



RESEARCH STATISTICS

Virginia

HOME SALES REPORT

OCTOBER 2023

Virginia Home Sales Report

October 2023

Key Takeaways

- In October 2023, 7,764 homes sold in Virginia's housing market. This is 1,064 fewer sales than there were a year ago, reflecting a 12.1% decrease. Tight inventory conditions have been persistent in most places in the state and interest rates rose to a two-decade high in October. These factors kept sales activity in October slow.
- At \$390,000, the October statewide median sales price jumped up \$25,000 from a year ago, which is a 6.8% price gain. Home prices in Virginia continue to rise even as market activity remains constrained.
- There was about \$3.7 billion of sold volume in Virginia's housing market in October. This is about \$300 million less volume than a year ago, representing a 7.6% decrease.
- There were 18,845 active listings across the state at the end of October, which is 678 fewer active listings than this time last year, a 3.5% dip.

October 2023 Housing Market Summary

	Oct-22	Oct-23	Change	% Change	YTD 2022	YTD 2023	Change	% Change
Sales	8,828	7,764	-1,064	-12.1%	108,071	84,587	-23,484	-21.7%
Median Sales Price (\$)	365,000	390,000	25,000	6.8%	375,000	390,000	15,000	4.0%
Sales Volume (\$ billions)	4.0	3.7	-0.3	-7.6%	50.3	40.8	-9.5	-18.8%
Median Days on Market	13	11	-2	-15.4%	7	9	2	28.6%
Pending Sales	7,277	6,856	-421	-5.8%	96,602	79,956	-16,646	-17.2%
New Listings	10,470	10,232	-238	-2.3%	130,276	106,588	-23,688	-18.2%
Active Listings (end of the month)	19,523	18,845	-678	-3.5%	19,523	18,845	-678	-3.5%
Months of Supply	1.7	2.2	0.5	28.0%	1.7	2.2	0.5	28.0%

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

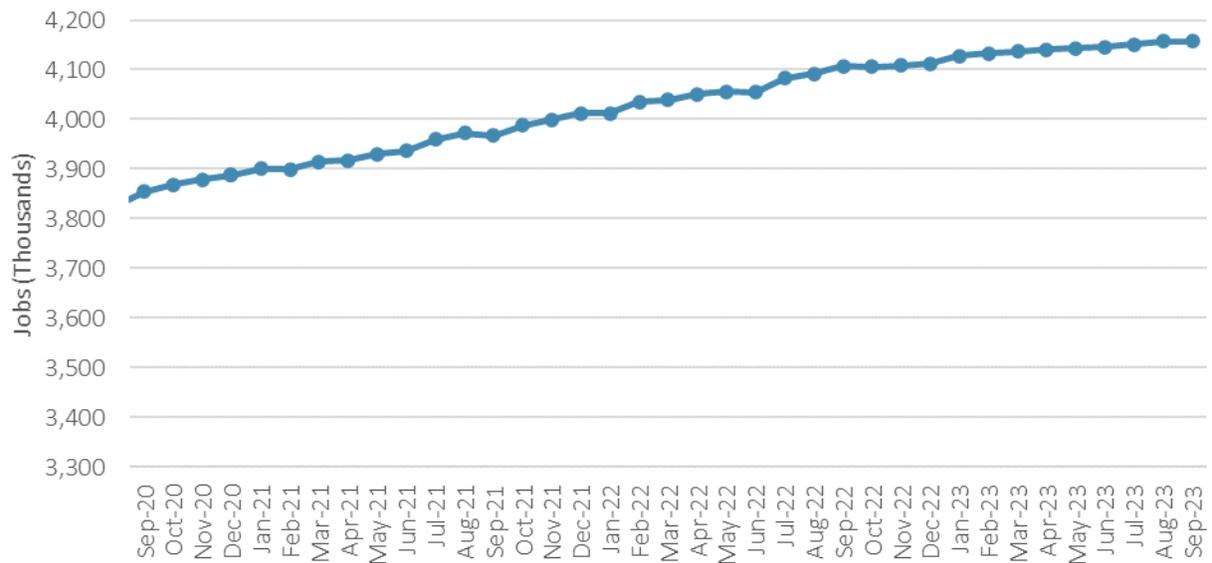
Overview

Inflation continues to head down and job growth has slowed which led to another pause by the Federal Reserve on their rate hike regimen. Even as the economy has shown signs of slowing, it has been subtle. Most indicators remain positive, and the 3rd quarter GDP rose faster than many had expected, and unemployment, especially here in Virginia, is lingering very low.

