

Virginia

HOME SALES REPORT

FEBRUARY 2021

Virginia Home Sales Report

February 2021

Key Takeaways

- There were **8,804 home sales** in Virginia in February, which is 1,400 more sales than in February 2020, an increase of 19.2%.
- The median home sales price statewide was **\$320,000**, up 9.6% from a year ago.
- Increases in both transactions and home prices led to another surge in sold volume in Virginia. In February, there was a total of **\$3.5 billion in sold volume** statewide, an increase of 31.2% compared to a year ago.
- Supply is very limited across local markets. At the end of February 2021, there were just **15,712 active listings** statewide, which is more than 12,000 fewer active listings than a year ago, a decline of 43.7%.
- COVID-19 and the economic recession has led to a change in the seasonality of the home sales market in Virginia. It is likely that sales activity this spring will be slower than a typical spring, after coming off of an unusually strong fall and winter market.

February 2021 Housing Market Summary

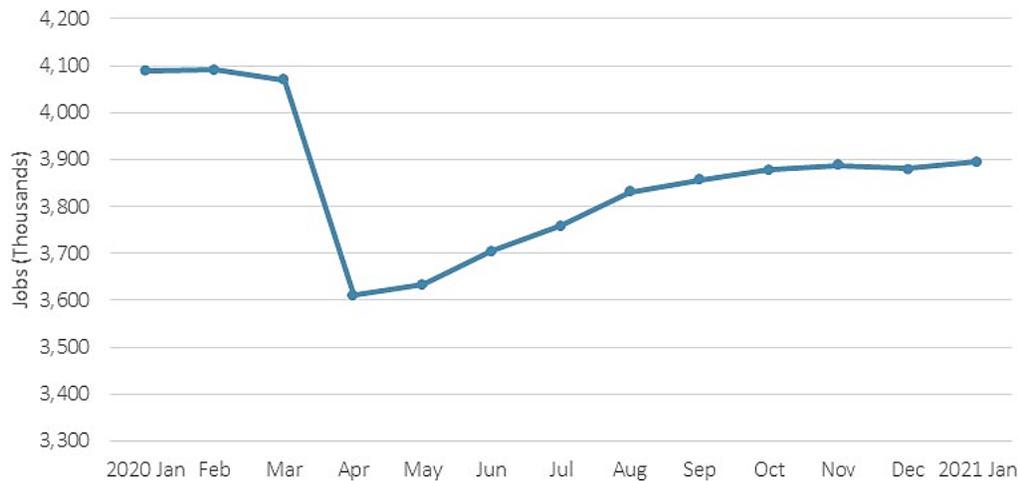
	Feb 2020	Feb 2021	Chg.	% Chg.	YTD 2020	YTD 2021	Chg.	% Chg.
Sales	7,383	8,804	1,421	19.2%	14,194	17,610	3,416	24.1%
Median Home Price (\$)	292,000	320,000	28,000	9.6%	282,906	317,000	34,095	12.1%
Sales Volume (\$ billions)	2.7	3.5	0.8	31.2%	5.1	6.9	1.8	36.0%
Average Days on Market	52	35	-17	-32.7%	57	36	-22	-37.8%
Pending Sales	9,496	9,274	-222	-2.3%	18,131	18,575	444	2.4%
New Listings	12,789	10,689	-2,100	-16.4%	24,915	21,551	-3,364	-13.5%
Active Listings (end of the month)	27,903	15,712	-12,191	-43.7%	27,903	15,712	-12,191	-43.7%
Months of Supply	2.6	1.3	-1.3	-50.1%	2.6	1.3	-1.3	-50.1%

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

Economic Overview

The economy continues to improve slowly but steadily in Virginia. Many measures, including job growth and unemployment rates, are trending in the right direction. The Federal stimulus package passed in March will strengthen the economy, supporting consumers' purchasing power, local business growth, and state and local government spending.

