

Economic and Housing Market Update

Lisa Sturtevant, PhD
Chief Economist

Presentation to
Virginia Association of Assessing Officers
VAAO 73rd Annual Conference

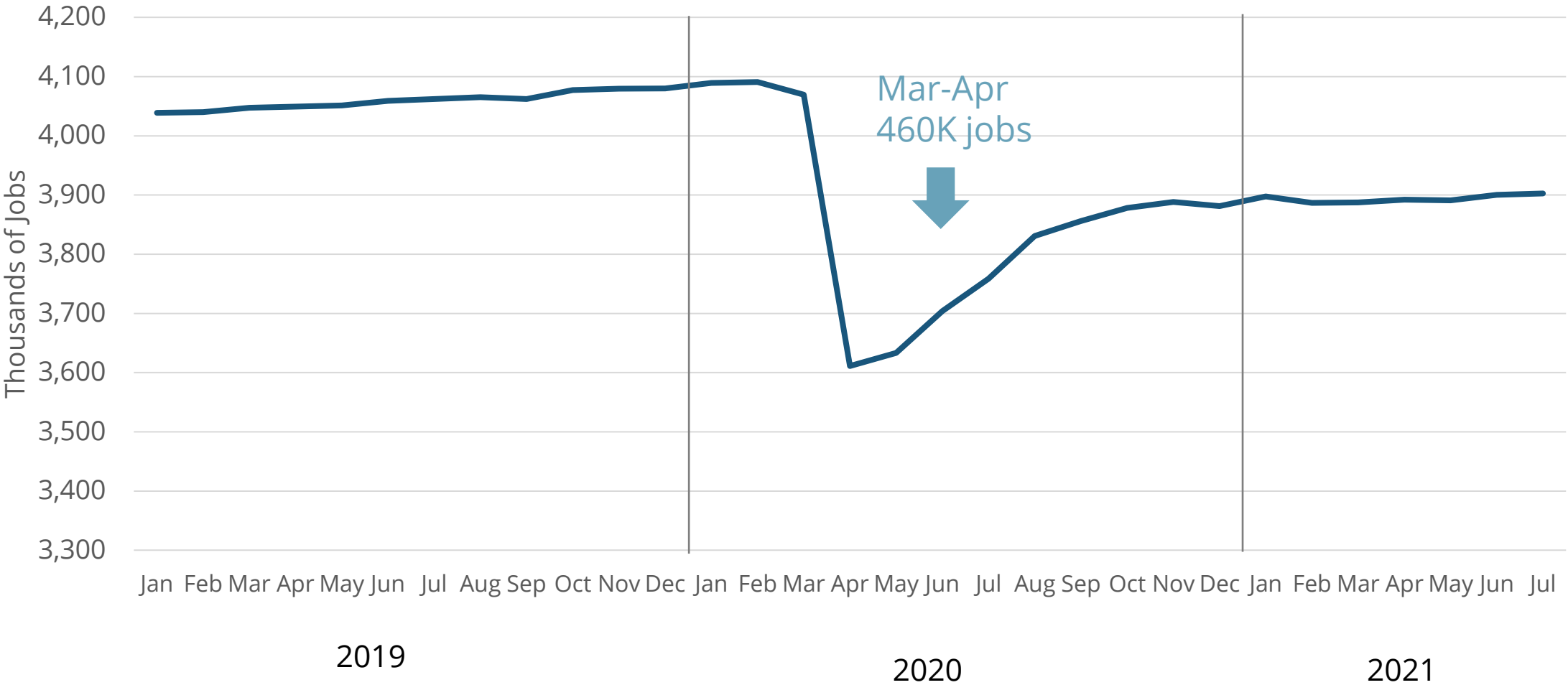
October 5, 2021



Key Economic Indicators

Virginia's Economy

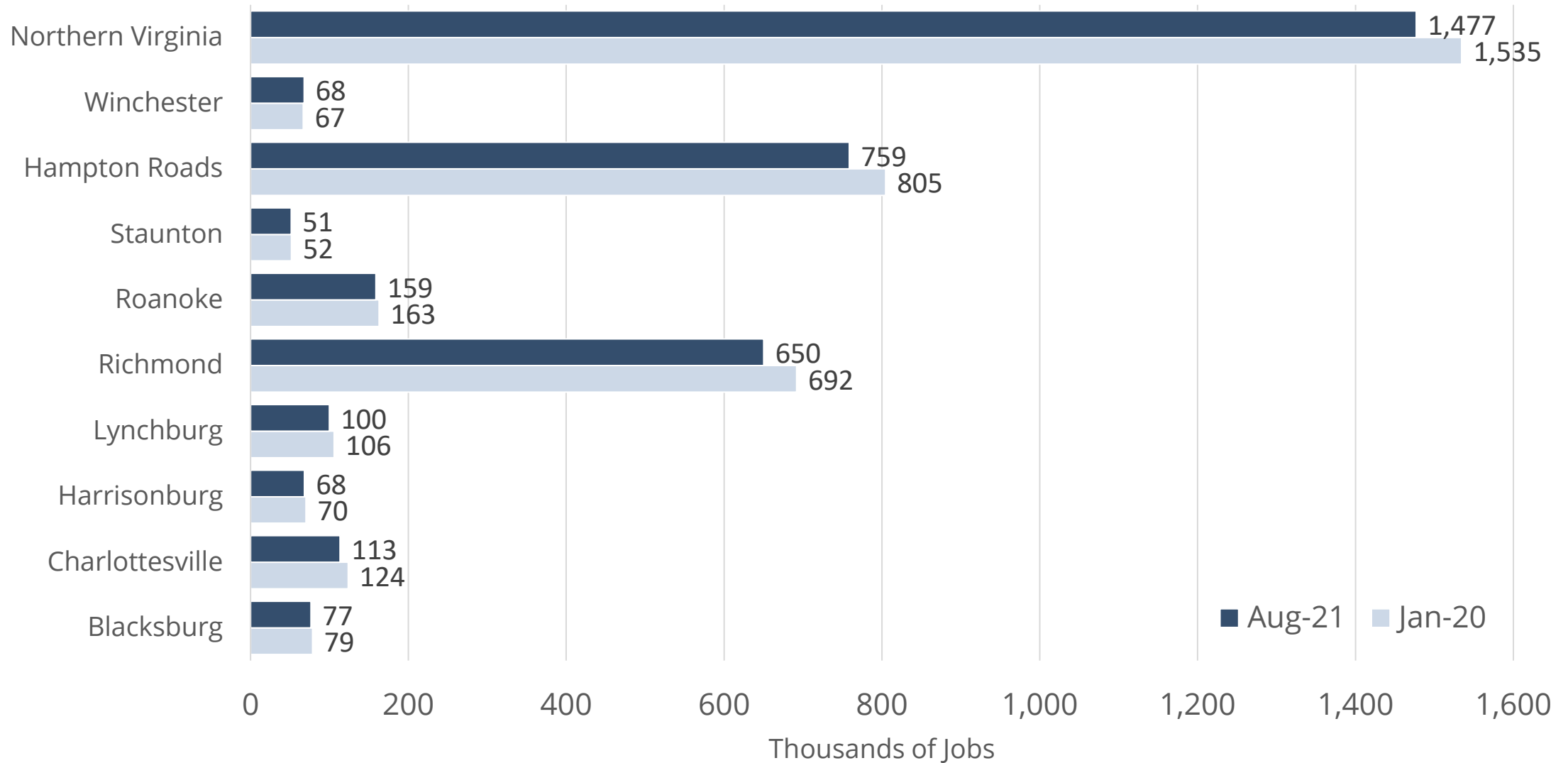
Virginia Employment



Source: U.S. Bureau of Labor Statistics

Virginia's Economy

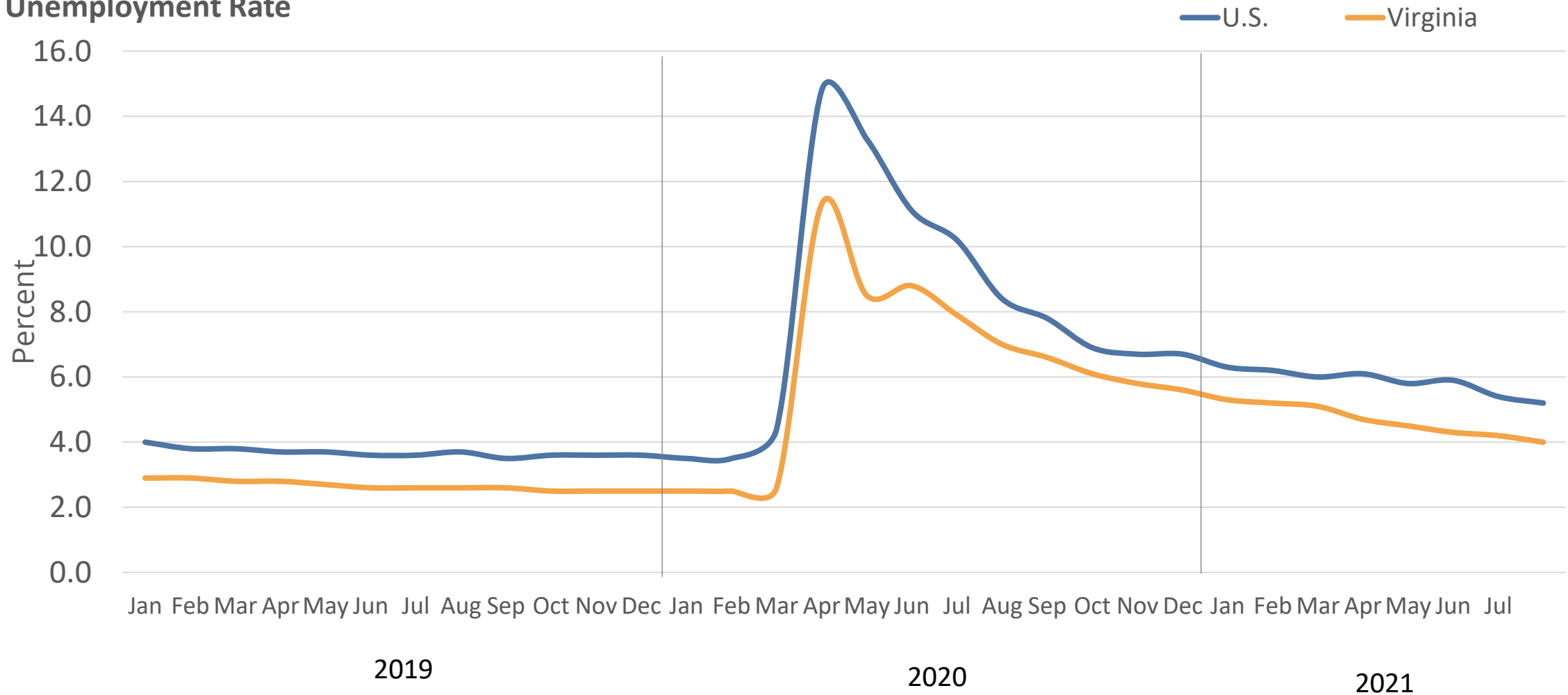
Metropolitan Area Employment



