

# Virginia

## HOME SALES REPORT

MAY 2021

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## Key Takeaways

- There were **14,145 home sales** in Virginia in May 2021. This is a 35.9% increase from May 2020 when the housing market was significantly impacted by the COVID-19 pandemic. Sales were up 5.5% between April and May.
- The median home sales price statewide was **\$367,200** in May, up 16.6% from a year ago. Prices have been rising quickly for much of the past year in Virginia.
- Increases in both transactions and home prices led to another surge in sold volume. In May, there was a total of **\$6.4 billion in sold volume** statewide, an increase of 66.4% compared to last May and up 8.3% from April.
- Inventory increased slightly this month. At the end of May 2021, there were **18,000 active listings** statewide, which is 32.9% lower than the level at the end of May 2020. However, the number of month-end active listings grew by 3.5% between April and May.

## May 2021 Housing Market Summary

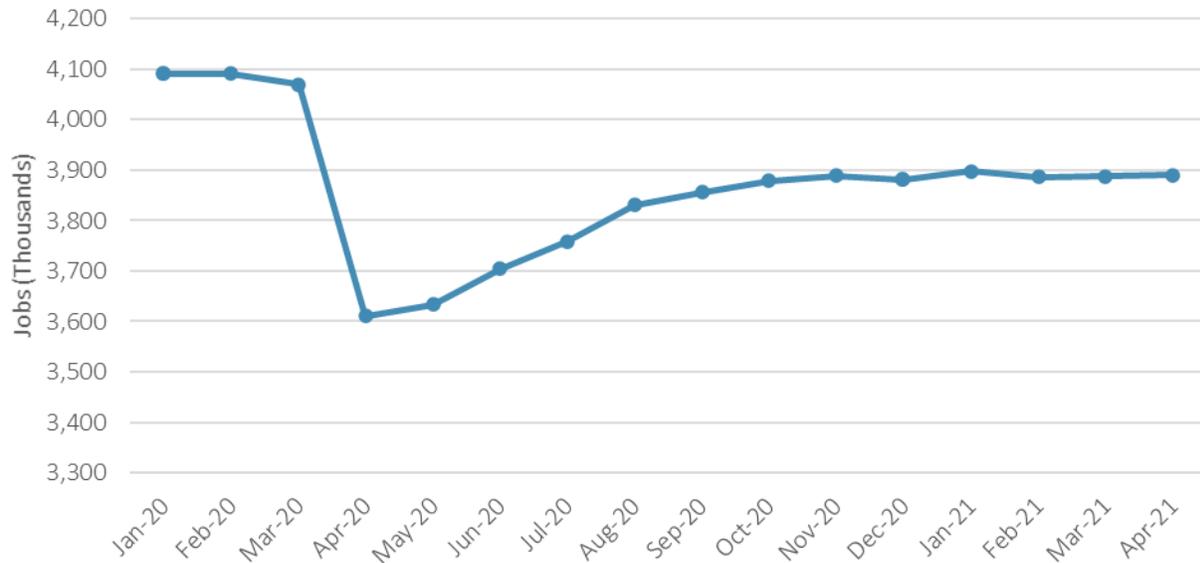
	May-20	May-21	Change	% Change	YTD 2020	YTD 2021	Change	% Change
Sales	10,411	14,145	3,734	35.9%	44,969	59,090	14,121	31.4%
Median Sales Price (\$)	315,000	367,200	52,200	16.6%	300,475	340,000	39,526	13.2%
Sales Volume (\$ billions)	3.9	6.4	2.6	66.4%	16.7	24.3	7.6	45.4%
Average Days on Market	38	22	-16	-41.3%	47	29	-18	-38.5%
Pending Sales	11,798	14,179	2,381	20.2%	50,202	59,090	8,888	17.7%
New Listings	13,522	17,424	3,902	28.9%	67,908	72,208	4,300	6.3%
Active Listings (end of the month)	26,828	18,000	-8,828	-32.9%	26,828	18,000	-8,828	-32.9%
Months of Supply	2.6	1.4	-1.2	-44.6%	2.6	1.4	-1.2	-44.6%

Source: Virginia REALTORS®, data accessed June 15, 2021

## Economic Overview

Economic conditions in Virginia continue to improve, with broad-based growth across sectors of the economy. The total number of jobs in the state is still below the number before COVID-19 and the economic downturn, but there has been steady growth across the state and unemployment rates continue to fall. Gains in some of the hardest-hit economic sectors is a good sign for an improving economy.

