

Virginia's Economy & Housing Market: 2024 Temperature Check



Virginia Housing Commission

July 15, 2024



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The image features a dark green background with a complex financial candlestick chart. The chart consists of numerous vertical bars representing price movements, with a blue line and an orange line overlaid, likely representing different moving averages or trend indicators. The text 'ECONOMIC TRENDS' is prominently displayed in the center in a large, bold, cyan-colored font with a white outline. The overall aesthetic is professional and data-driven.

ECONOMIC TRENDS

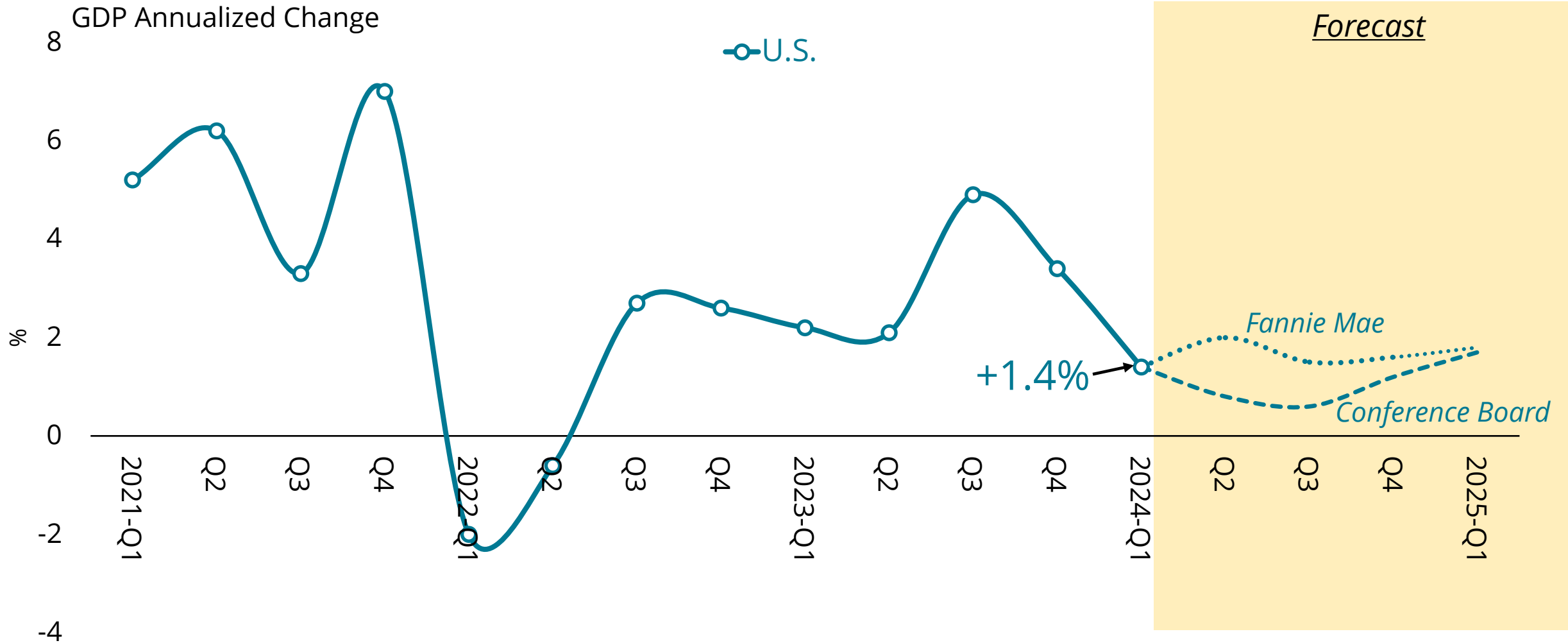
Economy

2024



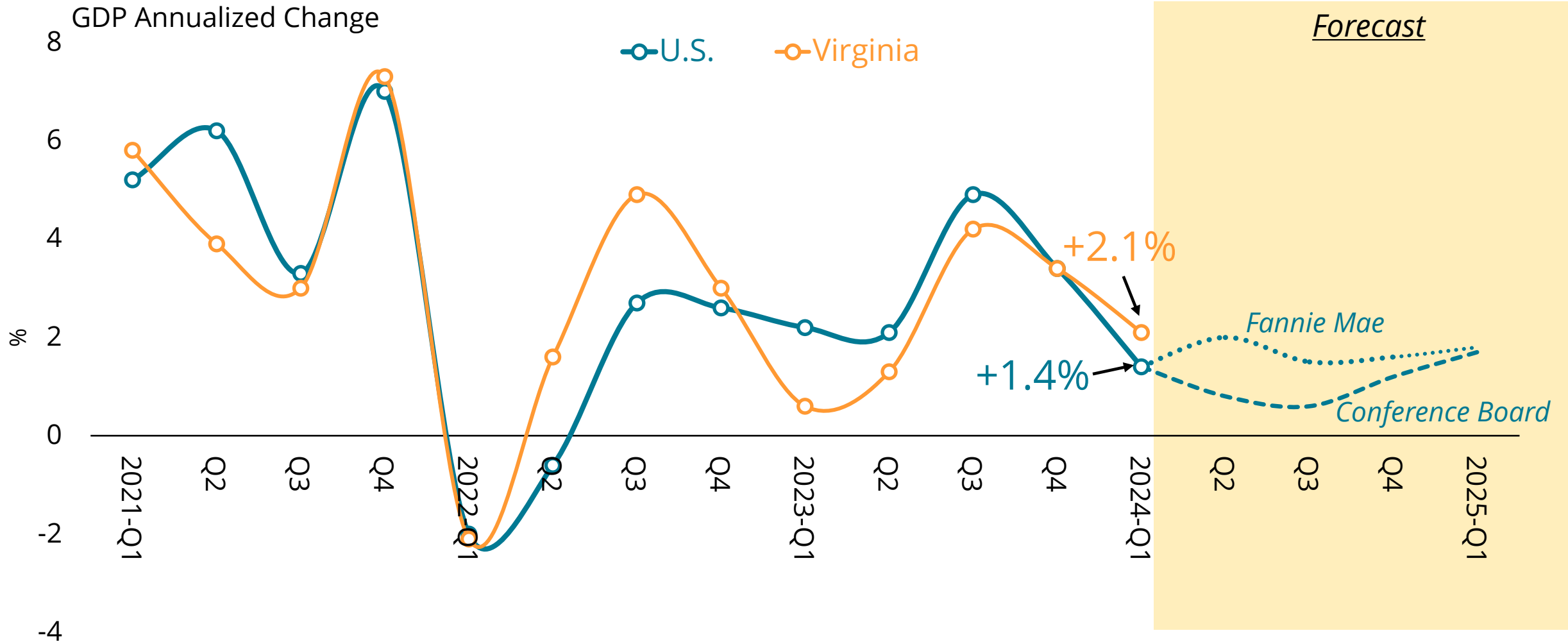
The economy still growing but the pace has slowed from 2023 levels

Gross Domestic Product - National



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

Gross Domestic Product – National & Virginia



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

Job Market

2024

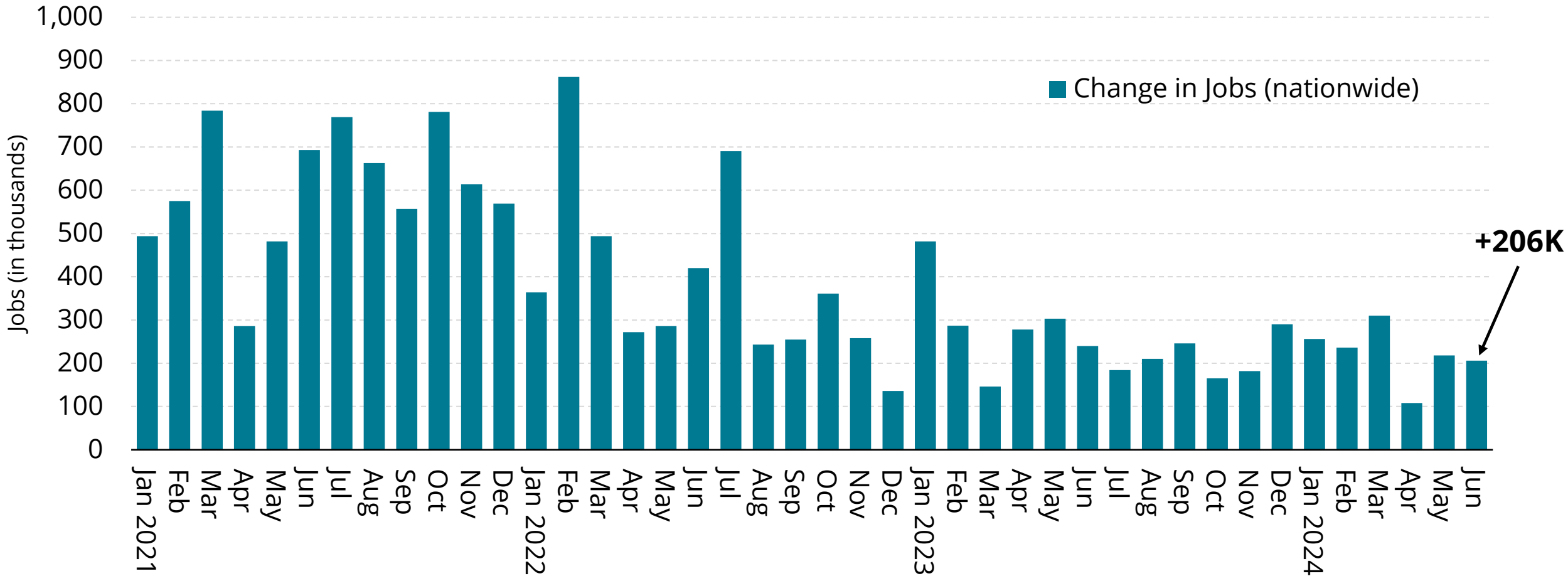


Job market remains resilient but is cooling. Virginia outpacing 2023 so far, and also outpacing peers to the south

