



**Second Quarter 2010  
Residential Only**

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# Trends in Virginia's Housing Markets

For Immediate Release:

August 2, 2010

Contact: Lisa Noon, (804) 249-5716 or [lisa@varealtor.com](mailto:lisa@varealtor.com)

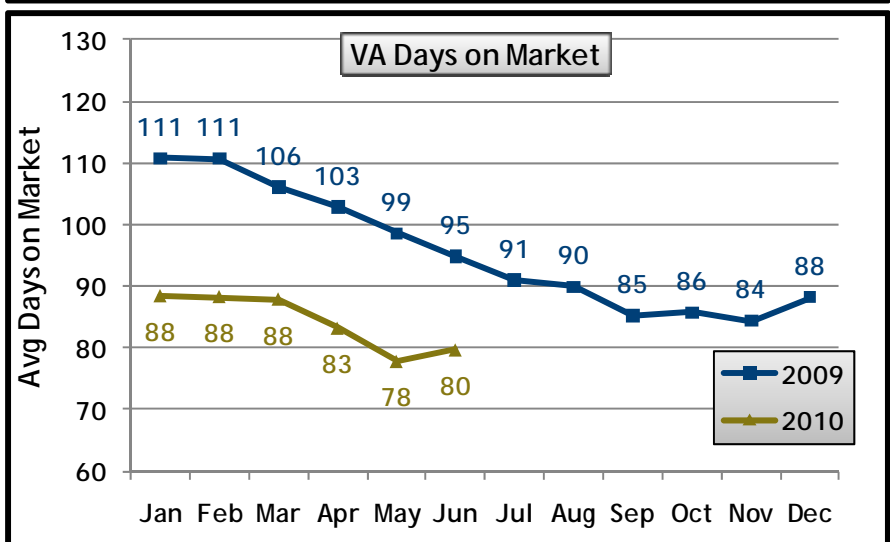
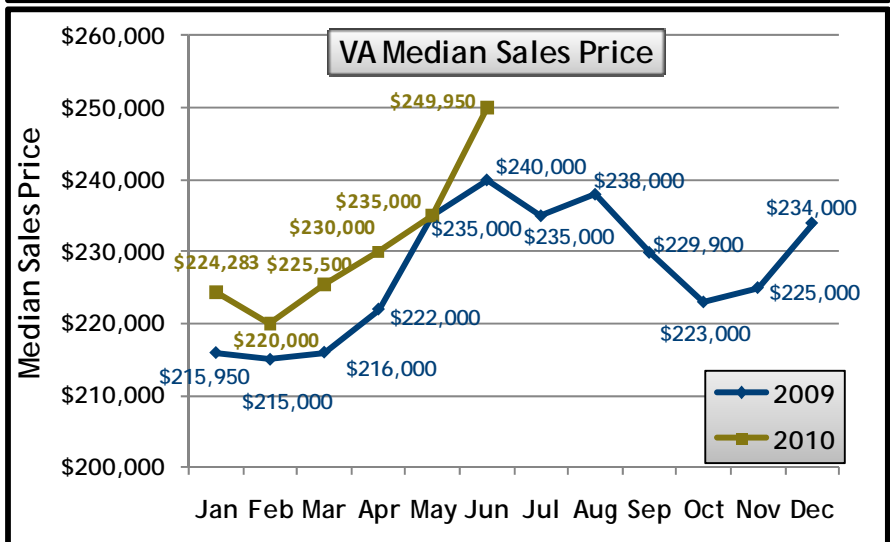
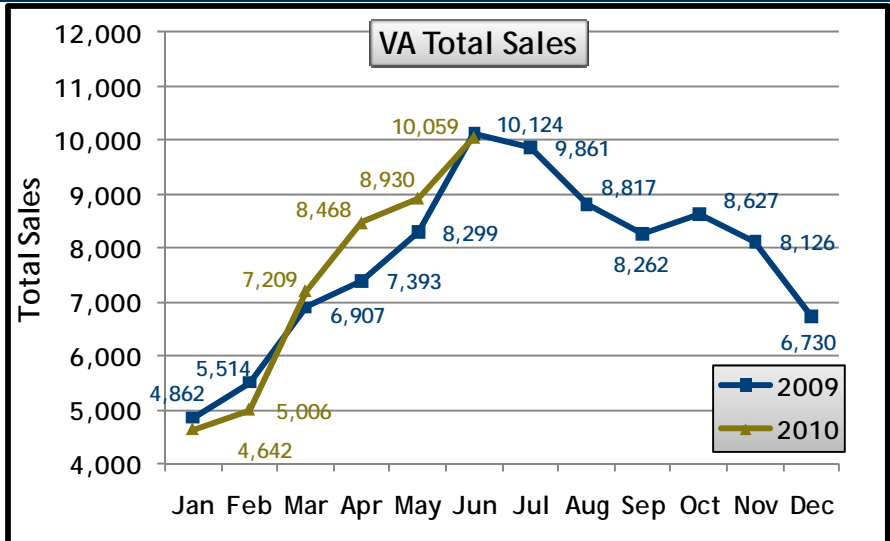
Welcome to a redesigned Virginia home sales market report! This report differs from previous quarterly reports in several ways: first, sales now correlate more closely to Virginia's MSAs (Metropolitan Statistical Areas), which refers to geographical regions with relatively high population density at the core and close economic ties throughout the area. Definitions may be found on page 4. Second, we are providing additional information on factors like consumer confidence, mortgage trends, and major economic activity, all of which have a strong influence on home sales.

In the second quarter Trends in Virginia's Housing Markets report, published by the Virginia Association of Realtors, six areas out of seven showed increases in total sales compared to the second quarter of 2009; only one area (Northern Virginia) was down, but only slightly (-.3 percent). Northern Virginia did post a second quarter total sales figure that was up 55 percent over first quarter 2010. Statewide, sales are up 6.4 percent over the same period last year.

The median sales price was up slightly for the state as a whole, 2.5 percent, over the second quarter last year, and up nearly 7 percent from first quarter 2010.

Average days on market is down in all but two areas of the state compared to first quarter 2009, and six of seven areas were down compared to the same period last year.

"Virginia is fortunate to have a relatively low unemployment rate, and strong regional economic development activity," commented VAR President Cindy Stackhouse of Dumfries, VA, "both contributing to stronger home sales markets in our state."



