

Housing Market Update: 2024 Temperature Check + Outlook for 2025

October 24, 2024

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Chief Economist
Virginia REALTORS®





HOUSING MARKET TRENDS

Mortgage Rates

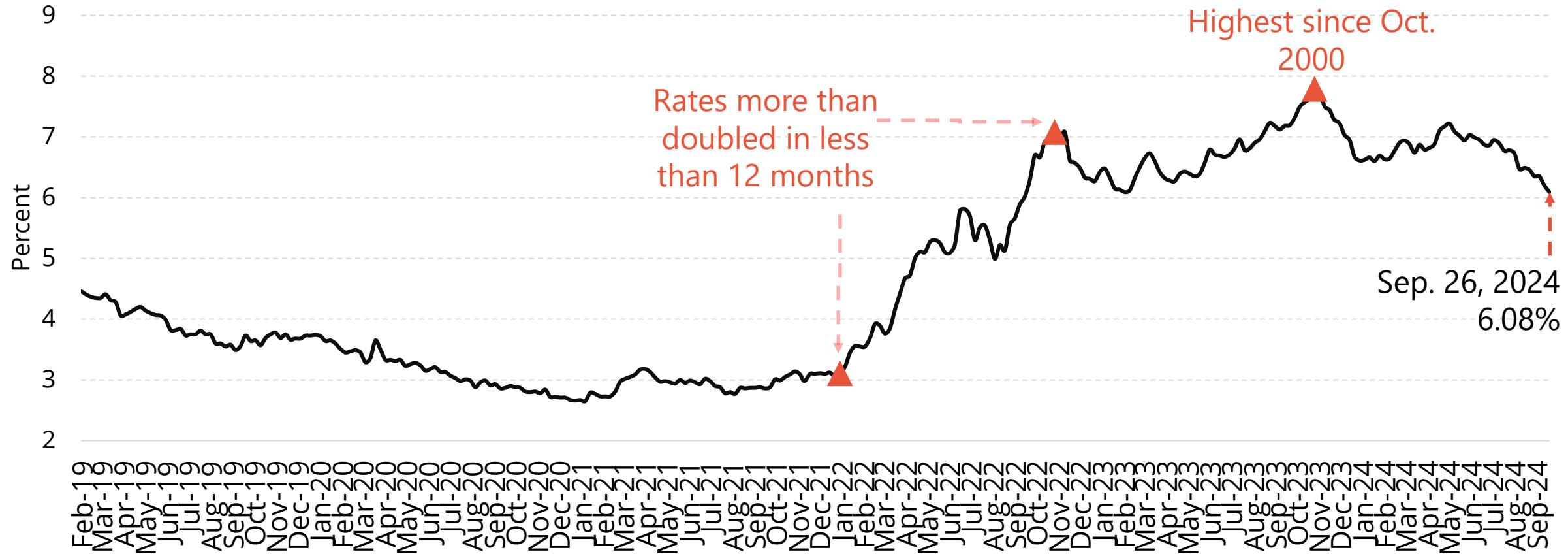
Until recently, mortgage rates have been hovering in the high 6% to low 7% range for much of 2024. This led to a relatively slow spring and summer market. Lock-in effect could weaken over time as rates dip and move-up buyer demand builds.

2024



Mortgage Rate Trends

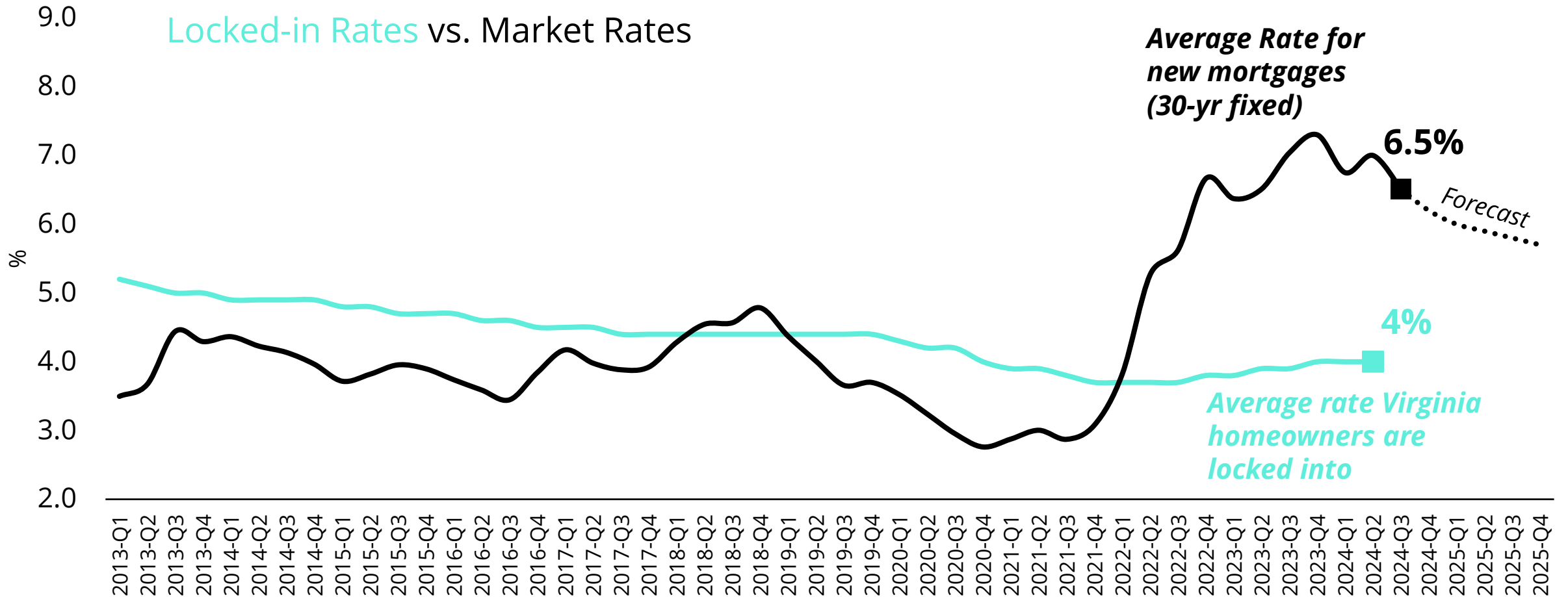
30-Year Fixed Rate Mortgage Rate (weekly average)



Source: Freddie Mac

Lock-in Effect Keeping Sellers on the Sidelines

If rates trend downward lock-in effect could loosen due to pent-up demand



Source: Federal Housing Finance Agency, Fannie Mae, Freddie Mac

But...Delayed Sellers Cannot Wait Forever

Lock-in effect will likely weaken over time due to pent-up demand from major life events

Each Year in the U.S...



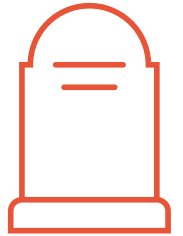
3.5 million turn 65 years old



25 million job switches



3.5 million births



3 million deaths



1.5 million marriages



700,000 divorces

Market Inventory

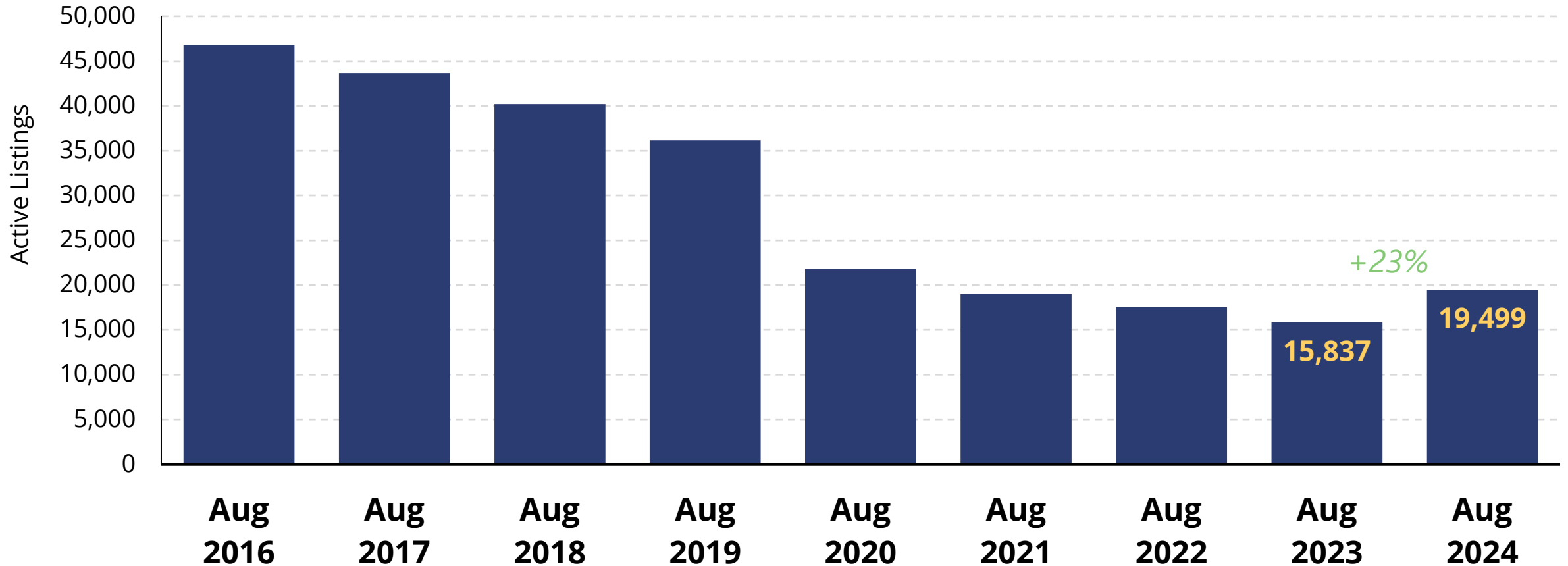
2024



More listings so far this year, but overall conditions are tight in many local areas. Supply/demand imbalance remains a major factor in Virginia's housing market.

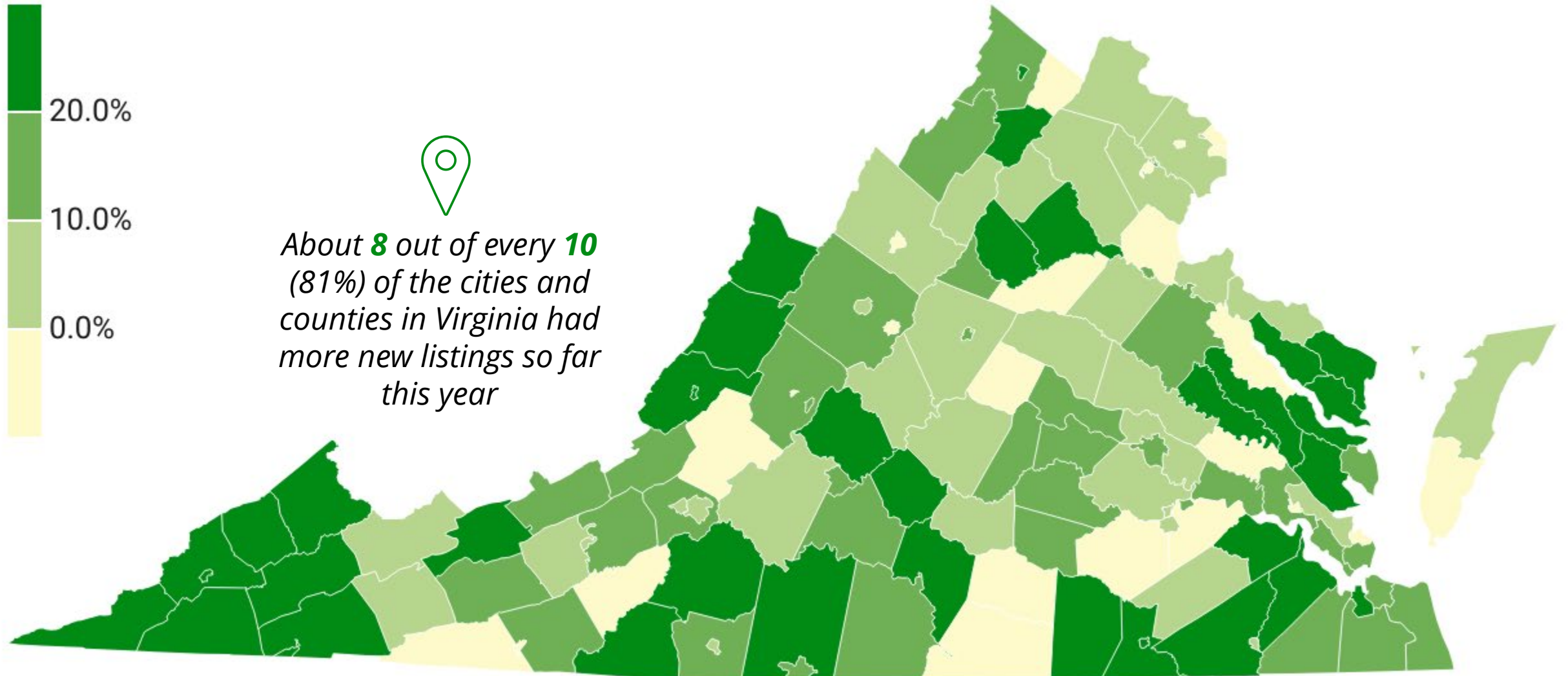
Inventory levels have seen an uptick compared to historically low levels last year

