

# Virginia

## HOME SALES REPORT

OCTOBER 2021

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## Key Takeaways

- There were **12,570 home sales** in Virginia in October 2021, which is down 6.4% from last year at this time. Sales were down 3.9% between September and October.
- Statewide, the median home sales price in October was **\$350,000**. The median home price was up 5.1% over the October 2020 median price.
- There was approximately **\$5.5 billion in sold volume** in Virginia in October. Total sold volume was relatively flat compared to a year ago.
- Inventory dropped again in October. At the end of the month, there were **18,810 active listings** statewide, which is 16.4% lower than the supply level at the end of October 2020. Inventory also fell by 9.2% between September and October.

## October 2021 Housing Market Summary

	Oct-20	Oct-21	Change	% Change	YTD 2020	YTD 2021	Change	% Change
Sales	13,424	12,570	-854	-6.4%	113,241	128,518	15,277	13.5%
Median Sales Price (\$)	333,000	350,000	17,000	5.1%	319,000	350,000	31,000	9.7%
Sales Volume (\$ billions)	5.5	5.5	0.0	0.4%	43.9	55.6	11.7	26.6%
Average Days on Market	34	25	-9	-26.5%	42	25	-17	-40.5%
Pending Sales	11,715	11,516	-199	-1.7%	112,647	119,778	7,131	6.3%
New Listings	15,319	13,427	-1,892	-12.4%	144,352	151,799	7,447	5.2%
Active Listings (end of the month)	22,499	18,810	-3,689	-16.4%	22,499	18,810	-3,689	-16.4%
Months of Supply	2.0	1.5	-0.6	-27.5%	2.0	1.5	-0.6	-27.5%

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

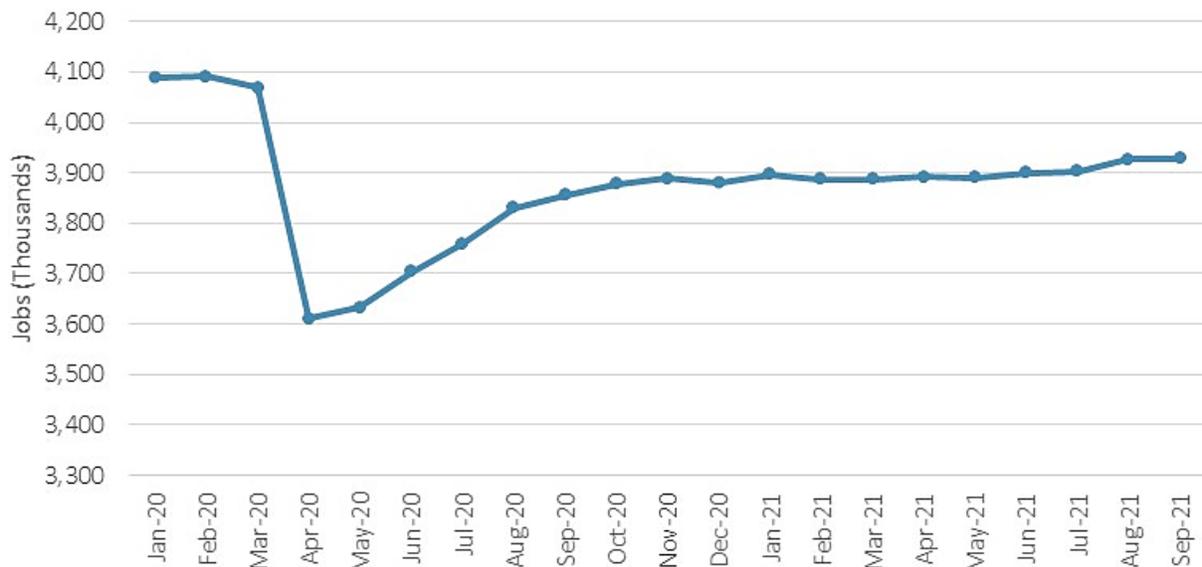
## Economic Overview

Virginia's economy continues to make steady progress, although uncertainty around the Delta variant this summer and early fall led to slower-than-expected job gains. Overall though, businesses are hiring back workers, incomes are rising, and unemployment is falling. The hardest-hit sectors, including the Leisure & Hospitality and Retail Trade sectors, continue to face major headwinds related not only to the Delta variant, but also related to challenges in finding workers. It is expected that job growth will continue to be steady throughout the rest of 2021 and into 2022. An improving economy could lead to expectations of higher interest rates next year.

### Jobs

The economy continues to add back jobs lost during the downturn, but the pace of job creation slowed in September. The Delta variant cooled the economic growth that had been starting to ramp up in the spring and early summer. In September 2021, there was a total of 3.93 million jobs in Virginia, which is 73,000 more jobs than there were a year ago. There are still about 162,000 fewer jobs in Virginia than there were before the pandemic. It is projected that the state will not regain all of the jobs lost during the pandemic until at least the end of 2022.

