

Virginia

HOME SALES REPORT

APRIL 2021

Virginia Home Sales Report

April 2021

Key Takeaways

- There were **13,413 home sales** in Virginia in April 2021. This is a major increase from April 2020, when the market was significantly impacted by the COVID-19 pandemic. However, April sales totals are also much higher this year than they have been in prior years, with 2,500 more closed transactions than in both April 2019 and April 2018.
- The median home sales price statewide was **\$355,643** in April, up 12.5% from a year ago. Prices have risen by about 10% or more for nine consecutive months in Virginia.
- Increases in both transactions and home prices led to another surge in sold volume. In April, there was a total of **\$5.9 billion in sold volume** statewide, an increase of 51.7% compared to last April and up 15.7% over last month.
- Supply is very limited across local markets, although new listings are up. At the end of April 2021, there were **17,395 active listings** statewide, which is a decline of 40.3% compared to the end of April 2020. However, the number of month-end active listings grew by 10.2% between March and April, and new listings increased by 12.0%.

April 2021 Housing Market Summary

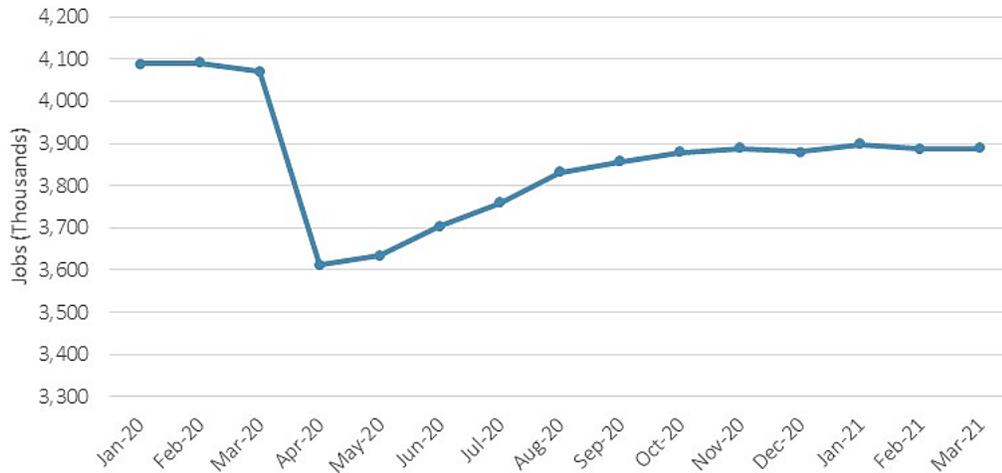
	Apr-20	Apr-21	Change	% Change	YTD 2020	YTD 2021	Change	% Change
Sales	10,146	13,413	3,267	32.2%	34,558	42,995	8,437	24.4%
Median Sales Price (\$)	316,000	355,643	39,643	12.5%	299,900	335,000	35,100	11.7%
Sales Volume (\$ billions)	3.9	5.9	2.0	51.7%	12.8	17.8	5.0	39.0%
Average Days on Market	41	25	-16	-39.2%	50	31	-19	-37.3%
Pending Sales	9,500	13,411	3,911	41.2%	38,404	44,911	6,507	16.9%
New Listings	13,149	17,558	4,409	33.5%	54,386	54,784	398	0.7%
Active Listings (end of the month)	29,119	17,395	-11,724	-40.3%	29,119	17,395	-11,724	-40.3%
Months of Supply	2.7	1.4	-1.3	-48.5%	2.7	1.4	-1.3	-48.5%

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

Economic Overview

The economic recovery in Virginia remains slow this spring, although widespread availability of the COVID-19 vaccine and the lifting of mask requirements and gathering restrictions will spur economic activity in the weeks and months ahead. The pace of job growth should improve, with continued recovery in the Leisure & Hospitality sector, which has been hardest hit by the pandemic and economic recession.

Figure 1. Total Jobs in Virginia (in thousands)



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

Jobs

In March 2021 (the latest data available), there was a total of 3.89 million jobs in Virginia. The economy added about 800 jobs between February and March, an increase of just 0.8%. The state has added jobs in ten of the past 11 months but has not reached pre-pandemic totals. In March 2021, the number of jobs in Virginia is at about 96% of the level in March 2020.

