

Virginia

HOME SALES REPORT

CUSTOM REPORT PREPARED FOR

GPR - Rappahannock County

Analysis of the Rappahannock County Housing Market

2019 First Quarter Report

The housing market in the GPR region continues to show signs of softening demand as the 1st quarter comes to an end. Quarterly sales activity regionwide declined for the 4th time in a row compared to last year. At the local level, the number of sales rose in Rappahannock County compared to last year albeit a modest increase of 2 sales. While sales activity slowed region-wide, the median sales price in the GPR area continued to rise, a reflection of the tight supply of active listings on the market. The median sales price rose in all local jurisdictions in the GPR footprint in the 1st quarter compared to the previous year. It is taking longer to sell homes, on average, in the GPR region. The inventory of active listings inched up in the 1st quarter, the 3rd consecutive expansion of active listings in the region after nearly 3 years of a shrinking inventory. Despite the stabilizing level of listings, the overall supply of homes available for sale remains low compared to historical averages. Summary highlights from the market data this quarter include:

- The pace of sales continues to moderate compared to last year. There were 2% fewer sales in the GPR footprint in the 1st quarter, the 4th consecutive quarterly drop in sales.
- The median sales price continues to climb at the region-level and within all jurisdictions in the GPR footprint. The 1st quarter median sales price was up \$20,000 from a year ago, a 6% increase.
- Homes are taking longer to sell compared to last year in many parts of the GPR area. The average days on market for the region was up 11 days from a year ago.
- The inventory of active listings in the region continues to expand after several years of shrinking. The total months of supply in the GPR footprint was 7.2 months in the 1st quarter, up from 6.6 months a year ago.

Key Market Indicators: 1st Quarter 2019, Rappahannock County

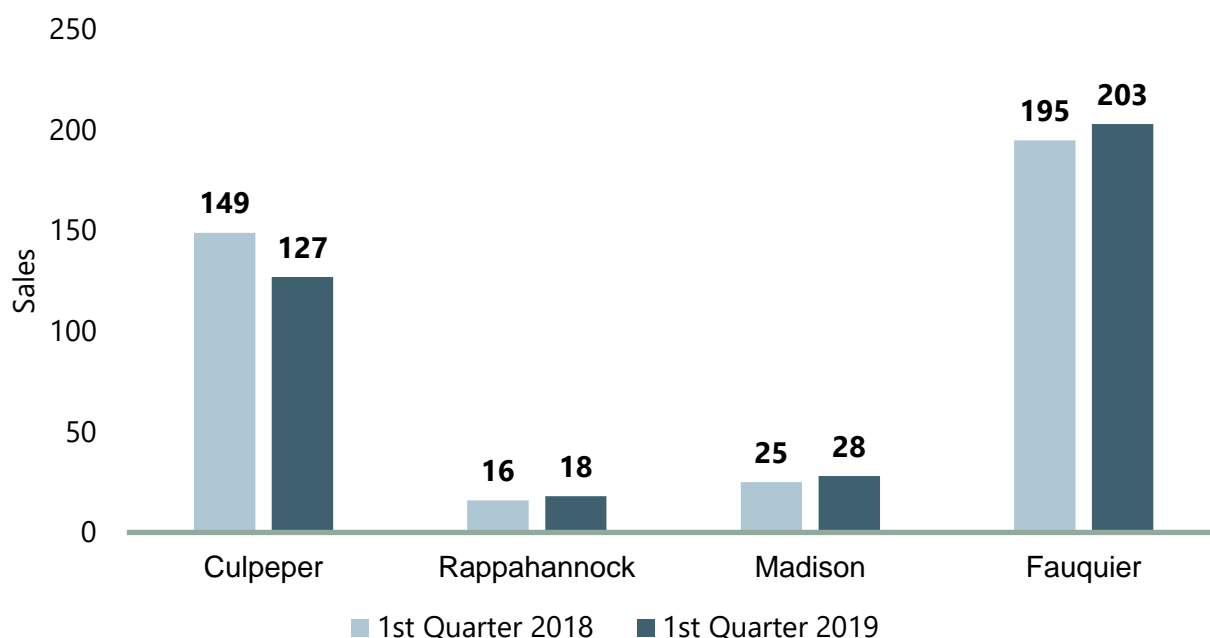
(Change from 1Q-18)

▲ +12.5%	Units Sold: 18
▲ +0.8%	Average Sales Price: \$384,167
▲ + 27.2%	Median Sales Price: \$384,000
▼ -49 days	Average Days on Market: 149
▲ + 1.8%	Average Sales Price to Original List Price Ratio: 95.9%
▼ -5.6%	Active Listings: 85

Sales: Sales activity in the GPR region continues to be slower than a year ago, though the pace of decline has moderated in the 1st quarter. There were 376 sales in the GPR footprint during the 1st quarter of 2019, which is 9 fewer than this time last year, representing a 2.3 drop. Sales have been declining or flat each quarter for more than a year in the region. At the local level, Culpeper County was the only jurisdiction to have fewer sales than a year ago, which was the primary driver of the lower region totals because the county has around one-third of the region's sales each quarter.

