

Virginia

HOME SALES REPORT

MARCH 2022

Virginia Home Sales Report

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Key Takeaways

- There were **11,446 home sales** in Virginia in March 2022, which is down 6.0% from a year ago. Sales activity was up 40.3% between February and March, which is a typical seasonal bump.
- Statewide, the median home sales price in March was **\$375,000**. The median sales price increased 11.9% compared to March 2021.
- There was approximately **\$5.4 billion in sold volume** in Virginia in March, which is up 5.0% compared to a year ago.
- There are signs that supply may be expanding slightly. At the end of March, there were **13,610 active listings** across the state. While inventory is down 12.8% compared to March 2021, the number of active listings increased by 12.1% between February and March.

March 2022 Housing Market Summary

	Mar-21	Mar-22	Change	% Change	YTD 2021	YTD 2022	Change	% Change
Sales	12,171	11,446	-725	-6.0%	29,992	27,669	-2,323	-7.7%
Median Sales Price (\$)	335,000	375,000	40,000	11.9%	325,000	354,999	29,999	9.2%
Sales Volume (\$ billions)	5.1	5.4	0.3	5.0%	12.1	12.3	0.2	1.6%
Average Days on Market	31	24	-7	-23.6%	34	28	-6	-16.7%
Pending Sales	14,374	11,473	-2,901	-20.2%	35,211	28,293	-6,918	-19.6%
New Listings	16,262	14,817	-1,445	-8.9%	38,630	34,103	-4,527	-11.7%
Active Listings (end of the month)	15,604	13,610	-1,994	-12.8%	15,604	13,610	-1,994	-12.8%
Months of Supply	1.3	1.1	-0.2	-17.5%	1.3	1.1	-0.2	-17.5%

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

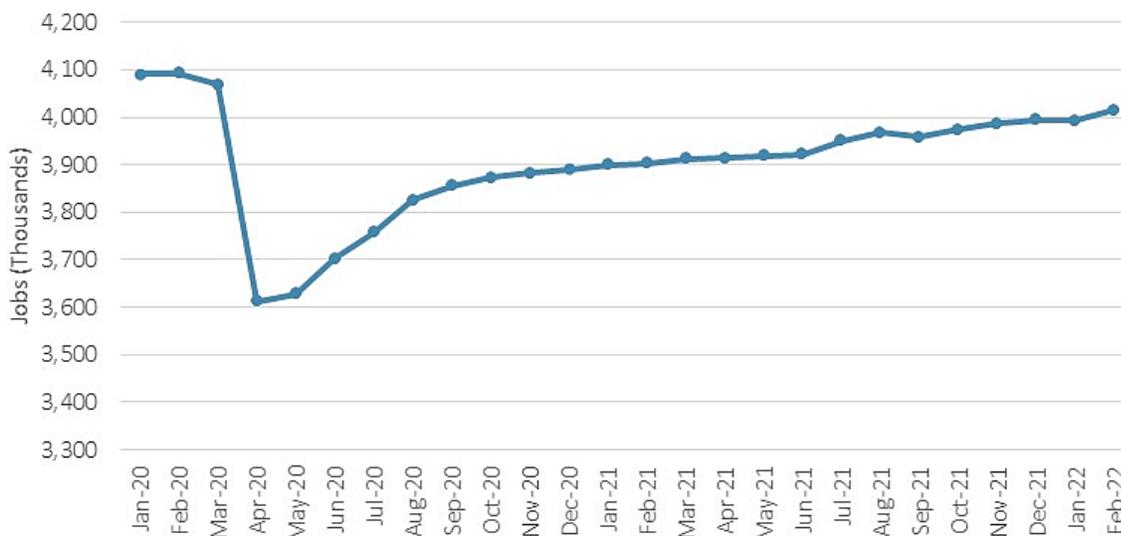
Economic Overview

Economic conditions in Virginia continued on a steady upward trajectory in the first part of 2022. There has been broad-based employment growth across the state's economy and economic conditions have been improving in all metro areas. Despite these positive trends, there are potential challenges in the economy, including record-high rates of inflation and on-going international conflict. In 2022, shifting economic conditions will have an impact on Virginia's housing market.

Jobs

In March 2022, total employment in Virginia surpassed four million jobs, which is the first time the number of overall jobs has topped this number since March 2020. Employment is up 111,900 compared to a year ago. Overall employment in the state is now just 2% below where it was prior to the pandemic.

Figure 1. Total Jobs in Virginia (in thousands)



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

The job recovery in Virginia continues in most sectors, with the fastest growth in some of the sectors that were hardest hit by the pandemic. The Professional/Technical Services, Transportation/Warehousing, Administrative Services, and Federal Government sectors have all been back to pre-pandemic levels for several months. But there has been growth in other key sectors. In February, for the first time, the number of jobs in both the Retail Trade and Construction sectors hit pre-pandemic levels in Virginia.

