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Local Housing Market Stacks Up Against National Trends

(Virginia Beach, Virginia -October 2017)

National sentiment may be that the housing market has stalled, but the Hampton Roads real estate market still remains strong on many fronts. While active inventory is down both nationally and locally, overall sales have persisted at a steady rate locally despite weaker sales being reported on a national level.

Just as the national market reports a reduction in available inventory, so has the Hampton Roads region. September's residential active listings are down 3.83% year-over-year with 10,459 units compared to 10,969 in September 2016. Of the region's seven major cities (Norfolk, Virginia Beach, Portsmouth, Chesapeake, Suffolk, Hampton and Newport News) Newport News and Norfolk experienced the most significant dips in the number of homes for sale, down 17% and 13.11% respectively. Only two cities show modest increases in inventory: Virginia Beach up 4.33% and Chesapeake up 1.83%.

September's months' supply of residential home inventory is currently sitting at 4.81 months, down 7.85% from the same period of time last year. To help illustrate just how low inventories have dropped, the region's months' supply of inventory peaked at over 10 months during the recession, and real estate experts commonly identify a balanced market as 5-6 months.

In contrast to national trends, local residential pending sales for September saw an impressive 11.02% increase from the previous year, with 2,247 listings going under contract. Each of the region's seven major cities experienced year-over-year gains ranging from 3.51% in Hampton to 19.63% in Norfolk. Norfolk and Newport News recorded the largest declines year-over-year in active listing in September, as they also logged the largest increases year-over-year in pending sales.

On a national scope settled sales have been on the decline as a result of reduced inventory, reports of home prices rising to unaffordable levels for first-time homebuyers, and existing homeowners deciding to stay in their current homes. The Hampton Roads market also experienced a dip in residential settled sales for the month of September, though only a slight -0.96% year-over-year. This is only the third month to incur a negative year-over-year change in the past 12 months, with the other two being July 2017 (-1.24%) and February 2017 (-3.04%). Of the seven major cities, Newport News and Virginia Beach underwent the largest gains year-over-year for September at 6.63% and 5.02% respectively. Conversely, the cities to suffer the largest declines were Hampton (-6.95%) and Chesapeake (-3.64%). Third quarter 2017 totals (July-September), show that residential settled sales rose 2.02% as compared to the same period of time in 2016.

The region's residential median sales price rose 3.84% in September 2017 to \$231,000, as compared to \$222,450 in September 2016. All of the major cities experienced gains in the median sales price except for Chesapeake, which was down 4.08%. While nationally home prices have risen more dramatically, locally the increases have maintained a more sustainable and modest pace. For third quarter 2017, the median sales price rose 2.13% over 3Q 2016.

Distressed homes, those that are either short sales or foreclosure, continue to decrease as a percentage of the market year-over-year, though the numbers have risen marginally over the past couple of months. During September 2017, distressed homes accounted for just 11.54% of all residential active listings. This was down 1.81% from the same period of time last year, but up a slight 1.31% from June 2017 which was the lowest percentage rating since we began tracking this statistic in 2009. Similarly, September's distressed homes accounted for only 10% of all residential settled sales, a decrease of 3.59% from September 2016, but up 0.79% from the lowest rating in June 2017. One explanation for this slight uptick in distressed homes as a percentage of the market correlates to the overall decline in inventory. As desirable, move-in ready homes come on the market, they are selling quickly, leaving the homes that require fixes/remodeling (a common condition for distressed properties) on the market.

September 2017 Summary

All Categories	September 2017	September 2016	Percent Change
Total Property Active Listings	12,879	13,520	-4.74%
Total Residential Active Listings	10,549	10,969	-3.83%
Total Property Pending Sales	2,347	2,125	10.45%
Total Residential Pending Sales	2,247	2,024	11.02%
Total Property Sales	2,369	2,408	-1.62%
Total Residential Sales	2,277	2,299	-0.96%
Total Residential New Construction Sales	266	291	-8.59%
Median Residential Sales Price	\$231,000	\$222,450	3.84%
Months' Supply of Inventory	4.81	5.22	-7.85%

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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