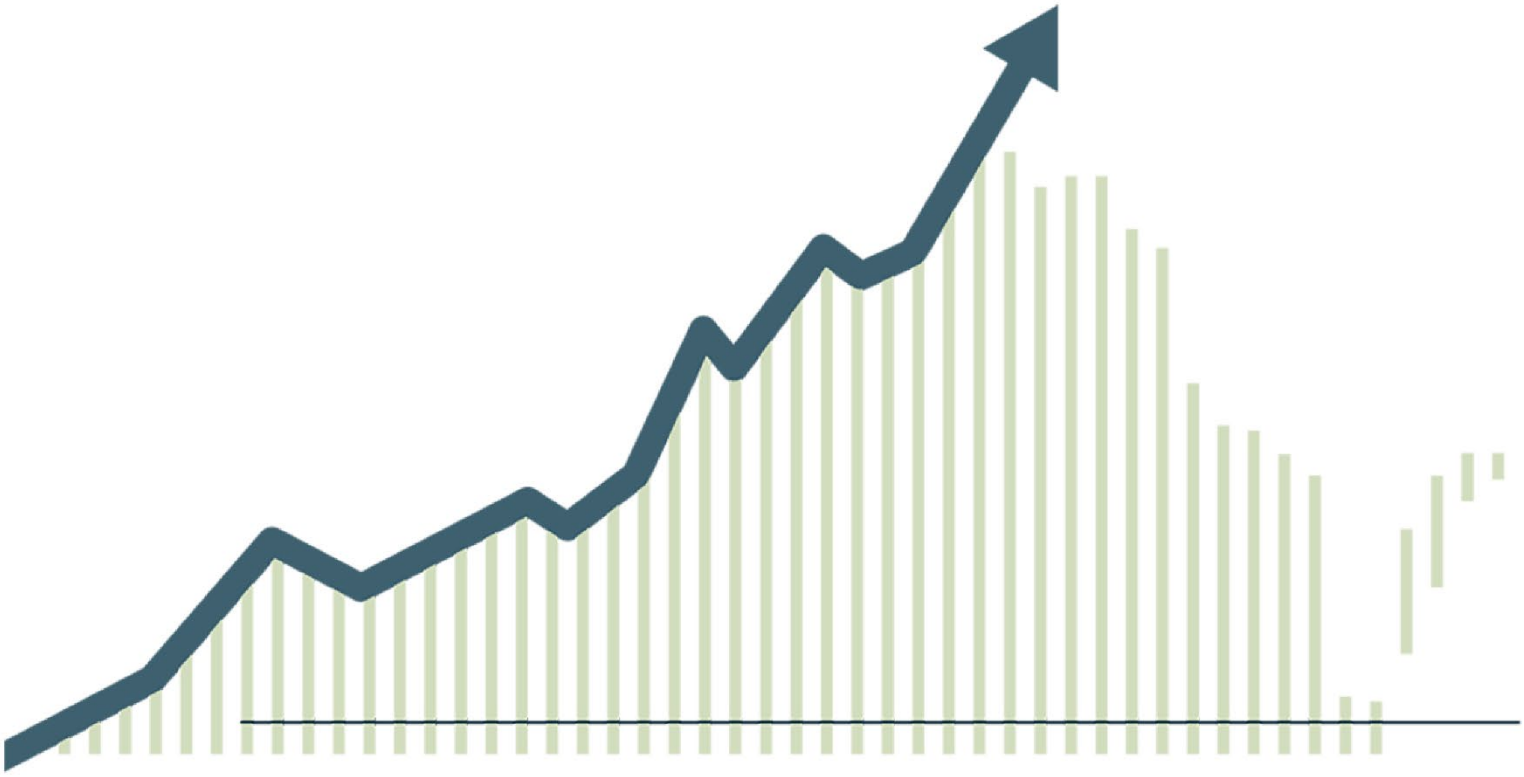
Virginia REALTORS®

CENTRAL VIRGINIA REGIONAL MULTIPLE LISTING SERVICE CVR MLS



CVRMLSCENTRAL VIRGINIA MLS HOME SALES REPORT

CUSTOM REPORT PREPARED BY

VIRGINIA REALTORS®

Analysis of the Central Virginia Area Economy & Housing Market

First Quarter 2022

Key Takeaways

Economic Conditions

- Virginia's economy continued to improve in early 2022, despite rising inflation and the escalating conflict overseas. Economic conditions are solid in the Richmond region, with a steady decline in the local unemployment rate.

- Even as the economy improves, consumer confidence is shaky. In March 2022, the measure of expectations of future economic conditions fell to its lowest level since 2013.

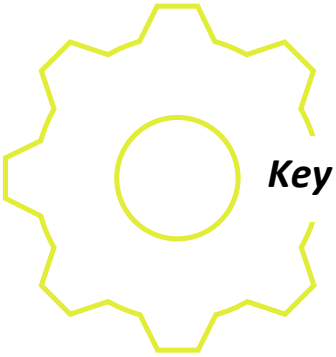
- Mortgage rates are on the rise. In the second week of April, the average 30-year rate hit 5%, the first time it has been at this level in 11 years.

Housing Market Conditions

- Sales activity continues to moderate in the Central Virginia region. There were 4,534 sales across the footprint in the first quarter, a 7% decrease from last year.

- Home prices are still rising rapidly across much of the region. The first quarter median sales price in the Central Virginia market was $333,439, up 13% from this time last year.

- The total supply in the Central Virginia housing market continues to get smaller, though the rate has slowed down. There were 1,536 active listings on the market regionwide at the end of the first quarter, an 11% reduction from last year.