Between January and February 2022, there were 21,300 jobs added to the state's economy. There were monthly gains in all metro areas across Virginia. The fastest job growth was in Harrisonburg, where employment increased by 2.8% between January and February, an

addition of 1,900 jobs to the region’s economy. In Northern Virginia, there were 12,500 jobs added between January and February. The Richmond and Hampton Roads regions added 4,300 and 2,800 jobs, respectively, in February. Despite these gains, employment levels in most regions were still below pre-pandemic levels. The exceptions are the Blacksburg and Winchester regions, where all of the jobs lost during the pandemic have been regained.

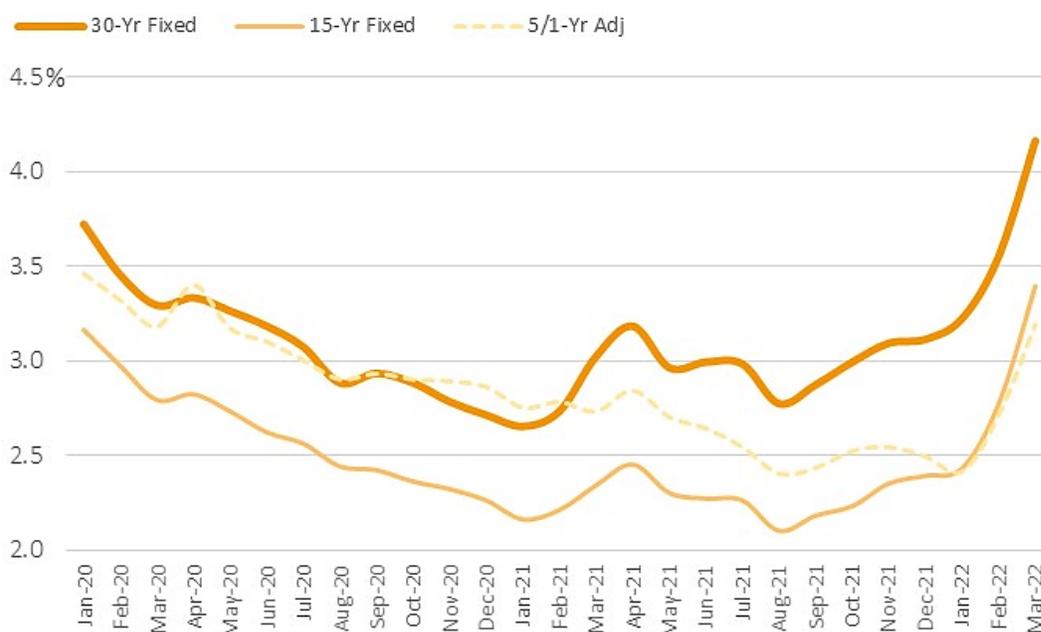
Unemployment

One key indicator of the improving economy is the unemployment rate. In February, the unemployment rate in Virginia was 3.2% which is down from 3.3% in January and is at the lowest level since March 2020. Despite the tight job market, labor force participation rates remain low for several reasons, including higher-than-typical retirement rates and a slow return of consumer-facing employees (e.g., hospitality and health care workers). In addition, the number of people changing jobs has hit all-time highs, and businesses are having a difficult time recruiting workers.

Mortgage Rates

Over the past few weeks, mortgage rates have risen faster than they have in nearly 30 years. In the second week of April, the average rate on a 30-year fixed-rate mortgage hit 5% for the first time in 11 years. Rates are rising in response to actions taken by the Federal Reserve, including a boost in short-term interest rates and a pullback in the purchase of bonds and mortgage-backed securities. The Fed has announced several more short-term rate increases during 2022, which indicates that mortgage rates will likely rise further during the year. Even as rates continue to climb, they are still at historically low levels.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

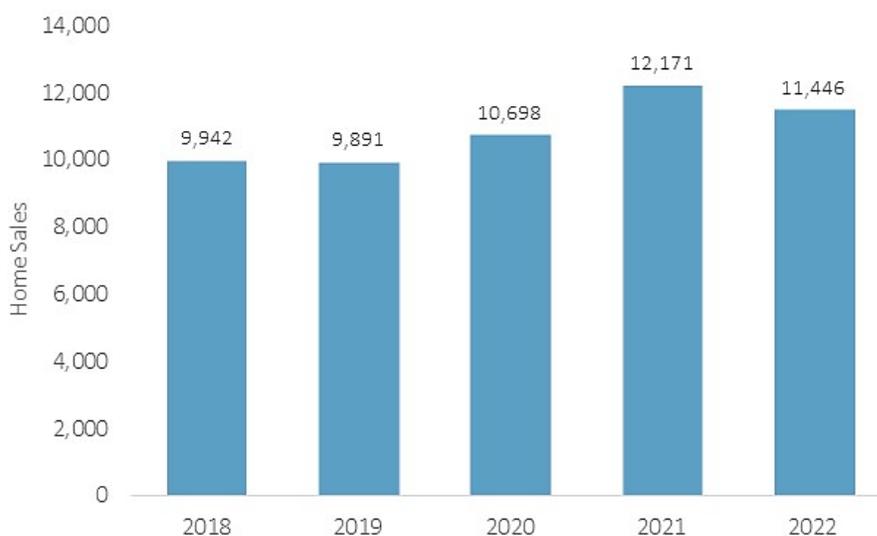
The early spring market in Virginia has been very strong, but there are signs of changing market conditions. Home sales in Virginia were up between February and March, which is a typical seasonal bump in closed sales. Pending sales—or homes going under contract during the month—were also higher in March than in February, but the month-to-month uptick was lower than it is during a more typical housing market. Home prices continue to rise briskly in most markets, and intense competition has led to offers over list price, particularly for higher-priced homes. Inventory is still very low, but more listings may be on the way, bringing more choices to buyers.

