

# Virginia

HOME SALES  
REPORT

2019 **YEAR-END EDITION**

# Virginia Home Sales Report

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## Year End and December 2019

### Summary

#### Economic Conditions

- Virginia added 42,200 new jobs over the 12-month period between November 2018 and November 2019.
- There has been steady job growth in relatively high-way sectors in Virginia, including Professional & Technical Services and Manufacturing.
- Consumer confidence remains high, though there are some signs of growing uncertainty about future economic conditions.

#### Housing Market Conditions

- There were 126,305 total home sales in Virginia in 2019, up 3.4% from 2018. In December 2019, the number of sales increased 10.6% over December 2018.
- The median price of homes sold in Virginia in 2019 was \$295,000, up 3.5% over the median price in 2018. Home prices were up in local markets across the Commonwealth.
- Inventory has declined dramatically in Virginia. With a total of 27,760 active listings at the end of December 2019, year-end inventory is down 20.9% from a year ago and down more than 40% from 2015.

#### Virginia REALTORS® Market Report Key Takeaways

- Despite price growth, there are no signs of a “housing bubble” in Virginia. Price appreciation is due to strong demand and low inventories.
- The Northern region tends to drive trends in the housing market. Changes in this market in 2020 will have a substantial impact on the overall State housing market trends.
- Interest rates that have created favorable borrowing conditions will likely continue into 2020.
- The outlook for Virginia’s housing market in 2020 is positive, though the biggest challenges will be a lack of inventory and growing affordability challenges.

# Summary of Virginia's Housing Market Trends & Conditions

	Dec-18	Dec-19	Change	% Change	2018	2019	Change	% Change
Sales	8,549	9,458	909	10.6%	122,184	126,305	4,121	3.4%
Median Home Price (\$)	280,000	295,000	15,000	5.4%	285,000	295,000	10,000	3.5%
Sales Volume (\$ billions)	3.0	3.4	0.4	14.7%	42.5	45.4	2.9	6.9%
Average Days on Market	60	51	-8.3	-13.9%	54	49	-5.4	-10.1%
Pending Sales	6,579	6,413	-166	-2.5%	121,888	126,559	4,671	3.8%
New Listings	6,858	6,983	125	1.8%	171,773	167,717	-4,056	-2.4%
Active Listings (end of the month)*	35,089	27,760	-7,329	-20.9%	40,347	36,477	-3,654	-9.1%
Months of Supply*	3.5	2.6	-0.9	-23.5%	3.9	3.6	-0.4	-9.7%

Source: Virginia REALTORS®, data accessed January 16, 2020

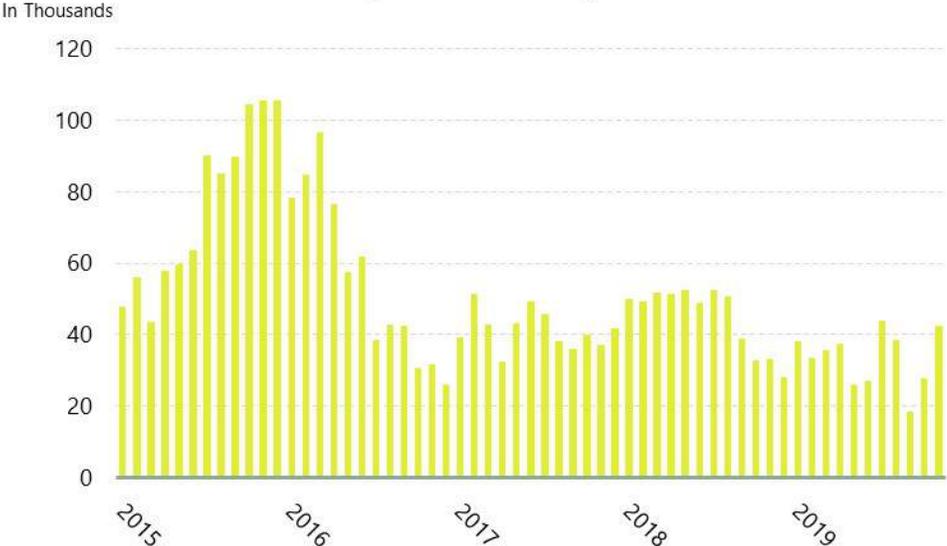
\*Annual figures are averages of month-end data over the year.

# Economic Overview

The Virginia economy has been growing consistently for more than five years. Strong job growth has been a key driver of the considerable—and often unmet—demand for housing throughout much of the Commonwealth.

Between November 2018 and November 2019 (the latest data available), Virginia added 42,200 new jobs. The pace of job growth has slowed somewhat in recent years; however, there are no other signs of a softening economy. The slower job growth has largely been due to the tight labor market and challenges businesses face finding workers to fill vacant jobs.

