

Virginia

HOME SALES REPORT

JUNE 2021

Virginia Home Sales Report

June 2021

Key Takeaways

- There were **16,393 home sales** in Virginia in June 2021, which is a 24.4% increase over June 2020. Sales were up 15.9% between May and June.
- The median home sales price statewide was **\$372,500** in June, up 17.1% from a year ago, a gain of \$54,500.
- Strong sales activity and rising home prices led to another surge in sold volume in Virginia. In June, there was a total of **\$7.5 billion in sold volume** statewide, an increase of 49.7% compared to last June and up 16.4% from a month ago.
- Inventory is expanding in Virginia. At the end of June 2021, there were **19,346 active listings** statewide, which is 17.9% lower than the level at the end of June 2020. However, the number of month-end active listings increased by 7.5% between May and June.

June 2021 Housing Market Summary

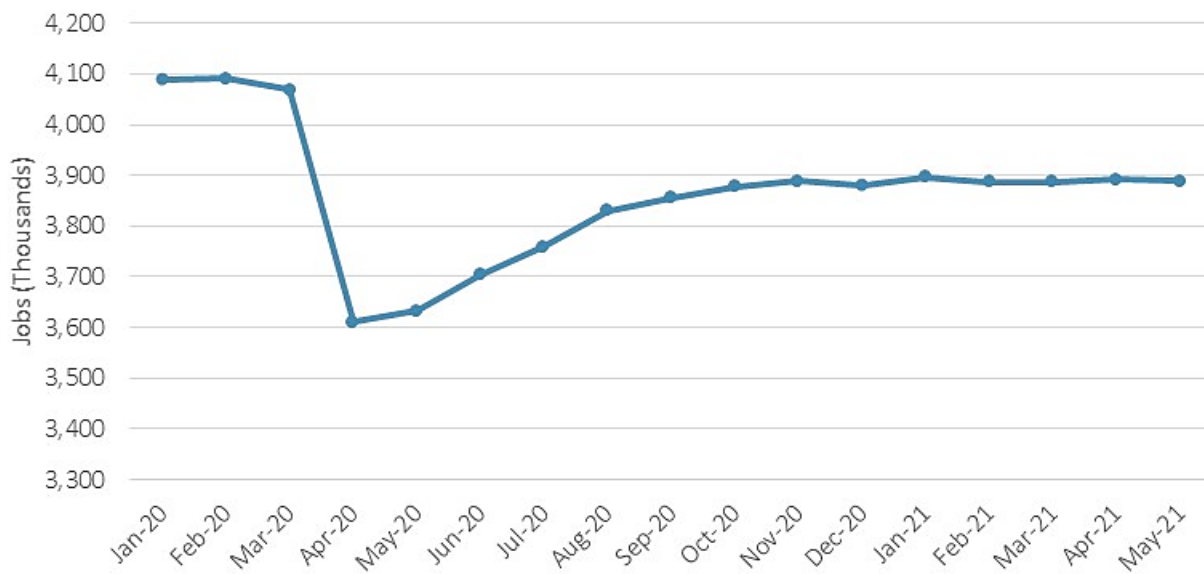
	Jun-20	Jun-21	Change	% Change	YTD 2020	YTD 2021	Change	% Change
Sales	13,176	16,393	3,217	24.4%	58,145	73,533	15,388	26.5%
Median Sales Price (\$)	318,000	372,500	54,500	17.1%	305,000	349,900	44,900	14.7%
Sales Volume (\$ billions)	5.0	7.5	2.5	49.7%	21.7	31.7	10.0	46.3%
Average Days on Market	41	19	-22	-53.9%	46	27	-19	-41.4%
Pending Sales	12,882	13,395	513	4.0%	63,084	72,485	9,401	14.9%
New Listings	14,712	18,045	3,333	22.7%	82,620	90,253	7,633	9.2%
Active Listings (end of the month)	23,558	19,346	-4,212	-17.9%	23,558	19,346	-4,212	-17.9%
Months of Supply	2.3	1.5	-0.8	-33.9%	2.3	1.5	-0.8	-33.9%

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

Economic Overview

Virginia's economy is opening back up as vaccination rates climb and restrictions have been lifted. There have been job gains across a broad range of sectors of the economy. In addition, there is significant pent-up consumer demand in the market, which is a good sign for strong economic growth this year. Even as signs are positive, there remains uncertainty about how COVID-19 will impact the economy and the housing market over the long-term.

