

Virginia

HOME SALES REPORT

JULY 2022

Virginia Home Sales Report

July 2022

Key Takeaways

- There were **11,346 homes sold** in Virginia in July 2022. This is 3,938 fewer sales than last July which is a 25.8% slowdown, the sharpest drop in Virginia's housing market in years.
- At **\$385,000**, the July **median sales price** in Virginia rose 6.9% from a year ago, a gain of \$25,000. The median sales price in the state is \$76,000 higher than it was at this time three years ago.
- There was approximately **\$5.3 billion of sold volume** in Virginia in July, which is about \$1.5 billion less volume than a year ago. This 21.0% drop in volume from last July. The reduction in volume reflects fewer sales transactions.
- At the end of July, there were **20,389 active listings** across the commonwealth, which is 720 fewer listings than this time last year, a modest 3.4% decrease.

July 2022 Housing Market Summary

	Jul-21	Jul-22	Change	% Change	YTD 2021	YTD 2022	Change	% Change
Sales	15,284	11,346	-3,938	-25.8%	89,641	77,378	-12,263	-13.7%
Median Sales Price (\$)	360,000	385,000	25,000	6.9%	350,000	380,000	30,000	8.6%
Sales Volume (\$ billions)	6.8	5.3	-1.4	-21.0%	38.9	36.5	-2.4	-6.2%
Average Days on Market	20	20	0	0.0%	26	22	-4	-15.5%
Pending Sales	13,575	9,243	-4,332	-31.9%	93,890	71,655	-22,235	-23.7%
New Listings	17,935	13,745	-4,190	-23.4%	110,978	95,519	-15,459	-13.9%
Active Listings (end of the month)	21,109	20,389	-720	-3.4%	21,109	20,389	-720	-3.4%
Months of Supply	1.6	1.7	0.1	4.4%	1.6	1.7	0.1	4.4%

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

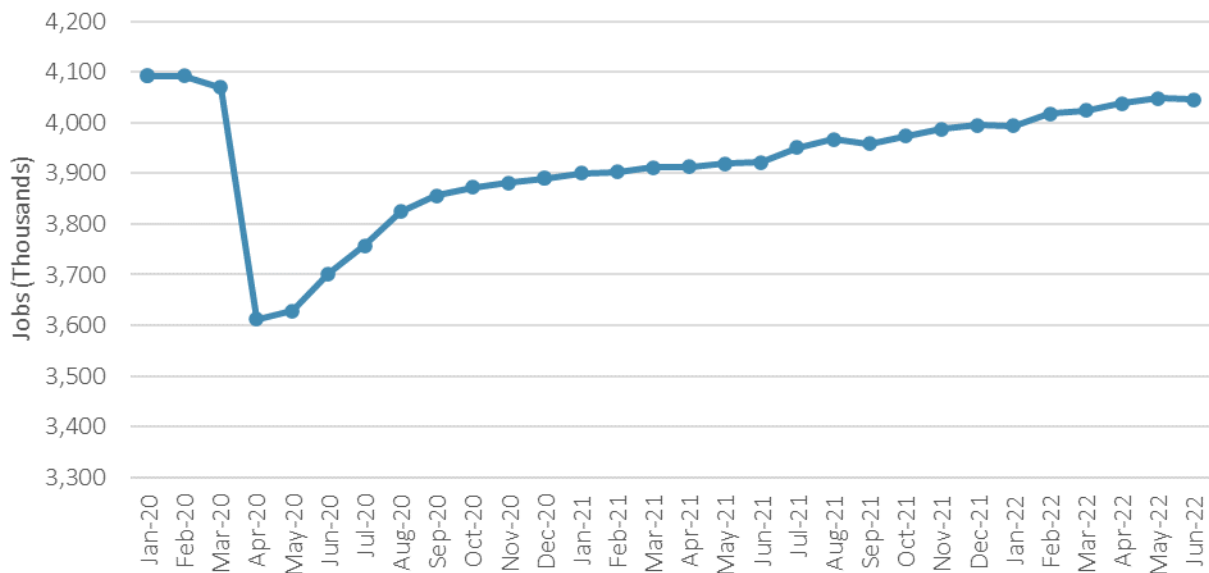
Economic Overview

The economy continues to send mixed signals. Inflation edged downward in July, but still remains very elevated. Interest rates have also declined from a couple months ago, but remain much higher than they were earlier this year. Both of these factors reduce the purchasing power of buyers in the housing market. There was a small decrease in jobs in Virginia this month, but overall the employment picture remains strong, as unemployment is down to historically low levels.

Jobs

There were approximately 4.05 million jobs across the commonwealth in June of 2022, a decrease of about 2,700 jobs between May and June. This is the first drop in total jobs in the state since January 2022. Despite this slowdown, the job base statewide is significantly larger than it was a year ago, about 123,400 more jobs than June 2021. The job recovery has been robust over the last couple years. Virginia's job base is now about 45,500 jobs short of pre-pandemic levels.

Figure 1. Total Jobs in Virginia (in thousands)



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

The Leisure & Hospitality sector is experiencing the largest influx of jobs, with about 80,700 more jobs in June 2022 than there were in June of 2021. About 51,400 of these hospitality jobs were in Accommodation & Food Services, which has really started to bounce back after massive job losses earlier in the pandemic. The Administrative & Waste Services sector had about 24,200 jobs added to Virginia's economy in June compared to last year,

and there were 11,200 more Health & Social Services jobs than there were a year ago. There were about 3,800 fewer Federal Government jobs in Virginia compared to last June, and 3,000 fewer Retail Trade jobs in the economy.

