



Virginia's Housing Market: Current Trends and a Post-Pandemic Outlook

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Virginia Housing Commission

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Economic Trends

The U.S. Economy Shrank in 2020

BIGGEST ANNUAL GDP DECLINES

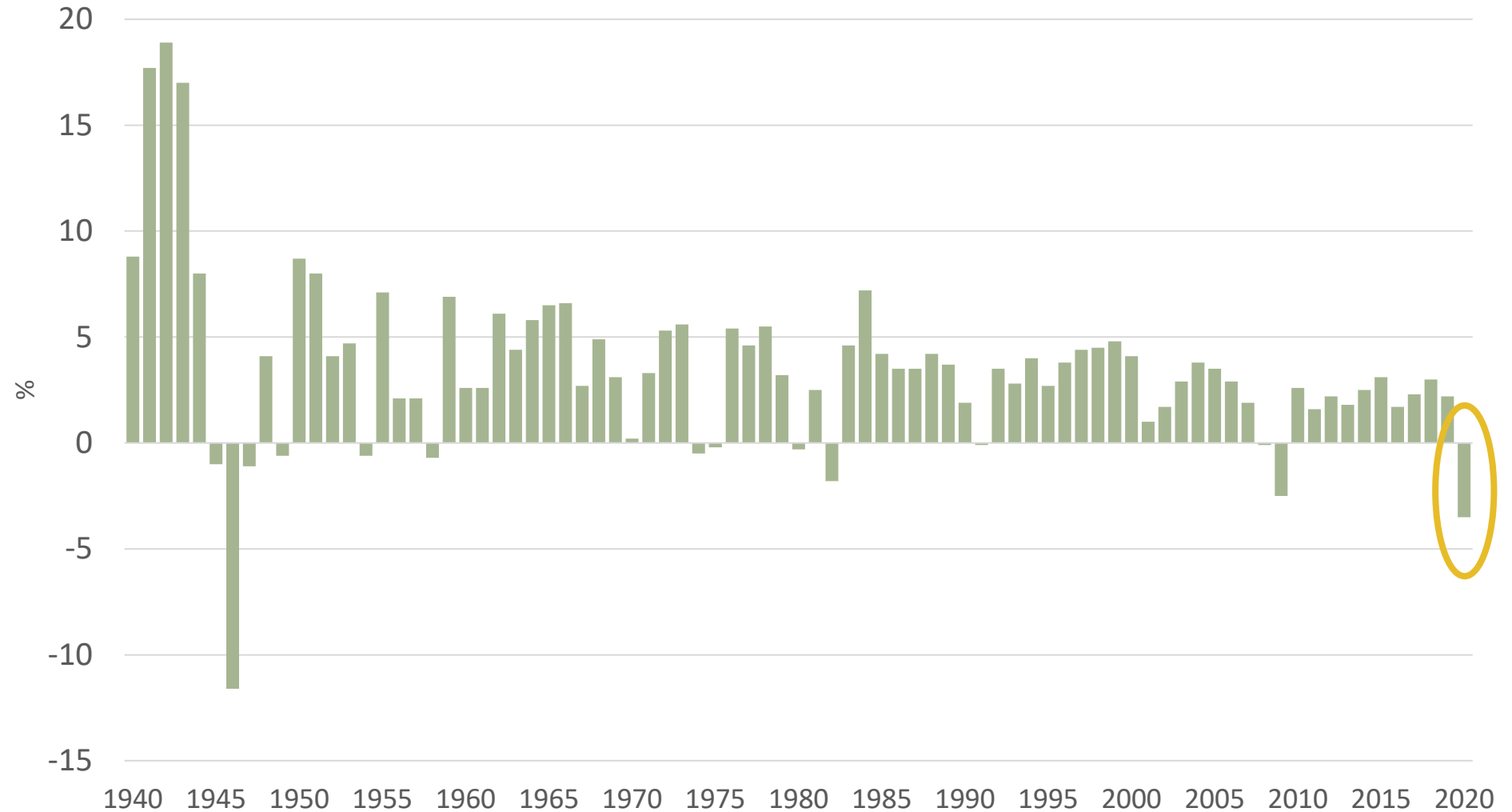
1946: -11.6%
End of War Recession

2020: -3.5%
COVID-19 Recession

2009: -2.5%
Great Recession

1982: -1.8%
Energy Crisis Recession

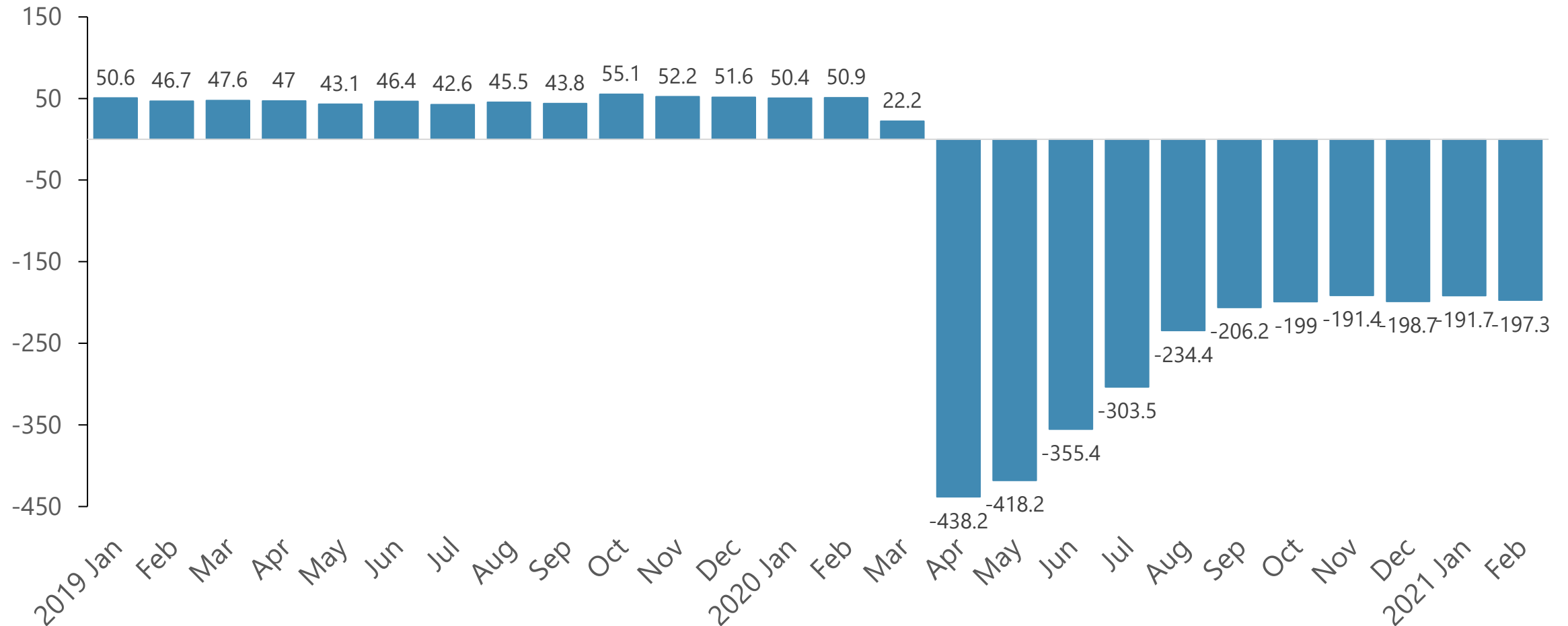
Real GDP, Annual Percent Change



Source: U.S. Bureau of Economic Analysis

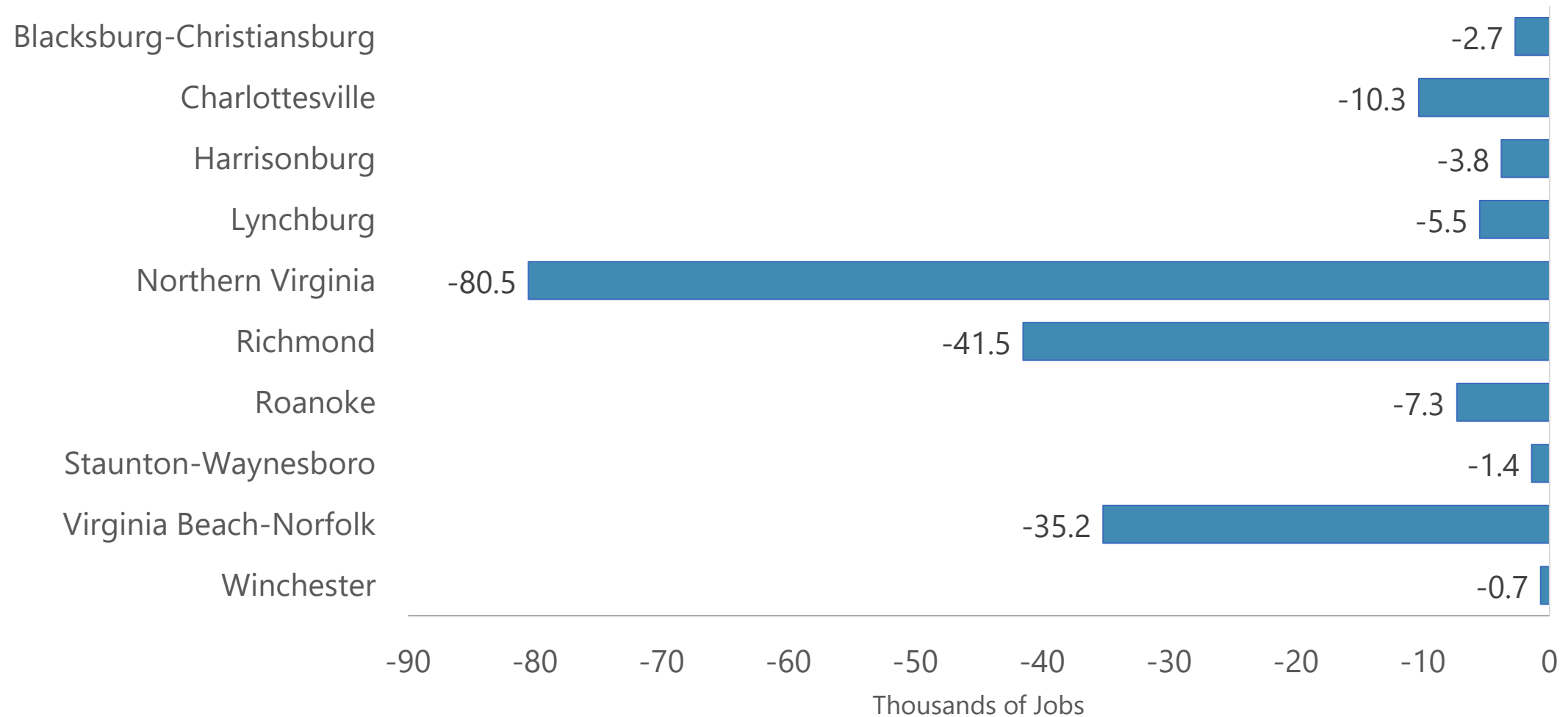
Virginia Employment

Virginia Year-Over-Year Job Change (000s)