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

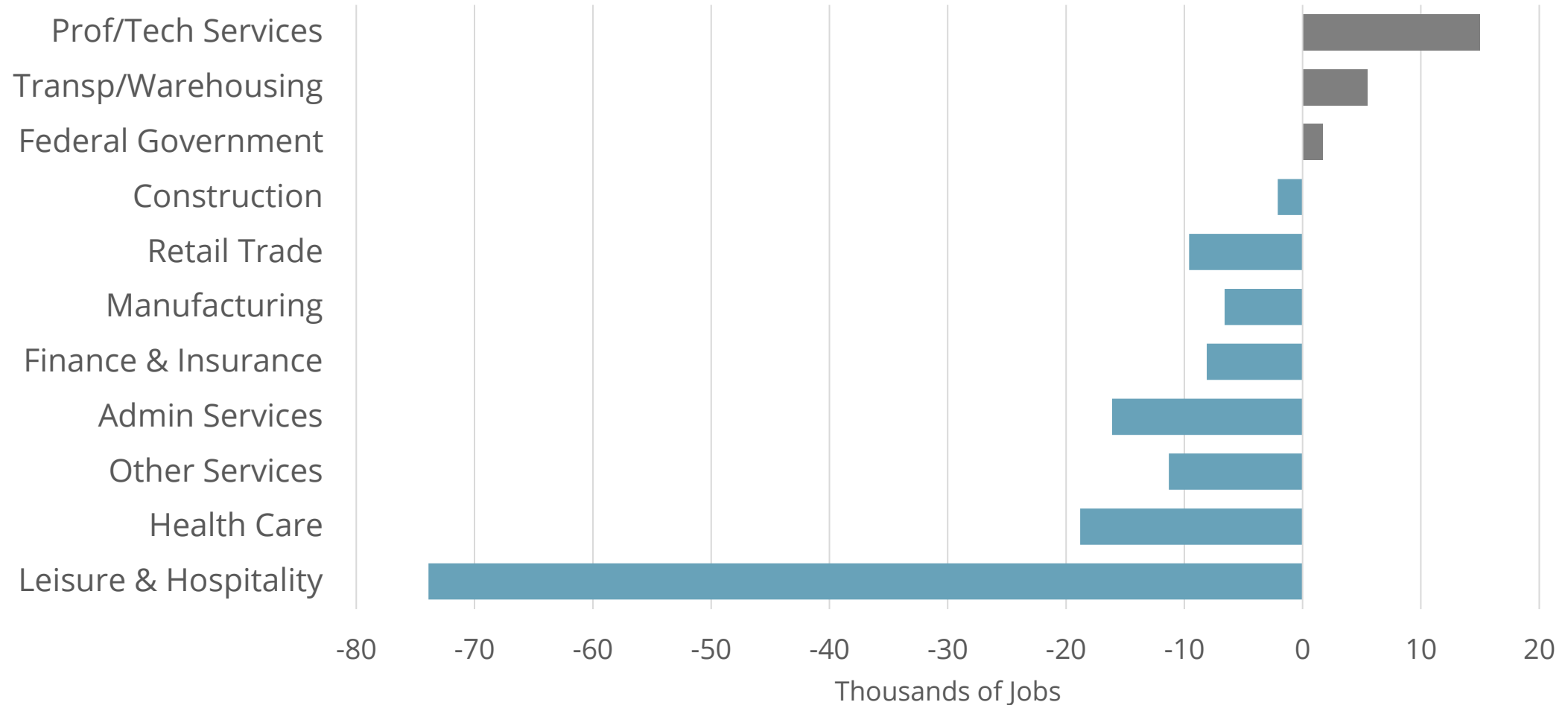
Virginia's Economy

Unemployment Rate



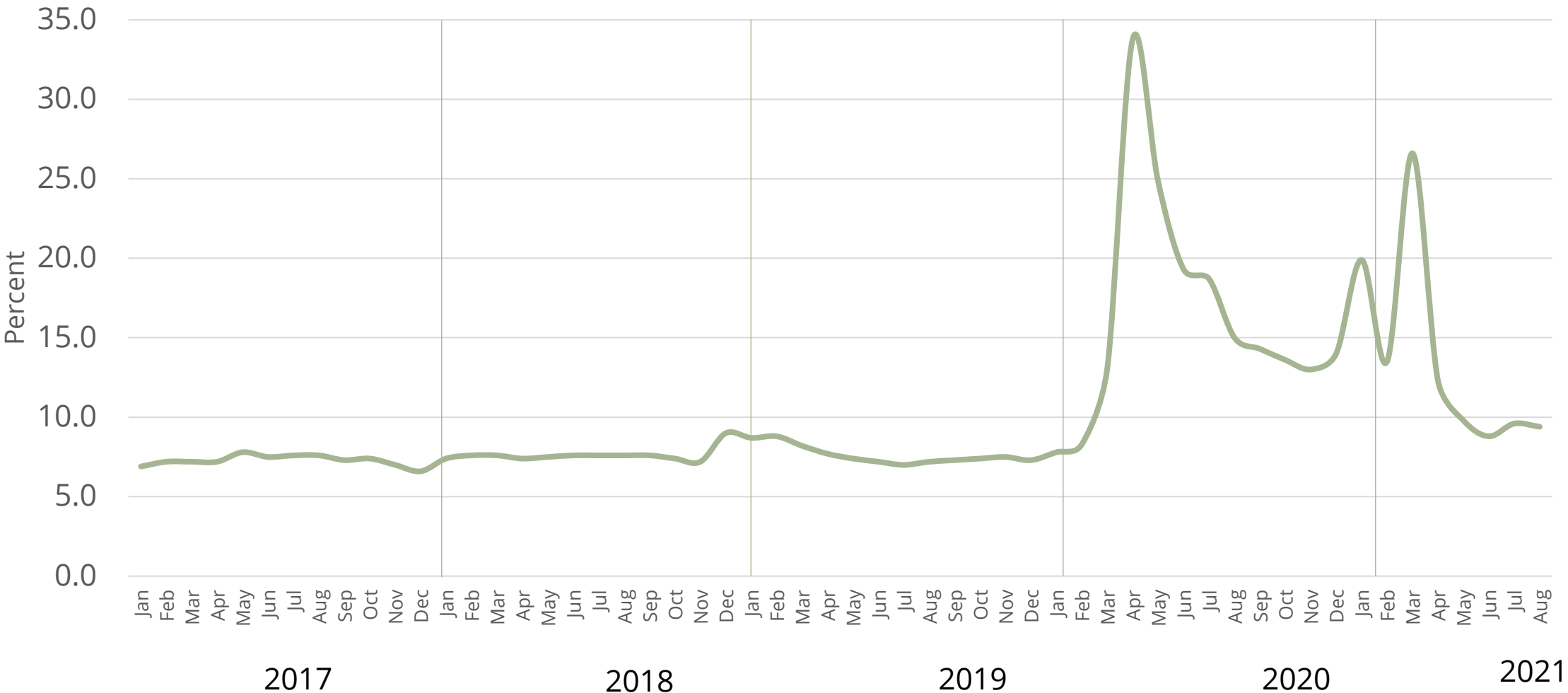
Virginia's Economy

Virginia Employment by Sector August 2021 Compared to January 2020



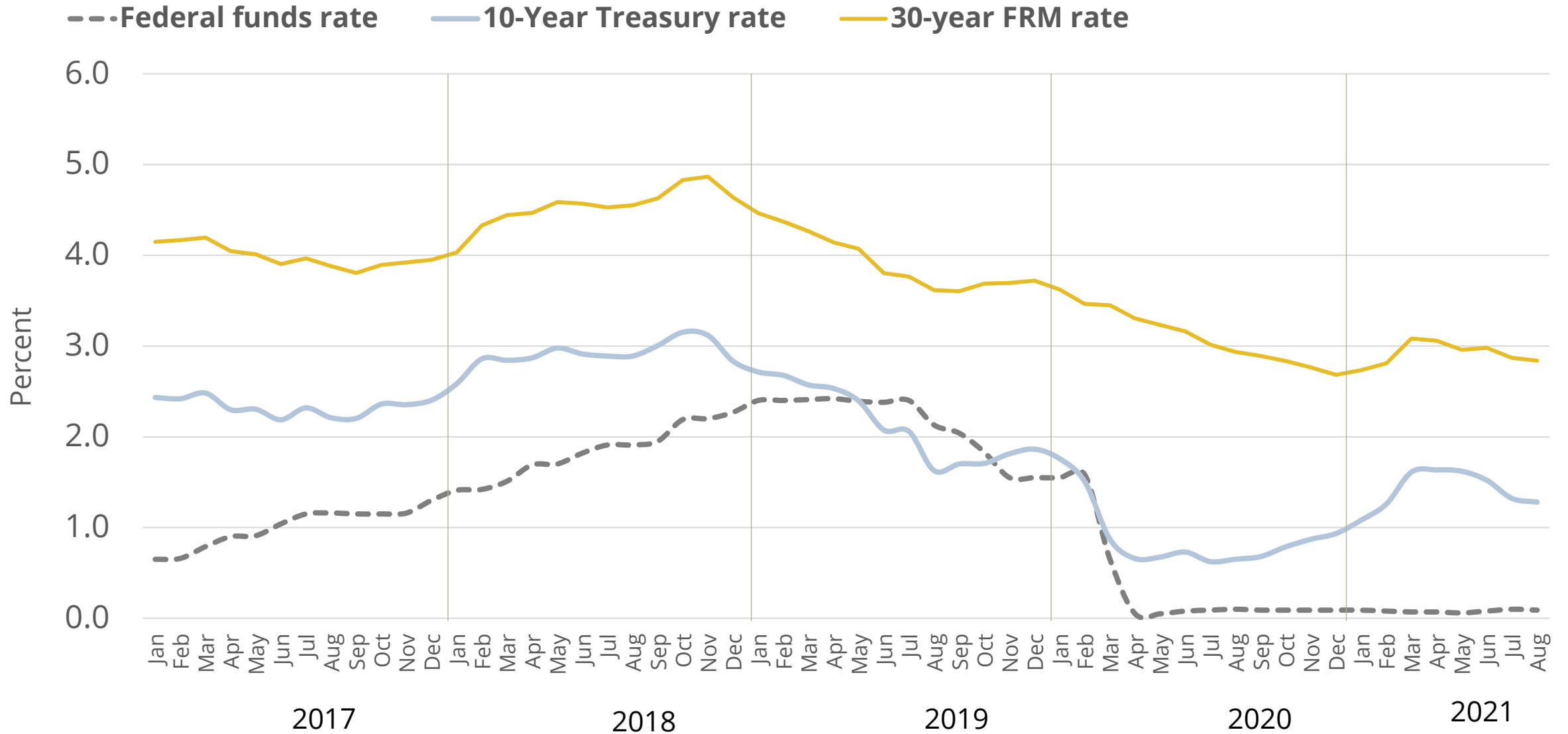
Personal Savings

Personal Savings Rate (U.S.)



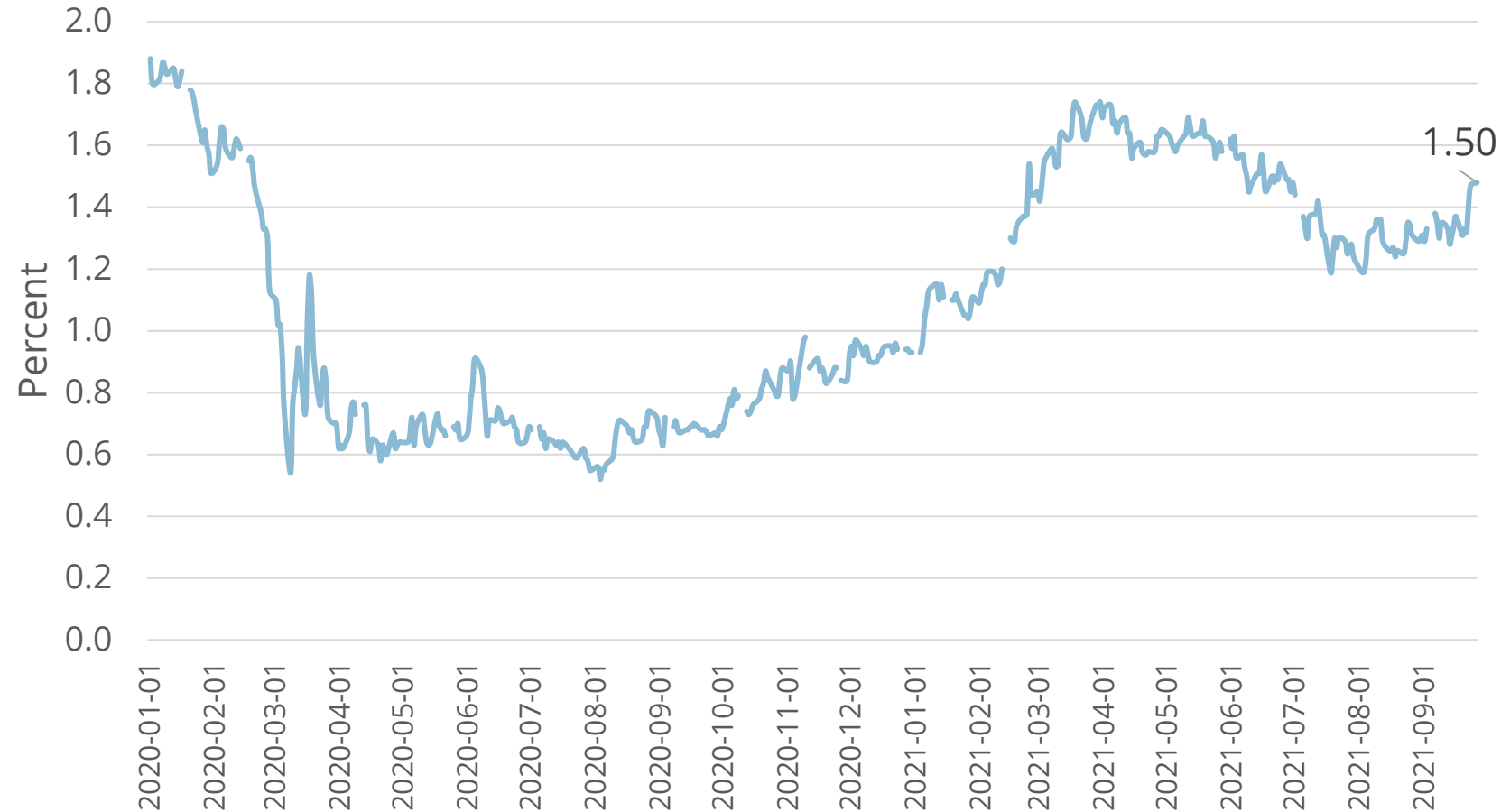
Source: U.S. Bureau of Economic Analysis

