

# 2008 Mid-Year CAAR Market Report

## *Real Estate Market is as Hot as ANWR*

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Charlottesville Area Association of REALTORS®

Just about everything in life is relative to your perspective. Based on that theory, you *could* say the real estate market in the Charlottesville area is as hot as ANWR (the Alaskan National Wildlife Reserve). If you are not familiar with ANWR, you only need to know that it is a great example of being “relative” to one’s perspective. Depending on which pundit you ask, ANWR is either the last bastion of American wilderness, or the key to returning to \$2.00 per gallon gasoline. The high temperature in ANWR in early July 2008 is in the mid 40’s. Using ANWR as a reference point, the local real estate market is hot.

### **Overview**

The real estate market in the Charlottesville area continues to chug along at a moderate pace. If you look at it relative to the hot markets in recent years, you might say “sluggish” is a better word. From a historic perspective, the number of people buying a home in the area is at a fairly normal level, but missing from this market are the speculative investors that overheated the market a few years ago. These investors were buying and selling the same property in the same year and driving up statistics and prices. Today, the market seems to have stabilized, with median prices flat compared to the past two years and the pace of sales steady over the past two quarters. Even the inventory of properties for sale has eased a little, but the over-supply of houses on the market continues to be a major concern.

### **Homes Sold**

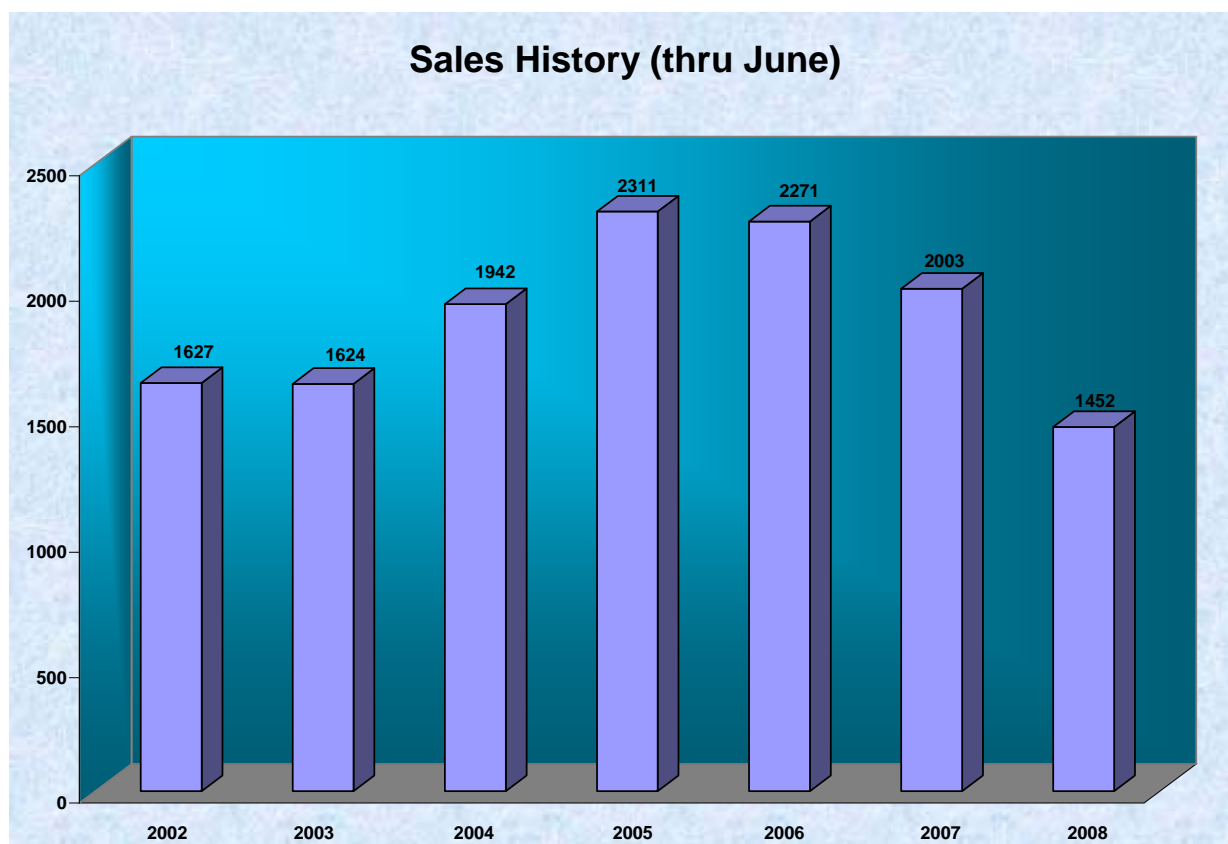
There were 1452 homes sold between January and June of 2008, which was down 551 (-27.5%) from the first half of 2007. That is the same percentage behind 2007 that we saw in the first quarter report. All local areas (Albemarle -39.4%, Charlottesville -12%, Fluvanna -24.3%, Greene -25.2%, Louisa -15.8%, and Nelson -21.9%) posted lower sales than the same period last year. This is the lowest number of sales reported in the MLS for the first quarter since 2001, but to help keep that in perspective you need to remember that 2001 was a record year for sales.

