

Virginia

HOME SALES REPORT

JANUARY 2022

Virginia Home Sales Report

January 2022

Key Takeaways

- There were **8,063 home sales** in Virginia in January 2022, which is down 9.5% from last year at this time. Sales were down 33% between December and January.
- Statewide, the median home sales price in January was **\$337,500**. The median home price rose 7.1% over the January 2021 median price.
- There was approximately **\$3.4 billion in sold volume** in Virginia in January. Total sold volume was down 2.2% compared to a year ago.
- Inventory continues to tighten in Virginia. At the end of January, there were **12,203 active listings** across the commonwealth, which is 26.8% lower than the supply level at the end of January 2021. The inventory level fell by 9.4% between December and January.

January 2022 Housing Market Summary

	Jan-21	Jan-22	Change	% Change		YTD 2021	YTD 2022	Change	% Change
Sales	8,914	8,063	-851	-9.5%		8,914	8,063	-851	-9.5%
Median Sales Price (\$)	315,000	337,500	22,500	7.1%		315,000	337,500	22,500	7.1%
Sales Volume (\$ billions)	3.5	3.4	-0.1	-2.2%		3.5	3.4	-0.1	-2.2%
Average Days on Market	36	32	-4	-11.6%		36	32	-4	-11.6%
Pending Sales	10,354	7,690	-2,664	-25.7%		10,354	7,690	-2,664	-25.7%
New Listings	11,327	8,576	-2,751	-24.3%		11,327	8,576	-2,751	-24.3%
Active Listings (end of the month)	16,681	12,203	-4,478	-26.8%		16,681	12,203	-4,478	-26.8%
Months of Supply	1.4	1.0	-0.5	-32.6%		1.4	1.0	-0.5	-32.6%

Source: Virginia REALTORS®, data accessed February 15, 2022

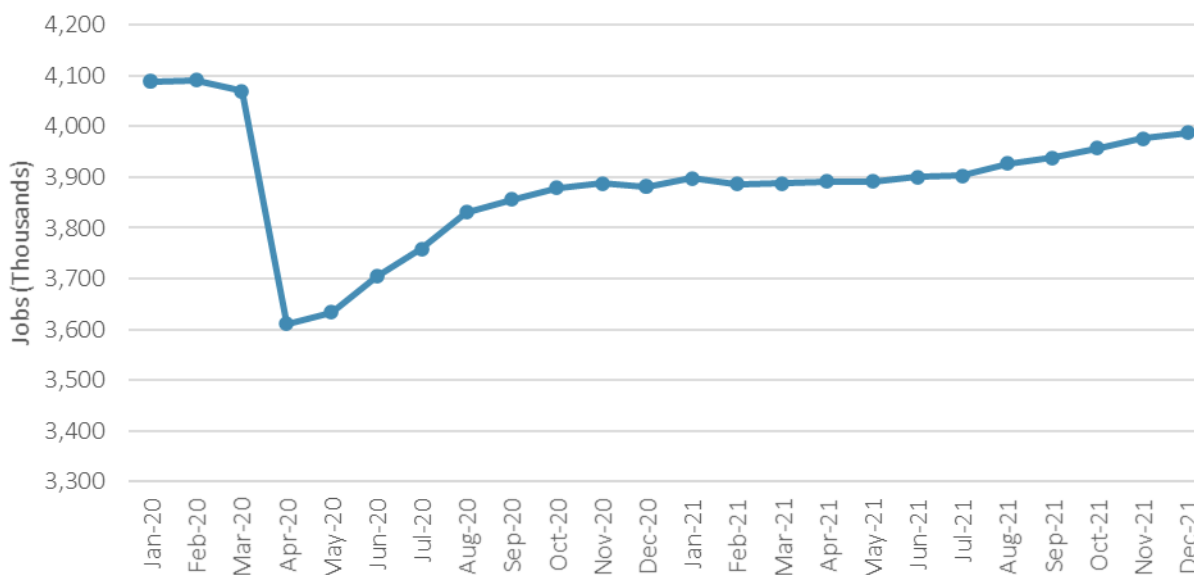
Economic Overview

Virginia's economy is off to a relatively strong start in 2022, though several headwinds persist. Job growth has been steady in most of the major markets in the state. The largest jobs sectors in the commonwealth continue to recover—some are even above pre-pandemic levels—and the unemployment rate continues to trend downward below the national rate. There are some ongoing challenges that could dampen economic growth and recovery in Virginia and nationally, including the inflation situation which has yet to improve, and mortgage interest rates, which have reached their highest level in more than two years and will continue to climb. Despite these factors, the fundamentals in Virginia's economy are well positioned for growth in the coming months, which will provide fuel for local housing markets around the state.

