



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

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Virginia Housing Commission

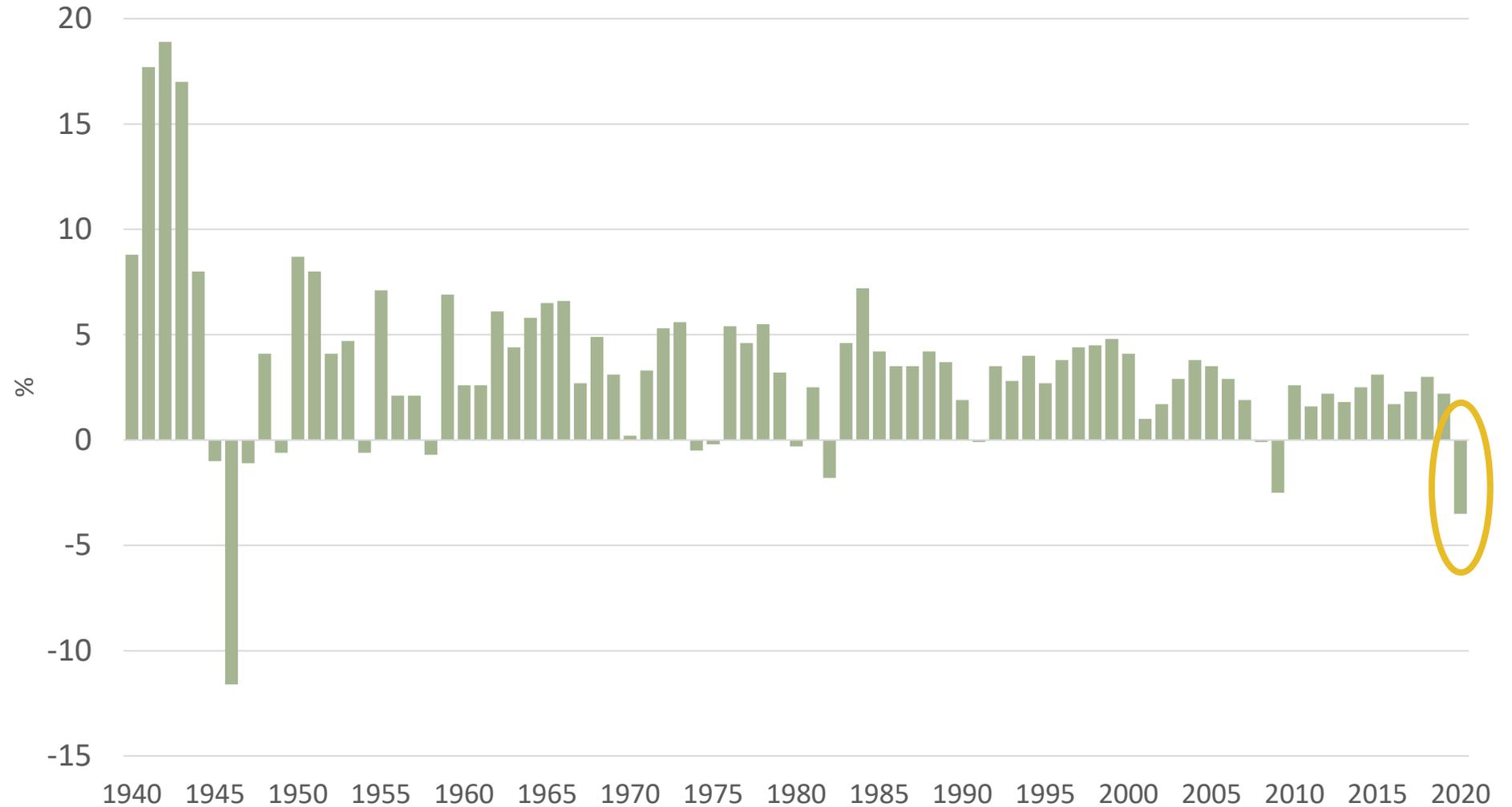
April 14, 2021

The background features a 3D perspective grid of white lines on a dark gray surface. Scattered throughout the grid are various numbers in a light gray font, such as 77.05, 44.50, 77.55, 83.55, 50.7, 59.4, 99.6, 73.5, 50.1, 34.8, 89.46, 77.5, 59.4, 99.6, 73.5, 50.1, 34.8, 89.46, 77.5, 59.4, 99.6, 73.5, 50.1, 34.8. A large, dark gray, jagged arrow with a white outline starts at the bottom left and trends upwards towards the top right, crossing the grid lines.

