



RESEARCH STATISTICS

Virginia

HOME SALES REPORT

SEPTEMBER 2023

Virginia Home Sales Report

September 2023

Key Takeaways

- There were 8,023 homes sold across Virginia in September. This is 2,149 fewer sales than last year, representing a 21.1% drop in sales activity. Interest rates continued to climb in September and the inventory became tighter, both of which muted sales activity.
- The statewide median sales price in September was \$380,000, climbing \$15,000 from September of last year, a 4.1% increase. Home prices are climbing in most regions in Virginia despite the sharp slowdown in the market.
- There was approximately \$3.7 billion of sold volume in Virginia's housing market in September. This is about \$700 million less volume than a year ago, reflecting a 16.5% decrease. Fewer sales transactions led to the large drop in volume this month.
- There were 18,188 active listings throughout Virginia at the end of September, which is 1,605 fewer active listings than a year ago, an 8.1% decrease.

September 2023 Housing Market Summary

	Sep-22	Sep-23	Change	% Change	YTD 2022	YTD 2023	Change	% Change
Sales	10,172	8,023	-2,149	-21.1%	99,243	76,823	-22,420	-22.6%
Median Sales Price (\$)	365,000	380,000	15,000	4.1%	376,000	390,000	14,000	3.7%
Sales Volume (\$ billions)	4.5	3.7	-0.7	-16.5%	46.2	37.1	-9.1	-19.8%
Median Days on Market	13	10	-3	-23.1%	7	8	1	14.3%
Pending Sales	8,199	7,141	-1,058	-12.9%	89,325	73,100	-16,225	-18.2%
New Listings	12,231	10,606	-1,625	-13.3%	119,806	96,356	-23,450	-19.6%
Active Listings (end of the month)	19,793	18,188	-1,605	-8.1%	19,793	18,188	-1,605	-8.1%
Months of Supply	1.7	2.1	0.4	24.0%	1.7	2.1	0.4	24.0%

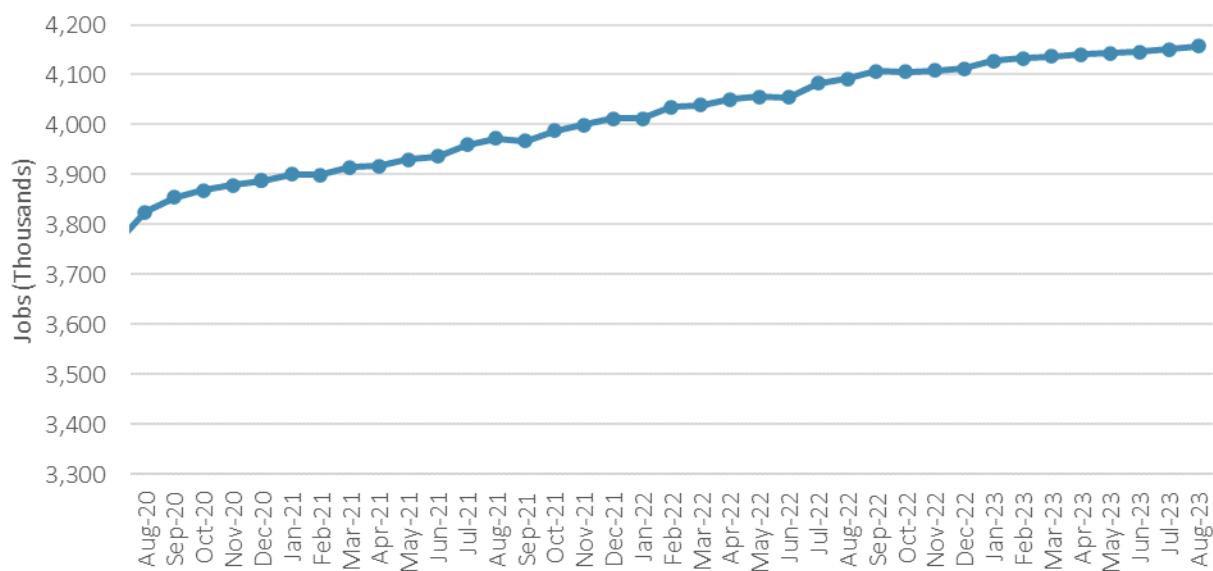
Source: Virginia REALTORS®, data accessed October 15, 2023
Overview

The job market continues to grow, which is good for workers, but not so much for the Fed's battle with inflation. The Federal Reserve held rates steady at their September meeting, but have left one more rate hike on the table for this year, but it is still too early to gauge if they will implement it or not. Unemployment in Virginia remains very low, and mortgage rates continue their ascent, reaching their highest level since 2000.

