Bright MLS

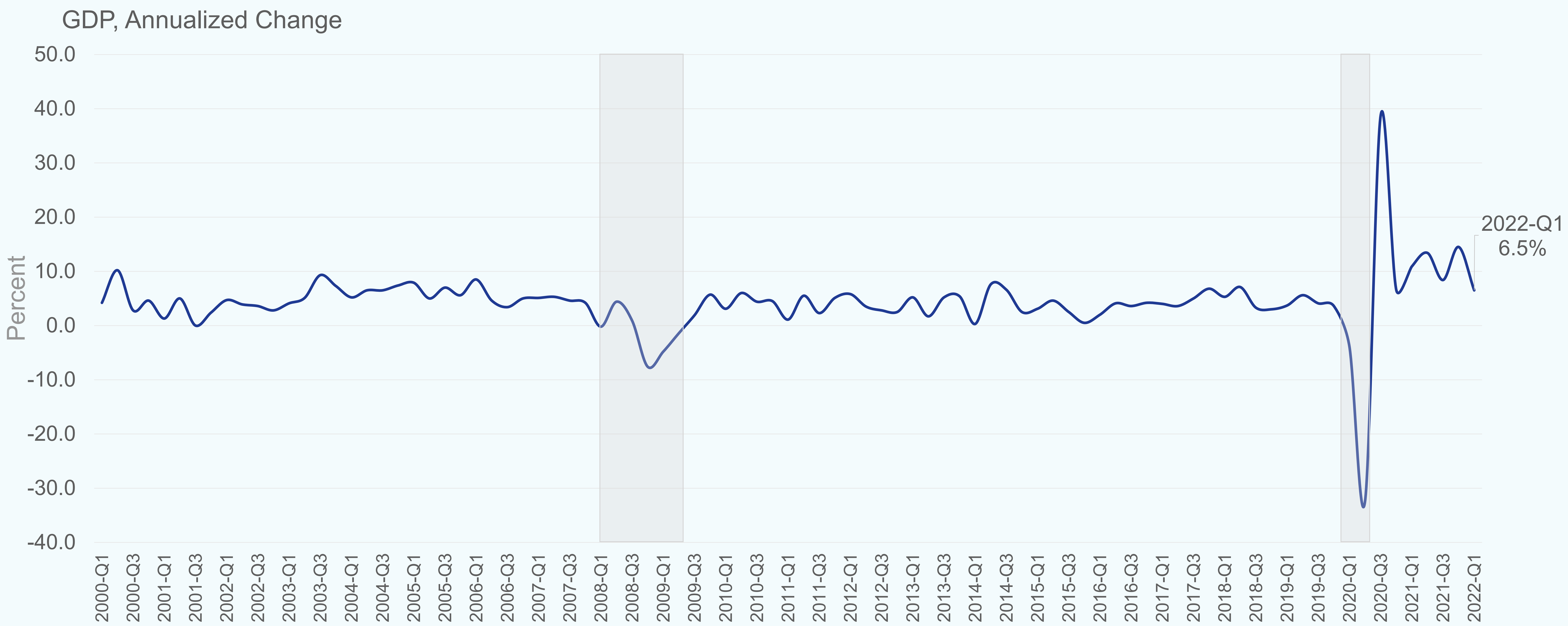
Economic and Housing Market Update

What to Expect in 2022

Lisa Sturtevant, PhD
Chief Economist

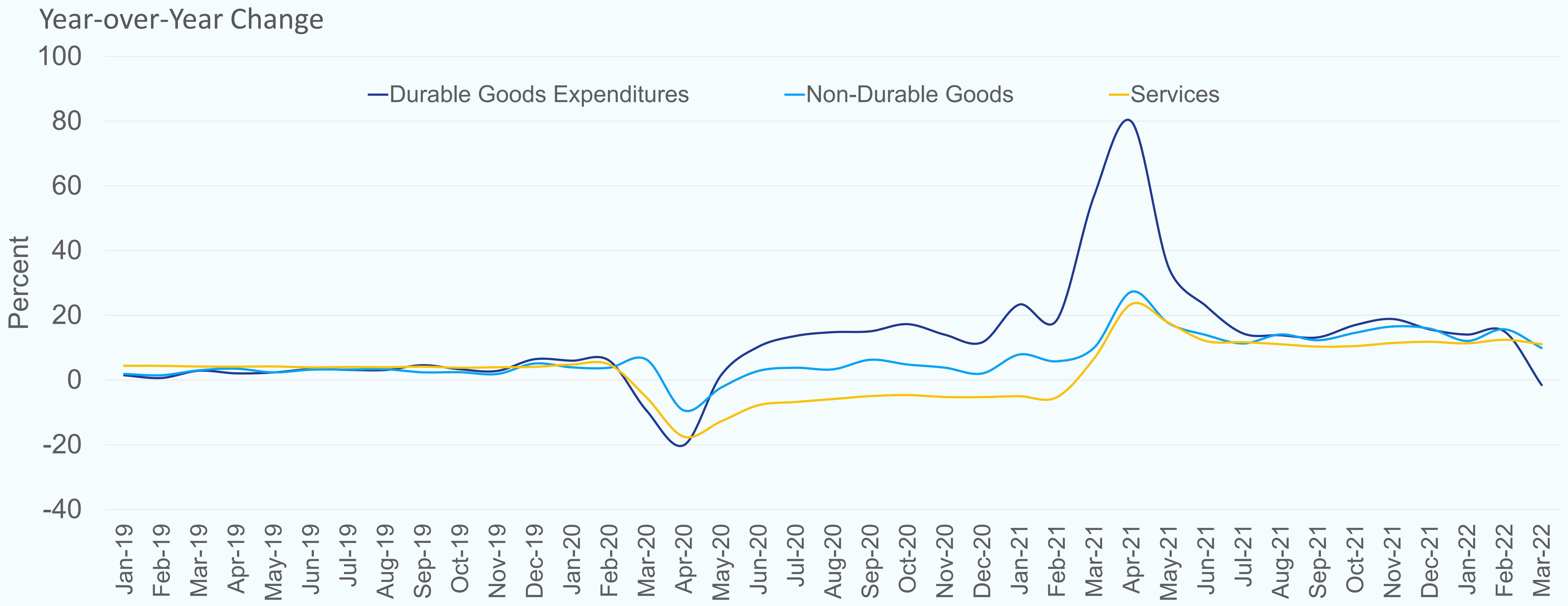
Economy

U.S. Gross Domestic Product



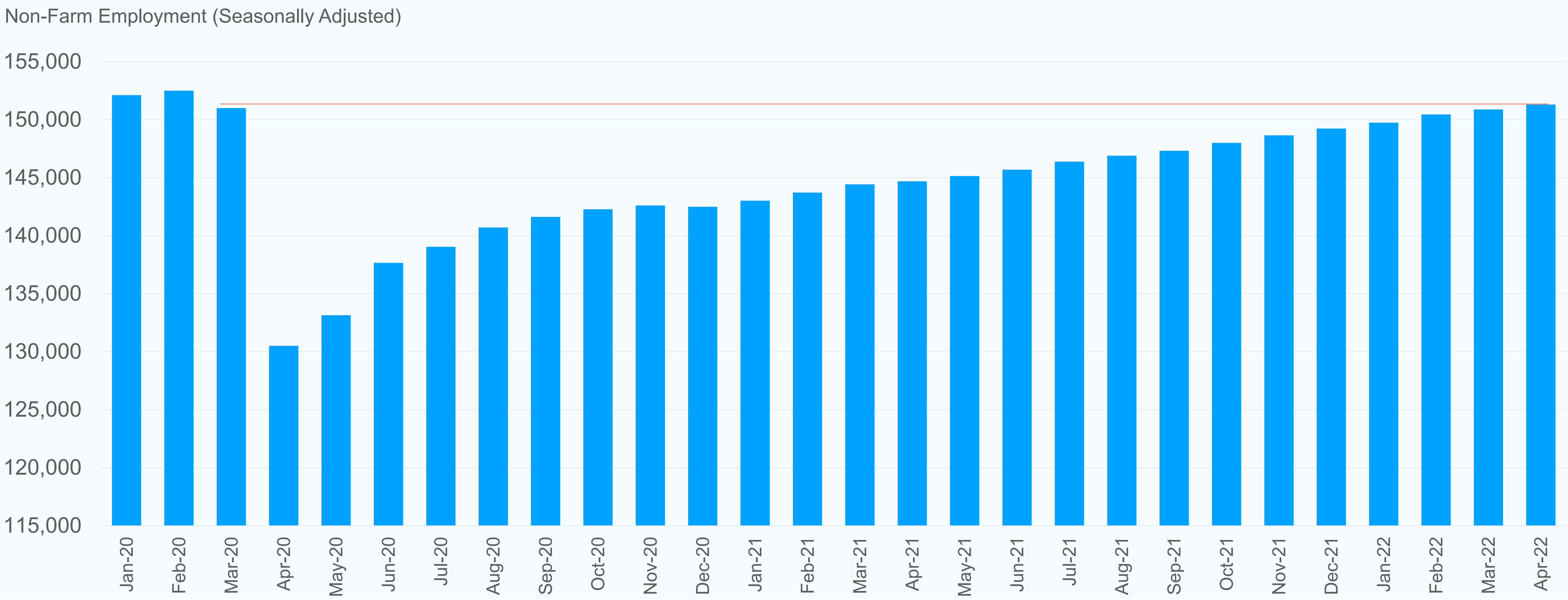
Source: U.S. Bureau of Economic Analysis

Personal Consumer Expenditures



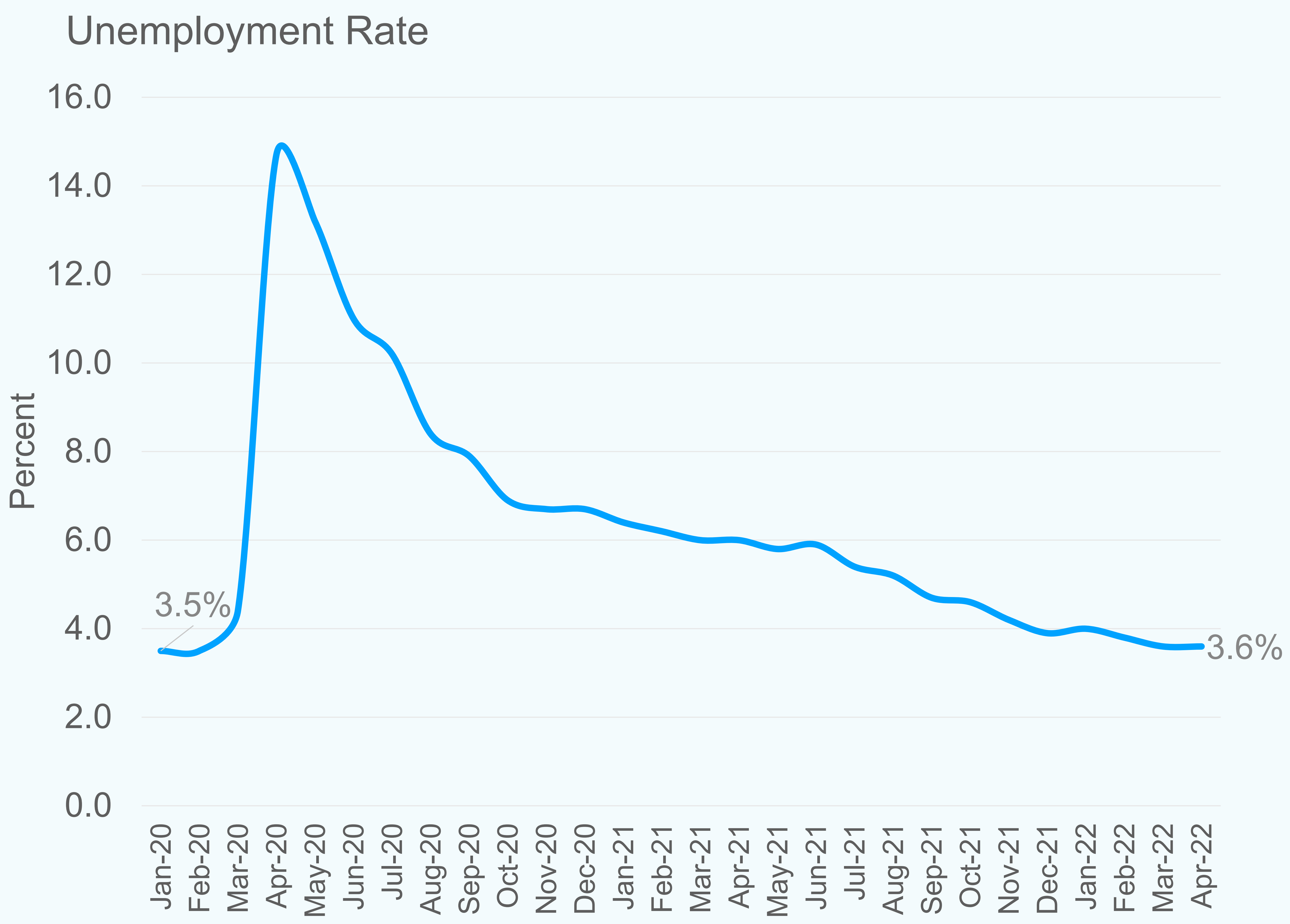
Source: U.S. Bureau of Economic Analysis

