

Overview of Economic and Housing Market Conditions in Rappahannock County

March 2023



Economic conditions remain mixed heading into 2023

GDP was up 2.7% in Q4. Most of the growth was driven by an increase in consumer spending on services, like travel and eating out, a rise in nonresidential fixed investment, specifically software development and warehouse structures, and an increase in exports of services like travel. Residential fixed investment, which includes new construction of single-family homes and multifamily buildings continues to be way down from last year, and consumer spending on durable goods like cars and appliances has also been lagging. This suggests consumers are hesitant to make large purchases due to lingering economic uncertainty, which is also reflected in the sluggish **consumer sentiment** trends.

Statewide **unemployment** remains low at 3.1% but has edged upward in recent months. **Wage** growth has slowed after peaking midway through 2022 as the Federal Reserve continues to implement rate hikes in an effort to get inflation under control. **Inflation** has improved, but still remains elevated at 6.4% (Jan. 2023).

Employment in the
Washington DC
metro area
is back to

98%

of pre-pandemic levels

Overall, the **job market** in Virginia remains solid despite the mounting economic headwinds. By far the strongest job growth in the past year was in the **Health Care** and **Leisure & Hospitality** sectors. These sectors were it the hardest in the early days of the pandemic and started to recover later than other sectors, but are now growing the fastest.



Virginia's Housing Market 2022 Recap:



Following two very busy years in the housing market, the 2022 market in Virginia slowed down considerably. Total sales activity statewide is back to near 2018 market levels. Far fewer new contracts occurred each month, homes are staying on the market longer, and sellers are not getting their asking price on average.

Despite the sluggish sales activity, home prices across much of Virginia grew in 2022. This was largely due to the tight inventory conditions. The overall supply of active listings remains low, but as homes are taking longer to sell, supply is increasing in most local housing markets in Virginia.

Rappahannock County's 2022 Housing Market (compared to 2021)

86 Homes Sold	▼ 33%
\$57M Sold Volume	▼ 36%
\$485K Median Price	▼ 0.9%
21 Year-End Active Listings	▼ 25%



2023 Outlook for Virginia

2023 Economy

VA's **Job base** made it back to pre-pandemic levels midway through last year. However, as economic conditions continue to slow as projected in 2023, job growth in VA will likely be relatively flat, and unemployment is expected to rise modestly.

Jobs: +13K jobs (annual change)

Unemployment rate: 3.5% (4th quarter)

30-year mortgage rate: 5.75% to 6.25% +/- (year-end)

2023 Housing Market

The factors that cooled the market over the past year or so remain in play, namely, higher mortgage rates, higher prices, and constrained supply. This will continue to slow market conditions in 2023.

Home sales: -2.5% compared to 2022

Median price: +2.9% compared to 2022

New housing starts: -3.6% compared to 2022