Jobs

Virginia's job base continues to expand. There were 3.99 million jobs in the commonwealth in December 2021, a gain of 107,000 jobs from December of 2020, and an increase of 12,300 jobs from November 2021. While there are still about 100,000 fewer jobs in the state than there were in early 2020 before the pandemic began, it is anticipated that those jobs will be recovered by the end of 2022, and employment in Virginia will then be back to pre-pandemic levels.

Figure 1. Total Jobs in Virginia (in thousands)



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

As of December 2021, only three job sectors in Virginia have rebounded back above pre-pandemic levels. Both the Transportation/Warehousing sector and the

Professional/Technical Services sector each have about 21,000 more jobs now than in January 2020. The total number of Federal Government jobs, which is a major sector in Virginia, is now about 1,500 jobs higher than the January 2020 level.

By far, the hardest hit sector of the state's economy continues to be the Leisure and Hospitality job sector, which has about 51,000 fewer jobs than in January 2020. Within that sector, Accommodation and Food Services jobs have accounted for most of the decline, down by about 38,800 jobs since before the pandemic began. The Health Care sector has also yet to bounce back; there are about 11,800 fewer health care jobs in Virginia in December 2021 than there were in January 2020.

Nearly all of the metro areas in the state had job gains in December. The largest growth between November 2021 and December 2021 was in Virginia Beach (+4,100 jobs), Richmond (+3,000 jobs), and Northern Virginia (+1,800 jobs). Blacksburg was the only area with a loss of jobs in December (-300 jobs).

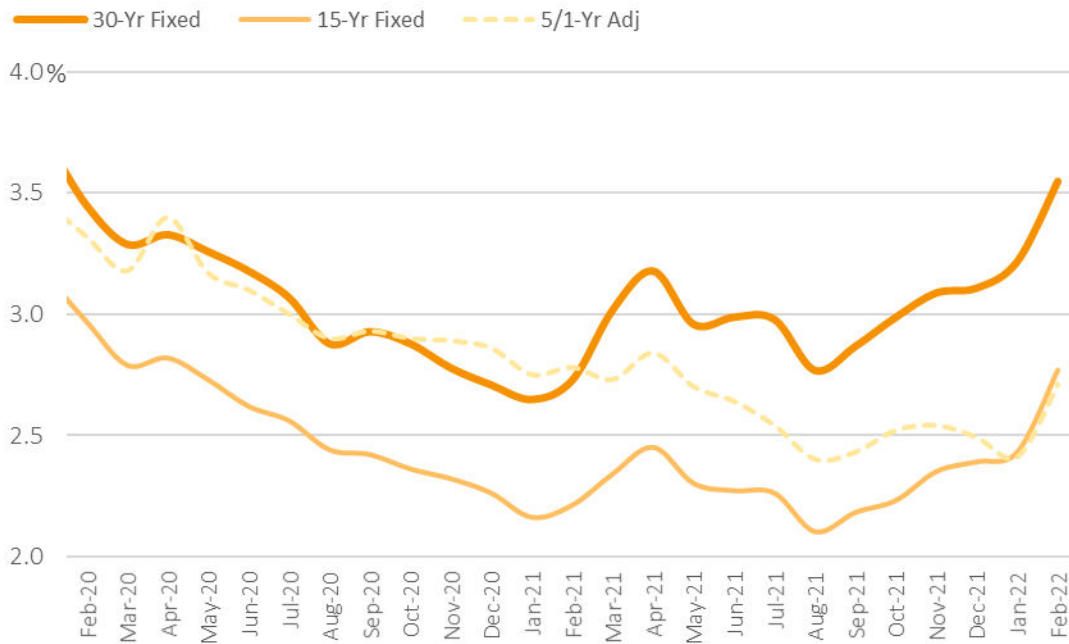
Unemployment

The statewide unemployment rate was 3.2% in December and has been steadily falling since the beginning of 2021. Virginia's unemployment rate continues to be well below the national rate, which was 3.9% in December. Despite the low unemployment rate in Virginia, there continues to be fewer people overall in the workforce since before the pandemic began. Similar trends are occurring around the country as more people have left the labor force altogether. There is also a lot of movement within the labor force. More people are looking for career changes, higher wages, and more flexibility as demand for workers remains high.