Employment levels are below where they were a year ago in all the state's metropolitan areas. In Northern Virginia, there were 1.46 million jobs in March 2021, which is 95.4% of the number in March 2020. The Richmond metropolitan area economy was at 94.4% of the March 2020 job totals, or down by about 38,900 jobs compared to a year ago. In the Hampton Roads region, there were 32,500 fewer jobs in March 2021 compared to March 2020, with the current job total at 95.9% of last March's total. While employment totals in all metropolitan areas remain below last year at this time, smaller regions have been faring better. In the Winchester area, the number of jobs in March 2021 was 99.7% of the March 2020 level. In Blacksburg, the total number of jobs reached 97.3% of last year's total.

Job growth in the Professional & Technical Services sector, which includes many of the state's high-wage jobs, has accelerated. In March 2021, there were about 6,100 more jobs in this sector than there were in March 2020. The Professional & Technical Services sectors is one of only three sectors of Virginia's economy that has fully recovered from the downturn. The other sectors are the Transportation & Warehousing (+4,800 jobs) and Federal Government (+1,300 jobs) sectors.

In the first few months of 2021, there have been big gains in both the Retail Trade and Leisure & Hospitality sectors, two of the sectors hardest hit by the downturn. In March 2021, the number of Retail Trade jobs was down by just 3,400 compared to a year ago. Despite gains, the Leisure & Hospitality sector has a long way to go to fully recover. There were 76,600 fewer jobs in the Leisure & Hospitality sector in March 2021 compared to a year ago.

Unemployment

In March 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 this spring, with the average 30-year fixed-rate mortgage rates rising to above 3% in early April. However, since then, rates have fallen. At the end of April and into early May, the average 30-year fixed-rate mortgage rate was just under 3%. As the economy improves, it is likely that mortgage rates will begin to inch higher. However, it is expected that rates will remain below 3.5% throughout 2021.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

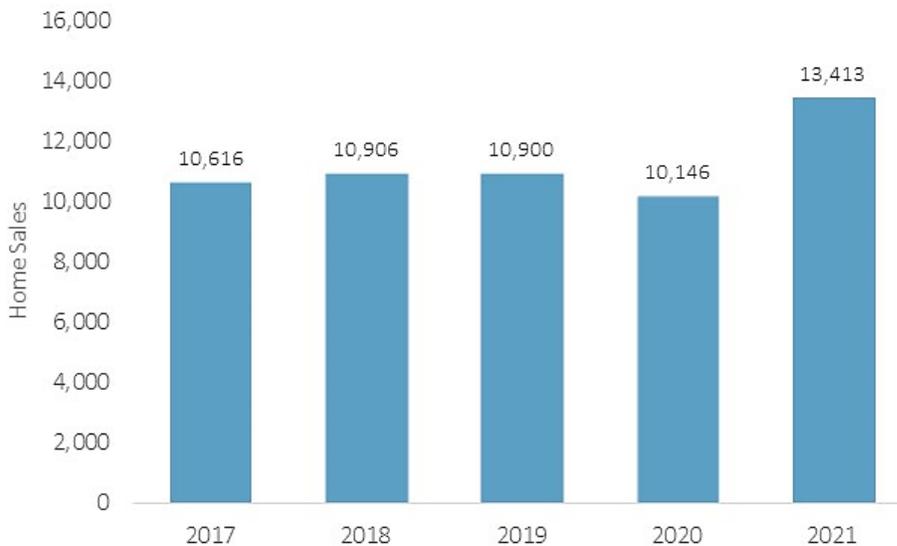
Virginia's housing market was still operating at a frenzied pace in April. Sales activity was up significantly compared to last April when the housing market had stalled as a result of the COVID-19 pandemic and stay-at-home directives. But this year's spring sales activity is busier than other recent typical spring sales seasons. Strong demand, fueled by historically low mortgage rates, high savings rates, and pent-up demand, continues to push up prices. While inventory expanded slightly this month, buyers still have very few options and the market is still extremely competitive.

