

Virginia

HOME SALES REPORT

DECEMBER 2022

Virginia Home Sales Report

December 2022

Key Takeaways

- There were **7,492 homes sold** in Virginia in December 2022. This is 4,551 fewer sales than a year ago, a sharp 37.8% drop in sales activity.
- The December median sales price in Virginia was **\$359,000**, up 2.6% from last year, an \$9,100 increase.
- There was approximately **\$3.3 billion of sold volume** in Virginia in December, which is \$1.9 billion less volume than a year ago, a 36.9% drop.
- At the end of December, there were **16,115 active listings** on the market statewide, which is 2,646 more listings than a year ago, a 19.6% increase.

December 2022 Housing Market Summary

	Dec-21	Dec-22	Change	% Change	YTD 2021	YTD 2022	Change	% Change
Sales	12,043	7,492	-4,551	-37.8%	154,340	123,244	-31,096	-20.1%
Median Sales Price (\$)	349,900	359,000	9,100	2.6%	350,000	375,000	25,000	7.1%
Sales Volume (\$ billions)	5.2	3.3	-1.9	-36.9%	66.8	57.0	-9.8	-14.7%
Average Days on Market	29	35	7	23.2%	25	24	-1	-4.9%
Pending Sales	7,431	5,210	-2,221	-29.9%	149,044	107,869	-41,175	-27.6%
New Listings	7,692	6,041	-1,651	-21.5%	172,966	144,475	-28,491	-16.5%
Active Listings (end of the month)	13,469	16,115	2,646	19.6%	13,469	16,115	2,646	19.6%
Months of Supply	1.0	1.5	0.5	47.9%	1.0	1.5	0.5	47.9%

Source: Virginia REALTORS®, data accessed January 15, 2023

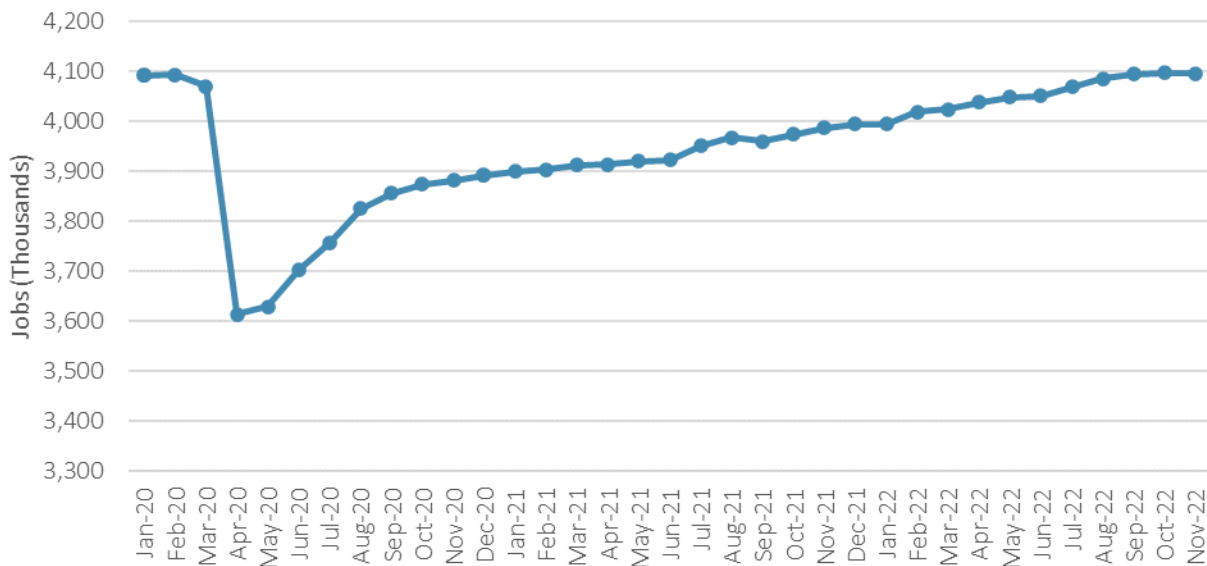
Economic Overview

Inflation remains elevated but appears to be easing, trending down for several months. Despite the economic headwinds, the job base is growing and unemployment remains very low across Virginia. Mortgage rates have been relatively stable and trending downward over the last couple of months.