## Mortgage Financing Update—Rates Edge Higher

Zillow Mortgage Marketplace reports Virginia mortgage rates for 30-year fixed-rate mortgages increased 2 basis points from 4.58% to 4.60% on Sunday, July 18. State mortgage rates ranged from the lowest rate of 4.27% (NM) to the highest rate of 4.60% (KY, NV, SD, VA). Currently, Virginia mortgage rates are 21 basis points higher than the national average of 4.39%.

The Virginia mortgage rate on July 18, 2010, is up 6 basis points from last week's average Virginia rate of 4.54%.

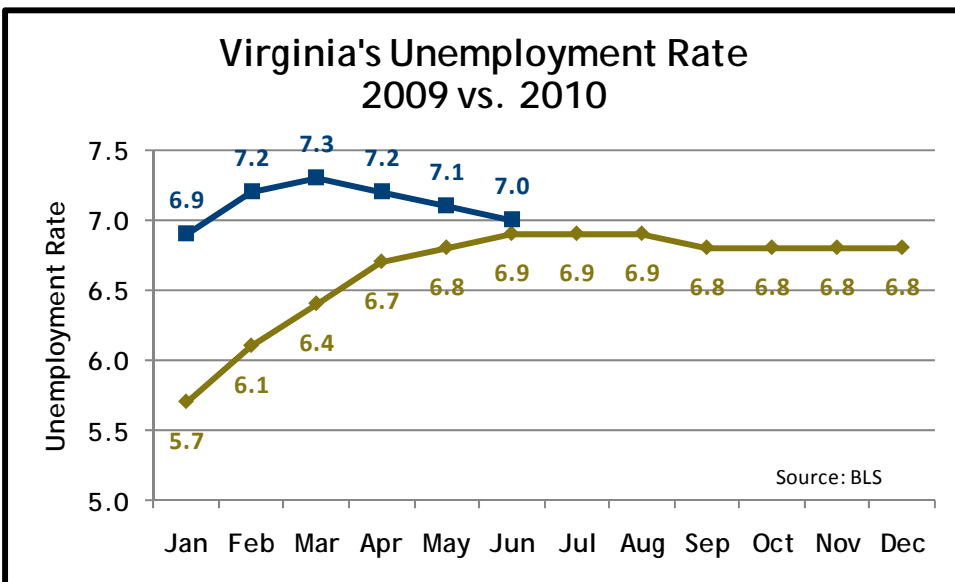
Fixed Mortgages	Virginia Rates			National Rates		
	Today	Last Week	+/-	Today	Last Week	+/-
10 yr Fixed	4.68%	4.53%	Up	4.68%	4.56%	Up
15 yr Fixed	4.76%	4.81%	Down	4.80%	4.85%	Down
20 yr Fixed	5.55%	5.51%	Up	5.62%	5.57%	Up
30 yr FHA	5.53%	5.47%	Up	5.61%	5.59%	Up
30 yr Fixed	5.34%	5.36%	Down	5.37%	5.36%	Up
40 yr Fixed	6.13%	6.13%	Flat	6.06%	6.12%	Down
Adjustable Rate Mortgages (ARM)	Virginia Rates			National Rates		
	Today	Last Week	+/-	Today	Last Week	+/-
1 yr ARM	3.90%	3.41%	Up	4.40%	4.0%	Up
10/1 ARM	4.79%	5.91%	Down	4.91%	6.09%	Down
3/1 ARM	4.95%	5.06%	Down	5.03%	5.37%	Down
5/1 ARM	4.62%	4.34%	Up	4.46%	4.45%	Up
7/1 ARM	5.28%	5.38%	Down	5.07%	5.60%	Down

Rates provided by Bankrate.com as of July 19, 2010

The statistics in this report were provided by participating multiple listing services in Virginia with data compiled by R E Stats.

## Unemployment Rate

- The unemployment rate in the Commonwealth was .1 percentage point higher in June 2010 compared to June 2009. Across the nation the unemployment rate was the same in June 2009 and June 2010 (9.5 percent).
- Virginia's June 2010 unemployment rate was tied for the twelfth lowest in the country (with Louisiana). The highest statewide unemployment rate was in Nevada (14.2 percent). The lowest was again in North Dakota (3.6 percent).



- Virginia continues to have the lowest unemployment rate among its neighbors—
  - MD = 7.1 percent;
  - WV = 8.5 percent;
  - NC = 10.0 percent;
  - DC = 10.0 percent; and
  - TN = 10.1 percent.
- As of May 2010, the Danville MSA again had the highest unemployment rate in the state (11.7 percent) and Northern Virginia had the lowest (5.2 percent).

## Virginia's Housing Market—Second Quarter 2010

After a slow start in the first two months of 2010, total sales in Virginia are now running about 3 percent ahead of sales in the first half of 2009. The June total sales figure was about the same as in June 2008 and June 2009. Following normal cyclical trends, Virginia's total sales increased every month since February at an average pace of 18 percent per month. Showing market resilience even after the expiration of the First Time Buyer's Credit (on April 30th), total sales in 2Q 10 increased 6 percent over 2Q 09. This is despite a shortage of inventory (resulting in decreased sales volume) in the Northern Virginia region (which normally has the highest sales activity among the seven regions in Virginia and therefore also has the highest impact on Virginia's total sales).

The median sales price in Virginia was also trending up in 2Q 10 and in June 2010 reached the highest level since July of 2008 (\$249,900). The median in the second quarter was 7 percent higher than in 1Q 10 and 3 percent higher than it was in 2Q 09. The highest median this quarter was in Northern Virginia (\$314,250) followed in second place by the Hampton Roads-Chesapeake Bay region (\$220,000). The Northern Virginia region also recorded the largest percentage increase in the median sales price (+12 percent compared to 1Q 10 and +11 percent compared to 2Q 09).

With average days on market during 2Q 10 ranging from 53 days in Northern Virginia to 212 days in Southside Virginia, the state average was 80 days. That measured a 9 percent decrease over last quarter and a 16 percent decrease compared to 2Q 09. The average in May was 78 days, the lowest monthly days on market indicator in over three years.

Foreclosures were on the rise in 2Q 10 with the largest percentage quarterly increases occurring in the Southwest and Central Valley regions. However, for the second consecutive quarter, the year-over-quarter percentage change in the total number of foreclosures in Northern Virginia declined, a leading indicator for the rest of the state.

