



Virginia

HOME SALES
REPORT

JUNE2020

Virginia Home Sales Report

June 2020

Summary

Economic Conditions

- Virginia's economy has begun showing signs of improvement, but uncertainty about future economic conditions remains.
- The Leisure & Hospitality sector continues to be hardest hit by the economic downturn, but job losses are being felt more broadly across the economy.
- Consumer confidence improved significantly in June, as individuals and families indicate they are feeling more confident about their own personal financial situations.
- Mortgage rates remain at historically low levels, supporting a surge of refinancing activity as well as applications for home purchase loans.

Housing Market Conditions

- There were 13,176 home sales Statewide in June 2020, up 0.5% from a year ago and up 26.6% over May 2020 sales.
- Prices continue to rise. In June, the median Statewide sales price was \$318,000, up 1.6% compared to June 2019.
- Pending sales increased in June, reflecting an uptick in market activity. There were 12,882 pending sales at the end of June, up 5.8% from a year ago.
- At the end of June 2020, there were a total of 23,558 active listings throughout Virginia, down more than 15,000 compared to the end of June 2019.

Virginia REALTORS® Market Report Key Takeaways

- June was a good month for Virginia's housing market, with a surge in sales activity and steady price increases. The summer market is poised to be very active.
- Mortgage rates continue to be at historically low levels, which provides a major incentive for both refinancing and new home purchases.
- Economic conditions have improved, but rising COVID-19 cases in some parts of the State has led to more uncertainty about reopening businesses and schools.
- While buyers are returning to the market, there are not enough sellers to meet demand. A lack of available inventory is a persistent challenge for potential home buyers.

Summary of Virginia's Housing Market Trends & Conditions

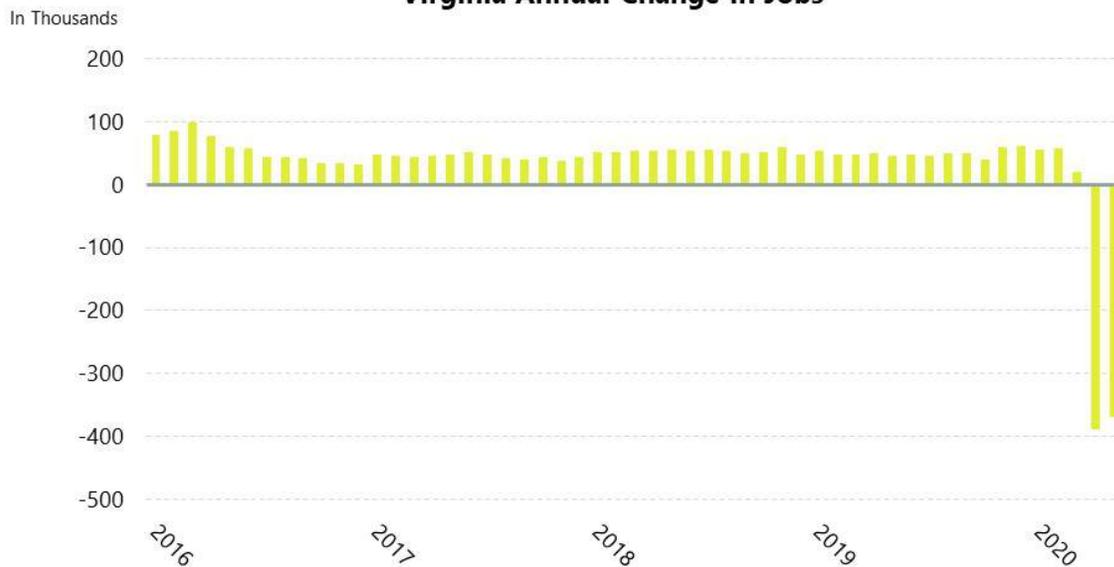
	June-19	June-20	Change	% Change	YTD 2019	YTD 2020	Change	% Change
Sales	13,106	13,176	70	0.5%	61,488	59,421	-2,067	-3.4%
Median Home Price (\$)	313,000	318,000	5,000	1.6%	296,000	305,000	9,000	3.0%
Sales Volume (\$ billions)	4.9	5.0	0.1	1.6%	22.1	22.0	-0.1	-0.5%
Average Days on Market	45	41	-3.8	-8.3%	50	46	-4.0	-8.0%
Pending Sales	12,171	12,882	711	5.8%	68,626	66,304	-2,322	-3.4%
New Listings	15,577	14,712	-865	-5.6%	94,213	82,732	-11,481	-12.2%
Active Listings (end of the month)	38,887	23,558	-15,329	-39.4%	38,887	23,558	-15,329	-39.4%
Months of Supply	3.8	2.3	-1.5	-40.3%	3.8	2.3	-1.5	-40.3%

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

Economic Overview

Economic conditions in the U.S. and Virginia have begun to improve, though significant uncertainty remains. In May and June, the U.S. economy added nearly 7.4 million jobs after experiencing job losses totaling 22 million in March and April. In Virginia, the State added nearly 20,000 jobs in May. Despite the improvement, there were nearly 370,000 fewer jobs in Virginia in May 2020 compared to a year ago. The State's economy is still a long way off from regaining the jobs lost this spring. A rise in COVID-19 cases in some parts of the State and uncertainty about future economic conditions suggest that the economic recovery is precarious, and we may see a backward slide before the economy begins steadier growth.

