

Virginia

HOME SALES REPORT

SEPTEMBER 2021

Virginia Home Sales Report

September 2021

Key Takeaways

- There were **13,079 home sales** in Virginia in September 2021, which is down 2.0% from September 2020. Sales were down 9.4% between August and September, which reflects typical seasonal patterns.
- The statewide median home sales price in September was **\$350,000**, a 6.1% increase over the September 2020 median price, a gain of \$20,100.
- There was approximately **\$5.6 billion in sold volume** in Virginia in September, an influx of about \$200 million from a year ago, representing a 3.4% gain.
- At the end of September 2021, there were **20,726 active listings** statewide, which is 8.0% lower than the supply level at the end of September 2020.

September 2021 Housing Market Summary

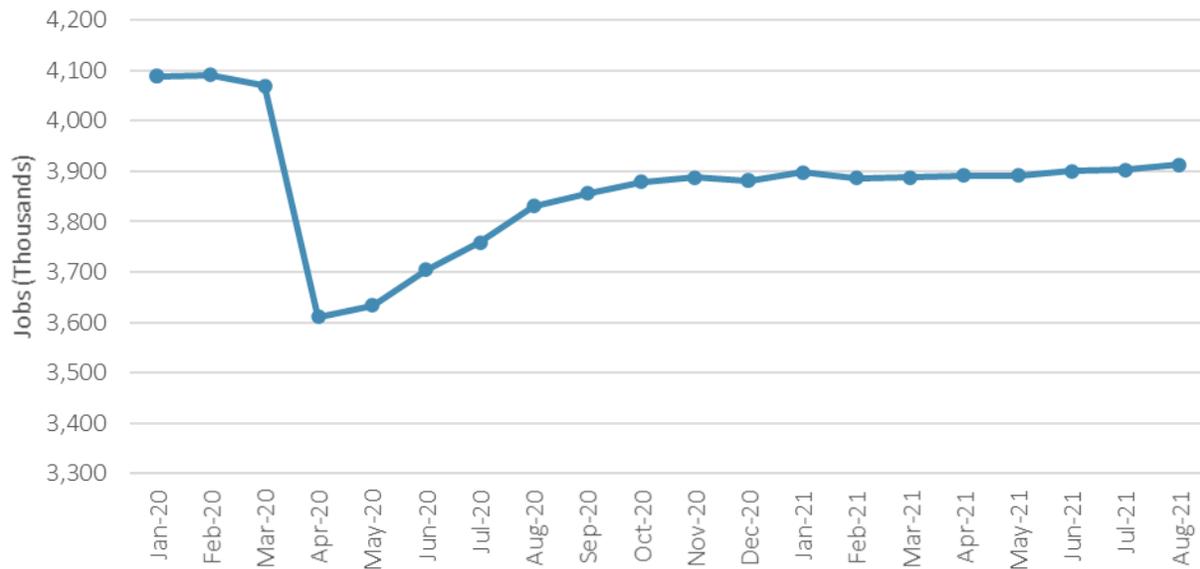
	Sep-20	Sep-21	Change	% Change	YTD 2020	YTD 2021	Change	% Change
Sales	13,346	13,079	-267	-2.0%	99,817	116,136	16,319	16.3%
Median Sales Price (\$)	329,900	350,000	20,100	6.1%	315,000	350,000	35,000	11.1%
Sales Volume (\$ billions)	5.4	5.6	0.2	3.4%	38.5	50.2	11.7	30.5%
Average Days on Market	37	23	-14	-37.9%	43	25	-18	-42.4%
Pending Sales	11,829	11,176	-653	-5.5%	100,932	108,262	7,330	7.3%
New Listings	15,244	15,074	-170	-1.1%	129,033	138,372	9,339	7.2%
Active Listings (end of the month)	22,535	20,726	-1,809	-8.0%	22,535	20,726	-1,809	-8.0%
Months of Supply	2.1	1.6	-0.5	-22.3%	2.1	1.6	-0.5	-22.3%

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

Economic Overview

Virginia's economy continues to improve, though the Delta variant has taken the wind out of its sails in recent months. The growing uncertainty over the summer and into the fall has eroded consumer confidence and has made businesses re-think opening decisions. Despite the uncertainty, it is expected that the state's economy will continue to expand throughout the rest of 2021, and economic growth will accelerate in 2022.

