

Virginia

HOME SALES REPORT

NOVEMBER 2021

Virginia Home Sales Report

November 2021

Key Takeaways

- There were **12,134 home sales** in Virginia in November 2021, which is up 3.7% from last year at this time. Sales were down 4.1% between October and November.
- Statewide, the median home sales price in November was **\$355,795**. The median home price rose 8.3% over the November 2020 median price.
- There was approximately **\$5.3 billion in sold volume** in Virginia in November. Total sold volume was up 9.9% compared to a year ago.
- Inventory continues to shrink in Virginia. At the end of November, there were **16,242 active listings** across the commonwealth, which is 24.9% lower than the supply level at the end of November 2020. Inventory also fell by 13.4% between October and November.

November 2021 Housing Market Summary

	Nov-20	Nov-21	Change	% Change	YTD 2020	YTD 2021	Change	% Change
Sales	11,700	12,134	434	3.7%	127,356	142,297	14,941	11.7%
Median Sales Price (\$)	328,500	355,795	27,295	8.3%	319,900	350,000	30,100	9.4%
Sales Volume (\$ billions)	4.8	5.3	0.5	9.9%	49.6	61.6	12.0	24.2%
Average Days on Market	31	26	-5	-17.5%	41	25	-16	-39.4%
Pending Sales	10,806	9,838	-968	-9.0%	134,124	141,613	7,489	5.6%
New Listings	11,110	10,099	-1,011	-9.1%	156,749	165,274	8,525	5.4%
Active Listings (end of the month)	21,617	16,242	-5,375	-24.9%	21,617	16,242	-5,375	-24.9%
Months of Supply	1.9	1.3	-0.6	-33.6%	1.9	1.3	-0.6	-33.6%

Source: Virginia REALTORS®, data accessed December 16, 2021

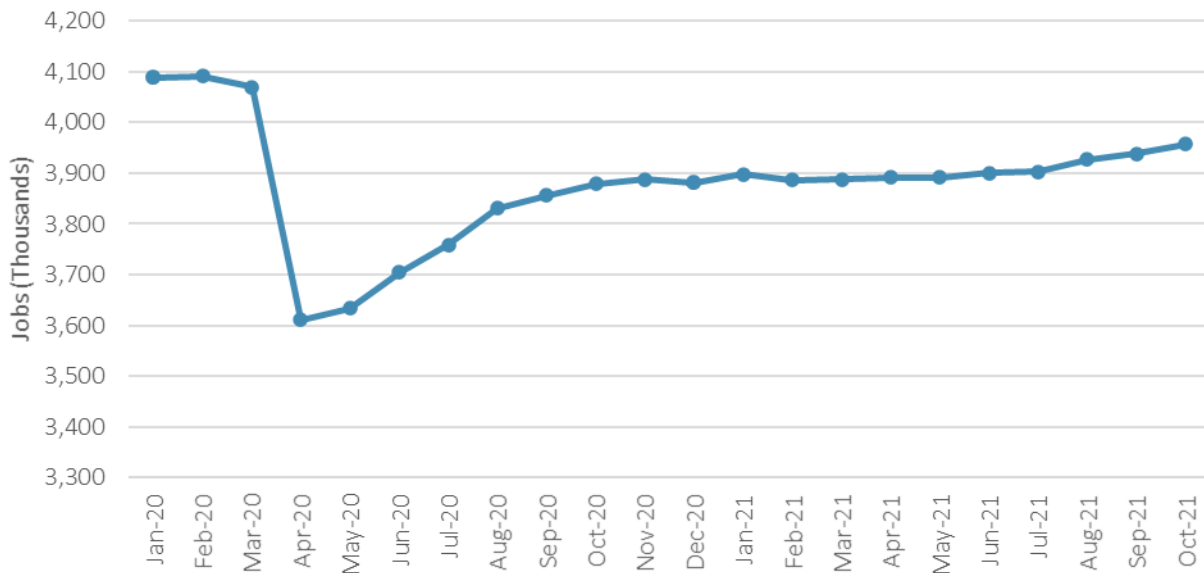
Economic Overview

Virginia's economy is recovering steadily, but several factors could dampen growth in the coming months, including labor shortages, the Omicron variant spreading, and the impact of inflation on consumer spending. Job growth picked back up in October after slowing down at the end of the summer and into early fall. The state's unemployment rate continues to fall and remains lower than the national rate. Interest rates have been hovering around 3.1% over the last several weeks and are expected to rise gradually in the coming months.

Jobs

The pace of job growth in Virginia accelerated in October. There were about 3.96 million jobs across Virginia in October, which is 79,500 more jobs than last year at this time. Job growth was stronger in October than in September, when the Delta variant slowed down the momentum of economic growth that had been building through the spring and summer. Despite the influx of jobs in October, overall, there are still about 131,000 fewer jobs in Virginia than there were before the pandemic, and it is unlikely these job losses will be fully recovered before the end of 2022 at the earliest.

