



**RESEARCH
STATISTICS**

Virginia

HOME SALES REPORT

DECEMBER 2023

Virginia Home Sales Report

December 2023

Key Takeaways

- There were 6,929 homes sold throughout the commonwealth in December 2023. This is 563 fewer sales than December last year, reflecting a 7.5% decrease in sales activity.
- At \$382,725, the statewide median sales price in December jumped up by nearly \$24,000 from this time last year, a 6.6% increase.
- There was about \$3.3 billion of sold volume across the state in December, inching down by less than 1% from last December, a drop of about \$12 million statewide.
- At the end of December there were 16,244 active listings on the market throughout Virginia, 129 more listings than a year ago, a 0.8% increase. This is the first year-over-year uptick in active listings in nine months.

December 2023 Housing Market Summary

	Dec-22	Dec-23	Change	% Change	YTD 2022	YTD 2023	Change	% Change
Sales	7,492	6,929	-563	-7.5%	123,244	98,464	-24,780	-20.1%
Median Sales Price (\$)	359,000	382,725	23,725	6.6%	375,000	390,000	15,000	4.0%
Sales Volume (\$ billions)	3.28	3.27	-0.01	-0.4%	56.95	47.41	-9.55	-16.8%
Median Days on Market	18	17	-1	-5.6%	8	9	1	12.5%
Pending Sales	5,210	5,101	-109	-2.1%	113,926	97,963	-15,963	-14.0%
New Listings	6,041	5,862	-179	-3.0%	144,475	120,636	-23,839	-16.5%
Active Listings (end of the month)	16,115	16,244	129	0.8%	16,115	16,244	129	0.8%
Months of Supply	1.5	2.0	0.4	26.3%	1.5	2.0	0.4	26.3%

Source: Virginia REALTORS®, data accessed January 15, 2024

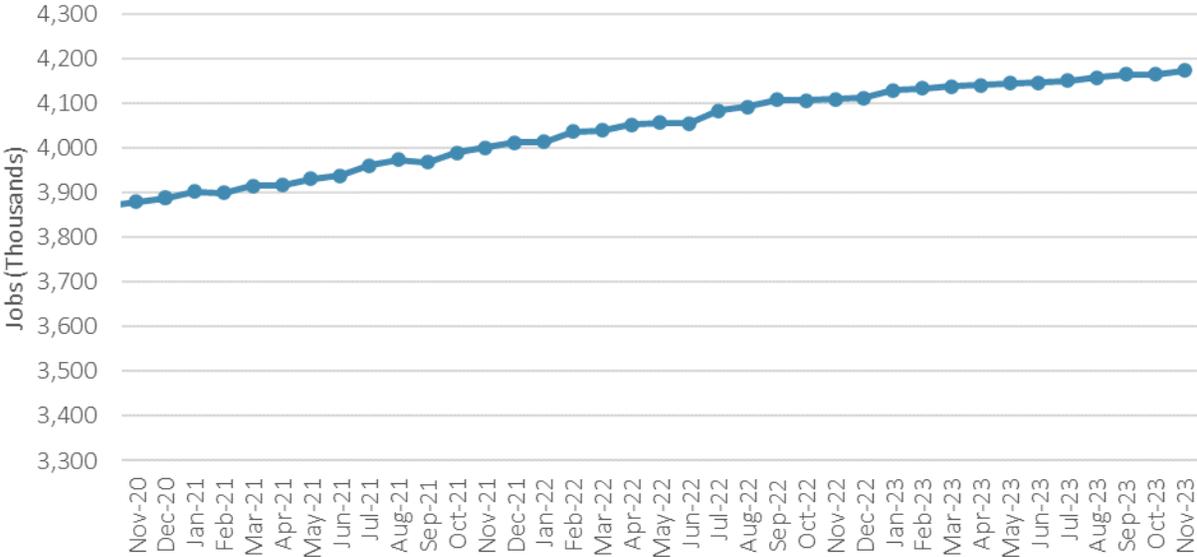
Overview

Job growth exceeded expectations recently, and the labor market continues to be tight, but unemployment has edged upward in Virginia for several months. Mortgage rates have been falling since October, and inflation continues to retreat. The prospects of a “soft-landing” for the U.S. economy are improving, though there is still uncertainty about how much and when the full effects of the Fed’s rate hikes will be felt, as the economy slows down heading into 2024.

Jobs

There was a jump in the jobs data in Virginia in November after falling flat in October. There were approximately 4.17 million jobs statewide in November, 7,900 more than the revised October total. This is the strongest month-to-month increase since the start of 2023.

Figure 1. Total Jobs in Virginia (in thousands)



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

The job sectors with the strongest gains in November were the Professional & Technical Services sector (+5,000 jobs), the Transportation & Warehousing sector (+4,900 jobs), and Wholesale Trade (+2,000 jobs). The Administrative & Waste Management Services sector shed about 5,500 jobs, and there were 1,000 fewer retail jobs in Virginia in November compared to October.

