



Chesapeake Bay & Rivers Association of REALTORS®  
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# Economic and Housing Market Update: An Outlook for 2022

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Chesapeake Bay and Rivers  
Association of REALTORS®

March 24, 2022

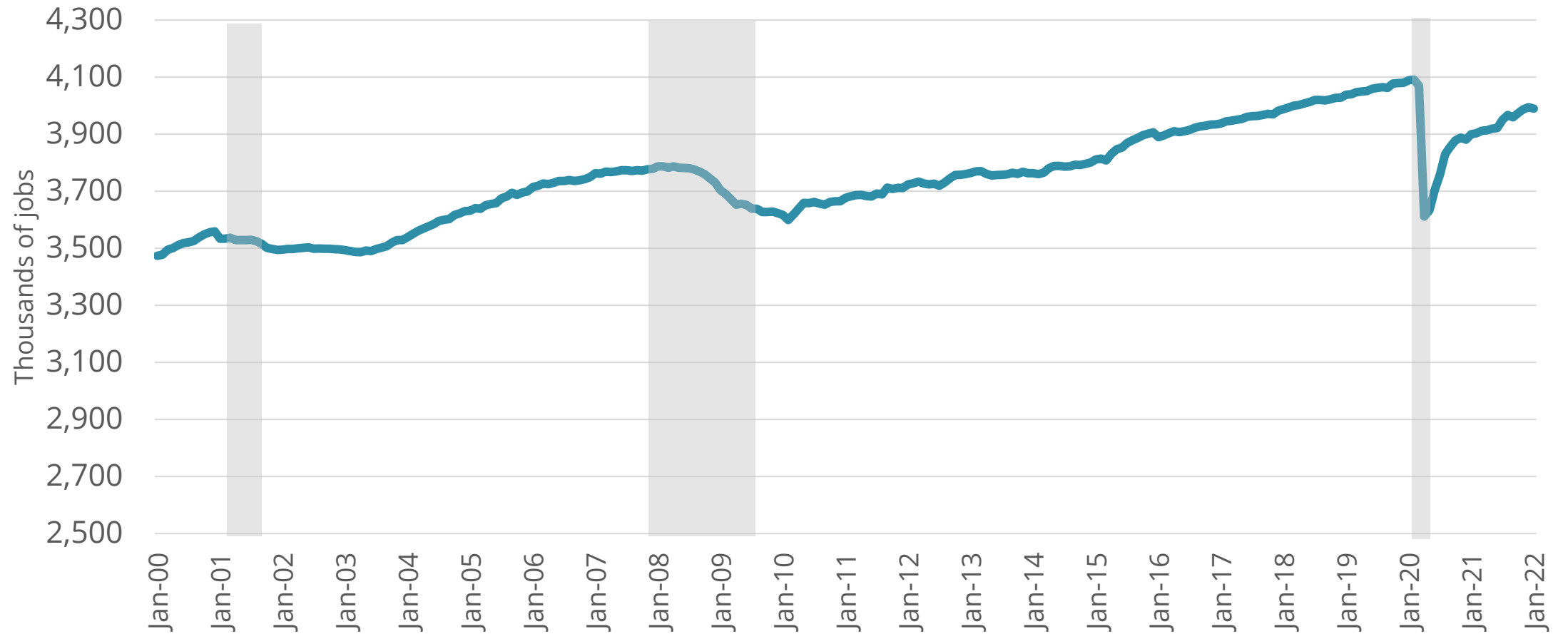
Lisa Sturtevant, PhD  
Chief Economist, Virginia REALTORS®



