

Virginia

HOME SALES REPORT

AUGUST 2021

Virginia Home Sales Report

August 2021

Key Takeaways

- There were **14,443 home sales** in Virginia in August 2021, which is a 5.1% increase over August 2020. Sales were down 4.2% between July and August, which reflects typical seasonality in the market.
- The statewide median home sales price in August was **\$355,000**, a 7.6% increase over the August 2020 median price, a gain of \$25,000.
- There was approximately **\$6.2 billion in sold volume** in Virginia in August, an influx of about \$700 million from a year ago, representing a 12.6% gain.
- At the end of August 2021, there were **20,363 active listings** statewide, which is 10.6% lower than the supply level at the end of August 2020. This represents the smallest year-over-year inventory decline the state's housing market has had in more than two years.

August 2021 Housing Market Summary

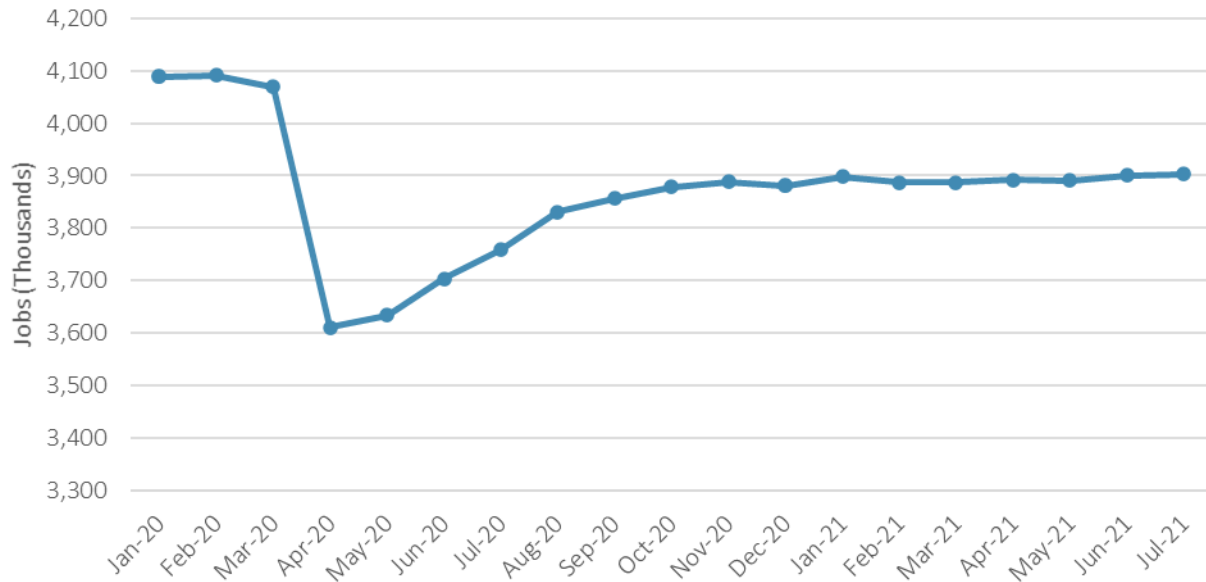
	Aug-20	Aug-21	Change	% Change	YTD 2020	YTD 2021	Change	% Change
Sales	13,745	14,443	698	5.1%	86,471	103,057	16,586	19.2%
Median Sales Price (\$)	330,000	355,000	25,000	7.6%	315,000	350,000	35,000	11.1%
Sales Volume (\$ billions)	5.5	6.2	0.7	12.6%	33.1	44.6	11.5	34.9%
Average Days on Market	39	21	-18	-47.0%	44	25	-19	-43.1%
Pending Sales	12,932	12,251	-681	-5.3%	89,103	97,086	7,983	9.0%
New Listings	14,994	15,313	319	2.1%	113,789	123,298	9,509	8.4%
Active Listings (end of the month)	22,780	20,363	-2,417	-10.6%	22,780	20,363	-2,417	-10.6%
Months of Supply	2.1	1.6	-0.6	-26.4%	2.1	1.6	-0.6	-26.4%

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

Economic Overview

Virginia's economy continues to show signs of steady growth and recovery. The job base is expanding overall, though most of the gains are occurring in the state's metro areas. The unemployment rate in Virginia remains well below the national average and continues to trend down. It is likely that the current growth trends will continue in Virginia; however, it's possible economic growth will moderate somewhat into the fall. There was a pivot downward in consumer confidence levels between July and August, both in terms of the current situation as well as future expectations. This could reflect growing uncertainty about the delta variant and how it could slow down a return to normalcy. Despite these recent indicators, the state's economy is well positioned for growth in the coming months.