Key Trends Dashboard, Central Virginia

Economy

▼	**3.2%**	Is the Feb-2022 **unemployment rate** in the Richmond MSA, which is down from Jan-2022
▲	**5.00%**	Is the **30-year fixed-rate mortgage rate** during the second week of April 2022, which is up 1.96 percentage points from a year ago

Housing Market

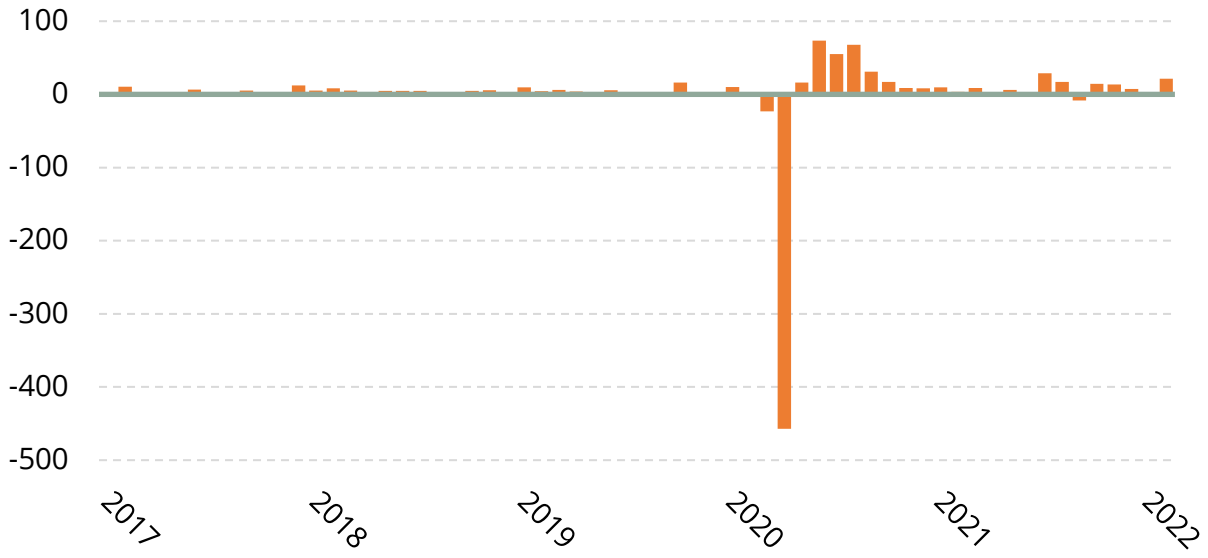
▼	**-353**	Fewer **home sales** in the Central Virginia region in Q1-2022 compared to last year
▲	**13%**	Percent change in **median sales price** in the Central Virginia region in Q1-2022 compared to a year ago
▼	**-586**	Fewer **pending sales** in the Central Virginia region in Q1-2022 compared to last year
▼	**-11%**	Percent change in **active listings** at the end of Q1-2022 in the Central Virginia market compared to a year ago
▼	**0.7**	**Months of supply** in the Central Virginia housing market in Q1-2022, which is down from a year ago

Economic Overview

Despite on-going uncertainties, the economy in Virginia continues to improve. In February 2022, total employment in Virginia surpassed four million jobs, the first time that milestone has been reached since March 2020. About 111,900 jobs have been added over the past 12 months. The total number of jobs in the state is now just 2% below where it was prior to the pandemic.

The job recovery in Virginia continues across most sectors, with the fastest growth in some of the sectors that were hardest hit by the pandemic. The Professional/Technical Services, Transportation/Warehousing, Administrative Services, and Federal Government sectors have all been back to pre-pandemic levels for several months. But in February, for the first time, the number of jobs in both the Retail Trade and Construction sectors surpassed pre-pandemic levels.

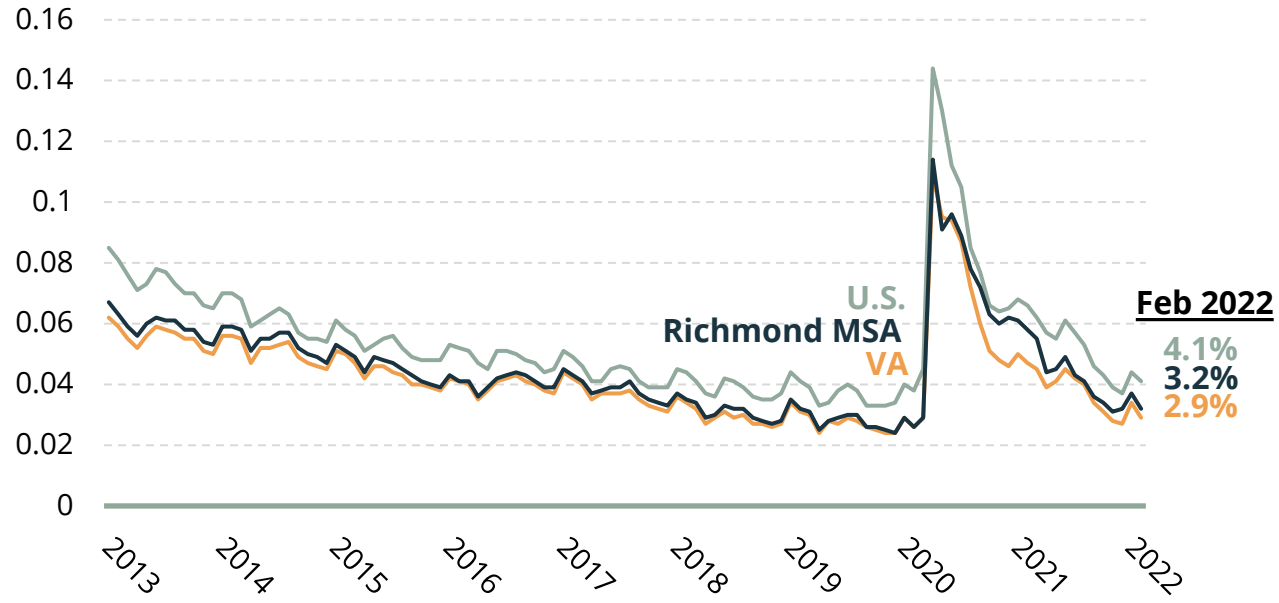
Figure 1
Virginia Month-to-Month Change in Jobs



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

A key indicator of the improving economy is the unemployment rate. In February, the unemployment rate in Virginia was 2.9% (not seasonally adjusted), which is down from 3.4% in January and is at the lowest level since March 2020. In the Richmond metro area, the February unemployment rate was 3.2%, down from 3.7% in January.

