

NEST REALTY

# 2023 Nest Market Report

RICHMOND AREA

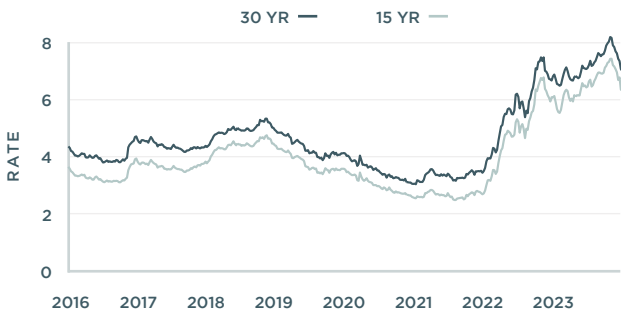


## MARKET OUTLOOK NATIONAL LEVEL

Every year starts naturally with a focus on the near future, and 2024 brings with it a mixed bag of economic signals that may at times contradict one another and provide a somewhat murky view of our year ahead. At Nest we are committed to providing our clients with the best and most relevant information to help you make some of the most important financial decisions of your life. On a national level, we focus on three key economic indicators—interest rates, consumer confidence, and employment—to help us look forward to what we should expect. The fundamentals of our nation’s economy are solidly on the right path: inflation rates have stabilized, interest rates have retreated, low unemployment has continued as a bright spot, and real wages finally seem to be making headway in a positive direction. But while the data may look cheery, our nation faces some of the lowest consumer confidence in more than a decade, driven, we believe, from political frustrations at home and geo-political instability abroad. With real estate in mind, a quick conversation with your Nest advisor will help you understand some of the problems created by historically low inventory.

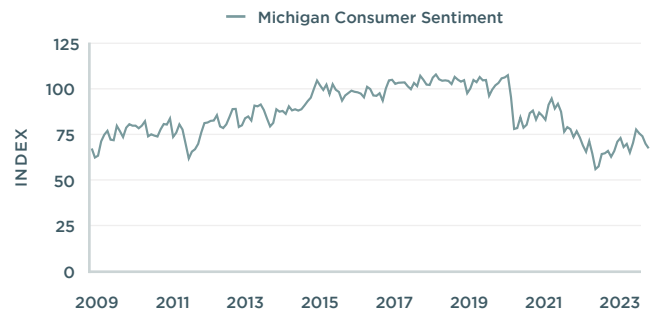
### Mortgage Rates

From the beginning of 2022 through June 2023, the U.S. saw the most rapid increase in mortgage rates in recent history, leading to an immediate decrease in buyer interest. But pent up demand meant that buyers still outnumbered sellers. Homeowners became “locked in” to their current interest rates and inventory shrank even further. However, the second half of 2023 brought a steady decrease in rates, with mortgages at year end only 13 basis points higher than at the start, and indications point to the Fed wanting to minimize rate hikes. Buyer activity appears poised to increase early in the new year.



### Consumer Confidence

While indicators may point to rosy times ahead, the actual people involved in buying and selling real estate aren’t convinced. The Michigan Consumer Sentiment index reports on public perception of personal future, and while the sentiment has been rising since the middle of 2022, looking back as far back as 2011 shows a bleaker trend. Is this negativity a byproduct of wars throughout the world, because we are in the middle of a messy election year, or something else entirely? No matter the cause, the impact could be that buyers sit on the sidelines this year more than expected.



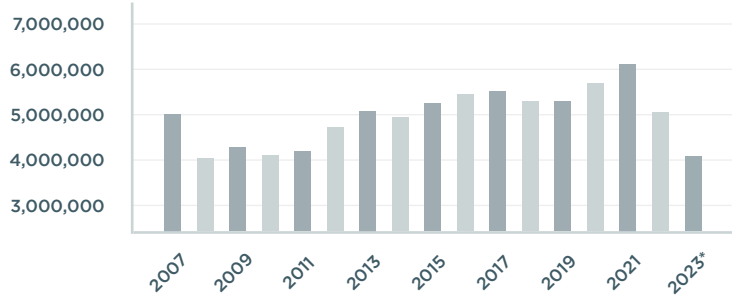
### Unemployment Rates

All statistics need to be considered on a local level, and unemployment is certainly one stat where this adage holds true. But across the U.S., 2023 was marked by strong employment numbers and wage growth. Whether looking at Midwestern job stability for auto workers, West Coast entertainment contracts, or a national work-from-anywhere movement, workers showed their upper hand last year. Unemployment has been below 5% across the country since June of 2021, and aside from pandemic related shutdowns in 2020, job growth has been a hallmark of this non-recessionary period. While non-farm employment is currently at the highest level in our nation’s history, total household income is still slightly depressed, as the number of Americans in the workforce has decreased from pre-pandemic numbers.

