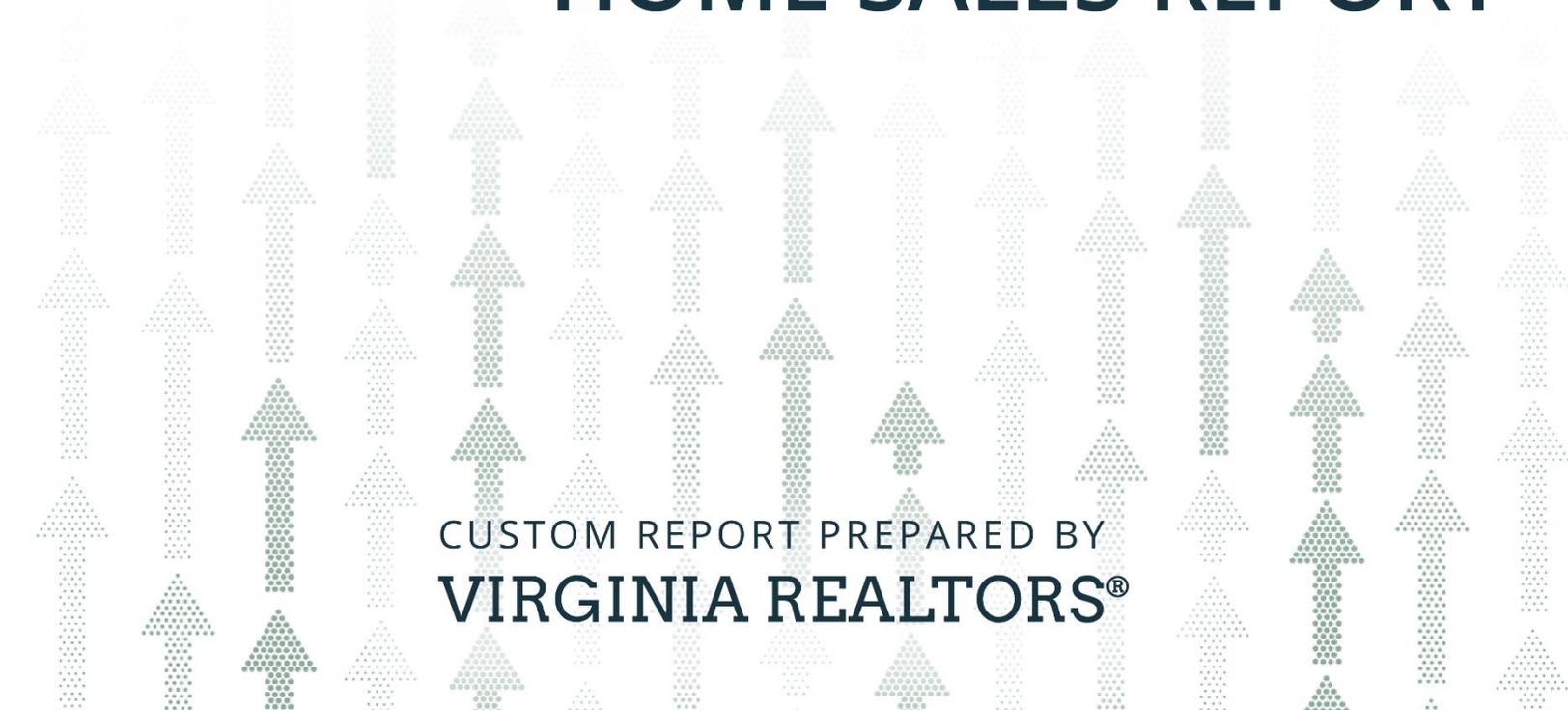


# **CVRMLS** CENTRAL VIRGINIA MLS HOME SALES REPORT



CUSTOM REPORT PREPARED BY  
**VIRGINIA REALTORS®**

# Analysis of the Central Virginia Area Economy & Housing Market

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## Second Quarter 2022

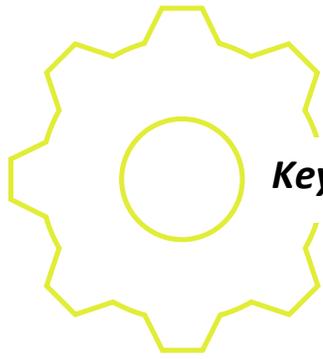
### Key Takeaways

#### Economic Conditions

- Virginia's job market continues to recover from the pandemic-related losses. The state added 6,600 jobs between April and May and is now about 42,200 jobs short of pre-pandemic levels. Most of the growth this month was in the Leisure and Hospitality sector.
- Despite growing economic uncertainty and rising inflation, unemployment remains very low. In May the unemployment rate was 3.0% statewide, and 3.2% in the Richmond region.
- Mortgage rates are on the rise but have dipped from a month ago. In the third week of July, the average 30-year rate was 5.54%, up from the prior week, but down from the end of June when it was 5.70%.

#### Housing Market Conditions

- There were 6,328 homes sold in the Central Virginia market in the second quarter. This is a 7% drop from the second quarter a year ago, which is 491 fewer sales. The market has been cooling in the region for three straight quarters.
- Prices continue to surge in the Central Virginia footprint, even as sales activity is slowing in many places. The median sales price in the market was \$360,000 in the second quarter, jumping up 13% from a year ago, a gain of \$42,000.
- Supply increased slightly in the Central Virginia housing market this quarter. There were 2,251 active listings across the footprint at the end of the second quarter, 120 more listings than last year. This is the first increase in inventory in more than three years.



