

BY THE NUMBERS

Housing Market Update & Outlook

A DEEP DIVE INTO THE HOUSING MARKET OF VIRGINIA AT
THE BEGINNING OF 2024

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What has changed since our last housing market update in June 2023?

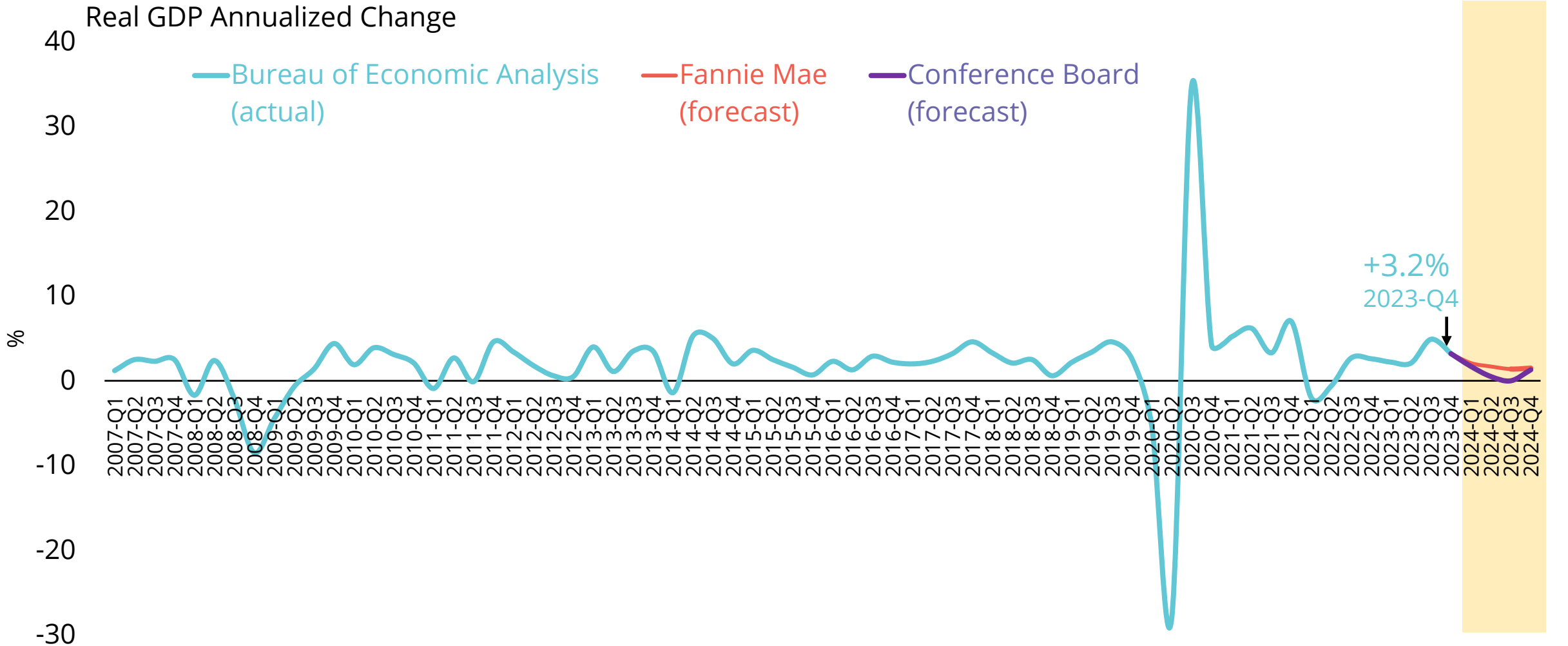
- Inflationary pressures continue to trend downwards but have stagnated.
- Mortgage rates rose sharply in the fall of 2023, but have since moderated slightly. Expectations are that a downward trajectory is likely in the coming months.
- 2023 had the slowest housing market in a decade in Virginia. 2024 market is also off to a slow start.
- Upward pressure on home prices has not slowed down.
- Inventory levels remain very low.
- Homes continue to sell at or above their asking prices across Virginia.

The background features a dark green gradient with several semi-transparent financial charts. On the left, there are two candlestick charts: one in light blue and one in light orange. On the right, there is a single candlestick chart in light orange. A large, faint white arrow points downwards on the right side, and another faint white arrow points to the left in the lower right quadrant. The word "ECONOMY" is centered in a large, glowing cyan outline font.

ECONOMY

Gross Domestic Product - National

Economy still growing, but is a slowdown on the horizon?



Source: U.S. Bureau of Economic Analysis (BEA), Fannie Mae, The Conference Board

Consumer Sentiment

Consumers are more optimistic than last year

Index of Consumer Sentiment

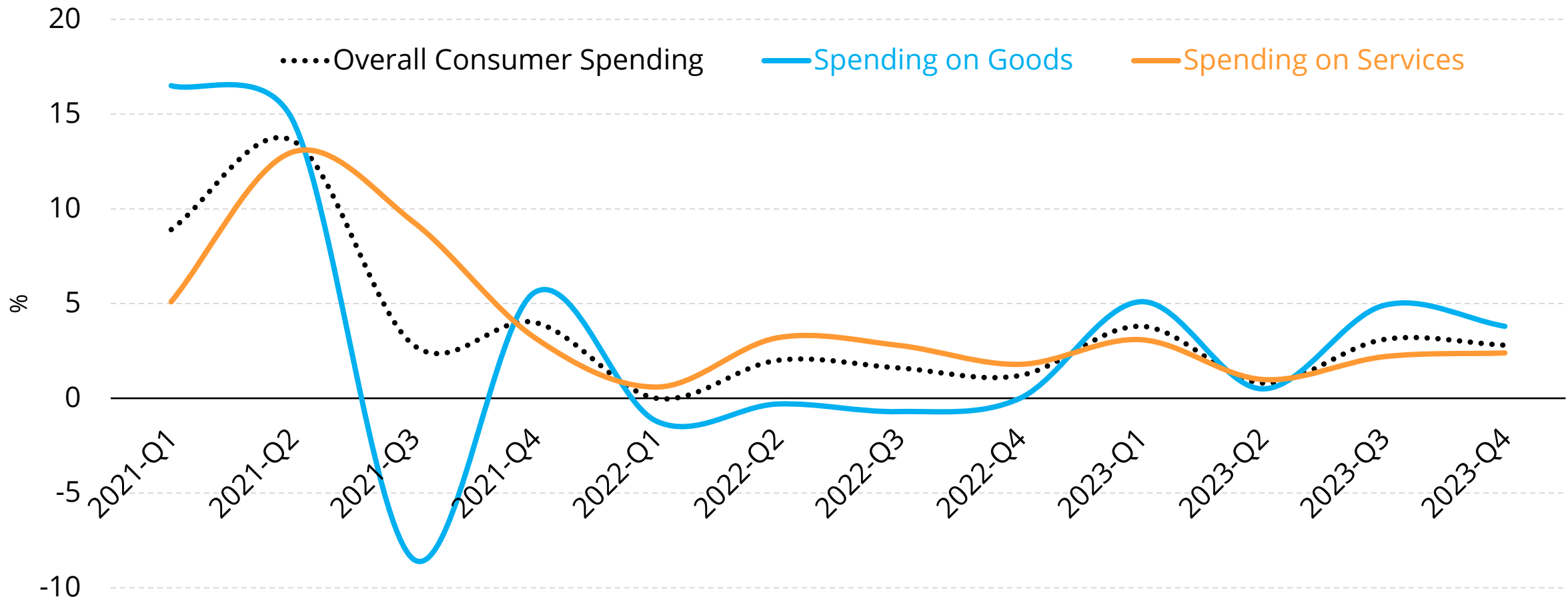


Source: University of Michigan

Consumer Spending Trends

Consumer spending has been resilient

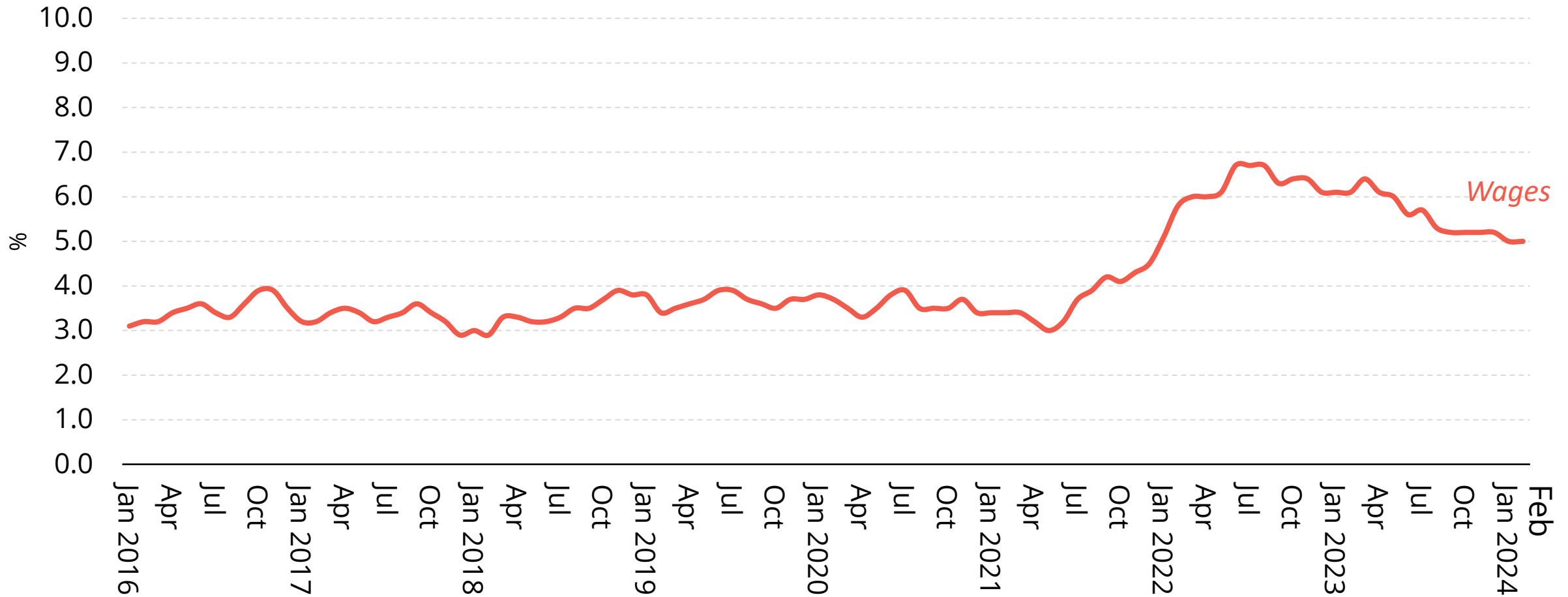
Annualized Change



Wage Trends

Wage growth remains strong, but starting to plateau/soften

3-month moving average of median wage growth

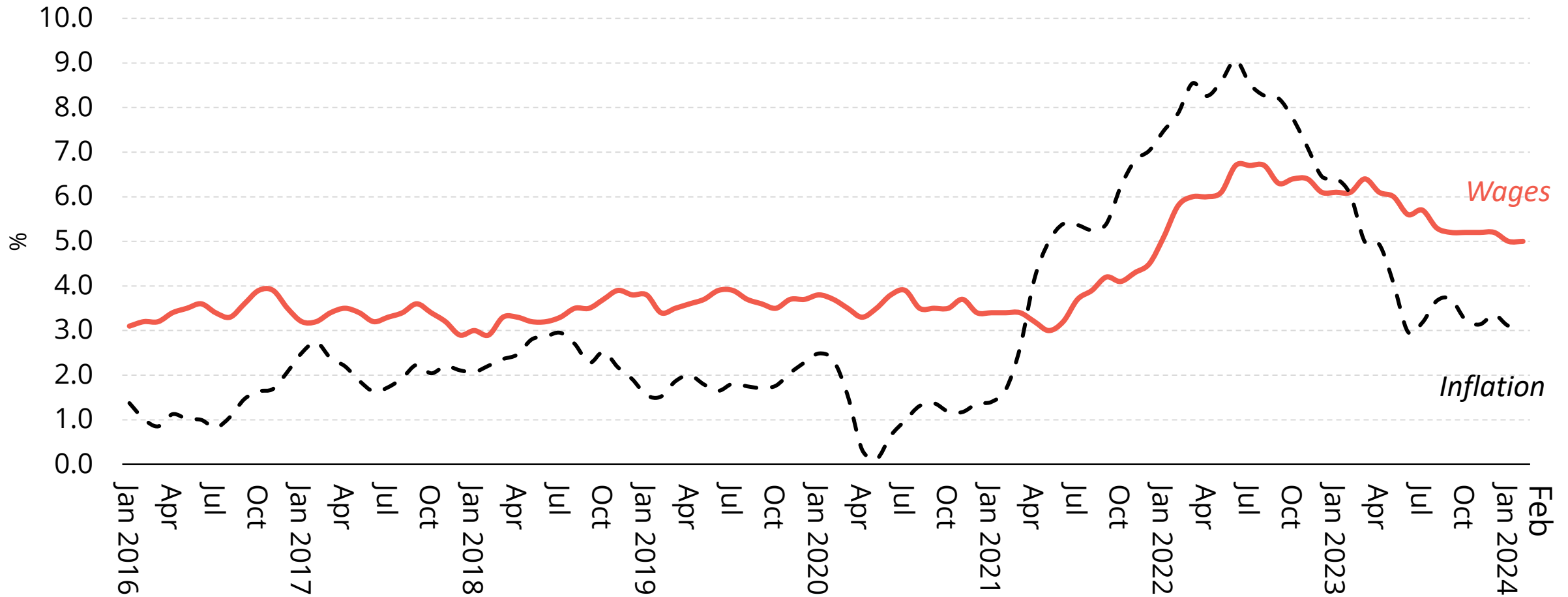


Source: Federal Reserve Bank of Atlanta

Wage Trends

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3-month moving average of median wage growth