# MARKET OUTLOOK HOUSING TRENDS

## Annual Existing Home Sales

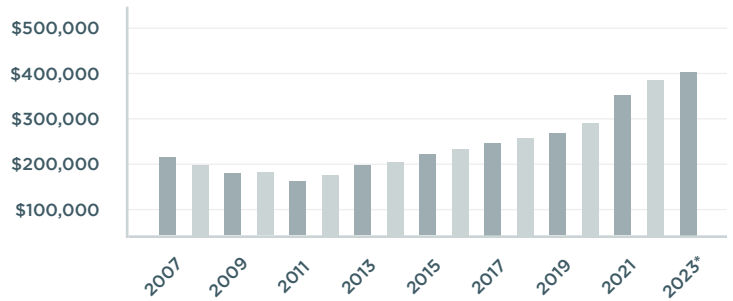
The U.S. hit a recent peak of 6.1 million existing home sales in 2021 (a top five historical year for home sales). In 2022, sales totals dropped 18% and are estimated to have dropped another 20% in 2023. Lower interest rates are expected to spur an increase in sales activity for 2024.



\*Estimated

## Annual Median Sold Price of Single Family Homes

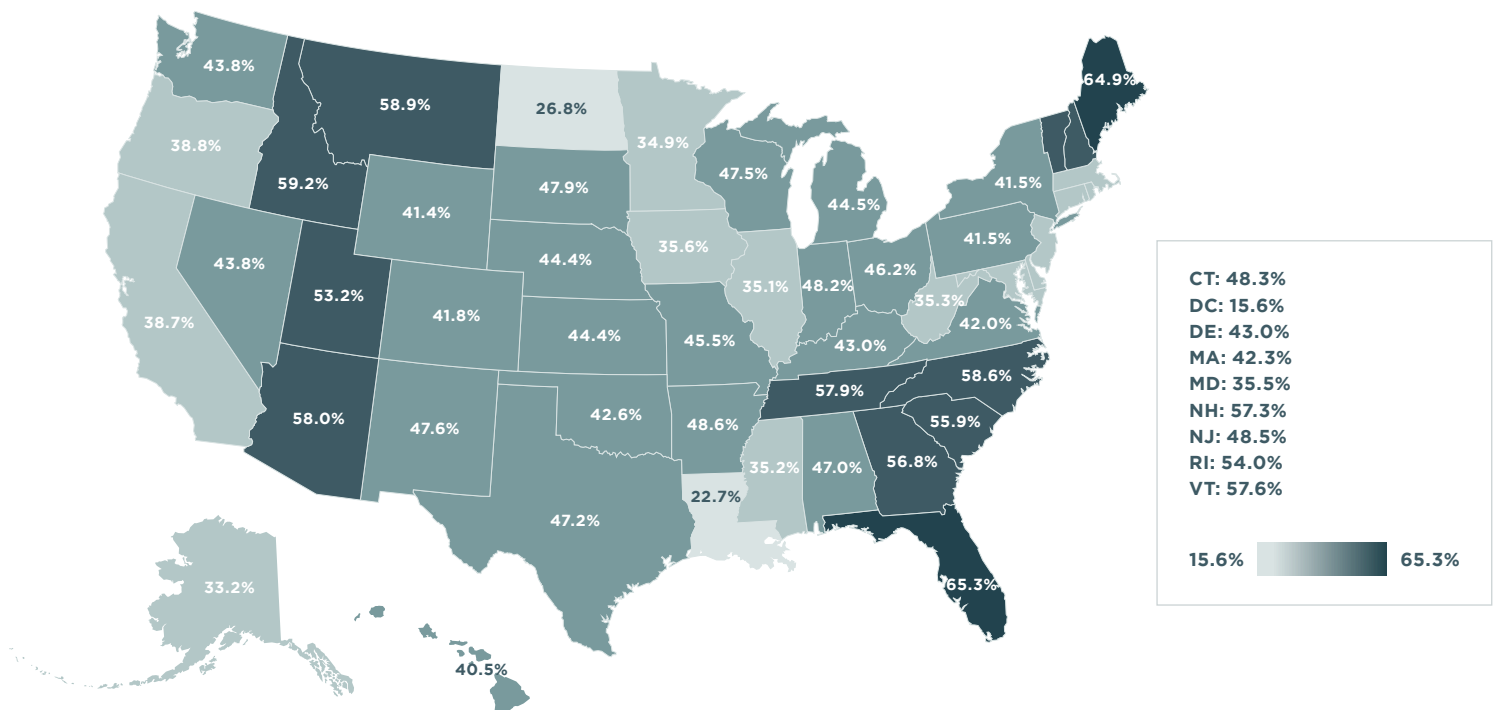
Annual median home prices have risen every year since 2012. In fact, since 1989, the median home price has fallen in only four instances. Housing affordability continues to be a significant challenge nationally.