Figure 1
Virginia Annual Change in Jobs



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

As a result of COVID-19 and the economic downturn, in May, there were 368,100 fewer jobs in Virginia than there were a year ago. More than 40% of the job losses in Virginia are in the Leisure & Hospitality sector (-150,100 jobs), particularly in the restaurant, bar, and hotel industries, which have taken a big hit during the pandemic. More than 46,000 Retail Trade jobs and about 46,000 jobs in the Health Care & Social Assistance sector have also been lost from the Virginia economy between May 2019 and May 2020.

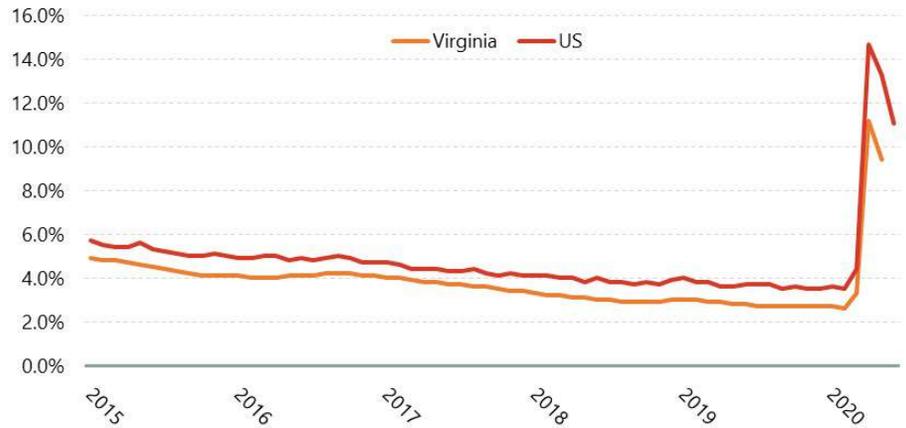
The unemployment rate in Virginia surged this spring and remains higher than it was a year ago. In May 2020, the statewide unemployment rate was 9.4%, which is significantly higher than last May

but is lower than the April rate. Unemployment in the State remains lower than the national rate, and Virginia ranks #11 in terms of lowest state unemployment rates.

In the week ending July 11th, about 373,300 Virginians were receiving unemployment benefits. The number of new applications for unemployment benefits increased for the first time the week of July 11th after declining since the beginning of April.

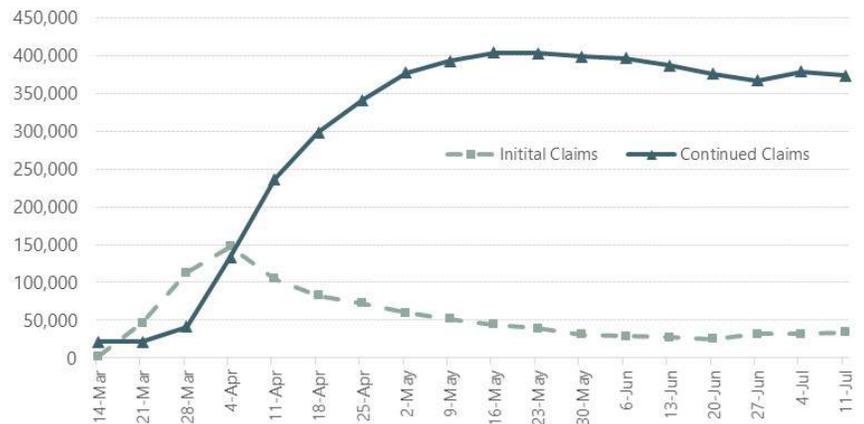
Workers in the Accommodation & Food Services industries, Retail Trade sector, and Health Care occupations have been the most likely to have faced job losses this spring and into the early summer. Unemployment in Finance & Insurance, Information, and Government has been relatively low, although job losses in local government have been on the rise.

