

# RVA New Home Market Report

## 2017 Mid-Year in Review

### Overview

The new home building industry in Central Virginia continues to maintain its momentum by furthering gains from 2016 as growth continued in the local market during the first half of 2017. Improvements were seen in every key indicator, with double digit expansion in new home closings and permits in the first six months of 2017 compared to the first six months of 2016. The average new home price was essentially flat with only a 1% increase in the first half of 2017 compared to the same time frame last year. Changes in average price reflect the changing mix of housing product that is sold as well as price changes for homes within similar product lines. As HBAR and Commonwealth Partnerships (CWP) discuss in this report, based on data provided by IRR-Richmond, the housing industry's rebound has strengthened in recent years, although the market has not returned to the optimal conditions of the pre-boom years. These positive signs, coupled with renewed optimism from local home builders, indicate that a strong second half of the year is expected as well. Despite this positive news, some challenges remain for home builders, including labor shortages, limited land availability, land development costs, and regulatory burdens. Ultimately, HBAR and CWP expect further improvements in the new housing market during the second half of 2017.

**At A Glance**  
Mid-Year 2017 vs. 2016

Number of closings: ↑ 26%

Number of permits: ↑ 13%

New home price: ↑ 1%

### New Home Sales



Photo Credit: HHHunt Homes

Based on the data provided by IRR for this report, the number of new home closings and average new home price was up in the first half of 2017 compared to the same period in 2016. The number of closed new home sales increased 26% to 1,613 homes sold in the first six months of 2017 compared to 1,279 homes sold the year prior. The average price for a new home in the Richmond region increased by 1% and reached \$374,302. Yet again, **Chesterfield County** had the largest market share for new home sales, accounting for 43% of the market, and the number of closings in the county was up 33% compared to the first half of 2016. **Henrico County** also saw a sizable jump in new home closings, which were up 39% in the first six months of 2017 compared to the same time frame in 2016. The region's most populous suburban counties -- **Chesterfield, Henrico, and Hanover** -- continue to account for the vast majority of new home closings in the local market. Those three localities represent 78% of the new home sales in Central Virginia. The **City of Richmond** continues to perform well, as it did in the first half of 2016. Richmond recorded a 15% increase in sales during the first six months of 2017. It also had the largest increase in average new home price compared to the first half of 2016. Average new home price in the city was up almost \$25,000 or 9%. The corresponding chart details new home closings and prices in the Central Virginia region.

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Jurisdiction	Jan-Jun 2016		Jan-Jun 2017		Closings Change	Avg. Price Change
	Closings	Avg. Price	Closings	Avg. Price		
Caroline County	25	\$241,456	43	\$255,668	72%	6%
Chesterfield County	529	\$390,763	704	\$398,467	33%	2%
Goochland County	36	\$532,278	42	\$464,812	17%	-13%
Hanover County	233	\$327,062	216	\$343,688	-7%	5%
Henrico County	247	\$400,687	343	\$383,088	39%	-4%
New Kent County	51	\$310,798	79	\$318,797	55%	3%
Powhatan County	43	\$406,125	54	\$393,161	26%	-3%
City of Richmond	115	\$283,151	132	\$308,042	15%	9%
Condo/Townhouse	283	\$288,664	358	\$299,386	27%	4%
Single-Family Detached	996	\$392,843	1,255	\$395,673	26%	1%
<b>Total</b>	<b>1,279</b>	<b>\$369,792</b>	<b>1,613</b>	<b>\$374,302</b>	<b>26%</b>	<b>1%</b>

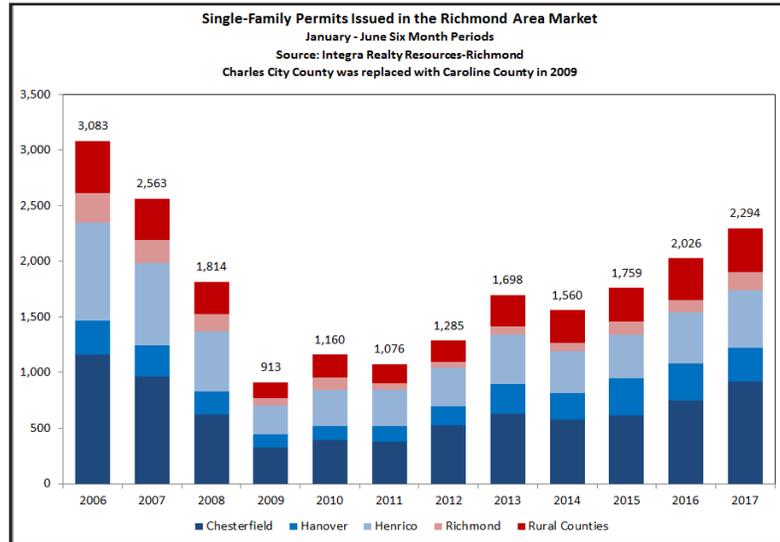
Source: Integra Realty Resources-Richmond

## Building Permits

The number of residential building permits issued for new construction in the first six months of 2017 was up 13% compared to the same period in 2016. HBAR and CWP expect that the ongoing spike in permits signals positive momentum for the remainder of 2017. Similar to the number of new home closings, **Chesterfield County** remains the most active locality for single-family permits. The suburban counties of **Chesterfield, Henrico, and Hanover** have historically issued the greatest number of permits and continue to do so. These three counties remain the most popular locations in the RVA region to build



Photo Credit: LifeStyle Home Builders



new homes. These permit trends are not surprising given the number of new homes built and sold in those localities.

