

Virginia

HOME SALES REPORT

JULY 2021

Virginia Home Sales Report

July 2021

Key Takeaways

- There were **15,081 home sales** in Virginia in July 2021, which is a 3.4% increase over July 2020. Sales were down 8.0% between June and July, which reflects typical seasonality in the market.
- In July, the statewide median home sales price was **\$361,000**, an 8.7% increase over the July 2020 median price, a gain of \$29,000.
- Total sales volume continues to expand, though the year-over-year increases have slowed. In July, there was a total of **\$6.7 billion in sold volume** in Virginia, an increase of 13.9% compared to last July and down 10.6% from a month ago.
- Inventory has expanded for several months in a row. At the end of July 2021, there were **20,910 active listings** statewide, which is 13.9% lower than the level at the end of July 2020. However, the number of month-end active listings increased by 8.1% between June and July.

July 2021 Housing Market Summary

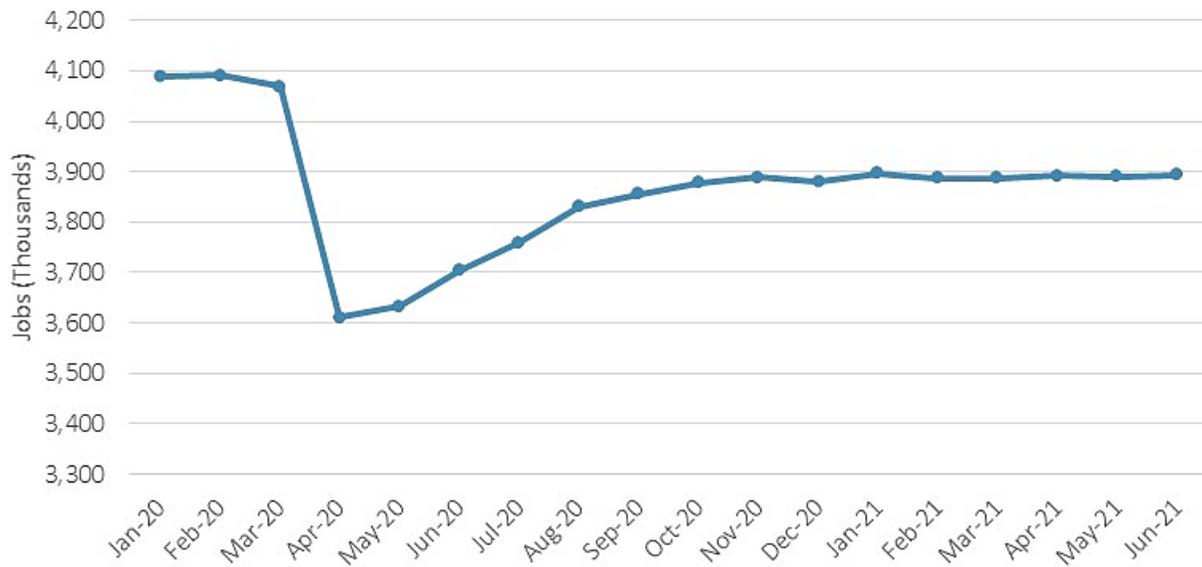
	Jul-20	Jul-21	Change	% Change	YTD 2020	YTD 2021	Change	% Change
Sales	14,581	15,081	500	3.4%	72,726	88,614	15,888	21.8%
Median Sales Price (\$)	332,000	361,000	29,000	8.7%	310,000	350,000	40,000	12.9%
Sales Volume (\$ billions)	5.9	6.7	0.8	13.6%	27.6	38.4	10.8	39.3%
Average Days on Market	41	20	-21	-51.2%	45	26	-19	-42.7%
Pending Sales	13,087	12,350	-737	-5.6%	76,171	84,835	8,664	11.4%
New Listings	16,175	17,732	1,557	9.6%	98,795	107,985	9,190	9.3%
Active Listings (end of the month)	24,281	20,910	-3,371	-13.9%	24,281	20,910	-3,371	-13.9%
Months of Supply	2.3	1.6	-0.7	-29.8%	2.3	1.6	-0.7	-29.8%

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

Economic Overview

Virginia's economy continues to improve this summer, with steady job growth and declining unemployment rates. There are several reasons to expect economic growth in the months ahead: business finances are generally healthy, productivity trends have accelerated during the pandemic, households have savings and pent-up demand, and government spending is still playing a big role in the economy. The major risks to the economy are the delta variant and a rise in coronavirus cases and hospitalizations. Other challenges include labor market shortages, a lack of child care, and growing income inequality.