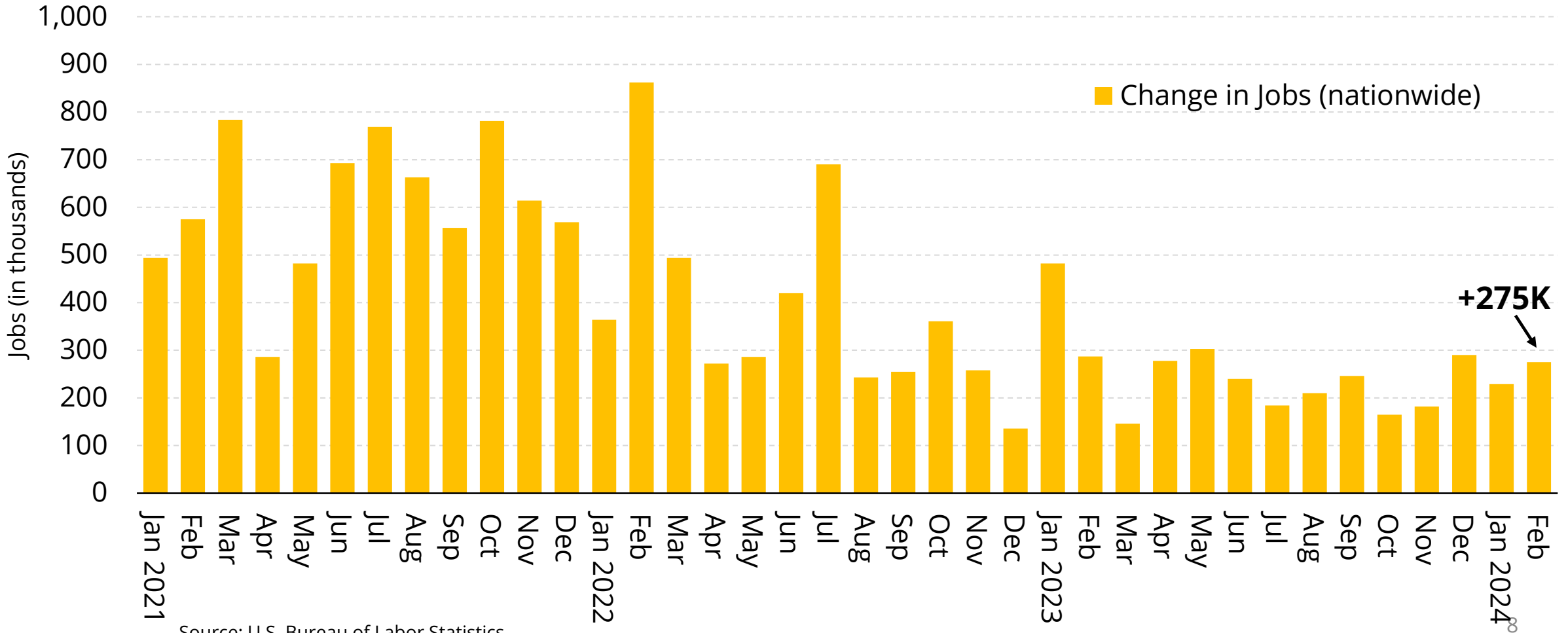


Source: Federal Reserve Bank of Atlanta, Bureau of Labor Statistics

Job Trends

U.S. job growth stronger than expected at the start of 2024

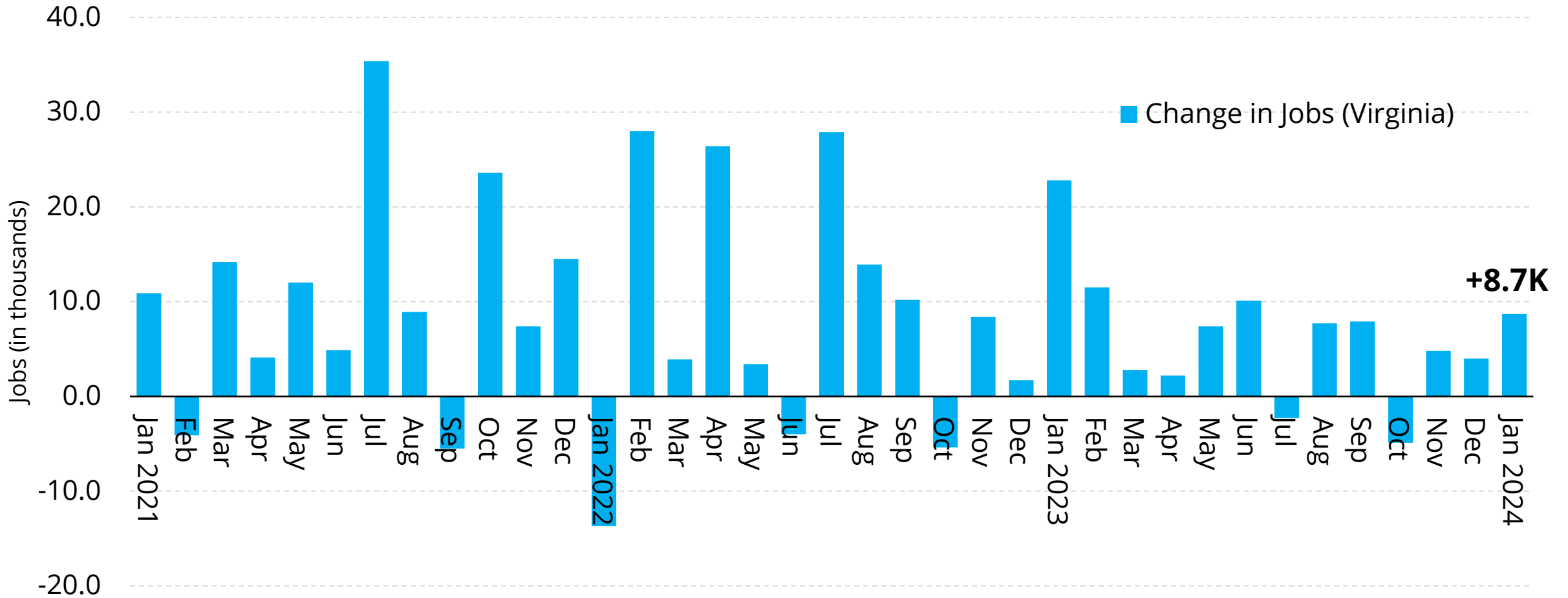
Monthly job change, U.S. (in thousands)



Job Trends

Virginia's job-base continued to expand at the beginning of 2024

Monthly job change, Virginia (in thousands)

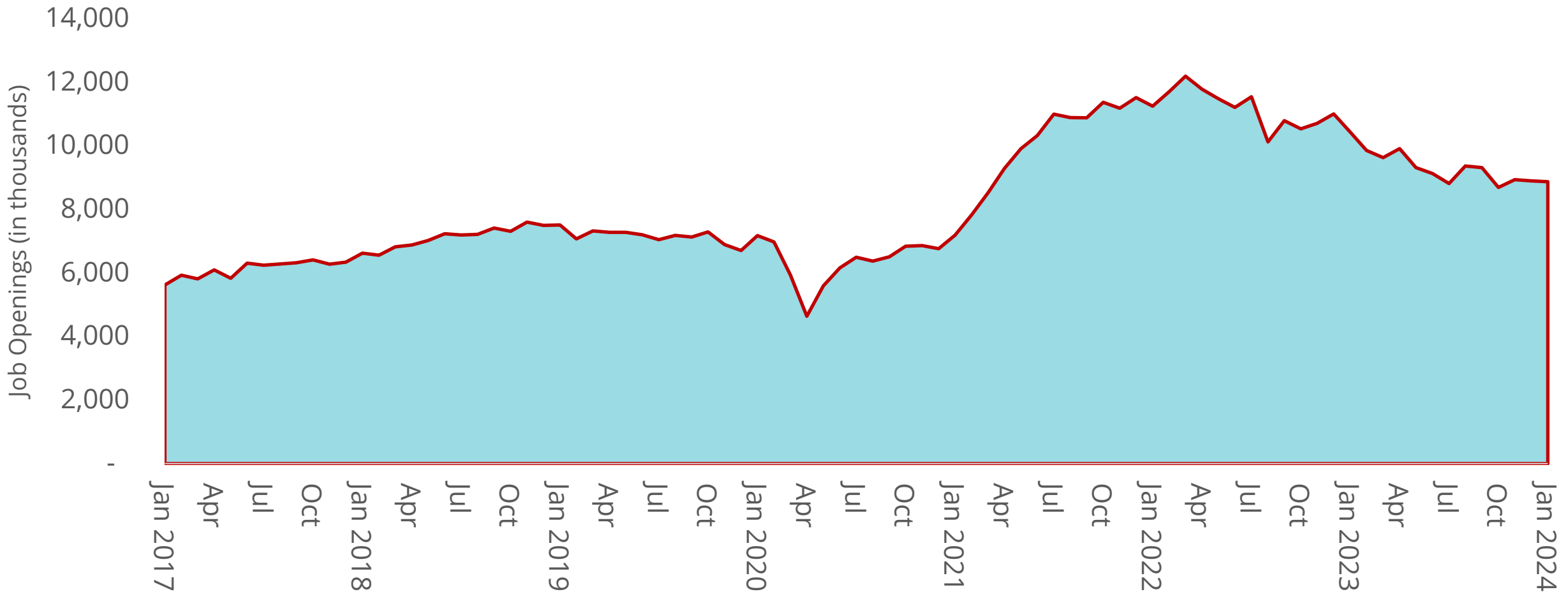


Source: U.S. Bureau of Labor Statistics

Job Openings

The level of nonfarm job openings in the U.S. continues to remain high

Monthly job openings, U.S. (in thousands)