Sales

In March, there was a total of 11,446 home sales in Virginia, 725 fewer home sales than during March 2021, a decline of 6.0%. Year-over-year sales activity has been negative in five of the past six months. This decline reflects the fact that last year was a very busy housing market. The slower pace of home sales activity is also due to the very low inventory which has provided buyers with very few options.

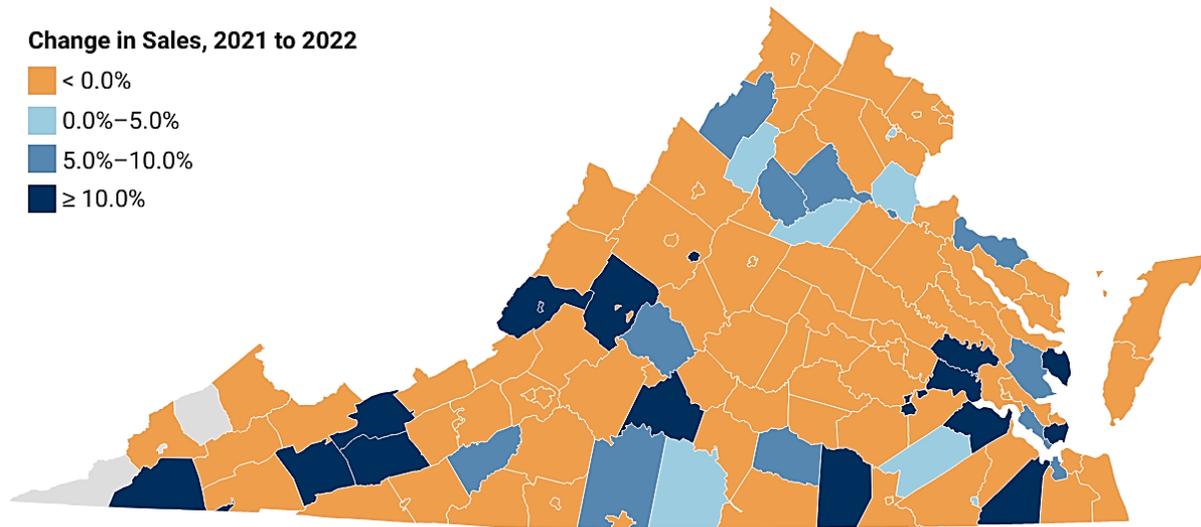
The number of home sales in Virginia increased by 40.3% between February and March, an additional 3,286 sales. This month-to-month uptick is typical of the seasonal patterns, as buyer activity generally accelerates in the early spring. This monthly increase in market activity also reflects the fact that some buyers are quickly trying to get into the market before mortgage rates rise further.