Figure 1. Total Jobs in Virginia (in thousands)



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

Jobs

In May 2021, which is the latest data available, there was a total of 3.89 million jobs in Virginia. After several months of job gains, the number of jobs in the state declined slightly between April and May. This slowdown is a sign of the uncertainty that remains in the economy, although the overall employment picture remains positive in the commonwealth.

The number of jobs in Virginia in May is up 7.0% compared to last May. However, employment levels are still about 5% lower than they were prior to the pandemic. With the exception of the Winchester metro area, the number of jobs is below pre-pandemic levels in all metropolitan areas. However, each month, the gap is narrowing as the economy has been adding jobs. In the Charlottesville metro area, there were 9.9% fewer jobs in May 2021 than there were in January 2020. The number of jobs is down 6.8% in the Richmond metro area, down 5.7% in the Hampton Roads region, and down 4.4% in the Northern Virginia area.

In May 2021, job growth was uneven across sectors. There were strong gains in the Professional & Technical Services sector, where 2,600 jobs were added to the economy between April and May

2021. Employment was up in the Education (+1,900 jobs), Health Care & Social Assistance (+1,300 jobs), Transportation & Warehousing (+1,100 jobs), and Leisure & Hospitality (+900 jobs) sectors. Between April and May, employment levels fell in the State Government, Administrative & Waste Services, Wholesale Trade, and Construction sectors, although these sectors have expanded in past months.

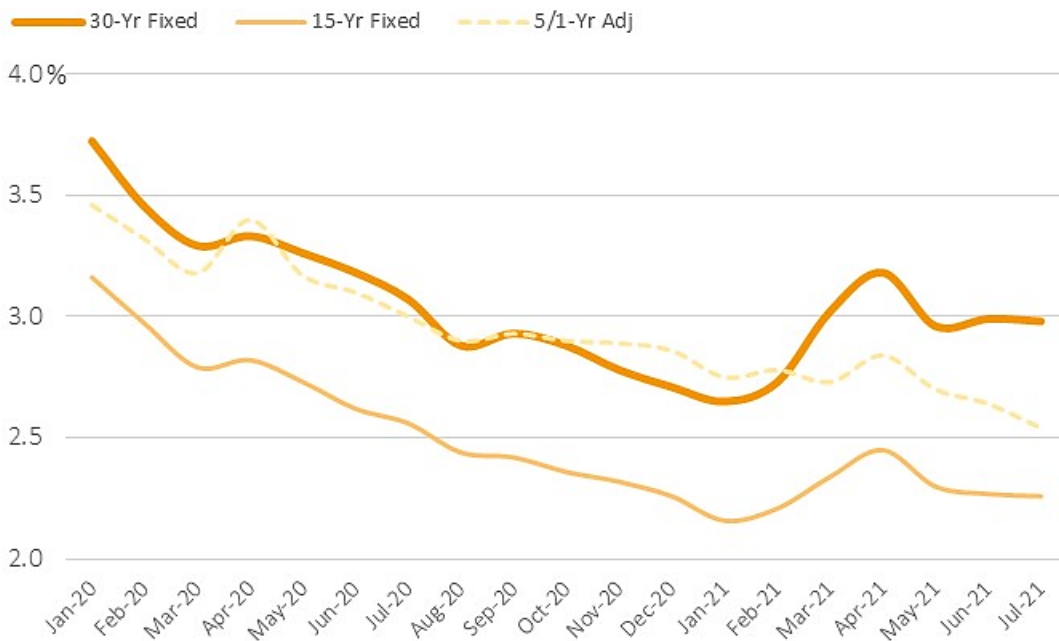
Unemployment

In May 2021, Virginia’s unemployment rate was 4.5%, down from 4.7% in April 2021 and significantly lower than the U.S. unemployment rate (5.8%). 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 and the decline in unemployment has slowed in recent months.

