

2024 Nest Market Report

FREDERICKSBURG AND NOVA REGIONS



When it comes to housing, expectations shape everything. The fear of missing out—or losing out—often influences our decisions more than we realize. Research shows that financial loss feels twice as painful as financial gain feels rewarding. In 2024, this mindset played a key role in a significant slowdown in home sales. Buyers were told that lower mortgage rates were on the horizon, but those rates never materialized. Sellers held out, hoping new inventory would inspire their next move, but fresh listings remained scarce.

With mortgage rates below 7% for over twenty years, it's easy to forget that they peaked at over 16.5% in 1981. Since 2022, rates have fluctuated between 6.1% and 7.8%. The ultra-low rates of 3-4% are unlikely to return anytime soon.

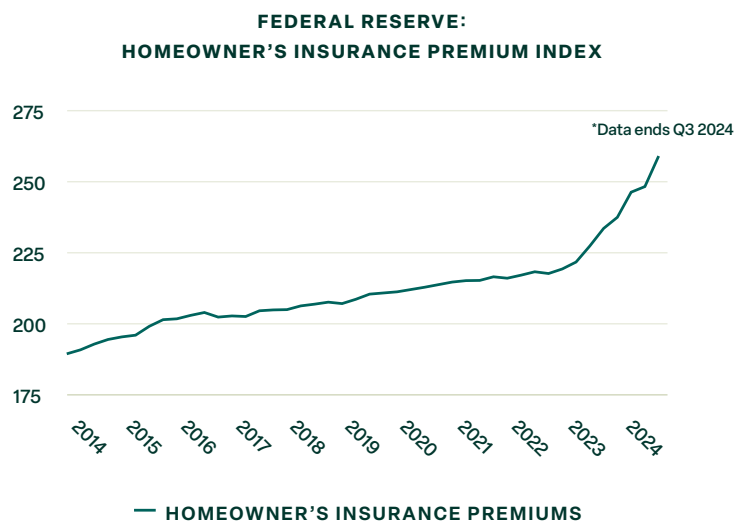
Despite demand consistently outpacing supply for years, ongoing inventory issues, and relatively stable mortgage rates, buyer confidence has not recovered enough to spark a market rebound. Home sales in 2024 are expected to finish about 5% lower than in 2023, largely due to limited inventory—and increasingly, due to affordability concerns that are shrinking the pool of qualified buyers.

Looking Ahead to 2025

The financial world thrives on predictability, but 2025 promises significant change. With new national leadership comes fresh priorities that will impact markets in unpredictable ways. In this context, we want to highlight some key areas that homeowners and prospective buyers should closely monitor. As housing represents the largest investment for many families, all eyes will be on this sector.

For more than seven years, low inventory has dominated housing headlines. Ongoing demand makes it crucial for policymakers to focus on increasing supply. Solutions like deregulation and local zoning changes could help, but they require both time and political will. States like California and Oregon have eliminated single-family zoning requirements in an effort to encourage denser housing. However, the most effective levers for improving construction timelines and costs lie within local jurisdictions.

One wild card for 2025 is the insurance market. In late 2024, Hurricanes Helene and Milton caused an estimated \$51 billion-\$81 billion in property damage. As storm risks continue to rise across the U.S., private insurers are significantly raising premiums or exiting certain markets altogether. This shift underscores the growing importance of programs like the National Flood Insurance Program, which may eventually need to expand to include fire and windstorm coverage to adequately protect residential investments. Ongoing challenges in obtaining insurance could dampen development and new construction investment in many parts of the country.



Housing Trends

Challenges in Homebuilding

Even if regulations ease, construction costs remain a significant hurdle. Publicly traded homebuilder stocks have outperformed the broader market over the past five years, maintaining strong profit margins amid rising home prices. Builders are hesitant to sacrifice these margins, even as affordability pressures continue to grow.