Rappahannock County: There were 18 sales in the county in the 1st quarter of 2019, which is 2 more sales than a year ago, representing a 13% increase. The county has had more sales than the prior year only 2 out of the last 7 quarters, indicating a downward trend in sales activity.

Figure 1: Sales by Jurisdiction in the Greater Piedmont Region

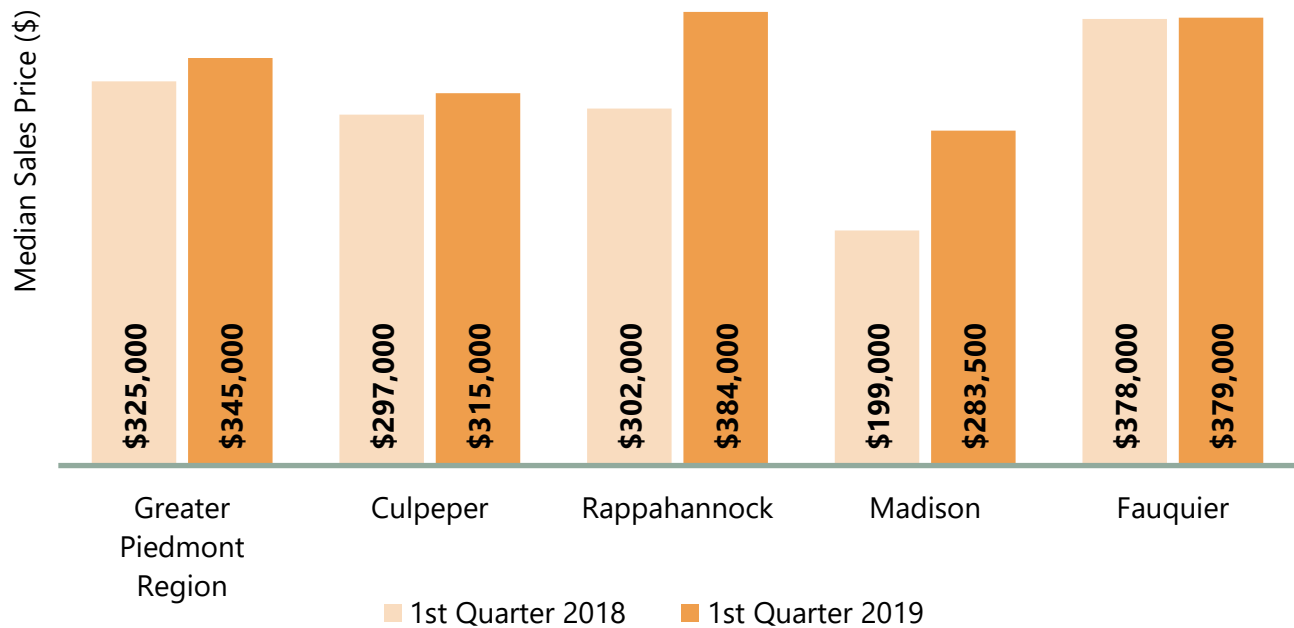


Source: REdatum, data accessed April 20, 2019

Home Prices: While the pace of sales has slowed, home prices continue to climb in the GPR footprint. The median sales price in the region was \$345,000 in the 1st quarter of 2019, up 6% from this time last year, an increase of \$20,000. Sales prices have been rising steadily each quarter in much of the region over the past several years. The rising prices are reflective of the low level of active listings, which is putting upward pressure on price points through much of the GPR area. For example, the median sales price in the GPR footprint has increased more than \$60,000 since the 1st quarter of 2015, while the months of supply of active listings has fallen from 9.4 to 7.2 during this same time period.

Rappahannock County: At \$384,000, the 1st quarter median sales price in the county is up \$82,000 from a year ago, a 27% gain. Rappahannock County had the highest median sales price in the GPR footprint during the 1st quarter.

