



Trends in Virginia's Housing Markets

For Immediate Release:

January 25, 2010

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

Virginia's housing markets continue to show marked improvement, as fourth quarter 2009 home sales in Virginia showed an 18 percent increase over the same period last year, according to the year-end and fourth quarter 2009 home sales report released today by the Virginia Association of Realtors.

"Now truly is the time to buy," commented VAR President Cindy Stackhouse of Dumfries, VA. "Mortgage rates won't stay this low forever, the tax credit for first-time and trade-up buyers ends this spring, and inventory is dropping. We do expect to see another surge in the spring as more home buyers take advantage of affordable housing conditions before the tax credit expires."

All but the Northern region of Virginia showed double-digit increases in sales in the fourth quarter over last year. Year-to-date, home sales are ahead of last year by 1.6 percent.

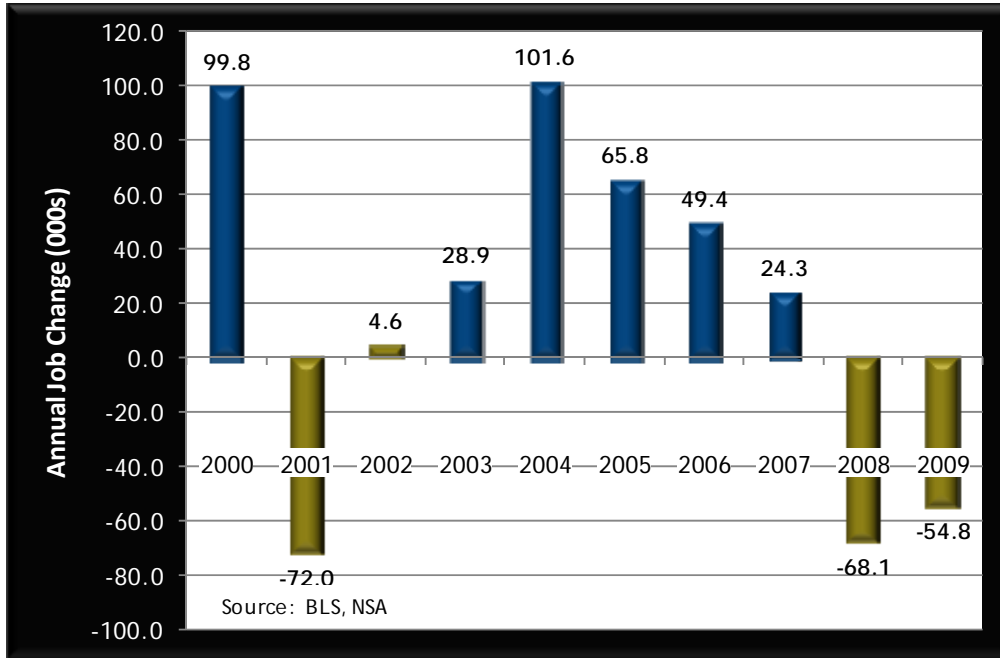
Southwest Virginia led the state in sales, showing a 54.7 percent increase over the same quarter last year. Year-to-date, however, the highest increase was seen in the upper Shenandoah Valley with a 5.4 percent increase. For the fourth quarter, median sales prices advanced 13.8 percent in the Northern Virginia region compared to the same period last year, while the South Central region showed the only increase (1.5 percent) in median sales price for 2009 compared to 2008. Statewide, the median sales price is down 5.5 percent for the year, compared to 2008. # # #

Highlights

- Compared to the third quarter, the fourth quarter's total existing home sales in Virginia declined 12.4 percent to 21,936 units but improved over the fourth quarter of 2008 by 18.1 percent. In fact, six of the seven regions of the state reported an increase in sales compared to 4Q 08.
- The highest annual percentage increase in sales occurred in the Southwest Virginia region, up 54.7 percent in 4Q 09 vs. 4Q 08.
- Although all regions suffered a decline in sales compared to 3Q 09, only the Northern Virginia region experienced a decrease in sales compared to 4Q 08, by a slight 1.9 percent.
- Posting the third consecutive quarterly increase, the statewide median sales price advanced 4.2 percent over 3Q 09, although it declined 8.5 percent compared to 4Q 08. The statewide median sales price is up about \$23,000 since 1Q 09.
- Like the number of homes sold, median sales prices declined in all regions compared to 3Q 09, with the largest decline found in the South Central region (-11.7 percent from 3Q 09). The smallest decline occurred in the Central region (-1.7 percent).
- Compared to 4Q 08, the Northern Virginia region had the highest percentage increase in its median sales price (+13.8 percent) and the South Central region posted a 3.4 percent increase.
- For the same period (4Q 09 vs. 4Q 08), the North Central region had the largest percentage decline in median sales price, down 9.4 percent.
- The number of foreclosures in Virginia decreased significantly from the third to the fourth quarter (-19.1 percent). On a regional basis in Virginia, the largest percentage increase in foreclosures compared to 4Q 08 was in the South Central region (up 22.0 percent) while the Northern Virginia region had the largest percentage decline (down 31.6 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.
- In national news, Congress extended the \$8,000 First Time Buyer's Credit program and broadened it to include existing homeowners during the fourth quarter. Monthly mortgage rates ranged from 4.88 percent to 4.95 percent from October to December. The stock market exceeded the 10,000 mark in early November and reached the 2009 high of 10,548.51 on December 30th.

