



Southern Virginia Regional Housing Summit

3 Key Factors Influencing Virginia's Housing Market Landscape



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Virginia REALTORS®



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Underlying demographic forces will shape demand in the housing market in the coming 5 to 10+ years



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The Washington Post

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Bloomberg

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MarketWatch

An inflation storm is coming for the U.S. housing market

Bloomberg

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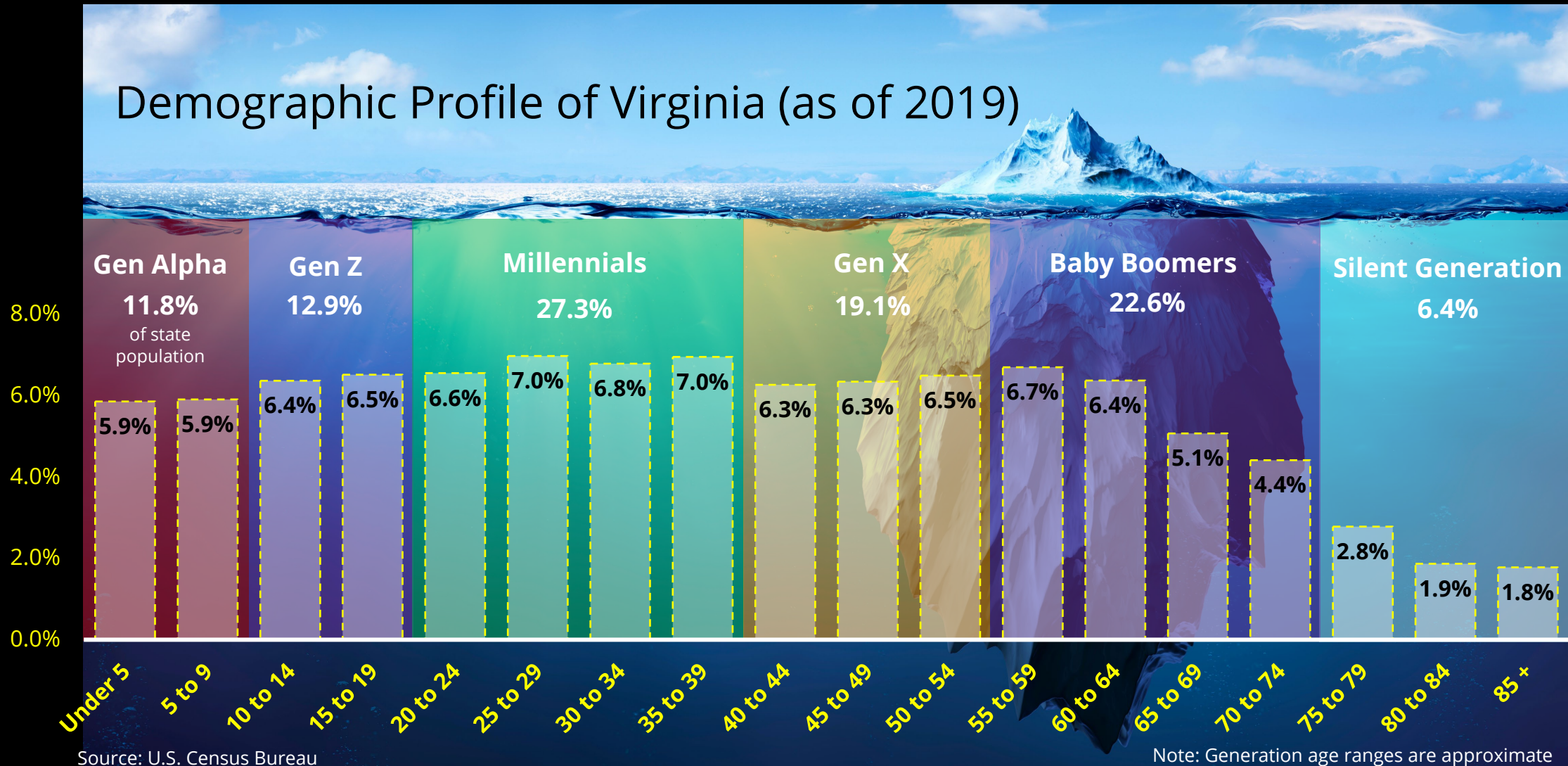
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The reality is that demographics are persistent