**Figure 1. Total Jobs in Virginia (in thousands)**



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

### Jobs

In April 2021, which is the latest data available, there was a total of 3.89 million jobs in Virginia. The economy added about 2,400 jobs between March and April. The state has added jobs in ten of the past 12 months but has not reached pre-pandemic totals. In April 2021, the number of jobs in Virginia was at about 95% of the job totals in early 2020, before the economy shut down.

Employment levels are below where they were a year ago in all of the state's metropolitan areas, but there has been steady progress in regions across Virginia. Employment growth has been strongest in the Winchester area, where job totals surpassed pre-pandemic levels in April 2021. In most other areas, including the state's biggest economic regions, employment totals are between 93 and 95 percent of where they were in early 2020. The Charlottesville metropolitan area has been experiencing a somewhat slower recovery, with the number of jobs in April 2021 at just 90% of pre-pandemic levels.

There was job growth across sectors of the economy. The Wholesale Trade sector in Virginia expanded, adding 4,000 jobs between March and April. There was strong growth in the state's Manufacturing (+1,300 jobs) and Professional & Technical Services (+1,200 jobs) sectors. The Leisure & Hospitality sector was also a big winner, adding about 1,000 jobs between March and April.

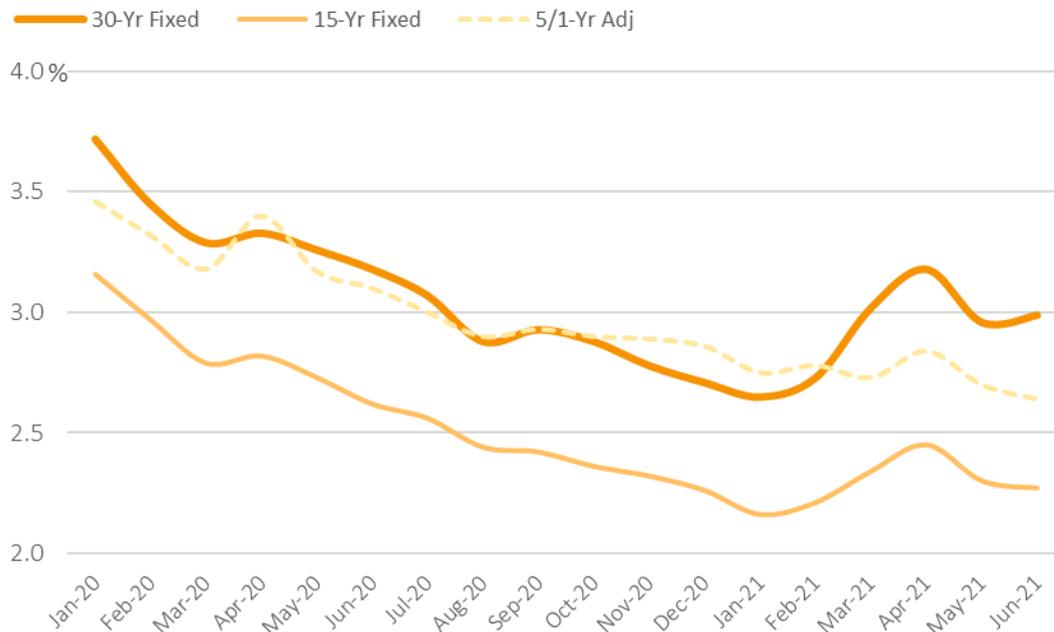
## Unemployment

In April 2021, Virginia's unemployment rate was 4.7%, down from 5.1% in March 2021 and significantly lower than the U.S. unemployment rate (6.1%). Unemployment in Virginia is far below levels during the peak of the pandemic. However, the unemployment rate is still more than double the rate in early 2020.

