

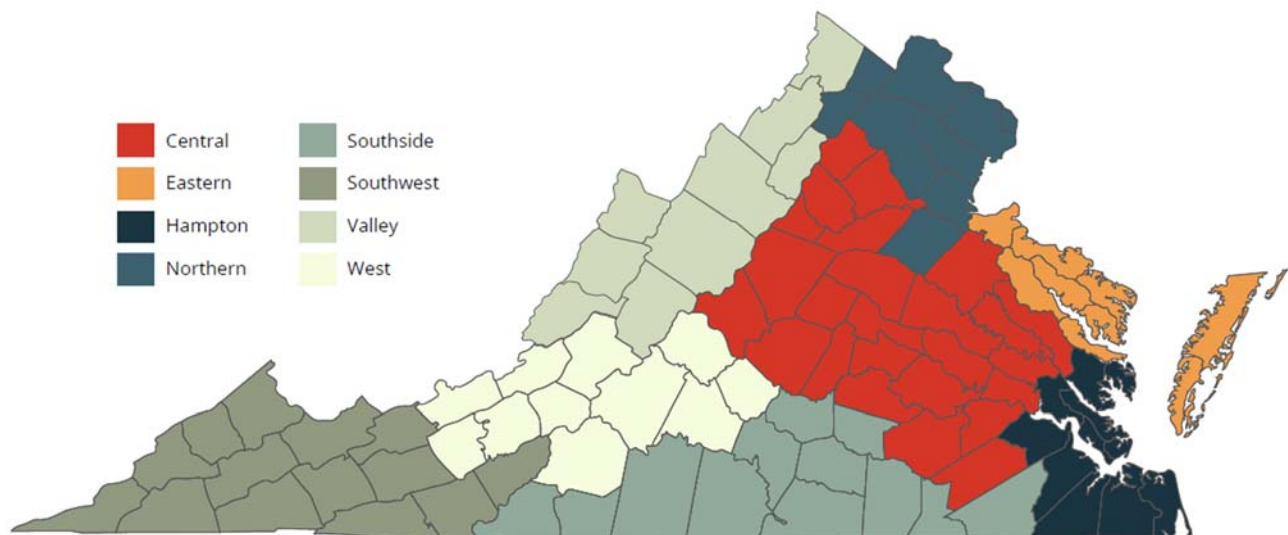
Virginia

HOME SALES REPORT

Q3 2017

The Virginia REALTORS® association publishes monthly and quarterly home sales reports to provide our members, the media, and real estate-related industries with current data. The report data comes from a variety of sources and is analyzed by the Virginia REALTORS®. All data may be used with citation to the proprietary owner, the Virginia REALTORS®.

The data presented is based on specific economic regions comprised of counties and independent cities in Virginia, as detailed in the map below. It should be noted that these regions do not necessarily align with the counties and cities that comprise the 28 local REALTOR® associations in Virginia. For example, the economic region defined as Northern Virginia encompasses more counties and cities than those within the bounds of the Northern Virginia Association of REALTORS® (NVAR). Please take this into consideration when referencing regions.



Central	Albemarle, Amelia, Buckingham, Caroline, Charles City, Chesterfield, Culpeper, Cumberland, Dinwiddie, Fluvanna, Goochland, Greene, Hanover, Henrico, King & Queen, King William, Louisa, Madison, Nelson, New Kent, Orange, Powhatan, Prince George, Rappahannock, Sussex; Charlottesville, Colonial Heights, Hopewell, Petersburg, Richmond
Eastern	Accomack, Essex, King George, Lancaster, Middlesex, Northampton, Northumberland, Richmond, Westmoreland
Hampton Roads	Gloucester, Isle of Wight, James City, Mathews, Surry, York; Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg
Northern	Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, Warren; Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, Manassas Park
Southside	Brunswick, Charlotte, Greenville, Halifax, Henry, Lunenburg, Mecklenburg, Nottoway, Patrick, Pittsylvania, Prince Edward, Southampton; Danville, Emporia, Martinsville
Southwest	Bland, Buchanan, Carroll, Dickenson, Floyd, Grayson, Lee, Russell, Scott, Smyth, Tazewell, Washington, Wise, Wythe; Bristol, Galax, Norton
Valley	Alleghany, Augusta, Bath, Frederick, Highland, Page, Rockbridge, Rockingham, Shenandoah; Buena Vista, Covington, Harrisonburg, Lexington, Staunton, Waynesboro, Winchester
West Central	Amherst, Appomattox, Bedford, Botetourt, Campbell, Craig, Franklin, Giles, Montgomery, Pulaski, Roanoke; Lynchburg, Radford, Roanoke, Salem

Third Quarter Summary

Virginia's third quarter residential real estate market reflects the prolonged inventory shortage that has affected sales pace for much of the year. Despite suppressed pace, most year-over-year performance metrics rose, underscoring the sustained high demand in the state's housing market.

Year-over-year, quarterly transactions fell by 0.2 percent (from 33,493 to 33,432). The decrease is attributed to the variance in September sales, specifically, as July and August 2017 sales each outperformed their 2016 benchmarks. Third quarter volume rose by 3.2 percent year-over-year, from \$11.037 billion in 2016 to \$11.388 billion in 2017. Year-to-date volume is \$31.962 billion, 8 percent higher than the sum for the first nine months of 2016 (\$29.548 billion). Statewide, median price for the third quarter rose by 2.9 percent from 2016 to 2017, from \$272,000 to \$280,000.

Notably, annualized sales, the sum of all sales for the preceding twelve months, declined for the first time in eleven quarters. Third quarter annualized sales fell 0.1 percent to 120,786 sales (from the second quarter benchmark of 120,847). Preceding 2017 Q3, the average quarterly increase in annualized sales over the last eleven quarters had been 1.8 percent.

