

VIRGINIA ASSOCIATION OF REALTORS®

# pieces of **HOME**

2013 VIRGINIA HOUSING MARKET REPORT



In your hands is one of the most comprehensive collections of data, perspective, and commentary about Virginia real estate in 2013.

As you read through Pieces of Home you'll be able to see Virginia's housing market through the lenses of a variety of experts. It's a collaboration between REALTORS®, economists, government experts, mortgage professionals, and more: high-profile experts from across the commonwealth who have joined the Virginia Association of REALTORS® in these pages.

We can all read the real estate facts and figures, but the reality is about more than numbers. It's about people, families, and Livelihoods — things we cannot capture in a spreadsheet.

If nothing else, these articles and charts will be a reminder that behind those data are men and women, families and communities, hopes and expectations. That is, it's more than information...it's us, Virginia.

Sincerely,



**Bradley J. Boland**

*2014 President,*

*Virginia Association of REALTORS®*



**Terrie Suit**

*Chief Executive Officer*

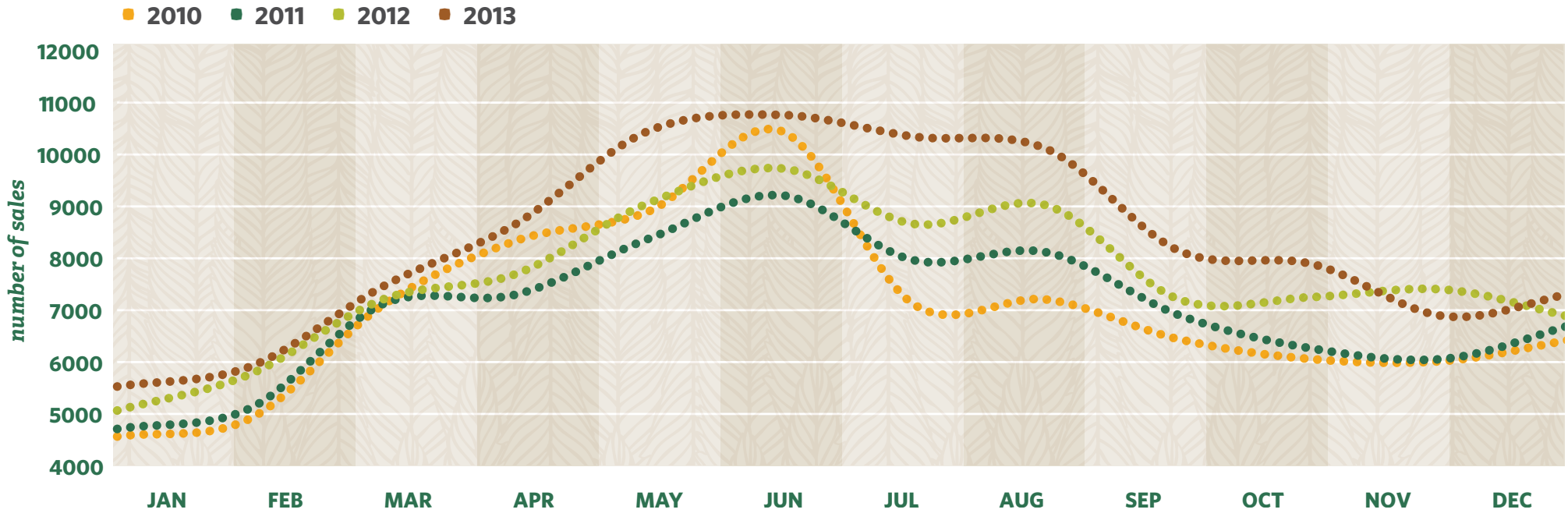
*Virginia Association of REALTORS®*



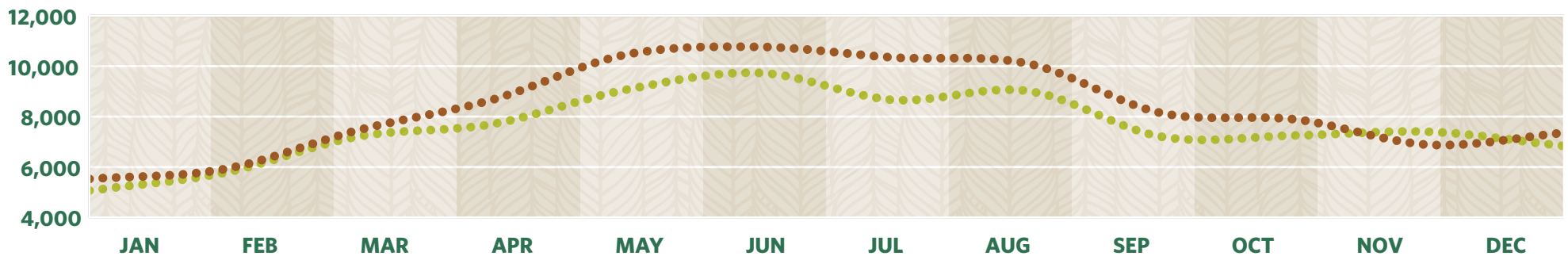
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# VIRGINIA MONTH-TO-MONTH SALES TRENDS 2010-2013 Single family homes, townhomes, condos



## CHANGE IN HOME SALES 2012 VS 2013 2012 Total Sales = 90,894 2013 Total Sales = 99,483



**C. Theodore Koeble, Ph.D.** Senior Associate and **Mel Jones, Associate**, Center for Housing Research, Virginia Tech

Virginia home sales were higher in every month of 2013 except for November compared to 2012. Overall, there were 9.45% more sales in the 2013 than in 2012.

Year-over-year increases in sales are evidence of Virginia's strong and consistent market recovery.

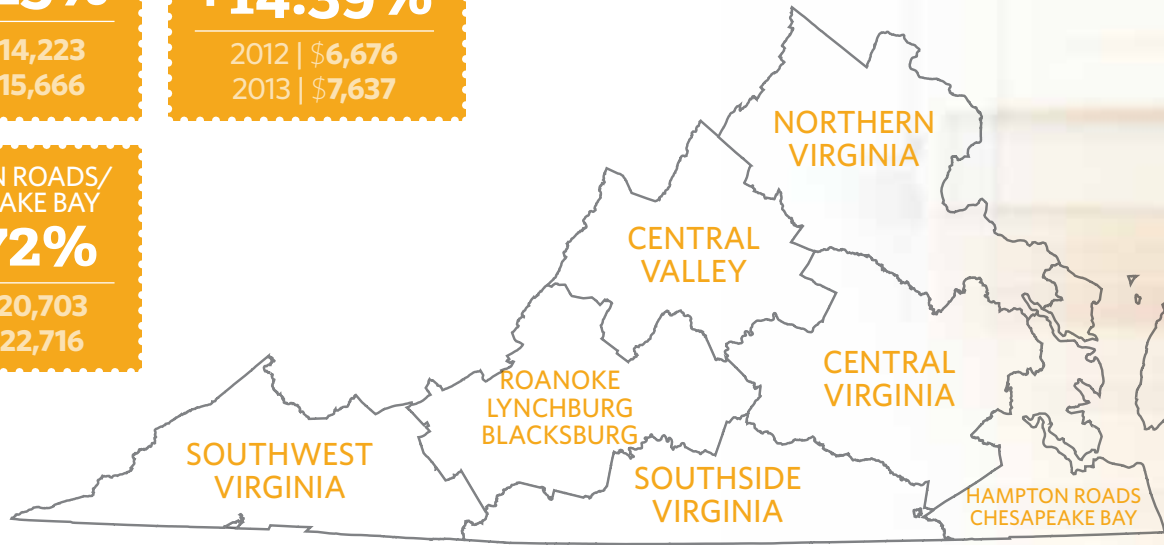
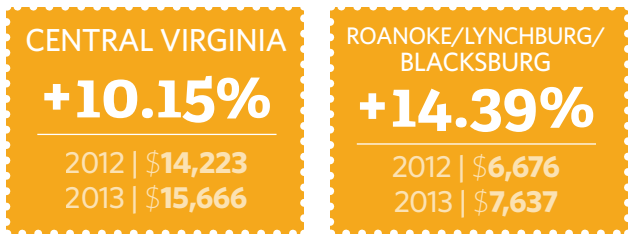
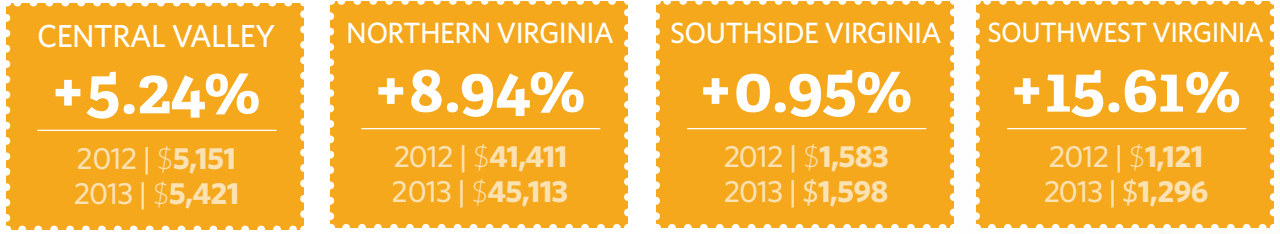
+9%

## REGIONAL CHANGES IN HOME SALES 2012 VS 2013

**C. Theodore Koeble, Ph.D.**, Senior Associate and **Mel Jones**, Associate  
 Center for Housing Research, Virginia Tech

Most regions in Virginia experienced significant increases in sales in 2013 compared to 2012. The Roanoke/Lynchburg/Blacksburg region experienced the most impressive increase in sales, likely due to the housing market recovery and significant economic growth the region.