**Figure 1**  
**Virginia Annual Change in Jobs**

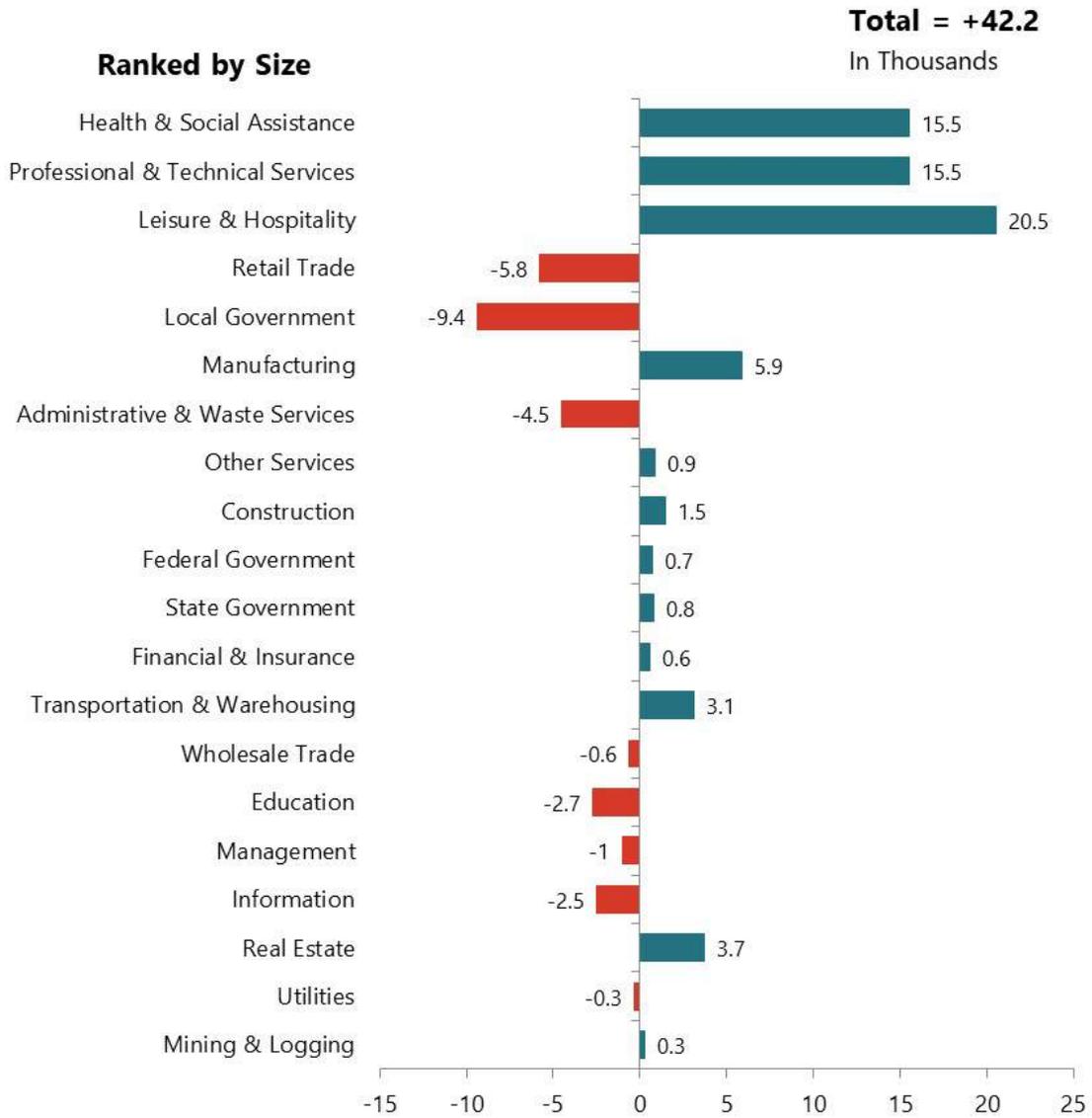


Source: U.S. Bureau of Labor Statistics Not Seasonally Adjusted

In November, Virginia added jobs in the Health Care & Social Assistance (+15,500 jobs), Professional & Technical Services (+15,500 jobs), and Leisure & Hospitality (+20,500 jobs) sectors. The State’s Manufacturing sector also continues to be a bright spot, with about 5,900 new Manufacturing jobs added between November 2018 and November 2019.

Job growth across many sectors is a positive sign, indicating a diverse and growing economy. Gains in jobs in relatively high-wage sectors, including Professional & Technical Services and Manufacturing, are important for fueling demand for homeownership across the Commonwealth.

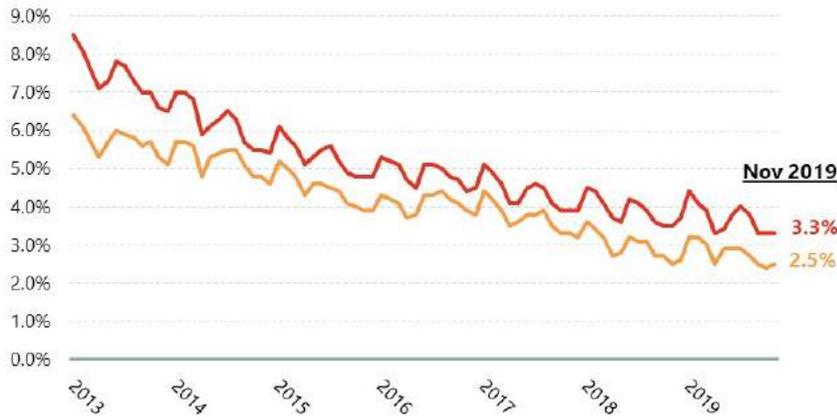
**Figure 2**  
**Virginia Job Change by Industry**  
**November 2018 - November 2019**



Source: U.S. Bureau of Labor Statistics, Not Seasonally Adjusted

The State's unemployment rate was 2.5% in November, up slightly from October, but remaining below the national rate of 3.3%. In some parts of Virginia, unemployment rates have reached historically low levels, below two percent.