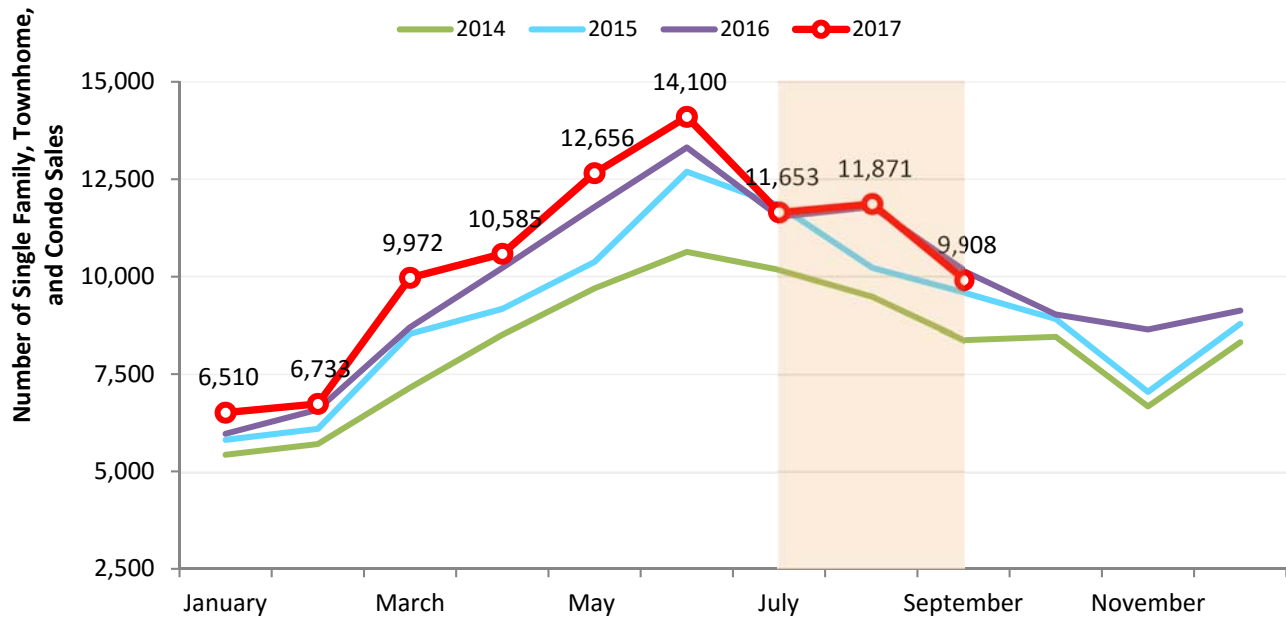
Tight inventory in starter price bands had an outsized effect on sales in those categories, with transactions in the \$0-\$100K and \$100K-\$200K range dropping year-over-year by 9.6 percent and 6.8 percent, respectively. Third quarter sales increased in all other price bands, with the highest jumps in the \$400K-\$500K range and the luxury range above \$1 million. While access to advantageous financing and relative consumer confidence are encouraging activity in premium price bands, the majority of buyers exist in the entry-level categories with the least inventory. The imbalance in supply and demand in those bands is intensifying pressure on price and transaction speed, creating more challenge for buyers trying to enter the market.

Sales pace varied regionally in the third quarter of 2017. Sales in Northern Virginia, the Southside, and Valley regions dropped off relative to the third quarter of 2016, while transactions increased in other areas. Year-over-year, median prices rose in every region except the Eastern and Southwest regions.

Average fixed mortgage interest rates for 30-year and 15-year loans fell slightly from the second quarter to the third (to 3.89 percent and 3.17 percent, respectively). Despite the strong anticipation of rate increases, the cost of financing remains historically low and continues to encourage market activity.

Month-to-Month Sales Trends

Single Family Homes, Townhomes, Condos

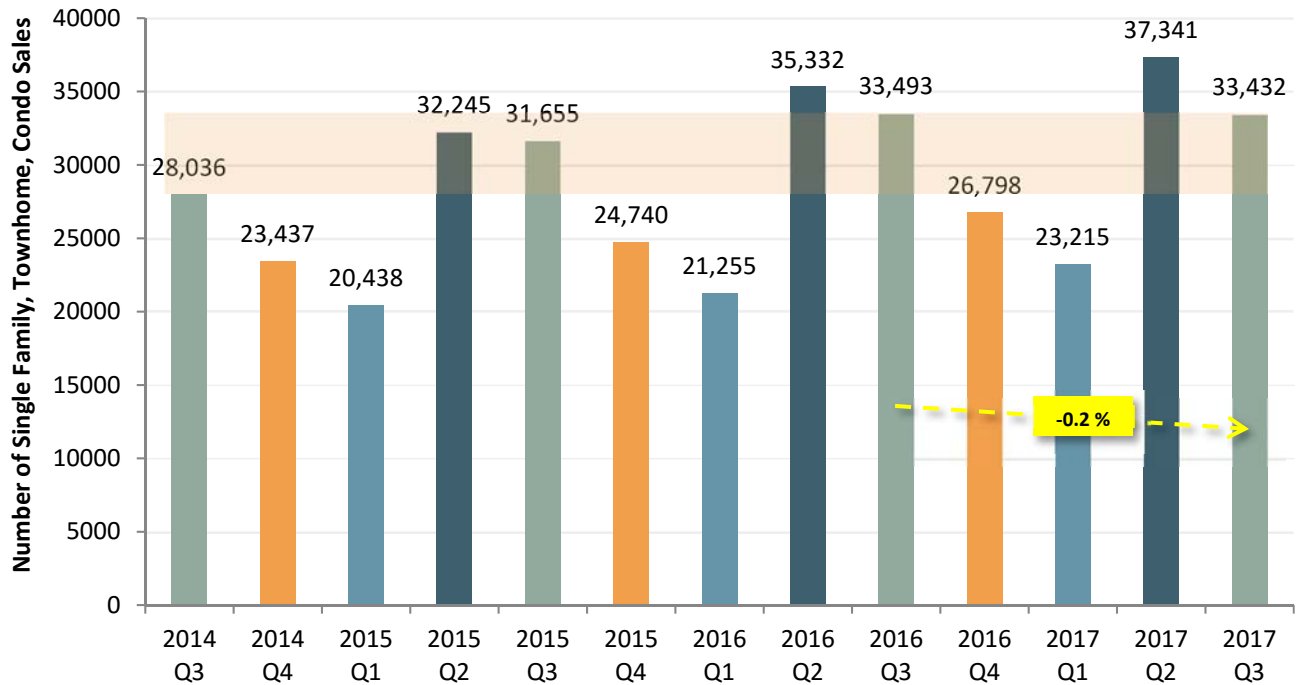


	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
2014	5,427	5,705	7,151	8,508	9,701	10,635	10,177	9,491	8,368	8,455	6,668	8,314
2015	5,812	6,094	8,532	9,175	10,378	12,692	11,829	10,233	9,593	8,910	7,041	8,789
2016	5,968	6,587	8,700	10,226	11,791	13,315	11,544	11,796	10,153	9,029	8,642	9,127
2017	6,510	6,733	9,972	10,585	12,656	14,100	11,653	11,871	9,908			

The first two months of the third quarter slightly outpaced the corresponding months of the previous year, while September sales fell 2.4 percent from 2016 (from 10,153 to 9,908). The month-to-month decline from August to September 2017 was 16.5 percent, slightly more pronounced than the 13.9 percent drop between the same months last year. In keeping with historical trends, aggregate third quarter sales tapered from the peak second quarter.

