

# Virginia

## HOME SALES REPORT

**JULY** 2019

# Virginia Home Sales Report

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July 2019

## Summary

### Economic Conditions

- Strong growth in the Leisure & Hospitality and Professional & Technical Services sectors drove job growth in Virginia in July.
- Consumer spending—which is a major component of the U.S. economy—has remained strong, and consumer confidence is high.
- Rates are down a full percentage point from a year ago, at 3.60% in the 2<sup>nd</sup> week of August.

### Housing Market Conditions

- Total sales transactions in Virginia inched up 2% in July compared to last year. Most of the sales growth was driven by the Hampton Roads and Valley regions of the Commonwealth.
- Home prices continue to climb throughout most of Virginia, a trend that has been consistent for several years. At \$309,000, the July median sales price in Virginia is up 5% from a year ago.
- The supply of active listings continues to shrink in most areas of the Commonwealth. There is now approximately 4.6 months of supply statewide, which is down from 4.9 months a year ago.

#### Virginia Realtors® Market Report Key Takeaways

Despite signals of an approaching economic recession, a downturn is not expected this year.

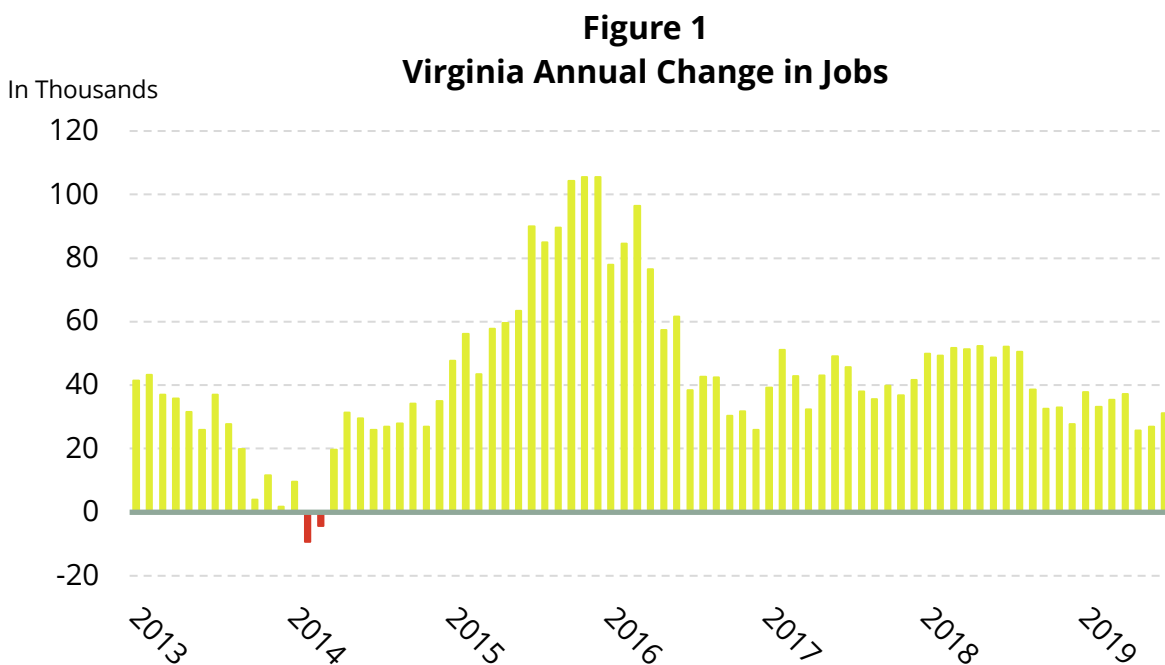
Strong economic growth in the Commonwealth is likely to continue in the months ahead.

Rising prices are having an impact on affordability, particularly for first-time home buyers.

Low supply is keeping some would-be buyers on the sidelines despite attractive interest rates.

# Economic Overview

Between July 2018 and July 2019, Virginia added 31,100 net new jobs, continuing 4 years of steady job growth in the state. While there are growing signals of an approaching economic recession, a downturn is not expected this year, and economic growth in the Commonwealth is expected to remain healthy.



