



Third Quarter 2009

Trends in Virginia's Housing Markets

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Virginia's housing markets appear to be moving upward, with the lowest point seen in fourth quarter 2008 and steadily improving since then, according to the third quarter 2009 home sales report released today by the Virginia Association of Realtors.

"There seems to be no doubt now that we have hit the bottom and are moving back up, in terms of both price and sales activity," commented VAR President John Powell of Colonial Heights. "We are now in our third consecutive quarter of marked improvement."

Total existing home sales in Virginia are up 5.3 percent in the third quarter compared to the second quarter numbers, and have reached the highest quarterly total in 2009. The statewide median sales price is up 2.2 percent over the second quarter and has increased about \$28,000 this year. Nationally, inventory levels have trended down significantly, reaching the lowest level in 2008 and 2009, indicating the market is rebounding across the country as well.

The highest percentage increase in sales by quarter was in the North Central region (includes the cities of Charlottesville, Waynesboro, Lexington and Staunton), up 29.1 percent since second quarter 2009. However the Southwest Virginia region posted the largest increase in sales compared to the same quarter last year, with a 7.6 percent increase in sales over 2008.

Median sales prices advanced 4.6 percent in the Northern Virginia region compared to the same period last year, while the South Central region showed the largest increase (7.7 percent) in median sales price since second quarter 2009. ###

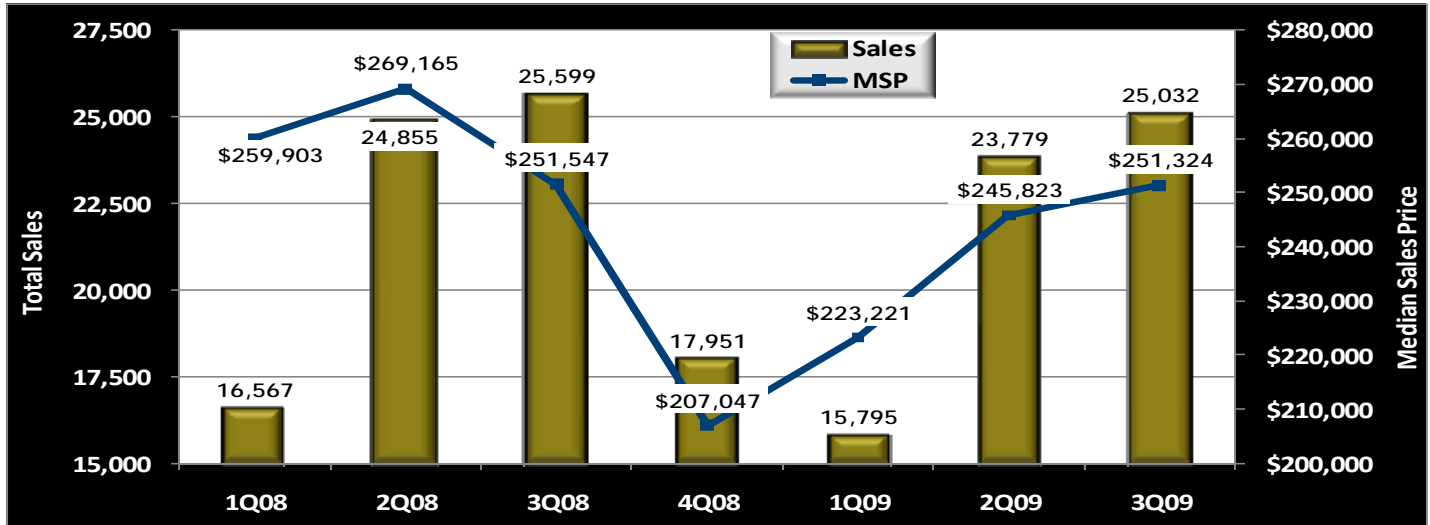
Highlights

In national news, Congress is considering an extension of the \$8,000 first-time buyers' credit and the possibility of broadening the program to all buyers. Mortgage rates trended down and the weekly conventional rate ended the quarter at 5.04 percent

. The stock market exceeded the 9,000 mark in late July and remained in the 9,000-9,999 range through the end of the quarter.

- Total existing home sales in Virginia grew to 25,032 units (up 5.3 percent) in 3Q 09 vs. 2Q 09, but were down 2.2 percent vs. 3Q 08. Four of the seven regions reporting showed an increase in sales for 3Q 09 compared to 3Q 08.
- The highest percentage increase in sales occurred in the North Central region, up 29.1 percent in 3Q 09 vs. 3Q 08.
- The only area to experience a percentage decrease in sales was Northern Virginia, with a slight 2.5 percent decline for 3Q 09 compared to 2Q 09.
- The statewide median sales price advanced for the third consecutive quarter to \$251,324 (up 2.2 percent vs. 2Q 09 and down only .1 percent vs. 3Q 08). The statewide median sales price has increased about \$28,000 this year.
- Median sales prices advanced 6.9 percent in the Northern Virginia region from 2Q 09 to 3Q 09. South Central also showed price increases with a 1.5 percent growth from last quarter to the current quarter.
- For the same period (3Q 09 vs. 2Q 09), the upper Shenandoah Valley had the largest percentage decline in median sales price, down 12.42 percent compared to 3Q 08.
- Comparing 3Q 09 to the same period last year, prices were up in Northern Virginia, South Central, Tidewater, and the upper Shenandoah Valley. Only three of the seven reporting regions showed slight decreases in the median sales price.
- The number of foreclosures increased across the Commonwealth (up 7.8 percent) to 18,135 for the quarter. The largest percentage increase in foreclosures compared to 3Q 08 was in the North Central region (up 22.5 percent) while the South Central region had the largest decline (down 32 percent).
- Job losses continued to plague Virginia in the third quarter. The state has lost 97,700 jobs this year, particularly in the Professional and Business sector (-28,800). Unemployment, at 6.7 percent, is the lowest among Virginia's neighbors and is tied for 5th lowest in the country.

