

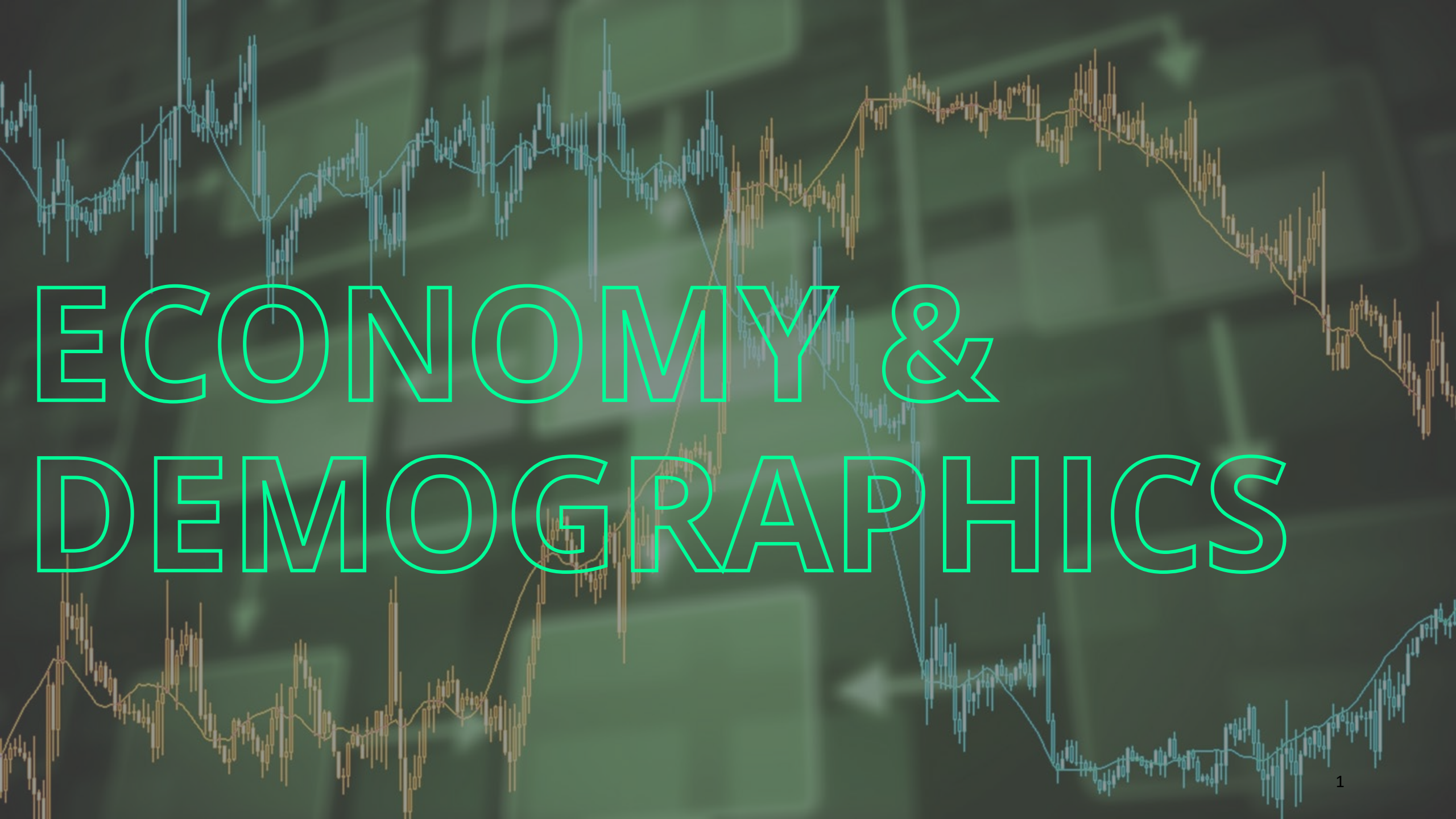
Own It! Economic Summit

Economic & Housing Market Update + Forecast

October 25, 2023

Ryan Price
Chief Economist
Virginia REALTORS®





ECONOMY & DEMOGRAPHICS

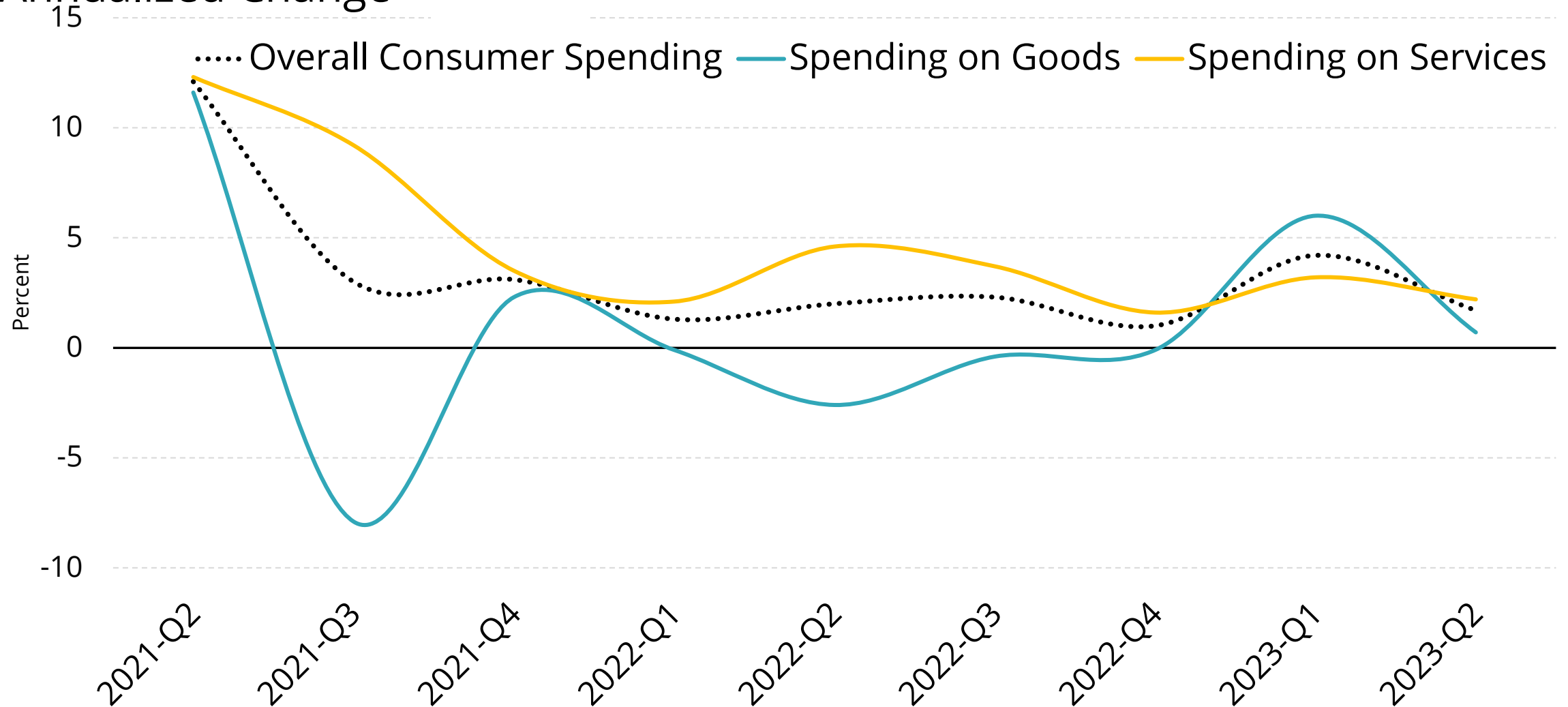
Key Trend



Consumer spending has been resilient, but signs are pointing towards a cool down.

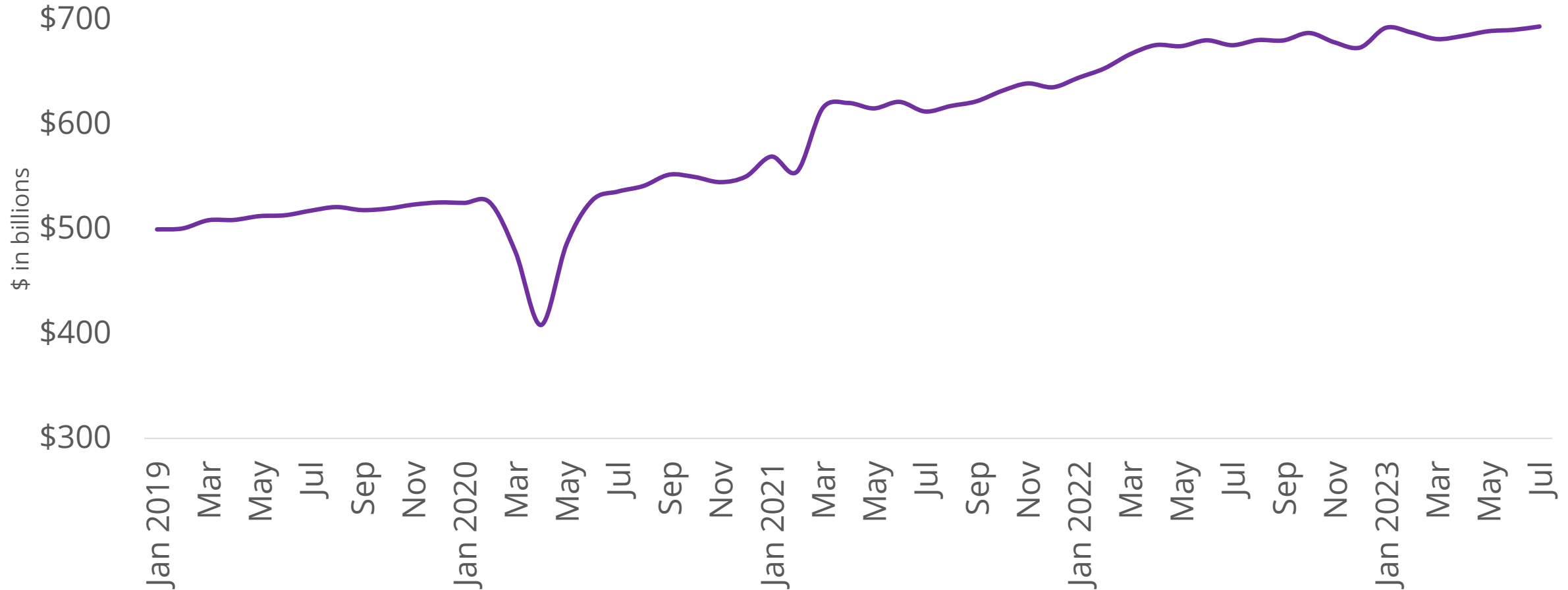
Consumer Spending Trends

Annualized Change



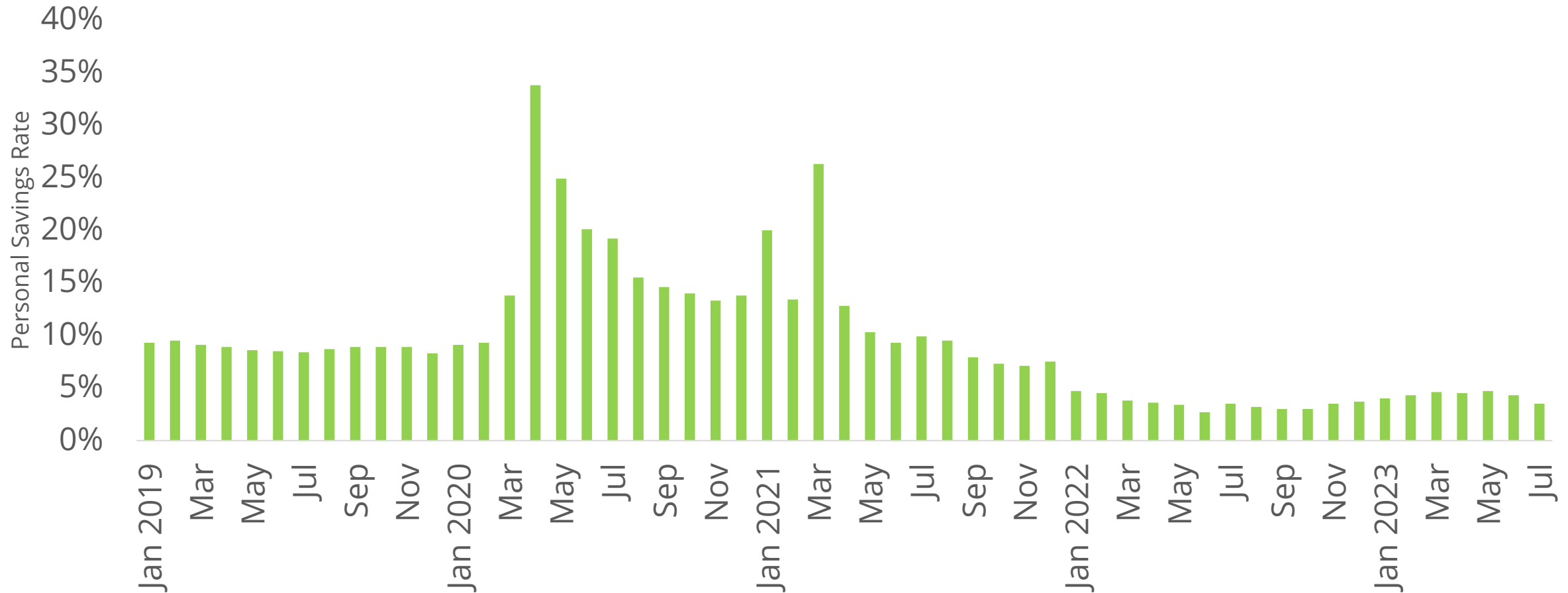
Retail and Food Services Sales in the U.S.

Americans are spending more



Personal Savings Rate in the U.S.

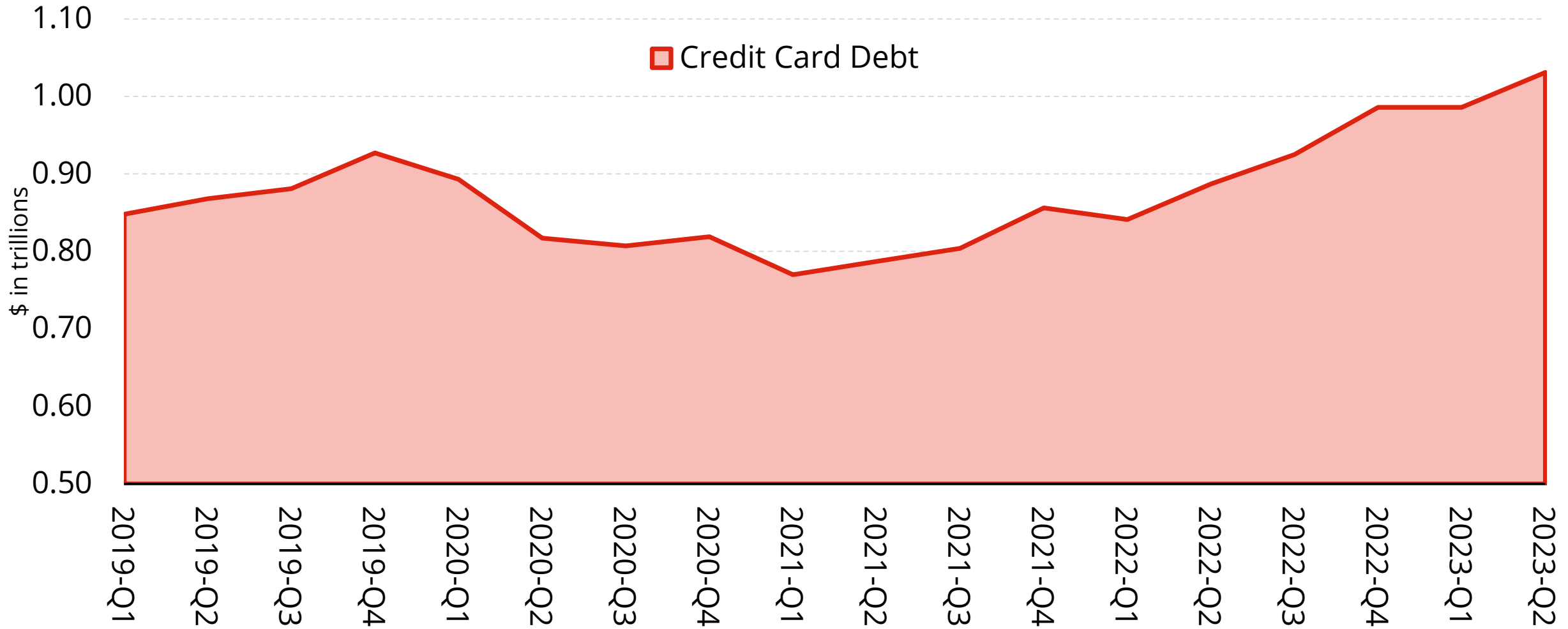
Americans are saving less



Source: Bureau of Economic Analysis, Seasonally Adjusted Annual Rate

Credit Card Debt in the U.S.

