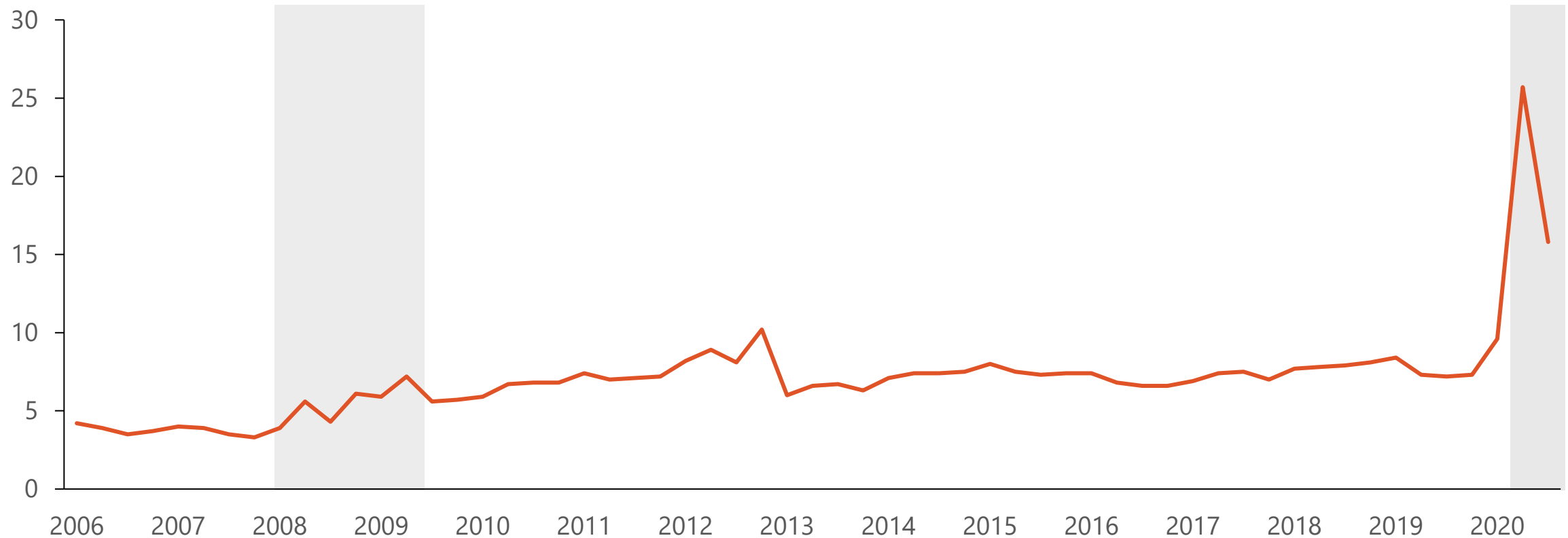
Personal consumption spending and residential fixed investment lead growth



Personal Savings Rate

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

Personal Savings as a % of Disposable Income

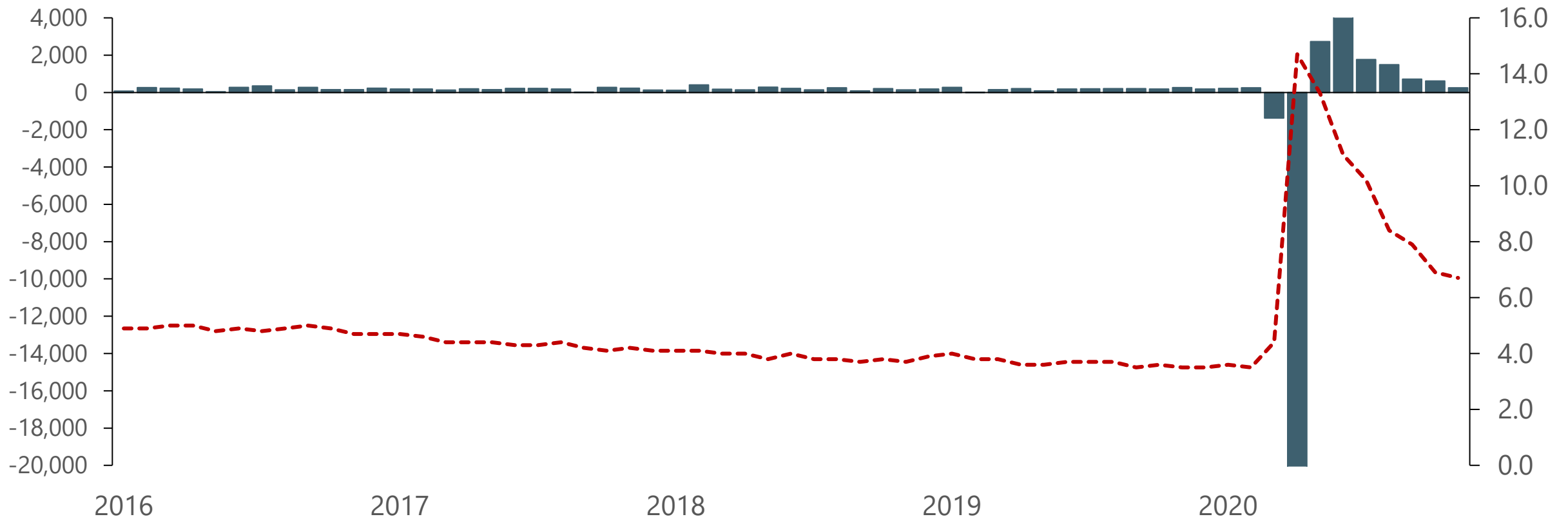


U.S. Employment - Up for 7 Consecutive Months

Pace of job growth has slowed; unemployment rate hit 6.7% in November

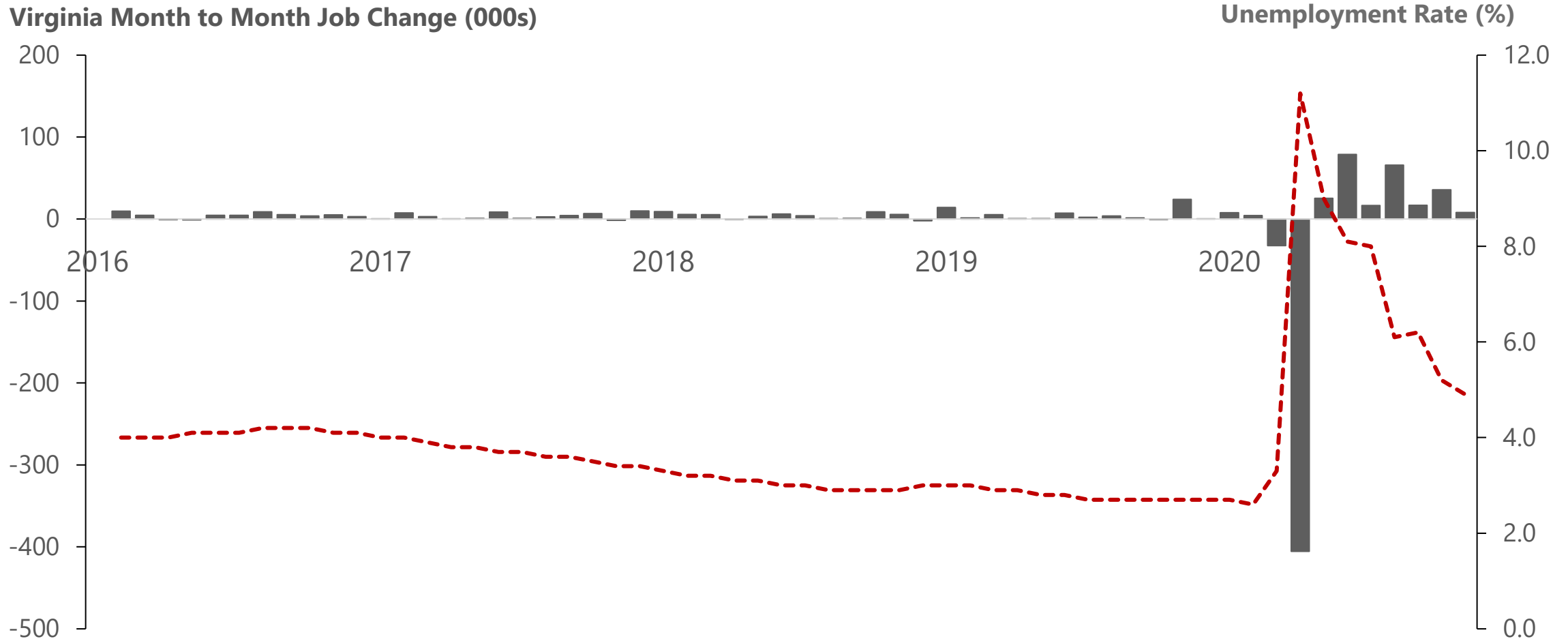
Month to Month Job Change (000s)

