New Residential Market

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Existing Residential Market

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Disclosure
The data used for this report are deemed reliable; however, neither Old Dominion University, the E.V. Williams Center for Real Estate and Economic Development, nor sponsoring companies and/or individuals make any representation or warranty as to its accuracy.
General Overview

Residential new construction in Hampton Roads in 2013 was characterized by a continuation of the market upturn that began in 2012, but at a slightly reduced pace. Permits, closings, and sales prices were up by middle single digits compared to 2012, and total revenue was up double digits for the second year in a row. Though we are still a long way from the lofty numbers of the boom years, the lines on the graphs are continuing to point in the right direction.

The 4.8% increase in average sales price to $321,040 in 2013 was led by a renewed strength in single family detached price ranges above $350,000. Significantly, 2013 saw the first year over year increase in average sales price since 2006 to an average price last seen in 2009 and 2010. There are two main reasons for the average sales price increase: 1. a return of the move-up buyer due to improvements in the resale market; 2. an increase in land acquisition and labor costs, and a supply shortage, that pushed sales prices higher.

Inventory levels in most price ranges continue at multi-year lows for the third straight year and in some price ranges inventory is completely depleted. In 2013 a few builders were able to expand their "spec" inventory programs to accommodate the demand for quick occupancy homes. Demand was driven primarily by military transferees with excellent sales results. Builders who were able to restore their "spec" building program will benefit from the expected seasonal increase in demand that will occur during the 2014 spring market. Most builders and lenders maintain a healthy skepticism about the depth of the housing recovery and are carefully weighing their options amid concerns about rising interest rates, lot acquisition costs, and labor costs, as well as the uncertain funding environment for the crucial military component of our economy. The biggest concern is that mortgage interest rates and lot acquisition and labor costs will increase too quickly which could force sales prices to increase at an unsustainable rate and cause a slowing of demand for new homes.

Signs of a potential slowdown began in the latter part of 2013 with a noticeable decrease in the pace of new home traffic and sales that cannot be attributed to normal seasonal factors. It is too early to determine if this slowed pace will characterize residential sales activity in 2014. There is still considerable unmet buyer demand in the "for sale" segment of the residential housing market and this unmet demand, tempered by the availability of product and by affordability issues, will drive sales in 2014.
THE TEN YEAR TREND...  
The run-up to the market peak that occurred from 2002 to 2005 was followed by several years of declines in permits, closings, sales price and revenue. Since bottoming out in 2011, there was a clear upward trend in Hampton Roads during 2012 and 2013 with regards to permits, closings, and revenue. Average prices bottomed out in 2012 and an upward trend was established in 2013. This year was the first in seven years to have an increase in average sales price for a new home in Hampton Roads.

FROM THE PEAK TO THE PRESENT...  
Permits down 56% with 4,403 fewer permits issued in 2013 versus 2005  
Closings down 47% with 2,593 fewer closings in 2013 versus 2004  
Average Sales Price down 19%, a $74,888 decline from 2006 to 2013  
Total Revenue down 52%, a decline of $1.0 billion in 2013 compared to 2006