Figure 1. Total Jobs in Virginia (in thousands)



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

Jobs

Virginia's job base continues to grow; however, it remains below pre-pandemic levels. About 2,300 jobs were added to the state's economy between June and July of 2021, which was slower growth than May to June of this year. Overall employment levels in the state are 3.8% higher than last July, but are still about 4.6% lower than they were in February of 2020, which is about 188,000 fewer jobs, overall.

The Richmond metro area had the strongest job growth in the state, adding about 3,100 jobs between June and July of 2021. Charlottesville also had robust job growth during this same time period, with about 1,800 more jobs in the area. Hampton Roads was the only

metro area to have job losses between June and July, with about 1,000 fewer jobs. While most of the metro areas in the state are experiencing job gains, many of the non-metro areas in the state are still losing jobs.

The Leisure and Hospitality sector led all job sectors in Virginia in growth between June and July of 2021 (+9,600 jobs). Most of this growth was driven by an increase in summer tourism in many parts of the state, which is reflected in the additional 7,700 Accommodation and Food Services related jobs. Other strong growth sectors in July include Professional and Technical Services (+4,000 jobs) and Administrative and Waste Services (+1,800 jobs). The Retail Trade sector shed about 1,300 jobs across Virginia between June and July this year.

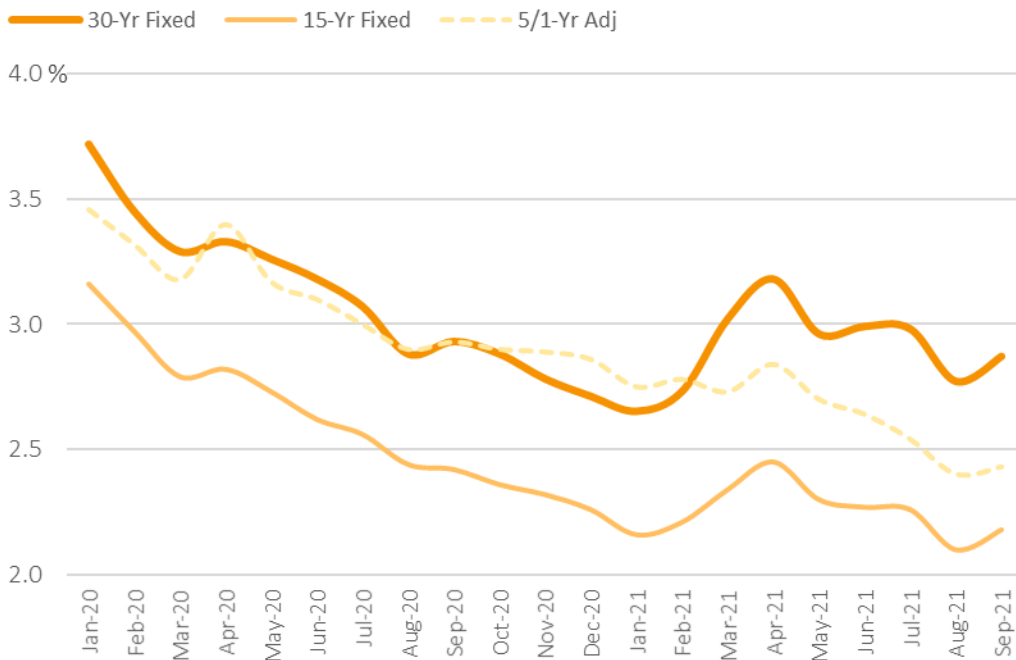
Unemployment

The statewide unemployment rate in Virginia was 4.2% in July 2021, down from 4.3% in June. The unemployment rate in Virginia continues to trend downward from its pandemic peak level of 11.3% in April of 2020. The state continues to outperform the national unemployment rate, which was 5.4% in July.

Mortgage Rates

In the second week of September, the average weekly 30-year fixed rate mortgage rate was 2.88%, which is up slightly from the second week in August. While rates have been trending up since the beginning of August, they still remain below 3.0%, and are expected to remain stable through the fall and possibly longer.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

Many housing markets around Virginia continued to show signs of strength in August, though some cooling may be underway compared to the robust growth of the past year. Sales continue to outpace 2020, but the rate of growth has moderated. This is somewhat attributable to the surge of sales last summer. Similar trends are occurring with home prices and the sold dollar volume. Inventory levels are rising in some parts of Virginia, and more than half of all localities in the state had more new listings come on the market in August than there were a year ago, which is a positive sign for buyers. Despite the modest supply gains in some local markets, most areas continue to have a tight inventory, which is causing homes to sell much faster, on average.

