

The background is a teal gradient with a pattern of small, light blue upward-pointing arrows. At the top, there is a large, light blue graphic of a line graph with an upward-pointing arrow and a bar chart. A large, light blue dollar sign is overlaid on the graph.

RESEARCH STATISTICS

Virginia

HOME SALES REPORT

MAY 2023

Virginia Home Sales Report

May 2023

Key Takeaways

- There were **10,292** homes sold in Virginia in May. This is 2,756 fewer sales than last May, representing a 21.1% decline. Overall, spring sales activity remains well below average levels; however, the typical April-to-May bump in sales was stronger than usual, signaling a pick-up in activity this month.
- The statewide median sales price in May was \$410,000, up 2.2% from a year ago, which is a gain of nearly \$9,000. Prices have held firm even as the market has slowed, which is a reflection of the tight inventory conditions.
- There was about **\$5.1 billion** of sold volume across Virginia in May, which is \$1.4 billion less sold volume than a year ago, a 21.4% decrease.
- At the end of May, there were **15,441** active listings on the market throughout Virginia. This is 1,434 fewer listings than last year, an 8.5% decline.

May 2023 Housing Market Summary

	May-22	May-23	Change	% Change	YTD 2022	YTD 2023	Change	% Change
Sales	13,048	10,292	-2,756	-21.1%	52,708	39,367	-13,341	-25.3%
Median Sales Price (\$)	401,082	410,000	8,918	2.2%	375,000	380,004	5,004	1.3%
Sales Volume (\$ billions)	6.6	5.1	-1.4	-21.4%	24.6	18.5	-6.1	-24.8%
Average Days on Market	17	25	7	43.9%	23	32	9	37.1%
Pending Sales	12,096	9,730	-2,366	-19.6%	52,077	40,929	-11,148	-21.4%
New Listings	15,863	12,136	-3,727	-23.5%	65,598	51,305	-14,293	-21.8%
Active Listings (end of the month)	16,875	15,441	-1,434	-8.5%	16,875	15,441	-1,434	-8.5%
Months of Supply	1.3	1.7	0.3	23.4%	1.3	1.7	0.3	23.4%

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

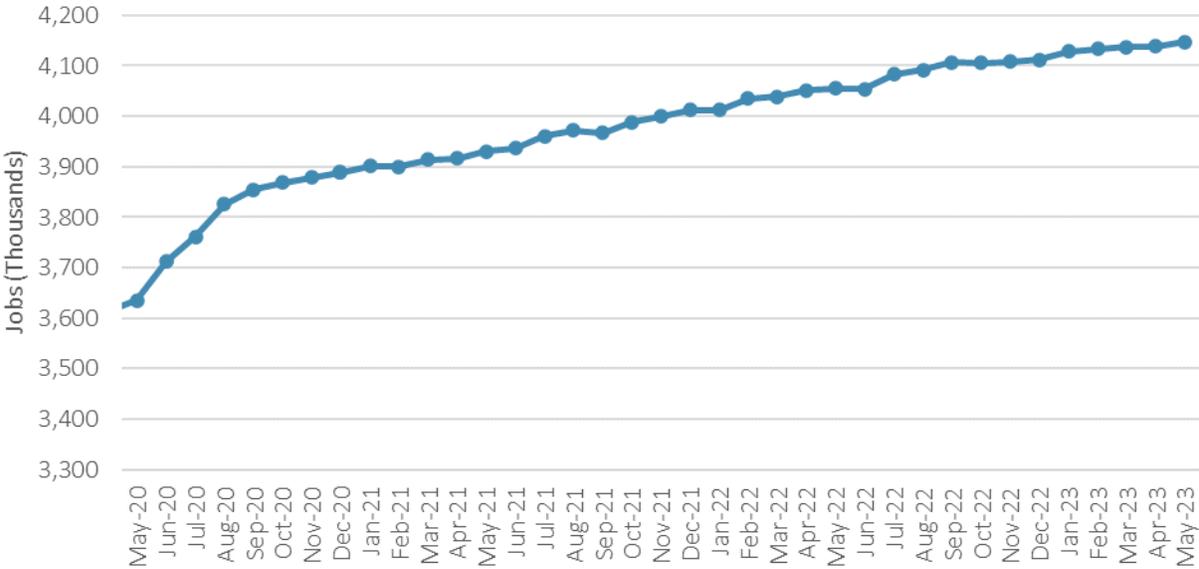
Economic Overview

The U.S. economy continues to show signs of slowing, but the path to tamed inflation is still a long one. Consumer spending has softened, as has manufacturing output. The labor market remains tight, and jobs continue to be added to the economy, but initial claims for unemployment are at their highest level since 2021, another sign of weakening conditions.

Jobs

Jobs continue to be added to Virginia’s economy. In May 2023, there were about 4.14 million jobs statewide, which is approximately 1,400 more jobs than the revised March total. Similar to the national trends, the job market in Virginia has been resilient even as economic conditions overall have weakened. Virginia’s job base is now 48,500 jobs above where it was right before the pandemic wiped out about 450,000 jobs in 2020.