Figure 1. Total Jobs in Virginia (in thousands)



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

Jobs

In January 2021, there was a total of 3.90 million jobs in Virginia. The Commonwealth has added jobs for eight of the past nine months. Between December and January, the economy added more than 14,000 jobs, the biggest gain since October. Even with steady gains, there are still significantly fewer jobs in Virginia now than there were before the COVID-19 pandemic hit. About 60% of the jobs lost last spring have been recovered. In January, there were still about 194,000 fewer jobs in Virginia than there were a year ago.

All regions across the state have been gaining back jobs lost during the pandemic. However, job totals in all metropolitan areas are below where they were a year ago. In Northern Virginia, for example, there were about 78,800 fewer jobs in January 2021 than there were in January 2020. The Richmond metropolitan area was down by 39,900 jobs, and the Hampton Roads metropolitan area had 38,600 fewer jobs in January 2021 than it did a year earlier. The biggest gains have been in some of the state's smaller metropolitan areas, including Blacksburg, Staunton, and Winchester.

There are three sectors of the statewide economy that have fully recovered jobs lost. The Transportation & Warehousing, Professional & Technical Services, and Federal Government sectors all had more jobs in January 2021 than they did in January 2020. However, most sectors are still below pre-pandemic levels. For example, there are still about 80,000 fewer jobs in the Leisure & Hospitality sector, which includes restaurants, bars, and hotels, than there were a year ago.

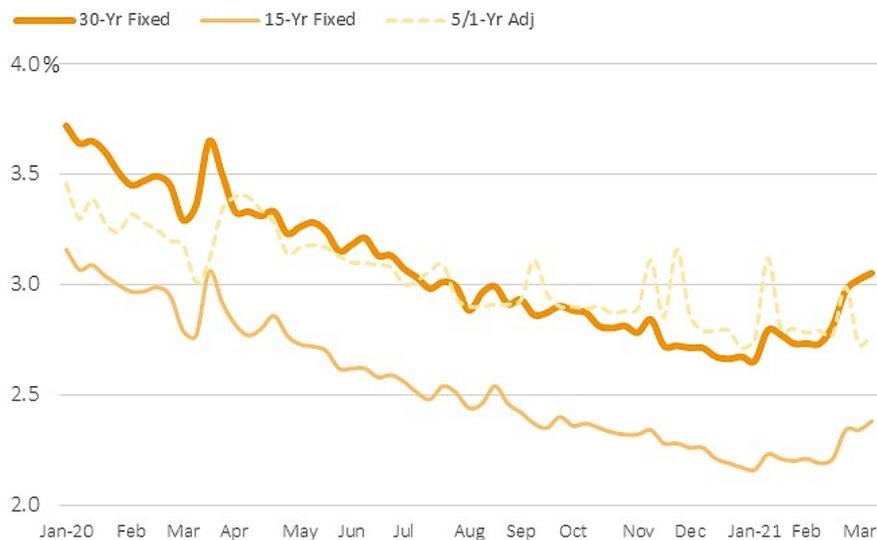
Unemployment

In January 2021, Virginia's unemployment rate was 5.3%, a decline from the December 2020 unemployment rate and a full percentage point lower than the U.S. rate. In all regions throughout Virginia, unemployment has been steadily declining since the summer. Several metropolitan areas had unemployment rates of 4.0% or lower, including Winchester, Harrisonburg, Staunton, Blacksburg, and Charlottesville.

