



RESEARCH STATISTICS

Virginia

HOME SALES REPORT

JULY 2023

Virginia Home Sales Report

July 2023

Key Takeaways

- There were 8,985 homes sold in Virginia in July, a 20.8% decrease from last year, or 2,361 fewer sales. Rising interest rates and low supply levels continue to keep sales activity muted in Virginia's housing market, a trend that has been consistent for much of the year.
- The statewide median sales price rose \$15,000 from July of last year to \$400,000. This represents a 3.9% price gain. Most local markets in Virginia continue to see home prices climb despite fewer sales due to the tight inventory conditions.
- There was approximately \$4.4 billion of sold volume in Virginia's housing market in July, which is about \$900 million less sold volume than this time last year, a 16.8% decline.
- At the end of July there were 16,508 active listings across the commonwealth, which is 3,881 fewer listings than a year ago, a 19% drop. There were 10,948 new listings that came onto the market in July statewide, which is about 2,800 fewer new listings than last year (-20.3%). Would-be sellers continue to hesitate to list their homes due to the current interest rate levels and low supply of homes on the market to move into.

July 2023 Housing Market Summary

	Jul-22	Jul-23	Change	% Change	YTD 2022	YTD 2023	Change	% Change
Sales	11,346	8,985	-2,361	-20.8%	77,378	59,344	-18,034	-23.3%
Median Sales Price (\$)	385,000	400,000	15,000	3.9%	380,000	390,000	10,000	2.6%
Sales Volume (\$ billions)	5.3	4.4	-0.9	-16.8%	36.5	28.6	-7.9	-21.6%
Average Days on Market	20	23	3	17.6%	22	29	7	33.1%
Pending Sales	9,243	8,317	-926	-10.0%	71,655	58,013	-13,642	-19.0%
New Listings	13,745	10,948	-2,797	-20.3%	95,519	74,388	-21,131	-22.1%
Active Listings (end of the month)	20,389	16,508	-3,881	-19.0%	20,389	16,508	-3,881	-19.0%
Months of Supply	1.7	1.8	0.1	4.9%	1.7	1.8	0.1	4.9%

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

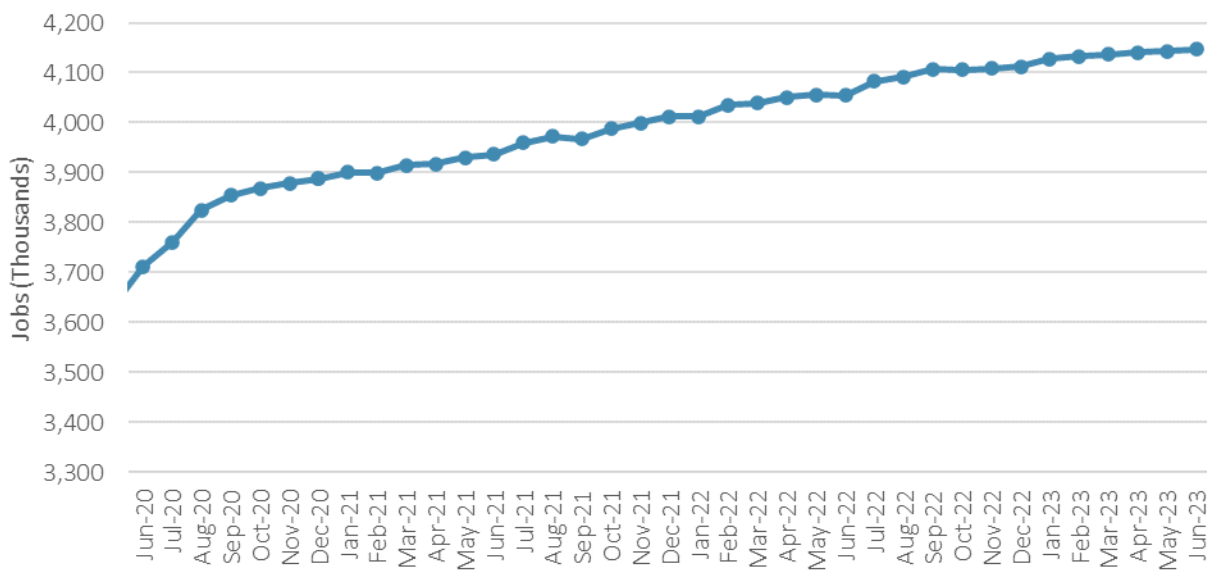
Overview

The economy has been showing signs of slowing for much of 2023, but resiliency in the job market and consumer spending has helped to keep recession chatter at bay for now. Virginia continues to add jobs to its economy and unemployment remains low. Mortgage rates reached a 20-year high this week, which will continue to have a cooling effect on the housing market.