Virginia Annual Job Change

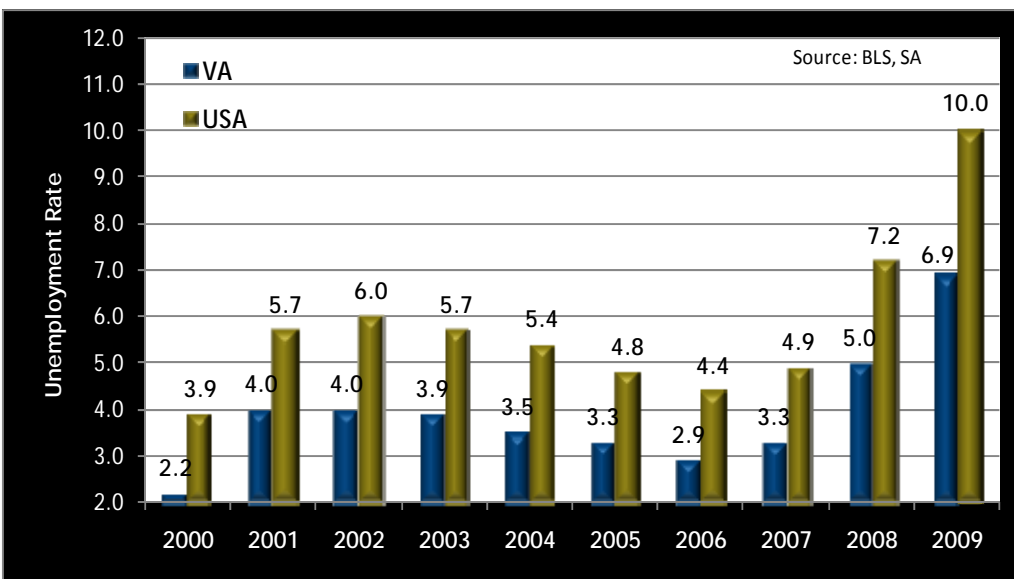
- Job losses at year end totaled -54,800 in the Commonwealth of Virginia, posting the third highest loss this decade.
- The largest annual decline as of December 2009 was in the Manufacturing sector (-21,600 jobs); it also suffered the highest percentage loss (-8.4 percent year-over-year).



- Virginia's percentage decline in jobs since December 2008 was 1.5 percent.
- This decline compares to
 - +.9 percent in DC;
 - -1.7 percent in Maryland;
 - -3.1 percent in North Carolina
 - -3.3 percent in Tennessee; and
 - -2.5 percent in West Virginia.

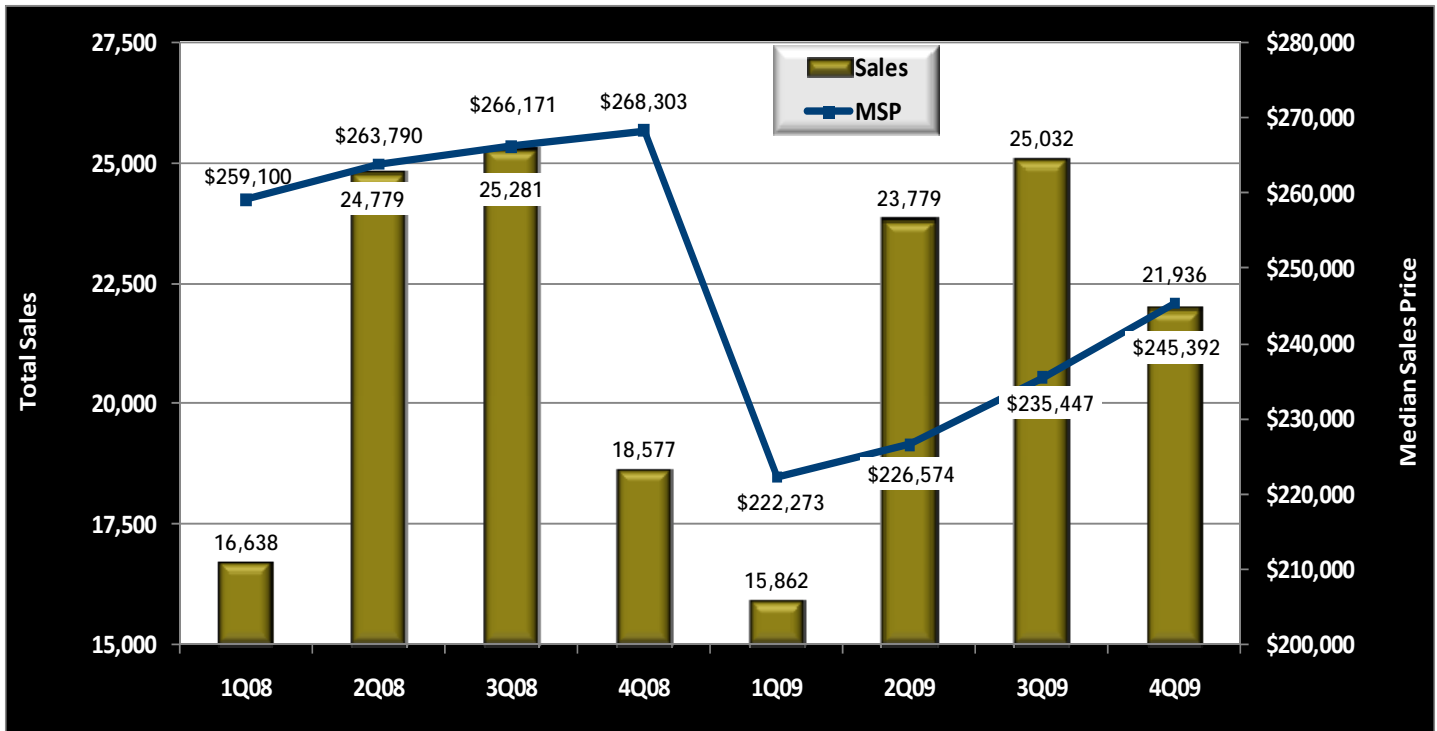
Unemployment Rate (VA and USA)

