

# The Great Housing Market Re-Set: Outlook for 2023

January 26, 2023

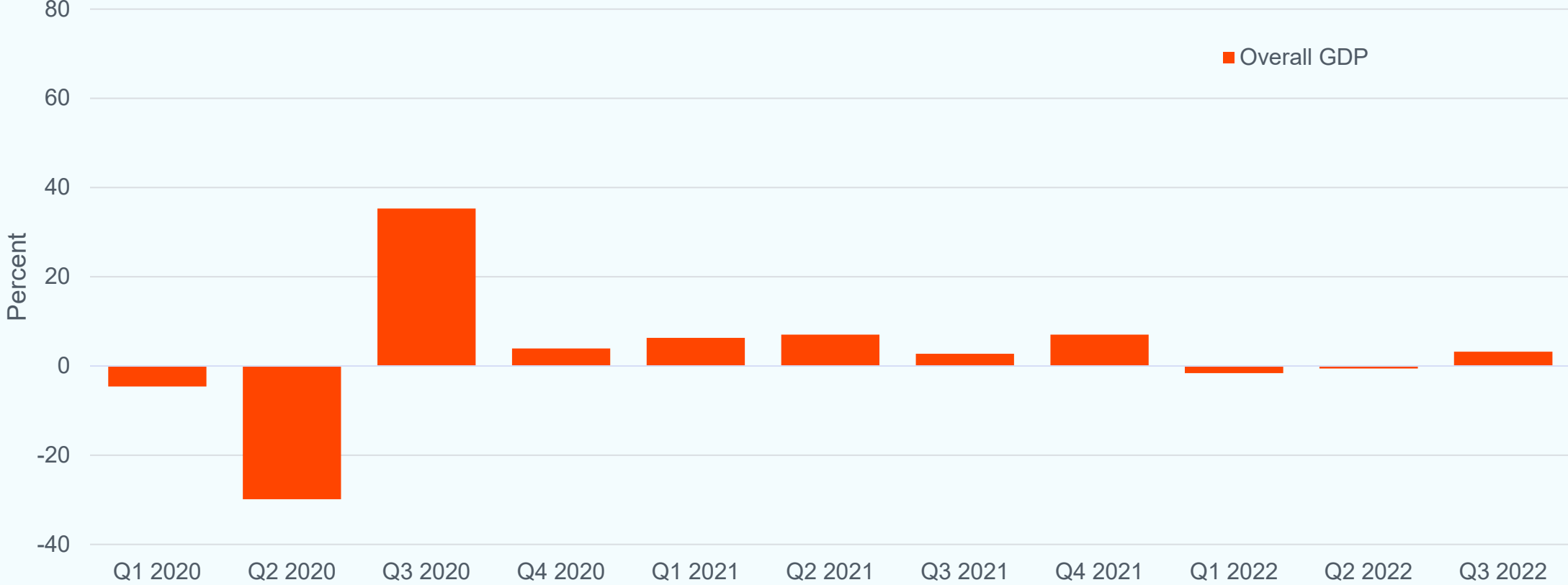
**Lisa Sturtevant, PhD**  
Chief Economist



# Economic Update

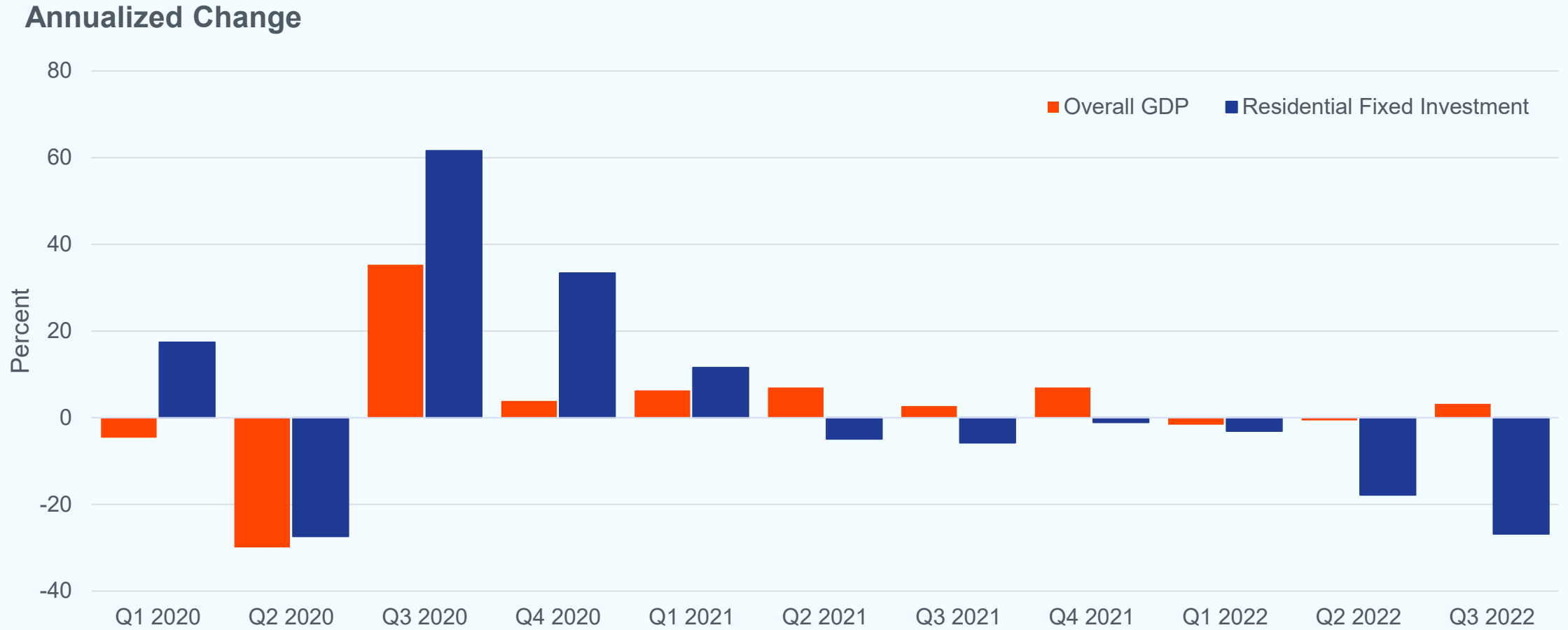
# Gross Domestic Product (GDP)

## Annualized Change



Source: U.S. Bureau of Economic Analysis

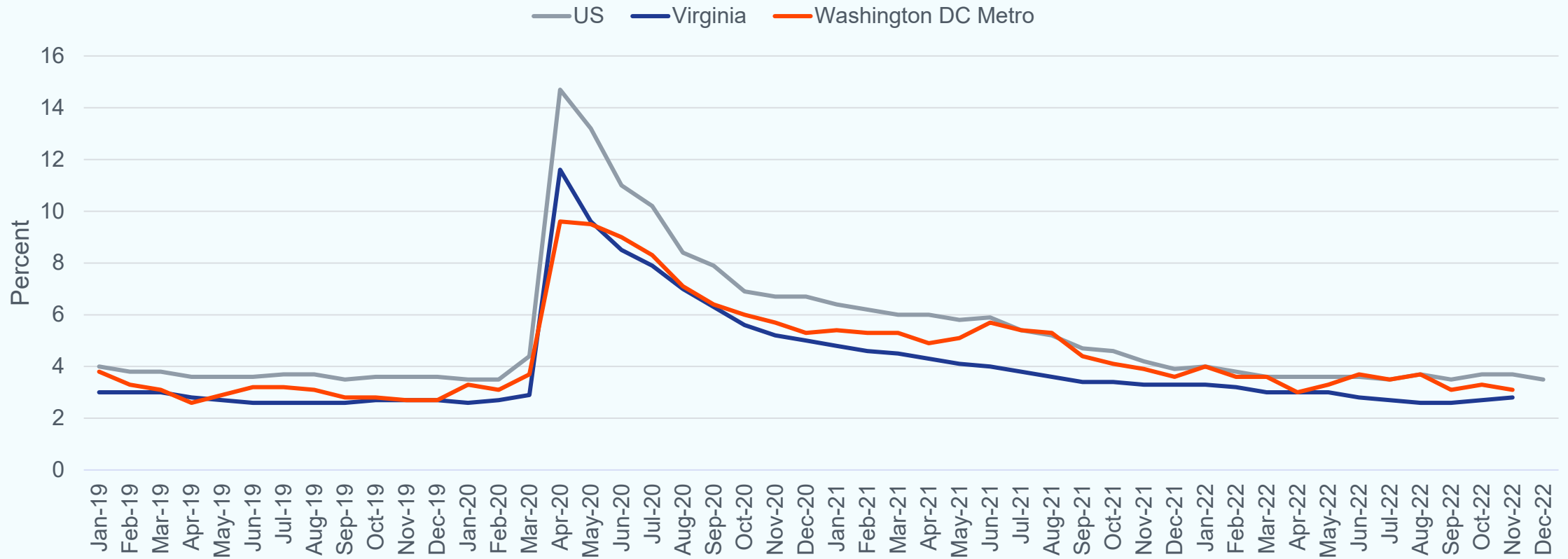
# Gross Domestic Product (GDP)