Mortgage Rates

The improving economy has led to a slight uptick in mortgage rates. According to data reported by Freddie Mac, the average 30-year fixed-rate mortgage rate rose to above 3% in the first two weeks of March, which is the first time since July that the weekly average rate has been above 3%. Despite the modest increase in mortgage rates, there is widespread agreement among economists that interest rates will remain low throughout 2021.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

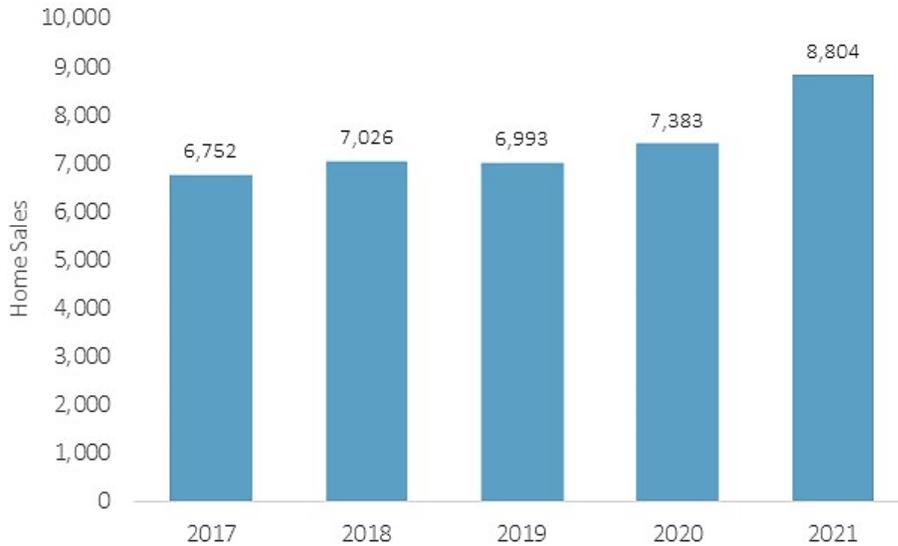
Virginia's housing market has been exceptionally strong this winter. In February, sales and home prices were up as a result of continued strong demand. Inventory continues to fall, as buyers snap up new listings almost as soon as they hit the market. As a result of the COVID-19 recession, Virginia's housing market has lost some of the typical seasonal patterns. Given the fast pace of winter sales activity, the extremely low inventory, and the recent pending sales numbers, it is likely that home sales activity will be slower than normal this spring.

Sales

In February 2021, there was a total of 8,804 home sales statewide, which is an increase of more than 1,400 sales compared to February 2020, a 19.2% increase. While home sales were very strong in February, there was a slight tapering off of sales activity compared to November, December, and January, when monthly sales totals were up over 30% compared to a year earlier.

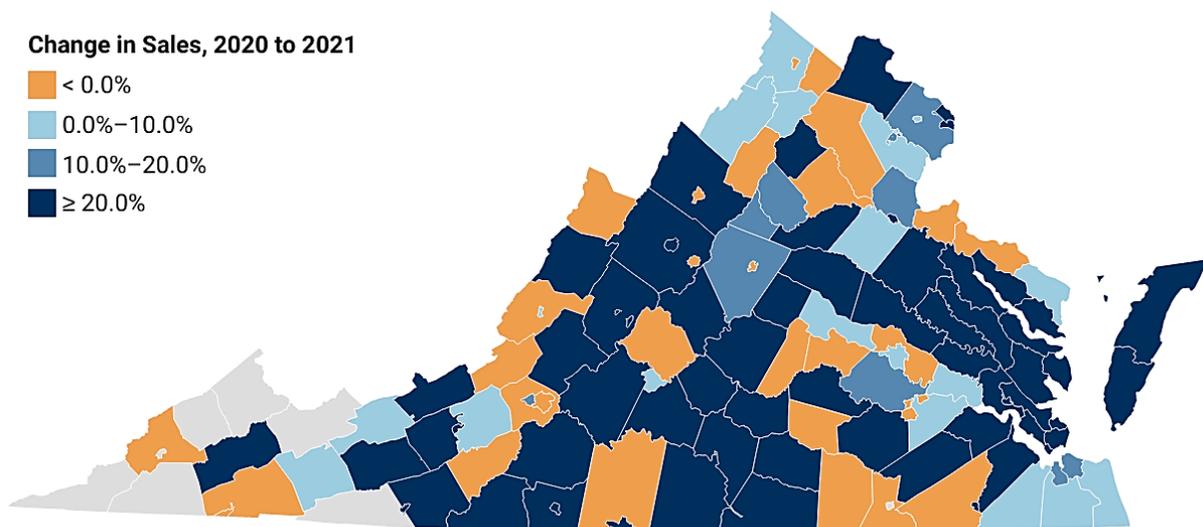
February 2020 marks the last “pre-COVID-19” month of home sales activity. It will be difficult to compare 2021 monthly home sales activity to 2020 monthly home sales activity beginning in March. The typical seasonality of the housing market (e.g., a strong spring market, a slowdown in the winter months) has been upended during the pandemic.