Most of the job gains this month were in the Northern Virginia region (+3,700 jobs), and the Richmond region (+2,700 jobs). The Charlottesville area had an influx of 500 jobs between October and November 2023, while the Winchester region shed about 400 jobs.

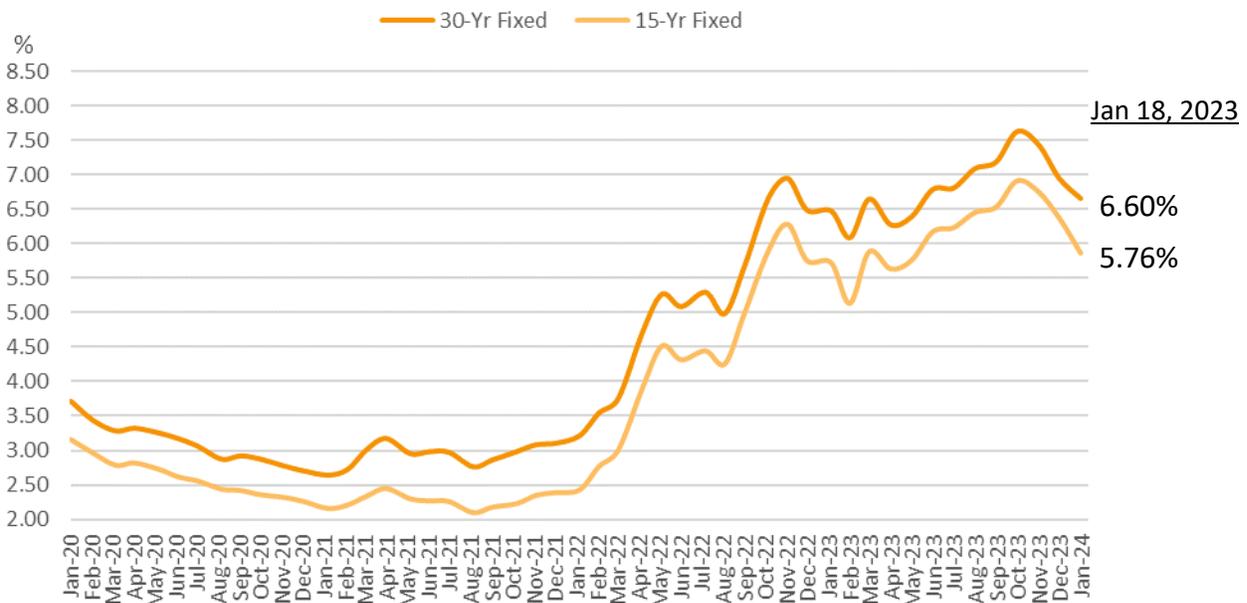
Unemployment

The statewide unemployment rate in Virginia climbed to 2.9% in November, up from 2.7% in October 2023. The unemployment rate has been inching up in Virginia for three consecutive months but remains very low compared to historical averages. In the U.S., the unemployment rate dipped to 3.7% in November, down from 3.9% in October.

Mortgage Rates

After peaking near 8% in October 2023, the average interest rate for a 30-year fixed mortgage is now 6.6% as of January 18, 2024. Rates have been trending down steadily 10 of the last 12 weeks, which has ushered in renewed optimism from both buyers and sellers alike. The Federal Reserve has indicated that it plans to implement a series of fed funds rate cuts in 2024, which will continue to put downward pressure on interest rates. This will boost activity in the housing market and loosen up the “lock-in effect” for some homeowners that have pent-up demand to buy another house.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

Throughout 2023, Virginia’s housing market was slow yet competitive. Sales activity for the year was the lowest in nearly a decade, yet the median home price climbed briskly nearly every month. In addition, sellers received offers over asking price on average in most parts

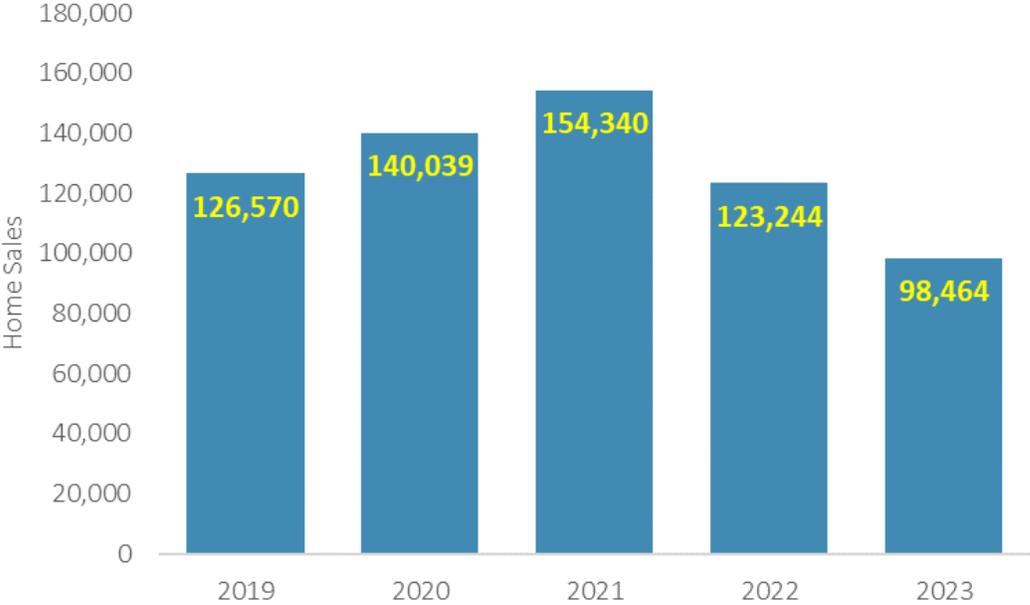
of the state, and homes continue to sell very quickly, a reflection of how competitive the 2023 market has been for buyers. These dynamics are largely being driven by three factors, the low supply of homes for sale, the pent-up demand in the market, and the volatility of mortgage interest rates.