Mortgage Rates

As expected, mortgage interest rates continue to edge upward. As of the second week in February, the average interest rate for a 30-year fixed mortgage was 3.69%. This is the highest level it has been in more than two years. It is likely that this rate will continue to trend up gradually throughout 2022 as the Federal Reserve tries to combat inflation and winds down the pandemic-era stimulus policies and interventions.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

The Virginia housing market continues to moderate from the busy pace a year ago. Closed sales and pending sales slowed down in January compared to last year, and the total sold volume level also dipped. While there were fewer sales, it is important to keep it in context with the frenzied market last year; sales activity is still robust for a typical January market. Home prices continue to climb in most parts of the state, as supply is tight and buyers have few options to choose from. This is causing homes to sell faster, on average. There is currently less than one month of supply statewide, making conditions extremely competitive in most markets around Virginia.

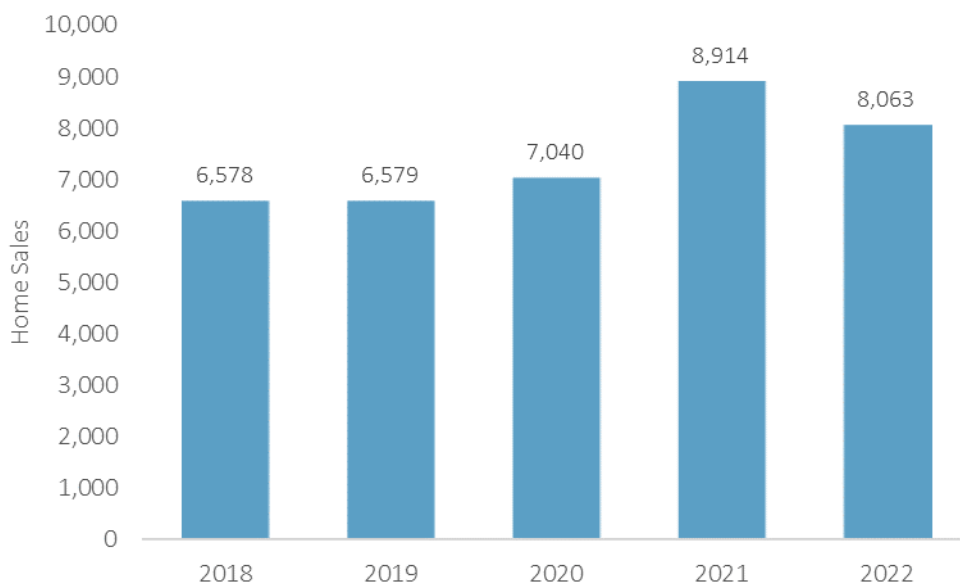
Sales

There were 8,063 sales in January across Virginia, 851 fewer sales than this time last year, which is a 9.5% decline in activity. This is the fourth decrease in sales in the last five months, and the sharpest drop since May of 2020. This trend is likely to continue as sales activity a year ago was unusually busy, so this moderation is a return to more normal seasonal patterns. These patterns are evident in the December to January change in sales, which fell 33%, in line with typical seasonal trends during this time of year.

Most local markets in Virginia had a slowdown in sales in January compared to a year ago. From Northern Virginia and Richmond to the Eastern Shore and the Shenandoah Valley

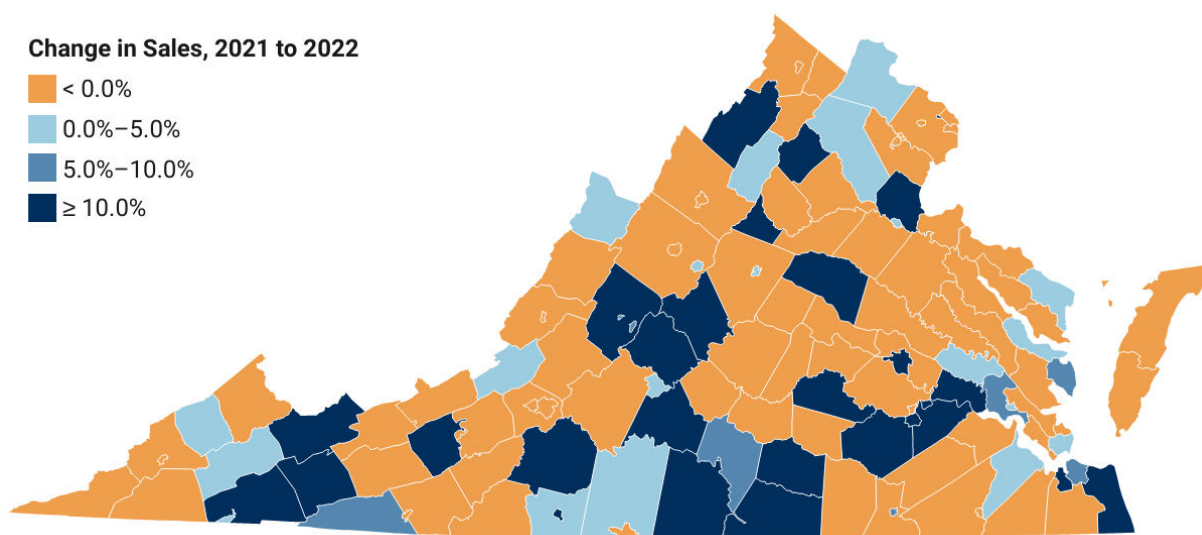
area, large and small markets alike are returning to more normal levels. There were some pockets of year-over-year sales growth this month, notably Virginia Beach, Norfolk, and Portsmouth in Hampton Roads, as wells as in parts of the Southern Piedmont region.