\*Estimated

## Home Price Appreciation Since COVID Pandemic

The arrival of the COVID pandemic in March 2020 brought an unexpected rise in home values throughout the U.S. The below map represents the percentage increase in home values from Q1 2020 to Q3 2023.



\*Data courtesy of the National Association of Realtors



## Nest Richmond 2023 Overview

Our success as a brokerage extends beyond the number of transactions in 2023. This year we are celebrating the relationships we've built with local businesses and community organizations, as well as our continued commitment to being an online resource for all things Richmond.

**12**

### **NEW NESTERS**

We had twelve new nesters join our office in 2023!

**12**

### **LOCAL LOVE PARTNERSHIPS**

We partnered with twelve Local Love businesses this year.

**181**

### **TOTAL CLOSINGS**

Our Nesters sold \$84M in 2023. That's 181 happy clients!



### 2023 Richmond MSA Overview

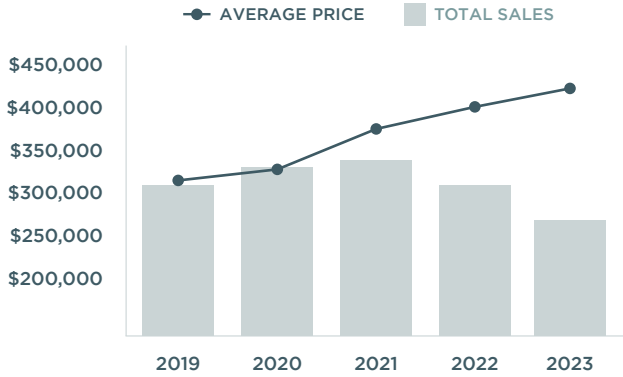
Recapping the 2023 real estate market is anything but straightforward. It was a year of conflict in the real estate world. Five years of unparalleled buyer demand led to the smallest inventory of homes, not just here in Richmond, but in virtually every market in the U.S. Prices escalated while interest rates rose at the fastest pace the U.S. market has ever experienced, as evident in historically low affordability rates. And while early in 2023 the inflation looked staggering, it leveled near where the Fed was targeting. And contrary to every prediction, unemployment remained consistently low.

So where did the year end? Many indicators such as prices (especially when looked at as a monthly expense as part of a mortgage) show that home costs are too high for many borrowers. But the reality is that while many would-be buyers have been priced out, because of the small inventory, there are still enough buyers to absorb all the new homes on the market. And the interest rates aren't just stopping buyers from buying, they are stopping sellers from considering a move. 82% of homeowners have a mortgage rate below 5% while mortgage rates bounce between 7 and 8%. And yet, Zillow found in an ongoing survey that the current percentage of home owners who wish to sell their home within the next three years is the highest they have ever seen.

So what's to come? While there is no obvious path the housing market is likely to take, there are signs that it won't balance for quite a while. Richmond remains a desirable community, with unemployment levels significantly below the nation. Couple that with a small inventory of resale homes likely to hit the market, and our area seems destined for continued price stability.

# MSA OVERVIEW RICHMOND, VA

## All Properties



**6.0% ▲**

### AVERAGE PRICE

In 2023 the average sales price was \$438,607 compared to \$414,799 in 2022.

**-19.0% ▼**

### TOTAL SALES

In 2023 there were 12,706 total home sales compared to 15,663 in 2022.

In 2023, on average, a listing stayed on the market for 31% more time and saw a 5% increase in price per square foot compared to 2022.

	2022	%	2023
Avg. Days on Market	16	31.0	21
Avg. Price per Sq. Ft.	\$202	5.0	\$213

## Attached

**6.0% ▲**

### AVERAGE PRICE

In 2023 the average sales price was \$363,660 compared to \$344,367 in 2022.

**-7.0% ▼**

### TOTAL SALES

In 2023 there were 2,513 total attached home sales compared to 2,701 in 2022.

