

Virginia

HOME SALES REPORT

MARCH 2021

Virginia Home Sales Report

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Key Takeaways

- There were **11,972 home sales** in Virginia in March, which is about 1,000 more sales than in March 2020, an increase of 13.9%. The number of home sales was up 36.0% between February 2021 and March 2021.
- The median home sales price statewide was **\$335,000** in March, up 9.8% from a year ago.
- Increases in both transactions and home prices led to another rise in sold volume in Virginia. In March, there was a total of **\$5.0 billion in sold volume** statewide, an increase of 28.3% compared to a year ago.
- Supply is very limited across local markets, although there was a slight uptick between February and March. At the end of March 2021, there were just **15,787 active listings** statewide, which more than 13,000 fewer active listings than a year ago, a decline of 45.8%. Between February and March 2021, the number of active listings ticked up 0.5%.
- Mortgage rates rose slightly in March as the economy improved. Rates may continue to fluctuate, but it is likely that they will remain low throughout 2021.

March 2021 Housing Market Summary

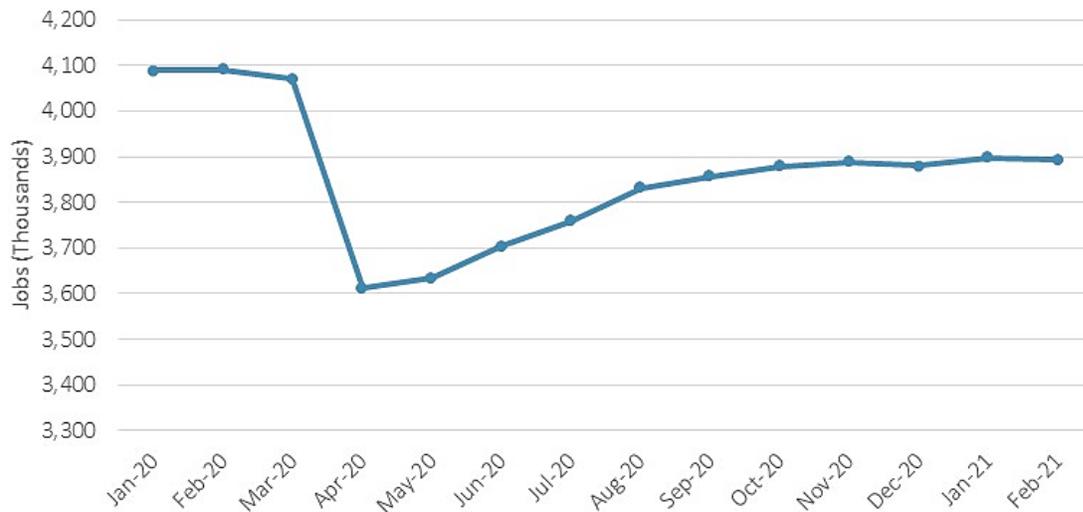
	Mar-20	Mar-21	Change	% Change	YTD 2020	YTD 2021	Change	% Change
Sales	10,512	11,972	1,460	13.9%	24,412	29,582	5,170	21.2%
Median Sales Price (\$)	305,000	335,000	30,000	9.8%	291,000	325,000	34,000	11.7%
Sales Volume (\$ billions)	3.9	5.0	1.1	28.3%	8.9	11.9	3.0	33.5%
Average Days on Market	47	31	-16	-34.7%	53	34	-20	-36.8%
Pending Sales	10,909	12,925	2,016	18.5%	28,904	31,500	2,596	9.0%
New Listings	16,096	15,675	-421	-2.6%	41,237	37,226	-4,011	-9.7%
Active Listings (end of the month)	29,113	15,787	-13,326	-45.8%	29,113	15,787	-13,326	-45.8%
Months of Supply	2.7	1.3	-1.4	-51.5%	2.7	1.3	-1.4	-51.5%

Source: Virginia REALTORS®, data updated May 5, 2021

Economic Overview

Economic conditions in Virginia improved in early 2021; however, the pace of job growth in the commonwealth has slowed. With the distribution of Federal stimulus funding and greater availability of the COVID-19 vaccine, consumer spending will rise and job growth will accelerate this spring. The improving economy will support strong housing demand, though a slight rise in mortgage rates could cool demand slightly.

Figure 1. Total Jobs in Virginia (in thousands)



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

Jobs

In February 2021, there was a total of 3.89 million jobs in Virginia. While the economy has been adding jobs since the summer, there has been a slowdown in early 2021. There were about 3,700 fewer jobs in February than there were in January, after the addition of 16,300 jobs between December and January.