Figure 3. Virginia Home Sales, March



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

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



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

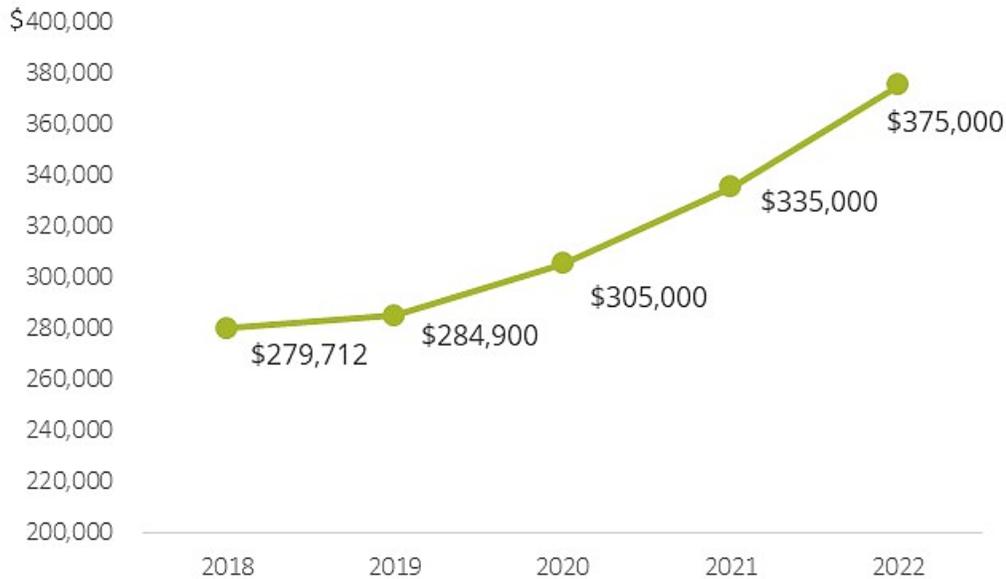
Home sales are slowing compared to a year ago in most markets across the state. Some of the sharpest declines in home sales activity were in parts of rural Virginia, including Buchanan County (-69% year-over-year) and Wise County (-67%) in southwest Virginia and Greensville County (-40%) in southern Virginia. However, there were also significant dips in home sales in more urban and suburban markets in the state, including the City of Falls Church (-33%) and the City of Williamsburg (-23%). Home sales were up in the first three months of 2022 in some local markets, including some communities in the Petersburg area, as well as in parts of southeastern Virginia.

Home Prices

With a brisk early spring market, home prices rose quickly. In March, the statewide median sales price was \$375,000, which is up 11.9% compared to last year, a gain of \$40,000. This is the fastest year-over-year price appreciation since June 2021. In the first quarter of 2022, home prices rose at double-digit rates in many parts of the state, including Central Virginia, the Shenandoah Valley, and parts of southern Virginia.

Intense competition in the market continues to lead to multiple offers and offers over list. In fact, on average, homes sold in March in Virginia sold for 2.6% higher than list price. This is the highest monthly average sold-to-list price ratio in at least 10 years. The most price competition is among higher-end homes, a trend that has been persistent for several months. The average sold-to-list price ratio for homes that sold for \$800,000 or more was 104.4% in March 2022. On the other end of the market, homes that sold for \$200,000 or less had an average sold-to-list price ratio of 99.9%.

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



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

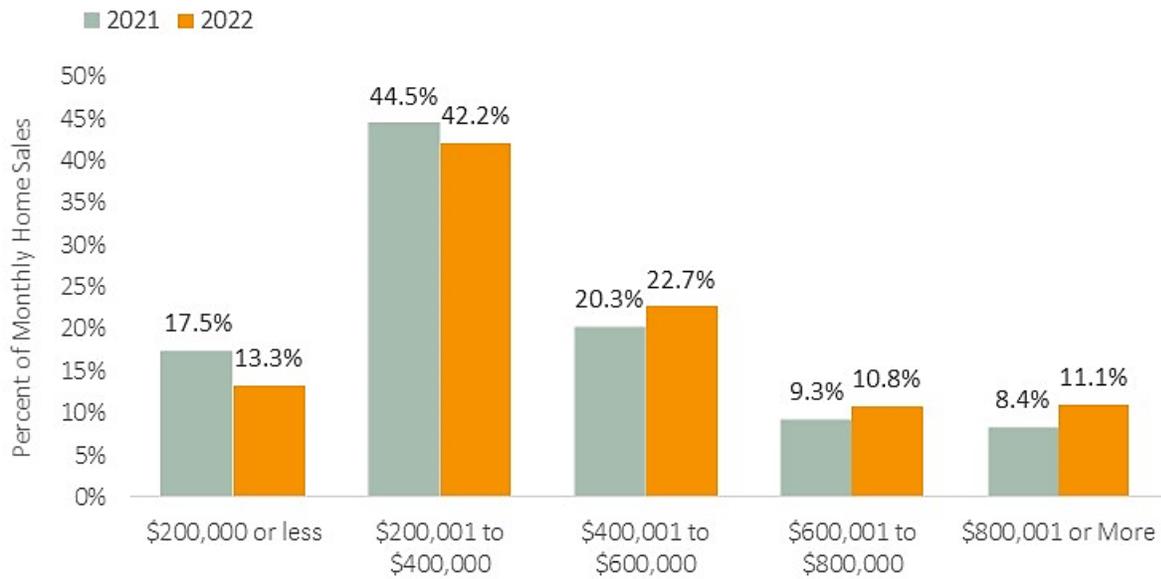
Figure 6. Average Sold-to-List Price Ratio, March 2022

Price Range	Ratio
\$200,000 or less	99.9%
\$200,001 to \$400,000	102.3%
\$400,001 to \$600,000	103.1%
\$600,001 to \$800,000	103.9%
\$800,001 or more	104.4%
All price levels	102.6%

