

Washington, DC Housing Report
March 2010

Market Overview

As D. C. homebuyers thawed out from a snowy February, they returned to a warmer real estate market in March at levels not seen in several years. Combined pending sales of single-family homes, condominiums and cooperatives jumped 80% from February and were 54% and 75% higher than the respective totals in March of 2009 and 2008.

First quarter combined sales (which would primarily be made up of properties under contract in December and January) were up 34% over the first quarter of 2009. Pending sales were also up 38% in the quarter, a remarkable feat considering the inclement weather in late January and February.

The lack of inventory has been a leading factor in the success of the local market through the end of March. The number of available homes and units is down 24% from the same point in 2009, with the inventory on the single-family side remaining surprisingly low since the first of the year --- a fact that is bound to frustrate some buyers looking to find a home before the expiration of the Federal First-Time Home Buyer tax credit at the end of April.

At the end of the first quarter, prices are down by double digits on the single-family side, while condo/co-op prices remain virtually unchanged from 2009 year-end. These numbers are likely to adjust as the year goes on, but it is important to note that in this case falling prices are not a sign of weakness in the single-family market. Quite the opposite is occurring, but it could be another year before we see that reflected in the statistics.

Single Family

New contracts on single-family homes reached the highest monthly level in almost five years (since May of 2005), 50% ahead of March of last year and the fourth best March total in the last 20 years. For the month it was the \$150,000 to \$200,000 range (with a 167% gain) and the \$1,250,000 to \$1,500,000 range (a 129% gain) with the largest increases over March of 2009, but almost all price ranges saw substantial improvement.

Sales of single-family homes in the first quarter rose 39% from the same period last year. This was the best first quarter for pending sales in four years, with a 36% gain over last year. The lower end of the market has benefited greatly from available financing, ample inventory, and various federal and local incentives. Sales of homes under \$300,000 were up 68% in the quarter, a stat that buoyed overall sales totals, but it also had the effect of keeping prices down as well.

The first few months of the year usually brings a seasonal increase in inventory heading into the spring market, but the number of available homes increased by only 2% from the first of the year. As a result, there is now only 2.45 months of single-family inventory. While the lower end still posts the highest sales totals, it is the \$600,000 to \$900,000 that is in most demand with only 1.12 months of inventory.

With the large increase in settlements under \$300,000, the average home price fell 12% in the quarter over 2009 year-end, while the median price fell 18%. In this case, falling prices are certainly more indicative of a successful first quarter in the low end of the market, rather than a decrease in home values, and this trend may continue for a while before the numbers reflect what is actually happening in the market.

Condominiums and Cooperatives

Pending sales of condominiums and cooperatives jumped 50% from February to March and posted the highest sales total since May of 2007 and the best March for condos and co-ops since 2004. Compared to March of last year, contracts were up 59% with the largest gains below \$150,000 (6% of sales, up 200%) and between \$400,000 to \$600,000 range (28% of sales, up 104%). Contracts between \$1 million and \$1.5 million (3% of March sales) were up 140% over last year.

The end of the first quarter found condo/co-ops sales up 28% from last year, with pending sales during the period up 40%. The largest first quarter increases in pending sales came in the lower end, with units priced under \$150,000 up 155%. Units between \$400,000 and \$700,000 showed solid gains of 55% up to 67%.

While single-family inventory remained relatively flat during the first quarter, condo/co-op inventory saw a more typical build-up. The number of available units rose 28% during the first three months of the year, but still was 16% below the end-of-March total last year. After such a robust sales month, there was only 3.22 months of inventory, the lowest number in three years and a substantial drop from the 5.55 months registered during February.

The average condo/co-op price three months into 2010 has fallen less than 1% from 2009, while the median price is down 2%. Prices have remained remarkably stable with only a 1% variation in average price since 2006, and only a 3% variation in median price.

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Data from the Greater Capital Area Association of REALTORS

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