Sales

There were 98,464 homes sold in total statewide during 2023. This is 24,780 fewer home sales than the annual total in 2022, which is a 20.1% drop in sales activity. The 2023 annual sales total is the lowest the state’s housing market has seen since 2014. Climbing mortgage rates and lack of inventory were the primary causes of the slow market this year. About nine out of every ten counties and cities across the commonwealth (88%), had fewer sales in 2023 compared to 2022, which reflects how widespread the market cooldown was this year. The sharpest drop in sales this past year occurred in the Shenandoah Valley, the Northern Virginia market, and Hampton Roads.

In December 2023 there were 6,929 sales statewide, 563 fewer than a year ago, reflecting a 7.5% drop. The year-over-year decrease in sales has been getting smaller and smaller each month, signaling that we are likely approaching the bottom of the slowdown.

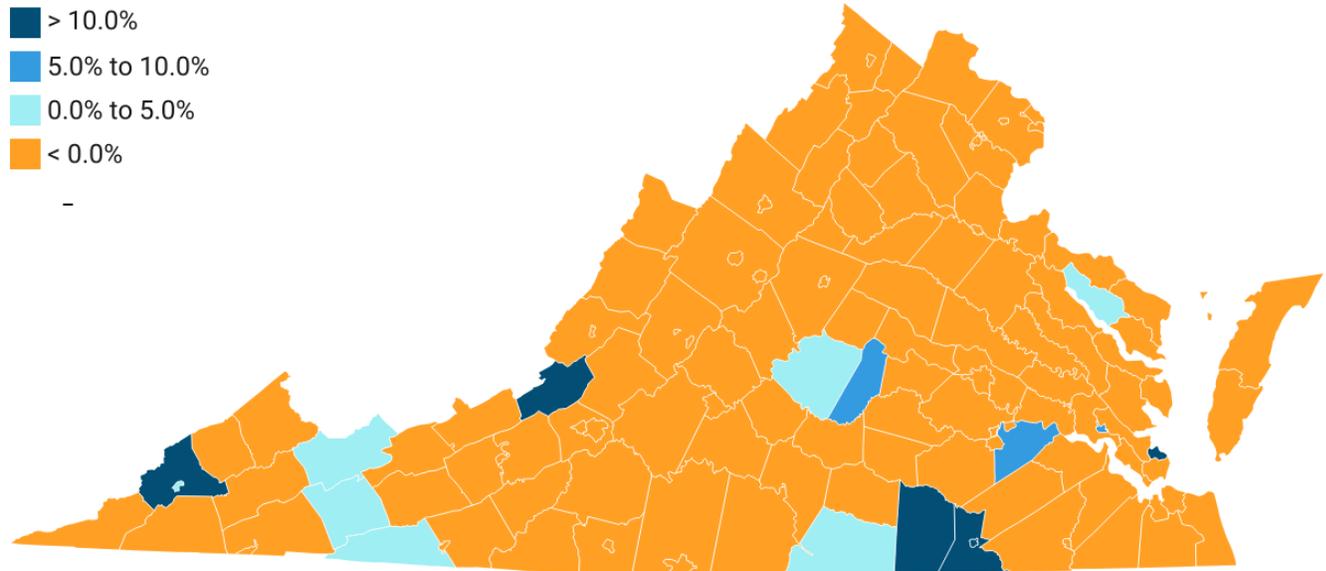
Figure 3. Virginia Home Sales, Annual Total