Interest Rates



Interest Rates

10-Year Treasury rate



Watching Rates

10-year Treasury yield
Between 1.6 and 1.9% →
3.5% 30-yr FRM rate

10-year Treasury yield
Between 2.0 and 2.5% →
4.0% 30-yr FRM rate

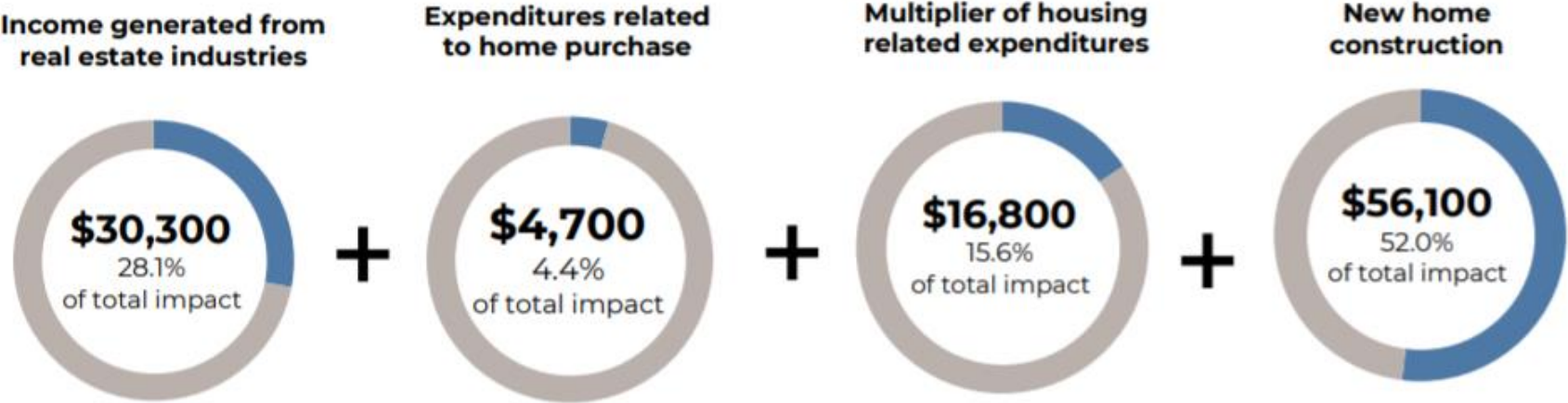
THE ECONOMIC IMPACT OF A TYPICAL HOME SALE

in Virginia

The real estate industry accounted for **\$104.6** billion or **19.0%** of the gross state product in 2020.

TOTAL ECONOMIC IMPACT OF A TYPICAL HOME SALE

\$107,900



Economic Impacts of the Housing Industry in Virginia in 2020

A study by George Mason University found that Virginia's housing industry is a major contributor to overall economic activity in the commonwealth and provided key jobs and income opportunities during the COVID-19 pandemic and economic crisis of 2020.

TOTAL ECONOMIC IMPACT OF VIRGINIA'S HOUSING SECTOR

\$51.77 BILLION



STATE & LOCAL TAX REVENUE

\$2.1 BILLION

which excludes most property taxes paid on existing homes, and therefore substantially understates the fiscal impact.

Sources: Virginia REALTORS®, GMU Center for Regional Analysis, Chmura Economics, IBIS World, industry sources, IMPLAN

VIRGINIA JOBS SUPPORTED



325,702 jobs

with a total labor income of

\$15.74 BILLION

The housing industry's **resiliency** during the COVID-19 pandemic is a direct testament to the professionals who support the building, renovating, buying, selling, and servicing of residential properties.

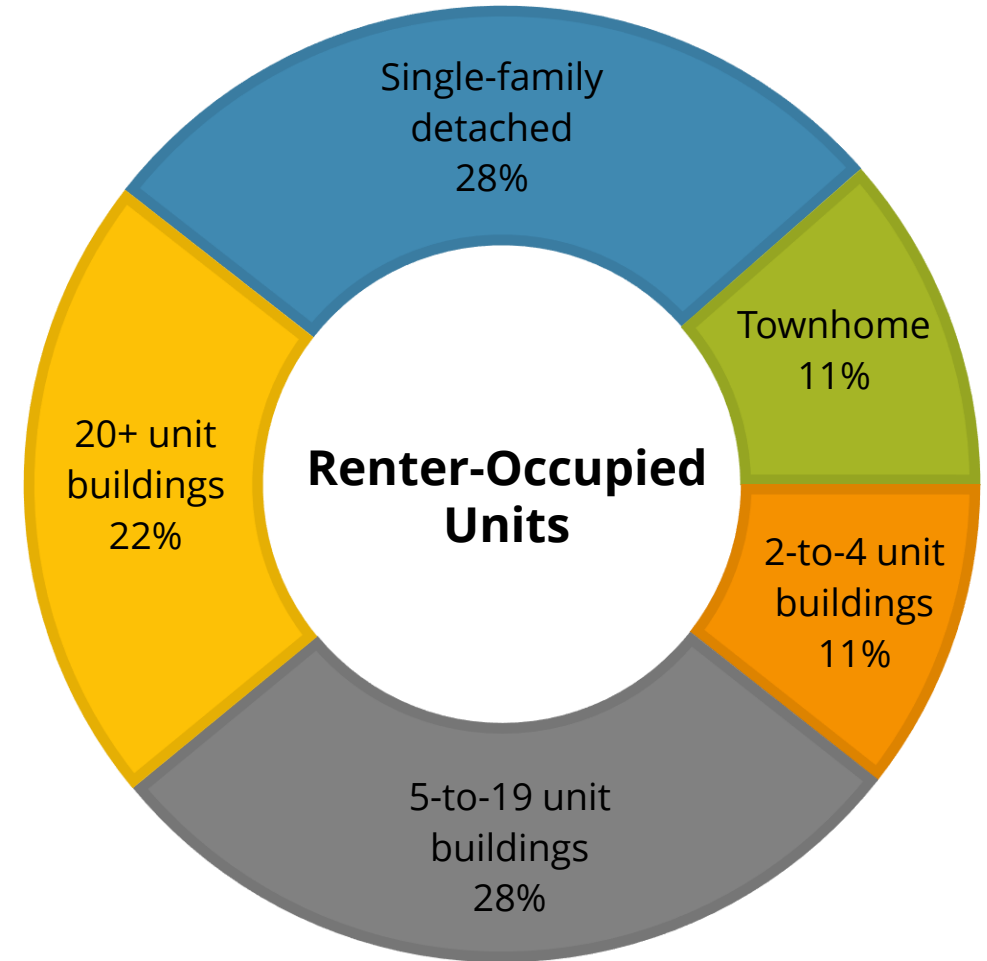
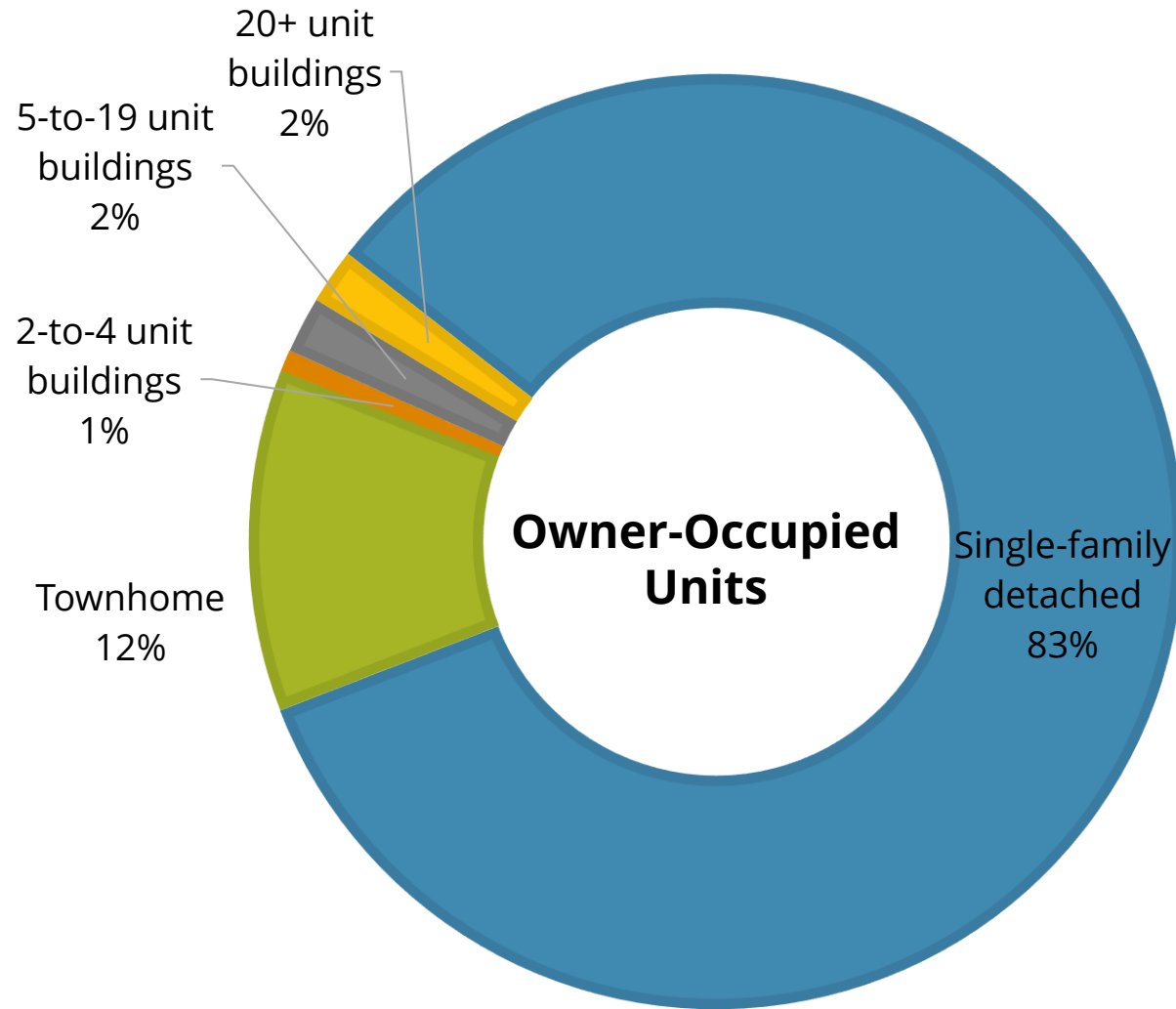


