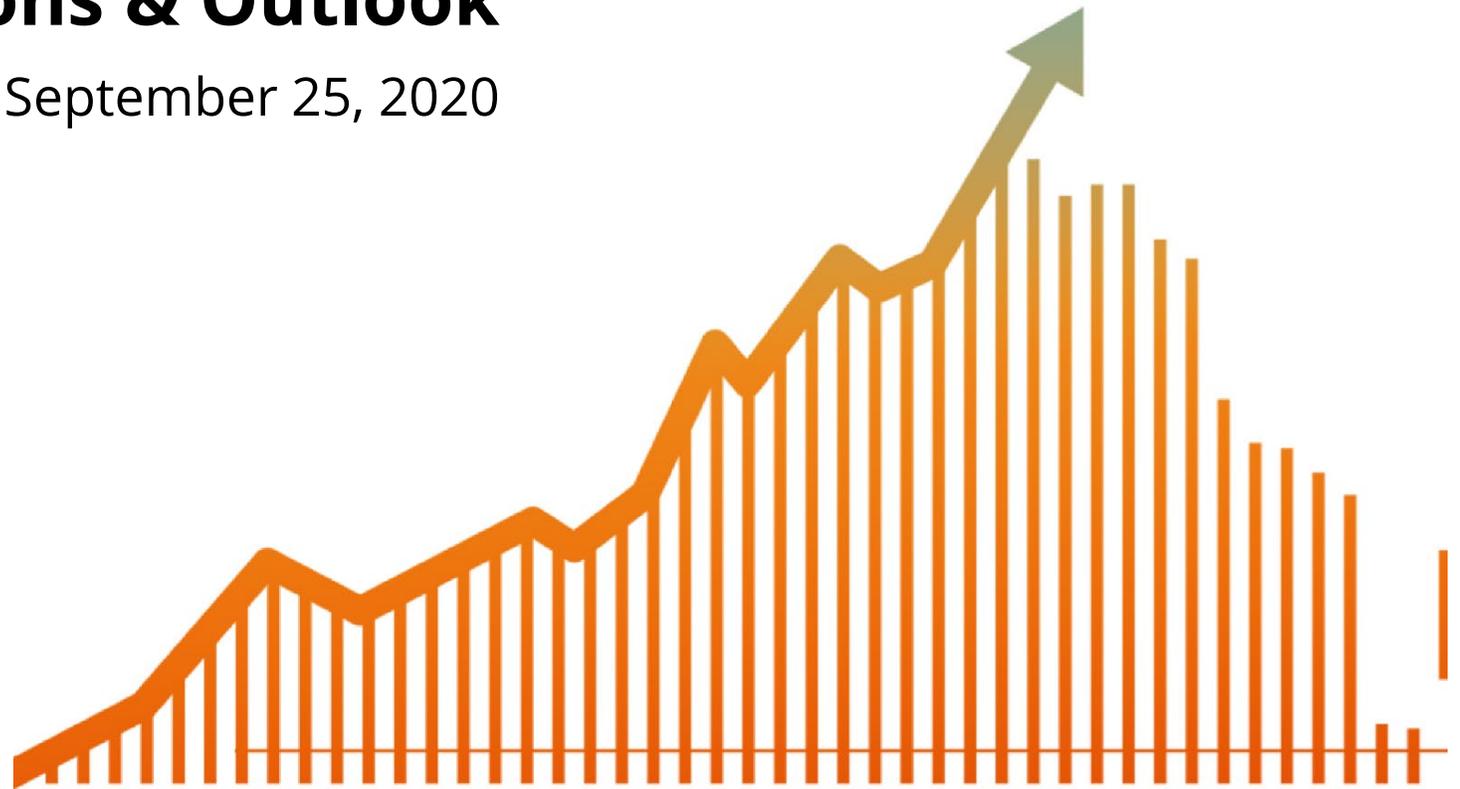


The Impact of COVID-19 on the Charlottesville Area Housing Market: Current Conditions & Outlook

September 25, 2020

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Chief Economist, Virginia REALTORS®



Key Trends & Outlook

Factors Affecting Virginia's Housing Market



“K-shaped” recovery is benefitting some over others; homeowners better positioned than renters currently



Interest rates will stay low, making purchase and refinancing attractive, benefiting homeowners



Home sales activity rebounded strongly but inventory remains a constraint & affordability is a challenge



Longer-term shift in housing preferences expected at the margins

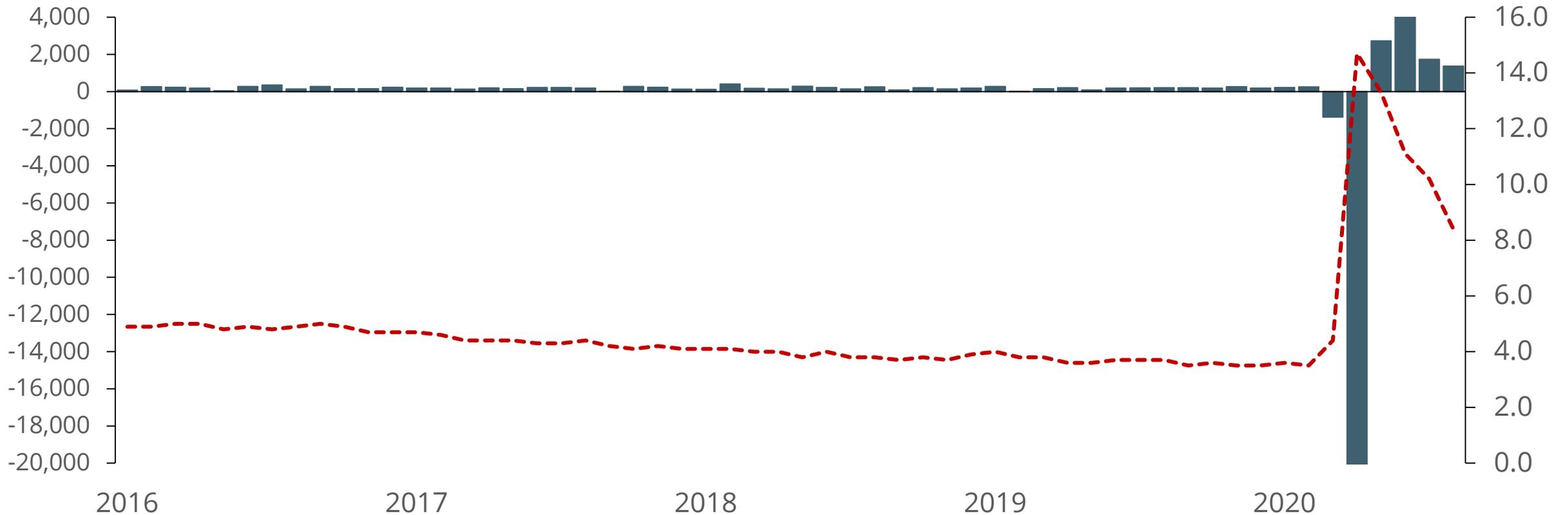
Economic Trends

U.S. Employment - Up for 4 Consecutive Months

Pace of job growth has slowed; unemployment rate expected to hit 8% by year end

Month to Month Job Change (000s)

Unemployment Rate (%)



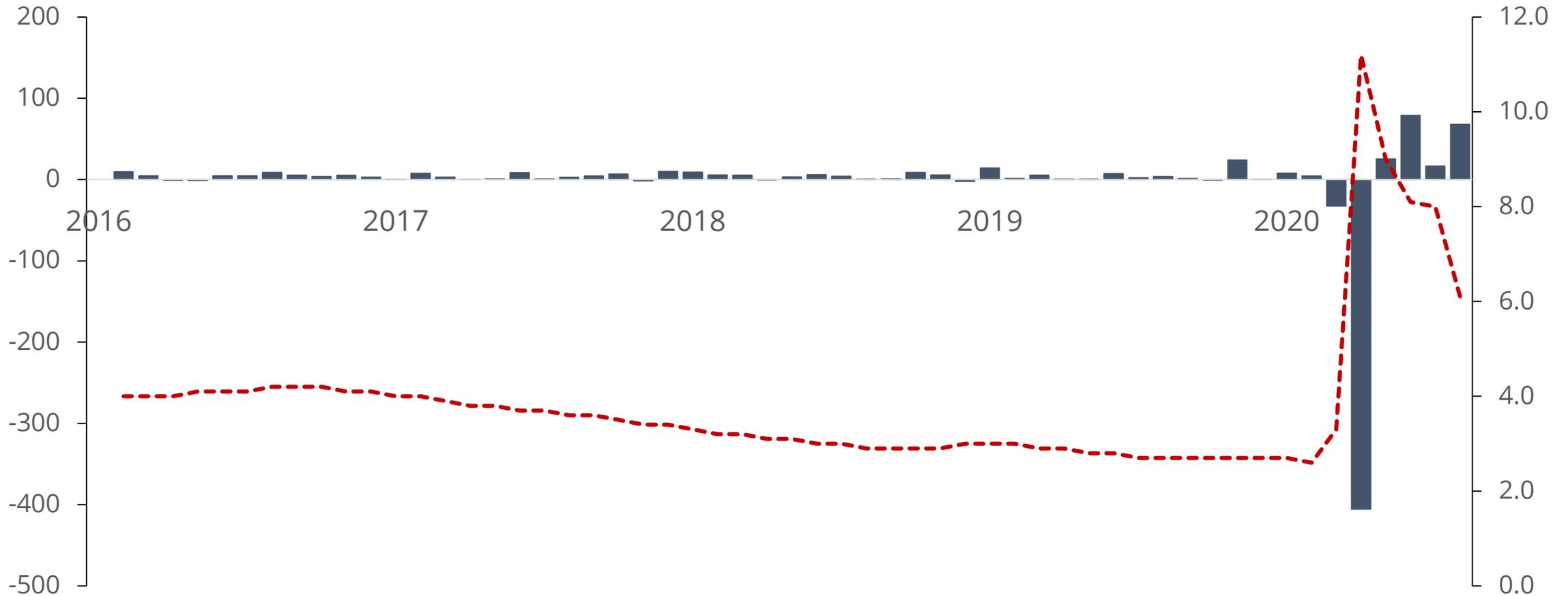
Source: U.S. Bureau of Labor Statistics, seasonally adjusted

Virginia Employment - Up for 4 Consecutive Months

Unemployment rate hit 6.1% in August

Virginia Month to Month Job Change (000s)

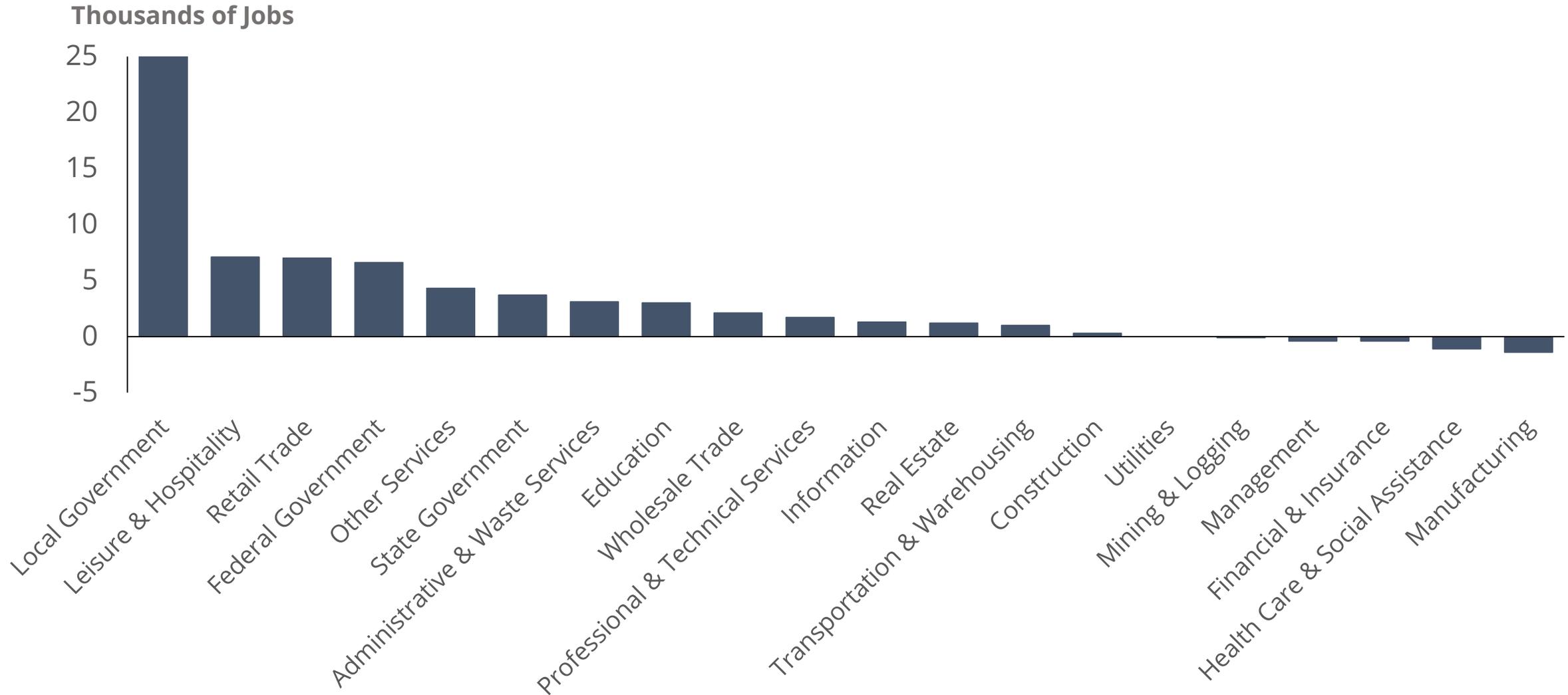
Unemployment Rate (%)