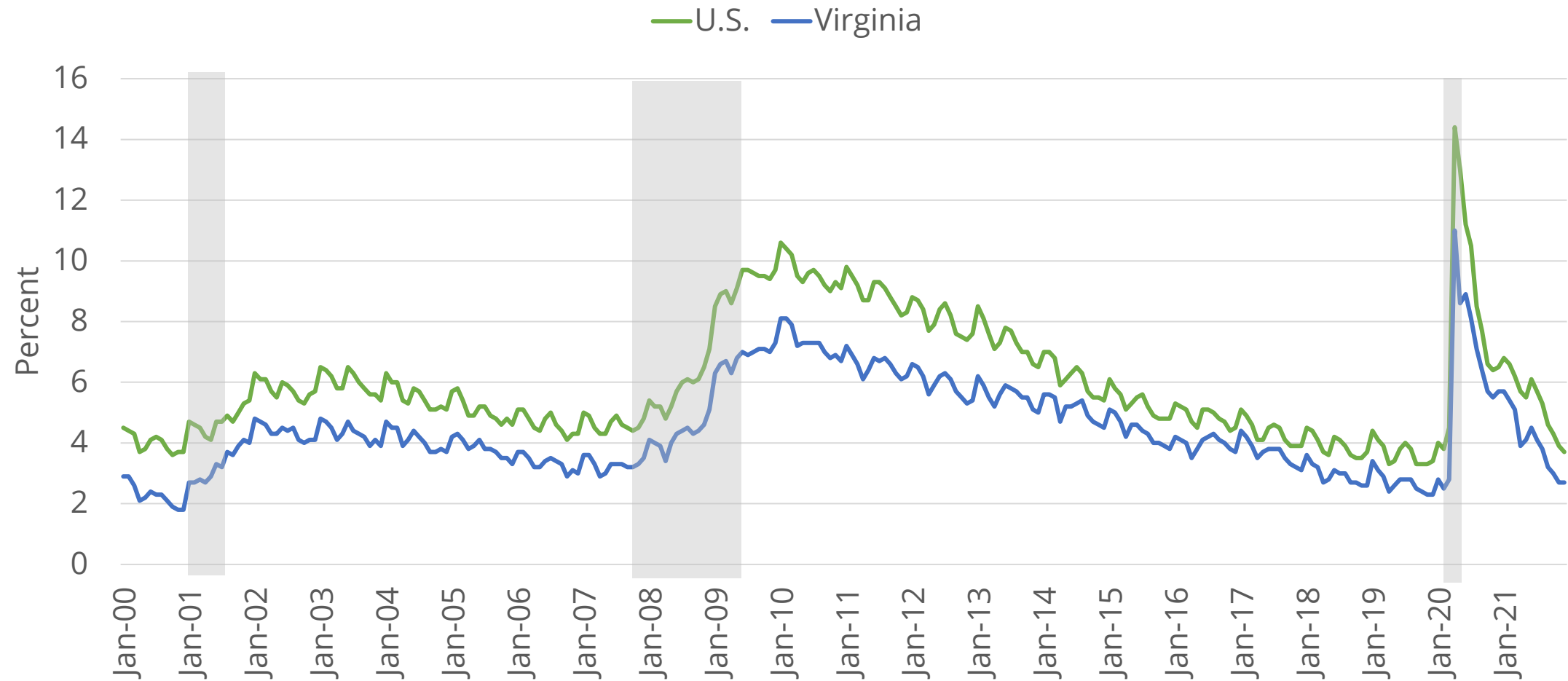


# Economic Indicators

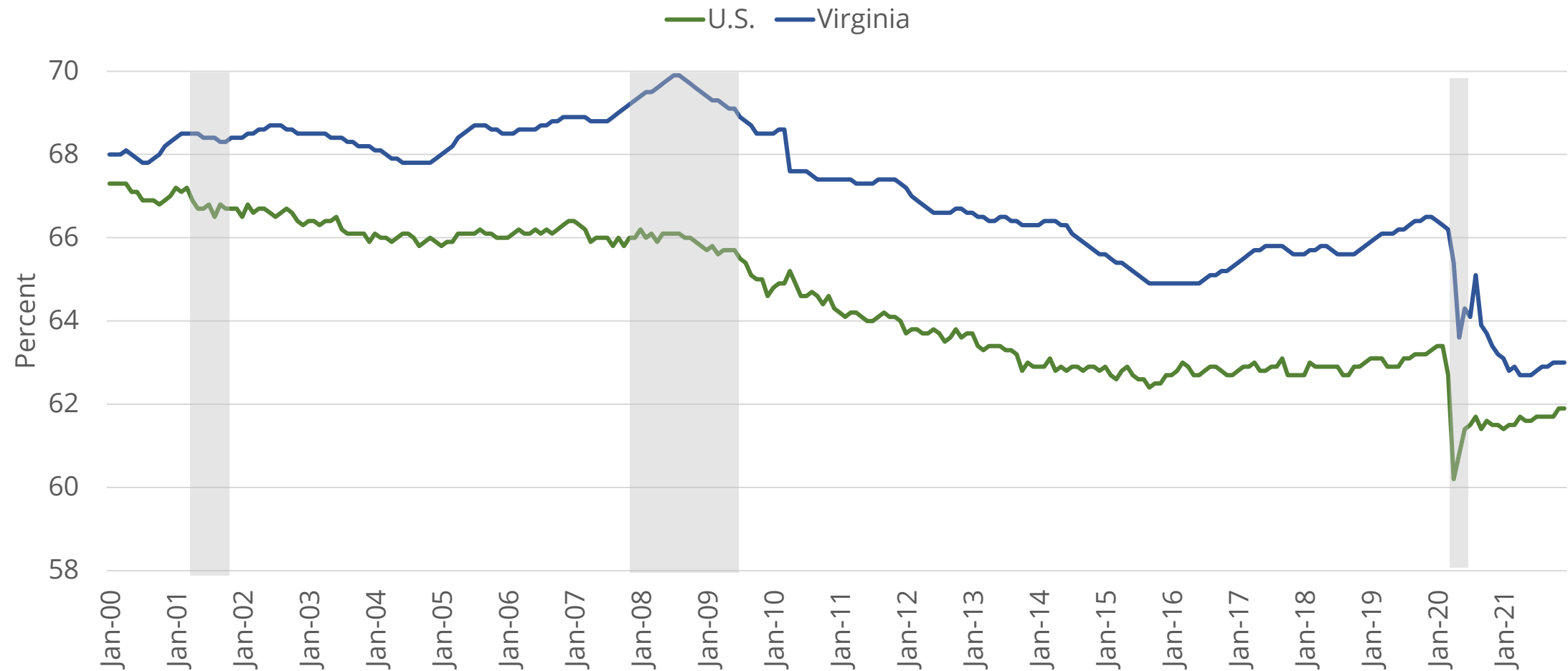
# Employment Virginia



# Unemployment Rate

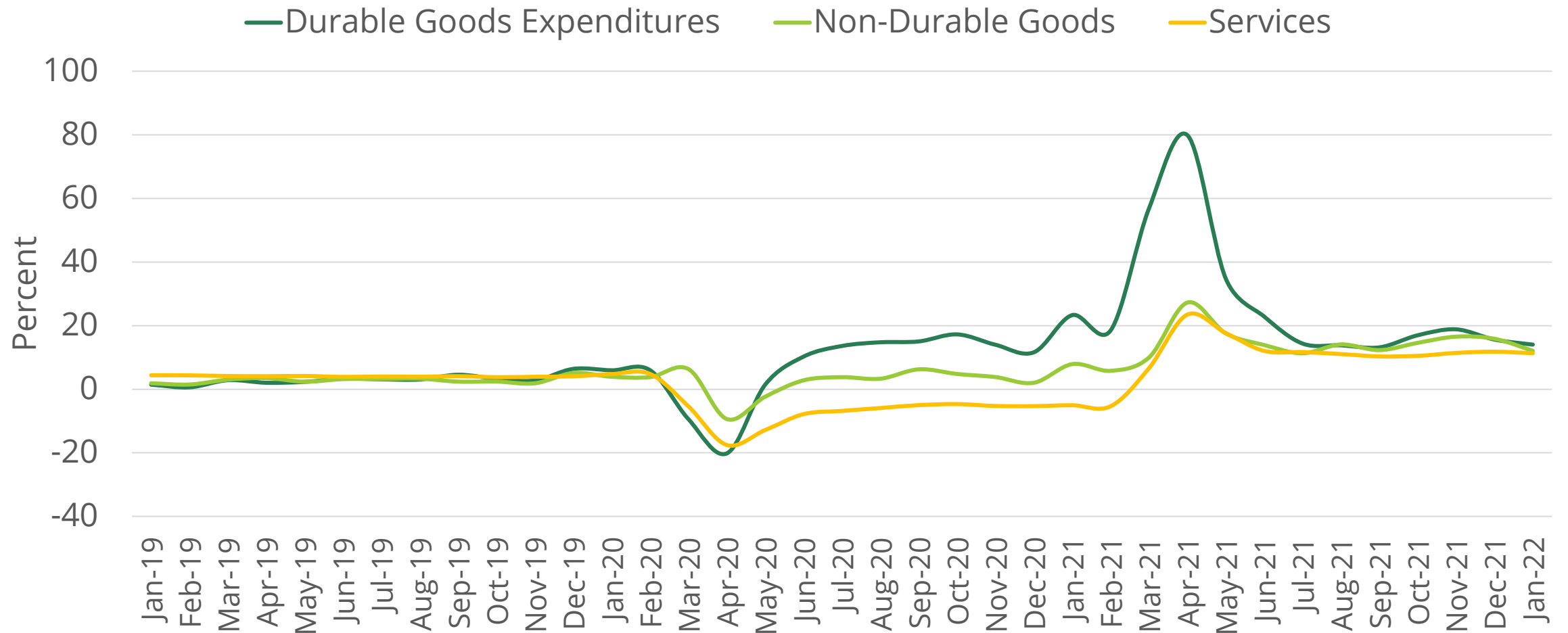


# Labor Force Participation Rate

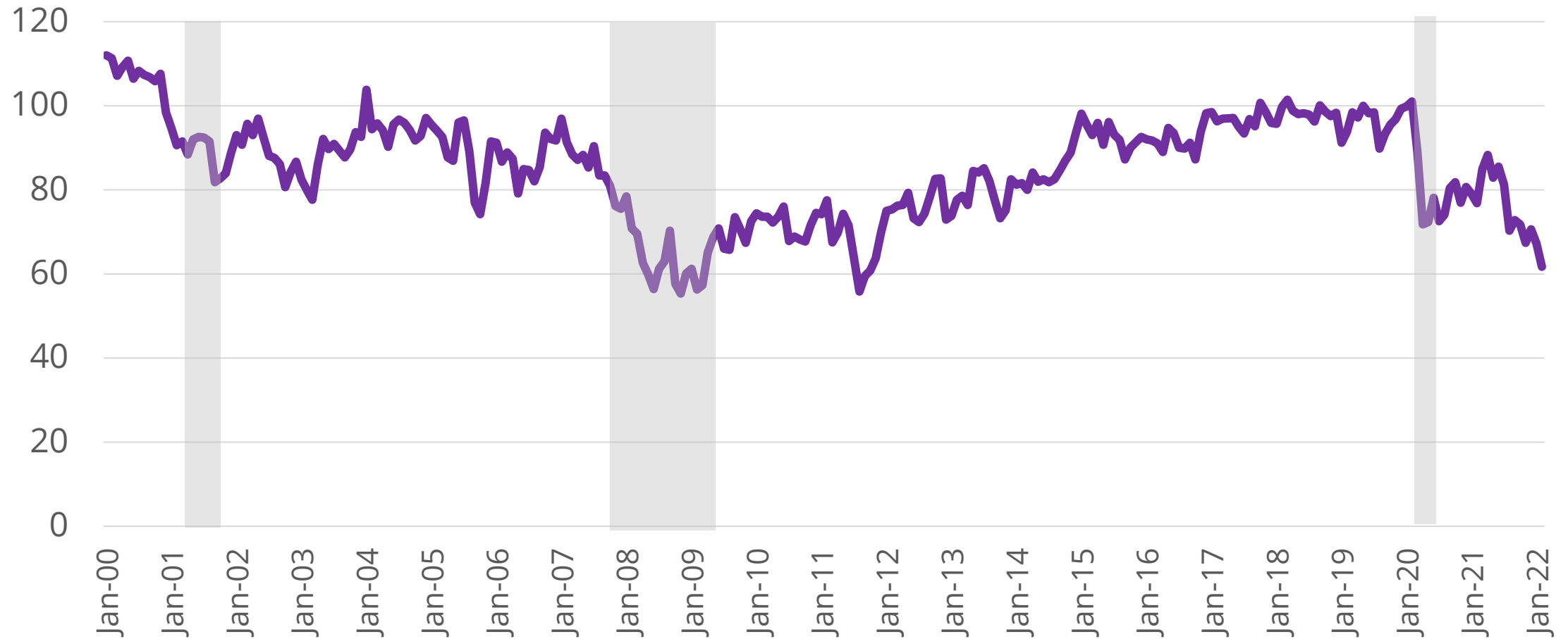


# Personal Consumer Expenditures

Year-over-year change

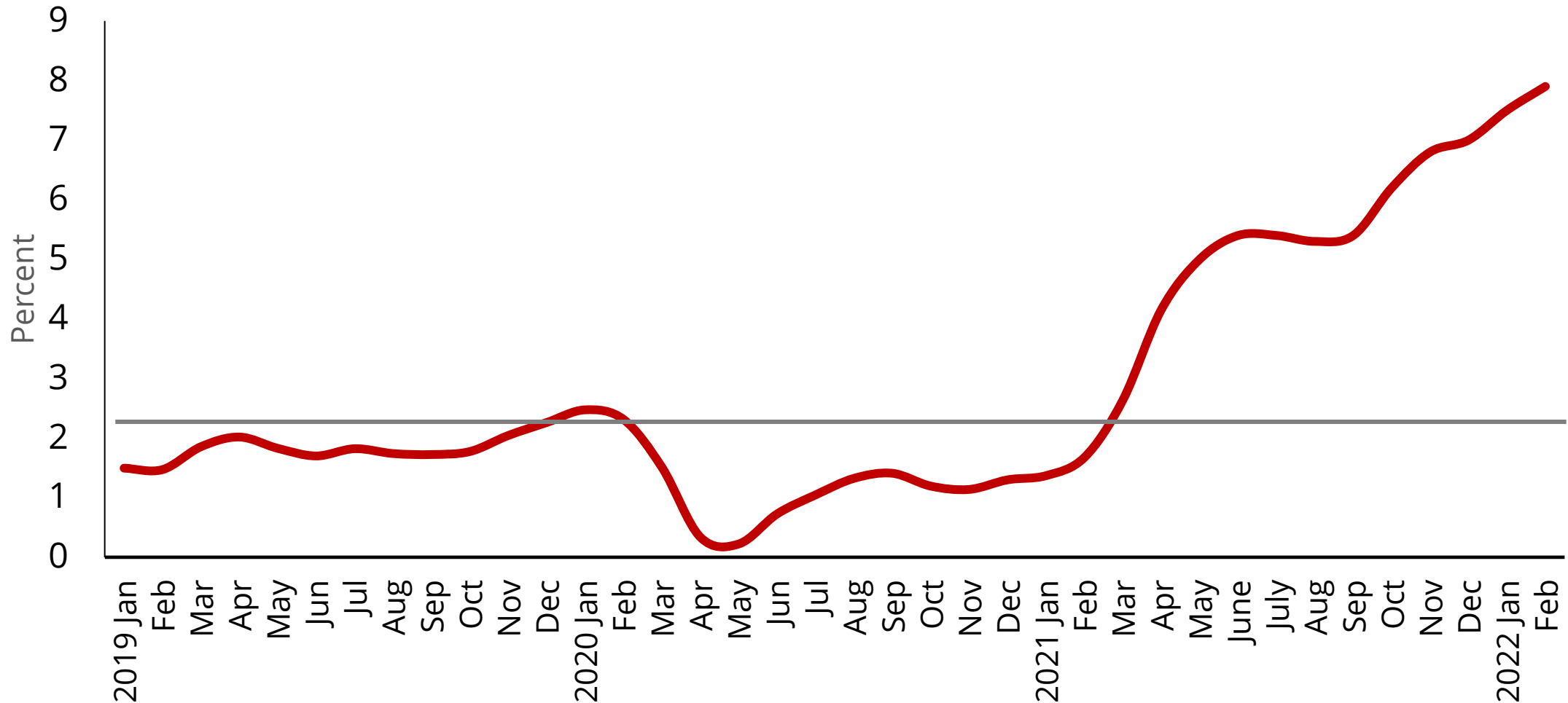


# Consumer Sentiment



# Inflation

Change in CPI-U



Source: Bureau of Labor Statistics



# Housing Market Trends



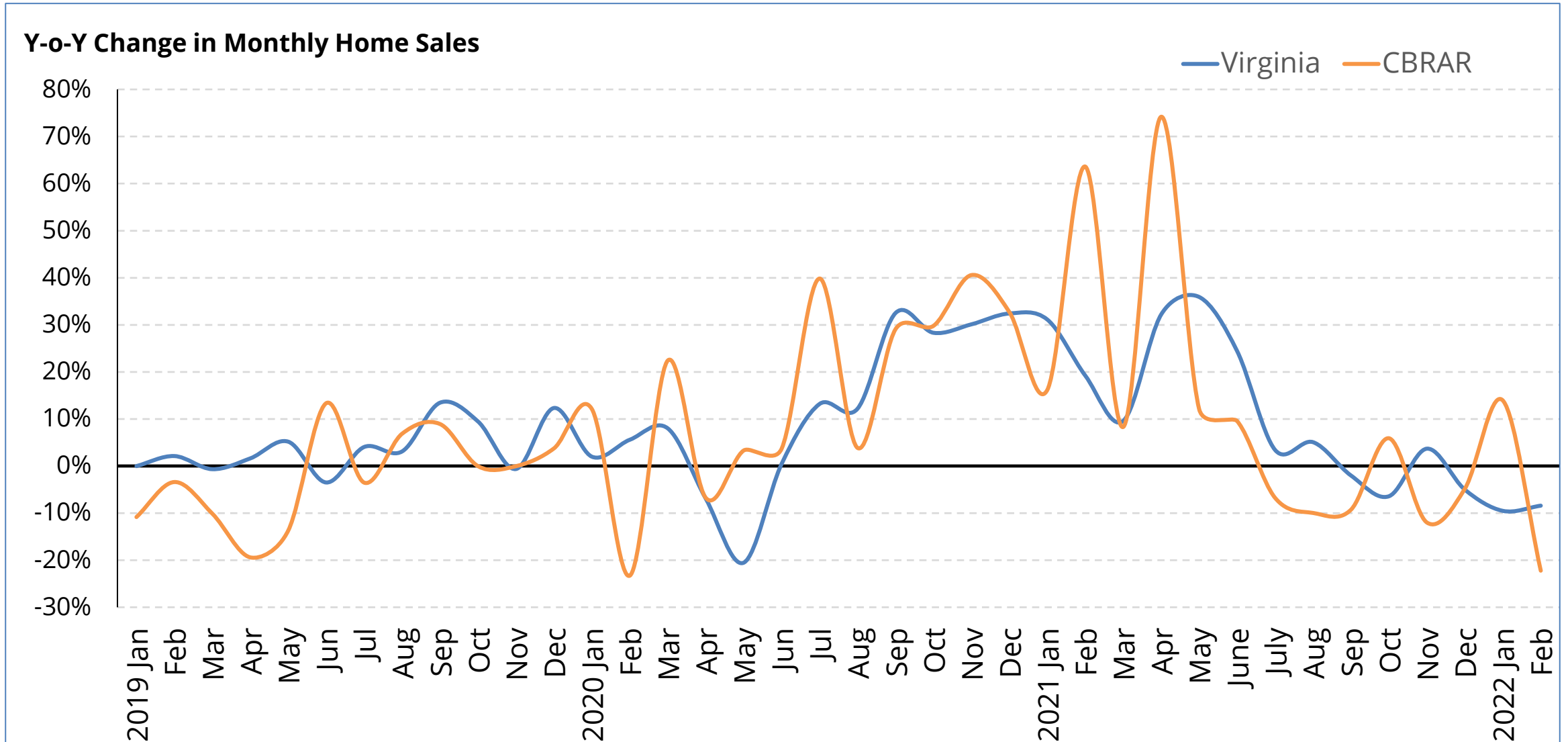
# Record-breaking housing market activity

