

A background graphic consisting of a teal line graph with an upward-pointing arrow and a bar chart with vertical bars of varying heights, all in shades of teal and light blue.

RESEARCH STATISTICS

Virginia

HOME SALES REPORT

JUNE 2023

Virginia Home Sales Report

June 2023

Key Takeaways

- **There were 10,992 sales statewide in June, a decrease of 2,332 sales from this time last year, representing a 17.5% slowdown in the market. The 2023 housing market in Virginia has been very slow compared to prior years. Midway through the year (January through June), there have been a little over 50,000 homes sold across the state, which is back to around 2015 activity levels.**
- The median sales price in Virginia rose to \$411,000 in June 2023, a 3.4% increase from last June, a gain of \$13,685. The constrained supply of homes is nowhere close to meeting the demand in the market, which continues to put upward pressure on price points around the commonwealth despite sluggish activity.
- There was about \$5.6 billion of sold volume in Virginia's housing market in June, which is about \$900 million less sold volume than a year ago, a 13.7% drop.
- At the end of June, there were 16,246 active listings on the market throughout the state. This is 3,129 fewer listings than last year, a 16.1% reduction. The supply is tight in most parts of Virginia and fewer sellers are listing their homes. New listings in June fell 25% from last year to just 12,135, the lowest June level in more than a decade.

June 2023 Housing Market Summary

	Jun-22	Jun-23	Change	% Change	YTD 2022	YTD 2023	Change	% Change
Sales	13,324	10,992	-2,332	-17.5%	66,032	50,359	-15,673	-23.7%
Median Sales Price (\$)	397,315	411,000	13,685	3.4%	379,900	388,825	8,925	2.3%
Sales Volume (\$ billions)	6.5	5.6	-0.9	-13.7%	31.1	24.1	-7.0	-22.5%
Average Days on Market	18	23	6	31.7%	22	30	8	35.6%
Pending Sales	10,335	8,767	-1,568	-15.2%	62,412	49,696	-12,716	-20.4%
New Listings	16,176	12,135	-4,041	-25.0%	81,774	63,440	-18,334	-22.4%
Active Listings (end of the month)	19,375	16,246	-3,129	-16.1%	19,375	16,246	-3,129	-16.1%
Months of Supply	1.6	1.8	0.2	13.3%	1.6	1.8	0.2	13.3%

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

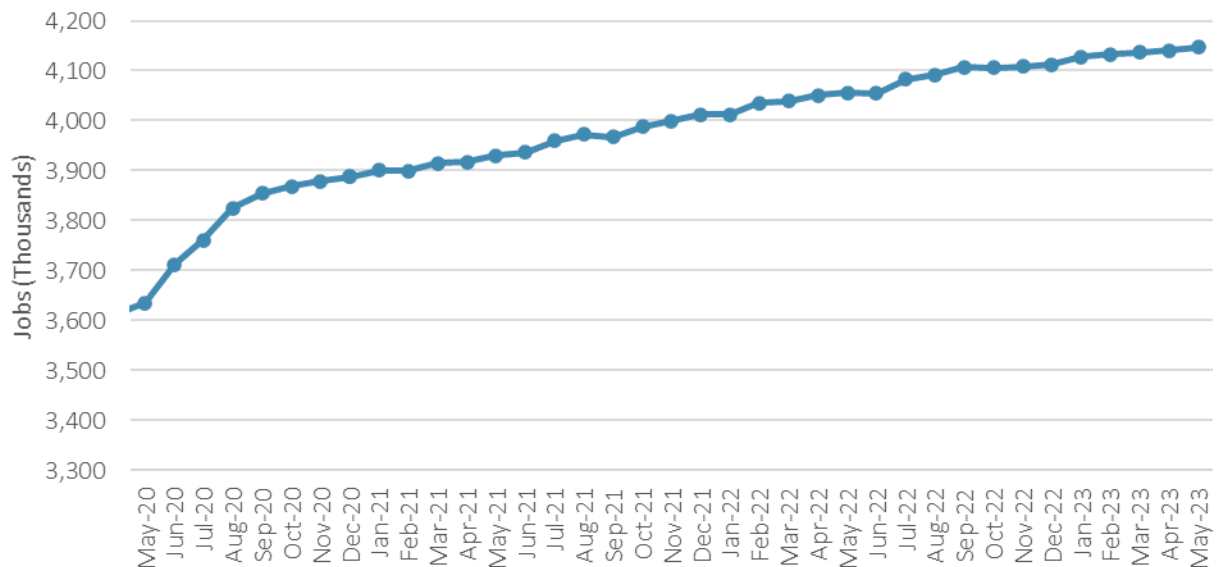
Overview

Inflation continues to march downward but is still hovering above target levels which leaves the potential for an additional rate hike on the table for the Federal Reserve. This could slow the economy further and soften what has been a very resilient job market.