Figure 2
Unemployment Rate



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

Figure 3
Virginia Unemployment Claims



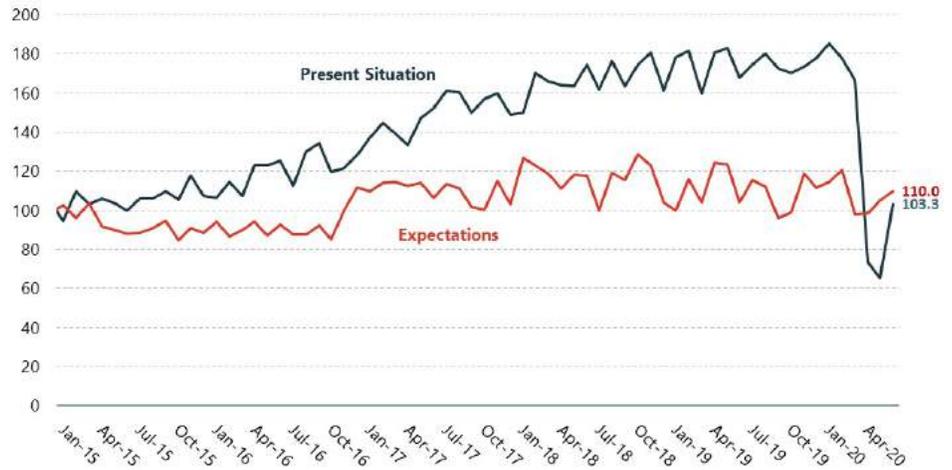
Source: Virginia Employment Commission, not seasonally adjusted

Consumer confidence rebounded in June. Among residents of the south Atlantic region of the U.S., which includes Virginia, the measure of confidence in current economic conditions was 103.3 in June, up strongly from April and May, though still significantly lower than the level earlier this year. The measure of consumers' confidence in future economic conditions rose to 110 in June, indicating growing confidence in where the economy is heading. A consumer confidence measure above 100 indicates consumers are feeling more optimistic about economic conditions.

Throughout the spring and into the summer, mortgage rates have fallen to record lows. In the week ending July 4th, the average 30-year fixed mortgage rate fell to 3.07%, down from 3.18% a month earlier and down from 3.75% a year ago. Record low mortgage rates have driven a

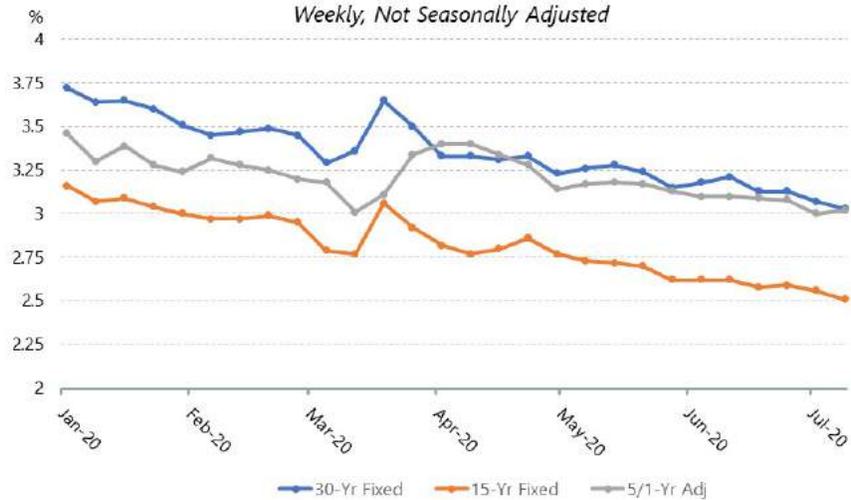
refinance boom and have helped sustain the for-sale market. Mortgage rates should remain low throughout 2020 and 2021, which will help support the continued recovery of the State's housing market.

Figure 4
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Figure 5
Mortgage Interest Rates
Weekly, Not Seasonally Adjusted



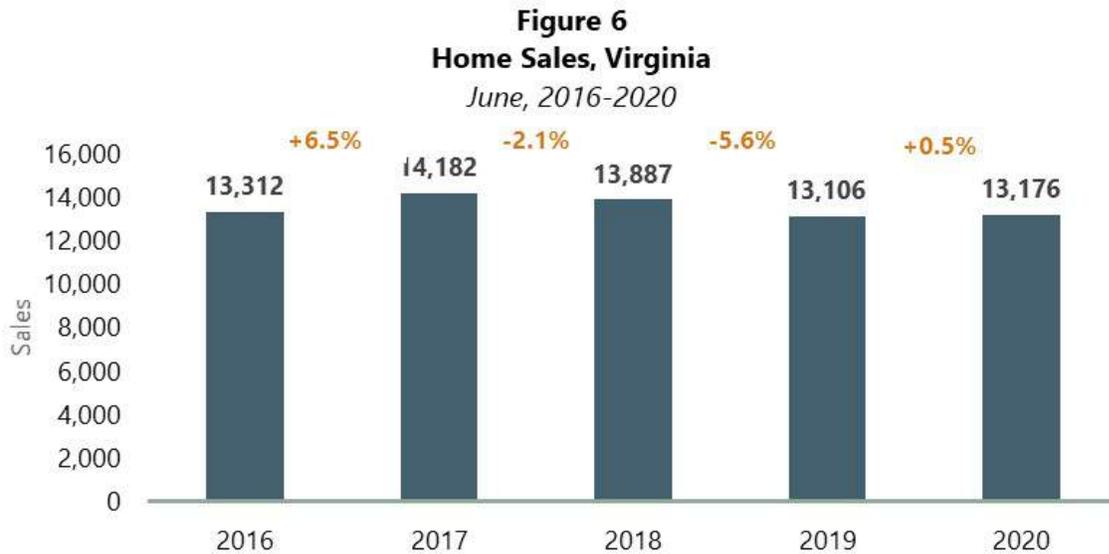
Source: Freddie Mac

Housing Market Overview

Home sales activity in Virginia rebounded in June after a slowdown in May. Buyer interest and activity improved significantly in May, driving an increase in closed sales and a surge in new pending sales. While uncertainty about economic conditions remains a concern, housing demand in Virginia is poised to be very strong this summer. The constraint on the market continues to be inventory, as new listings in June continued to decline.

