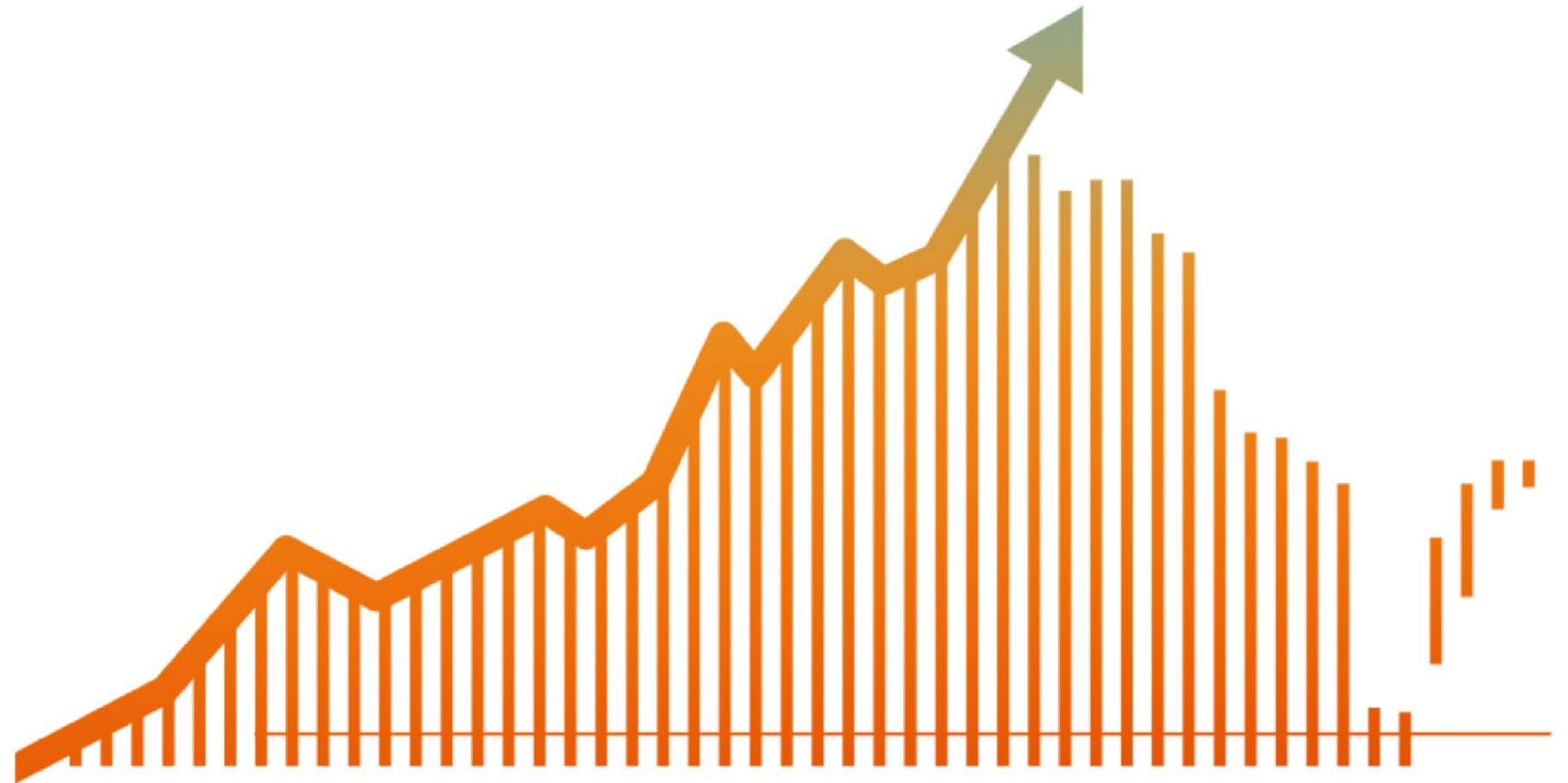


The Impact of COVID-19 on Virginia's Housing Market: Current Conditions & Outlook

Lisa Sturtevant, PhD
Chief Economist
Virginia REALTORS®

June 16, 2020

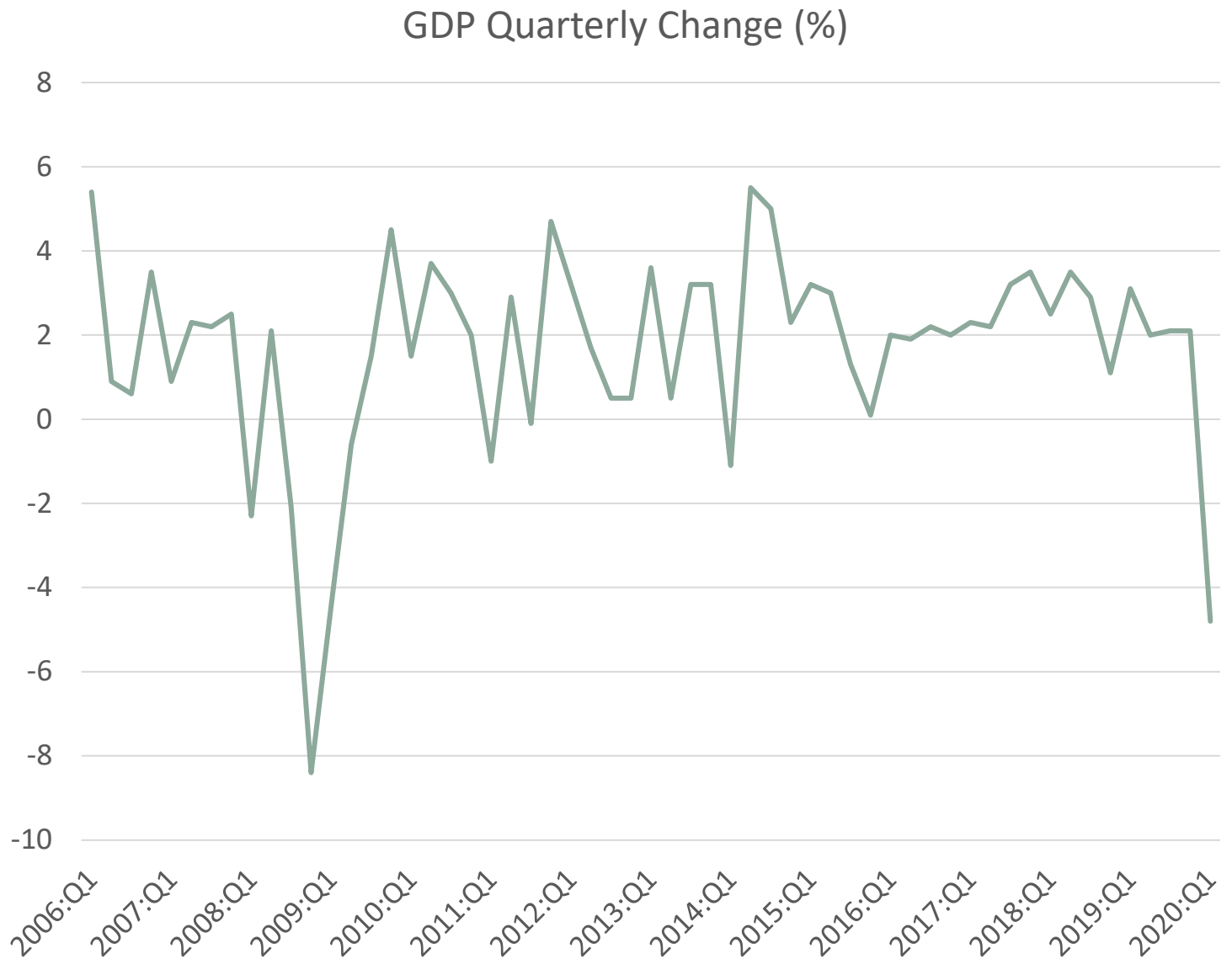


U.S. Real GDP Quarterly Growth

Current forecasts suggest that real GDP could decline by another 30% in Q2 2020.

By comparison, in 2009, during the last recession, real GDP fell by 2.5%.

During the Great Depression, there were 4 years of negative GDP growth, falling by 30% overall.