Jobs

In May 2023, there were approximately 4.15 million jobs in Virginia, which is about 6,900 more jobs than the revised April 2023 total. The job market in Virginia and in many parts of the country has been resilient even as economic headwinds mount. Virginia's job base has been expanding steadily over the last few years, faster than some of our neighbors to the north (MD, DC) and west (WV), but slower than places to the south (NC, TN).

Figure 1. Total Jobs in Virginia (in thousands)



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

Most of the jobs added between April and May 2023 in Virginia were Professional and Technical Services jobs (+3,300), Construction jobs (+2,600), and Health Care and Social Assistance jobs (+1,600). The Other Services sector shed the most jobs over the past month (-1,700). This sector includes a wide range of service-related jobs such as personal care services, pet care services, and housekeeping among others.

Virginia's largest job centers continue to attract the most jobs. Northern Virginia led the state with about 5,600 jobs added between April and May, followed by Richmond with 3,700 more jobs, and Hampton Roads with 2,000 additional jobs. In terms of percentage growth, Charlottesville and Lynchburg led the state in job growth, each up 0.6% in May

compared to April. The Blacksburg and Winchester regions are the only areas that shed jobs last month, with 400 and 100 fewer jobs in May, respectively from April.

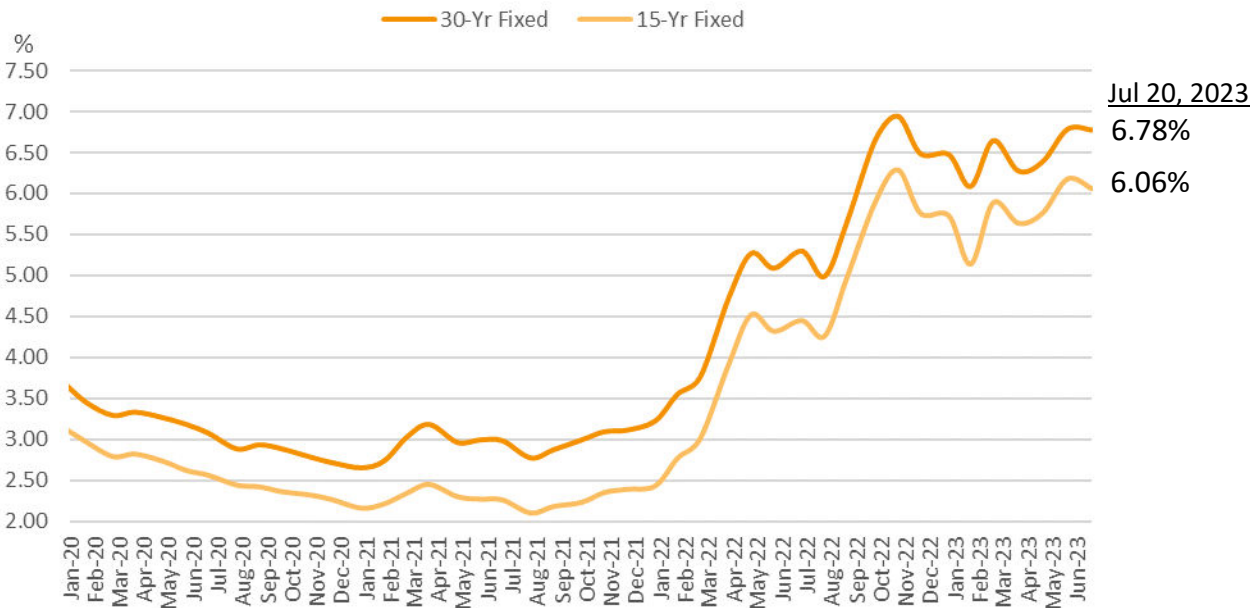
Unemployment

Once again, Virginia's unemployment rate dipped below 3%. The statewide unemployment rate fell to 2.9% in May, down from 3.1% in April. The last time the state's unemployment rate was this low was August 2022 when it was 2.8%. While Virginia's unemployment rate is trending downward, the national unemployment rate rose to 3.7% in May, up from 3.4% in April.

Mortgage Rates

Mortgage rates continue to be volatile. The average rate for a 30-year fixed mortgage in the U.S. as of July 20th was 6.78%. This is down from 6.96% the previous week but is up from 6.67% this time last month. The rate volatility will likely remain a factor in the coming months, though many expect rates will trend downward over time.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