Jobs

Virginia's job market continues to be resilient. There were about 4.2 million jobs throughout the Commonwealth in August, which is 6,700 more jobs than the revised July total. The job base in Virginia has expanded every month in 2023 so far through August.

Figure 1. Total Jobs in Virginia (in thousands)



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

Most of the additional jobs this month were in the Local Government sector (+2,700 jobs) and the Transportation & Warehousing sector (+2,600 jobs). The largest decrease in jobs between July and August was in the Administrative & Waste Management sector (-1,700 jobs) and the Construction sector (-1,400 jobs).

Northern Virginia continues to lead the way in job growth within the state, up 0.3% or 4,500 more jobs in August compared to July. The Roanoke region had a 0.2% increase, or 300 more jobs. The Blacksburg region had the largest decrease this month, with 700 fewer jobs than July (-0.9%).

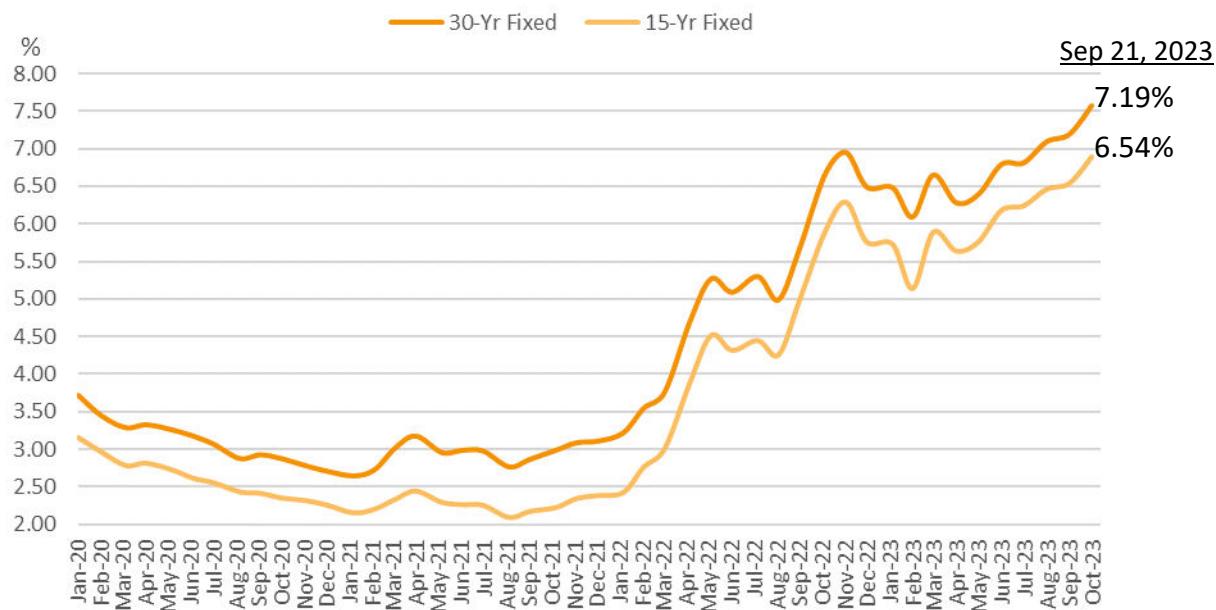
Unemployment

The unemployment rate in Virginia in August was 2.5%, unchanged from July. The nationwide unemployment rate was 3.8% in August, up from 3.5% in July. The labor market both in Virginia and nationally continues to be tight and jobs continue to be added to the economy. Both of these factors are keeping unemployment levels low.

