



City of Richmond
Department of Economic & Community Development

Richmond Residential Real Estate
Market Analysis

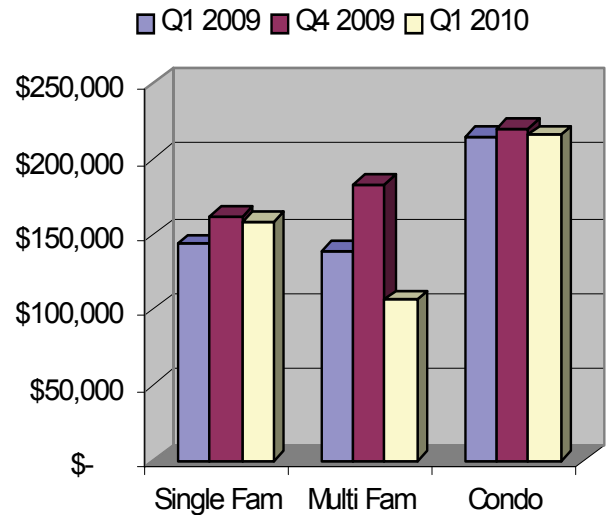
1st Quarter, 2010

Richmond Residential Real Estate Market Analysis

First Quarter, 2010

Housing Market Overview

Overall average housing prices fell slightly in the first quarter (Q1) of 2010 as compared to the fourth quarter (Q4) 2009 (\$175,393 to \$167,147 respectively) in all sectors, but remained well above the mean for the 1Q 2009 (\$141,613). Graph 1 shows that the average price of single family homes rose dramatically from this point last year (11%) while multi family properties dropped significantly (\$183,292 to \$106,867) and the condo market remained relatively unchanged (down \$4,000). Much like average price, volume is down from Q4 2009, but above the Q1 2009 point. Foreclosures rose from 178 in the Q4 2009 to 198 in Q1 2010. Despite higher activity in foreclosures, most signs point to a recovery in the housing market underway because price has stabilized and likely will remain stable until demand becomes balanced.

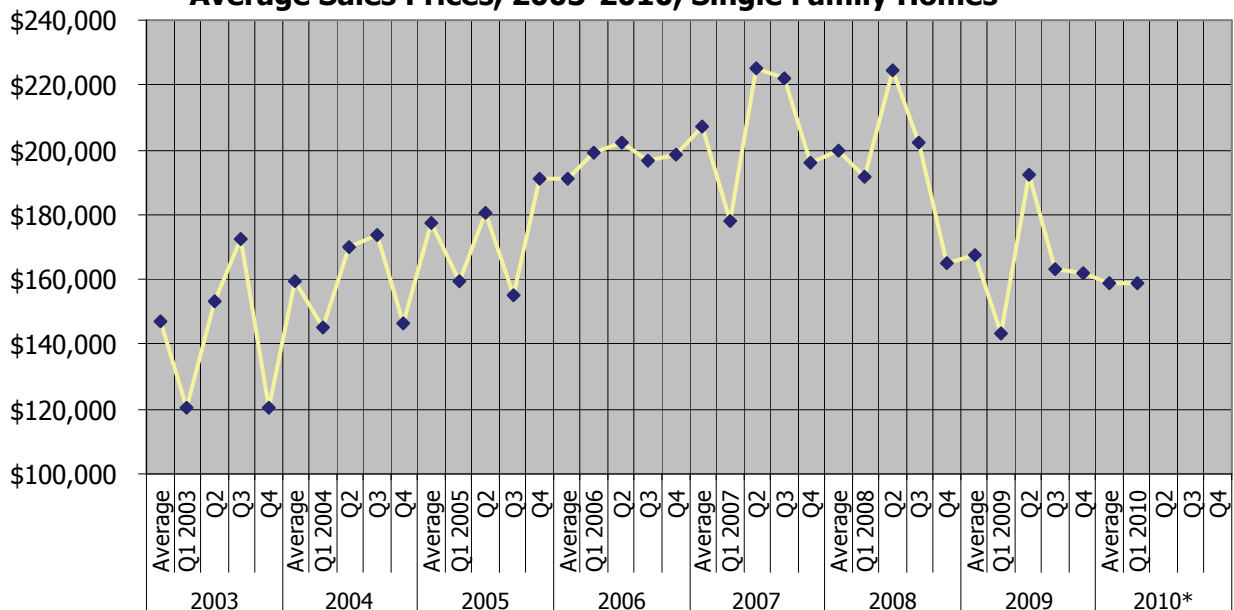


Single Family Market

The single family housing market in Richmond showed surprising growth in the first quarter of 2010 in both sales price and units sold, which are promising signs of a recovery. As shown in Graph 2 below, the single family price point becomes somewhat stagnant and may remain that way until demand stabilizes, indicating that the price floor for the market has been reached.