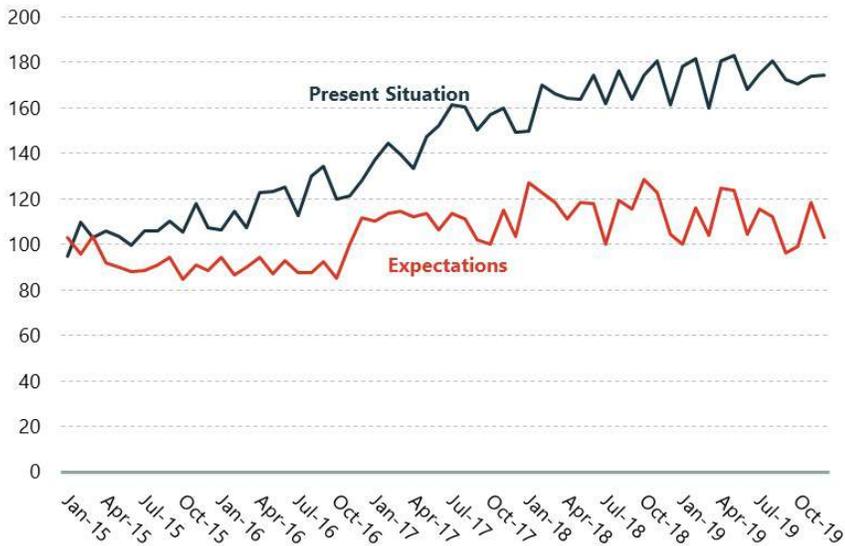
**Figure 3**  
**Unemployment Rate**



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Consumer confidence remains high, though there are some signs that people are becoming more uncertain about future economic conditions. The index of present conditions was 174.4 in December 2019, while the future index was 102.9. (A measure above 100 generally indicates optimism.) The Virginia REALTORS® is closely watching movement in measures of consumer confidence, since declining expectations about the health of the economy can negatively impact the housing market.

**Figure 4**  
**Consumer Confidence**  
**South Atlantic Region**



Source: The Conference Board

In the 3rd week of January, the 30-year fixed rate mortgage rate was 3.63%, virtually unchanged from a month ago but more than three-quarters of a percentage point lower than last January. There are no indicators that mortgage rates will rise significantly in the coming months, with 30-year fixed rates likely remaining at or below 4%.

**Figure 5**  
**Mortgage Interest Rates**  
*Weekly, Not Seasonally Adjusted*



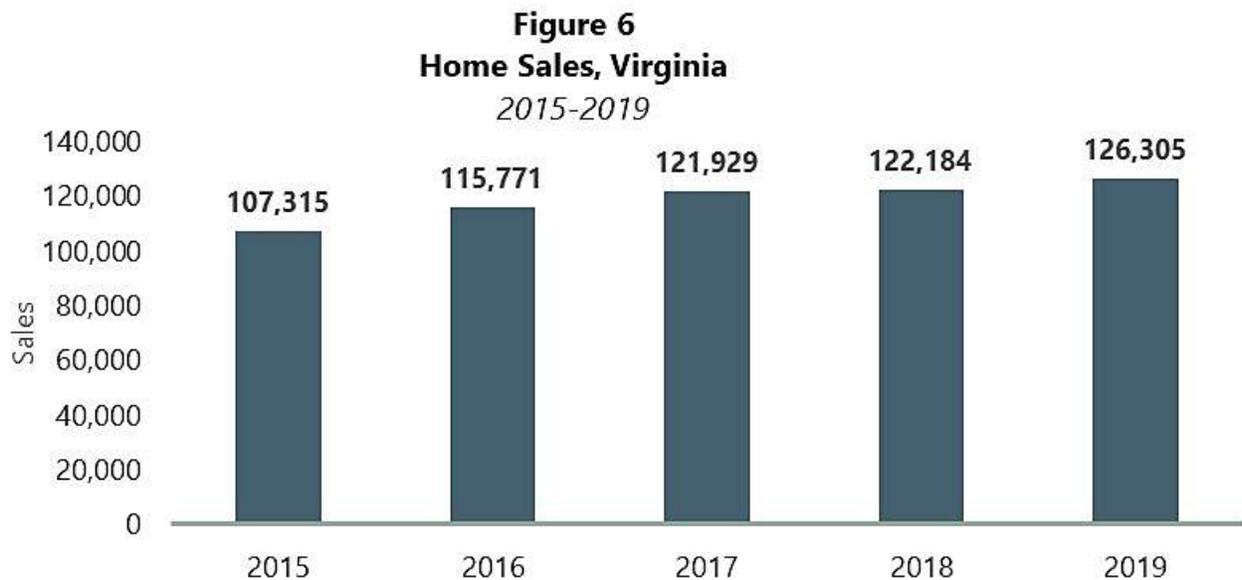
Source: Federal Reserve Bank of St. Louis