Job Trends

U.S. job growth continues but is cooling

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

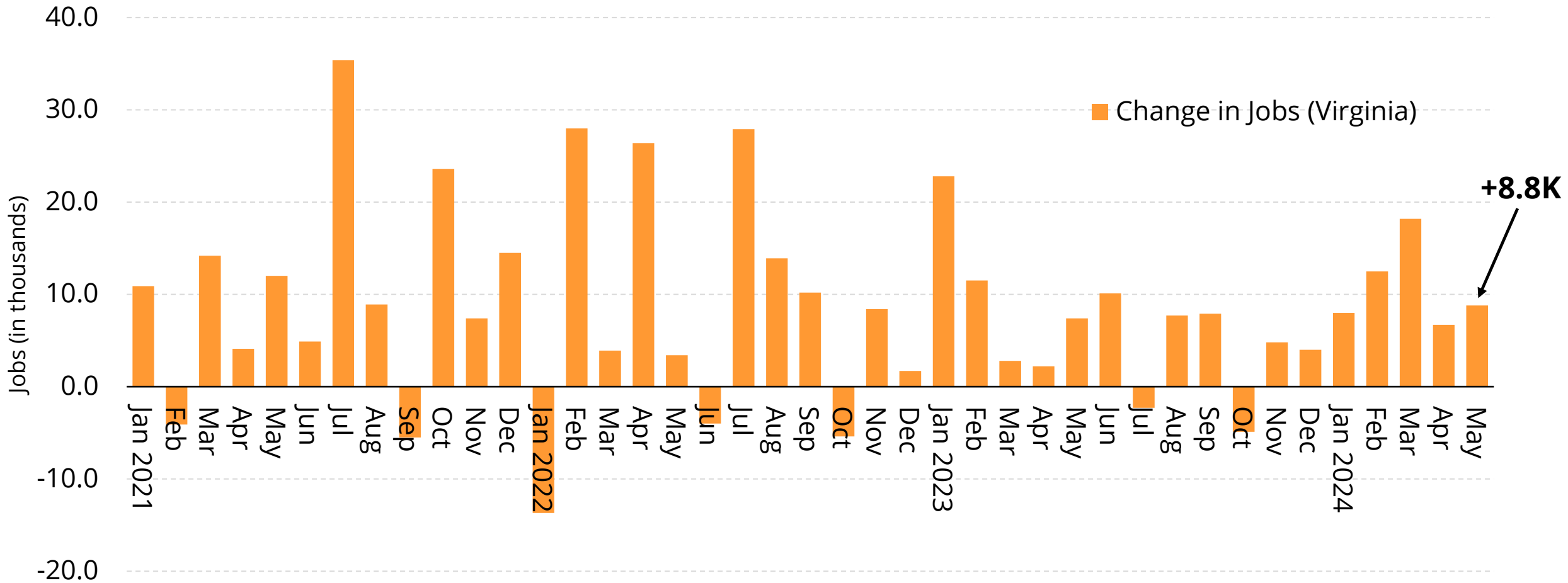


Source: U.S. Bureau of Labor Statistics, seasonally adjusted

Job Trends

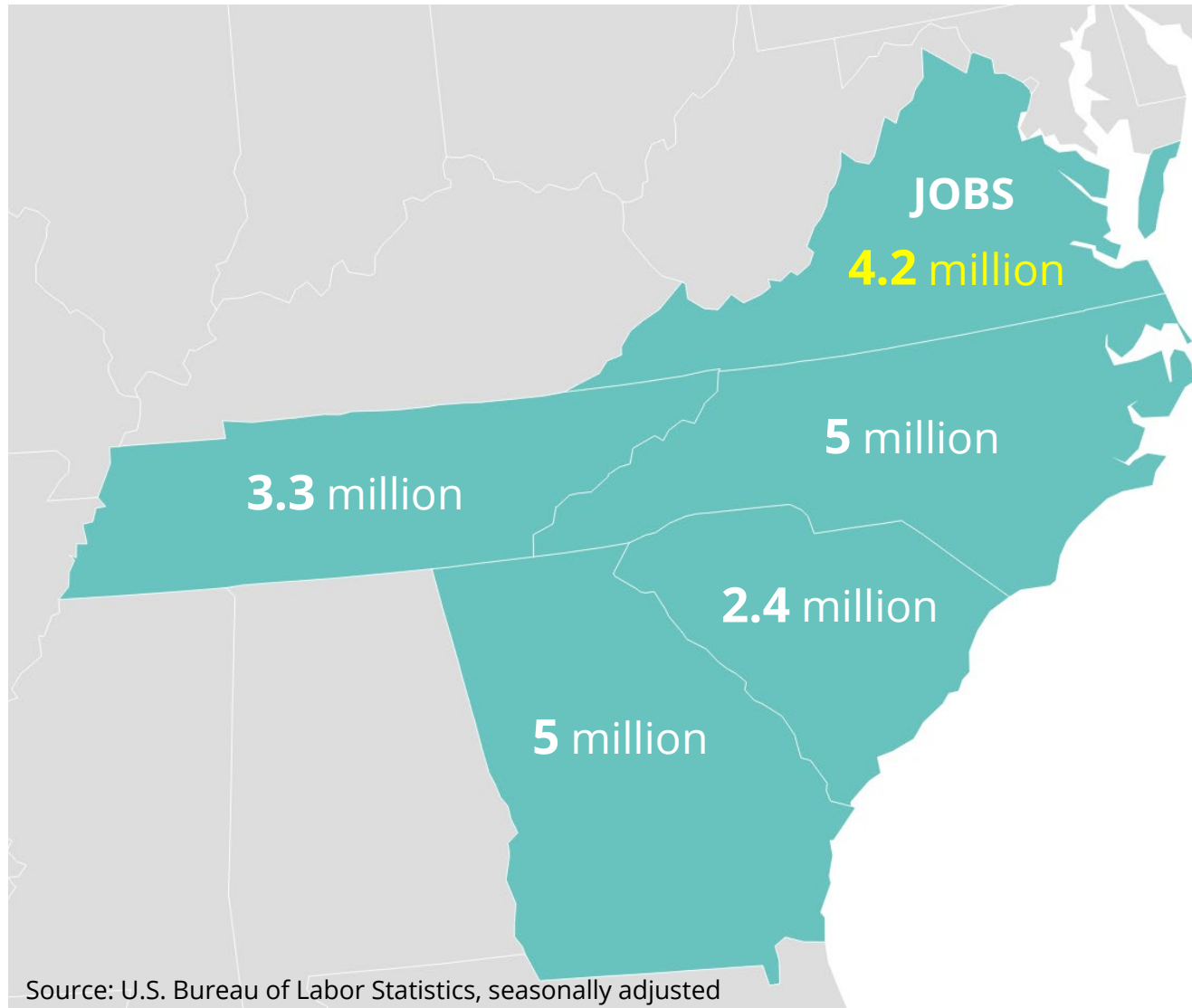
Virginia's job-base continues to expand

Monthly job change, Virginia (in thousands)



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

Job Trends by State

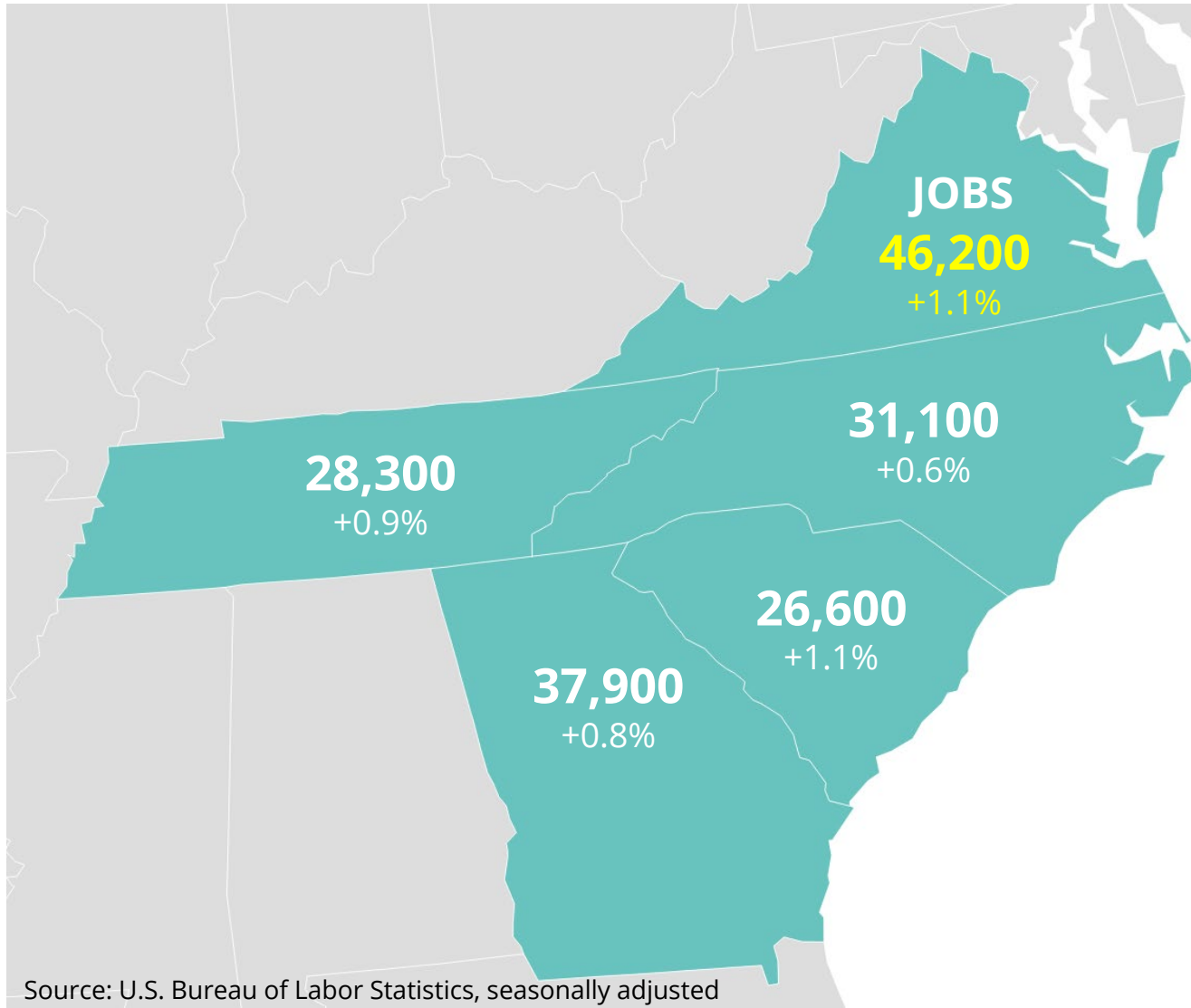


Total # of Jobs:
May 2024

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

Job Trends by State

**Jobs Added So Far
This Year:
*YTD Jan-May 2024***

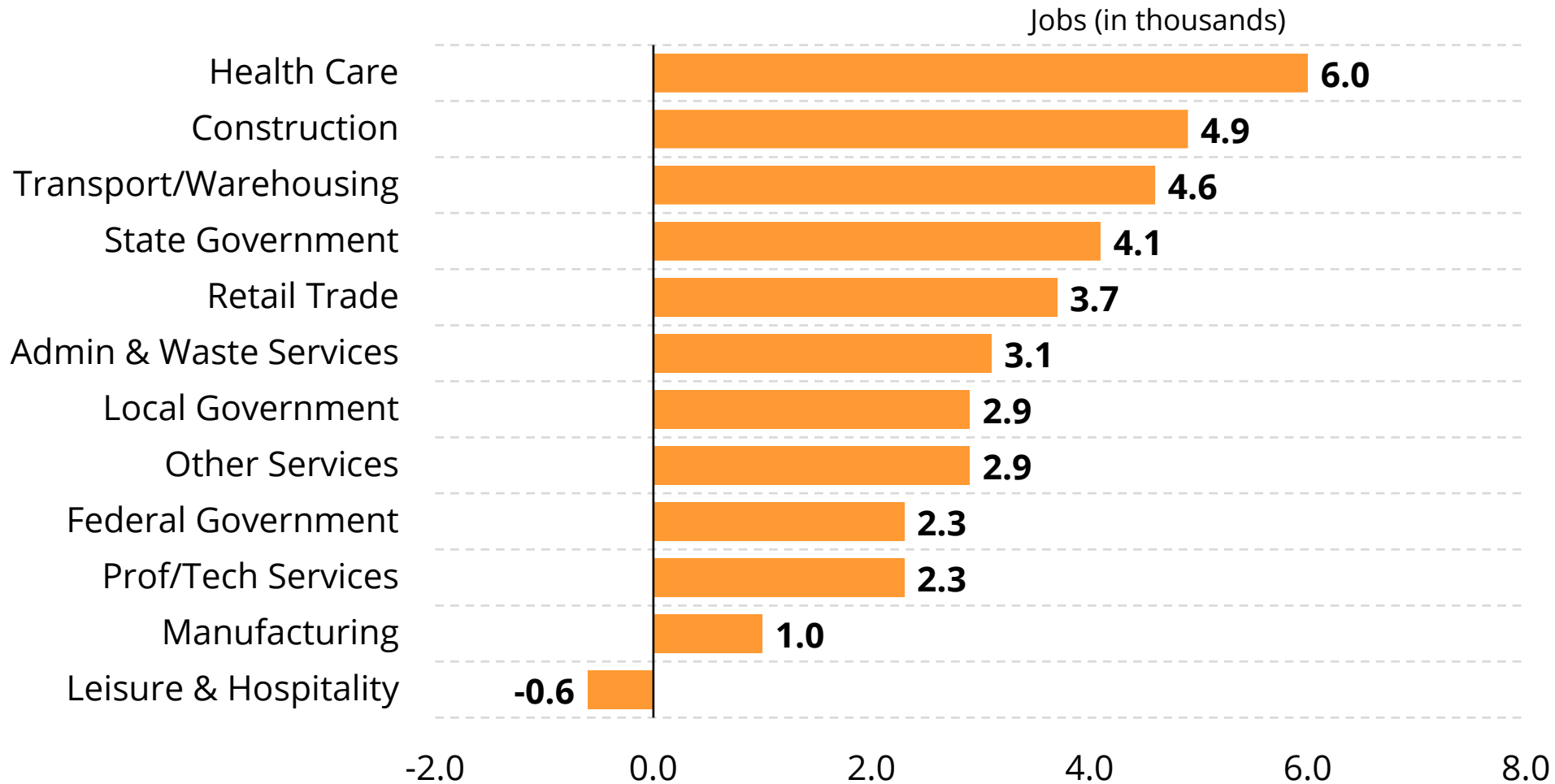


Source: U.S. Bureau of Labor Statistics, seasonally adjusted

Job Change by Sector in Virginia

Strong growth in Health Care & Construction sectors so far in 2024

Job Change Jan 2024 to May 2024, Virginia (in thousands)