Mortgage Rates

The average rate for a 30-year fixed mortgage in the U.S. was 7.57% as of October 12, which rose from 7.49% the prior week. This is the highest mortgage rates have been since December of 2000. Climbing rates have cooled down the housing market significantly. As the rate for fixed mortgages linger in the mid-7% range, it has prompted renewed interest in adjustable-rate mortgage options (ARM) for some buyers. The Mortgage Bankers Association estimates the average rate for a 5/1 ARM was 6.33% in the second week of October.

Figure 2. Mortgage Rates



Source: Freddie Mac

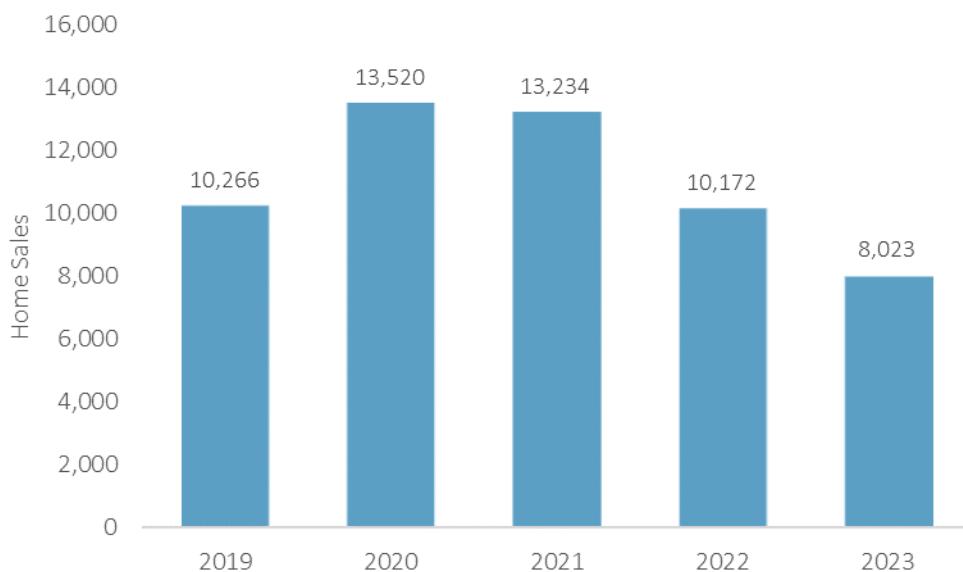
Housing Market Overview

Climbing mortgage rates and chronically low inventory continue to keep activity in Virginia's housing market muted as we head through the Fall. Closed sales and pending sales remain well below last year's level, and this continues to bring down the sold dollar volume statewide. Even with the slowdown in transactions the market remains competitive as evidenced by climbing prices, and the fact that sellers continue to get above asking price on average. In addition, homes continue to sell quickly, as there are few options to choose from.

Sales

Sales activity continues to be subdued in Virginia's housing market. There were 8,023 homes sold across the state in September, which is 2,149 fewer sales than this time last year, representing a 21.1% decline. This is the slowest September market the state has had in more than a decade as buyers and sellers pull back amid low inventory and climbing mortgage rates. The sharpest slowdown in September was in the Harrisonburg region, parts of Northern Virginia, and the New River Valley.