# Housing Market Overview

## Sales

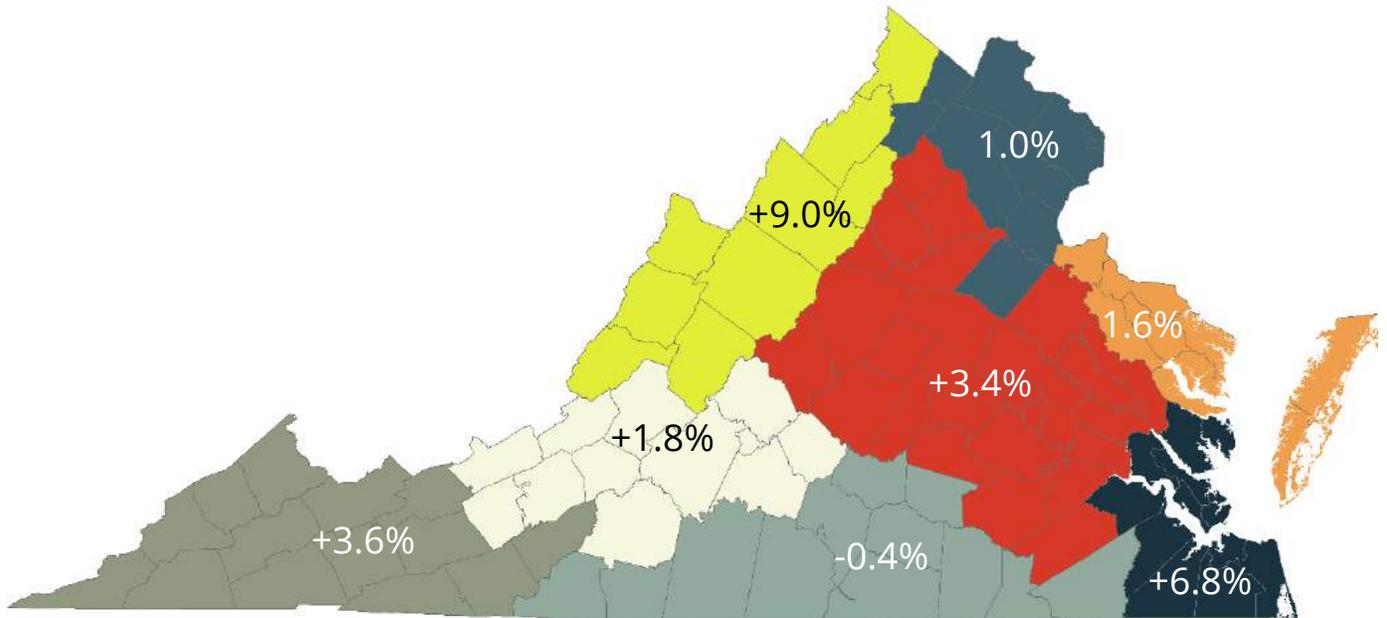
Sales activity has been on the rise for the past five years in Virginia. In 2019, there was a total of 126,305 home sales across the Commonwealth, more than 4,100 more than in 2018, an increase of 3.4%. The increase in sales activity in 2019 comes after relatively flat sales in 2018. While the pace of home sales growth has slowed somewhat in Virginia, this trend does not reflect a softening in housing demand, but rather a shortage of available homes for sale.

December was a strong month for home sales in Virginia. There were 9,458 sales in December, up 10.6% over December 2018. The double-digit increase in sales in December is partially due to the relatively low number of transactions last December when the Federal government was shut down.



Source: Virginia REALTORS®, data accessed January 16, 2020

**Figure 7**  
**Change in Sales by Region**  
 2018 to 2019



<i>Region</i>	<i>2018</i>	<i>2019</i>	<i>% Change</i>	<i>Dec-18</i>	<i>Dec-19</i>	<i>% Change</i>
Central	26,661	27,569	3.4%	1,895	2,234	17.9%
Eastern	2,456	2,495	1.6%	171	178	4.1%
Hampton Roads	27,753	29,650	6.8%	1,985	2,339	17.8%
Northern	44,725	45,193	1.0%	3,137	3,153	0.5%
Southside	2,500	2,491	-0.4%	171	178	4.1%
Southwest	2,037	2,111	3.6%	132	157	18.9%
Valley	6,345	6,916	9.0%	436	567	30.0%
West Central	9,695	9,870	1.8%	622	652	4.8%
<b>All of Virginia</b>	<b>122,184</b>	<b>126,305</b>	<b>3.4%</b>	<b>8,549</b>	<b>9,458</b>	<b>10.6%</b>

Source: Virginia REALTORS®, data accessed January 16, 2019

In 2019, home sales were up in all regions across the Commonwealth, with the exception of the Southside region, where the number of sales remained relatively unchanged. In Virginia’s largest region, the Northern region, sales were relatively flat both in December 2019, as well as for the year overall. A lack of inventory, rather than a lack of interested buyers, continues to be the primary reason for slower sales growth in the State’s Northern region. The Valley region experienced a bump in sales, potentially gaining sales because of a lack of inventory to the north. Sales were up 9.0% in 2019 compared to 2018 in the Valley region. There was also strong growth in sales in the Central and Hampton Roads regions, where the number of sales in 2019 increased by 3.4% and 6.8%, respectively.

## Home Prices

The median price of homes sold in Virginia in 2019 was \$295,000, up 3.5% over the median price in 2018. Home prices in Virginia have increased between two and 3.5% each year for the past five years. Steady and consistent price growth reflects the strong demand for homeownership across the Commonwealth.