Figure 1. Total Jobs in Virginia (in thousands)



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

Throughout Virginia, there were about 19,400 net new jobs added to the economy between September and October. As the spread of the Delta variant started to slow down in mid-September, it led to an increase in consumer spending at stores and restaurants in October, which had a positive impact on the job numbers. The largest employment increase this month was in the Retail Trade sector, which added about 13,000 new jobs. This reflects an increase in hiring for early holiday shopping activity as global supply-chain issues continue to worry consumers heading into the typically busy retail shopping season. The second largest gain was in the Leisure and Hospitality sector, which had 7,200 jobs added from September. The State Government sector also had strong job gains in October, with 6,000 additional jobs from the September level.

Virginia lost about 3,500 manufacturing jobs between September and October, which was the sharpest drop this month. Other large sectors that had job losses this month across the state include Education (-800) and the Federal government (-300).

Nearly all metro areas in the state had job gains between September and October led by Northern Virginia (+6,500), Virginia Beach (+2,400), Lynchburg (+1,100), and Charlottesville (+1,000). The Harrisonburg metro and Staunton metro areas had modest job gains with +200 and +100 jobs, respectively, in October. Job totals in the Roanoke region were unchanged from September.

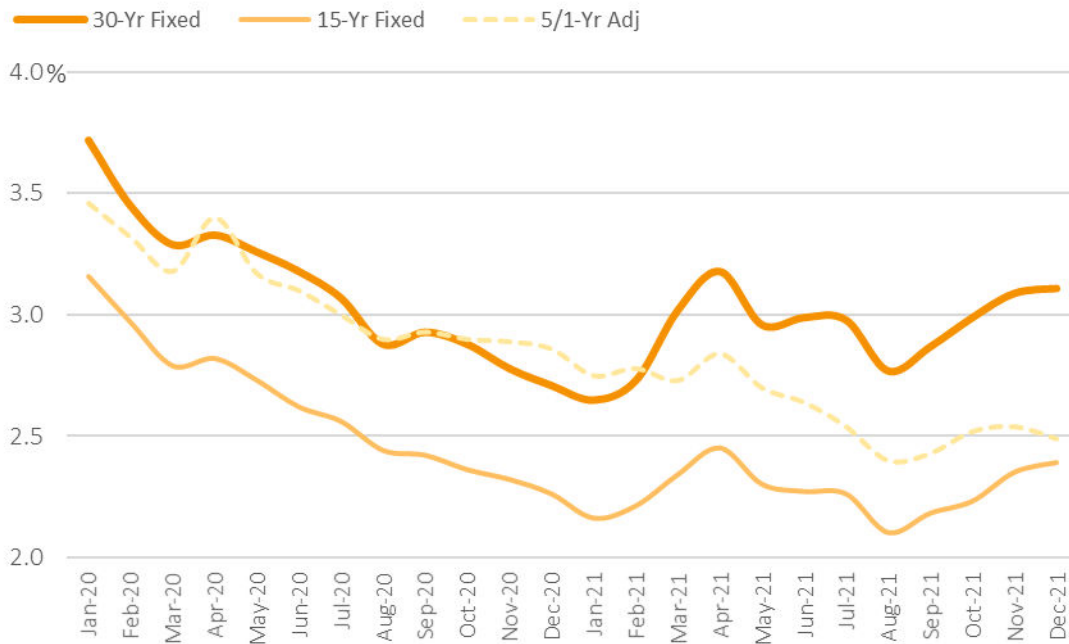
Unemployment

The statewide unemployment rate in Virginia was 3.6% in October (seasonally adjusted), which is down from 3.8% in September. The state's unemployment rate continues to trend a full percentage point below the national rate. The unemployment picture has been improving significantly in Virginia over the last year and a half, falling for 19 consecutive months from the pandemic peak level of 11.3% in April of 2020. Despite major improvement in the state's economy, the unemployment rate still does not account for people who have left the labor force all together. The labor force participation rate in Virginia continues to be lower than what it was before the pandemic began.

Mortgage Rates

Following a brief dip below 3% in early November, the average rate for a 30-year fixed mortgage has been hovering at 3.1% for four straight weeks. Rates have been slowly trending up as economic conditions have improved, and it is expected that mortgage rates will gradually rise through 2022.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

There was an uptick in sales activity in Virginia in November compared to last year, following two straight months of cooling sales. The influx of sales this month is being partially driven by buyers hoping to lock in a home purchase before interest rates rise. Home prices continue to climb across much of the state, as tight supply and strong demand are pushing up prices in local markets throughout Virginia. These competitive market conditions are also reflected in the fact that homes continue to sell faster on average than the previous year.