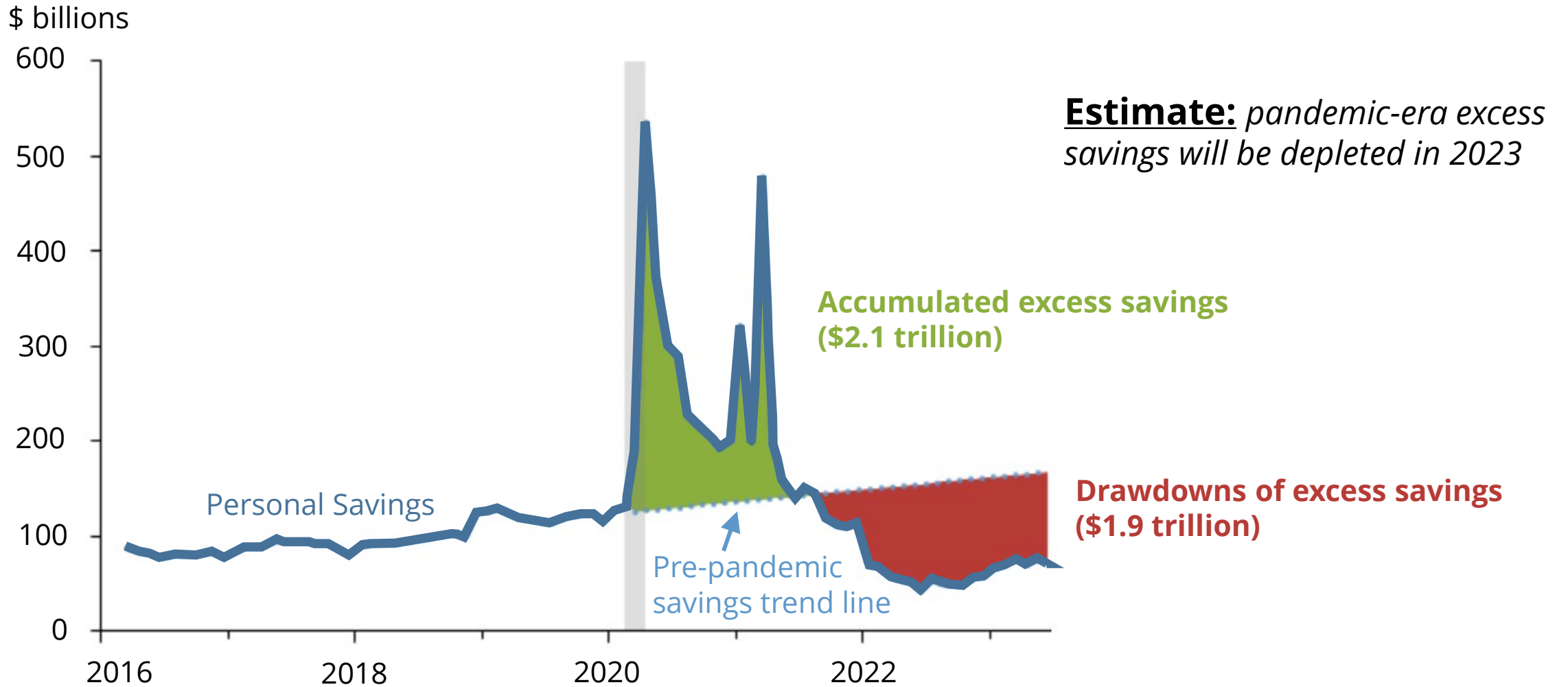
Reliance on credit card debt has accelerated



Source: Federal Reserve Bank of New York, Equifax

Aggregate Personal Savings, U.S.

People saved a lot, and have spent nearly all of it



Source: Bureau of Economic Analysis, Federal Reserve Bank of San Francisco

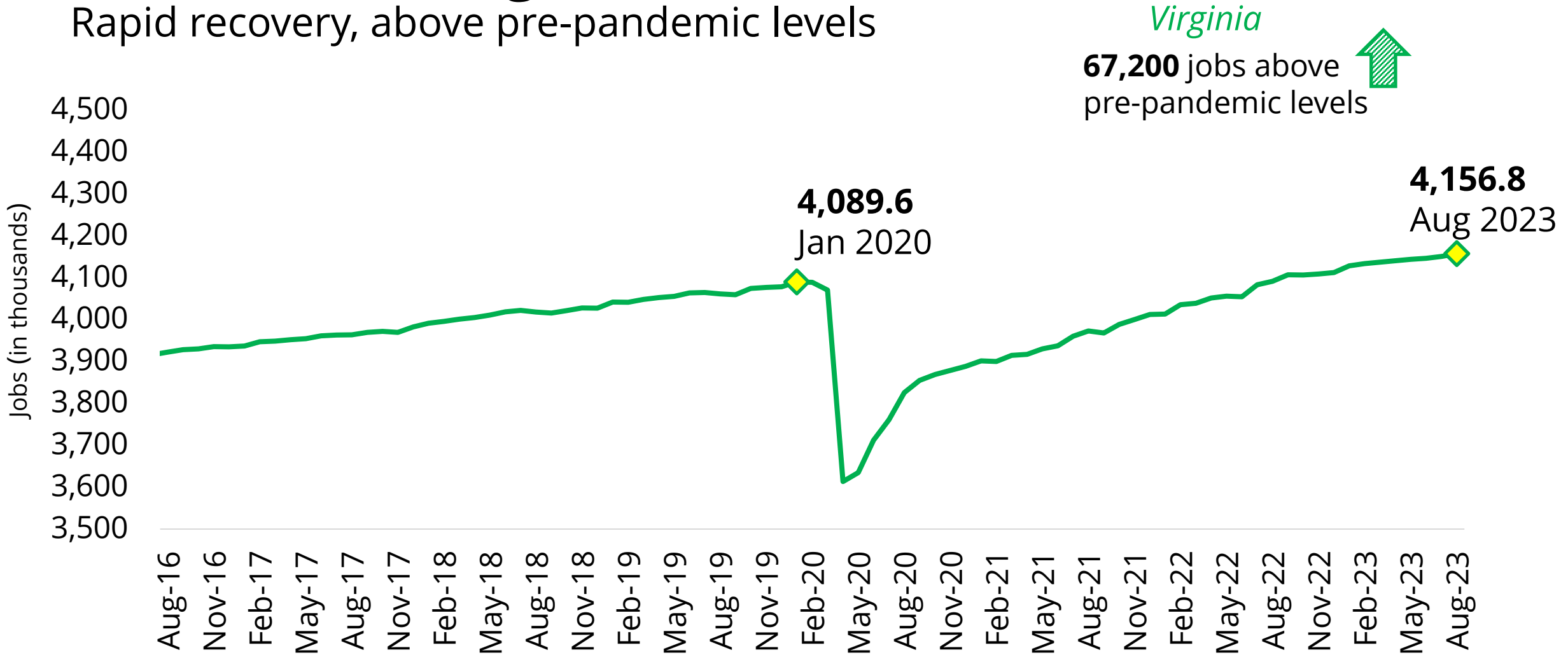
Key Trend



Virginia is gaining jobs. The new jobs are concentrated in three sectors.

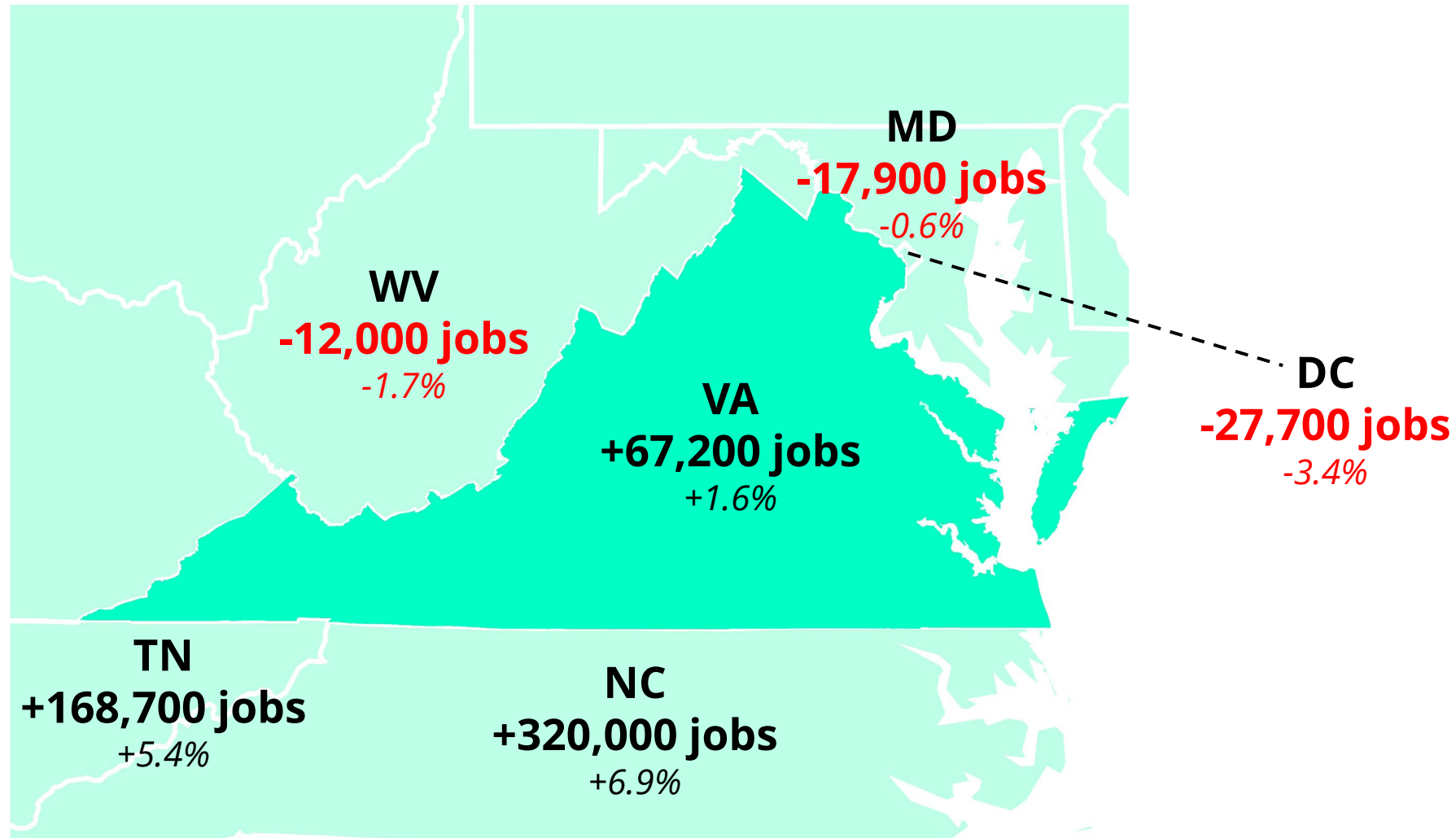
Total Jobs in Virginia

Rapid recovery, above pre-pandemic levels



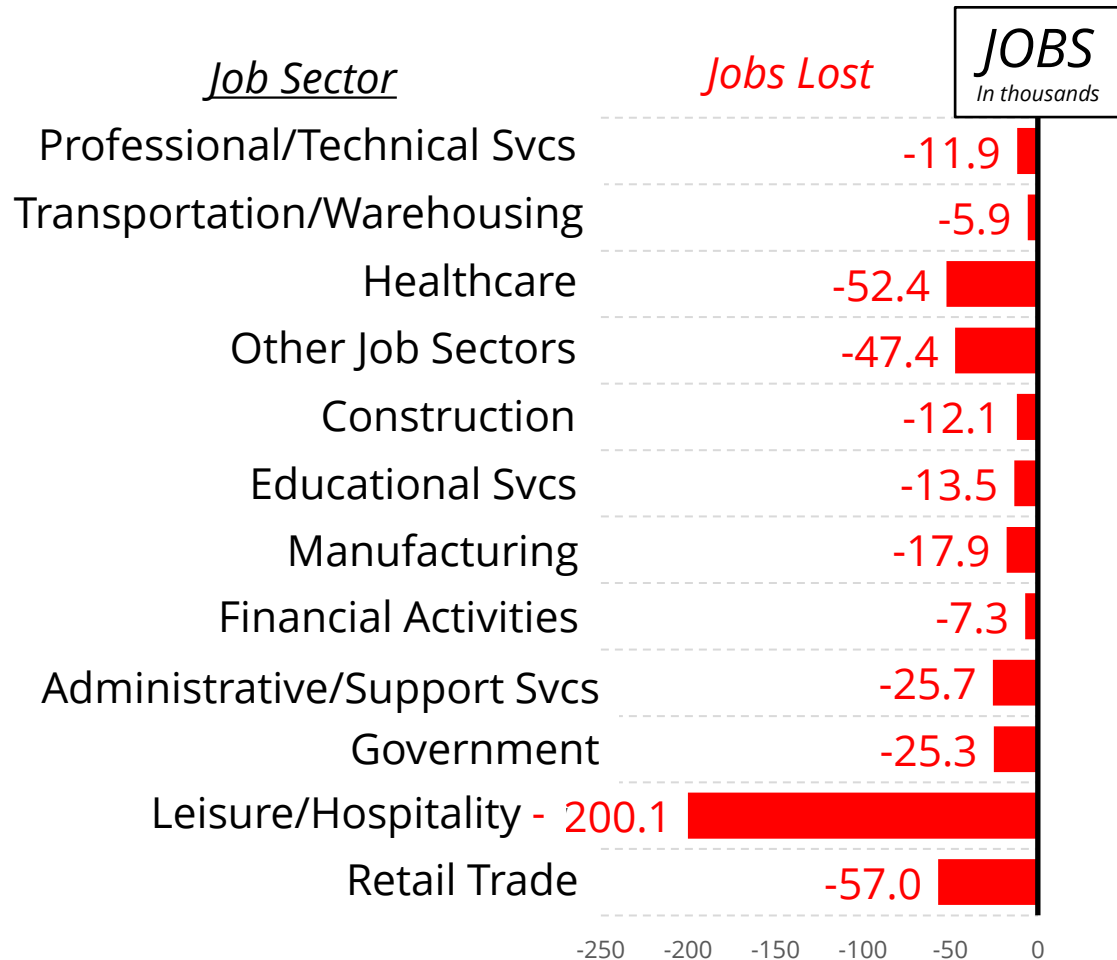
Job Recovery VA & Neighbors

August 2023 compared to January 2020



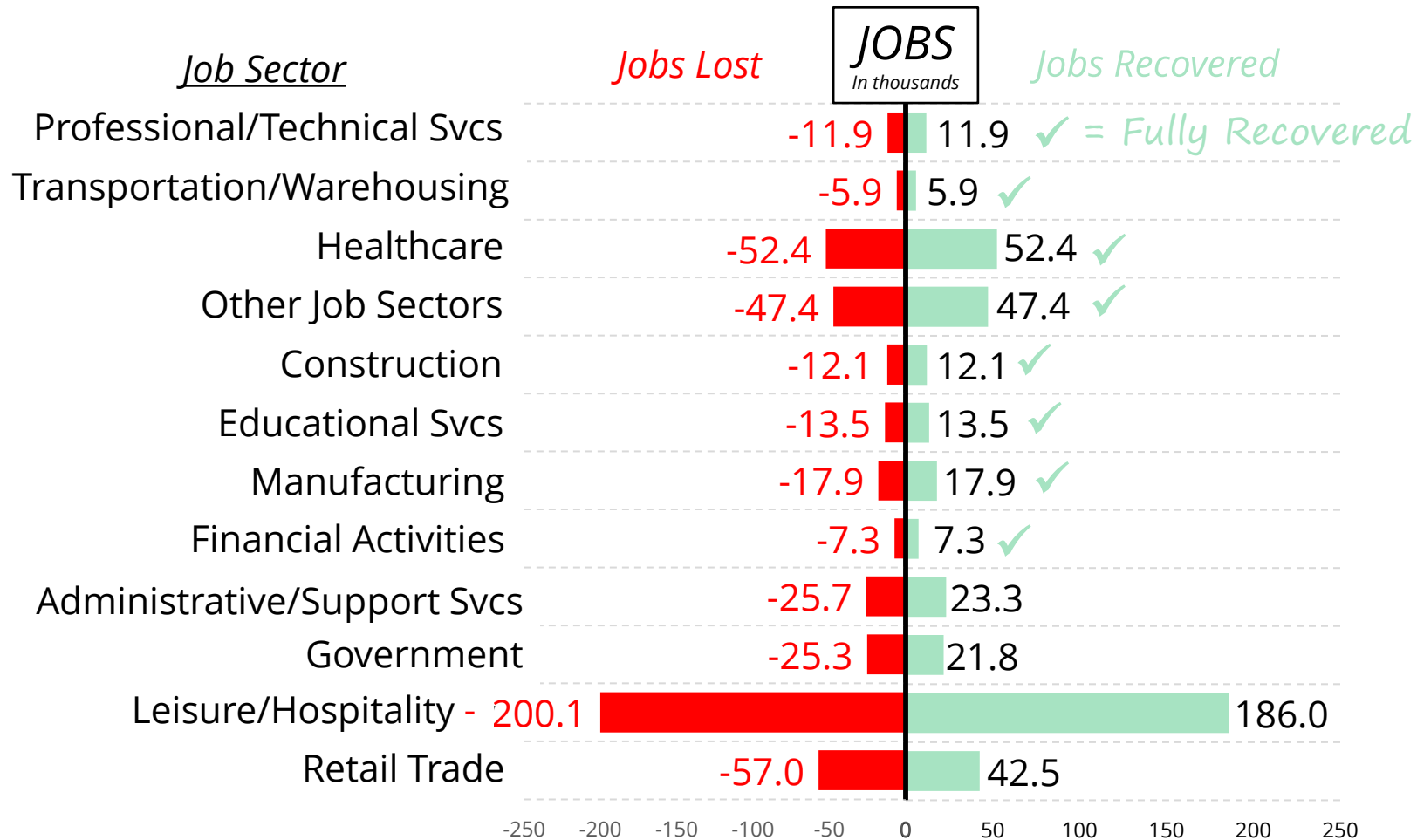
Source: U.S. Bureau of Labor Statistics, seasonally adjusted