Figure 3. Virginia Home Sales, February



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

Figure 4. County/City Home Sales, February



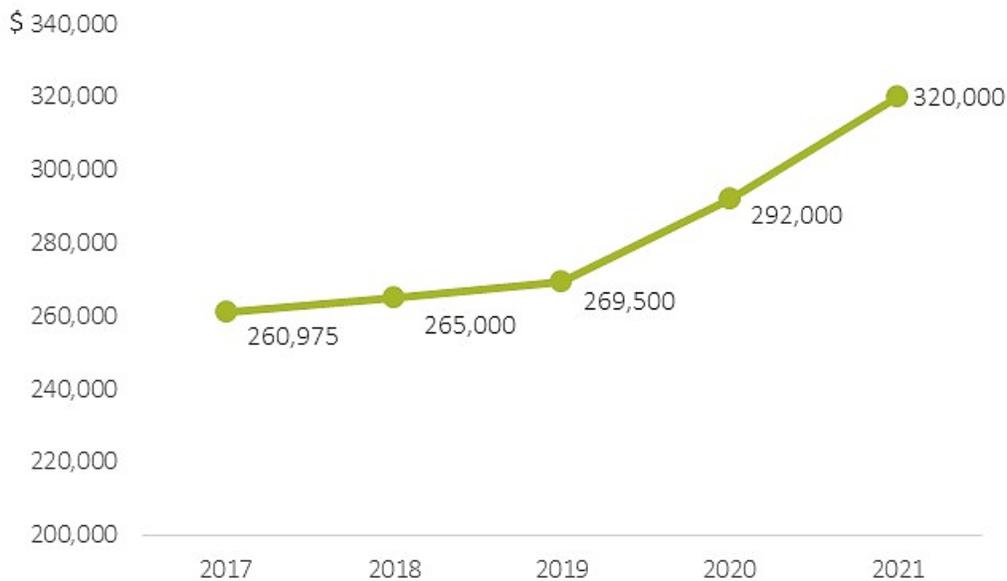
Source: Virginia REALTORS®, data accessed March 15, 2021.

Home Prices

In February 2021, the median sales price statewide was \$320,000, which is up 9.6% from a year ago. Home prices have been rising quickly for the past seven months. The median sales price in Virginia is now \$59,000 higher than it was five years ago.

Strong demand, limited inventory, and very low mortgage rates have driven price growth. Multiple offers and offers above list price are common in many markets across Virginia. In February, the average sold-to-list price ratio was above 100%, which means that, on average, homes in Virginia sold for above asking price. This is the first month that the average sold-to-list price ratio has been above 100% for the state. In many local markets, however, homes have been selling for above list price, on average, for several months.

