

# CAAR Market Report

## 2008 Year-End

Published by the Charlottesville Area Association of REALTORS®

### Overview

It probably comes as no surprise that the 2008 Charlottesville area real estate market had a bad year. If you have read any of the 2008 quarterly reports we produced, you know all about the decreases in home prices and the oversupply of homes for sale. The 4<sup>th</sup> quarter - thanks to phenomenal stock market declines, credit crunches, and bail-out mania – took the slow market we had experienced for the first 9 months down another notch. Sales in October and November were particularly bad as consumers froze in the face of amazing national and world-wide events. In December, the market rebounded a bit thanks to very low interest rates and the relief that the elections were indeed over.

All told, many homeowners and REALTORS® are glad to be finished with 2008. The small December market rally, the Stock Market possibly stabilizing, low interest rates, and the new hope that follows a regime change in Washington DC may give the market the momentum it needs. Time will tell if the market will improve in 2009, but putting 2008 in the past and the promise of the New Year gives the local real estate market some hope – or maybe relief.

### Homes Sold

There were 2923 homes sold in the Charlottesville area during 2008, which was down 22% (-824 sales) from 2007. All local areas were down from last year: Albemarle -31.8%, Charlottesville -14%, Fluvanna -26.2%, Greene -17.7%, Louisa -2.4% and Nelson -19.6%. The extremely low sales in October and November dragged the year-end sales number down to a level we have not seen since 1998.

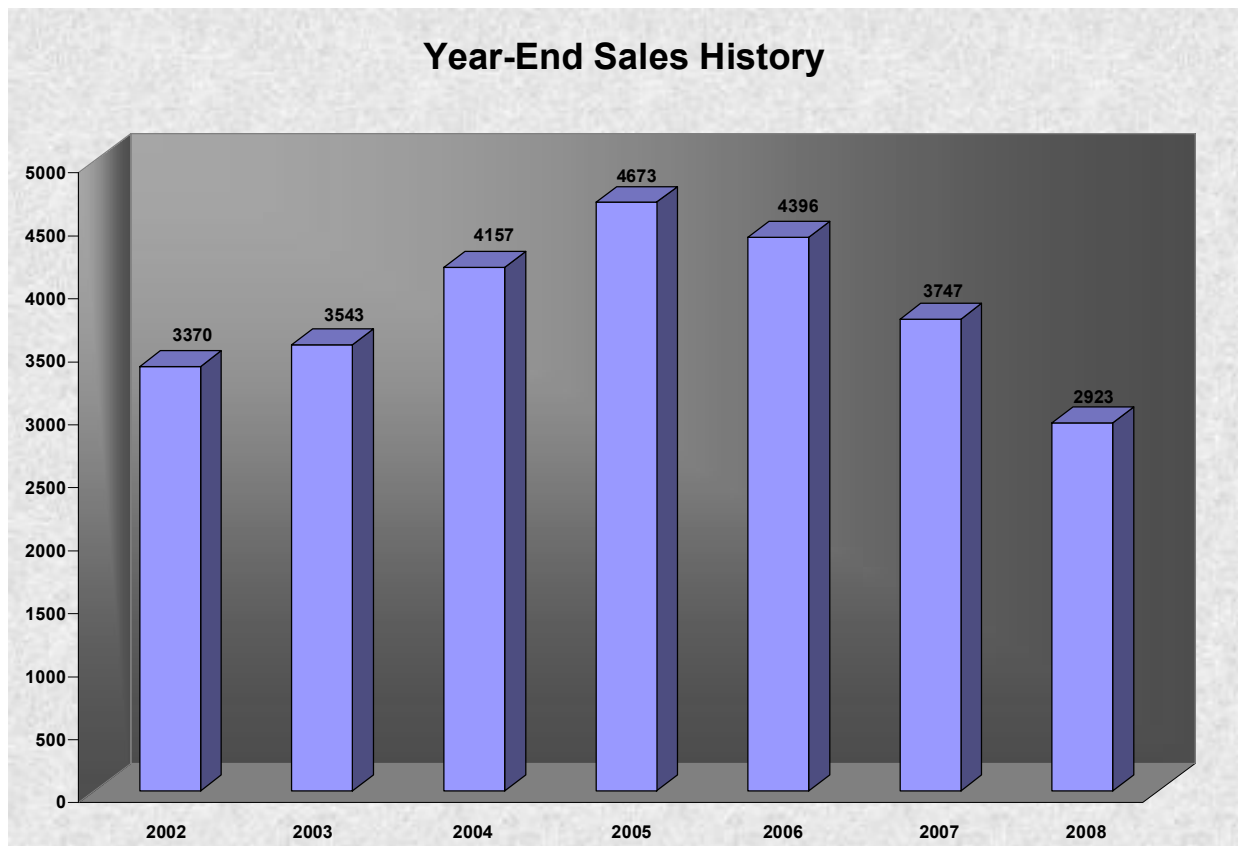
New to the 2008 CAAR Market Reports are numbers from the other side of Afton Mountain. The Staunton/Waynesboro real estate market, referred to as the *Central Valley* in the charts below, now overlaps with the Charlottesville area market to such an extent that we need to report separate numbers for that 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 second largest market area in the report. Sales were down in the Valley by 18.9% compared to last year.