Sales

There were 14,443 homes sold across Virginia in August, an increase of nearly 700 sales from this time last year, which is a 5.1% increase. After about a year of consistent double-digit sales growth, overall sales activity in the state has increased at a much slower rate for two straight months compared to the prior year. This trend is largely due to the pent-up demand that fueled a very strong market rebound in July and August of 2020 but could also reflect a broader cooldown in some local areas. So far in 2021, there have been more than 103,000 homes sold, which is outpacing 2020 sales activity through August by nearly 16,600 sales (+19.2%). This huge gap reflects the market slowdown that occurred between April and June of last year at the onset of the pandemic.

Sales activity through August continues to outpace last year in most local markets across the commonwealth. Markets in Northern Virginia, Southwest Virginia, and the Charlottesville and Harrisonburg regions have been notably strong through August compared to last year.

The total number of sales in Virginia in August was 4.2% lower than July, which is typical of seasonal market trends. Home sales have slowed down between July and August four of the last five years. While the slowdown occurred in more than half of Virginia's localities, the sharpest July-to-August drop in sales occurred in the Northern Neck region and parts of Southwest Virginia.

Figure 3. Virginia Home Sales, August

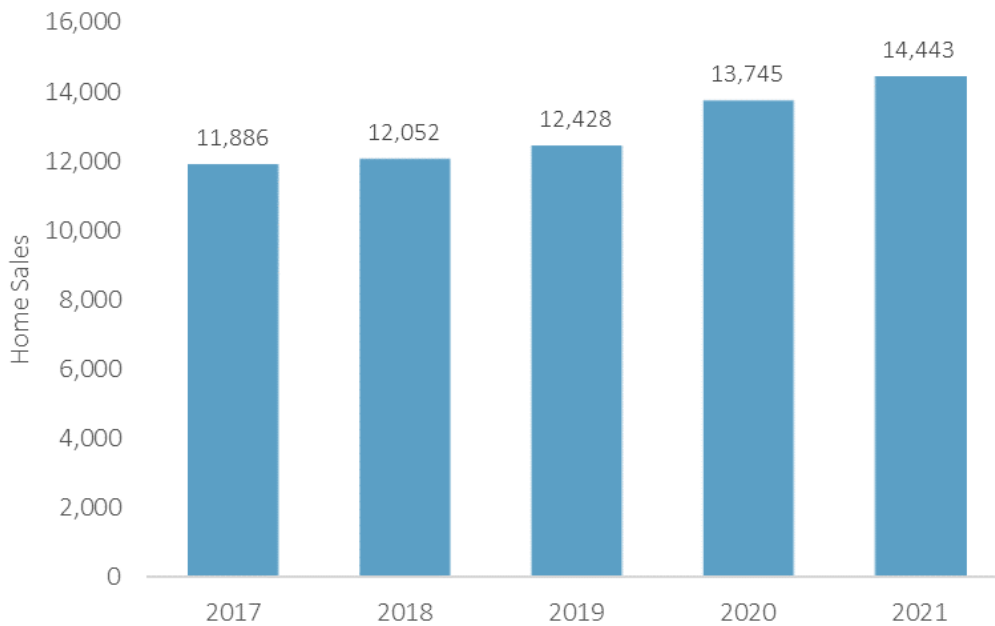
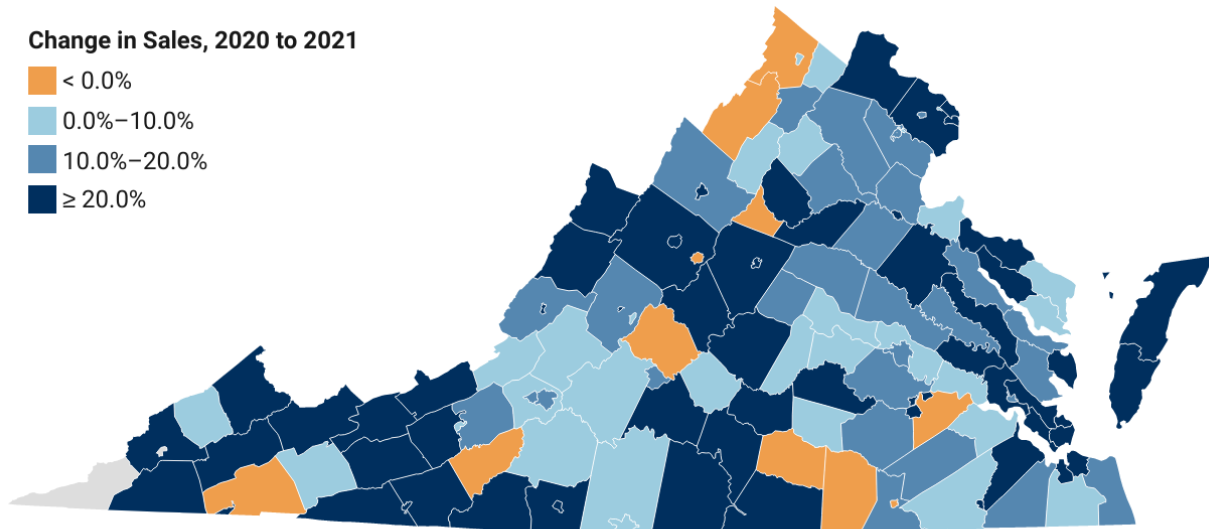


