

Virginia

HOME SALES REPORT

FEBRUARY 2022

Virginia Home Sales Report

February 2022

Key Takeaways

- There were **8,160 home sales** in Virginia in February 2022, which is down 8.4% from a year ago. Sales activity inched up 1.2% between January and February.
- Statewide, the median home sales price in February was **\$350,000**. The median sales price jumped up 8.9% over the February 2021 median price.
- There was approximately **\$3.6 billion in sold volume** in Virginia in February, which is about the same level it was a year ago (+0.5%).
- Supply in Virginia's housing market continues to dwindle. At the end of February, there were **12,142 active listings** across the state, which is 22.3% lower than the inventory level at the end of February 2021.

February 2022 Housing Market Summary

	Feb-21	Feb-22	Change	% Change	YTD 2021	YTD 2022	Change	% Change
Sales	8,907	8,160	-747	-8.4%	17,821	16,223	-1,598	-9.0%
Median Sales Price (\$)	321,450	350,000	28,550	8.9%	318,000	342,555	24,555	7.7%
Sales Volume (\$ billions)	3.5	3.6	0.1	0.5%	7.0	6.9	-0.1	-0.8%
Average Days on Market	35	30	-5	-13.8%	36	31	-4	-12.4%
Pending Sales	10,483	9,130	-1,353	-12.9%	20,837	16,820	-4,017	-19.3%
New Listings	11,041	10,710	-331	-3.0%	22,368	19,286	-3,082	-13.8%
Active Listings (end of the month)	15,634	12,142	-3,492	-22.3%	15,634	12,142	-3,492	-22.3%
Months of Supply	1.3	0.9	-0.4	-27.6%	1.3	0.9	-0.4	-27.6%

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

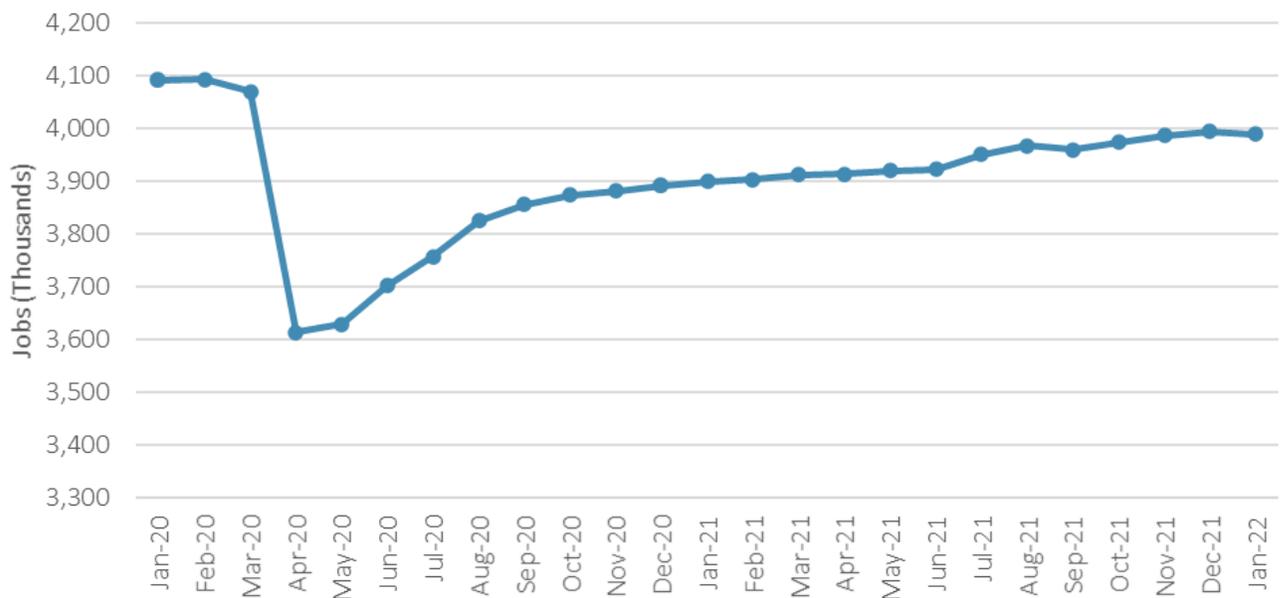
Economic Overview

There were some signs of cooling in Virginia's economy, though it is still too early to tell if it is the start of a wider trend. There were slightly fewer jobs across the state in January compared to December, and the unemployment rate inched up slightly. Even with the dip in jobs, the overall job base in the commonwealth has recovered quickly since the start of the pandemic and is still on track to be back to pre-pandemic levels by the end of this year or early next year. Mortgage rates continue to trend upward, but remain low compared to the previous four decades. While there are positive signs for steady demand in Virginia's housing market, several broader headwinds remain that could have an impact on residential real estate and the overall economy.