### Foreclosures in Virginia and by Region

- The total number of foreclosures increased in Virginia from 15,563 in 1Q 10 to 19,162 in 2Q 10 (+23 percent). That followed a 6 percent decrease from 4Q 09 to 1Q 10.
- Southside Virginia was the only region to have a decline in the number of foreclosures quarter-over-quarter (-8 percent).

Foreclosures by Region	2Q 10	vs. 1Q '10	vs. 2Q '09
Central Valley	599	51.3%	126.0%
Greater Richmond	3,126	18.3%	70.6%
Hampton Roads-Ches Bay	4,831	29.2%	53.7%
Northern Virginia	9,554	21.1%	-10.9%
Roanoke/Lynchburg/Blacksburg	740	22.5%	17.8%
Southside Virginia	210	-7.9%	9.4%
Southwest Virginia	102	54.5%	168.4%
<i>Total</i>	<i>19,162</i>	<i>23.1%</i>	<i>13.9%</i>

Source: RealtyTrac

- The total number of foreclosures increased in Virginia from 15,563 in 1Q 10 to 19,162 in 2Q 10 (+23 percent). That followed a 6 percent decrease from 4Q 09 to 1Q10.
- Southside Virginia was the only region to have a decline in the number of foreclosures quarter-over-quarter (-8 percent).
- The region with the lowest number of foreclosures in the state, Southwest Virginia, also had the highest percentage increase (55 percent) compared to last quarter.
- Compared to 2Q 09, foreclosures across the Commonwealth increased 14 percent.

## Second Quarter 2010 Summary

Region	Total Sales			Median Sales Price			Avg Days on Market		
	2Q 10	vs 1Q 10	vs 2Q 09	2Q 10	vs 1Q 10	vs 2Q 09	2Q 10	vs 1Q 10	vs 2Q 09
Central Valley	1,387	65.7%	8.6%	\$217,500	12.1%	6.1%	138	-12.4%	-3.5%
Greater Richmond	4,062	79.0%	16.3%	\$193,000	4.4%	-3.5%	81	-3.8%	-1.5%
Hampton Roads-Chesapeake Bay	6,161	67.2%	12.2%	\$220,000	4.8%	-3.5%	97	-6.9%	-5.8%
Northern Virginia	12,826	55.3%	-0.3%	\$314,250	12.2%	10.7%	53	-17.2%	-38.9%
Roanoke/Lynchburg/Blacksburg	2,102	75.0%	10.1%	\$155,975	4.1%	-2.5%	108	-7.6%	-11.9%
Southside Virginia	498	41.9%	21.2%	\$90,125	8.6%	7.9%	212	18.3%	4.3%
Southwest Virginia	276	55.9%	5.7%	\$112,750	-3.9%	-16.5%	197	1.9%	-1.4%
<b>Total Statewide</b>	<b>27,457</b>	<b>62.9%</b>	<b>6.4%</b>	<b>\$239,000</b>	<b>6.7%</b>	<b>2.5%</b>	<b>80</b>	<b>-9.1%</b>	<b>-18.5%</b>

Source: Multiple listing services across the state with data compiled by RE STATs.

All information is deemed reliable but is not guaranteed. Figures may not match those reported elsewhere.

## Region Definitions

### Central Valley

Albemarle  
Augusta  
Bath  
Buena Vista City  
Charlottesville City  
Fluvanna  
Greene  
Harrisonburg City  
Highland  
Lexington City  
Nelson  
Rockbridge  
Rockingham  
Staunton City  
Waynesboro City

### Greater Richmond

Amelia  
Buckingham  
Charles City  
Chesterfield  
Colonial Heights City  
Cumberland  
Dinwiddie  
Goochland  
Hanover  
Henrico  
Hopewell City  
King and Queen  
King William  
Louisa  
New Kent  
Nottoway  
Petersburg City  
Powhatan  
Prince Edward

Prince George  
Richmond City  
Sussex

### Hampton Roads-Chesapeake Bay

Accomack  
Chesapeake City  
Franklin City  
Hampton City  
Isle of Wight  
James City  
Lancaster  
Mathews  
Middlesex  
Newport News City  
Norfolk City  
Northampton  
Northumberland  
Poquoson City  
Portsmouth City  
Southampton  
Suffolk City  
Surry  
Virginia Beach City  
Williamsburg City  
York

### Northern Virginia

Alexandria City  
Arlington  
Caroline  
Clarke  
Culpeper  
Essex  
Fairfax  
Fairfax City

Falls Church City  
Fauquier  
Frederick  
Fredericksburg City  
King George  
Loudoun  
Madison  
Manassas City  
Manassas Park City  
Orange  
Page  
Prince William  
Rappahannock  
Richmond  
Shenandoah  
Spotsylvania  
Stafford  
Warren  
Westmoreland  
Winchester City

### Roanoke/Lynchburg/Blacksburg

Alleghany  
Amherst  
Appomattox  
Bedford  
Bedford City  
Botetourt  
Campbell  
Covington City  
Craig  
Floyd  
Franklin  
Giles  
Lynchburg City  
Montgomery