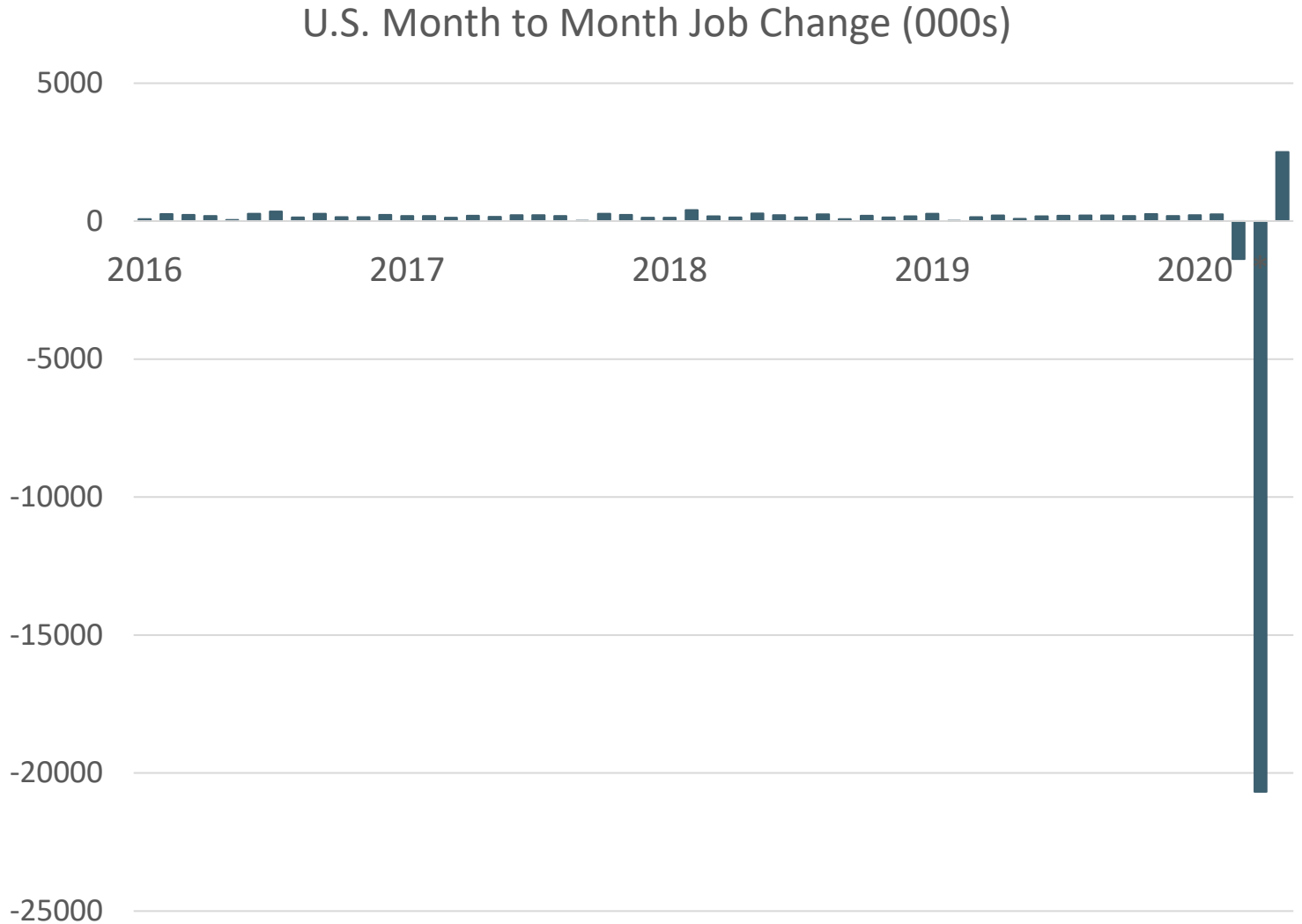


Monthly U.S. Job Change

In May, the U.S. economy added 2.5 million jobs, after a loss of 22 million jobs in March and April.

The unemployment rate improved in May (13.3%)*.

*A misclassification in the unemployment data means that the final unemployment rate will be higher, though it still declined between April and May.

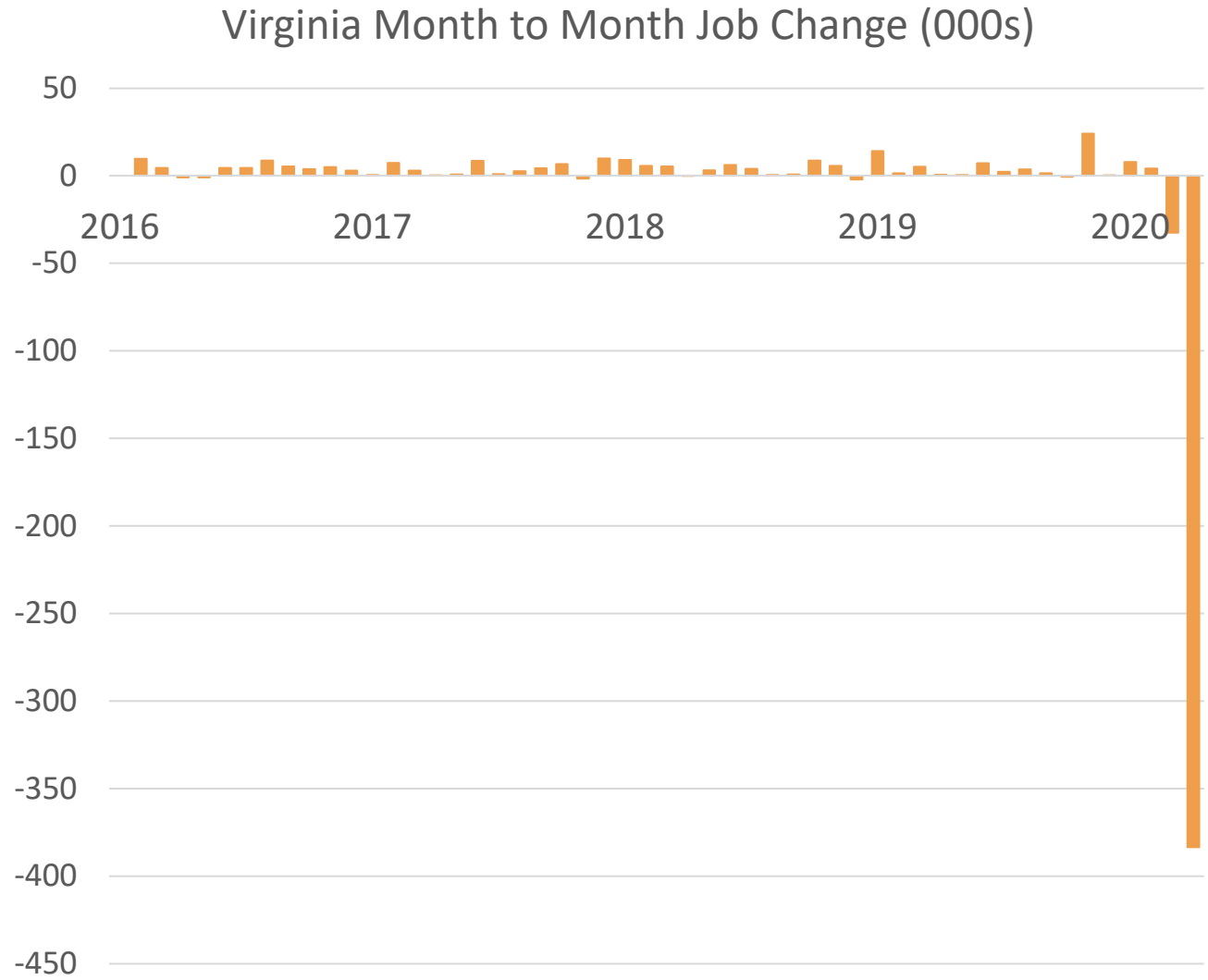


Monthly Virginia Job Change

Between March and April 2020, Virginia lost 383,400 jobs.

Like in the U.S. numbers, the hardest hit industry is the Leisure & Hospitality industry.