Source: U.S. Bureau of Economic Analysis

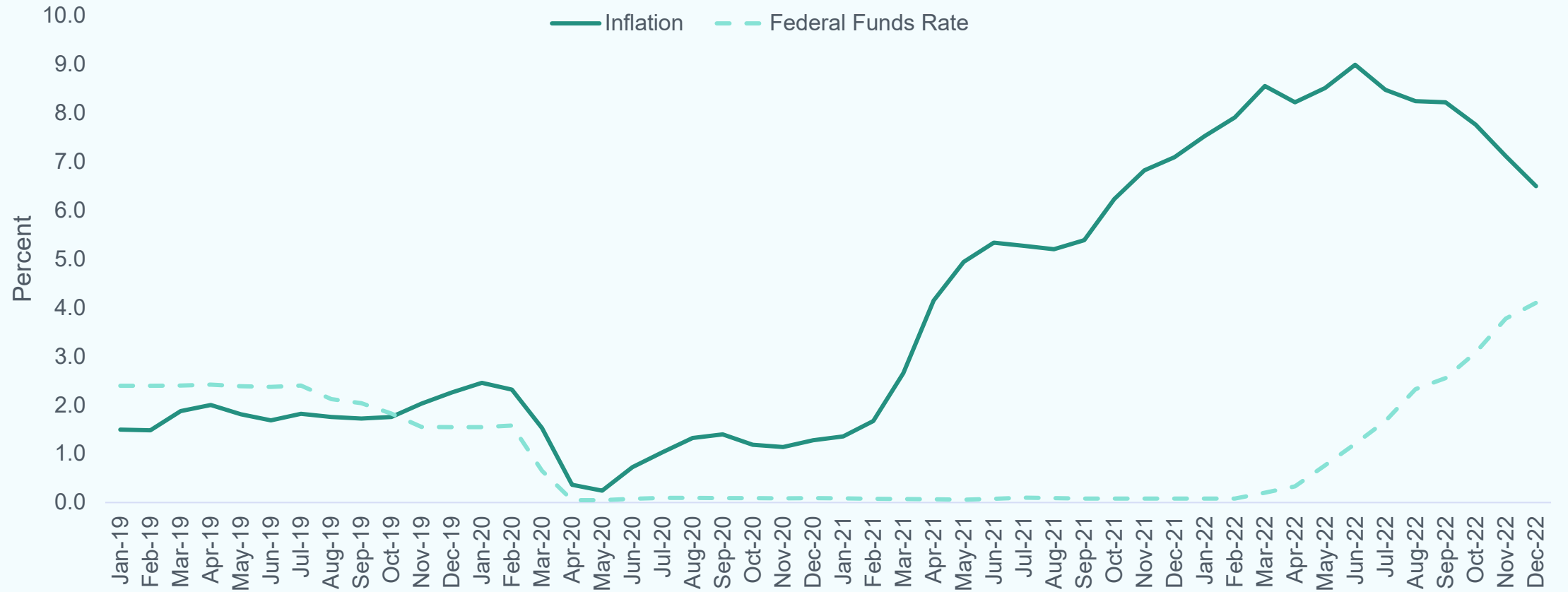
# Labor Market

## Unemployment Rate



Source: U.S. Bureau of Labor Statistics

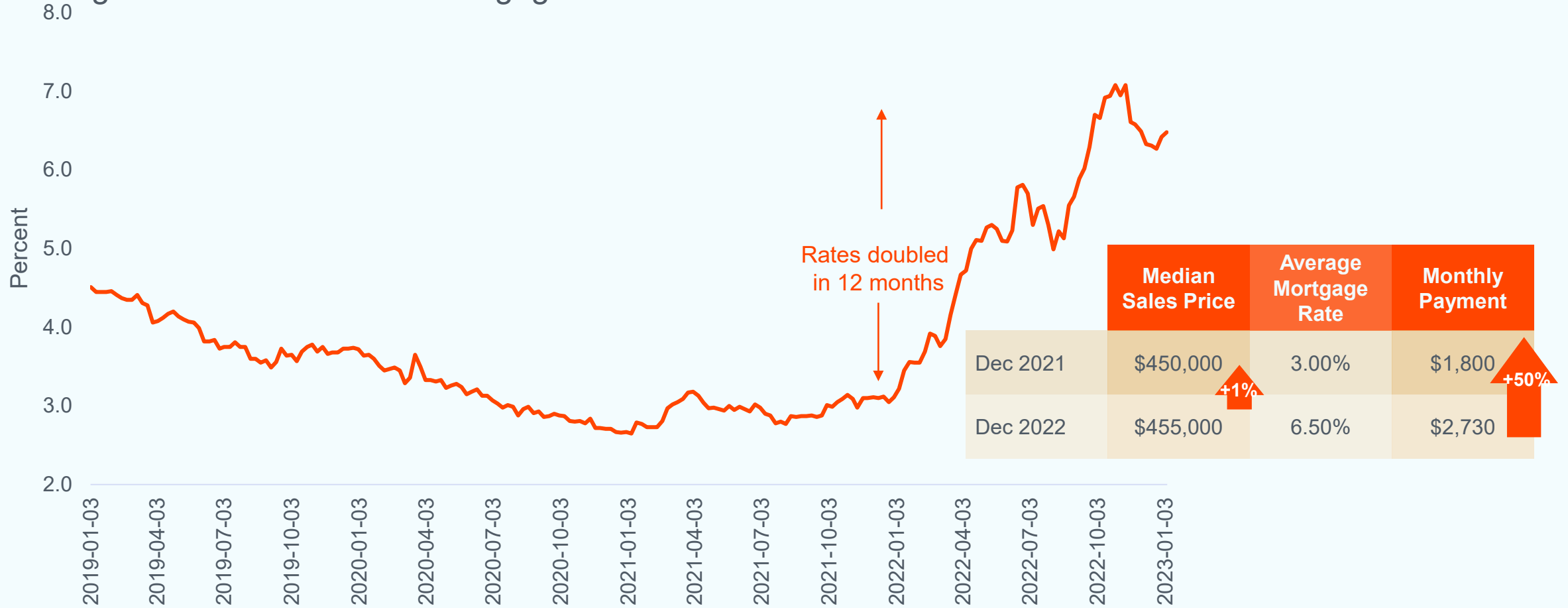
# Inflation and the Fed's Response



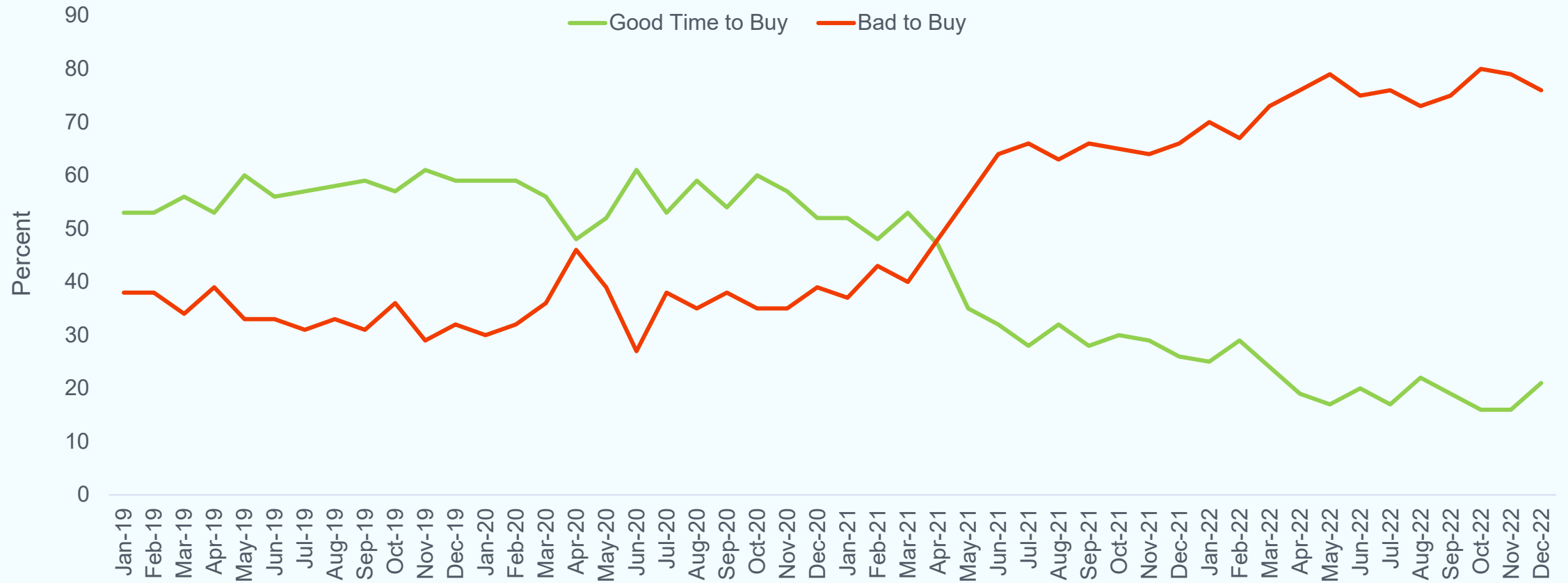
Source: U.S. Bureau of Labor Statistics, Federal Reserve