## Key Trends Dashboard, Central Virginia

### Economy



**3.2%**

Is the May-2022 **unemployment rate** in the Richmond MSA, which is up from Apr-2022



**5.54%**

Is the **30-year fixed-rate mortgage rate** during the third week of July 2022, which is up 2.76 percentage points from a year ago

### Housing Market



**-491**

Fewer **home sales** in the Central Virginia region in Q2-2022 compared to last year



**13%**

Percent change in **median sales price** in the Central Virginia region in Q2-2022 compared to a year ago



**-948**

Fewer **pending sales** in the Central Virginia region in Q2-2022 compared to last year



**6%**

Percent change in **active listings** at the end of Q2-2022 in the Central Virginia market compared to a year ago



**1.1**

**Months of supply** in the Central Virginia housing market in Q2-2022, which is up from a year ago

# Economic Overview

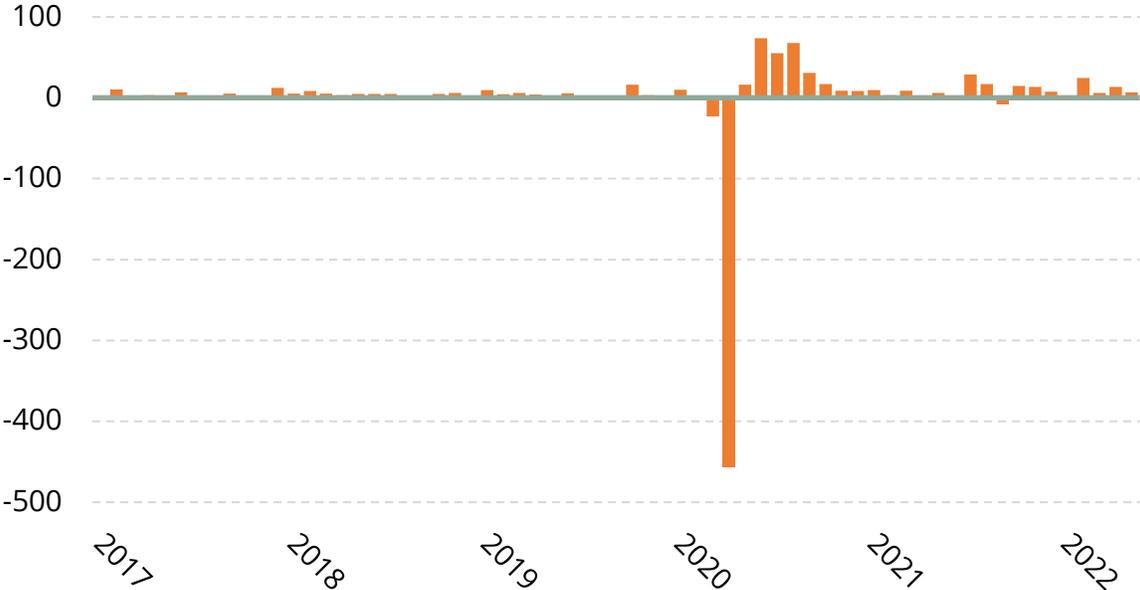
There continues to be a lot of economic uncertainty as inflation lingers at a 40-year high, and supply chain issues persist. Mortgage interest rates are climbing, and purchasing power is down, leaving many buyers on the sidelines. Despite these headwinds, Virginia’s job base continues to grow, and unemployment remains very low.

## Jobs

In May 2022, there were 4.04 million jobs across Virginia, a gain of 6,600 jobs between April and May. Virginia’s job base has been expanding for the past two years and is now about 46,200 shy of pre-pandemic levels. Several job sectors have fully recovered—even expanded—since the start of the pandemic, including the Professional and Technical Services sector, and the Federal Government sector. The homeownership rate within these two jobs sectors tends to be relatively high, so growth in these sectors provides fuel for the housing market in Virginia.

One of the fastest growing job sectors in recent months has been the Leisure and Hospitality sector. This sector was hit the hardest by the pandemic and is still recovering.