Figure 2: Median Sales Prices in the Greater Piedmont Region

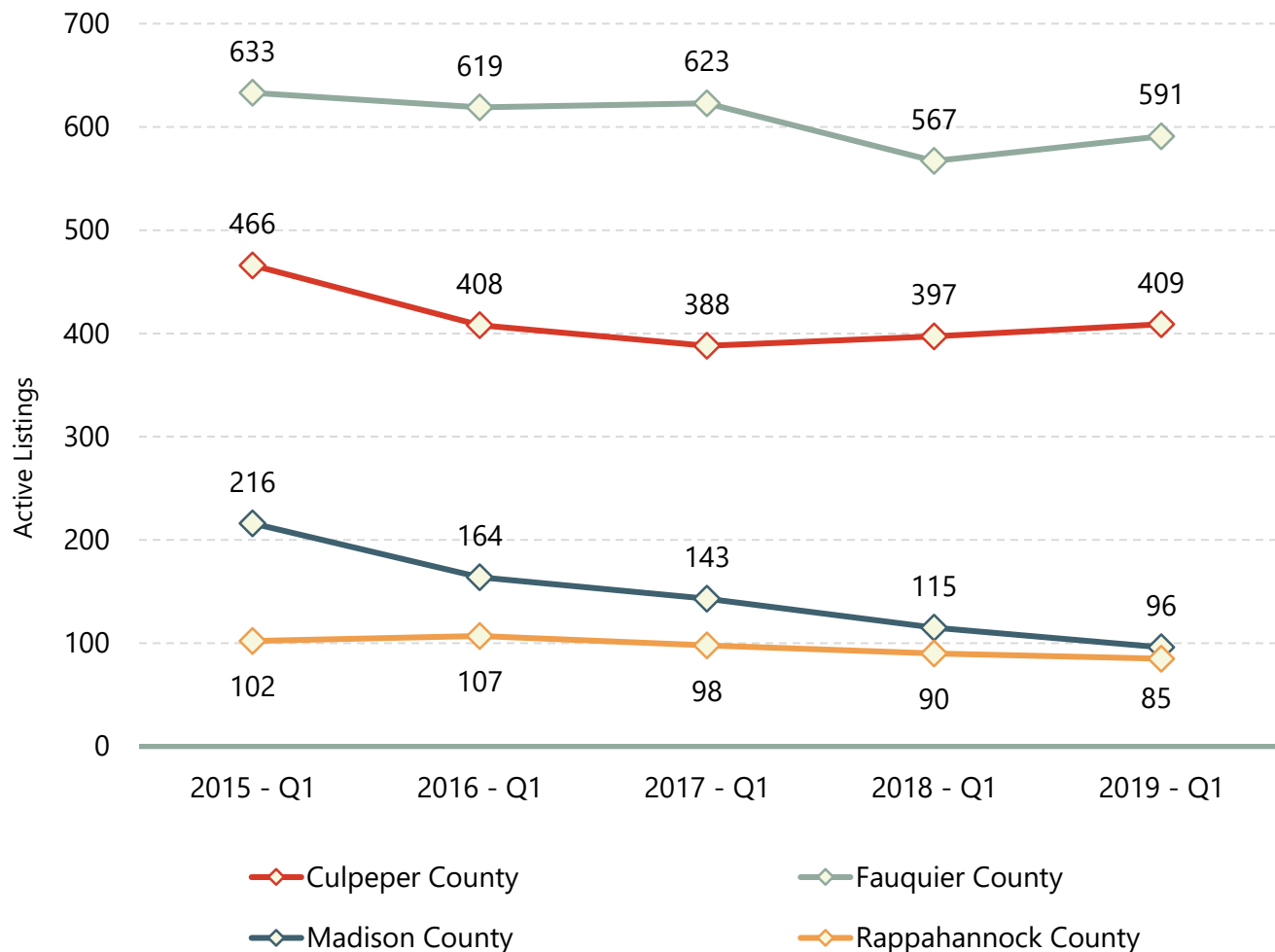


Source: REdatum, data accessed April 20, 2019

Active Listings: There were 1,181 active listings at the end of the 1st quarter of 2019 in the GPR region, up a modest 1% from last year, an increase of 12 active listings. The widespread declines in the supply of active listings has been moderating and, in some cases, inventories have been increasing in some parts of Virginia since midway through 2018. The inventory of active listings in the GPR footprint has been trending up over the past few quarters relative to last year, which could signal a changing pattern in the coming months.

Rappahannock County: There were 85 active listings in the county at the end of the 1st quarter, which is 6% fewer than the same period last year, a drop of 5 listings. The supply of listings in the county has been trending down for 3 quarters in a row.

