

Virginia

HOME SALES REPORT

APRIL 2022

Virginia Home Sales Report

April 2022

Key Takeaways

- There were **11,991 home sales** in Virginia in April 2022, which is down 11.6% from a year ago. Sales totals were up 4.8% between March and April, a month-to-month increase that is lower than it has been during typical spring markets.
- Statewide, the median home sales price in April was **\$390,000**. The median sales price increased 9.1% compared to April 2021, a \$32,500 gain.
- There was approximately **\$5.8 billion in sold volume** in Virginia in April. Volume was up slightly from last month but was down 3.6% compared to a year ago.
- At the end of April, there were **15,487 active listings** across the state. While inventory is down 11.1% compared to April 2021, the number of active listings increased by 13.8% between March and April, which is a stronger than average monthly increase.

April 2022 Housing Market Summary

| | Apr-21 | Apr-22 | Change | % Change | YTD 2021 | YTD 2022 | Change | % Change |
|------------------------------------|---------|---------|--------|----------|----------|----------|---------|----------|
| Sales | 13,571 | 11,991 | -1,580 | -11.6% | 43,563 | 39,660 | -3,903 | -9.0% |
| Median Sales Price (\$) | 357,500 | 390,000 | 32,500 | 9.1% | 335,000 | 365,000 | 30,000 | 9.0% |
| Sales Volume (\$ billions) | 6.0 | 5.8 | -0.2 | -3.6% | 18.1 | 18.1 | 0.0 | -0.1% |
| Average Days on Market | 25 | 19 | -6 | -23.9% | 31 | 25 | -6 | -18.2% |
| Pending Sales | 14,797 | 11,688 | -3,109 | -21.0% | 50,008 | 39,981 | -10,027 | -20.1% |
| New Listings | 18,251 | 15,632 | -2,619 | -14.3% | 56,881 | 49,735 | -7,146 | -12.6% |
| Active Listings (end of the month) | 17,429 | 15,487 | -1,942 | -11.1% | 17,429 | 15,487 | -1,942 | -11.1% |
| Months of Supply | 1.4 | 1.2 | -0.2 | -13.3% | 1.4 | 1.2 | -0.2 | -13.3% |