Figure 2
Unemployment Rate



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

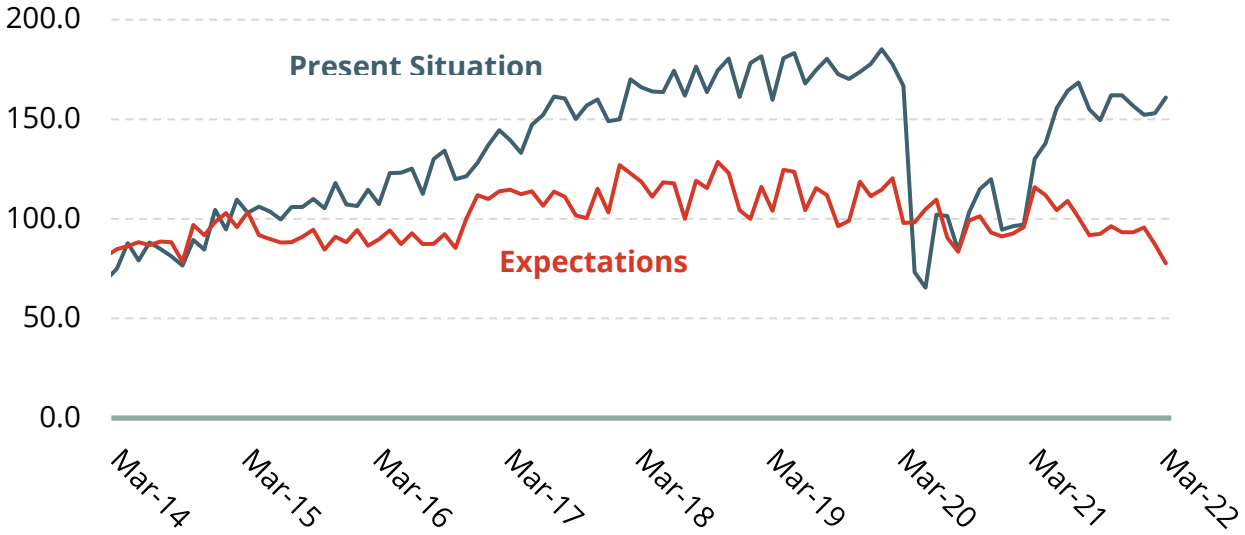
Consumer Confidence

Consumers' outlook for the economy dipped this spring in response to high inflation and on-going conflict overseas. In March 2022, the measure of how confident consumers feel about the future economy fell to 77.7, down from 87.2 in February, and the lowest level since 2013. Between February and March 2022, consumers' confidence in the present economic situation ticked up from 153.1 to 161.0. (A consumer confidence index above 100 indicates people are feeling more optimistic about economic conditions.)

Mortgage Rates

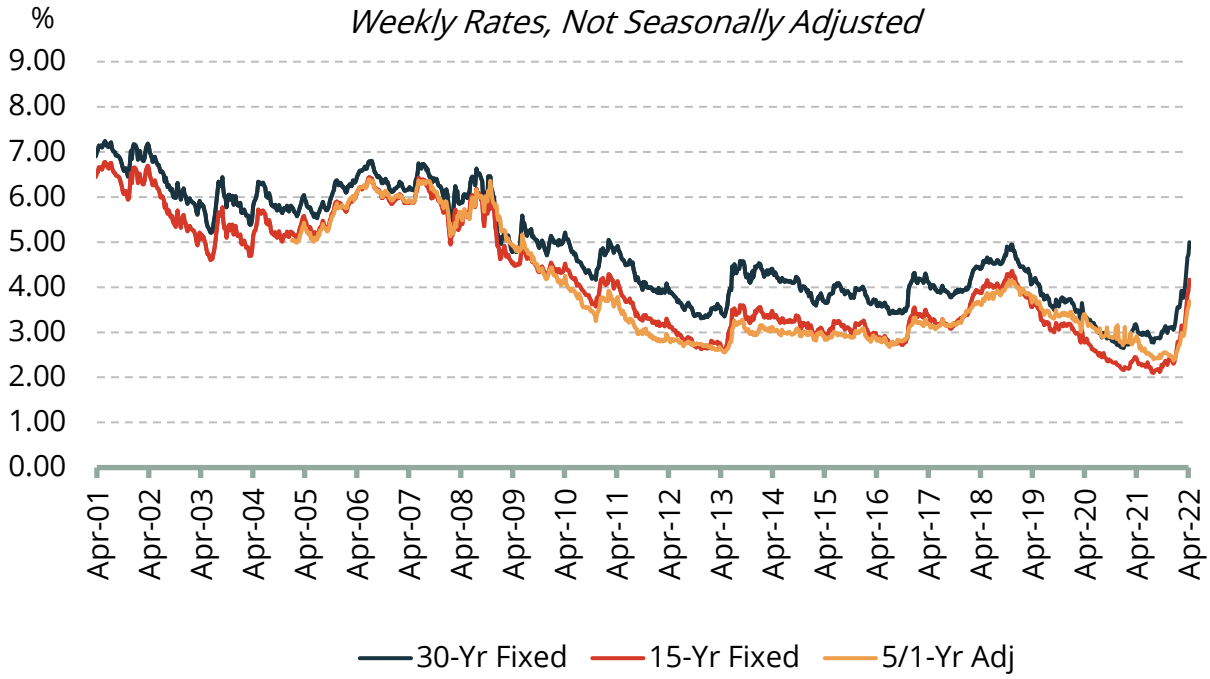
Over the past few weeks, mortgage rates have risen faster than they have in nearly 30 years. In the second week of April, the average rate on a 30-year fixed-rate mortgage hit 5% for the first time in 11 years. Rates are rising in response to actions taken by the Federal Reserve, including a boost in short-term interest rates and a pullback in the purchase of bonds and mortgage-backed securities. The Fed has telegraphed several more short-term rate increases during 2022, which indicates that mortgage rates will likely rise further during the year. Even as rates continue to climb, they are still at historically low levels.