Jobs

More jobs continue to be added to Virginia's economy, but the pace of growth has moderated to its slowest level in a year. There were about 4.16 million jobs across the state in September, which is just 900 more jobs than there were in August (revised total).

Figure 1. Total Jobs in Virginia (in thousands)



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

The Administrative & Waste Services sector (+3,600 jobs), and Health Care sector (+3,400 jobs) had the largest influx of jobs this month, followed by Accommodation & Food Services (+1,600 jobs). The Local Government sector shed about 7,000 jobs, and the Construction sector shed 1,900 jobs from the prior month.

The Richmond Metro Area led all regions in Job growth this month with about 4,000 jobs added in the region between August and September. Northern Virginia had an influx of 2,300 jobs, while Hampton Roads had about 1,600 more jobs. The Roanoke and Charlottesville job markets were flat from last month.

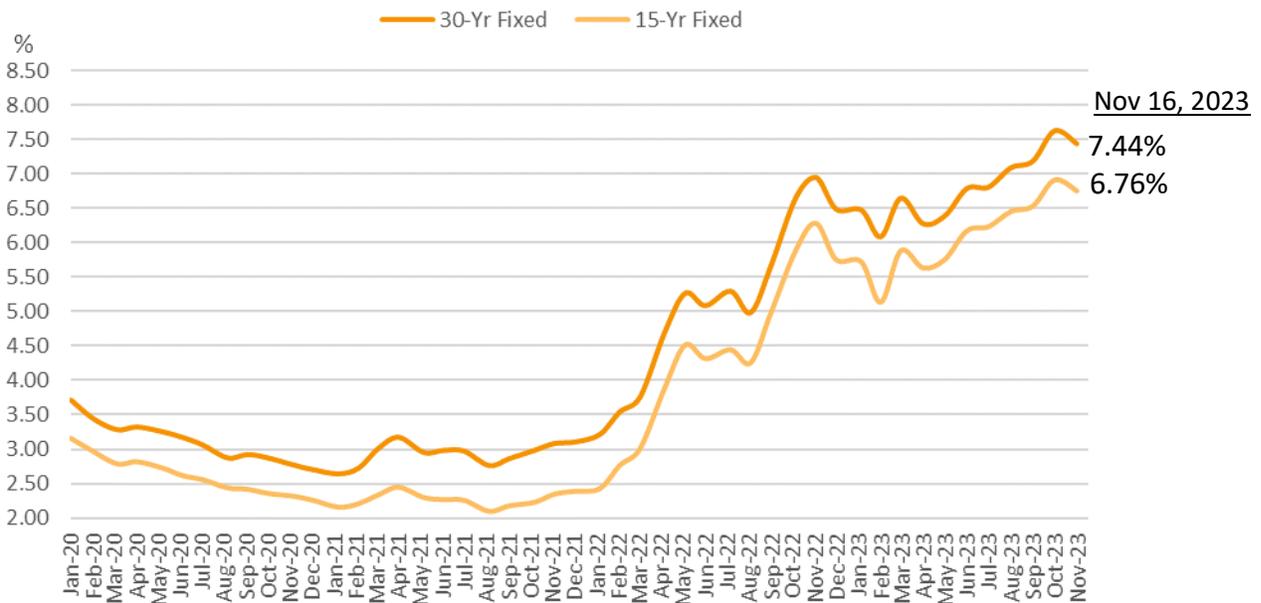
Unemployment

The statewide unemployment rate continues to hover very low. The unemployment rate in Virginia was just 2.5% in September, unchanged from August. The national unemployment rate was 3.8% in September, also unchanged from August. Tight labor market conditions and job expansion continue to keep downward pressure on unemployment in Virginia and many states around the country.

Mortgage Rates

After rising for most of September and October, mortgage rates have been trending down in November. The average rate for a 30-year fixed mortgage in the U.S. was 7.44% in the third week of November, down from 7.5% the week prior, and down from 7.79%, which was the 23-year peak just three weeks ago.

