

Virginia

HOME SALES REPORT

AUGUST 2022

Virginia Home Sales Report

August 2022

Key Takeaways

- There were **11,693 homes sold** in Virginia in August 2022. This is 2,939 fewer sales than last August, a 20.1% slowdown.
- At **\$373,900**, the August **median sales price** in Virginia rose 5.3% from a year ago, a gain of nearly \$19,000. The median sales price in the state is now about \$94,000 higher than it was at the same time five years ago.
- There was about **\$5.3 billion of sold volume** in Virginia in August, which is about \$1.0 billion less volume than a year ago. This is a 16.5% drop in volume from last August. The drop in volume reflects fewer sales transactions.
- At the end of August, there were **19,122 active listings** across the commonwealth, which is 1,459 fewer listings than a year ago, a 7.1% supply reduction.

August 2022 Housing Market Summary

	Aug-21	Aug-22	Change	% Change	YTD 2021	YTD 2022	Change	% Change
Sales	14,632	11,693	-2,939	-20.1%	104,563	90,108	-14,455	-13.8%
Median Sales Price (\$)	355,000	373,900	18,900	5.3%	350,000	379,000	29,000	8.3%
Sales Volume (\$ billions)	6.3	5.3	-1.0	-16.5%	45.3	42.3	-3.1	-6.8%
Average Days on Market	21	23	2	11.9%	25	22	-3	-12.5%
Pending Sales	13,423	9,471	-3,952	-29.4%	108,274	88,653	-19,621	-18.1%
New Listings	15,552	12,056	-3,496	-22.5%	126,784	110,573	-16,211	-12.8%
Active Listings (end of the month)	20,581	19,122	-1,459	-7.1%	20,581	19,122	-1,459	-7.1%
Months of Supply	1.6	1.6	0.0	2.8%	1.6	1.6	0.0	2.8%

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

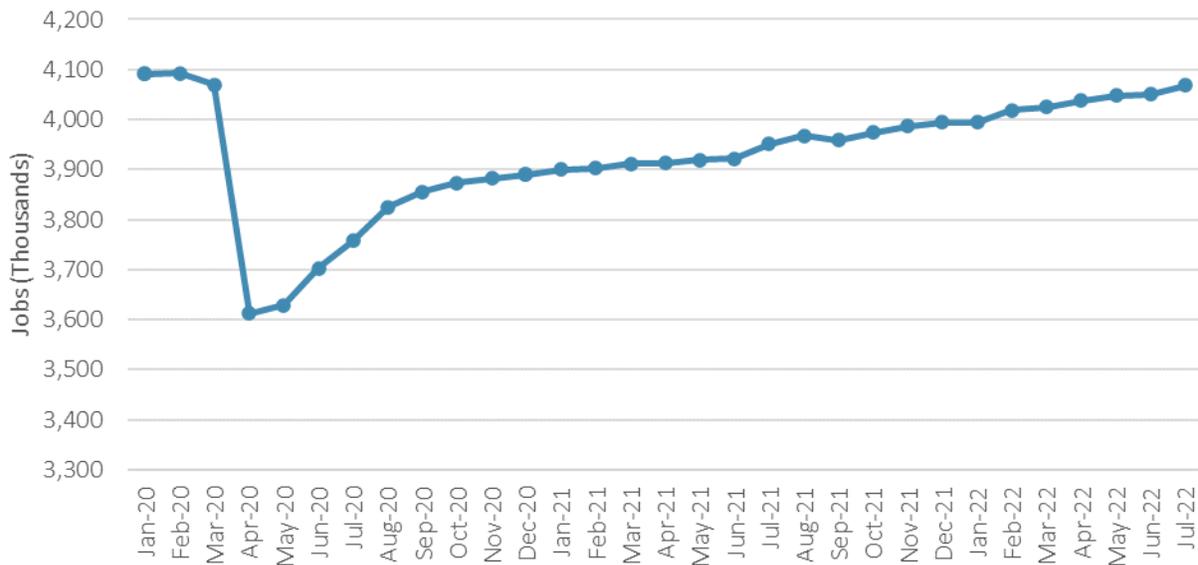
Economic Overview

The economy is showing signs of weakening as inflation remains stubbornly high, and interest rates are climbing as the Federal Reserve continues to aggressively raise the Federal Funds Rate. Virginia's job picture remains a brightspot in the state's economy, and unemployment continues to be historically low. Despite the positive jobs data, the housing market continues to cool down from higher mortgage interest rates, climbing prices, and low supply.

Jobs

There were about 4.07 million jobs across Virginia in July 2022, an increase of about 18,400 jobs from the prior month (June 2022). The job base in Virginia is on track to fully recover total net jobs lost during the pandemic. As of July 2022, the state is about 22,000 jobs short of the January 2020 job total.

Figure 1. Total Jobs in Virginia (in thousands)



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

The strongest growth continues to occur in the Leisure & Hospitality sector, which had nearly 50,000 more jobs than in July of last year. The Health & Social Services sector has also had significant gains over the last 12 months with 15,300 more jobs than July of 2021. There were about 12,300 more jobs in the Education sector in July compared to a year ago. The Finance & Insurance sector lost approximately 2,700 jobs in Virginia over the past year, as rising interest rates has slowed down the lending industry.