Unemployment Rate (%)

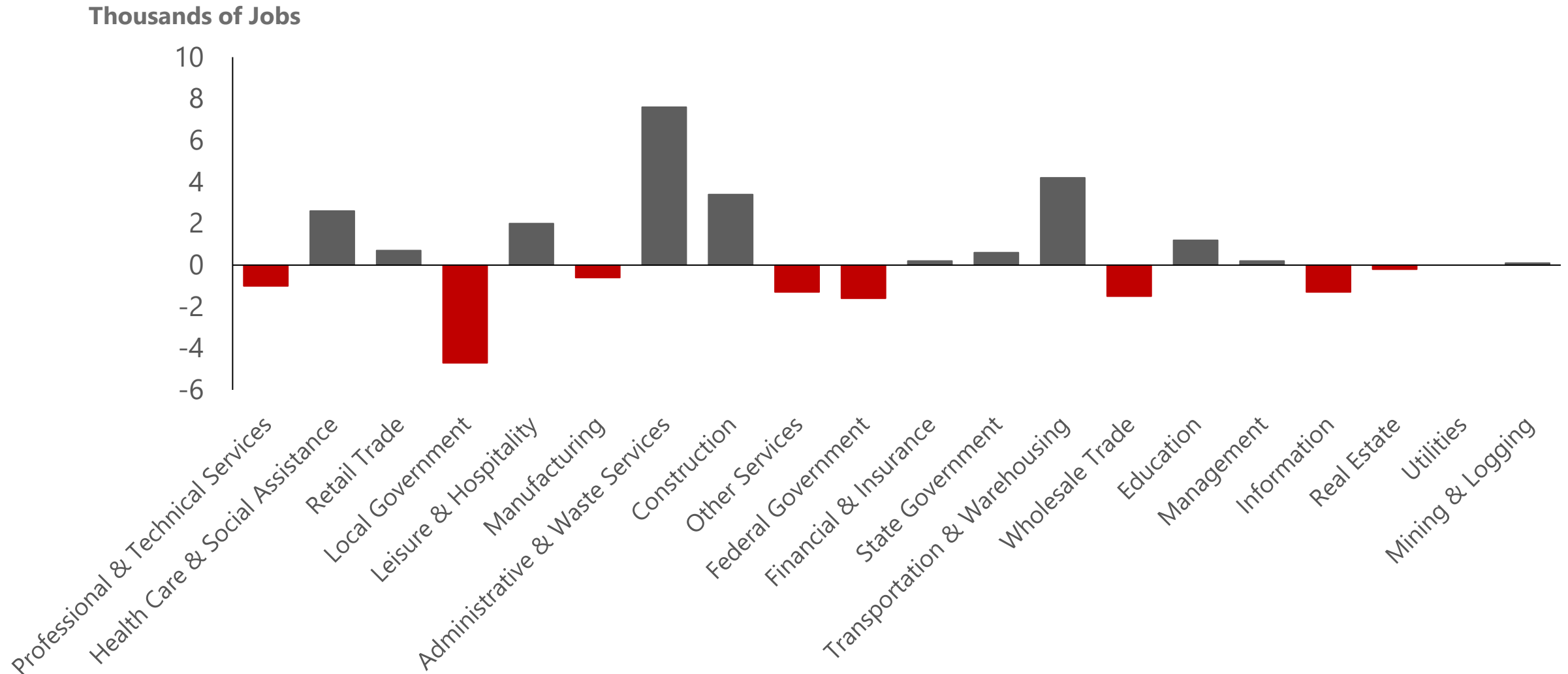


Virginia Employment - Up for 7 Consecutive Months

Unemployment rate was 4.9% in November



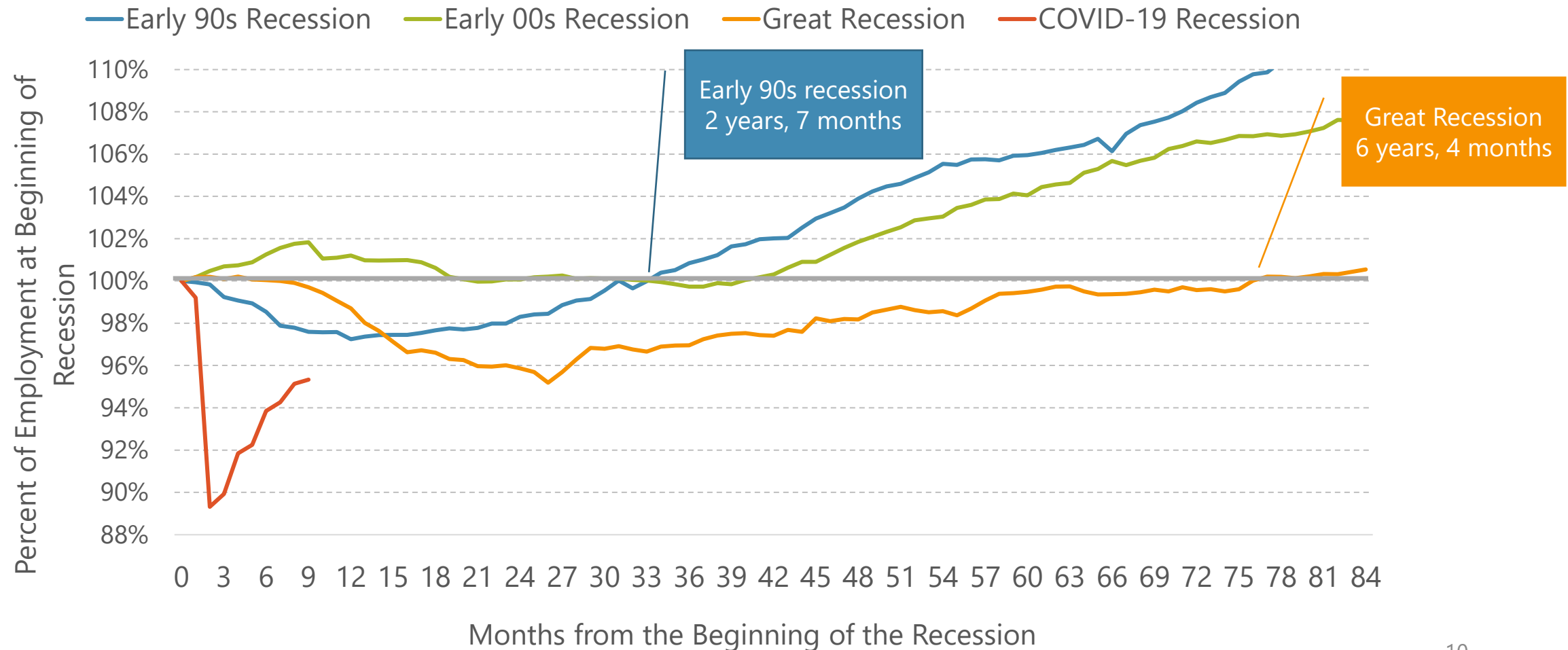
Virginia Job Change – October to November 2020