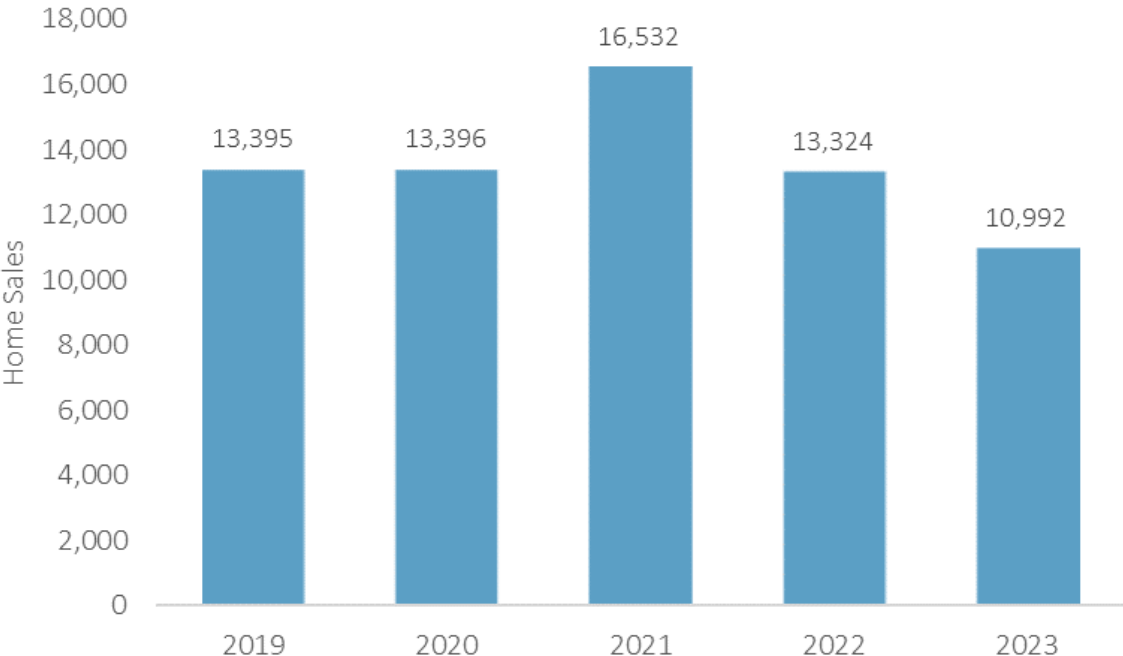
Activity in Virginia's housing market has been muted so far in 2023 as the lack of inventory takes its toll on the market. Sales continue to trail last year's volume, and pending sales are below average for this time of year. The supply levels have not improved as many would-be

sellers are opting to stay in their homes due to the “lock-in effect” of ultra-low mortgage rates that many homeowners obtained in 2020 and 2021 through refinancing. The low inventory situation continues to put upward pressure on home prices and is keeping the market competitive for buyers.

Sales

Midway through 2023, Virginia’s housing market continues to be sluggish, falling back to 2015 sales levels. In June, there were 10,992 homes sold across the state, which is 2,332 fewer sales than last June, a 17.5% drop in activity. Sales rose by 6.8% between May and June, which is a typical seasonal increase. At the regional level, the sharpest slowdown this month was in the Shenandoah Valley, Southside, and parts of the Richmond Metro Area. The region with the strongest growth in sales compared to last June was in the Southern Piedmont area. The widespread slowdown in sales continues to be driven by low supply in the market and higher mortgage rates.

