



**Third Quarter 2010
Residential Only**

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Trends in Virginia's Housing Markets

For Immediate Release:

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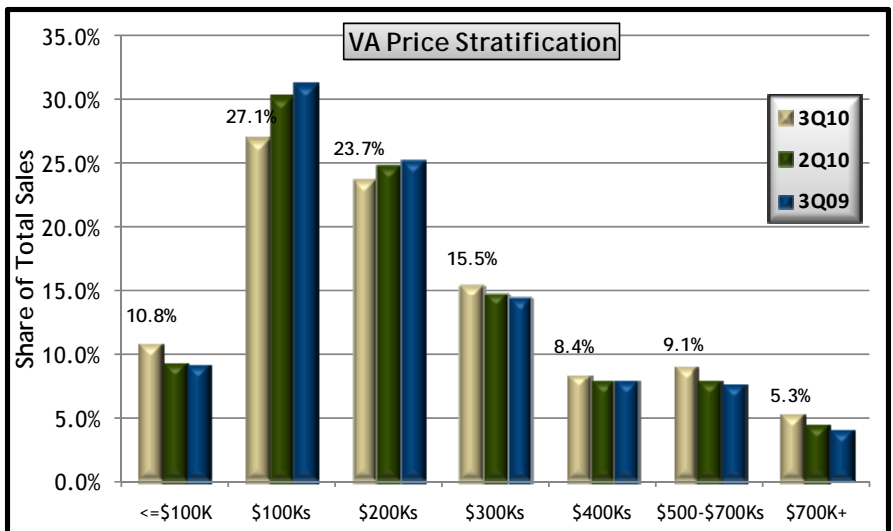
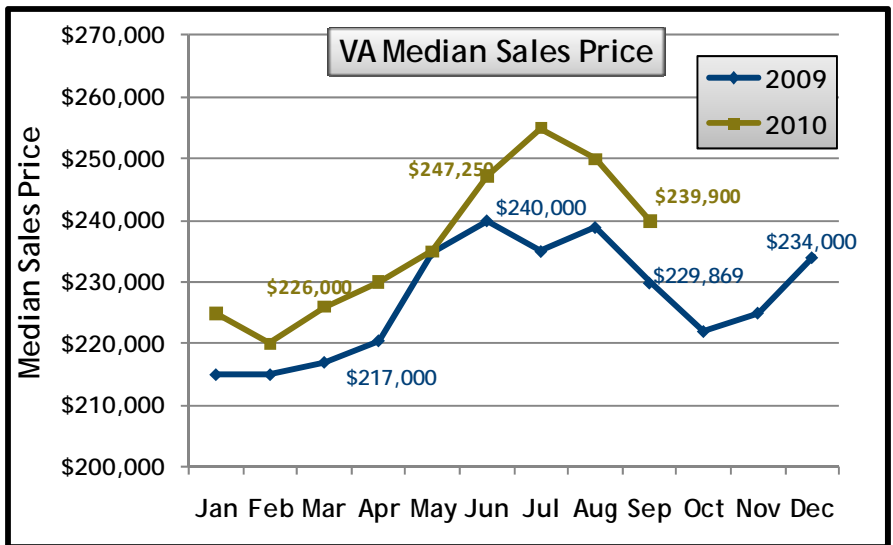
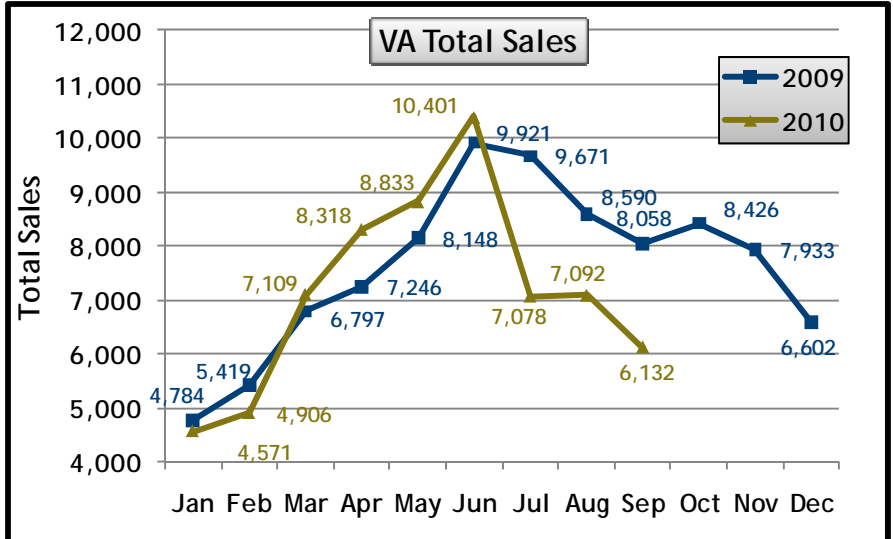
Total home sales in Virginia have slowed, with third quarter numbers showing a disappointing 22 percent decline over the same period last year, according to the Trends in Virginia's Housing Markets report published by the Virginia Association of Realtors. State-wide, sales are behind 2009 figures by six percent for the first nine months of the year.

"We did expect a seasonal downturn as we headed into the second half of the year," said VAR President Cindy Stackhouse of Dumfries, VA, "especially coming off the housing tax credit surge."

Median sales prices are a bright spot, showing a six percent increase compared to 3rd quarter 2009. Homes selling for \$300,000 and above showed growth over the past two years, while declines were seen in homes in the \$100,000 to \$200,000 range. The median sales price increased in four of seven regional areas in Virginia over the same period last year, including Greater Richmond, Hampton Roads/Chesapeake Bay, Roanoke/Lynchburg/Blacksburg, and Northern Virginia.

"Housing affordability continues to be strong in Virginia," added Stackhouse, "which is certainly a positive side to our current market conditions."