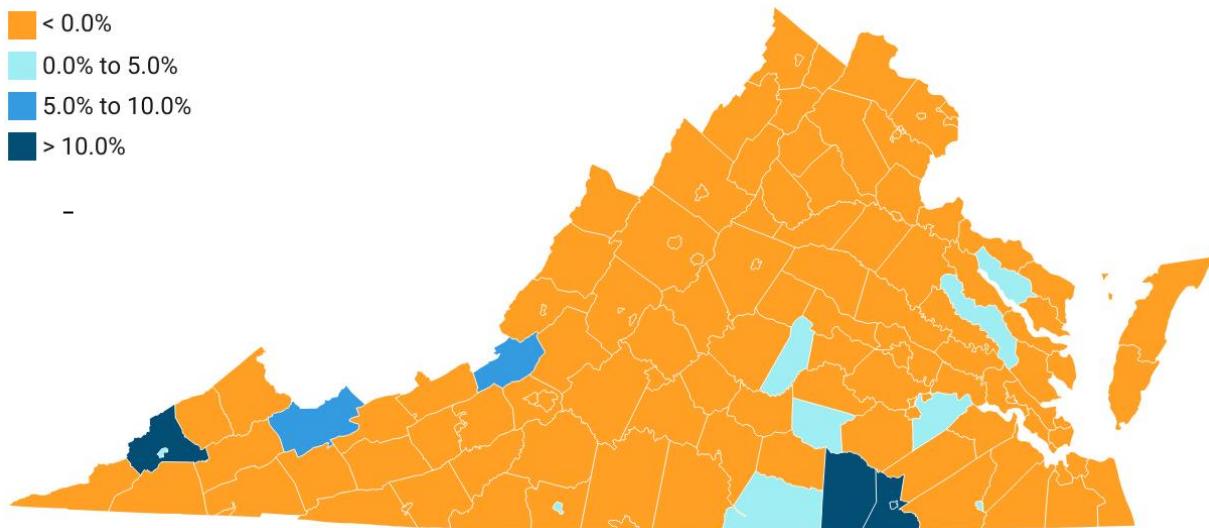
Figure 3. Virginia Home Sales, September



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

Figure 4. County/City Home Sales, September YTD

Change in Home Sales, 2022 to 2023



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

Home Prices

At \$380,000, the median sales price in Virginia in September rose 4.1% from a year ago, which is a \$15,000 price gain. Home prices are climbing despite the slowdown in transactions due to the inventory shortage. Prices have been climbing for years, a trend that accelerated in 2020 and 2021 and has since moderated. The median home price in Virginia is now more than \$100,000 higher than it was in September five years ago.

Price growth is occurring in most areas of the state. The strongest price growth this year through September has been in the Lynchburg region, the Danville region, and the Shenandoah Valley.

The tight inventory is keeping the market conditions competitive for buyers. The average sold to ask price ratio statewide in September was 100.3%. Within the price bands, nearly all continue to be above 100%, meaning that sellers are getting above their asking price on average. Homes priced between \$200K and \$400K had an average sold to ask price ratio of 100.5%. Homes in the \$400K to \$600K price range had an average sold to ask price ratio of 100.7% in September.

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



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

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

Price Range	Ratio
\$200,000 or less	98.3%
\$200,001 to \$400,000	100.5%
\$400,001 to \$600,000	100.7%
\$600,001 to \$800,000	100.8%
\$800,001 or More	100.0%
All price levels	100.3%

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

Most homes that sold in Virginia in September were priced between \$200K and \$400K (43.1%). The second highest proportion of sales were in the \$400K to \$600K price range (24.3%). Homes that sold for more than \$800K represented about 10.2% of all sales in September, while homes that sold for less for \$200K or less accounted for 10.8% of all sales statewide.

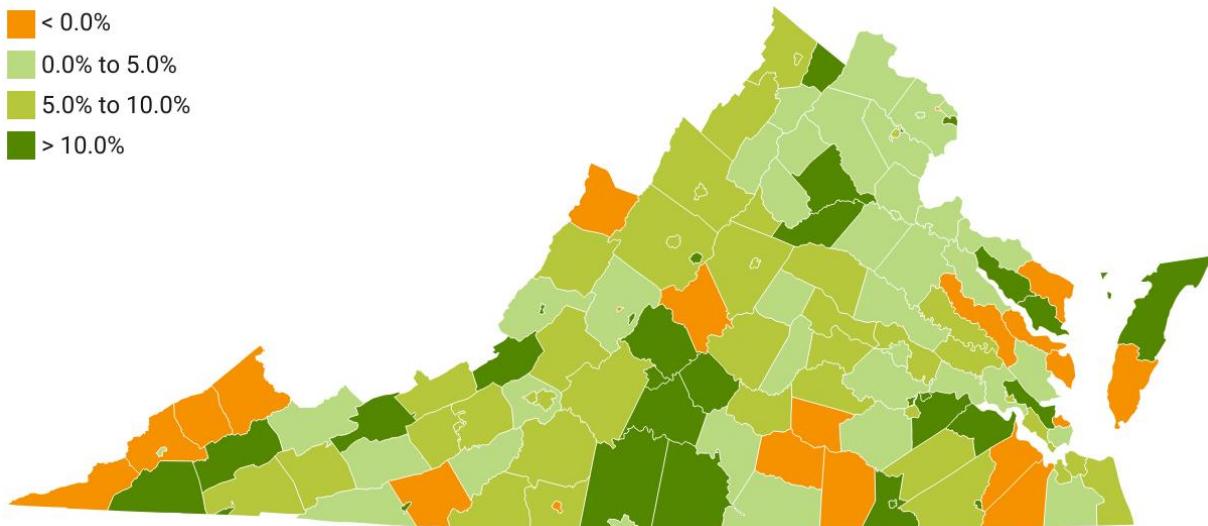
Figure 7. Sales by Price Range, September