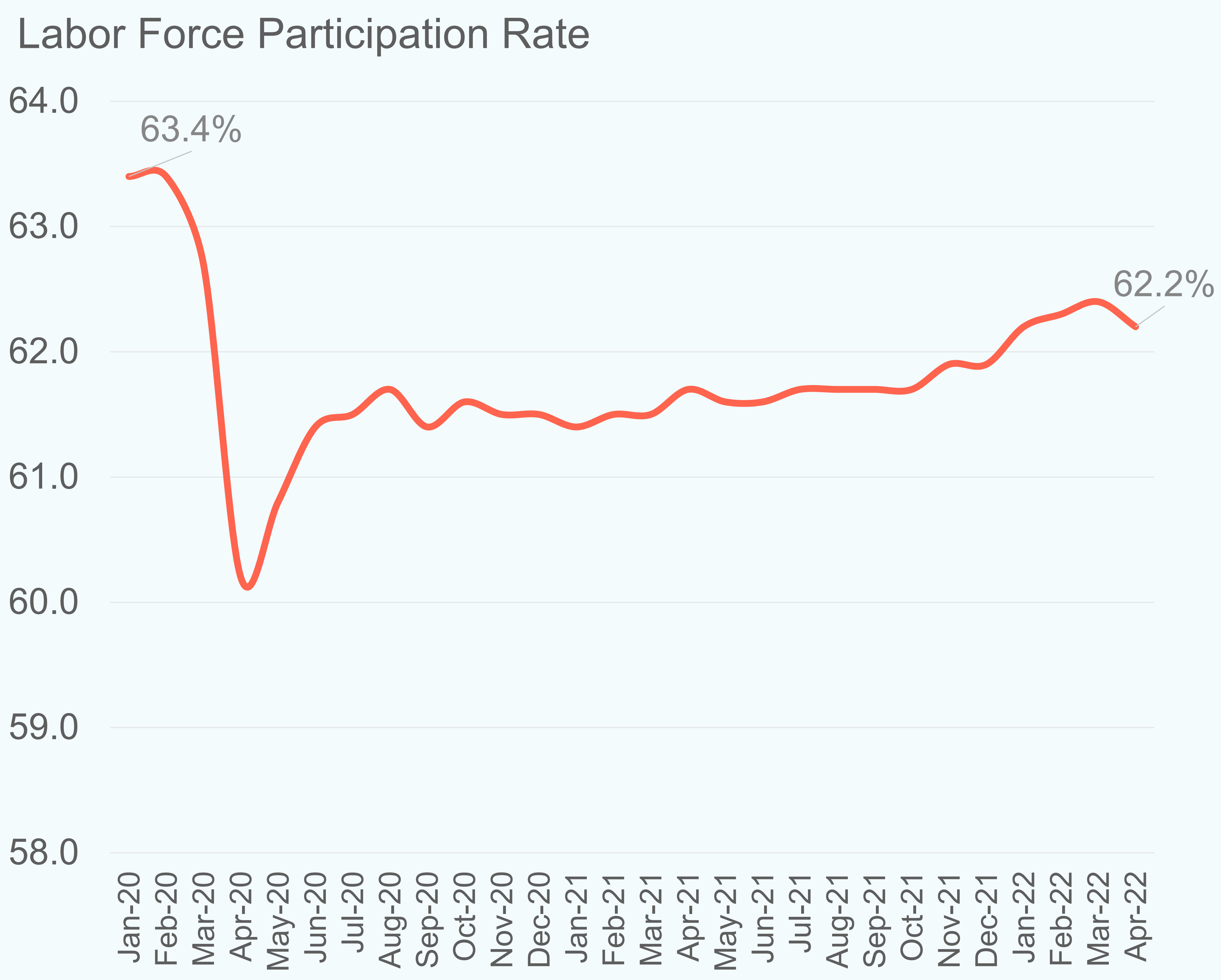
U.S. Employment



Source: U.S. Bureau of Labor Statistics

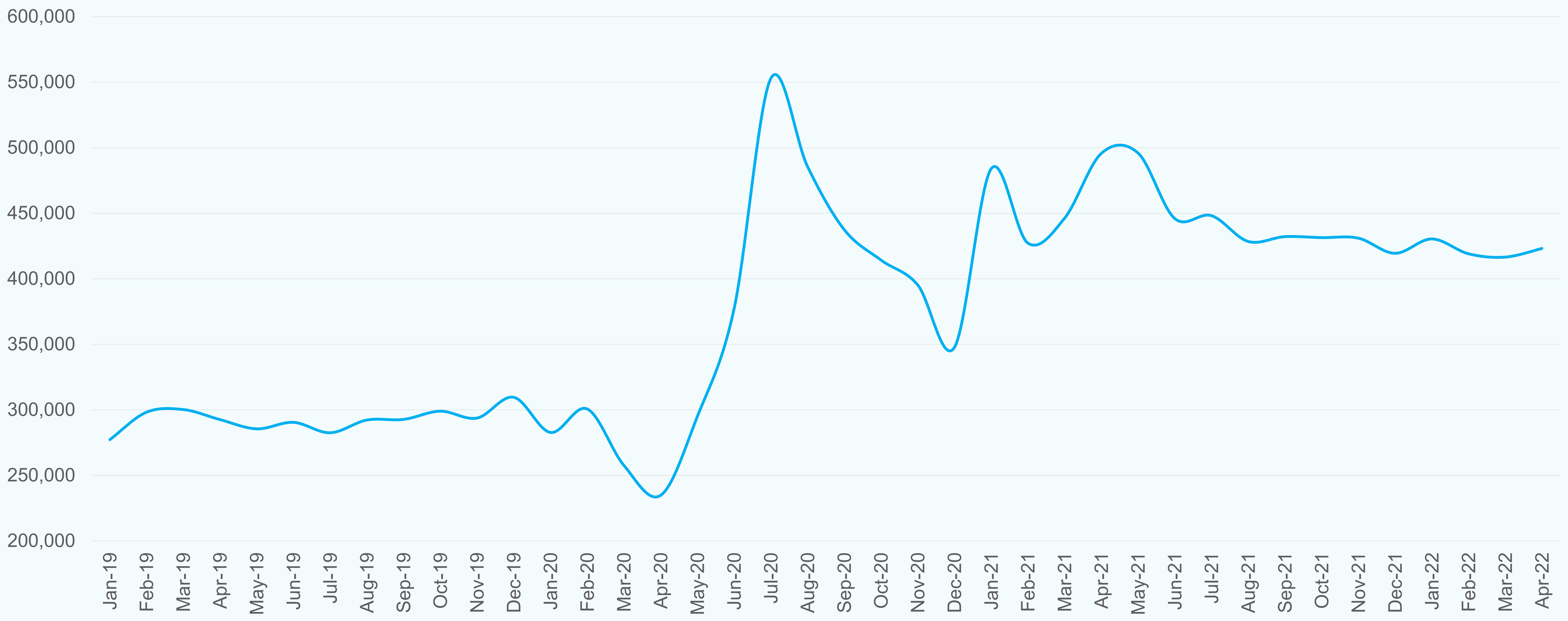
U.S. Labor Force





Source: U.S. Bureau of Labor Statistics

New Business Formations

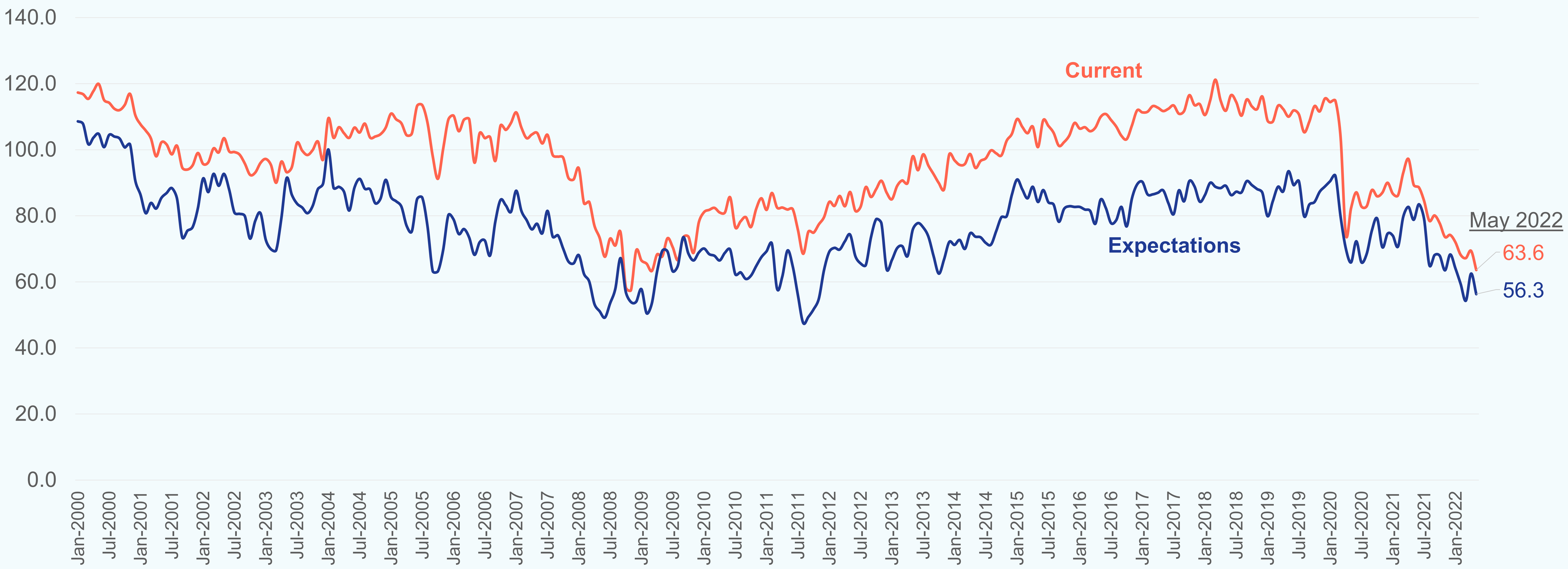


Source: U.S. Census Bureau

Corporate Profits

Source: U.S. Bureau of Economic Analysis

Consumer Sentiment



Source: University of Michigan

Inflation

Source: U.S. Bureau of Labor Statistics

Inflation

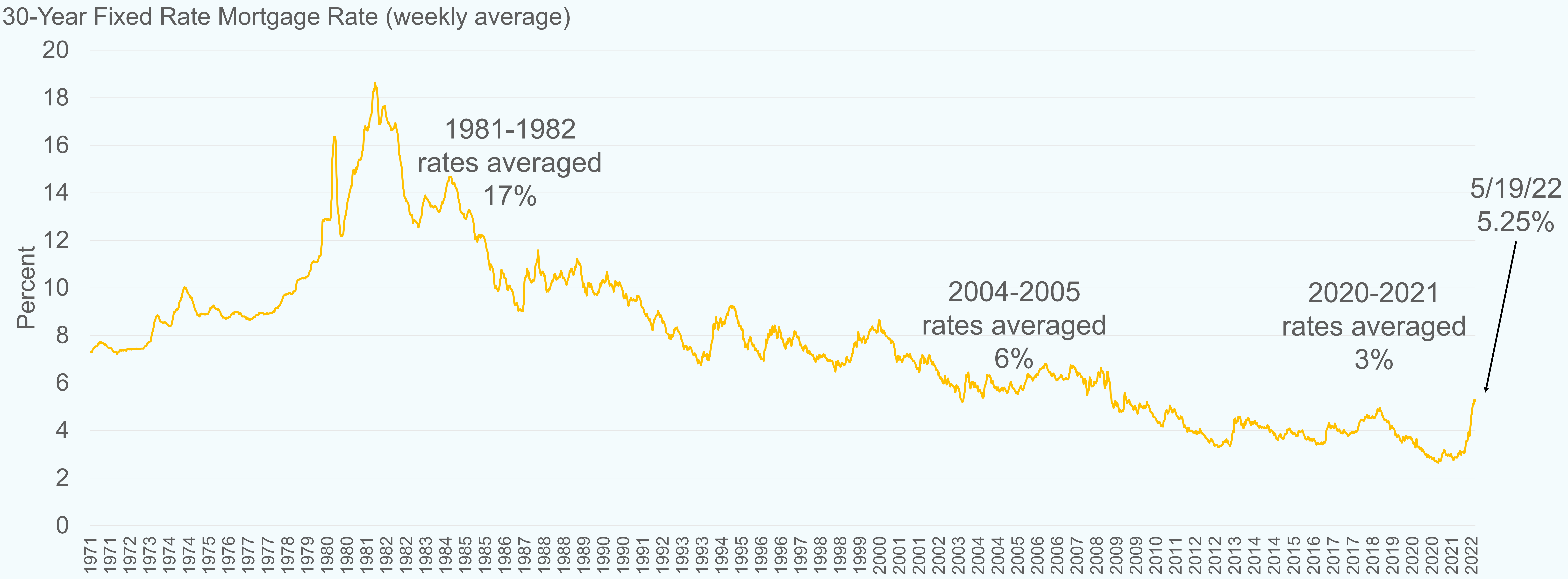
April 2022	
Overall Inflation Rate	+8.3%
Gasoline	+43.6%
Food at Home	+10.8%
Food Away from Home	+7.2%
New Vehicles	+13.2%
Used Vehicles	+22.7%
Shelter	+5.1%