HAMPTON ROADS - BY PRODUCT TYPE

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</tr>
</thead>
<tbody>
<tr>
<td>Detached</td>
<td>2,452</td>
<td>2,682</td>
<td>9.4%</td>
<td>1,830</td>
<td>1,920</td>
<td>4.9%</td>
<td>335,691</td>
<td>357,359</td>
<td>6.5%</td>
<td>614,314,099</td>
<td>686,129,721</td>
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<tr>
<td>Multistory</td>
<td>72</td>
<td>66</td>
<td>-8.3%</td>
<td>127</td>
<td>79</td>
<td>-37.8%</td>
<td>273,065</td>
<td>227,810</td>
<td>-16.6%</td>
<td>34,679,314</td>
<td>17,997,003</td>
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<tr>
<td>MultiPlex</td>
<td>203</td>
<td>231</td>
<td>13.8%</td>
<td>225</td>
<td>288</td>
<td>22.6%</td>
<td>225,474</td>
<td>225,031</td>
<td>-0.2%</td>
<td>52,986,400</td>
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<tr>
<td>Town/Dup</td>
<td>570</td>
<td>472</td>
<td>-17.2%</td>
<td>522</td>
<td>586</td>
<td>12.3%</td>
<td>247,950</td>
<td>261,794</td>
<td>5.6%</td>
<td>129,430,070</td>
<td>153,411,370</td>
<td>18.5%</td>
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<tr>
<td>Total HR</td>
<td>3,297</td>
<td>3,451</td>
<td>4.7%</td>
<td>2,714</td>
<td>2,873</td>
<td>5.9%</td>
<td>306,341</td>
<td>321,040</td>
<td>4.8%</td>
<td>831,409,883</td>
<td>922,947,128</td>
<td>10.9%</td>
</tr>
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2013 VERSUS 2012 CONSTRUCTION ACTIVITY by Product Type

**Detached**
Detached permits were up 9.4% to 2,682. Detached homes accounted for 78% of all residential building permits during 2013. Closings increased by 4.9% to 1,920 led by successes at Culpepper Landing in Chesapeake, Village Bend in Virginia Beach, and Lakes of Jolliff in Chesapeake. The average sales price increased 6.5% to $357,359, and detached revenue increased by 11.7% to $686 million.

**Attached - Multistory**
Multistory condominium permits were down 8.3% to 66 in 2013. Multistory condominiums were the only product type to have a decrease in closings for the year, with a decline of 37.8% to 79. The average sales price increased 16.6% to $227,810, and revenue declined 48% to $16.7 million.

**Attached - Multiplex**
Multiplex permits were up 13.8% to 231. Closings were up 22.6% to 288; this is due to success by the Dragas Companies at The Grove and Kings Pointe communities in Chesapeake that accounted for 33.3% of the 2013 multiplex condo closings. Average prices were down slightly to $225,031; however, this product experienced the largest increase in revenue, up 22.3% to $64.8 million.

**Attached - Townhouse/Duplex**
Townhouse/Duplex permits were down 17.2% to 472. Closings were up 12.3% to 586, led by successes at Cornerstone in Virginia Beach and Weatherly at Whitehall in James City County. The average sales price increased 5.6% to $261,794, and revenue increased 18.5% to $153.4 million.
2013 VERSUS 2012 NEW CONSTRUCTION ACTIVITY
by City

Permits
There were 3,451 residential permits issued in Hampton Roads during 2013. Permits were up in eight cities in Hampton Roads. The largest gainer was Norfolk, up 82 to 124 permits issued. The largest percent increase was in Isle of Wight where permits increased 29.2% to 124. There were no declines on the Southside, but permits were down in four cities and counties on the Peninsula. The largest decline was Hampton, down 45.9% to 86 permits issued.

Closings
Closings were up in 2013 compared to 2012 in all cities except for Hampton, Newport News and Williamsburg. Although Gloucester had the largest percentage increase with 29.8%, Chesapeake had the largest number increase, up 132 closings for a 19.8% increase. Williamsburg had the largest percent decline, with a decrease of 61.1% to 7 closings for the year. Newport News had the largest number decrease, down 80 closings versus 2012.

Average Sales Price
The average sales price for a new home in Hampton Roads during 2013 was $321,040. The average sales price increased in more than half of the cities and counties. The largest increase was in York County, up 33.3% to $366,259. Portsmouth had the largest decrease, down 5.0% to $198,385. Virginia Beach had the highest average closing price for a new home in Hampton Roads during 2013 at $388,217, and Portsmouth had the lowest average closing price at $198,385.

