



RESEARCH STATISTICS

Virginia

HOME SALES REPORT

AUGUST 2023

Virginia Home Sales Report

August 2023

Key Takeaways

- In August 2023, there were 9,456 sales in Virginia's housing market. This is 2,237 fewer sales than last August, reflecting a 19.1% plunge in market activity. Climbing mortgage rates are keeping both potential buyers and potential sellers on the sidelines which is slowing the market.
- At \$400,000, the statewide median sales price in August was \$26,100 higher than a year ago, a 7% price gain. The low supply of homes on the market continues to put upward pressure on home prices in most local markets in Virginia despite the cooldown in sales activity.
- There was about \$4.7 billion of sold volume in Virginia's housing market in August, which is about \$500 million less sold volume than this time last year, a 9.7% drop. While home prices continue to rise, the sharp decline in closed sales brought down the sold dollar volume.
- Supply levels continue to get tighter in Virginia's housing market. There were 17,417 active listings on the market across the state at the end of August. This is 1,705 fewer listings than were active a year ago, an 8.9% decrease.

August 2023 Housing Market Summary

	Aug-22	Aug-23	Change	% Change		YTD 2022	YTD 2023	Change	% Change
Sales	11,693	9,456	-2,237	-19.1%		89,071	68,800	-20,271	-22.8%
Median Sales Price (\$)	373,900	400,000	26,100	7.0%		379,648	390,000	10,353	2.7%
Sales Volume (\$ billions)	5.3	4.7	-0.5	-9.7%		41.7	33.3	-8.4	-20.1%
Median Days on Market	11	8	-3	-27.3%		6	8	2	33.3%
Pending Sales	9,471	7,946	-1,525	-16.1%		81,126	65,959	-15,167	-18.7%
New Listings	12,056	11,362	-694	-5.8%		107,575	85,750	-21,825	-20.3%
Active Listings (end of the month)	19,122	17,417	-1,705	-8.9%		19,122	17,417	-1,705	-8.9%
Months of Supply	1.6	2.0	0.4	22.9%		1.6	2.0	0.4	22.9%

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

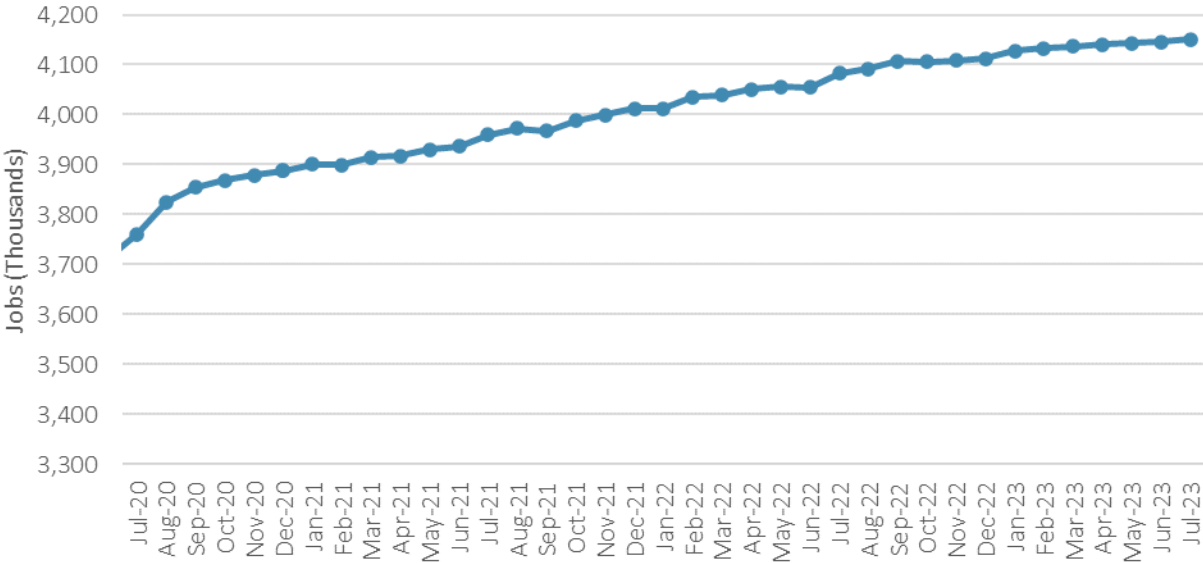
Overview

Virginia’s job market continues to grow and unemployment is still falling. Inflation has improved overall, but remains elevated above target levels. The Federal Reserve held rates steady at their September meeting, but have left one more rate hike on the table for this year.