# Mortgage Rates

Average 30-Year Fixed Rate Mortgage



# Home Buyer and Seller Sentiment



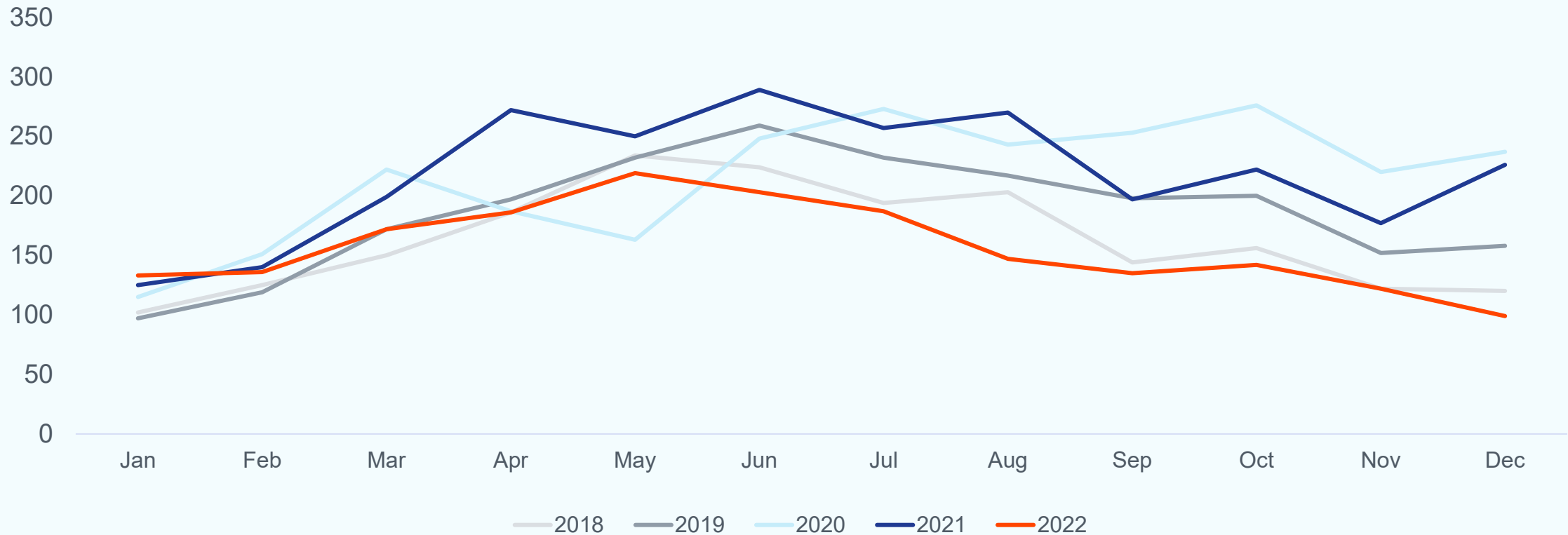
Source: Fannie Mae Home Purchase Sentiment Index



# Housing Market Update

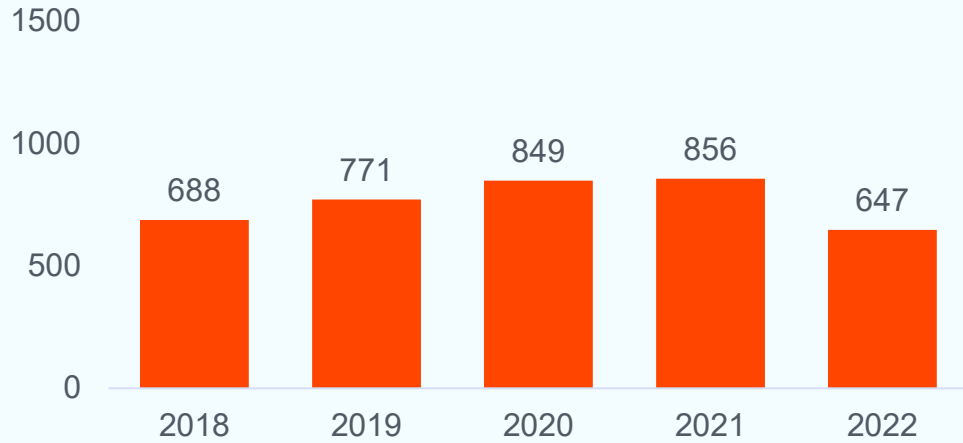
# Monthly Home Sales Declined in the 2<sup>nd</sup> Half of the Year