**Figure 1. Total Jobs in Virginia (in thousands)**



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

Statewide in Virginia, there were an estimated 2,700 net new jobs added to the economy between August and September. The biggest gain was in the Professional and Technical Services sector, where 5,700 new jobs were added. As offices began opening back up again, the number of Administrative and Building Services jobs climbed 3,800 in October. The Health Care sector also saw a boost of 3,300 jobs between August and September.

Offsetting some of these gains were job losses in the Local Government sector (-7,500 jobs). Slower-than-normal hiring in public school systems around the state contributed to this decline. The shortfall may be related to the difficulty hiring support staff, including bus drivers, teaching assistants, and substitute workers.

There was a mixed employment picture in September across the state's metro areas. The Hampton Roads area posted the strongest job growth in September, adding 3,300 jobs compared to August. The Northern Virginia region added about 1,700 jobs, while in the Richmond metro area, the number of jobs dipped slightly between August and September. Smaller markets continue to add jobs more slowly than more urban parts of the state, but there were job gains in September in Blacksburg (+700 jobs), Staunton (+300 jobs), and Harrisonburg (+100 jobs).

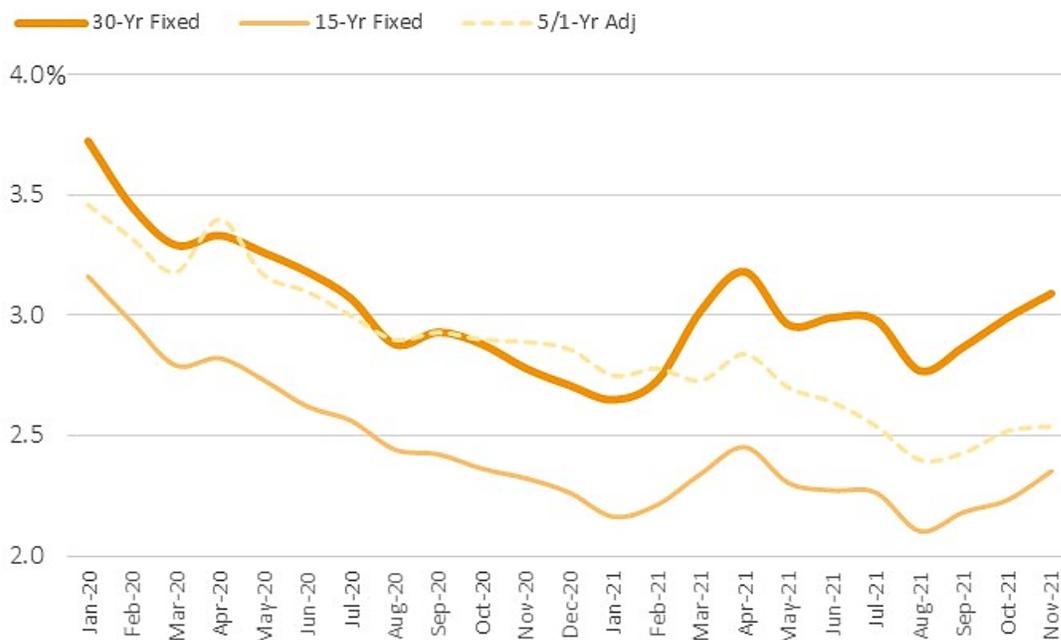
### **Unemployment**

Virginia's unemployment rate (seasonally adjusted) was 3.8% in September, which is down from 4% in August. The state's unemployment rate was a full percentage point lower than the national rate. Falling unemployment rates are a sign of an improving economy. However, the low unemployment rate does not account for people who have left the labor force altogether. The labor force participation rate in Virginia fell between August and September and remains 3.4 percentage points lower than it was prior to the pandemic.

### **Mortgage Rates**

Mortgage rates began to rise during the summer as overall economic conditions improved. At the end of October and into the first week of November, however, rates fell again. The average 30-year fixed-rate mortgage rate hit 3.14% during the last week of October, the highest since early April 2021. By the second week of November, the average rate dropped to below 3% again. As the Federal Reserve signals its growing confidence in the improving economy, mortgage rates likely will begin to rise again before the end of the year and into 2022.

**Figure 2. Mortgage Rates**



Source: Freddie Mac

## Housing Market Overview

Home sales activity was lower than it was at this time last year, with fewer sales and fewer new listings. Home buyer demand continues to be strong, however, with home prices rising and average days on market falling. The supply of homes for sale, which had increased in recent months, declined in October. The market likely will continue to decelerate through the rest of the year and into 2022, though the anticipation of higher mortgage rates could push some buyers into the market this fall.