### Home Sales

County	2002	2003	2004	2005	2006	2007	2008
Albemarle	1430	1509	1725	1973	1679	1439	982
Charlottesville	379	430	546	555	764	643	553
Fluvanna	587	558	657	639	523	423	312
Greene	260	256	305	309	291	203	167
Louisa	143	161	194	241	214	206	201
Nelson	333	360	374	399	259	194	156
Area Total*	3370	3543	4157	4673	4396	3747	2923
Staunton-Augusta**						1311	1063

\*includes sales outside the counties listed

\*\*numbers courtesy of the Greater Augusta MLS



### Median Sales Price

How much have home prices slipped in this area? Most would agree that local home prices have slipped from their high in 2006, but each area – and arguably each property - is distinct. Although the area median price of homes is an important statistic, you should not compare a 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!

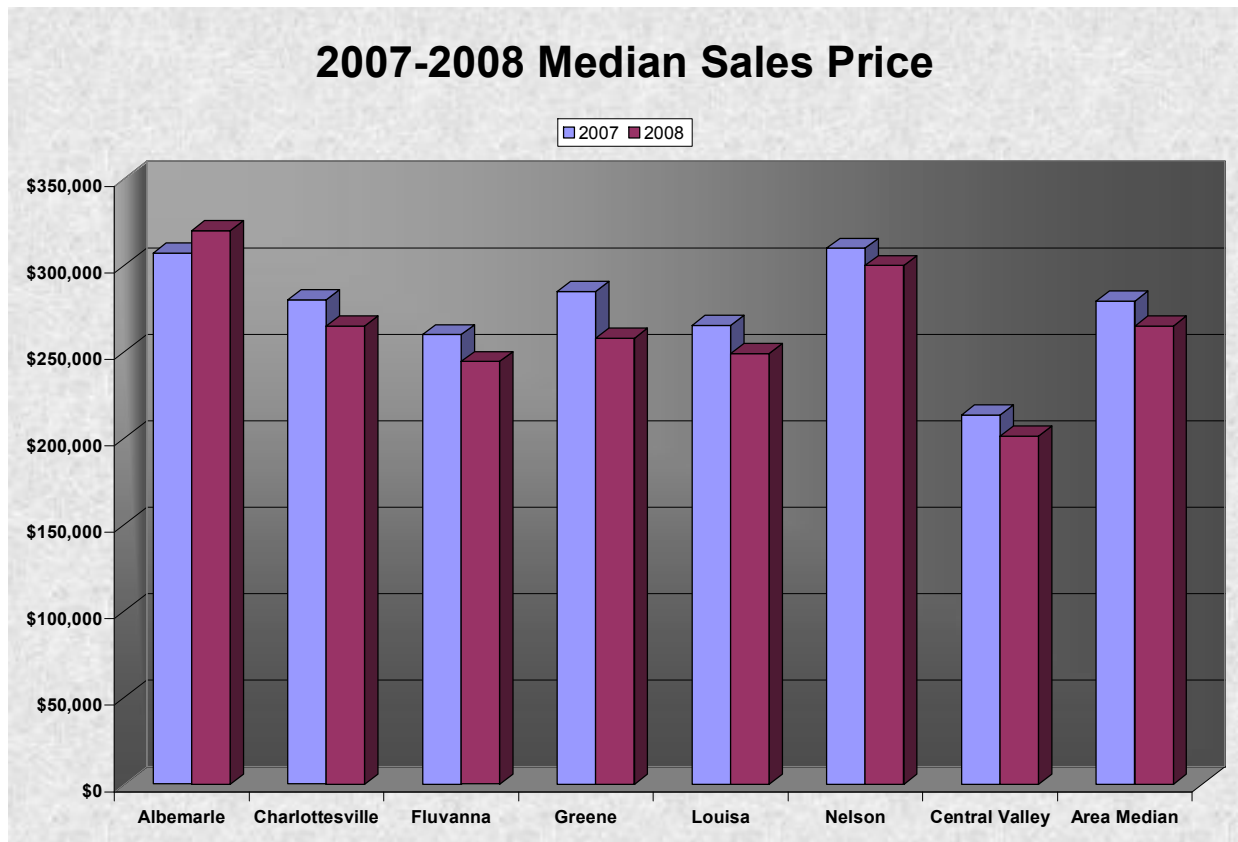
Overall, the median home price (including attached homes) declined \$14,500 (-5.2%) from last year. Albemarle (+4.3%) was the only county to show an increase in median price, with all other areas showing declines. Median prices for other locales include: Charlottesville (-5.4%), Fluvanna (-6%), Greene (-9.5%), Louisa (-6.1%), and Nelson (-3.2%), and the Valley (-5.8%).