Sales

In April 2021, there was a total of 13,413 home sales in Virginia, about 3,300 more sales than last April, a 32.2% increase. In April 2020, COVID-19 forced people to quarantine at home and shuttered businesses, leading to a significant slowdown in the housing market. Therefore, it is not surprising to see a substantial year-over-year increase in home sales this April. But the number of April home sales was high even compared to non-pandemic years, reflecting the continued strong demand in the market. For example, in April 2019, there was a total of 10,900 home sales statewide, which is about 2,500 fewer sales than in April 2021.

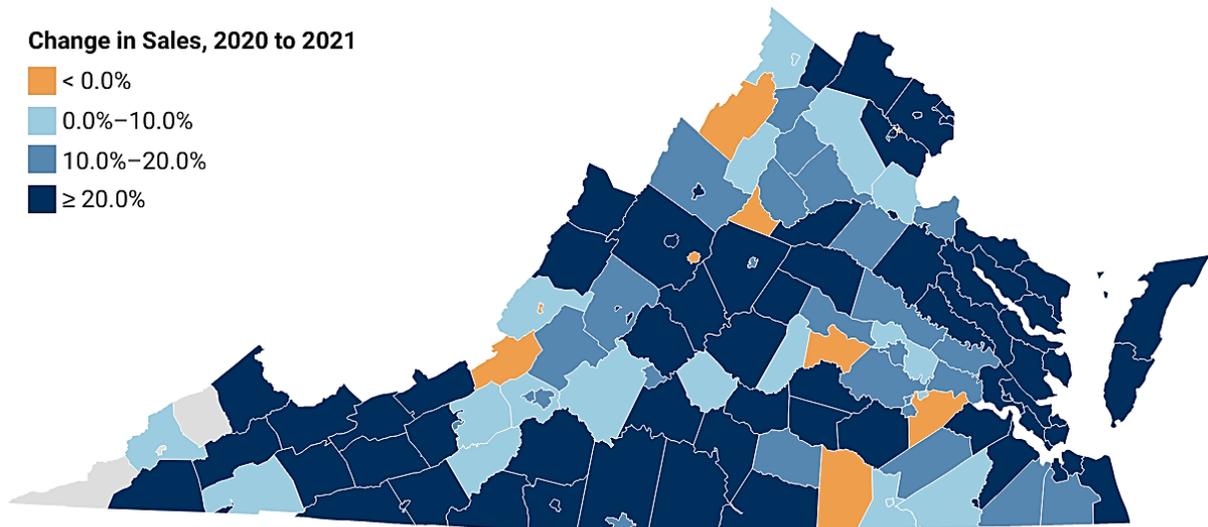
Sales activity ticked up between March and April, which is typical seasonal behavior in the housing market. In April 2021, sales were up 12.0% compared to March. This is the same March-to-April increase in 2019 and reflects a normal seasonal pattern.

Figure 3. Virginia Home Sales, April



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

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



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

Home Prices

The median sales price statewide was \$355,643 in April 2021, which is up 12.5% compared to a year ago. In most local housing markets, sellers are receiving multiple offers and buyers are paying above list price. For the third month in a row, the average sold-to-list price ratio was above 100%, meaning that, on average, homes in Virginia are selling for above asking price.

Home prices are up in nearly every market across the state. In some counties and cities, competition is so fierce that prospective buyers are offering tens of thousands of dollars above list price.

While there is upward pressure on home prices at all price points, there is some evidence that competition is strongest in the mid- and even upper-end price points. The average sold-to-list price ratio for homes selling for \$200,000 or below was 99.3%. By comparison, the average sold-to-list price ratios were above 100% for all other price ranges. The highest was for homes selling for between \$600,001 and \$800,000 (103.3%).

