

Virginia

HOME SALES REPORT

JANUARY 2021

Virginia Home Sales Report

January 2021

Key Takeaways

- Strong demand and low mortgage rates led to a strong start to Virginia's housing market in 2021.
- There were **8,806 home sales** in Virginia in January, which is more than 2,000 more sales than in January 2020, an increase of 31.1%.
- The median home sales price statewide was **\$315,000** in January, up 12.5% from a year ago. This is the 6th consecutive month of double-digit price increases in Virginia.
- Inventory continues to shrink. At the end of January 2021, there were **16,280 active listings** statewide, which more than 12,000 fewer active listings than a year ago, a decline of 43.0%.
- While the housing market has been robust in most local markets across the Commonwealth, smaller and more rural communities have experienced some of the strongest sales and price gains. The condominium market has been weaker.

January 2021 Housing Market Summary

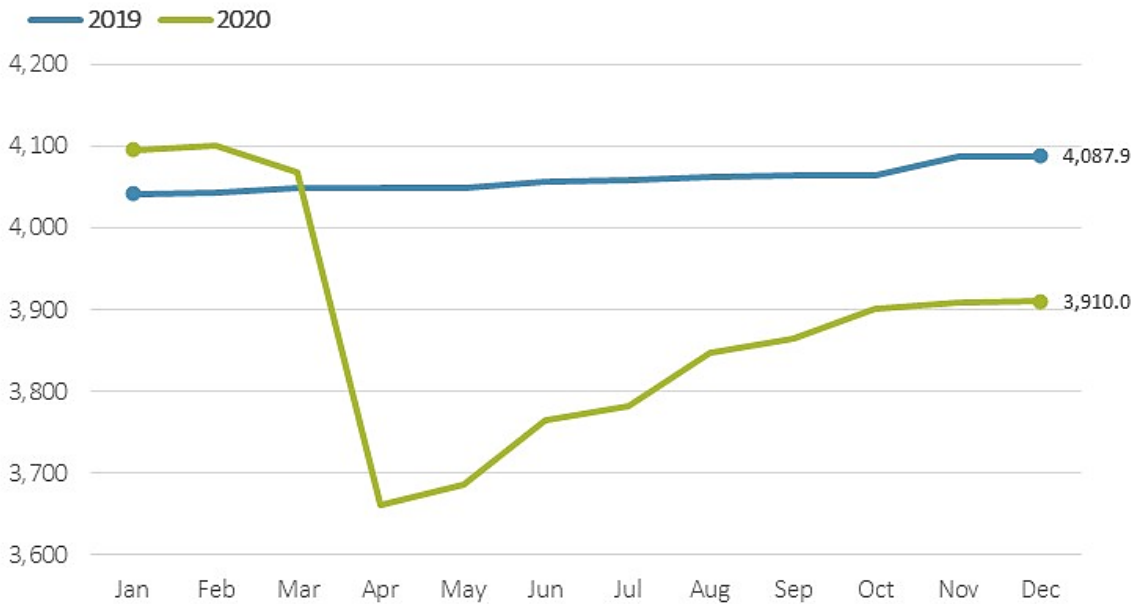
	Jan 2020	Jan 2021	Chg.	% Chg.	YTD 2020	YTD 2021	Chg.	% Chg.
Sales	9,458	12,525	3,067	32.4%	126,305	139,908	13,603	10.8%
Median Home Price (\$)	295,000	325,000	30,000	10.2%	295,000	319,902	24,902	8.4%
Sales Volume (\$ billions)	3.4	5.0	1.6	47.1%	45.4	53.6	8.2	18.1%
Average Days on Market	51	34	-17.0	-33.3%	49	41	-8.0	-16.3%
Pending Sales	6,757	8,151	1,394	20.6%	126,760	141,195	14,435	11.4%
New Listings	7,080	8,871	1,791	25.3%	167,339	165,510	-1,829	-1.1%
Active Listings (end of the month)	28,428	17,537	-10,891	-38.3%	28,428	17,537	-10,891	-38.3%
Months of Supply	2.69	1.5	-1.2	-44.2%	2.7	1.5	-1.2	-44.2%

Source: Virginia REALTORS®, data accessed February 15, 2021

Economic Overview

Economic conditions continue to improve in Virginia. While some sectors of the economy are still struggling, the real estate industry has been a bright spot in the Commonwealth's economy. Progress in distributing the COVID-19 vaccine will help support the recovering economy and the on-going strong housing market.