Figure 3
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Figure 4
Mortgage Interest Rates
Weekly Rates, Not Seasonally Adjusted



Source: Federal Reserve Bank of St. Louis

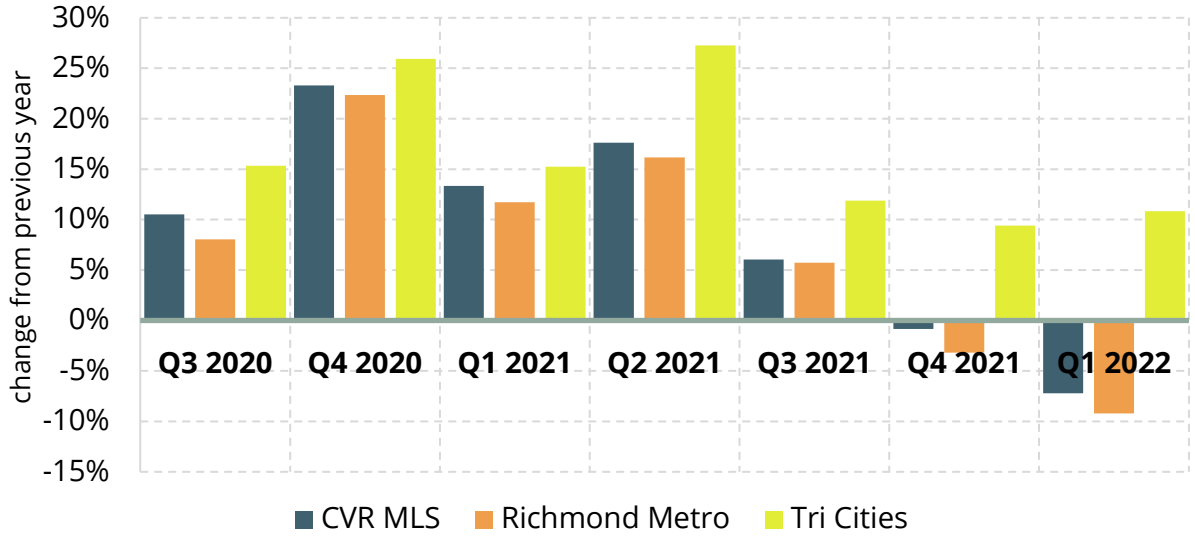
Housing Market Overview

The Central Virginia housing market cooled down from the record levels a year ago. There were fewer sales overall in the first quarter compared to last year, though market activity remains busy compared to the first quarter in most years. Despite fewer sales transactions, upward pressure on home prices continues to be a major factor in the region, with most local markets experiencing double-digit price growth compared to last year. Homes are selling faster on average, and the inventory continues to shrink overall; but some local markets had an uptick in inventory to start 2022.

Sales

Sales activity in the Central Virginia region has slowed down from the busy pace a year ago. There were 4,534 homes sold across the Central Virginia market during the first quarter of 2022, which is 353 fewer sales than a year ago, representing a 7% decline. This is the sharpest drop in sales the region has experienced since the onset of the pandemic in the spring of 2020. While sales activity has moderated from last year, the total sales this quarter are still well above average first quarter levels, which indicates that it is still relatively busy in many local markets. Nine of the 16 local markets in the region had a slowdown in sales from the first quarter of 2021, two had flat sales activity, and the remaining five had growth in sales from a year ago.

Figure 5
Percent Change in Home Sales



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

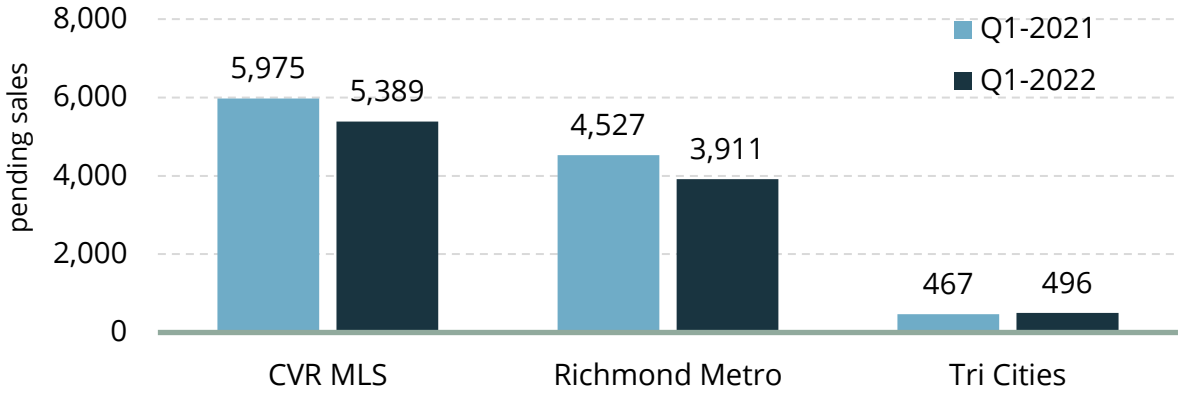
[1]The Central Virginia region includes: Counties of Caroline, Charles City, Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, King William, Louisa, Powhatan, New Kent, Prince George, and Cities of Colonial Heights, Hopewell, Petersburg, Richmond

There were 3,380 total sales in the Richmond Metro Area[2] housing market in the first quarter, a 9% cool down from last year, which is 343 fewer sales. This is the sharpest year-over-year drop in sales in more than seven years. Nearly all local markets in the Richmond Metro Area had a slowdown in sales this quarter compared to the frenzied pace a year ago. Hanover County had 83 fewer sales than the first quarter last year (-19%), and Chesterfield County had 201 fewer sales (-13%). There were 940 sales in Henrico County, 69 fewer sales than last year (-7%). The City of Richmond had 10 more sales than this time last year, inching up about 1%.