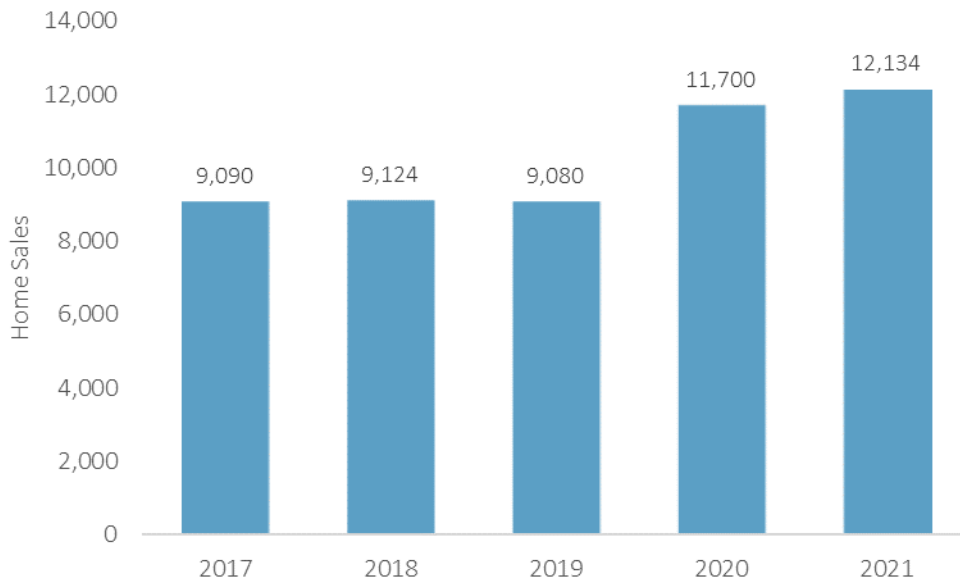
Sales

There were 12,134 home sales across Virginia in November, a 3.7% increase from last November, which is 434 more sales. Prior to this increase, sales activity had been slower than last year for two straight months. It is possible that more buyers are looking to jump into the market before interest rates rise more. The uptick this month could also reflect buyers who may have resumed their home searches following the uncertainty caused by the widespread delta variant surge in late summer and early fall. Total sales in November were down 4.1% from October, which is typical for this time of year.

So far in 2021, there have been nearly 143,000 home sales throughout Virginia, which is almost 15,000 more sales than there were through November last year, a 12% increase. The strong sales activity this year is occurring in most local markets in the state, particularly

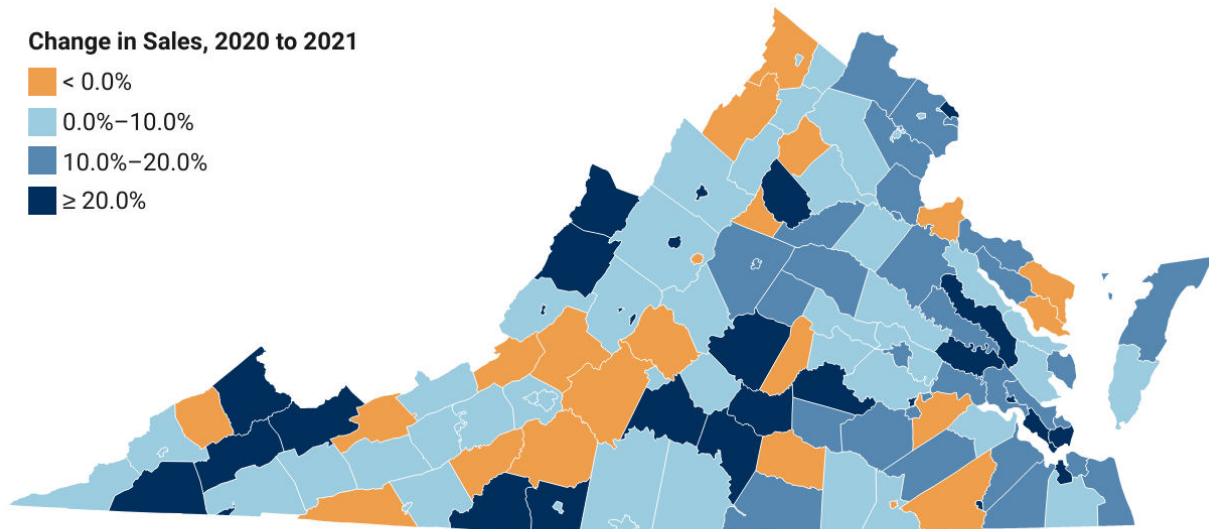
the urban and suburban areas in Northern Virginia, the Richmond Metro Area, and Hampton Roads. Smaller communities in coastal regions like the Eastern Shore and the Virginia Peninsula market have also had strong sales activity year-to-date. Markets in central and western Virginia have also had a strong year so far, notably parts of the Charlottesville region, and areas of Southwest Virginia.