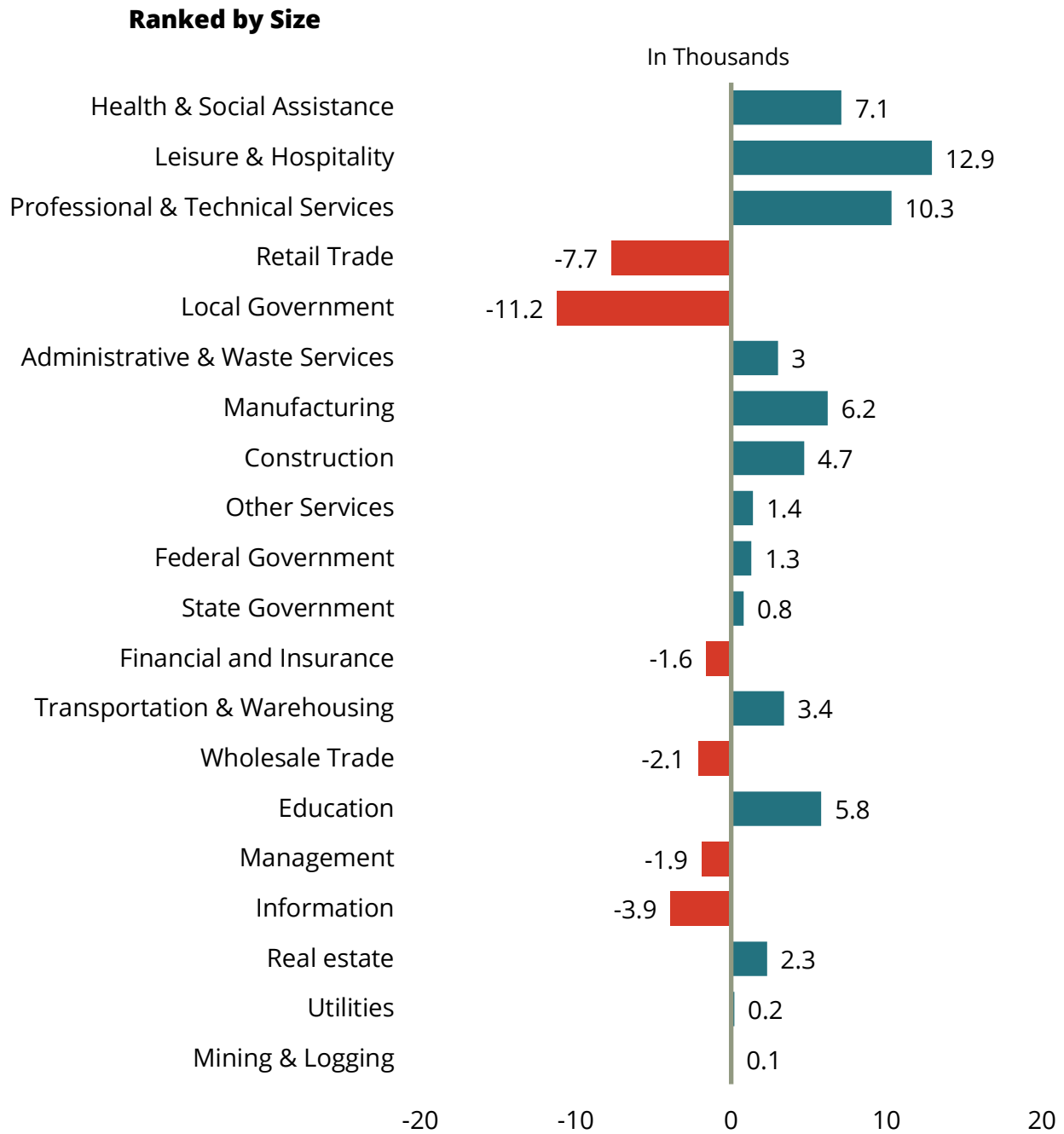
Source: U.S. Bureau of Labor Statistics

The fastest job growth in July was in the Leisure & Hospitality sector, which added 12,900 jobs between July 2018 and July 2019. The Leisure & Hospitality sector primarily includes jobs in the Hotel & Accommodations, Entertainment & Recreation, and Dining & Food Services industries, which are important parts of the state's economy. However, jobs in this sector tend to pay lower than average wages.

There were also 10,300 new jobs added in the Professional & Technical Services sector, which tends to include jobs in higher-paying industries. The Health & Social Assistance sector added 7,100 new jobs over the 12-month period. The state continued to experience losses in the Retail Trade sector, with a decline of 7,700 jobs between July 2018 and July 2019. The number of Local Government jobs was also down in July (-11,200 jobs). The Manufacturing, Construction and Administrative Services sectors all added workers to the economy between July 2018 and July 2019.

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

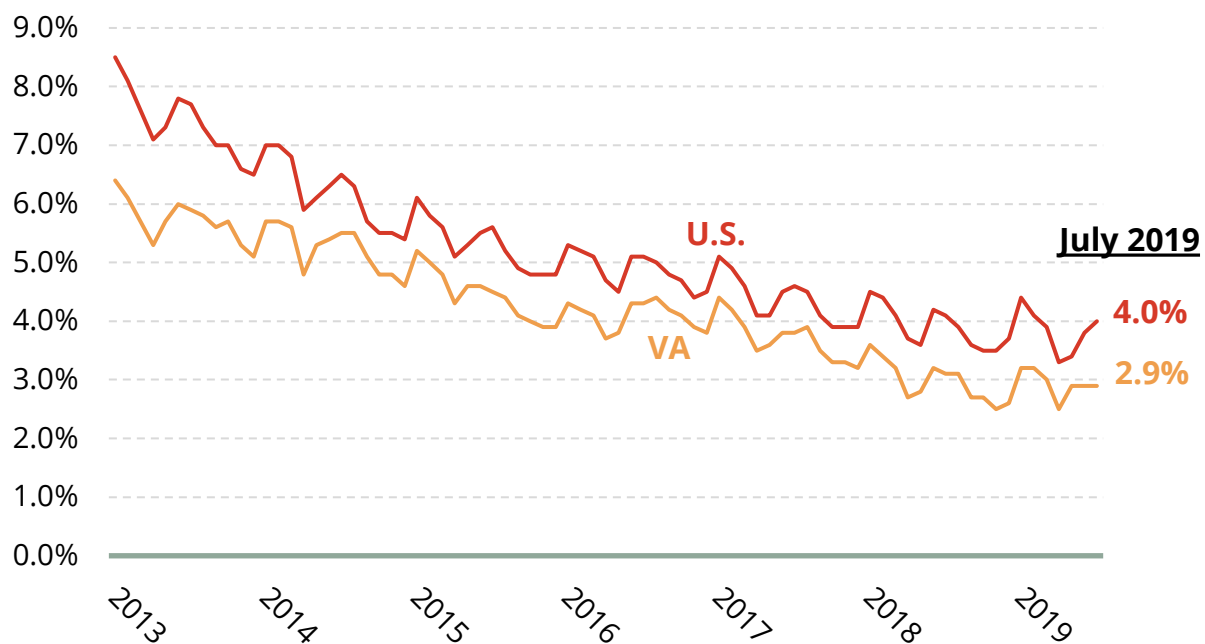
**Total = +31.1**



: Source: U.S. Bureau of Labor Statistics

The state's unemployment rate held steady at 2.9% in July for the 3rd month in a row. By comparison, the U.S. unemployment rate edged up slightly to 4%. This trend marks 4 years of low unemployment in the Commonwealth.