New to the CAAR Market Report this year are numbers from the other side of Afton Mountain. The Staunton/Waynesboro real estate market, referred to as the *Central Valley* in the charts below, now overlaps with the Charlottesville area market to such an extent that we need to report separate numbers for that area. These numbers were generated from the Greater Augusta MLS, which has more complete data on the Valley market than the CAAR MLS. Based on the total number of sales, the Valley is the largest market area in the report. Sales were down in the Valley by 16.5% compared to last year.

2008 Mid-Year Home Sales							
County	2002	2003	2004	2005	2006	2007	2008
Albemarle	685	716	804	1007	843	781	473
Charlottesville	195	203	277	276	450	326	287
Fluvanna	290	235	333	315	270	226	171
Greene	136	123	146	146	168	115	86
Louisa	67	63	86	123	118	101	85
Nelson	142	166	160	184	125	96	75
<b>*Area Total</b>	1627	1624	1942	2311	2271	2003	1452
<b>**Central Valley</b>						643	537

*\*includes sales outside the counties listed*

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



### Median Sales Price

The local market seems to have found the equilibrium for the price of properties that sell. The median price of homes that have sold through the first half of the year has remained steady for the past three years (see chart below). You should not compare a change (or lack of change) in the median price of homes that sold with an actual increase or 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 to pay and is not a true reflection of individual home prices. It is probably safe to assume that a steady, year-to-year increase in the median price is a good sign, but it does not necessarily mean prices are up and vice versa if the median price decreases.