Revenue
There were revenue increases in nine cities and counties. York County had the largest percentage increase up 43.8% to $40.3 million. Chesapeake had the largest dollar increase up $59 million to $249.6 million in revenue for 2013. The largest percentage and dollar value decrease occurred in Newport News with a 59.2% decrease in revenue to $26.9 million, an $18.9 million decrease compared to 2012.
HAMPTON ROADS 2013 TOP SUBDIVISIONS

For 2013, the top subdivision for permits, closings, and revenue was Culpepper Landing in Chesapeake with 109 permits, 104 closings and $30 million in revenue. There were 58 detached permits to six builders; HHHunt Homes had the most detached permits with 24 issued. Kotarides Builders had 24 multiplex condominium permits issued, and ABT Custom Homes had 27 townhome permits issued. There were 58 detached closings by nine builders; Ryan Homes had the most detached home closings with 21 closings recorded and an average sales price of $355,547. Kotarides Builders had 22 multiplex closings recorded with an average price of $172,745 and ABT Custom Homes had 25 townhome closings with an average price of $243,429.

Kings Pointe in Western Branch in Chesapeake by Dragas Companies had 94 permits issued during 2013. There were 28 multiplex condominium permits and 66 multistory condominium permits issued. There were 82 closings recorded in 2013; 39 multistory closings with an average price of $144,149 and 43 multiplex closings with an average price of $194,100.

Wilshire Village at Ashville Park was the number two community for revenue in 2013. There were 43 closings recorded yielding $23 million in revenue. There were 11 builders with closings recorded during 2013 and Pace Construction accounted for 32% of the revenue with $7,381,991.

<table>
<thead>
<tr>
<th>PERMITS</th>
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<tr>
<td>Subdivision</td>
<td>Permits Issued</td>
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<tr>
<td>1 Culpepper Landing, C</td>
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<tr>
<td>2 Kings Pointe, C</td>
<td>94</td>
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<tr>
<td>3 Colonial Heritage, J</td>
<td>87</td>
</tr>
<tr>
<td>4 Jordan Hall, C</td>
<td>57</td>
</tr>
<tr>
<td>5 Ashville Park-Wilshire, V</td>
<td>55</td>
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<tr>
<td>6 Pointe East, R</td>
<td>55</td>
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<tr>
<td>7 Turtle Creek, N</td>
<td>50</td>
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<tr>
<td>8 Lakes of Jolliff, C</td>
<td>49</td>
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<tr>
<td>9 Settlement at Powhatan, J</td>
<td>42</td>
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<tr>
<td>10 East Beach, R</td>
<td>41</td>
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<tr>
<td>11 Eagle Pointe, C</td>
<td>40</td>
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<tr>
<td>12 Whitehall, J</td>
<td>40</td>
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<tr>
<td>13 The Grove, C</td>
<td>40</td>
</tr>
<tr>
<td>14 Riverlake, V</td>
<td>39</td>
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<td>15 Sajo Farm, V</td>
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HAMPTON ROADS 2013 TOP BUILDERS

Ryan Homes was the top builder in Hampton Roads for permits, closings and revenue with 309 permits issued, 292 closings, and $104,699,944 in revenue. Ryan Homes is actively building in 18 new communities in Hampton Roads. Their top subdivision was Turtle Creek in Newport News with 50 permits, 42 closings, and $13,303,294 in revenue. Windsor Ridge at Wellington in James City County was their number two subdivision for permits, closings, and revenue with 32 permits and 32 detached closings recorded for $11,898,876 in revenue.

Chesapeake Homes was the number two builder in Hampton Roads for permits, closings, and revenue with 134 permits issued, 173 closings recorded, and $46,874,097 in revenue in 15 communities on the Southside and Peninsula. Cornerstone in Virginia Beach was their number one community during the year with 36 permits recorded, 51 closings recorded, and $12,349,142 in revenue. West Neck Village was their number two community with 21 permits issued, 16 closings, and $5,648,588 million in revenue.

HHHunt Homes was the number three builder for closings and revenue with 154 closings recorded, and $37 million in revenue. HHHunt Homes had closings in ten communities in Hampton Roads during the year including eight detached and two attached. Their top subdivision in 2013 for closings was Weatherly in Whitehall in James City County with 40 closings. Their top subdivision for revenue was the single family product at Whitehall with closings totaling $7,835,125 in revenue.