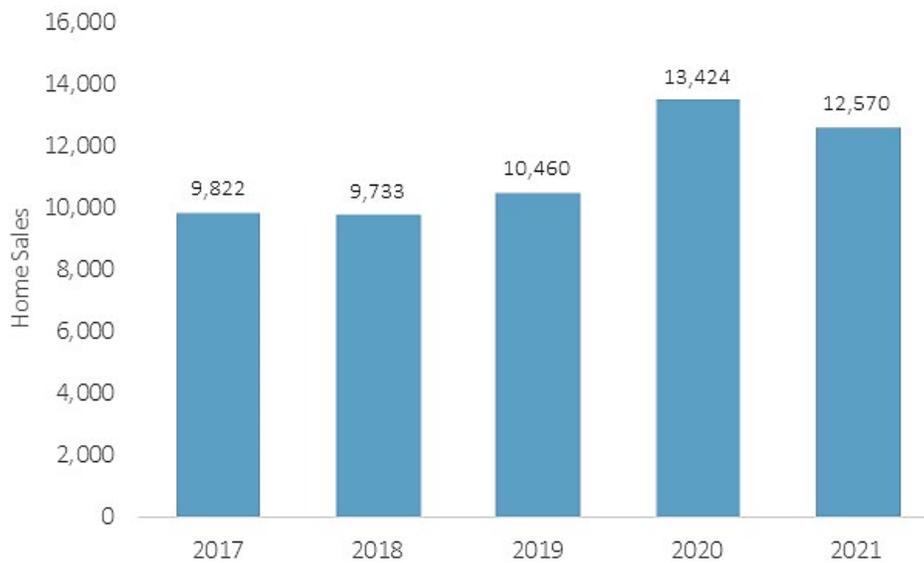
### Sales

There were 12,570 homes sold in Virginia in October, which is 854 fewer sales than last October, a decline of 6.4%. This is the second consecutive month where home sales were lower than a year ago. The slower sales activity not only indicates easing buyer activity, but also reflects that last October was an unusually busy month for home sales. Home sales also declined by 3.9% between September and October.

The decline in the number of closed sales in October reflects slower buyer traffic as children were returning to school. The decline was also likely driven in part by the increase in the number of COVID-19 cases at the end of the summer and into the early fall.

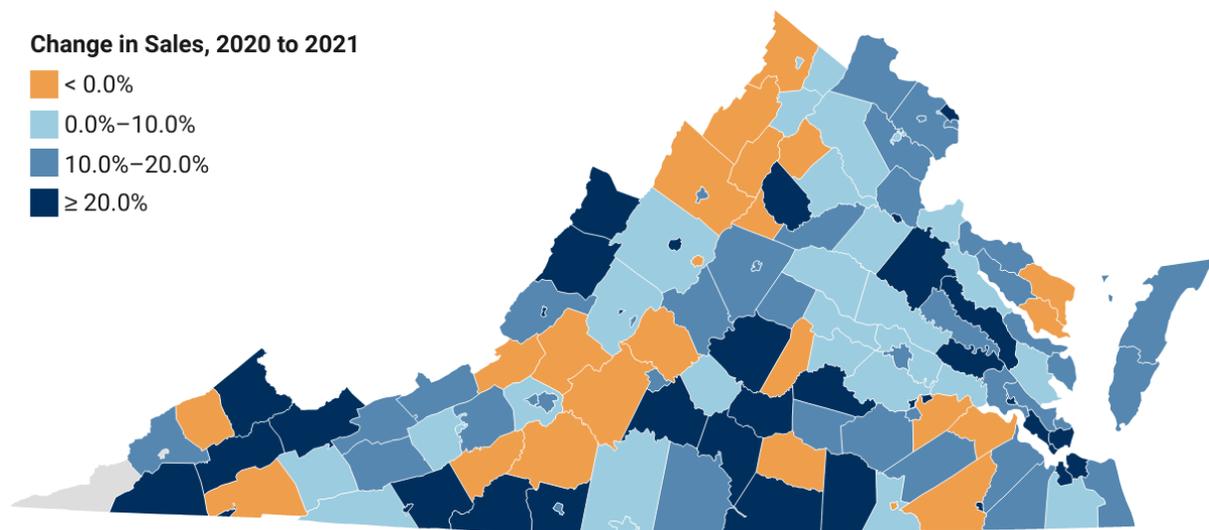
Even as home sales activity returns to more typical patterns, year-to-date home sales are up compared to last year. Through October, there was a total of nearly 130,000 home sales statewide, which is an increase of 13.5% compared to January through October of 2020. Year-to-date home sales are up in most local markets across the state. Some of the biggest increases in sales activity in 2021 have been in the state’s more urban markets, including Arlington County, as well as the cities of Fredericksburg, Williamsburg, Hampton, Portsmouth, and Newport News.

