



Real Estate Market Outlook: Rising Uncertainty

Senate Finance Committee
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From Last Week's *Wall Street Journal*

"Rates on 30-Year
Mortgages Plumb New
Depth, at 4.19%"

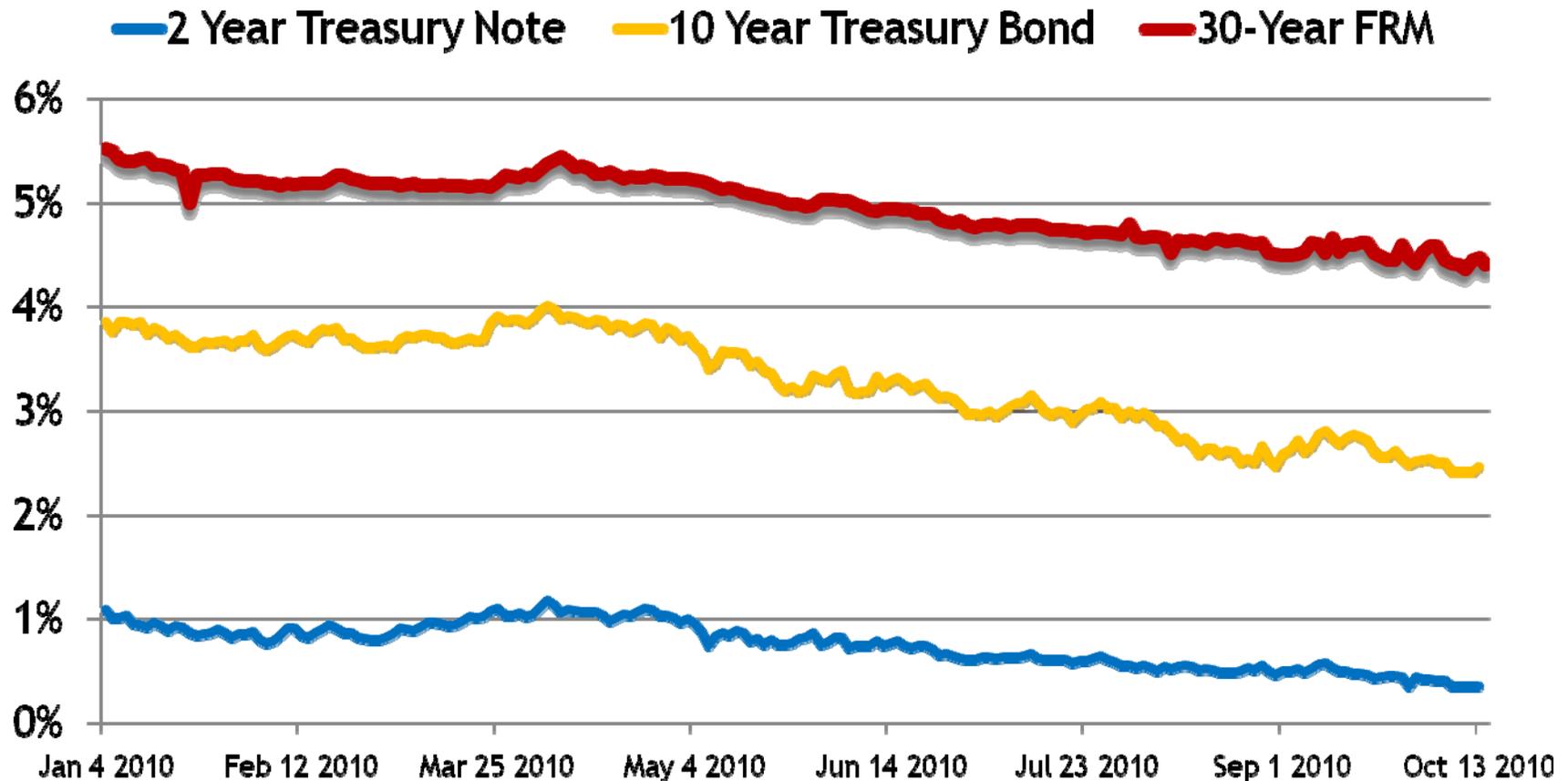
"Foreclosure Crisis Slams
Into Banks"

"Wary Economists Expect
Fed Asset Purchases"

"Foreclosure Delays:
'Nail In The Coffin For
Housing' "