Figure 4. County/City Home Sales, YTD Through August



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

Home Prices

Home prices in Virginia continue to climb, but the rate of growth has moderated from recent trends. Statewide, the median sales price in August was \$355,000, which is 7.6% higher than last year, a gain of \$25,000. While this is still a relatively significant median price increase, it is the slowest median price growth Virginia has had in more than a year. This moderation of price growth occurred in several regions around the state, with year-to-date median price levels falling 10% compared to last year in some local markets. Several

local markets in Central Virginia and Northern Virginia experienced a decline in median prices, including Arlington County, which had its sharpest price decline in more than three years (-7.8%). The strongest median price growth continues to occur in the eastern and southern portions of the state.

Through the first eight months of this year, the median sales price statewide is up 11.1% from where it was a year ago, which is a \$45,000 increase.

The average sold-to-list price ratio in August was 101.0%, which means that, on average, homes sold in Virginia closed at a price that was 1.0% 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.

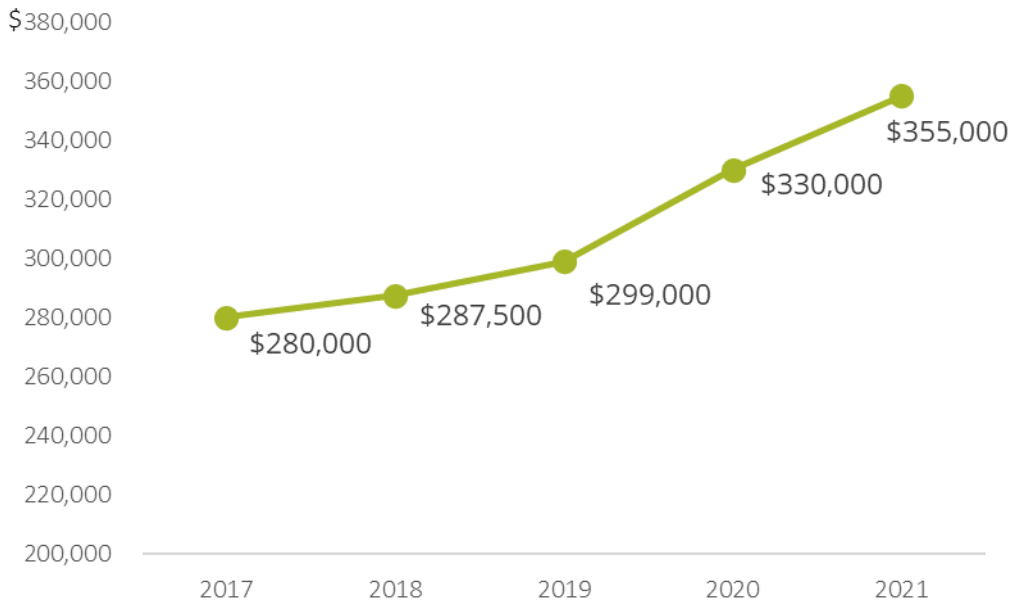
The \$400,001 to \$600,000 price range had the highest average sold-to-list price ratio this month at 101.5%. Homes that sold between \$200,001 and \$400,000 had an average sold-to-list price ratio of 101.4%. Homes priced at \$200,000 or below sold for slightly less than list price, on average. Homes in this price range had an average sold-to-list price ratio of 98.8% in August.

