

Virginia

HOME SALES REPORT

MAY 2022

Virginia Home Sales Report

May 2022

Key Takeaways

- There were **13,048 homes** sold in Virginia in May 2022. This is 1,214 fewer sales than last May, representing an 8.5% decrease. Sales activity rose 8.8% between April and May, which is a typical seasonal bump.
- Statewide, the median sales price for a home in May was **\$401,082**, rising 8.7% from a year ago, which is a gain of over \$32,000. This is the first time the statewide median price has crossed the \$400,000 mark.
- There was approximately **\$6.6 billion in sold volume** in Virginia in May, inching up less than 1% from a year ago. Even though there were fewer transactions overall, higher prices led to this small uptick in sold volume in the state's housing market.
- At the end of May, there were **16,875 active listings** across the commonwealth, which is a 5.6% drop in supply from last year. This is the smallest year-over-year decrease in inventory the state's housing market has had in three years.

May 2022 Housing Market Summary

	May-21	May-22	Change	% Change	YTD 2021	YTD 2022	Change	% Change
Sales	14,262	13,048	-1,214	-8.5%	57,825	52,708	-5,117	-8.8%
Median Sales Price (\$)	369,000	401,082	32,082	8.7%	341,900	375,000	33,100	9.7%
Sales Volume (\$ billions)	6.5	6.6	0.1	0.9%	24.6	24.6	0.0	0.2%
Average Days on Market	22	17	-5	-22.8%	29	23	-6	-19.5%
Pending Sales	15,631	12,096	-3,535	-22.6%	65,639	52,077	-13,562	-20.7%
New Listings	17,889	15,863	-2,026	-11.3%	74,770	65,598	-9,172	-12.3%
Active Listings (end of the month)	17,868	16,875	-993	-5.6%	17,868	16,875	-993	-5.6%
Months of Supply	1.4	1.2	-0.2	-13.3%	1.4	1.2	-0.2	-13.3%

Source: Virginia REALTORS®, data accessed June 15, 2022

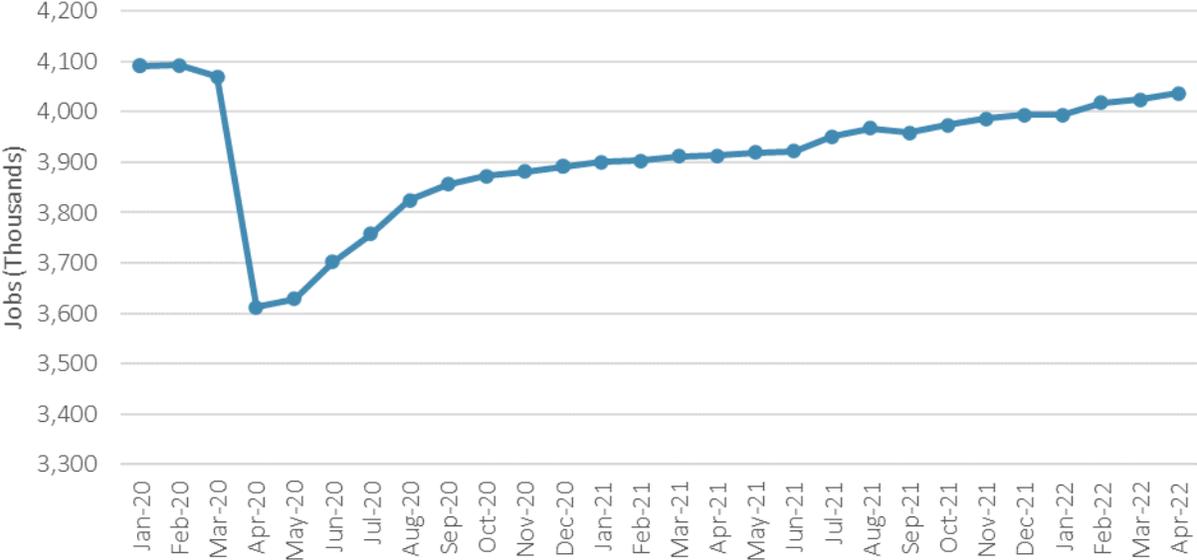
Economic Overview

Economic headwinds continue to mount in both Virginia and nationally as inflation remains a huge concern and continues to rise. The Federal Reserve is trying to combat rising inflation with interest rate hikes which has caused all forms of borrowing to become more expensive, including mortgages. This upward pressure on mortgage rates will likely cool off demand in Virginia’s housing market in the coming months. Despite these headwinds, Virginia’s job base remains solid and is growing. In addition, unemployment here in the commonwealth is very low, and well below the national rate.