**Figure 3. Virginia Home Sales, October**



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

**Figure 4. County/City Home Sales, YTD Through October**



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

## Home Prices

Home prices across Virginia are still rising, but the year-over-year price growth has slowed. In October, the median sales price statewide was \$350,000, which was \$17,000 higher than it was last October, reflecting a 5.1% increase. Prices rose very quickly during the pandemic. The statewide median sales price in October was \$60,000 higher than it was in October 2019, meaning that the median sales price in Virginia has increased by 20.7% over the past two years.

Prices continue to rise steadily throughout the state. Through the first ten months of this year, the statewide median sales price is up 9.7% from where it was a year ago. Some of the fastest price gains in the state continue to be on the Northern Neck/Middle Peninsula and the Eastern Shore. Price growth has also been very strong in parts of southern and southwest Virginia. The year-to-date median sales price is lower than it was last year in a few local markets. In some cases, this price decline simply reflects the change in the mix of homes sold in 2021 compared to 2020. In Arlington County, for example, the overall median price dropped in 2021, but that decline is due to the fact that there were more condominium and townhome sales in 2021 than there were in 2020, and these homes tend to be smaller and lower-priced.

In October, the statewide average sold-to-list price ratio was 100.5%, which means that, on average, homes sold in Virginia closed at a price that was 0.5% 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.

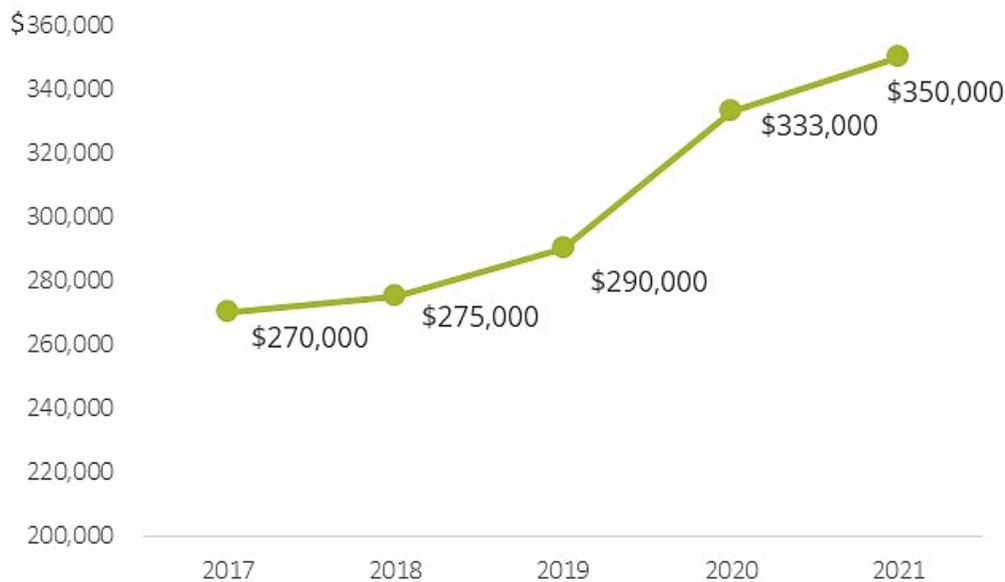
As prices rose rapidly during the pandemic, the strongest price pressure tended to be among homes in the highest price ranges. In October, the average sold-to-list price ratio was 101.0% for homes that sold for \$800,001 or more. The higher-end of the market has been extremely competitive during the last 12 months, largely because the financial situations of many higher-income households have been stable or even growing during the downturn.

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

Price Range	Ratio
\$200,000 or less	98.7%
\$200,001 to \$400,000	100.7%
\$400,001 to \$600,000	100.9%
\$600,001 to \$800,000	100.8%
\$800,001 or More	101.0%
All price levels	100.5%