Figure 3: 1st Quarter Active Listings in the Greater Piedmont Region

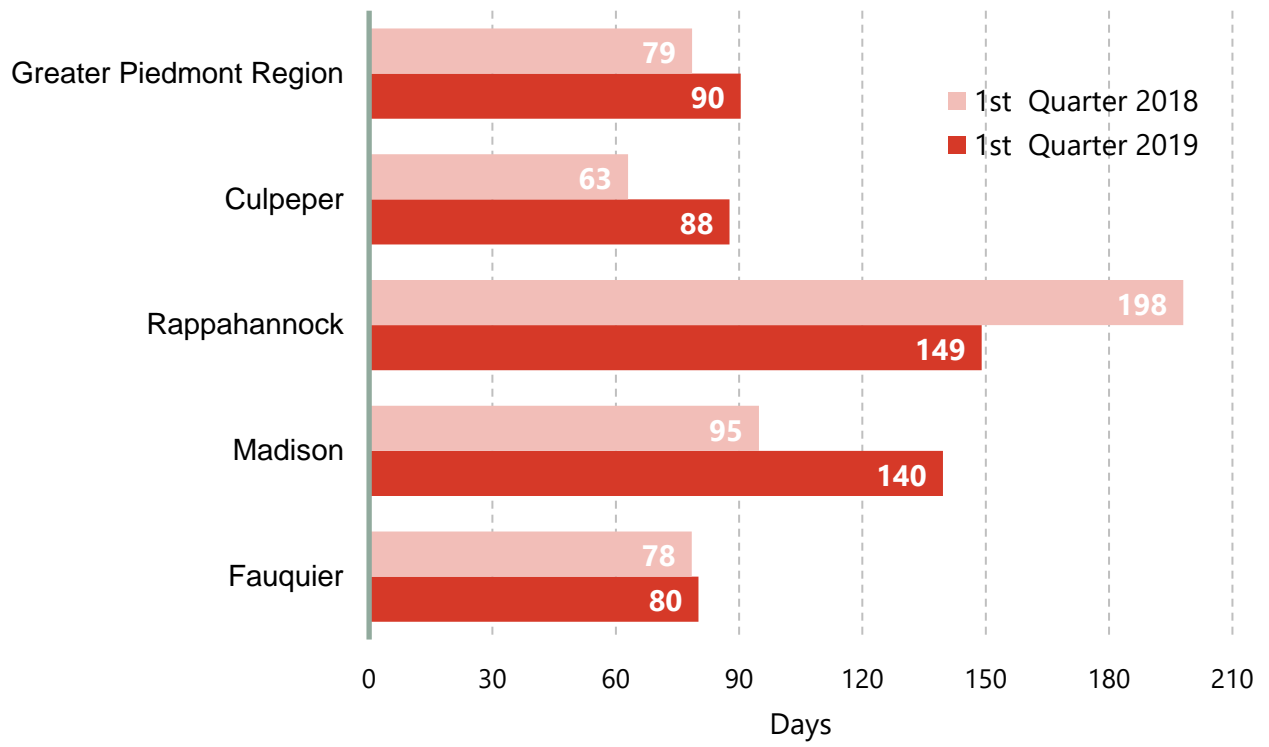


Source: REdata, data accessed April 20, 2019

Days on Market: On average, it is taking longer to sell homes in the GPR region compared to this time last year. The average days on market for the GPR footprint was 90 days in the 1st quarter of 2019, which is 11 days longer than the 1st quarter of last year. Locally in the GPR area, Rappahannock County was the only jurisdiction to have a drop in the average days on market compared to last year. The declining sales and sold volume along with rising days-on-market could reflect softening demand in some local markets within the region. Similar trends have occurred in some of the state's other housing markets in recent months.

Rappahannock County: For the third quarter in a row, the average days on market continues to trend down in the county. On average, homes sold in 149 days during the 1st quarter, which is 49 days faster than last year.