Virginia's Job Growth Concentrated in 3 Sectors



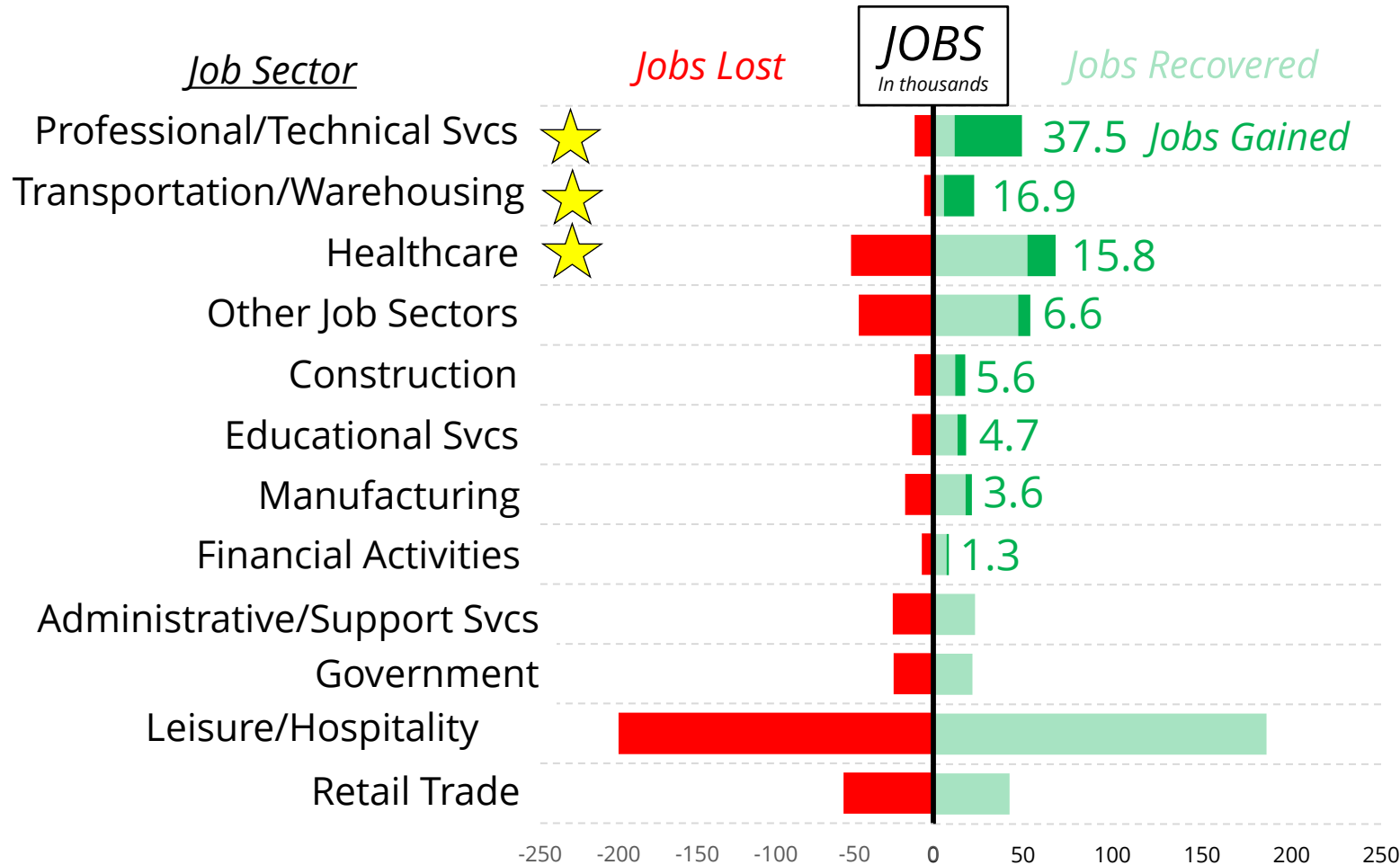
Source: U.S. Bureau of Labor Statistics, seasonally adjusted

Virginia's Job Growth Concentrated in 3 Sectors



Source: U.S. Bureau of Labor Statistics, seasonally adjusted

Virginia's Job Growth Concentrated in 3 Sectors



Source: U.S. Bureau of Labor Statistics, seasonally adjusted

Key Trend



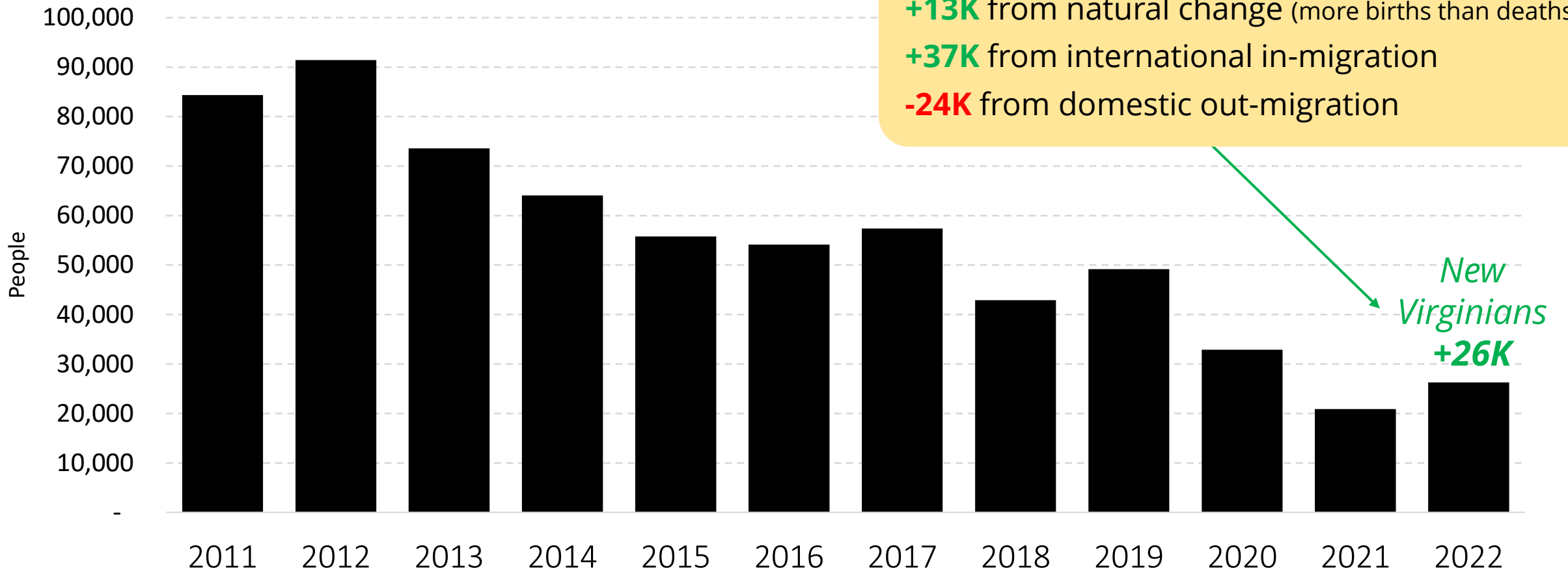
Population growth in rural and exurban areas has picked up. Out-migration to the Sunbelt states continues.

Virginia Population Change

Population growth has slowed in Virginia

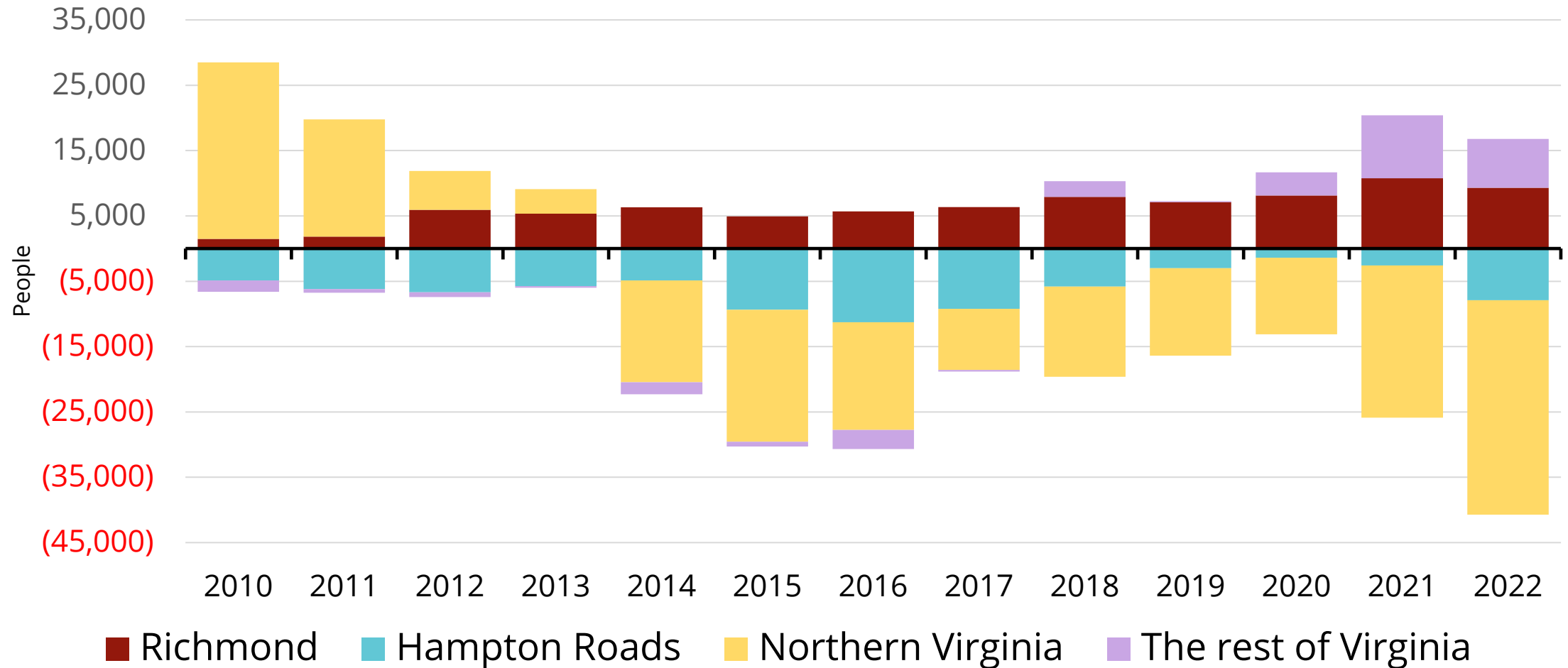
2022 Virginia Population Change

+13K from natural change (more births than deaths)
+37K from international in-migration
-24K from domestic out-migration