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

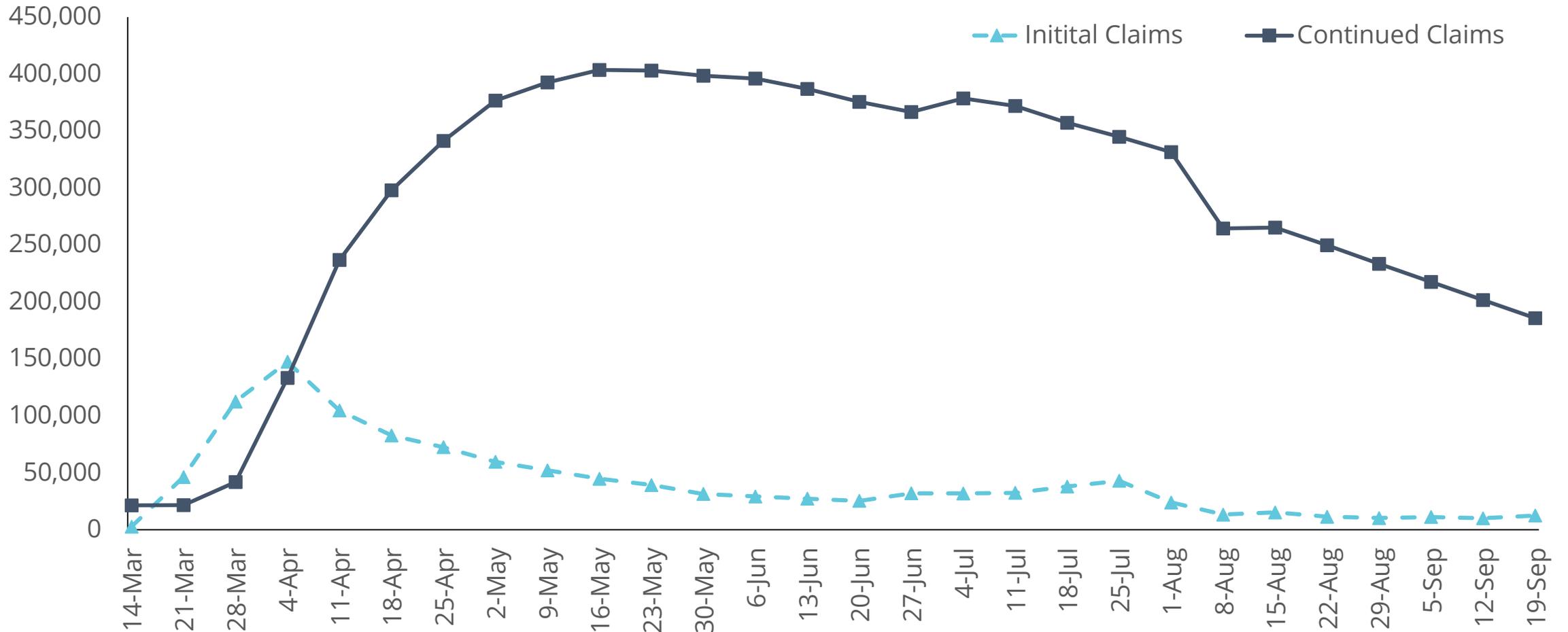
Virginia Job Change – July to August 2020

Biggest gains were in Local Govt; ramp up for the start of the school year



Virginia Unemployment Claims – Steady Declines

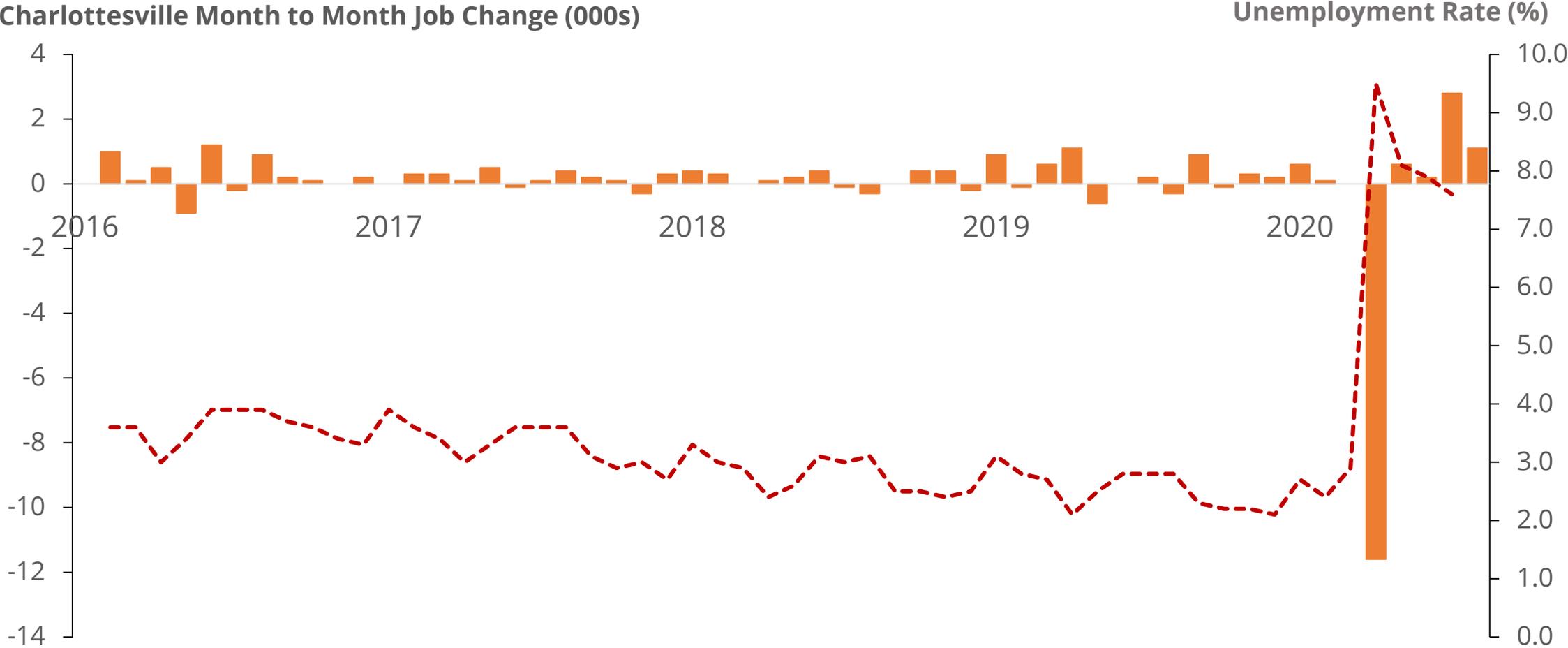
In mid-September, about 186,000 Virginia were receiving unemployment benefits.



