

Economic and Housing Market Update

February 5, 2021

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Key Trends & Outlook

Factors Affecting Virginia's Housing Market



COVID vaccine opens the way for economic recovery in 2021



"K-shaped" recovery has benefitted some over others



Interest rates will stay low fueling purchases and refi's



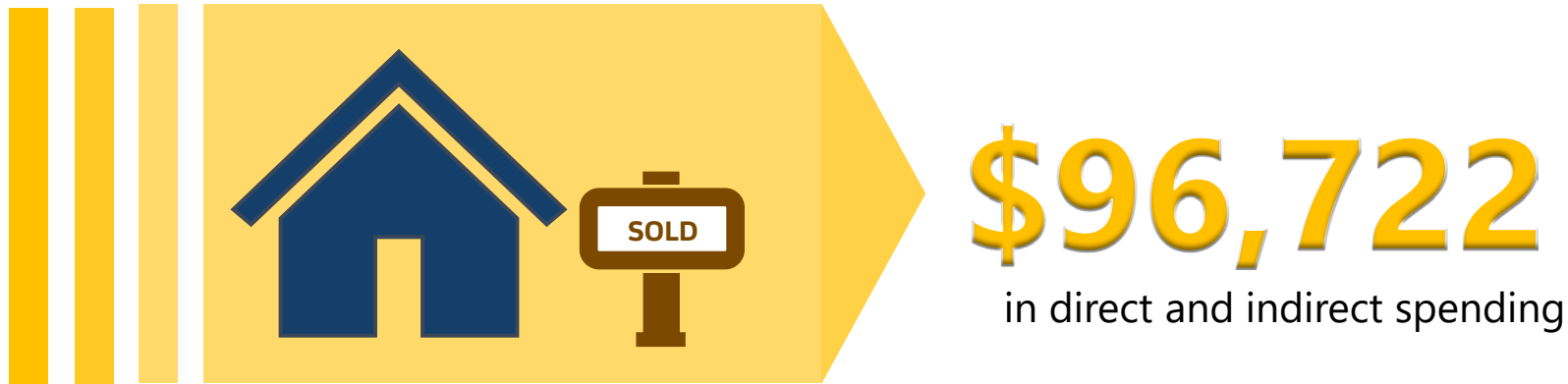
Home sales strong but inventory remains a constraint



Housing preferences: short-term shift or long-term change?

Real Estate is an Essential Part of the State's Economy

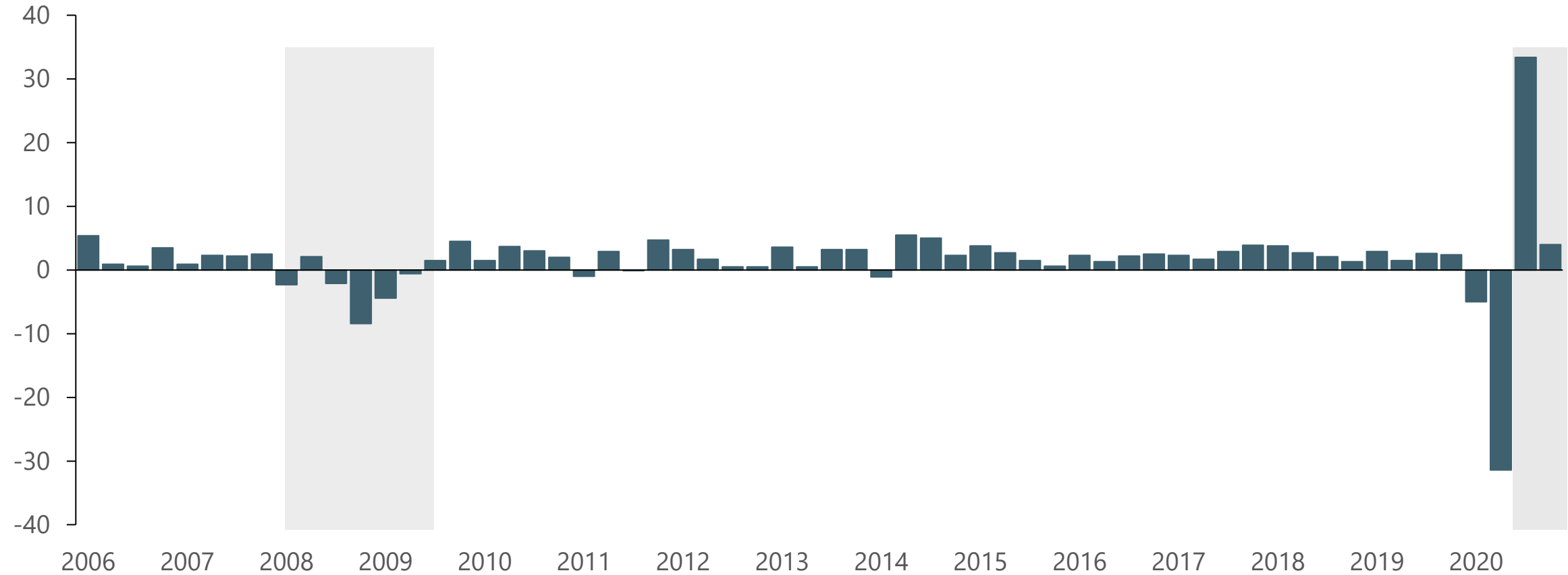
Economic Impact of a Typical Home Sale in Virginia



Economic Trends

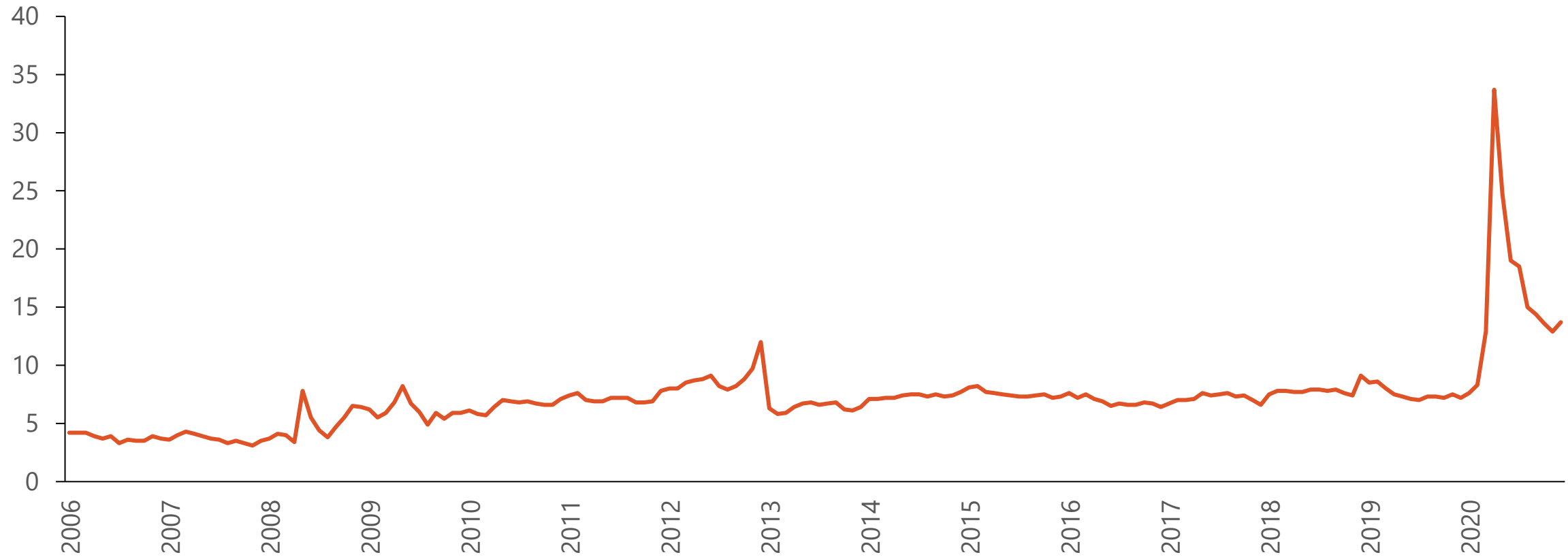
U.S. Real GDP Growth

Annualized Quarterly Change (%)