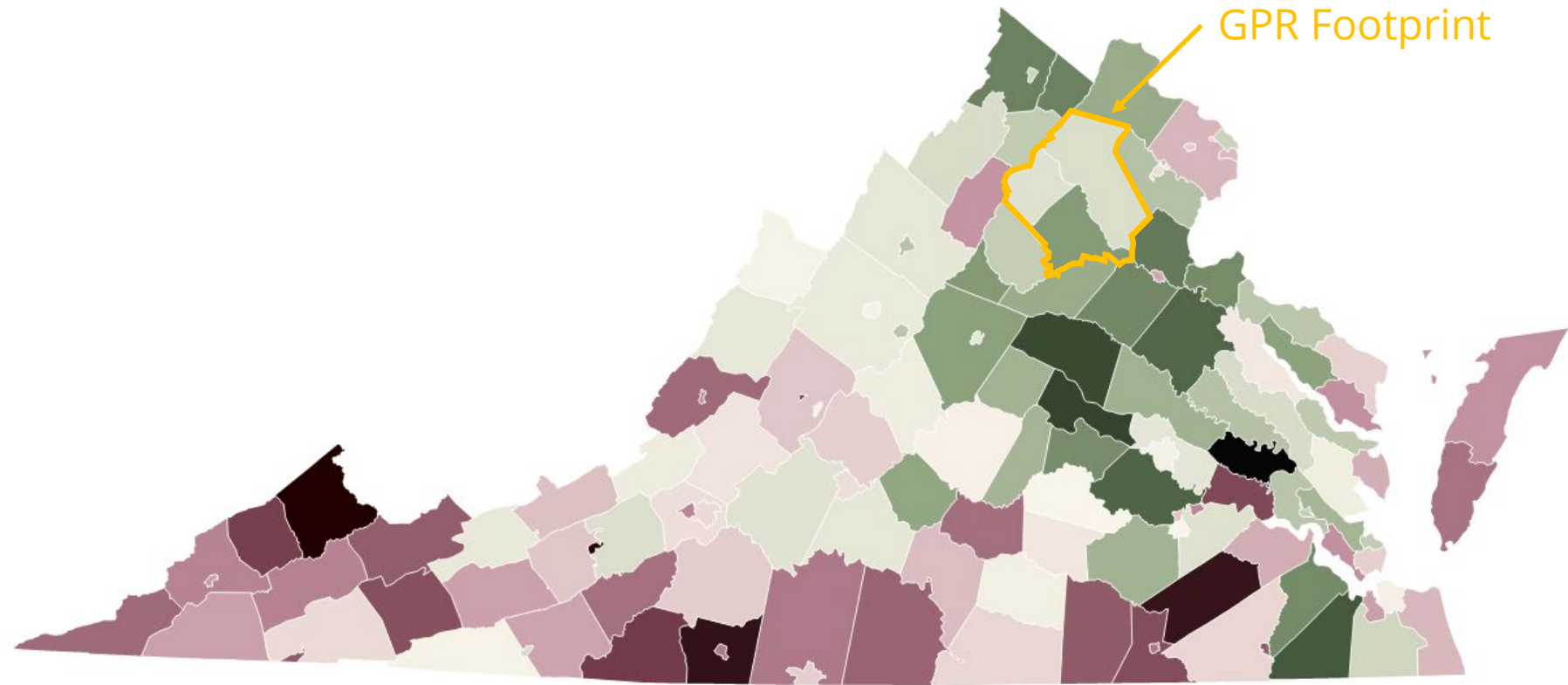


Domestic Migration in Virginia

By Region

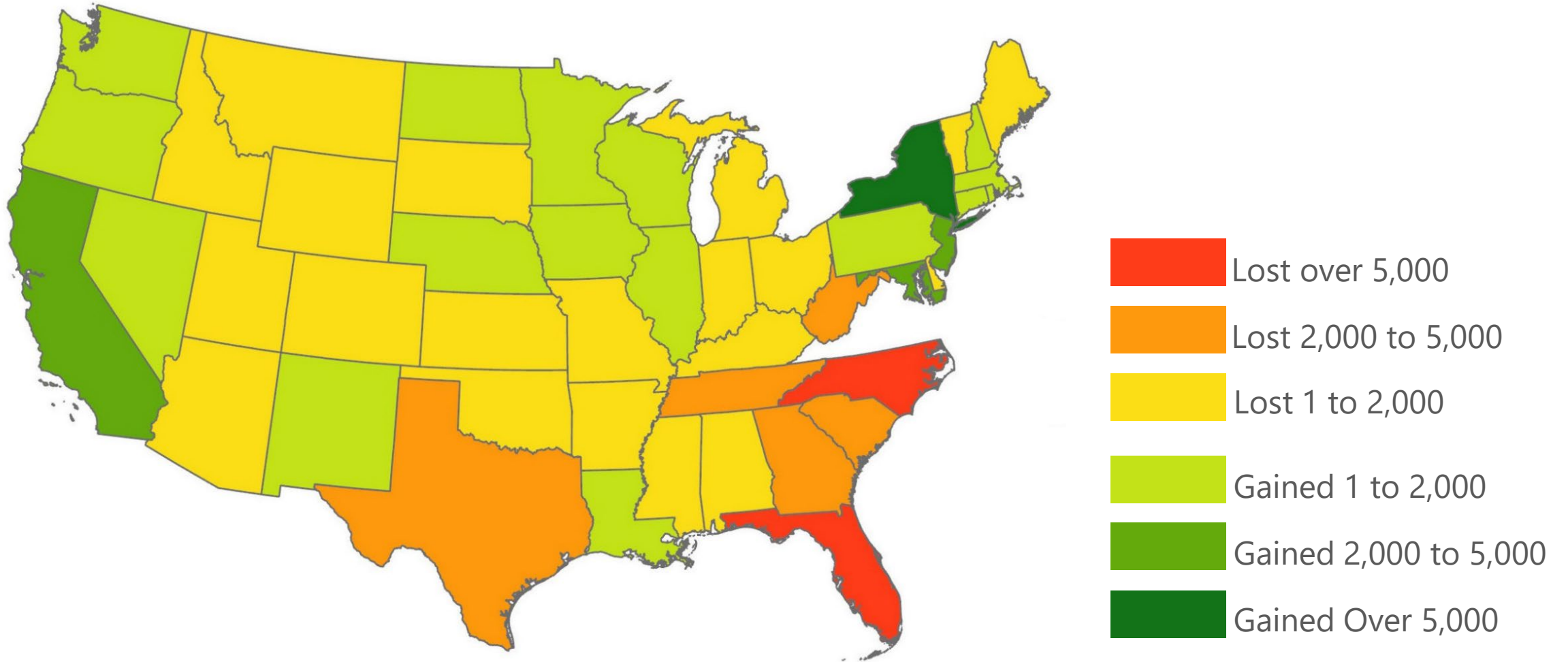


Net Population Change, 2020 - 2022



Virginia Net-Migration between States

2020 to 2021

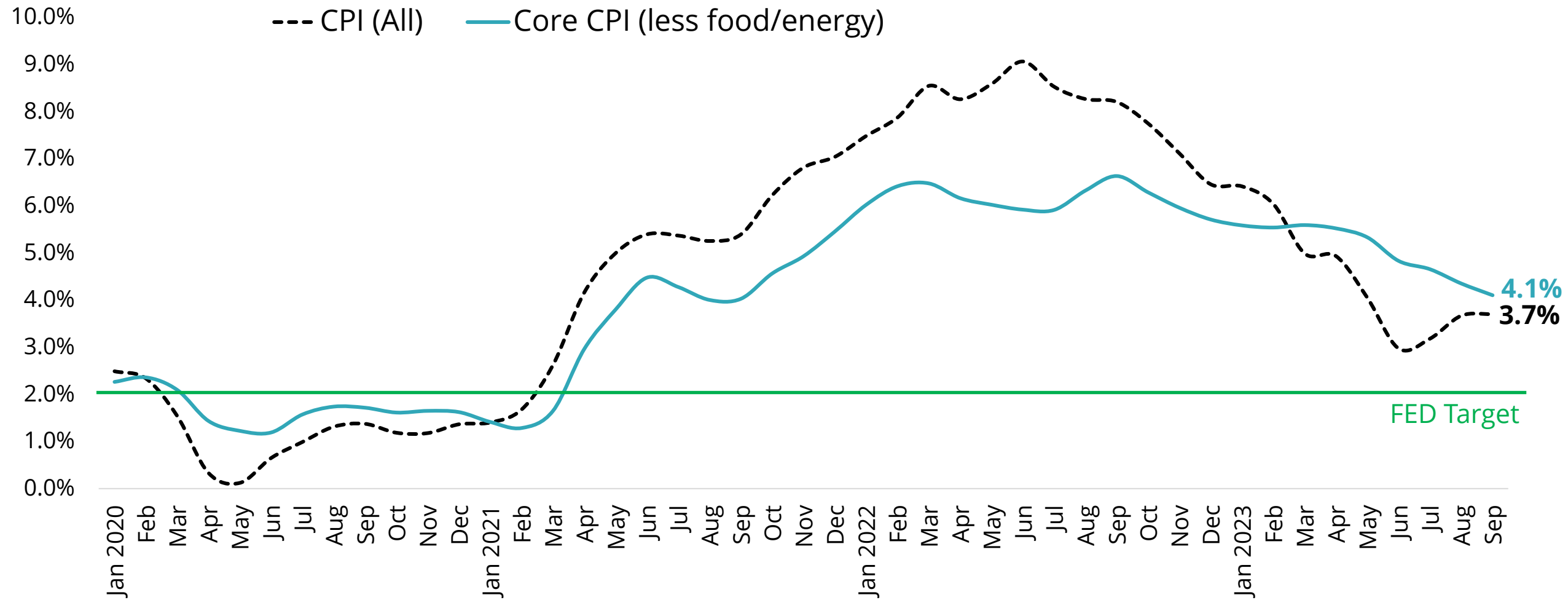


Key Trend

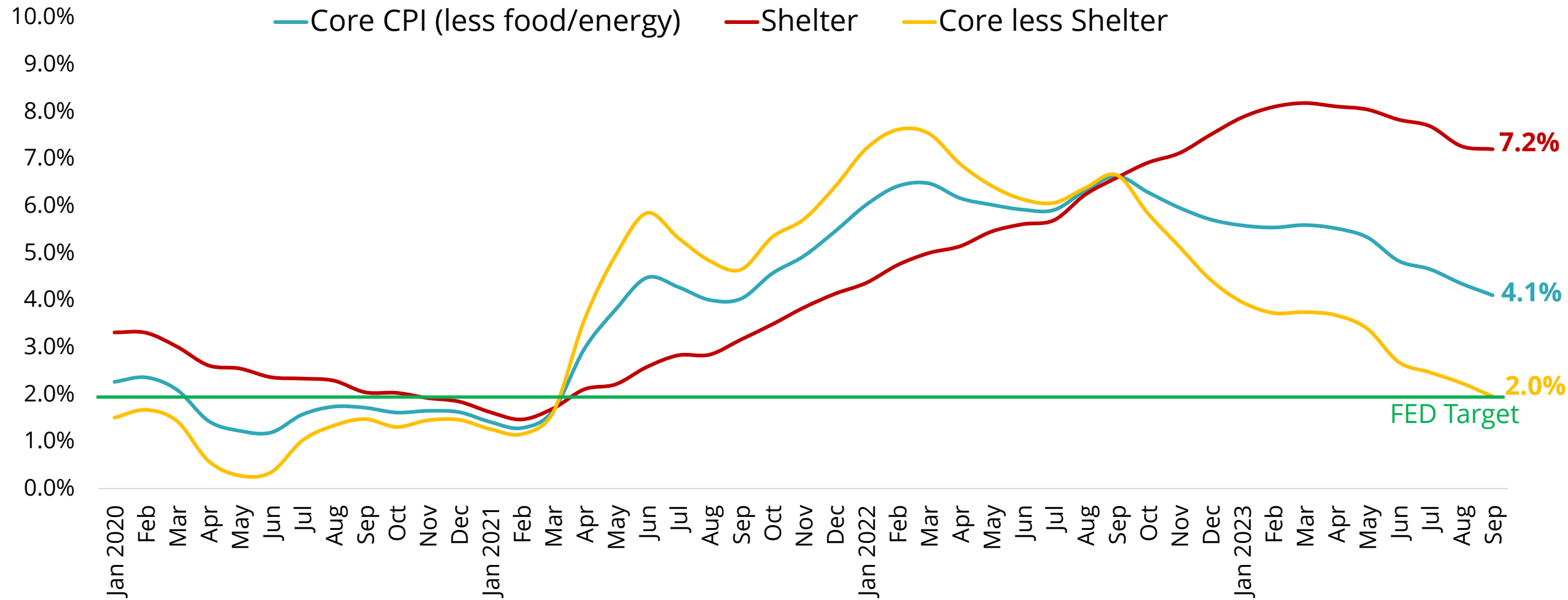


Inflation is heading in the right direction, but hitting the target could take a while.

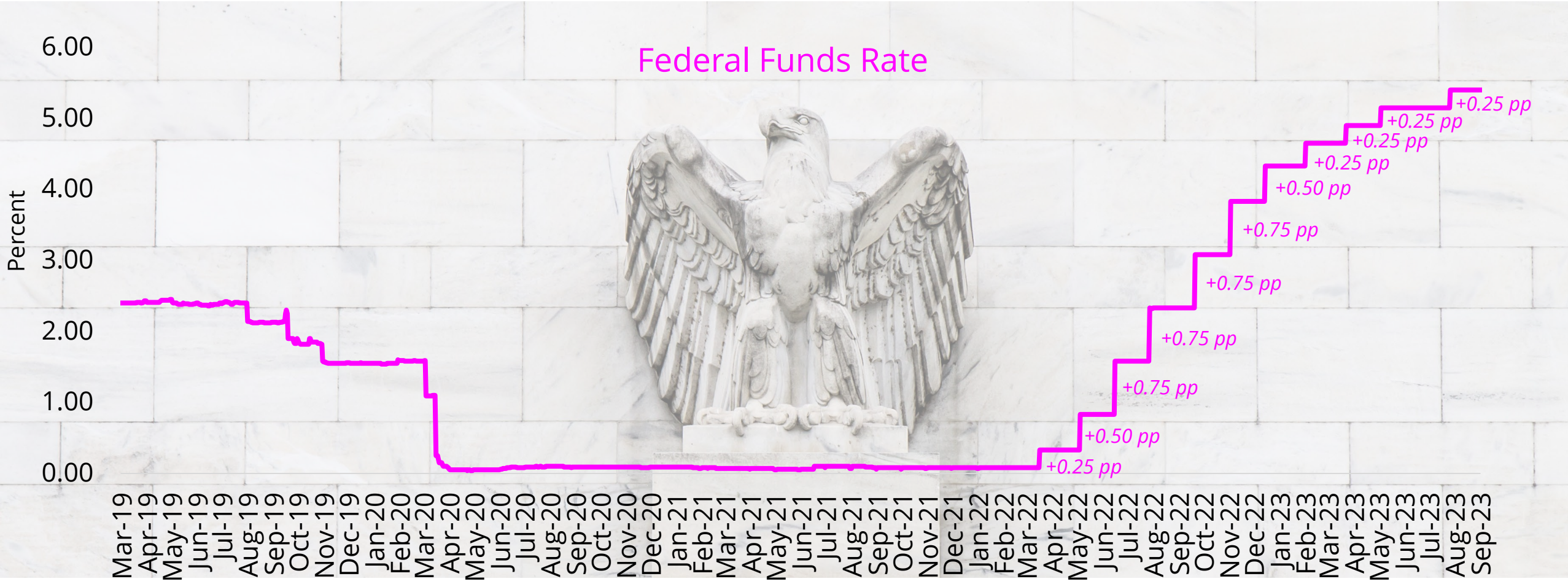
Fed's Preferred Gauge is Higher but Falling



Shelter Costs Keeping Core Inflation High

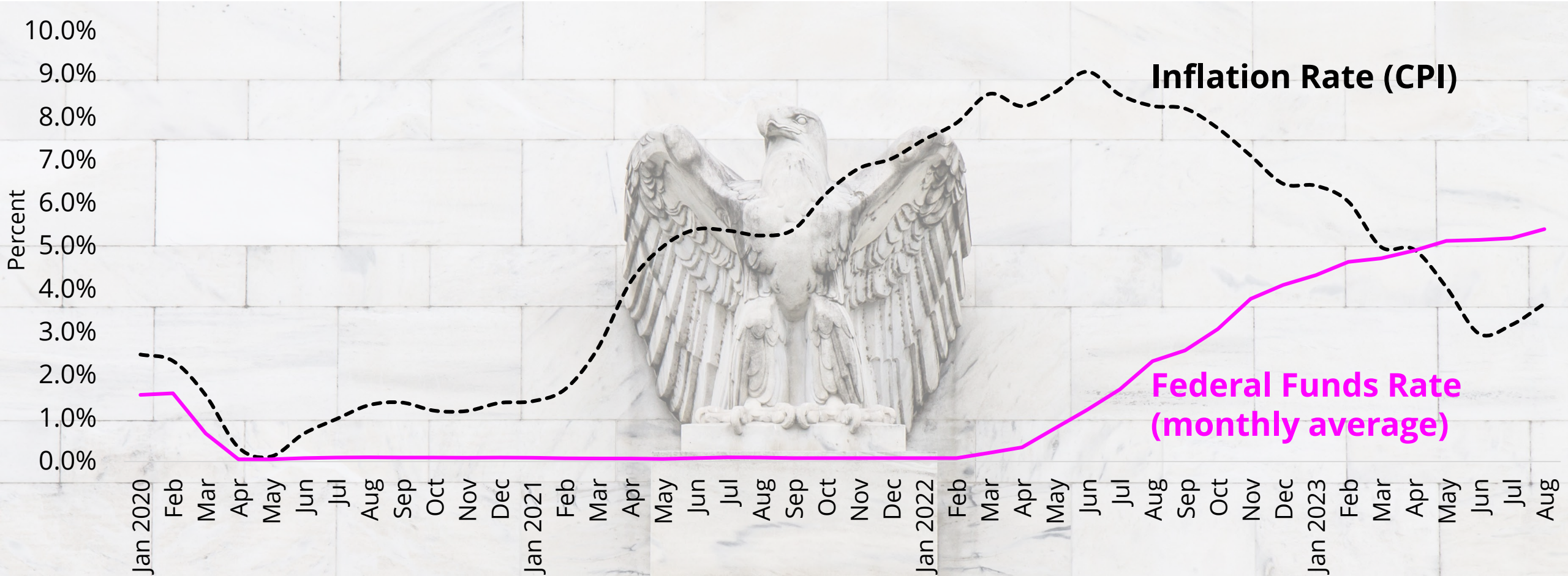


Fed's Response to Inflation...



Source: U.S. Federal Reserve Board

Fed's Response to Inflation...is Working



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



HOUSING MARKET

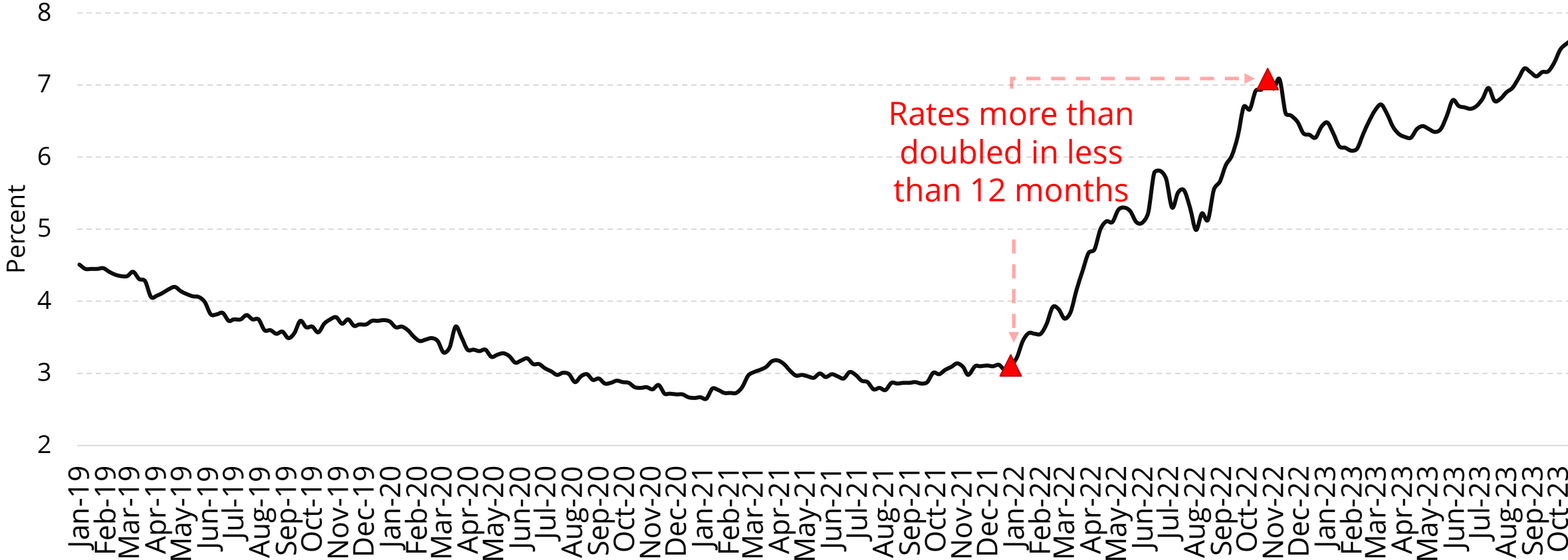
Key Trend



Higher mortgage rates + low inventory =
significant slowdown in housing markets
around Virginia