**Figure 1**  
**Virginia Month-to-Month Change in Jobs**

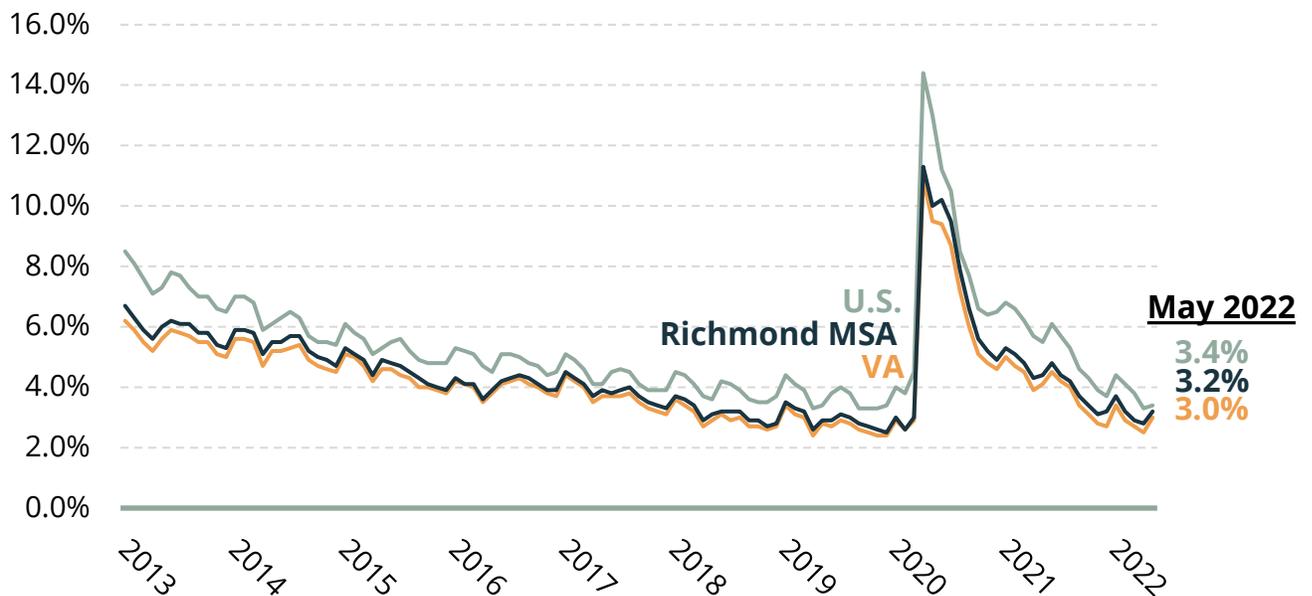


Source: U.S. Bureau of Labor Statistics, Seasonally Adjusted

## Unemployment

The unemployment rate continues to be a bright spot in Virginia's economy, amid mounting inflation and economic uncertainty. In May the unemployment rate in Virginia was 3.0% (not seasonally adjusted) which is up from 2.5% in April. This is a typical seasonal increase in the unemployment rate. In the Richmond MSA, the May unemployment rate was 3.2%, which is up from 2.8% in April.

**Figure 2**  
**Unemployment Rate**



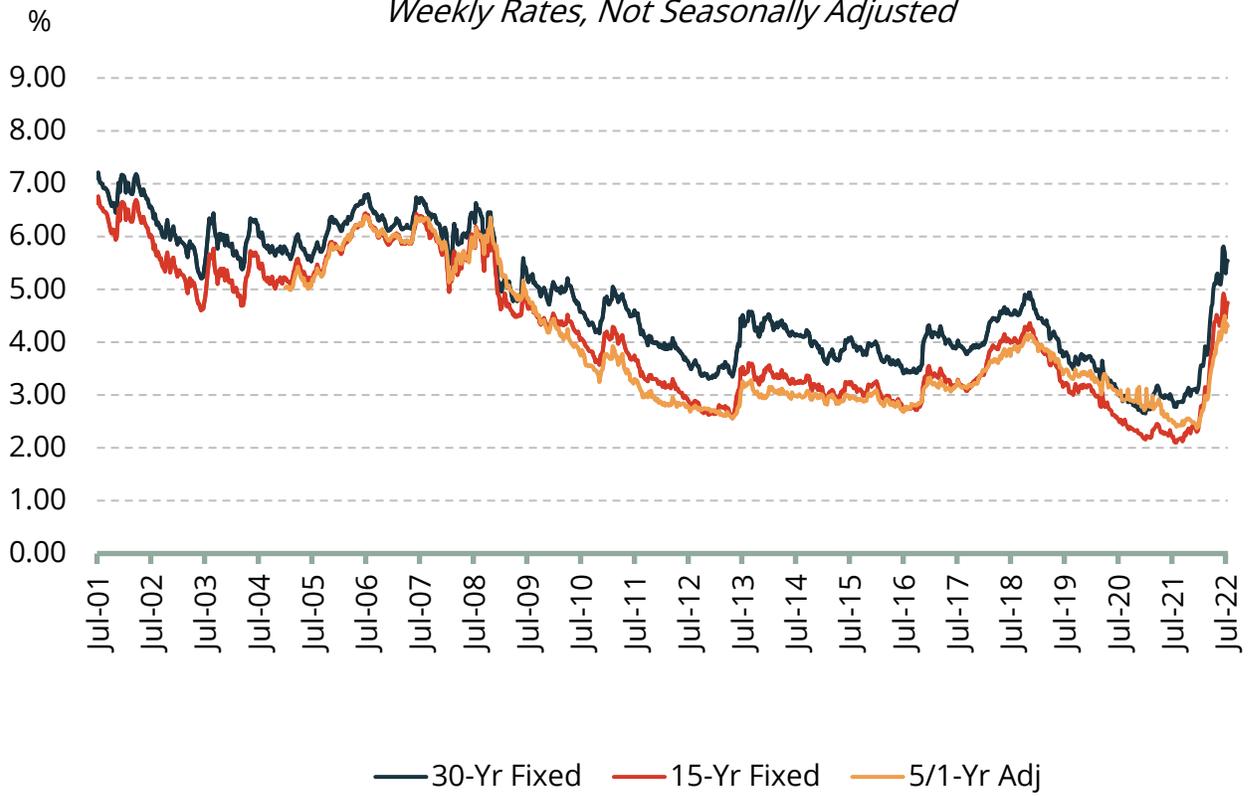
Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

## Mortgage Rates

The average rate on a 30-year fixed mortgage in the third week of July was 5.54%, which is up from the prior week, but down from the end of June when it was 5.70%. Upward pressure on interest rates is likely to continue as the Federal Reserve is set to increase the Federal Funds Rate at the end of July amid rising inflation. Mortgage rates have increased more than two percentage points so far this year, which has had a cooling effect on housing markets across the country, including here in Virginia.

