

Virginia

HOME SALES REPORT

OCTOBER 2022

Virginia Home Sales Report

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Key Takeaways

- There were **8,828 homes sold** in Virginia in October 2022. This is 3,828 fewer sales than last October, representing a sharp 30.2% decrease in sales activity. This is the largest year-over-year decrease in sales in more than a decade.
- The median sales price statewide in October was \$365,000, rising 4.3% from a year ago, which is an increase of \$15,000.
- There was approximately **\$4.0 billion of sold volume** in Virginia in October, which is about \$1.5 billion less volume than a year ago. This is a 26.5% drop in volume from last October.
- At the end of October, there were **19,523 active listings** across the commonwealth, which is 764 more listings than a year ago, a 4.1% supply increase. This is the largest inventory build-up the state's housing market has had in more than eight years.

October 2022 Housing Market Summary

	Oct-21	Oct-22	Change	% Change	YTD 2021	YTD 2022	Change	% Change
Sales	12,656	8,828	-3,828	-30.2%	130,163	108,071	-22,092	-17.0%
Median Sales Price (\$)	350,000	365,000	15,000	4.3%	350,000	375,000	25,000	7.1%
Sales Volume (\$ billions)	5.5	4.0	-1.5	-26.5%	56.3	50.3	-6.0	-10.7%
Average Days on Market	25	29	3	13.4%	25	23	-2	-7.9%
Pending Sales	12,272	7,277	-4,995	-40.7%	131,775	96,602	-35,173	-26.7%
New Listings	13,719	10,470	-3,249	-23.7%	155,175	130,276	-24,899	-16.0%
Active Listings (end of the month)	18,759	19,523	764	4.1%	18,759	19,523	764	4.1%
Months of Supply	1.5	1.7	0.3	20.0%	1.5	1.7	0.3	20.0%

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

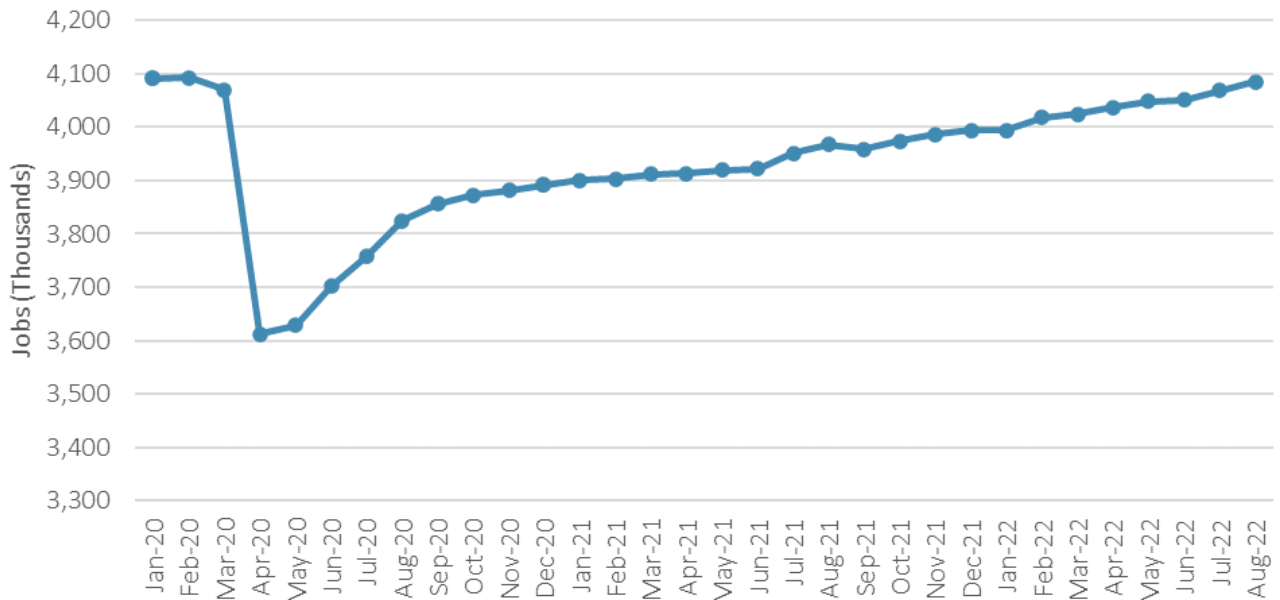
Economic Overview

Inflation remains high, but is trending down, providing some relief for the broader economy and hope that inflation may have already peaked. Job growth in Virginia continues to outpace last year, and the net job base statewide has now fully recovered from pandemic-related job losses. Unemployment edged up, but remains historically low.

Jobs

There were 4.10 million jobs throughout Virginia in October 2022, an increase of about 7,400 jobs from October 2021. Virginia's economy is now back to pre-pandemic jobs levels. There are now about 10,400 more jobs statewide than there were in January 2020.