## Mortgage Rates

While mortgage rates ticked up above three percent this spring, the average 30-year fixed-rate mortgage rate has settled back down. At the end of May and into early June, the average 30-year fixed-rate mortgage rate was just under three percent. Mortgage rates will continue to remain low, although there may be some fluctuations over the next few months as economic conditions improve.

**Figure 2. Mortgage Rates**



Source: Freddie Mac

## Housing Market Overview

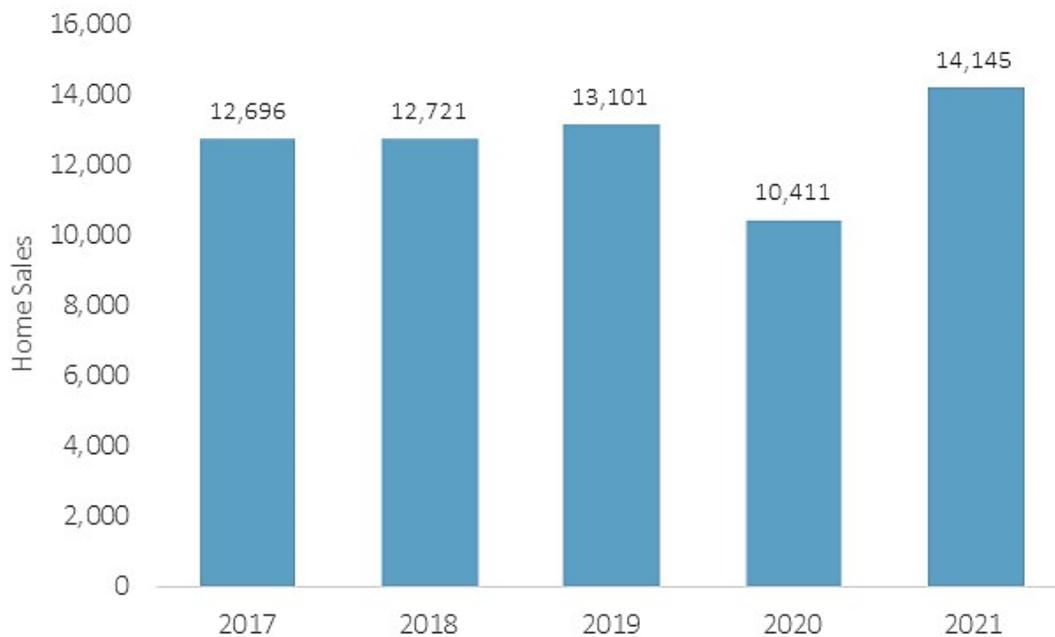
Virginia's housing market continued to be very busy in May, though there may be signs of an approaching cooling. Sales activity was up significantly compared to last May when the housing market had been severely impacted by COVID-19. However, the typical spring sales bump was more modest this year than it has been in more typical years. Inventory remains very tight, though in some markets, the number of active listings is rising, providing more options for buyers.

### Sales

In May 2021, there were 14,145 home sales across Virginia, about 3,700 more sales than last May, a 35.9% increase. In May 2020, the housing market had slowed considerably as a result of the COVID-19 pandemic. Therefore, it is not surprising to see a substantial year-over-year increase in home sales this May.