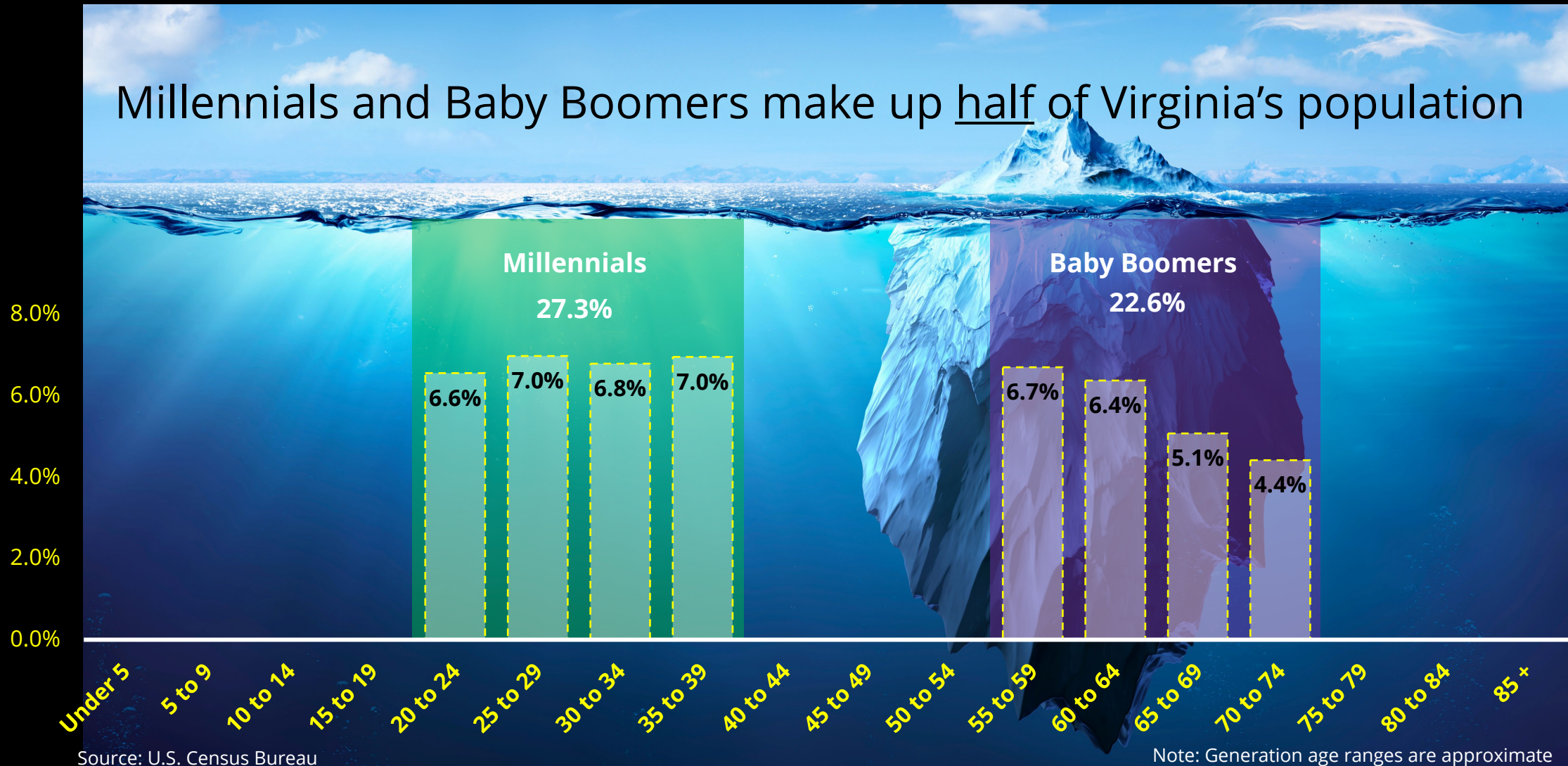
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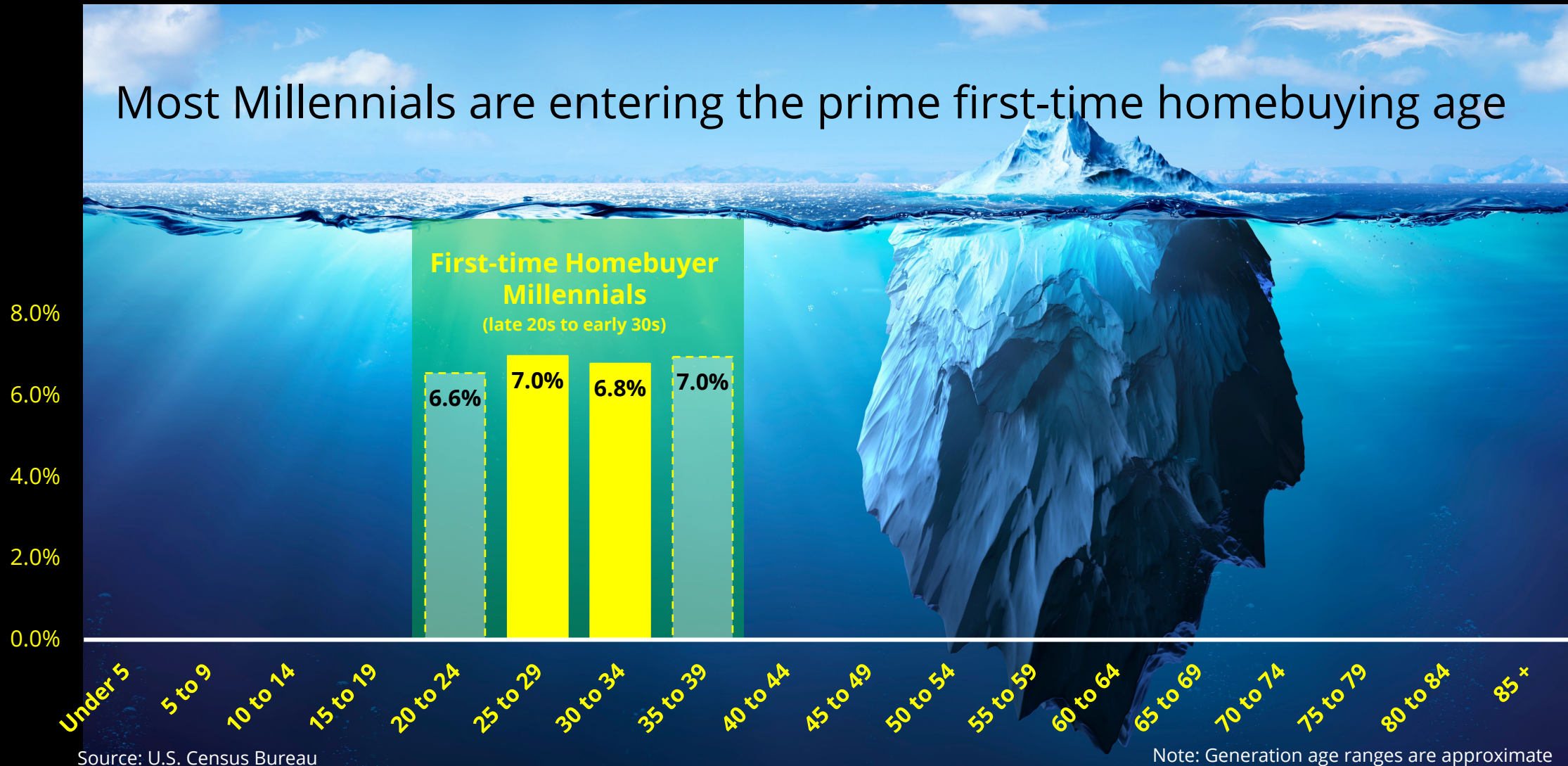
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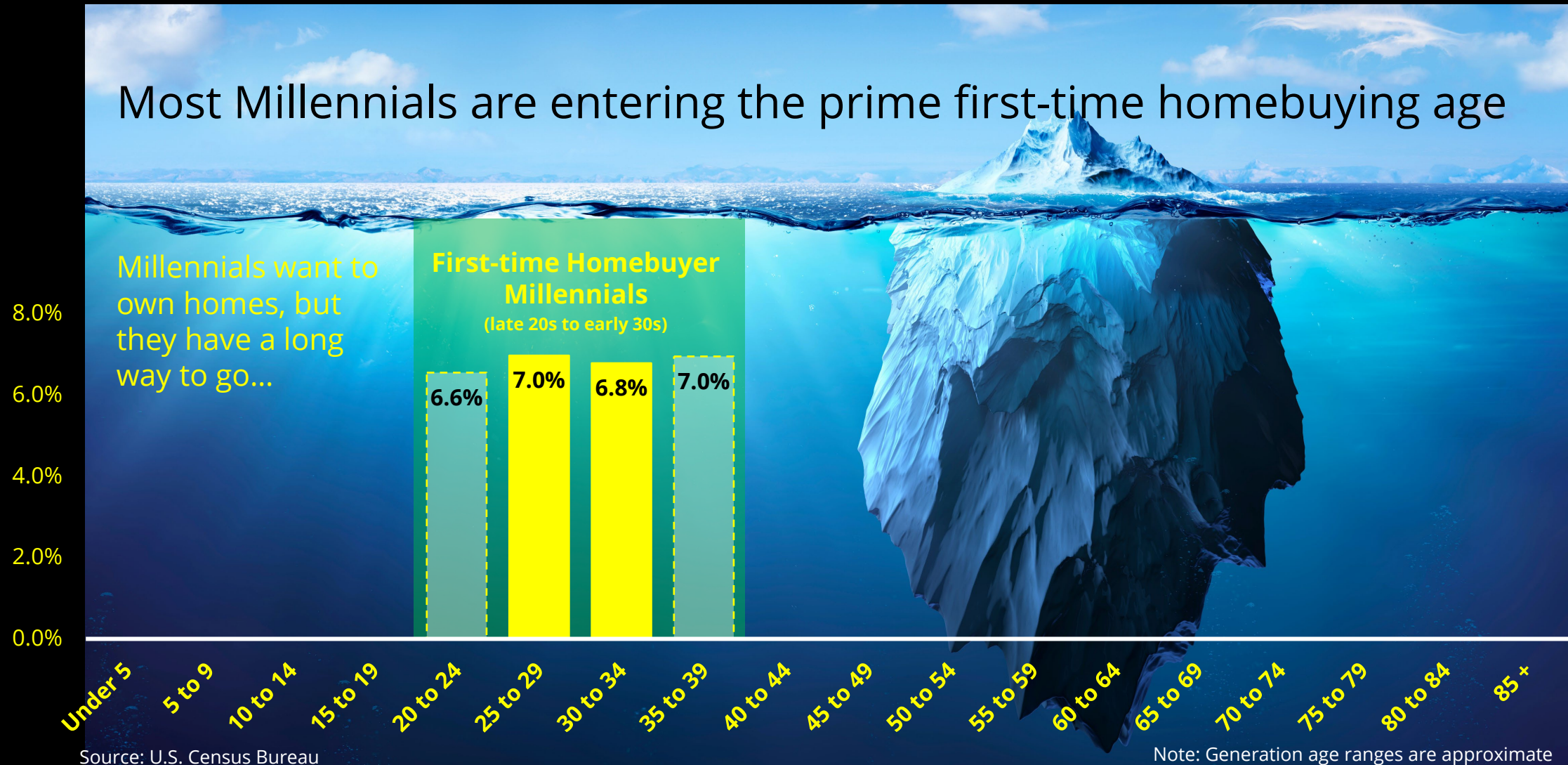
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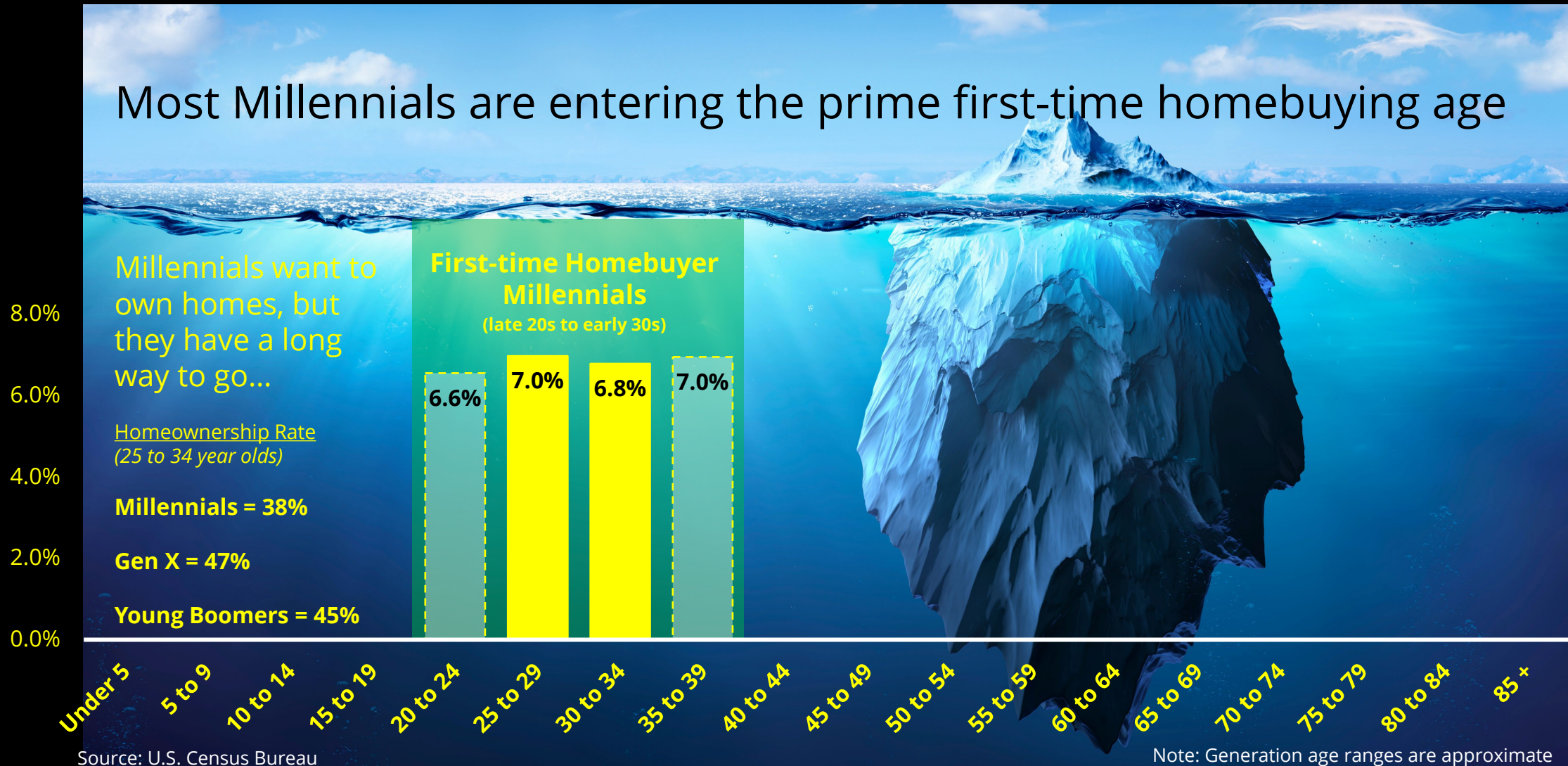
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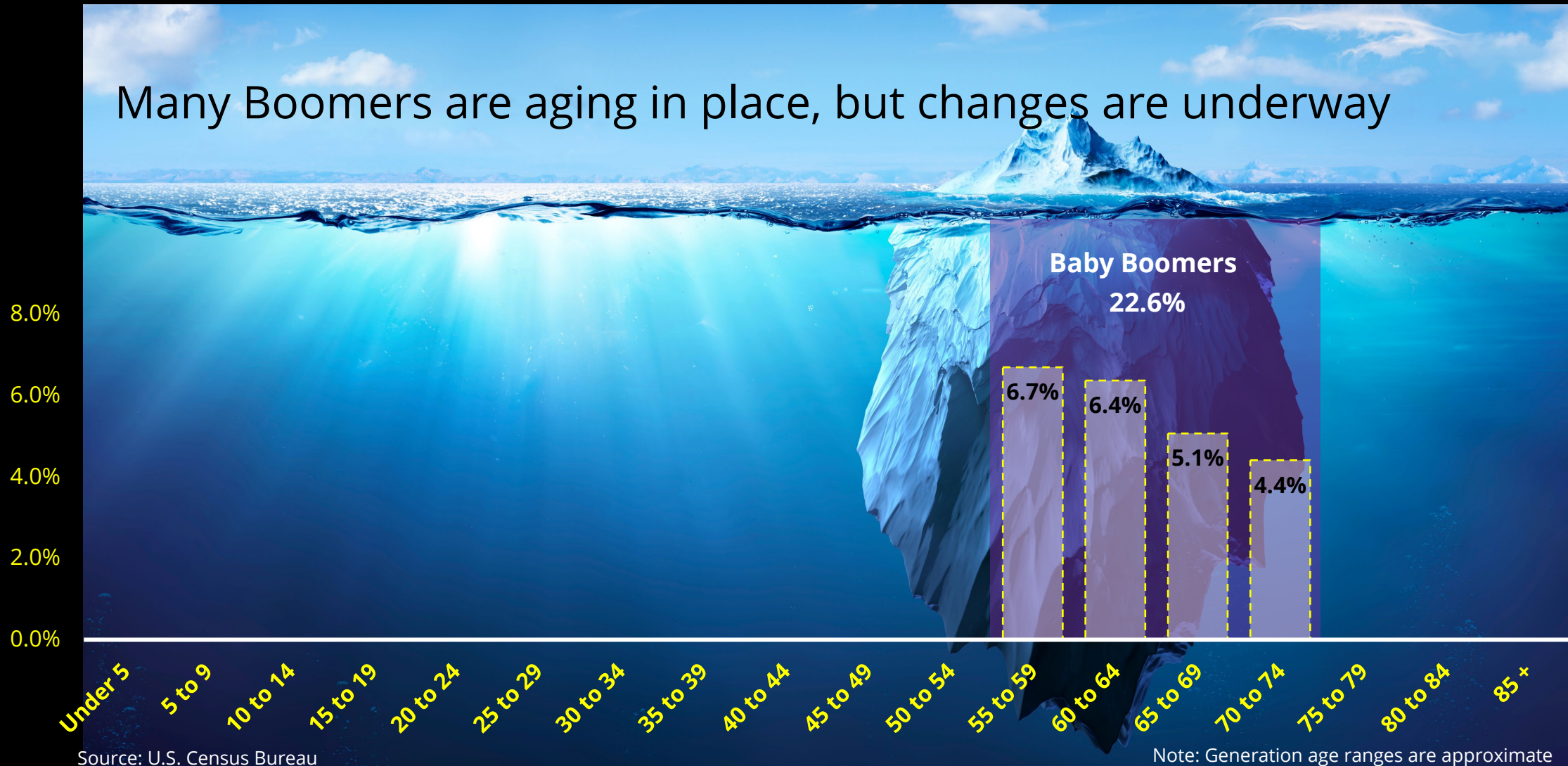
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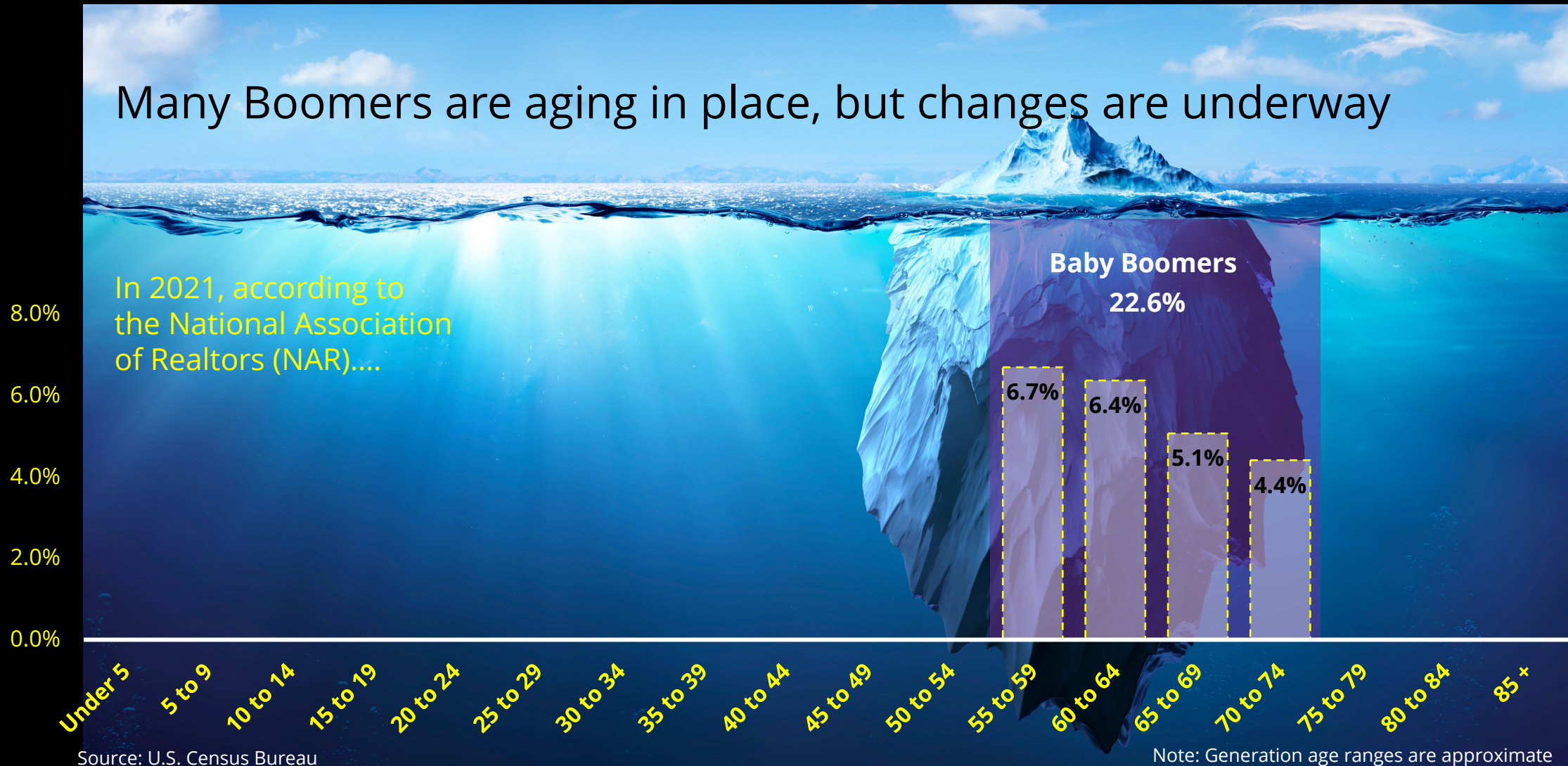