**Figure 3**  
**Mortgage Interest Rates**

*Weekly Rates, Not Seasonally Adjusted*



Source: Federal Reserve Bank of St. Louis

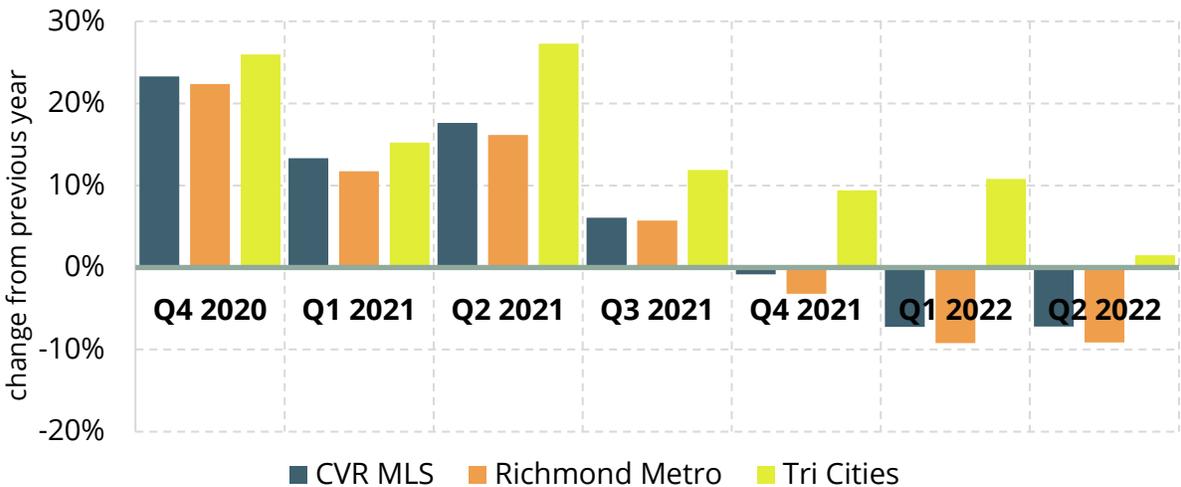
# Housing Market Overview

Activity in the Central Virginia housing market is moderating, but price growth remains a huge factor in the market. Both closed sales and pending sales are well below last year’s levels. Despite slower activity, the region’s housing market continues to be very competitive. Double-digit median price growth persists, homes are selling quickly, and the average sold to list price ratio hit a new high this quarter. The competition in the market is largely a product of the chronically low supply, which is still shrinking overall in the region, though the rate of decline has moderated. On the plus side, many local communities in the region had a build up of supply this quarter, which his good news for buyers in those markets.

## Sales

Home sales activity continues to slow down in the Central Virginia<sup>1</sup> housing market. There were 6,328 home sales across the region during the second quarter of 2022, which is 7% fewer sales than a year ago, a decline of 491 sales. This decrease of 491 sales is the sharpest drop in transactions the region’s housing market has had in more than seven years. Rising interest rates and very low supply are contributing to the cool down. Statewide sales activity moderated this quarter, down 14% from the second quarter of last year. At the local level, nine of the 16 jurisdictions had a drop in sales activity this quarter, evidence of widespread moderation in the region’s housing market.

**Figure 5  
Percent Change in Home Sales**



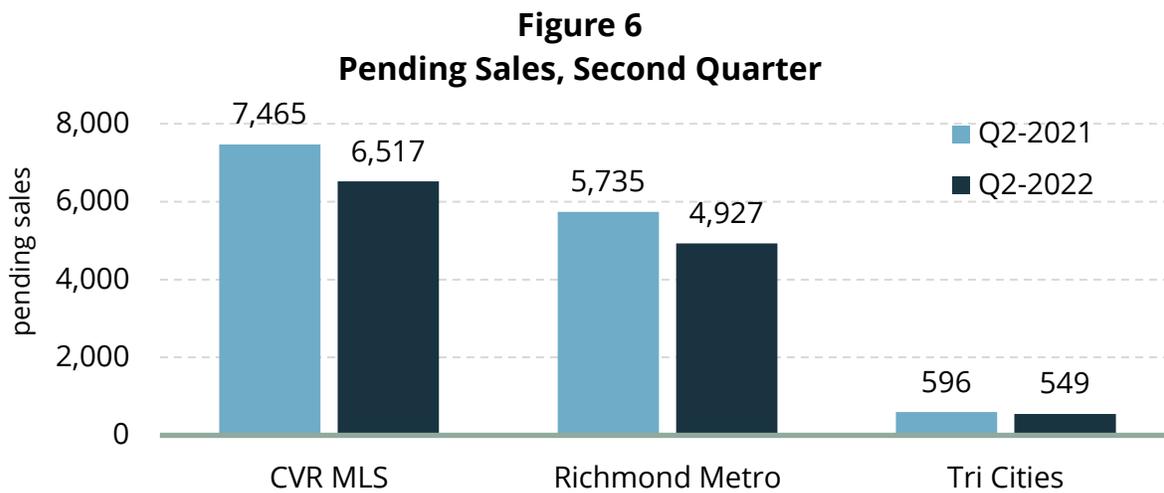
Source: Virginia REALTORS®, data accessed July 15, 2022

<sup>1</sup>The Central Virginia region includes: Counties of Caroline, Charles City, Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, King William, Louisa, Powhatan, New Kent, Prince George, and Cities of Colonial Heights, Hopewell, Petersburg, Richmond

In the Richmond Metro Area<sup>2</sup> there were 4,761 homes sold during the second quarter of 2022. This is a 9% slowdown from the prior year, a reduction of 479 sales. All local markets in the area had a slowdown the sales this quarter. The sharpest drop was in Chesterfield County where there were 300 fewer sales than the second quarter last year, a 14% reduction. There were 1,378 home sales in Henrico County, 116 fewer than last year, an 8% decrease. Sales activity in the Richmond market was essentially flat compared to last year, inching down less than 1%, or three fewer sales.

The Tri-Cities Area<sup>3</sup> market continues to have sales growth, though the additional sales are concentrated in just a couple communities. There were 540 sales in the Tr-Cities footprint, eight more sales than the second quarter last year, a 2% uptick. Nearly all of the growth was in Petersburg, which had 160 sales, 28 more than last year, which is a 21% jump in activity. Prince George County had 6% more sales than the second quarter last year, an influx of six sales. There were 84 sales in Dinwiddie County, 12 fewer sales than last year, which is a 13% decline. Sales activity also slowed down in Colonial Heights where there were 14 fewer sales (-15%).

