

Virginia

HOME SALES REPORT

CUSTOM REPORT PREPARED FOR

CAAR CHARLOTTESVILLE AREA

CAAR Homes Sales Report

1st Quarter 2019

Charlottesville Area Association of Realtors®

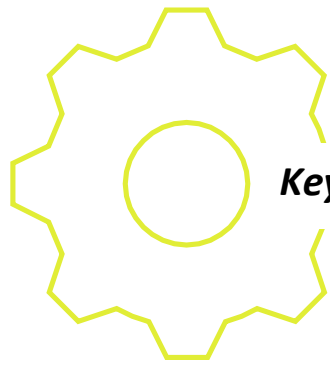
Market Report Key Takeaways

Economic Conditions

- Notwithstanding a modest employment decline in the most recent months of data, the Charlottesville regional economy is stable and provides a steady bedrock for the local housing market, though there may be early signs of softening demand.
- Mortgage interest rates remain at historically low levels. Potential homebuyers and sellers should expect rates to remain low, at least through the spring and into the summer.

Housing Market Conditions

- Sales declined or remained flat in most jurisdictions in the CAAR footprint in the 1st quarter compared to last year. The moderating sales activity began in the 4th quarter of 2018 after several years of growth at the region-level.
- The regional inventory of active listings is not shrinking at the same rate as the past few years and has remained flat for several quarters, which could reflect a stabilization of the supply in the coming months. Similar trends are occurring in other housing markets in the state.
- Homes are taking slightly longer to sell relative to last year in many parts of the CAAR footprint.
- The median sales price in the region continues climb relative to last year, albeit more slowly than in prior quarters. Several local markets within the CAAR footprint have had declines in the median sales price over the past few quarters.



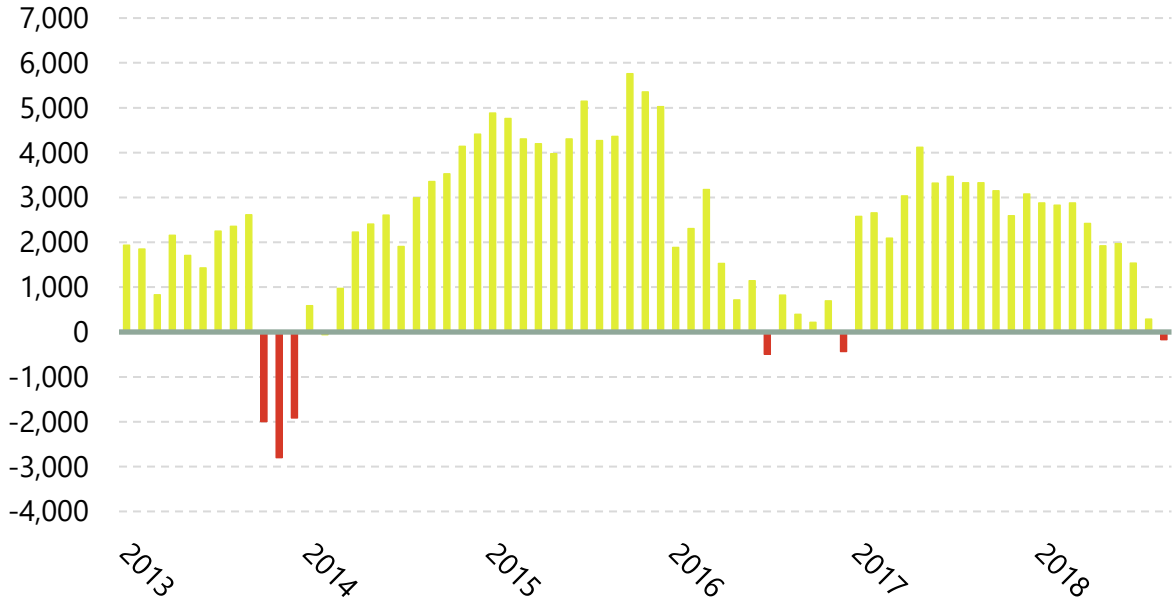
Key Trends Dashboard, CAAR

▼	-172	Fewer jobs in the CAAR footprint between Sep-2017 and Sep-2018
▼	2.8%	Is the unemployment rate in the CAAR footprint in Feb-2019, which is down from Jan-2019
▼	158.1	Is the present situation consumer confidence index level for the South Atlantic region economy in Mar-2019, which is down from 1 year prior
▼	101.1	Is the consumer expectations index level for the South Atlantic region economy in Mar-2019, which is down from 1 year prior
▼	-48	Fewer home sales in the CAAR footprint in Q1-2019 compared to last year
▲	\$2,162	Increase in median sales price in the CAAR region in Q1-2019 compared to a year ago
▼	-\$18	Million less in total sold dollar volume in the CAAR footprint in Q1-2019 relative to last year
▲	7	Days higher average days on market for the CAAR footprint in Q1-2019 compared to a year ago
▲	4.9	Months of supply in the CAAR footprint in Q1-2019, which is up from a year ago

Economic Overview

The strength of the local economy and the pace of job and income growth in the region are critical determinants of the health of the housing market. While there was a slight decline in the number of jobs in the Charlottesville region in September 2018 (the latest data available), overall the region’s economy has been relatively strong since the economic recovery began. Since 2013, the Charlottesville region (defined as the City of Charlottesville, and the counties of Albemarle, Fluvanna, Greene, Nelson and Louisa) has added an average of 2,335 new jobs annually. Between September 2017 and September 2018, the region lost 172 jobs, though this is likely an anomaly.