Read the full report at www.virginiarealtors.org/research

Housing Market Trends



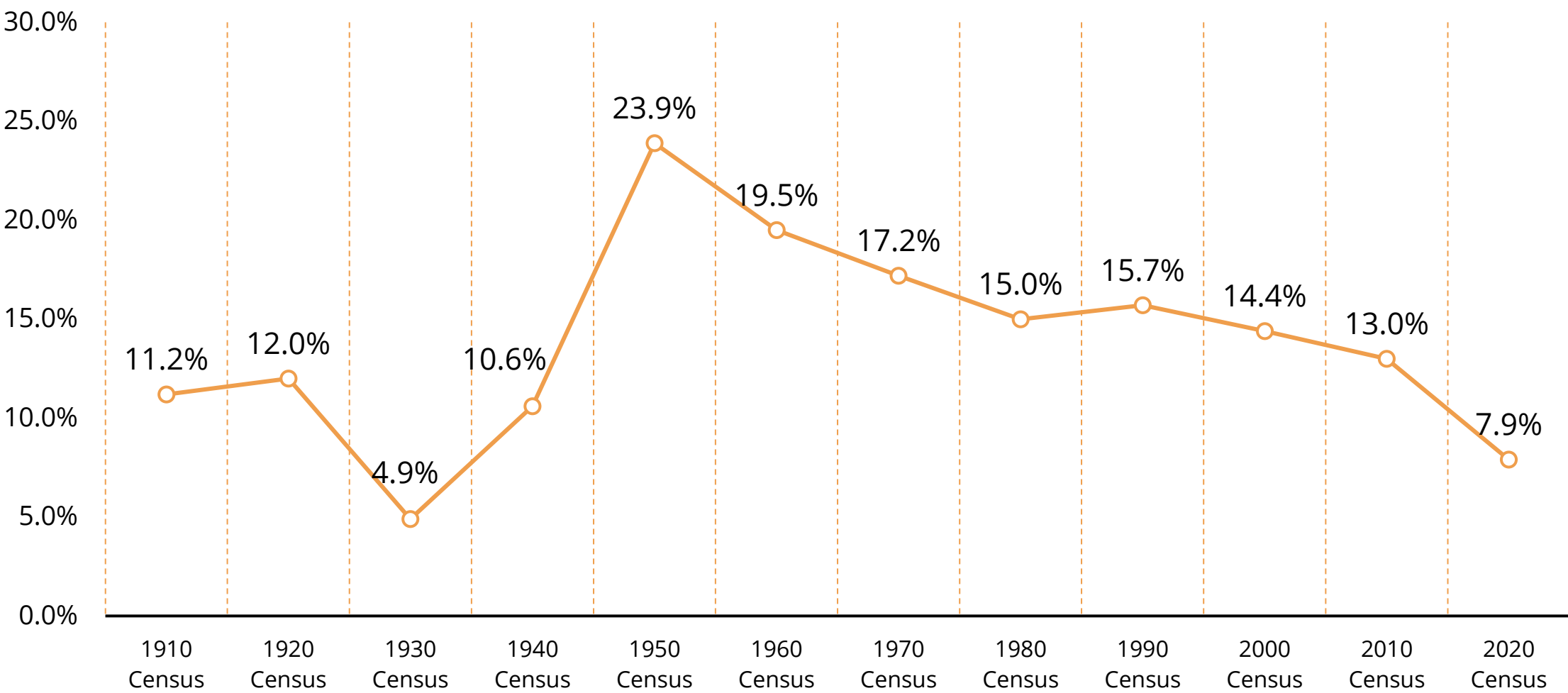
Housing Stock in Virginia



Population

Population Change in Virginia

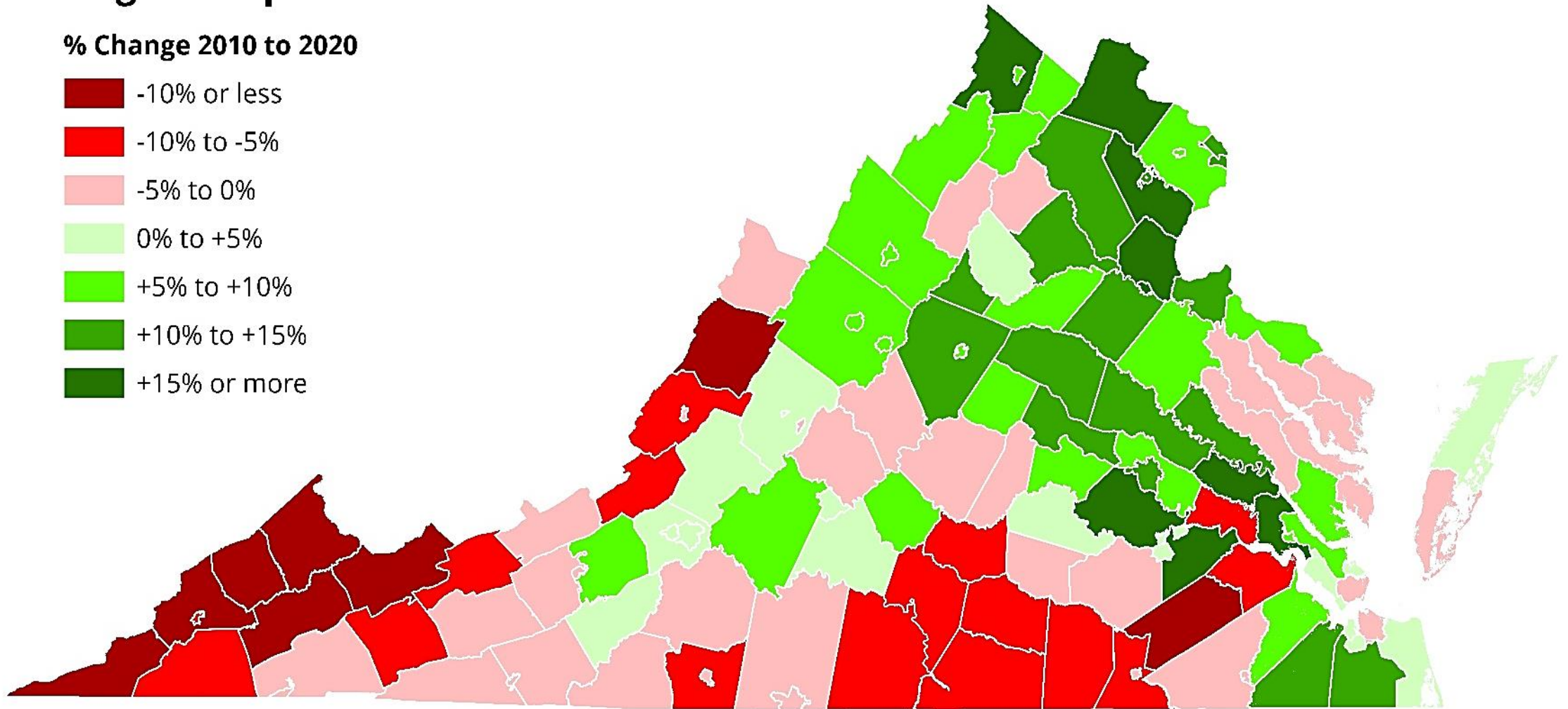
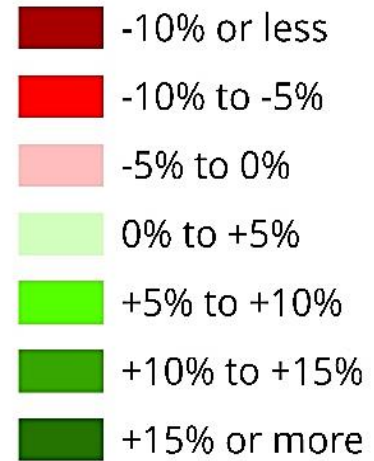
Decennial Census Trends: 1910 to 2020



Population Change

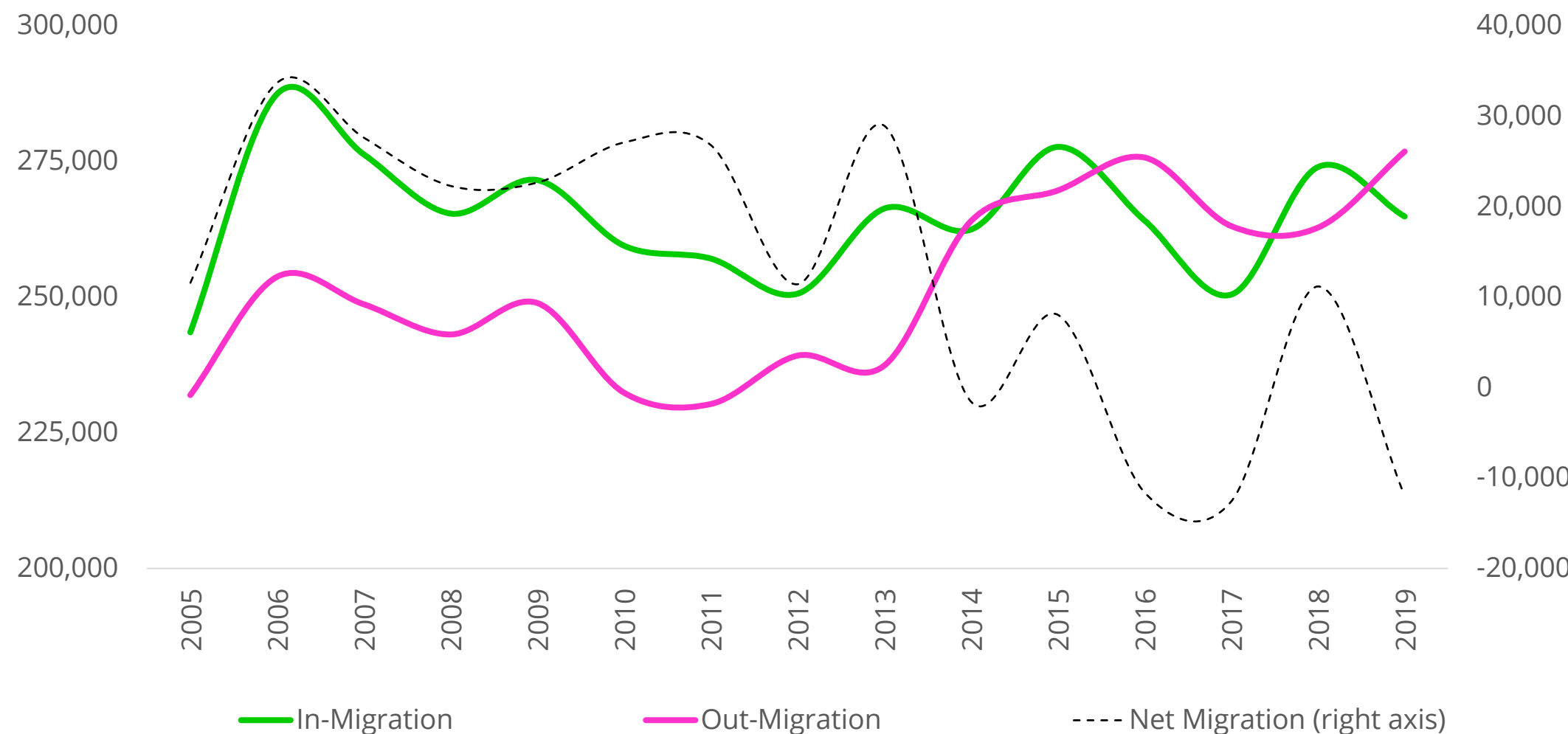
Virginia Population Trends

% Change 2010 to 2020



Source: U.S. Census Bureau (Decennial Census)