Quarterly Residential Sales

Single Family Homes, Townhomes, Condos

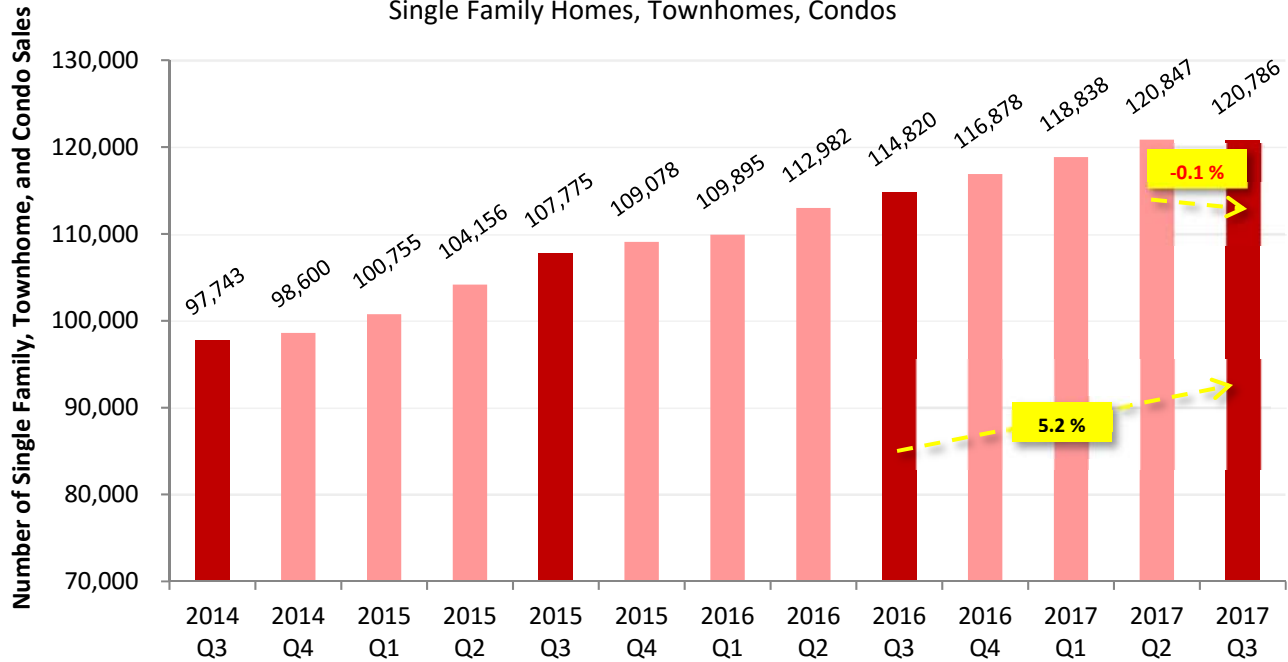


Sales in the third quarter of 2017 fell by 0.2 percent year-over-year, from a total of 33,493 in 2016 Q3 to 33,432. Relative to the third quarter of 2015, sales for the third quarter of 2017 rose 5.6 percent (from 31,655 transactions).

Note: the horizontal bar in the graph indicates the variance in third quarter sales from 2014 through 2017, beginning with 28,036 sales in 2014 and rising eventually to 33,432 sales in 2017, with graduated increases for each year in between. 2017 third quarter sales were 19.2 percent higher than their 2014 benchmark.

Annualized Residential Sales

Single Family Homes, Townhomes, Condos

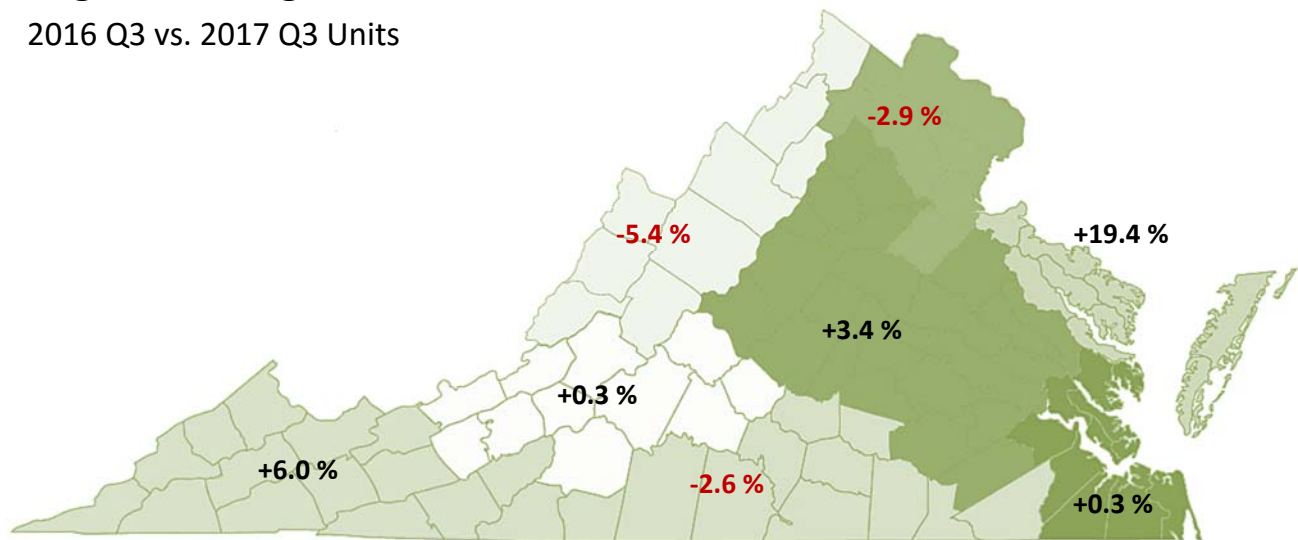


Each data point on the graph above represents twelve months of home sales data ending in the quarter shown. For example, the 2017 Q3 figure (120,786 sales) includes home sales from October 2016 through September 2017, and the 2017 Q2 figure (120,847 sales) includes home sales from July 2016 through June 2017. This rolling sum of home sales reduces seasonal effect, providing a clearer indicator of long-term trends in Virginia’s housing market.

Annualized sales ending in the third quarter of 2017 declined 0.1 percent from the previous quarter. Remarkably, the third quarter of 2017 marks the first quarter in recent years in which the annualized sales figure has declined from the previous period. The interruption to a long-term trend of continued growth indicates the scope of inventory limitations and the suppressive effect on sales. Year-over-year, annualized sales for the third quarter improved by 5.2 percent.