Mortgage Rate Trends

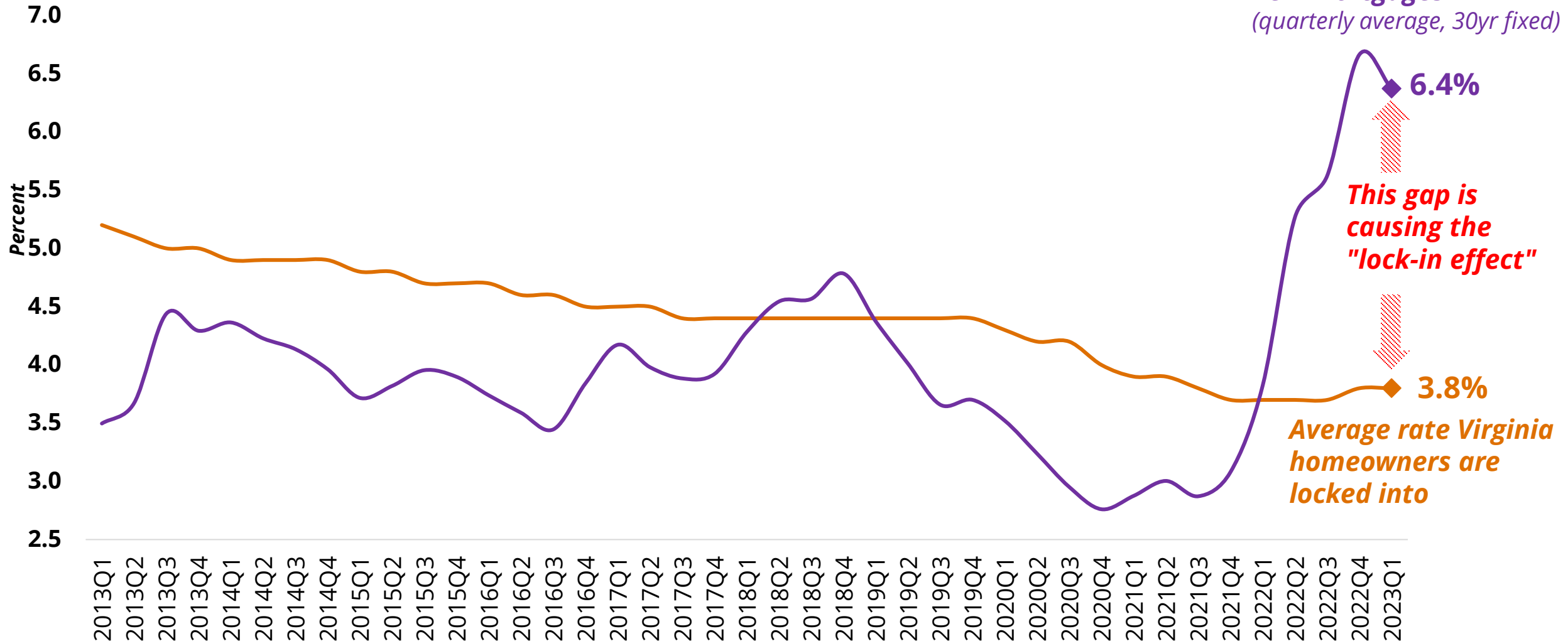
30-Year Fixed Rate Mortgage Rate (weekly average)



Source: Freddie Mac

Lock-in Effect Keeping Sellers on the Sidelines

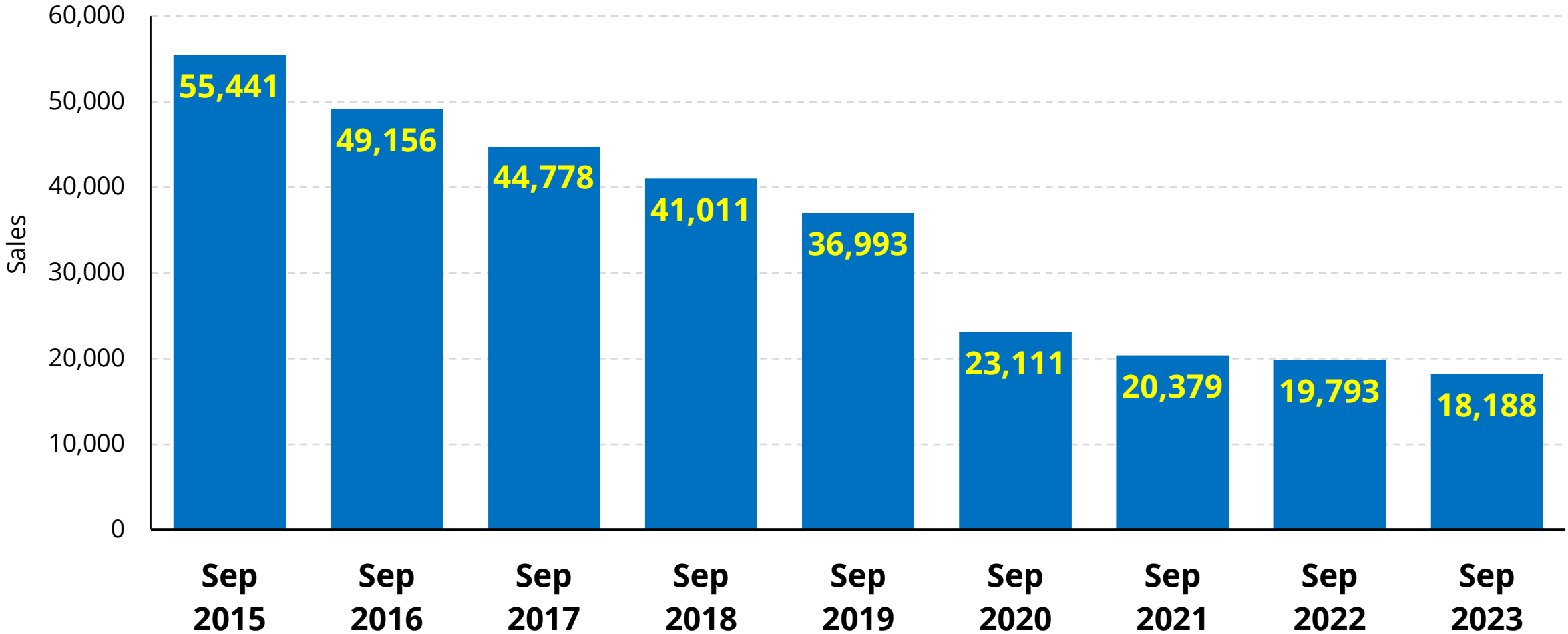
Mortgage Rates on Outstanding Loans vs. Average Mortgage Market Rates



Source: FHFA, Freddie Mac, Virginia REALTORS®

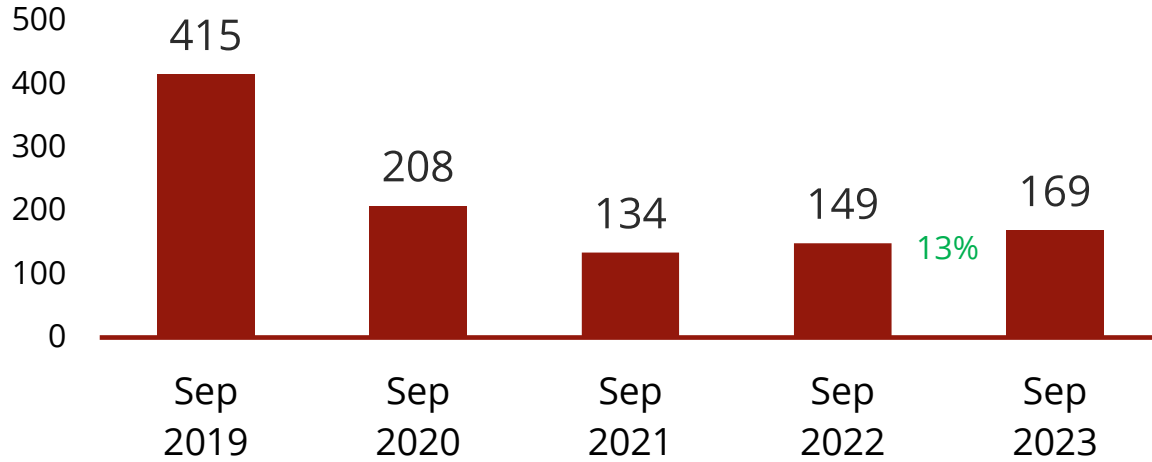
Historically Low Inventory Levels Going Lower

Active Listings, Statewide (end of September)