Active Listings, Statewide (end of July)



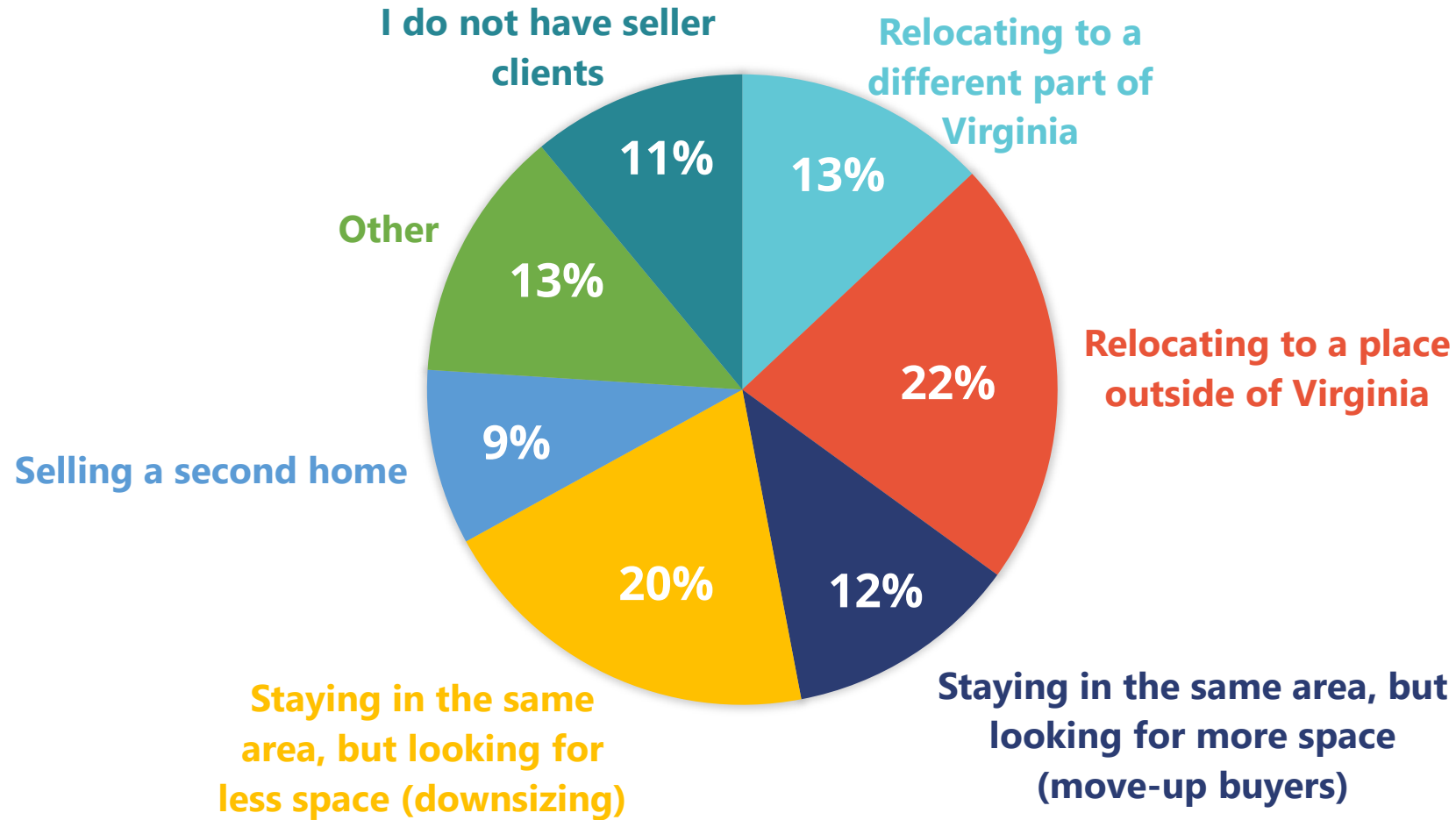
More new listings in most local markets

Change in New Listings Listings – YTD August 2023 vs. YTD August 2024



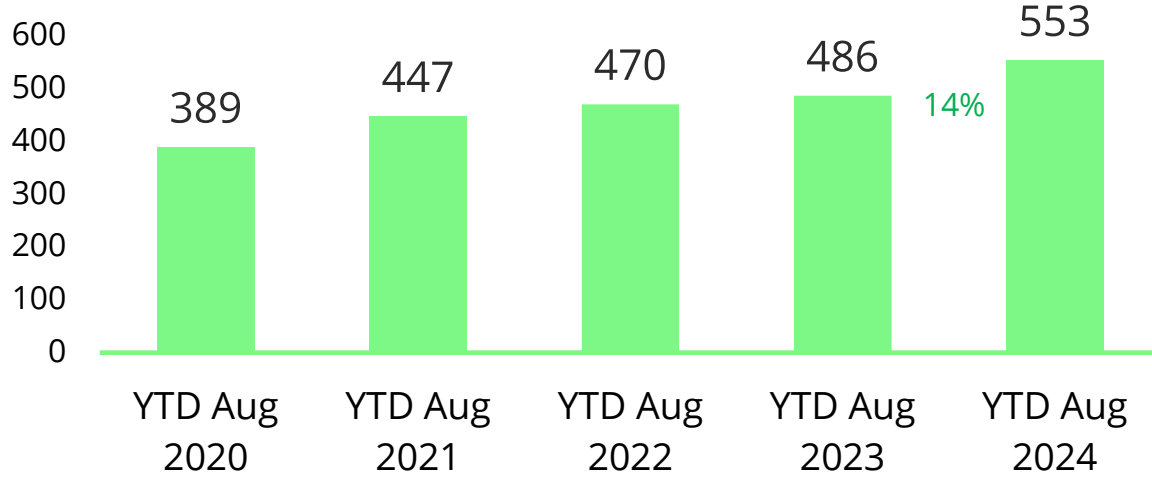
Virginia REALTORS Flash Survey Results – Aug. 2024

What was the most common reason sellers listed their homes?