As the market is cooling, there are fewer pending sales in the region, or homes going under contract. In the second quarter of 2022 there were 6,517 pending sales across the Central Virginia region, 948 fewer pending sales than last year, a 13% decline. Pending sales activity has been moderating for four straight quarters, a clear signal that the region’s housing market is slowing down from the busy pace of the last couple years. The slowdown was widespread, with 13 of the 16 local markets in the Central Virginia footprint having fewer pending sales this quarter compared to the second quarter last year.



Source: Virginia REALTORS®, data accessed July 15, 2022

<sup>2</sup>The Richmond Metro Area includes: Counties of Chesterfield, Hanover, Henrico, and the City of Richmond

<sup>3</sup>The Tri-Cities Area includes: Counties of Dinwiddie, Prince George, and Cities of Colonial Heights, Hopewell, Petersburg

The Richmond Metro Area market continues to have fewer contracts than a year ago. There were 4,927 pending sales during the second quarter in the region, 808 fewer than last year, which is a 14% decrease. This is the fourth straight slowdown in the Richmond Metro market compared to last year. The sharpest drop was in Hanover County where there were 134 fewer pending sales than the second quarter last year, representing a 21% decline. Chesterfield County had 420 fewer pending sales than a year ago (-18%), and the Henrico County market had 166 fewer pending sales (-10%). There were 1,014 pending sales in Richmond, 88 fewer contracts than the second quarter of 2021, an 8% slow down.

There were 549 pending sales in the Tri-Cities market in the second quarter, 47 fewer pending sales than last year, which is an 8% decline. This is the first time pending sales have moderated in the Tri-Cities market in more than three years. The largest decrease of pending sales was in Dinwiddie County (-19%), Petersburg (-12%), and Hopewell (-10%). Prince George County was the only local market in the Tri-Cities Area to have more pending sales in the second quarter, 13 additional contracts compared to this time last year (+13%).

## Prices

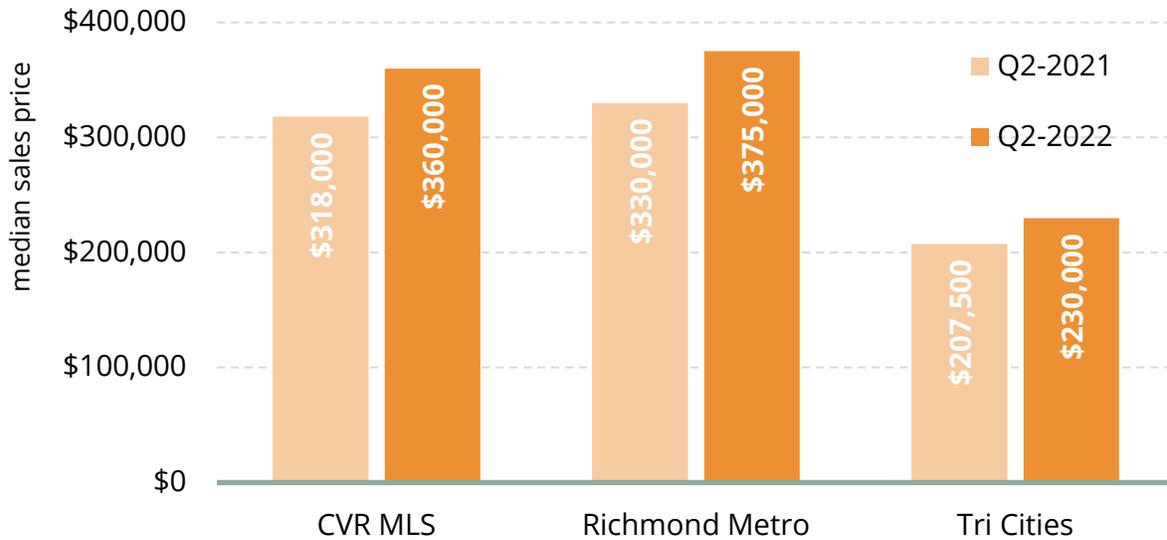
Despite the slowdown in sales activity, home prices continue to climb rapidly across the Central Virginia housing market. The regionwide median sales price in the second quarter was \$360,000, jumping up 13% from last year, a gain of \$42,000. The median sales price in the region is now about \$120,000 higher than it was at this time five years ago. The average sales price in the Central Virginia market was \$416,448 during the second quarter of 2022. This is a 16% price jump in just one year, an increase of nearly \$58,000 to the average price. This is the first time the average sales price has eclipsed the \$400,000 mark in the Central Virginia housing market. Statewide, the second quarter median sales price was \$397,500, up 9% from last year. At the local level, nearly all communities in the region continue to experience very strong home price growth. Fifteen of the sixteen local markets in Central Virginia had a higher median price than the second quarter a year ago.

At \$375,000, the median sales price in the Richmond Metro Area market climbed 14% from the second quarter of 2021. This is a \$45,000 surge to the median price. All local markets in the Richmond Metro area had very strong price growth this quarter. The median sales price in Richmond was \$369,950 in the second quarter, a 17% price jump from last year, a gain of nearly \$55,000. The median sales price in Hanover County also climbed up \$55,000 from the second quarter last year to \$420,000, a 15% increase. The median sales price in Chesterfield County surged up 15% to \$380,000, a 15% price increase.