Less encouraging news is that foreclosures increased by 20% over this timeframe last year, building permit issuance increased by only 2 permits issued (523 to 525) and that total is down from 644 permits issued in the first quarter of 2009, a drop of 18%. The news on the single family front is mixed, but optimistic.

Graph 2 Average Sales Prices, 2003-2010, Single Family Homes



Market Sector Dynamics

The graph below (Graph 2) shows that average sales prices in Richmond are still below the average price in 2009 in all sectors (single family, multi-family and condo), but the drop is not as significant as years prior to 2009. There is reason to believe that the market will surpass 2009's high point next quarter. The graph below shows overall residential quarter-by-quarter sales trends point to a recovery underway and steady, and at worst stagnating. Although average price is down, it is typical for prices to be down this time of year, and the lower sales prices are down less than typical and certainly down the least since 2006 at the

height of the price bubble. The condo and single family markets both remained stable while the multi-family average sales price dropped an alarming 41% from last quarter, while volume was down 62%. Volume of units in both the condo and multi family markets were down significantly while the single family pace increased by 5% over the fourth quarter 2009. The increase in single family total unit volume and price is uncharacteristic of typical market trends as shown in Chart 2.

74% of all sales in 2009 were below 80% area median income (AMI) for a family of four.

Graph 3

Average Sales Price By Quarter 2000-2009, All Residential Sales

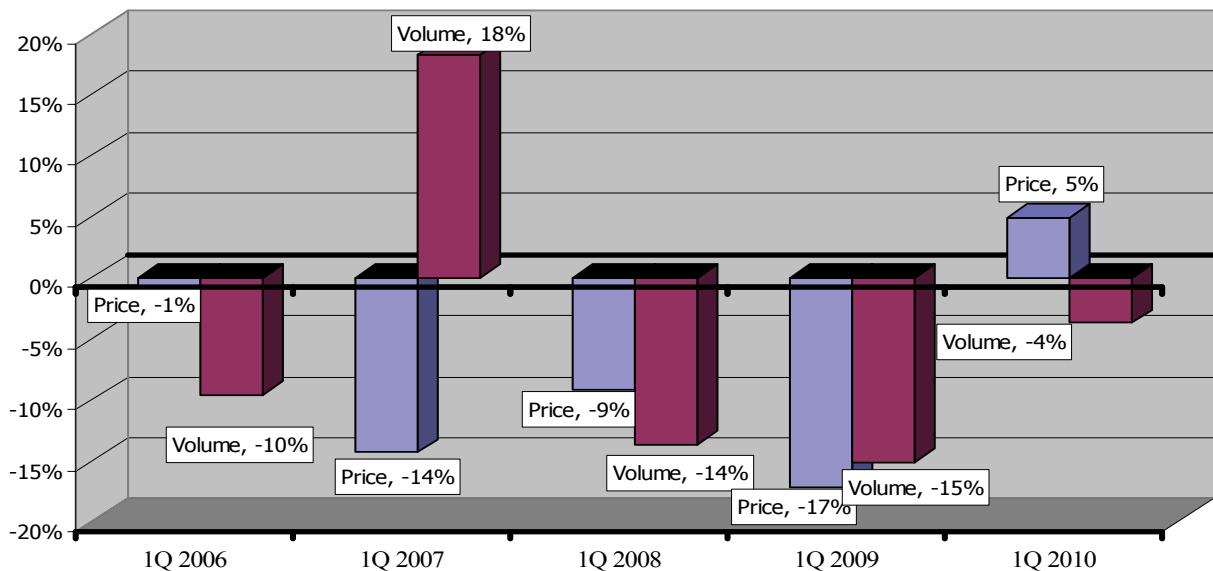


Graph 4 below indicates that historically, the Richmond market last decade that experienced an increase in sales price from has dropped an average of 9.4% from the 4th quarter to the 1st quarter's price points, so the increase observed this quarter is significant. In fact, 2005 was the only year in the

last decade that experienced an increase in sales price from the fourth to the first quarters, which was the beginning of the bubble, and that point was matched by 2010's 5% increase.