Monthly Home Sales, Greater Piedmont Realtors

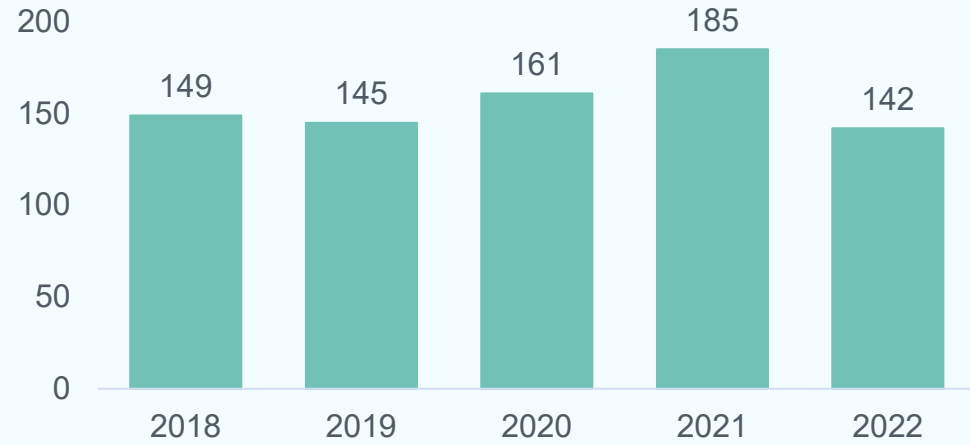


Source: Bright MLS, Virginia Realtors

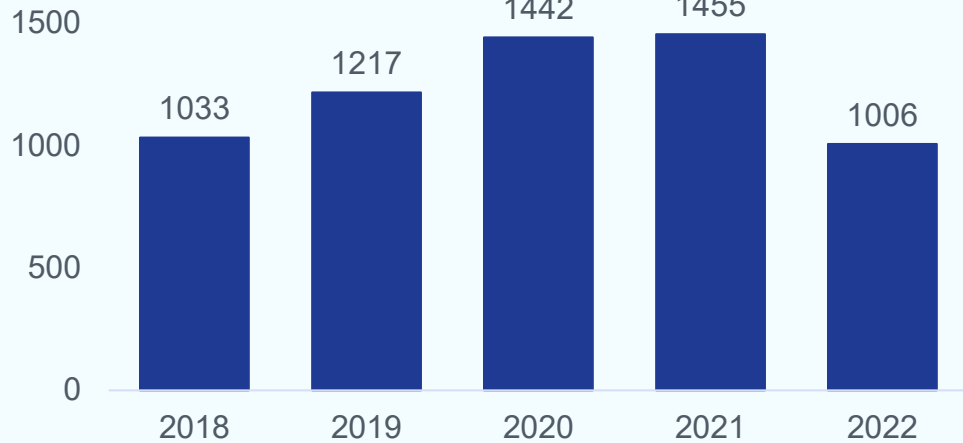
### Culpeper County Sales



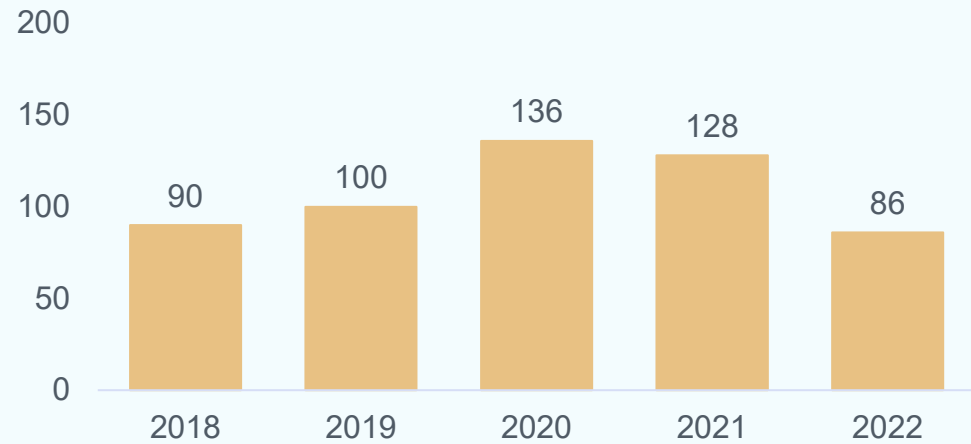
### Madison County Sales



### Fauquier County Sales



### Rappahannock County Sales



Source: Bright MLS, Virginia Realtors

# Total Sold Volume

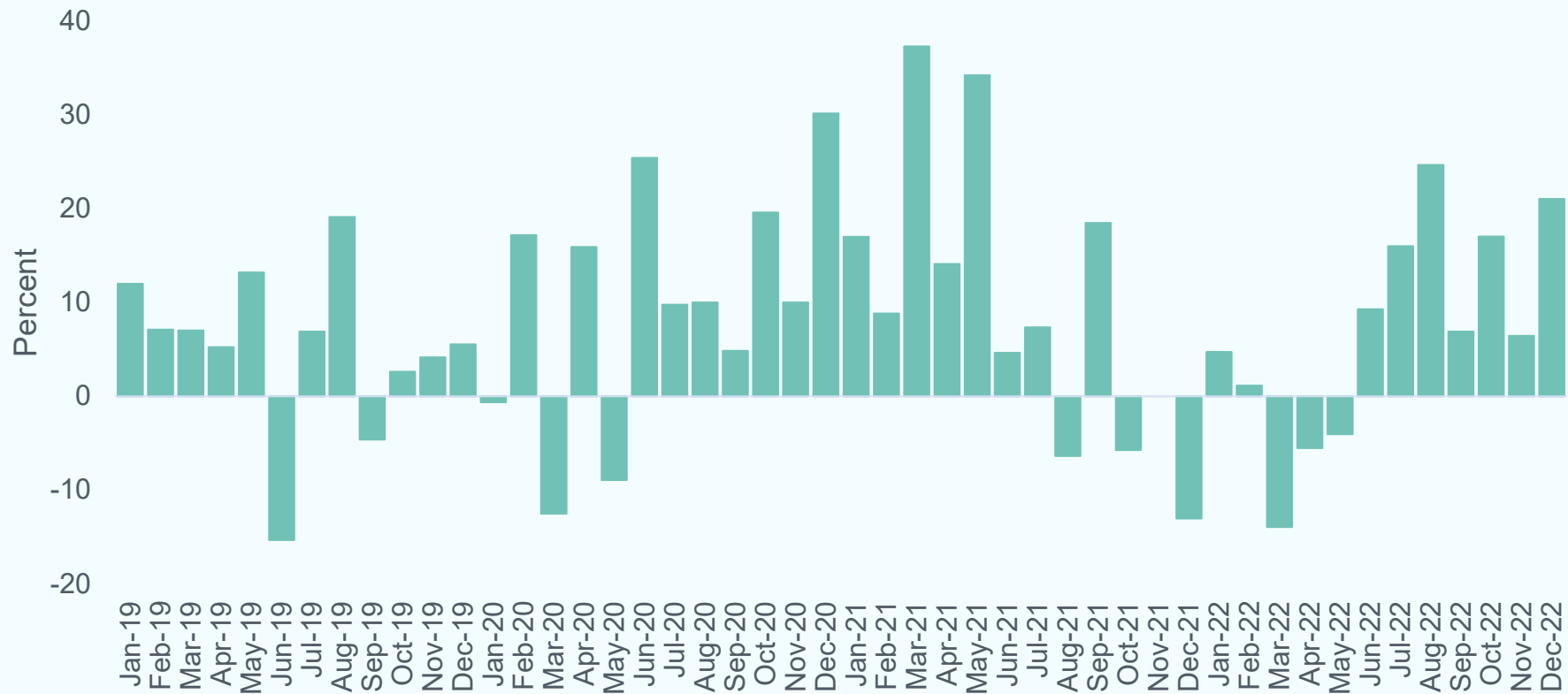
Sold Dollar Volume, Greater Piedmont Region



Source: Bright MLS, Virginia Realtors

# Home Prices Have Risen Fast Over the Past Few Years

Median Price, Y-o-Y Change, Greater Piedmont Region



Median Sale Price

|      |           |
|------|-----------|
| 2018 | \$310,000 |
| 2019 | \$350,000 |
| 2020 | \$390,000 |
| 2021 | \$440,000 |
| 2022 | \$460,000 |