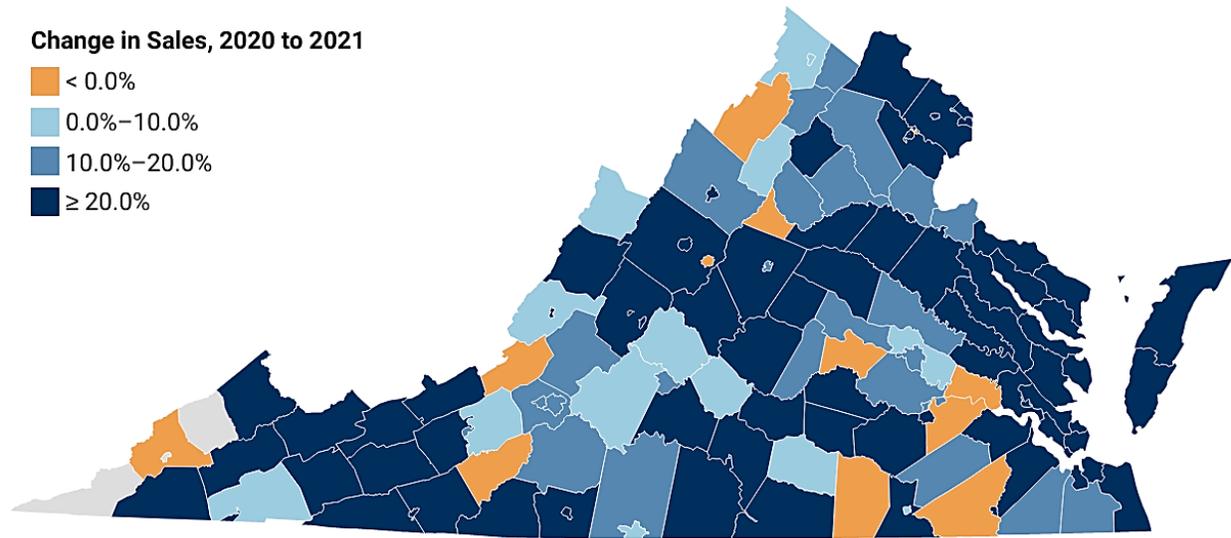
The number of home sales in Virginia increased by 5.5% between April and May, which is an increase of 732 sales. While this is a positive increase month to month, it is a more modest bump than is typical during the spring market. For example, between April 2019 and May 2019, home sales increased by more than 20%.

**Figure 3. Virginia Home Sales, May**



Source: Virginia REALTORS®, data accessed June 15, 2021

**Figure 4. County/City Home Sales, YTD Through May**



Source: Virginia REALTORS®, data accessed June 15, 2021

### Home Prices

The median sales price statewide was \$367,200 in May 2021, which is up 16.6% compared to a year ago. There have been strong price gains every month for nearly a year in Virginia.

The average sold-to-list price ratio in May was 102.4%, which means that, on average, homes sold in Virginia closed at a price that was 2.4% higher than the seller’s asking price. In some cases, of course, homes sold for below asking price and in other cases, the final sales price was much higher than the final list price.

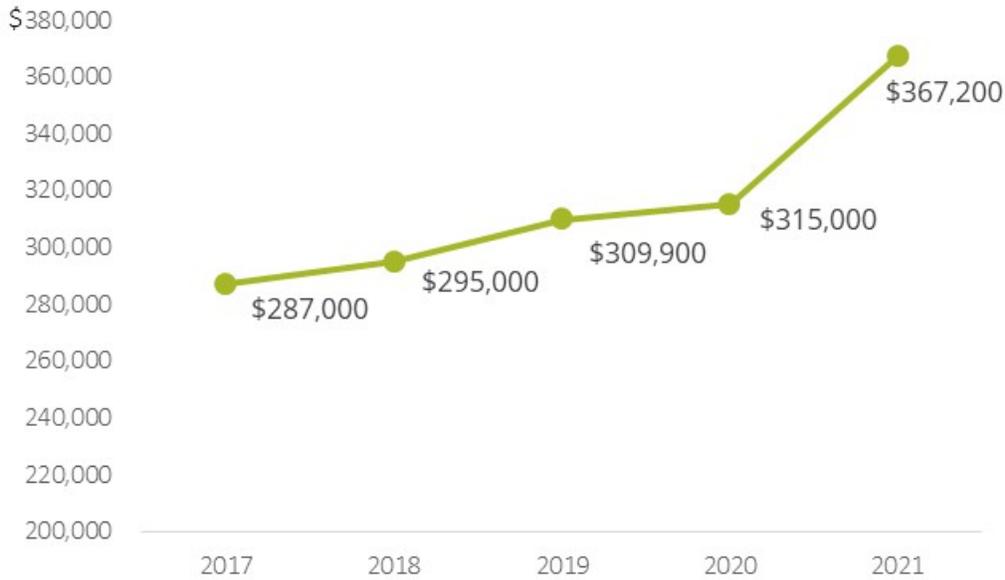
The most significant pressure on home prices is coming at higher price points. The average sold-to-list price ratio for homes selling for \$200,000 or less in May was 99.8%, meaning the average home sold for just a little under list price. By comparison, the average sold-to-list price ratio for homes selling for \$800,001 or more was 103.6%, higher than for any other price range.