Pulaski  
Radford  
Roanoke  
Roanoke City  
Salem City

### Southside Virginia

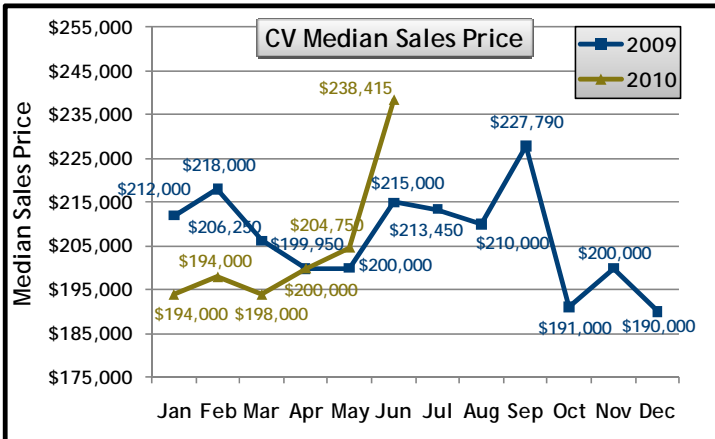
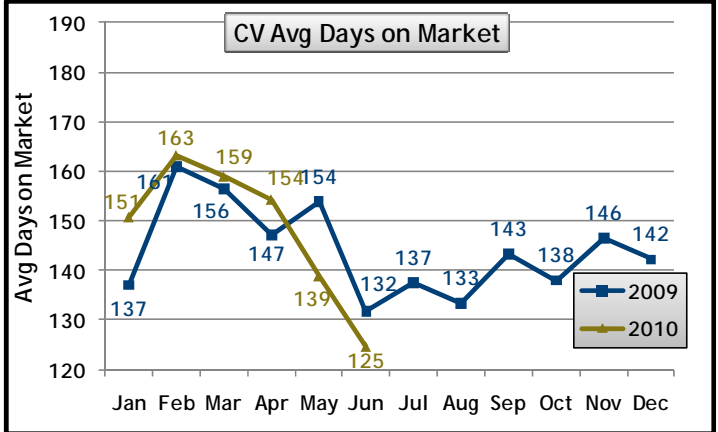
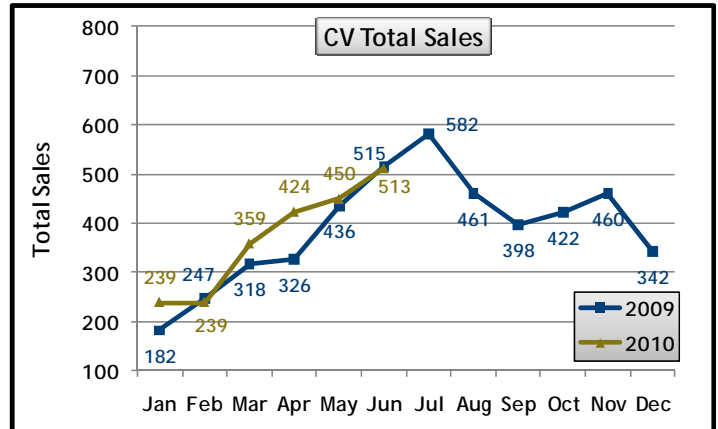
Brunswick  
Charlotte  
Danville City  
Emporia City  
Galax City  
Greensville  
Halifax  
Henry  
Lunenburg  
Martinsville City  
Mecklenburg  
Norton City  
Patrick  
Pittsylvania

### Southwest Virginia

Bland  
Bristol City  
Buchanan  
Carroll  
Dickenson  
Grayson  
Lee  
Russell  
Scott  
Smyth  
Tazewell  
Washington  
Wise  
Wythe

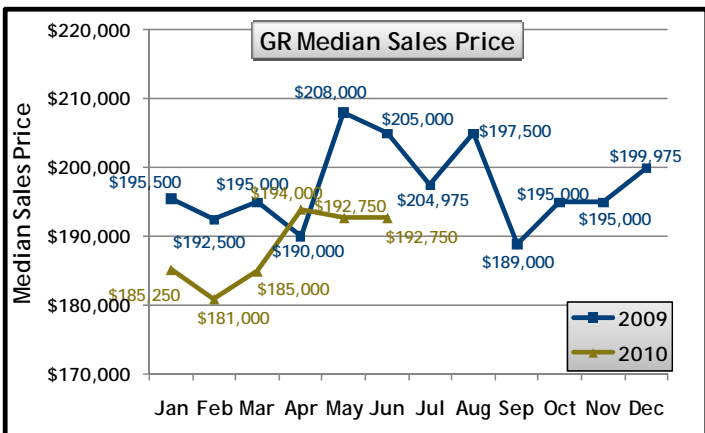
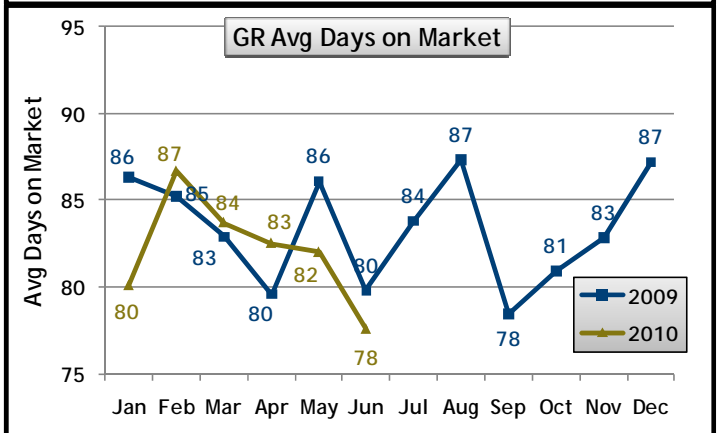
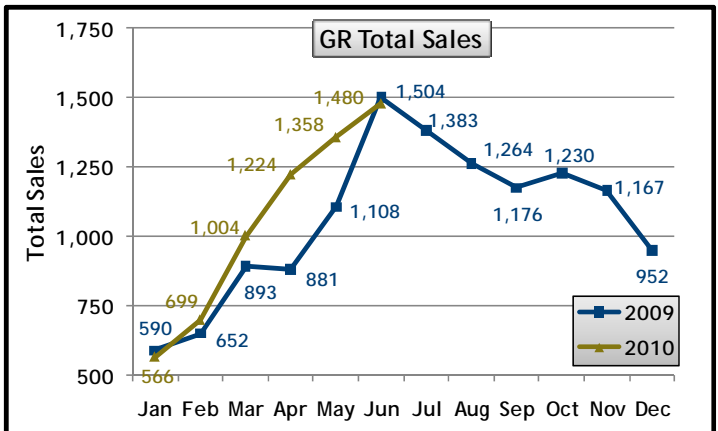
## Central Valley Region

- Total sales in the Central Valley Region exceeded those in corresponding month in 2009 four out of six months. Year-to-date sales in 2010 are 9 percent higher than they were at this time in 2009.
- The median sales price in the Central Valley Region has struggled to reach corresponding medians in 2009. June was the first month this year that the median exceeded \$205,000 (+16 percent over May). The \$238,415 median was the highest since December 2007 in the Central Valley.
- The monthly average days on market have been higher for most of this year than last but the trend changed in May and June. The June average of 125 days represented a 10 percent decline compared to May and 6 percent decline compared to last June.