Jobs

There were 4.10 million jobs throughout Virginia in November 2022, a decrease of about 2,200 jobs from October 2022. Virginia's economy is now back to pre-pandemic jobs levels, there are now about 4,500 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 about 28,400 additional Leisure & Hospitality jobs than in November of last year. Most of these additional hospitality jobs were in Accommodation & Food Services (+19,000 jobs). There were 24,500 more Health & Social Assistance jobs compared to a year ago, and about 8,800 more education jobs in the state's economy. The only sectors that lost jobs this month compared to November of last year were Finance & Insurance (-4,500 jobs), Retail Trade (-1,700 jobs), and Real Estate (-200 jobs).

Hampton Roads had 2,800 more jobs in December compared to November (seasonally adjusted), the strongest job growth of all metro areas in the state. There were about 600 more jobs in Roanoke, and 300 more jobs in Charlottesville in November compared to

October. Both Richmond and Northern Virginia had 1,900 fewer jobs in November compared to the previous month.

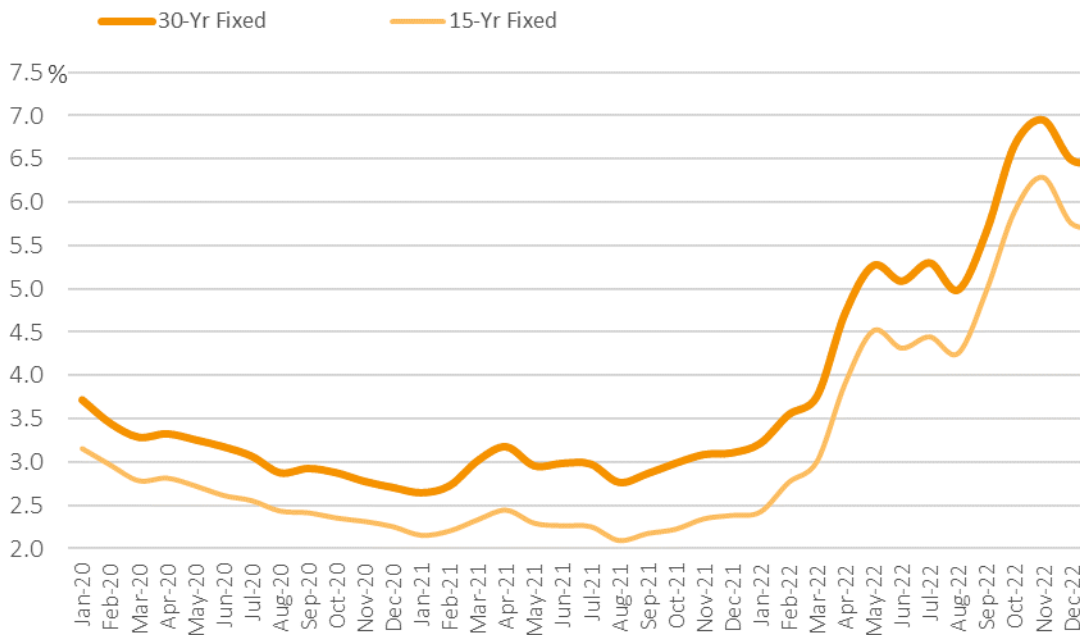
Unemployment

The unemployment rate in Virginia remains very low but edged up slightly for the second straight month. Statewide, the unemployment rate in November was 2.8%, up from 2.7% in October. The national unemployment rate in December was 3.5%, down from November.

Mortgage Rates

In the second week of January, the average rate on a 30-year fixed mortgage fell to 6.33%, down from 6.48% in the previous week. Mortgage rates have been trending downward over the last couple months.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