Virginia Quarterly Sales and Median Sales Prices: 2008–2009



Sales by Region

Median Sales Prices by Region

Region	3Q09	vs. 2Q09	vs. 3Q08	Region	3Q09	vs. 2Q09	vs. 3Q08
Central	3,400	9.5%	1.8%	Central	\$199,075	-2.5%	-11.8%
North Central	1,176	29.1%	-24.1%	North Central	\$250,477	-1.2%	-2.5%
Northern Virginia	10,768	-2.5%	-6.0%	Northern Virginia	\$321,833	6.9%	4.6%
South Central	1,014	11.6%	-5.1%	South Central	\$134,995	7.7%	1.5%
Southwest Virginia	1,847	10.7%	7.6%	Southwest Virginia	\$155,890	-0.2%	-3.8%
Tidewater	5,941	11.2%	6.2%	Tidewater	\$225,542	0.2%	-4.3%
Upper Shenandoah Valley	886	11.0%	1.7%	Upper Shenandoah Valley	\$174,489	2.3%	-12.4%

Region Definitions

Central Region

Chesterfield, Hanover, Henrico, and the city of Richmond (*Richmond Association of REALTORS*)
 Caroline, Charles City, Dinwiddie, Goochland, King William, Louisa, New Kent, Powhatan, Prince George, and cities of Colonial Heights, Hopewell and Petersburg (*Southside Virginia Association of REALTORS*)
 Lancaster, Northumberland, Richmond and Westmoreland counties (*Northern Neck Association of REALTORS*)
 Essex, Gloucester, King & Queen, King William, Lancaster, Mathews, Middlesex, and Northumberland counties (*Chesapeake Bay & Rivers Association of REALTORS*)

North Central Region

City of Charlottesville and counties of Albemarle, Greene, Louisa, Nelson and Fluvanna (*Charlottesville Area Association of REALTORS*)
 Augusta County and cities of Highland, Waynesboro and Staunton (*Greater Augusta Association of REALTORS*)
 Bath, Buchanan and Rockbridge counties and cities of Buena Vista, Clifton Forge, Covington and Lexington (*Lexington/Buena Vista/Rockbridge Association of REALTORS*)

Northern Virginia Region

Fairfax, Arlington counties and cities of Alexandria, Fairfax and Falls Church (*Northern Virginia Association of REALTORS*)
 Loudoun County (Dulles Area Association of REALTORS)
 Prince William County and cities of Manassas and Manassas Park (*Prince William Association of REALTORS*)
 Stafford, Spotsylvania, King George and Caroline counties and city of Fredericksburg (*Fredericksburg Area Association of REALTORS*)
 Fauquier, Culpeper, Orange, Madison, Scott and Rappahannock counties (*Greater Piedmont Association of REALTORS*)

South Central Region

Amherst, Appomatox, Bedford and Campbell counties, cities of Bedford and Lynchburg (*Lynchburg Association of REALTORS*)
 Danville and Pittsylvania counties (*Dan River Region Association of REALTORS*)
 Halifax and Mecklenburg counties (*Southern Piedmont Land and Lake Board*)
 Amelia, Appomatox, Buckingham, Brunswick, Charlotte, Cumberland, Fluvanna, Halifax, Lunenburg, Mecklenburg, Prince Edward, Nelson, Nottoway, and Powhatan counties (*South Central Association of REALTORS*)
 Henry and Patrick counties and city of Martinsville (*Martinsville, Henry & Patrick Counties Association of REALTORS*)

Southwest Region

Dickenson, Grayson, Lee, Russell, Smyth, Washington and Wise counties (*Southwest Virginia Association of REALTORS*)
 Allegheny, Bedford, Botetourt, Craig, Franklin, Roanoke, Southampton counties and cities of Franklin, Salem and Roanoke (*Roanoke Valley Association of REALTORS*)
 Bland, Carroll, Floyd, Giles, Grayson, Montgomery, Pulaski, Tazewell and Wythe counties and cities of Galax and Radford (*New River Valley Association*)

Tidewater Region

Isle of Wight, Suffolk, York counties and cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, and Virginia Beach (*Hampton Roads REALTORS Association*)
 James City and New Kent counties and cities of Williamsburg and Charles City (*Williamsburg Area Association of REALTORS*)
 Accomack and Northampton counties (*Eastern Shore Association of REALTORS*)

Upper Shenandoah Valley Region

Clarke, Frederick, Warren counties and city of Winchester (*Blue Ridge Association*)
 Page and Shenandoah counties (*Massanutten Association of REALTORS*)
 Rockingham County and city of Harrisonburg (*Harrisonburg/Rockingham Association*)

Foreclosures in Virginia and by Region

- The total number of foreclosures increased in Virginia from 16,827 last quarter to 18,135 (+7.8%) in the third quarter. That followed a 5.5% increase the previous quarter.
- Northern Virginia continues to lead the state with the highest number of foreclosures, up 22.5% this quarter to over 11,000. Although it posted a slight percentage decline quarter-over-quarter, the Tidewater Region was in a distant second place this quarter with 3,025 foreclosures.