Figure 1. Total Jobs in Virginia (in thousands)



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

The strongest growth sector continues to be Leisure & Hospitality. There were 31,500 additional Leisure & Hospitality jobs than in October of last year. Most of these additional hospitality jobs were in Accommodation & Food Services (+21,600 jobs). There were 25,700 more Health & Social Assistance jobs compared to a year ago and about 5,200 more professional & technical services jobs in the state's economy. The only sector that continues to shed jobs is Finance & Insurance, which had about 4,300 fewer jobs in October of 2022 compared to last year.

All metro areas in the state continue to have job growth. The Northern Virginia, Hampton Roads and Richmond Metro areas had the largest increase in jobs this month. There were

about 35,400 more jobs in Northern Virginia compared to October 2021, and about 21,900 more jobs in Hampton Roads. Richmond had 14,500 more jobs in October compared to a year ago. In terms of percentage growth, the strongest gains were in Lynchburg (+3.1%), Hampton Roads (+2.8%), and Staunton (+2.8%).

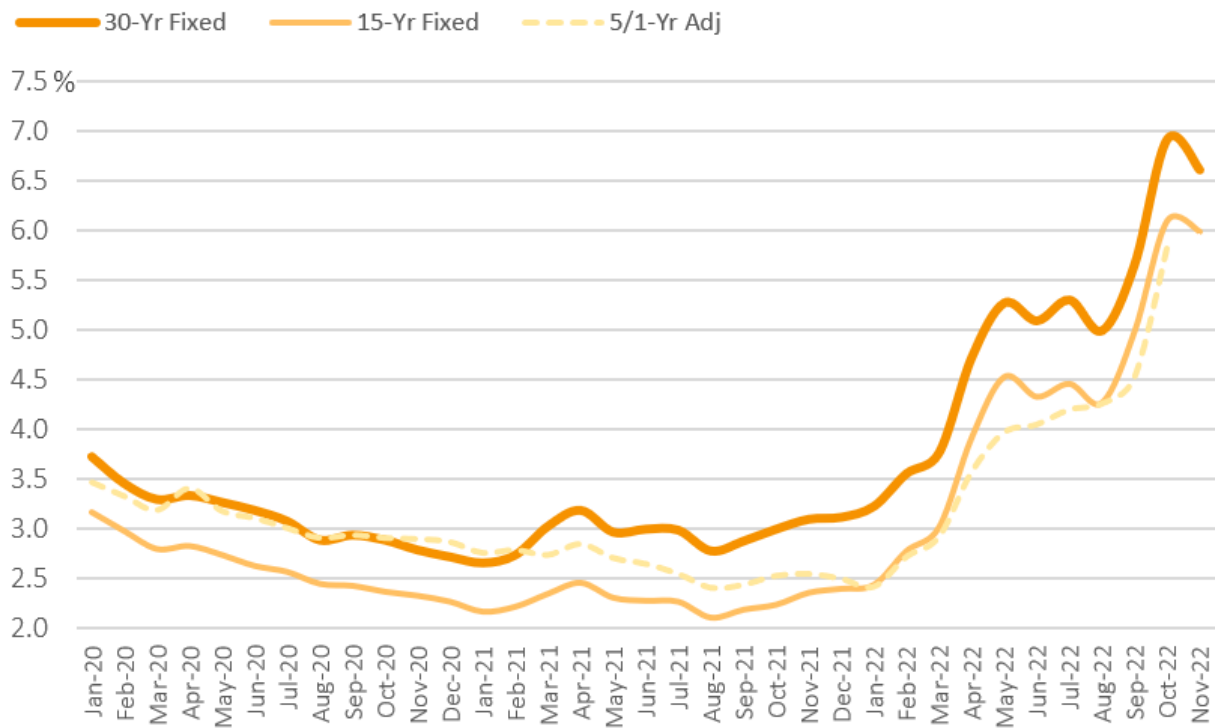
Unemployment

The unemployment rate in Virginia remains very low, but edged up slightly. Statewide, the unemployment rate in October was 2.7%, up from 2.6% in September. The national unemployment rate rose to 3.7% in October, up from 3.5% in September.

Mortgage Rates

In the third week of November, the average rate on a 30-year fixed mortgage fell to 6.61%, down from 7.08% a year ago. Despite the sharp drop in the last week, the 30-year fixed interest rate nearly doubled the rate it was at the start of 2022, which has cooled down housing markets across the country.