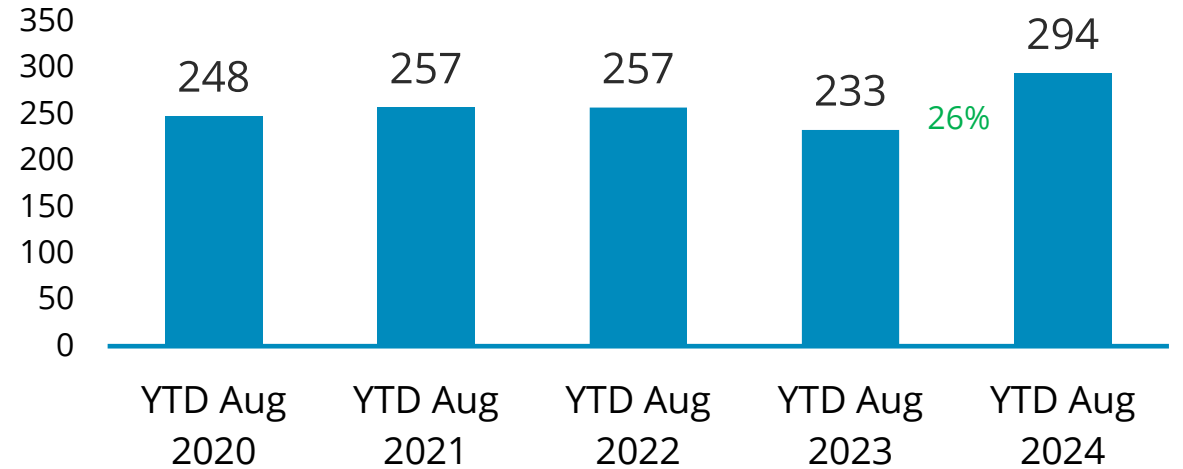


New Listings – Southern Virginia Local Markets

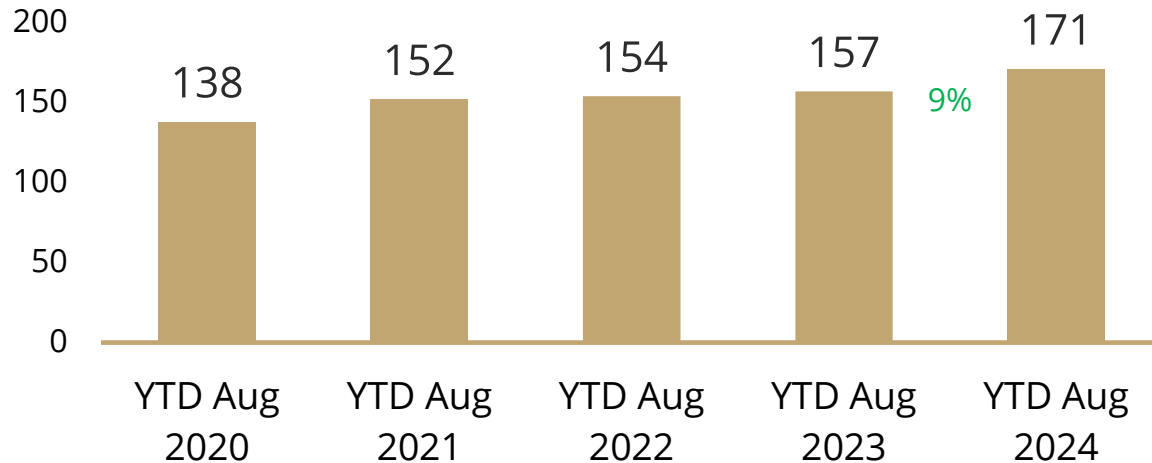
Danville



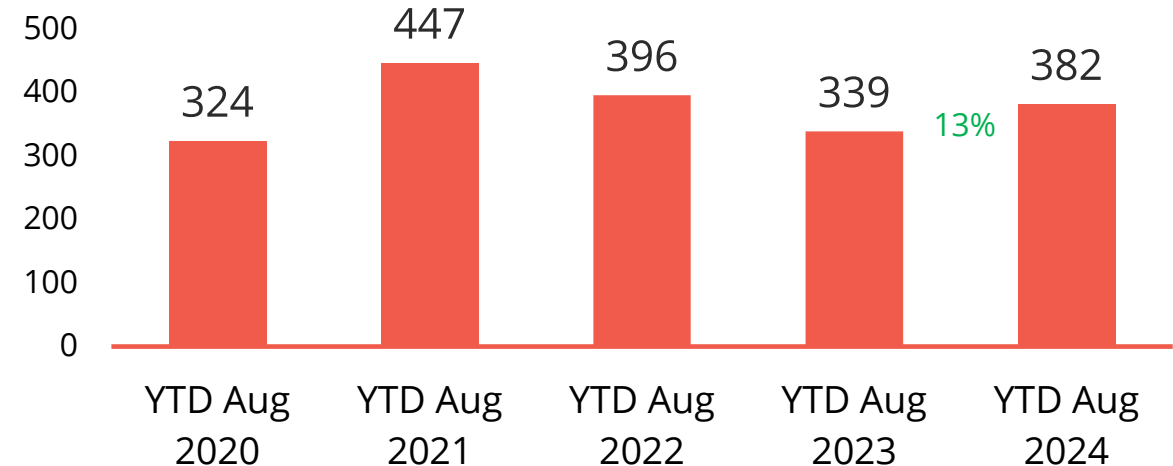
Pittsylvania County



Martinsville

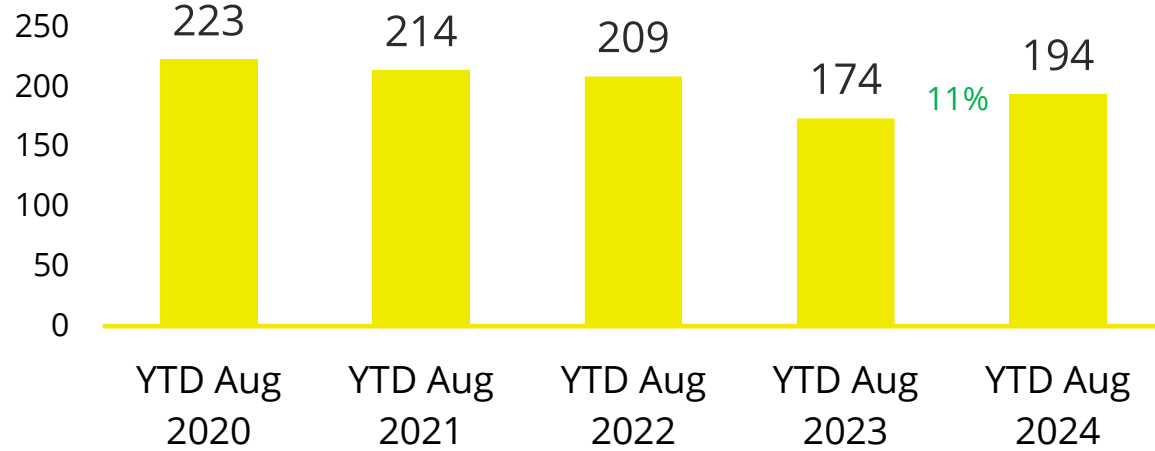


Henry County

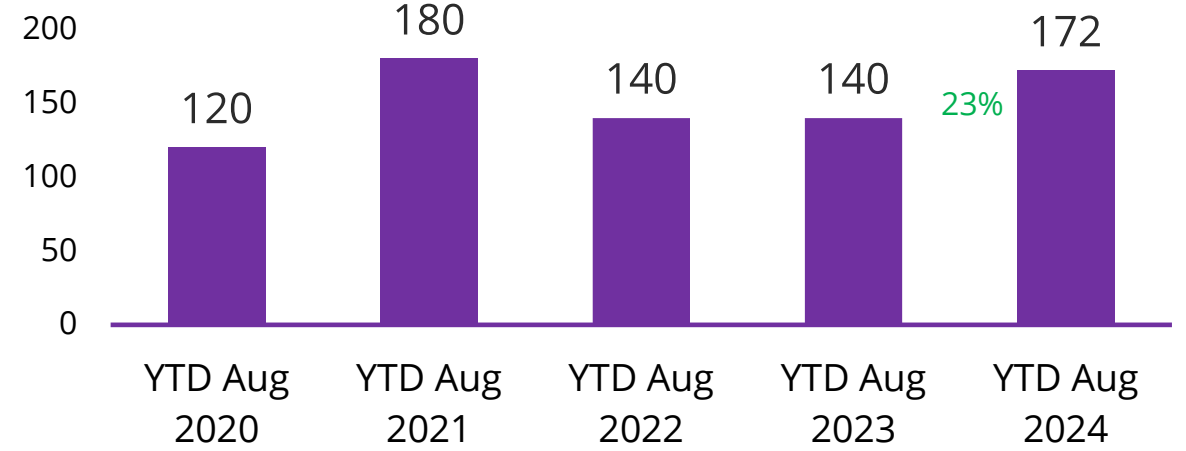


New Listings – Southern Virginia Local Markets

Halifax County



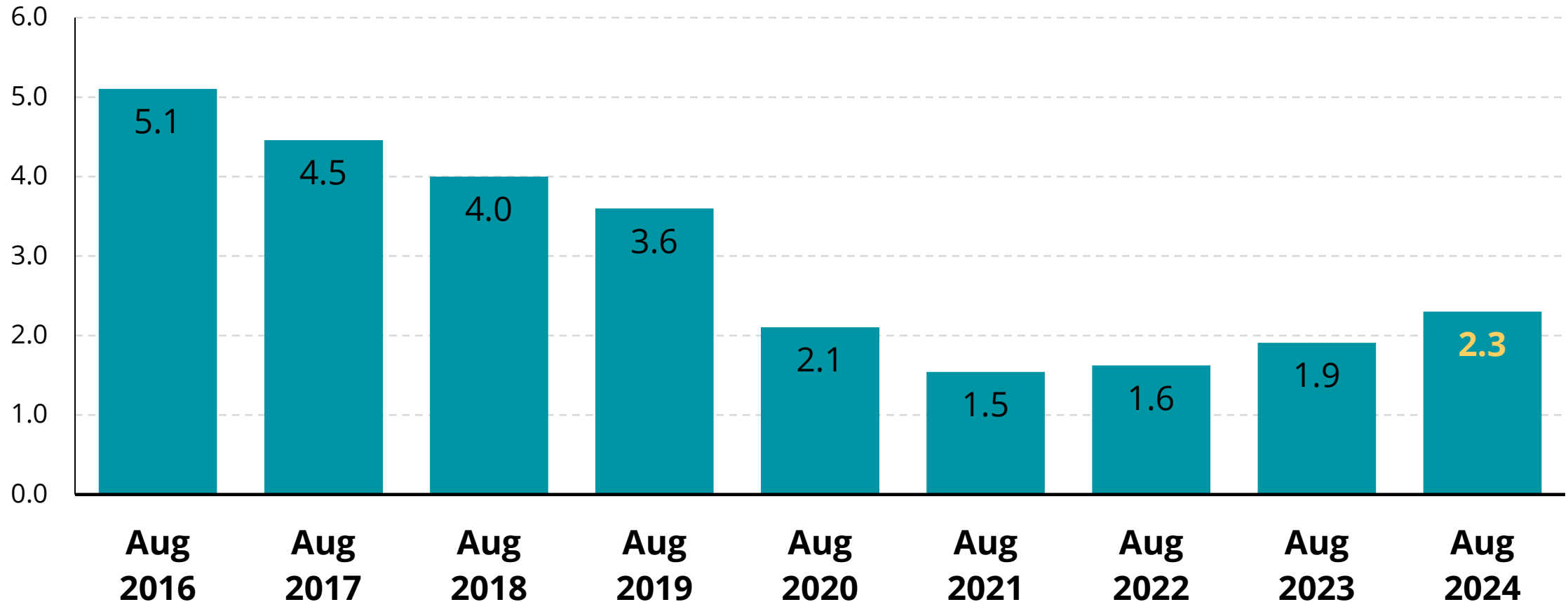
Patrick County



Months of supply increasing across the state

But still an unbalanced market, more demand than available supply

Months of supply, August



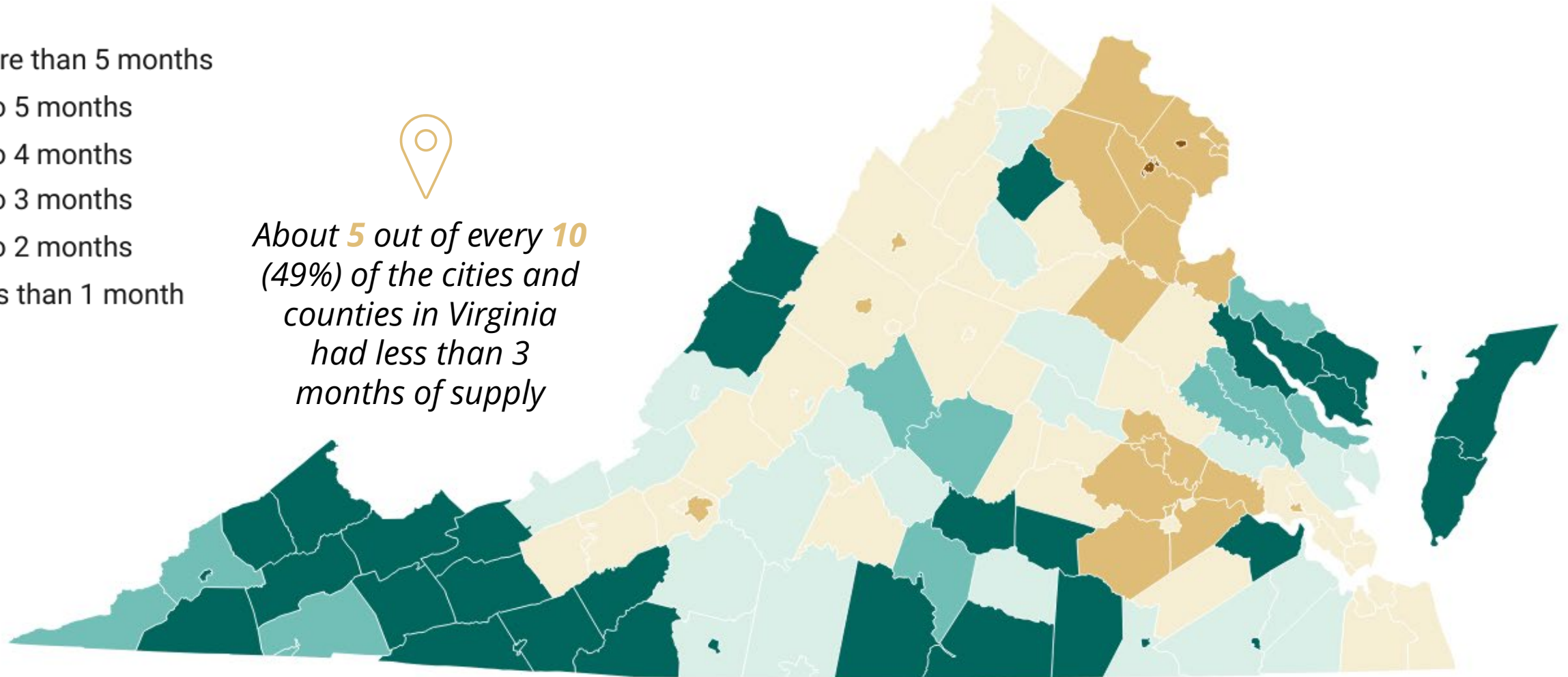
Months of supply still tight in most local markets

Months of Supply – August 2024

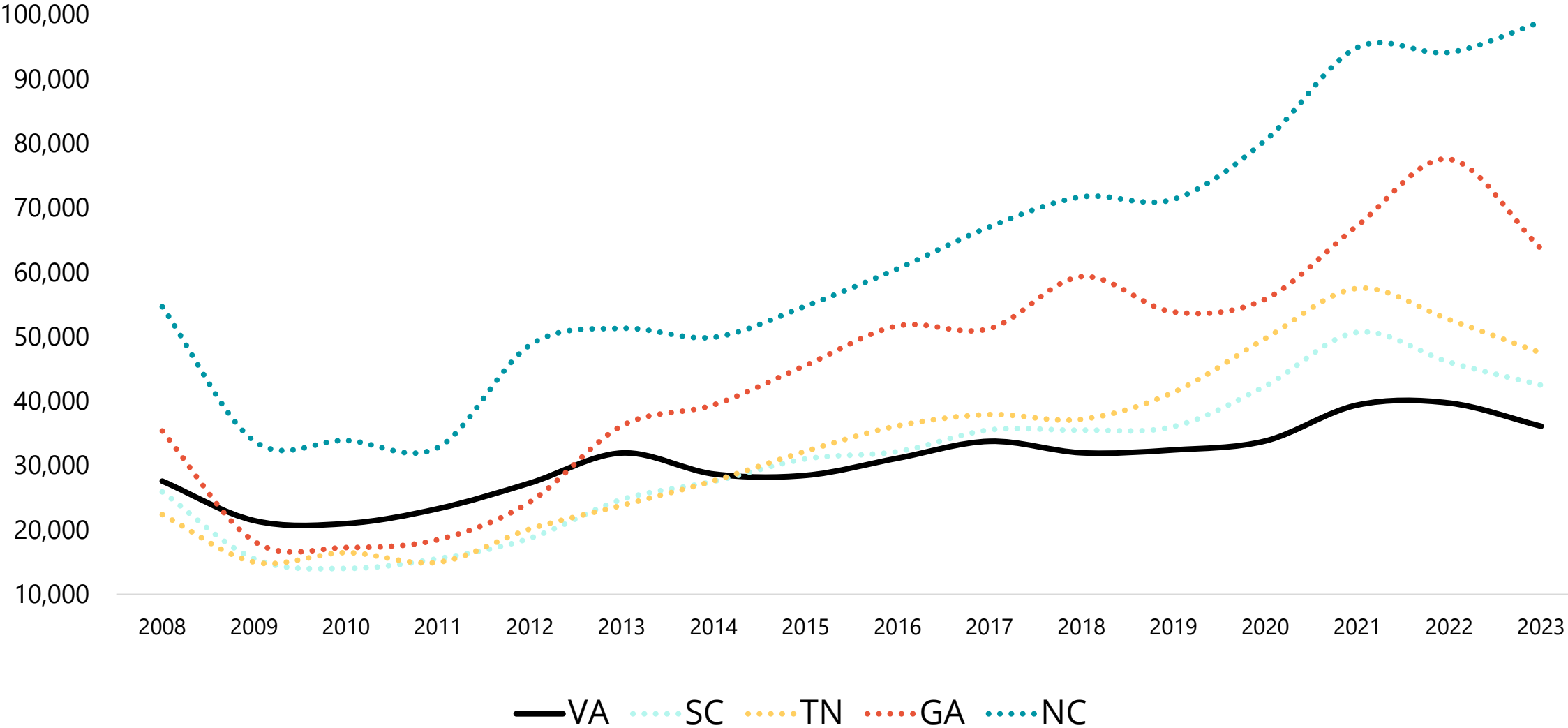
- more than 5 months
- 4 to 5 months
- 3 to 4 months
- 2 to 3 months
- 1 to 2 months
- less than 1 month



About 5 out of every 10 (49%) of the cities and counties in Virginia had less than 3 months of supply