Northern Virginia continues to have the strongest job gains of the state’s metro areas, with 3,900 jobs added between May and June 2022. The Richmond Metro Area also had strong growth this month, with about 1,500 more jobs in June than there were in May. Lynchburg was the only other metro area to have job growth between May and June (+500 jobs). All other metro areas in the state had fewer jobs in June compared to May. The largest drop was in the Hampton Roads region (-3,900 jobs). Roanoke had about 1,300 fewer jobs in June, and there were about 1,000 fewer jobs in the Harrisonburg area.

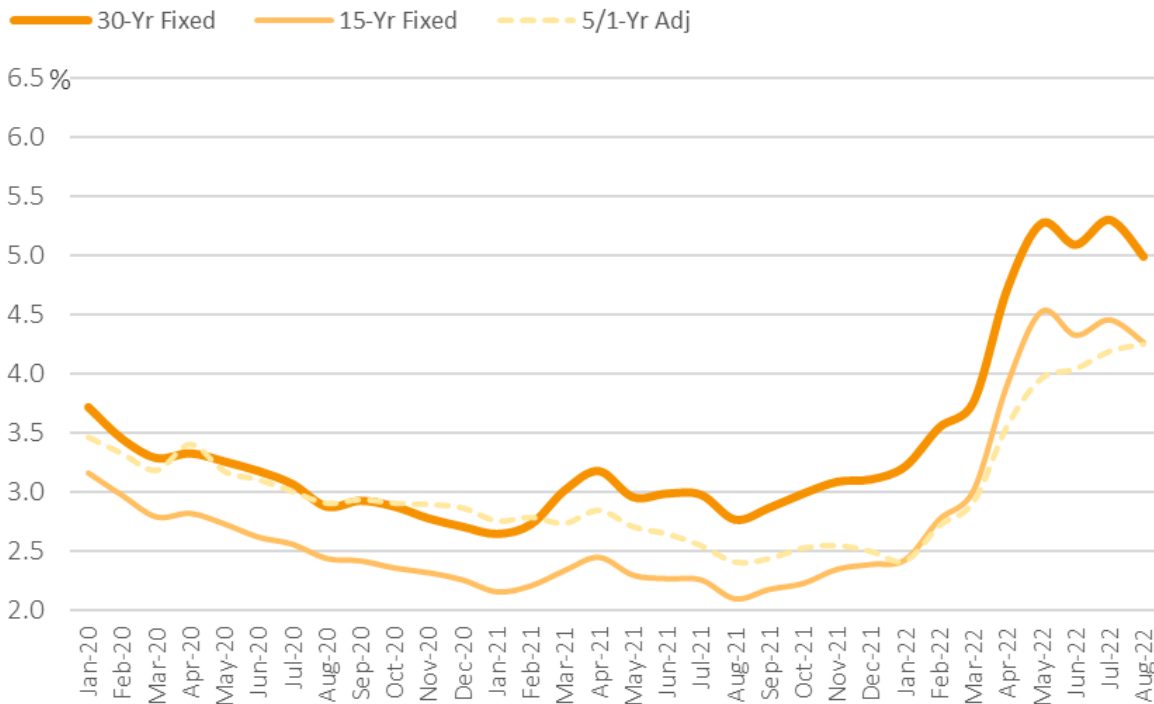
Unemployment

Unemployment in Virginia continues to dip. In June 2022, the unemployment rate statewide was just 2.8%, down from 3.0% in May. This is the lowest unemployment rate Virginia has had since March 2020 when it was 2.6%. Nationwide, the unemployment rate held steady at 3.6% in June, unchanged from May.

Mortgage Rates

In the second week in August, the average rate on a 30-year fixed mortgage was 5.22%, which is up from 4.99% during the prior week. Despite this uptick, average rates have been trending downward from their 2022 peak of 5.81% in late-June.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

