

Virginia

HOME SALES
REPORT

DECEMBER 2020

Virginia Home Sales Report

Year End and December 2020

Summary

Economic Conditions

- Virginia's economy continued to improve steadily in 2020, with 7 consecutive months of job growth.
- The statewide unemployment rate hit 4.9% in November and has declined steadily since the summer.
- Despite the positive economic news, it is likely that it will take years to fully regain all of the jobs that were lost this spring.
- Mortgage rates remain at historically low levels. The 30-year fixed rate mortgage rate has been below 3% for 23 consecutive weeks.

Housing Market Conditions

- There were 12,525 home sales Statewide in December 2020, which is 3,067 more than December 2019, an increase of 32.4%.
- Home prices have been up by double-digit rates for 5 months in a row. In December, the median home sales price Statewide was \$325,000, which was up 10.2% compared to a year ago.
- Pending sales suggest that the housing market will remain strong into early 2021. In December, there were 8,151 pending sales in Virginia, up 20.6%, compared to a year ago.
- There were 8,876 new listings brought to the market in December, which is a 25.4% increase over last year.
- At the end of December, there was a total of 17,542 active listings on the market, which is 10,886 fewer than a year ago, a 38.3% decline.

Virginia REALTORS® Market Report Key Takeaways

- Virginia's housing market surged in the 2nd half of 2020. Despite the pandemic and economic downturn, there were 13,603 more home sales in 2020 than there were in 2019.
- Historically low mortgage rates have supported strong homeownership demand and have helped to drive up home prices.
- Inventory continues to shrink, and buyers face increasingly limited options. In 2021, inventory will still be the biggest challenge to the housing market.
- In 2021, expect economic conditions to improve and housing demand to remain firm. Prices will continue to rise, which means that housing affordability will be a growing concern in the year ahead.

Summary of Virginia's Housing Market Trends & Conditions

	Dec-19	Dec-20	Change	% Change	2019	2020	Change	% Change
Sales	9,458	12,525	3,067	32.4%	126,305	139,908	13,603	10.8%
Median Home Price (\$)	295,000	325,000	30,000	10.2%	295,000	319,902	24,902	8.4%
Sales Volume (\$ billions)	3.4	5.0	1.6	47.1%	45.4	53.6	8.2	18.1%
Average Days on Market	51	34	-17.0	-33.3%	49	41	-8.0	-16.3%
Pending Sales	6,757	8,151	1,394	20.6%	126,760	141,195	14,435	11.4%
New Listings	7,080	8,871	1,791	25.3%	167,339	165,510	-1,829	-1.1%
Active Listings (end of the month)	28,428	17,537	-10,891	-38.3%	28,428	17,537	-10,891	-38.3%
Months of Supply	2.69	1.5	-1.2	-43.9%	2.7	1.5	-1.2	-43.9%

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

Economic Overview

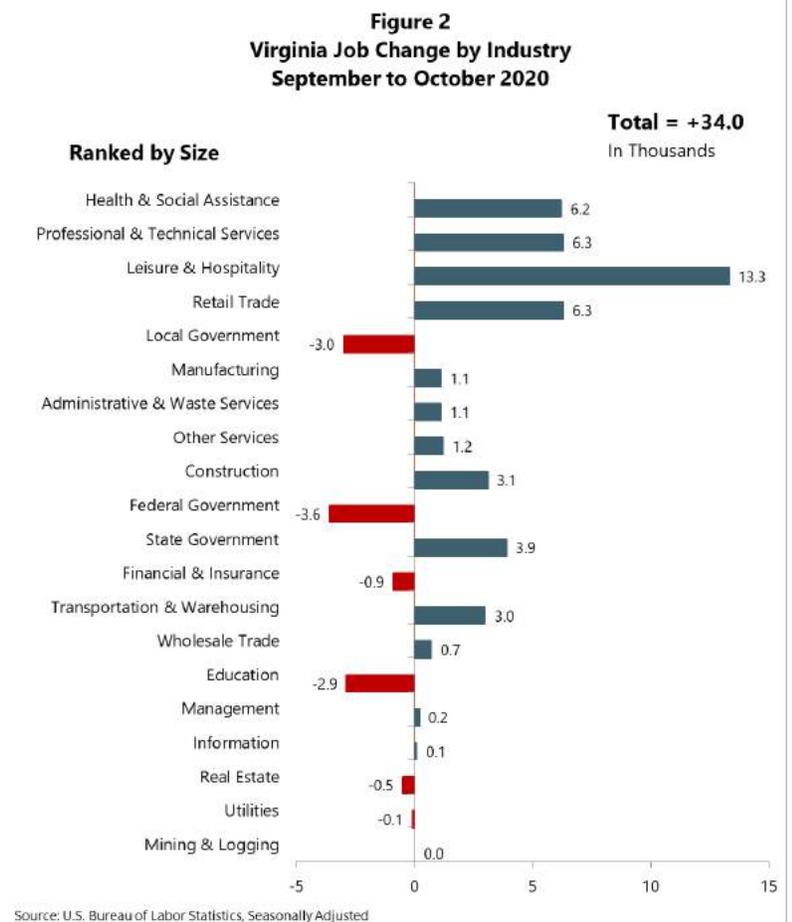
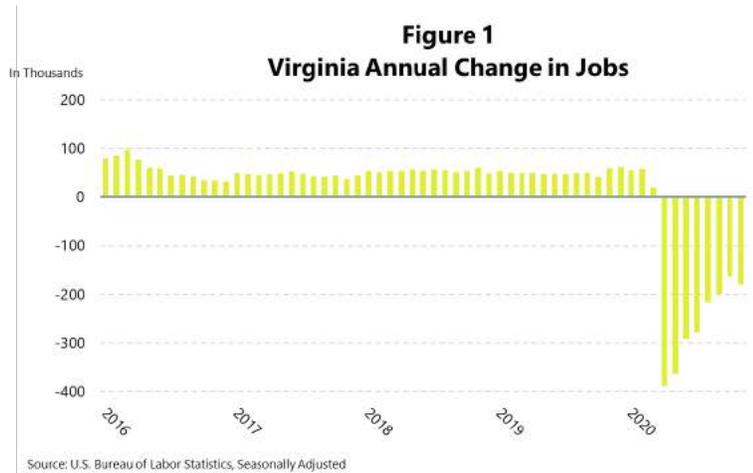
The economic recession officially began 10 months ago. Economic conditions continue to recover, although the pace of recovery has slowed in recent months. Looking ahead, the Federal stimulus package passed in December and the ramp-up in the distribution of the COVID-19 vaccine will be critical for encouraging and strengthening the economy in 2021.