Figure 2. Mortgage Rates



Source: Freddie Mac

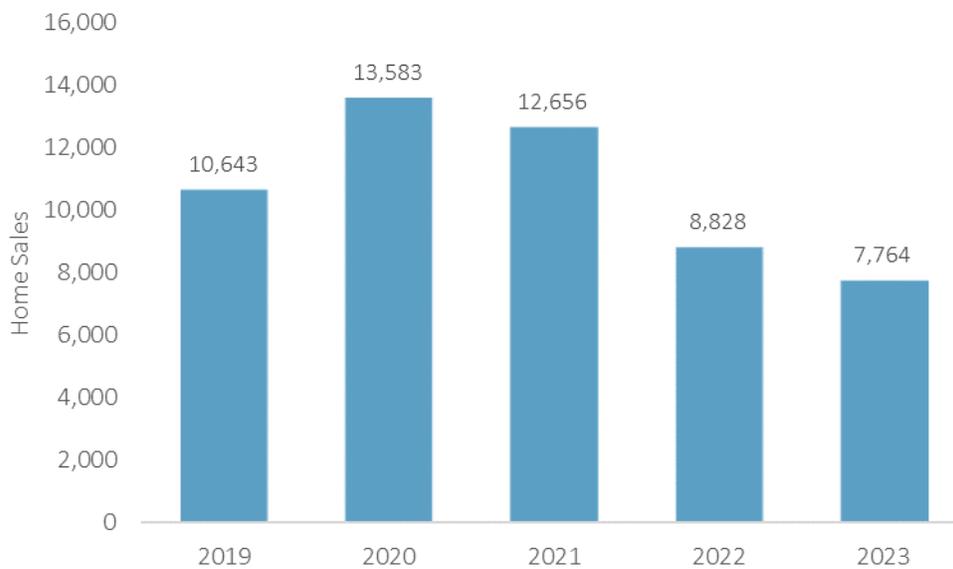
Housing Market Overview

Activity in Virginia's housing market continues to be constrained. Sales and pending sales are down to decade lows as mortgage rates rose to a 23-year high near the end of October. The inventory remains tight, and fewer new listings are coming on the market; however, the rate of decrease has moderated. The low supply is keeping upward pressure on home prices, and homes are still selling quickly in most local markets in the state.

Sales

There were 7,764 homes sold in Virginia in October. This is 12.1% fewer sales than last October, a drop of 1,064 sales. The 2023 housing market in Virginia continues to be the slowest in more than a decade as rising mortgage rates and tight supply are keeping buyers and sellers on the sidelines. Most regional housing markets in Virginia are experiencing a cooldown this year. In October, the sharpest slowdown was in the Bristol market, the Harrisonburg region, and the Virginia Peninsula footprint.