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<th>PERMITS</th>
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<tr>
<td>2 Chesapeake Homes</td>
<td>134</td>
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<tr>
<td>3 Dragas Companies</td>
<td>134</td>
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<tr>
<td>4 Napolitano Ent</td>
<td>107</td>
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<tr>
<td>5 HHHunt Homes</td>
<td>102</td>
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<tr>
<td>6 Terry Peterson Residential</td>
<td>95</td>
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<tr>
<td>7 Lennar Corp</td>
<td>87</td>
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<tr>
<td>8 Bishard Dev Corp</td>
<td>84</td>
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<tr>
<td>9 Francis Scott Co Inc</td>
<td>82</td>
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<tr>
<td>10 McQ Bldrs &amp; Dev Inc</td>
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<td>11 Platinum Homes</td>
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<td>12 Heurndon Constr Corp</td>
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<td>13 Ashdon Builders</td>
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<tr>
<td>14 Virginia Ent Inc</td>
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<td>15 Eagle Construction</td>
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EXISTING HOMES

The Hampton Roads existing real estate market showed signs of growth throughout 2013. Existing home closings came to realization just as the end of 2012 had indicated. All four quarters of 2013 posted increases in existing home closings. Overall, the region saw encouraging trends as inventory levels dropped, home closings rose, and the percentages of distressed properties in the market decreased.

The active inventory of existing homes for sale in the region for 2013 increased 3.1% when compared to 2012. There were 7,718 existing homes for sale at the end of 2013, whereas there were 7,483 existing homes for sale at the end of 2012. This is the first time since 2009 that the region has seen a year-over-year increase in existing homes for sale. Despite active inventory counts rising, the months’ supply inventory dropped 7.6% to 5.1 months from 5.5 months in 2012. A significant increase of existing home closings caused the months’ supply inventory to drop, although existing homes for sale increased from the year prior.

Existing home closings rose 11.6% to 18,126 from 16,249 in 2012. Virginia Beach had the largest percentage of existing closings at 31%. This percentage has held constant for Virginia Beach for the past three years. Chesapeake and Norfolk recorded the second and third highest percentages of existing home closings at 15% and 13% respectively. The majority of the region’s cities saw increases of 10% or more of existing home closings in 2013.

For the second consecutive year, the median sale price of existing homes increased from the year prior. Significantly, 2013 ended with a median sale price for existing homes of $191,500. This is a 3.5% increase from 2012’s $185,000, and nearly a 5% increase from $182,500 in 2011. In addition to the median sale price for existing homes increasing in 2013, the average sale price of these same homes increased 3.7% when compared to 2012.

A total of eleven of the region’s cities experienced median sale price increases in 2013. Williamsburg and Matthews County saw the most notable rises at 17.4% and 11.5%. Surry County and Poquoson recorded the steepest drops in median sale price for existing homes at 20.6% and 6.4% respectively. York County remained most constant as the median sale price for existing homes only increased 0.4%. James City County had the highest median sale price for existing homes at $297,000, a 7.2% increase from $277,000 in 2012. Williamsburg recorded the second highest median sale price at $295,367. Virginia Beach and Norfolk experienced median sale prices for existing homes of $223,000 and $157,500 respectively. Surry County recorded the lowest median sales price of $99,237, followed by Portsmouth at $108,500.
Detached homes accounted for 78.5% of existing home sales as 14,229 closed in 2013, an increase of 12.1% from 12,693 in 2012. With the exception of Matthews County, all cities experienced growth in detached sales. The majority of cities in the region saw increases of at least 10%. Williamsburg rose the highest at 54.8% from 42 in 2012 to 65 in 2013.

Attached existing home sales increased 9.6% to 3,897 in 2013 from 3,556 in 2012. Currituck County declined from the year prior as it recorded zero attached existing home sales in 2013. All other cities increased or remained constant from 2012. York County and Hampton experienced the most notable increases of 44.2% and 32.8%. Portsmouth trailed slightly, recording 31.7% more attached existing home sales in 2013 than 2012.