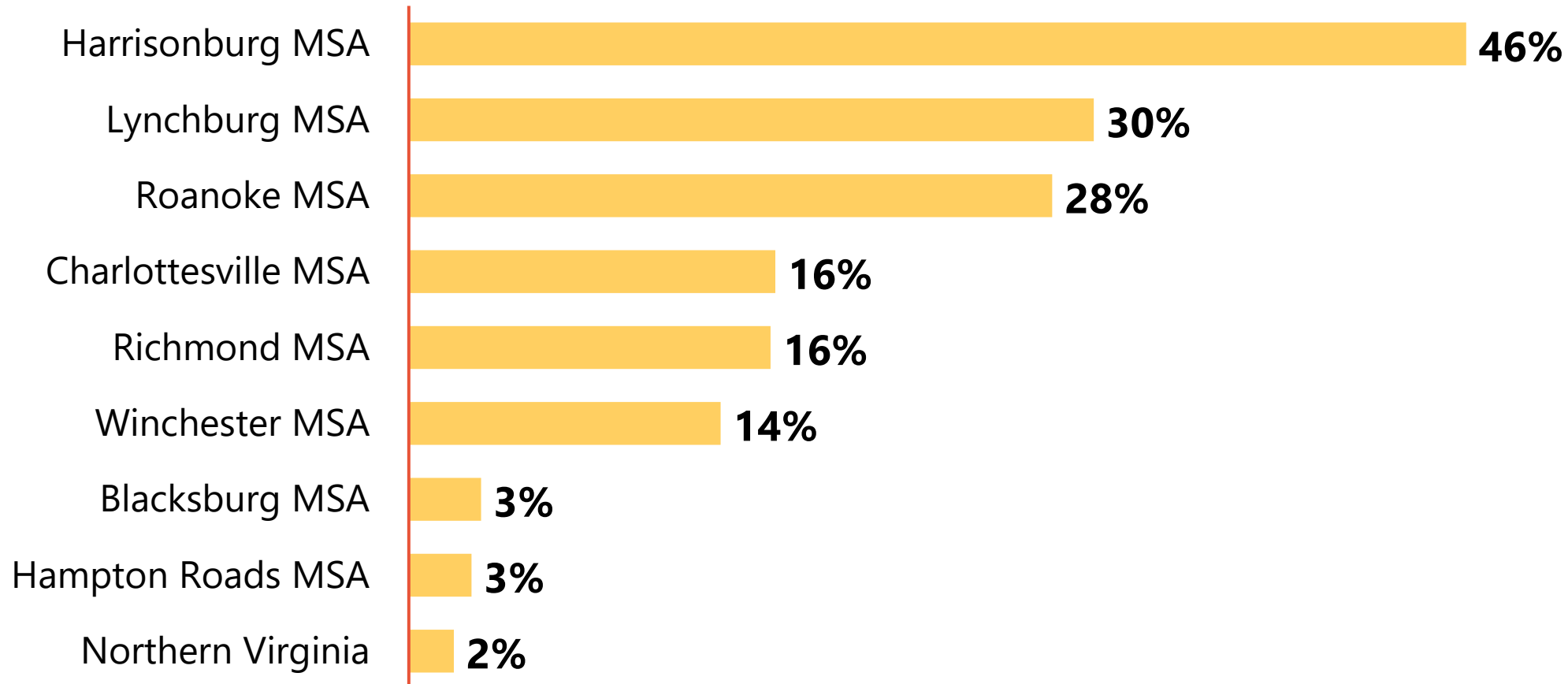
Annual Building Permits by State



Source: U.S. Census Bureau

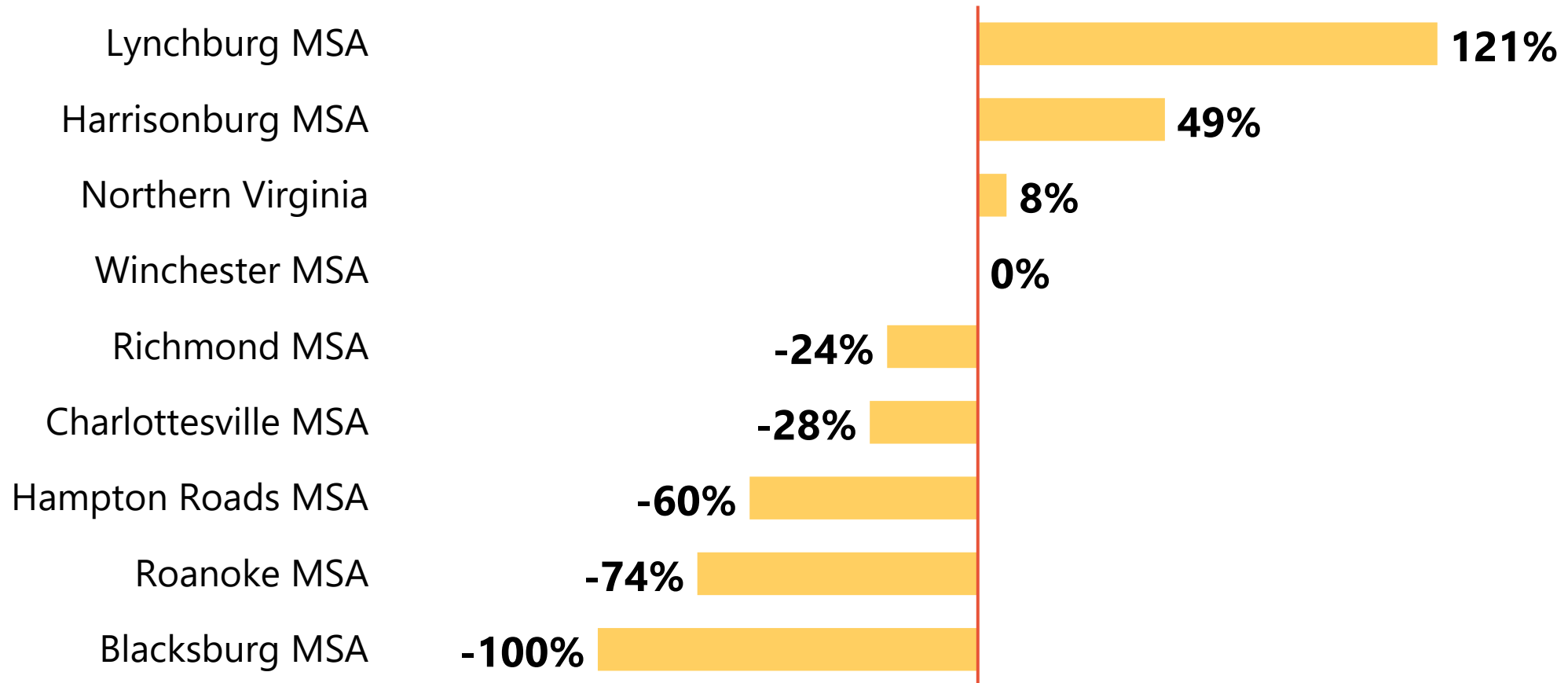
Single-Family Detached & Townhome Permits Up

% Change in Building Permits for SFD/TH, YTD July 2024 vs. YTD July 2023, by MSA in Virginia



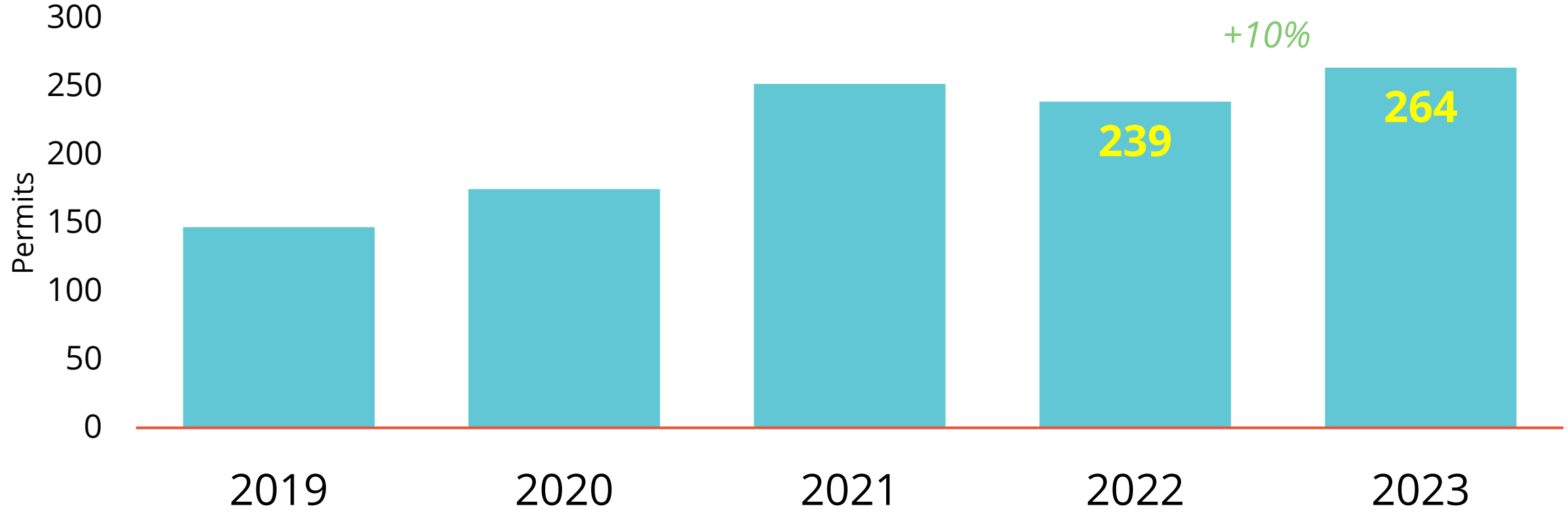
Multi-Family Permits Down

% Change in Building Permits for Multifamily, YTD July 2024 vs. YTD July 2023, by MSA in Virginia



Single-Family Detached & Townhome Permits Up

Southern Virginia Region*, Annual Totals

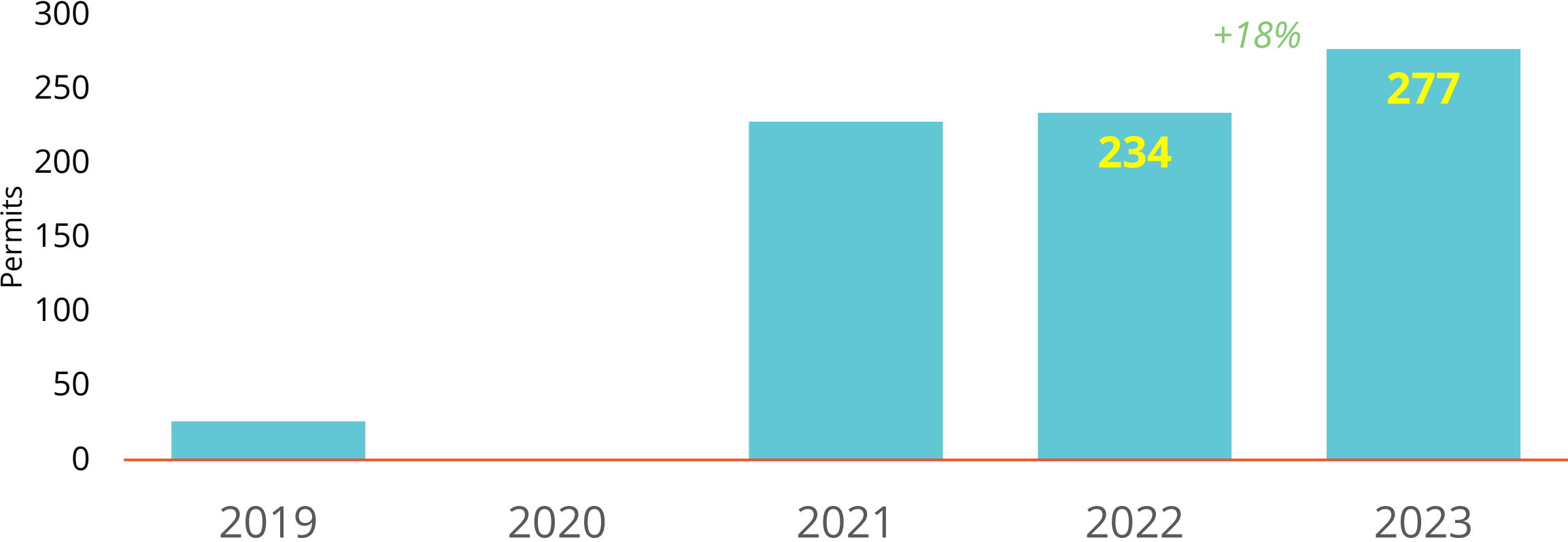


Source: U.S. Census Bureau

*Includes Danville, Halifax County, Henry County, Martinsville, Patrick County, Pittsylvania County

Multi-Family Permits Up

Southern Virginia Region*, Annual Totals



Source: U.S. Census Bureau

*Includes Danville, Halifax County, Henry County, Martinsville, Patrick County, Pittsylvania County