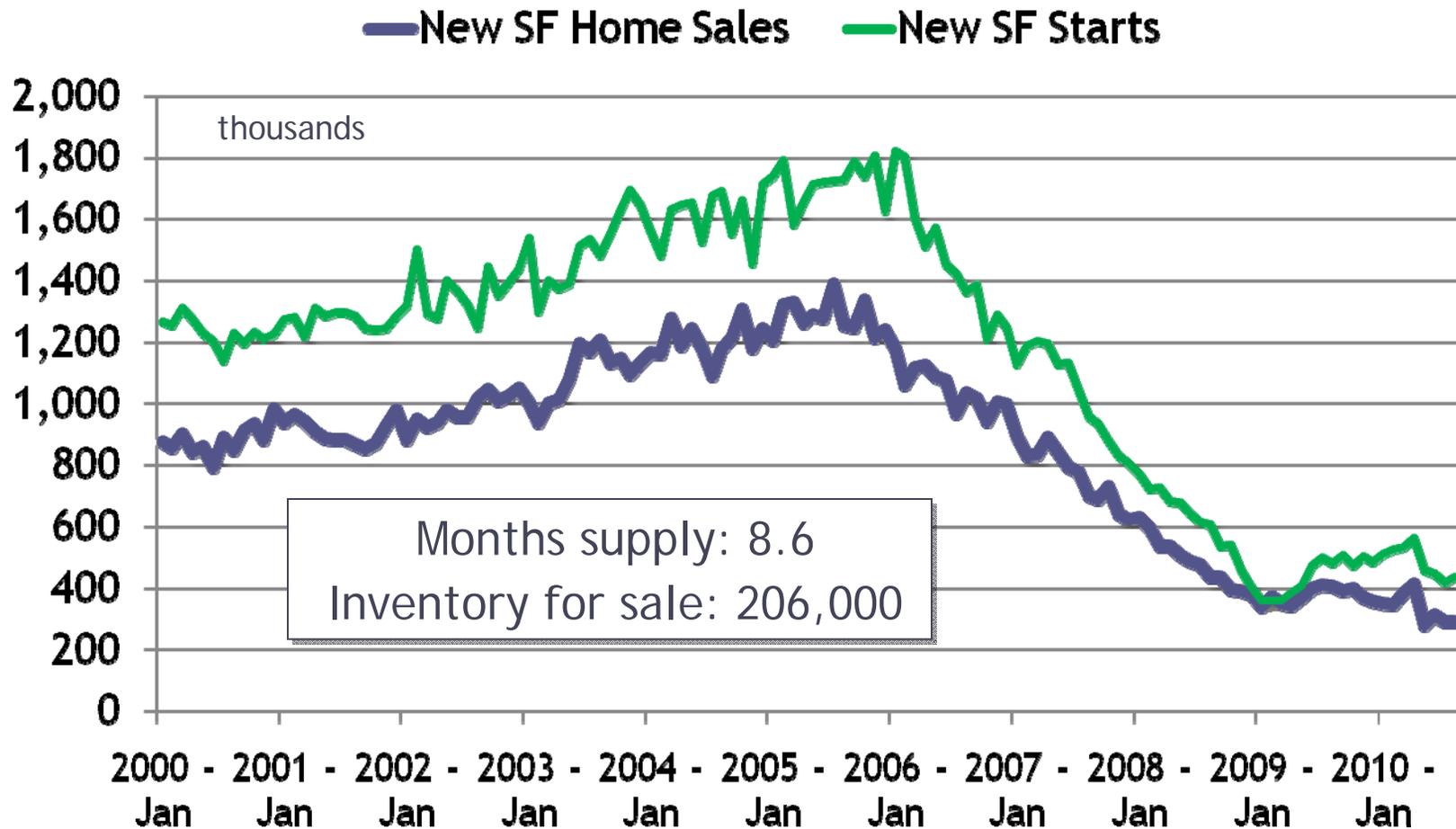


Mortgage Rates Well Under 5%



Source: Federal Reserve, Wall Street Journal

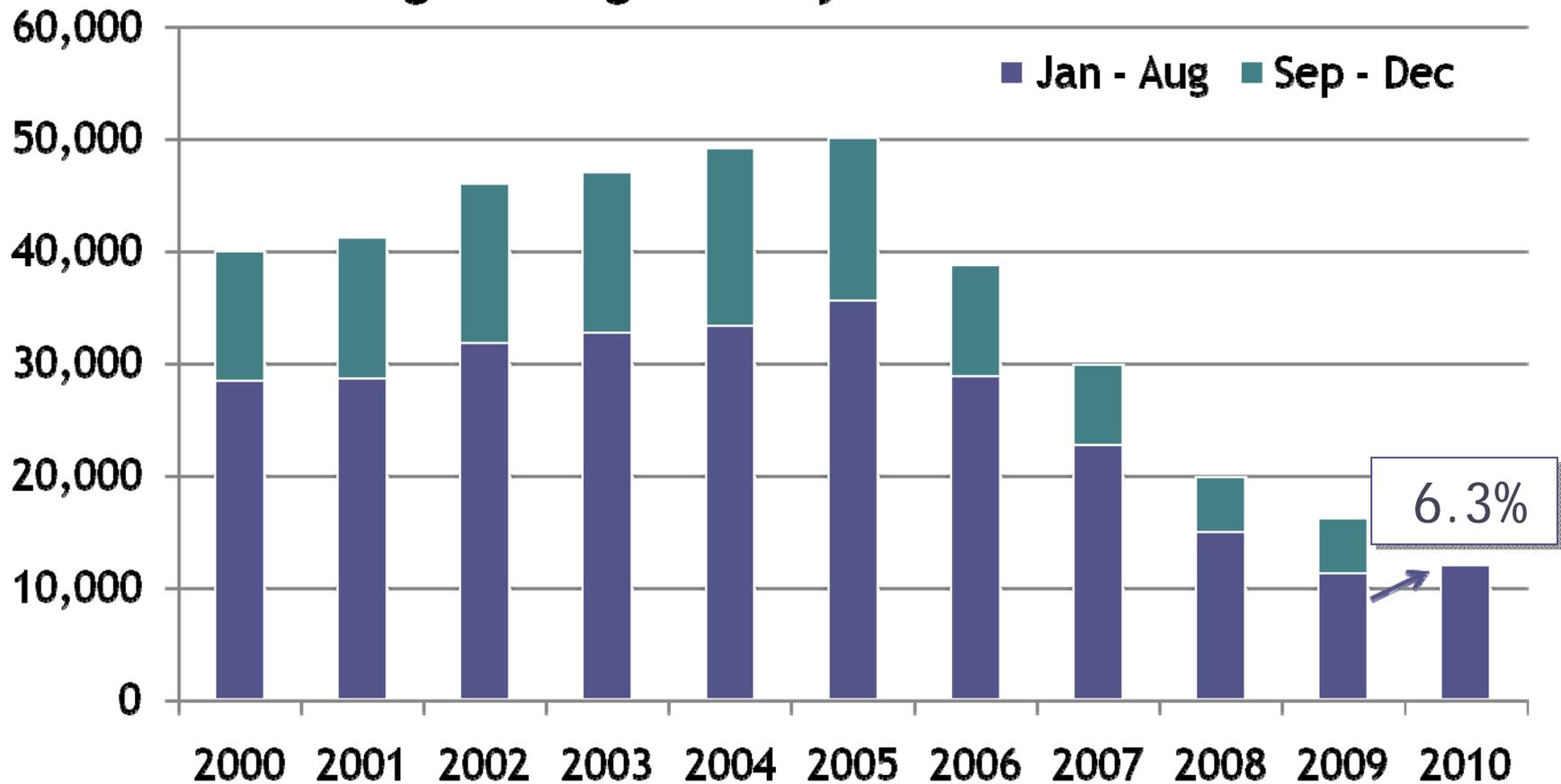
New Home Sales At All-time Lows