Figure 1
Annual Change in Jobs, CAAR



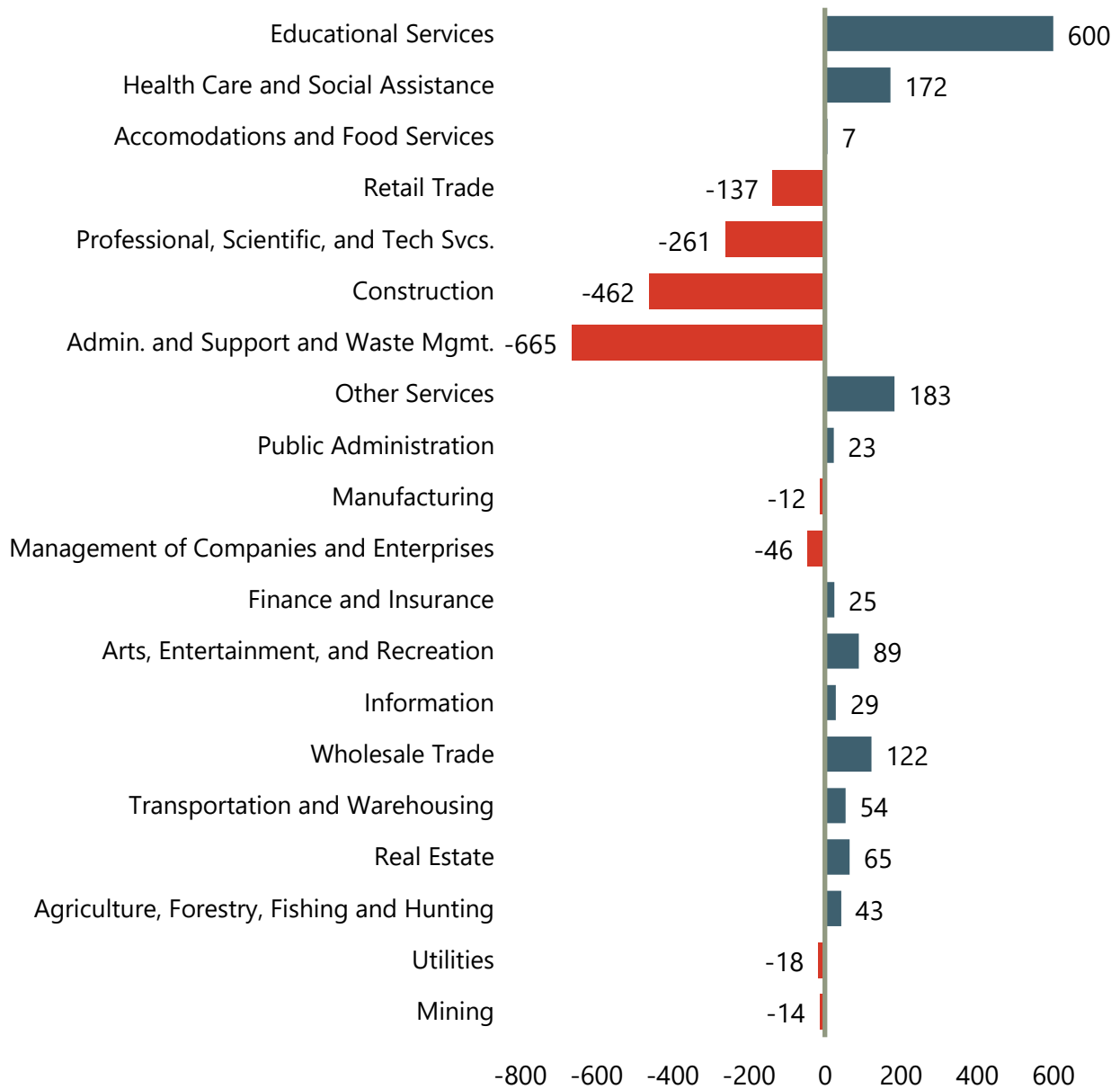
Source: Virginia Employment Commission, Quarterly Census of Employment and Wages

In the most recent 12-month period for which data are available (September 2017 to September 2018), the region experienced job losses in several sectors of the economy, including Administrative and Building Support Services, Construction, Professional and Technical Services and Retail Trade. The region gained jobs in the Educational Services sector (+600 jobs) and Health Care and Social Assistance Services sector (+172 jobs).

Given the longer-term patterns of employment growth, it is very likely that the job loss in September 2018 is a “one-off” decline and not the beginning of a trend of significantly slower growth.

Figure 2
Job Change by Industry
CAAR
Sep-2017 to Sep-2018

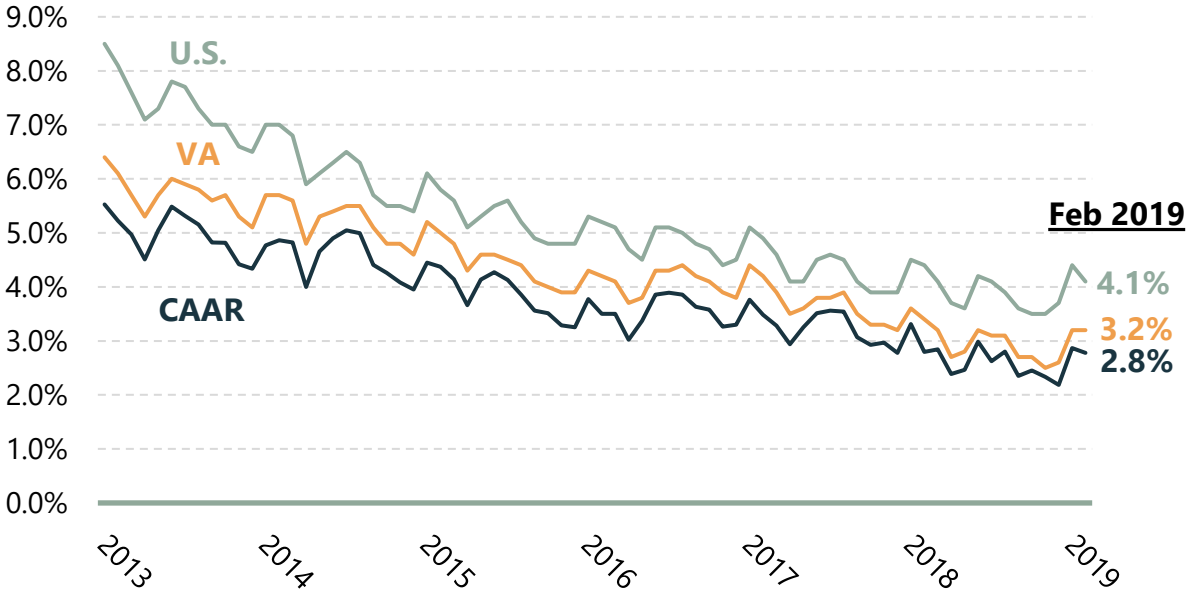
Ranked by Size



Employment Commission, Quarterly Census of Employment and Wages

The labor market in the Charlottesville region remains very tight. The regional unemployment rate was just 2.8% in February 2019, lower than the statewide unemployment rate of 3.2%. While the region’s unemployment rate edged up very slightly in early 2019, the primary reason is more people entering the labor force rather than a slowdown in the local economy.

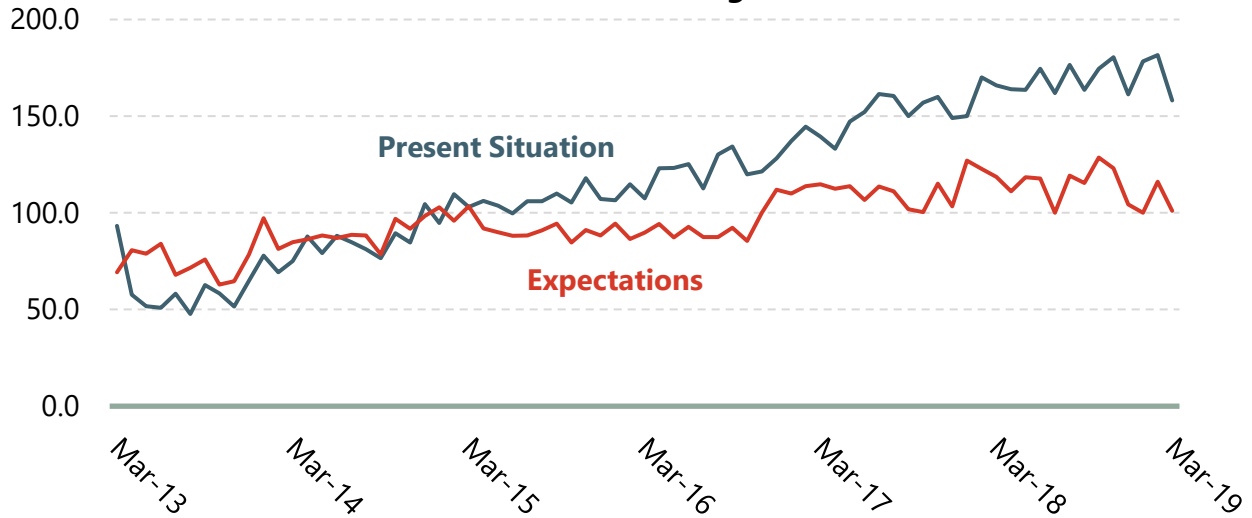
**Figure 3
Unemployment Rate**



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

Consumer confidence remains strong. People feel positive about their present economic situations, though there was a drop in that measure in March. In addition, late last year and early this year, there was a slight drop in the measure of confidence about future economic conditions, likely a reaction to the federal government shutdown and uncertainties around the prospects for longer-term shutdowns. The future expectations measure rebounded in February and remained above 100 in March, indicating that households tend to feel relatively optimistic as they look ahead.