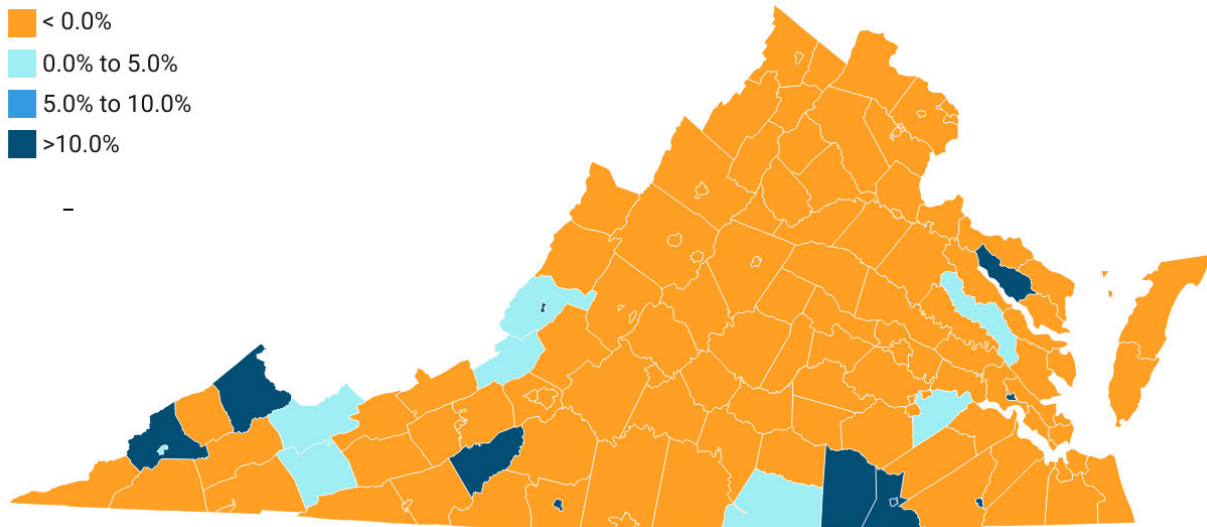
Figure 3. Virginia Home Sales, June



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

Figure 4. County/City Home Sales, June YTD

Change in Sales Price, 2022 to 2023



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

Home Prices

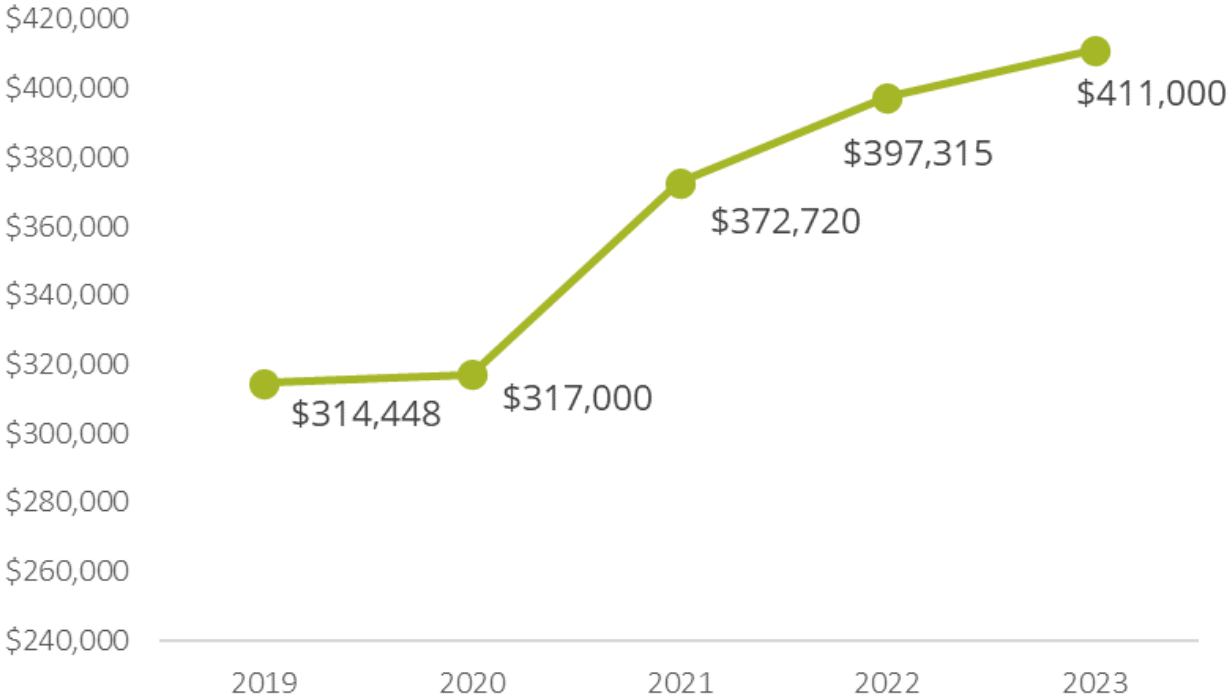
Home prices in Virginia's housing market continue to defy typical market patterns. The statewide median sales price reached a new high in June, climbing to \$411,000, a 3.4% increase from last June, a gain of \$13,685. With the exception of a slight dip in March, the median sales price in Virginia has been climbing consistently each month compared to the prior year. This price growth occurred throughout the dramatic market slowdown that has unfolded since interest rates rose quickly in 2022 and now halfway into 2023. Typically, when sales activity slows rapidly, home prices tend to soften and, in many cases, fall. However, this pattern has not played out in most local markets in Virginia during this current slowdown. The chronically low inventory coupled with a robust pipeline of buyers has continued to put upward pressure on home prices despite the slowdown.

Approximately 68% of all counties and cities in Virginia had median price growth in June compared to a year ago. This is up from 61% last month, which reflects widespread upward pressure on home prices. The strongest median price growth this month was in the Shenandoah Valley, the Greater Piedmont Region, and coastal markets along the Chesapeake Bay.

Sellers continue to get over their asking price on average. The average sold-to-list price ratio in Virginia in June was 101.2%, which is down slightly from 101.4% in May. With the exception of homes priced below \$200,000, all price bands had a sold price that went above list price on average. These trends reflect how competitive the market remains for buyers. Homes that went for \$200,001 to \$400,000 had an average sold-to-list price ratio of

101.3%, while homes in the \$600,001 to \$800,000 price range sold 1.7% above the asking price on average.