Figure 4: 1st Quarter Average Days on Market in the Greater Piedmont Region

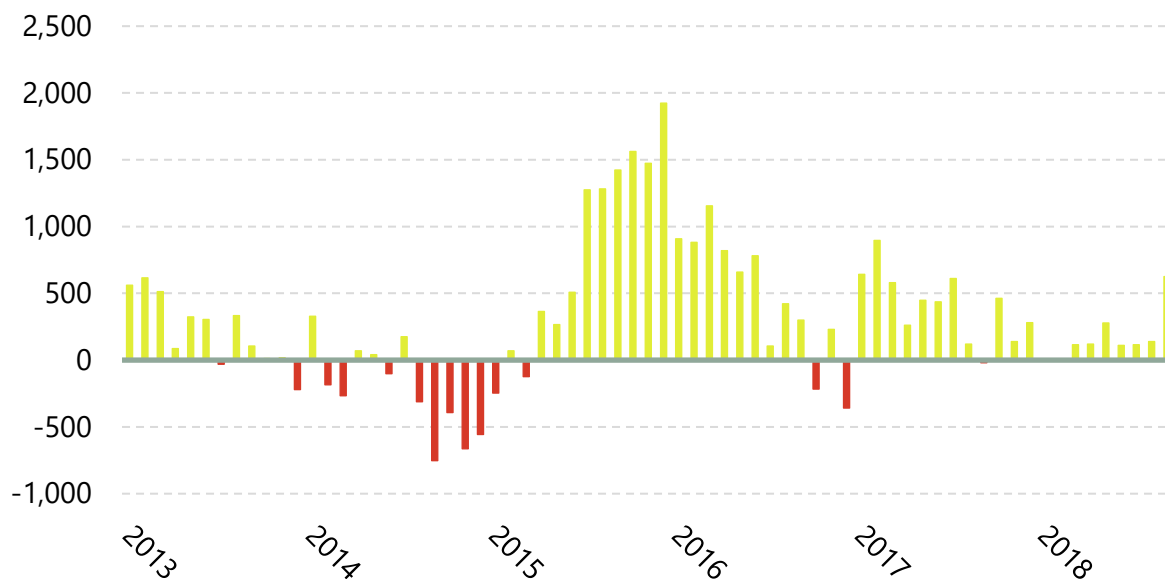


Source: REdatum, data accessed April 20, 2019

Economic Overview

The strength of the local economy and the pace of job and income growth in the region are critical determinants of the health of the housing market. Economic growth in the Greater Piedmont region (defined as Fauquier, Culpeper, Madison, and Rappahannock counties) has slowed in recent years; however, job growth remains steady. Between September 2017 and September 2018 (the latest data available), the region added 625 new jobs.