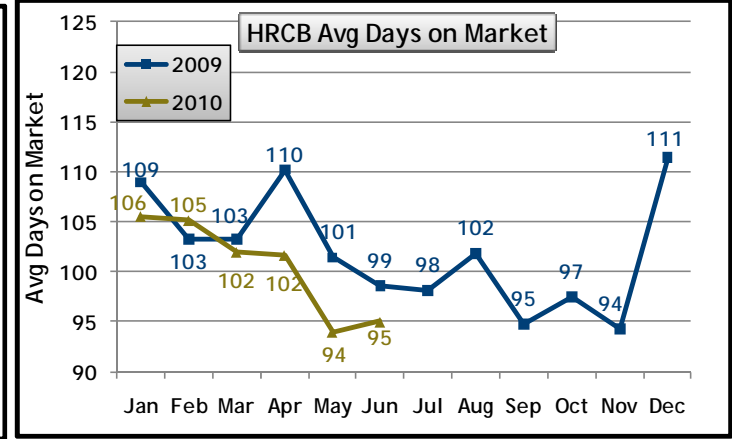
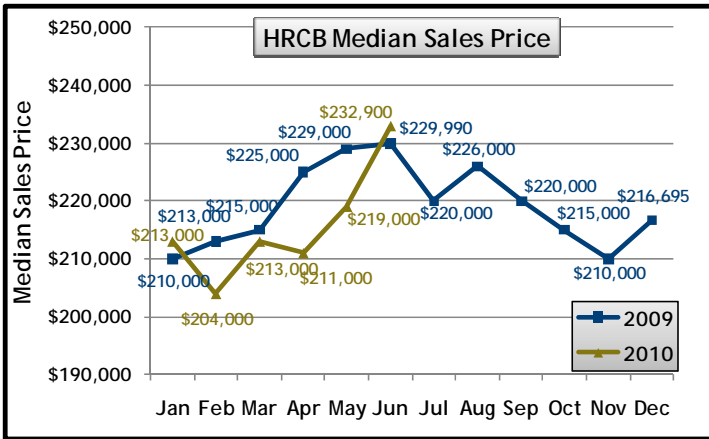
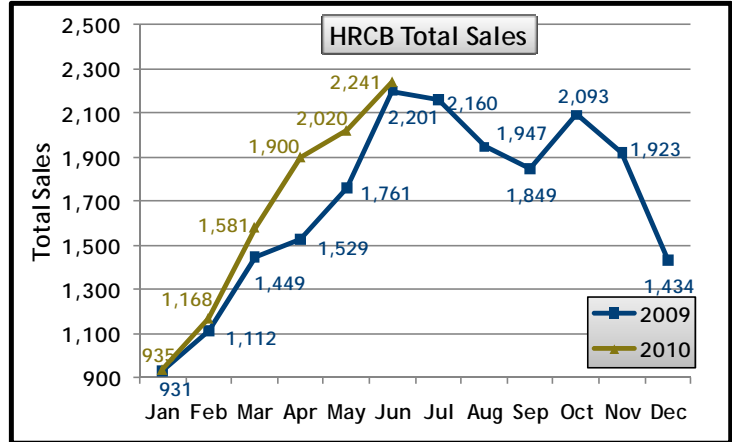
## Greater Richmond Region

- Through the first half of 2010, Greater Richmond has had 11 percent more sales than in the first half of 2009. Sales in June 2010 were 9 percent higher than in May but 2 percent lower than in June 2009.
- Indicating price stability, the median sales price was consistently in the \$193,000 range for the last three months. The median remained unchanged from May and declined 6 percent in June compared to last June.
- Also pointing to signs of market stability is the Average Days on Market indicator in Greater Richmond. It was between 80 and 90 days from October 2009 to May 2010. However, the average declined 5 percent from May to 78 days in June.



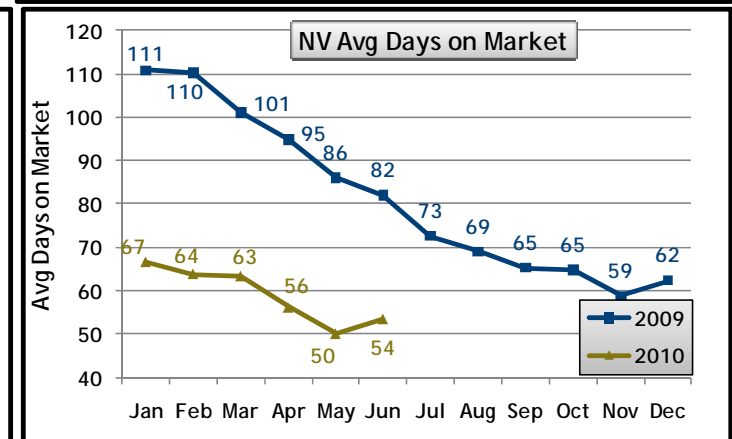
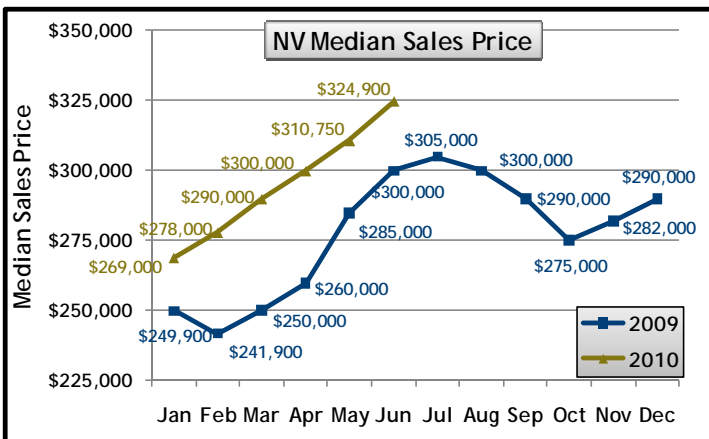
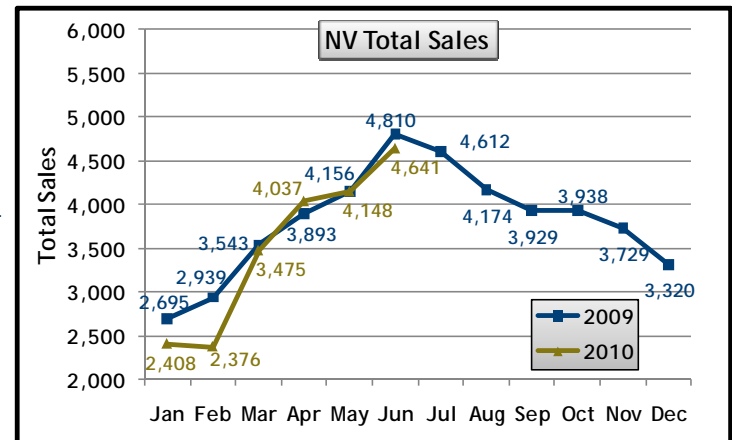
## Hampton Roads-Chesapeake Bay