Foreclosures declined in Virginia in the third quarter, down 10.5 percent compared to the previous quarter. ###



Third Quarter 2010 Summary

Region	Total Sales				
	3Q 10	2Q 10	3Q 09	vs 2Q 10	vs 3Q 09
Central Valley	1,022	1,485	1,376	-31.2%	-25.7%
Greater Richmond	2,765	4,239	3,817	-34.8%	-27.6%
Hampton Roads-Chesapeake Bay	4,353	5,930	5,605	-26.6%	-22.3%
Northern Virginia	10,182	13,007	12,660	-21.7%	-19.6%
Roanoke/Lynchburg/Blacksburg	1,407	2,094	2,087	-32.8%	-32.6%
Southside Virginia	340	504	478	-32.5%	-28.9%
Southwest Virginia	230	285	291	-19.3%	-21.0%
Total Statewide	20,302	27,552	26,319	-26.3%	-22.9%

Region	Median Sales Price				
	3Q 10	2Q 10	3Q 09	vs 2Q 10	vs 3Q 09
Central Valley	\$217,500	\$217,500	\$220,000	0.0%	-1.1%
Greater Richmond	\$197,990	\$191,500	\$196,590	3.4%	0.7%
Hampton Roads-Chesapeake Bay	\$221,530	\$218,000	\$220,000	1.6%	0.7%
Northern Virginia	\$320,000	\$314,900	\$300,000	1.6%	6.7%
Roanoke/Lynchburg/Blacksburg	\$165,000	\$155,000	\$163,000	6.5%	1.2%
Southside Virginia	\$82,000	\$89,000	\$94,000	-7.9%	-12.8%
Southwest Virginia	\$122,000	\$115,000	\$125,000	6.1%	-2.4%
Total Statewide	\$249,000	\$238,000	\$234,900	4.6%	6.0%

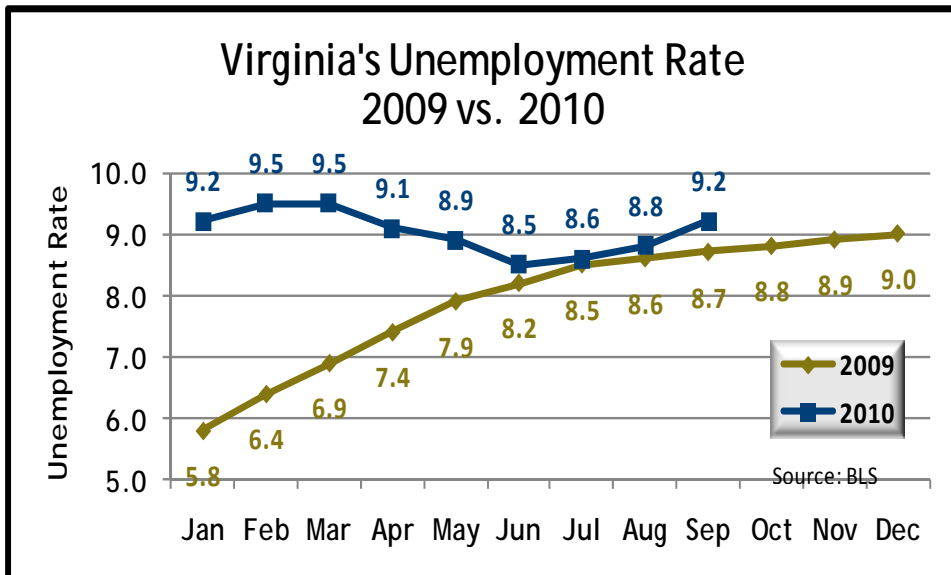
Source: Multiple listing services across the state with data compiled by RE STATs.

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

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

Unemployment Rate

- The unemployment rate in the Commonwealth was .5 percentage points higher in September 2010 than compared to September 2009. Across the nation the unemployment rate declined slightly from September June 2009 (9.8 percent) to September 2010 (9.6 percent).
- Virginia's September 2010 unemployment rate was tied for the eighth lowest in the country (with Wyoming). The highest statewide unemployment rate was in Nevada (14.4 percent). The lowest was again in North Dakota (3.7 percent).



- Virginia's unemployment rate is now in second place behind Maryland among its neighbors—
 - MD = 7.5 percent;
 - WV = 9.2 percent;
 - TN = 9.4 percent;
 - NC = 9.6 percent; and
 - DC = 9.8 percent.
- As of September 2010, the Danville MSA again had the highest unemployment rate in the state (12.4 percent) and Northern Virginia had the lowest (5.1 percent).

Virginia's Housing Market—Third Quarter 2010

After a rally in the second quarter, third quarter sales for Virginia are running six percent behind the same period. The September total sales figure was 24 percent lower than in September 2009. Following normal cyclical trends, sales typically decline from month to month in the second half of the year, as was the case in 2010. However, Virginia's total sales in the third quarter also decreased 26 percent compared to the third quarter of 2009, which was unexpected. A possible explanation may be a First Time Buyer's Credit "hangover"; the credit artificially stimulated demand from last fall to April 2010. Many buyers moved up their buying decisions to take advantage of the credit and are no longer in the market. Sales volume declined in every region for the third quarter compared to the previous quarter.

The median sales price in Virginia was also trending up through July when it peaked at \$255,000. The median in the third quarter was 4.6 percent higher than in 2Q 10 and significantly, 6 percent higher than it was in 3Q 09. The highest median this quarter was in Northern Virginia (\$320,000) followed in second place by the Hampton Roads-Chesapeake Bay region (\$221,530). The Roanoke/Lynchburg/Blacksburg region recorded the largest percentage increase in the median sales price (+6.5 percent compared to 2Q 10) while Northern Virginia had the highest percentage increase compared to 3Q 09 (+6.7 percent).

Exhibiting price resiliency though, there was a larger share of sales in 3Q 10 with units in all price categories above \$300,000 compared to both 2Q 10 and 3Q 09.