Virginia		
	2021	Change 2020 to 2021
<b>Sales</b>	154,340	10%
<b>Median Price</b>	\$350,000	+9%
<b>Average Days on Market</b>	25	-15 days
<b>Inventory (year end)</b>	13,469	-24%
<b>Months of Supply (year end)</b>	1.0	-0.5 months

CBRAR	
2021	Change 2020 to 2021
1,704	+7%
\$284,000	+14%
43	-25 days
241	-26%
1.7	-0.75 months

Source: Virginia REALTORS®

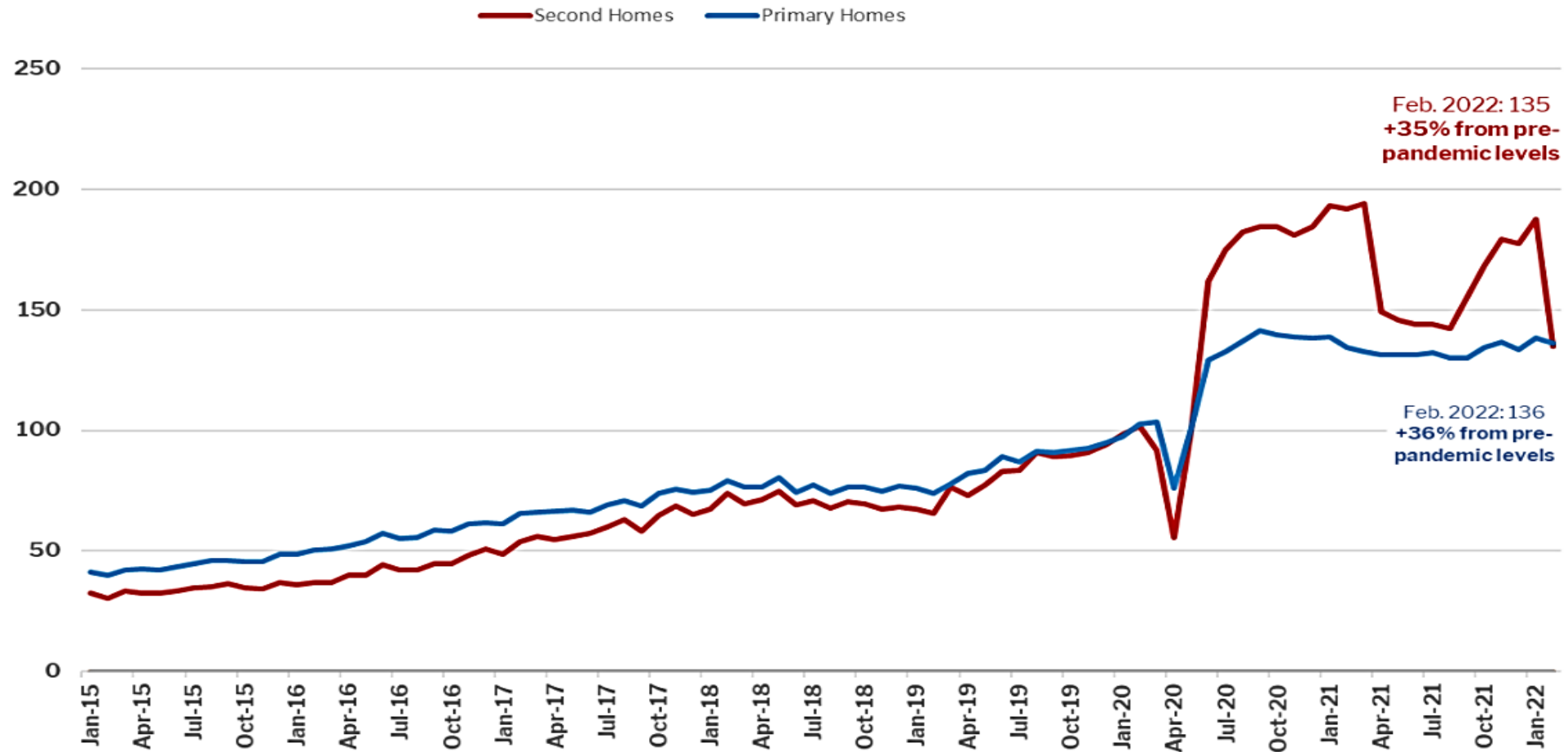
# Home Sales



# Second Home/Vacation Home Sales

## Demand for Vacation Homes Drops to Lowest Level Since May 2020

Second-home demand index; 100 = pre-pandemic (Jan.-Feb. 2020)