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

Job Change by Metro Area in Virginia

Most of Virginia's metro areas are experiencing job growth

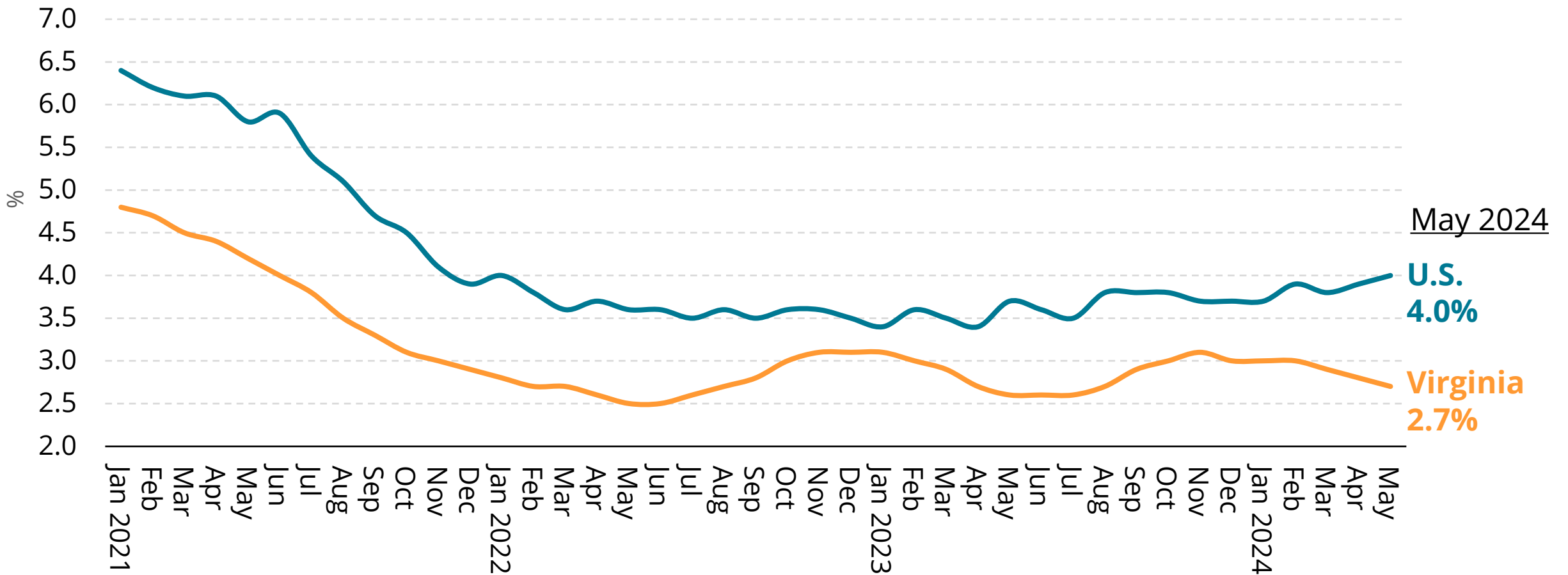
Job Change Jan 2024 to May 2024 by Metropolitan Statistical Area in Virginia

Metro Area	YTD Net Job Change	% Change
Charlottesville	1,800	+1.4%
Northern Virginia	22,200	+1.4%
Harrisonburg	1,000	+1.4%
Richmond	6,600	+0.9%
Lynchburg	800	+0.8%
Winchester	500	+0.7%
Hampton Roads	5,500	+0.7%
Roanoke	1,000	+0.6%
Blacksburg	-100	-0.1%

Unemployment Rate

Labor market continues to be tight, unemployment very low

Unemployment Rate (%)



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

Inflation

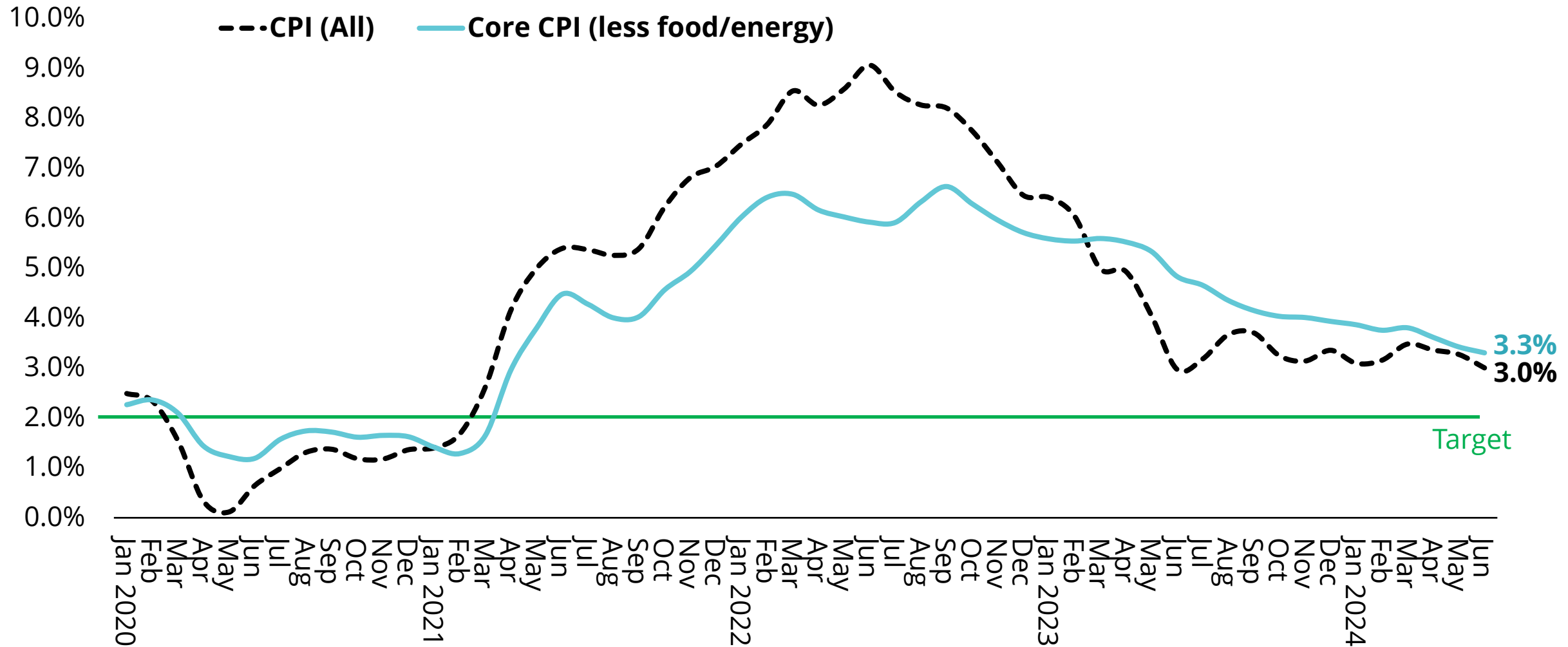
2024



Inflation is still hovering above the target level but is drifting down. Conditions for a potential Fed Funds rate cut have improved

Inflation Rate

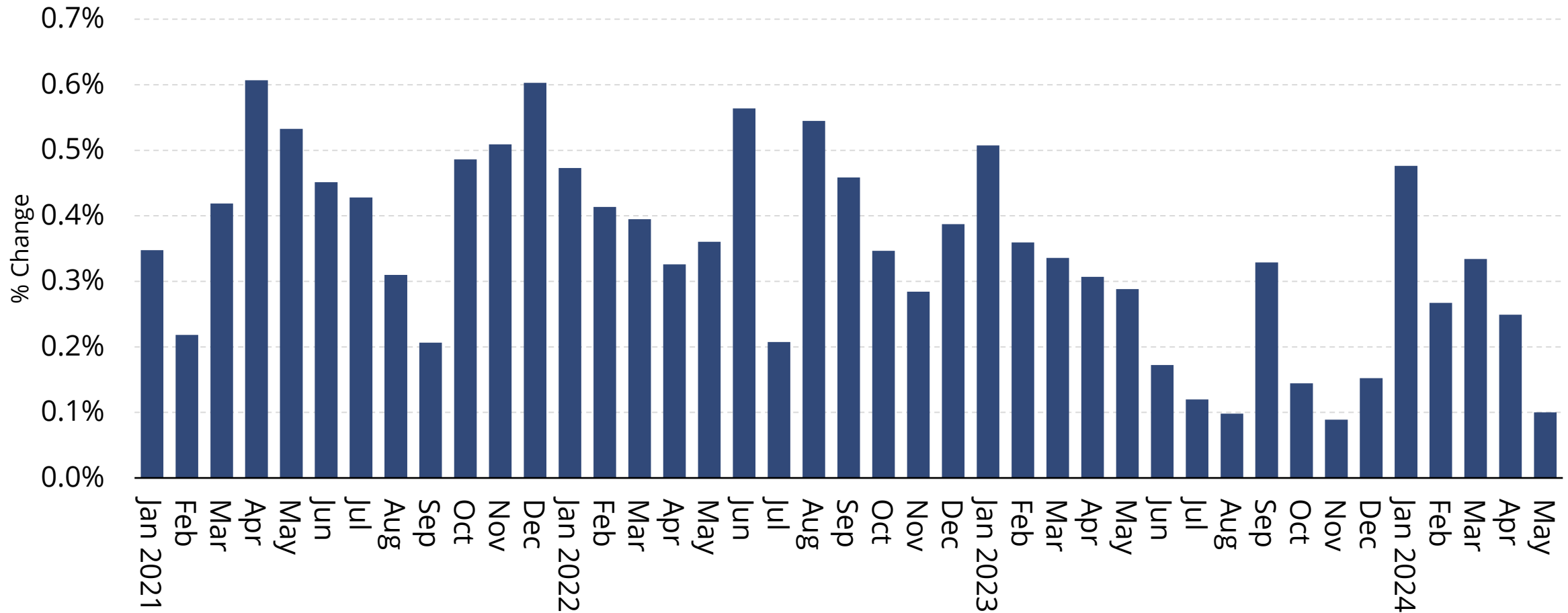
Inflation is still hovering above the target level, but drifting down



Core Personal Consumption Expenditures Index

Core PCE Index moderated recently, signals inflationary pressures easing

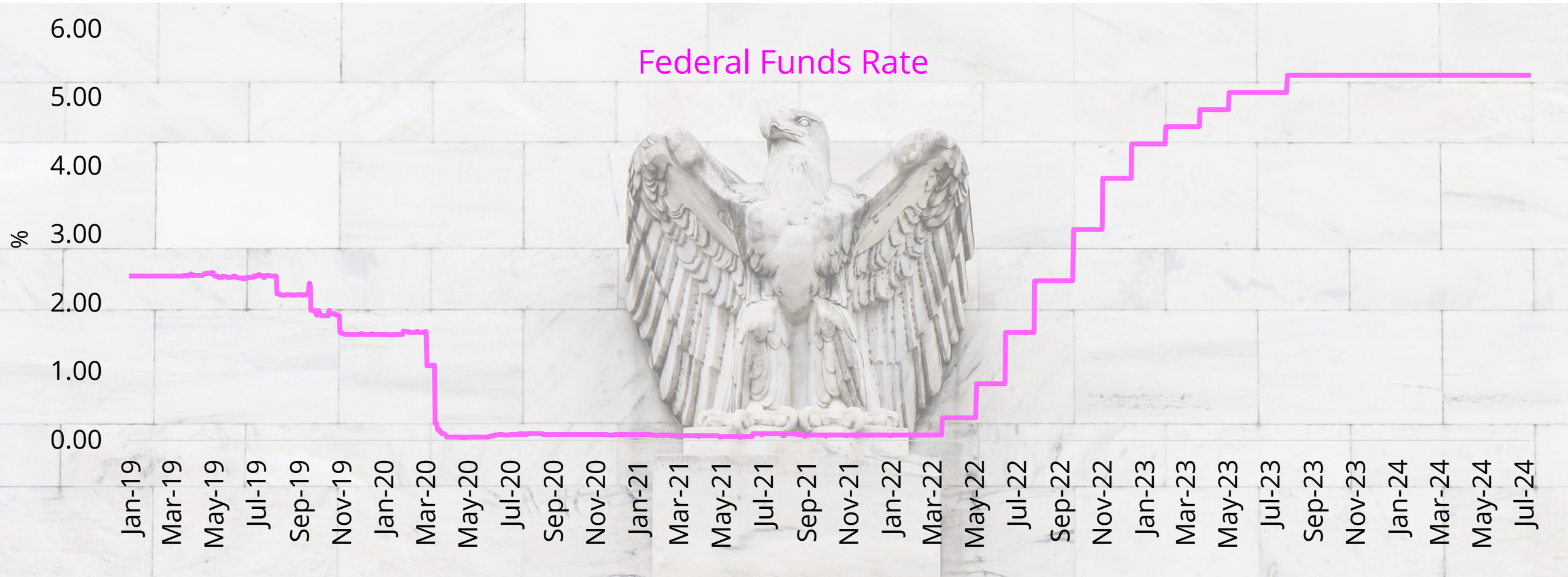
Month-over-Month % Change



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, but when?