- The unemployment rate in the Commonwealth was 1.9 percentage points higher in December 2009 compared to December 2008 but the increase across the nation over the same time period was 2.8 percentage points. Virginia's December 2009 unemployment rate was tied for the ninth lowest in the country with Hawaii and Vermont.
- The highest statewide unemployment rate was again in Michigan (14.6 percent). The lowest was in North Dakota (4.4 percent), a typical result.



- Virginia continues to have the lowest unemployment rate among its neighbors—
 - MD = 7.5 percent;
 - WV = 9.1 percent;
 - TN = 10.9 percent;
 - NC = 11.2 percent; and
 - DC = 12.1 percent.
- As of November 2009, the Danville MSA again had the highest unemployment rate in the state (11.4 percent) and Northern Virginia had the lowest (4.7 percent).

Virginia Quarterly Sales and Median Sales Prices: 2008–2009



Region Definitions

Central Region

Chesterfield, Hanover, Henrico, and the city of Richmond (*Richmond Association*)
 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 decreased in Virginia from 18,135 last quarter to 14,668 in the fourth quarter (-19.1 percent). That followed a 7.8 percent increase from the second to the third quarter. Virginia's year-end total amounted to 65,574 homes.
- An interesting phenomenon surfaced in the fourth quarter of 2009. The region that historically has had the highest number of foreclosures in a given quarter is Northern Virginia. While it still led the state with the highest number of foreclosures by a large margin, it actually posted the largest percentage decrease from the third to the fourth quarters (-31.6 percent).

Quarter Totals

Region	1Q09	2Q09	3Q09	4Q09
Central	2,053	1,849	2,206	2,272
North Central	198	218	267	265
Northern Virginia	9,200	9,983	11,062	7,566
South Central	340	334	227	277
Southwest	450	587	492	464
Tidewater	2,980	3,041	3,025	3,074
Upper Shenandoah Valley	711	801	842	729
<i>Total</i>	15,932	16,813	18,121	14,647
<i>Others</i>	12	14	14	21
<i>Virginia Total</i>	15,944	16,827	18,135	14,668

Source: RealtyTrac

- The Upper Shenandoah Valley posted the second highest quarterly percentage decrease in foreclosures last quarter (-13.4 percent).
- The number of quarterly foreclosures increased for the first time this year in the South Central region (+22.0 percent).
- Foreclosures in Tidewater increased slightly quarter-over-quarter (+1.6 percent) to finish 2009 with the second highest regional total.

Note: "Others" denotes counties outside the VAR reporting area. These areas had a 50 percent increase in foreclosures during the fourth quarter.

4Q 09 Sales by Region

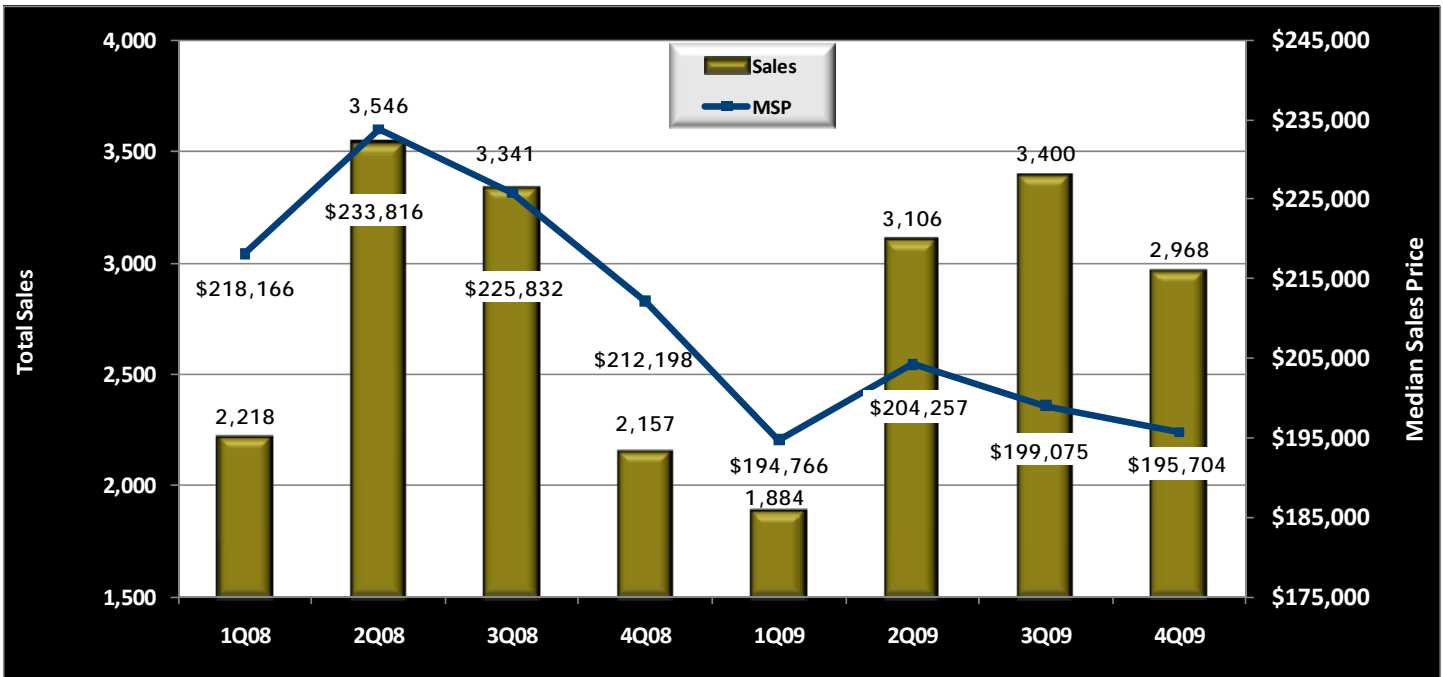
Region	4Q09	vs. 3Q09	vs. 4Q08
Central	2,968	-12.7%	37.6%
North Central	1,001	-14.9%	25.6%
Northern Virginia	9,103	-15.5%	-1.9%
South Central	857	-15.5%	14.4%
Southwest Virginia	1,474	-20.2%	54.7%
Tidewater	5,653	-4.8%	42.7%
Upper Shenandoah Valley	880	-0.7%	29.6%