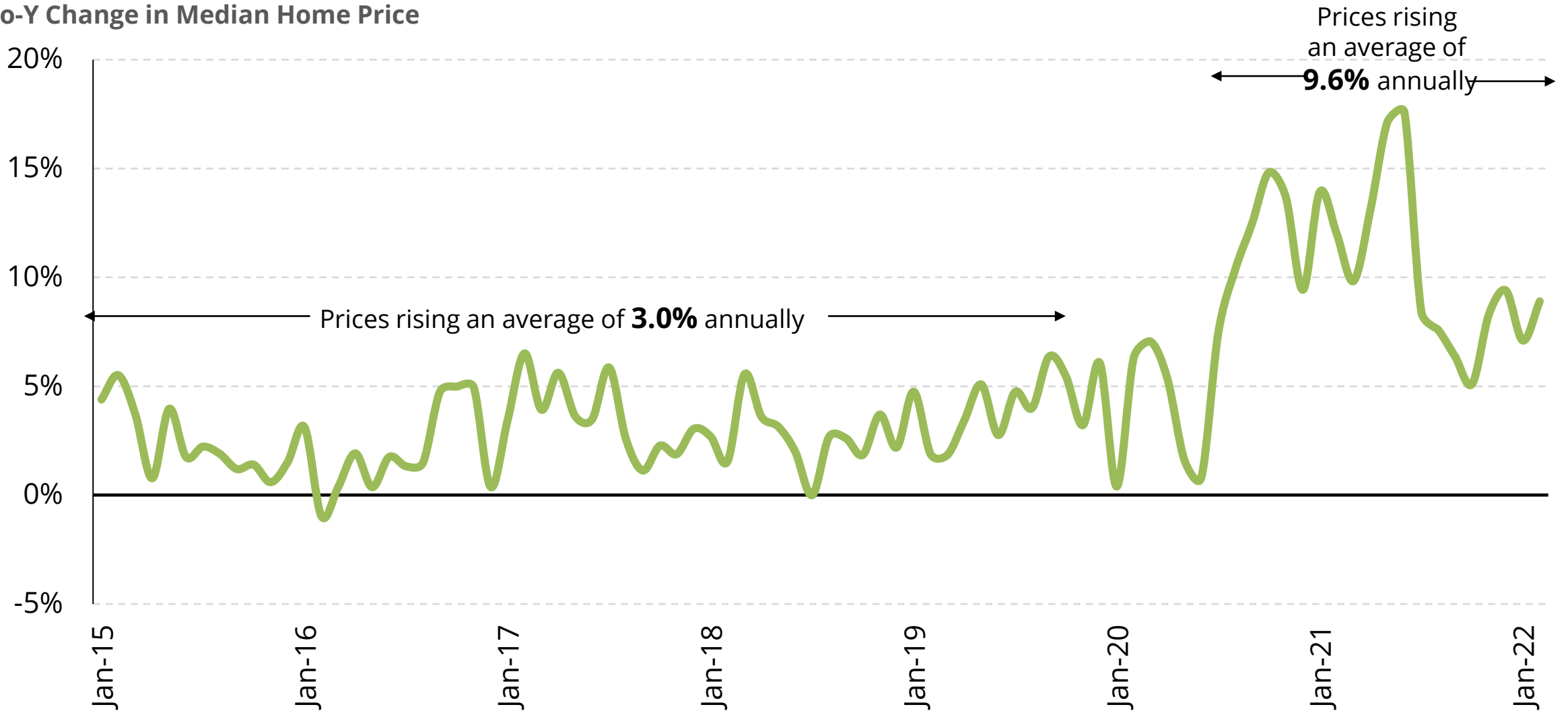


Source: Redfn analysis of Optimal Blue data Note: Data is seasonally adjusted

REDFIN

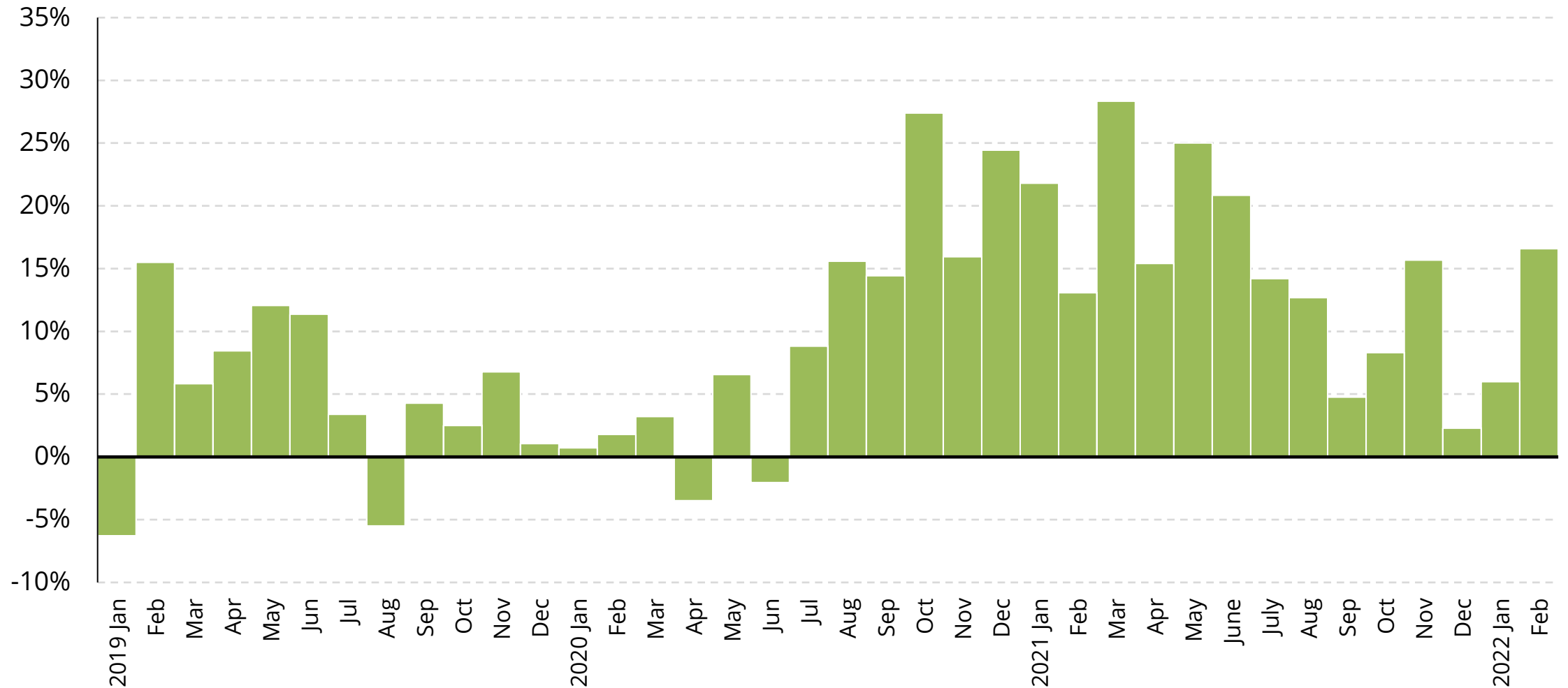
# Virginia Home Prices

Y-o-Y Change in Median Home Price

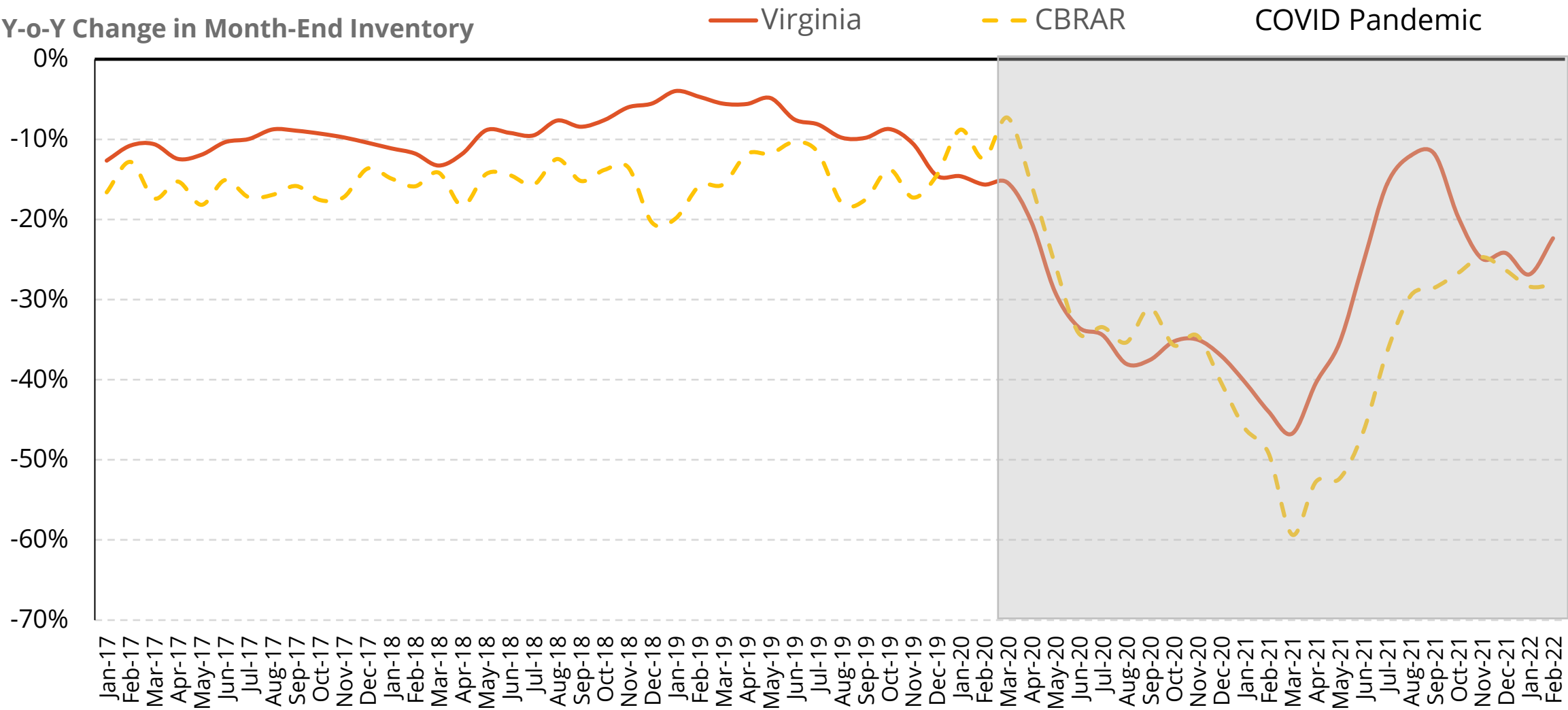


# CBRAR Home Prices

## Y-o-Y Change in Median Home Price

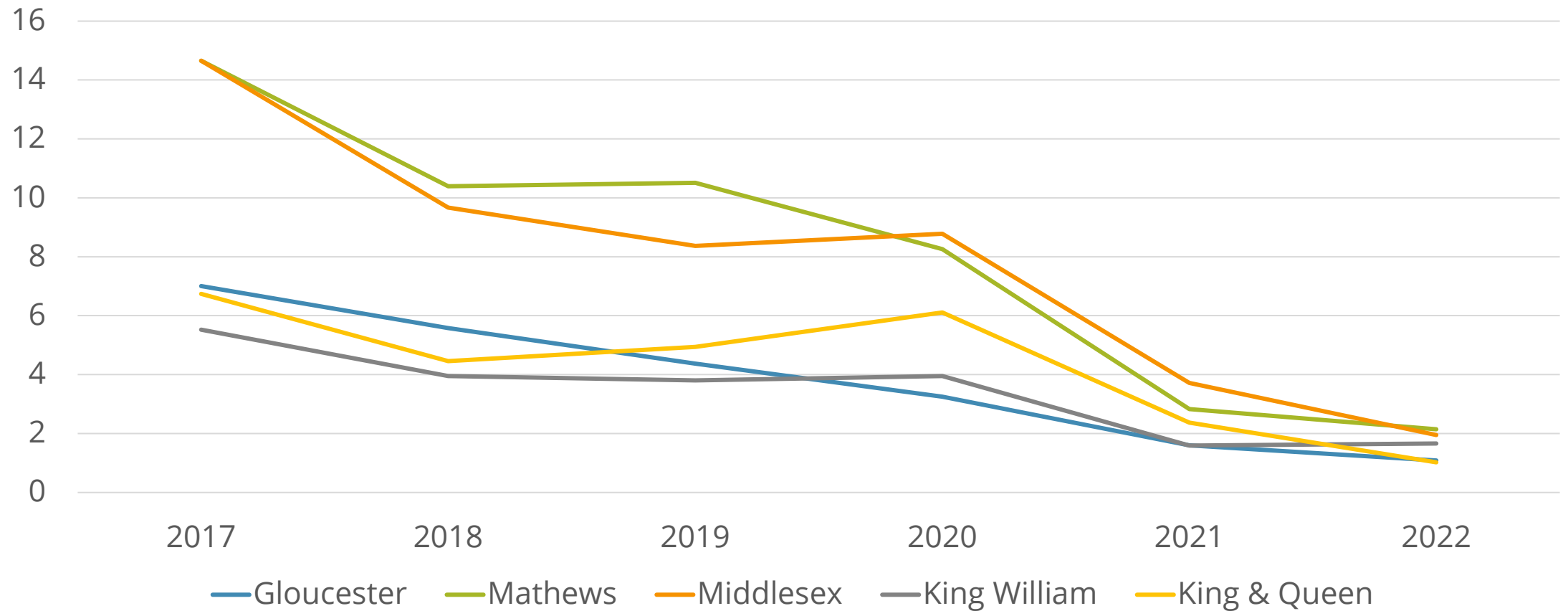


# Inventory



# Local Inventory

Months of Supply, End of February Each Year