Figure 3. Virginia Home Sales, November



Source: Virginia REALTORS®, data accessed December 16, 2021

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



Source: Virginia REALTORS®, data accessed December 16, 2021

Home Prices

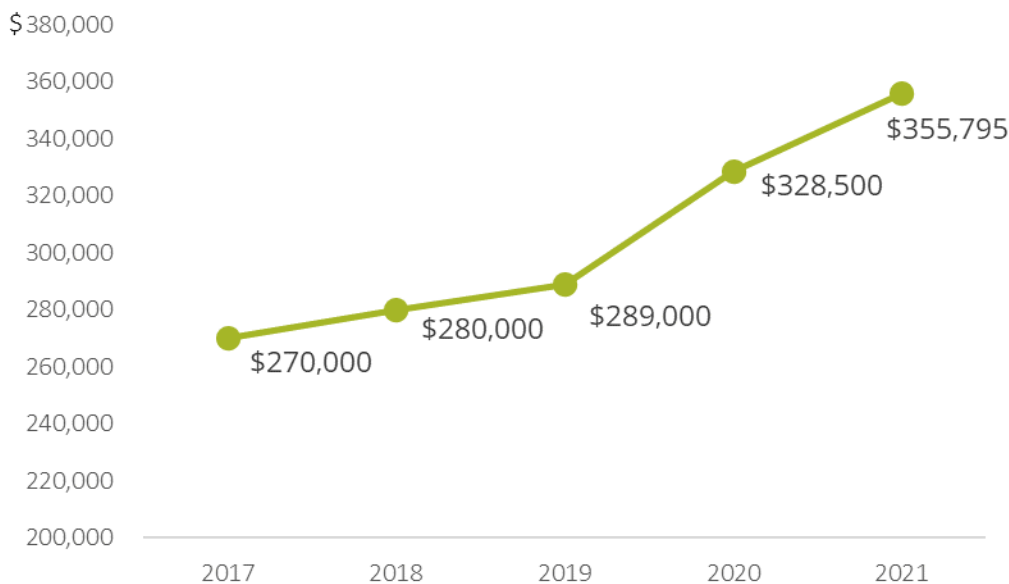
Home prices continue to trend upward in most parts of Virginia. The statewide median sales price in November was \$355,795, which is 8.3% higher than a year ago, a gain of \$27,295. While price growth has tapered somewhat from 2020 and the first half of 2021, price growth still remains relatively strong and continues to be above pre-pandemic rates.

Prices continue to rise faster than last year. The year-to-date median sales price statewide (January through November) was 9.4% higher than where it was last year at this time, which is about a \$30,000 increase. Within the regional markets, the strongest price growth continues to be in the Northern Neck, Middle Peninsula, and Eastern Shore. Price growth has also been strong in parts of southern and southwest Virginia.

The statewide average sold-to-list price ratio in November was 100.6%, which indicates that on average, homes that sold this month in Virginia closed at a price that was 0.6% higher than the seller's asking price. Since this is an average, there is a wide range across the state's local markets, with some transactions closing below the asking price and some closing much higher than the asking price.

Upward pressure on home prices is occurring in nearly all price segments. The highest average sold-to-list price ratio was 100.9%, which was for homes in the \$400,001 to \$600,000 range. The lower end of the price spectrum, homes selling for \$200,000 or less, was the only market segment that had an average sold-to-list price ratio below 100%. Homes in this price range closed at 99.3% of the seller's asking price, on average.

Figure 5. Median Home Price (\$), November



Source: Virginia REALTORS®, data accessed December 16, 2021

Figure 6. Average Sold-to-List Price Ratio, November 2021

Price Range	Ratio
\$200,000 or less	99.3%
\$200,001 to \$400,000	100.8%
\$400,001 to \$600,000	100.9%
\$600,001 to \$800,000	100.7%
\$800,001 or More	100.7%
All price levels	100.6%