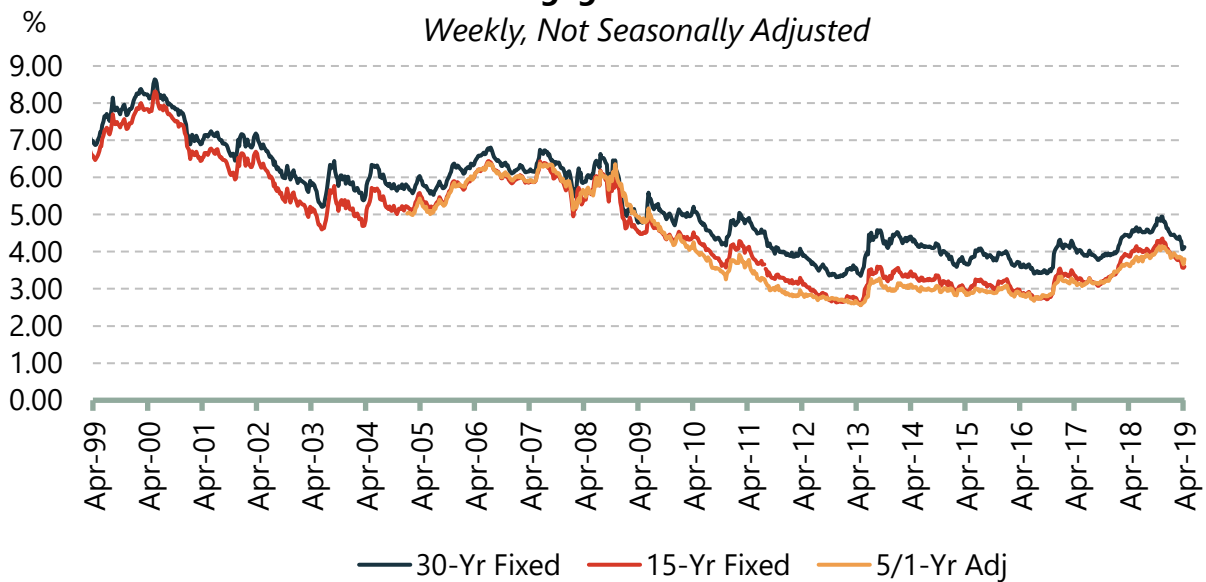
Figure 4
Consumer Confidence
South Atlantic Region



Source: The Conference Board

Interest rates have fallen in the 1st quarter of 2019 and stand at historically low levels. Late last year, there were concerns that interest rates were poised to rise in 2019. However, the Federal Reserve Board has given indications that rate increases will be unlikely, at least in the 1st half of the year. As a result, homebuyers and sellers should expect mortgage rates to remain low throughout the spring market.

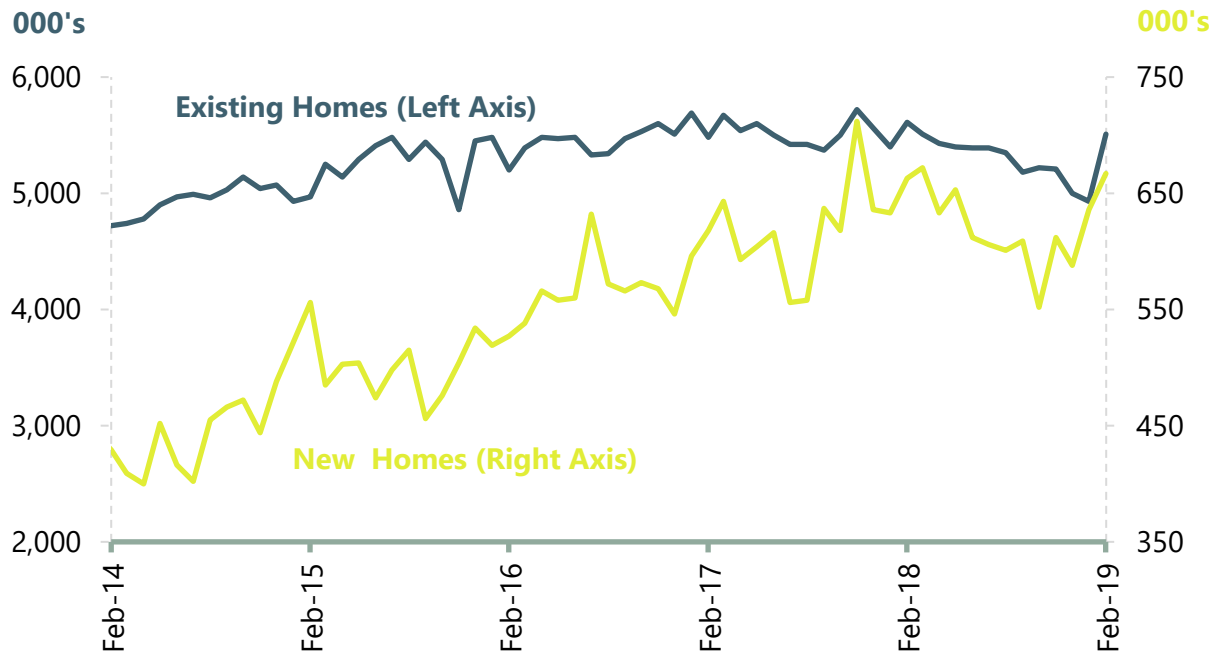
Figure 5
Mortgage Interest Rates
Weekly, Not Seasonally Adjusted



Source: Federal Reserve Bank of St. Louis

Nationally, homes sales have been up for both new and existing homes, with notable increases at the end of last year. At the same time, while home prices continue to rise nationally, the pace of price increases has slowed recently. Despite this more moderate price growth, economic fundamentals at the national level, including strong job growth, steady wage growth and low interest rates, suggest that housing market conditions nationally will remain stable. A lack of inventory and insufficient new housing supply continue to be constraints on the market nationally, as well as in Virginia.

Figure 6
U.S. New and Existing Home Sales



Source: U.S Census Bureau, National Association of Realtors

Housing Market Overview

The housing market in the CAAR footprint is showing signs of softening demand, though the tight inventory of homes available for sale is keeping upward pressure on prices in some local markets. Except for Greene County, most jurisdictions in the CAAR region had flat or declining sales relative to last year, a trend that began to emerge in several of the local markets towards the end of 2018. While sales and sold dollar volume fell, sales prices rose modestly at the region-level. On average, it took a week longer to sell a home in the CAAR region compared to last year, which is the first increase in this metric in several years. The inventory of active listings remained essentially flat in the region compared to this time last year. Despite the stabilizing level of listings, the overall supply of homes available for sale remains low compared to historical averages.

Sales

The pace of sales in the CAAR footprint continued to be sluggish in the 1st quarter of 2019 after slowing in late 2018. There were 765 sales in the region, down 6% from this time last year, a decline of 48 sales. After more than 4 years of consecutive sales growth, this is the 2nd quarter in a row for declining sales in the CAAR region. Similar trends are occurring in other local housing markets across the state.

