

# The Housing Market

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## Residential Building Permits

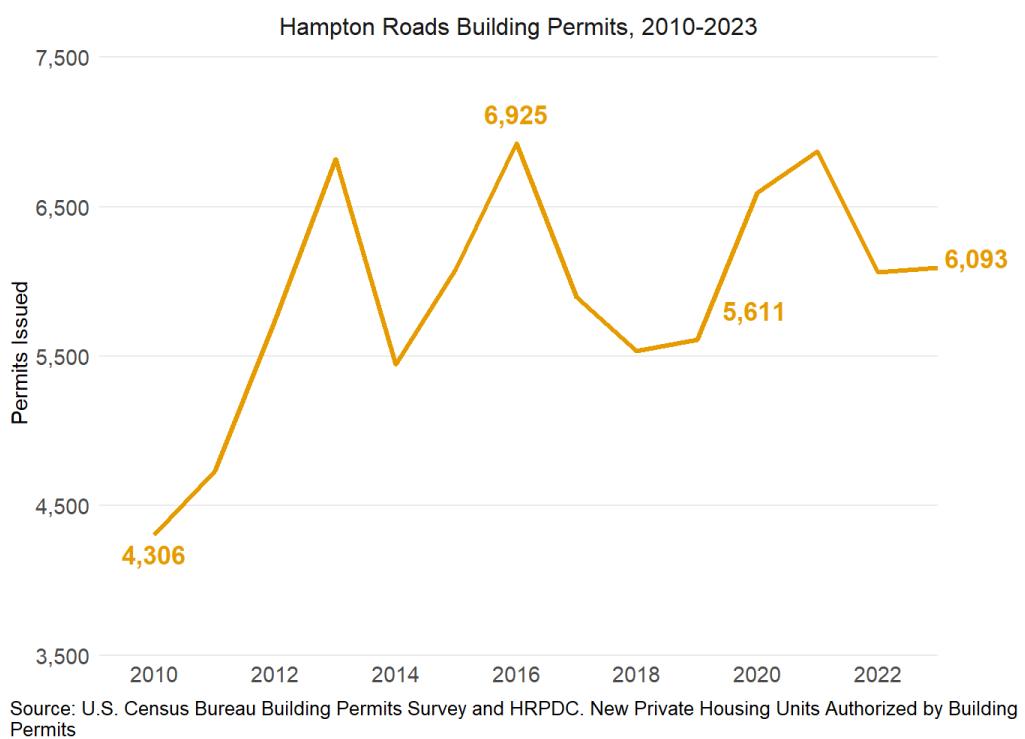
### Building Permits Issued, Hampton Roads

#### Why is it important?

Building permit information reflects on the general well-being of the residential construction industry and is a leading indicator of the future housing supply in an area.

#### How are we doing?

Permits issued for residential homes in Hampton Roads peaked during the housing boom of the early 2000s before falling by more than 50% during the Great Recession. Building permits rose during the pandemic housing boom of 2020 and 2021, but have declined slightly since 2022 as interest rates increased.