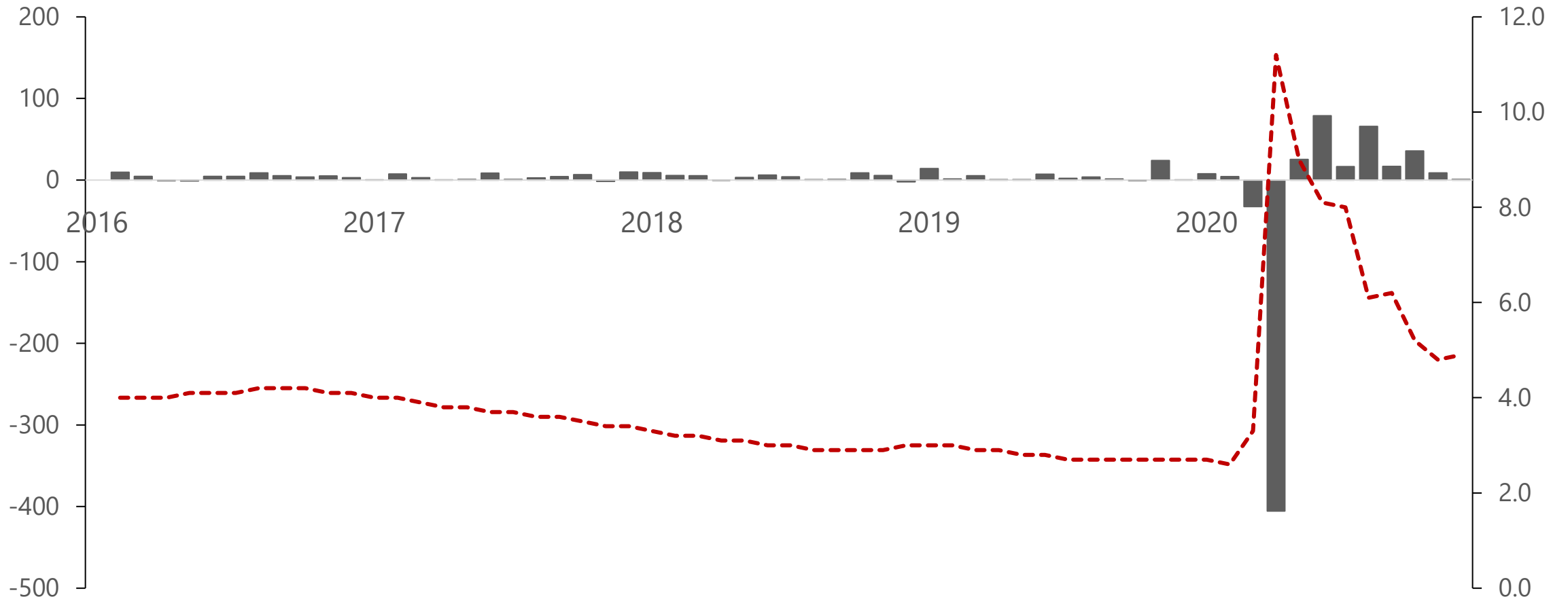
Personal Savings Rate

Personal Savings as a % of Disposable Income



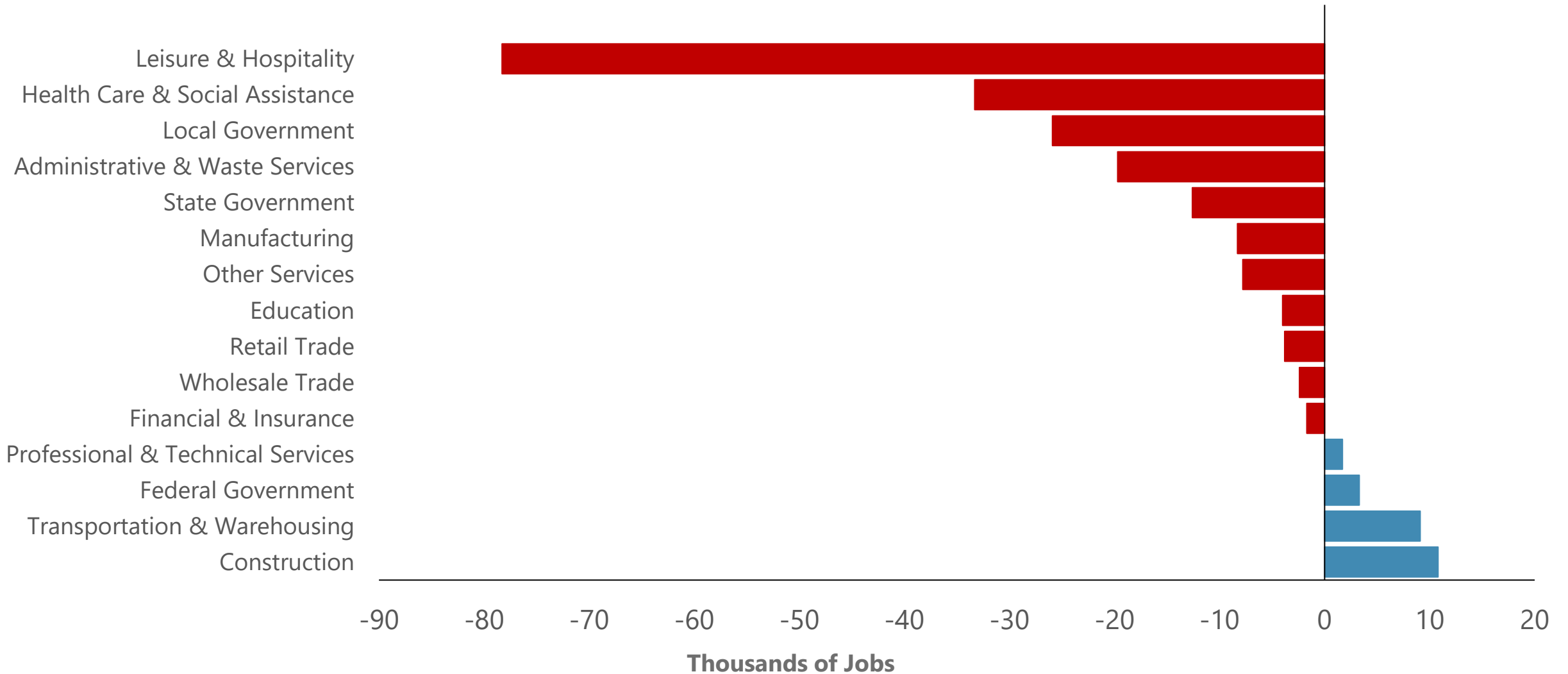
Virginia Employment

Virginia Month to Month Job Change (000s)



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

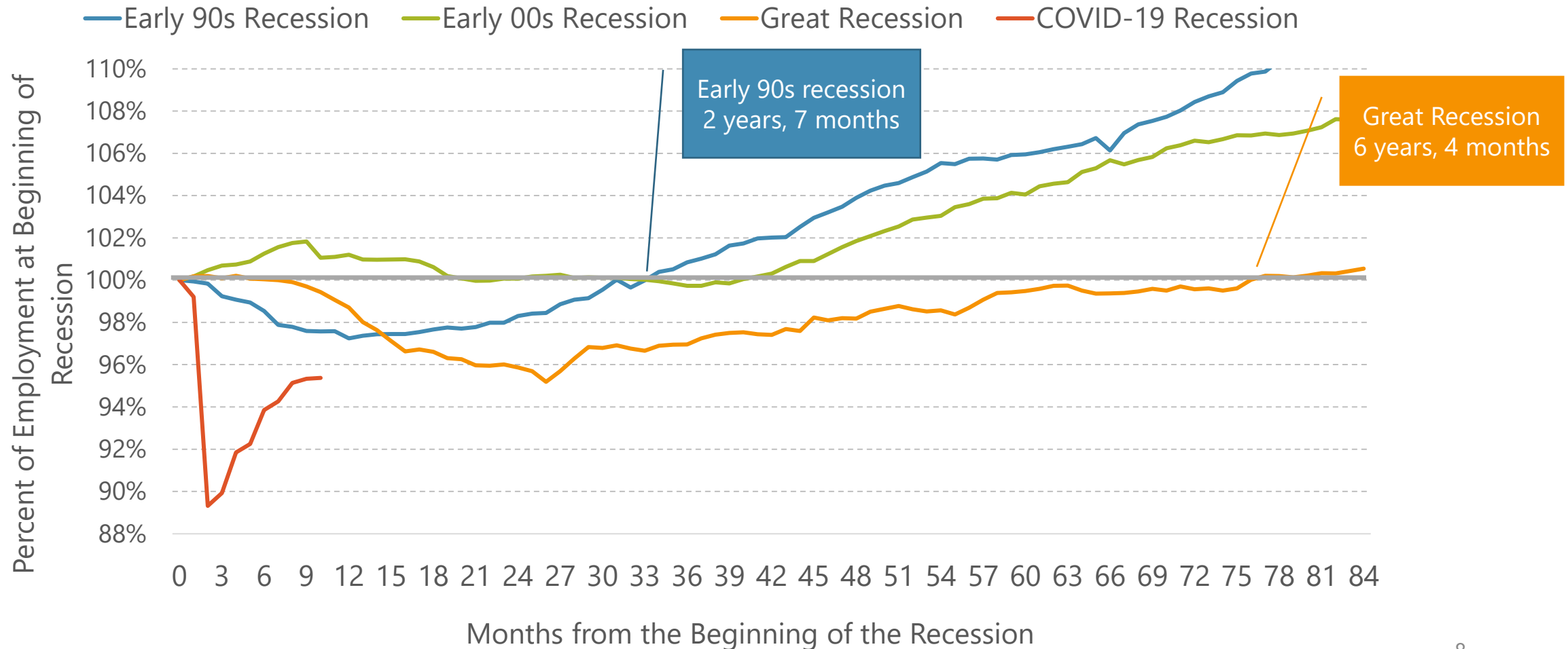
Virginia Job Change – February 2020 to December 2020