# Economic Trends

# The U.S. Economy Shrank in 2020

### Real GDP, Annual Percent Change



## BIGGEST ANNUAL GDP DECLINES

1946: -11.6%  
End of War Recession

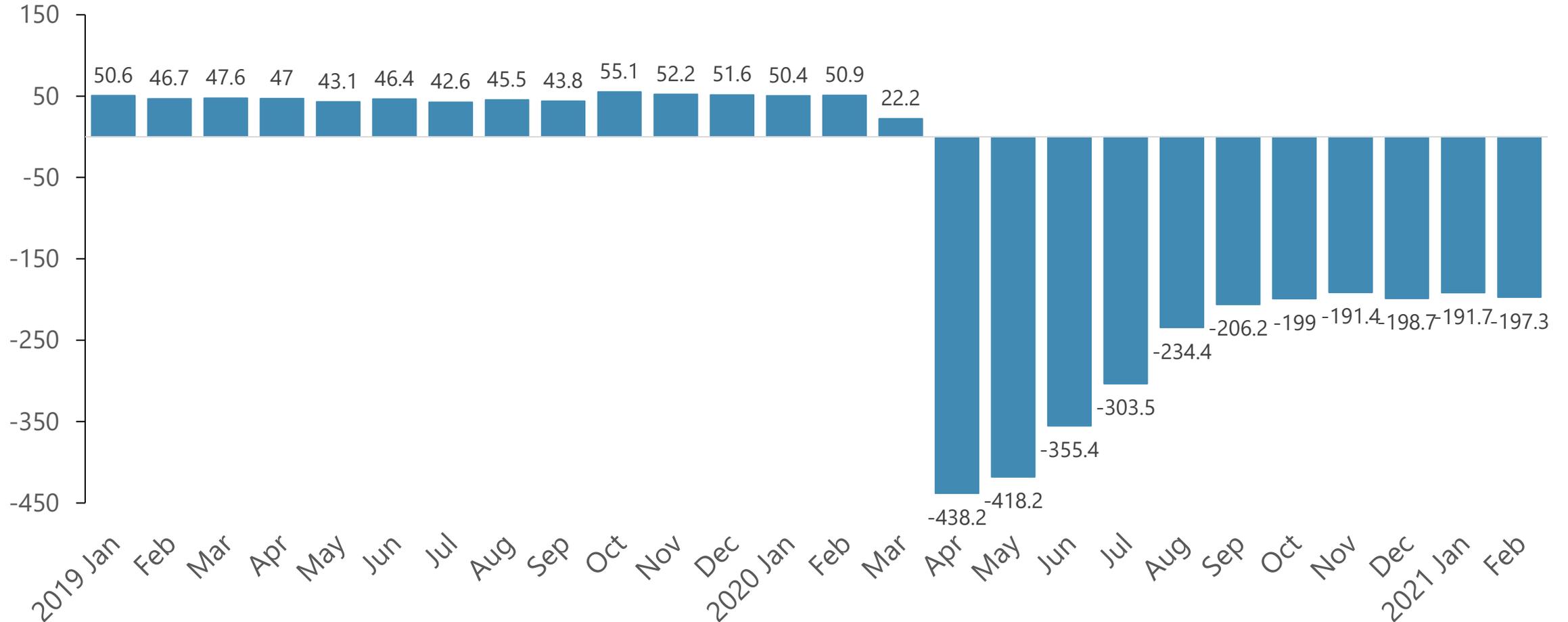
2020: -3.5%  
COVID-19 Recession

2009: -2.5%  
Great Recession

1982: -1.8%  
Energy Crisis Recession

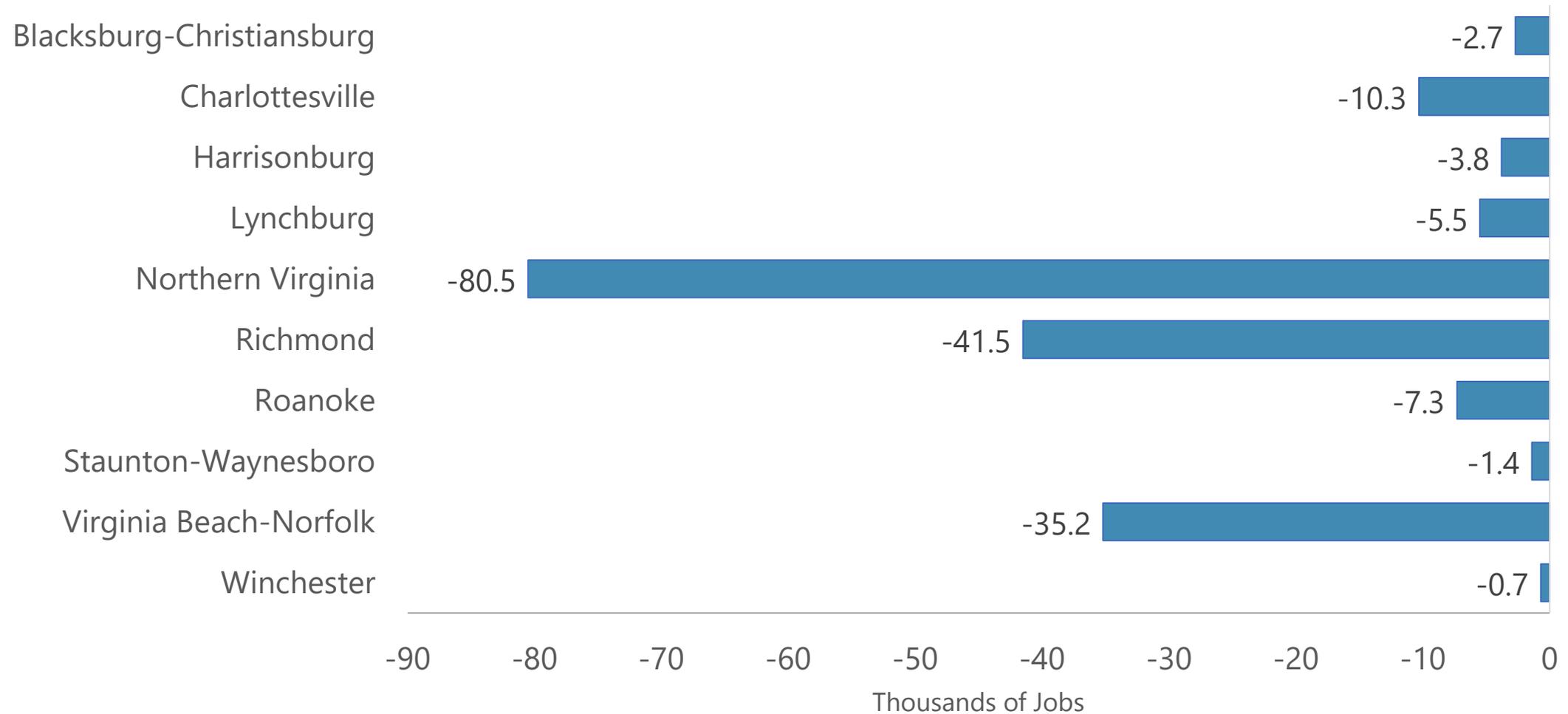
# Virginia Employment

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



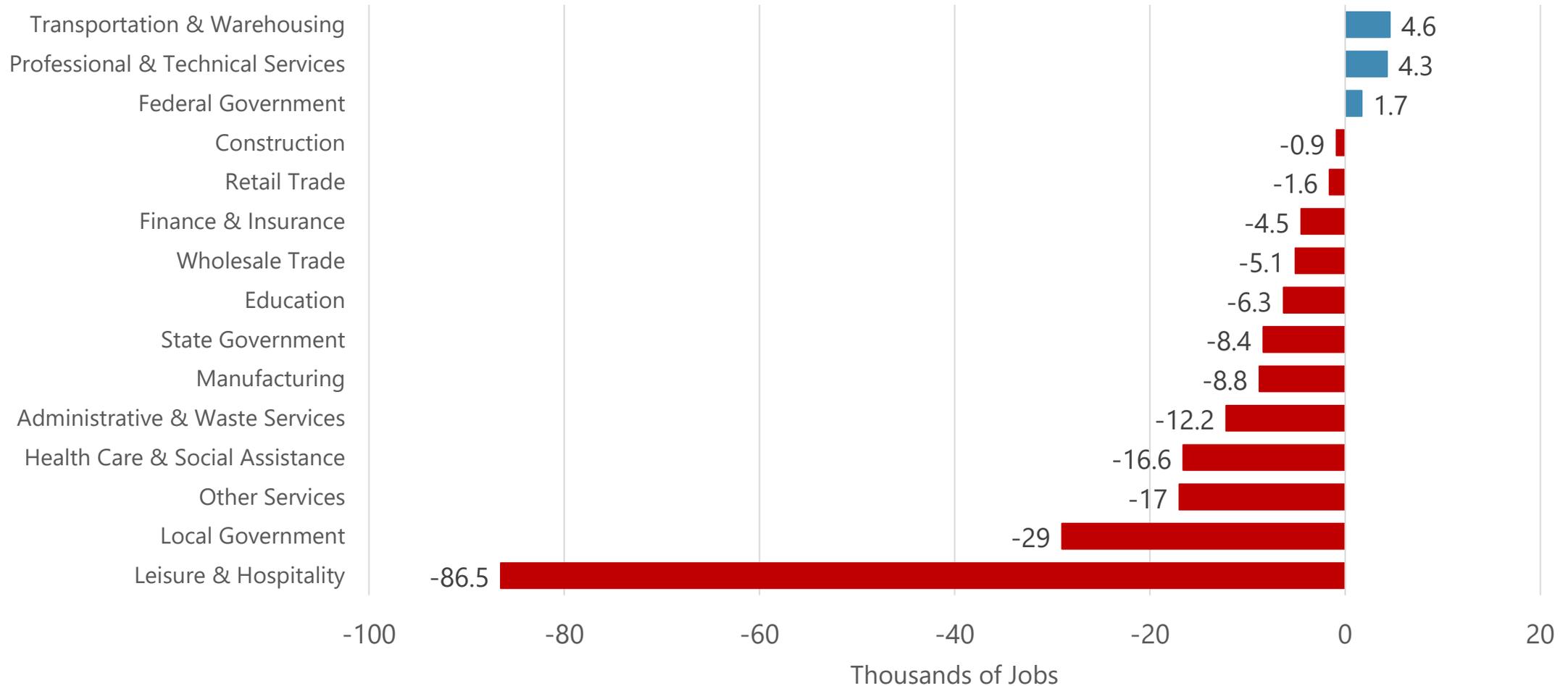
# Regional Employment

## 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



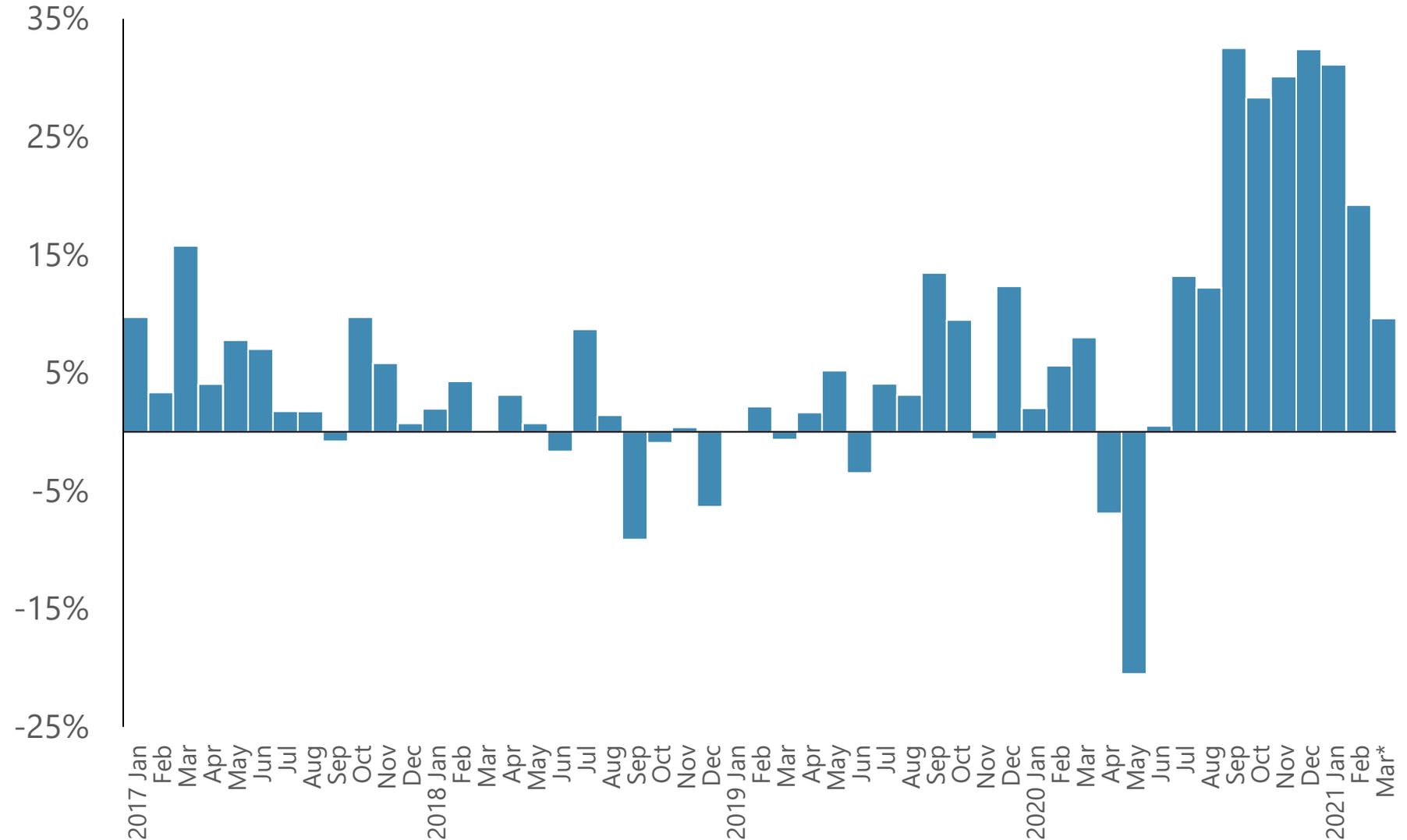
# Home Sales

Statewide home sales surged in the 2<sup>nd</sup> 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



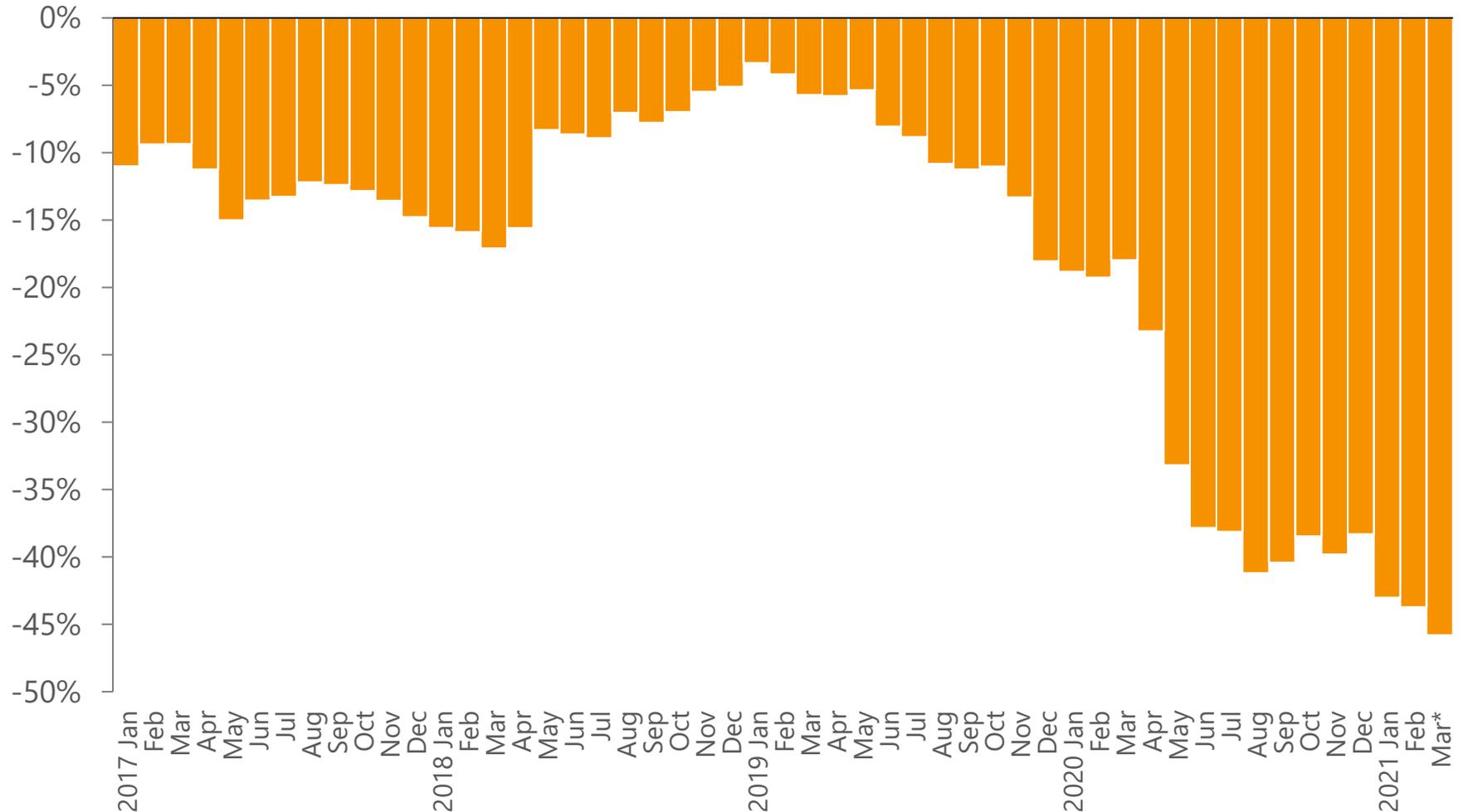
# Inventory

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.