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

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

Change in Median Sales Price, 2022 to 2023

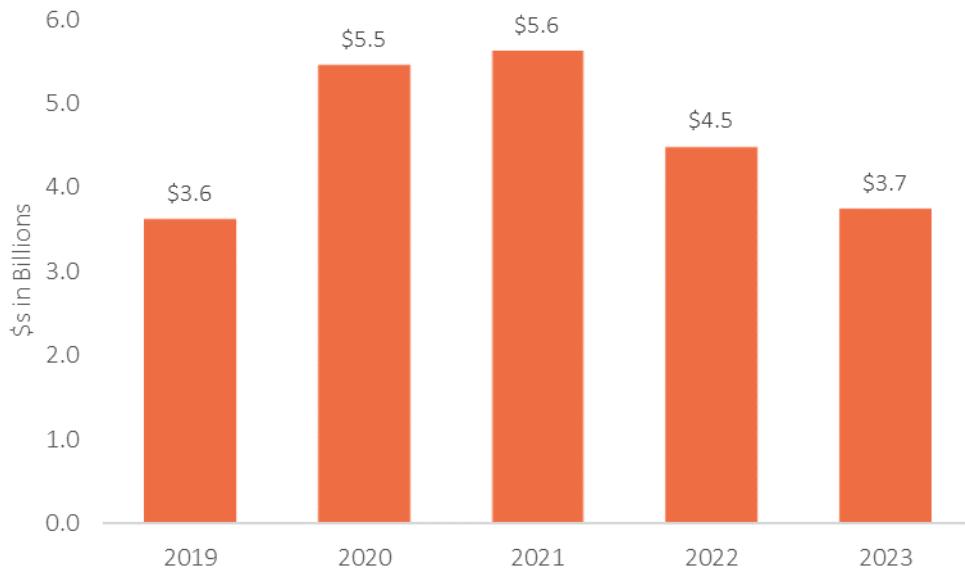


Source: Virginia REALTORS®, data accessed October 15, 2023

Sold Volume

There was approximately \$3.7 billion of sold volume throughout Virginia in September, a decrease of about \$700 million from last September, which is a 16.5% reduction in sold volume. While home prices continue to climb, the sharp slowdown in sales is pulling down the sold dollar volume in most markets in the state.