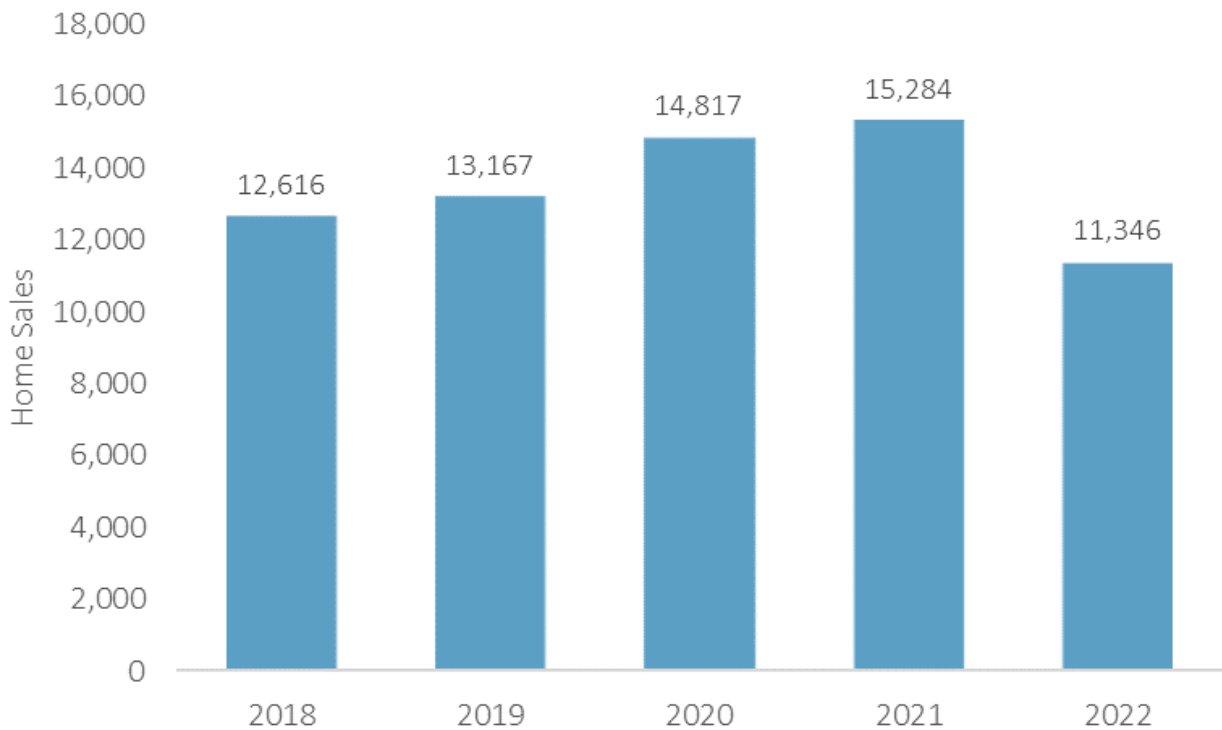
The housing market continues to cool in Virginia as sales and pending sales activity was well below the level last July. Despite the slowdown, prices continue to climb, and homes continue to sell relatively quickly on average. There were fewer active listings compared to last year, but many local markets across the state had expanding supply at the end of July compared to last year, which is good news for buyers in the market.

Sales

Virginia's housing market slowed down significantly in July. There were 11,346 homes sold across the state in July 2022, which is 3,938 fewer sales than there were in July of last year. This represents a 25.8% drop in sales activity, the sharpest year-over-year decrease the state's housing market has had in more than seven years. Overall, sales activity has been moderating from last year's level in Virginia nearly every month since last fall.

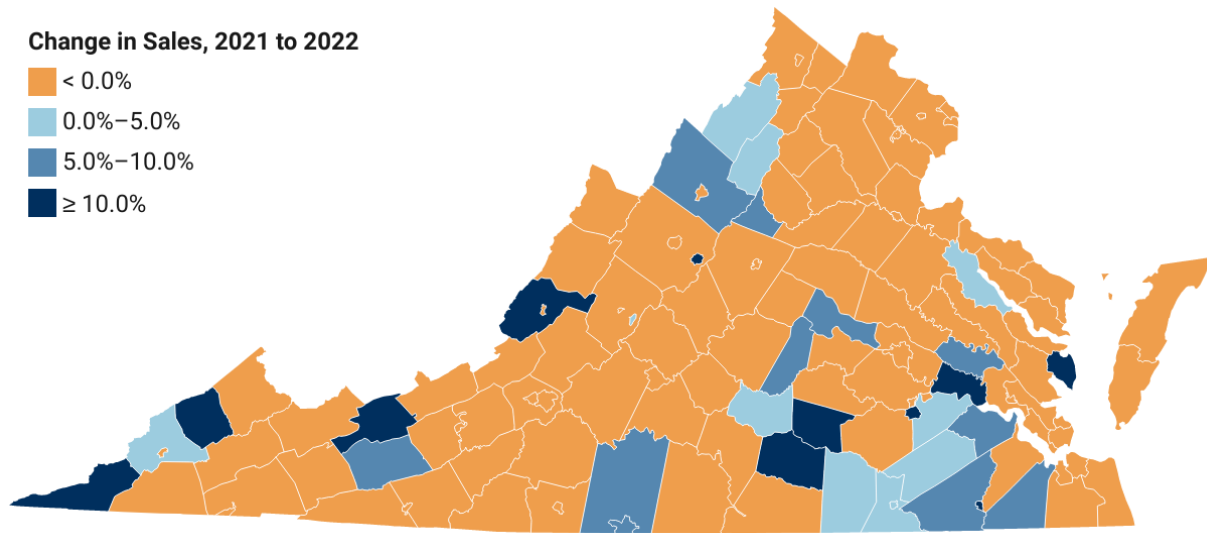
There were 1,978 fewer sales statewide in July compared to June, a 14.8% decrease. This month-to-month drop in sales is in line with typical seasonal fluctuations.

Figure 3. Virginia Home Sales, July



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

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



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

Local and regional housing markets across the commonwealth are moderating. The sharpest decreases so far this year have been in coastal areas like the Middle Peninsula region and the Northern Neck, and parts of the Shenandoah Valley.