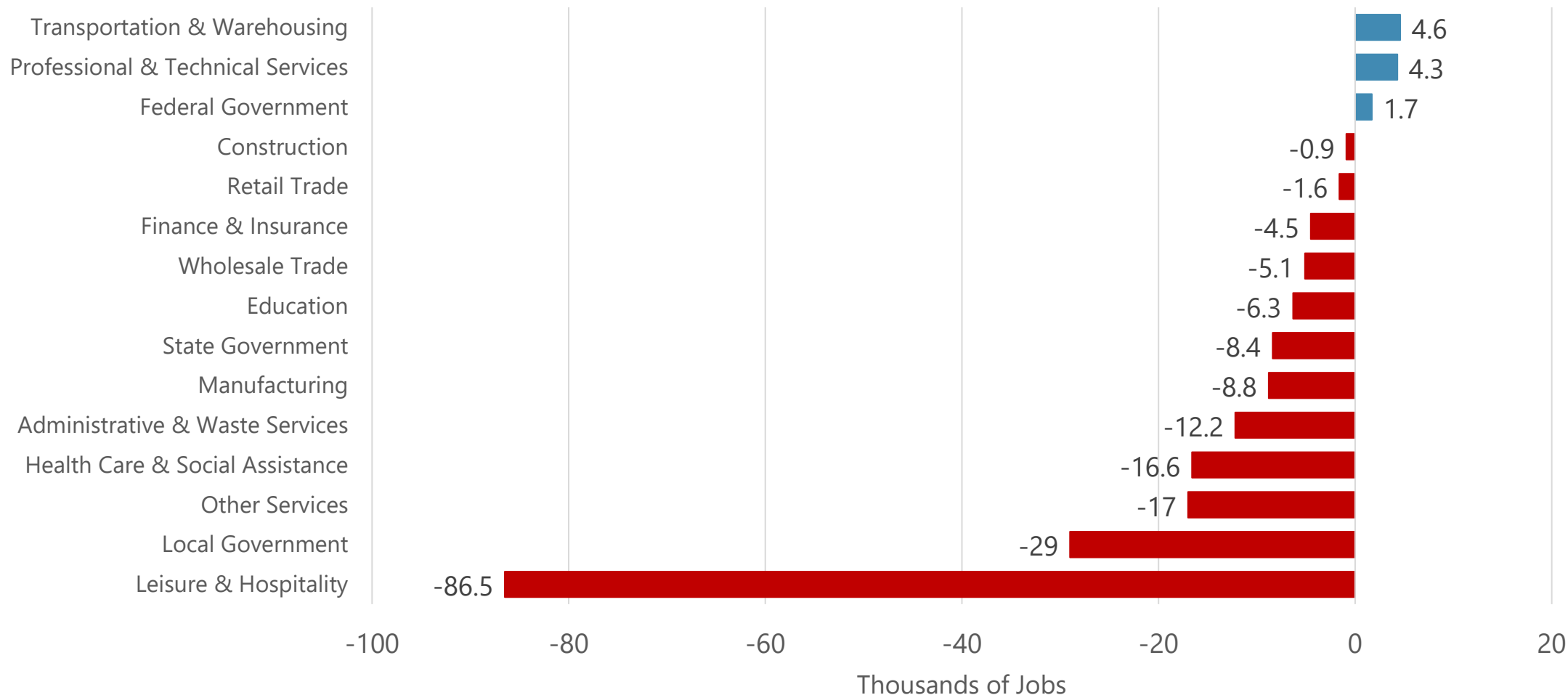
Regional Employment

Job Change February 2020 to February 2021 by Metro Area



Virginia Employment Change by Sector

February 2020 to February 2021 (thousands)



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

Housing Market Trends



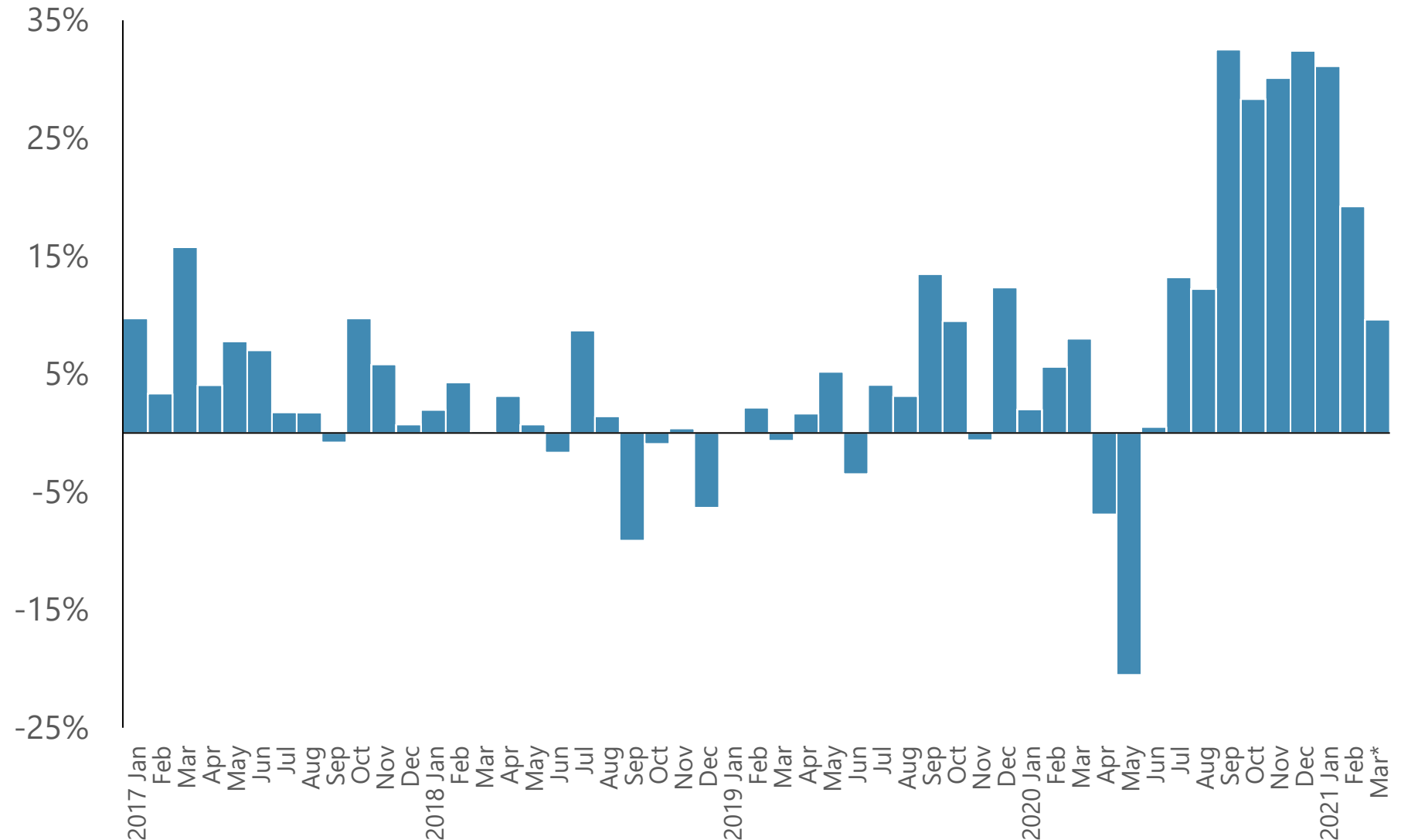
Home Sales

Statewide home sales surged in the 2nd half of 2020.

In March 2021*, sales were up 9.6% compared to a year ago.

Sales have been strong across Virginia, with especially robust sales in some smaller and rural markets.

Virginia Y-o-Y Change in Monthly Home Sales



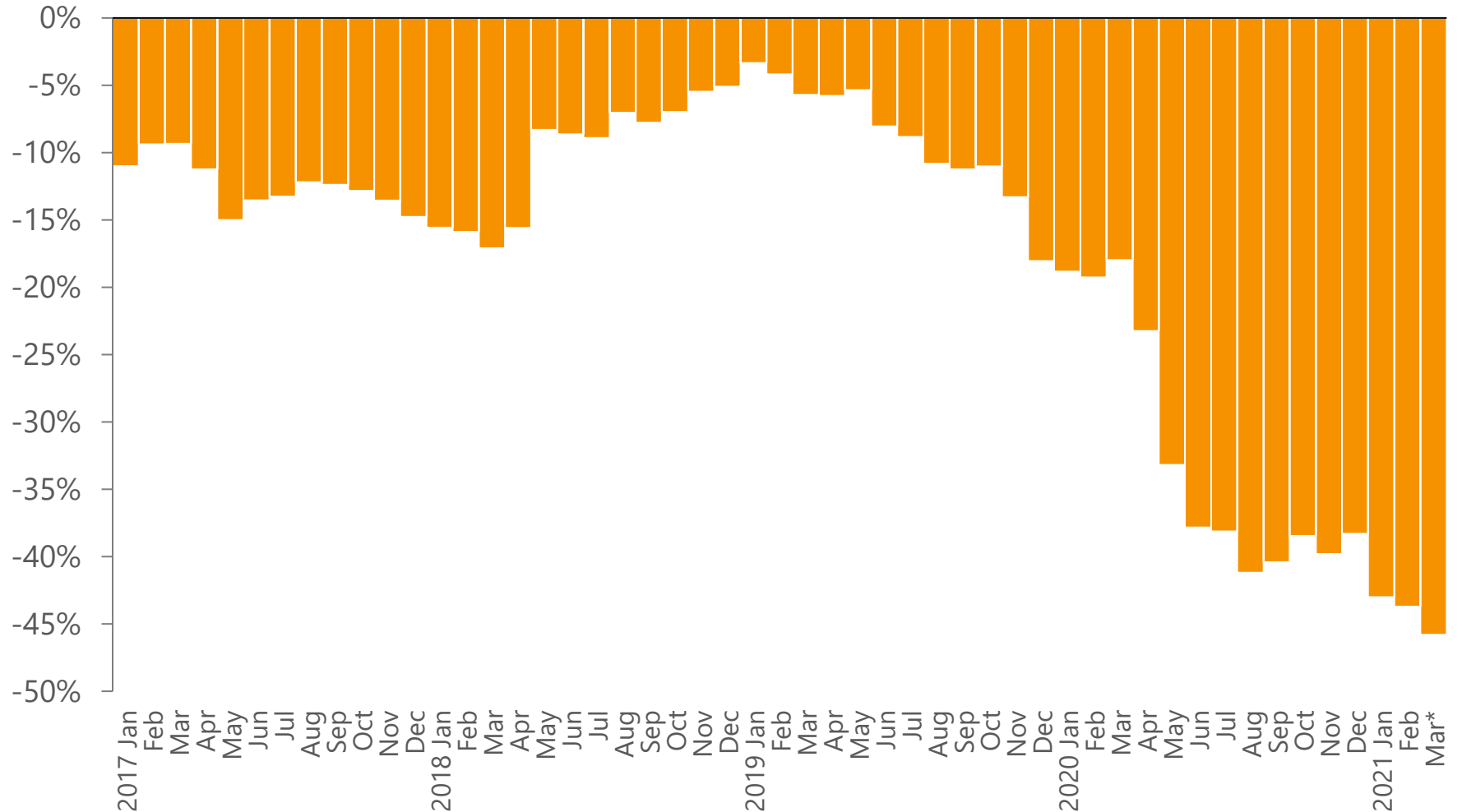
Inventory

A lack of supply is the biggest constraint on the housing market.

At the end of March 2021*, there were about 15,800 active listings statewide, down 45.8% compared to a year earlier.