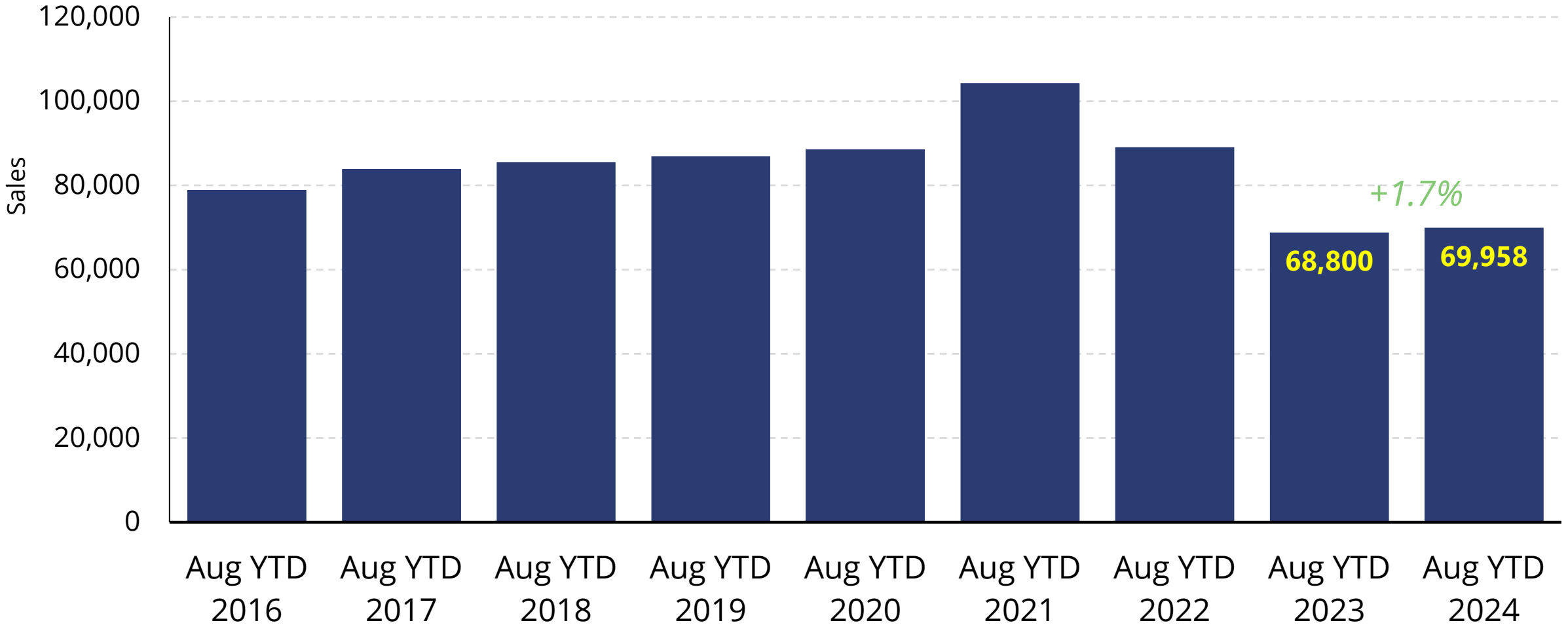
Home Sales

The 2024 market is outpacing the 2023 market slightly, but slow sales activity compared to average levels. Driven by low supply and stubborn mortgage rates for much of the year.



Home sales have inched up compared to the previous year

Statewide Home Sales, August YTD



Source: Virginia REALTORS®

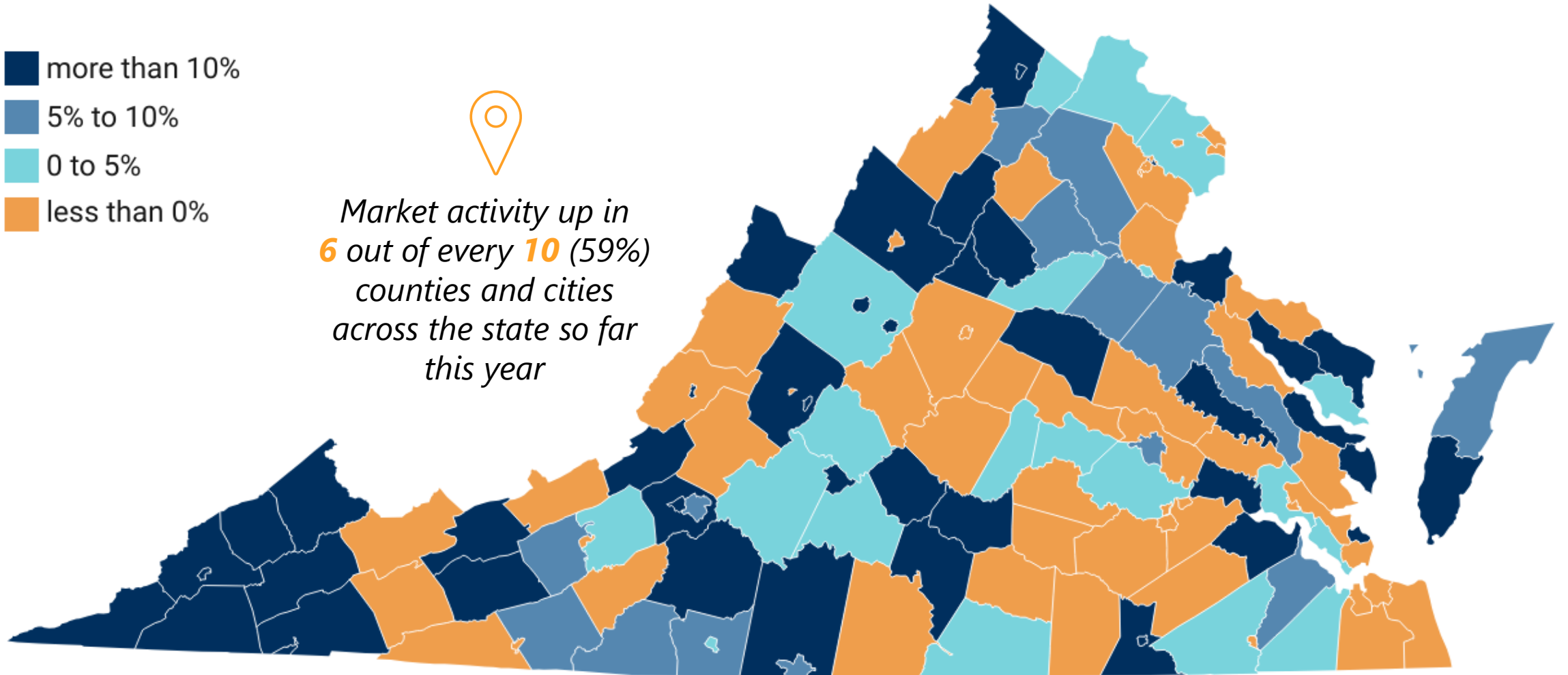
Sales activity increasing in most local markets

Change in Home Sales – YTD August 2023 vs. YTD August 2024

- more than 10%
- 5% to 10%
- 0 to 5%
- less than 0%

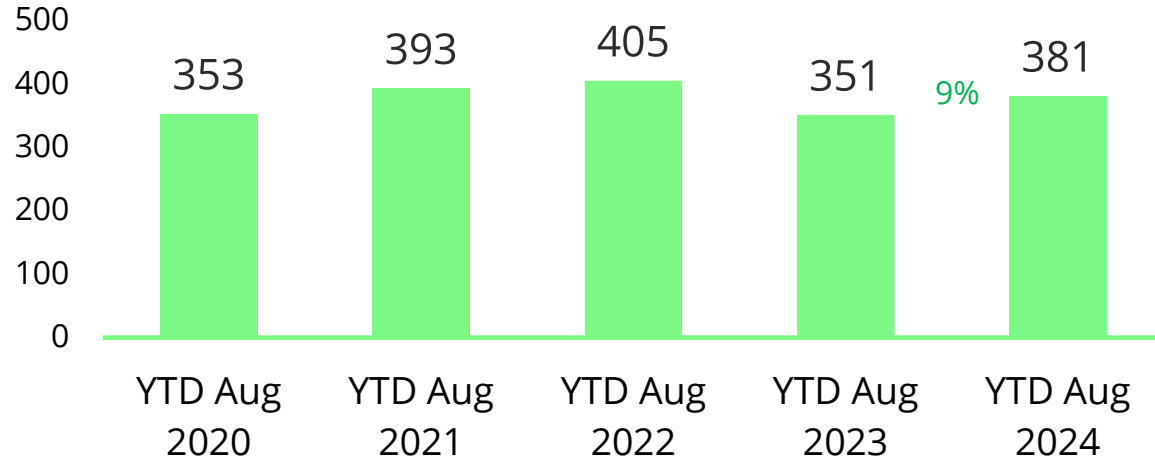


*Market activity up in
6 out of every **10** (59%)
 counties and cities
 across the state so far
 this year*