Home Prices

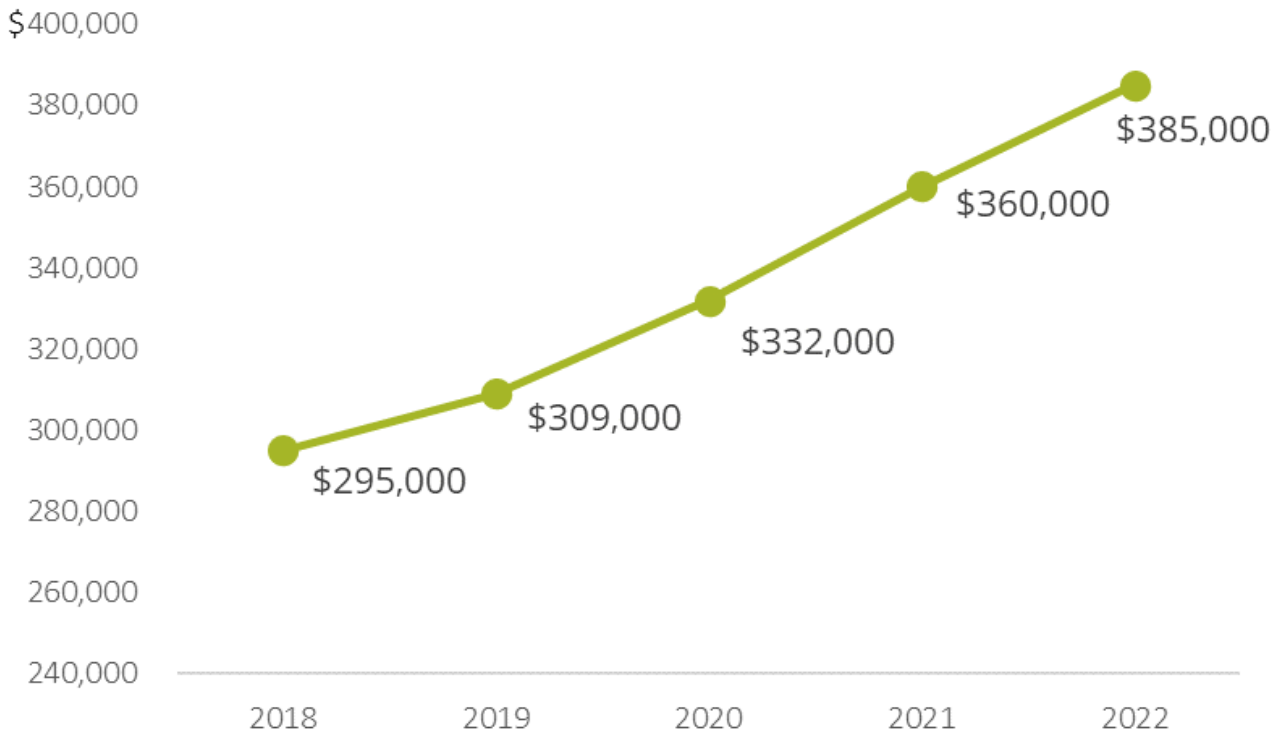
While total sales activity continues to slow down considerably, home prices in the market are still climbing. The statewide median sales price in July was \$385,000, rising 6.9% from last July, a gain of \$25,000. Upward pressure on prices continues to be a factor amid declining sales because inventory levels are so low. It is likely that price growth will slow in the coming months as higher interest rates continue to cool the market.

Price growth continues to be widespread across the state. About 87% of all counties and independent cities had a higher median sales price so far in 2022 (January through July) compared to the same time period a year ago. The largest price gains have been in parts of Southwest Virginia, the Williamsburg region, and parts areas in Central Virginia.

While prices continue to rise overall, there are some signals that the upward pressure is starting to abate. The average sold to ask price ratio across the state was 101.2%, which is down from 102.4% last month (June 2022), and down from 101.8% last July. This metric has now inched downward for four consecutive months, evidence of easing price growth. Homes that sold for \$800,000 or more closed at 1.6% above list price on average in July. Similarly, homes in the \$600,001 to \$800,000 range went for 1.6% above list price on average. The average sold to list price ratio for homes in the \$200,001 to \$400,000 price

range was 101.4%. 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 (\$), July



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

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

Price Range	Ratio
\$200,000 or less	99.2%
\$200,001 to \$400,000	101.4%
\$400,001 to \$600,000	101.4%
\$600,001 to \$800,000	101.6%
\$800,001 or more	101.6%
All price levels	101.2%

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

In July 2022, 41.9% of homes sold were priced between \$200,001 and \$400,000, down from 43.1% last July. Nearly a quarter of home sales (24.6%) were in the \$400,001 to \$600,000