Figure 1. Total Jobs in Virginia (in thousands)



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

Jobs

In August 2021, there was a total of 3.91 million jobs in Virginia, which is up 82,500 jobs from a year ago, and is an increase of 12,500 jobs from the previous month. Job growth has been steady, but the pace of the economic recovery has slowed. There are still about 175,000 fewer jobs in Virginia than there were before the pandemic. It is projected that the state will not re-gain all of the jobs lost during the pandemic until at least the end of 2022.

Northern Virginia led the state in job growth in August, adding about 3,700 jobs from July 2021. Both the Winchester and the Harrisonburg regions also had relatively strong job growth, with 500 and 400 more jobs in August, respectively, compared to July. Several metro areas in the state had job losses in August. The sharpest drop was in the Richmond metro area, which had about 2,400 fewer jobs in August than in July of this year. The Virginia Beach metro area had about 2,000 fewer jobs in August than in the previous month.

Most of the job growth in Virginia between July and August was in the Government sector. The Local Government sector had 6,700 jobs added from July, and there were about 2,400 more State Government jobs in August compared to July. Some of this job growth is related to the start of the academic year. The Other Services sector also had a strong month in August, with about 4,600 jobs added from July 2021. (The Other Service sector includes personal services, such as hair dressers, repair and maintenance services, and associations.) The Retail Trade sector was hit hard at the end of the summer, with about 4,100 fewer jobs in August compared to July of this year.

Despite steady gains in many sectors over the past year, most job sectors in Virginia have not yet fully recovered to pre-pandemic levels, notably Leisure and Hospitality, which is down about 73,900 jobs from January of 2020, and also the Health Care sector, which had 18,800 fewer jobs in August compared to the beginning of 2020.

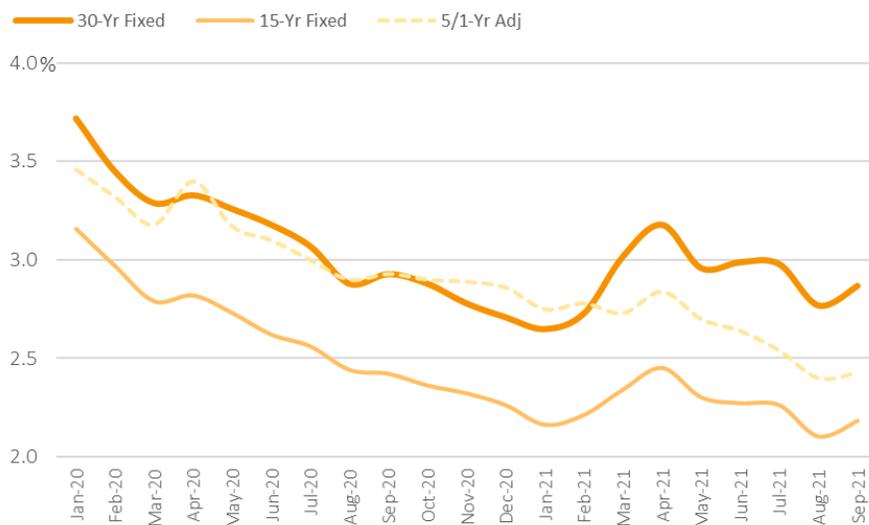
Unemployment

Virginia’s unemployment rate (seasonally adjusted) was 4.0% in August, which is down from 4.2% in July. The state’s unemployment rate continues to be lower than the national rate, which was 5.2% in August. Unemployment has been trending down now for 17 consecutive months in Virginia as the economic conditions continue to improve from the start of the pandemic.

Mortgage Rates

The average rate on a 30-year fixed-rate mortgage has consistently been below three percent for most of the past year. With an improving economy, mortgage rates have been rising slightly, though they still remain at historically low levels. At the end of September, the average 30-year fixed-rate mortgage rate had edged up to just above 3.0%. Rates are expected to rise modestly over the next few months but should remain below 3.5% throughout the end of the year.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

For the first time in more than a year, sales activity in Virginia slowed down compared to the prior year. This deceleration in sales activity was expected since market activity last September was much higher than normal. Despite the slowdown, total year-to-date sales through September continue to outpace last year's level, though this is partly due to the dramatic slowdown that occurred last spring at the onset of the pandemic. The market cooling is reflected in moderating price growth and sold dollar volume as well. The inventory of active listings in Virginia remains tight, but supply is declining much more slowly than it was earlier this year, which is good news for buyers who have been yearning for more options in their local markets.