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



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

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

Price Range	Ratio
\$200,000 or less	98.5%
\$200,001 to \$400,000	101.3%
\$400,001 to \$600,000	101.5%
\$600,001 to \$800,000	101.7%
\$800,001 or more	101.7%
All price levels	101.2%

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

Most homes that sold in Virginia in June were priced between \$200,001 and \$400,000 (39.4%). The second highest proportion of sales were in the \$400,001 to \$600,000 price range (25.1%). On the lower end of the price spectrum, homes that sold below \$200,000 accounted for about 9.0% of all sales in June.

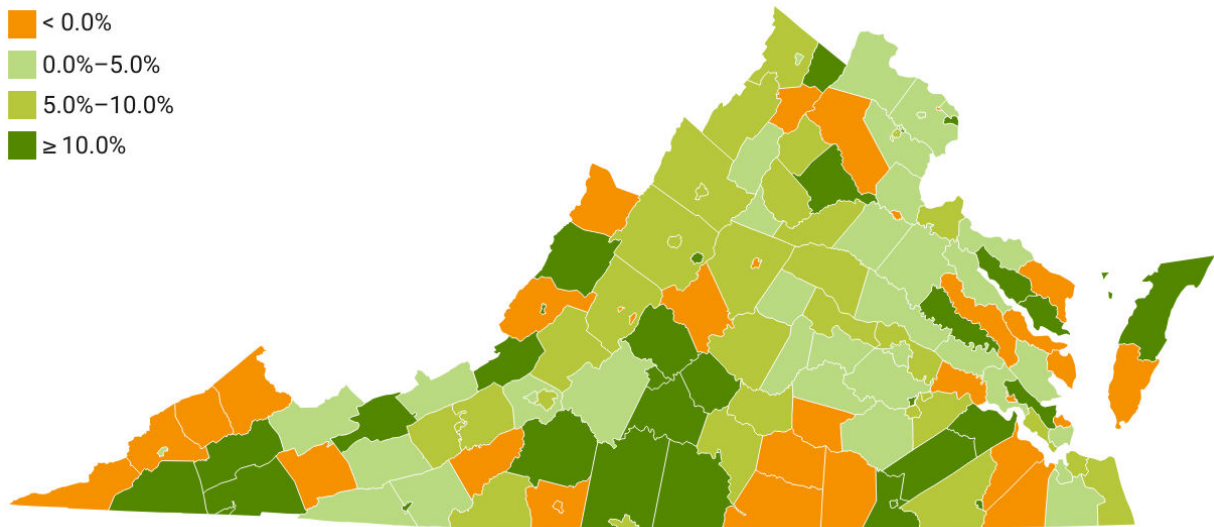
Figure 7. Sales by Price Range, June



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

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

Change in Median Sales Price, 2022 to 2023



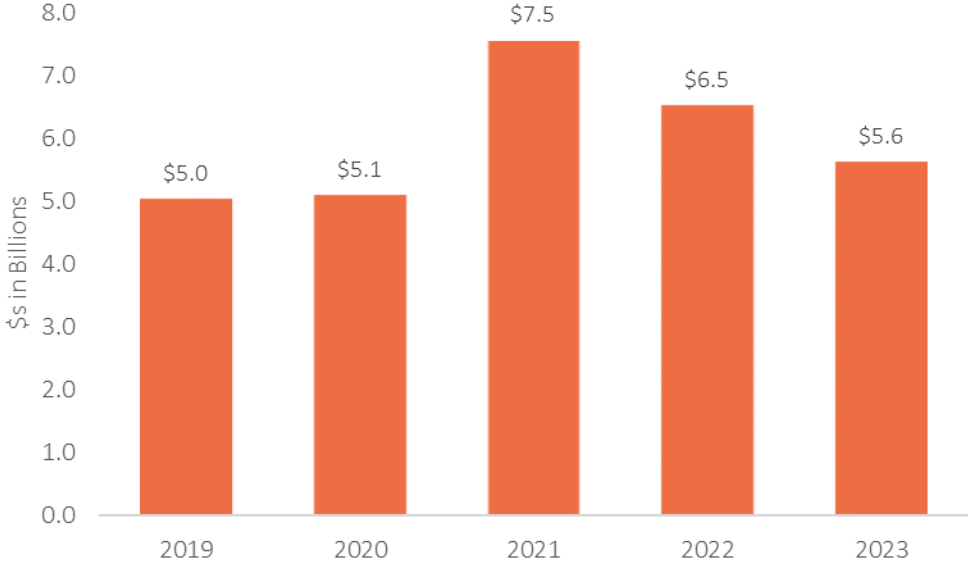
Source: Virginia REALTORS®, data accessed July 15, 2023

Sold Volume

Even though price levels are rising in many parts of Virginia, the slowdown in sales activity continues to dampen the sold dollar volume in the housing market. There was about \$5.6 billion of sold volume across the commonwealth in June, down about \$900 million from

this time last year. This represents a 13.7% reduction in sold volume in Virginia, the 13th consecutive month of a double-digit decline in volume.