Source: Virginia REALTORS®, data accessed May 16, 2022

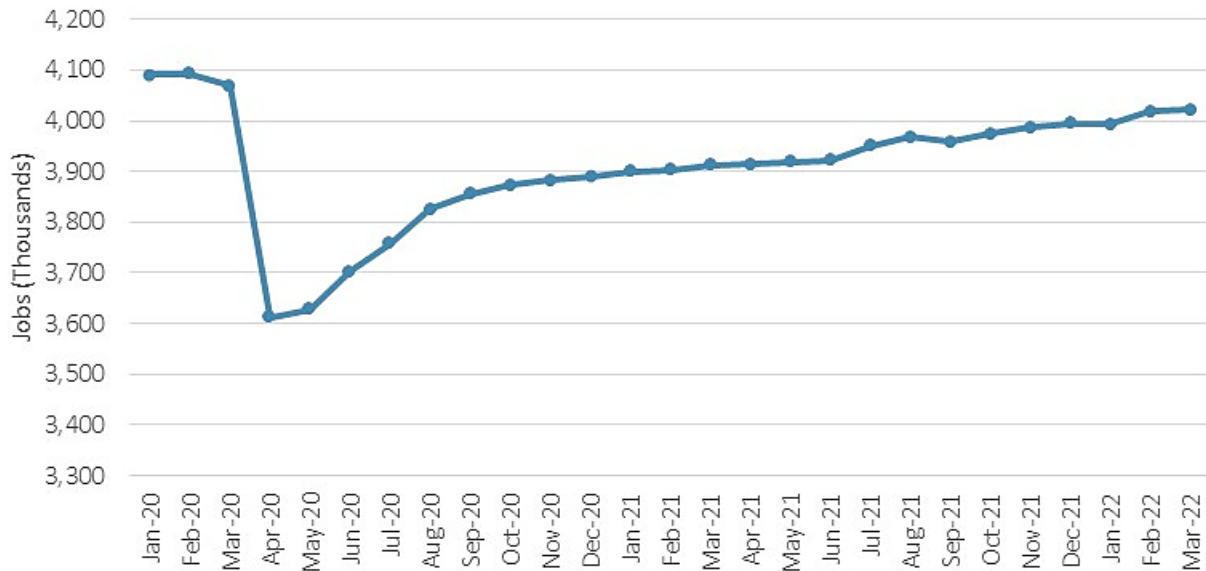
Economic Overview

Virginia's economy continues to perform relatively well, despite economic and political uncertainty in the U.S. and in other parts of the world. Employment in the commonwealth is on pace to reach back to pre-pandemic levels and the labor market remains tight, with near record-low unemployment. Inflation has been the biggest concern in the economy. The Federal Reserve has been targeting high prices by raising interest rates, pushing up the 30-year mortgage rate. Higher rates will cool housing demand, although underlying economic and demographic fundamentals that support housing demand remain strong.

Jobs

In March 2022, there were 4.02 million jobs across the commonwealth, a gain of 2,700 jobs between February and March. Job growth has been steady since the summer of 2020 and the employment total surpassed four million in February. Employment in Virginia is up 111,900 compared to a year ago, and overall employment in the state is less than 2% below where it was in March 2022, at the onset of the pandemic.

Figure 1. Total Jobs in Virginia (in thousands)



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

Over the past year, the Leisure and Hospitality sector has been adding jobs back quickly. Between March 2021 and March 2022, this sector added nearly 55,000 jobs, a gain of 16.1%. The Administrative and Building Services sector has also been growing quickly, with about 15,600 jobs added over the past 12 months, a 6.4% increase. Many sectors of the economy are either back to pre-pandemic job totals (e.g., Professional and Technical Services, Federal Government, Administrative Services) or are very close (e.g., Retail Trade, Construction).

While the employment picture is improving in all regions across Virginia, job gains were strongest in Northern Virginia, where there were 3,500 jobs added between February and March. There were also 2,900 jobs added to the Richmond area economy in March. The Blacksburg and Winchester metro areas are back to pre-pandemic employment levels, but all other regions are only down one to three percent compared to early 2020.

Unemployment

The unemployment rate in Virginia continues to fall. In March, Virginia’s unemployment rate was 3.0% which is down from 3.2% in February and is only slightly higher than the historically low unemployment levels prior to the pandemic. The unemployment rate in the commonwealth remains lower than the national unemployment rate.

Mortgage Rates

Mortgage rates have been rising quickly since the beginning of the year. In the second week of May, the average rate on a 30-year fixed-rate mortgage was 5.3%, which is more than two percentage points higher than this time last year. It is likely that mortgage rates will rise further in 2022, as the Federal Reserve continues to target inflation by raising short-term interest rates. Mortgage rates are still low by historic standards, but rising rates will cool demand in the housing market in the months ahead.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

