



For Immediate Release

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Virginia Residential Real Estate Market Ended 2016 with Impressive Strength

Sum of annual sales exceeded \$37.9 billion, growing 8 percent from prior year

RICHMOND, Va. (January 24, 2017) – The Virginia residential real estate market eclipsed prior year performance and approached nearly \$38 billion in sales, according to the Fourth Quarter 2016 Home Sales Report released by the Virginia REALTORS® association. Key measures, including the total number of sales, value of all transactions, and median sales price, rose from their 2015 benchmarks.

The fourth quarter of 2016 saw 26,308 residential transactions closed, a 6.8 percent increase relative to the 24,639 units sold in the last three months of 2015. The value of those transactions was amplified by a higher median price, and totaled \$8.527 billion, an increase of 8.9 percent from 2015's fourth quarter volume of \$7.830 billion. Annual volume - the sum of all transactions for 2016 - exceeded \$37.916 billion, 8 percent higher than in 2015 (\$35.095 billion). Volume for 2016 was 20.7 percent higher than the total value of transactions in 2014 (\$31.425 billion).

"The fourth quarter sealed a year of impressive strength in Virginia's housing market," said 2017 Virginia REALTORS® President Claire Forcier-Rowe. "For buyers and sellers, 2016 was a year of opportunity. Particularly as inventory constraints eased in the last half of the year, we saw surges in activity and price. Buyers have been able to take advantage of low rates, even as they rose in the last quarter, and invested confidently at the end of the year. Sellers are poised to profit from sustained high demand as we move into 2017."

Annualized residential sales, a rolling sum of the home sales closed in the preceding twelve months, rose 6.6 percent from 2015, from 108,870 units to 116,091. Relative to the previous quarter, annualized sales rose 1.5 percent (from 113,422). The annualized sales measure has averaged an increase of 1.9 percent per quarter for the last nine quarters. Serial improvement in annualized sales illustrates sustained strengthening in the market.

The rise in fourth quarter 2016 sales pace was propelled especially by a surge in November sales, usually a lull month in market activity. Loosened inventory and a swell in consumer confidence on the conclusion of the Federal elections, combined with a sense of urgency regarding interest rate movement, escalated mid-fourth quarter sales. Each quarter of 2016 outperformed its prior year benchmark, just as each quarter of 2015 outperformed those of 2014.

Aggregate median sales price for the fourth quarter was \$265,000, an increase of 3.9 percent from the fourth quarter of 2015 (\$255,175). Year-over-year median sales price increased in all regions, with the exception of the Southwest region, where price declined moderately. Compared to the fourth quarter of last year, 2016 fourth quarter home sales increased in all price bands except the lowest (\$0 to \$100,000), where low levels of inventory affect the number of sales possible. Sales increased especially in the \$300,000 to \$500,000 range. Increasing sales across broad price categories illustrate overall market improvement, as buyers enter the market at varied price points.

The average number of days on the market dropped from prior year benchmarks to an average of 69 for the 2016 fourth quarter, 10.4 percent lower than last year's fourth quarter average (77 days). Expected with industry seasonality, the average length of time on the market increased from the third quarter to the fourth. The year-over-year decrease in days on the market reflects strong buyer motivation, compelled by limited inventory and desire to take advantage of relatively low-cost financing.

Virginia's unemployment rate rose from its third quarter mark to 4.2 percent in November 2016, but continues to outperform the national rate (4.7 percent). Despite relatively steep rises in interest rates in the fourth quarter, the cost of borrowing remains historically low, aiding market accessibility for buyers in all price brackets. Both 30-year and 15-year fixed mortgage interest rates rose to their highest levels since the fourth quarter of 2015, ending the year at 3.81 percent and 3.07 percent, respectively. Increasing but accessible rates, with the prospect of further hikes to the key rate by the Federal Reserve Bank, should create greater urgency and contribute to a strongly motivated buyer population in 2017.

The Virginia Home Sales Report is published by the Virginia REALTORS® association. [Click here](#) to view the full Fourth Quarter 2016 Home Sales Report. Current and past reports are available to members, media, and real estate related-industries through the organization's website.

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About the Virginia REALTORS®

The Virginia REALTORS® association (previously known as the Virginia Association of REALTORS®) is the largest professional trade association in the Virginia, representing approximately 32,000 REALTORS® engaged in the residential and commercial real estate business. The Virginia REALTORS® association serves as an advocate for homeownership and homeowners, and represents the interests of property owners in the Commonwealth of Virginia. For more information, visit www.varealtor.com or follow Virginia REALTORS® on [Facebook](#), [Twitter](#), and [LinkedIn](#).

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