Jobs

Virginia’s job base continues to expand. There were approximately 4.16 million jobs across the state in July, which is about 4,400 more jobs than the revised June 2023 total. Similar to the U.S. job market as a whole, Virginia’s job market has been resilient throughout the battle with inflation and rising interest rates.

Figure 1. Total Jobs in Virginia (in thousands)



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

The Construction Sector had the largest influx of jobs in Virginia between June and July (+1,400 jobs). The Health Care Sector added 1,000 jobs between June and July, and there were also 1,000 Local Government jobs added throughout Virginia. The sharpest drop in jobs this month occurred in the Professional and Technical Services Sector (-1,300 jobs), and Administrative and Waste Services Sector (-1,100 jobs).

The Northern Virginia region had the sharpest percentage increase in jobs this month, up 0.2% or 2,900 more jobs compared to June levels. The Richmond metro region had an influx of about 900 jobs (+0.1%), while Hampton Roads saw a decline of 2,800 jobs between June and July, a 0.4% decrease.

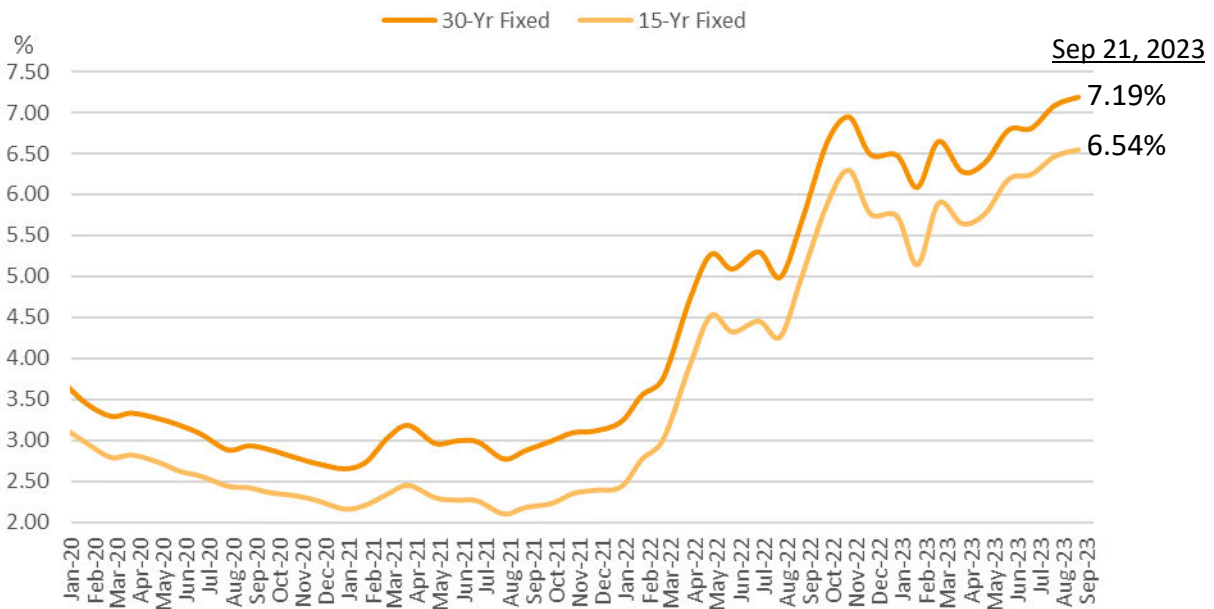
Unemployment

The unemployment rate in Virginia in July was 2.5%, down from 2.7% in June. This is the lowest the statewide unemployment rate has been since February 2020. The nationwide unemployment rate was 3.5% in July, down from 3.6% in June.

Mortgage Rates

The average rate for a 30-year fixed mortgage in the U.S. was 7.19% as of September 21, which inched up from 7.18% the prior week. Rates have been lingering above 7% now for six straight weeks. The last time mortgage rates hovered above 7% for this long was more than two decades ago in the spring of 2001.