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

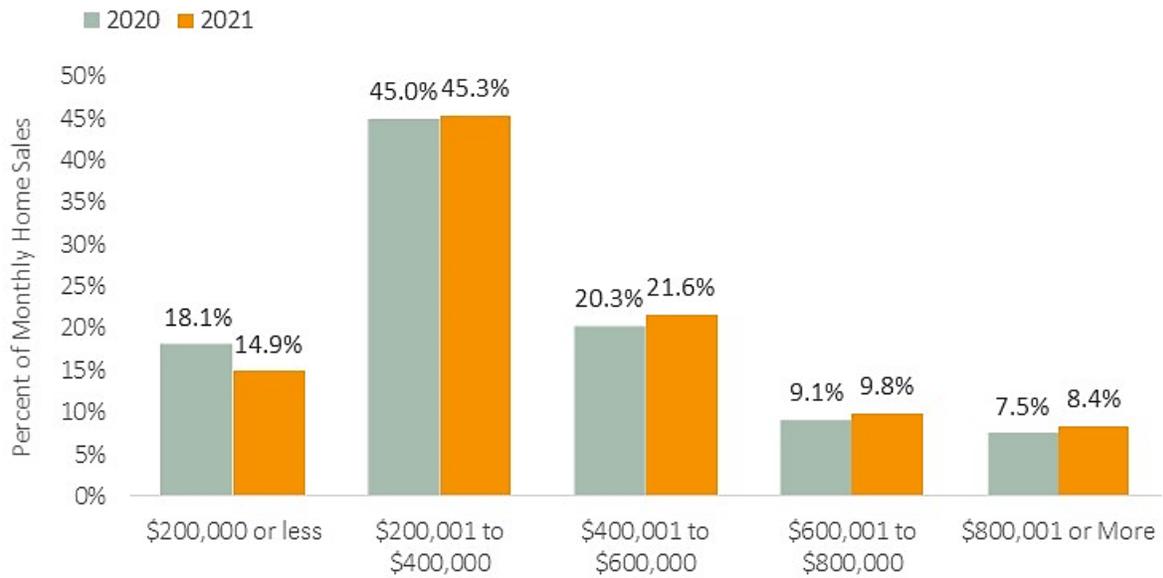
**Figure 6. Median Home Price (\$), October**



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

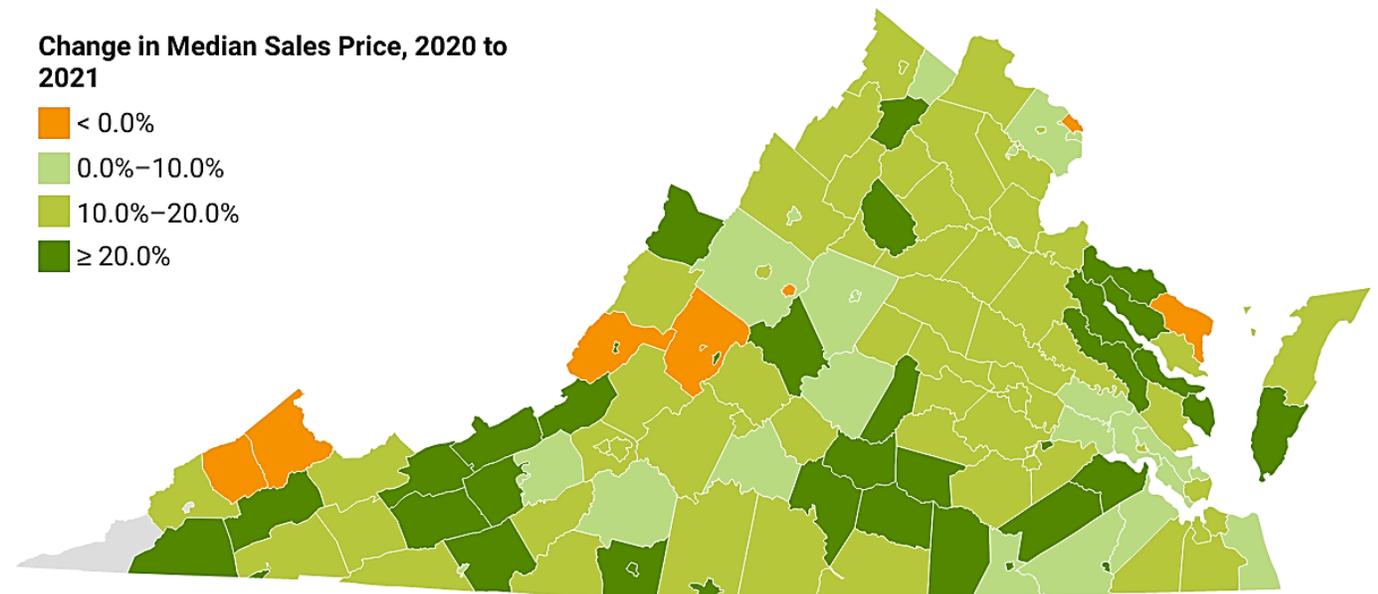
The largest share of homes sold in Virginia (45.3%) were in the \$200,001 to \$400,000 price range. This has been the largest segment of the market for years. However, the share of homes selling for \$200,000 or less has declined significantly. About 14.9% of all homes sold in October were sold for \$200,000 or less, compared to 18.1% of homes sold last October. There were more homes sold in higher price ranges this year. In October, about 18.2% of all home sales were in the \$600,001 or higher price range, compared to 16.6% of the market in October 2020.