Jobs

In April 2022, there were 4.04 million jobs throughout Virginia, a gain of 13,200 jobs between March and April. Job growth has been consistent since the summer of 2020 and has been one of the bright spots in the state’s economy in recent months amid mounting economic uncertainty. The total number of jobs in Virginia is now just 1% lower than pre-pandemic levels, which reflects strong job recovery around the state.

Figure 1. Total Jobs in Virginia (in thousands)



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

The strongest job growth continues to be in the Leisure & Hospitality sector, which added 62,400 jobs between April 2021 and April 2022, an 18.4% increase. Despite the influx of hospitality jobs, the sector is still 20,300 jobs short of pre-pandemic levels. The Education sector grew by 8,800 jobs over the past year, a 9.8% increase from April 2021. The Finance

& Insurance sector had the sharpest drop in jobs with 3,000 fewer jobs in April 2022 compared to a year ago (-1.9%).

Most of the job growth in April occurred in Hampton Roads, which had an influx of 2,600 jobs between March 2022 and April 2022. The Richmond economy also had strong job growth this month with 1,600 additional jobs during this same time period. Several regions in the western part of the state had modest declines in jobs between March and April 2022, including Winchester (-600 jobs), Roanoke (-400 jobs), and Harrisonburg (-100 jobs). The Blacksburg and Winchester metro areas continue to be the only regions back to pre-pandemic employment levels, but all other regions are only down one to four percent compared to early 2020.

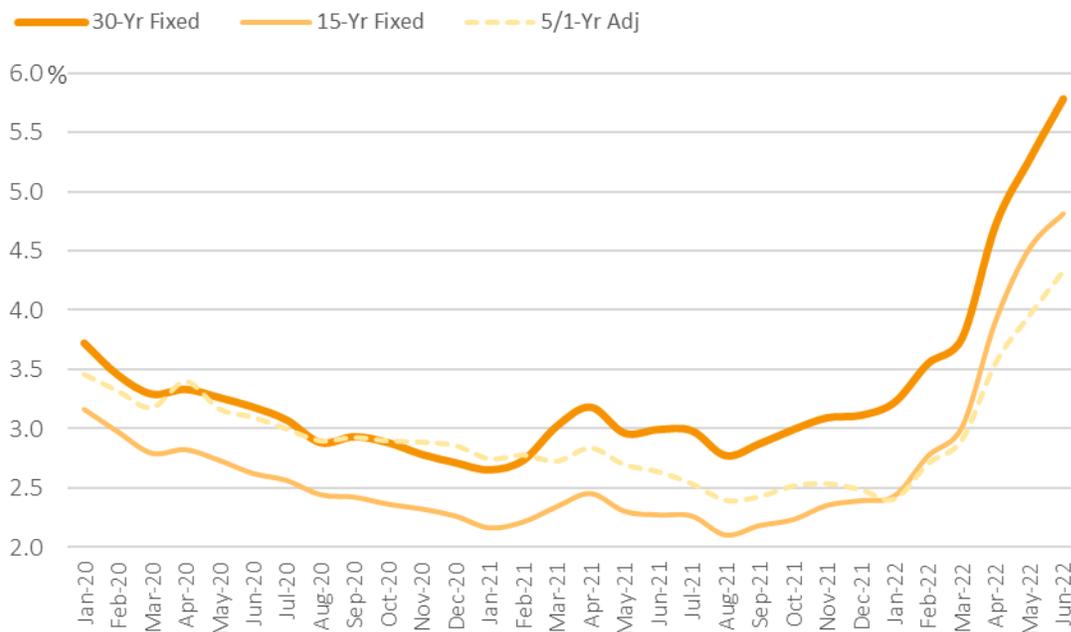
Unemployment

The unemployment rate in Virginia continues to be very low. In April, the state’s unemployment rate was 3.0%, which is unchanged from March. The national unemployment rate in April was 3.6%, also unchanged from March.

Mortgage Rates

Mortgage interest rates continue to climb. In the second week in June, the average rate on a 30-year fixed mortgage was 5.78%, which jumped up by more than half a percentage point from the week earlier. This is the largest weekly jump in mortgage rates since the last week of February in 1980. Upward pressure on interest rates continues to be a factor as the Federal Reserve rose the Federal Funds Rate by 0.75% on June 15, marking the largest rate hike in 28 years as the Federal Reserve tries to get inflation under control.