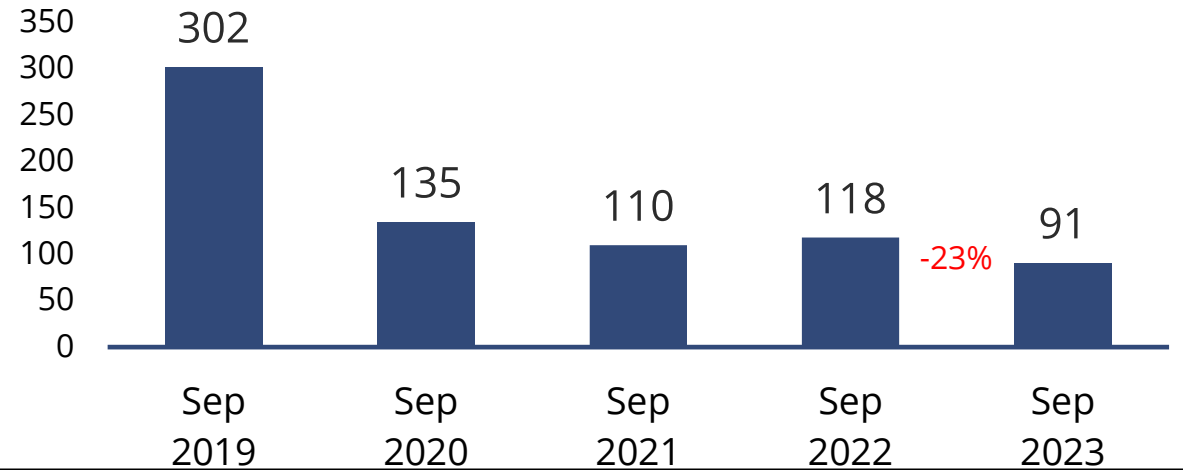


Active Listings (end of Sep) – GPR Local Markets

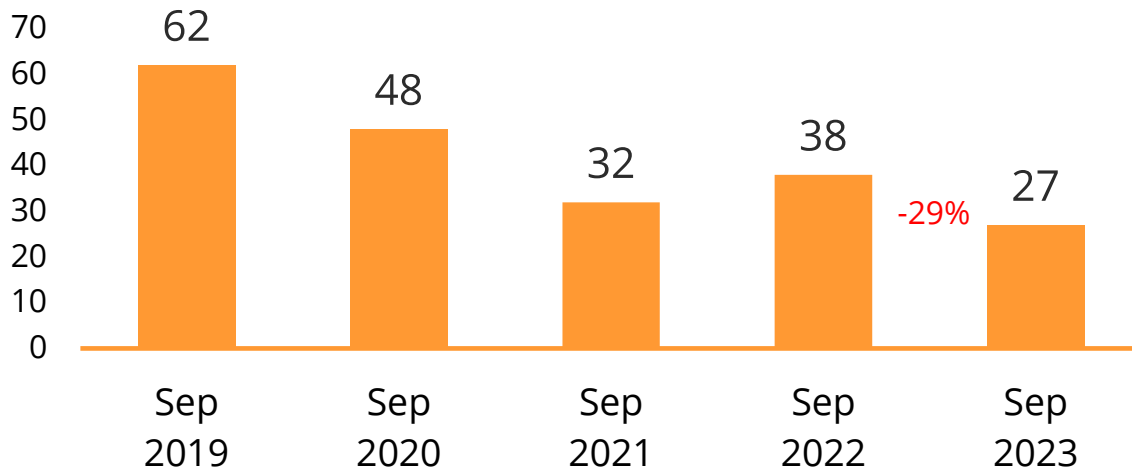
Fauquier County



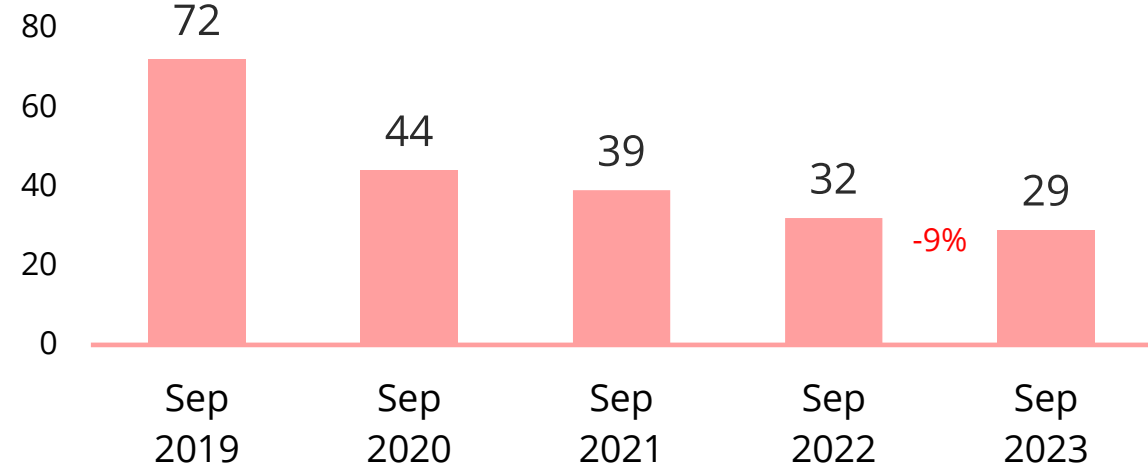
Culpeper County



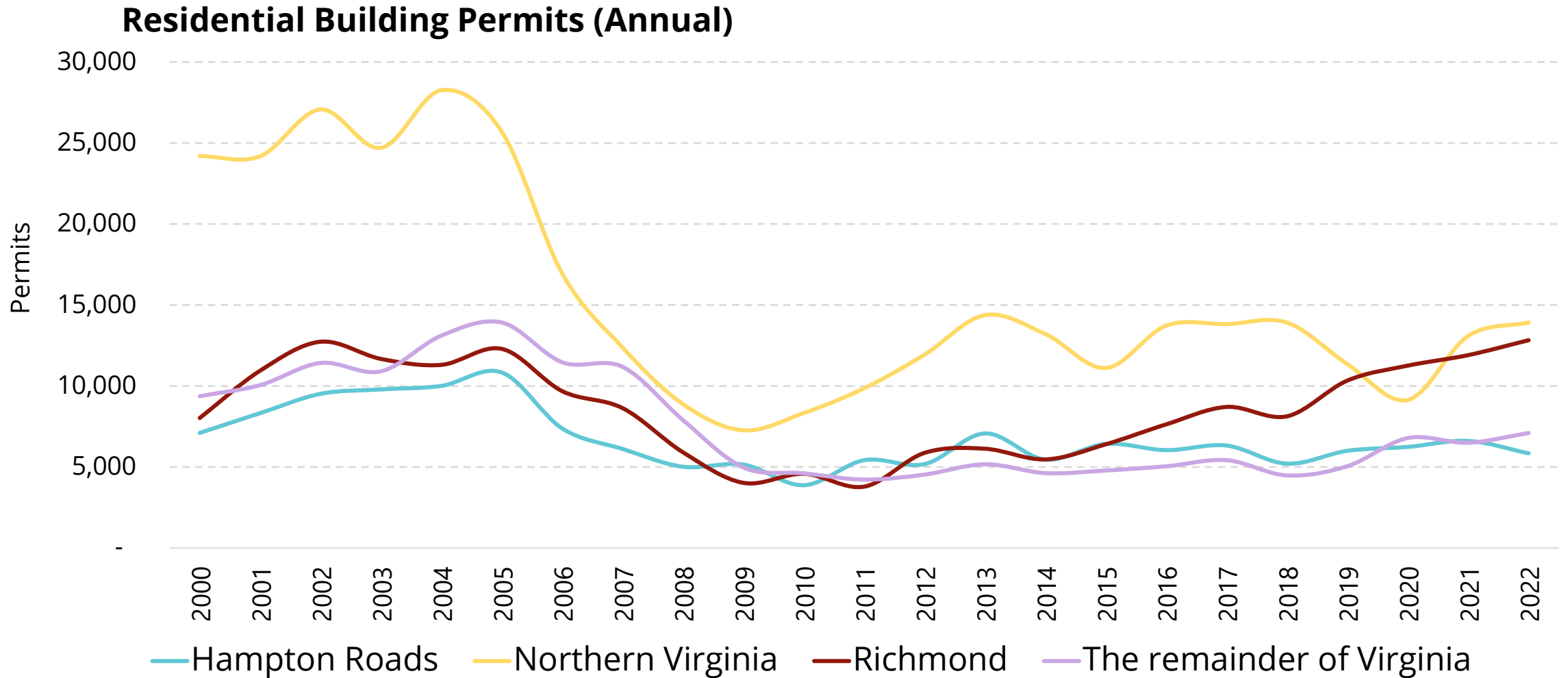
Madison County



Rappahannock County



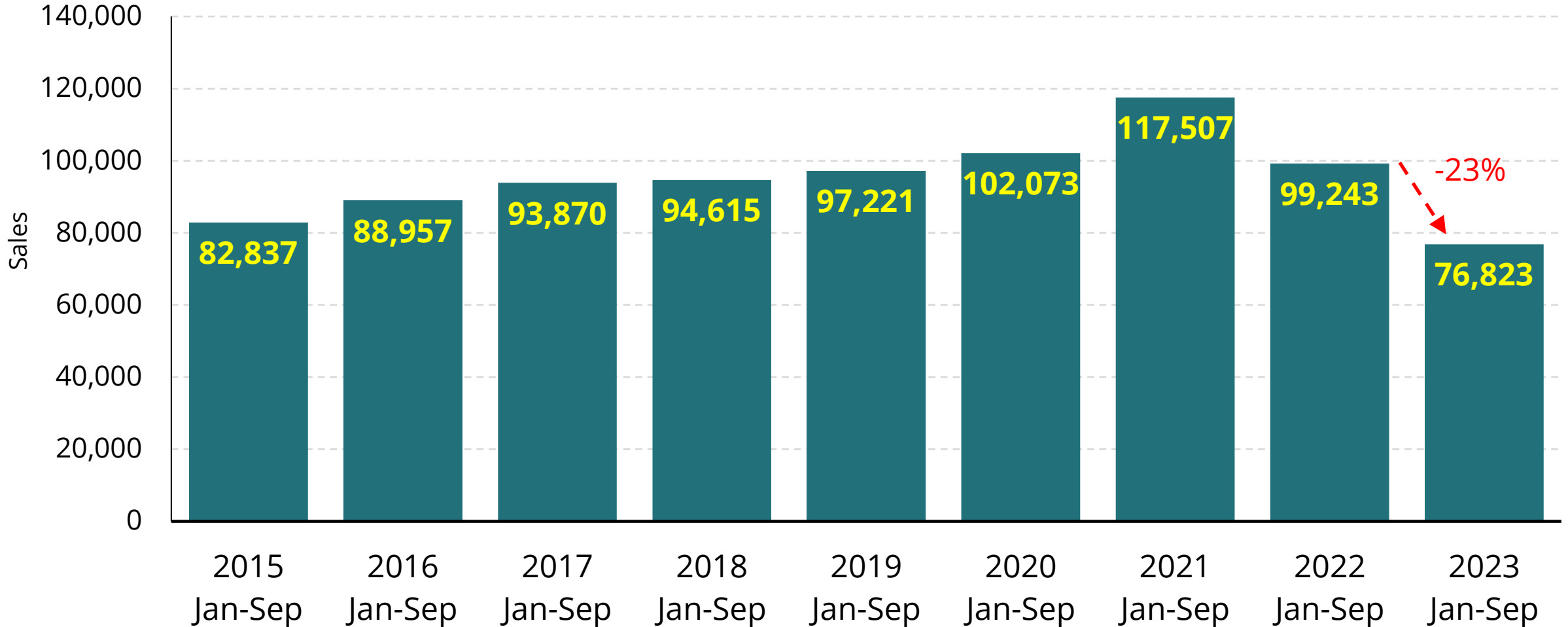
New Construction Not Keeping Pace with Demand



Source: U.S. Census Bureau, Weldon Cooper Center UVA

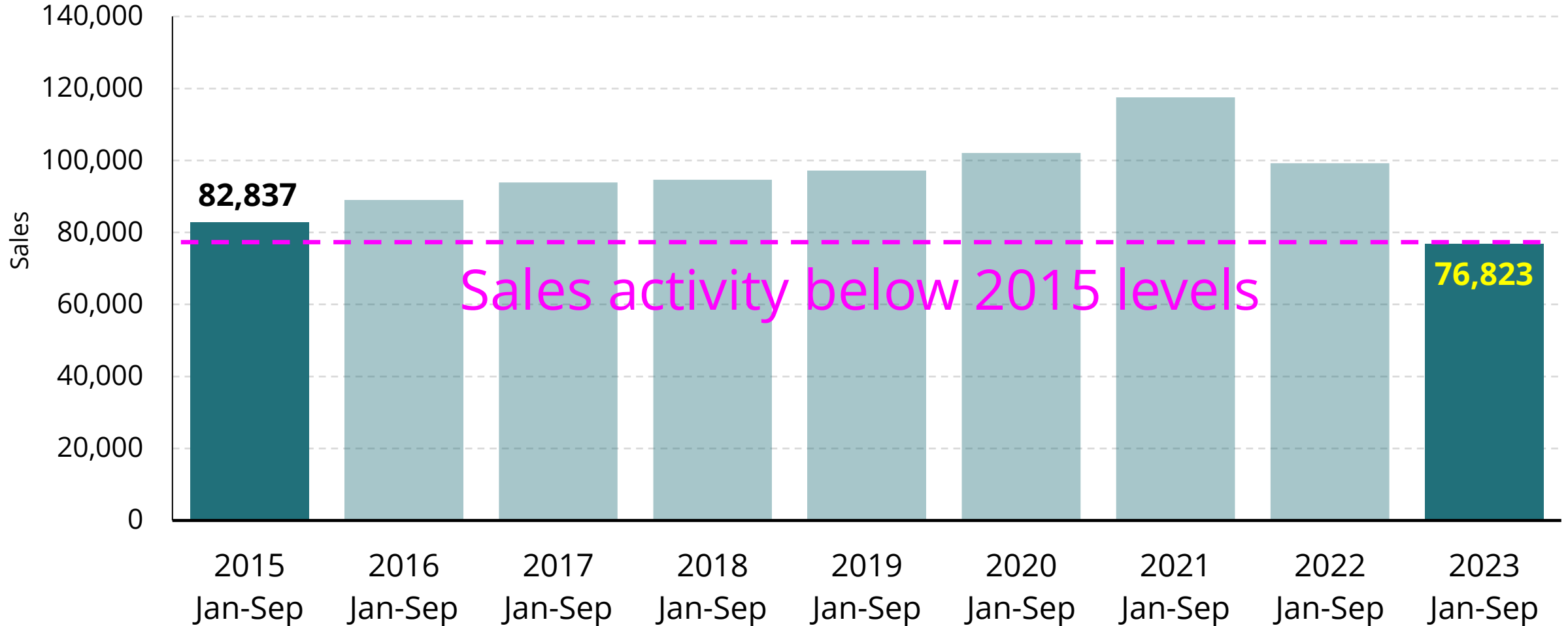
Statewide Home Sales – Virginia (Jan – Sep)

Statewide Home Sales



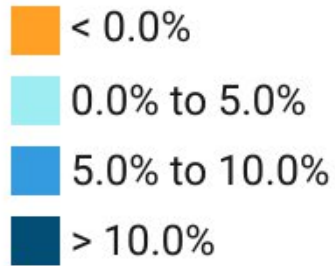
Statewide Home Sales – Virginia (Jan – Sep)

Statewide Home Sales

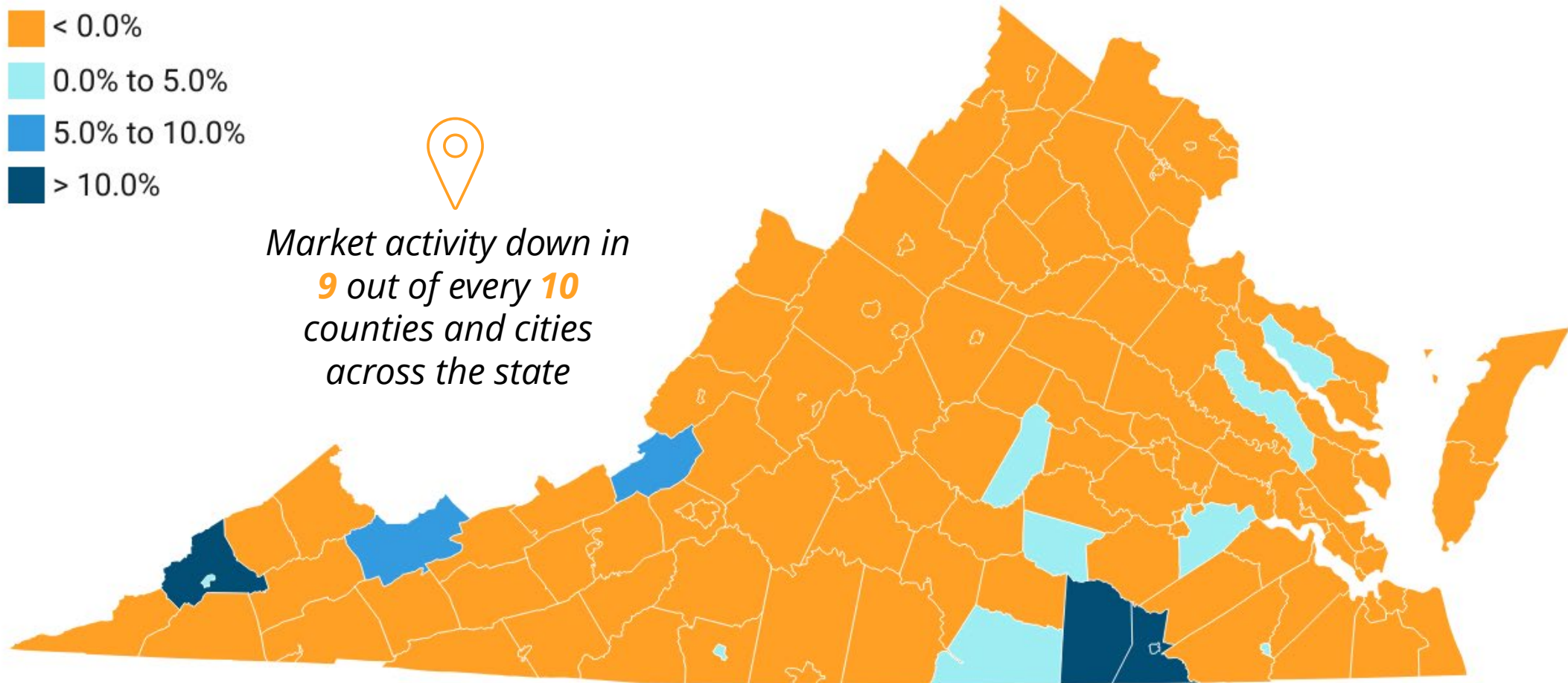


Markets Slowing Across the State

Change Home Sales – YTD Sep 2023 compared to YTD Sep 2022

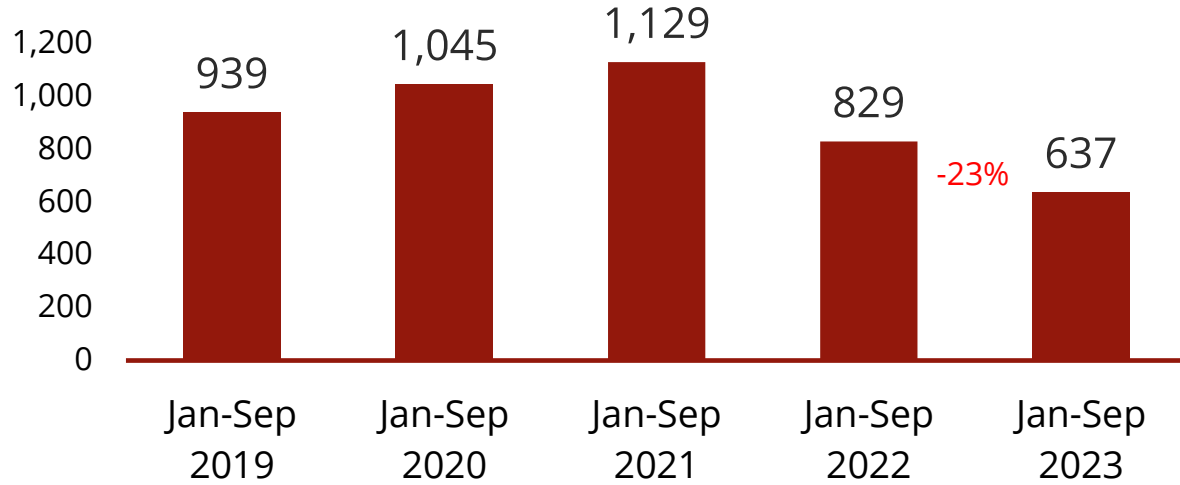


*Market activity down in
9 out of every **10**
counties and cities
across the state*