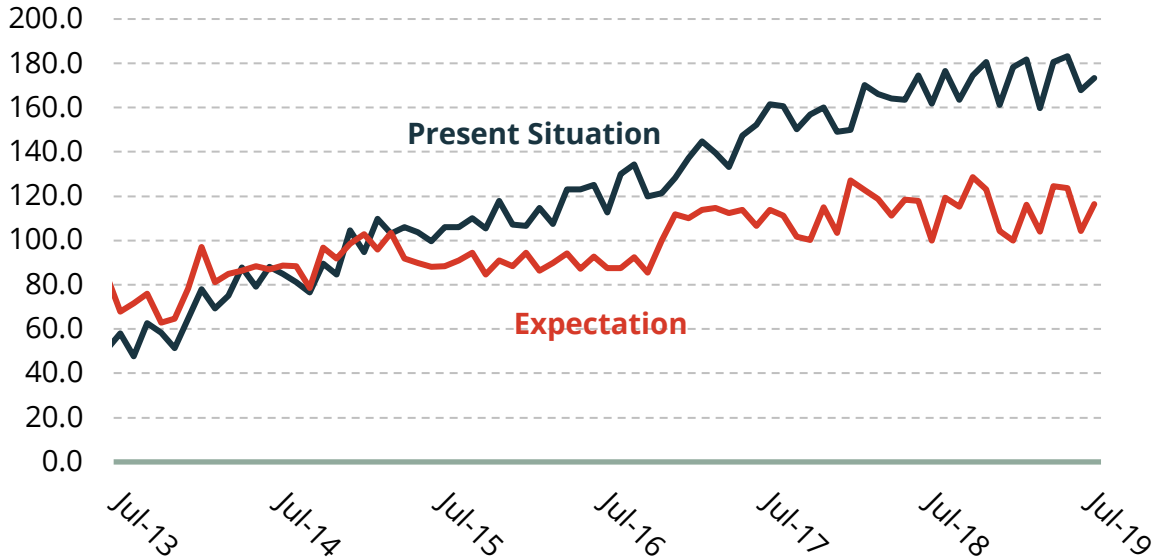
**Figure 3**  
**Unemployment Rate**



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

Despite media reports of economic uncertainty, consumer spending—which is a major component of the U.S. economy—has remained strong. Consumer confidence is an important indicator of the likelihood that people will continue to spend. The measures of consumer confidence increased in July. The measure of confidence in the present situation was 173 in July, while the index of expectations was 117. When these measures are above 100, it indicates that consumers remain optimistic economic conditions.

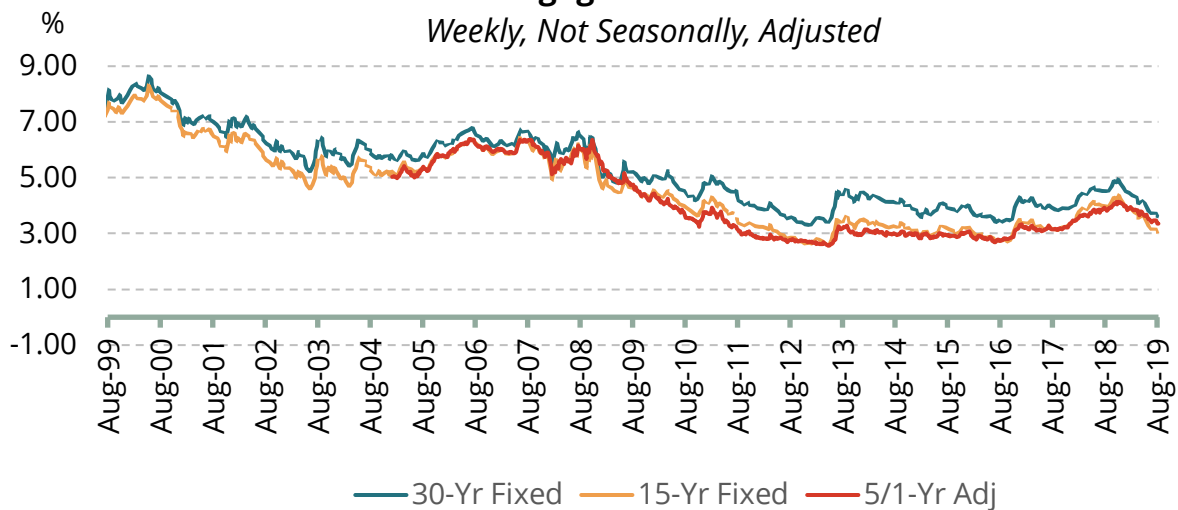
**Figure 4**  
**Consumer Confidence**  
**South Atlantic Region**



Source: The Conference Board

Interest rates continue to fall, with the rate on a 30-year fixed-rate mortgage at 3.60% in the 2nd week of August. Rates are down a full percentage point from a year ago, which has spurred strong refinancing activity. Lower rates have not necessarily led to increased home purchases where other constraints have been a limit on homebuying.