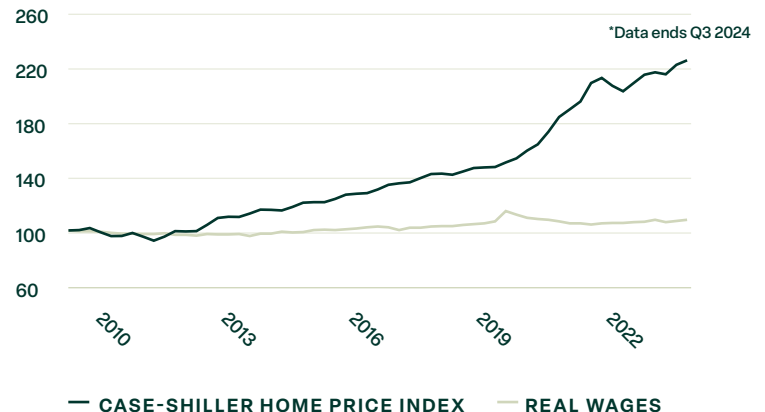
Currently, housing costs account for an average of 32.9% of household expenses. Higher interest rates have pushed homeownership further out of reach for many families, with escalating prices and insurance costs adding to the strain. In response, builders have focused on offering smaller, more affordable homes, but achieving widespread affordability will likely require either lower borrowing costs or real wage growth—neither of which seems imminent.

Affordability Takes Center Stage

The Case-Shiller Home Price Index shows that home values have grown by 94% over the past decade—meaning a \$250,000 home in 2014 now costs \$485,000. Meanwhile, real household income has increased by only 19.7%, highlighting the widening affordability gap.

Homeowners are pressured to stay in their current homes, partly due to their historically low mortgage rates. More than 70% of current mortgages are below 5%, creating a significant financial incentive to stay put. However, as traditional drivers of resale—such as divorce, job relocations, downsizing, or changes in family size—continue to occur, the lock-in percentage will likely decrease, boosting market activity and creating opportunities for more listings in the future.

HOME PRICES AGAINST REAL WAGE GROWTH



2025 Outlook

The housing market has seen sales drop nearly 30% since 2021, but the potential for recovery remains. To spark growth, inventory must increase—either through new construction or more resale homes. However, true affordability depends on a decrease in borrowing costs. Local governments can help by streamlining the approval process for new builds, but broader economic factors will also play a critical role.

If interest rates stabilize or decrease, and if local policies support faster development, 2025 could finally bring the market the boost it needs.



Nest Fredericksburg 2024 Overview

Our success as a brokerage extends beyond the number of transactions in 2024. We celebrate 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 Fredericksburg.

Quick Stats

6,000

**FRIENDS OF NEST
MAILERS**

Nest Realty Fredericksburg sent out nearly 6,000 Friends of Nest mailers to our happy clients in 2024.

53

**DONATIONS TO
TEACHERS**

Nest Realty Fredericksburg gave 53 teachers \$100 donations in 2024.

782

**RUBBER
DUCKS**

We distributed 782 rubber ducks at our 2024 community events.



FREDERICKSBURG, VA

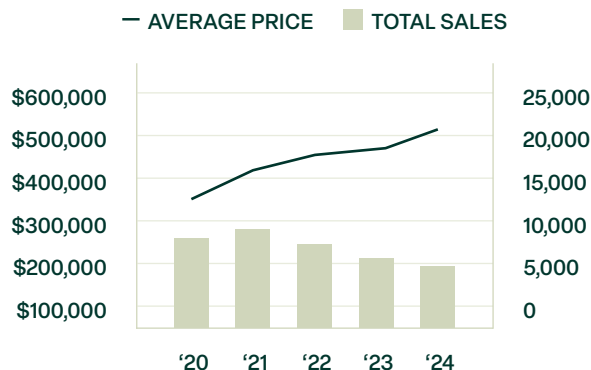
2024 MSA Overview

The 2024 real estate market experienced significant disruption, with rising home prices not seen since 1994. After decades of negotiations with the Department of Justice, the National Association of REALTORS, and residential real estate agents, the industry was finally required to address consumer concerns regarding seller-paid buyer's agent commissions. The days of sellers automatically covering these commissions as part of the listing agreement are over. All commissions are now referred to as "fees," and these fees are fully negotiable. Virginia has already aligned with the new national standards, establishing that the buyer is ultimately responsible for paying the buyer's agent's fee. While it was previously assumed that sellers would cover this cost, beginning August 17, 2024, buyers must negotiate the fee they will pay their agent. Sellers, in turn, must negotiate the fee for the listing agent. Buyers may request that the seller cover the buyer's agent's fee as part of their offer, but this is now a negotiable term.