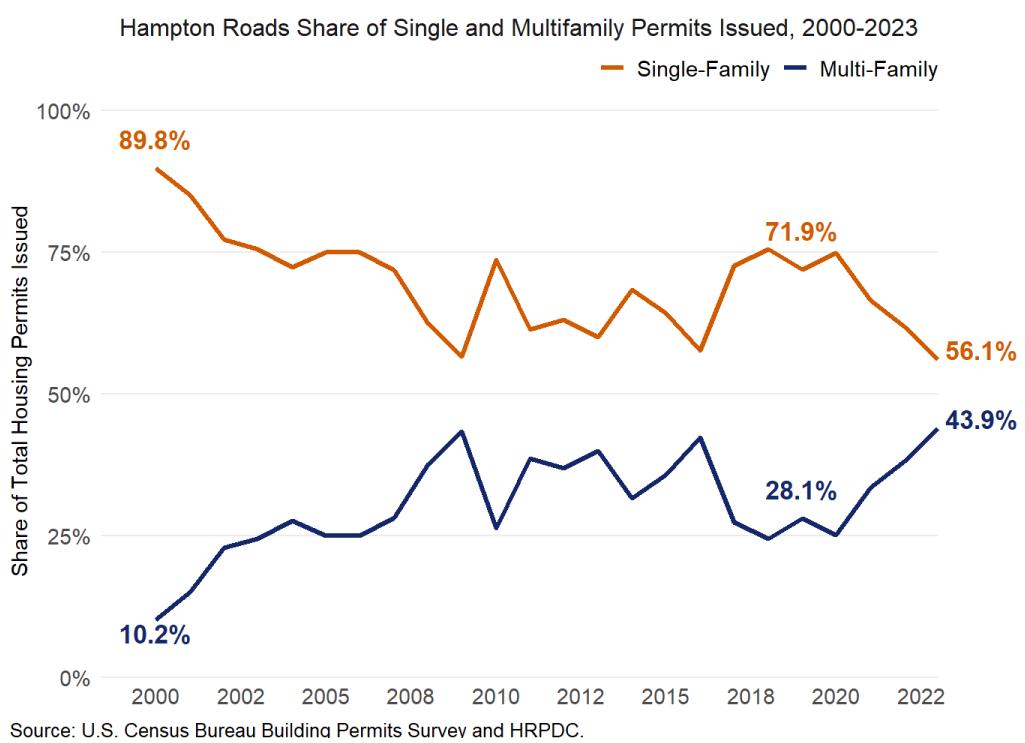
### Building Permits by Structure Type, Hampton Roads

#### Why is it important?

Identifying growth trends in the type of residential homes being built is important in understanding shifts in consumer preferences and meeting housing needs.

#### How are we doing?

In 2019, single-family homes accounted for 72% of residential building permits issued in Hampton Roads. As housing market activity accelerated in 2020, their share decreased to 56% by 2023. The remaining 44% of permits issued were multi-family homes, the highest share since the turn of the century.



## Home Sales

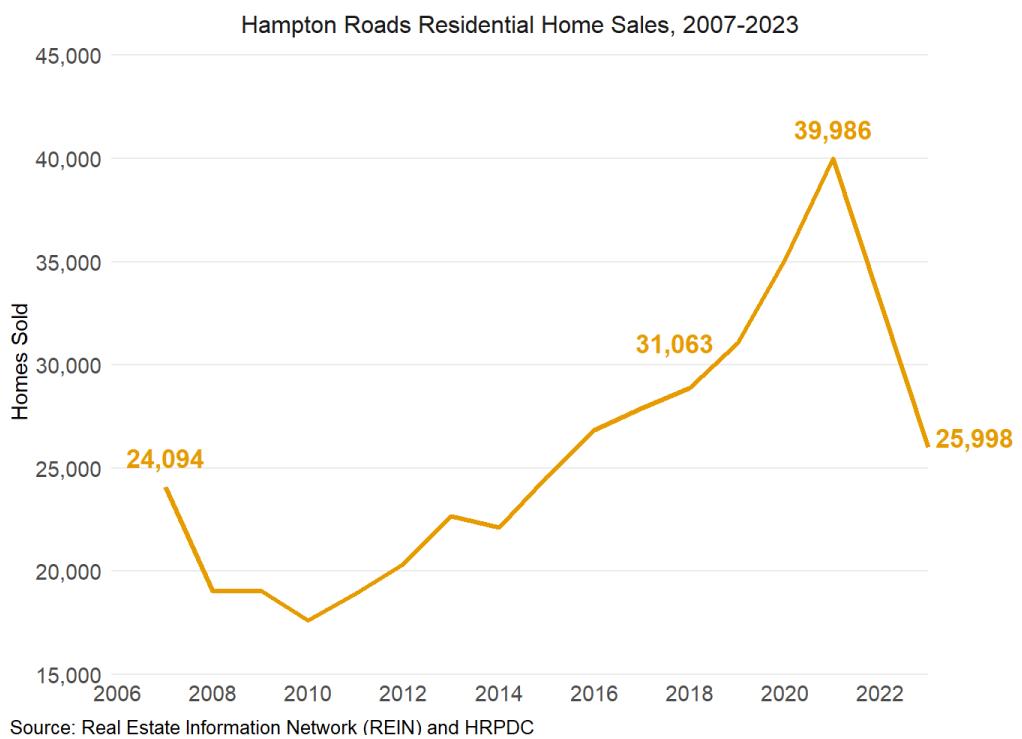
### Homes Sold in Hampton Roads

#### Why is it important?

Home sales reflect the number of pre-owned and newly constructed homes sold within the region, serving as a key indicator of the health and general activity of a region's housing market.