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

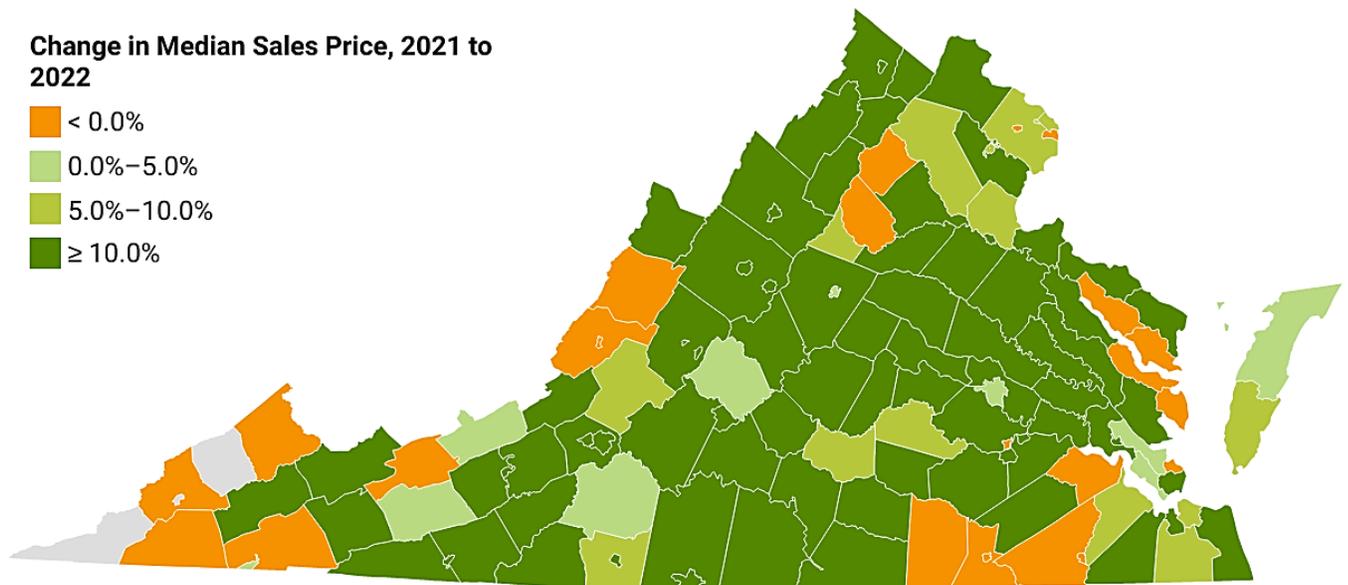
Homes sold between \$200,001 and \$400,000 continue to represent by far the largest price segment in the Virginia housing market, but the share has dropped. In March 2022, 42.2% of sales were between \$200,001 and \$400,000. Nearly a quarter of home sales were in the \$400,001 to \$600,000 price range. There has been a significant uptick in the share of higher-priced homes in the market. In March 2021, 17.7% of all sales were priced at \$600,001 or higher. A year later, in March 2022, 21.9% of sales were \$600,001 or higher, including more than one in ten sales (11.1%) that were at \$800,001 or higher.

Figure 7. Sales by Price Range, March



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

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

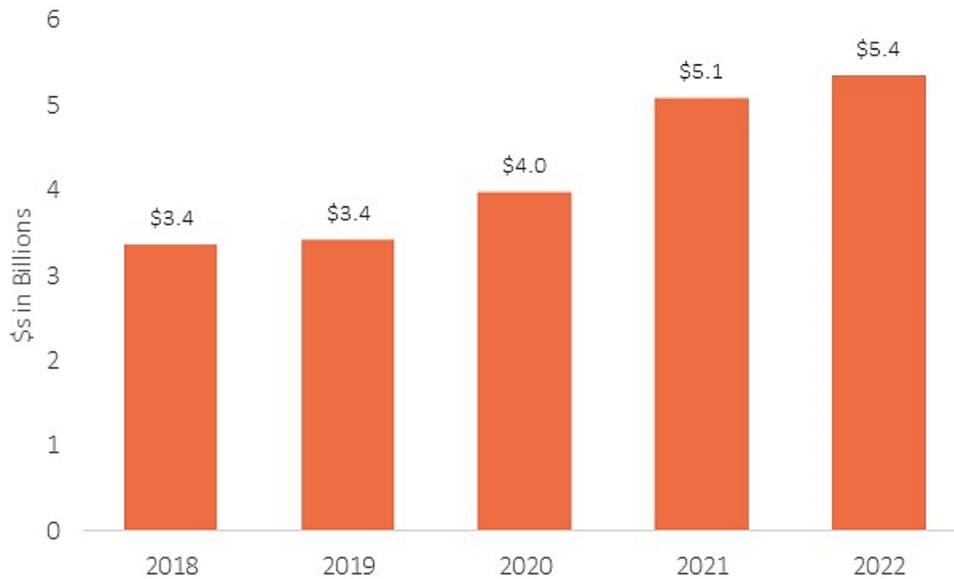


Source: Virginia REALTORS®, data accessed April 15, 2022

Sold Volume

While there were fewer home sales compared to last year, the fast-rising home prices led to an expansion of total sold volume. There was about \$5.4 billion of sold volume across Virginia in March 2022, a 5.0% increase compared to March 2021. The sold dollar volume rose by more than 50.0% between February and March, which is a typical seasonal bump in volume.