Graph 4

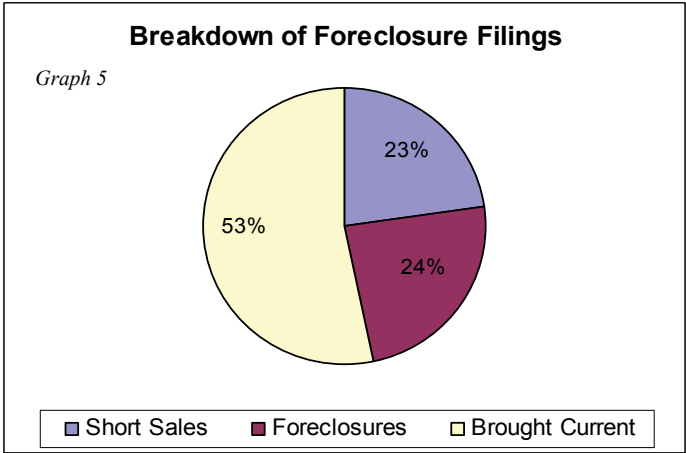
Typical Market Variance from 4th Quarter to 1st Quarter



Source, City of Richmond, Assessor's Data

Foreclosures (Foreclosure filing= notice of default, Foreclosure=actual property transfer)

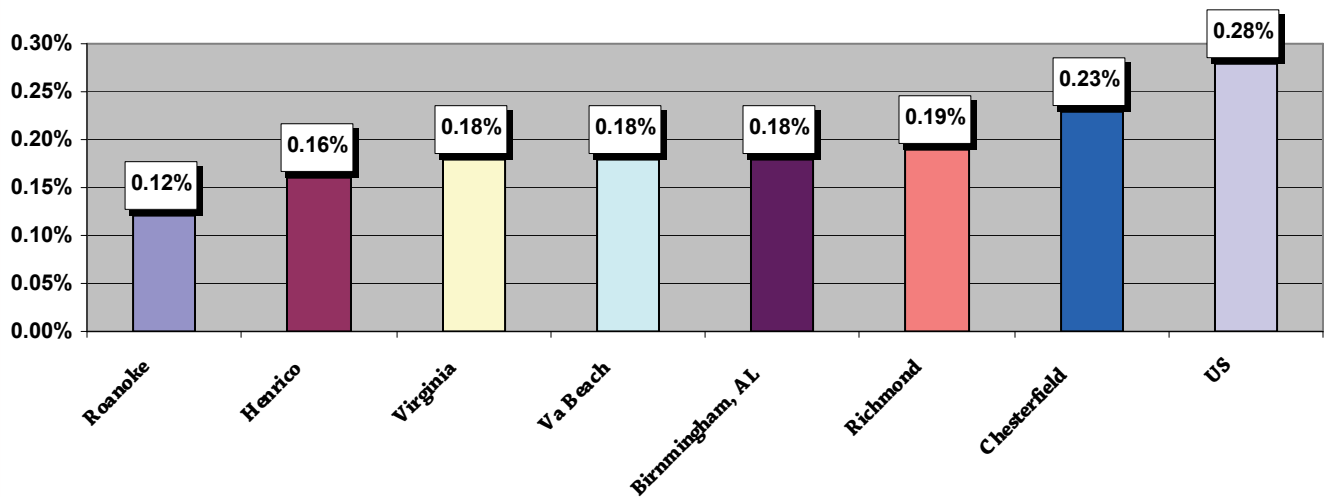
In the first quarter of 2010, foreclosures escalated, rising from 178 to 198, an increase of 11%. In the first quarter, overall foreclosure filings totaled 631. Graph 5 to the right highlights that of those foreclosure filings in the 4th quarter, 188 (23%) were short sales or pre-foreclosure auctions, 198 (24%) were foreclosed upon, and 443 (53%) were brought current. There is a current estimated inventory of 245 bank owned (REO) properties in the city. In 1Q, 103 former REOs have sold.



As shown on Graph 6 below, Richmond experienced fewer foreclosure filings than Chesterfield and is in line with the statewide average, which is far below the national percentage. Markets that boomed the highest tended to bust the greatest and also had the greatest foreclosure percentages; conversely, more stable markets in the appreciation cycle saw the least foreclosure activity and the less depreciation.