### REGIONAL CHANGES IN HOME SALES 2012 VS 2013



# HOME PRICES IN VIRGINIA

## REGIONAL CHANGES IN MEDIAN SALES PRICES 2012 VS 2013



**C. Theodore Koeble, Ph.D.**

*Senior Associate*

**Mel Jones,**

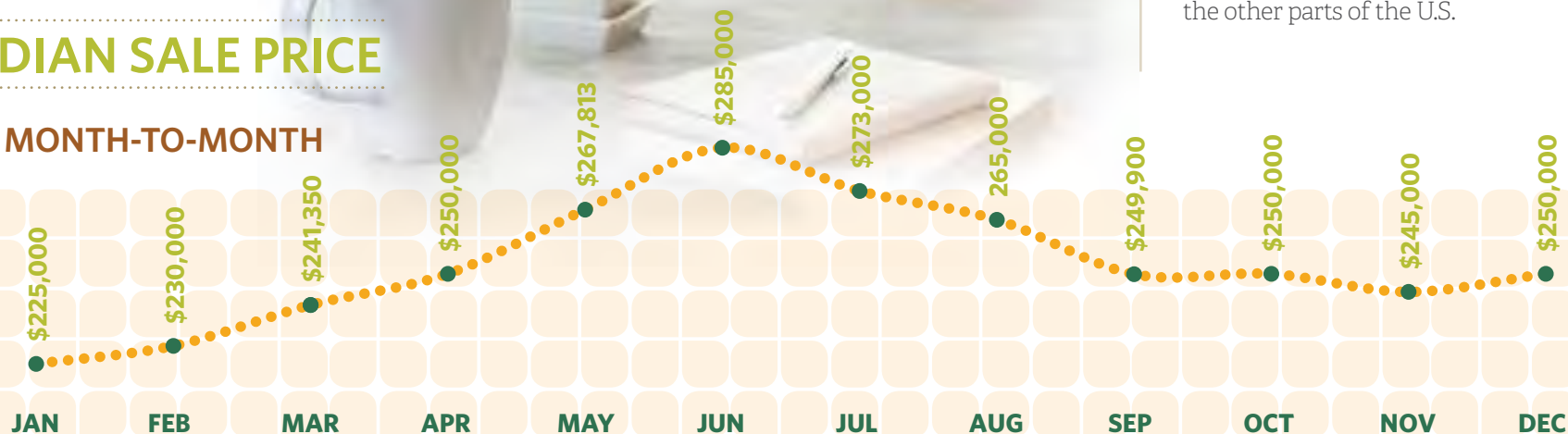
*Associate*

*Center for Housing Research, Virginia Tech*

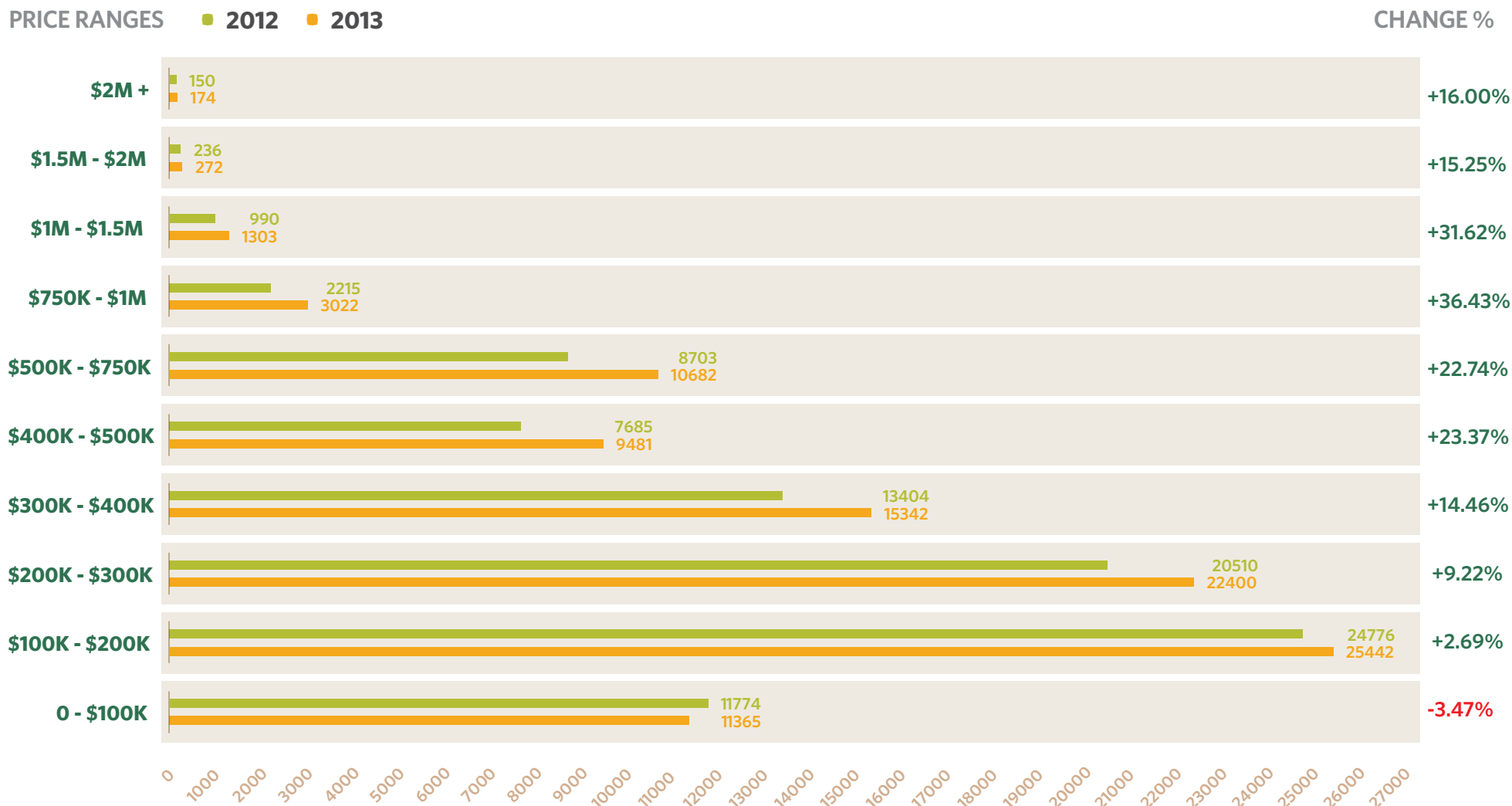
Median sale price in 2013 was higher than in 2012 in every region of Virginia except Southside. Southside Virginia continues to experience economic decline, reducing the demand for housing in the region. In every other region, the housing market continues to recover and prices continue to rise as a part of the market recovery. Virginia prices have maintained a trajectory similar to that of U.S. prices, although Virginia prices are generally higher than those of the U.S. as a whole (see page 9). Moderate and consistent price increases, like the ones experienced throughout most of Virginia, are a sign of healthy market recovery. Virginia has not experienced the rapid price increases that have led to concerns about another housing bubble in the other parts of the U.S.

## MEDIAN SALE PRICE

### 2013 MONTH-TO-MONTH



# VIRGINIA PRICE DISTRIBUTION PERCENTAGE CHANGE 2012 VS 2013



**C. Theodore Koeble, Ph.D.** Senior Associate  
**Mel Jones, Associate**

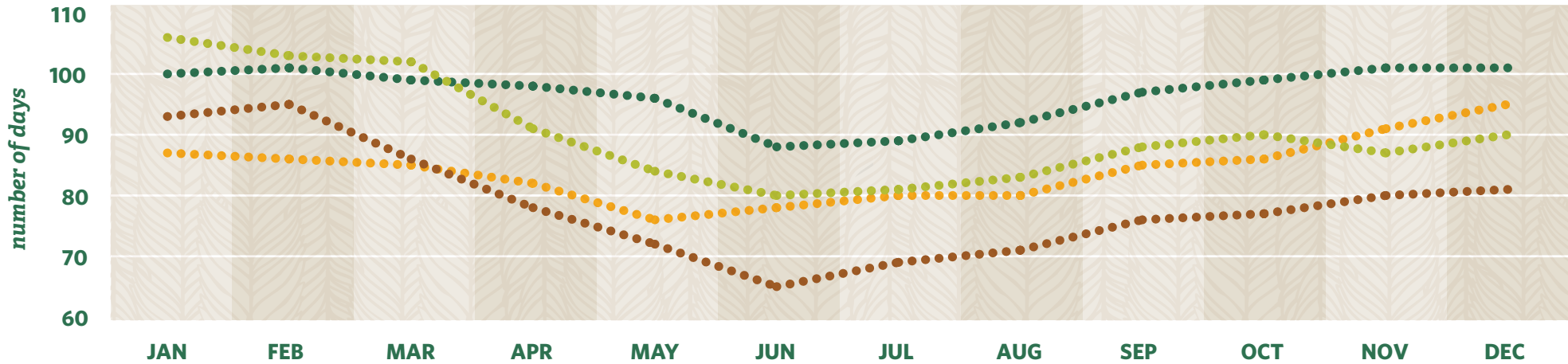
Center for Housing Research, Virginia Tech

More homes were sold in 2013 in each price range except one, the \$0-\$100,000 range. Increases in home sales in 2013 were primarily made up of higher priced sales, es-

pecially those sold for \$400,000-\$1,500,000. Home sales of lower priced homes could have been affected by a variety of factors. Unemployment and more restrictive loan standards may have disproportionately affected first time home buyers and others in the market for home in the \$0-\$100,000 price range. Another explanation could

be related to inventory in the 0-\$100,000 price range. There may have been fewer homes for sale in this range because slowed construction through the first half of 2013 and risk adverse sellers limited inventory. In addition, inventory decreased as the number of foreclosures fell and excess inventory from previous foreclosures cleared.

## VIRGINIA DAYS ON MARKET 2010-2013 MONTH-TO-MONTH



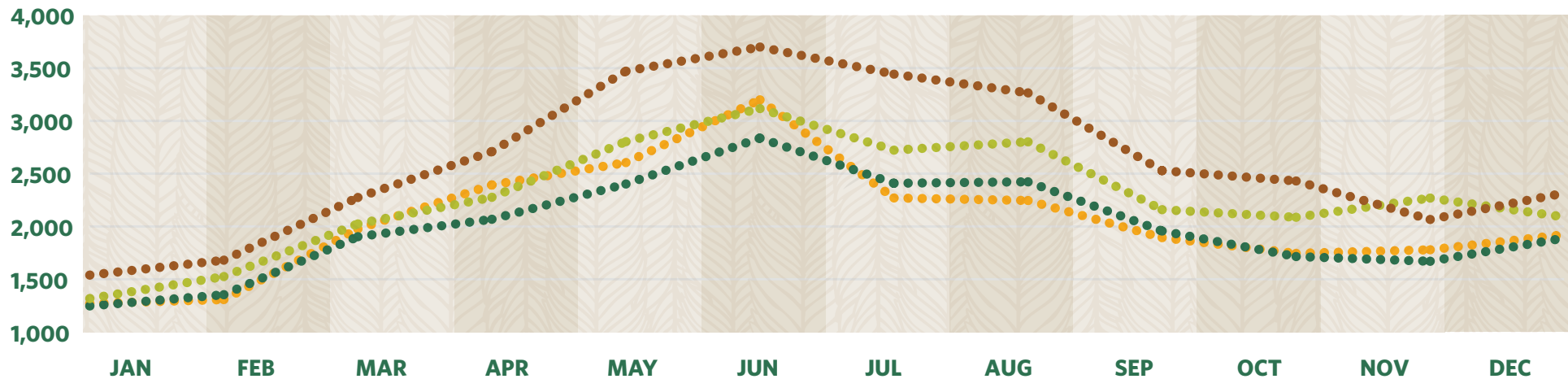
**C. Theodore Koeble, Ph.D.** Senior Associate and **Mel Jones, Associate**, Center for Housing Research, Virginia Tech

In 2013, the average number of days on market declined to lows that the state had not experienced since 2006 and 2007.