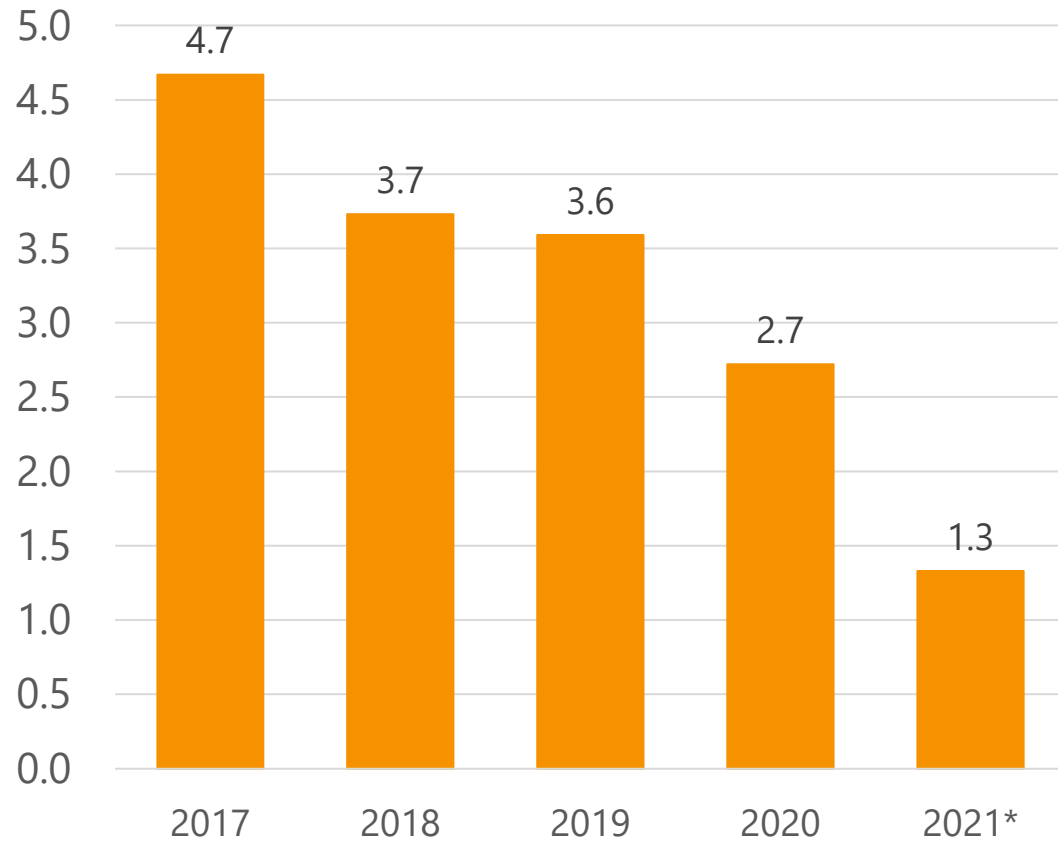
Inventory is at a third of what it was five years ago.

Virginia Y-o-Y Change in Monthly Active Listings

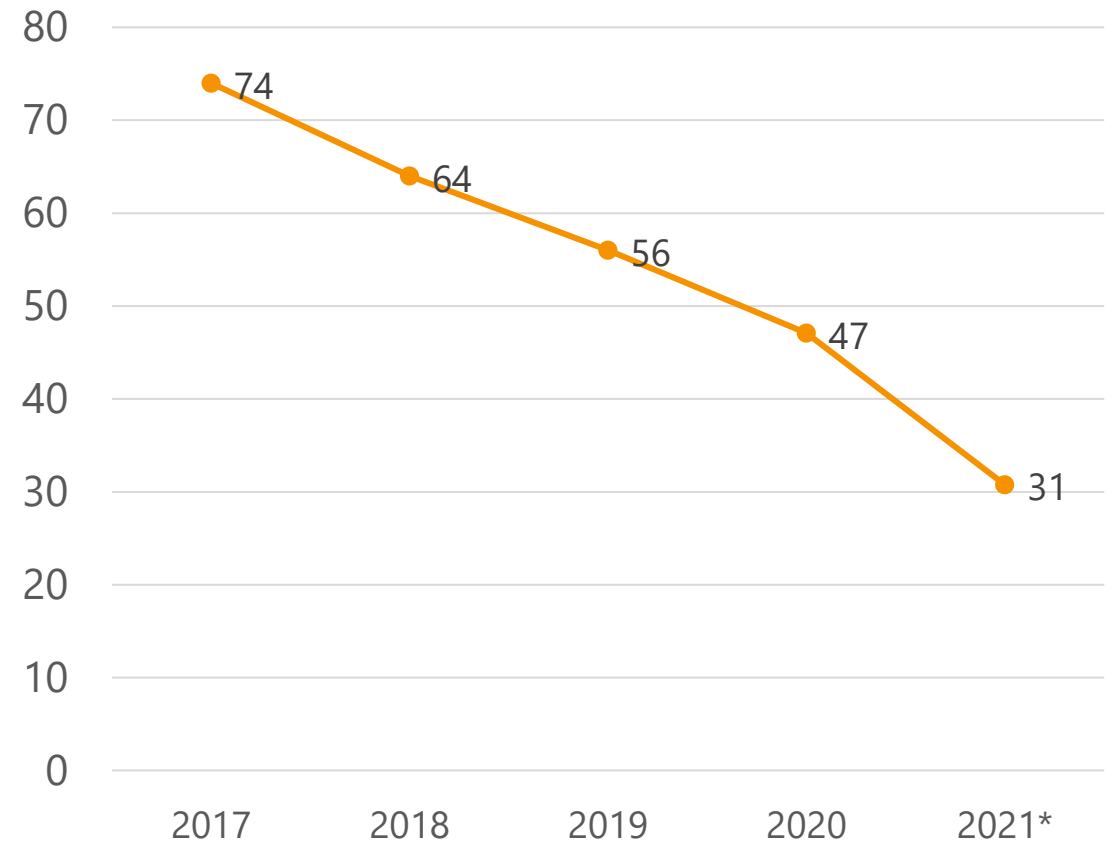


Inventory

Months of Supply, March



Average Days on Market, March



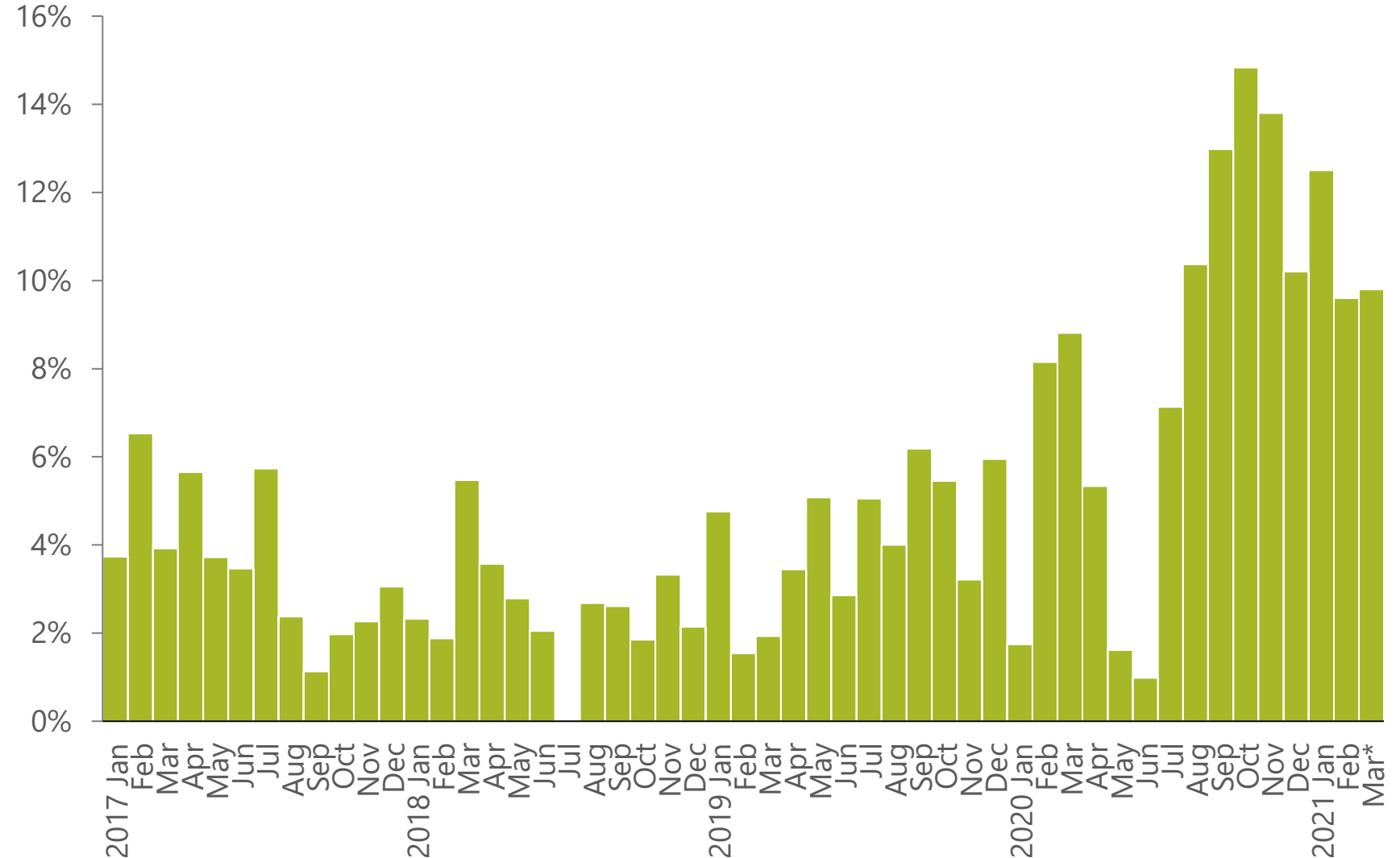
Home Prices

Strong demand and low supply have fueled double-digit price growth.

In Virginia, the median sales price was \$335,000 in March 2021,* up 9.8% compared to a year earlier.

Rising prices are making it harder for many would-be buyers, especially first-time buyers.

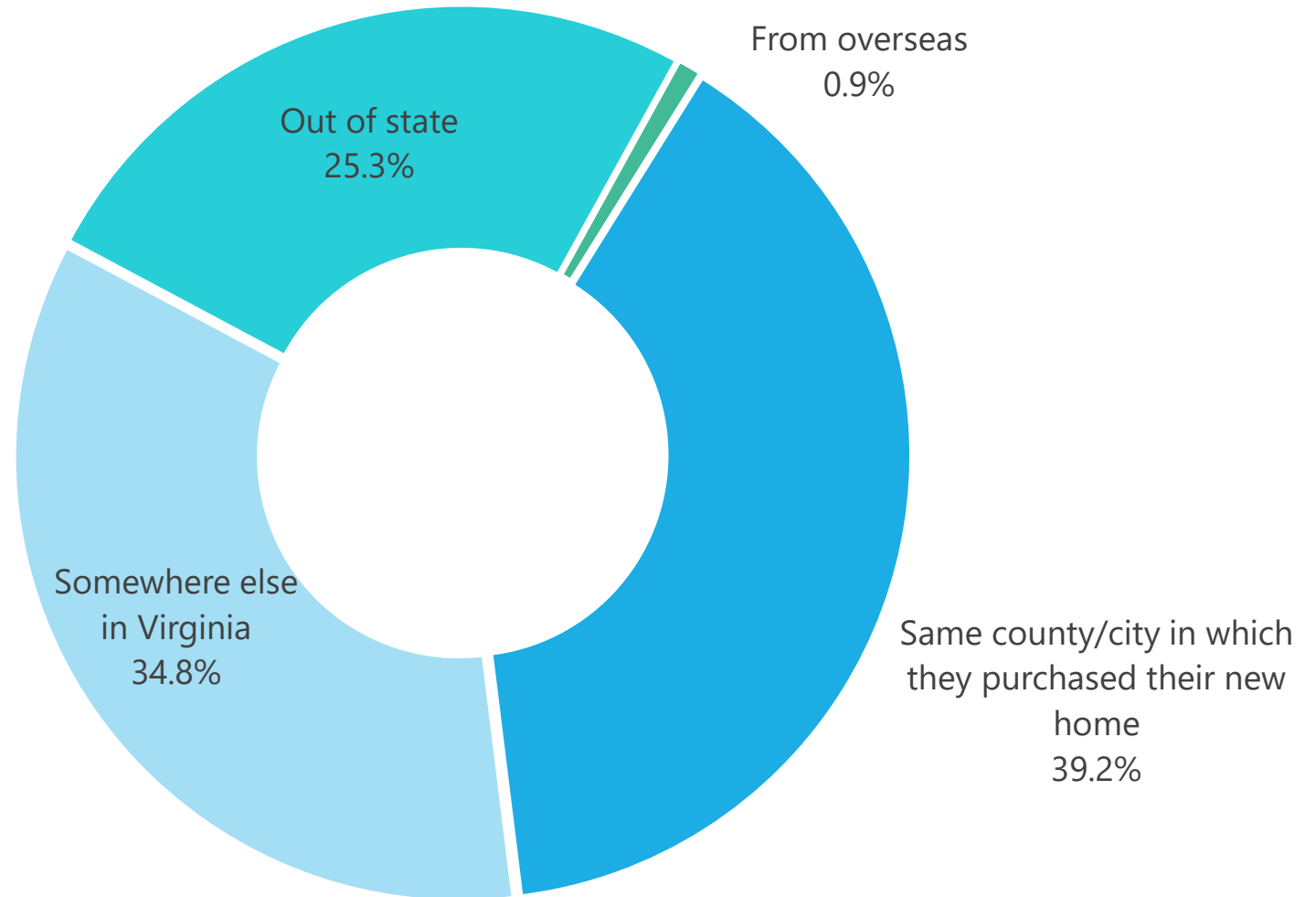
Virginia Y-o-Y Change in Monthly Median Home Price



Where Are Buyers Moving From?