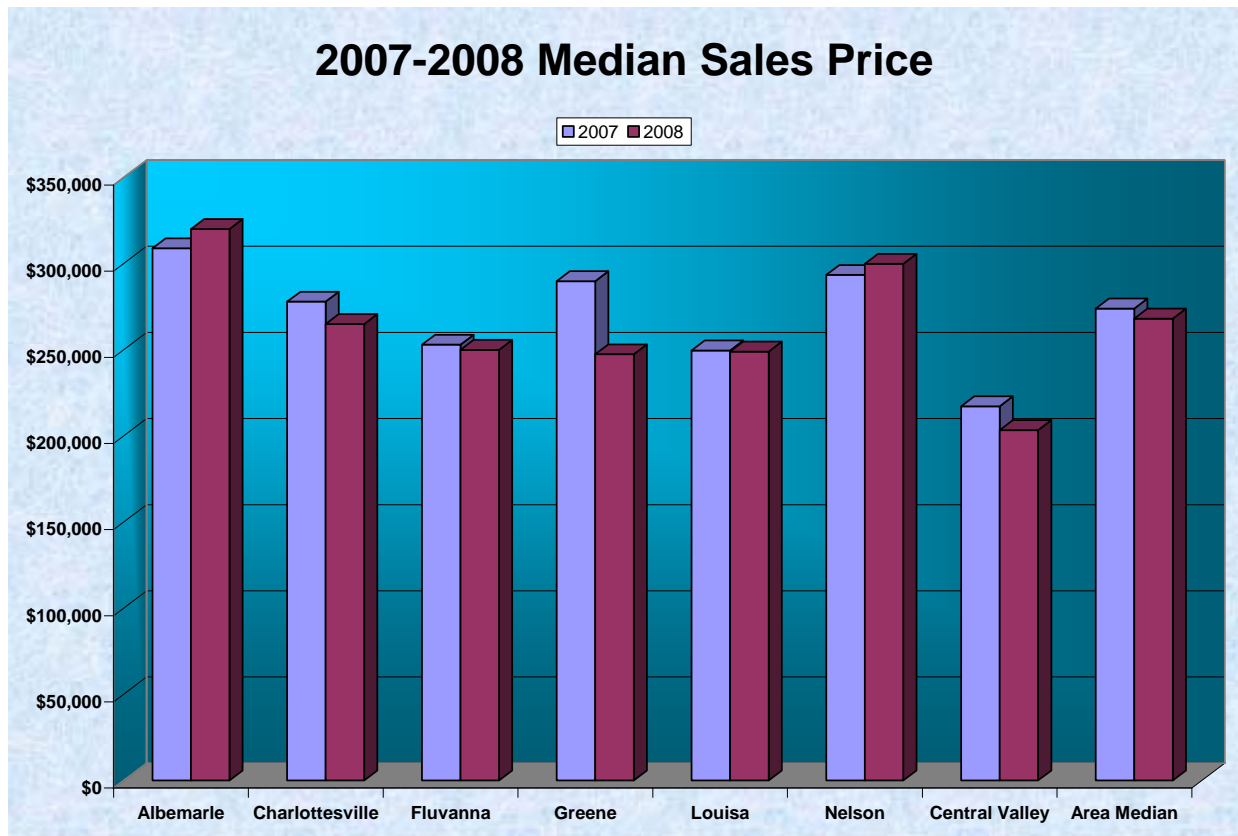
The only way to know what your home will sell for is to have a REALTOR® or appraiser prepare a comparative market analysis (CMA) for your property. This market is changing very quickly and to be up-to-date, you need to do a CMA every two weeks. Pricing a property correctly is the best way to sell it!

Overall, the median price declined \$5,841 (-2.1%). Some areas were up and some were down, but the only double digit change was in Greene: Albemarle (+3.6%), Charlottesville (-4.7%), Fluvanna (-1.2%), Greene (-14.6%), Louisa (-.2%), and Nelson (+2.2%), and the Valley (-6.4%).