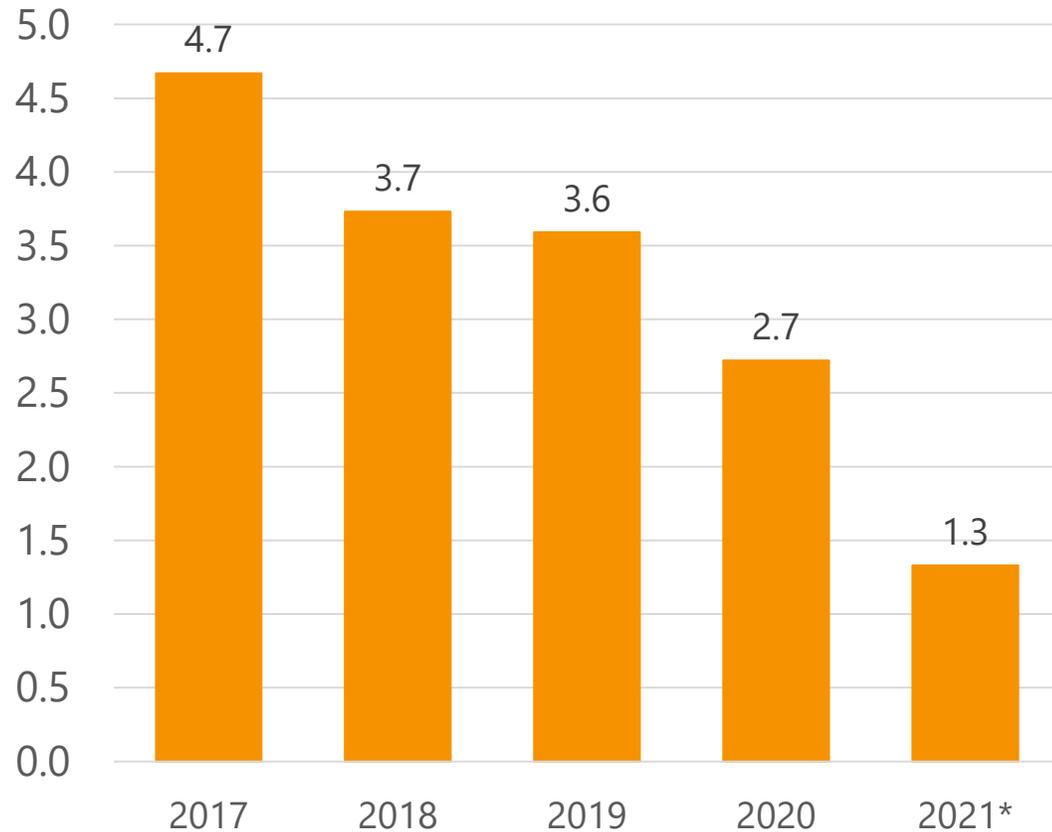
Inventory is at a third of what it was five years ago.

Virginia Y-o-Y Change in Monthly Active Listings

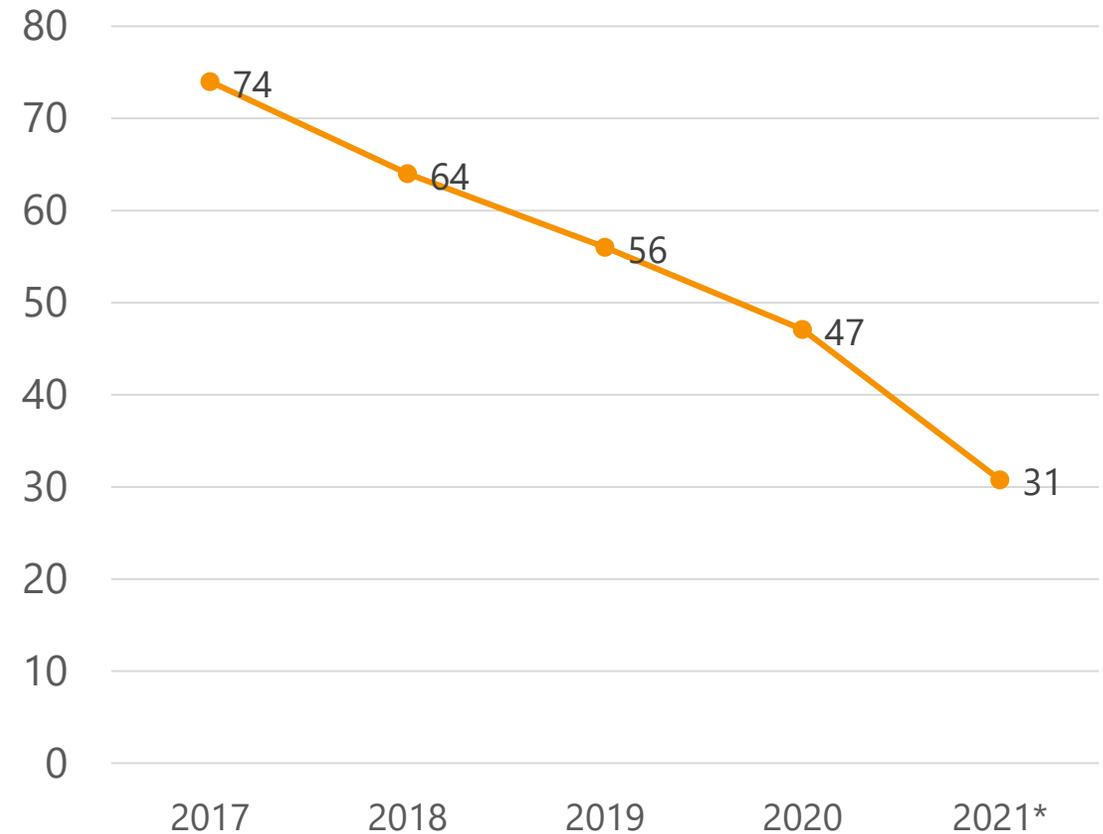


# Inventory

Months of Supply, March



Average Days on Market, March



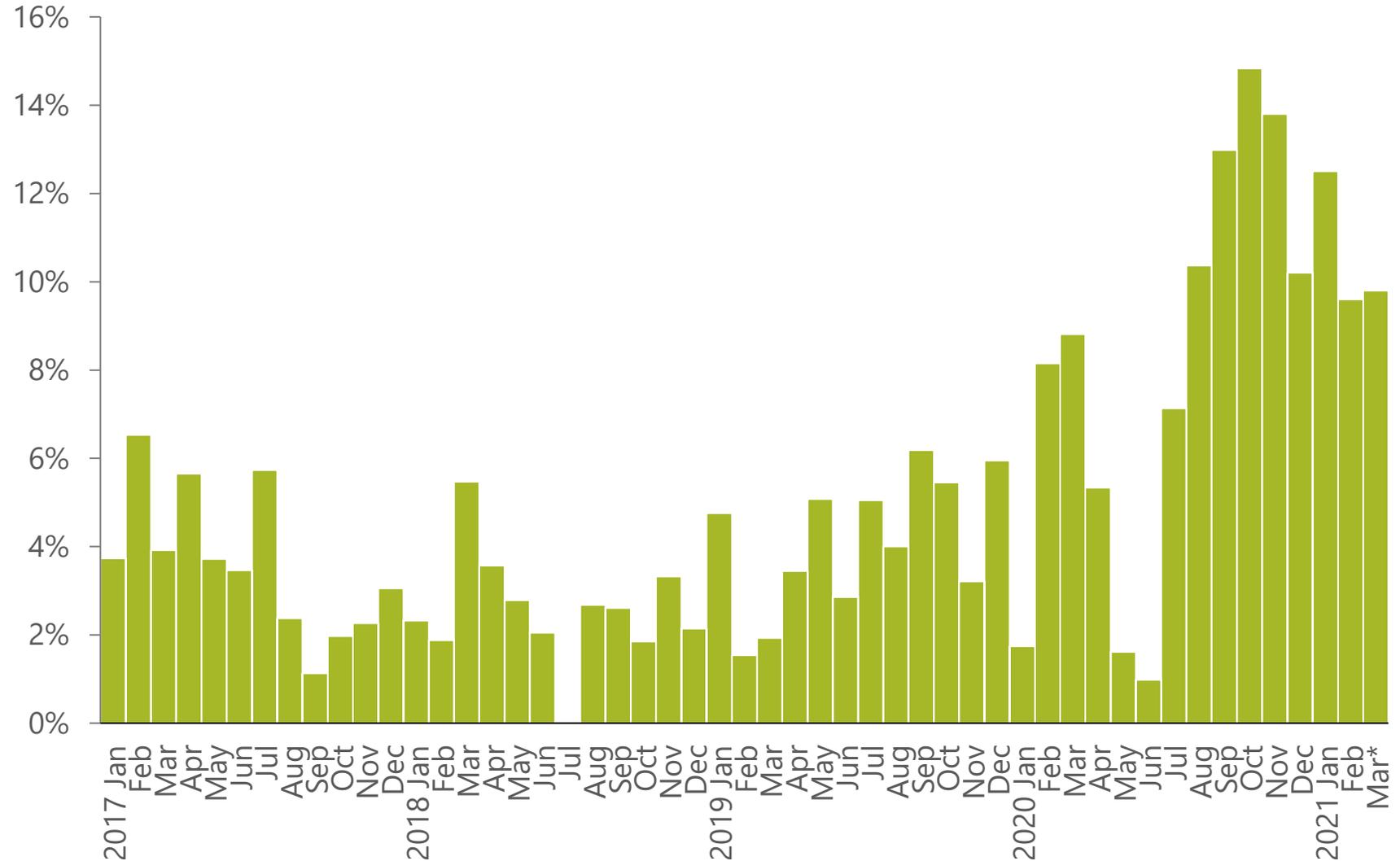
# Home Prices

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.

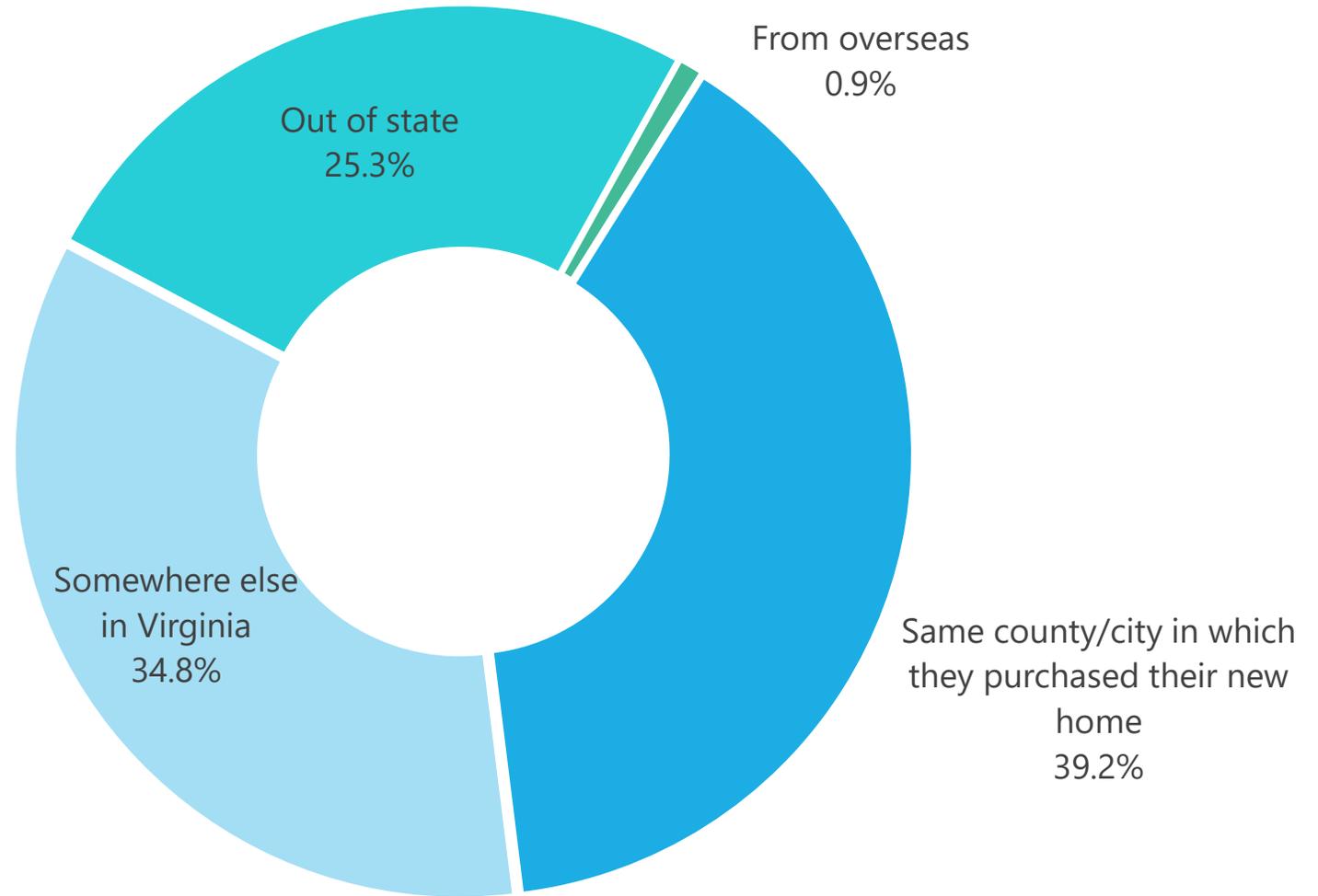
Virginia Y-o-Y Change in Monthly Median Home Price