After a large increase in the second quarter, foreclosures were on the decline in 3Q 10 with a 10.5 percent decrease in foreclosures compared to 2Q 10. By virtue of sheer volume, Northern Virginia typically surpasses all the other regions in this category and foreclosures in Northern Virginia posted the third consecutive quarter of declines compared to the same quarter in 2009. In the third quarter, the other six regions had percentage increases compared to 3Q 09. It appears that Northern Virginia is a leading indicator for the rest of the state with regard to foreclosure trends in addition to sales trends. Virginia is a non-judicial state and should not be affected by the "robo-signing" issues facing banks in other states.

Foreclosures in Virginia and by Region

- Contrary to news reports throughout the rest of the country, the total number of foreclosures decreased in Virginia from 19,162 in 2Q 10 to 17,146 in 3Q 10 (-10.5 percent). That followed a 23 percent increase from 1Q 10 to 2Q 10.
- The Central Valley was the only region to post an increase in the number of foreclosures quarter-over-quarter (+3.5 percent).
- The region with the lowest number of foreclosures in the state was Southwest Virginia but that region also has the lowest sales volume in the state. The largest percentage decrease was in the Hampton Roads - Chesapeake Bay region (-12.4 percent)

Foreclosures by Region	3Q 10	vs. 2Q '10	vs. 3Q '09
Central Valley	620	3.5%	137.5%
Greater Richmond	2,746	-12.2%	20.6%
Hampton Roads-Ches Bay	4,234	-12.4%	36.7%
Northern Virginia	8,525	-10.8%	-28.0%
Roanoke/Lynchburg/Blacksburg	715	-3.4%	47.7%
Southside Virginia	207	-1.4%	36.2%
Southwest Virginia	99	-2.9%	230.0%
Total	17,146	-10.5%	-5.5%

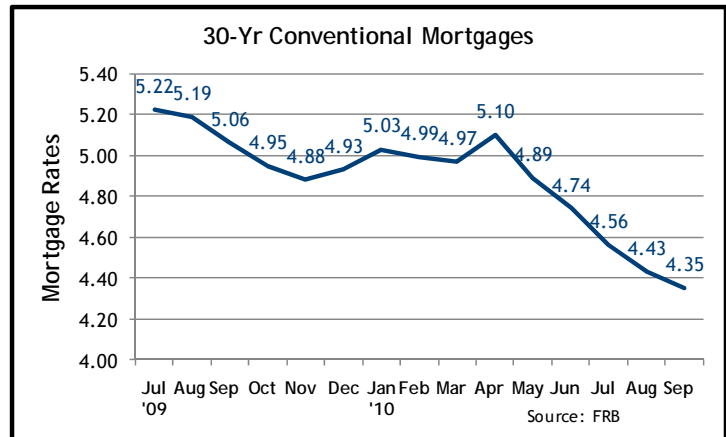
Source: RealtyTrac

which typically ranks second in sales volume.

- Compared to 3Q 09, foreclosures across the Commonwealth also declined (-5.5 percent).
- While the other six regions had month-over-quarter increases and for the third consecutive quarter, the number of foreclosures in Northern Virginia declined compared to the same quarter last year (-28 percent).
- The Southwest region had 230 percent more foreclosures in 3Q 10 vs. 3Q 09, an increase of 69 units.

Mortgage Financing Update

- While fixed rate mortgages increased slightly last week from the previous week, they still remain significantly below the rates at this time last year. The graph on the right illustrates the decline in 30-year conventional rates since the third quarter of 2009. The average in 3Q 10 was 4.45 percent compared to 4.91 percent in 2Q 10 and 5.15 percent in 3Q 09.
- Adjustable rate mortgages have hit all-time lows. A 1-year ARM was as low as 3.30 percent on October 21st and a 5-year ARM was only 3.46 percent—both historical lows since Freddie Mac began tracking them.



Popular Mortgages	National Rates		
	Today	Last Week	Last Year
15 Yr Fixed Rate	3.64%	3.62%	4.43%
30 Yr Fixed Rate	4.21%	4.19%	5.00%
1 Yr ARM *	3.30%	3.43%	4.54%
5 Yr ARM **	3.45%	3.47%	4.40%

Freddie Mac Weekly Mortgage Rates, Oct. 21, 2010

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

Prince George
Richmond City
Sussex

Hampton Roads- Chesapeake Bay

Accomack
Chesapeake City
Franklin City
Gloucester
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