#### How are we doing?

Home sales rose sharply in 2020 and 2021 as housing market activity accelerated, but have declined significantly since then as rising interest rates have slowed the demand for housing. In 2023, home sales declined below pre-pandemic levels.



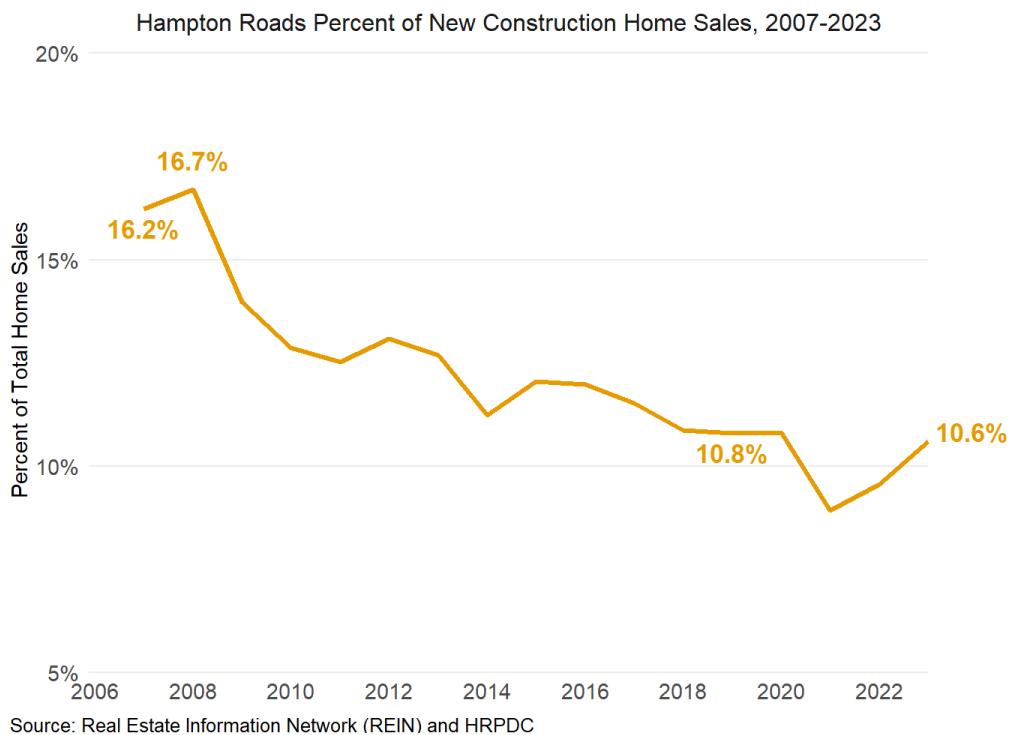
### New Construction Percent of Total Home Sales, Hampton Roads

#### Why is it important?

Large increases in new construction sales can indicate an increasing population, while increases in housing resales can be attributed to a variety of factors, including economic growth.

#### How are we doing?

New construction accounted for more than 1 in 5 homes sold in the region in the early 2000s. By 2019, the share declined to 1 in 10 homes sold. As most of the growth in home sales during the pandemic were from pre-owned homes, the share of new construction fell further during the pandemic but has rebounded since then.



