

The Virginian-Pilot

National, Cover and Page 6, November 17, 2009



October
increase

+28%

A multiple listing service reported 1,107 homes in the region sold in October, compared with 864 a year ago.

The downside: The median price for existing homes in October was \$208,000, down 3.3 percent from a year ago.

LOCAL HOME SALES CLIMB

*Buyers seeking tax credit
help lift sales in October*

By Josh Brown
The Virginian-Pilot

First-time buyers rushing to take advantage of the now-extended federal tax credit continued to drive home sales in Hampton Roads in October, according to a report released Monday.

Last month, sales volume was up 2.3 percent over September and 28.1 percent over October 2008, according to Real Estate Information Network Inc. The Virginia Beach-based multiple listing service reported 1,107 homes in the region sold in October, compared with 864 a year ago.

October's was the biggest year-over-year gain for 2009, and it was the fifth month of such increases since home-sales volume turned positive in June. The rebound in home sales stands in stark contrast

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HOUSING | *Fewer homes on the market in October*

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to the homes market a year ago, when sales were plummeting amid deteriorating economic conditions.

The federal tax credit for first-time homebuyers has buoyed sales across the country. Congress recently extended the \$8,000 tax credit, originally scheduled to expire this month, through April and expanded the credit to include \$6,500 for homeowners who have lived in their home for at least five years and want to buy a replacement primary residence.

"The tax credit, no question about it, has had a positive impact on the market," said Ron Pearman, regional vice president for Long & Foster Real Estate. Of a sampling of homes that closed last month with Long & Foster, 70 percent were first-time buyers, Pearman said.

Other local brokers said Monday that the tax credit has accounted for as much as half of their recent sales.

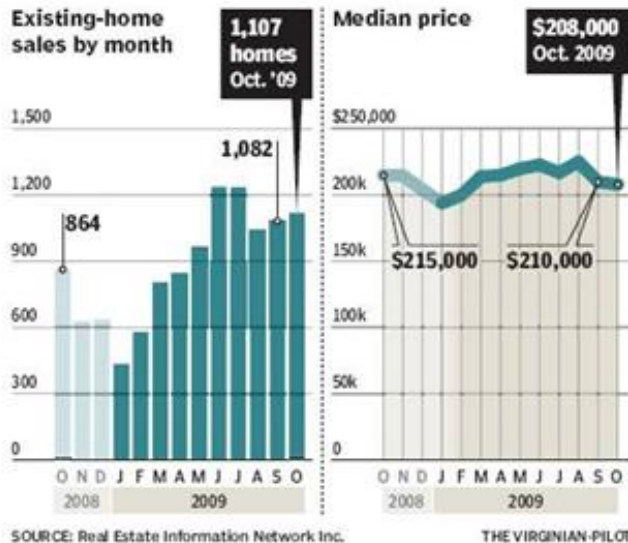
"It's given a shot in the arm to help revitalize the housing industry," said Peter Shaw, a business and economics professor at Tidewater Community College. "The question is, when you remove that tax credit, what state will the market be in? Sooner or later the industry has to stand on its own feet."

Despite increased sales activity, home prices have continued to fall. Real Estate Information Network reported that the median price for existing homes in October was \$208,000, down 3.3 percent from a year ago. The median is the point at which half the prices are higher and half are lower.

Part of that decline in median price can be attributed to the swell in sales of foreclosures, which accounted for 19 percent of the closings last month, according to the multiple listing service. That's compared with 9 percent a year ago.

HOUSING MARKET IN SOUTH HAMPTON ROADS

Home sales in October were 2.3 percent higher than in September and 28.1 percent higher than a year ago. The median price in October was down 3.3 percent from a year ago.



The other part of the decline in median price could be tied to the tax credit itself, which has encouraged home sales primarily at the lower-priced ranges of the market.

Web Chander, president and principal broker at Nancy Chandler Associates, said the extension of the tax credit will remove the sense of urgency for first-time buyers in the next few months.

"During the holiday season there is always a traditional slow down in the sales market," he said.

The report also showed that the number of homes on the market last month in Hampton Roads fell slightly. In October, there were 13,776 homes on the market, compared with 14,029 in September. Meanwhile, the average time on the market for existing homes in Hampton Roads also fell slightly to 83 days

last month, compared with 85 days at the same point last year.

The inventory and market time figures include the Peninsula and outlying regions such as Williamsburg and northeastern North Carolina.

Several brokers said it will be a while before the overall market inventory is brought back down to a reasonable level. The looming fear for them is the jobless rate, which was 6.7 percent in September, up from 4.3 percent a year earlier.

"The wild card in all of this is the unemployment rate," Shaw said. "If the unemployment rate keeps rising going into the winter and the spring months, I really don't see any great strides in the housing market."

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