

Virginia

HOME SALES REPORT

JUNE 2022

Virginia Home Sales Report

June 2022

Key Takeaways

- There were **13,324 homes sold** in Virginia in June 2022. This is 3,208 fewer sales than last June, which is a 19.4% slowdown, the sharpest drop in Virginia's housing market since May of 2020.
- At **\$397,315**, the June **median sales price** in Virginia rose 6.6% from a year ago, an increase of more than \$24,500. The median sales price in the state is now about \$83,000 higher than it was at this time three years ago.
- There was about **\$6.5 billion of sold volume** in Virginia in June, which is about \$1 billion less volume than a year ago. This 13.6% drop in volume from last June is the largest decrease in two years and reflects cooling sales activity.
- At the end of June, there were **19,375 active listings** across the commonwealth, 169 more listings than this time last year, inching up about 1%. This is the first time the inventory has expanded in Virginia's housing market in more than seven years.

June 2022 Housing Market Summary

	Jun-21	Jun-22	Change	% Change	YTD 2021	YTD 2022	Change	% Change
Sales	16,532	13,324	-3,208	-19.4%	74,357	66,032	-8,325	-11.2%
Median Sales Price (\$)	372,720	397,315	24,596	6.6%	350,000	379,000	29,000	8.3%
Sales Volume (\$ billions)	7.5	6.5	-1.0	-13.6%	32.1	31.1	-1.0	-3.1%
Average Days on Market	20	18	-2	-10.5%	27	22	-5	-17.7%
Pending Sales	14,676	10,335	-4,341	-29.6%	80,315	62,412	-17,903	-22.3%
New Listings	18,273	16,176	-2,097	-11.5%	93,043	81,774	-11,269	-12.1%
Active Listings (end of the month)	19,206	19,375	169	0.9%	19,206	19,375	169	0.9%
Months of Supply	1.5	1.6	0.1	5.9%	1.5	1.6	0.1	5.9%

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

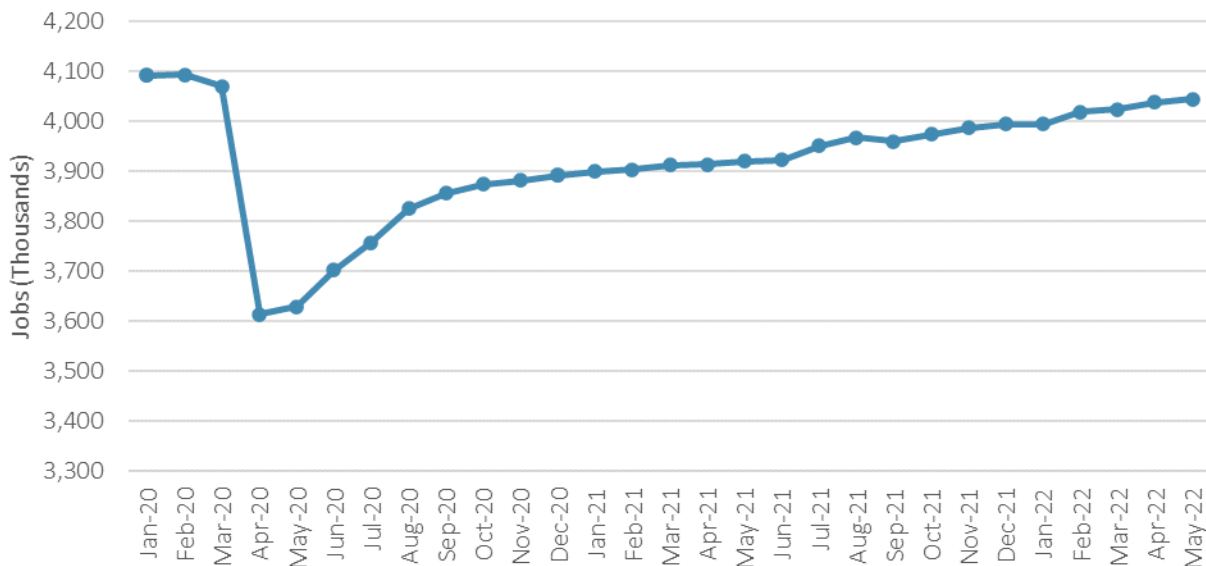
Economic Overview

There continues to be a lot of economic uncertainty as inflation lingers at a 40-year high, and supply chain issues persist. Mortgage interest rates are climbing, and purchasing power is down, leaving many buyers on the sidelines. Despite these headwinds, Virginia's job base continues to grow and unemployment remains very low.