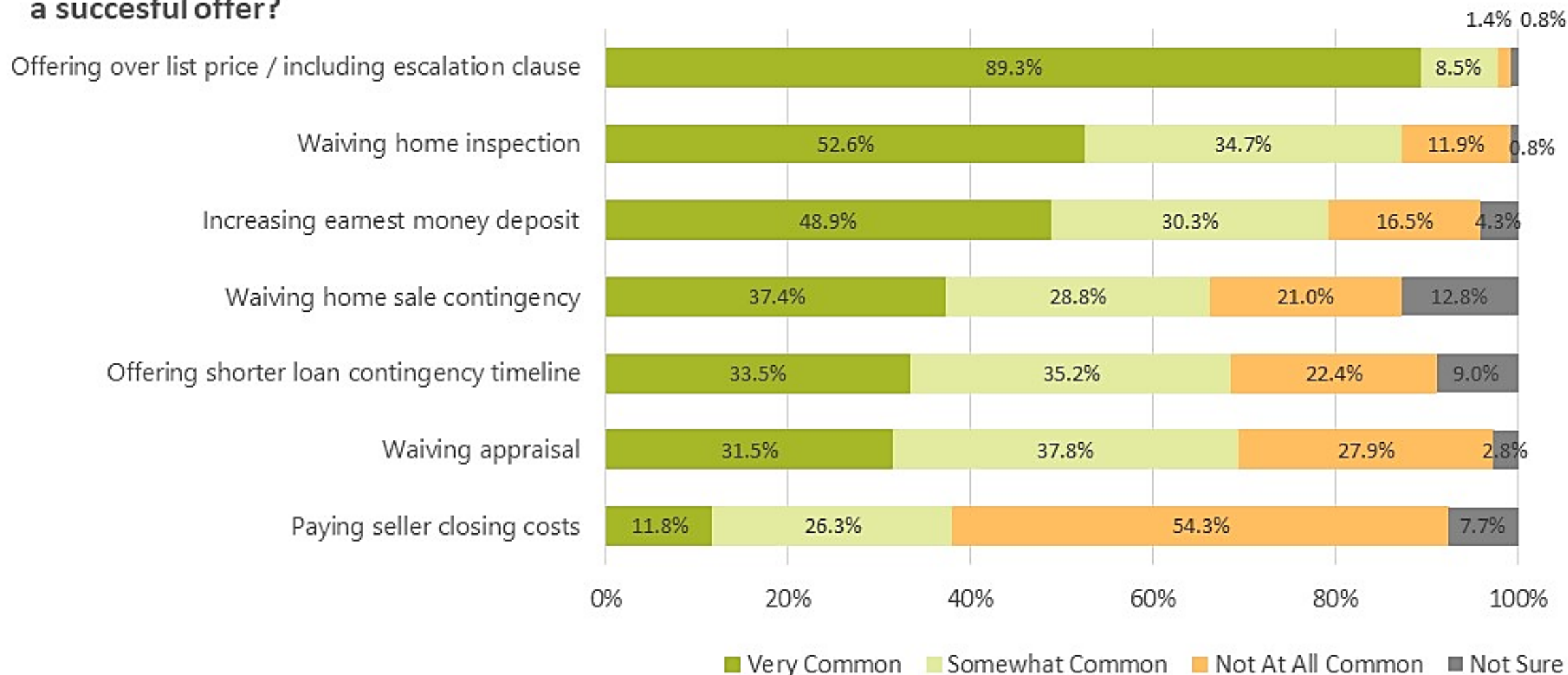
In some markets, buyers from out of state and from higher-income parts of Virginia have pushed home prices beyond what is affordable for many local families.

The biggest share of homebuyers, however, moves locally.



Home Buyer Compromises and Concessions

What are the most common concessions buyers are making to improve their chances of a succesful offer?



Source: Virginia REALTORS® Flash Survey, March 25-28 2021



How COVID-19 Has Changed the Housing Market?

How COVID-19 Has Changed the Housing Market in Virginia?

Residential real estate was a driver of the economy

Mortgage rates fell to historic lows

Home equity has surged

Economic and racial disparities widened

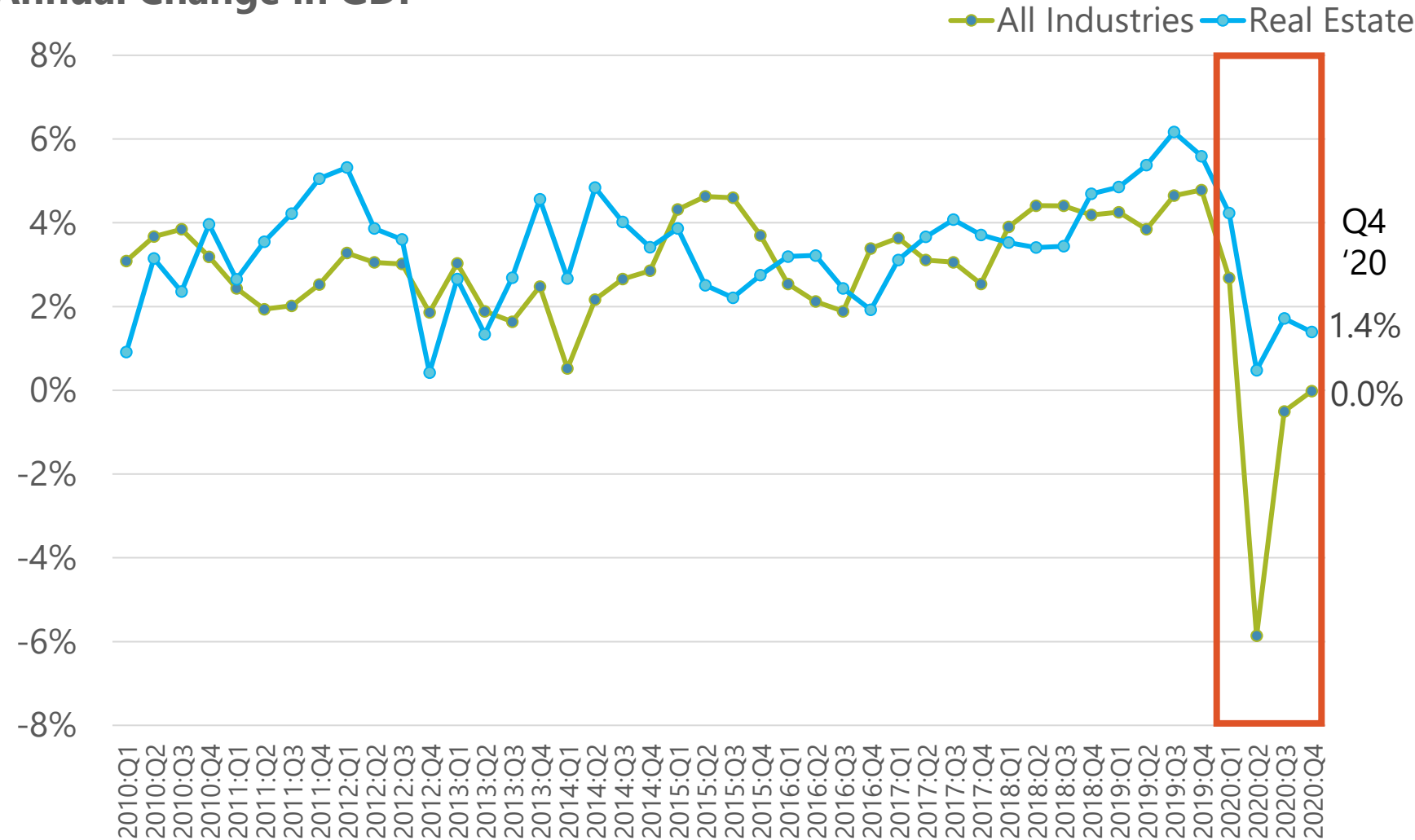
Virginia GDP

The Real Estate industry in Virginia typically accounts for about 15% of total state GDP.

During the COVID-19 pandemic, the Real Estate segment of the economy continued to grow year-over-year.

Between Q4 2019 and Q4 2020, the statewide economy was flat, but the Real Estate sector was up by 1.4%.

Annual Change in GDP



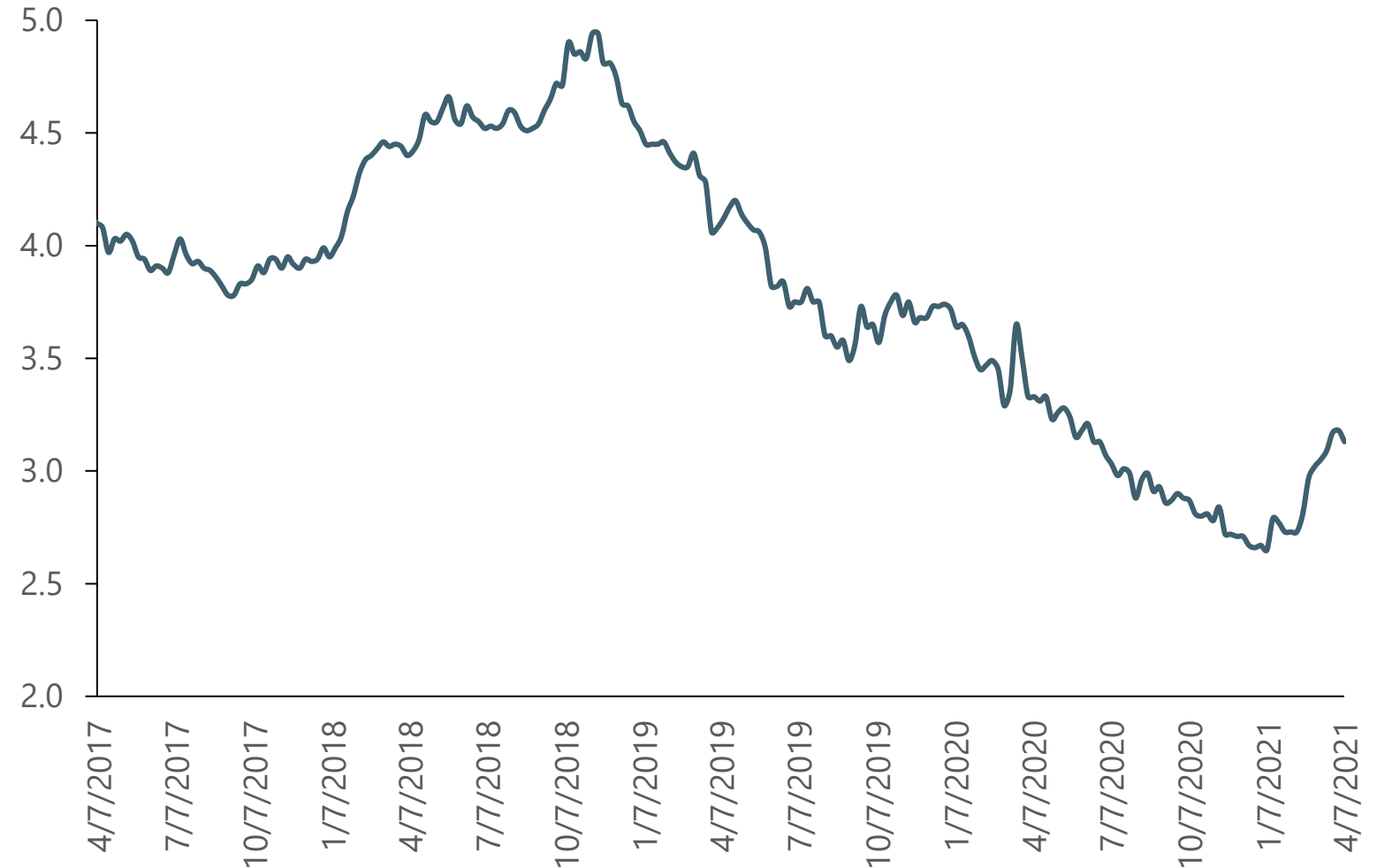
Mortgage Rates

Actions by the Federal Reserve to mitigate the impact of the recession pushed interest rates to historically low levels.