Jobs

In Virginia, the economy has added jobs for 7 consecutive months. In November, there were 8,100 jobs added, following 35,700 jobs added in October. Despite steady job gains, the State only has regained about 56% of the jobs that were lost in March and April. In November 2020, there were 179,000 fewer jobs in Virginia than there were in 2019.

While it is likely to take years to return to pre-recession employment levels in the Commonwealth, some sectors of the economy have fared better than others. Compared to a year ago, there has been growth in the Professional & Technical Services, Construction, Federal Government, Finance & Insurance, and Transportation & Warehousing sectors.

By contrast, some sectors of the economy are still struggling. The Leisure & Hospitality sector, which includes restaurants, bars, and hotels, has been particularly hard hit by the downturn. In November 2020, there were 66,800 fewer jobs in this sector than there were in November 2019. The Local Government sector is down by 31,600 jobs and the Health Care & Social Assistance sector is down by 26,400 jobs.



Unemployment

In November, Virginia's unemployment rate was 4.9%, which is significantly lower than the U.S. rate. The unemployment rate has declined steadily, however, there are still thousands of unemployed residents across the state. At the end of December, there were about 63,000 Virginians receiving unemployment benefits. The number of new claims for unemployment benefits ticked up in December, with nearly 20,000 Virginians filing for unemployment benefits for the first time in early 2021.

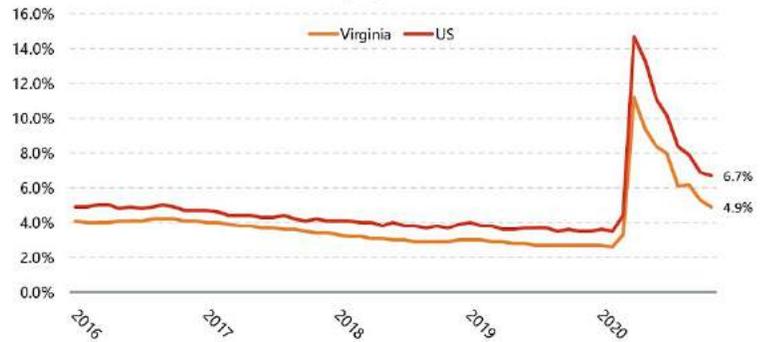
Consumer Confidence

Measures of consumer confidence reflect how people feel about economic conditions. As a result of economic and political uncertainties, as well as rising numbers of COVID-19 cases, consumer confidence dropped in December. The measure of confidence in the present economic situation was 101.1, but the future consumer confidence index fell to 92.2. A consumer confidence index below 100 indicates people are feeling more pessimistic.

Mortgage Rates

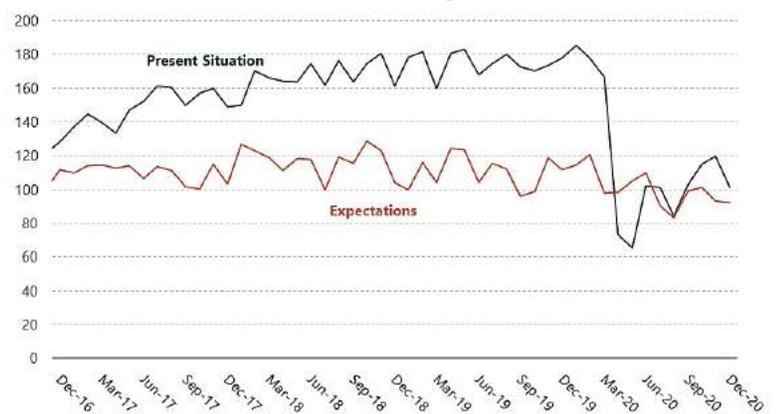
According to data reported by Freddie Mac, the average 30-year fixed-rate mortgage rate has been below 3% for 23 consecutive weeks. Mortgage application activity ended the year on a high note. In the 1st week of January, the average 30-year fixed-rate mortgage rate was 2.65%, which is a full percentage point lower than at this time last year.