Figure 2. Mortgage Rates



Source: Freddie Mac

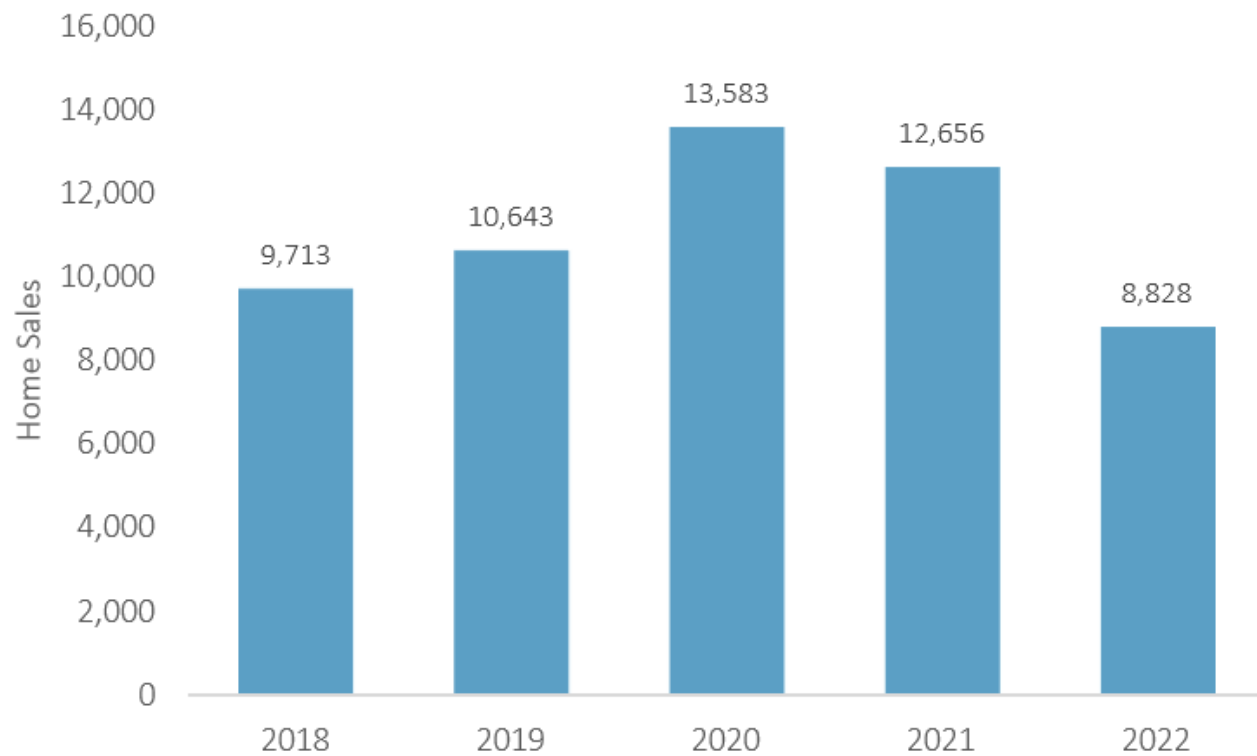
Housing Market Overview

Virginia's housing market continues to slow down. Sales activity declined dramatically compared to last October, as did pending sales. Sold dollar volume was lower than last year, and homes are taking longer to sell, on average. This is allowing the inventory to build up; the state had more active listings than a year ago. Despite the supply growth, overall inventory remains tight, which is keeping upward pressure on home prices in many local markets.

Sales

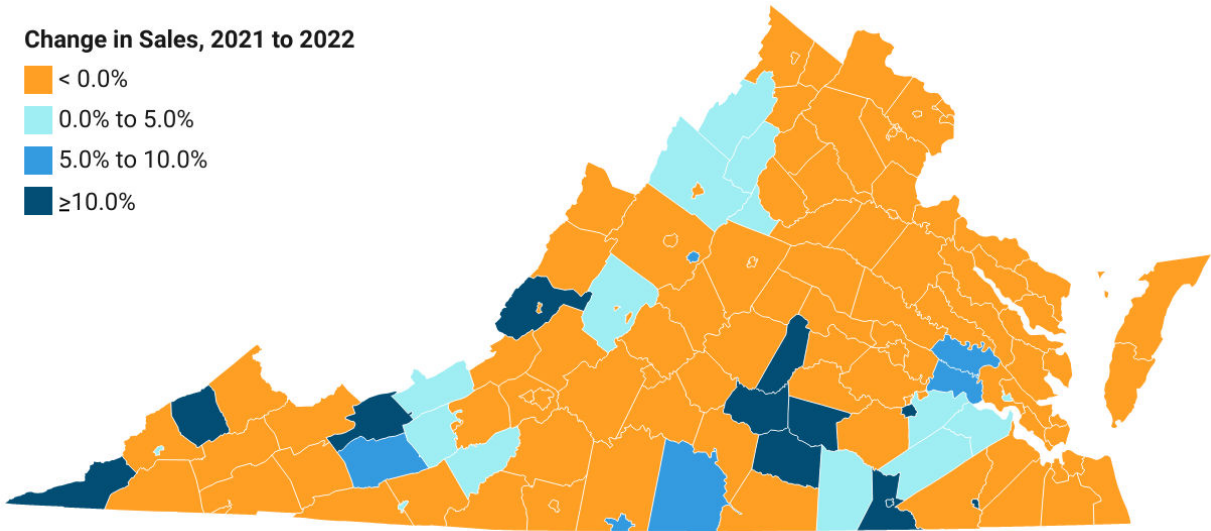
The slowdown in Virginia's housing market continues to become more pronounced. There were 8,828 sales throughout the commonwealth this month, 3,828 fewer sales than October of last year, which is a 30.2% drop. This is the sharpest decline in statewide sales in more than a decade. The rising interest rates are keeping many would be buyers on the sidelines of the housing market.

