



**Fourth Quarter 2010
Residential Only**

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- Companies announce in 2010 plans to add 4,649 jobs to state payrolls
- Mortgage rates at historic lows

Trends in Virginia's Housing Markets

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

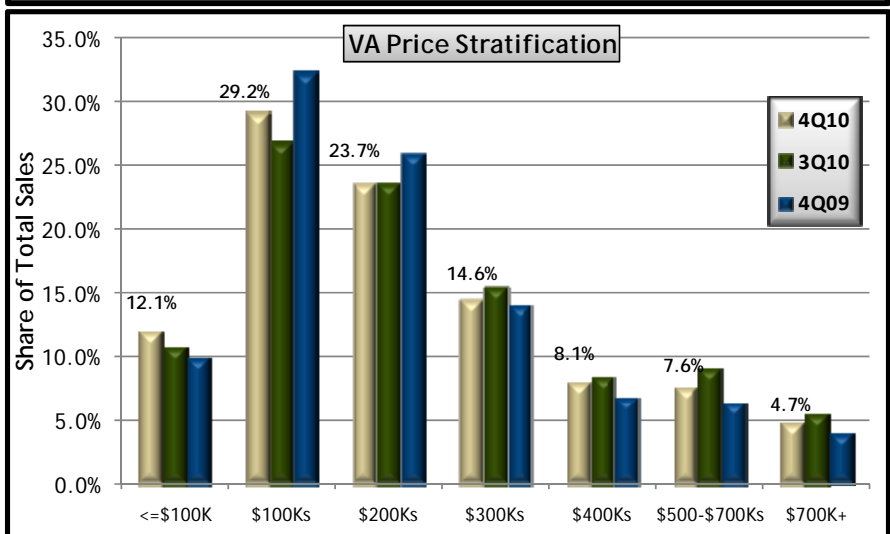
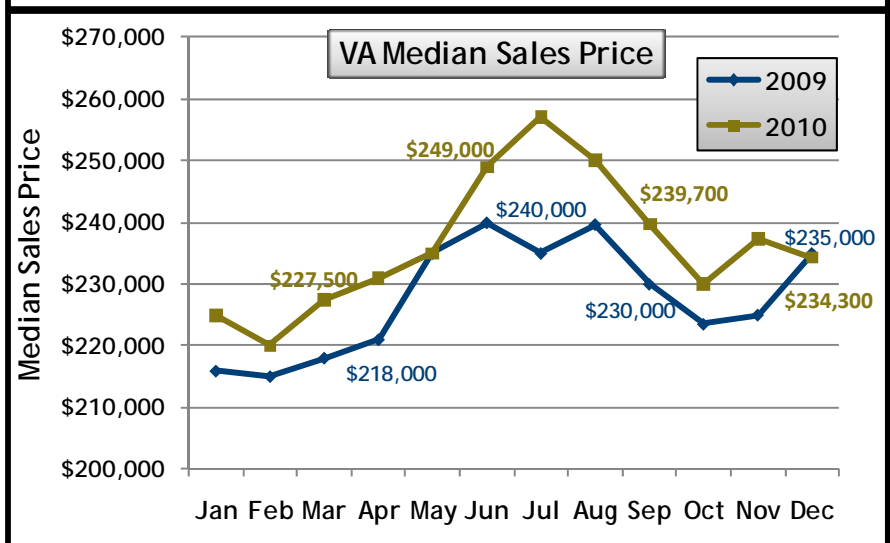
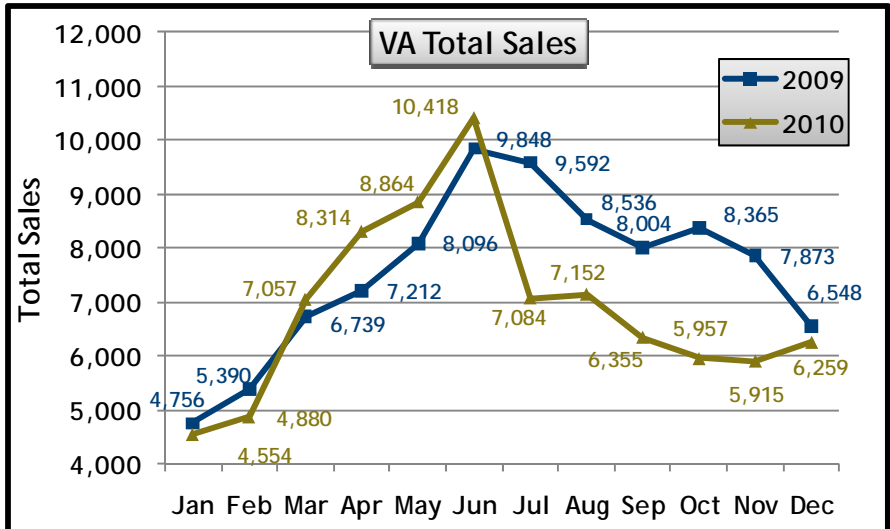
Indicators in Virginia home sales appear to support slow recovery, with median home prices moving in a positive direction, according to the Trends in Virginia's Housing Markets report published by the Virginia Association of Realtors. While annual sales declined 10 percent from 2009 figures, fourth quarter figures showed an upward trend compared to the third quarter of 2010.

Regionally, the smallest year-over-year decline in sales was in the Central Valley (-4 percent) and the highest decline was in Roanoke/Lynchburg/Blacksburg (-14 percent). "National median prices are expected to remain stable," said VAR President John Dickinson of Roanoke, VA, "and that bodes well for Virginia's continued recovery from the market downturn."

Median sales prices were up six percent from 3rd quarter 2010 and nearly four percent from 4th quarter 2009. The highest median sales price change, year over year, was in Northern Virginia at nine percent. Total sales in December rose to meet numbers from the same time last year, another sign of positive market movement.

"Supply levels are coming more in line with historic averages," said Dickinson. "With today's interest rates significantly lower than this time last year, it's a very good time to be in the market for that first or move-up home."