Figure 3. Virginia Home Sales, January



Source: Virginia REALTORS®, data accessed February 15, 2022

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



Source: Virginia REALTORS®, data accessed February 15, 2022

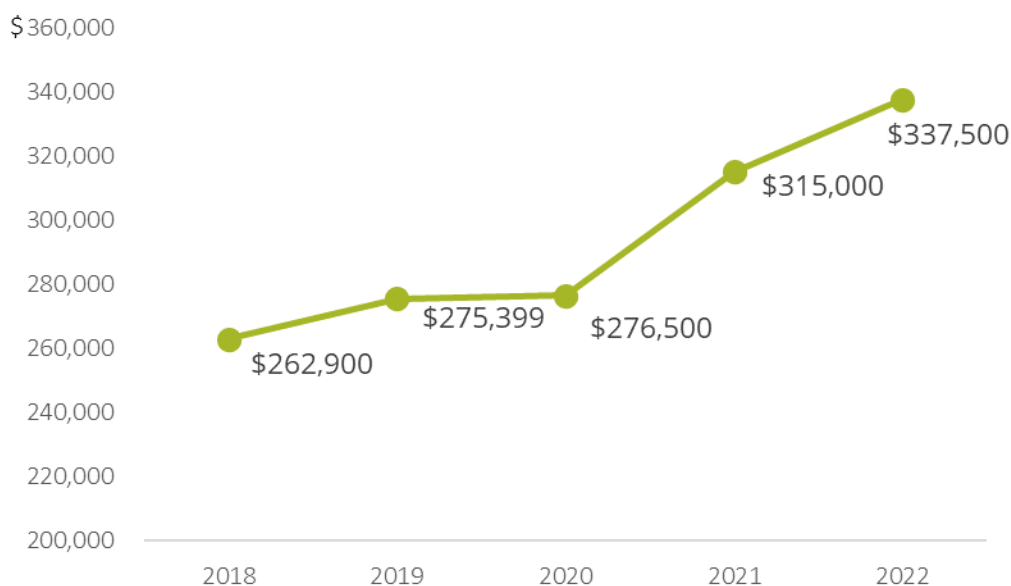
Home Prices

Home price growth remains consistent and strong in Virginia. The statewide median sales price in January was \$337,500, a \$22,500 jump from January a year ago, which is a 7.1% increase. Even though price growth has retreated from the double-digit rates seen in most of 2020 and 2021, the growth has been well above typical rates that occur in Virginia, a reflection of how tight the inventory situation is right now and how robust demand is in most areas. Some of the strongest price growth in January occurred in parts of the Northern Neck, Rockbridge Highlands, Lynchburg, and Fredericksburg regions.

The statewide average sold-to-list price ratio in January was 100.5%, which indicates that on average, homes that sold this month in Virginia closed at a price that was 0.5% higher than the seller's asking price. This is the twelfth consecutive month the statewide average sold-to-list price ratio exceeded 100%, a reflection of the strong demand and low inventory all across Virginia.

Nearly all price segments of the market continue to experience upward pressure. The highest average sold-to-list price ratio was 101.3%, which was for homes in the \$600,001 to \$800,000 range. The second highest ratio was for the \$400,001 to \$600,000 price range, which had an average sold-to-list price ratio of 101% in January. Homes priced at \$200,000 or less continue to be the only market segment with an average sold-to-list price ratio below 100%. Homes in this price range closed at 98.3% of the seller's asking price, on average.