Source: U.S. Bureau of Labor Statistics

Federal Reserve Raises Short-Term Interest Rates

Source: Federal Reserve

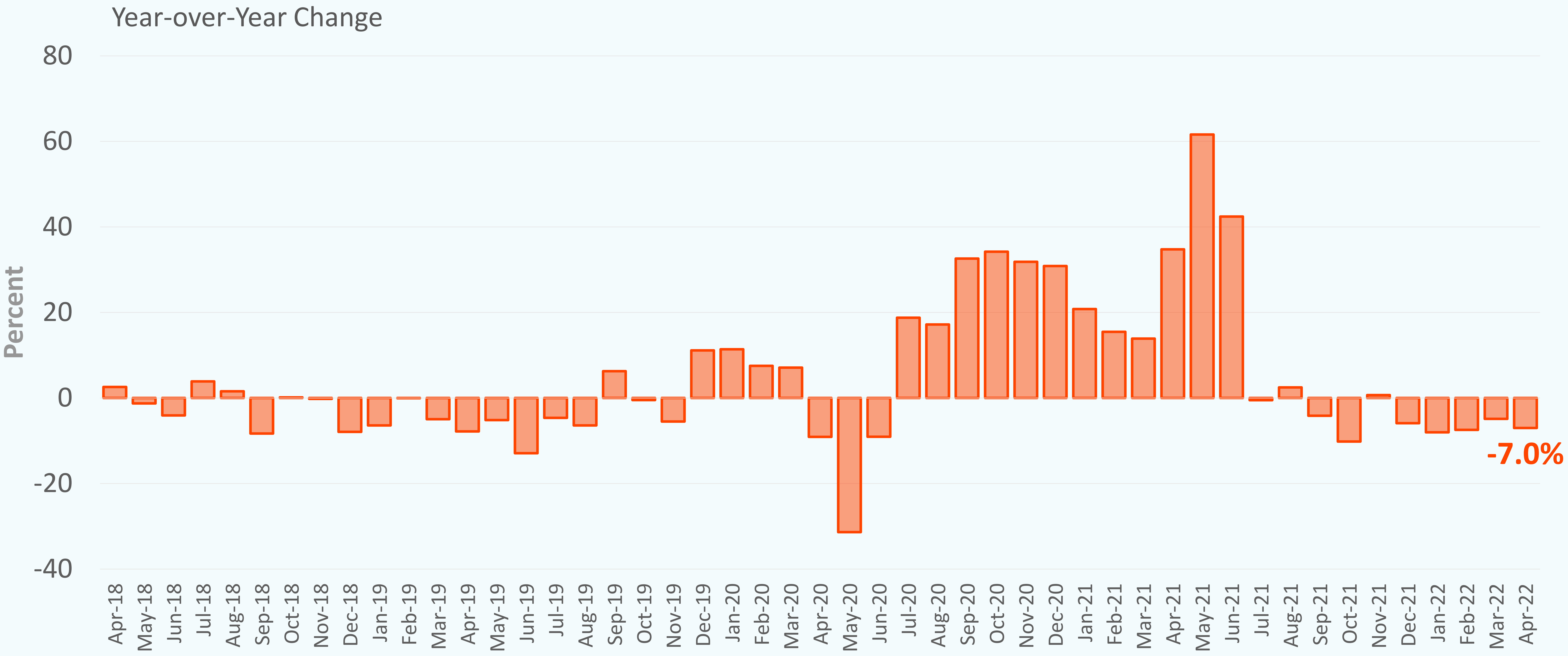
Long-Term Mortgage Rates



Source: Freddie Mac

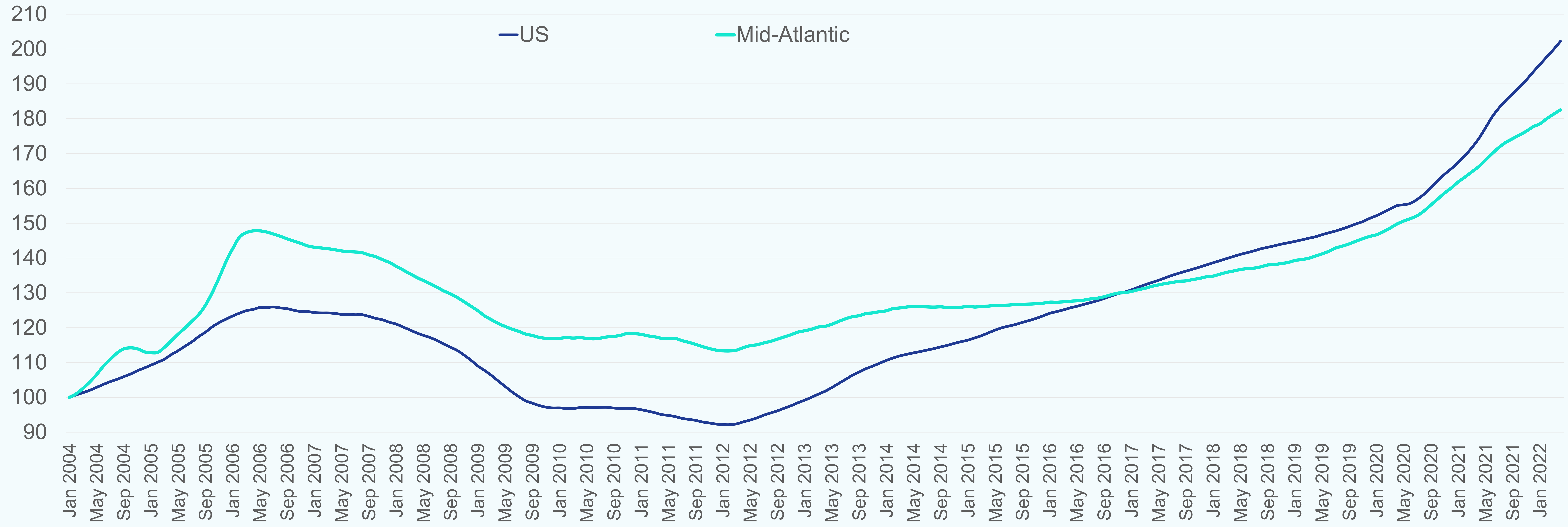
Housing Market

Mid-Atlantic Closed Sales

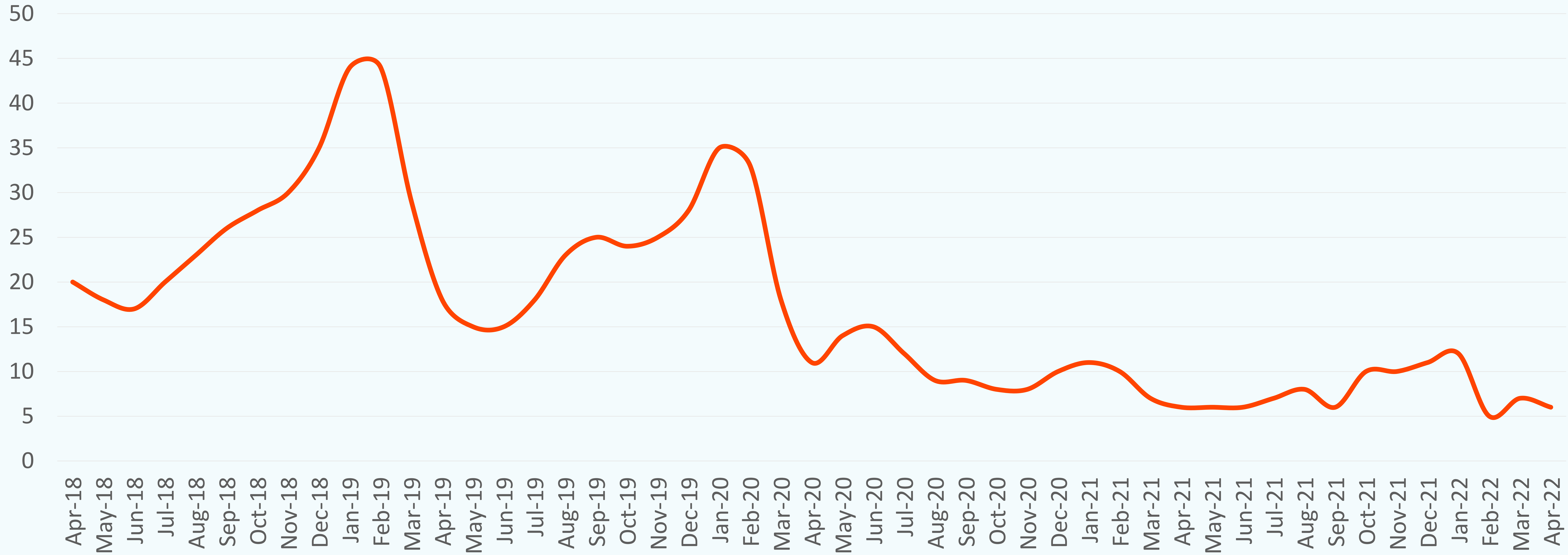


Home Price Growth

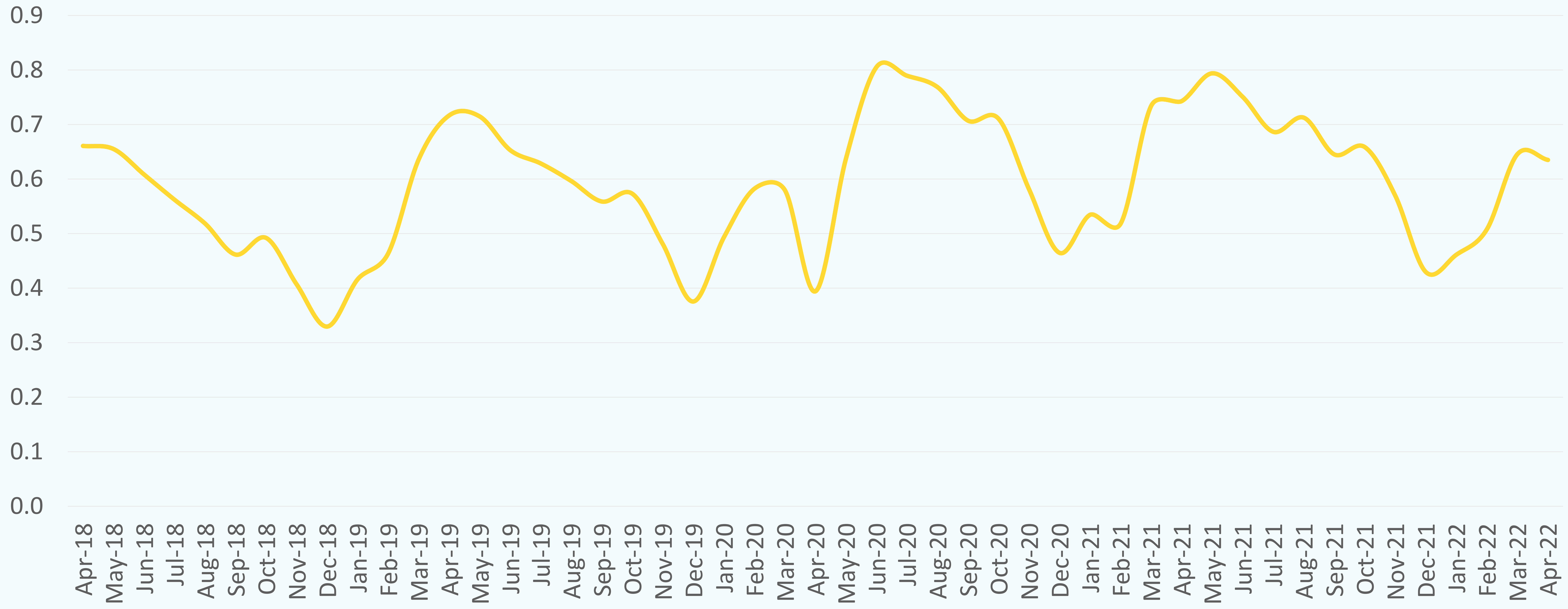
Home Price Index, 12-month moving average (Jan 2004 = 100)