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

Full recovery could take years

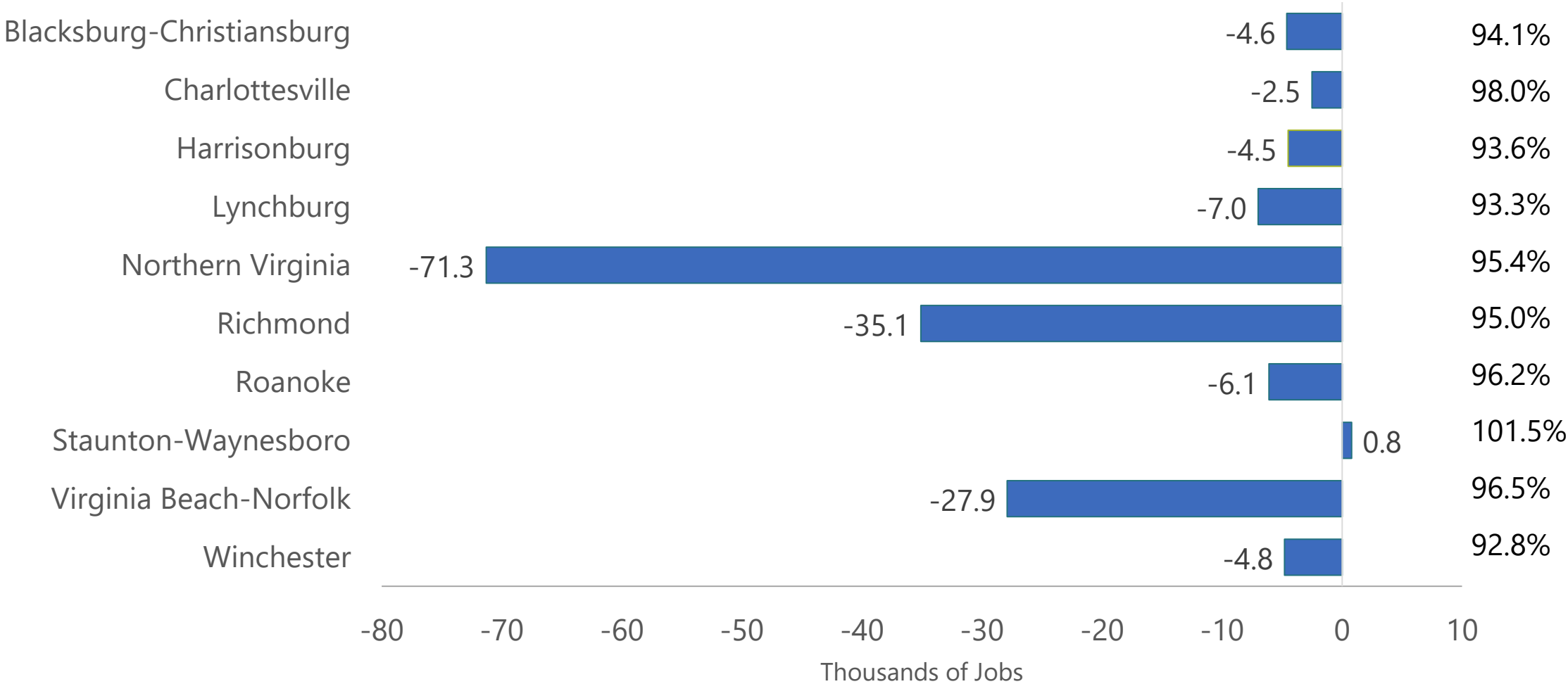
Virginia Employment



Regional Employment

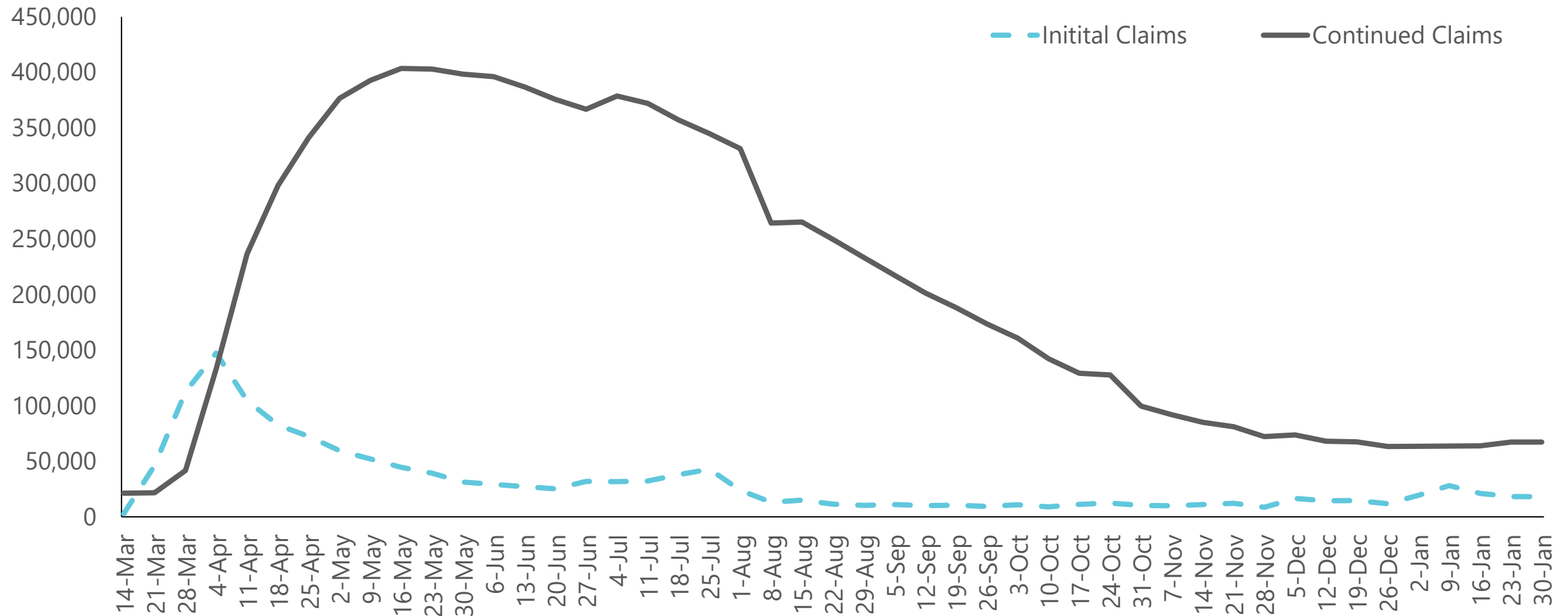
Job Change February to December by Metro Area

Dec jobs as a % of Feb jobs



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

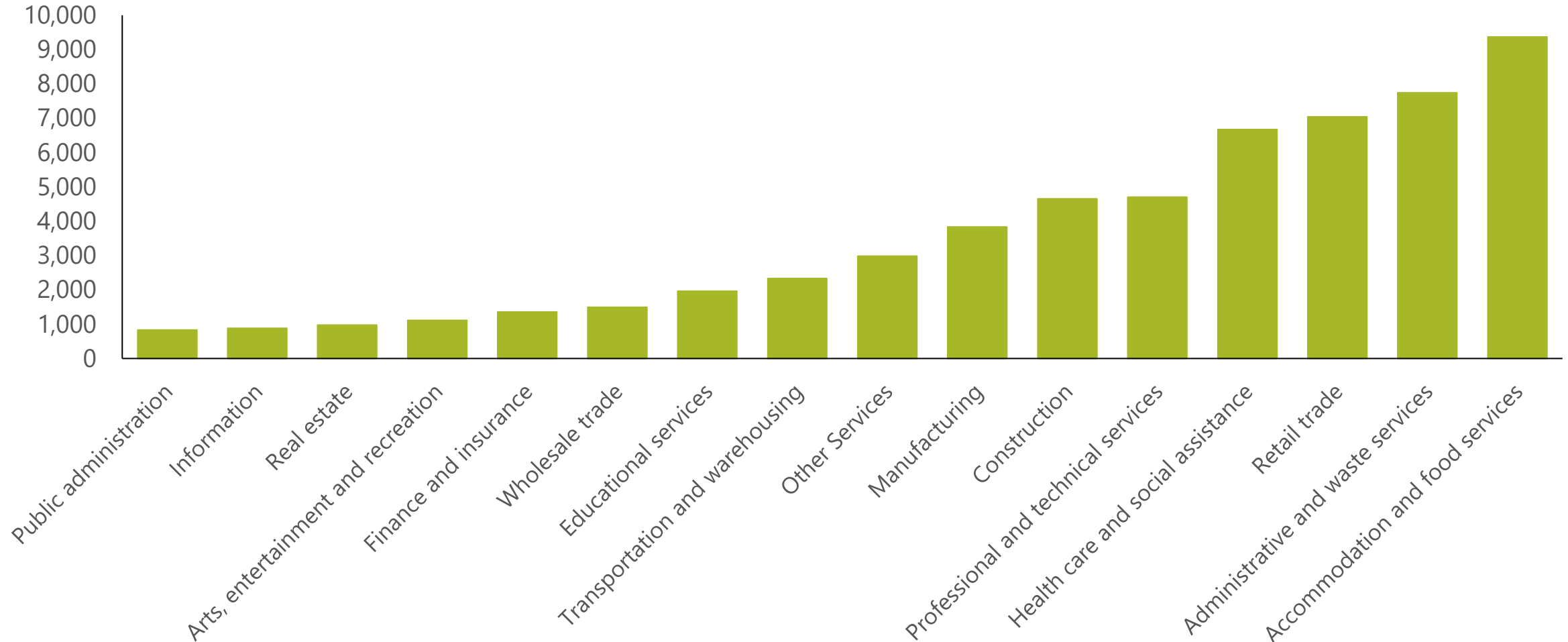
Virginia Unemployment Insurance Claims



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

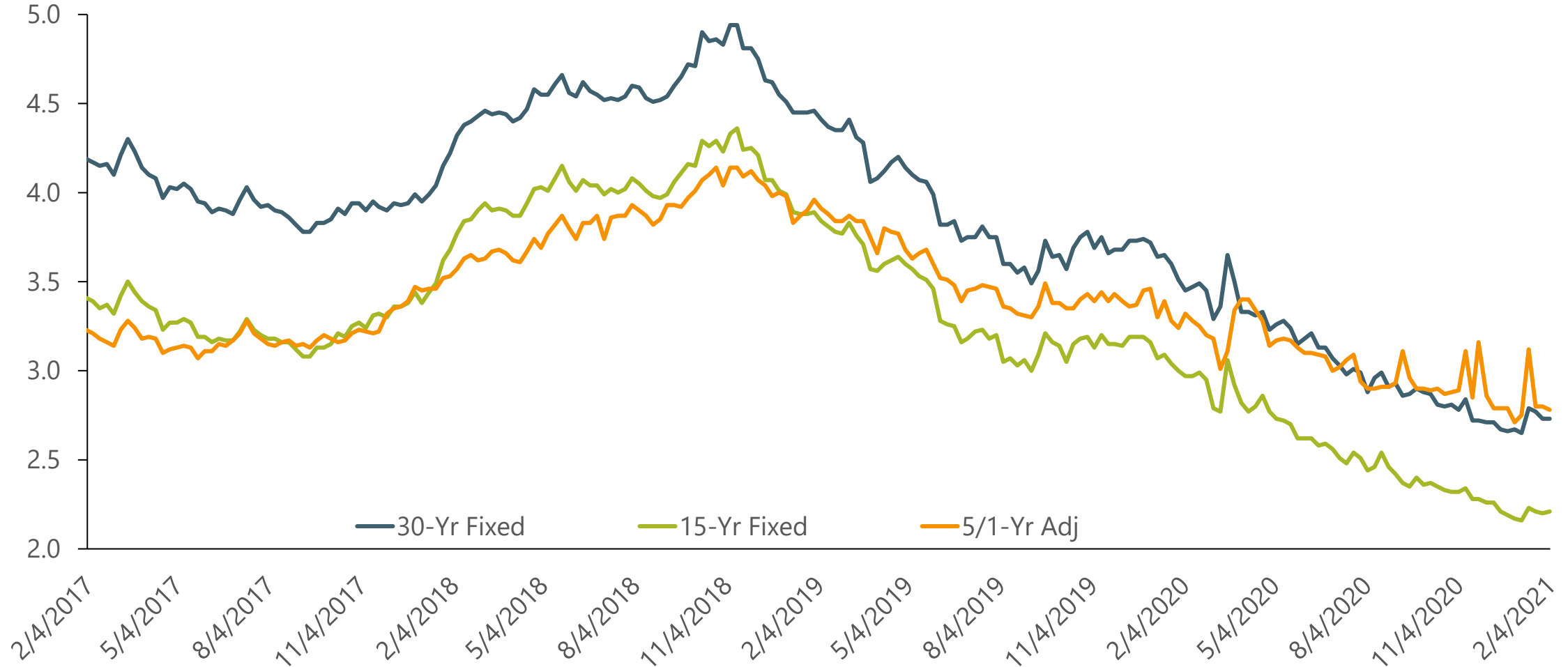
Virginia Unemployment Claims by Industry

Total Continued Claims by Industry (Jan 30)