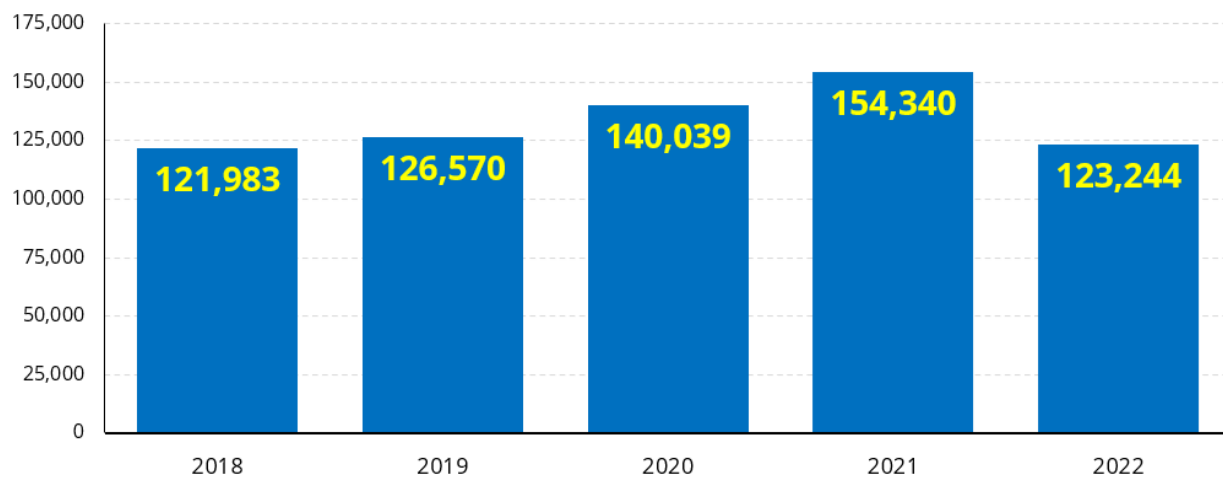
Following two very busy years in the housing market, the 2022 market in Virginia slowed down considerably. Total sales activity statewide is back to pre-pandemic totals, near 2018 market levels. Far fewer new contracts occurred each month, homes stayed on the market longer, and sellers were not getting their asking price, on average, as the year came to a close. Much of this was driven by the fact that mortgage rates doubled in 2022, which ushered in a cooling market pattern. Despite the sluggish sales activity, home prices across much of Virginia grew in 2022. This was largely due to the tight inventory conditions that persist in most regions around the state. Prices rose statewide, above trend from an annual perspective, though there was a noticeable slowdown in the rate of growth towards the end of the 2022, potentially a signal of trends to come. The overall inventory remains tight, but as homes are taking longer to sell, supply is increasing, which is good news for buyers that are active in the market.

Sales

There were 123,244 total home sales in 2021. This annual total is 20.1% lower than the total sales in 2021, a decline of 31,096 sales. Annual sales activity for 2022 was only slightly above 2018 levels. The rapid rise of interest rates over much of 2022 played a big role in slowing down the market. The slowdown was widespread across the commonwealth, with 87% of all counties and cities having fewer sales in 2022 compared to 2021. The sharpest declines were in the Northern Virginia markets, the Greater Piedmont Region, and parts of the Northern Neck market.

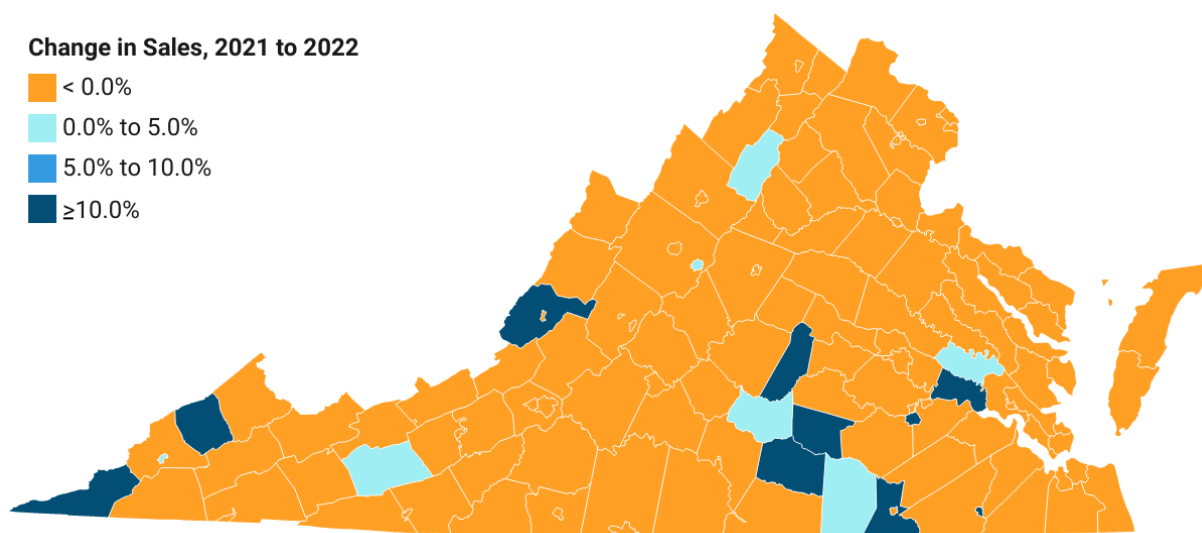
From a monthly perspective, there were 7,492 homes sold across Virginia in December 2022, a massive 37.8% drop from the sales totals a year ago, which is 4,551 fewer sales. Virginia's housing market has been slowing down now 13 consecutive months, a trend that has accelerated since the summer.