## Housing Inventories

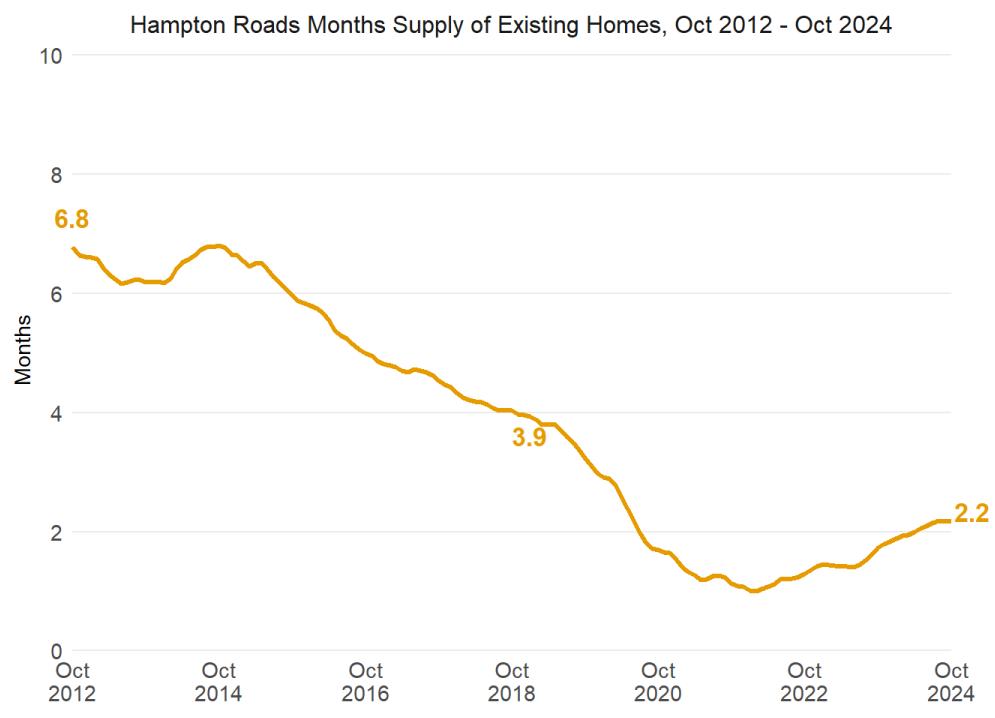
### Months' Supply of Pre-Owned Homes, Hampton Roads

#### Why is it important?

A measure of supply, months' supply refers to the number of months it would take to sell the current inventory of homes on the market. Large decreases in the supply of homes combined with no changes in demand can lead to an increase in home prices.

#### How are we doing?

The resilience in home prices is due in a large part to a constrained supply. Months' supply fell to a historic low of just one month in 2022, while inventories have increased since then, they remain below pre-pandemic levels observed in 2019.



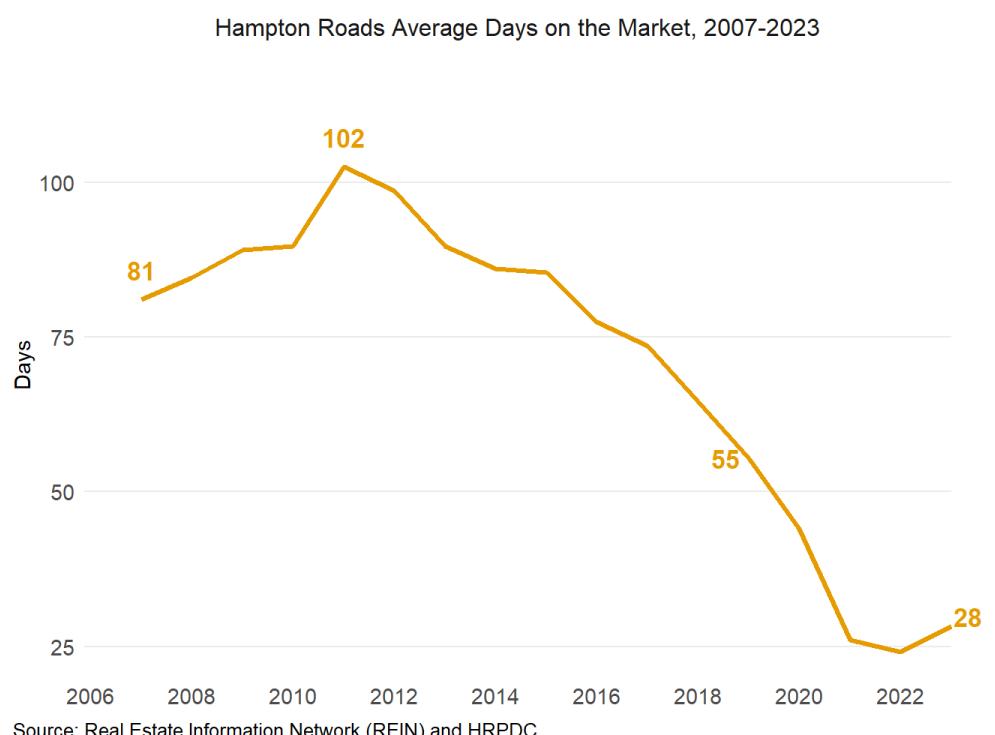
### Homes Sold and Average Days on the Market, Hampton Roads

#### Why is it important?

Average days on the market measures how long it takes for a home to sell, reflecting both the volume of activity and the availability of inventory.