Figure 2. Mortgage Rates



Source: Freddie Mac

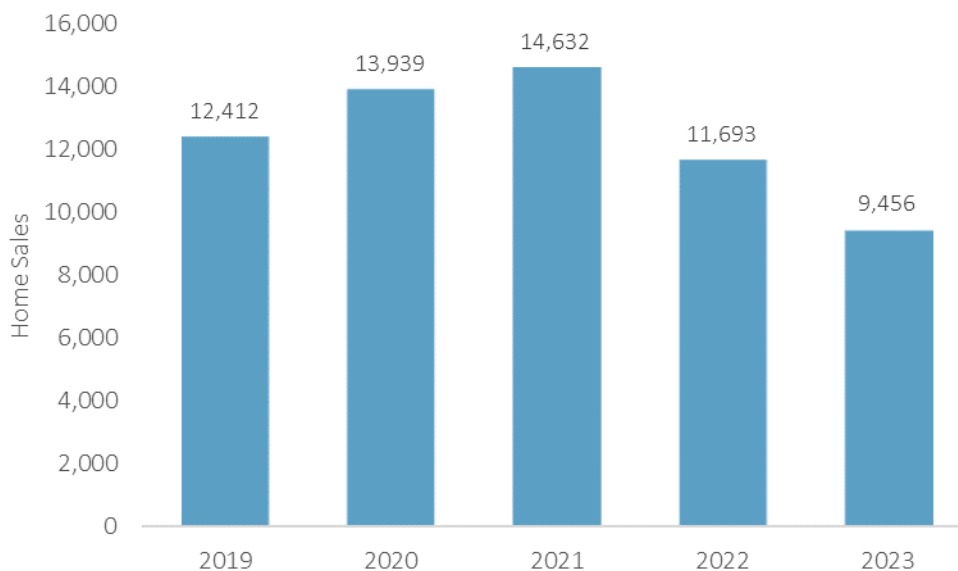
Housing Market Overview

Virginia's housing market continues to be sluggish through August. Both closed sales and pending sales are at about decade lows. Sold dollar volume is also way down as a result of fewer sales. Home prices continue to rise, and sellers are getting above their asking price on average, a reflection of the low supply of active listings in the market.

Sales

There were 9,456 sales throughout Virginia in August, which is 2,237 fewer than a year ago, a 19.1% drop. The last time the August housing market in Virginia was this slow was 2014 when there were 9,280 homes sold. Sales activity in Virginia Housing markets all across the state have been sluggish this year. So far through August, the sharpest slowdown has been in the Shenandoah Valley region, specifically the Harrisonburg area, parts of the Northern Virginia suburbs, and the Richmond metro region.