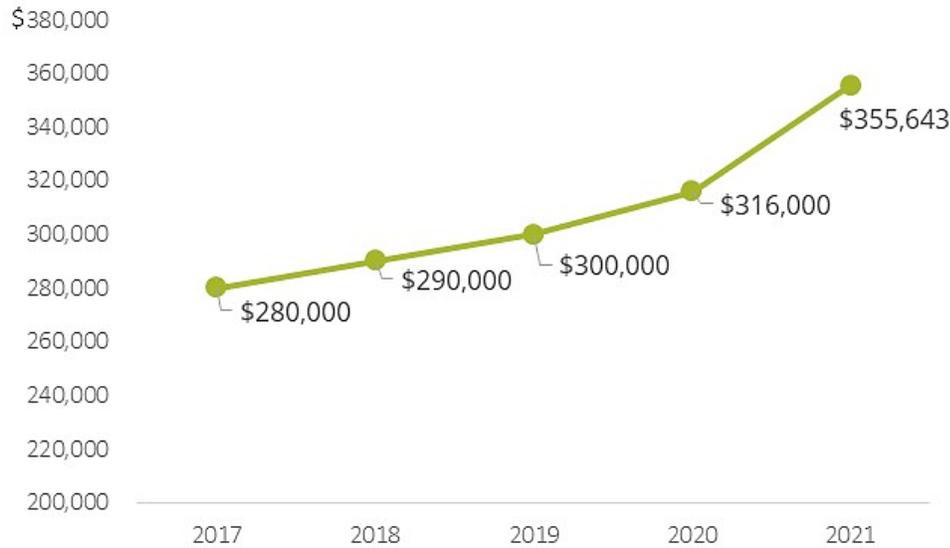
Figure 6. Average Sold-to-List Price Ratio, April 2021

Price Range	Sold-to-List Price Ratio
\$200,000 or less	99.3%
\$200,001 to \$400,000	101.8%
\$400,001 to \$600,000	102.7%
\$600,001 to \$800,000	103.3%
\$800,001 or More	103.0%
All price levels	101.9%

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

In April 2021, 42.5% of homes sold had sales prices between \$200,001 and \$400,000, which is a slightly smaller share than a year ago (44.3%). The biggest change has been in the share of homes selling for \$200,000 or less. In April 2021, just 15.5% of home sales were in this price range, compared to 21.3% of sales in April 2020. There was also an increase in the shares of homes selling at higher price points. In April 2021, more than 20% of homes sold for \$600,001 or more, compared to just 14.8% of homes that sold in April 2020.

Figure 6. Median Home Price (\$), April



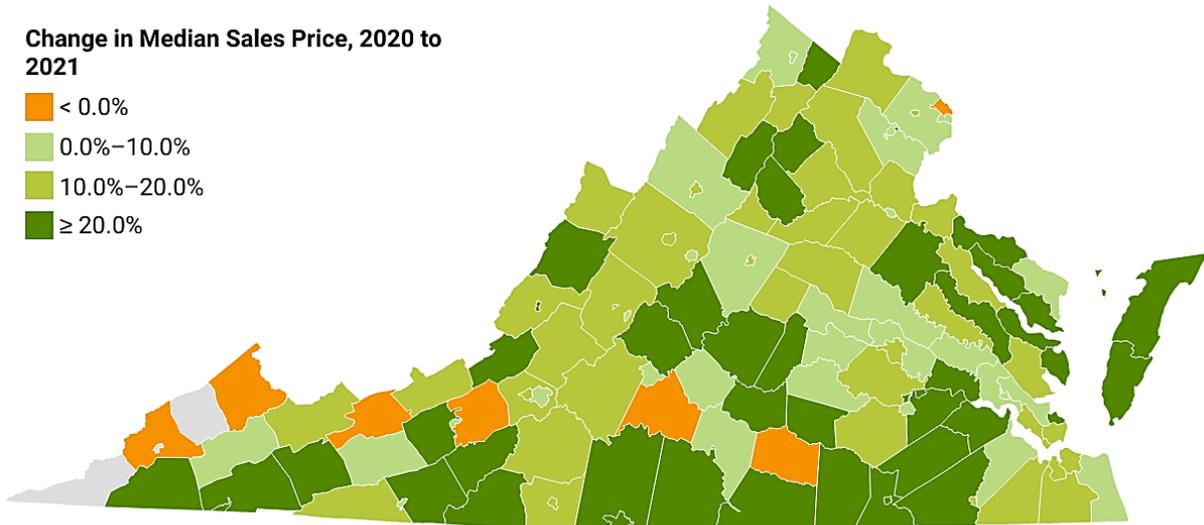
Source: Virginia REALTORS®, data accessed May 15, 2021