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

Full recovery could take years

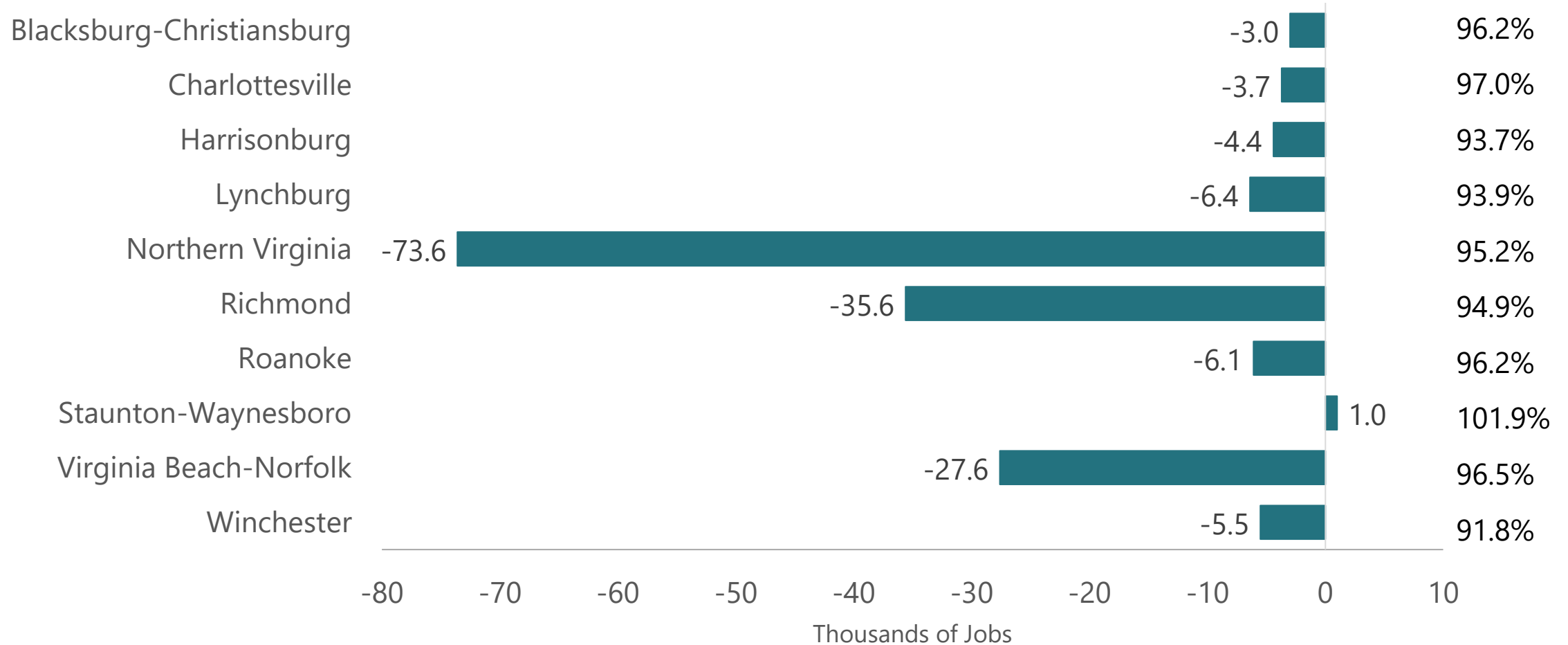
Virginia Employment



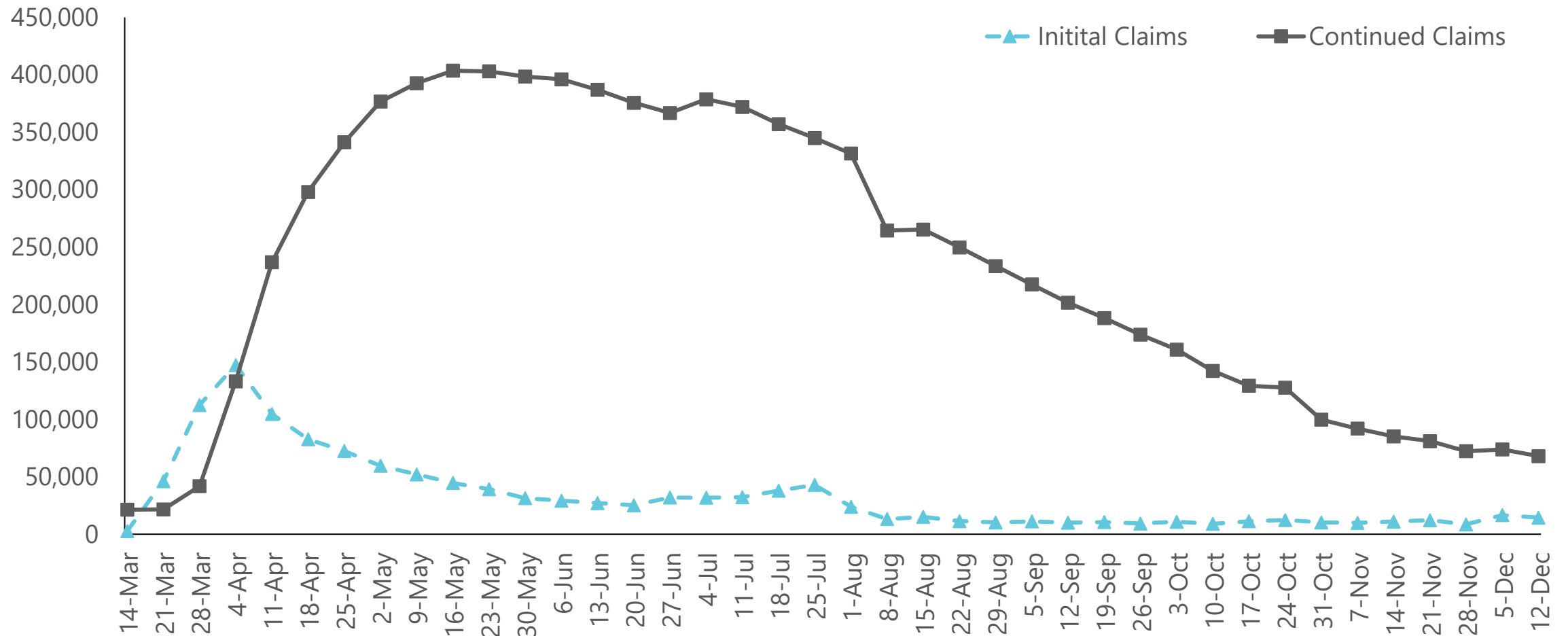
Employment in most regions still 5 to 8% below Feb totals