Sales

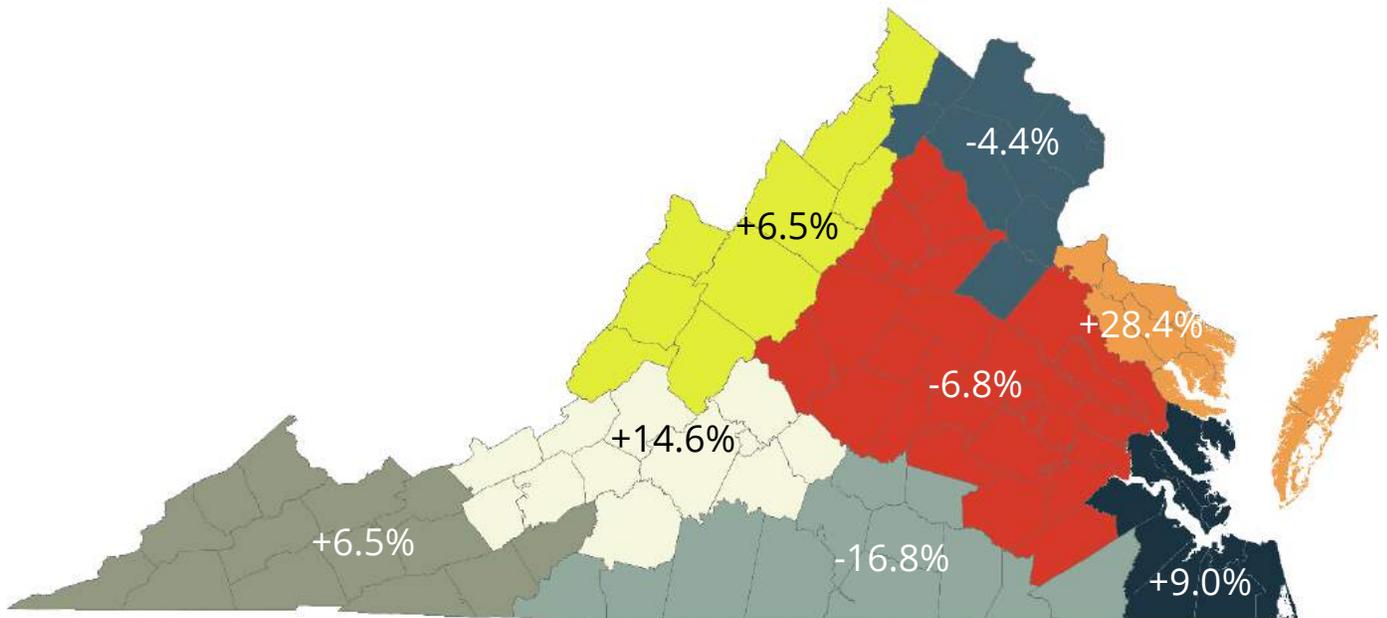
In June, there were 13,176 total sales Statewide, which is up 0.5% over the number of total sales in June 2019, and an increase of 26.5% over the May 2020 sales total. The increase in closed sales in June reflects a return of home buyers to the market. An easing of stay-at-home restrictions in Virginia, growing acceptance of social distancing measures, and greater use of virtual tools has propelled the increase in market activity. Housing demand was strong before the COVID-19 pandemic and economic downturn, and buyers will be back in the market this summer.



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

In markets across the Commonwealth, the number of closed sales in June surged over May totals. In most regions in Virginia, sales in June were also up compared to a year ago. The biggest year-over-year gains were in the Eastern (+28.4%) and West Central (+14.6%) regions of the State. Compared to June 2019, the number of sales were down in the State's Central (-6.8%) and Northern (-4.4%) regions, though sales were up by 9.0% in the Hampton Roads region. Slower sales activity in some of the State's larger markets reflects a significant lack of available inventory.