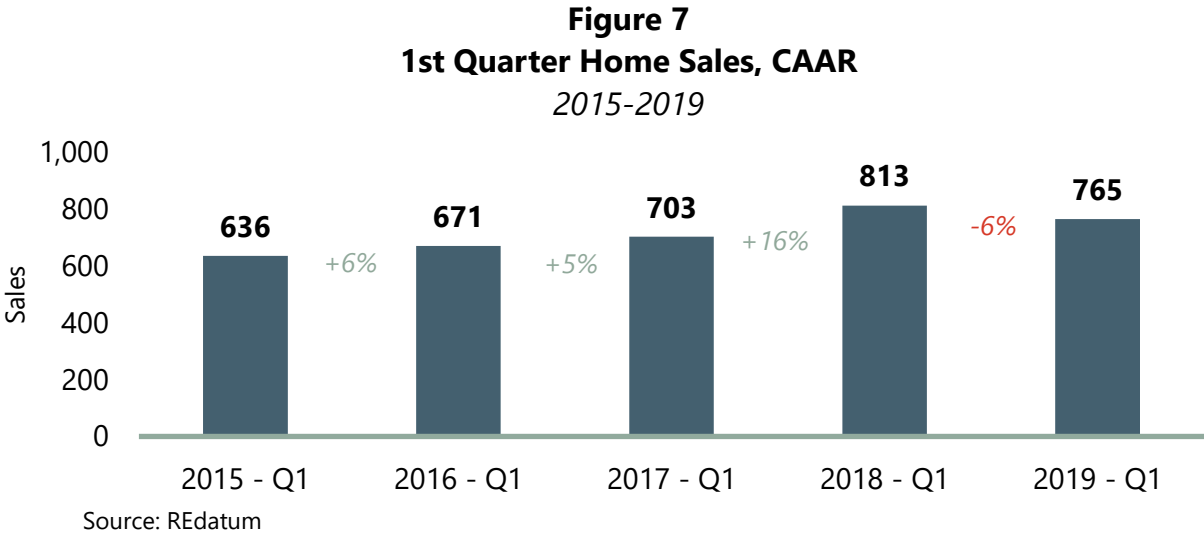
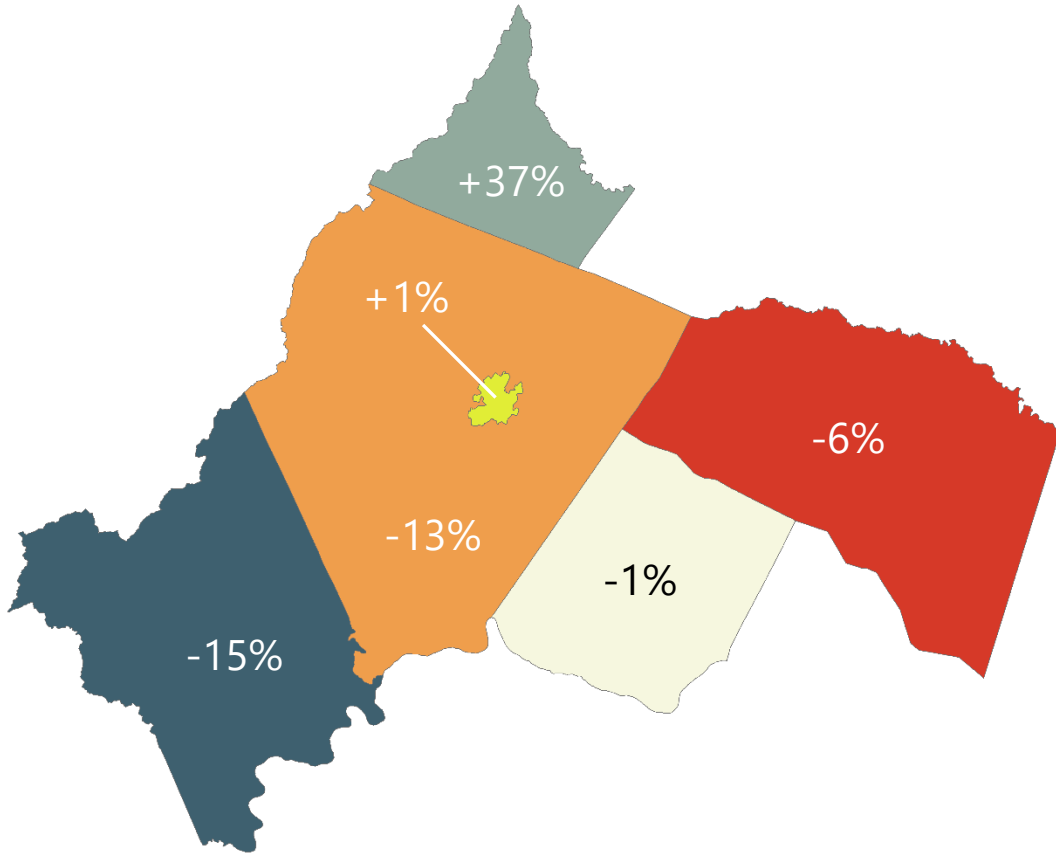


Figure 8
Change in Sales by Jurisdiction
CAAR
1st Quarter 2018 to 1st Quarter 2019



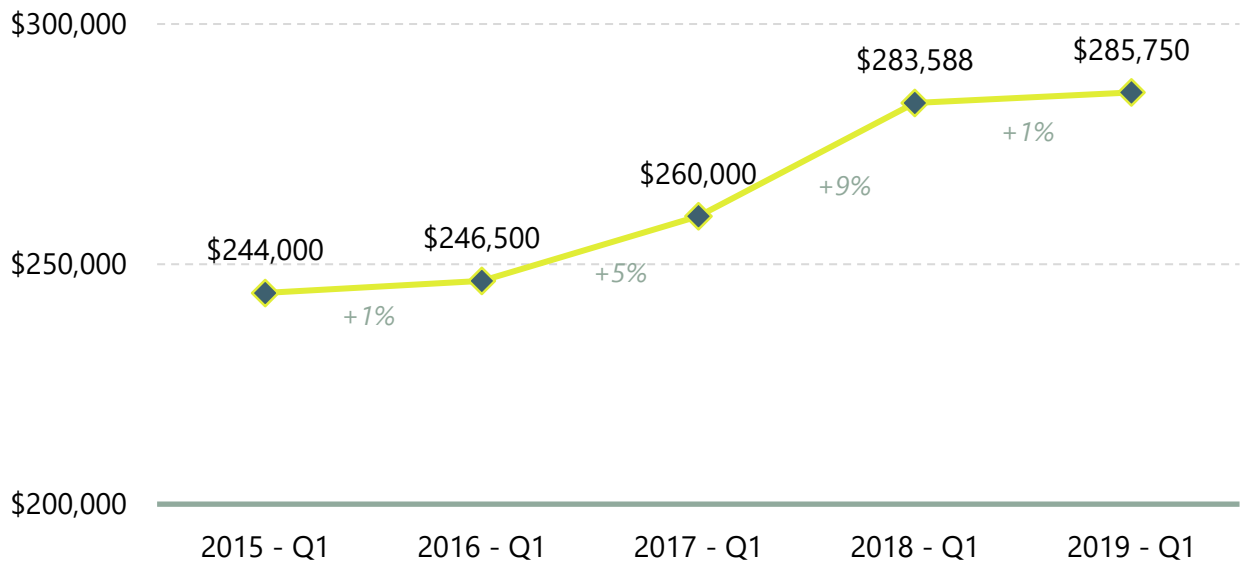
<i>Jurisdiction</i>	<i>2018 - Q1</i>	<i>2019 - Q1</i>	<i>% Change</i>
Albemarle County	350	303	-13%
Charlottesville	96	97	1%
Fluvanna County	99	98	-1%
Greene County	52	71	37%
Louisa County	143	134	-6%
Nelson County	73	62	-15%