4Q 09 Median Sales Prices by Region

Region	4Q09	vs. 3Q09	vs. 4Q08
Central	\$195,704	-1.7%	-7.8%
North Central	\$229,105	-8.5%	-9.4%
Northern Virginia	\$307,680	-4.4%	13.8%
South Central	\$119,248	-11.7%	3.4%
Southwest Virginia	\$146,785	-5.8%	-6.7%
Tidewater	\$213,025	-5.5%	-3.6%
Upper Shenandoah Valley	\$168,405	-3.5%	-7.6%

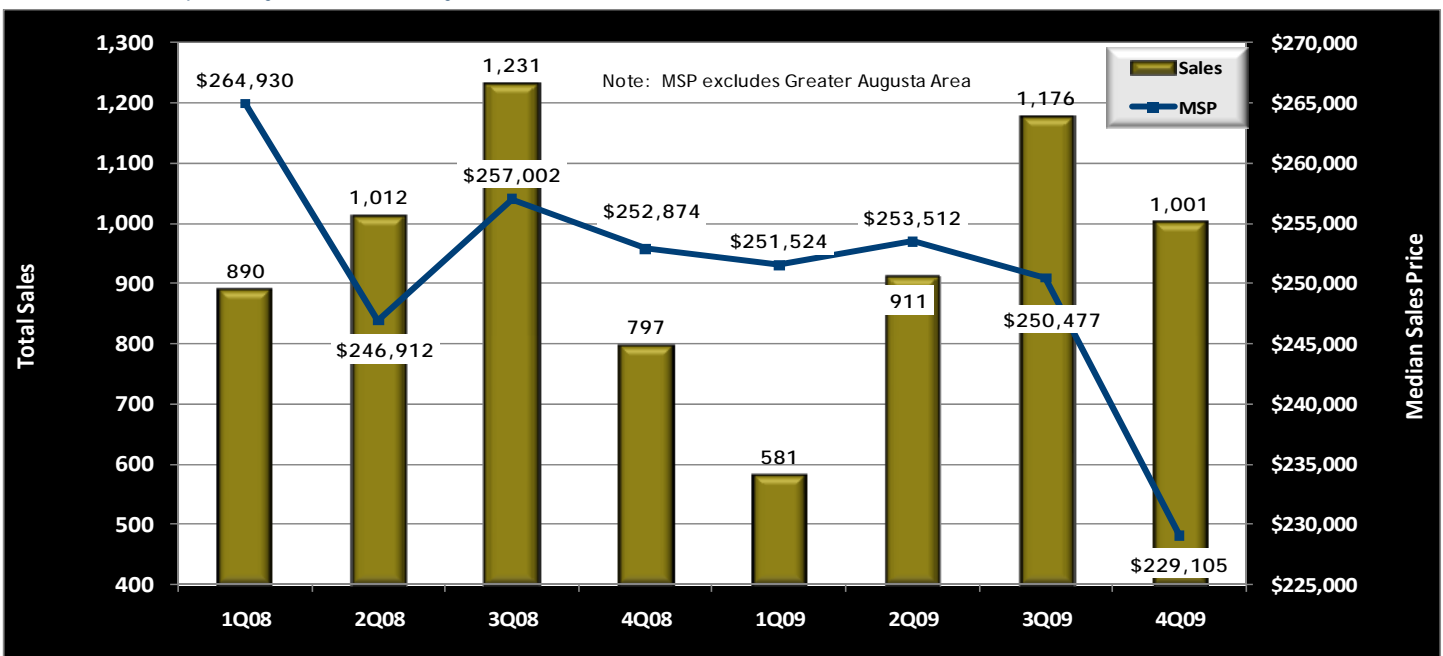
Central Region

- Total sales in the Central Region during the fourth quarter of 2009 declined 12.7 percent compared to the third quarter but improved 37.6 percent compared to the fourth quarter of 2008.
- The median sales price in the Central Region decreased slightly (-1.7 percent) for the second consecutive quarter to end the year 7.8 percent below the median in the fourth quarter of 2008.