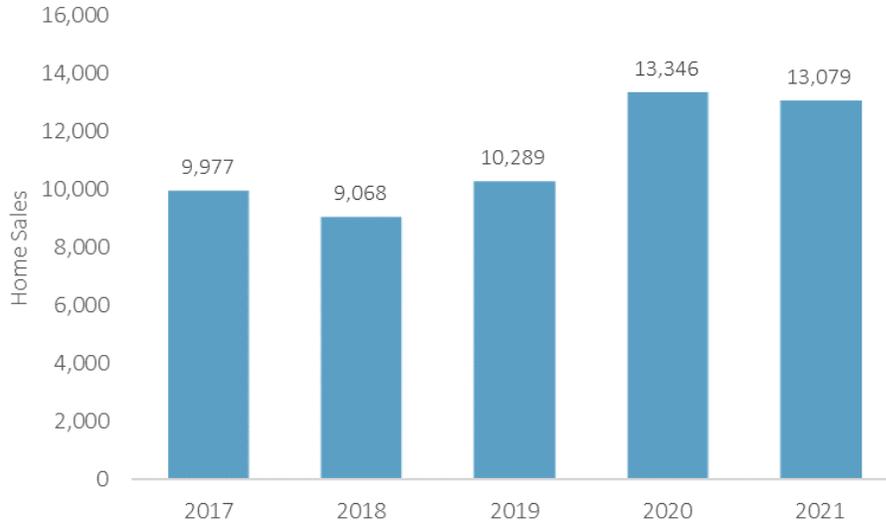
Sales

There were 13,079 homes sold throughout the commonwealth in September, 267 fewer sales than a year ago, which is a 2.0% decline. This is the first year-over-year dip in statewide sales activity since June 2020. The slowdown in sales this month reflects a continuation of the recent cooldown that some local markets around Virginia began to experience towards the end of the summer. It is also important to keep the September sales totals in context, particularly when comparing to 2020. Sales were surging last September, as pent-up demand from the abrupt market slowdown during the spring and historically low mortgage rates fueled housing markets throughout Virginia for much of 2020 and well into 2021. This September is a return to somewhat more normal market patterns, though sales continue to far outpace pre-pandemic levels, up 27.1% from September 2019.

One signal that a return to seasonality is underway is that total sales in Virginia declined 9.4% between August and September this year, which is a typical end-of-summer slowdown. Between 2015 and 2019, sales fell an average of 15.6% between August and September. During the 2020 surge, sales activity was relatively strong between the summer and fall transition, inching down just 2.9% from August to September last year.

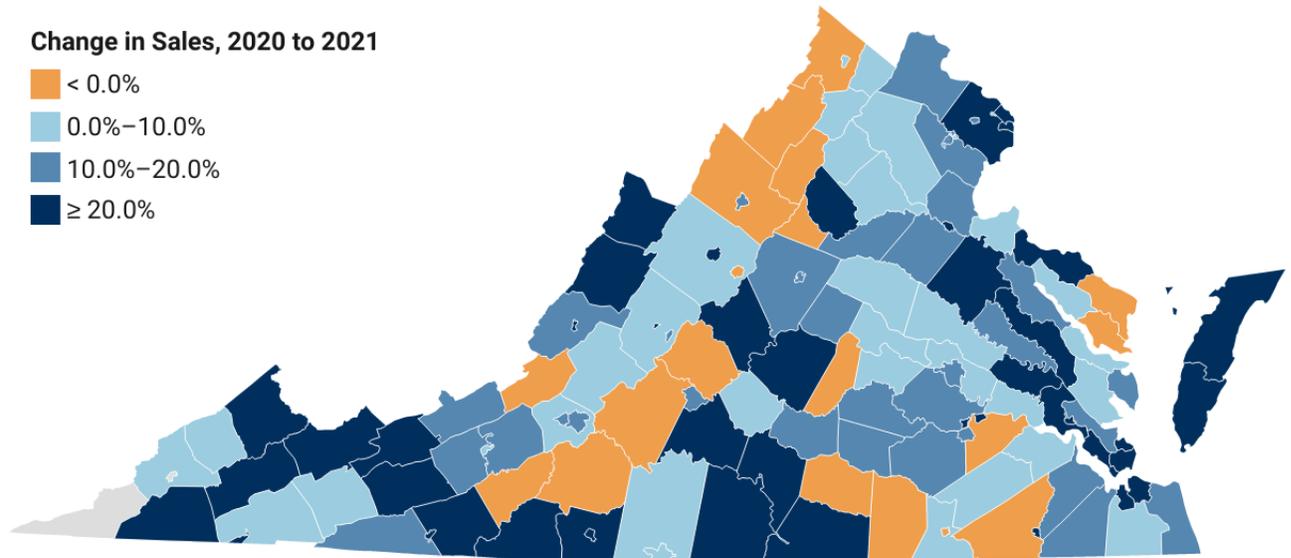
Even with this return to more normal patterns, the statewide year-to-date sales in 2021 (January through September) continues to outpace last year, up 16.2%, compared to January-September 2020. Sales growth can be seen in many local markets around Virginia, including Hampton Roads, the Richmond metro area, Northern Virginia, and most of Southwest Virginia, among others.