Source: Virginia REALTORS®, data accessed December 16, 2021

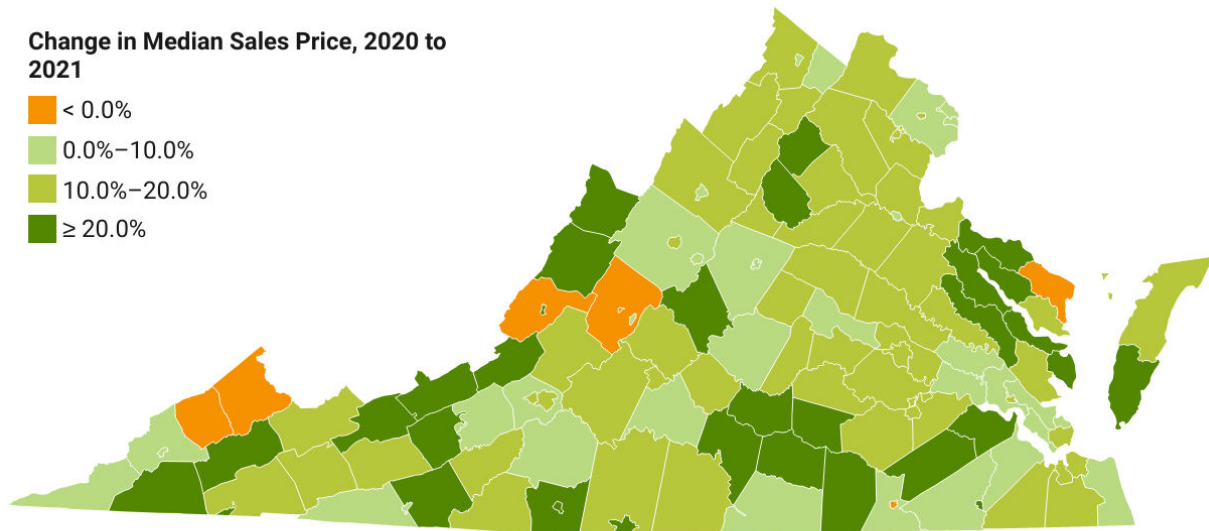
Approximately 42.6% of homes sold in Virginia in November were in the \$200,001 to \$400,000 price range, making it the largest price segment statewide. The second largest price segment was \$400,001 to \$600,000, which represents about 21.8% of all sales in November. About 14.2% of homes sold in November across the state were \$200,000 or less.

Figure 7. Sales by Price Range, November



Source: Virginia REALTORS®, data accessed December 16, 2021

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

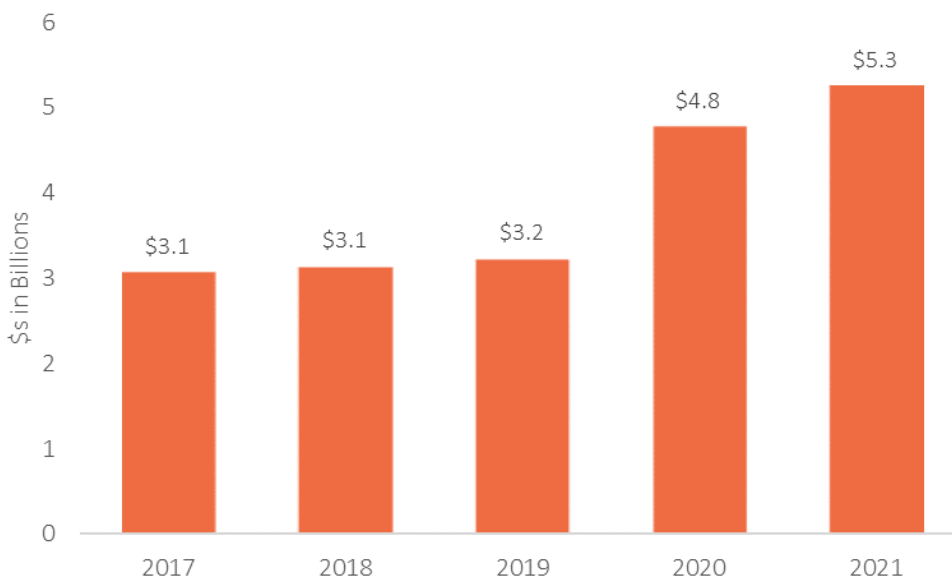


Source: Virginia REALTORS®, data accessed December 16, 2021

Sold Volume

Climbing prices and more sales transactions pushed up the total sold dollar volume in Virginia. There was approximately \$5.3 billion of sold volume across the commonwealth in November, a 9.9% increase from a year ago, which is an additional \$471.3 million of volume. The November sold volume statewide declined 4.6% from the October level, which is a typical seasonal trend.