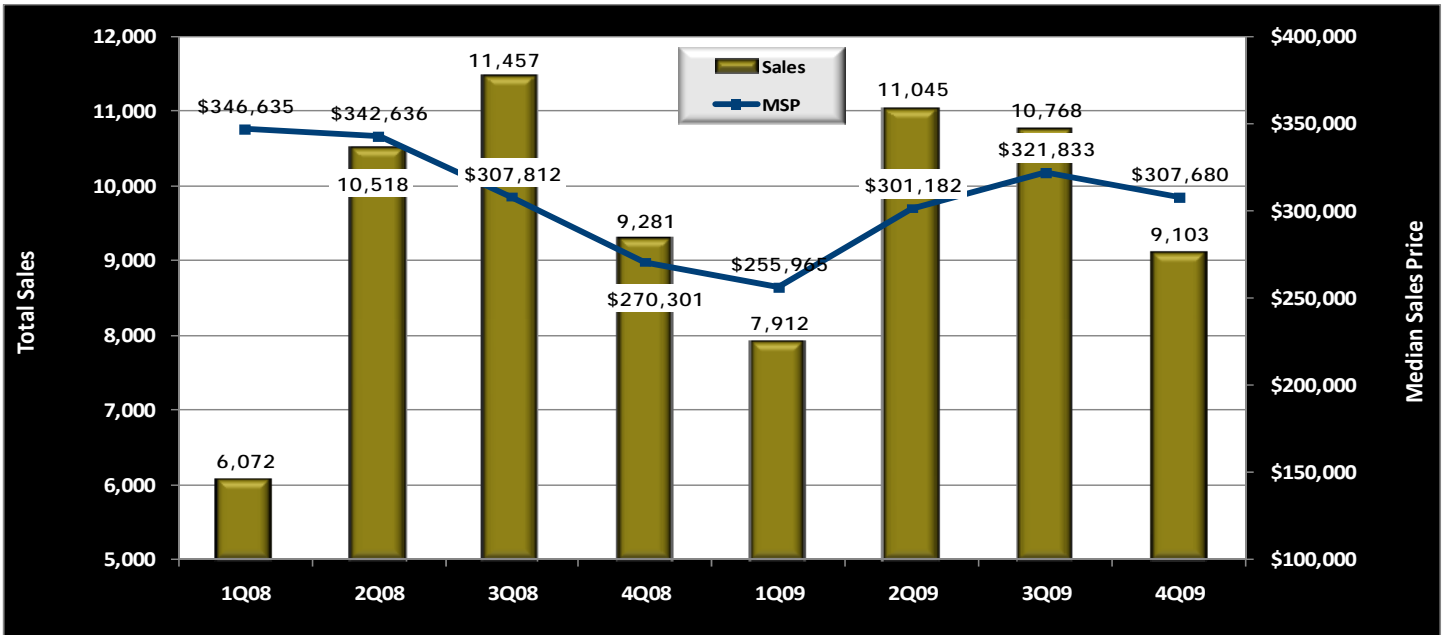
North Central Region

- Total sales in the North Central Region declined 14.9 percent compared to the third quarter but increased a significant 25.6 percent since last year at this time.
- The median sales price declined (-8.5 percent vs. 3Q 09 and -9.4 percent vs. 4Q 08) in the fourth quarter to end the year with the lowest quarterly median in two years.