Home prices continue to soar in the Tri-Cities Area market as well. The second quarter median sales price in the region was \$230,000, climbing 11% from a year ago, a gain of

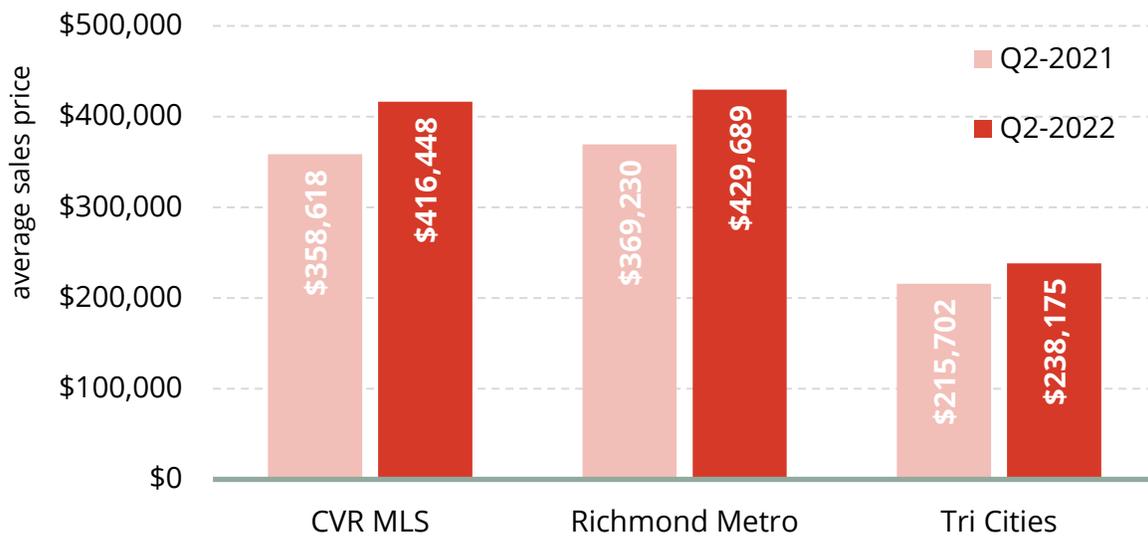
\$22,500. Petersburg continues to have the largest price gains in the Tri-Cities market. The second quarter median sales price in the region was \$180,750, surging up 25% from last year, a gain of nearly \$36,000. Price growth was also strong this quarter in Prince George County (+20%), and Hopewell (+14%).

**Figure 7**  
**Median Sales Price, Second Quarter**



Source: Virginia REALTORS<sup>®</sup>, data accessed July 15, 2022

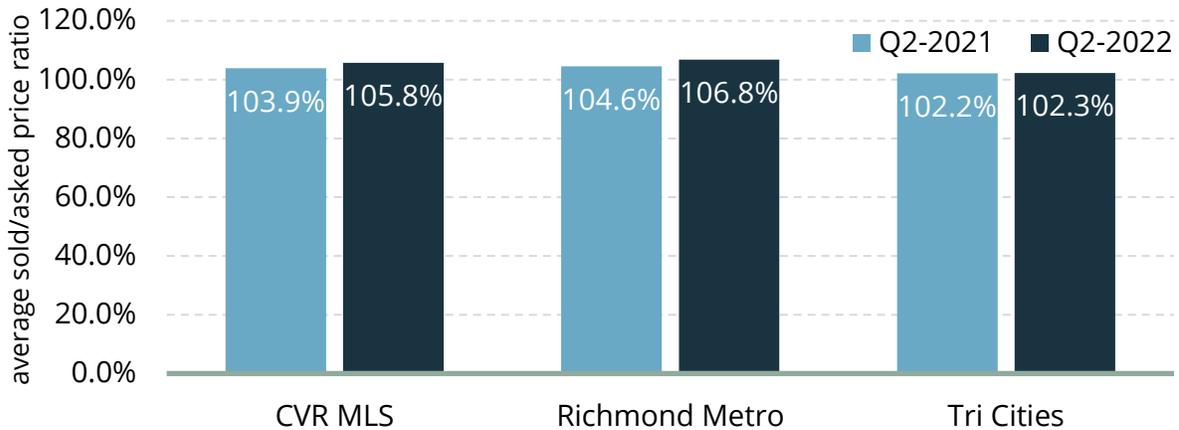
**Figure 8**  
**Average Sales Price, Second Quarter**



Source: Virginia REALTORS<sup>®</sup>, data accessed July 15, 2022

Surging price levels are pushing many contracts over list price in the Central Virginia market despite the fact that sales activity is cooling. This indicates that the market remains very competitive overall. On average, homes that sold in the Central Virginia housing market had an average sold to ask price ratio of 105.8% during the second quarter, which is this highest on record for the region. This means that on average buyers paid 6.8% above asking price on homes in the area. Within the region, at 106.8%, the second quarter average sold to ask price ratio in the Richmond Metro Area market climbed up from 104.6% a year before. In the Tri-Cities area, this metric rose to 102.3% in the second quarter, up slightly from 102.2% last year. The market remains competitive across much of the region, as 11 of 16 local markets in Central Virginia had sales price levels exceeding the asking price on average during the second quarter.