Figure 5. Median Home Price (\$), February

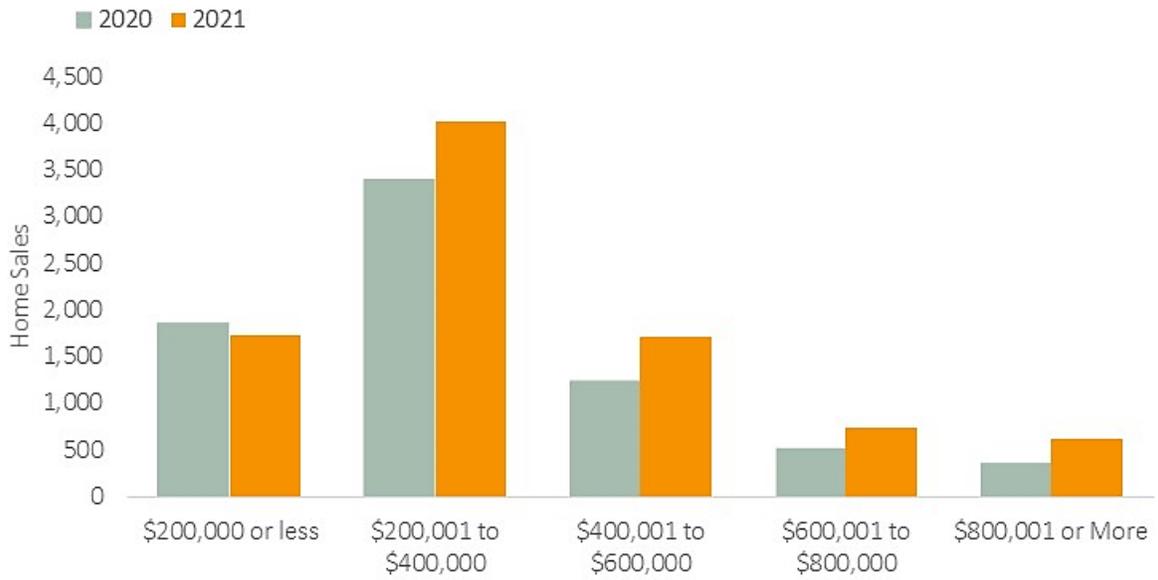


Source: Virginia REALTORS®, data accessed March 15, 2021

Statewide, the largest share of home sales are in the \$200,001 to \$400,000 price range. In February 2021, 45.6% of all homes sold in Virginia had a sales price between \$200,001 and \$400,000, about the same share as in February 2021.

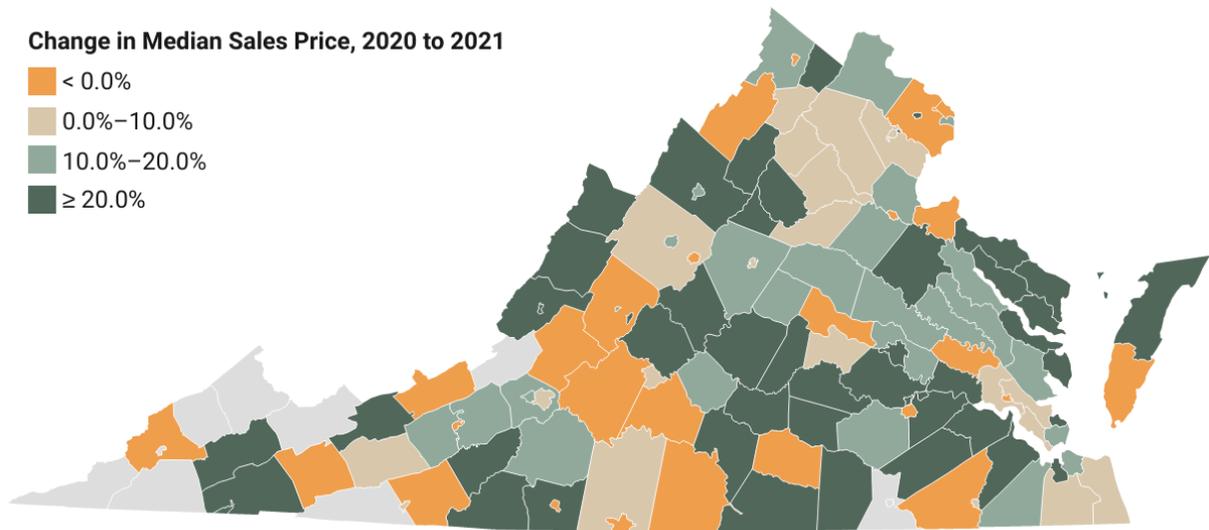
The biggest shift has been in the sale of lower-priced homes. In February 2021, 19.6% of all homes sold for \$200,000 or less, a decline from a year earlier when 25.2% of home sales were in this price range. At the other end of the price spectrum, the number of homes selling for more than \$600,000 has increased. In February 2021, 15.4% of Virginia homes sales were in the \$600,001 or higher price range, compared to 12.2% of homes sold in February 2020.