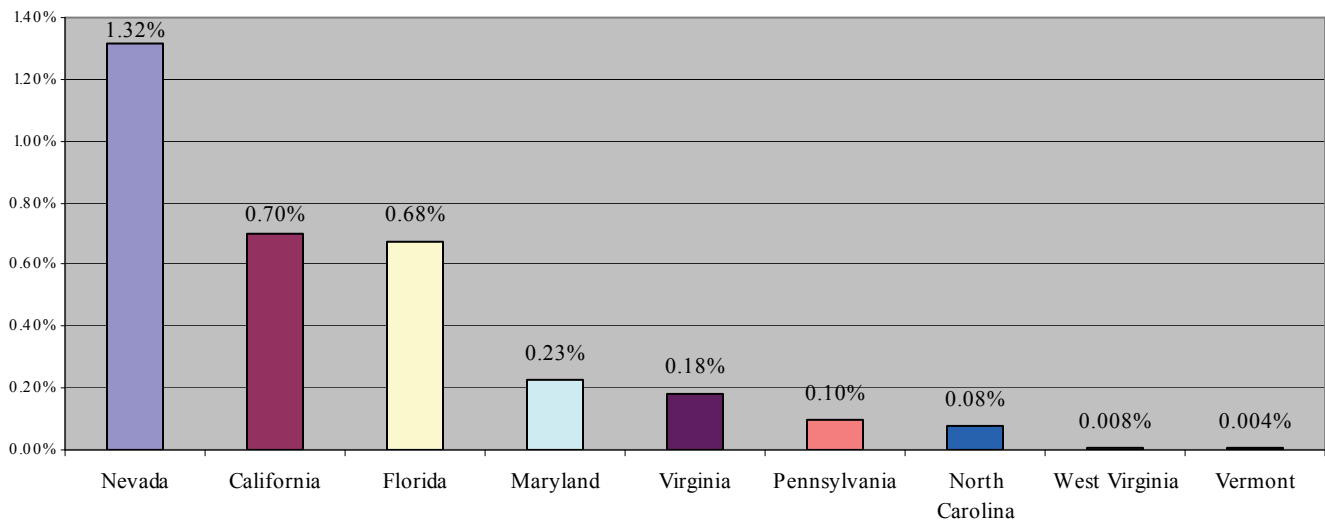
Graph 6

Foreclosure Filings as Percentage of All Residential Units



Graph 7

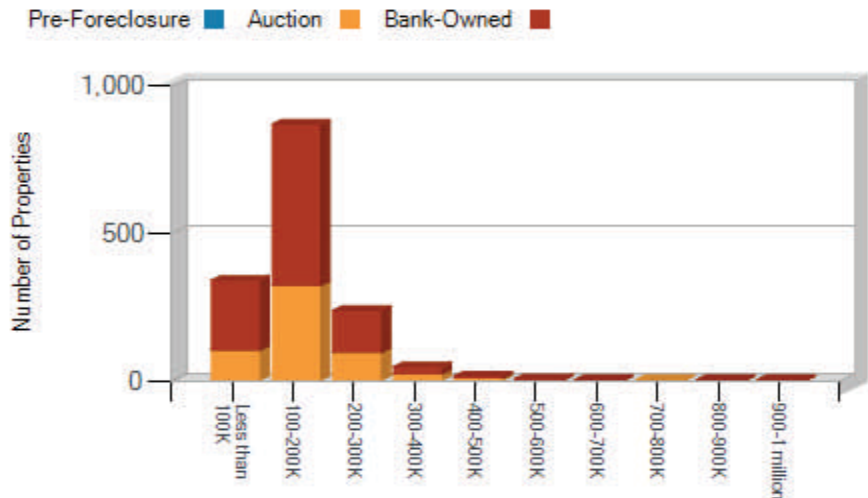
State Foreclosure Filing Extremes



Foreclosures by Price Point, 2009

According to the chart to the right, foreclosures are concentrated in the 70-100% AMI range.

Foreclosures are typically reselling at a 50% discount from the overall sales price for a similar house in the market.