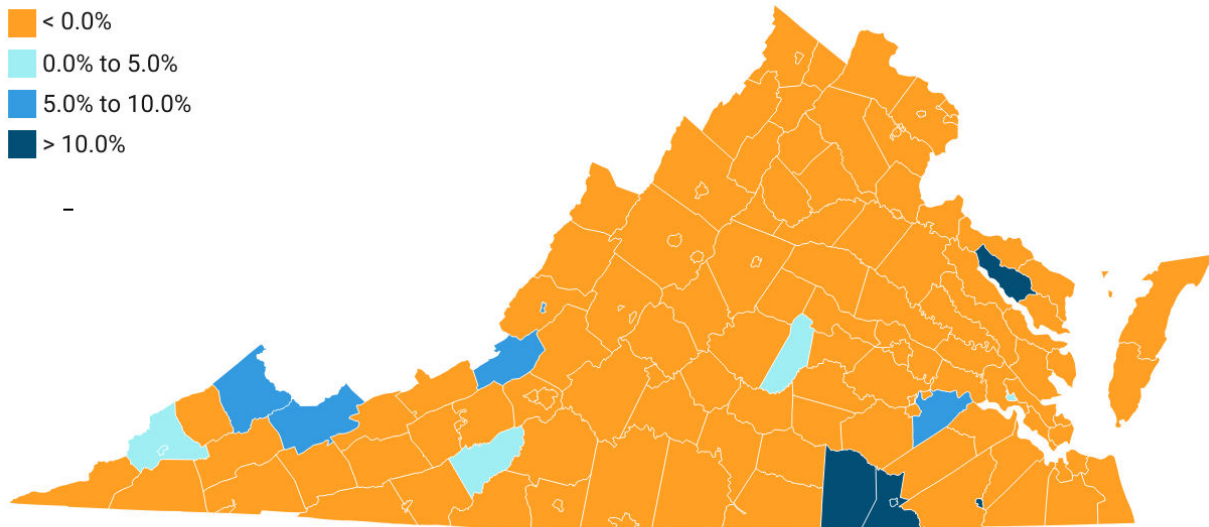
Figure 3. Virginia Home Sales, August



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

Figure 4. County/City Home Sales, August YTD

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



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

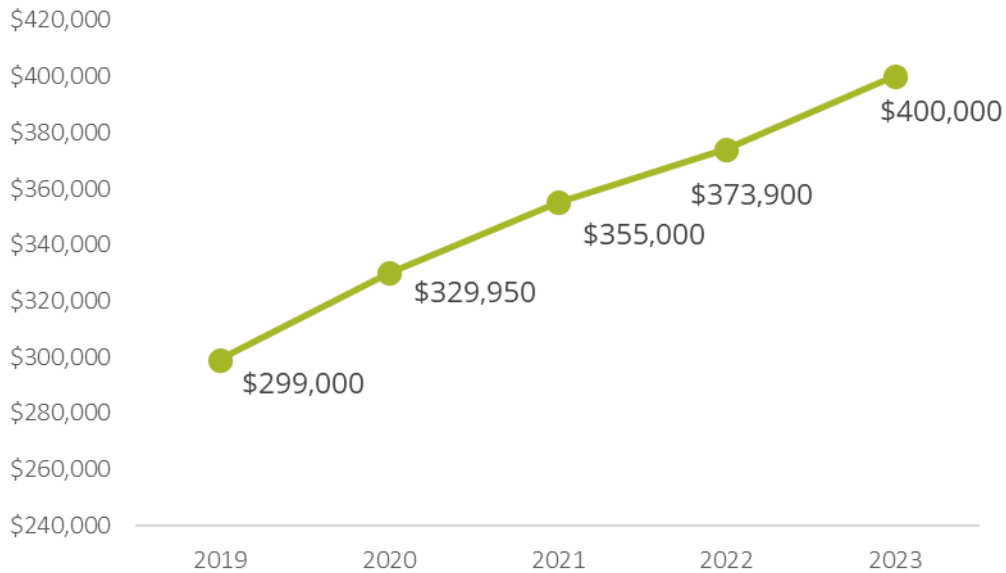
Home Prices

The August median sales price in Virginia was \$400,000, which is \$26,100 higher than last August, a 7.0% increase. The median sales price continues to climb even as market conditions cool due to the tight supply of active listings available in the market.

Most local housing markets in Virginia continue to see home prices rise. So far this year, the strongest price growth has been in the Lynchburg region, the Danville area, and parts of Central Virginia.

The low supply is keeping the market competitive for buyers. The average sold-to-list price ratio statewide in August was 100.6%. Within the price bands, most continue to be above 100%, meaning that sellers are getting above their asking price on average. Homes priced between \$400K and \$600K had an average sold-to-list price ratio of 100.8%. The higher end of the market, homes priced above \$800K, went for 100.7% of asking price on average.

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



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

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

Price Range	Ratio
\$200,000 or less	98.9%
\$200,001 to \$400,000	100.8%
\$400,001 to \$600,000	100.9%
\$600,001 to \$800,000	100.9%
\$800,001 or more	100.7%
All price levels	100.6%

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

Most homes that sold in Virginia in August were priced between \$200K and \$400K (40.8%). The second highest proportion of sales were in the \$400K to \$600K price range (24.5%). Homes that sold for more than \$800K represented about 12.4% of all sales in August, while homes that sold for less for \$200K or less accounted for 9.6% of all sales statewide.