### IRR's Take:

*The number of closed new home sales in the local market increased by 334 closings between the first six months of 2016 and 2017, representing the strongest numeric increase in recent history. We expect the local housing market recovery to continue. The completion of the communities that are now in the planning and development pipeline will support the continuing growth in the market.*

## Attached Housing



Photo Credit: Eagle Construction of VA, LLC

The attached housing sector, consisting of condominium units and townhouses, continued to show growth. As illustrated in the chart below, new attached housing maintained the same 22% market share in the first half of this year as it had in the first six months of 2016. The total number of new attached housing units sold was up 27% in the first half of 2017 compared to the same time frame in the previous year. Market share remained the same because the total number of new detached home sales also increased. As predicted in previous reports, HBAR and CWP believe that the attached housing sector should see some additional growth during the remainder of 2017 and in coming years as scheduled projects with significant attached housing inventory are delivered to the market.

### CWP's Take:

*As the new home market has improved in Central Virginia, we're also seeing an increase in attached home sales. Although the market share for new attached housing remained constant, the actual number of sales was up by 75 closings, indicating that new attached housing communities are coming online in the region. We expect continued gains in 2017.*

Sales of New Attached Housing Units in the Richmond Area Market by Jurisdiction						
Jurisdiction	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2017	
Chesterfield	72	64	92	71	128	
Hanover	53	53	48	83	78	
Henrico	146	114	76	80	112	
Richmond	33	43	31	41	29	
Rural Counties	20	13	5	8	11	
Attached	324	287	252	283	358	
Market Share	27%	25%	21%	22%	22%	
Detached	870	882	940	996	1,255	
Market Share	73%	75%	79%	78%	78%	
Total Sales	1,194	1,169	1,192	1,279	1,613	

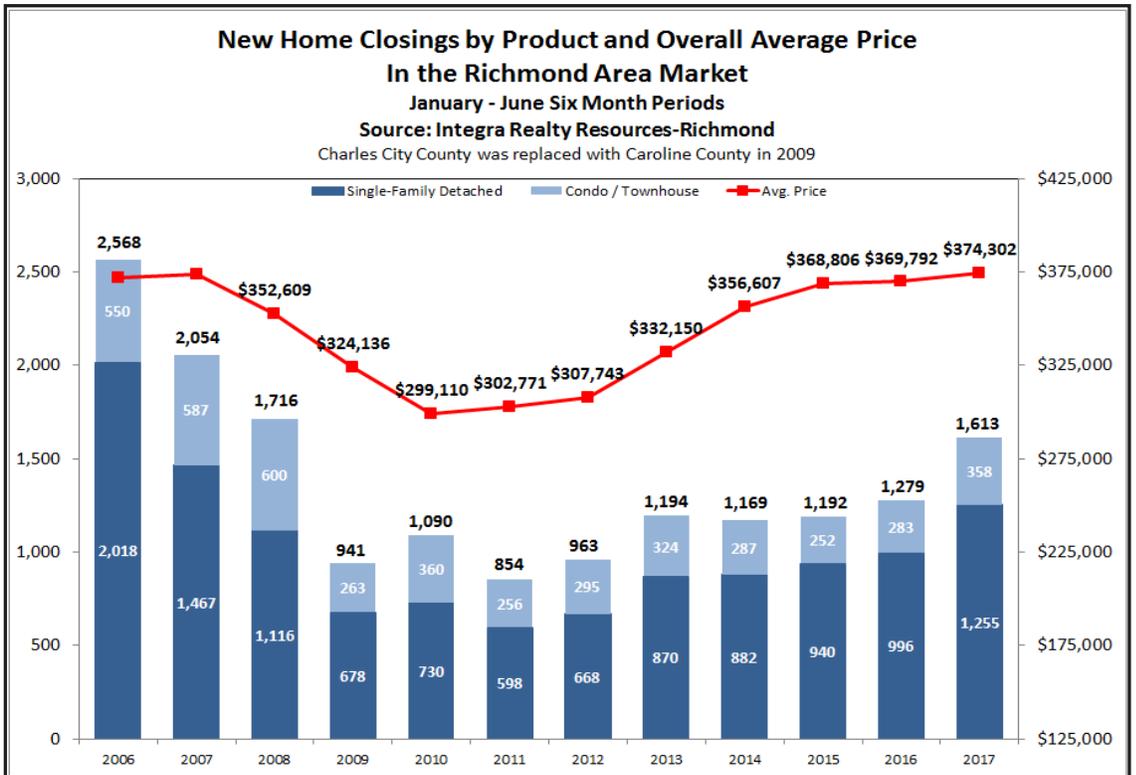
Source: Integra Realty Resources-Richmond