Figure 1. Total Jobs in Virginia (in thousands)



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

Jobs

Between May and June 2021, Virginia's economy expanded, adding 3,200 jobs. Compared to a year ago, the number of jobs in Virginia is up by 5.1%; however, employment levels are still below where they were prior to the pandemic.

With the exception of the Blacksburg and Lynchburg regions, all other metro areas in Virginia gained jobs between May and June. The largest gains were in the Richmond and Hampton Roads metro areas, where more than 2,000 jobs were added in June. Virginia's non-metro communities continue to see job losses even as the overall economy is recovering.

In June 2021, the biggest employment growth was in Local Government, Transportation & Warehousing, and Construction. Employment levels in most sectors of the economy remain below pre-pandemic levels. The exceptions are the Professional & Technical Services (+11,800 jobs), Transportation & Warehousing (+6,200 jobs), and Federal Government (+1,900 jobs) sectors, where the numbers of jobs are above the levels in January 2020.

Unemployment

The statewide unemployment rate in Virginia was 4.3% in June 2021, down from 4.5% in May. The unemployment rate in Virginia continues to decline and is significantly lower than the U.S. rate. Unemployment rates have fallen in metro areas across the state, reflecting improving economic conditions.

Mortgage Rates

Mortgage rates have been declining steadily over the summer. At the end of July, the average weekly 30-year fixed-rate mortgage rate was 2.80%, which is down slightly from the end of June 2021, when the rate averaged 3.02%. Even as overall economic conditions have been improving, mortgage rates have remained low and will likely remain low in the weeks and months ahead.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

Virginia's housing market continues to be strong in July, with busy home sales activity, rising prices, and declining days on market. There are some signs of a cooldown in some local markets in the state. Prices are rising, but the pace of price growth is slowing somewhat. More new listings are coming onto the market and overall inventory levels are expanding a bit. Pending sales activity is exhibiting a typical mid-summer slowdown. Overall, housing market conditions are still busy, though buyers could be seeing more options.

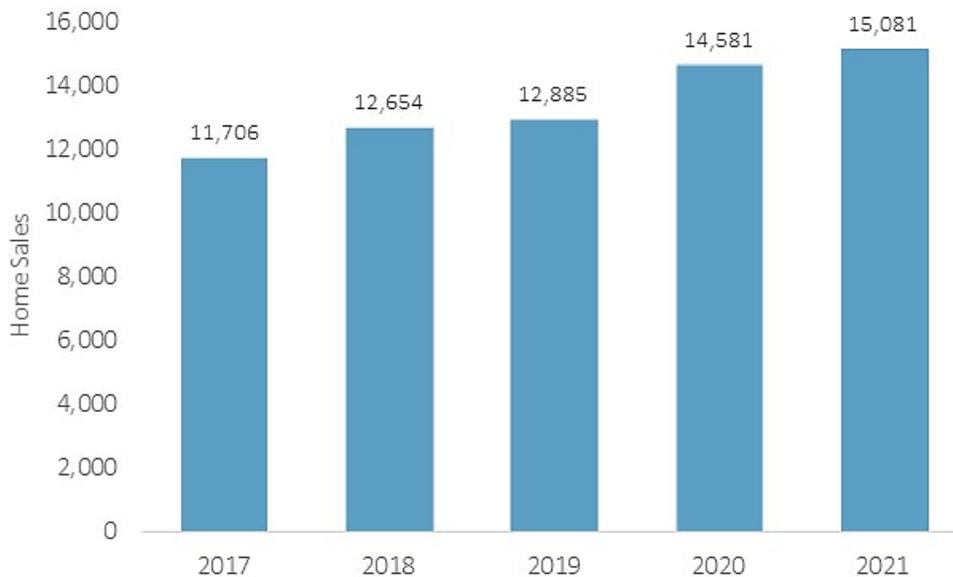
Sales

In July 2021, there were 15,081 home sales in Virginia, which is about 500 more sales than there were a year ago, a 3.4% increase. This year-over-year change in home sales is smaller than in recent months, which is due in part to the very strong July 2020 market. Over the first seven months of 2021, there have been more than 88,600 sales throughout the state. Year-to-date sales in Virginia are running 21.8% higher than last year because of the market slowdown at the onset of the pandemic in spring 2020.