Figure 3
Unemployment Rate



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

Figure 4
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Figure 5
Mortgage Interest Rates
Weekly, Not Seasonally Adjusted



Source: Freddie Mac

Housing Market Overview

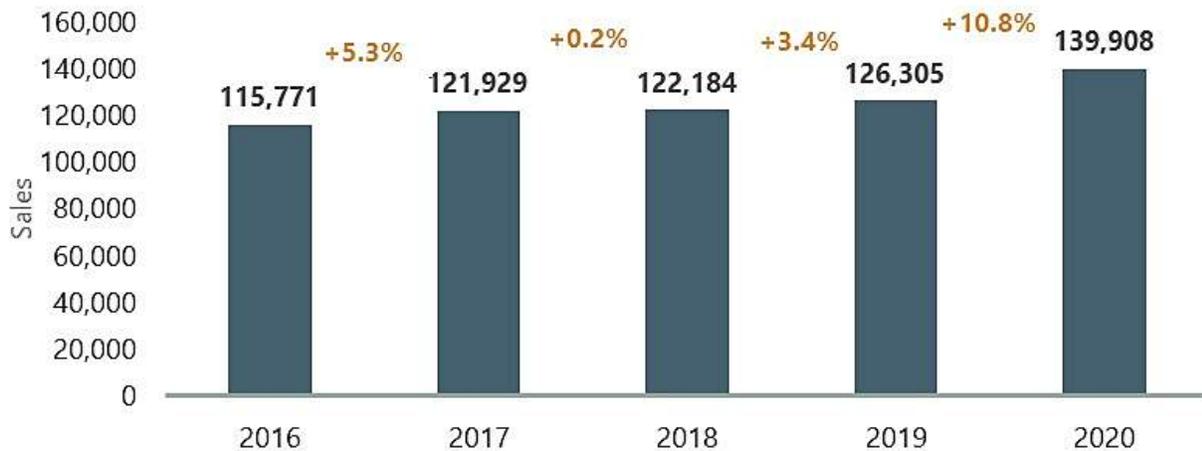
Despite the global pandemic and the economic recession, the housing market surged in 2020. Sales activity stalled in the spring, but home sales roared back in the summer and sales activity was sustained through the end of the year. Demand for homeownership has been strong throughout the pandemic, fueled by historically low mortgage rates. The major challenge for the housing market has been a lack of supply. Declining inventory has limited options for would-be homebuyers and has driven up home prices.

Sales

In 2020, there was a total of 139,908 home sales statewide. There were 13,603 more sales in 2020 than there were in 2019, reflecting an increase of 10.8%. This is the fastest growth in annual sales transactions in more than 5 years.

Home sales activity gained steamed throughout the fall and into the winter months when transactions typically tend to slow. In December, there was a total of 12,525 home sales, which is 32.4% higher than a year ago.