Source: REdatum

Sales Prices

While the pace of sales has slowed, home prices continue to climb in the CAAR region, albeit modestly. The median sales price in the region was \$285,750 in the 1st quarter of 2019, up 1% from this time last year, an increase of over \$2,000. Sales prices have been rising steadily each quarter in much of the region over the past 2 years. The rising prices are reflective of the historically low level of active listings, which is putting upward pressure on price points through much of the CAAR region. For example, the median sales price in the CAAR footprint has increased nearly \$42,000 since the 1st quarter of 2015, while the months of supply of active listings has fallen from 8.2 to 4.9 during this same time period.

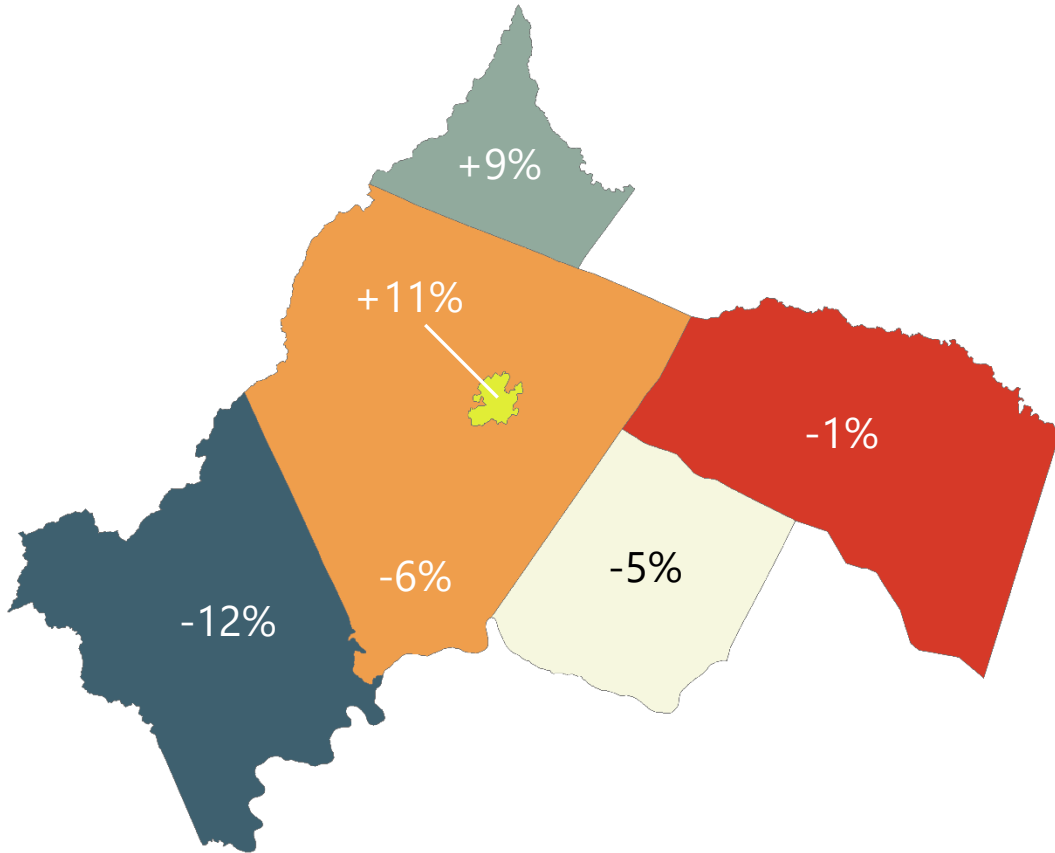
Figure 9
1st Quarter Median Sales Price, CAAR
2015-2019



Source: REdatum

Figure 10
Change in Median Sales Price by Jurisdiction
CAAR

1st Quarter 2018 to 1st Quarter 2019



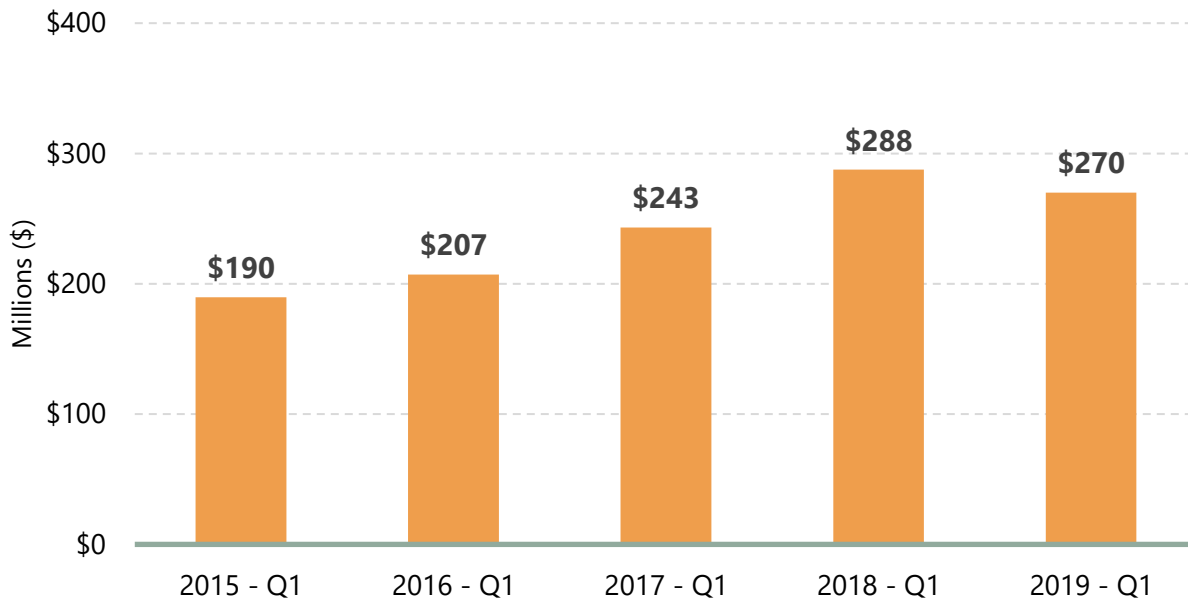
<i>Jurisdiction</i>	<i>2018 - Q1</i>	<i>2019 - Q1</i>	<i>% Change</i>
Albemarle County	\$370,000	\$346,319	-6%
Charlottesville	\$315,000	\$350,000	11%
Fluvanna County	\$224,000	\$212,185	-5%
Greene County	\$248,500	\$270,000	9%
Louisa County	\$225,000	\$221,950	-1%
Nelson County	\$215,000	\$190,000	-12%