Foreclosures continue to decline in Virginia, down 14 percent in the third quarter 2010, and down 16 percent in the fourth quarter. ###



Fourth Quarter 2010 Summary

Region	Total Sales				
	4Q 10	3Q 10	4Q 09	vs 3Q 10	vs 4Q 09
Central Valley	966	1,044	1,152	-7.5%	-16.1%
Greater Richmond	2,589	2,847	3,337	-9.1%	-22.4%
Hampton Roads-Chesapeake Bay	3,894	4,374	5,085	-11.0%	-23.4%
Northern Virginia	8,854	10,361	10,871	-14.5%	-18.6%
Roanoke/Lynchburg/Blacksburg	1,261	1,401	1,639	-10.0%	-23.1%
Southside Virginia	321	326	425	-1.5%	-24.5%
Southwest Virginia	227	235	270	-3.4%	-15.9%
Total Statewide	18,131	20,591	22,786	-11.9%	-20.4%

Region	Median Sales Price				
	4Q 10	3Q 10	4Q 09	vs 3Q 10	vs 4Q 09
Central Valley	\$202,500	\$215,100	\$195,700	-5.9%	3.5%
Greater Richmond	\$187,500	\$197,900	\$196,000	-5.3%	-4.3%
Hampton Roads-Chesapeake Bay	\$210,000	\$222,000	\$211,900	-5.4%	-0.9%
Northern Virginia	\$307,000	\$322,500	\$283,500	-4.8%	8.3%
Roanoke/Lynchburg/Blacksburg	\$153,500	\$165,000	\$152,500	-7.0%	0.7%
Southside Virginia	\$87,400	\$82,250	\$86,000	6.3%	1.6%
Southwest Virginia	\$129,000	\$121,600	\$125,000	6.1%	3.2%
Total Statewide	\$234,600	\$249,900	\$225,749	-6.1%	3.9%

2010 Annual Summary

Region	YTD Total Sales		
	2010	2009	% Change
Central Valley	4,288	4,441	-3.6%
Greater Richmond	11,934	12,694	-6.4%
Hampton Roads-Chesapeake Bay	17,694	19,177	-8.4%
Northern Virginia	40,552	45,346	-11.8%
Roanoke/Lynchburg/Blacksburg	5,900	6,697	-13.5%
Southside Virginia	1,480	1,581	-6.8%
Southwest Virginia	927	996	-7.4%
Total Statewide	82,809	90,959	-9.8%

Region	YTD Median Sales Price		
	2010	2009	% Change
Central Valley	\$210,000	\$210,000	0.0%
Greater Richmond	\$190,000	\$198,000	-4.2%
Hampton Roads-Chesapeake Bay	\$215,000	\$219,000	-1.9%
Northern Virginia	\$309,000	\$280,000	9.4%
Roanoke/Lynchburg/Blacksburg	\$155,000	\$157,000	-1.3%
Southside Virginia	\$85,000	\$85,000	0.0%
Southwest Virginia	\$119,000	\$127,250	-6.9%
Total Statewide	\$236,900	\$229,000	3.3%

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.

Virginia's Housing Market—Fourth Quarter 2010 and Annual Results

A discussion of the Virginia's housing market in 2010 would not be complete without mentioning the federal government's First Time Buyer's Credit. Looking back, we see that the Credit artificially stimulated demand in the fourth quarter of 2009 through the first half of 2010. When the deadline for settlements to qualify for the Credit expired on June 30, 2010, Virginia's monthly sales declined significantly beyond normal cyclical expectations, creating the "First Time Buyer's Credit Hangover". Without artificial stimulation, Virginia's market is expected to normalize in coming months although sales may continue to lag behind 2010 levels through June of 2011.

Another phenomenon in 2010 was the weather. The state was bombarded by blizzards in early 2010, severely dampening sales totals in January and February. In March though, the afore-mentioned Credit combined with warmer temperatures to generate four consecutive months of month-over-the-year gains, ranging from 5 to 15 percent. Those gains were but a memory though in the second half of the year as total sales declined both on a month-over-month basis (-32 percent in July compared to June) and more significantly, on a month-over-year basis. The largest gap between 2009 and 2010 was in October, -29 percent. Sales rallied slightly in November and December but failed to reach 2009 levels.

In the end, fourth quarter sales (18,131 units) declined 12 percent from the third quarter and 20 percent from the fourth quarter of 2009. All of Virginia's regions posted sales declines compared to 3Q 10 as well as compared to 4Q 09. The smallest quarter-over-quarter percentage decline was in Southside Virginia (-2 percent) and the largest decline was in Northern Virginia (-15 percent). All regions posted double-digit percentage declines in 4Q 10 sales compared to 4Q 09; the smallest decline was in Southwest Virginia (-16 percent) and the largest decline was in Southside Virginia (-25 percent).

Virginia's total annual sales declined 10 percent from 2009 to 82,809 units. The smallest year-over-year decline was in the Central Valley (-4 percent) and the highest decline was in Roanoke/Lynchburg/Blacksburg (-14 percent).

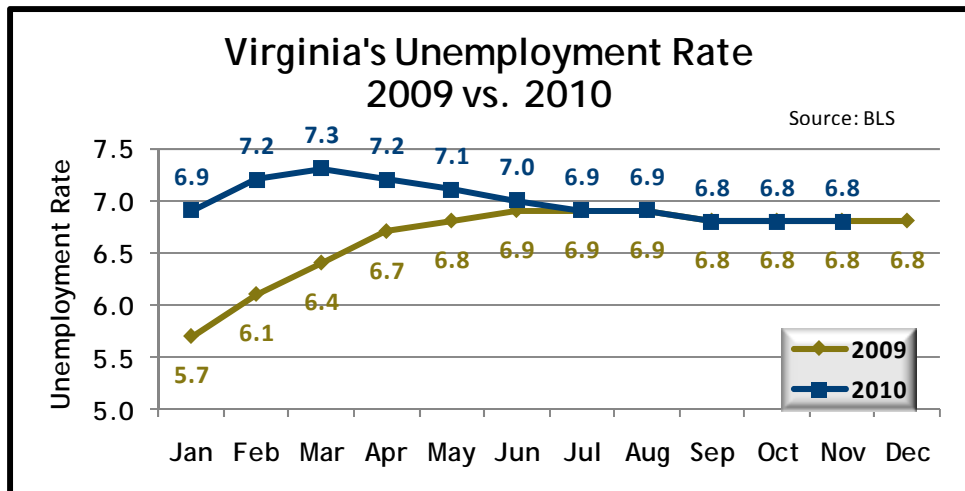
The median sales price in Virginia spent seven months above the corresponding monthly median in 2009 but ended 2010 at about the same dollar amount as in December 2009 (about \$235,000). The 4Q 10 median was 6 percent below the median in 3Q 10 but 4 percent above the 4Q 09 median. Five of the seven regions posted declines in 4Q 10 compared to 3Q 10, with the largest in Roanoke/Lynchburg/Blacksburg. Both the Southside Virginia and the Southwest Virginia regions advanced about 6 percent though. Compared to 4Q 09, only two regions saw a declines in median sales prices, Greater Richmond (-4 percent) and Hampton-Roads-Chesapeake Bay (-1 percent). The largest increase occurred in Northern Virginia (+8 percent).

