

## CAAR Market Report

### 2009 After 3 Quarters

Published by the Charlottesville Area Association of REALTORS®

#### Where Are We Now?

Home sales, compared to 2008, showed improvement in the 3<sup>rd</sup> Quarter. At mid-year, sales were down 28%, but after the first 9 months of the year, sales are only 19% below the 2008 levels. In the third quarter, sales (845) were only down 6.2% from the same period in 2008 (901). This is the smallest year over year decline we have seen in several quarters in the Charlottesville area. July and August monthly sales were very close to 2008 levels, but September fell back a bit.

As reported in the [CAAR Mid-Year Market Report](#), significantly lower home prices (down 20% or more) are driving the pick-up in sales. In addition, the \$8,000 tax credit for first time buyers has supercharged the sale of starter homes (below \$300,000). 65% of home sales in the third quarter were in this starter home category, which is consistent with the overall trend for the entire year. The surge in first-time buyers is also a national trend.

#### Home Sales for the First Nine Months

There were 2,001 homes sold in the Charlottesville area during the first nine months of 2009, which was down 19.1% (-471 sales) from 2008. All local areas are still down from last year: Albemarle -5.4%, Charlottesville -27.4%, Fluvanna -25.3%, Greene -7.7%, Louisa -28.9%, Nelson -25.8%, and Orange -25.5%. Monthly sales for the region had improved slightly each month since November 2008, but that string was broken in August due to normal seasonal swings.

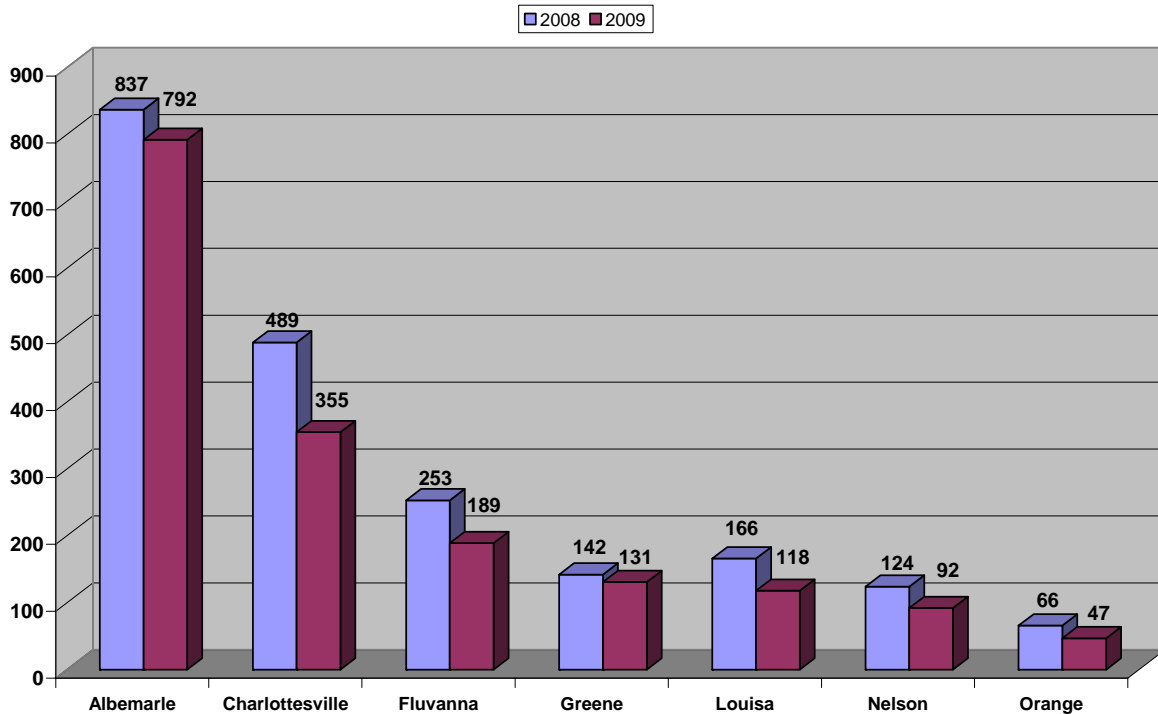
Sales in the Central Valley region were generated from the Greater Augusta MLS, which has more complete data on the Valley market than the CAAR MLS. Sales were down in the Valley by 18.5 % compared to last year.