Source: Census

Single-family Building Permits Up Modestly thru August

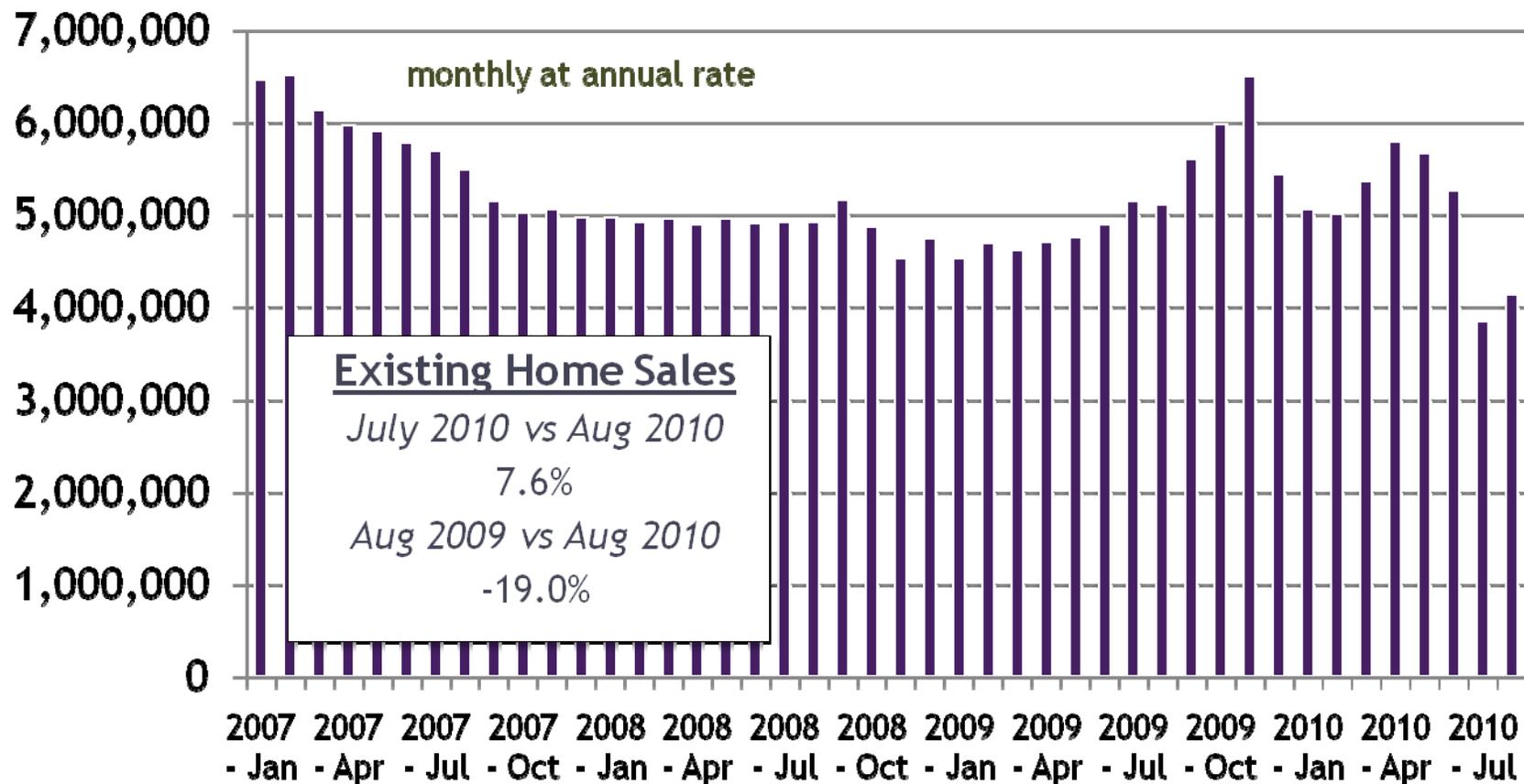
Virginia Single-family Permits Issued



Source: Census