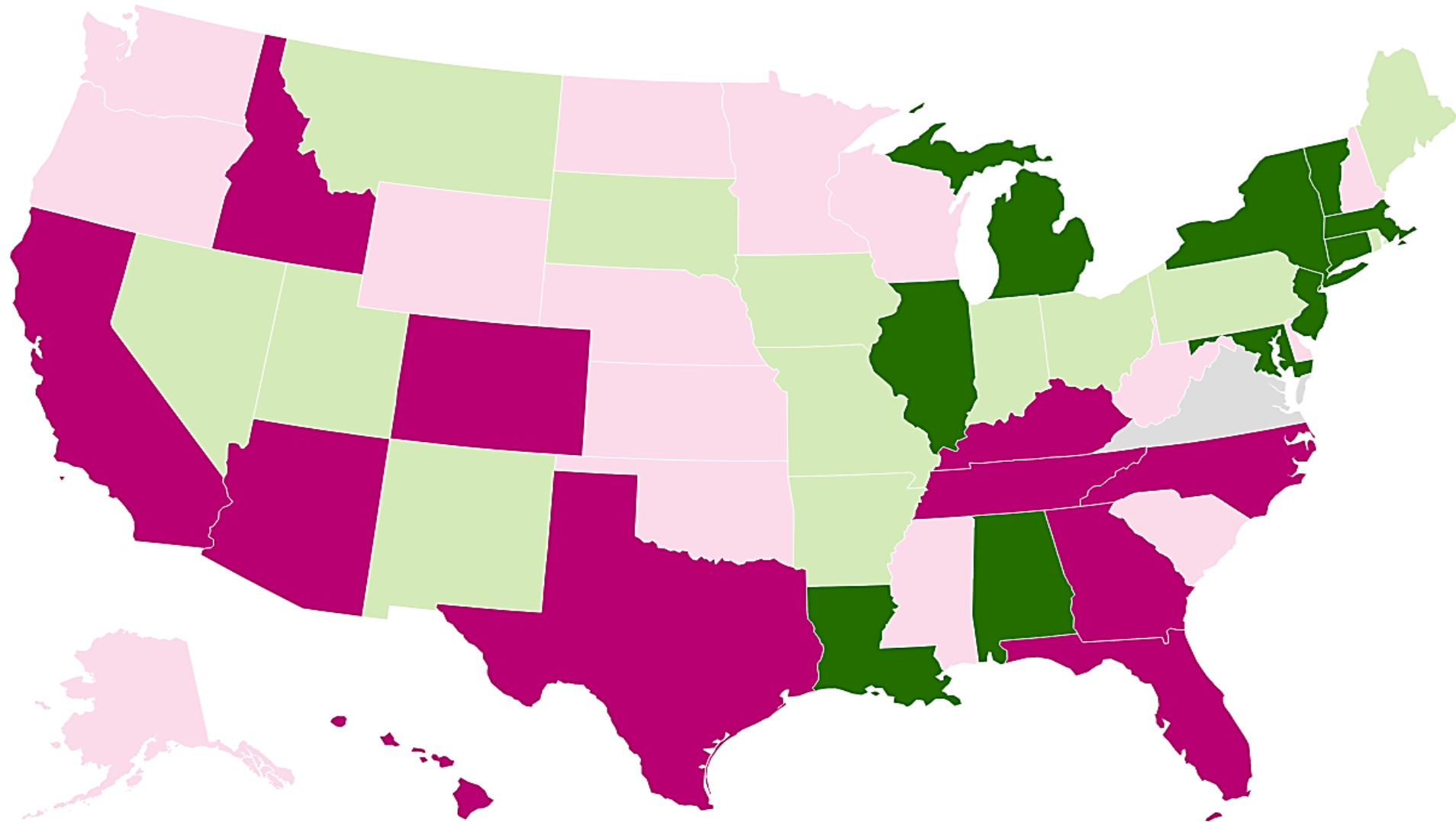
Domestic Migration Into and Out of Virginia



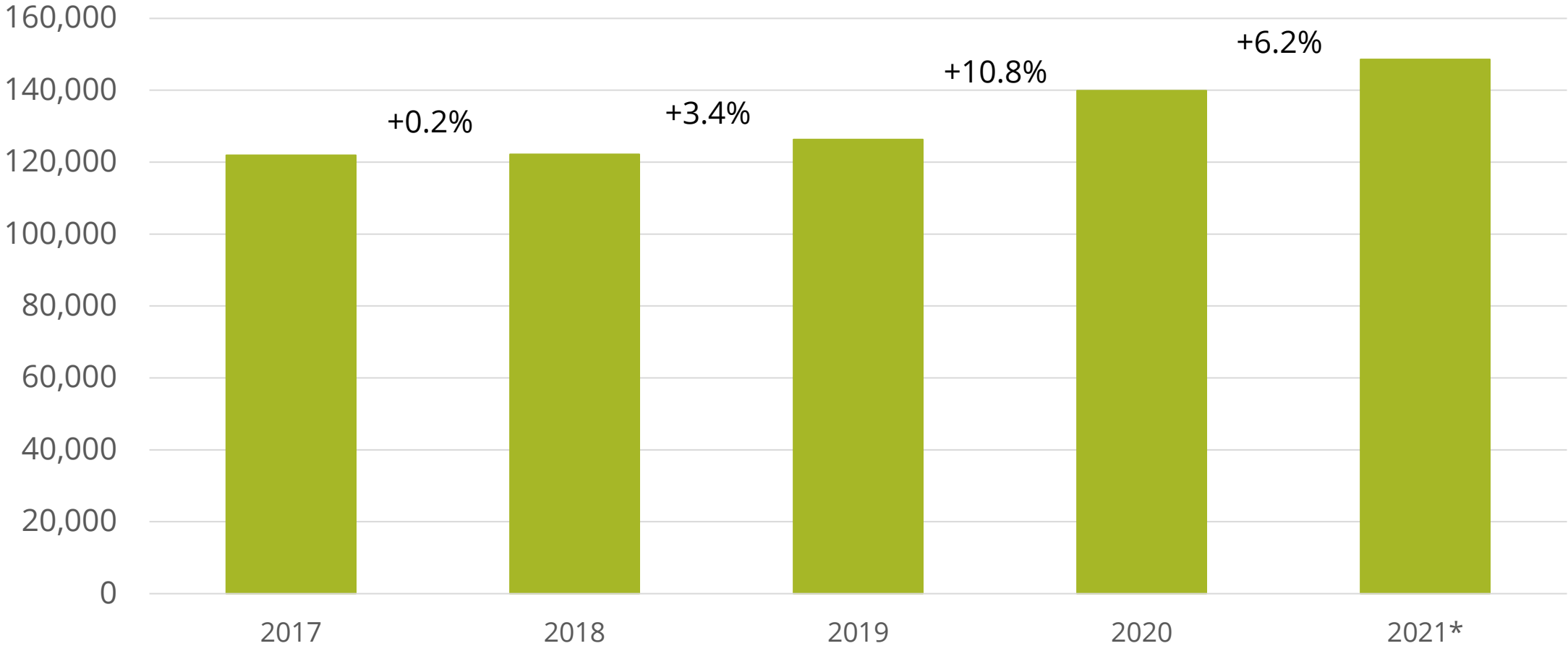
Source: U.S. Census Bureau, American Community Survey

Virginia Net Migration, 2019

■ < -1000 ■ -1000-0 ■ 0-1000 ■ ≥ 1000



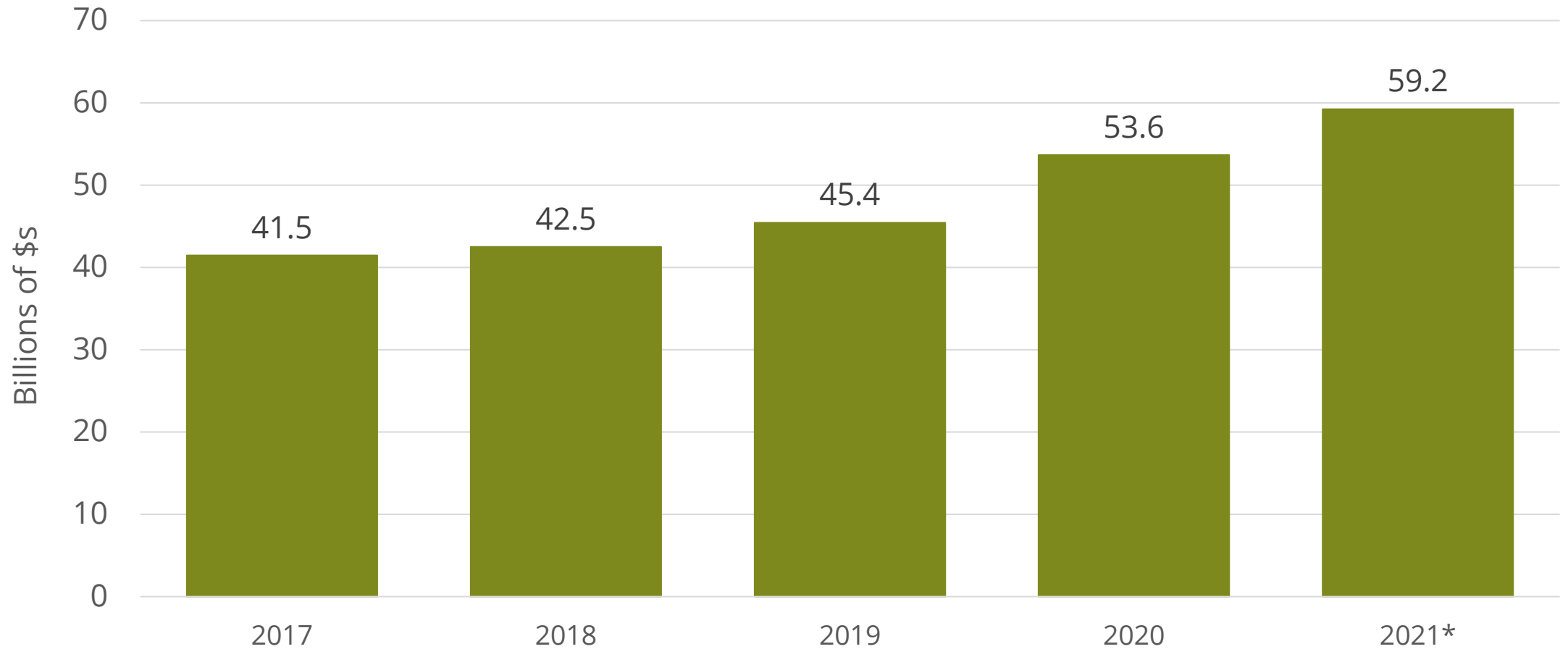
Virginia Home Sales



Source: Virginia REALTORS®

Virginia Home Sales

Sold Volume (billions \$)