Source: REdatum

Sold Volume

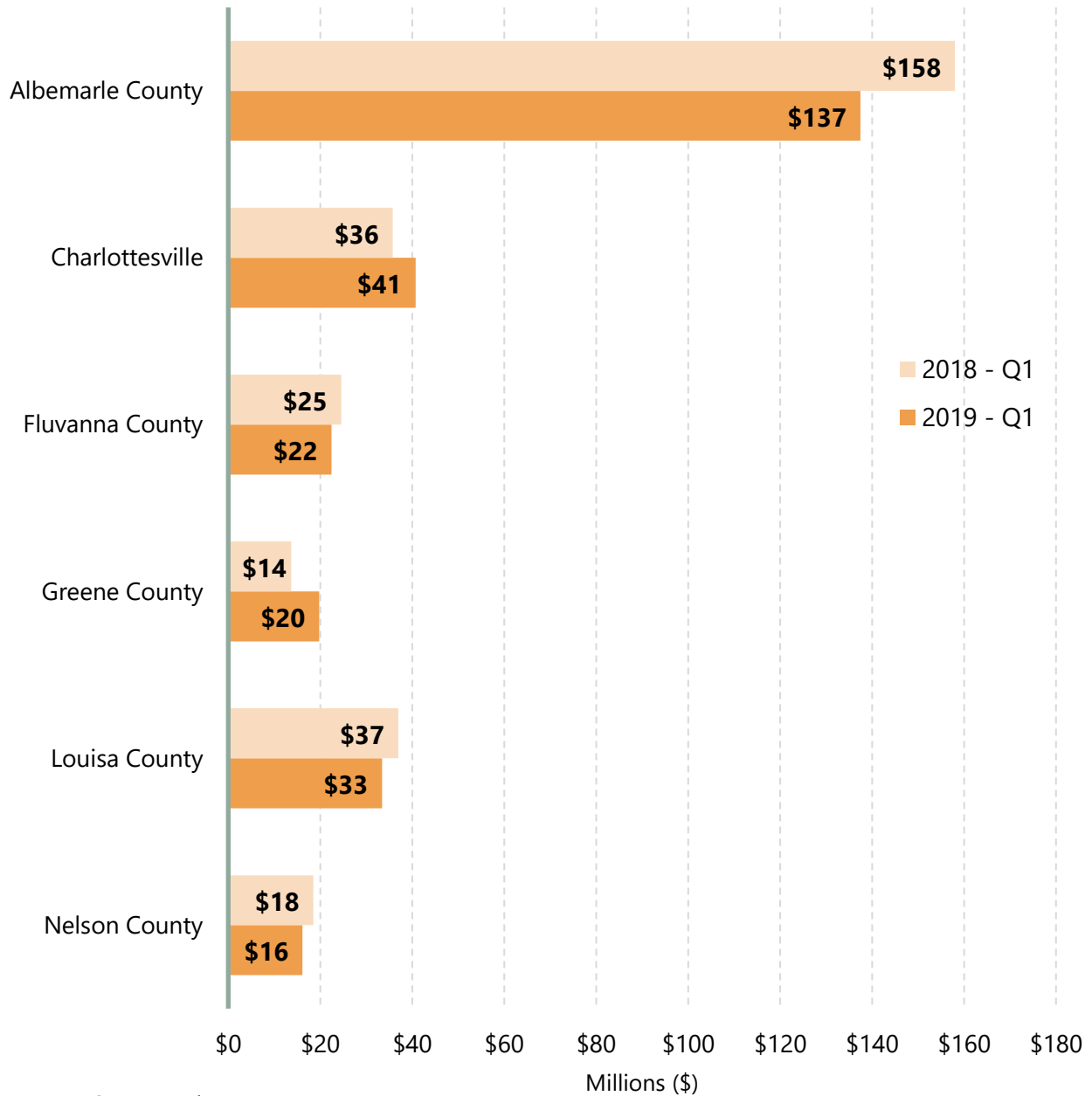
For the 2nd quarter in a row, the total sold dollar volume in the CAAR footprint has declined relative to last year. There was approximately \$270 million in sold volume during the 1st quarter of 2019, more than \$17.5 million below the level sold in the 1st quarter of 2018, or a 6% drop. The declining volume is attributed to the recent slowdown in sales through much of the region, particularly in Albemarle County, which generally accounts for more than half of the CAAR sold dollar volume each quarter. The increasing sales prices in many parts of the footprint offset the impact of fewer overall sales on this metric. While the sold dollar volume in the CAAR footprint has been declining recently, it remains nearly \$68 million higher than the 1st quarter 4 years ago.

Figure 11
1st Quarter Sold Dollar Volume (Millions), CAAR
2015-2019



Source: REdatum

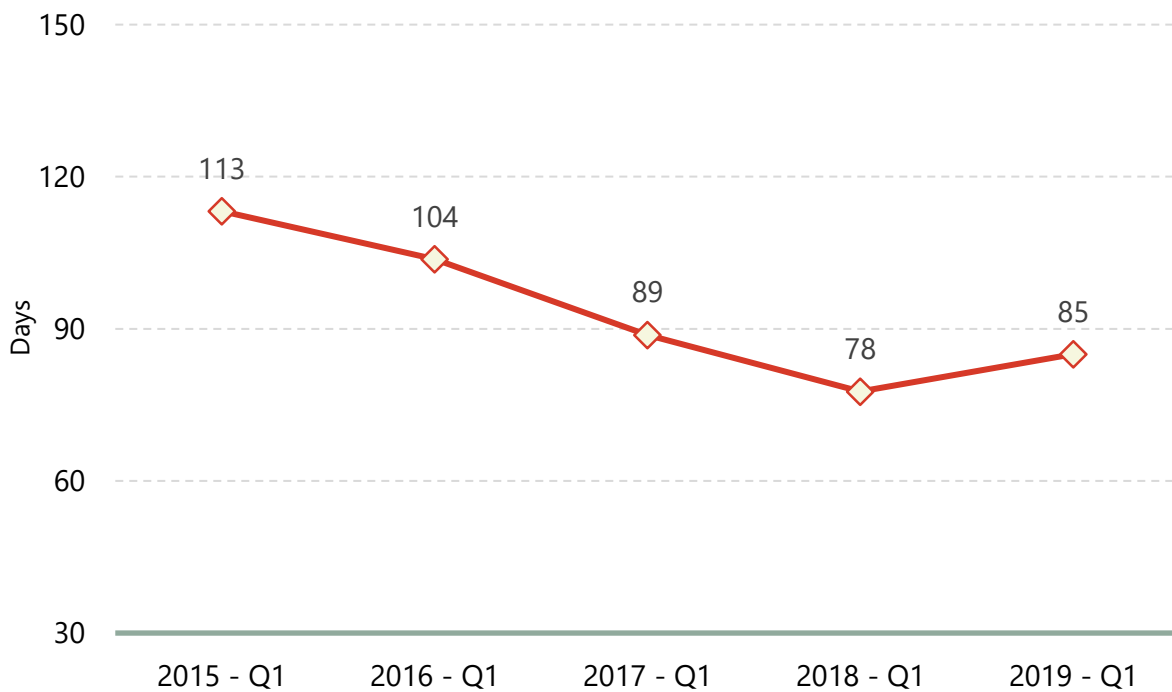
Figure 12
1st Quarter Sold Dollar Volume, CAAR Jurisdictions
2018 and 2019