Quarter Totals

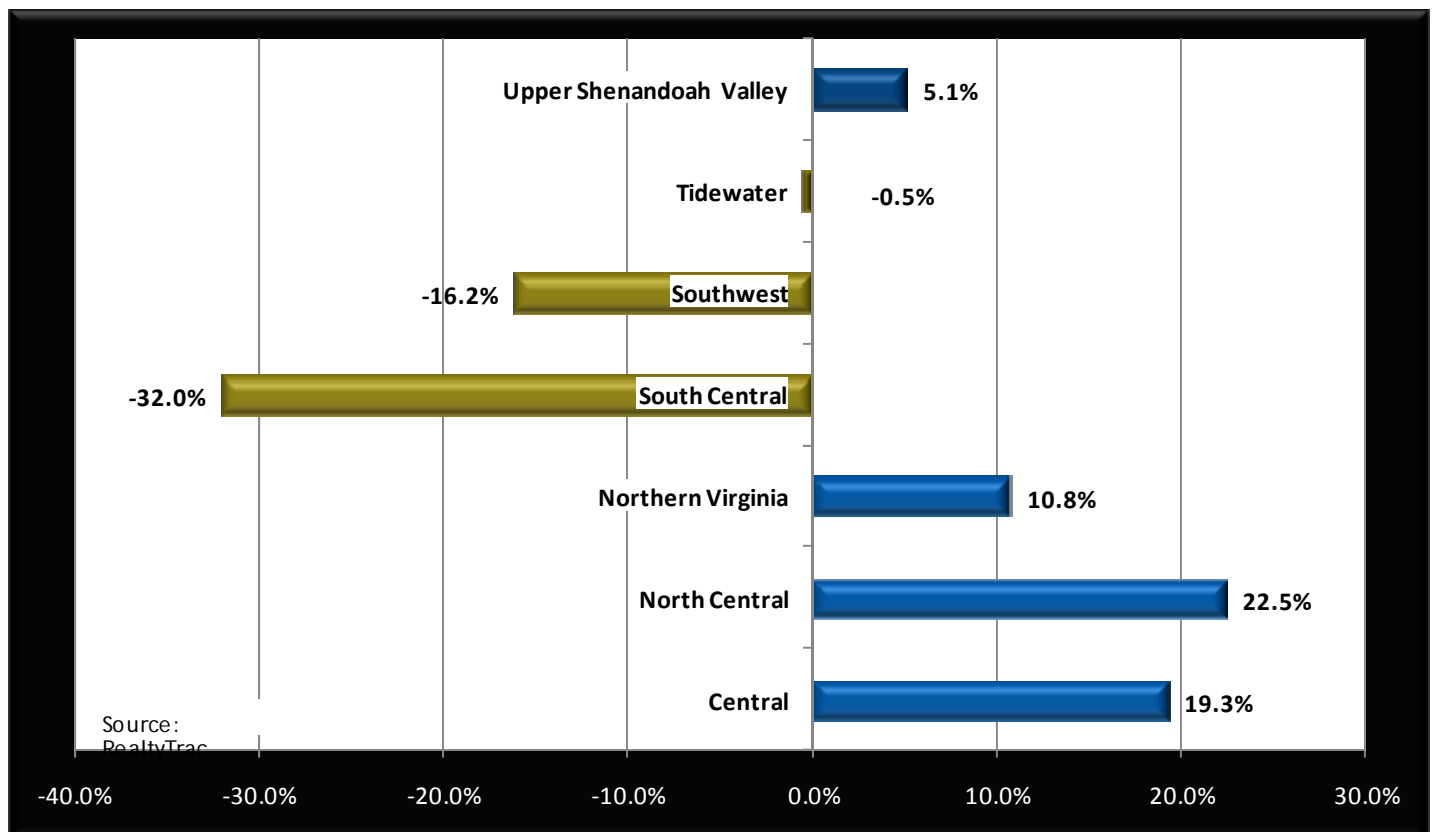
Region	1Q09	2Q09	3Q09
Central	2,053	1,849	2,206
North Central	198	218	267
Northern Virginia	9,200	9,983	11,062
South Central	340	334	227
Southwest	450	587	492
Tidewater	2,980	3,041	3,025
Upper Shenandoah Valley	711	801	842
<i>Total</i>	15,932	16,813	18,121
<i>Others</i>	12	14	14
<i>Virginia Total</i>	15,944	16,827	18,135

Source: RealtyTrac

- The North Central region had the largest percentage increase (+22.5%) with the Central region in second place with a 19.3% increase compared to the third quarter of 2008 (see bottom graph).
- Both the Southwest and the South Central regions had declining foreclosure rates this quarter.

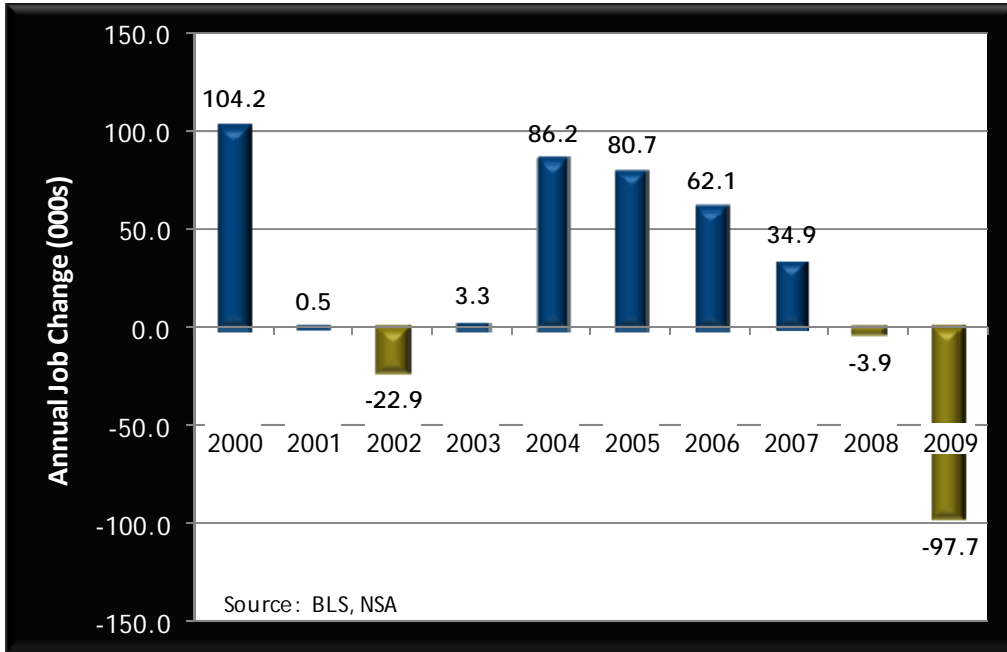
Note: "Others" denotes counties outside the VAR reporting area.