Figure 1. Total Jobs (in thousands)



Source: U.S. Bureau of Labor Statistics

Jobs

In December 2020, there were 3.91 million jobs statewide, which is a slight increase from the November employment total. The Commonwealth has been adding jobs each month since May, but the pace of job growth slowed dramatically at the end of 2020, and employment is still below where it was before the COVID-19 pandemic hit.

There are approximately 190,000 fewer jobs in Virginia now than there were in February 2020, but there are a few sectors of the economy that have rebounded. These sectors have been an important factor in the resiliency of the for-sale market in Virginia. The number of jobs in both the Construction and Wholesale Trade sectors are up, reflecting strong housing construction activity and E-commerce sales. Employment is also higher in both the Federal Government and Professional and Technical Services sectors. These two sectors include relatively high-paying jobs, many of which have been fairly insulated from the downturn.

Some sectors of the economy are still struggling. In December 2020, there were 78,300 fewer jobs in the Leisure & Hospitality sector than there were in February 2020. The Health Care & Social Assistance sector is down by 33,300 jobs, and the Local Government sector includes 25,900 fewer jobs than there were in February 2020.

Unemployment

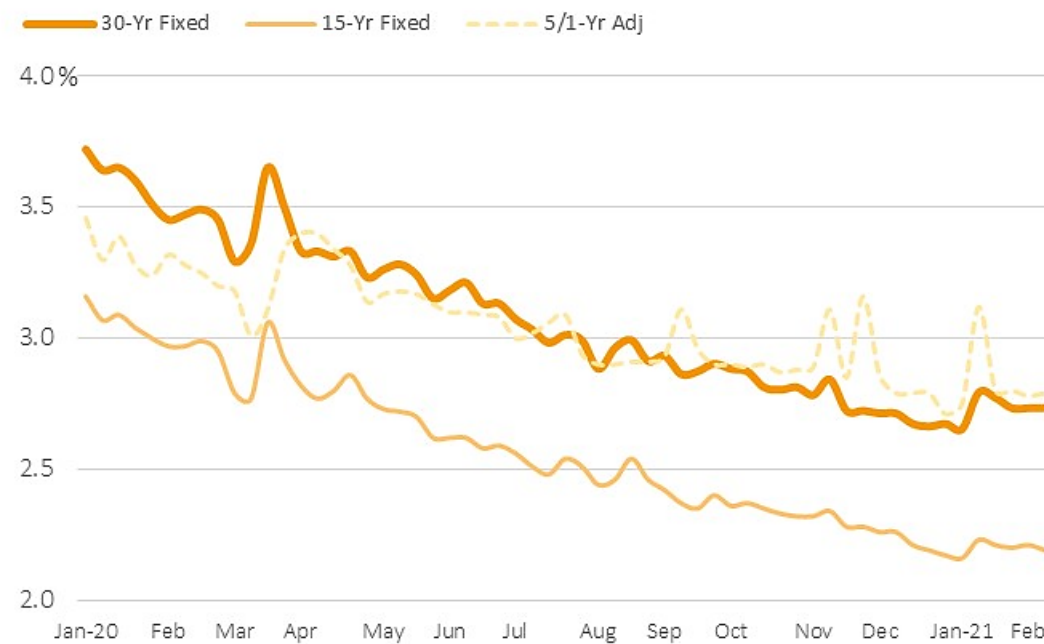
In December 2020, Virginia's unemployment rate was 4.9%, a slight uptick from the November unemployment rate. Over the past year, Virginia's employment situation has been better than many other parts of the country, and the statewide unemployment rate remains significantly lower than the U.S. rate.

However, the declining unemployment rate does not tell the whole employment story. While the rate itself is low, many people have left the labor force, and tens of thousands of Virginians are still receiving long-term unemployment benefits. It will take many more months for the labor market to return to a more normal situation.

Mortgage Rates

According to data reported by Freddie Mac, the average 30-year fixed-rate mortgage rate has been below 3% for more than six months. Mortgage rates ticked up very slightly in the 2nd week of January, but they have returned to near-historic low levels. In the 2nd week of February, the average 30-year fixed-rate mortgage rate was 2.73%.