Figure 3. Virginia Home Sales, September



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

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



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

Home Prices

Home prices in Virginia are rising, though the pace of price growth has slowed down from the frenzied growth of the past year or so. At \$350,000, the September median sales price in the Commonwealth was about \$20,000 higher than it was last September, which is a 6.1% increase. While price growth has moderated, the median sales price is still much higher than pre-pandemic levels. The September median sales price statewide is 19.9% above September 2019, which is an increase of \$58,000.

Most regions in Virginia continue to have higher prices than last year. In September, the largest year-to-date median sales price growth was in parts of Southwest Virginia, the Northern Neck and Chesapeake Bay areas, and in parts of Southern Virginia. Through the first nine months of this year, the median sales price statewide is up 11.1% from where it was a year ago, which is a \$35,000 increase.

The statewide average sold-to-list price ratio in September was 100.6%, which means that, on average, homes sold in Virginia closed at a price that was 0.6% 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.

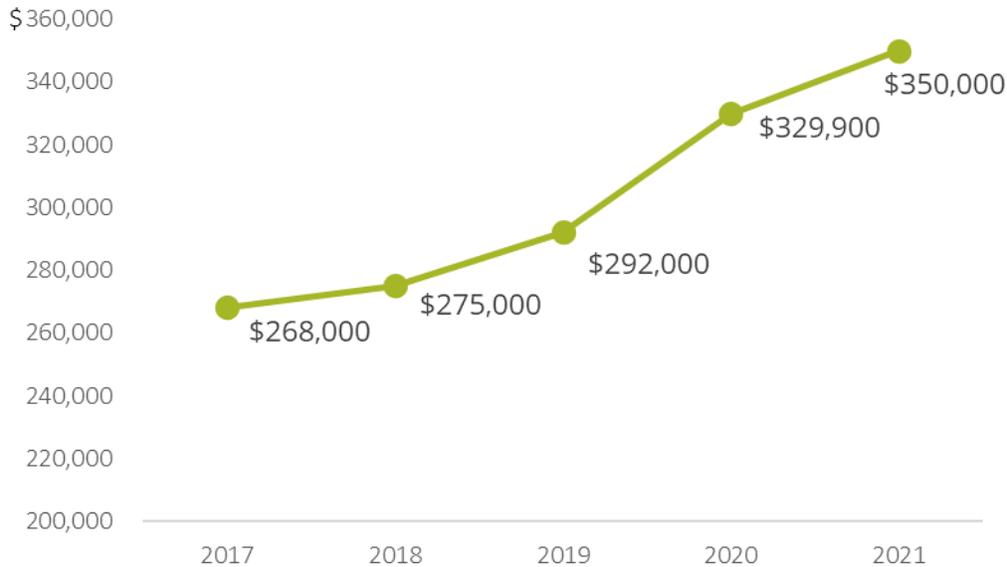
Nearly all price levels continue to have an average sold-to-list price ratio exceeding 100%; however, the ratio at all price levels decreased from August, which reflects seasonal price trends and also less upward pressure from buyers in the market. The \$400,001 to \$600,000 price range continues to have the highest average sold-to-list price ratio, at 101.1% in September. Homes that were priced between \$600,001 and \$800,000 had an average sold-to-list price ratio of 100.7%, while homes priced at \$200,000 or below sold for slightly less than asking price, with an average sold-to-list price ratio of 98.8%.

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

Price Range	Ratio
\$200,000 or less	98.8%
\$200,001 to \$400,000	100.9%
\$400,001 to \$600,000	101.1%
\$600,001 to \$800,000	100.7%
\$800,001 or More	100.4%
All price levels	100.6%