Jobs

In May 2022, there were 4.04 million jobs across Virginia, a gain of 6,600 jobs between April and May. Virginia's job base has been expanding for the past two years, and is now about 46,200 shy of pre-pandemic levels. Job growth has been one of the strongest factors in Virginia's economy amid growing uncertainty and soaring inflation.

Figure 1. Total Jobs in Virginia (in thousands)



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

Most of the job growth continues to be in the Leisure & Hospitality sector. About 64,000 Leisure & Hospitality sector jobs were added to Virginia's economy between May 2021 and May 2022. Most of these jobs, about 46,100 were Accommodation & Food Services jobs, about 17,900 were Arts, Entertainment & Recreation jobs. Despite the influx of hospitality jobs, the sector is still 16,100 jobs short of pre-pandemic levels. The second strongest growth was in the Administration & Waste Services sector, which had about 14,000 jobs added from May 2021 to May 2022. The Education sector grew by 11,900 jobs over the past year. The Finance & Insurance sector continues to shed the most jobs, losing about 5,000 jobs over the past year. The Retail Trade sector lost about 2,300 jobs.

Northern Virginia had the strongest job growth with about 1,700 jobs added between May 2021 and May 2022. The Roanoke economy had an influx of 1,100 jobs during this same time period, and the Richmond Metro Area had 700 additional jobs. Both the Blacksburg region and the Winchester region also had 700 more jobs each compared to last May. The Lynchburg area was the only region to have fewer jobs than a year ago, down about 200 jobs from May 2021.

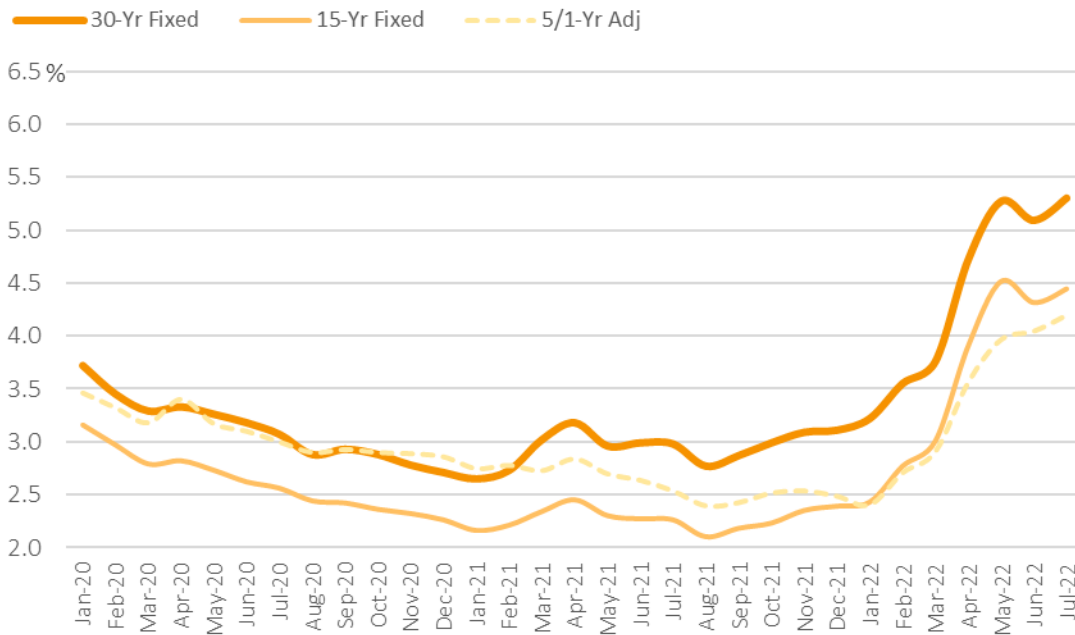
Unemployment

The unemployment rate in Virginia continues to hover at a very low level. In May, the state’s unemployment rate was 3.0%, which is unchanged from April. The national unemployment rate in May was 3.6%, also unchanged from April.

Mortgage Rates

In the second week in July, the average rate on a 30-year fixed mortgage was 5.51%, which is up from the prior week, but down from the end of June when it was 5.70%. Upward pressure on interest rates is likely to continue as the Federal Reserve is set to increase the Federal Funds Rate at the end of July amid rising inflation.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

Home sales slowed down more than they have since the start of the pandemic as more and more buyers are re-thinking their options amid rising mortgage rates and soaring