Figure 7. Sales by Price Range, April



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

Figure 8. County/City Median Sales Price, YTD Through April



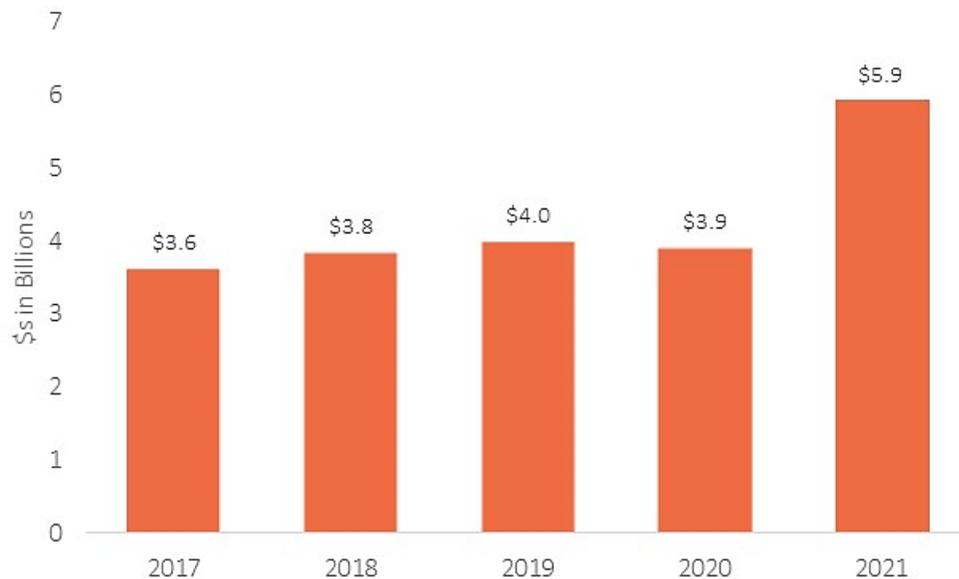
Source: Virginia REALTORS®, data accessed May 15, 2021

Sold Volume

The fast pace of sales activity and significant price gains meant total sold volume surged in April 2021. Statewide, there was about \$5.93 billion in total sold dollar volume, up \$2 billion from April 2020, or a 51.7% increase. April sold volume has been between \$3.6 and \$3.9 billion for the past five years, so the April 2021 figure represents a major boost in market activity.

Total sold volume also rose between March and April, with an increase of about \$900 million, or a month-to-month gain of 15.4%