#### How are we doing?

The average number of days on the market steadily declined over the decade as new construction sales slowed and pre-owned sales increased. With the sharp decline in home sales, average days increased in 2023 but remain at their lowest level in more than a decade.



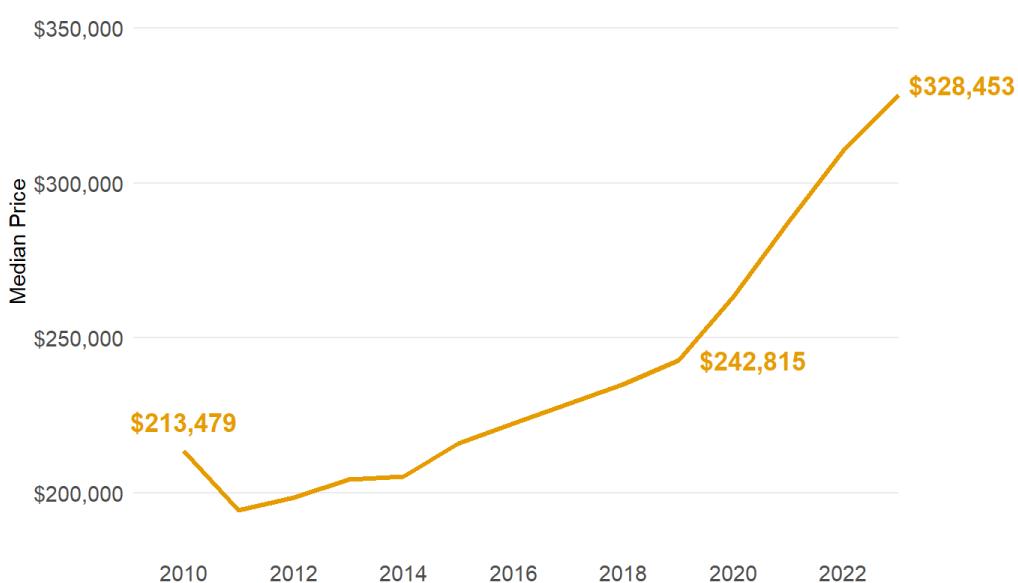
## Home Prices

### Median Sales Price of Pre-Owned Homes, Hampton Roads

#### Why is it important?

The median sales price is a key indicator of housing market trends, regional cost of living, and, as the largest asset class, a reflection of population wealth.

Hampton Roads Median Sales Price of Existing Residential Homes, 2010-2023



#### How are we doing?

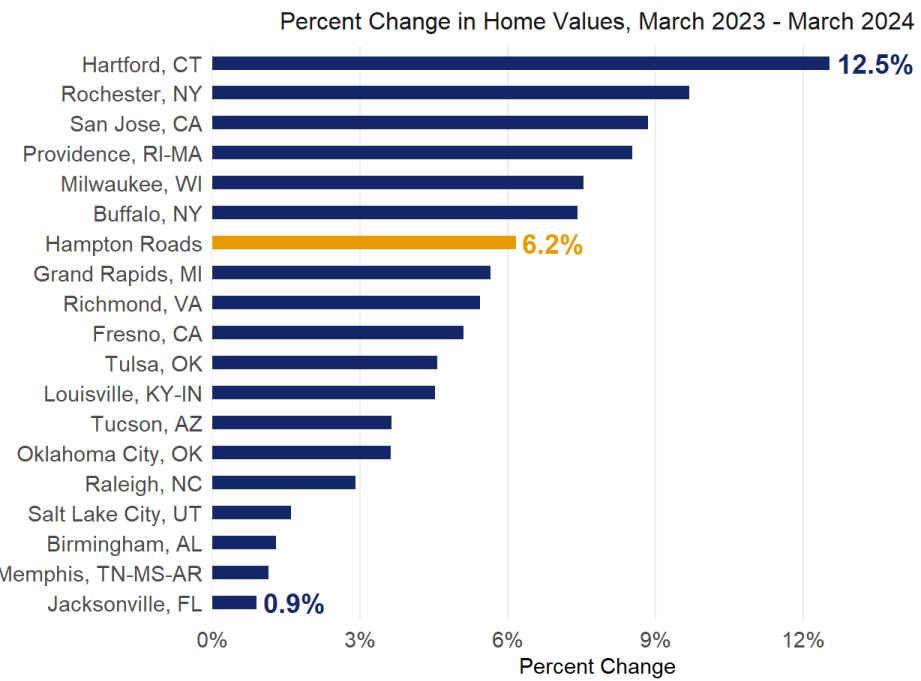
The median sales price of existing homes rose sharply during the pandemic as the demand for housing accelerated. Despite the significant increase in mortgage rates and slowdown in home sales in 2022 and 2023, inventories have yet to recover, keeping prices elevated.