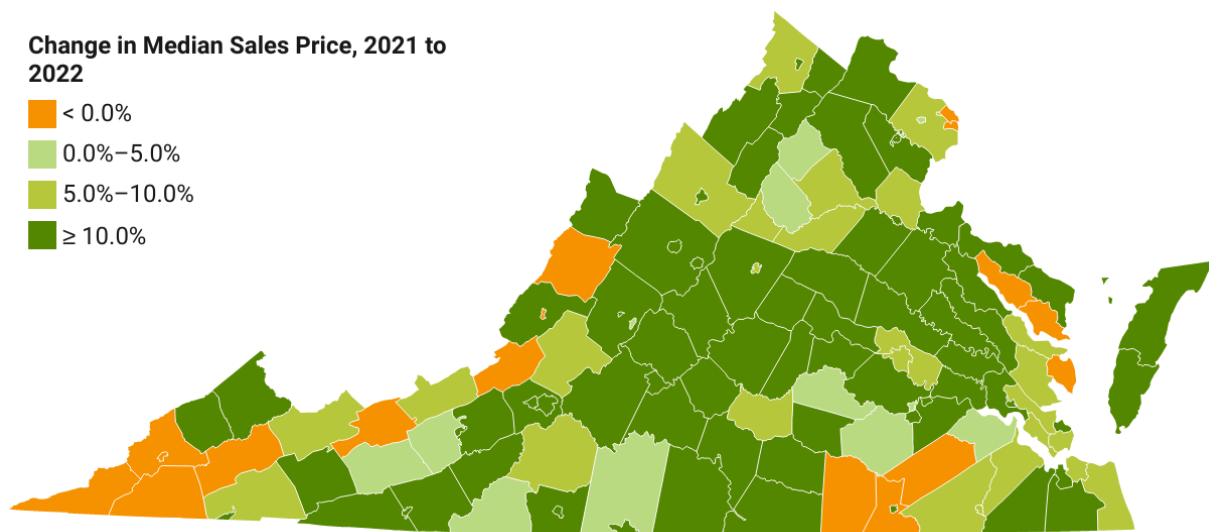
price range. There continues to be a larger share of higher-priced homes in the market. Last year, in July 2021, 20.2% of all sales were priced at \$600,001 or higher. This year, in July 2022, 22.1% of sales were \$600,001 or higher, including 10.9% of sales that sold for \$800,001 or more.

Figure 7. Sales by Price Range, July



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

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

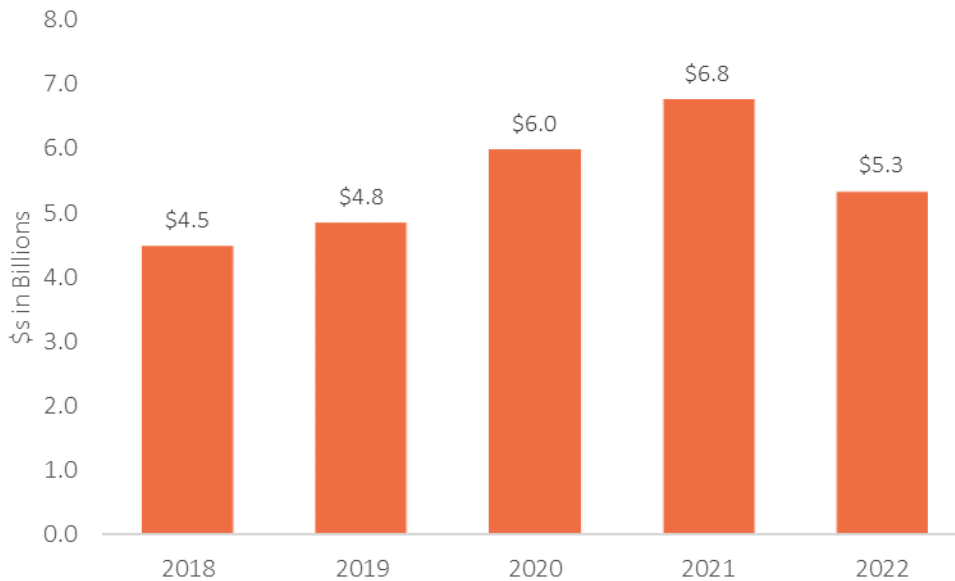


Source: Virginia REALTORS®, data accessed August 15, 2022

Sold Volume

While prices are climbing, the large drop in sales activity led to a huge drop in total sold dollar volume this month in the state's housing market. There was about \$5.3 billion of sold volume across Virginia in July, a reduction of approximately \$1.5 billion. This represents a 21.0% decline in sold volume. As fewer and fewer sales are occurring, the sold volume in the state's housing market has declined three out of the last four months compared to the busy pace last year.