Regional Changes in Sales

2016 Q3 vs. 2017 Q3 Units

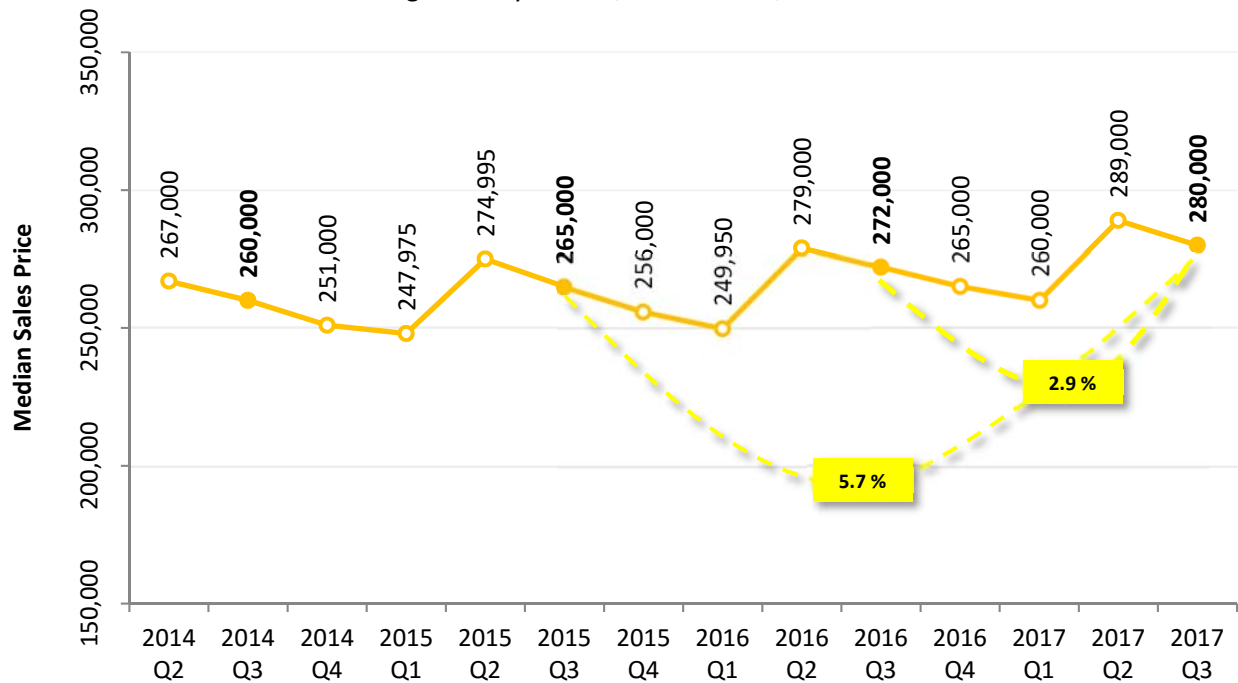


Region	2016 Q3	2017 Q3	
Central	7,152	7,392	3.4%
Eastern	598	714	19.4%
Hampton Roads	7,426	7,449	0.3%
Northern	12,651	12,284	-2.9%
Southside	661	644	-2.6%
Southwest	513	544	6.0%
Valley	1,781	1,685	-5.4%
West Central	2,698	2,707	0.3%
Other	13	13	0%
ALL of Virginia	33,493	33,432	-0.2%

The chart above compares 2016 third quarter sales to 2017 third quarter sales, by region. Performance varied regionally. The highest increases occurred in some of the least dense regions (Eastern and Southwest), while sales in the most populous regions (Central, Hampton Roads, and Northern Virginia) were tepid or declining. Performance metrics are relative to the absolute number of sales, so less dense regions with increasing sales tend to show a relatively higher growth percentage.

Median Residential Sales Price

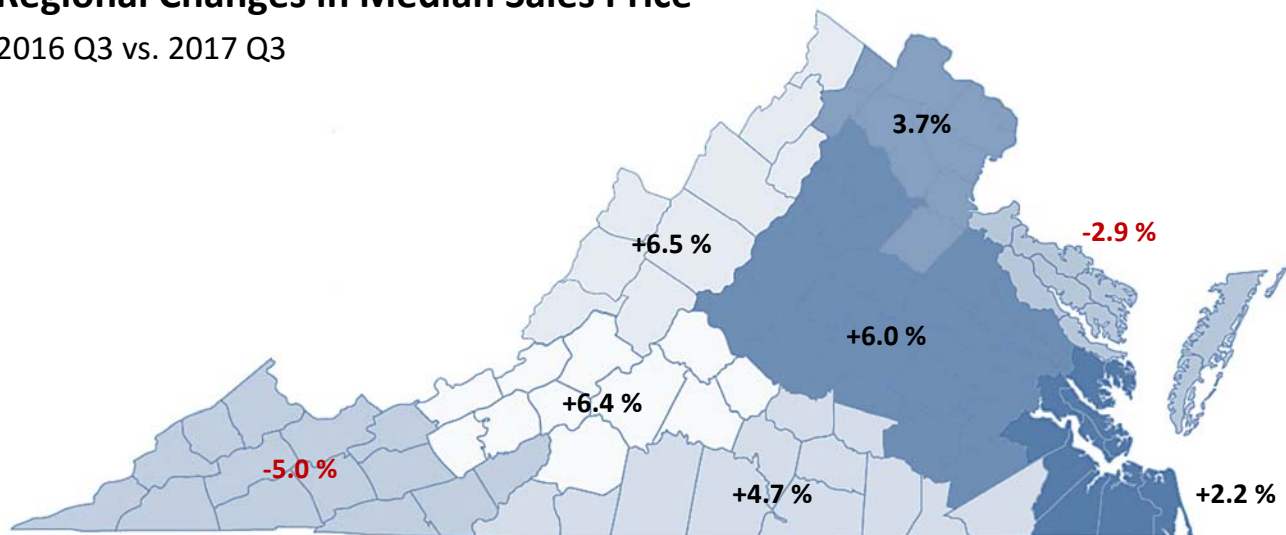
Single Family Homes, Townhomes, Condos



In comparison to the third quarter of 2016, aggregate median price rose by 2.9 percent for the third quarter of 2017 (from \$272,000 to \$280,000). Relative to the third quarter of 2015, median price has risen by 5.7 percent (from \$265,000). Price increases have been driven by intense buyer urgency and consistently limited supply. Typical of industry seasonality, median price fell from the second quarter peak by 3.1 percent (from \$289,000).