Source: U.S. Department of Labor, Not Seasonally Adjusted

Charlottesville Metro Area – Added Back Half Jobs Lost

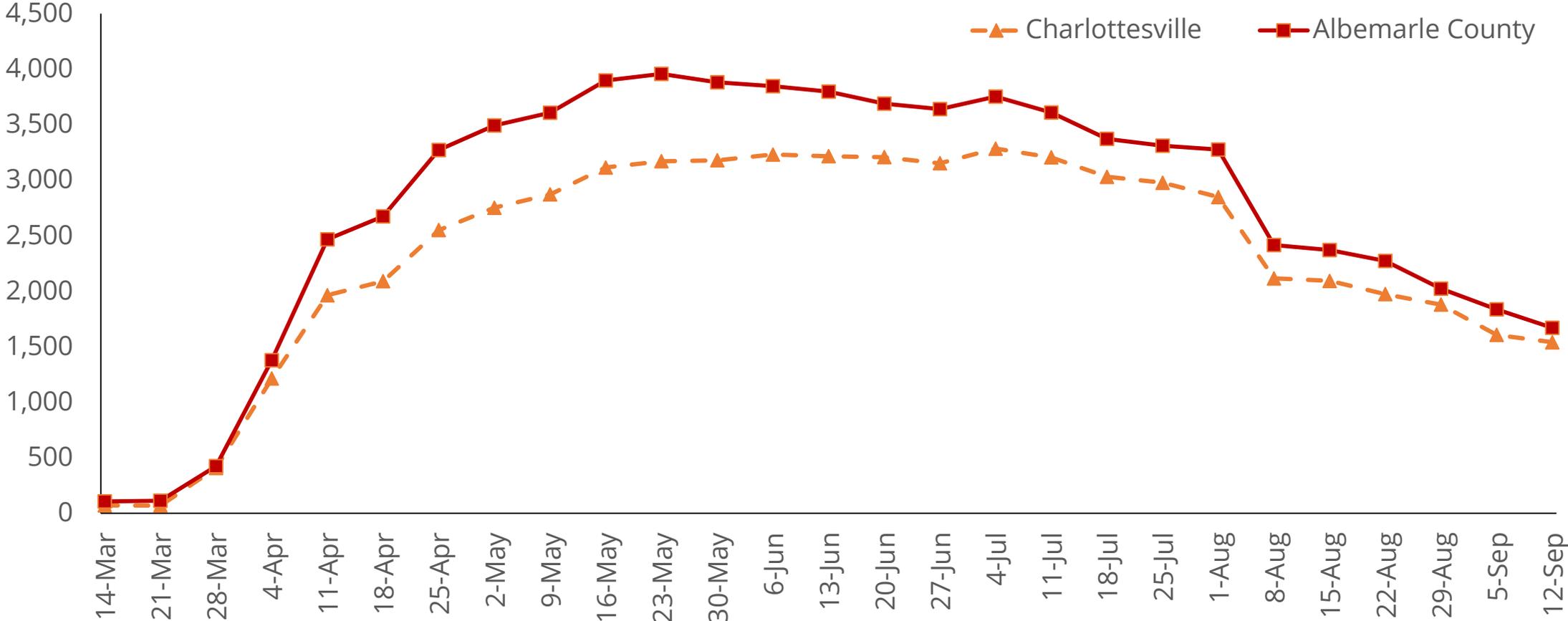
Unemployment rate was 7.6% in July



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

Unemployment Has Fallen in the Charlottesville Area

In mid-September, unemployment remains elevated

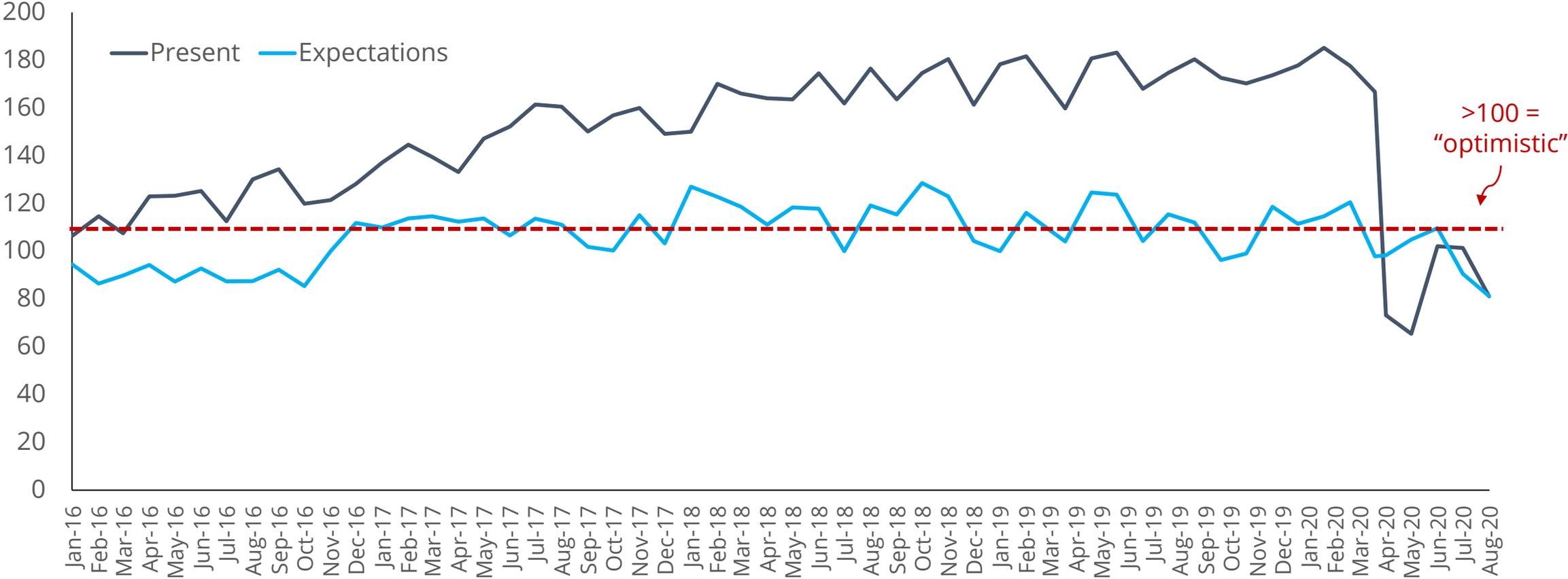


Source: U.S. Department of Labor, Not Seasonally Adjusted

Consumer Confidence Plummeted in August

The Present Index fell to 81.2; the Expectations Index fell to 81.3

Consumer Confidence Index - South Atlantic Region



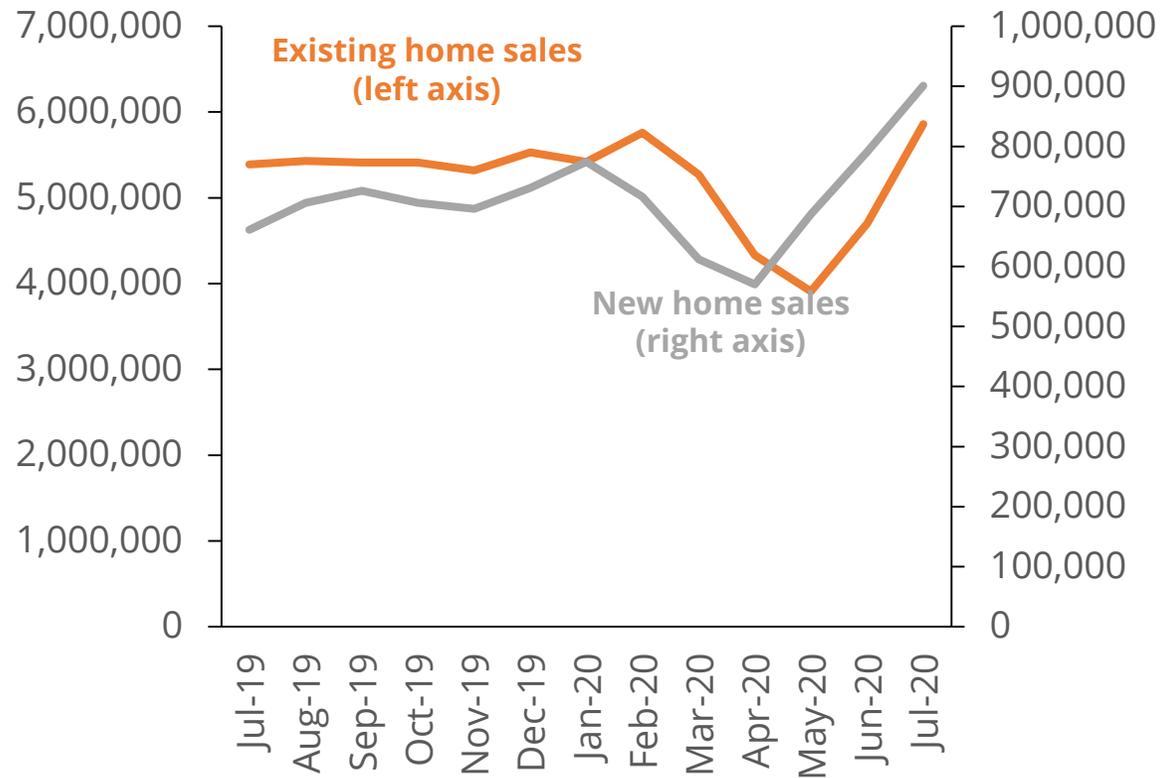
Source: The Conference Board

Housing Market Trends

Why Has the Housing Market Been So Resilient?

V-shaped recovery in the housing market

U.S. Home Sales



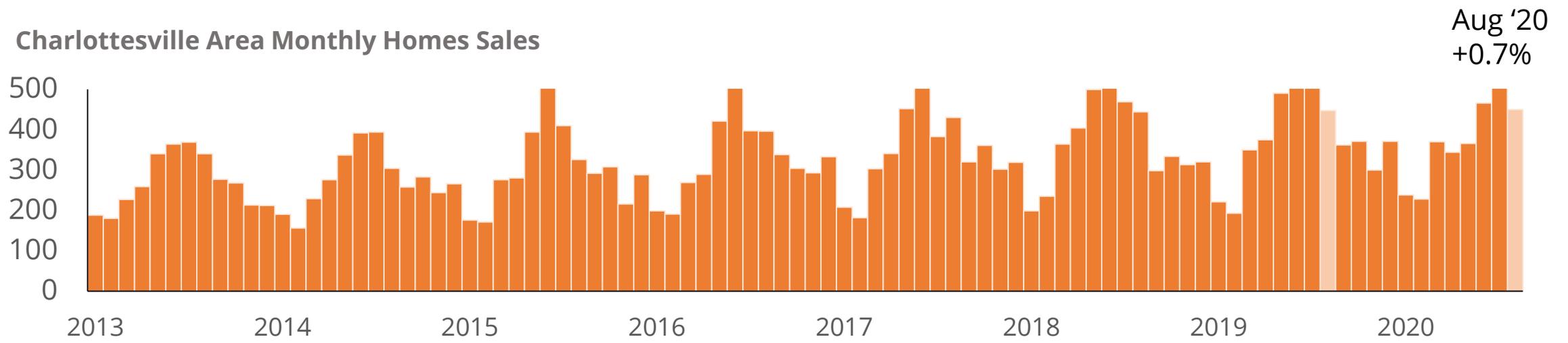
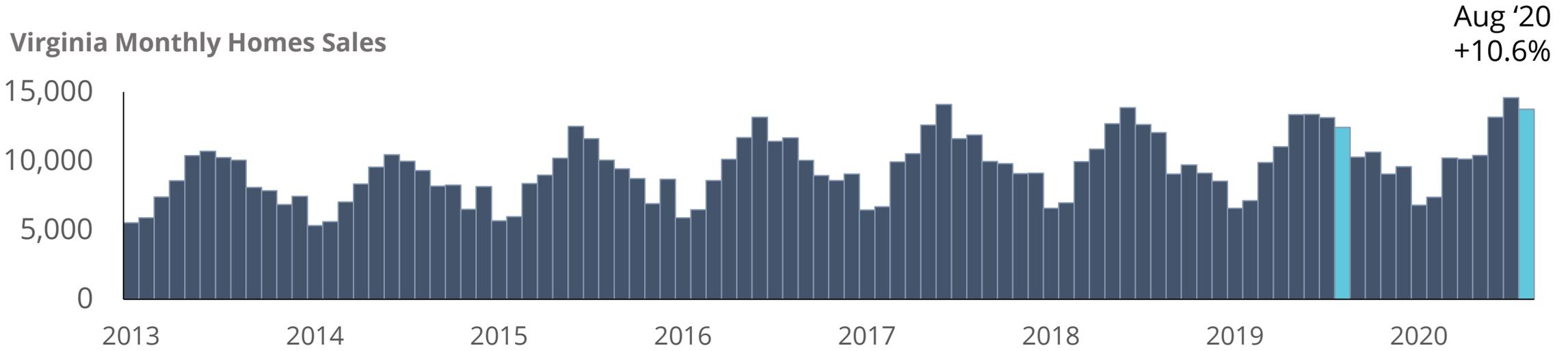
Annualized monthly home sales

Job losses have been concentrated in a few sectors where workers are mostly renters.

Mortgage rates have been at historically low levels.

1. Pre-COVID housing demand was strong - and will continue to be.

Home Sales Rebounded Strongly This Summer



The COVID-19 Pandemic Slowed Spring Home Sales

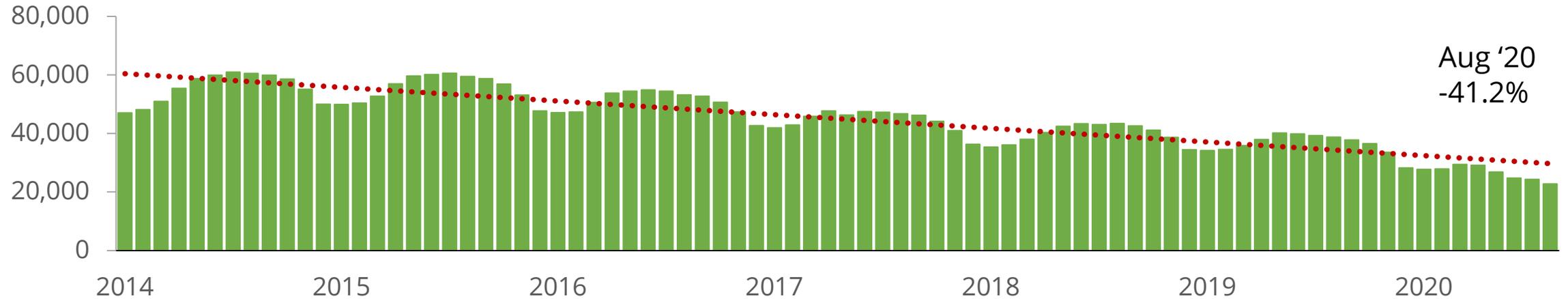
The spring market has shifted to the summer; buyers have returned to the market



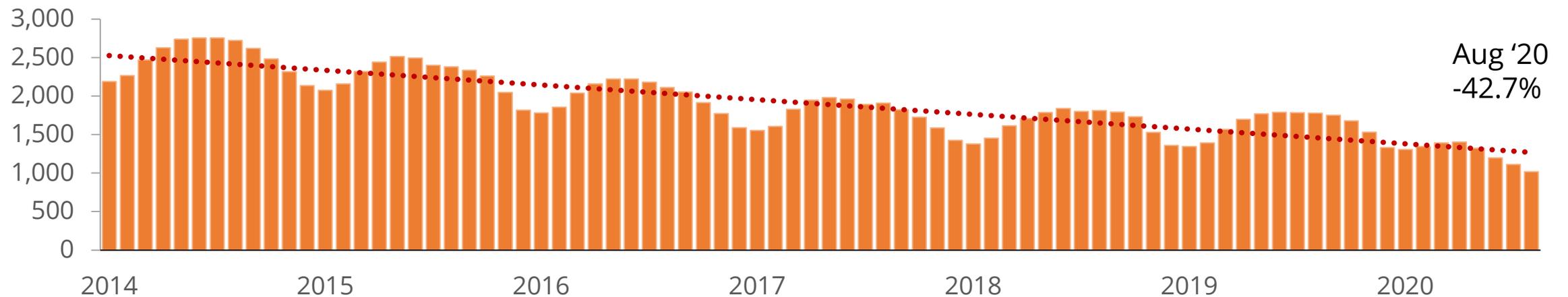
2020 compared to 2019

Inventory – Supply Remains a Major Constraint

Virginia Active Listings, End of the Month



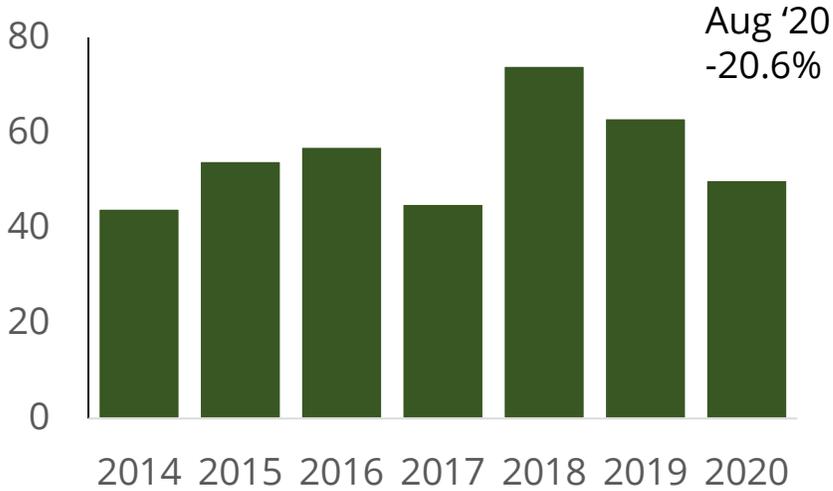
Charlottesville Area Active Listings, End of the Month