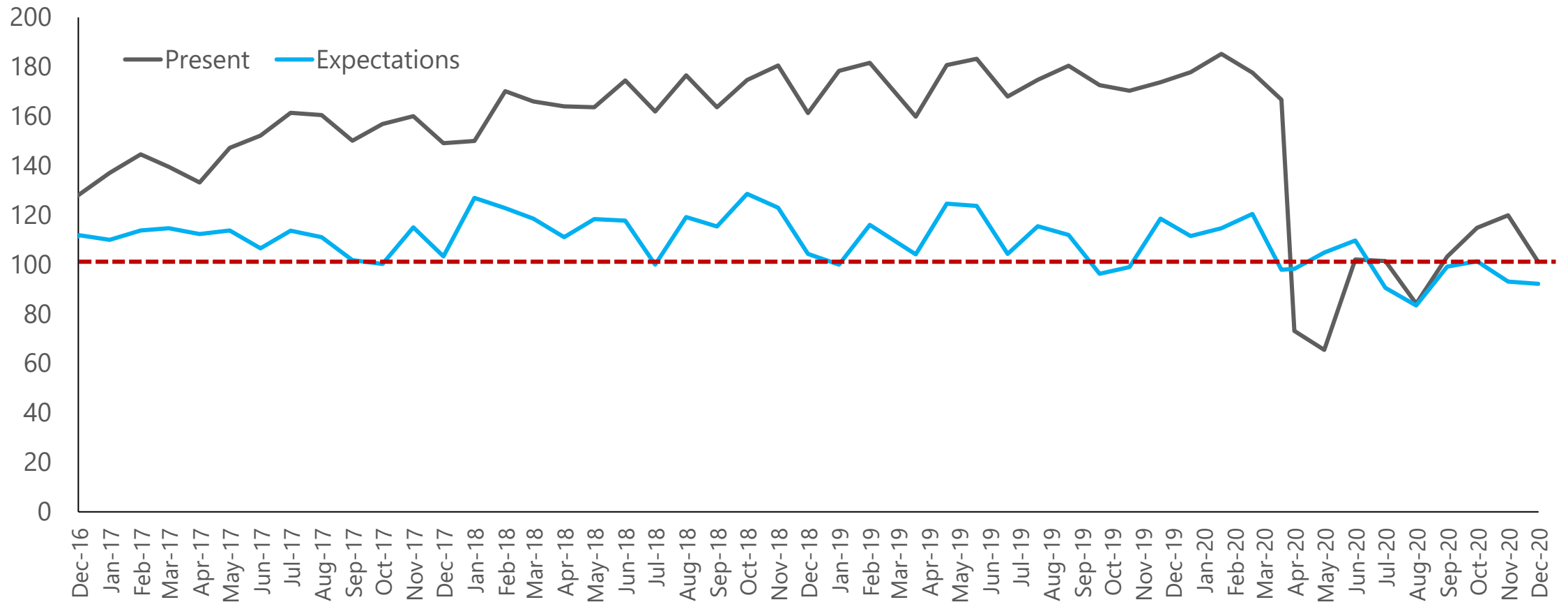
Mortgage Rates

Weekly Mortgage Interest Rates (%), Not Seasonally Adjusted

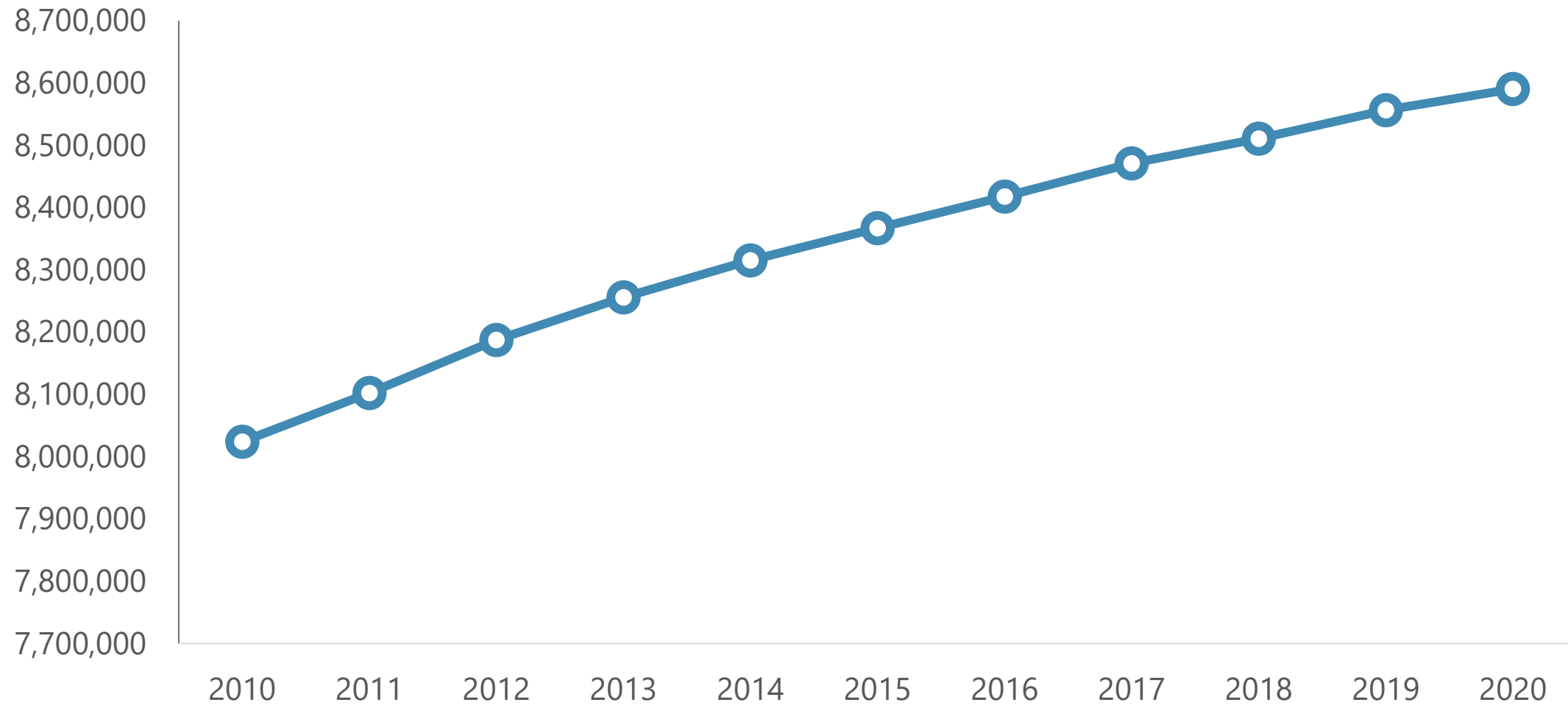


Consumer Confidence

Consumer Confidence Index – South Atlantic Region



Virginia Population



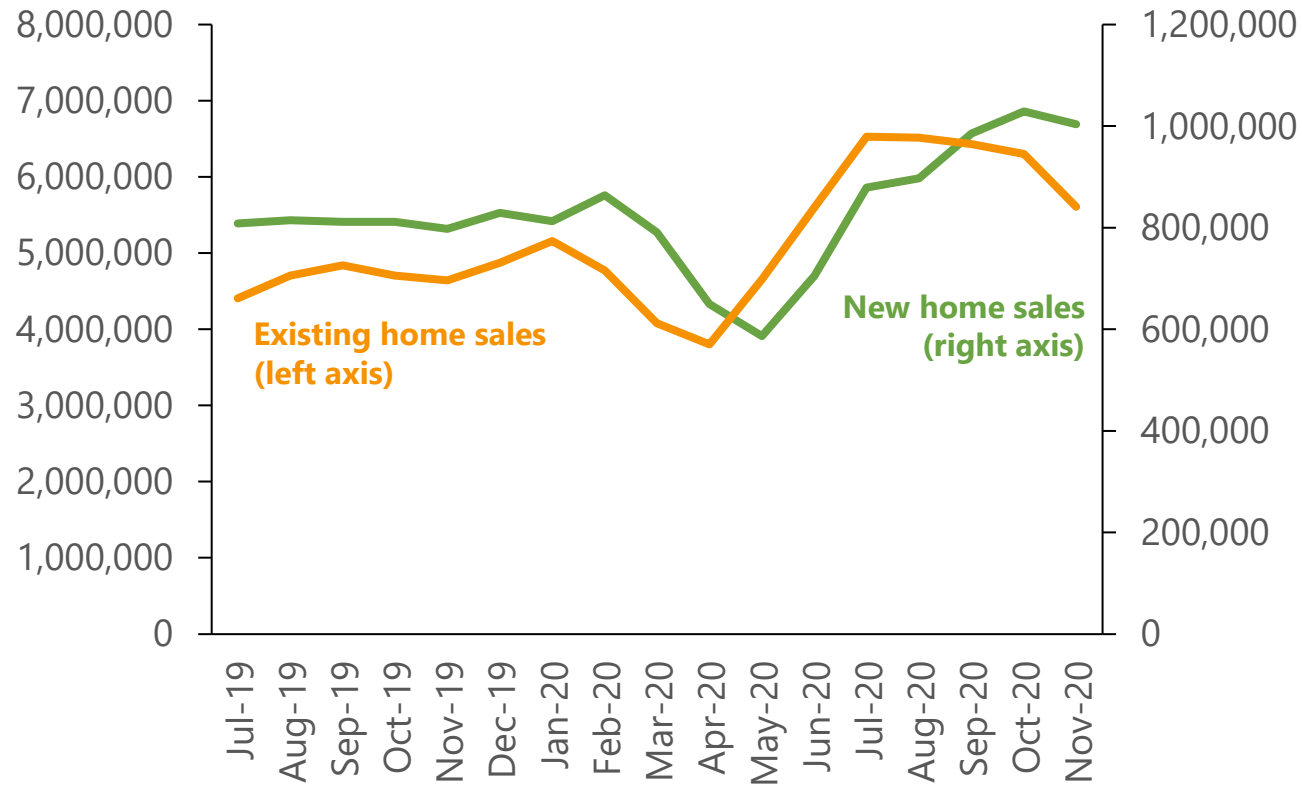
Source: U.S. Census Bureau

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
Sources: NAR, U.S. Census Bureau

Job losses have been concentrated among renters.