**Figure 7. Sales by Price Range, October**



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

**Figure 8. County/City Median Home Sales Price, YTD Through October**

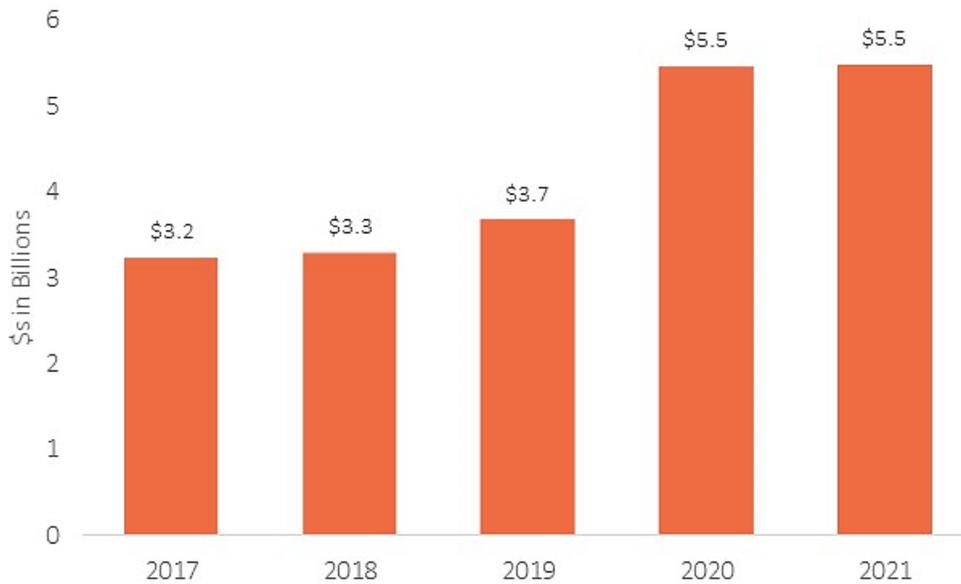


Source: Virginia REALTORS®, data accessed November 15, 2021

## Sold Volume

While home prices continued to rise in October, the lower number of home sales transactions meant that total sold volume in Virginia was virtually unchanged from a year ago. There was about \$5.5 billion of sold volume throughout the state in October, which is just 0.4% higher than last year. Total sold dollar volume in the state fell by 1.5% between September and October.

**Figure 9. Sold Dollar Volume, October**

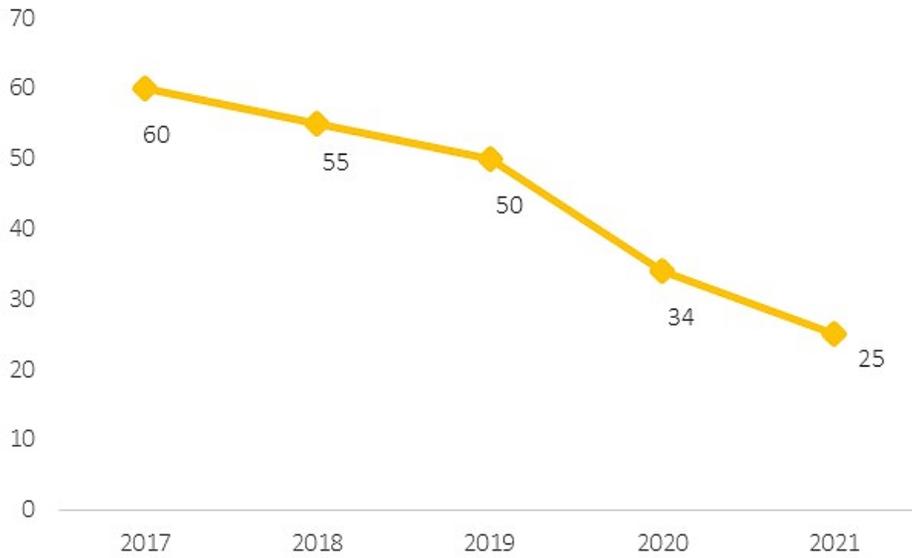


Source: Virginia REALTORS®, data accessed November 15, 2021

## Days on Market

While there is evidence of a cooling in the market, homes continue to sell very quickly throughout the commonwealth. Homes that sold in October in Virginia were on the market an average of 25 days, which is nine days faster than at this time last year. Half of all homes sold in Virginia in October sold in a week (7 days) or less. Homes have been selling much faster over the past year as supply has dwindled and buyer activity has been strong.