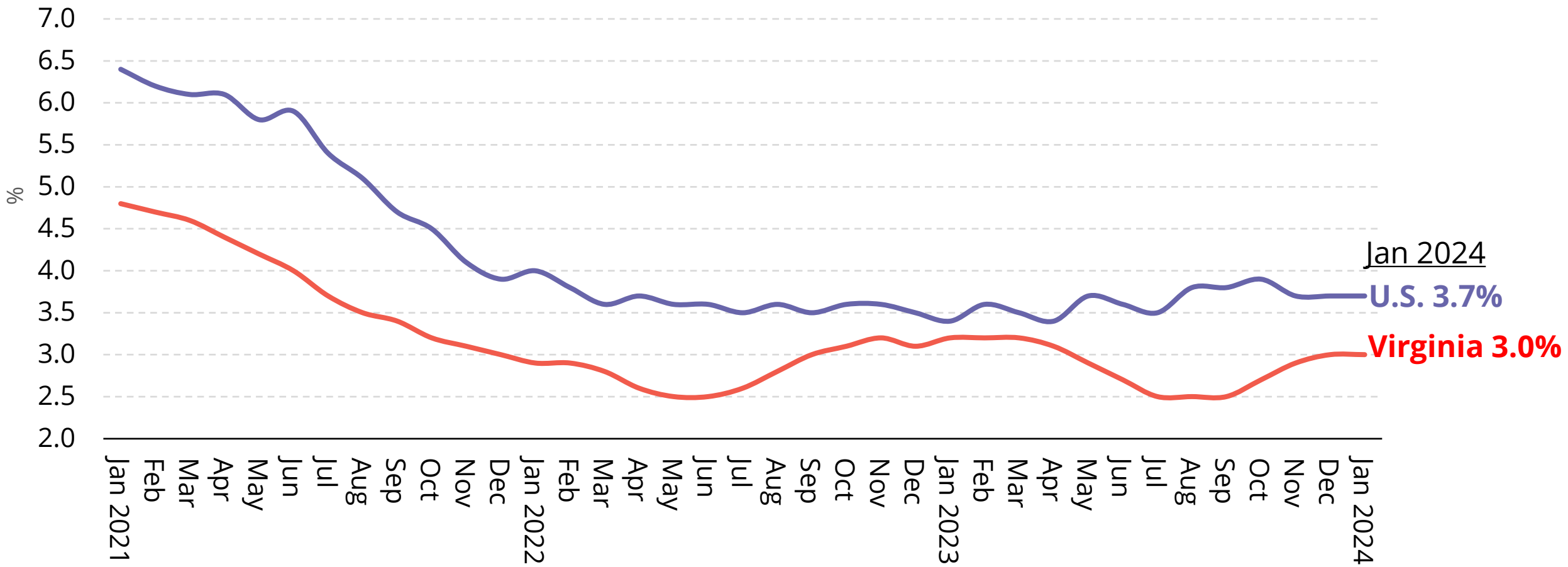


Source: U.S. Bureau of Labor Statistics

Unemployment Rate

Labor market continues to be tight, unemployment very low

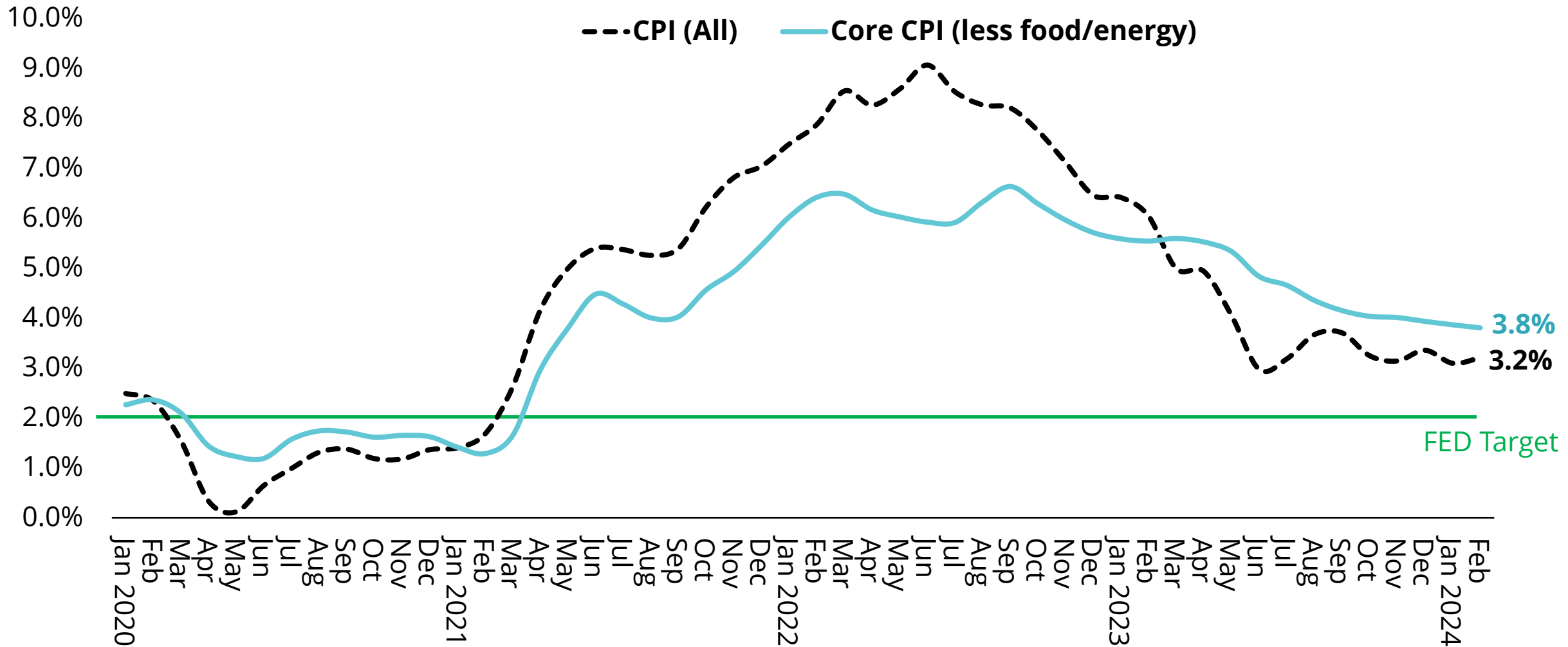
Unemployment Rate (%)