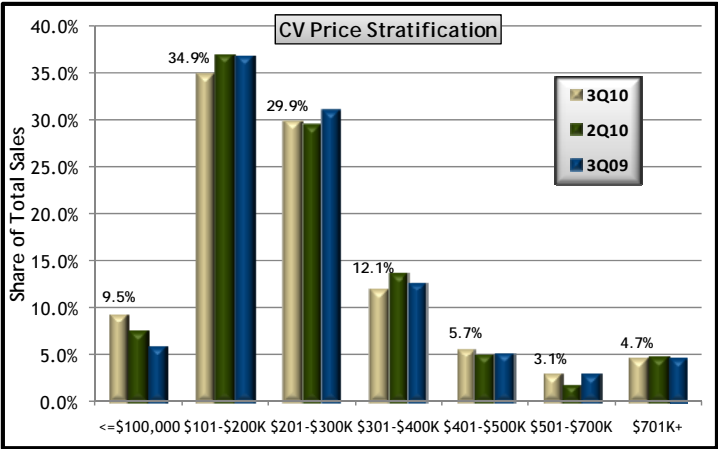
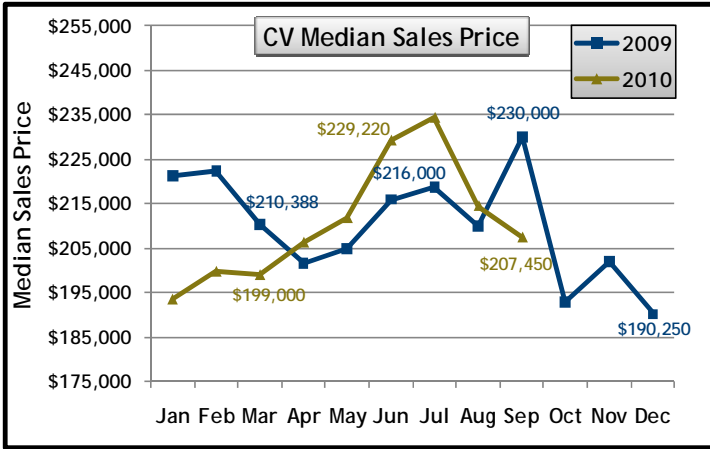
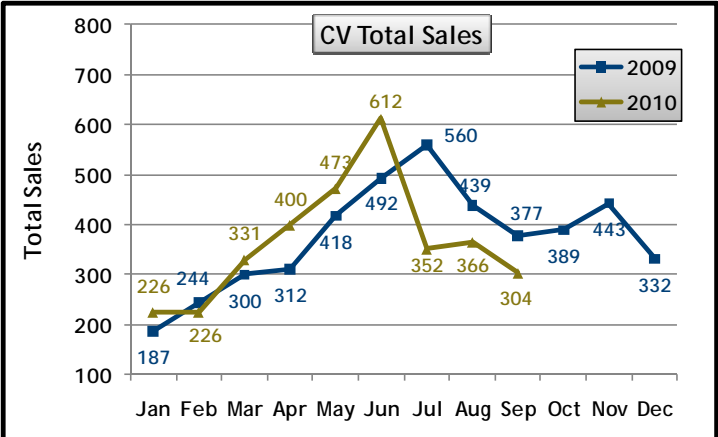
Bland
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Buchanan
Carroll
Dickenson
Grayson
Lee
Russell
Scott
Smyth
Tazewell
Washington
Wise
Wythe

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

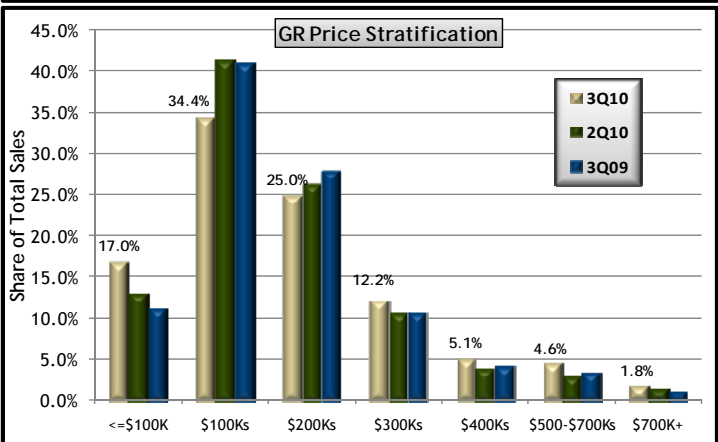
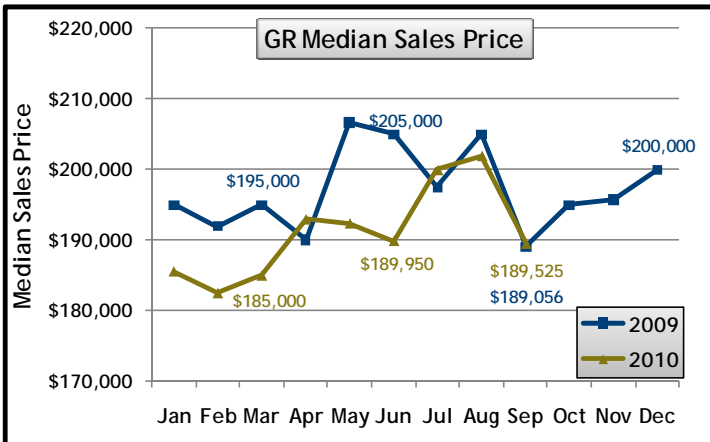
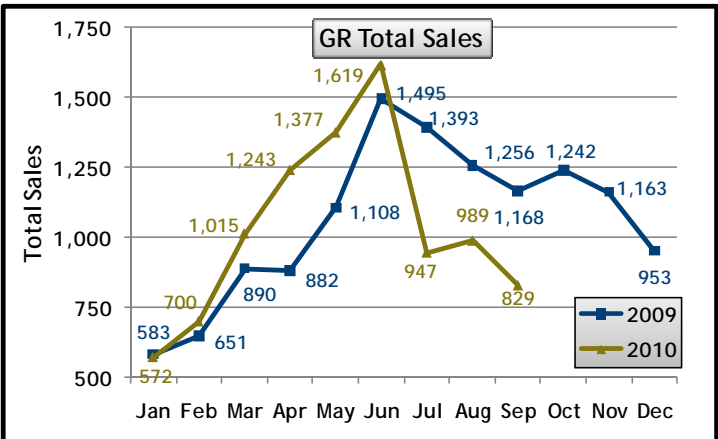
Central Valley Region

- Total sales in the Central Valley region fell below the corresponding month in 2009 during the entire third quarter. Year-to-date sales in 2010 are 1 percent lower than they were at this time in 2009.
- After steady increases through the first half of the year, the median sales price in the Central Valley region declined in August and September. The September median of \$207,450 was about ten percent lower than the September 2009 median.
- While the region had a higher share of sales for homes prices less than \$100K in the third quarter compared to 2Q 10 and 3Q 09, the share of sold homes priced between \$400,000 and \$700,000 also improved.



