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Months' Supply of Inventory Falls Below Historic Average

(Virginia Beach, Virginia – January 2016)

The Hampton Roads real estate market ended 2015 on a bright note, with most residential statistics meeting economists' expectations of continued market improvement for the year. The region saw strong pending sales activity throughout the year, growth in year-end settled sales when compared to 2014, and a balanced inventory level that is below the region's historic average as of December. Rising consumer confidence and a declining unemployment rate provided great fuel for buyer activity throughout 2015 and, despite the Federal Reserve's recent interest rate hike, mortgage rates remained low in December.

The number of residential homes available for sale shrunk year-over-year for the fifth consecutive month in December 2015, dropping 3.01% from the 10,450 listings that were in active inventory in December 2014. Of the region's seven major cities (Norfolk, Virginia Beach, Portsmouth, Chesapeake, Suffolk, Hampton, and Newport News), Norfolk experienced the greatest year-over-year drop of 8.60%, and contrary to the region's overall decline, Hampton, Portsmouth and Newport News all witnessed increases in active listings, ranging between 6.32% (Hampton) and 0.50% (Newport News).

The months' supply of inventory for the region was the highlight of the month, dropping to 5.17 months, which is 7.68% less than the historic average of 5.6 months for the Hampton Roads area, and a 12.67% drop from December 2014. The region has not seen a supply of inventory at a level lower than the average since December 2013, however, months' supply still remains in the range of a balanced market. The months' supply of inventory in Virginia Beach fell to less than 4 months in December, increasing sellers' bargaining power in the city as the market continues to become more and more favorable for them. Chesapeake's months' supply of inventory for December was also on the low end of the spectrum when compared to the rest of the region, at 4.47 months, while months' supply remained highest in Portsmouth at almost 7 months.

The area closed out the year with a 17.61% year-over-year increase in residential pending sales in December, inspiring positive expectations for 2016 settled sales. Suffolk was the only major city to experience a small decline in under contract sales, falling just 0.96% from the same time last year. Portsmouth and Chesapeake, however, brought in the New Year with pending sales up 33.71% and 27.19%, respectively. The remaining cities also fared well by increasing under contract sales between 9.86% and 17.14%.

In line with economists' 2015 projection of growth and the consistent year-over-year rises in settled sales for each month of the past year (with the exception of February's drop), the region's year-end residential settled sales total was 11.18% higher than 2014's year-end total with 23,545 homes sold. For the month of December, residential settled sales were up 7.57% year-over-year for the entire Hampton Roads market, and Norfolk and Virginia Beach were the only two major cities that showed year-over-year declines in the number of homes sold. Hampton, Newport News, and Suffolk experienced the greatest year-over-year gains, showing increases of 33.06%, 19.33% and 16.38% respectively. The median residential sales price for the region in December was \$222,000, representing an 8.29% rise from December 2014 when it was \$205,000.

Fourth quarter results for the Hampton Roads real estate market also posted positive when compared to the same time period last year. The number of residential homes sold for the quarter was 5,660, a 7.24% rise from Q4 of 2014 when there were 5,278 homes sold. As sales rose for the quarter, so did the median residential sales price, increasing 6.63% year-over-year to \$218,590.

December 2015 Summary

All Categories	December 2015	December 2014	Percent Change
Total Property Active Listings	12,750	12,904	-1.19%
Total Residential Active Listings	10,135	10,450	-3.01%
Total Property Pending Sales	1,880	1,566	20.05%
Total Residential Pending Sales	1,770	1,505	17.61%
Total Property Sales	2,138	1,946	9.87%
Total Residential Sales	2,032	1,889	7.57%
Total Residential New Construction Sales	299	255	17.25%
Median Residential Sales Price	\$222,000	\$205,000	8.29%
Months' Supply of Inventory	5.17	5.92	-12.67%

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

* 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

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