### Median Prices

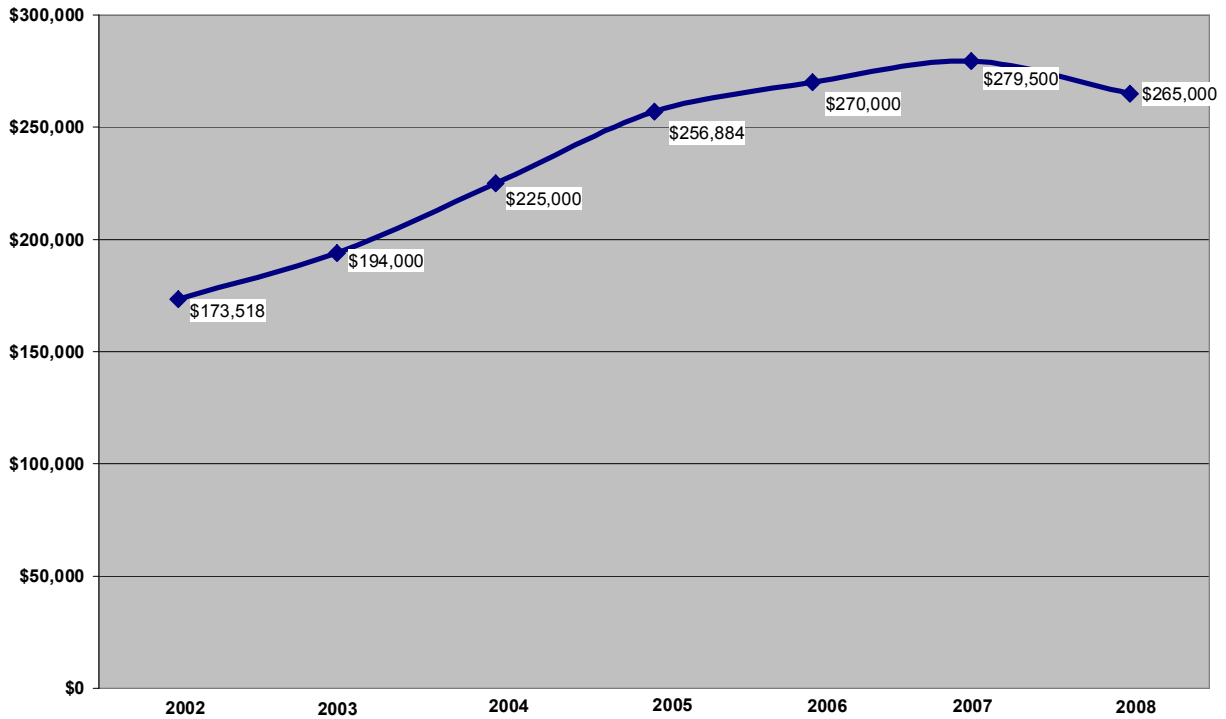
County	2002	2003	2004	2005	2006	2007	2008
<b>Albemarle</b>	\$226,000	\$253,636	\$266,000	\$289,000	\$320,000	\$307,000	\$320,100
<b>Charlottesville</b>	\$155,500	\$175,950	\$219,500	\$249,000	\$240,000	\$280,000	\$265,000
<b>Fluvanna</b>	\$142,500	\$165,000	\$184,900	\$234,000	\$244,900	\$260,000	\$244,450
<b>Greene</b>	\$137,500	\$163,725	\$179,900	\$234,900	\$267,000	\$285,000	\$258,000
<b>Louisa</b>	\$137,000	\$149,950	\$174,950	\$205,900	\$234,481	\$265,277	\$249,000
<b>Nelson</b>	\$145,000	\$171,750	\$235,000	\$300,000	\$325,000	\$310,000	\$300,000
<b>Area Median*</b>	\$173,518	\$194,000	\$225,000	\$256,884	\$270,000	\$279,500	\$265,000
<b>Central Valley**</b>						\$213,591	\$201,211

