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May Market Shows Consumers Are Moving

(Virginia Beach, Virginia – June 2016)

While Hampton Roads may have experienced a wash out weather-wise for the month of May, the area's sales activity flourished with both pending and settled sales displaying significant year-over-year advancements. Buyers appear to be motivated to jump into the real estate market, as Virginia's unemployment rate dropped below 4% for the first time since June 2008 (according to statistics from the Bureau of Labor Statistics), and as the concern of an anticipated rate rise continues to loom. Improved consumer confidence is also evident in the steady decline of the average market time, which has been on a downward trek since 2016 began and hit nearly a 9-year low of 84 days in the month of May.

The rate at which homes are coming onto the market continued to fall behind the pace of sales causing the number of active residential listings in the Hampton Roads to decline year-over-year once again in May. Dropping 6.44%, the number of homes available for sale fell from the previously recorded 12,375 units in May 2015 to 11,578 units in May 2016. Contributing to the overall decline, all of the seven major cities in the Hampton Roads area (Norfolk, Virginia Beach, Portsmouth, Chesapeake, Suffolk, Hampton and Newport News) experienced year-over-year dips in residential active listings. The largest drop was incurred by Newport News (where the number of homes available for sale fell 10.27%), while active inventory shrunk least in Virginia Beach by 2.47%.

With homes staying on the market for a shorter period of time and a smaller number of active homes on the market, the months' supply of inventory for the area dropped to 5.62 months, signifying a 17.60% decline from a year ago when it was 6.82 months. This also represents the first month-to-month decline (1.40%) since the beginning of 2016. Of the region's major cities, Virginia Beach and Chesapeake have the lowest inventory supplies, with 4.41 and 4.68 months respectively, and are the only cities registering at less than 5 months. With 7.01 months, Suffolk displayed the highest months' supply of the region's major cities in May. Many economists believe six months of inventory suggests a balanced market.

Residential pending home sales spiked in May, with a collective rise of 32.68% for the region as a whole. For the 4th consecutive month, each major city contributed positively to pending sales when compared to the same time last year. Portsmouth's experienced a generous 79.80% year-over-year increase in pending

contracts, rising from 99 units last May to 178 units this year. Potentially attributing to this rise in contracts has been the consistent increase in active listing inventory during previous months (as compared to the other six major cities which have been experiencing declines in that area), providing consumers with a wider array of options. Portsmouth also maintains lower median list and median sales prices than the other major cities which could be persuading buyers. Norfolk produced the smallest rise in residential pending sales with a marginal 1.18% increase, and the remaining cities all garnered more moderate rises between 14.29% and 34.10%.

Residential Settled sales also grew considerably for Hampton Roads when compared to May 2015, producing a 26.47% year-over-year rise for the region. Six of the seven major cities generated year-over-year increases that exceeded 20% and Portsmouth led with 43.93% growth. Suffolk underwent the lowest increase, though sales still received a double-digit boost, improving 16.41%. The median residential sales price for the region sustained a marginal 1.69% change, rising to \$226,250 last month from \$222,500 in May of last year.

May 2016 Summary

All Categories	May 2016	May 2015	Percent Change
Total Property Active Listings	14,261	15,139	-5.80%
Total Residential Active Listings	11,578	12,375	-6.44%
Total Property Pending Sales	2,900	2,172	33.52%
Total Residential Pending Sales	2,781	2,096	32.68%
Total Property Sales	2,608	2,058	26.72%
Total Residential Sales	2,499	1,976	26.47%
Total Residential New Construction Sales	279	233	19.74%
Median Residential Sales Price	\$226,250	\$222,500	1.69%
Months' Supply of Inventory	5.62	6.82	-17.60%

* 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 545 real estate firms with 665 offices, 6700 real estate agents, and 150 appraiser members using REIN. For more information visit www.REINMLS.com.