Figure 2. Mortgage Rates



Source: Freddie Mac

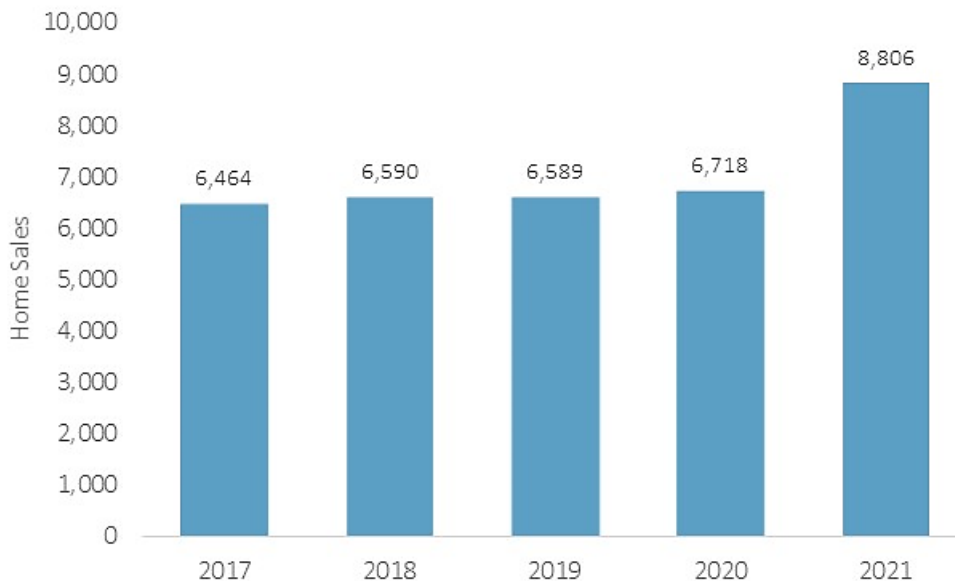
Housing Market Overview

After a strong fall, the housing market continued to be very active in January. While there is typically a winter slowdown in the housing market, this year home sales were up dramatically at the start of the year. Low inventory and higher demand has led to double-digit price growth across most of Virginia. Homes are selling very quickly, and multiple offers and bidding wars are increasingly common.

Sales

In January 2021, there was a total of 8,806 home sales statewide, which is about 2,100 more sales than there were in January 2020, an increase of 31.1%. The strong sales activity in January follows even more unprecedented sales numbers in December 2020. Home sales typically slow in the winter months; however, the COVID-19 pandemic has upended the traditional seasonality of the home buying market.

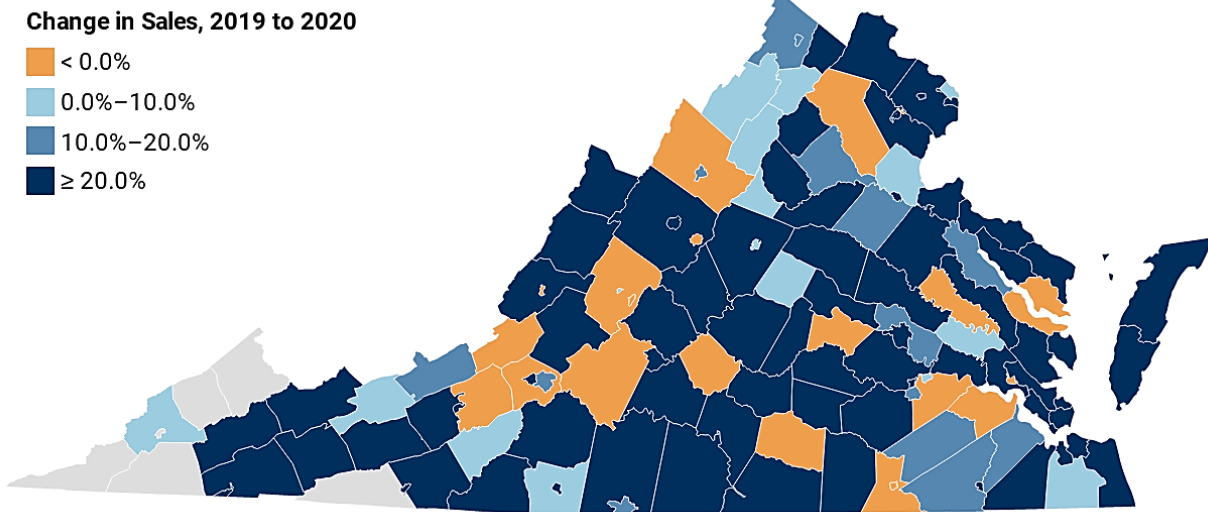
Figure 3. Virginia Home Sales, January



Source: Virginia REALTORS®, data accessed February 15, 2021

Home sales were up in January in most markets across Virginia. In recent months, the fastest growth in sales activity has been in some of the state's smaller and more rural communities. For example, the number of total home sales in January in the Eastern Shore region was more than double than a year ago. In the Southern Piedmont region, which includes Halifax and Mecklenburg counties along the North Carolina border, home sales were up by 180% in January. In the state's larger markets, including Northern Virginia, Richmond, and the Hampton Roads regions, monthly home sales were up by 20 to 30 percent in January.