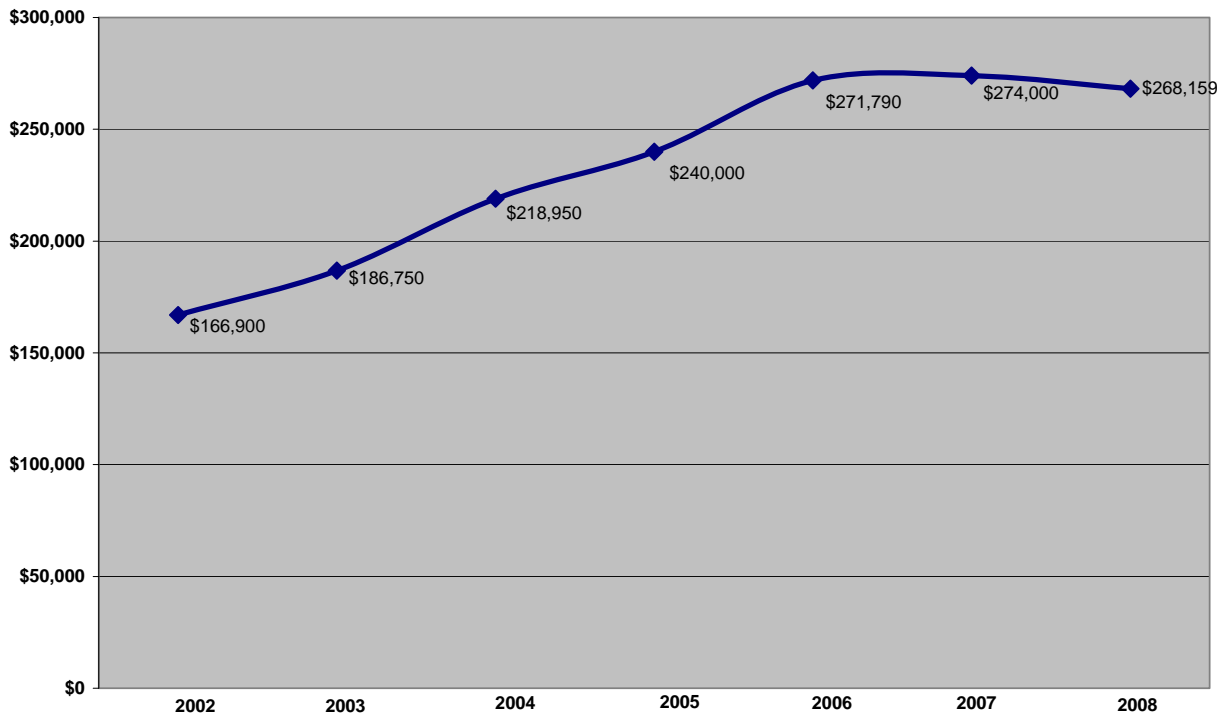
2008 Mid-Year Median Prices							
County	2002	2003	2004	2005	2006	2007	2008
Albemarle	\$219,500	\$241,196	\$265,000	\$264,900	\$325,000	\$309,000	\$320,200
Charlottesville	\$142,800	\$172,000	\$205,000	\$240,500	\$238,450	\$278,000	\$265,000
Fluvanna	\$135,000	\$155,000	\$170,600	\$220,000	\$241,852	\$253,000	\$250,000
Greene	\$135,500	\$156,900	\$169,950	\$217,250	\$272,815	\$289,900	\$247,450
Louisa	\$137,000	\$144,300	\$164,500	\$196,926	\$249,900	\$249,620	\$249,000
Nelson	\$154,000	\$154,250	\$234,500	\$270,750	\$305,000	\$293,500	\$300,000
Area Median	\$166,900	\$186,750	\$218,950	\$240,000	\$271,790	\$274,000	\$268,159
Central Valley						\$217,302	\$203,409

\*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)