Jobs

Virginia's job base shrank slightly in January but remains stable. There were about 3.99 million jobs across the commonwealth in January 2022, which is about 4,900 fewer jobs than there were in the previous month (December 2021). This modest dip is only the second month-to-month decrease in jobs in Virginia since the massive job losses in the spring of 2020. The January 2022 job totals in Virginia still remain well above last year's level. There were nearly 90,000 more jobs in Virginia in January 2022 compared to January 2021, evidence of the strong job growth that occurred in the state last year.

Figure 1. Total Jobs in Virginia (in thousands)



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

The job recovery in Virginia continues to occur in most sectors, but the pace of recovery varies widely by sector. The Professional/Technical Services, Transportation/Warehousing and Federal Government sectors are all back to pre-pandemic employment levels, and now another sector has joined the list; Administrative Service sector jobs have also now fully recovered.

Most of the remaining job sectors are still recovering, but are below pre-pandemic levels. The slowest to recover continues to be the Leisure and Hospitality sector, though the gap is narrowing. In addition, there remains a job deficit in the Health Care sector in Virginia.

Most of the metro areas around the state had modest job month-to-month losses in January 2022. The largest drops occurred in Northern Virginia, Richmond, and Roanoke, which all had about 900 fewer jobs in January 2022 compared to December 2021. The Charlottesville metro area had about 500 more jobs added during this same time period, which was the strongest growth in the state. Lynchburg was the only other metro area to have job growth this month, with 300 more jobs in January 2022 than there were in December 2021.

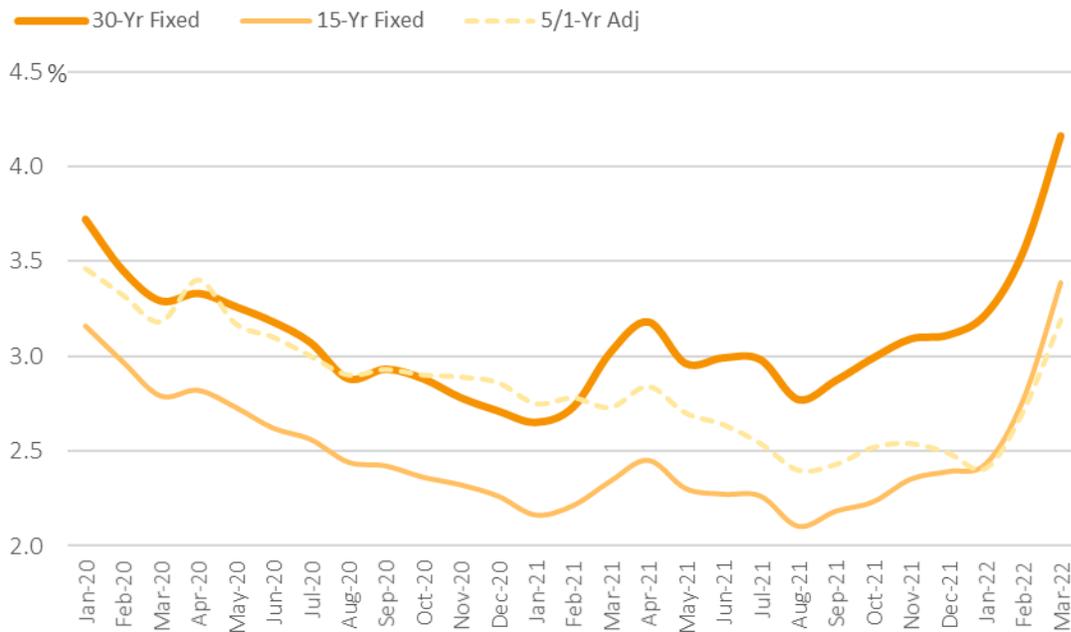
Unemployment

The unemployment rate in Virginia was 3.3% in January 2022, inching up slightly from December 2021. This is the first uptick in the state's unemployment rate since the summer of 2020. Virginia's unemployment rate still remains well below the national rate, which was 4.0% in January. Labor force participation still remains lower than pre-pandemic levels, which is putting a strain on employers trying to fill positions in a wide range of industries. As budgets tighten from rising inflation, more people could return to the labor force, though it is unclear if this would be a long-term trend. Labor markets will likely continue to be tight in Virginia in the months ahead.

Mortgage Rates

Mortgage rates continue to trend higher than the rock-bottom rates from the last couple years. As of the third week in March, the average rate for a 30-year fixed mortgage was 4.16%. This is the first time the average mortgage rate has been above four percent since May of 2019. It is anticipated that mortgage rates will fluctuate over the coming weeks in months.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