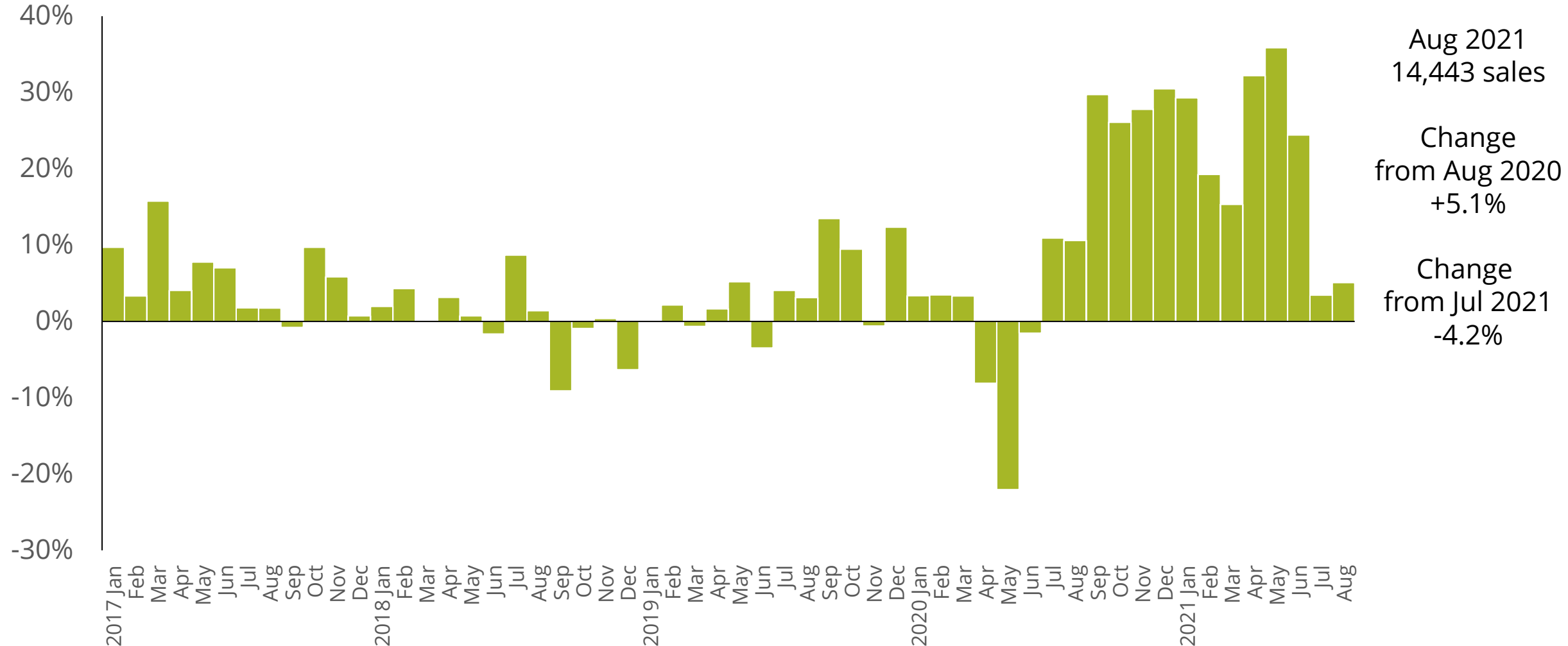


Source: Virginia REALTORS®

*Forecast

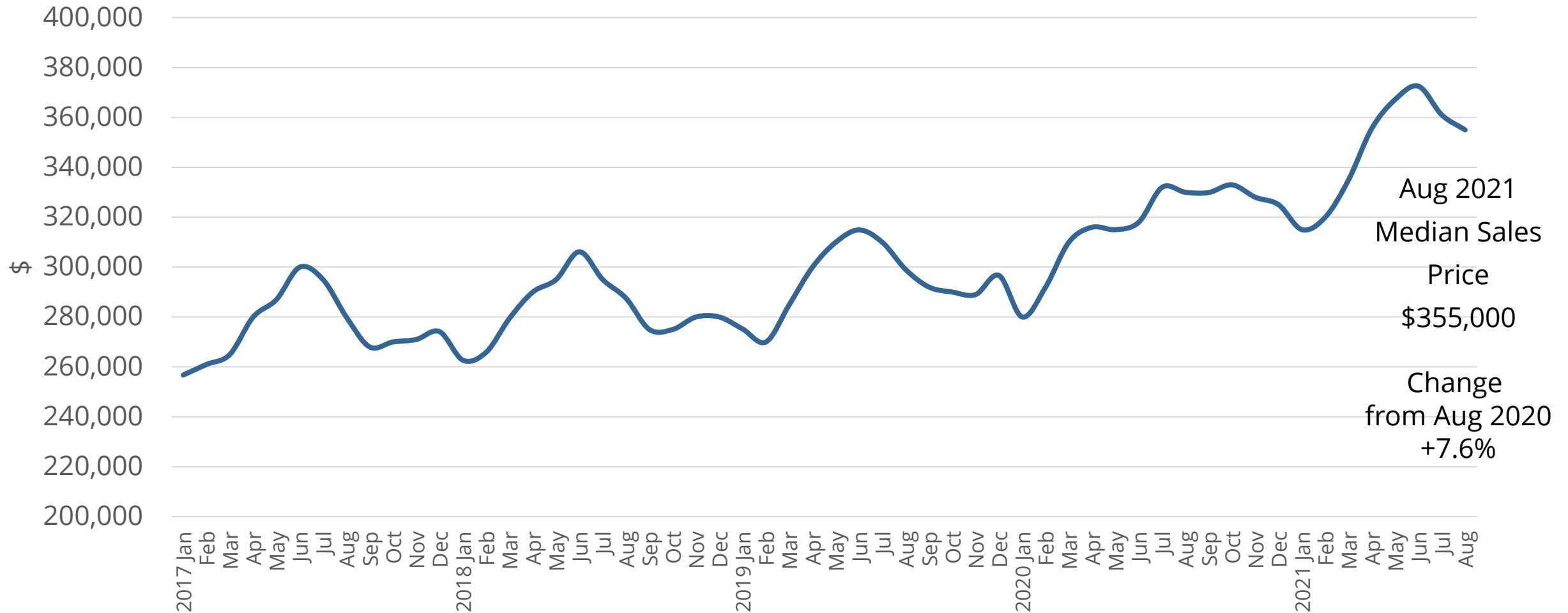
Virginia Home Sales

Y-o-Y Change in Monthly Home Sales



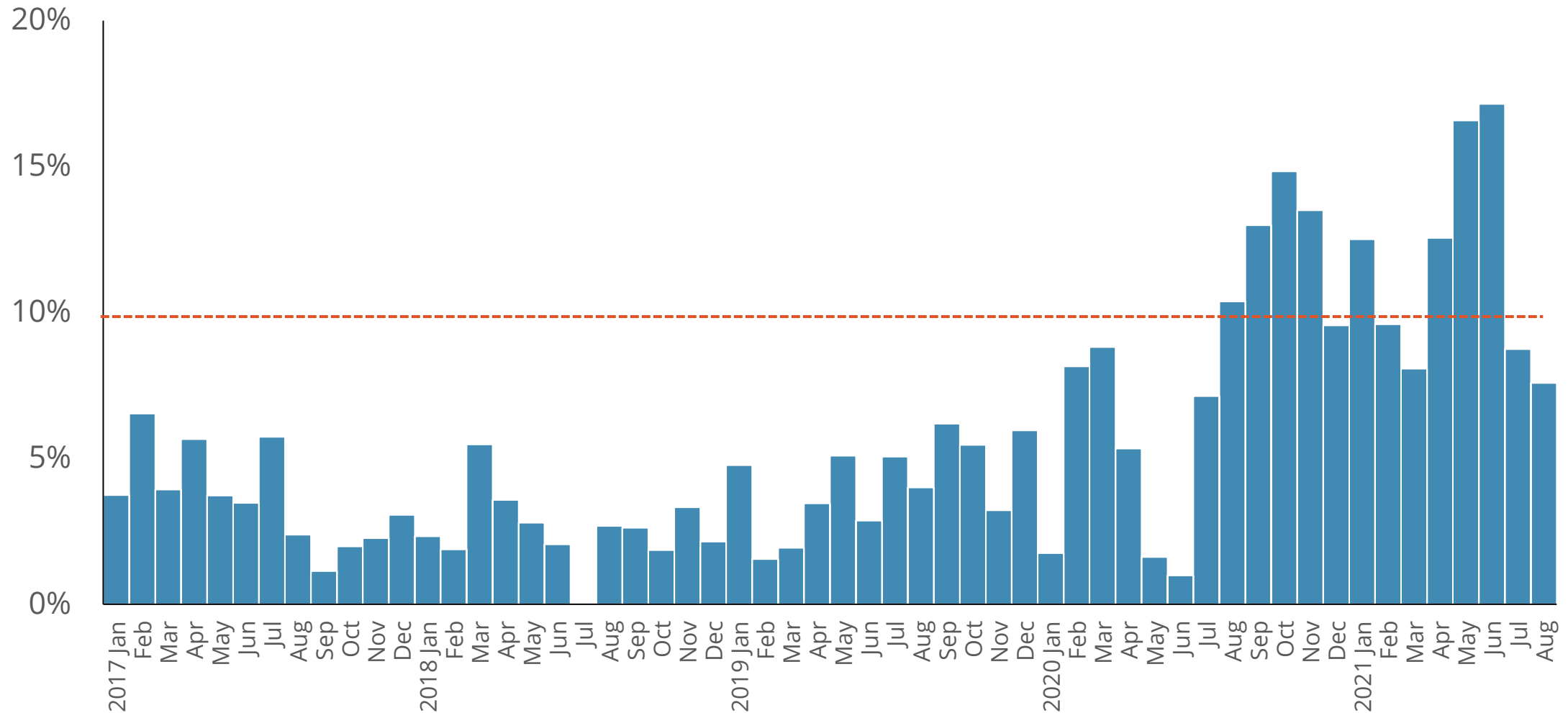
Virginia Home Prices

Monthly Median Home Price

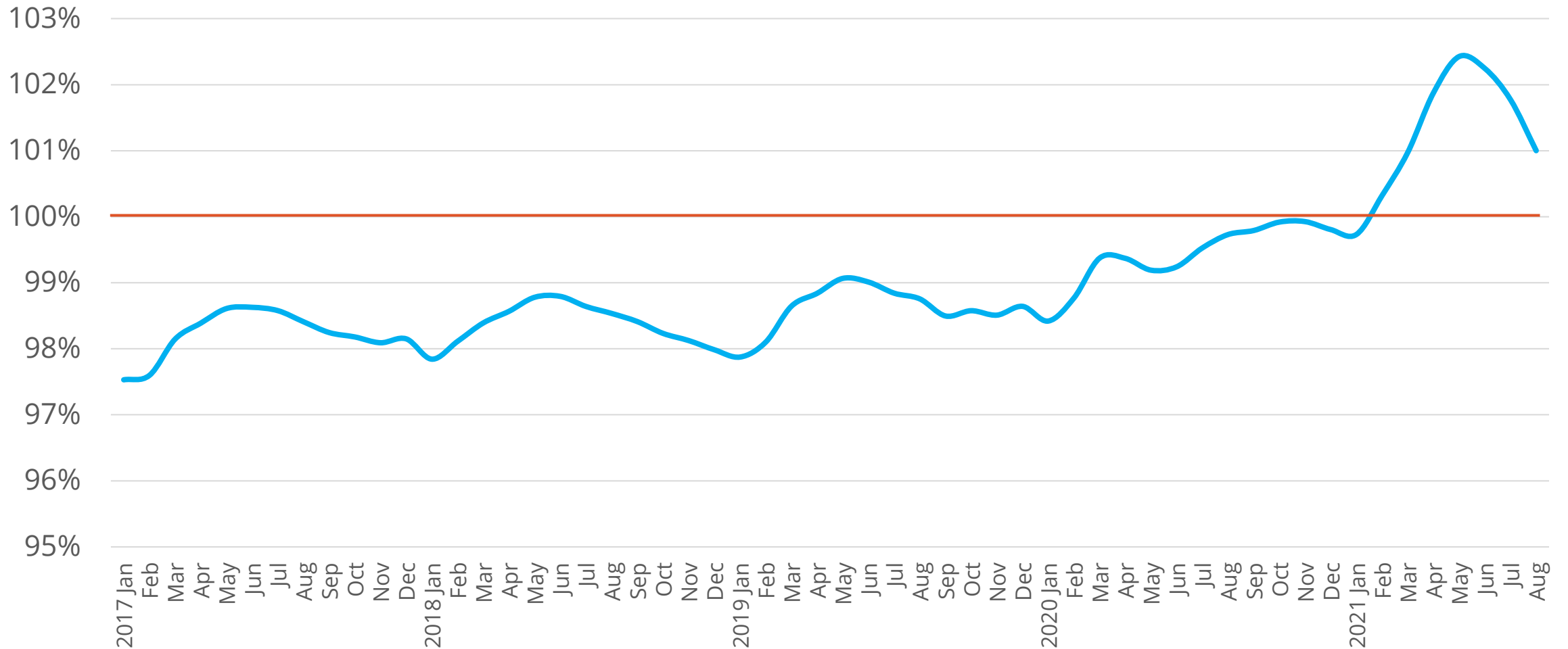


Virginia Home Prices

Y-o-Y Change in Median Home Price