Figure 9. Sold Dollar Volume, November

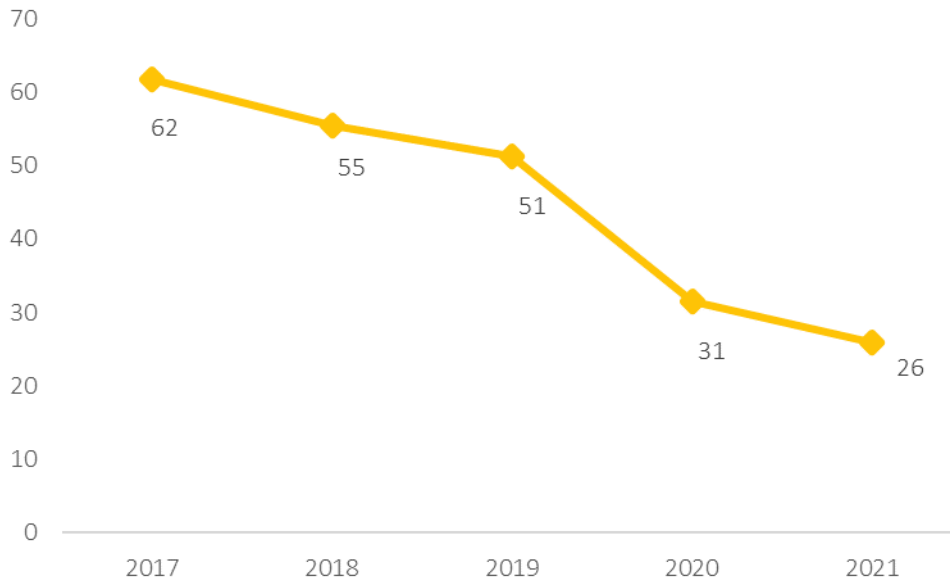


Source: Virginia REALTORS®, data accessed December 16, 2021

Days on Market

Homes continue to sell faster, on average, in Virginia. The November statewide average days on market was 26 days, which is five days faster than this time last year. The average days on market in the state has been trending down consistently for many years as inventory levels have been shrinking and buyer demand has strengthened. The market remains competitive in many communities in Virginia, where half of all homes sold statewide were on the market 10 days or less.

Figure 10. Average Days on Market, November

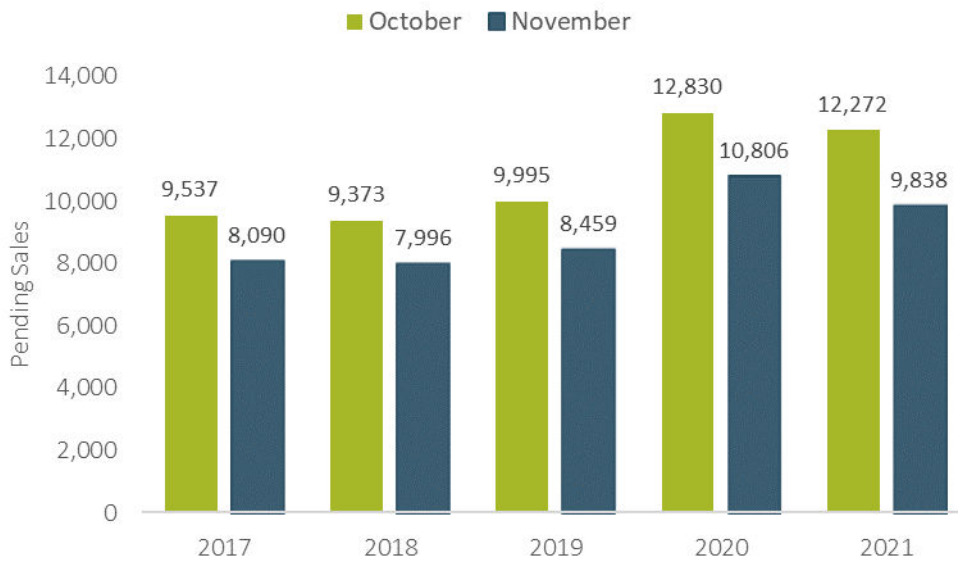


Source: Virginia REALTORS®, data accessed December 16, 2021

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 9,838 pending sales throughout Virginia in November, which is 968 fewer pending sales than last year, representing a 9% decline. This is the fifth consecutive decrease in year-over-year pending sales.