In most local markets in Virginia, home sales through July are up strongly compared to last year. Some of the biggest sales gains in the first seven months of 2021 were in Northern Virginia, Southwest Virginia, and the Eastern Shore.

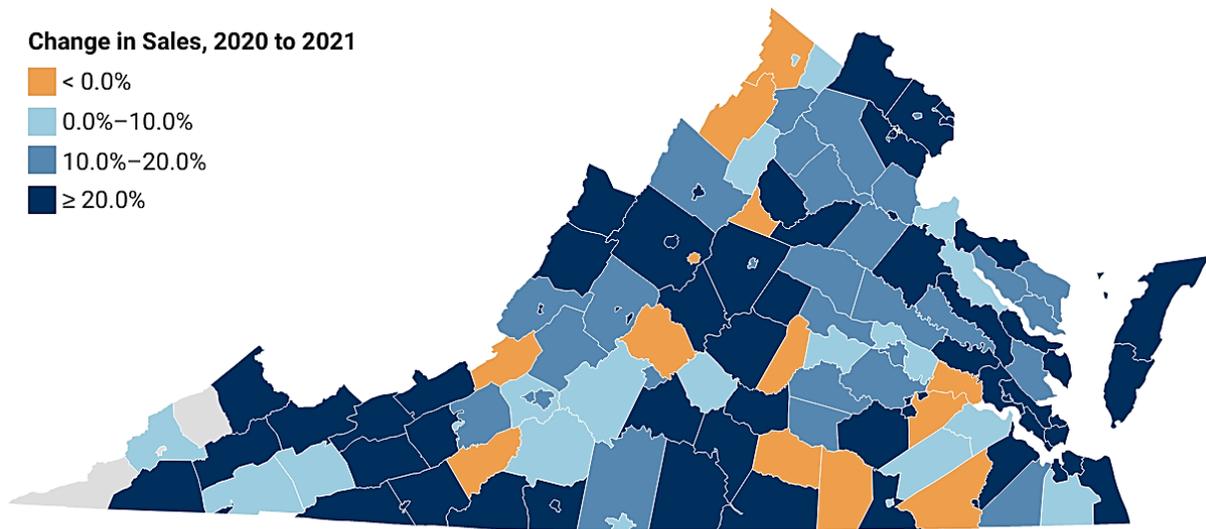
Statewide, the number of home sales in July was down 8.0% compared to June; however, this month-to-month decline is typical of the seasonal housing market. The drop-off in sales in July was most pronounced in the Harrisonburg and Charlottesville regional markets.

Figure 3. Virginia Home Sales, July



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

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



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

Home Prices

Home prices rose again in July, but the pace of price growth slowed somewhat. Statewide, the median sales price was \$361,000, which is up 8.7% compared to July 2020, or a \$29,000 gain. The statewide median home price has risen at a double-digit rate for 11 out of the past 12 months. While price growth is still strong, there are some local markets where the year-over-year change in prices is lower than it has been in months. Price growth was slower in July in some Northern Virginia and Roanoke markets. The median home price on the Eastern Shore dropped in July compared to a year ago.

Through the first seven months of 2021, the median home price for Virginia is up 12.9% compared to the median for the first seven months of 2020. Year-to-date home prices are up strongly in most local markets across the state.

The average sold-to-list price ratio in July was 101.8%, which means that, on average, homes sold in Virginia closed at a price that was 1.8% 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.

Homes selling for between \$400,001 and \$800,000 had an average sold-to-list price ratio of 102.3% in July, indicating that homes sold for 2.3% higher than list price, on average. Homes in both the \$200,001 to \$400,000 and \$800,001 or more price ranges sold for 2.0% above list price, on average. The average sold-to-list price ratio was only below 100% (i.e., where homes sold for below list price on average) in the lowest price range.