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

Price Range	Ratio
\$200,000 or less	99.8%
\$200,001 to \$400,000	101.4%
\$400,001 to \$600,000	101.5%
\$600,001 to \$800,000	101.3%
\$800,001 or More	100.9%
All price levels	101.0%

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

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



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

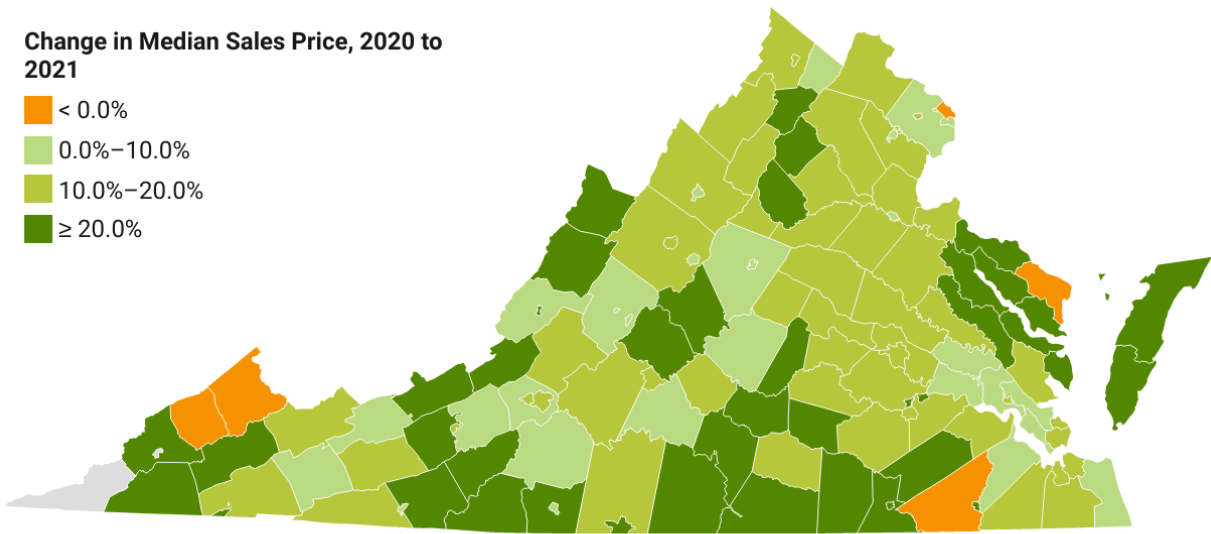
Home price growth continues to occur in most parts of Virginia, which is being driven largely by market shifts to higher-priced homes in many local areas. Across the state, about four out of every ten (40.9%) home sales in August were priced above \$400,000, which is up from 36.8% of all homes sales a year ago. The most notable drop in market share is occurring in the lowest price range. Just 14.6% of homes in Virginia that sold in August were priced at \$200,000 or below, which is down from 18.4% of all sales in August of last year.

Figure 7. Sales by Price Range, August



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

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

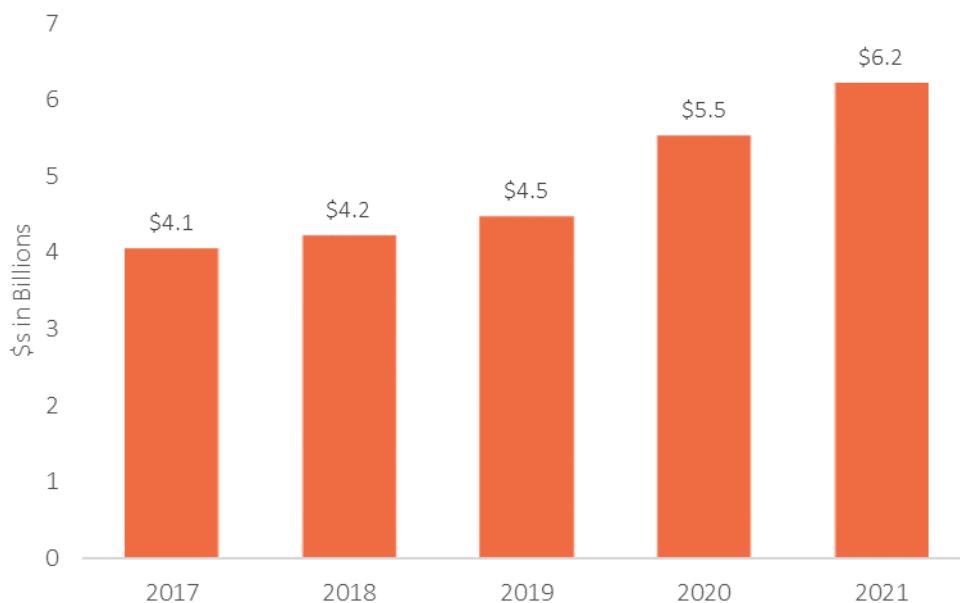


Source: Virginia REALTORS®, data accessed September 15, 2021

Sold Volume

Climbing home prices and more sales continue to drive up the total sold dollar volume in Virginia, though the rate of growth has slowed in recent months. There was approximately \$6.2 billion of sold volume across the Commonwealth in August, a 12.6% increase from a year ago, which is an influx of about \$700 million of volume. This is the slowest rate of volume growth the state has had since last spring, when the onset of the pandemic led to a market decline. The total sold dollar volume in August was about 6.9% lower than July, which is in line with typical seasonal fluctuations.