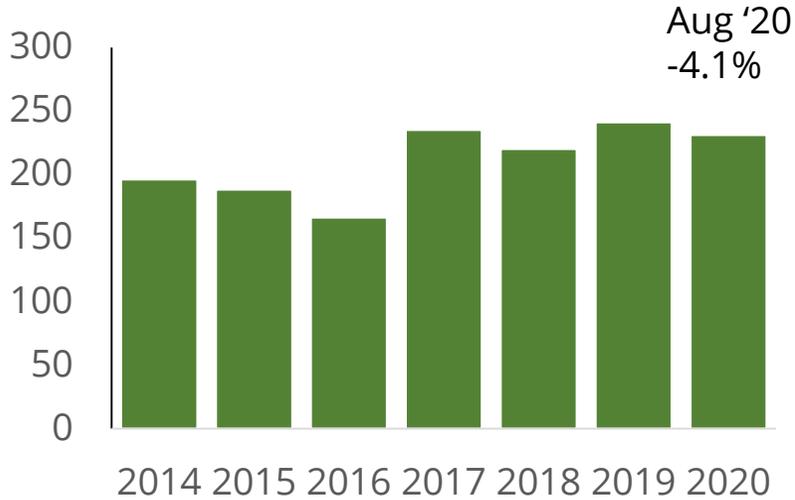
Monthly New Listings

Sellers have returned to some markets

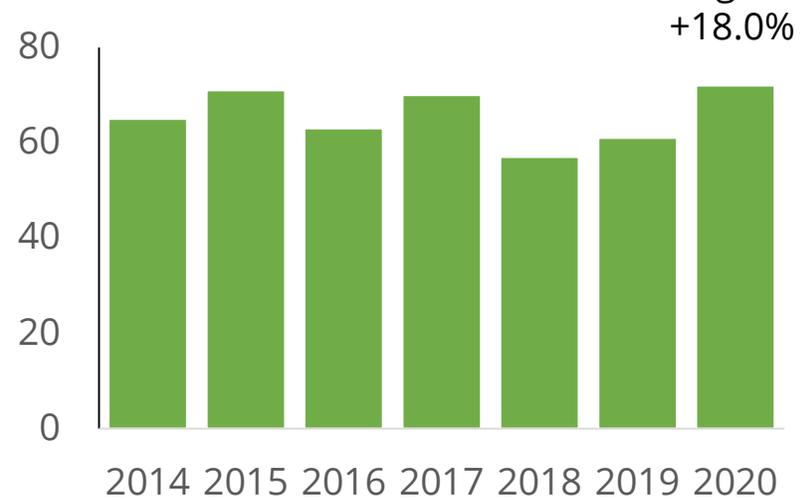
Charlottesville



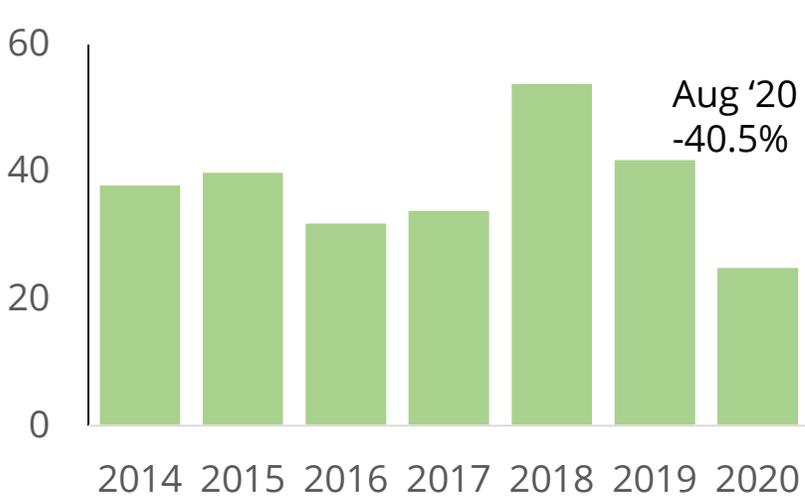
Albemarle



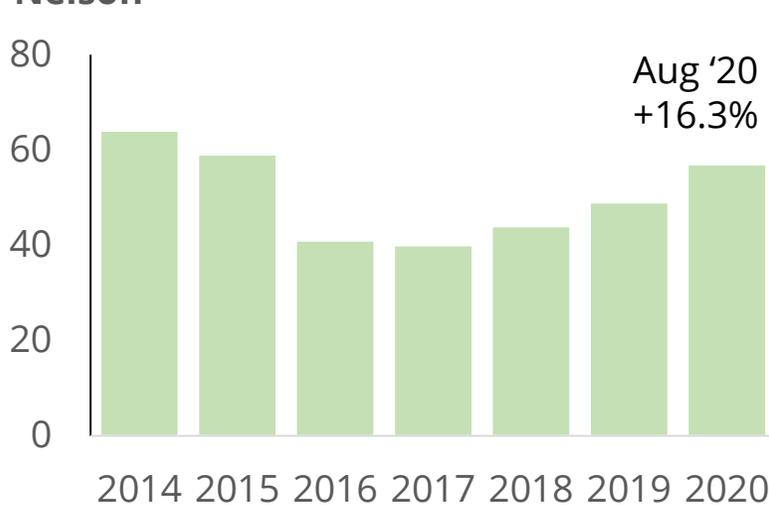
Fluvanna



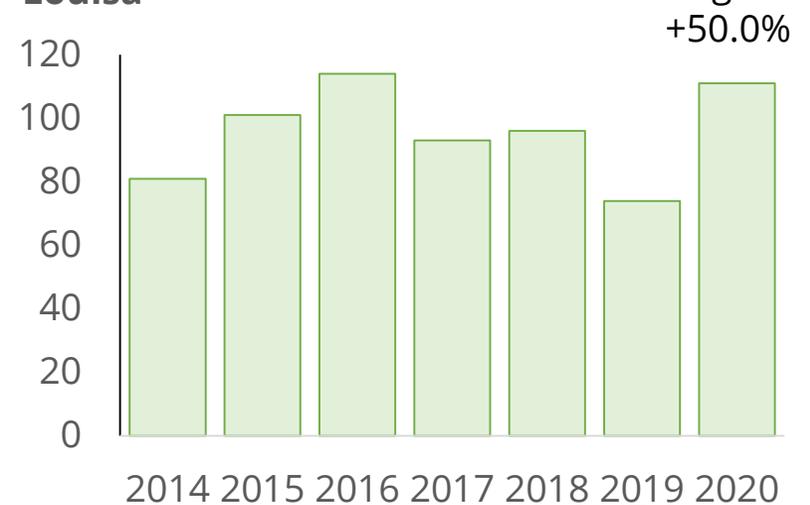
Greene



Nelson



Louisa



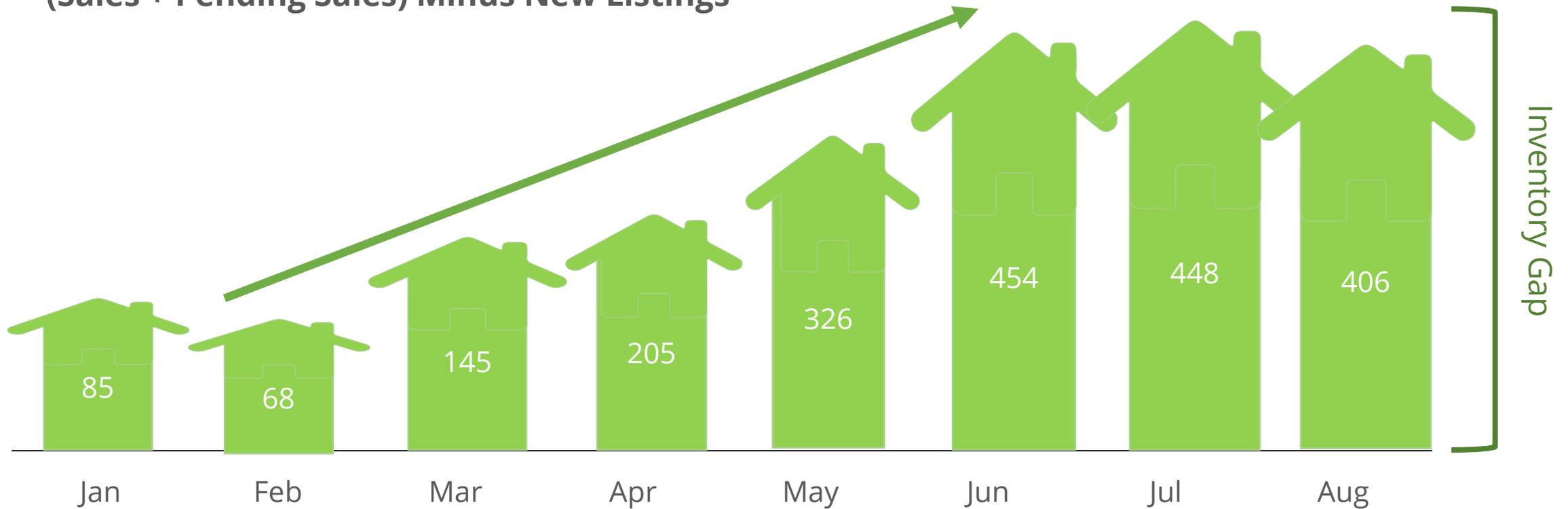
Gap Between New Listings and Sales + Pendings

Each month, there are more homes sold or under contract than there are new listings

Charlottesville Area

Inventory Gap =

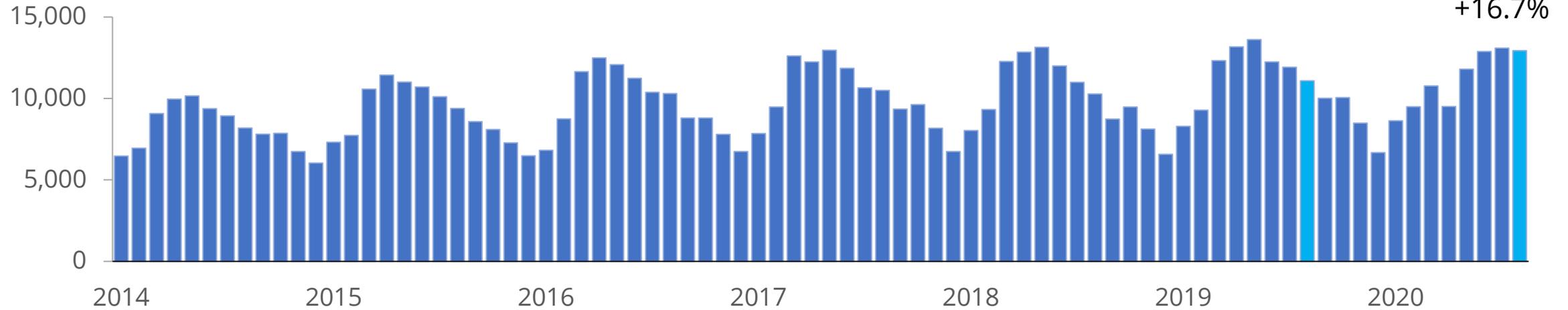
(Sales + Pending Sales) Minus New Listings