Consumer confidence was high throughout the spring and summer and buyers took advantage of low interest rates as

they began to rise. Despite national concerns that prices were rising too fast, Virginia's prices remained relatively steady.

## VIRGINIA SALES VOLUME 2010-2013 MONTH-TO-MONTH (\$M)



**C. Theodore Koeble, Ph.D.** Senior Associate and **Mel Jones, Associate**, Center for Housing Research, Virginia Tech

Long-term trends are the most reliable indicators of overall market performance especially since the market is still recovering from recession. Virginia's residential sales volume

(measured by the dollar value of real estate sold) hit an important milestone in the second quarter of 2013 by surpassing the volume sold in 2010, when sales were boosted

by tax credit incentives. This is important because the 2013 Virginia housing market advanced beyond the peak of the 2010 market, despite significant economic stressors.



## MODERNIZING OUR HOUSING FINANCE SYSTEM



**Mark R. Warner** *U.S. Senator for the Commonwealth of Virginia*

In many respects, Virginia has weathered the worst of the 2008 economic downturn, thanks in large measure to the strong community relationships among our Realtors®, brokers, and lenders. Recovery is now evident in many of the neighborhoods that I have visited during the last few years. But there is still work to be done.

Almost 80% of the U.S. housing market is still supported by guarantees through Fannie Mae and Freddie Mac. Five years since the start of the crisis, we haven't addressed any of the structural problems that led to their bailout, yet we are still completely dependent on them. There is certainly some progress – repurchase agreements are being rewritten to provide more certainty to lenders, servicers are better equipped to be responsive to consumers, new underwriting guidelines are in place – but these incremental steps don't address fundamental flaws.

I have partnered with Tennessee Republican Bob Corker in proposing a responsible and bipartisan blueprint to reform the federal government's role in mortgage finance to make sure that taxpayers will not be asked once again to be the first responders.

Most importantly, our proposal represents bipartisan agreement to transition to a system with an explicit guarantee that will preserve wide availability of the 30-year fixed rate mortgage.

Our legislation acknowledges the critical functions of Fannie and Freddie, but introduces more appropriate taxpayer protection by requiring private sector capital to absorb significant losses before taxpayers. We would also disaggregate Fannie and Freddie's roles and introduce greater competition beyond the current duopoly. We believe that Fannie and Freddie's securitization, or issuance, role can be performed by other businesses, and can be done so in a way that is advantageous to smaller lenders that don't benefit from the volume discounts that large banks receive.

Finally, we provide support for low-income rental development and affordable homeownership in a more transparent and accountable way. These programs will be paid for not by taxpayers, but through a small assessment on only the loans that go through this improved system. The homebuyers over the next 20 years will

be much different in those in the last 20, and our policies need to support a more diverse range of paths to homeownership.

Senator Corker and I, along with four Republicans and four Democrats who serve on the Senate Banking Committee, introduced this legislation in the summer of 2013. Since then, the Senate Banking Committee has held 10 public hearings on this important issue. We believe our proposal represents a bipartisan, middle-of-the-road framework that responsibly restructures Fannie and Freddie over a five-year transition period.

Over the past several months, I have conducted town hall meetings across Virginia with hundreds of homebuilders, mortgage lenders, realtors and consumer groups. I will continue to work with the mortgage industry as the market adjusts to new regulations to ensure that access to credit continues to expand.

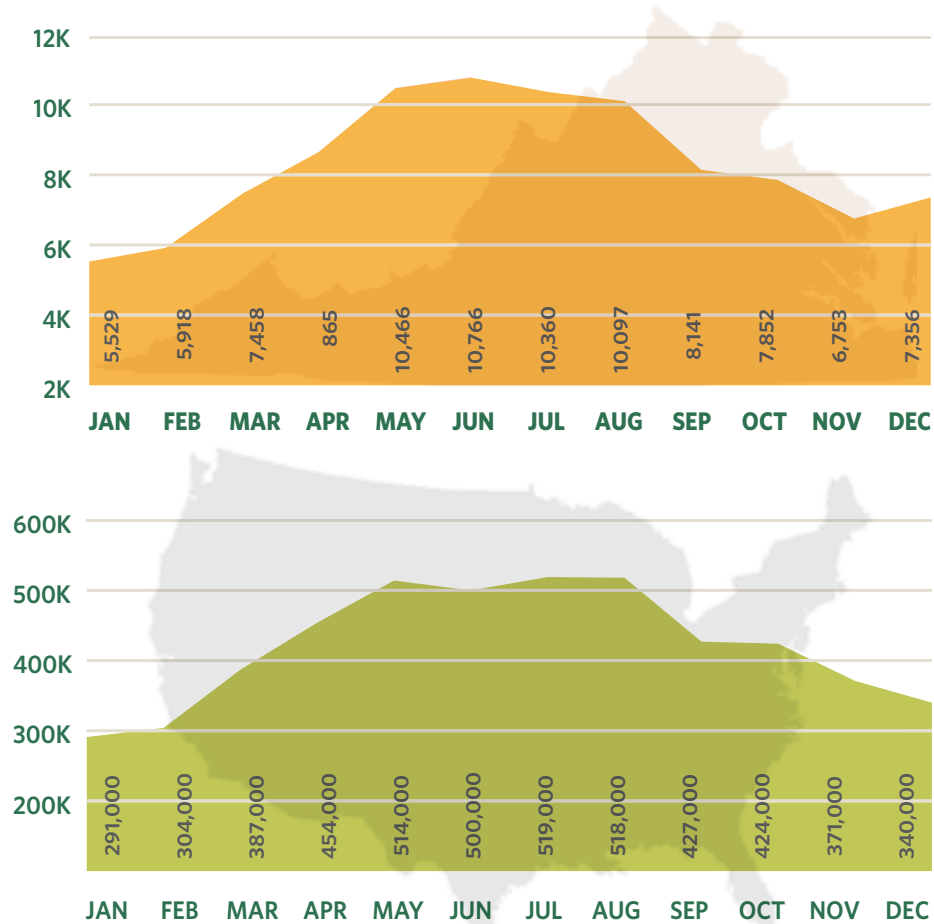
Virginia is home to many Fannie and Freddie employees and numerous other experts that work alongside them. Any reform effort will depend on the institutional knowledge around Fannie and Freddie, and I believe that Virginia, Maryland and D.C. will continue to be a hub for mortgage expertise.

Make no mistake however: Time is not on our side. As memories of the 2008 mortgage finance crisis fade, the path of least resistance will be to simply reconstitute Fannie and Freddie as they were. I believe that would be totally irresponsible. Our bipartisan approach is an opportunity to better protect taxpayers and preserve the 30-year fixed rate mortgage while moving us toward a modernized, 21st century housing finance system.

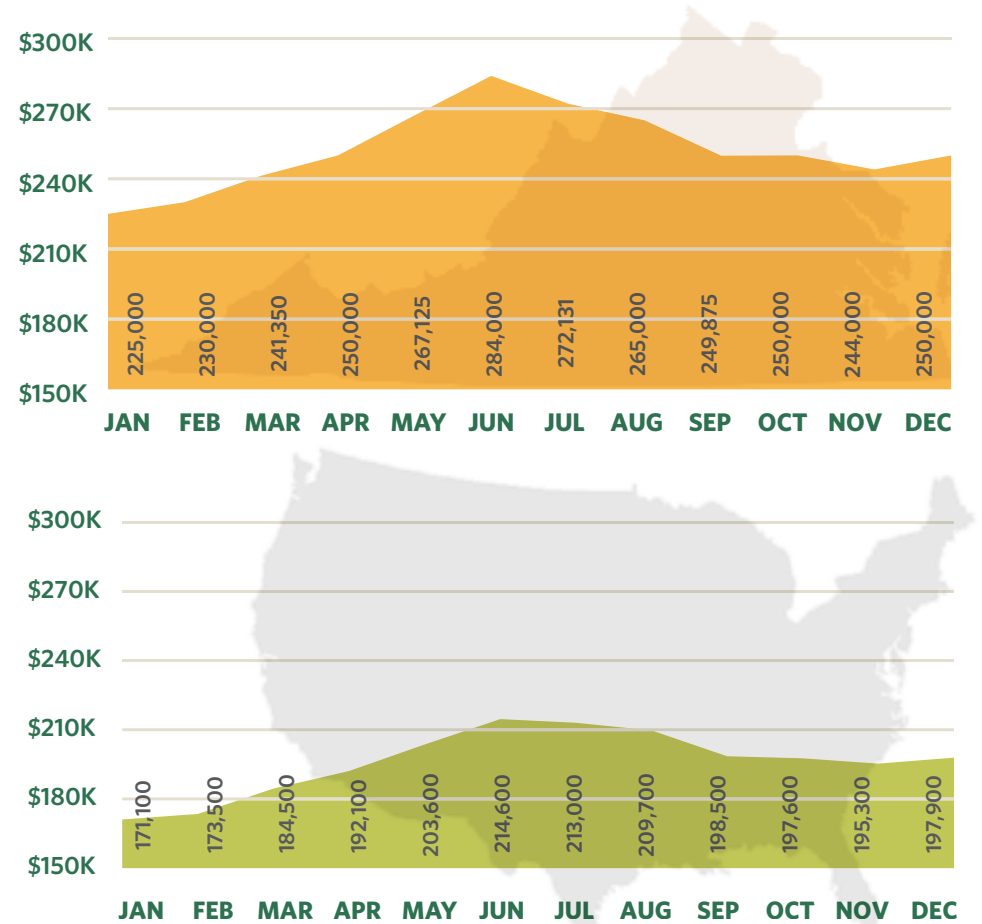
The alternative is to wait and do nothing, which is the equivalent of asking taxpayers to write a blank check for future bailouts.

I believe it is time to make a change from the current model of private gains and public losses. ■

### VIRGINIA VS UNITED STATES: MONTHLY HOME SALES 2013



### VIRGINIA VS UNITED STATES: MONTHLY MEDIAN SALES PRICE 2013



**C. Theodore Koeble, Ph.D.** Senior Associate and **Mel Jones**, Associate, Center for Housing Research, Virginia Tech

#### Virginia vs United States, Monthly Home Sales 2013

The number of sales in Virginia tracked U.S. sales trends very closely. Virginia's housing market performed better than the U.S. market in the spring as declining unemployment in Virginia encouraged buyers and rising prices attracted inventory. Virginia's housing market slowed in the fall as Virginia was impacted relatively heavily by the government sequester and temporary shutdown.