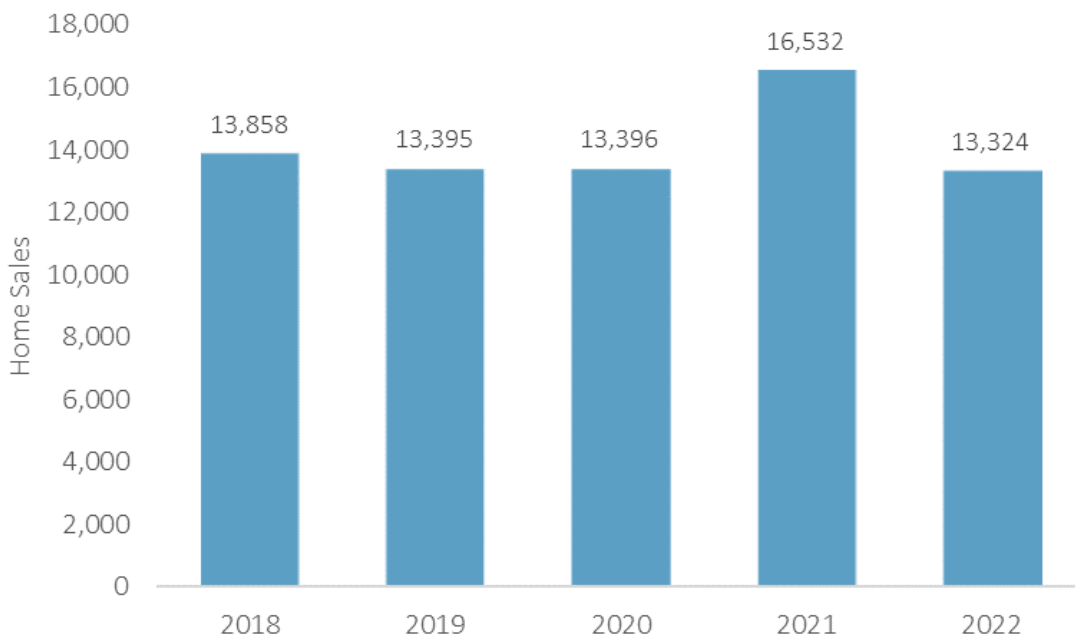
prices. Price growth continues to be a factor in most local markets in Virginia due to the limited supply of active listings. While inventory remains tight, the supply is starting to build up in many local markets, albeit slowly.

Sales

Virginia's housing market continues to cool down from a year ago. There were 13,324 homes sold throughout the commonwealth in June. This is 3,208 fewer sales than last June, representing a 19.4% drop in activity. This is the sharpest slowdown in sales the state has had since the start of the pandemic. While housing markets across Virginia have been moderating since last fall, rising interest rates over the past several months have accelerated the slowdown.

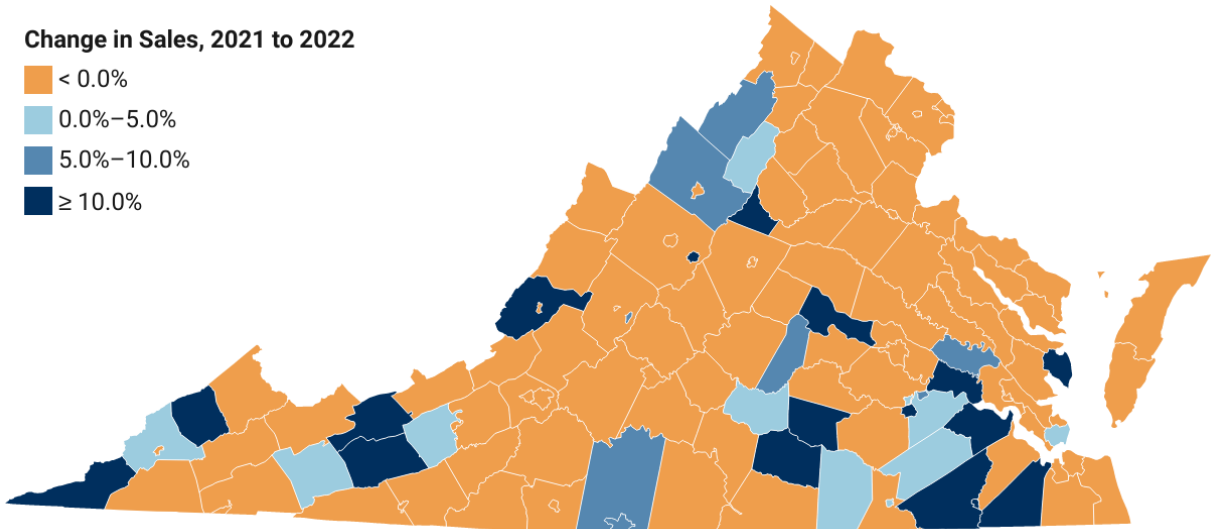
Sales activity edged up slightly between May and June, up 2.1%, which is much lower than a typical May-to-June jump in sales. This likely reflects fewer buyers in the market due to rising interest rates.