Year to Date (Thru September)					
County	2005	2006	2007	2008	2009
Albemarle	1585	1365	1192	837	792
Charlottesville	439	667	516	489	355
Fluvanna	505	423	344	253	189
Greene	238	236	161	142	131
Louisa	184	172	155	166	118
Nelson	299	182	143	124	92
Orange	104	91	92	66	47
<b>Area Total*</b>	<b>3670</b>	<b>3540</b>	<b>3045</b>	<b>2472</b>	<b>2001</b>
<b>Central Valley**</b>				811	661

\*includes sales outside the counties listed

\*\*numbers courtesy of the Greater Augusta MLS

## YTD Sales Thru September



### Have Home Prices Dropped?

Based on the data from the CAAR MLS, we believe that the numbers clearly show a significant decrease in home prices. The median prices listed below are the middle of the market of properties that sold. Simply put, this is an indication of what buyers were willing/able to pay and is not a true reflection of individual home prices. It is probably safe to assume that a steady, year-to-year decrease in the median price is a good indication that prices are going down, but it is not an exact measurement.

We believe the numbers displayed below provide compelling evidence that our local real estate market has experienced a noteworthy drop in home prices. The CAAR market reports have been discussing this trend since the Fall of 2007, and this report shows more evidence of the decline. The one caveat that we need to make is that part of this median price decline is a reflection of an increase in home sales in the lower price ranges. Of the 845 homes that sold in the 3<sup>rd</sup> quarter, 545 were sold for \$300,000 or less. This surge in the lower end of the market will naturally pull the median price down.

Overall, the median home price (including attached homes) declined \$17,100 (-6.4%) compared to the first nine months of last year. For the first time, the quarterly report shows that the area median price actually dropped below the 2005 median price. All areas covered in this report showed a decline except for Nelson, which remained flat. Median price changes for each locality were as follows: Albemarle (-9.5%), Charlottesville (-6.8%), Fluvanna (-17.1%), Greene (-4.5%), Louisa (-16.7%), Nelson (0%), Orange (-28.7%) and the Valley (-8.7%).