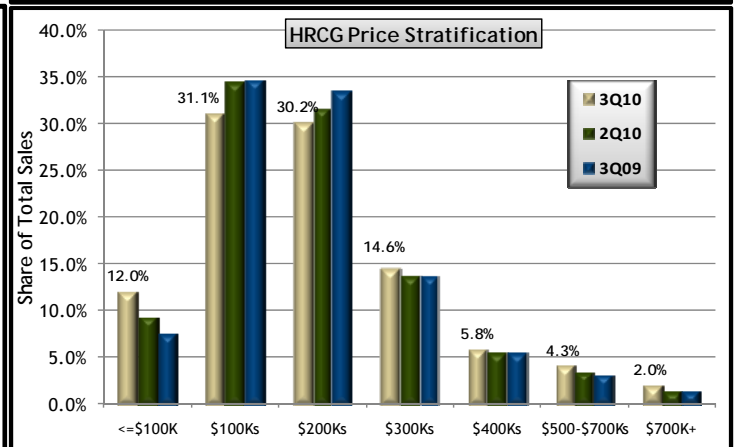
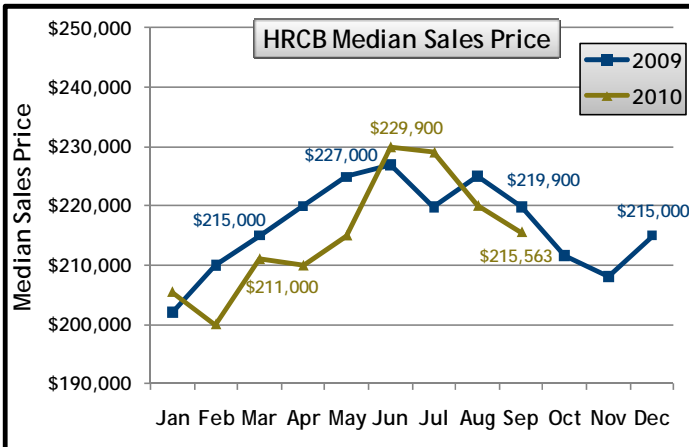
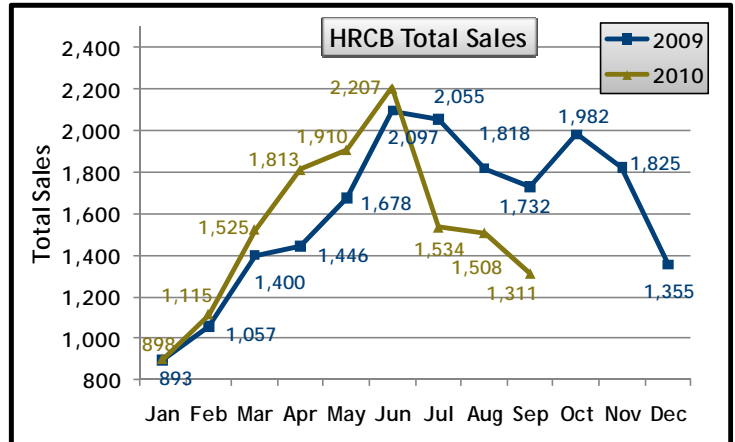
Greater Richmond Region

- Through the first nine months of 2010, Greater Richmond has had 1.4 percent fewer sales than in the first nine months of 2009. Sales peaked in June and declined significantly in the third quarter. September sales were 16 percent below September 2009 sales.
- The peak in the median sales price occurred in August (\$202K) but declined 6.2 percent last month. September's median was slightly higher than in the same month last year, a feat accomplished only three times this year (April, July and September).
- Higher priced units (>\$300K) captured a larger share of total sales in 3Q 10 compared to 2Q 10 or 3Q 09.



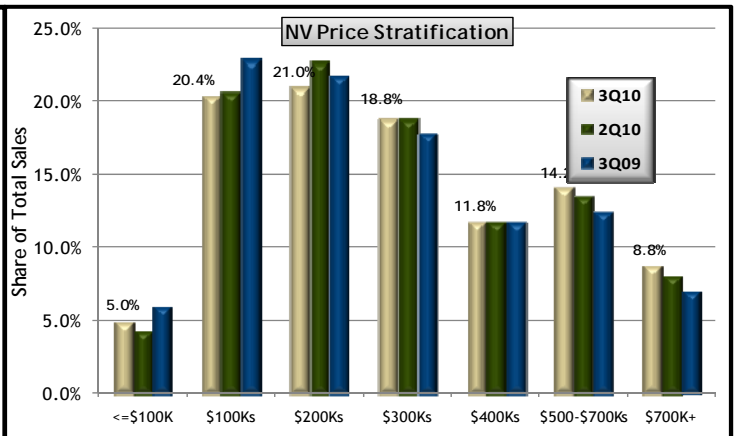
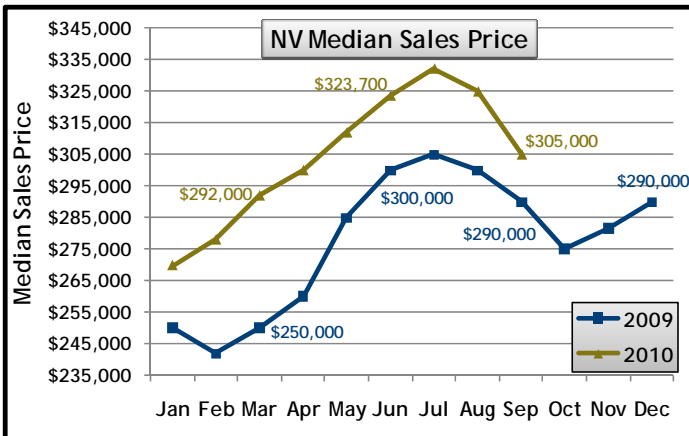
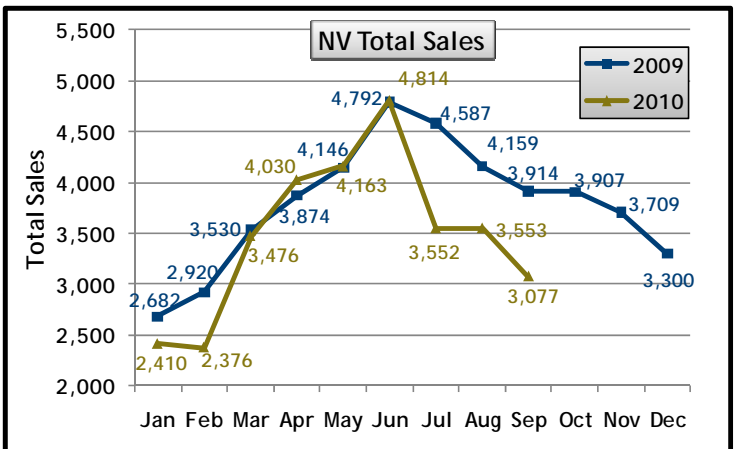
Hampton Roads-Chesapeake Bay