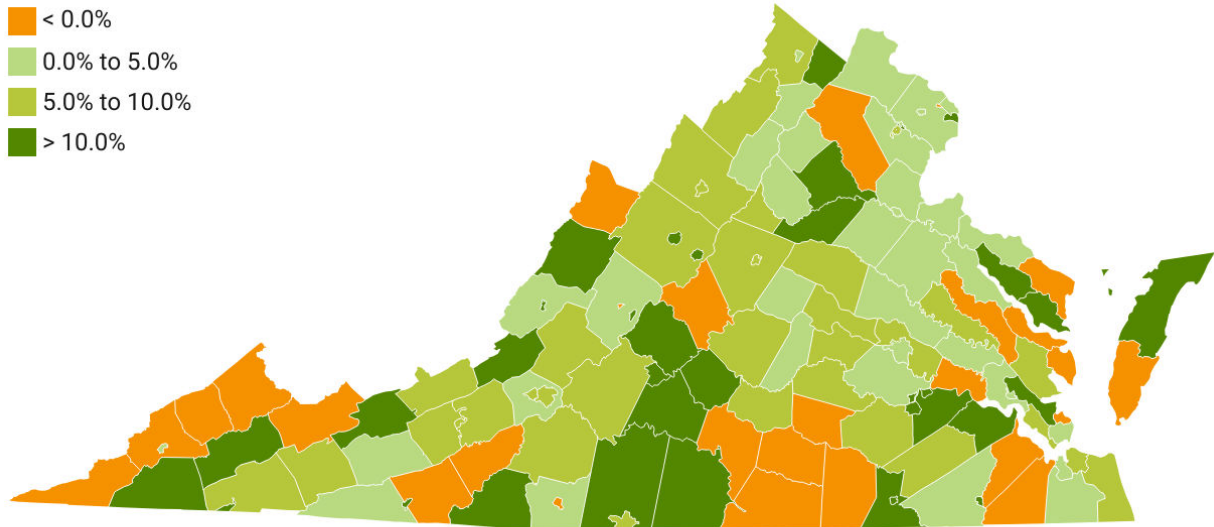
Figure 7. Sales by Price Range, August



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

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

Change in Median Sales Price, 2022 to 2023

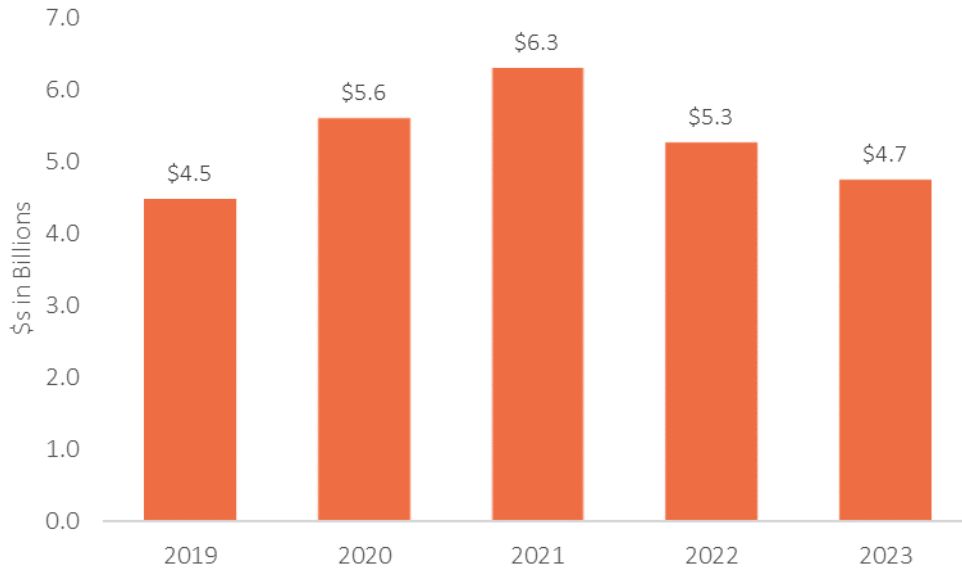


Source: Virginia REALTORS®, data accessed September 15, 2023

Sold Volume

There was about \$4.7 billion of sold volume in Virginia in August, a reduction of approximately \$500 million from last August, reflecting a 9.7% drop in volume. The sharp slowdown in sales continues to drive down the total sold dollar volume in Virginia despite climbing home prices.