*\*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)

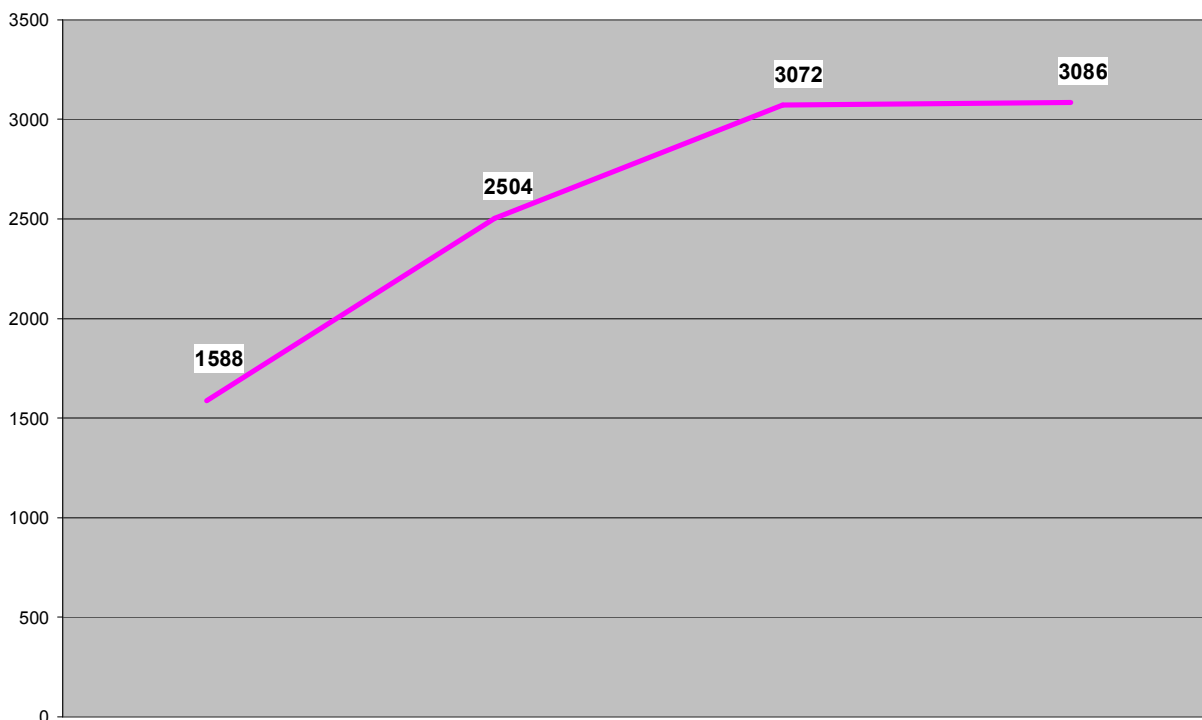


### Inventory of Homes for Sale

The inventory of homes for sale in the Charlottesville area has declined slightly for the past 6 months in a row. 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. For the past 12 to 18 months, the excess inventory of homes on the market has been the most significant factor causing local home prices to soften.

Currently, we have 3,086 homes on the market, compared to 3,072 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 homes currently for sale is \$299,900. The average DOM (days on market) of these homes is 189 days. It is a great time for first-time buyers, because there are 697 homes for sale under \$200,000 with an average DOM of 154. There are 259 homes currently on the market priced at a million dollars or more with an average DOM of 260.

## Inventory of Homes For Sale (last 4 years)



### 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 62 (see chart below). That was a significant sellers market. The 2008 market had a glut of inventory, so the 119 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.