Figure 6. Sales by Price Range, February



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

Figure 7. County/City Median Sales Price, February

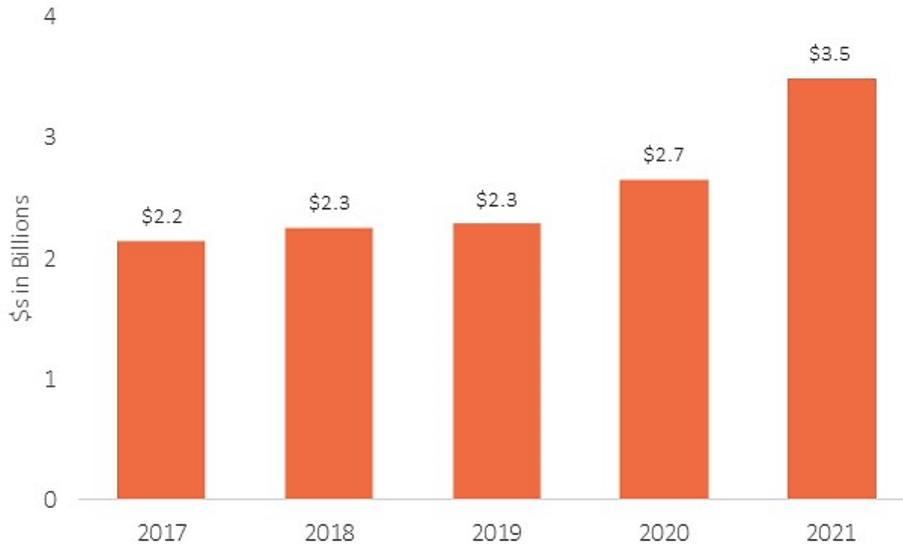


Source: Virginia REALTORS®, data accessed March 15, 2021

Sold Volume

Increases in both sales transactions and home prices led to another surge in the total sold volume in Virginia. In February 2021, there was a total of \$3.5 billion of sold volume statewide, which is a gain of about \$830 million compared to a year ago, an increase of 31.2%.

Figure 8. Sold Dollar Volume, February

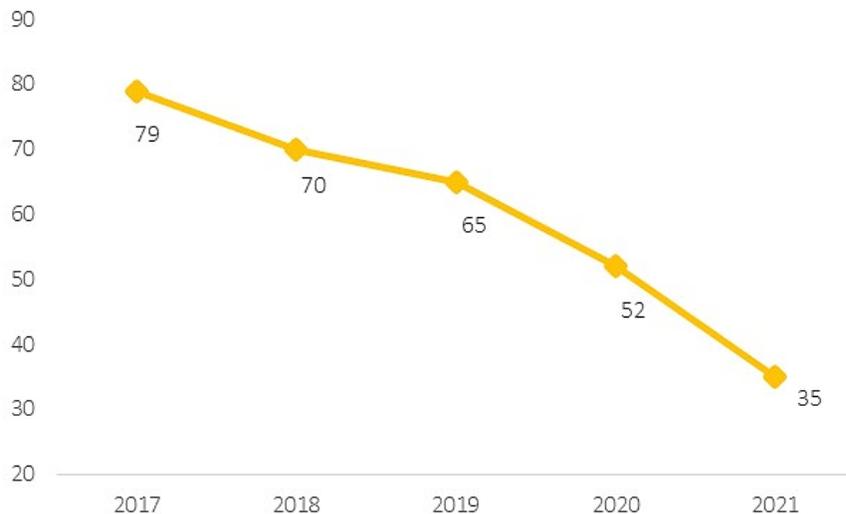


Source: Virginia REALTORS®, data accessed March 15, 2021

Days on Market

In February 2021, homes were on the market an average of 35 days statewide, which is 17 days faster than a year ago. Homes have been selling faster in local markets across the state. In some counties and cities, a home has multiple offers within just a day or two of being on the market.