Jobs

There were about 4.15 million jobs in Virginia in June 2023, which is approximately 2,900 more jobs than the revised May 2023 total. Virginia's job market has been growing at a pretty consistent pace for most of 2023, but the pace of growth has moderated from 2022 levels.

Figure 1. Total Jobs in Virginia (in thousands)



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

Most of the jobs added between May and June 2023 in Virginia were State Government sector jobs (+4,500), Health Care and Social Assistance jobs (+2,700), and Professional and Technical Services jobs (+2,200). The Construction sector shed 3,200 jobs from May, and the Administrative & Waste Management sector had a drop of 3,100 jobs.

Within Virginia's metro areas, the strongest percentage growth in jobs this month was in Harrisonburg (+1.0%) and Winchester (+0.4%). The largest net gain in jobs was in Northern Virginia (+4,600 jobs). The Richmond metro area had the largest decline in jobs, down 0.5%, or 3,900 jobs from last month. The Hampton Roads region shed 2,200 jobs (-0.3%).

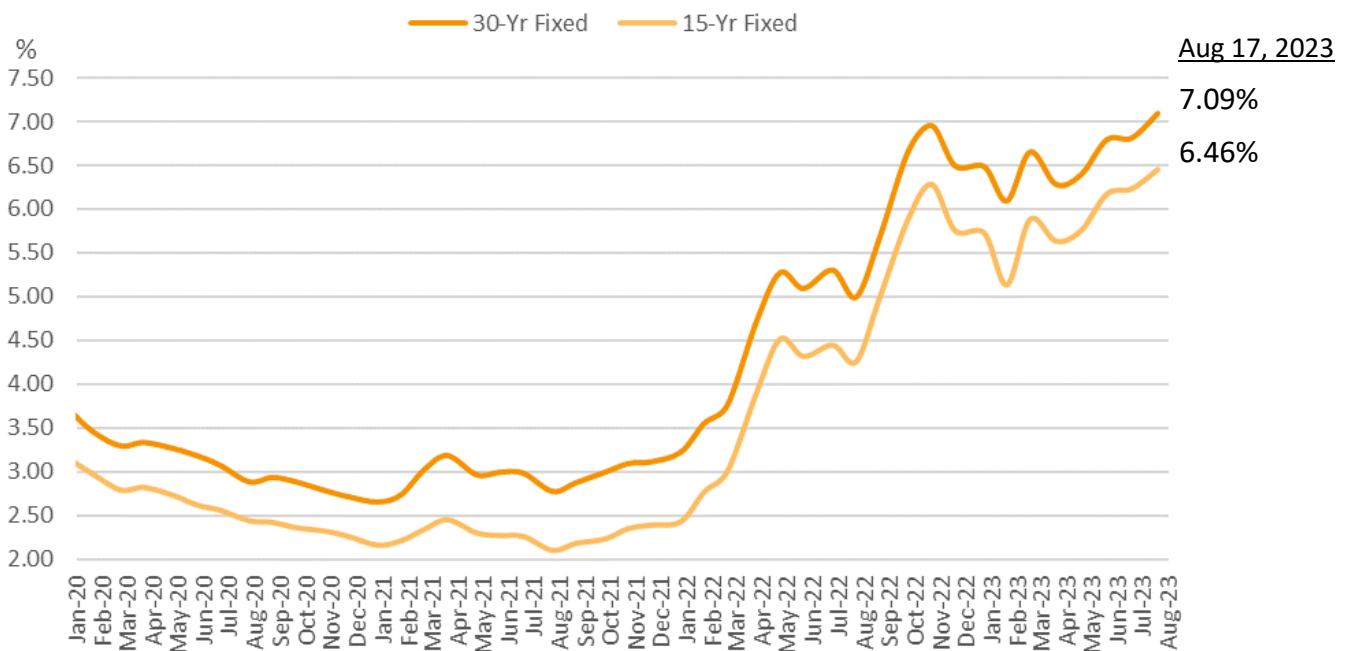
Unemployment

After plateauing in the first three months of 2023, Virginia's unemployment rate continues to fall to historically low levels. In June 2023, the statewide unemployment rate declined to 2.7%, which is down from 2.9% the prior month. The national unemployment rate was 3.6% in June, dipping from 3.7% in May.

Mortgage Rates

Mortgage rates have been trending up for five straight weeks and are now back above 7%. The average rate for a 30-year fixed mortgage in the U.S. as of August 17th was 7.09%. This is the first time rates have eclipsed 7% since last November, and is the highest the 30-year fixed rate has been since the spring of 2002, more than two decades ago.