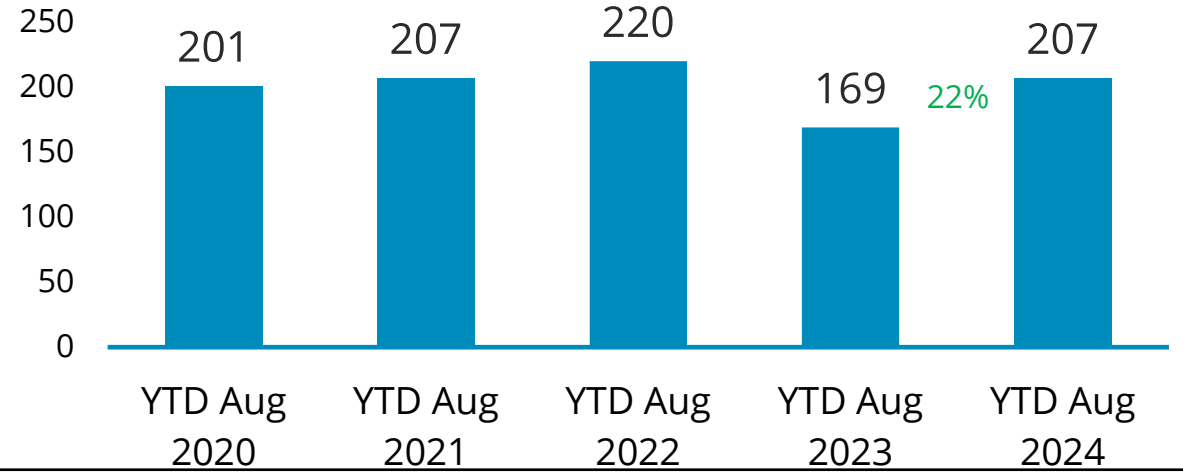


Closed Sales – Southern Virginia Local Markets

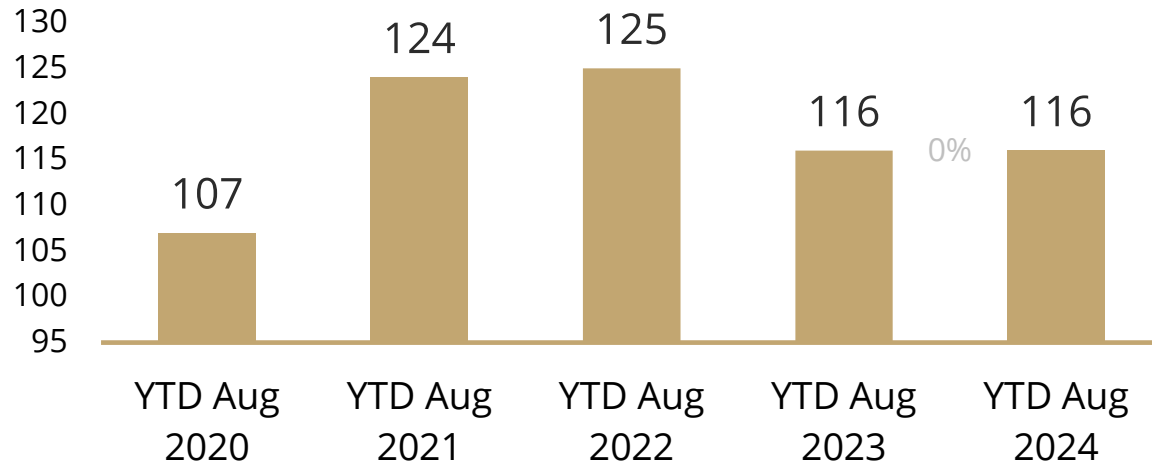
Danville



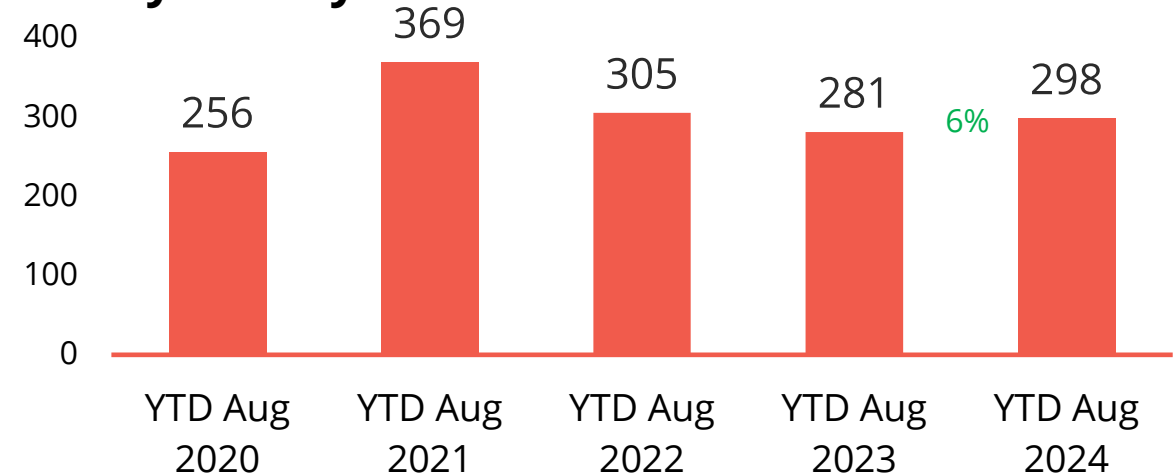
Pittsylvania County



Martinsville

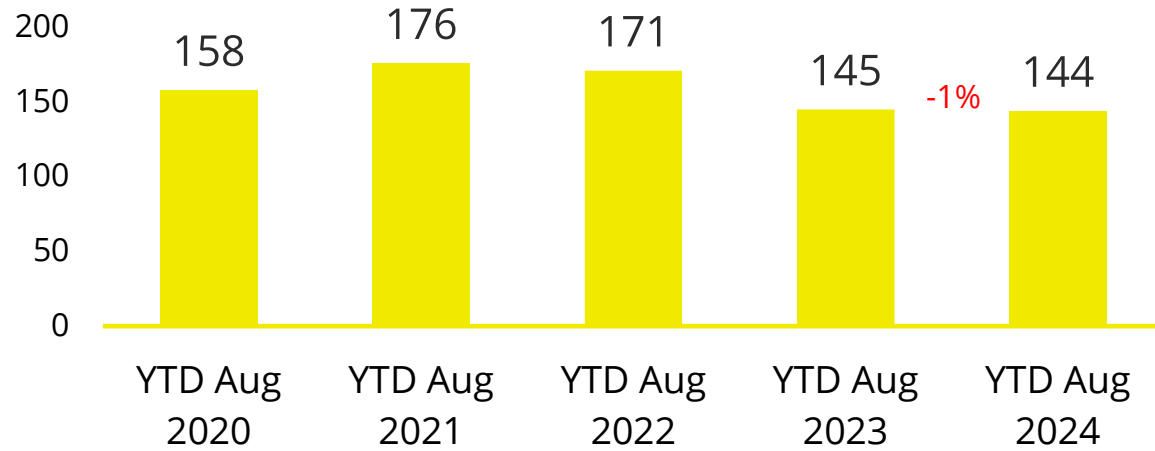


Henry County

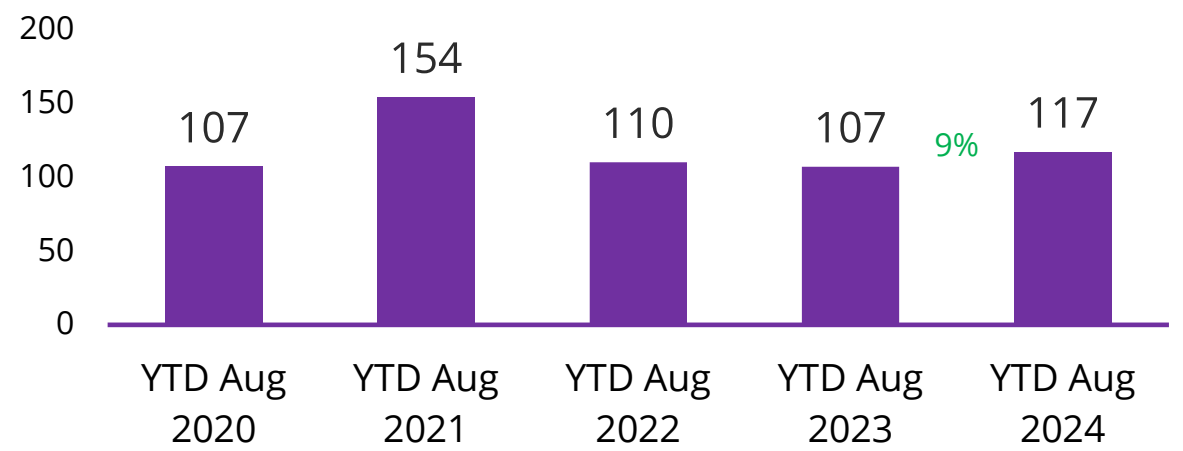


Closed Sales – Southern Virginia Local Markets

Halifax County



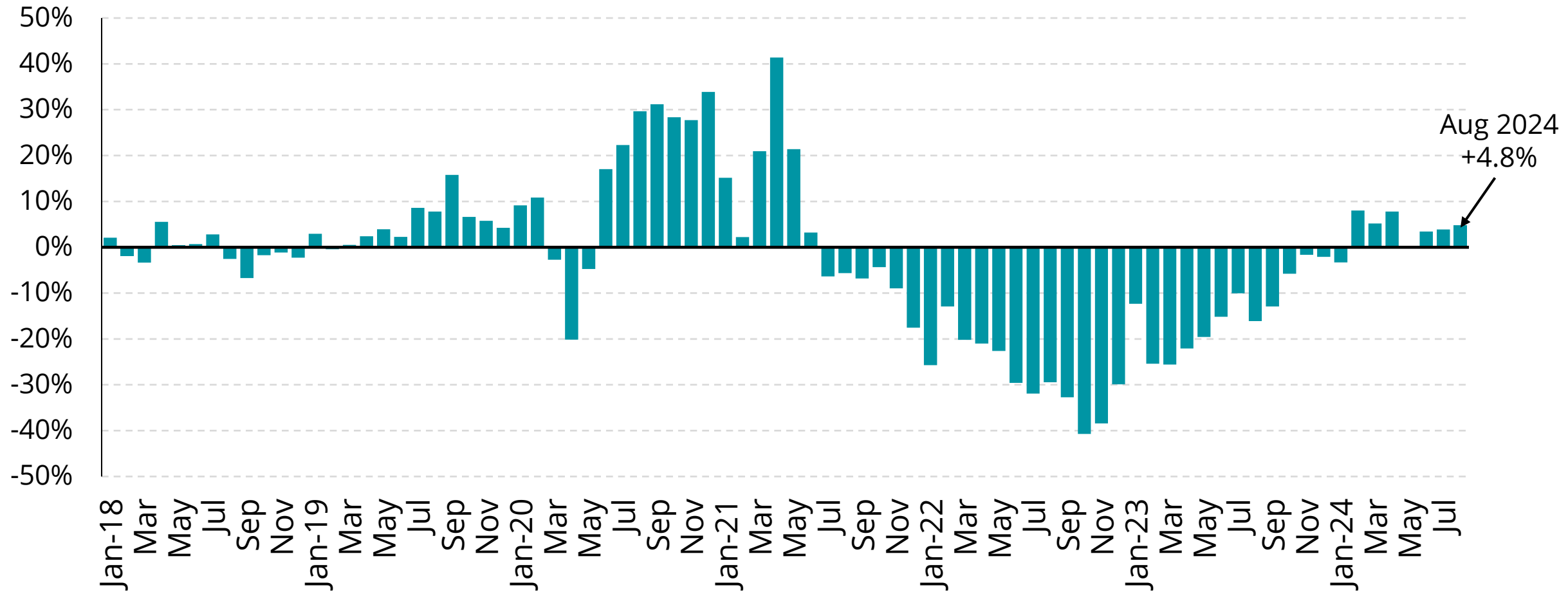
Patrick County



Virginia Pending Sales

Uptick in pending sales from last year but slow spring & summer market overall

% Change from Prior Year, Pending Sales, Virginia (statewide)



Home Prices

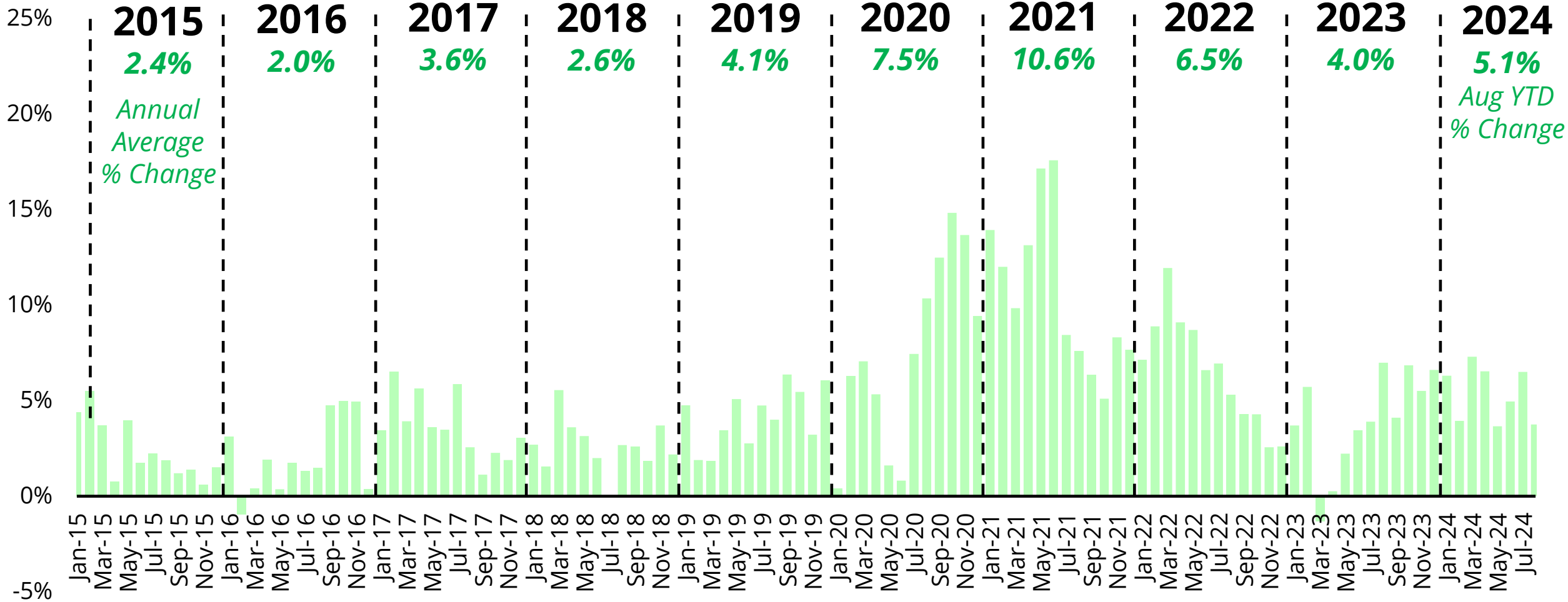
2024



Home prices still climbing so far this year. A robust pipeline of buyers are competing for a limited number of homes. Affordability challenges are worsening in some regions

Home Price Trends – Virginia

Y-o-Y Change in Median Home Price



Prices are Trending Higher

More homes selling on higher end of the price spectrum, biggest jump \$1M+ homes

YoY % Change in Homes Sold by Price Range, YTD Jan-Aug 2024, Virginia



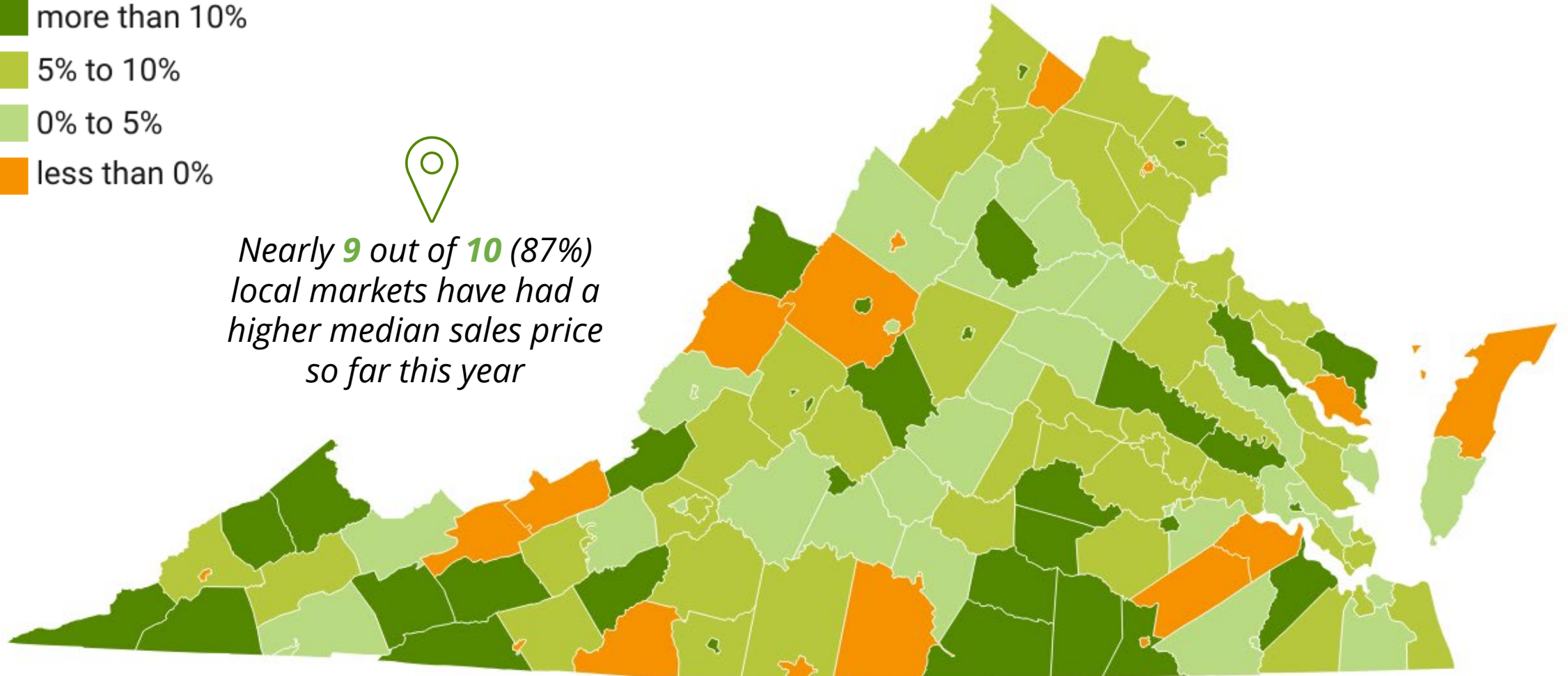
Upward pressure on home prices across the state