### Average Days On Market (DOM)

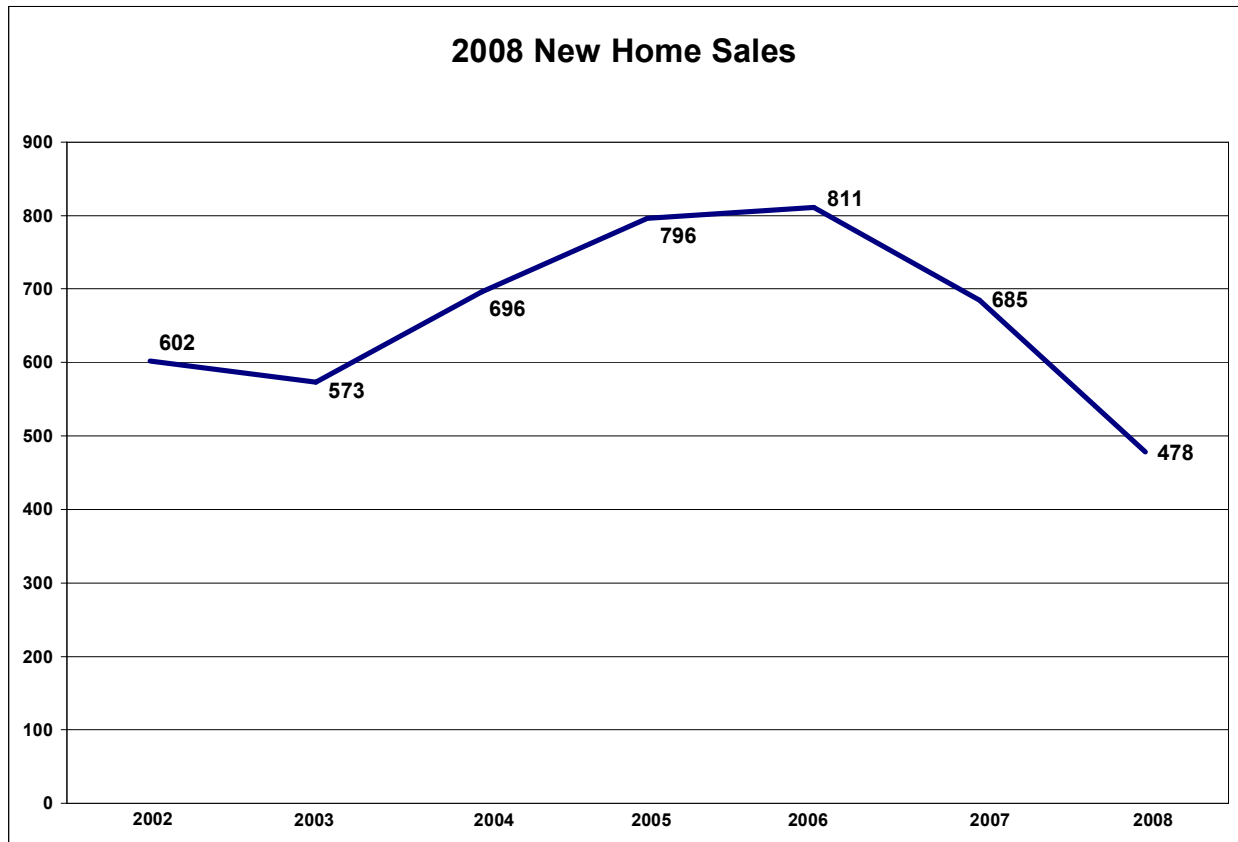
County	2002	2003	2004	2005	2006	2007	2008
Albemarle	71	72	69	53	69	91	113
Charlottesville	40	44	110	51	57	79	110
Fluvanna	72	71	63	60	75	88	119
Greene	73	67	80	59	79	93	109
Louisa	97	102	89	85	91	126	108
Nelson	137	97	97	71	86	111	150
<b>Area Average*</b>	78	75	81	62	75	94	119
<b>Central Valley**</b>						127	142

*\*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.