Figure 1. Total Jobs in Virginia (in thousands)



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

Most of the jobs added between March and April in Virginia were Leisure and Hospitality related jobs (+2,700), and Professional and Technical Services jobs (+2,100). The sharpest drop in jobs was in the Administrative and Waste Services sector (-5,300), and the Construction sector (-1,300).

The Northern Virginia region continues to lead the state in job growth, with about 5,600 jobs added between March and April 2023. The Richmond region had 3,700 more jobs, and Hampton Roads saw about 2,000 jobs added during this same time period. The Blacksburg

and Winchester regions were the only metro areas that shed jobs this month, down 400 jobs and 100 jobs, respectively, between March and April.

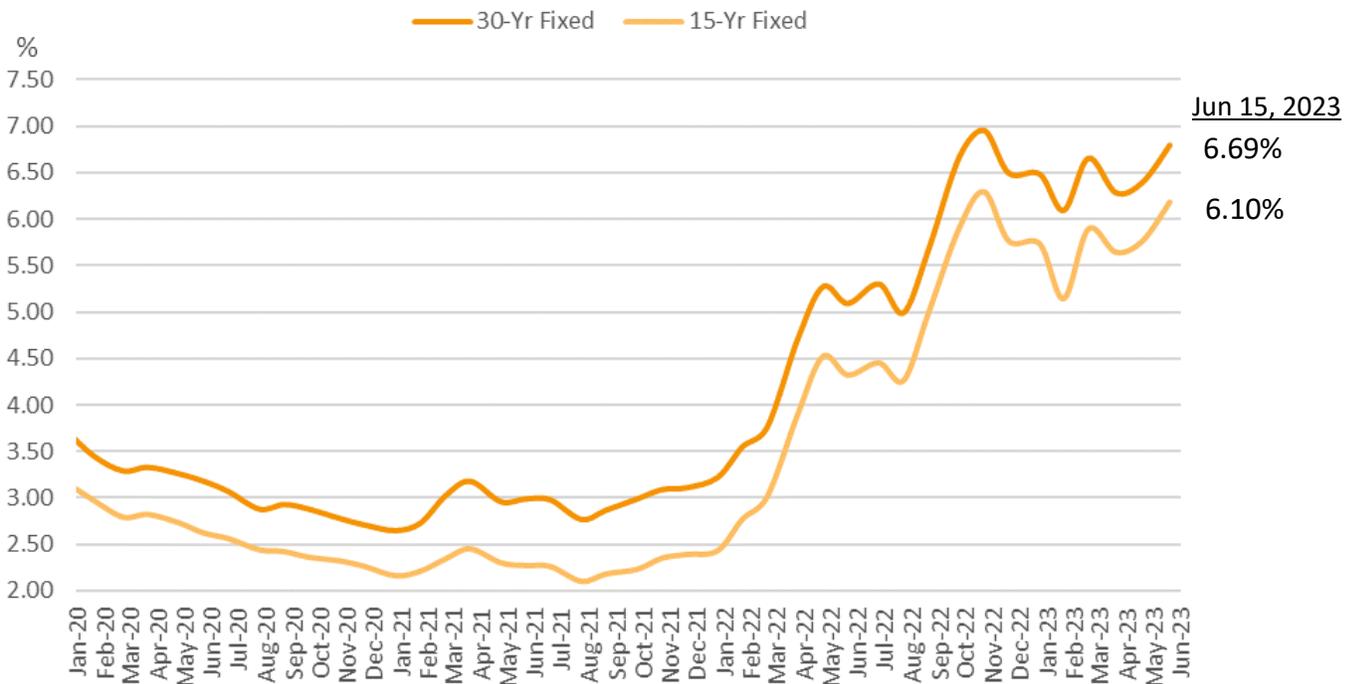
Unemployment

The unemployment rate in Virginia continues to fall. At 3.1%, the April statewide unemployment rate is down from 3.2% in March. The national unemployment rate was 3.4% in April, down from 3.5% in March. The labor market continues to be tight; however, there have been some signals that this could be shifting as initial claims for unemployment benefits at the national level have been trending up in recent weeks.

Mortgage Rates

Mortgage rates trended up four straight weeks in May into early June before retreating down for two consecutive weeks in June. As of June 15, the average rate for a 30-year fixed mortgage in the U.S. was 6.69%. This is back to the level it was in March 2023, and also in November 2022, which reflects the volatility in mortgage rates that is likely to linger. If rates continue to trend downward in the coming weeks, it could spur some buyers to re-enter the market, but that potential demand will likely be subdued by the lack of inventory available in the market.