Regional Changes in Median Sales Price

2016 Q3 vs. 2017 Q3

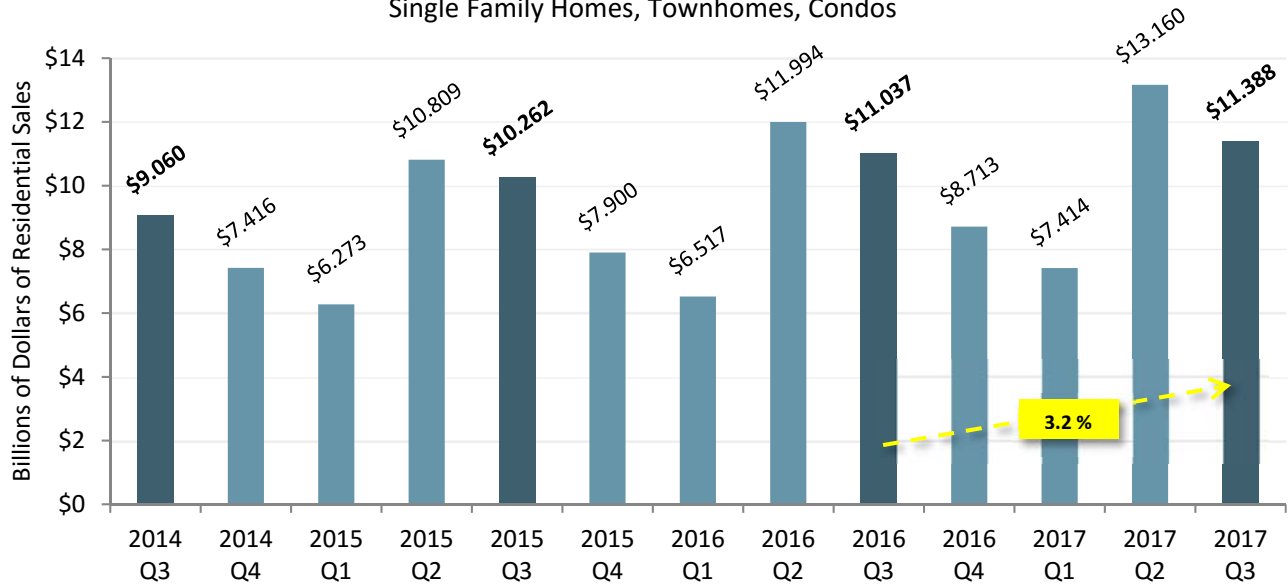


Region	2016 Q3	2017 Q3	% Change
Central	\$234,000	\$248,000	6.0%
Eastern	\$210,000	\$204,000	-2.9%
Hampton Roads	\$230,000	\$235,000	2.2%
Northern	\$405,000	\$420,000	3.7%
Southside	\$105,000	\$109,900	4.7%
Southwest	\$124,000	\$117,788	-5.0%
Valley	\$196,200	\$208,900	6.5%
West Central	\$169,000	\$179,900	6.4%
Other	\$90,000	\$57,000	-36.7%
ALL of Virginia	\$272,000	\$280,000	2.9%

Median sales price increased year-over-year in most regions, with particularly strong gains in Central Virginia and in the Valley and West Central regions. Note: because 'Other' sales represent so few transactions, there is greater variance in price movement for each reporting period.

Quarterly Residential Sales Volume (\$B)

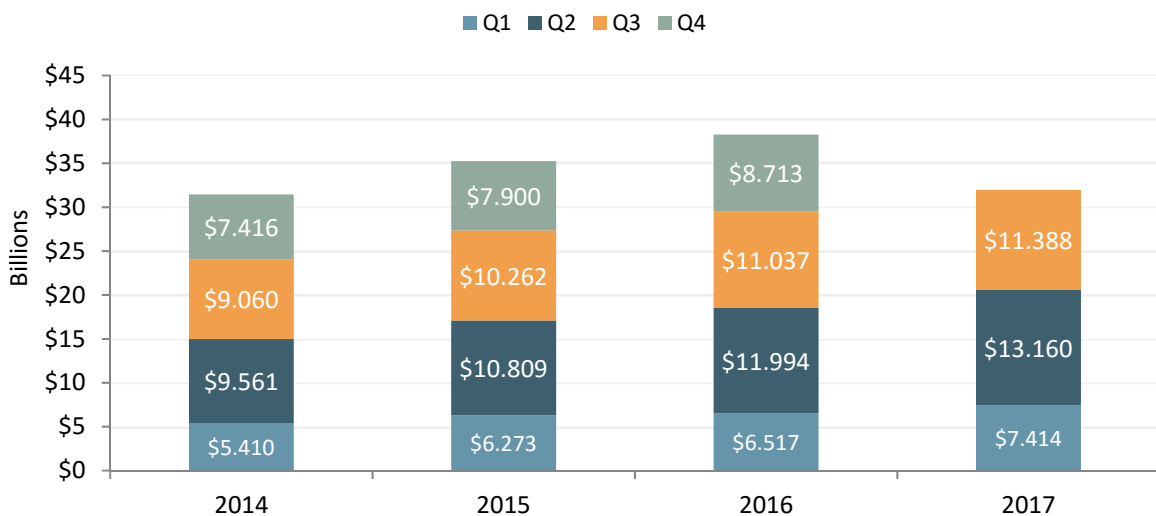
Single Family Homes, Townhomes, Condos



This graph represents the dollar value of residential real estate sold (in billions) during each quarter for the last three years. The volume of real estate sold in the third quarter of 2017 rose by 3.2 percent year-over-year, from \$11.037 billion to \$11.388 billion. Volume is amplified year-over-year by increases in both price and the number of transactions. Year-to-date volume totals \$31.962 billion, an increase of 8 percent from the cumulative volume in the first nine months of 2016 (\$29.548 billion).