Figure 2. Mortgage Rates



Source: Freddie Mac

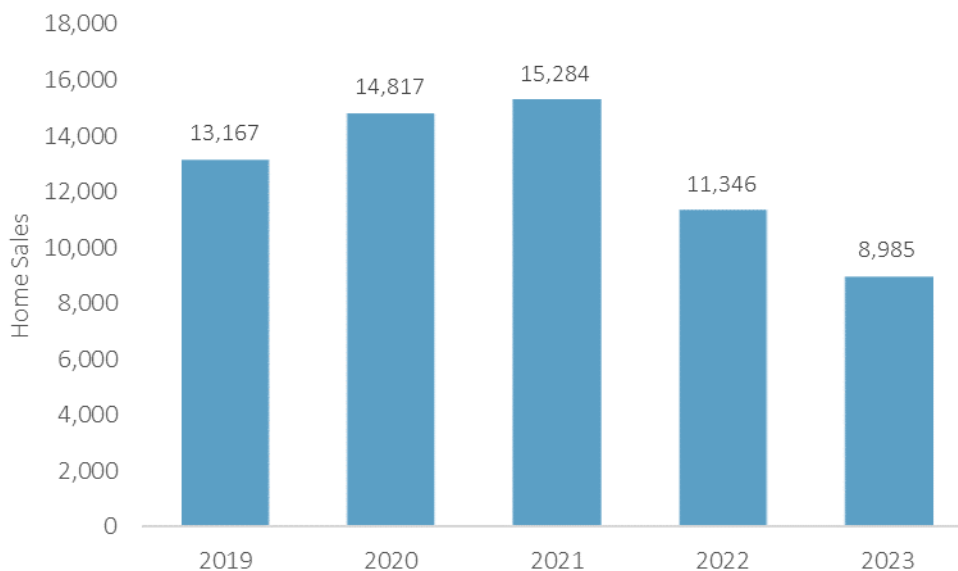
Housing Market Overview

2023 has been a slow year in Virginia’s housing market as we head into the second half of the year. Sales and pending sales are well below last year’s level, which is pulling down the sold dollar volume in the market. Despite the cooldown, home prices continue to climb as inventory remains tight. The number of active listings on the market is getting smaller again, and fewer new listings are coming on the market.

Sales

Sales activity remains slow in Virginia’s housing market. There were 8,985 home sales across the commonwealth in July. This is 2,361 fewer sales than July last year, representing a 20.8% decline. Home sales fell 18.3% between June and July, which is a typical seasonal drop. The largest decrease in sales this month was in the Chesapeake Bay & Rivers region, the Shenandoah Valley, and the Richmond metro area. The South Central region of Virginia was the only area to have an uptick in sales activity compared to last July.