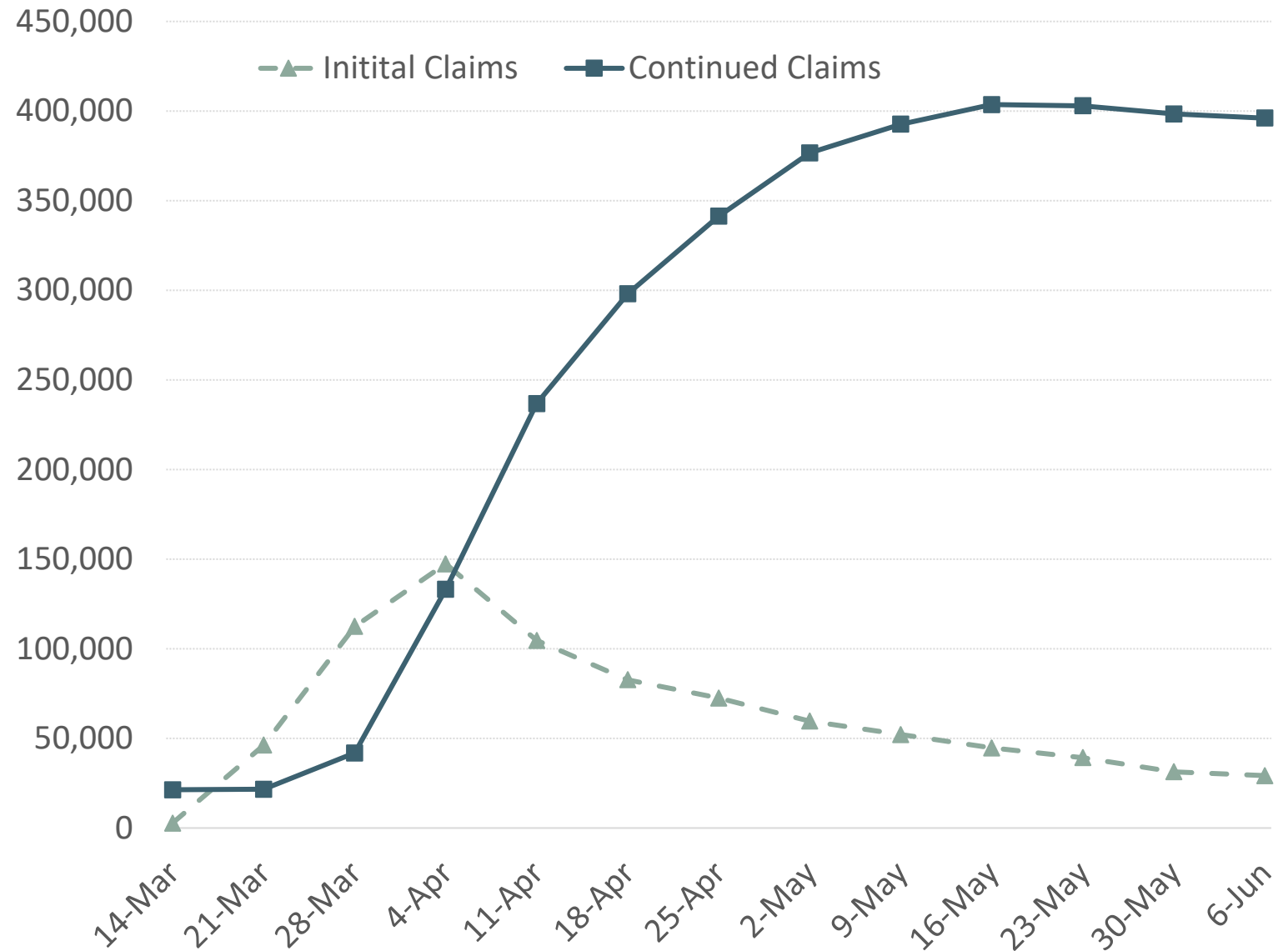
The April unemployment rate was 10.6%.



Virginia Unemployment Insurance Claims

The number of weekly initial claims for unemployment benefits has been declining since early April.

About 400,000 Virginians were receiving continued unemployment benefits as of the week ending June 6.



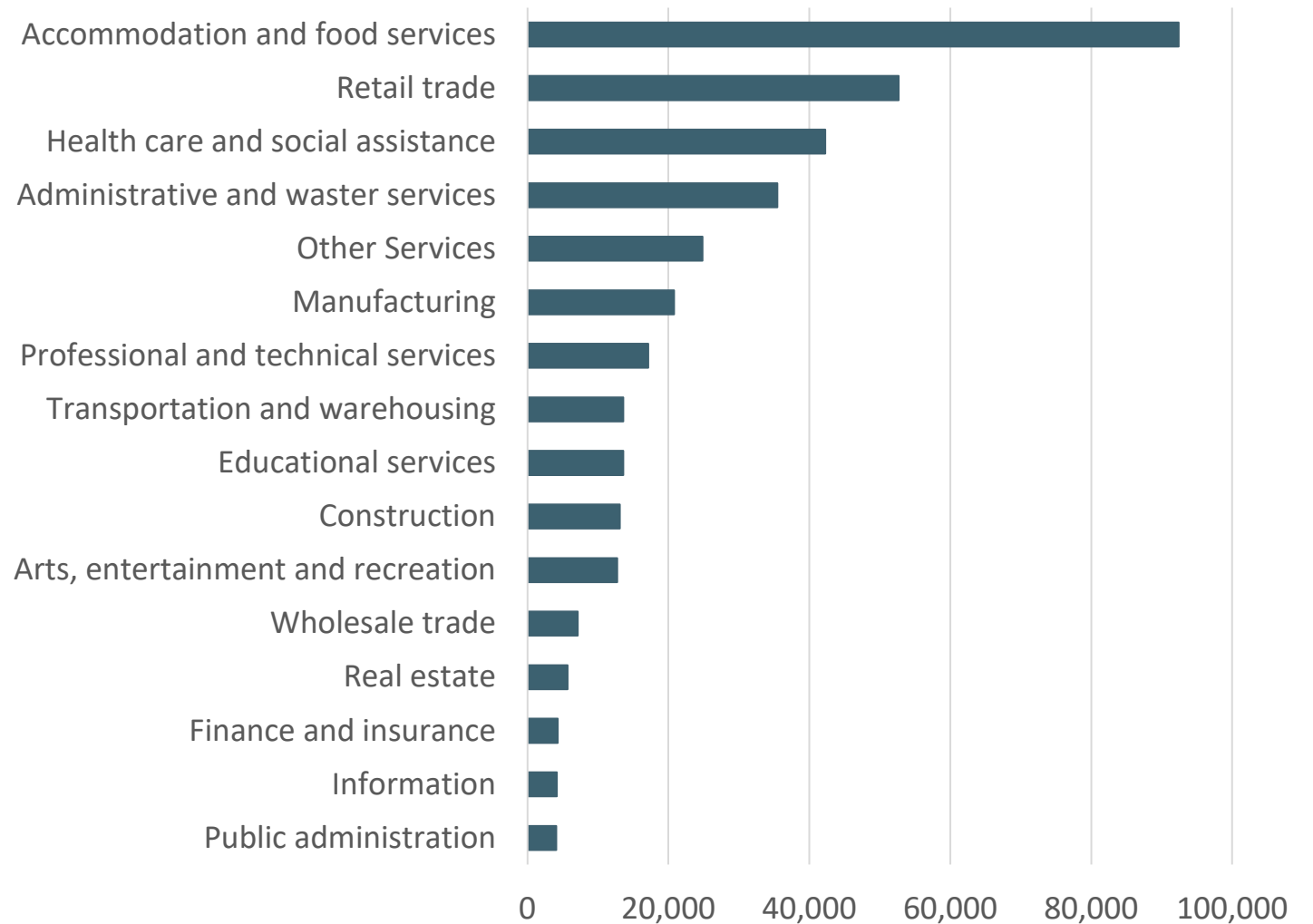
Source: Virginia Employment Commission, Not Seasonally Adjusted

Continued Claims for Unemployment Benefits, June 6

Job losses in Virginia have been concentrated in a few sectors of the economy:

- Accommodation and Food Services (23%)
- Retail Trade (13%)
- Health Care (11%)

Total Continued Claims by Industry (As of June 6)



Homeownership Rates by Industry in Virginia

Sectors most impacted by unemployment and job losses tend to have higher shares of renters (i.e. lower homeownership rates).

- 37% of Virginia property managers said tenants did not pay their May rent, as of May 23.
- Estimated that 8% of all mortgages nationally are in forbearance.