Employment remains below pre-pandemic levels in Virginia. There were 197,300 fewer jobs in February 2021 than there were in February 2020. Employment levels are below the levels a year ago in all the state's metropolitan areas. In Northern Virginia, there were about 80,500 fewer jobs in February 2021 compared to February 2020. The Richmond metropolitan area was down by 41,500 jobs, and the Hampton Roads metropolitan area had 35,200 fewer jobs in February 2021 than it did a year earlier. Employment levels increased between January and February in the Hampton Roads, Harrisonburg, Roanoke, Winchester, and Lynchburg regions but declined in other metropolitan areas.

The Transportation & Warehousing, Professional & Technical Services, and Federal Government sectors all had more jobs in February 2021 than there were in February 2020. Other sectors of the economy are still below pre-pandemic levels. The Leisure & Hospitality sector has been hardest hit, with 86,500 fewer jobs in February 2021 compared to a year ago. There are 29,000 fewer jobs in the

Local Government sector, and both the Other Services and Health Care & Social Assistance sectors are down by about 17,000 jobs compared to a year ago.

Unemployment

In February 2021, Virginia's unemployment rate was 5.2%, down from 5.3% in January 2021 and a full percentage point lower than the U.S. rate. Unemployment in Virginia is far below levels during the peak of the pandemic. However, the unemployment rate is still more than double the rate in early 2020.

Mortgage Rates

Mortgage rates increased for several weeks in February and March. According to data reported by Freddie Mac, the average 30-year fixed-rate mortgage rate increased from an average of 2.73% in mid-February to 3.18% at the end of March. Average rates fell to 3.13% in the first week of April. According to Federal Reserve Chairman Jerome Powell, it is unlikely that the Federal Reserve will raise rates in 2021, despite improvements in economic conditions. Mortgage rates may fluctuate as the economy improves this year; however, it is likely that rates will remain below 3.5% through the end of 2021.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

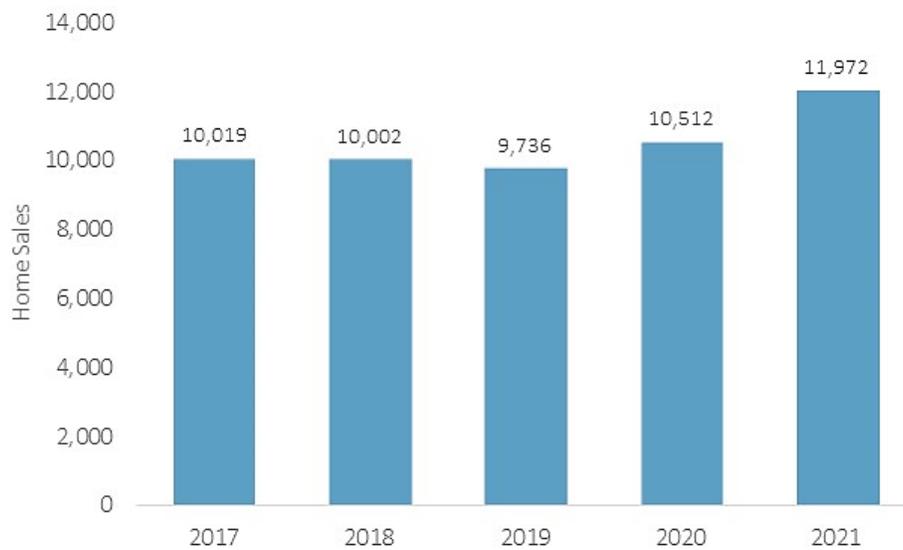
In March 2021, the hyperactive housing market continued. Home sales and home prices were up compared to a year ago, which reflects not only continued strong demand but the comparison to last March, when the pandemic-induced market slowdown was beginning. The competitive housing market has led to bidding wars, offers far above list price, and a range of other buyer concessions. At the same time, the inventory level has fallen further, putting increased pressure on the market.

Sales

In March 2021, there was a total of 11,518 home sales in Virginia, which is an increase of more than 1,000 sales compared to March 2020, a 9.6% increase. The number of sales increased by 30.8% between February and March. Sales activity typically increases between February and March; however, the uptick this year is lower than the typical February-to-March increase.