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

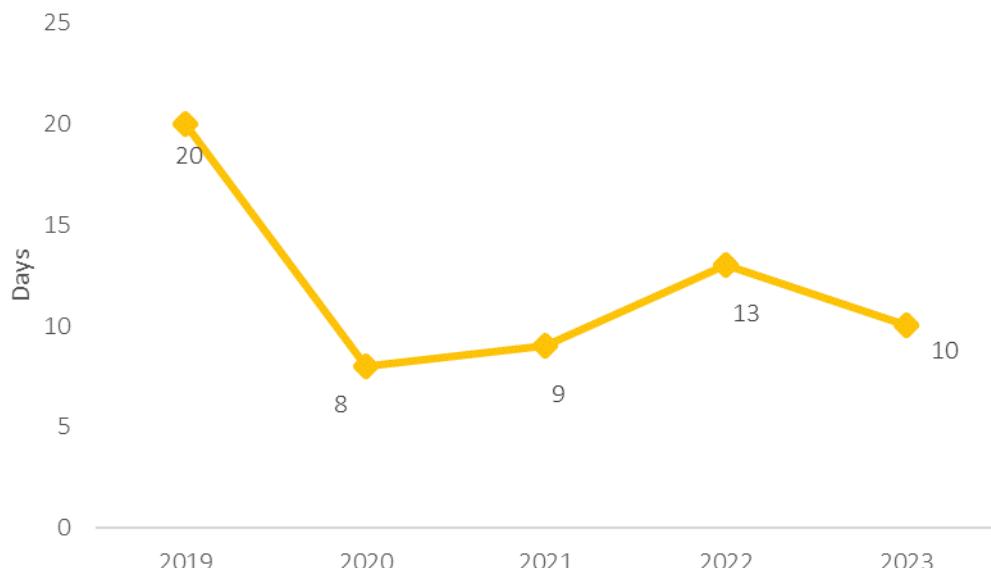


Source: Virginia REALTORS®, data accessed October 15, 2023

Days on Market

Homes continue to sell quickly in most places in Virginia, evidence of how competitive the market continues to be for buyers even as there are far fewer transactions occurring. The median days on market statewide was 10 days, down from 13 days in September of 2022.

Figure 10. Median Days on Market, September

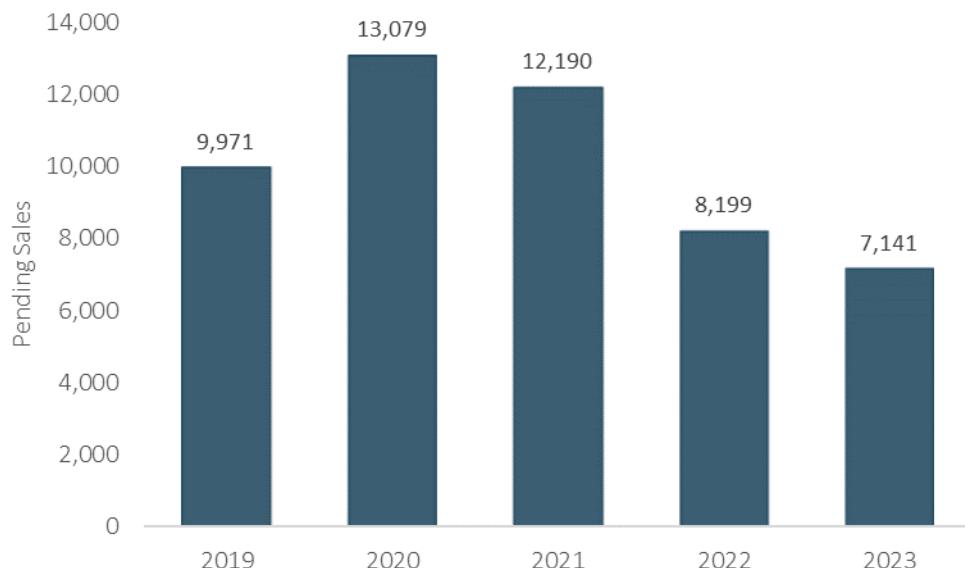


Source: Virginia REALTORS®, data accessed October 15, 2023

Pending Sales

New contract activity remains well below last year's level, which is being driven by climbing mortgage rates and low supply. There were 7,141 pending sales in September across Virginia. This is 1,058 fewer pending sales than this time last year, reflecting a 12.9% decline. Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. The drop in pending sales suggests the Fall market this year will continue to have fewer closed sales than last Fall.