While most of the region had moderating sales activity, the Tri-Cities Area[3] was one of the pockets within the broader regional housing market that continued to see growth in the first quarter. There were 461 sales in the Tri-Cities area overall in the first quarter of 2022, 45 more sales than the first quarter of 2021, representing an 11% increase. Within the local markets, the largest growth in sales activity was in Petersburg, which had an influx of 37 additional sales compared to a year ago (+39%). Sales growth was also strong in Colonial Heights and Hopewell, both had 14 additional sales, up 22% and 17%, respectively, from a year ago.

Pending sales continue to slowdown compared to last year in the Central Virginia housing market. There were 5,389 pending sales regionwide in the first quarter, 586 fewer pending sales than last year, falling 10%. This is the third straight quarter of moderating pending sales, which reflects broader trends across the Commonwealth. The slowdown was widespread, with 12 of the 16 local markets in the Central Virginia footprint having fewer pending sales this quarter compared to the first quarter last year.

Figure 6
Pending Sales, First Quarter



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

[2]The Richmond Metro Area includes: Counties of Chesterfield, Hanover, Henrico, and the City of Richmond
[3]The Tri-Cities Area includes: Counties of Dinwiddie, Prince George, and Cities of Colonial Heights, Hopewell, Petersburg

There were 3,911 pending sales in the Richmond Metro Area market during the first quarter, 616 fewer pending sales than a year ago, which is a 14% drop. This is the sharpest decrease in pending sales the area has had in more than seven years. All local markets in the Richmond Metro Area had a slowdown in pending sales activity. The largest decrease was in Hanover County (-18%). Chesterfield County had 17% fewer pending sales than last year, and Henrico County had 12% fewer. There were 835 pending sales in the City of Richmond in the first quarter, 56 less than last year, which is a 6% decrease.

The Tri-Cities Area had more pending sales overall compared to the first quarter of 2021, but nearly all of this growth was driven by a surge in the Petersburg local market. There were 496 pending sales in total across the Tri-Cities market, 29 more than a year ago, which is a 6% increase. Petersburg had by far the largest influx of pending sales in the region with 48 additional pending sales compared to a year ago, which is a 43% surge. Pending sales activity in Dinwiddie County and Colonial Heights slowed down by 12% and 11%, respectively, from the first quarter of 2021.

Prices

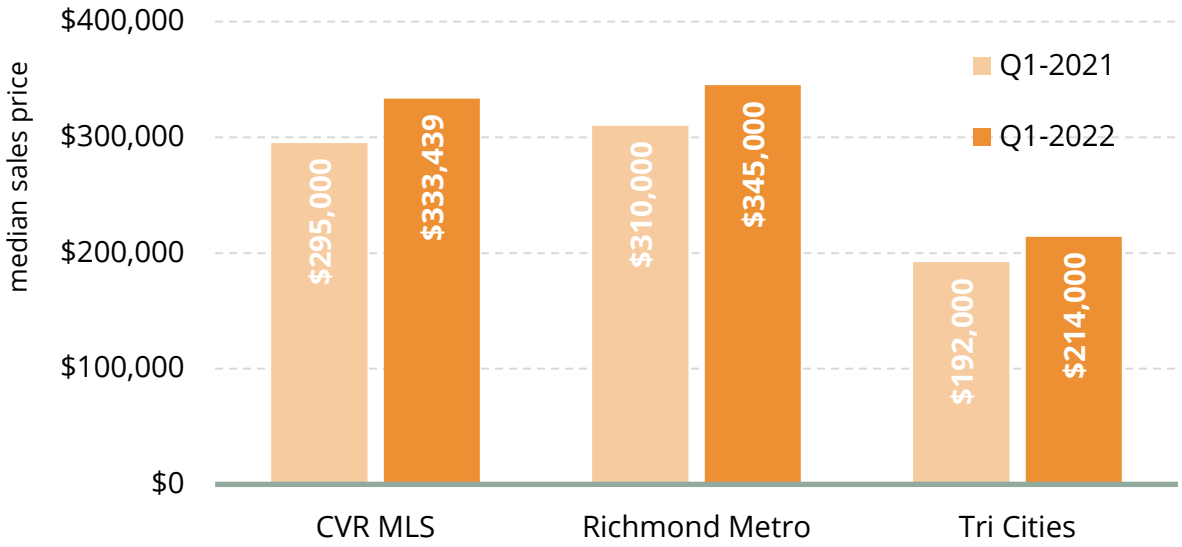
Home prices continue to climb rapidly through much of the Central Virginia region. The first quarter median sales price region wide was $333,439, which is a 13% jump from this time last year, a gain of more than $38,000. The average sales price in the region rose 11% from the first quarter last year to $371,117, which is also a gain of more than $38,000. The price growth continues to be widespread across Central Virginia, with 15 of the 16 local markets in the footprint having a higher median sales price this quarter compared to the first quarter of last year.