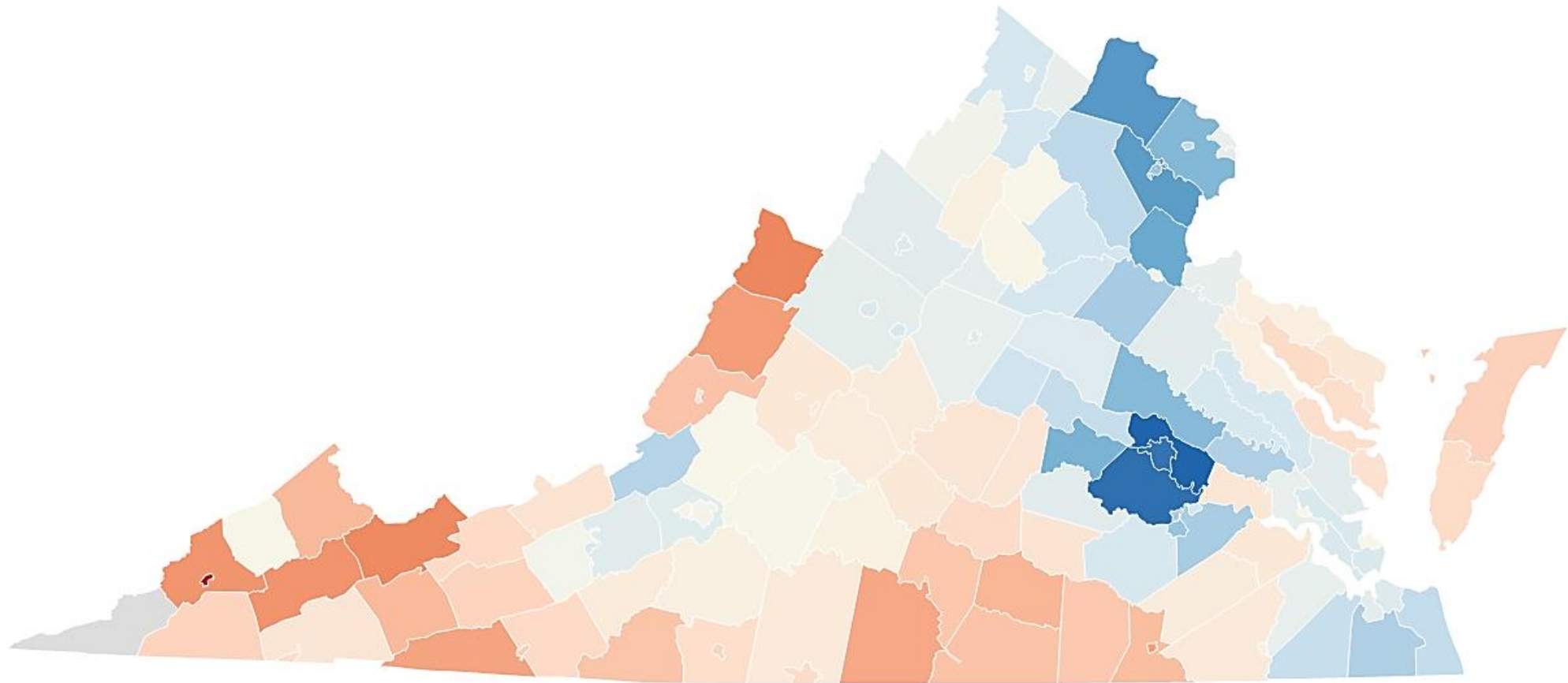


Average Sold-to-List Price Ratio



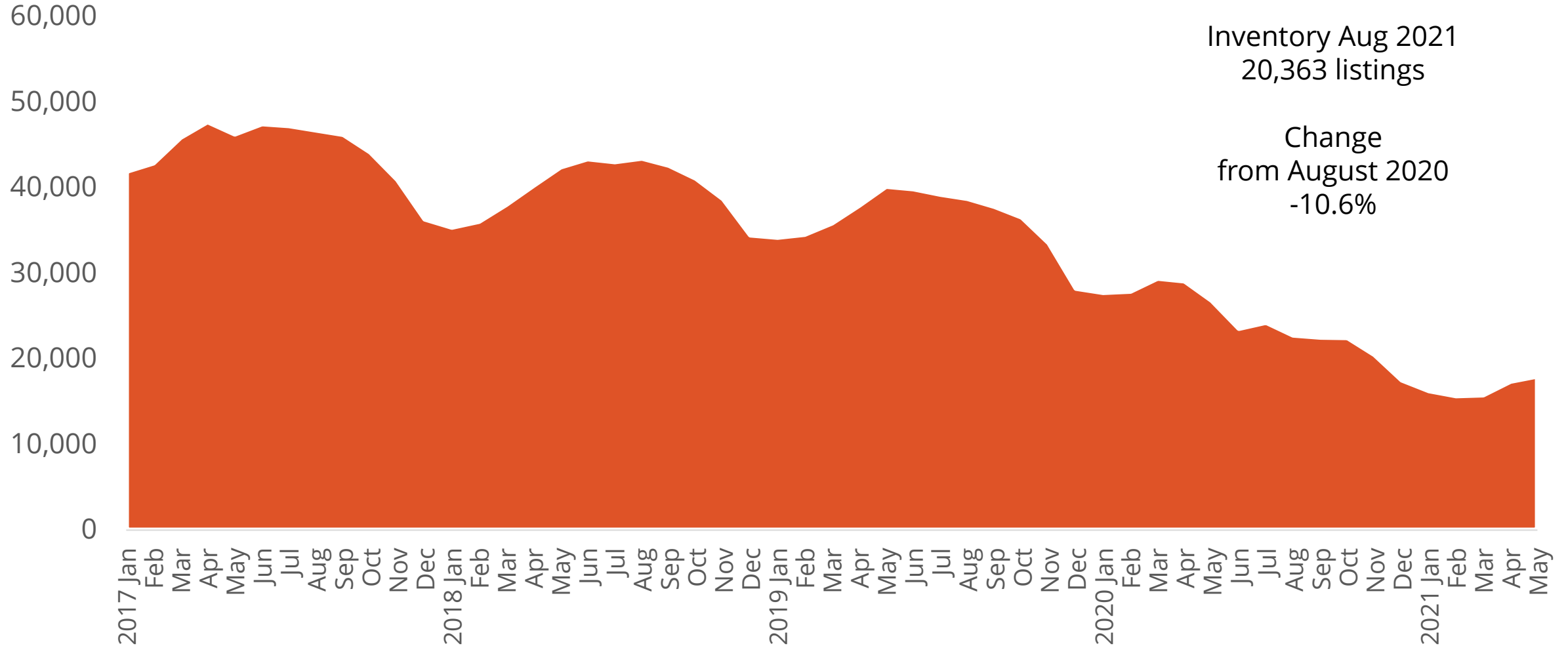
Average Sold-to-List Price Ratio, YTD 2021

Sales-to-List Price Ratio (%)



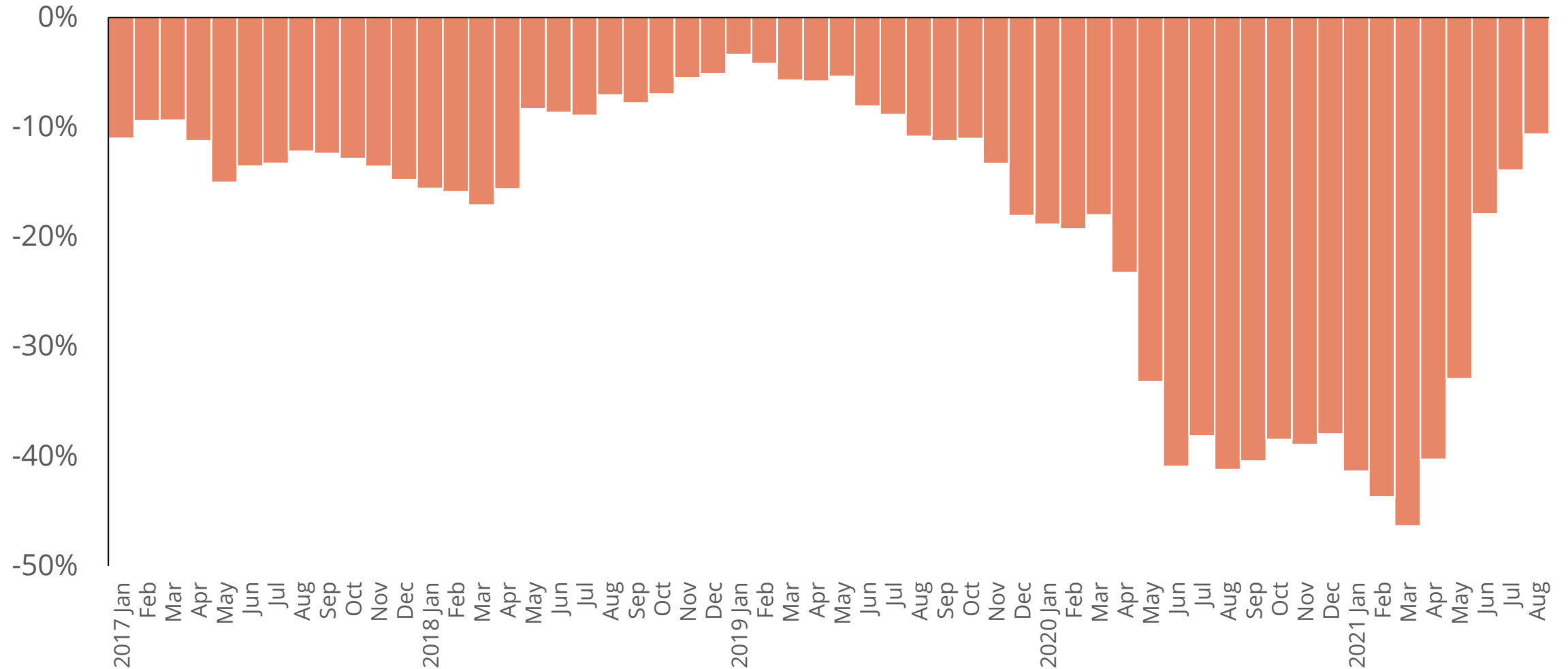
Virginia Inventory

End-of-the-Month Active Listings



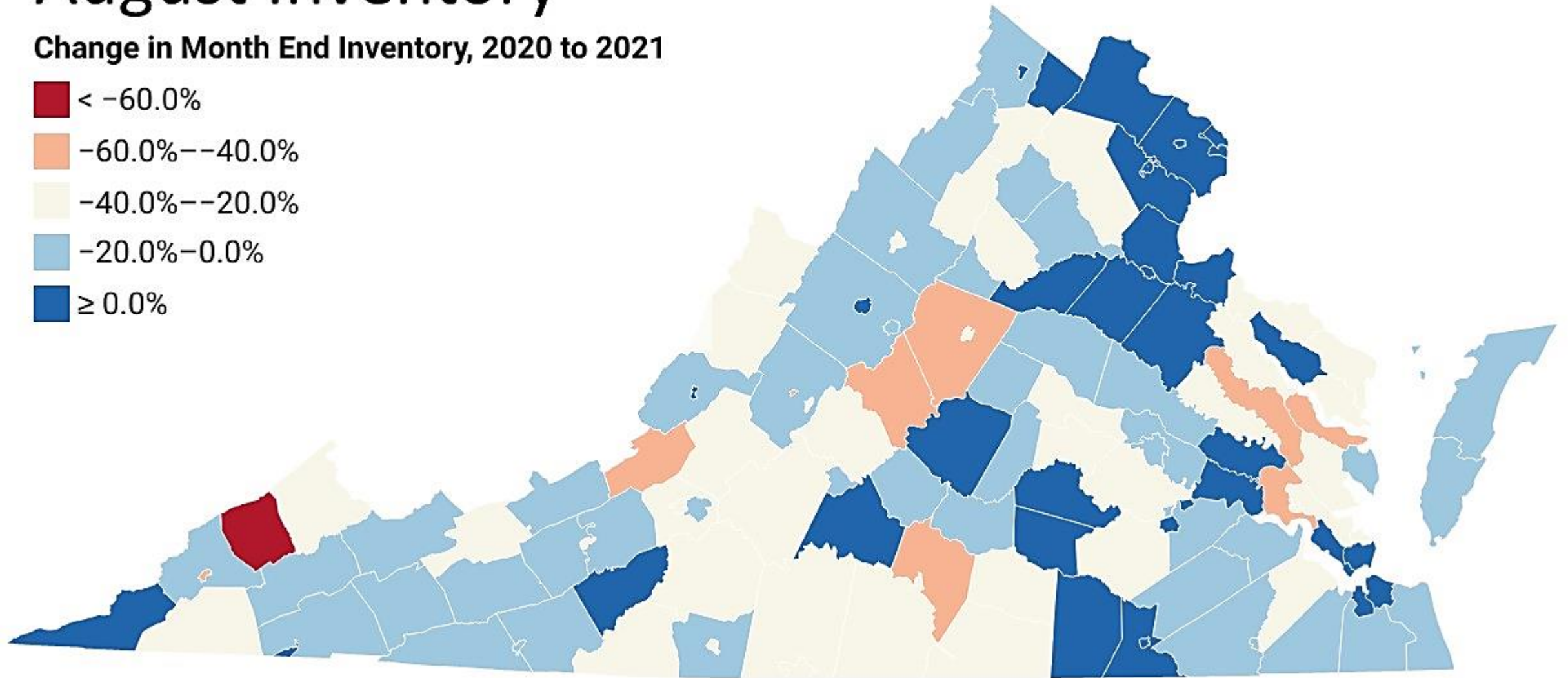
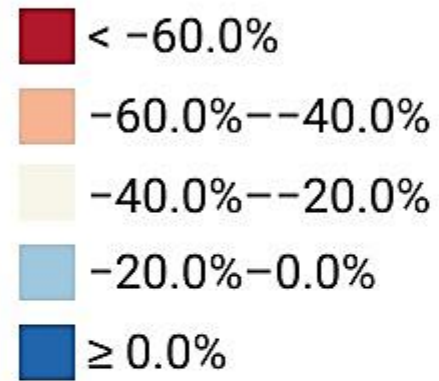
Virginia Inventory