Mortgage Rates

Mortgage rates hit rock bottom levels at the end of last year and into early 2021. Despite a brief uptick in rates in late March and early April, the average 30-year fixed-rate mortgage rate has settled back down to around 3%. In early July, the 30-year mortgage rate was 2.9%, down from 3.0% at the end of June. Mortgage rates likely will rise slightly over the course of the next several months, but it is likely that they will remain below 3.5% throughout the year.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

Virginia's hot housing market is beginning to show some signs of cooling this summer. The number of homes available for sale is increasing, as more new listings have come onto the market and buyer traffic has slowed slightly in many markets. However, the housing market also hit some new records in June, with double-digit increases in home prices and a surge in total sold volume. It remains a seller's market, although buyers likely will find less competition and more options this summer.

Sales

In June 2021, there were 16,393 home sales across Virginia, about 3,200 more sales than last June, a 24.4% increase. There is seasonality in the housing market, and June sales typically outpace May sales. That pattern held in 2021. Statewide, there were about 2,200 more closed sales in June than there were in May, a 15.9% bump.

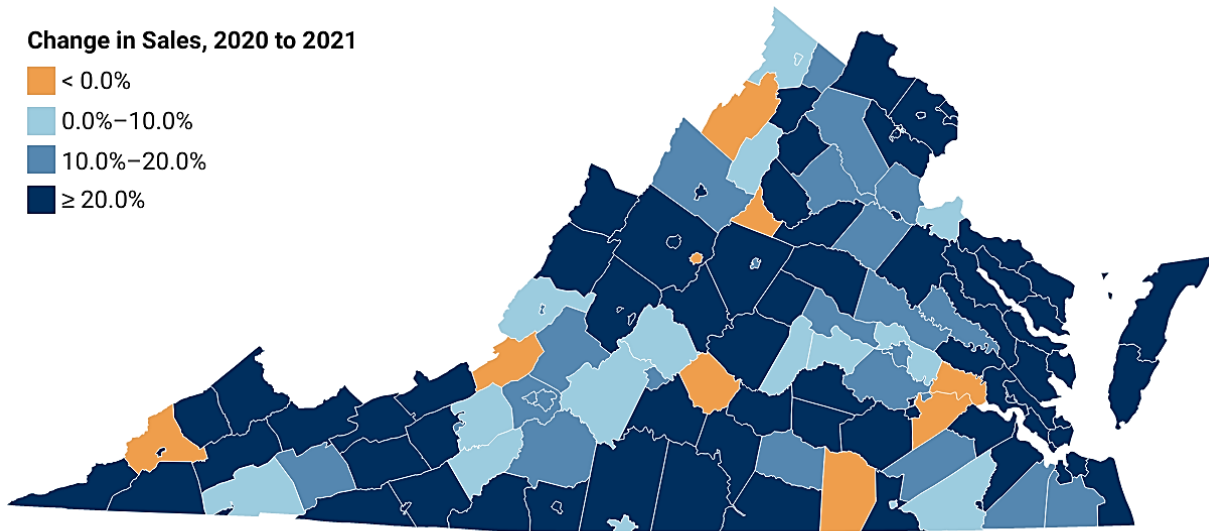
June's home sales figures reflect the heated spring market in Virginia, as low mortgage rates and rising vaccination rates encouraged more buyer traffic and quick offers on homes. Home sales were up strongly in most local markets across the commonwealth.

Figure 3. Virginia Home Sales, June



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

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



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

Home Prices

Home prices across Virginia continued to rise rapidly. The median sales price statewide was \$372,500 in June 2021 and is \$54,500 higher than the median price a year ago, a 17.1% increase. Home prices have been rising fast for all housing types and across all geographies, reflecting strong demand and low inventory in the market.

The average sold-to-list price ratio in June was 102.3%, which means that, on average, homes sold in Virginia closed at a price that was 2.3% higher than the seller's asking price. In some cases, of course, homes sold for below asking price and in other cases, the final sales price was much higher than the final list price.