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



Source: Virginia REALTORS®, data accessed February 15, 2022

Figure 6. Average Sold-to-List Price Ratio, January 2022

Price Range	Ratio
\$200,000 or less	98.3%
\$200,001 to \$400,000	100.8%
\$400,001 to \$600,000	101.0%
\$600,001 to \$800,000	101.3%
\$800,001 or More	100.7%
All price levels	100.5%

Source: Virginia REALTORS®, data accessed February 15, 2022

Nearly half (46.1%) of all homes sold in Virginia in January were priced between \$200,001 and \$400,000. The second largest price range was \$400,001 to \$600,000, which represents approximately 21.3% of all sales in January. The lowest price range, homes that sold for \$200,000 or less, accounted for about 16.6% of the January market statewide, while the highest price range (\$800,001 or more) represented 7.2% of all sales this month.

Figure 7. Sales by Price Range, January

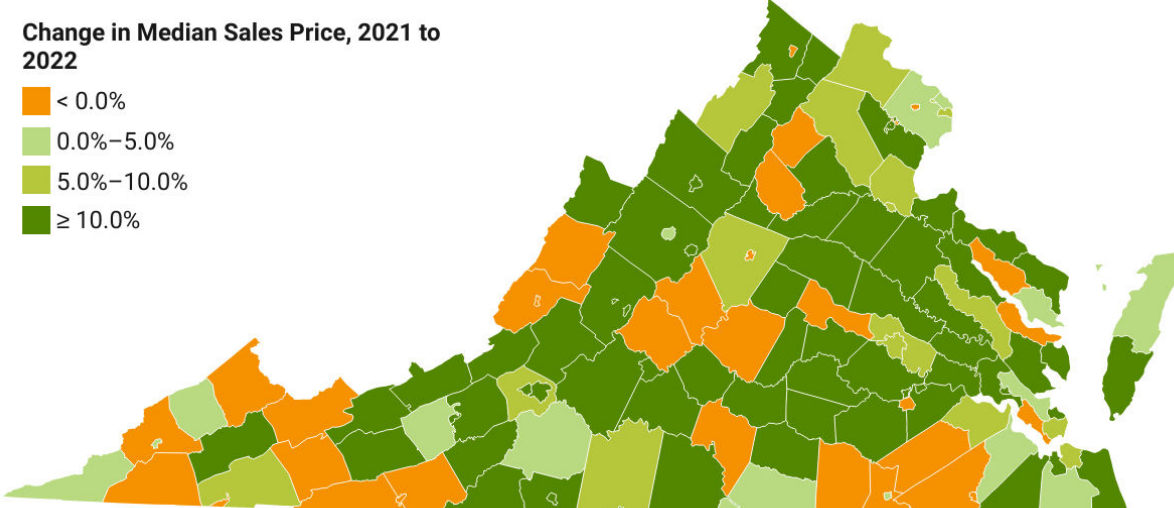


Source: Virginia REALTORS®, data accessed February 15, 2022

Change in Median Sales Price, 2021 to 2022

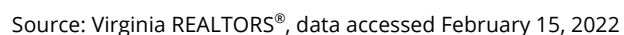
Legend:

- < 0.0%
- 0.0%–5.0%
- 5.0%–10.0%
- ≥ 10.0%



Sold Volume

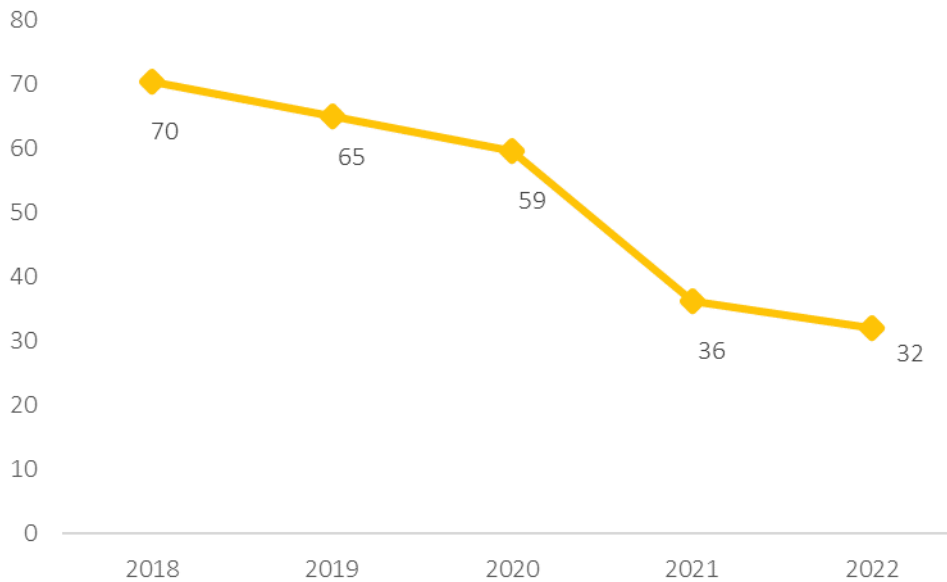
Figure 9. Sold Dollar Volume, January



Days on Market

Homes are selling faster than last year in Virginia as supply continues to tighten and buyers remain active in the market. Homes were on the market about a month on average statewide in January (32 days), which is four days faster than January of 2021. Homes are now selling nearly twice as fast as they were in January two years ago, as competition in local markets across the commonwealth has intensified during this very busy period.

Figure 10. Average Days on Market, January

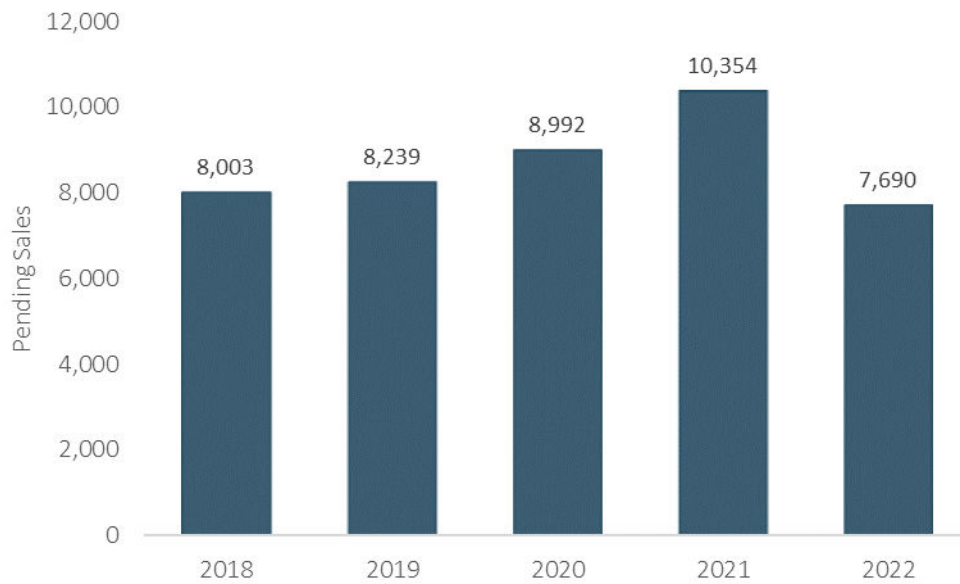


Source: Virginia REALTORS®, data accessed February 15, 2022

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 7,690 pending sales throughout Virginia in January, which is 2,664 fewer pending sales than last year, representing a 25.7% decline. This is the sharpest slowdown in pending sales activity in Virginia in more than five years, which is mostly due to the fact that pending sales a year ago were at record levels. But it also reflects some moderation in the market. Pending sales were up 3.5% between December and January, which is a smaller increase than usual for this time of year.