Figure 4. County/City Home Sales, January



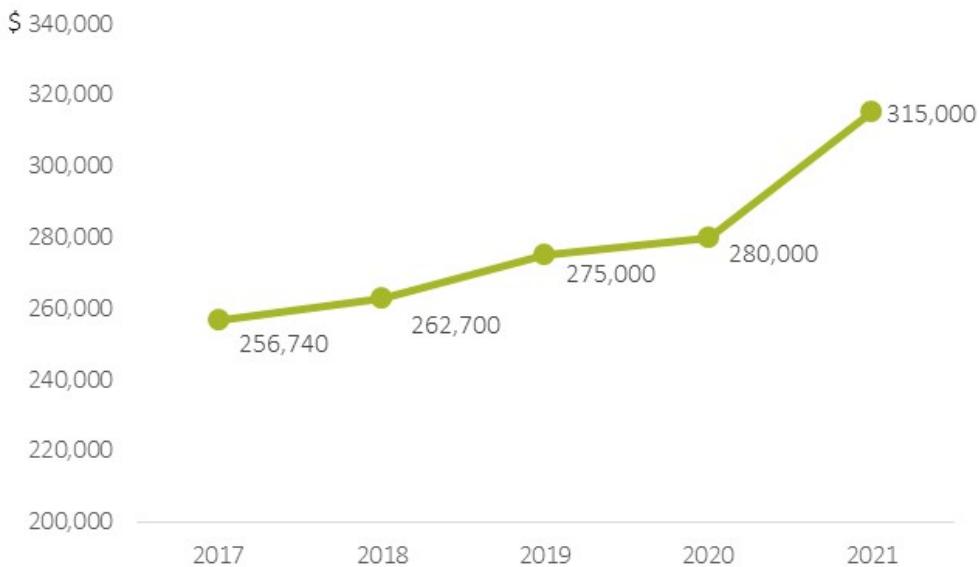
Source: Virginia REALTORS®, data accessed February 15, 2021.

Home Prices

In January 2021, the median sales price statewide was \$315,000, which is up 12.5% from a year ago. The median sales price in Virginia has increased at a double-digit rate for 6 consecutive months and is now more than \$58,000 higher than it was five years ago.

The average ratio of sold-to-list price has been rising steadily, reflecting bidding wars and multiple offers. In January 2021, homes sold for 99.7% of list price, on average. Last year at this time, the average sold-to-list price ratio was 98.4%.