**Figure 5. Average Sold-to-List Price Ratio, May 2021**

Price Range	Ratio
\$200,000 or less	99.8%
\$200,001 to \$400,000	102.4%
\$400,001 to \$600,000	103.1%
\$600,001 to \$800,000	103.5%
\$800,001 or More	103.6%
All price levels	102.4%

Source: Virginia REALTORS®, data accessed June 15, 2021

**Figure 6. Median Home Price (\$), May**

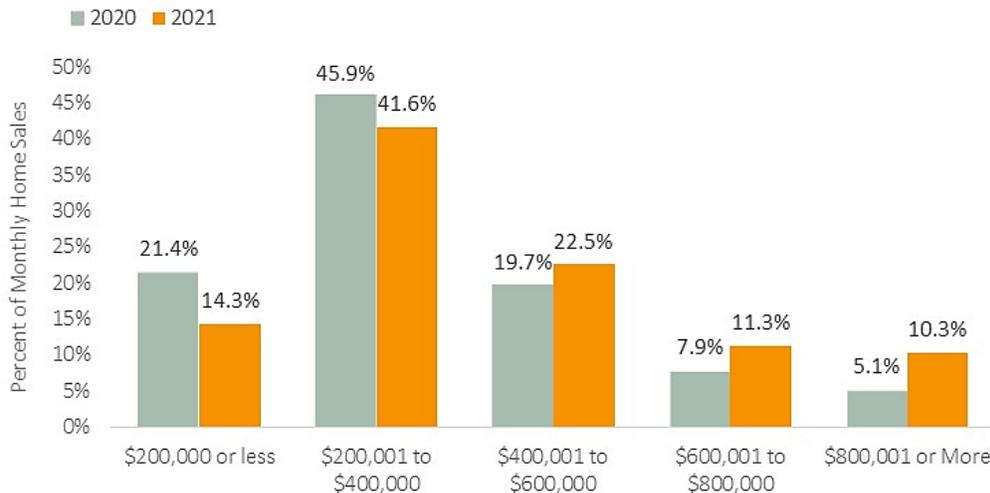


Source: Virginia REALTORS®, data accessed June 15, 2021

The largest number of home sales continue to be in the \$200,001 to \$400,000 price range, although the share of lower-priced homes in the market shrank significantly over the past year. In May 2021, just 14.3% of homes sold had prices of \$200,000 or less. A year ago, in May 2020, more than one-fifth of home sales (21.4%) were in this price range.

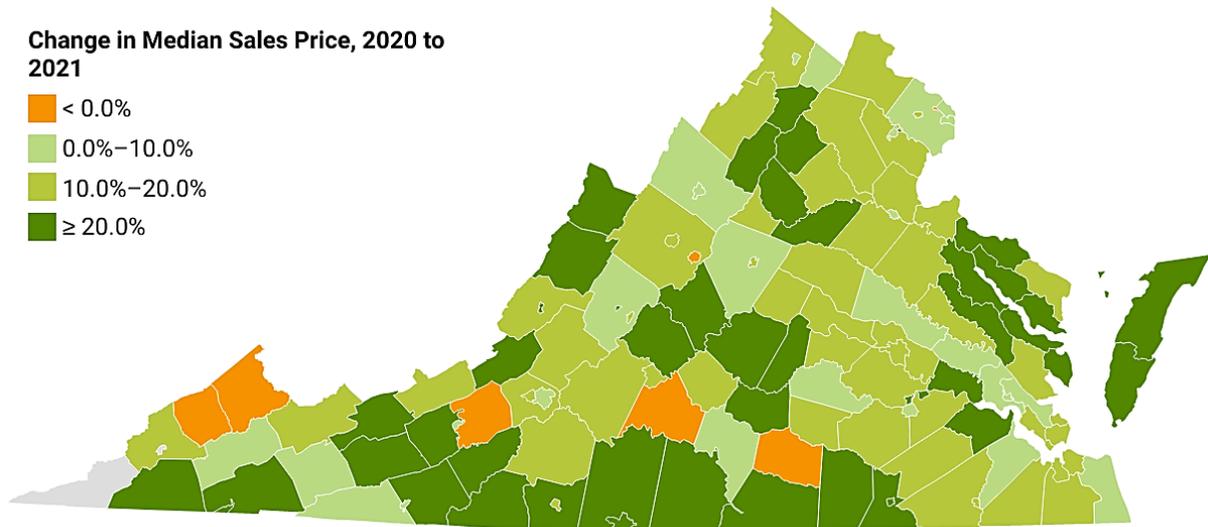
There have been big jumps in the number of homes selling at higher price points. In May 2021, 11.3% of homes sold for between \$600,001 and \$800,000, compared to just 7.9% in May 2020. The share of homes selling for \$800,001 or more doubled over the past year, from 5.1% in May 2020 to 10.3% in May 2021.