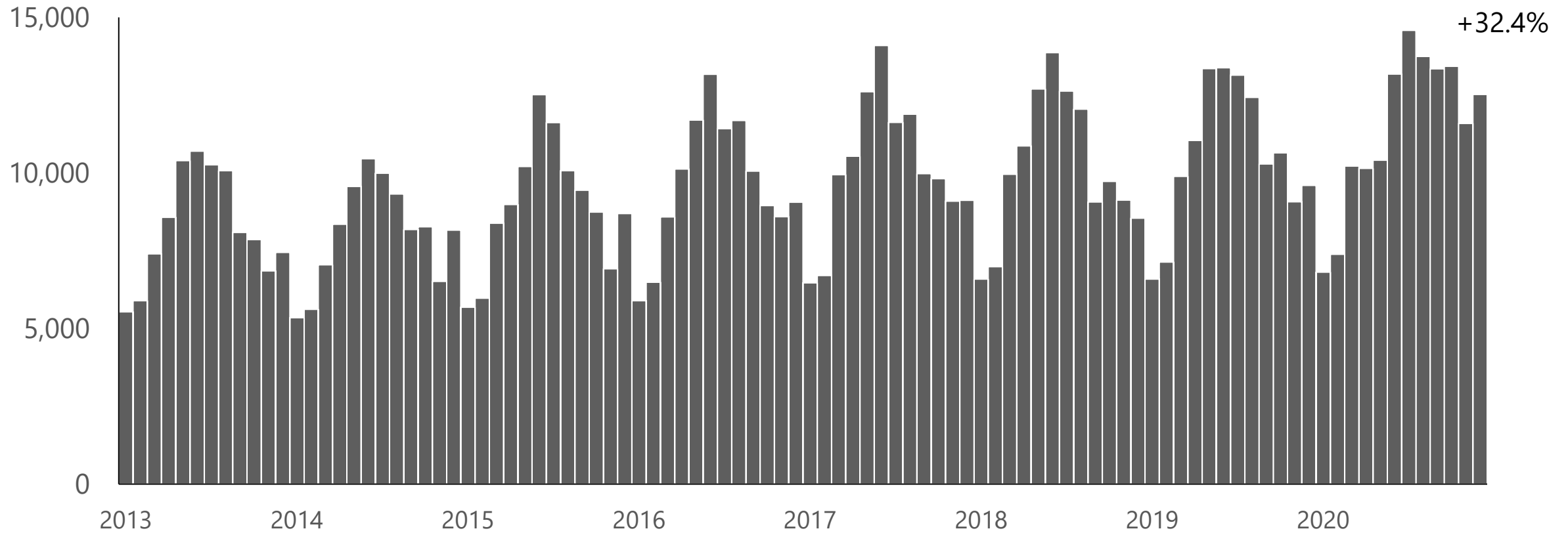
Mortgage rates have been at historically low levels.

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

REALTORS adapted business practices to respond to COVID.

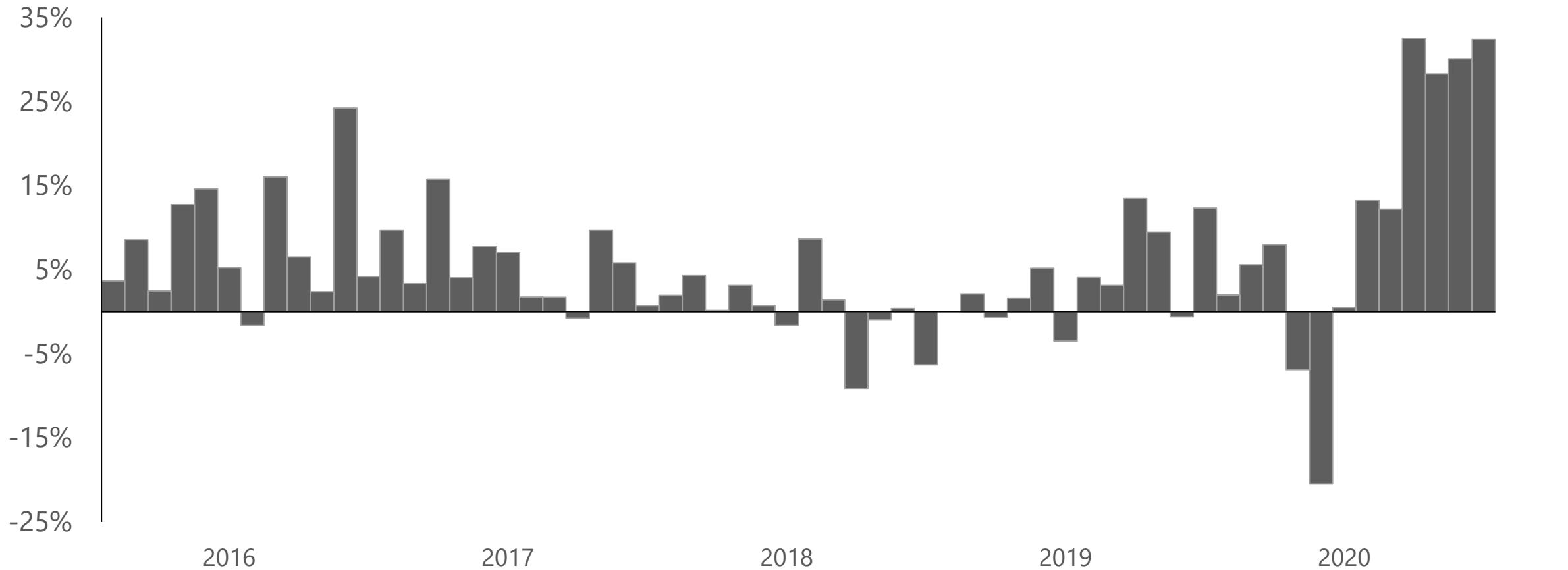
Virginia Home Sales

Virginia Monthly Homes Sales



Virginia Home Sales

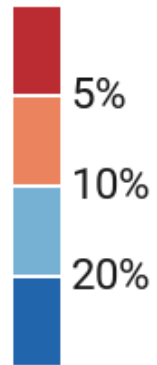
Virginia Y-o-Y Change in Monthly Homes Sales



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

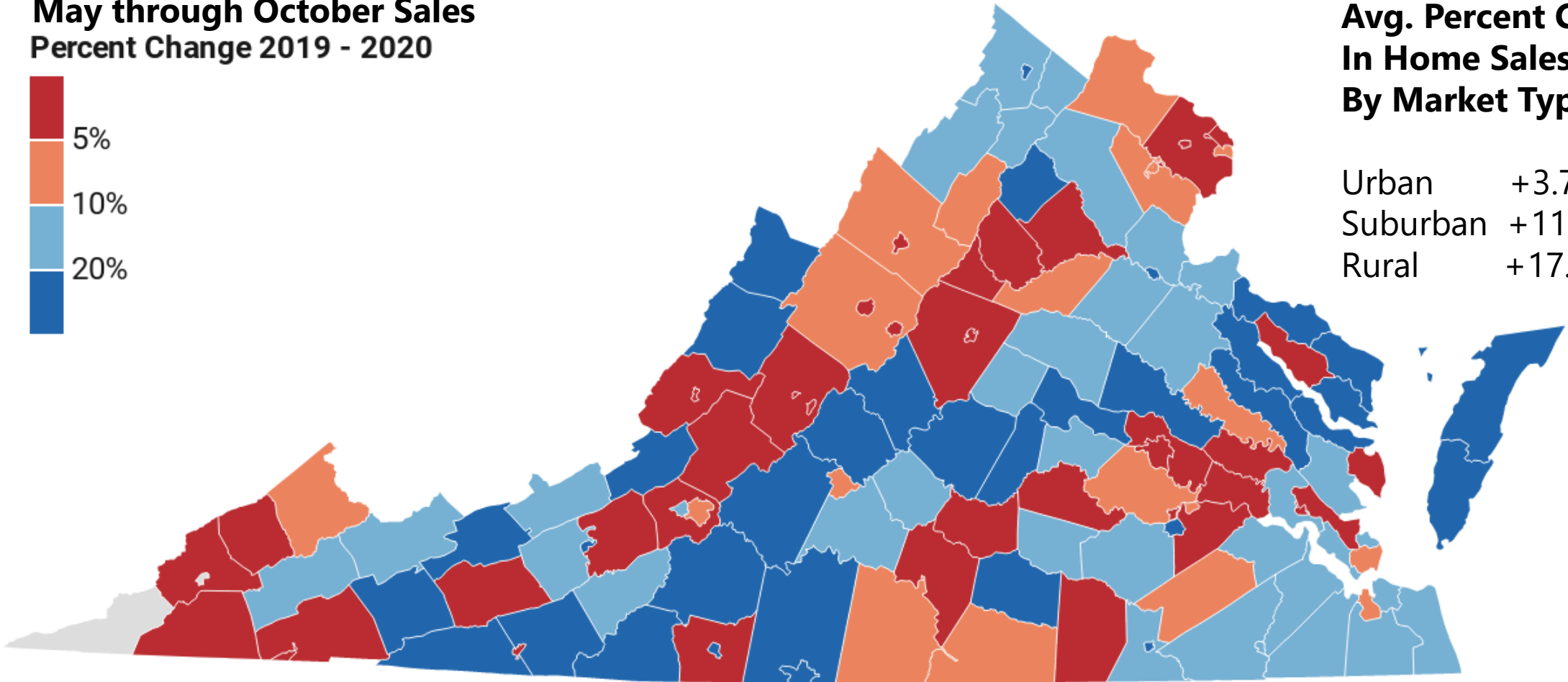
Stronger sales activity in suburban and rural markets