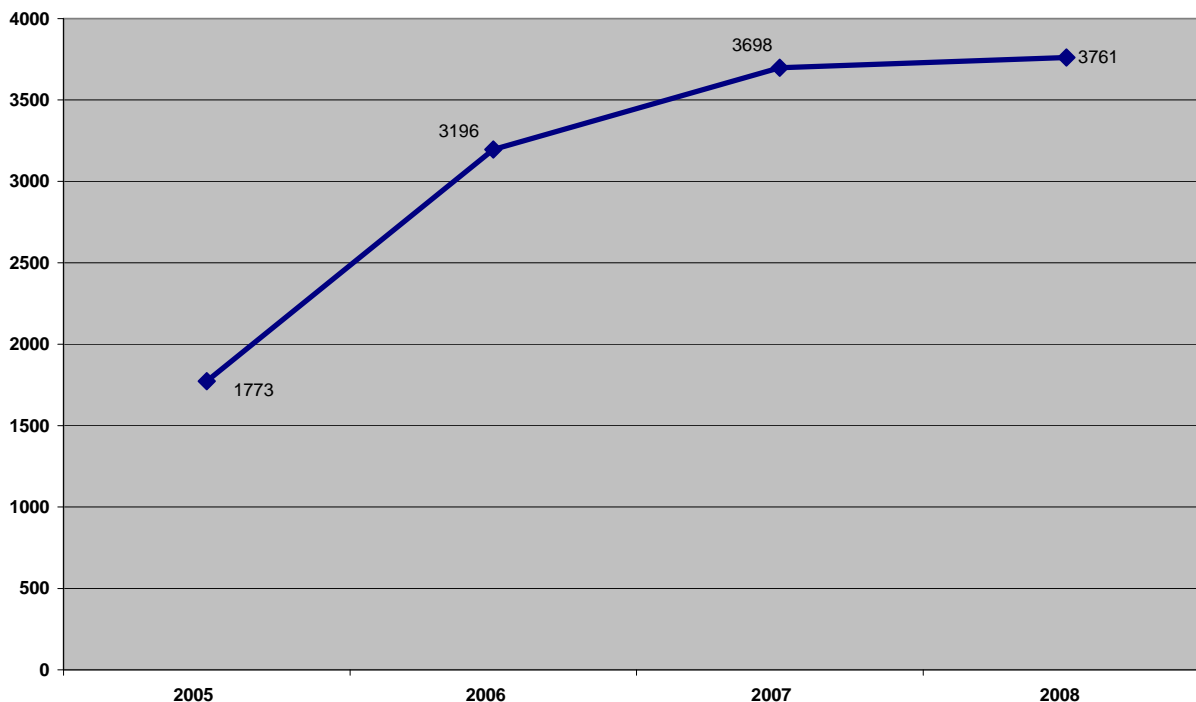


### Inventory of Homes for Sale

The best news in this report is that the inventory of homes for sale in the Charlottesville area has declined slightly. There are still too many homes on the market right now, but at least this is a positive sign that the local market may be headed in the right direction. As stated earlier, the excess inventory of homes on the market is the most significant challenge we face.

Currently, we have 3,761 homes on the market, just a few more than we had at this time last year (see chart below) and considerably less than the 4050 on the market at the end of May 2008. The median price of these homes for sale is \$309,900. The average DOM (days on market) of these homes is 151 days. It is a great time for first-time buyers, because there are 744 homes for sale under \$200,000 with an average DOM of 134. There are only 256 homes currently on the market priced at a million dollars or more, which is significantly down from the 576 on the market at the end of the first quarter. Since only 16 of these high-dollar homes sold during the second quarter, we can only assume that many sellers decided not to sell after all. The million dollar plus homes have an average DOM of 216.

## Inventory of Homes for Sale



### Days on Market (DOM)

DOM for homes that have sold is perhaps the best indicator of the true market condition. In a balanced market, the DOM should be around 90 days. In 2005, the market was a super-heated sellers' market due to low inventory, and DOM dropped to 43 (see chart below). That was an unhealthy market (although a lot of sellers enjoyed the ride). The 2008 market has a glut of inventory, so the 123 DOM is not a surprise. We continue to be in a fairly strong buyer's market, so sellers will need to price their properties aggressively to beat the average DOM.