- So far this year there have been 9 percent more sales than at the same time last year in the Hampton Roads-Chesapeake Bay region. The biggest monthly sales increases compared to 2009 in the second quarter were in April and June (+20 and +11 percent respectively).
- The median sales price in this Region jumped 6 percent from May to June 2010 and it was greater than the corresponding month in 2009 for the first time since January. Also, the median reached the highest level since August 2008 in June.
- Average days on market in the Hampton Roads Region fell below 100 days for the first time this year in May and remained there in June.



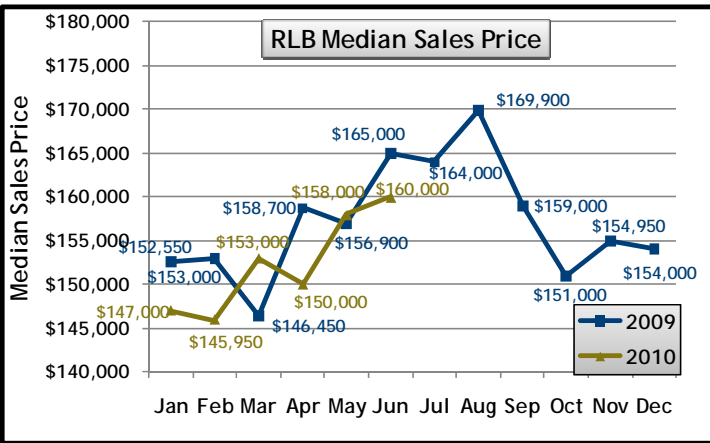
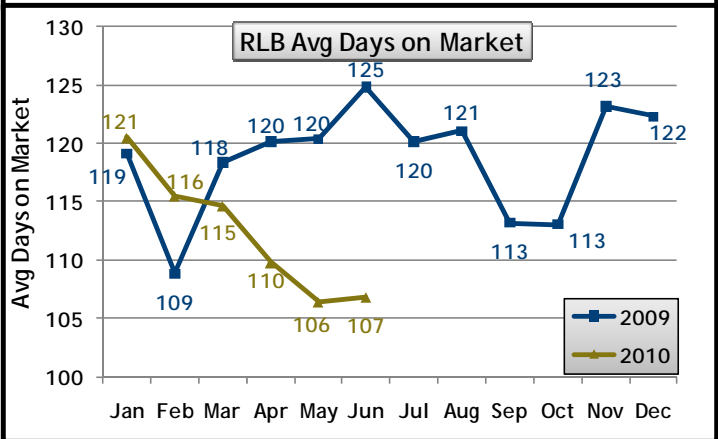
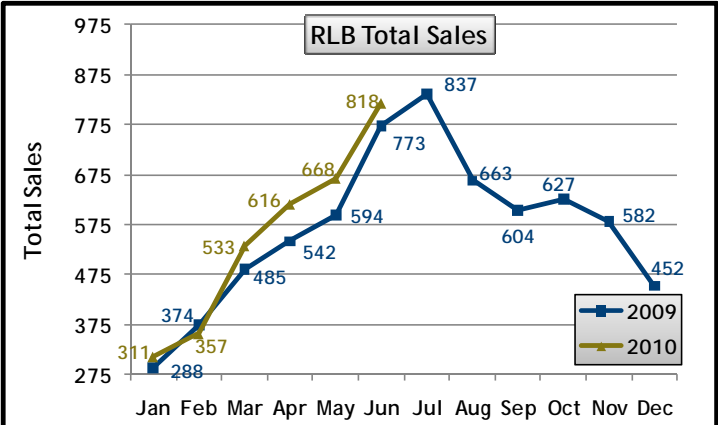
## Northern Virginia Region

- Total sales in Northern Virginia through June are lagging by almost 5 percent behind the same time last year, most likely due to a lack of supply. April was the only month in 2010 that sales exceeded the corresponding month in 2009.
- However, the median sales price in Northern Virginia was at its highest level in June 2010 since June 2008 and has steadily increased at a rate of about 4 percent all year.
- Another sign of low inventory is the dramatic difference in the days on market indicator in Northern Virginia this year. The average was below 60 days for the past three consecutive months and the June average was 35 percent less than the June 2009 average. Averages in the low 50s were not seen at all from 2007 until May 2010.