Figure 3. Virginia Home Sales, October



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

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



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

The market cooldown continues to impact most local housing markets across Virginia. The sharpest drop in sales so far this year has been in Northern Virginia, the Greater Piedmont region, and parts of the Shenandoah Valley and the Northern Neck.

Home Prices

While sales activity slowed significantly this month, home prices continued to climb across much of the state compared to last year. The median sales price in Virginia in October was \$365,000. This is \$15,000 higher than it was in October of 2021, representing a 4.3% increase.

More than 90% of counties and cities around Virginia have had a higher median sales price so far in 2022 (January through October) compared to the same period last year. The largest median price gains through October continue to be in the Shenandoah Valley, Central Virginia, and the Eastern Shore.

Home prices continue to rise, but the intensity is easing. The average sold-to-list price ratio in October statewide was 99.8%, down from 99.9% in September, and down from 100.5% in October 2021. Most price ranges had a decrease in the average sold-to-list price ratio this month, a reflection of the softening price pressure across the state. Homes that sold between \$200,001 and \$400,000 had an average sold-to-list price ratio of 100.1%, which is down from 100.9% last month. Homes in the \$400,001 to \$600,000 price range sold slightly below list price, on average, in October, 99.9%, which is down from slightly above list price a month ago (100.3%).

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



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

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

Price Range	Ratio
\$200,000 or less	98.4%
\$200,001 to \$400,000	100.1%
\$400,001 to \$600,000	99.9%
\$600,001 to \$800,000	100.1%
\$800,001 or More	99.6%
All price levels	99.8%

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

In October 2022, 43.7% of homes that sold were priced between \$200,001 to \$400,000, which is down from 45.2% last year. About 22.3% of all homes in Virginia that sold in October were priced between \$400,001 and \$600,000. Homes that sold for less than

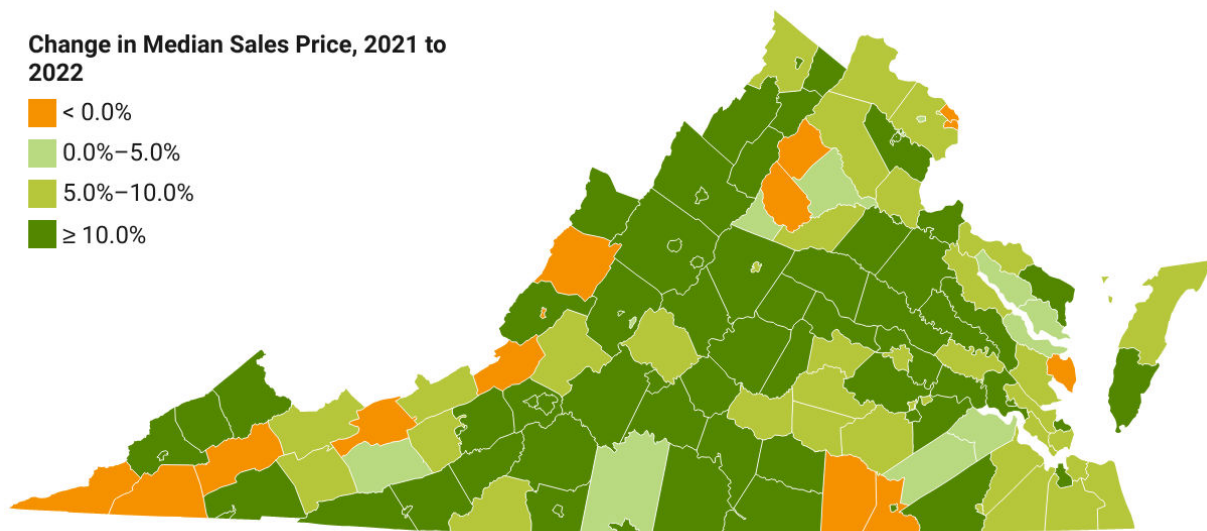
\$200,000 accounted for 13.4% of all sales statewide in October, which is down from 15.0% a year ago. The share of sales in the higher end of the market continues to increase. About 10% of home sales statewide were priced above \$800,000, which is up from 8.2% in October of last year. Homes priced \$600,001 to \$800,000 accounted for 10.6% of sales statewide in October, up from 9.9% a year ago.