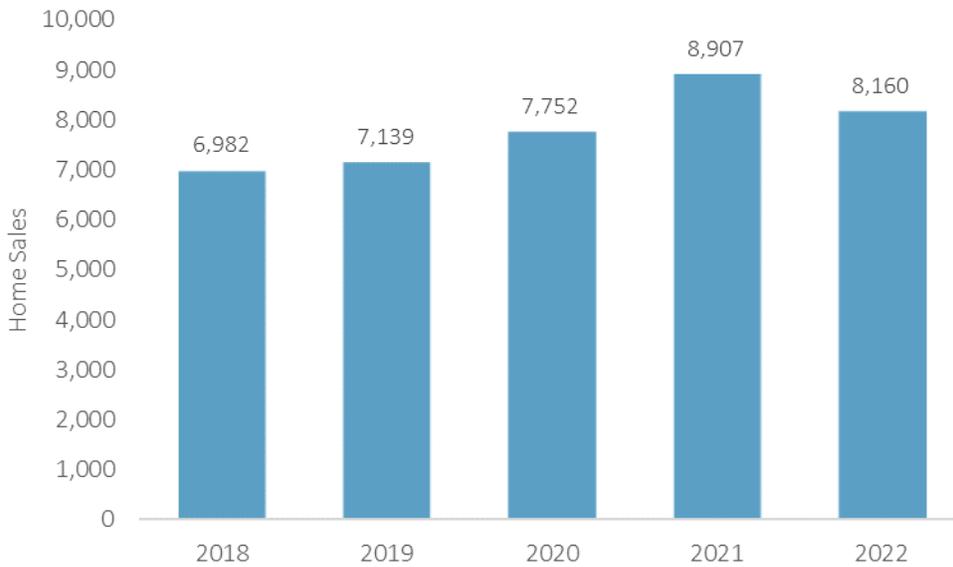
Activity in Virginia’s housing market moderated in February compared to last year. There were fewer closed sales, which kept the total sold dollar volume relatively flat. Home prices and the average sold-to-list price ratio continue to rise however, which is largely being driven by the tight supply of homes available in the market. The inventory of active listings continues to shrink, while fewer and fewer new listings are being put on the market. The lack of inventory is causing homes to sell faster on average in most local markets around the commonwealth. It is also a key reason why closed sales and pending sales have slowed, as buyers have very few options.

Sales

There were 8,160 home sales in Virginia in February, 747 fewer sales than a year ago, which is an 8.4% drop. Sales activity has been moderating in the commonwealth for much of the past six months, as the market returns to more seasonal patterns. Based on how busy the market was during the first half of 2021, we anticipate sales to be down year-over-year at least in the near term. Sales activity was relatively flat between January and February this year, inching up 1.2%. In previous years, before the pandemic market, there has typically been a stronger bump in activity between these two months. Low inventory is dampening sales activity as buyers struggle to find homes to purchase.

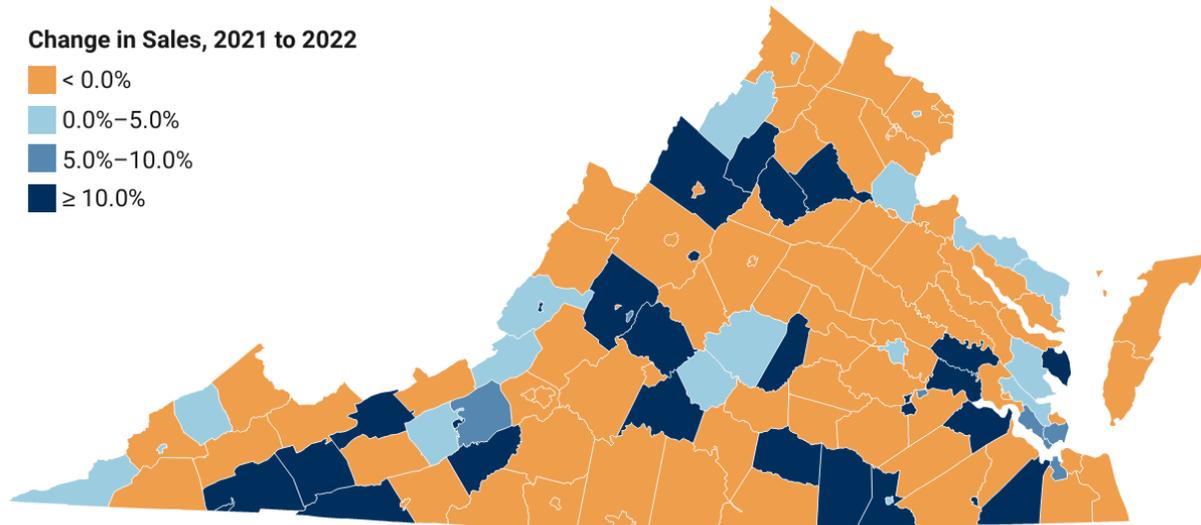
The moderating trend continues to take hold in most local markets around Virginia compared to last year. The sharpest slowdowns so far through February have been in Northern Virginia, parts of the Southern Piedmont region, the Richmond Metro area, and the Charlottesville regional market. However, sales activity in some local markets around the state are actually outpacing the first two months of 2021, including parts of the Southwest Virginia market, the Tri-Cities region south of Richmond, the Harrisonburg area, and parts of the Virginia Peninsula market.