Regional Foreclosures 3Q09 vs. 3Q08



Virginia Annual Job Change

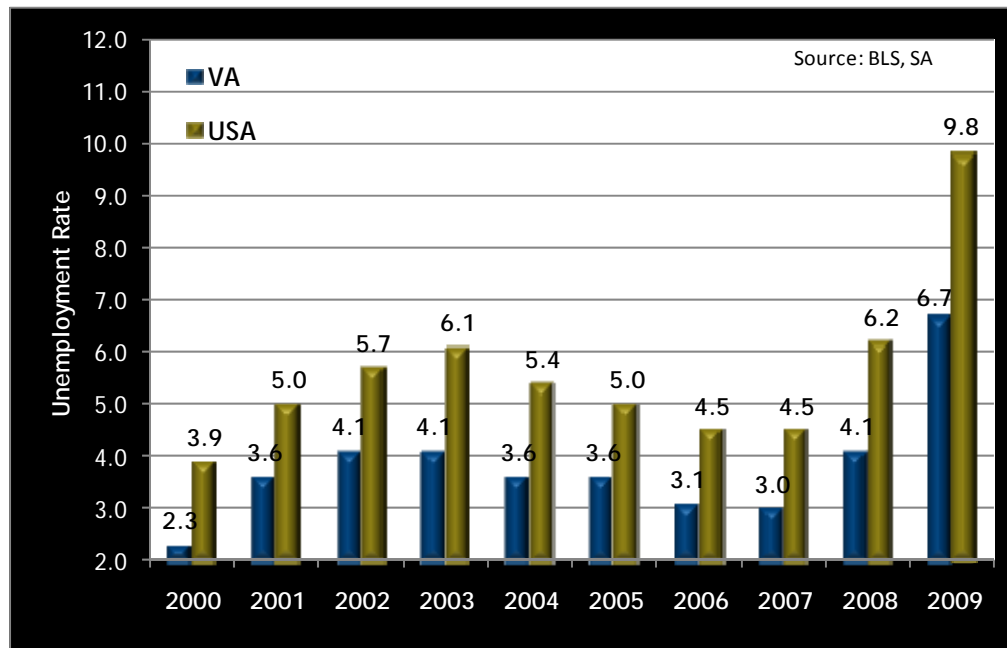
- Job losses as of the third quarter total -97,700 in the state of Virginia, representing the largest annual decline this decade.
- The largest decline as of September 2009 was in the Professional and Business Services sector (-28,800 jobs) but the construction industry has suffered the highest percentage loss (-12% year-over-year).



- Virginia's percentage decline in jobs since last September was 3.1%.
- This 3.1% decline compares to
 - -.5% in DC;
 - -5.1% in North Carolina;
 - -2.1% in Maryland;
 - -4.1% in Tennessee; and
 - -3.6% in West Virginia.

Unemployment Rate (VA and USA) September of Each Year

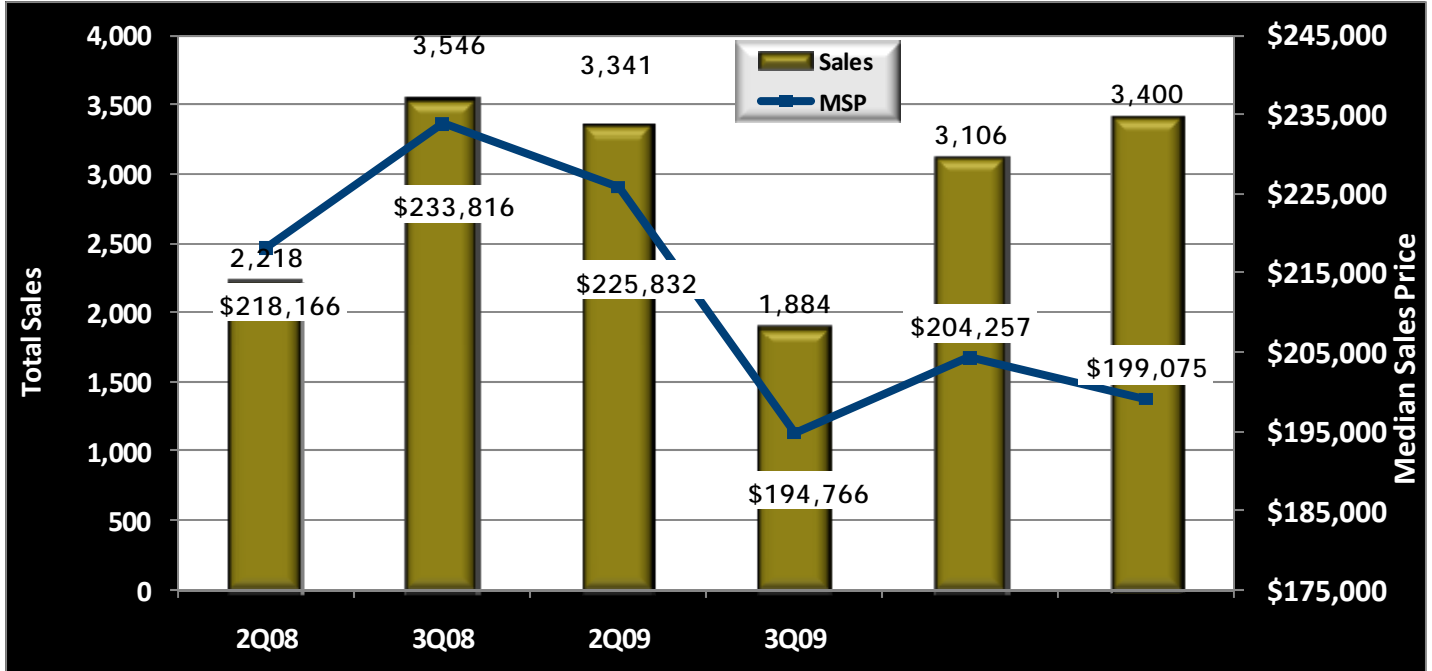
- The unemployment rate in the Commonwealth is 2.6 points higher this year compared to September 2008 but the increase across the nation over the same time period was 3.6 points. Virginia unemployment reached a high of 7.1% in May and June 2009.



- Virginia's September 2009 rate is tied for the fifth lowest in the country with Iowa, Montana, Oklahoma and Vermont.
- The highest statewide unemployment rate is in Michigan (15.3%). The lowest is North Dakota (4.2%).
- Virginia continues to have the lowest unemployment rate among its neighbors—
 - MD = 7.2%;
 - WV = 8.9%;
 - TN = 10.5%;
 - NC = 10.8%; and
 - DC = 11.4%.
- As of August 2009, the Danville MSA had the highest unemployment rate in the state (12.5%) and Charlottesville had the lowest (5.6%).