There were about 7,600 jobs each added to both the Hampton Roads and Northern Virginia economies between June and July of 2022, the strongest growth in the state. Northern Virginia is now back to pre-pandemic job levels, joining only two other metro areas in Virginia—Blacksburg and Winchester—as fully recovered. The Richmond Metro Area had about 1,900 more jobs in July compared to June, and Roanoke had 1,700 additional jobs.

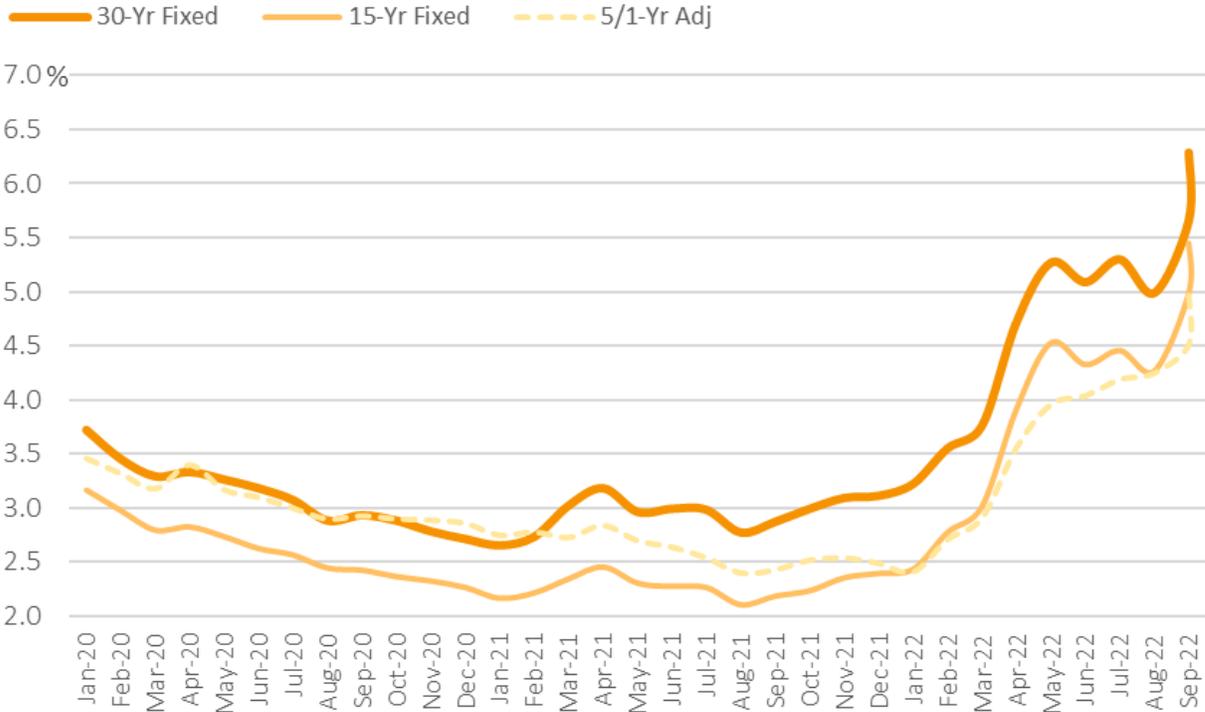
Unemployment

Unemployment in Virginia continues to be very low. The statewide unemployment rate fell to 2.7% in July 2022, down from 2.8% in June, and well below the 4.2% unemployment rate a year ago (July 2021). The unemployment rate nationwide was 3.5% in July, down from 3.6% in June 2022.

Mortgage Rates

In the third week in September, the average rate on a 30-year-fixed mortgage jumped up to 6.29%, the highest it’s been in about 14 years. Rates have climbed by more than one percentage point since August and have more than doubled since last year, which continues to cool down the housing market.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