Source: Virginia REALTORS®, data accessed January 15, 2024

Figure 4. County/City Home Sales, Annual Total % Change

Change in Home Sales, 2022 to 2023



Source: Virginia REALTORS®, data accessed January 15, 2024

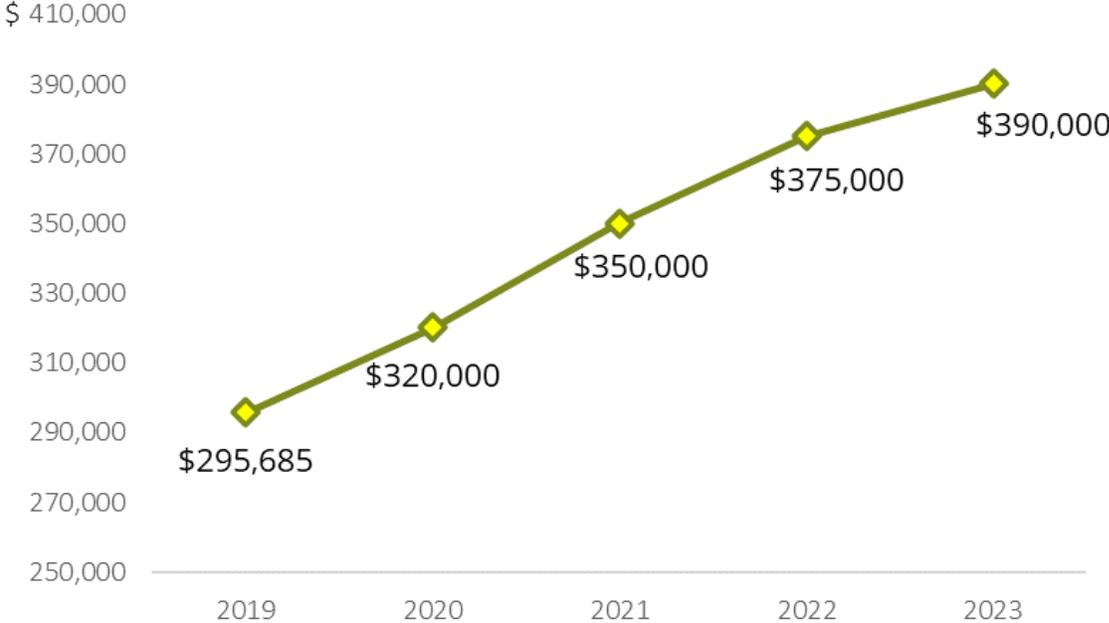
Home Prices

Despite the sharp drop in sales activity this year, home prices continued to climb in most parts of the state as tight inventory conditions kept upward pressure on price points throughout 2023. The statewide annual median sales price in 2023 was \$390,000. This is \$25,000 higher than the 2022 annual median sales price, which is a 4% increase. About eight out of every ten counties and cities across Virginia had annual median price growth in 2023 (83%). The strongest price gains in 2023 occurred in the Greater Piedmont Region, the Danville region, and the Lynchburg area.

From a monthly perspective, Virginia’s housing market concluded 2023 on a strong note. The December statewide median sales price was \$382,725, rising \$23,725 from this time last year, a 6.6% increase. Virginia’s median sales price rose 11 out of 12 months in 2023, and the price growth accelerated in the second half of the year even as mortgage rates were approaching 8%.

In December, sellers got slightly less than asking price on average. The average-sold-to-list price ratio in Virginia’s housing market was 99.3%, which is the second consecutive month this metric has been below 100%. The only price band where sellers got slightly higher than asking price on average in December was the \$600K-\$800K range at 100.1%.

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



Source: Virginia REALTORS®, data accessed January 15, 2024

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

Price Range	Ratio
\$200,000 or less	96.7%
\$200,001 to \$400,000	99.6%
\$400,001 to \$600,000	99.8%
\$600,001 to \$800,000	100.1%
\$800,001 or more	99.3%
All price levels	99.3%

Source: Virginia REALTORS®, data accessed January 15, 2024

Most of the December sales were homes priced between \$200K and \$400K (42.6%), but this share has been getting smaller each month as home prices have been rising. About one out of every four homes sold in December closed between \$400K and \$600K (24.2%). On the higher end of the price spectrum, homes sold above \$800K representing 10.4% of December sales, while on the lower end, homes that sold at \$200K or less accounted for 11.4% of sales statewide.