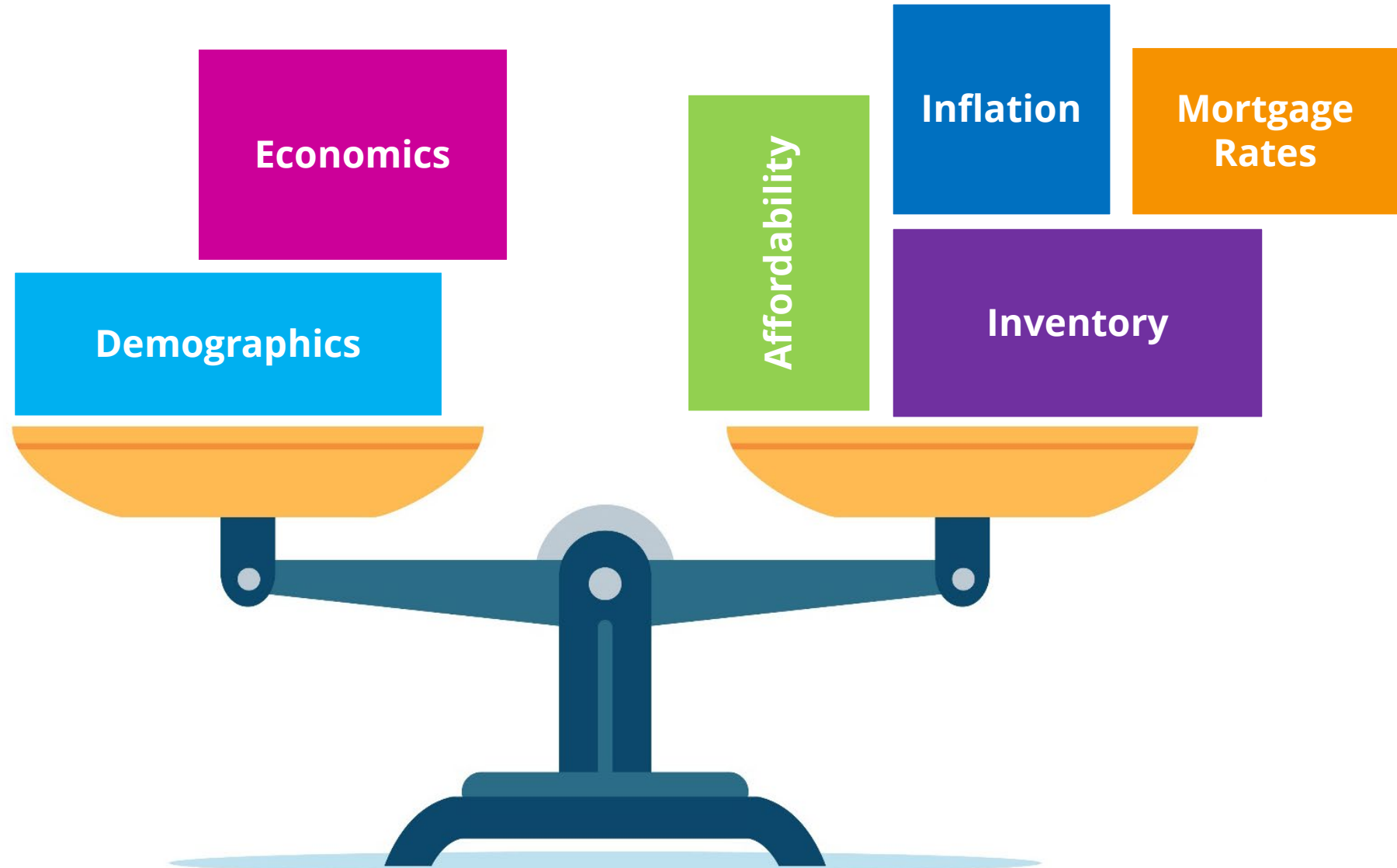


# Outlook for 2022

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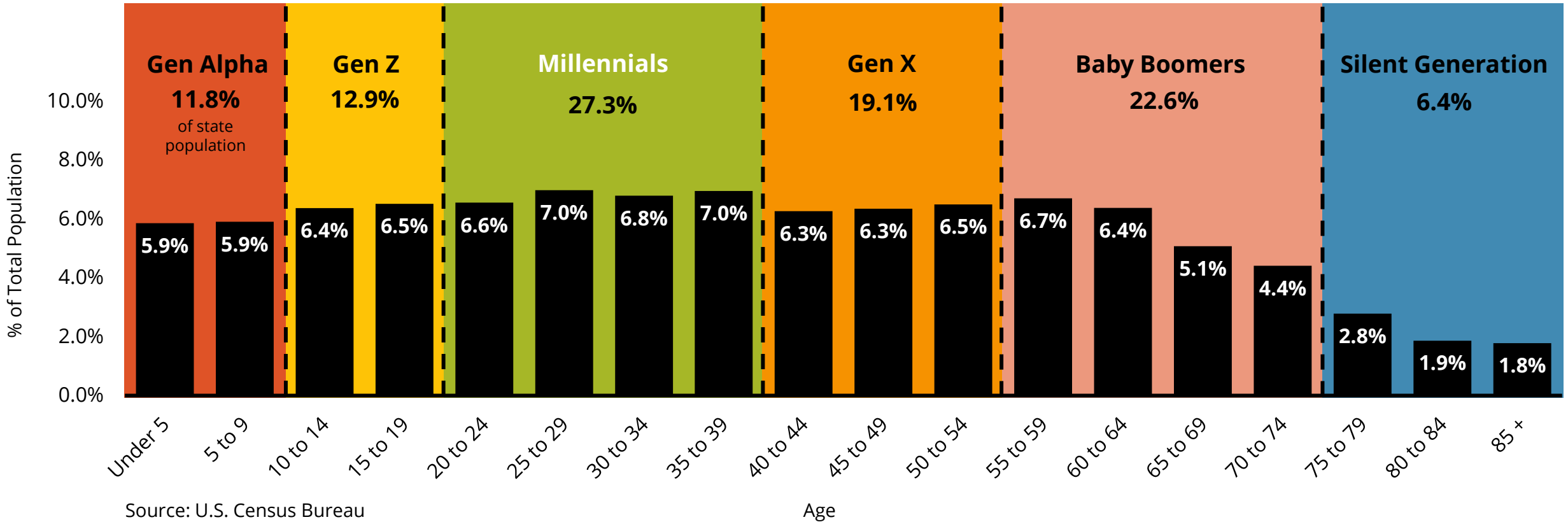


# What will tip the scales in the 2022 housing market?



# Demographics

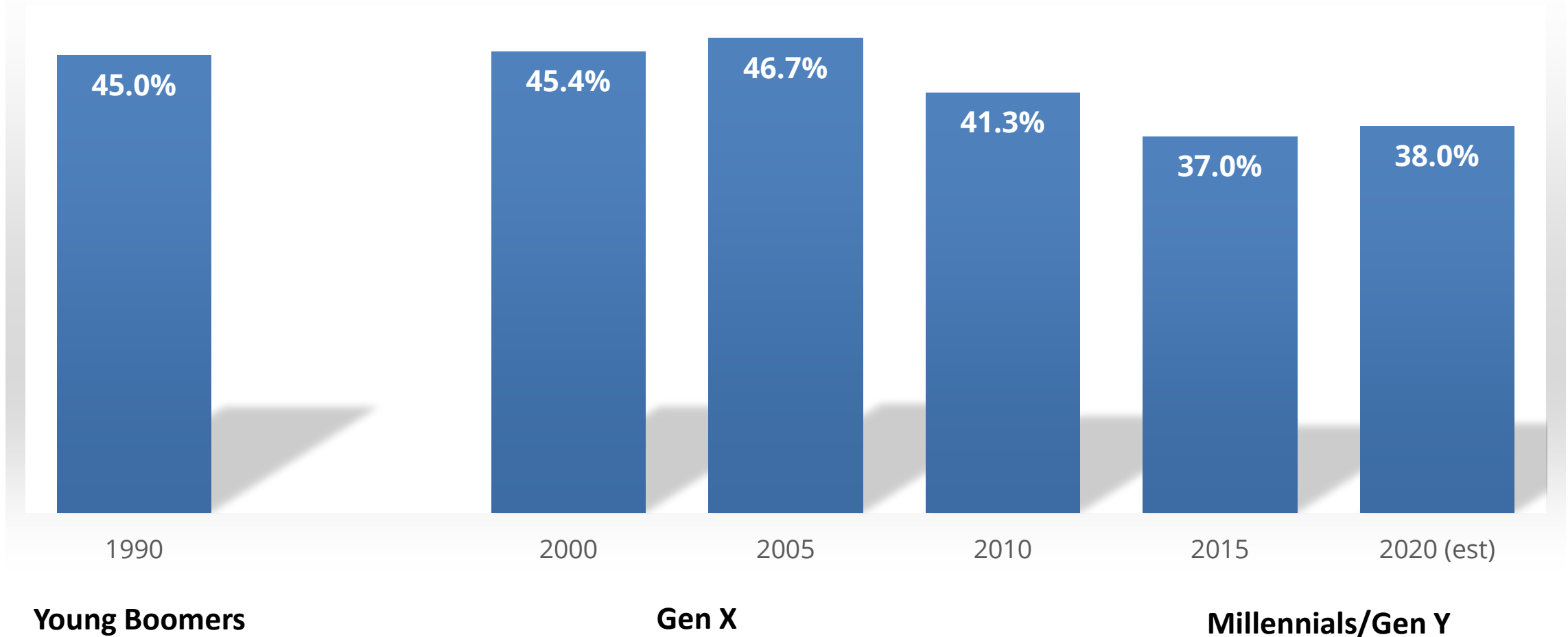
## Age distribution in Virginia (2019)



# Demographics

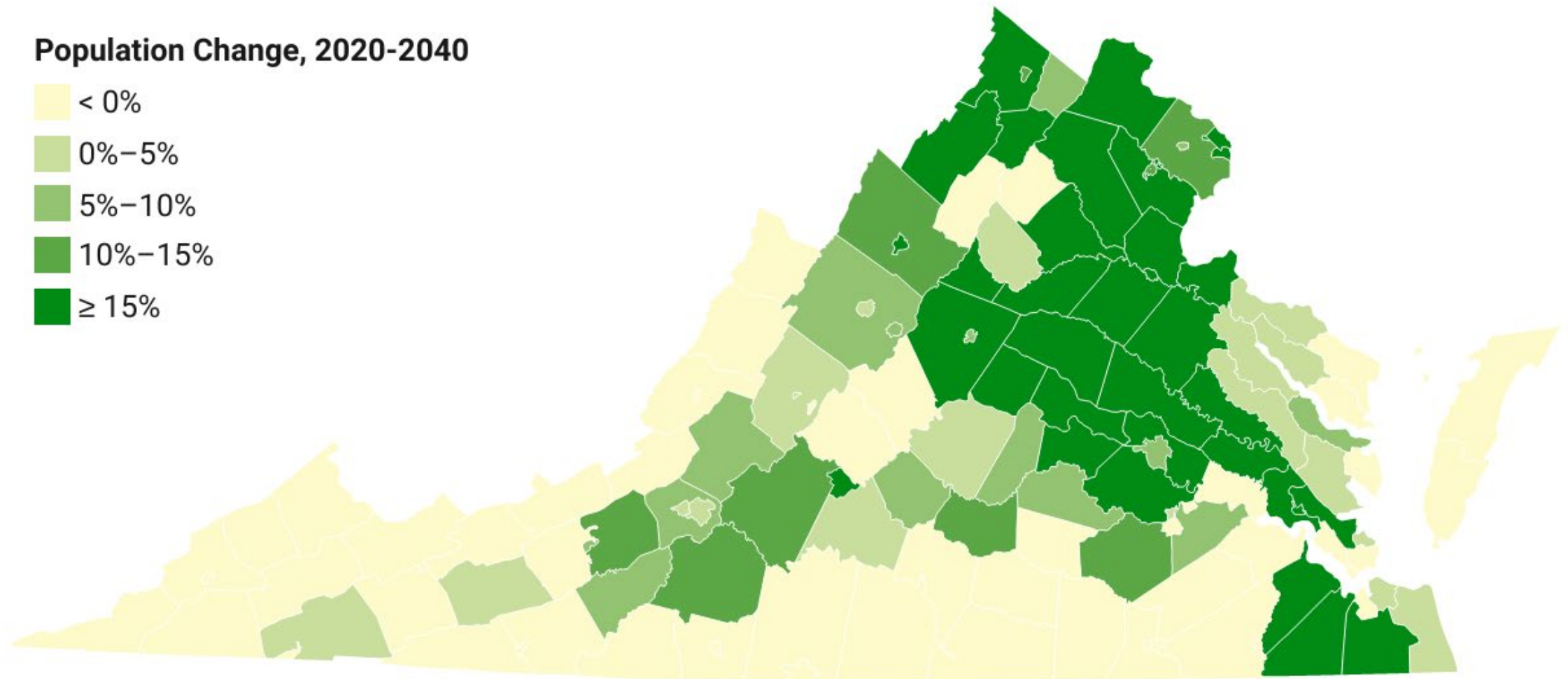
Homeownership rates among Millennials remain relatively low