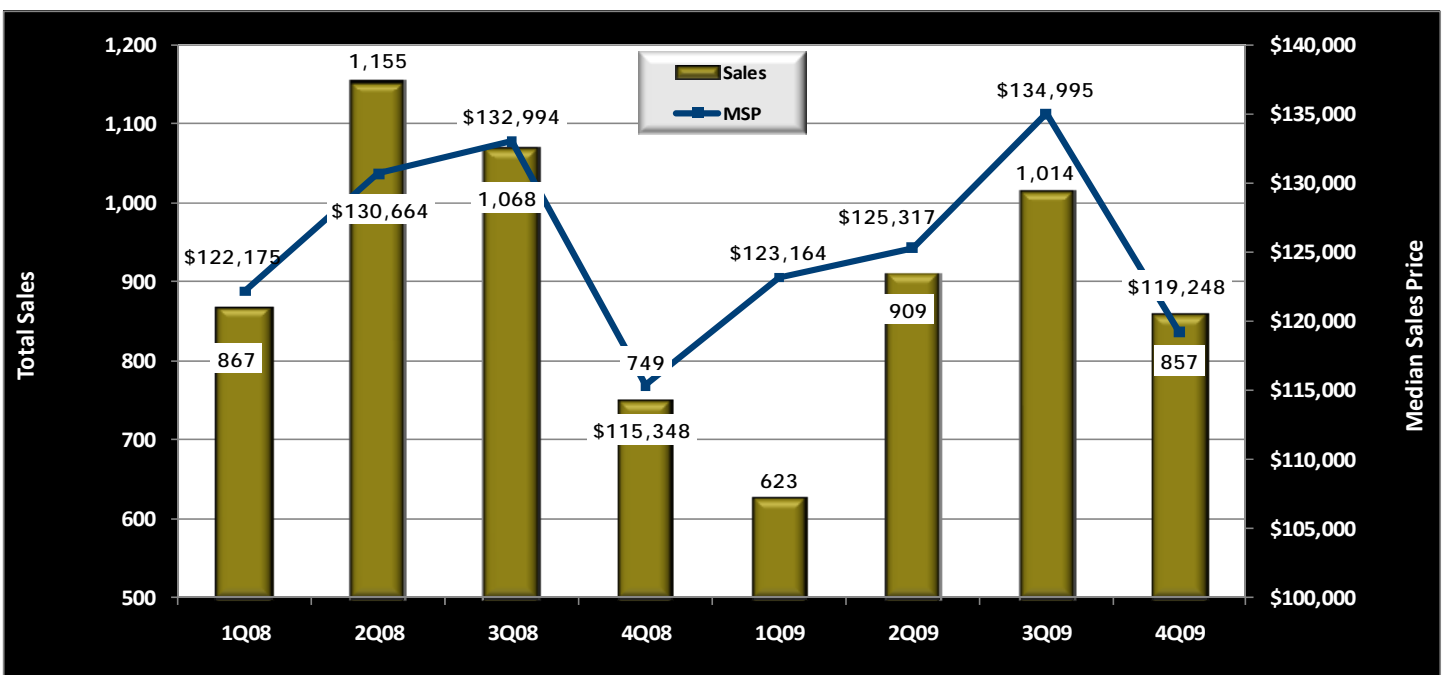
Northern Virginia Region

- In the Northern Virginia Region, total sales declined 15.5 percent from the third quarter of 2009 to 9,103 units and declined 1.9 percent from the fourth quarter of 2008. Sales rose dramatically in the second quarter of 2009 (up 39.6 percent from the first quarter) but declined in both the third and fourth quarters.
- Median sales prices declined in the fourth quarter compared to the third quarter (-4.4 percent) but had a 13.8 percent increase compared to the same quarter last year.



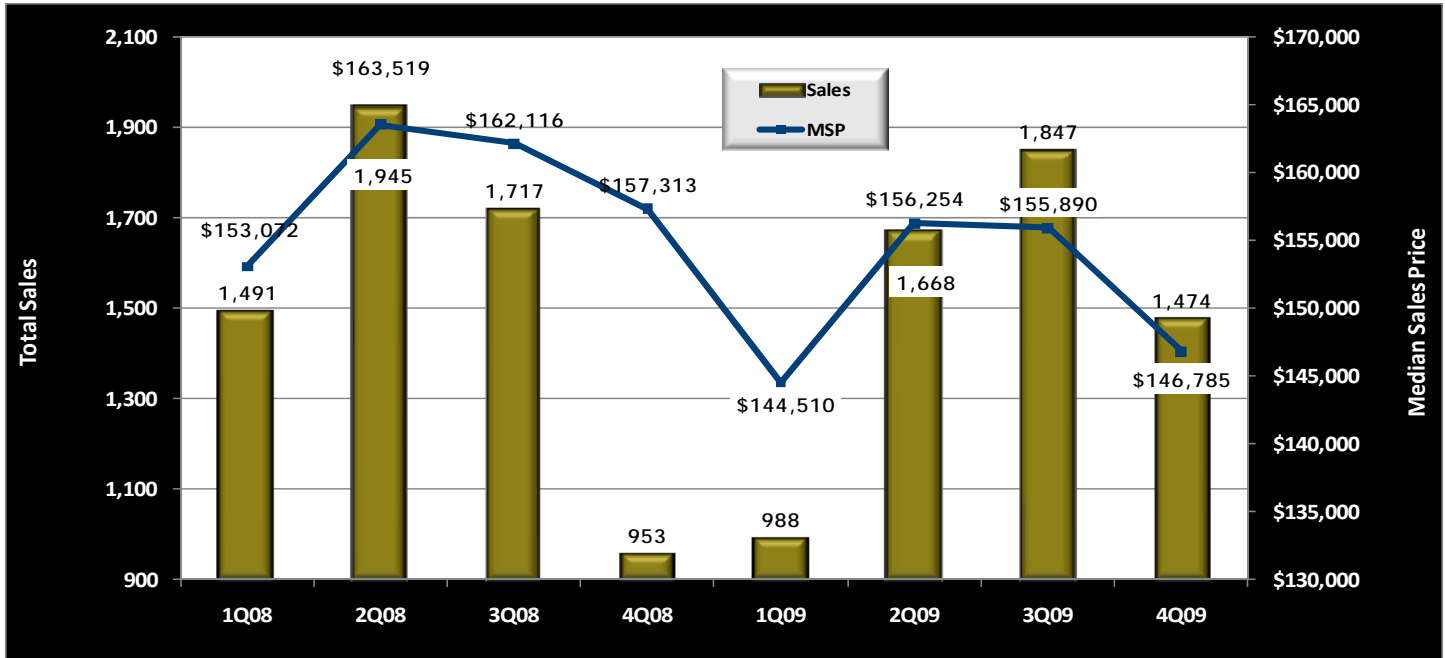
South Central Region

- The South Central Region saw sales decline in the fourth quarter by 15.5 percent from third quarter totals. However, total sales improved over the fourth quarter 2008 total by 14.4 percent.
- Following three consecutive quarterly increases, the median sales price declined 11.7 percent since last quarter but increased compared to the fourth quarter 2008 median by 3.4 percent.