Figure 7. Sales by Price Range, December

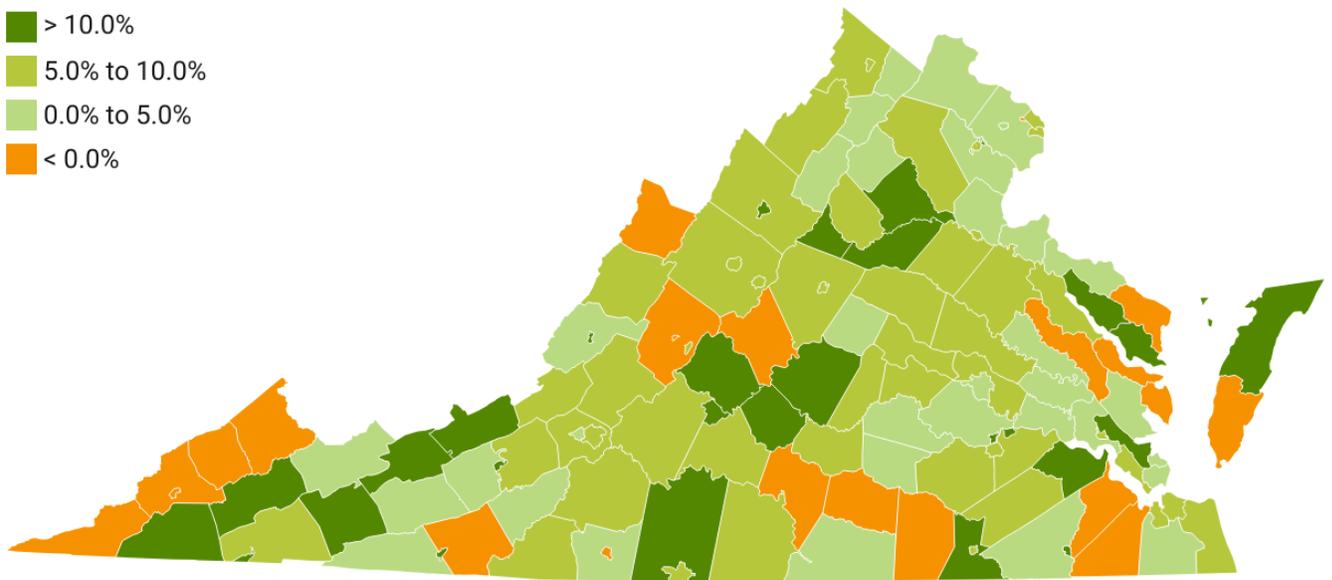


Source: Virginia REALTORS®, data accessed January 15, 2024

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

Change in Median Sales Price, 2022 to 2023

- > 10.0%
- 5.0% to 10.0%
- 0.0% to 5.0%
- < 0.0%



Source: Virginia REALTORS®, data accessed January 15, 2024

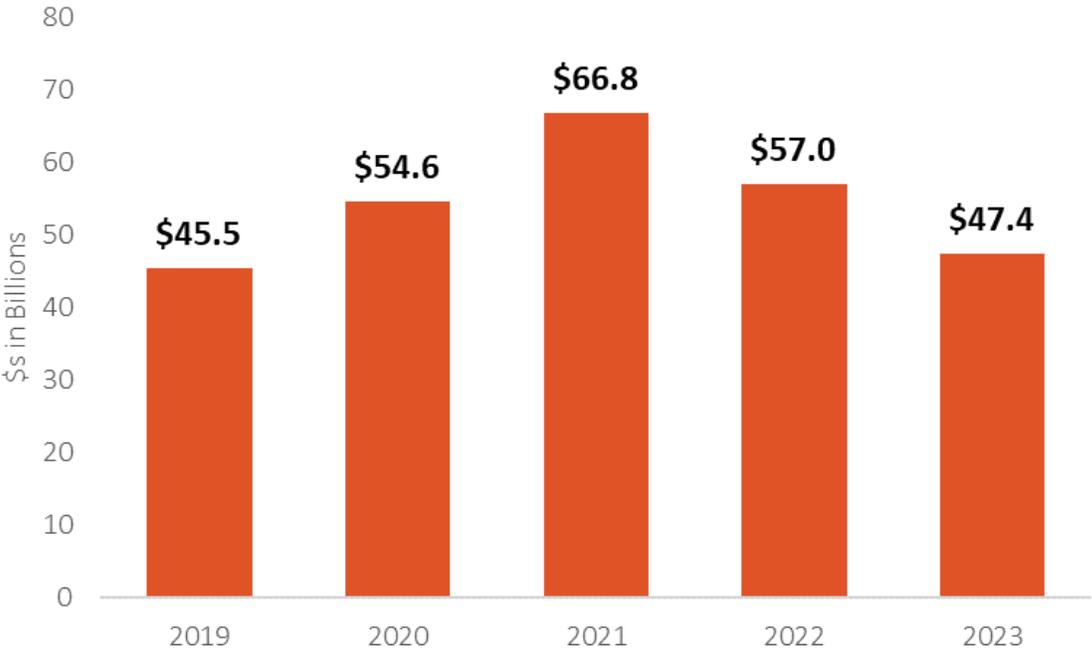
Sold Volume

The market cooldown led to a large drop in sold dollar volume in Virginia’s housing market in 2023. There was approximately \$47.4 billion of sold volume statewide in 2023, which is about \$9.6 billion less sold volume than the 2022 total, a 16.8% decrease. While this is a big

drop from last year, climbing home prices have kept the sold dollar volume relatively high. For example, the 2023 sold volume total was higher than the 2019 sold volume total, even though there were about 28,000 fewer sales in 2023 compared to 2019.

In December 2023 there was about \$3.3 billion of sold volume statewide, which is nearly flat from last year (-0.4%). This is the smallest volume dip since the spring of 2022, a reflection of the strong price growth in many markets around Virginia.