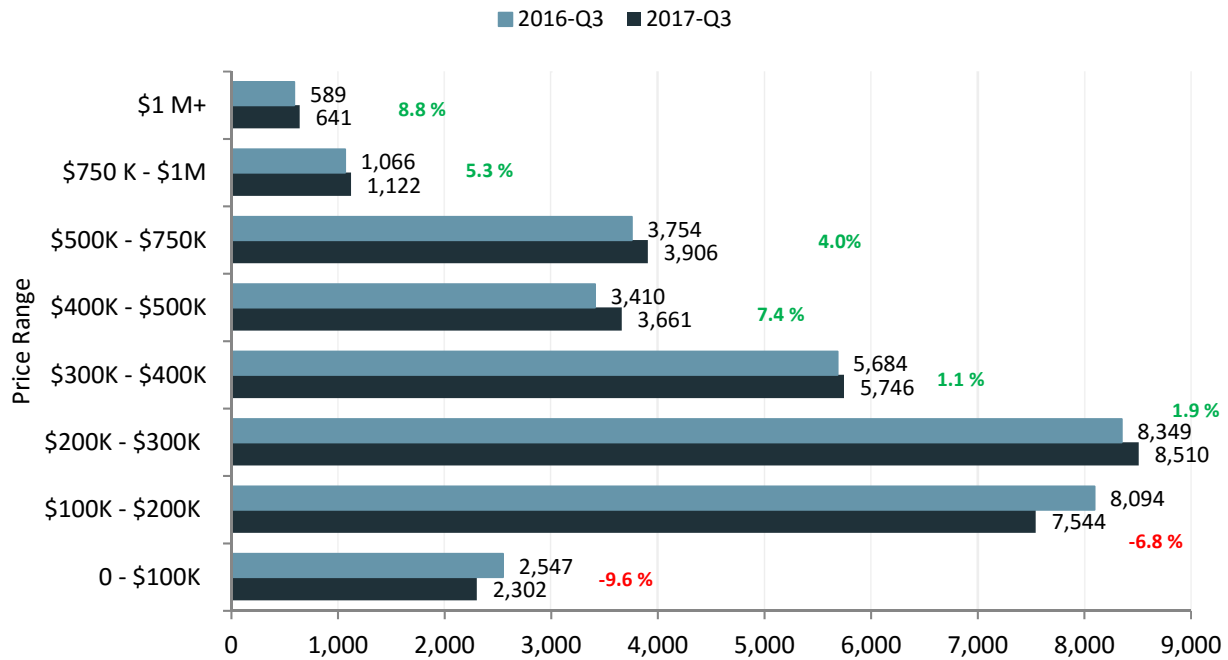
Annual Sales Volume by Quarter

Single Family Homes, Townhomes, Condos



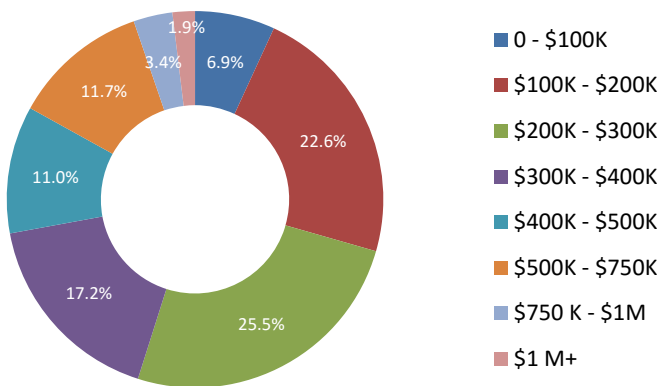
Price Distribution of Residential Home Sales

Single Family Homes, Townhomes, Condos



Year-over-year home sales increased in every price category except the lowest ranges (\$0 to \$100K and \$100K to \$200K). Restricted inventory typically limits the number of sales possible in the low bands. Growth was strongest in the highest ranges, with pace increasing especially in bands \$400K and higher.

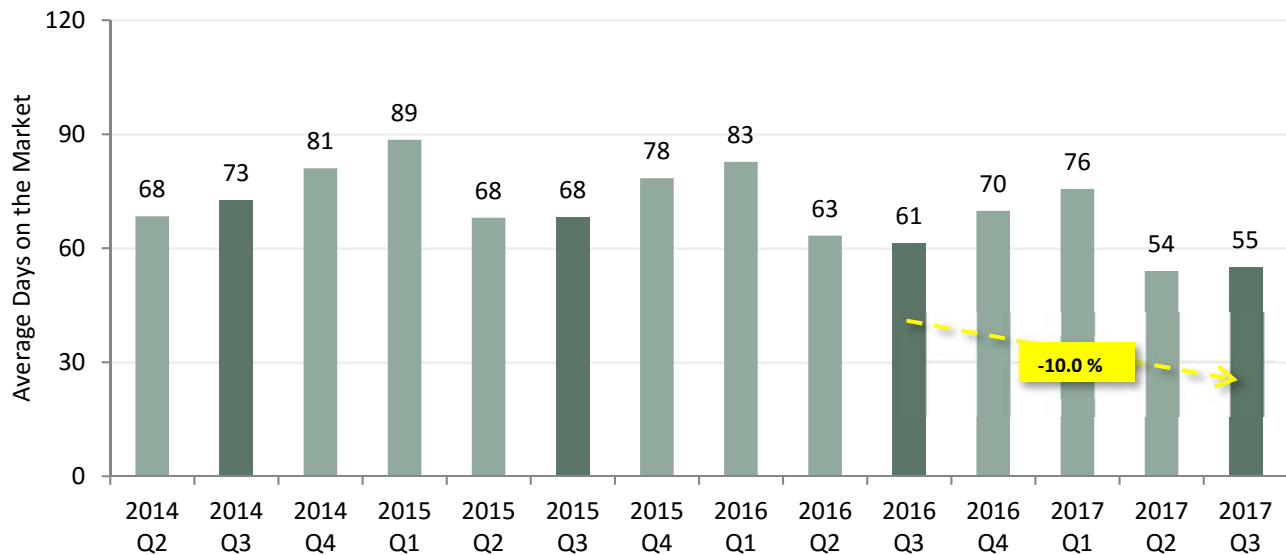
Market Share for Price Bands



Because sales in ranges below \$750,000 represent the vast majority of transactions in Virginia, they are a clear indicator of market performance. The greatest number of transactions by price band in 2017 Q3 happened in the \$200k to \$300k range. Inadequate supply spurred marked year-over-year drops in the number of sales in the starter ranges, \$0k to \$100k and \$100k to \$200k range.