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



Source: Federal Reserve Bank of St. Louis

# Housing Market Overview

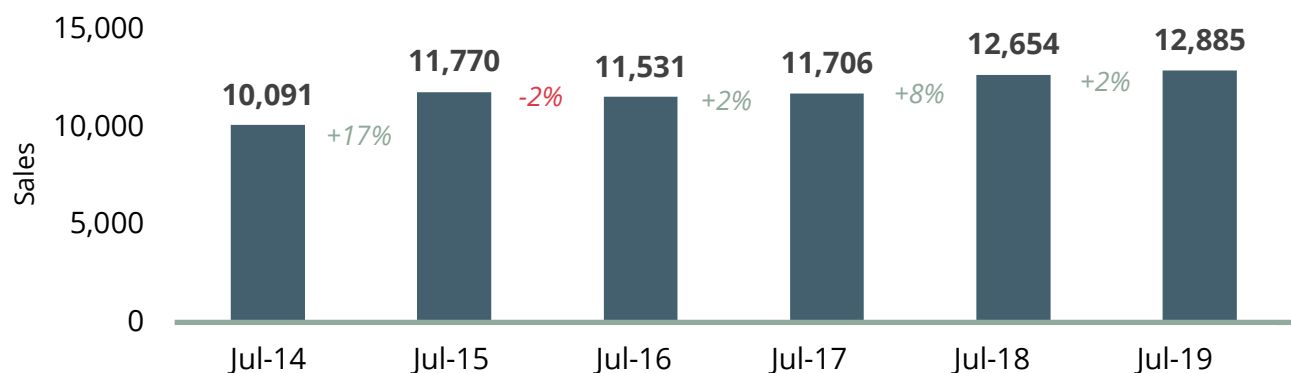
Activity in the Virginia housing market has been fluctuating in recent months. Statewide, there were more sales transactions in July than a year ago, which is the 2nd monthly sales increase this year. However, the sales uptick was relatively modest. Home prices are on the rise in most regional housing markets in Virginia, a reflection of continued buyer demand in many local areas, and a low inventory of active listings. The State's economy remains strong, with consistent job growth, and unemployment below the national level.

Despite the positive economic indicators, homes sales have remained relatively stable for much of the past year, inching up some months and declining in others. While interest rates are low, home prices in most parts of Virginia continue to climb. So, while mortgage rates are attractive, the price points of the limited inventory of homes available in the market could be keeping some interested buyers on the sidelines. Furthermore, as interest rates remain very low, many homeowners are opting to refinance, which could keep some would-be sellers in their homes longer. The supply issues are compounded by slower than expected new home construction activity driven in part by increasing labor costs.

## Sales

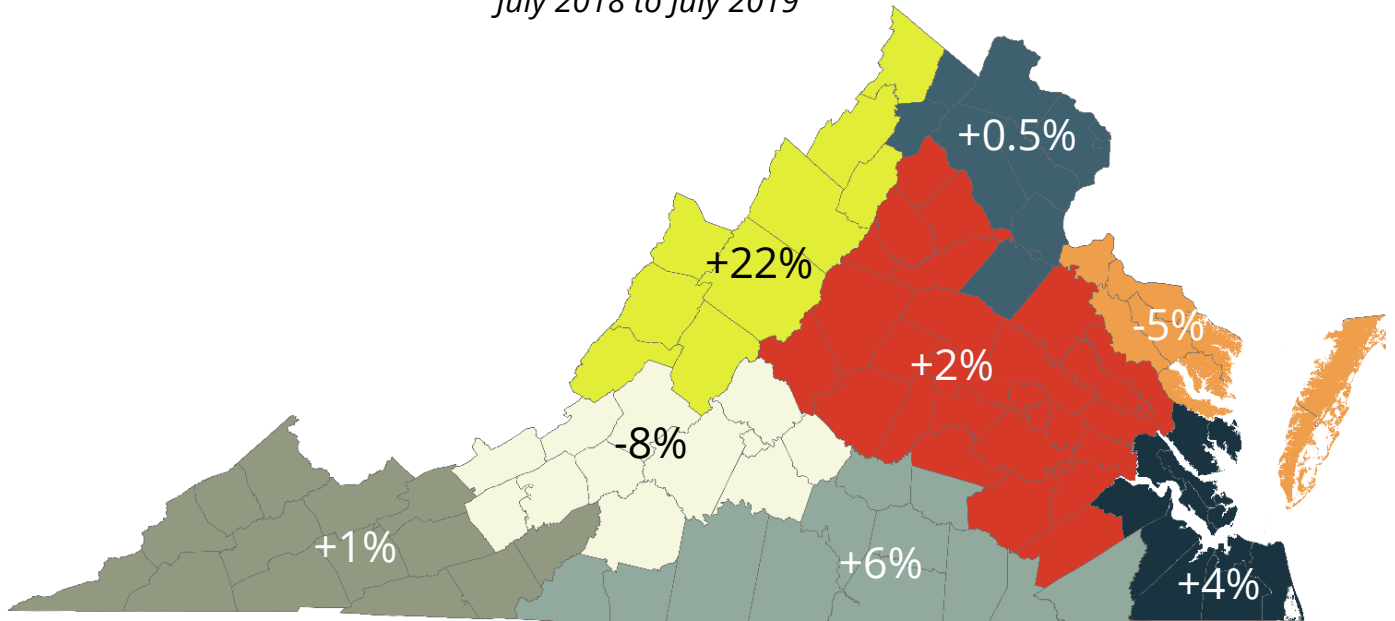
There were 12,885 home sales throughout the Commonwealth in July, up 2% from this time last year, an increase of 231 sales. The uptick in sales activity occurred in most parts of the State led by the Valley region, which had 136 more sales in July compared to a year ago, a 22% surge. This represents the largest sales growth for the Valley region this year. After a slowdown in June, sales activity in the Hampton Roads region rose 4% in July compared to last year, an increase of 105 sales. July sales in the Northern Virginia region remained essentially flat from a year ago, inching up 0.5%, an uptick of 22 sales. The Eastern and West regions were the only areas to have a decline in sales in July compared to last year, falling 5% and 8%, respectively

**Figure 6**  
**July Home Sales, Virginia**  
2014-2019



Source: Virginia REALTORS®, data accessed August 18, 2019

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



<i>Region</i>	<i>Jul-18</i>	<i>Jul-19</i>	<i>% Change</i>
Central	2,780	2,830	2%
Eastern	232	221	-5%
Hampton	2,895	3,000	4%
Northern	4,700	4,722	0.5%
Southside	217	230	6%
Southwest	182	183	1%
Valley	625	761	22%
West	1,022	937	-8%
<b>All of Virginia</b>	<b>12,654</b>	<b>12,885</b>	<b>2%</b>