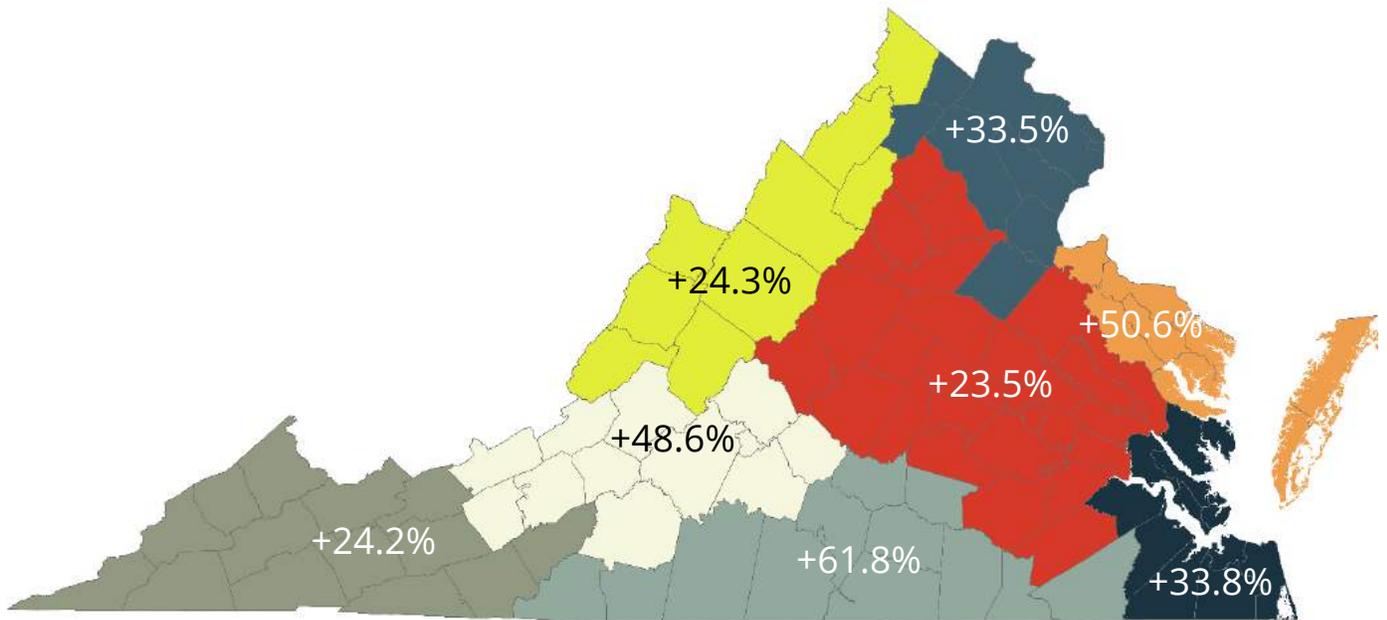
Figure 6
Home Sales, Virginia
2016-2020



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

Sales were up strongly in 2020 in all regions across Virginia. The fastest growth in sales activity was in the Eastern and Valley regions, where annual sales were up 29.4% and 20.0%, respectively. Home sales surged across the Commonwealth at the end of the year, with the strongest growth in small and mid-sized markets. In December, the number of home sales in the State's Southside region was up 61.8% compared to a year ago. Sales were up 50.6% in the Eastern region and climbed 48.6% in the West Central region.

Figure 7
Change in Sales by Region
December 2019 to December 2020



<i>Region</i>	<i>Dec-19</i>	<i>Dec-20</i>	<i>% Change</i>	<i>2019</i>	<i>2020</i>	<i>% Change</i>
Central	2,234	2,759	23.5%	27,569	29,622	7.4%
Eastern	178	268	50.6%	2,495	3,229	29.4%
Hampton Roads	2,339	3,130	33.8%	29,650	33,621	13.4%
Northern	3,153	4,210	33.5%	44,725	49,185	10.0%
Southside	178	288	61.8%	2,500	2,874	15.0%
Southwest	157	195	24.2%	2,037	2,395	17.6%
Valley	567	705	24.3%	6,345	7,614	20.0%
West Central	652	969	48.6%	9,870	11,352	15.0%

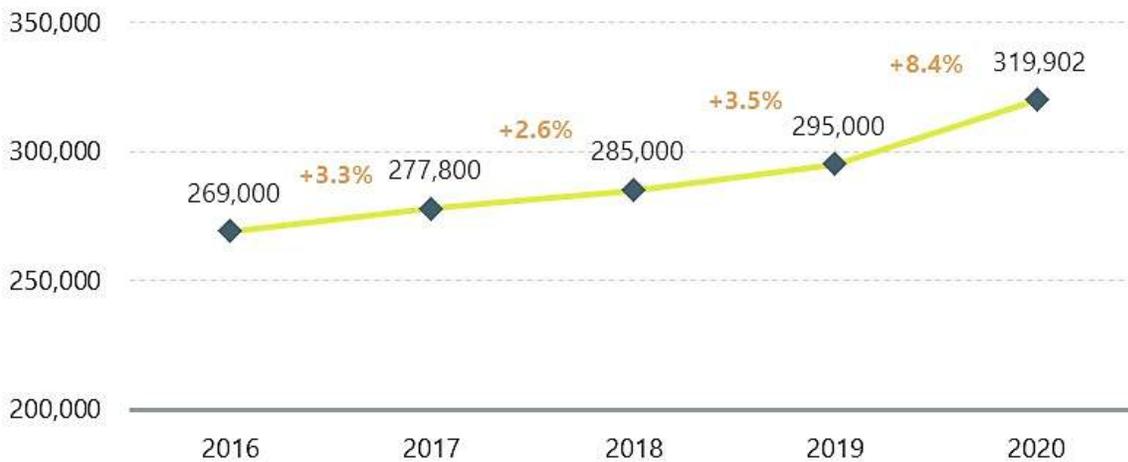
Source: Virginia REALTORS®, data accessed January 15, 2021

Home Prices

In 2020, home prices grew quickly across the Commonwealth due to strong demand, constrained inventory, and historically low mortgage rates. The median sales price in 2020 was \$319,902, which was up from \$295,000, an 8.4% increase. For the past few years, home prices have risen by between 2 and 4 percent, so the gain in 2020 is notable.

The biggest price gains were in the last few months of the year. In December, the median sales price statewide was \$325,000, up 10.2%. This marks the 4th month in a row of double-digit price appreciation in Virginia. The median home price in December was more than \$60,000 higher than it was 5 years ago.