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

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



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

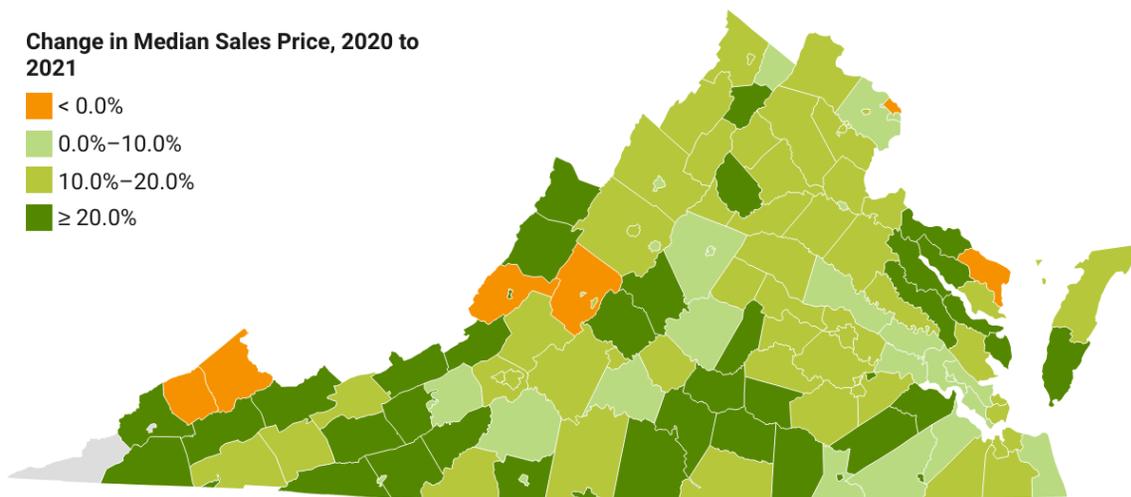
About half (45.5%) of all homes sold in Virginia in September were priced between \$200,001 and \$400,000, making it the largest price segment in the market. Nearly one out of every four (22.0%) homes sold in September sold for \$400,001 to \$600,000. Price levels have been trending up rapidly over the past year, which is evident in how the market share is shifting at both ends of the price spectrum. In September, homes priced above \$600,000 accounted for more sales (17.8% of all sales) than homes priced below \$200,000 (14.8% of all sales). In September of last year, it was the opposite, when homes priced below \$200,000 represented a larger market share (18.8% of all sales) than homes priced above \$600,000 (15.8% of all sales).

Figure 7. Sales by Price Range, September



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

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

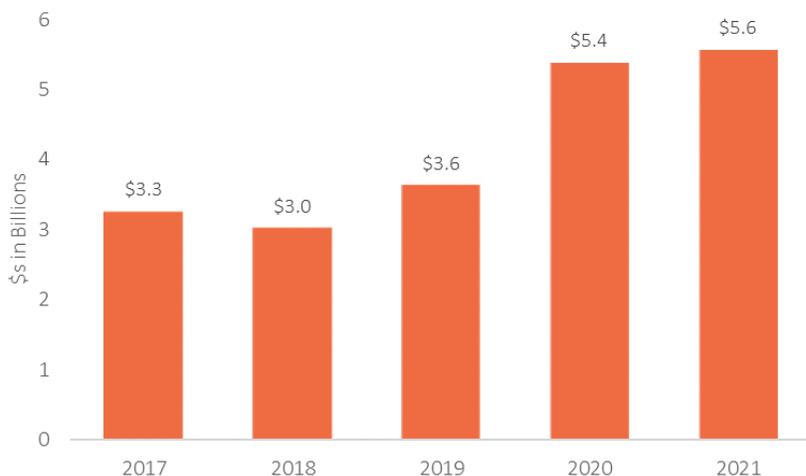


Source: Virginia REALTORS®, data accessed October 15, 2021

Sold Volume

While the total number of sales transactions in the state slowed in September compared to a year ago, higher prices continue to push up the sold dollar volume above last year, albeit modestly. There was about \$5.6 billion of sold volume throughout Virginia in September, up 3.4% from this time last year, which is an increase of about \$200 million statewide. September’s growth in sold volume represents a notably smaller increase compared to the prior 14 months. Total sold dollar volume in the state in September was down 10.4% from August, which is normal for this time of year in the housing market.