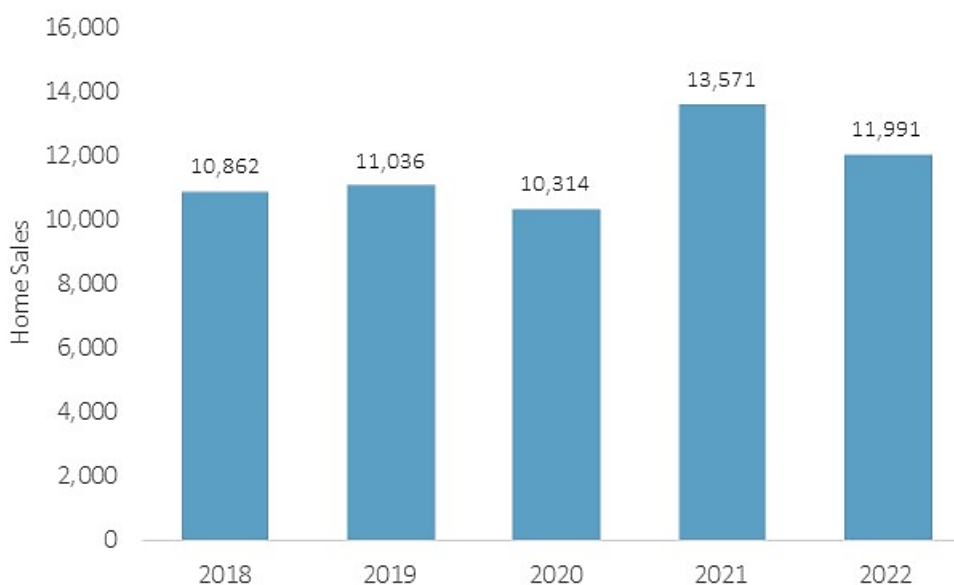
Home sales activity continued to slow compared to the frenzied pace of a year ago. The number of home sales continued to decline from the same time last year, and pending sales were also down. Despite the slower sales activity, home prices continue to rise, reflecting persistently strong demand in the market. Housing market conditions are shifting, and inventory may be bottoming out. While rising mortgage rates and high prices will have a dampening effect on housing demand in the months to come, underlying economic and demographic fundamentals will support a stable housing market.

Sales

In April, there were 11,991 homes sales in Virginia, which is 1,580 fewer sales than during April 2021, a decline of 11.6%. Sales have been down year-over-year for five consecutive months. Relatively slow sales activity reflects the very busy 2021 market, but easing of sales activity is also an indication of buyers pulling back as a result of high home prices, elevated inflation, and rising mortgage rates.

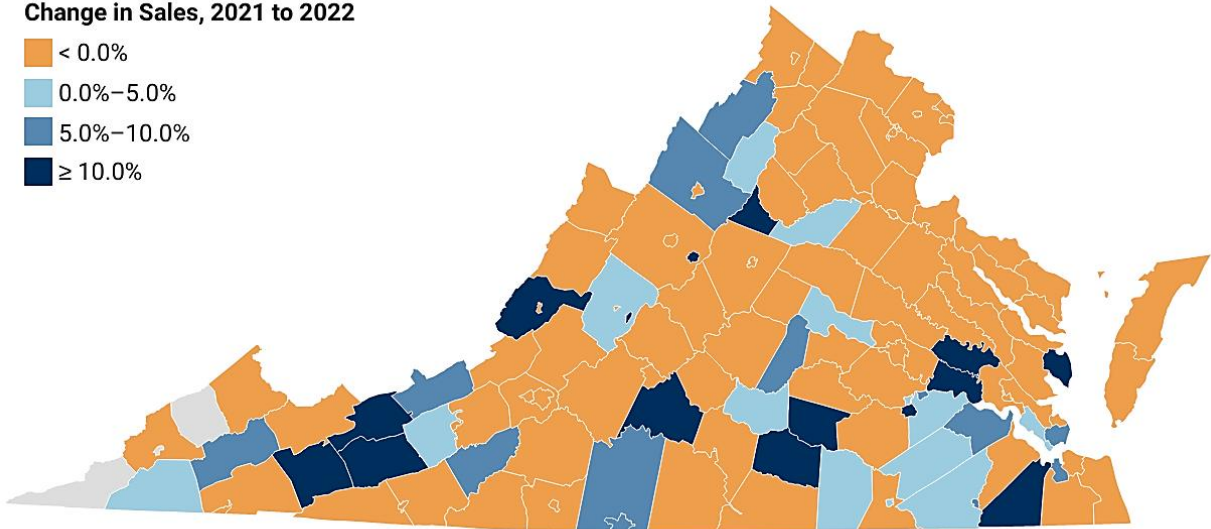
Sales activity usually increases during the spring months. The number of home sales in Virginia increased by 4.8% between March and April. This month-to-month increase is lower than it has been in more typical years, where April home sales would be up 11 or 12% compared to March.