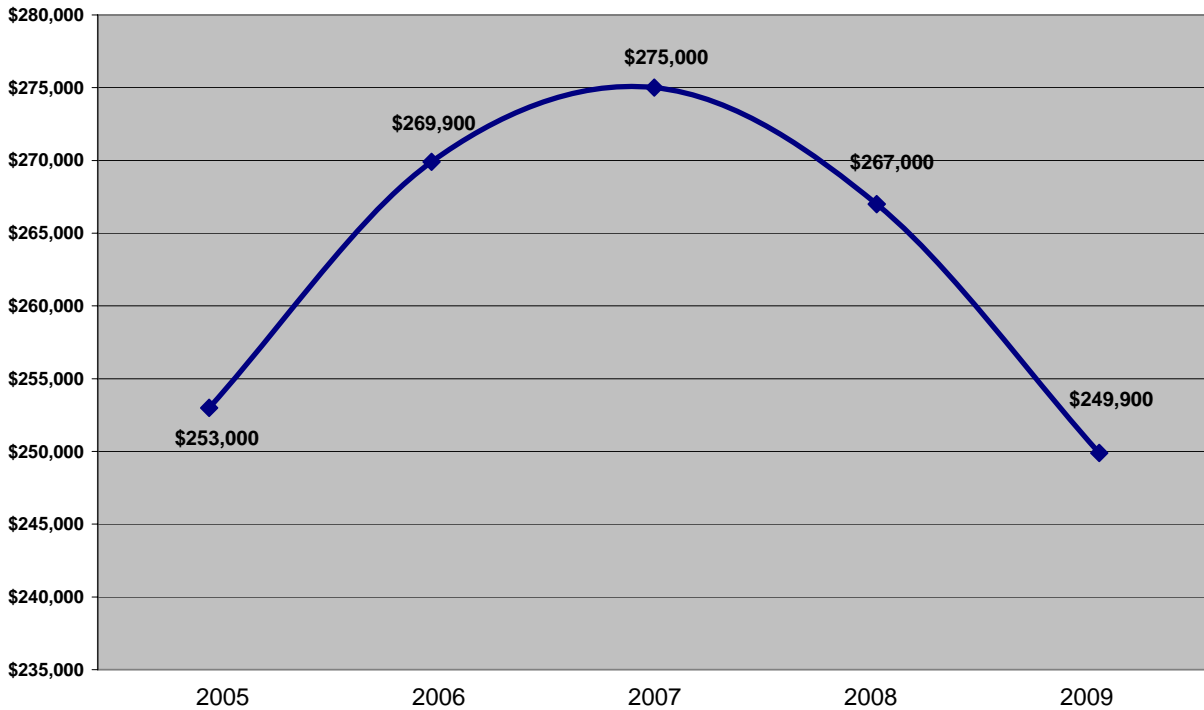
## Median Sales Prices

<b>Year to Date (Thru September)</b>					
<b>County</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Albemarle	\$282,600	\$317,000	\$308,095	\$315,000	\$285,000
Charlottesville	\$247,950	\$239,000	\$278,000	\$265,000	\$247,000
Fluvanna	\$228,300	\$242,900	\$255,000	\$244,900	\$202,900
Greene	\$232,429	\$271,315	\$278,000	\$265,000	\$253,000
Louisa	\$204,153	\$234,481	\$258,900	\$249,450	\$207,750
Nelson	\$297,000	\$293,750	\$305,000	\$300,000	\$300,000
Orange	\$210,000	\$269,000	\$271,500	\$217,500	\$155,000
Area Median*	\$253,000	\$269,900	\$275,000	\$267,000	\$249,900
Central Valley**				\$212,708	\$194,308

*\*includes sales outside the counties listed*

*\*\*numbers courtesy of the Greater Augusta MLS (note: these are average prices, not median)*

## Median Sales Price (Entire Area)



### Price Per Square Foot (Finished)

Another indicator that allows us to see the decline in home prices is a major drop in the price per square foot numbers. The average price per square foot of finished space in homes is not a scientific number, but a downward trend over the years clearly indicates a decrease in prices (and vice versa). According to the chart below, prices peaked in 2006 and have declined for the past three years. There has been a \$32 per square foot drop since the peak in 2006. The current \$145 per square foot is the lowest number since 2004.

### Price Per Finished Square Foot Year to Date (Thru September)

County	2005	2006	2007	2008	2009
Albemarle	164	176	175	169	152
Charlottesville	171	204	195	188	172
Fluvanna	128	142	141	135	121
Greene	138	157	152	145	131
Louisa	129	147	149	135	115
Nelson	201	211	208	192	176
Orange	135	167	170	132	110
<b>Area Average*</b>	<b>157</b>	<b>172</b>	<b>168</b>	<b>160</b>	<b>145</b>
<b>Central Valley**</b>				136	121

*\*includes sales outside the counties listed*

*\*\*based on CAAR MLS data*

### Inventory of Homes for Sale

The inventory of homes for sale in the Charlottesville has continued to decline very slowly. As we have reported for the past several quarters, the excess of inventory is causing many of the problems with our local housing market. Until we are able to reduce the number of homes for sale, we will continue to be in a strong buyer's market with soft home prices and very creative incentives. That's good for buyers, but it is not any better for the long-term housing market than the strong seller's market we experienced just a few years ago.

Currently, we have 3,425 homes on the market, compared to 3,519 at this time last year. This small decrease from last year is a positive sign, but we have a long way to go before we see appropriate inventory levels in the 2,000 to 2,500 range. The median price of homes currently for sale is \$294,900, which is \$21,350 less than last year. The average DOM (days on market) of these homes is 159 days, which is six days less than last year and 40 days more than homes that have sold. The most telling statistic related to homes currently on the market is that the average price per square foot is \$201 compared to \$145 for homes that have sold in the first 9 months of 2009.

Housing affordability is the positive aspect of this market. There are 879 homes for sale \$200,000 or less with an average DOM of 137 and an average price per square foot of \$145. There are 270 homes currently on the market priced at a million dollars or more with an average DOM of 244.

### Days on Market (DOM)

In this market, the average days a property stays on the market is less important than it would be in a more balanced market. There are many variables in the marketplace – excess, inventory,

foreclosures, short sale, and financing issues – that affect the length of time a property is on the market. The local area actually saw a decrease in the 3<sup>rd</sup> quarter (down from 125 days at mid-year) which may indicate we are finding an equilibrium of sorts. Even in this market, the best way to shorten the days your property is on the market is to price it correctly.