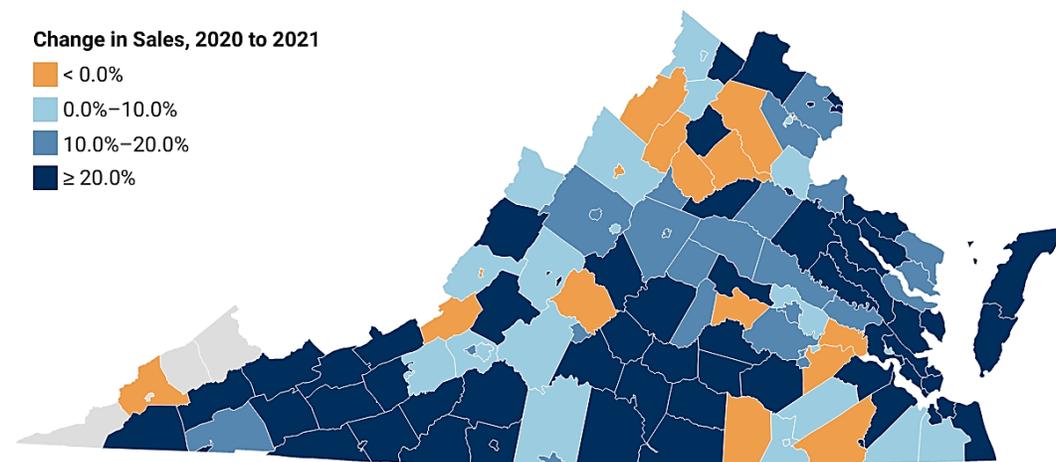
Going forward, comparing monthly home sales between 2020 and 2021 will be challenging. The COVID-19 pandemic upended the housing market last spring and low mortgage rates fueled extraordinary demand through the spring and fall. Last year, in March 2020, home sales activity had not yet slowed. The biggest impacts in the market occurred in April and May. It will be important to track not only year-over-year changes but also housing market conditions from month to month.

Figure 3. Virginia Home Sales, March



Source: Virginia REALTORS®, data updated May 5, 2021

Figure 4. County/City Home Sales, YTD Through March



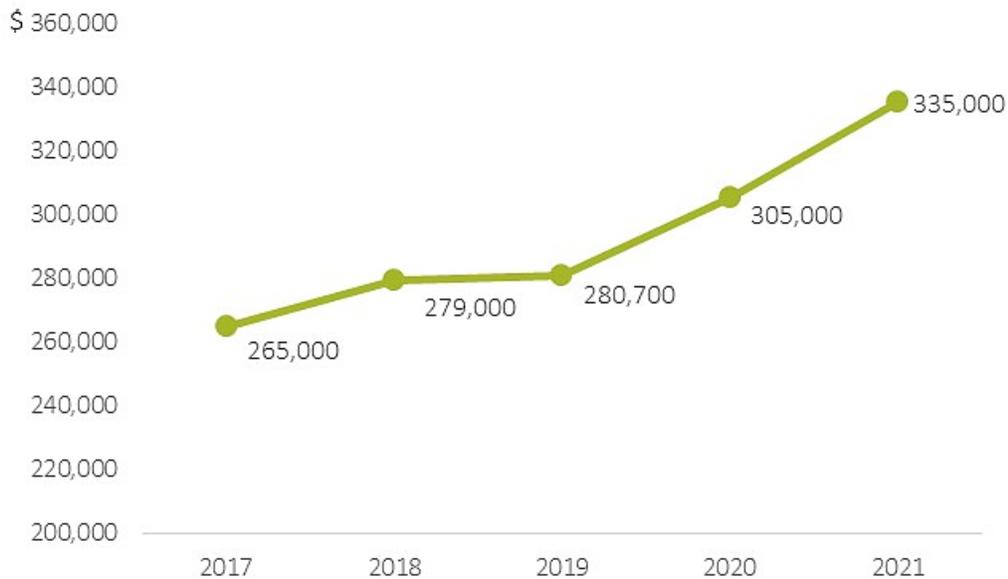
Source: Virginia REALTORS®, data updated May 5, 2021

Home Prices

In March 2021, the median sales price statewide was \$335,000, which is up 9.8% from a year ago. Home prices have been rising quickly since the summer. Year-to-date home prices are up in nearly every local market across Virginia.

Strong demand, limited inventory, and very low mortgage rates have driven price growth. The super-competitive market has led buyers to engage in bidding wars, offering over list price and making a range of concessions to improve their offers. In February and March, the average sold-to-list price ratio was above 100%, which means that, on average, homes in Virginia are selling for above asking price.