Existing Home Sales Down Following Tax Credit

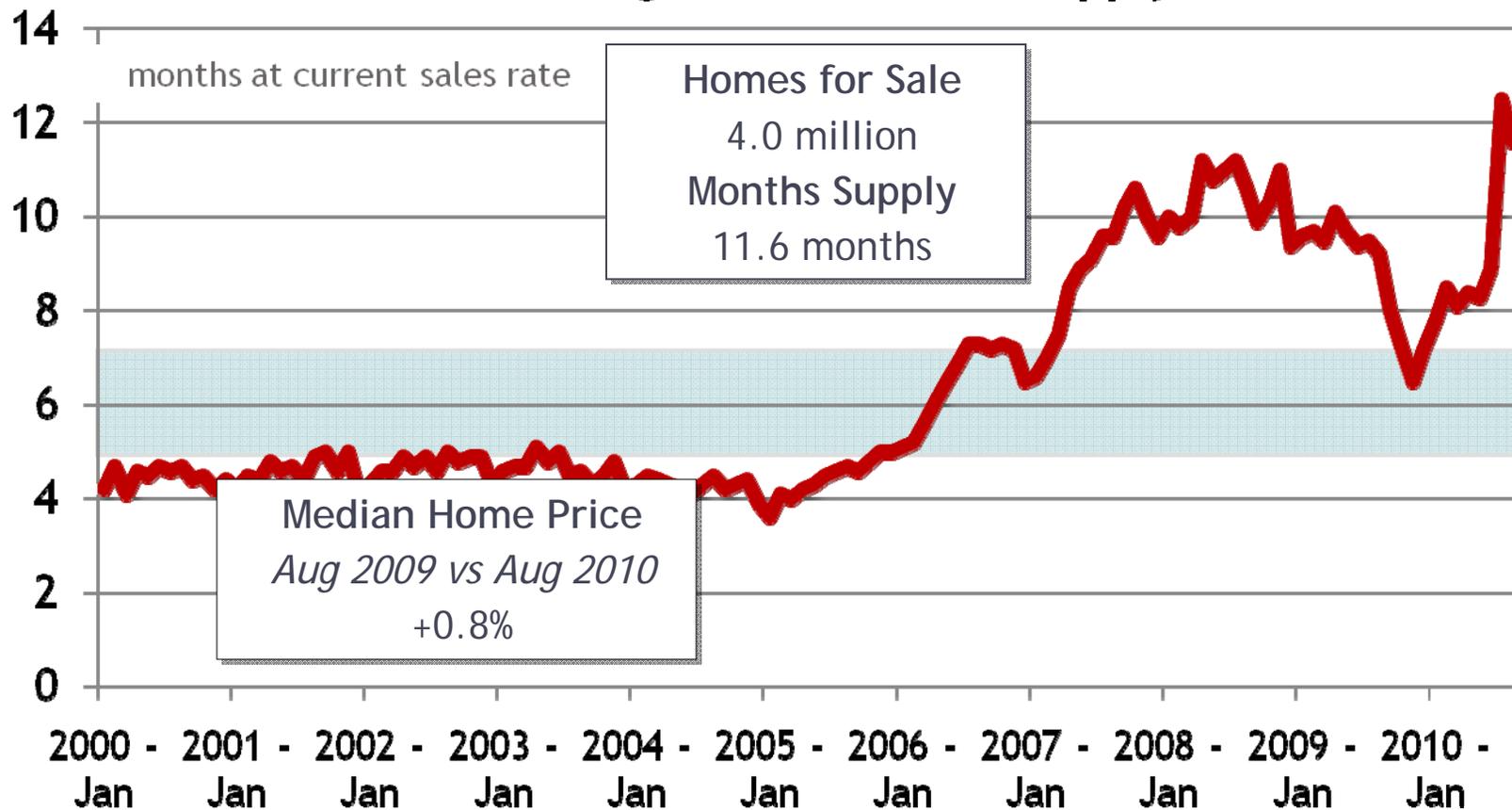
U.S. Existing Home Sales



Source: NAR

Months Supply of Homes on the Market Has Risen Sharply