	2022	%	2023
Avg. Days on Market	24	13.0	27
Avg. Price per Sq. Ft.	\$208	4.0	\$216

## Detached

**6.4% ▼**

### AVERAGE PRICE

In 2023 the average sales price was \$457,082 compared to \$429,460 in 2022.

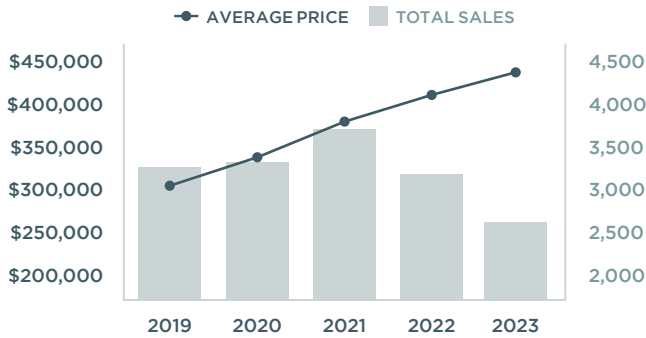
**-21.0% ▼**

### TOTAL SALES

In 2023 there were 10,193 total detached home sales compared to 12,962 in 2022.

	2022	%	2023
Avg. Days on Market	14	43.0	20
Avg. Price per Sq. Ft.	\$201	6.0	\$213

\*The Richmond MSA consists of the City of Richmond, Chesterfield, Hanover, and Henrico counties. Data as of 01/07/24.



<b>1950</b> AVERAGE YEAR HOMES BUILT	<b>7.86</b> % OF HOMES LESS THAN 5 YEARS OLD
<b>1,800</b> AVERAGE DETACHED SQ. FT.	<b>1,500</b> AVERAGE ATTACHED SQ. FT.

	2021	%	2022	%	2023	TREND
Total Sales	3,608	-12.4	3,160	-20.0	2,528	▼
Price per Sq. Ft.	\$211	11.4	\$235	5.0	\$247	▲
Days on Market	18	-5.6	17	18.0	20	▲
Avg. Sales Price	\$368,010	13.9	\$419,014	7.0	\$446,296	▲
Total Volume	\$1,327,778,491	-0.3	\$1,324,084,240	-16.0	\$1,108,152,382	▼

# CHESTERFIELD

**1996**  
AVERAGE  
YEAR HOMES  
BUILT

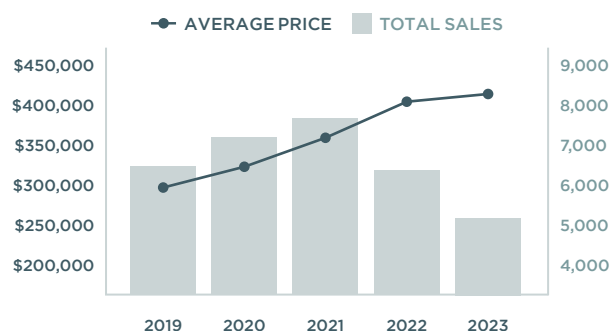
**22.26**  
% OF HOMES  
LESS THAN 5  
YEARS OLD

**2,350**  
AVERAGE  
DETACHED  
SQ. FT.

**1,800**  
AVERAGE  
ATTACHED  
SQ. FT.



	2022	%	2023	TREND
Total Sales	6,277	-21.0	4,957	▼
Price per Sq. Ft.	\$185	5.0	\$195	▲
Days on Market	14	50.0	21	▲
Avg. Sales Price	\$407,996	5.0	\$428,919	▲
Total Volume	\$2,560,990,892	-18.0	\$2,105,990,132	▼



# HANOVER

**1995**  
AVERAGE  
YEAR HOMES  
BUILT

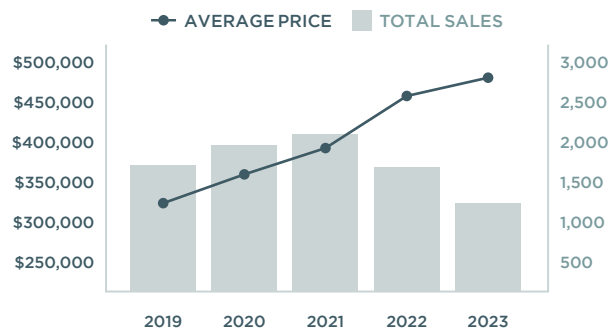
**21.28**  
% OF HOMES  
LESS THAN 5  
YEARS OLD