Neighborhood Micro-Markets

Most neighborhoods in Richmond saw stable price points (no more than 25% appreciation or drop) from the fourth quarter 2009 to the first quarter of 2010. Twelve (12) neighborhoods saw significant appreciation (greater than 25%), and 26 neighborhoods saw significant decline in average sales prices. The neighborhood with the greatest percentage of appreciation was Oakwood, which saw a 61% increase in price. The neighborhood with the greatest decline was Providence Park, which declined in price by 53%*.

Neighborhoods with Appreciation over 25%

Name	Amount	%
Church Hill North	\$ 51,721	55%
Cofer	\$ 20,016	58%
Edgewood	\$ 56,975	55%
Ginter Park	\$ 54,478	25%
Malvern Gardens	\$ 105,679	33%
McGuire Manor	\$ 34,891	44%
Oakwood	\$ 37,926	61%
Reedy Creek	\$ 31,898	31%
Southern Barton Heights	\$ 25,998	31%
Westhampton	\$ 82,288	30%
Westover Hills West	\$ 56,458	34%
Windsor Farms	\$ 378,567	27%

Neighborhoods with Depreciation over 25%

Name	Amount	%
Bellemeade	\$ (23,779)	-47.3%
Blackwell	\$ (34,411)	-28.8%
British Camp Farms	\$ (44,809)	-48.4%
Brookland Park	\$ (88,263)	-48.5%
Carver	\$ (40,855)	-32.3%
Carytown	\$ (134,750)	-58.2%
Chimborazo	\$ (36,660)	-27.6%
Davee Gardens	\$ (25,849)	-44.9%
Fairmount	\$ (49,135)	-40.8%
Forest Hill Terrace	\$ (132,317)	-51.0%
Green Park	\$ (121,668)	-76.8%
Highland Park S Tip	\$ (29,178)	-34.9%
Jackson Ward	\$ (61,011)	-33.4%
McGuire	\$ (63,750)	-62.0%
Oxford	\$ (91,172)	-34.9%
Peter Paul	\$ (33,957)	-51.8%
Providence Park	\$ (36,138)	-53.1%
Swansboro	\$ (26,858)	-36.6%
Swansboro West	\$ (39,489)	-56.9%
Three Chopt	\$ (84,977)	-28.4%
Union Hill	\$ (62,249)	-41.8%
Walmsley	\$ (58,840)	-48.1%
Whitcomb	\$ (256,250)	-71.0%
Willow Oaks	\$ (125,313)	-36.4%
Willow Lawn	\$ (103,892)	-40.9%

Permits

The Fan District saw the largest portion of building activity in the 1st quarter with 42 building permits issued, (1.53% of properties), by the ratio of permits to properties. Blackwell saw the greatest share of building activity with 2.33% of properties applying for building permits.**

*-results sorted by neighborhoods that saw more than 4 sales in each quarter to attain reliable sample

**- only building permits valued over \$25,000, filtered out mechanical and sign permits

Foreclosures and Total Sales By Neighborhood

As discussed, 1Q 2010 saw an increase in foreclosure activity. Below are the top 20 neighborhoods in both foreclosure totals and foreclosure percentage.

	Neighborhood	Foreclosure %
1	Swansboro	5.50%
2	North Highland Park*	4.96%
3	Bellemeade*	4.77%
4	Brookland Park*	4.53%
5	Union Hill	4.50%
6	Highland Park Southern Tip	4.43%
7	Woodville	4.02%
8	Providence Park	3.90%
9	Fawnbrook	3.86%
10	Fairmount	3.81%
11	Oak Grove	3.75%
12	Northern Barton Heights	3.69%
13	Chimborazo	3.66%
14	Swansboro West	3.44%
15	Jeff Davis	3.41%
16	Whitcomb	3.29%
17	Church Hill North	2.92%
18	Brauers	2.90%
19	Ginter Park Terrace	2.78%
20	Eastview	2.60%

	Neighborhood	Foreclosures
1	North Highland Park*	56
2	Bellemeade*	45
3	Northern Barton Heights*	37
4	Brookland Park*	34
5	Highland Park Southern Tip	27
6	Swansboro	32
7	Oak Grove	28
8	Highland Park Southern Tip	27
9	Swansboro	32
10	Swansboro West	23
11	Oakwood	22
12	Providence Park	22
13	Fulton	21
14	Chimborazo	20
15	Union Hill	18
16	Fairmount	16
17	Piney Knolls	14
18	Church Hill	13
19	Southern Barton Heights	13
20	Westover	13

Neighborhoods with low percentages of foreclosure included Bellevue (0.17%), Carver (0.2%), and Oxford (0.18%). Primarily residential neighborhoods that had no foreclosures in the first quarter of 2010 included Westover Hills, Wilton, Oregon Hill, and Newtown West.