Figure 8
Median Sale Price, Virginia
2016-2020



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

Rising prices meant that in 2020, there was a slight shift in the market away from sales in the lowest price tier. In 2019, homes priced under \$300,000 comprised a smaller part of the market than they did in 2020. About 46% of 2020 home sales were priced under \$300,000. By comparison, more than half (51.3%) of 2019 home sales were below \$300,000. Homes priced between \$300,000 and \$599,999 accounted for 38.9% of the market in 2020, compared to 36.3% of 2019 sales. At the higher end, homes priced at \$600,000 or above accounted for 14.8% of home sales in 2020 compared to 12.4% of sales in 2019.

In December, home prices were up in every region across the Commonwealth. The fastest price growth was in the Southside region, where the median sales price in December 2020 was \$143,750, up 30.7% compared to a year ago. In the State's Northern region, the median sales price was \$484,995 in December, which is up 6.0% compared to a year ago. During December, median home prices were up 9.9% and 11.6%, respectively, in the Central and Hampton Roads regions.

Figure 9
Sold Prices by Price Range, Virginia
2020 and 2019

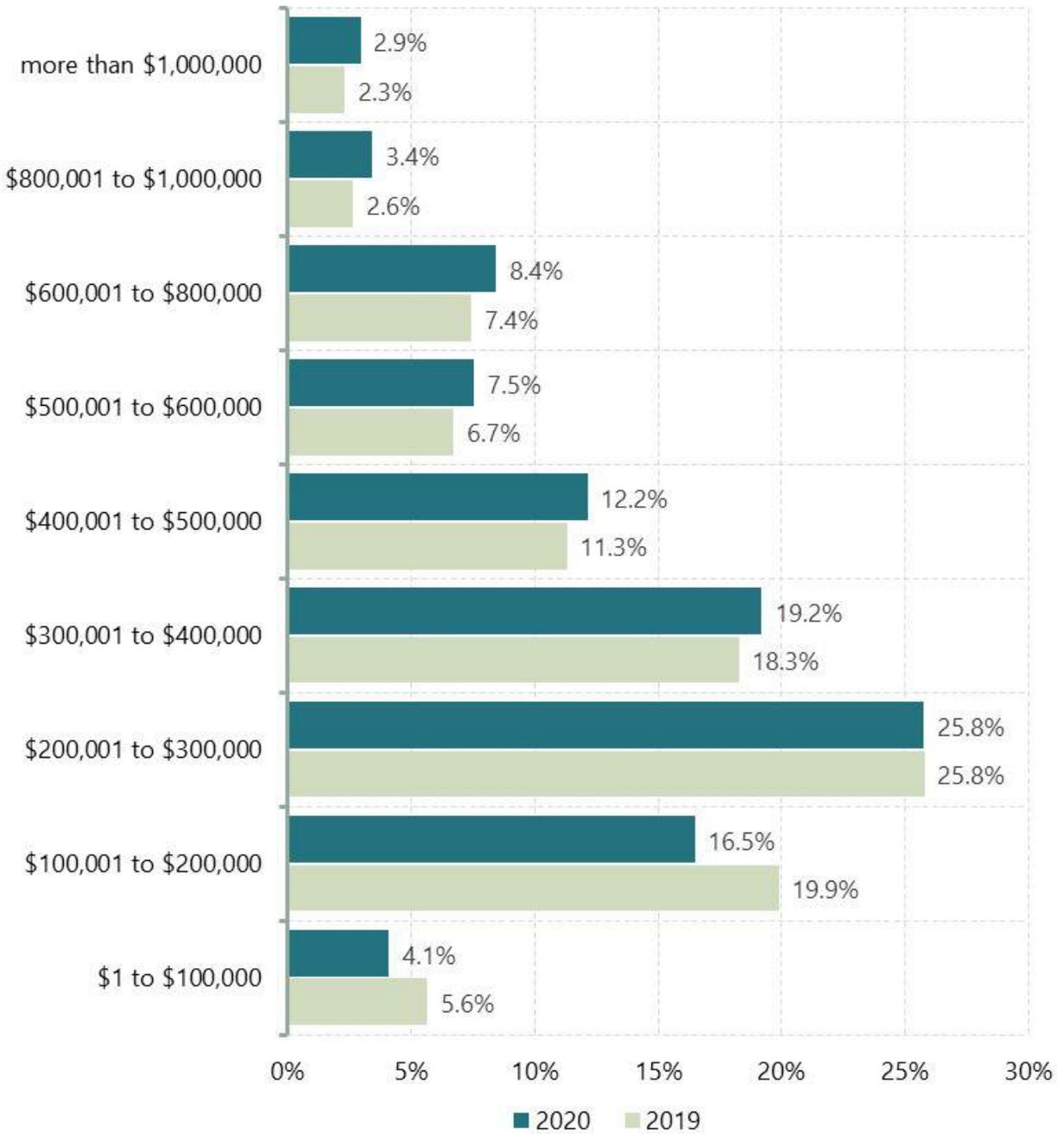
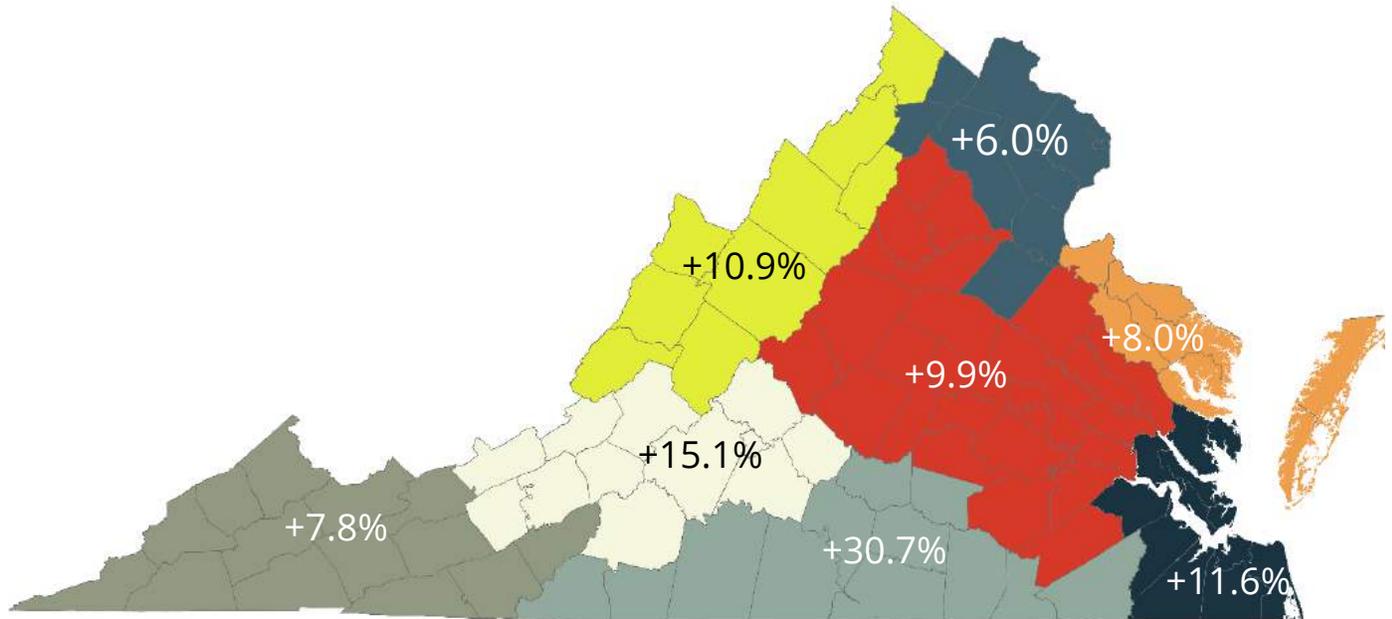