Figure 9. Sold Dollar Volume, April

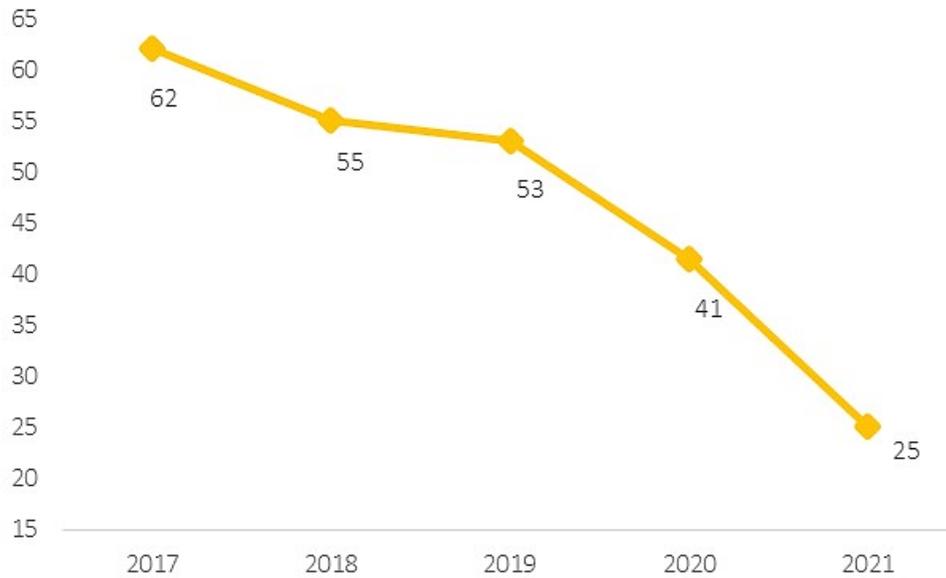


Source: Virginia REALTORS®, data accessed May 15, 2021

Days on Market

The time it takes homes to sell continues to decline. In April 2021, homes were on the market an average of 25 days statewide, which is 16 days faster than the average in April 2020 and six days faster than in March 2021. Because the market is so competitive, buyers and their REALTORS® are looking for properties before they hit the market. In addition, buyers are ensuring that their finances are in order and that they are prepared to make an attractive offer because they know there will likely be competition from other prospective buyers.

Figure 10. Average Days on Market, April



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

Pending Sales

The pending sales total is the number of homes that went under contract in a given month. A year ago, in April 2020, the number of pending sales plummeted as a result of COVID-19. This year, however, pending sales activity was very strong, reflecting robust demand. In April 2021, there was a total of 13,411 pending sales statewide, which is up 41.2% from the depressed number a year ago.

Last year was an anomaly, but April 2021 pending sales were stronger than recent non-pandemic April totals. There were about 230 more pending sales this April than in April 2019. The number of homes going under contract in April increased from the number in March. Pending sales activity increased by 3.8% between March and April, which is a slightly lower month-to-month gain compared to recent typical years.

Figure 11. Pending Sales, March and April



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

New Listings

There was some positive news on the supply side this month as the number of new listings in April increased. A total of 17,558 new listings came on the market in April 2021. New listings were up 33.5% from the April 2020 new listings, but last year's April number is low. There were about 800 fewer new listings in April 2021 than there had been in April 2019 and April 2018, which were more typical housing markets.

There was a notable increase in new inventory between March and April, as the number of new listings coming onto the market increased by 12.0%. It is typical for new listings to increase between March and April, but this year's month-to-month gain is bigger than it has been in recent years.

Active Listings

Despite the uptick in new listings, the pace of sales activity continues to draw down inventory quickly and a lack of supply remains the biggest challenge in the market. At the end of April 2021, there were 17,395 active listings across Virginia, which is 11,724 fewer active listings than there were at the end of April 2020, a 40.3% decline.

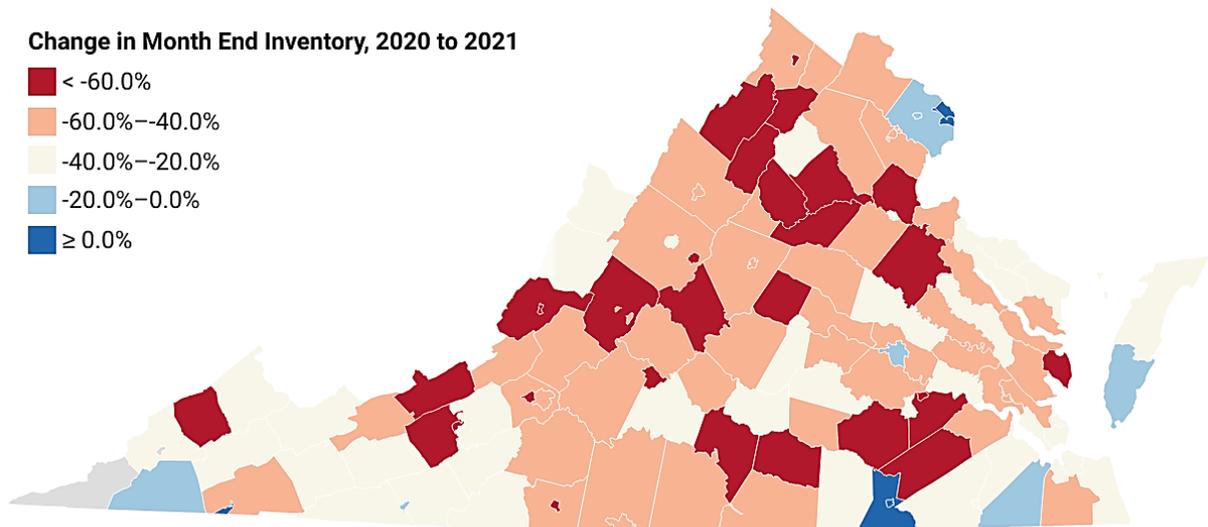
On a positive note, the number of month-end active listings increased between March and April, and the month-to-month increase was greater than it has been in typical years. Between March and April 2021, the number of active listings increased by about 1,600, which is a 10.2% gain.