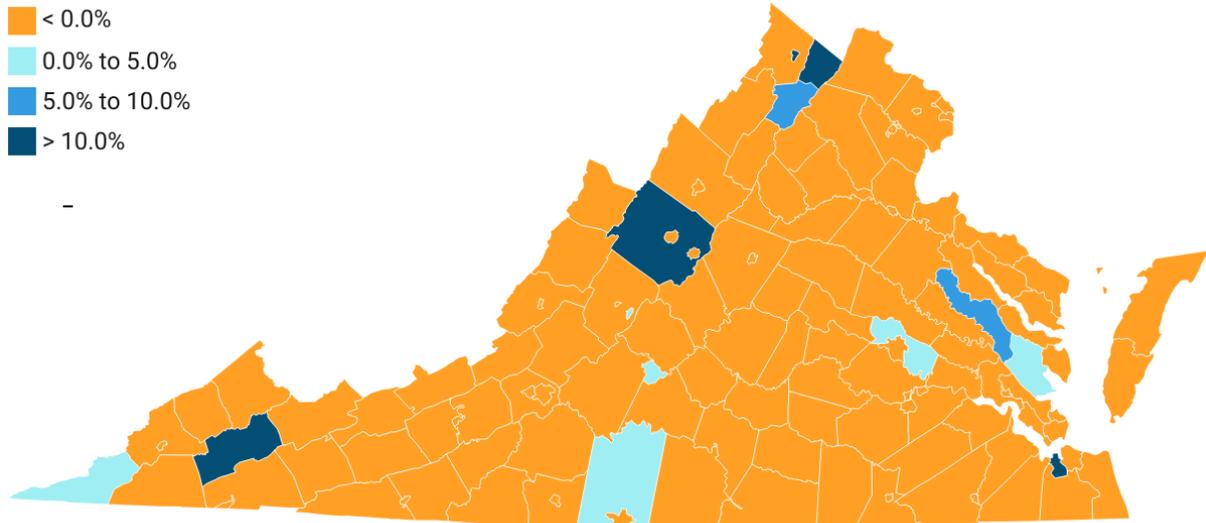
Figure 3. Virginia Home Sales, October



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

Figure 4. County/City Home Sales, October YTD

Change in Home Sales, 2022 to 2023



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

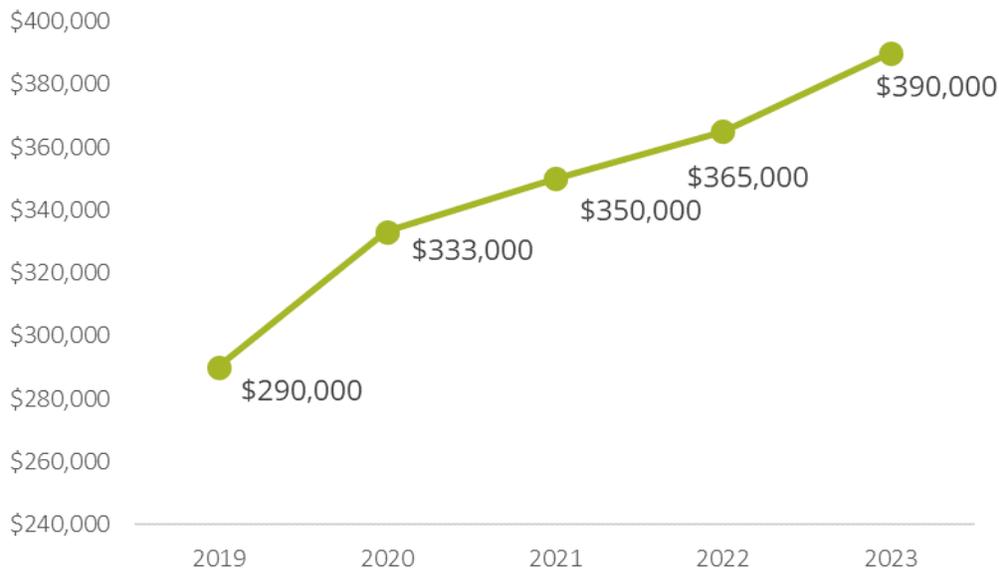
Home Prices

Home prices continue to climb in most parts of Virginia. The statewide median sales price jumped up \$25,000 from October of last year to \$390,000. This is a 6.8% median price gain, which is the second strongest price jump this year. Price growth has been robust this year even as sales have been at a decade low due to the low supply of homes on the market.

About 7 out of every 10 counties and cities in the state had a higher median sales price in October compared to a year ago, a reflection of how tight inventory conditions are in markets across the commonwealth. The strongest price growth this month was in the Shenandoah Valley Region, parts of the Eastern Shore market, and portions of Southside Virginia.

The market remains competitive for buyers even as sales activity has cooled. The average sold-to-list price ratio statewide in October was 100.1%. 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 \$400K and \$600K had an average sold-to-list price ratio of 100.3%. Homes in the \$200K to \$400K price range had an average sold-to-list price ratio of 100.2% in October. The lowest price band, homes priced at \$200K or less had an average sold-to-list price ratio of 97.9% in October.

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



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

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

Price Range	Ratio
\$200,000 or less	97.9%
\$200,001 to \$400,000	100.2%
\$400,001 to \$600,000	100.3%
\$600,001 to \$800,000	101.0%
\$800,001 or more	100.3%
All price levels	100.1%

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

Most homes that sold in Virginia in October were priced between \$200K and \$400K (41.9%). 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 11.3% of all sales in October, while homes that sold for less for \$200K or less accounted for 10.5% of all sales statewide. Sales prices continue to shift into higher price bands as price growth continues to be a consistent factor in Virginia’s housing market.