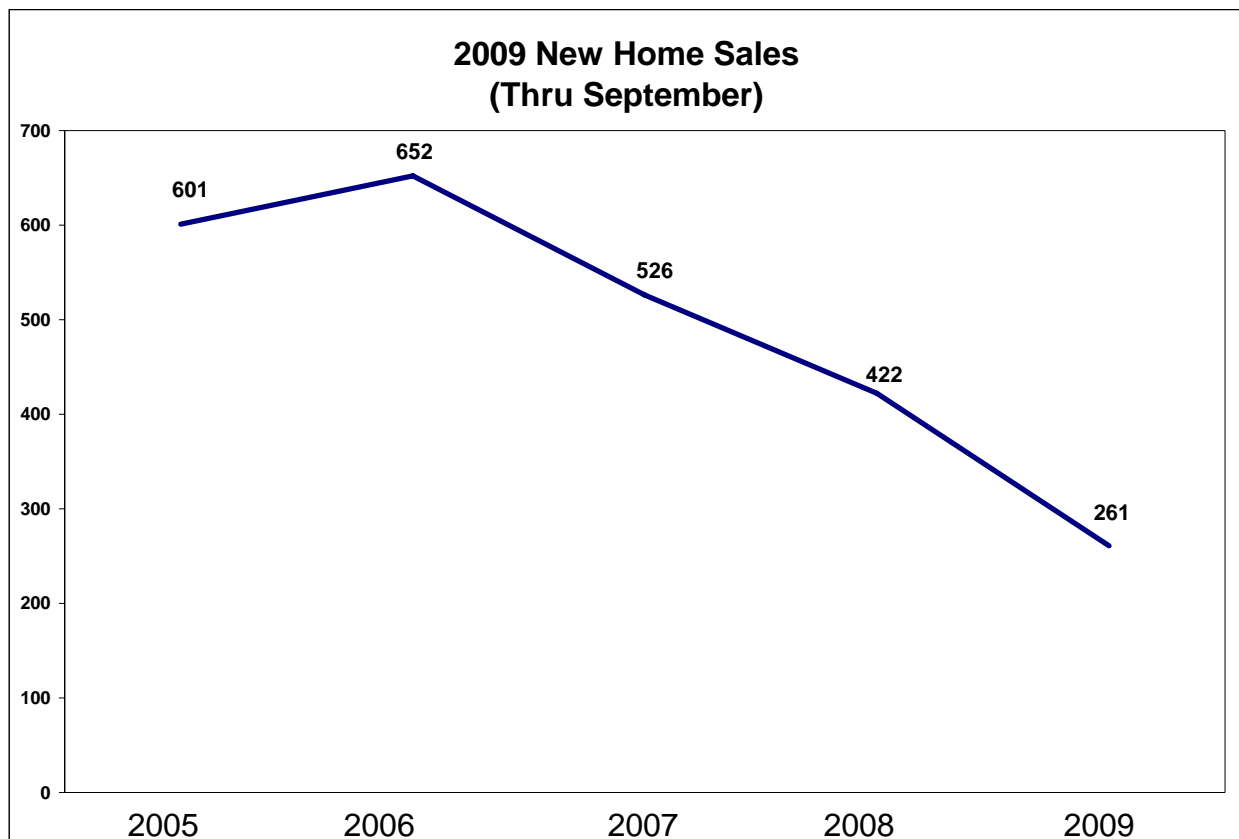
<b>Average DOM (Thru September)</b>					
<b>County</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Albemarle	52	62	89	114	103
Charlottesville	53	54	71	112	120
Fluvanna	58	74	86	124	124
Greene	60	77	90	102	98
Louisa	93	87	129	113	126
Nelson	70	86	108	139	161
Orange	81	77	105	140	138
<b>Area Average*</b>	<b>62</b>	<b>70</b>	<b>91</b>	<b>118</b>	<b>119</b>
<b>Central Valley**</b>				139	148

