Virginia is for Homeowners: Trends to Watch

Description

Article by Ryan Price & Dominique Fair, Virginia REALTORSÂ®

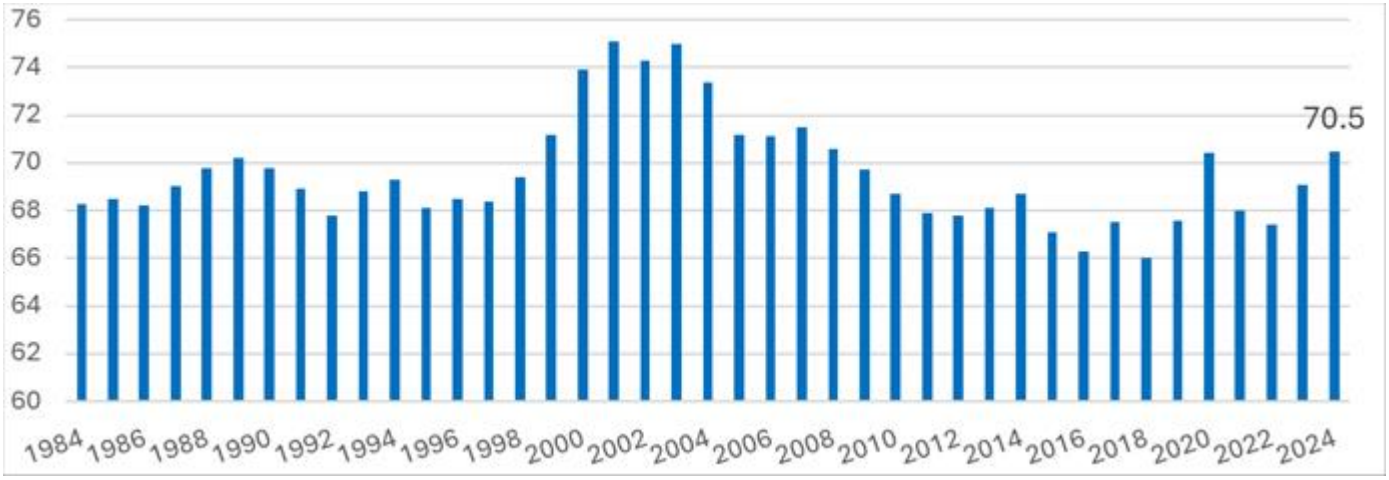
June is Homeownership month, a time to not only celebrate homeownership but also encourage and educate prospective homebuyers on its benefits. Some of those benefits include financial ones such as predictable housing payments, building home equity, and tax advantages. This financial security can lead to people staying in their homes longer, which contributes to their local economies. Despite the advantages of homeownership, buyers have been facing a wave of issues, such as stubbornly high mortgage rates, climbing home prices, and the increased costs of everyday goods. As we jump into Homeownership Month, letâ??s explore the trends taking place in Virginia and how they have changed over the years, and which Virginiaâ??s home buyers could be having a hard time achieving the goal of homeownership.

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Homeownership is growing in the state

At 70.5%, Virginia continued to outpace the national homeownership rate which was 65.6% in 2024. Nationally, Virginia has the 19th highest homeownership rate, moving up from 24th last year. The homeownership rate this year is up 1.4 percentage points from last year and is 2.4 percentage points higher than it was a decade ago. Across metro areas in the state, smaller markets such as Winchester (73.5%) and Lynchburg (71.9%) had higher homeownership rates compared to larger areas like Virginia Beach (63.3% and Northern Virginia (63.5%). At the county level, Powhatan (93.1%) and New Kent County (92.1%) had the highest homeownership rates in the state while Petersburg (38.3%) and Emporia (38.4%) had the lowest rates.