#### Virginia vs United States Monthly Median Sales Price 2013

Virginia continues to experience very similar trends in the median sales price compared to the overall U.S. median sales price. Virginia's median sales prices departed from the U.S. trend in the spring and summer as housing demand in Virginia drove up prices. Record low days on the market indicate that buyers were competing for limited inventory. Prices fell in the fall when economic uncertainty tempered demand.

# VIRGINIA ECONOMICS

**Chris Chmura** *President and Chief Economist, Chmura Economics and Analytics*

In the third quarter of 2013, real GDP grew an annualized 3.6 percent — the fastest pace of growth since the first quarter of 2012 — after increasing 2.5 percent in the second quarter of 2013.

Nonfarm private payrolls continued to expand modestly in the third quarter. The national unemployment rate has declined considerably since peaking at 10.0 percent in October 2009, but remains high by historical standards and is likely to remain above 6.5 percent through 2014.

Through the end of the third quarter of 2013, home sales continue to improve from severely depressed levels; the housing recovery, however, has lost some momentum due to rising interest rates and home prices. After being a significant drag on the economic recovery, the housing sector has been a positive contributor to GDP growth for the past 12 quarters.

The U.S. stock market rose over the third quarter as central bankers both at home and abroad remained committed to supporting their respective economies.

Our most-likely forecast assumptions reflect a moderately improving economy with continued modest job market progress. The results are an acceleration in GDP growth and steady employment growth.

Although the labor market continues to heal, job growth will likely remain somewhat slow in 2014. The unemployment rate is likely to average 6.8 percent in 2014, and the Federal Open Market Committee keeps the federal funds rate target near zero through the end of 2014 under this most-likely scenario.

## VIRGINIA VS UNITED STATES: UNEMPLOYMENT 2010 - 2013, MONTH-TO-MONTH

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	7.4% 9.7%	7.4% 9.7%	7.4% 9.7%	7.3% 9.8%	7.2% 9.6%	7.1% 9.5%	7.0% 9.5%	7.0% 9.6%	6.9% 9.6%	6.9% 9.7%	6.8% 9.8%	6.7% 9.4%
2011	6.6% 9.1%	6.4% 9.0%	6.4% 8.9%	6.3% 9.0%	6.4% 9.0%	6.5% 9.1%	6.6% 9.1%	6.6% 9.1%	6.6% 9.0%	6.5% 8.9%	6.3% 8.7%	6.2% 8.5%
2012	6.0% 8.3%	5.9% 8.3%	5.9% 8.2%	5.9% 8.1%	5.9% 8.2%	6.0% 8.2%	6.0% 8.2%	5.9% 8.1%	5.9% 7.8%	5.8% 7.9%	5.7% 7.8%	5.6% 7.8%
2013	5.6% 7.9%	5.6% 7.7%	5.3% 7.6%	5.2% 7.5%	5.3% 7.6%	5.5% 7.6%	5.7% 7.4%	5.8% 7.3%	5.6% 7.2%	5.6% 7.3%	5.4% 7.0%	5.2% 6.7%

# INCOME AND ITS EFFECT ON THE HOUSING MARKET

**C. Theodore Koebel, Ph.D.** *Senior Associate, Center for Housing Research, Virginia Tech*

Stagnant and declining real incomes (incomes adjusted for inflation) may limit the housing market's recovery. Household formation and growth depend on both employment and incomes. Although unemployment in Virginia has steadily declined since 2010, competition for jobs remains high and therefore incomes have weakened among all households except those headed by persons 65 and older. Many workers have either accepted lower wages or are underemployed.

In Virginia, the real incomes of householders ages 25 to 44 have declined approximately six percent since 2008 and incomes of householders ages 45 to 64 have declined 5.5 percent. Incomes of Virginian households are only a little better off than U.S. households as a whole. In the U.S., the real incomes of householders ages 25 to 44 have declined approximately eight percent since 2008 and incomes of householders ages 45 to 64 have declined nine percent.

In the face of declining incomes young people are more likely to delay buying their first home and families are less likely to grow into new, larger homes. Further, new lending regulations are putting homeownership or home upgrades even further out of reach for some households.

Homeownership is still a viable option for potential buyers who are earning more than Virginia's median income, because prices have not yet reached pre-recession levels and interest rates remain relatively

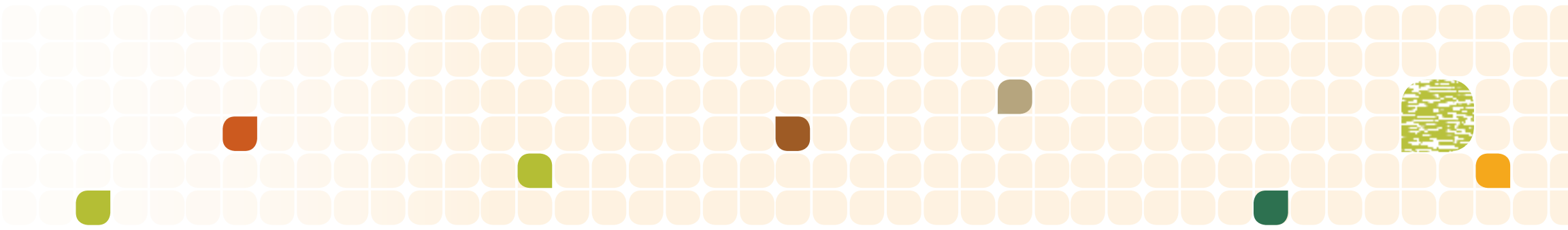
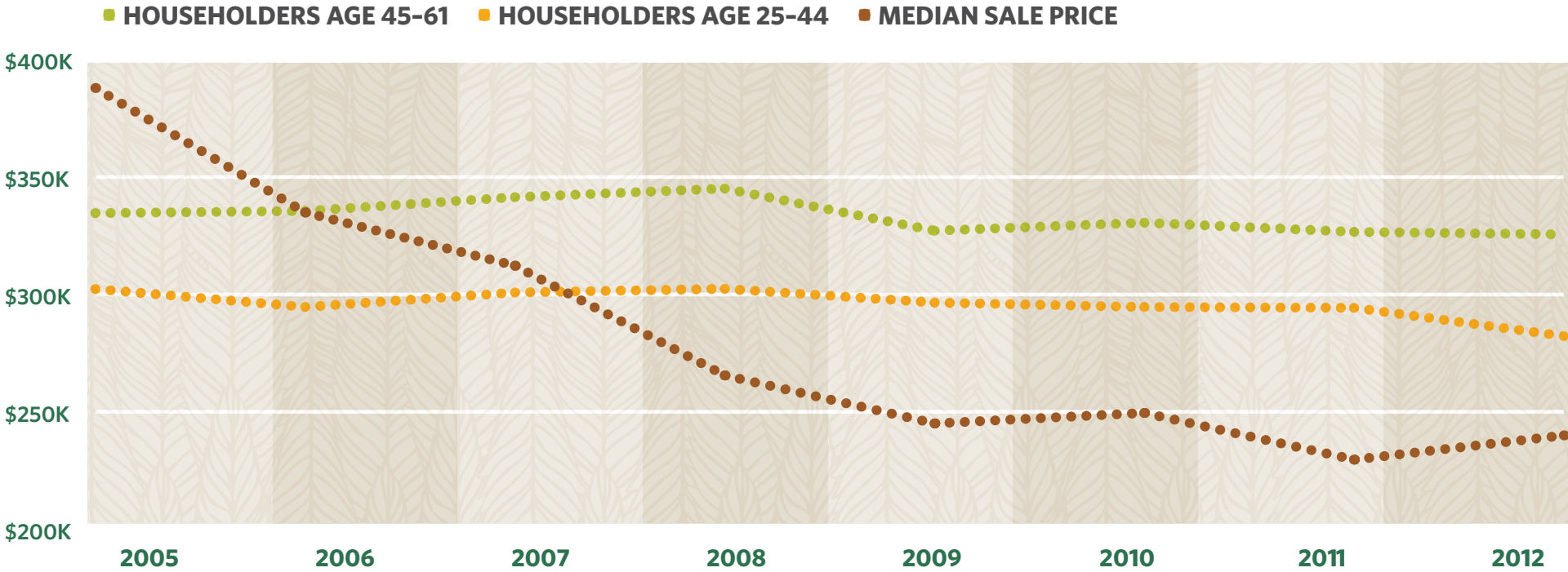
low. The graph to the right shows the trajectory of median sales price in Virginia and the trajectory of affordable house prices given the median income for households with heads of household in two age groups. The green and yellow lines show the maximum affordable house price for householders with incomes at the median for their age. This price assumes that a household can afford to spend no more than 30 percent of its income on a mortgage payment and insurance. The brown line shows the trajectory of median sales price in Virginia.

Even though a household with an income at the median for these age groups can afford the median sales price in Virginia, these trends indicate that this

circumstance may not always be the case and that buying a home may already be difficult for those households with lower incomes. The incomes of households with householders ages 25-44 are especially concerning because their incomes have decreased every year since 2008. Until employment reaches a level where employers must compete for workers, putting upward pressure on wages, we may see the housing market's recovery begin to plateau. ■