The median sales price in the Richmond Metro Area was $345,000, climbing 11% from last year, which is a $35,000 gain. Most local markets in the area had rapid price growth this quarter. Hanover County led all local markets in growth, the first quarter median sales price in the county surged up 20% to $410,000, a gain of more than $67,000 from last year. This is the first time the median sales price in the county has exceeded the $400,000 mark. The median sales price in Henrico County was $319,346 in the first quarter, up by more than $39,000 from last year (+14%). The median sales price in the City of Richmond was $310,000, rising $9,500 from last year (+3%).

Home prices also rose in the Tri-Cities Area market. The median sales price in the area was $214,000 during the first quarter of 2022, climbing 11% from the first quarter of 2021, a gain

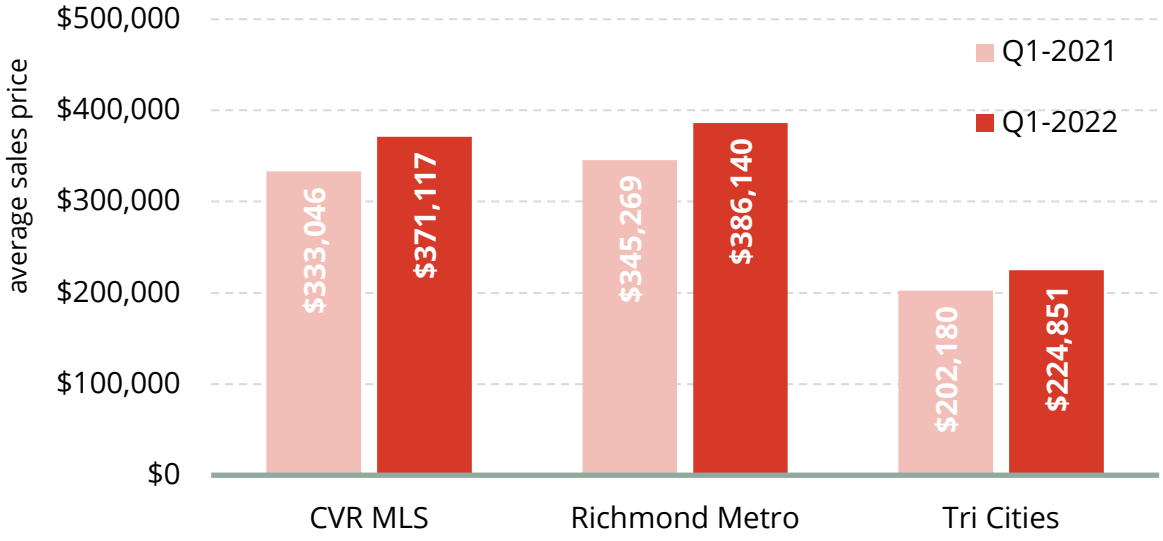
of $22,000. Petersburg had the strongest price growth in the Tri-Cities area in the first quarter. The median sales price in the city jumped up 21%, which is an increase of about $26,000 from a year ago. Prince George County and Hopewell also had a surge in home prices this quarter, both rising 13% from the first quarter of 2021, a gain of $34,500 and $21,500, respectively from last year.

Figure 7
Median Sales Price, First Quarter



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

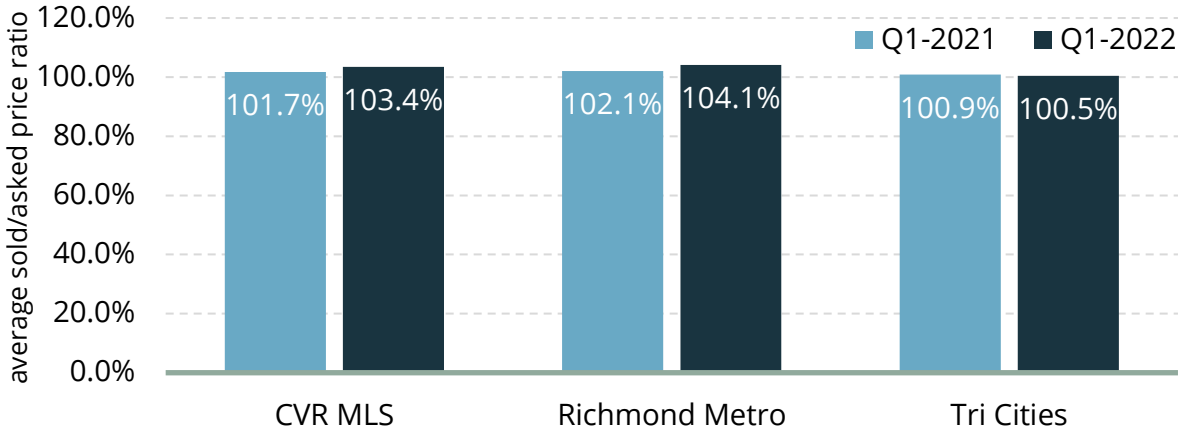
Figure 8
Average Sales Price, First Quarter



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

Even as sales activity is moderating from last year, competition in the Central Virginia housing market continues to intensify, as buyers have limited options due to the chronically low supply. One measure of competition in the market is the average sold to ask price ratio. On average, homes that sold in the Central Virginia region during the first quarter closed at 103.4% of the asking price, which is up from 101.7% last year. Within the region, at 104.1%, the first quarter average sold to ask price ratio in the Richmond Metro Area market climbed up from 102.1% a year before. In the Tri-Cities area, this metric rose to 100.5% in the first quarter, up from 100.9% last year. The market remains competitive across the region, as 15 of 16 local markets in Central Virginia had sales price levels exceeding the asking price on average during the first quarter.