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

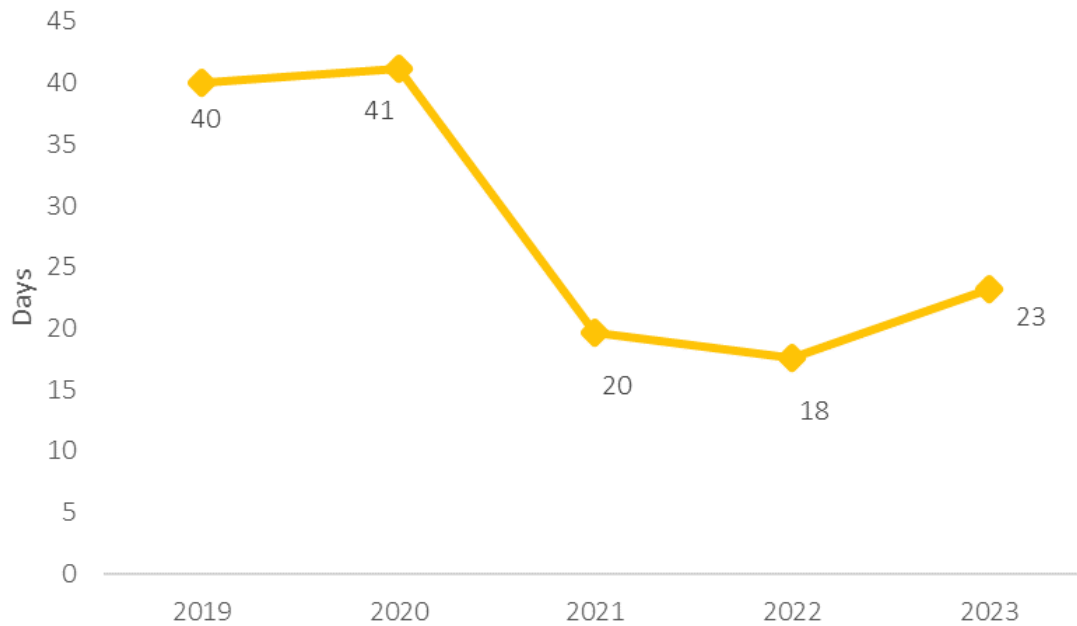


Source: Virginia REALTORS®, data accessed July 15, 2023

Days on Market

Homes that sold in Virginia in June were on the market 23 days on average, which is up from 18 days last June. The median days on market was just seven days in June, up one day from a year ago, a reflection of how competitive the market remains for buyers.

Figure 10. Average Days on Market, June

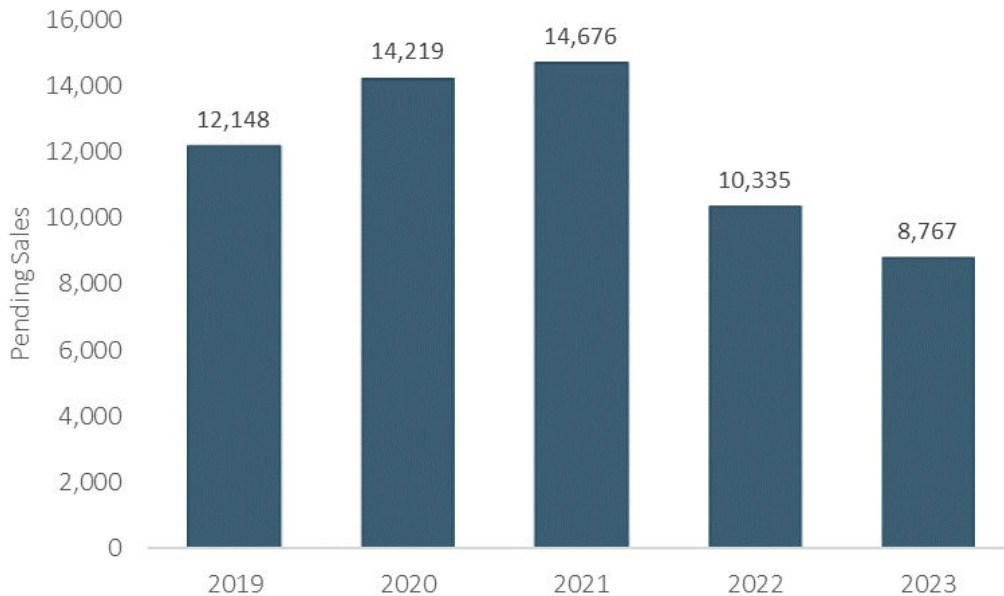


Source: Virginia REALTORS®, data accessed July 15, 2023

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 8,767 pending sales in June across the state, which is 1,568 fewer pending sales than a year ago, a 15.2% decrease. There was a 9.9% drop in pending sales between May and June 2023, which is a typical seasonal change.