Low rates fueled a surge in both purchase activity, as well as refinance activity.

Despite a recent uptick, mortgage rates should remain in the low 3's throughout 2021 as the economy continues to recover.

**Weekly Average 30-Year Fixed-Rate Mortgage Interest Rate (%),
Not Seasonally Adjusted**

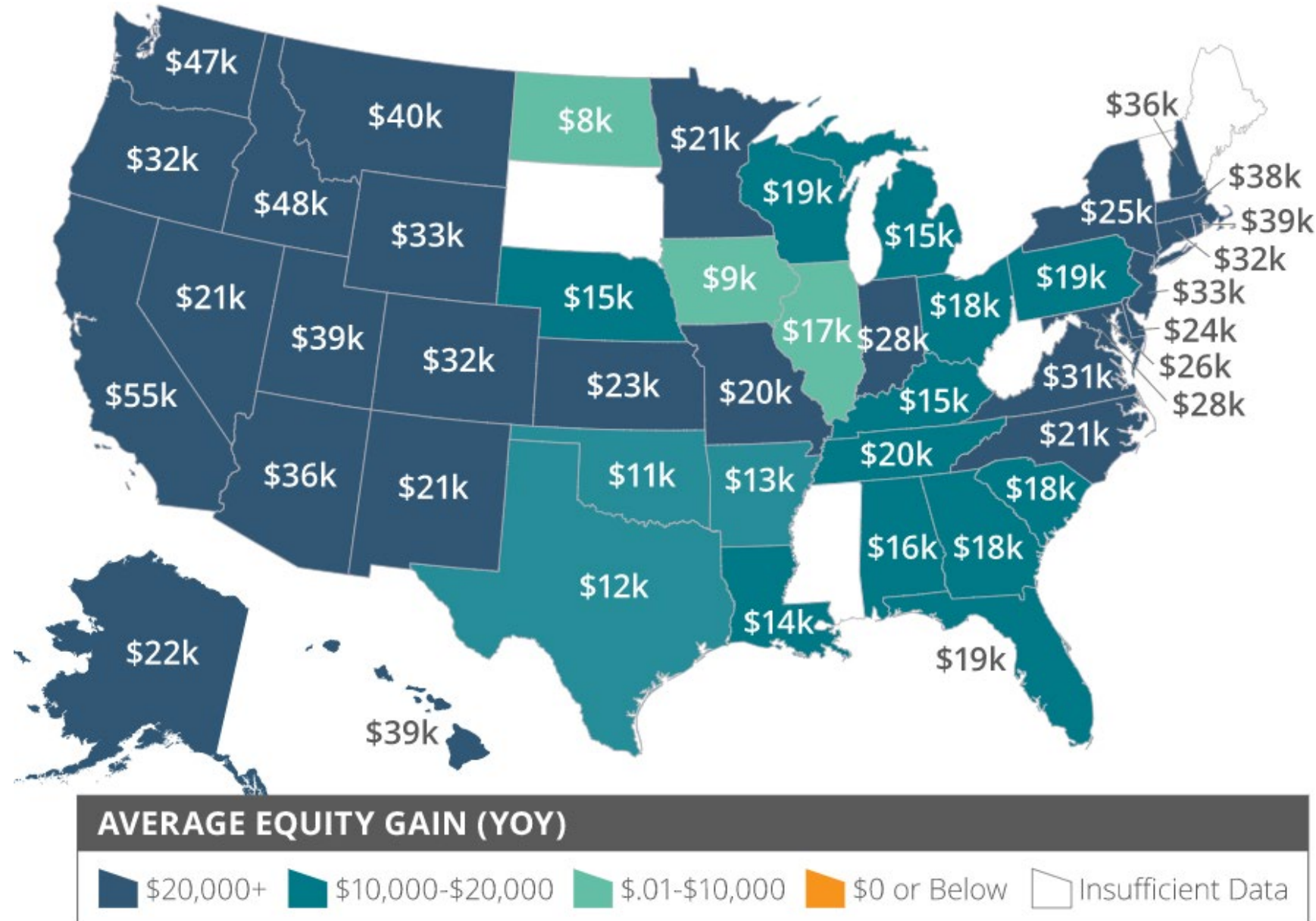


Housing Equity

In Q4 2020, total housing equity grew by 16.2% compared to Q4 2019. Total “tappable equity” reached a record high of \$7.3 trillion.

In Virginia, the average equity gain at the end of 2020 was \$31,000, above the national average.

Growth in housing equity reduces risk of homeowners being “under water.”



Economic & Racial Disparities

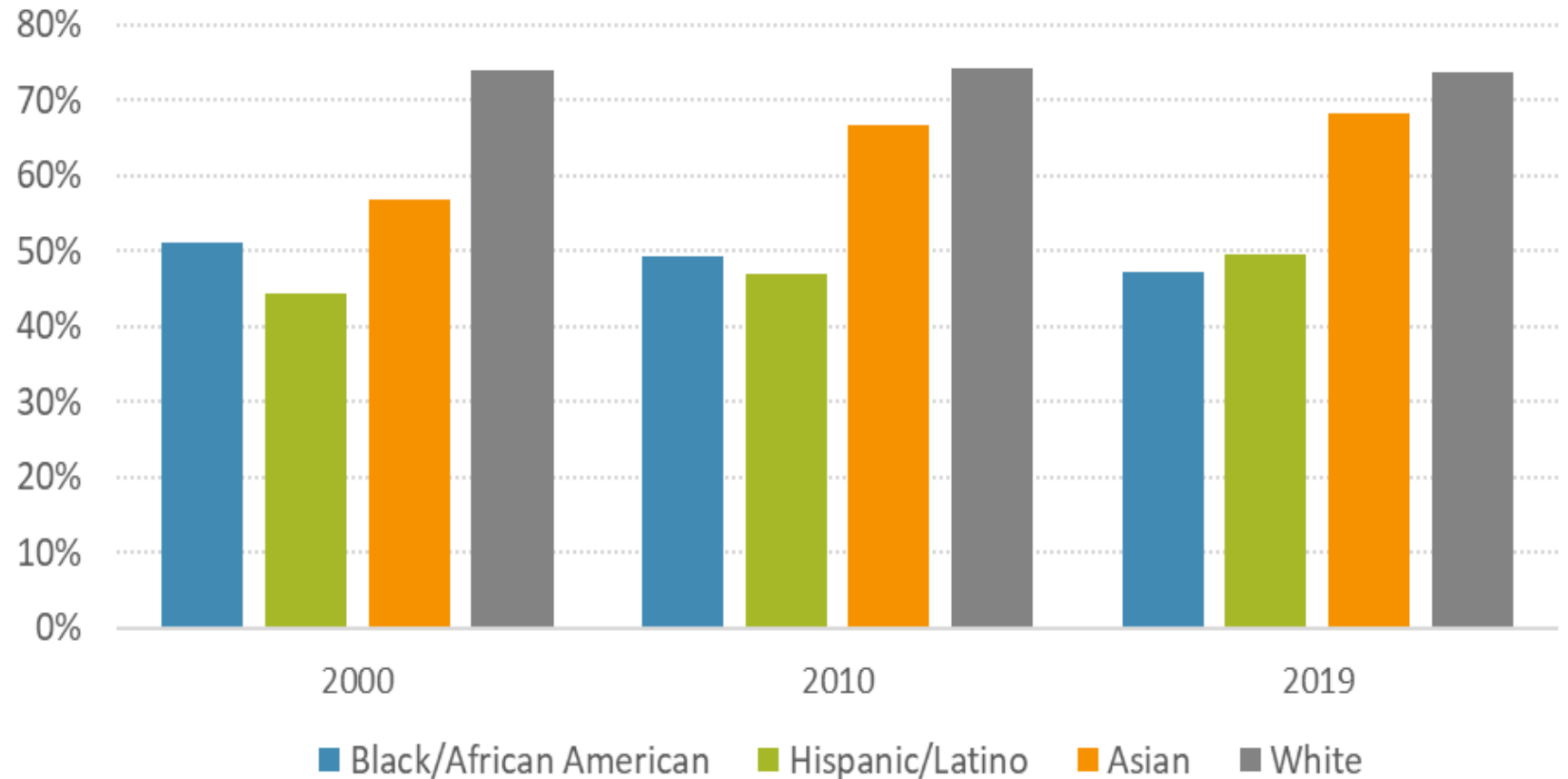
The Black-White homeownership gap in Virginia has widened over the past two decades.

Non-white mortgage applicants are more likely to be rejected, even after accounting for income.

Non-white homebuyers pay higher mortgage rates.

Non-white homeowners receive lower appraisals.

Homeownership Rates by Race/Ethnicity, Virginia
(2000 - 2019)



Source: U.S. Census Bureau



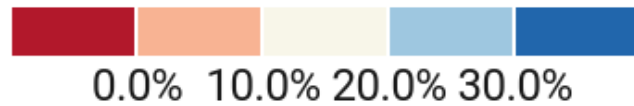
Outlook

The Post-Pandemic Housing Market in Virginia

Hybrid Work Transition

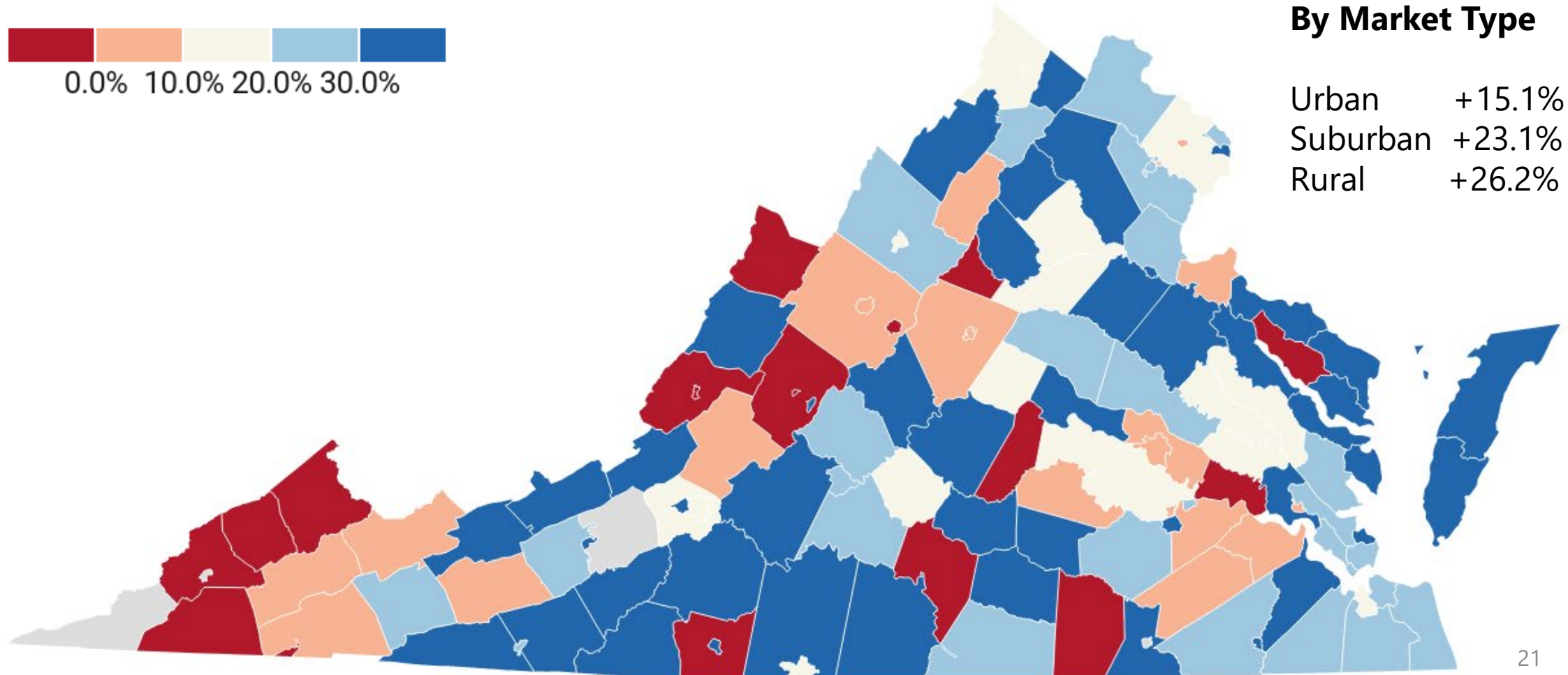
Increase in Home Sales in Some Rural Markets, But Demand Was Widespread Across the State