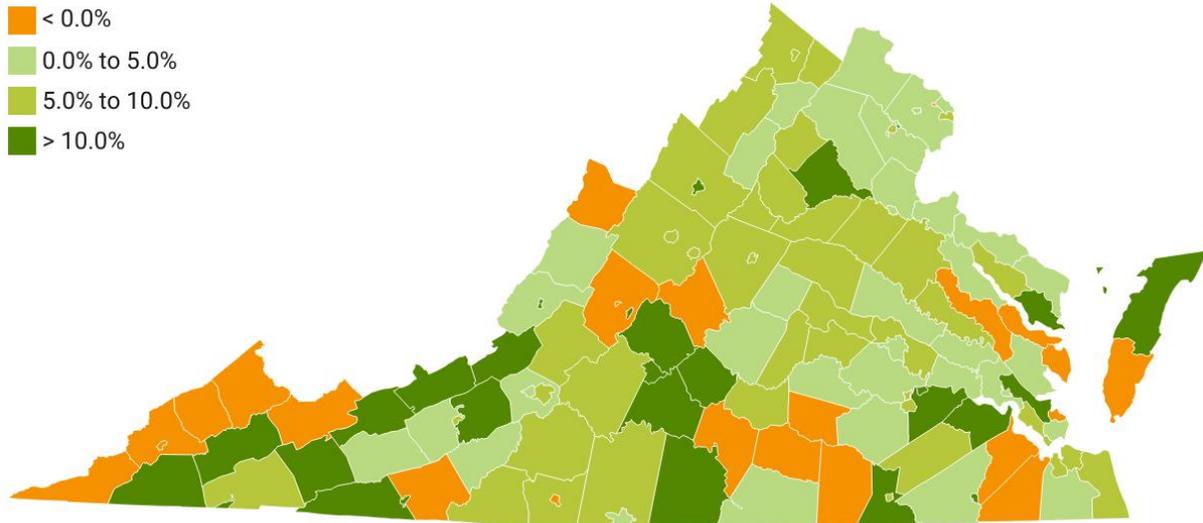
Figure 7. Sales by Price Range, October



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

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

Change in Median Sales Price, 2022 to 2023

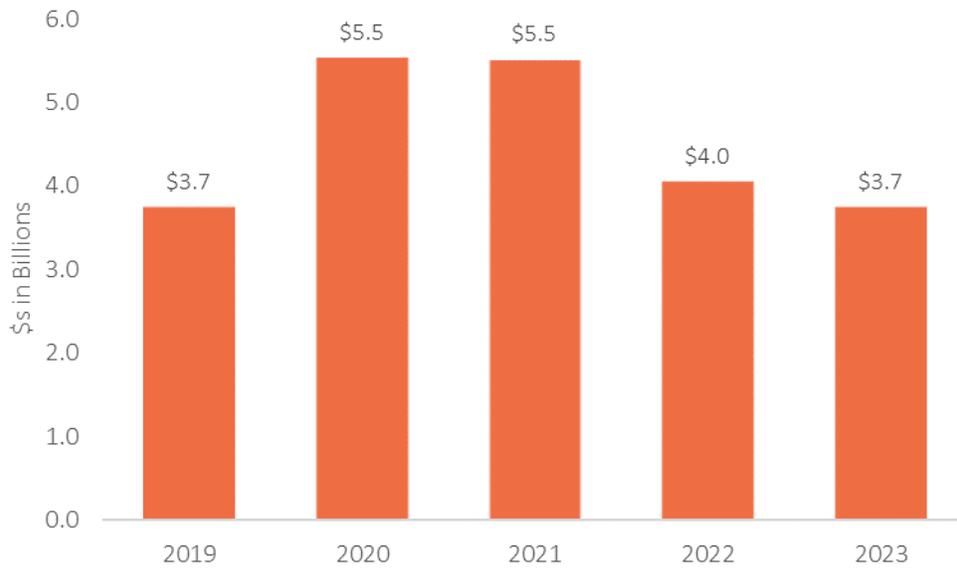


Source: Virginia REALTORS®, data accessed November 15, 2023

Sold Volume

There was approximately \$3.7 billion of sold volume across the state in October. This is about \$300 million less sold volume than there was in October of last year, a 7.6% decline. 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, October (in \$ billions)