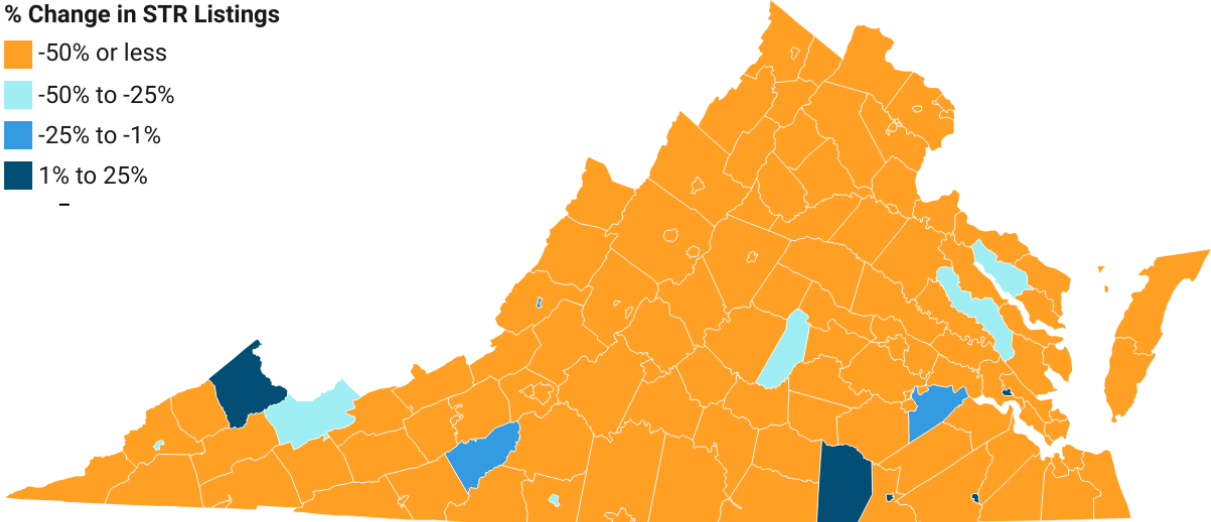
Figure 3. Virginia Home Sales, July



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

Figure 4. County/City Home Sales, July YTD

Change in Home Sales, July YTD 2022 to July YTD 2023



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

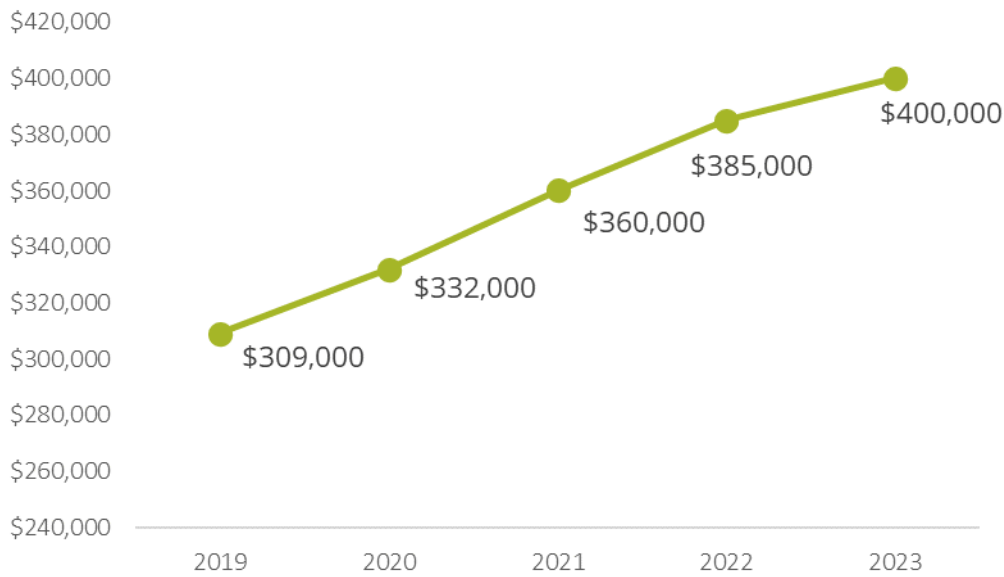
Home Prices

Upward pressure on home prices remains a factor in most local markets in Virginia as inventory conditions tighten even more. At \$400,000, the statewide median sales price climbed \$15,000 from last July, which is a 3.9% gain. The median home price in Virginia is now more than \$100,000 higher than it was at this time five years ago, a reflection of the rapid price growth that occurred in local markets around the commonwealth in recent years.

Nearly six out of every ten counties and cities in Virginia had a higher median sales price in July than last year (59%). The strongest price growth this month was in Central Virginia and parts of the New River Valley region.

Sellers continue to get over their asking price on average. The average sold-to-list price ratio in Virginia in July was 101.0%, which is down from 101.2% in June. With the exception of homes priced below \$200,000, all price bands continue to have a sold price above list price on average. These trends reflect the competitiveness of the market amid the constrained inventory. Homes that sold for \$400,001 to \$600,000 had an average sold-to-list price ratio of 101.4%. Homes priced above \$800,000 had the highest average sold-to-list price ratio at 101.8%.

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



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

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

Price Range	Ratio
\$200,000 or less	98.8%
\$200,001 to \$400,000	101.2%
\$400,001 to \$600,000	101.4%
\$600,001 to \$800,000	101.6%
\$800,001 or more	101.8%
All price levels	101.0%

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

Most homes that sold in Virginia in July were priced between \$200,001 and \$400,000 (40.8%). The second highest proportion of sales were in the \$400,001 to \$600,000 price range (24.6%). Homes that sold for less than \$200,000 represented about 9.7% of all sales in July, while homes that sold above \$800,000 accounted for 12.3% of all sales statewide.