Source: U.S. Bureau of Labor Statistics

Inflation Rate

Inflation is still too high, but it's falling

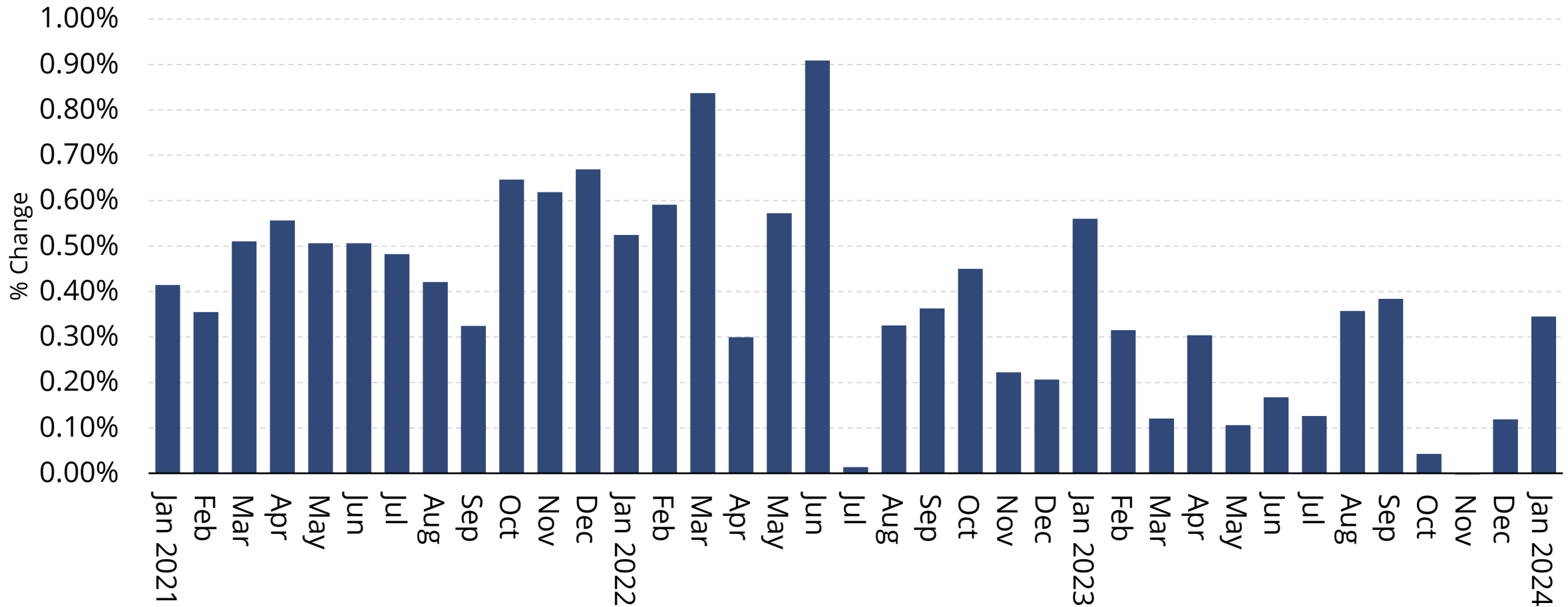


Source: Bureau of Labor Statistics

Core Personal Consumption Expenditures Index

Core PCE Index jumped recently, signals inflationary pressures remain

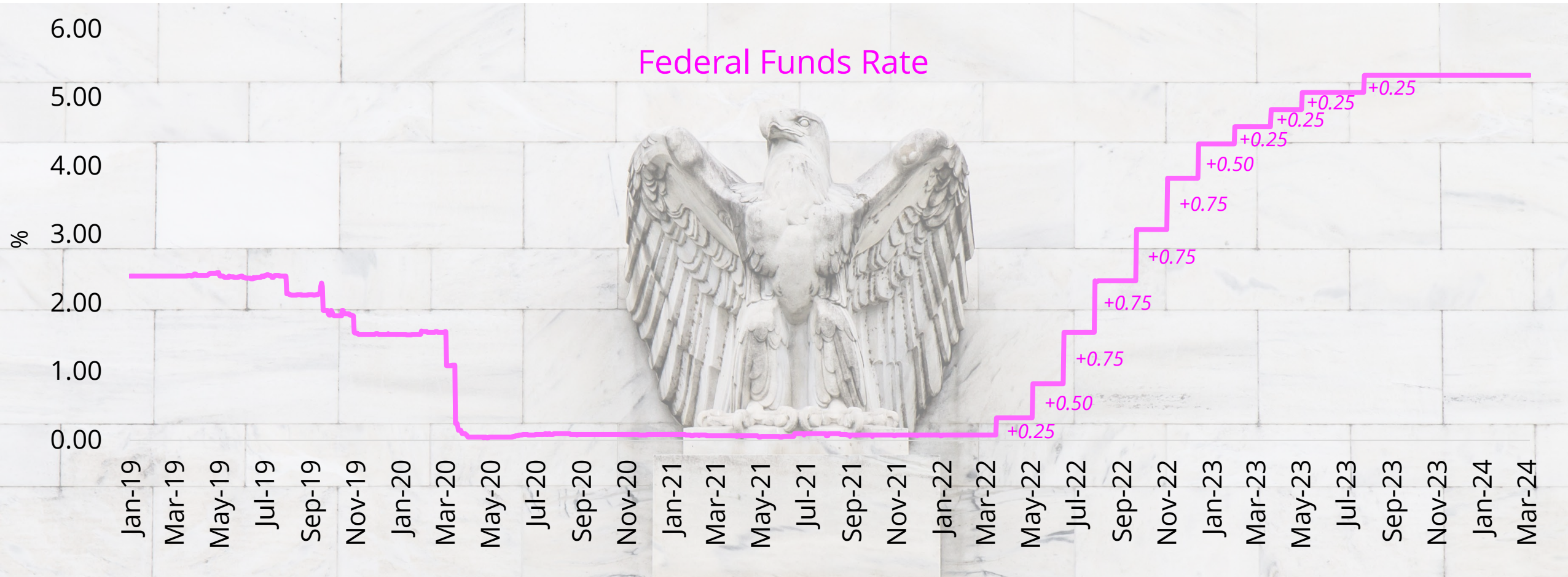
Month-over-Month % Change



Source: U.S. Bureau of Economic Analysis, seasonally adjusted

Federal Funds Rate

Fed has held rates firm since July 2023, rate cuts on the table for 2024

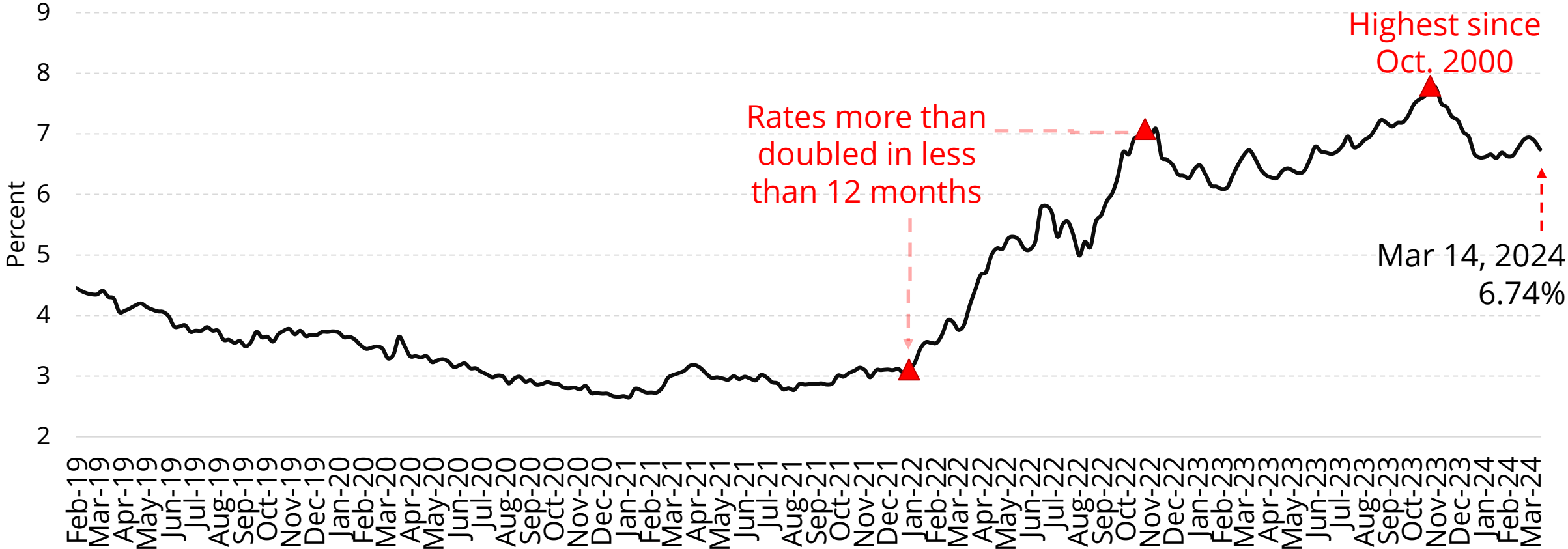


A background image featuring a financial candlestick chart with two data series: one in green and one in blue. The chart shows price fluctuations over time, with a significant dip in the blue series. The text 'VIRGINIA HOUSING MARKET' is overlaid in large, green-outlined letters.

VIRGINIA HOUSING MARKET

Mortgage Rate Trends

30-Year Fixed Rate Mortgage Rate (weekly average)

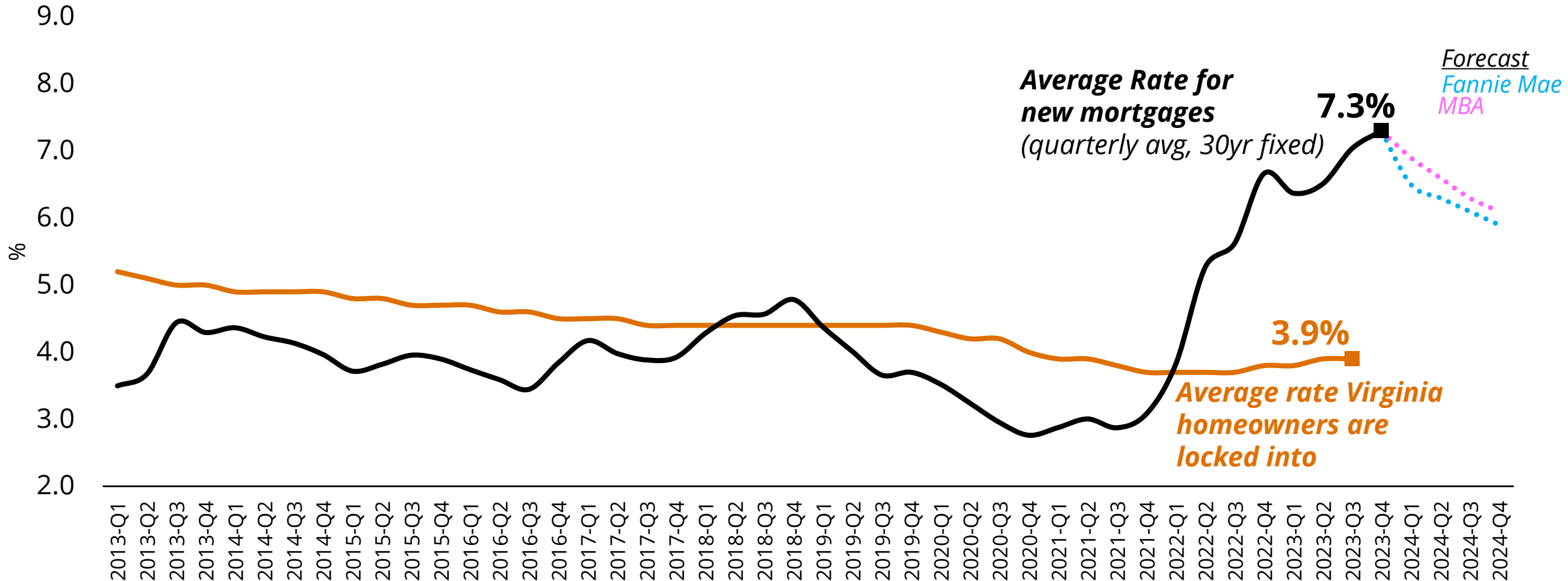


Source: Freddie Mac

Lock-in Effect Keeping Sellers on the Sidelines

But as rates trend downward lock-in effect will loosen due to pent-up demand

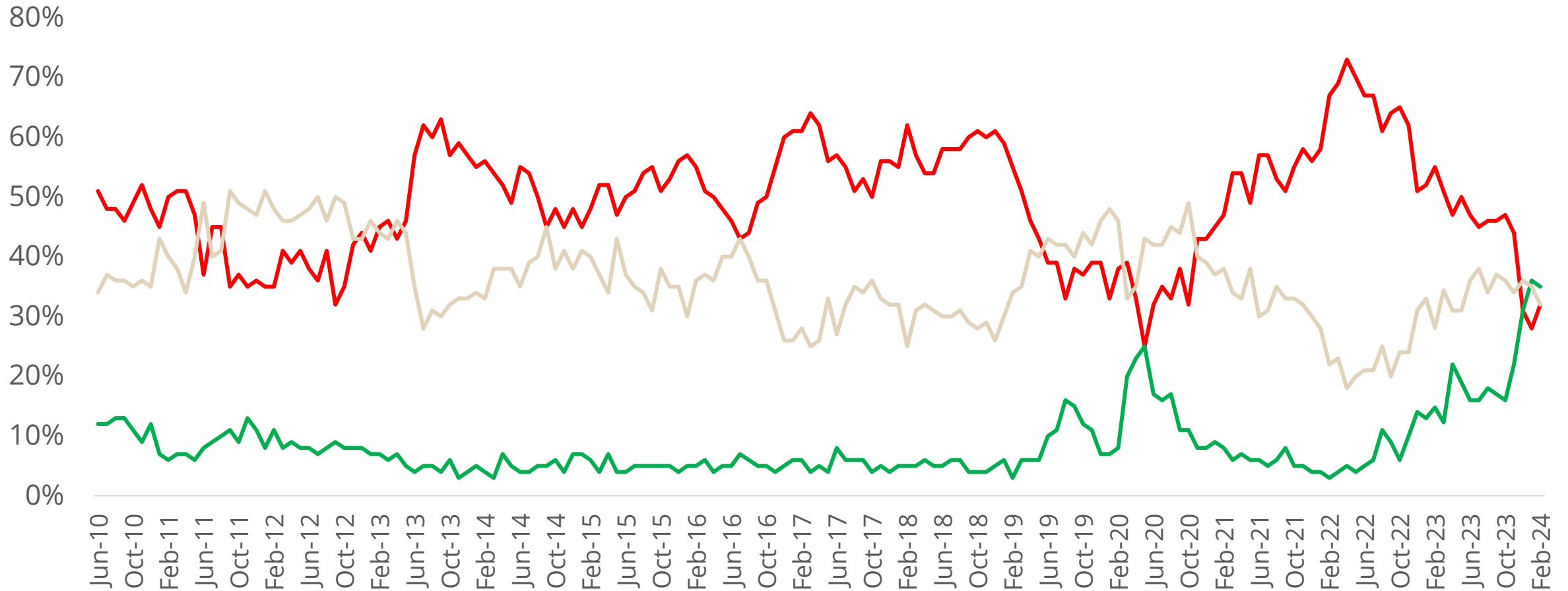
Locked-in Rates vs. Market Rates



Consumer Optimism About Mortgage Rates Improves

Share of respondents expecting rates to go down in the next 12 months hits survey high levels at the start of 2024