How has this change impacted the real estate market? Many economists and real estate experts initially predicted that this new payment structure would drive down home prices. So far, that prediction has proven incorrect. While the fee collected by buyer's agents has dropped by nearly 25% nationwide, home prices have continued to rise month after month. Interest rates dipped but increased again after the 2024 election.

What can we expect in 2025? Our communities need more housing inventory to help stabilize prices. A shortage of available homes will continue to apply the basic laws of supply and demand. With interest rates in flux after the election, we may face an unpredictable market in the coming year. However, the Fredericksburg and Northern Virginia regions are more insulated from broader market challenges, thanks to the area's large number of government and military jobs. The new administration is expected to drive housing turnover, with many individuals leaving the area while others fill federal positions and appointments.

ALL PROPERTIES



	2024	2023	% CHG
Total Sales	4,942	5,454	-9.4
Days on Market	34	28	21.4
Avg. Sales Price	\$508,830	\$476,870	6.7

In 2024, on average, a listing stayed on the market for 21.4% more time and saw a 6.7% increase in average sales price compared to 2023.

AVG. PRICE

+6.7%

In 2024 the average sales price was \$508,830 compared to \$476,870 in 2023.

TOTAL SALES

-9.4%

In 2024 there were 4,942 total sales compared to 5,454 in 2023.

CONDO/TOWNHOME

AVG. PRICE

+3.8%

In 2024 the average sales price was \$385,941 compared to \$371,973 in 2023.

TOTAL SALES

+7.5%

In 2024 there were 861 total sales compared to 801 in 2023.

	2024	2023	% CHG
Total Sales	861	801	7.5
Days on Market	28	23	21.7
Avg. Sales Price	\$385,941	\$371,973	3.8

SINGLE FAMILY

AVG. PRICE

+10.5%

In 2024 the average sales price was \$534,763 compared to \$483,789 in 2023.

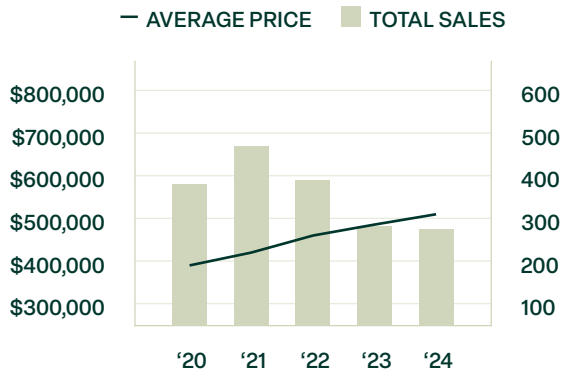
TOTAL SALES

-13.7%

In 2024 there were 4,081 total sales compared to 4,729 in 2023.

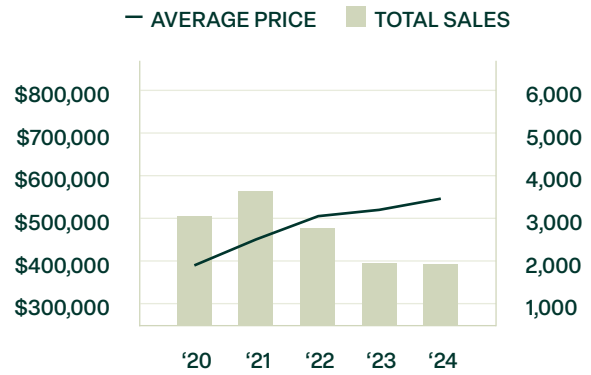
	2024	2023	% CHG
Total Sales	4,081	4,729	-13.7
Days on Market	35	30	16.7
Avg. Sales Price	\$534,763	\$483,789	10.5