# Where Are Buyers Moving From?

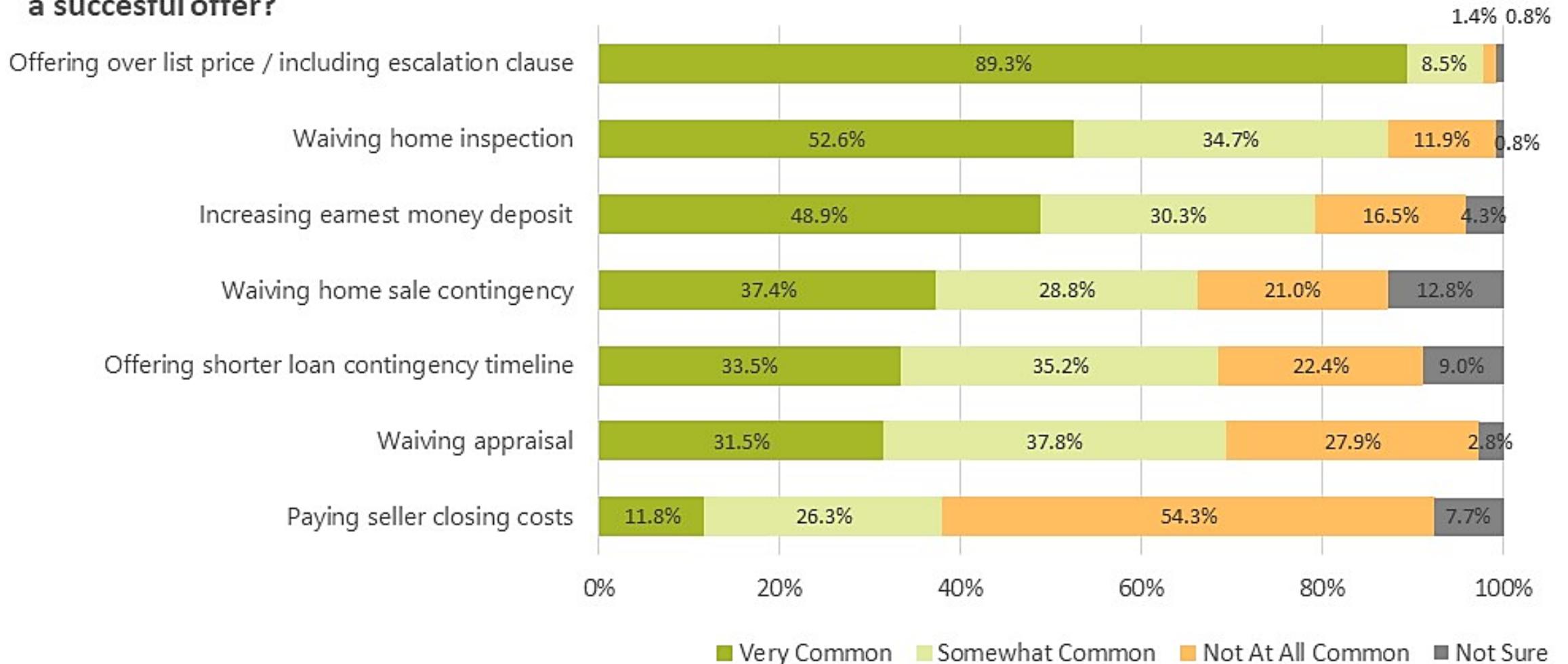
In some markets, buyers from out of state and from higher-income parts of Virginia have pushed home prices beyond what is affordable for many local families.

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 successful offer?



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

A person's hand is pressed against a window pane, symbolizing restriction or longing. The background is blurred, showing a person's face and another hand on the other side of the glass.