Figure 3. Virginia Home Sales, June



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

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



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

The slowdown in sales activity is widespread across Virginia. About three-quarters of all local markets in the commonwealth have had fewer sales so far in 2022 compared to the same period in 2021. The largest declines in sales activity continue to be in parts of the Shenandoah Valley, coastal communities in the Northern Neck region and Eastern Shore regions, as well as suburban areas in the Richmond Metro region and parts of Northern Virginia.

Home Prices

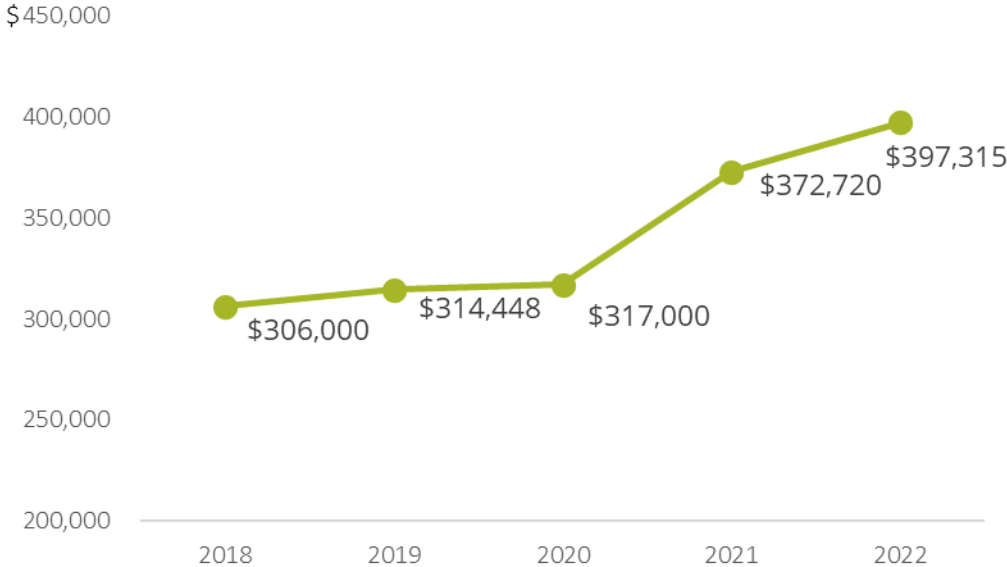
Upward pressure on home prices in many localities across Virginia continues to be a factor even as the market is slowing down. The median sales price in Virginia in June was \$397,315, climbing up about \$24,500 from June of last year, which is a 6.6% price gain. Low inventory levels continue to drive up prices as buyers have few options to choose from. It is likely, however, that price growth will slow as the impact of rising interest rates continues to cool demand. Early signs of this are starting to appear; the median sales price statewide edged down slightly in June compared to last month, falling about 1% from May. Typically, prices rise between May and June.

Most local markets in Virginia continue to have rising home prices mid-way through 2022. About nine out of every ten counties and cities in the commonwealth had a higher year-to-date median sales price (January through June) than the same period a year ago. The strongest price growth has been in parts of the Richmond Metro Region, areas in the

Shenandoah Valley, and coastal communities like the Northern Neck and the Chesapeake Bay and Rivers market.

Housing markets all around Virginia continue to be very competitive which is reflected in higher price levels, though this price pressure is starting to ease compared to earlier in the year. In all price segments, the average sold-to-list price ratio was 102.4% in June, which is lower than last month, and only slightly higher than last June. The higher end of the price spectrum continues to be the most competitive. Homes that sold for \$800,000 or more closed at 2.9% above list price on average. Similarly, homes in the \$600,001 to \$800,000 range went for 2.8% above list price on average. It's important to note that while most homes continue to close above list price, the amount above list price is not as high as it was in the last few months, which is another important signal of easing pressure on home prices.