Job Change February to November by Metro Area

Nov jobs as a
% of Feb jobs



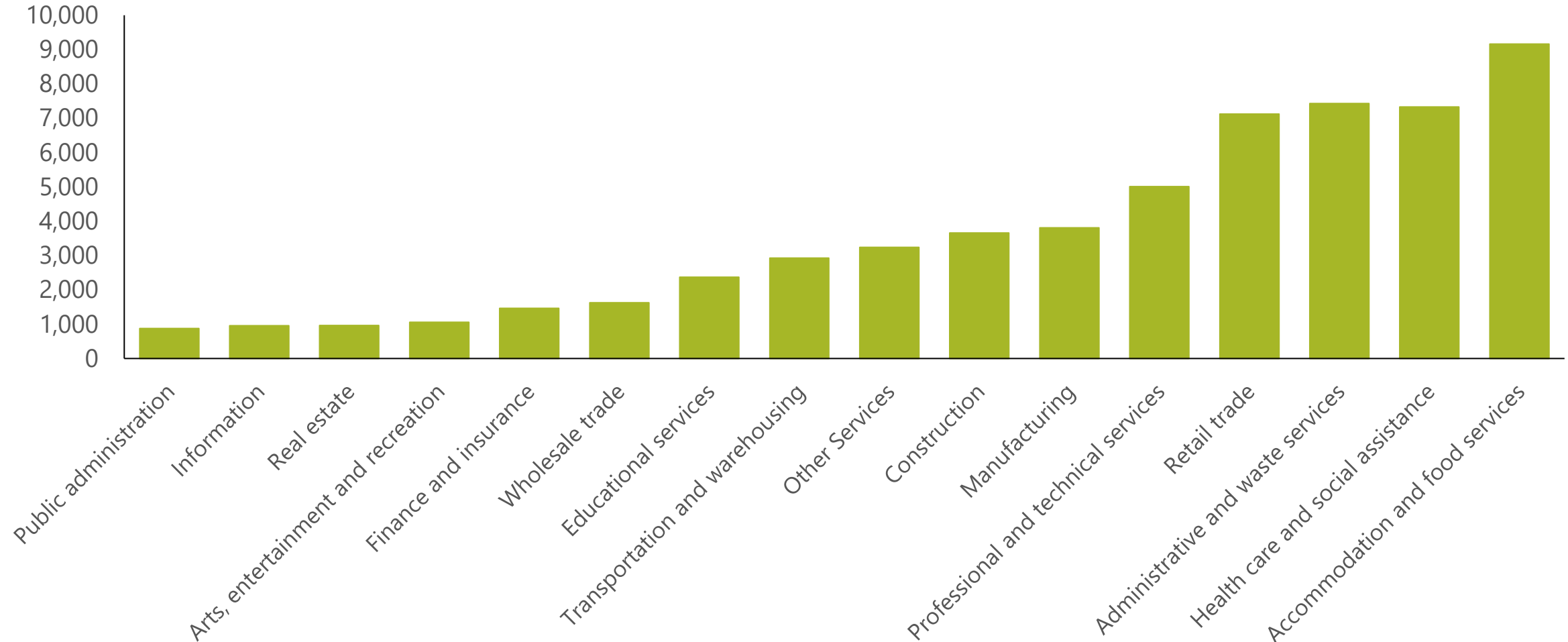
Virginia Unemployment Insurance Claims



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

Virginia Unemployment Claims by Industry

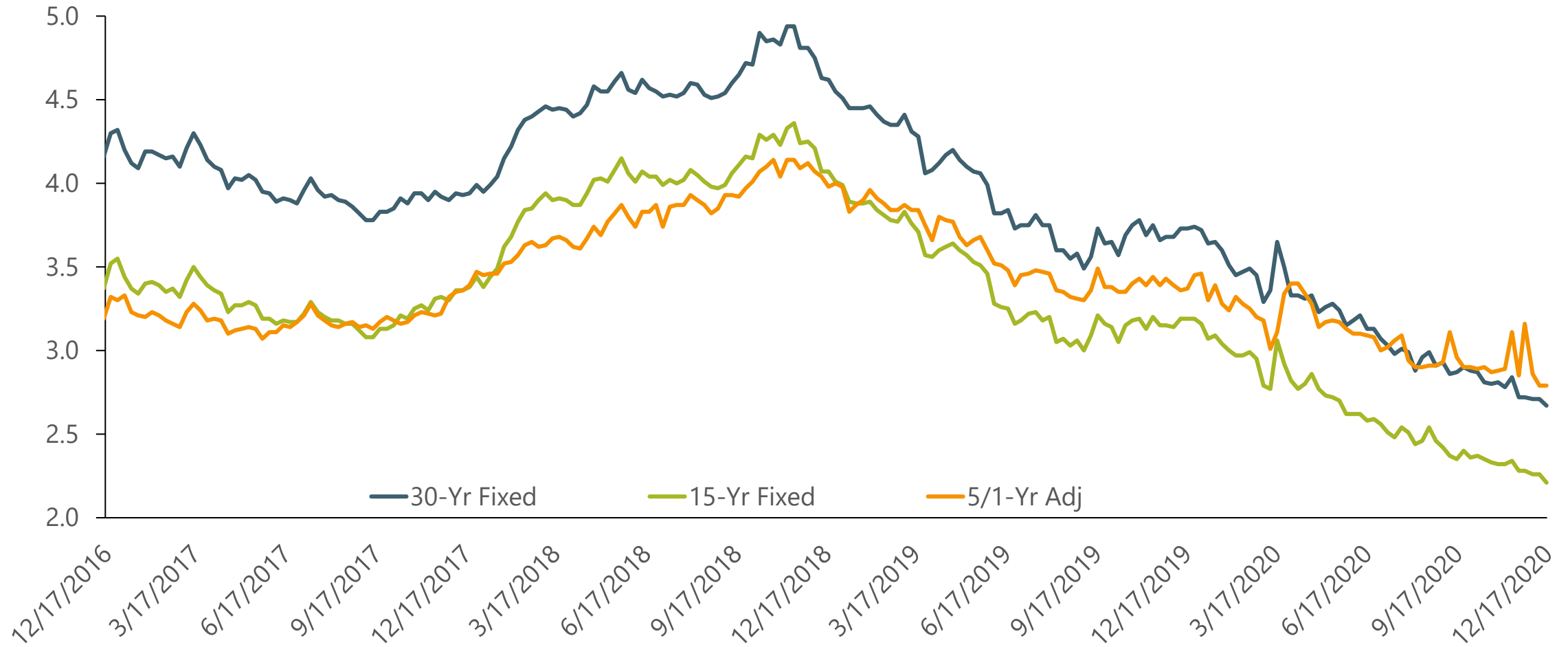
Total Continued Claims by Industry (Dec 12)



Mortgage Rates

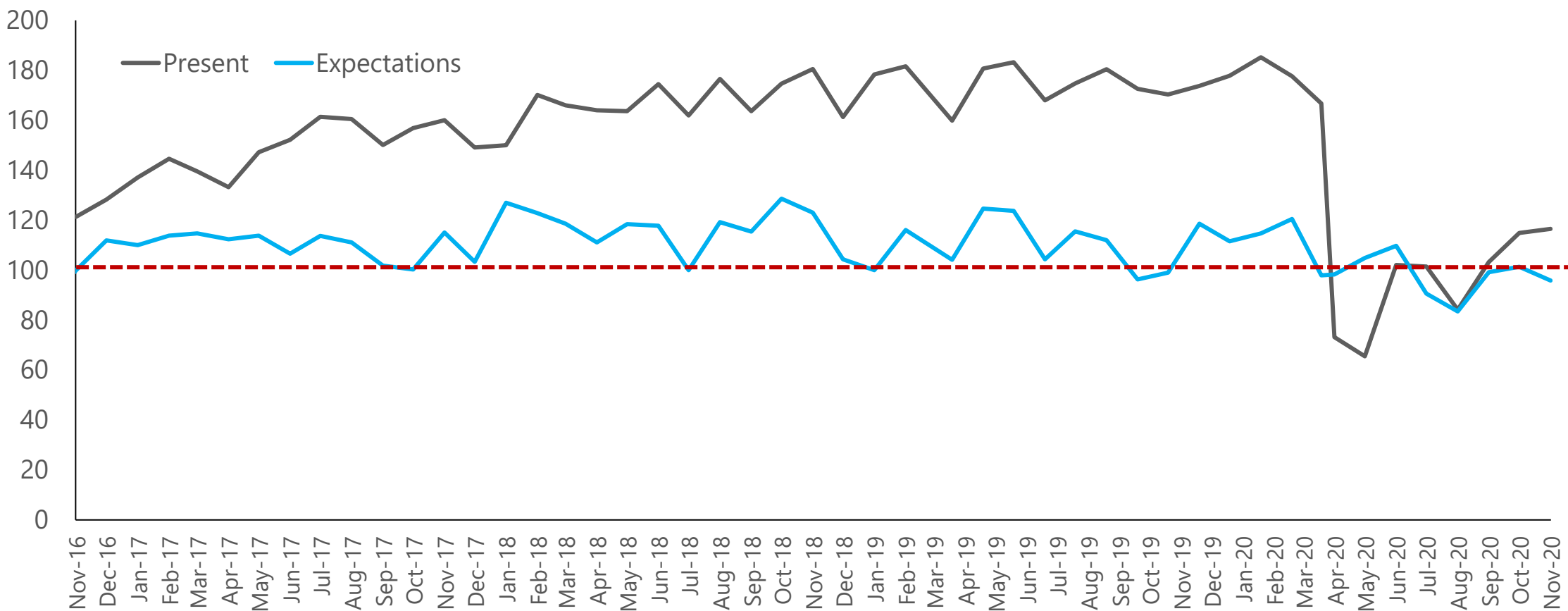
Avg. 30-year fixed rate mortgage rate below 3% for 21 consecutive weeks