Figure 2. Mortgage Rates



Source: Freddie Mac

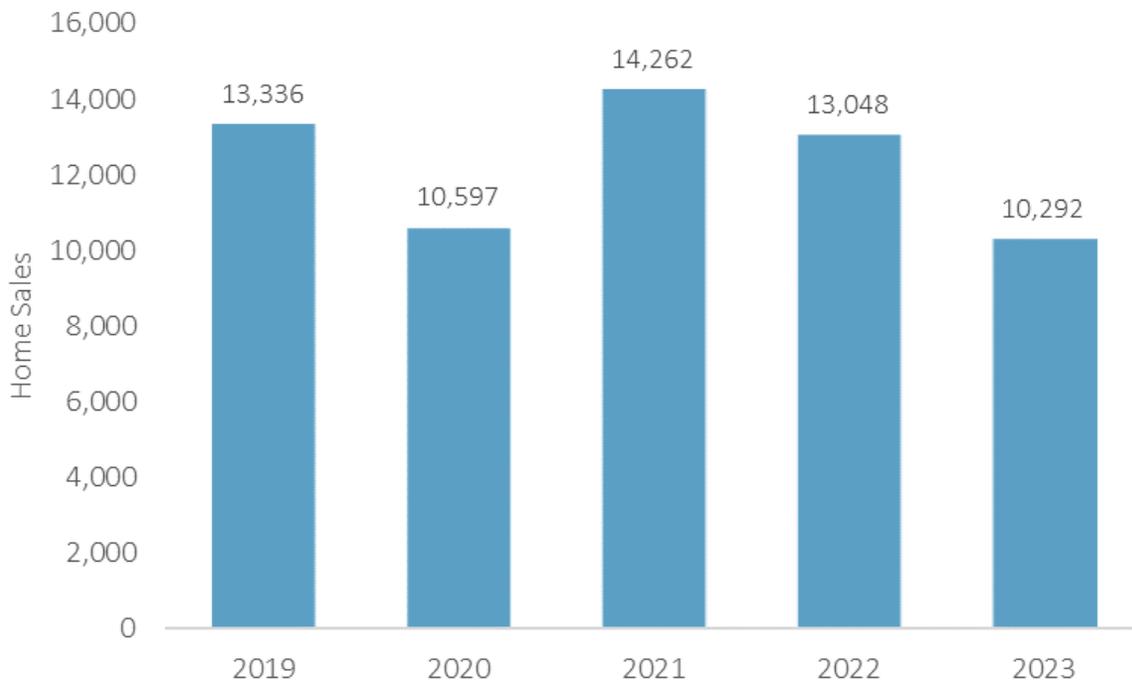
Housing Market Overview

Market conditions continue to be below average spring trends in Virginia's housing market. Sales activity is down, there are fewer pending sales occurring, and fewer sellers are listing their homes. Both buyers and sellers are less active as interest rates and low inventory continue to cool the market. Despite the slower activity, home prices continue to trend up in many parts of Virginia, and the market remains competitive for buyers. This is largely due to the low supply of homes available in the market.

Sales

The 2023 spring housing market in Virginia continues to be well below previous spring levels. In May, there were 10,292 homes sold across the state. This is 2,756 fewer sales than last May, a 21.1% drop. The March-through-May sales totals this year are back to 2015 levels in Virginia, a reflection of the hesitation on both sides of the table that is constraining the market this spring. Would-be buyers are likely having trouble finding homes that meet their budget with the limited inventory, rising prices, and higher mortgage rates. On the other hand, would-be sellers have little incentive to list their homes and lose their ultra-low mortgage rates from the refinance boom of 2020 and 2021. This dynamic is not only impacting Virginia's housing market, but housing markets all around the country. Within Virginia, the sharpest drop this month was in parts of Northern Virginia, Hampton Roads, and the Roanoke region.