Price pressures are much greater in 2021 than they have been in recent years. The most significant pressure on home prices has been at the upper end of the market. The average sold-to-list price ratio for homes selling for \$200,000 or less in May was 99.7%, meaning the average home sold for just a little under list price. By comparison, the average sold-to-list price ratio for homes selling for between \$600,001 and \$800,000 was 103.0%. For homes selling for \$800,001 or more, the average sold-to-list price ratio was 102.9%.

Figure 5. Average Sold-to-List Price Ratio, June 2021

Price Range	Ratio
\$200,000 or less	99.7%
\$200,001 to \$400,000	102.3%
\$400,001 to \$600,000	102.9%
\$600,001 to \$800,000	103.0%
\$800,001 or More	102.9%
All price levels	102.3%

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

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



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

The fast-paced market continues to shift the market to higher-priced homes. In June 2021, just 13.6% of homes sold for \$200,000 or less. A year ago, that share was 20.8%. The largest share of homes sold is in the \$200,001 to \$400,000 price range, but the share of homes sold in this middle range has also declined over the past year. In June 2021, 41.6% of homes sold for between \$200,001 and \$400,000, down from 45.3% a year ago.

At the higher end, there have been big gains. In June 2021, 11.3% of homes sold for between \$600,001 and \$800,000, compared to 8.5% in June 2020. The share of homes selling for \$800,001 or more nearly doubled over the past year, from 5.5% in June 2020 to 10.5% in June 2021.

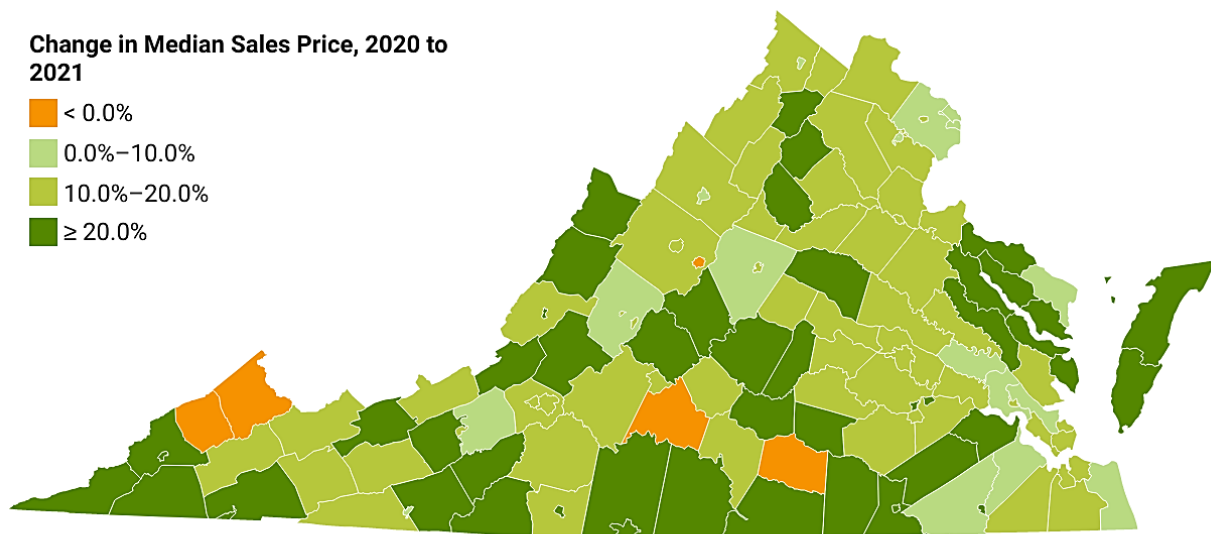
Home prices have been up steadily—and in some cases at unprecedented rates—in nearly all local markets across Virginia.