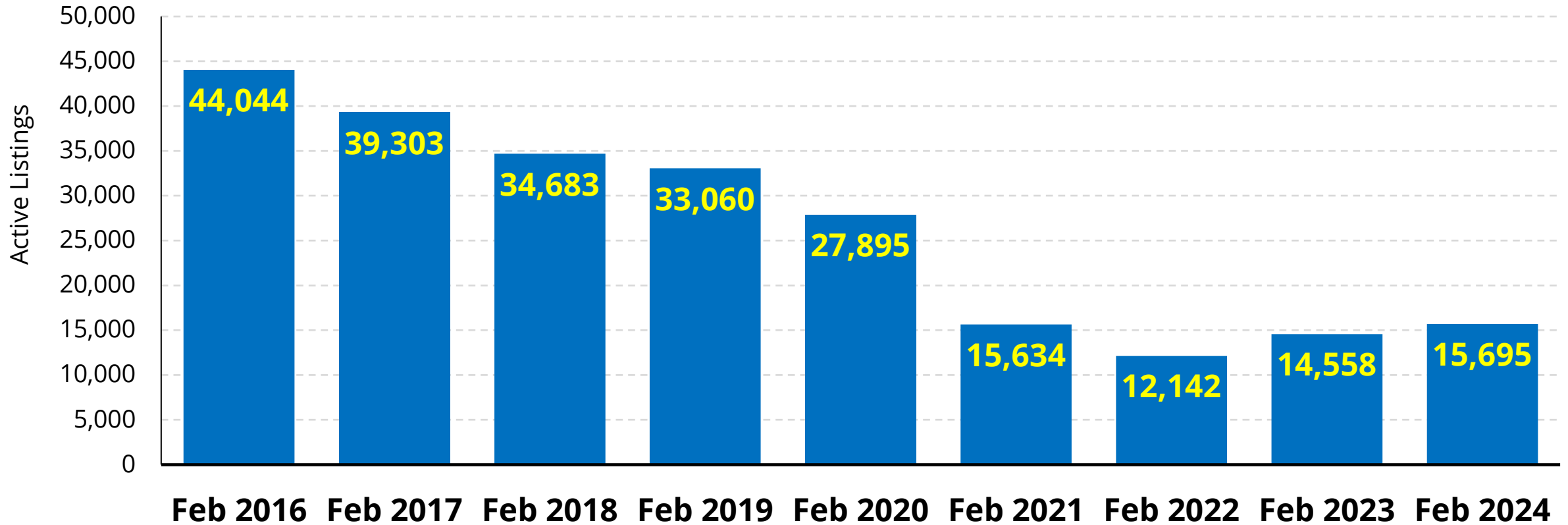
— Go Up — Go Down — Stay the Same



Historically Low Inventory Persists

But modest uptick in some parts of Virginia

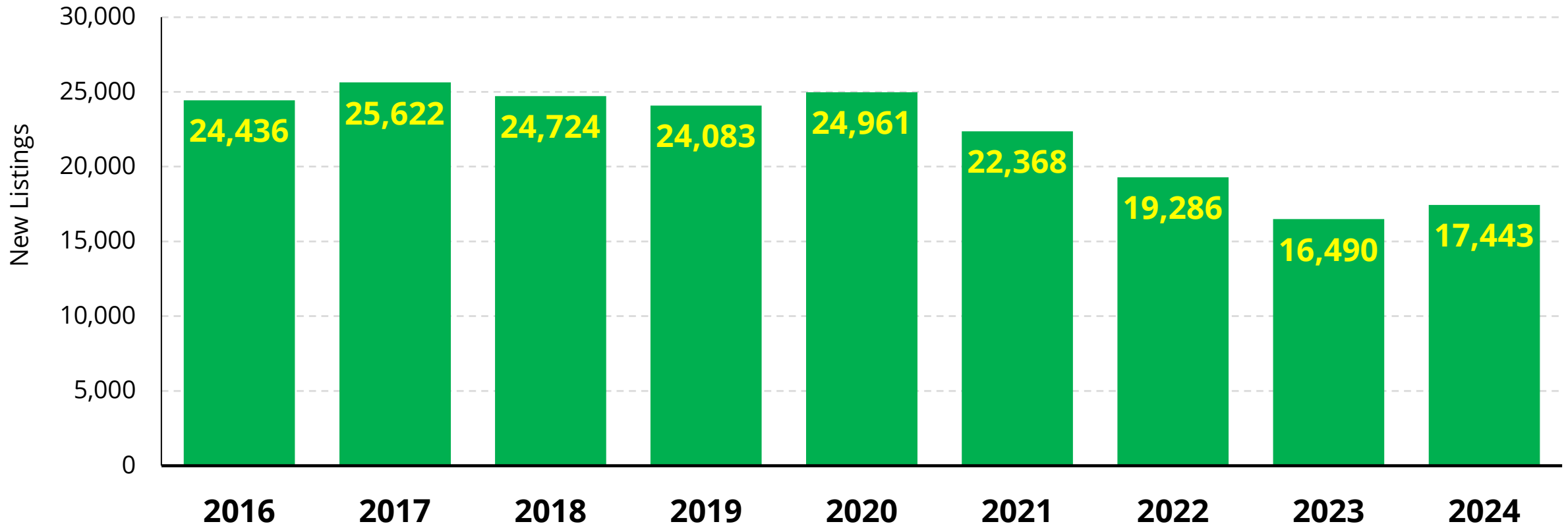
Active Listings, Statewide (end of February)



Sellers remain hesitant to list their homes for sale

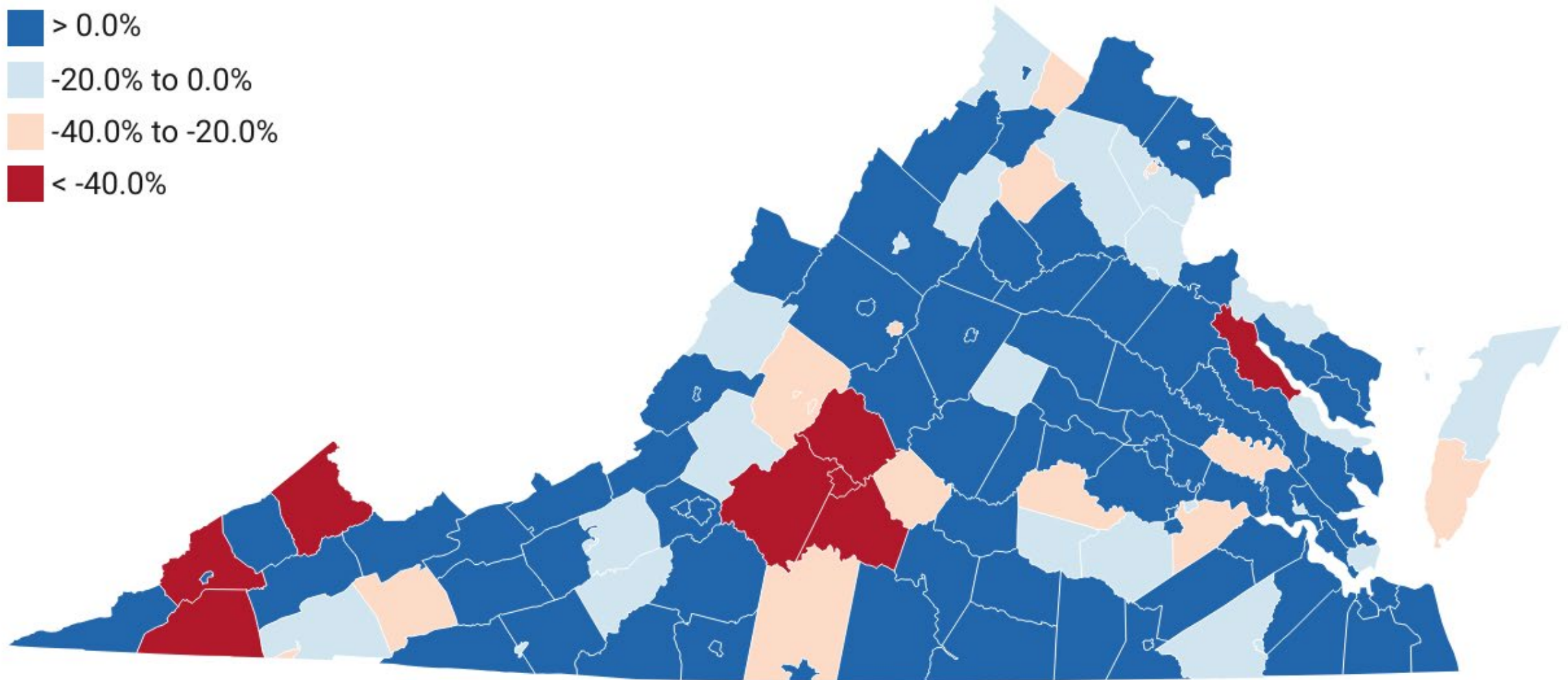
But a declining trend in mortgage prices will likely encourage more sellers to enter the market

New Listings, Statewide (February YTD)



New listings up in some places but sluggish overall

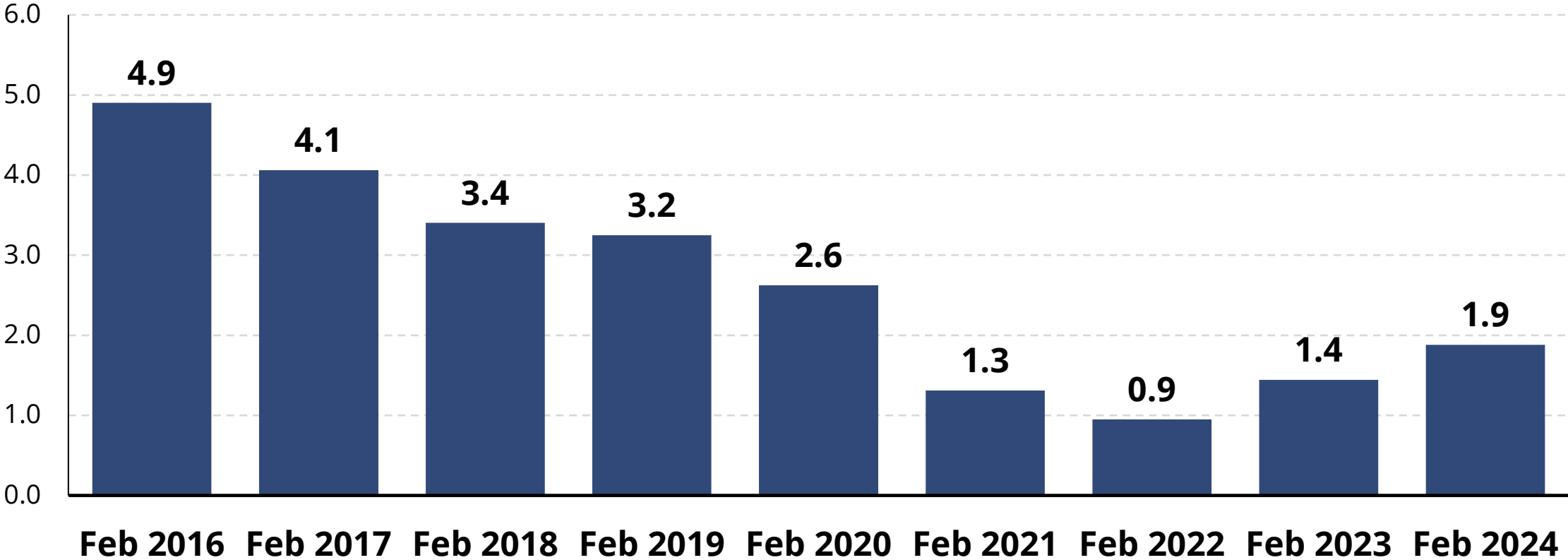
Change New Listings – YTD 2023 vs. YTD 2024



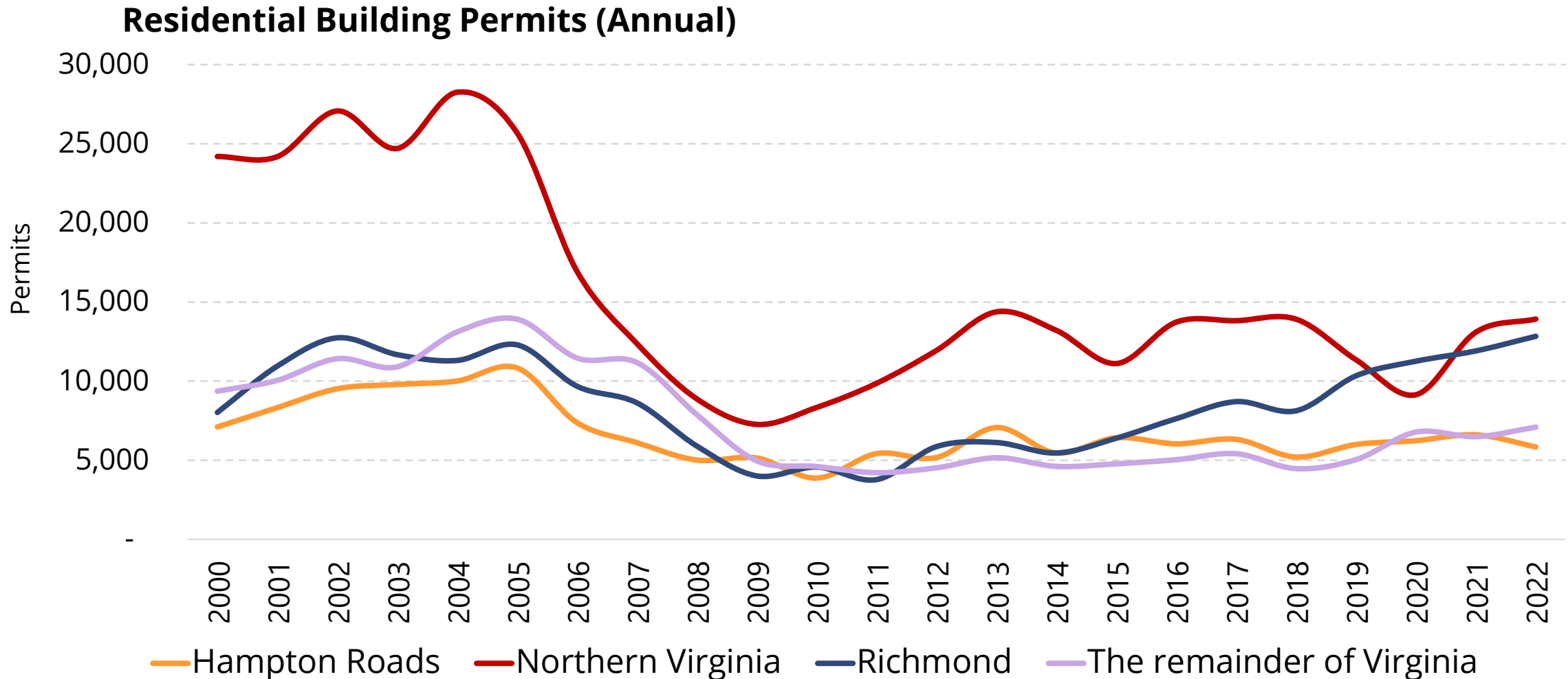
Months of supply increasing across the state