Figure 9. Sold Dollar Volume, July

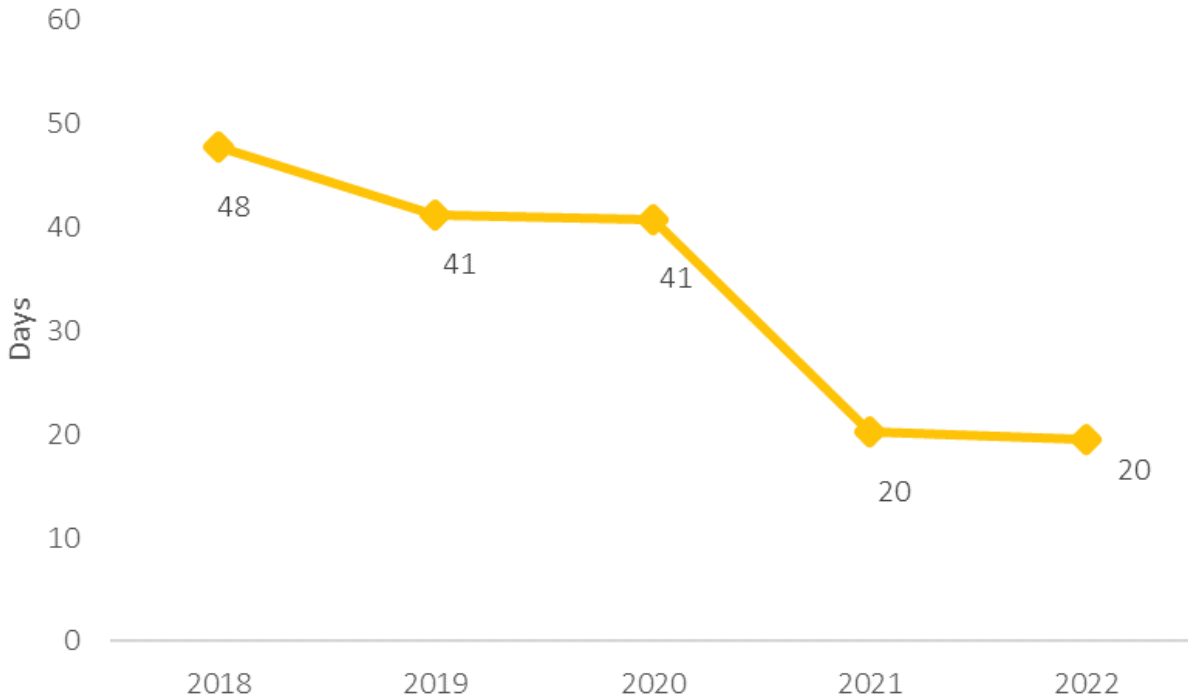


Source: Virginia REALTORS®, data accessed August 15, 2022

Days on Market

Homes that sold in July in Virginia were on the market about three weeks on average (20 days), which is unchanged from a year ago. The average days on market in July is two days longer than last month, in June 2022, which is a normal seasonal change in the market. Even with the cooling market, it's taking about half the time to sell homes in Virginia than it took at this time just two years ago, a reflection of how competitive the market remains to be in many areas.

Figure 10. Average Days on Market, July

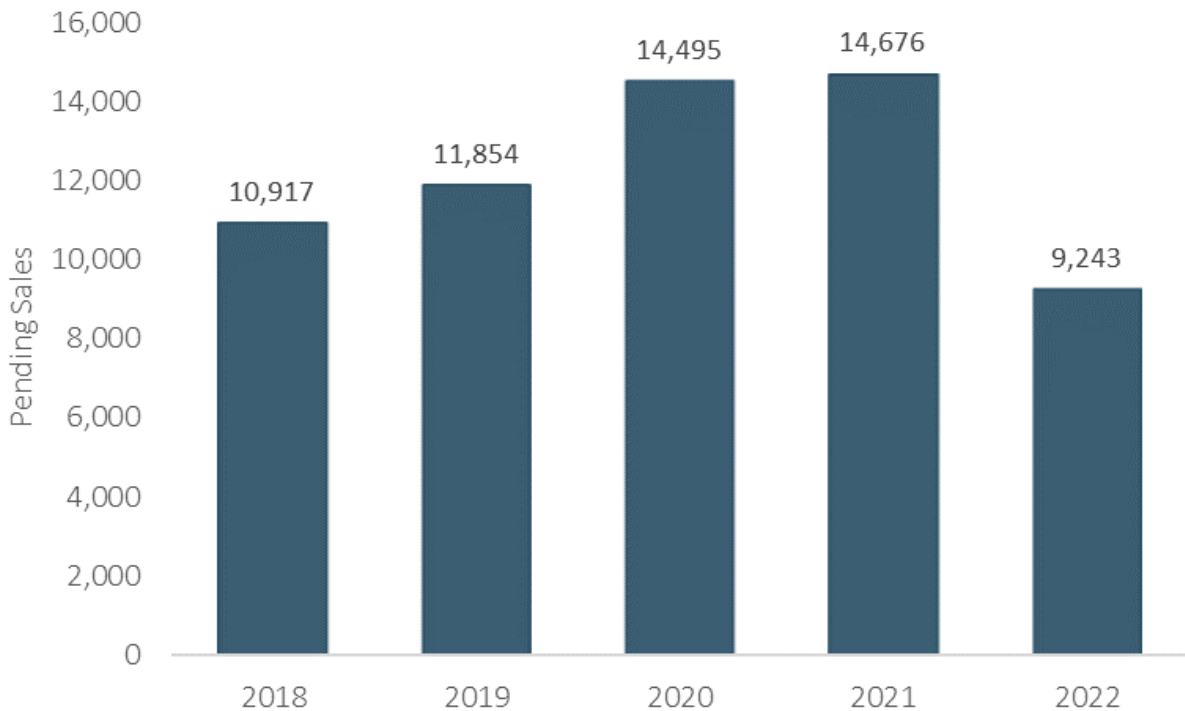


Source: Virginia REALTORS®, data accessed August 15, 2022

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 9,243 pending sales in Virginia in July. This is a 31.9% decrease from last July, or 4,332 fewer pending sales. This is the largest drop in pending sales activity the state has had in more than seven years, reflecting the severity of the market cooldown that is currently underway.