## Homeownership Rates, 25 to 34 Year Olds



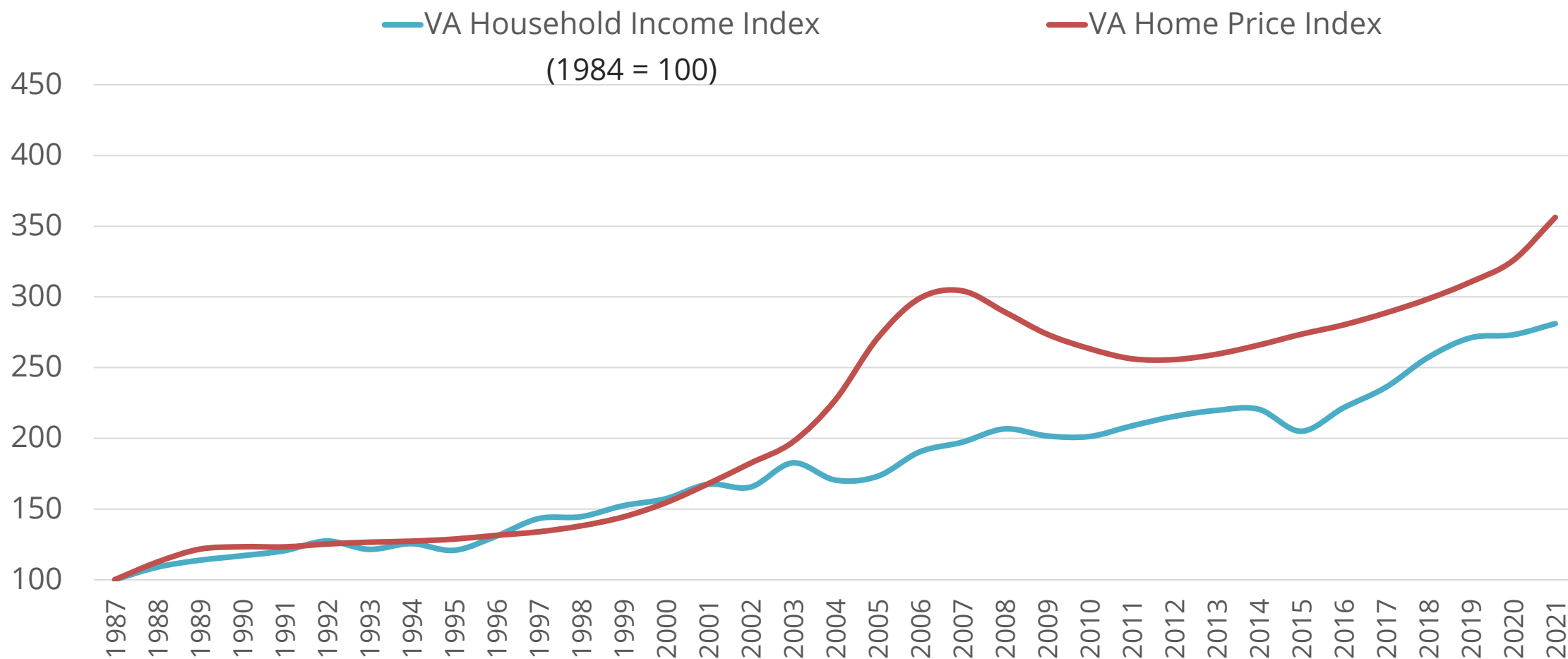
# Demographics

Statewide population projected to increase by 14.2% over the next 20 years



# Affordability

Home prices are rising much faster than incomes





# Rising prices and rising mortgage rates

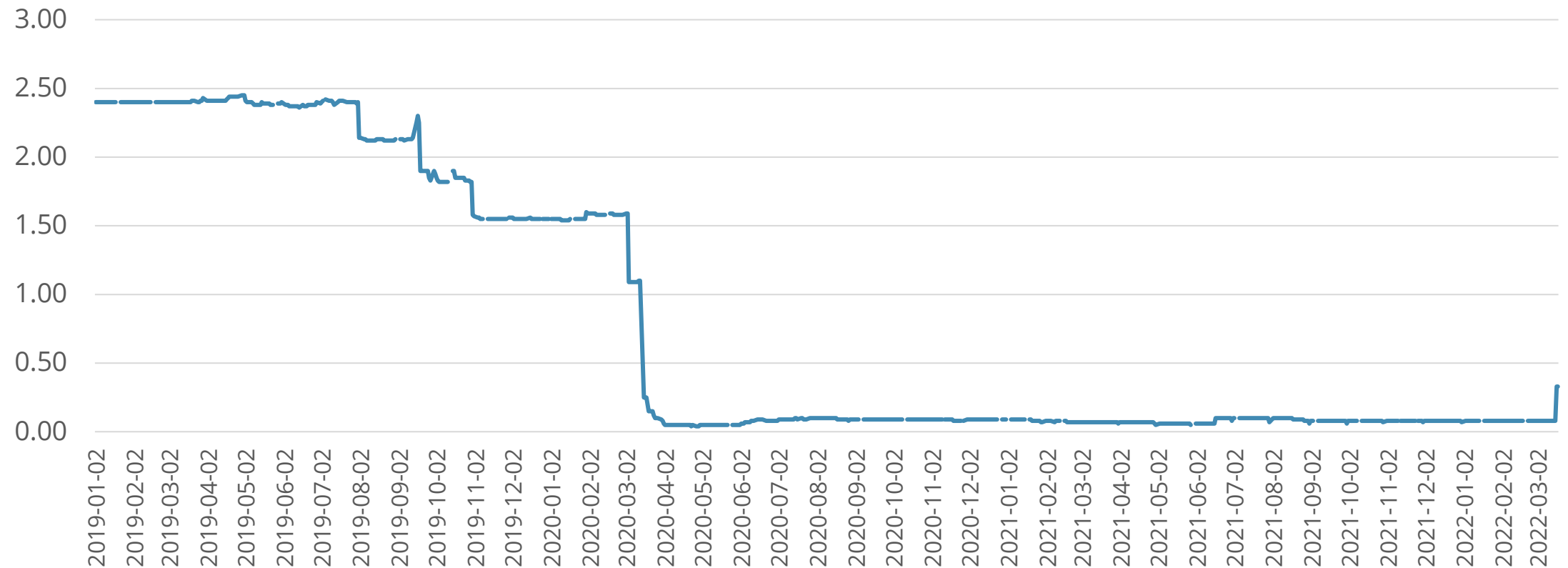
## Virginia

	Median home price	Average mortgage rate	Monthly payment	Income Needed
<b>Dec 2017</b>	\$274,000	3.95%	\$1,235	\$52,938
<b>Dec 2018</b>	\$280,000	4.64%	\$1,370	\$58,714
<b>Dec 2019</b>	\$297,000	3.72%	\$1,302	\$55,795
<b>Dec 2020</b>	\$325,000	2.68%	\$1,249	\$53,530
<b>Dec 2021</b>	\$350,000	3.10%	\$1,420	\$60,850
<b>2022 estimate</b>	\$364,000	4.00%	\$1,650	\$70,750

Source: Virginia REALTORS® Freddie Mac  
 Assumes 5% down payment, 1.5% closing costs, and a 30-year fixed rate loan.  
 Also assumes the total payment is no more than 28% of gross income.

# Federal Reserve Raises Short-Term Interest Rates

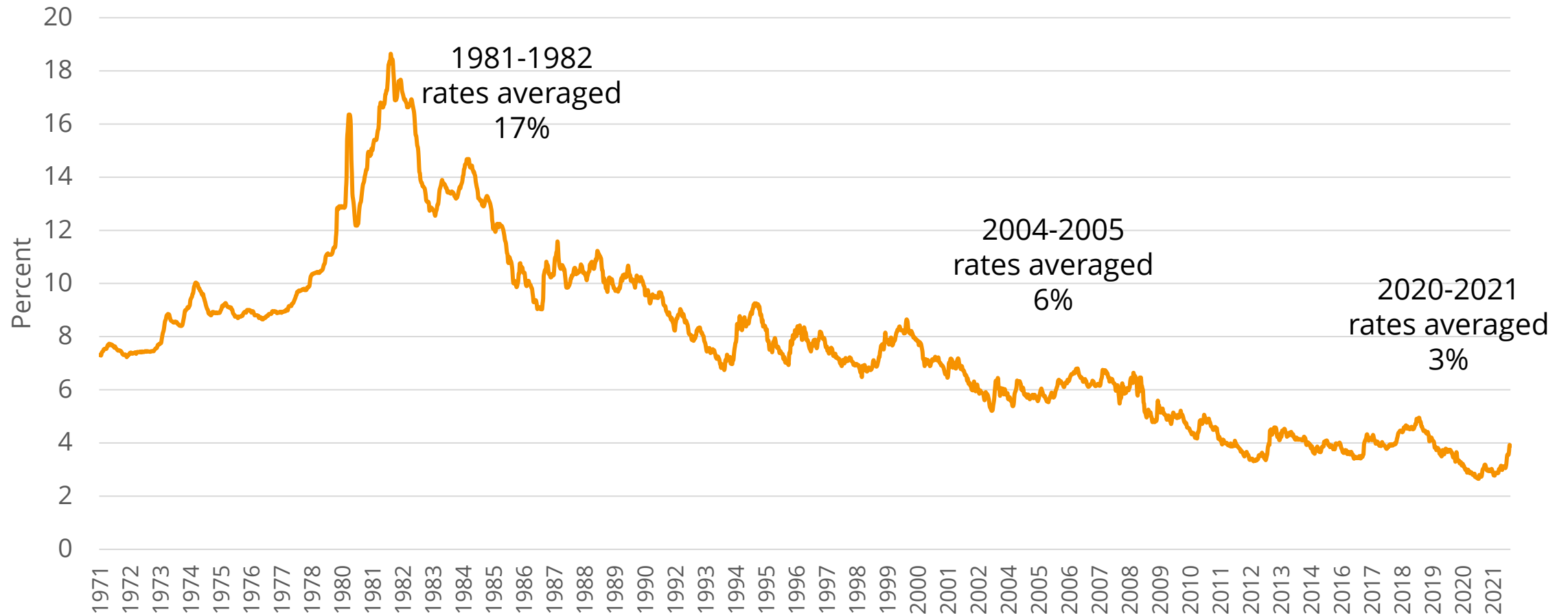
Effective Federal Funds Rate





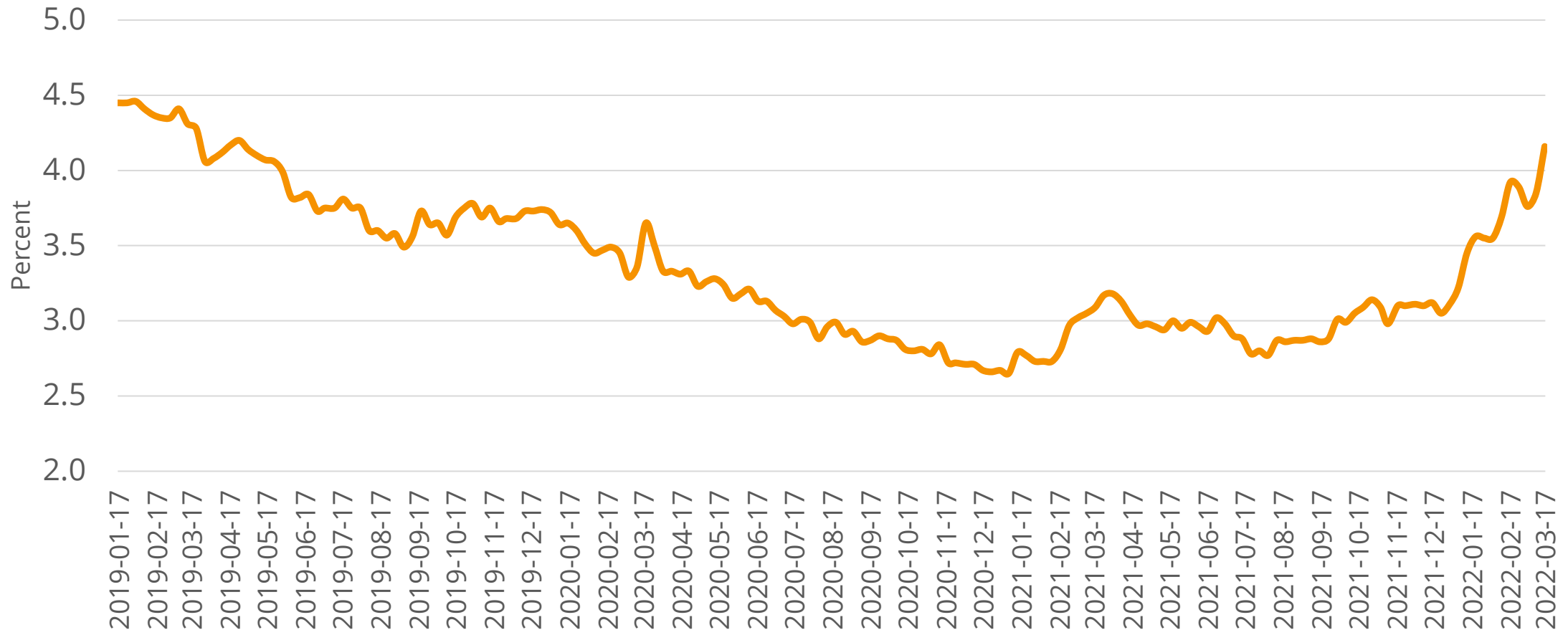
# Long-Term Mortgage Rates

30-Year Fixed Rate Mortgage Rate (weekly average)