# 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

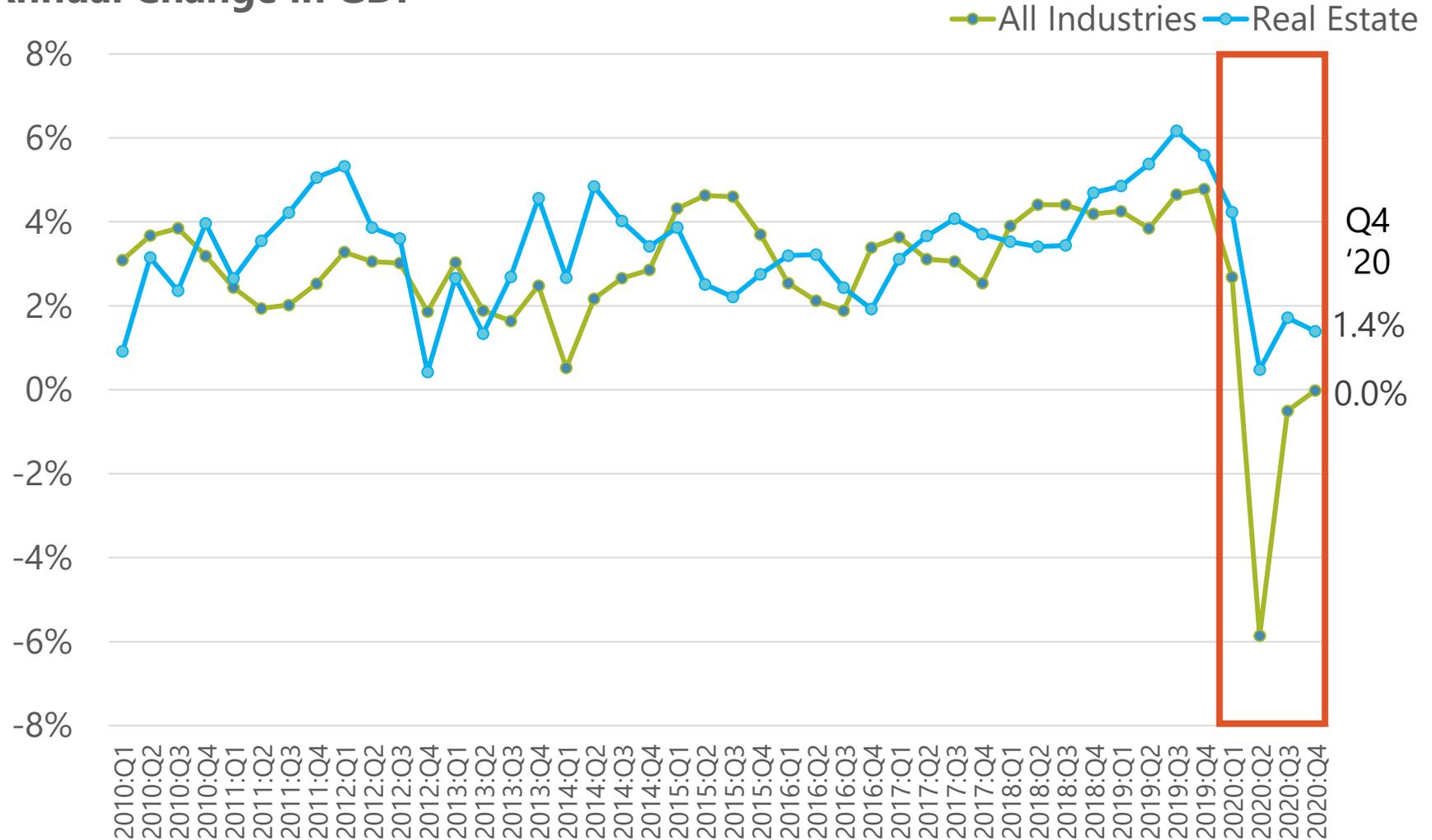
# Virginia GDP

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



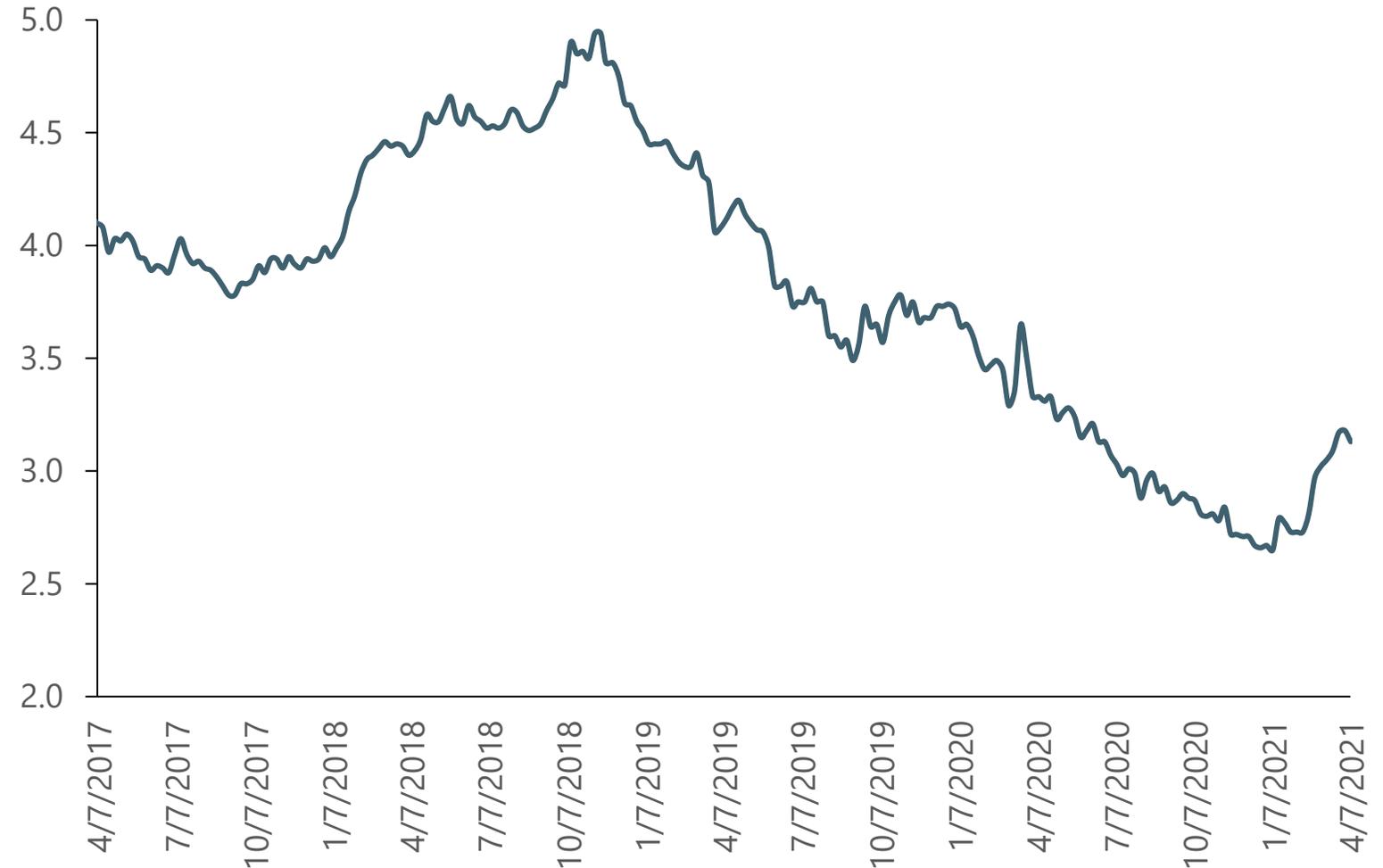
# Mortgage Rates

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**

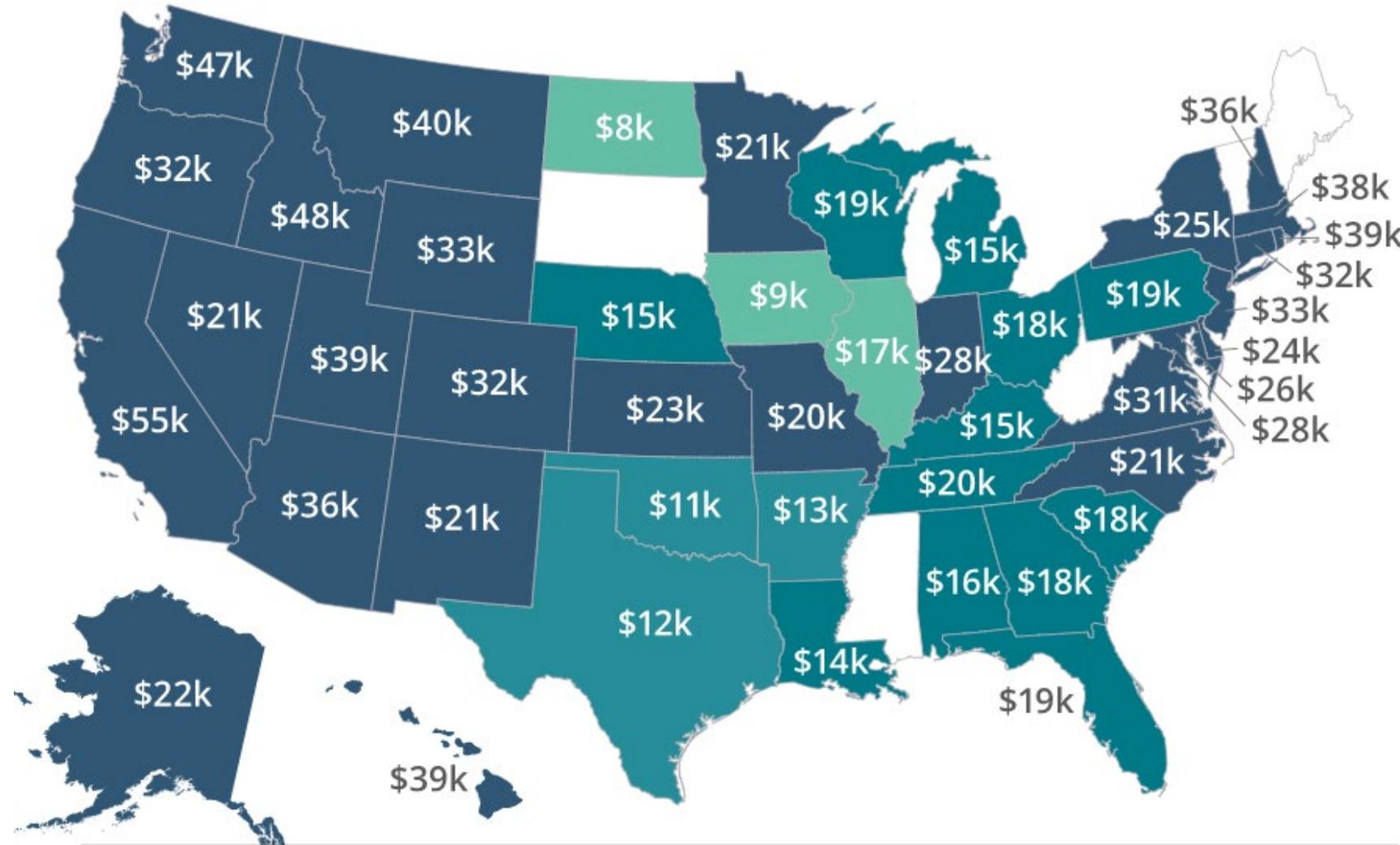


# Housing Equity

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."



## AVERAGE EQUITY GAIN (YOY)



# Economic & Racial Disparities

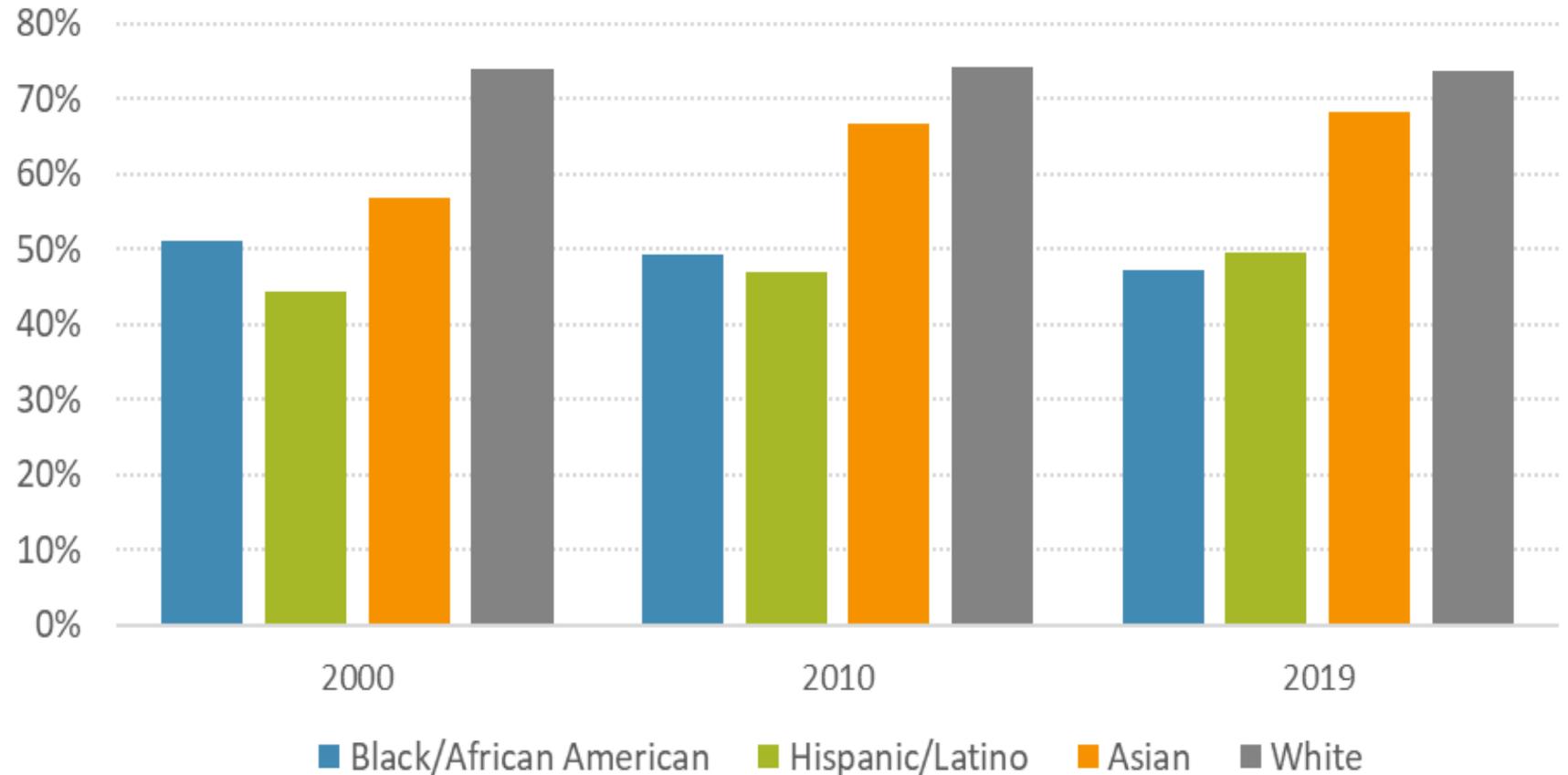
The Black-White homeownership gap in Virginia has widened over the past two decades.

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

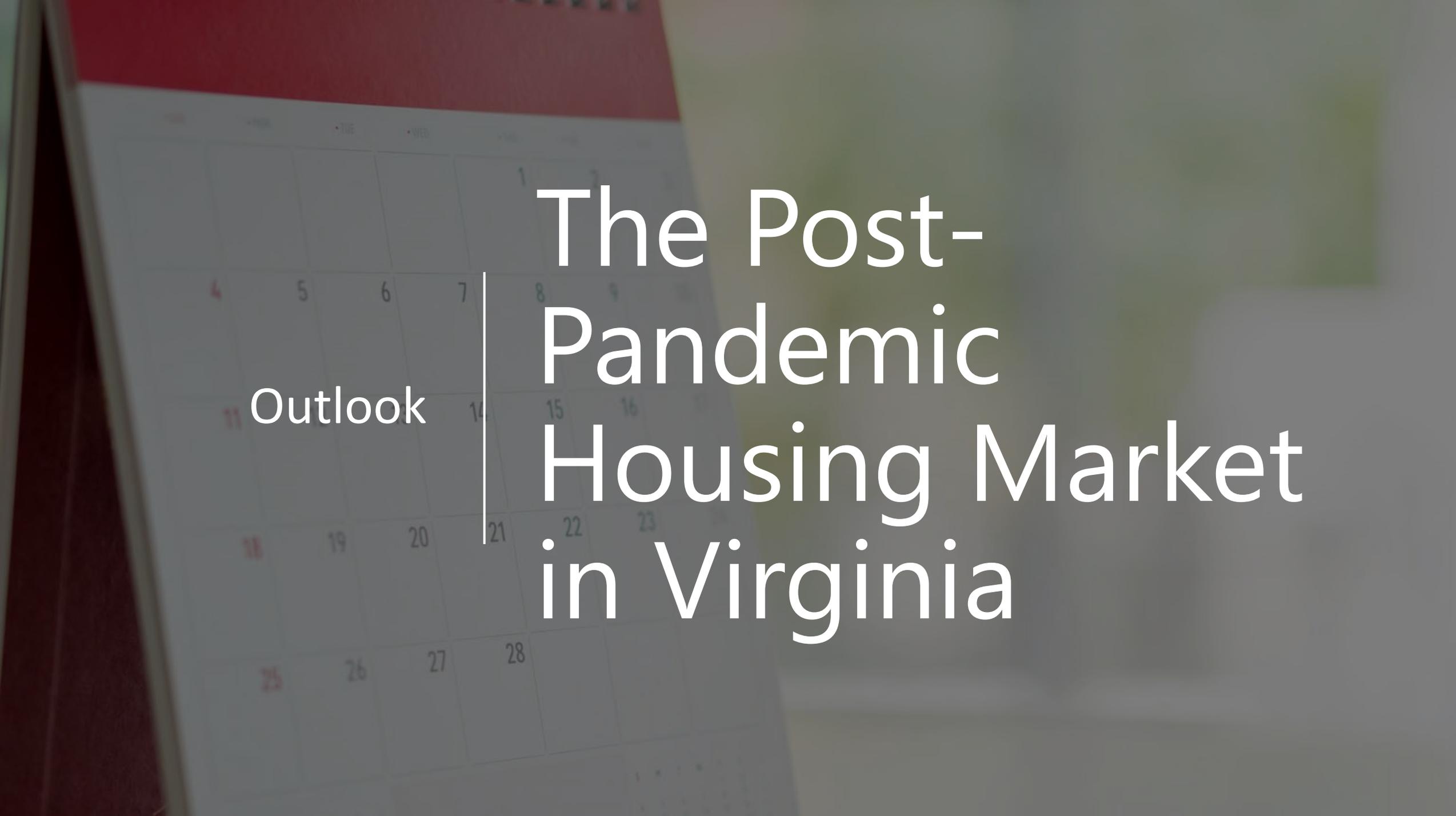
Non-white homebuyers pay higher mortgage rates.