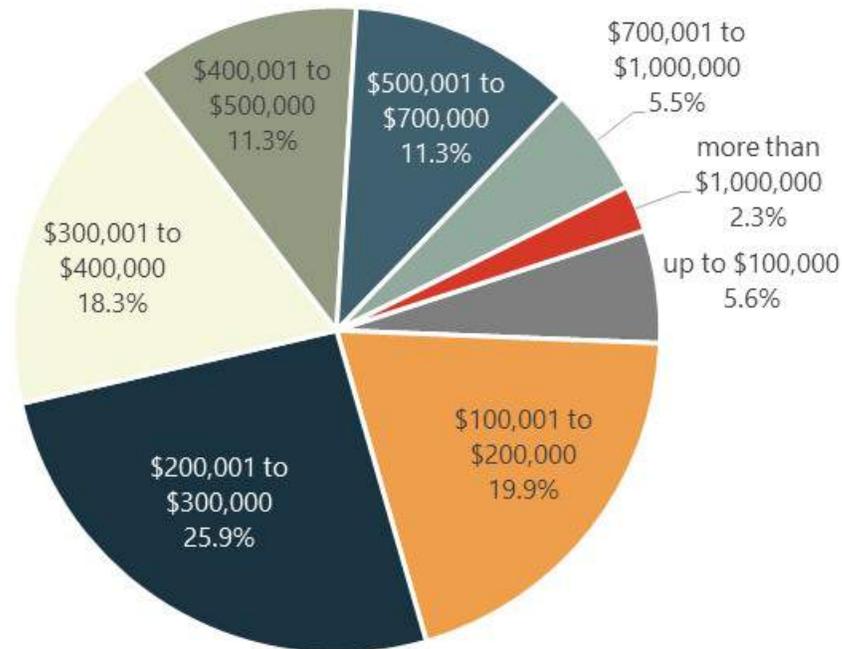
**Figure 8**  
**Median Sales Price, Virginia**  
2015-2019



Source: Virginia REALTORS®, data accessed January 16, 2020

More than a quarter of home sales statewide in 2019 sold for between \$200,001 and \$300,000, while 18.3% sold for between \$300,001 and \$400,000. Over time, the share of homes priced below \$200,000 has declined, as strong demand and limited inventory has pushed prices up into the next price bracket. In 2019, 25.5% of homes sold had prices below \$200,000 compared to 28.6% of homes sold in 2018.

**Figure 9**  
**Sale Price Distribution, Virginia**  
 2019



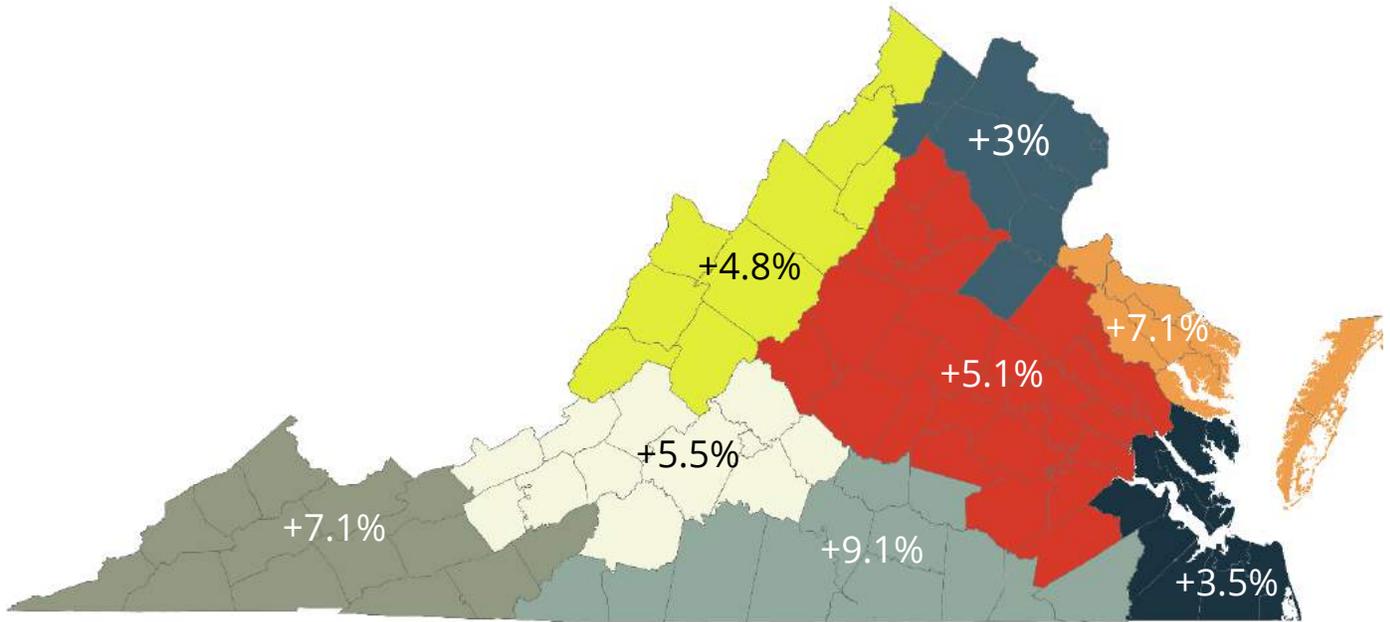
Source: Virginia REALTORS®, data accessed January 16, 2020

The overall median sale price in Virginia in 2019 was \$295,000, but there is significant variation across the State. For example, in the Northern region of the State, the median sale price in 2019 was \$450,000 while in the Southside region, the median price was \$120,000.