FREDERICKSBURG CITY



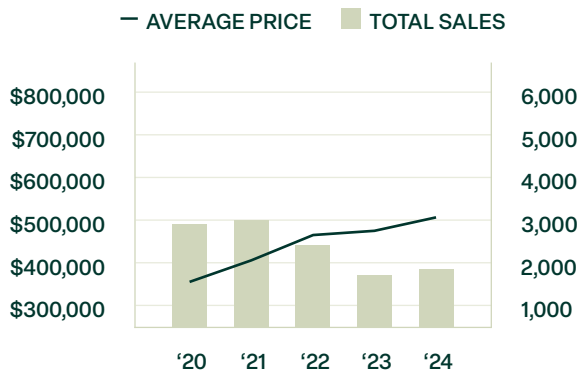
	2024	2023	% CHG
Total Sales	274	283	-3.2
Price per Sq. Ft.	\$285	\$229	24.5
Days on Market	34	28	21.4
Avg. Sales Price	\$508,963	\$486,257	4.7
Total Volume	\$139,455,904	\$137,178,048	1.7

STAFFORD COUNTY



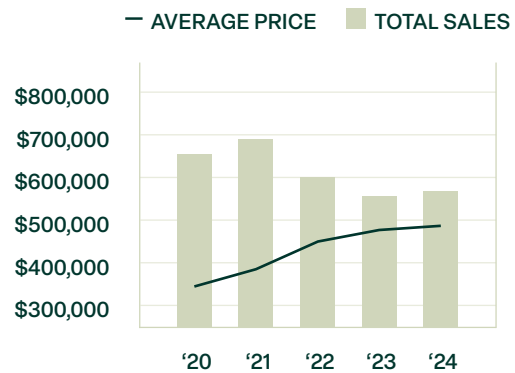
	2024	2023	% CHG
Total Sales	1,930	1,957	-1.4
Price per Sq. Ft.	\$272	\$212	28.3
Days on Market	30	23	30.4
Avg. Sales Price	\$545,267	\$518,329	5.2
Total Volume	\$1,052,364,529	\$1,817,703,007	-42.1

SPOTSYLVANIA COUNTY



	2024	2023	% CHG
Total Sales	1,885	1,730	9.0
Price per Sq. Ft.	\$267	\$207	29.0
Days on Market	33	24	37.5
Avg. Sales Price	\$505,219	\$475,188	6.3
Total Volume	\$952,337,405	\$826,719,481	15.2

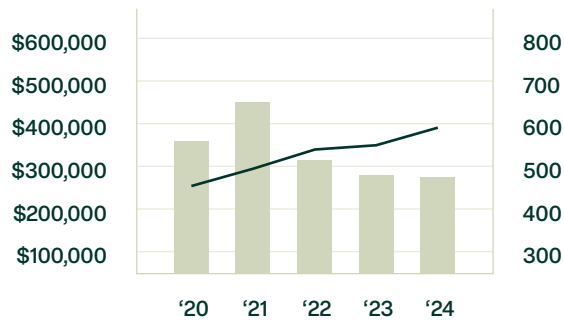
KING GEORGE COUNTY



	2024	2023	% CHG
Total Sales	369	356	3.7
Price per Sq. Ft.	\$250	\$218	14.7
Days on Market	46	31	48.4
Avg. Sales Price	\$489,327	\$480,189	1.9
Total Volume	\$180,561,824	\$173,650,091	4.0

CAROLINE COUNTY

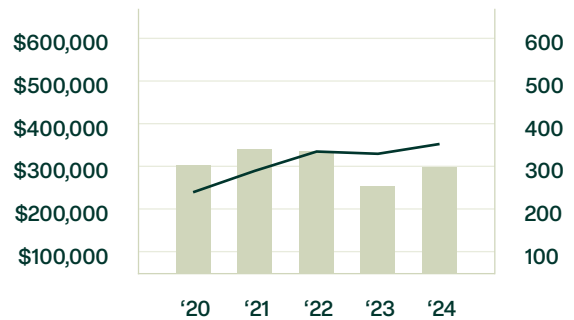
— AVERAGE PRICE ■ TOTAL SALES



	2024	2023	% CHG
Total Sales	476	479	-0.6
Price per Sq. Ft.	\$248	\$195	27.2
Days on Market	40	40	0.0
Avg. Sales Price	\$391,412	\$349,317	12.1
Total Volume	\$185,920,804	\$167,002,545	11.3