North Highland Park, Bellemeade, and Brookland Park were in the Top 5 in both Foreclosure categories, indicating a serious situation in those neighborhoods. Both Brookland Park and Bellemeade saw a significant drop in sales price as well (49% and 47% respectively), and both saw a below average building permit rate (0.8%). North Highland Park saw a modest 3% decline in price, but remains one of the busiest neighborhoods in the city in terms of total sales, selling one unit less than The Fan in 4Q 2009 (NHP-37, The Fan- 38) and fourth in 1Q 2010 (14). Bellemeade remains active as well, coming in second in total sales (18) behind The Fan (30) and second in sales percentage (2%) to Southern Barton Heights, where 2.91% of homes in the past quarter sold.

Vacancies

Listed to the right in Tables 5 and 6, are the neighborhoods that exhibit the highest number and percentage of residential vacancies (includes both lots and homes).

	Most Total Vacancy	total
1	Church Hill North	148
2	North Highland Park	138
3	Swansboro	72
4	Fairmount	68
5	Fairmount	68
6	Oakwood	58
7	Bellemeade	54
8	Fulton	52
9	Jackson Ward	42
10	Carver	47
11	Church Hill	45
12	Jackson Ward	42
13	Blackwell	40
14	Chimborazo	38
15	Manchester	29
16	Jeff Davis	26
17	Swansboro West	26
18	City Center	25
19	Woodville	21
20	Highland Terrace	19

	Highest Vacancy Percent	%
1	Church Hill North	12%
2	Union Hill	11%
3	Woodville	9%
4	Fairmount	8%
5	Blackwell	8%
6	Manchester	8%
7	Carver	7%
8	North Highland Park	6%
9	Oak Grove	5%
10	Jackson Ward	5%
11	Swansboro	5%
12	Brauers	4%
13	Peter Paul	4%
14	Chimborazo	4%
15	Bellemeade	3%
16	Church Hill	3%
17	Whitcomb	3%
18	Jeff Davis	2%
19	Eastview	2%
20	Fulton	2%

Nine neighborhoods experienced worse than average vacancy percentages, foreclosure percentages, and crime percentages (as a ratio to residential units; neighborhoods over 100 units). They are:
 Blackwell, Fairmont, Jackson Ward, Jeff Davis, Oak Grove, Swansboro, Union Hill, Whitcomb, and Woodville.

Thirty-two neighborhoods in the city that are considered "affordable" (sub 80% AMI mean sales price) were better than average in the above categories. They are listed below:

Affordable Neighborhoods with Better than Average Vacancy, Foreclosure, Crime

Belmont Woods	Forest Hill Terrace	McGuire Manor	Reedy Creek	Virginia Union
Byrd Park	Gravel Hill	Oakwood	Rosedale	Warwick
Cedarhurst	Green Park	Oxford	Sherwood Park	Washington Park
Cofer	Hickory Hill	Piney Knolls	South Garden	Westlake Hills
Cottrell Farms	Maymont	Pocoshock	Southampton	Willow lawn
Edgewood	McGuire	Randolph	Stadium	Woodhaven
Woodland Heights	Worthington			

Conclusion

The housing market showed promise in 1Q 2010, and despite less units moving than expected, it appears that the price floor has been achieved where the benefits of purchasing inexpensive assets outweighs the fear of the market's instability. The condominium market in Richmond has remained strong despite other sectors having strong fluctuation which shows a growth in the young professional and/or boomer populations, as these are the typical buyers of condos.

In 2010, the residential housing market can expect to exceed its 2009 high point of \$182,253 as long as favorable interest rates remain in place and lenders continue to relax lending restrictions, but not by an extreme mark. It appears that the availability of funds is the top barrier to market growth at this point coupled with low demand relative to supply. The Richmond market appears to have leveled out in price, and should likely remain that way until demand catches up with the abundant supply through intra-city immigration, removal of inventory or increased birthrate.

However, the hyper inflation seen in the mid 2000s is unlikely to be the norm again. Reports stating markets are dramatically down using the 2006 price point is a misnomer; that point was hyper inflated based upon speculation not concrete valuation, and it is unlikely we will ever return to that extreme demand again.