Figure 9. Average Days on Market, February



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

Pending Sales

The pending sales total is the number of homes that went under contract in a given month but had not yet gone to closing. February pending sales totals have been remarkably consistent over the past five years. At the end of February 2021, there was a total of 9,274 pending sales statewide, which is down 2.3% compared to a year ago.

In prior years, there has been a big jump in pending sales between January and February. In fact, in every year between 2017 and 2020, February pending sales have been about 17% higher than January pending sales. In 2021, however, the situation is different. The number of pending sales in February 2021 was slightly lower than the number of pending sales in January 2021. These pending sales figures could indicate a slowdown in closed sales in March and April.

Figure 10. Pending Sales, January and February



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

New Listings

The number of monthly new listings had begun to increase in the fall, but new listings have tapered off early in 2021. In February, there was a total of 10,689 new listings, which is down 16.4% from a year ago. In a typical year, new listings increase between January and February, but 2021 is an exception. The number of new listings in February 2021 was down 1.6% compared to January 2021. By comparison, February new listings increased by an average of 12% between January and February during the last four years.

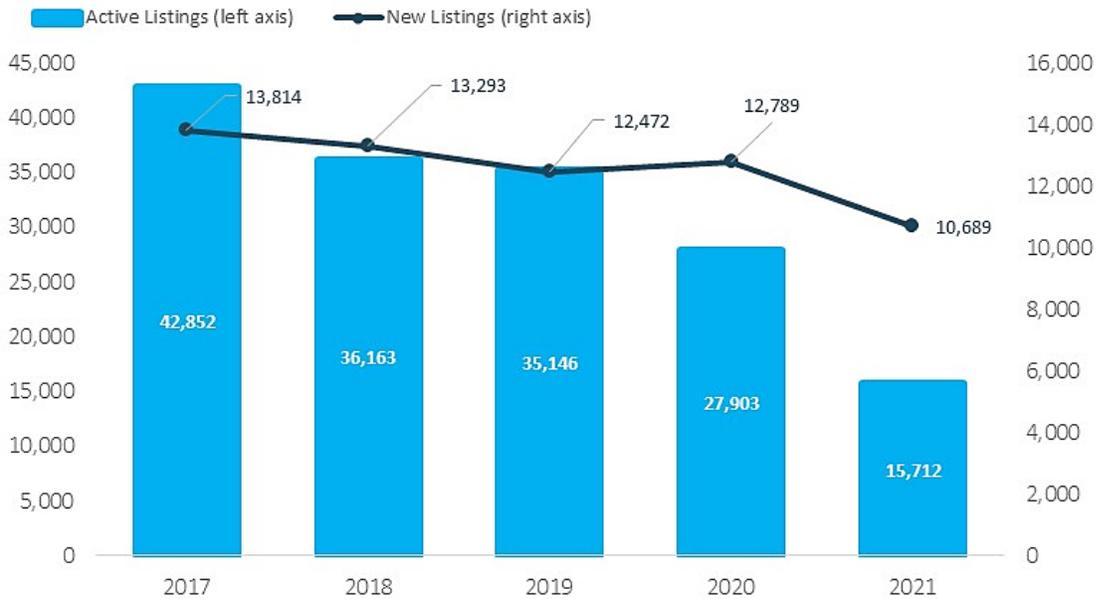
Active Listings

A lack of inventory is still a big challenge and likely will end up leading to a slowdown in market activity in the spring. At the end of February 2021, there were just 15,712 active listings across Virginia, which is 12,191 fewer active listings than there were at the end of February 2020, a 43.7% drop.