- The month-over-year gains in the first half of the year do not compensate for the sales declines in the third quarter—year-to-date sales were 28 percent behind the same time in 2009 at the end of September.
- The median sales price in this Region peaked in June and July but declined in August and September. The September 2010 median was 2 percent below the August median as well as 2 percent behind the September 2009 median.
- Homes priced above \$300K and sold in 3Q 10 captured a higher percentage of total sales compared to 2Q 10 and 3Q 09.



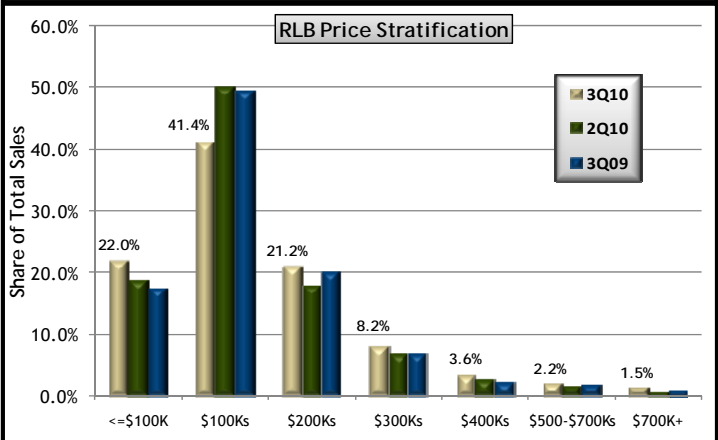
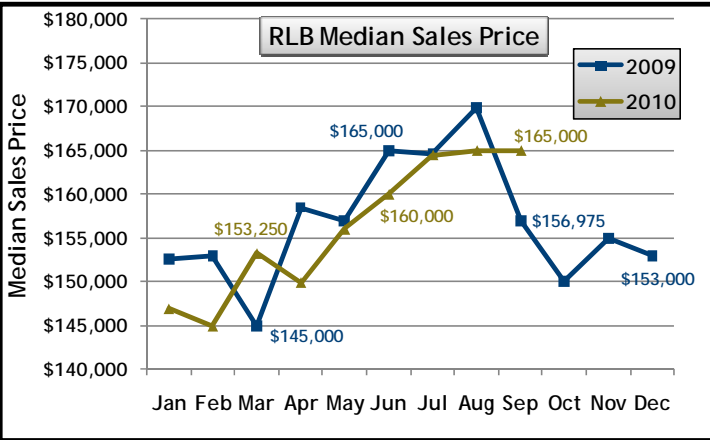
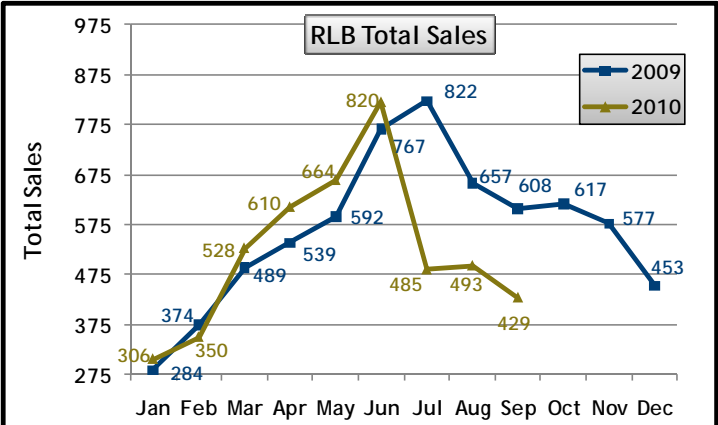
Northern Virginia Region

- Total sales in Northern Virginia through September were lagging by about 9 percent behind the same time last year. Third quarter sales declined sharply.
- The median sales price in Northern Virginia was at its highest level in July 2010 (\$332,250) since June 2008. The median declined 6 percent from August to September but the September median was 5 percent higher than the September 2009 median.
- Very expensive homes (\$500K+) represented a higher percentage of total sales in 3Q 10 compared to 2Q 10 and 3Q 09 while more moderately priced homes for the region (\$300Ks and \$400Ks) had about the same share of sales in comparison.