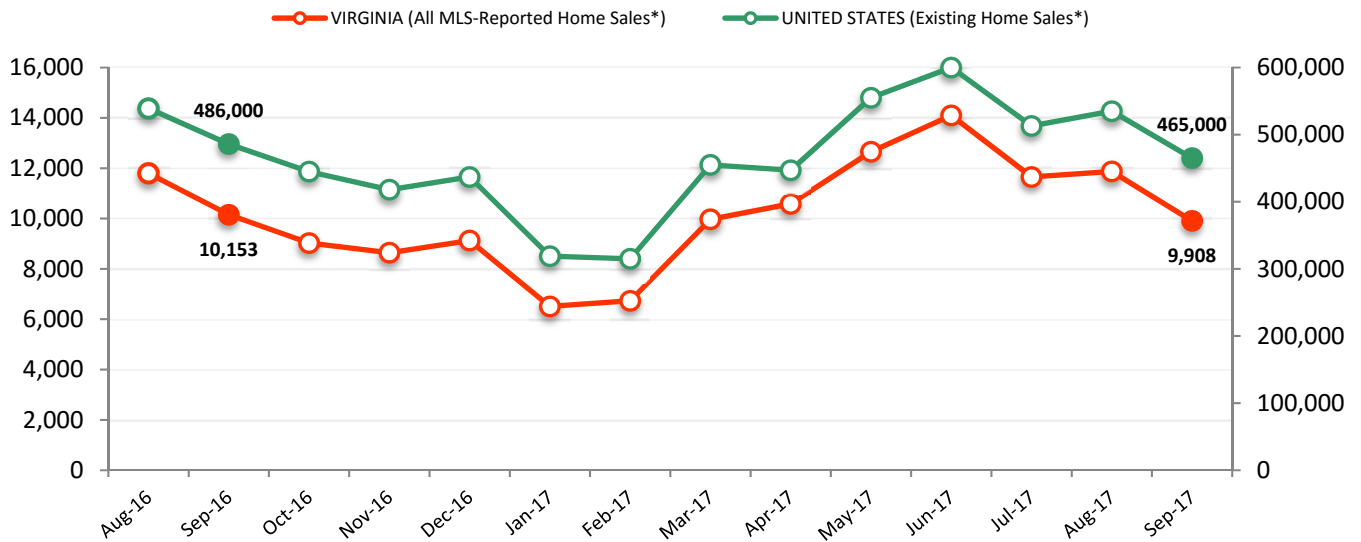
Average Days on the Market

Single Family Homes, Townhomes, Condos



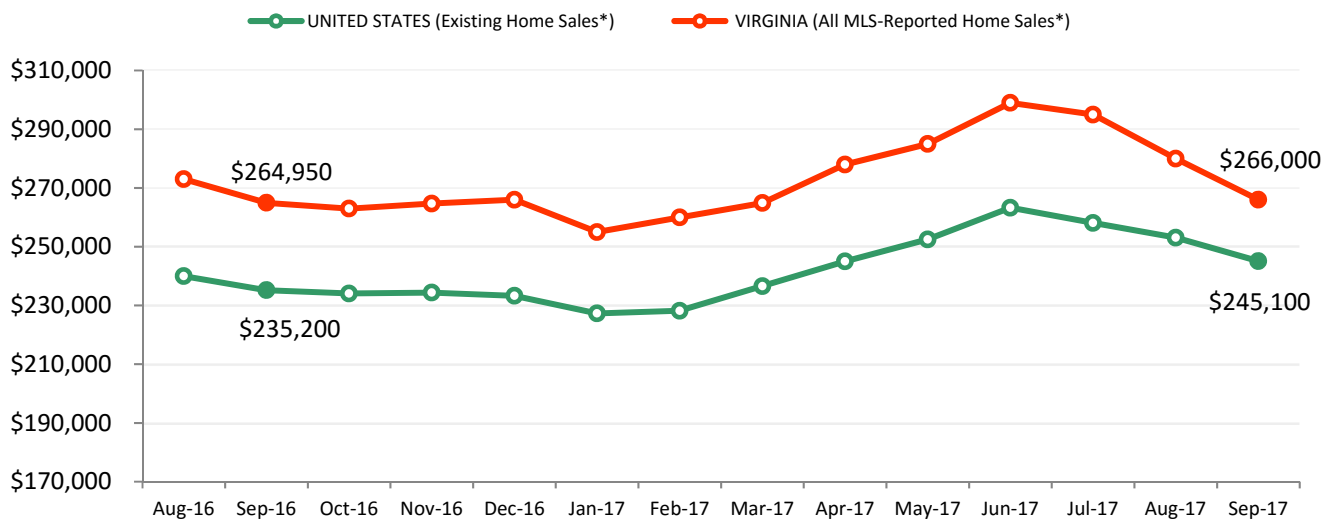
The average number of days on the market in the third quarter of 2017 decreased from the same quarter last year by 10 percent, from 61 days to 55. Declining days on the market reflect high demand and sustained buyer urgency. Illustrating the long-term trend of high demand, average days on the market for the third quarter of 2017 were 25 percent lower than they were in 2014.

Monthly Residential Sales



The changes in the pace of Virginia home sales in the third quarter have tracked the changes in the pace of sales in the United States as a whole. Nationally, September sales rose year-over-year, helping the quarter to recover from sales pace disrupted by weather crises in major markets.

Monthly Residential Median Sales Price

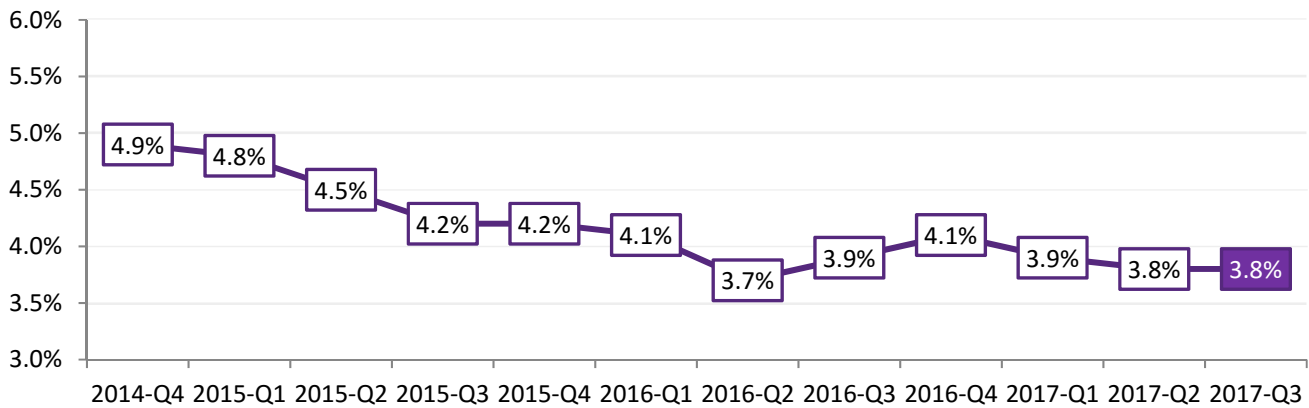


Virginia median price changes were similar to the changes in the median of existing-home sales prices nationally for the third quarter of 2017.

*Virginia sales reported in the graphs above include all single family, townhouse, and condo sales. U.S. sales are existing single family sales as reported by the National Association of REALTORS®. Existing sales do not include newly constructed homes sold for the first time.