Figure 9. Sold Dollar Volume, August



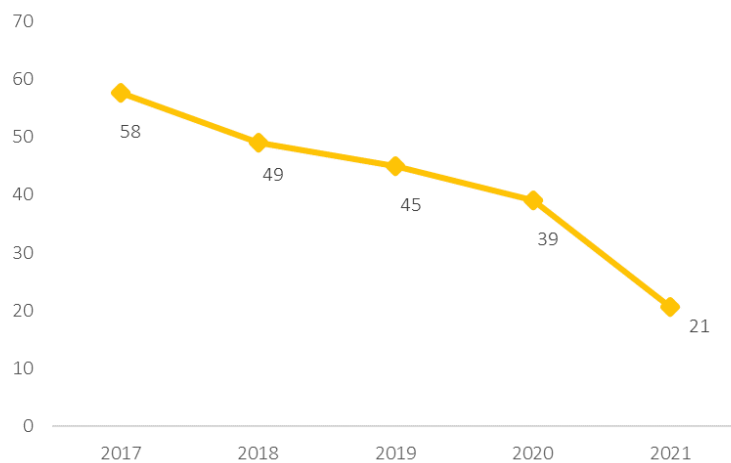
Source: Virginia REALTORS®, data accessed September 15, 2021

Days on Market

Homes continue to sell much faster than prior years across much of Virginia. Homes that sold in August in the state were on the market an average of three weeks (21 days), which is nearly half the time it took at this time last year (-18 days).

Most local markets in the state continue to see homes selling much faster, on average, than last year.

Figure 10. Average Days on Market, August

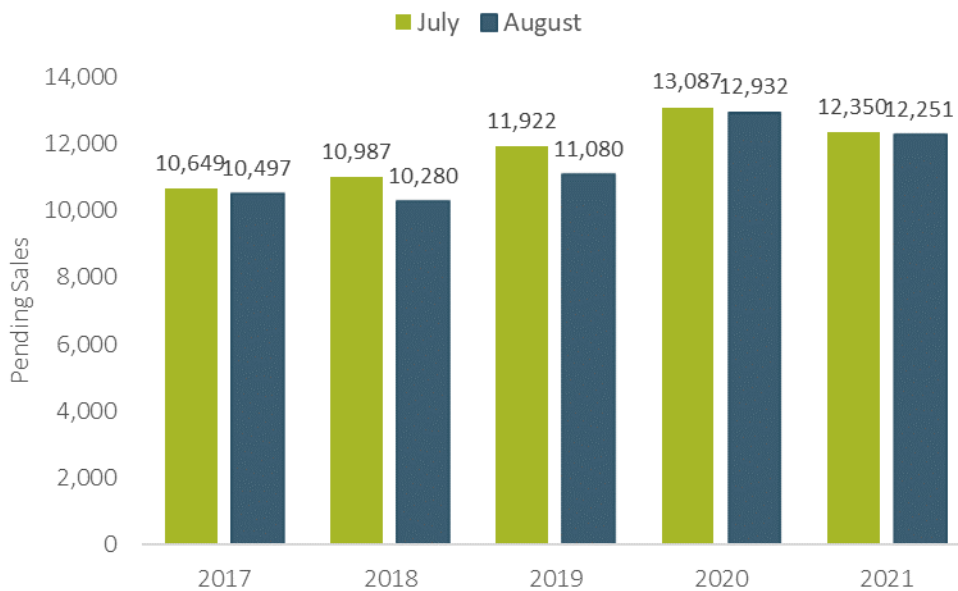


Source: Virginia REALTORS®, data accessed September 15, 2021

Pending Sales

Pending sales activity represents 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. There were 12,251 pending sales statewide in August, which is 681 fewer than a year ago (-5.3%). This drop is somewhat expected because the market was surging last summer, fueled by pent-up demand from the slowdown last spring. The slower pending sales activity in August could also signal a broader cooldown in some local areas. Pending sales activity in August was down slightly, less than 1%, from July, which is typical of seasonal market patterns.