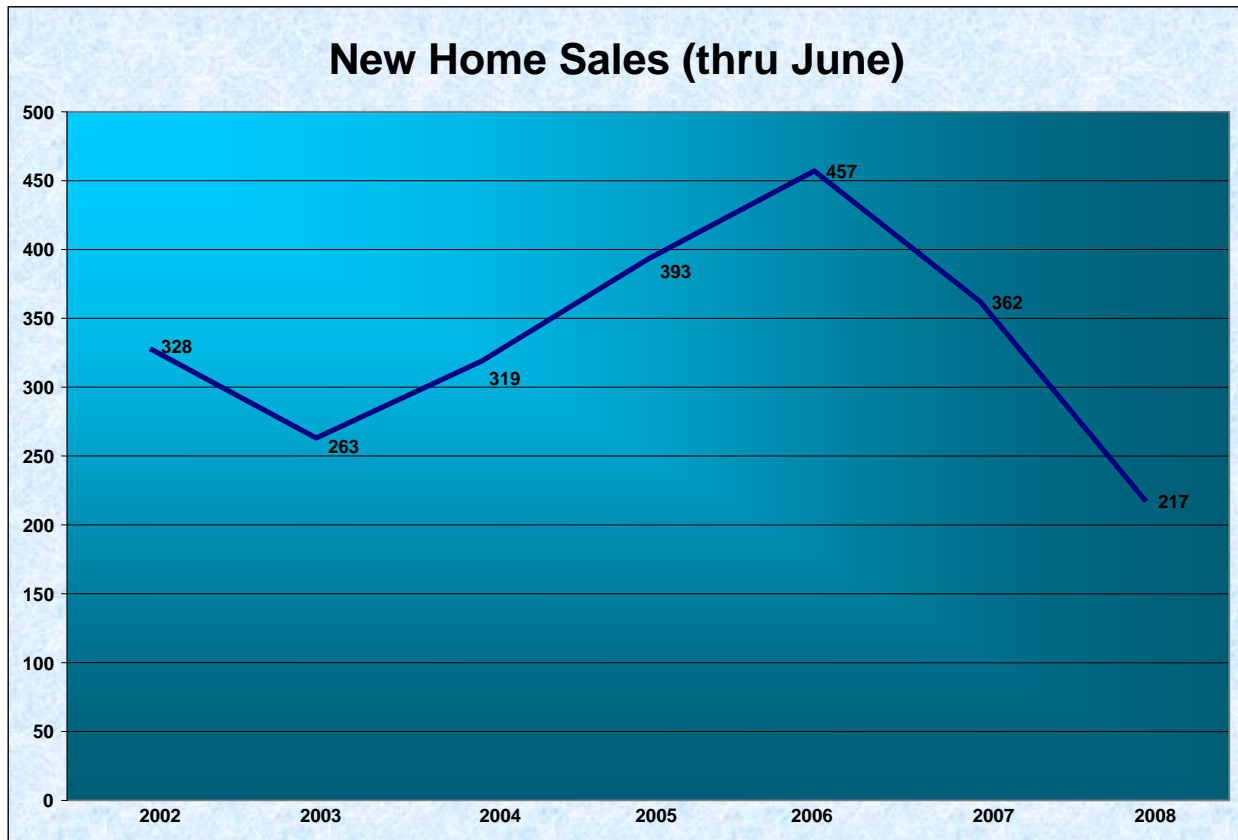
Mid-Year Average Days on Market (DOM)							
County	2002	2003	2004	2005	2006	2007	2008
Albemarle	76	72	79	55	59	91	115
Charlottesville	46	44	66	59	55	69	120
Fluvanna	78	70	70	64	69	86	129
Greene	75	78	90	54	85	95	100
Louisa	94	117	96	98	85	137	124
Nelson	130	98	118	72	82	113	167
<b>*Area Average</b>	80	76	83	64	69	92	123
<b>**Central Valley</b>						130	143

*\*includes sales outside the counties listed*

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

## New Construction

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 have declined sharply in the past 24 months.



## Price Per Square Foot (Finished)

Looking at the average price per square foot of finished space in homes that have sold is interesting, but should not be relied on as a scientific number. The averages in this section of the report include the cost of the land, which varies greatly based on location and amenities. A lot at Wintergreen with fantastic views of the Valley costs much more than a lot in other parts of Nelson. With that said, the numbers in this section reflect a general sense of the cost of housing in the areas listed. The new Central Valley area is the lowest price per square foot section of the market. Not surprisingly, Fluvanna, Greene and Louisa are less costly than Charlottesville and Albemarle. Nelson is heavily influenced by Wintergreen building prices and lot costs.

Mid-Year Price Per Sq. Foot							
County	2002	2003	2004	2005	2006	2007	2008
Albemarle	117	127	142	158	176	175	170
Charlottesville	108	126	144	169	205	189	189
Fluvanna	87	97	103	125	143	141	134
Greene	94	101	114	135	155	155	147
Louisa	94	101	109	122	149	147	145
Nelson	114	133	160	192	215	210	193
<b>Area Average</b>	107	119	132	152	173	167	161
<b>Central Valley</b>						130	146