Figure 12. Inventory, April



Source: Virginia REALTORS®, data accessed May 15, 2021
 Note: Active listings at the end of the month

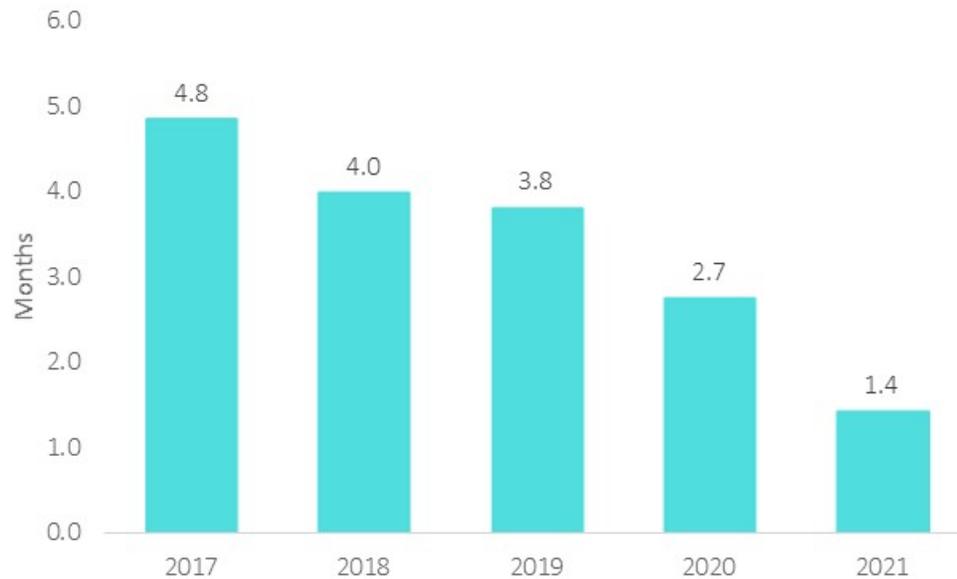
Figure 13. Active Listings by County/City, End of April



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

At the end of April 2021, there was an estimated 1.4 months of supply in Virginia, down from 2.7 months of supply at the end of April 2020, but up slightly from March 2021, when there were 1.3 months of 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. 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 14. Months of Supply, April



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

Outlook

Last year's spring housing market was upended by the COVID-19 pandemic. This year, there are more typical seasonal patterns in the market with both home sales and new listings increasing in April. There are positive indicators that the economy will continue to improve, as the COVID-19 vaccination rate increases and COVID-19-related restrictions are eased. Virginia's housing market has been extremely busy for much of the past year. An improving economy will expand housing demand, however, other factors point to a slight slowing in the market. It is likely that the housing market will become less frenzied in the months to come. Here are a few trends to watch:

- For many months, a lack of inventory has been the most significant constraint on the housing market. The COVID-19 pandemic accelerated the declining inventory trend, which had been underway for several years. This spring, there is some evidence that supply could be expanded. Homeowners who were concerned about putting their home on the market during the pandemic may be ready to sell now. Prospective buyers will eagerly snap up new listings, but the increased inventory could slow the frenzied competition in the market.
- Mortgage rates will remain low by historic measures; however, it is likely that rates will begin to rise slowly this year. As rates rise and home prices continue to be pushed up, some homebuyers will be forced out of the market because of rising affordability challenges. While new supply will ease some of the price pressure, there will be some individuals and families who put off their home search this year because of the rising homeownership costs.
- As the economy opens up fully, there may be more buyers looking for homes in the state's urban markets. The inventory of condominiums in some urban markets, particularly in Northern Virginia, has increased over the past six months. First-time homebuyers and downsizers could find more options in this segment of 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:

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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.