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

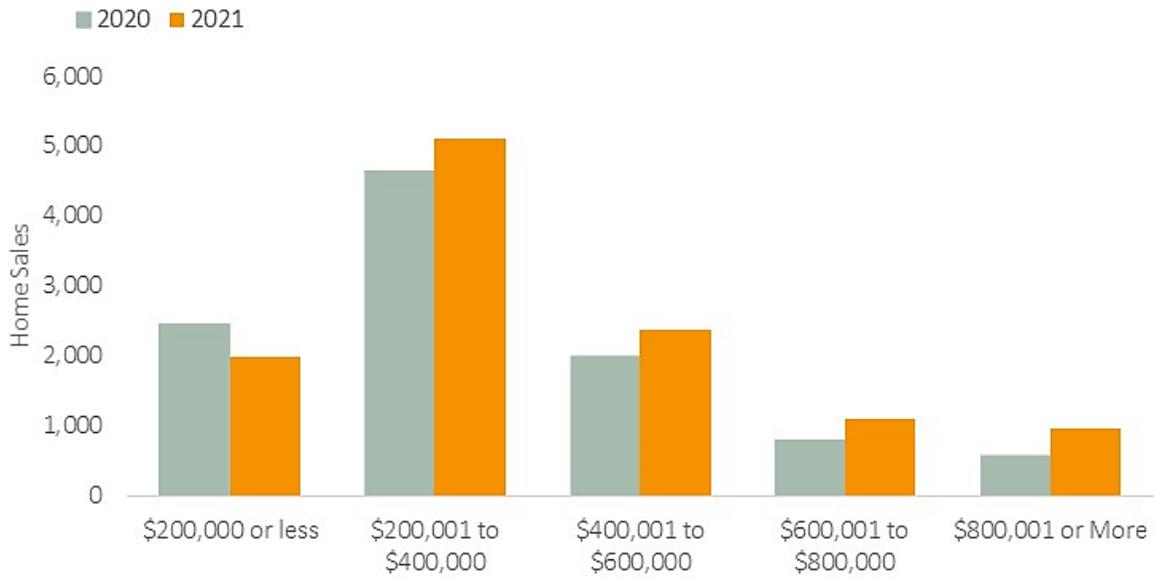


Source: Virginia REALTORS®, data accessed April 15, 2021

In Virginia, 44.4% of homes sold in March sold for between \$200,001 and \$400,000, which is roughly the same share as in March 2020 (44.1%). There was a notable decline in the share of homes selling for \$200,000 or less. In March 2021, 17.3% of home sales were in this price range, compared to 23.4% of sales in March 2020.

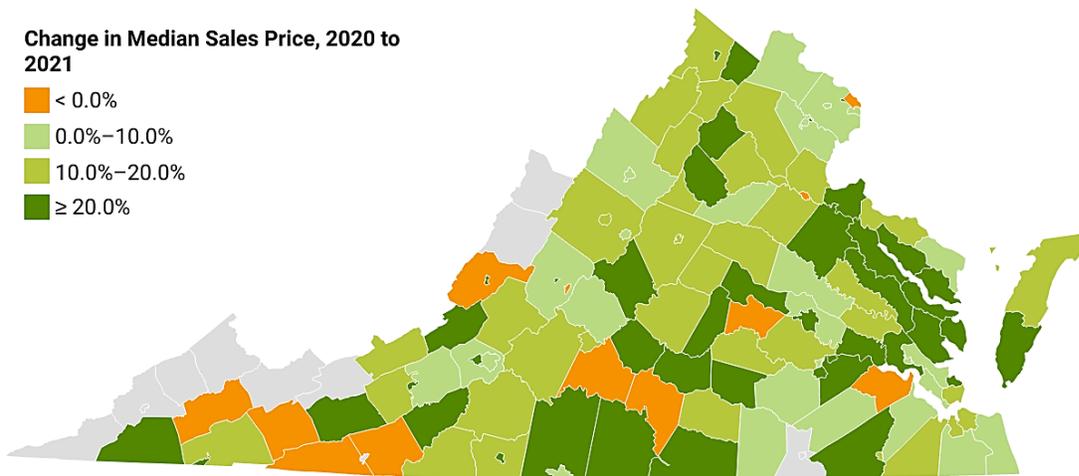
There have been more sales in higher price ranges. In March 2021, 17.8% of homes sold for \$600,001 or more, compared to 13.4% of sales a year earlier. The shift in price ranges reflects the competitive market and multiple offers, which have driven prices up across the board.