Figure 9. Sold Dollar Volume, September

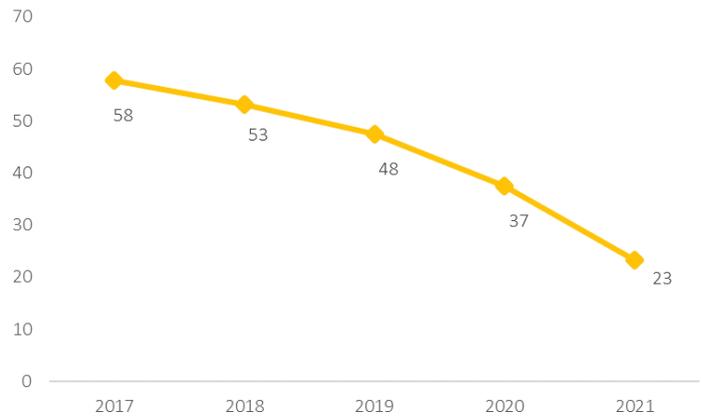


Source: Virginia REALTORS®, data accessed October 15, 2021

Days on Market

Homes that sold in September in Virginia were on the market an average of about three weeks (23 days), which is two weeks faster than a year ago (-14 days). Homes have been selling much faster on average in Virginia over the past year as supply has dwindled and buyer demand has been consistently strong. This pattern of homes selling faster than last year has been common in local markets throughout the state.

Figure 10. Average Days on Market, September

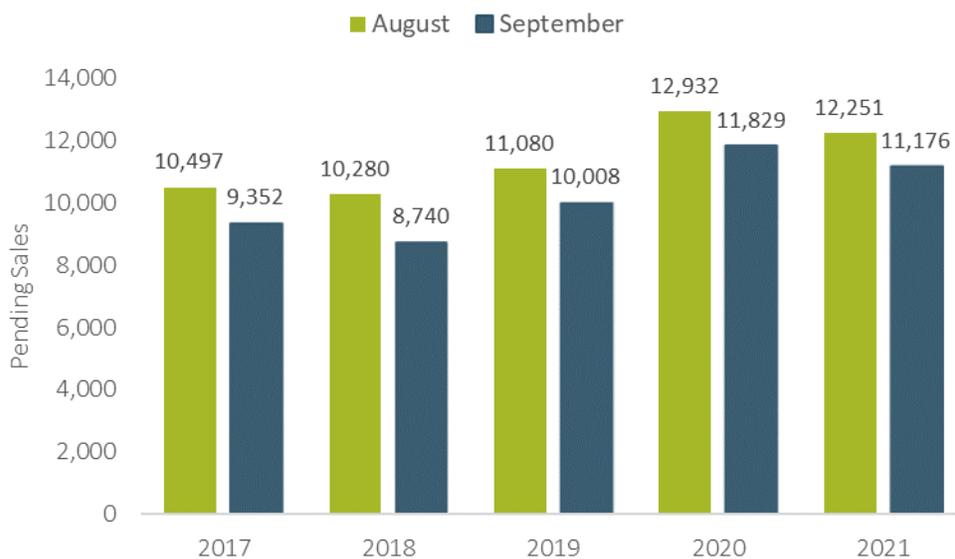


Source: Virginia REALTORS®, data accessed October 15, 2021

Pending Sales

There were 11,176 pending sales in Virginia in September, a 5.5% decrease from this time last year, which is 653 fewer 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. Pending sales statewide have now decreased for three consecutive months compared to last year. While this is partially due to the strong sales growth a year ago, it also reflects the cool down taking place in many local housing markets around the state. Pending sales in September were down 8.8% from August, statewide, which is typical of seasonal market patterns.