Prices are up

**48%**

since 2018

Source: Bright MLS, Virginia Realtors

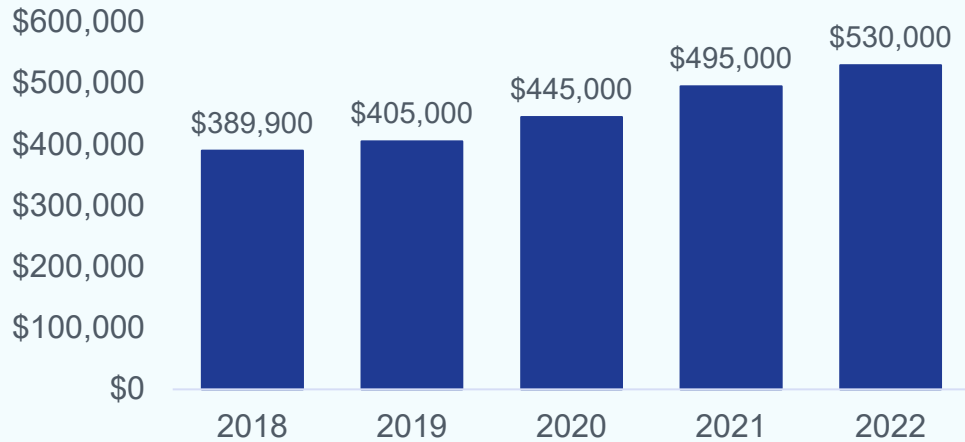
### Culpeper County Median Price



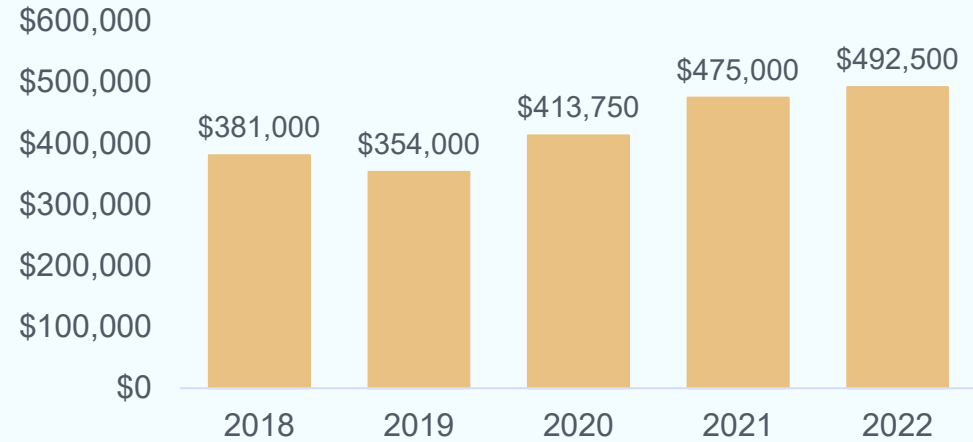
### Madison County Median Price



### Fauquier County Median Price



### Rappahannock County Median Price



Source: Bright MLS, Virginia Realtors

# Prices Have Fallen From Peak Levels



Source: Bright MLS, Virginia Realtors

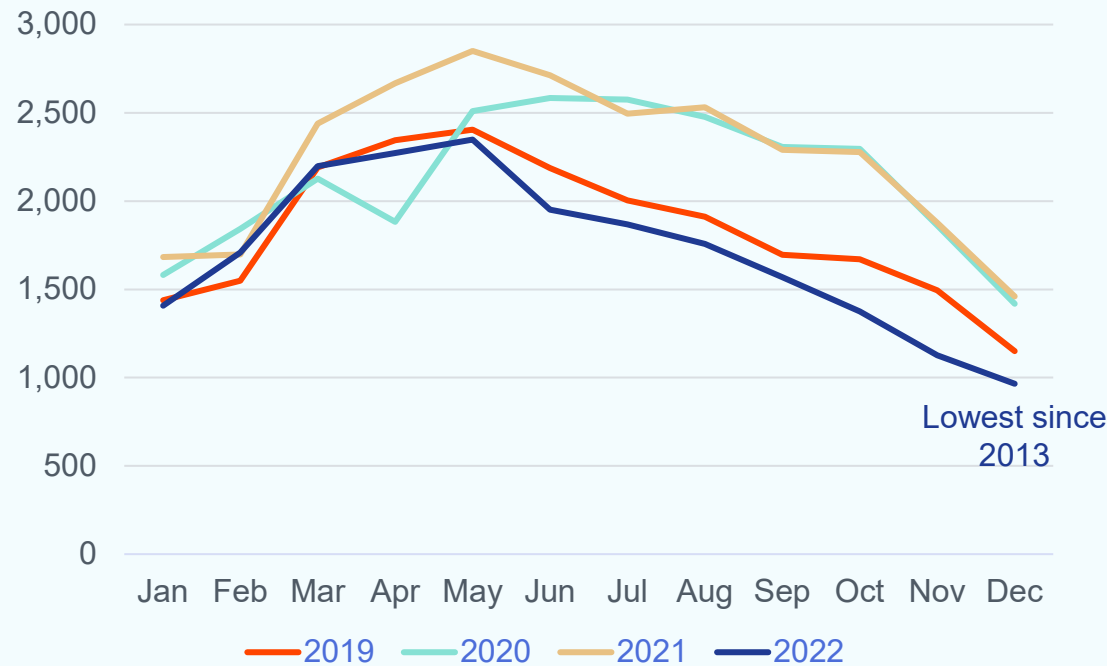




# Both Buyers and Sellers Have Pulled Back

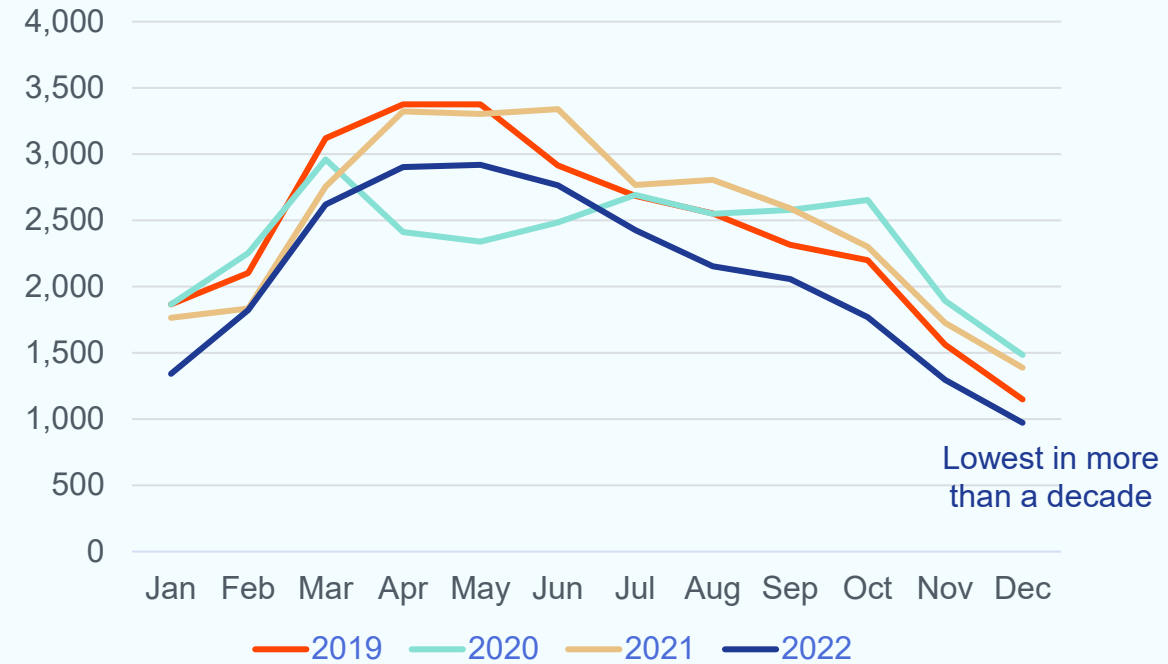
## Buyers

New Pending Sales, North Central Virginia



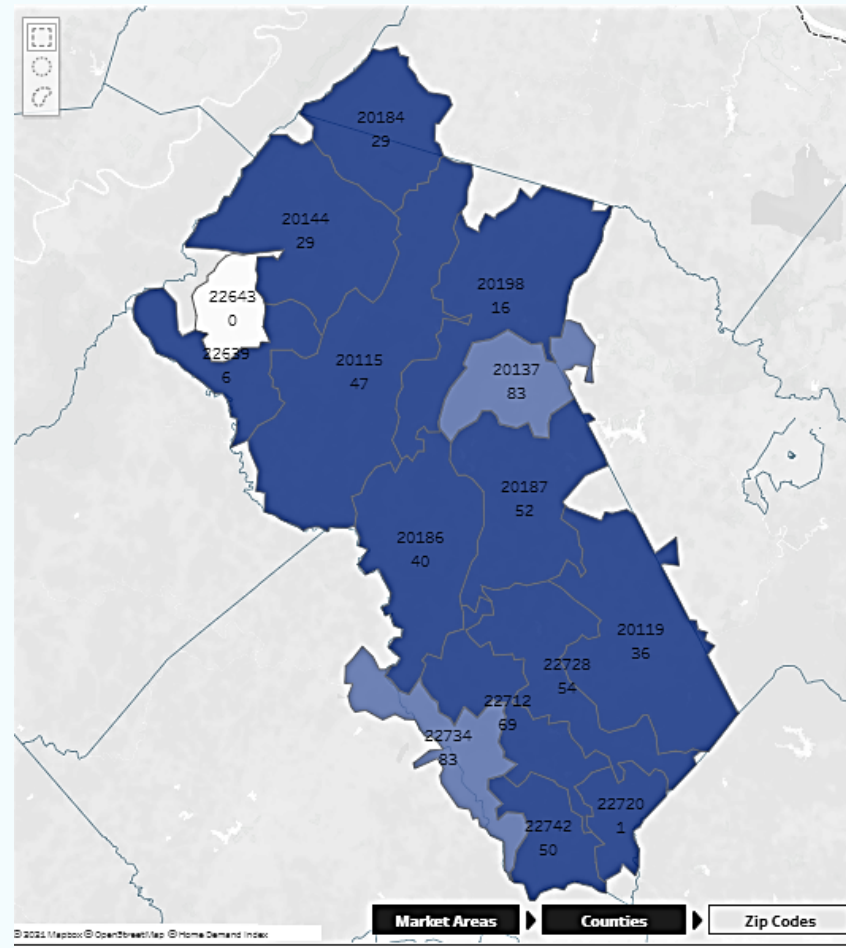
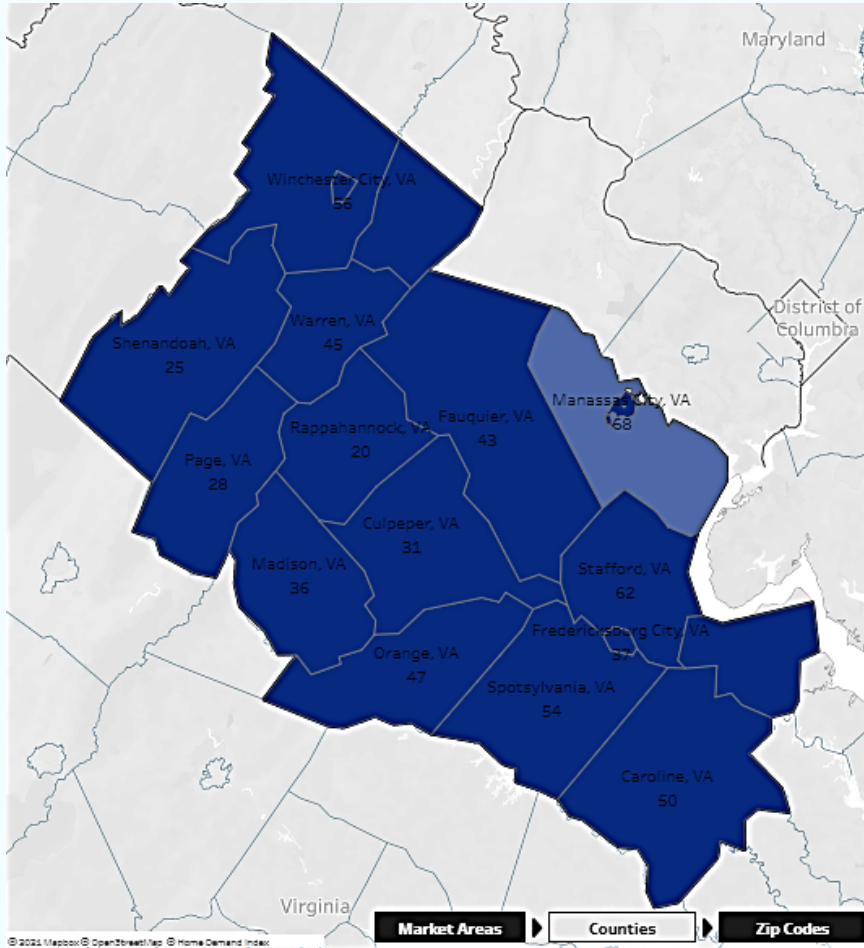
## Sellers

New Listings, North Central Virginia



Source: Bright MLS

# Bright's Home Demand Index Shows Slower Activity



| ZIP   | City, State    | Index | Index Tier |
|-------|----------------|-------|------------|
| 22734 | Remington, VA  | 83    | Slow       |
| 20137 | Broad Run, VA  | 83    | Slow       |