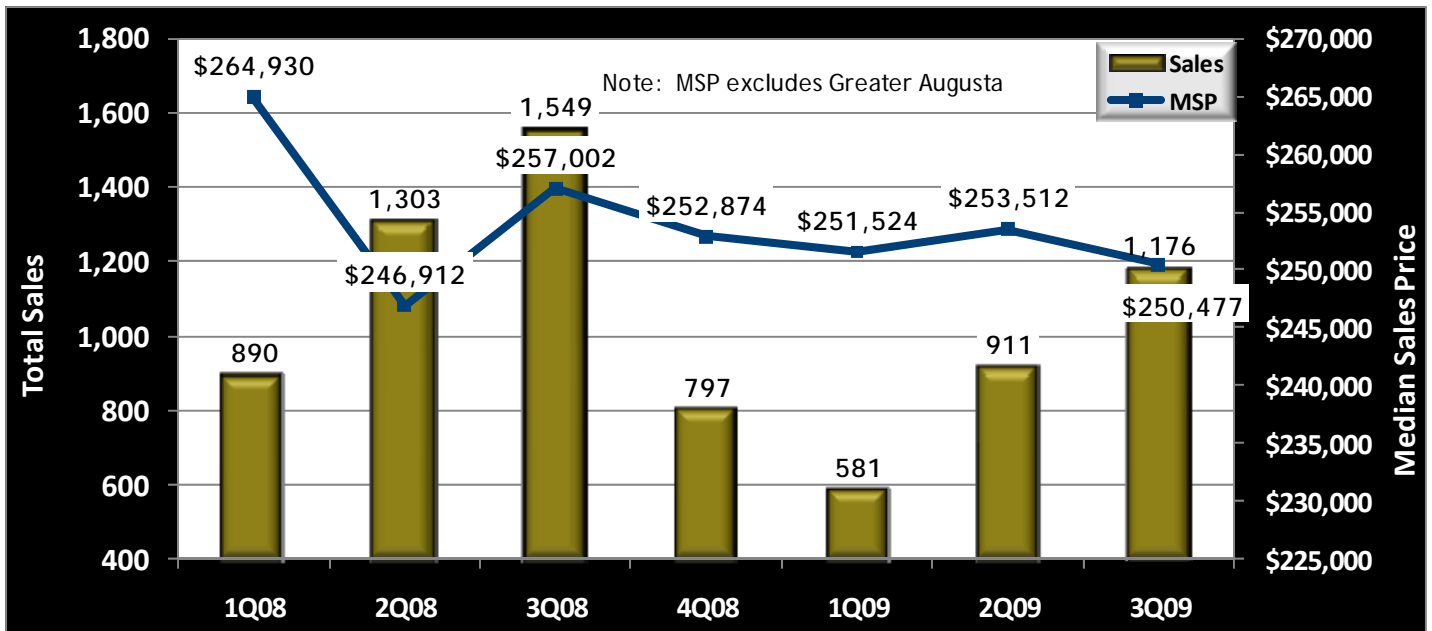
Central Region

- Sales in the third quarter of 2009 advanced 9.5% over the second quarter and 1.8% over the third quarter of 2008.
- The median sales price has declined again in the Central region, falling 2.5% since last quarter and 11.8% compared to the third quarter of 2008.



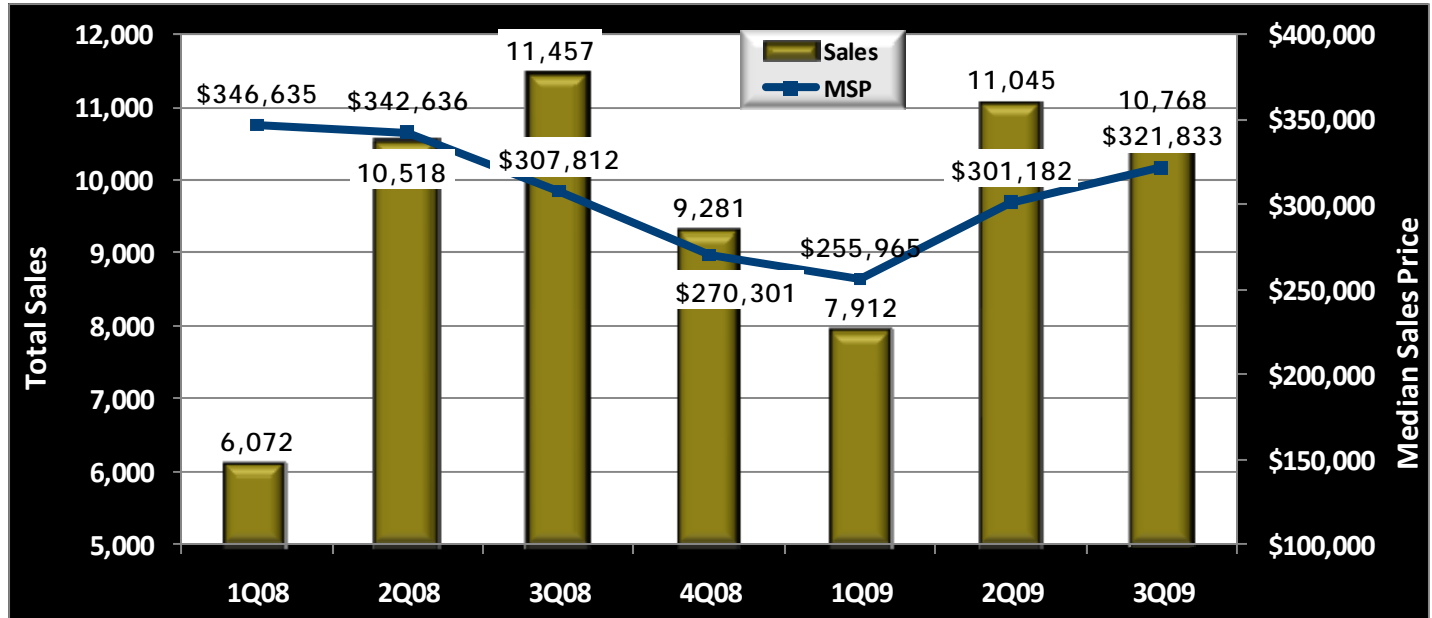
North Central Region

- Sales jumped 29.1% from the second to the third quarter 2009 but declined 24.1% from the third quarter of 2008.
- The median sales price (excluding Greater Augusta area) dropped slightly (-1.2%) this quarter but has ranged between \$250,000 and \$254,000 in the last four consecutive quarters.