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

Price Range	Ratio
\$200,000 or less	99.8%
\$200,001 to \$400,000	102.0%
\$400,001 to \$600,000	102.3%
\$600,001 to \$800,000	102.3%
\$800,001 or More	102.0%
All price levels	101.8%

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

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



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

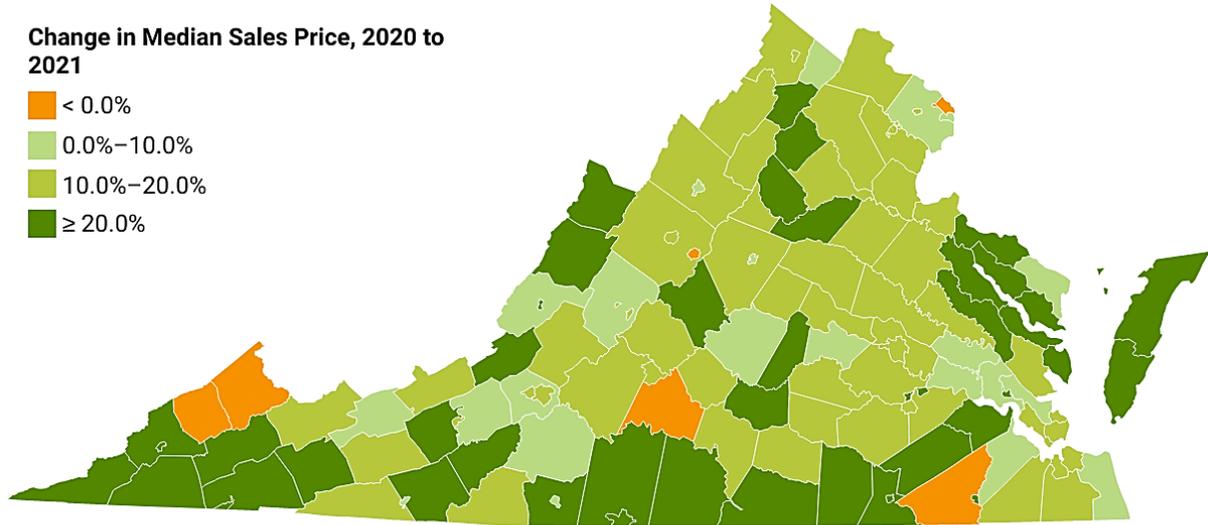
The increase in the median sales price is due both to increases in prices throughout the market, as well as a shift in sales towards higher-priced homes. In July, homes selling for \$400,001 or more accounted for 42.4% of all home sales. This share is up from 37.0% of July 2020 sales. By comparison, the share of homes selling for \$400,000 or less fell from 63.0% in July 2020 to 57.6% in July 2021.

Figure 7. Sales by Price Range, June



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

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

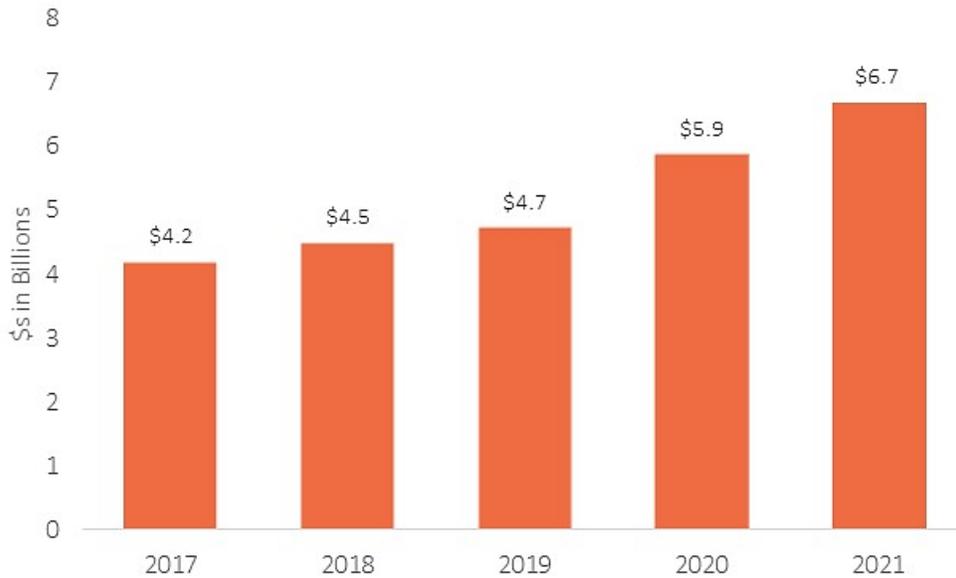


Source: Virginia REALTORS®, data accessed August 15, 2021

Sold Volume

For the past year, total sold volume in Virginia has been surging as sales activity and price growth have been strong. Sold volume continues to rise, but the pace of growth has slowed somewhat. Statewide, there was about \$6.7 billion in total sold dollar volume in July 2021, up 13.6% compared to a year ago. As a result of slower sales activity, sold volume declined 10.6% between June and July.