| 22712 | Bealeton, VA   | 69    | Limited    |
| 22728 | Midland, VA    | 54    | Limited    |
| 20187 | Warronton, VA  | 52    | Limited    |
| 22742 | Sumerduck, VA  | 50    | Limited    |
| 20115 | Marshall, VA   | 47    | Limited    |
| 20186 | Warronton, VA  | 40    | Limited    |
| 20119 | Catlett, VA    | 36    | Limited    |
| 20184 | Upperville, VA | 29    | Limited    |
| 20144 | Delaplane, VA  | 29    | Limited    |
| 20198 | The Plains, VA | 16    | Limited    |
| 22639 | Hume, VA       | 6     | Limited    |
| 22720 | Goldvein, VA   | 1     | Limited    |

Search Zip Code  \*to reset, delete search criteria and press enter

This is the filtered zip code view of Fauquier, VA County. Use the search bar (above) to help narrow your area.

# 2023 is NOT 2008

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**2023**

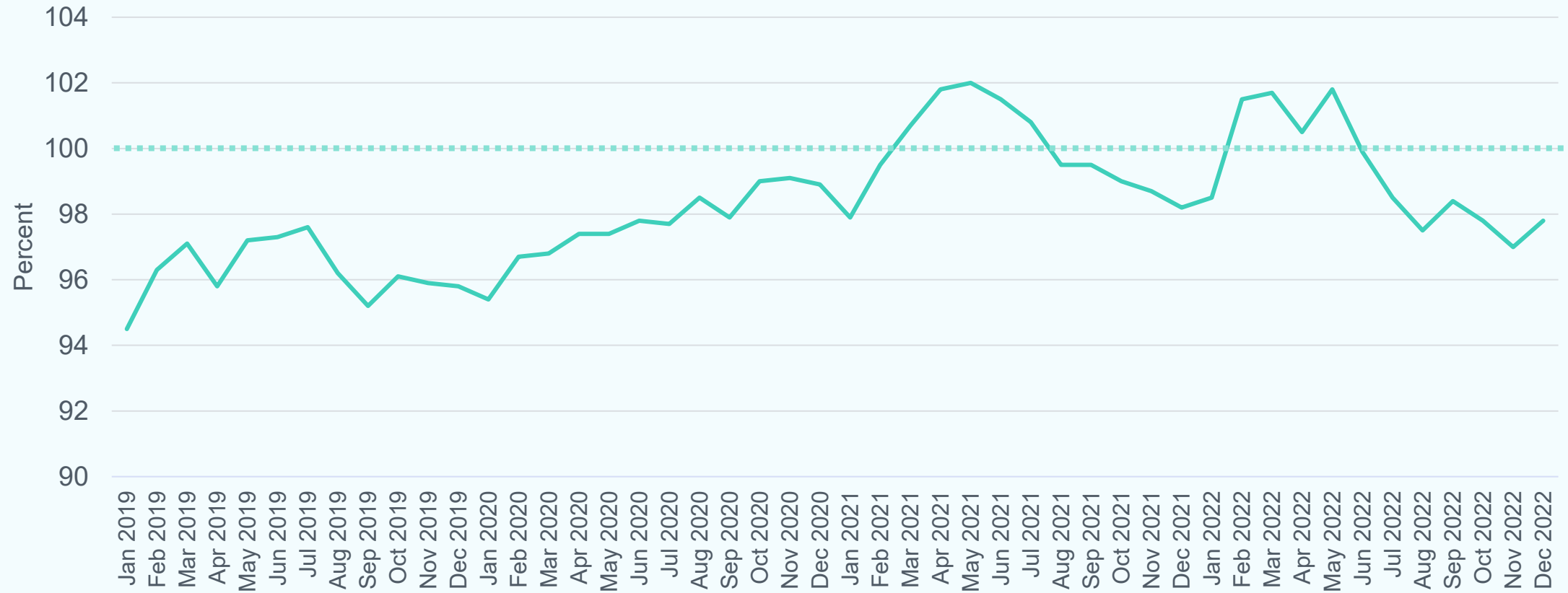
Low inventory  
Very little new construction  
Virtually no subprime lending  
Low foreclosure rate  
Strong labor market conditions  
Prices up 10-15% in one year