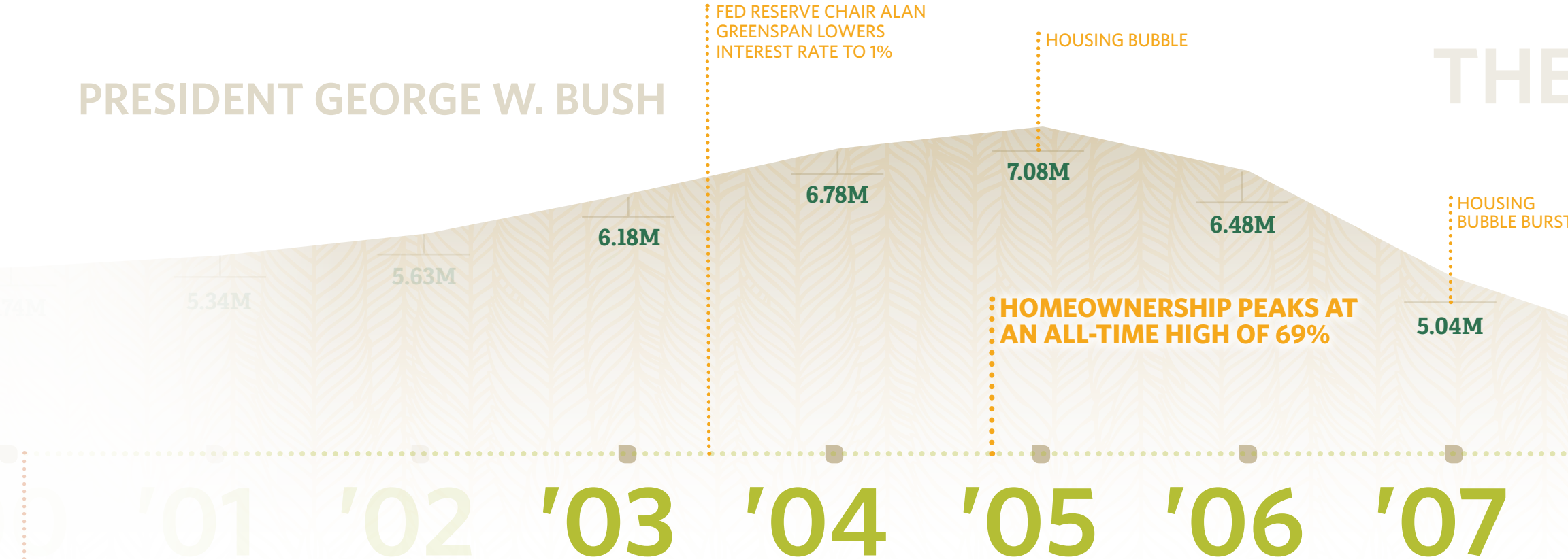


# MAXIMUM AFFORDABLE HOME PRICE COMPARED TO MEDIAN SALES PRICE



# A DECADE IN HOUSING AT-A-GLANCE

PRESIDENT GEORGE W. BUSH



THE

HOUSING BUBBLE BURST

AMERICAN HOMEOWNERSHIP AND ECONOMIC OPPORTUNITY ACT OF 2000

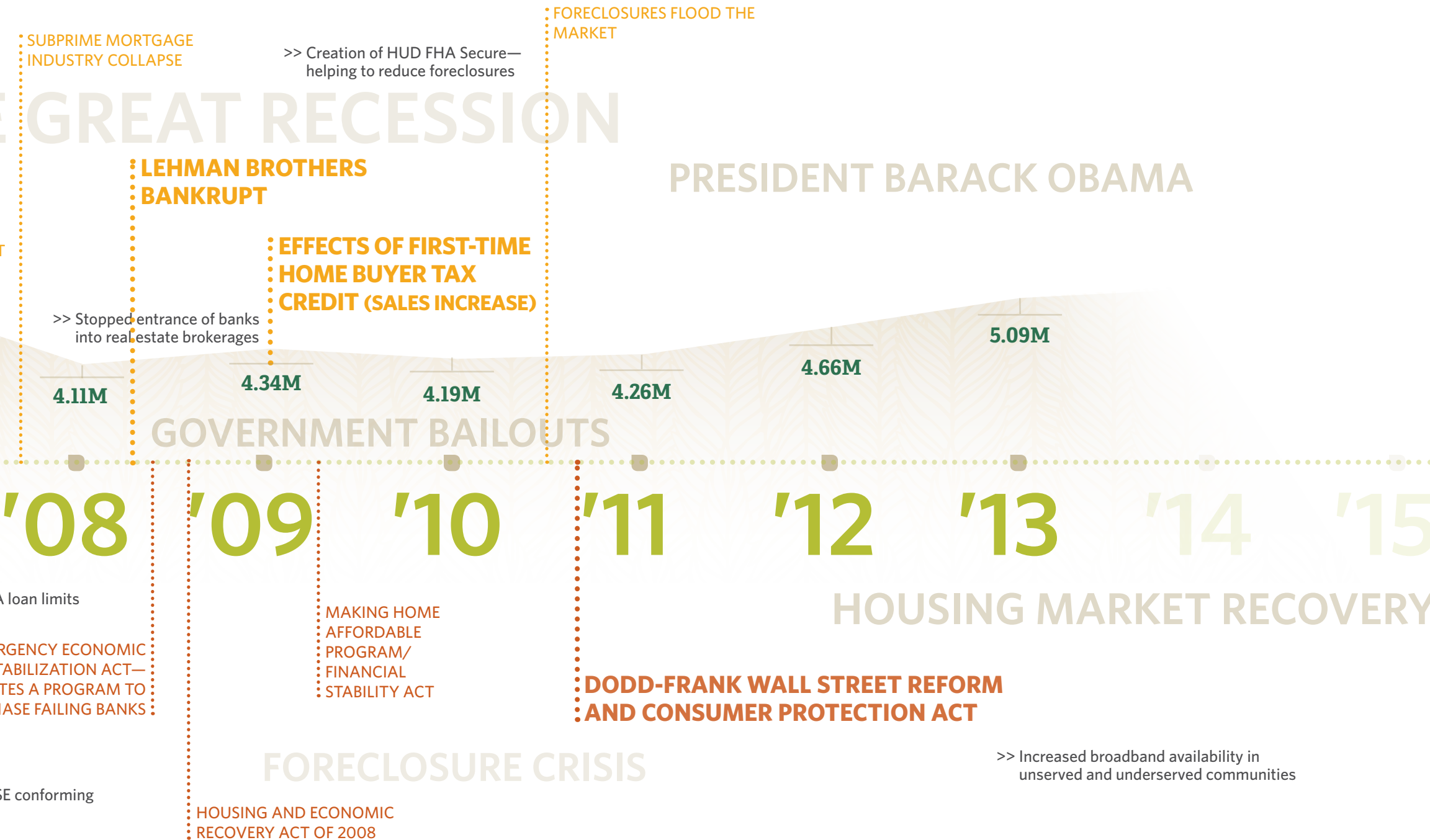
>> Increase in VA

EMERGENCY STABILIZATION AND CREDIT REPAIR ACT OF 2008

>> Extensions to the National Flood Insurance Program

>> Increase in GS loan limits

9/11



Loan limits

EMERGENCY ECONOMIC STABILIZATION ACT—ESTABLISHES A PROGRAM TO RESCUE FAILING BANKS

SEC conforming

FORECLOSURE CRISIS

HOUSING AND ECONOMIC RECOVERY ACT OF 2008

>> Increased broadband availability in unserved and underserved communities

# BLUEPRINT VIRGINIA A BUSINESS PLAN FOR THE COMMONWEALTH

## The Virginia Chamber of Commerce



In Virginia, we've long been blessed by a strong economy and have regularly been recognized as the best state for business. While we have much to be thankful for, there are still issues that need further consideration as we continue to compete in an increasingly global economy. There are areas of the commonwealth that are not enjoying the level of prosperity experienced by others. We must remain vigilant in our efforts to foster statewide economic development in order to attract new investments and new job opportunities for our citizens.

That is why the Virginia Chamber of Commerce developed *Blueprint Virginia: A Business Plan for the Commonwealth*. Blueprint Virginia is a comprehensive initiative to provide business leadership, direction, and long-range economic development planning for Virginia. During the past year, the Blueprint process engaged business and community leaders from around the state through grassroots involvement to determine top priorities for strengthening Virginia's economic competitiveness. Regional briefings were held in more than 30 communities where hundreds of Virginia citizens voted on priority issues for their region and the state. We collaborated with more than 300 organizations and 7,000 participants to develop a plan that provides our elected officials and private-sector leaders with a roadmap for economic competitiveness.

We would like to express our deep gratitude to the Virginia Association of REALTORS® and the many organizations who contributed their leadership, insights, and support to Blueprint Virginia. We believe this economic development strategy will help strengthen Virginia's economic competitiveness, grow our economy, and ensure our future prosperity. We look forward to working with our stakeholders, statewide elected officials, and the legislature to implement the goals and recommendations outlined in the Blueprint Virginia plan. Working together, we can help bring prosperity to all Virginians and maintain our ranking as the best state for business.

To view Blueprint Virginia, please visit our website at [www.vachamber.com](http://www.vachamber.com).





# VIRGINIA'S OUTLOOK AS A BUSINESS STATE

**Paula C. Squires** *Managing Editor, Virginia Business magazine.*

Virginia is entering 2014 with a little wind beneath its sails. With a federal budget deal passed, the squeeze from sequestration on economies in military-dependent Northern Virginia and Hampton Roads is expected to ease. There's money set aside for new transportation projects, and the housing market has stabilized.

During the third quarter of 2013, housing markets throughout Virginia reported double-digit increases in home sales and some — such as Northern Virginia — saw prices go up as well, by as much as 6.5 percent.

This bodes well for Virginia, because when businesses consider relocating to a state, its housing, transportation, education, and overall economy are key issues.

In national rankings, Virginia typically does well. Last year, Virginia ranked as the number one state for business by Forbes.com. But that doesn't mean the state is without challenges.

In the Forbes competition, Virginia has ranked among the top two states during each of the eight years that Forbes has conducted its Best States for Business study. One of Virginia's strengths is a diverse economy. It boasts military installations and major contractors, along with a healthy technology sector, manufacturing and plenty of professional service companies that help serve the state government in Richmond and the national capital in nearby Washington, D.C.

In addition, Virginia is home to 23 Fortune 500 companies, including such well-known names as CarMax, Dollar Tree, and Capital One.

"The state ranks on top of the regulatory category because of its strong incentive offerings and business-friendly government policies," Forbes said in its report in 2013.

Those policies have helped keep the state's port in Hampton Roads up to snuff with 50-foot deep channels that will be able to accommodate the larger ships that will come calling after the completion of an expanded Panama Canal in 2015.

Washington Dulles International Airport is another important economic asset, helping to attract investment from foreign companies who can easily travel in and out of the country.

Yet for Virginia to remain competitive as a business state, it needs improvement in several areas. Despite a landmark transportation bill passed last year that's expected to pump more than \$4 billion into Virginia's transportation systems over the next six years, business leaders say the state must continue to find funds to invest in roads, public transportation, and infrastructure. While welcome, the legislation represents the first major new funding boost for transportation since 1986, and it's not enough to cover all the needs.

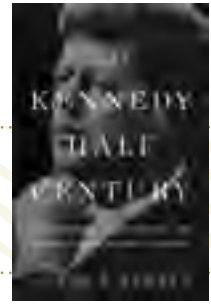
Virginia also needs to focus on developing a skilled workforce to meet the high-tech needs of the 21st century, business leaders were told during a recent economic summit sponsored by the Virginia Chamber of Commerce.

During the next decade, nearly two million jobs will need to be filled, mostly in science and technology. "What's our strategy for filling these jobs?" Bob Templin, president of Northern Virginia Community College, wanted to know.

And last, but certainly not least, is energy. Virginia is currently going with an all-of-the-above approach as it wrestles with how best to power the homes and companies of the future. The development of offshore drilling, along with wind and natural gas energy and small nuclear reactors are among options on the table.