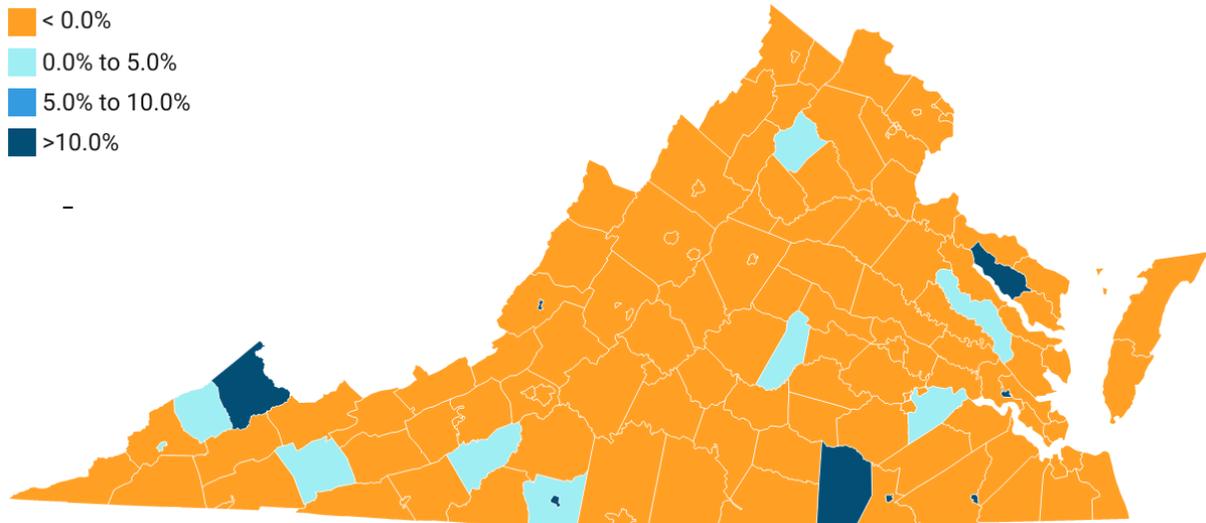
Figure 3. Virginia Home Sales, May



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

Figure 4. County/City Home Sales, May YTD

Change in Sales Price, 2022 to 2023



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

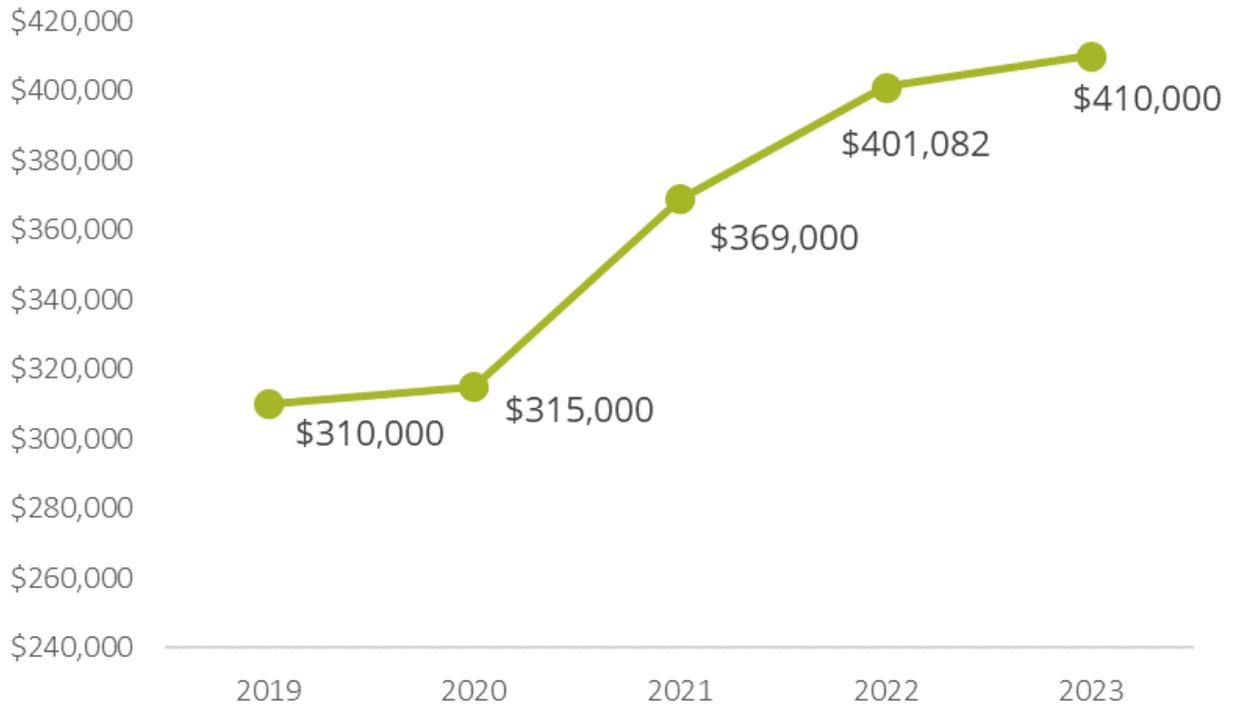
Home Prices

While fewer buyers are purchasing homes, and fewer sellers are selling homes, home prices continue to climb in most local markets. This is being driven by the low supply of homes available. At \$410,000, the statewide median sales price reached a new high in May 2023, up 2.2% from the same time last year.

About 61% of all counties and cities in Virginia had median price growth in May compared to last May. This is up from 54% last month, which could indicate that the short-lived softening of prices could be ending in many local markets. The largest median price gains this month were in the Bristol market, parts of the Shenandoah Valley, and portions of Central Virginia.

Sellers continue to get over their asking price, on average. The average sold-to-list price ratio in Virginia in May was 101.4%, which is up from 100.9% in April. With the exception of homes priced below \$200,000, all price bands had a sold price that went above list price, on average. This is a pivot from a few months ago when several price bands dipped below 100%. These trends reflect the competitive market that many buyers are facing even as overall activity has cooled. Homes that sold between \$400,000 and \$600,000 had an average sold-to-list price ratio of 101.7%, while homes that sold above \$800,000 went 2.2% above asking price, on average.