Two regions, Central Valley and Southside Virginia, had annual median sales prices that were unchanged (\$210,000 and \$85,000 respectively). Northern Virginia was the only region to see an increase in its annual median sales price (\$309,000, +9 percent). The remaining four regions all posted percentage declines ranging from -1 percent (Roanoke/Lynchburg/Blacksburg, \$155,000) to -7 percent (Southwest Virginia, \$119,000). Virginia's annual median advanced 3 percent from the 2009 median.

Foreclosures in Virginia declined on both a quarter-over-quarter basis (-16 percent) and a quarter-over-year basis (-6 percent). Every region in the Commonwealth had foreclosure declines compared to 3Q 10 but only one had a decline from 4Q 09, Northern Virginia. Since the volume of home sales is comparatively large, a healthy decline there (-28 percent) compensated for the other six regions and resulted in the statewide foreclosure decrease compared to this time last year. The total foreclosures for the entire year reported by RealtyTrac in the state of Virginia was still about 65,000 units but declined from 2009 by .09 percent. The trend is positive though, there was a 14 percent decline in 3Q 10 and a 16 percent decline in 4Q 10.

Unemployment Rate

- Since July, Virginia's 2010 unemployment rate has matched the corresponding unemployment rate in 2009 and was unchanged in the last three months. The November 2010 unemployment rate was tied for the ninth lowest in the country (with Kansas). Through November, the 2010 annual unemployment rate was 7 percent, up from 6.6 percent in 2009. In November, the national unemployment rate was 9.8 percent (it declined to 9.4 percent in December) and the annual rate was 9.6 percent.



- Virginia's rate was the lowest among its neighbors in November: MD = 7.4 percent; WV = 9.3 percent; TN = 9.4 percent; NC = 9.7 percent; and DC = 9.8 percent.
- As of November 2010, the Danville MSA had the highest unemployment rate in the state (10.8 percent) and Northern Virginia had the lowest (4.8 percent).

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

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

- 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

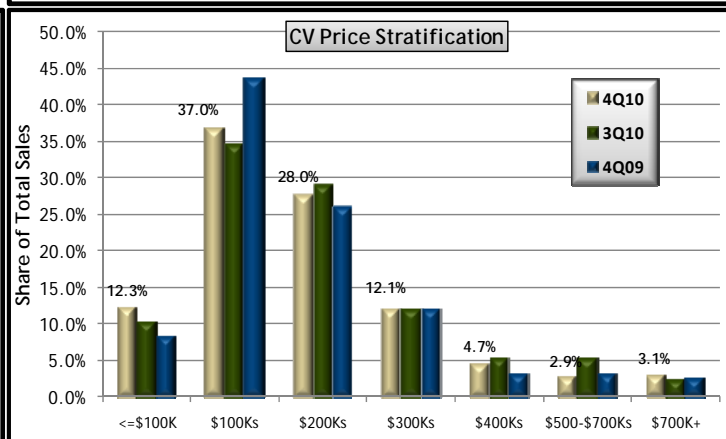
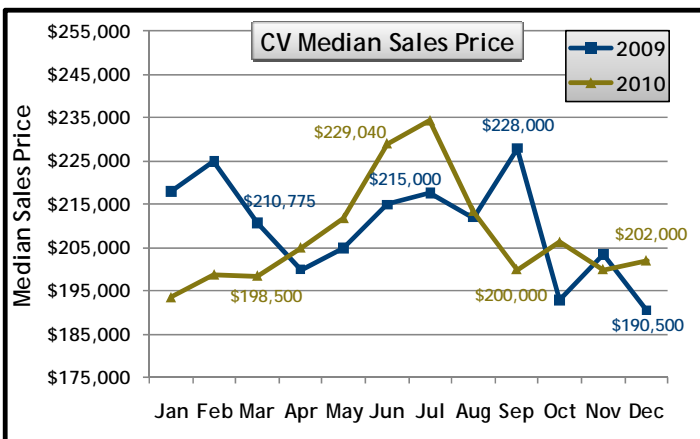
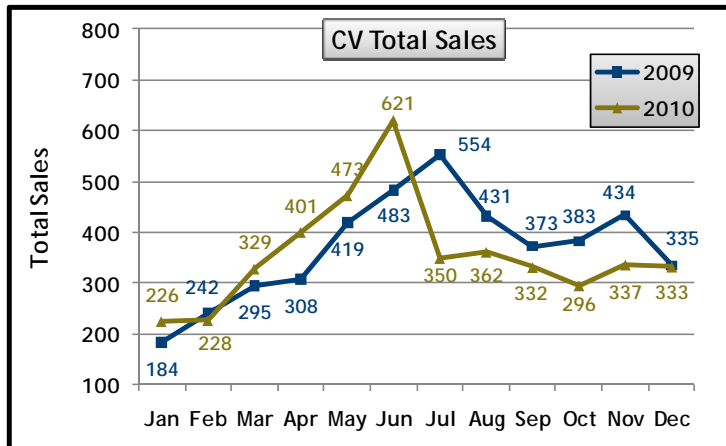
- Brunswick
- Charlotte
- Danville City
- Emporia City
- Galax City
- Greensville
- Halifax
- Henry
- Lunenburg
- Martinsville City
- Mecklenburg
- Norton City
- Patrick
- Pittsylvania