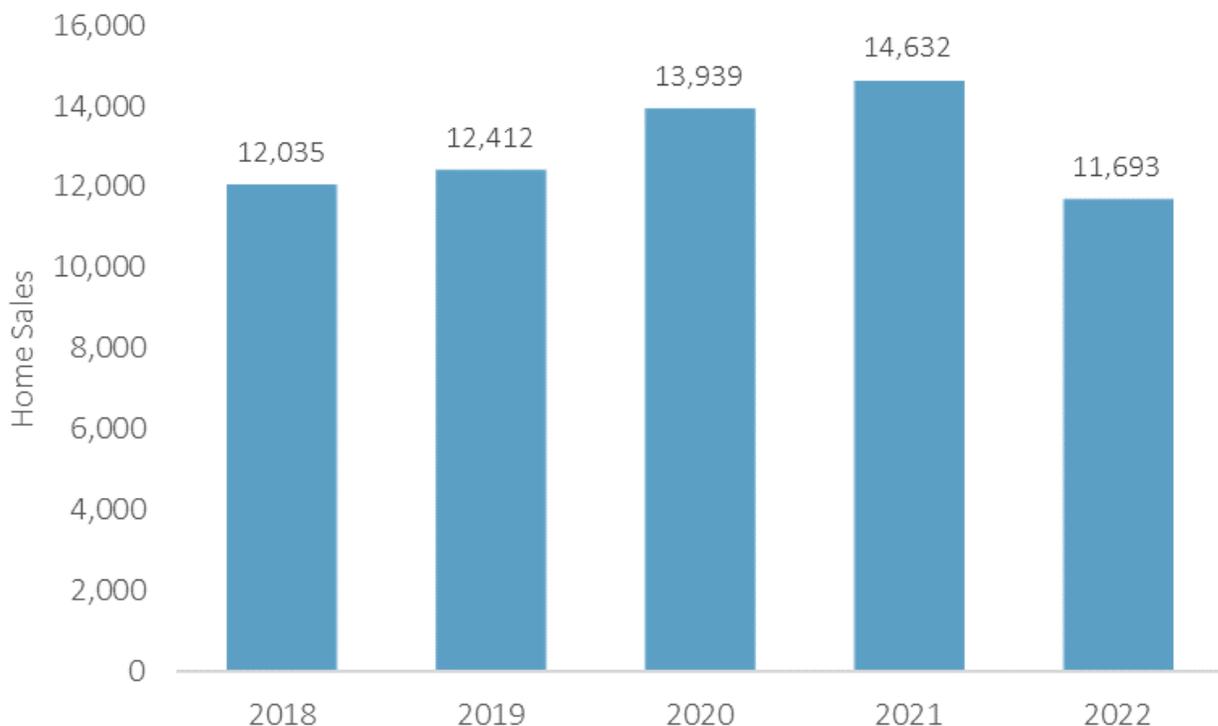
Virginia's housing market continues to show signs of slowing down through August. Both closed sales and pending sales totals were well below last year's level, and it's taking longer to sell homes, on average. While activity moderated, home prices continue to climb in many parts of Virginia, a reflection of the limited supply available for buyers in the market. There continue to be signs that the upward pressure on prices is starting to ease. Not only are homes taking a bit longer to sell, but the average sold-to-list price ratio has been trending down for several months. The total inventory statewide is smaller than last August; however, the supply of active listings in nearly half of all counties and cities around Virginia grew from a year ago.

Sales

The housing market in Virginia continues to moderate. There were 11,693 home sales throughout the commonwealth in August. This is 2,939 fewer sales than August of 2021, representing a 20.1% cool down in the market. The housing market has been slowing since last fall, but the pace of the cooldown has accelerated in recent months.

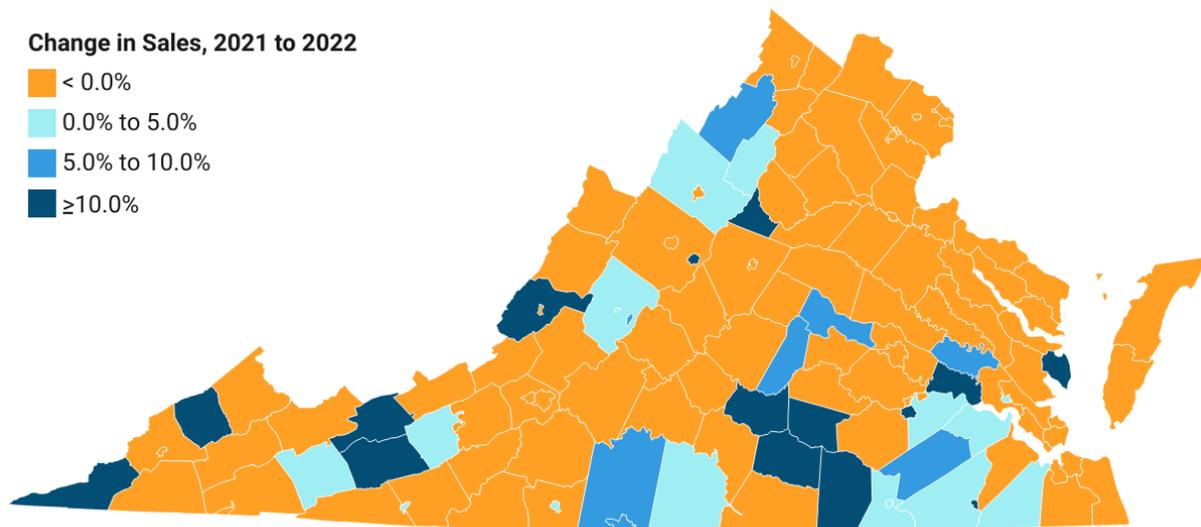
There were 347 more total sales statewide in August compared to July, which is a 3.1% increase. This month-to-month increase in sales is not typical for this time of year.

Figure 3. Virginia Home Sales, August



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

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



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

Moderating sales activity is a widespread trend across Virginia. The sharpest declines so far in 2022 have been in parts of the Northern Virginia market, the Greater Piedmont Region, the Northern Neck, and parts of Hampton Roads and the Shenandoah Valley.