Figure 3. Virginia Home Sales, Annual Total



Source: Virginia REALTORS®, data accessed January 15, 2023

Figure 4. County/City Home Sales, Annual Change



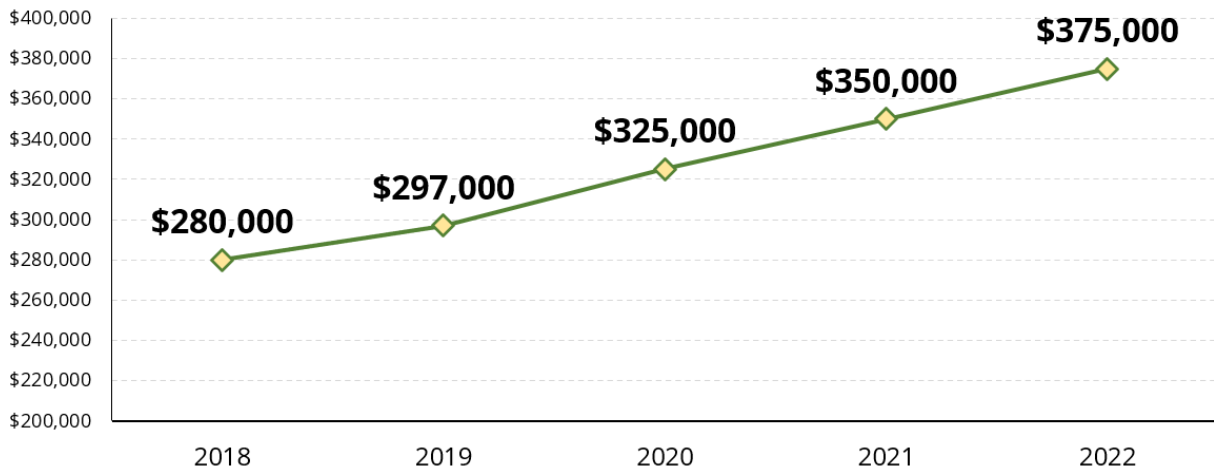
Source: Virginia REALTORS®, data accessed January 15, 2023

Home Prices

While sales activity slowed down considerably over the course of 2022, home prices continued to march upward. The statewide annual median sales price in 2022 was \$375,000, jumping up \$25,000 higher than the annual median in 2021, a 7.1% increase. Chronically low inventory put upward pressure on home prices in Virginia this past year, even with rising mortgage rates and cooling demand. About nine out of every ten counties and cities across Virginia had annual price growth in 2022 (88.8%), most of them at double-digit rates. The strongest price gains in 2022 occurred in markets across the Shenandoah Valley, and parts of Central Virginia.

In December 2022, the statewide median sales price was \$359,000, up 2.6% from a year ago, which is a gain of \$9,100. Home prices rose every month in 2022, though the pace of growth has moderated as the year progressed and mortgage rates rose. This trend is also reflected in the decline in the average sold-to-list price ratio. In December, the average sold-to-list price ratio dipped to 99.3%. This ratio has been trending down for eight straight months and has now been below 100% for four consecutive months. All price ranges now have an average sold-to-list price ratio below 100%. Homes that sold for less than \$200,000 in December went for 96.6% of asking price, on average, while on the other end of the price spectrum, homes that sold at over \$800,000 went for about 99.7% of asking price, on average. Homes that sold between \$400,001 and \$600,000 had an average sold-to-list price ratio of 99.6%.

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



Source: Virginia REALTORS®, data accessed January 15, 2023

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

Price Range	Ratio
\$200,000 or less	96.6%
\$200,001 to \$400,000	99.3%
\$400,001 to \$600,000	99.6%
\$600,001 to \$800,000	99.6%
\$800,001 or More	99.7%
All price levels	99.3%