**Figure 7. Sales by Price Range, April**



Source: Virginia REALTORS®, data accessed June 15, 2021

**Figure 8. County/City Median Sales Price, YTD Through May**

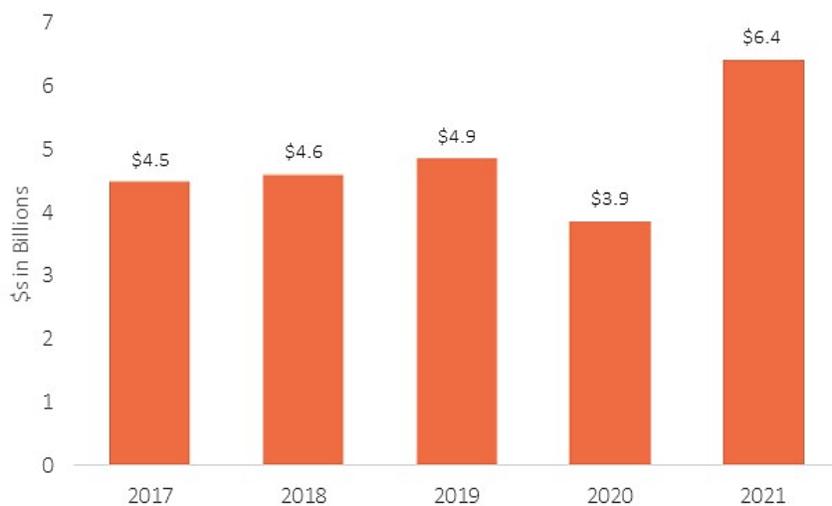


Source: Virginia REALTORS®, data accessed June 15, 2021

### Sold Volume

Total sold volume has surged this spring, as a result of strong sales and significant price gains. Statewide, there was about \$6.4 billion in total sold dollar volume in May 2021, up \$2.5 billion from a year ago, or a 66.4% increase. Last May's figures are artificially low as a result of the COVID-19 pandemic. However, sold volume even rose quickly between April and May, with a gain of 500 million dollars, or 8.3%.

**Figure 9. Sold Dollar Volume, May**



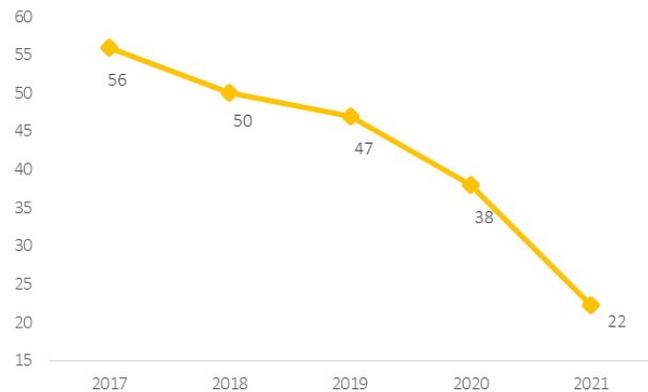
Source: Virginia REALTORS®, data accessed June 15, 2021

### Days on Market

In May 2021, homes were on the market an average of 22 days statewide, which is 16 days faster than the average in May 2020 and three days faster than in April 2021.