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



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

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

Price Range	Ratio
\$200,000 or less	99.8%
\$200,001 to \$400,000	102.4%
\$400,001 to \$600,000	102.8%
\$600,001 to \$800,000	102.8%

\$800,001 or more	102.9%
All price levels	102.4%

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

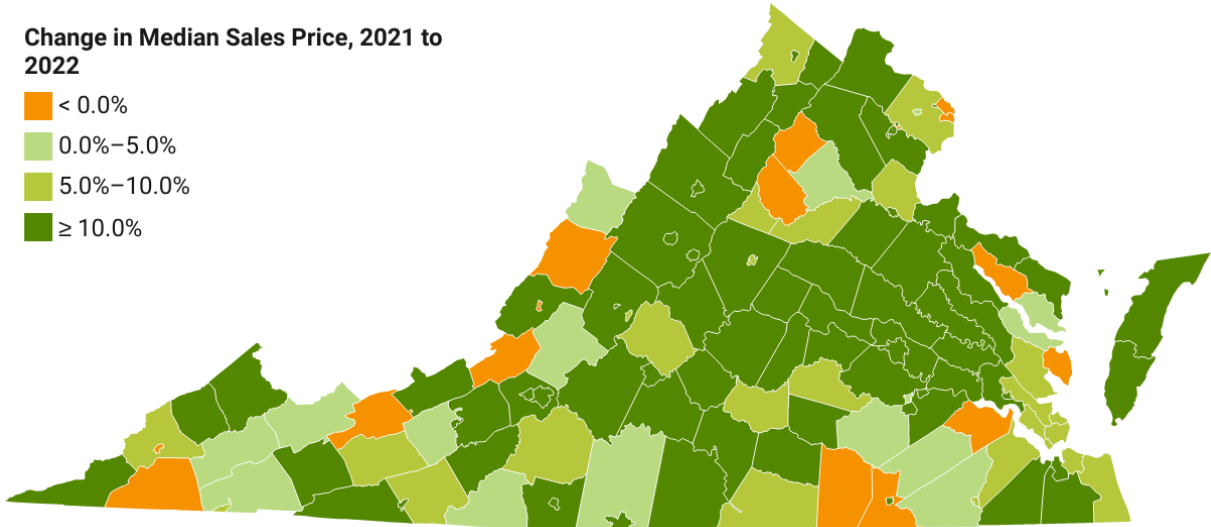
In June 2022, 40.8% of homes sold were priced between \$200,001 and \$400,000, down from 41.5% last June. Nearly a quarter of home sales (24.3%) were in the \$400,001 to \$600,000 price range. There continues to be a larger share of higher-priced homes in the market. In June 2021, 21.9% of all sales were priced at \$600,001 or higher. This year, in June 2022, 24.4% of sales were \$600,001 or higher, including 12.3% of sales that sold for \$800,001 or more.

Figure 7. Sales by Price Range, June



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

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

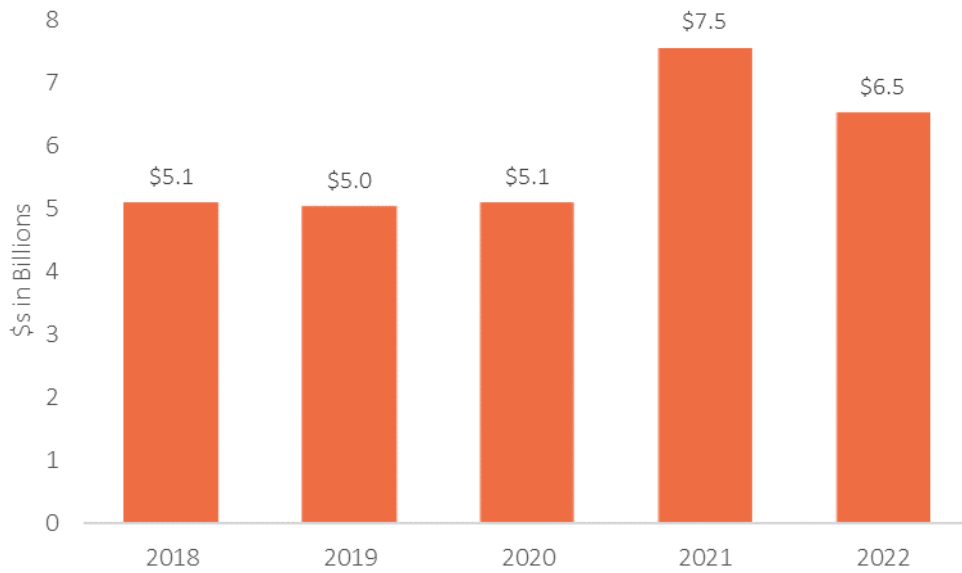


Source: Virginia REALTORS®, data accessed July 15, 2022

Sold Volume

Despite prices rising overall, the large drop in sales activity led to a significant decline in total sold dollar volume in June across Virginia. There was approximately \$6.5 billion of sold volume statewide in June 2022. This is about \$1 billion less volume than there was last June, a 13.6% decrease. This is the sharpest drop in sold volume since May of 2020 when volume slowed down 20.8%.