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

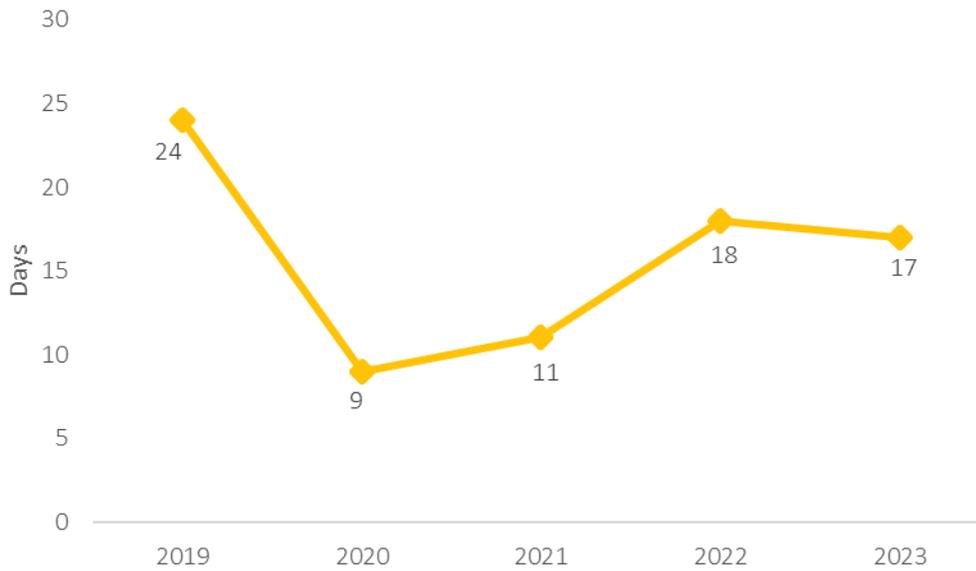


Source: Virginia REALTORS®, data accessed January 15, 2024

Days on Market

Homes are still selling quickly in Virginia as inventory levels remain constrained and the market is competitive for buyers. The median days on market statewide in December was 17 days. This is one day faster than December last year.

Figure 10. Median Days on Market, December

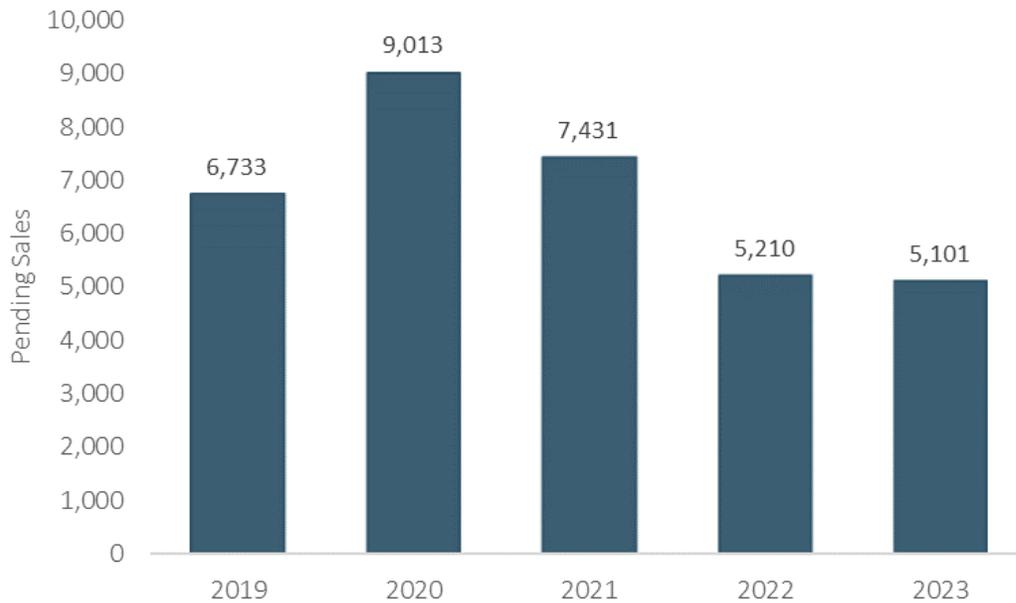


Source: Virginia REALTORS®, data accessed January 15, 2024

Pending Sales

In December, there were 5,101 pending sales in Virginia, a 2.1% decrease from a year ago, which is 109 fewer pending sales. Pending sales activity has been lower each month in 2023 compared to last year, but the pace of decline has been less severe during the last three months of the year.