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



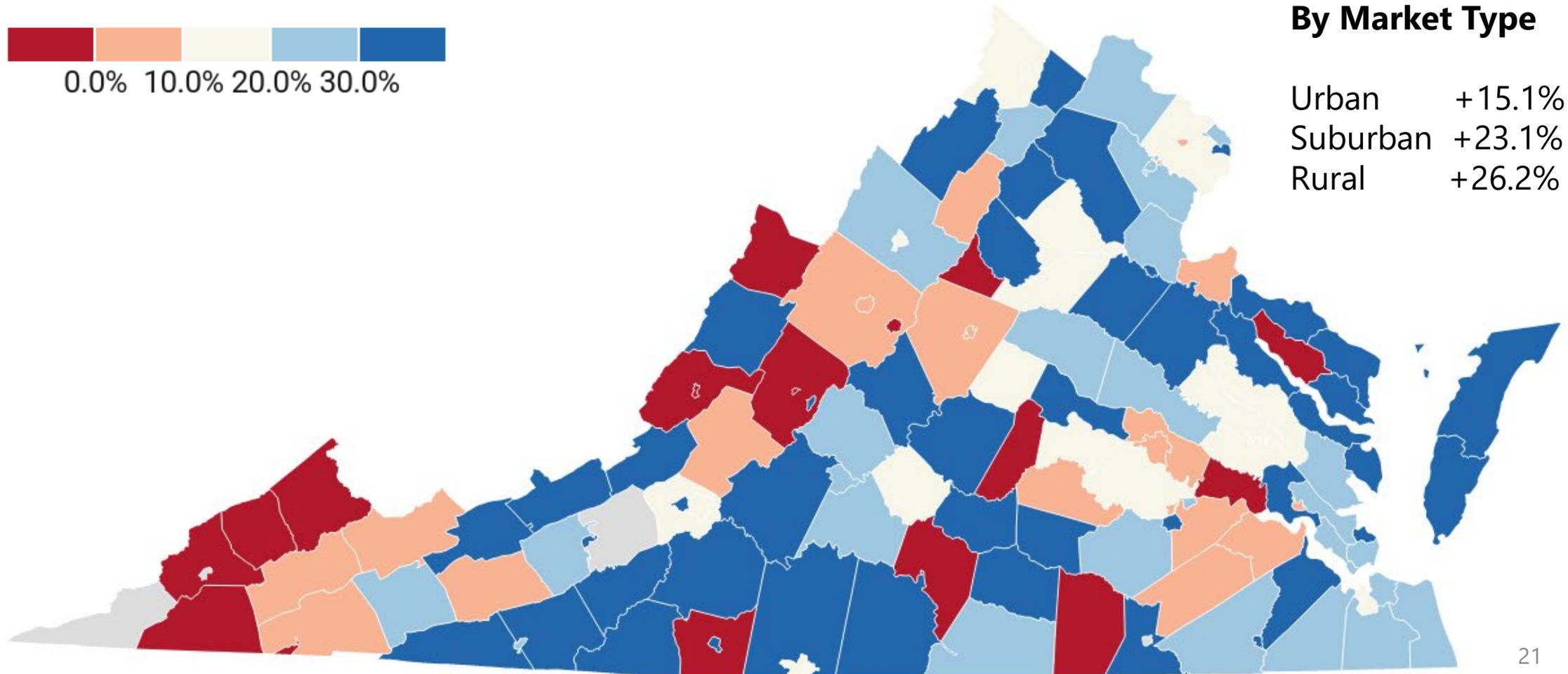
# Increase in Home Sales in Some Rural Markets, But Demand Was Widespread Across the State

**Home Sales - 2<sup>nd</sup> 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%



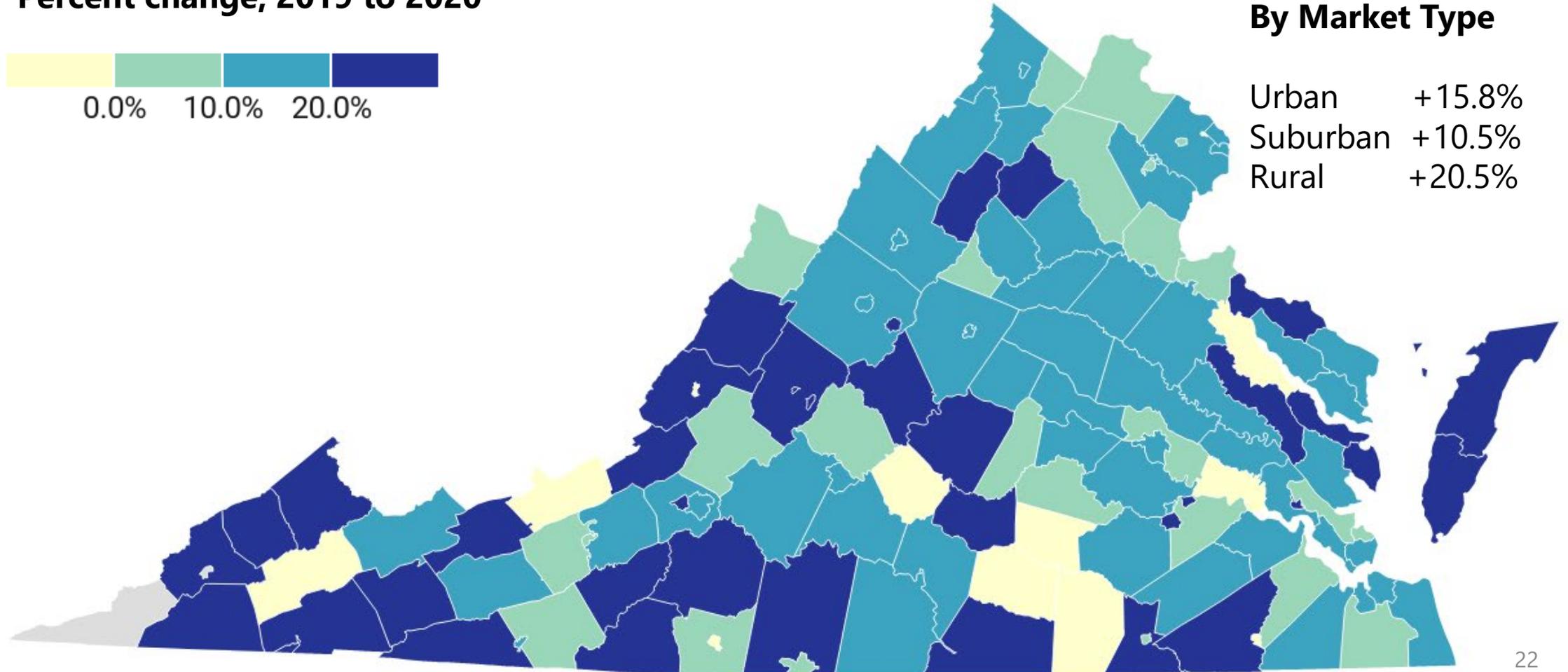
# Median Home Prices Rising Faster in Rural Markets

**Median Sales Price - 2<sup>nd</sup> Half of the Year**  
**Percent change, 2019 to 2020**



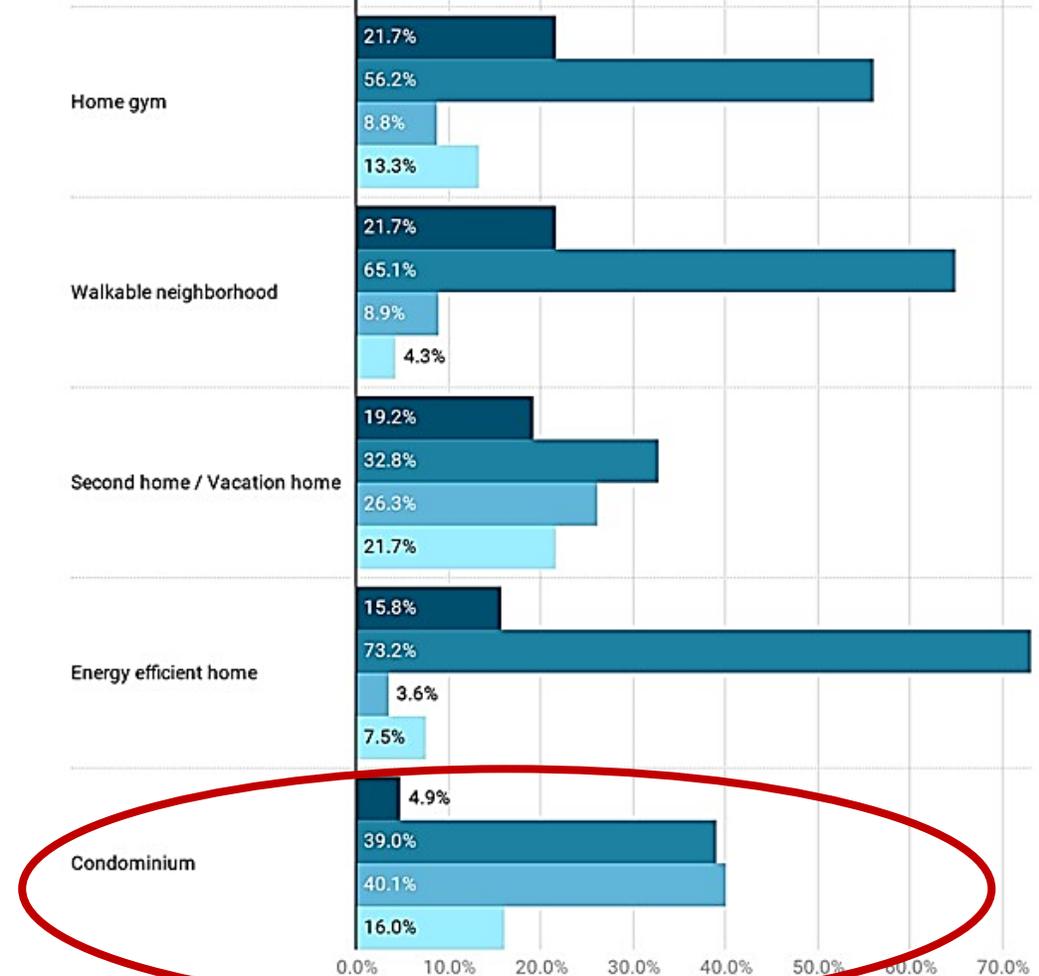
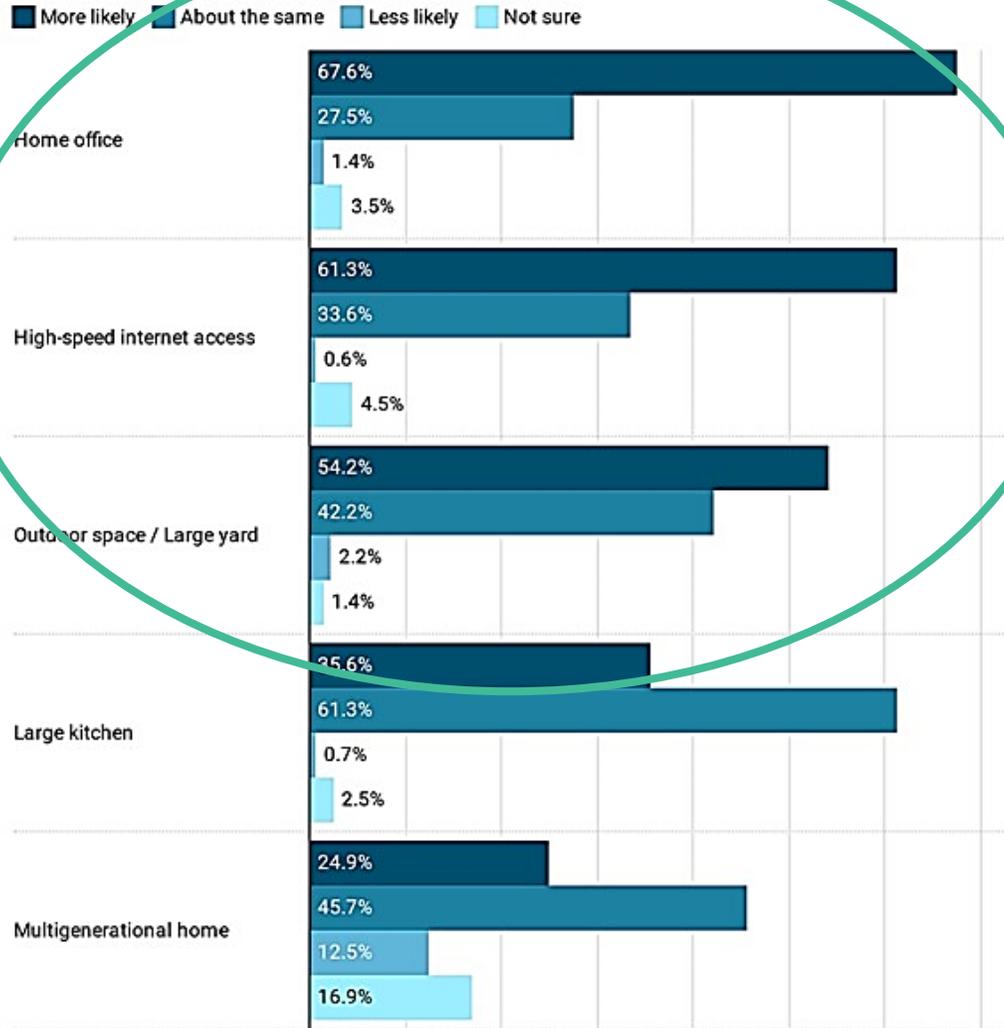
**Avg. Percent Change  
 Median Home Price  
 By Market Type**