Figure 7. Sales by Price Range, October



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

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

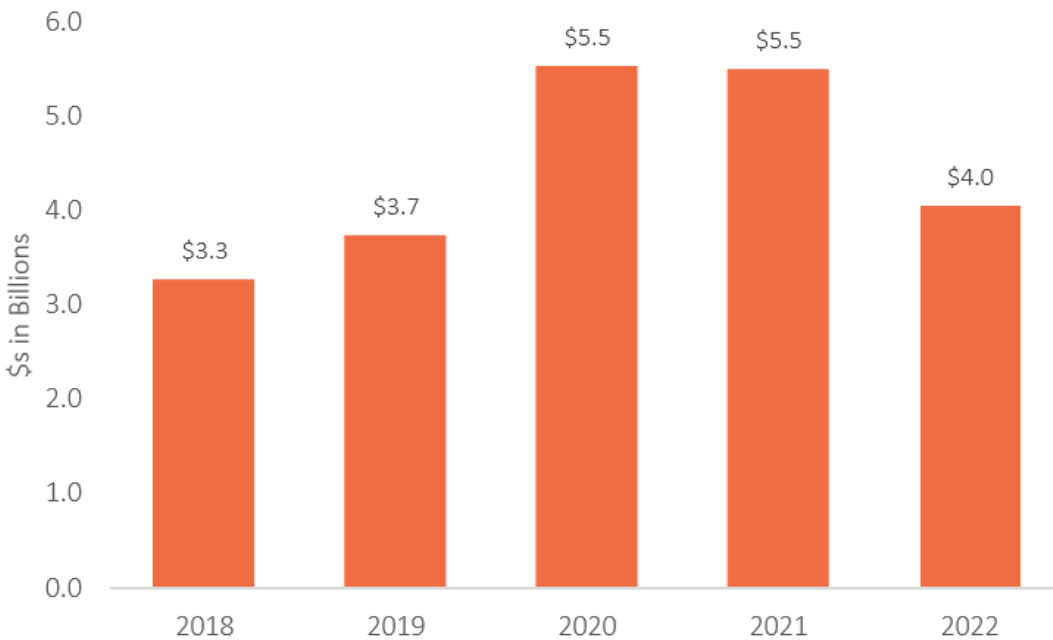


Source: Virginia REALTORS®, data accessed November 15, 2022

Sold Volume

The total sold dollar volume in Virginia's housing market continues to be well below last year's level. There was approximately \$4.0 billion of sold volume across Virginia in October, \$1.5 billion less sold volume than a year ago, which is a 26.5% decrease. The sold dollar volume has declined at a double-digit rate for five straight months in Virginia, which has been driven by the slowdown in sales activity in many local markets around the state.