May through October Sales Percent Change 2019 - 2020



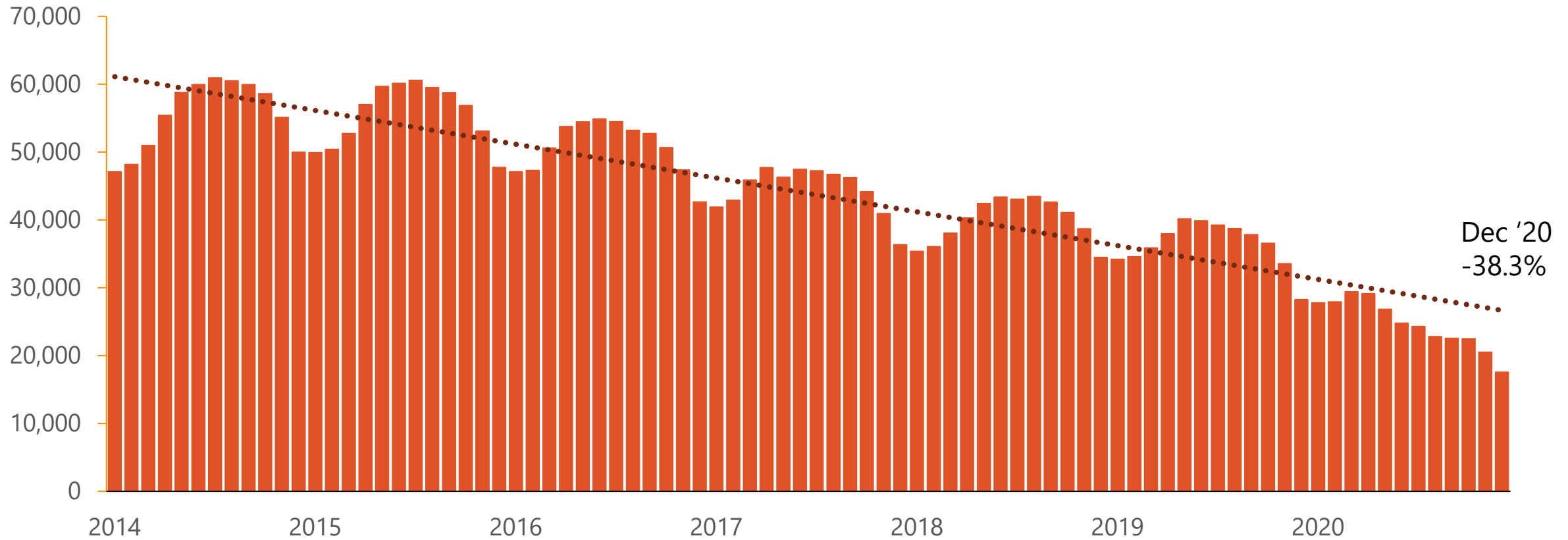
Avg. Percent Change In Home Sales By Market Type

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



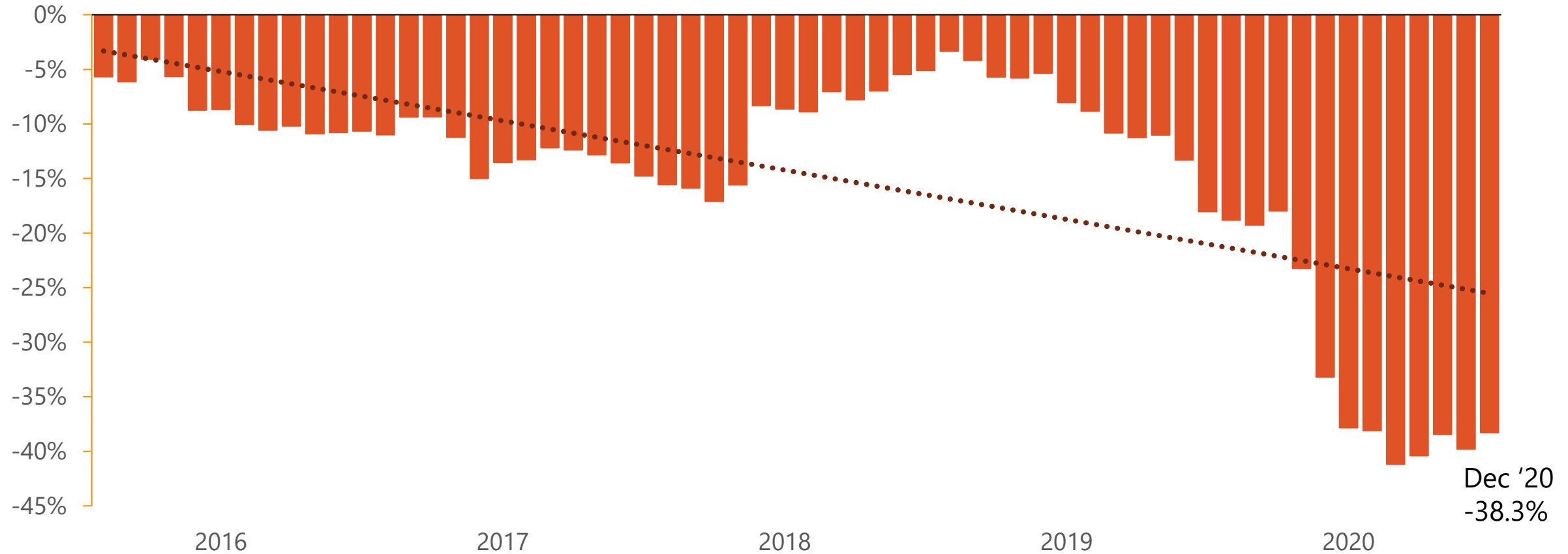
Inventory – Supply Remains a Major Constraint

Virginia Active Listings, End of the Month



Inventory – Supply Remains a Major Constraint

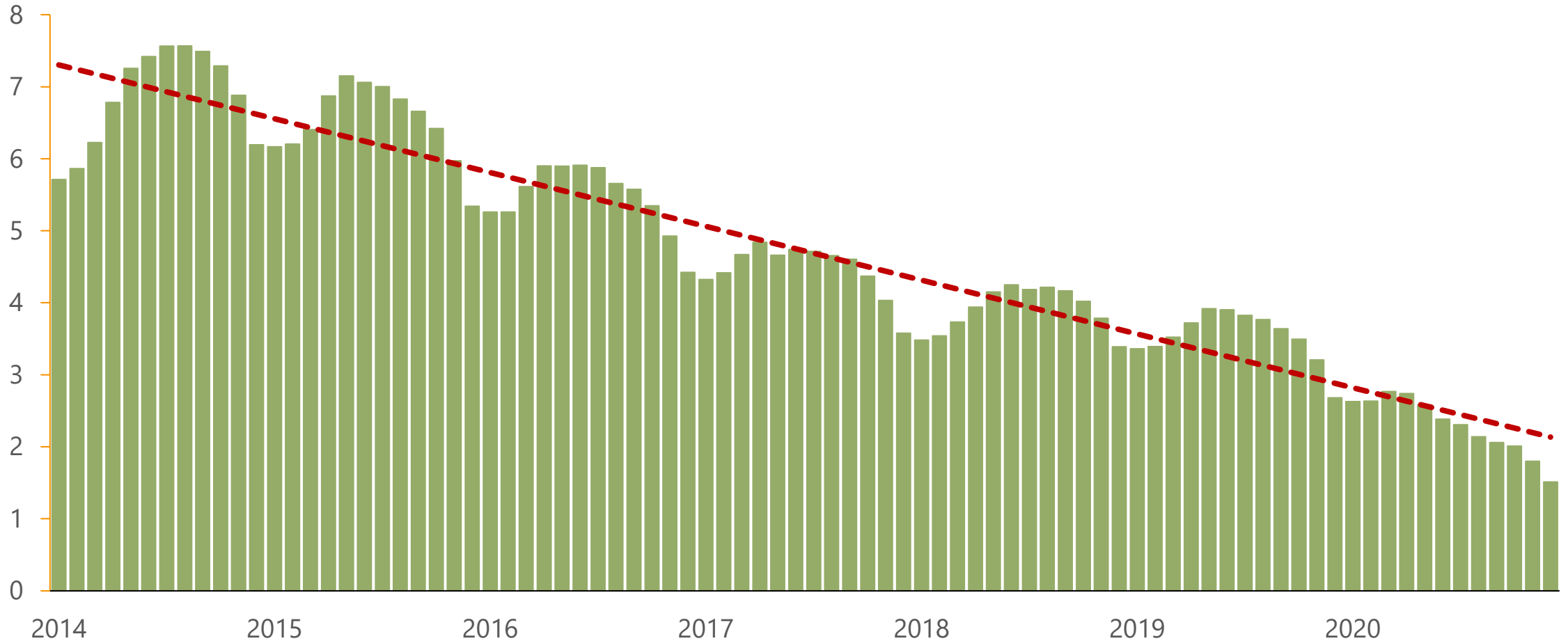
Virginia Y-o-Y Change in Monthly Active Listings