Figure 11. Pending Sales, August and September



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

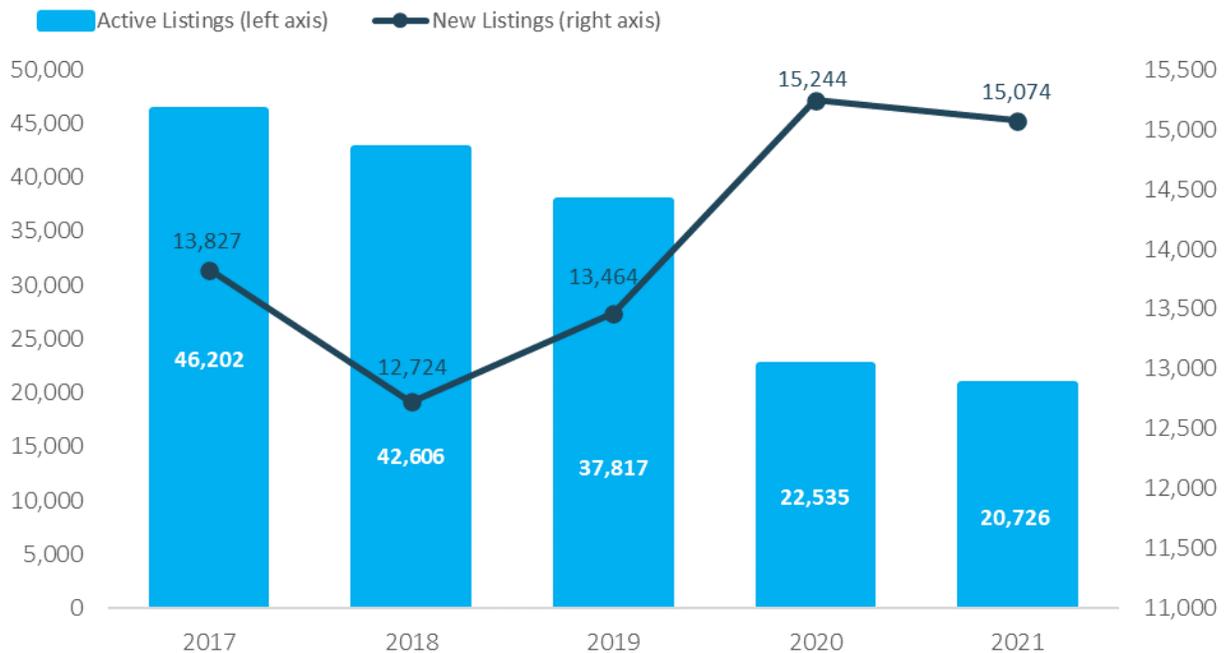
New Listings

There were 15,074 new listings across Virginia in September, slightly fewer than a year ago, a modest 1.1% decline. This is the first time since March that the total number of new listings statewide dropped compared to the prior year. Despite the small decline statewide, nearly half of the local markets in the state (47%) had more new listings than last September. This metric will be a key one to watch in the coming months; if new listings continue to drop, it could be a sign of waning seller optimism.

Active Listings

The supply of homes for sale in Virginia continues to shrink overall compared to prior years; however, the rate of decline has been much less drastic in recent months. At the end of September, there were 20,726 active listings across the commonwealth, an 8.0% drop in supply from a year ago, which is about 1,800 fewer listings. The statewide inventory inched up 1.8% from August to September, which is the first uptick between these two months in more than five years.