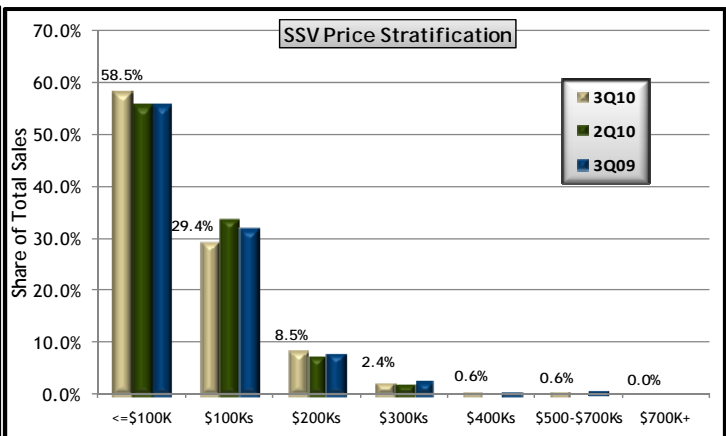
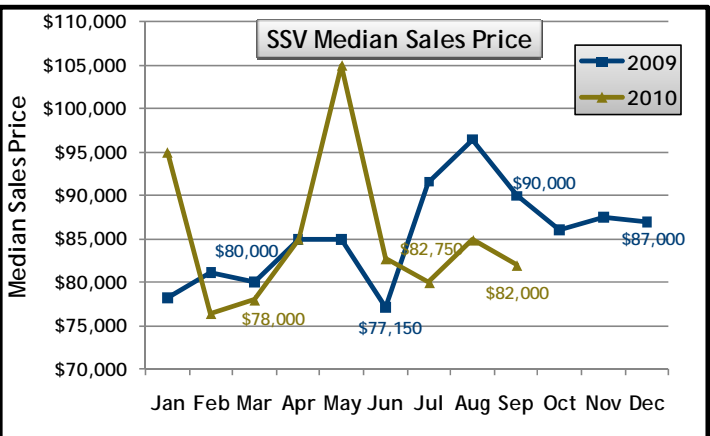
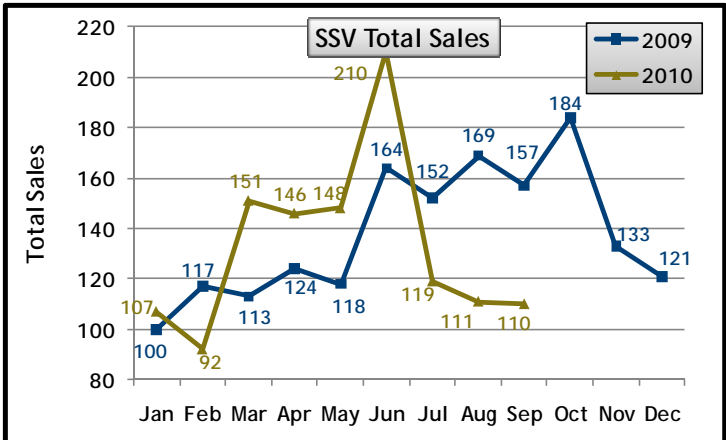
Roanoke/Lynchburg/Blacksburg

- Total sales in the Roanoke/Lynchburg/Blacksburg Region exceeded the sales in the same month in 2009 for the first half of the year. But after 3Q 10, the 2010 year-to-date average as of September was 8 percent lower than at the same time in 2009.
- Median sales prices were steady in the third quarter at about \$165,000 and the September median was 5 percent higher than the September 2009 median.
- The share of total sales of the region’s “bread and butter” homes, those priced in the \$100ks, declined behind last quarter and 3Q 09 by a significant margin.



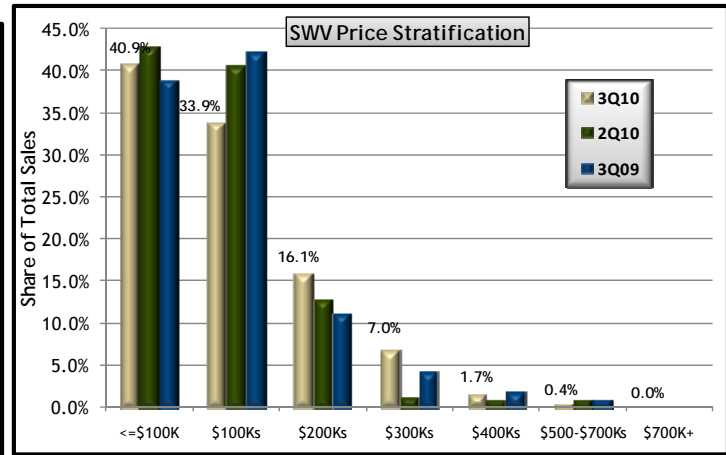
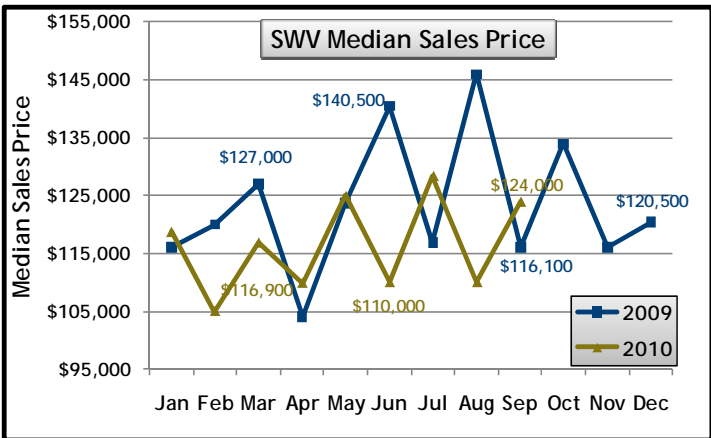
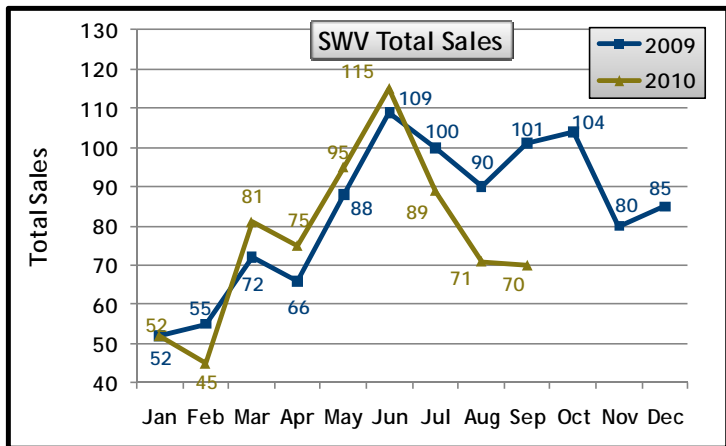
Southside Virginia Region

- Sales in Southside Virginia so far in 2010 are less than two percent behind those in 2009. The September 2010 total was 1 percent lower than the August total. Monthly sales hit a 3 year high in June (210).
- The median sales price in the Southside Region reached its highest level in May 2010 since August 2007 (\$105,000). The median in the last three months was consistently well below the median in corresponding months in 2009.
- Based on the share of sales data, over 58 percent of the homes sold in this region in 3Q 10 were priced below \$100K, which compared favorably to similar results from 2Q 10 and 3Q 09.