COLONIAL BEACH

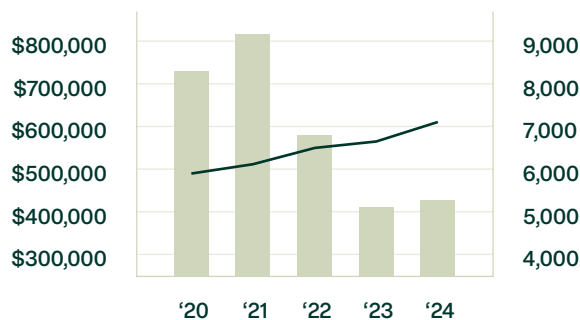
— AVERAGE PRICE ■ TOTAL SALES



	2024	2023	% CHG
Total Sales	299	262	14.1
Price per Sq. Ft.	\$248	\$229	8.3
Days on Market	68	38	78.9
Avg. Sales Price	\$353,241	\$322,267	9.6
Total Volume	\$105,619,192	\$85,291,254	23.8

PRINCE WILLIAM COUNTY

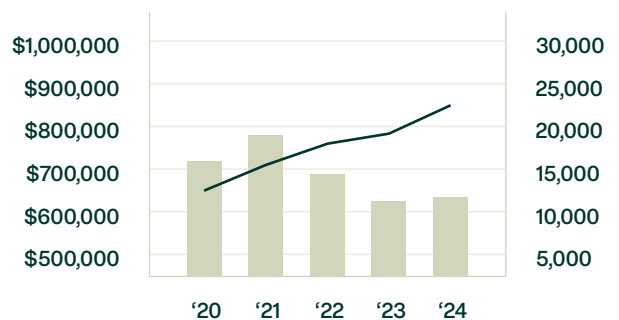
— AVERAGE PRICE ■ TOTAL SALES



	2024	2023	% CHG
Total Sales	5,320	5,114	4.0
Price per Sq. Ft.	\$320	\$234	36.8
Days on Market	27	18	50.0
Avg. Sales Price	\$611,175	\$565,486	8.1
Total Volume	\$3,267,150,480	\$2,893,272,195	12.9

FAIRFAX COUNTY

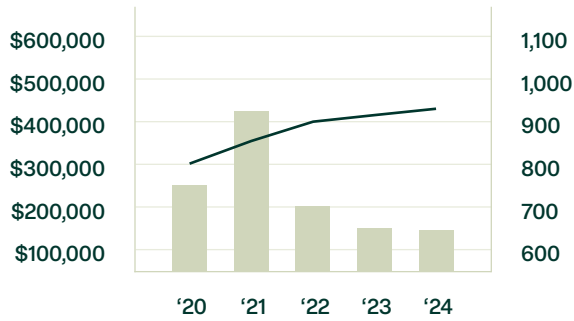
— AVERAGE PRICE ■ TOTAL SALES



	2024	2023	% CHG
Total Sales	11,803	11,186	5.5
Price per Sq. Ft.	\$480	\$346	38.7
Days on Market	23	17	35.3
Avg. Sales Price	\$852,044	\$790,179	7.8
Total Volume	\$10,127,896,339	\$8,763,424,964	15.6

ORANGE COUNTY

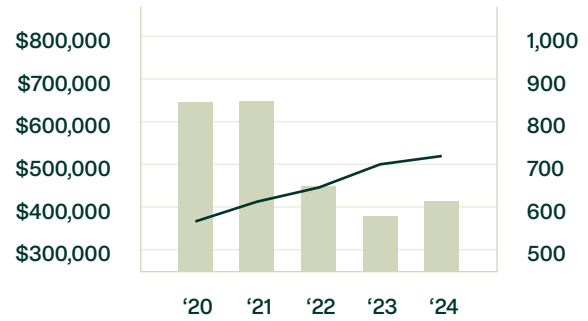
— AVERAGE PRICE ■ TOTAL SALES



	2024	2023	% CHG
Total Sales	645	649	-0.6
Price per Sq. Ft.	\$256	\$214	19.6
Days on Market	47	37	27.0
Avg. Sales Price	\$436,794	\$411,505	6.1
Total Volume	\$281,731,876	\$273,624,941	3.0