Source: Virginia REALTORS®, data accessed August 18, 2019

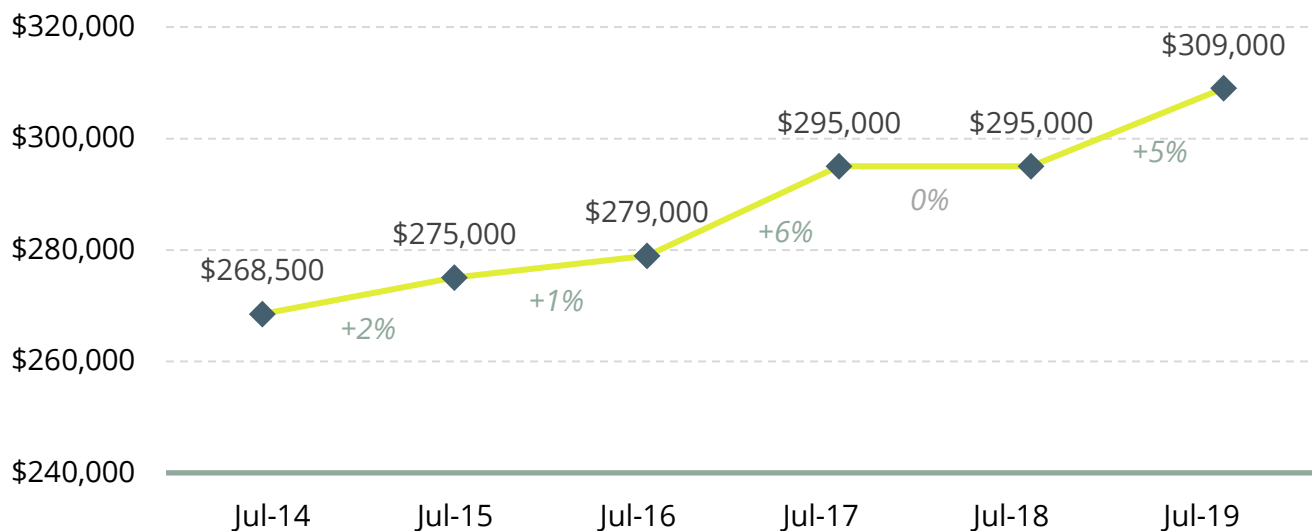
## Sales Prices

At \$309,000, the July median sales price in Virginia climbed \$14,000 from a year ago, representing a 5% increase. Home prices have been trending up for several years in most areas of the State. At \$255,950, Hampton Roads had the largest median sales price growth in the State in July, rising nearly \$16,000 from a year ago, a 7% gain. The median sales price in the Northern Virginia region climbed over \$15,000 in July to \$455,000, a 3% increase from



last year. Both the Southside and Valley regions had a \$7,000 increase, rising 6% and 3%, respectively, from last year. The Eastern Virginia region was 1 of 2 regional markets to have a dip in sales prices from last year. The July median sales price in Eastern Virginia was \$230,000, down \$5,000 from last year, representing a 2% drop.

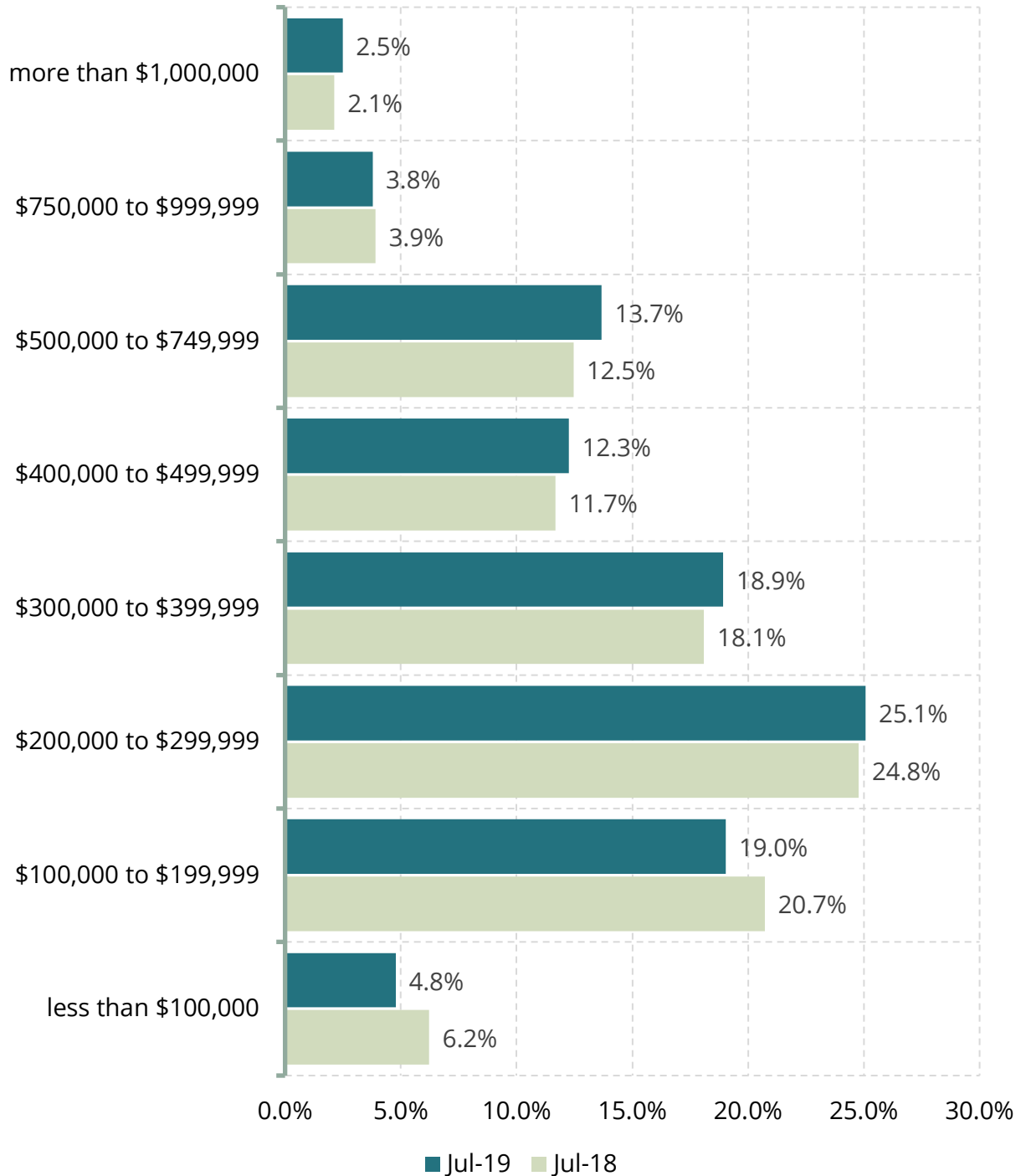
**Figure 8**  
**July Median Sales Price, Virginia**  
*2014-2019*