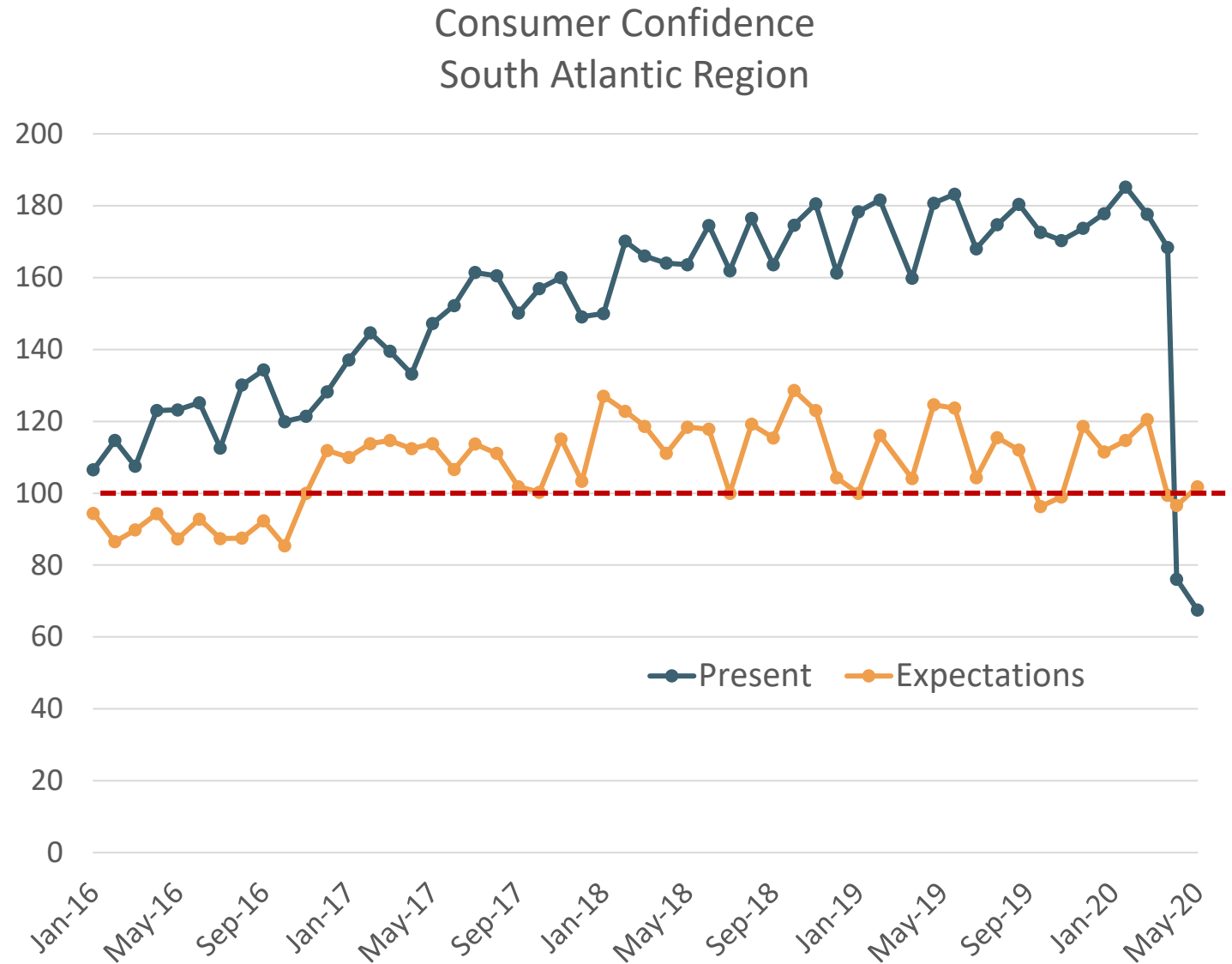
More Impacted Sectors	Homeownership Rate
Leisure and Hospitality	44%
Health Care and Social Assistance	59%
Administrative and Support and Waste Services	52%
Retail Trade	57%
Construction	62%
Other Services (e.g. personal services)	65%

Less Impacted Sectors	Homeownership Rate
Information	69%
Finance and Insurance	72%
Management of Companies and Enterprises	59%
Professional, Scientific, and Technical Services	73%
Public Administration	67%

Consumer Confidence

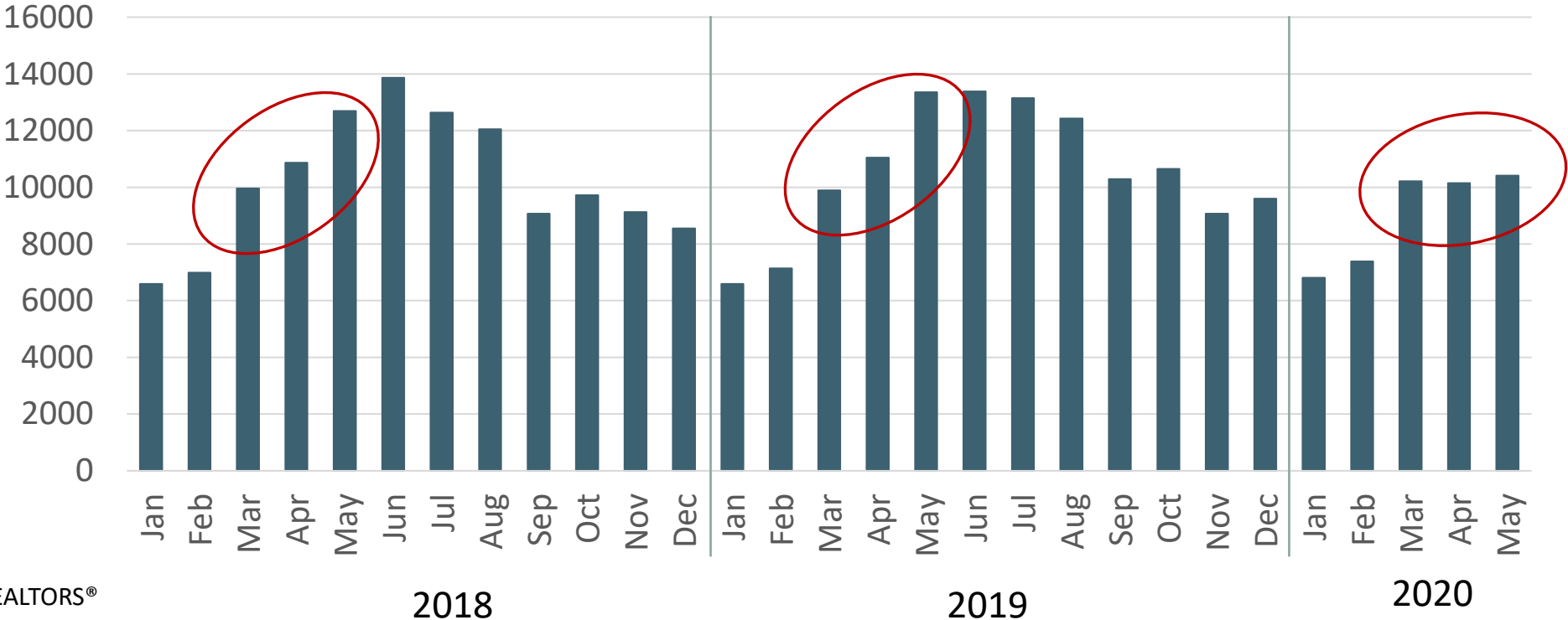
Measures of consumer confidence tumbled in May, with the present situation index falling to 67.5, the lowest level since 2014.

Individuals feel somewhat more optimistic about future economic conditions, with an expectations index of 101.8.



Spring home sales in Virginia were resilient in March and April, with the biggest decline in May compared to a year ago

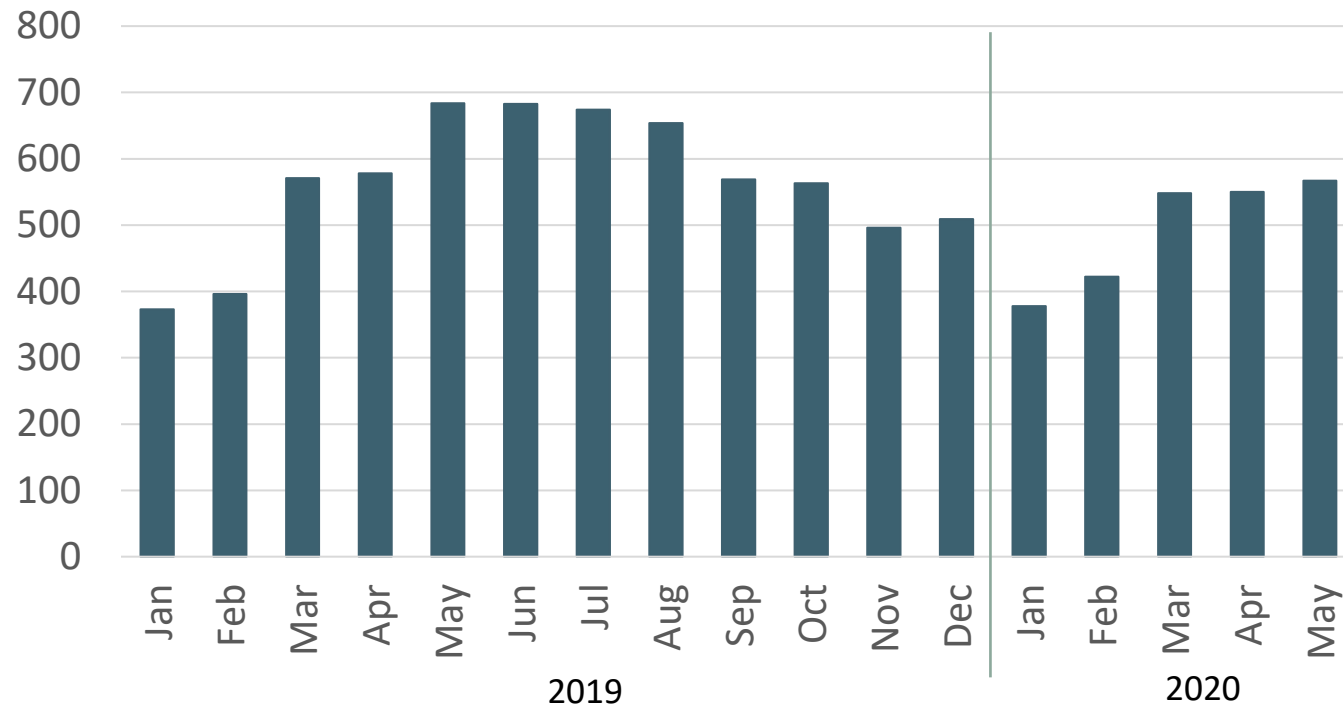
Monthly Homes Sales, 2018 – 2020
Virginia