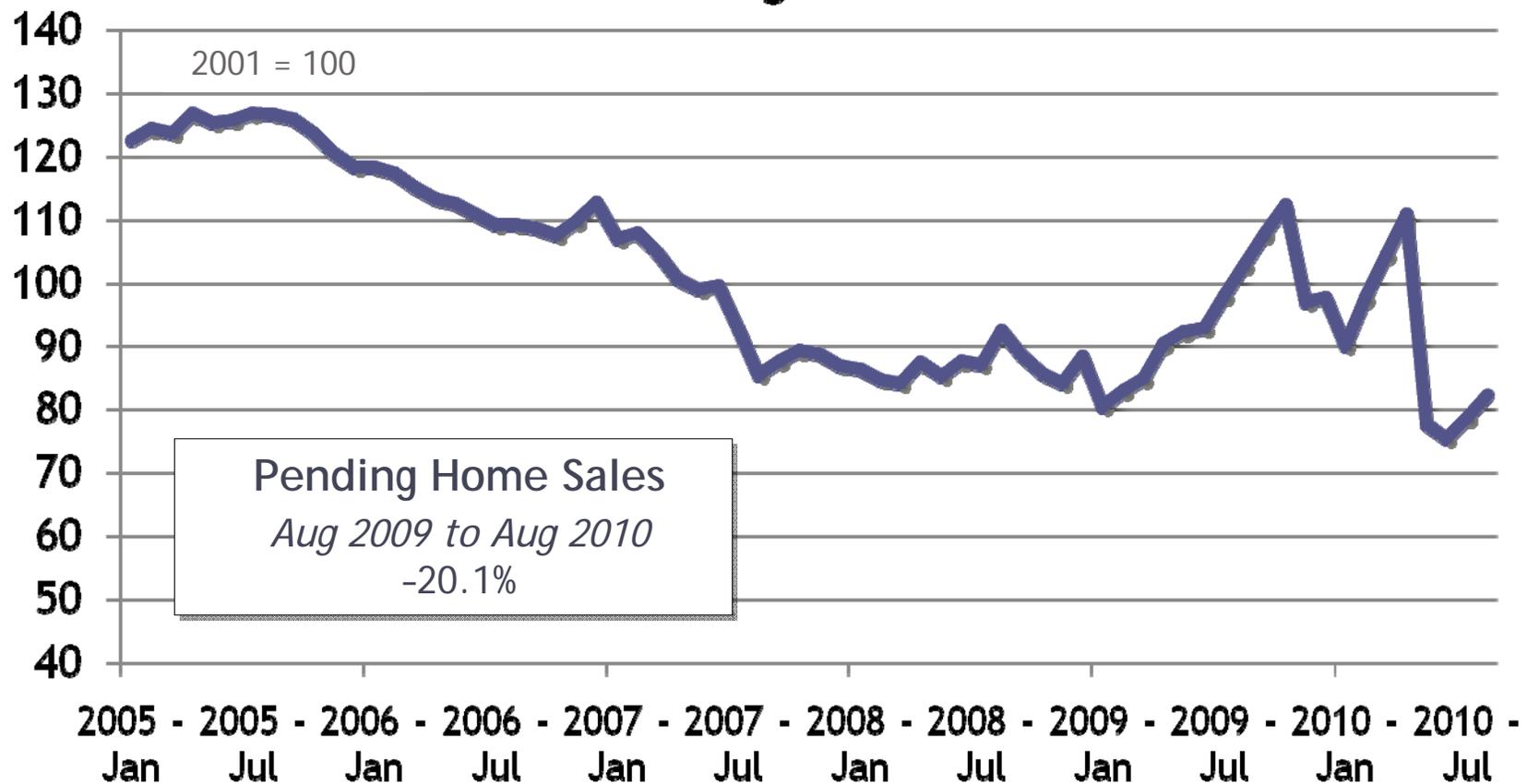
U.S. Existing Homes Months Supply



Source: NAR

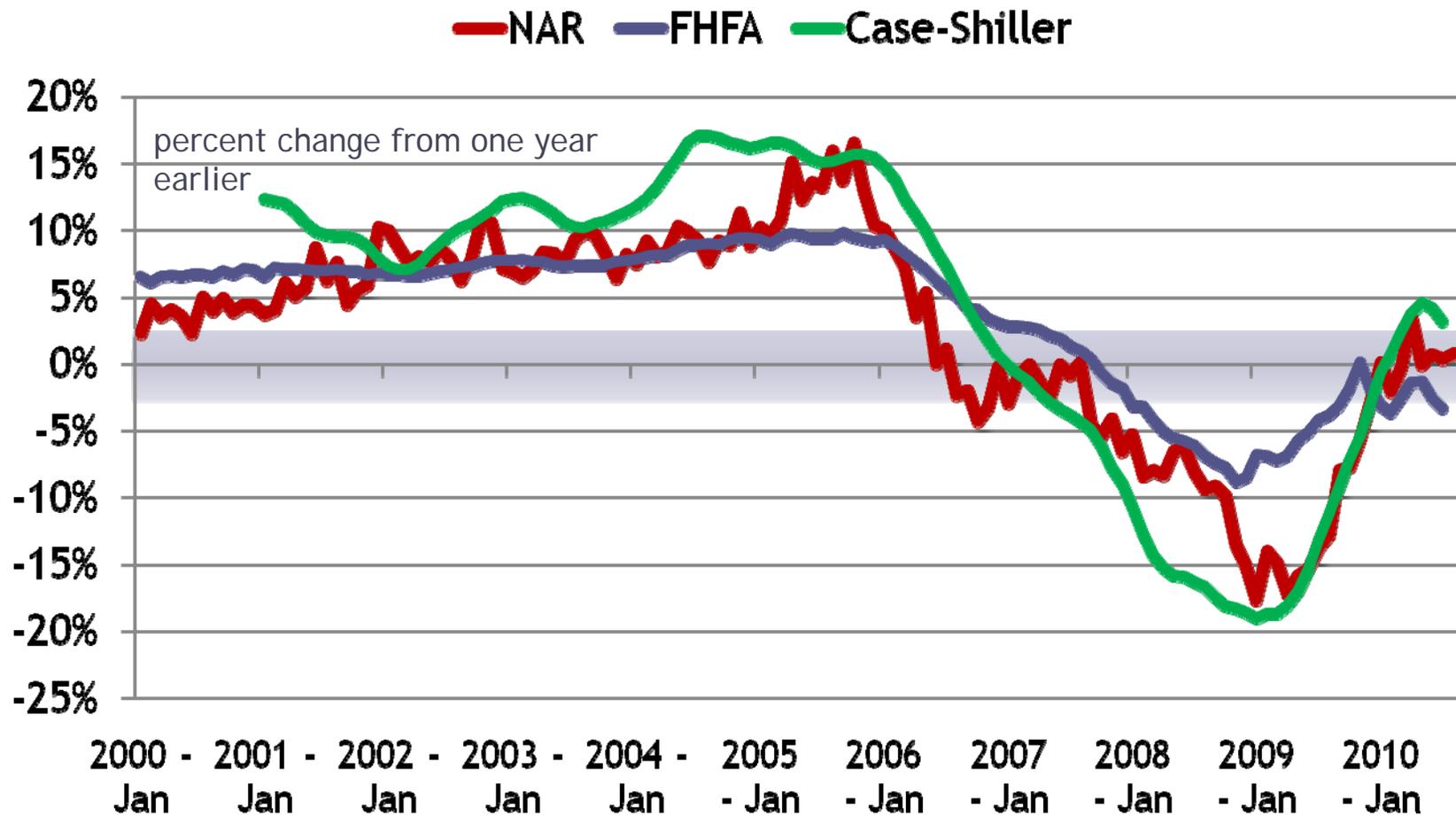
Pending Home Sales Show Impact of Tax Credit