Figure 4. Median Home Price (\$), January

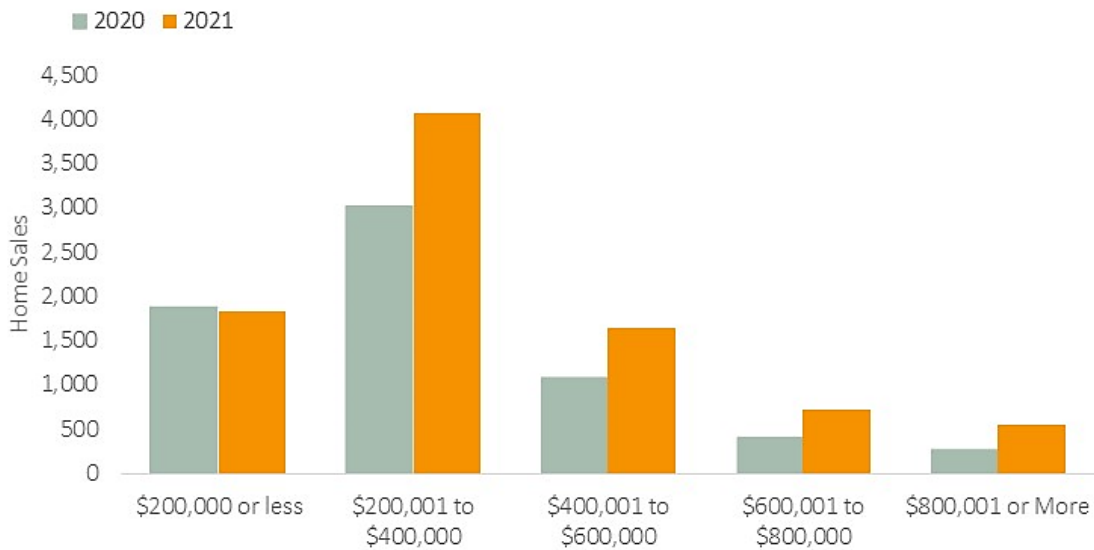


Source: Virginia REALTORS®, data accessed February 15, 2021

In January 2021, homes selling for \$200,000 or less accounted for about 1 out of 5 sales in Virginia (20.8%). This share is significantly lower than a year ago, when homes selling for \$200,000 or less comprised 28.1% of all home sales in Virginia. Nearly half of all homes sold in January 2021 (46.1%) had prices between \$200,001 and \$400,000, and 18.6% sold for between \$400,001 and \$600,000.

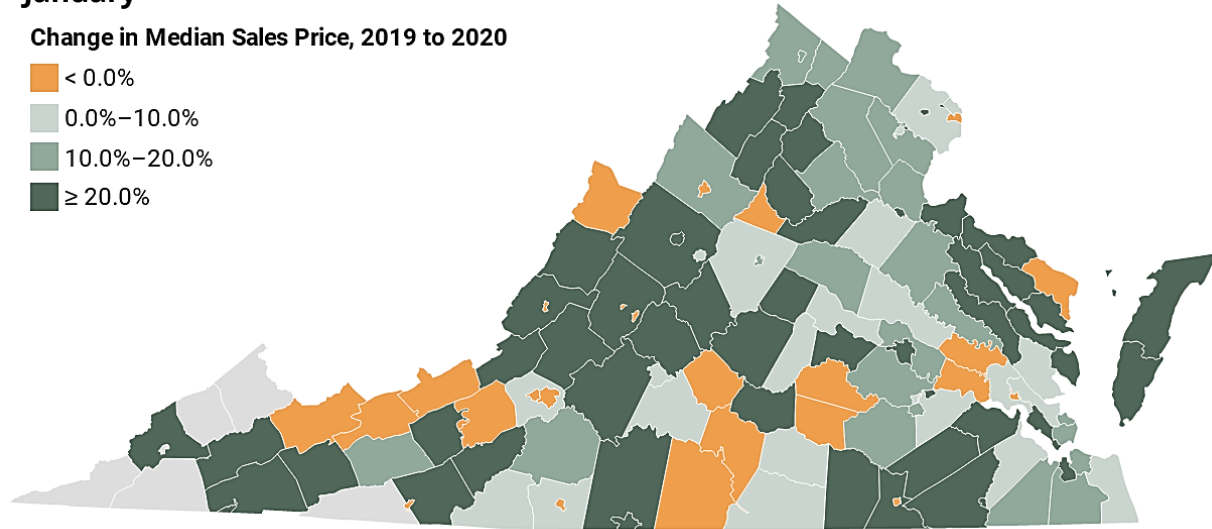
There has been a notable increase in the number of higher-priced homes sold in Virginia. In January 2021, homes selling for between \$600,001 and \$800,000 accounted for 8.1% of sales, up from 6.5% of January 2020 sales. In January 2021, 6.3% of homes sold had prices of \$800,001 or higher, compared to just 4.3% of homes sold in January 2020.

Figure 5. Sales by Price Range, January



Source: Virginia REALTORS®, data accessed February 15, 2021

Figure 6. County/City Median Sales Price, January



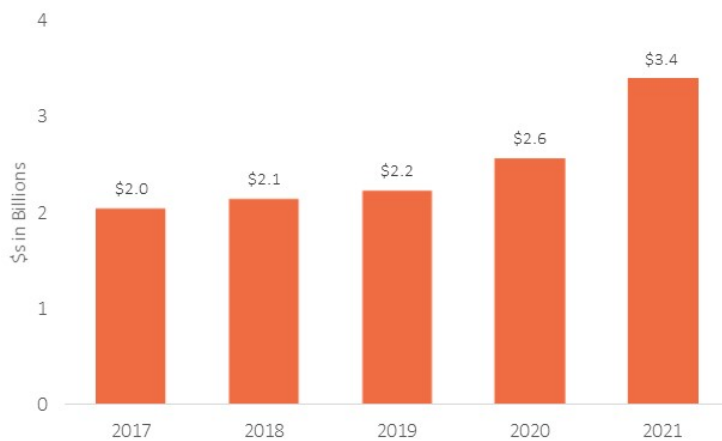
Source: Virginia REALTORS®, data accessed February 15, 2021

Median home prices rose in January in nearly every market in Virginia. In fact, in the majority of jurisdictions, the median sales price increased by more than 10%. Like home sales activity, home prices have been rising most quickly in some of the state's smaller and more rural markets. In January 2021, the median sales price on the Eastern Shore was up by 40.0%. In the Dan River region (i.e., city of Danville and Pittsylvania county), the median sales price in January 2021 was 75.2% higher than a year earlier.