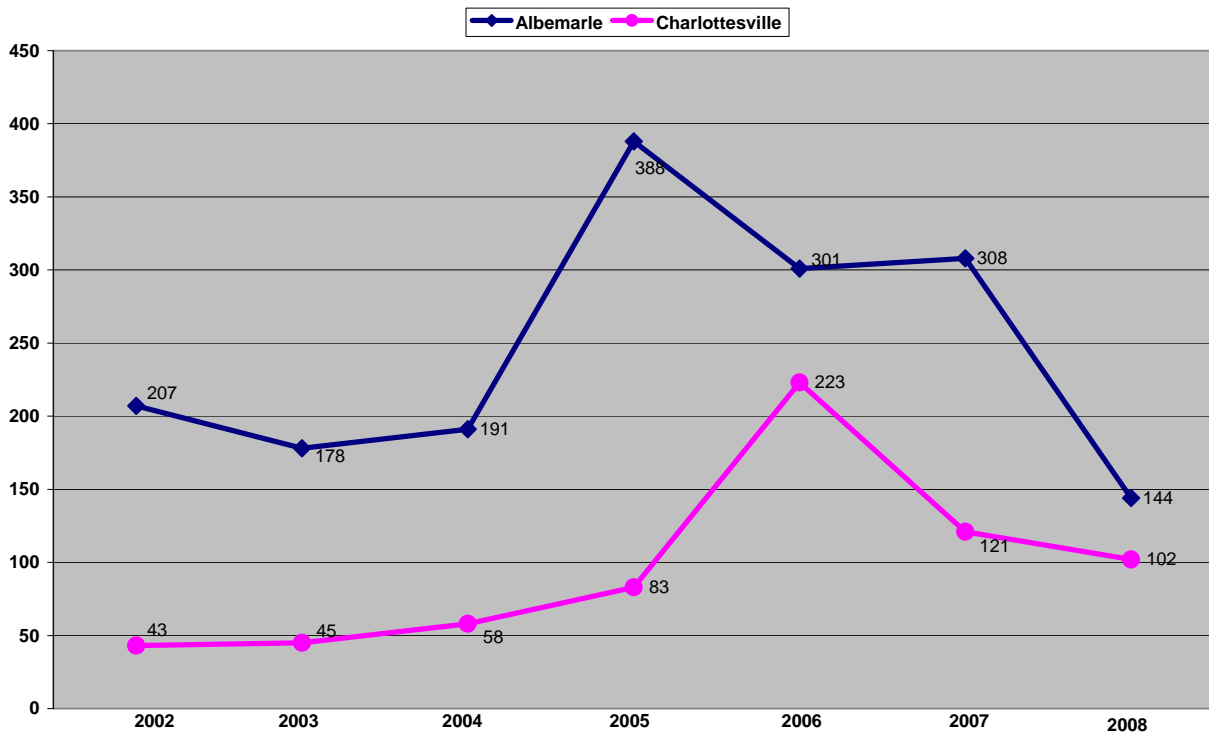
\*includes sales outside the counties listed

\*\*based on CAAR MLS data

### Condos and Townhomes

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. Charlottesville condo sales are still reasonably strong, but Albemarle sales plummeted 53% compared to the first six months of 2007. The chart below shows the attached homes sold in 2008 compared to past years. Inventory levels of attached homes for sale are still high, with 661 listed for sale in Charlottesville and Albemarle. This over-supply is presented in the 159 average DOM for the attached properties currently on the market. The median price of an attached home is \$245,500.

### Condo and Townhome Sales



## **Conclusions and Predictions**

The overall condition of the real estate market in the Charlottesville area has not changed much since the first quarter report. That is good news and hopefully indicates a stabilization of the market. As we concluded in the 1<sup>st</sup> Quarter Market Report, it is a GREAT time to be a buyer. If you are looking to move or invest and plan to hold the property at least 3 to 5 years, this market offers an extraordinary opportunity if you purchase a property that is priced correctly. Sellers seem to finally be seeing this market from the proper perspective. In this type of market, they need to offer a better combination of location, amenities, and pricing than the 500 other sellers in the same price range with whom they are competing for buyers.

Looking ahead, we expect to see similar market conditions for the balance of the year. The key to improvement in the market is a reduction in inventory. The Charlottesville Area Association of REALTORS® now has live statistics posted on the web at CAAR.com. Watch the inventory of homes on the market and hope that it continues to shrink to a stable level – around 2000 to 2500. That is where we need to be to have a balanced market where buyers and sellers are on even terms. With any luck, future market reports will be able to look at the Charlottesville real estate market relative to global warming instead of ANWR.

For more information on this report or the real estate market, visit [www.caar.com](http://www.caar.com) or contact Dave Phillips, CEO of the Charlottesville Area Association of REALTORS®, at (434) 817-2393, or 981-8088, or Dave@caar.com.