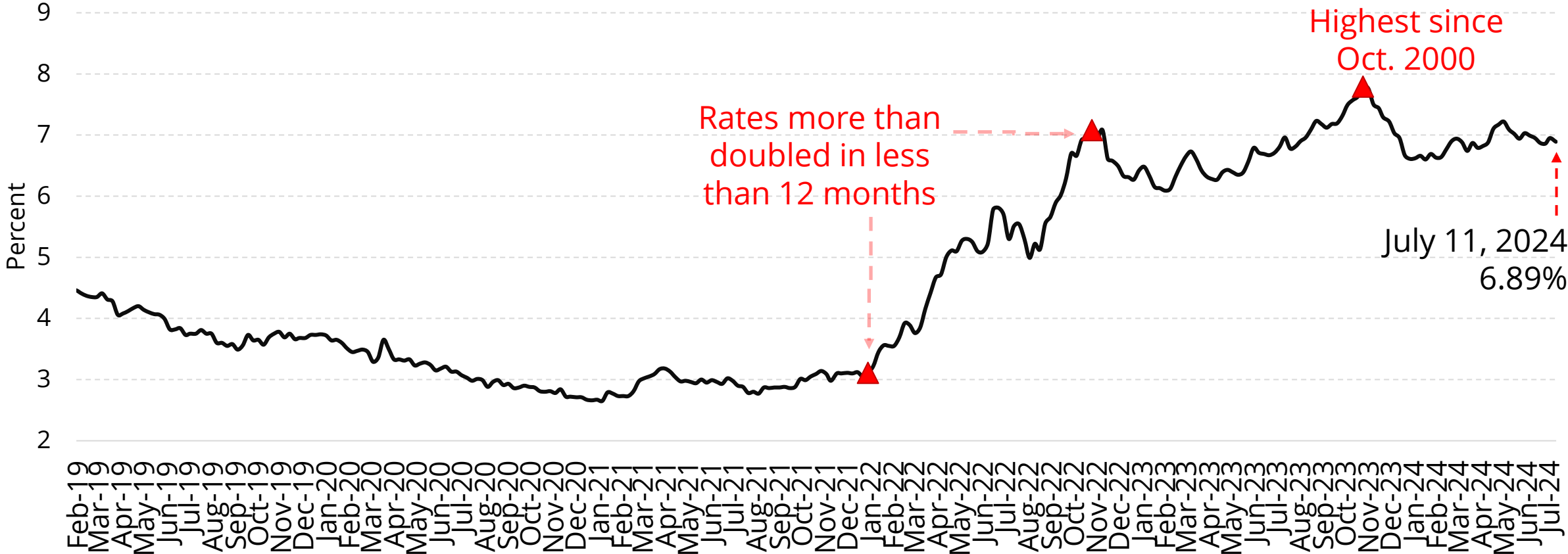




VIRGINIA HOUSING MARKET TRENDS

Mortgage Rate Trends

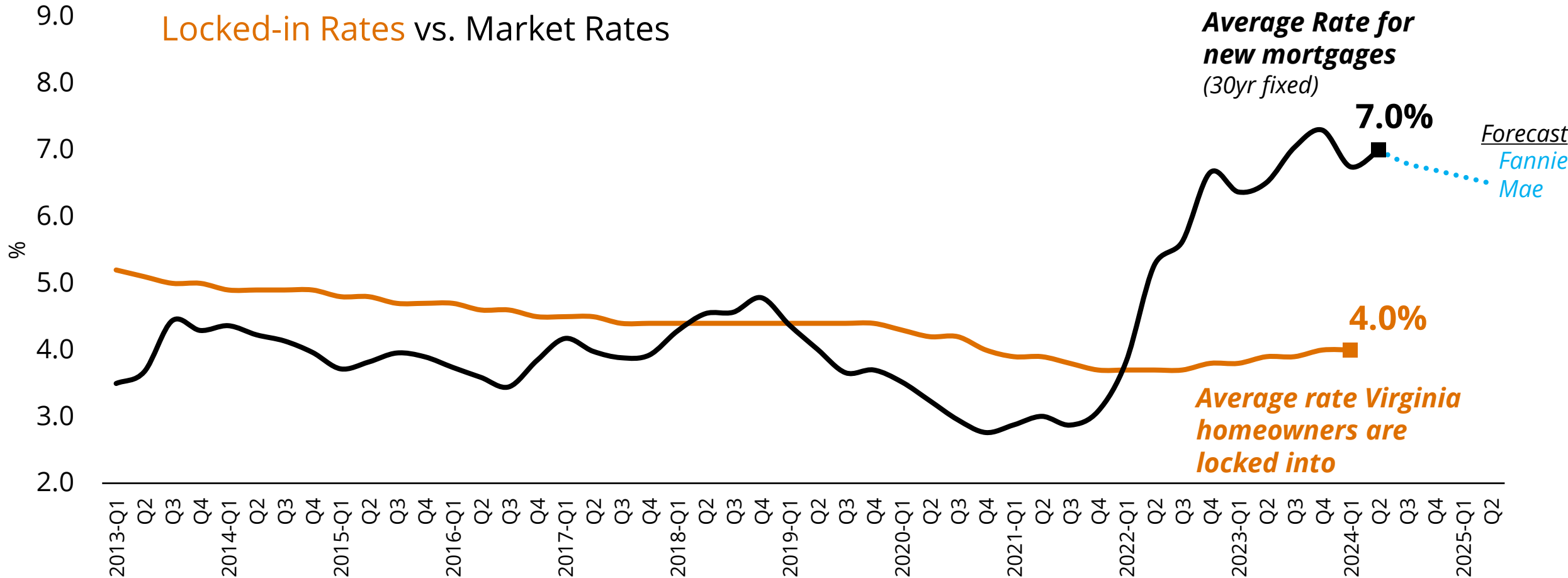
30-Year Fixed Rate Mortgage Rate (weekly average)



Source: Freddie Mac

Lock-in Effect Keeping Sellers on the Sidelines

If rates trend downward lock-in effect could loosen due to pent-up demand



Market Inventory

2024

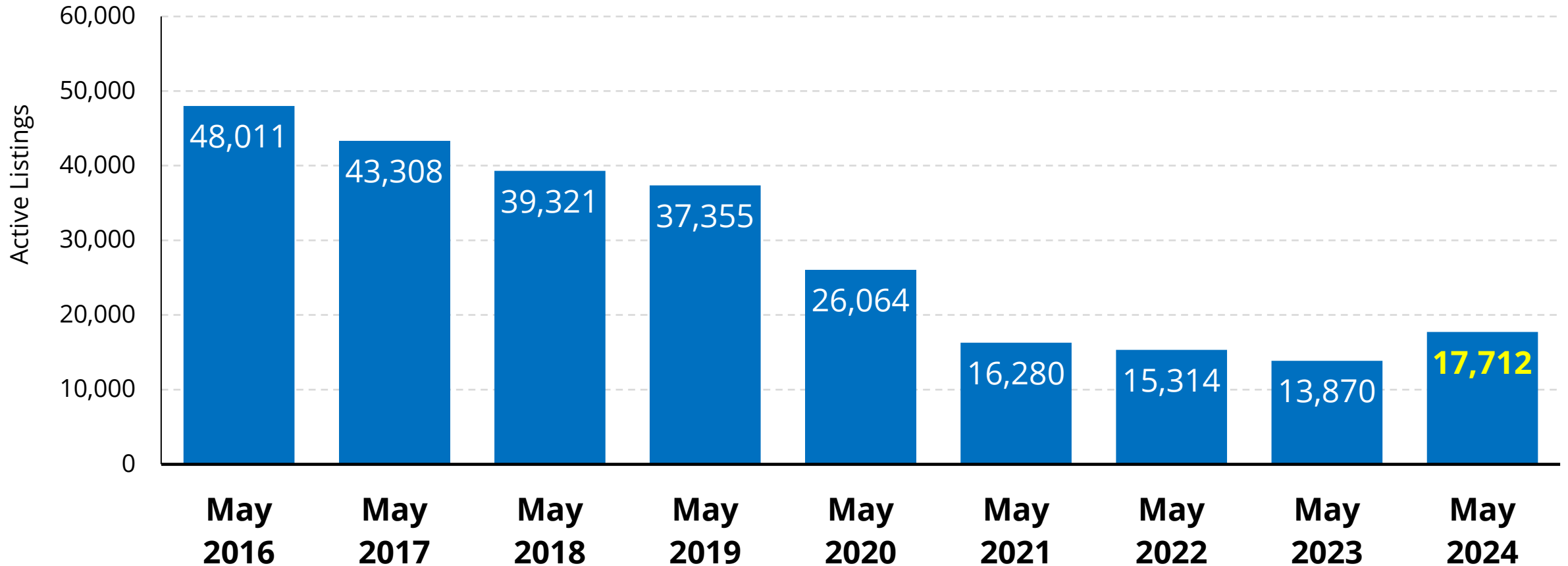


More listings so far this year, but overall conditions remain tight in many local areas. Supply/demand imbalance remains a major factor in Virginia's housing market