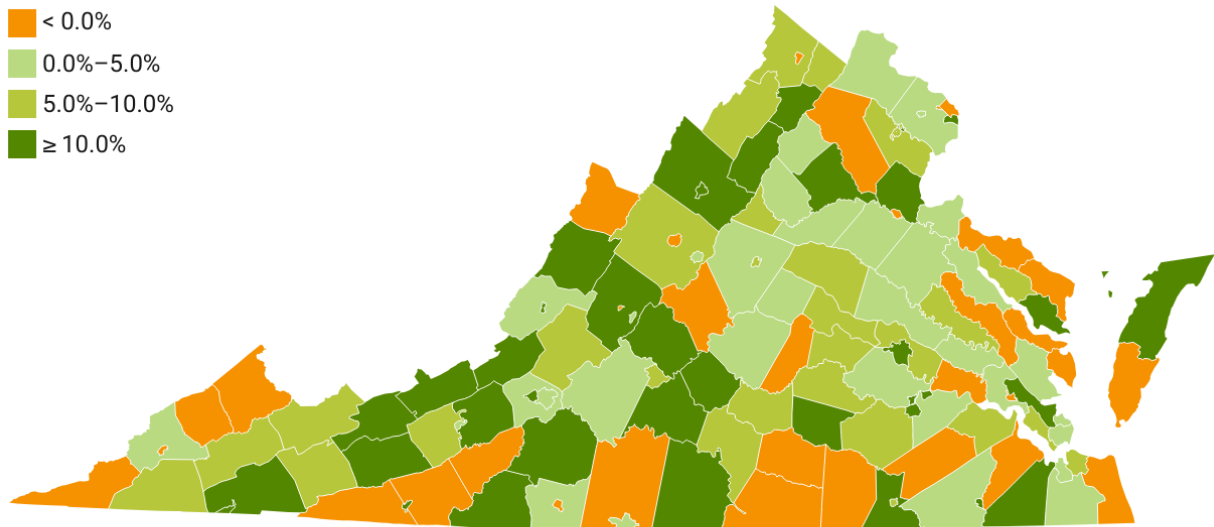
Figure 7. Sales by Price Range, July



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

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

Change in Median Sales Price, 2022 to 2023

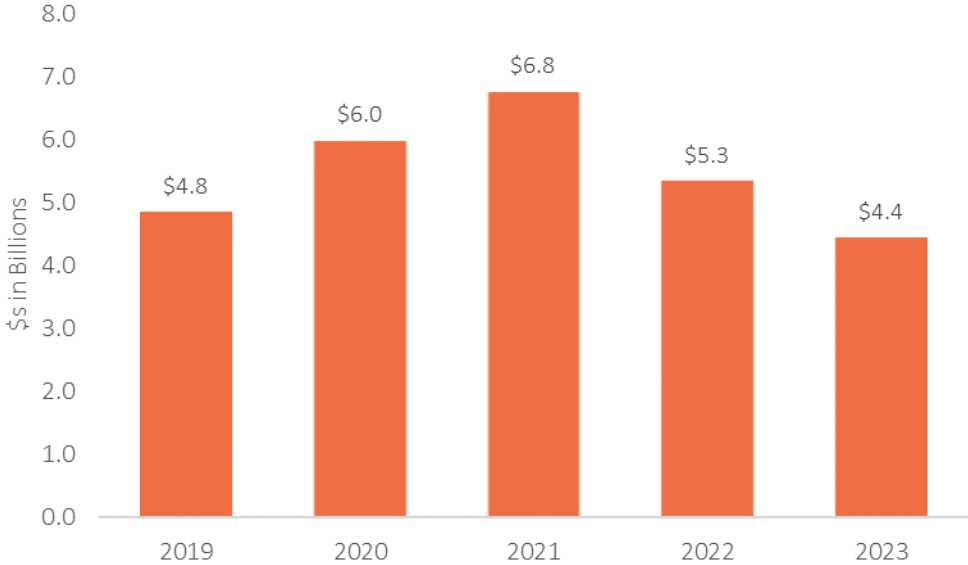


Source: Virginia REALTORS®, data accessed August 15, 2023

Sold Volume

While home prices are trending up in most places, fewer sales transactions continue to pull down the sold dollar volume in Virginia’s housing market. There was approximately \$4.4 billion of sold volume statewide in July, which is about \$900 million less volume than last July, a 16.8% decline.