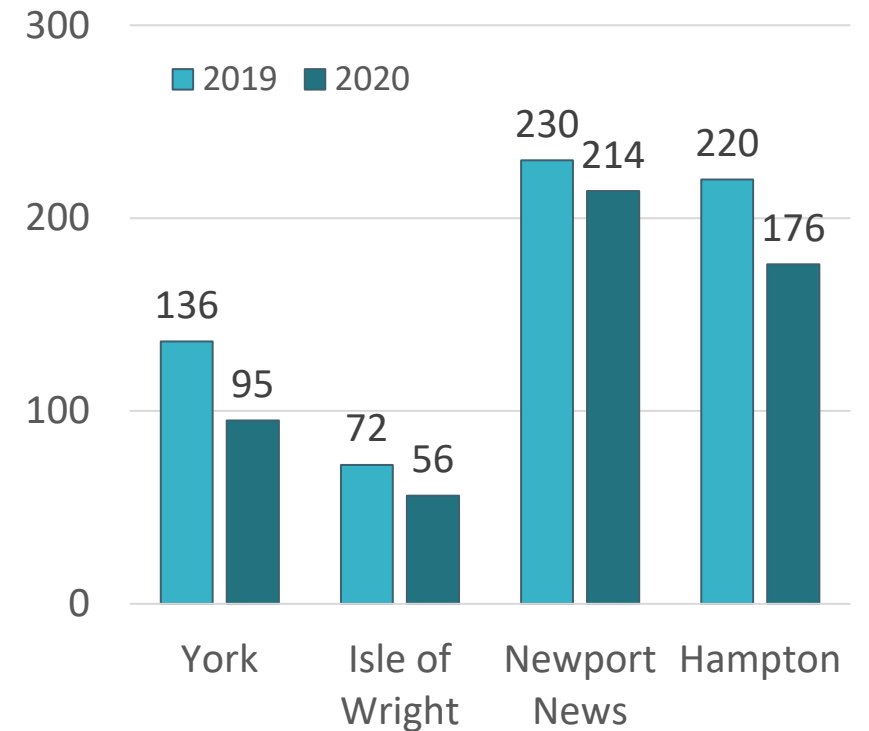
Source: Virginia REALTORS®

Home sales in the Virginia Peninsula region were down 17% in May 2020 compared to a year ago, but were up over April

Monthly Homes Sales, 2019 – 2020
Virginia Peninsula

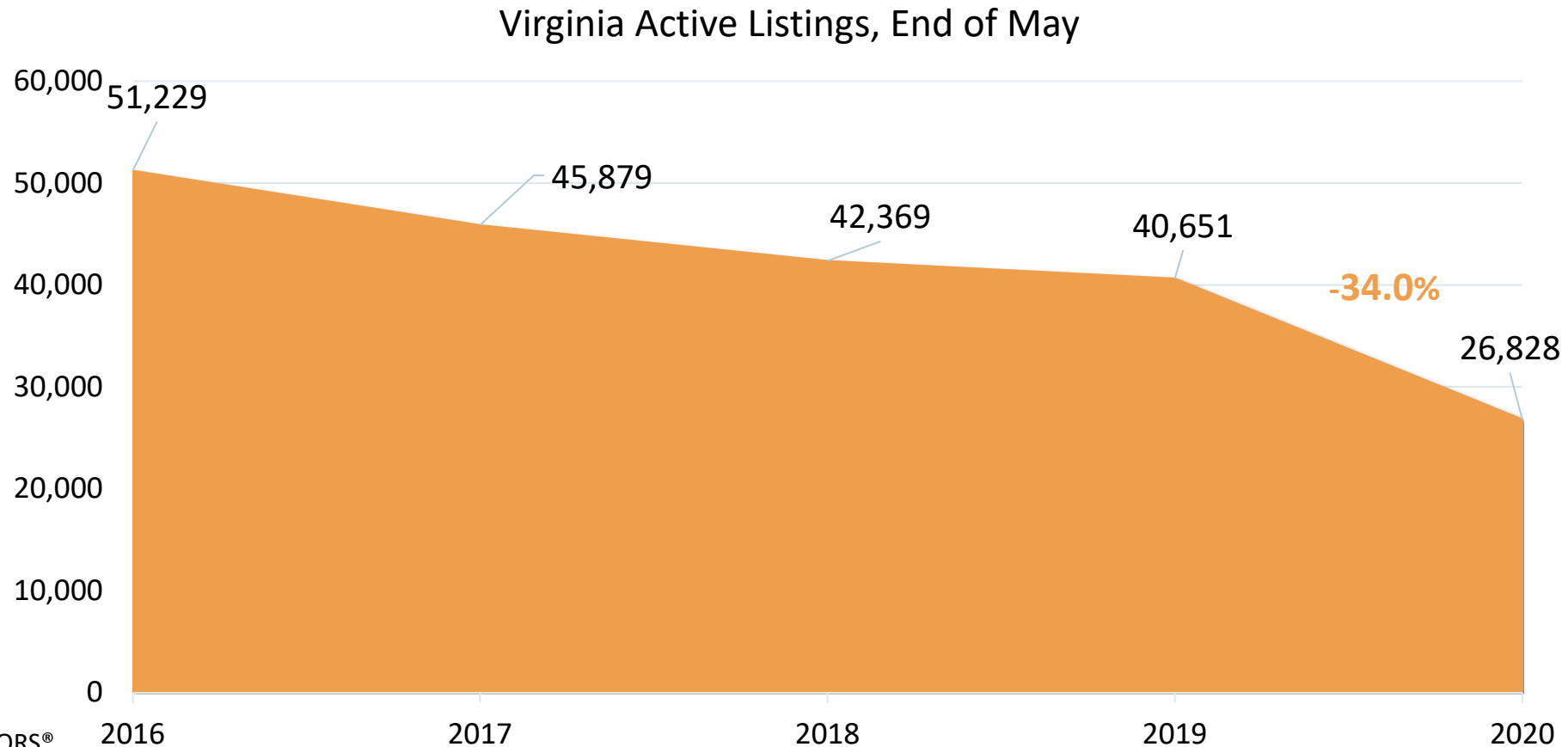


May Home Sales, 2019 and 2020



Source: Virginia REALTORS®

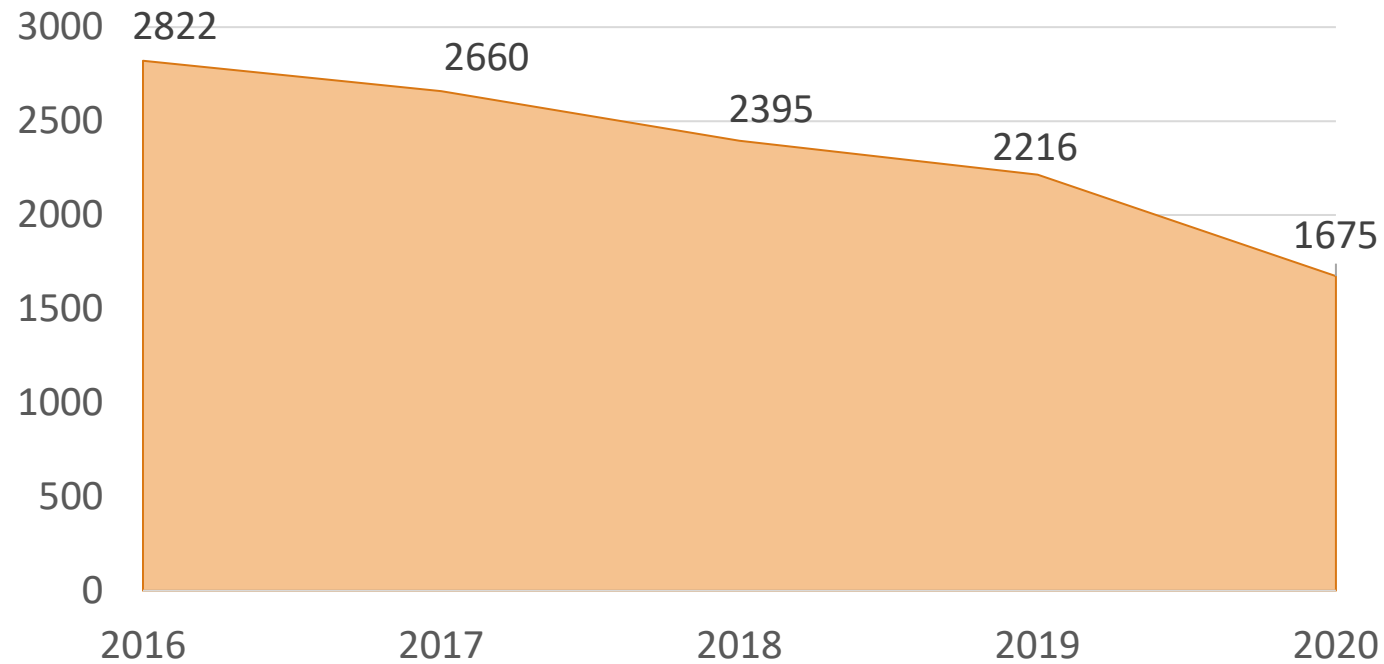
A lack of inventory has been a challenge for years, and COVID-19 is reducing supply further