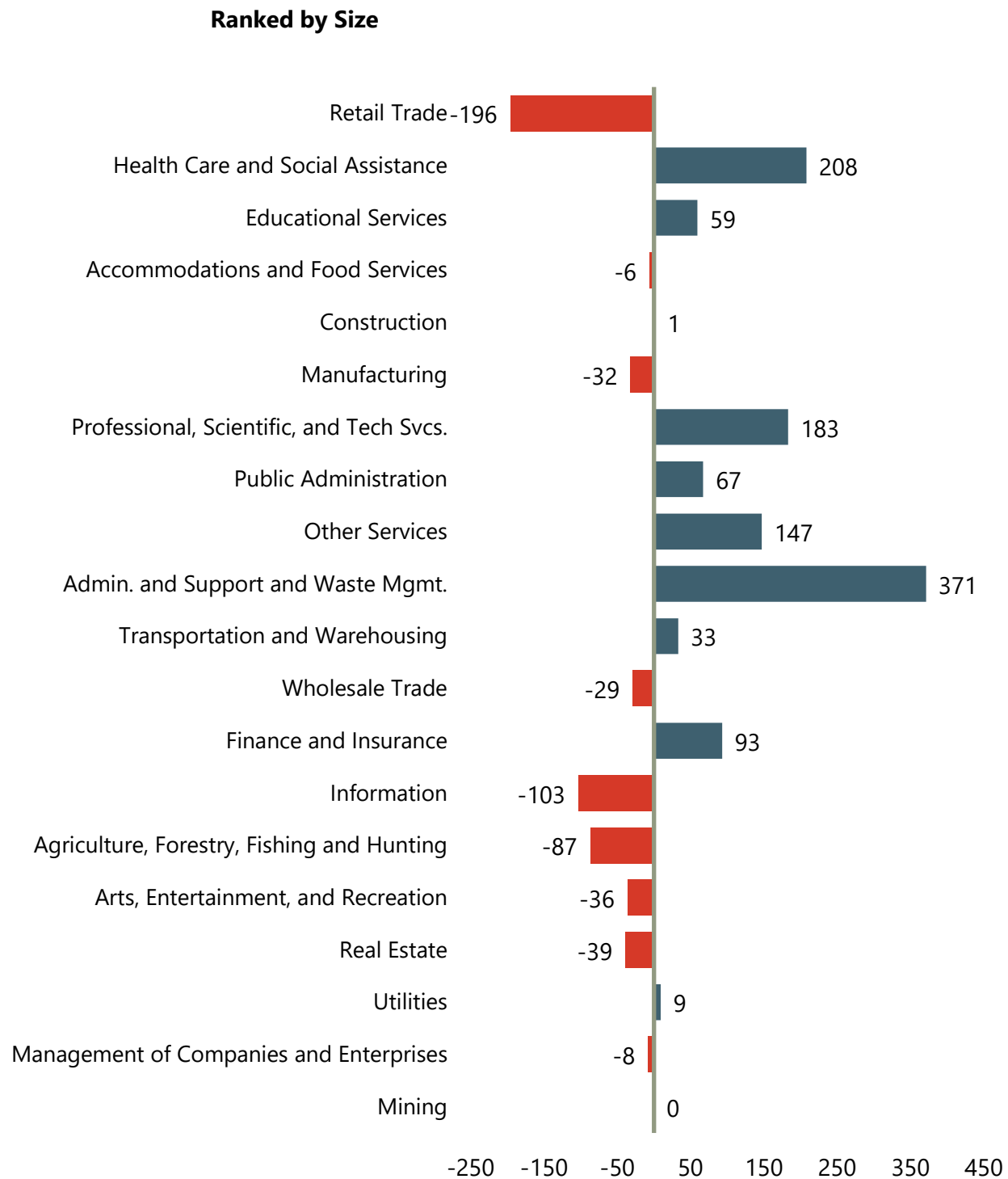
Figure 5: Annual Change in Jobs, GPR



Source: Virginia Employment Commission, Quarterly Census of Employment and Wages

The biggest gains in the Greater Piedmont region have been in the Administrative and Building Support Services sector (+371 jobs), along with the Health Care and Social Assistance (+208 jobs) and Professional and Technical Services (+185 jobs) sectors. The region has experienced a drop in Retail Trade jobs (-196 jobs), mirroring a statewide trend.

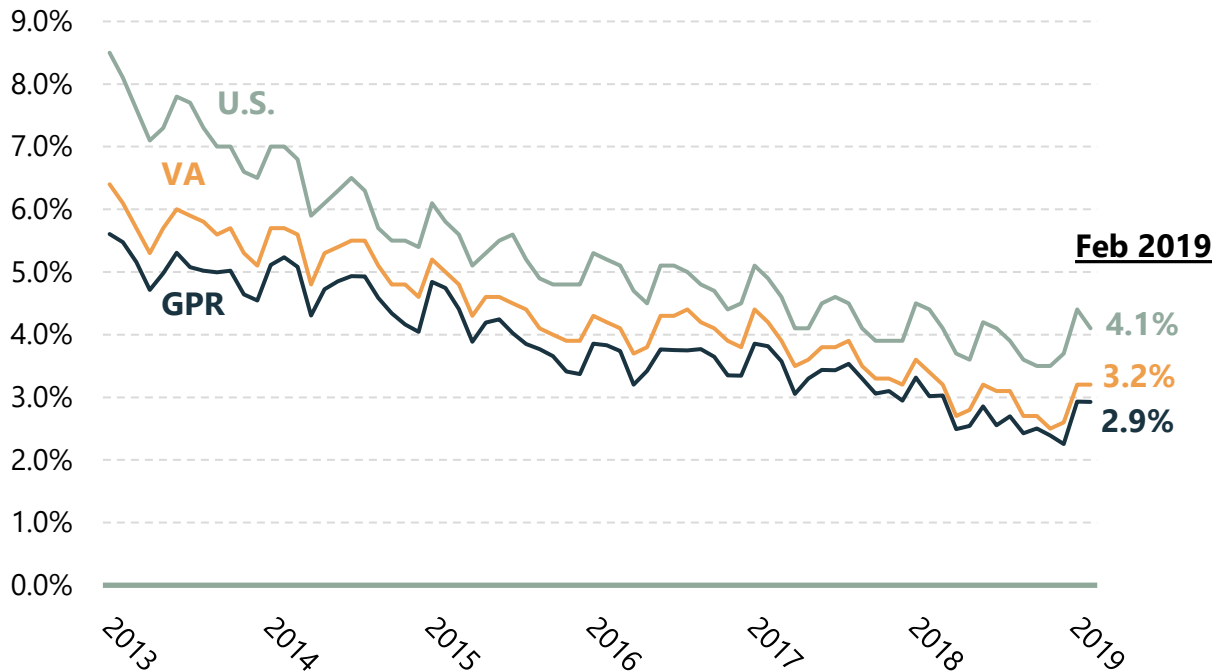
Figure 6: Job Change by Industry, GPR, Sep-2017 to Sep-2018



Source: Virginia Employment Commission, Quarterly Census of Employment and Wages

The labor market in the Greater Piedmont region remains quite tight. The regional unemployment rate was just 2.9% in February 2019 (below the statewide unemployment rate of 3.2%). While the regional unemployment rate edged up very slightly in January 2019, the primary reason is more people entering the labor force.