Figure 9. Sold Dollar Volume, March

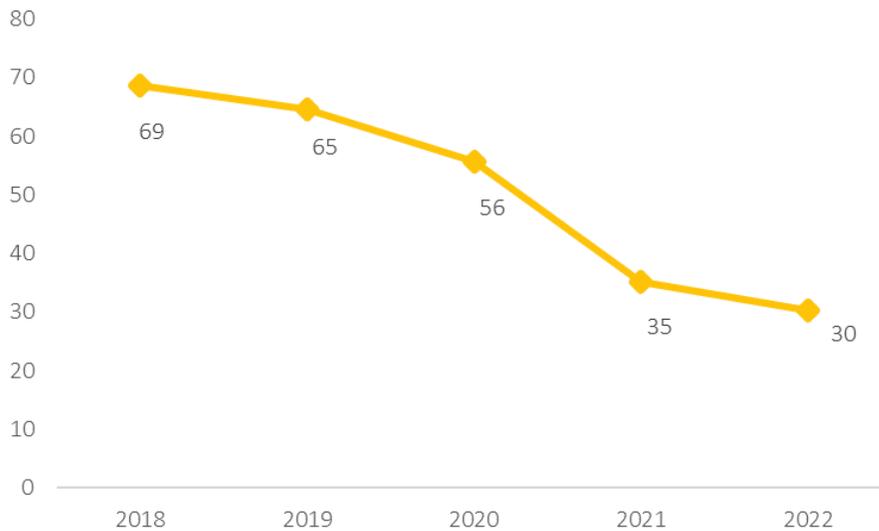


Source: Virginia REALTORS®, data accessed April 15, 2022

Days on Market

Virginia's housing market is still very competitive and homes sold very quickly in March. The average days on market statewide was 24 days, which is down from 31 days a year ago. Half of all homes sold in Virginia were sold in five days or less in March 2022. In some local markets, the pace of home sales activity was even more accelerated. For example, in March 2022, the average days on market was nine days in Loudoun County and Prince William County. In the City of Poquoson and Sussex County, homes sold in an average of ten days in March 2022.

Figure 10. Average Days on Market, March

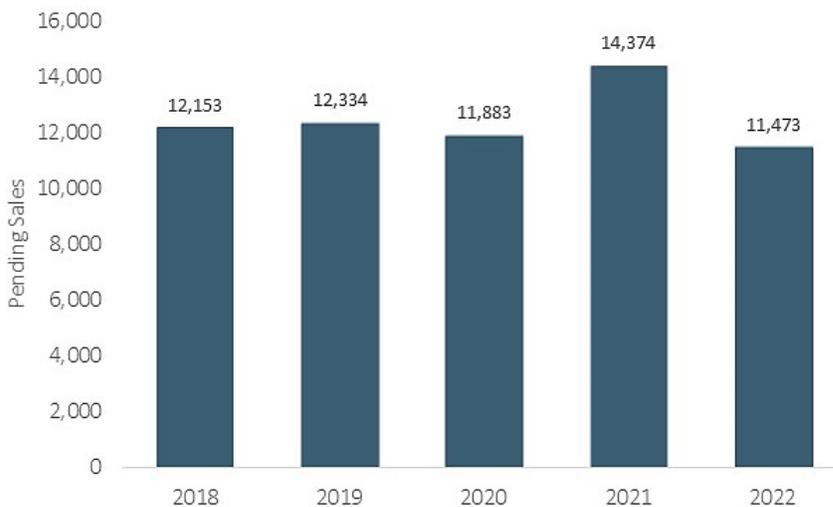


Source: Virginia REALTORS®, data accessed April 15, 2022

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 11,473 pending sales in Virginia in March, which is 2,901 fewer new contracts than a year ago, a 20.1% decline. The number of homes going under contract increased between February and March, which is typical of the early spring market. However, the month-to-month rise was not as large as it has been in more typical years. In March, there were 2,343 more pending sales than there had been in February, a 25.7% increase. During pre-COVID years, the number of pending sales typically increased by more than 30% between February and March.