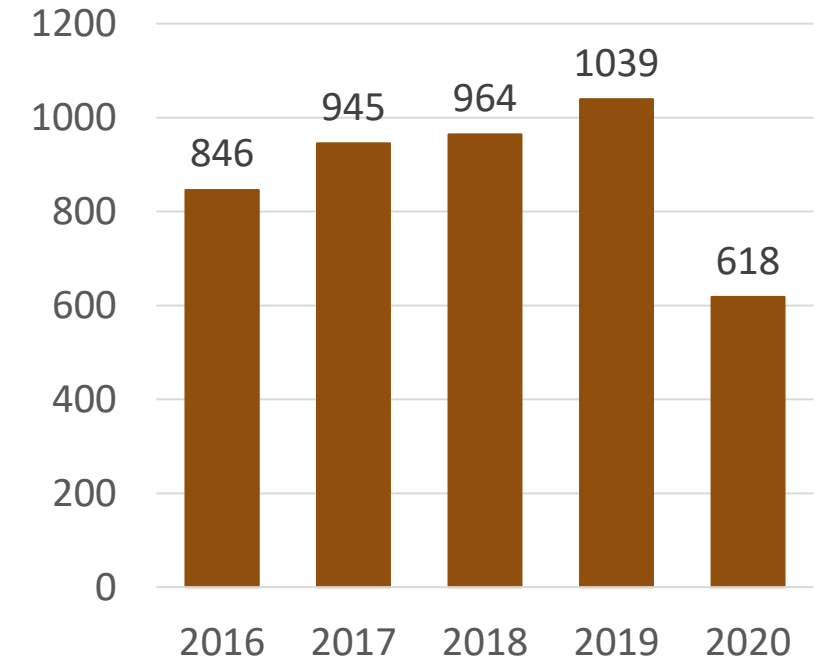
Source: Virginia REALTORS®

Compared to a year ago, the number of active listings is down 24.4% in the Virginia Peninsula region; New listings are down 40.6%

Active Listings, End of May
Virginia Peninsula



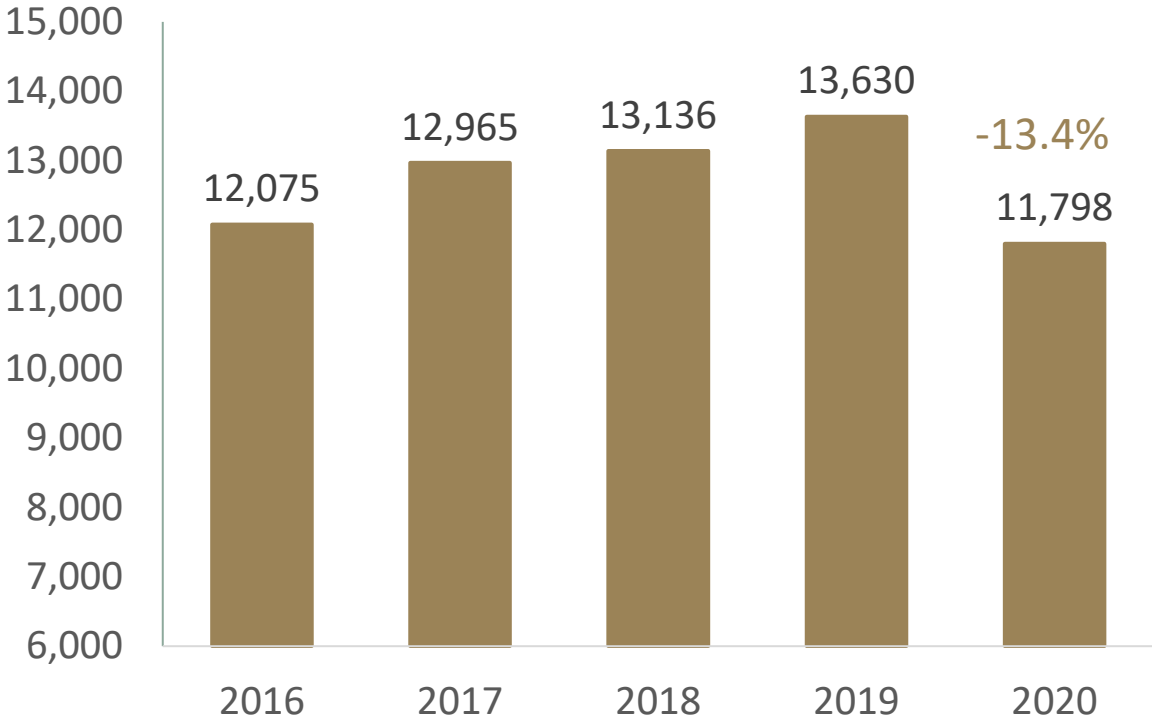
New Listings, May
Virginia Peninsula



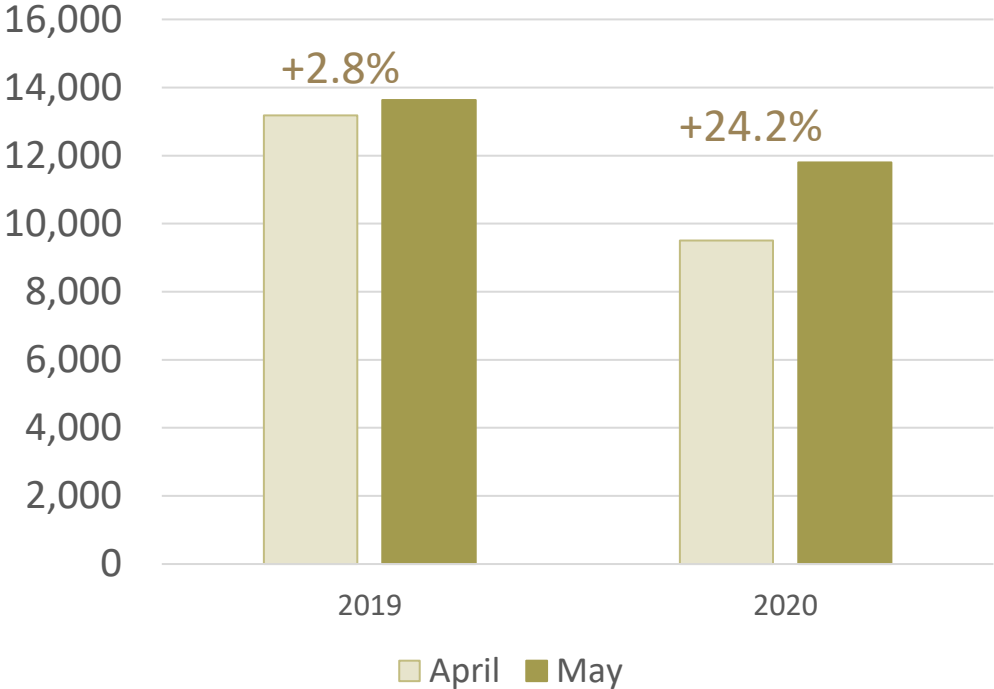
Source: Virginia REALTORS®

Pending sales were down again in May compared to last year, but pending sales were up significantly compared to April.

Virginia Pending Sales, End of May



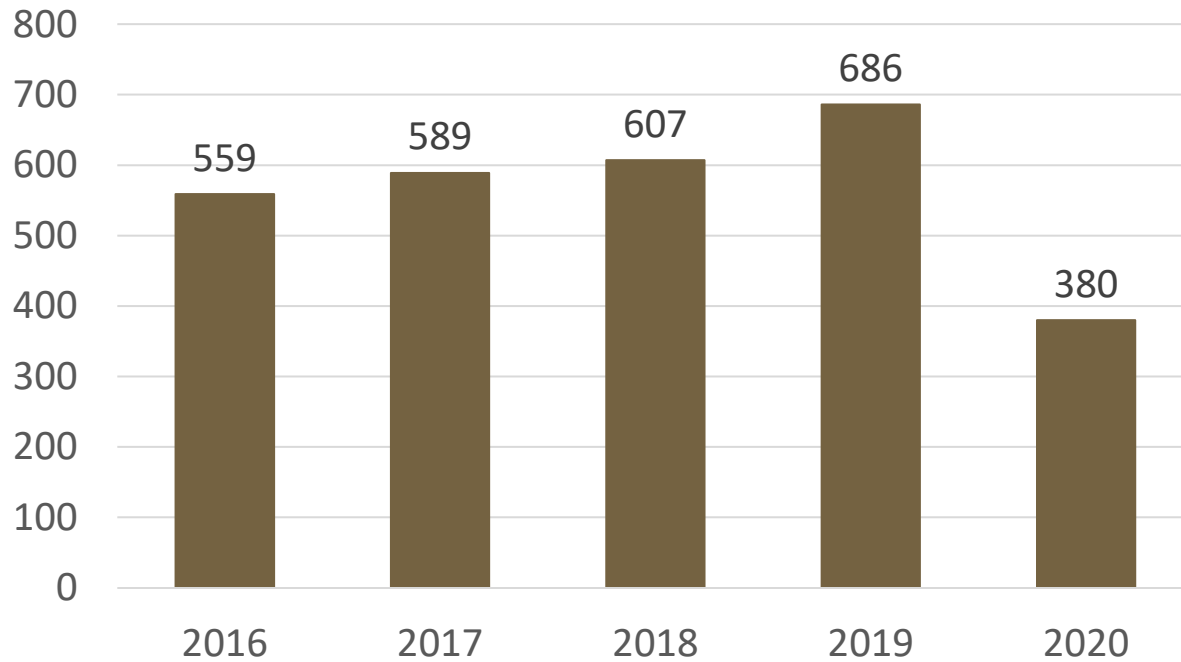
Virginia Pending Sales, April and May 2019 and 2020