Figure 3. Virginia Home Sales, April



Source: Virginia REALTORS®, data accessed May 16, 2022

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



Source: Virginia REALTORS®, data accessed May 16, 2022

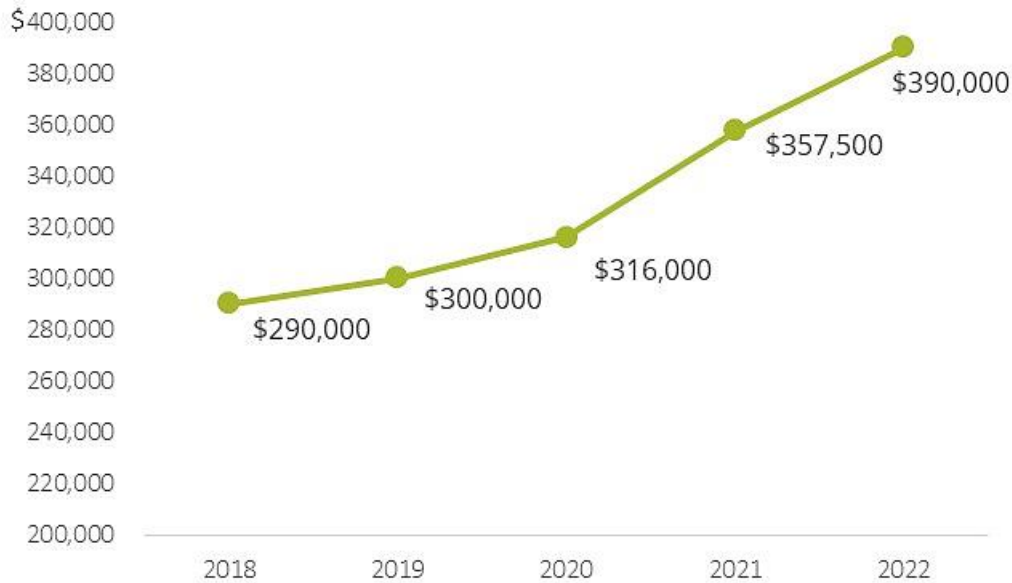
Home sales activity in 2022 continues to be lower than it was during the frenzied market of spring 2021. In nearly every local market in Virginia, there were fewer sales in the first four months of this year than there were last year. Some of the biggest drops in sales activity were in the outer suburbs of Northern Virginia, including Loudoun County, Fauquier County, and Clarke County. Some second-home markets, including some mountain communities in western Virginia and Eastern Shore markets, also had significant year-over-year declines in home sales this spring.

Home Prices

Slower home sales activity has not slowed price growth in most local markets across Virginia. In April, the statewide median sales price was \$390,000, which is up 9.1% compared to last year, a gain of \$32,500. The statewide median home price is now \$100,000 higher than it was four years ago. Median prices grew at a double-digit rate throughout central Virginia, the Shenandoah Valley region, and on the Eastern Shore. Compared to this time last year, overall median home prices were lower in some local markets, generally because of a shift in the types of homes sold this year, compared to last year.

Price competition remains high. On average in April, Virginia homes sold for 3.4% higher than list price. In all price segments, the average sold-to-list price ratio was at least 100%. The most price competition continues to be among higher-end homes. The average sold-to-list price ratio for homes that sold for \$800,000 or more was 105.8% in April 2022.