Despite differences in the median, home prices were up in 2019 across all regions in Virginia. The strongest price appreciation was in the Southside area, where the median home price in 2019 increased 9.1% from 2018. There was also a substantial increase in prices in the Eastern region of the State, where the median home price was 7.1% higher in 2019 compared to 2018.

Despite strong price growth for several years, there are no signs of a “housing bubble” in any of Virginia’s regional markets. Instead, price appreciation in Virginia is due to strong demand for housing and low inventories of both existing and new homes available for sale.

**Figure 10**  
**Change in Median Sales Price by Region**  
*2018 to 2019*



<i>Region</i>	<i>2018</i>	<i>2019</i>	<i>% Change</i>	<i>Dec-18</i>	<i>Dec-19</i>	<i>% Change</i>
Central	252,065	265,000	5.1%	249,950	274,245	9.7%
Eastern	210,000	225,000	7.1%	220,000	234,500	6.6%
Hampton Roads	236,800	245,000	3.5%	229,950	245,000	6.5%
Northern	432,000	450,000	4.2%	430,000	457,500	6.4%
Southside	110,000	120,000	9.1%	90,000	110,000	22.2%
Southwest	126,000	134,900	7.1%	141,000	129,900	-7.9%
Valley	210,000	220,000	4.8%	210,000	229,900	9.5%
West Central	180,000	189,950	5.5%	180,000	194,975	8.3%
<b>All of Virginia</b>	<b>285,000</b>	<b>295,000</b>	<b>3.5%</b>	<b>280,000</b>	<b>295,000</b>	<b>5.4%</b>

Source: Virginia REALTORS®, data accessed January 16, 2019

## Sold Volume

With steadily increasing sales transactions and home prices, the total sold dollar volume in Virginia has also expanded over the past five years. In 2019, total sold dollar volume in the Commonwealth was \$45.43 billion, up more than \$10 billion from five years ago. Between 2018 and 2019, total sold dollar volume increased by nearly \$3 billion, or 6.9%.

In December, as a result both of a substantial increase in sales as well as growth in sales prices, total sold dollar volume was up 14.7% over December 2018.

**Figure 11**  
**Sold Dollar Volume, Virginia**  
*2015-2019*

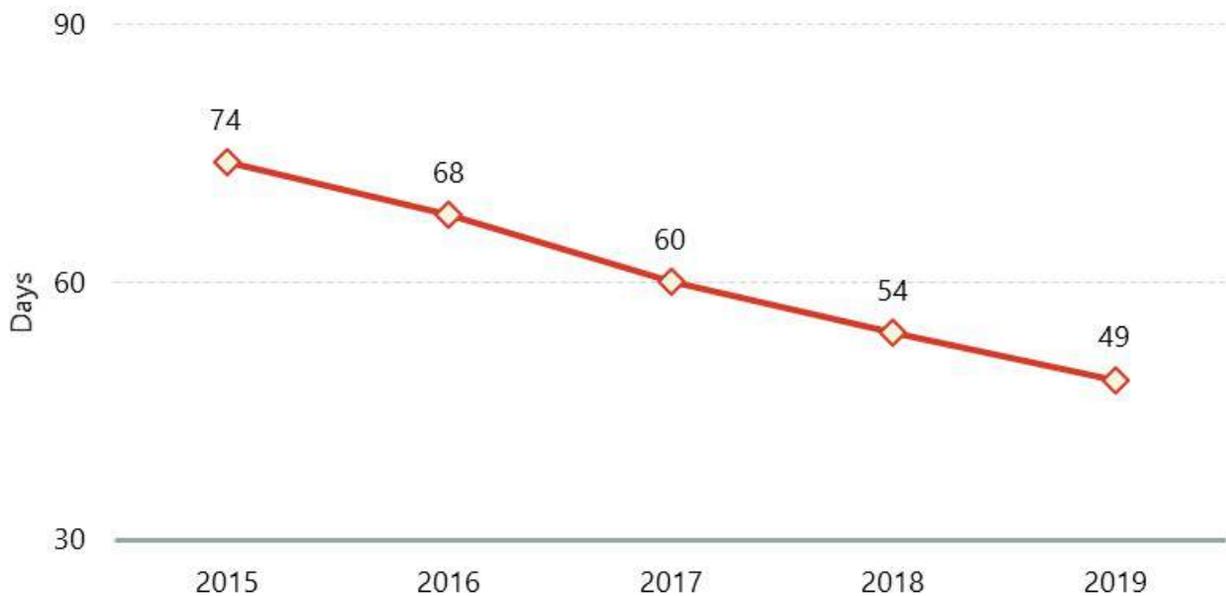


Source: Virginia REALTORS®, data accessed January 16, 2020

## Days on Market

Homes in Virginia continue to sell at a faster rate, with an average days on market of 49 for 2019, down five days compared to 2018. Homes sold faster in 2019 than in 2018 in all regions across Virginia. The fastest transactions took place in the State's Northern region, where the average days on market in 2019 was just 28, down 4 days from a year ago. The biggest decline was in the Eastern region, where homes sold in an average of 146 days in 2019, down 20 days from 2018.