Virginia Unemployment Rate

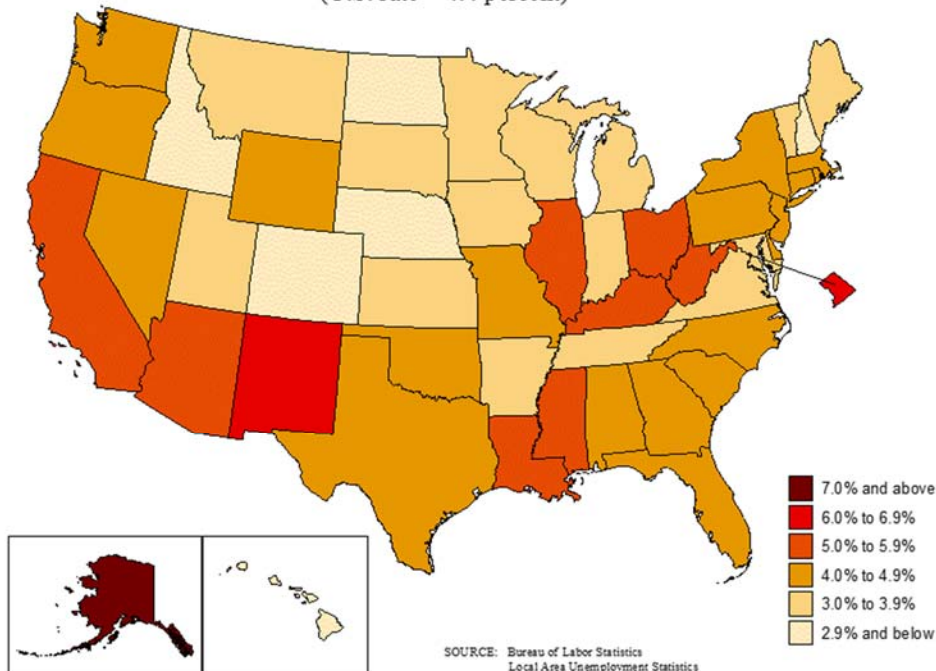
Source: Bureau of Labor Statistics



The Virginia unemployment rate fell in the third quarter to seasonally-adjusted 3.8 percent. The rate for September 2017 dropped to 3.7 percent. Virginia unemployment continues to track below the national average (4.4 percent). Low unemployment is generally correlated with bolstered consumer confidence.

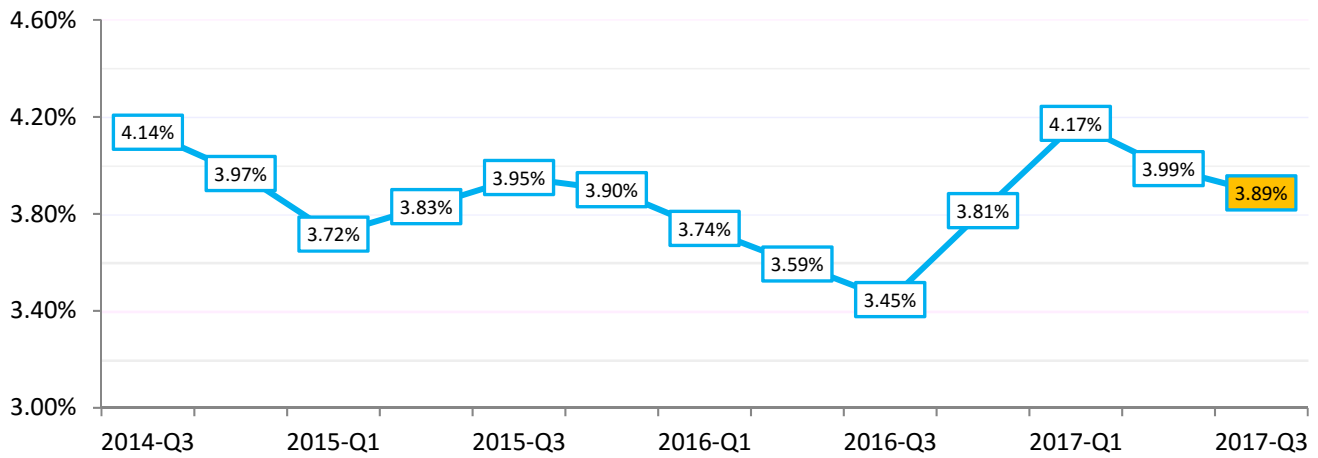
Unemployment rates by state, seasonally adjusted, August 2017

(U.S. rate = 4.4 percent)



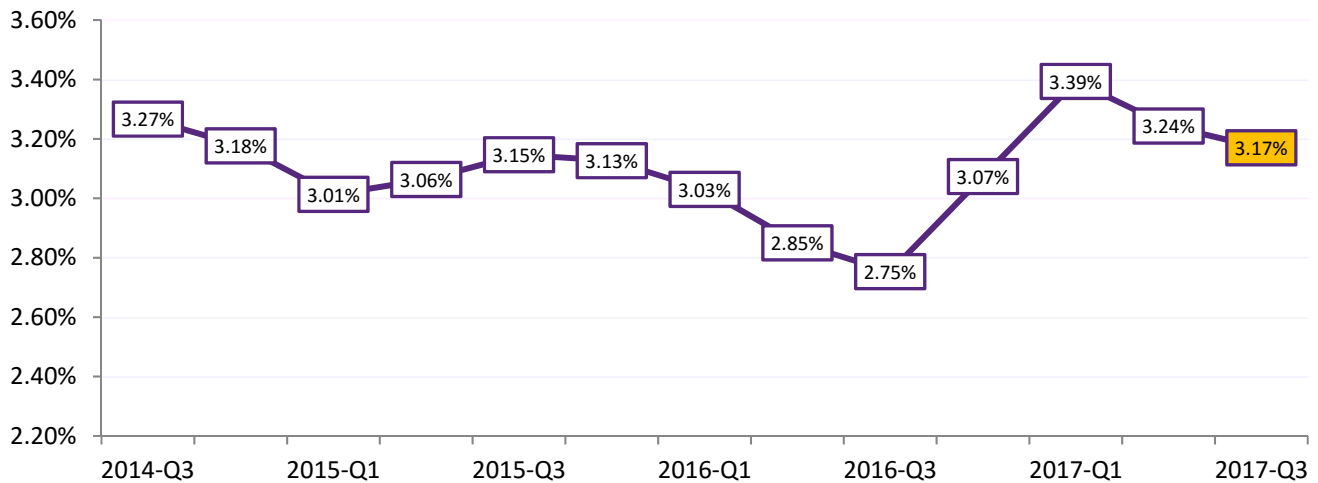
Average 30-Year Mortgage Interest Rates

Source: FreddieMac



Average 15-Year Mortgage Interest Rates

Source: FreddieMac



Average 30-year and 15-year fixed mortgage interest rates for the third quarter of 2017 fell for a second consecutive period to 3.89 percent and 3.17 percent, respectively. Eager buyers are poised to enter the market on still advantageous interest rates and may feel greater urgency as speculation of a December rate hike by the Federal Reserve Bank intensifies.

The Virginia REALTORS® association is the largest professional trade association in Virginia, representing approximately 33,000 REALTORS® engaged in the residential and commercial real estate business. The Virginia REALTORS® association serves as the advocate for homeownership and private property rights and represents the interests of real estate professionals and property owners in the Commonwealth of Virginia.

NOTE: The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict code of ethics.

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The numbers reported here are preliminary and based on current entries into multiple listing services. Over time, data may be adjusted slightly to reflect increased reporting. Information is sourced from multiple listing services across Virginia and is deemed reliable, but not guaranteed.