Sold Volume

Increases in both sales transactions and home prices led to a surge in the total sold volume across the state. In January, there was a total of \$3.4 billion of sold volume, which is a gain of about \$828 million compared to a year ago, an increase of 32.2%.

Figure 7. Sold Dollar Volume, January

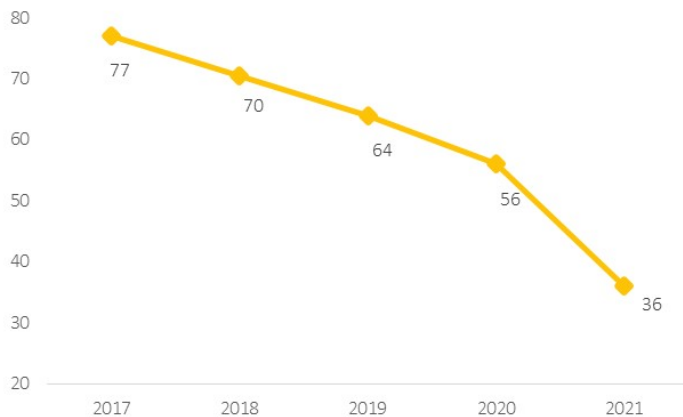


Source: Virginia REALTORS®, data accessed February 15, 2021

Days on Market

Homes continue to sell faster in markets across Virginia. In January, homes were on the market an average of 36 days statewide, which is 20 days faster than a year ago. 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.

Figure 8. Average Days on Market, January

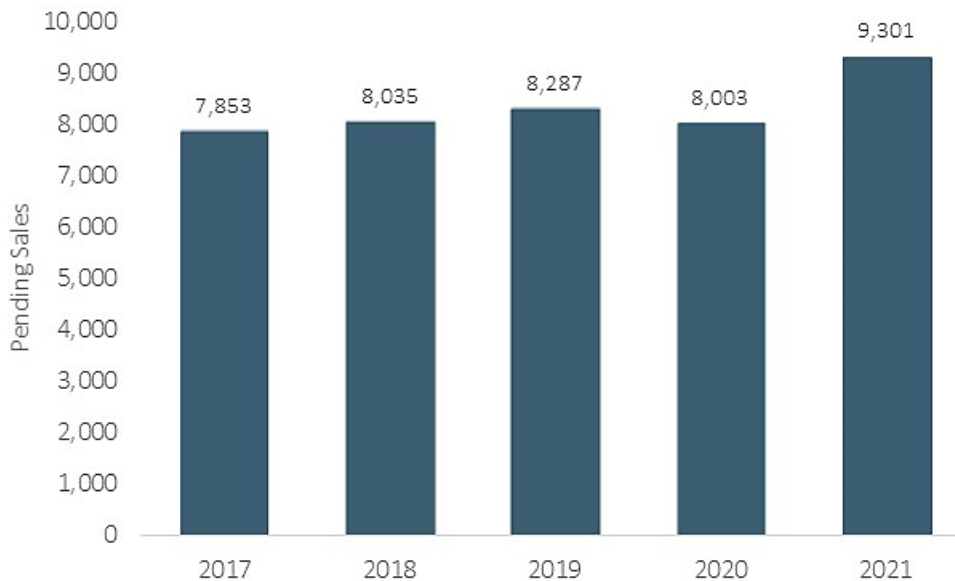


Source: Virginia REALTORS®, data accessed February 15, 2021

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 into 2021. At the end of January, there was a total of 9,301 pending sales statewide. The number of pending sales in Virginia was up by 16.2% compared to a year ago and was 14.1% higher than the number of pending sales in December 2020.

Figure 9. Pending Sales, January



Source: Virginia REALTORS®, data accessed February 15, 2021

New Listings

New listings have been on the rise for several months. In January 2021, there were 10,862 new listings brought to the market. While new listings were down by 9.1% compared to a year ago, the number of new listings was up 22.4% over the number of new listings in December 2020.