Figure 11. Pending Sales, July



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

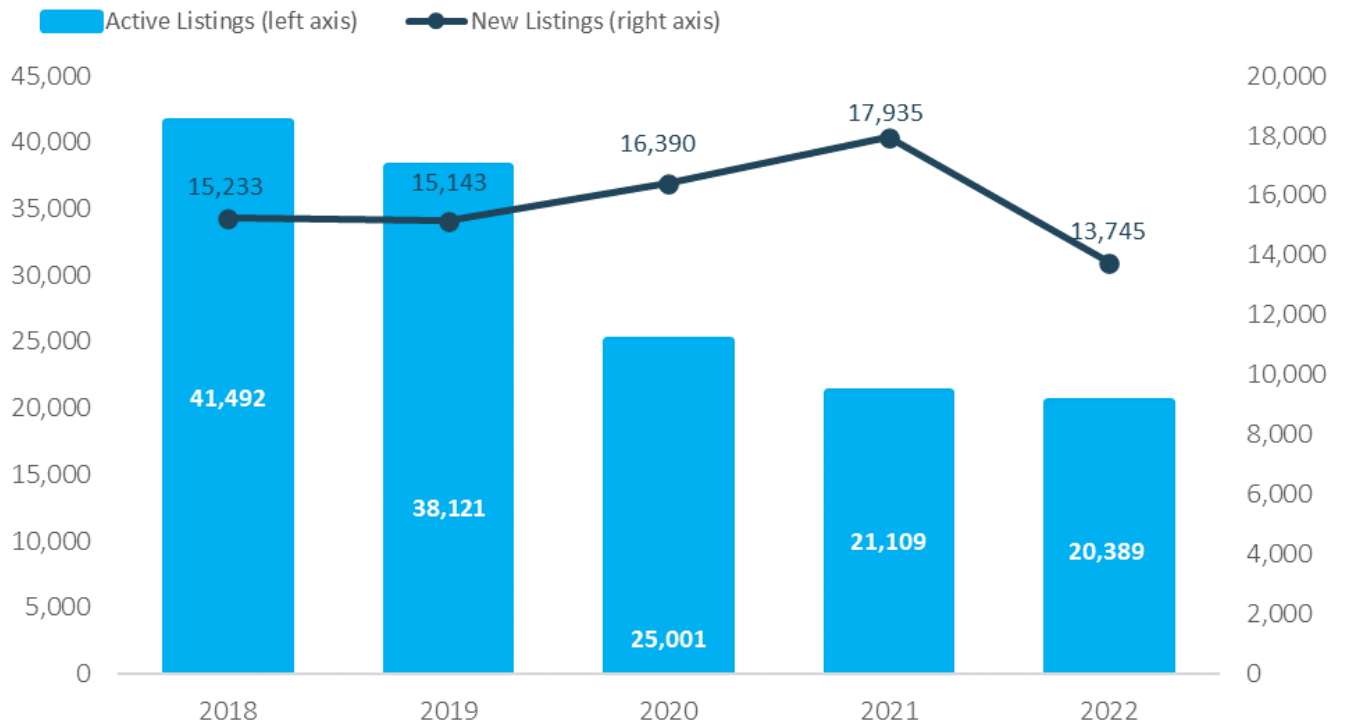
New Listings

Fewer new listings are coming on the market in Virginia’s housing market. There were 13,745 new listings in July statewide, a 23.4% drop from last year, which is 4,190 fewer new listings. New listings have declined eleven straight months compared to the prior year, a trend that accelerated this month, signaling hesitation in the market for some would-be sellers.

Active Listings

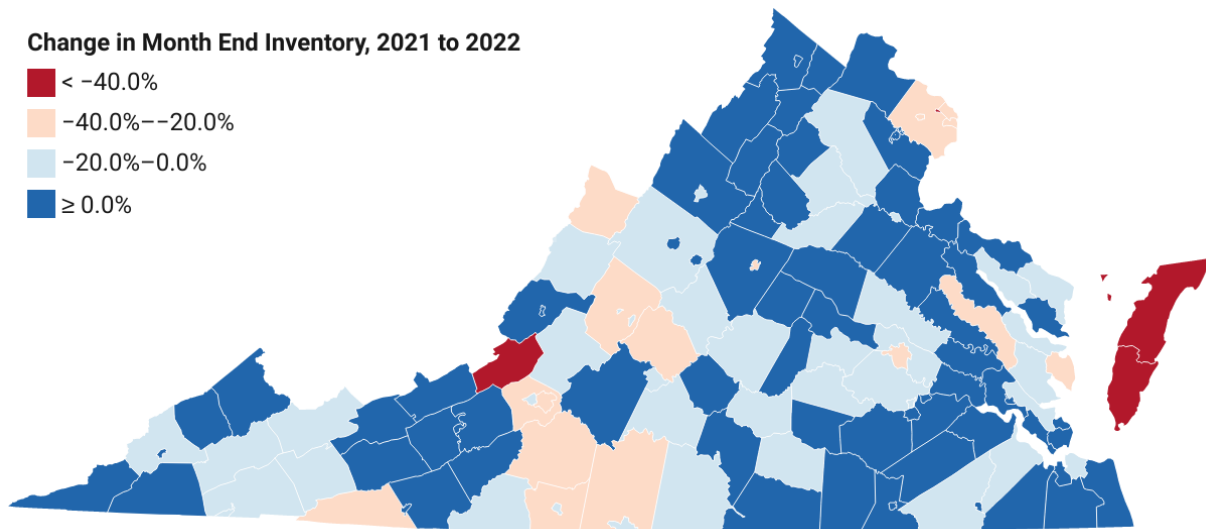
There were 20,389 active listings across the commonwealth at the end of July. This is 720 fewer listings that there were at this time a year ago, a modest 3.4% decrease. The inventory level in the state’s housing market remains very low, but the sharp declines that occurred over the last couple years have dissipated as activity in the market has cooled. There were about 1,000 more activity listings on the market at the end of July compared to the end of June, a 5.2% increase in supply. Typically inventory declines slightly between June and July, so the increase this month reflects a build up of the overall inventory in Virginia’s housing market.