Southwest Virginia

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

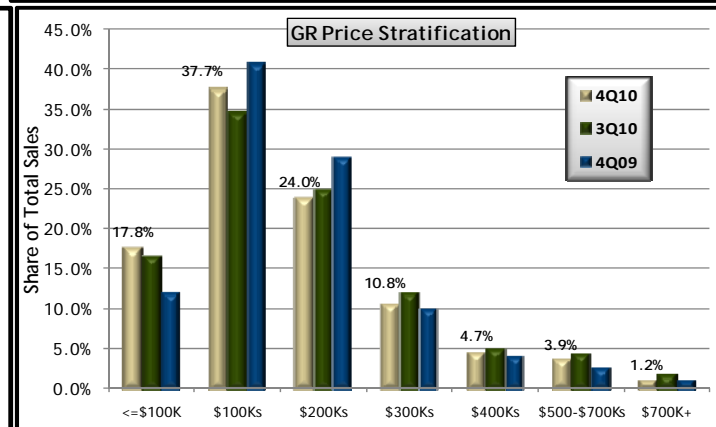
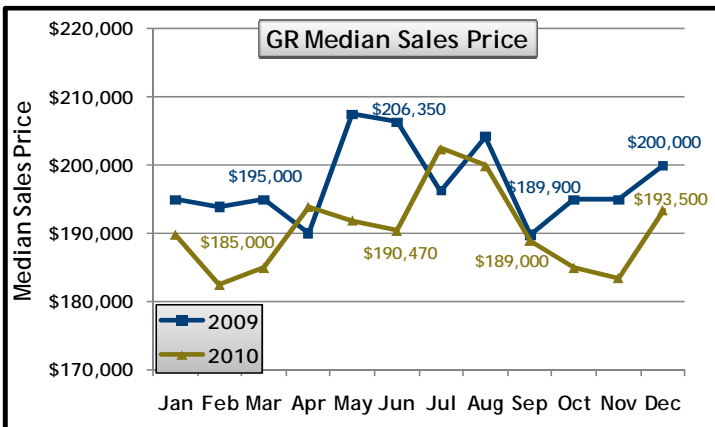
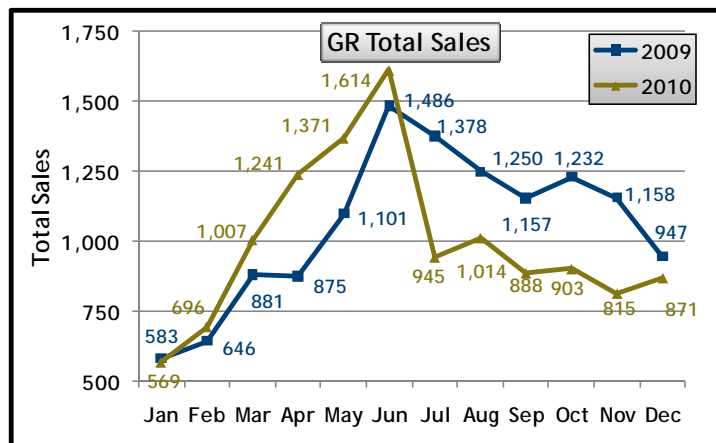
Central Valley Region

- Total sales in the Central Valley region fell below the corresponding month in 2009 since July. Even with monthly increases in November and December, 2010 annual sales (4,288) fell 3.6 percent below the 2009 total.
- Median sales prices dropped dramatically in 3Q 10, and struggled to rebound in 4Q 10 but did post a December median that was 6 percent higher than last December. The annual median (\$210,000) remained unchanged from 2009.
- The share of homes sold in 4Q 10 priced below \$200,000 advanced beyond the share in 3Q 10. More expensive home sales represented a smaller share of the total.



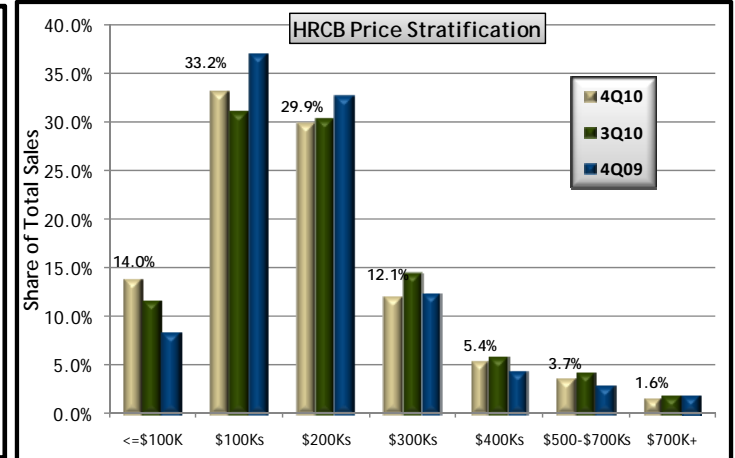
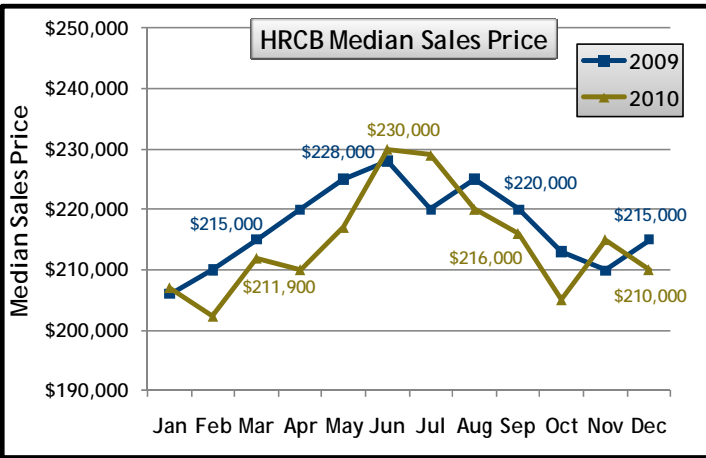
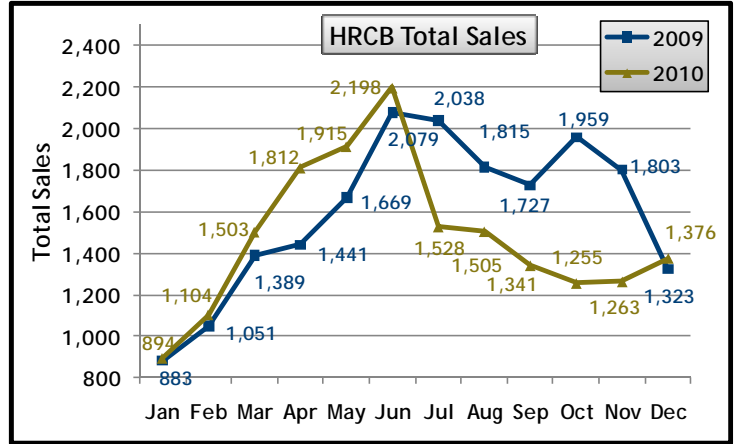
Greater Richmond Region