Home Prices

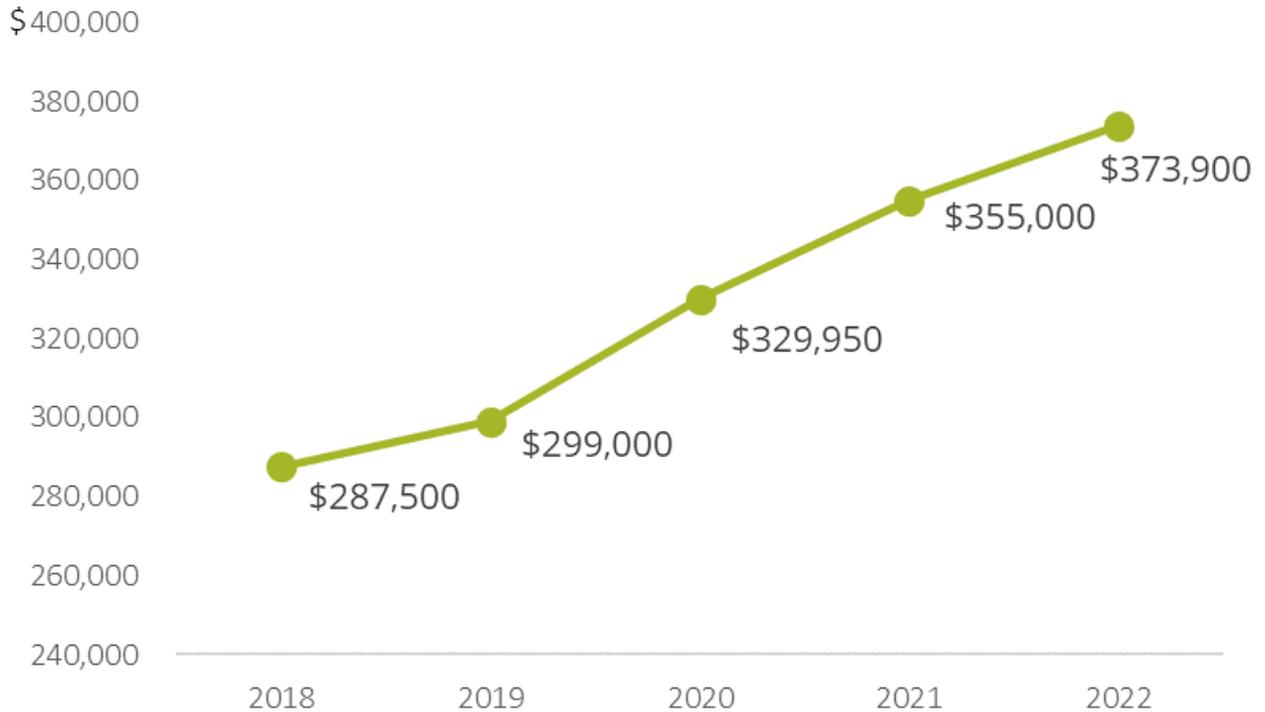
Despite the decrease in sales, home prices continue to climb in Virginia's housing market. The statewide median sales price in August was \$373,900, up \$18,900 from this time last year, which is a 5.3% increase. Even though mortgage interest rates have been rising, the tight supply of active listings continues to keep upward price pressure a factor in many markets around Virginia.

More than 85% of all counties and cities in Virginia had a higher median sales price so far in 2022 (January through August) compared to a year ago. The sharpest growth continues to be in the Williamsburg region, Central Virginia, and parts of the Shenandoah Valley and Southwest Virginia.

Even though prices are climbing overall, there continue to be signals that the upward pressure is easing in some price segments. The average sold-to-ask price ratio statewide was 100.3% in August, down from 101.2% in July. This metric has been trending down since the spring of 2022. Homes that sold between \$600,001 and \$800,000 sold 0.4% above asking price on average, down from 1.6% above asking price last month. Homes at the

highest price range, over \$800,000, sold slightly below asking price (99.8%), the first time this has happened since January 2021. Homes priced between \$200,001 and \$400,000 sold 0.6% above asking price, on average, in August, down from 1.4% above asking price last month.

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



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

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

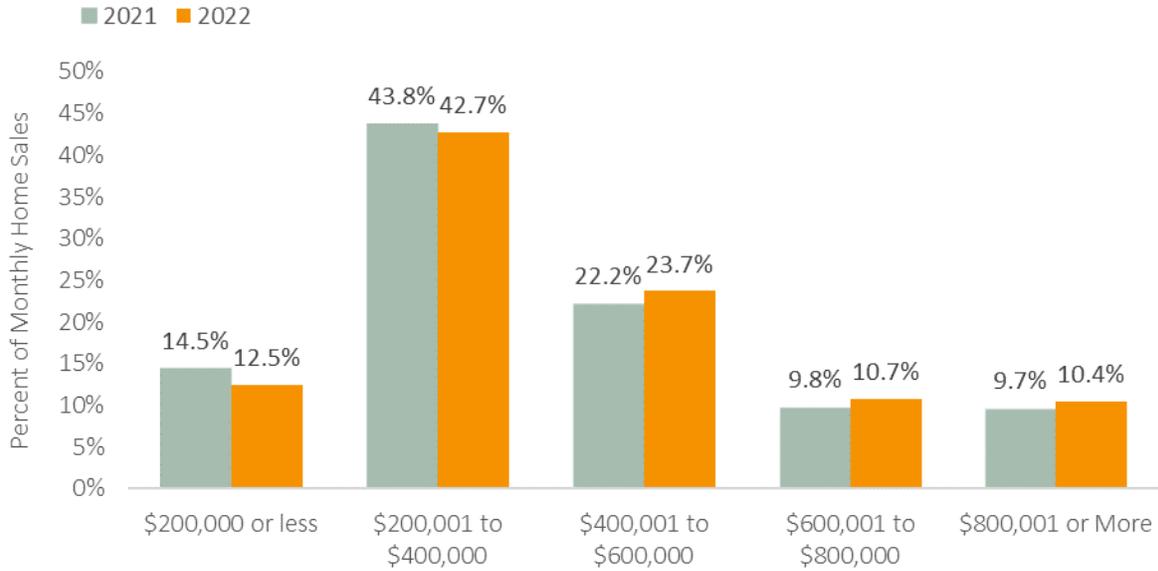
Price Range	Ratio
\$200,000 or less	99.1%
\$200,001 to \$400,000	100.6%
\$400,001 to \$600,000	100.6%
\$600,001 to \$800,000	100.4%
\$800,001 or More	99.8%
All price levels	100.3%