Figure 11. Pending Sales, June



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

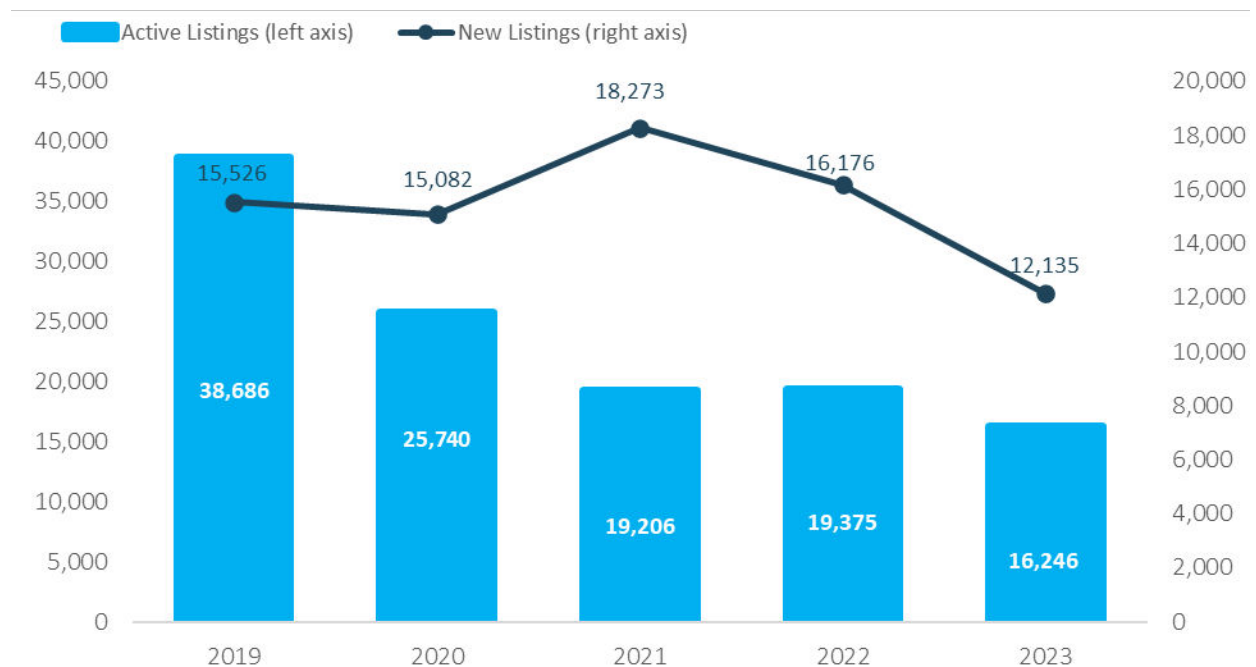
New Listings

New listings fell sharply, down 25.0% from last June. So far in 2023, just 63,440 new listings have come on the market (January through June), which is by far the lowest number of new listings in the Virginia housing market, midway through the year, in more than ten years. The closest comparison is 2022, when nearly 82,000 new listings had come on the market by June. For context, the average number of new listings January through June in the preceding decade was over 95,000 listings, more than 30,000 listings above the current level. This significant reduction in active sellers reflects the “lock-in effect” for homeowners who have little incentive to list their homes and lose historically low interest rates.

Active Listings

Lack of supply in Virginia’s housing market remains a significant constraint. There were just 16,246 active listings across Virginia at the end of June. This is 3,129 fewer listings than a year ago, representing a 16.1% decrease.