Source: Real Estate Information Network (REIN) and HRPDC

### Year-Over-Year Change in Home Values, Hampton Roads and Reference MSAs

#### Why is it important?

The Zillow Home Value Index (ZVHI) measures the growth in the typical value of a home across regions to capture changes in the cost of housing.



Source: Zillow (ZVHI) and HRPDC.

#### How are we doing?

Housing prices in the region typically grow at a slower, more stable pace compared to other areas, often ranking near the bottom among reference MSAs. However, in 2024, the region ranked 7th, marking its highest position in over a decade.

## Rental Prices

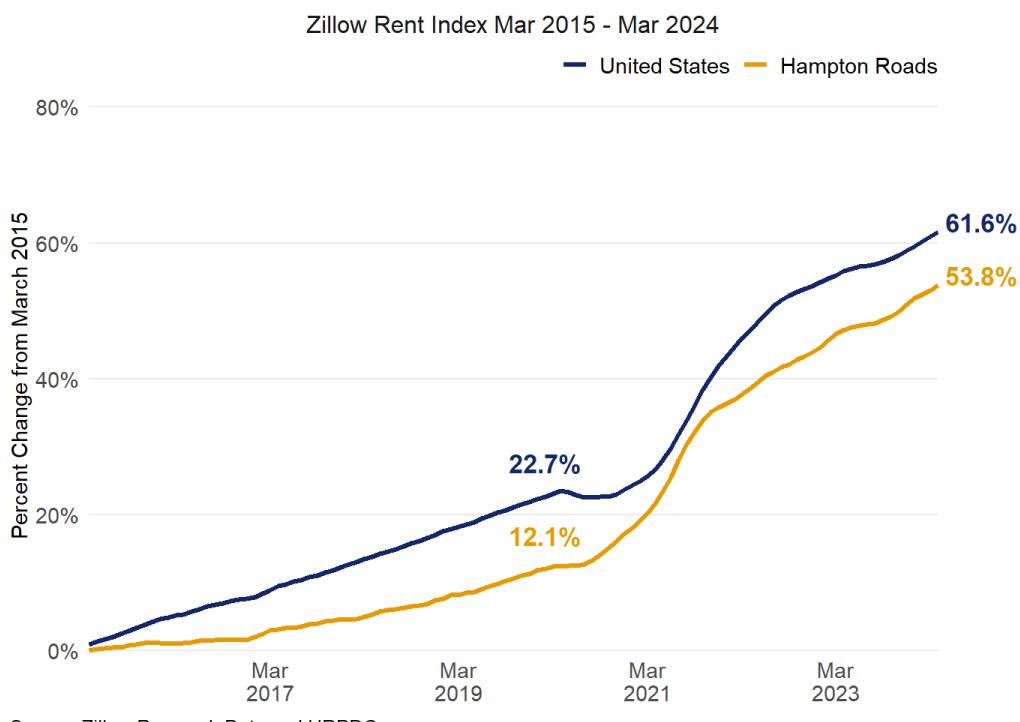
### Zillow Rent Index, U.S. and Hampton Roads

#### Why is it important?

The Zillow Observed Rent Index (ZORI) measures the growth in the typical observed market rent across a given region.