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

In August 2022, 42.7% of homes sold were priced between \$200,001 and \$400,000, down from 43.8% last August. About one out of four sales were priced between \$400,001 and

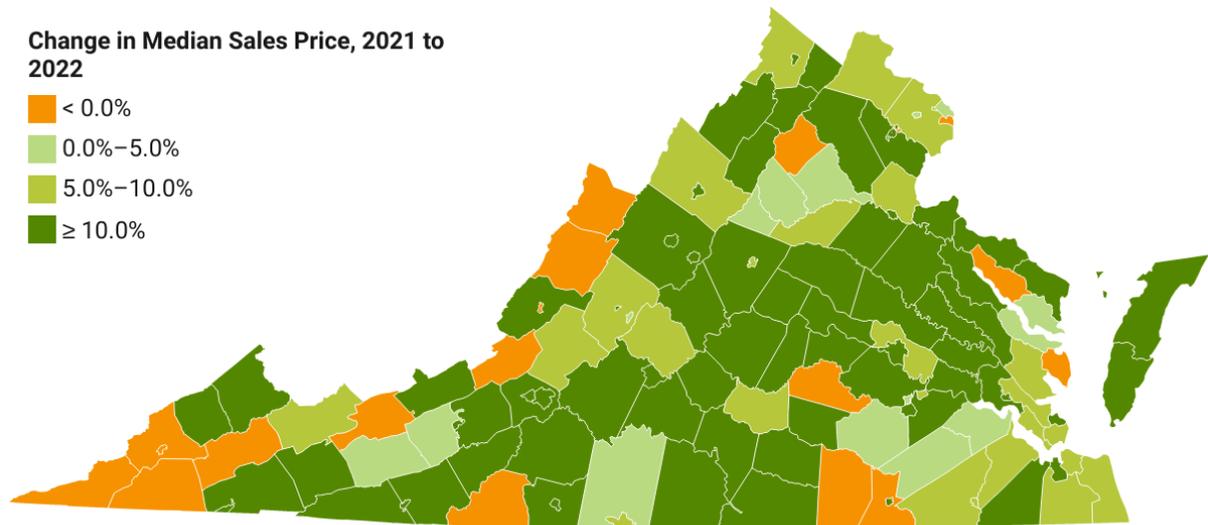
\$600,000 (23.7%). Homes priced between \$600,001 and \$800,000 represented 10.7% of all homes sold in Virginia in August, up from 9.8% a year ago.

Figure 7. Sales by Price Range, August



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

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

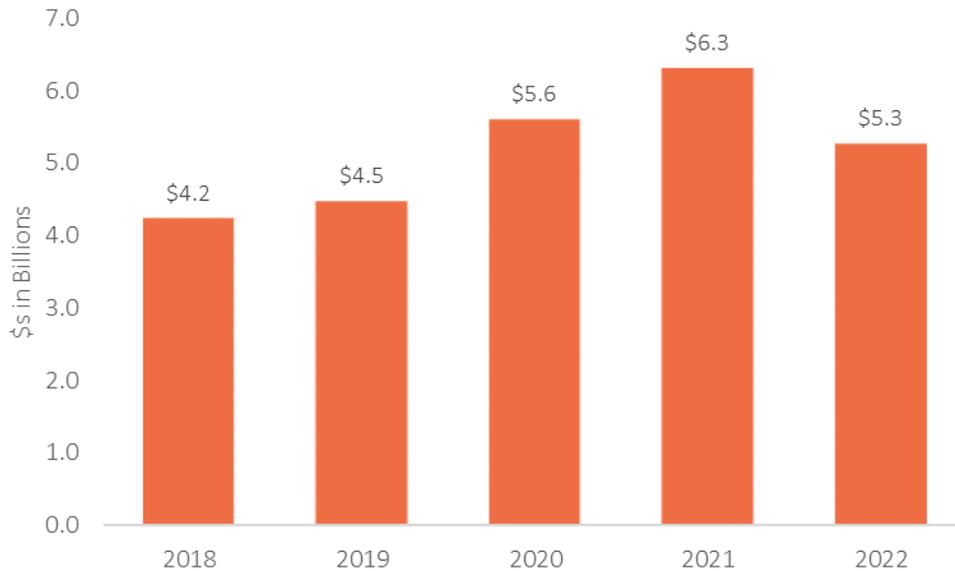


Source: Virginia REALTORS®, data accessed September 15, 2022

Sold Volume

The slowdown in sales continues to pull down the total sold dollar volume in Virginia's housing market. There was approximately \$5.3 billion of sold volume across the commonwealth in August, which is about \$1 billion less sold volume than last August. This represents a 16.5% drop, the third straight double-digit decline in sold volume.