**Figure 12**  
**Average Days on Market, Virginia**  
*2015-2019*



Source: Virginia REALTORS®, data accessed January 16, 2020

**Figure 13**  
**Change in Average Days on Market by**  
**Region**  
*2018 to 2019*

<i>Region</i>	<i>2018</i>	<i>2019</i>	<i>Change</i>	<i>Dec-18</i>	<i>Dec-19</i>	<i>Change</i>
Central	43	42	-1	51	45	-6
Eastern	167	146	-20	173	170	-3
Hampton Roads	61	53	-8	64	52	-12
Northern	32	28	-4	43	34	-9
Southside	170	166	-4	190	174	-16
Southwest	168	155	-13	147	146	-1
Valley	78	67	-11	64	65	1
West Central	68	57	-11	69	57	-12
<b>All of Virginia</b>	<b>54</b>	<b>49</b>	<b>-5</b>	<b>60</b>	<b>51</b>	<b>-8</b>

Source: Virginia REALTORS®, data accessed January 16, 2019

## Pending Sales

Pending sales are the number of homes that went under contract in a given month but did not yet go to closing. Trends in pending sales can be a leading indicator for future home sales one or two months out. In December 2019, there were 6,413 pending sales, down 166 sales, or 2.5% from December 2018.

The number of pending sales tends to drop off between November and December each year. In 2019, the number of pending sales in December was 1,990 lower than in November. This decline from November to December was slightly greater in 2019 than in 2018. In December 2018, the number of pending sales was 1,553 lower than the number of pending sales in November 2018.

## New Listings

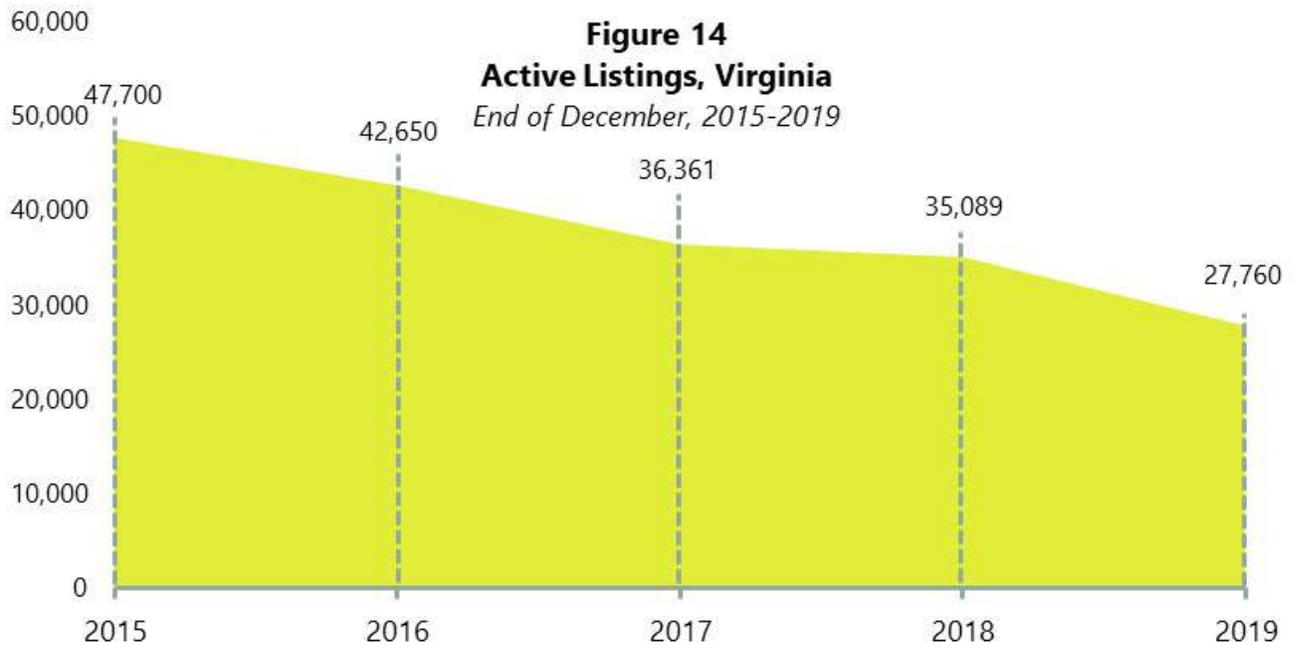
In 2019, the total number of new homes listed for sale declined from 2018. There was a total of 167,717 new listings over the course of 2019, down 4,056 listings, or 2.4%, compared to 2018. In 2018, the number of annual sales was 71.1% of the number of new listings. By comparison, in 2019, the number of sales was 75.3% of new listings.

In December 2019, new listings were higher than in December 2018. In December 2019, there were 6,983 new listings, which was 125 listings, or 1.8% more, compared to December 2018.