Historically Low Inventory Persists

But inventory conditions are expanding in most parts of Virginia

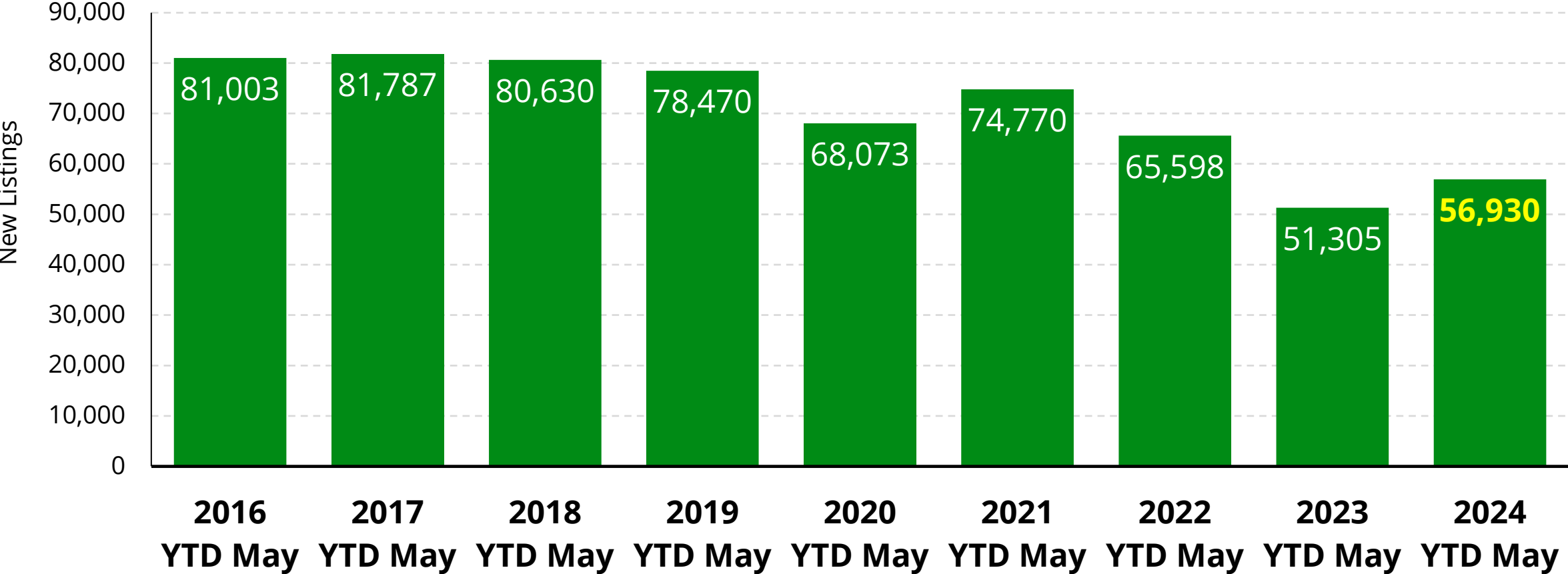
Active Listings, Statewide (end of May)



More sellers are listing their homes for sale

Much needed supply in the market for buyers, but inventory conditions remain tight

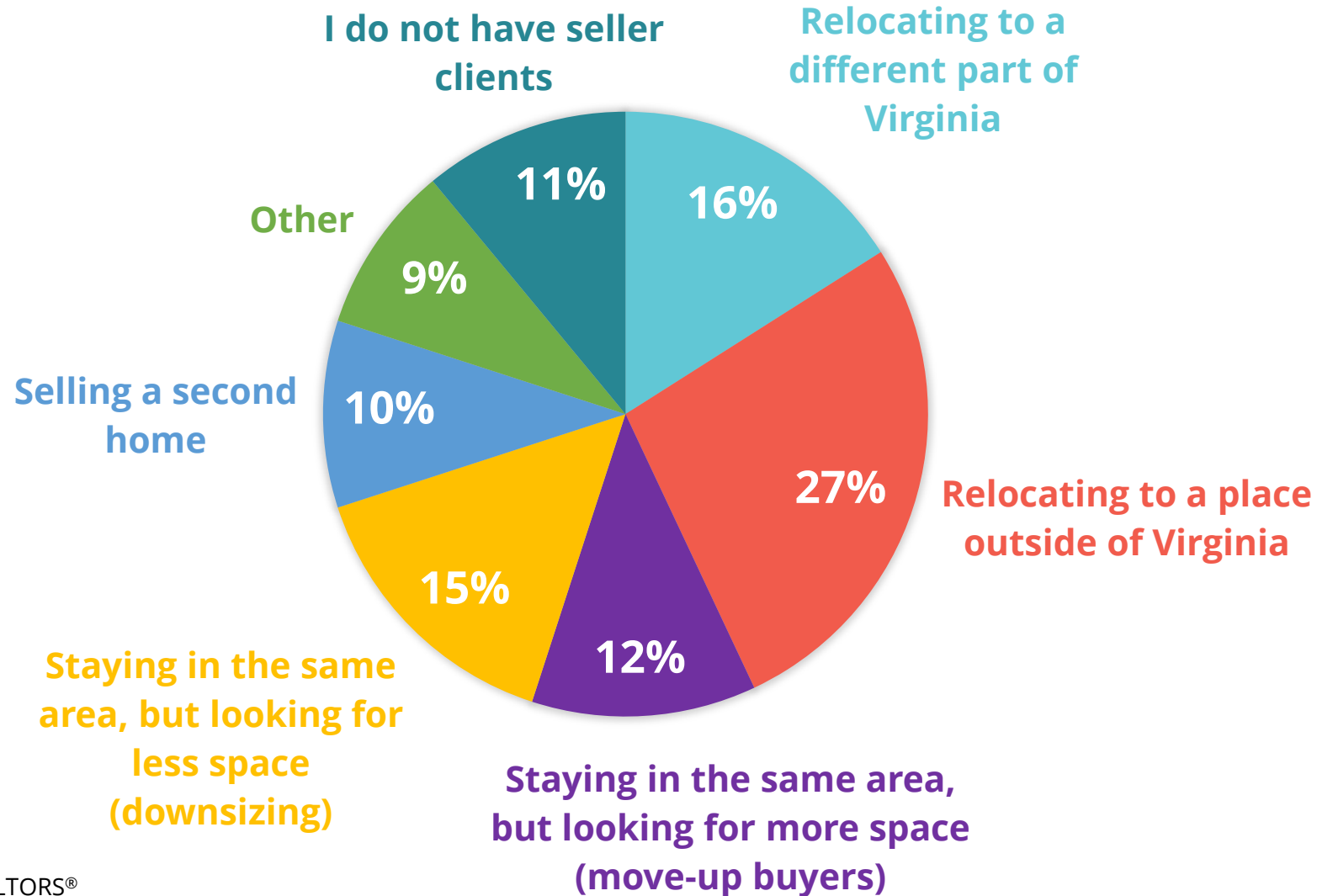
New Listings, Statewide (YTD May)



Source: Virginia REALTORS®

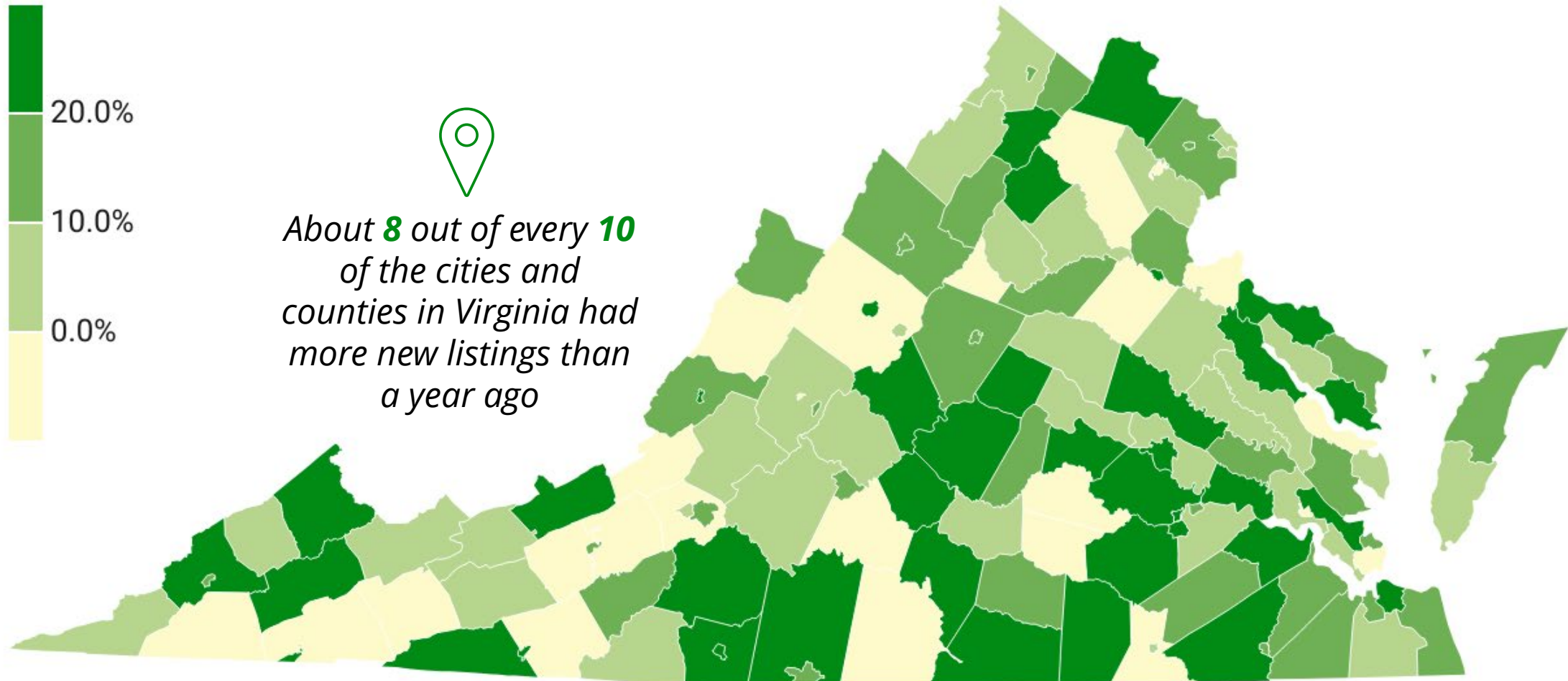
Virginia REALTORS Flash Survey Results – June 2024

What was the most common reason sellers listed their homes?



More new listings in most local markets

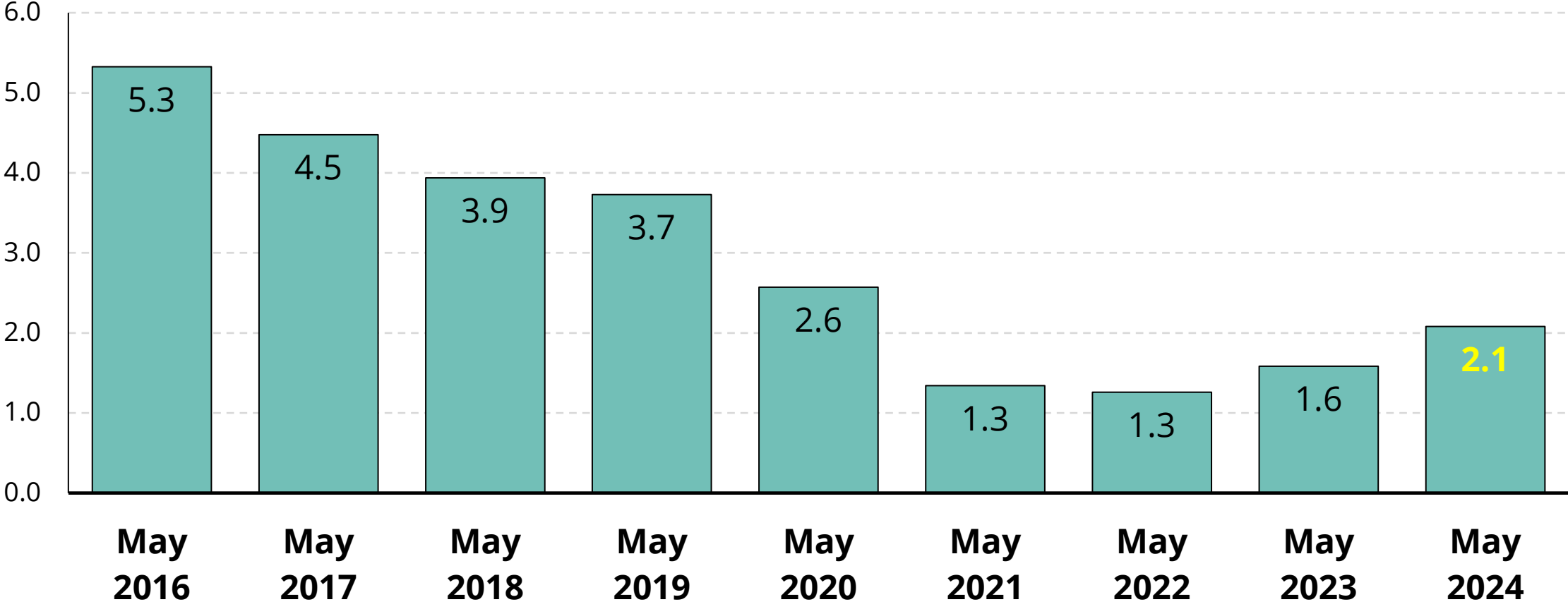
Change in New Listings Listings – YTD May 2023 vs. YTD May 2024