Figure 9. Sold Dollar Volume, June

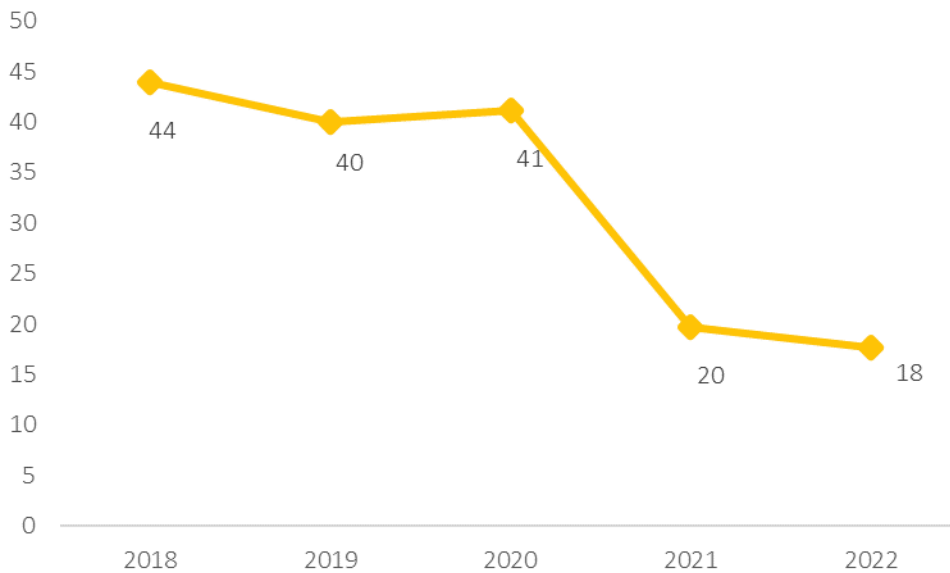


Source: Virginia REALTORS®, data accessed July 15, 2022

Days on Market

While the market is cooling, it remains quite competitive in most areas of the state. The average days on market across Virginia in June was 18 days, which is three days faster than June of last year. Homes sold quickly across all price points, but the highest priced homes sold the fastest. Homes that sold in the highest price range, over \$800,000, sold in 15 days on average in June.

Figure 10. Average Days on Market, June

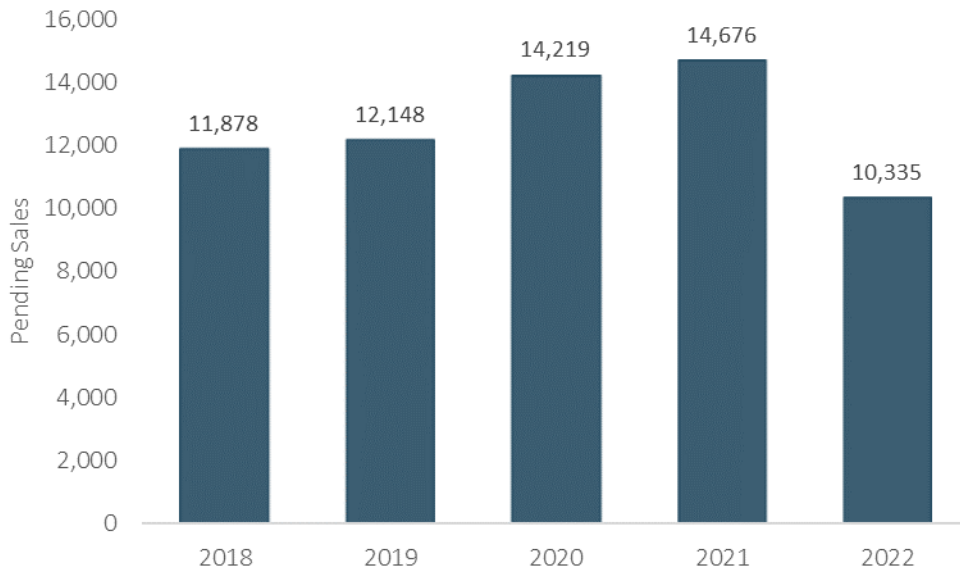


Source: Virginia REALTORS®, data accessed July 15, 2022

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 10,335 pending sales in Virginia in June, which is 4,341 fewer contracts than a year ago. This represents a 29.6% decrease, the largest drop in new contracts since the large drop at the start of the pandemic. Total pending sales activity declined 14.6% between May and June, which is sharper than a typical May to June decrease.