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



Heart & Home  
REAL ESTATE

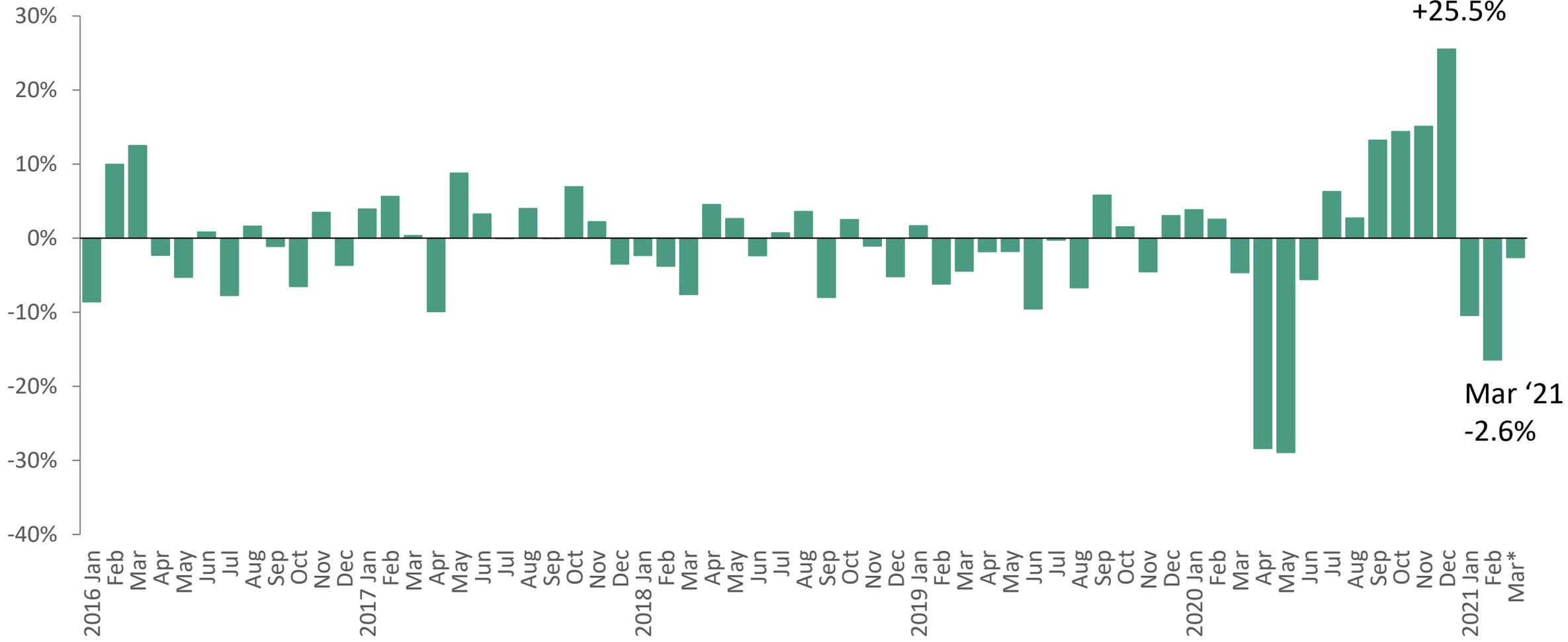
Call or Text:  
541-554-7918

[www.HRTandHOME.com](http://www.HRTandHOME.com)

Inventory  
Remains  
Tight

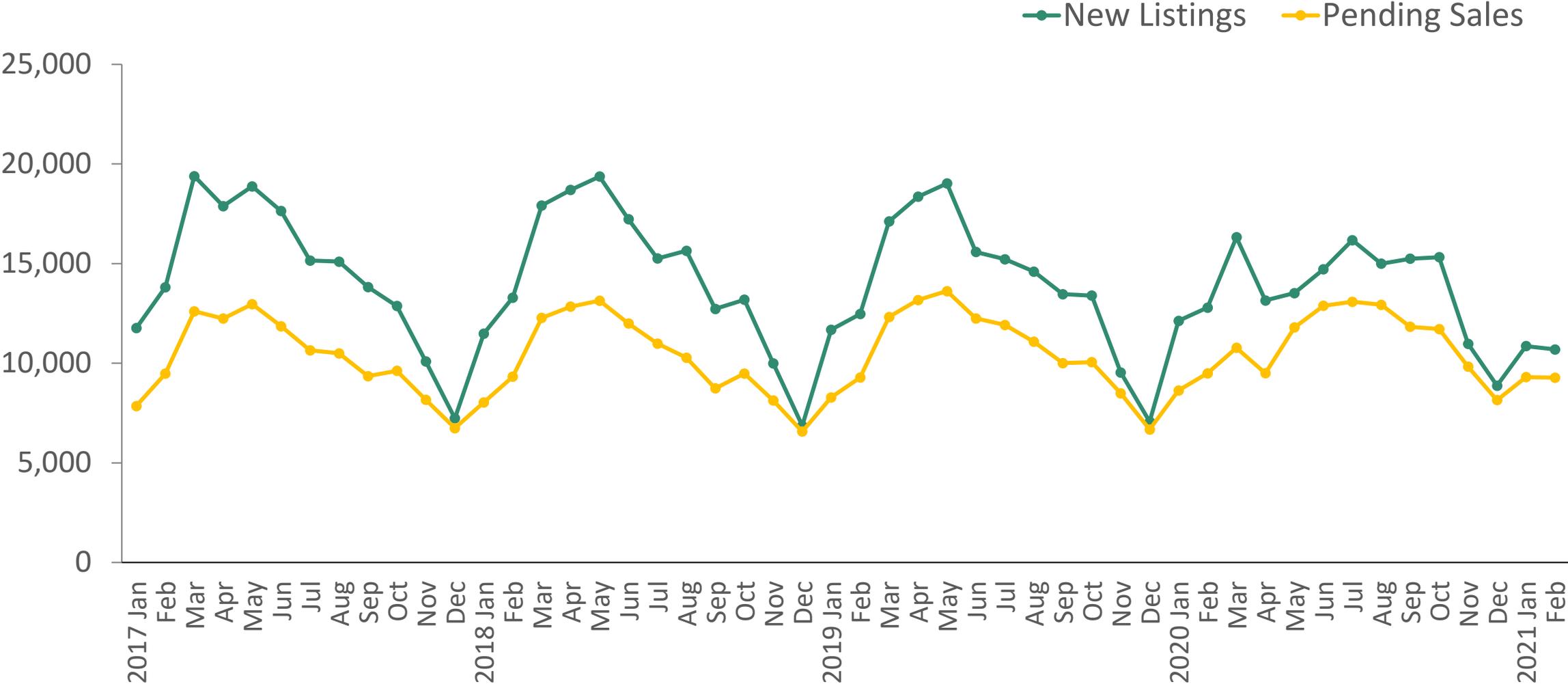
# New Listings

Virginia Y-o-Y Change in Monthly New Listings



Source: Virginia REALTORS®

# New Listings and Pending Sales



Source: Virginia REALTORS®

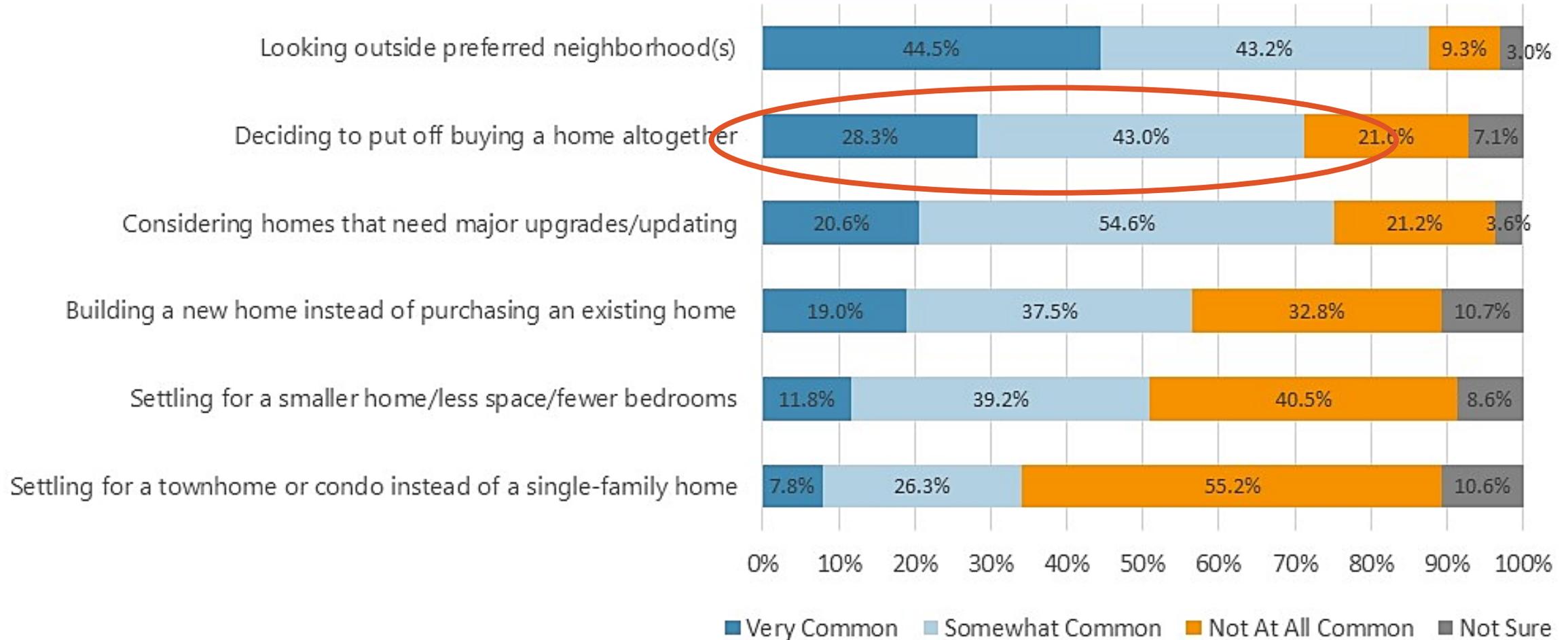


A man and a woman are sitting on a couch, looking at a smartphone held by the woman. The woman has a frustrated expression, with her mouth open as if speaking or shouting. The man is leaning in, looking at the phone with a concerned or frustrated expression, his hand near his mouth. The background is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