Months of supply increasing across the state

But still an unbalanced market, more demand than available supply

Months of supply, May



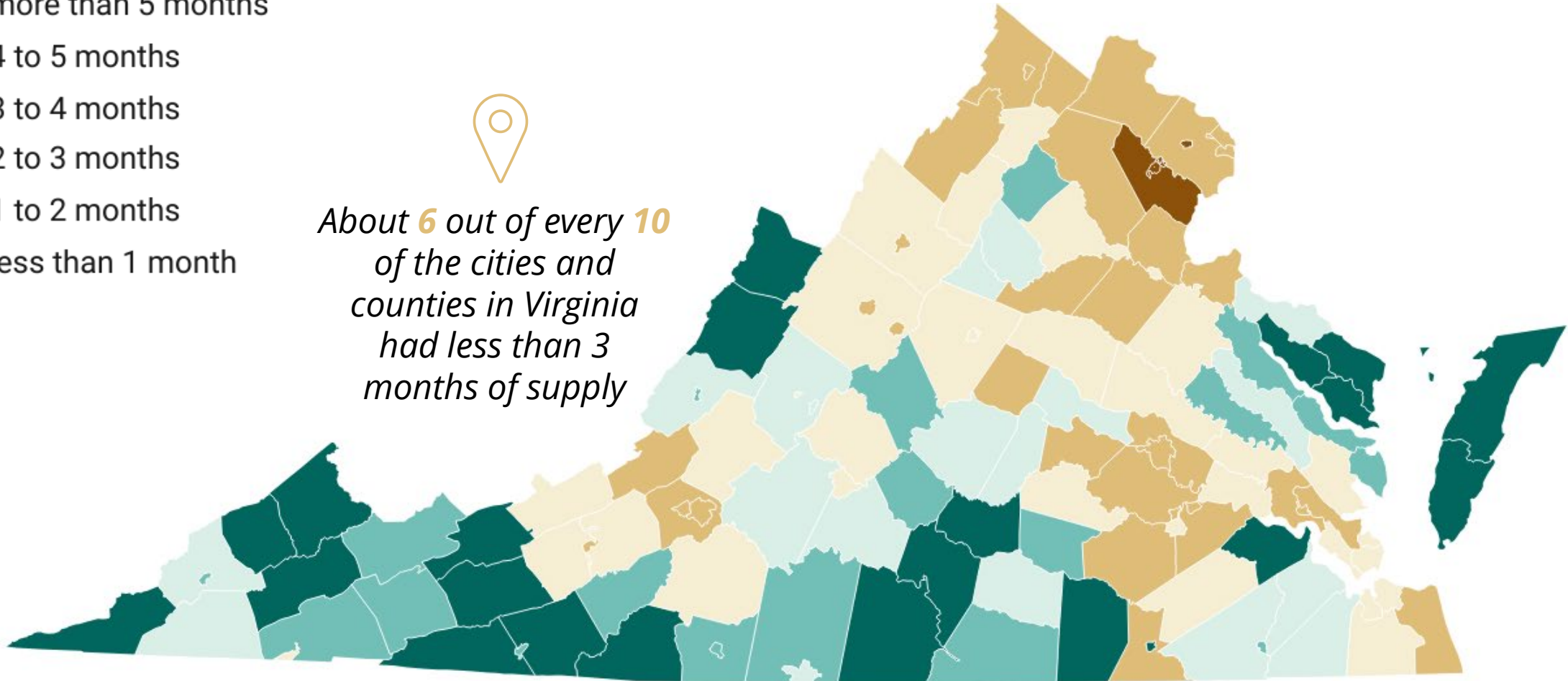
Months of supply still tight in most local markets

Months of Supply – May 2024

- more than 5 months
- 4 to 5 months
- 3 to 4 months
- 2 to 3 months
- 1 to 2 months
- less than 1 month



About 6 out of every 10 of the cities and counties in Virginia had less than 3 months of supply



Home Sales

2024

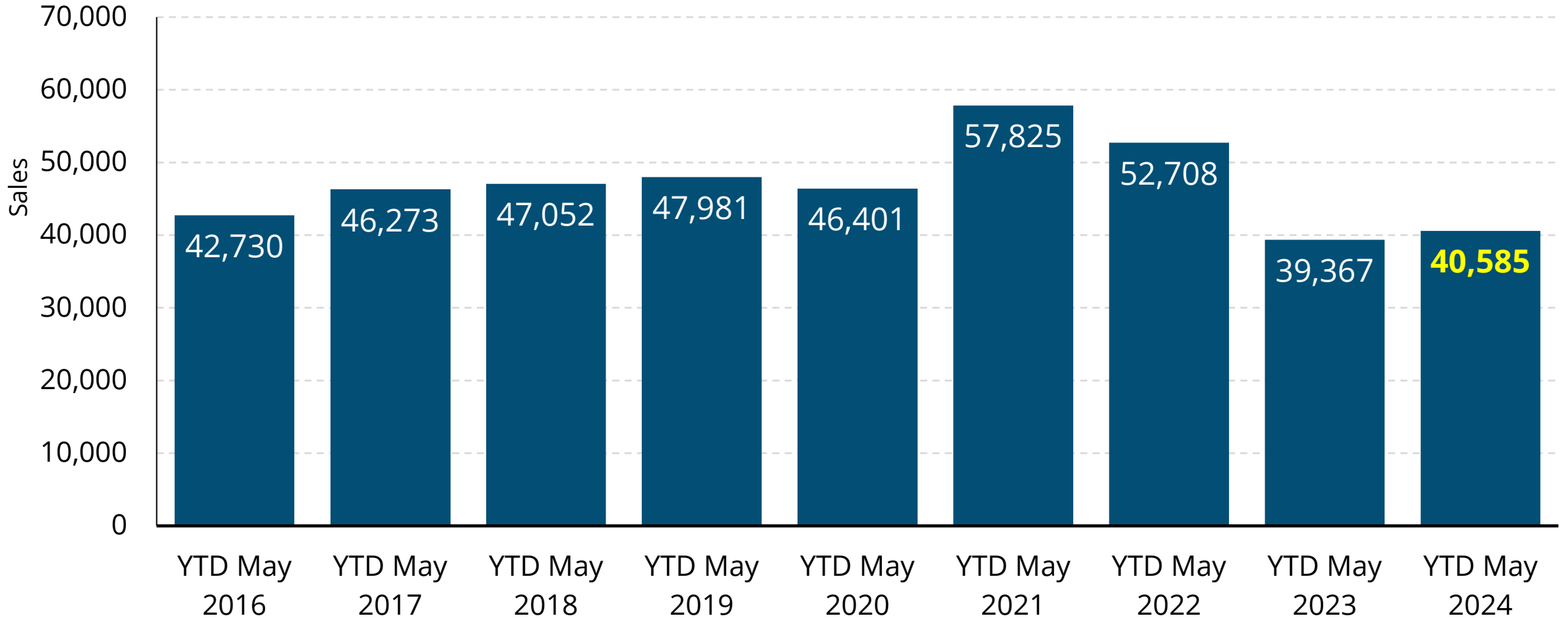


The 2024 market is outpacing the 2023 market, but slow sales activity compared to average levels. Driven by low supply and stubborn mortgage rates.

Virginia Home Sales

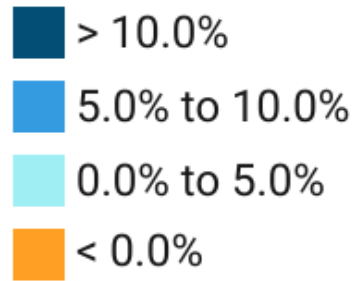
Sales outpacing last year but remain below average

