

For Immediate Release

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Northern Virginia Housing Market Continues to Correct Post-COVID, Faces Continued Low Housing Inventory Along with the National Housing Market

NVAR's Housing Forecast Includes Loudoun, Stafford, Prince William Counties for 1st Time

FAIRFAX, VA (December 13, 2023) –The residential and commercial real estate market has not yet reached a post-pandemic normal, according to the results of a new 2024 economic housing forecast released December 13, 2023, by the [Northern Virginia Association of REALTORS®](#) in conjunction with George Mason University's Center for Regional Analysis.

"We are hopeful that recent spikes in mortgage rates will moderate and stabilize," said Ryan McLaughlin, CEO of NVAR. "But we expect home values to continue to increase due to historic low housing inventories across the region."

These observations were shared during the National Association of REALTORS® Real Estate Forecast Summit held December 12. NAR believes that the mortgage rates will continue to fall, stabilizing around 6.3% and that, overall, national home sales will rise in 2024.

For the first time, NVAR's Housing Forecast includes Loudoun, Stafford, and Prince William Counties along with Arlington, Alexandria, and Fairfax. Especially during the pandemic, the move to work-from-home rather than commuting five days a week, encouraged intraregional migration patterns to expand into more distant suburbs. As a result, more Northern Virginia Realtors® are expanding into Loudoun, Prince William, and Stafford counties.

In addition to intraregional migration, NVAR looked at the region's overall economy. Just released inflation numbers are encouraging, and the market response to this good news was a lowering of interest rates on 10-year Treasury notes--another piece of good news. NAR expects the Federal Reserve to lower interest rates four times in 2024.

Other hopeful signs for the region's economy and housing:

- Demand compared to housing supply is driving price stability.
- Local governments are coming to understand that having a supply of for-sale homes at prices affordable to young professional families is a necessary condition for economic success. Although, they're just not sure how to achieve that goal, yet.
- Hybrid work is being normalized, which means that the effective geographic scope of the Northern Virginia labor/housing market is getting larger.
- Intraregional migration patterns show that Northern Virginia attracts regional workers.
- Overall, housing in Virginia appreciated 42% according to the NAR report.

But it's not all good news. While the economy is attracting regional workers, and creating jobs, there are a few indicators of a downturn. The economic outlook calls for increasing levels of weakness and uncertainty, and overall sales activity are expected to decline in 2024. This dovetails with NAR's citing that that monthly job gains are softening nationwide.

Additional economic factors that might negatively affect the region's housing market include:

- Rising consumer debt and declining retailer market outlooks,
- Increasing number of companies are announcing hiring freezes or layoffs with monthly job gains softening as reported by NAR.
- Although inflation has moderated down to 3.2%, households are stressed by the rising prices during the past few years,
- Because the Federal Reserve Rate is sticking to its target inflation rate of 2% to 2.5%, “higher-for-longer” is the outlook for interest rates – getting that last 100-basis points of inflation out of the system will prove problematic.
- Because of the new inflation numbers and a somewhat resilient job market, there are market analysts pulling the word “recession” out of their 2024 forecasts. NVAR and GMU are unsure since the rise in interest rates and overall tightening of monetary policy for the past 18+ months are only now being seen in economic performance.
- The 2024 forecast for the U.S. economy still calls for a short and shallow recession within the next 12 months.

“In the DC region, we expect that the economy will slow through the first half of 2024, and we may even see job losses in the second half of the year, but the correction will not be deep or long enough to qualify as a regional recession,” said Terry Clower, PhD, Director of GMU-CRA.

McLaughlin and Dr. Clower were two of the expert panelists featured on NVAR's virtual briefing along with Thai Hung Nguyen, 2024 President, NVAR: and Heather Embrey, 2024 Immediate Past-President, NVAR.

The 2024 NVAR forecast also found that despite rising mortgage rates, home values continue to appreciate. In fact, NAR reported since COVID (Q1 2020 to Q# 2023), in the Commonwealth of Virginia the home price appreciation had increased 42%.

NAR's Summit also listed the DC-Arlington-Alexandria region among the top 10 markets with the most pent-up housing demands in its real estate forecast.

As mentioned before, housing and the economy go hand in hand. Although Congress avoided a November government shutdown, the instability on Capitol Hill does little to provide area contractors and government workers with the near-term confidence needed for a healthy regional economy.

Forecast by Jurisdiction

Fairfax County

- Single family homes will be up slightly in 2024, with a 3.5% price gain in December 2024 compared to December of 2023.
- Total unit sales will drop 9.9% for the year as inventories tighten more than 2023.
- Low inventory will affect total townhome sales, mostly related to existing owners staying put with their 3% mortgages.
- Demand for relatively affordable townhomes, the best entry point option for single family buyers, will boost prices for this housing type by 4.4% in 2024.
- Condominium prices will be relatively flat for 2024 caused by older units coming on the market and rising monthly association fees impacting effective total monthly costs of condo ownership.
- Condo inventories will decline with a commiserate drop in unit sales.