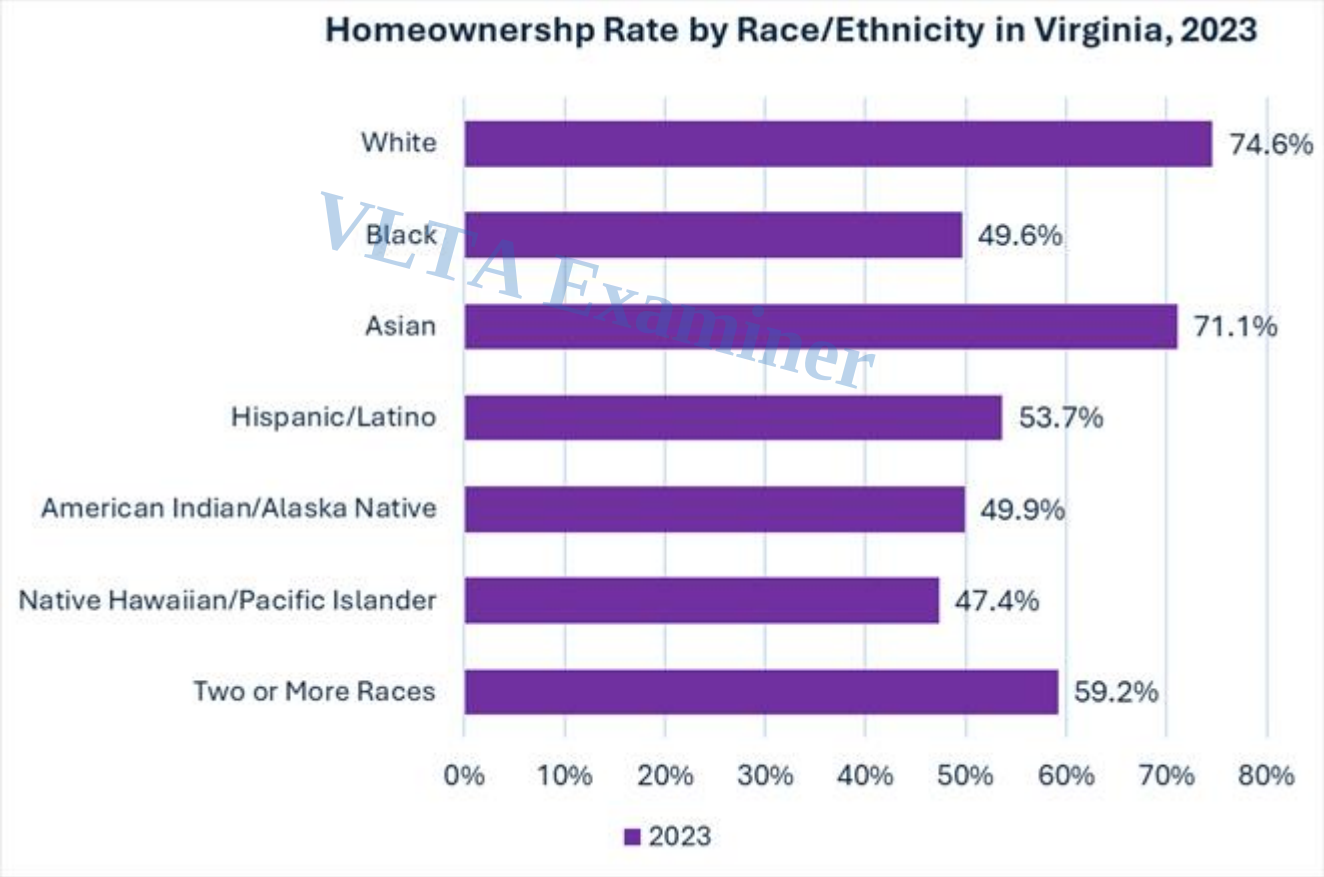
Homeownership Rate in Virginia, 1984-2024