Figure 11. Pending Sales, June



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

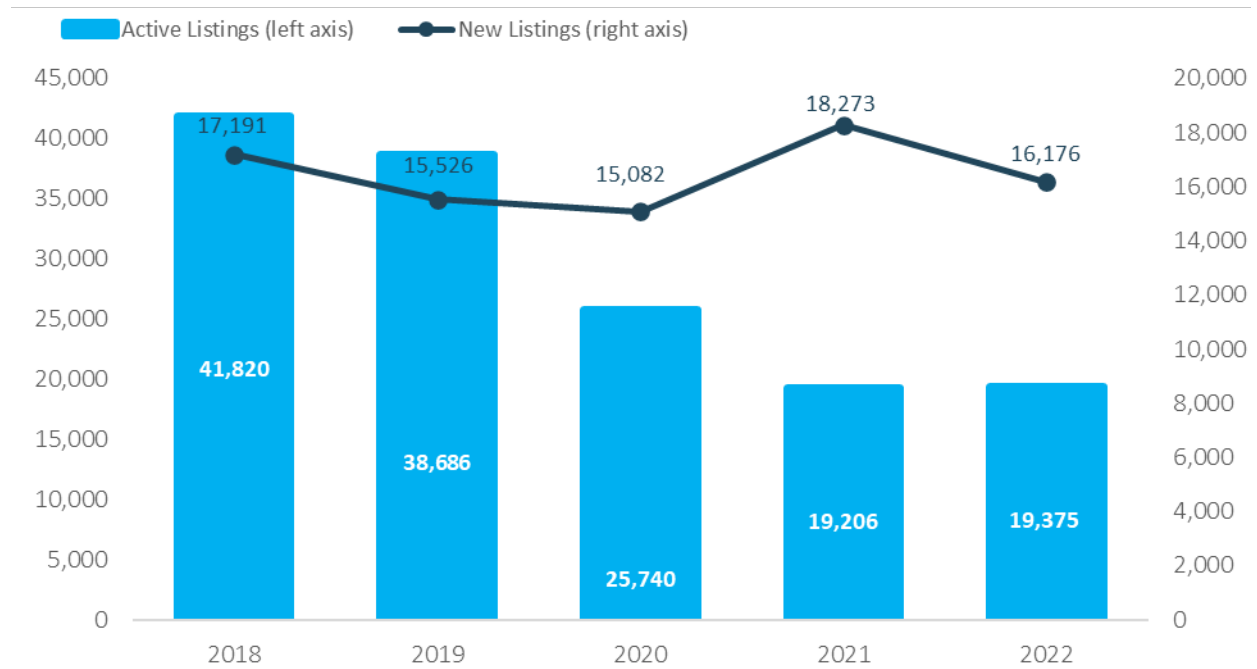
New Listings

Sellers continue to signal hesitation as fewer new listings are coming on the market in Virginia. There were 16,176 new listings throughout the commonwealth in June, 2,097 fewer new listings than this time last year, which is an 11.5% decline. The number of new listings has declined for ten straight months compared to the prior year.

Active Listings

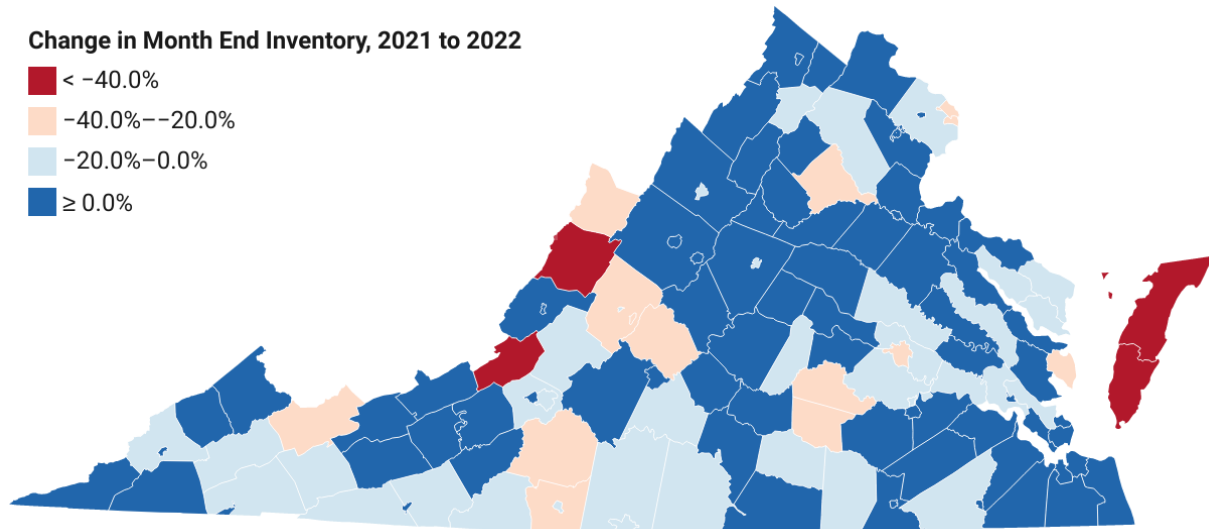
For the first time in more than seven years, the supply of active listings in Virginia's housing market increased from last year, albeit slightly. There were 19,375 active listings across Virginia at the end of June, 169 more listings than a year ago, inching up about 1%. The inventory of active listings swelled by 2,500 listings between May and June, a 14.8% supply jump, much stronger than a typical seasonal increase. The build up of the inventory reflects the market slowdown that has been accelerating in recent months as the rising mortgage interest rates are prompting many buyers to push pause on their home search.