Increasing number of active listings and slowdown in sales leading to more supply, but still unbalanced market

Months of supply, February



New Construction Not Keeping Pace with Demand

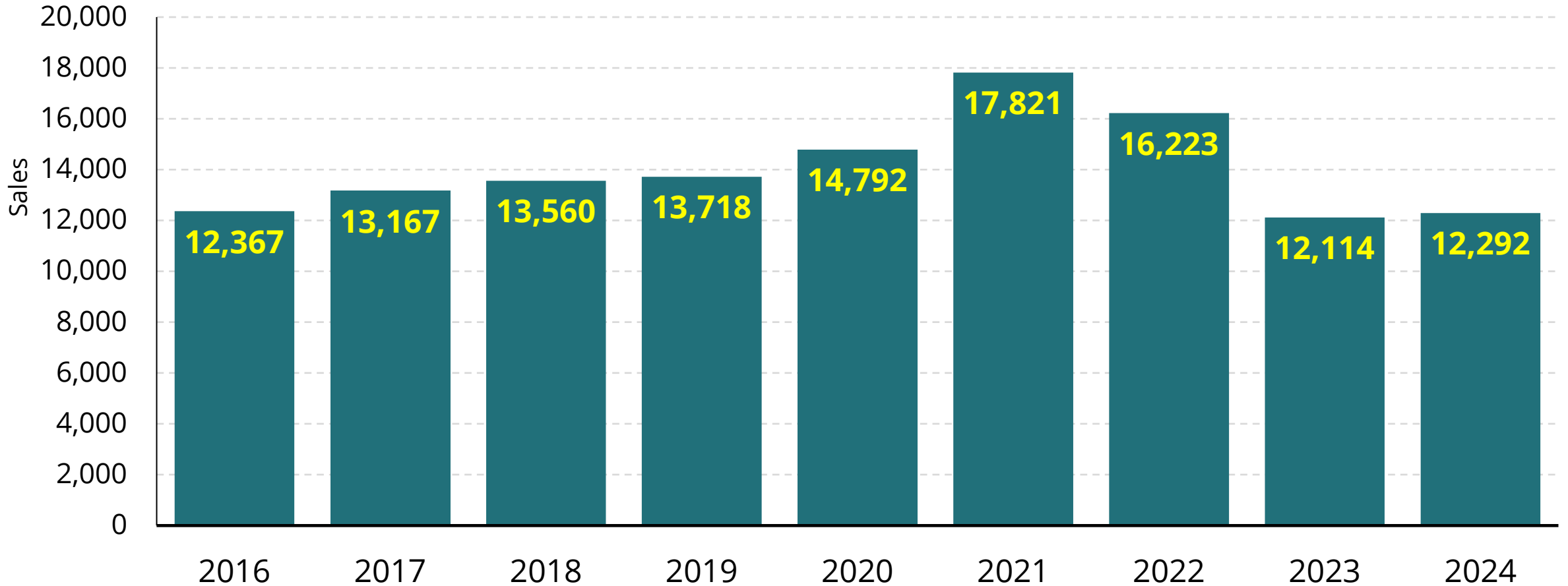


Source: U.S. Census Bureau, Weldon Cooper Center UVA

Virginia Home Sales

2024 has had a relatively slow start to the year in terms of the number of homes sold

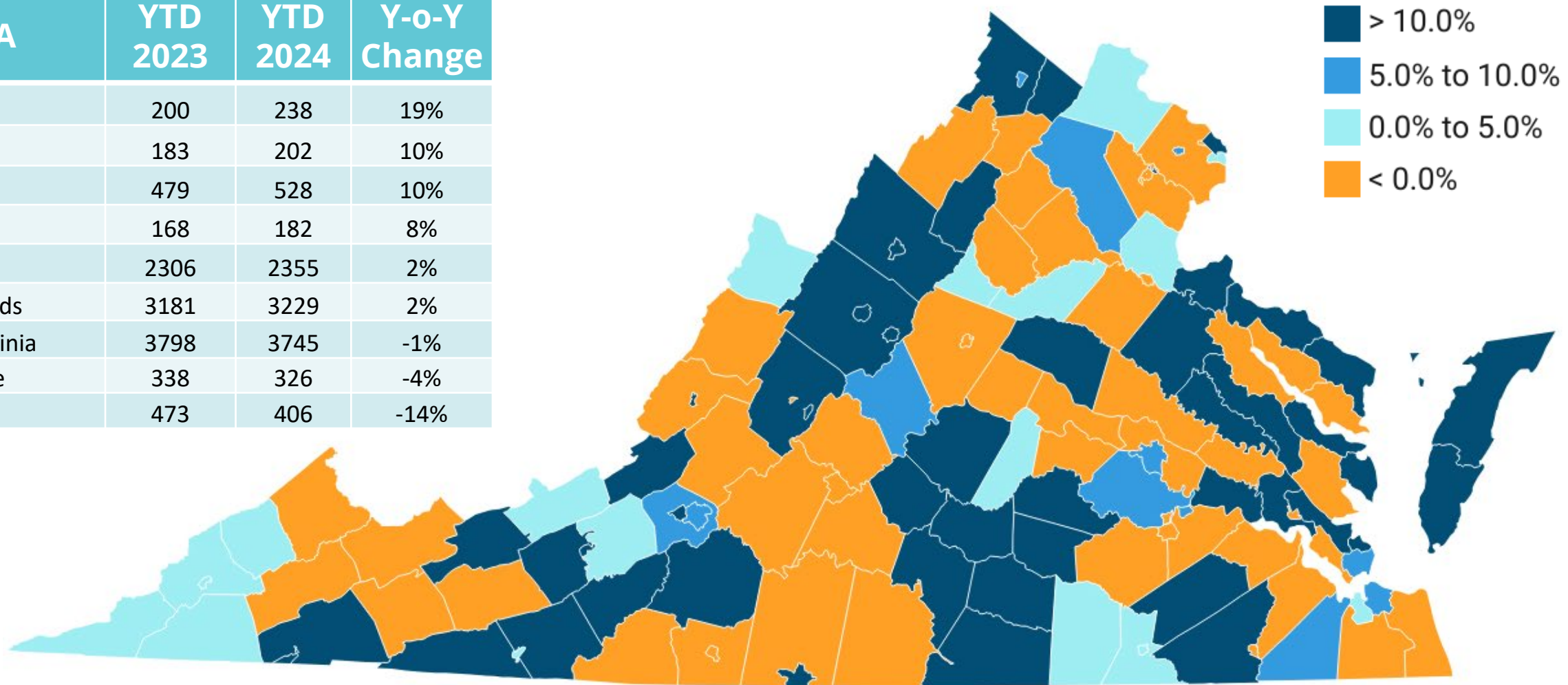
Statewide Home Sales, February YTD



Increase in sales activity prevalent in most local markets

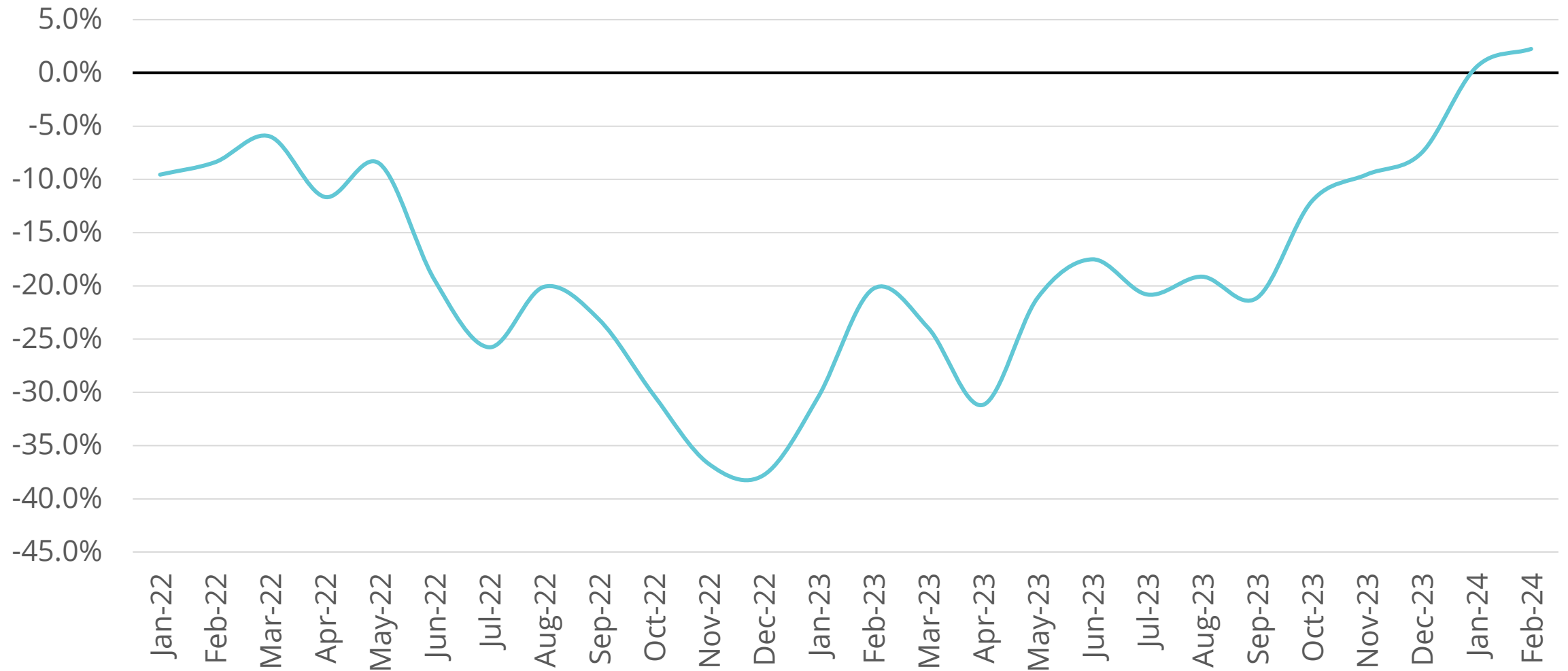
Change in Home Sales – YTD 2023 vs. YTD 2024

MSA	YTD 2023	YTD 2024	Y-o-Y Change
Winchester	200	238	19%
Blacksburg	183	202	10%
Roanoke	479	528	10%
Harrisonburg	168	182	8%
Richmond	2306	2355	2%
Hampton Roads	3181	3229	2%
Northern Virginia	3798	3745	-1%
Charlottesville	338	326	-4%
Lynchburg	473	406	-14%



Home sales levels are rebounding after seeing a declining trend over the past couple years