Source: Virginia REALTORS®, data accessed August 18, 2019

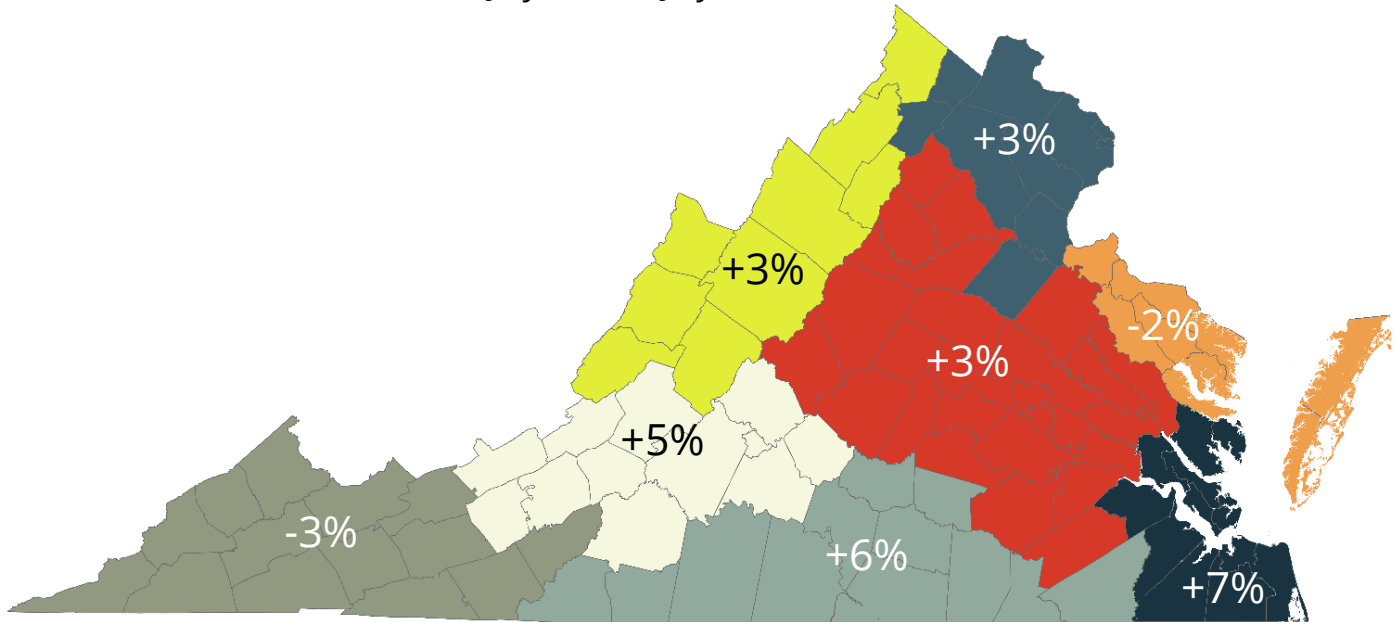
As price levels continue to climb throughout the state, the number of sales transactions in lower price ranges has been in decline. For example, there were more homes sold in the \$200,000 to \$299,999 price range than home sold for less than \$200,000 in July, which was not the case this time last year. In addition, while the overall number of sales transactions in July is up nearly 28% from 5 years ago, the number of sales with price points under \$200,000 is down 9% during this same time period. The fastest growing market segment statewide has been the \$400,000 to \$499,999 price range, with nearly 60% more sales transactions in July compared to 5 years prior.

