



For Immediate Release

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Inventory Shortage Apparent in Third Quarter Residential Real Estate Sales

Sales pace suppressed by lack of inventory, while prices continue to rise

RICHMOND, Va. (October 23, 2017) – Virginia’s residential real estate market performance in the third quarter was affected by insufficient supply to meet the needs of eager home seekers, according to the Third Quarter 2017 Home Sales Report released by the Virginia REALTORS® association. The number of sales for the three-month period fell year-over-year, while prices continued their steady rise and the time from list to closing sped up markedly from the average in last year’s third quarter.

The third quarter of 2017 saw 33,432 residential transactions closed, a decrease of 0.2 percent from the 33,493 units sold in the third quarter of 2016. While the number of sales fell, the sum value of those transactions increased 3.2 percent from 2016’s third quarter volume to a total of \$11.388 billion (up from \$11.037 billion). The rise in volume reflects steadily increasing median prices. Relative to the third quarter of 2015, volume has risen 11 percent (from \$10.262 billion).

According to 2017 Virginia REALTORS® President Claire Forcier-Rowe, “The prolonged shortage of inventory in Virginia’s market is clear in third quarter indicators. Buyers are willing to pay more and close faster, but there simply aren’t enough houses to satisfy their demand.”

She added, “In the current environment, it is especially valuable for both buyers and sellers to rely on the market expertise of professionals who can navigate fast-paced and competitive sales.”

Remarkably, annualized residential sales, a rolling sum of the home sales closed in the preceding twelve months, fell for the first time in three years of reporting periods. Relative to the previous quarter, annualized sales dropped 0.1 percent (to 120,847 from 120,786). The disruption to serial improvement in annualized sales is a clear indicator that limited supply has suppressed the number of transactions. The drop in third quarter 2017 sales pace was due specifically to a year-over-year decline in September sales, as July and August marginally outperformed their prior year marks.

Aggregate median sales price for the third quarter was \$280,000, an increase of 2.9 percent from the third quarter of 2016 (\$272,000). Compared to the third quarter of last year, 2017 third quarter home sales increased in all price bands except the lowest (\$0 to \$200,000), where most buyers try to enter the market. Sales increased particularly in the ranges \$400,000 to \$500,000 and above \$1 million. Increasing sales in high price categories illustrate that buyers are more and more tolerant of paying a premium to secure a transaction.

The average number of days on the market dropped from prior year benchmarks to an average of 55 for the 2017 third quarter, 10 percent lower than last year's third quarter average (61 days). In keeping with industry seasonality, the average length of time on the market increased from the second quarter to the third. The steep year-over-year decrease in days on the market is a clear indicator of strong buyer motivation, spurred by the lack of inventory and urgency to take advantage of affordable financing.

Virginia's third quarter unemployment rate remained on par with the second quarter average of 3.8 percent. State unemployment continues to outperform the national rate (4.4 percent). The average cost of borrowing remains historically accessible, with both the 30-year and 15-year averages for fixed mortgage interest rates falling for the second time in as many quarters (to 3.89 percent and 3.17 percent, respectively). Increasing speculation of a December rate hike by the Federal Reserve Bank may heighten buyer urgency to enter the market while rates are enticingly low.

The Virginia Home Sales Report is published by the Virginia REALTORS® association. [Click here](#) to view the full Third Quarter 2017 Home Sales Report. Current and past reports are available to members, media, and real estate related-industries through the organization's website.

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About the Virginia REALTORS®

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