Months of Supply

In December, there was an average of just 1.5 months of supply statewide

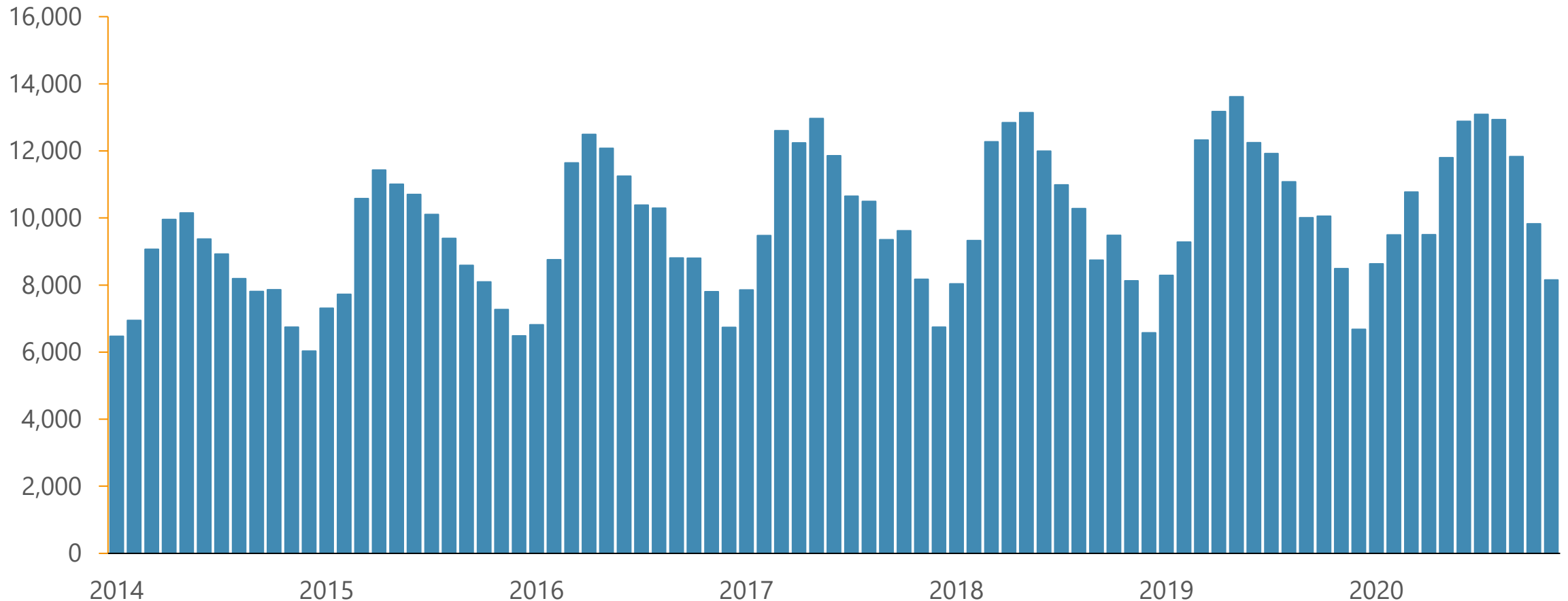
Months of Supply, End of the Month



Pending Sales – Indicate Early 2021 Sales Will be Up

December pending sales up 20.6% year-over-year

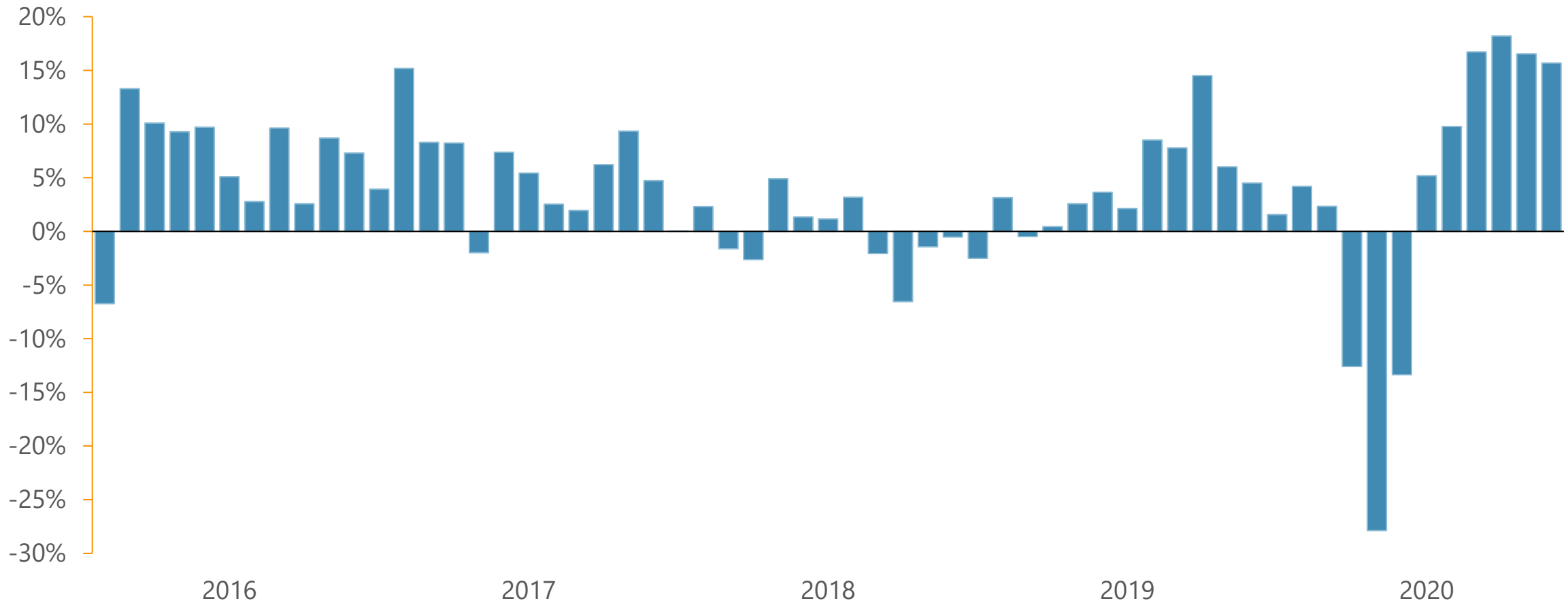
Pending Sales, End of the Month



Pending Sales – Indicate Early 2021 Sales will be Up

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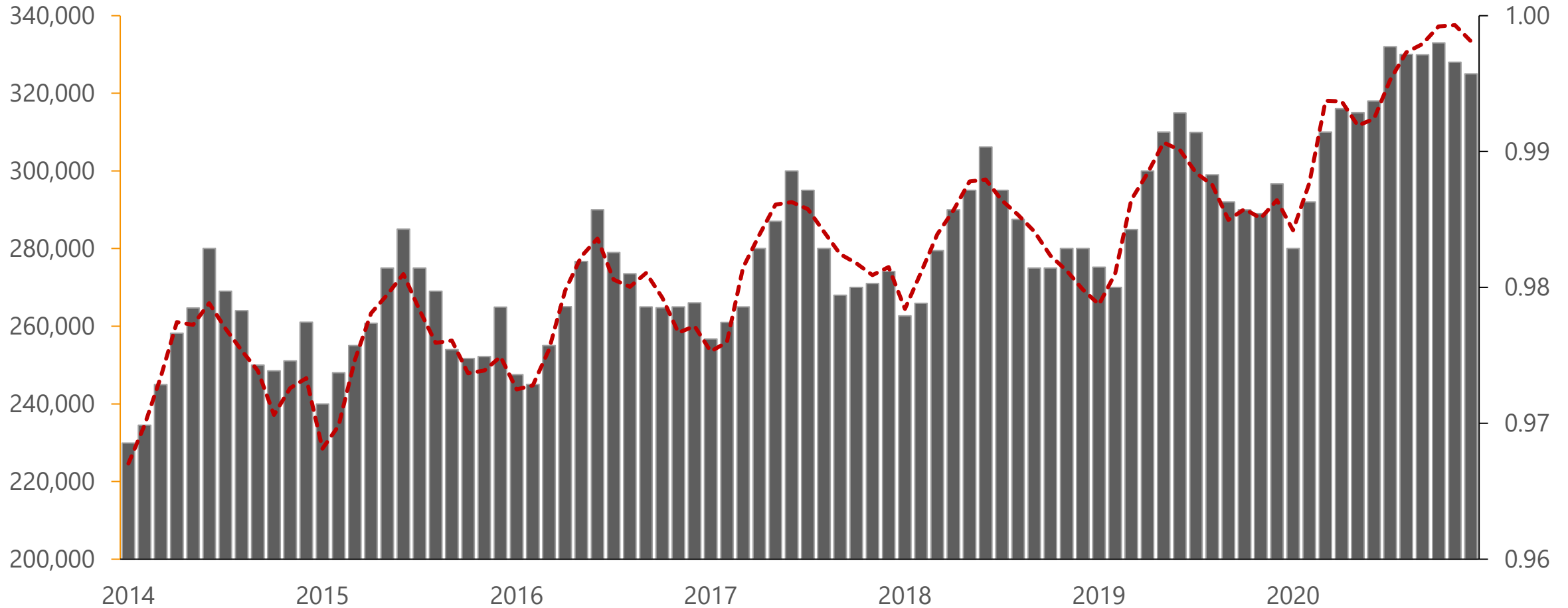
Virginia Y-o-Y Change in Monthly Pending Sales



Home Prices Are on the Rise

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

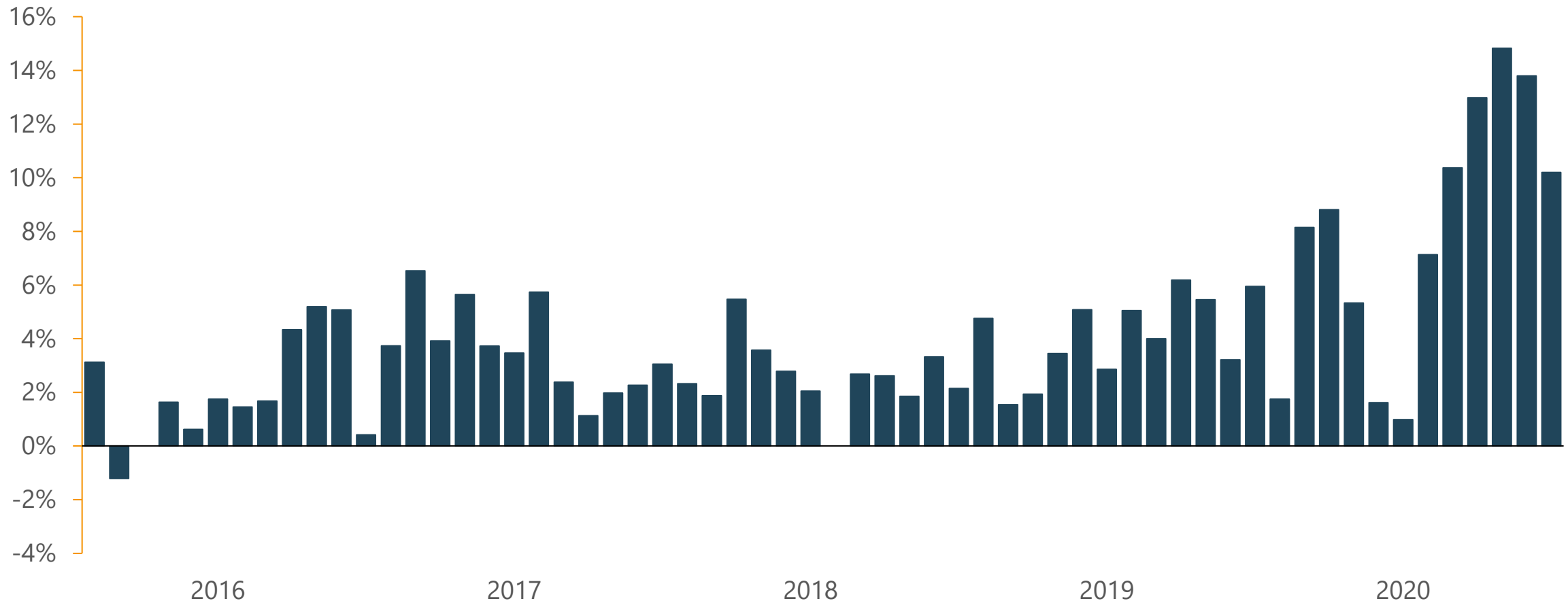
Median Sales Price(\$), End of the Month