**Figure 9**  
**Proportion of Sales by Price Range, Virginia**  
*July 2019 and July 2018*



Source: Virginia REALTORS®, data accessed August 18, 2019

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



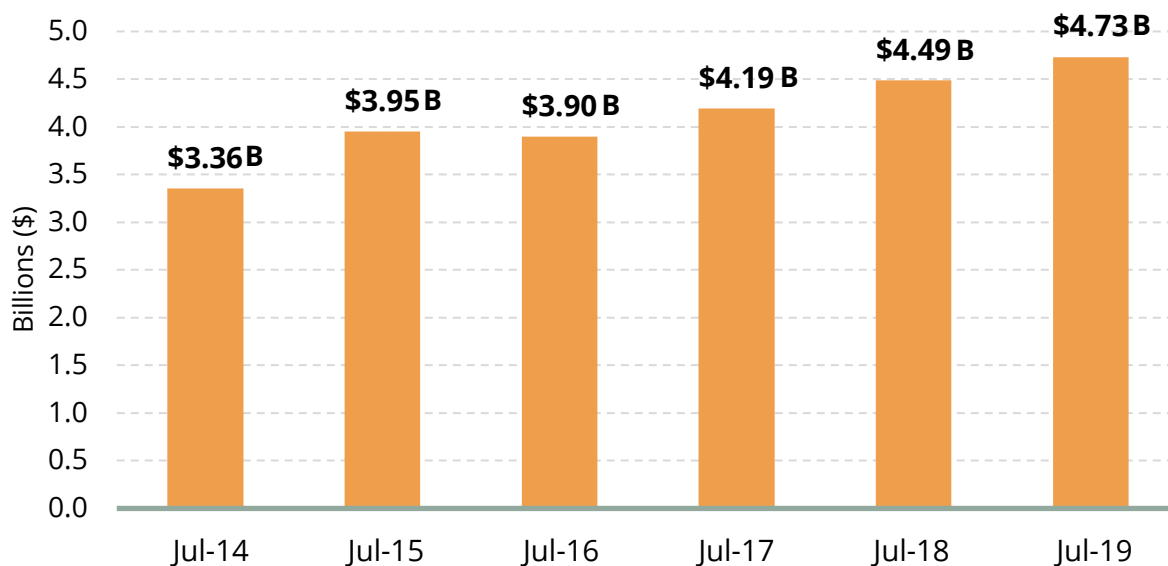
<i>Region</i>	<i>Jul-18</i>	<i>Jul-19</i>	<i>% Change</i>
Central	\$265,000	\$272,500	3%
Eastern	\$235,000	\$230,000	-2%
Hampton	\$240,000	\$255,950	7%
Northern	\$439,900	\$455,000	3%
Southside	\$113,000	\$120,000	6%
Southwest	\$133,750	\$130,000	-3%
Valley	\$212,000	\$219,000	3%
West	\$184,975	\$195,000	5%
<b>All of Virginia</b>	<b>\$295,000</b>	<b>\$309,000</b>	<b>5%</b>

Source: Virginia REALTORS®, data accessed August 18, 2019

## Sold Volume

The increase in sales transactions and median sales price in Virginia produced more sold dollar volume in July compared to last year. There was approximately \$4.71 billion in sold volume in July 2019 throughout the State, which is 5% more than a year ago, an increase of over \$240 million. The July sold dollar volume has been trending up for several years, a reflection of solid sales growth and a steady increase in sales prices. The July total sold dollar volume is about \$1.38 billion higher than 5 years ago.

**Figure 11**  
**July Sold Dollar Volume, Virginia**  
*2014-2019*

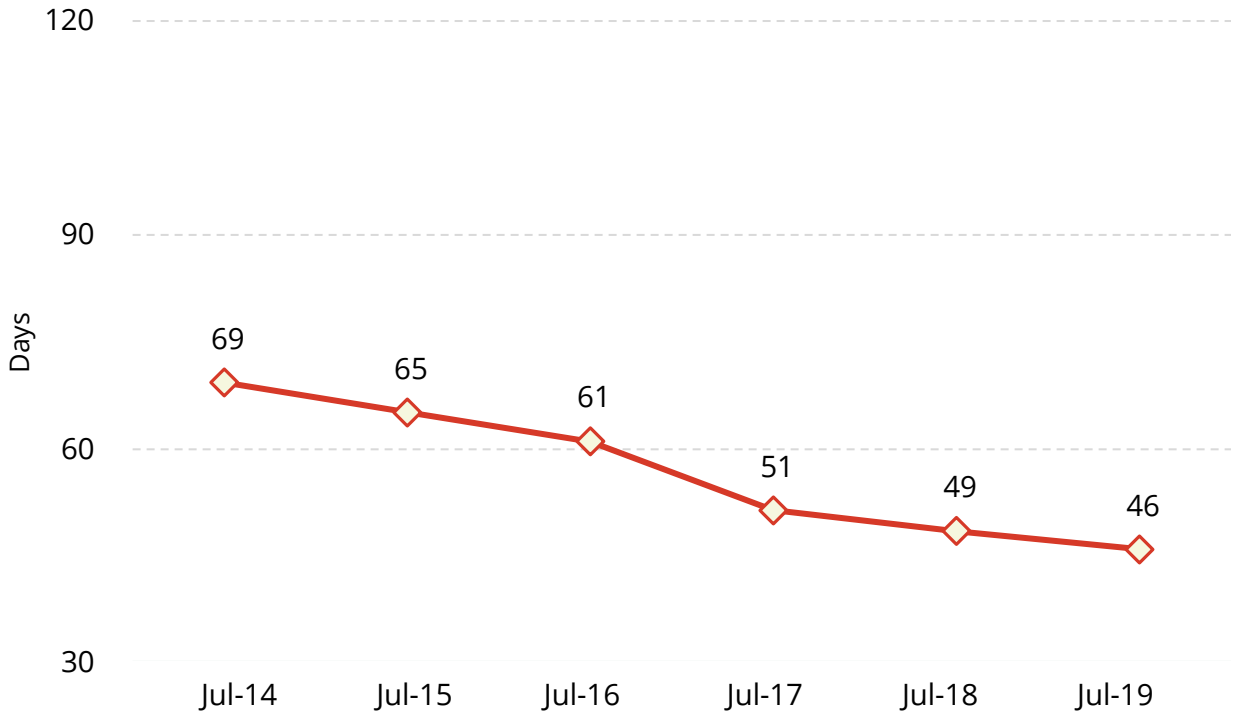


Source: Virginia REALTORS®, data accessed August 18, 2019

## Days on Market

Homes continue to sell faster in Virginia than last year, evidence of the tight supply of active listings on the market. Homes sold in July were on the market for an average of 46 days statewide, which is 3 days faster than last year, and about 2 weeks faster (15 days) than this time 3 years ago. This metric continues to trend down in most areas of the State due to the low level of inventory available and steady buyer demand; however, some local markets have had an uptick in days on market in recent months. For example, the average days on market in Northern Virginia rose by 6 days in July, which is the 8<sup>th</sup> consecutive increase for this region compared to last year. Of the regions with declining average days on market, Hampton Roads led the State in July. The average days on market in Hampton Roads in July was 47 days, down 15 days from a year ago.