Figure 9. Sold Dollar Volume, July



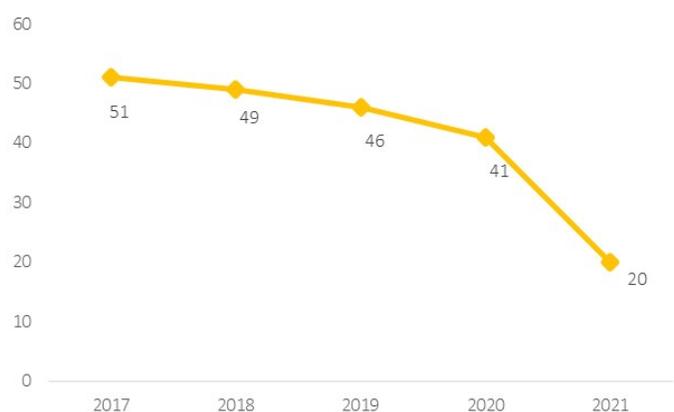
Source: Virginia REALTORS®, data accessed August 15, 2021

Days on Market

Homes are still selling very quickly across Virginia. In July 2021, homes that sold were on the market an average of 20 days. Homes sold in less than half the time compared to a year ago. In many local markets in Northern Virginia, the average days on market was below 10 in July.

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 over the past few months.

Figure 10. Average Days on Market, July

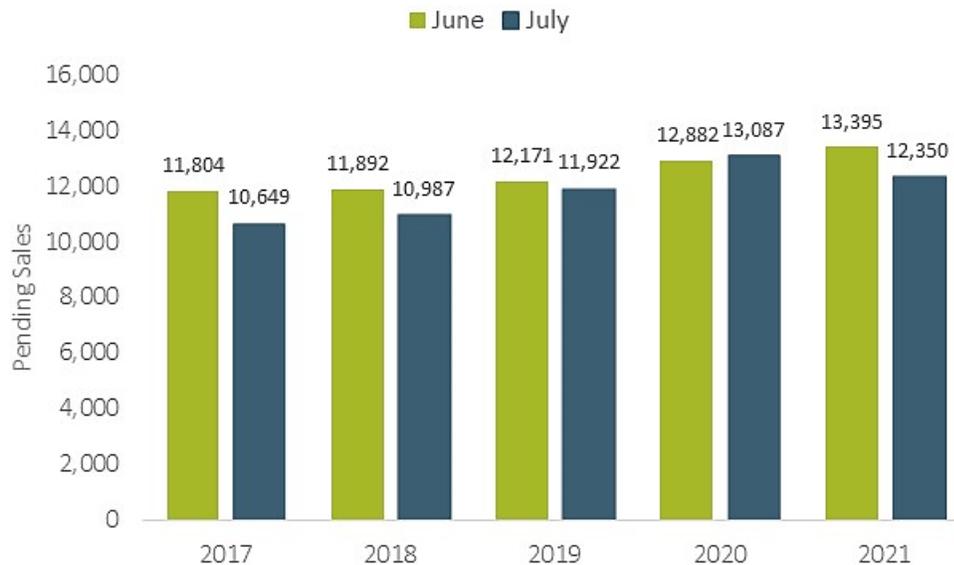


Source: Virginia REALTORS®, data accessed August 15, 2021

Pending Sales

The pending sales total is the number of homes that went under contract during the month. The number of pending sales can provide a preview of closed sales in the next month. In July 2021, there was a total of 12,350 pending sales statewide, which is about 740 fewer pending sales than last July when market activity had been surging. The number of pending sales this July was down 7.8% compared to June, which is a typical June-to-July drop-off in pending sales activity.

Figure 11. Pending Sales, June and July



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

New Listings

Supply has been expanding in many local markets in Virginia, bringing more options to prospective homebuyers. While the increases in inventory have been modest, they do reflect a significant change from long-term declines in inventory. There were 17,732 new listings that came onto the market in July 2021. The number of new listings this July is about 1,500 higher than last July.

In typical years, the number of monthly new listings declines between June and July, and this year follows the same pattern. However, the month-to-month decline in new listings is smaller than usual. In July, there were 1.7% fewer new listings—about 300 listings—than there were in June.