Figure 3. Virginia Home Sales, February



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

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



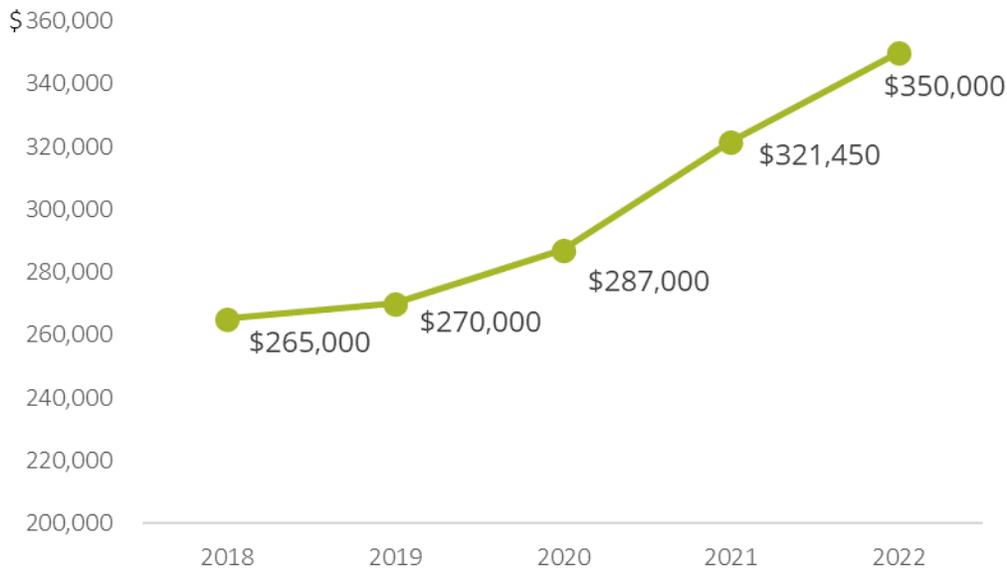
Source: Virginia REALTORS®, data accessed March 15, 2022

Home Prices

Sales prices continue to climb across most of Virginia. The statewide median sales price was \$350,000 in February. This is \$28,550 higher than it was in February of 2021, which is an 8.9% increase, the sharpest gain since June of 2021. The low supply continues to be the primary factor pushing up home prices in most local markets, and while sales activity has moderated from last year, buyers remain active in the market. The sharpest price gains so far in 2022 have occurred in the New River Valley Market, South Central Virginia, parts of the Winchester region, and areas around Fredericksburg.

On average, homes continue to sell higher than list price in Virginia. The February 2022 average sold-to-list price ratio was 101.4%, which is up from 100.3% last February. Most price segments in the market continue to have upward pressure. The sharpest increase this month was at the highest end of the market. The average sold-to-list price ratio for homes that sold for \$800,000 or more was 102.9% in February 2022, which is up from 100.5% in February of last year. On the other end of the market, homes that sold for \$200,000 or less had an average sold-to-list price ratio of 98.2%, which is down slightly from February of last year.

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



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

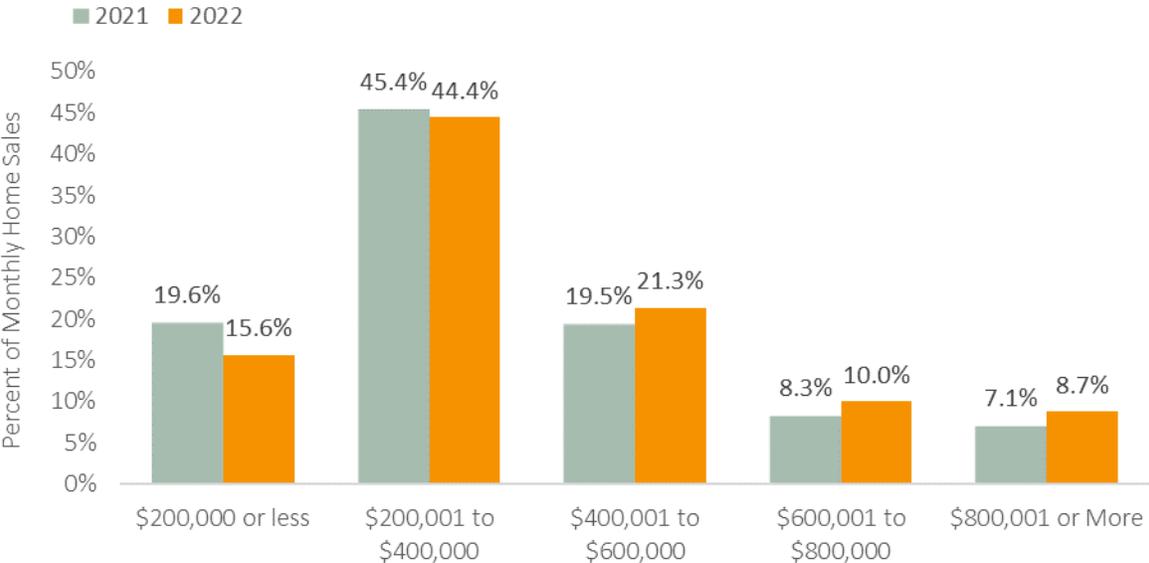
Figure 6. Average Sold-to-List Price Ratio, February 2022