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



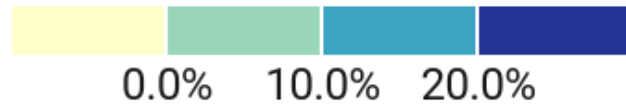
**Avg. Percent Change
In Home Sales
By Market Type**

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



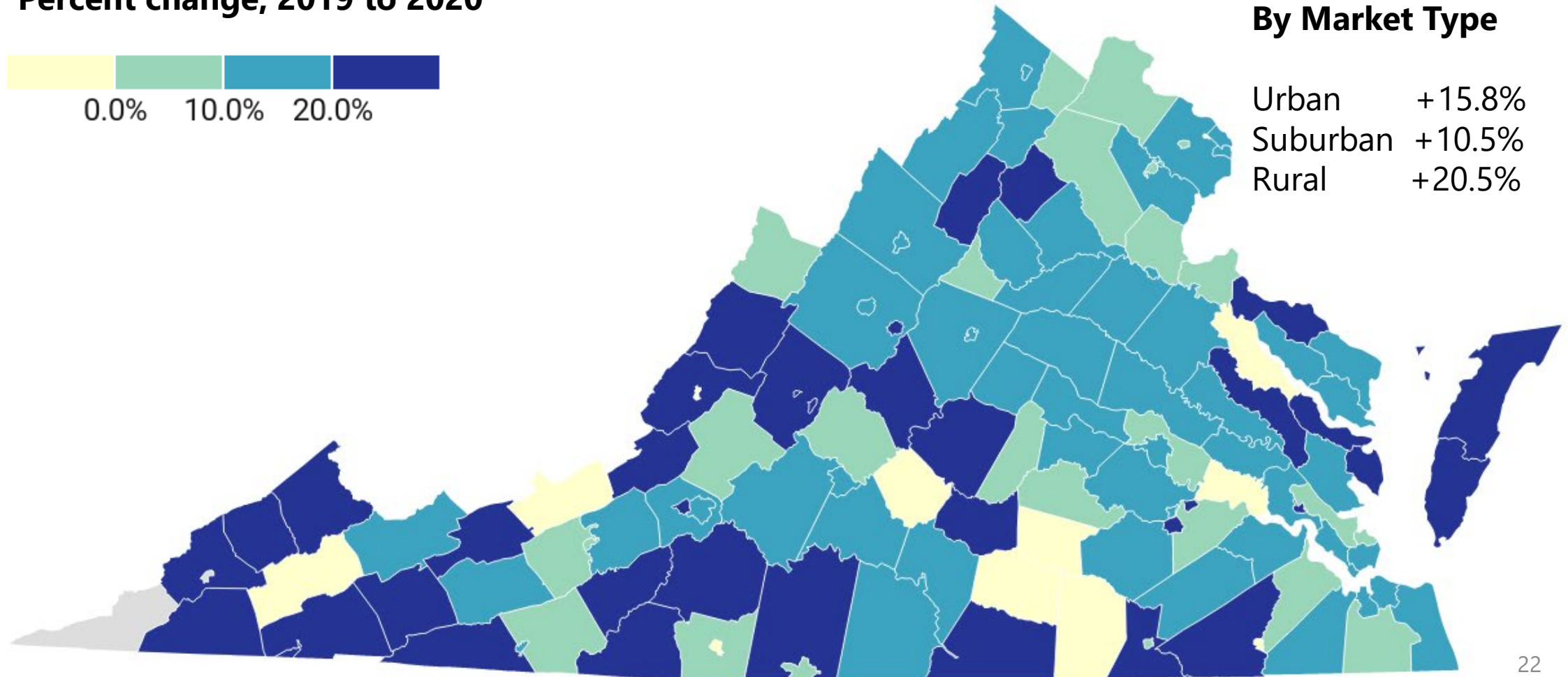
Median Home Prices Rising Faster in Rural Markets

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



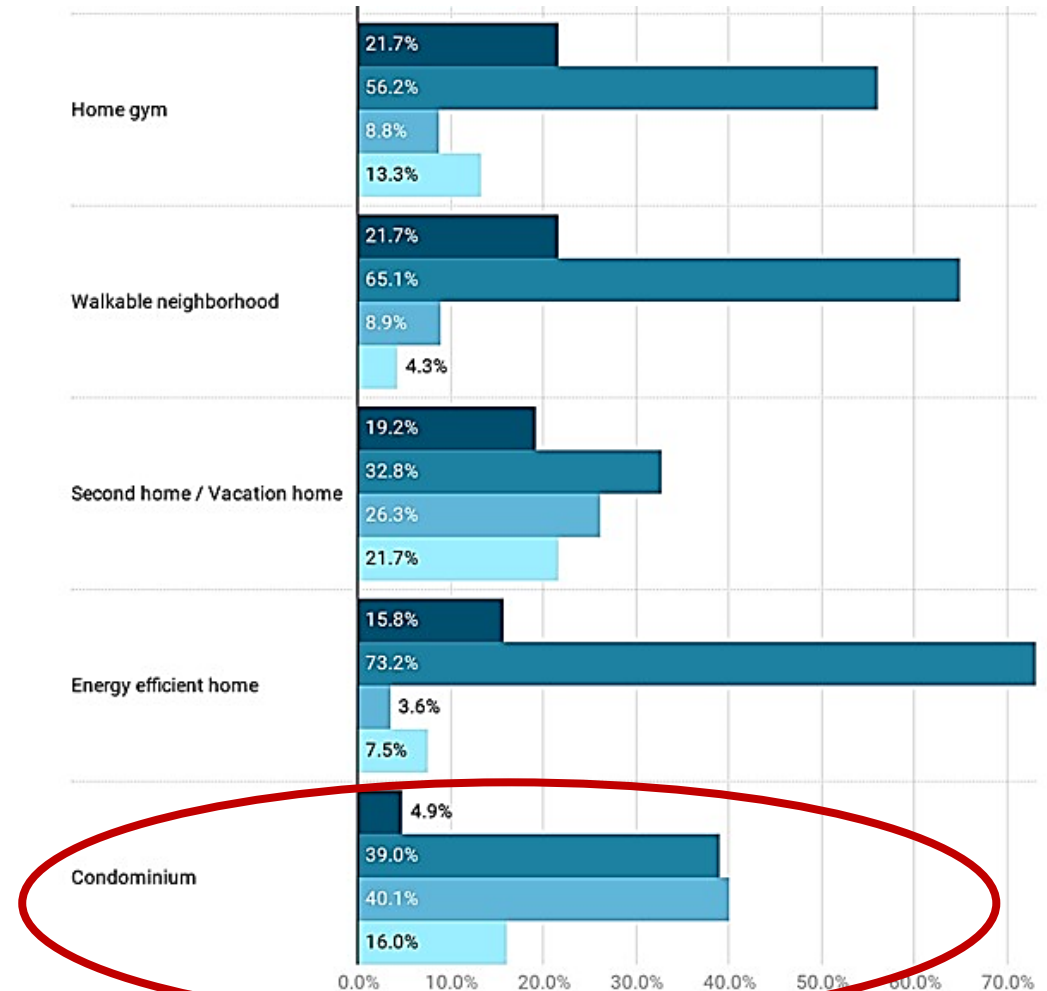
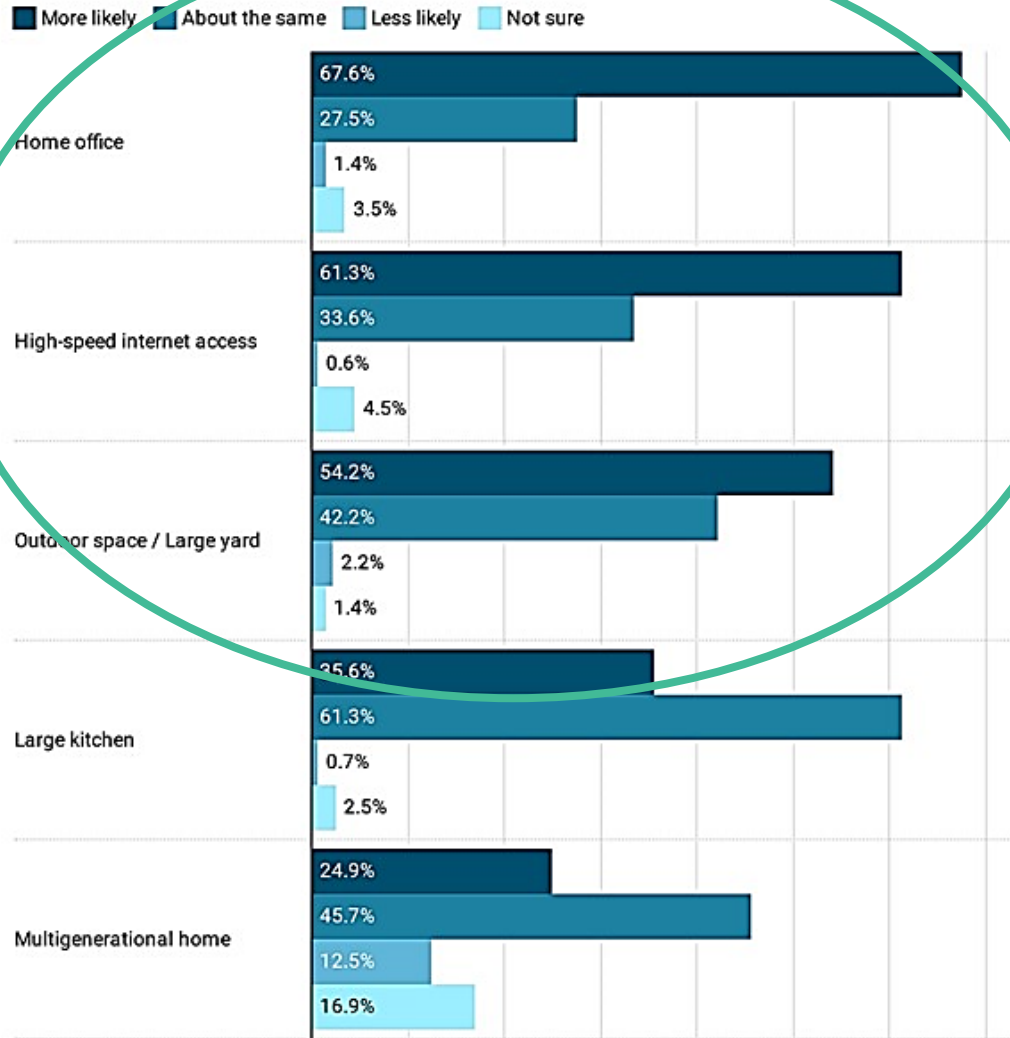
**Avg. Percent Change
Median Home Price
By Market Type**

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



What Buyers are Looking for in 2021?

Compared to this same time last year (i.e. January 2020), which home features are your buyer(s) more or less likely to be looking for?