Change in Median Sales Price – YTD August 2023 vs. YTD August 2024

- more than 10%
- 5% to 10%
- 0% to 5%
- less than 0%

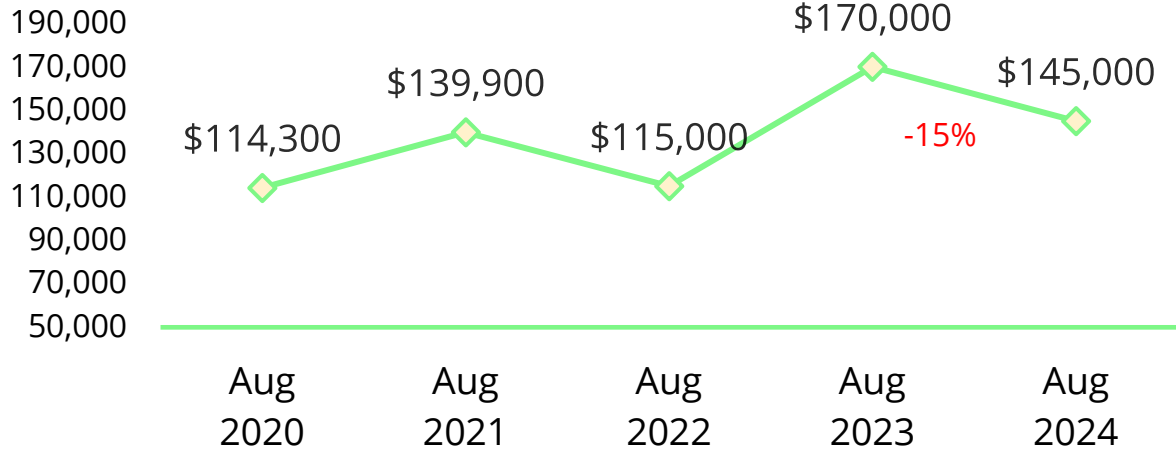


Nearly 9 out of 10 (87%) local markets have had a higher median sales price so far this year

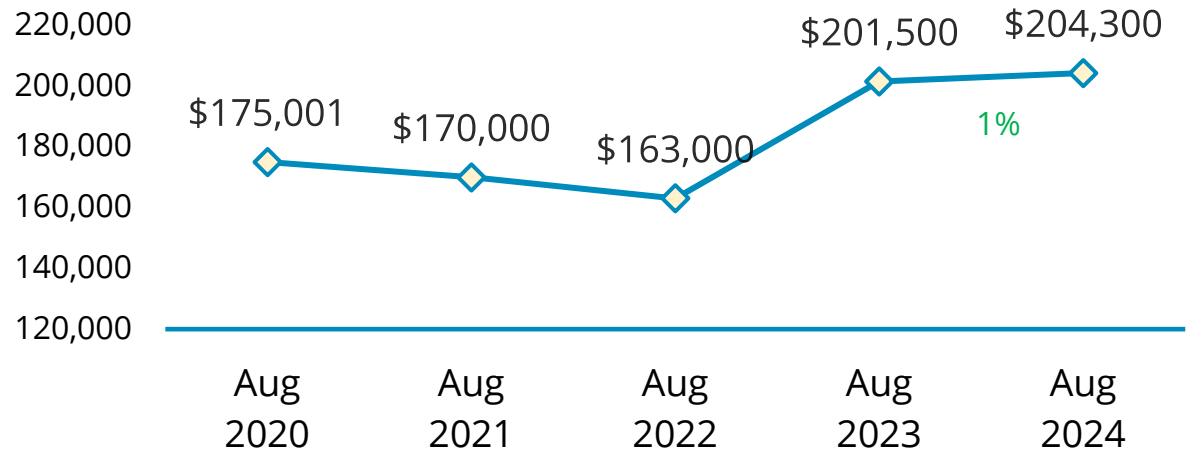


Median Sales Price – Southern Virginia Local Markets

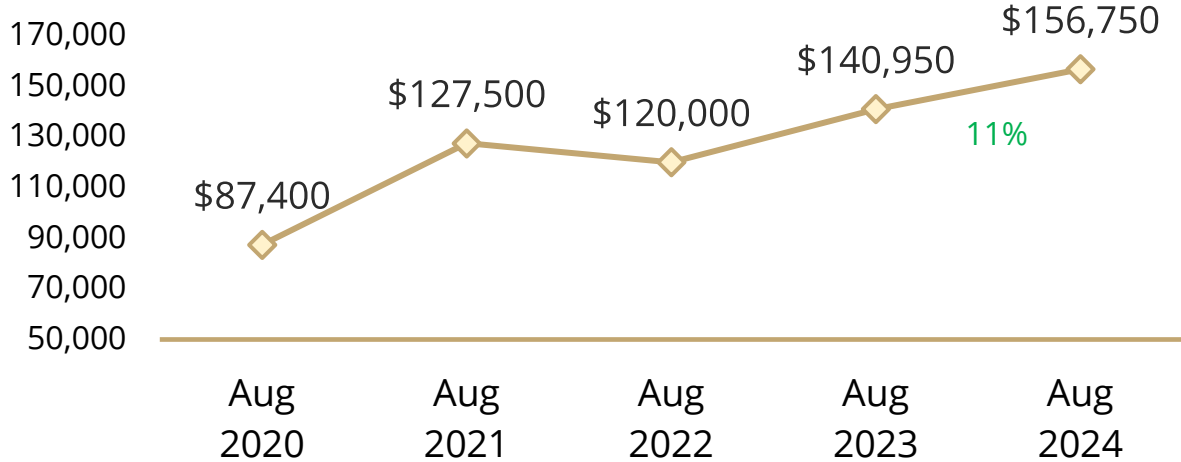
Danville



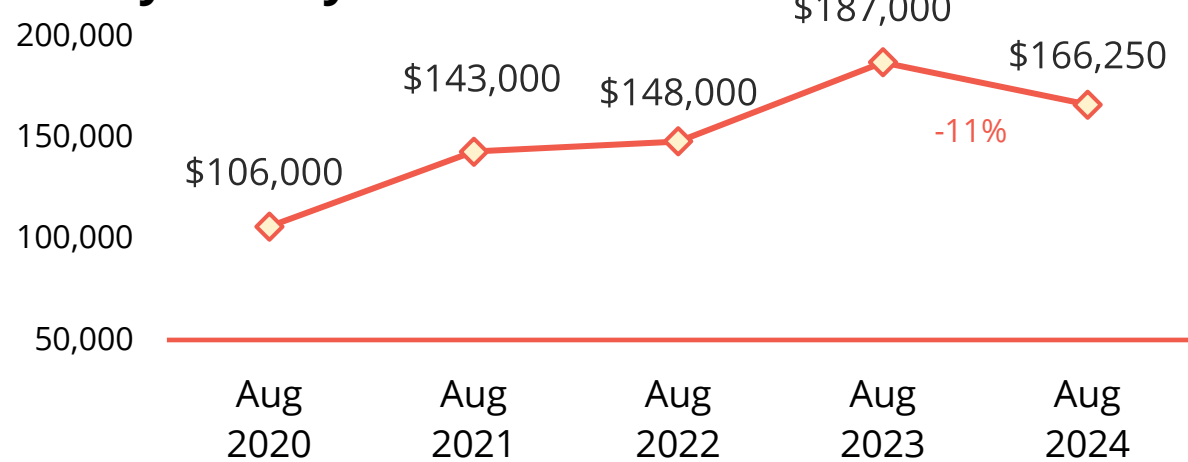
Pittsylvania County



Martinsville

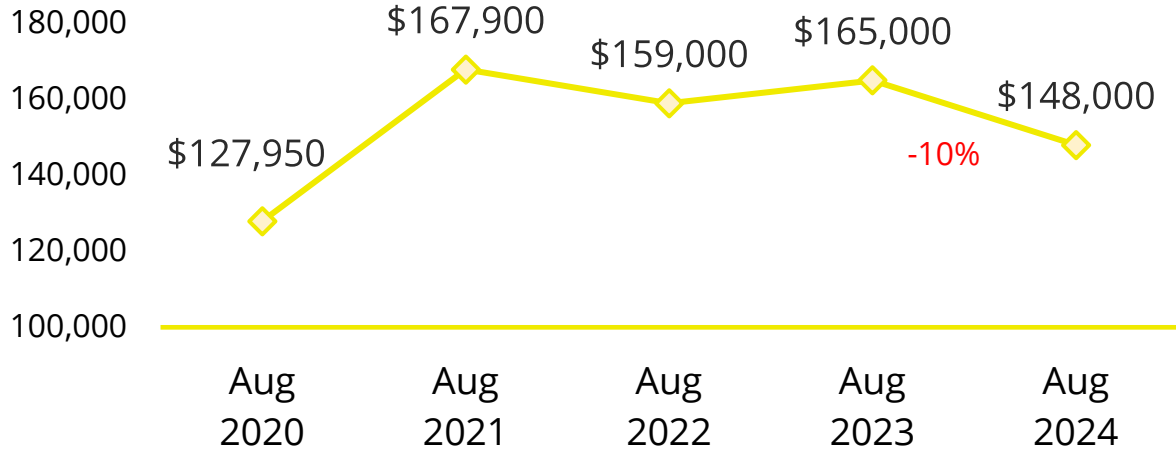


Henry County

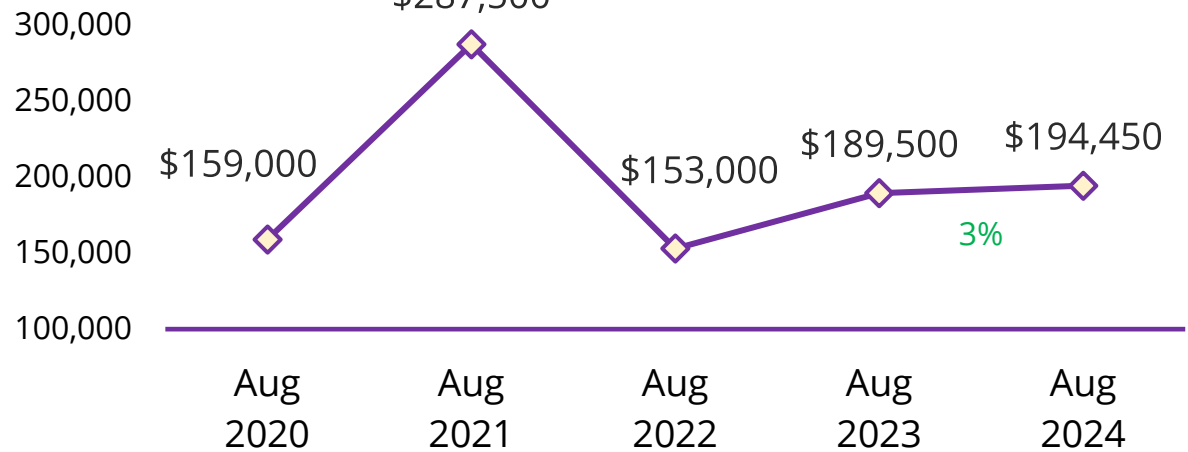


Median Sales Price – Southern Virginia Local Markets

Halifax County



Patrick County



Younger buyers getting priced out of the market?