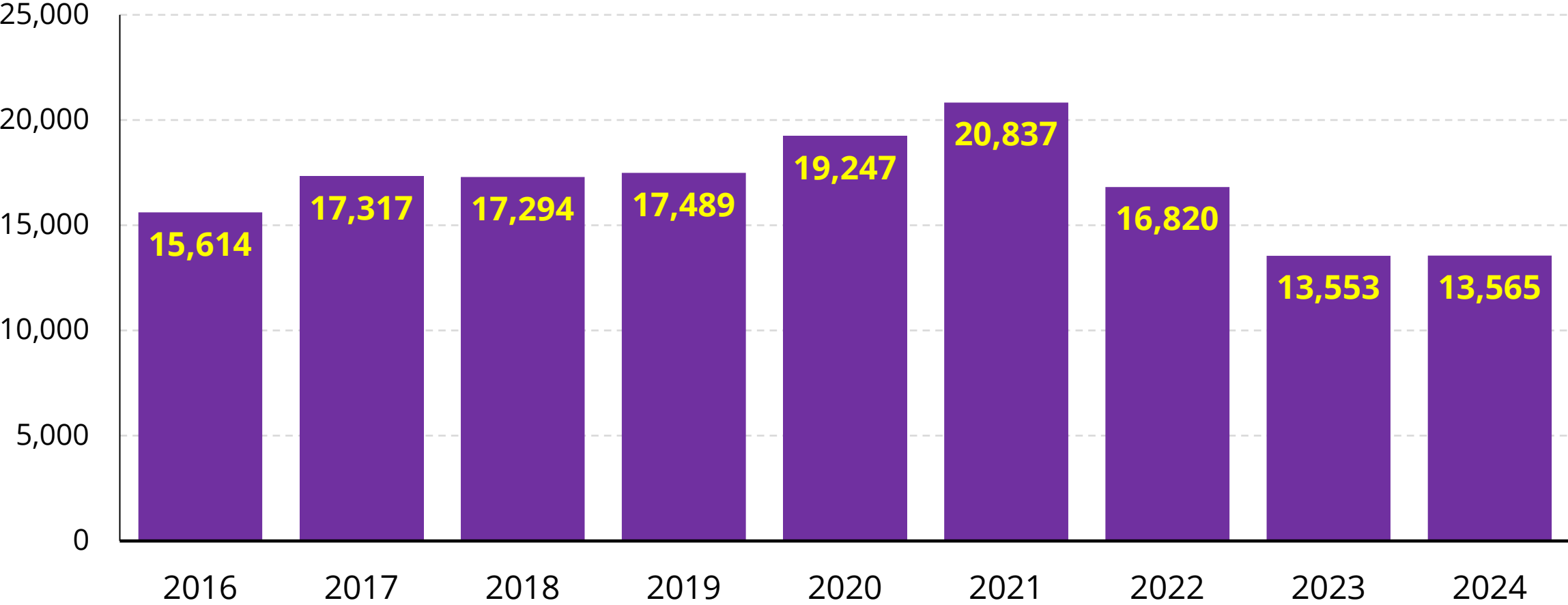
Monthly Percent Change in Sales - 2022 to Present



Source: Virginia REALTORS®

Pending sales have trended down

Pending Sales, February YTD

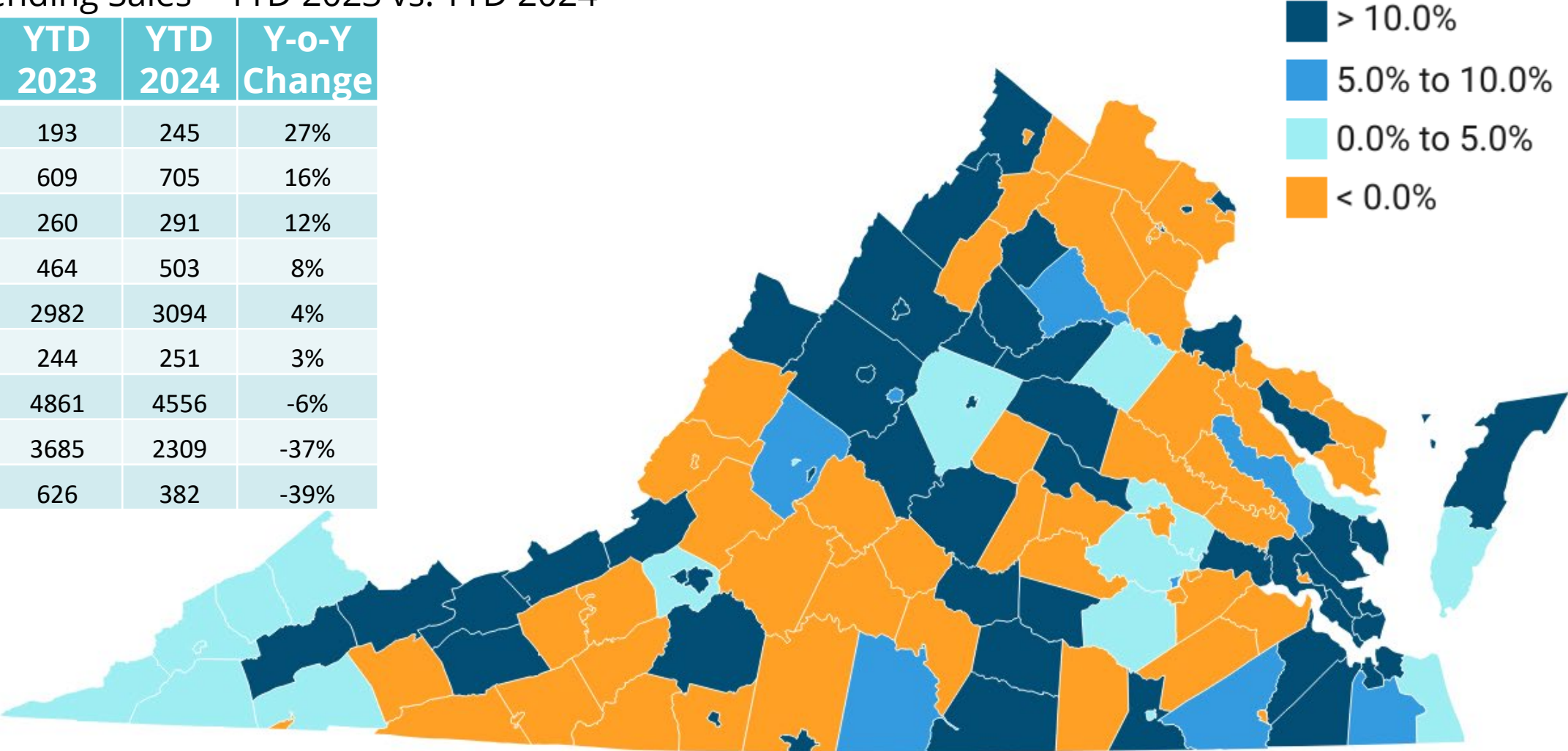


Source: Virginia REALTORS®

Pending sales

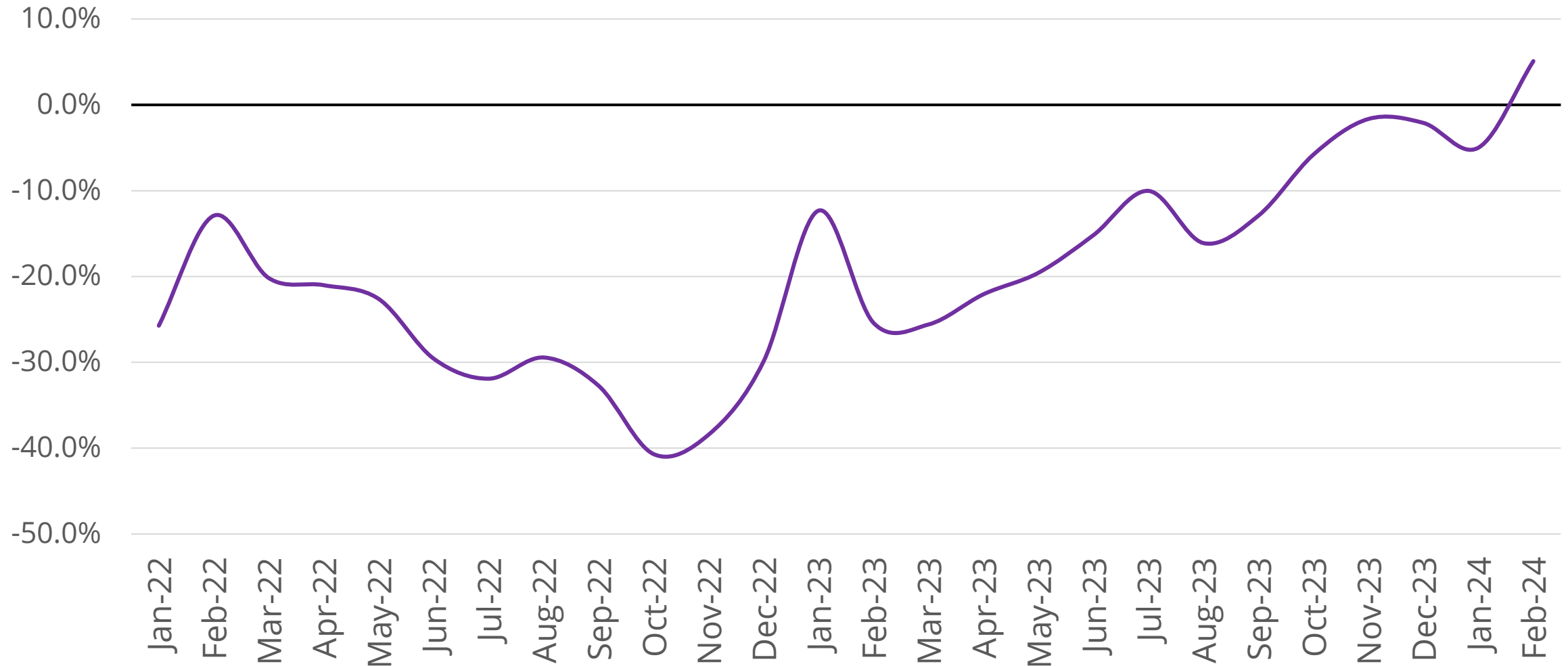
Change in Pending Sales – YTD 2023 vs. YTD 2024

MSA	YTD 2023	YTD 2024	Y-o-Y Change
Harrisonburg	193	245	27%
Roanoke	609	705	16%
Winchester	260	291	12%
Charlottesville	464	503	8%
Richmond	2982	3094	4%
Blacksburg	244	251	3%
Northern Virginia	4861	4556	-6%
Hampton Roads	3685	2309	-37%
Lynchburg	626	382	-39%



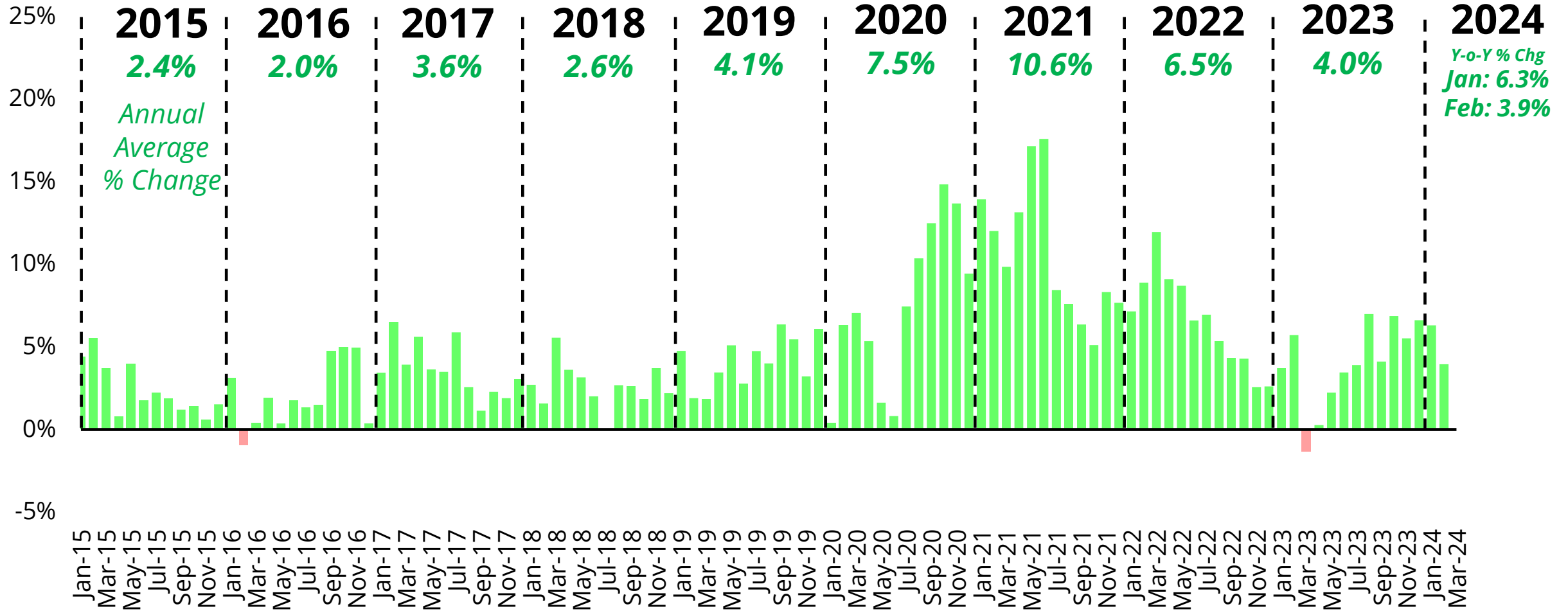
After seeing a declining trend over the past couple years, pending sales are finally going up from their prior levels