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



Source: Virginia REALTORS®, data accessed May 16, 2022

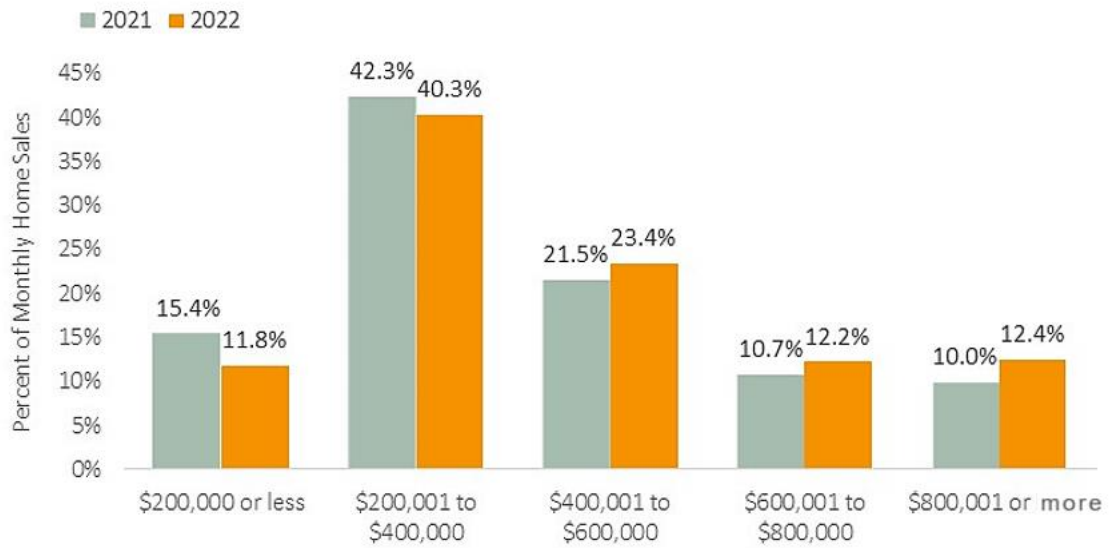
Figure 6. Average Sold-to-List Price Ratio, April 2022

| Price Range | Ratio |
|------------------------|--------|
| \$200,000 or less | 100.0% |
| \$200,001 to \$400,000 | 103.1% |
| \$400,001 to \$600,000 | 103.9% |
| \$600,001 to \$800,000 | 104.4% |
| \$800,001 or more | 105.8% |
| All price levels | 103.4% |

Source: Virginia REALTORS®, data accessed May 16, 2022

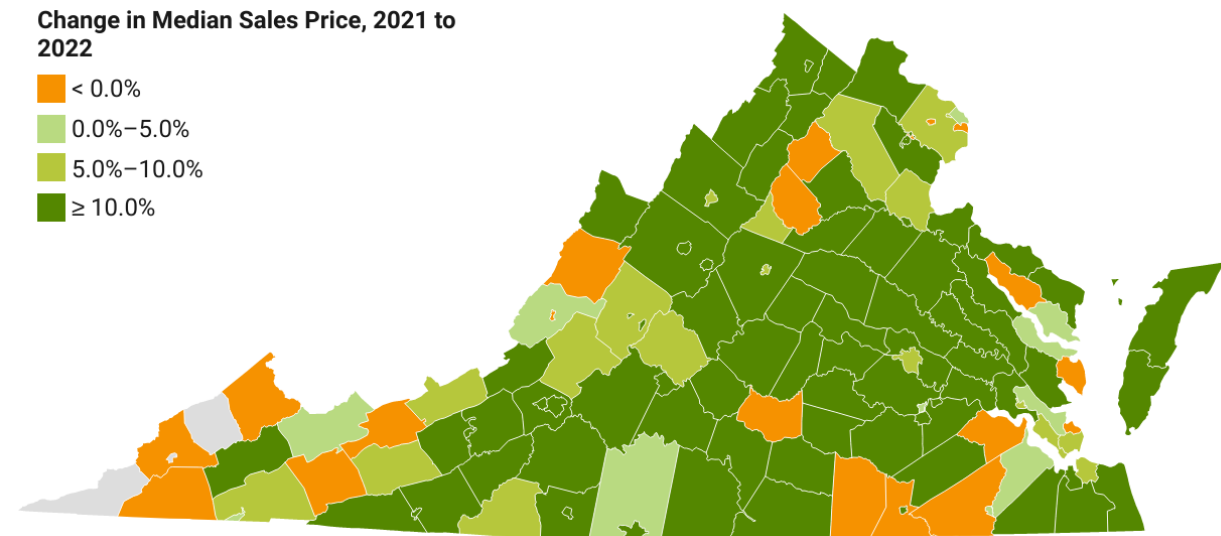
In April 2022, 40.3% of sales were between \$200,001 and \$400,000, down from 42.3% last year. Nearly a quarter of home sales (23.5%) were in the \$400,001 to \$600,000 price range. There has been a significant uptick in the share of higher-priced homes in the market. In April 2021, 20.7% of all sales were priced at \$600,001 or higher. This year, in April 2022, 24.6% of sales were \$600,001 or higher, including 12.4% of sales that sold for \$800,001 or more.