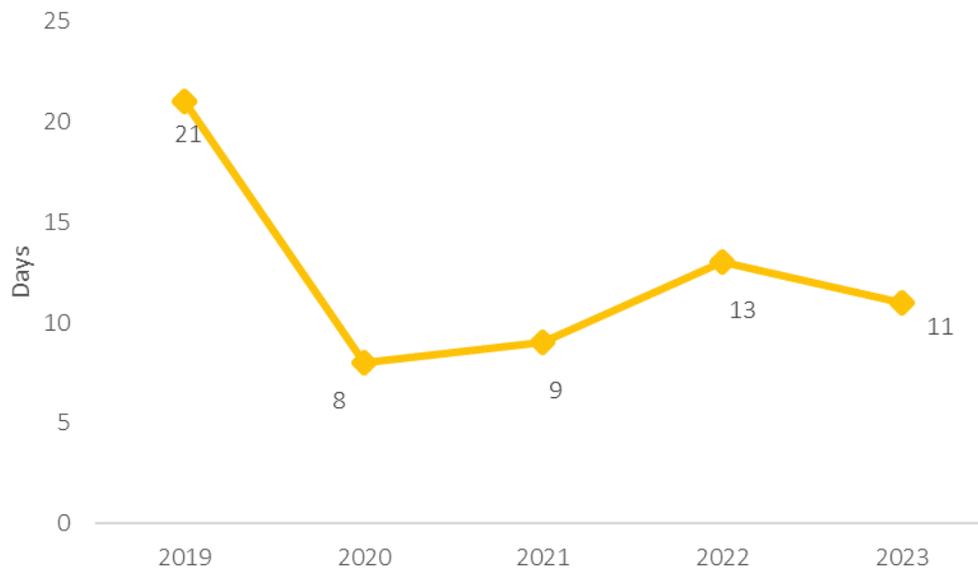


Source: Virginia REALTORS®, data accessed November 15, 2023

Days on Market

Homes are not staying on the market long in Virginia. The median days on market statewide in October was 11 days, which is down from 13 days a year ago. The low supply is making market conditions competitive for buyers even as fewer sales are occurring.

Figure 10. Median Days on Market, October

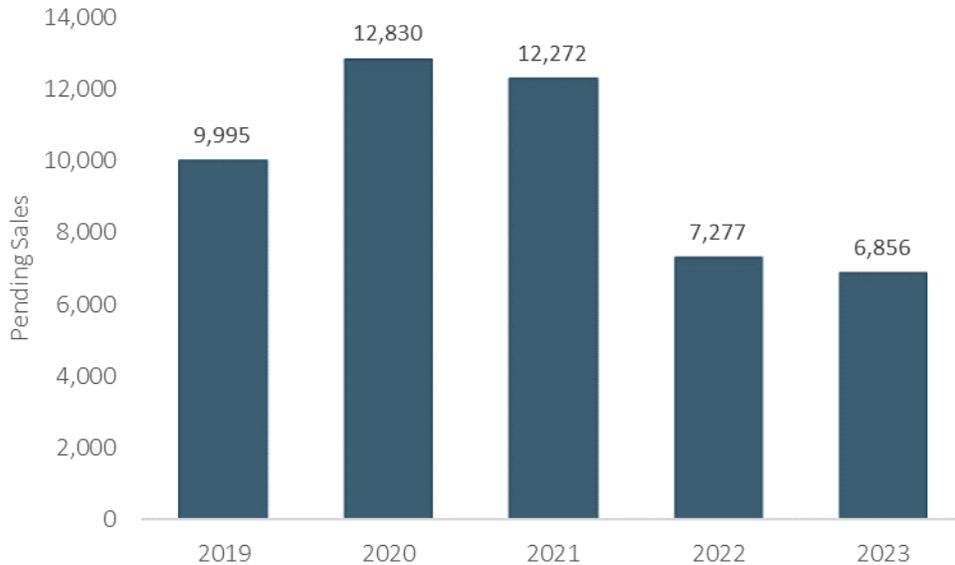


Source: Virginia REALTORS®, data accessed November 15, 2023

Pending Sales

There were 6,856 pending sales in Virginia in October, a 5.8% drop from last year, which is 421 fewer pending sales. Historically, pending sales tend to increase between September and October, but pending sales fell 4% from September. This reflects the impact that climbing mortgage rates had on the housing market in October, when interest rates reached their highest level since 2000.