Figure 11. Pending Sales, September



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

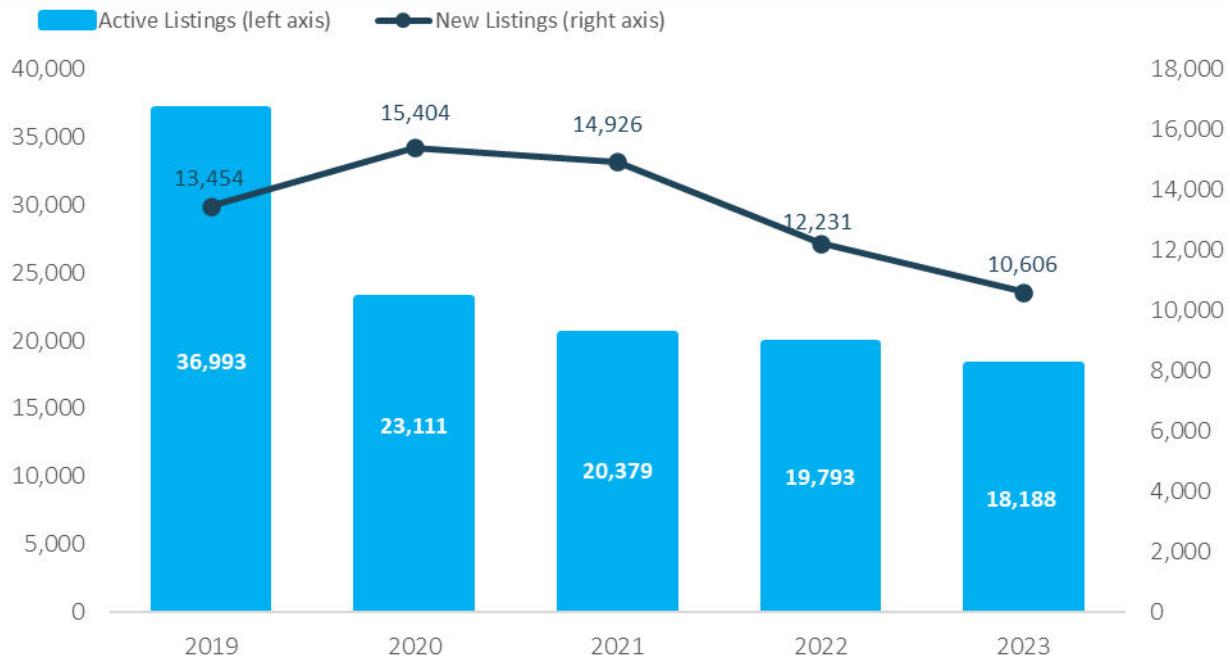
New Listings

There were 10,606 new listings that came onto the market in September throughout the state, which is 1,625 fewer listings than a year ago, a 13.3% reduction. Would-be sellers are staying put in their homes due to the sharp rise in mortgage rates over the last couple years as many homeowners refinanced into very low interest rates in 2020 and 2021.

Active Listings

There were 18,188 homes on the market at the end of September statewide, an 8.1% decline from inventory level's last year, or 1,605 fewer active listings. Anemic inventory conditions continue to plague Virginia's housing market as many sellers remain on the sidelines due to elevated mortgage rates and few options of homes to move into once they sell their existing home.