U.S. Pending Home Sales



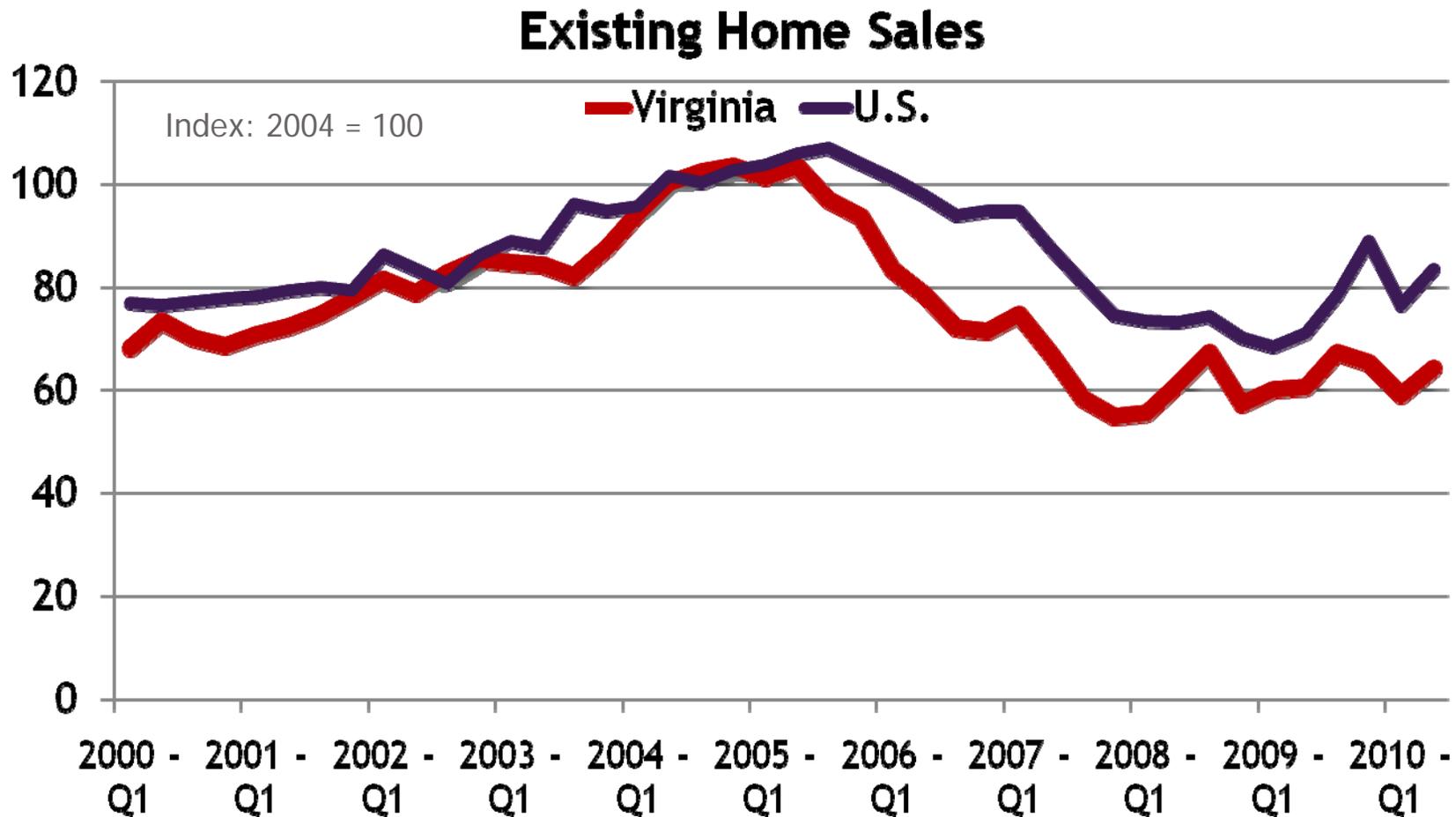
Source: NAR

Home Prices Moving Toward Stability



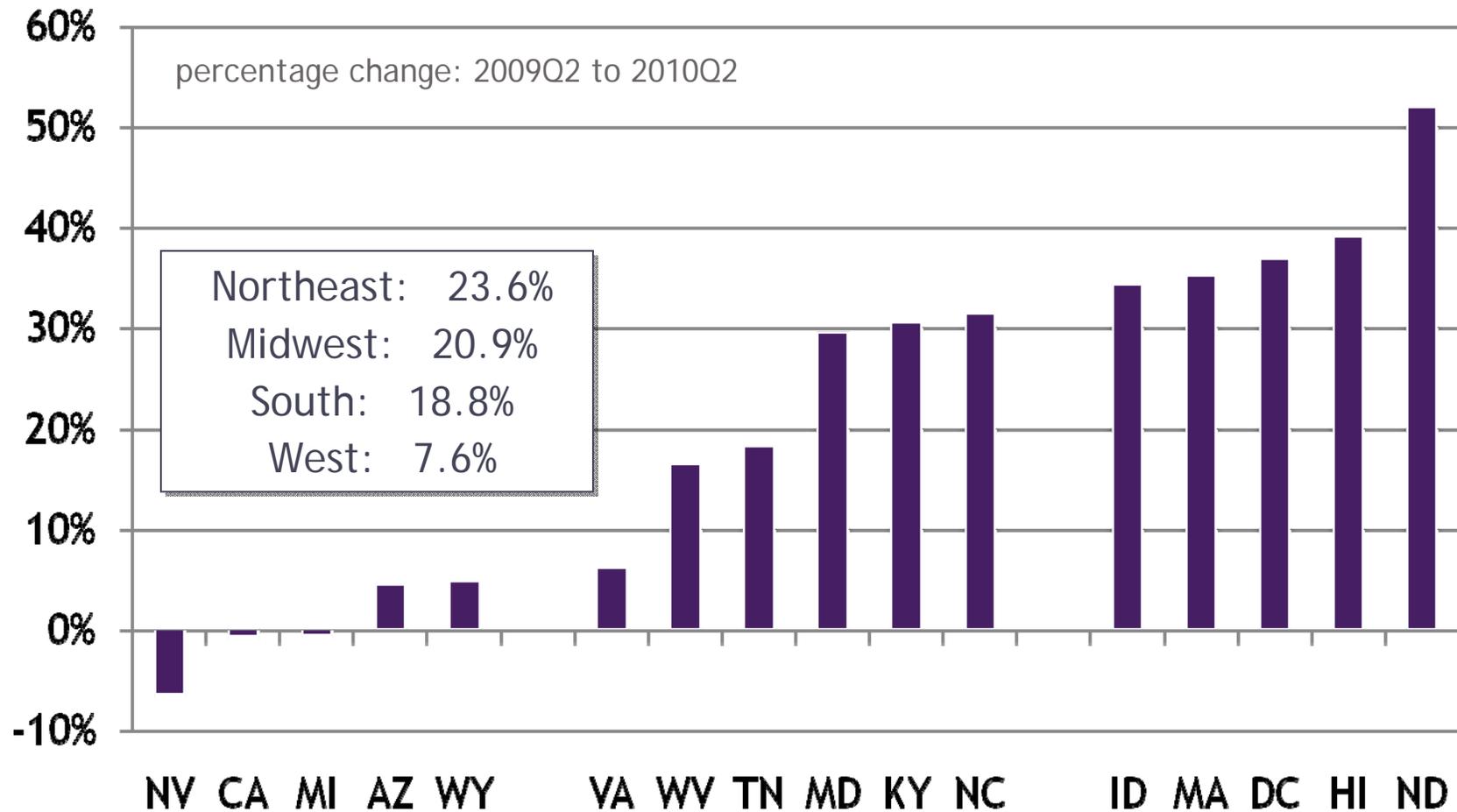
Source: NAR

Virginia Entered the Housing Recession Earlier than U.S.