Figure 9. Sold Dollar Volume, August

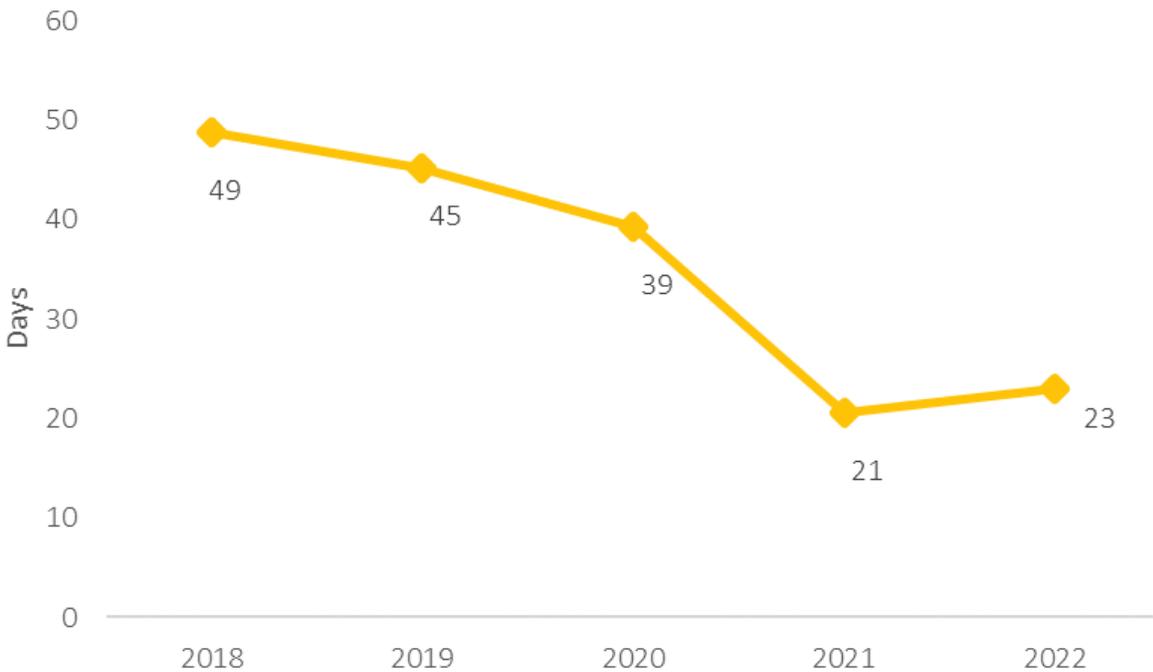


Source: Virginia REALTORS®, data accessed September 15, 2022

Days on Market

For the first time in more than two years, it took longer on average to sell a home in Virginia's housing market compared to a year ago. In August, the average days on market statewide was 23 days, two days longer than August of 2021. The average days on market in August is three days longer than last month (July 2022), which is a typical seasonal increase in the market.

Figure 10. Average Days on Market, August

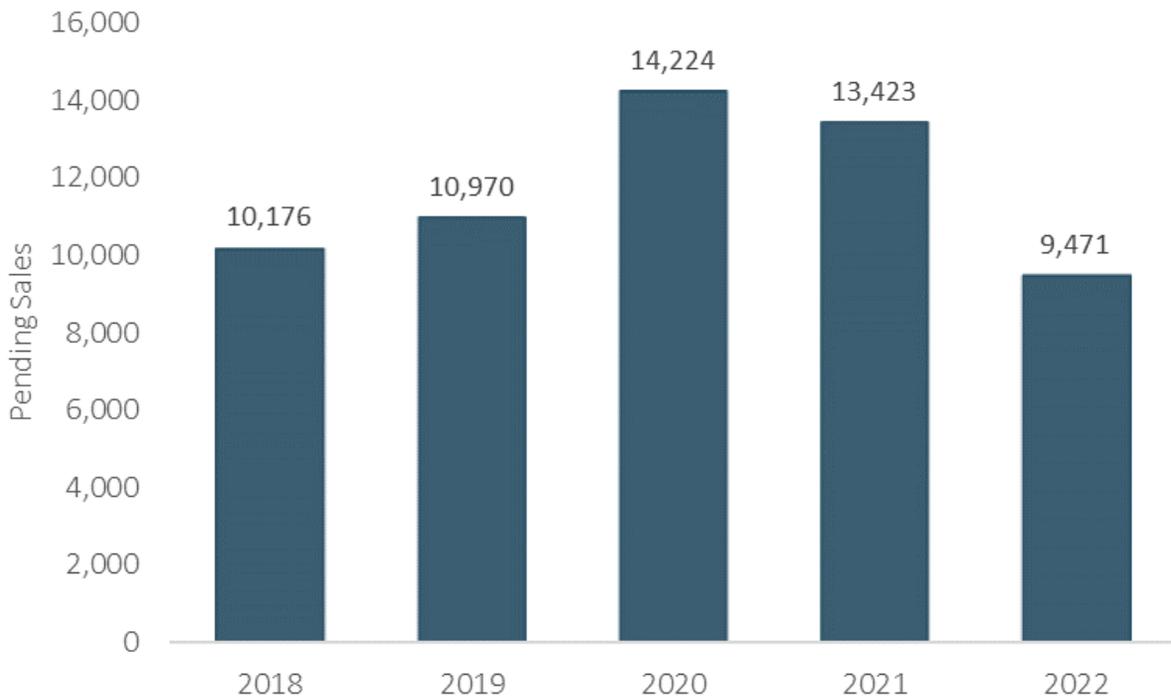


Source: Virginia REALTORS®, data accessed September 15, 2022

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 9,471 pending sales in Virginia in August. This is a 29.4% decrease from August of last year, or 3,952 fewer pending sales. As the market has slowed down, pending sales activity has declined significantly over the past year, a trend that has accelerated in recent months.