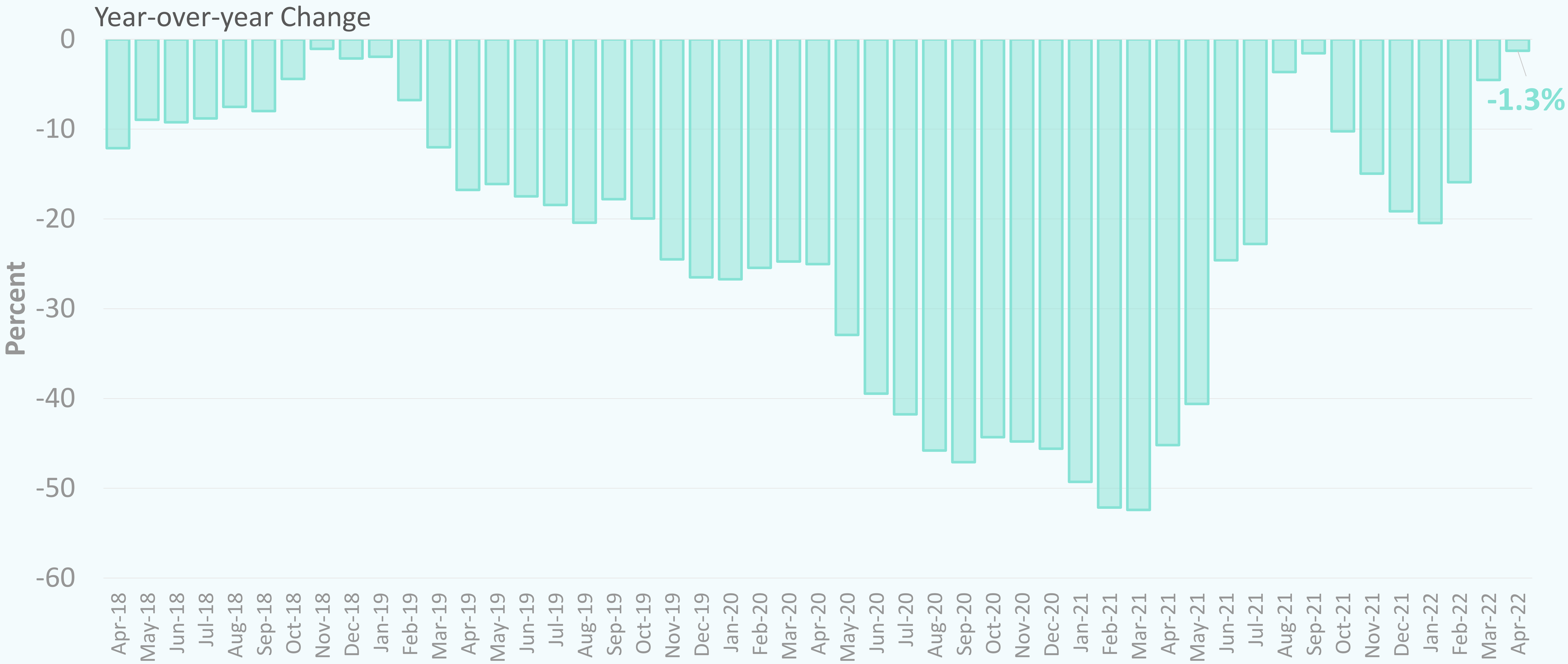
Mid-Atlantic Median Days on Market



Mid-Atlantic Ratio of New Pending Sales to New Listings

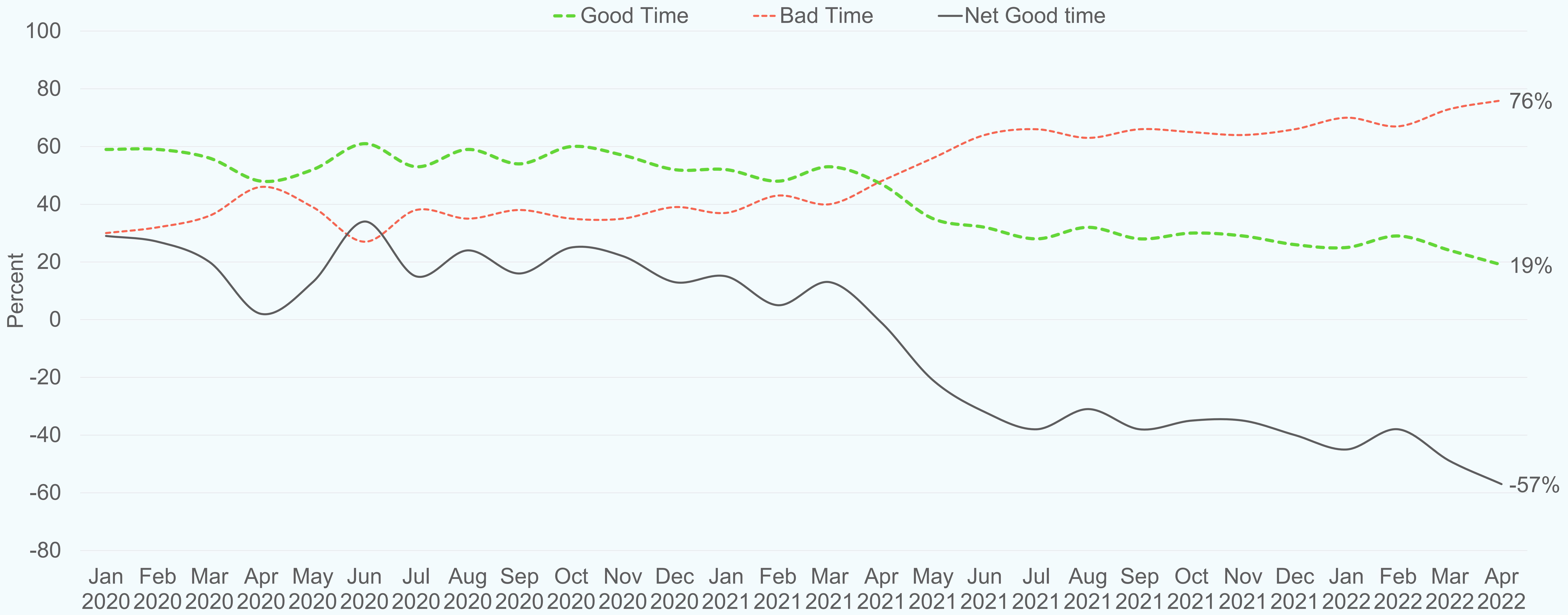


Mid-Atlantic Inventory



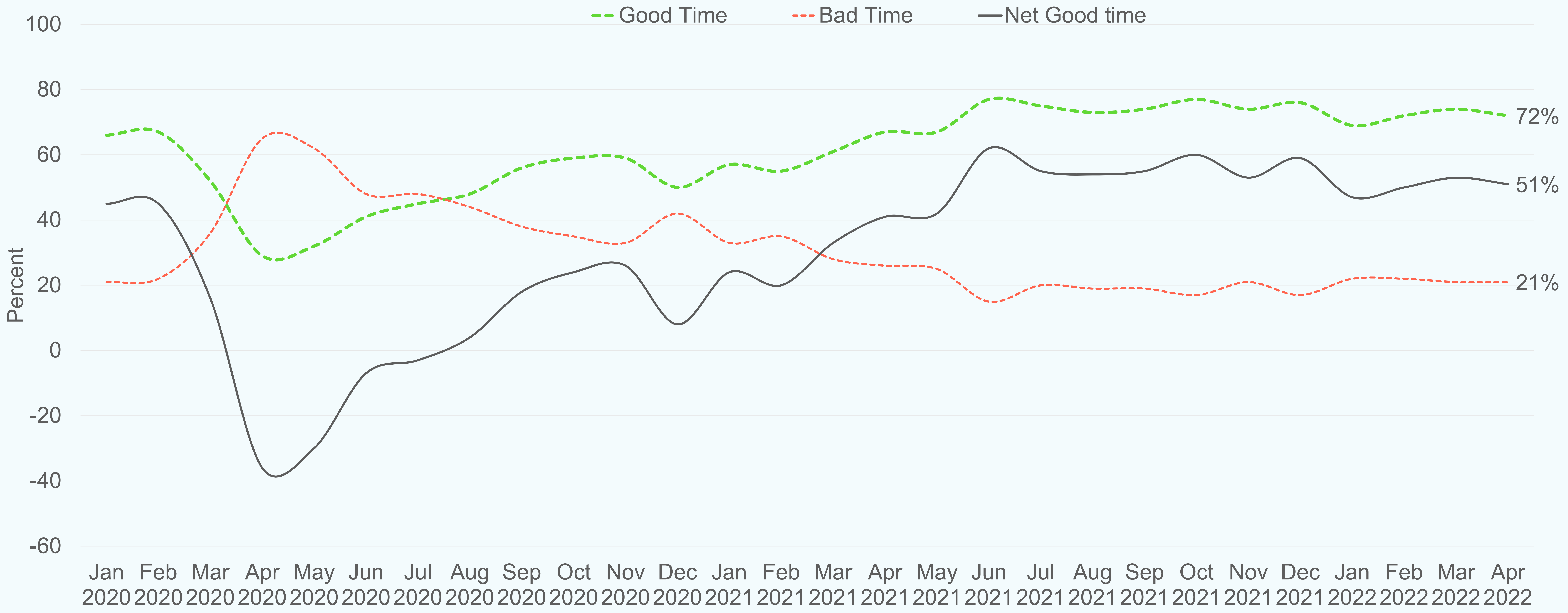
Outlook

Is Now a Good Time to Buy a Home?



Source: Fannie Mae

Is Now a Good Time to Sell a Home?



Source: Fannie Mae

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Outlook for the Rest of 2022

Favorable demographics

Job and income growth

Rising mortgage rates

Persistently high inflation

Growing affordability challenges

Recession risks growing*

Outlook for the Rest of 2022

Key takeaways for the rest of the year:

- Home sales will be flat or lower compared to a year ago
- Prices will continue to rise, but at a slower pace
- Inventory will expand as new contract activity slows
- Higher-cost markets will be more resilient in the near-term
- This is not 2008

Virginia REALTORS®

GreaterPiedmont REALTORS®

Housing Market Update and Outlook for 2022

Greater Piedmont Economic Summit

June 2, 2022

Ryan Price
Chief Economist
Virginia REALTORS®

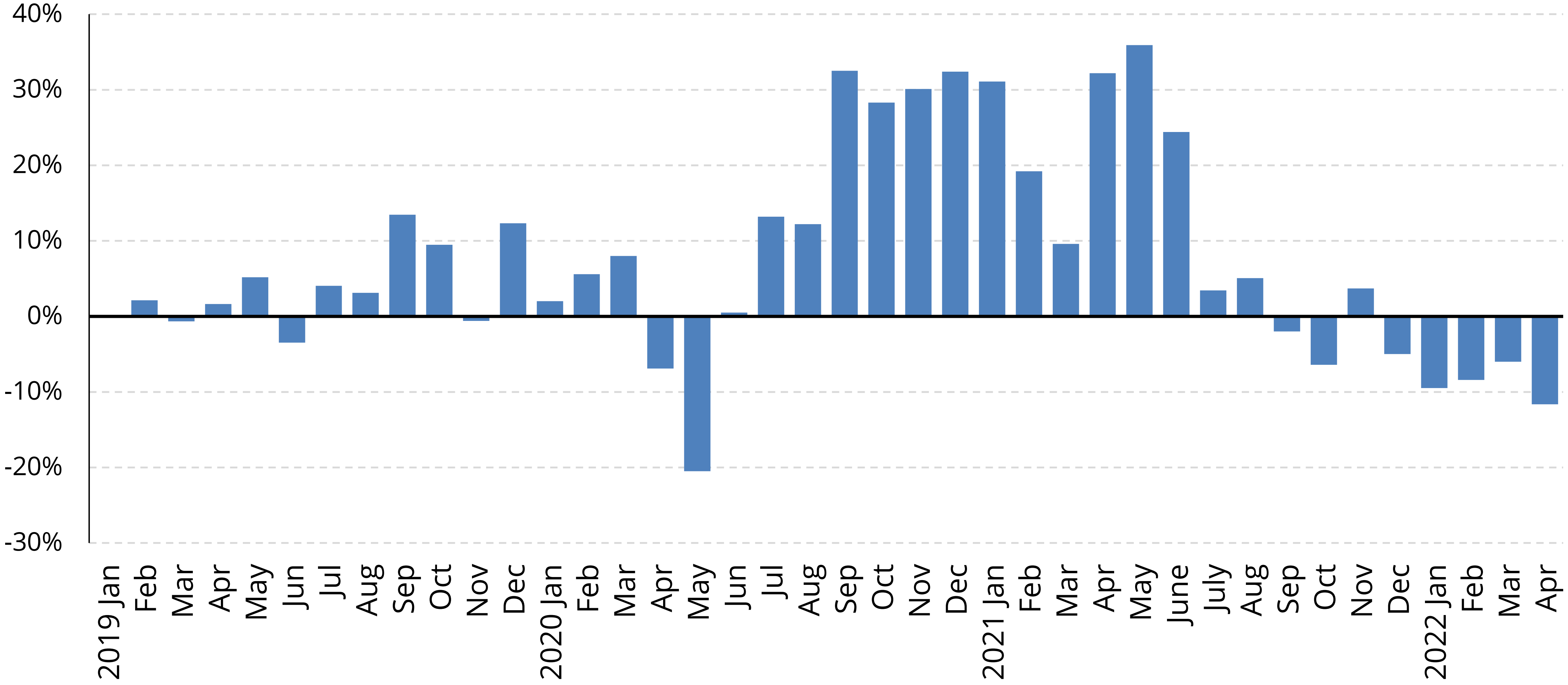
Virginia

Statewide

Housing Market Trends

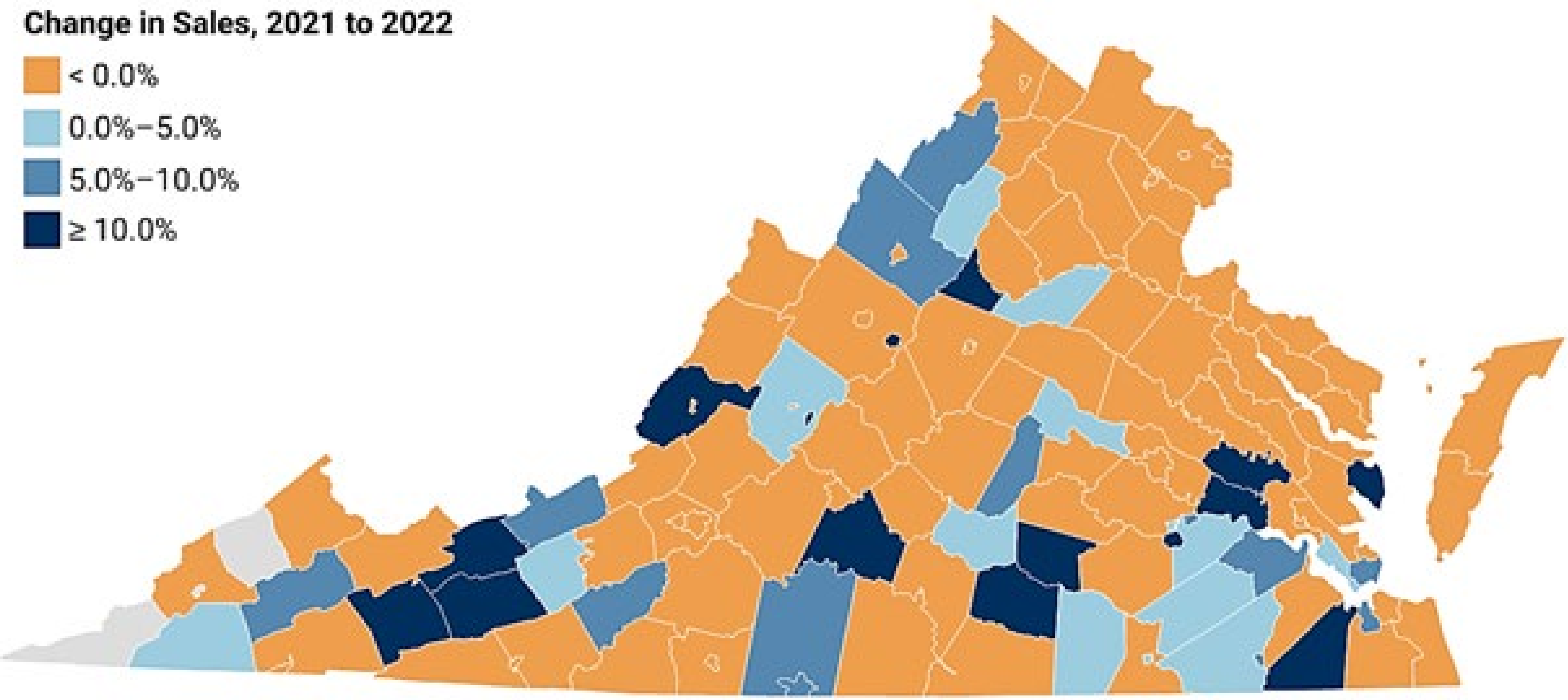
Virginia Home Sales

Y-o-Y Change in Monthly Home Sales



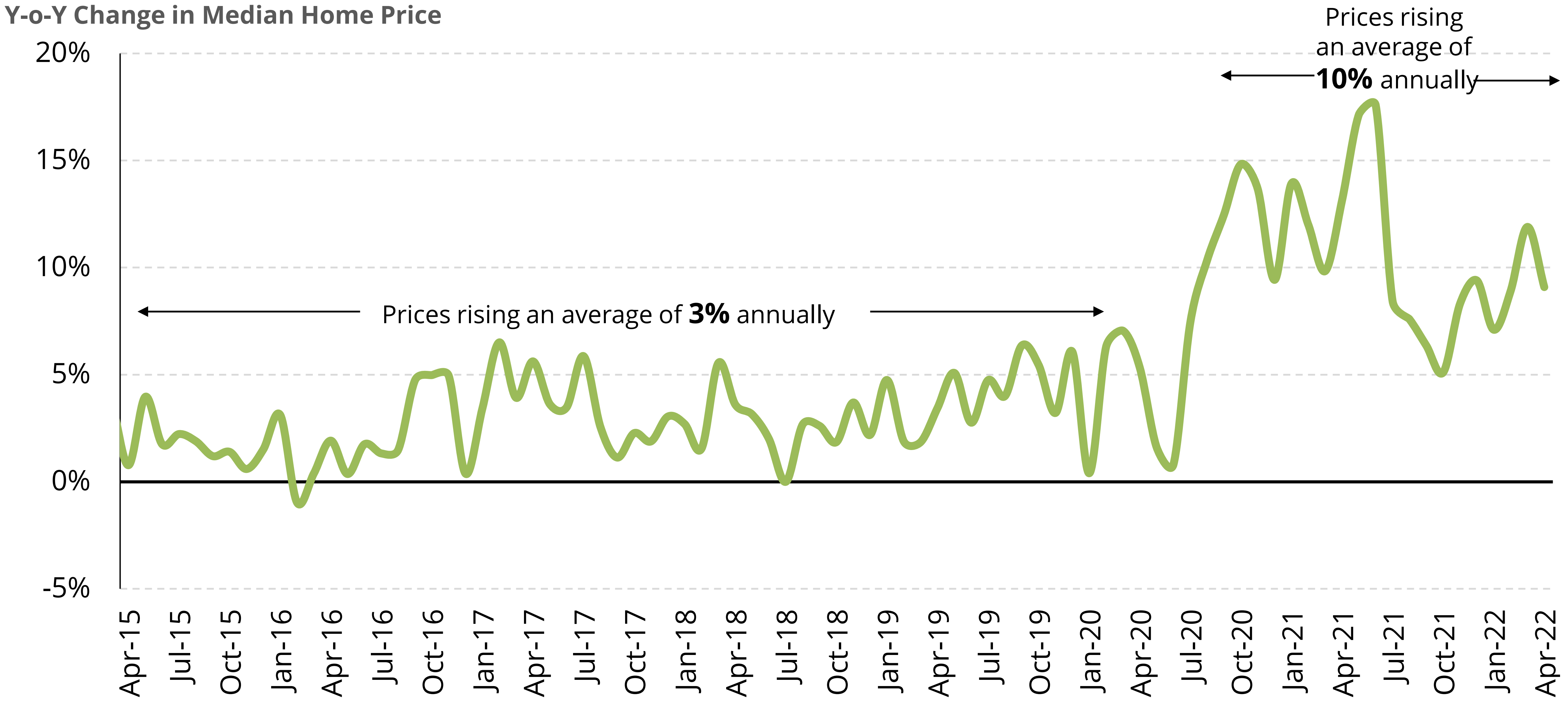
Source: Virginia REALTORS®

Homes Sales (April Year-to-Date)