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

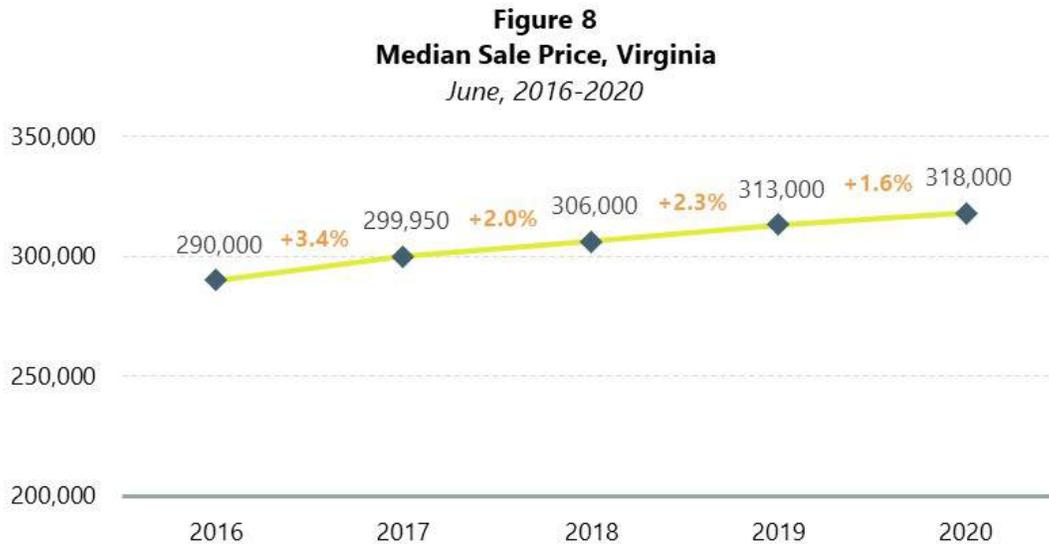


<i>Region</i>	<i>Jun-19</i>	<i>Jun-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	3,037	2,832	-6.8%	13,208	12,831	-2.9%
Eastern	222	285	28.4%	1,073	1,163	8.4%
Hampton Roads	2,937	3,201	9.0%	14,203	14,383	1.3%
Northern	4,827	4,616	-4.4%	22,778	20,641	-9.4%
Southside	244	203	-16.8%	1,189	1,195	0.5%
Southwest	201	214	6.5%	957	998	4.3%
Valley	658	701	6.5%	3,206	3,194	-0.4%
West Central	980	1,123	14.6%	4,871	5,010	2.9%

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

Home Prices

Despite the economic downturn, home prices across Virginia have continued to rise steadily, reflecting strong demand and low supply in the market. In June, the median home sales price was \$318,000, up 1.6% compared to June 2019. The average close-to-list price ratio was 99.2 in June, up slightly from 99 a year ago, which means that sellers are getting very close to their asking price. In some local markets, particularly in Northern Virginia, the close-to-list price ratio was over 100 in June, indicating that, on average, sellers are getting above asking price.