Figure 11. Pending Sales, July and August



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

New Listings

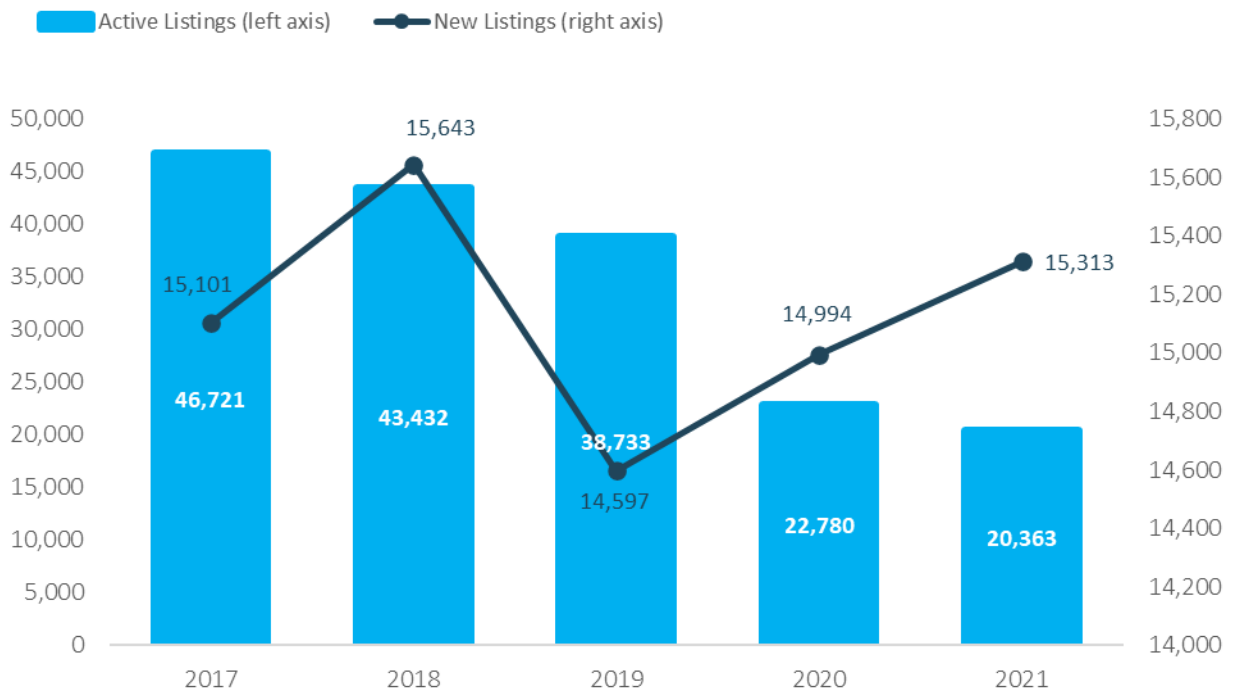
The supply of homes has been increasing in many local markets around the commonwealth in recent months, bringing more options to prospective home buyers. This month, more than half of all local markets in the state had more new listings than last August. While the increases in inventory have been modest in most cases, they do reflect a significant change from long-term declines in inventory.

Overall, there were 15,313 new listings that came onto the market in August 2021 in Virginia, which is 319 more than a year ago, the fifth straight month of year-over-year gains.

Active Listings

While the total inventory of active listings on the market around state is lower than last year, it has been shrinking at a much slower pace than the past several years. This is being driven by the influx of new listings on the market in recent months. There were 20,363 active listings in Virginia at the end of August, a 10.6% reduction from last August, which is about 2,400 fewer listings. This is the smallest year-over-year supply drop the state's housing market has had since the summer of 2019. The inventory of active listings at the end of August dropped 2.6% from the end of July, which is in line with seasonal trends, as August tends to be a slower month in most markets.