Figure 11. Pending Sales, October and November



Source: Virginia REALTORS®, data accessed December 16, 2021

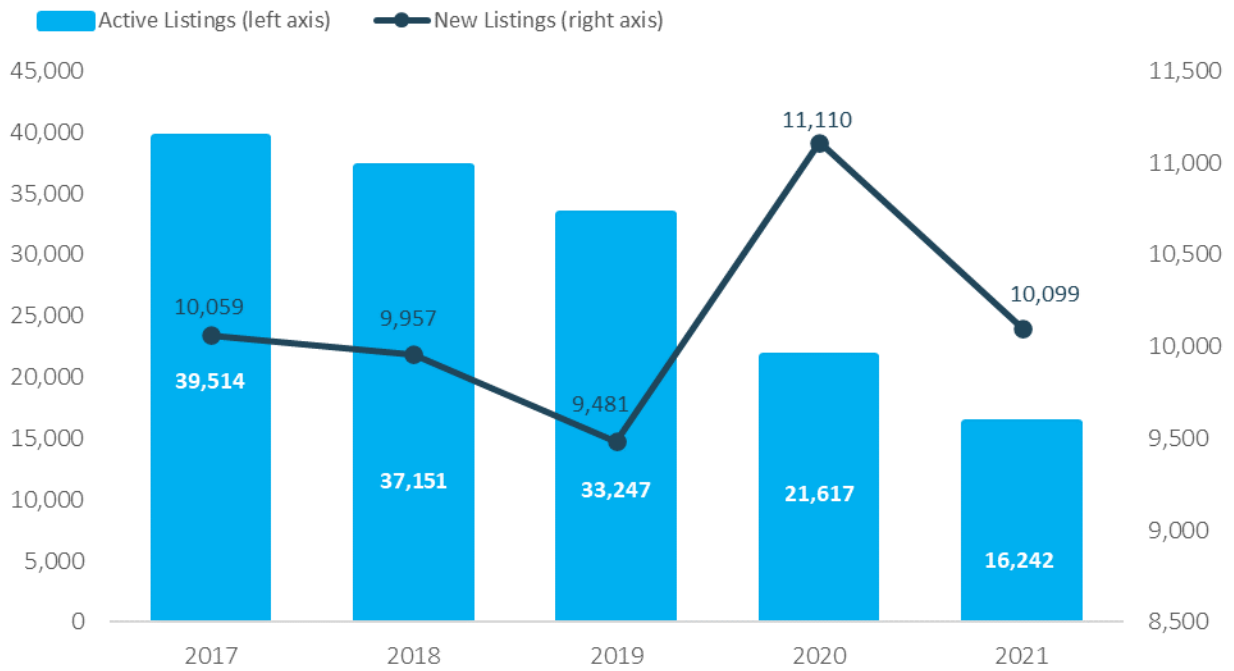
New Listings

There continue to be fewer new listings coming on the market in Virginia than there were a year ago. There were 10,099 new listings across the state in November, 1,011 fewer listings than last November, which is a 9.1% decline. This is the third straight month of fewer new listings, following six months of increases earlier this year. There was some expectation that supply would edge up this fall as would-be sellers look to enter the market before rising interest rates potentially dampen demand, but that has not yet occurred.

Active Listings

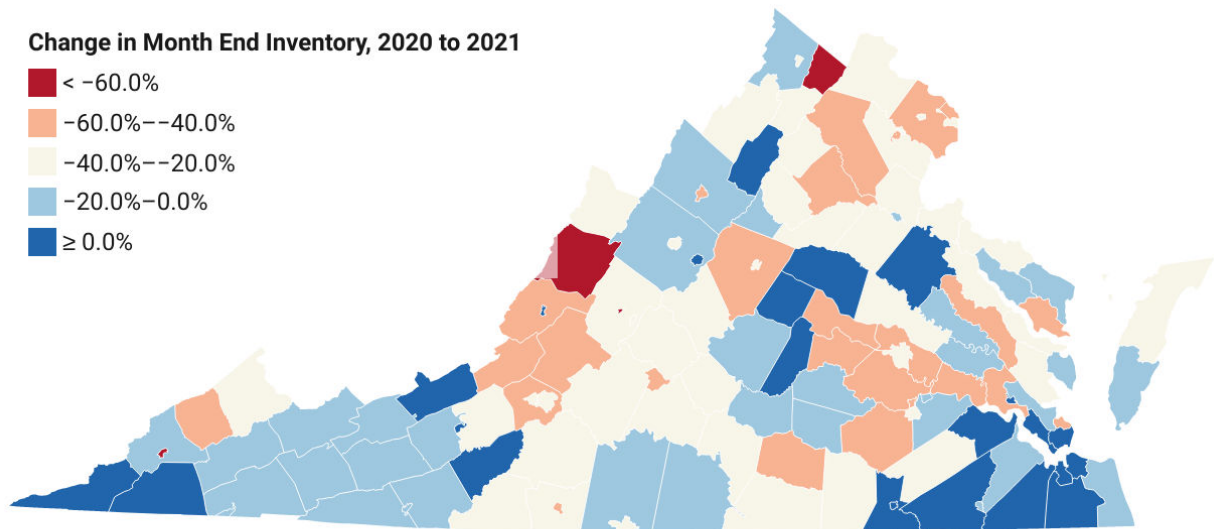
The overall supply of homes on the market in Virginia continues to decline rapidly. There were 16,242 active listings at the end of November statewide, a 24.9% drop from a year ago, which is 5,375 fewer listings. While inventory has been shrinking for many years, the rate of decline had been slowing down a bit over the summer. Inventory began to fall sharply again, starting in October, as fewer new listings were coming on the market. Total supply in the state's housing market is now about one-third the level it was in November five years ago. Active listings were down 13.4% at the end of November compared to the end of October, which follows typical seasonal inventory patterns.