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

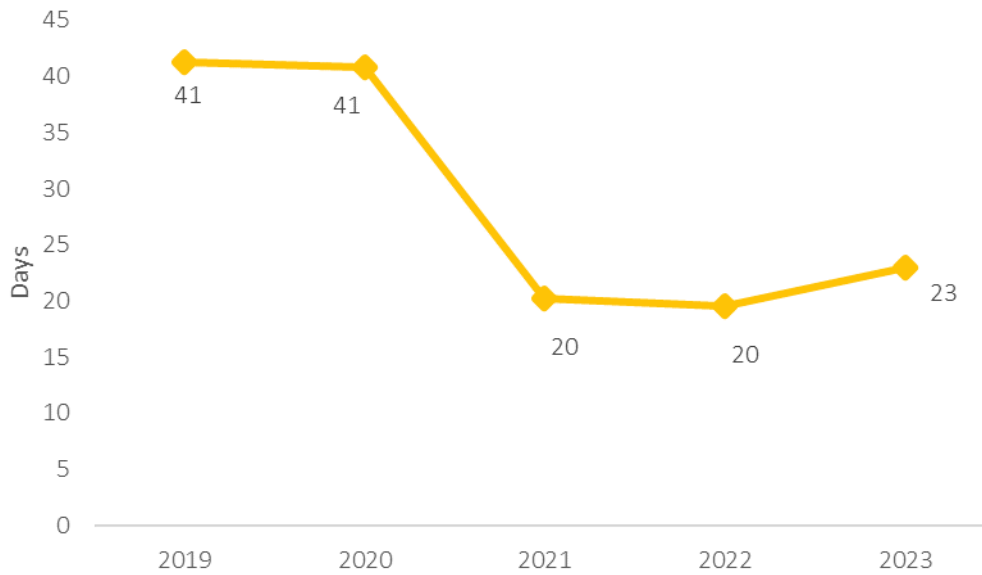


Source: Virginia REALTORS®, data accessed August 15, 2023

Days on Market

Homes continue to sell quickly in Virginia. The average days on market statewide in July was 23 days, up three days from last year. The median sales on market in Virginia was only eight days, down one day from a year ago. The short amount of time that homes are staying on the market reflects how competitive it is for buyers. For context, the average days on market in Virginia in July five years ago (2018) was 48 days, which is more than twice the amount of time it took to sell a home in July 2023, even though transaction volume now is much lower than it was in 2018. This dynamic is being driven by the low supply of homes available in the market.

Figure 10. Average Days on Market, July

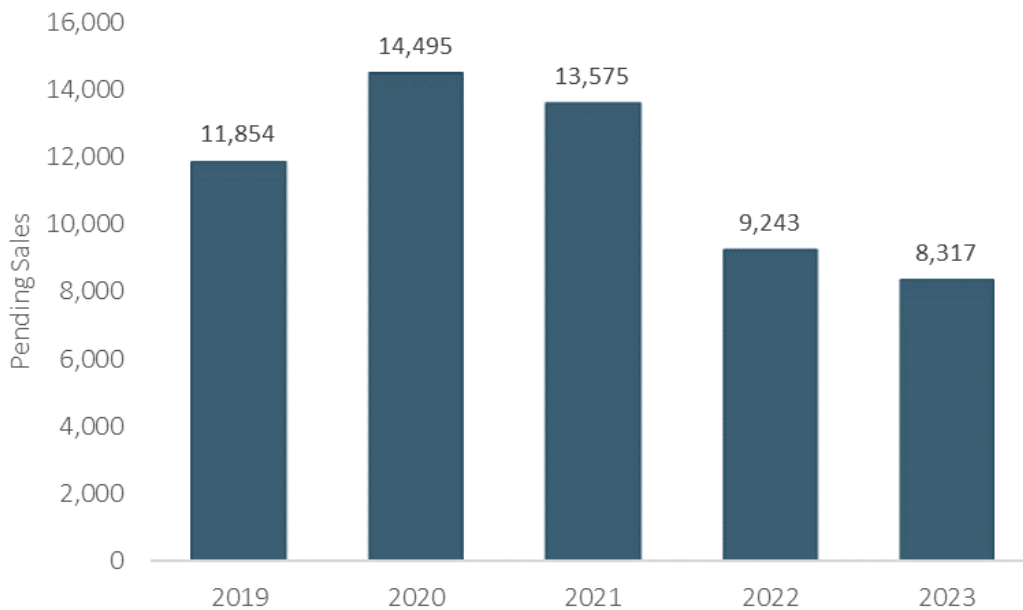


Source: Virginia REALTORS®, data accessed August 15, 2023

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 8,317 pending sales in Virginia in July, a reduction of 926 pending sales, or a 10% drop. Pending sales fell 5.1% between June and July 2023, which is a typical seasonal decline.