Y-o-Y Change in Month-End Active Listings



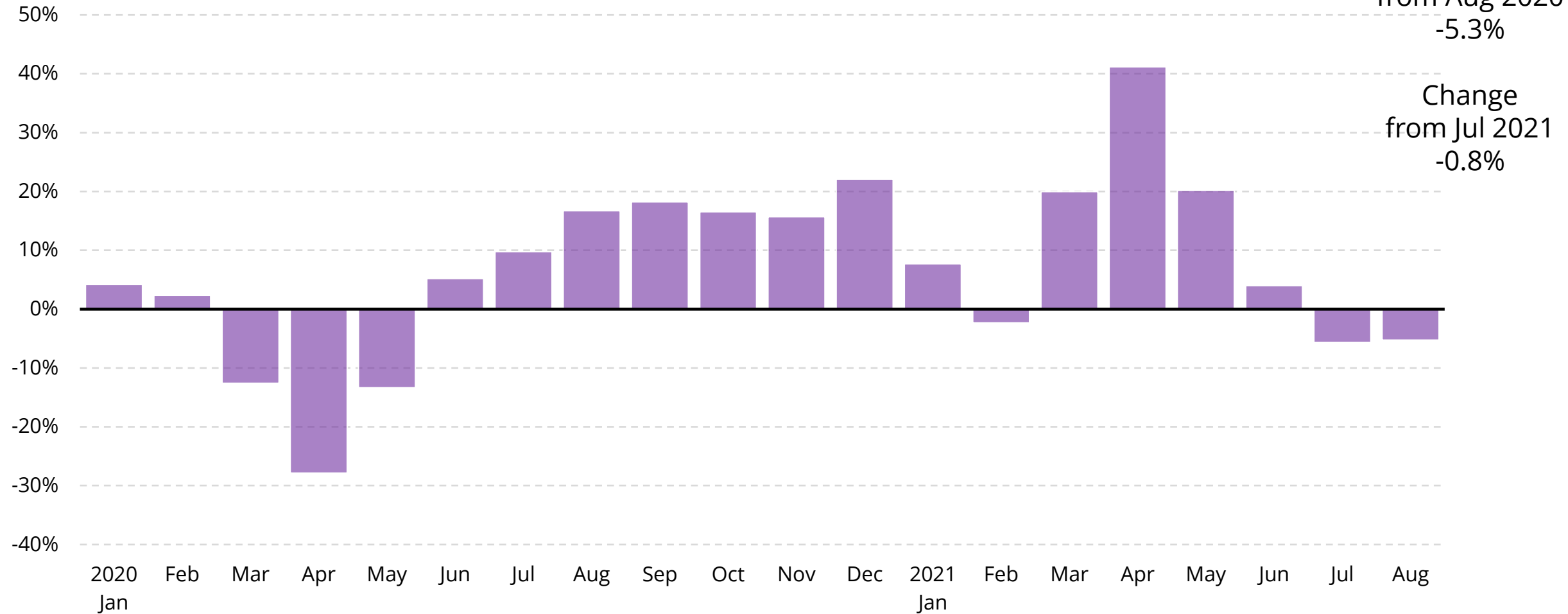
August Inventory

Change in Month End Inventory, 2020 to 2021



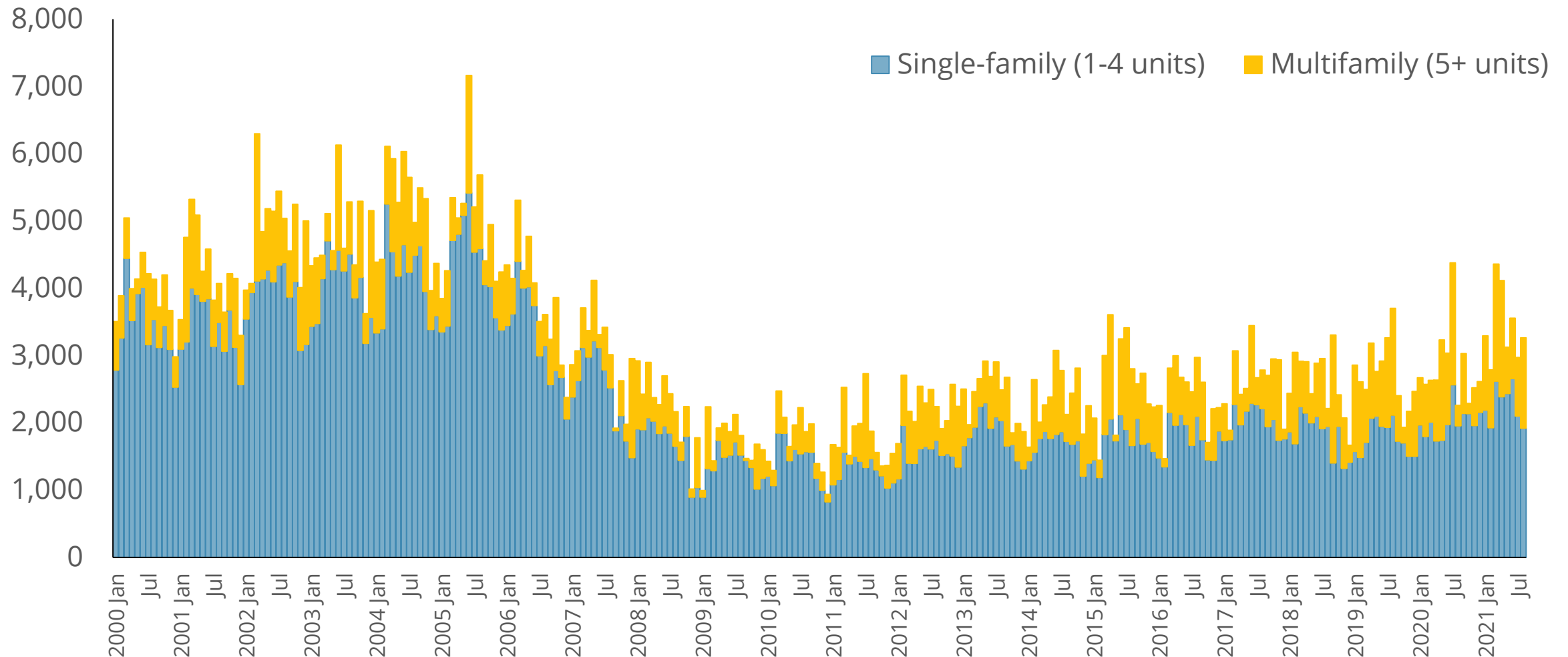
Virginia Pending Sales (under contract)

Virginia Y-o-Y Change in Pending Sales



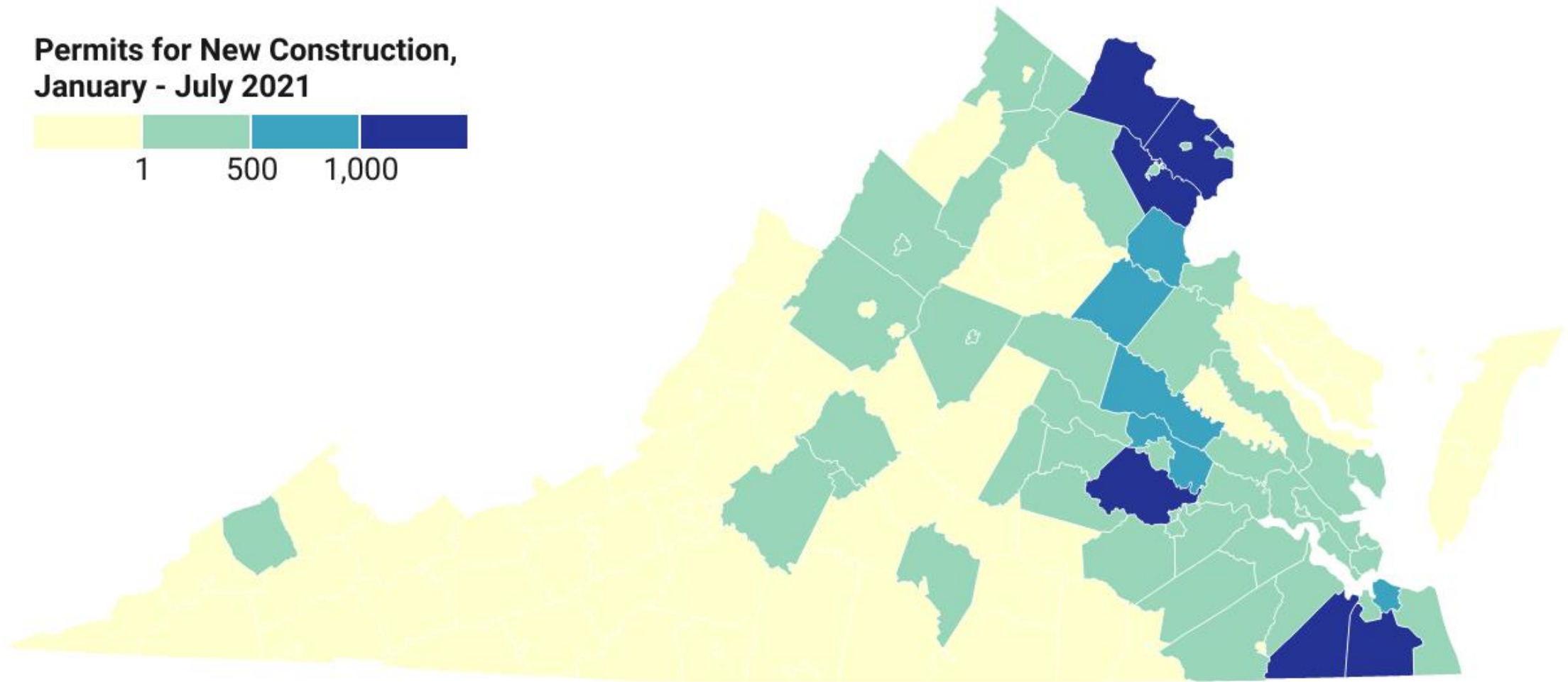
Virginia New Home Construction

Monthly Permits for New Housing Construction



Source: U.S. Census Bureau

Virginia New Home Construction



Forecast



The Economy: Where We're Headed

Job Growth

Annual Change



2021: +1.6%
+62K jobs

2022: +2.0%
+79K jobs

Unemployment Rate

4th quarter



2021: 3.5%

2022: 3.0%

The Housing Market: Where We're Headed



Home Sales

Annual Change

2021: +6.2%

2022: -0.1%



Median Home Price

Annual Change

2021: +9.2%

2022: +4.1%



New Housing Starts

Annual Change

2021: +10.3%

2022: +0.5%



30-Year Mortgage Rate

December average

2021: 3.10%

2022: 4.00%

Have Questions or Need More Info?

Isturtevant@virginiarealtors.org

virginiarealtors.org/research