Home Prices Are on the Rise

The statewide median home price was \$325,000, up 10.2% from a year ago

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



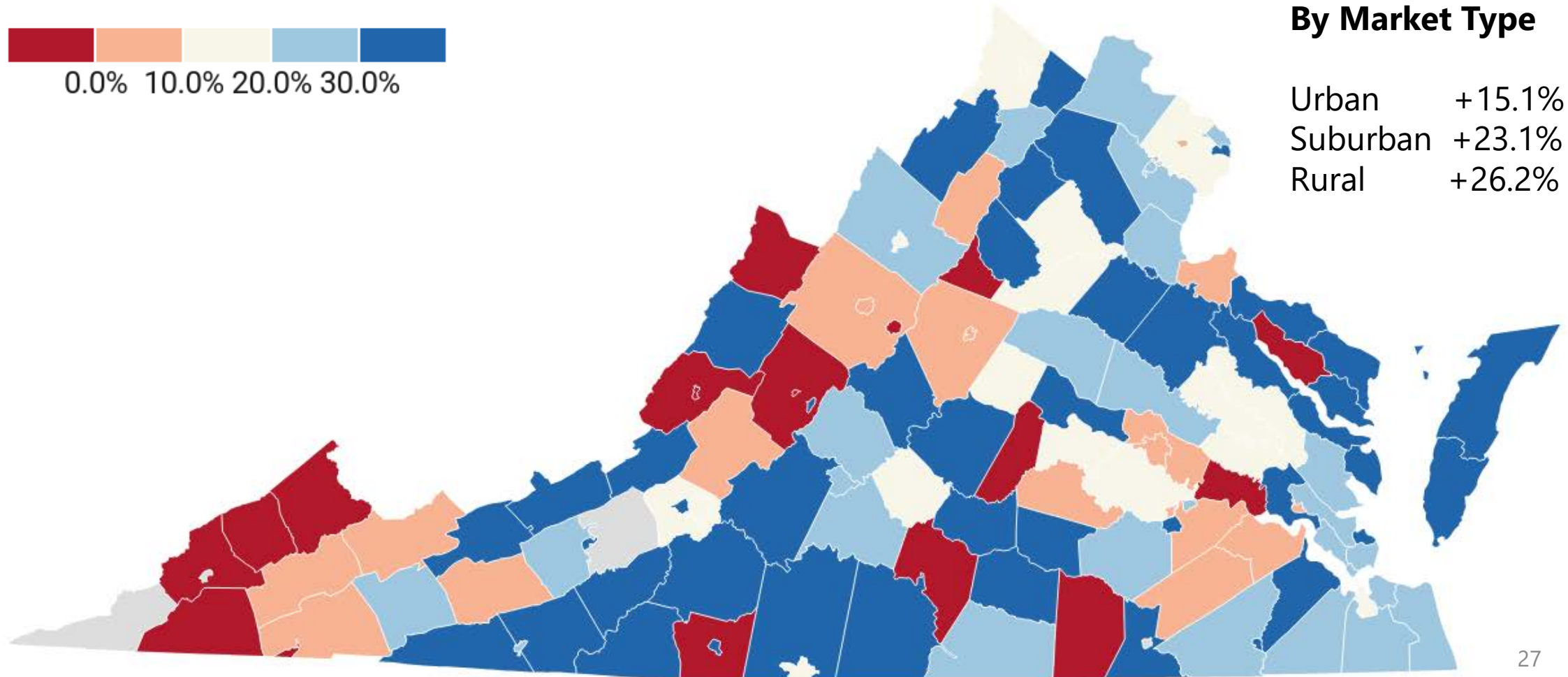
Increase in Home Sales in Some Rural Markets, But Demand Was Widespread Across the State

Home Sales - 2nd Half of the Year
Percent change, 2019 to 2020



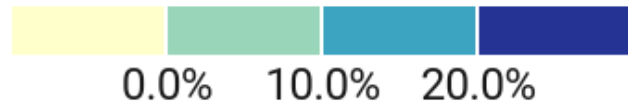
**Avg. Percent Change
In Home Sales
By Market Type**

Urban	+15.1%
Suburban	+23.1%
Rural	+26.2%



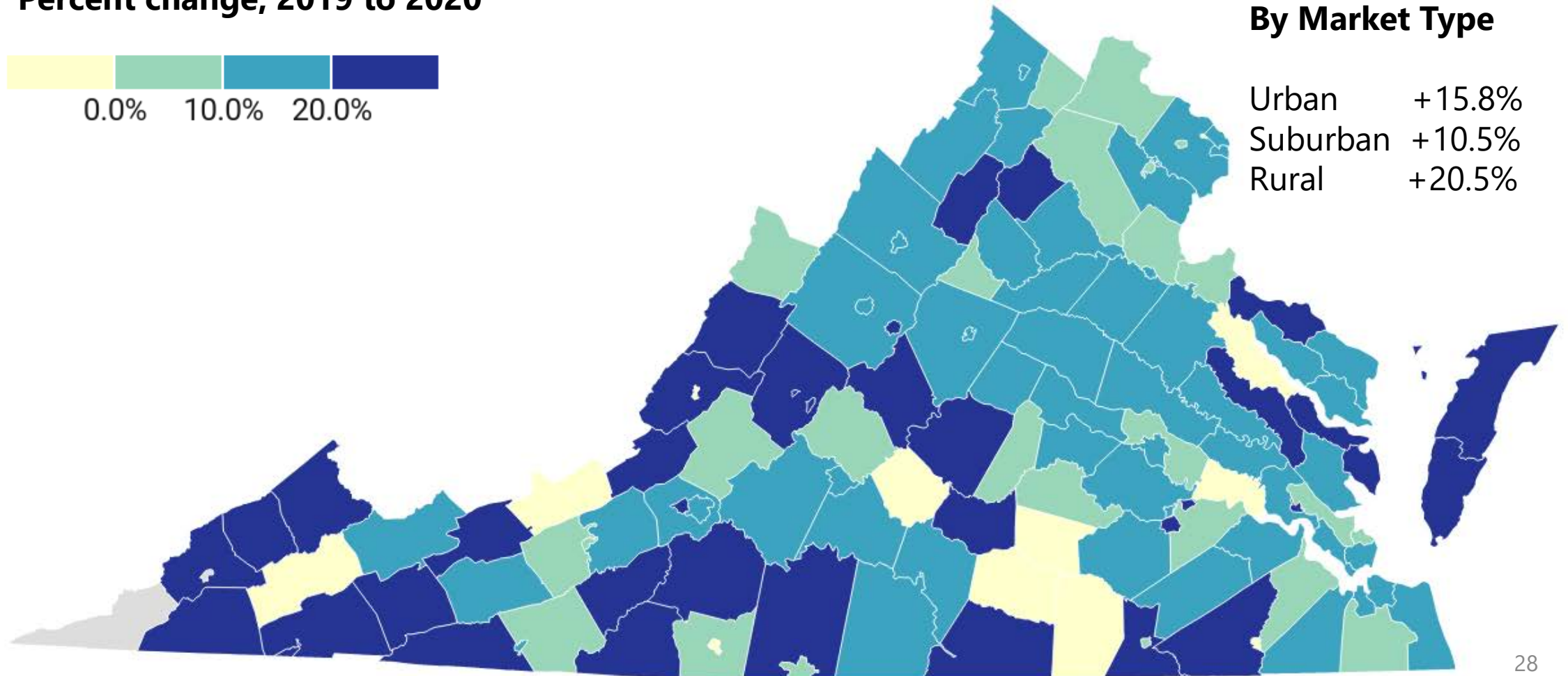
Median Home Prices Rising Faster in Rural Markets

Median Sales Price - 2nd Half of the Year
Percent change, 2019 to 2020



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

Urban	+15.8%
Suburban	+10.5%
Rural	+20.5%

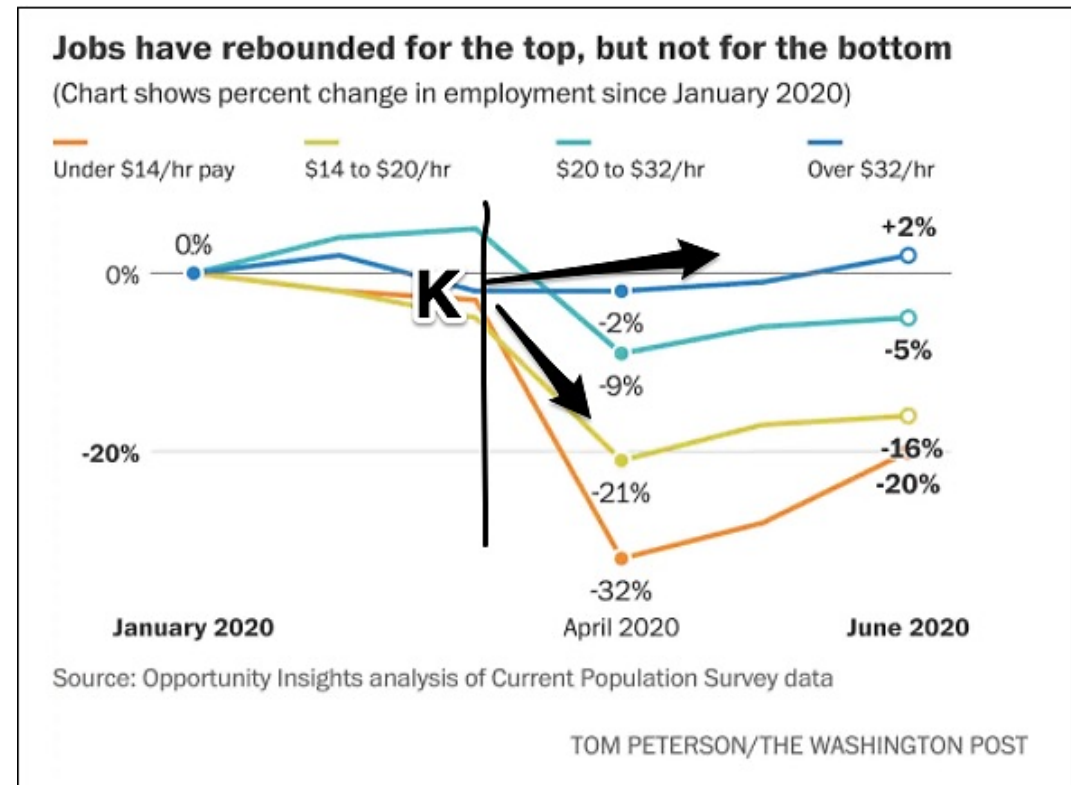


What's ahead for 2021?

Economic Conditions

- Slower economic recovery in Q4 2020
 - Q1 2021 bounce back?
- Uncertainties remain
 - Federal stimulus
 - Renewed job losses
 - Resurgence in COVID cases
 - Another shutdown
 - Distribution of vaccine

- “K-Shaped” economic recovery continues
 - Widening inequalities



What's ahead for 2021?

For-Sale Market

- Low mortgage rates well into 2021
- Strong home sales though a slowdown in activity
- Main constraint is supply
- More demand for smaller markets and single-family homes
- Housing affordability is a growing challenge

Rental Market

- Prolonged recovery will continue to hurt renters and landlords
 - Deadline for state's Rent Relief program extended to January 25, 2021
- Some rental property owners may transition units to for-sale units
- Rents generally flat into 2021; falling in high-cost submarkets
- Growing demand for rental housing in suburban and rural rental housing

Questions or Need More Info?

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