Metro Area	Income Needed to Afford Monthly Payment on a Median-Priced Home	Estimated Annual Household Income of 25-44 Year Olds	Difference
Northern Virginia	\$200K	\$126K	-\$74K
Charlottesville	\$151K	\$103K	-\$48K
Winchester	\$133K	\$95K	-\$38K
Harrisonburg	\$107K	\$74K	-\$33K
Richmond	\$123K	\$91K	-\$32K
Hampton Roads	\$111K	\$79K	-\$32K
Lynchburg	\$94K	\$71K	-\$22K
Blacksburg/Christiansburg	\$92K	\$71K	-\$21K
Roanoke	\$93K	\$77K	-\$16K

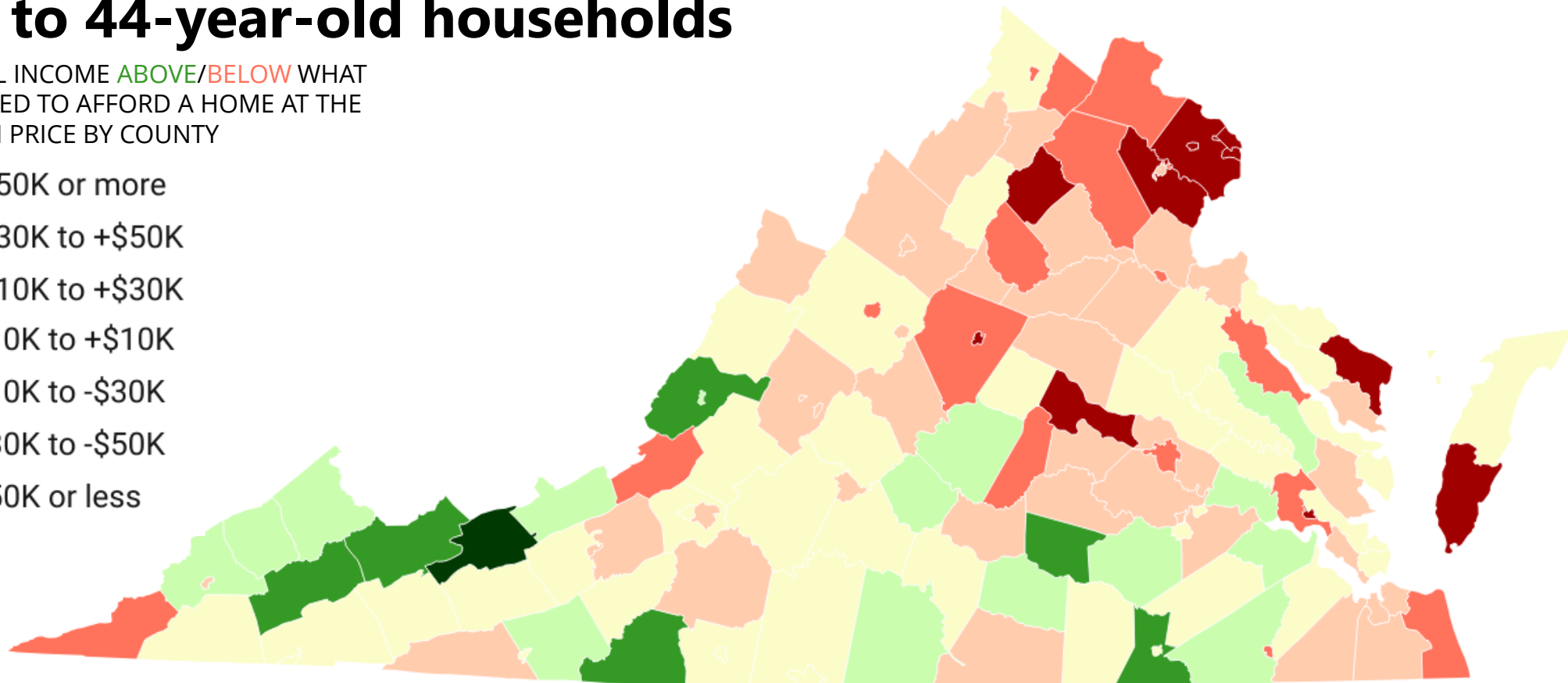
Younger buyers getting priced out of the market?

Estimated Annual Median Household Income vs. Annual Income Needed to Afford a Median Priced Home

25- to 44-year-old households

ANNUAL INCOME ABOVE/BELOW WHAT IS NEEDED TO AFFORD A HOME AT THE MEDIAN PRICE BY COUNTY

- +\$50K or more
- +\$30K to +\$50K
- +\$10K to +\$30K
- -\$10K to +\$10K
- -\$10K to -\$30K
- -\$30K to -\$50K
- -\$50K or less



Market Competitiveness

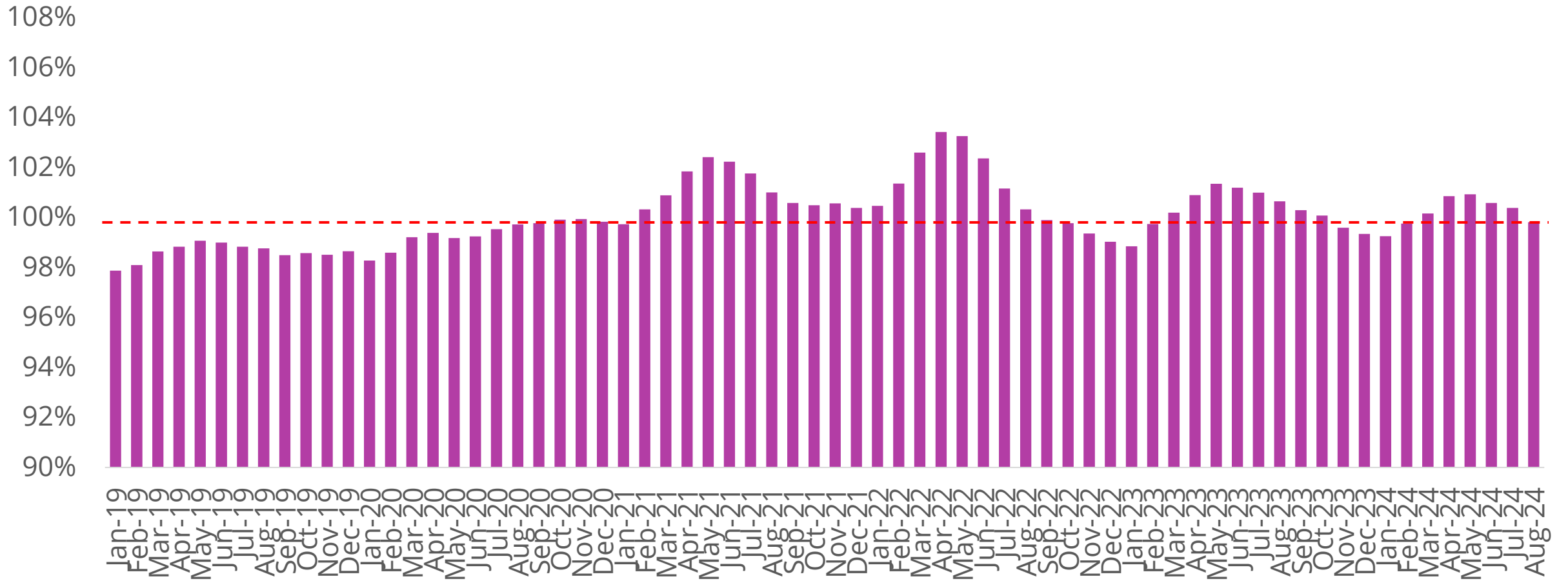
Competitive market conditions persist even with more inventory, signaling strong pent-up demand. If mortgage rates drift down, competition in the market likely to intensify.



Despite Slowdown, Market Remains Competitive

Sellers are getting near asking price on average in Virginia

Average Sold to Ask Price Ratio, Statewide



Source: Virginia REALTORS®

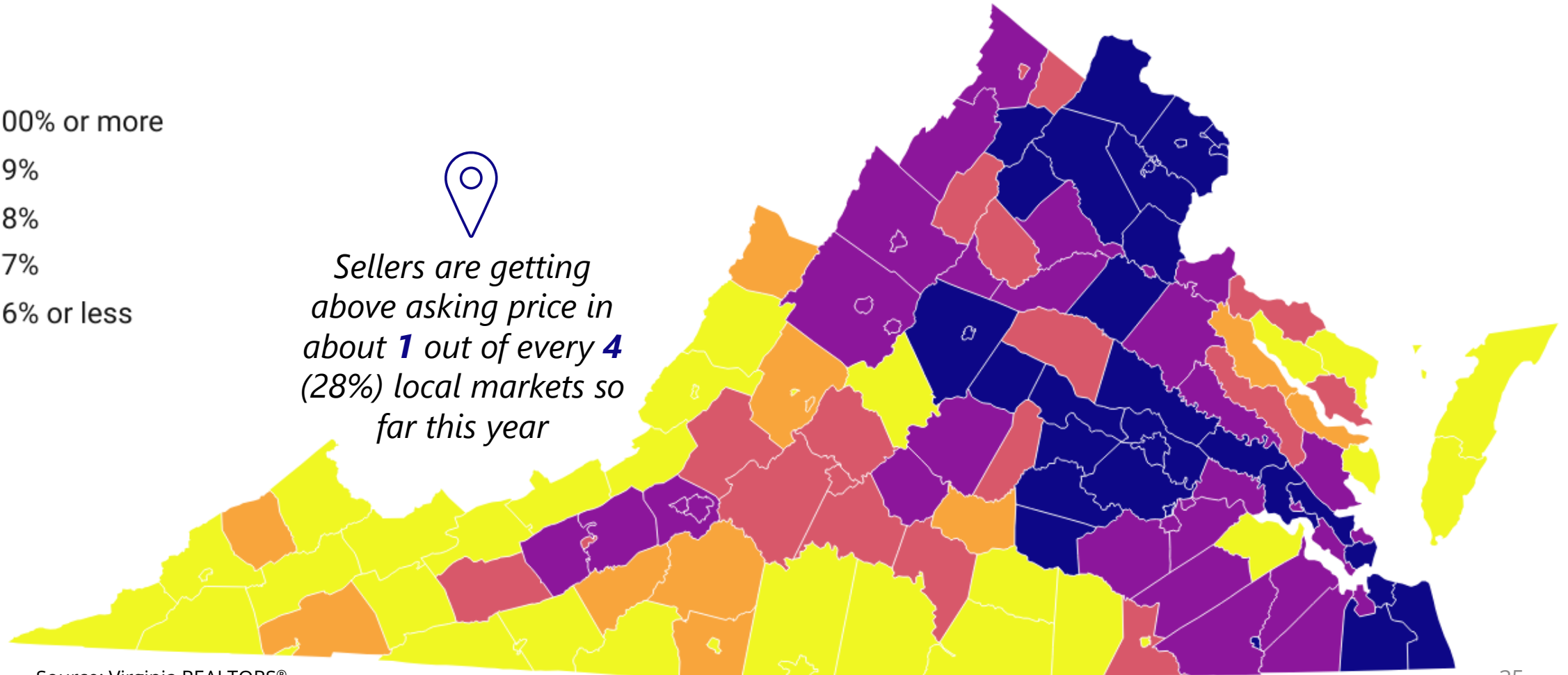
Upward pressure on home prices across the state

Average Sold-to-List Price Ratio, YTD Jan-Aug 2024

- 100% or more
- 99%
- 98%
- 97%
- 96% or less



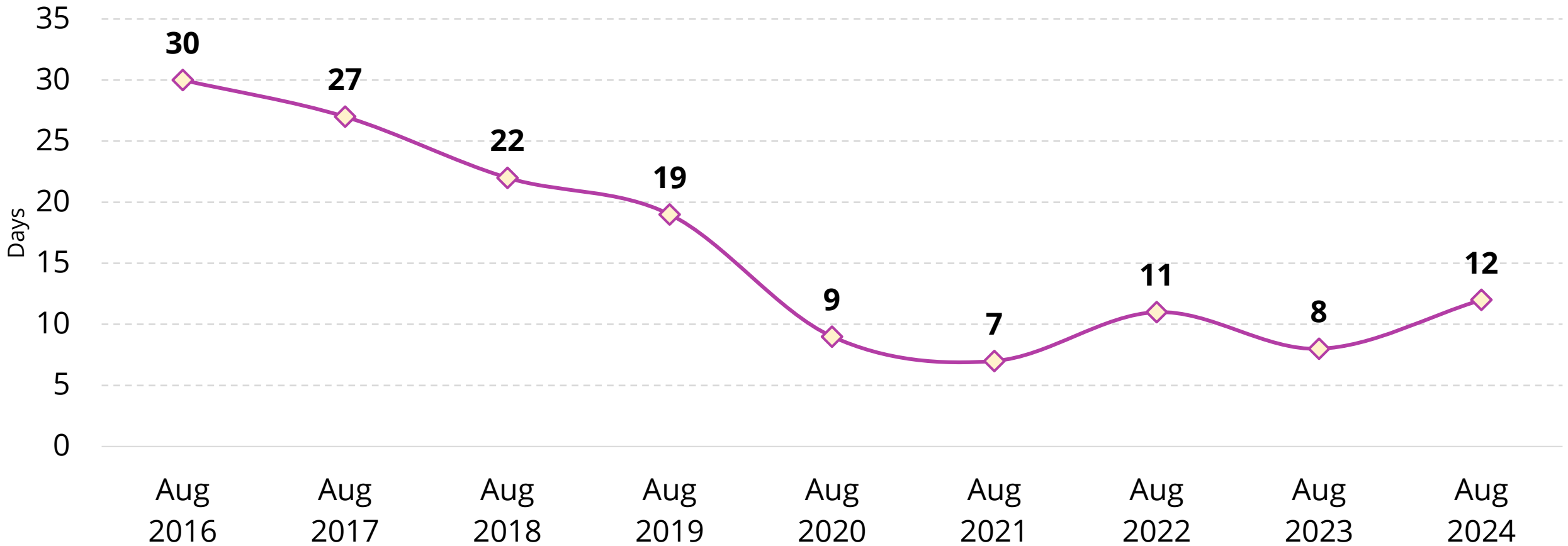
*Sellers are getting above asking price in about **1** out of every **4** (28%) local markets so far this year*



Despite Slowdown, Market Remains Competitive

Homes continue to sell quickly in Virginia

Median Days on Market August, Statewide



Source: Virginia REALTORS®



FORECAST

↑
2025

HOUSING MARKET OUTLOOK



Home Sales

Annual Change

2024: 2.9%

2025: 9.8%

Median Home Price

Annual Change

2024: 5.1%

2025: 3.4%



New Housing Starts

Annual Change

2024: -9.1%

2025: 2.6%



30-Year Mortgage Rate

December Average

2024: 6.1%

2025: 5.8%



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