#### How are we doing?

In both the region and the nation, rents have accelerated since the pandemic and show little sign of slowing down. From January 2014 to March 2024, rents have increased 60.1% in the nation and 53.7% in the region.



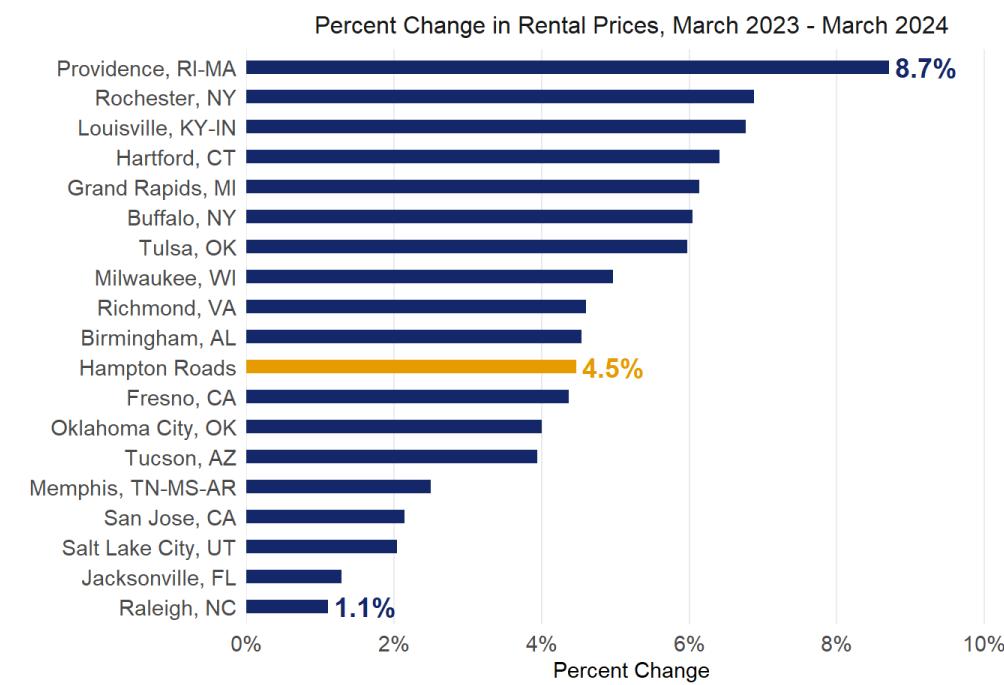
### Year-Over-Year Change in Rents, Hampton Roads and Reference MSAs

#### Why is it important?

More than one in three households in Hampton Roads are renters. As the largest monthly cost to families, rental prices reflect a significant portion of a region's relative affordability.

#### How are we doing?

Before the pandemic, annual growth in rents in the region ranked near the bottom of reference MSAs. In 2021 and 2022, the region moved to the top of the rankings, but this trend has since reversed. The region's ranking declined in both 2023 and 2024.



# Affordability

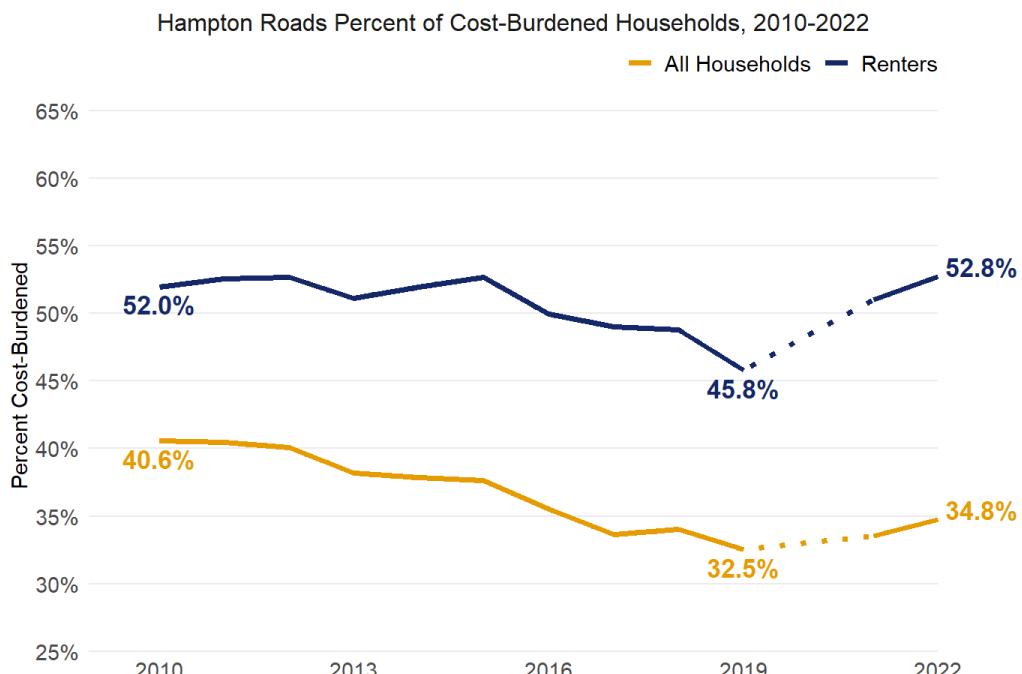
## Cost Burdened Households in Hampton Roads