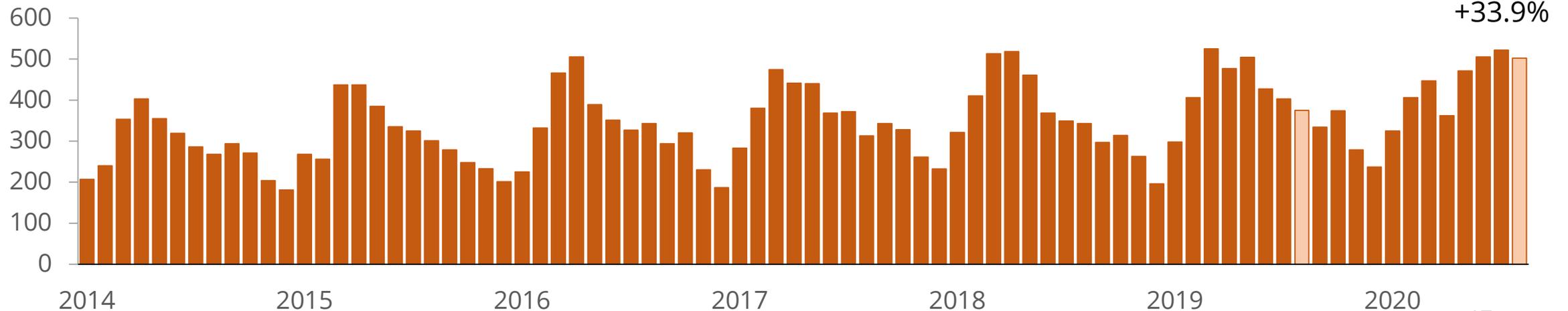
2020

Pending Sales – Indicate Fall Sales will be Up

Virginia Pending Sales, End of the Month



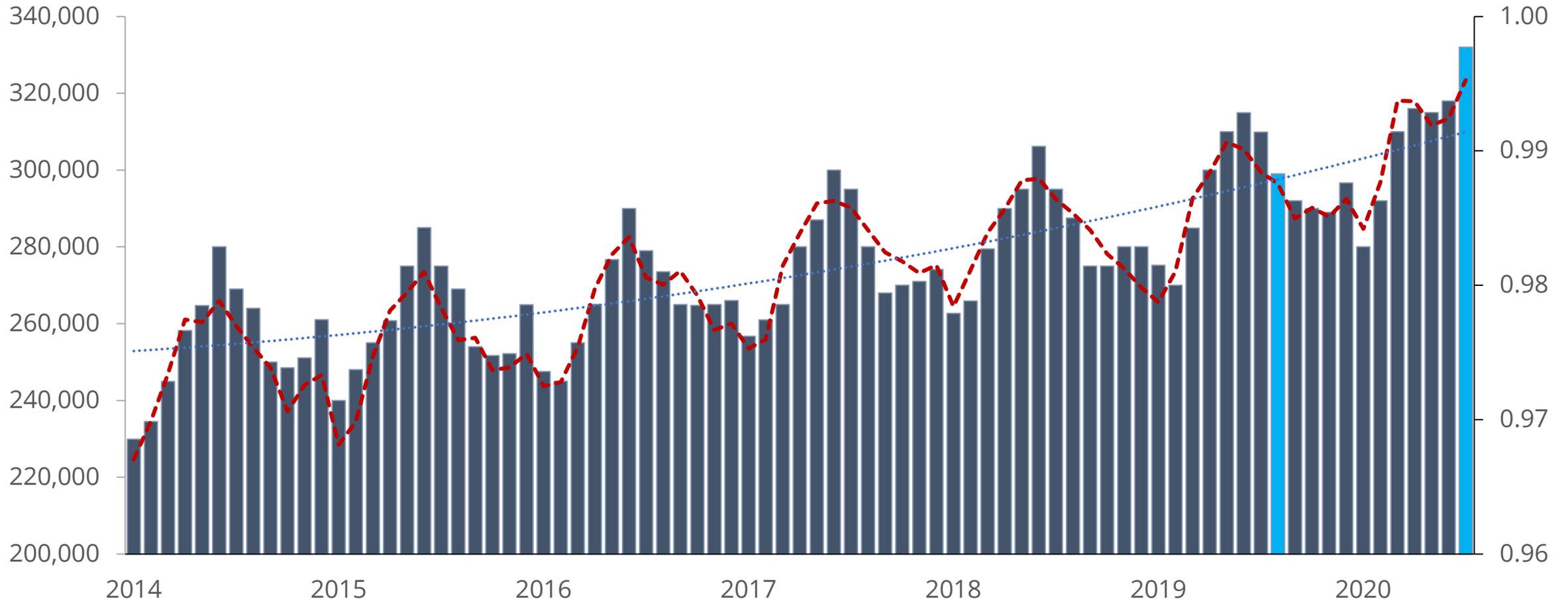
Charlottesville Area Pending Sales, End of the Month



Home Prices Are on the Rise

The statewide median home price was \$330,000, up 10.4% from a year ago

Median Sales Price(\$), End of the Month

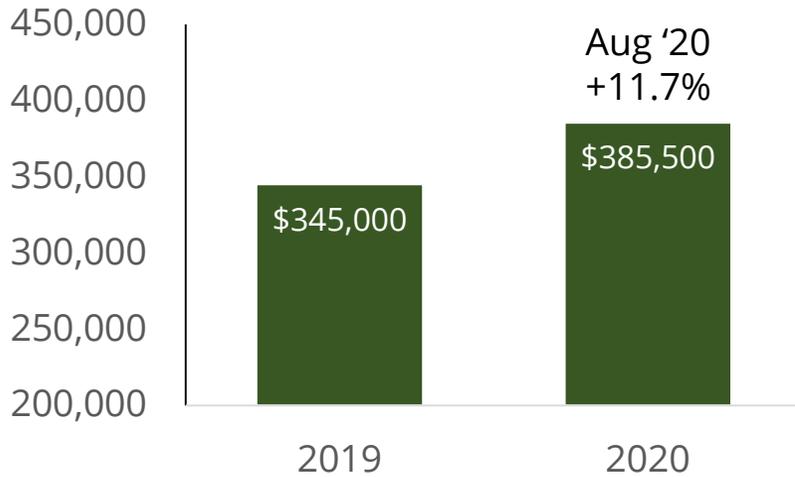


Median Home Prices

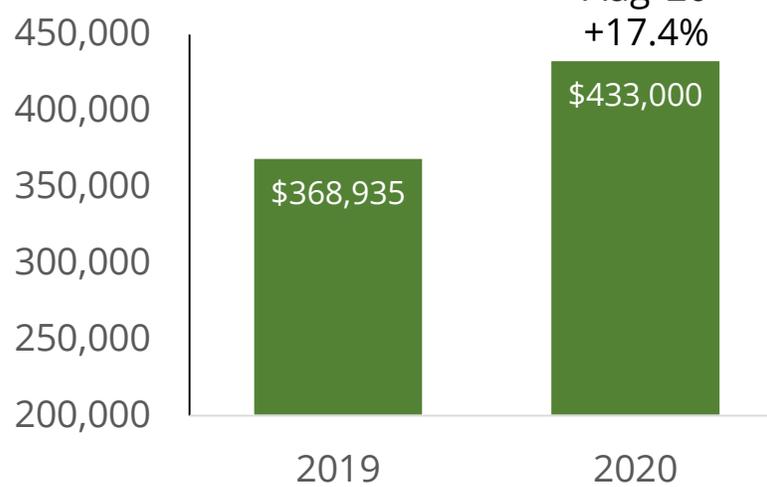
Strong demand, restricted supply, and low mortgage rates are driving prices



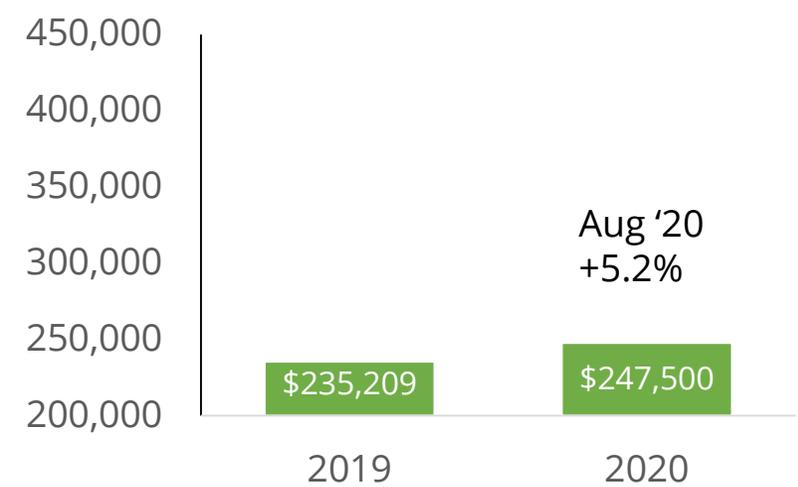
Charlottesville



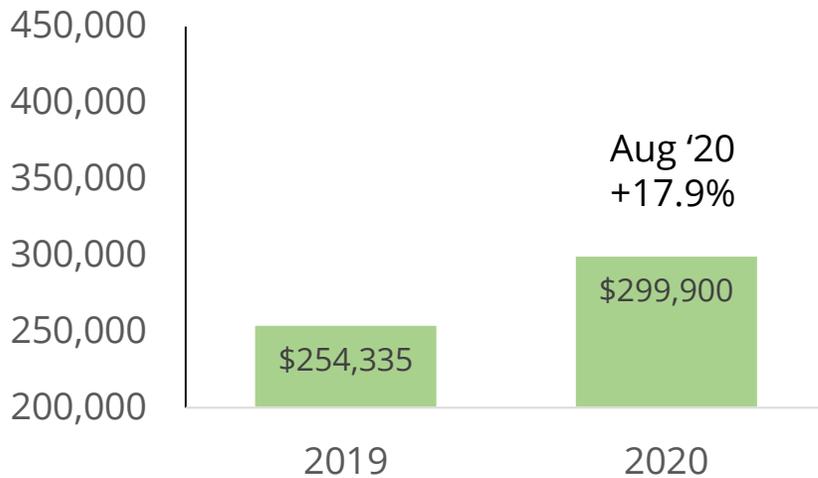
Albemarle



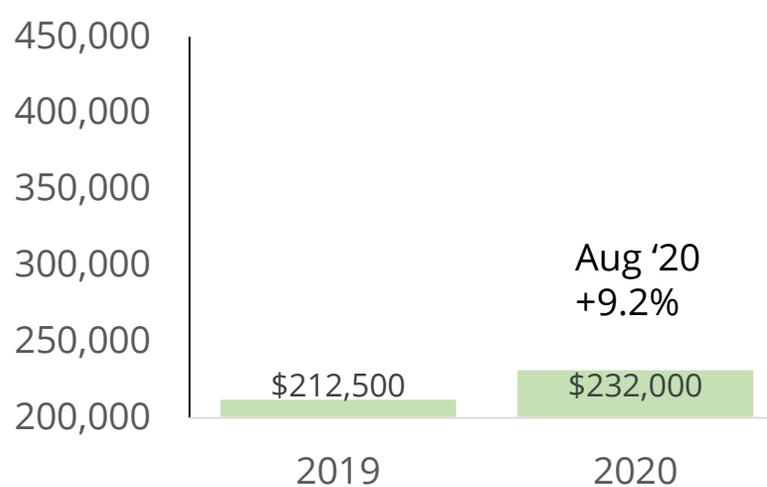
Fluvanna



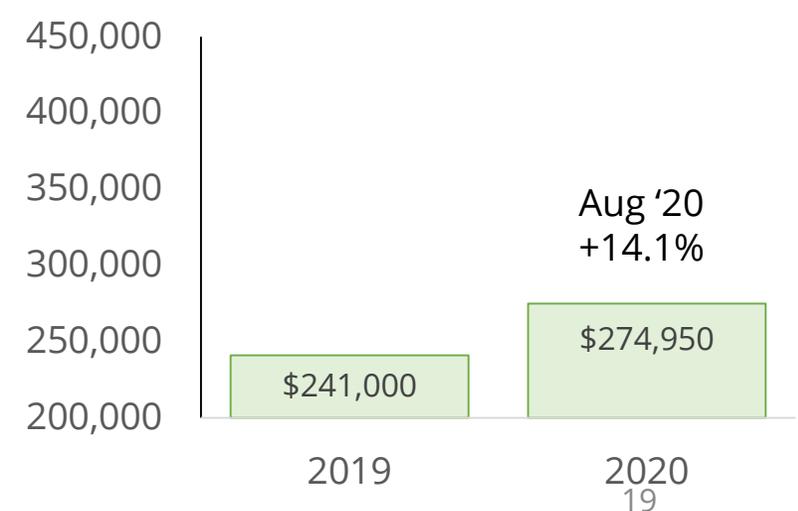
Greene



Nelson



Louisa



Demand is Strong in the Charlottesville Area Across Price Point

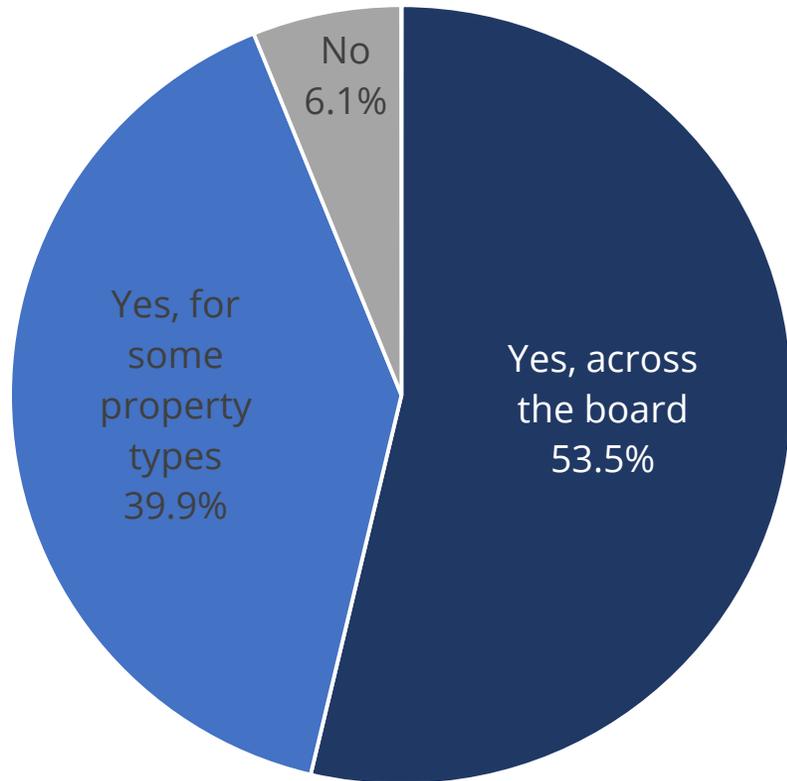
Entry- and mid-level homes are moving the most quickly