Figure 7. Sales by Price Range, June



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

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

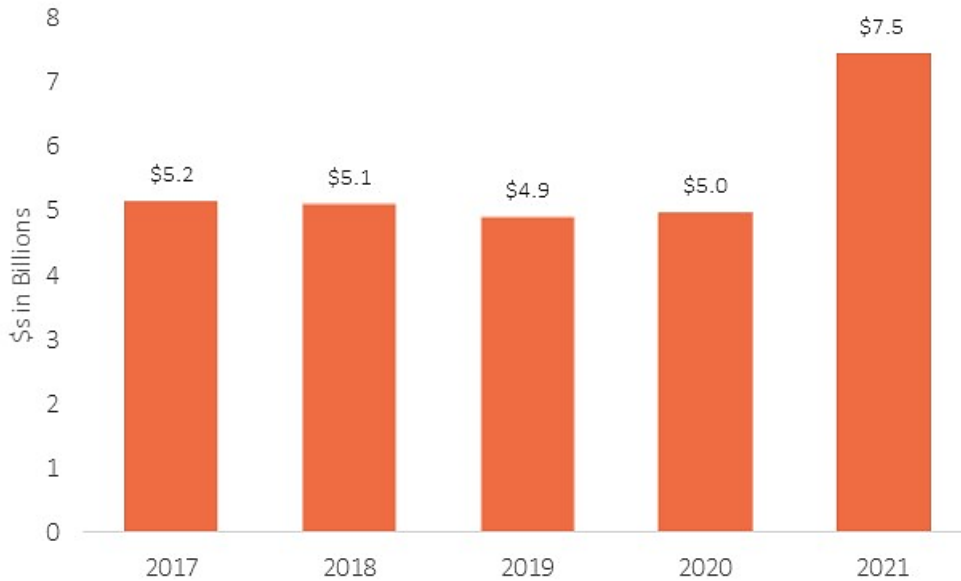


Source: Virginia REALTORS®, data accessed July 15, 2021

Sold Volume

Total sold volume has been surging as sales activity and price growth have been strong. Statewide, there was about \$7.5 billion in total sold dollar volume in June 2021, up \$2.5 billion from a year ago, or a 49.7% increase. Sold volume was up \$1.1 billion between May and June, which is a 16.4% gain.

Figure 9. Sold Dollar Volume, June



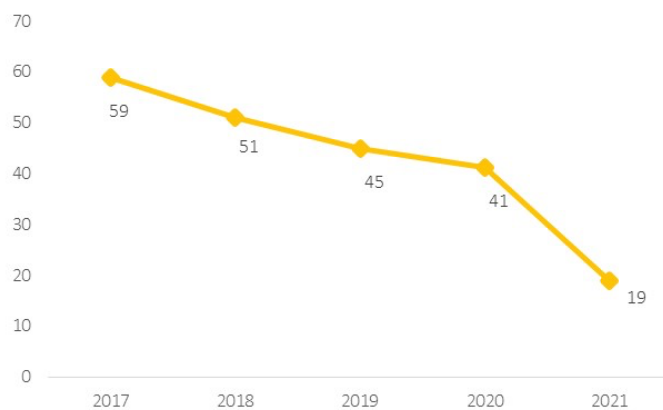
Source: Virginia REALTORS®, data accessed July 15, 2021

Days on Market

The strong housing market continues to mean a decline in average days on market, as buyers have had to compete and act quickly when homes are available. Compared to a year ago, homes are selling in half the time. In June 2021, homes were on the market an average of 19 days statewide. By comparison, in June 2020, the average days on market was 41.

Average days on market has been declining steadily for the past five years, though there has been a rapid decline in average days on market this spring.