Figure 2. Mortgage Rates



Source: Freddie Mac

Housing Market Overview

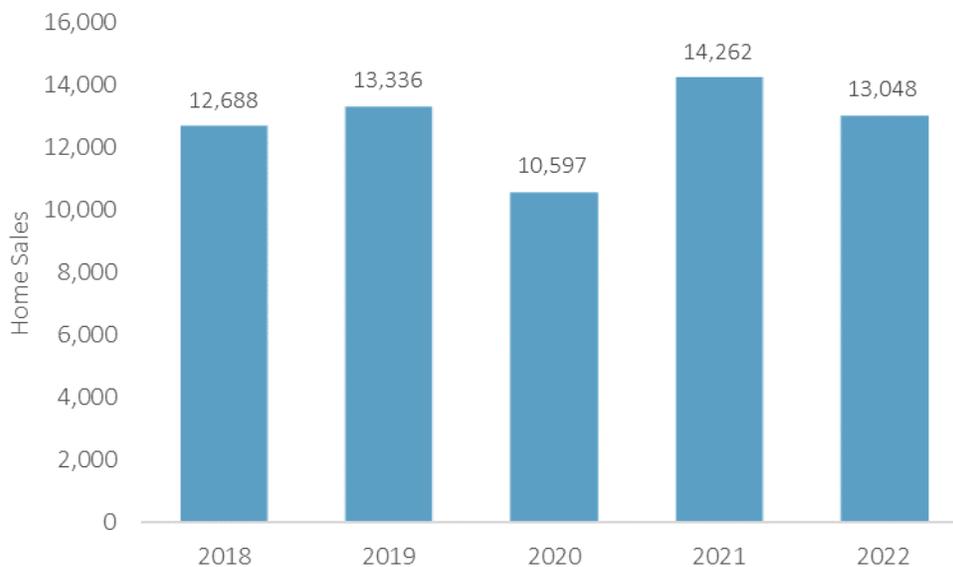
Sales activity continued to slow down compared to the busy pace a year ago, and pending sales were also down. Despite the slower sales activity, home prices continue to climb rapidly, reflecting persistently strong demand in the market. The inventory continues to shrink, but the pattern appears to be changing as many local markets around the state had more active listings at the end of May than last year.

Sales

Virginia's housing market continues to moderate from last year's busy pace. There were 13,048 home sales across Virginia in May, which is 1,214 fewer sales than a year ago. This represents an 8.5% decline in sales activity and is the eighth drop in the last nine months. The moderating trend reflects not only a return to more normal levels, but also a cooling of demand from buyers who are feeling the impacts of soaring home prices, high inflation, rising mortgage rates, and a very competitive market with few options to choose from.

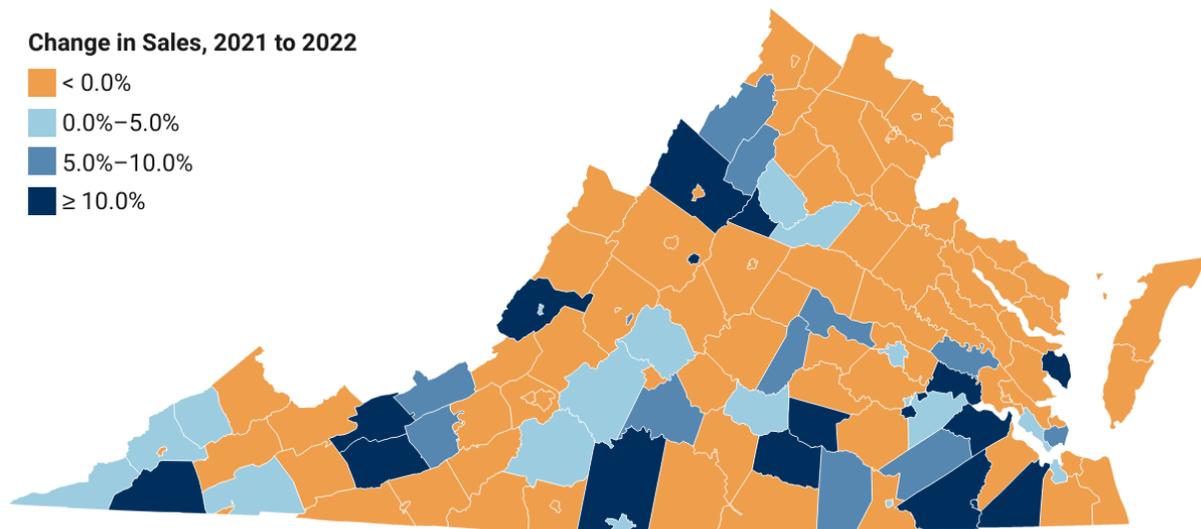
Sales activity in the state increased 8.8% between April and May, which is a typical seasonal bump in activity. Even though sales activity is moderating from last year, it was busier in May 2022 than an average May market.