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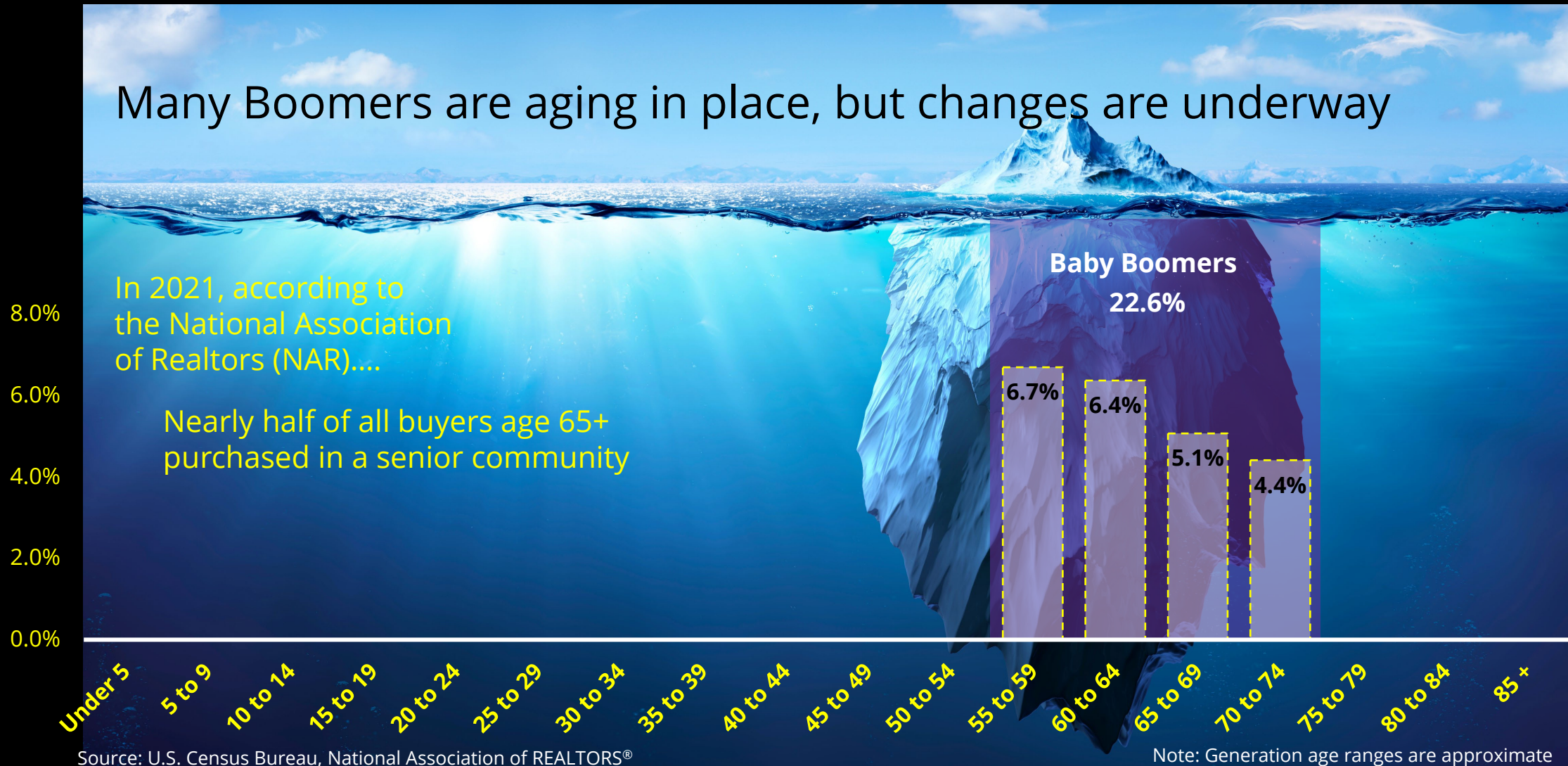
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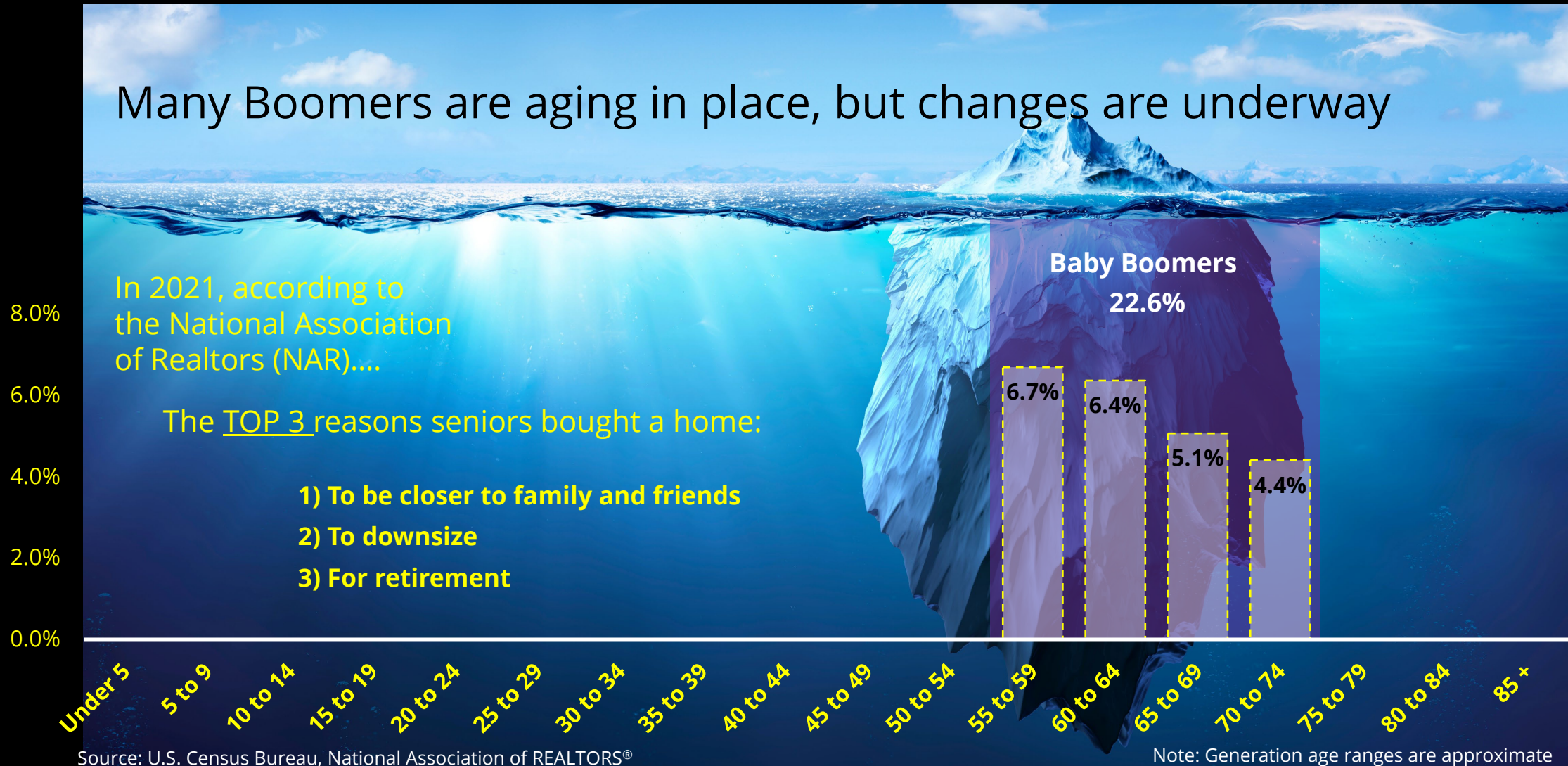
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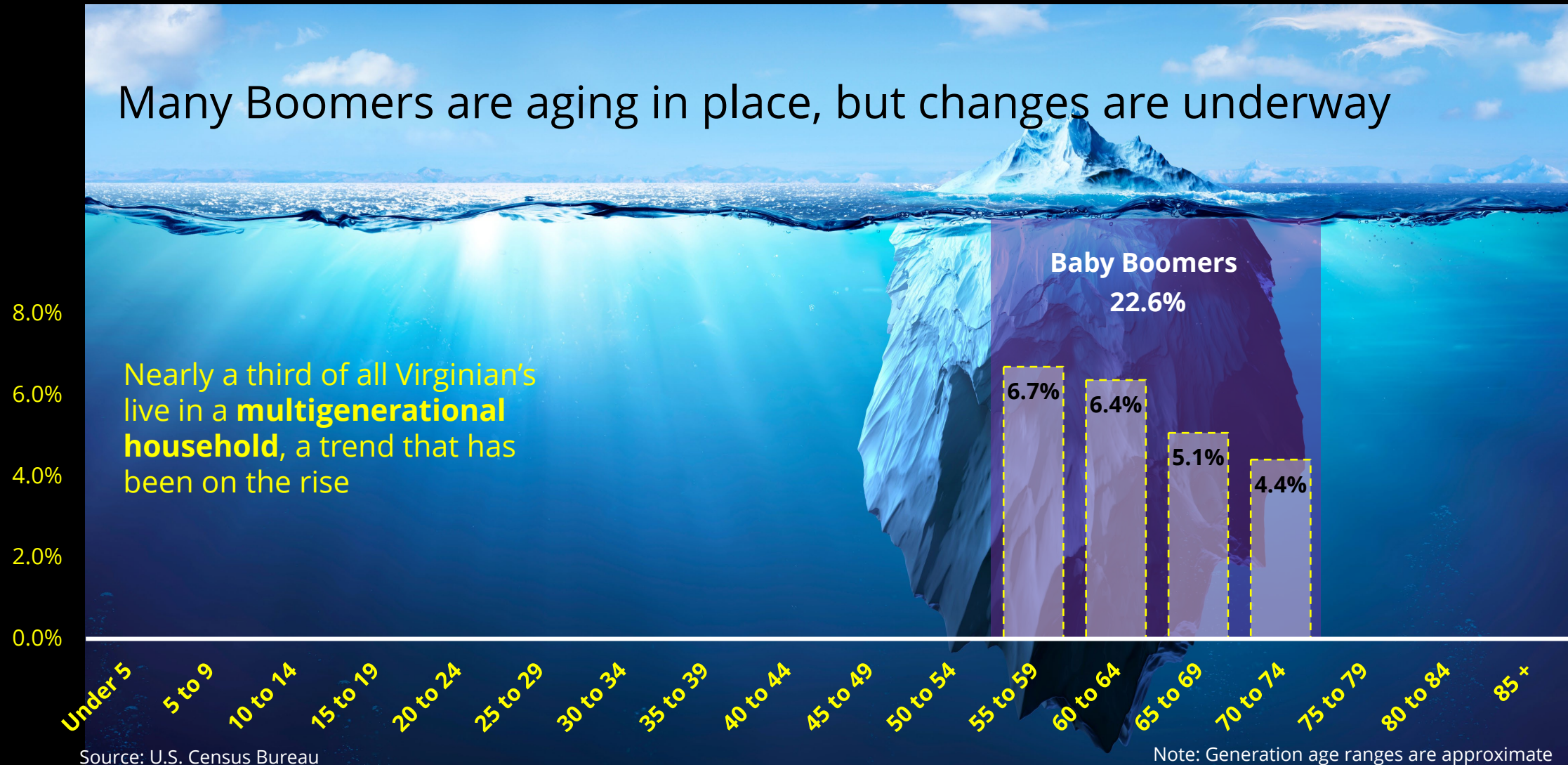
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Key Point: Pent-up demand exists in VA's housing market regardless of short-term influences