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

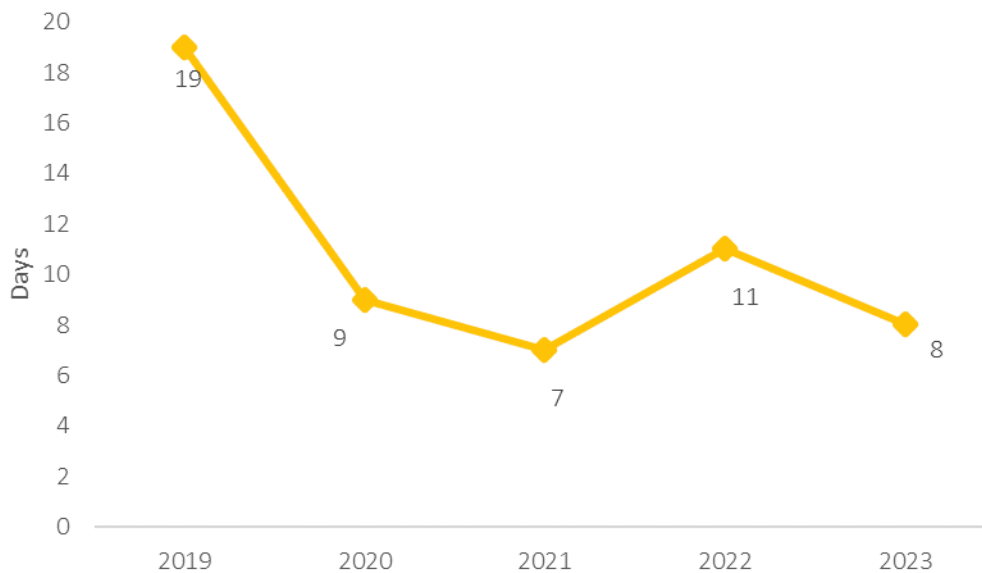


Source: Virginia REALTORS®, data accessed September 15, 2023

Days on Market

Housing markets across the state remain competitive as reflected in how quickly homes are selling. The median days on market in Virginia in August was just eight days. This is down from 11 days in August of last year, and down from 22 days in August five years ago. The robust pipeline of buyers coupled with the tight supply of homes is keeping the market competitive amid lower transaction volume.

Figure 10. Average Days on Market, August

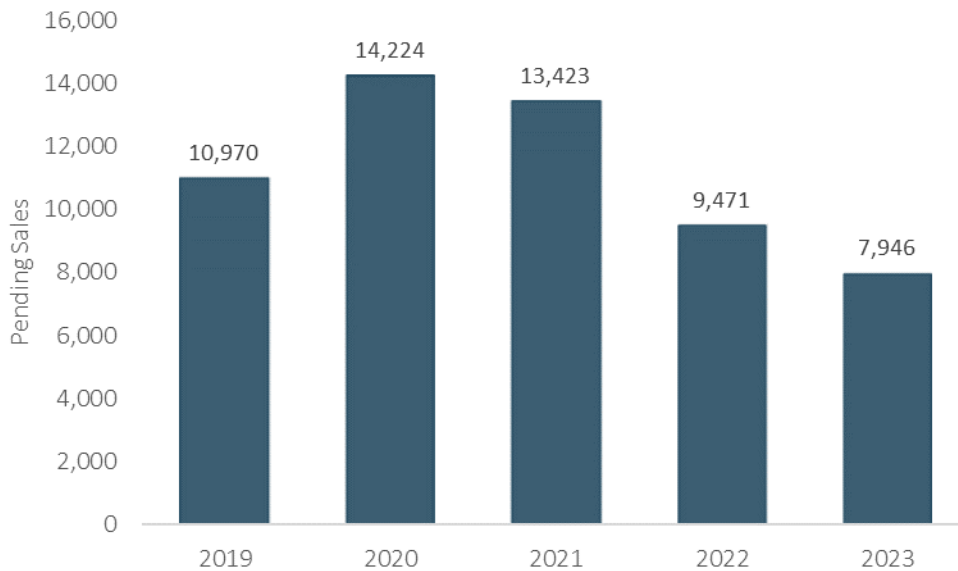


Source: Virginia REALTORS®, data accessed September 15, 2023

Pending Sales

Higher interest rates and tight inventory are keeping the number of contracts lower than last year. There were 7,946 pending sales in August statewide in Virginia, a 16.1% drop from a year ago. This is a reduction of 1,525 pending sales in housing markets throughout the state. Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. The decrease this month points to a slow start to the Fall market in terms of closed sales activity.