Figure 3. Virginia Home Sales, May



Source: Virginia REALTORS®, data accessed June 15, 2022

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



Source: Virginia REALTORS®, data accessed June 15, 2022

Nearly all regions in the state are experiencing a cooling housing market through the first five months of the year compared to the same period last year. Many of the state's coastal communities are seeing some of the sharpest declines in sales activity, as well as parts of the Shenandoah Valley market. Market activity in suburban areas in the Richmond region, as well as Northern Virginia, are also well below where they were through May of last year.

Home Prices

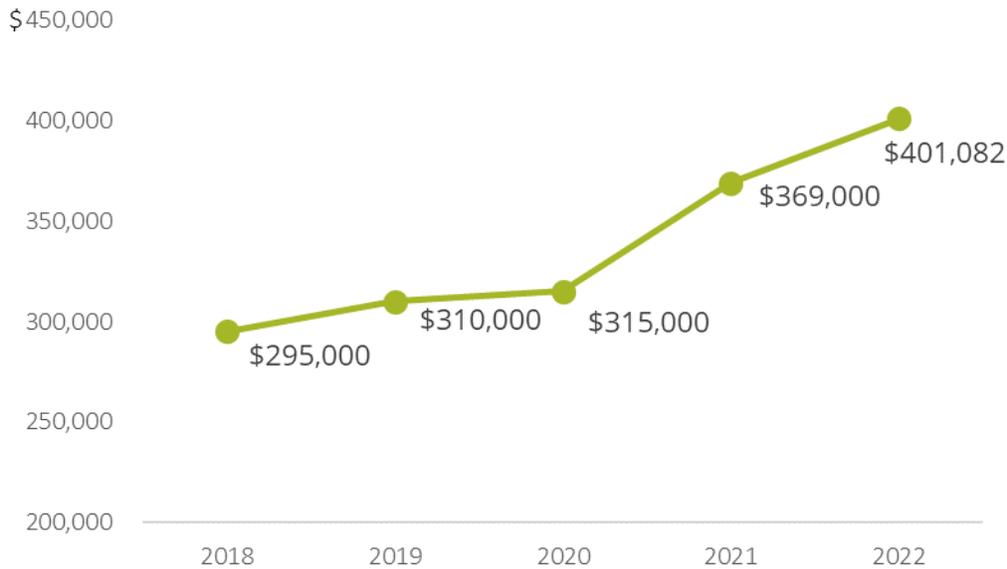
Despite cooling demand, home prices around Virginia have not yet started to drop; in fact, they continue to climb rapidly. The statewide median sales price in May 2022 was \$401,082, which jumped up 8.7% from last May, a gain of more than \$32,000. This is the first time the statewide median price has eclipsed the \$400,000 mark. Upward pressure on home prices continues to be a factor as inventory levels remain historically tight; however, as interest rates continue to climb and more buyers are squeezed out of the market, it is likely that the price growth will slow in the months ahead.

The median sales price five months into 2022 has risen at a double-digit rate compared to January through May of last year in about 60% of all jurisdictions in the state, which reflects widespread upward pressure on home prices. Some of the strongest price gains were in the Tri-Cities market south of Richmond, parts of the Shenandoah Valley, and the Northern Neck market.

Housing markets all around Virginia continue to be very competitive which is reflected in higher price levels. In all price segments, the average sold-to-list price ratio was 103.3% in May, which is one of the highest ratios on record. The higher end of the price bands

continues to be the most competitive. Homes that sold for \$800,000 or more closed at 4.8% above list price on average. Similarly, homes in the \$600,001 to \$800,000 range went for 3.9% above list price, on average.