Figure 11. Pending Sales, December



Source: Virginia REALTORS®, data accessed January 15, 2024

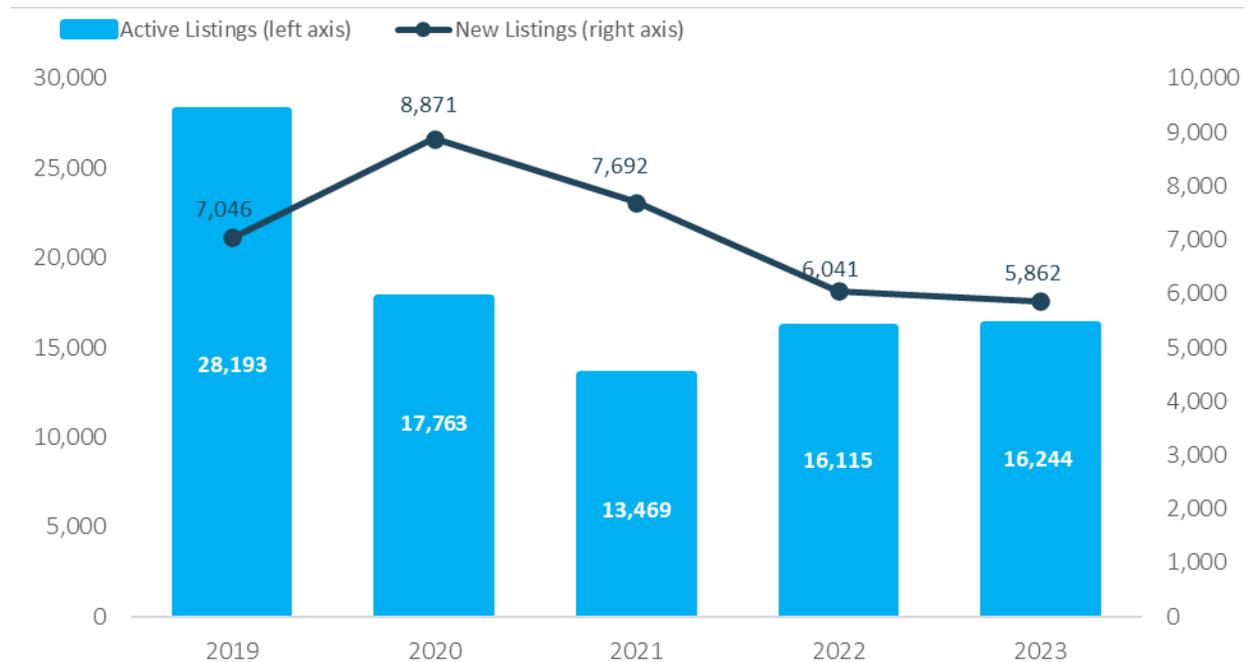
New Listings

There were 5,862 new listings that came onto the market in Virginia during the month of December. This is 179 fewer new listings than last December, reflecting a 3.0% drop. New listings in December plunged 28.4% from November, but this is a typical seasonal drop-off in listings. Would-be sellers continue to be reluctant to list their homes amid higher mortgage rates, however, if rates continue to fall as they have since November, it could prompt more move-up buyers to list their homes in the coming months.

Active Listings

There were 16,244 active listings on the market at the end of December throughout Virginia. This is 129 more listings than this time last year, which is a modest 1% increase. This is the first year-over-year increase in active listings in Virginia's housing market in nine months.