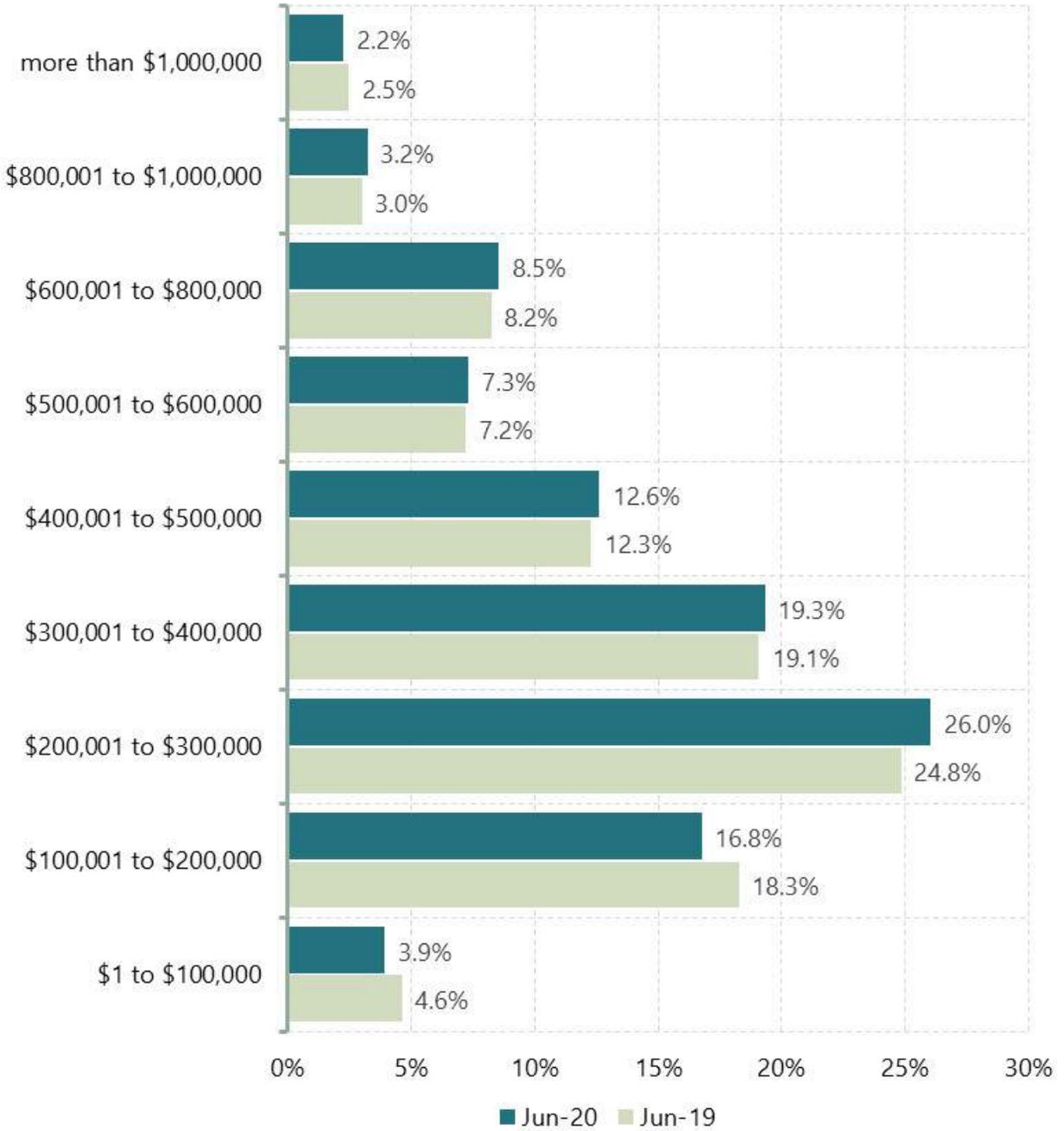


Source: Virginia REALTORS®, data accessed July 16, 2020

In June, nearly half (45.4%) of all homes sold in Virginia were in the \$200,001 to \$400,000 price range, which is a higher share than a year ago when 43.9% of homes sold were in this price range. Homes selling for \$400,000 or less made up two-thirds of home sales Statewide. The market for luxury homes appears to be softer than for homes in the lower- and mid-tier prices. In June, even as sales were up compared to a year ago, the number of homes that sold for more than \$1 million was 10.9% lower than in June 2019.

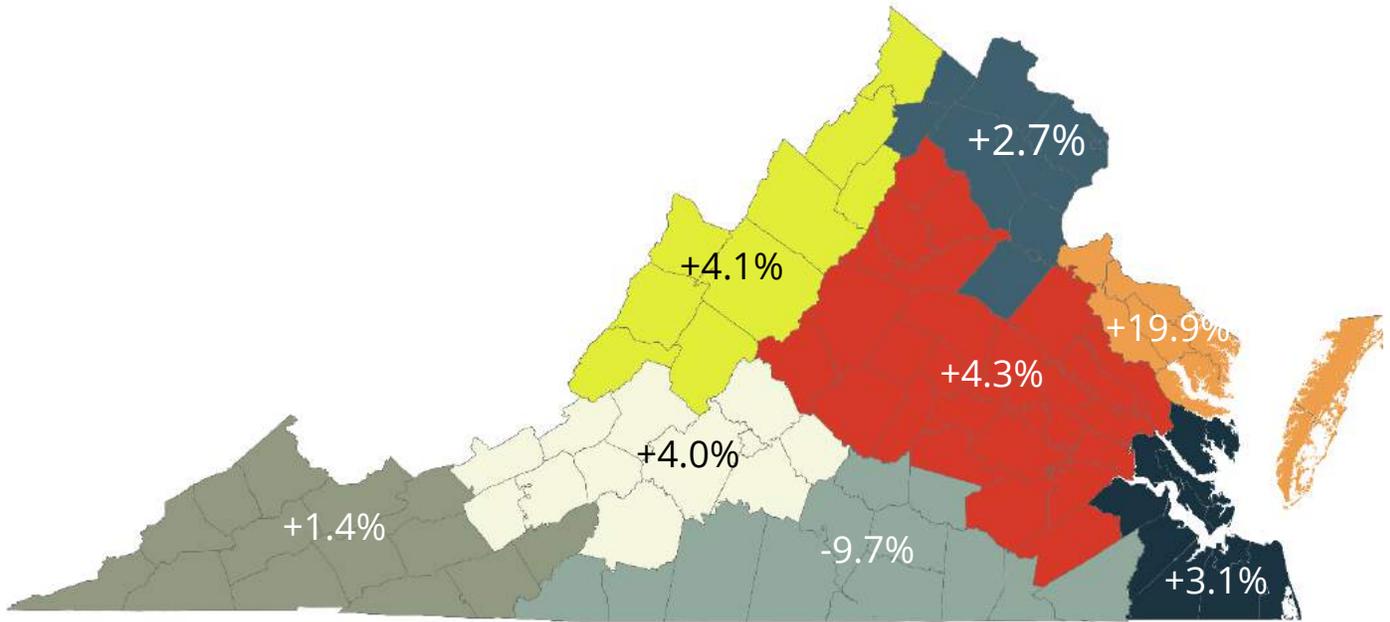
Prices were up in all regions across Virginia with the exception of the Southside region, where a relatively small number of transactions create volatility in the monthly median price data. Price growth was strongest in the Eastern region, where the median sales price in June 2020 was 19.9% higher than in June 2019. Home prices were also up in the State's largest markets. In the Central region, the median sales price in June was 4.3% higher than a year ago, and prices were up by 3.1% and 2.7%, respectively, in the Hampton Roads and Northern regions of the State.