Figure 11. Pending Sales, August



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

New Listings

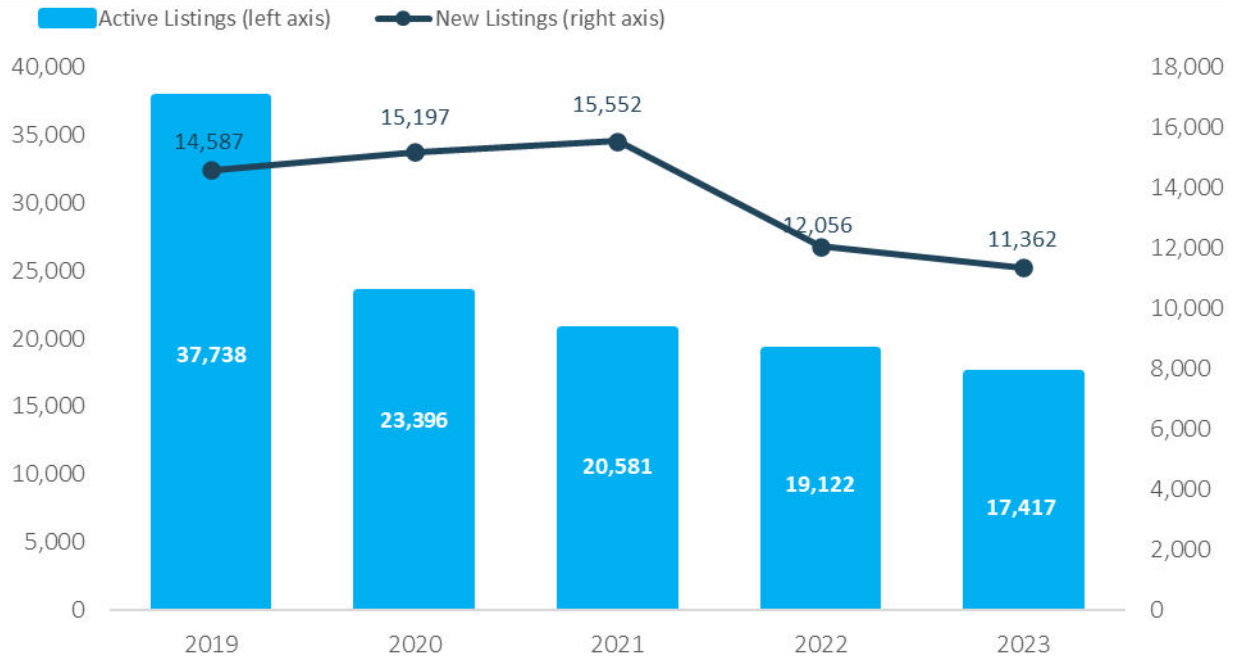
There were 11,362 new listings added to the market in August around Virginia. This is 694 fewer new listings than there were in August of last year, representing a 5.8% decrease.

Many would-be sellers continue to have little incentive to list their homes and move given the current interest rate environment and the lack of inventory to move into.

Active Listings

There were 17,417 homes on the market at the end of August statewide, an 8.9% decrease from last year, or 1,705 fewer active listings. After rising last Fall and Winter, the number of active listings has been tightening in Virginia's housing market since the Spring, shrinking for six consecutive months compared to the prior year.