Figure 12. Inventory, December

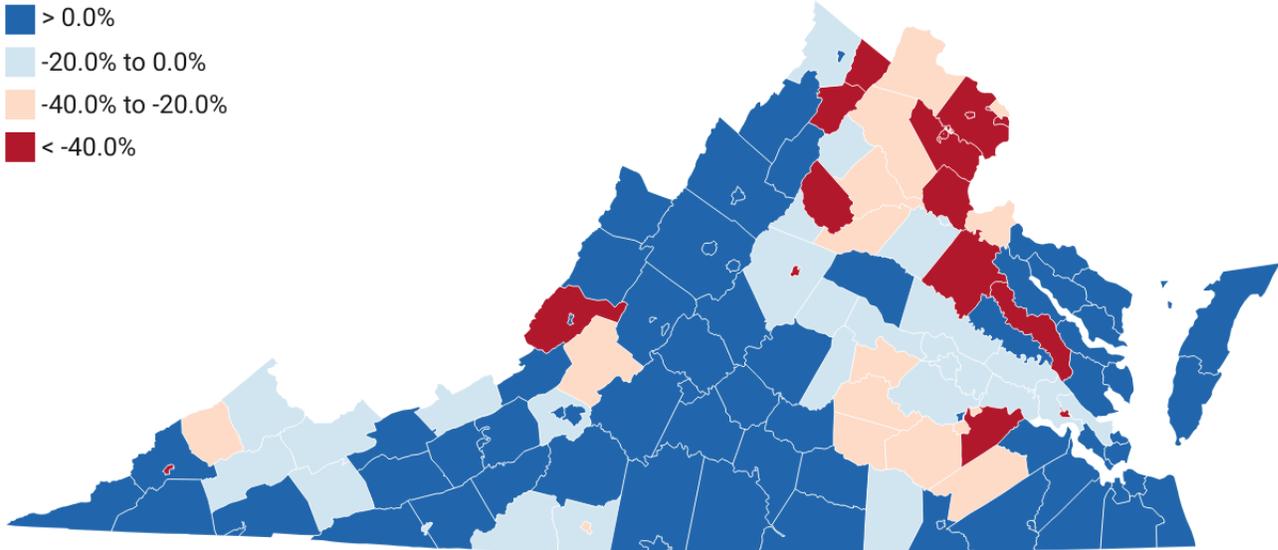


Source: Virginia REALTORS®, data accessed January 15, 2024

Note: Active listings at the end of the month

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

Change in Month End Inventory, 2022 to 2023

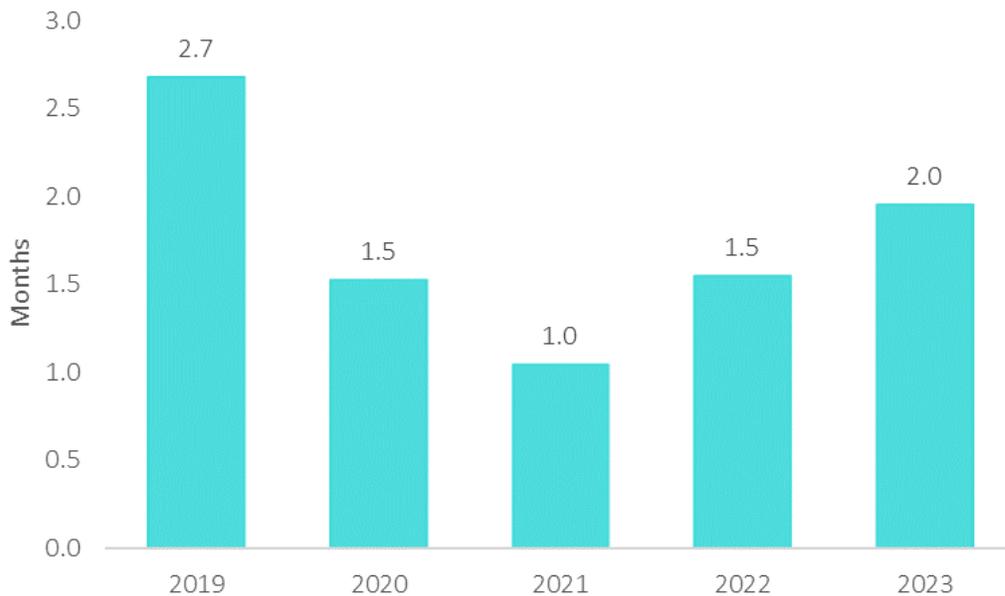


Source: Virginia REALTORS®, data accessed January 15, 2024

Some of the largest supply gains this month were in the Harrisonburg region, the Lynchburg area, and Hampton Roads market. The Northern Virginia housing market, the Fredericksburg region, and the Greater Piedmont region had the sharpest drop in active listings in December.

There was approximately 2.0 months of supply in Virginia’s housing market in December 2023, up from 1.5 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.

Figure 14. Months of Supply, December



Source: Virginia REALTORS®, data accessed January 15, 2024

Outlook

2023 was a year characterized by slow home sales activity, rising interest rates, and inventory constraints. Let's look at where we expect the housing market to be headed in the coming year:

- **Home sales activity is likely to rebound from 2023 levels with an expected boost from lower mortgage rates.** The Federal Reserve has kept its target federal funds rate unchanged at three consecutive meetings since July 2023. The market anticipates the Federal Reserve to lower the federal funds rate in 2024. This is expected to support the downward trajectory that mortgage rates have been on since October 2023. Lower mortgage rates will renew the interest of potential home buyers who were discouraged by the high interest rates throughout most of 2023. This will likely spur housing market activity on both sides of the table as there is pent-up demand in the market for first-time buyers and move-up buyers alike. Overall, 2024 is expected to see a much-needed respite from the sluggish home sales numbers of 2023, although overall, sales volume is still likely to remain below average when compared to recent years.
- **Home prices will continue to climb but at a slower pace in most markets around Virginia, as the supply-demand imbalance remains a factor in the housing market.** Across the commonwealth, tight inventory conditions led to higher median home price growth in 2023, but as interest rates rose last year, the pace of price growth slowed down from 2022. With more inventory expected to become available in the market this year, the upward pressure on prices from the supply side will likely continue to soften. But even as the pressure on home prices softens, with more potential buyers entering the market, the higher demand—which will likely lead to

bidding wars on listed homes—will keep prices stable and trending up. Altogether, this leads us to expect an upward, albeit slower, trajectory in terms of home price growth.

- **Inventory conditions are likely to improve, but it will still be a tight market.** As interest rates trend downward, more homeowners who have the desire to move will proceed with listing their homes. This is not to say the “lock-in effect” will be over, because it will certainly remain a factor in the market, but the severity of its impact will likely ease as interest rates become more attractive. This will provide much-needed supply in the market. In addition, new home construction is projected to increase, which will help the supply in some parts of the state.



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.

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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.