Millennials

Starter home
price-points

Smaller homes

Multigenerational
homes

Baby Boomers

Senior communities

Smaller/single-level
homes

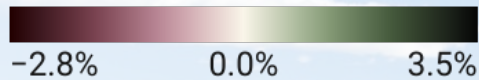
Multigenerational
homes

2 More people are moving away from cities.
Outer suburbs, exurbs, rural areas in demand



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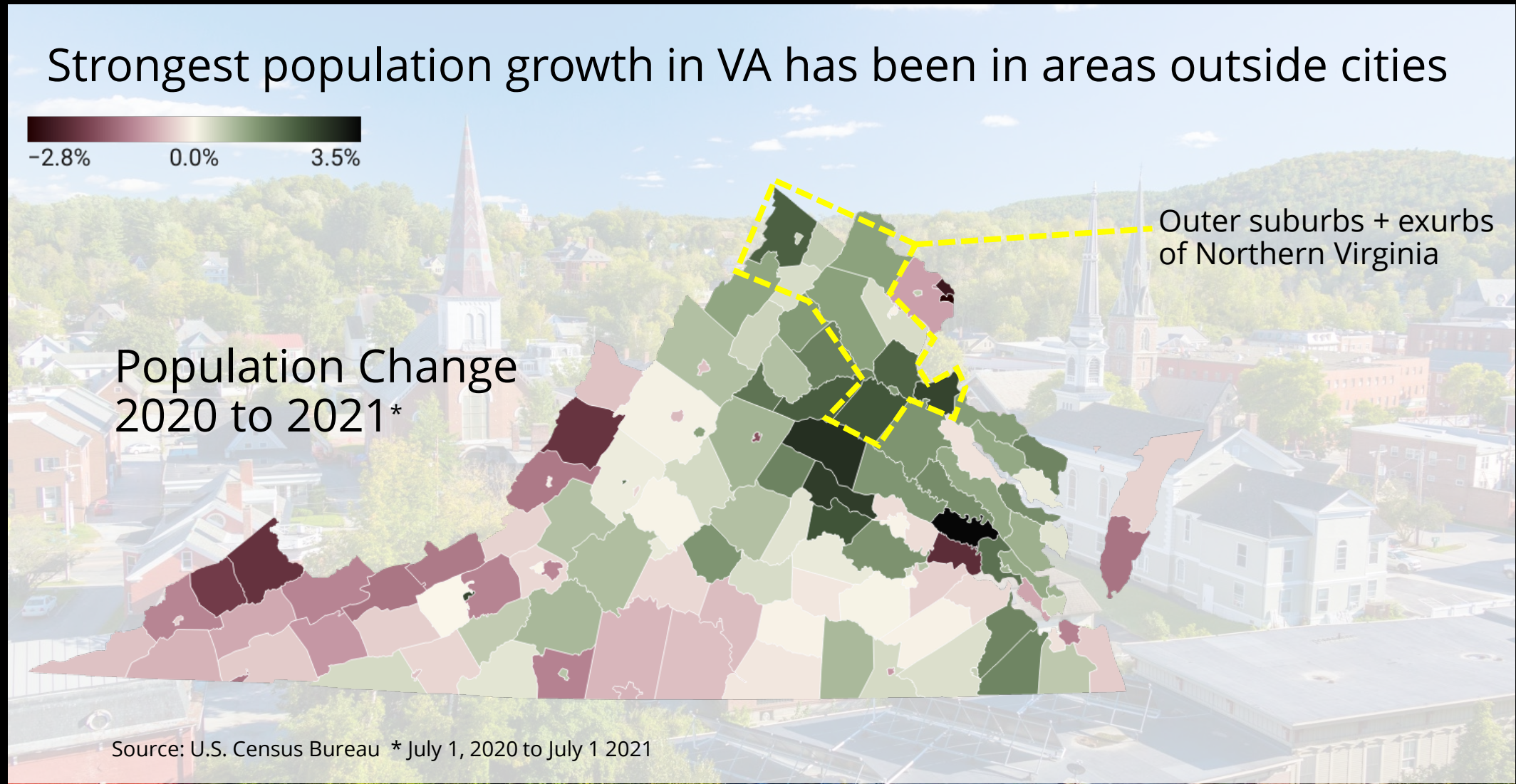
Strongest population growth in VA has been in areas outside cities