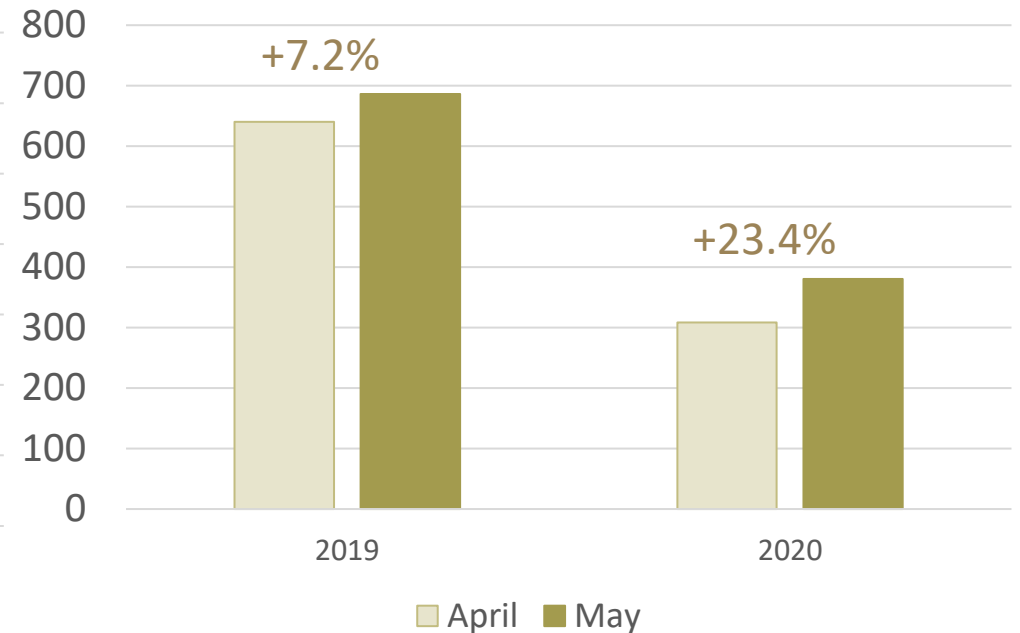
Source: Virginia REALTORS®

Pending sales were down 44.7% in May 2020 in the Virginia Peninsula region, but were higher than April.

Pending Sales, End of May
Virginia Peninsula



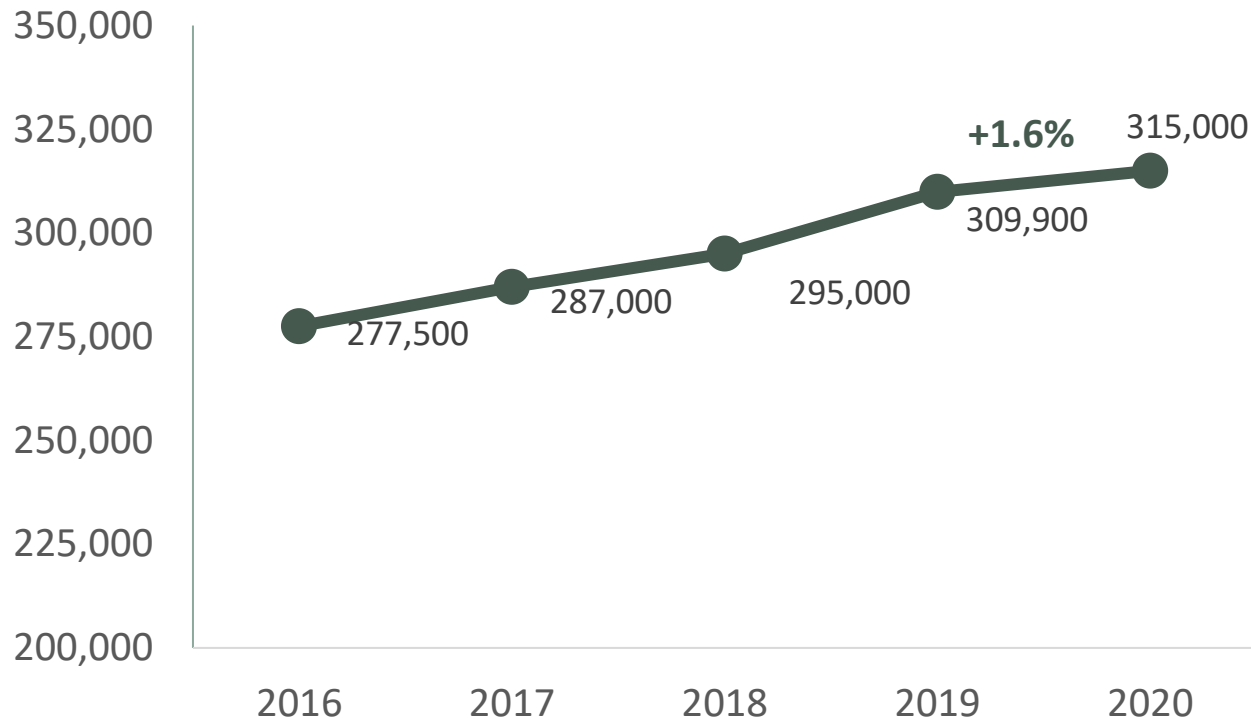
VA Peninsula Pending Sales, April and
May
2019 and 2020