Figure 6. Sales by Price Range, March



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

Figure 7. County/City Median Sales Price, YTD Through March



Source: Virginia REALTORS®, data updated May 5, 2021

Sold Volume

Increases in both sales transactions and home prices led to another big increase in the total sold volume in Virginia. In March 2021, there was a total of \$5.0 billion of sold volume statewide, which is a gain of about \$1.1 billion compared to a year ago, an increase of 28.3%.

Figure 8. Sold Dollar Volume, March

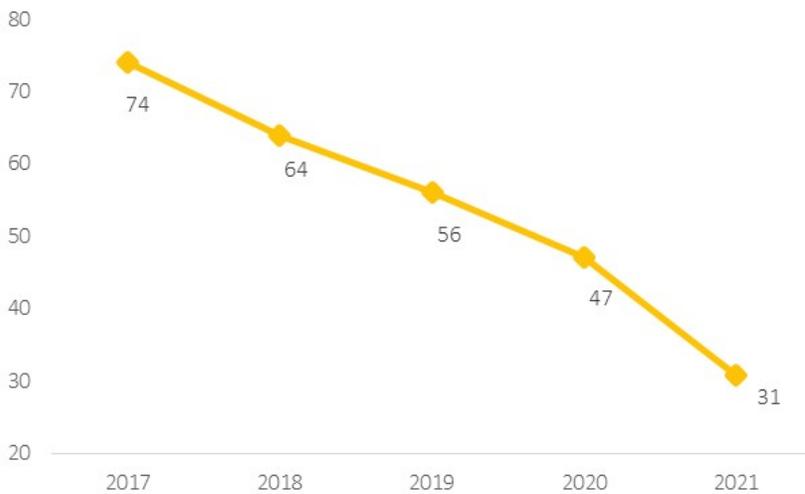


Source: Virginia REALTORS®, data updated May 5, 2021

Days on Market

Homes are selling more quickly in this competitive market. In March 2021, homes were on the market an average of 31 days statewide, which is 16 days faster than a year ago. In some local markets, 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 April 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. A year ago, in March 2020, pending sales activity slowed in the second half of the month as COVID-19-related closures were beginning. At the end of March 2021, there was a total of 12,925 pending sales statewide, which is up 18.5% compared to a year ago.

Last year was an anomaly, but in a typical year, there is an uptick in pending sales between February and March. In 2017, 2018, and 2019, March pending sales were about 32% higher than February pending sales. In March 2021, the total number of pending sales at month's end was up 39.4% compared to February 2021.

Figure 10. Pending Sales, February and March



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

New Listings

There had been an uptick in new listings at the end of 2020. However, in early 2021, new listings remain lower than in prior years. In March 2021, there was a total of 15,675 new listings, which is 2.6% fewer new listings than there were in March 2020. Monthly new listings did increase between February and March, but the uptick was more modest than in typical years. In March 2021, the number of new listings was just 0.5% higher than the number of new listings in February 2021.

Active Listings

A lack of inventory is still the biggest challenge in the market. At the end of March 2021, there were just 15,787 active listings across Virginia, which is 13,326 fewer active listings than there were at the end of March 2020, a 45.8% decline.

The supply of available homes for sale has been steadily declining for years. COVID-19 accelerated that trend. At the end of March 2021, total inventory was only about a third of what it was five years ago. The inventory of available homes for sale was down significantly in nearly every county and independent city across Virginia.

An exception to the declining inventory is within the condominium market in some parts of Northern Virginia. For example, in Arlington County, the number of condominiums listed for sale was three times the level a year earlier, at the end of March 2020. Condominium listings in the City of Alexandria had nearly doubled between March 2020 and March 2021.