Figure 11. Pending Sales, March



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

New Listings

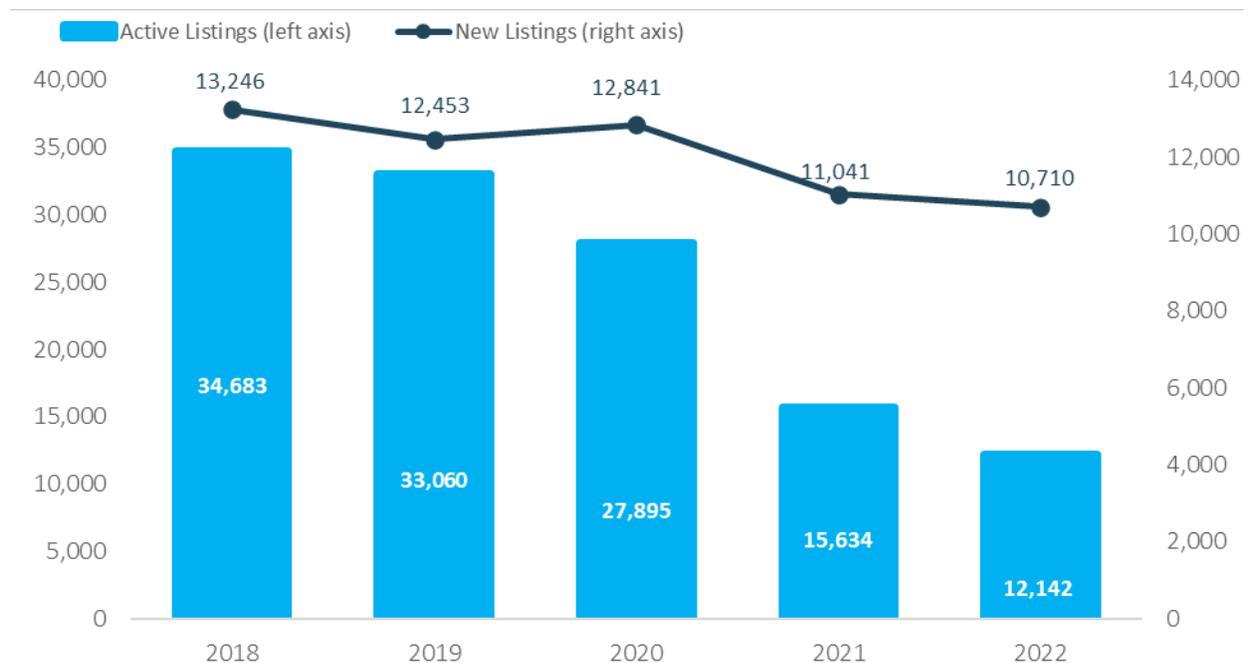
The number of new listings increased in March compared to February as existing homeowners looked to take advantage of the still-busy buyer activity. However, the number of new listings was not enough to keep pace with demand and remains below last year's level. There were 14,817 new listings statewide in March, which is about 4,000 more new listings than in February, or a 38.3% bump. This is a typical early spring bump in new listings. Compared to last March, however, there were 1,445 fewer new listings, down 12.8%.

Active Listings

Inventory was again lower in March compared to a year earlier, primarily due to the fast pace of sales activity. There were just 13,610 active listings around the state at the end of March, which is nearly 2,000 fewer active listings than were available at the end of March 2021, a 12.8% decline in supply. Supply remains historically low; inventory is less than a third of what it was five years ago.

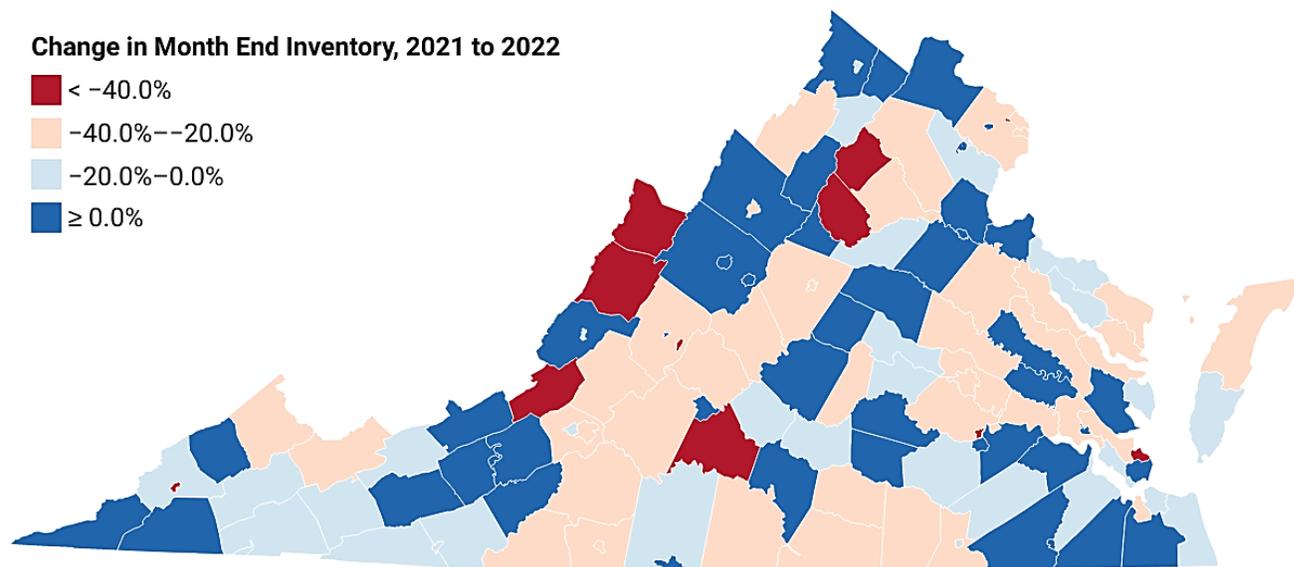
While inventory is still low, month-to-month inventory expanded with an uptick in new listings and a slight slowdown in buyer activity. This increase in inventory is typical of a seasonal pattern. At the end of March, there were about 1,500 more listings statewide across Virginia, which is a 12.1% increase.