CULPEPER COUNTY

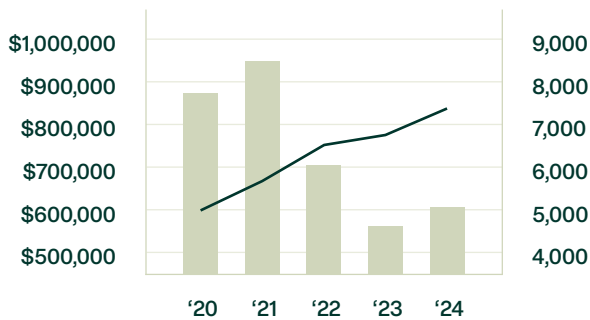
— AVERAGE PRICE ■ TOTAL SALES



	2024	2023	% CHG
Total Sales	611	575	6.3
Price per Sq. Ft.	\$277	\$221	25.3
Days on Market	38	32	18.8
Avg. Sales Price	\$514,167	\$502,324	2.4
Total Volume	\$314,155,974	\$290,421,750	8.2

LOUDOUN COUNTY

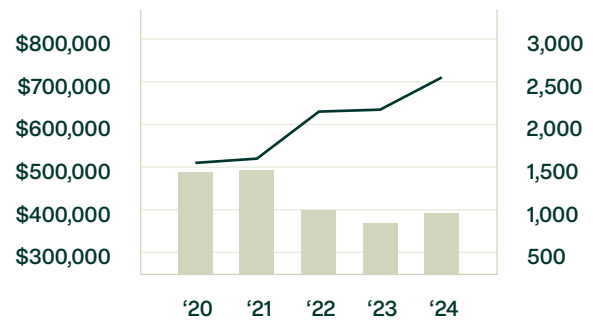
— AVERAGE PRICE ■ TOTAL SALES



	2024	2023	% CHG
Total Sales	5,038	4,659	8.1
Price per Sq. Ft.	\$348	\$295	18.0
Days on Market	24	18	33.3
Avg. Sales Price	\$838,192	\$776,861	7.9
Total Volume	\$4,222,809,419	\$3,603,045,918	17.2

FAUQUIER COUNTY

— AVERAGE PRICE ■ TOTAL SALES



	2024	2023	% CHG
Total Sales	911	845	7.8
Price per Sq. Ft.	\$337	\$244	38.1
Days on Market	36	28	28.6
Avg. Sales Price	\$710,535	\$635,812	11.8
Total Volume	\$647,297,181	\$548,887,395	17.9

Organizations *our Nesters* Support

Being a successful agent and brokerage is not just about transaction numbers and sales records. Success is measured by community involvement and support. Our agents have been very busy this year supporting their favorite charities and events.



- **FAIRY GODMOTHER PROJECT:** FGP's mission is to ease the burden of daily life for families facing all phases of a pediatric cancer diagnosis by offering day-to-day services, emotional support, and financial services. fpginfo.org
- **FREDERICKSBURG REGIONAL FOOD BANK:** Replacing food scarcity with food security, the Fredericksburg Regional Food Bank helps provide nutritious food to over 35,000 people in the Rappahannock River region. The 2024 Nest Fest collected food and monetary donations for this very busy local resource. fredfood.org
- **HABITAT FOR HUMANITY:** Agents participated in the construction of interior and exterior walls for a Caroline County Habitat for Humanity home. habitatofcaroline.org
- **FEEDING THE CAROLINAS:** Western NC has experienced severe devastation since Hurricane Helene caused historic flooding. Nest Realty jumped into action and raised over \$27,000 for Feeding the Carolinas. This is a unique organization that works in NC and SC with regional food banks to leverage resources and address food scarcity in both states. feedingthecarolinas.org
- **COMMUNITY SPONSORS FOR AREA SCHOOLS:** Through volunteering and supporting district initiatives, Nest Fredericksburg and Nest Agents are recognized as community sponsors for Stafford County, Spotsylvania County, and Oberle Academy.
- **FRED PARENT AND FAMILY MAGAZINE:** Nest agents flew over to the commuter parking lot to participate in the Fredericksburg City FREE Trick-or-Treat and Costume Stroll. We handed out our favorite treat (an adorable rubber ducky) to over 400 attendees. fredericksburgparent.net



nestrealty.com/fredericksburg