Figure 5. Median Home Price (\$), May



Source: Virginia REALTORS®, data accessed June 15, 2022

Figure 6. Average Sold-to-List Price Ratio, May 2022

Price Range	Ratio
\$200,000 or less	100.3%
\$200,001 to \$400,000	103.0%
\$400,001 to \$600,000	103.7%
\$600,001 to \$800,000	103.9%
\$800,001 or more	104.8%
All price levels	103.3%

Source: Virginia REALTORS®, data accessed June 15, 2022

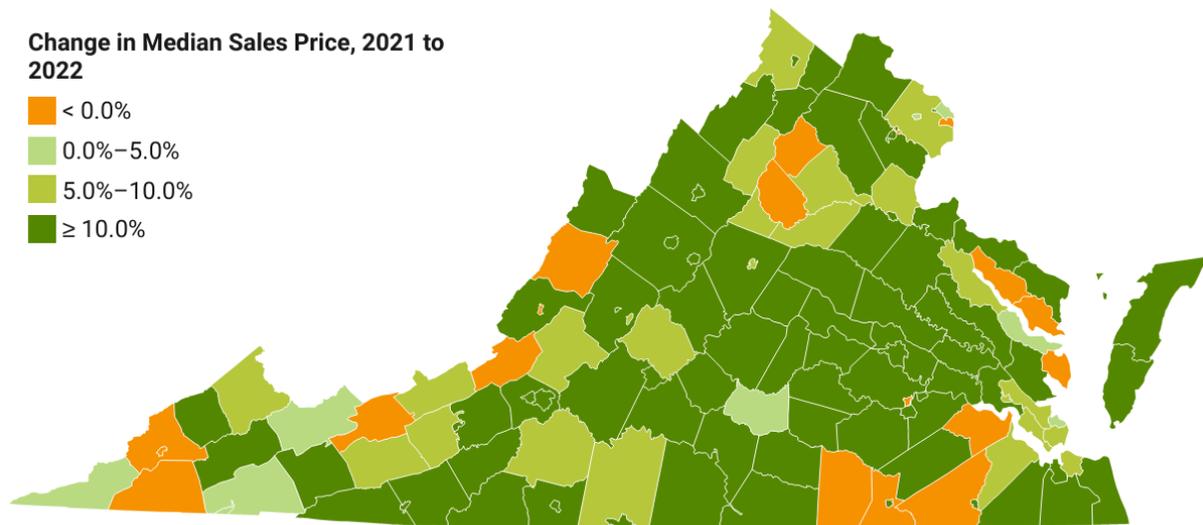
In May 2022, 39.8% of sales were between \$200,001 and \$400,000, down from 41.4% last year. Nearly a quarter of home sales (23.8%) were in the \$400,001 to \$600,000 price range. There continues to be a significant uptick in the share of higher-priced homes in the market. In May 2021, 21.8% of all sales were priced at \$600,001 or higher. This year, in May 2022, 26.3% of sales were \$600,001 or higher, including 13.5% of sales that sold for \$800,001 or more.

Figure 7. Sales by Price Range, May



Source: Virginia REALTORS®, data accessed June 15, 2022

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



Source: Virginia REALTORS®, data accessed June 15, 2022

Sold Volume

Even though there were fewer sales, the strong price growth this month led to a small uptick in sold dollar volume in May 2022 compared to last year. There was approximately \$6.6 billion of sold volume throughout Virginia in May, which is about \$60 million more volume than a year ago, inching up 1%.