Figure 9. Sold Dollar Volume, October

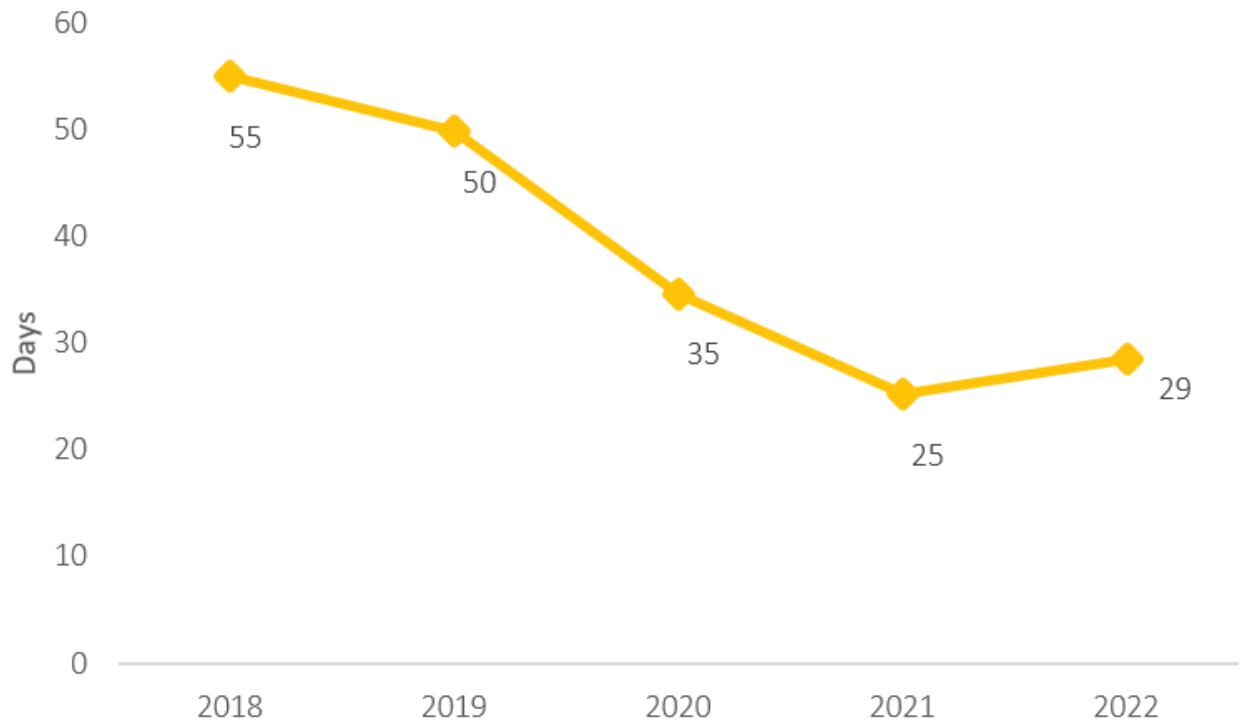


Source: Virginia REALTORS®, data accessed November 15, 2022

Days on Market

It continues to take longer, on average, to sell homes in Virginia's housing market. The average days on market statewide in October was 29 days, which is four days longer than October of last year. Homes have been taking longer to sell around Virginia for three straight months, which reflects the increase in interest rates and cooling market conditions. It took two days longer to sell homes in October compared to September, which is a typical seasonal uptick.

Figure 10. Average Days on Market, October

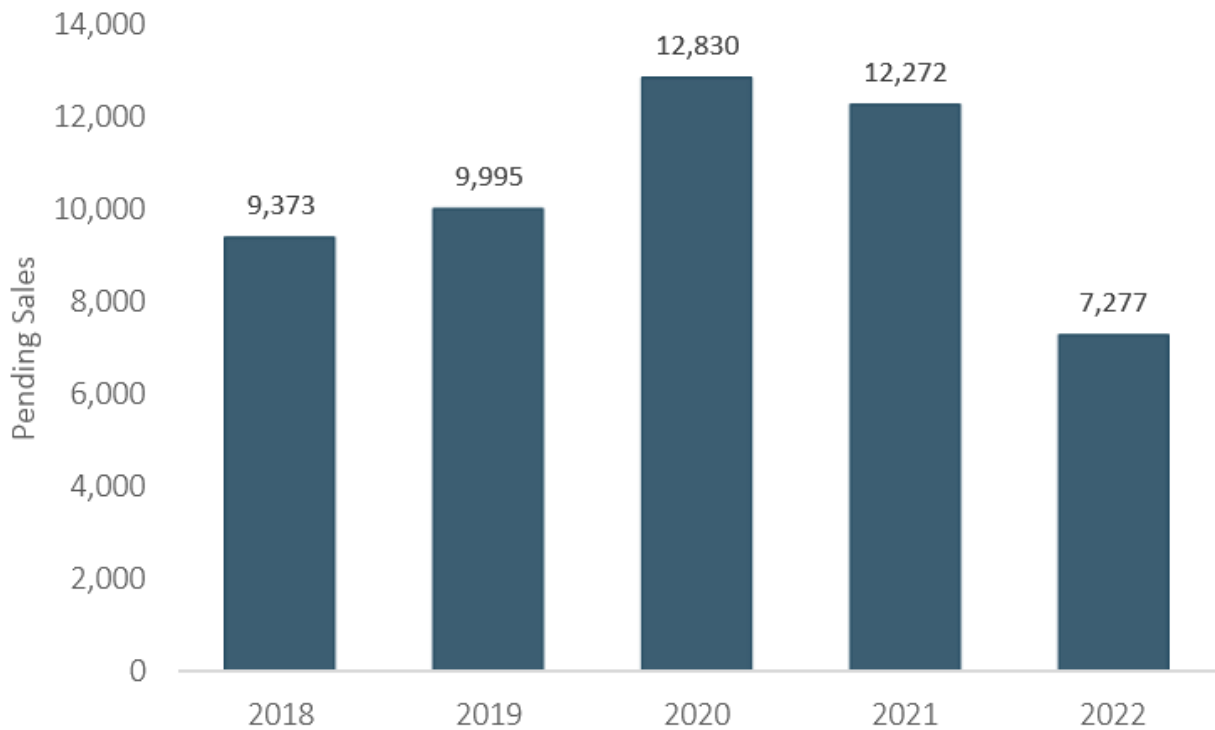


Source: Virginia REALTORS®, data accessed November 15, 2022

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 7,277 pending sales statewide in October. This is a 40.7% drop from October of 2021, or 4,995 fewer pending sales. Pending sales have been slowing down since the summer of 2021, but this month represents the largest year-over-year decrease of pending sales in Virginia in more than a decade.