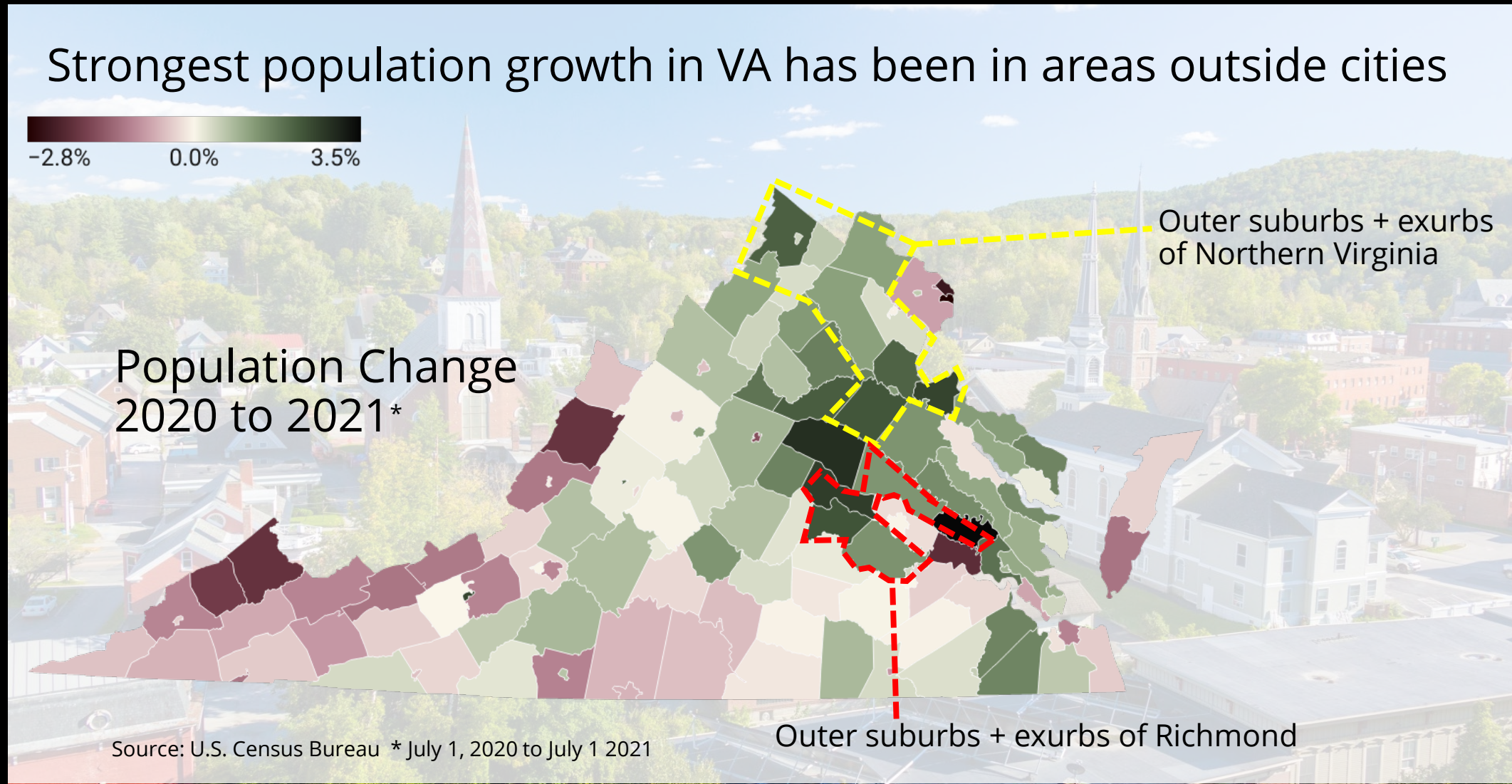
Population Change
2020 to 2021*

Source: U.S. Census Bureau * July 1, 2020 to July 1 2021

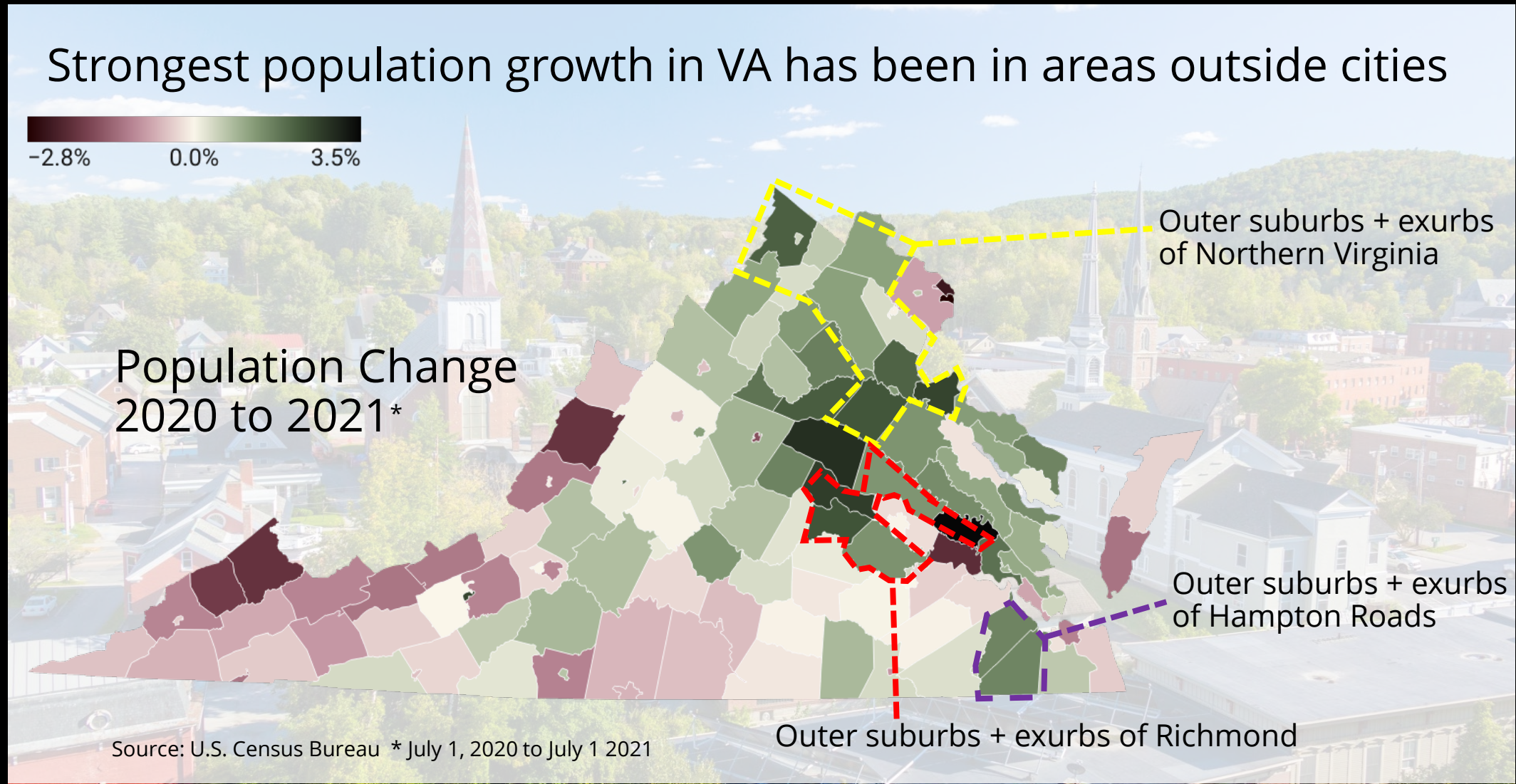
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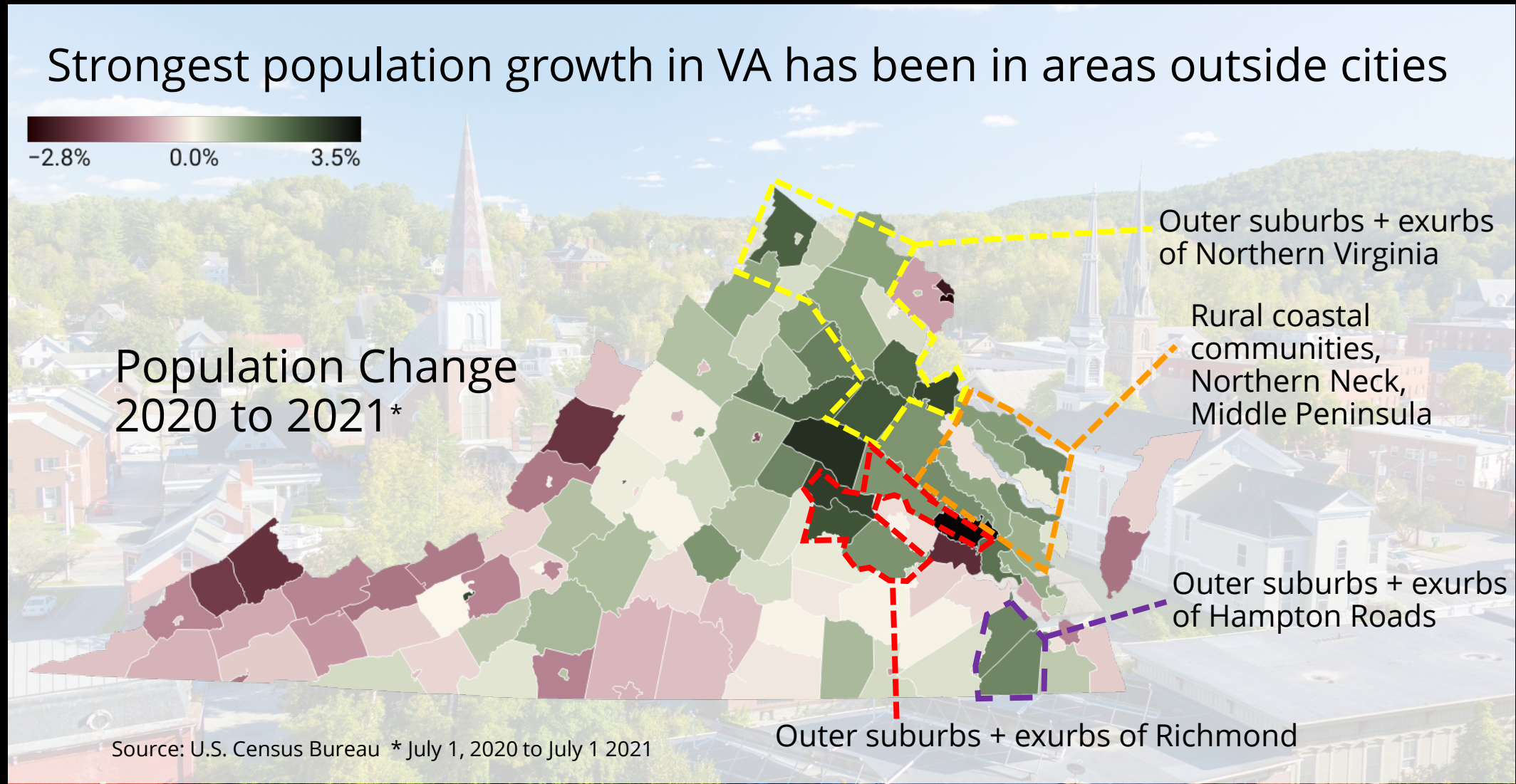
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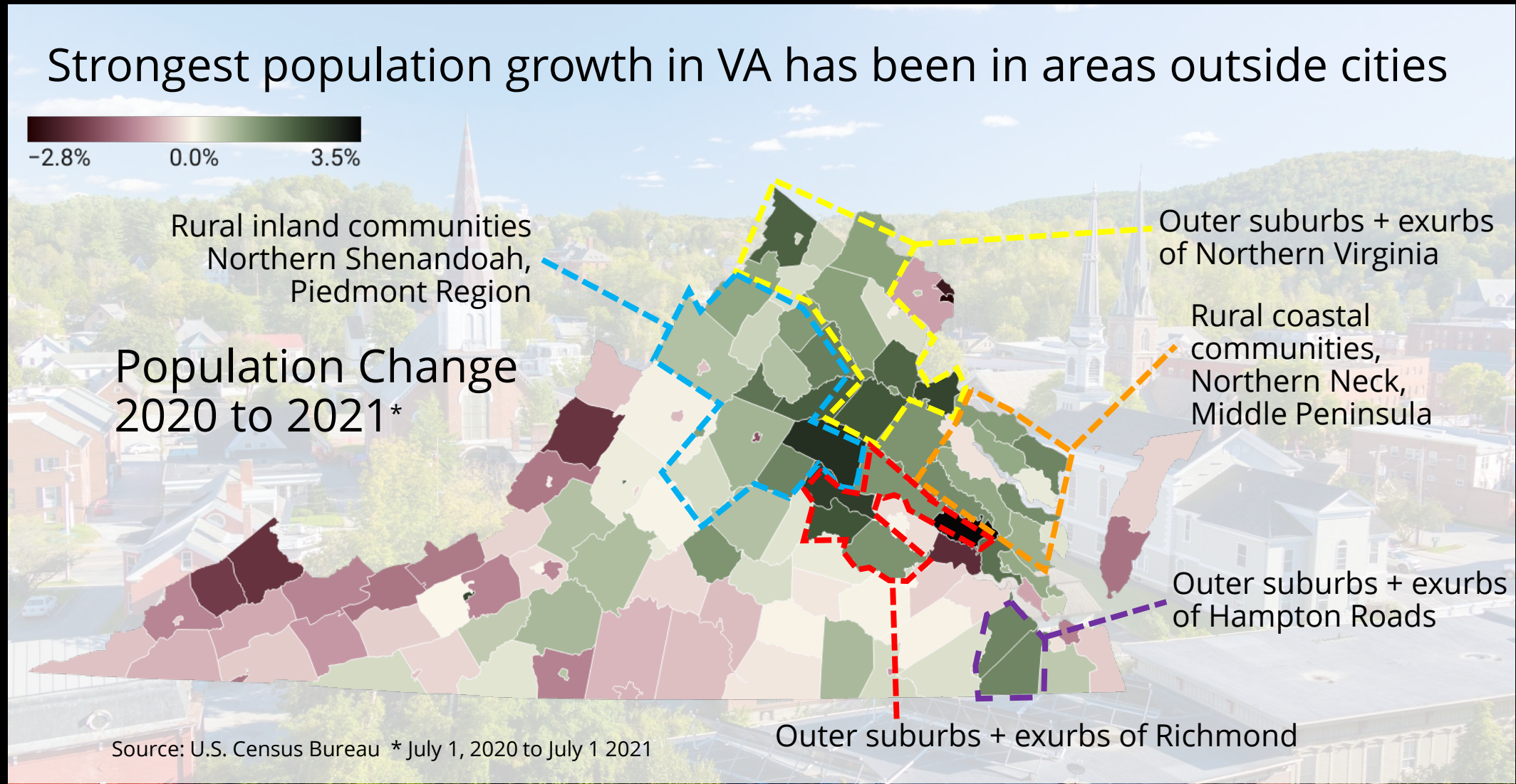
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These trends are not new, but were accelerated by the pandemic

According to McKinsey's
American Opportunity Survey
(spring 2022).....