Weekly Mortgage Interest Rates (%), Not Seasonally Adjusted



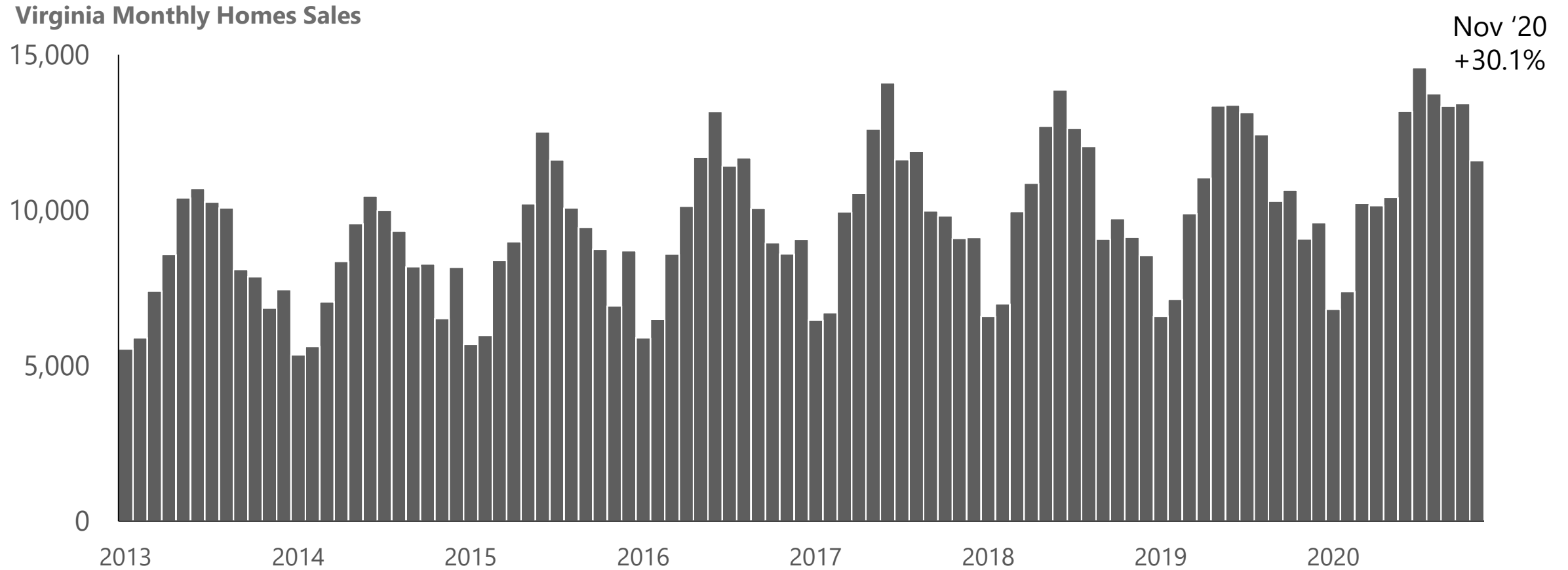
Consumer Confidence

Consumer Confidence Index – South Atlantic Region



Housing Market Trends

Virginia Home Sales



Virginia Home Sales

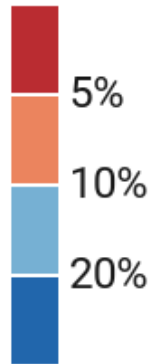
Virginia Y-o-Y Change in Monthly Homes Sales



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

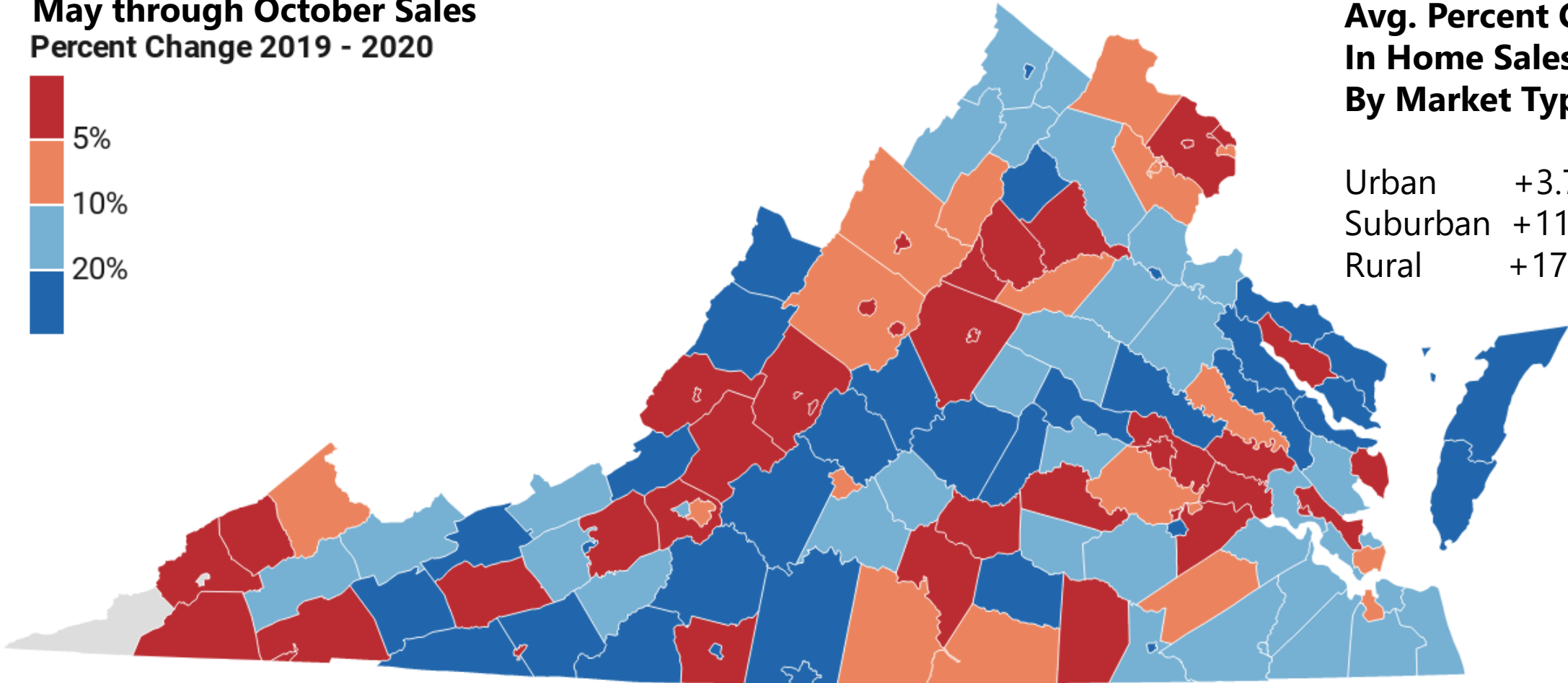
Stronger sales activity in suburban and rural markets