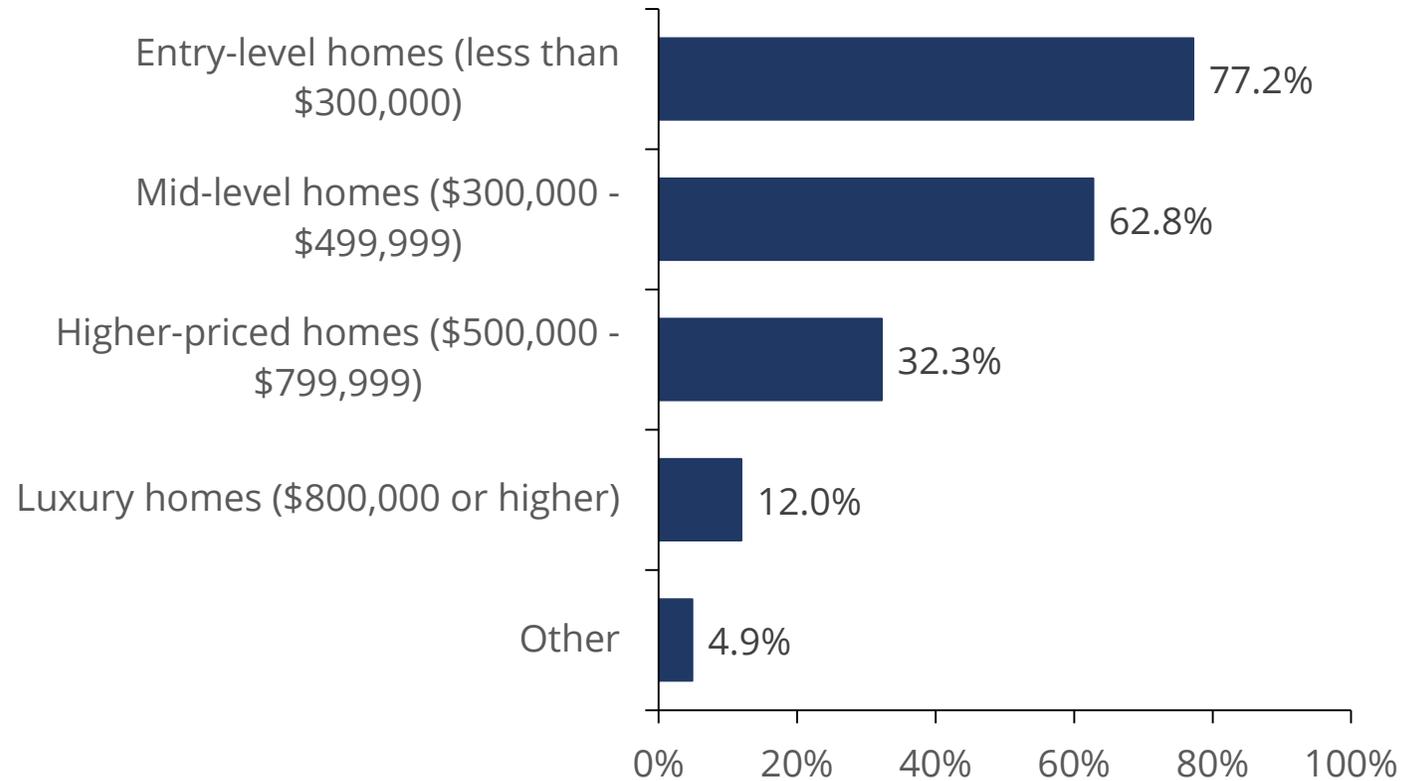
Nearly all Virginia REALTORS® are Seeing Multiple Offers

Biggest competition among entry-level and mid-level homes

In your recent transactions, have there been multiple offers on a home?



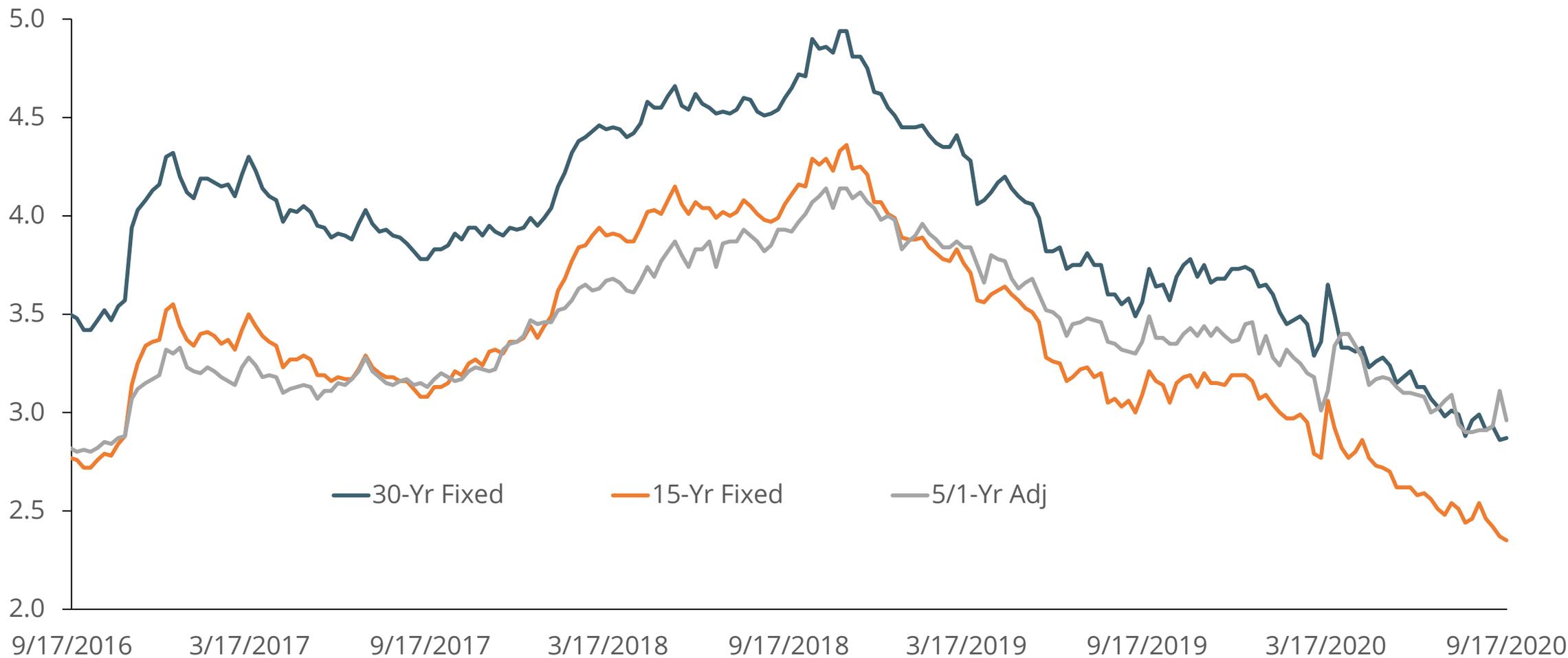
In general, what price ranges are you seeing multiple offers on homes?