Figure 11. Pending Sales, October



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

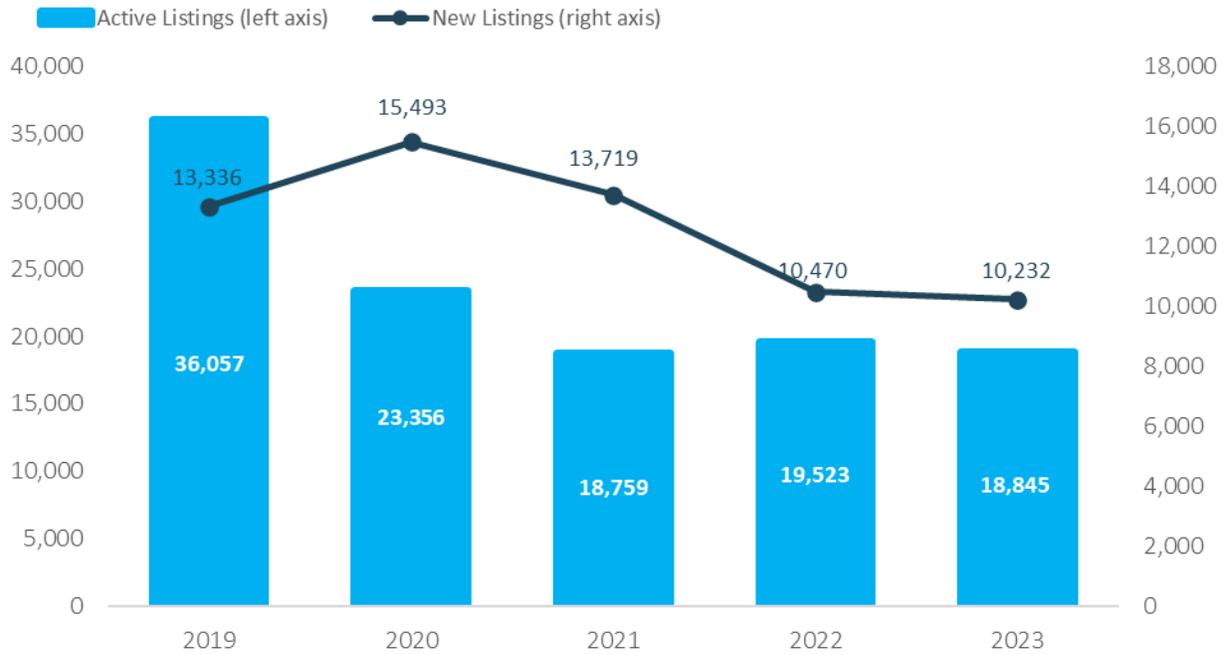
New Listings

Fewer homeowners are listing their homes for sale in Virginia's housing market. There were 10,232 new listings that came onto the market in October statewide. This is 238 fewer new listings than there were a year ago, representing a 2.3% decline. This is the fewest number of new listings in October in more than a decade. Many would-be sellers continue to be deterred by the lock-in effect, where their interest rates are much lower than current market rates, leaving little incentive for casual sellers/move-up buyers to list their homes and lose the low rate they are locked into.

Active Listings

The supply of active listings continues to shrink, but the rate of decline has moderated. There were 18,845 active listings on the market statewide at the end of October. This is 678 fewer listings than there were at this time last year, reflecting a 3.5% dip. There was a small 3.6% increase in active listings between September and October which is unusual for this time of year. The increase was due to fewer sales and pending sales rather than an influx of additional listings.