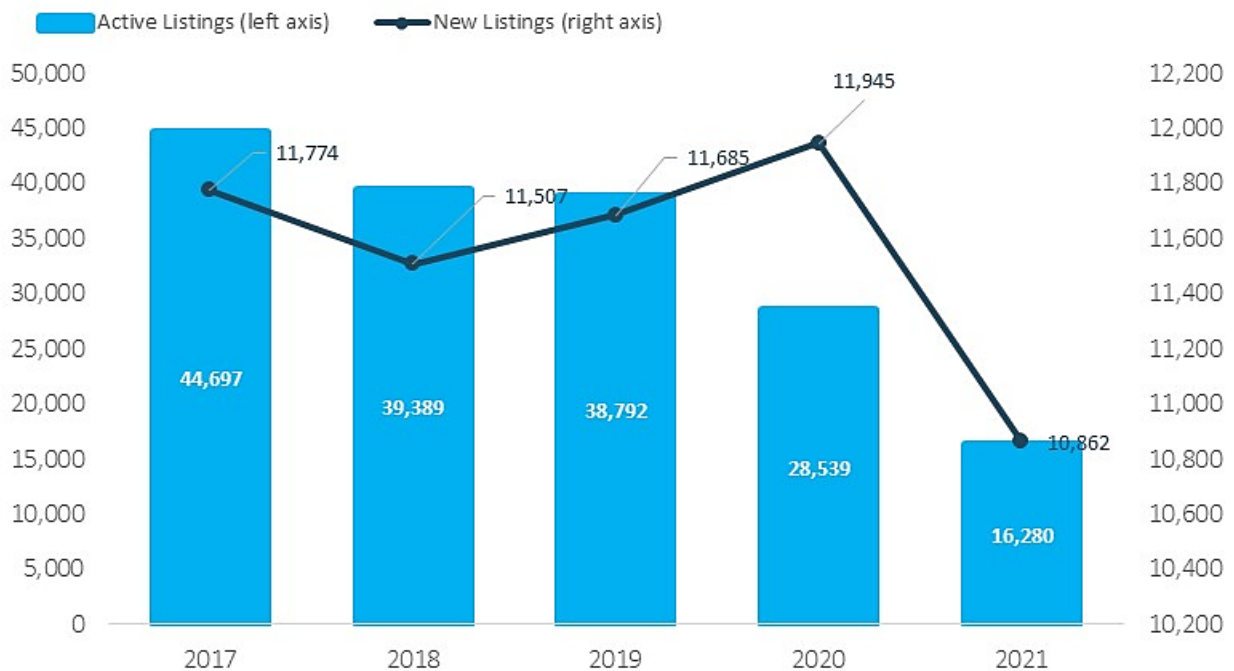
Despite the increase in monthly new listings, the pace of sales activity continues to outpace supply, which has resulted in inventory being drawn down very quickly.

Active Listings

A lack of available inventory continues to be the biggest challenge in Virginia's housing market. Few options and rising prices have led to bidding wars and price escalation. Some would-be buyers have put their home buying on hold or have decided to remain renters. Sales activity could slow in the months ahead, not because of a softening of demand, but rather as a result of insufficient inventory.

At the end of January, there were just 16,280 active listings across Virginia, which is 12,259 fewer active listings than there were at the end of January 2020, a 43.0% drop. Inventory declined by 7.2% between December and January.