# Frustrated Buyers Leaving the Market

# Home Buyer Compromises and Concessions

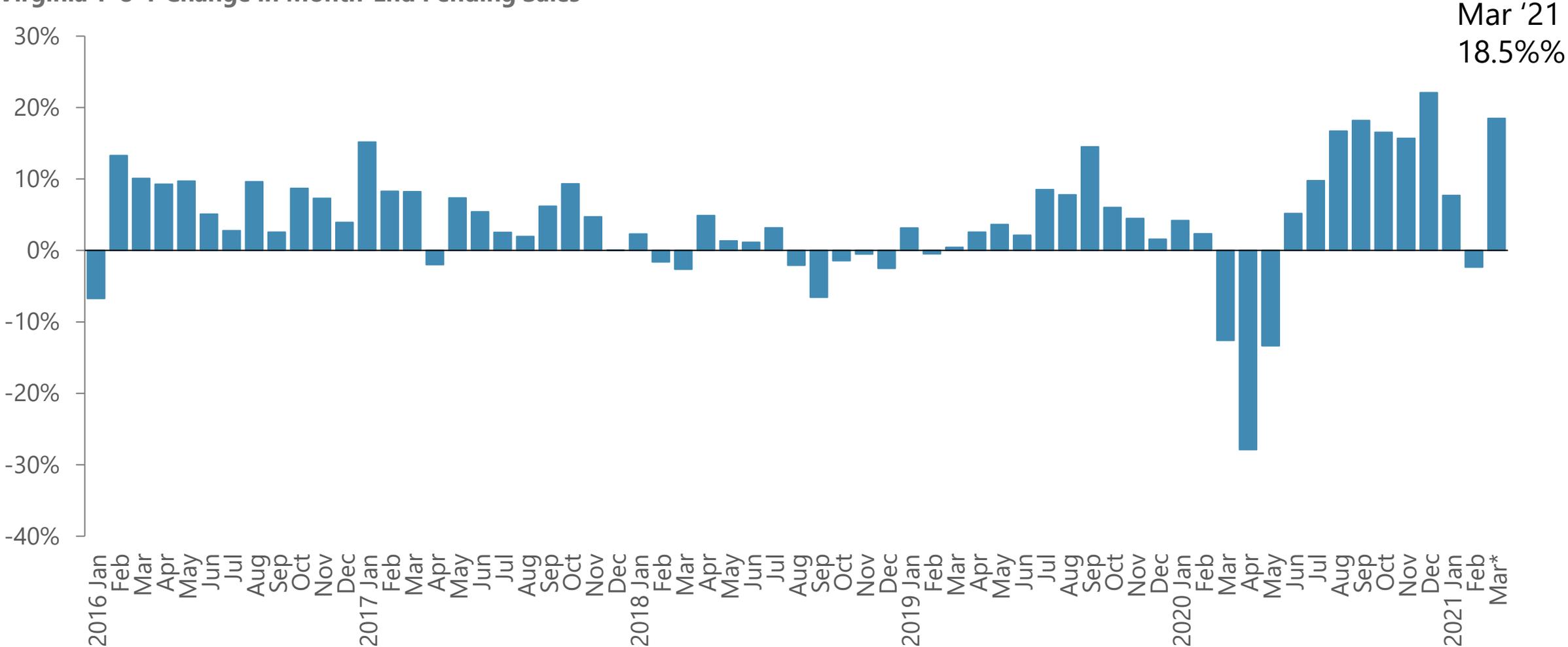
What are the most common compromises buyers are making in their home search?



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

# Pending Sales

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



Source: Virginia REALTORS®

# Mortgage Rates

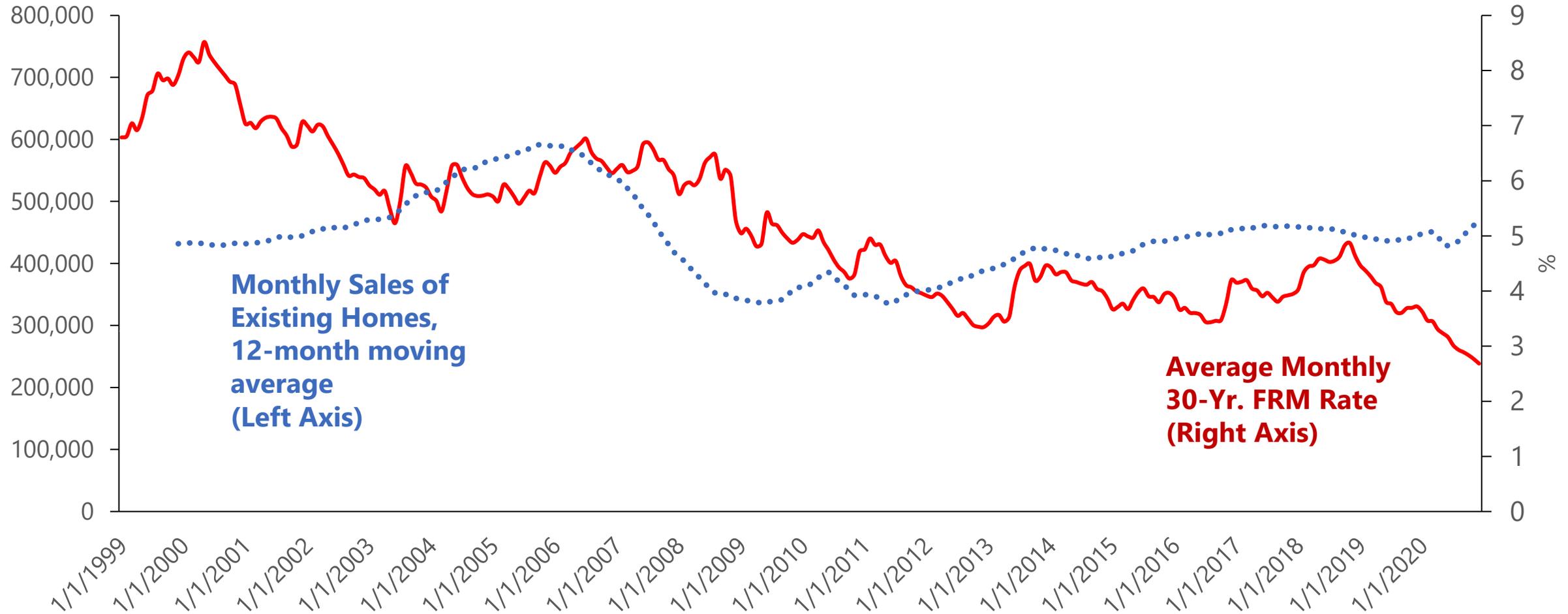
Mortgage Rates  
Will Remain Low

# Mortgage Rates

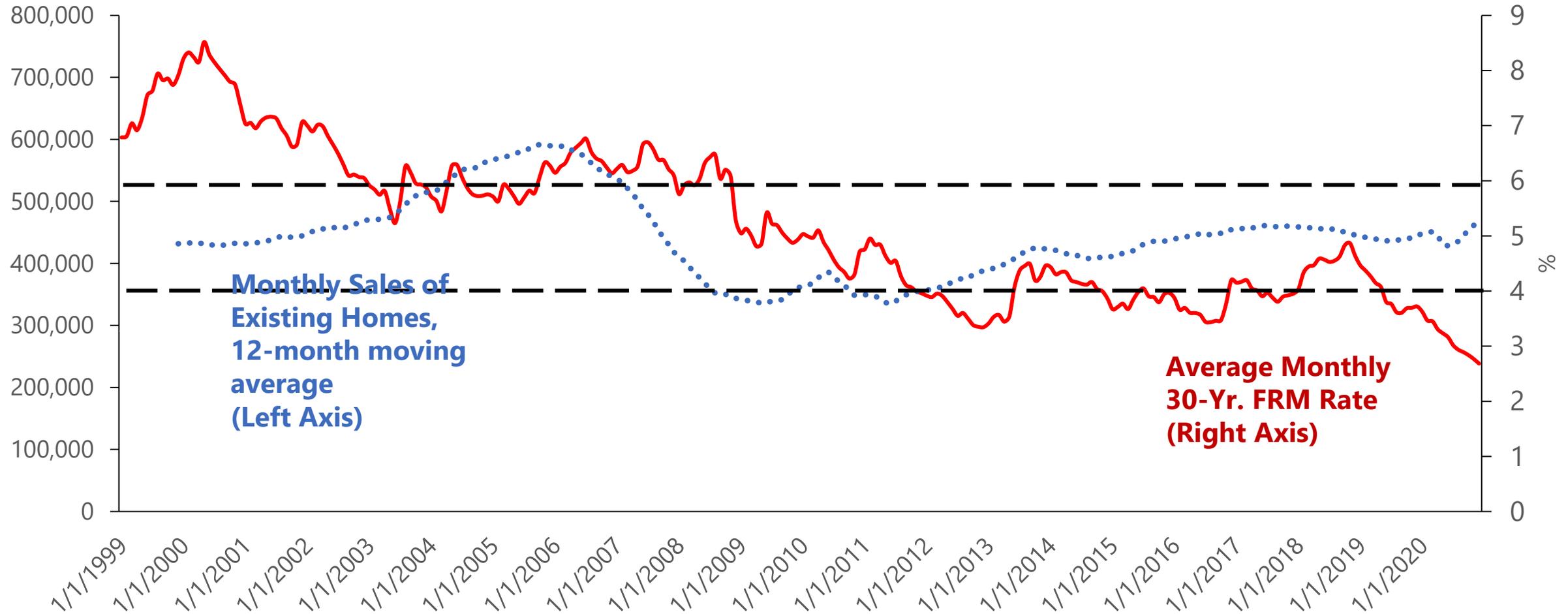
**Weekly Average 30-Year Fixed-Rate Mortgage Interest Rate (%), Not Seasonally Adjusted**



# Mortgage Rates and Home Sales Activity (National)



# Mortgage Rates and Home Sales Activity (National)



# Have Questions or Need More Info?

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[virginiarealtors.org/research](http://virginiarealtors.org/research)