Price Range	Ratio
\$200,000 or less	98.2%
\$200,001 to \$400,000	101.5%
\$400,001 to \$600,000	102.2%
\$600,001 to \$800,000	102.7%
\$800,001 or More	102.9%
All price levels	101.4%

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

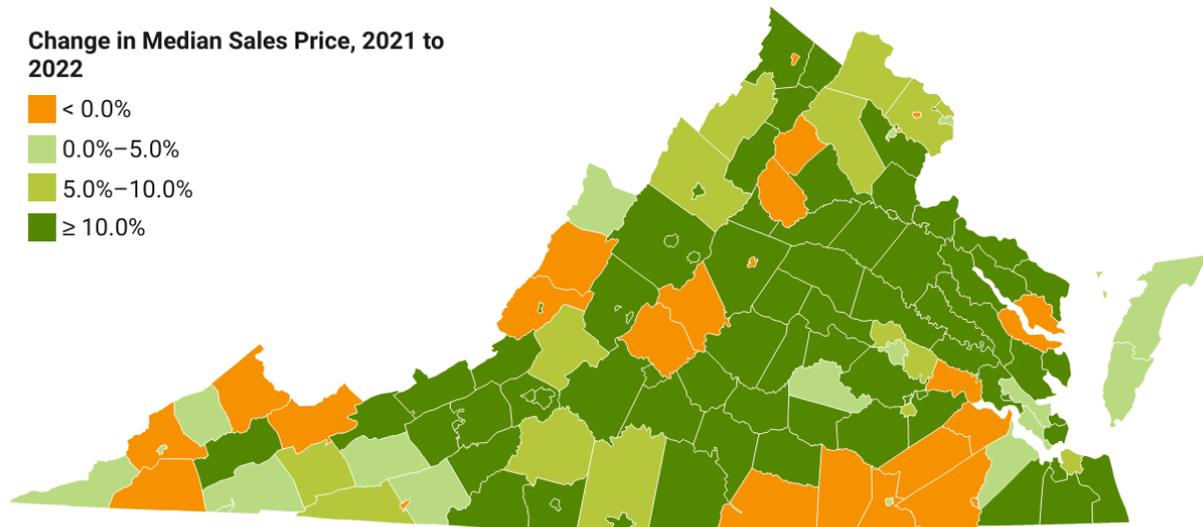
Homes sold between \$200,001 and \$400,000 continue to represent by far the largest price segment in the Virginia housing market, representing 44.4% of all sales in February 2022. The next closest segment, accounting for about a fifth of a sales (21.3%) was the \$400,001 to \$600,000 price range. The proportion of home sales in the lowest price range continues to get smaller each month. About 15.6% of all February 2022 sales were for homes priced at or below \$200,000, which is down from 19.6% of all sales in February of 2021. This portion of the market is very important for first-time and moderate income buyers, but it continues to be the fastest shrinking price segment in the state as upward pressure on home prices continues to be a major factor.

Figure 7. Sales by Price Range, February



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

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

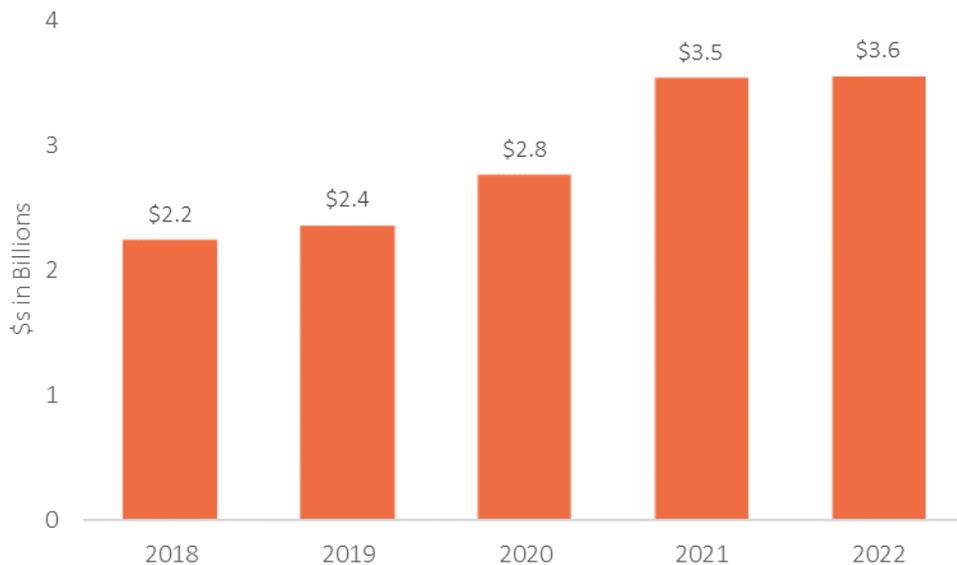


Source: Virginia REALTORS®, data accessed March 15, 2022

Sold Volume

The slowdown in sales this month kept the sold dollar volume essentially flat from last year’s level, even as home prices were higher in most parts of the state. There was about \$3.6 billion of sold volume across Virginia in February 2022, inching up a half of a percent (+0.5%) from the sold volume total in February 2021, which is an increase of about \$18.3 million of sold volume statewide. The sold dollar volume rose 5.1% between January and February, which is a typical change for this time of year.