Source: Virginia REALTORS®, data accessed January 15, 2023

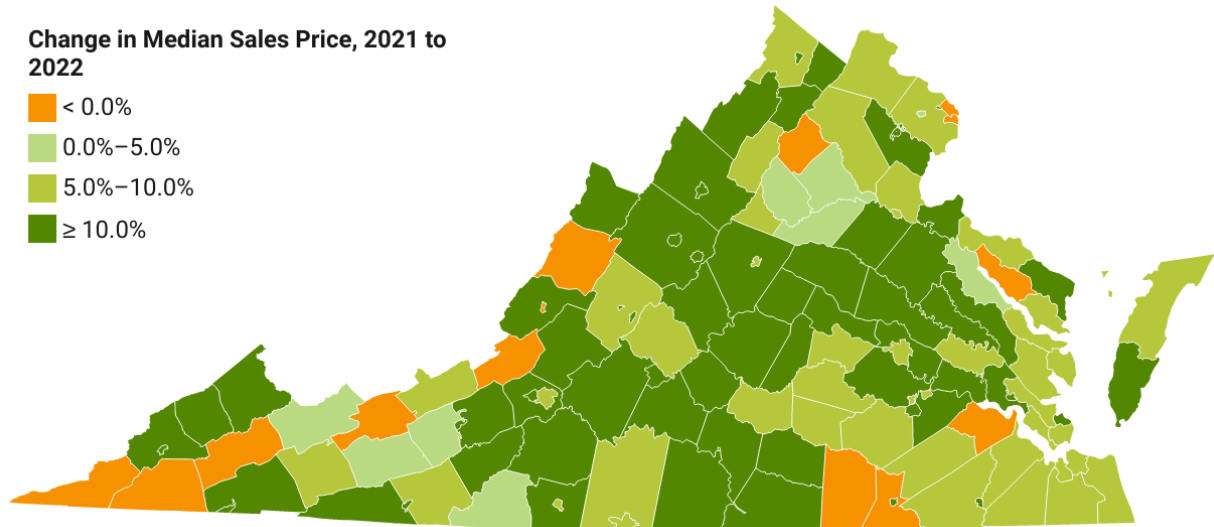
In December 2022, 45.1% of homes that sold were priced between \$200,001 and \$400,000, which is down from 45.2% last year. About 22.7% of all homes in Virginia that sold in December were priced between \$400,001 and \$600,000. Homes that sold for less than \$200,000 accounted for 13.4% of all sales statewide in December, which is down from 15.1% a year ago. The share of sales in the higher end of the market also declined. About 8.3% of home sales statewide were price above \$800,000, which is down from 8.5% in December of last year.

Figure 7. Sales by Price Range, December



Source: Virginia REALTORS®, data accessed January 15, 2023

Figure 8. County/City Median Home Sales Price, Annual Change



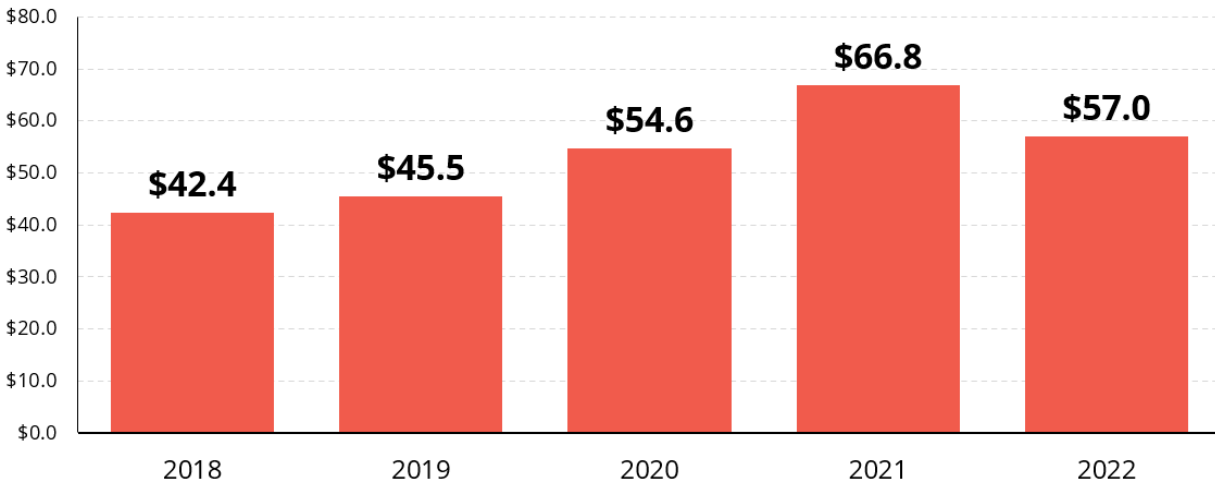
Source: Virginia REALTORS®, data accessed January 15, 2023

Sold Volume

Despite higher prices, the slowdown in sales activity brought down the sold dollar volume in Virginia for the first time in years. There was about \$57 billion of sold volume in Virginia throughout 2022, which is \$9.8 billion less volume than 2021, a 14.7% decrease.

From a monthly perspective, there was approximately \$3.3 billion of sold volume statewide in December 2022, plunging about \$1.9 billion from December last year, representing a 36.9% decline.