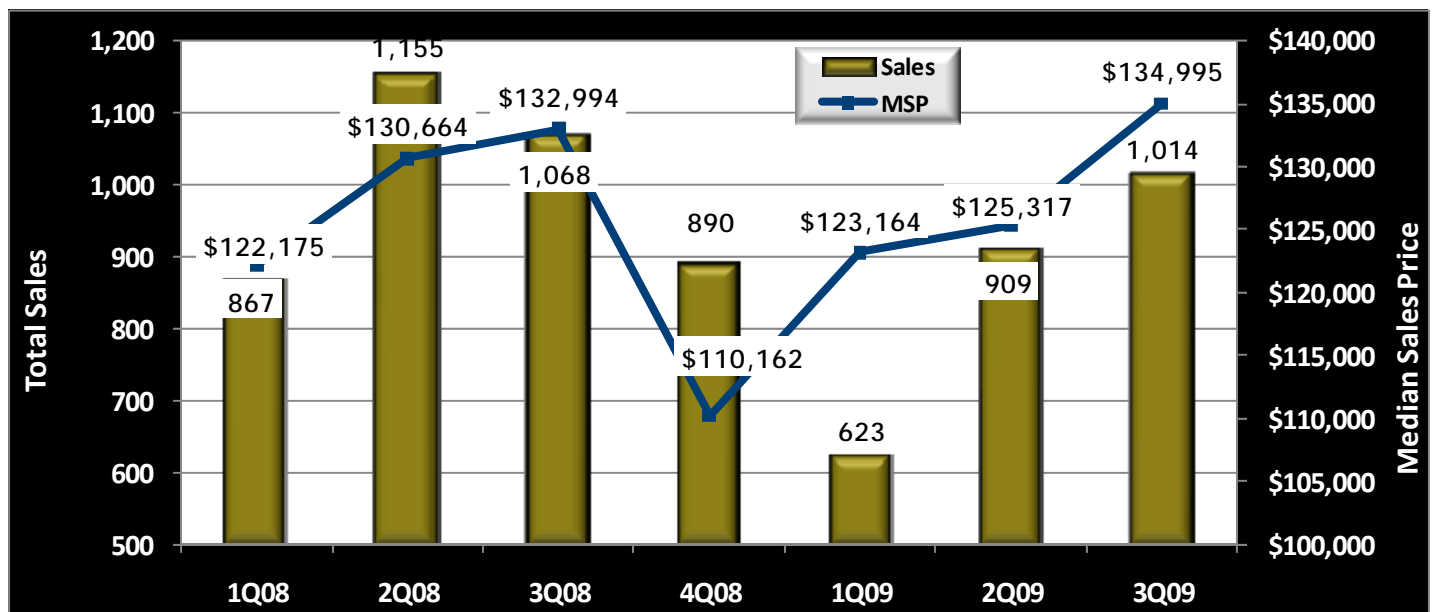
Northern Virginia Region

- In the Northern Virginia region, total sales declined 2.5% from the second quarter of 2009 to 10,768 units and declined 6% from the third quarter of 2008. Sales rose dramatically in the second quarter 2009; they were up 39.6% from the first quarter 2009.
- However, median sales prices had positive growth for the second consecutive quarter (+6.9%) and they were up 4.6% compared to the third quarter of 2008. The last time median prices were over \$320,000 was the second quarter of 2008.