Statewide Home Sales, YTD May

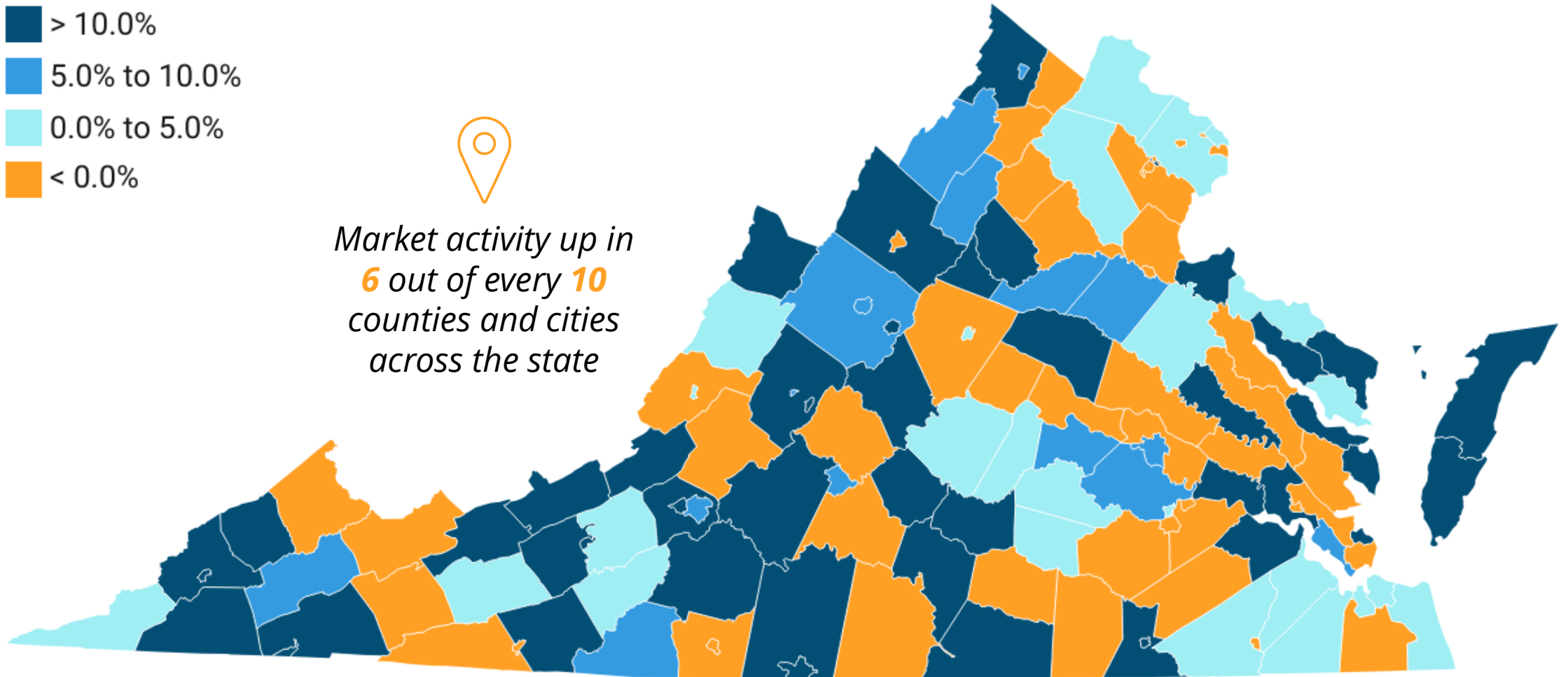


Increase in sales activity prevalent in most local markets

Change in Home Sales – YTD May 2023 vs. YTD May 2024



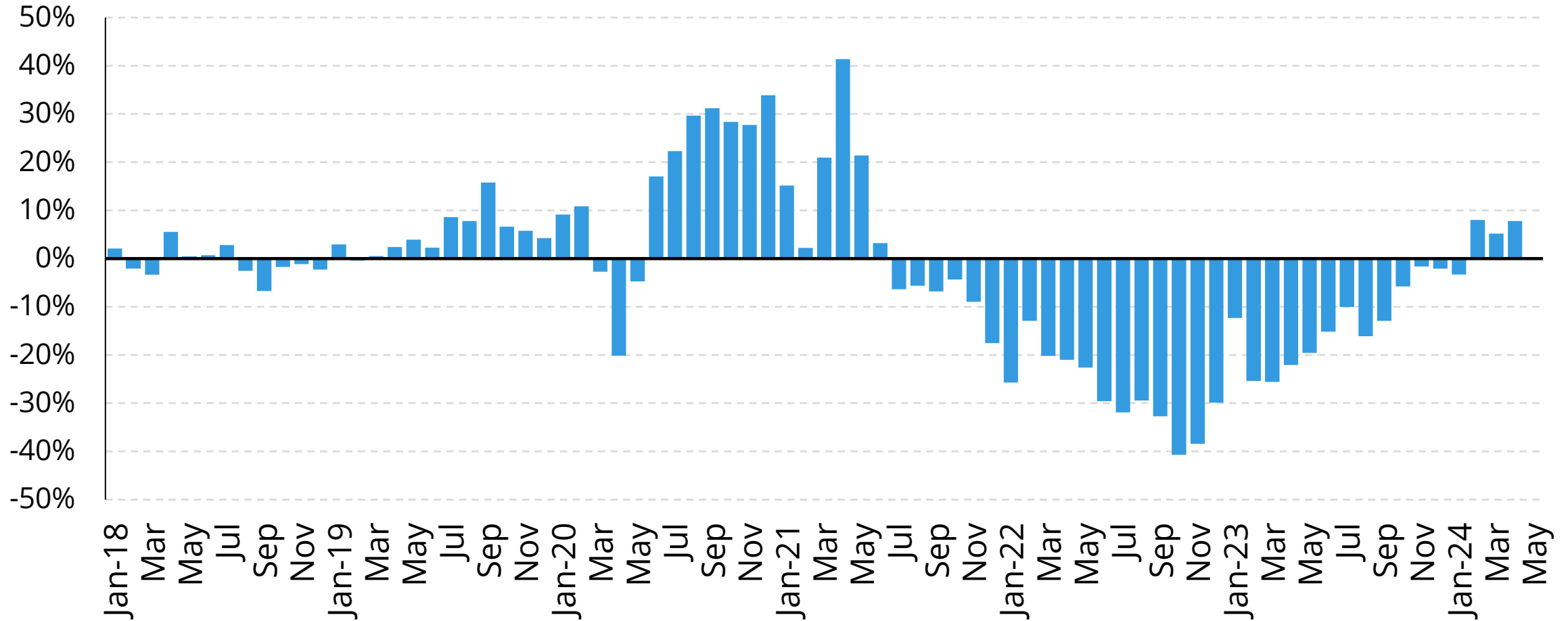
*Market activity up in
6 out of every **10**
counties and cities
across the state*



Virginia Pending Sales

Uptick in pending sales from last year but slow spring market overall

% Change from Prior Year, Pending Sales, Virginia (statewide)



Home Prices

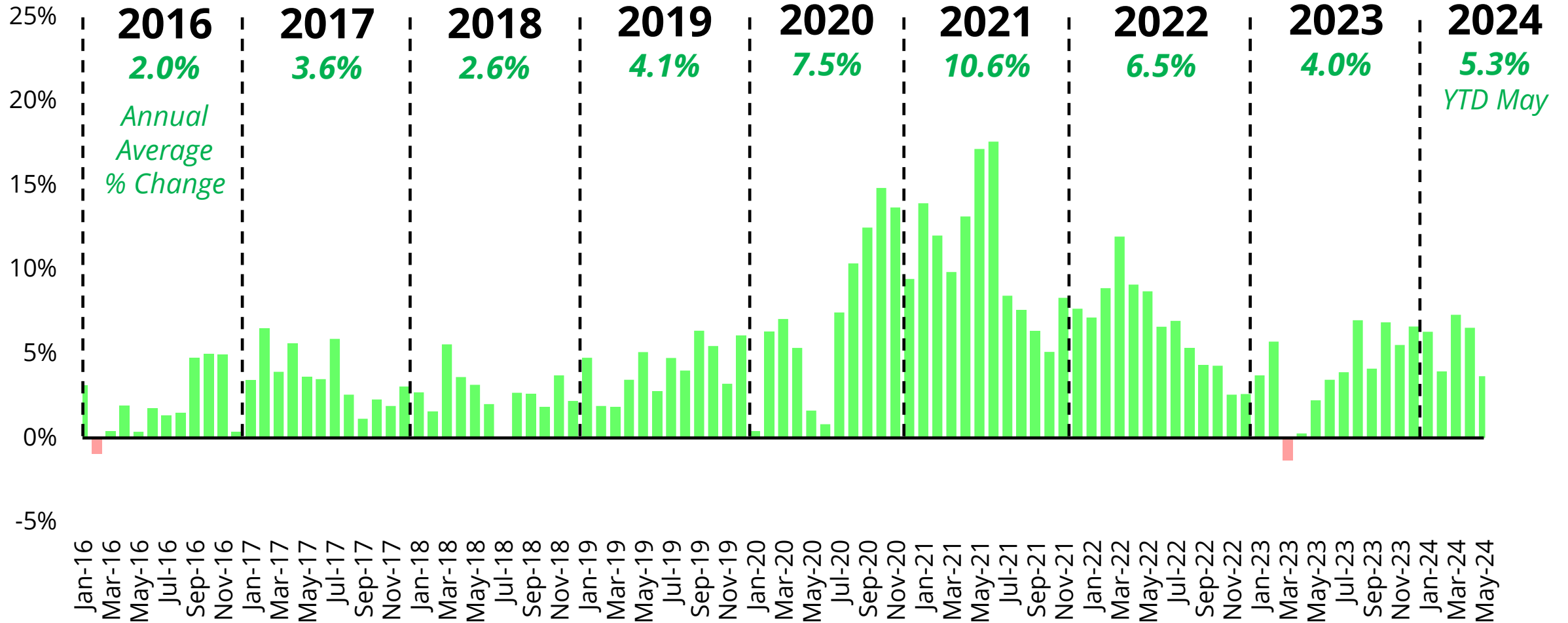
2024



Home are prices still climbing so far this year. A robust pipeline of buyers are competing for a limited number of homes. Affordability challenges are worsening in some regions

Home Price Trends – Virginia

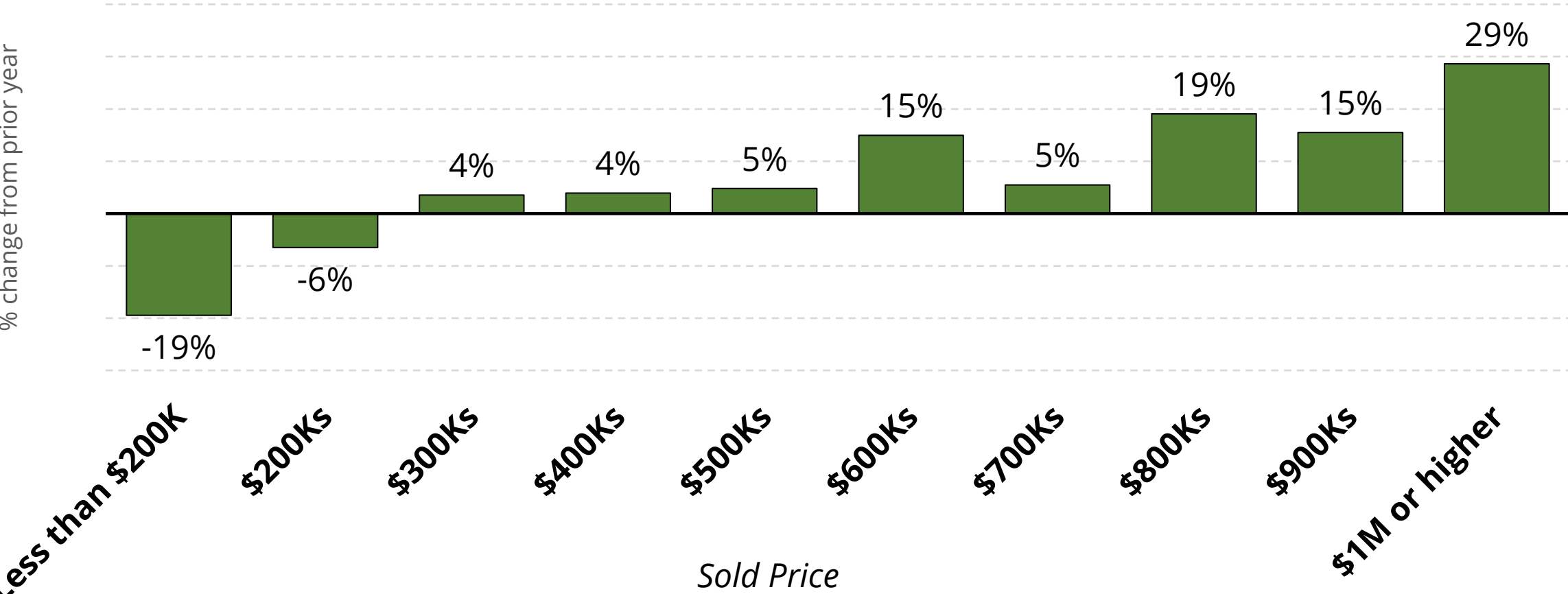
Y-o-Y Change in Median Home Price



Prices are Trending Higher

More homes selling on higher end of the price spectrum, biggest jump \$1M+ homes

YoY % Change in Homes Sold by Price Range, YTD Jan-May 2024, Virginia

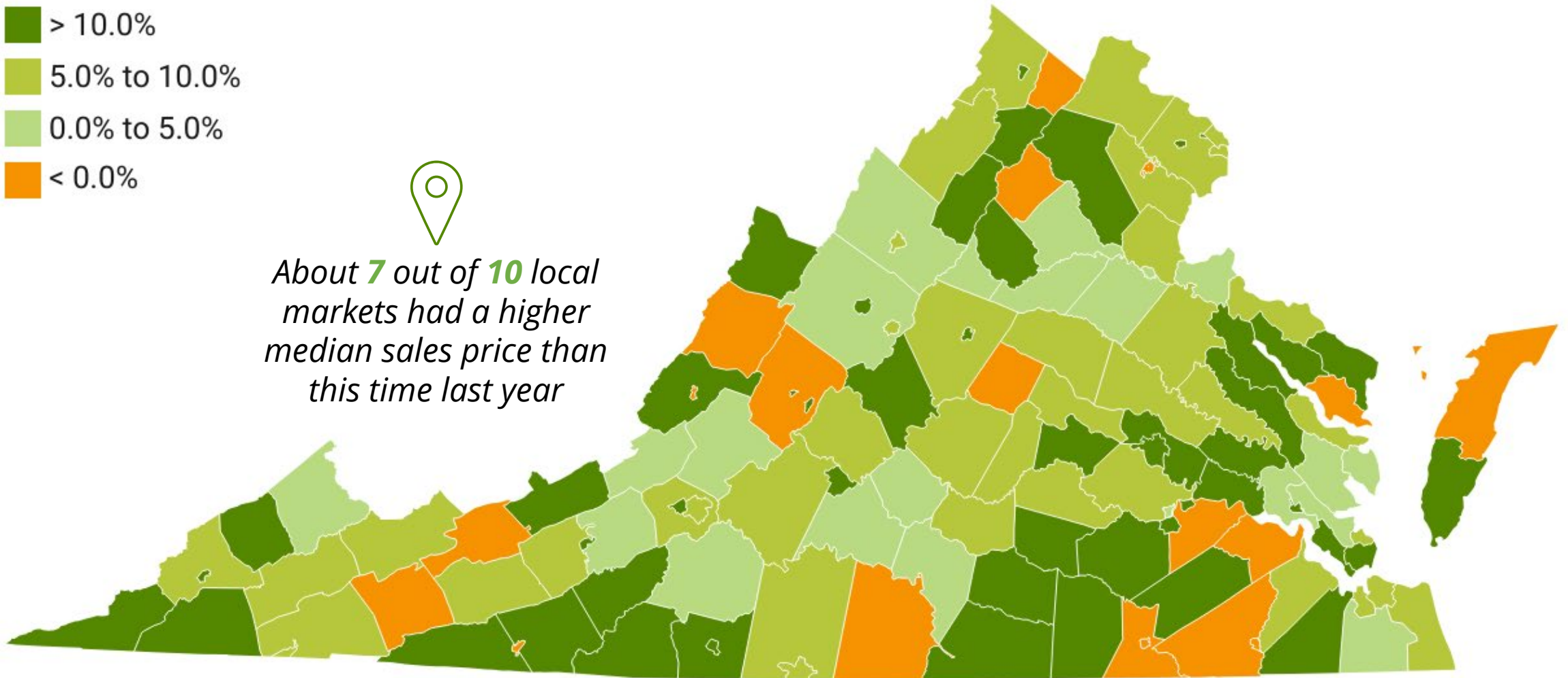


Upward pressure on home prices across the state

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



About 7 out of 10 local markets had a higher median sales price than this time last year



Younger buyers getting priced out of the market?