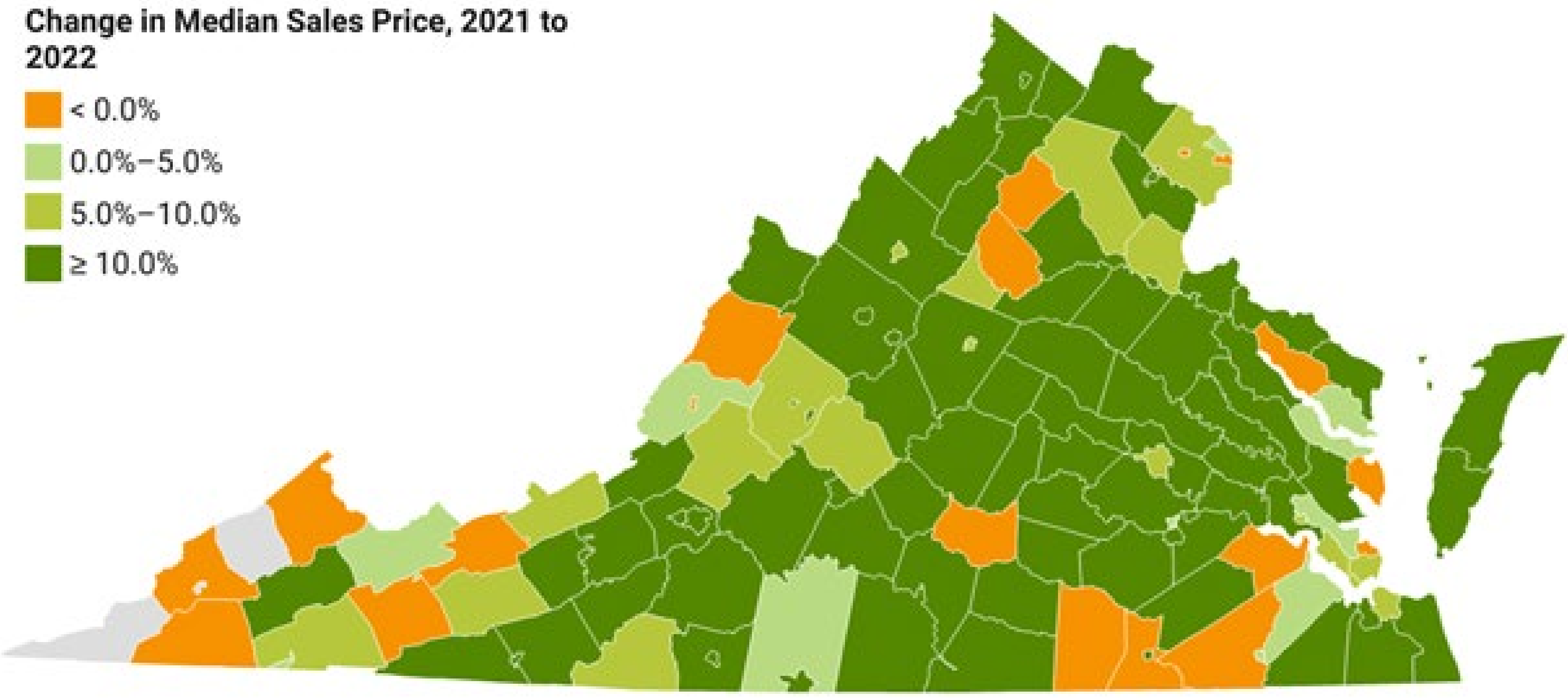
Source: Virginia REALTORS®

Virginia Home Prices



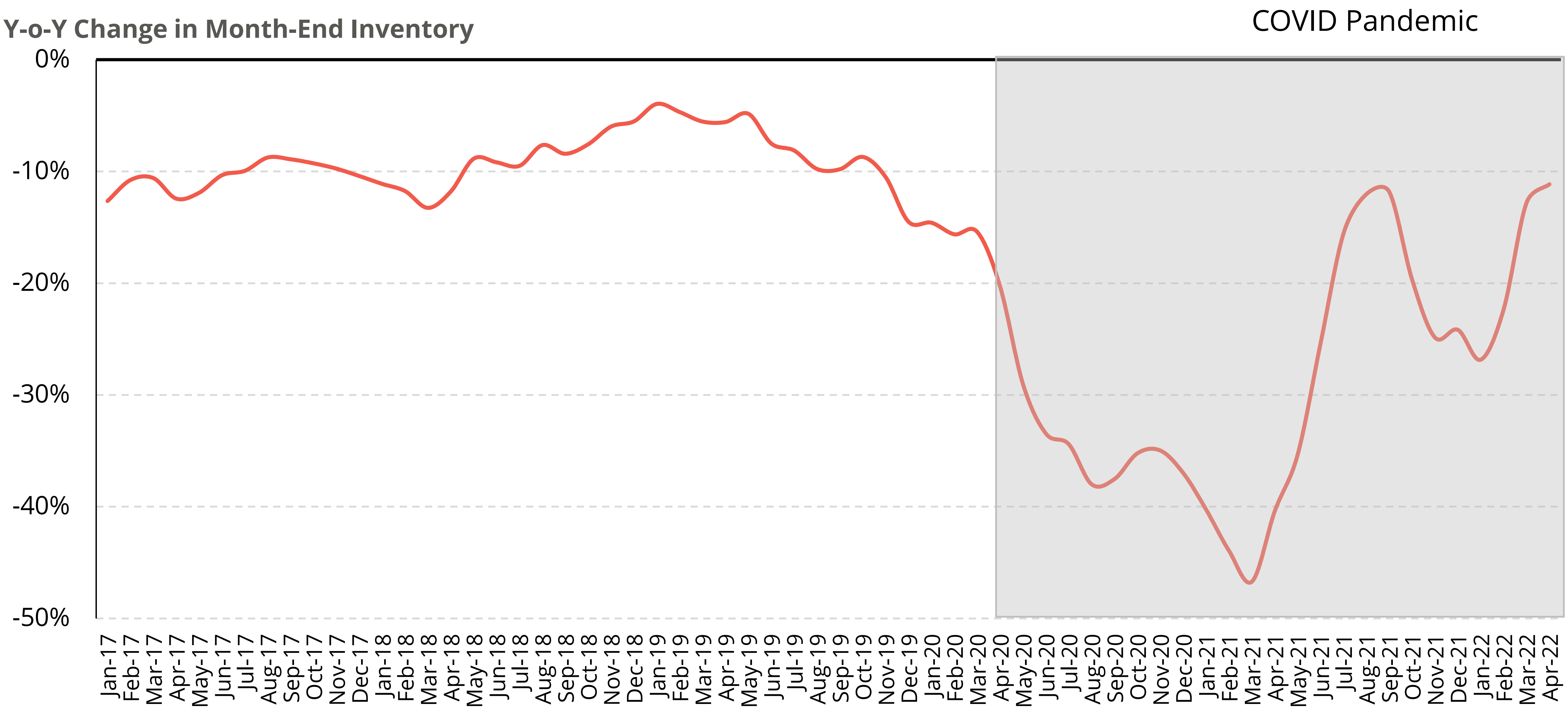
Source: Virginia REALTORS®

Home Prices (April Year-to-Date)