Mortgage Rates

Avg. 30-year fixed rate mortgage rate below 3% for 8 consecutive weeks

Weekly Mortgage Interest Rates (%), Not Seasonally Adjusted

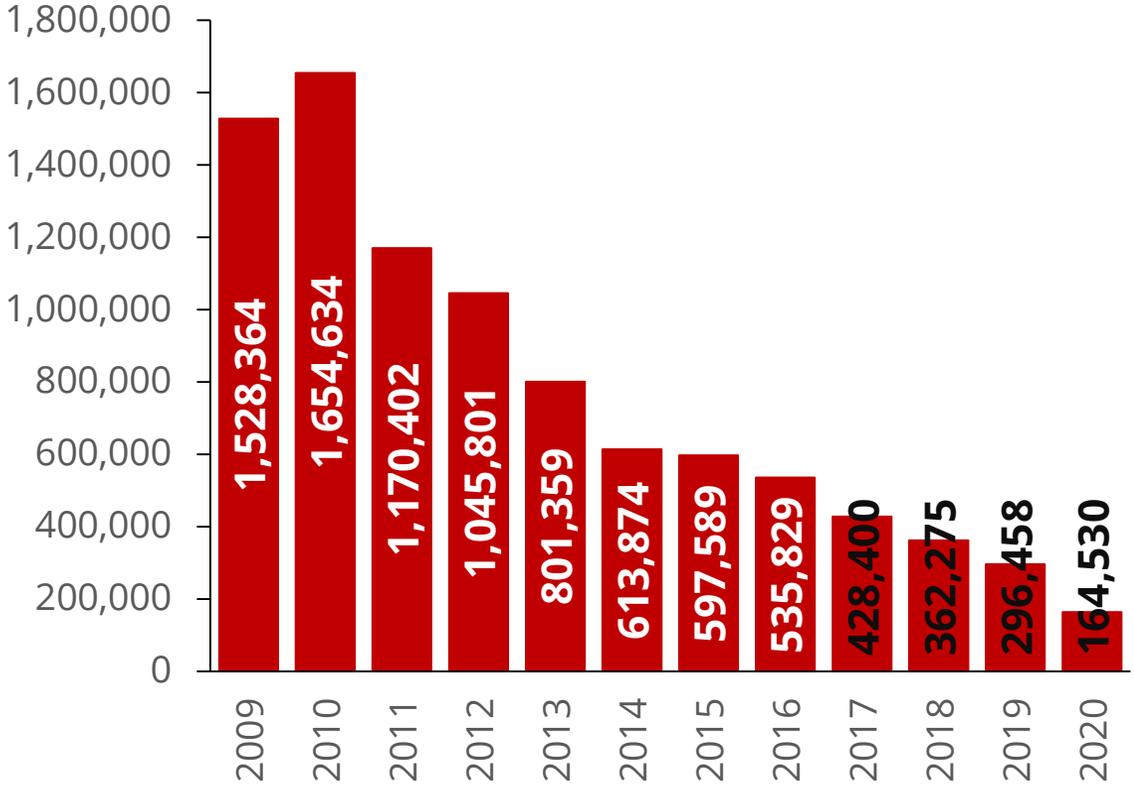


Source: Freddie Mac

Nationally Foreclosures Are Down

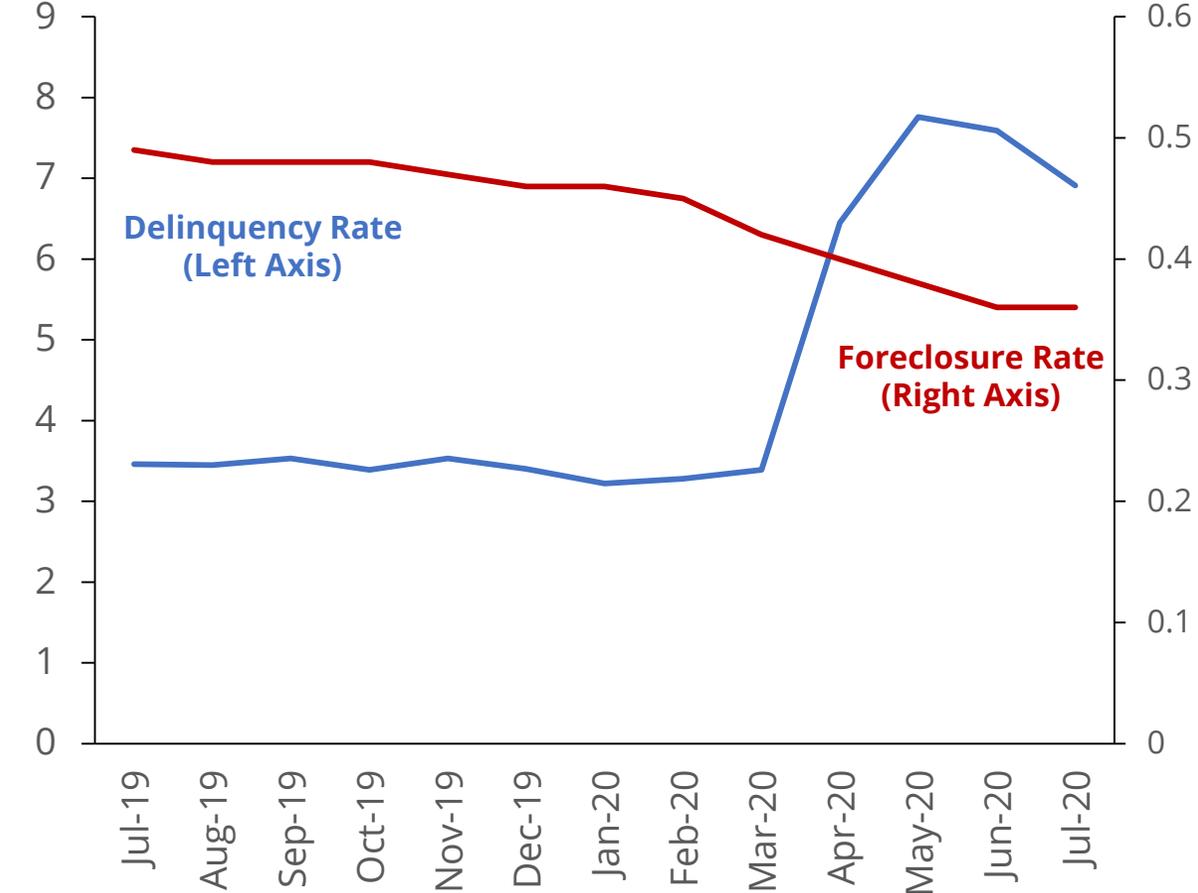
Extended ban on foreclosures & forbearance program has kept filings low to date

**Residential Properties with Foreclosure Filings
January-to-June Each Year**



Source: ATTOM Data Solutions

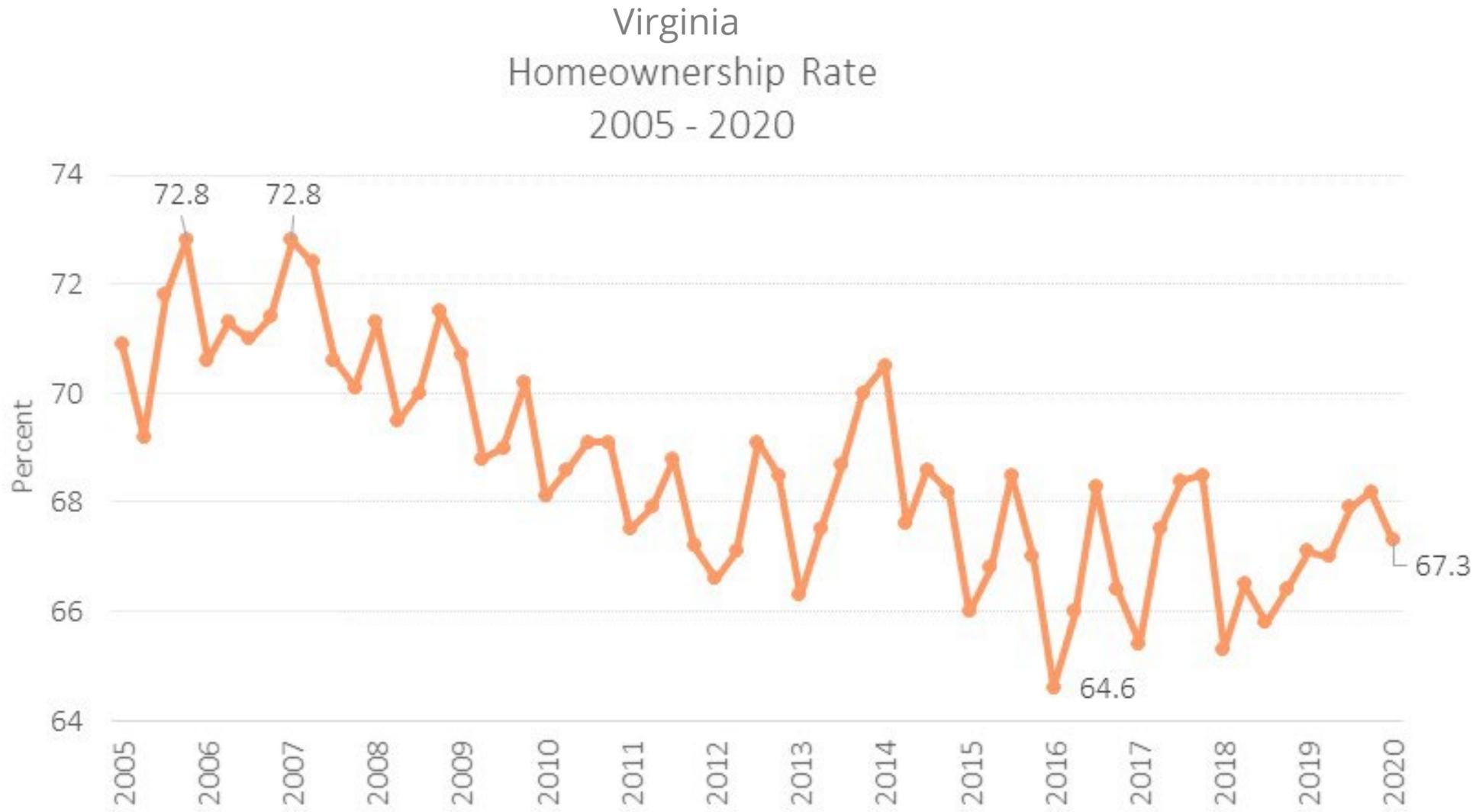
Delinquencies & Foreclosures (%)



Source: Black Knight Mortgage Monitor

Access to Homeownership

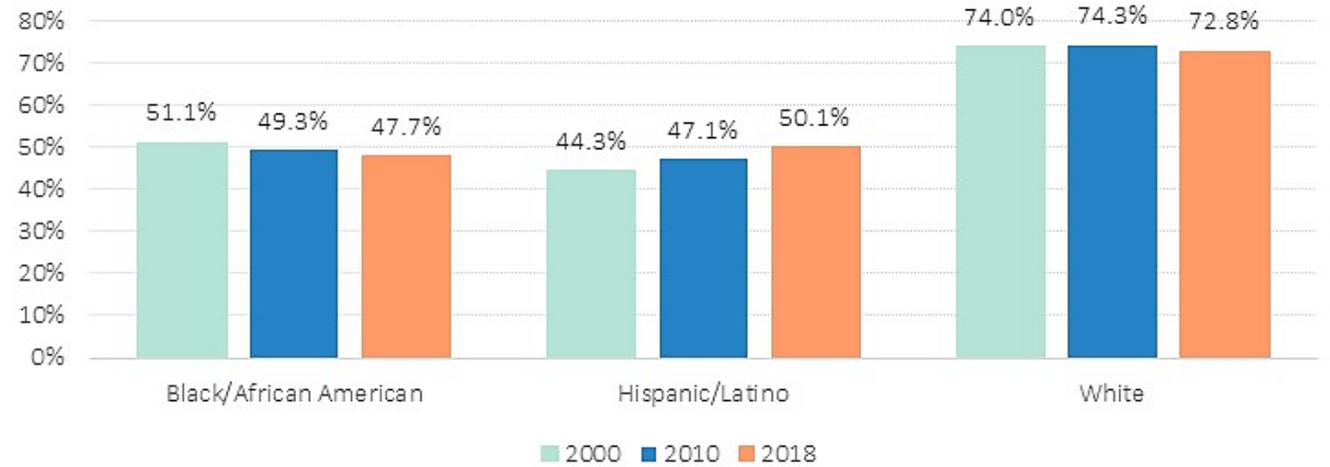
The homeownership rate in Virginia has declined since 2005 but is above the U.S. rate.



The Black-White homeownership gap has increased since 2000.

The homeownership rate among Black households in Virginia was 47.7% in 2018. **In 1968, when Congress passed the Fair Housing Act, the Black homeownership rate in Virginia was higher, at 52%.**

Virginia
Homeownership Rates by Race/Ethnicity
(2000 - 2018)



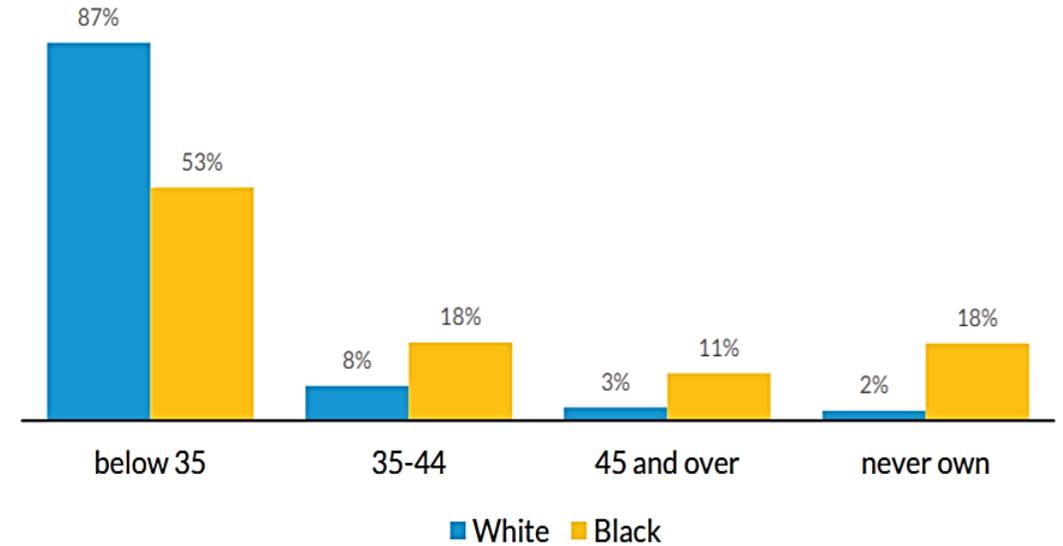
Homeownership Rates	2000	2010	2018
Overall	68.1%	67.7%	65.9%
Black/African American	51.1%	49.3%	47.7%
Hispanic/Latino	44.3%	47.1%	50.1%
White	74.0%	74.3%	72.8%
Homeownership Rate Gaps			
Black-White Gap	-22.9%	-25.1%	-25.1%
Hispanic-White Gap	-29.7%	-27.3%	-22.7%

African Americans have not benefited as much as Whites from homeownership.