Days on Market

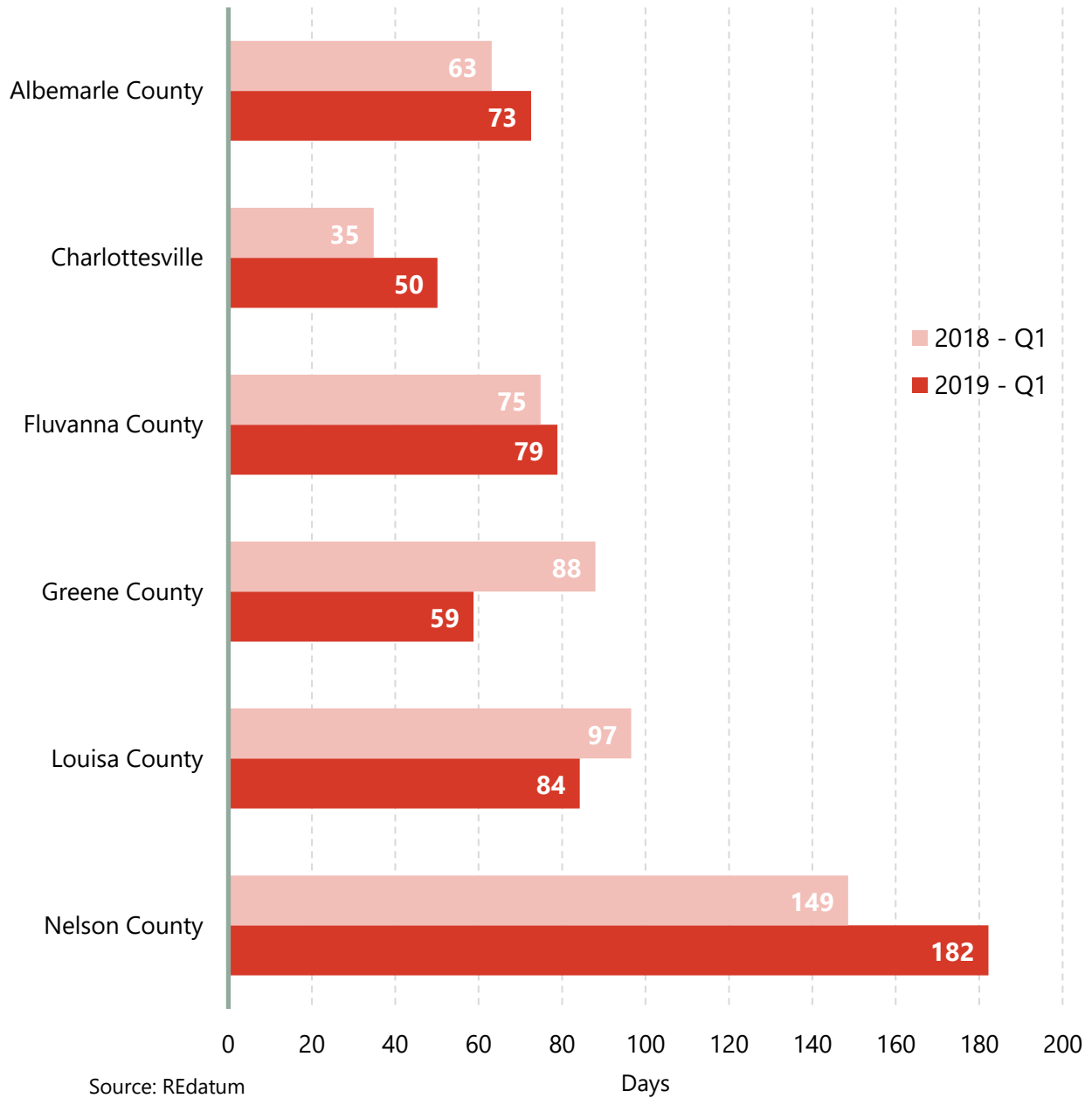
For the 1st time in over 4 years, the average days on market in the CAAR footprint rose compared to last year. On average, homes sold in 85 days in the CAAR region, which is 7 days slower than the 1st quarter of 2018. While it is too early to determine an emerging trend, the declining sales and sold volume, along with rising days-on-market can reflect softening for future demand. In recent months, similar market trends have occurred in other regions of the Commonwealth.

Figure 13
1st Quarter Average Days on Market, CAAR
2015-2019



Source: REdatum

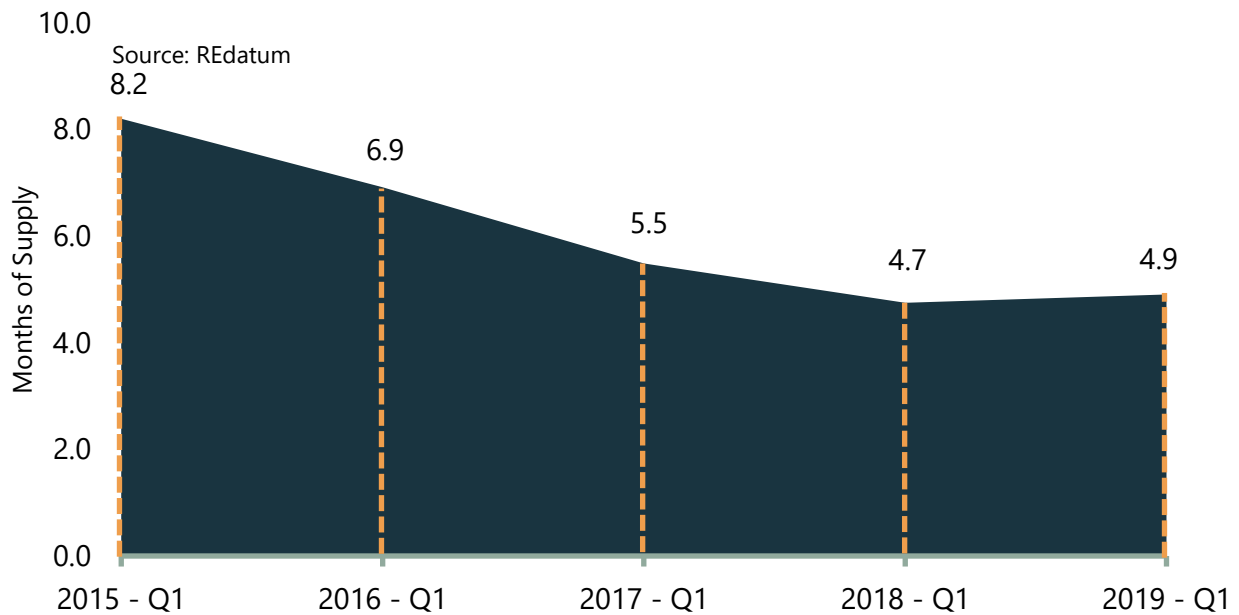
Figure 14
1st Quarter Average Days on Market, CAAR Jurisdictions
2018 and 2019