Figure 12. Inventory, June

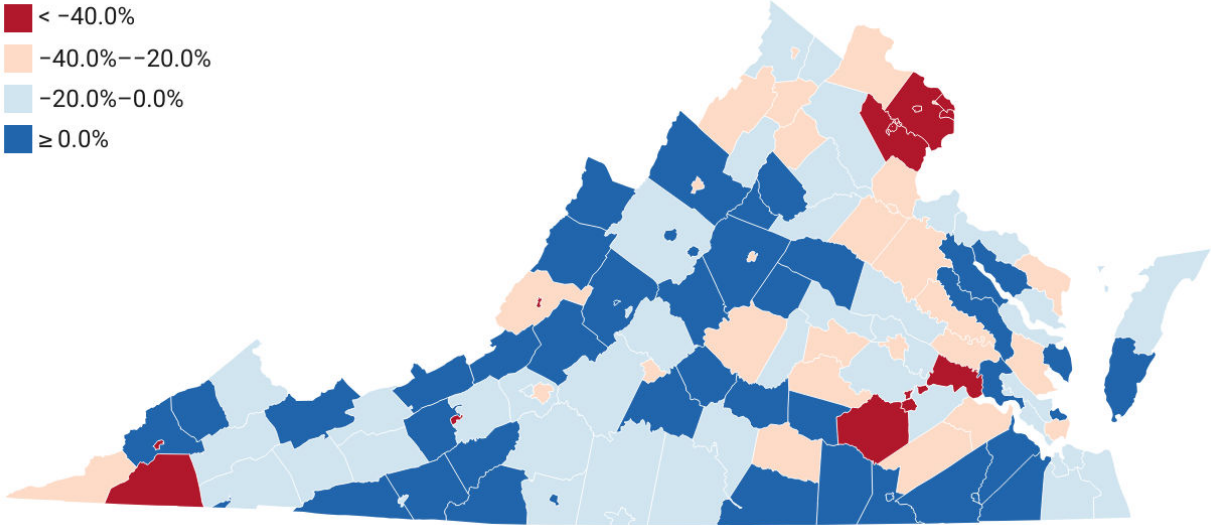


Source: Virginia REALTORS®, data accessed July 15, 2023

Note: Active listings at the end of the month

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

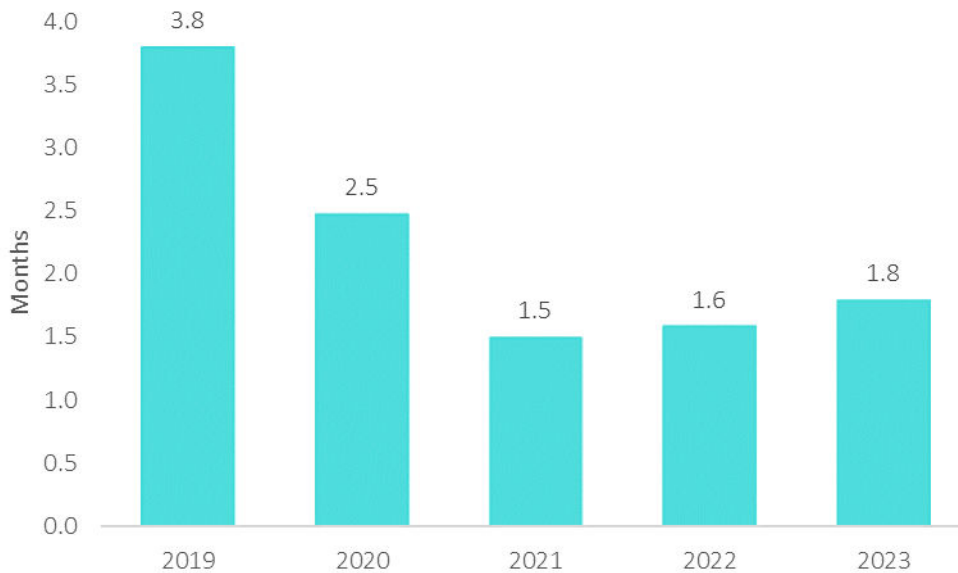
Change in Month End Inventory, 2022 to 2023



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

About 66% of counties and cities in Virginia had fewer active listings on the market at the end of June compared to a year ago. The largest decline in supply this month was in Northern Virginia, the Fredericksburg region, and parts of the Richmond Metro Area. Inventory levels rose in the Shenandoah Valley, specifically the Harrisonburg Region and the Rockbridge-Highlands market, as well as the Eastern Shore region. There was approximately 1.8 months of supply in Virginia’s housing market in June 2023, up from 1.6 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, July



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

Outlook

The first half of 2023 has been sluggish yet competitive in Virginia's housing market. What is driving the market into these unique conditions? Are these factors shifting? Here are three things to keep an eye on as we continue through the summer market:

- The inventory shortage continues to be a major impediment in the housing market. Demand fundamentals in the market remain strong, but there are not enough active listings to meet the demand. This dynamic is likely to be with us for a while, as homeowners who don't need to move are opting to remain in their homes to keep their low interest rates. New home construction will help add some supply to the market and builder sentiment has been improving since earlier this year, but the amount of impact to the overall supply will likely be minimal. The low supply will likely keep sales activity below average in the coming months.
- Another byproduct of the inventory shortage is upward pressure on home prices. As buyers are competing for the small pool of homes available, it is keeping home prices firm and rising in many local markets. Sellers continue to get above asking price on average, and the median days on market was just seven days in June. Typically, when the market cools and there are fewer sales, we would see these metrics trending in the opposite direction; softening prices, lower average sold-to-list price ratio, and longer days on market. The low supply is keeping the market very competitive even as transaction volume is way down, and this will continue to be a factor in the summer market and beyond.
- Mortgage interest rates have been all over the place so far this year. The 30-year fixed rate dipped near 6% in early February but then shot back up to around 6.75% about a

month later. Rates have since approached 7% before retreating this week. This volatility is likely to continue in the coming weeks and months as uncertainty in the economy lingers and the bond market and lenders continue to adjust to these changing conditions.



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.