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June Sales Pace Softens But Q2 Still Finishes Strong

(Virginia Beach, Virginia – July 2016)

Hampton Roads' residential pending and settled sales, two key market indicators, continued to show improvement year-over-year in June 2016, though with less dramatic upswings than recent months. A slight decline in the number of new listings coming onto the market in the past month caused the year-over-year decline in residential active listings to sharpen for the month, which made for the largest drop that the region has experienced since the downward trend began in August 2015. An examination of the second quarter of 2016 as a whole, however, shows positive returns in sales and exhibits improvements in distressed activity.

With residential active listings declining 6.72% regionally, June became the 11th consecutive month that the number of homes available for sale fell year-over-year in Hampton Roads. Six of the region's seven major cities (Norfolk, Virginia Beach, Portsmouth, Chesapeake, Suffolk, Hampton, and Newport News) experienced a decline in available inventory. The only major city with an inventory gain was Suffolk, whose residential active listings rose a marginal 0.72% year-over-year. Norfolk and Newport News experienced the largest drops (9.29% and 8.97%, respectively) when compared to June 2015.

The months' supply of inventory for Hampton Roads is currently 5.65 months, a 16.05% decline from June 2015 when it was 6.82 months. Accompanied by the highest absorption rate (which is the average number of listings that have sold per month over the past 12 months) of 585.25 listings per month, Virginia Beach continues to maintain the lowest inventory supply of the seven major cities at 4.48 months. The high absorption rate and low months' supply are an indication that listings are moving through the market at a faster pace. At 6.94 months, Portsmouth maintains what is commonly perceived to be a buyer's market, and does so with the highest months' supply of the region's major cities.

Following seven straight months of double-digit year-over-year gains, residential pending sales growth slowed in June, but still stayed positive. Though the gain in pending sales did not make as much of a splash in June when compared to the year-over-year leap witnessed in May, the area still experienced an 8.30% rise in the number of residential pending contracts when compared to the same time last year. Contributing to the overall rise in residential pending sales, each major city produced positive year-over-year gains ranging between 0.34% and 13.73%.

The momentum behind settled sales in the Hampton Roads has also decelerated, not atypical in June

as the region enters the summer selling season. Residential settled sales grew only 4.29% last month as compared to this time last year. Three major cities (Norfolk, Portsmouth, and Newport News) experienced year-over-year declines in the number of homes sold. Corresponding with having the greatest drop in home availability in June, Norfolk also sustained the most notable decline in residential settled sales, falling 12.09% from June 2015. The region's shrinking inventory gives Sellers more power to raise prices, a contributing factor in the median residential settled sales price rising 5.79% to \$239,900, up from \$226,777 in June of last year.

The second quarter (Q2) of 2016 was a bright spot for the Hampton Roads real estate market with positive sales outcomes. The number of residential settled sales in Q2 increased 13.01% when compared to the same time period last year, with a total of 7,368 homes being sold in the region from April – June 2016. Declining distressed sales were also encouraging in second quarter, showing a steadily declining presence in sales activity and accounting for the smallest percentage of sales (11.09%) since statistics of distressed homes started being tracked in 2010. The decline in distressed sales relieved some of the downward pressure on prices and aided in driving the residential median sales price up 4.55% from \$220,000 in Q2 of 2015 to \$230,000 in Q2 of 2016.

June 2016 Summary

All Categories	June 2016	June 2015	Percent Change
Total Property Active Listings	14,303	15,313	-6.60%
Total Residential Active Listings	11,688	12,530	-6.72%
Total Property Pending Sales	2,806	2,572	9.10%
Total Residential Pending Sales	2,687	2,481	8.30%
Total Property Sales	2,887	2,755	4.79%
Total Residential Sales	2,772	2,658	4.29%
Total Residential New Construction Sales	346	309	11.97%
Median Residential Sales Price	\$239,900	\$226,777	5.79%
Months' Supply of Inventory	5.65	6.82	-16.05%

* 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

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