Figure 9. Sold Dollar Volume, May

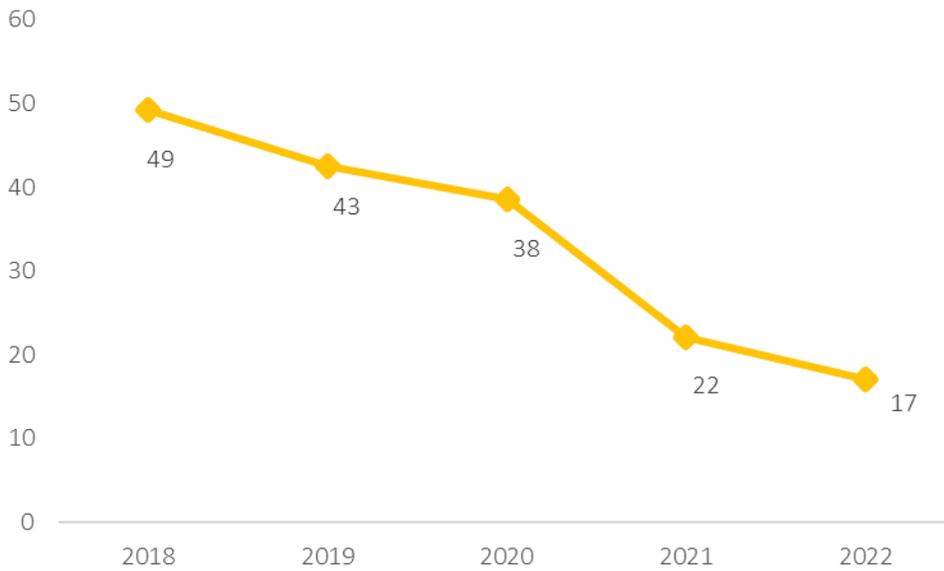


Source: Virginia REALTORS®, data accessed June 15, 2022

Days on Market

Housing markets across Virginia continue to be very competitive, and homes are selling faster on average. The average days on market statewide was 17 days in May, five days faster than last May. Homes sold quickly across all price points. Homes that sold in the \$600,001 to \$800,000 price band sold that fastest, at an average of 13 days to closing in May.

Figure 10. Average Days on Market, May

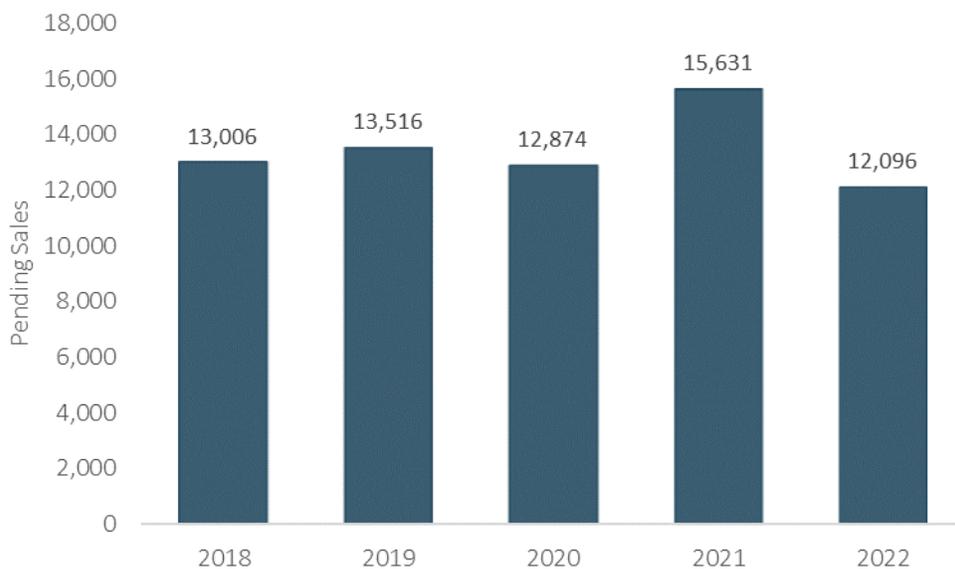


Source: Virginia REALTORS®, data accessed June 15, 2022

Pending Sales

Pending sales, or homes that went under contract in the month, can provide a preview of future home sales activity. There were 12,096 pending sales in Virginia in May, which is 3,535 fewer new contracts than last year, a 22.6% decline. The number of homes going under contract increased between April and May; however, it was a lower month-to-month uptick compared to more typical spring markets.