Figure 12. Inventory, September

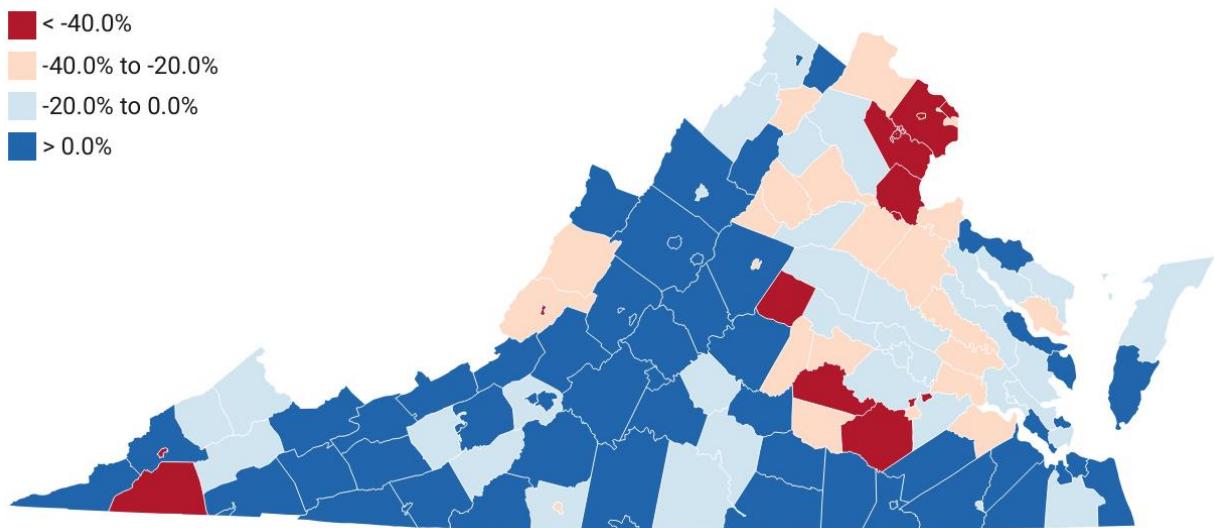


Source: Virginia REALTORS®, data accessed October 15, 2023

Note: Active listings at the end of the month

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

Change in Month End Inventory, 2022 to 2023

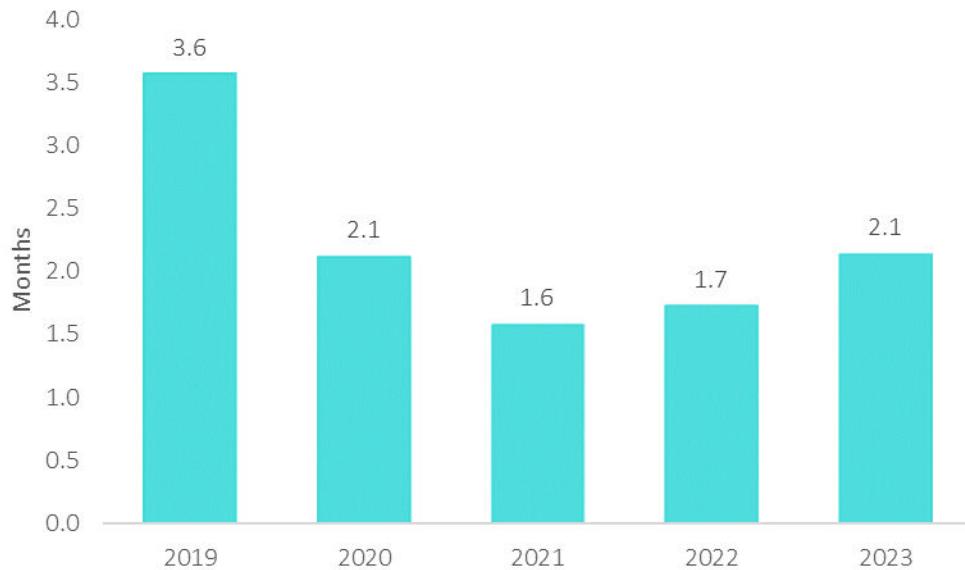


Source: Virginia REALTORS®, data accessed October 15, 2023

The largest reduction in listings continues to be in the Northern Virginia region. Parts of the Richmond metro region also have experienced a sharp drop in listings. Meanwhile, parts of the Shenandoah Valley, and the New River Valley region have more listings on the market then they did at this time last year.

There was about 2.1 months of supply in Virginia's housing market in September 2023, up from 1.7 months of supply a year ago. 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 about five years in Virginia.

Figure 14. Months of Supply, September



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

Outlook

Mortgage rates reached a 23-year high, and home prices continue to march upward in Virginia. A double setback for already mounting affordability challenges. What could it mean for the rest of the Fall market and beyond? Here are some key factors influencing the market in the coming months:

- As buyers and sellers contend with the current interest rate and inventory environment, market activity will continue to be subdued as we head through the Fall. Many are in wait it out mode, while others are being priced out of the market all together. There has been an uptick in ARM applications in recent weeks, which suggest some buyers are looking at all options to get their housing payments down amid the rising rates.
- Home prices continue to climb in most places in Virginia despite the slowdown in sales. This is being driven by the inventory shortage and pent-up demand in the market. While prices are still climbing, the rate of growth has moderated from recent years. This trend is likely to continue as buyers grapple with higher mortgage rates which could soften price growth in some markets.
- Fewer homeowners are looking to sell in the current environment. This is being driven by the lock-in effect, as most homeowners in Virginia are locked into mortgage rates below 4%.

This dynamic is unlikely to change in the coming months, as mortgage rates continue to be volatile.



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.