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



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

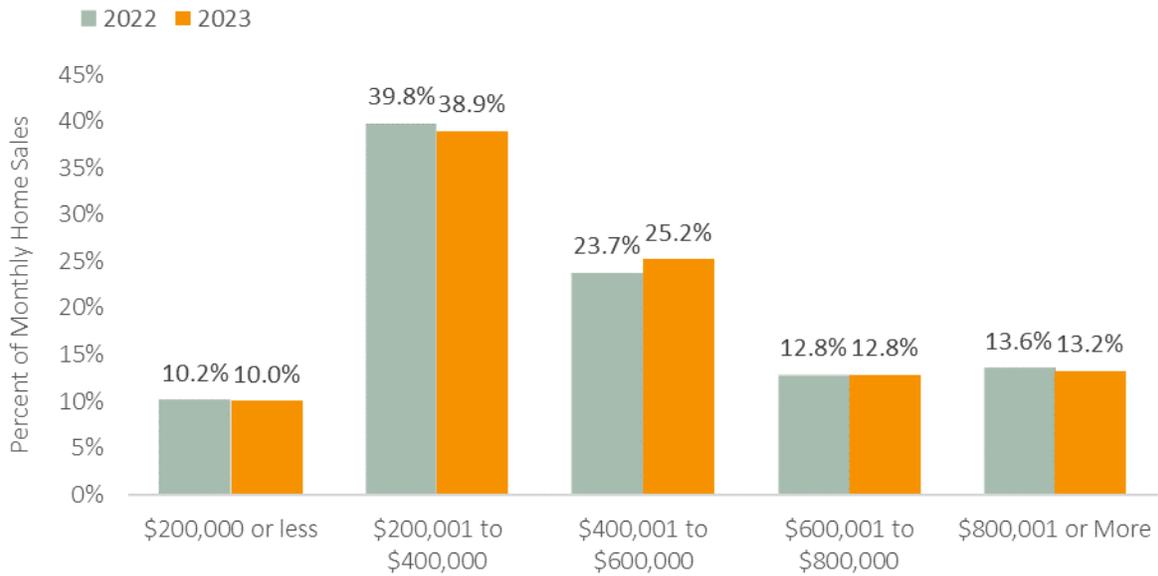
Figure 6. Average Sold-to-List Price Ratio, May 2023

Price Range	Ratio
\$200,000 or less	99.0%
\$200,001 to \$400,000	101.2%
\$400,001 to \$600,000	101.7%
\$600,001 to \$800,000	102.0%
\$800,001 or more	102.2%
All price levels	101.4%

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

Most homes that sold in Virginia in May were priced between \$200,001 and \$400,000 (38.9%). The second highest proportion of sales were in the \$400,001 to \$600,000 price range (25.2%). On the highest end of the market, homes that went above \$800,000 accounted for about 13.2% of all transactions in May.