Figure 9. Sold Dollar Volume, February

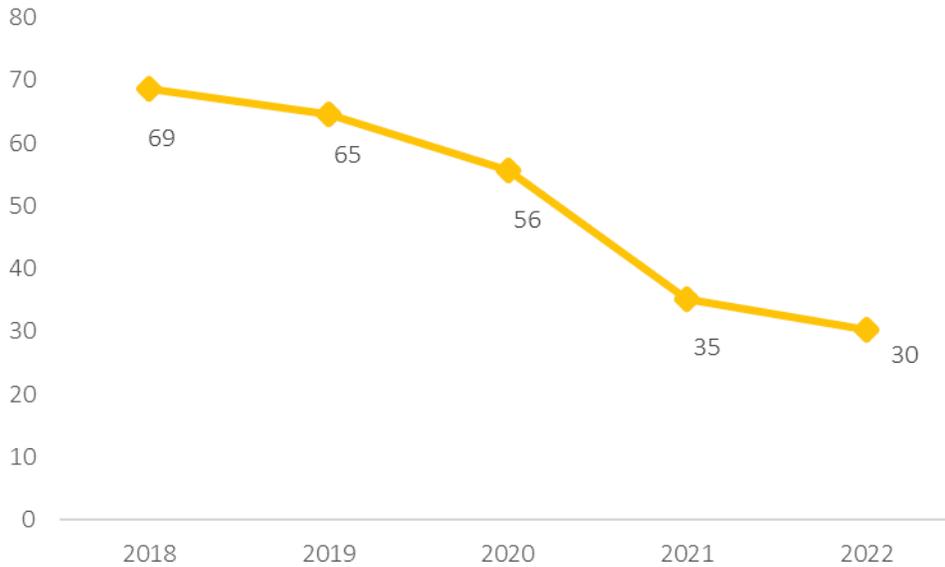


Source: Virginia REALTORS®, data accessed March 15, 2022

Days on Market

As Virginia's housing market continues to be very competitive, homes are selling faster. The average days on market statewide in February was 30 days, which is down from 35 days a year ago. Homes have been selling faster and faster all around Virginia for many years as supply has been shrinking and competition in the market has been strong, though this trend has intensified even more since 2020.

Figure 10. Average Days on Market, February

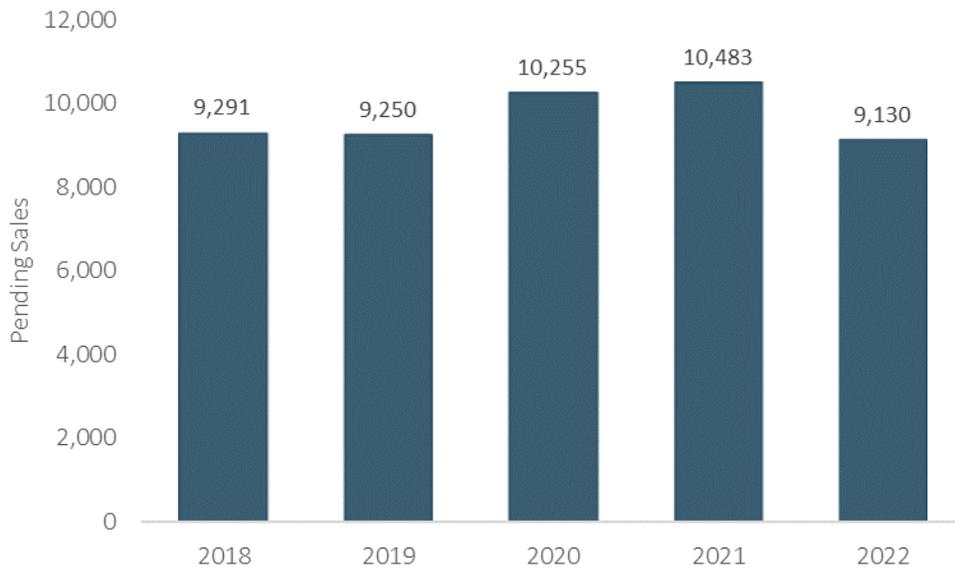


Source: Virginia REALTORS®, data accessed March 15, 2022

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 9,130 pending sales across the commonwealth in February, which is 1,353 fewer pending sales than last year, representing a 12.9% decrease. Pending sales activity has now moderated for eight consecutive months, as Virginia's housing market returns to more seasonal patterns and buyers have fewer homes to choose from. Pending sales jumped up 18.7% between January and February, which is in line with typical seasonal change in the market.

