

# Hampton Roads Home Sales Up in October

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Sales of Peninsula-area existing homes were up 24.2 percent in October, compared to October 2008.

At first blush, it sounds like drastic improvement. But, real estate agent Bob Sullivan cautioned, October 2008 was a terrible month.

"October of last year is when it really started to go into the toilet," said Sullivan, Virginia Peninsula Association of Realtors president.

Nationally, year-over-year existing-home sales are up 20.8 percent.

A rush to cash in on the up to \$8,000 home buyer tax credit before it expired Nov. 30 bolstered sales, but legislators extended and expanded it.

Now, a credit of up to \$6,500 is available to qualifying existing homeowners. Both first-time and existing buyers have until April 30 to find a home.

That will keep the housing recovery momentum going, Sullivan said.

Extending the credit to existing homeowners will give them the incentive they need to find another home, Sullivan said.

"They might be able to recoup some of the money they would've lost because of the pricing coming down," he said.

October was the third consecutive month to show year-over-year gains in the number of sales on the Peninsula and Middle Peninsula, and November sales hold promise. Year-over-year pending sales are up 43.6 percent, according to a Real Estate Information Network Inc. report.

Based on the number of sales in the pipeline, 2009 sales will probably outpace 2008 sales, Sullivan said. That's a dramatic turnaround after the double-digit year-over-year declines that marked the beginning of the year.

"We're on our way out. We're on our way toward housing recovery in this area," Sullivan said. "The bubble burst hasn't healed yet, but we're mending."

Weighing down the market is an excess of homes for sale.

It'll take roughly eight months at the current sales pace to exhaust the number of homes for sale in Newport News.

It'll take about nine months to use up the inventory in Hampton and York, and about a year to sell all the homes currently listed for sale in Isle of Wight.

A stable, balanced market is a four- to six-month supply, Sullivan said.

The median sales price was down about 4 percent, according to the Real Estate Information

Network.

"It's not that bad. So, really, what this is telling me, things are starting to pick up right now," Sullivan said. "We are very near to being at the bottom as price is concerned. They may come down minutely, but there won't be a downward trend much longer in prices. One never knows when the bottom of the market is until it's on its way up, until you've missed it."

By spring 2010, Sullivan expects a "modest/minuscule" uptick in prices, he said.

The combination of the tax credit, the drop in prices, low interest rates and wide selection makes it a good time to buy, Sullivan said. But that won't last for long.

With the economy pulling out of a recession and the stock market improving, interest rates will rise, and the tax credit won't likely be extended again.

To qualify for the extended tax credit, sales must close by June 30. And because of the amount of inventory to wade through, it's taking buyers about four to six months to find and close on a home, Sullivan said.

"That window of opportunity is closing," he said.

October sales highlights:

- Condo sales were up to seven from one in Isle of Wight, 16 from 12 in Hampton, to 21 from 19 in Newport News, to five from three in York.
- Condo prices were up 18.6 percent in Hampton and up 16 percent in York. They were down 6.8 percent in Isle of Wight and 1.2 percent in Newport News.
- New construction was up to 23, from 13, in Hampton, up to 13, from seven, in Newport News, and up to 10, from six, in Isle of Wight. New construction sales in York fell to eight from 16.
- The median sale price of new construction fell 3.4 percent in Isle of Wight, 8.5 percent in Hampton and 7.6 percent in Newport News. It was up 33.5 percent in York.