Figure 9
Average Sold/Asked Price Ratio, First Quarter

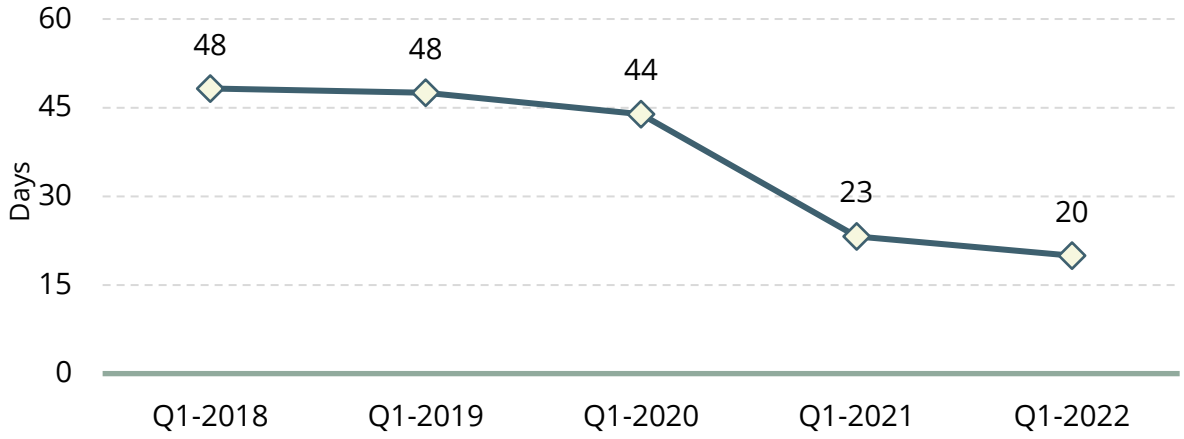


Source: Virginia REALTORS®, data accessed April 15, 2022

Days on Market

Homes are selling faster on average through much of the Central Virginia region, a trend that has been consistent for nearly seven years as the market has tightened. Homes that sold in the region during the first quarter were on the market an average of 20 days, which is 3 days faster than this time last year. Homes are selling at a similar pace across the region. The average days on market in the Richmond Metro Area in the first quarter was 18 days, down from 20 days last year. Homes were on the market three weeks on average in the Tri-Cities market (21 days), about a week faster than the first quarter of 2021 (-6 days). Statewide, homes sold in an average of 24 days in the first quarter, down from 31 days a year ago.

Figure 10
First Quarter Average Days on Market, CVR MLS
2018-2022



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

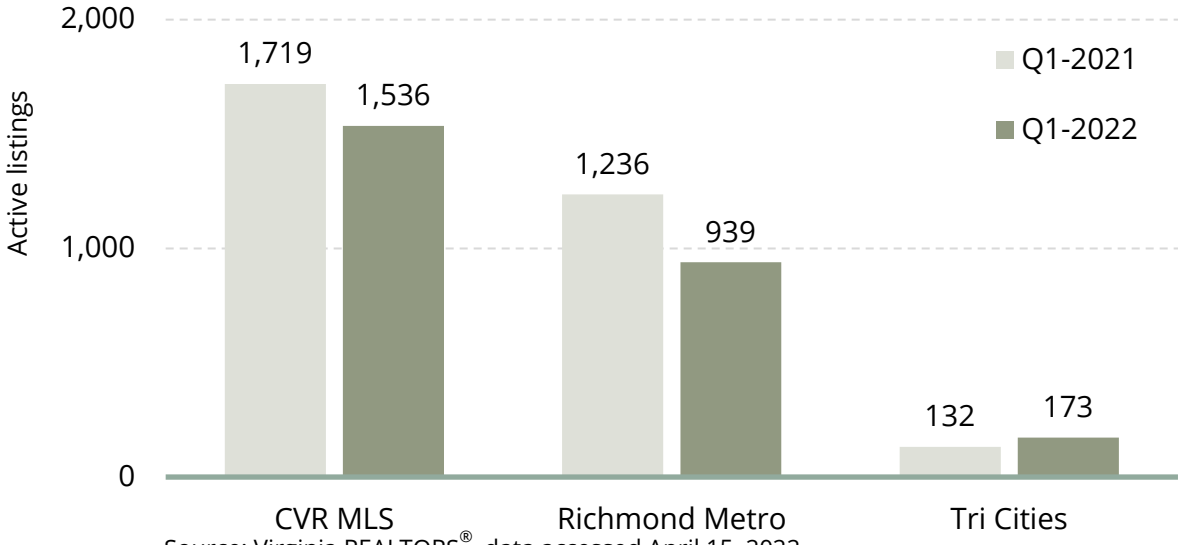
Inventory

Supply in the Central Virginia housing market continues to get smaller overall, though the rate of decline has moderated from recent quarters and some local markets are finally seeing an uptick in supply. There were 1,536 active listings across the area at the end of the first quarter, 183 fewer listings than last year at this time, representing an 11% inventory reduction. The region's larger markets, the Richmond Metro Area markets, continue to see inventories shrink, while many of the smaller markets in Central Virginia had more active listings at the end of the first quarter than last year. Eight local markets in the region had fewer listings than a year ago, and eight localities had more listings than a year ago. Even where inventory expanded, the supply remains tight and continues to put upward pressure on home prices.

There were 939 active listings in the Richmond Metro Area market at the end of the first quarter, 297 fewer listings than a year ago, which is a 24% decline. All local markets in the Richmond Metro Area footprint had double-digit supply reductions, the sharpest was in Hanover County (-28%), Chesterfield County (-27%), and Richmond (-23%). The inventory in Henrico County declined by 15% from a year ago.