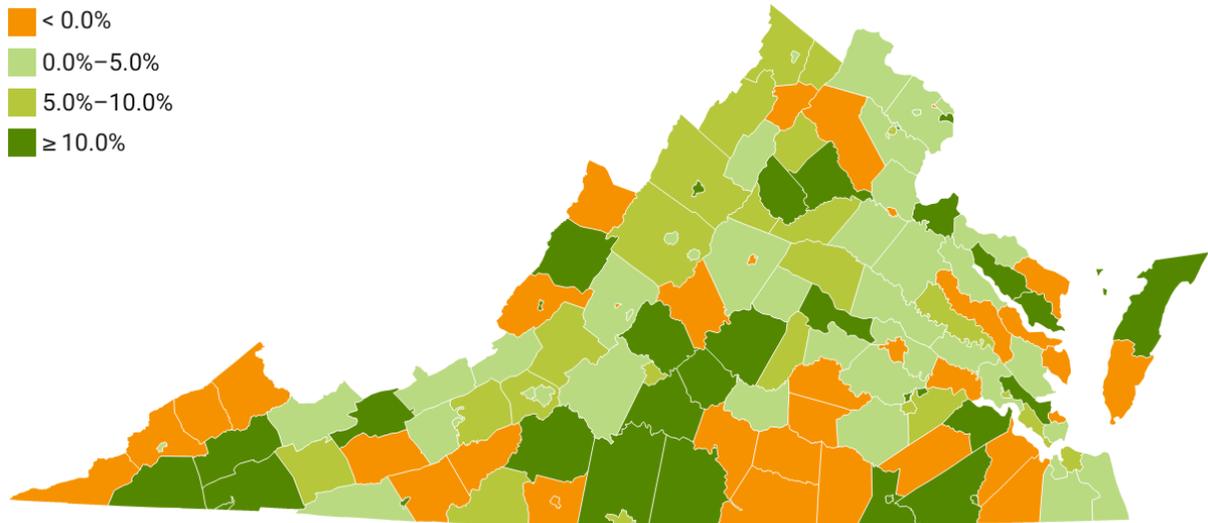
Figure 7. Sales by Price Range, May



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

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

Change in Median Sales Price, 2022 to 2023

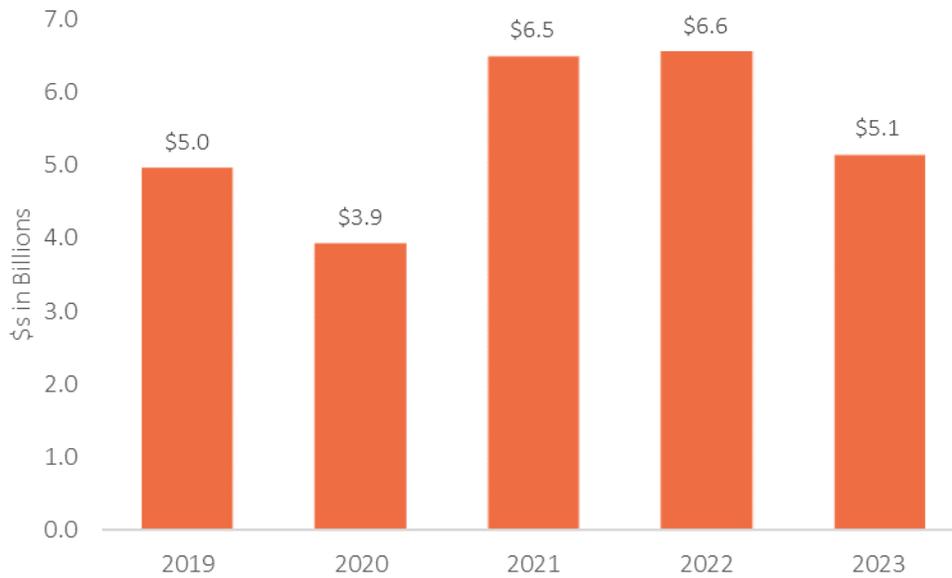


Source: Virginia REALTORS®, data accessed June 15, 2023

Sold Volume

While home prices are climbing in most local markets, the sharp drop in sales pulled down the total sold dollar volume statewide in May. There was approximately \$5.1 billion of sold volume across Virginia in May. This is about \$1.4 billion less volume than last May, representing a 21.4% drop.

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

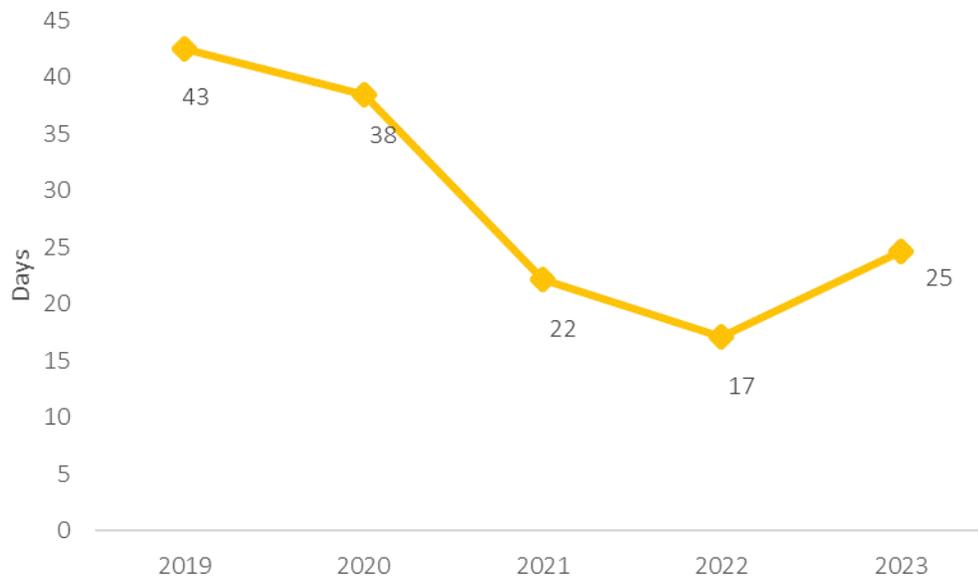


Source: Virginia REALTORS®, data accessed June 15, 2023

Days on Market

The average days on market in Virginia in May was 25 days, which is about a week longer than a year ago (+8 days). Homes have been taking longer to sell, on average, for ten straight months. While homes are taking longer to sell, it is still a competitive market for buyers. The median days on market statewide was just six days in May, up one day from last year.