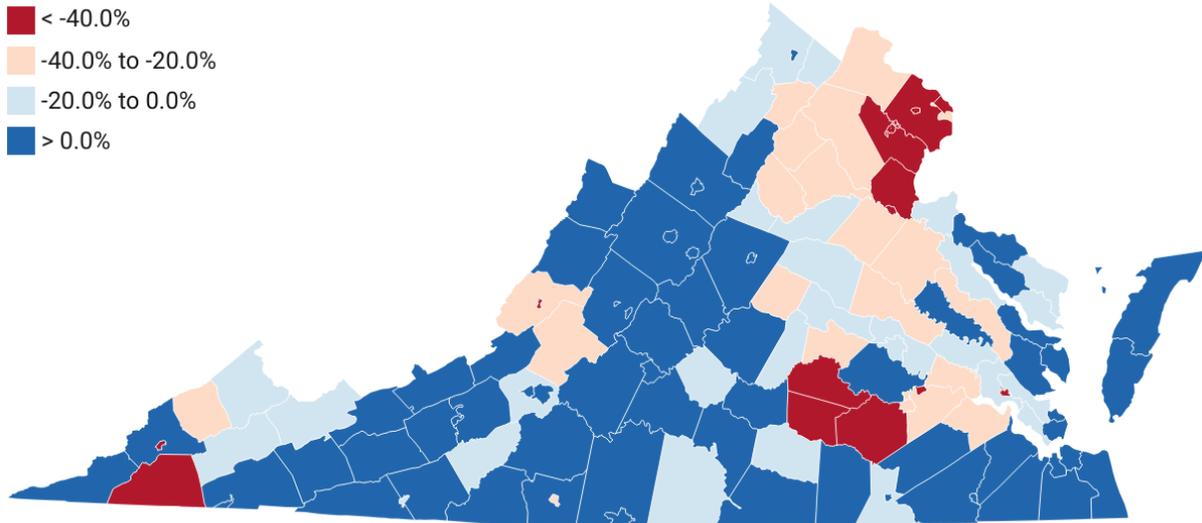
Figure 12. Inventory, October



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

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

Change in Month End Inventory, 2022 to 2023

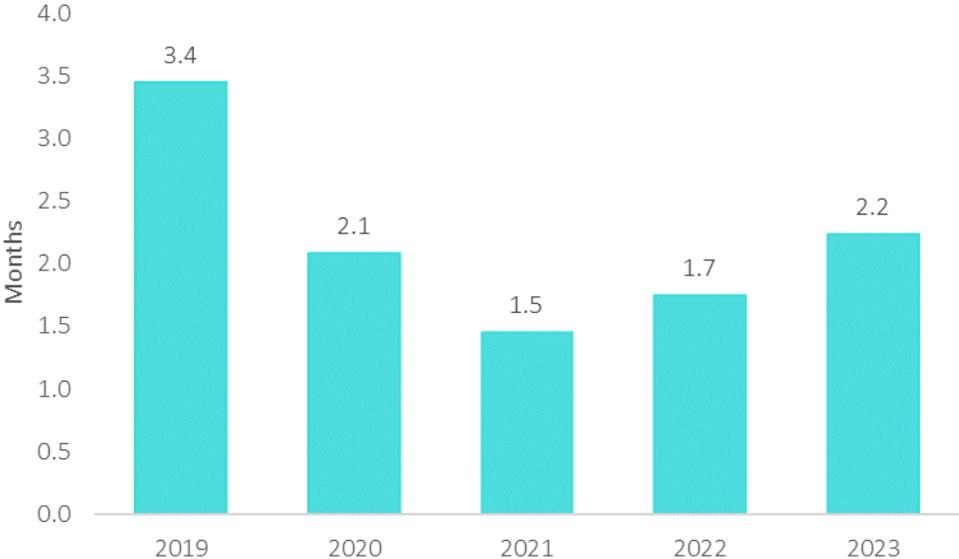


Source: Virginia REALTORS®, data accessed November 15, 2023

The largest reduction in listings continues to be in the Northern Virginia region, and the Richmond Metro region. The largest increase in active listings this month was in the Harrisonburg area, the Danville region, and the Lynchburg region.

There was about 2.2 months of supply in Virginia’s housing market in October 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, October



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

Outlook

Mortgage interest rates are finally trending down after two months of climbing. How could this impact the housing market in the months to come? Here are some key factors to keep an eye on:

- Average mortgage rates have declined for three straight weeks after climbing for seven straight weeks as the Fall market began. While the rate remains well above 7%, if the rate drop pattern continues, it could position some buyers who had hit “pause” on their home search amid escalating rates, to push “play” and re-enter the market. This is particularly true for rate-sensitive first-time home buyers who are already facing an array of challenges from low inventory and fierce competition, to climbing prices and reduced purchasing power.

- Inventory remains tight, but it appears we might be nearing the trough. Both active listings and new listings inched down modestly from a year ago, following several months of sharp double-digit declines. As would-be sellers continue to hold off on listing their homes in the current interest rate environment, pent-up demand will continue to build among move-up buyers, which will be an important driver in the market if interest rate conditions improve over time.
- Slow and competitive continues to be the theme of 2023 and it looks like this trend will likely be with us heading into 2024. Transaction volume remains at a decade low while prices continue to climb, homes are selling quickly, and sellers are getting slightly above their asking prices on average.



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.