## Average Price Per Sq Foot

County	2002	2003	2004	2005	2006	2007	2008
Albemarle	118	131	144	165	178	175	168
Charlottesville	112	132	146	173	202	196	186
Fluvanna	90	101	110	130	142	141	135
Greene	96	103	117	140	155	152	143
Louisa	94	103	110	132	146	151	134
Nelson	117	137	166	207	212	209	193
<b>Area Average*</b>	109	123	136	158	171	168	158
<b>Central Valley**</b>						131	133

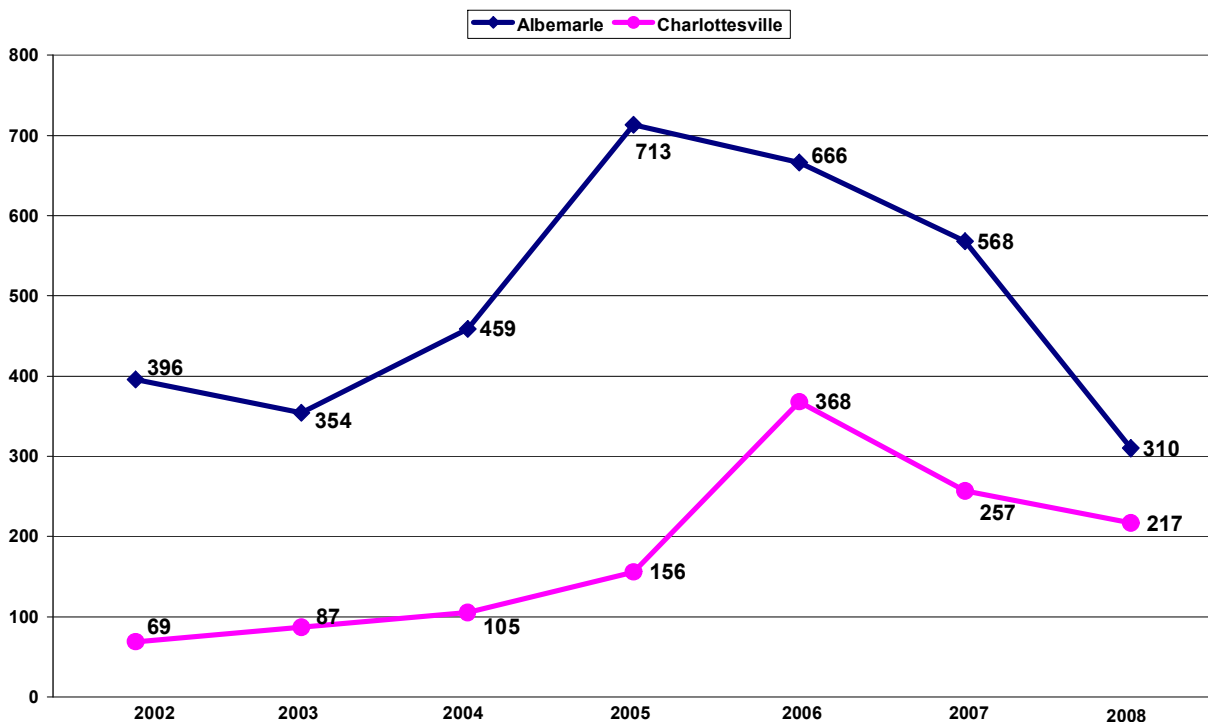
*\*includes sales outside the counties listed*

*\*\*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 45.4% compared to 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 362 listed for sale in Charlottesville and Albemarle, but this number decreased significantly in 2008. This over-supply is presented in the 204 average DOM for the attached properties currently on the market. The median price of an attached home is \$234,995.

## Condo and Townhome Sales



## **Conclusions and Predictions**

2008 will go down as one of the most interesting years in real estate. The market appeared to be stabilizing in September when monthly sales did not show a decline from the previous year. Then the Wall Street implosion slowed the market significantly heading into the already slow holiday season. The year ended with 5% mortgage rates and a small (but welcomed) surge in sales.

As we concluded in previous Market Reports, it is a GREAT time to be a buyer, if it is the right time based on your personal circumstances. If you are looking to move or invest and plan to hold the property at least 5 years, this market offers an extraordinary opportunity if you purchase a property that is priced correctly. In this type of market, sellers need to offer a better combination of location, amenities, and pricing than the 50 other sellers in the same price range with whom they are competing for buyers.

There are some indicators that the market may pick up at the mid-year point of 2009. The key to improvement in the market is a reduction in inventory. We need to reduce inventory by a third to get to a more balanced market. 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.

This Quarterly Market Report is produced by the Charlottesville Area Association of REALTORS® 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 *Real Estate Weekly*, visit [www.caar.com](http://www.caar.com) or contact your REALTOR®.