Figure 7. Sales by Price Range, April



Source: Virginia REALTORS®, data accessed May 16, 2022

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



Source: Virginia REALTORS®, data accessed May 16, 2022

Sold Volume

With fewer sales compared to last April, the total sold volume declined slightly this month. There was about \$5.8 billion of sold volume across Virginia in April 2022, a 3.6% decline compared to April 2021. The sold dollar volume rose by 8.3% between March and April, which is a below-average increase.

Figure 9. Sold Dollar Volume, April

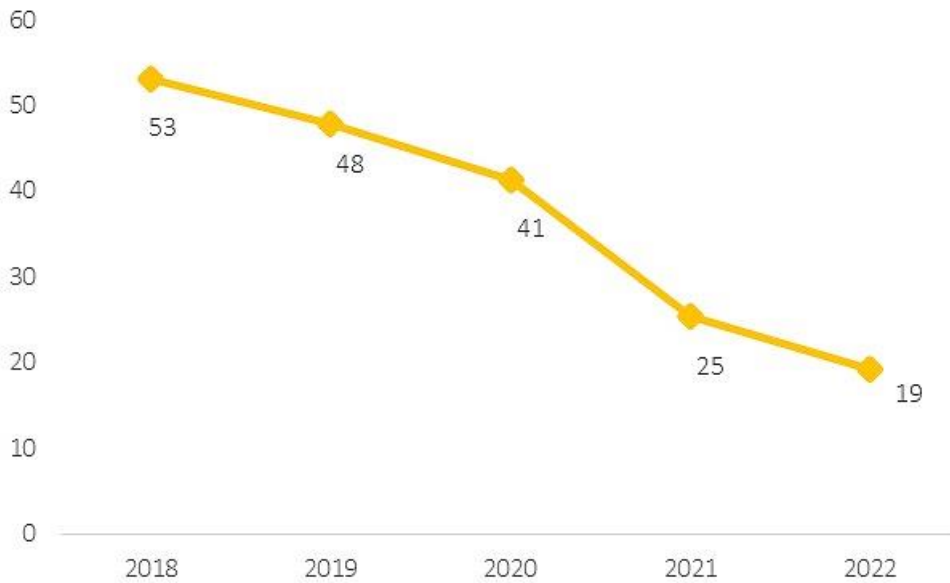


Source: Virginia REALTORS®, data accessed May 16, 2022

Days on Market

Homes continue to sell more quickly in 2022 than they did in 2021. The statewide average days on market was 19 days in April 2022, down from 25 days a year ago. Half of all homes sold in Virginia were sold in five days or less in April 2022. Homes sold quickly across price points. Homes that sold in the 600,001 to \$800,000 price band sold the fastest, at an average of 15 days to closing in April.