Figure 10
Change in Median Sales Price by Region
December 2019 to December 2020



<i>Region</i>	<i>Dec-19</i>	<i>Dec-20</i>	<i>% Change</i>	<i>2019</i>	<i>2020</i>	<i>% Change</i>
Central	\$274,245	\$301,500	9.9%	\$265,000	\$289,000	9.1%
Eastern	\$234,500	\$253,250	8.0%	\$225,000	\$261,000	16.0%
Hampton Roads	\$245,000	\$273,345	11.6%	\$245,000	\$265,000	8.2%
Northern	\$457,500	\$484,995	6.0%	\$450,000	\$485,000	7.8%
Southside	\$110,000	\$143,750	30.7%	\$120,000	\$130,000	8.3%
Southwest	\$129,900	\$140,000	7.8%	\$134,900	\$146,500	8.6%
Valley	\$229,900	\$255,000	10.9%	\$220,000	\$246,950	12.3%
West Central	\$194,975	\$224,500	15.1%	\$189,950	\$214,000	12.7%

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

Sold Volume

The residential real estate market was a bright spot in the economy in 2020. Significant increases in both sales transactions and home prices led to a surge in the total sold volume across the State. In 2020, there was a total of \$53.6 billion of total sold volume, which is a gain of \$8.2 billion compared to 2019, an increase of 18.1%.

In December, sold dollar volume expanded significantly as home sales surged and home prices increased at double-digit rates. There was a total of \$5.0 billion of sold volume during the month, up a significant 47.1% over December 2019.