Figure 11. Pending Sales, October



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

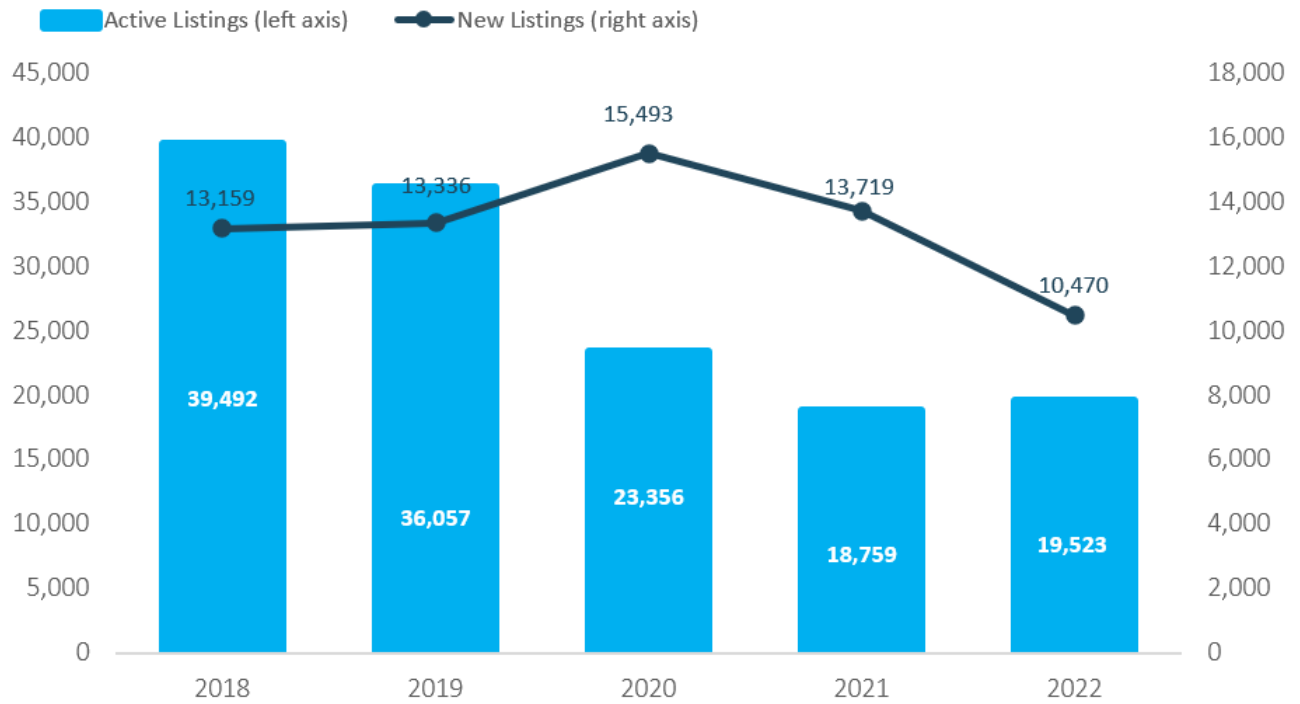
New Listings

In October, 10,470 new listings came onto the market throughout Virginia, which is about 3,250 fewer listings than this time last year, a 23.7% decrease. New listing activity has been trending down for more than a year as many would-be sellers are opting to remain on the sidelines.

Active Listings

Supply is building up in Virginia's housing market. There were 19,523 active listings across the state at the end of October, 764 more listings than this time last year, representing a 4.1% increase. This is the largest supply increase Virginia's housing market has had in more than eight years. As interest rates have increased and more buyers are pushing pause on their home searches, homes are staying on the market longer, and as a result the inventory of listings is getting larger.