May through October Sales
Percent Change 2019 - 2020



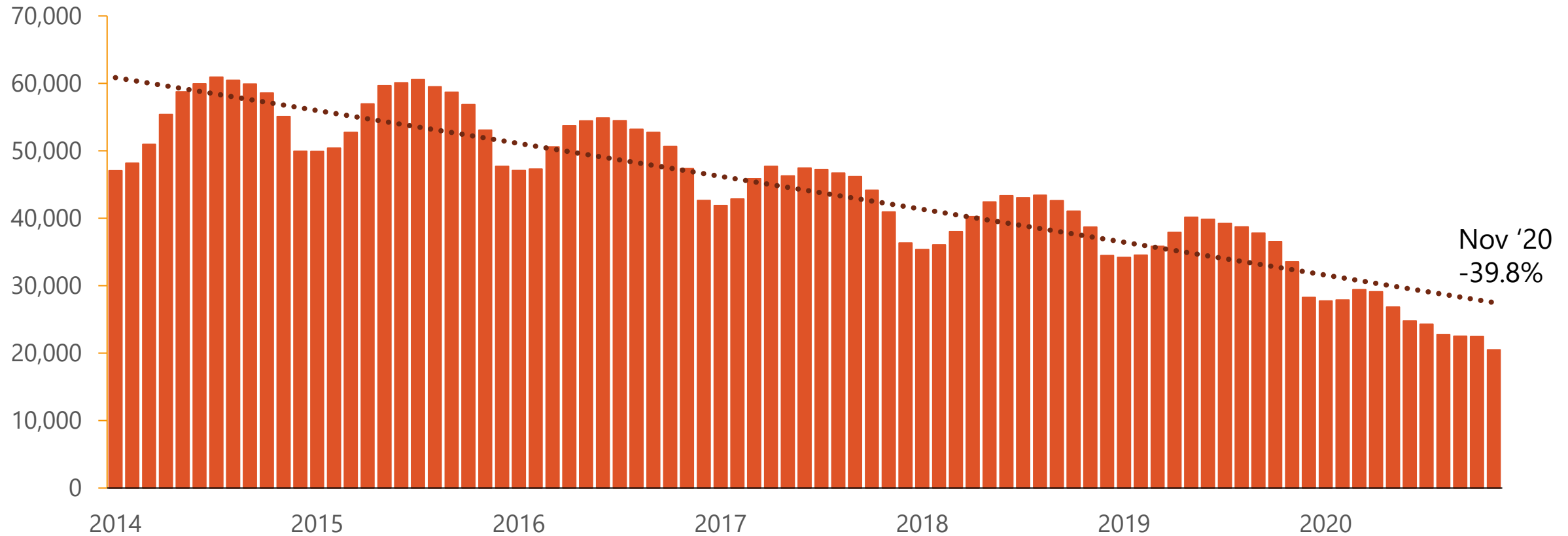
**Avg. Percent Change
In Home Sales
By Market Type**

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



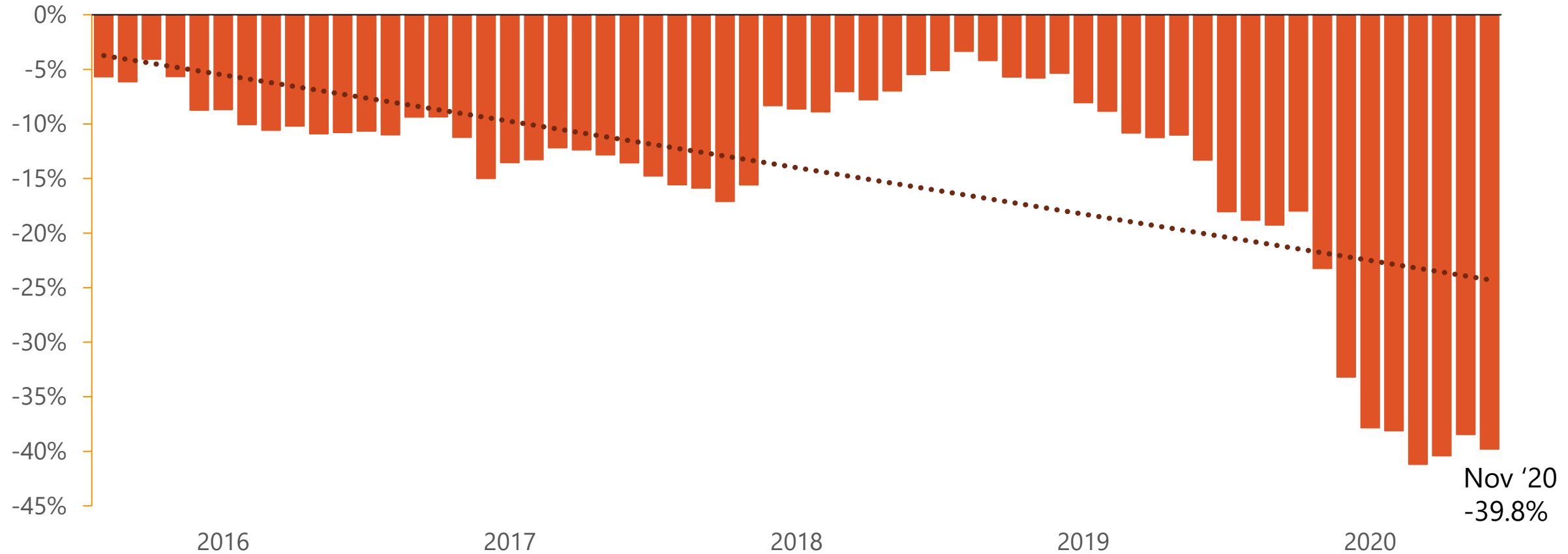
Inventory – Supply Remains a Major Constraint

Virginia Active Listings, End of the Month



Inventory – Supply Remains a Major Constraint

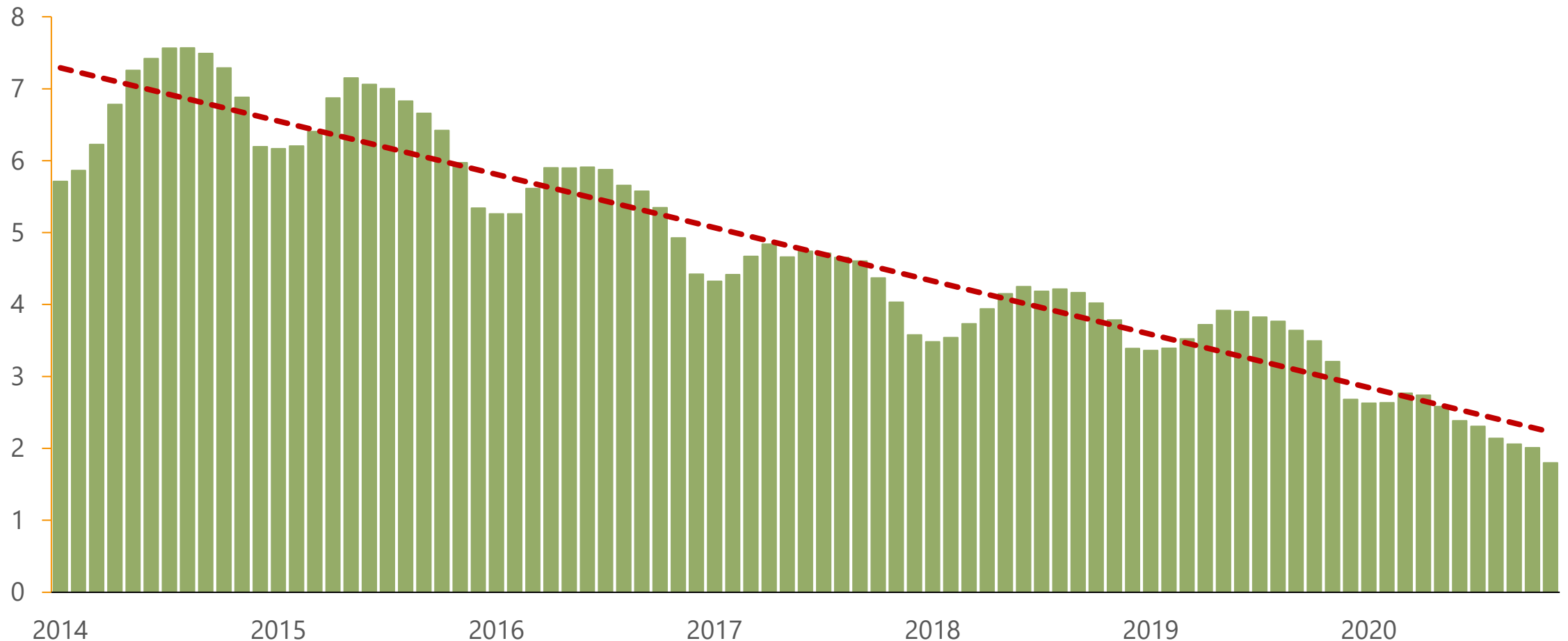
Virginia Y-o-Y Change in Monthly Active Listings