Source: Virginia REALTORS® Flash Survey January 21-24, 2021

100% FINANCING

FOR SALE



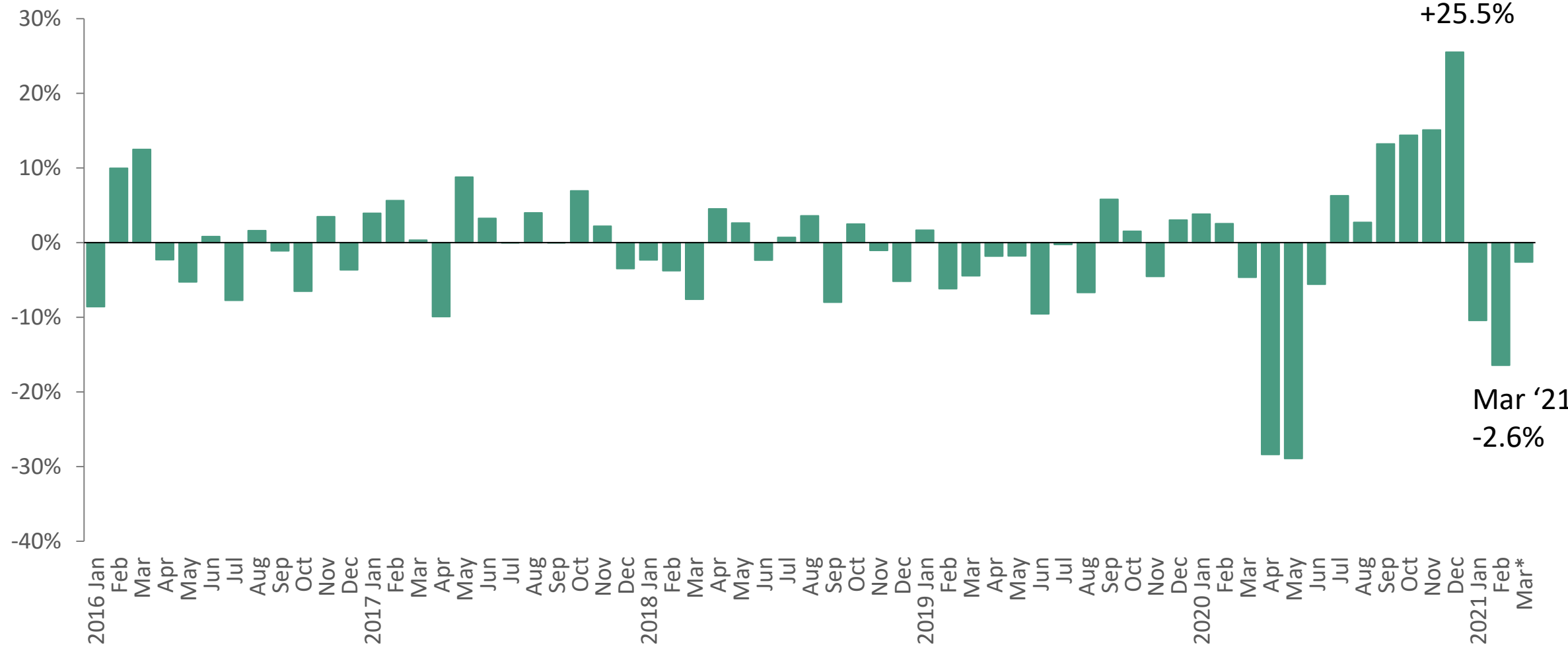
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Inventory Remains Tight