Figure 10. Average Days on Market, June

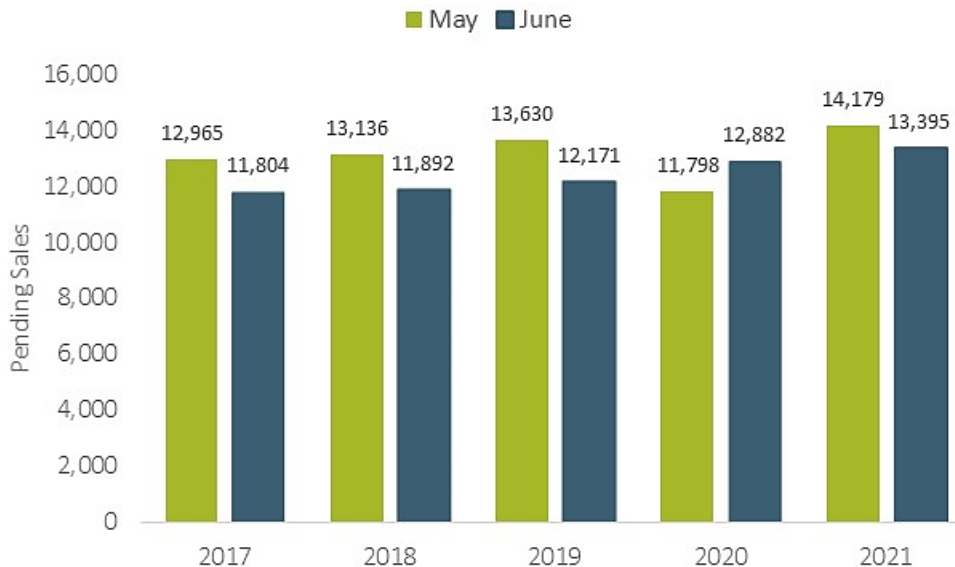


Source: Virginia REALTORS®, data accessed July 15, 2021

Pending Sales

The pending sales total is the number of homes that went under contract in a given month. In June 2021, there was a total of 13,395 pending sales statewide, which is about 500 more pending sales than last June, an increase of 4.0%. In a typical year, there is a slight slowdown in pending sales activity between May and June, and 2021 was no exception. Pending sales activity was down 5.5% between May and June this year.

Figure 11. Pending Sales, May and June



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

New Listings

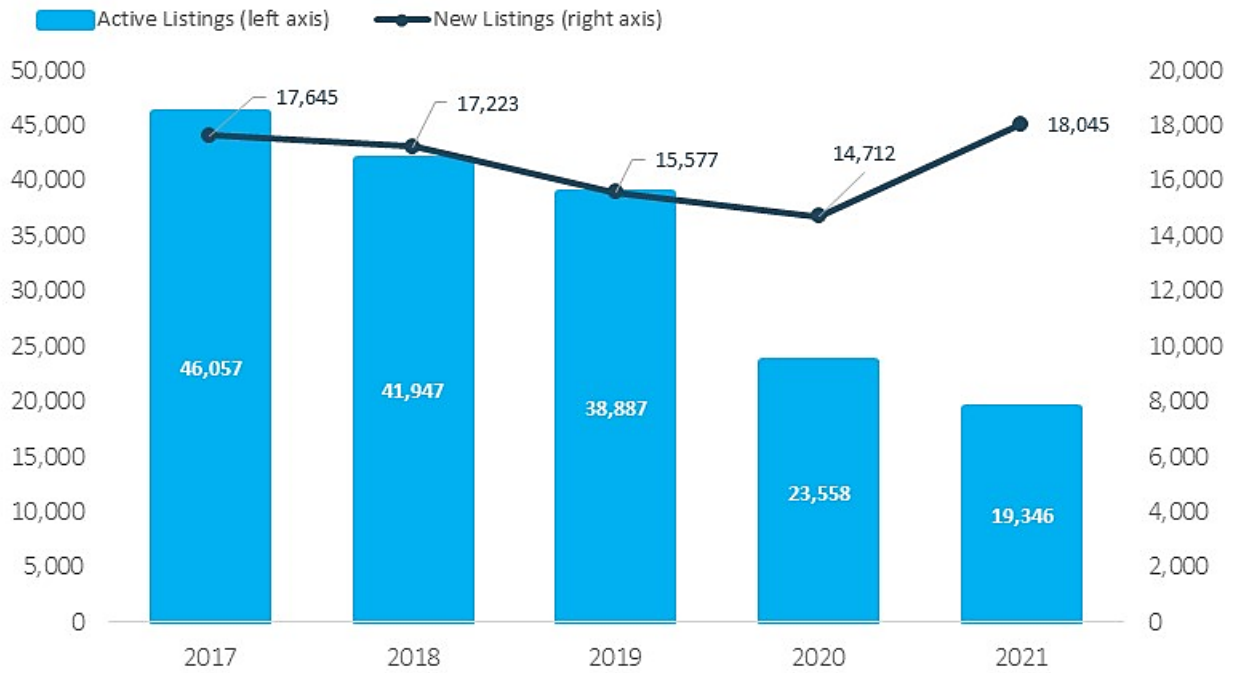
Supply has been expanded in Virginia's housing market for several months. While the increases in inventory have been modest, they do reflect a significant change from long-term declines in inventory. There were 18,045 new listings that came onto the market in June 2021. The number of new listings this June is 3,300 higher than last June, when prospective sellers were still very hesitant amid the COVID-19 uncertainties.