Monthly Percent Change in Pending Sales – 2022 to Present



Home Price Trends – Virginia

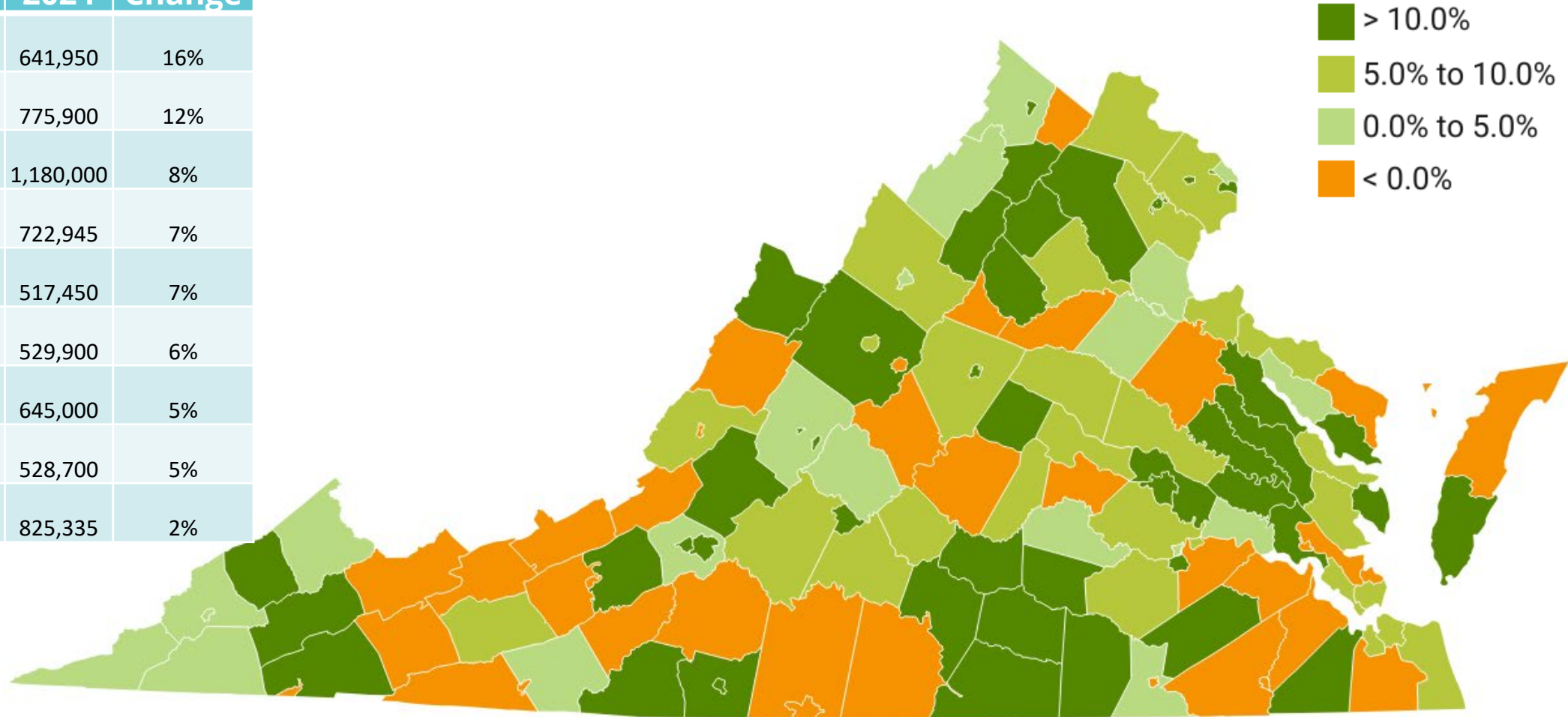
Y-o-Y Change in Median Home Price



Upward pressure on home prices across the state

Change in Median Sales Price – YTD 2023 vs. YTD 2024

MSA	YTD 2023	YTD 2024	Y-o-Y Change
Harrisonburg	552,500	641,950	16%
Winchester	694,900	775,900	12%
Northern Virginia	1,087,786	1,180,000	8%
Richmond	673,600	722,945	7%
Blacksburg	484,000	517,450	7%
Roanoke	500,000	529,900	6%
Hampton Roads	614,450	645,000	5%
Lynchburg	505,000	528,700	5%
Charlottesville	806,000	825,335	2%



Millennials and Boomers Competing for Same Homes in Tight Inventory Environment

Millennials

Starter home
price-points

Smaller homes

Multigenerational
homes



Baby Boomers

Senior
Communities

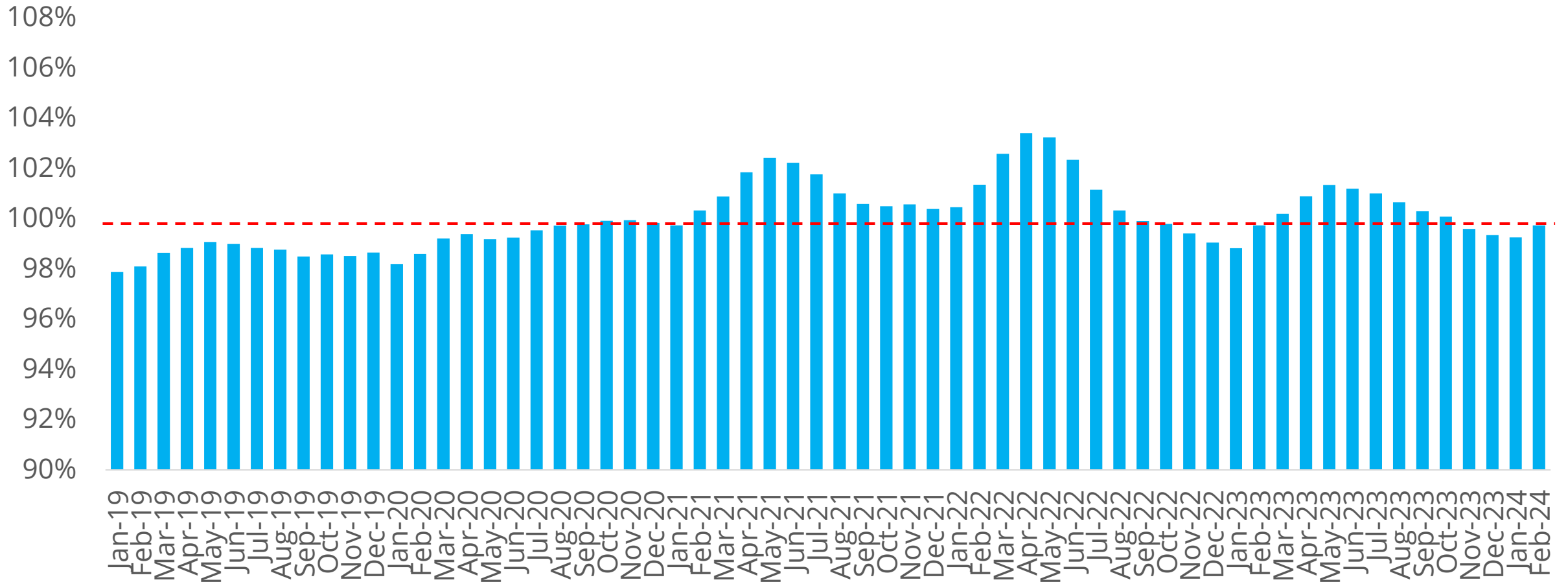
Smaller/single-
level homes

Multigenerational
homes

Despite Slowdown, Market Remains Competitive

Sellers are getting close to asking price on average in Virginia

Average Sold to Ask Price Ratio, Statewide

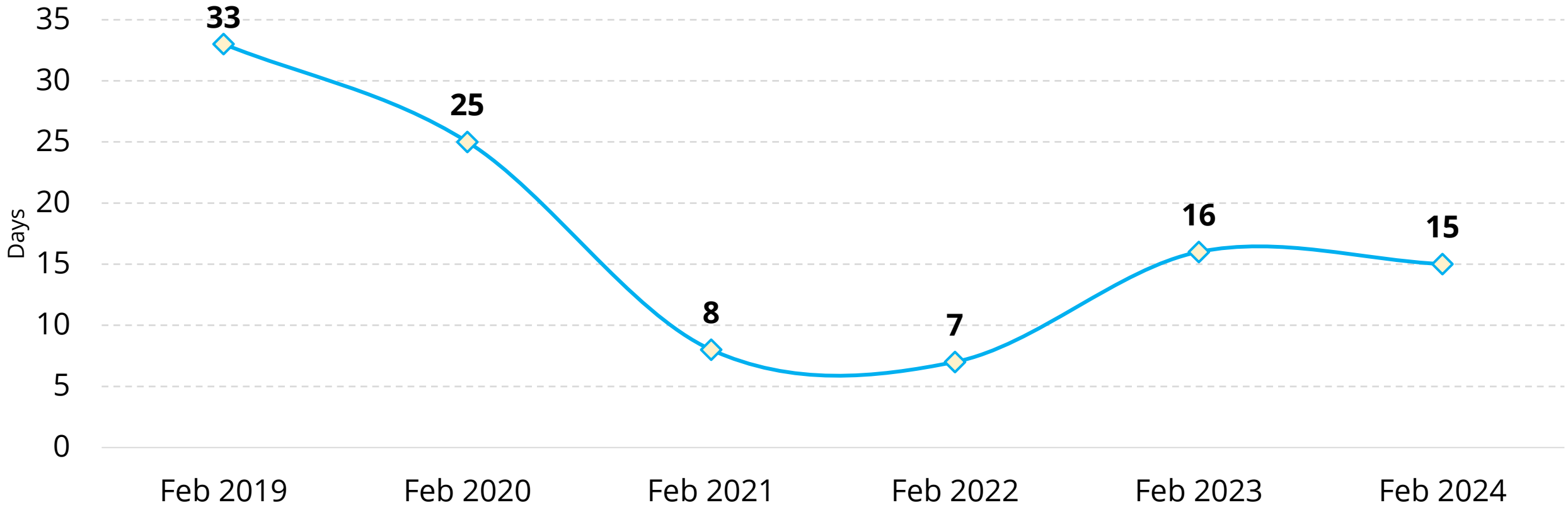


Source: Virginia REALTORS®

Despite Slowdown, Market Remains Competitive

Homes continue to sell quickly in Virginia

Median Days on Market (February), Statewide



Source: Virginia REALTORS®

FORECAST

2024



Housing Market Outlook:



Home Sales

Annual Change

2024: +11.4%

Median Home Price

Annual Change



2024: +3.6%



New Housing Starts

Annual Change

2024: -3.5%

30-Year Mortgage Rate

December average



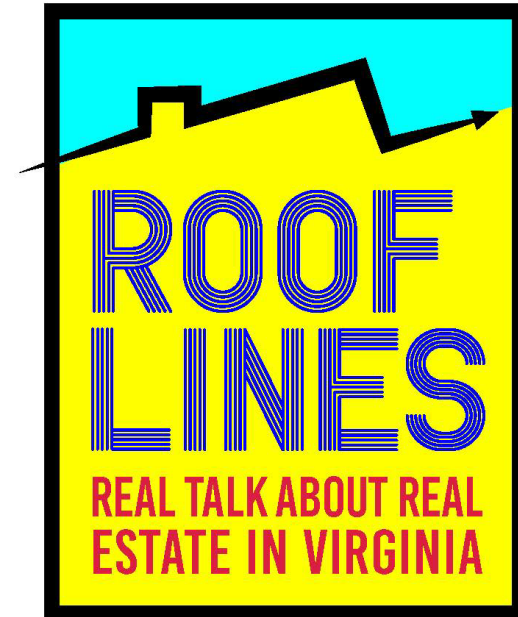
2024: 6.00 - 6.25%

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Check out Virginia REALTORS® Research website: virginiarealtors.org/research



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By the Numbers Webinar
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