Source: U.S. Census Bureau, Housing Vacancies and Homeownership 2024

The racial homeownership gap continues to widen

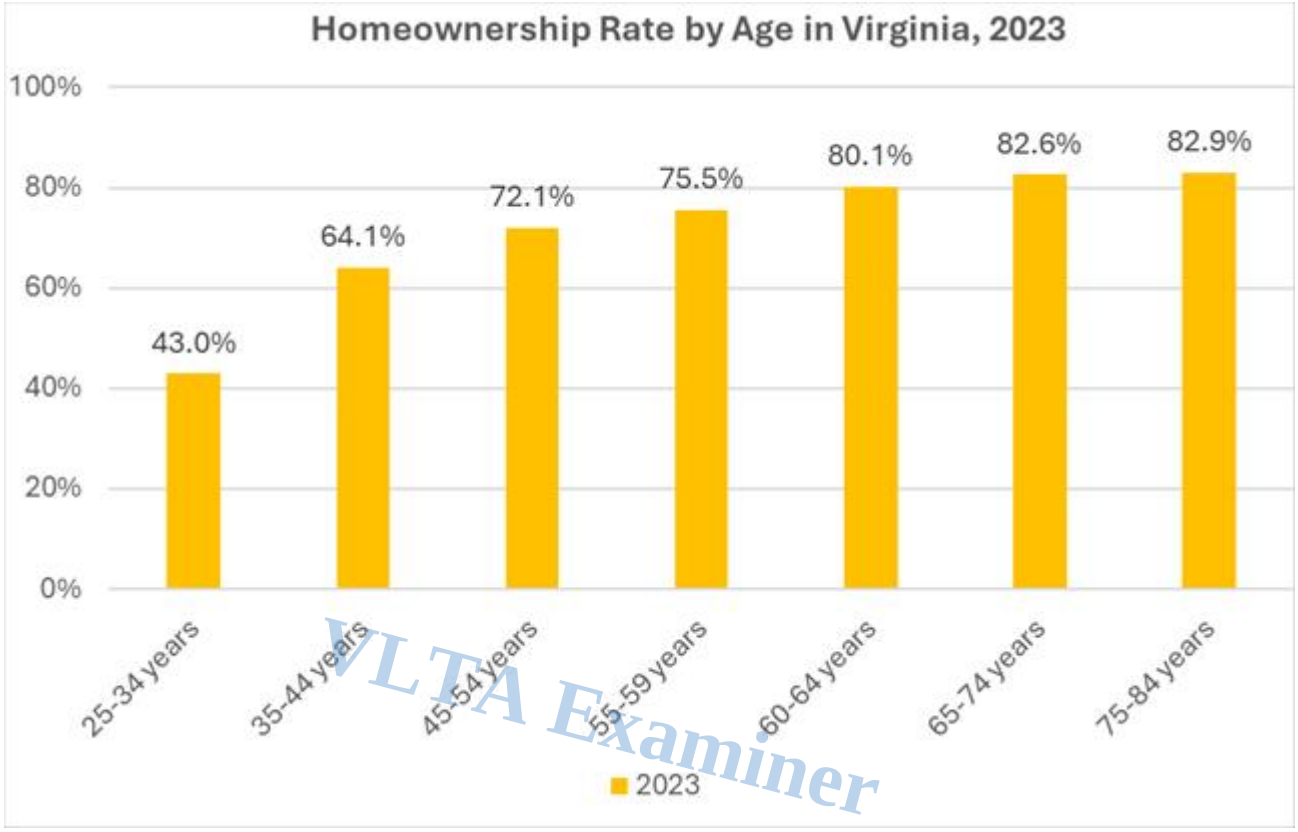
Homeownership is a key way for people to build wealth, but the gap between white homeownership rates and minority homeownership rates remains vast both at the national and the state level. In Virginia, the homeownership rate has grown 3.5 percentage points for White households since 2013 with the current rate at 74.6% in 2023. This is significantly higher than the homeownership rates for Black (49.6%), Latino (53.7%), and Native Hawaiian/Pacific Islander (47.4%) in Virginia in 2023. People of color have faced many obstacles to homeownership over the decades including redlining in the 1930â??s to widening pay gaps with Black and Latino workers. Despite these challenges there have been some positive gains in homeownership in Virginia among minority groups. Asian households have the second highest homeownership rate in the state at 71.1% and ownership levels for Latino households went up 10.2 percentage points from 2013 to 2023.



Source: U.S. Census Bureau, ACS 2023 1-yr estimate

Growth slows for younger households, rises for older households

In Virginia, younger homebuyers, specifically those 25-34 years old, have a lower homeownership rate compared to older households. The homeownership rate for households in this age range was 42.9% in 2023, up from 42.1% the previous year. Although the number of younger households has increased, ongoing affordability issues have made buying and owning a home challenging for this demographic. For householders aged 45 to 59 years, there has also been a shift with the homeownership rate going from 73.6% to 72.1% in 2023, dropping by 1.5 percentage points. Older households have the highest homeownership rates in the state with a rate of 82.9% for those ages 75 to 84 years old. The biggest jump in homeownership rates was for households 65 to 74 years old with a 1.5 percentage point increase from 2022 to 2023.



Source: U.S. Census Bureau, ACS 2023, 1-yr estimate

The housing market in Virginia has recently seen an uptick in the number of listings on the market, a positive sign for homebuyers who have been contending with tight inventory and competitive market conditions for years. This along with the growth in homeownership is encouraging but there is still more work to be done with younger buyers and those of color experiencing affordability challenges. We must continue to help these groups and anyone else striving towards homeownership, not only because it benefits them, but also it can improve the community overall.

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Over the past 15 years, Ryan has honed his knowledge of Virginiaâ??s economy and housing market in a variety of roles in the public, private, and non-profit sectors. Ryanâ??s research focuses on housing market trends in Virginia, and the economic and demographic factors that move the market. Ryan is the Chief Economist for Virginia REALTORSÂ®, leading the Research and Statistics Team. Prior to joining Virginia REALTORSÂ®, he served as the President of research consulting firm LSA Planning, as an Urban Planner for the City of Alexandria, as a researcher at the Center for Regional Analysis at George Mason University, and as a Financial Analyst at Freddie Mac, among other roles. Ryan received a masterâ??s degree in urban and regional planning from Virginia Tech, and a bachelorâ??s degree in finance from James Madison University.

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As a Research Associate for Virginia REALTORSÂ®, Dominique helps produce our commercial, monthly, and quarterly housing market reports and contributes to promoting the important research her team conducts. She has a bachelorâ??s degree in psychology from the University of Mary Washington, and began her professional career in healthcare, where she worked as a registrar for four years. Dominique then joined the team at Costar, where she honed her knowledge of commercial real estate as a Tenant Researcher before being promoted to the role of Client Relationship Consultant.

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