Figure 11. Pending Sales, May



Source: Virginia REALTORS®, data accessed June 15, 2022

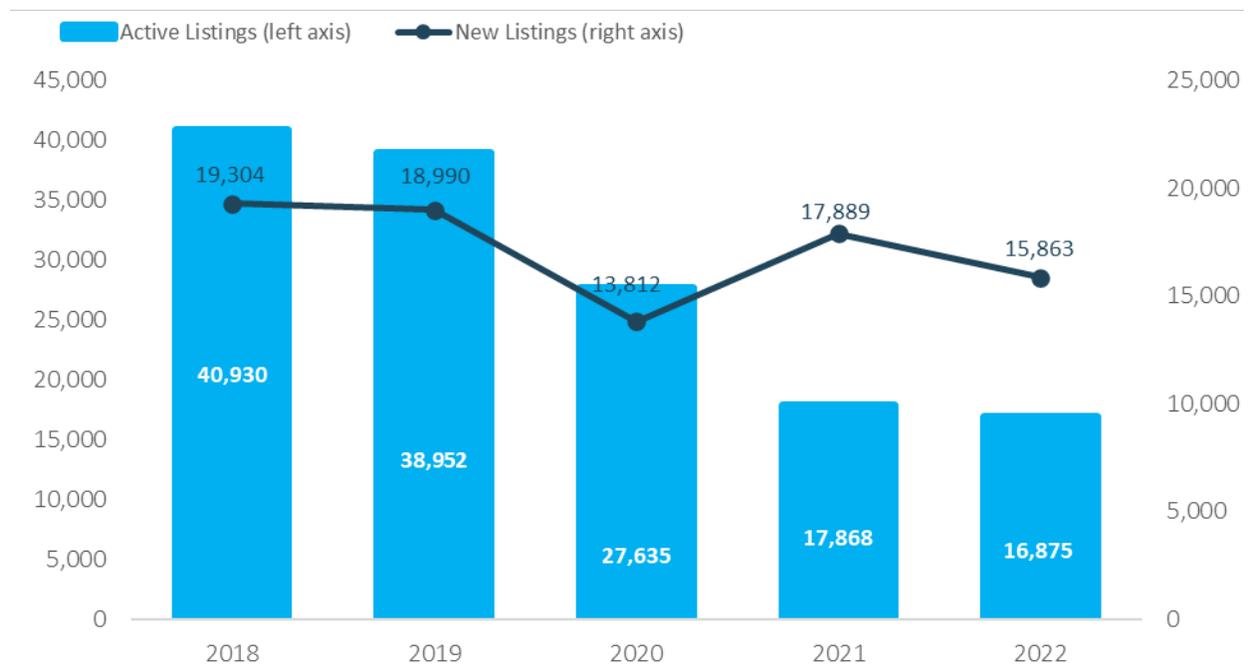
New Listings

Fewer new listings are coming on the market in Virginia. In May, a total of 15,863 new listings came onto the market throughout the state, which is 2,026 fewer new listings than last year, representing an 11.3% decrease. The number of properties coming onto the market increased slightly between April and May, with new listings up 1.5% month-to-month. This is a smaller increase than a typical monthly increase in new listings for this time of year.

Active Listings

The overall supply in Virginia's housing market is still getting smaller, but there are some signs that the shrinking trend could be changing. There were 16,875 active listings on the market at the end of May statewide, 993 fewer listings than last May. This is a 5.6% decrease in supply, which is the smallest decline in three years. In addition to a moderation in the year-over-year declines, the month-to-month change in the supply also suggests that the inventory pattern is shifting. At the end of May, the total number of active listings in the state was 9.0% higher than the end of April, which is a larger increase than a typical seasonal bump.