Active Listings

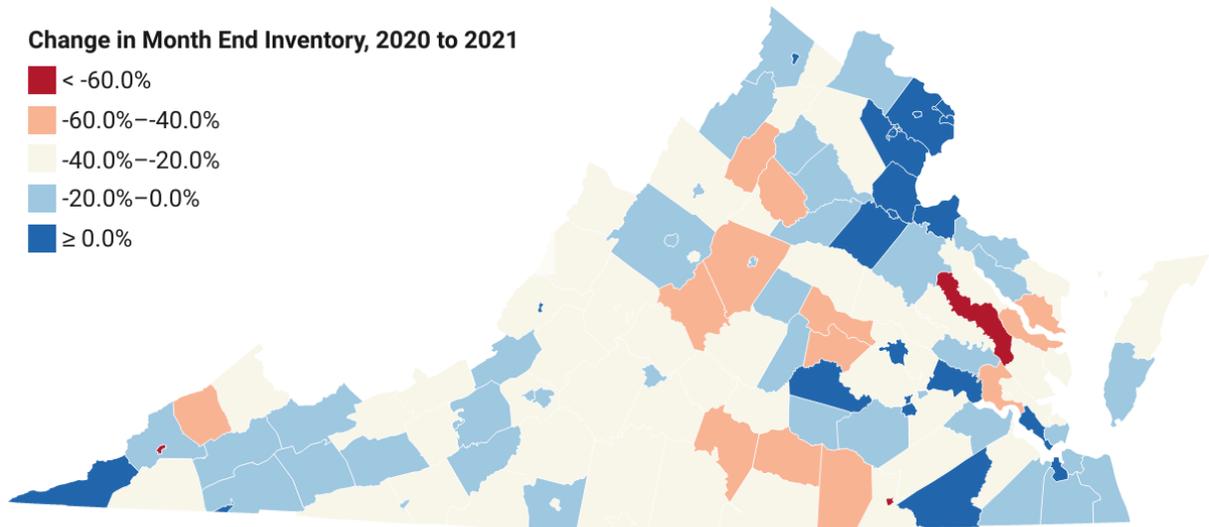
With an increase in new listings, the overall inventory has been expanding month-to-month in Virginia. Statewide, there were 20,910 total active listings on the market at the end of July. While the inventory level is down 13.9% compared to the end of July 2020, this year-over-year decline is much lower than it has been over the past year. Furthermore, there was another month-to-month inventory expansion. There were about 1,500 more listings on the market at the end of July 2021 than there were at the end of June 2021, an 8.1% increase. Inventory levels have increased from one month to the next for the past five months.

Figure 12. Inventory, July



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

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



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

In nearly all local markets, the number of active listings at the end of July 2021 is lower than the number at the end of July 2020. However, year-over-year inventory levels expanded in some jurisdictions, including several markets in Northern Virginia and in the Richmond area.

At the end of July 2021, there was an estimated 1.62 months of supply in Virginia, down from 2.31 months of supply at the end of July 2020, but up slightly from June 2021, when there was 1.50 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, July



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

Outlook

Virginia's housing market continued to perform at a fast pace in July, with strong sales activity and consistent price growth. Economic conditions are steadily improving, with increases in employment, declines in unemployment rates, and a ramp up in consumer spending. The coronavirus delta variant is on the minds of consumers and businesses, however, and could dampen economic growth if cases and hospitalizations increase.

It is expected that the housing market in Virginia will continue to perform well into the fall. Underlying demographic and economic fundamentals provide a solid framework for strong demand. While the market should remain solidly a seller's market over the next few months, buyers should find that they have more options, prices may begin to rise less quickly, and homes may stay on the market a little longer.

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

- The opening up of the economy this summer has meant that individuals and families are finding more options for spending. Last year, many homebuyers used the savings that they built up to purchase a home. This year, households may be looking to spend money on other things—notably travel—which could deflect some of the spending that otherwise would have gone to purchasing a home.

- As home prices continue to rise and hit record levels in many markets, affordability is the biggest challenge for many would-be homebuyers. First-time buyers, in particular, are becoming increasingly frustrated and are giving up their home searches. The rental market has seen a surge in demand both from young people starting out on their own, as well as older individuals and families who are returning to renting after a discouraging search for a home to buy.
- The housing market is typically very seasonal, with reasonably predictable ebbs and flows throughout the year. Last year, housing market seasonality was upended as a result of the COVID-19 pandemic. It is expected that we will see a return to housing market seasonality throughout the rest of 2021 and certainly into 2022, which will make housing market conditions more predictable.



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.