Inventory

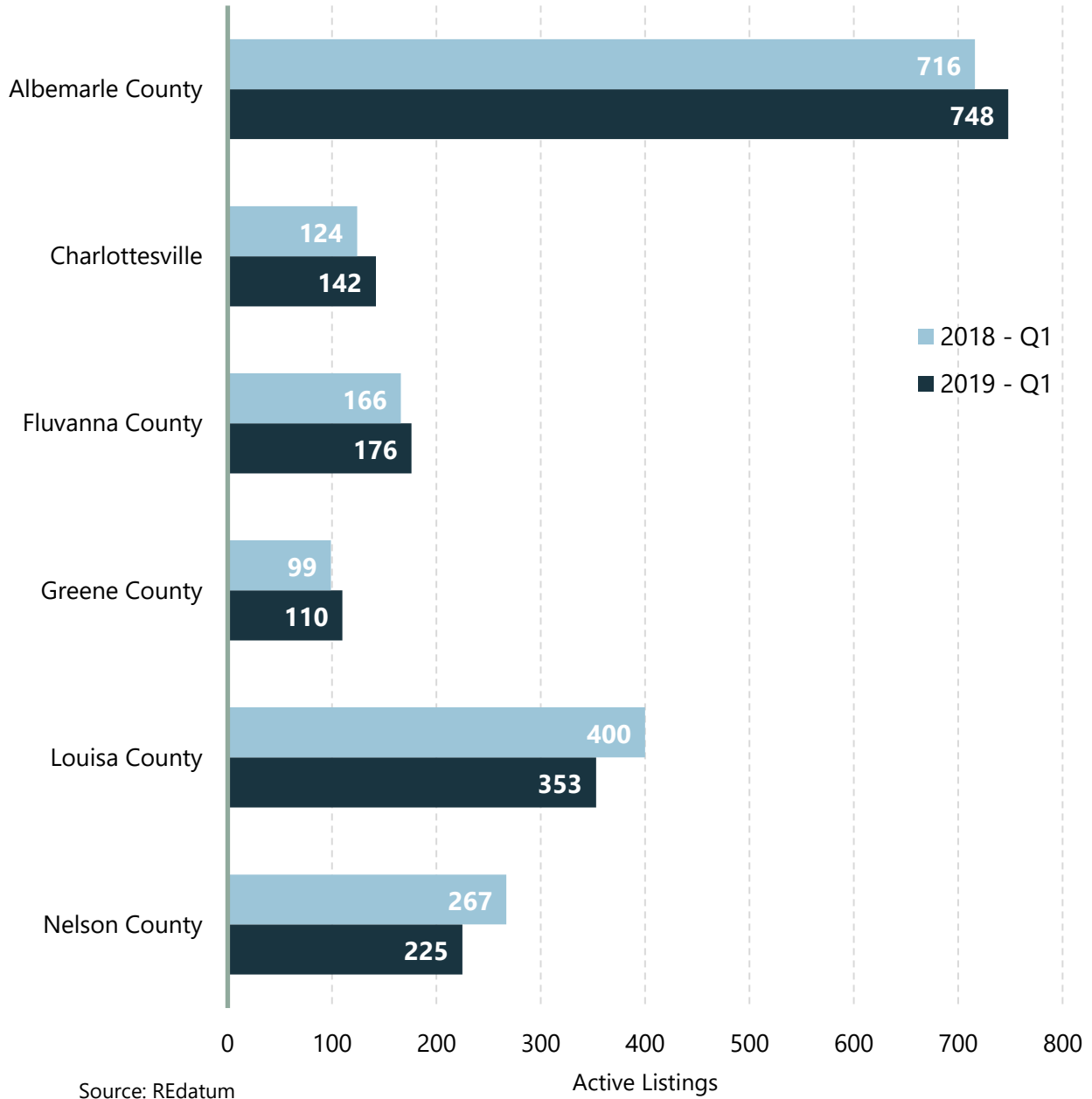
There were 1,754 active listings at the end of the 1st quarter of 2019 in the CAAR region, down a modest 1% from last year, a drop of 18 active listings. The declining supply of active listings has been moderating. The inventory of active listings in the CAAR footprint has remained essentially flat over the past few quarters relative to last year, which could signal a changing pattern in the coming months. At the end of the 1st quarter, there was approximately 4.9 months of supply in the region, slightly more than a year ago. Despite the stabilizing inventory, the level of listings remains low in the region relative to historical averages. The tight supply continues to put upward pressure on home prices in many parts of the region.

Figure 15
End of 1st Quarter Months Supply, CAAR
2015-2019



Source: REdatum

Figure 16
End of 1st Quarter Active Listings, CAAR Jurisdictions
2018 and 2019

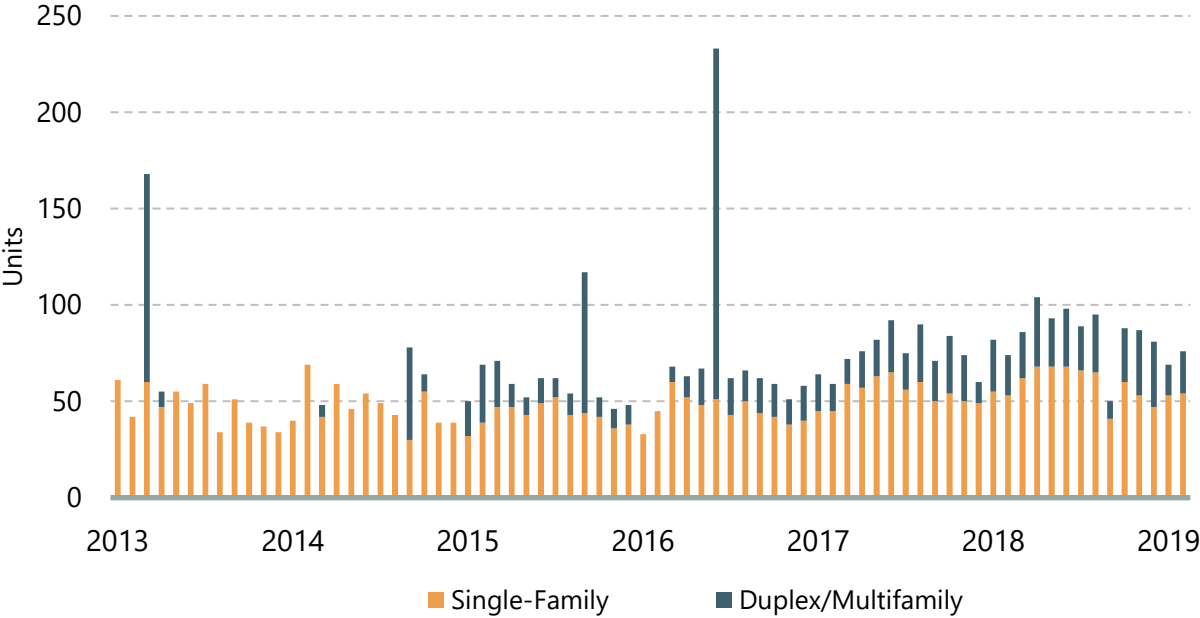


Building Permits

Over the past 5 years, new home construction in the Charlottesville Metropolitan Statistical Area (MSA¹) has been constant, at about 67 permits for new homes issued each month, or slightly more than 800 new homes each year. In recent years, the pace of new construction has increased modestly. In 2018, for example, there was a total of 1,027 permits issued for new housing units in the Charlottesville MSA.

The new units permitted in the Charlottesville MSA are primarily single-family detached units. Since 2013, about three-quarters of new units (73.3%) were single-family units. However, there have been years in which multifamily construction has surpassed single-family construction. In addition, in more recent years, there has been an increase in the share of permitted units that are in multifamily buildings. In 2018, for example, 69% of new units were single-family and 31% were multifamily.

Figure 17
Monthly Permits for New Residential Construction
Charlottesville MSA



Source: U.S. Census Bureau

¹ The Charlottesville MSA includes Charlottesville City, Albemarle County, Buckingham County, Fluvanna County, Greene County, and Nelson County



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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.