**Figure 9**  
**Average Sold/Asked Price Ratio, Second Quarter**

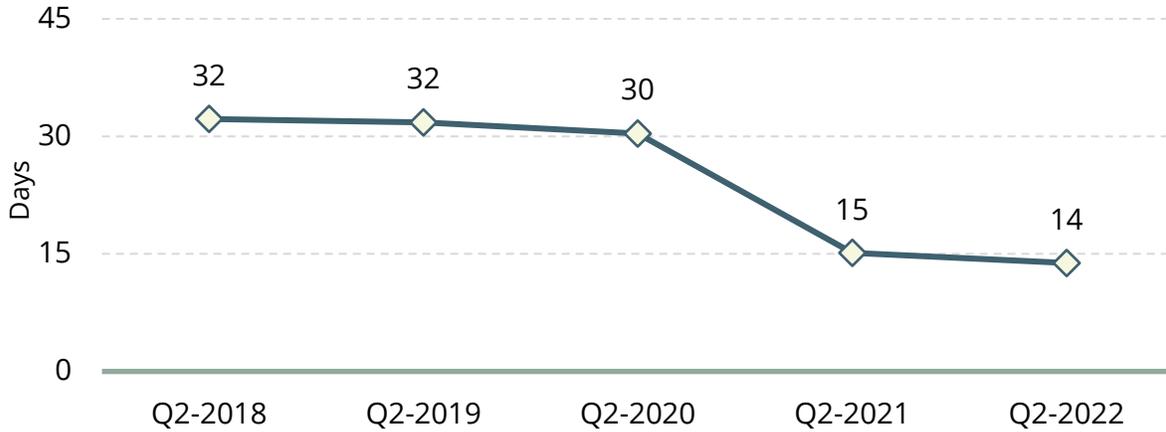


Source: Virginia REALTORS®, data accessed July 15, 2022

### Days on Market

Homes continue to sell rapidly in the Central Virginia market, though the pattern is starting to change in some local areas. The average days on market in the second quarter was just 14 days, one day faster than this time last year. As the supply of homes in the region has tightened, competition in the housing market has increased even with fewer sales overall. Statewide, homes sold in 18 days on average in the second quarter, down from 22 days a year ago. Within the region, the average days on market in the Richmond Metro market was 12 days in the second quarter of 2022, this is one day faster than it was last year. At 16 days, the average days on market in the Tri-Cities market was two days slower than it was a year ago. This is the first uptick in the average days on market in the Tri-Cities Area in three years.

**Figure 10**  
**Second Quarter Average Days on Market, CVR MLS**  
*2018-2022*



Source: Virginia REALTORS<sup>®</sup>, data accessed July 15, 2022

## Inventory

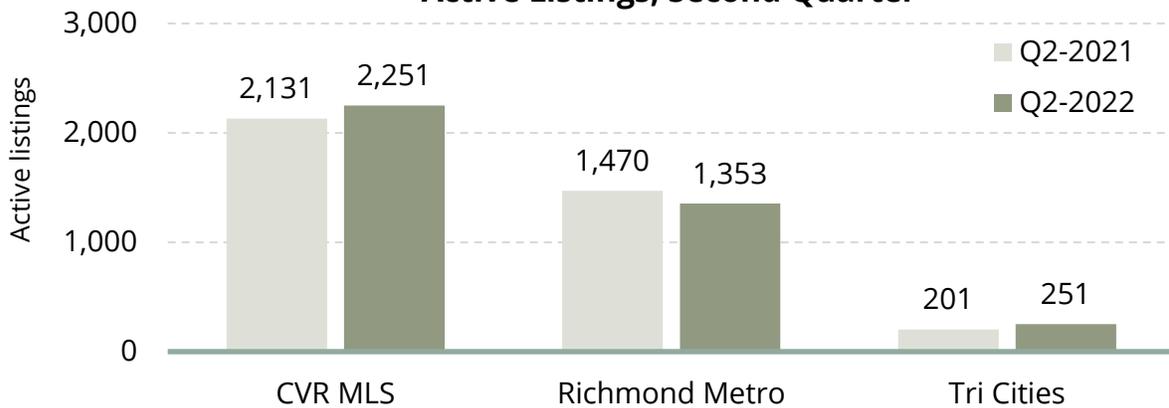
The supply of homes on the Central Virginia market edged up for the first time in years, albeit modestly. There were 2,251 active listings throughout the Central Virginia footprint at the end of the second quarter, 120 more listings than last year, rising about 6%. Most of the additional active listings this quarter were in the Tri-Cities market. Although the increase was relatively small, it does reflect a changing pattern in parts of the region; the inventory is starting to build up in some communities as sales activity is cooling. Ten of the 16 local markets in the region had more active listings at the end of the second quarter than a year ago, which reflects this build up in supply.

Statewide, there were 19,375 active listings on the market at the end of the second quarter, which is 169 more active listings than a year ago, a 1% increase. This is the first time the statewide inventory has increase (year-over-year) in more than seven years.

The inventory in the Richmond Metro Area market continues to shrink, but the pace has slowed down considerably from the trends seen over the past several years. There were 1,353 active listings on the market in the Richmond Metro Area at the end of the second quarter. This is 117 fewer active listings than a year ago, which is an 8% decrease. This is the mildest supply drop in more than three years. All local markets in the Richmond Metro Area had fewer active listings this quarter, but the decreases were relatively modest. The sharpest drop was in the Richmond market (-15%) and the Hanover County (-13%). Both the Henrico County and Chesterfield County markets had a 4% reduction of active listings.