The supply of available homes for sale has been steadily declining for years. However, the COVID-19 pandemic has accelerated that trend. At the end of February 2021, total inventory was only about a third of what it was five years ago.

An exception to the inventory shortfalls can be found in some Northern Virginia markets, where an influx of condominiums on the market has increased year-over-year inventory levels.

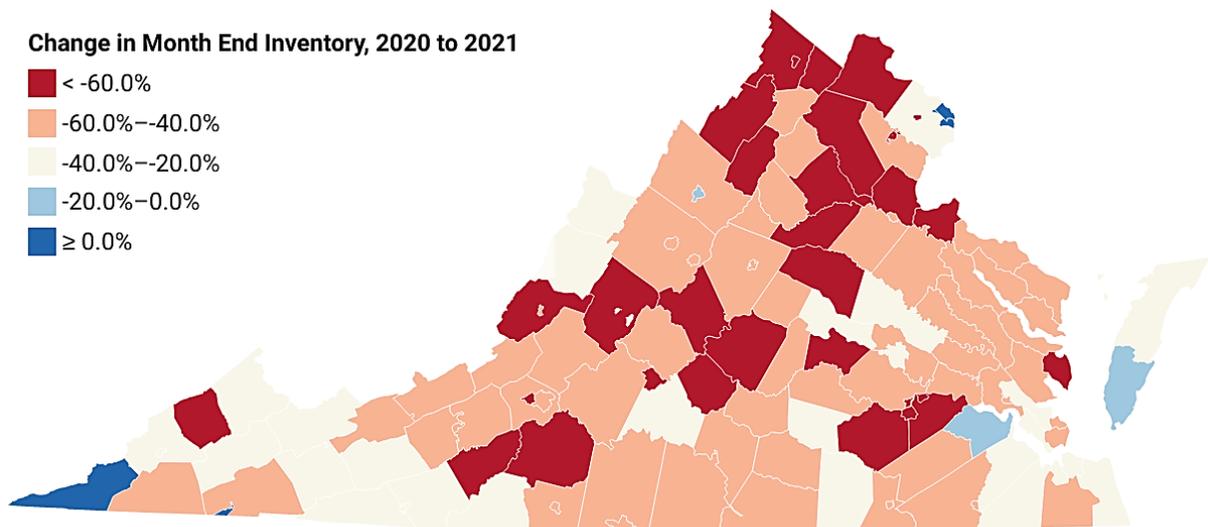
Figure 11. Inventory, February



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

Note: Active listings at the end of the month

Figure 12. Active Listings by County/City, End of February



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

At the end of February 2021, there was an estimated 1.3 months of supply in Virginia, down from 2.6 months of supply at the end of February 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 13. Months of Supply, February



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

Outlook

The winter housing market has been surprisingly strong in Virginia, reflecting solid demand and low mortgage rates. The availability of the COVID-19 vaccine and the dissemination of the third round of Federal stimulus payments will support continued economic recovery this spring. While the economy is still a long way off from a return to “normal,” conditions will improve as students return to schools, employees return to places of work, and consumers and businesses ramp up spending. There are several trends that will impact the state’s housing market in the weeks to come:

- It is likely that there will not be a typical “spring” market this year. The February pending sales and new listings figures, along with the robust winter sales activity and the declining inventories, suggest that there could be a slight slowdown in the market this spring.
- Despite this slight uptick in mortgage rates in early March, interest rates should remain low in 2021. While economic conditions are improving and there is some movement on inflation, the Federal Reserve has indicated that it will not raise rates this year.
- COVID-19 and the economic recession has led to a bifurcated market in the state, with condominium inventories climbing in some local Northern Virginia markets, while single-family inventories continuing to plummet.
- It is expected that multiple offers and offers over list price will continue to be common in many markets across the state. Buyers will need to be well-prepared to be successful in this highly competitive 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:

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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.