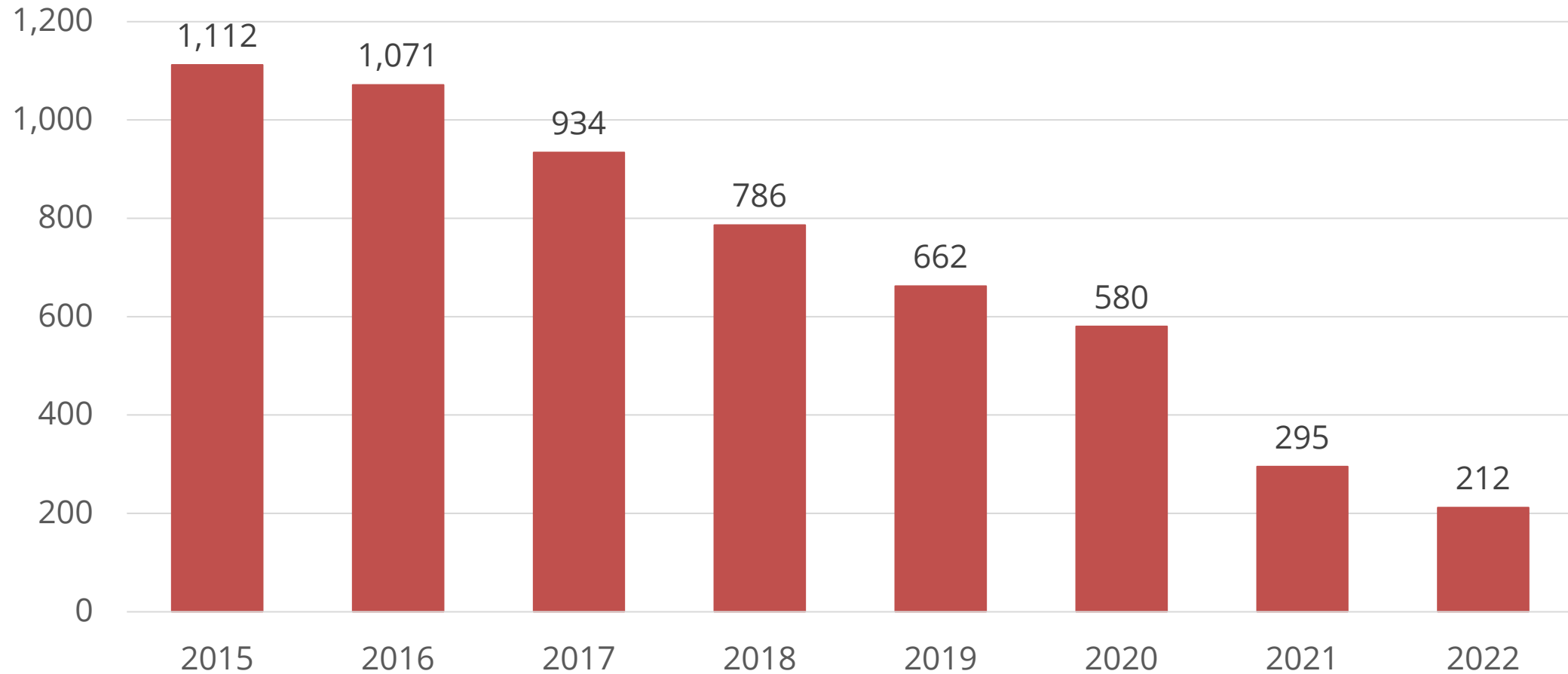
# Mortgage Rates Rising in Early 2022

30-Year Fixed Rate Mortgage Rate (weekly average)



# CBRAR Inventory

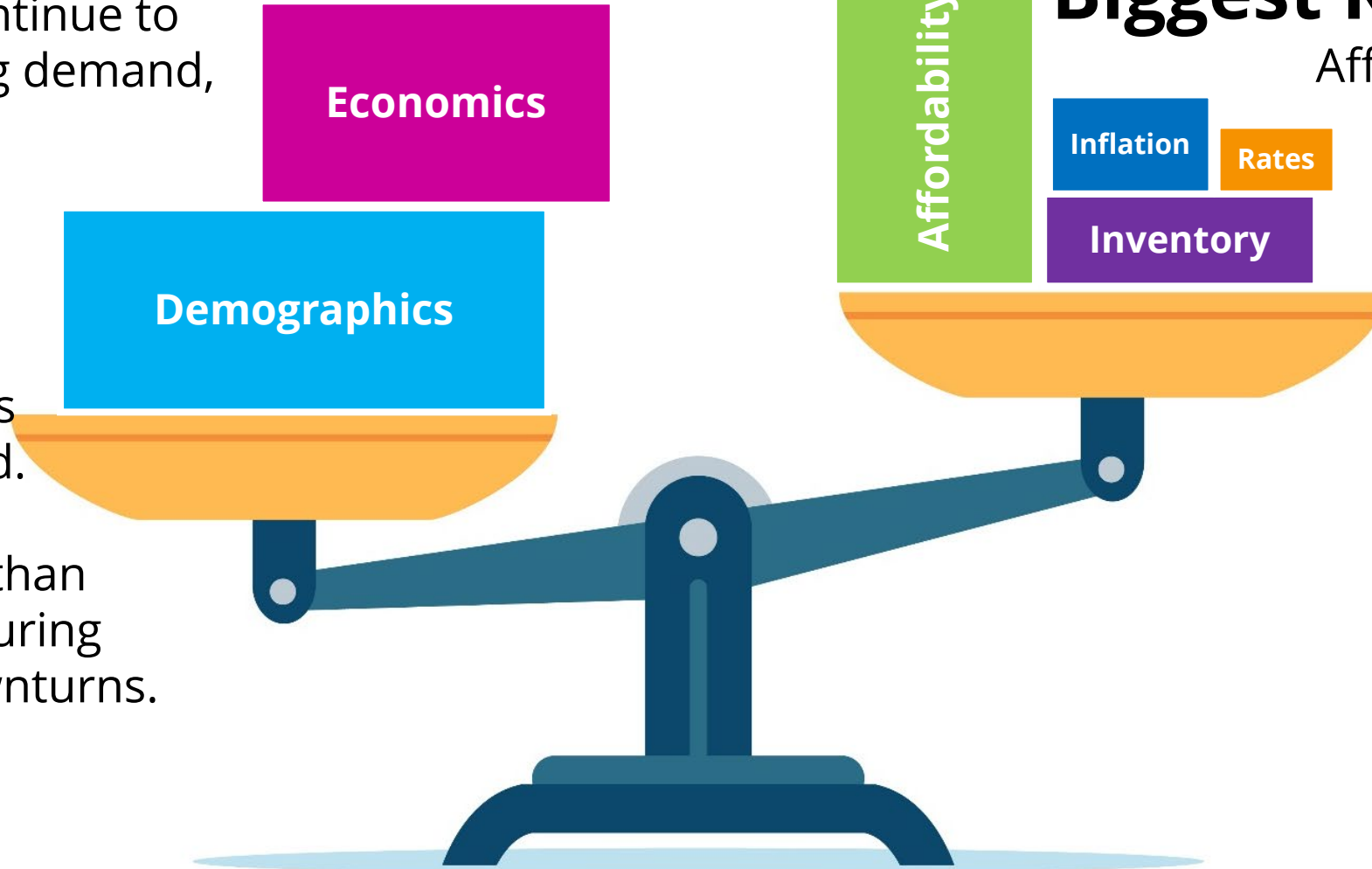
Number of active listings, end of February each year



# Outlook for 2022

Economic and demographic factors will continue to support strong demand, outweighing potential challenges in the market.

Recession risks have increased. Virginia tends to fare better than other states during economic downturns.



## Biggest Risks in 2022

Affordability will be the biggest challenge in 2022, with buyers in many markets priced out.

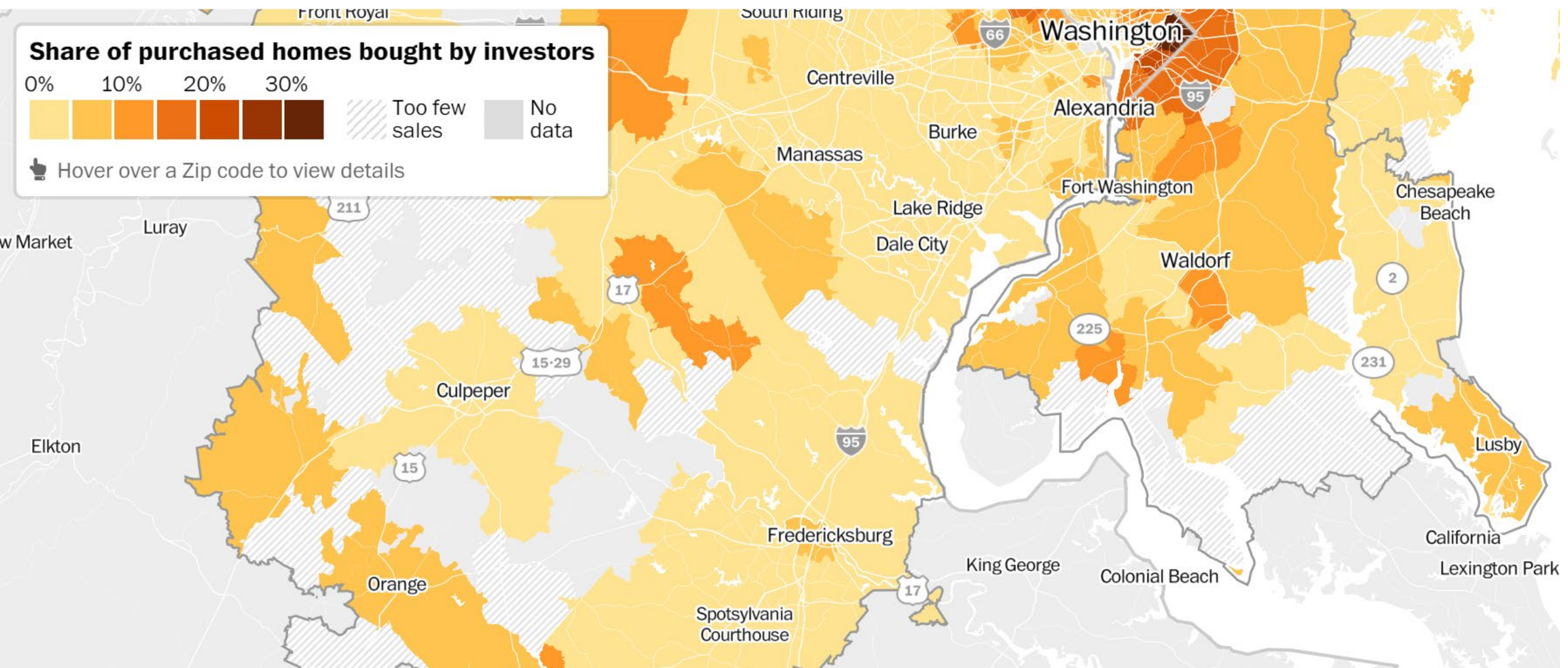
Mortgage rates will rise (~4.5%).