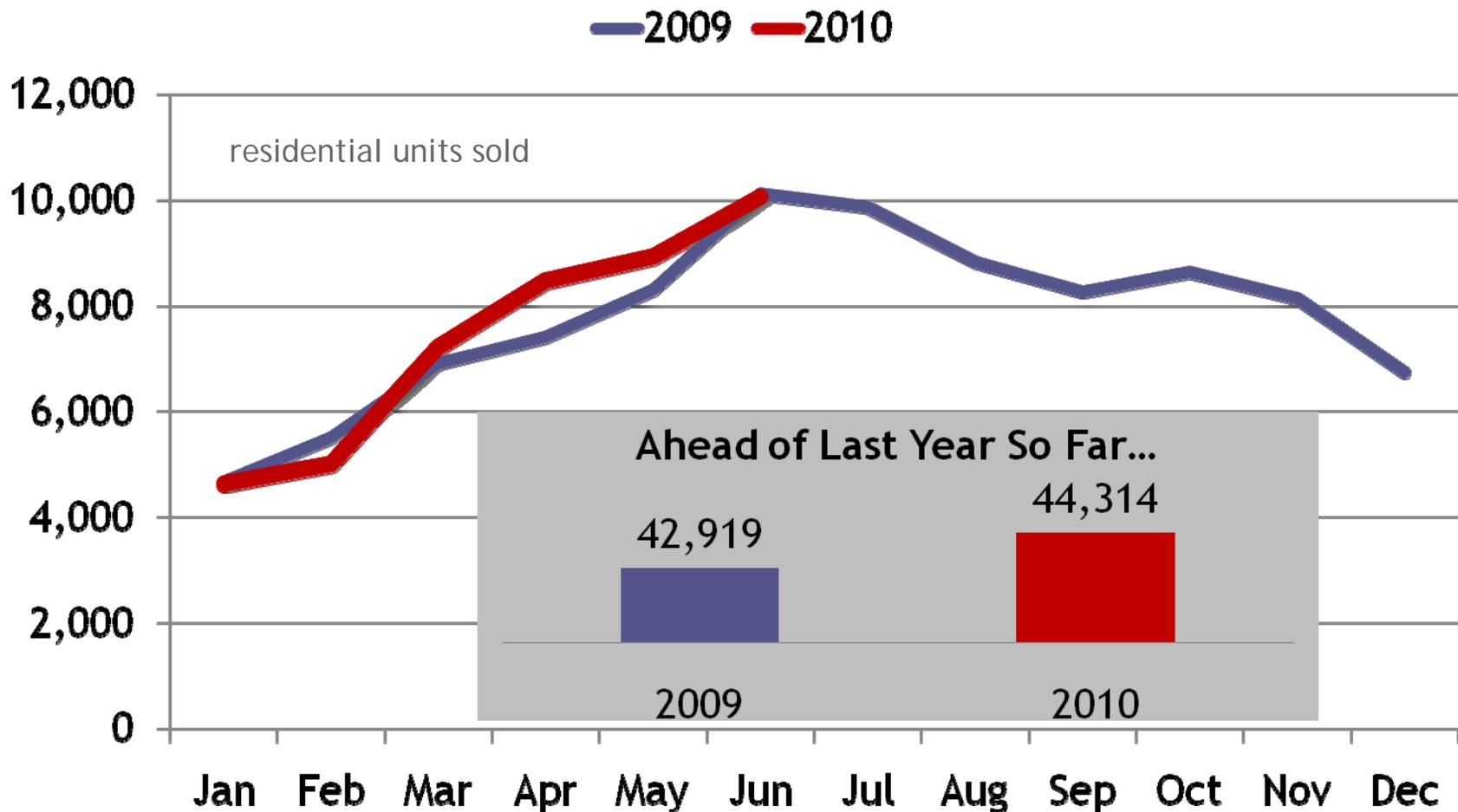
Source: NAR

Home Sales Strong in Many States



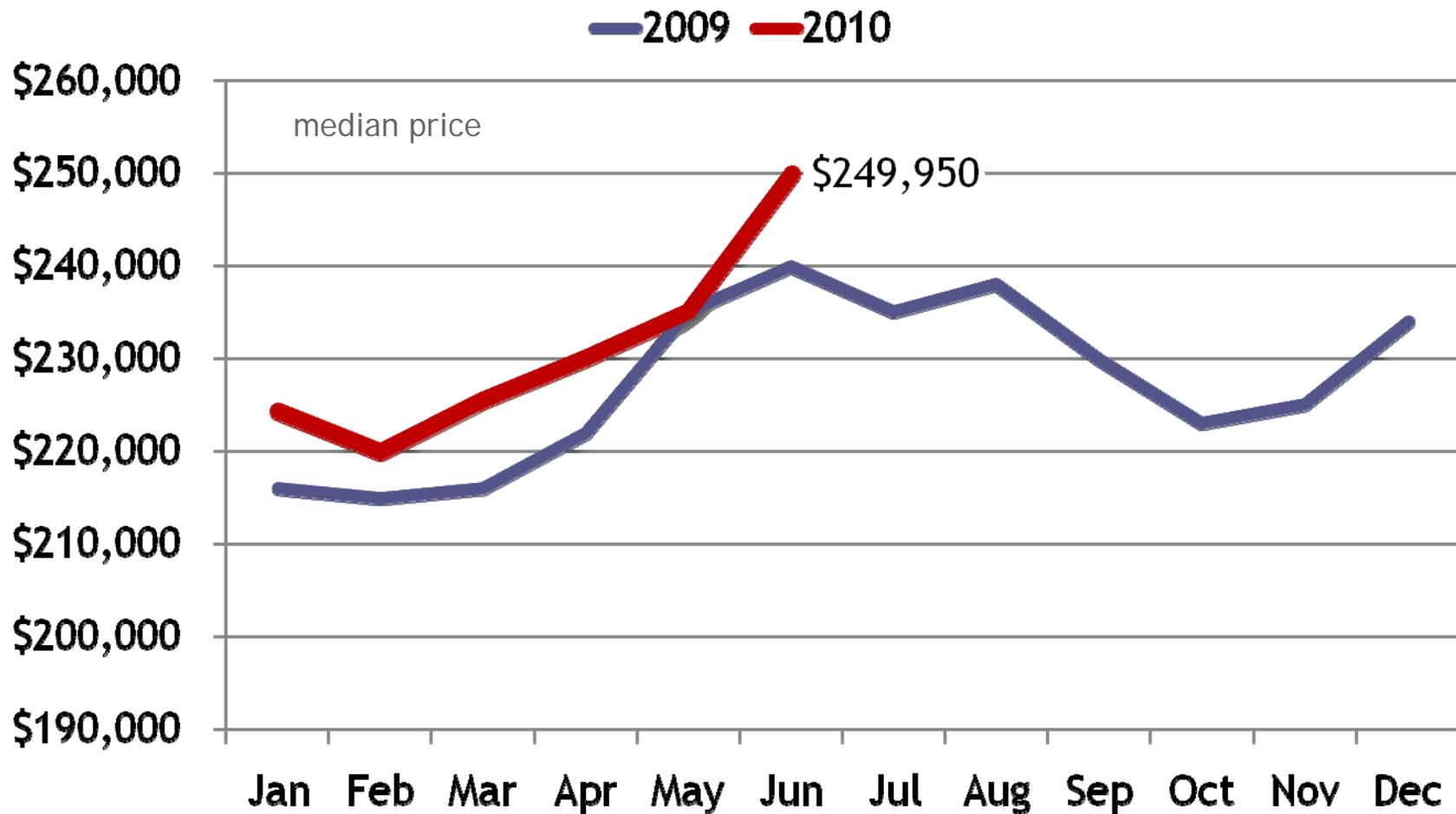
Source: NAR

Home Sales In Virginia Running Ahead of Last Year So Far



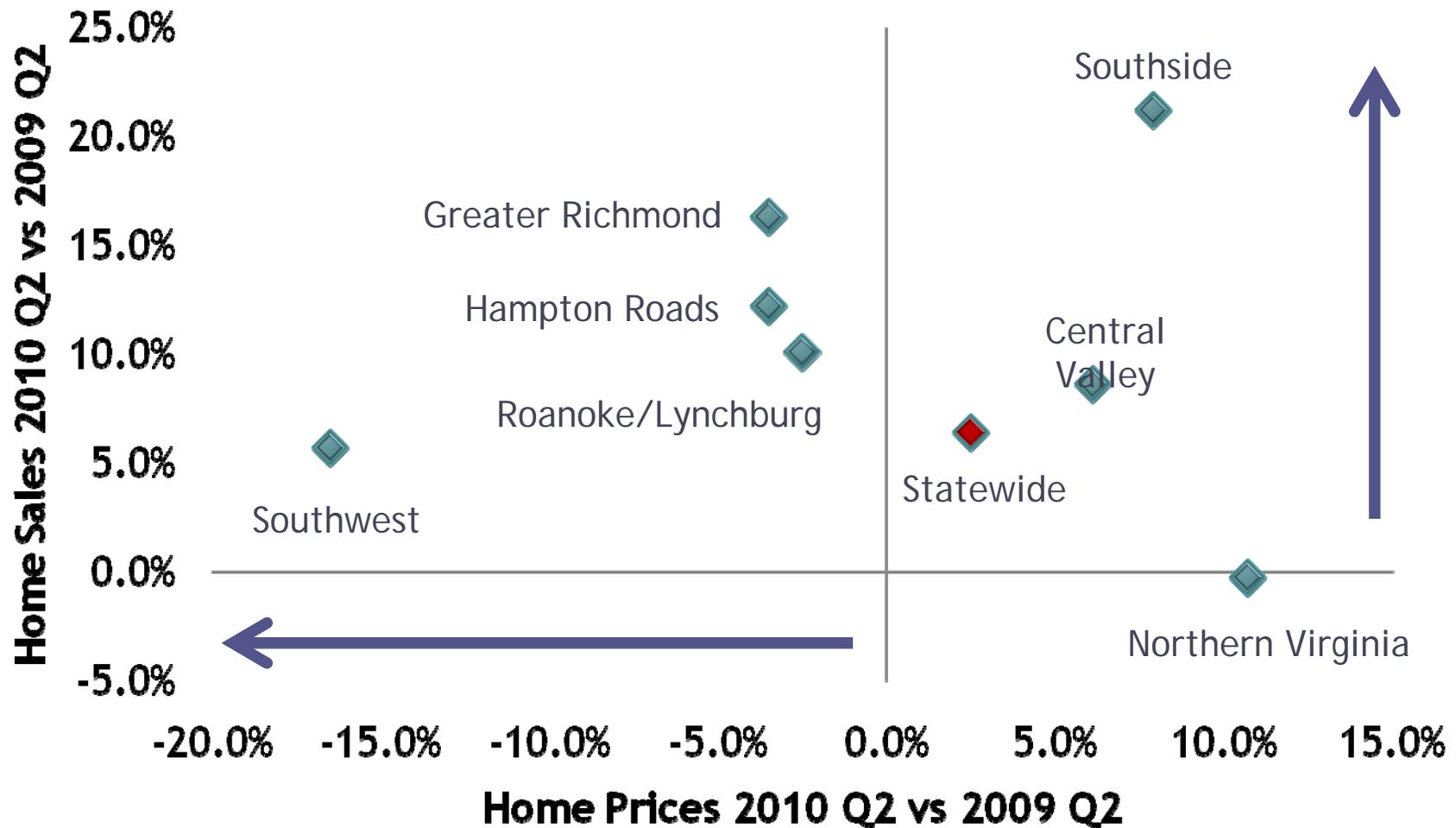
Source: Virginia Association of REALTORS®

Home Prices Higher in 2010



Source: Virginia Association of REALTORS®

Solid Sales Gains but Some Price Weakness Across State



Source: Virginia Association of REALTORS®

Key Factors Looking Ahead

- Economy
 - Jobs
 - Consumer confidence
 - The Fed
- Real Estate Market
 - Financing
 - Foreclosure mess
 - Shadow inventory
 - Home prices
- Unknowns



Jobs: The Biggest Hurdle

	2010	2011	2012
Macroeconomy			
Real GDP Change (%)	2.7	2.4	2.8
Payroll Employment Change (%)	-0.3	1.3	1.4
Unemployment Rate (%)	9.7	9.5	9.0
Consumer Prices (%)	1.6	1.8	2.4
Real Estate Sector			
30-year FRM (%)	4.7	5.0	5.9
Existing Home Sales (000)	4,824	5,166	5,388
New Home Sales (000)	325	420	537
Existing Home Price Change (%)	0.2	0.5	2.3
New SF Home Price Change (%)	-0.4	2.4	4.9

Source: NAR (October 2010)

Questions

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