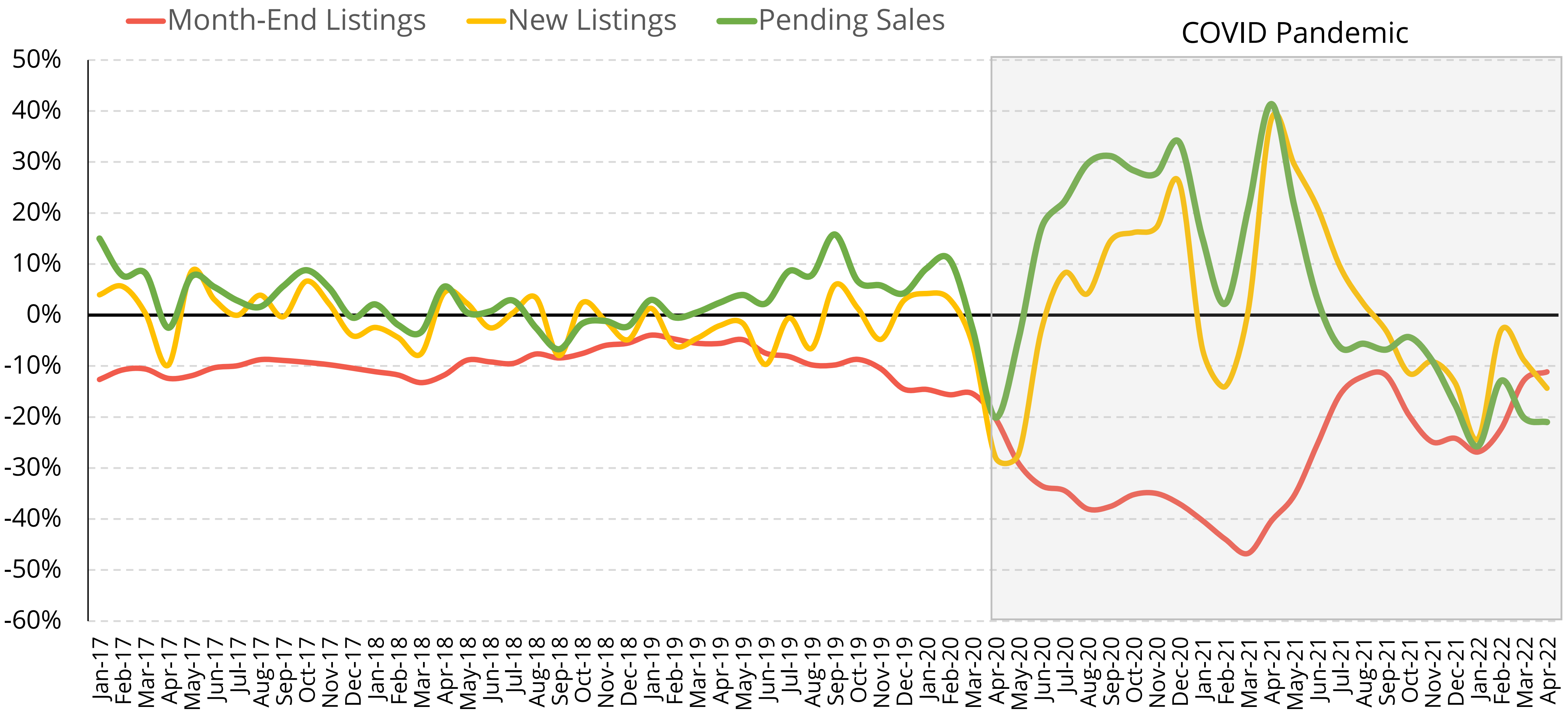
Source: Virginia REALTORS®

Inventory



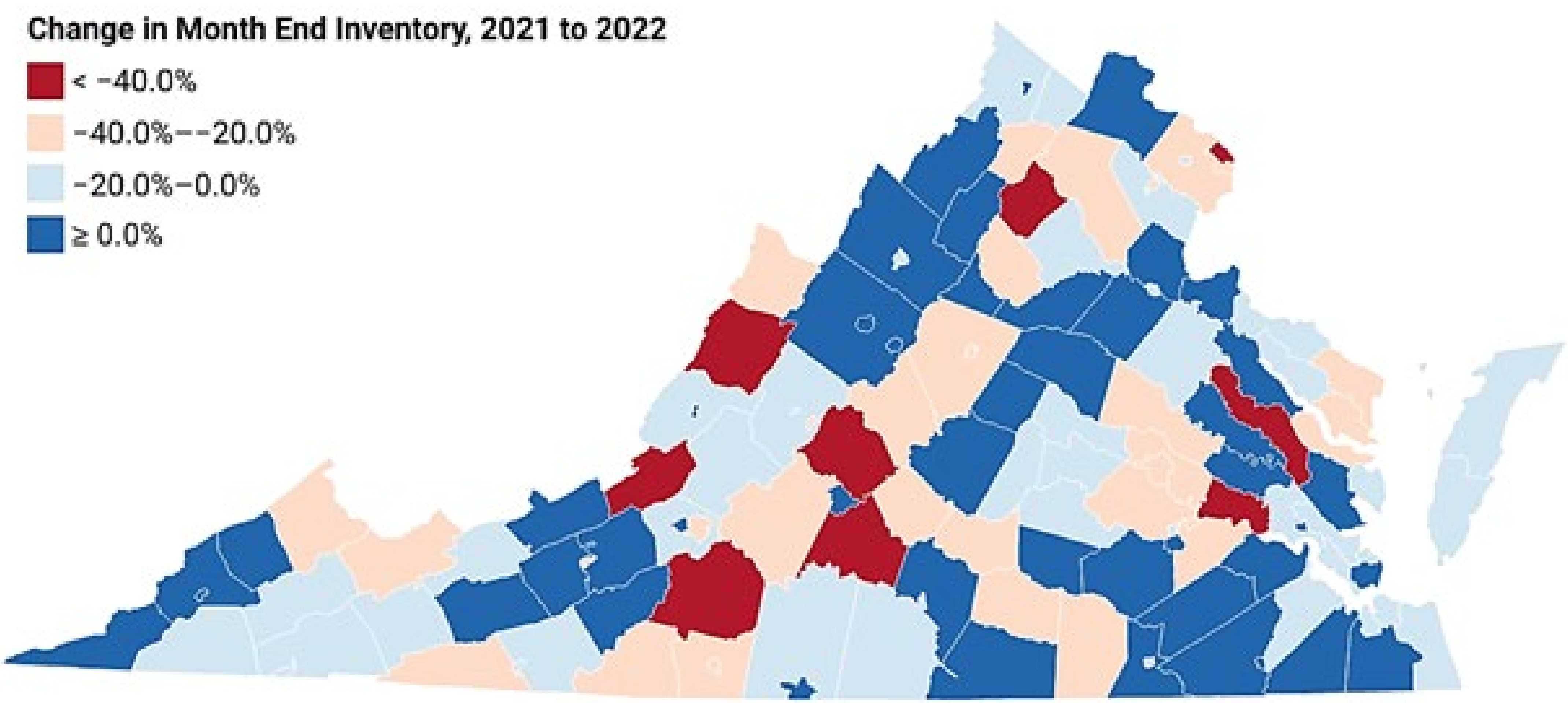
Source: Virginia REALTORS®

Housing Market Flows
Virginia



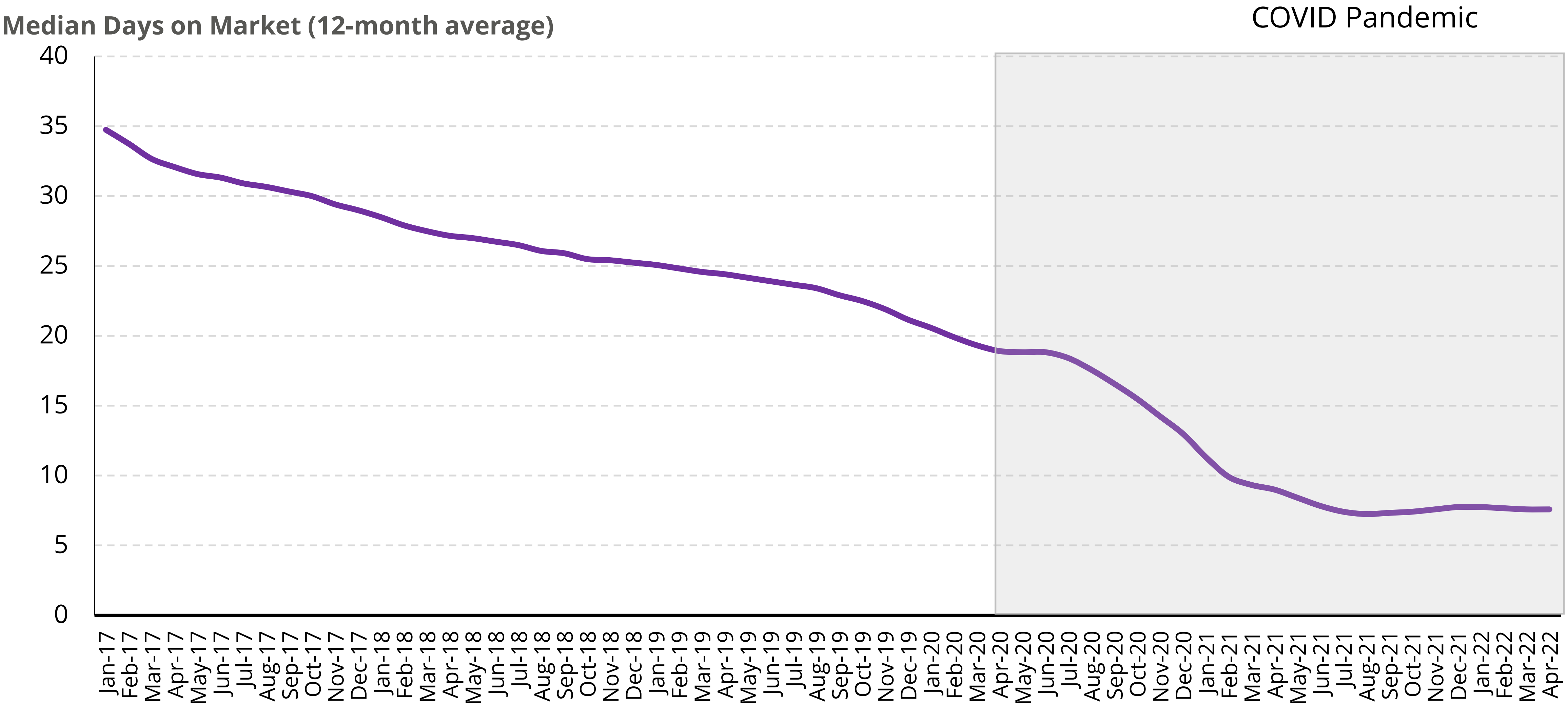
Source: Virginia REALTORS®

Inventory (End of April)