Figure 9. Sold Dollar Volume, Annual Total (in \$ billions)

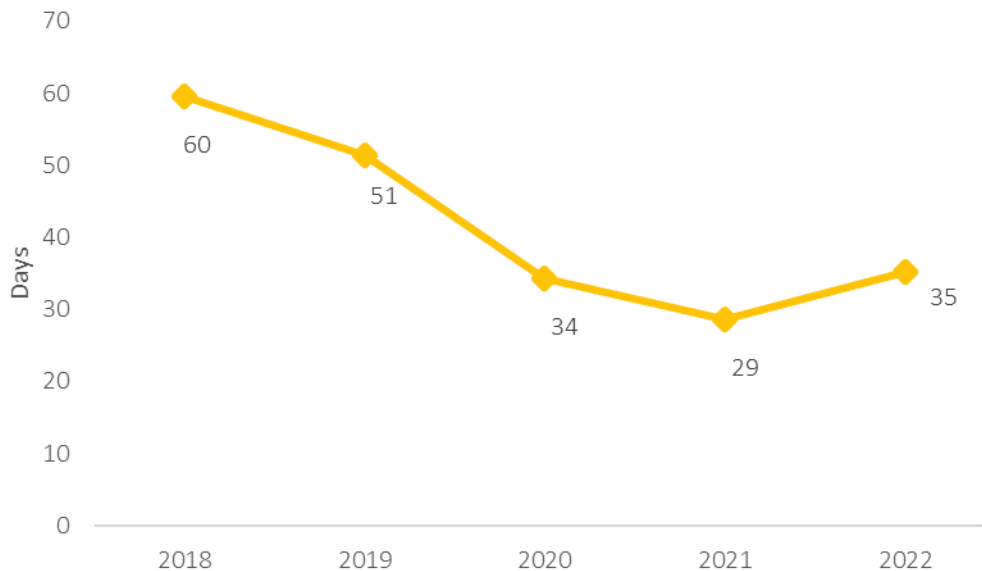


Source: Virginia REALTORS®, data accessed January 15, 2023

Days on Market

As the market has slowed, it's taking longer to sell homes in Virginia. Homes that sold in December 2022 were on the market 35 days on average, a week longer than last year (+7 days). The average days on market in Virginia has been slowing for five straight months, a clear pivot in the intensity of housing markets across the state.

Figure 10. Average Days on Market, December

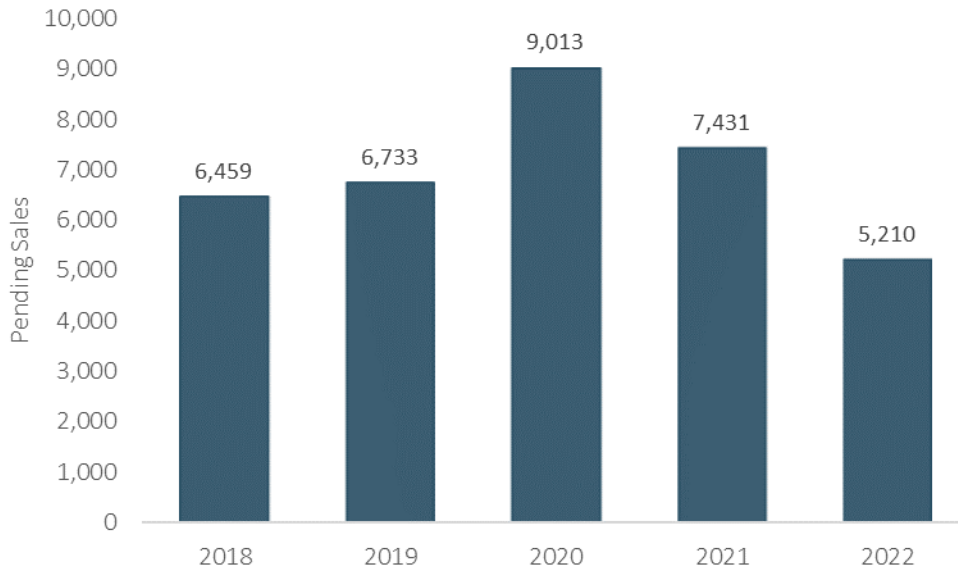


Source: Virginia REALTORS®, data accessed January 15, 2023

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 5,210 pending sales across Virginia in December, which is 2,221 fewer pending sales than last December. This is a 29.9% decrease in contract activity from a year ago, a signal that sluggish market conditions will continue in the months ahead.