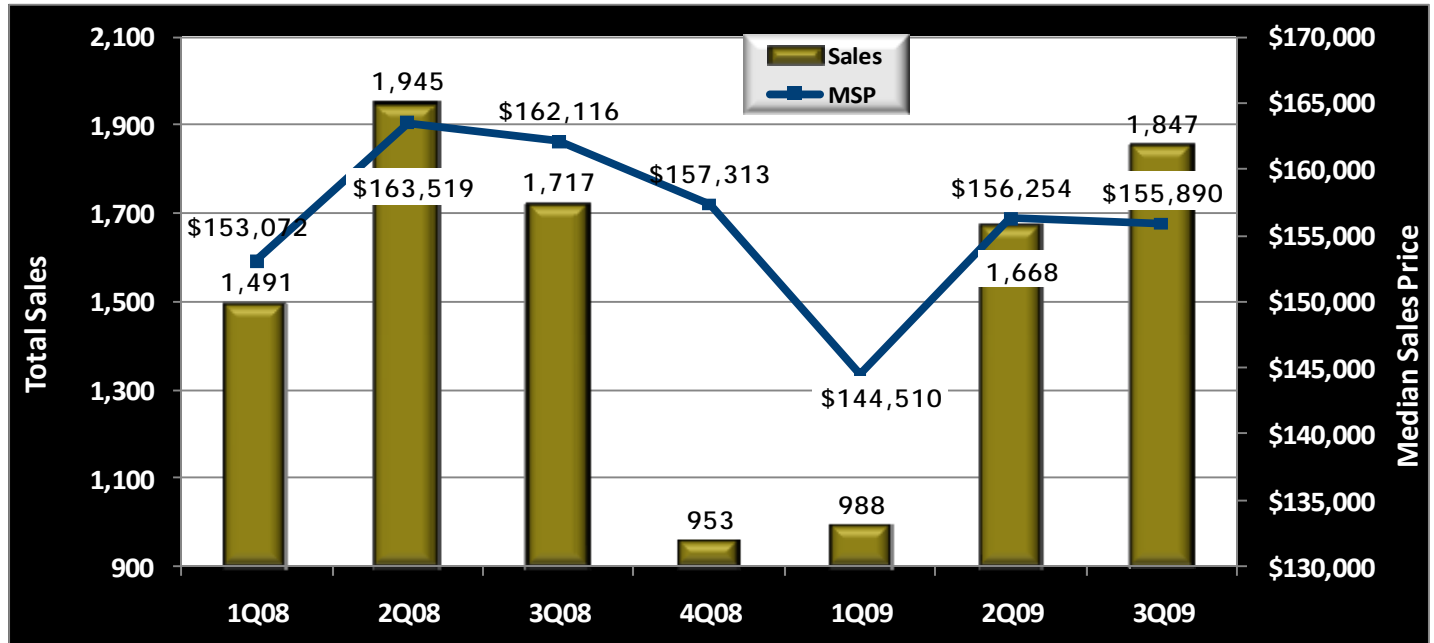
South Central Region

- For the second consecutive quarter, sales increased (+11.6% from the second quarter and +5.1 from the third quarter of 2008). Sales jumped 45.9% in the second quarter from 623 units in the first quarter to 909 units.
- Median sales prices reached the highest level in the last two years; they were up 7.7% from the second quarter and 1.5% from the third quarter of 2008.



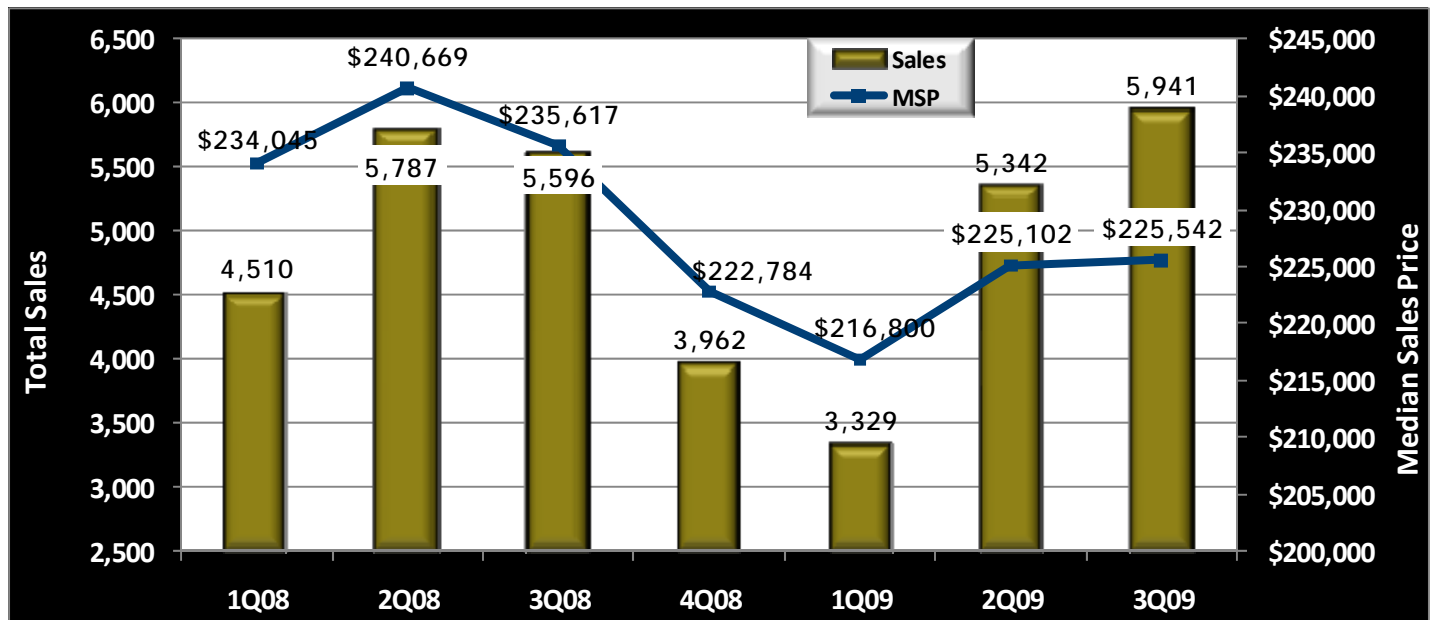
Southwest Virginia Region

- Total sales increased 10.7% this quarter and 7.6% since the third quarter of 2008 to reach the second highest quarterly total in 2008 and 2009. This followed a 68.8% increase in sales in the second quarter of 2009.
- The median sales price declined slightly (-.2%) this quarter and also 3.8% since the third quarter of 2008. However, the median did advance 8.1% (about \$12,000) in the previous quarter.