Source: Virginia REALTORS®

Median Days on Market
Virginia



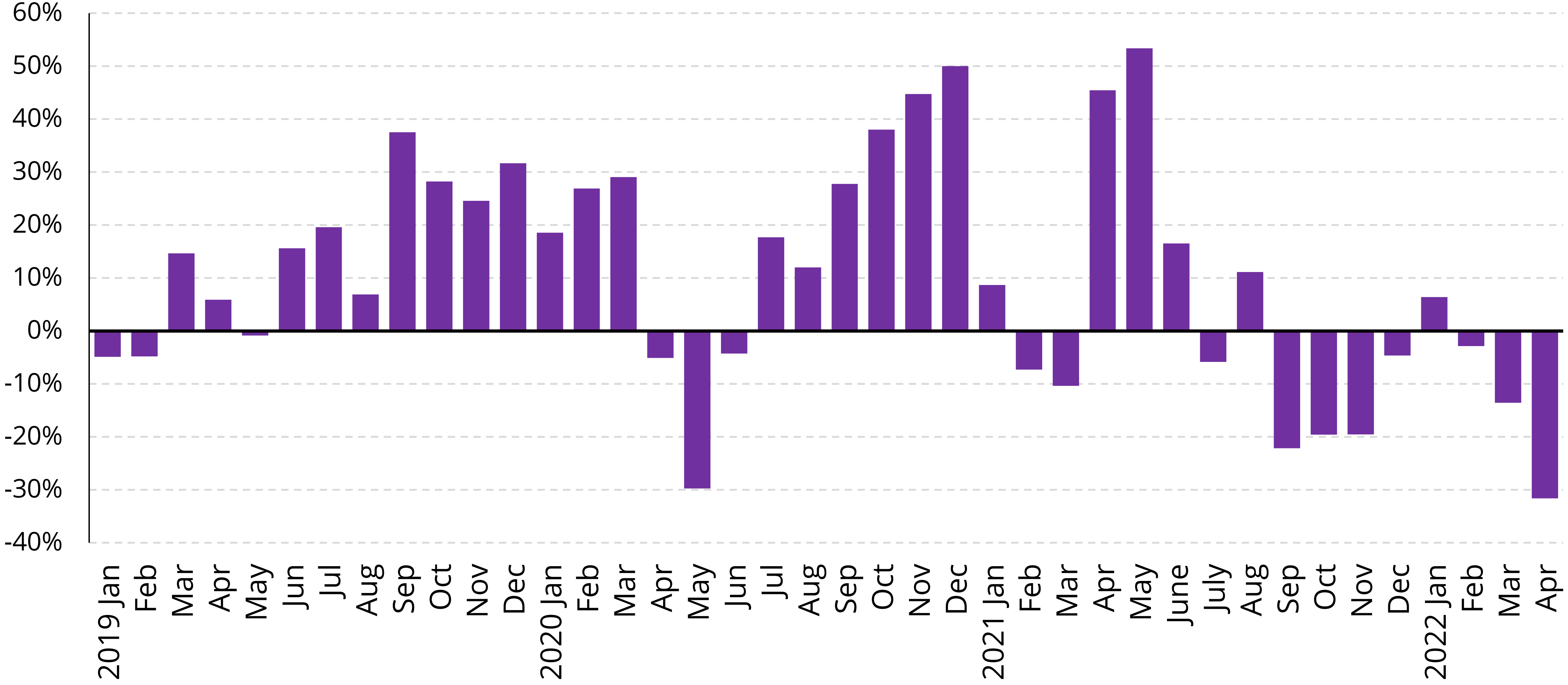
Source: Virginia REALTORS®

Greater Piedmont Region

Housing Market Trends

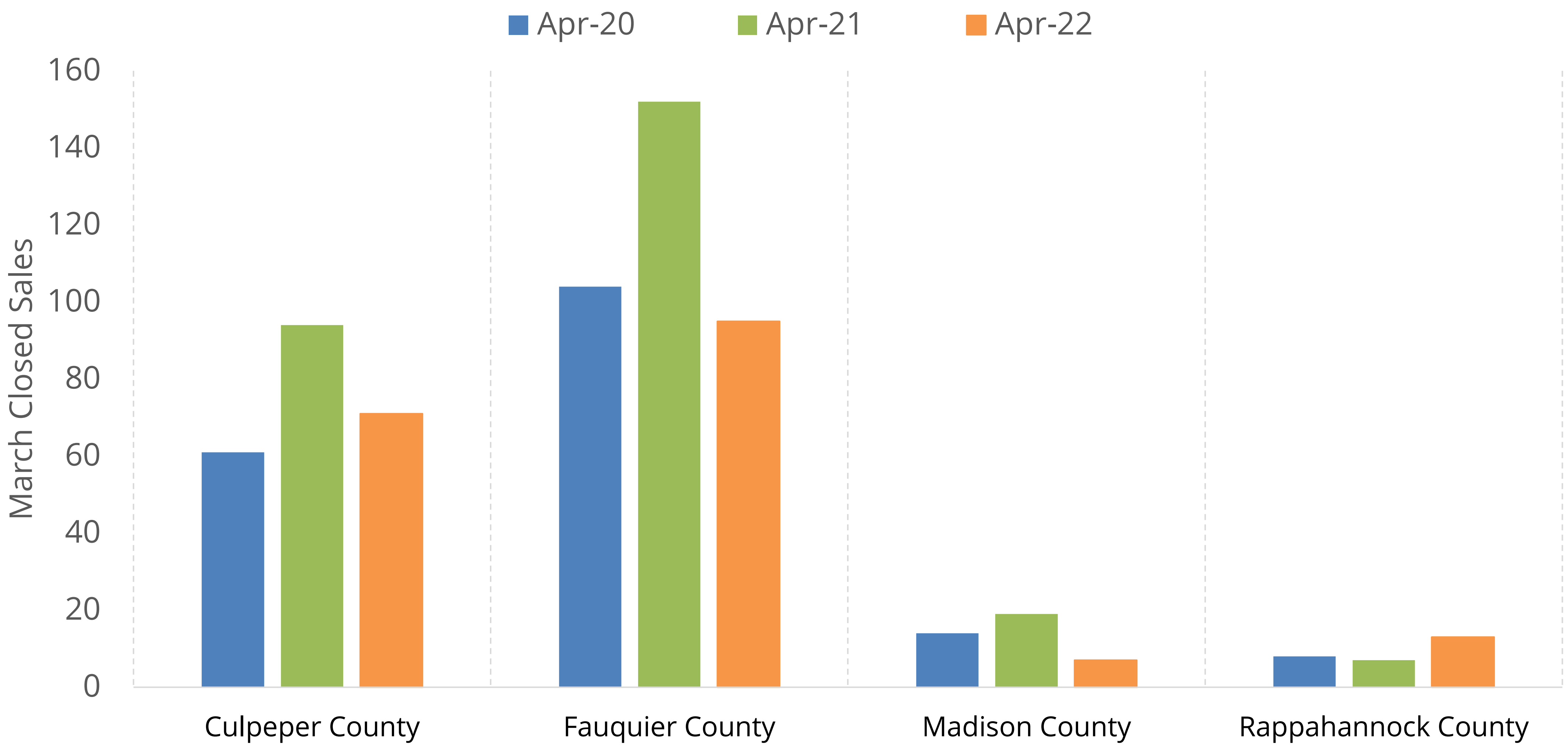
Home Sales – GPR Footprint

Y-o-Y Change in Monthly Home Sales



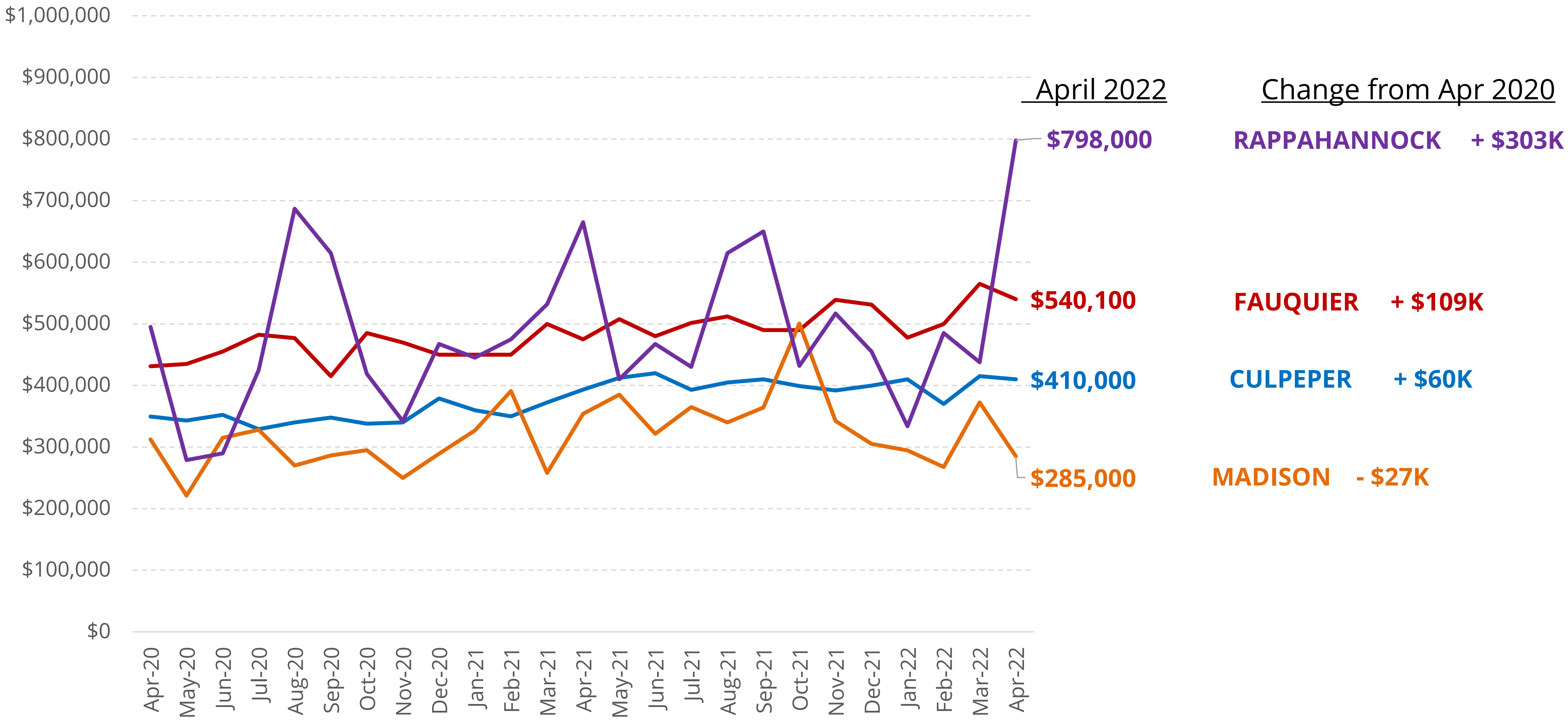
Source: Virginia REALTORS®

Local Home Sales



Source: Virginia REALTORS®

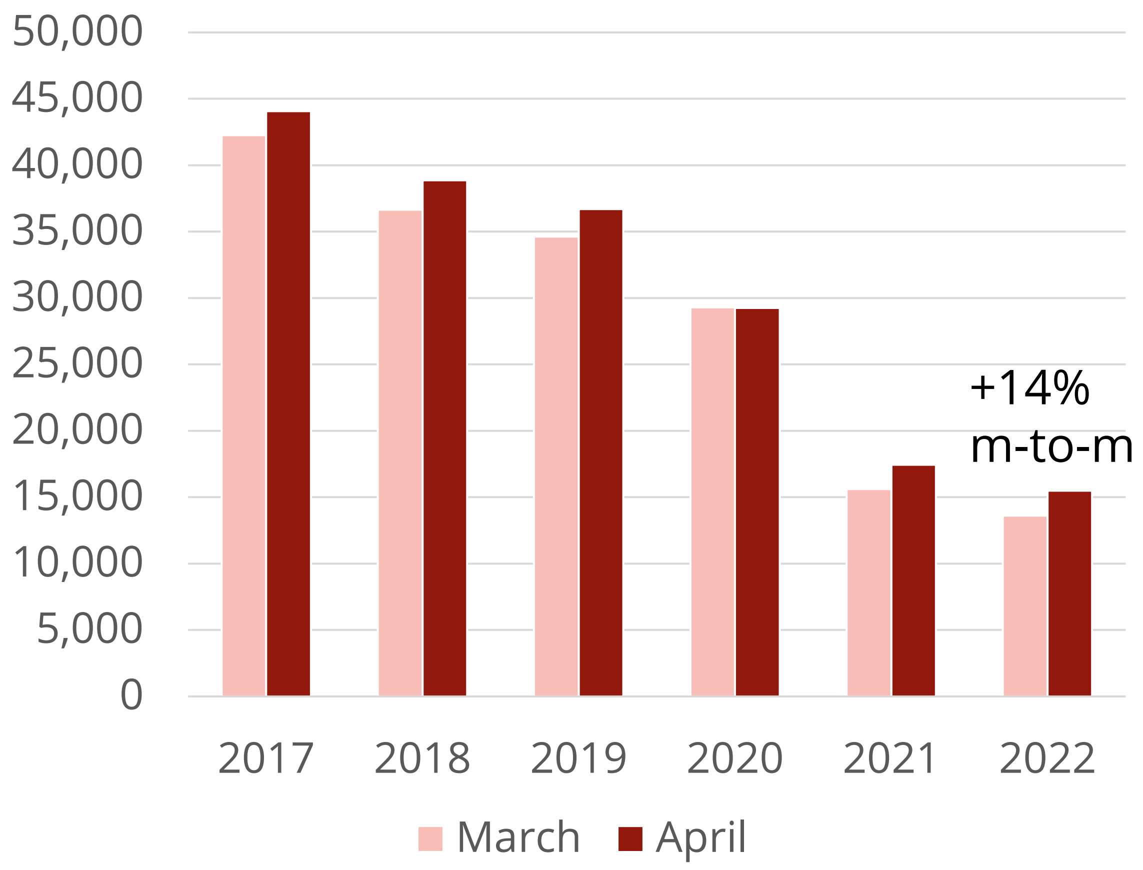
Local Home Prices – Median Sales Price



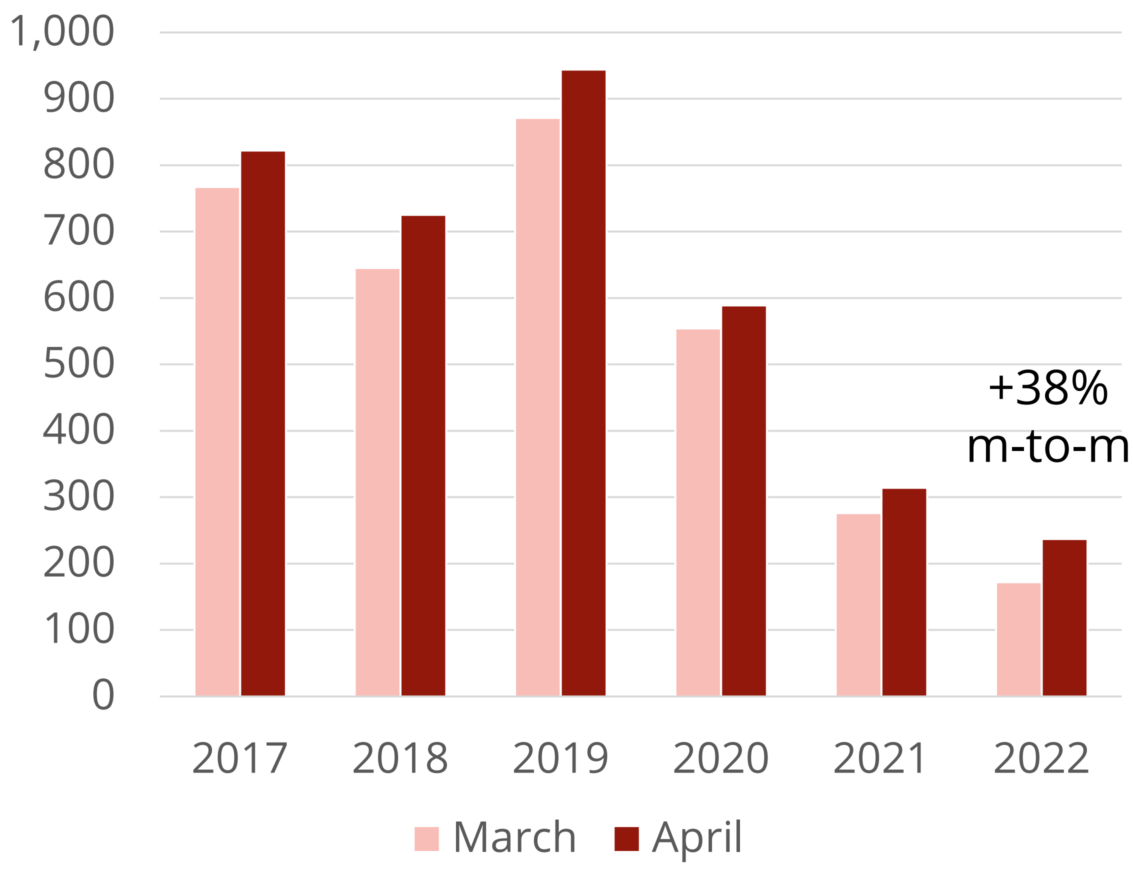
Source: Virginia REALTORS®

Inventory

Virginia Month-End Inventory



GPR Month-End Inventory

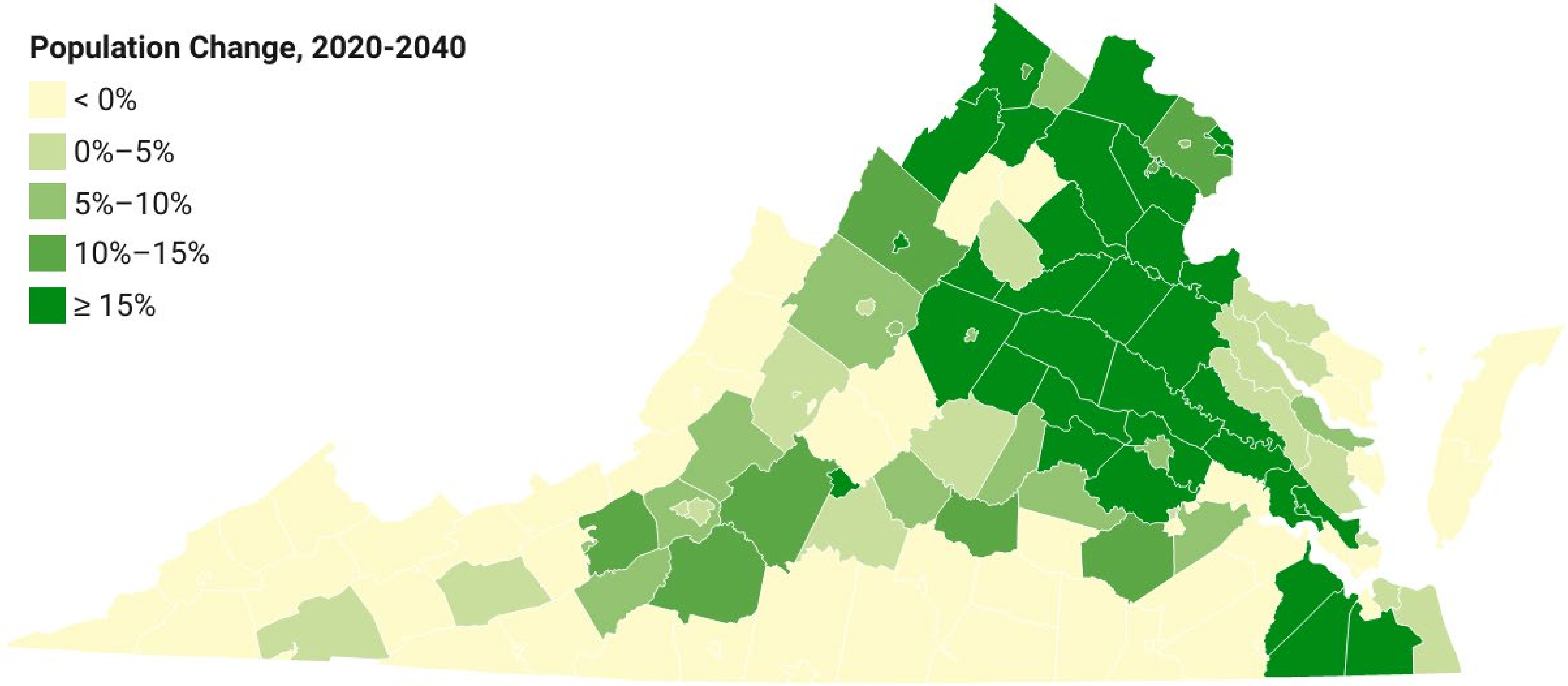


Source: Virginia REALTORS®

Outlook for 2022

Demographics

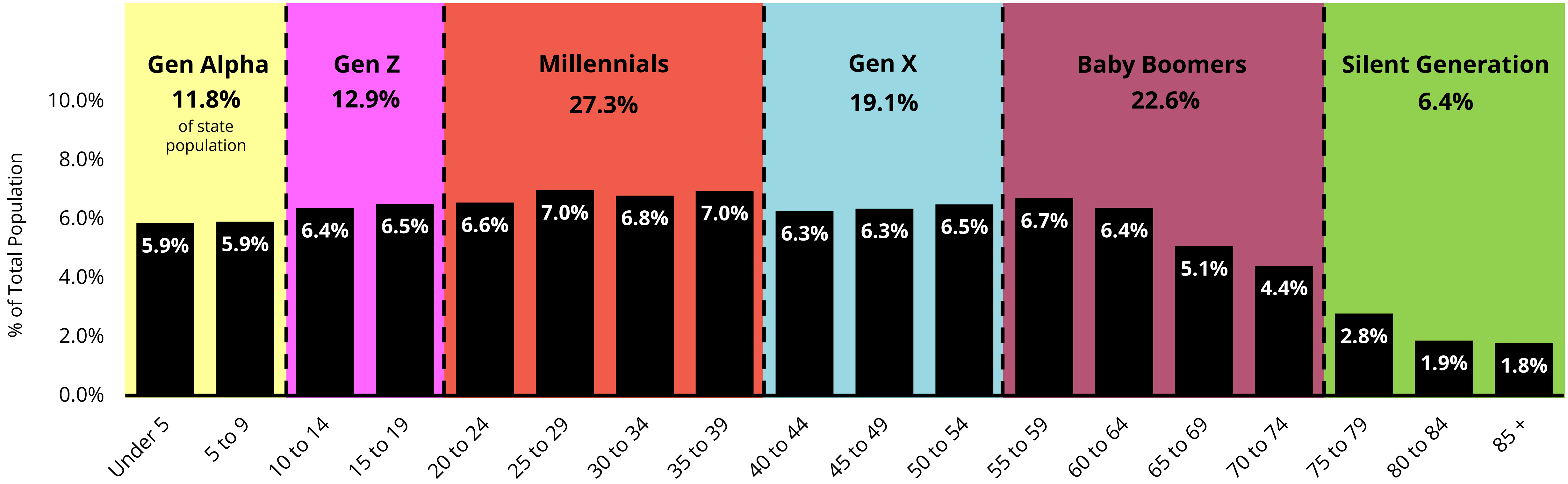
Statewide population projected to increase by 14.2% over the next 20 years



Source: UVA Weldon Cooper Center

Demographics

Age distribution in Virginia (2019)