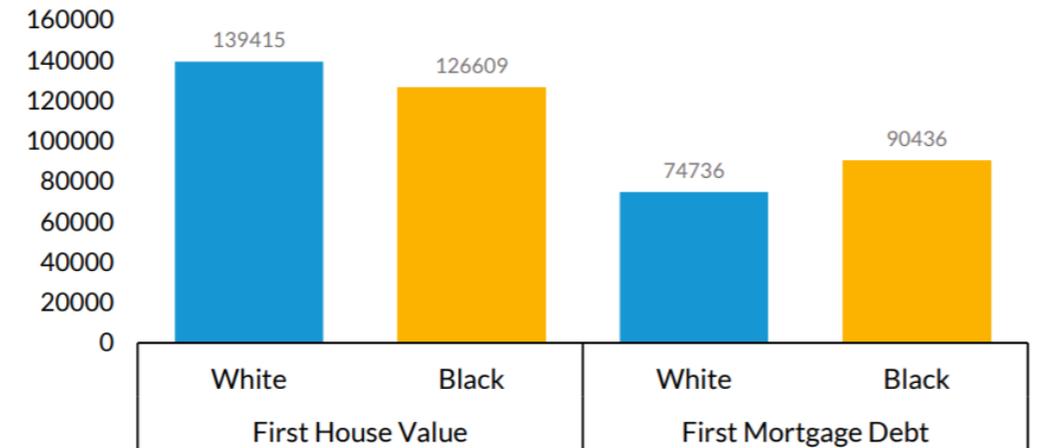
According to national data, African Americans:

- Are far less likely than Whites to **ever own a home**.
- Buy their first home on average nine years **later in life** than Whites (and thus enjoy **less appreciation** in value).
- Are more likely to buy a home in a **racially segregated area** that does not appreciate as much.
- Often **pay more interest** or other costs for their home loan.
- Buy cheaper homes but **have higher mortgage debt**.

Age at First Homebuying

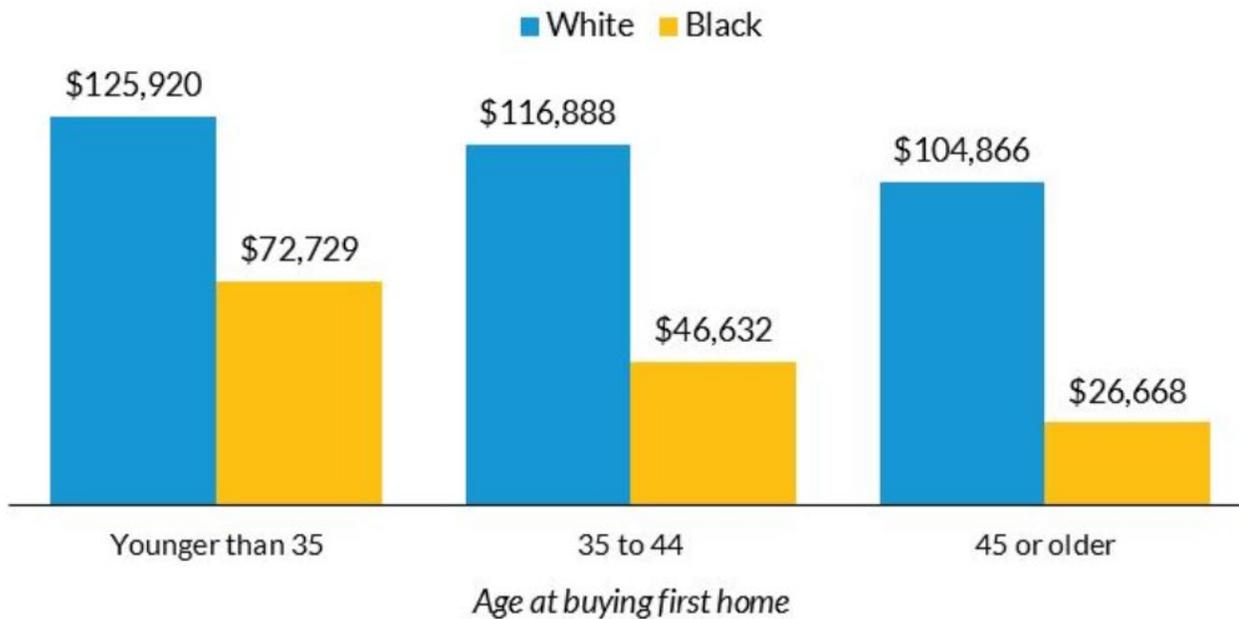


Average Value of First Home & Mortgage Debt



Black and Hispanic households have lower levels of housing wealth and other income and assets than White households.

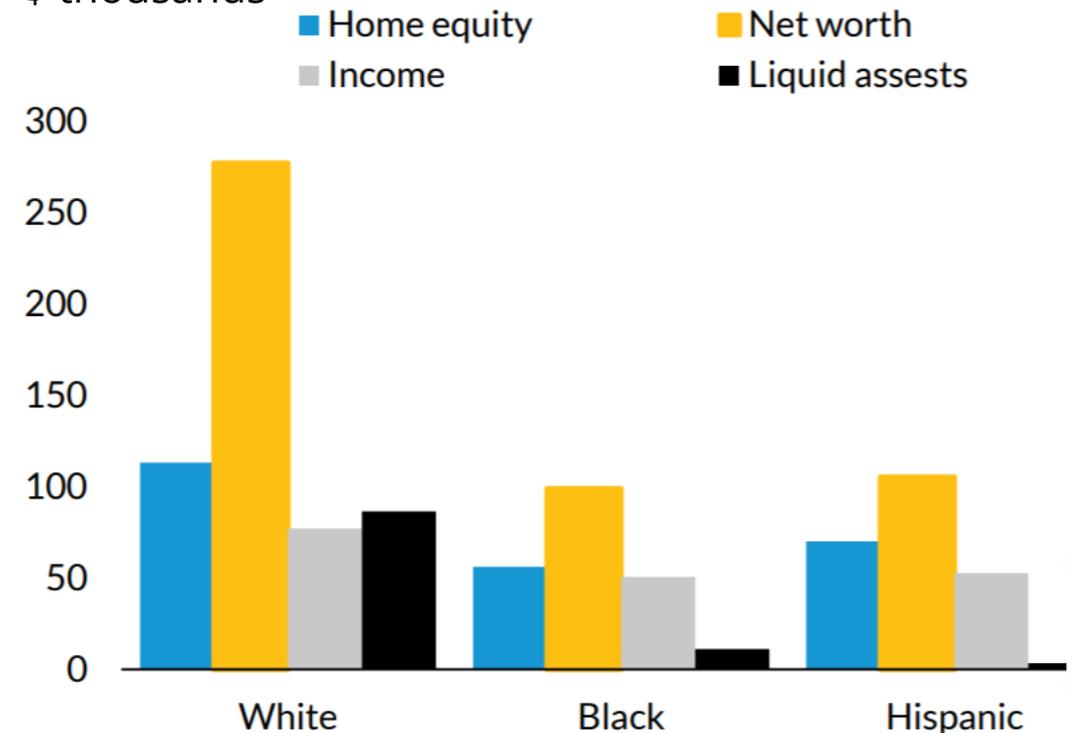
Average Housing Wealth at Age 60 or 61



On average, African Americans are older than Whites when they buy their first home. Even after accounting for the age of first home purchase, Black homeowners accumulate less housing wealth over their lifetimes compared to White homeowners.

Source: Survey of Consumer Finance and Urban Institute

Home Equity, Net Worth, Liquid Assets, and Income (2016)
\$ thousands



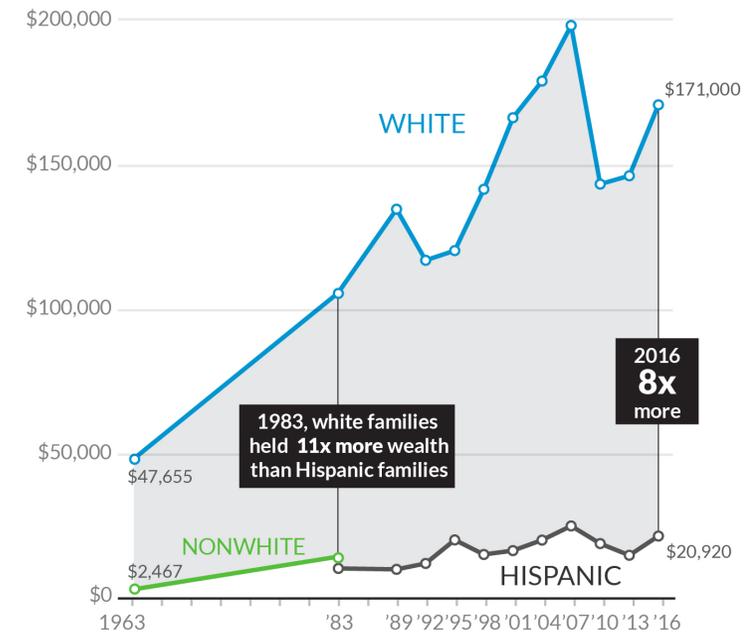
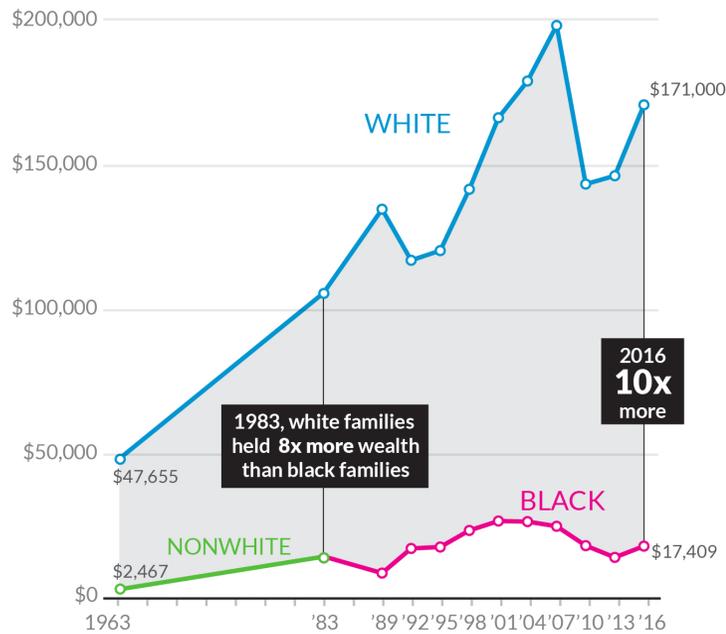
Nationally, on average, Black and Hispanic households have significantly lower levels of home equity, overall net worth, household income, and liquid assets compared to White households.

Source: PSID and Urban Institute

Nationally, the Black-White wealth gap has widened in recent decades.

Largely as a result of differences in homeownership and accumulation of housing equity, median family wealth of White households is much higher than for Black or Hispanic households.

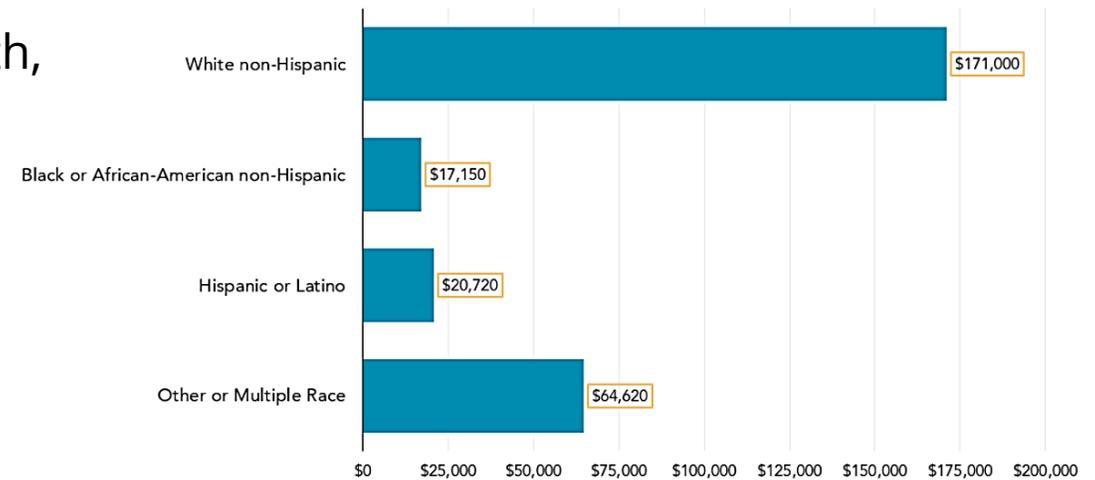
Median Family Wealth by Race/Ethnicity, 1963–2016



Source: Urban Institute calculations from Survey of Financial Characteristics of Consumers 1962 (December 31), Survey of Changes in Family Finances 1963, and Survey of Consumer Finances 1983–2016.

Notes: 2016 dollars. No comparable data are available between 1963 and 1983. Black/Hispanic distinction within nonwhite population available only in 1983 and later.

Median Net Worth, 2016



Outlook

What's ahead for 2020 and 2021?

- V-shaped housing market recovery
- K-Shaped economic recovery
 - Some benefitting, others falling behind
 - Widening inequalities
- Strong homeownership demand
- Low mortgage rates into 2021
 - Purchase/refinance activity up
 - Inventory negatively impacted
- More demand for smaller markets
 - More demand in Charlottesville area
- Housing affordability will remain a challenge

Thank You

Questions?

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