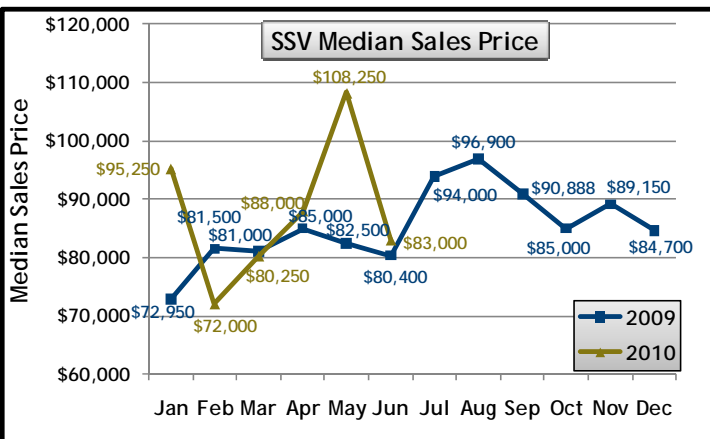
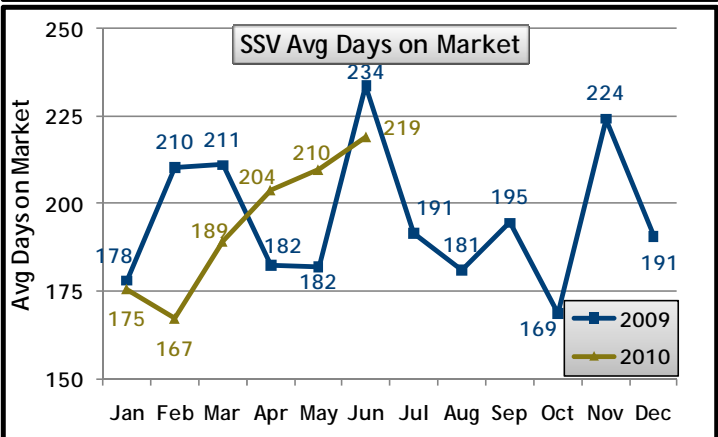
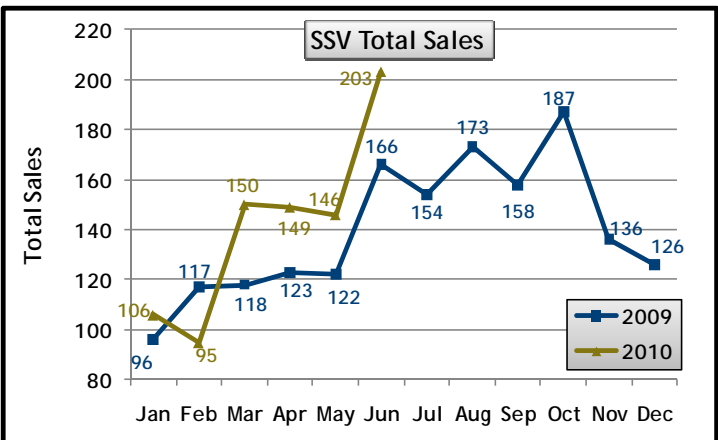
## Roanoke/Lynchburg/Blacksburg

- Total sales in the Roanoke/Lynchburg/Blacksburg Region have exceeded the sales in the same month in 2009 in every month this year except February. The 2010 year-to-date average as of June was 8 percent higher than at the same time in 2009.
- Median sales prices were trending up by the second quarter but have inconsistently reached comparable 2009 levels. The June median was up slightly (+1 percent) from May but measured 3 percent below the June 2009 median.
- The year-to-date average days on market is 112 days, down from the 2009 average of 119 days. The average in the second quarter though is down 9 percent from the average in the first quarter.



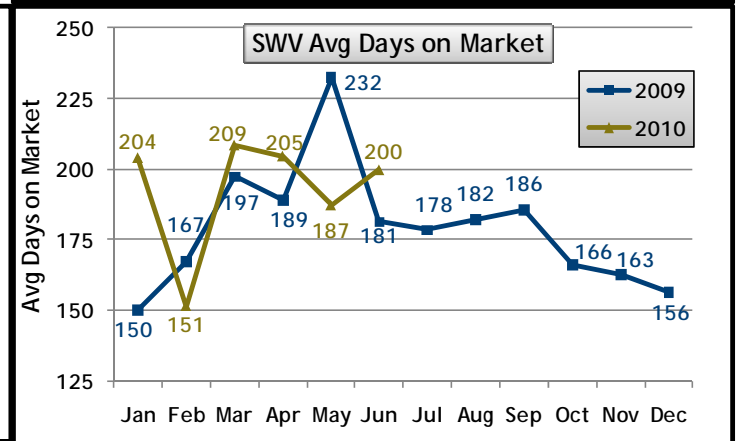
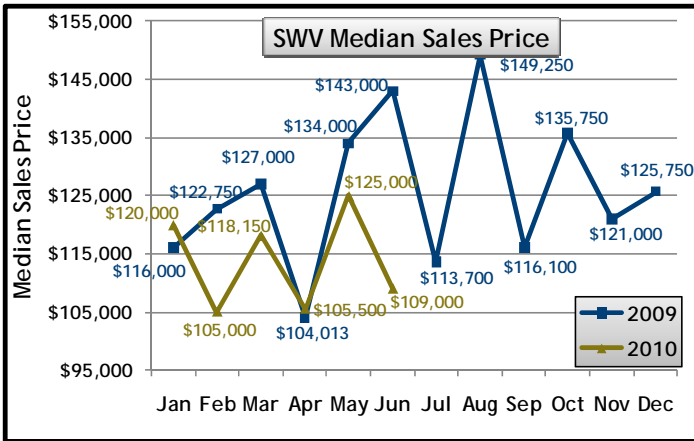
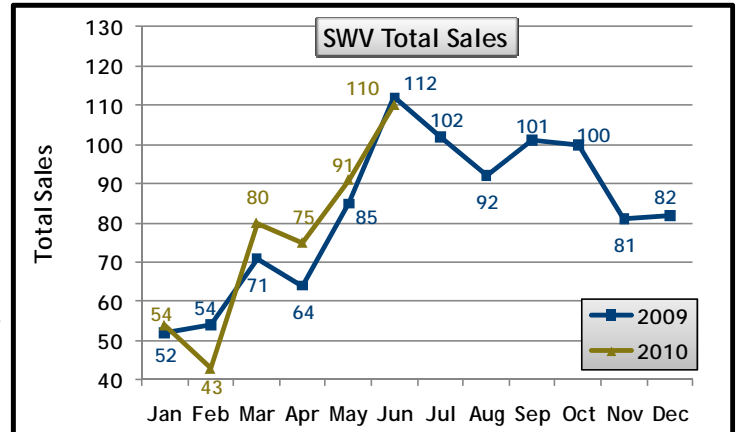
## Southside Virginia Region

- Sales in Southside Virginia so far in 2010 outperformed those in 2009 by 13 percent. The June 2010 total was 39 percent higher than the May total and was the highest sales volume since March 2007.
- The median sales price in the Southside reached its highest level in May 2010 since August 2007 (\$108,250). The June 2010 level was up 3 percent over June 2009.
- The average days on market in the Southside Region is dramatically higher than in other areas of Virginia. Homes remained on the market on average over 200 days for the last three months. While the average increased 5 percent in June from May, it was 6 percent below the June 2009 average.