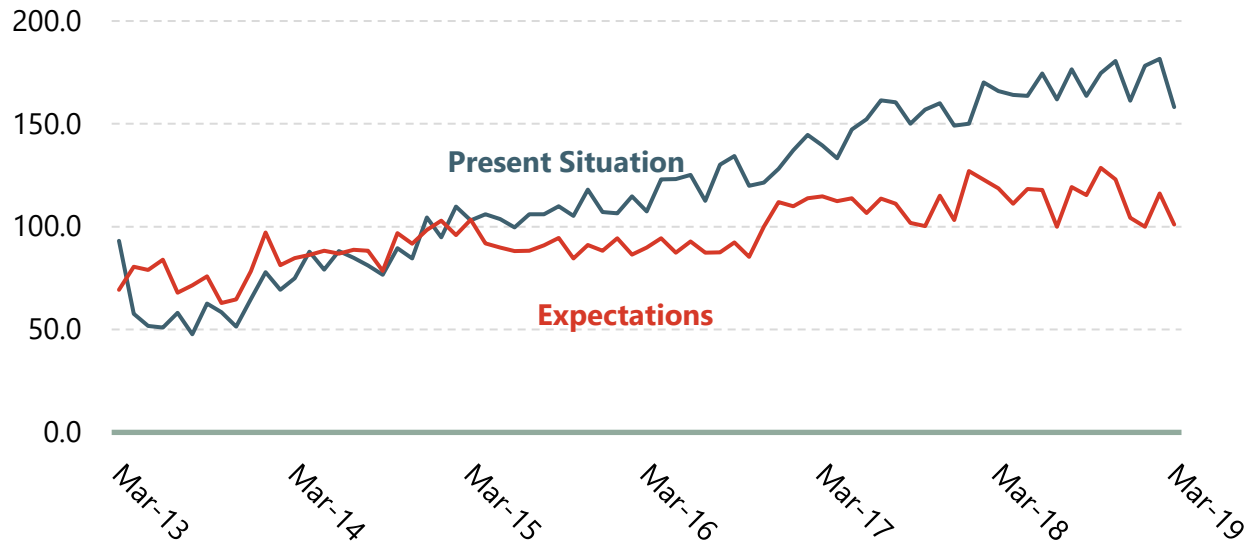
Figure 7: Unemployment Rate



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

Consumer confidence remains strong. People feel positive about their present economic situations though there was a drop in that measure in March. In addition, late last year and early this year, there was a slight drop in the measure of confidence about future economic conditions, likely a reaction to the federal government shutdown and uncertainties around the prospects for longer-term shutdowns. The future expectations measure rebounded in February and remained above 100 in March, indicating that households tend to feel optimistic as they look ahead.

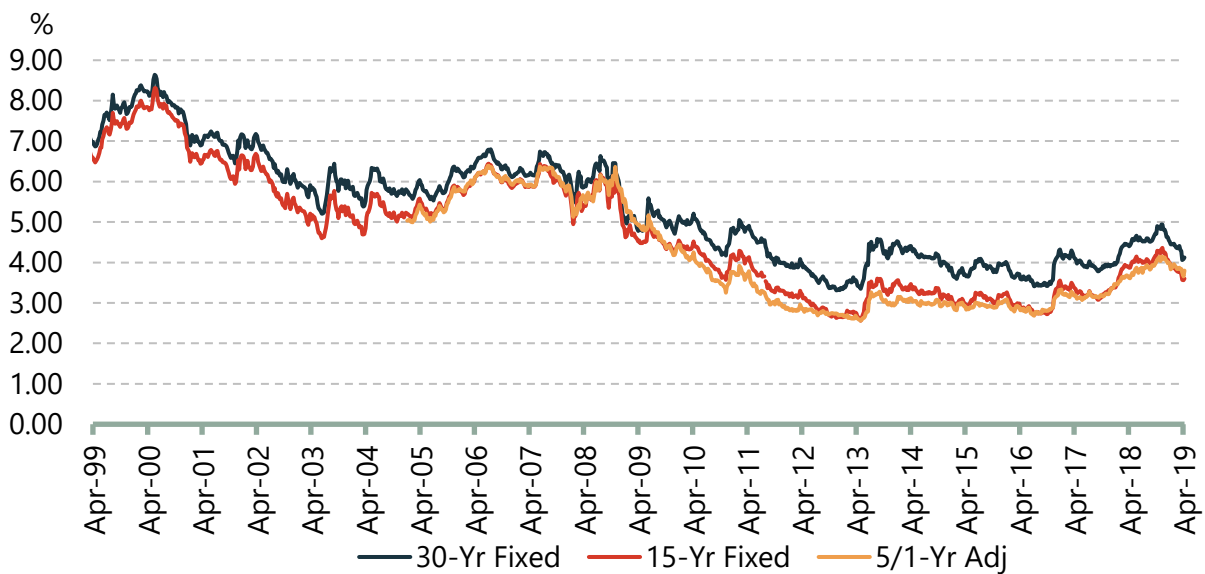
Figure 8: Consumer Confidence South Atlantic Region