In typical years, the number of monthly new listings declines between May and June. However, this year, the pattern is different with the number of new listings up by 621, or an increase of 3.6%, month-to-month.

Active Listings

With an increase in new listings, the overall inventory is expanding, as buyers are not drawing down those new listings as quickly as they have in the past. There were 19,346 total active listings on the market at the end of June. While this is down by about 4,200, or by 17.9% compared to last June, there was a notable uptick between May and June this year. There were 1,346 more listings on the market at the end of June 2021 than there were at the end of May 2021, a 7.5% increase. Inventory levels have increased from one month to the next for the past four months, after years of nearly continuous month-to-month inventory declines.

Figure 12. Inventory, June

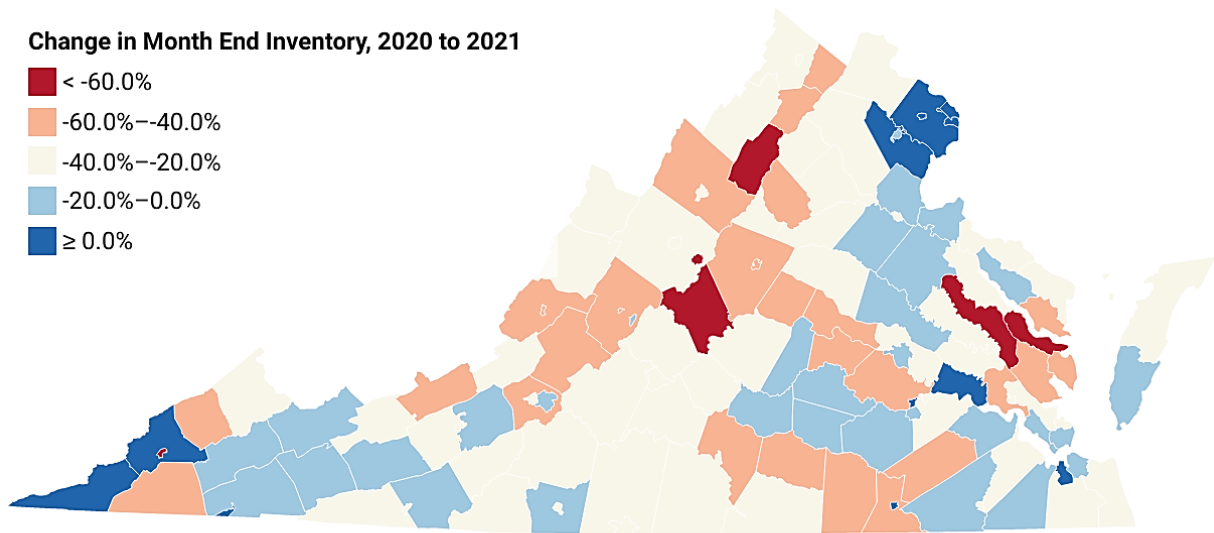


Source: Virginia REALTORS®, data accessed July 15, 2021
Note: Active listings at the end of the month

Compared to a year ago, inventories are down in most local markets across the state. The decline in active listings has been most notable in the Central Virginia and Shenandoah Valley regions, as well as in jurisdictions on the Northern Neck. By contrast, there were notable year-over-year increases in inventory in Northern Virginia, particularly in Arlington County and the City of Alexandria, where inventory levels were nearly double at the end of June 2021 compared to June 2020, driven primarily by listings of condominiums.