Figure 12. Inventory, July



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

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

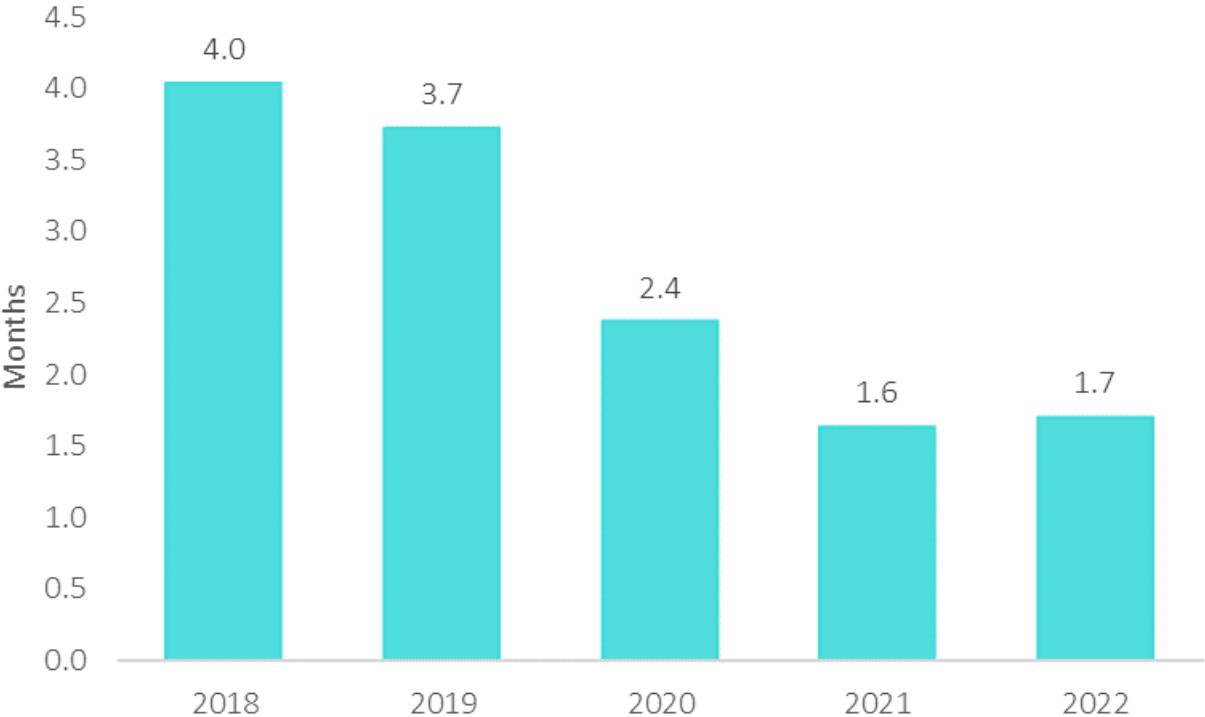


Source: Virginia REALTORS®, data accessed August 15, 2022

The supply of active listings continues to build up in many local housing markets across Virginia. About half of all counties and independent cities in the state had more active listings at the end of July compared to a year ago. Some of the largest inventory growth occurred in parts of Central Virginia, the New River Valley, and the Tri-Cities market south of Richmond. The build up of inventory is occurring due to the slowdown in sales activity in many areas of the state.

There was about 1.7 months of supply in Virginia’s housing market in July, which is slightly higher than last July. This is the second straight year-over-year increase in the supply, however, 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, four to 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, July



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

Outlook

Economic conditions continue to be mixed. Inflation declined in July but remains elevated. Unemployment is very low, and the job picture remains stable. These contrasting signals are likely to continue in the near-term, as the full impact of rising interest rates can take time to reach all parts of the economy. Here are some key things to watch for the remainder of 2022 in Virginia’s housing market:

- The slowdown in Virginia's housing market is becoming more pronounced. It is likely this will continue in the months ahead as more buyers are pulling back amid higher interest rates and lack of inventory.
- Inflation declined in July, providing cautious optimism that we might have reached the peak level. We are still very far from the Federal Reserve's target of 2% inflation, which means more federal funds rate hikes are on the way this fall. The big question is the size of the increase. Will the Fed continue with a third straight 0.75% hike, or will a smaller 0.50% increase be on the table? It will largely depend on where inflation is based on the August data, and how the job situation is looking leading up to the Fed's September meeting.
- Prices continue to climb across Virginia, but there were some signs that the upward pressure is easing. The average sold-to-list price ratio continues to be above 100% in most price segments, but it has inched downward for several months. This reflects that bidding wars are not as common as they were just a few months ago. It is likely that this trend will continue, and price growth will moderate as market activity slows.



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.

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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.