Source: The Conference Board

Interest rates have fallen in the first quarter of 2019 and stand at historically low levels. Late last year, there were concerns that interest rates were poised to rise in 2019. However, the Federal Reserve Board has given indications that rate increases will be unlikely, at least in the first half of the year. As a result, homebuyers and sellers should expect mortgage rates to remain low throughout the spring market.

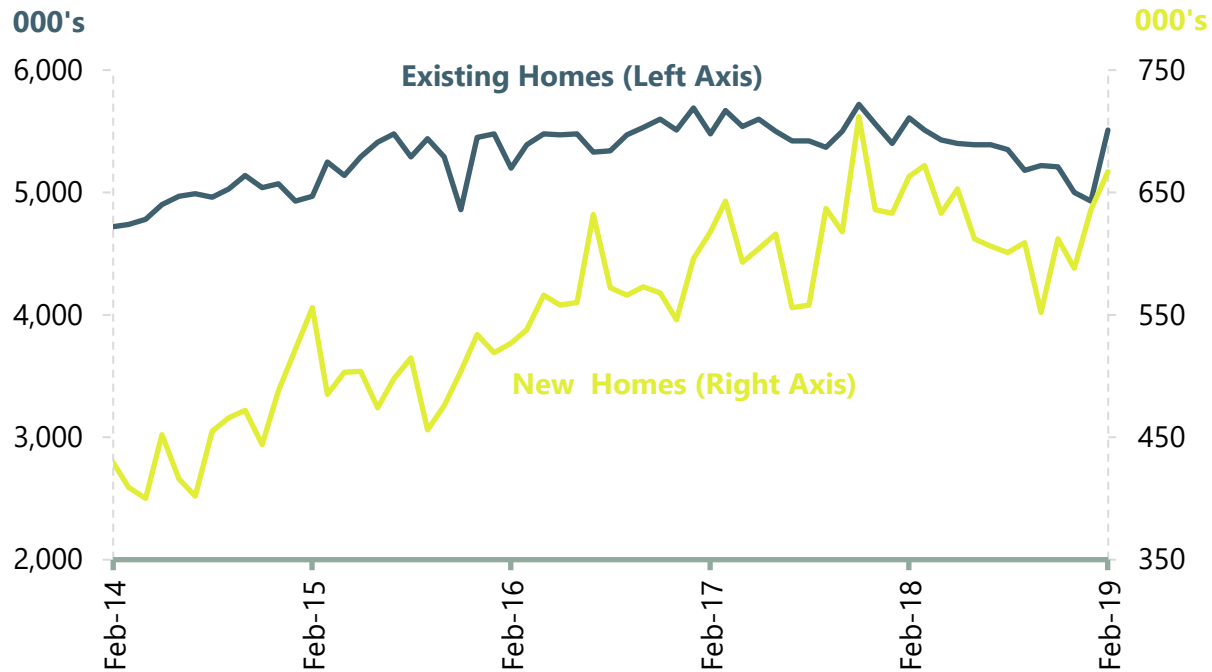
Figure 9: Mortgage Interest Rates (Weekly, Not Seasonally Adjusted)



Source: Federal Reserve Bank of St. Louis

Nationally, homes sales have been up for both new and existing homes, with notable increases at the end of last year. At the same time, while home prices continue to rise nationally, the pace of price increases has slowed recently. Despite this more moderate price growth, economic fundamentals at the national level, including strong job growth, steady wage growth and low interest rates, suggest that housing market conditions nationally will remain stable. A lack of inventory and insufficient new housing supply continue to be constraints on the market nationally, as well as in Virginia.

Figure 10: U.S. New and Existing Home Sales



Source: U.S Census Bureau, National Association of Realtors



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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.