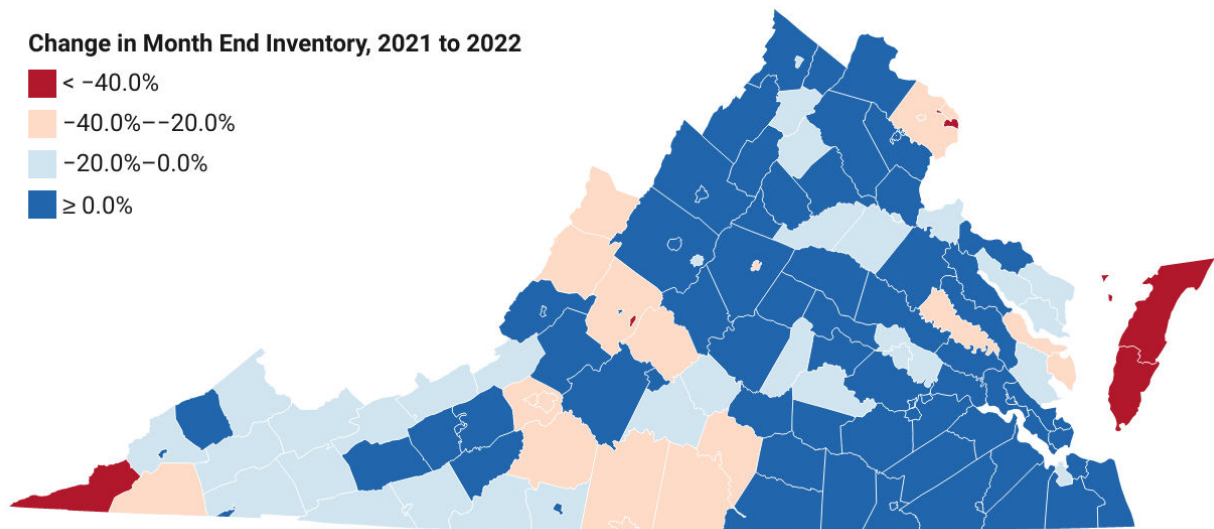
Figure 12. Inventory, November



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

Note: Active listings at the end of the month

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

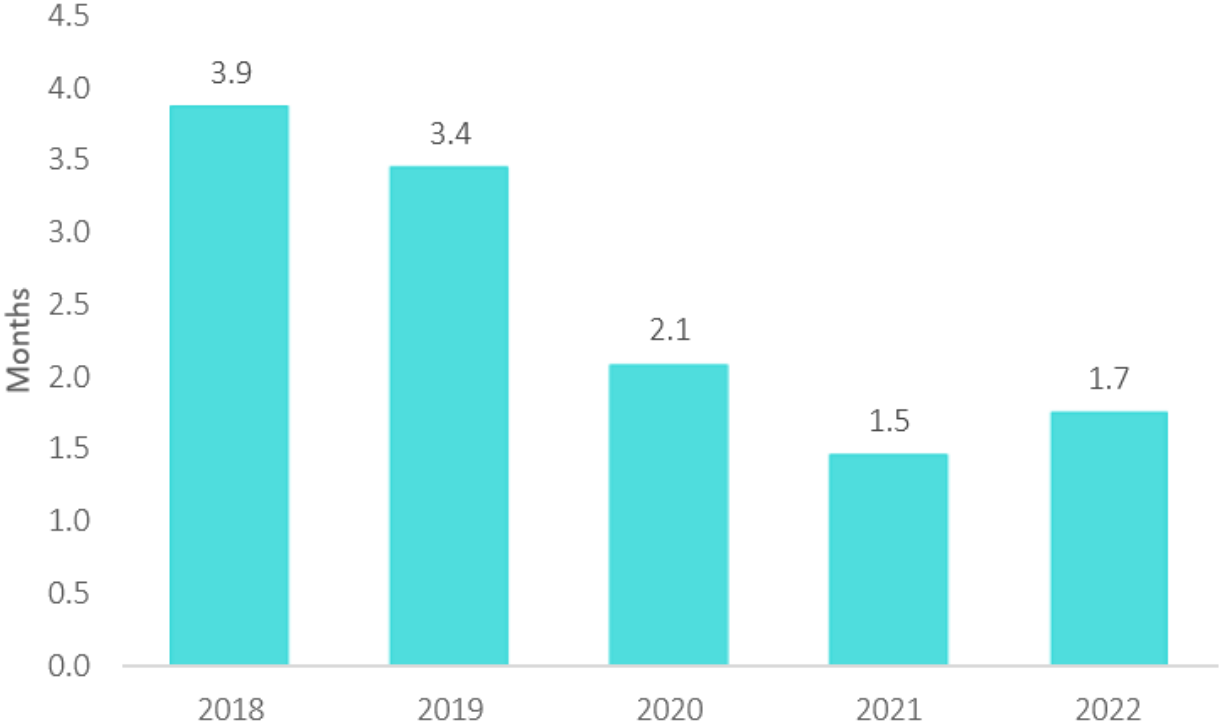


Source: Virginia REALTORS®, data accessed November 15, 2022

The inventory of active listings is growing in most parts of the state. More than half of the counties and cities across Virginia had more active listings at the end of October compared to a year ago. The largest inventory gains this month were in the Charlottesville region, parts of the New River and Shenandoah Valleys.

There was about 1.7 months of supply in Virginia’s housing market in October, which is up from 1.5 months of supply last October. 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, October



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

Outlook

The cooling of the housing market has intensified in recent months, and the economy is showing signs of slowing; both trends are likely to continue as we close out 2022 and head into 2023. Here are some key things to watch for in Virginia’s housing market and the broader economy:

- After years of contracting, the inventory of active listings is growing in many local markets around the state. As sales activity slows, homes are staying on the market longer, and this is allowing the supply to build up. This trend is likely to continue in the

coming months as prospective buyers are still acclimating to the higher mortgage environment.

- Inflation fell to 7.7% in October, which was a sharper decrease than many expected. This could signal that inflation has peaked and has given hope to some that lighter rate hikes could be on the table at the upcoming Federal Reserve (FOMC) meetings in December and February.
- While jobs continue to be added to the economy, the rate of growth has slowed in recent months. In addition, the unemployment rate has inched higher, as have initial claims for unemployment insurance. Overall, the labor market remains tight, but there are some signals that this is changing, which is expected as the Federal Reserve has aggressively raised interest rates to slow down the economy, including the strong labor market. Job growth will likely continue to weaken in the coming months as the effects of the higher interest rates slow spending and business growth.



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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