Figure 10. Average Days on Market, May

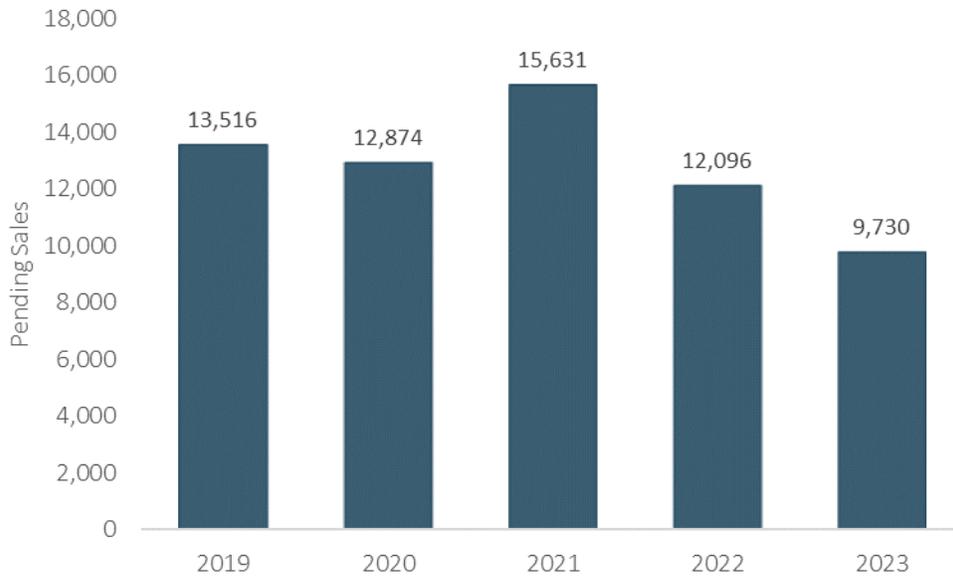


Source: Virginia REALTORS®, data accessed June 15, 2023

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 9,730 pending sales in May throughout Virginia, which is 2,366 fewer pending sales than a year ago, a 19.6% decrease. This is a 22.1% reduction from April of last year, or 2,579 fewer new contracts. There was a 6.8% increase in pending sales between April and May 2023, which is a typical seasonal change.

Figure 11. Pending Sales, May



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

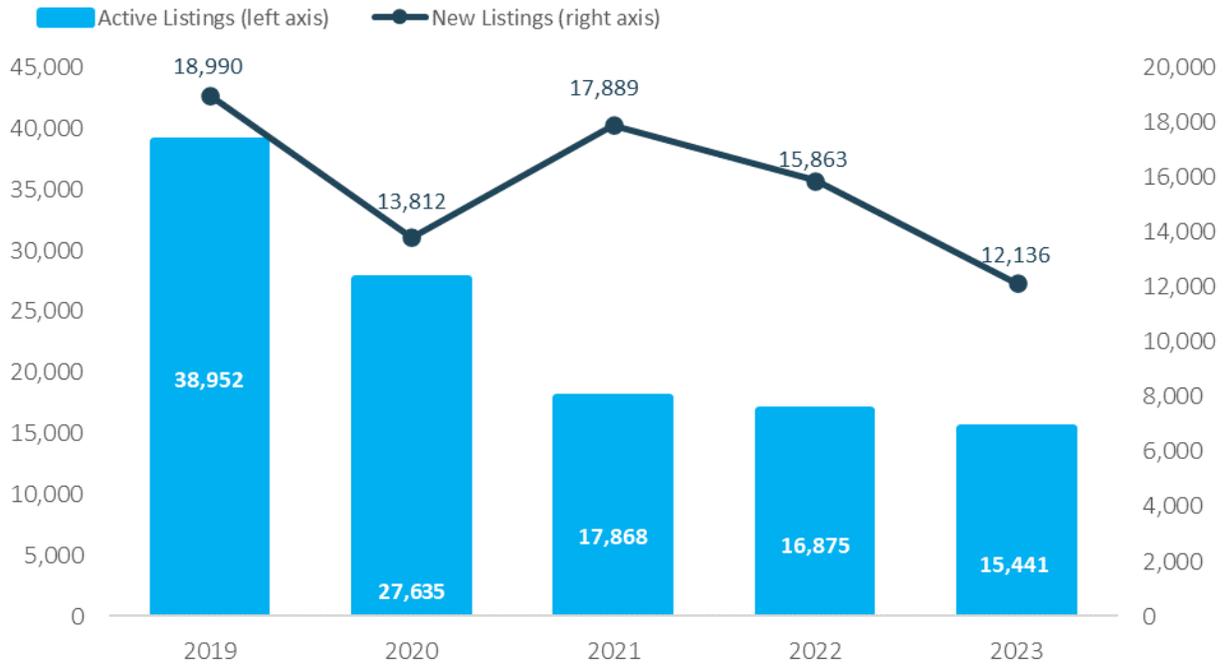
New Listings

There were 12,136 new listings in Virginia in May, down 23.5% from last May, a reduction of 3,727 new listings. Many would-be sellers refinanced their homes in the refinance boom in 2020 and 2021 and have little incentive to list their properties in the current interest rate environment. New listings rose between April and May, which is a typical seasonal market pattern, but overall new listing levels remain muted compared to an average May.

Active Listings

The inventory of active listings shrank this month in Virginia. There were 15,441 listings on the market statewide at the end of May, which is 1,434 fewer listings than this time last year, an 8.5% reduction. This is the second consecutive month that active listings have dipped after six months of growth.