Figure 10. Average Days on Market, April

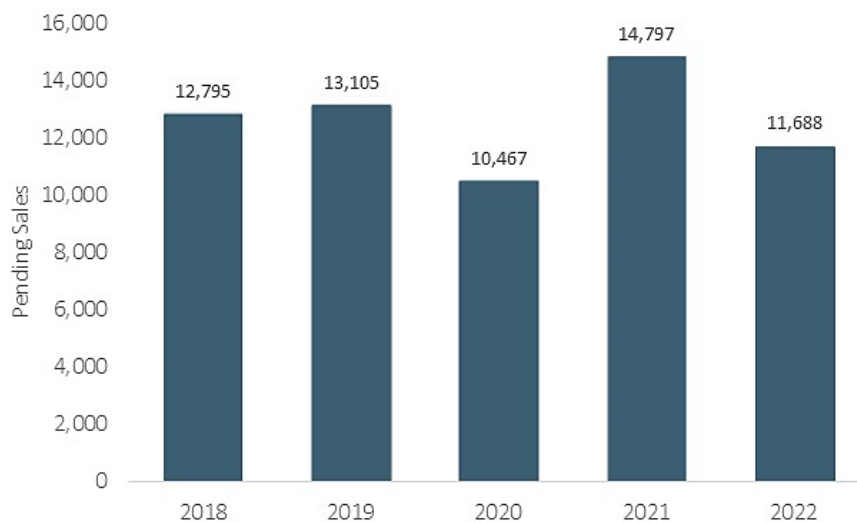


Source: Virginia REALTORS®, data accessed May 16, 2022

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 11,688 pending sales in Virginia in April, which is 3,109 fewer new contracts than a year ago, a 21.0% decline. The number of homes going under contract increased between March and April, which is a lower month-to-month uptick compared to more typical spring markets.

Figure 11. Pending Sales, April



Source: Virginia REALTORS®, data accessed May 16, 2022

New Listings

New listings continue to be below where they were a year ago. In April, a total of 15,632 new listings came onto the market across Virginia. New listings were down 14.3% compared to the number in April 2021. The number of properties coming onto the market increased between March and April, with new listings up 5.5% month-to-month. This is a typical monthly increase in new listings.

Active Listings

Inventory declined year-over-year again, but there are some signs that inventory might have bottomed out. There were 15,487 active listings around the state at the end of April, which is nearly 2,000 fewer active listings than were available at the end of April 2021, a 11.1% decline in supply.

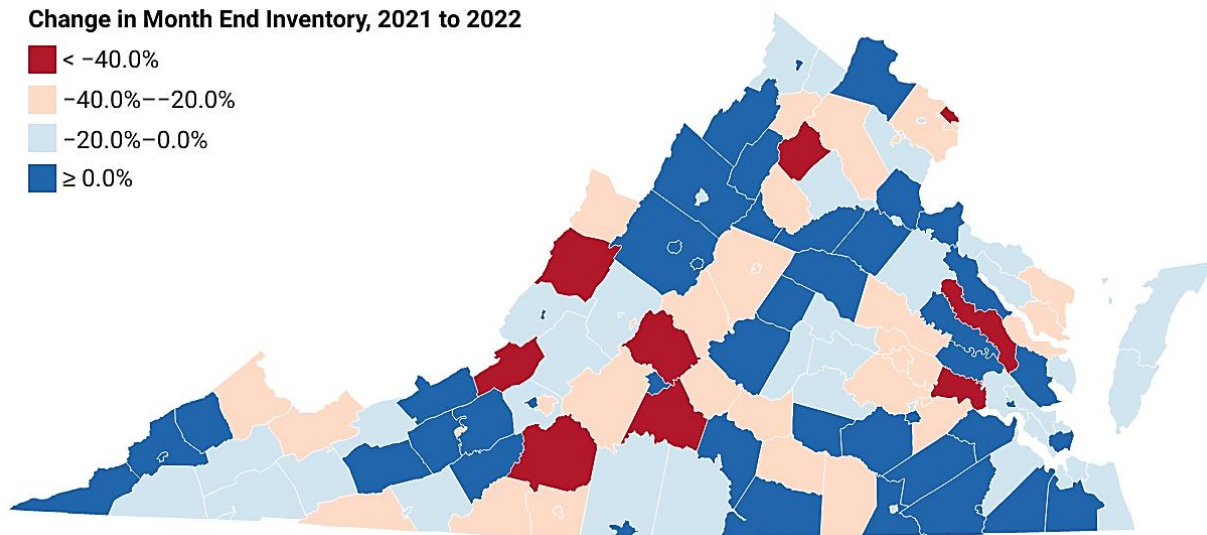
While inventory is still low, month-to-month inventory expanded. At the end of April, there were nearly 1,900 more listings statewide across Virginia than there were at the end of March 2022, which is a 13.8% increase. The March-to-April increase in supply is greater than it has been in typical years.

