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No Market Surprises for October

(Virginia Beach, Virginia – November 2015)

Predictable of the housing market cycle, Hampton Roads' sales activity lost some momentum in October as demand slows with the approach of holidays and as cooler weather begins to roll in. Most metrics used to measure the health of the market, however, still made year-over-year gains, with the exception of active listings, which has been on a persistent year-over-year decline since August.

Active residential listings dropped 3.12% when compared to October 2014. Of the region's seven major cities (Norfolk, Virginia Beach, Portsmouth, Chesapeake, Suffolk, Hampton and Newport News), four of the cities experienced declines in the number of homes available for sale. Suffolk experienced the greatest drop of 10.45%, followed by Virginia Beach which declined 7.68% year-over-year. Portsmouth, however, was able to add 9.55% more homes to its active inventory measured against October of last year.

Coinciding with its rise in active listings, Portsmouth currently maintains the highest months' supply of inventory among the region's major cities, at 7.79 months. On the flip side, continuing its year-long streak, Virginia Beach still has the lowest with 4.59 months, indicative of a market favorable to sellers. The area's overall months' supply of inventory remained on a downward slope, settling at 6.04 months for October 2015. This represents a 12.34% dip from October 2014 when the months' supply was 6.89 months, and is the highest year-over-year drop since June 2013. This also shows a slightly less dramatic drop of 2.89% from last month, when months' supply of inventory was 6.22 months.

Hampton Roads witnessed a year-over-year rise in residential pending sales in October, though not as strong of a jolt as what was seen in recent months. For October, the region produced 6.50% more pending contracts from the same time last year, and only two of the major cities saw declines. Chesapeake's pending sales dropped 8.41% from October of last year, and Suffolk dropped 3.42% over the same period of time. Hampton generated a notable year-over-year rise in the number of homes that went under contract, up 28.57%. Newport News also impressed with almost 20% growth from last year. The remaining cities were all able to produce year-over-year gains ranging from 2.88% (Portsmouth) to 11.49% (Norfolk).

The pace of residential settled sales also seemed to have lost some steam in the month of October, yet the area continued to have year-over-year improvement. When compared to October 2014, the region

had 4.57% more residential settled sales. Of the major cities, Norfolk recorded the greatest gain of 15.61% year-over-year. Contrarily, Newport News experienced a significant drop in the number of sold homes last month, falling 24.68% from the same time last year. The region's median residential sales price increased 4.88% to \$215,000 in October 2015 as compared to October 2014 when it was \$205,000.

Distressed activity continues to represent less of the local real estate market and the move towards recovery remains steady. The percentage of active residential units for sale attributable as a distressed listing dropped 2.76% from October of last year to 15.62%. In October 2015, the number of distressed residential homes sold only represented 16.64% of total units sold, which is a 3.04% decline from October 2014 when distressed properties accounted for 19.68% of total units sold. Though the percentage of distressed sold units as they account for total sold units has been on an upward month-to-month trek since July 2015, this can be explained as a consequence of there being fewer non-distressed units sold, because in fact the number of REO sales and short sales have not fluctuated much since August 2015.

October 2015 Summary

All Categories	October 2015	October 2014	Percent Change
Total Property Active Listings	14,488	14,831	-2.31%
Total Residential Active Listings	11,706	12,083	-3.12%
Total Property Pending Sales	2,053	1,900	8.05%
Total Residential Pending Sales	1,917	1,800	6.50%
Total Property Sales	2,057	1,971	4.36%
Total Residential Sales	1,968	1,882	4.57%
Total Residential New Construction Sales	255	220	15.91%
Median Residential Sales Price	\$215,000	\$205,000	4.88%
Months' Supply of Inventory	6.04	6.89	-12.34%

** 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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