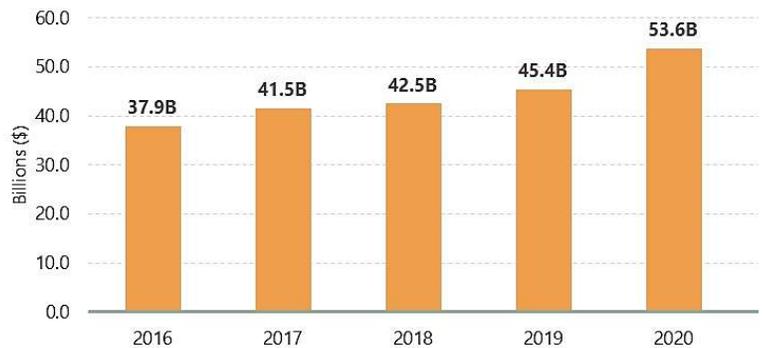
Days on Market

The competitive housing market led to a rapid decline in the average days on market in 2020. The average days on market was 41 in 2020, down more than a week from 2019. Statewide, homes sold about a month faster, on average, than they did 5 years ago.

In December, when home sales transactions can slow, the typical home sold in 34 days in Virginia, compared to 51 days in December 2019.

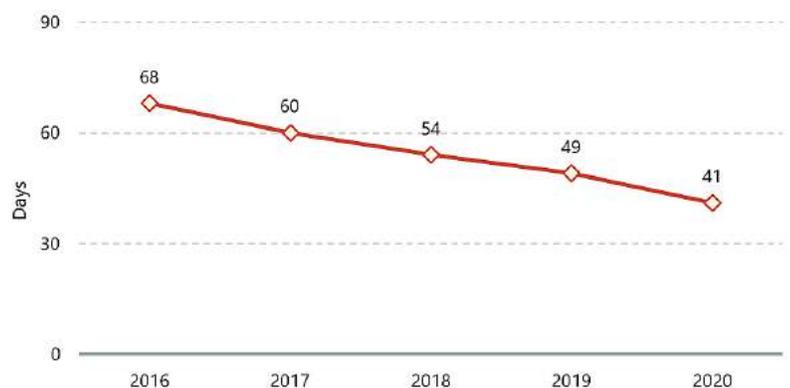
Homes sold faster in 2020 in all regions across the Commonwealth. In the Northern region, homes sold in an average of 21 days in 2020, the fastest pace of sales transactions across the State. Between 2019 and 2020, the average days on market fell by about 2 weeks in the Southside, Hampton Roads, and Valley regions.

Figure 11
Sold Dollar Volume, Virginia
2016-2020



Source: Virginia REALTORS®, data updated January 15, 2021

Figure 12
Average Days on Market, Virginia
2016-2020



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

Figure 13
Change in Average Days on Market by
Region
December 2019 to December 2020

<i>Region</i>	<i>Dec-19</i>	<i>Dec-20</i>	<i>Change</i>	<i>2019</i>	<i>2020</i>	<i>Change</i>
Central	45	29	-16	42	37	-5
Eastern	170	105	-65	146	141	-5
Hampton Roads	52	32	-20	53	40	-13
Northern	34	20	-14	28	21	-7
Southside	174	134	-40	166	152	-14
Southwest	146	149	3	155	153	-2
Valley	65	45	-20	67	54	-13
West Central	57	33	-24	57	46	-11

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

Pending Sales

Pending sales are the number of homes that went under contract in a given month but had not yet gone to closing. Recent pending sales data indicate that the strong housing market will continue into 2021. At the end of December, there was a total of 8,151 pending sales Statewide. December pending sales activity was down from November, reflecting the typical seasonal slowdown. However, there was a major increase from a year ago. Compared to December 2019, pending sales were up by 1,394, an increase of 20.6%.

New Listings

New listings have been on the rise for several months. In December, there was a major influx in the number of new listings. There were 8,871 new listings brought to market in December, which is down slightly from November, but reflects a 25.3% increase from a year ago.

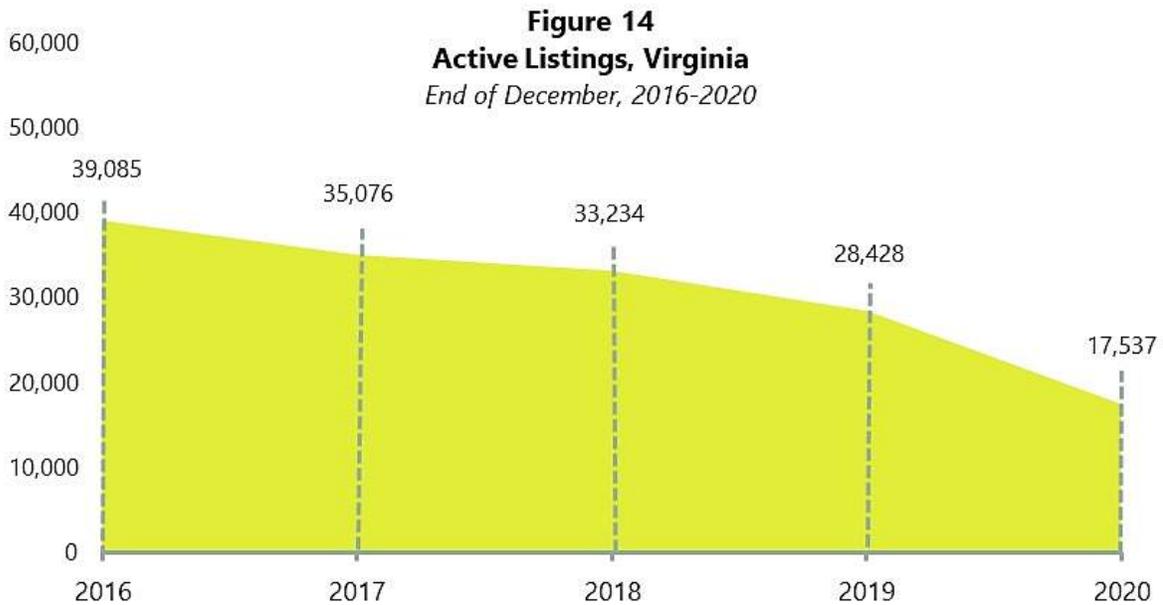
Despite the increase in monthly new listings, the pace of sales activity continues to outpace supply, which has resulted in inventory being drawn down even more quickly in 2020.