- Fourth quarter sales in Greater Richmond declined 9 percent compared to the third quarter and 22 percent compared to the fourth quarter of 2009. Annual sales (11,934 units) declined by 6 percent.
- The peak in the median sales price occurred in August (~\$202K) but declined through November. December's median increased 5 percent over November. The annual median sales price (\$190,000) fell 4 percent from the 2009 median.
- In 4Q 10, lower priced units (<\$200K) captured a larger share of total sales compared to 3Q 10.



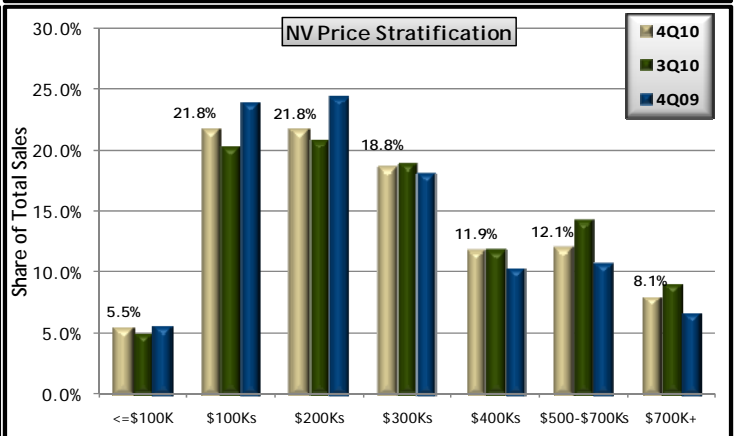
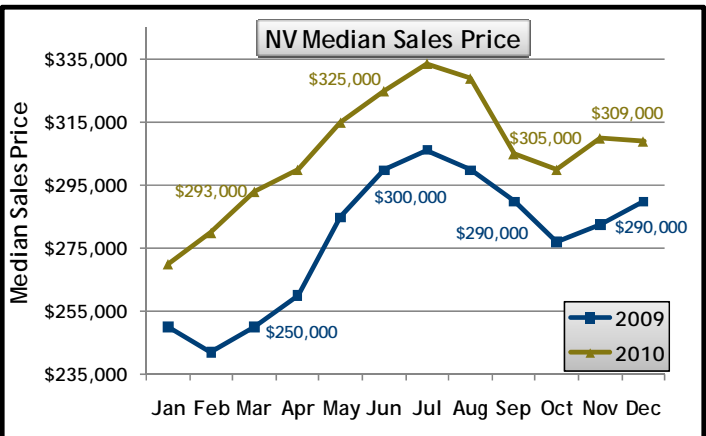
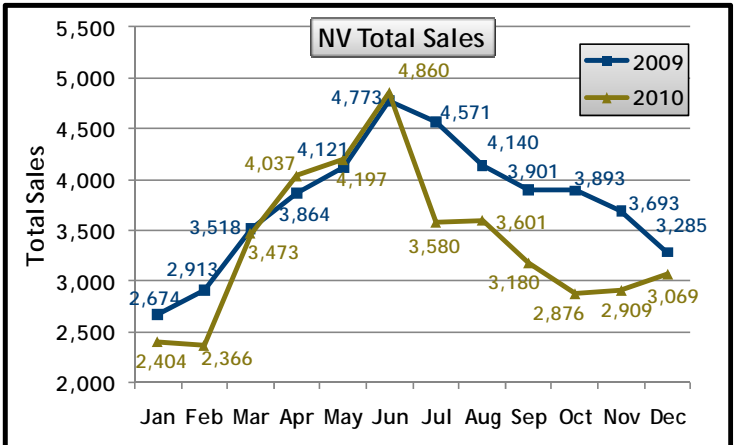
Hampton Roads-Chesapeake Bay

- Sales declined sharply in 3Q 10 but began to rebound in November and December. Total annual sales fell by 8 percent from 2009 to 2010.
- The median sales price in this Region peaked in June but declined through October. The December 2010 median was 2 percent below the November median as well as 2 percent behind the December 2009 median. The 2010 annual median (\$215,000) declined by 2 percent from the 2009 median.
- Homes priced below \$200K and sold in 4Q 10 captured a higher percentage of total sales compared to 3Q 10.