Figure 11. Pending Sales, July



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

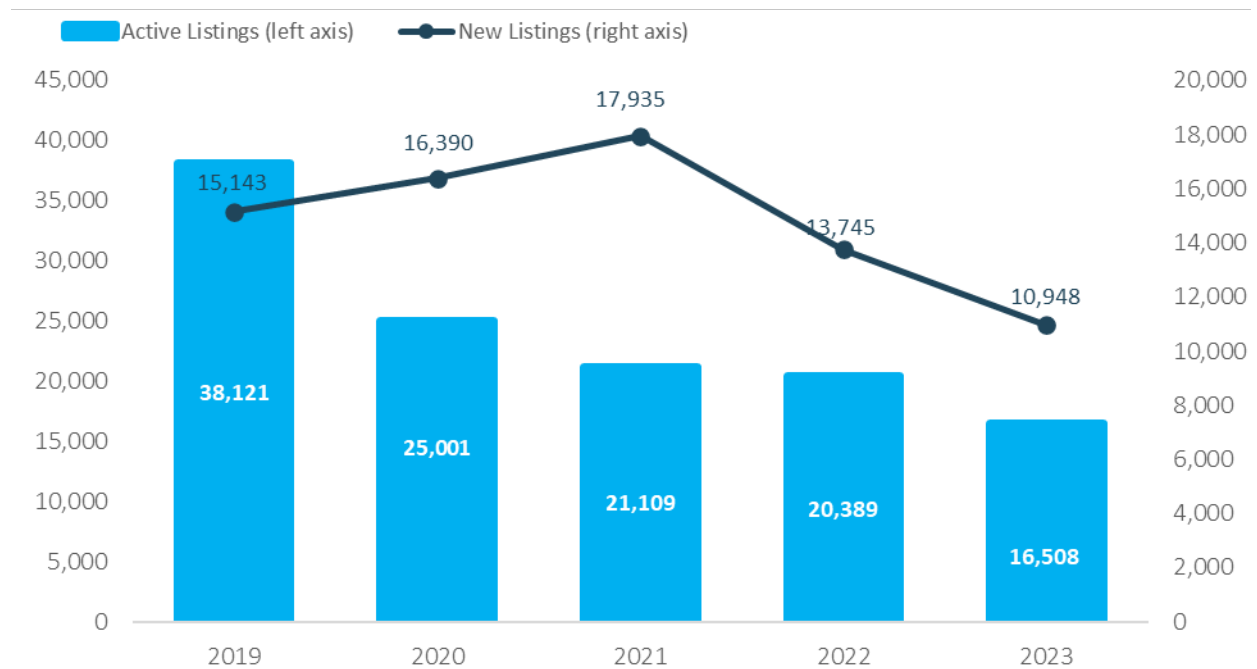
New Listings

There were 10,948 new listings that came on the market in Virginia in July, down 20.3% from a year ago. This is nearly 2,800 fewer listings, a reflection of the “lock-in” effect that is keeping homeowners in their homes instead of selling and thereby losing the low mortgage rates that most are locked into. According to data from the Federal Housing Finance Agency, about 62% of homeowners have a mortgage rate below 4% (as of Q1-2023).

Active Listings

Inventory conditions are worsening again in Virginia’s housing market. There were 16,508 active listings across the state at the end of July. This is 3,881 fewer listings than a year ago, representing a 19.0% decrease.