Figure 11. Pending Sales, August



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

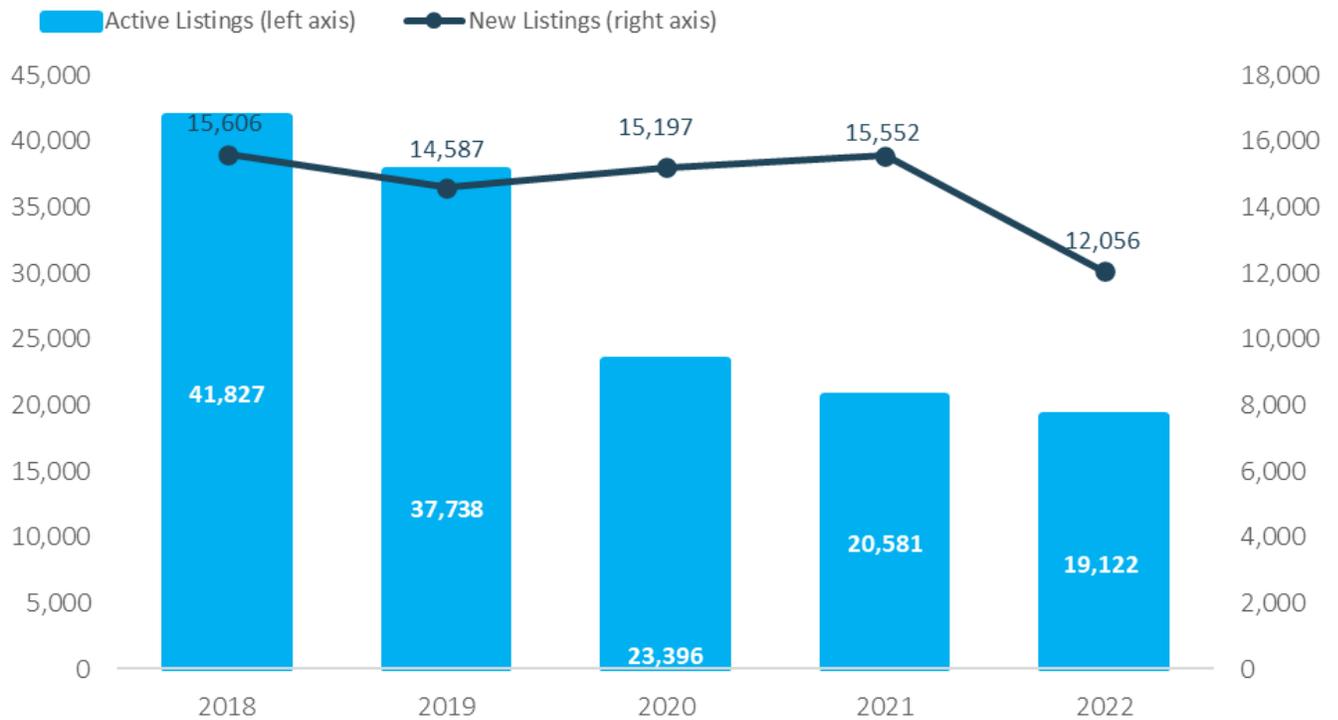
New Listings

Fewer would-be sellers are opting to list their homes on the market around Virginia. Overall, there were 12,056 new listings in August statewide. This is about 3,500 fewer new listings than there were in August of last year, representing a 22.5% decrease. New listings have been declining each month for the past year, which indicates hesitancy in the market.

Active Listings

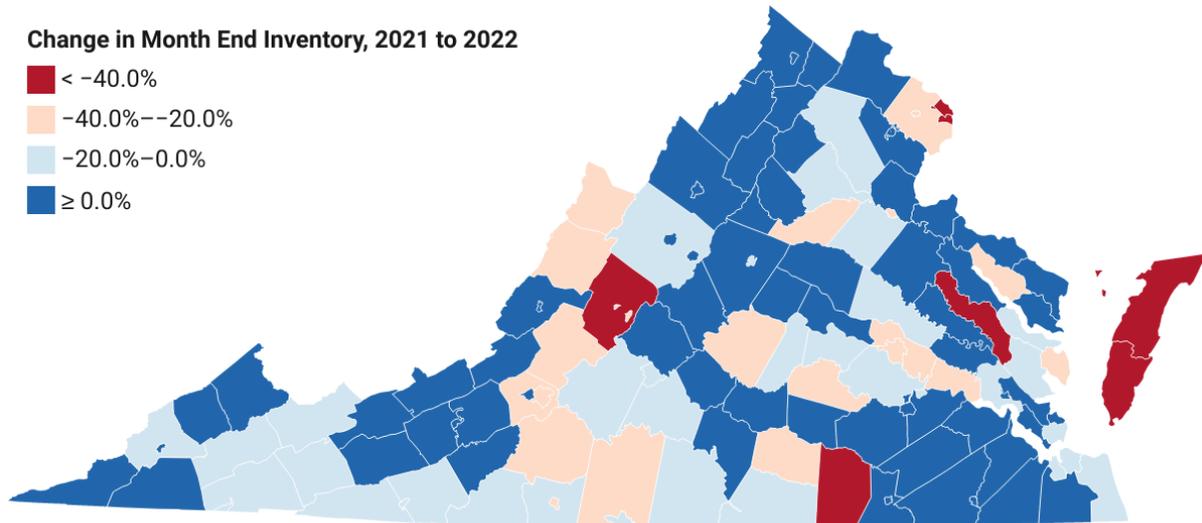
There were 19,122 active listings on the market across Virginia at the end of August, a reduction of 1,459 listings from a year ago, or a 7.1% decrease in supply. The overall supply in the state's housing market remains constrained, but it is not shrinking at the same intensity that it was over the past couple years. There were about 1,200 fewer listings on the market at the end of August compared to the prior month (July 2022), which is a typical seasonal drop.