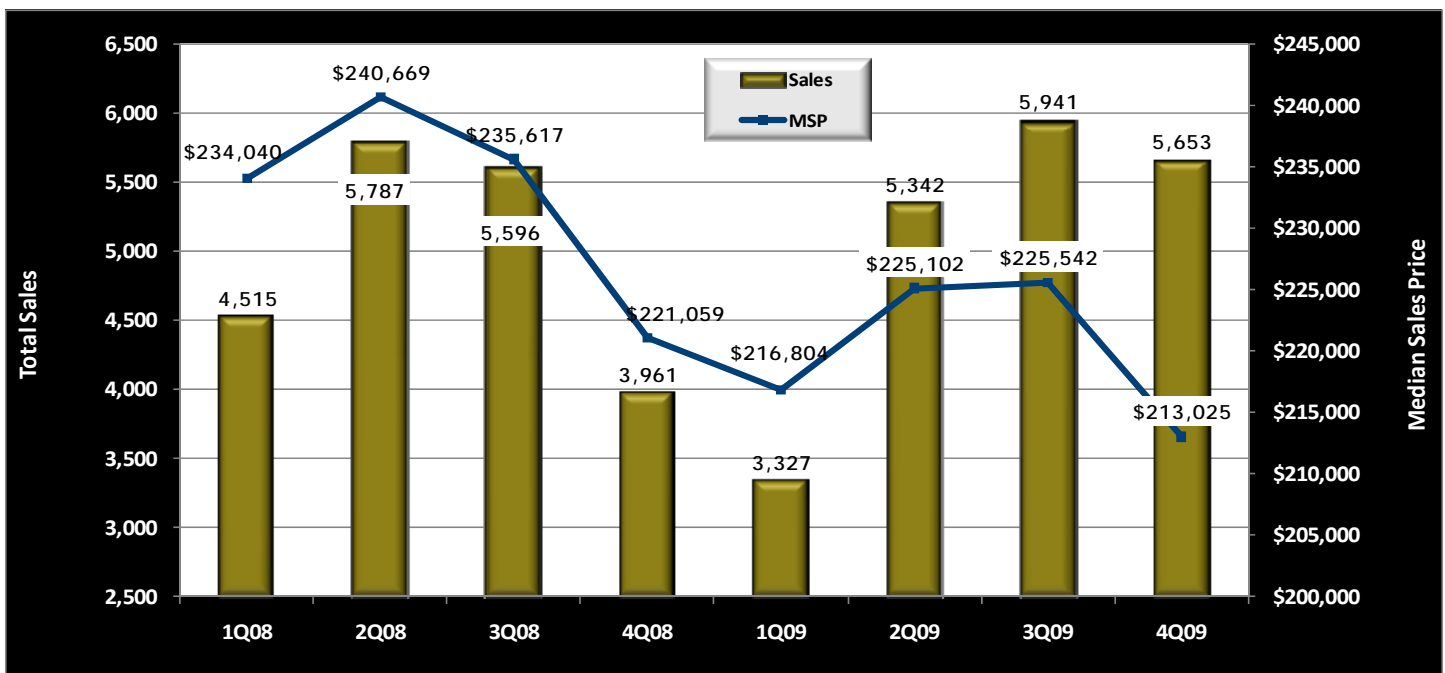
Southwest Virginia Region

- Total sales declined sharply in the fourth quarter (-20.2 percent) following a 68.8 percent increase and 10.7 percent increase in sales in the second and third quarters of 2009. However, total sales increased 54.7 percent since the fourth quarter of 2008.
- The median sales price declined (-5.8 percent) this quarter and also 6.7 percent since the fourth quarter of 2008. The gains achieved in the second and third quarters were almost completely lost in the fourth quarter.