With a new governor at the helm, businesses are looking for 2014 to be a year of new ideas and innovation. The tough thing about being the number one state for business is staying on top. ■

## VIRGINIA POLITICS: RED YIELDS TO BLUISH PURPLE



**Dr. Larry J. Sabato**, *Director of the Center for Politics and University Professor of Politics at the University of Virginia*

You don't need a weatherman or a political analyst to tell you which way the political winds are blowing in Virginia.

Republican Red has yielded to Democratic Blue, although in the context of competitive two-party competition. Virginia cannot be safely counted in either party's column for most elections, yet Democrats are winning a disproportionately large share of the top statewide offices.

In 2008 and 2012 Barack Obama captured Virginia's 13 electoral votes, marking the first time since 1964 that a Democratic candidate for president had prevailed.

Then in 2013 Democrats captured the governorship (Terry McAuliffe), lieutenant governorship (Ralph Northam), and the attorney general's post (Mark Herring). Yes, the race for governor was closer than expected, with McAuliffe winning by just 2.5 percent, and the battle for attorney general was a squeaker, with Herring prevailing by a mere 165 votes out of 2.2 million cast.

Still, Democrats swept the top three posts for the first time since 1989. Even more impressive, Democrats now claim all statewide elected offices (counting U.S. Senators Tim Kaine and Mark Warner) for the first time since the early days of 1970.

Demographic change is driving the Democratic resurgence. In the Old Dominion of the 19th century and first half of the 20th century, most Virginians lived in sparsely populated, tradition-minded rural areas. By 2013 the geographic powerhouses were Northern Virginia, the Richmond metro area, and Hampton Roads, which together now comprise more than 70 percent of the statewide vote. Urban and suburban voters tend to be more liberal, especially on social issues such as abortion and gay rights — matters that sharply divide the contemporary political parties.

One fact neatly summarizes the century of transformation from Old Dominion to New Dominion: In 1910 about 90 percent of Virginia residents had been born in Virginia. By 2013 a majority of Virginians had been born somewhere else. Many new Virginians have brought more liberal attitudes and politics to their adopted home.

Race is also part of the equation. Whites tend to vote Republican, as much as 60 percent in modern elections, while members of minority racial groups (African-Americans, Hispanic-Americans, and Asian Americans) cast about 80 percent of their ballots for

Democrats. Back in the 1970s and 1980s, whites comprised close to 90 percent of the electorate that actually voted. But in 2012 and 2013, whites cast 72-74 percent of the vote — with minorities having grown from 10 percent to 26-28 percent of the statewide vote. The mathematics of this racial equation is obvious.

Republicans have managed to retain the U.S. House delegation (8 Republicans to 3 Democrats) and the House of Delegates (67 Republicans to 33 Democrats). While strong GOP candidates explain part of this, partisan gerrymandering explains far more. By no means are these Republican legislative majorities suggestive of an overall conservative electorate. (The state senate, of course, is narrowly divided between Democrats and Republicans.)

However, Virginia is competitive when both major-party candidates are viewed as mainstream. It doesn't take much of a national shift to the right for the GOP to prevail again in our state. Remarkably, Virginia is the new Ohio — the ultimate swing state, where presidential results have most closely reflected the national totals for two consecutive elections.

Thus, if national Republicans choose to nominate an attractive moderate-conservative for president in 2016, they will have a fair to good chance to recapture Virginia.

The 2014 outlook is different. Sen. Mark Warner (D) begins his campaign for reelection as a sizeable favorite; as of this writing, it is not clear whom the GOP will nominate to oppose him. And given the uncompetitive nature of almost all the U.S. House districts in Virginia, 2014 will likely see little change in the state's delegation in Congress.

With a new Democratic governor and a massively Republican House of Delegates in office simultaneously, Virginia is set for four years of divided government. As we see in Washington, divided party control tends to produce conflict and gridlock. Gov. McAuliffe and the Republican-dominated General Assembly will have to work hard to overcome this if the state's business is to get done.

Compromise is unpopular in some quarters today, but without it, we are likely to see strife and conflict rather than cooperation and accomplishment in Richmond. Only ideologues win if the former dominates; the broad body of Virginia's citizenry will be much better off if partisan hatchets can be buried — and not in each other. ■

# FEDERAL RESERVE BANK OF RICHMOND IN THE REALTOR® FIELD

**Sonya Ravindranath Waddell and Andrew Bauer** *Regional Economists, Federal Reserve Bank of Richmond*

As the year ends and a new one begins, there is a sense that the improvements in the housing market in 2013 have set the stage for a strong 2014. Despite an economy that trudged along at a somewhat disappointing pace of real GDP growth of two percent, there was significant improvement in the housing market nationally and in Virginia. Home sales rose, leaner inventories prompted an increase in new home construction, the number of distressed properties continued to decline, and home prices rose for a second consecutive year.

A survey conducted jointly by the Federal Reserve Bank of Richmond and the Virginia Association of REALTORS® in May indicated that 2013 would be a good year for the Virginia housing market. More than 1,000 realtors responded to the survey, which asked about overall market conditions, customer traffic, sales prices, inventories, distressed properties, buyer financing, and the outlook for 2013.

Over 70 percent of the respondents reported an improvement in market conditions in the spring of 2013 compared to 2012, and over 50 percent characterized market activity in April as “strong or somewhat strong.”

According to the survey, distressed homes were much less of a factor impacting prices and a considerable amount of excess inventory in the market had been eliminated — both important indicators that supply conditions had improved greatly. Very importantly, almost two-thirds of respondents indicated that their outlook for 2013 was “significantly or slightly better” in May than at the beginning of the year. These survey results, and the specific comments that accompanied the responses, gave reason to expect a stronger year in 2013.

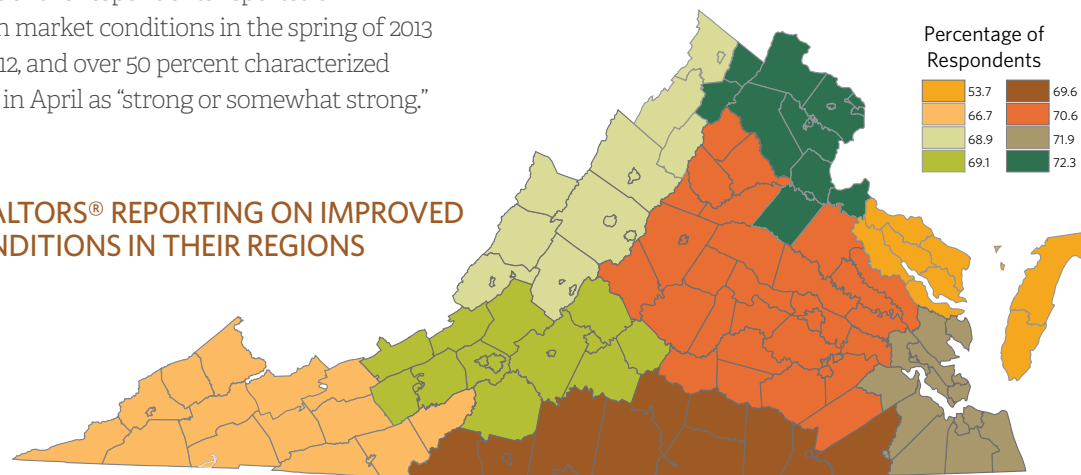
Of course, market conditions vary by region and the survey results varied across the state. The housing market seemed to be strongest in Northern Virginia as a greater percentage of REALTORS® indicated an improvement in market conditions, customer traffic, sales prices, and the outlook for 2013. Notably, 93 percent of REALTORS® in the Northern Virginia region indicated that inventories were “very or somewhat low” compared to 69 percent for the entire survey.

REALTORS® in the Central region and the Hampton Roads area also indicated that market conditions were strong and reported an improved outlook for 2013. Responses were weakest for the Eastern, Southwest, and Southside regions as REALTORS® reported that conditions were not as robust and the outlook, while still positive, was not as strong as other regions.

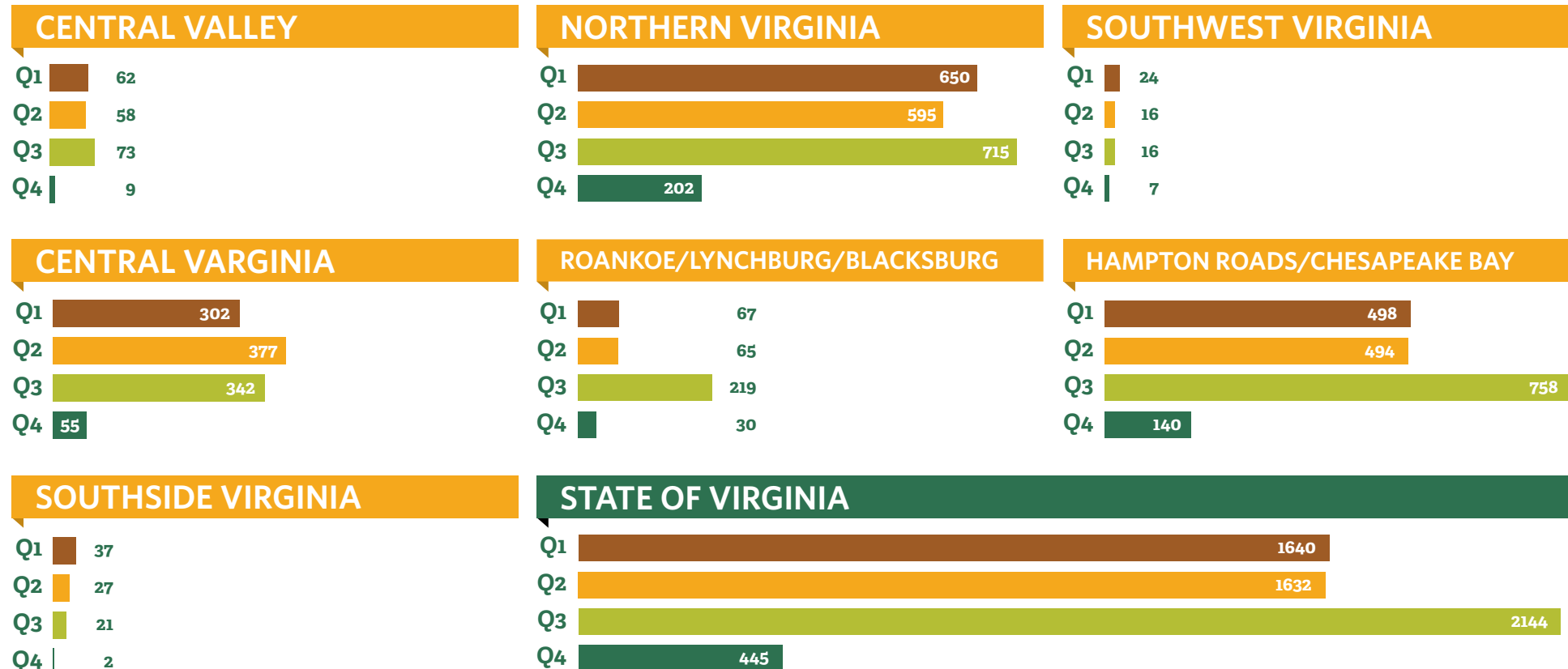
Looking to 2014, the underlying trends suggest that the housing market recovery will continue. With inventory back to near pre-housing boom levels, increases in sales and rising home prices have spurred new home construction. Single-family housing permits in Virginia rose 33 percent over the past 12 months in October. Housing demand has risen in response to improvements in the economy and labor markets.