## Southwest Virginia Region

- Total sales in 2010 in the Southwest Virginia Region are 3 percent higher than the total at this time last year.
- The median sales price in this Region is highly volatile with large swings from month to month. The swings in 2010 however are less severe; the median ranged from \$105,000 to \$125,000 in 2010 while it ranged from \$104,013 to \$149,250 in 2009.
- The average days on market indicator was trending down in the last quarter of 2009 but spiked sharply in January 2010 and it hasn't recovered significantly since. The average has been between 187 and 209 days over the last four months. The lowest average since 2007 was 121 days in January 2007 and the high was 209 days in March 2010.



## National Market Perspective—Second Quarter 2010

WASHINGTON (July 22, 2010) - With the scheduled closing deadline for the home buyer tax credits, existing-home sales slowed in June but remained at relatively elevated levels, according to the National Association of Realtors®. Existing-home sales, which are completed transactions that include single-family, townhomes, condominiums and co-ops, fell 5.1 percent to a seasonally adjusted annual rate of 5.37 million units in June from 5.66 million in May, but are 9.8 percent higher than the 4.89 million-unit pace in June 2009.

Lawrence Yun, NAR chief economist, said the market shows uncharacteristic yet understandable swings as buyers responded to the tax credits. "June home sales still reflect a tax credit impact with some sales not closed due to delays, which will show up in the next two months," he said. "Broadly speaking, sales closed after the home buyer tax credit will be significantly lower compared to the credit-induced spring surge. Only when jobs are created at a sufficient pace will home sales return to sustainable healthy levels."

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage fell to a record low 4.74 percent in June from 4.89 percent in May; the rate was 5.42 percent in June 2009.

The national median existing-home price<sup>2</sup> for all housing types was \$183,700 in June, which is 1.0 percent higher than a year ago. Distressed homes were at 32 percent of sales last month, compared with 31 percent in May; it was also 31 percent in June 2009.

NAR President Vicki Cox Golder, owner of Vicki L. Cox & Associates in Tucson, Ariz., said softer home sales expected this summer don't tell the whole story. "Despite these market swings, total annual home sales are rising above 2009 and we're looking for overall gains again this year as well as in 2011," she said. "Conditions have become more balanced in much of the country, which is good for both buyers and sellers. However, consumers find it even more challenging to navigate the transaction process, especially for distressed properties, which only underscores the value Realtors® bring to buyers and sellers in this market."

A parallel NAR practitioner survey<sup>3</sup> shows first-time buyers purchased 43 percent of homes in June, down from 46 percent in May. Investors accounted for 13 percent of sales in June, little changed from 14 percent in May; the remaining purchases were by repeat buyers. All-cash sales were at 24 percent in June compared with 25 percent in May.

## Consumer Confidence Hits a Snag

The Conference Board *Consumer Confidence Index*<sup>®</sup> which had been on the rise for three consecutive months, declined sharply in June. The Index now stands at 52.9 (1985=100), down from 62.7 in May. The Present Situation Index decreased to 25.5 from 29.8. The Expectations Index declined to 71.2 from 84.6 last month.

The *Consumer Confidence Survey*<sup>®</sup> is based on a representative sample of 5,000 U.S. households. The monthly survey is conducted for The Conference Board by TNS. TNS is the world's largest custom research company. The cutoff date for June's preliminary results was June 22nd.

Says Lynn Franco, Director of The Conference Board Consumer Research Center: "Consumer confidence, which had posted three consecutive monthly gains and appeared to be gaining some traction, retreated sharply in June. Increasing uncertainty and apprehension about the future state of the economy and labor market, no doubt a result of the recent slowdown in job growth, are the primary reasons for the sharp reversal in confidence. Until the pace of job growth picks up, consumer confidence is not likely to pick up."

Consumers' appraisal of present-day conditions was less favorable in June. Those saying conditions are "good" decreased to 8.0 percent from 9.7 percent, while those saying business conditions are "bad" increased to 42.4 percent from 39.5 percent. Consumers' assessment of the labor market was also less favorable. Those claiming jobs are "hard to get" increased to 44.8 percent from 43.9 percent, while those saying jobs are "plentiful" decreased to 4.3 percent from 4.6 percent.

Consumers' short-term outlook, which had improved significantly last month, turned more pessimistic in June. Those anticipating an improvement in business conditions over the next six months decreased to 17.2 percent from 22.8 percent, while those expecting conditions will worsen rose to 14.9 percent from 11.9 percent.

Consumers were also much less optimistic about future job prospects. The percentage of consumers anticipating more jobs in the months ahead decreased to 16.0 percent from 20.2 percent, while those anticipating fewer jobs increased to 20.8 percent from 17.8 percent. The proportion of consumers anticipating an increase in their incomes declined to 10.6 percent from 11.4 percent.

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## Recent Major Economic Development Activity

- Northrop Grumman selects Fairfax County for new corporate headquarters, joining CSC, Hilton Worldwide, Science Applications International Corporation and Volkswagen of America, all of which have relocated corporate headquarters to Fairfax County.
- MeadWestvaco will relocate its Center for Packaging Innovation from Raleigh, N.C., to Richmond. It is estimated that MeadWestvaco will invest \$10 million in the new CPI facilities.
- The city of Richmond and Pfizer Consumer Healthcare agreed to maintain the business unit's Sherwood Avenue R&D operations in the city of Richmond. The agreement will retain more than 300 jobs locally and continue the long-standing civic-corporate partnership.
- With help from the Virginia Beach Development Authority, South University will bring approximately 100 full-time positions to the area.
- Evatran LLC, a subsidiary of MTC Transformers, will invest \$3.5 million in new manufacturing in Wytheville that will create 84 jobs.
- Thermo Fisher Scientific Inc. will invest \$8.9 million to expand in Middletown in Frederick County, creating 50 jobs.

Virginia Association of REALTORS<sup>®</sup> • [Lisa@VARealtor.com](mailto:Lisa@VARealtor.com)  
10231 Telegraph Road • Glen Allen, VA 23059  
Tel: (804) 264-5033 • Fax: (804) 262-0497 • [www.VARealtor.com](http://www.VARealtor.com)

Prepared by Rosemary deButts, Housing Analyst  
540.338.2212 • [www.housinganalyst.net](http://www.housinganalyst.net)  
[rosemarydebutts@verizon.net](mailto:rosemarydebutts@verizon.net)

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