**Figure 10. Average Days on Market, October**

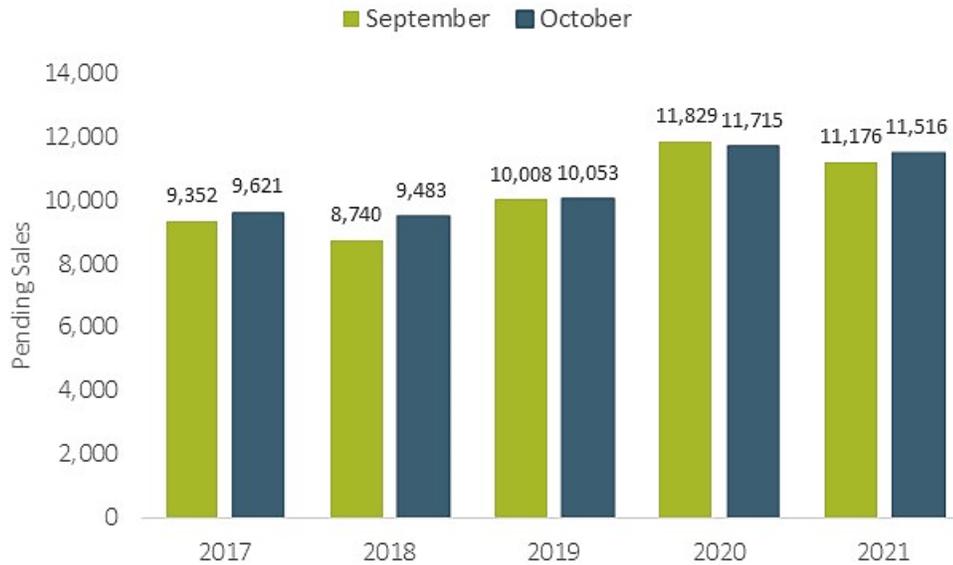


Source: Virginia REALTORS®, data accessed November 15, 2021

### Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 11,516 pending sales in Virginia in October. Pending sales activity is down 1.7% compared to last October; however, the number of pending sales increased by 3% between September and October. A decline in COVID-19 cases in October after a late summer and early fall surge could have brought more buyers into the market. An uptick in mortgage rates could also have prompted some buyers to come off the sidelines in October. These pending sales will likely show up as relatively strong closed sales totals in November.

**Figure 11. Pending Sales, September and October**



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

### New Listings

After some positive news on supply over the past few months, the number of listings available declined significantly in October. There were 13,427 new listings that came onto the market across Virginia in October. While the number of new listings is down 12.4% compared to October 2020, the volume of new listings is in line with October 2019 totals. It was expected that the number of new listings might increase this fall, as would-be sellers look to take advantage of the strong buyer demand before the end of the year.

### Active Listings

The number of active listings available at the end of the month also dropped after a couple months of supply growth. At the end of October, there were 18,810 active listings across the commonwealth, a 16.4% drop in supply from a year ago, which is about 3,700 fewer listings.

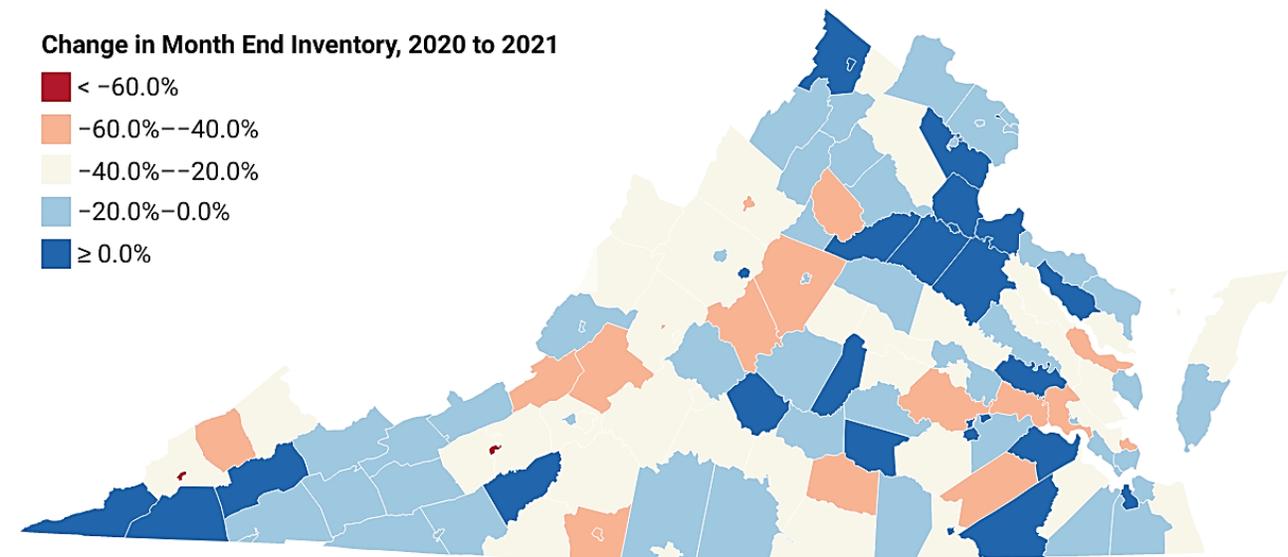
Inventory has been shrinking in Virginia for years. However, over the summer, the year-over-year declines in active listings had slowed, and inventory actually began increasing from one month to the next. The number of active listings at the end of October fell by 9.2% compared to the end of September. Supply dipped in October because of a slowdown in the number of new listings, as well as the uptick in new pending contracts.