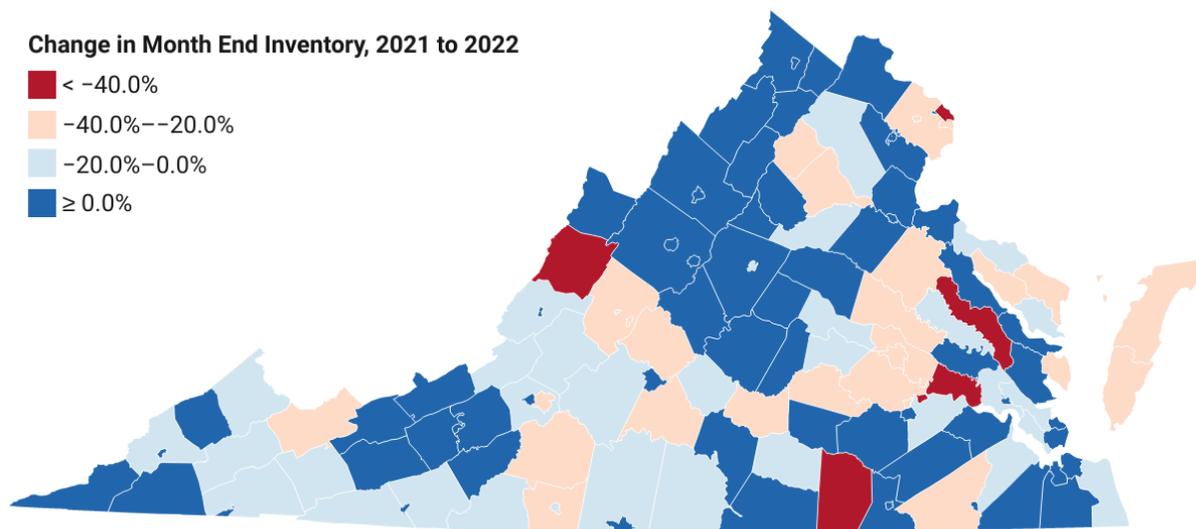
Figure 12. Inventory, May



Source: Virginia REALTORS®, data accessed June 15, 2022

Note: Active listings at the end of the month

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

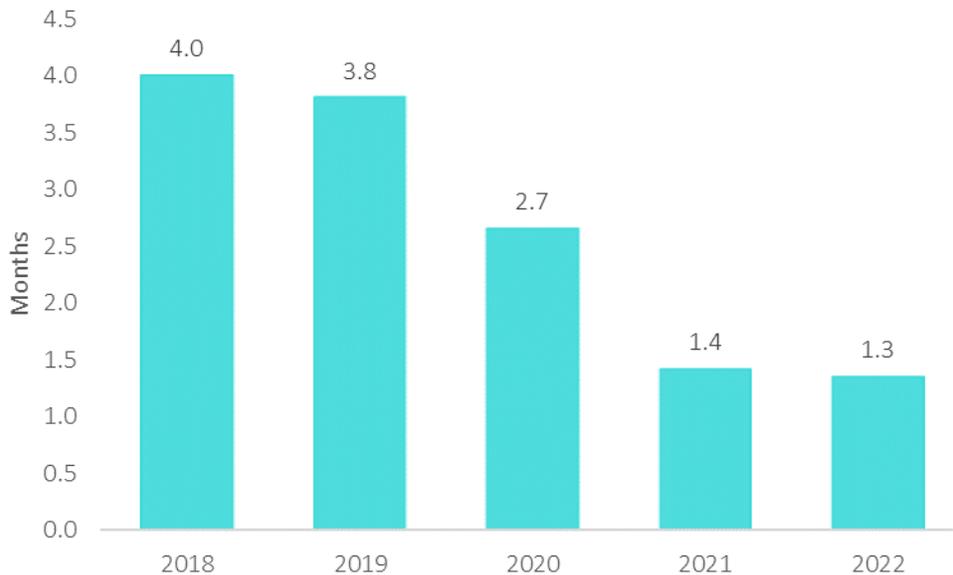


Source: Virginia REALTORS®, data accessed June 15, 2022

While the total statewide supply was down, inventory is building up in many local markets around the state. Areas with significant inventory growth compared to last May include the outer suburbs of Northern Virginia—places like Loudoun County, Prince William County, Stafford County, and Spotsylvania County. There was also a large jump in active listings in the New River Valley, particularly in Montgomery County and Pulaski County.

Even though the supply is building up in some local markets, overall, the inventory remains tight in Virginia. There was just 1.3 months of supply statewide, which is down from 1.4 months a year ago. 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, 2022

Outlook

There is a lot of economic uncertainty right now with high inflation lingering, mortgage rates jumping up, and persistent supply-chain issues, among others. At the same time, there are also positive factors such as very low unemployment and a growing job base. The demand pipeline is also very strong here in Virginia, though affordability and chronically low supply could stifle some of that demand. Here are some key things to watch for the remainder of 2022 in Virginia's housing market:

- Sales activity will likely continue to slow down from the busy pace we've seen over the last couple years. Rising mortgage rates and high price levels are going to become more and more of an issue for many buyers, particularly first-time home buyers. This growing affordability challenge will keep some buyers on the sidelines and will cool demand in the market.
- Inflation continues to be a wildcard and remains persistently high. The Federal Reserve has ramped up efforts to get inflation under control by raising the Federal Funds Rate even faster than anticipated. It is likely that inflation will start to ease in the coming months as interest rates climb, and economic activity will gradually cool off as a result.
- Mortgage rates have climbed rapidly over the last few months, and just last week, the average rate for a 30-year fixed mortgage had its highest one-week jump since the early 1980s. While we don't anticipate dramatic fluctuations like this every week, the general trend for rates is likely to be upward. This is going to put downward pressure on home prices in the coming months. However, because the inventory is so low and demand remains relatively strong, it is not likely that prices will fall, rather, the price growth will moderate from the rapid pace of the last couple years.



The Virginia REALTORS® association is the largest professional trade association in Virginia, representing 36,000 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 Ryan Price and the Virginia REALTORS® Research Team.

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.