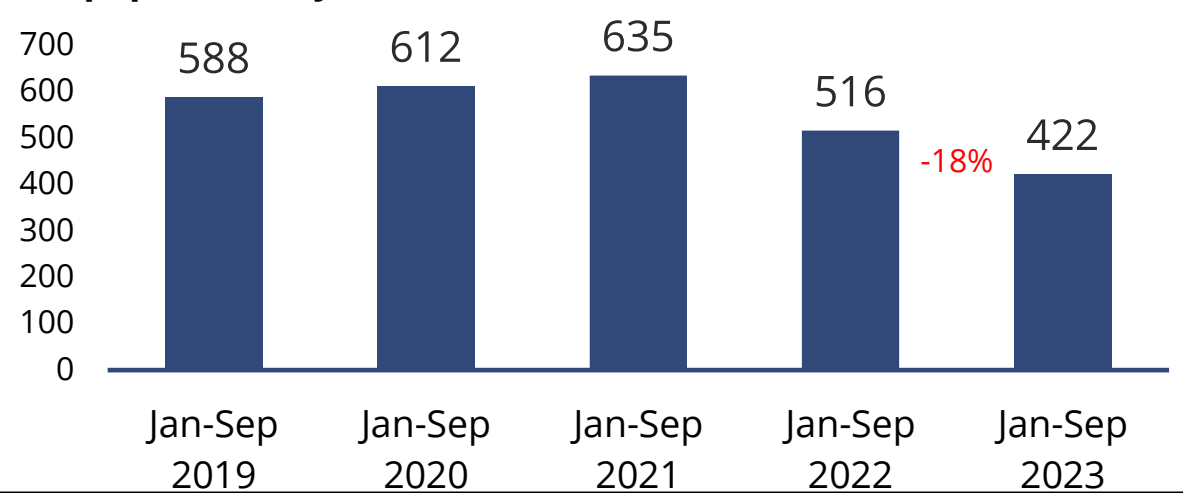


YTD Home Sales (Jan – Sep) – GPR Local Markets

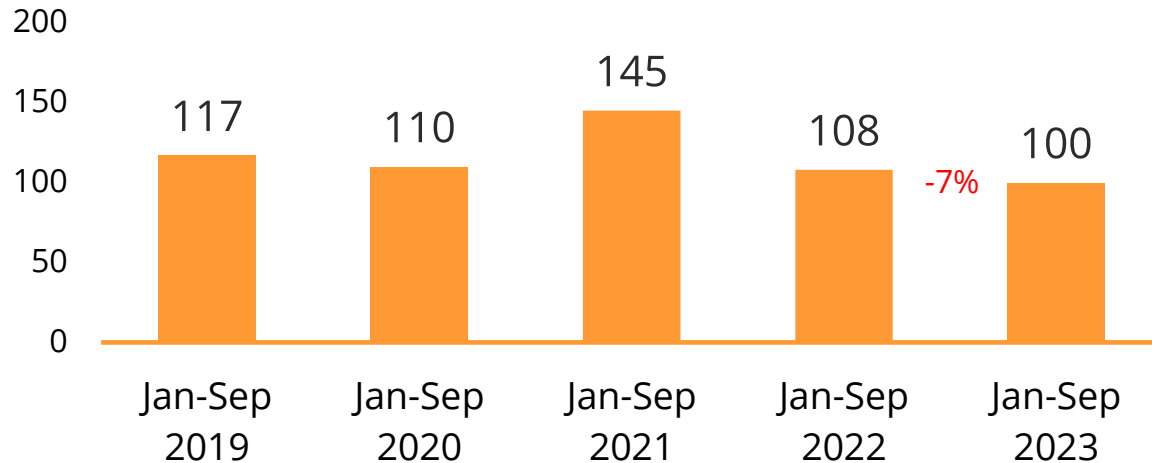
Fauquier County



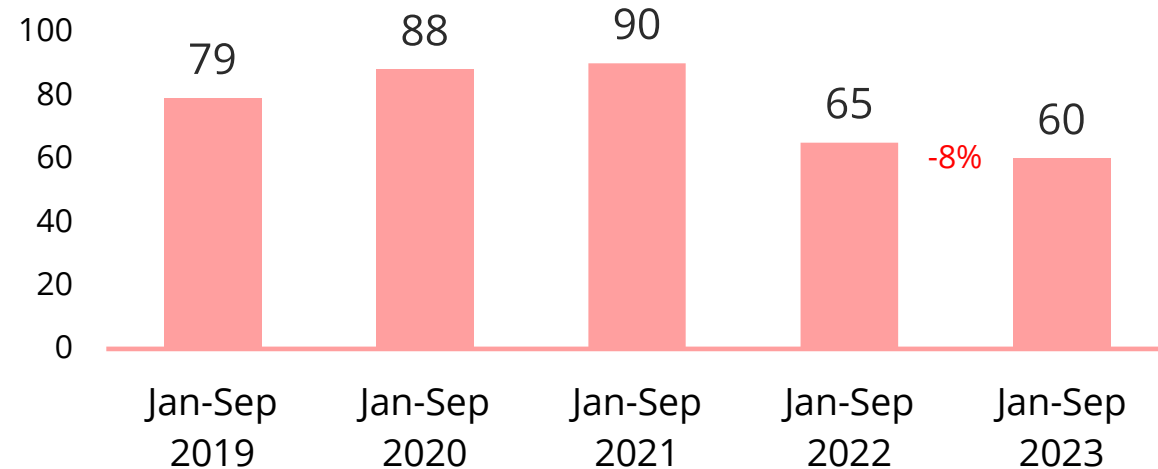
Culpeper County



Madison County



Rappahannock County



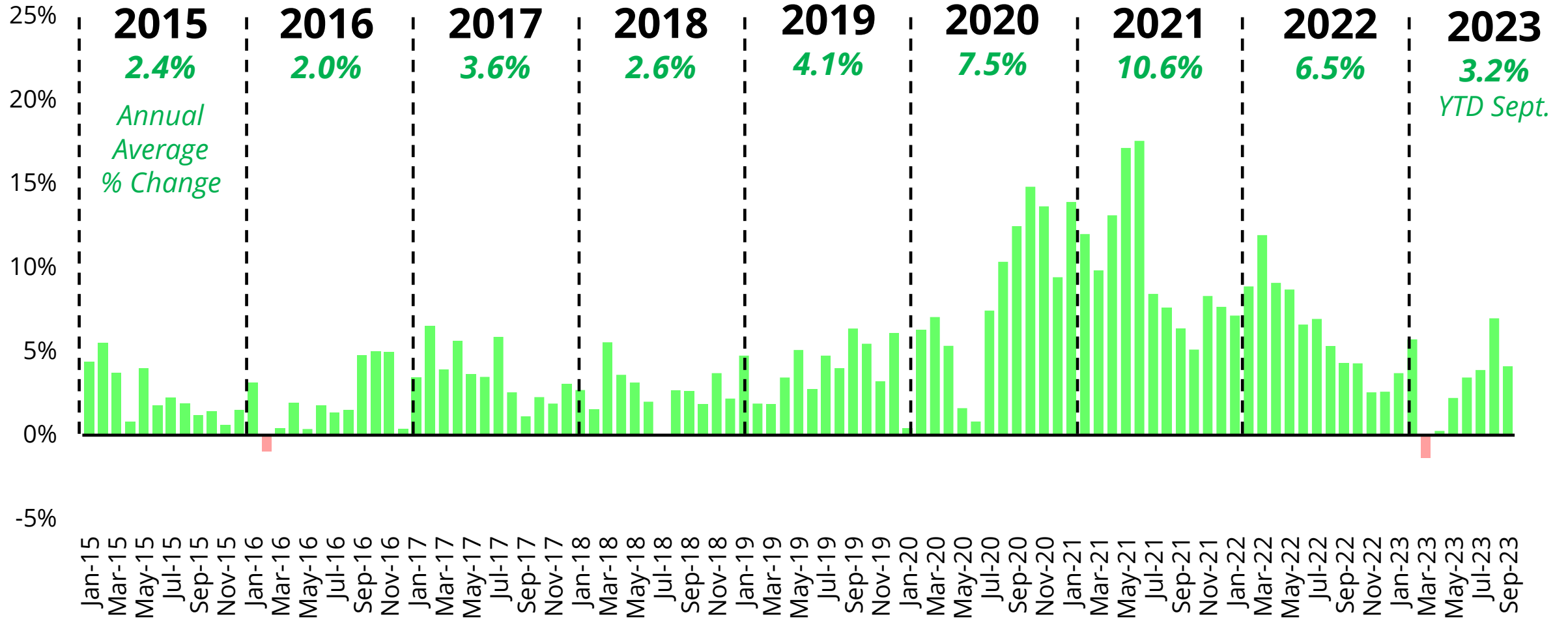
Key Trend



Home prices still climbing. Robust pipeline of buyers are competing for a limited number of homes.

Home Price Trends – Virginia

Y-o-Y Change in Median Home Price



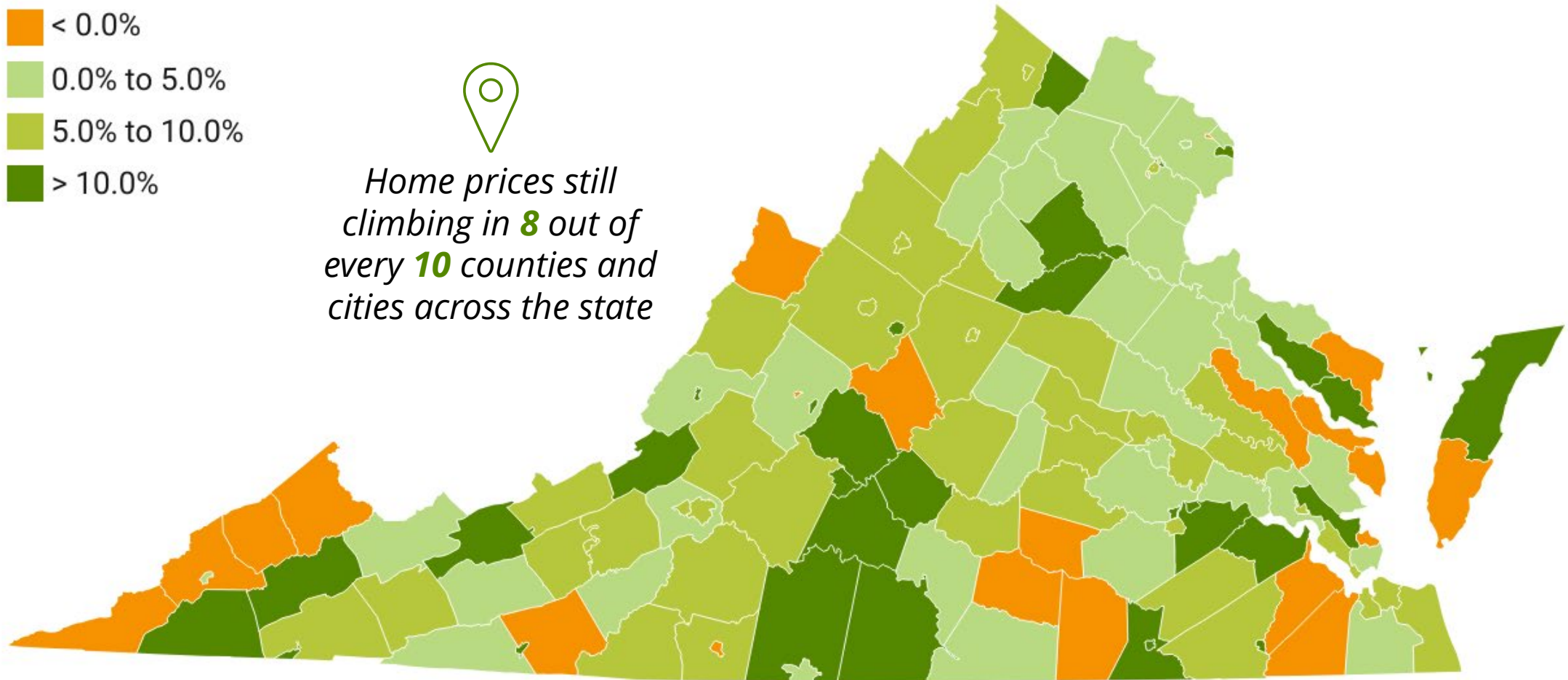
Prices Climbing in Most Local Markets

Change Median Sales Price – Sep 2023 compared to Sep 2022

- < 0.0%
- 0.0% to 5.0%
- 5.0% to 10.0%
- > 10.0%

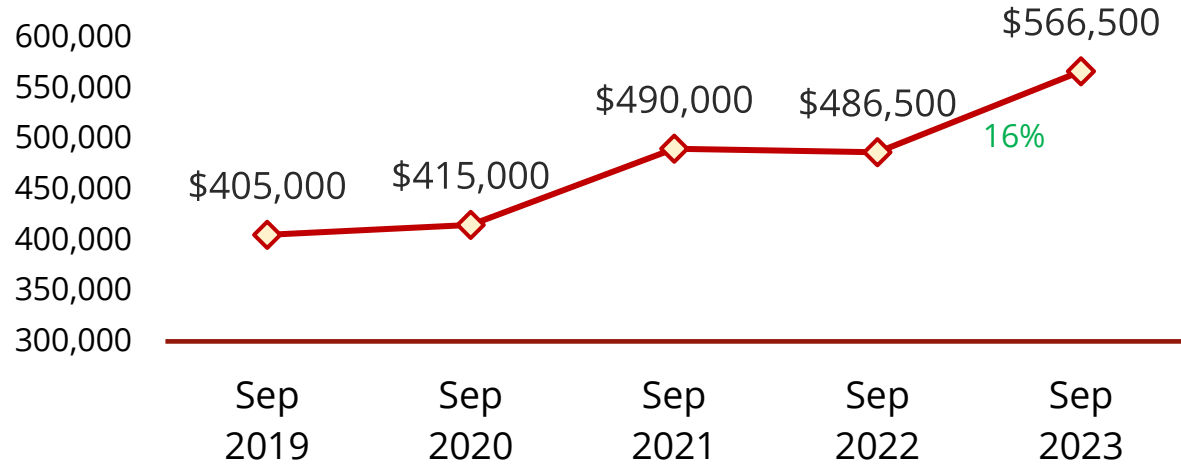


*Home prices still climbing in **8** out of every **10** counties and cities across the state*