Source: Virginia REALTORS®

Current trends suggest no major impacts on home prices in the Commonwealth

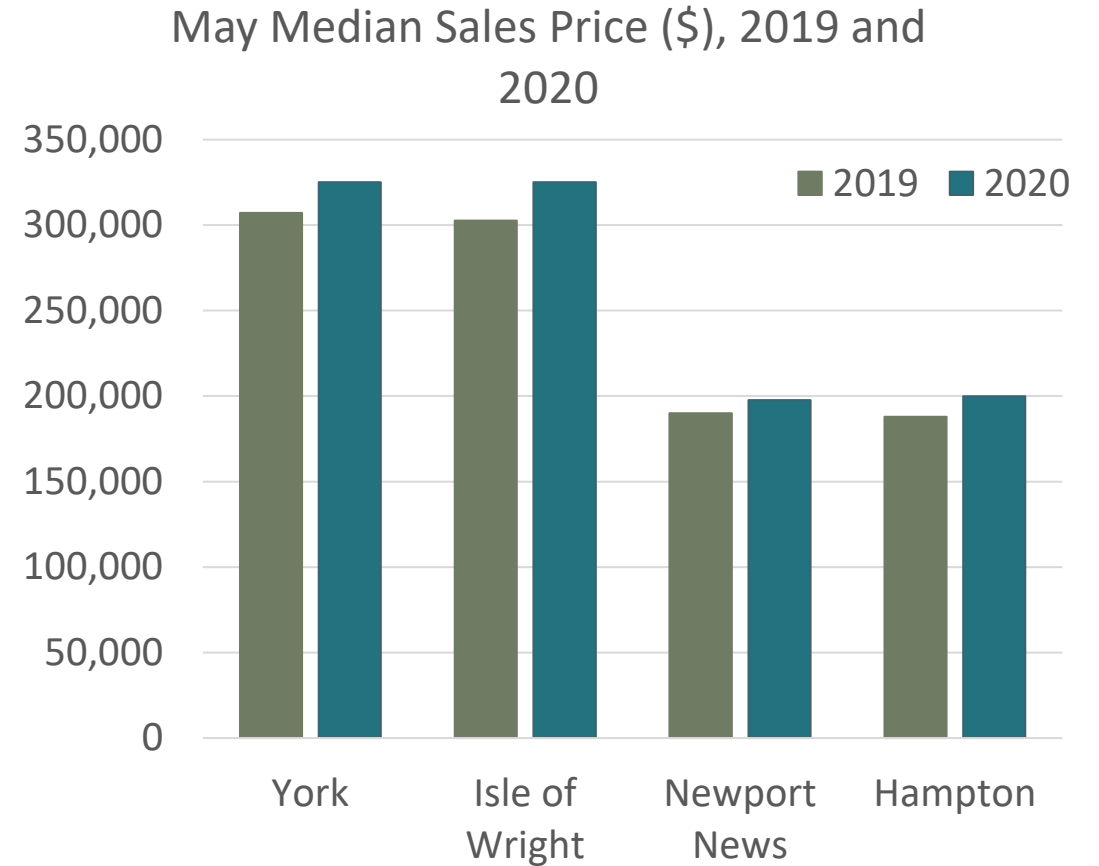
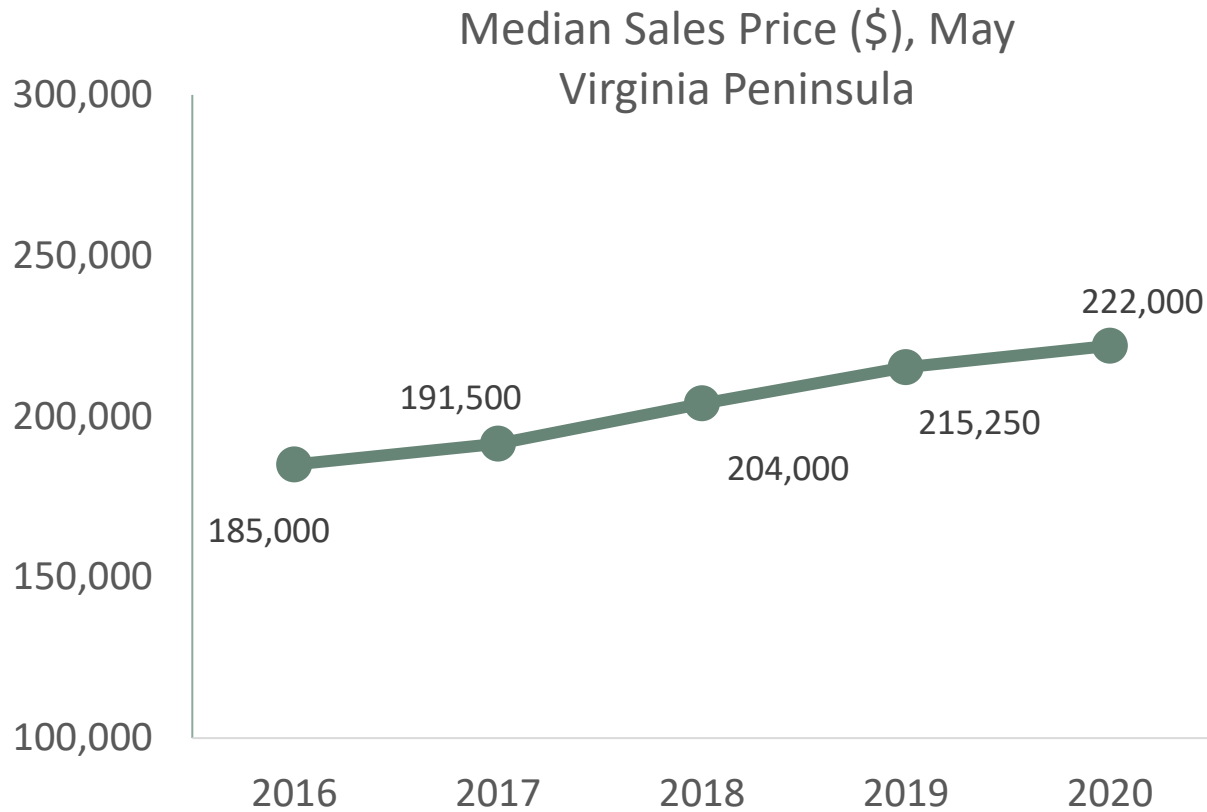
Virginia Median Home Price (\$), May



- Strong demand
- Very low inventory
- Conservative lending requirements
- Low foreclosure/short sale impact

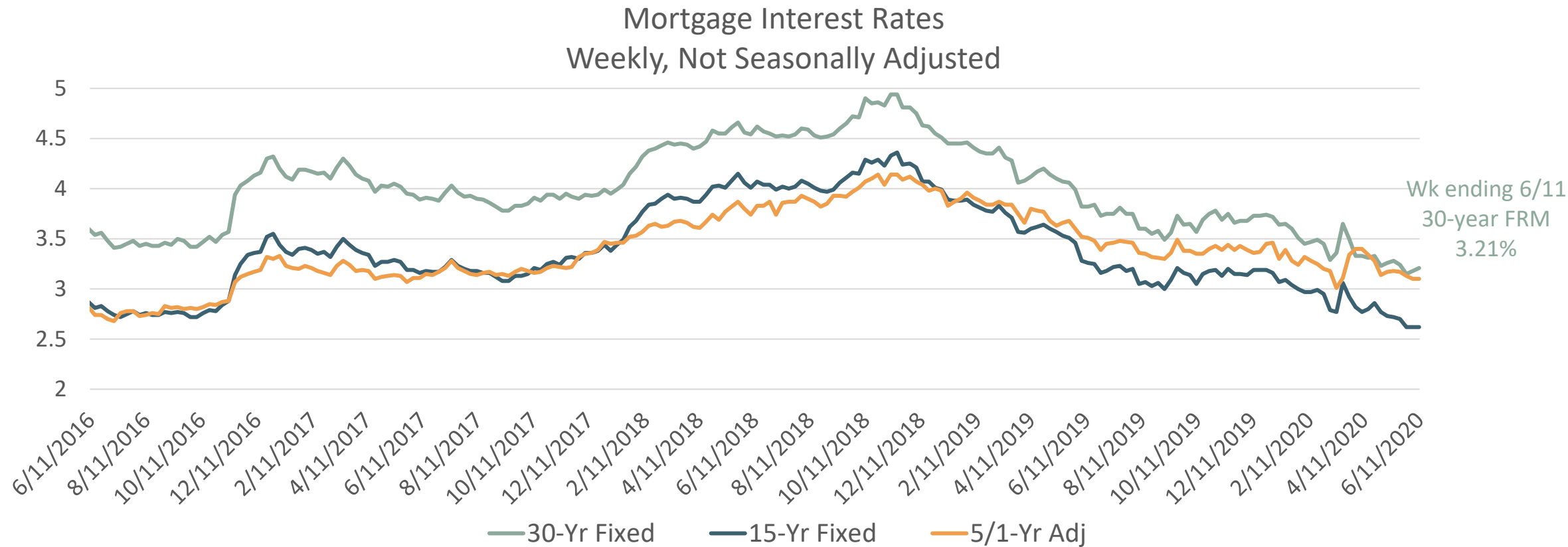
Source: Virginia REALTORS®

The May median sales price was up 3.1% in the Virginia Peninsula region.



Source: Virginia REALTORS®

Mortgage Interest Rates



What's ahead for 2020 and 2021?

FORECAST

Bump in home sales activity in June

Demand strong; demographics are key driver

Overall slower market in 2020;
prices stable

No major impact of foreclosures/short sales

Crazy housing market in Q1 2021

Housing affordability will remain a challenge

SIGN POSTS

Governor's Plan for Re-opening Virginia implemented

Unemployment/job loss stabilized

Mortgage rates low and steady

Re-occurrence of the virus in the fall

More information

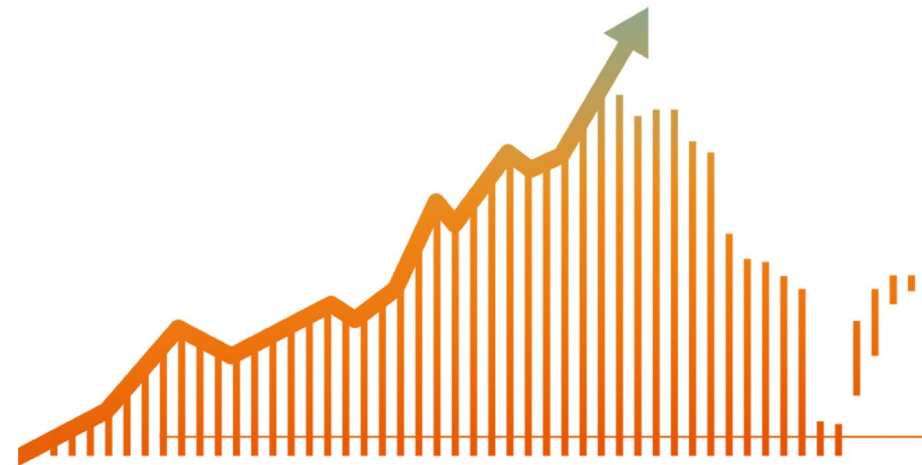
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Thursdays at 4:00 PM



Monthly Home Sales Reports