## Looking Ahead

Based on the data provided by IRR for this report, HBAR and CWP conclude that the first half of 2017 showed significant improvement in the home building sector and signaled positive momentum for the second half of the year. The local housing market showed signs of strength in 2015 and 2016. That momentum has continued and accelerated in the first half of 2017.

Looking ahead, HBAR and CWP expect the first half of 2017 to be the foundation of a positive

year for the home building sector. Furthermore, we are optimistic about future years given the increase in building permits and pipeline of communities in various planning and development stages. The demand for new homes will remain high as developers and home builders work to address the challenge of limited lot and new home inventory. The continued recovery of the new home industry is good news for Central Virginia's economy because home building serves as a catalyst of broader economic growth and supports the American dream of homeownership.



### HBAR's Take:

*Overall, the first half of 2017 showed healthy improvement in the residential land development and construction industry. There has been a true sense of optimism among our members. That said, the industry is facing several challenges that will continue into the second half of 2017 and beyond. Those challenges, which include regulatory burdens, access to available lots, and labor challenges, will continue to be at the forefront of our members' minds.*



Photo Credit: Main Street Homes



Photo Credit: Arbor Signature Builders

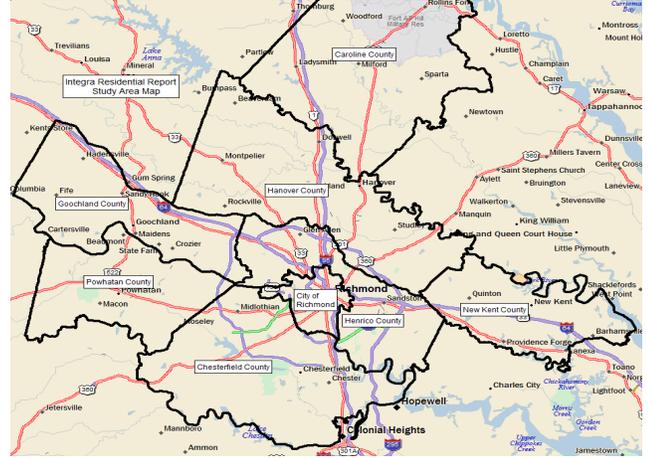


Photo Credit: Bel Arbor Builders

## About the Report and Methodology

The RVA New Home Market Report is an unbiased and independent report that provides information and insight on the new home industry in Central Virginia. A collaboration of the Home Building Association of Richmond (HBAR) and Commonwealth Partnerships (CWP), with data provided by Integra Realty Resources-Richmond (IRR), the report is issued on a semi-annual basis. It offers data and analysis on key market metrics, including new home sales, prices, and building permits.

The information included in this report represents housing market activity in eight Central Virginia jurisdictions: Caroline County, Chesterfield County, Goochland County, Hanover County, Henrico County, New Kent County, Powhatan County, and the City of Richmond. All exhibits were prepared using sales and building permit data collected directly from various departments of each jurisdiction. Data was gathered by Integra Realty Resources-Richmond. The reported new home closings represent sales of new homes that were closed and recorded during the time periods indicated. The report does not identify the sales of homes built on lots owned by homebuyers, as such sales do not appear as new home sales in public records.



### Home Building Association of Richmond (HBAR)

The Home Building Association of Richmond is the professional trade association of the home building industry in Central Virginia, serving builders and service providers. HBAR is dedicated to the American dream of homeownership by providing resources and support to the home building community and home buyers. For more information, visit [www.hbar.org](http://www.hbar.org).



### Integra Realty Resources-Richmond (IRR)

IRR-Richmond provides complete real estate valuation and advisory services, including market and marketability studies, highest and best use and feasibility analyses, site location, acquisition and development counseling, zoning and land use consultation, investment analysis and tax appeal, and litigation support. The firm also publishes the Integra Residential Report, released quarterly since the late 1980s, which provides a comprehensive analysis of the housing market in the Richmond region with an emphasis on the new construction segment of the market. For more information, visit [www.irr.com](http://www.irr.com)

### Commonwealth Partnerships (CWP)

Commonwealth Partnerships works with organizations and professionals to develop and implement strategic marketing and communications campaigns for the real estate, architecture, engineering, construction, and senior living industries. With award-winning experience, we focus on six areas of service: awards and rankings, community relations, content marketing, public relations, social media, and video development. For more information, visit [www.cpgroupllc.com](http://www.cpgroupllc.com).