Figure 12. Inventory, July

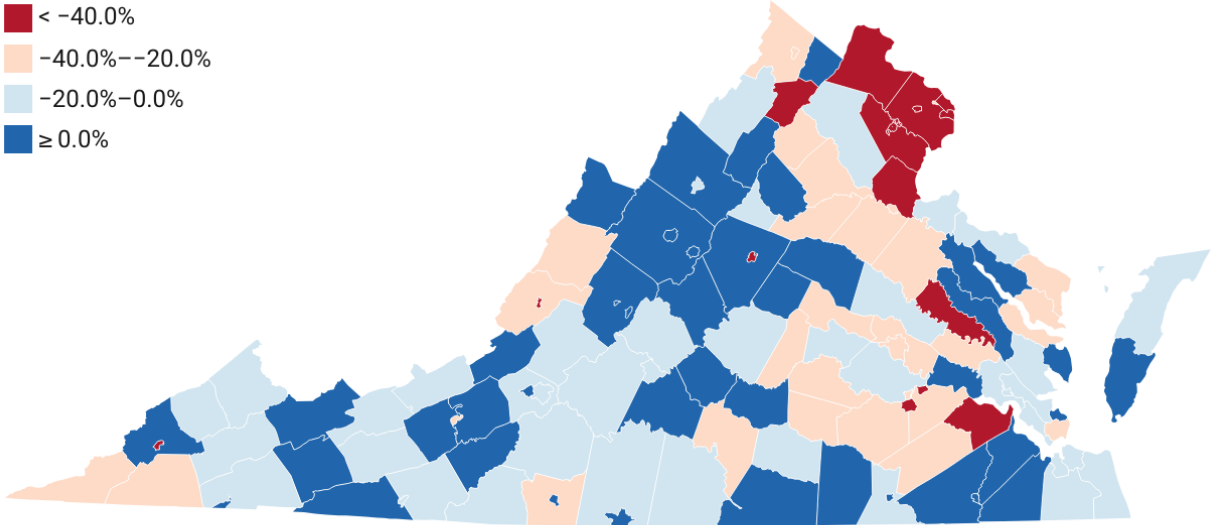


Source: Virginia REALTORS®, data accessed August 15, 2023

Note: Active listings at the end of the month

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

Change in Month End Inventory, 2022 to 2023

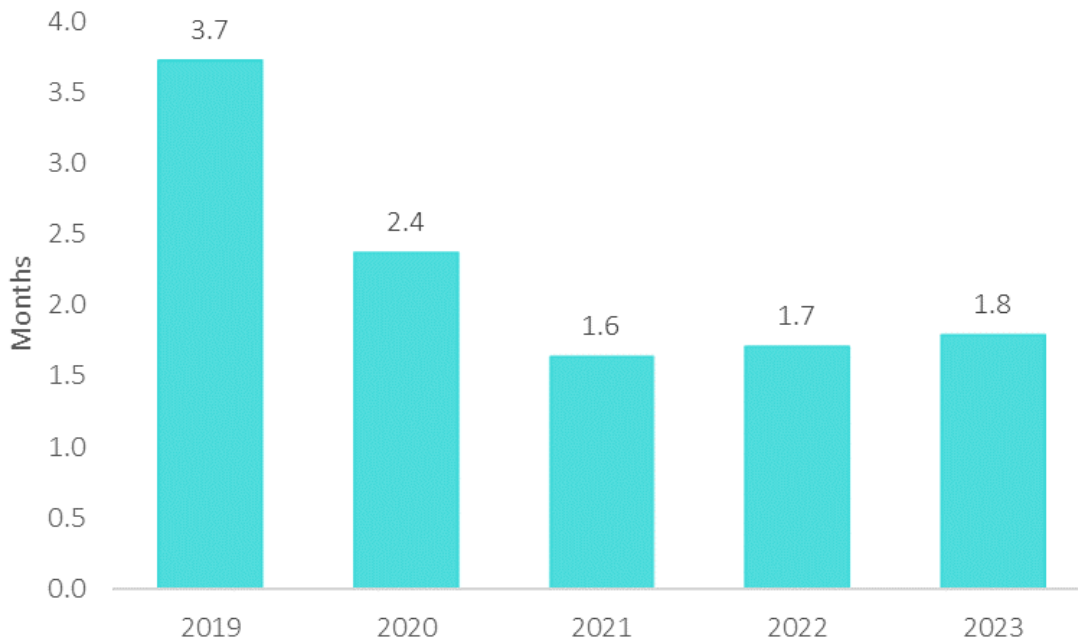


Created with Datawrapper

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

About 67% of counties and cities in Virginia had fewer active listings on the market at the end of July compared to a year ago. Northern Virginia continues to have the largest reduction in supply. The Fredericksburg region also had a sharp drop in listings. There was approximately 1.8 months of supply in Virginia's housing market in July 2023, up from 1.7 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 August 15, 2023

Outlook

Slow conditions persist in Virginia’s housing market but remain competitive in many local areas. Here are three things to expect as we enter the Fall market:

- Conditions in Virginia’s housing market remain tough for both buyers and sellers. Buyers are faced with climbing prices, mortgage rates at 20-year highs which have reduced purchasing power, fewer listings to choose from, and competition from the pent-up demand in the market. Sellers are facing essentially the same set of challenges, as most sellers are also buyers; looking for their next home to move into. These conditions have cooled Virginia’s housing market significantly in 2023 and are likely to remain a factor in the months ahead.
- The supply of active listings in Virginia was growing in Q4 of 2022 and Q1 of this year, but the trend was short-lived, as the number of homes on the market has been well below last year’s level for several months now. Fewer new listings are coming on the market, so the inventory is not being replenished as sales occur. This is being driven by the “lock-in effect” as homeowners have little incentive to sell their homes and lose the low interest rates that many locked into when mortgage rates were historically low. This dynamic is unlikely to subside anytime soon with mortgage rates eclipsing 7%. Even if mortgage rates dip, they will still be much higher than they were during the refinance boom of 2020 and 2021.
- Virginia’s housing market has been slow and competitive so far in 2023. Transaction volume is way down, but homes are still selling in about a week (median days on

market), and sellers are getting above their asking price on average. The latest Virginia REALTORS® Flash Survey results from July indicate sellers are getting more than three offers on average on their listings. These competitive conditions are also pushing up home prices and will continue to be a factor in the fall market and beyond.



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.

All inquiries regarding this report may be directed to:

Robin Spensieri
Virginia REALTORS® Vice President of Communications and Media Relations
rspensieri@virginiarealtors.org
804-622-7954

Data and analysis provided by the Virginia REALTORS® Research Team:

Ryan Price
Virginia REALTORS® Chief Economist
rprice@virginiarealtors.org

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.