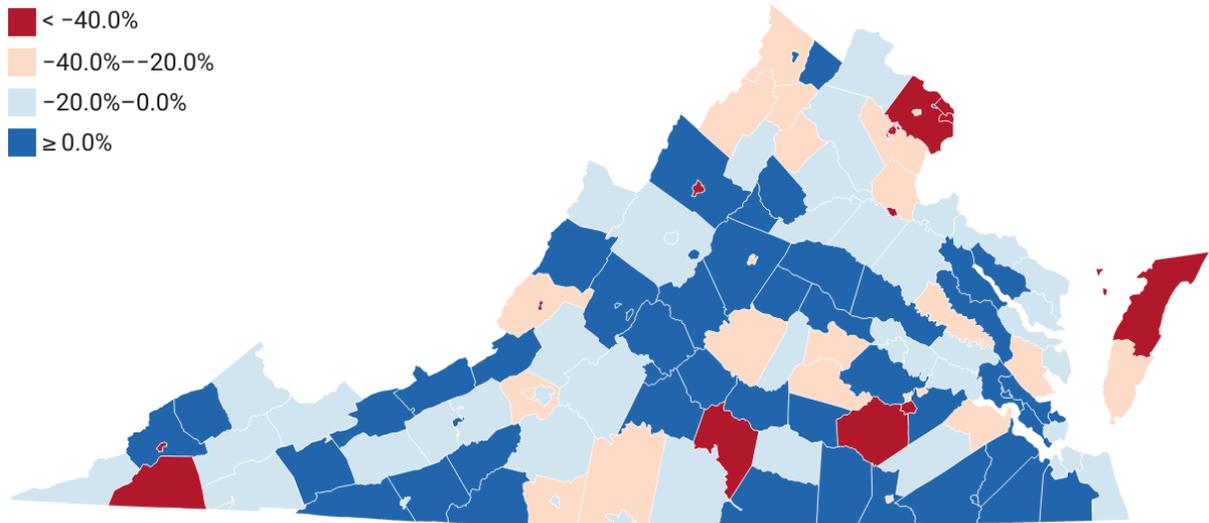
Figure 12. Inventory, May



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

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

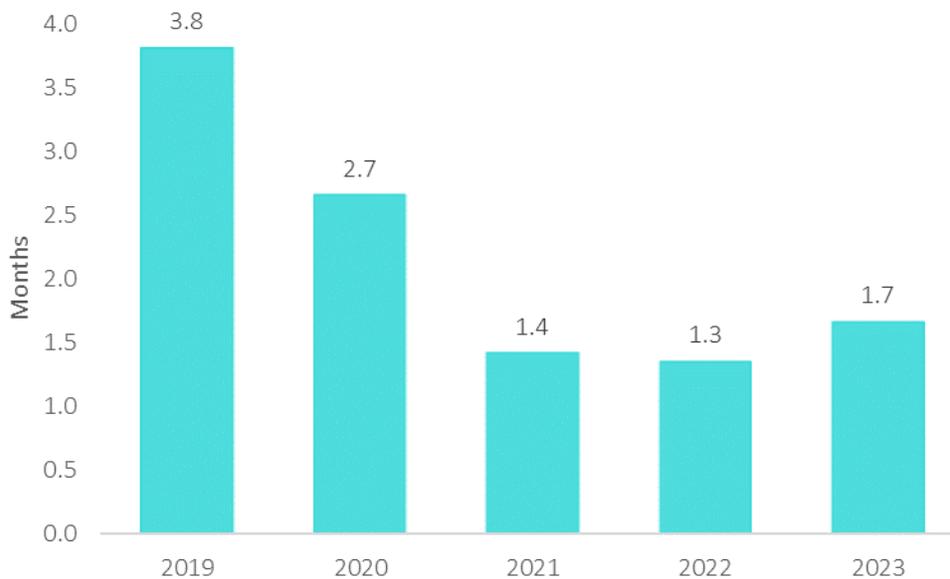
Change in Month End Inventory, 2022 to 2023



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

About 60% of counties and cities in Virginia had fewer active listings on the market at the end of May compared to a year ago. The sharpest drop this month was in the Northern Virginia market and on the Eastern Shore. Inventory is building up in parts of Central Virginia, Southside, and parts of the New River Valley region. There was approximately 1.7 months of supply in Virginia's housing market in May 2023, up from 1.3 months 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, three to six months of supply has been indicative of a healthy housing market, but we have not seen inventory at that level in about four to five years in Virginia.

Figure 14. Months of Supply, May



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

Outlook

It's been an interesting spring market so far. Activity on both sides of the table is trending below average, but market conditions remain very competitive in many local markets around Virginia. Are these conditions likely to change in the months ahead? Here are three things to keep an eye on in Virginia's housing market as we enter the second half of 2023:

- Mortgage rates have been trending up for much of May into early June but have retreated slightly over the past couple of weeks. Many buyers remain sensitive to rate changes as higher home prices coupled with higher mortgage rates are creating affordability challenges. Mortgage rate volatility will continue to be a factor, but rates are likely to trend downward in the second half of the year. This could spur more buyer activity, but it will not necessarily equate to more sales given the lack of supply in the market.
- Stagnant seller activity continues to be a major factor, keeping an already constrained supply even tighter in housing markets across the state and the nation. While there will

always be natural churn in the market, the casual sellers and move-up buyers are less likely to enter the market and lose the ultra-low interest rates they are locked into. This dynamic will likely be with us for a while and will keep inventory low.

- Housing markets all around Virginia are still competitive, even with fewer active sellers and fewer active buyers. The median days on market statewide is still less than one week, home prices continue to climb in most local markets, and sellers are getting above asking price on average in Virginia. These market conditions are being driven by the low supply of homes available, and a robust pipeline of potential buyers, both of which will remain a significant factor in the months ahead. It is still very much a sellers' market out there.



The Virginia REALTORS® association is the largest professional trade association in Virginia, representing 37,000 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.