



Contact: Nancy May, Communications Manager
Phone: (757) 531-7960
E-mail: nancym@reininc.com

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Pending Sales Slow Though Still Positive, While Settled Sales Dip

(Virginia Beach, Virginia – August 2016)

Like much of the country, the Hampton Roads real estate market has experienced inventory constraints in recent months. With inventory continuing to shrink year-over-year, the limited amount of options for buyers has put some downward pressure on home sales in July as the number of homes sold fell year-over-year for the first time since February 2015. On a more positive note, the year-over-year change in pending sales was able to maintain a progressive trend in July, though the breadth of that increase was not as strong as recent history.

The current months' supply of inventory for the region is 5.61 months. Representing a year-over-year fall of 16.02%, this is the 15th consecutive month of a year-over-year decline in the Hampton Roads area since May 2015. However, this only signifies the second month-to-month decline (0.71%) the area has witnessed since the beginning of the year and Hampton Roads still remains within the range of a balanced market (typically between 5 and 7 months). Of the region's seven major cities (Norfolk, Virginia Beach, Portsmouth, Chesapeake, Suffolk, Hampton and Newport News), Virginia Beach and Chesapeake's inventory of homes for sale represent less than 5 months of supply in July, making these markets a bit more favorable for sellers. The remaining cities all presented inventory supplies between 5.71 months (Newport News) and 6.85 months (Suffolk).

Contributing to the downward trend in inventory, residential active listings in the Hampton Roads declined 8.06% when compared to July 2015 marking the greatest drop in active listings since March 2013 when actives fell 8.62%. Suffolk was the only major city to yield positive year-over-year gains in active listings, rising 3.17% from the same time last year. Dropping 10.51%, Portsmouth experienced the greatest decline in homes available for sale when compared to July 2015, and Norfolk followed closely behind with a 9.92% dip in active listings.

Residential pending sales for Hampton Roads in July returned a marginal year-over-year increase of 1.35%. Looking at the individual cities helps to explain the shrinking gain for the overall region. Three of the seven major cities experienced declines in pending sales in the month of July compared to the same time last year, the largest being a 10.73% drop (Newport News). The number of pending contracts remained stagnant

in Norfolk, with neither a gain nor a loss from July 2015. Portsmouth, however, greatly contributed to the small year-over-year gain experienced in the region by accumulating 27.93% more pending sales than the same time last year.

After 16 months of consecutive year-over-year improvements, the region experienced its first decline in residential settled sales last month, dipping 3.58%. Individual cities yielded contrasting results in the change in number of residential homes sold when compared to the same time last year. Some cities, like Newport News, Chesapeake and Norfolk experienced double-digit declines in residential settled sales compared to last year (19.92%, 11.42%, and 10.49%, respectively), while Portsmouth recorded a 30.91% surge in residential home sales. Though year-over-year settled sales were down for the month of July, the median residential settled sales price still increased 2.22% when compared to last year, rising from \$229,900 in July 2015 to \$235,000 last month.

July 2016 Summary

All Categories	July 2016	July 2015	Percent Change
Total Property Active Listings	14,180	15,373	-7.76%
Total Residential Active Listings	11,573	12,588	-8.06%
Total Property Pending Sales	2,510	2,454	2.28%
Total Residential Pending Sales	2,403	2,371	1.35%
Total Property Sales	2,524	2,606	-3.15%
Total Residential Sales	2,423	2,513	-3.58%
Total Residential New Construction Sales	300	266	12.78%
Median Residential Sales Price	\$235,000	\$229,900	2.22%
Months' Supply of Inventory	5.61	6.68	-16.02%

* Total Property statistics include all property types (Residential, Commercial, Duplex, Apartment and Land & Farms), resale and new construction.

* New Construction Sales reflect only those properties reported in the MLS.

* Months' Supply of Inventory estimates the number of months it will take to deplete current active inventory based on the prior 12 months average sales activity.

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About REIN

Real Estate Information Network, Inc., (REIN) serves real estate brokers in the Tidewater / Hampton Roads area of Virginia from Williamsburg east to Virginia Beach and south to the North Carolina border. REIN is an independent MLS owned by broker stockholder members. Currently there are approximately 550 real estate firms with 670 offices, 6600 real estate agents, and 150 appraiser members using REIN. For more information visit www.REINMLS.com.