58% of Americans work from home **at least 1 day** per week

35% of Americans work from home **5 days** per week

87% of Americans who have the choice for flexible work options in their jobs choose to take it

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Emergence of “Zoom Towns”

A **Zoom town** is a community that experienced a significant population increase as remote work became more popular, especially in the wake of the COVID-19 pandemic.

Zoom towns are typically found in the **suburbs, exurbs, small towns or rural areas**.

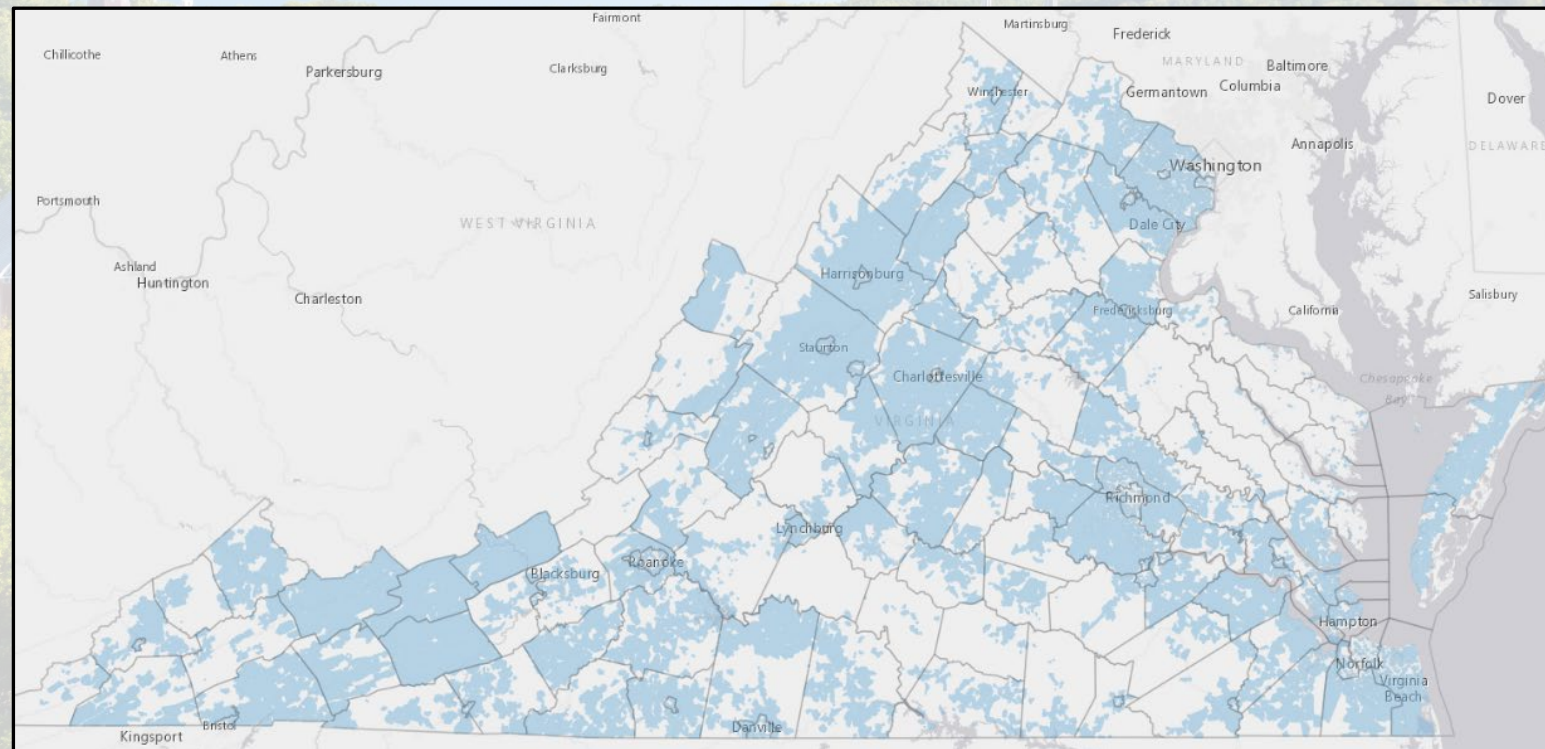
A key element is the **availability of broadband** to facilitate remote work.



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Broadband access is key to growth in these communities

Blue areas on map
are census tracts
where 80% or more
of residents have
access to high-speed
broadband internet*



Source: Commonwealth Connection

*High-speed defined by Federal Govt. as a minimum of 25 mbps (download speed) and 3 mbps (upload speed)

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Key Point: Non-urban communities with high quality of life + housing availability + broadband access will be sought after in the years ahead

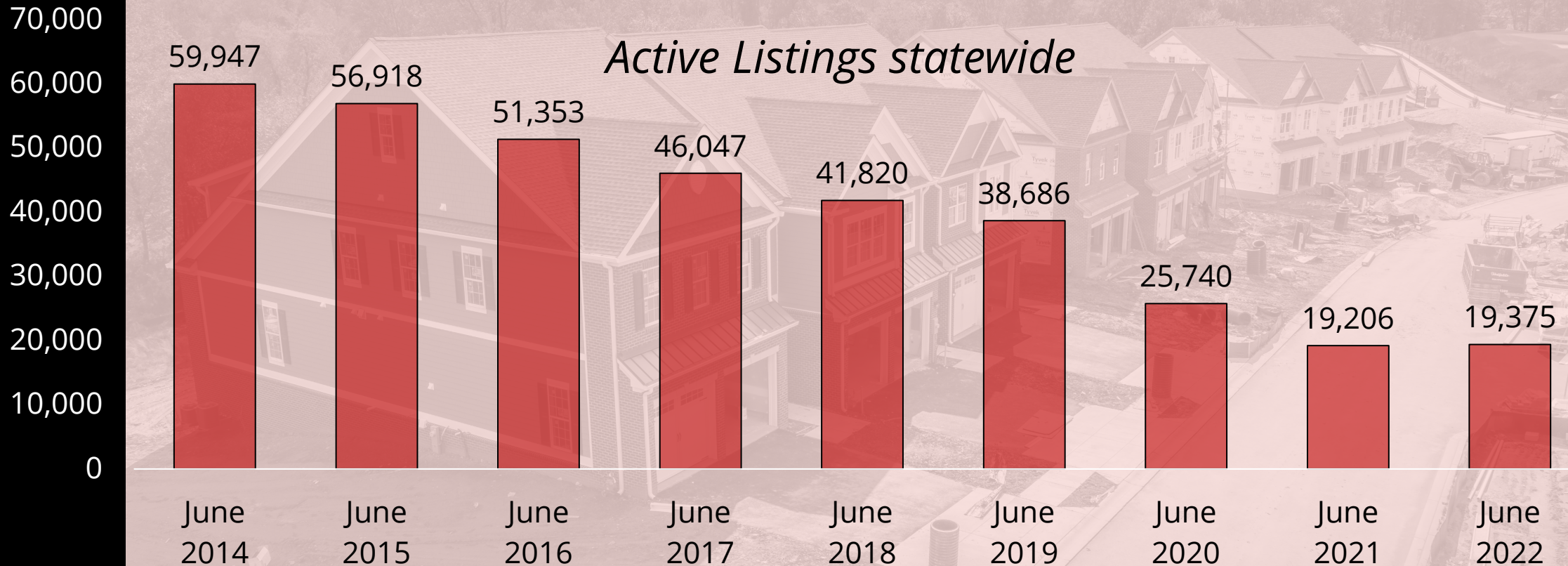


3 There is a housing shortage in Virginia, this is driving up prices; lower-cost markets well-positioned



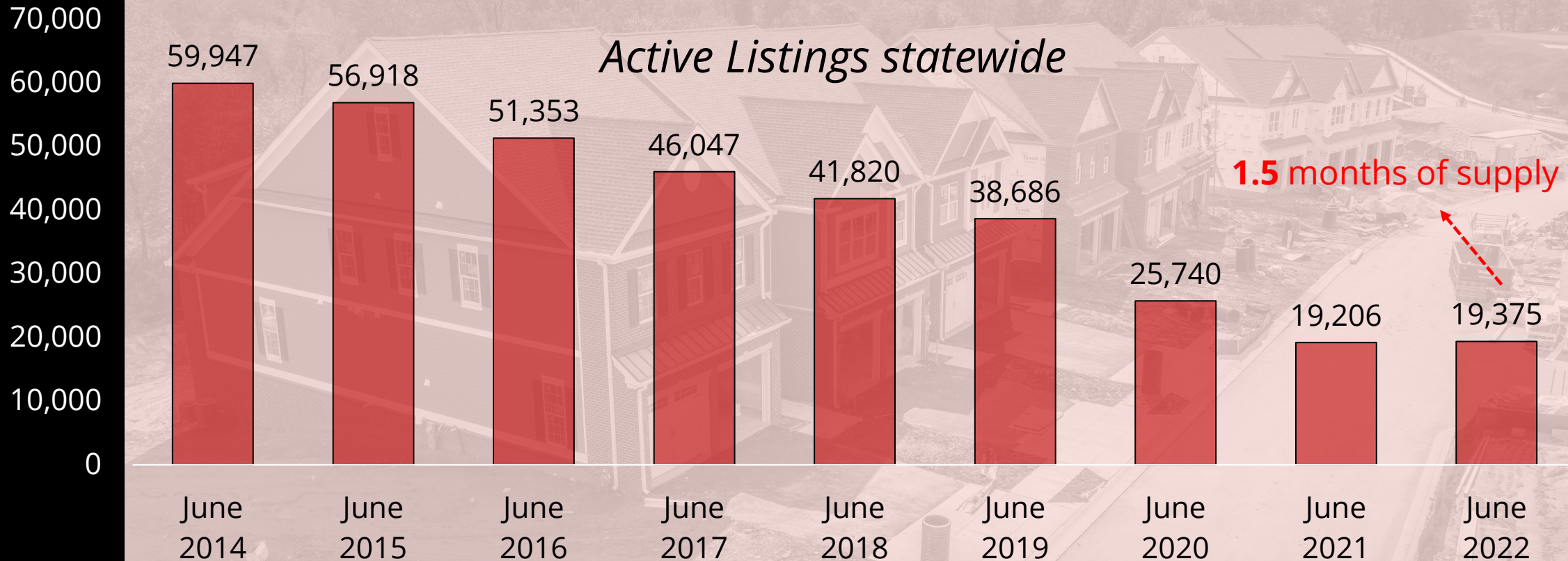
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The inventory of homes for sale is chronically low in Virginia