**Figure 12**  
**July Average Days on Market, Virginia**  
*2014-2019*

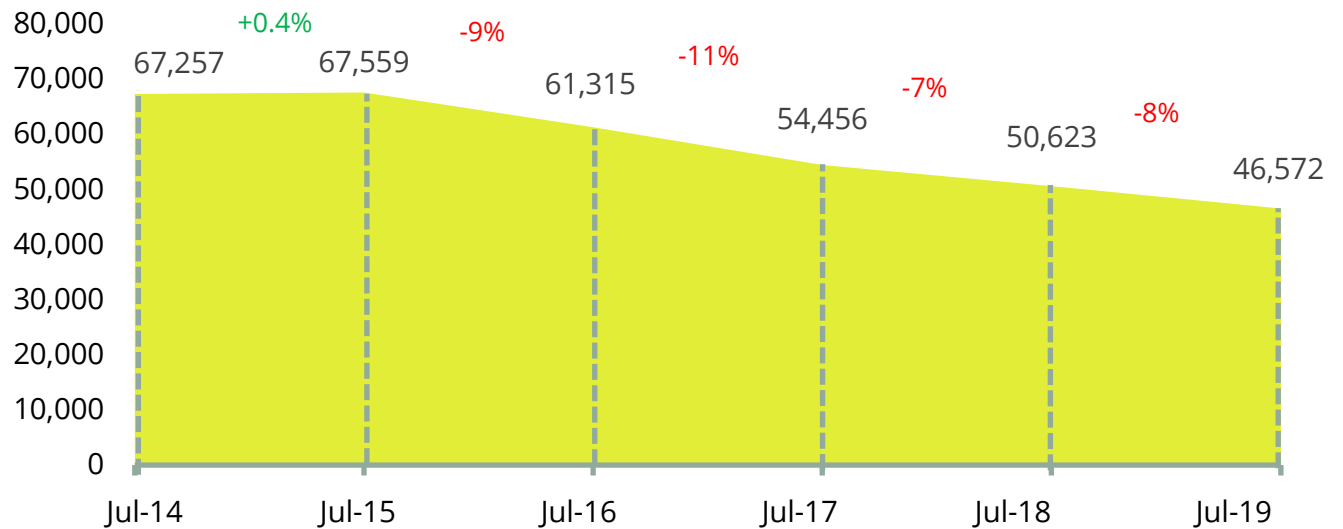


Source: Virginia REALTORS®, data accessed August 18, 2019

## Listings

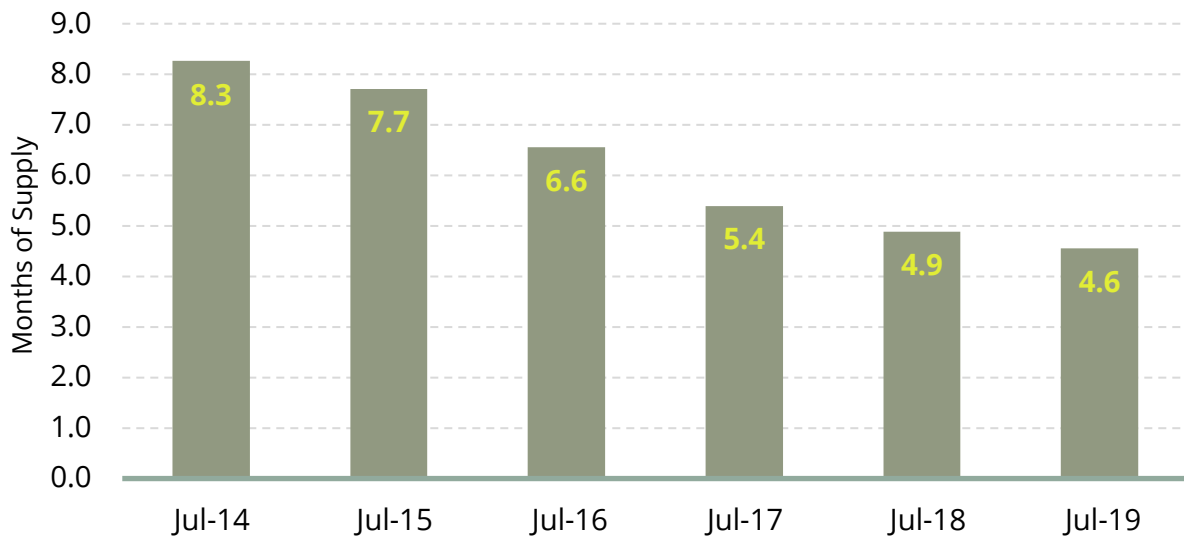
The inventory of homes for sale in Virginia continues to decline. There were about 46,572 homes on the market for sale at the end of July across the Commonwealth, which is about 4,000 less than a year ago, representing an 8% decline. The number of active listings represents about 4.6 months of supply, which is down from 4.9 months at this time last year. The months of supply is calculated by taking the average monthly sales over the preceding 12-month period and dividing it by the current inventory of active listings. In most housing markets, a supply below 6 months tends to favor sellers rather than buyers. The low supply of active listings is putting upward pressure on sales prices, a trend that has been occurring for several years.

**Figure 13**  
**End of July Active Listing Inventory, Virginia**  
 2014-2019



Source: Virginia REALTORS®, data accessed August 18, 2019

**Figure 14**  
**Months of Supply (July), Virginia**  
 2014-2019



Source: Virginia REALTORS®, data accessed August 18, 2019



The Virginia REALTORS® association is the largest professional trade association in Virginia, representing nearly 34,000 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.