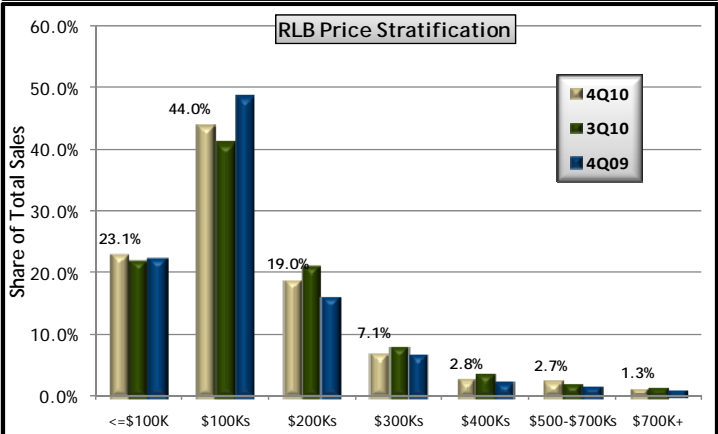
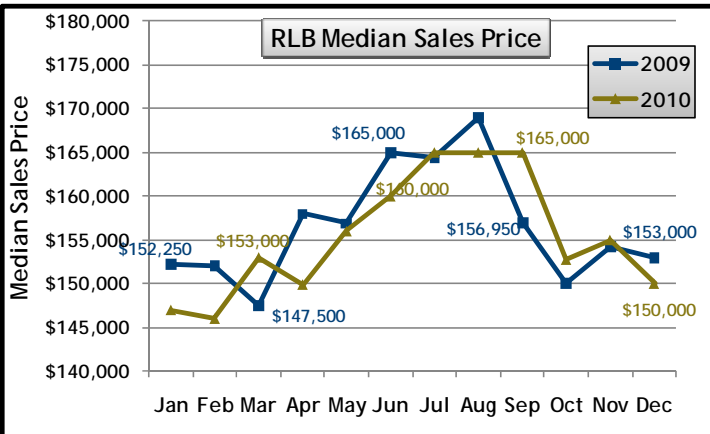
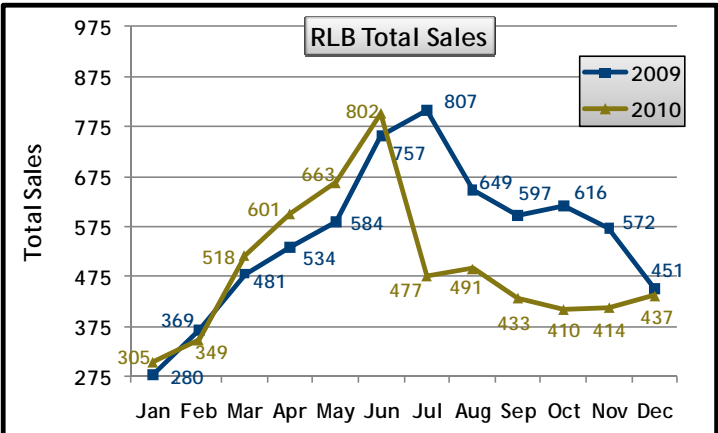
Northern Virginia Region

- Total sales in Northern Virginia rebounded in November and December after a disappointing third quarter. Annual sales (40,552 units) represented a 12 percent decline compared to 2009.
- The median sales price in Northern Virginia was at its highest level in July 2010 (\$333,000) since February 2008. The annual median (\$309,000) advanced 9 percent from 2009.
- Very expensive homes (\$500K+) represented a higher percentage of total sales in 4Q 10 compared to 4Q 09 while more moderately priced homes for the region (\$300Ks and \$400Ks) had about the same share of sales in comparison to 3Q 10 and more than 4Q 09.



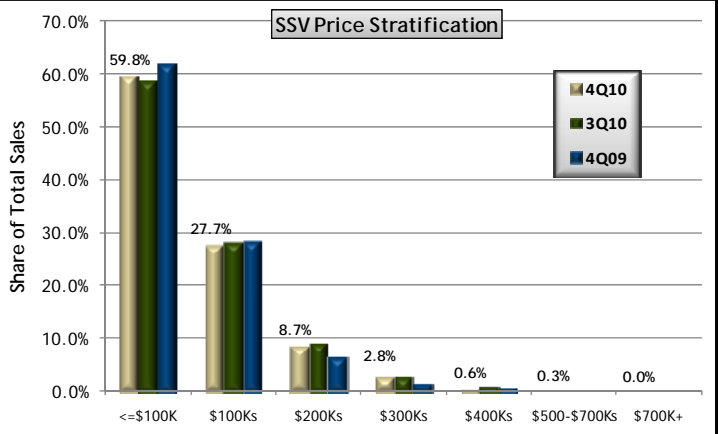
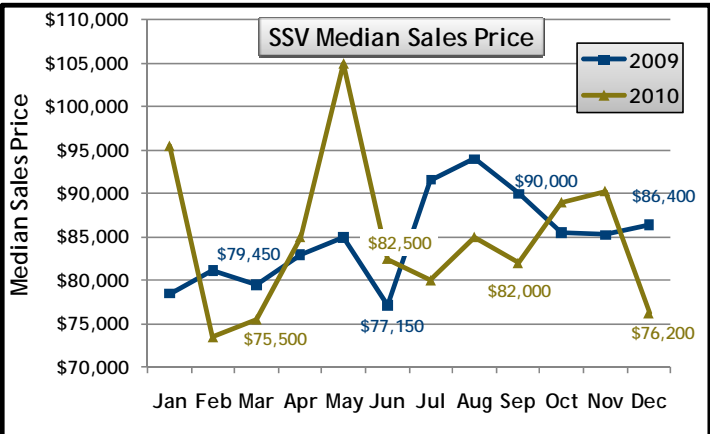
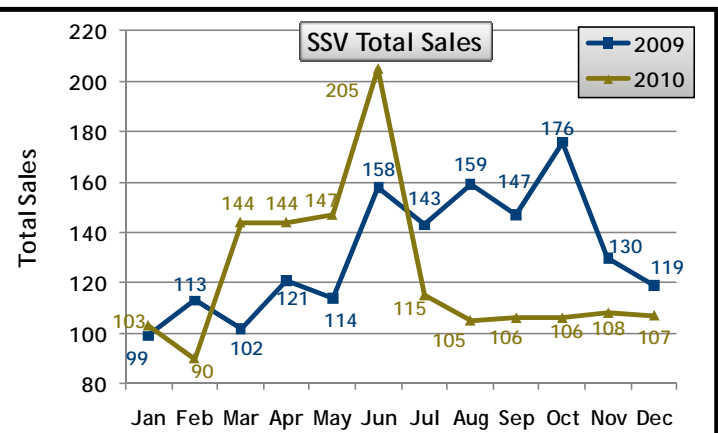
Roanoke/Lynchburg/Blacksburg

- Total sales dropped dramatically in 3Q 10 but ended the year with monthly increases in November and December. Annual sales (5,900 units) fell 14 percent below the 2009 figure.
- Median sales prices were steady in 3Q 10 at \$165,000 but declined 9 percent by December. However, the annual median sales price (\$155,000) fell less than 2 percent from the 2009 median.
- The share of total sales of the region's "bread and butter" homes, those priced in the \$100ks or below, advanced beyond the share in 3Q 10.