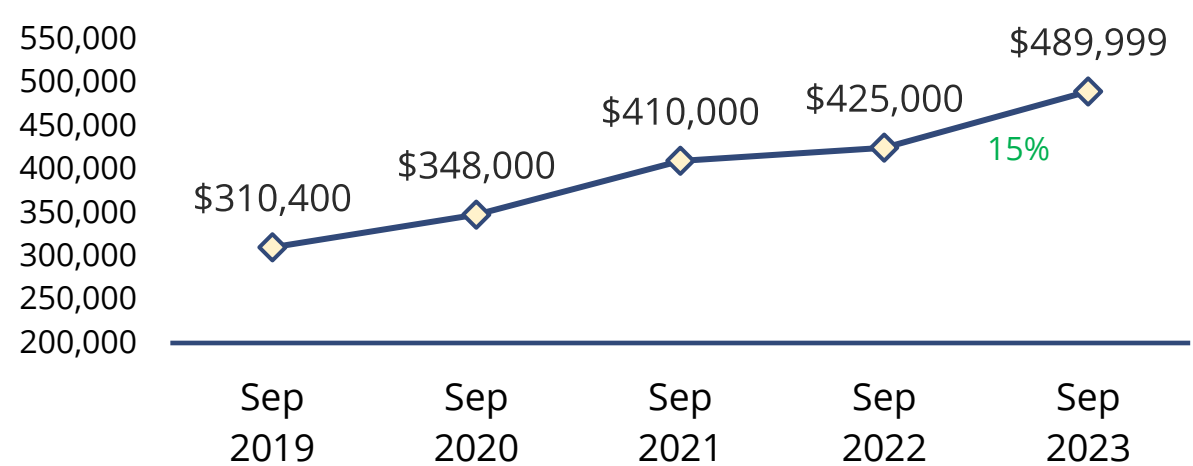


September Median Sales Price – GPR Local Markets

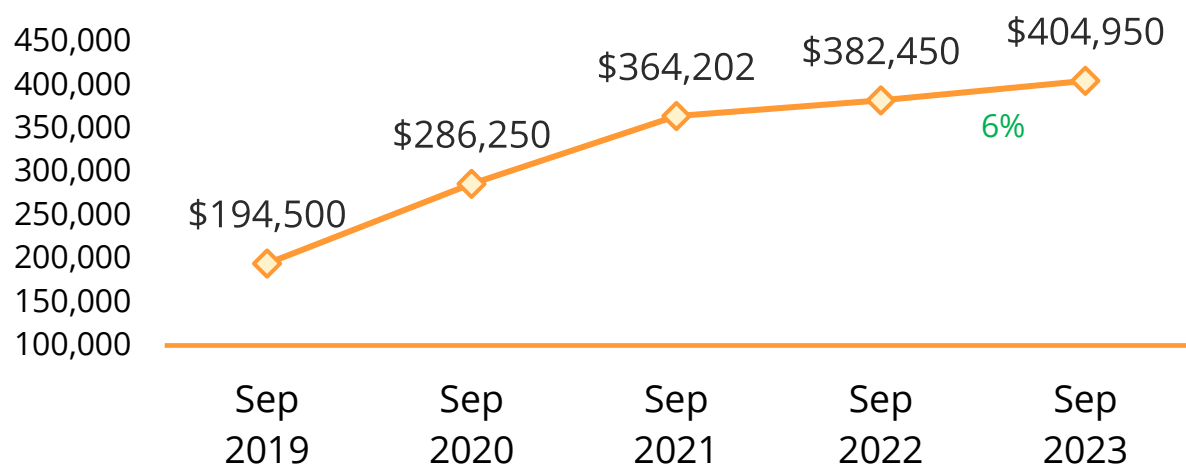
Fauquier County



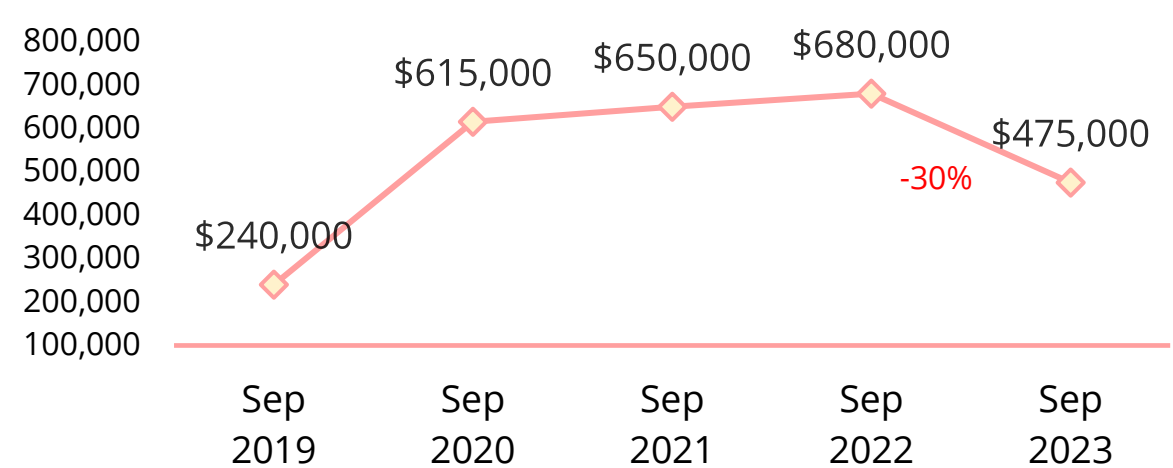
Culpeper County



Madison County

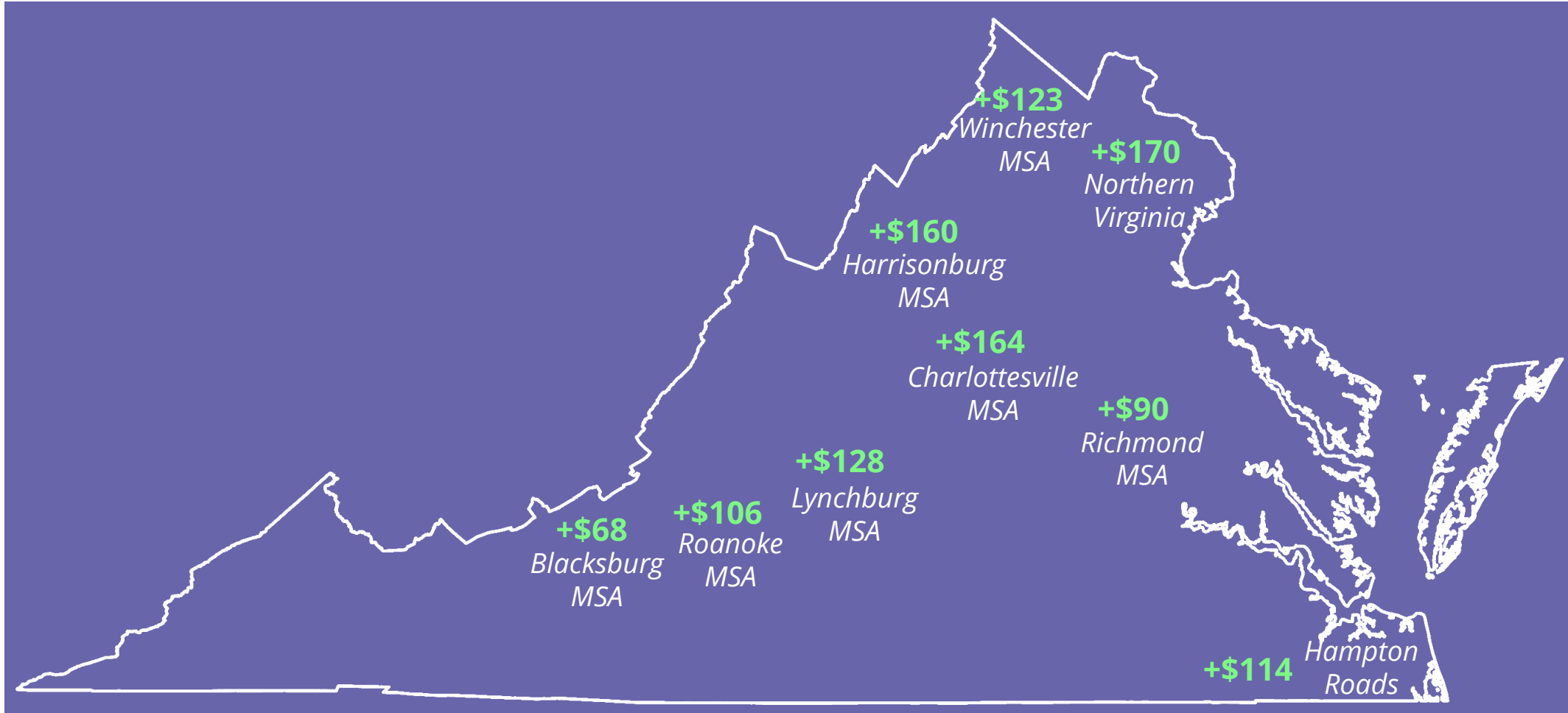


Rappahannock County



Rents up sharply across Virginia since 2021

\$ Change in Effective Rent Per Unit Q3-2021 to Q3-2023



Millennials and Boomers Competing for Same Homes in Tight Inventory Environment

Millennials

Starter home
price-points

Smaller homes

Multigenerational
homes



Baby Boomers

Senior
Communities

Smaller/single-
level homes

Multigenerational
homes

Key Trend

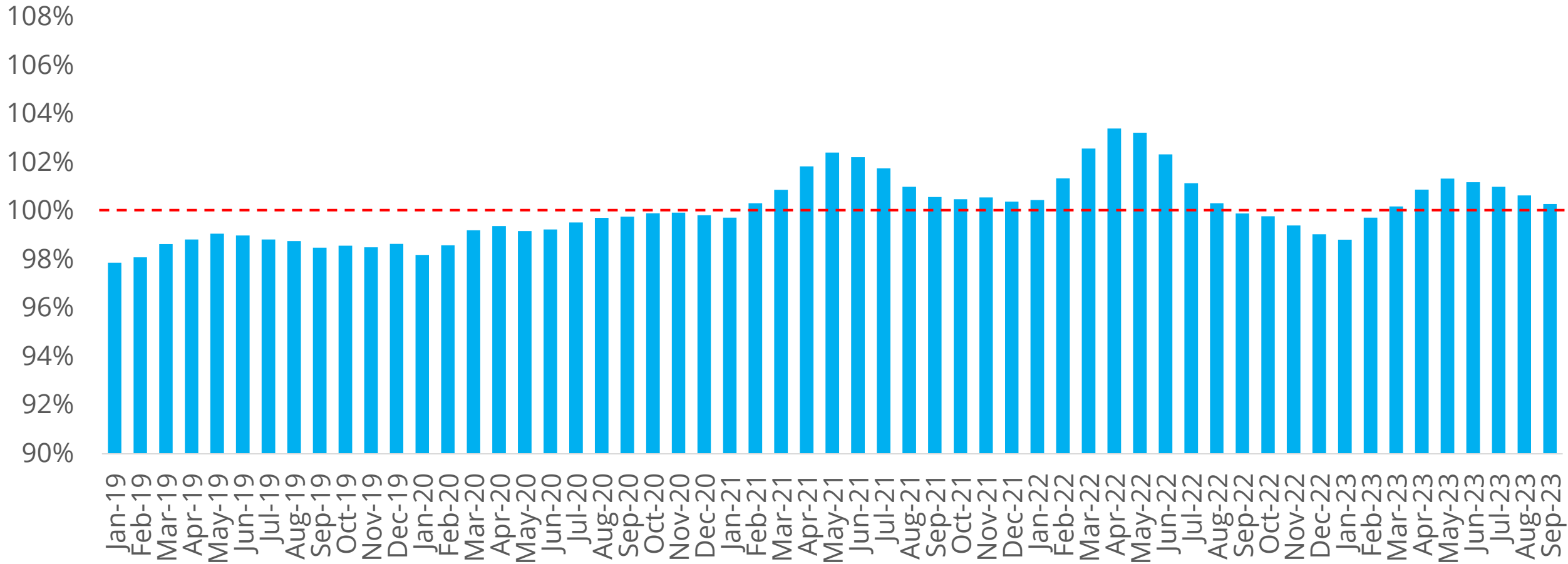


Conditions remain competitive. Pent-up demand for housing + low supply = slow yet competitive market.

Despite Slowdown, Market Remains Competitive

Sellers are getting above asking price on average in Virginia

Average Sold to Ask Price Ratio, Statewide

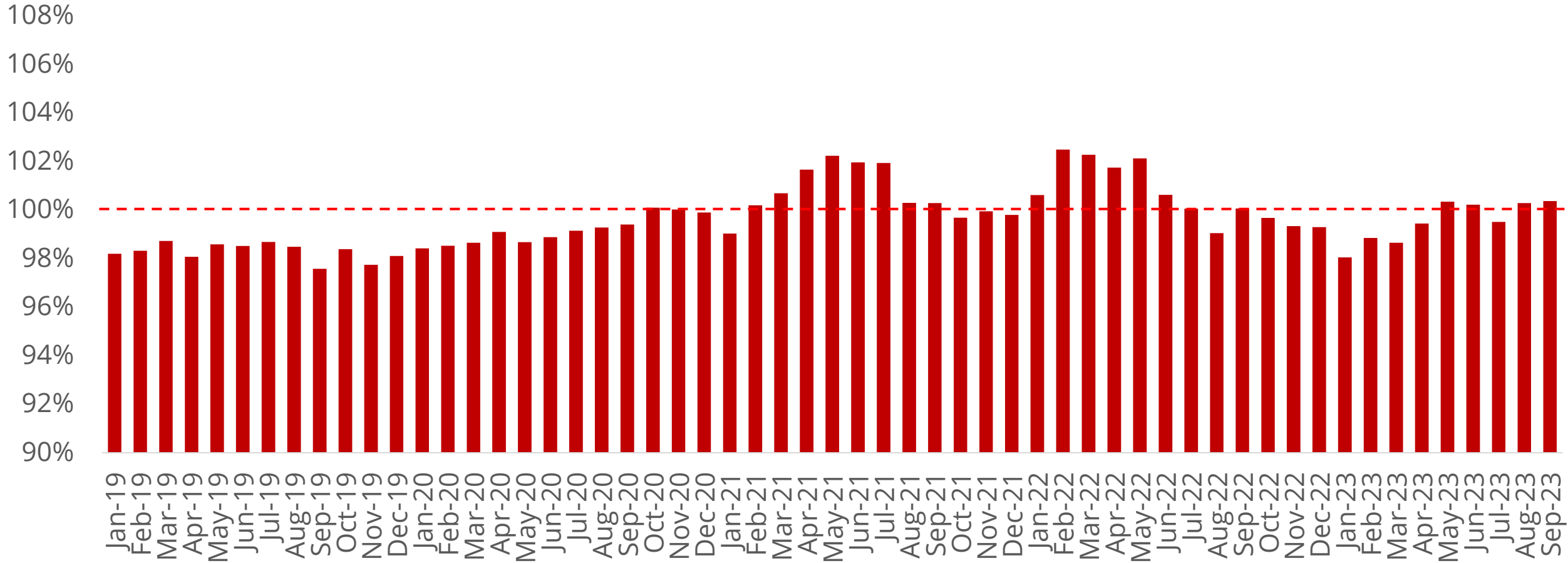


Source: Virginia REALTORS®

Despite Slowdown, Market Remains Competitive

Sellers are getting above asking price on average in the GPR region

Average Sold to Ask Price Ratio, Regionwide

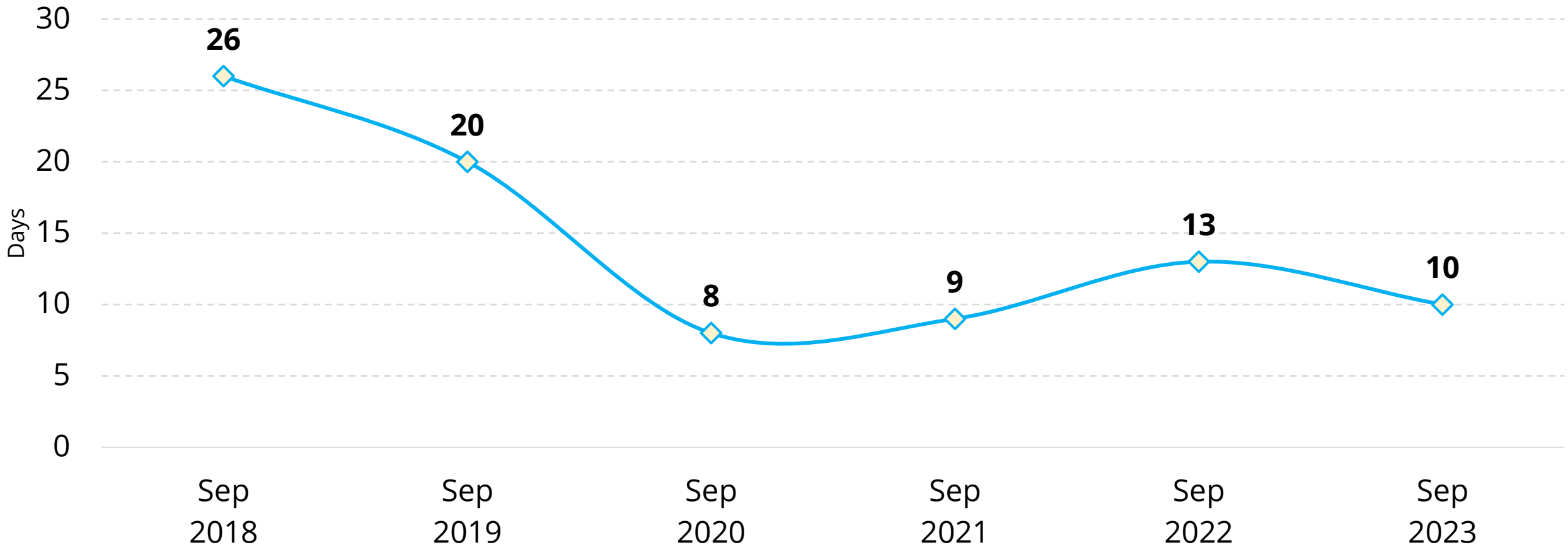


Source: Virginia REALTORS®

Despite Slowdown, Market Remains Competitive

Homes continue to sell quickly in Virginia

September Median Days on Market, Statewide

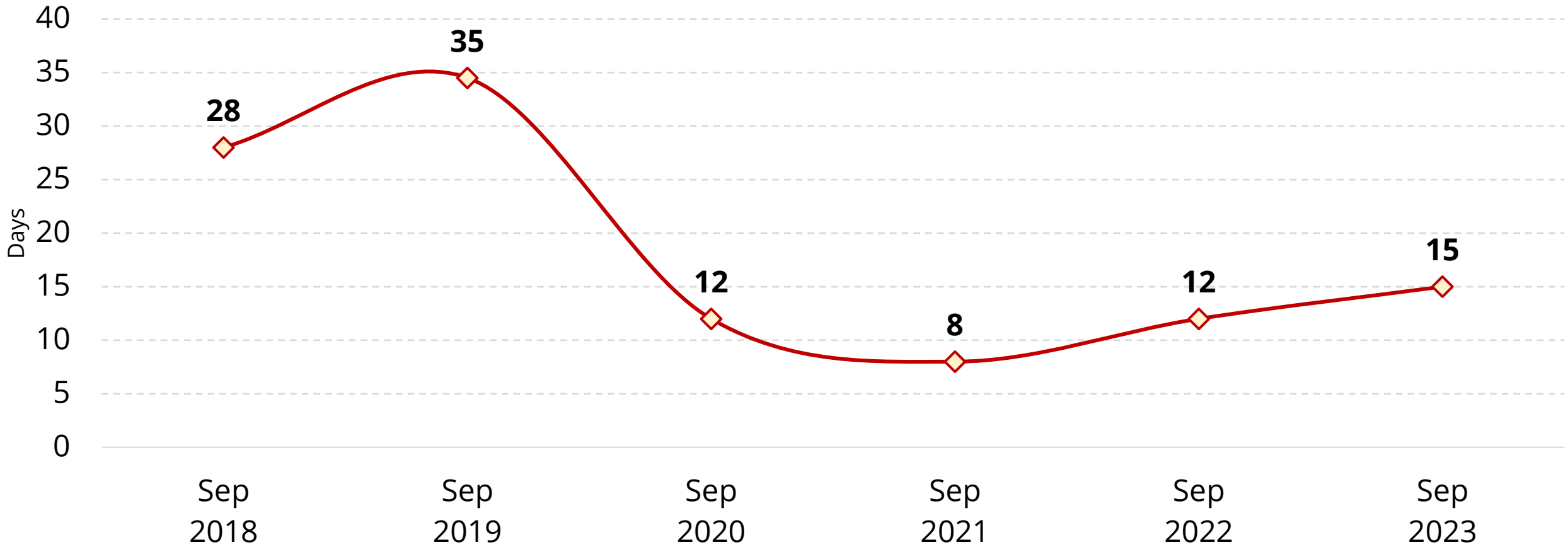


Source: Virginia REALTORS®

Despite Slowdown, Market Remains Competitive

Homes continue to sell quickly in the GPR region

September Median Days on Market, Regionwide



Source: Virginia REALTORS®

FORECAST

2024



The image features a road with a dashed center line and solid white edge lines, receding into the distance. The word 'FORECAST' is written in large, orange-outlined, sans-serif capital letters across the middle of the road. Below it, the year '2024' is painted in large, white, sans-serif numbers. A large white arrow points upwards from the bottom center, positioned between the '0' and the first '2' of '2024'. Inside the '0' of '2024', there is a small icon of a bar chart with an upward-pointing arrow, symbolizing growth or a forecast.

Housing Market Outlook:



Home Sales

Annual Change

2024: +11.4%



Median Home Price

Annual Change

2024: +1.2%



New Housing Starts

Annual Change

2024: -3.5%



30-Year Mortgage Rate

December average

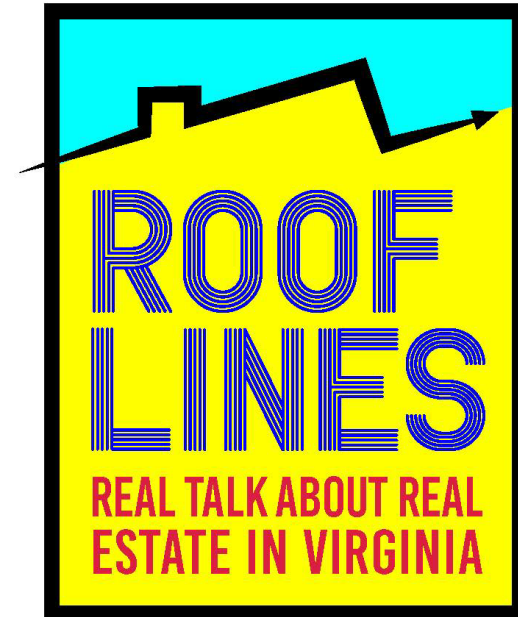
2024: 6.25%

Looking for More Information?

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



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By the Numbers Webinar
Quarterly



research@virginiarealtors.org