Months of Supply

In November, there was an average of just 1.8 months of supply statewide

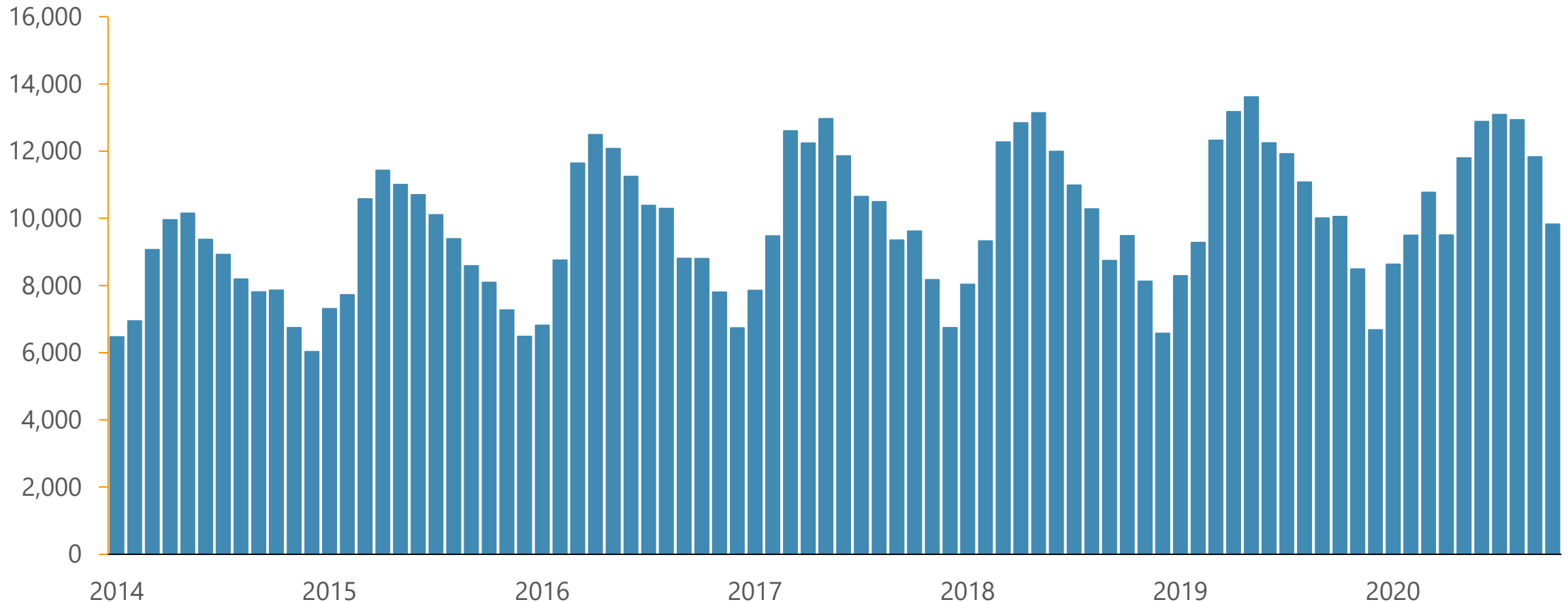
Months of Supply, End of the Month



Pending Sales – Indicate Fall Sales will be Up

November pending sales up 15.7% year-over-year

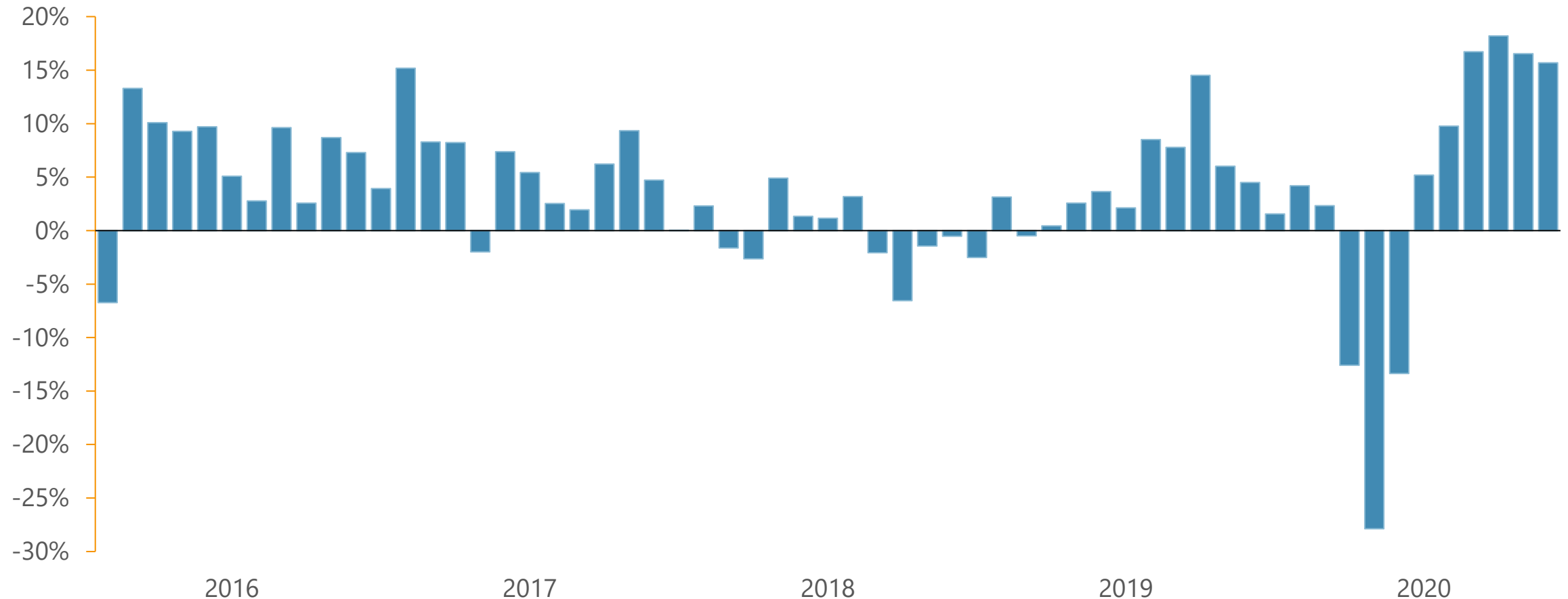
Pending Sales, End of the Month



Pending Sales – Indicate Fall Sales will be Up

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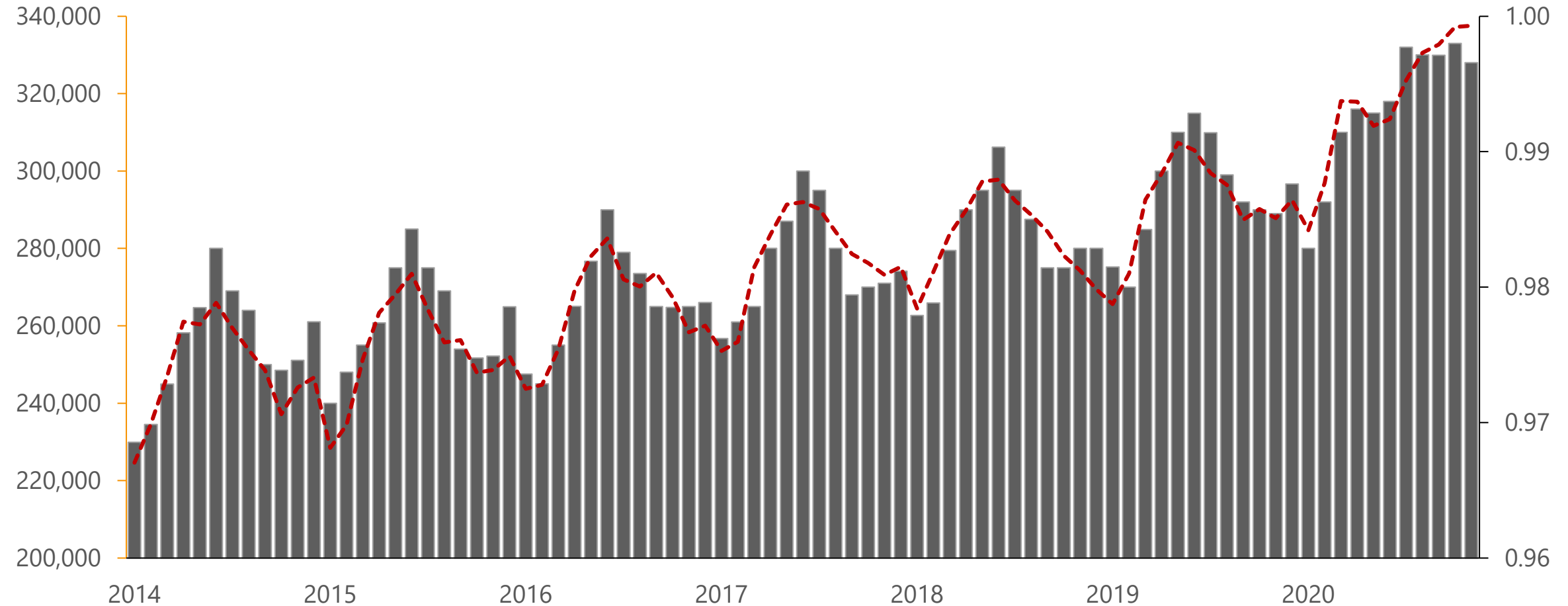
Virginia Y-o-Y Change in Monthly Pending Sales