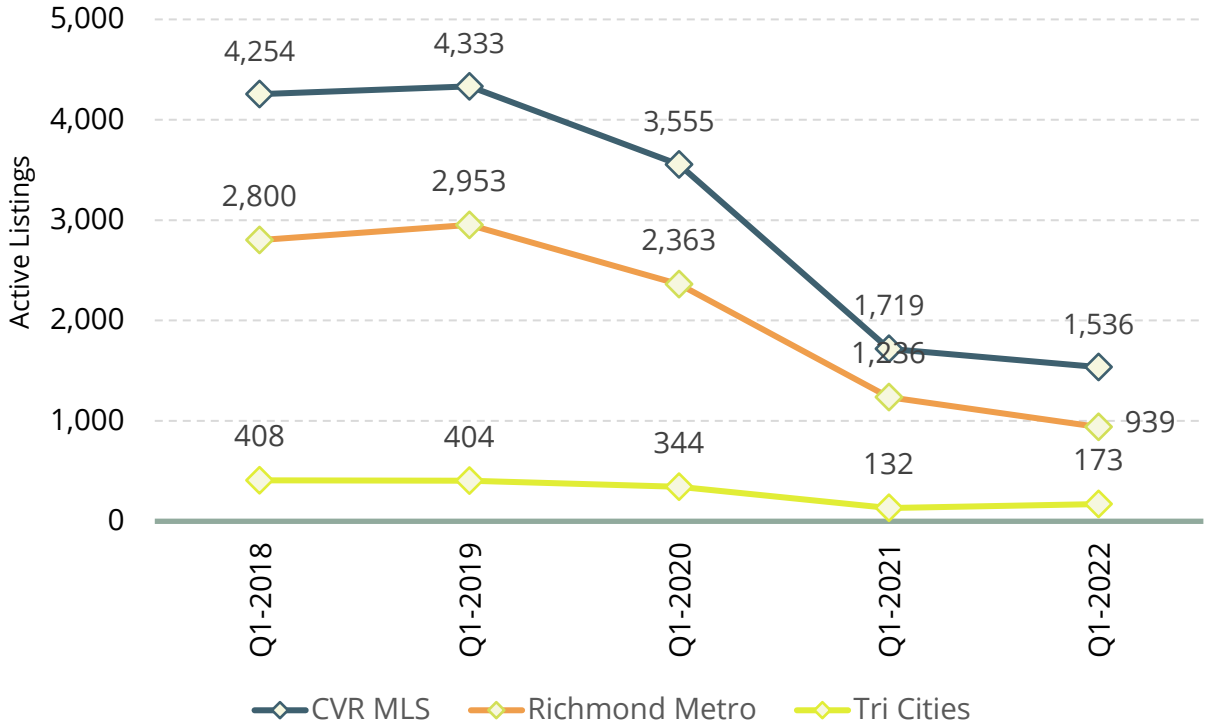
Supply in the Tri-Cities market expanded significantly this quarter. There were 173 active listings on the market in the area at the end of the first quarter, 41 more listingsthan last year, which is a 31% jump. This is the largest influx of listings the Tri-Cities market has had in more than seven years. Nearly all local markets in the area had more listings than last year led by Prince George County (+93%), Petersburg (+64%), and Hopewell (+16%).

Figure 11
Active Listings, First Quarter



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

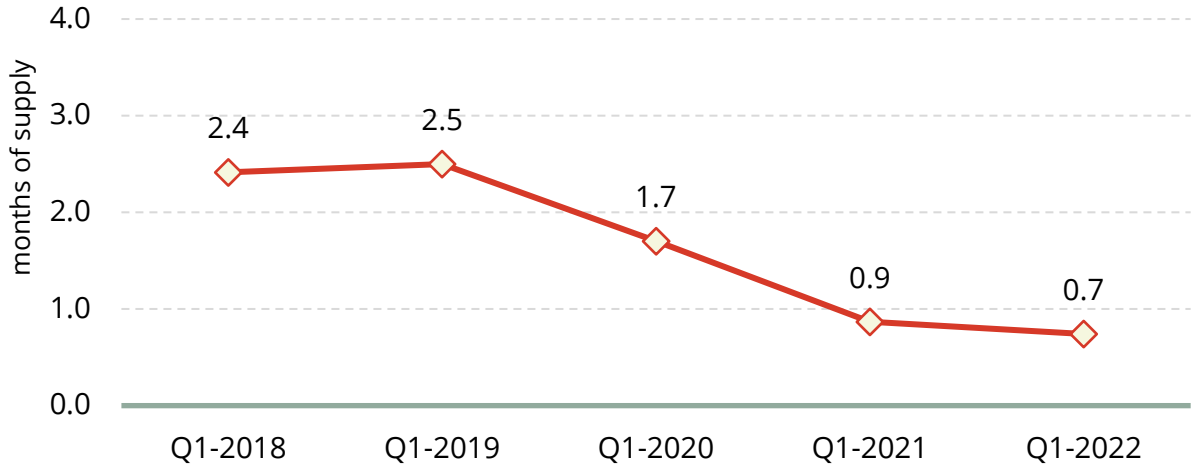
Figure 12
End of First Quarter Active Listings



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

While some areas of the region had more listings than last year, the overall supply in the Central Virginia housing market remains very low. There continues to be less than one month of supply in the area (0.7 months), which is down slightly from last year (0.9 months). The months of supply is calculated by taking the average monthly sales over the preceding 12-month period and dividing it by inventory of active listings.

Figure 13
End of First Quarter Months Supply, CVR MLS
2018-2022



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

Outlook

There has been a lot of economic uncertainty since 2022 began. Inflation continues to rise, and supply chain issues persist. Mortgage interest rates have climbed to their highest level in more than a decade and are expected to keep rising as the Federal Reserve acts more aggressively to control inflation. These factors have shaken consumer confidence on expectations about the economy. The good news is that the job picture continues to be positive, and unemployment is very low. This fuels demand for housing. But it is likely that many households are feeling the pinch in their budgets from lingering inflation and rising mortgage rates, particularly first-time homebuyers. This could dampen buyer activity in the market in the months ahead. It is likely that sales activity will continue to moderate from the busy pace a year ago as we progress through the spring market. Because the supply remains tight, even with slightly fewer buyers in the market, upward pressure on home prices will likely continue to be a major factor, though it is possible the rate of price growth will moderate in the coming months.

Virginia REALTORS®

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.