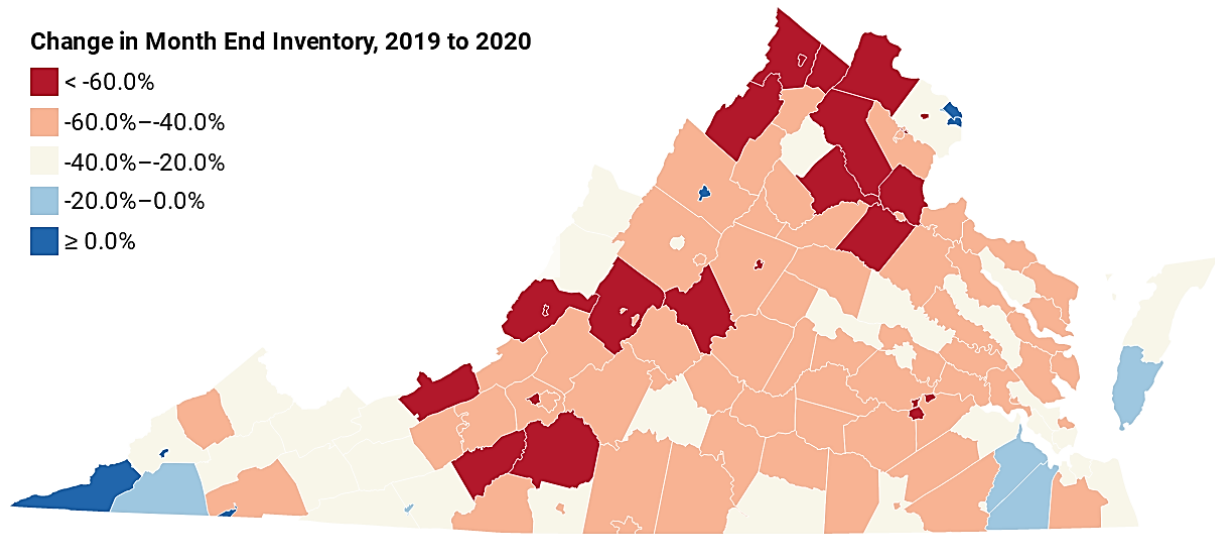
Figure 10. Listings, January



Source: Virginia REALTORS®, data accessed February 15, 2021

Note: Active listings at the end of the month

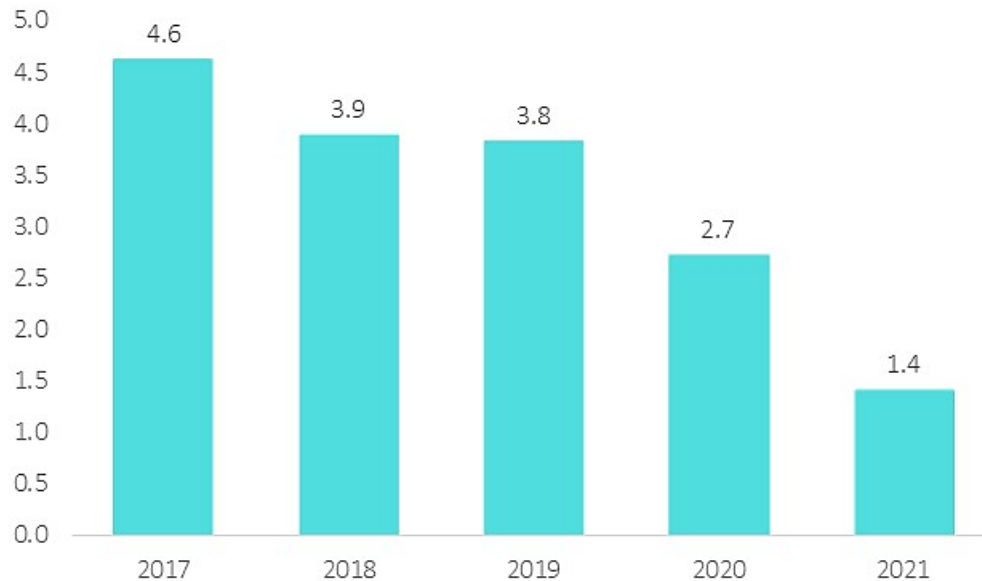
Figure 11. Active Listings by County/City, January



Source: Virginia REALTORS®, data accessed February 15, 2021

At the end of January 2021, there was an estimated 1.4 months of supply in Virginia, down from 2.7 months of supply at the end of January 2020. 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.

Figure 12. Months of Supply, January



Source: Virginia REALTORS®, data accessed February 15, 2021

Outlook

The housing market kicked off 2021 with a bang with higher-than-expected sales activity and very strong price growth. An improving economy will increase the demand for housing and will put even greater strain on the very limited inventory. There are several trends that will impact the state's housing market in the weeks to come:

- The widespread distribution of the COVID-19 vaccine will be essential to returning the economy to full strength. High savings rates and pent-up consumer demand will be unleashed in 2021, which will drive more spending on housing.
- Low mortgage rates are expected well into 2021. Typically, low rates encourage people to buy homes. However, in the current housing market, rates have been low for so long and are not by themselves a big driver of buyers' decisions. Low rates could actually encourage additional refinance activity rather than purchase activity, as inventory has limited buyers' choices.
- There is strong demand for single-family homes, while interest in condominiums has weakened. Overall inventory levels are down, but inventories of condominiums in some Northern Virginia markets have increased dramatically.
- Housing affordability is a growing challenge in Virginia, with rising prices making it harder for some homebuyers, particularly first-time buyers, to get into the market.



The Virginia REALTORS® association is the largest professional trade association 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.