**Figure 12. Inventory, October**



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

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

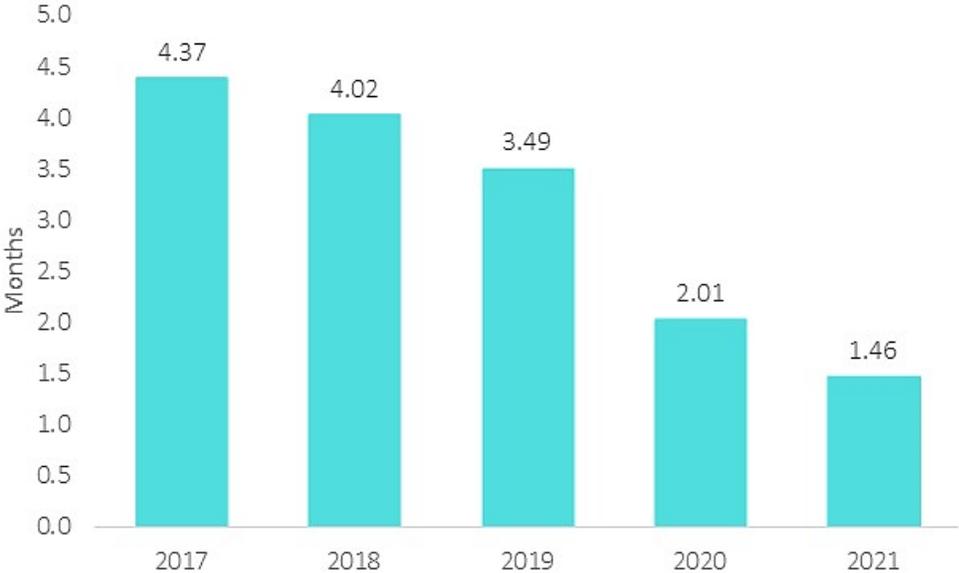


Source: Virginia REALTORS®, data accessed November 15, 2021

Despite the overall drop in statewide inventory, supply is increasing in some parts of the state. The fastest inventory growth in October was in Prince William County, where inventory increased by 19.3% year-over-year. There was also an increase in supply in some parts of the Fredericksburg region, including Spotsylvania County (+15.7%), Stafford County (+13.6%), and the City of Fredericksburg (+11.5%). Some markets continue to see inventory drawing down dramatically. Some of the steepest inventory declines continued to be in the Charlottesville area, including in Albemarle County, where supply declined by 47.5% compared to a year ago, and in Nelson County, where supply dropped by 47.1%.

At the end of October, there was an estimated 1.46 months of supply in Virginia, down from 2.01 months of supply at the end of October 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, October**



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

## Outlook

Virginia's housing market is showing signs of decelerating from the very fast-paced, pandemic-fueled market. The cooling reflects a return to more typical conditions, rather than a major change in the market. The underlying fundamentals, including steady economic and income growth and a large first-time buyer population, will continue to support a strong housing market.

Trends in both the economy and the housing market during the late summer and early fall highlight the important role that the COVID-19 virus still plays. Rising vaccination rates and a slowdown in the pace of Delta variant cases are good signs both for the health of the overall economy and the state's housing market.

Several trends will characterize Virginia's housing market in the weeks and months to come:

- After declining during the pandemic, buyer activity in the state's urban markets appears to be rebounding. Prospective home buyers were less likely to search for homes in densely populated areas and were more likely to purchase in areas farther from population centers as COVID-19 cases surged last year. Remote work made it easier for home buyers to live farther from their offices, and quarantining increased the desire for more space. As the pandemic eases, there is renewed interest in properties in closer-in jurisdictions, including more sales of townhomes and condominiums. These patterns likely will persist as long as COVID-19 cases continue to fall.
- As the economy improves, mortgage rates will rise. Statements from the Federal Reserve confirm that the Fed is seeing strength in the economy and will pull back its bond purchases. These actions will likely lead to higher interest rates over the next 12 months. Rates will still remain low by historic standards, but some buyers may jump into the market this fall, anticipating those higher rates. While overall market conditions are decelerating, we may see a bump in housing market activity before the end of the year.
- Low inventory has plagued the market for years. The tight inventory only got tighter during the pandemic, and supply is at historic lows. For a few months this summer, it appeared as though the inventory choke hold was easing a bit, with year-over-year declines in active listings declining. In October, however, inventory was drawn down dramatically by a boost of new contract activity. Inventory will remain low for the near- and mid-term as new construction still remains relatively low and existing homeowners are reticent to list their homes without somewhere to move.



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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.

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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.