Figure 12. Inventory, April



Source: Virginia REALTORS®, data accessed May 16, 2022
Note: Active listings at the end of the month

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

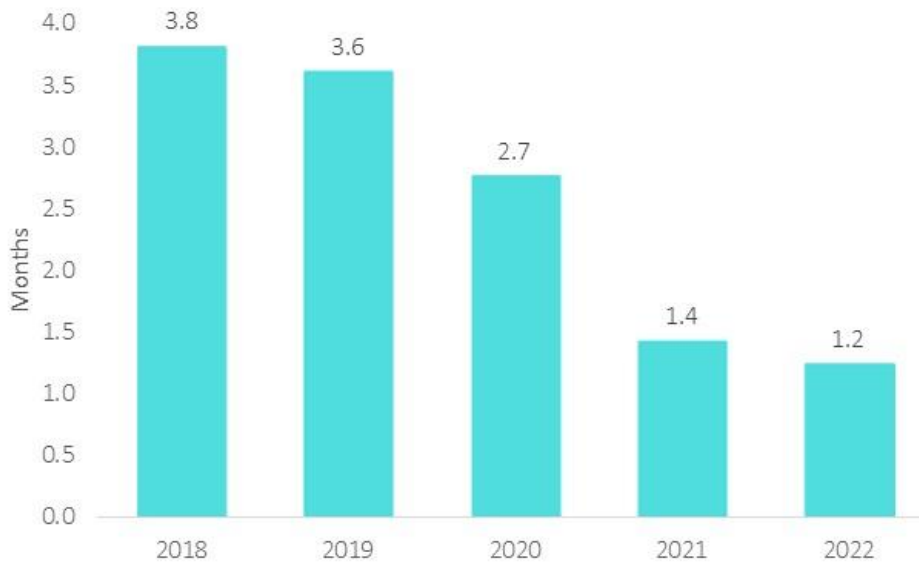


Source: Virginia REALTORS®, data accessed May 16, 2022

Inventory has increased year-over-year in some parts of Virginia. In some local markets, the inventory expansion reflects a reversal of years of inventory declines. For example, the number of active listings in Loudoun County was up 33.6%—or 93 additional listings—compared to a year ago. Inventory has also increased significantly in the Shenandoah Valley, including in Shenandoah, Page, and Rockingham counties.

The months of supply in Virginia increased for the second month in a row. At the end of April, there was 1.23 months of supply, which is down from 1.42 months of supply a year ago, but up from last month. In March 2022, there were just 1.07 months 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, April



Source: Virginia REALTORS®, data accessed May 16, 2022

Outlook

Amidst economic uncertainty, there are a lot of questions about where the housing market is headed. With high inflation and rising mortgage rates, housing demand will cool in the year ahead. However, there are positive signs in the economy and underlying demographic trends are positive for the housing market.

Here are some of the key things to watch in 2022:

- Mortgage rates have risen significantly in the past four months. As the Federal Reserve continues to target inflation by raising short-term rates, it is likely that mortgage rates will continue to rise in the months to come, putting downward pressure on housing demand and slowing home price growth.
- Despite higher mortgage rates, housing market conditions remain relatively strong. While home sales activity has slowed from the frenzied pace of a year ago, home prices are up, which reflects ongoing buyer interest. Anticipation of higher mortgage rates in the future led buyers to enter the market during the early spring. However, buyer activity will probably slow in the coming months as mortgage rates rise and home prices remain higher, making it harder for some prospective buyers.
- Despite rising concerns, there are few risks that home values will fall in the year ahead. First, the economic and demographic fundamentals that support housing demand in Virginia remain very strong—including strong job growth, low unemployment rates, and strong demand from millennials in their prime first-time home buying ages. Second, inventory also remains very low. Therefore, with stable demand and very low inventory, home prices are projected to rise. Home prices will rise at a lower rate than they have been, but there are no apparent risks of a price drop across most local markets.



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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 Ryan Price and the Virginia REALTORS® Research Team.

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.