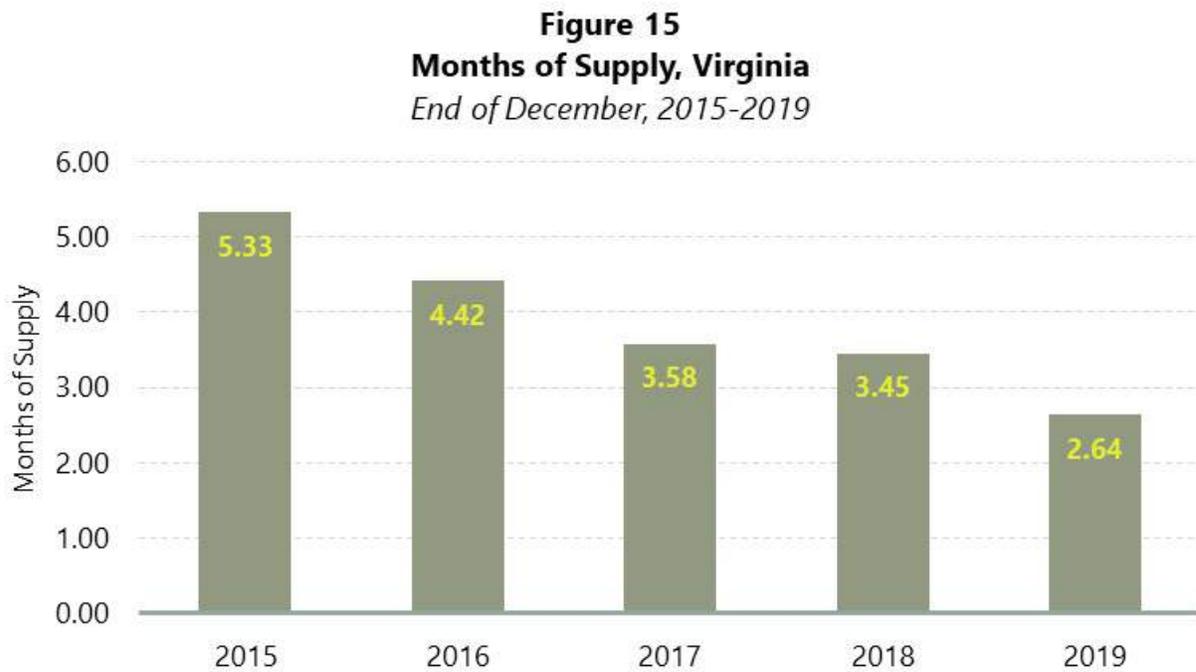
## Active Listings

The availability of homes for sale has shrunk considerably in Virginia over the past five years. At the end of December 2019, there was a total of 27,760 active listings, down more than 7,300 from the end of December 2018, a drop of 20.9%. The inventory level at the end of 2019 was just about 58% of the level available five years ago.

Growth in sales and declining inventories has led to a substantial drop in the months of supply to historically low levels for the State. At the end of 2018, there was an estimated 3.45 months of supply statewide; at the end of December 2019, that level had fallen to just 2.64 months of supply, with some local markets posting less than a month's worth 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. Historically, a supply below five or six months has tended to favor sellers rather than buyers. While there are variations across the state, both in terms of inventory and months of supply, most markets are very soundly sellers' markets.



Source: Virginia REALTORS®, data accessed January 16, 2020



Source: Virginia REALTORS®, data accessed January 16, 2020

## Outlook

Virginia's housing market will continue to perform well into 2020, with continued price growth and stable sales. The biggest challenge will continue to be a lack of inventory. However, as prices continue to climb, more homeowners may be enticed to list their homes in 2020. With a ramp up in new construction, potential move-up buyers should see slightly more options. Overall, therefore, signs point to a strong housing market in 2020, albeit one that still tends to favor sellers over buyers.

### Virginia REALTORS® 2020 Outlook



Source: Virginia REALTORS®

### Positive signs for Virginia's housing market

- **Strong job growth.** The economy in Virginia continues to exhibit strength. In addition, Virginia would be relatively insulated from any national economic slowdowns in 2020 due to its strong ties to Federal government activity and recent private employer investments in the State.
- **Broad wage growth.** After years of stagnant wages, workers across sectors are seeing increases in their paychecks. Wage growth allows working households to spend more, but also to save and invest more, including investments in homeownership.
- **Millennials aging into their 30s.** While young adults continue to face obstacles buying a home, demographics are on their side. Affordability, a lack of supply, and student debt burdens remain persistent challenges. However, as more Millennials get married and have children, they will be looking to also become homeowners.

- **Low interest rates.** Mortgage rates have helped to offset some of the impact of rising prices, as home loans have been less expensive to secure. In 2020, there are no signs that interest rates will rise significantly, indicating that 30-year mortgage rates will continue to be attractive to buyers.
- **Consumer confidence high.** Households exhibit high levels of confidence in their present economic situations, which makes them more likely to consider major economic decisions, including starting a business or buying a home.

### **Potential risks to the housing market in Virginia**

- **Growing uncertainty.** While consumer confidence is presently high, both economic and political uncertainty could negatively impact households' assessment of future economic conditions, which could result in them holding back on major decisions.
- **Lack of supply.** The trend of low inventories will likely continue into 2020, making it difficult for would-be buyers, particularly first-time buyers, to find a home. New construction is expected to ramp up in 2020; however, the pace of new construction will be insufficient to meet pent-up demand.
- **Affordability.** Related to the lack of supply is the growing challenge of housing affordability. Even with low interest rates, moderate-income households and first-time homebuyers may continue to be priced out in some of the State's most competitive housing markets.



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.