The competitive market has led buyers and their REALTORS® to look for properties even before they formally hit the market. Buyers know they need to be ready to act quickly when they find the home that is right for them.

**Figure 10. Average Days on Market, May**



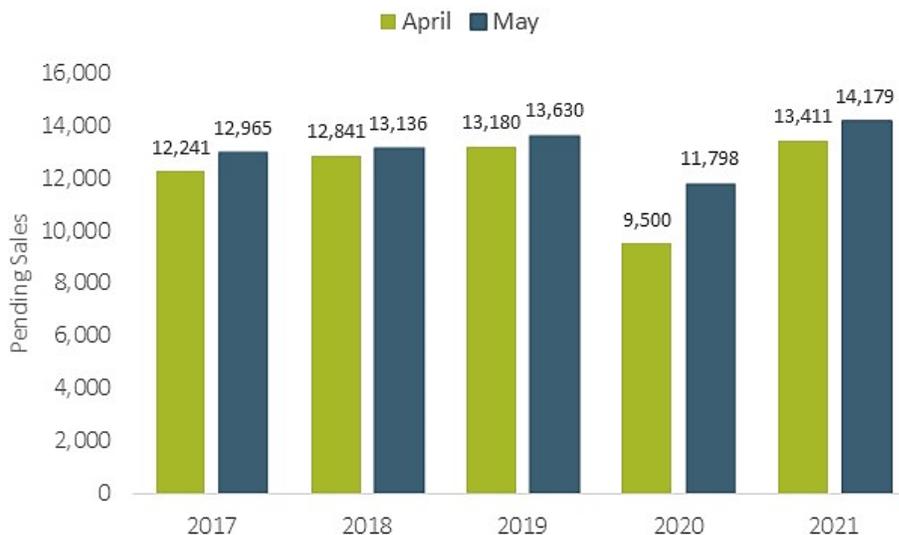
Source: Virginia REALTORS®, data accessed June 15, 2021

### Pending Sales

The pending sales total is the number of homes that went under contract in a given month. A year ago, in May 2020, pending sales activity was artificially low as a result of COVID-19. Pending sales activity was very strong this May, reflecting continued demand in the market. In May 2021, there was a total of 14,179 pending sales statewide, which is up 20.2% from a year ago.

Pending sales typically increase between April and May and this year the uptick was greater than it has been in recent years. Between April and May 2021, the number of homes going under contract rose by 5.7%. By comparison, in 2019, pending sales increased by 3.4% between April and May. The monthly change in 2018 was just 2.3%.

**Figure 11. Pending Sales, April and May**



Source: Virginia REALTORS®, data accessed June 15, 2021

### New Listings

Supply has been a challenge in Virginia’s housing market, as new listings that come onto the market are snapped up almost immediately in some markets across the state. In May 2021, there was a total of 17,424 new listings, which is a strong increase from last May, when the housing market was stalled.

There is typically an uptick in new listings between April and May; however, this year, the number of newly listed homes remained relatively flat. Between April and May 2021, new listings declined by 134 listings, or -0.8%. By comparison, in 2018 and 2019, the number of new listings rose by 3.6% between April and May.

### Active Listings

There is positive news on overall inventory this month. There were 18,000 total active listings on the market at the end of May. While this is down 32.9% compared to May 2020, there were 605 more listings on the market at the end of May 2021 than there were at the end of April 2021, a 3.5% increase. Inventory levels have increased from one month to the next for the past three months, after years of nearly continuous month-to-month inventory declines.