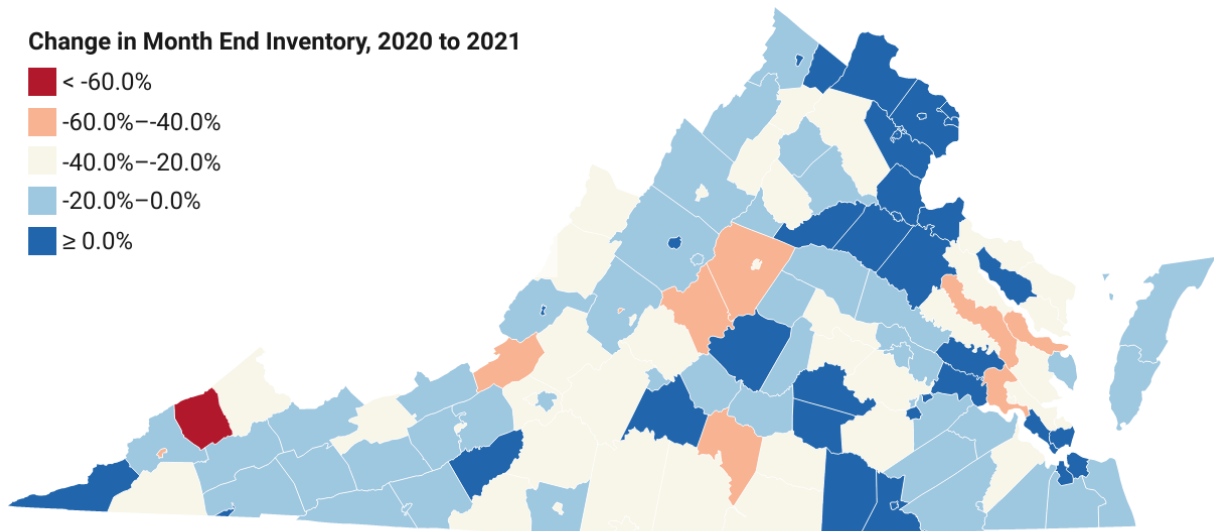
Figure 12. Inventory, August



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

Note: Active listings at the end of the month

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

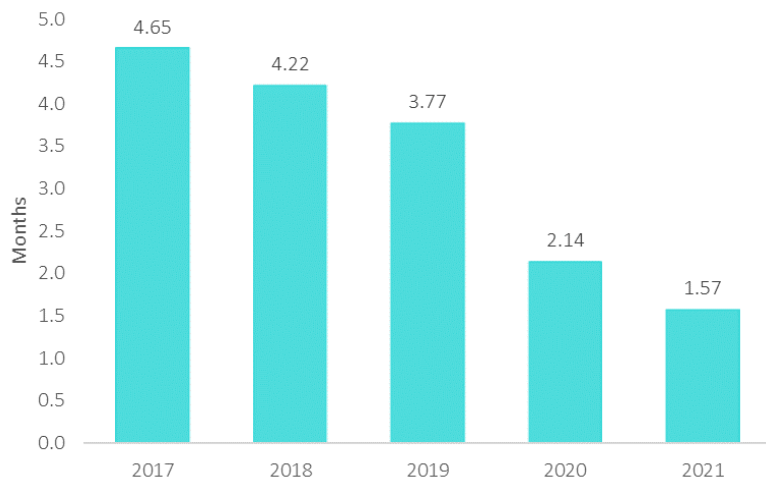


Source: Virginia REALTORS®, data accessed September 15, 2021

Local markets throughout Northern Virginia and along I-95 in the Fredericksburg area had notable increases in the supply levels this month. Most areas in the southern part of Hampton Roads, as well as on the eastern shore, continue to have a shrinking supply of homes for sale, but the declines have moderated somewhat compared to prior months. At the end of August 2021, there was an estimated 1.57 months of supply in Virginia, down from 2.14 months of supply at the end of August 2020. The months of supply in August is also down from last month, which is common for the market at the end of the summer.

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, August



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

Outlook

Virginia’s housing market has begun to exhibit the seasonality that characterizes a typical housing market, a market pattern that was upended last year during the pandemic. Home sales were up over last year’s strong August totals, while sales dipped slightly between July and August, which is typical of a late summer market. Pending sales were down in August compared to last month, though the month-to-month decline was more modest than in previous years. As housing markets around the state begin to fall back into somewhat normal seasonal cycles, it is possible that the robust sales growth that fueled many housing markets around Virginia could continue to cool.

Key trends to watch in the housing market as fall approaches:

- For the past several months, the number of new listings coming onto the market in Virginia has been outpacing both last year’s level, and the prior month. However, in August, this trend began to deviate; new listings were only up a modest 2.1% over a year ago, and the number of new listings declined between July and August far faster than what has been typical in past years. While it is still too soon to tell, it is possible that the mood and optimism of would-be sellers could have shifted as the summer progressed, and it became clear that the pandemic was still not under control as the delta variant spread rapidly. It is possible that we are still in a *coronavirus market* rather than shifting back into normal market patterns.
- Home prices continue to rise around most of Virginia, though the pace of price growth has slowed in recent months. While there is no evidence of a “bubble bursting,” it is likely that price growth will slow, as affordability challenges continue to be a frustration to potential homebuyers. Sales prices are still above list prices in many regions in the state, on average, though the sold-to-list ratio has edged downward in recent months.

This could be interpreted as an early sign of a cooling market in some local areas, particularly in some higher cost markets in Northern Virginia and Central Virginia.

- This “priced-out-of-the-market” effect could also be evident in the slowdown in pending sales. While part of the slowdown in pending sales is due to the massive surge of market activity last summer, many of the higher-cost local markets in the state had a significant reduction in pending sales activity in August, possibly a reflection of buyers abandoning their searches in some competitive markets and opting to either remain in their current home or look for a rental home.
- While interest rates are expected to remain low through at least the end of this year and into next year, there has been some growing concern about the potential impact of rising inflation and improving economy conditions on mortgage rates.



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.