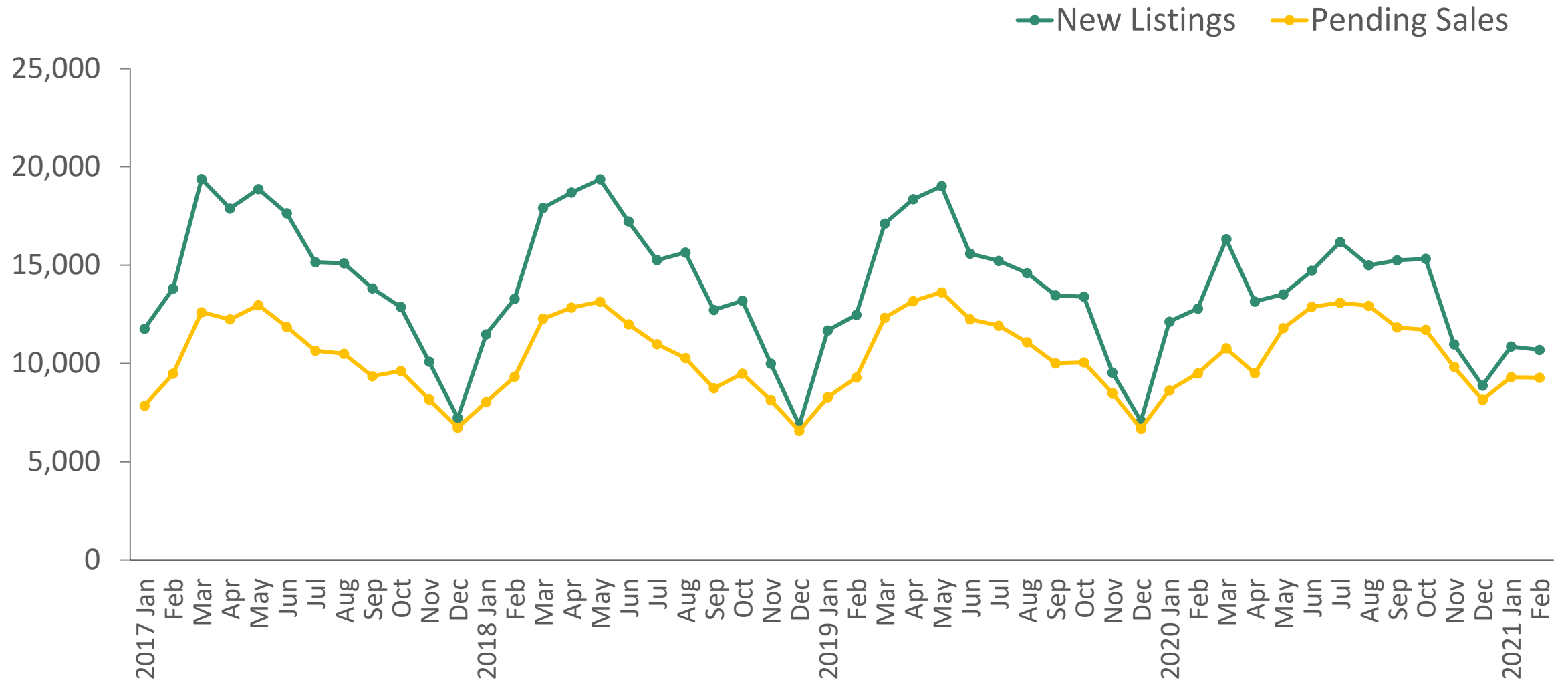
New Listings

Virginia Y-o-Y Change in Monthly New Listings



Source: Virginia REALTORS®

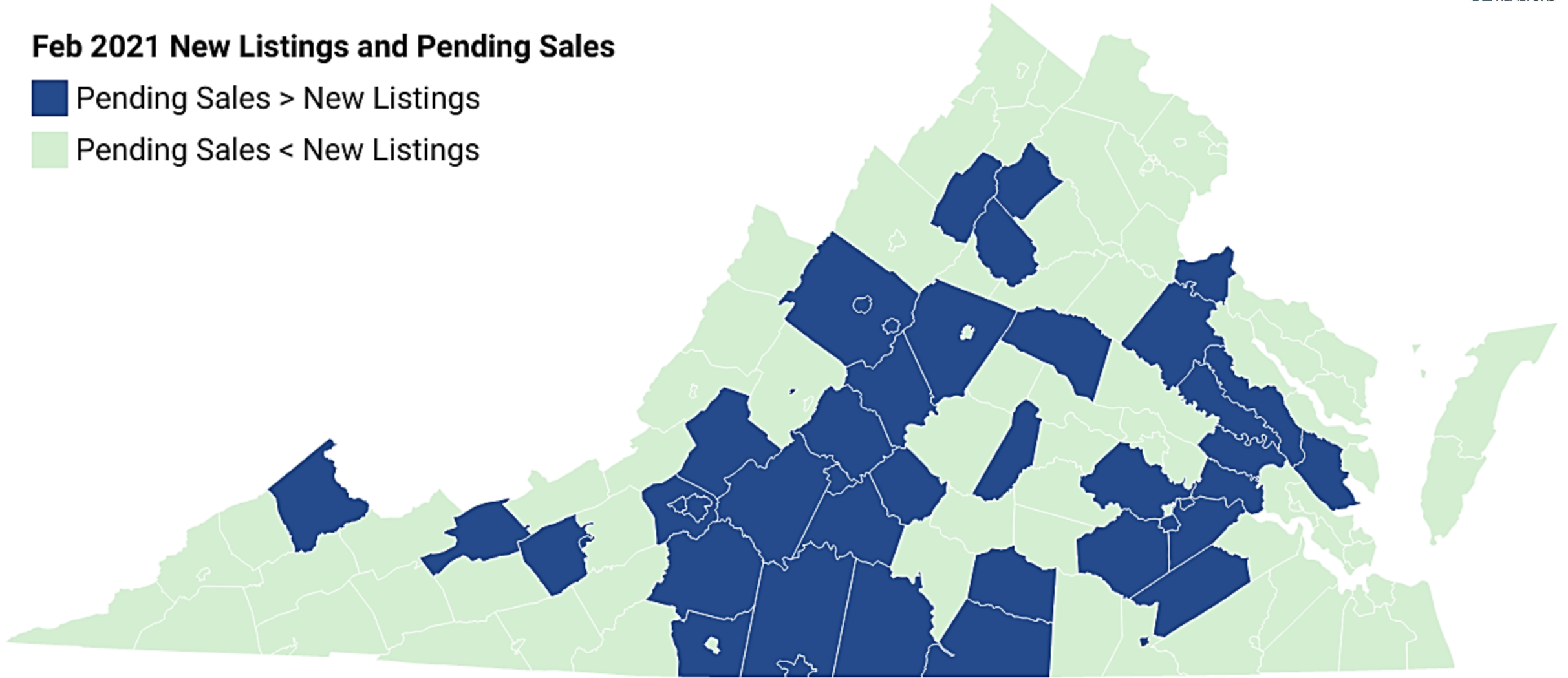
New Listings and Pending Sales



Feb 2021 New Listings and Pending Sales

■ Pending Sales > New Listings

■ Pending Sales < New Listings

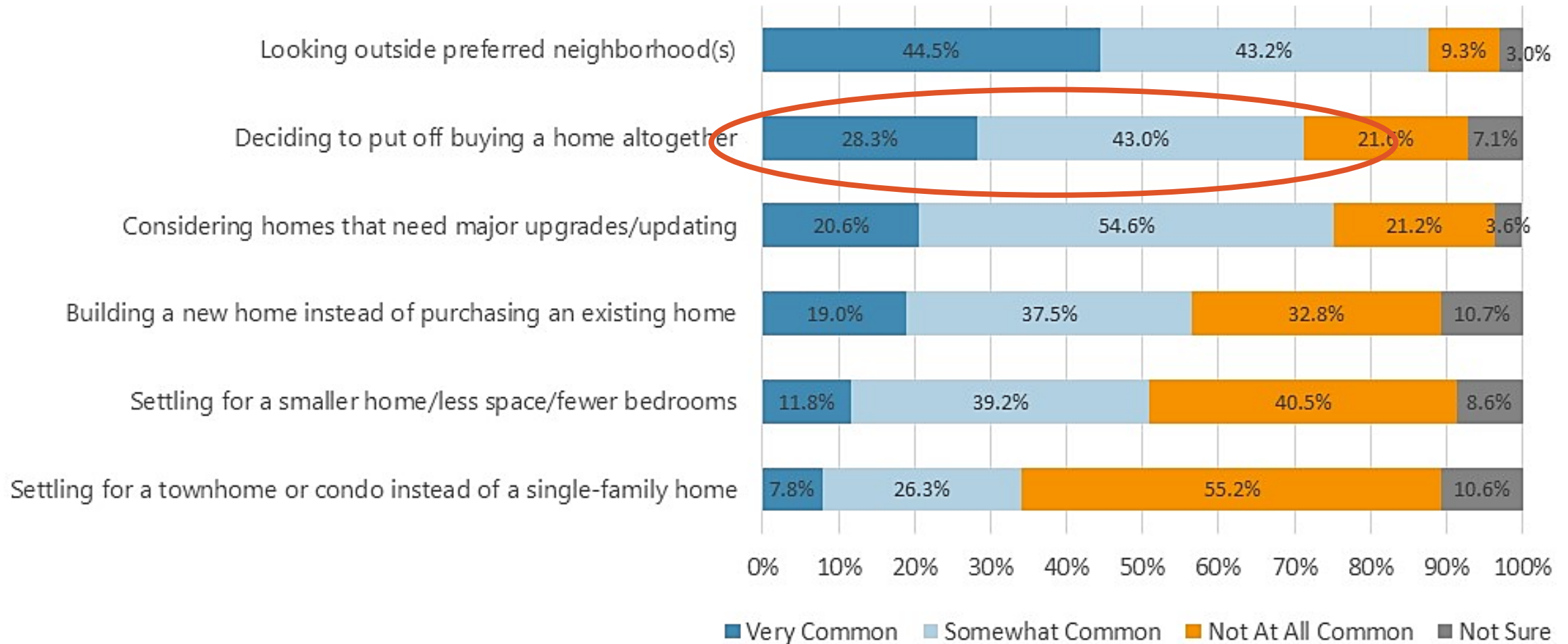


A man and a woman are sitting on a couch, looking at a smartphone held by the woman. The woman has a frustrated expression, with her mouth open as if speaking or shouting. The man is leaning in, looking at the phone with a concerned or frustrated expression, his hand near his mouth. The background is a simple, light-colored wall with a plant visible on the right side.

Frustrated Buyers Leaving the Market

Home Buyer Compromises and Concessions

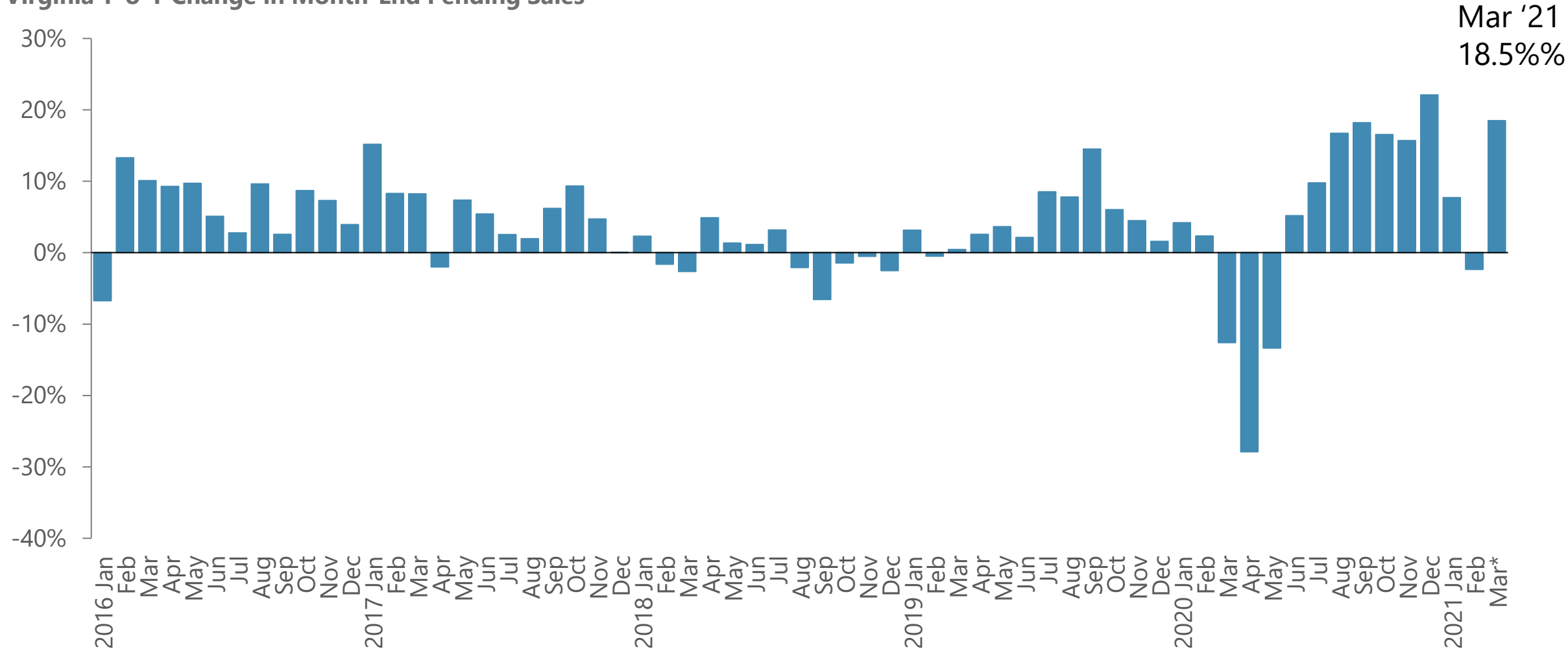
What are the most common compromises buyers are making in their home search?



Source: Virginia REALTORS® Flash Survey, March 25-28 2021

Pending Sales

Virginia Y-o-Y Change in Month-End Pending Sales



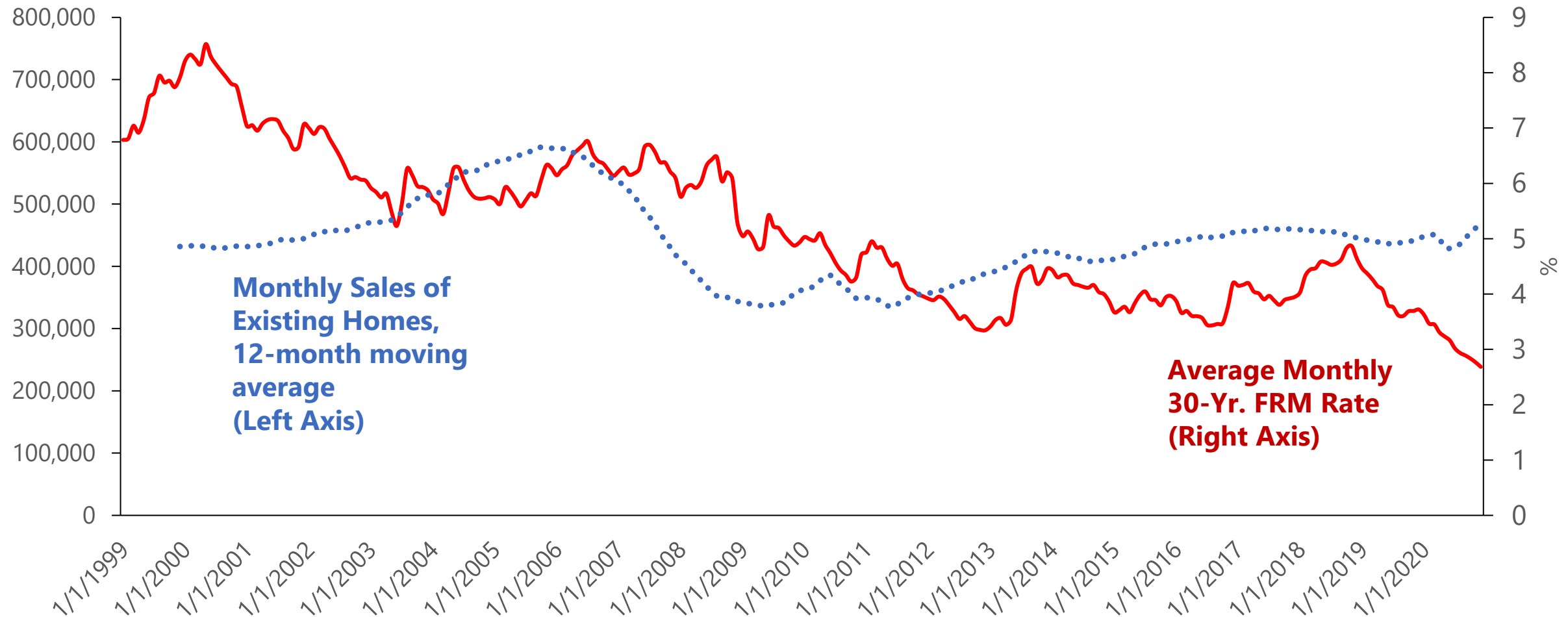
Mortgage Rates Will Remain Low

Mortgage Rates

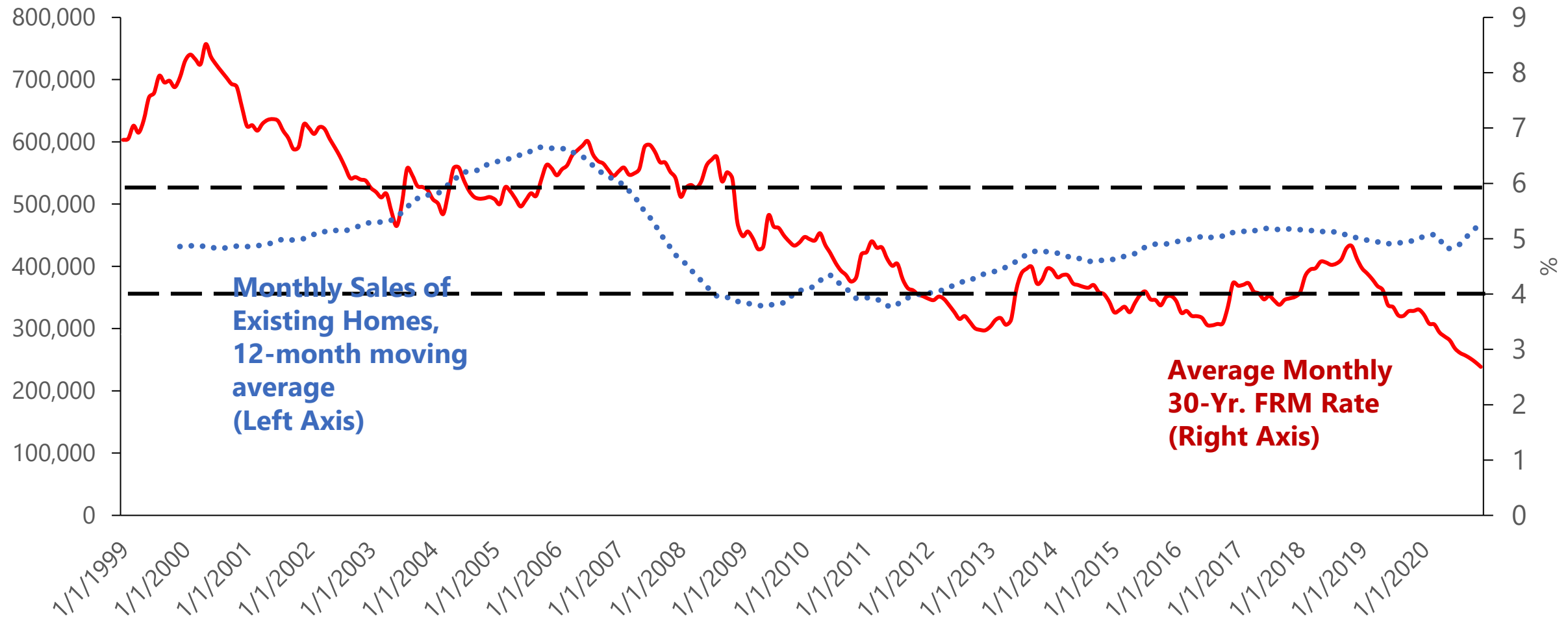
Weekly Average 30-Year Fixed-Rate Mortgage Interest Rate (%), Not Seasonally Adjusted



Mortgage Rates and Home Sales Activity (National)



Mortgage Rates and Home Sales Activity (National)



Have Questions or Need More Info?

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