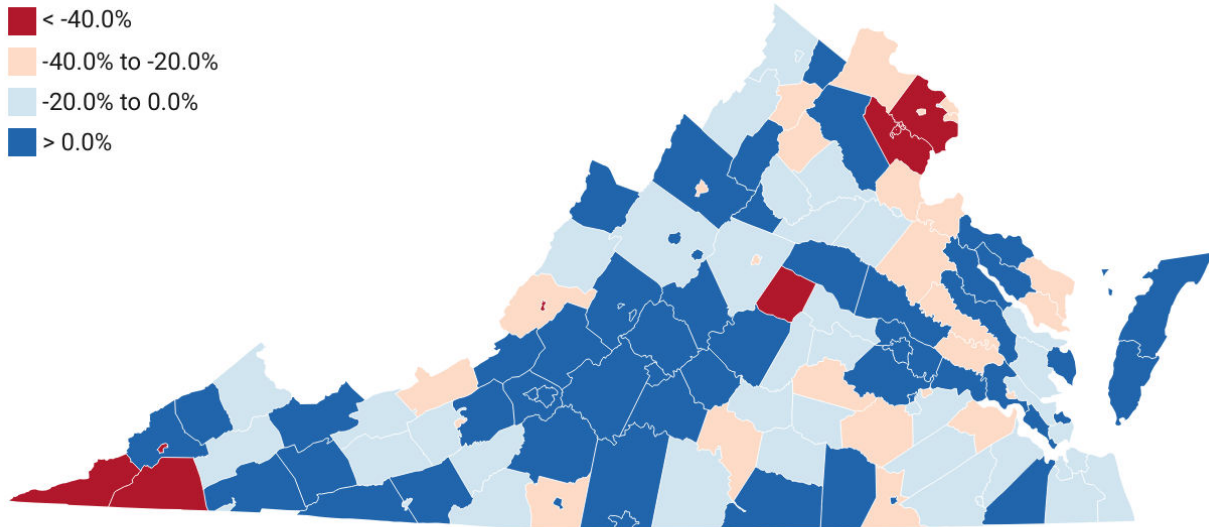
Figure 12. Inventory, August



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

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

Change in Month End Inventory, 2022 to 2023



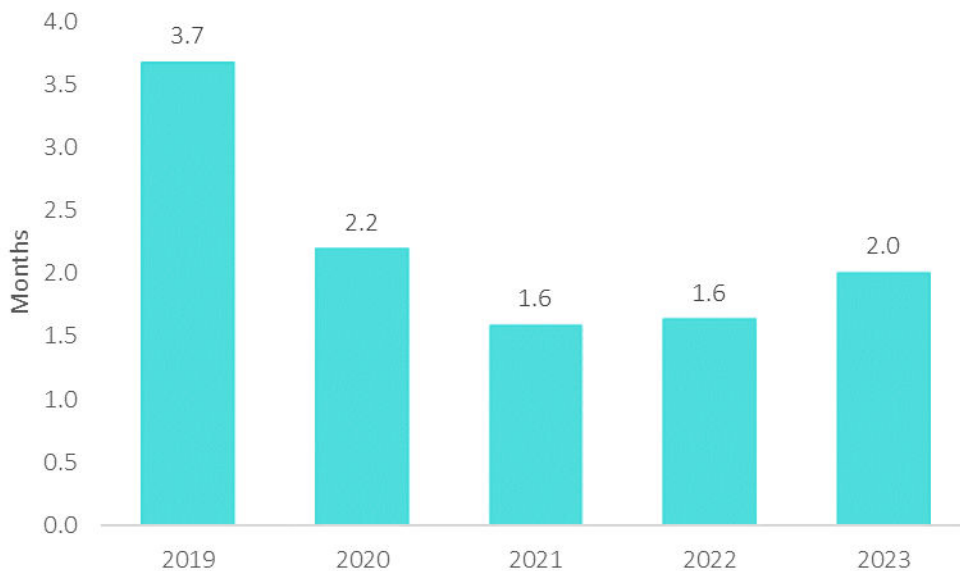
Source: Virginia REALTORS®, data accessed September 15, 2023

Most local markets in Virginia are experiencing a drop in active listings. The sharpest inventory declines in August were in Northern Virginia, both in the inner suburbs of Fairfax County, Arlington, and Alexandria. But also the outer suburban markets like Prince William

County, Loudoun County, and exurbs like the Fredericksburg region. The Williamsburg region, and coastal markets also had a relatively large reduction in the number of active listings on the market.

There was approximately 2 months of supply in Virginia’s housing market in August 2023, up from 1.6 months of supply a year ago. This is the first time supply in Virginia’s housing market has reached 2 months in nearly three years. The increase in supply is being driven by the slowdown in sales activity, not an influx of listings. 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 nearly five years in Virginia.

Figure 14. Months of Supply, August



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

Outlook

Rising mortgage rates are cooling the housing market, but prices keep climbing, and homes are selling quickly. What are driving these trends? Here are some key things that are likely to impact the Fall market in Virginia:

- Upward pressure on home prices continues to be a big factor in local markets throughout the commonwealth. Even though transaction volume is the lowest it’s been in a decade, the strong demand pipeline of buyers competing for a historically low level of inventory is keeping prices stable and rising in most places in Virginia. This trend is likely to continue into the Fall market and beyond, as there is little indication that the supply situation will improve much, and it’s possible it could get worse as the “lock-in” effect keeps would-be sellers out of the market.

- The theme of Virginia's housing market in 2023 so far has been slow and competitive. Based on where we are through August, all signs point to this slow and competitive dynamic continuing for the remainder of the year. Homes are selling in about a week in Virginia, and sellers are getting above their asking price average, both of which are a clear indicator of continued competition in the housing market even as sales activity has slowed to a decade low.



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.