MSA	MEDIAN SALES PRICE (2023 ANNUAL)	ESTIMATED MONTHLY PAYMENT ¹ ON MEDIAN- PRICED HOME	HOUSEHOLD INCOME NEEDED ² TO AFFORD MONTHLY PAYMENT ON A MEDIAN-PRICED HOME	2023 ESTIMATED ANNUAL HOUSEHOLD INCOME ³ OF 25-44 YEAR OLDS
NORTHERN VIRGINIA	\$596,000	\$4,666	\$199,972	\$126,040
CHARLOTTESVILLE	\$449,900	\$3,522	\$150,943	\$103,177
WINCHESTER	\$396,678	\$3,105	\$133,072	\$94,861
HARRISONBURG	\$320,450	\$2,509	\$107,529	\$74,166
RICHMOND	\$366,234	\$2,867	\$122,870	\$90,913
HAMPTON ROADS	\$329,900	\$2,582	\$110,658	\$79,267
LYNCHBURG	\$279,900	\$2,191	\$93,900	\$70,641
BLACKSBURG	\$275,000	\$2,153	\$92,280	\$70,540
ROANOKE	\$276,000	\$2,161	\$92,615	\$77,210
VIRGINIA (STATEWIDE)	\$382,725	\$2,996	\$128,400	\$99,182

¹ Mortgage payment calculated using Fannie Mae Mortgage Calculator, assumes 10% downpayment, 1.25% property taxes, 0.75% homeowners' insurance, 6.74% interest rate on a 30-year fixed loan.

² Assumes mortgage payment is affordable at 28% of gross household income

³ Median Household Income for 2023 estimated using annual wage growth rate from Atlanta Fed and applying it to the ACS 2022 Median Household Income

Market Competitiveness

2024

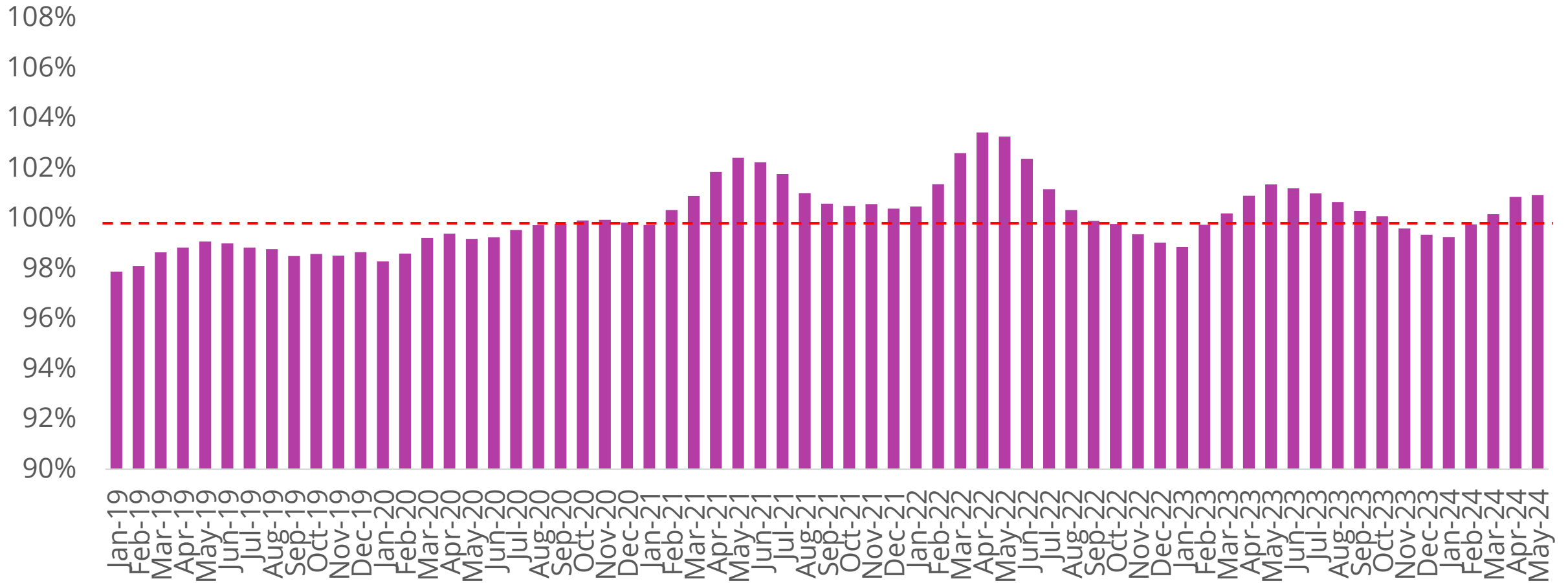


Conditions remain competitive in Virginia's housing market in 2024. Pent-up demand for housing + low supply = slow yet competitive market.

Despite Slowdown, Market Remains Competitive

Sellers are getting above asking price on average in Virginia

Average Sold to Ask Price Ratio, Statewide



Source: Virginia REALTORS®

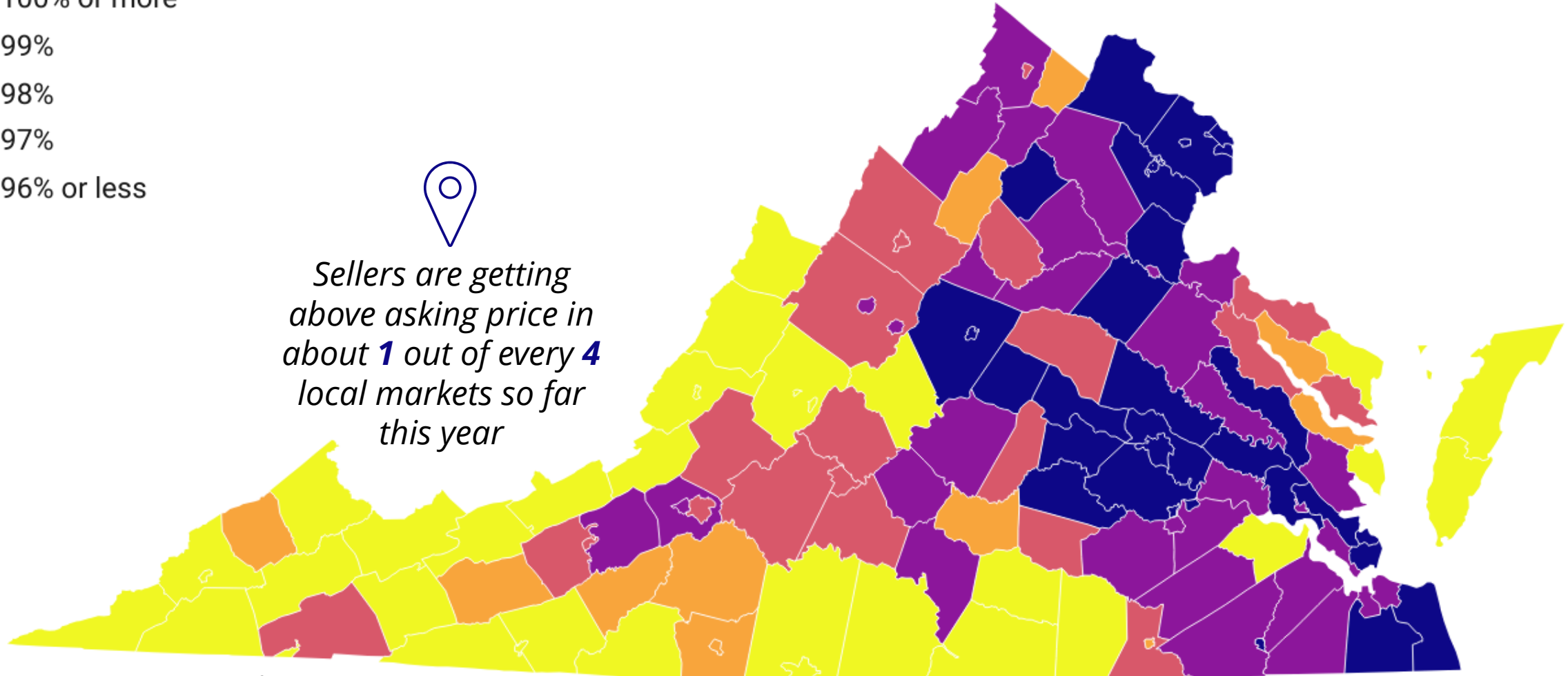
Upward pressure on home prices across the state

Average Sold-to-List Price Ratio, YTD Jan-May 2024

- 100% or more
- 99%
- 98%
- 97%
- 96% or less



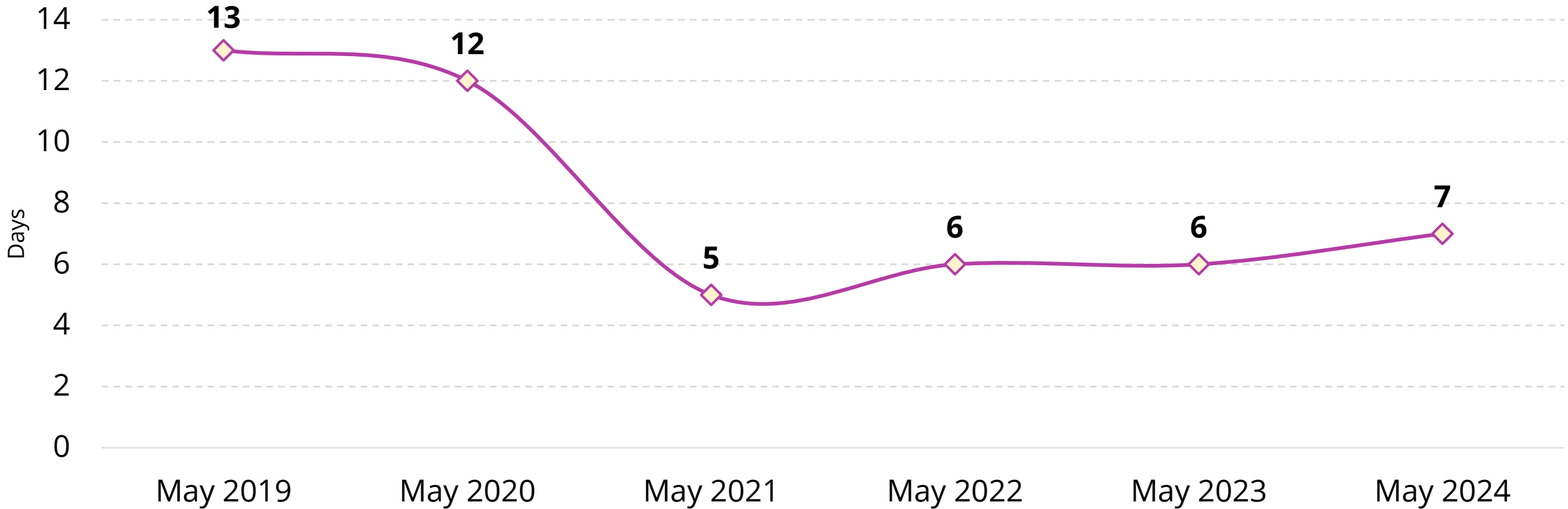
*Sellers are getting above asking price in about **1** out of every **4** local markets so far this year*



Despite Slowdown, Market Remains Competitive

Homes continue to sell quickly in Virginia

Median Days on Market (May), Statewide



Source: Virginia REALTORS®

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