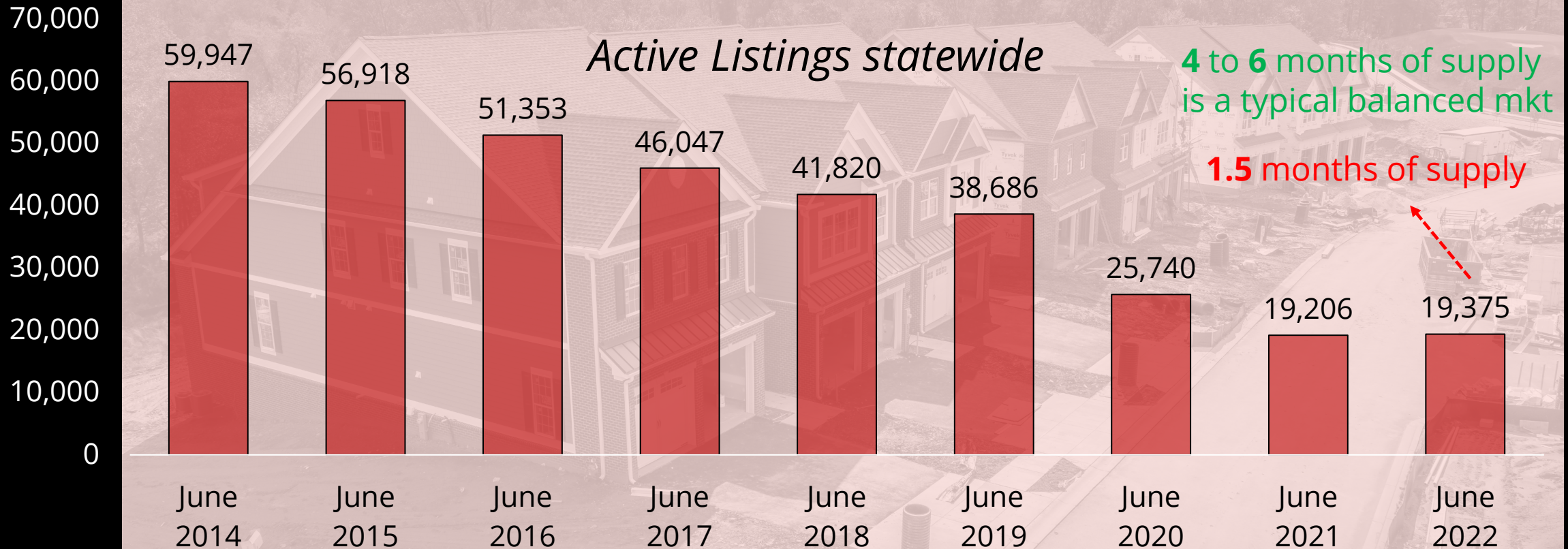
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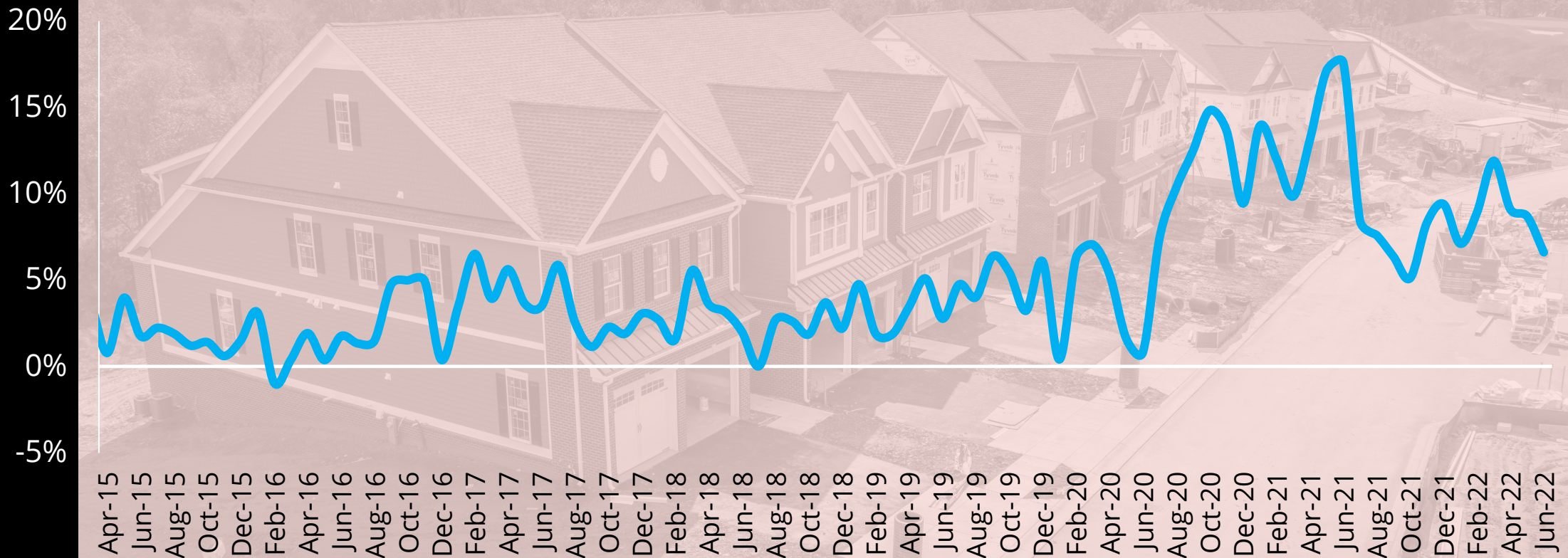
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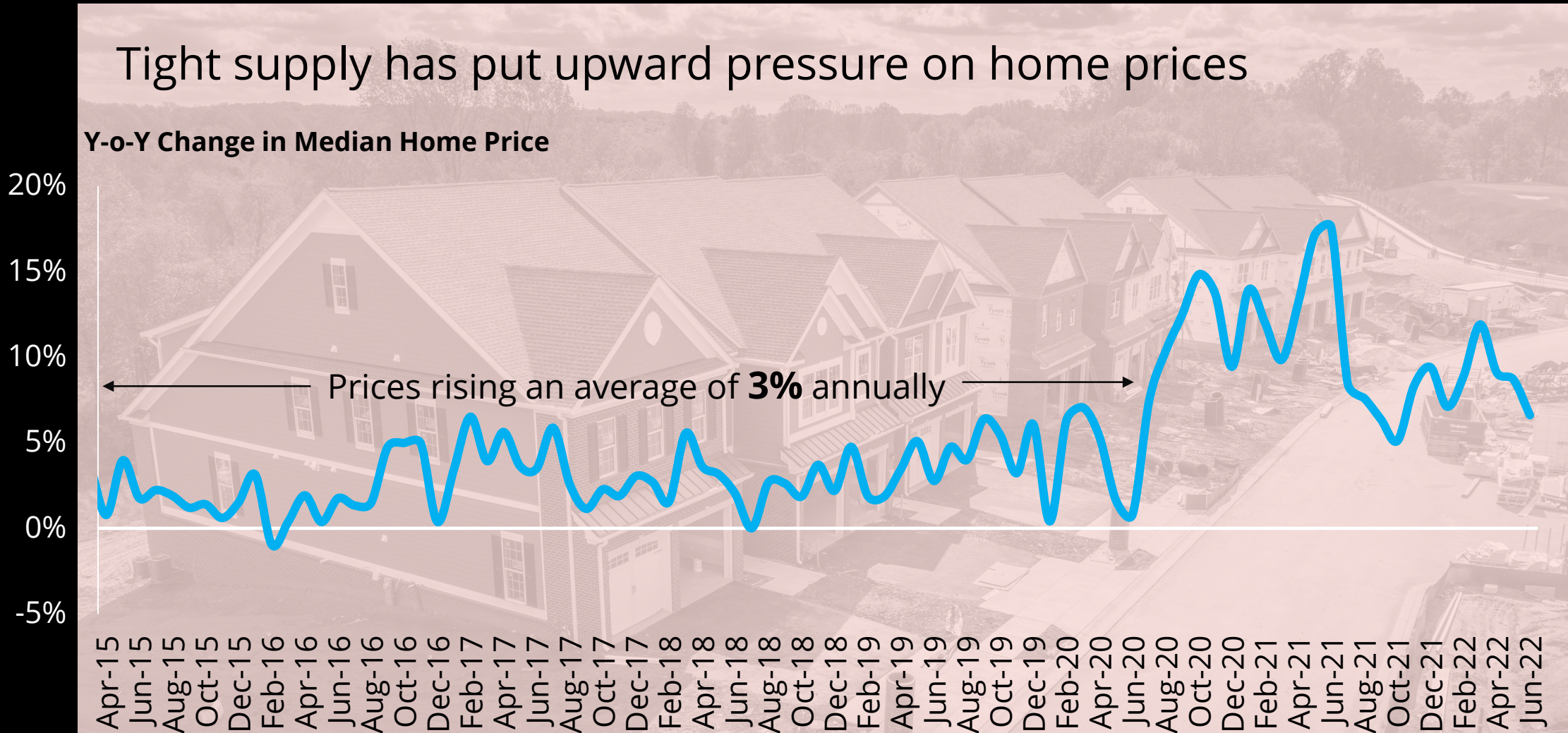
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Tight supply has put upward pressure on home prices