*\*includes sales outside the counties listed*

*\*\*numbers courtesy of the Greater Augusta MLS*

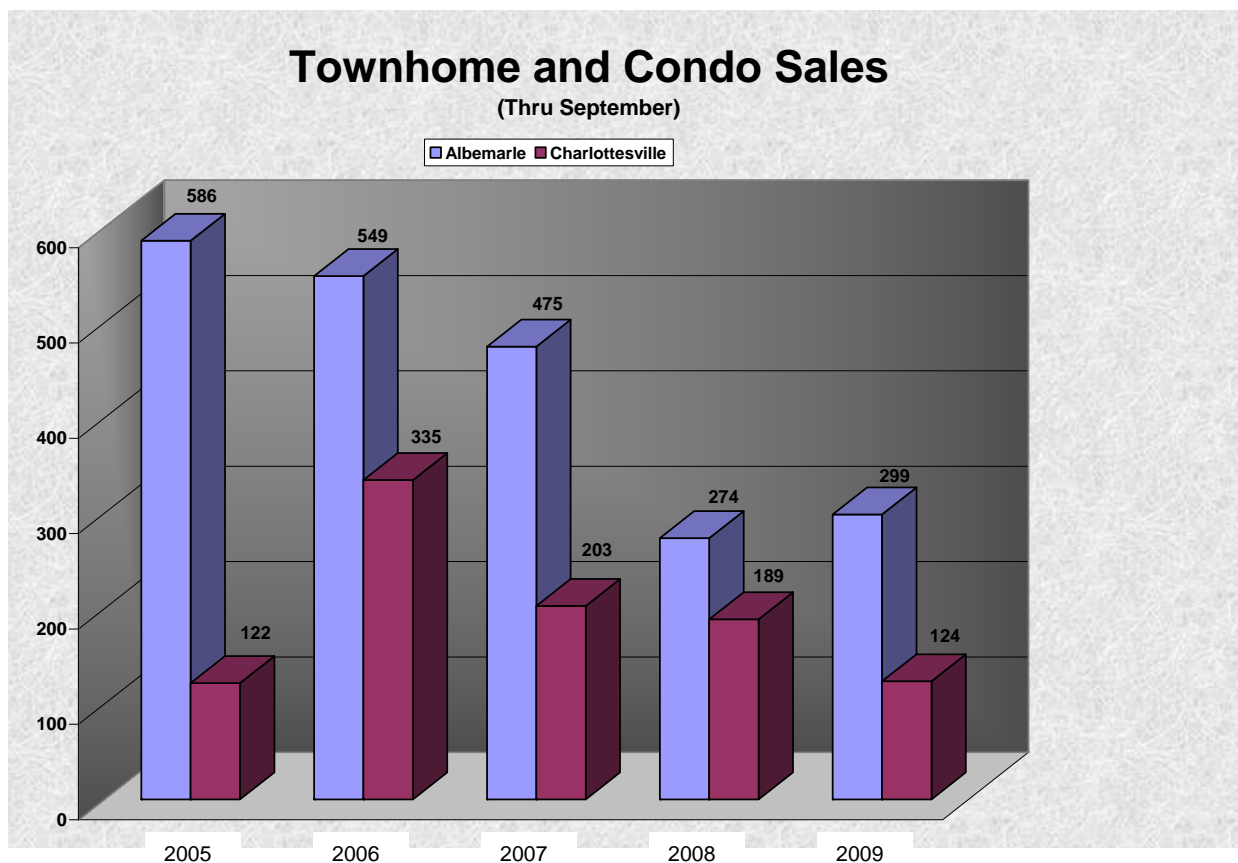
### **New Construction Still Slow**

It is important to note that many “new” homes are not included in CAAR MLS statistics. It is very common for a buyer to contact a builder directly to custom build a home. With that said, the historical perspective of the pace of new home sales gives us a reasonably good picture of the market for new construction. As the chart below shows, new home sales are still struggling and until the inventory of re-sale homes for sale declines, new construction will lag.



### Condos and Townhomes (Attached Homes)

The sale of attached homes is only reported in Charlottesville and Albemarle because very few properties in this category are located in other counties, except Nelson. Since the condos in Nelson are primarily in the Wintergreen Resort market, we have decided not to include them in this report. One of the more interesting numbers in this report is the increase in the sale of attached homes in Albemarle that first showed up in the 2009 1<sup>st</sup> Quarter Market Report. Charlottesville attached home sales are down 34.4%, while Albemarle sales are up 9.1% compared to 2008. The chart below shows the attached homes sold in 2009 compared to past years. Inventory levels of attached homes for sale are still high (over 600), with an average DOM of 199 for properties currently on the market. The median price of an attached home currently on the market is \$219,900. The median price for an attached home that sold in the first nine months of 2009 is \$221,500 for Albemarle and \$218,950 for Charlottesville.



## **Conclusions and Predictions**

We can draw a few general conclusions from the numbers in this report. First, prices of homes in the Charlottesville area have fallen substantially in 2009. Second, due to excess inventory, we are still in a strong buyer's market. Third, some areas of this report show a positive or at least stabilizing trend – sales are doing better compared to last year, DOM has flat-lined, and condo sales in Albemarle are rebounding.

The next quarter should continue an improvement in the market compared to 2008. During the 4<sup>th</sup> quarter of 2009, we will likely see a year-to-year sales improvement, but only because the 4<sup>th</sup> quarter of 2008 was so bad it will be hard not to beat. 2009 may even catch up with sales from 2008 by the end of the year. Additional declines in prices are possible, but it will be hard to tell if these price drops are a result of more sellers finally pricing their properties based on the current market, or a real decline in home values. Only time, and future market reports, will reveal this to us.

This Quarterly Market Report is produced by the Charlottesville Area Association of REALTORS<sup>®</sup> using data from the CAAR MLS and the Greater Augusta MLS where noted. For more information on this report or the real estate market, pick up a copy of the CAAR *Real Estate Weekly*, visit [www.caar.com](http://www.caar.com), or contact your REALTOR<sup>®</sup>.