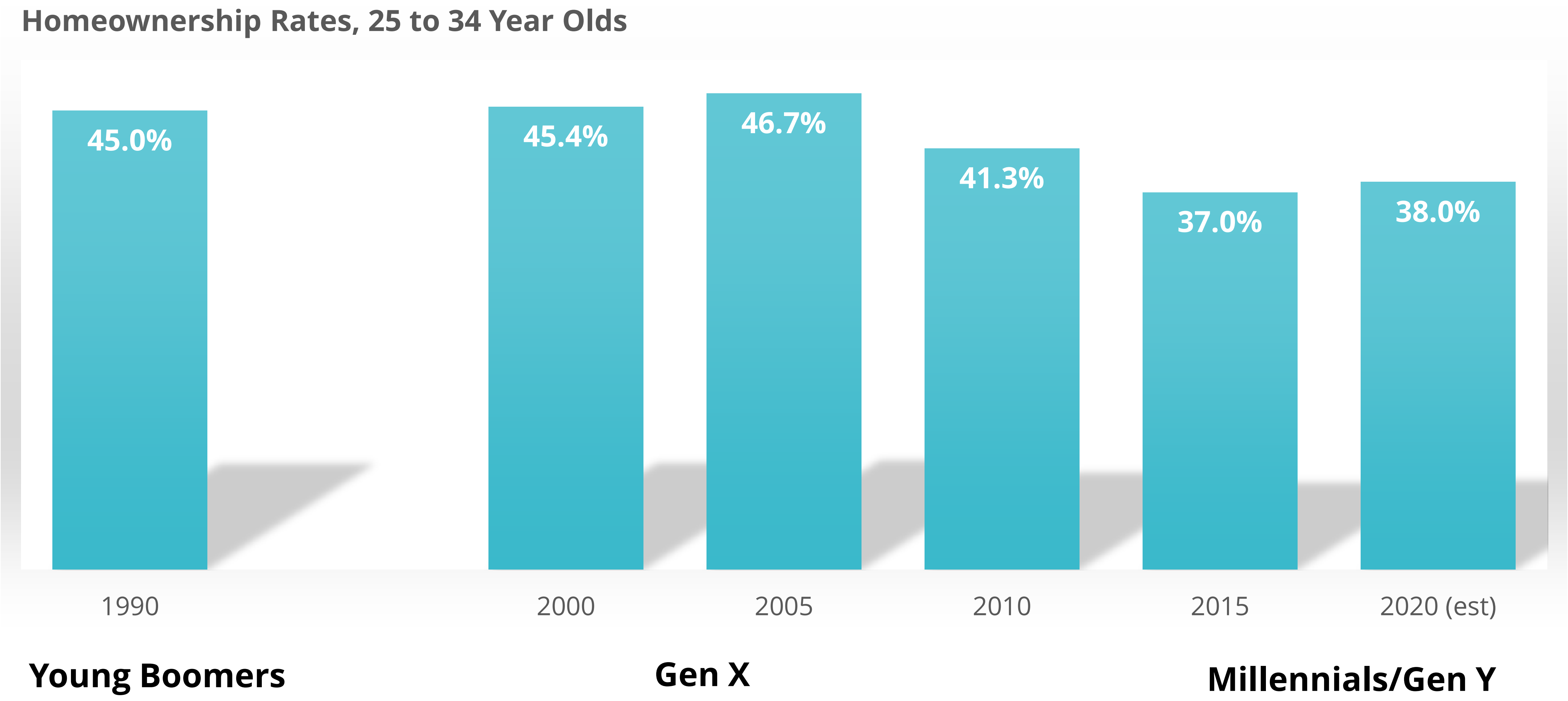


Source: U.S. Census Bureau

Note: Generation age ranges are approximate

Demographics

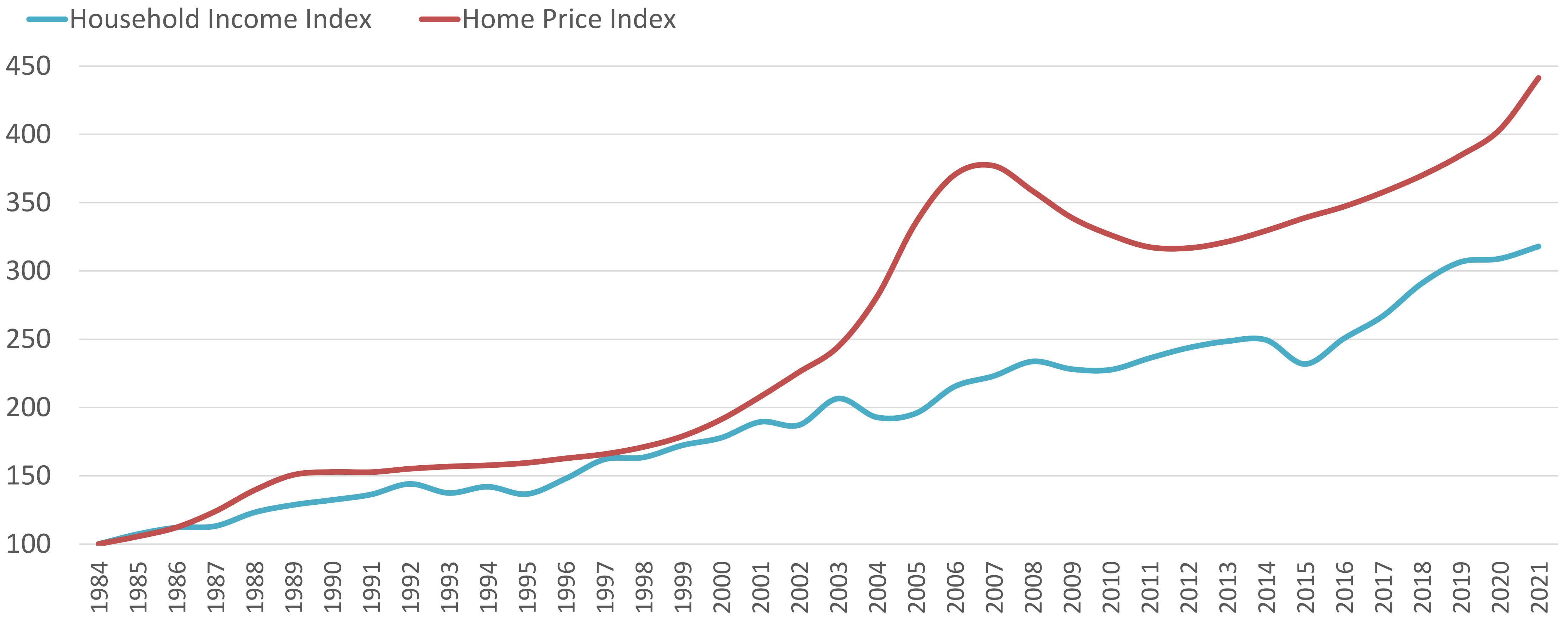
Homeownership rates among Millennials remain relatively low



Source: U.S. Census Bureau, 2019 estimates

Affordability

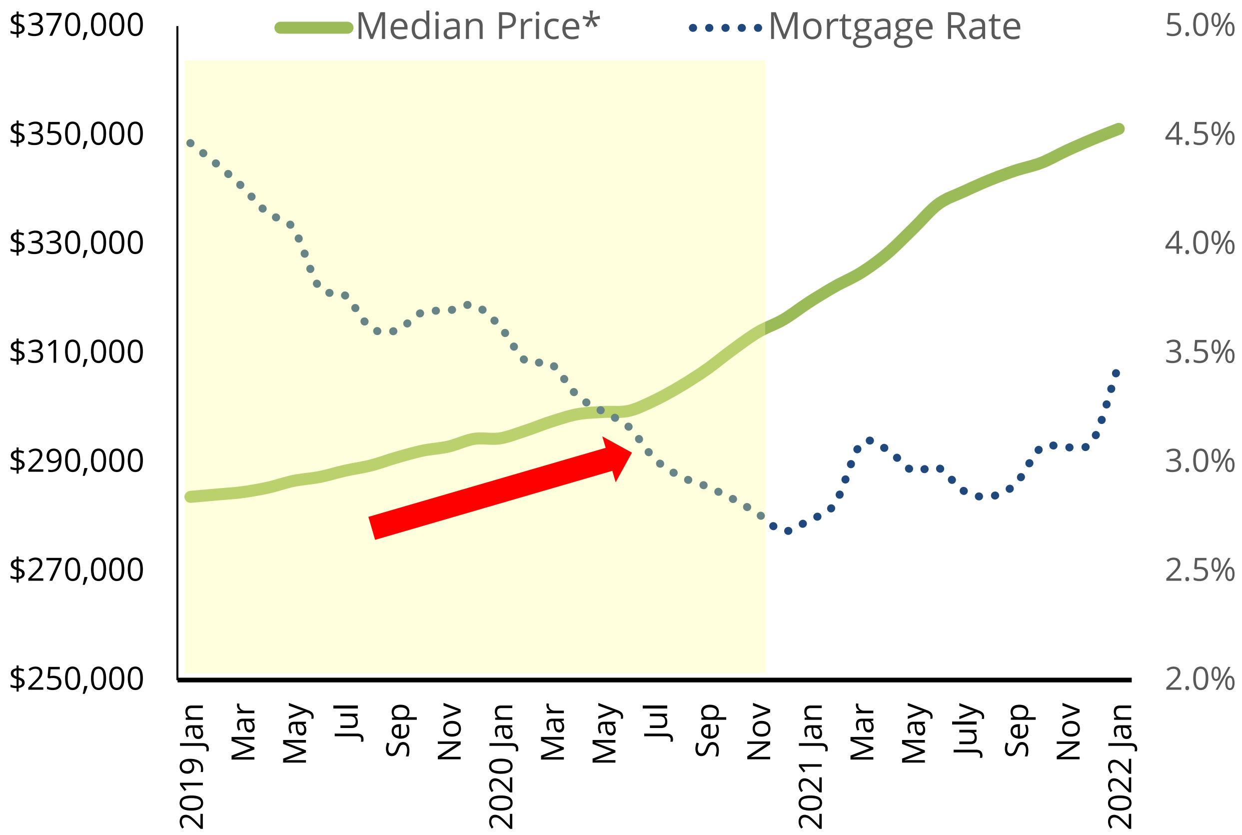
Home prices are rising much faster than incomes
Virginia

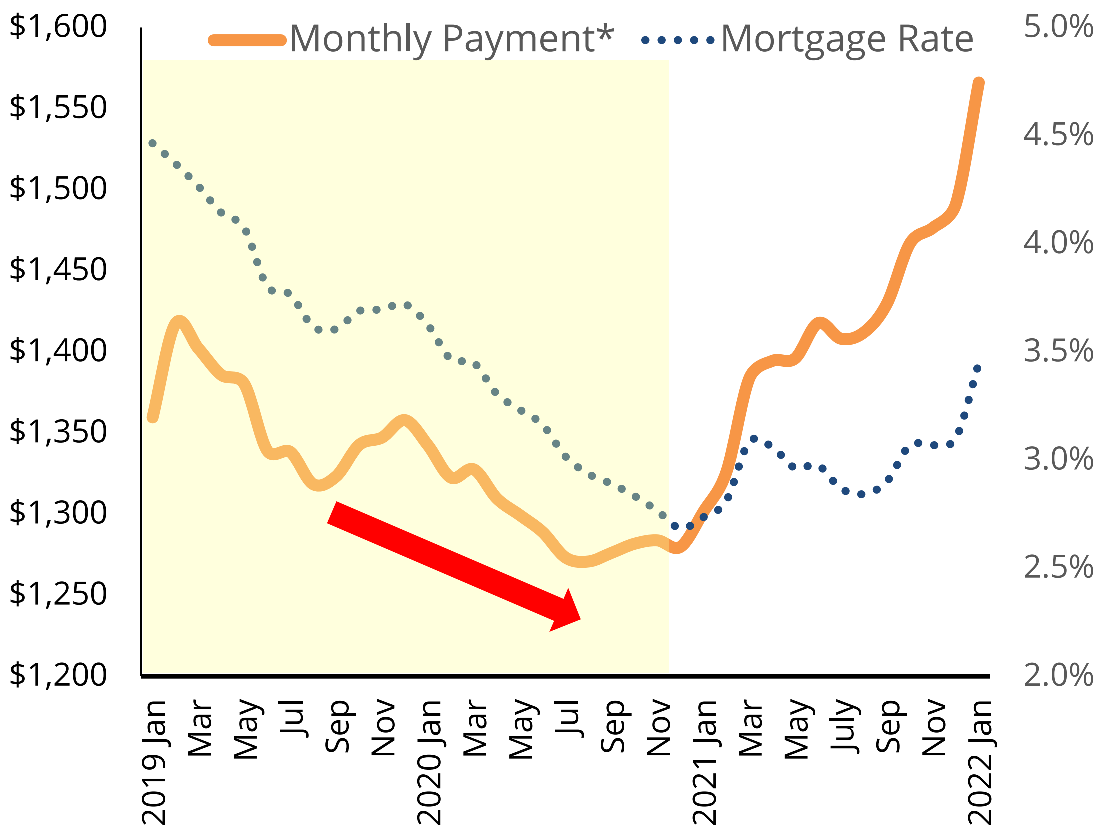


Source: U.S. Federal Reserve Bank of St. Louis, Virginia REALTORS®

Low rates led to a drop in monthly payments even as prices rose

Virginia





*12-month rolling average

Source: Virginia REALTORS®, Freddie Mac
Assumes 5% down payment, 1.5% closing costs, and a 30-year fixed rate loan.
Also assumes the total payment is no more than 28% of gross income.

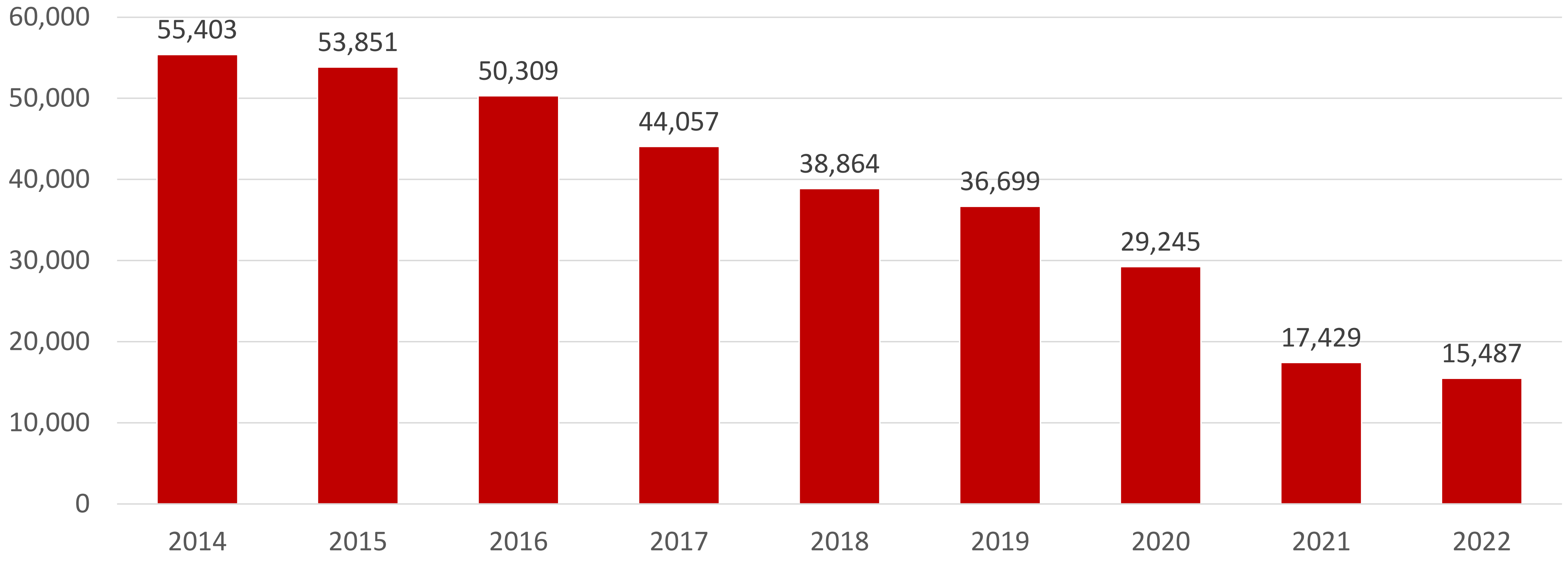
Rising prices and rising mortgage rates

	Median home price	Average mortgage rate	Monthly payment	Income Needed
Dec 2017	$274,000	3.95%	$1,235	$52,938
Dec 2018	$280,000	4.64%	$1,370	$58,714
Dec 2019	$297,000	3.72%	$1,302	$55,795
Dec 2020	$325,000	2.68%	$1,249	$53,530
Dec 2021	$350,000	3.10%	$1,420	$60,850
2022	$390,000	5.10%	$2,011	$86,200

Source: Virginia REALTORS®, Freddie Mac
Assumes 5% down payment, 1.5% closing costs, and a 30-year fixed rate loan.
Also assumes the total payment is no more than 28% of gross income.

Inventory
Virginia

Number of active listings
End of April each year



Source: Virginia REALTORS®

Near-Term Factors that Will Impact the Market

High Inflation

Rising Mortgage Rates

Economic Uncertainty

Cooling Market

2022 is very different than 2008

2008

- Loose credit standards
- Extensive subprime lending
- Abundant supply and surges in new construction activity
- Unemployment rising

2022

- Tight credit standards
- Little subprime lending
- Extremely low inventory and little new construction
- Unemployment falling

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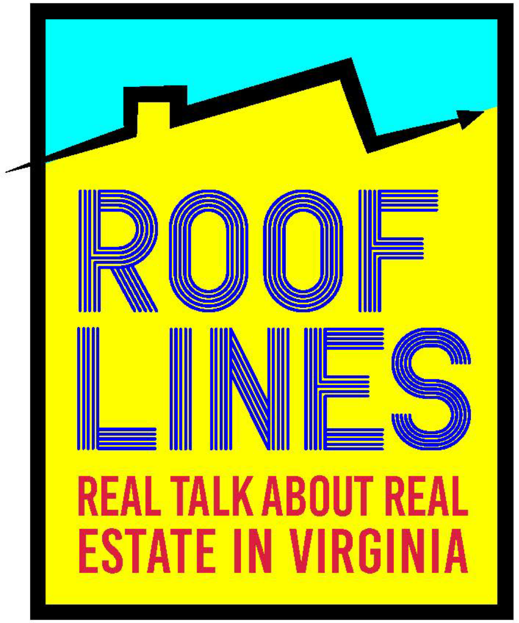
Check out Virginia REALTORS® Research website: virginiarealtors.org/research



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3rd Thursday of the month

By the Numbers webinar
Quarterly

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