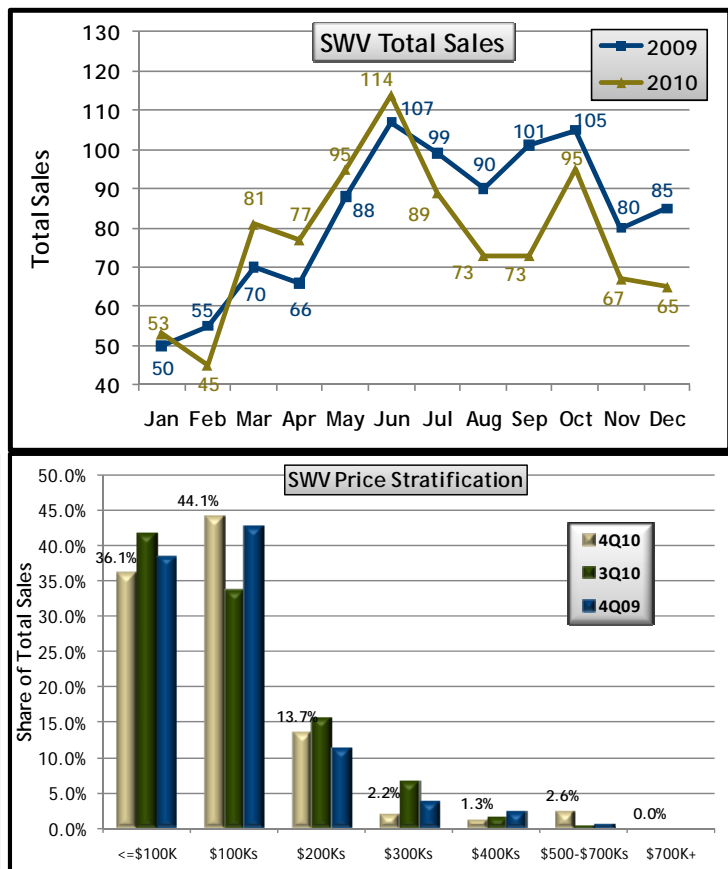
Southside Virginia Region

- Like elsewhere in Virginia, sales in Southside Virginia declined significantly in 3Q 10. Monthly sales did not exceed 110 after July. Total sales in 2010 (1,480 units) measured a 7 percent decline from the 2009 total.
- The median sales price in the Southside Region reached its highest level in May 2010 (\$105,000) since August 2007. However, the median declined 16 percent from November to December. Interestingly, the annual median was unchanged from 2009 at \$85,000.
- About 88 percent of the homes sold during 4Q 10 were priced below \$200K. There is no market for homes priced above \$400K.



Southwest Virginia Region

- With the exception of October, total sales were trending dramatically down in the second half of 2010 in the Southwest Virginia Region. The cumulative total sales in 2010 (927 units) represented a 7 percent decline from the 2009 total.
- The median sales price in this region is highly volatile with large swings from month to month. The year ended though with a 9 percent increase over last December. The annual median (\$119,000) declined 7 percent though.
- Over 80 percent of sales in this region were priced below \$200K in 4Q 10. The share of homes priced in the \$100s advanced in 4Q 10 compared to 3Q 10 while the share for homes less than \$100K declined.



National Market Perspective—Fourth Quarter 2010

Existing-home sales, which are completed transactions that include single-family, townhomes, condominiums and co-ops, rose 12.3 percent to a seasonally adjusted annual rate of 5.28 million in December from an upwardly revised 4.70 million in November, but remain 2.9 percent below the 5.44 million pace in December 2009.

Lawrence Yun, NAR chief economist, said sales are on an uptrend. "December was a good finish to 2010, when sales fluctuate more than normal. The pattern over the past six months is clearly showing a recovery," he said. "The December pace is near the volume we're expecting for 2011, so the market is getting much closer to an adequate, sustainable level. The recovery will likely continue as job growth gains momentum and rising rents encourage more renters into ownership while exceptional affordability conditions remain."

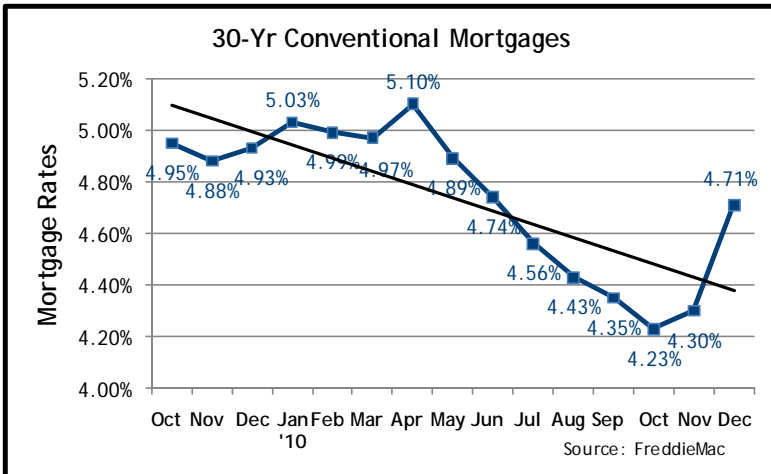
The national median existing-home price for all housing types was \$168,800 in December, which is 1.0 percent below December 2009. Distressed homes³ rose to a 36 percent market share in December from 33 percent in November, and 32 percent in December 2009.

"The modest rise in distressed sales, which typically are discounted 10 to 15 percent relative to traditional homes, dampened the median price in December, but the flat price trend continues," Yun explained.