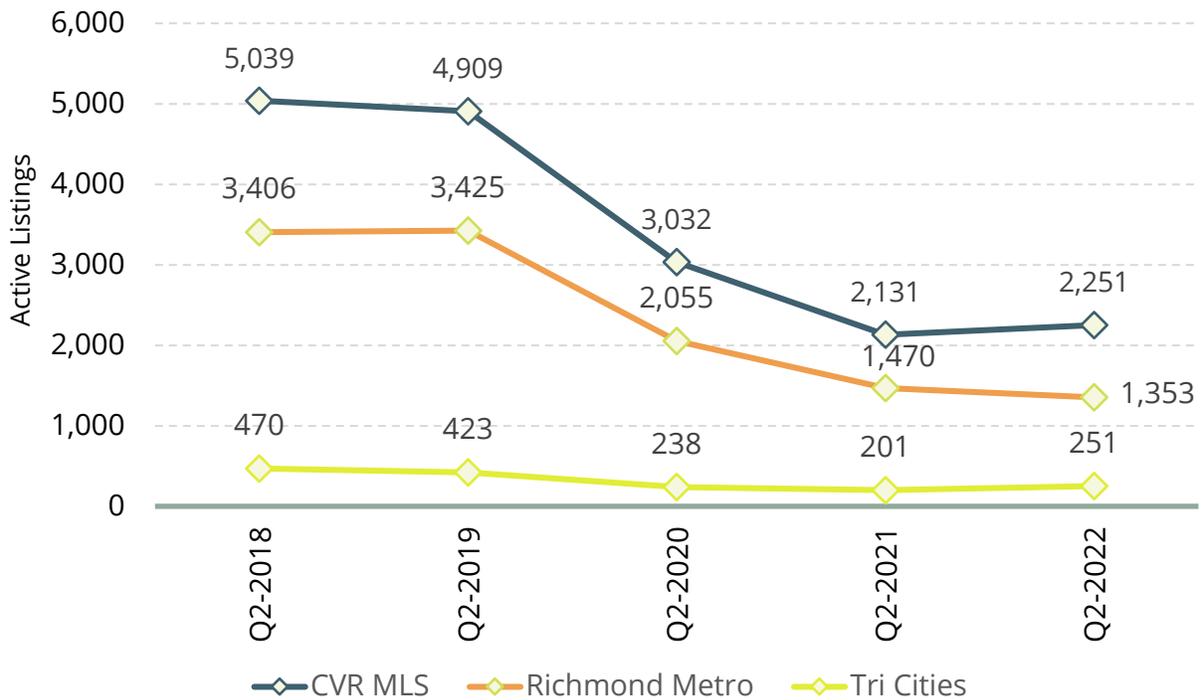
The number of active listings continues to build up in the Tri-Cities market. There were 251 active listings on the market at the end of the second quarter in the region, an increase of 50 listings, representing a 25% influx. This is the third supply bump in the last four quarters. Within the local markets, most of the additional listings were in Petersburg which had 26 additional listings (+41%). Dinwiddie County had 16 more listings than the end of the second quarter last year (+44%).

**Figure 11**  
**Active Listings, Second Quarter**



Source: Virginia REALTORS®, data accessed July 15, 2022

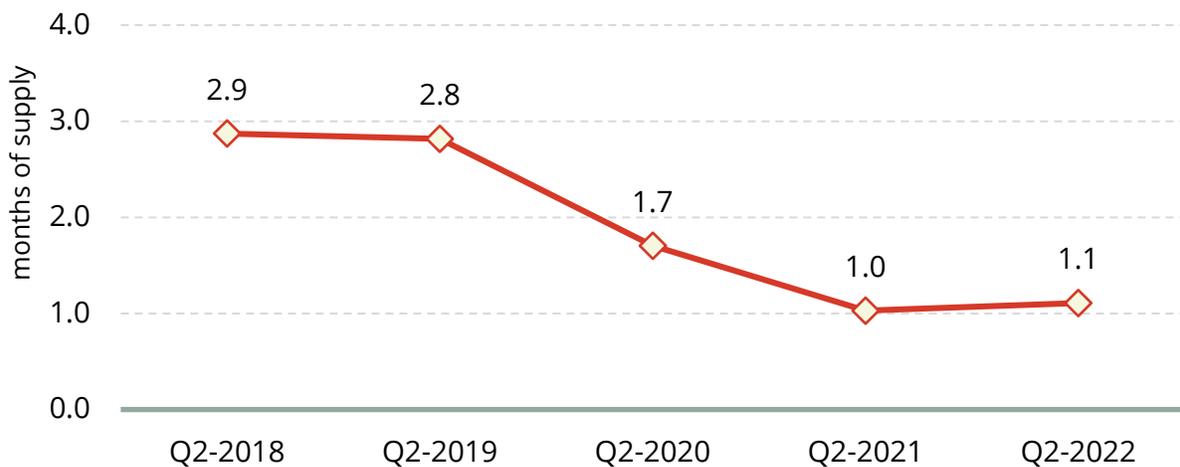
**Figure 12**  
**End of Second Quarter Active Listings**



Source: Virginia REALTORS®, data accessed July 15, 2022

For the first time in years, the overall supply in the Central Virginia housing market inched up. There was about 1.1 months of supply in the region in the second quarter, up from 1 month at this time last year. Despite the small increase, overall, the inventory in the region remains tight, and it is still very much a sellers' market. The months of supply is calculated by taking the average monthly sales over the preceding 12-month period and dividing it by inventory of active listings.

**Figure 13**  
**End of Second Quarter Months Supply, CVR MLS**  
*2018-2022*



Source: Virginia REALTORS<sup>®</sup>, data accessed July 15, 2022

## Outlook

Economic uncertainty remains a big wildcard and will continue to have a cooling effect on the housing market. Inflation is lingering at a 40-year high, which prompted the Federal Reserve to raise the Federal Funds Rate once again in July, a 0.75% rate hike, the second straight month of aggressive rate hikes. This will continue to put upward pressure on mortgage interest rates in the coming months and is likely to slowdown housing demand. Despite many headwinds, the job market continues to expand, and unemployment is historically low. This juxtaposition of a growing job base and soaring inflation is unusual, and this pattern will be closely monitored in the coming months, as recession fears continue to mount. While it is likely that sales activity will continue to moderate in the coming months, prices are likely to continue rising, just at a slower growth rate than what we have seen in recent months. This is due to the constrained supply in the market. The good news for buyers is that inventory is starting to build up slightly in many local markets around the Central Virginia region as contract activity has moderated.



The Virginia REALTORS® association is one of the largest professional trade associations in Virginia, representing 35,000 REALTORS® engaged in the residential and commercial real estate business. The Virginia REALTORS® association serves as the advocate for homeownership and private property rights and represents the interests of real estate professionals and property owners in the Commonwealth of Virginia.

NOTE: The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict code of ethics.

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Data and analysis provided by Virginia REALTORS® Chief Economist, Lisa Sturtevant, PhD.

The numbers reported here are preliminary and based on current entries into multiple listing services. Over time, data may be adjusted slightly to reflect increased reporting. Information is sourced from multiple listing services across Virginia and is deemed reliable, but not guaranteed.