Active Listings

The inventory shortage is the biggest constraint in Virginia’s housing market. A lack of options and rising affordability challenges has left some would-be homeowners out of the market. Sales activity could slow in the months ahead, not because of a softening of demand, but rather as a result of insufficient inventory.

At the end of December, there were just 17,537 active listings across Virginia, which is 10,891 fewer active listings than there were at the end of December 2019, a 38.3% drop. Inventory declined by 14.4% between November and December.

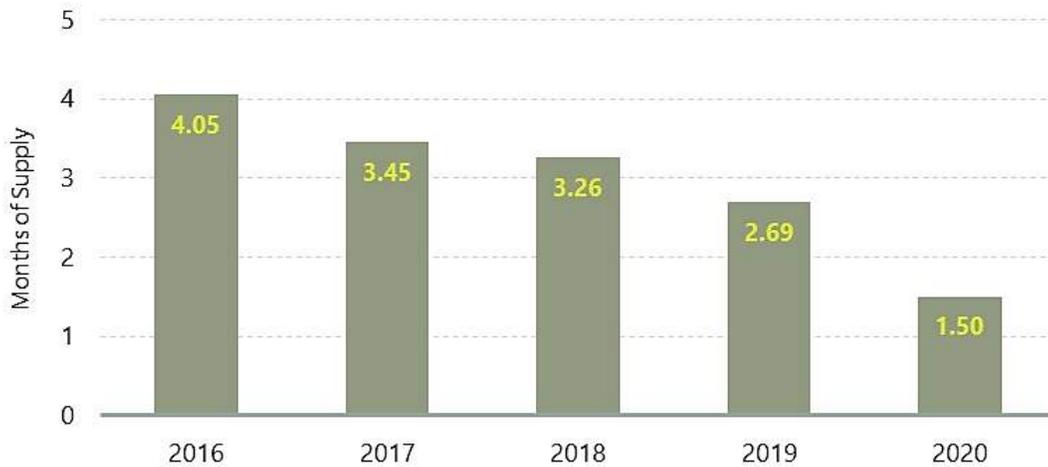
While inventory has been on the decline for years, in 2020, the COVID-19 pandemic has made the inventory challenge worse. There are currently 30,000 fewer active listings than there were 5 years ago.



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

At the end of 2020, there was an estimated 1.50 months of supply in Virginia, down from 2.69 months of supply at the end of 2019. In some local markets, however, inventories are even tighter, with less than a month’s 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.

Figure 15
Months of Supply, Virginia
End of December, 2016-2020



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

Outlook

Despite the unprecedented global COVID-19 pandemic and economic recession, Virginia's housing market was surprisingly resilient in 2020. Virginia REALTORS® have been at the forefront of adapting to extraordinary circumstances which has been key to supporting the strong market. The residential real estate sector has led the recovery and will continue to be a crucial part of the State's economy.

There are several reasons to be optimistic in 2021. Widespread availability of the COVID-19 vaccine is the critical step forward to strengthen and support the ongoing economic recovery. A high personal savings rate will spur consumer spending as pent-up demand is unleashed once the public health crisis is under control. Finally, mortgage rates are set to remain at very low levels throughout the year.

Forecasts for 2021:

- Demand for homeownership will continue to be strong in Virginia in 2021, while a lack of inventory will constrain market activity. Virginia REALTORS® forecasts that home sales will increase in 2021, though the pace of home sales transactions will slow due to insufficient supply.
- Rising home prices have been a positive for home sellers but have eroded affordability in many markets. Forecasts suggest that home price growth will continue to be strong in 2021, with the median Statewide home sales price increasing by 9.5% in 2021.
- An uptick in new construction will be a welcome trend in 2021. It is expected that the number of new homes under construction in 2021 will be 8.9% higher than in 2020. The increase in new construction will help the inventory shortage, but the supply of homes available for sale will remain far below what is needed to meet demand.



The Virginia REALTORS® association is one of the largest professional trade associations 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.

All inquiries regarding this report may be directed to:

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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.