Figure 11. Pending Sales, January



Source: Virginia REALTORS®, data accessed February 15, 2022

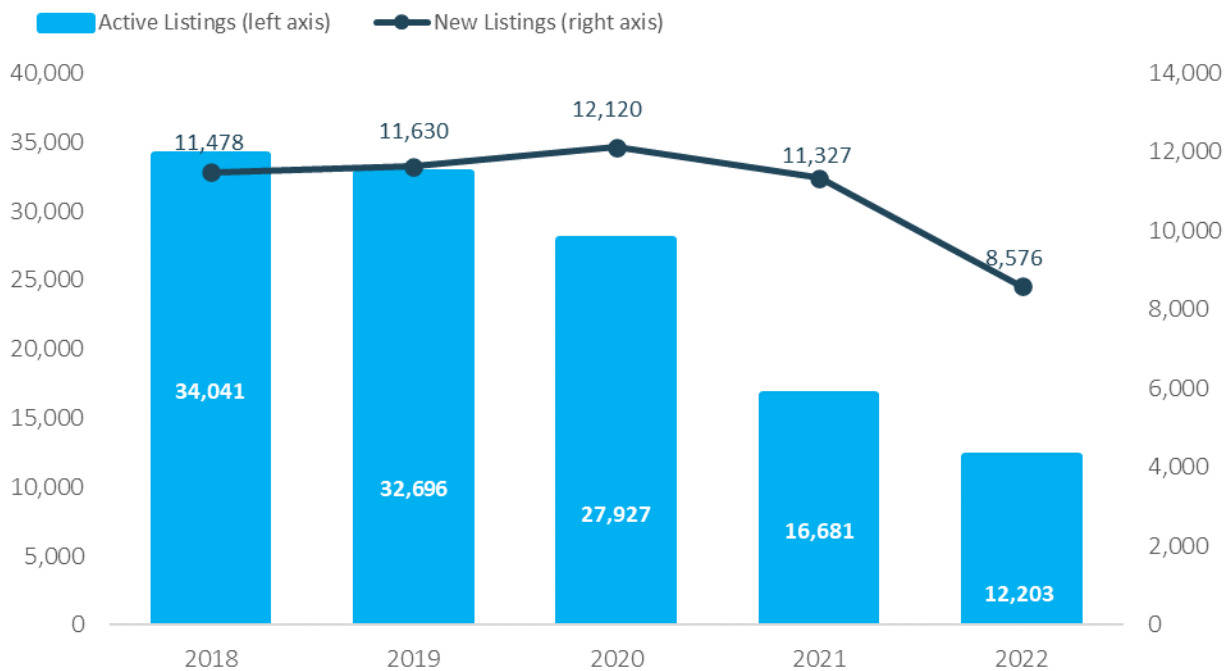
New Listings

Fewer sellers are listing their homes for sale despite significant price growth and a strong pipeline of buyers. This is largely due to the fact that there are limited options for existing homeowners to move into if they decided to sell their home. There were 8,576 new listings brought on the market statewide in January, 2,751 fewer new listings than a year ago, representing a 24.3% drop. This is the sharpest decline in new listings since the pandemic began in the spring of 2020.

Active Listings

The supply in Virginia's housing market continues to dwindle, setting new record lows. There were only 12,203 total active listings in the state at the end of January, which is 4,478 fewer listings than this time last year, a 26.8% drop. The inventory has been shrinking for years in the commonwealth, but the pace has accelerated since the spring of 2020 as buyer demand has been unusually strong. The total inventory in the state is now about a third of the level it was in January three years ago. The inventory fell 9.4% between the end of December and the end of January, which is a slightly larger drop than typical seasonal patterns.

