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Third Quarter Shows Continued Home Sales Increase in Metro Richmond

Richmond, Va. – While the national economy is growing very modestly and it does not yet feel like recovery, there are some signs of improvement in the Central Virginia region’s housing market.

During the third quarter of 2011, there was a 23 percent increase in sales over the third quarter of 2010. Pending sales, a strong indicator of final sales, were up 11 percent over the third quarter of 2010.

“The fact that the housing market in 2011 has outperformed the 2010 housing market through the first nine months of the year is amazing, considering that buyers had the inducement of a tax credit to spur their decision making last year and no such inducement exists this year,” stated Cheryl Hamm, president of the Richmond Association of Realtors® and Central Virginia Regional MLS. “Of course, sales prices continue to lag, but we’ve known all along that sale price would be the last indicator to turn around,” she added.

The main factors dampening the resurgence of home prices are the foreclosure inventory and the economic uncertainty of buyers and sellers. “The continued presence of foreclosures in the market makes it difficult for sale prices to rebound when the region is viewed as a whole,” Cheryl explained. “We are seeing some modest price increases in certain neighborhoods; we’ve even seen some multiple offer situations. In many instances, whether a home is selling and for what price is dependent upon the factors that have always been most important --location, the condition of the home, and the sale price.” As major banks have resumed with processing foreclosures, an initial foreclosure uptick may be in store, but in the long run this will help promote the movement of foreclosure inventory. If positive economic indicators continue to show promise, consumer confidence should also improve. “Can I predict what the fourth quarter will look like or how 2012 will shake out? No,” Cheryl said. “The fourth quarter is typically seasonally slow, so I would not be surprised if that held true for this year as well. As for 2012, there are just too many variables abroad and here in the U.S. for me to make a prediction,” she concluded.

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