Distressed homes, those that are either bank owned or short sales, declined slightly in 2013 when compared to the year prior. Throughout the year distressed homes accounted for between 21.7% and 27% of existing homes for sale on a monthly basis, reaching a low during the month of June and a high during the month of January. Percentages are down from 2012’s high of 28.1% and low of 24.2%. Due to population densities, Virginia Beach, Chesapeake, and Norfolk showed the most activity in regards to distressed homes.
Distressed homes comprised between 20.5% and 34.9% of existing home sales in the Hampton Roads region during 2013; on a monthly basis the low was in January and the high in July. These ranges can be compared to 2012’s low of 24.4% and high of 37.2%. The median sale price for these distressed homes fluctuated throughout the year between $119,900 in February and $135,000 in September. Meanwhile non-distressed existing homes recorded a median sale price of $190,000 in July and $230,000 in June. At years end, the median sale price of existing distressed homes was $125,500, a nominal discount of $79,500 and discount percentage of 38.8% when compared to the year-end median price of non-distressed existing sales of $205,000.

The average numbers of days an existing home spent on the market before closing in 2013 was 86 days, a decrease of nine days when compared to 2012’s average of 95 days and a decrease of two weeks when compared to 2011’s 101 days. Since tracking began, the lowest average days on the market of 26 days was recorded in 2004. The recording of 101 average days on the market in 2011 is a historic high for this statistic. The average days on the market in the Hampton Roads region has increased nearly an average of seven days per year since 2004.

Looking into 2014, all key indicators point towards growth. For the first time since 2009, the existing homes for sale count has increased from the year prior. All four quarters of 2013 recorded increases in existing home sales. Supporting the growth trend, the year 2013 ended with a 15.6% increase in under contract home sales when compared to the end of 2012. Though there is no guarantee that all homes under contracts will advance to closings, this percentage is large enough to set the tone for gains in the residential real estate market early in 2014.

**ABOUT THE DATA:**
The underlying data the resale home closing statistics are based upon is the collection of those closings belonging to Real Estate Information Network, Inc. (REIN) members only. The data for each sales transaction was input by hand and therefore may contain some errors at the individual home sale level. But, as a collection, this data represents the timeliest and most accurate dataset of resale homes for the entire Hampton Roads region. The strength of the dataset lies within its proximity to origin and depth. The MLS (Multiple Listing Service) data is considered the deepest of any resale home database due to the sheer number of rich data fields within the database and the information contained within. The data is being keyed by either the actual listing agent or administrative staff of the same real estate firm. The combination of these two key elements allows the MLS data to be more precise than many other information repositories and vastly timelier. But, MLS data does have weaknesses: Most notably is the portion of the dataset at the edges of the MLS’s boundaries. Usually, MLS membership wanes around the borders of the coverage area, due to overlapping MLS’s in such overlap areas, any given real estate broker may choose to join only one of the two or more MLS’s that cover the particular area. For the local MSA and the region covered by REIN, this translates into less than ideal accountability for sales in North Carolina, Northern Neck areas of Virginia, and the Williamsburg area. As for REIN, it is an independent MLS owned by broker stockholder members. Currently, there are approximately 500 real estate firms with over 5,800 real estate agents serving the entire Hampton Roads region.
RESIDENTIAL SUBMARKETS
(NEW CONSTRUCTION)

Southside
Chesapeake
Franklin/Southampton
Isle of Wight Co
Norfolk
Portsmouth
Suffolk
Virginia Beach

Peninsula
Gloucester
Hampton
James City County
Newport News
York County
Williamsburg

RESIDENTIAL SUBMARKETS
(EXISTING HOMES)

Southside
Chesapeake
Currituck
Isle of Wight Co
Norfolk
Portsmouth
Suffolk
Surry
Virginia Beach

Peninsula
Gloucester
Hampton
James City County
Mathews
Newport News
York County