Figure 12. Inventory, November



Source: Virginia REALTORS®, data accessed December 16, 2021
 Note: Active listings at the end of the month

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

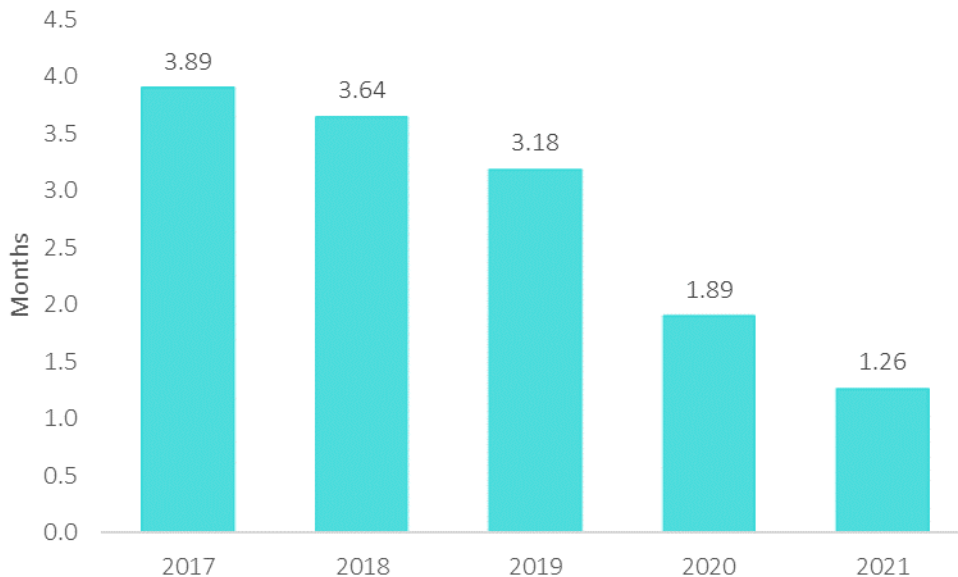


Source: Virginia REALTORS®, data accessed December 16, 2021

Most localities in Virginia experienced shrinking inventories in November compared to last year. Some of the sharpest drops in November were in Northern Virginia, notably Fairfax County and Arlington County. There were also significant supply declines in the Richmond Metro area, specifically Chesterfield County and Henrico County. Despite the widespread supply challenges, some localities did have more active listings at the end of November compared to last year. Most local markets in Hampton Roads had supply gains this month.

There was about 1.26 months of supply throughout Virginia at the end of November, which is down from 1.89 months of supply at the end of November 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, November



Source: Virginia REALTORS®, data accessed December 16, 2021

Outlook

The 2021 housing market is close to wrapping up in Virginia, and activity has rebounded after cooling for the past couple months. As the state's economy continues to recover with more jobs and lower unemployment, it will continue to fuel housing demand around the commonwealth. There remain some headwinds in the market as we close out the year, including the impact of COVID-19 variants spreading and how rising inflation will impact consumers and the economy overall.

Here's a look at several trends that could impact Virginia's housing market in the weeks and months to come:

- Just as COVID cases were starting to trend down, they are heading back up again as the omicron variant increases. It remains to be seen how this could impact the housing market, but if the delta surge this summer is any indication, it could prompt some buyers to pause their home searches and it could make some sellers hesitant to put their home on the market during uncertain conditions. Despite these unknowns, the real estate industry has been resilient through the pandemic, adapting to new ways of doing business and meeting the needs of buyers and sellers alike.
- The Federal Reserve announced in mid-December that it plans to accelerate the drawdown of bond purchases as inflation continues to rise, and also announced three possible hikes to the Federal funds rate in 2022. These actions will cause mortgage interest rates to continue to rise through much of 2022. While the announcements were expected, it could prompt some buyers who have been on the sidelines to enter the market before interest rates climb higher.
- Even if home sales cool in the coming months compared to the red-hot market of 2021, it will continue to be a sellers' market for the foreseeable future. The chronically low inventory, historically low (albeit rising) interest rates, and a strong pipeline of buyers will make it a competitive market environment for buyers likely through 2022 and beyond.



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:

Robin Spensieri
Virginia REALTORS® Vice President of Communications and Media Relations
rspensieri@virginiarealtors.org
804-622-7954

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.