**Figure 12. Inventory, May**



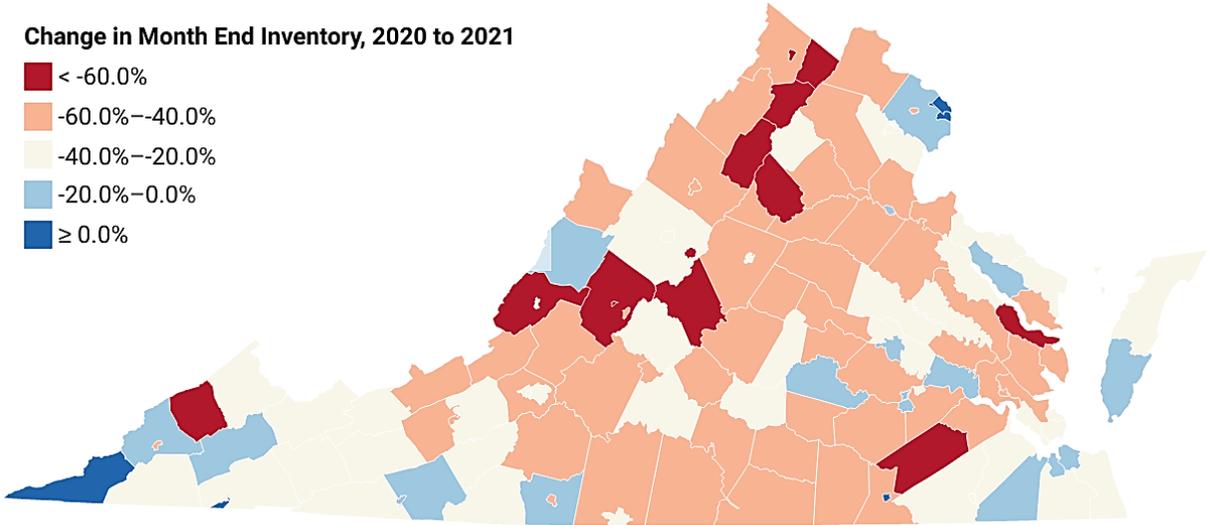
Source: Virginia REALTORS®, data accessed June 15, 2021

Note: Active listings at the end of the month

Compared to last year at this time, inventory levels are down throughout much of the state, with some of the biggest inventory declines in some of the more distant Northern Virginia suburbs (e.g., Clarke and Warren counties), as well as in Alleghany, Rockbridge, and Nelson counties. Year-over-year inventories are up in Arlington and Fairfax counties and the City of Alexandria in Northern Virginia, driven primarily by a rise in condominium listings.

In most counties and cities, there were modest inventory gains between April and May 2021, although there was a lot of variation in market conditions.

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



Source: Virginia REALTORS®, data accessed June 15, 2021

At the end of May 2021, there was an estimated 1.43 months of supply in Virginia, down from 2.58 months of supply at the end of May 2020, but up very slightly from April 2021, when there was 1.41 months of supply.

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. While historically, five or six months of supply has been indicative of a healthy housing market, we have not seen inventory at that level for more than five years in Virginia.

**Figure 14. Months of Supply, May**



Source: Virginia REALTORS®, data accessed June 15, 2021

### Outlook

The housing market in Virginia continued to run on all cylinders this May. There may be some signs of changing market conditions, although there is a lot of variations across local markets. An improving economy, with declining unemployment rates and rising wages, could bring more buyers into the market. At the same time, there could be more inventory to choose from.

While market activity remained very strong in May, there are reasons to think there will be a slight cooling in the market in the months to come. Here are a few trends to watch:

- As the economy opens up, consumer spending has surged. After a year of lock down, there is significant pent-up demand for spending. Over the past few months, thousands of Virginians decided to put their savings towards housing, either to buy a new primary residence or to purchase a second home. Now, however, consumers have more choices about where they can spend their money, including dining out, travel, and other indulgences that had been off the table during the pandemic. This shift in spending could lead to a softening in demand for housing over the remainder of the year.
- Mortgage rates have been at or below three percent for nearly a year. It is anticipated that rates will remain below 3.5% through the end of the year. However, mortgage rates likely will tick up slightly in the months ahead as the economy improves. Modest increases in mortgage rates will not deter most homebuyers, but slight increases could make it harder for marginal buyers, including some first-time buyers, to purchase a home.
- Even as there are signs that demand might cool a bit in 2021, there are also indications that supply could be on the rise. These changes could signal a return to a more “normal” market by 2022, which means more choices and a slightly slower pace for buyers.



The Virginia REALTORS® association is the largest professional trade association in Virginia, representing 35,000 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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Data and analysis provided by Virginia REALTORS® Chief Economist, Lisa Sturtevant, PhD.

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.