**2008**

Fast-rising inventory  
Lots of new construction  
Rampant subprime lending  
Flood of foreclosures and short sales  
Rising unemployment  
Prices up 50%+ in one year

# Buyers and Sellers and Re-Setting Expectations

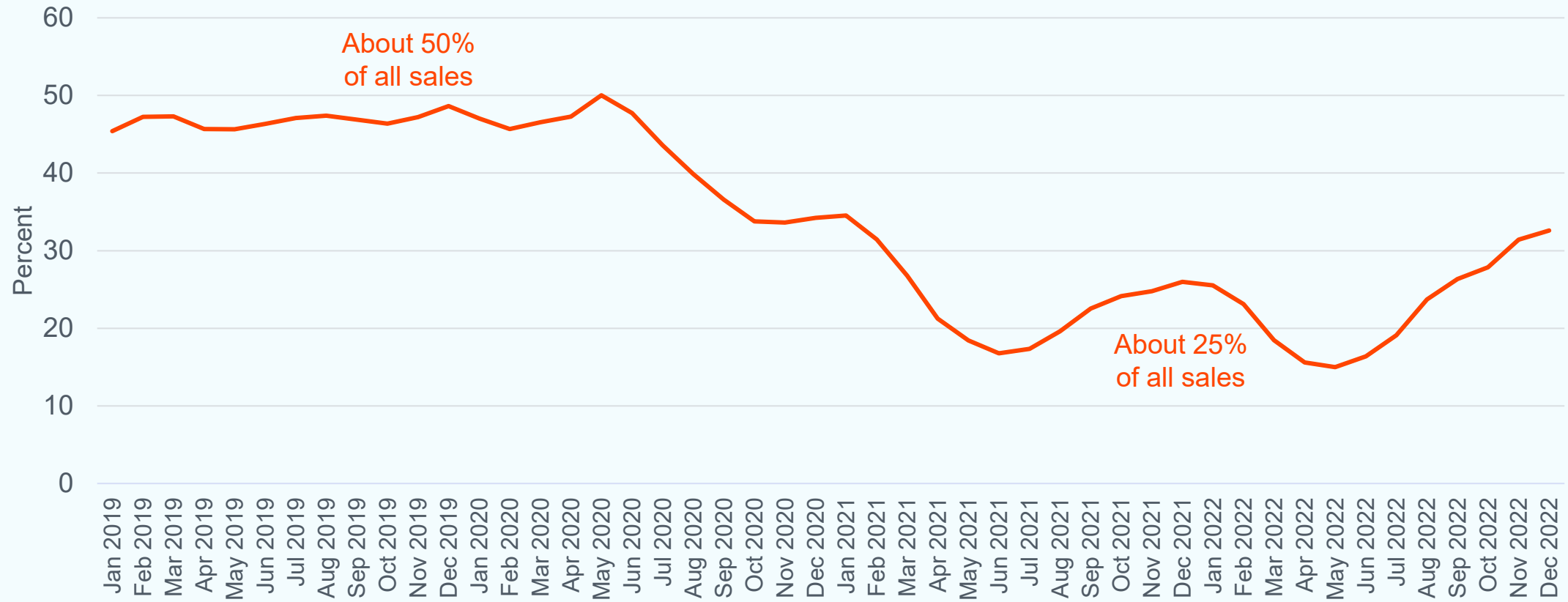
Avg Sold to List Price Ratio, Greater Piedmont Region



Source: Bright MLS

# Buyers and Sellers and Re-Setting Expectations

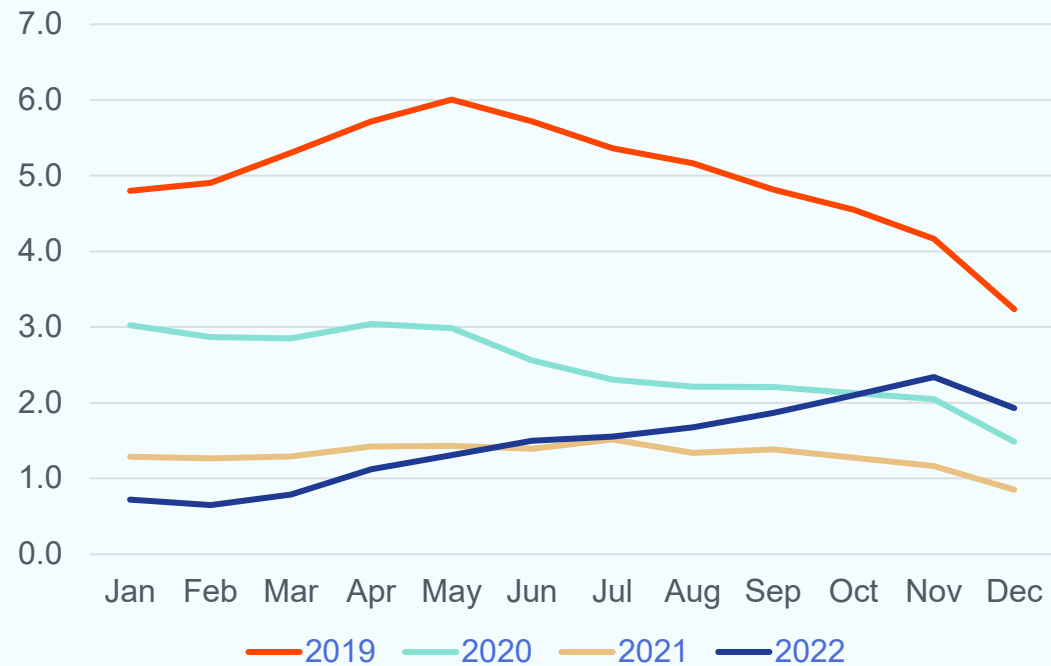
Share of Sales with a Seller Concession, Bright MLS



Source: Bright MLS

# Buyers and Sellers and Re-Setting Expectations

Months of Supply, Greater Piedmont Region



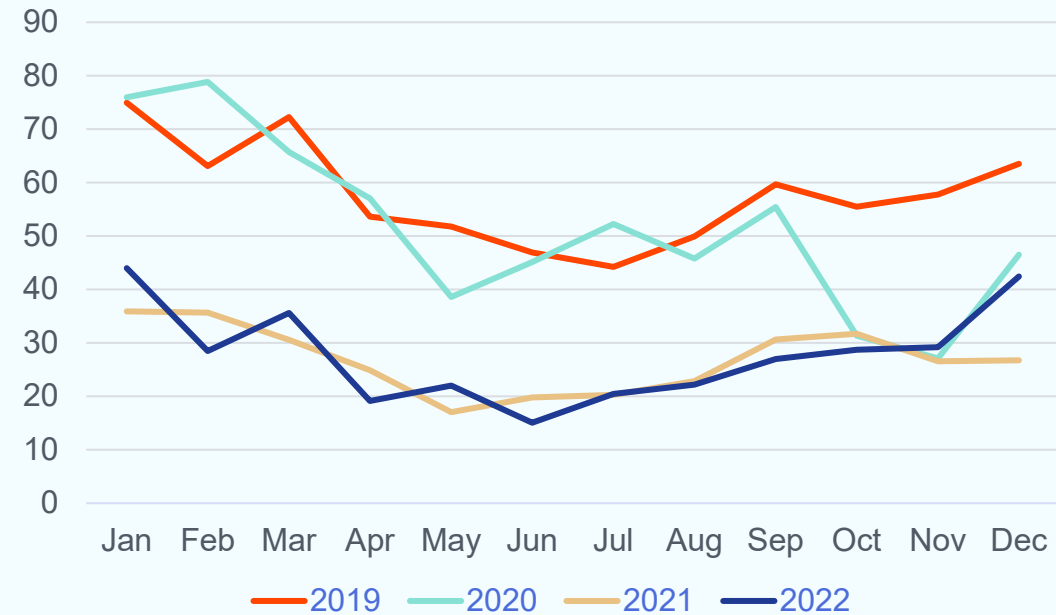
Months of Supply, End of 2022

|              |            |
|--------------|------------|
| <b>GPR</b>   | <b>1.9</b> |
| Culpeper     | 1.9        |
| Fauquier     | 1.7        |
| Madison      | 3.3        |
| Rappahannock | 2.6        |