Y-o-Y Change in Median Home Price

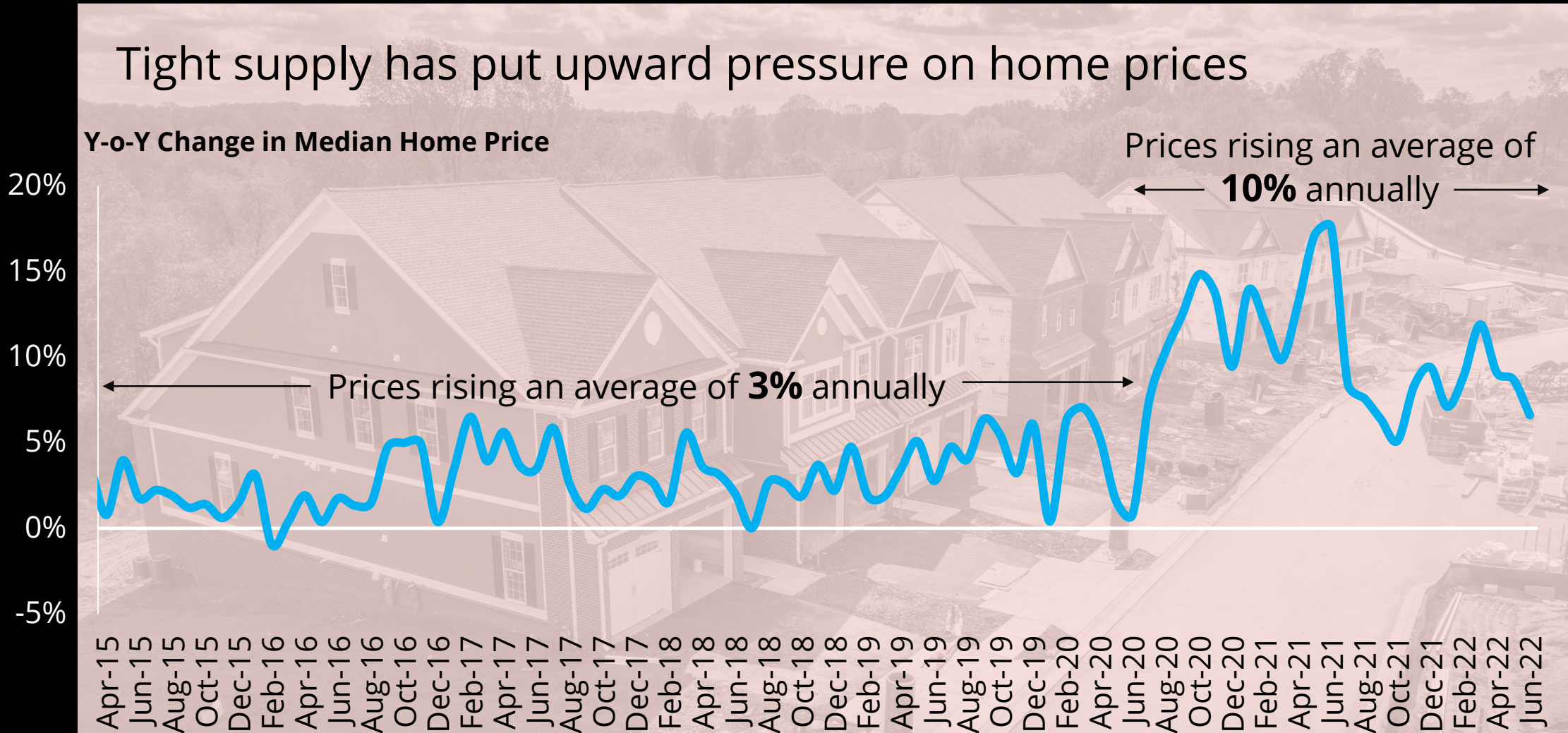


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Source: Virginia REALTORS®

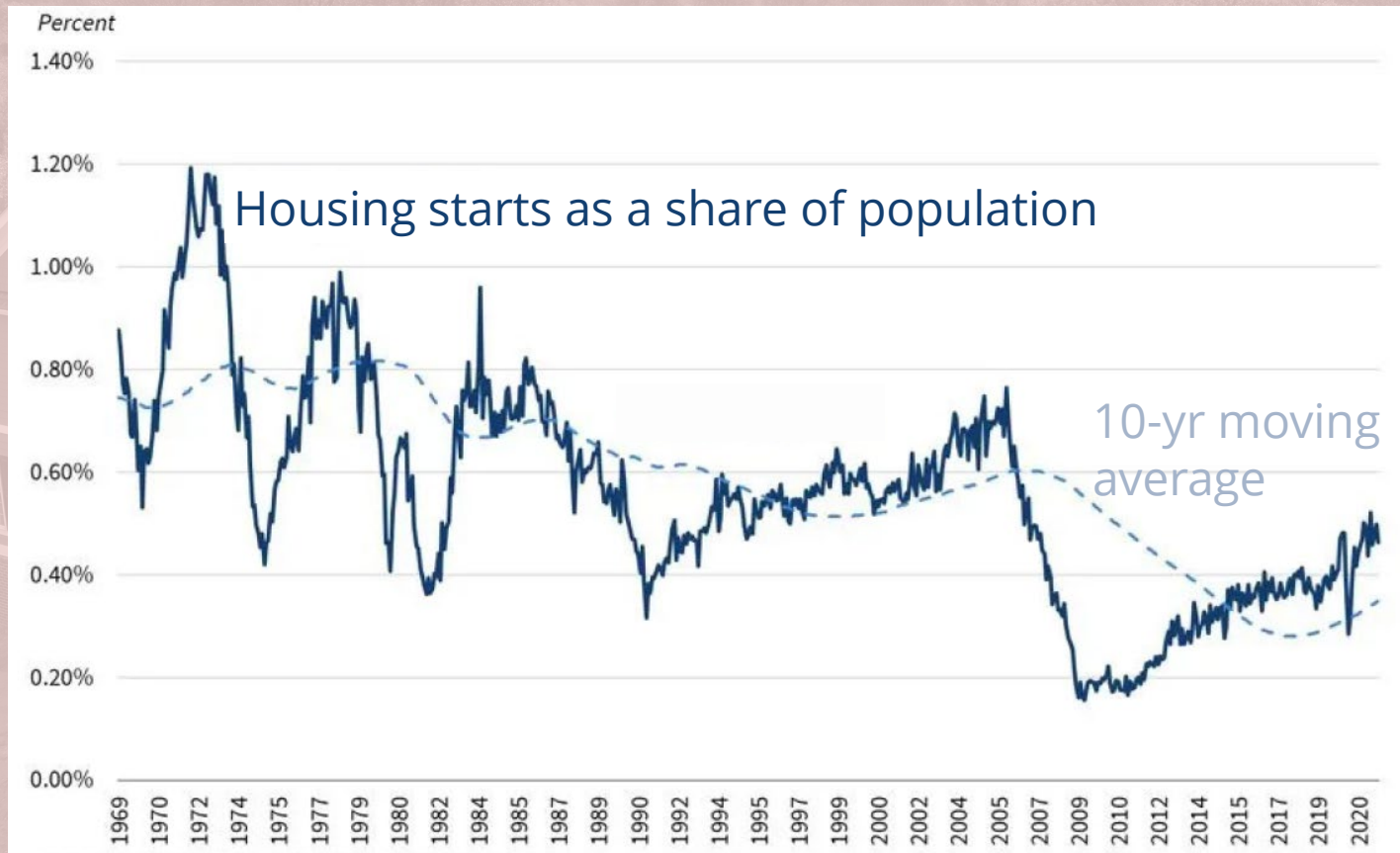
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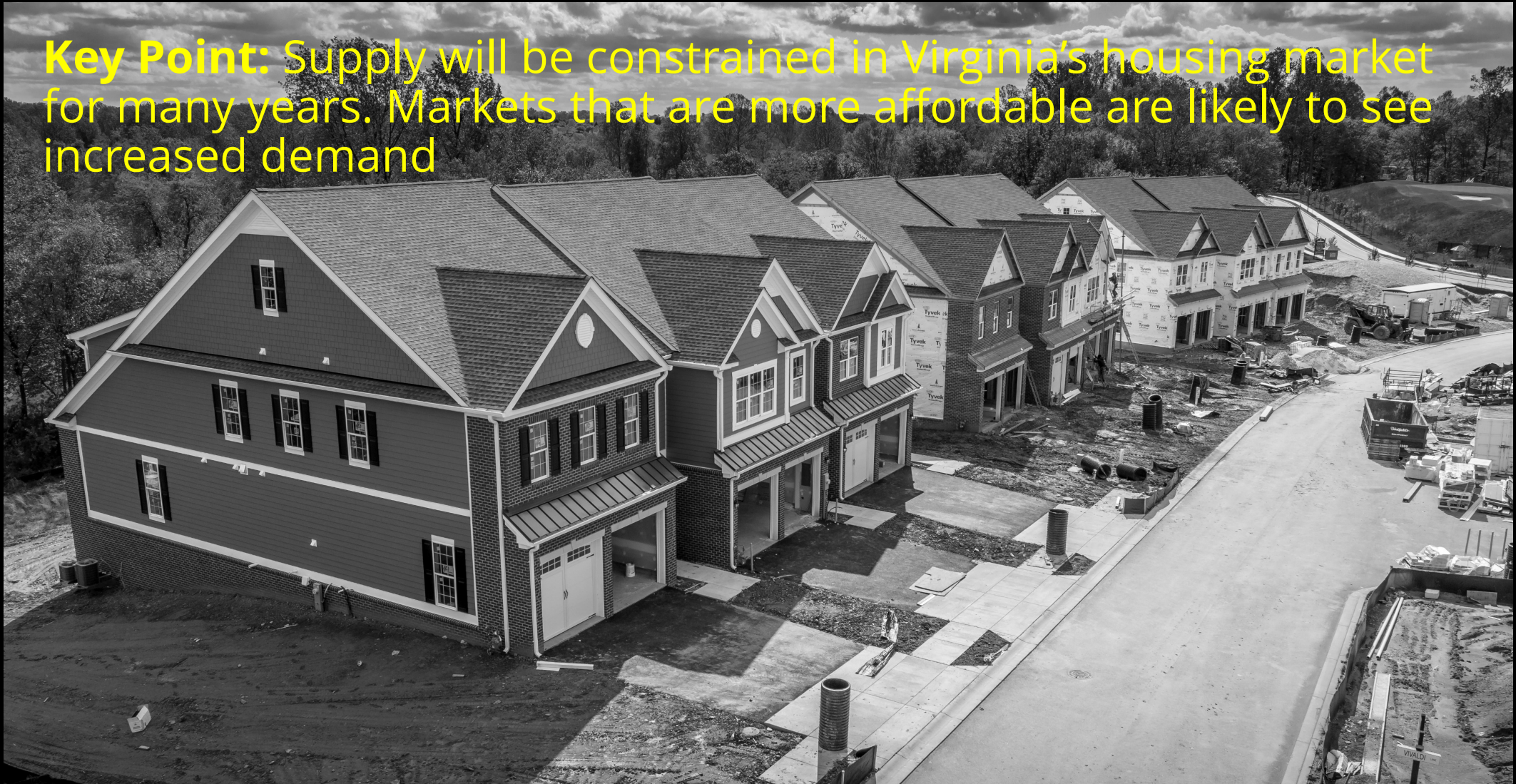
New construction has ramped up recently, but long-term underproduction has constrained the housing supply



Source: Federal Reserve Economic Data (FRED); CEA calculations

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Key Point: Supply will be constrained in Virginia's housing market for many years. Markets that are more affordable are likely to see increased demand



SUMMARY

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- 2 More people are moving away from cities.
Outer suburbs, exurbs, rural areas in demand
- 3 There is a housing shortage in Virginia, this is driving up prices; lower-cost markets well-positioned

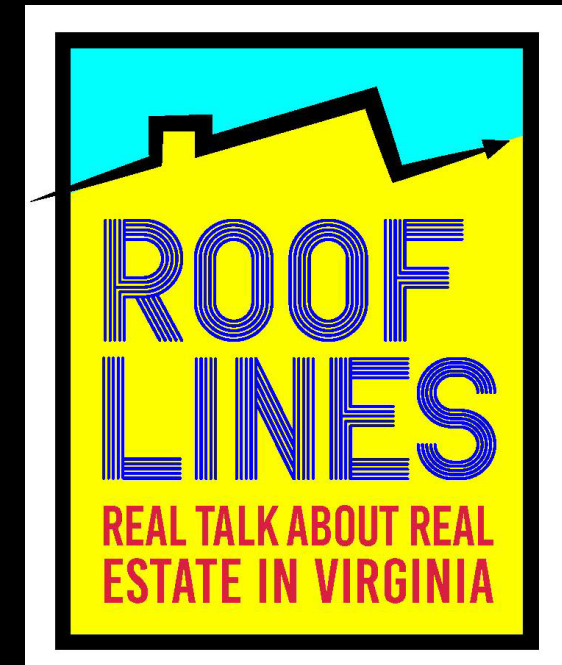
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RESEARCH & STATISTICS

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