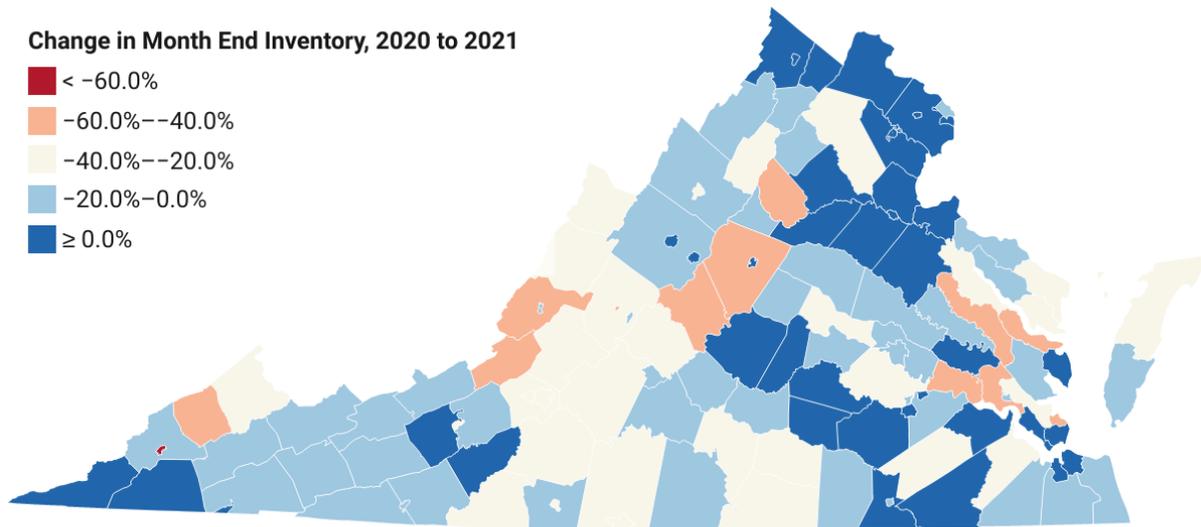
Figure 12. Inventory, September



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

Note: Active listings at the end of the month

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

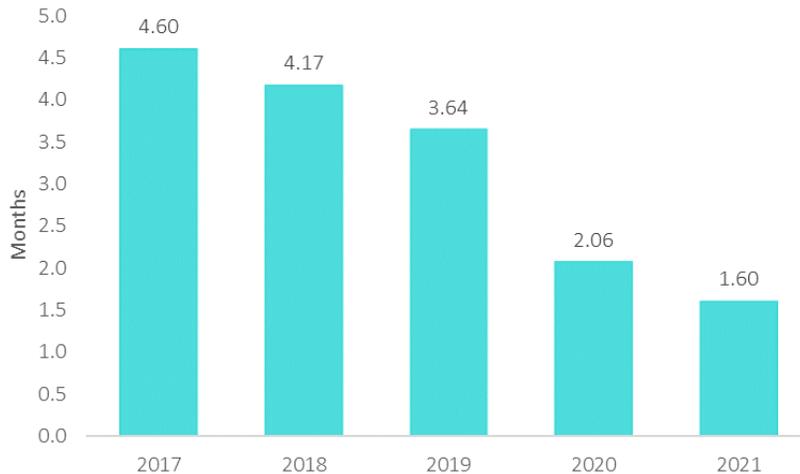


Source: Virginia REALTORS®, data accessed October 15, 2021

Inventory is growing in some parts of the state. The fastest inventory growth continues to be primarily in the northern markets, including Northern Virginia, the Winchester region, and the Fredericksburg area. There have also been increases in inventory in Hampton Roads, Southwest Virginia, areas of Central Virginia, and parts of the Richmond metro area. Portions of the Shenandoah Valley and some of the markets around Charlottesville continue to have fewer active listings than last year.

At the end of September 2021, there was an estimated 1.60 months of supply in Virginia, down from 2.06 months of supply at the end of September 2020. 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, September



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

Outlook

Virginia’s housing market is showing signs of falling back into typical seasonal patterns, after a year of unprecedented growth. Fueled by pent-up market demand from the pandemic slowdown last spring and the need for more space as adaptations to work, life, and school arrangements became necessary, along with historically low interest rates, housing markets throughout the commonwealth surged at a frenzied pace over the past year. Current housing data suggests this growth is cooling off in many areas and the data is also showing more typical seasonality.

Statewide sales activity declined in September, both from last year and from August. The drop from last year reflects a cooldown from the overheated 2020 market, and the drop from August is typical for this time of year. Price growth moderated in September from earlier this year, reflecting moderate easing of demand, and the median sales price in the state declined from August, which is a normal seasonal pattern. Inventory levels, while still tight, are beginning to expand in some parts of the state, which is taking some of the pressure off buyers who are active in the market. As the fall market continues, it is likely that market activity will continue to cool, and home price growth will continue to moderate.

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

- For the third consecutive month, pending sales activity dipped below last year’s level. This recent cooldown in transaction volume is now becoming apparent in the closed sales data as well. Growth in closed sales started slowing down relative to last year in July, which continued through August, and then sales activity actually declined in September compared to last year, the first drop in over a year. While this is still a newly

emerging trend and reflects the surge in home sales last year, it will need to be closely monitored as we head into the fall market. In many areas around the state, and across the nation, housing markets were surging well beyond typical seasonal patterns through the second half of 2020 and the first half of 2021. As pending sales, and now closed sales numbers, are slowing down, it could indicate that buyers are less eager to enter into bidding wars and offer concessions that were virtually unheard of during more typical markets. It could also reflect growing affordability challenges that have left many first-time homebuyers and buyers at the margins of the current price levels on the sidelines, many of whom may have opted to enter into a lease agreement on a rental home instead of buying.

- The number of homes available for sale, while still very low compared to historical levels, is expanding in many parts of Virginia. Statewide active listings at the end of September were just 8% lower than a year ago, which is the mildest decrease in years. New listings fell slightly this month but have been trending up for much of 2021. These trends reflect growing options for buyers in what has been a tight and very competitive market. It is possible that the inventory is nearing an inflection point, where the supply of active listings will start to be larger than last year at some point either in the fall or early next year.
- Following a brutal summer of Delta variant spread, COVID-19 cases have been decreasing since the middle of September in many areas of the county, including Virginia. As of mid-October, the 7-day average of COVID-19 cases in the U.S. was about half the level it was in mid-September. While it is likely there will be continued ebbs and flows of cases as other variants remain a wild card, there is growing optimism about turning the corner on the pandemic in the coming months. These sentiments are largely being driven by the fact that more people are vaccinated than in previous waves of the virus, and booster shots are becoming available for continued mitigation. Many also anticipate vaccinations for children under 12 are on the horizon this fall. If these trends hold and case counts remain more controlled, it could have a positive impact on the economy and the housing market, particularly with buyers who may have pushed pause on their home search when the Delta variant surge began in July, or potential sellers who were hesitant to list their homes in the middle of the uncertainty. Virginia COVID-19 case data is available here: <https://www.vdh.virginia.gov/coronavirus/>



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.

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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.