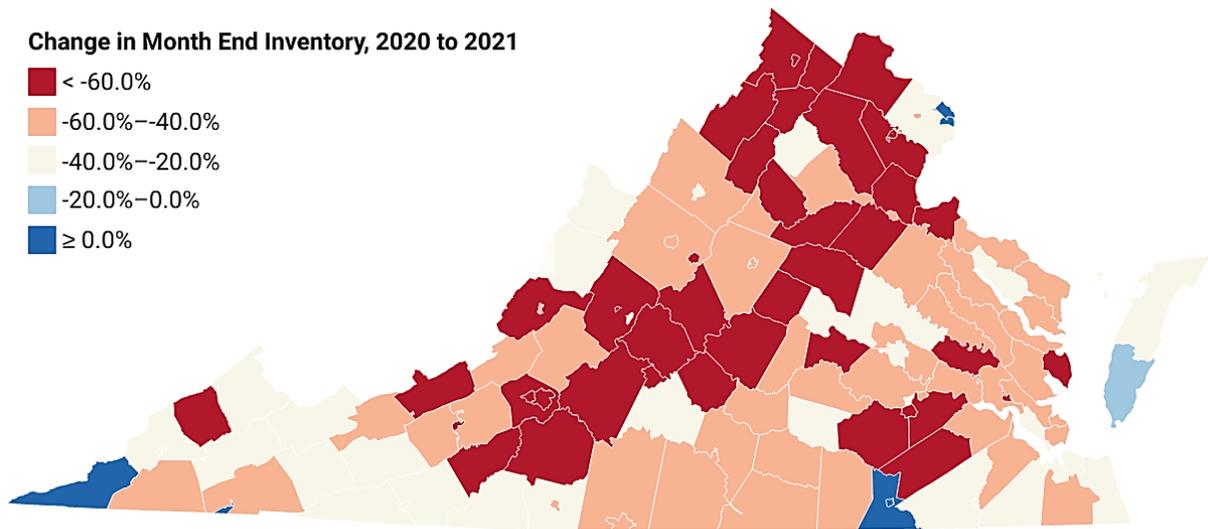
Figure 11. Inventory, March



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

Note: Active listings at the end of the month

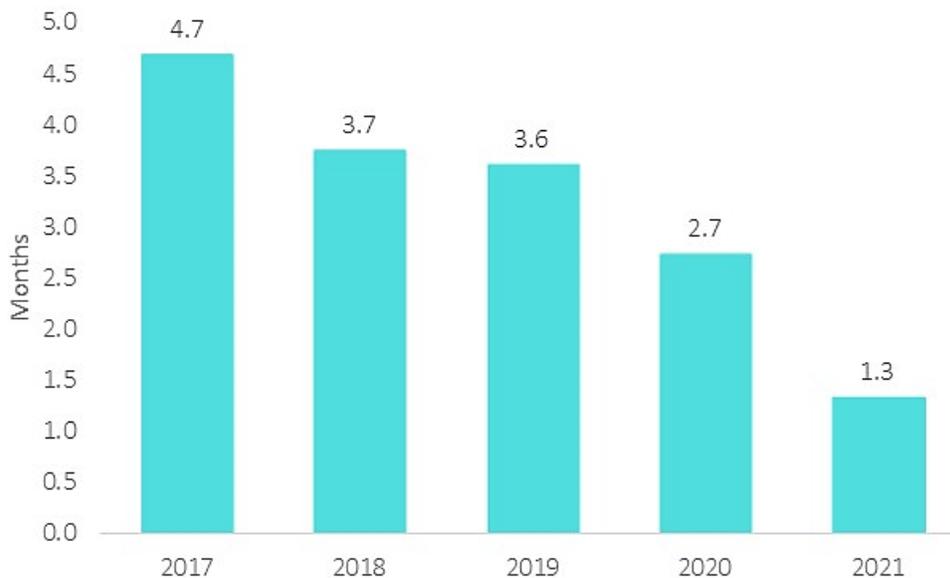
Figure 12. Active Listings by County/City, End of March



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

At the end of March 2021, there was an estimated 1.3 months of supply in Virginia, down from 2.7 months of supply at the end of March 2020 and about the same level as in February 2021. 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. While historically, five or six months of supply has been indicative of a healthy housing market, we have not seen inventory at that level for more than five years in Virginia.

Figure 13. Months of Supply, February



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

Outlook

The housing market has been frenzied for months. An improving economy will continue to support strength in the market, with robust home sales activity and price growth. However, there are other factors that might lead to a slight cooldown in the coming months, which could slow the pace of price growth and help transition to more “normal” market conditions.

- Throughout the pandemic, demand for homeownership has been strong. As the economy recovers, more individuals and families may be looking to buy a home, fueling even more demand.
- The improving economy could spur some homeowners to list their home for sale. However, it is unlikely that there will be sufficient new listings—particularly single-family listings—to meet demand.
- Mortgage rates likely will fluctuate this spring as economic conditions improve. The Federal Reserve has given no indication that it will raise rates this year. While other factors could impact mortgage rates, it is expected that the average 30-year fixed-rate mortgage rate should remain below 3.5% through the end of 2021.



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.