Southwest Virginia Region

- Total sales in 2010 in the Southwest Virginia Region are 5.5 percent lower than the total at this time last year. In September alone, total sales declined 31 percent compared to last September.
- 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 \$128,500 in 2010 while it ranged from \$104,013 to \$146,000 in 2009.
- The share of homes sold in 3Q 10 priced in the \$300s increased dramatically over those sold in 2Q 10 or 3Q 09. In fact, the share of homes priced between \$200K and \$499K outperformed both of those previous quarters.



National Market Perspective—Third Quarter 2010

Existing-home sales jumped 10 percent in September with the biggest monthly gain in nearly 28 years. However, the pace of 4.53 million remains 19 percent below a year ago when first-time buyers were ramping up in advance of the initial deadline for the tax credit. The monthly increase is the largest in the total sales series dating back to 1999, and the largest in the single-family series since January 1983 when it rose 12 percent. The record is 13 percent in July 1980.

Two strong monthly gains affirm that a home sales recovery has begun, but it will be choppy at times depending on the duration and impact of a foreclosure moratorium. However, the overall direction should be a gradual rising trend in sales - perhaps with some bumps along the way - but home buyers are responding to historically low mortgage interest rates and very favorable affordability conditions. August sales had risen 7.3 percent from July.

The national median existing-home price was \$171,700 in September, which is 2.4 percent below a year ago. Prices thus far this year have been pretty flat, so we're not reading much into this month's number - inventory fell nearly two percent September and the supply is down modestly, but it still favors buyers.

Housing affordability is near an all-time record. Mortgage interest rates are almost half of what they were 10 years ago and they're about one-and-a-half points lower than the peak of the housing boom in 2005. At the same time, home prices are running about 22 percent less than five years ago when they were bid up by the biggest housing rush on record.

To illustrate the jump in housing affordability, the median monthly mortgage payment today is several hundred dollars less than it was five years ago. In fact, the median monthly mortgage payment in many areas is less than people are paying for rent. The median payment with 20% down is \$337 lower; mortgage principal and interest is \$749.

The savings today's long-term buyers are receiving are not a one-time benefit. Buyers with fixed-rate mortgages will save money every year they are living in their home - this is truly an example of how homeownership builds wealth over the long term.

Consumer Confidence Hits a Snag

The Conference Board *Consumer Confidence Index*®, which had declined in September, increased slightly in October. The Index now stands at 50.2 (1985=100), up from 48.6 in September. The Present Situation Index increased to 23.9 from 23.3. The Expectations Index improved to 67.8 from 65.5.

The *Consumer Confidence Survey*® 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 October's preliminary results was October 19th.

Says Lynn Franco, Director of The Conference Board Consumer Research Center: "Consumer confidence, while slightly improved from September levels, is still hovering at historically low levels. Consumers' assessment of the current state of the economy is relatively unchanged, primarily because labor market conditions have yet to significantly improve. And, despite the uptick in Expectations, consumers continue to be quite concerned about the short-term outlook. Both present and future indicators point toward more of the same in the coming months."

Consumers' appraisal of current conditions was somewhat mixed in October. Those claiming business conditions are "bad" decreased to 41.9 percent from 46.0 percent, while those claiming business conditions are "good" edged up to 8.5 percent from 8.2 percent. Consumers' assessment of the labor market, however, was less favorable in October. Those claiming jobs are "hard to get" rose to 46.1 percent from 45.8 percent, while those stating jobs are "plentiful" decreased to 3.5 percent from 3.8 percent.

Consumers' expectations, while still quite bleak, were less pessimistic in October. Those expecting an improvement in business conditions over the next six months rose to 16.0 percent from 15.0 percent, while those expecting business conditions will worsen declined to 14.1 percent from 16.6 percent.

Consumers were mixed about future job prospects. The percentage of consumers anticipating fewer jobs in the months ahead declined to 22.0 percent from 22.6 percent. However, the percentage anticipating more jobs declined to 14.1 percent from 14.5 percent. The proportion of consumers expecting an increase in their incomes declined to 9.1 percent from 10.3 percent.

Recent Major Economic Development Activity

- According to yesvirginia.org (Virginia Department of Economic Development Partnership), 17 businesses announced in the third quarter alone that they will be bringing jobs to the state of Virginia for an estimated total employment increase of 1,183 jobs and a total investment of \$591 million.
- The largest increase in expected employment announced in the third quarter will come from Intersections, Inc., which is developing a new call center and identity protection support facility in Campbell County. Intersections estimates that the venture will create 250 new jobs at its \$2 million dollar facility.
- Microsoft Corp. also announced in the third quarter that it will invest \$499 million dollars in a data center to be located in Mecklenburg County that will employ 50 people.
- The Tile Store plans to invest \$1.1 million and add 25 new jobs to Henry County with a new warehouse distribution facility.
- Suffolk is the future home to Ishpi Information Technologies, Inc., providing engineering, integration, and information technology services, that will house 200 new employees.
- The distribution of pharmaceuticals and health care products, provided by McKesson Corporation, will bring an estimated 150 new jobs to Caroline County and a physical investment of \$57.5 million.

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