While the number of active listings is generally down in counties and cities compared to a year ago, there have been nearly uniform increases in available inventory between May and June 2021.

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

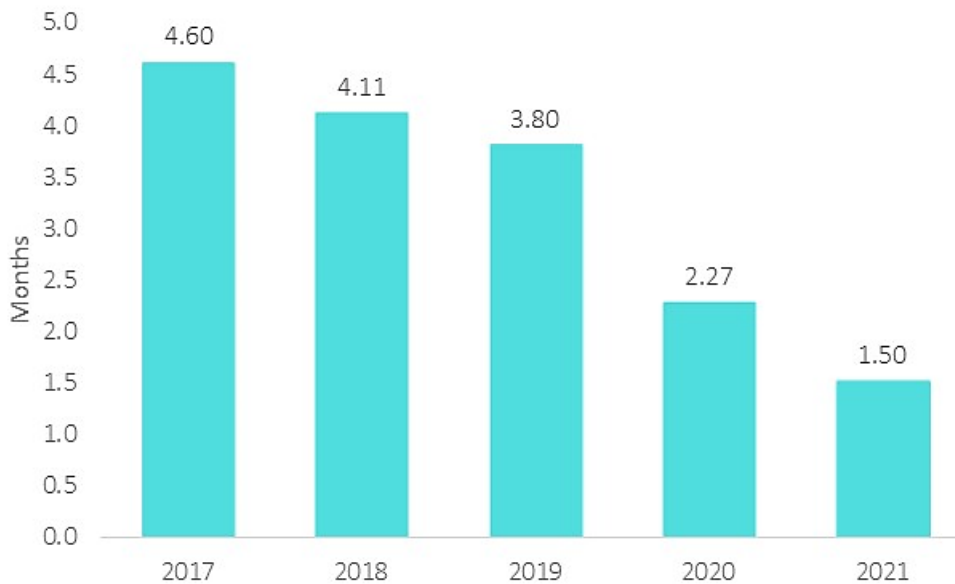


Source: Virginia REALTORS®, data accessed July 15, 2021

At the end of June 2021, there was an estimated 1.50 months of supply in Virginia, down from 2.27 months of supply at the end of June 2020, but up very slightly from May 2021, when there was 1.43 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, June



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

Outlook

Virginia's housing market in the first half of 2021 continued to run at top speed. However, several signs point to a slowing of the housing market in the second half of the year, which will provide ease some of the frenzy that has led to bidding wars and major price escalation. A market cooldown does not mean a major drop or "bubble" bursting, but rather a gradual resetting of the housing market as the economy continues to improve. Inventory will remain tight and demand will be strong, but the pace of home sales activity and the increase in home prices should begin to return to a more normal state throughout the rest of the year and into 2022.

Individual home buyers will need to make their own decisions, but some buyers may find it advantageous to wait to buy until later this year. As the available inventory grows, buyers will have more options and face less competition. At the same time, mortgage rates will continue to be favorable.

Key trends to watch in the housing market include the following:

- A lot of the expanding inventory has been driven by more listings of condominiums and townhomes, particularly in Northern Virginia. However, more single-family homes are coming onto the market and it is expected that overall inventories will be greater over the summer and into the fall in most markets in Virginia.
- Home prices have been rising at double-digit rates for months. It is important to remember, however, that the increase in the monthly median sales price reflects not only upward price pressure, but also the mix of homes sold in any given month. Most buyers should not expect a double-digit return on investment after one year.
- The average days properties are on the market has declined significantly over the past year. Many buyers have had to make snap decisions, and some have wound up either stretching their budget or purchasing a home that did not quite fit their needs. Over the coming months, buyers should have more time to consider options, and it is likely that the average days on market will increase in many local markets.



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.