Figure 12. Inventory, June



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

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



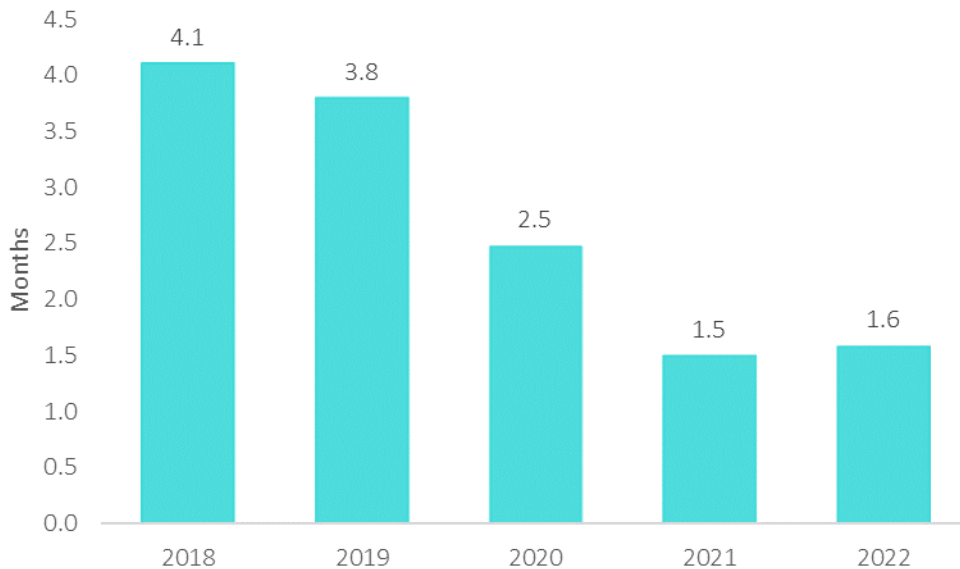
Source: Virginia REALTORS®, data accessed July 15, 2022

The inventory is building up in many local housing markets across Virginia. At the end of June, more than half of all local jurisdictions had more active listings than a year ago. The

largest supply growth continues to occur in parts of the Harrisonburg region and the Shenandoah Valley, outer suburban communities in Northern Virginia, and the New River Valley housing market.

There was about 1.6 months of supply in Virginia’s housing market in June, which is slightly higher than last June. While this is the first year-over-year increase since spring of 2015, the overall inventory remains tight in the commonwealth. 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. Historically, five or six months of supply has been indicative of a healthy housing market, but we have not seen inventory at that level for more than five years in Virginia.

Figure 14. Months of Supply, June



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

Outlook

Lingering inflation remains a big wildcard in the economy, and upward pressure on mortgage rates is likely to continue. The job market remains a bright spot, and unemployment is back to pre-pandemic lows. Here are some key things to watch for the remainder of 2022 in Virginia’s housing market:

- Inflation continues to linger at a 40-year high which is prompting the Federal Reserve to take aggressive action. The Fed raised the Federal Funds Rate 0.75% in June, which was the highest rate hike since 1994. Because inflation remains elevated, it’s very likely that the Fed will hike the Federal Funds Rate again at the end of July. This will put upward pressure on mortgage interest rates, which will continue to cool the housing market.
- Despite the slowdown in sales activity, home prices continue to climb in most markets in Virginia. The price growth is being driven by the fact that there is very little inventory

available in the market. Even as many buyers are pushing pause on their home search, and some are getting priced out of the market from the rising rates, there are still more buyers in the market than there are active listings. This supply shortage will likely keep prices rising, but as the market continues to cool, the price growth will ease in the coming months.

- The supply of active listings throughout Virginia continues to be tight, but there are signs that the pattern is changing. The inventory in Virginia's housing market expanded from last year for the first time in more than seven years. As the market continues to slow down and there are fewer contracts, it is likely that the inventory of active listings will continue to build up, providing more options for buyers in the months ahead.



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 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.