Arlington County

- Single family home prices have been aggressively rising over the several years, but overall affordability and mortgage rates continue to soften the rate of price gains in Arlington.
- December 2024 median prices for homes will be 0.9% higher compared to 2023.
- Unit sales will decrease by about 10%; inventories will continue their multi-year drop.
- The average number of units for sale will decrease by 12.5% in 2024.
- New and existing residents will continue to be hard pressed to find options for single family homes.
- Prices for townhomes will be up 3.4% for 2024 while inventories drop nearly 26%.
- Unit sales will drop 9.2% during the year.
- Condominiums saw an increase in inventories during the pandemic compared to the Amazon HQ2 influenced market of 2018 and 2019.
- The condo market has stabilized now that remote and on-site work situations are set.
- Average month-end units for sale will be down 4.6% in 2024
- The population of condo buyers in Arlington remains sensitive to mortgage rates.
- Prices will be flat seeing only 0.7% increase at year end 2024, and unit sales will be down 24.4%.

Alexandria City

- Median prices of Alexandria single family homes are expected to moderate in 2024
- Inventories will continue dropping causing a 12% drop in total 2024 unit sales.
- Townhome inventories are expected to be down 26% with sales activity dropping 9.5% on average for the year.
- Prices will rise about 3.9%, not at the level of the price spike seen in late spring of 2023.
- Like Arlington, the condo market will see more normal levels of activity compared to pandemic influenced selling during the past two years.
- Average month-end inventories will decline by almost 8.7%, but total sales trends show an increase of 3.1% for the year.
- Condo prices will rise moderately at 3.1% but will remain substantially elevated compared to long term trends.
- The days of affordable deals on Alexandria condos appear to be over.

Prince William County

- With single family housing prices out of reach for many homebuyers in Arlington, Alexandria, and, increasingly Fairfax, Prince William continues to be a more affordable option.
- Inventories of single-family homes have dropped in recent years, with a notable exception in the last half of 2022, which is pushing prices up, and depressing unit sales.
- For 2024, prices of single-family homes will increase 5.9%, with a notable drop in inventory of 32% as mortgage rates keep existing homeowners in place.
- This will cause total single-family unit sales to decline by 14% compared to 2023.
- Townhomes prices will rise 7.9% showing a continuation of a multi-year trend of families seeking this more affordable, but family-sized housing option.
- Townhouse inventory will continue to decline with an expected drop of 28%, that will constrain total unit sales, down 13% with days-on-market tighter in 2024.
- Condominium sales, though not a large market, will stay the same as 2023 with a 1% drop.

- There are somewhat better inventory condo conditions (just down 17%), but with price appreciation at 7.9%.

Loudoun County

- Single-family units 2022 broke a multi-year trend of rapidly rising prices.
- In 2023, single family homes went back to price appreciation form, and this will continue through 2024 with annual gains of 5.5%.
- Inventories and total single-family unit sales will decline 26% and 12%, respectively.
- Townhome prices will rise about 6% in 2024, but unit sales will remain below historical averages decreasing 5% compared to 2023's drop-in sales activity.
- Townhouse inventory is forecast to drop 24%. The uptick in inventory in the Q3 of 2023 is transitory.
- Condominiums sales are a bright spot with anticipated drop of only 10%, which is a handful of units.
- Condo inventory remains remarkably stable—not showing a long-run decline. Still, the comparatively small drop in condo inventories will hold down total unit sales (-8%).
- Prices for Loudoun condo units are expected to rise 5.8% in 2024.

Stafford County

- A large drop in single-family inventories started months before the pandemic.
- The post-pandemic “re-set” seems to be a persistent lower level of single-family inventory.
- Expect the usual seasonal surge in summer housing inventories will not emerge.
- Overall, inventories of single-family units will decline 21% for 2024, with a drop in sales of 12%.
- Prices will rise for single-family homes, but at a modest 2.9% compared to other Northern Virginia jurisdictions.
- Marine Base Quantico and Fort Belvoir have an outsized influence on Stafford County's housing market. Base reassignments (transfers) may drive more housing market activity than show in this initial forecasting effort. [NOTE: The June 2024 NVAR/CRA Mid-Year Market Update will re-examine current market assumptions.]
- Townhome inventories and related unit sales will mimic broader regional trends with notable declines of 39% and 19%, respectively.
- Townhome prices will increase 6.1% in 2024.
- The few condo units have an average month-end for sale inventory to be about five units. Therefore, even a small change in the condo units sold or listed, will cause dramatic changes in the percentage change statistic.
- Prices for the few condos for sale will rise about 6.4%. We expect this market segment to grow as new units are built and come onto the resale housing market.

To compile the forecast, NVAR convened a panel of key experts from differing sectors of the real estate industry to review preliminary forecasts developed by GMU-CRA economists and offer their insights into current and near-future market conditions. This report is the result of that collaboration.

NOTE: For the recording, contact Sheri Singer, sheri@singercomm.com Charts available upon request.

About NVAR

The Northern Virginia Association of Realtors® serves as The Voice for Real Estate in Northern Virginia, enhancing the ability and opportunity of its members to conduct their business successfully, promoting professional competency, upholding the principles of fair housing for all, and preserving the right to own, transfer and use real property. With offices located in Fairfax and Herndon, NVAR has grown to more than 13,000 Realtor® and real estate service provider members who carry out a real estate industry in a community of more than 2 million residents. Visit NVAR online at www.nvar.com.

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