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



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

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



<i>Region</i>	<i>Jun-19</i>	<i>Jun-20</i>	<i>% Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>% Change</i>
Central	277,000	289,000	4.3%	262,144	275,000	4.9%
Eastern	221,000	265,000	19.9%	217,500	234,900	8.0%
Hampton Roads	255,000	263,000	3.1%	240,000	254,000	5.8%
Northern	467,500	480,000	2.7%	450,000	470,000	4.4%
Southside	145,000	131,000	-9.7%	120,000	123,600	3.0%
Southwest	140,000	142,001	1.4%	135,000	137,000	1.5%
Valley	229,665	239,000	4.1%	219,135	235,000	7.2%
West Central	202,000	210,000	4.0%	187,300	200,000	6.8%

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

Sold Volume

As a result of the increase in both sales and home prices, the total sold dollar volume in Virginia increased in June. In June 2020, there was \$4.99 billion in total sold volume across the State, up 1.6% compared to a year ago.

Sold volume surged 29.3% between May and June this year.

Days on Market

Homes continue to sell quickly in June, which is an indicator of the very limited inventory of available homes in most local markets. In June 2020, homes sold in 41 days, on average, which is about 4 days faster than a year ago.

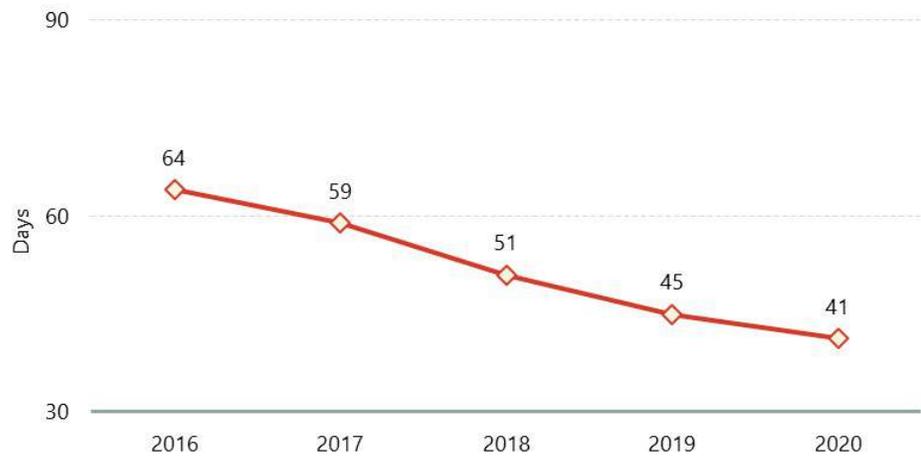
There is a lot of variation in the average days on market data across the State, which reflects not only market conditions but also markets where there are relatively low numbers of transactions. Homes sold most quickly in the Northern region, where the average days on market was 22 in June. The average days on market increased in the Central region but declined in the Hampton Roads area. It took the longest to sell the typical home in the Southwest, Southside, and Eastern regions of the State.

Figure 11
Sold Dollar Volume, Virginia
June, 2016-2020



Source: Virginia REALTORS®, data updated July 16, 2020

Figure 12
Average Days on Market, Virginia
June, 2016-2020



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

Figure 13
Change in Average Days on Market by
Region

June 2019 to June 2020

<i>Region</i>	<i>Jun-19</i>	<i>Jun-20</i>	<i>Change</i>	<i>YTD 2019</i>	<i>YTD 2020</i>	<i>Change</i>
Central	34	37	3	44	42	-2
Eastern	112	145	33	142	157	15
Hampton Roads	46	44	-3	57	48	-9
Northern	22	22	0	28	25	-3
Southside	161	134	-27	172	157	-15
Southwest	156	160	4	160	162	2
Valley	58	56	-1	73	62	-10
West Central	47	50	3	66	53	-12

Source: Virginia REALTORS[®], data accessed July 16, 2020. Figures have been rounded.

Pending Sales

Pending sales are the number of homes that went under contract in a given month but had not yet gone to closing. Trends in pending sales can be a leading indicator for future home sales one or two months out. June pending sales figures suggest that the housing market is poised to improve throughout the summer months.

At the end of June, there were 12,882 pending sales Statewide, up 711, or 5.6%, compared to June 2019. The number of pending sales increased 9.2% between May and June.