Source: Bright MLS, Virginia Realtors

# Buyers and Sellers and Re-Setting Expectations

Average Days on Market, Greater Piedmont Region



End of 2022  
Average DOM    Median DOM

| GPR          | Average DOM | Median DOM |
|--------------|-------------|------------|
| <b>GPR</b>   | <b>42</b>   | <b>23</b>  |
| Culpeper     | 52          | 20         |
| Fauquier     | 33          | 23         |
| Madison      | 40          | 11         |
| Rappahannock | 60          | 67         |

Source: Bright MLS, Virginia Realtors

# 2023 Housing Market Outlook



# Regional Outlook: Home Sales

|                           | 2019      | 2020      | 2021      | 2022      | 2023      | 21-22  | 22-23 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|--------|-------|
| <b>U.S.</b>               | 5,330,000 | 5,680,000 | 6,122,500 | 5,200,000 | 4,865,000 | -15.1% | -6.4% |
| <b>Bright MLS</b>         | 280,328   | 288,989   | 320,442   | 259,386   | 247,426   | -19.1% | -4.6% |
| <b>Philadelphia Metro</b> | 84,612    | 85,890    | 93,974    | 77,838    | 76,389    | -17.2% | -1.9% |
| <b>Baltimore Metro</b>    | 37,829    | 43,151    | 47,848    | 37,977    | 35,529    | -20.6% | -6.4% |
| <b>Washington Metro</b>   | 67,419    | 70,978    | 79,282    | 59,450    | 56,995    | -25.0% | -4.1% |

# Regional Outlook: Home Prices

|                           | 2019    | 2020    | 2021    | 2022    | 2023    | 21-22 | 22-23 |
|---------------------------|---------|---------|---------|---------|---------|-------|-------|
| <b>U.S.</b>               | 271,900 | 296,700 | 350,700 | 384,000 | 385,000 | 9.5%  | 0.3%  |
| <b>Bright MLS</b>         | 287,000 | 315,000 | 350,000 | 371,250 | 373,000 | 6.1%  | 0.5%  |
| <b>Philadelphia Metro</b> | 245,000 | 271,000 | 305,000 | 326,600 | 330,000 | 7.1%  | 1.0%  |
| <b>Baltimore Metro</b>    | 284,260 | 309,000 | 335,000 | 351,450 | 354,000 | 4.9%  | 0.7%  |
| <b>Washington Metro</b>   | 450,000 | 490,000 | 530,000 | 554,400 | 560,500 | 4.6%  | 1.1%  |



# What Does it Mean?

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## For Buyers

- Mortgage rates in the 6 to 6½% range
- Loan rates and terms will vary across lenders
- More leverage on price and concessions
- Less competition from investors and cash buyers
- Inventory will still be low
- Be prepared to make an offer

## For Sellers

- Expect uptick in buyer traffic
- Pricing is important
- Set list price to reflect current conditions
- Take time to prep home for sale
- Be prepared for negotiations
- Expect to be asked for closing cost assistance

## For Agents & Brokers

- Help re-educate buyers and sellers (and other agents)
- Be a resource on local market conditions
- Help dispel myths
- Demonstrate value

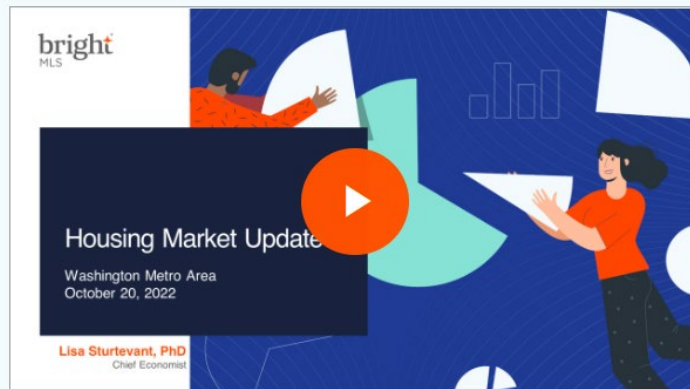
# Resources

## [brightmls.com/research](https://brightmls.com/research)

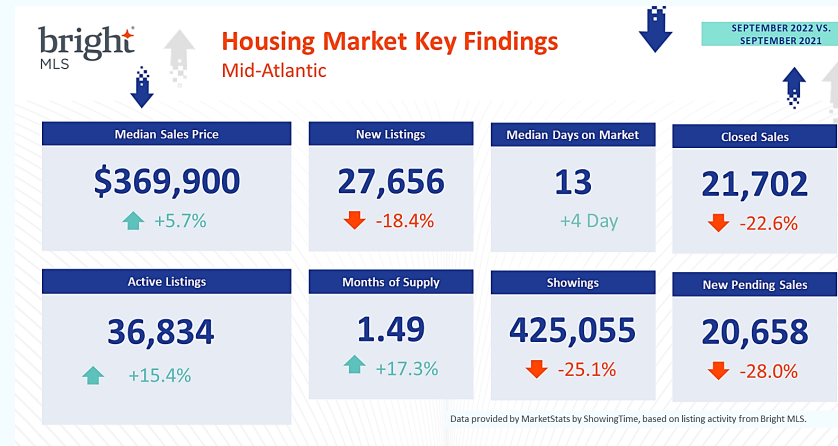
### Weekly Market Reports

|                                                | WEEK ENDING<br>October 30, 2022 | COMPARED TO A<br>YEAR AGO | COMPARED TO A WEEK<br>AGO |
|------------------------------------------------|---------------------------------|---------------------------|---------------------------|
| New Closed Sales                               | 5,159                           | -39.1%                    | +10.0%                    |
| New Purchase Contracts                         | 4,877                           | -35.9%                    | -0.4%                     |
| Median Days on Market                          | 16                              | +4 days                   | +1 days                   |
| New Listings                                   | 4,949                           | -18.1%                    | -6.0%                     |
| New Pending Sales<br>To 100 New Listings Ratio | 99                              | -21.4%                    | +6.5%                     |
| Average Daily Inventory                        | 58,108                          | +21.1%                    | -0.2%                     |
| Showings                                       | 63,548                          | -33.3%                    | -2.3%                     |

### Monthly Webinars (3<sup>rd</sup> Thursdays)



### Monthly Market Reports – infographics, video

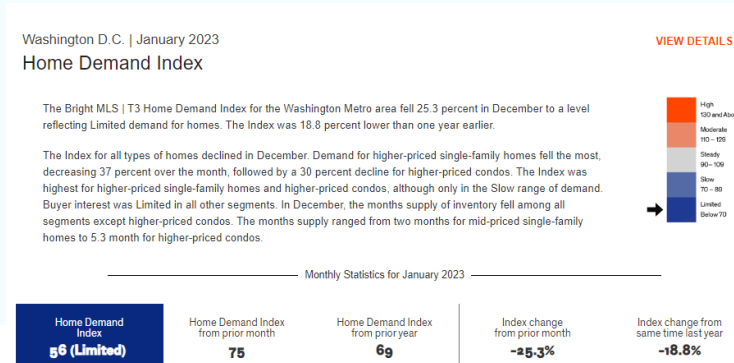


### News & Insights

- Top 10 Markets Blogs
- Economic Commentary
- Migration Patterns
- Demographic Trends
- On MLS Study

### Bright T3 Home Demand Index

<https://www.homedemandindex.com/>



Please reach out!

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# Thank you!



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