**2,400**  
AVERAGE  
DETACHED  
SQ. FT.

**1,750**  
AVERAGE  
ATTACHED  
SQ. FT.



	2022	%	2023	TREND
Total Sales	1,693	-23.0	1,301	▼
Price per Sq. Ft.	\$200	7.0	\$213	▲
Days on Market	21	43.0	30	▲
Avg. Sales Price	\$460,966	6.0	\$489,177	▲
Total Volume	\$780,415,438	-19.0	\$630,059,383	▼





## GOOCHLAND

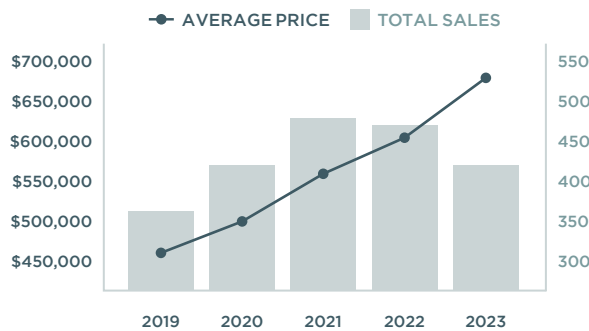


**2002**  
AVERAGE  
YEAR HOMES  
BUILT

**39.26**  
% OF HOMES  
LESS THAN 5  
YEARS OLD

**2,775**  
AVERAGE  
DETACHED  
SQ. FT.

**2,175**  
AVERAGE  
ATTACHED  
SQ. FT.



	2022	%	2023	TREND
Total Sales	470	-10.0	424	▼
Price per Sq. Ft.	\$227	10.0	\$249	▲
Days on Market	20	65.0	33	▲
Avg. Sales Price	\$626,719	10.0	\$691,292	▲
Total Volume	\$294,557,930	-6.0	\$277,979,950	▼

## HENRICO

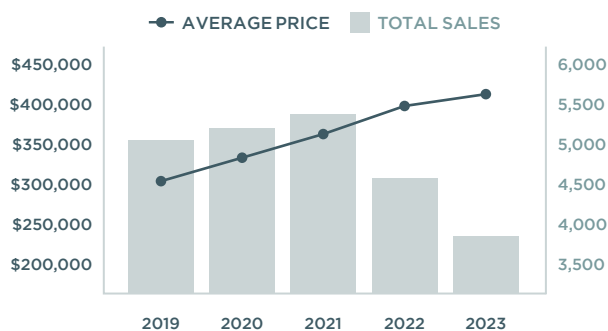


**1984**  
AVERAGE  
YEAR HOMES  
BUILT

**11.22**  
% OF HOMES  
LESS THAN 5  
YEARS OLD

**2,100**  
AVERAGE  
DETACHED  
SQ. FT.

**1,725**  
AVERAGE  
ATTACHED  
SQ. FT.



	2022	%	2023	TREND
Total Sales	4,533	-14.0	3,920	▼
Price per Sq. Ft.	\$202	6.0	\$215	▲
Days on Market	15	-20.0	18	▼
Avg. Sales Price	\$404,054	6.0	\$429,176	▲
Total Volume	\$1,831,576,782	-9.0	\$1,668,206,078	▼



## Organization Spotlight

### VIRGINIA HOME FOR BOYS AND GIRLS

At Virginia Home for Boys and Girls (VHBG), their legacy spans over a century and a half, rooted in a steadfast dedication to guiding and nurturing young lives. From their origins as an orphanage in 1846 to their present-day comprehensive range of services, their mission remains unwavering: to provide compassionate care and vital resources for youth, families, and the community.

As a nonprofit organization, VHBG extends a wide array of services tailored to address the emotional and behavioral health concerns of young individuals. Their offerings, including transitional living, specialized education, and therapeutic support, stem from their belief that every young person deserves support and acceptance for their unique, authentic selves.

While public funding assists in their provision of trauma-informed care, it falls short of meeting the entirety of their needs. Philanthropic donations and various income sources fill the gaps, constituting nearly half of their essential budget. The support from donors and dedicated community volunteers is paramount.

Central to their ethos is the belief in the resilience of youth and families, irrespective of the challenges they may have encountered. They are firm believers in the power of encouragement, protection, and fostering a sense of belonging through nurturing relationships with caring adults within safe environments. These relationships form the bedrock for overcoming both individual and systemic traumas.

VHBG remains steadfast in their commitment to nurturing the potential within each young individual, equipping them with the tools, guidance, and support needed to pave their path toward independence. Their journey since 1846 stands as a testament to their enduring commitment to the youth of Virginia. Nest Realty Richmond is proud to support this important local nonprofit.

**NEST REALTY**

[nestrichmond.com](http://nestrichmond.com)