Figure 12. Inventory, August



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

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



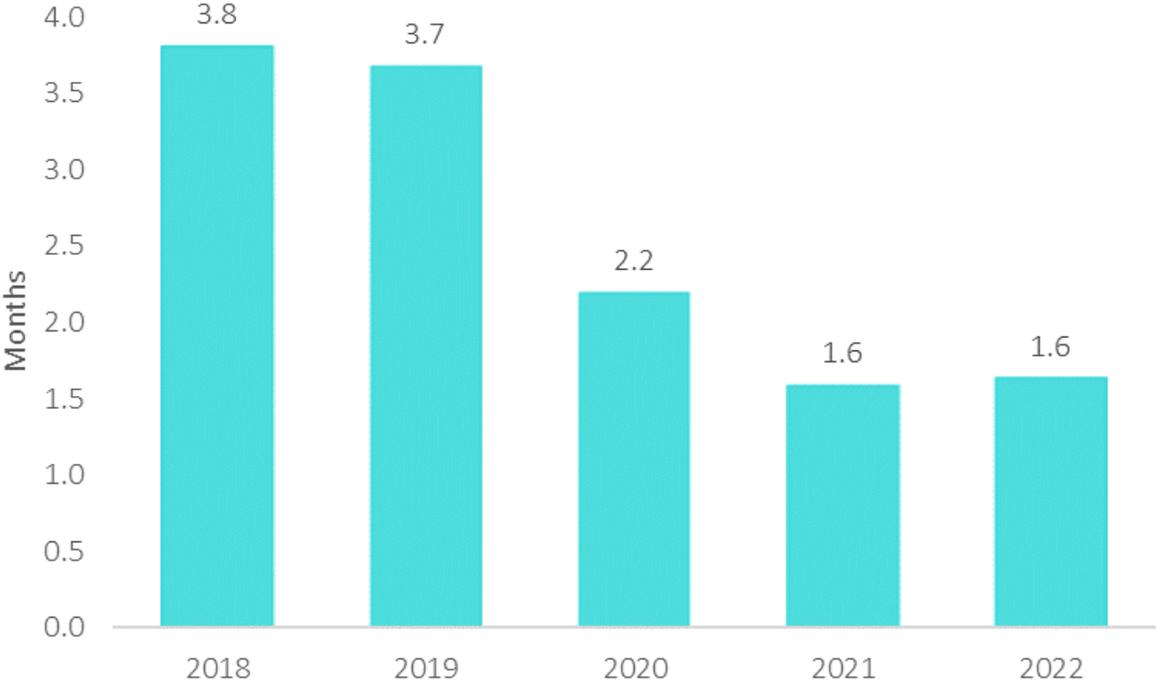
Source: Virginia REALTORS®, data accessed September 15, 2022

Nearly half of all local markets (47%), counties, and independent cities had more active listings at the end of August than they had a year ago. The supply has been building up for

several months as market activity cools, fewer homes are going under contract, and homes are staying on the market longer, on average. The largest inventory growth in August was in the Shenandoah Valley, parts of the Charlottesville region, and the Williamsburg region.

There was about 1.6 months of supply in Virginia’s housing market in August, which is about the same supply level as last year at this time. This is the third straight month that the overall supply in the state’s housing market has not decreased; however, the overall inventory remains tight in the Virginia. 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, and we have not seen inventory at that level for more than five years in Virginia.

Figure 14. Months of Supply, August



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

Outlook

As the economy continues to show signs of weakening amid high inflation and rising interest rates, it will likely continue to have a cooling effect on the housing market, both nationally as well as here in Virginia. Here are some key things to watch for the remainder of 2022 in Virginia's housing market:

- Mortgage interest rates have doubled in the past year and have increased more than one percentage point in just the past month. These rate trends, coupled with home prices that continue to rise, are creating affordability challenges in many local markets around Virginia. Even if rates flatten out or recede somewhat in the coming months, the reality is that many potential buyers are likely priced out of some markets. The same is true for potential sellers; it is likely becoming more difficult for existing homeowners to find a similar or move-up property that is on budget in today's environment of climbing rates and climbing home prices.
- Virginia's employment situation remains solid, and unemployment is back to pre-pandemic levels and well below the national rate. However, it is likely that in the coming months, as economic activity slows down from lingering inflation and tightening monetary policy from the Federal Reserve, unemployment in Virginia—and also nationally—could start to increase. This could be another cooling factor for the housing market.
- The supply is starting to build up in many parts of Virginia as homes are staying on the market longer and fewer sales and contracts are occurring. These trends are likely to continue in the coming months, which is good news for buyers looking for more options in the market.



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.