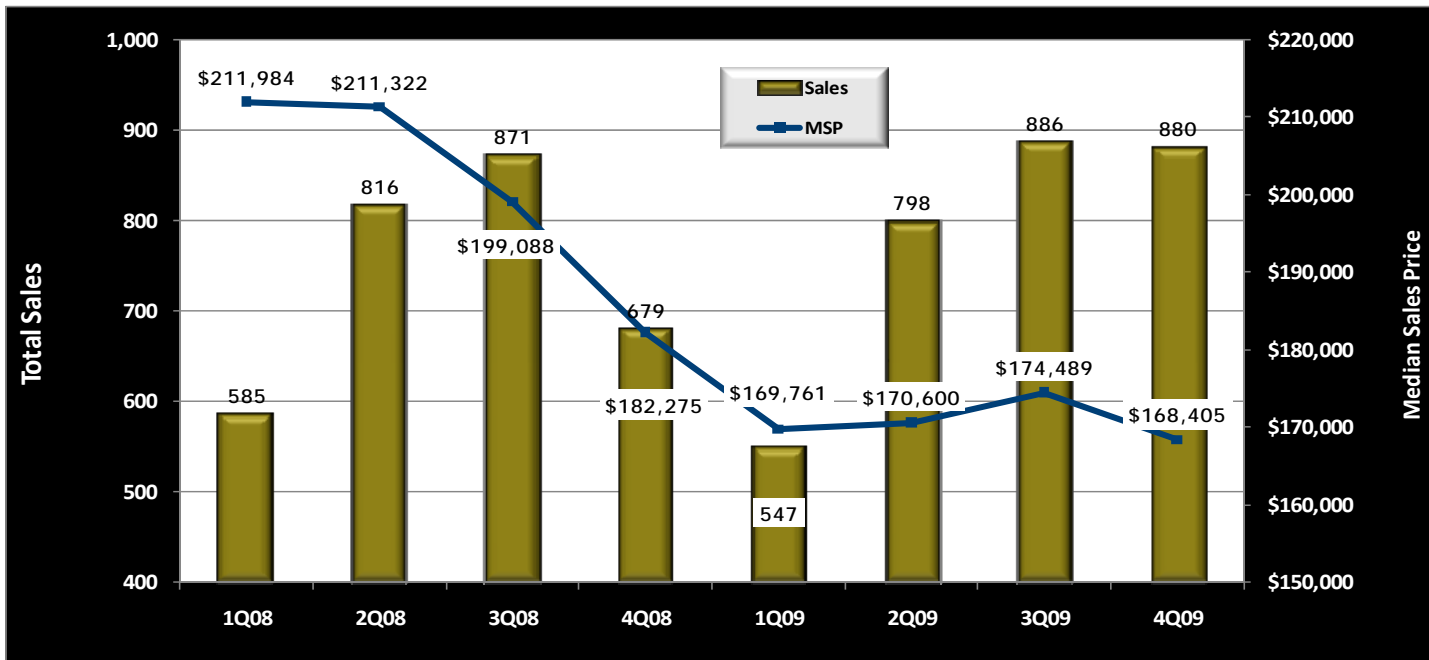
Tidewater Region

- After two consecutive quarterly increases, total sales during the fourth quarter of 2009 in the Tidewater Region declined 4.8 percent compared to the third quarter but rallied 42.7 percent compared to the same time last year.
- The median sales price also declined in Tidewater in the fourth quarter. It was down 5.5 percent from the third quarter and 3.6 percent from the fourth quarter of 2008.



Upper Shenandoah Valley Region

- The Upper Shenandoah Valley had a slight (-.7 percent) decrease in sales in the fourth quarter compared to the third but a substantial increase (+29.6 percent) compared to the fourth quarter of 2008. The last two quarters of 2009 indicated stability.
- After two consecutive quarters of increases, the median sales price slipped 3.5 percent in the fourth quarter. It was 7.6 percent lower than in the fourth quarter of 2008 and, by year end, was about equal to the first quarter of 2009.



Statewide Economic Backdrop

- Virginia’s construction starts are included in the Census Bureau’s “South Region” and the annualized total advanced 4.0 percent compared to last quarter. Starts are still 27 percent below fourth quarter figures in 2008.
- The total number of building permits issued in Virginia from January through November 2009 was 17,385 permits, 21.0 percent 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 but November was the first month in 2009 that the monthly total exceeded the corresponding 2008 level.

Virginia Economic Indicators	4Q09	vs. 3Q09	vs. 4Q08
Starts (South Region) ¹	310	4.0%	9.5%
YTD Building Permits ²	17,385	-2.5%	-21.0%
Foreclosures	14,668	-19.1%	-10.0%
Non-Farm Employment ³	17.4	0.5%	-1.5%
Unemployment Rate ⁴	6.9	4.5%	38.0%

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

- In the fourth quarter and for the first time in 2009, the total number of quarterly foreclosures in Virginia declined to 14,668 homes, down 19.1 percent from the third quarter.
- Over 17,000 jobs were added to Virginia’s 2009 payrolls in the fourth quarter.
- Unemployment in the state rose in November resulting in a 4.5 percent decline quarter-over-quarter. The rate at this time last year though was only 5.0 percent.

National Economic Backdrop

- Existing home sales increased in November compared to October but improved 28.5 percent over August (2nd month of 3Q). Total unit sales improved 44.1 percent compared to this time last year. The median sales price also declined 2.7 percent this quarter and is 4.3 percent behind the November 2008 level while inventory levels were trending significantly down. December's 6.5 month supply was the lowest level in 2008 and 2009.
- New home sales totals declined 13 percent from the third quarter and remained below 2008 levels. Median sales prices actually rose 11.4 percent during the fourth quarter. After reaching a two-year low of 7.2 months in October, new homes inventory levels rose to 7.9 months in November.

National Economic Indicators	4Q09	vs. 3Q09	vs. 4Q08
Starts ¹	557	-4.9%	0.2%
Building Permits ¹	653	13.6%	15.8%
Existing Home Sales ²			
Sales	6,540	28.5%	44.1%
Median Sales Price	\$172,600	-2.7%	-4.3%
Month's Supply	6.5	-30.1%	-40.9%
New Home Sales ²			
Sales	355	-13.0%	-6.6%
Median Sales Price	\$217,400	11.4%	-1.4%
Month's Supply	7.9	2.6%	-33.1%
Foreclosures	988,438	5.4%	34.1%
Non-Farm Employment ³	-208	-0.2%	-3.1%
Unemployment Rate ⁴	10.0%	2.0%	38.9%
Consumer Confidence ⁴			
Overall Index	52.9	-0.9%	37.0%
Present Situation Index	18.8	-18.3%	-37.7%
Expectations Index	75.6	2.6%	71.0%
Monthly Mortgage Rates ⁴	4.93%	-2.6%	-7.5%
	3Q09	2Q09	3Q08
Gross Domestic Product (GDP) ⁵	2.2%	-0.7%	-2.7%

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

- The total number of foreclosures recorded in the fourth quarter resulted in the worst three-month period in history. The total of 988,438 foreclosed homes measured a 5.4 percent increase over the third quarter and a 34.1 percent increase compared to the fourth quarter of 2008.