Figure 11. Pending Sales, February



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

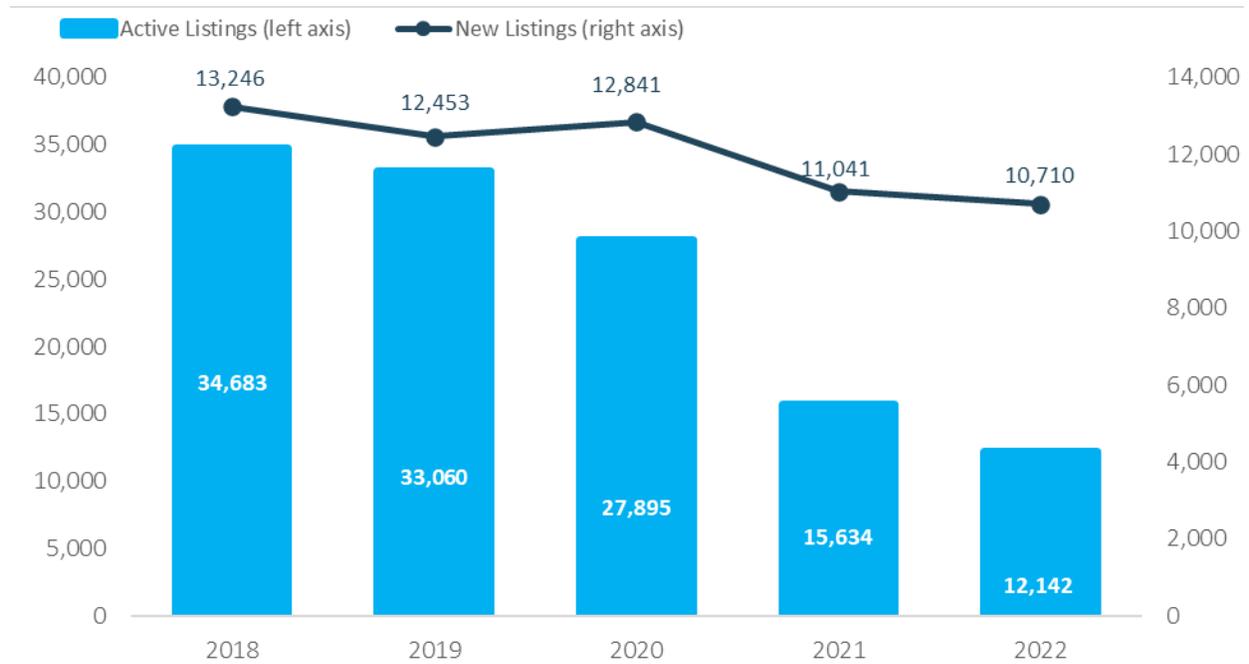
New Listings

Fewer sellers are listing their homes on the market even with strong demand from buyers. There were 10,710 new listings statewide in February, 331 fewer new listings than a year ago. This represents a 3% drop in new listings, which is a much smaller decline than in December and January. Following a six-month period of growth in new listings last year, the number of new listings statewide has declined for six consecutive months, which is causing the overall supply to become tighter.

Active Listings

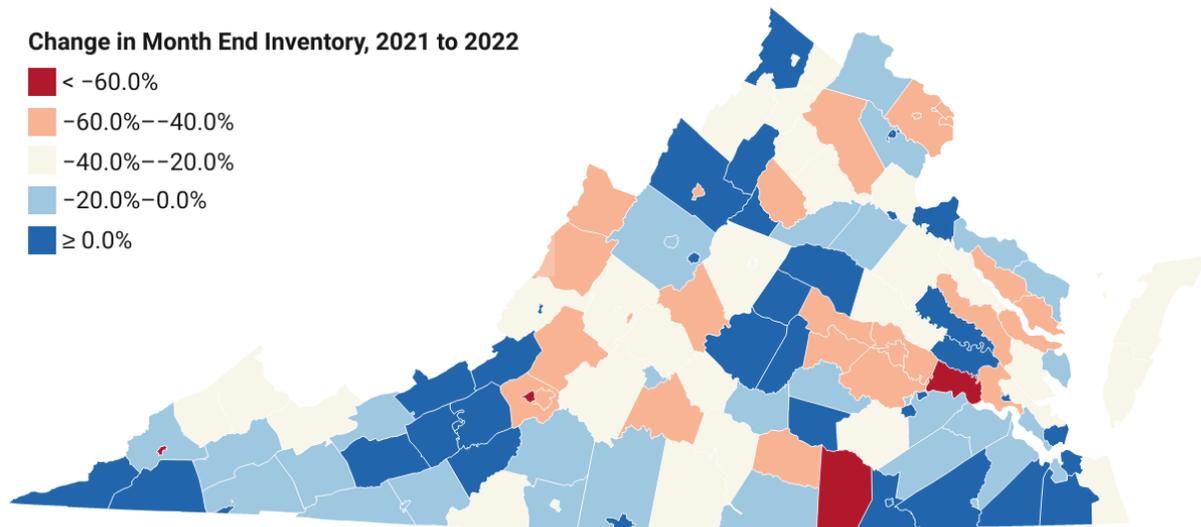
The inventory picture in Virginia's housing market continues to get worse. There were just 12,142 active listings around the state at the end of February, which is about 3,500 fewer active listings than were available at the end of February 2021, a 22.3% supply drop. The number of active listings in the market is not keeping up with the pace of buyer demand.

