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Early Spring Real Estate Market in Northern Virginia Has Its Ups and Downs: Rising Temperatures, Falling Mortgage Rates, Escalation Clauses, Disappearing Contingencies; February Home Sales Climb to 13-Year Monthly High

Fairfax – “The month of February was a nice surprise for many sellers in our region,” said Thai-Hung Nguyen, broker-owner of Better Homes and Gardens Real Estate Premier in Falls Church and member of the Northern Virginia Association of Realtors® Board of Directors. “The inventory was scarce and buyer traffic was high, with most buyers encountering competition in multiple offer situations,” says Nguyen.

“We found that in Fairfax County, more buyers encountered multiple offers for homes priced below \$1 million. In Arlington, multiple offers were common up to the \$1.5 million range,” reports Nguyen.

“I do believe in the weather factor this year. We had more buyers in the market than this time last year. As a result, sellers often ended up with offers with escalation clauses,” Nguyen says.

2020 NVAR President Nicholas Lagos, associate broker with Century 21 New Millennium and broker/owner of Gawen Realty in Arlington, explains that the NVAR region market continues to show strong sales even as inventory remains scarce. “The good news is that we saw a 12% increase in listings as a region, which may allow buyers a few more choices for housing,” he says.

“However, prices increased by 13% in the NVAR region, pushing limited options further out of reach for many buyers,” says Lagos.

“There was also an uptick in inventory in Alexandria, with active listings almost 8% above 2019 listings. As Alexandria is one of the jurisdictions close to the new Amazon HQ2 in Arlington, it is encouraging to see an increase in new listings there. Arlington listings were down by about 22%, keeping prices high, at 17% above the February 2019 average,” Lagos says.

The number of February home sales in the NVAR region, reported at 1,193, was the highest since 2007, when there were 1,561 homes sold.

To remain competitive in such a market, buyers are working with their Realtors® to structure creative offers and locate lenders who offer a variety of loan products. Working with a seasoned professional can help buyers make smart decisions that limit potential exposure.

“This is often the key to finding success in a seller’s market,” says Nguyen. “In addition to price escalation clauses, we are seeing offers that waive home inspections, appraisal contingencies and even financing contingencies in situations where buyers still plan to borrow funds for the purchase.

“The two biggest challenges in a market like this are: 1) appraised value doesn’t keep up with the market change, and 2) buyers may get too aggressive in their offers and make careless mistakes that result in default,” Nguyen says.

“With mortgage rates at all-time lows last week and spring arriving in the region more than three weeks ahead of schedule, according to the Washington Post, our members are expecting a brisk spring market,” says NVAR CEO Ryan Conrad.

Yet affordability continues to be a roadblock for many would-be buyers in this region.

Speaking at the Fairfax County Housing Challenge at George Mason University on March 11, for which NVAR served as a sponsor, Conrad said, “Data from a 2019 National Association of Realtors® study showed that for households in the DMV region, only 42% of available housing inventory was affordable. For households earning \$50,000, only 6.6% of available homes were affordable.

“At NVAR, we are committed to supporting efforts, whether legislative or community-driven, to ensure the availability of sustainable housing options in our region,” Conrad says.

Prices continue to reflect the shortage of available homes for sale in Northern Virginia. The NVAR region saw the average sold price increase by more than 13% over February 2019.

Weather was not the only external factor impacting the February housing market. Some Realtors® working with foreign buyers have experienced a slow-down of activity in the wake of the COVID-19 virus.

“We have strong business relationships in several Asian countries, which usually results in many international purchasers in our area,” says Nguyen. “The recent virus scare has kept a lot of these buyers at bay since they are not able to travel here. We have clients who were scheduled to move here but have been delayed.

“We have not seen a reduction in open house traffic, though,” Nguyen says.

Lagos explains that the coronavirus remains a wild card in Northern Virginia. “It may be a month or two before we see the effects of the epidemic here and what, if any, adjustments our market may experience,” Lagos says.

February 2020 Regional Home Sales Compared to February 2019: Northern Virginia
Data from Bright MLS as of March 5, 2020; total sales and listings may not include garage/parking spaces.

The Northern Virginia Association of Realtors® reports on February 2020 home sales activity for Fairfax and Arlington counties, the cities of Alexandria, Fairfax and Falls Church and the towns of Vienna, Herndon and Clifton.

A total of 1,193 homes sold in February 2020, a 4% increase above February 2019 home sales of 1,146.

Active listings decreased this month compared with 2019. Listings were down 10.27% below last year, with 1,695 active listings in February, compared with 1,889 homes available in February 2019. The average days on market (DOM) for homes in February 2020 was 26 days, a decrease of almost 28% compared to the 36 DOM for homes in February 2019.

New listings rose 12.22% in February, to 2,222, compared with 1,980 new listings in February of last year.

The average home sale price rose by 13.35% compared with last February, to \$647,681. The February 2019 average sale price was \$571,375.

The median sold price of homes this February, which was \$560,000, rose by 10.89% percent compared to the median price of \$505,000 in February 2019.

Read more about the NVAR region housing market in GMU-CRA *Market Metrics* articles published in NVAR's *RE+VIEW* magazine, found at NVAR.com/review.

NVAR Charts, Graphs, Social Media for February 2020 NVAR Housing Stats

GMU-NVAR Housing Projections: [Click Here.](#)

February Housing Data: [Click Here.](#)

Infographic: [Click Here.](#)

The February Market Stats Page: [Click Here.](#)

February Market Minute Video: [Click Here.](#)

These links are accessible from the Market Stats page here: [Click Here.](#)

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