Home sales in Virginia rose 10.7 percent year-to-date through October compared to a year ago according to the Virginia Association of REALTORS®, despite weakness in the labor market generated by cutbacks in federal spending. As indication of the improvement in supply conditions and greater housing demand, home prices rose by 7.4 percent in October on a year-over-year basis according to CoreLogic after a 4.9 percent increase in 2012 and a slight decline in 2011. These positive trends in construction, sales and prices are set to continue in 2014 as the economy continues to expand and labor markets strengthen. ■

## VIRGINIA REALTORS® REPORTING ON IMPROVED MARKET CONDITIONS IN THEIR REGIONS



## REGIONAL CHANGES IN FORECLOSURES 2013 QUARTER-TO-QUARTER



### C. Theodore Koebel, Ph.D. Senior Associate, Center for Housing Research, Virginia Tech

Based on data through November, foreclosures could reach an annual low near 7,000 for 2013 — about 20 percent lower than 2012 and the lowest level since the onslaught of the Great Recession.

Although there could still be some problems with excess inventory, the market is progressing ever closer to working through that excess. Improvements in jobs and incomes, particularly for younger adults, could stimulate demand through the formation of new households (including a return for some to living independently of parents and other relatives or friends). Whether economic growth would also produce a stronger recovery in the owner-occupied market remains to be seen.

Other than the continued improvement, the only notable change during 2013 was a spike in September for the Hampton Roads, Northern Virginia, and Roanoke market areas. Although it is impossible to determine if these September spikes were associated with sequestration, this connection is unlikely as sequestration mainly resulted in a temporary interruption in incomes that could have affected delinquencies but was unlikely to affect foreclosures. While it is tempting to read the spikes in Northern Virginia and Hampton Roads as a possible sequestration effect due to the importance of federal government and related employment in those markets, the sequestration doesn't explain the September spike in the Roanoke market.

## ■ ARE YOU BUSY?

**Laura Lafayette** *CEO, Richmond Association of REALTORS®*

As a conversation starter, people often ask: Are you busy? I never fail to give the same answer every time: “I’m always busy.” Because in today’s world, unless you dump your devices in the deep blue sea and head on vacation, is there any other state of being than perpetually busy? So it’s not surprising that sometimes we can get so caught up in the to-do list of life that we push its meaning to the side and forget to live it.

You have to enter a listing into MLS, meet the inspector at the house, call three anxious buyers back in the next 10 minutes, run comps, produce a CMA, and, for the umpteenth time, explain that the guestimate on that popular website is just that — a wild guess.

All of that work is more than merely important, it is essential in your chosen profession, but it’s not the essence of what it means to be a REALTOR®. As a REALTOR® — whether you’re helping someone purchase their first or fifth home, whether it’s the young couple just starting out or the seniors who need to downsize but have lived in their home for 40 years — each and every day, you powerfully, indelibly affect the lives of others.

We live in a rapid-fire world replete with information overload and hyper-connectivity — both fueled by ever faster, ever changing technology. Technological innovations have transformed forever — and often for the better — many of the ways REALTORS® conduct business from online transactions to social media marketing. And with these changes has come a great deal of commentary about how the REALTOR®’s value proposition has changed as well. That’s true, but it’s a truth that only goes so far.

Without a doubt, a paradigm shift occurred in the last decade. REALTORS® are no longer the keepers of the keys to the kingdom — data. It’s ubiquitous. Data about listings, neighborhoods, schools — it’s everywhere. Whether the data are accurate or not seems to be more and more a moot point ... until the buyer gets serious

about a specific house and then whether that house is 2,200 or 2,500 square feet really does matter, then the true quality of a school — not a couple of random ratings — really does matter.

And that’s where REALTORS® prove their worth. There exists no substitute for walking a property, for looking high and low throughout a house. No website can deliver with unfettered exuberance a litany of what makes a community such a great place to raise a family. No app can calm buyers down when they discover the house isn’t closing tomorrow and the moving van is in the driveway.

REALTORS® are the ones who gently convince sellers that they have to lower their price. REALTORS® patiently guide first-time home buyers through the complicated machinations of purchasing a house. REALTORS® walk for a cure for cancer, undertake food drives, gather up toys for tots, and build Habitat homes.

In 2013, my parents sold the home in which they had lived for 43 years. In that home, they had raised three children, welcomed into the world seven grandchildren, shed some tears, shared lots of laughs, and made many memories along the way. The day before the sale closed, my brother asked my parents if they would join him one last time at the house to offer a prayer of thanksgiving for what that space had meant to our family. Zillow didn’t attend this gathering, Trulia didn’t join in, and neither did REALTOR.com for that matter — but my parents’ REALTOR® did. She paused amidst life’s busyness; she literally held their hands and shared that moment.

As a REALTOR®, your passion for your profession matters every day, in ways little and large. A gesture that may seem insignificant to you or just part of the job, likely means the world to your client. The question is not, are you making a difference? Each of us makes a difference every day. The question is whether the difference you will make is a negative or positive one. For the REALTORS® I know the answer to that question is easy: The difference is positive, day in and day out. ■

## REGIONAL SNAPSHOTS

### NORTHERN VIRGINIA



#### GOVERNMENT

MAJOR INDUSTRY DRIVER

**45,113**

HOME SALES TOTAL

**\$369,900**

MEDIAN SALES PRICE

**4.32%**

UNEMPLOYMENT RATE



### CENTRAL VALLEY



#### AGRICULTURE

MAJOR INDUSTRY DRIVER

**5,421**

HOME SALES TOTAL

**\$210,000**

MEDIAN SALES PRICE

**4.56%**

UNEMPLOYMENT RATE



### CENTRAL VIRGINIA



#### BUSINESS

MAJOR INDUSTRY DRIVER

**15,666**

HOME SALES TOTAL

**\$195,000**

MEDIAN SALES PRICE

**5.09%**

UNEMPLOYMENT RATE



### HAMPTON ROADS CHESAPEAKE BAY



#### MILITARY/TOURISM

MAJOR INDUSTRY DRIVER

**22,716**

HOME SALES TOTAL

**\$205,000**

MEDIAN SALES PRICE

**5.54%**

UNEMPLOYMENT RATE



### SOUTHSIDE VIRGINIA



**FORT LEE/  
MANUFACTURING**  
MAJOR INDUSTRY DRIVER

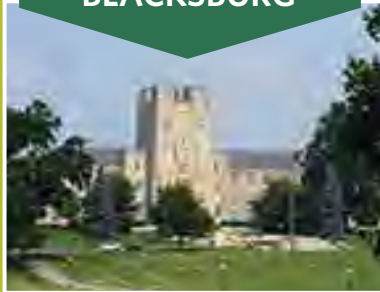
**1,598**  
HOME SALES TOTAL

**\$79,000**  
MEDIAN SALES PRICE

**7.64%**  
UNEMPLOYMENT RATE



### ROANOKE LYNCHBURG BLACKSBURG



**UNIVERSITY/HIGHER  
EDUCATION**  
MAJOR INDUSTRY DRIVER

**7,637**  
HOME SALES TOTAL

**\$157,000**  
MEDIAN SALES PRICE

**5.38%**  
UNEMPLOYMENT RATE



### SOUTHWEST VIRGINIA



**NATURAL ENERGY  
RESOURCE**  
MAJOR INDUSTRY DRIVER

**1,296**  
HOME SALES TOTAL

**\$115,000**  
MEDIAN SALES PRICE

**7.00%**  
UNEMPLOYMENT RATE



## HOUSING VIRGINIA LOOKS AT THE FUTURE OF AFFORDABLE HOUSING

This decade is bringing seismic shifts to housing. What will this mean for housing in Virginia by 2020?



Housing 2020 is an analysis of the major trends that are shaping the future of affordable housing in Virginia. Housing Virginia interviewed experts in four key issue areas: demographics, economics, finance, and sustainability.

The result is a thought-provoking, mixed media project. You can learn more by watching video presentations and reviewing report summaries. Power point presentations are also available at [www.housingvirginia.org/housing-2020.aspx](http://www.housingvirginia.org/housing-2020.aspx).

Get a dialogue about the future of housing started in your community by scheduling a Housing 2020 presentation. Visit [housingvirginia.org](http://housingvirginia.org) to request a date and time.

Housing 2020 is an approved continuing education class through the Virginia Association of REALTORS®.

Housing Virginia provides technical assistance and financial support to coalitions committed to expanding affordable housing through Virginia.

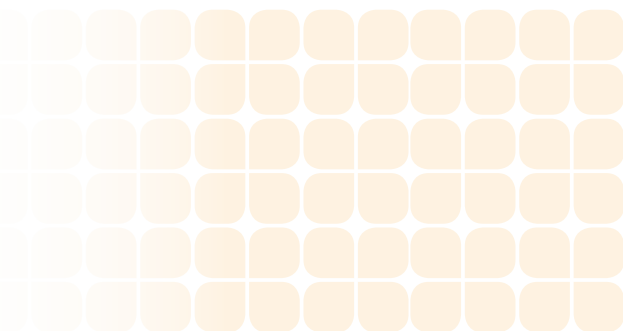
Visit the Housing Virginia website at [housingvirginia.org](http://housingvirginia.org) to access the latest news and information about housing in Virginia.