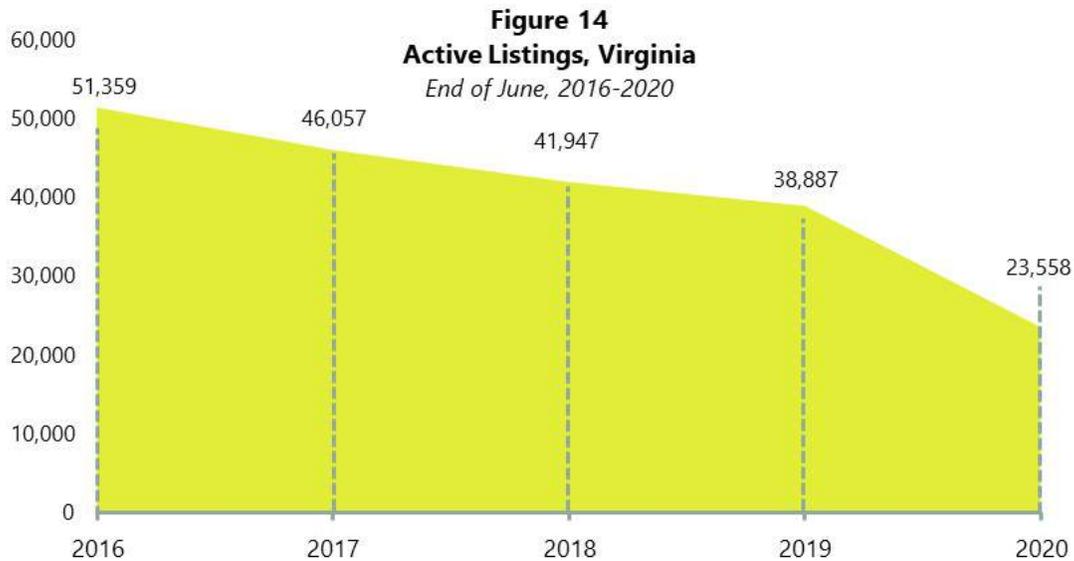
New Listings

The number of new listings being brought to market is also an important gauge of the state of the housing market. Declines in new listings have exacerbated the inventory challenges prospective homebuyers have encountered for years. While buyer activity is up, the number of new listings remains far below what is needed to meet demand.

There were 14,712 new listings brought to the market in June 2020, about 5.6% lower than a year ago. However, the number of new listings in June was up 8.8% compared to May.

Active Listings

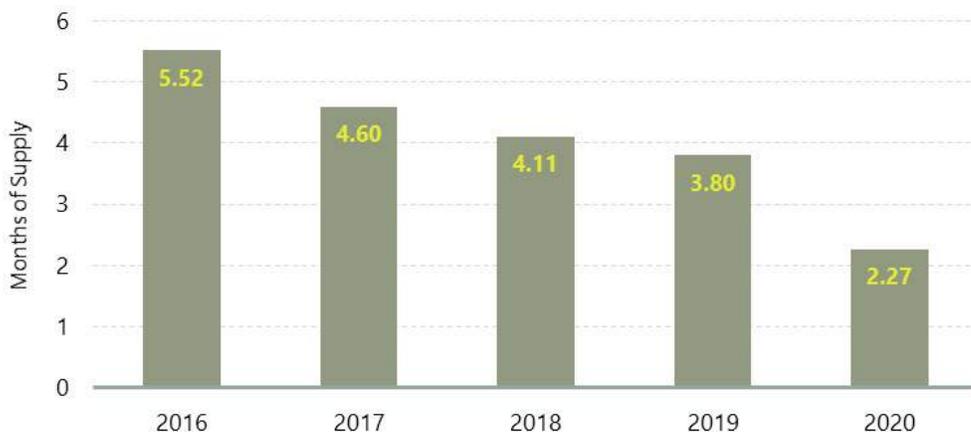
The inventory of homes available for sale has declined dramatically. At the end of June, there was a total of 23,558 active listings across Virginia, a decline of 39.4% compared to the end of June 2019, or more than 15,000 fewer listings. A lack of available inventory continues to be a significant constraint on the market. In the weeks and months to come, sales might slow not because of slower demand, but because of a lack of inventory.



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

Active listings are falling very quickly as home sales have been on the rise. At the end of June 2020, there was an estimated 2.27 months of supply Statewide, down from 3.80 months of supply at the end of June 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. While there are variations across the state, both in terms of inventory and months of supply, most markets remain strongly sellers' markets during COVID-19.

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



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

Outlook

The housing market in Virginia fared relatively well during the spring when many markets across the country were faltering. In June, there were clear signs that the housing market has begun to rebound. Strong demand and extremely low mortgage rates have led to increased buyer activity. Both closed and pending sales were up in June and prices continue to rise. As a result, the summer market will be very strong across the Commonwealth. A constraint on the market continues to be low and declining inventories.

While the overall news is good for the State's housing market, there is some economic uncertainty which could make the recovery uneven as we head into fall. If claims for unemployment benefits begin to increase again and if the Governor's recovery plan shifts back to Phase 2, there could be another pause in the market. However, underlying fundamentals remain strong and the adoption of innovative business practices under challenging conditions will help sustain long-term improvements in Virginia's housing market.



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:

Robin Spensieri
Virginia REALTORS® Vice President of Communications and Media Relations
rspensieri@virginiarealtors.org
804-622-7954

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.