Inventory will continue to be very tight.

# What we **don't** expect in 2022

- Investors being major players in the market
- Foreclosures flooding the market
- A housing market “bubble bursting”

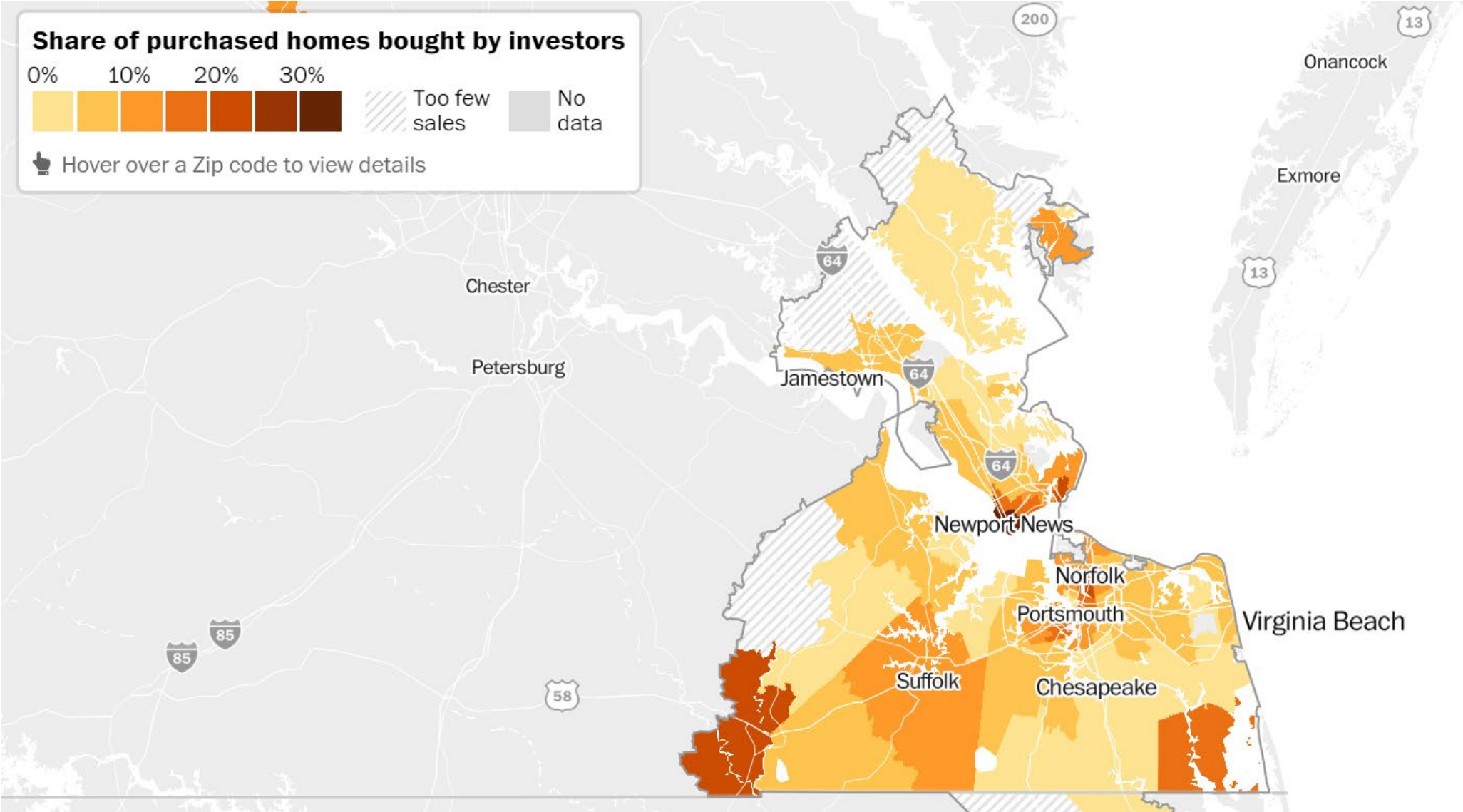
Investors are a **small share** of Virginia housing markets  
Northern Virginia (6%)





# Investors are a **small share** of Virginia housing markets

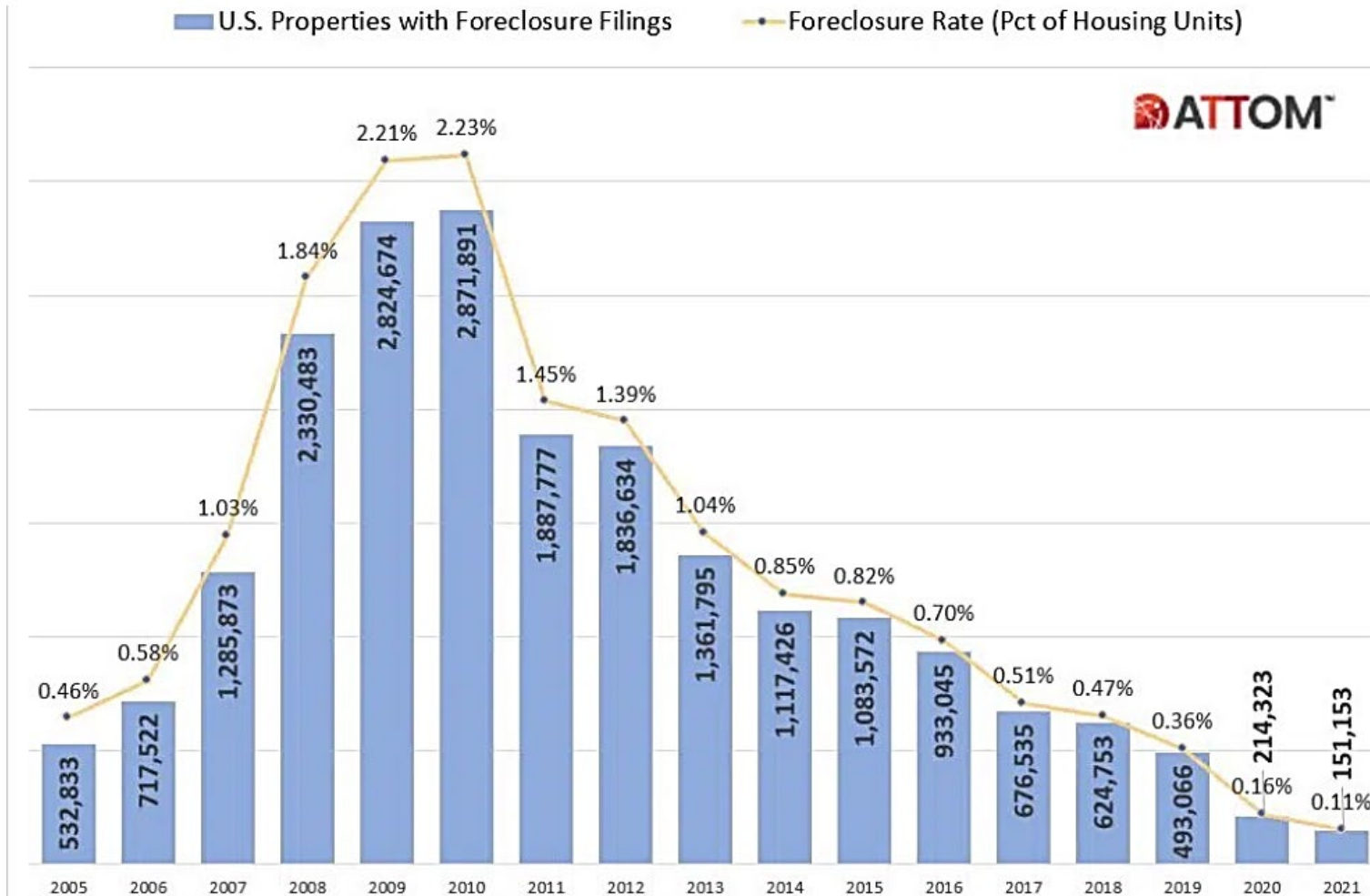
## Virginia Beach (8%)







# Foreclosure and delinquency activity is low, rising from a near zero level



Virginia ranked  
**31<sup>st</sup> (out of 50 states)**  
in terms of foreclosure  
activity at the end of 2021  
Source: ATTOM

## Virginia

	Dec '21	Dec '19
Delinquency %	2.9%	3.1%
Foreclosure %	0.1%	0.2%

Source: Black Knight

# 2022 is very different than 2008

## 2008

- Loose credit standards
- Extensive subprime lending
- Abundant supply and surges in new construction activity
- Unemployment rising

## 2022

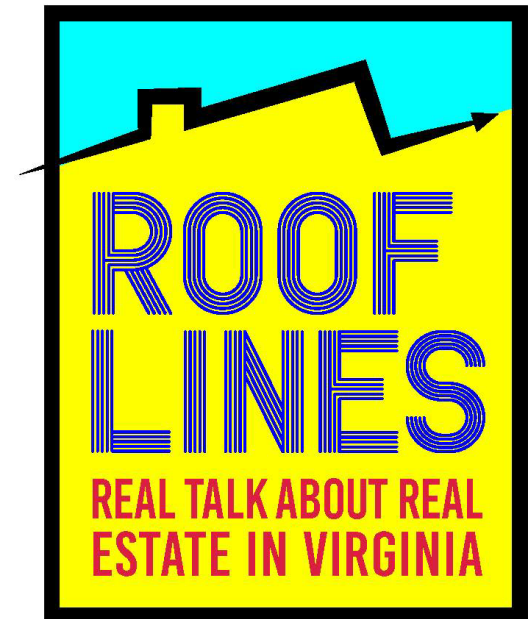
- Tight credit standards
- Little subprime lending
- Extremely low inventory and little new construction
- Unemployment falling

# Looking for More Information?

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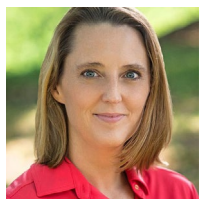
By the Numbers webinar  
Quarterly





Reach out to  
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directly –

We're here for  
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