*Housing Virginia thanks the Virginia Association of REALTORS® for its generous support since 2004.* ■

### DID YOU KNOW?

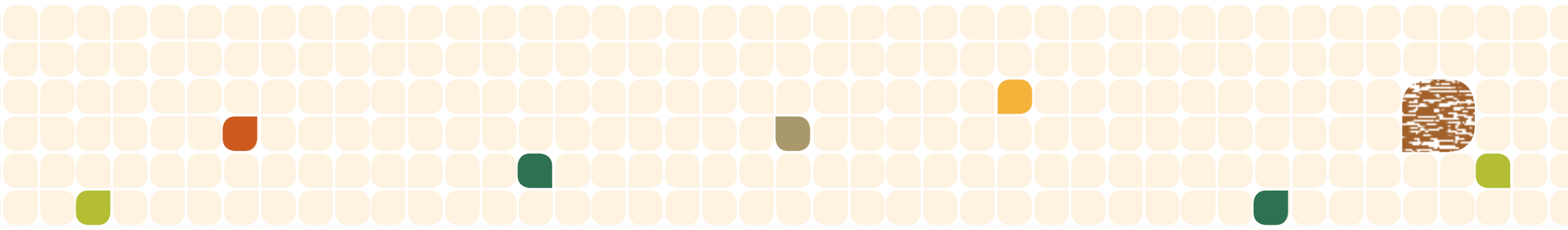
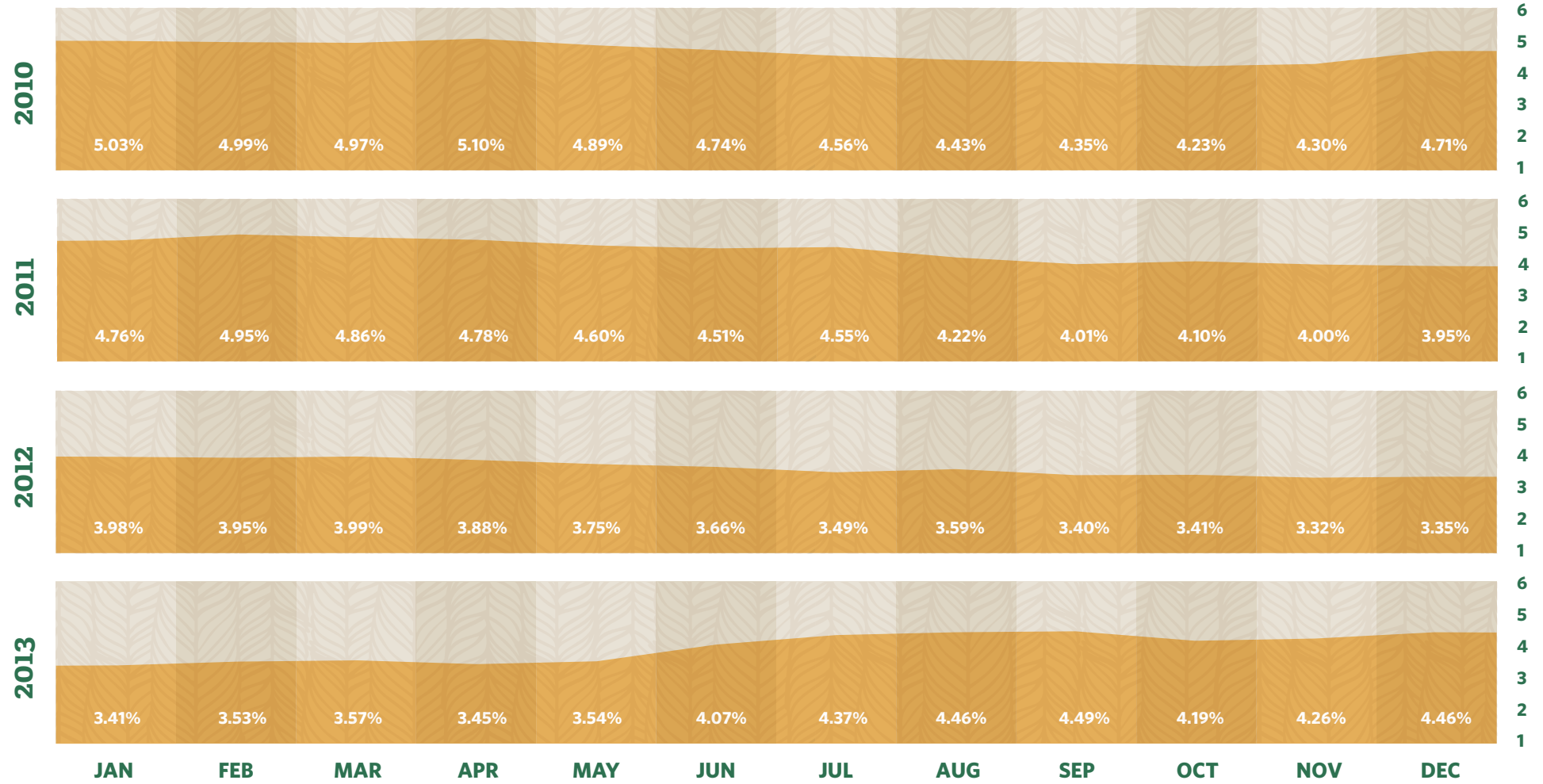
- > Over 80% of Virginia's growth in the next 20 years will take place in the "golden crescent" from Washington to Hampton Roads
- > The housing preferences of baby boomers as they retire or move to new careers are a shift from past trends
- > Millennials view housing differently than their parents and are now emerging as the dominant force in the housing market for the next 30 years
- > Green and sustainable consumer preferences are changing the shape and size of new homes
- > Housing finance is undergoing its biggest changes in 50 years

HOUSING 2020





# MORTGAGE INTEREST RATES 2010 - 2013 (30 YEAR)



# THANK YOU

VHDA THANKS VIRGINIA ASSOCIATION OF REALTORS®  
FOR THEIR SUPPORT OF OUR AFFORDABLE HOUSING MISSION.



When housing is affordable, everyone benefits: local economies, school systems, transportation systems and business. No one plays a more important role in housing than a highly trained, knowledgeable REALTOR®.

To help you connect with even more Virginians who need your expert services, VHDA would like to invite every REALTOR® associated with VAR to become a part of our prestigious Real Estate Agent Connection.

#### About VHDA's Real Estate Agent Connection

- > Members have completed our rigorous training program, which is offered for free through VAR, and approved for two continuing education credits by the Virginia Real Estate Board.
- > Members have a competitive edge when it comes to connecting with first-time homebuyers, thanks to a free listing on [vhda.com](http://vhda.com), where new homebuyers look for information.

- > Members receive timely updates from VHDA when there are industry updates or alerts about changes or additions to our programs that could help increase your sales.

**If you're ready to join or need more information, please contact [Janice.Burgess@vhda.com](mailto:Janice.Burgess@vhda.com) or call 804-343-5926.**



EQUAL HOUSING  
OPPORTUNITY

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Virginia Association of REALTORS® thanks our  
Association Partners.

Information sourced from multiple listing services across the state with data compiled by R E Stats Inc. All information is deemed reliable but is not guaranteed. Figures might not match those reported elsewhere.

## SOURCES

### Virginia Month to Month Sales Trends // 2010-2013

C. Theodore Koebler, Ph.D. Senior Associate and Mel Jones, Associate,  
Center for Housing Research, Virginia Tech

### Change in Home Sales // 2012 vs 2013

C. Theodore Koebler, Ph.D. Senior Associate and Mel Jones, Associate,  
Center for Housing Research, Virginia Tech

### Regional Changes in Home Sales // 2012 vs 2013

C. Theodore Koebler, Ph.D. Senior Associate and Mel Jones, Associate,  
Center for Housing Research, Virginia Tech

### Home Prices in Virginia

C. Theodore Koebler, Ph.D. Senior Associate and Mel Jones, Associate,  
Center for Housing Research, Virginia Tech

### Virginia Price Distribution. Percentage change // 2012 VS 2013

C. Theodore Koebler, Ph.D. Senior Associate and Mel Jones, Associate,  
Center for Housing Research, Virginia Tech

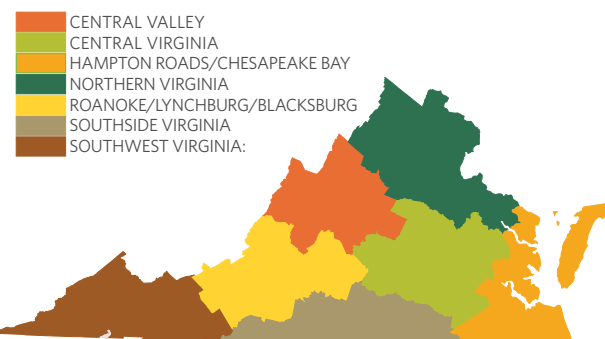
### Virginia Days on Market 2013 Month-to-Month

C. Theodore Koebler, Ph.D. Senior Associate and Mel Jones, Associate,  
Center for Housing Research, Virginia Tech

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The Virginia Association of REALTORS® (VAR) is the business advocate for real estate professionals in Virginia. VAR represents more than 29,000 REALTORS® active in all phases of real estate brokerage, management, development and appraisal. Our mission is to enhance our membership's ability to achieve business success. **All inquiries regarding this report should be directed to:**

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(804) 249-5716 Stacey@VARealtor.com  
VARealtor.com/HomeSales



### Central Valley:

Albemarle, Augusta, Bath, Buena Vista City, Charlottesville City, Fluvanna, Greene, Harrisonburg City, Highland, Lexington City, Nelson, Rockbridge, Rockingham, Staunton City, Waynesboro City

### Central Virginia:

Amelia, Buckingham, Charles City, Chestereld, 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, Greenville, 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

### A Decade in Housing

National Association of REALTORS®, Government Affairs, NAR Housing Statistics and Research, Pieces of Home 2011

### Blueprint Virginia

Virginia Chamber of Commerce

### Virginia's Outlook as a Business State

Paula Squires, Managing Editor, Virginia Business magazine

### Virginia Politics: Red Yields to Blueish Purple

Dr. Larry J. Sabato, Director University of Virginia Center for Politics

### Federal Reserve Bank of Richmond speaks Real Estate

Sonya Ravindranath Waddell and R. Andrew Bauer, Regional Economists, Federal Reserve Bank of Richmond

### Are You Busy?

Laura Lafayette, CEO, Richmond Association of REALTORS®

### Virginia Sales Volume // 2010-2013 Month-to-Month

C. Theodore Koebler, Ph.D. Senior Associate and Mel Jones, Associate,  
Center for Housing Research, Virginia Tech

### Modernizing our Housing Finance System

Mark Warner, US Senator for the Commonwealth of Virginia

### Virginia vs US // 2013 Home Sales and Median Sales Price

C. Theodore Koebler, Ph.D. Senior Associate and Mel Jones, Associate,  
Center for Housing Research, Virginia Tech

### Virginia Economics

Chris Chmura, President and chief Economist, Chmura Economics and Analytics

### Income and Its Effect on the Housing Market

C. Theodore Koebler, Ph.D. Senior Associate, Center for Housing Research,  
Virginia Tech University

### Regional Changes in Foreclosures // 2013

C. Theodore Koebler, Ph.D. Senior Associate, Center for Housing Research,  
Virginia Tech University



# THANK YOU

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WHO CONTRIBUTED TO THE PIECES  
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HOUSING VIRGINIA



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