Figure 12. Inventory, March



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

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

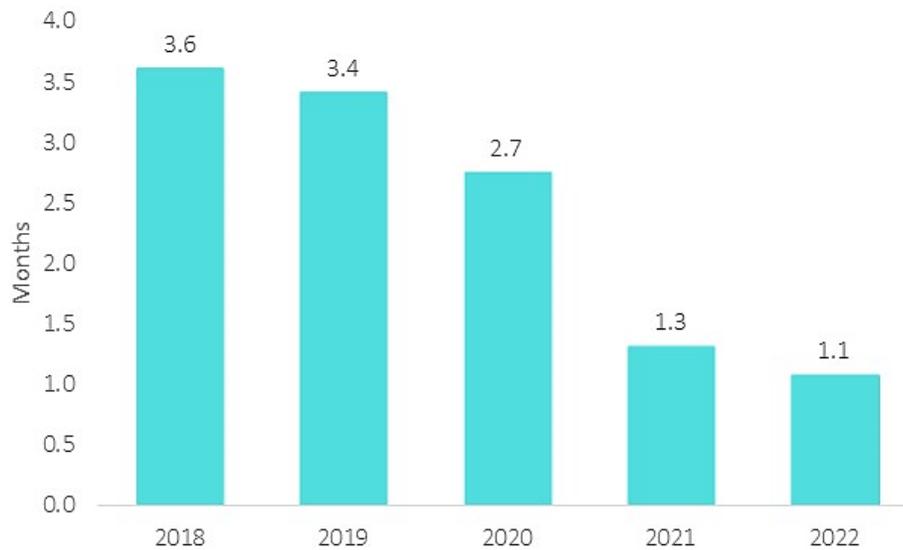


Source: Virginia REALTORS®, data accessed April 15, 2022

Inventory has begun to expand in some parts of Virginia, including local markets where inventory had been declining significantly during the pandemic. For example, in Loudoun County, the number of active listings at the end of March 2022 was up 40% compared to March 2021. In Rockingham County, inventory is up 65% year-over-year.

For the first time in seven months, the months of supply increased in Virginia. At the end of March, there was 1.1 months of supply. While this is extremely low, and is down from a year ago, it represents an increase from February when there was less than a month of supply. 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, March



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

Outlook

The housing market in Virginia is changing. As we head into the spring market, buyer activity remains strong; however, higher interest rates, growing affordability challenges, and economic uncertainties are beginning to have an impact on housing market conditions. Underlying fundamentals are still positive, but it is likely that market conditions will ease in the months ahead.

Here are some of the key things to watch as the 2022 housing market evolves:

- Mortgage rates are rising more quickly than anticipated and will continue to push upward this year. In the first quarter of 2022, mortgage rates have risen faster than they have in decades. While rates are still low by historic standards, the recent increase in rates has created urgency for some buyers who surged into the market in March. Over the next few months, as rates stabilize at this higher level—or rise further—some buyers will leave the market and buyer activity likely will slow somewhat.
- Inventory will likely expand in the months ahead. Sellers are often feeling the pressure of higher rates, leading some existing homeowners to list their home for sale now, before higher rates lead to less buyer interest. The number of active listings at the end of the month—which is the typical way inventory is measured—is likely to increase not only because more sellers will list their homes but also because the pace of home buyer activity could slow, and homes will stay on the market longer.

- The higher end of the market likely will be sustained longer than homes in more moderate price ranges. Higher-income households have fared better than low- and moderate-income households during the pandemic, and they continue to be in better financial positions. An uptick in mortgage rates will not have as big an impact on this population of home buyers. However, competition will likely ease for higher-priced homes, and buyers will be less likely to offer tens (or even hundreds) of thousands of dollars over list.



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:

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.