

# **WASHINGTON, DC HOUSING REPORT**

## **FEBRUARY 2009**

### **The Market Overall**

The long and sometimes sharp decline in sales slowed markedly in February with the number of new contracts for all residential properties falling only 1% for the month and only 9 % for the year-to-date. This contrasts to the double-digit declines when compared to the Februaries of 1998 through 2007.

The main reason for this change was a strong upturn in the sales of moderate to lower priced single family homes during the first two months of this year. At the same time all other price ranges of homes, and of most condominiums and cooperatives, continued a much more pronounced decline.

The first signs of a housing recovery will come when sales cease to fall for several months. That time very well may not come until later this year when the impact of the economic stimulus package begins to be felt. For now, this is the first encouraging sign since the housing market began to moderate in the fall in 2005 with this decline accelerating with the first signs of the credit crisis early last fall.

There is currently a 6.5 month supply of homes and units for sale in Washington which is well below the 8.3 month figure at the beginning of 2009 – and well below the most recently reported national average of 10 months.

While we will not report price information until we have the first full quarter of sales data, the initial two months of this year suggest that single family prices, in part because of the large number of moderate and lower priced home sales, may be significantly lower while condominium and cooperative prices seem to be holding steady.

### **Single Family**

Led by sizeable gains in the sale of homes priced up to \$500,000 (66% of the single family market so far this year) the number of new contracts jumped 15% in February from the same month a year ago and were ahead 2% for the year. Homes priced over \$500,000 did not share in these gains with most price ranges experiencing double-digit declines for the month and the year-to-date. Those priced over \$1 million were down by over 40%.

The current supply of homes for sale is lower than for most months since last summer with 17% fewer homes coming on the market this February than a year ago. The effective inventory (inventory divided by monthly contracts) of 6.37 months is generally seen as being in balance between buyers and sellers, although it certainly becomes more of a buyer's market in the upper price ranges.

## **Condominiums and Cooperatives**

New contracts on condominiums and cooperatives jumped 48% from January to reach the highest point since last September. They still lagged behind February of 2008, however, by a margin of 16%. Compared to last year, the prices ranges with the largest gains were in the upper end, with sales of units over \$600,000 (15% of the market) up 63%. Thirty percent of February contracts came in the \$300,000 to \$400,000 range, which was down only 3%.

The inventory of available units grew 1% from January, a relatively small increase for this time of year, although we do expect larger increases in the spring months ahead. There is 6.66 months of inventory, the lowest point in five months. The \$300,000 to \$400,000 range is at an even lower 4 months. There were 23% fewer new listings in February compared to last year, an indication that many sellers may be waiting for a more favorable climate to market their properties.

### **Prepared by**

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**Data from the Greater Capital Area Association of REALTORS**

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