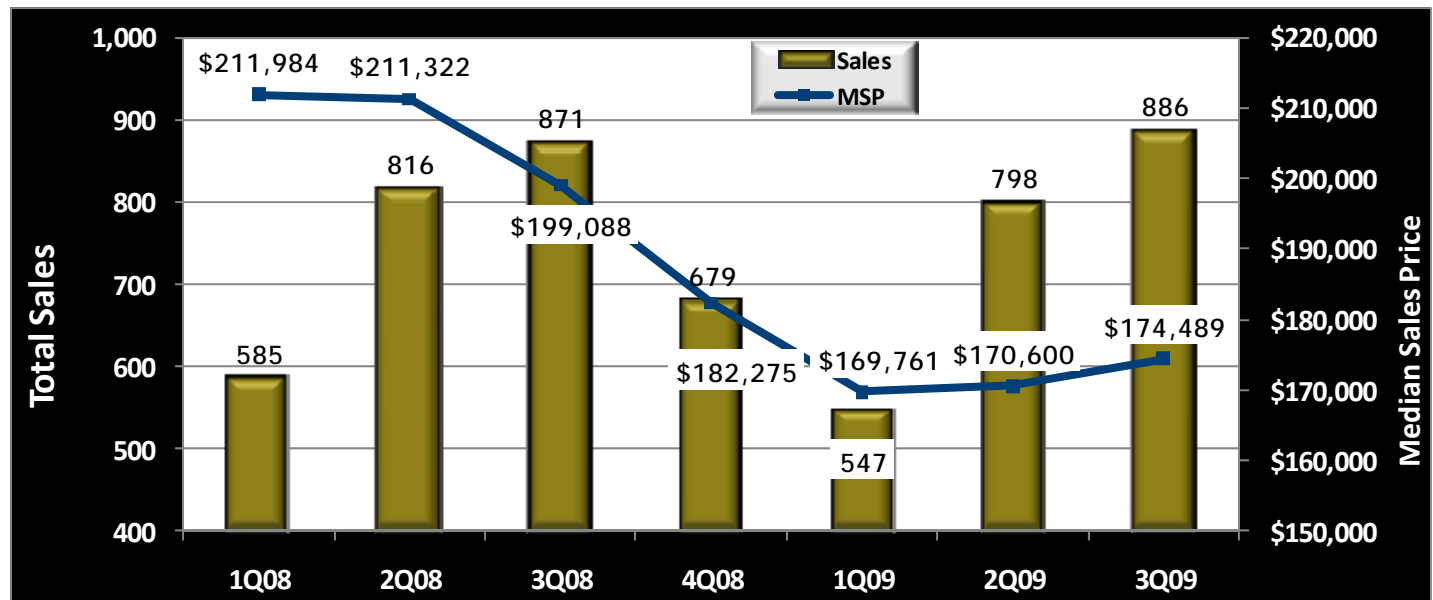
Tidewater Region

- Sales in the Tidewater region climbed in the third quarter by 11.2% and by 6.2% compared to the third quarter of 2008 reaching the highest total unit sales in seven quarters.
- For the second consecutive quarter the median sales price advanced. It was up a slight .2% over the second quarter but was down 4.3% compared to the third quarter of 2008.



Upper Shenandoah Valley Region

- The Upper Shenandoah Valley had an 11% jump in sales in the third quarter compared to the second and a slight increase (+1.7%) compared to the third quarter of 2008 to reach the highest quarterly total in 2008 or 2009.
- The median sales price rose for the second consecutive quarter (+2.3%) but was 12.4% lower than in the third quarter of 2008. It is roughly \$37,000 lower than it was in the first quarter of 2008.



Statewide Economic Backdrop

- Virginia's construction starts are part of the South Region and the annualized total advanced 8.7% compared to last quarter. Starts are still 26.5% below third quarter figures in 2008.
- The total number of building permits issued in Virginia through August 2009 was 13,181 permits, 25.2% fewer than at the same time in 2008. The number of building permits issued in 2008 on a monthly basis never reached corresponding levels in 2007 and so far in 2009, no monthly total has reached corresponding 2008 levels.
- The total number of foreclosures in Virginia during the third quarter reached 18,135 homes, up almost 8% from the second quarter.

Virginia Economic Indicators	3Q09	vs. 2Q09	vs. 3Q08
Starts (South Region) ¹	300	8.7%	-26.5%
YTD Building Permits ²	13,181	NA	-25.2%
Foreclosures	18,135	7.8%	NA
Non-Farm Employment ³	-57.2	-1.5%	-3.1%
Unemployment Rate ⁴	6.7	-5.6%	63.4%

¹ Seasonally Adjusted Annual Rate (000s); 3rd Month of Quarter

² As of 2nd Month of Quarter

³ Not Seasonally Adjusted (000s); 3rd Month of Quarter

⁴ 3rd Month of Quarter

- Virginia typically loses jobs in the third quarter compared to the second but payrolls declined by 57,200 jobs this year, reaching the highest third quarter loss this decade. The second place third quarter loss was in 2001.
- Unemployment in the state rose in September but is well below the high of 7.1% reached in May and June of this year resulting in a 5.6% decline quarter-over-quarter. The rate at this time last year though was only 4.1%.

National Economic Backdrop

- Existing home sales declined in August compared to July but improved 8.1% over May (2nd month of 2Q). Total unit sales improved 3.4% compared to this time last year. The median sales price advanced this quarter but is 12% behind 2008 levels while inventory levels were trending significantly down and reached the lowest level in 2008 and 2009.
- New home sales totals are still behind 2008 levels but they rose 24% in August compared to May (second quarter 2009). Median sales prices fell below \$200,000 for the first time in 2008 and 2009. Inventory levels have declined all but one month this year to a two year low in August.

	3Q09	vs. 2Q09	vs. 3Q08
Starts ¹	590	0.0%	-28.2%
Building Permits ¹	573	0.5%	-28.9%
Existing Home Sales ²			
Sales	5,100	8.1%	3.4%
Median Sales Price	\$177,700	1.7%	-12.0%
Month's Supply	8.5	-13.3%	-19.8%
New Home Sales ²			
Sales	429	24.0%	-4.2%
Median Sales Price	\$195,200	-11.9%	-12.0%
Month's Supply	7.3	-28.4%	-35.4%
Foreclosures	937,840	5.4%	22.5%
Non-Farm Employment ³	-768	-0.6%	-4.2%
Unemployment Rate ⁴	9.8%	3.2%	58.1%
Consumer Confidence ⁴			
Overall Index	53.1	7.7%	-11.2%
Present Situation Index	22.7	-9.2%	-61.4%
Expectations Index	73.3	11.9%	21.2%
Monthly Mortgage Rates ⁴	5.1%	-6.6%	-16.2%
	2Q09	1Q09	2Q08
Gross Domestic Product (GDP) ⁵	-0.7%	-6.4%	1.5%

¹ Seasonally Adjusted Annual Rate (000s); 3rd Month of Quarter

² Seasonally Adjusted Annual Rate (000s); 2nd Month of Quarter

³ Seasonally Adjusted (000s); 3rd Month of Quarter

⁴ 3rd Month of Quarter

⁵ Measures percentage change from previous quarter; 3rd Estimate

- Foreclosures in the third quarter were the worst three months in history. The total of 937,840 homes measured a 5% increase over the second quarter and a 23% increase compared to the third quarter of 2008. Compare the 937,840 foreclosures to the figure in the first quarter of 2008 of 649,917 (+44.3%).