Figure 12. Inventory, February



Source: Virginia REALTORS®, data accessed March 15, 2022
 Note: Active listings at the end of the month

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



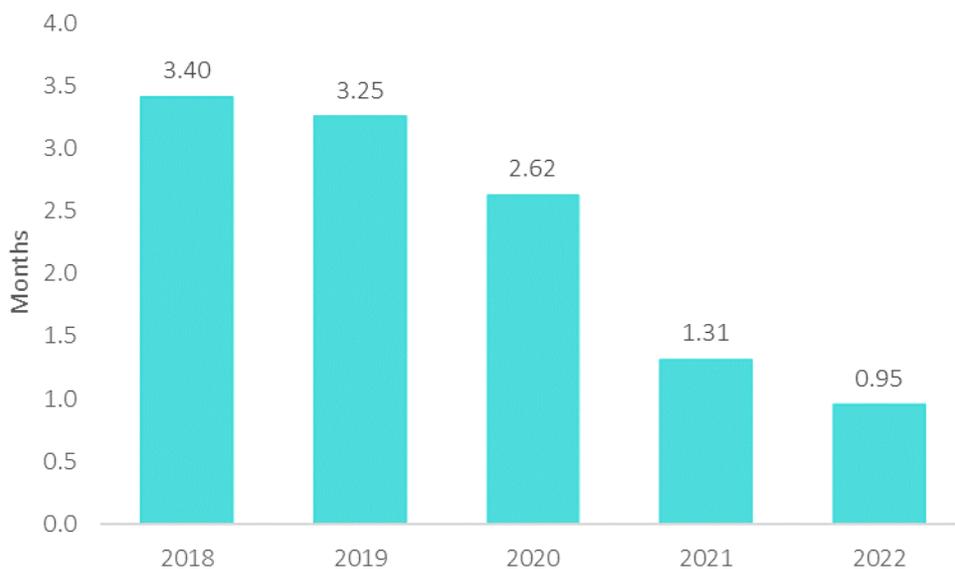
Source: Virginia REALTORS®, data accessed March 15, 2022

Some areas of Virginia have a growing inventory, but in most places, the number of active listings is much lower than last year. Parts of Hampton Roads, including Suffolk and Chesapeake, had an uptick in listings in February. The supply in some local markets in the

New River Valley region also had a jump in active listings, particularly Montgomery County and Floyd County. The supply in Northern Virginia and Richmond continues to be well below last year's levels.

The total supply in Virginia's housing market in February remains slightly below one month. The months-of-supply is down from 1.3 months at this time last year. 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 sellers market in Virginia for the foreseeable future as supply remains so low.

Figure 14. Months of Supply, February



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

Outlook

It is an uncertain time for many reasons. Global tensions are high from the war in Ukraine. Rising inflation and rising mortgage rates all can impact the health of the economy and housing market. The demand fundamentals in Virginia's housing market remain strong, as employment is robust and unemployment is low. But the uncertainty is undoubtedly impacting both buyers and sellers alike. Here are some of the key things to watch as we enter the spring market:

- Interest rates continue to climb as expected, but could they rise higher than anticipated this year? Also, could the timeframe of rate increases speed up if the Federal Reserve moves more aggressively to combat rising and lingering inflation? As planned, the

Federal Reserve increased the federal funds rate by a quarter of a percent in March, which is the first Fed rate hike since 2018. It is anticipated there will be several more similar rate hikes in the coming months, which will push mortgage rates higher. Both [Fannie Mae](#) and the [Mortgage Bankers Association](#) have increased their forecasts for 30-year fixed mortgage rates for 2022. If rates rise higher than many expected, it could trigger some buyers who are sitting on the fence to act on their home purchase plans sooner rather than later.

- Is a recession looming? There has been a lot of talk recently about the potential for a recession this year. While many forecasters still think overall recession chances are low, the probability [has increased](#) since the start of the year. Inflation continues to climb and could linger even longer than expected as there is a lot of uncertainty from the war in Ukraine. Prices for commodities have risen and supply chains continue to be disrupted. These factors also hurt GDP growth, and forecasts of economic growth have been downgraded for 2022. There are still many paths forward that do not include a recession in 2022, but conditions will be monitored very closely in the coming months.
- Will we see an inventory bump for the spring market? Like clockwork, nearly every year, the supply of active listings builds up in the spring. In most years, this starts in March and lasts through June. It is likely we'll see this pattern continue in 2022, but it will probably be more subdued than normal. Potential sellers see fewer and fewer options to move into once they sell their homes, and budgets are getting tighter amid rising inflation. This could deter some would-be spring sellers from listing their homes and opt to stay put for now.



The Virginia REALTORS® association is the largest professional trade association in Virginia, representing 36,000 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.