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Marginal Movement in the Market for May

(Virginia Beach, Virginia – June 2015)

While the Hampton Roads real estate market continues to see positive gains, the Spring spike in activity seems to have leveled off this past month. The changes in year-over-year statistical data for May were modest, with the number of residential listings for sales and settled sales increasing less than 2%. Residential pending contracts sustained a moderate improvement of 9.83% when compared to the prior year. Declining distressed activity continues to be a bright spot in an otherwise bland May market.

Residential active listings rose a marginal 1.66% in May 2015 as compared to May 2014. Of the region's seven major cities (Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Suffolk, and Virginia Beach), Norfolk and Virginia Beach were the only two that underwent slight declines in the number of residential homes for sale. This marks the third consecutive month that Norfolk's residential active listings have declined year-over-year. Hampton was able to pull in the largest increase of 15.80%, as active listings rose from the 861 in May 2014 to 997 in May 2015. The remaining cities encountered smaller boosts when compared to last year, ranging from 1.13% to 9.71%.

The region's current month supply of inventory is 6.82 months, a drop of 1.16% from the previous year when it was 6.90 months. Conversely, the month's supply of inventory sustained a month-to-month rise of almost 2% from April 2015. That month-to-month increase, supported by the recent activity the region has seen in pending sales over the past several months, indicates that buyers are currently more active in the market. An inventory supply greater than 6 months generally represents more of a buyer's market. Hampton exhibits the highest months' supply of 8.13 months, while Virginia Beach sports the lowest months' supply of 5.09 months.

As mentioned above, pending sales in the market show year-over-year improvement in May, although the momentum of pending contracts seems to have slowed a bit compared to recent months. Residential pending sales received a 9.83% year-over-year lift, which is the lowest rise in residential pending sales for the Hampton Roads area since August 2014. Pending sales this year have tracked between 18-20% year-over-year growth in January, March and April. Encouragingly, six of the seven major cities experienced increases in the number of residential pending contracts when compared to May of last year. Portsmouth was the only city to see a significant decline of 18.12%. Hampton,

however, led the pack with a year-over-year increase of 23.39%

The growth in total settled sales for the area was virtually unchanged in May, with a rise of only 0.68% from last year. The region's residential settled sales were only slightly higher, with a 1.18% improvement from May 2014. Of the seven major cities, only Virginia Beach, Chesapeake, and Norfolk saw year-over-year escalations of 12.78%, 9.62% and 2.71%, respectively, which may partially explain the minute change experienced by the overall region. Newport News endured the greatest loss of 18.33% when compared to the previous year, and Hampton did not see movement in either direction. The region's residential median sales price experienced a leap of 5.95% from \$210,000 in May 2014 to \$222,500 this year suggesting greater competition among buyers.

May's distressed inventory and sales statistics in the Hampton Roads real estate continued to show progress in recovery. Distressed listings accounted for just 16.10% of all residential active listings in May 2015, down 1.87% year-over-year. That is almost a 12% drop from its peak in December 2012, when distressed listings accounted for 28.05% of all residential active listings. The decline in distressed sales shows even more promise, as they dipped 3.88% year-over-year to account for only 17.38% of all residential settled sales this May. That is a more than 25% drop from its peak in March 2011.

May 2015 Summary

All Categories	May 2015	May 2014	Percent Change
Total Property Active Listings	15,139	15,019	0.80%
Total Residential Active Listings	12,375	12,173	1.66%
Total Property Pending Sales	2,354	2,154	9.29%
Total Residential Pending Sales	2,257	2,055	9.83%
Total Property Sales	2,058	2,044	0.68%
Total Residential Sales	1,976	1,953	1.18%
Total Residential New Construction Sales	233	217	7.37%
Median Residential Sales Price	\$222,500	\$210,000	5.95%
Months' Supply of Inventory	6.82	6.90	-1.16%

* 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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