Home Prices Are on the Rise

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

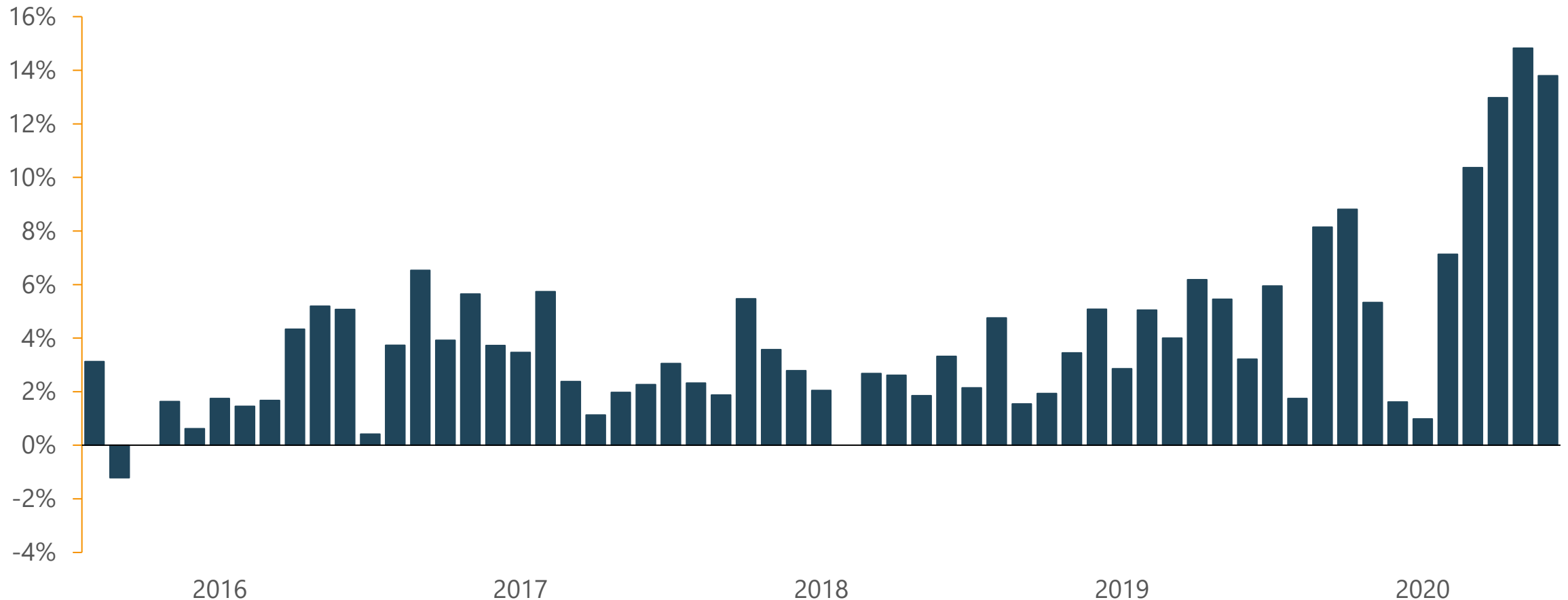
Median Sales Price(\$), End of the Month



Home Prices Are on the Rise

The statewide median home price was \$328,000, up 13.8% from a year ago

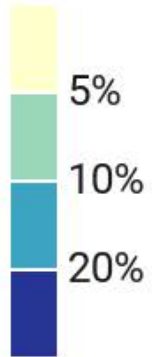
Virginia Y-o-Y Change in Monthly Median Home Price



Median Home Prices (Sales May through October)

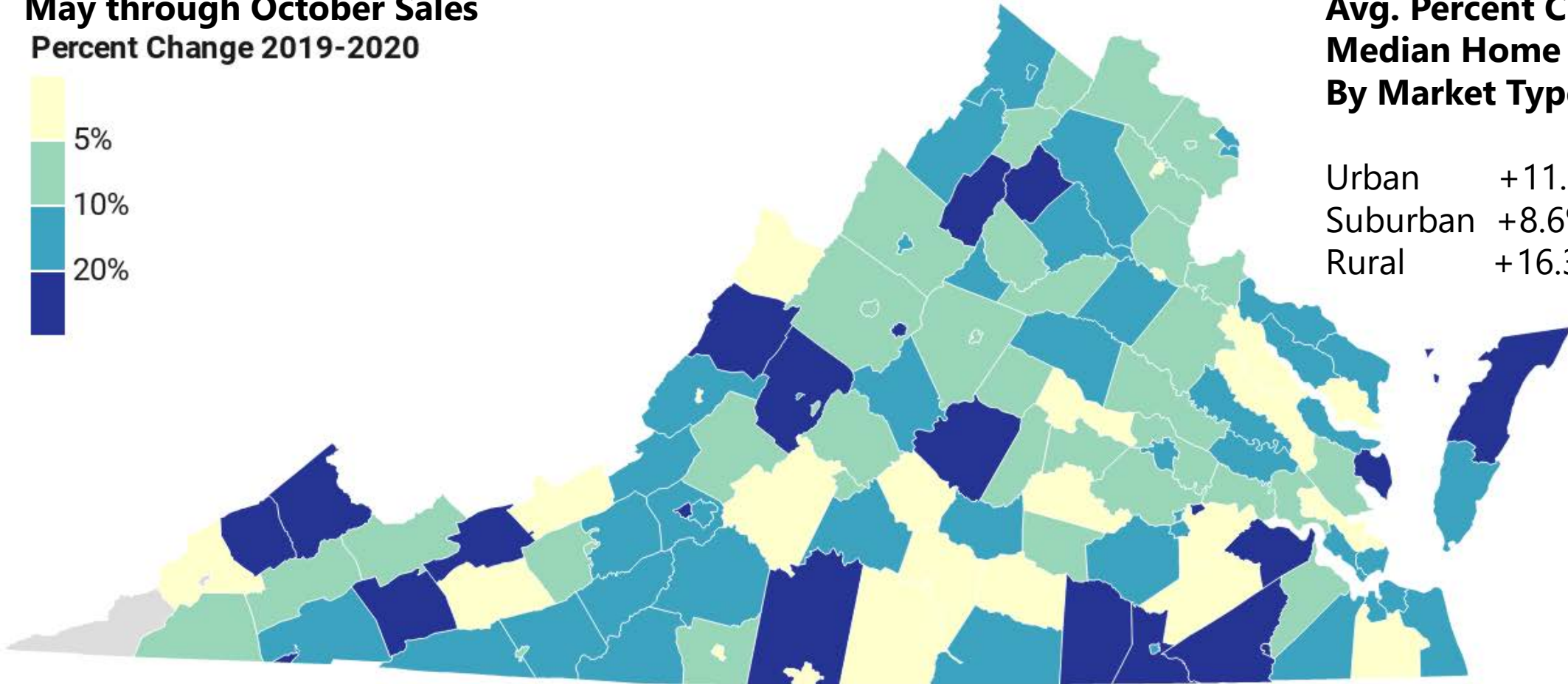
Prices are rising fastest in rural markets during COVID-19

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%



What's ahead for 2020 and 2021?

- V-shaped housing market recovery
 - Flattening of the rebound
- Slower economic recovery in Q4
- Economic uncertainties remain
 - 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?

lsturtevant@virginiarealtors.org

@Lisa_Sturtevant

virginiarealtors.org/research-statistics