Figure 11. Pending Sales, December



Source: Virginia REALTORS®, data accessed January 15, 2023

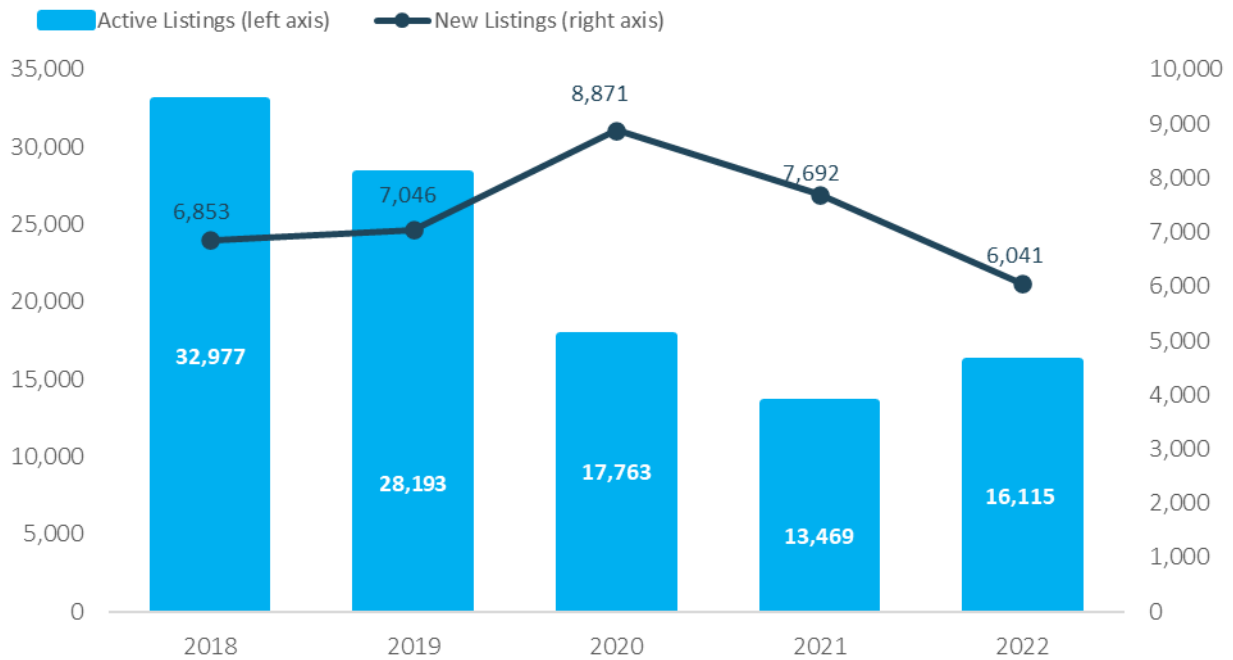
New Listings

Fewer listings are coming on the market in Virginia. There were 6,041 new listings statewide in December, 1,651 fewer new listings than this time last year, representing a 21.5% drop. Sellers continue to be hesitant to list their homes, as the market has cooled, and many homeowners are locked into interest rates that are much lower than what is currently available.

Active Listings

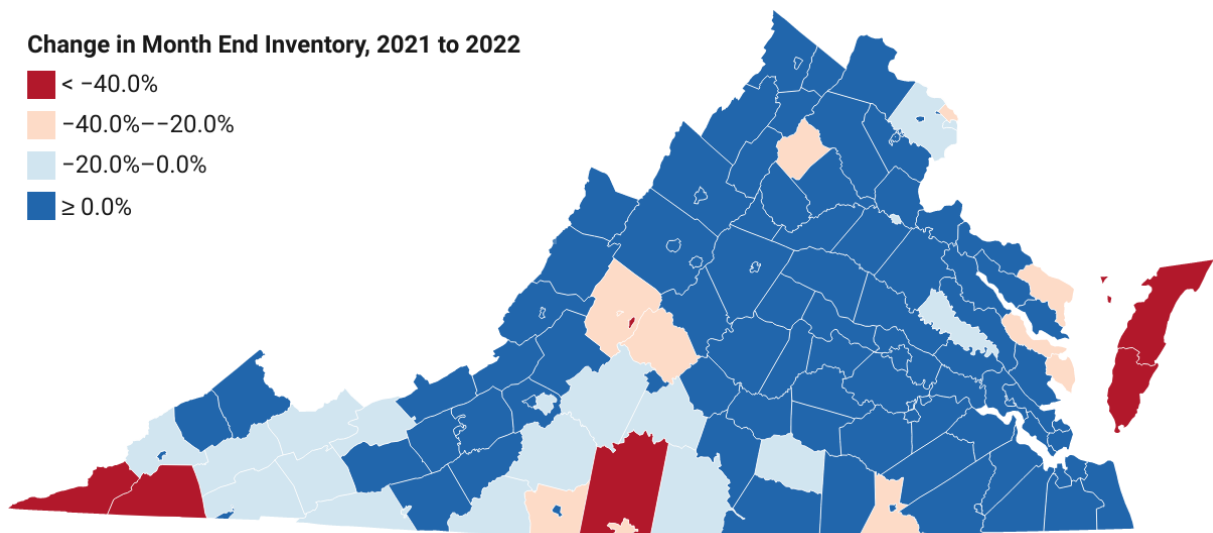
Even though fewer new listings are coming on the market, homes are taking longer to sell, which is allowing the overall supply of active listings to continue to build. There were 16,115 active listings on the market statewide at the end of December. This is about 2,646 more listings than a year ago, which is a 19.6% supply jump. The inventory has increased significantly in just the past few months as interest rates have risen and cooled demand in the market.