Total housing inventory at the end of December fell 4.2 percent to 3.56 million existing homes available for sale, which represents an 8.1-month supply⁴ at the current sales pace, down from a 9.5-month supply in November. NAR President Ron Phipps, broker-president of Phipps Realty in Warwick, R.I., said buyers are responding to very good affordability conditions despite tight mortgage credit. "Historically low mortgage interest rates, stable home prices, and pent-up demand are drawing home buyers into the market," Phipps said. "Recent home buyers have been successful with very low default rates, given the outstanding performance for loans originated in 2009 and 2010."

Mortgage Financing Update

- 30-year conventional fixed rate mortgages rose sharply in December (+.41 basis points) but the 15-month trend from 4Q 09 is still headed down. However, many expect rates to climb in 2011.
- The table below indicates that the most popular mortgage rates were lower last week than they were the week before and at this time last year.



Popular Mortgages	National Rates		
	Today	Last Week	Last Year
15 Yr Fixed Rate	4.08%	4.13%	4.44%
30 Yr Fixed Rate	4.70%	4.77%	5.03%
1 Yr ARM	3.23%	3.24%	4.33%
5 Yr ARM	3.72%	3.75%	4.32%

Freddie Mac Weekly Mortgage Rates, January 13, 2011

Foreclosures in Virginia and by Region

- The total number of foreclosures reported by RealtyTrac during 4Q 10 in the state of Virginia was 16 percent below the previous quarter and 39 percent below the 2010 high in the second quarter (19,162).
- Every region in the state saw declines in foreclosures from the third to the fourth quarter. The largest quarter-over-quarter percentage decline occurred in the Central Valley (-29 percent) and the smallest decline was in Hampton Roads-Chesapeake Bay (-4 percent).
- It is interesting that the only region that claimed a decline in foreclosures compared to this time last year was Northern Virginia, the region with the largest housing stock and historically, the region with the highest number of foreclosures. Although it's declining, NOVA still leads the state in foreclosures.

Foreclosures by Region	4Q 10	vs. 3Q '10	vs. 4Q '09
Central Valley	441	-28.8%	32.4%
Greater Richmond	2,645	-7.1%	15.9%
Hampton Roads-Ches Bay	3,900	-4.2%	23.0%
Northern Virginia	5,895	-24.2%	-28.2%
Roanoke/Lynchburg/Blacksburg	627	-21.1%	24.9%
Southside Virginia	237	-16.3%	70.5%
Southwest Virginia	48	-22.6%	45.5%
Total	13,793	-16.2%	-6.0%

Source: RealtyTrac

- Because of the impact of reductions in Northern Virginia, the Commonwealth had a 6 percent decline in foreclosures compared to 4Q 09.
- The other six regions had quarter-over-year percentage increases—the largest of which was in Southside Virginia (237 foreclosures in 4Q 10 vs. 139 in 4Q 09; +71 percent) and the smallest was found in Greater Richmond (2,645 vs. 2,283; +16 percent).

Consumer Confidence Index® Dips in December

The Conference Board *Consumer Confidence Index*®, which had improved in November, decreased slightly in December. The Index now stands at 52.5 (1985=100), down from 54.3 in November. The Present Situation Index declined to 23.5 from 25.4. The Expectations Index decreased to 71.9 from 73.6 last month.

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 December's preliminary results was December 20th.

Says Lynn Franco, Director of the Consumer Research Center at The Conference Board: "Despite this month's modest decline, consumer confidence is no worse off today than it was a year ago. Consumers' assessment of the current state of the economy and labor market remains tepid, and their outlook remains cautious. Thus, all signs continue to suggest that the economic expansion will continue well into 2011, but that the pace of growth will remain moderate."

Consumers' appraisal of present-day conditions was slightly more pessimistic than in November. The percentage of consumers claiming business conditions are "bad" decreased to 41.2 percent from 42.9 percent, however, those claiming business conditions are "good" declined to 7.5 percent from 8.5 percent. Consumers' assessment of the labor market was less favorable than last month. Those saying jobs are "plentiful" decreased to 3.9 percent from 4.3 percent, while those stating jobs are "hard to get" edged up to 46.8 percent from 46.3 percent.

Consumers' expectations were slightly less optimistic than in November. Those expecting an improvement in business conditions over the next six months edged up to 16.6 percent from 16.4 percent, while those anticipating business conditions will worsen edged down to 12.1 percent from 12.4 percent. Consumers remained mixed about future job prospects. Those anticipating fewer jobs in the months ahead increased to 19.5 percent from 19.1 percent, while those expecting more jobs declined to 14.3 percent from 15.1 percent. The proportion of consumers expecting an increase in their incomes decreased to 9.9 percent from 11.1 percent.

Recent Major Economic Development Activity

- According to yesvirginia.org (Virginia Department of Economic Development), eleven companies announced in the fourth quarter alone their plans to open new facilities or expand operations thereby adding 974 new jobs to state payrolls and \$41 million in capital investment. Eight of the eleven are manufacturing companies. Over the course of the year, companies have announced plans to add a total of 4,649 new jobs here in Virginia.
- In an area that's been particularly hard hit during the recession, United States Green Energy, manufacturer of photovoltaics products, will add 373 jobs to the Danville area with a capital investment of \$30 million.
- Customlink, a silk screen printing and custom apparel company, plans to add 100 jobs in Albemarle County and \$1.4 million in capital investment to the local economy.
- A manufacturer and distributor of floor care accessories, Home Care Industries, Inc., will add 150 jobs to the Mecklenberg County area along with \$1.5 million in capital investments.
- Dove Vinyl Windows will bring 100 new jobs to the Pulaski County area and make a \$2 million capital investment.

Virginia Association of REALTORS® • Lisa@VARealtor.com
10231 Telegraph Road • Glen Allen, VA 23059
Tel: (804) 264-5033 • Fax: (804) 262-0497 • www.VARealtor.com

Prepared by Rosemary deButts, Housing Analyst
540.338.2212 • www.housinganalyst.net
rosemarydebutts@verizon.net

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