### Why is it important?

A measure of affordability, a household's cost burden is the ratio of housing expenses to household income. A household is considered cost-burdened when spending 30% or more of their income on housing.

### How are we doing?

Low inventories, high prices, and high interest rates have led to a decline in affordability, especially among renters. From 2019 to 2022, the region's share of cost-burdened households rose 6.9 percentage points among renters and 2.2 percentage points across all households.



Source: Census Bureau ACS 1-Year Estimates and HRPDC. Due to low response rates, Census does not report 2020 ACS 1-year estimates.

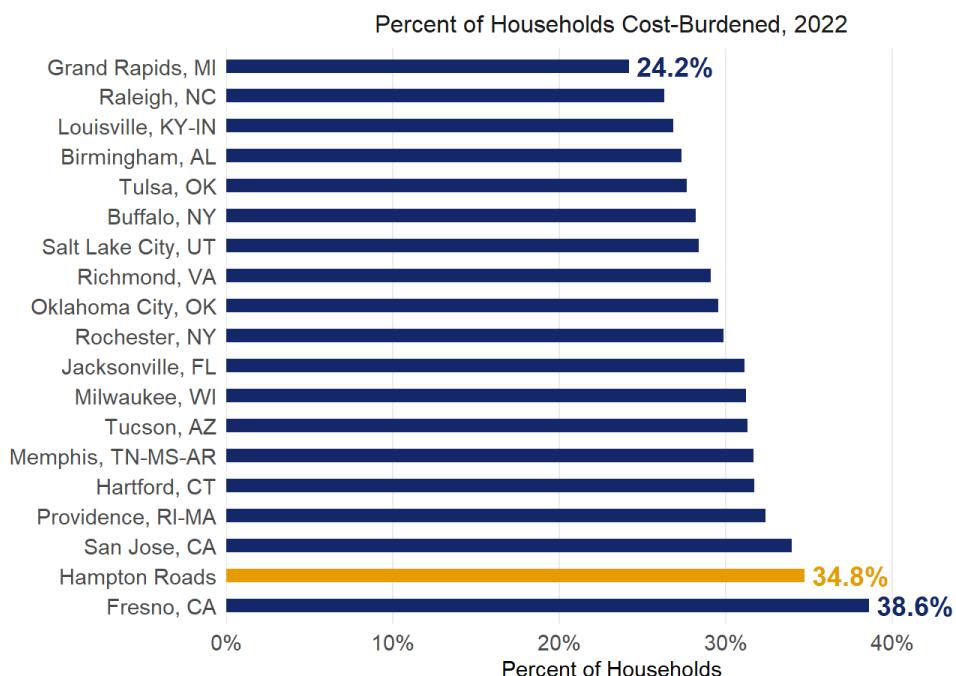
## Cost-Burdened Households, Hampton Roads and Reference MSAs

### Why is it important?

Housing prices are only one part of the affordability equation. When comparing housing affordability across regions one must consider housing prices relative to incomes.

### How are we doing?

Despite lower housing costs in the region compared to many of the reference MSAs listed here, Hampton Roads had the second-highest share of households spending 30% or more of their income on housing.



Source: Census Bureau ACS 1-Year Estimates and HRPDC.