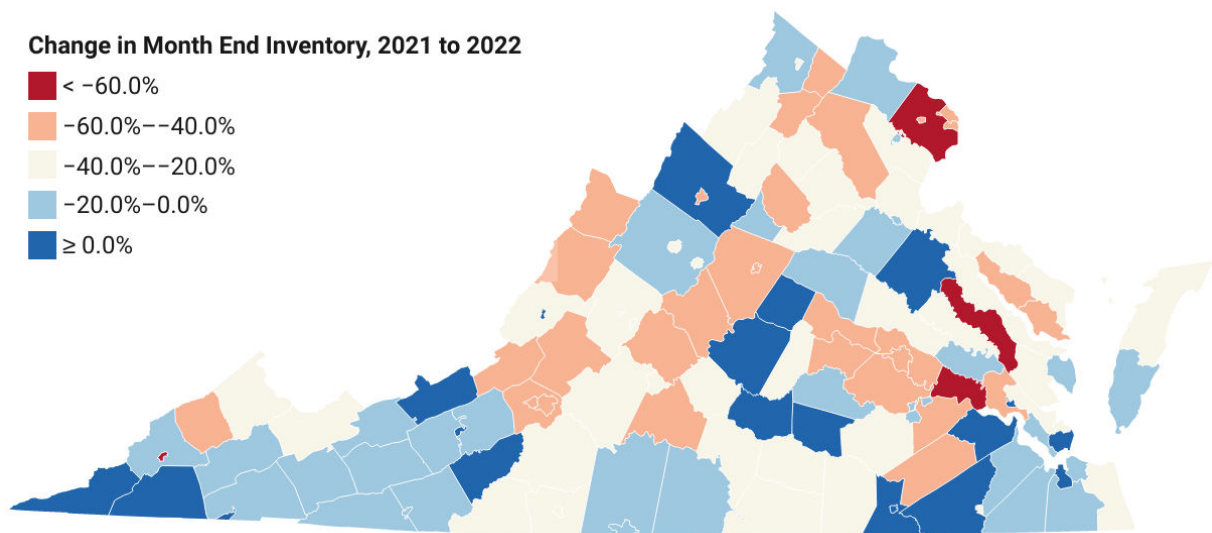
Figure 12. Inventory, January



Source: Virginia REALTORS®, data accessed February 15, 2022

Note: Active listings at the end of the month

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

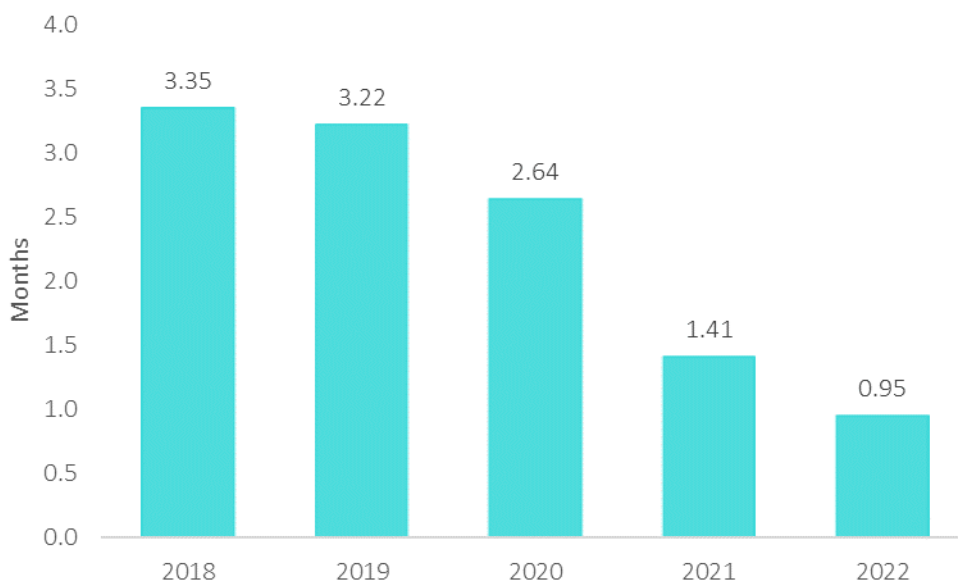


Source: Virginia REALTORS®, data accessed February 15, 2022

A majority of local markets in Virginia had fewer active listings than a year ago at the end of January. The largest supply reductions were in the parts of the Northern Virginia and Richmond markets. A few local markets in Southside, and in the Bristol area did have an uptick in supply this month compared to a year ago.

For the first time, total supply in Virginia's housing market dipped below one month. There was about 0.95 months of supply across the state at the the end of January, which is down from 1.41 months at this time a year ago. 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. It will continue to be a seller's market in Virginia for the foreseeable future as supply remains so low.

Figure 14. Months of Supply, January



Source: Virginia REALTORS®, data accessed February 15, 2022

Outlook

It is an interesting period for Virginia's housing market. The key drivers of demand such as job growth and favorable demographic conditions remain in play, but there are several other factors that could slow down activity and delay home buying decisions. Here are several trends to keep an eye on in the coming weeks and months that could impact Virginia's housing market:

- Inflation rose 7.5% in January compared to a year ago, reaching a 40-year high. As consumer prices continue to climb faster than expected and remain elevated longer than anticipated, it is more and more likely it could have an adverse impact on the housing market. Budgets are tightening on both sides of the table. Many buyers likely have less room in their budgets for mortgage payments, particularly as price points and mortgage rates continue to trend upward along with prices on everyday items. Similarly, many would-be sellers, or move-up buyers, could hit the brakes on their

home selling and buying plans until there is more certainty on how the higher prices will impact their bottom line.

- While the level of community transmission remains “high” according to the Virginia Department of Health, the number COVID cases in Virginia and in most areas of the country have declined significantly over the past month after peaking in mid-January. The Omicron surge is clearly waning, which is good news for everyone and will be a positive factor for the economy and housing market here in Virginia in the coming weeks and months if these trends hold.
- There is less than one month of supply in Virginia’s housing market, which is the lowest it has ever been. The inventory picture remains bleak, which will continue to be a huge constraint in markets all around the commonwealth. In addition to putting upward pressure on prices, the extremely low inventory has already started to dampen sales activity in some areas as first-time homebuyers are opting to rent instead of purchase given current market conditions. After trending up for most of 2021, new listings in Virginia have fallen off significantly in recent months, which is not allowing the inventory to keep up with the pace of sales.



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.