Figure 12. Inventory, December



Source: Virginia REALTORS®, data accessed January 15, 2023
 Note: Active listings at the end of the month

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

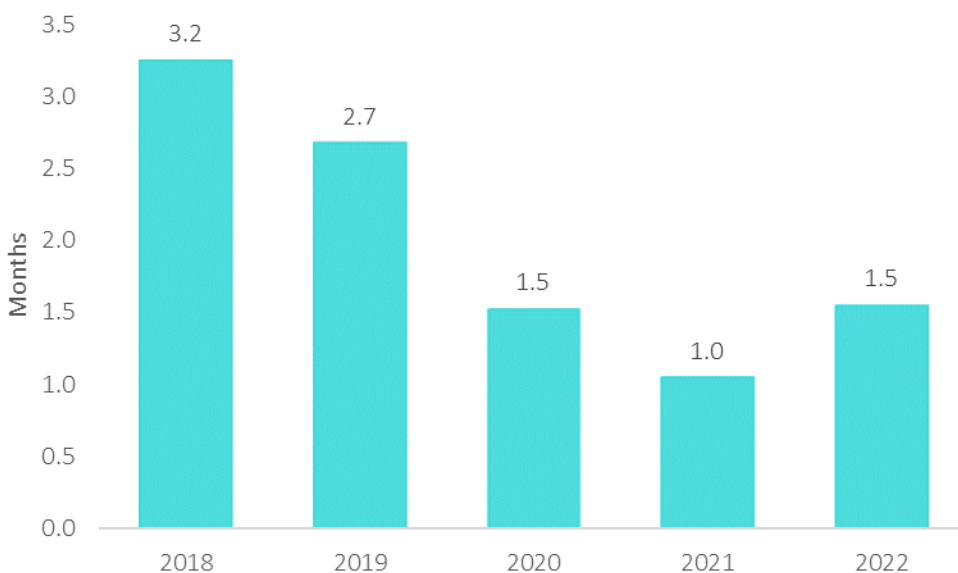


Source: Virginia REALTORS®, data accessed January 15, 2023

Most local markets in Virginia are experiencing supply growth; about 70% of counties and cities in the commonwealth had more active listings at the end of December compared to

this time last year. The most notable supply growth this month was in the Charlottesville region, parts of Northern Virginia, and portions of the New River Valley market. There was about 1.5 months of supply in Virginia’s housing market in December 2022, up from 1.0 month of supply a year ago. 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, December



Source: Virginia REALTORS®, data accessed January 15, 2023

Outlook

The housing market in Virginia pivoted from record activity in 2021 to a much slower market climate in 2022. Let’s take a look at where things could be headed in the coming year. Here are three key things to watch for in Virginia’s housing market and economy in 2023.

- **Sales activity will likely be slower than 2022.** Virginia’s housing market cooled down in 2022 as evidenced by the sharpest annual drop in sales activity in more than a decade. While this was partly due to the fact that 2021 was an unusually busy market, the rapid rise of mortgage rates did have a major cooling effect on the market this past year. Rising mortgage rates combined with the tight inventory conditions are leaving many buyers on the sidelines, a trend that is likely to continue into 2023.
- **Net job growth will likely flatten out as economic conditions weaken.** After more than two years of robust job growth, Virginia was back at pre-pandemic job levels as 2022 came to a close. Despite this milestone, some sectors that were hit the hardest, such as Leisure & Hospitality and Retail Trade, are still recovering. As economic

conditions continue to weaken nationally and here in Virginia, the job growth will flatten in 2023, and unemployment is projected to rise.

- **Prices will likely remain relatively stable, though in some markets they will continue to climb, and price declines are possible in some pockets of the state.** Home prices continued to climb at a relatively strong rate through most of Virginia in 2022 despite a very noticeable slowdown in market activity. This was largely driven by the low supply of homes available in Virginia's housing market. The price growth moderated towards the end of 2022, and this is likely to continue into 2023. Most local markets in the state are likely to have relatively flat price growth in the coming year, and some local markets will have lower prices than 2022.



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.