

# WASHINGTON, DC HOUSING REPORT

## MAY 2009

### The Market Overall

There is clearly a much brighter light shining at the end of the housing recovery tunnel as a result of residential sales in May.

New contracts for all residential properties were up for the fourth month in a row. While this is typical of the market as it moves from winter to spring, the encouraging note is that May sales, with a particularly strong showing by single family homes, were 16% ahead of a year ago and only trailed sales in May of 2006 by 8%.

For the year-to-date, sales of all single family homes and of condominium and cooperative units were 3% ahead of the same period in 2008. A month ago this gain was 1%, which in and of itself is significant because it marked the first sign of an upturn in sales since the market began its long slide in 2005. What the further gains in May provide is some real encouragement that we may be nearing the end of this long decline.

With sales increasing and the number of new listings coming into the market holding steady (single family) or declining (condos and co-ops), the inventory of properties for sale is now down to 4.3 months. This is not only one of the lowest levels in recent years it is less than half of the national inventory and well below the six-month figure generally used to describe a market in balance between buyers and sellers.

Average sales prices continue to decline, moderately for condominium and cooperative units and somewhat more so for single family homes. While the volume of sales is likely to stabilize by some time late this summer or fall it is also likely that sales prices, which traditionally trail the ups and downs of the sales market by six months or more, will not reach bottom until sometime in early to mid 2010.

### Single Family

The number of new contracts for single family homes in May was more than 26% ahead of a year ago and almost even with the May sales levels of 2006 and 2007. In contrast to the earlier months of this year, when sales gains were concentrated in lower priced homes, this month saw increasing sales in a much wider price range of homes. In fact the number of sales was up for all homes priced from \$400,000 to \$900,000 and for homes in the \$1,000,000 to \$1,250,000 range.

Five months into the year, home sales are nearly 12% ahead of 2008 with most of these gains being provided by homes priced below \$600,000. The May numbers certainly suggest that this price range may expand in future months. So far the upturn in sales, both in May or year-to-date, has not reached those more expensive homes priced over \$1,250,000 which trail last year by more the 30% and previous years by even more.

The supply of single family homes for sale is down to 4.2 months. This time a year ago it was 5.3 months and at the beginning of 2008 this number stood at 7.6 months. Clearly this is an indication of a market growing in health although not yet in all price ranges.

The average sales price of homes is up slightly from April but off 2% from the end of 2008. The median price, however, which reflects in part the increased number of lower and moderate priced sales, is now down 21% from the final 2008 numbers. Both the average and median prices are likely to decline further in the months ahead,

### **Condominiums and Cooperatives**

New contracts have shown gains every month so far this year with May up 12% from April. Of greater significance May sales were 7% higher than a year ago. Sales gains and losses this month were evenly spread across the range of housing prices, with units priced between \$300,000 and \$400,000 (27% of May sales) up by 34%.

Year-to-date, however, sales trail the same period of 2008 by 7% with nearly half of the price ranges showing fewer sales than in the year before. The exceptions are units priced below \$150,000, from \$300,000 to \$400,000, from \$800,000 to \$1 Million and over \$1,250,000. It would not be a surprise to see 2009 sales overtake 2008 sometime in the fall, given the increasing strength in this year's market compared to the weak second half of 2008.

The number of units currently for sale is down nearly 4% from a year ago and nearly 3% from just last month. This along with improved sales in May has resulted in a housing supply of just 4.5 months, only half of what it was at the beginning of the year. The strength of the condo market has been in the lower and middle price ranges with the upper end struggling with over 12 months of inventory

The average sales price of condominium and cooperative units is 5% lower than at the end of the first quarter of this year, while the median price is even with both the first quarter and the end of last year. As with single family it would not be surprising to see both indicators decline until well after the volume of sales stabilizes, probably later this year.

**Prepared by:**

**Peter Clute - Coldwell Banker Residential Brokerage (202-333-6100)**

**Fred Kendrick – TTR Sotheby's International Realty (202-333-1212)**

**Date from the Greater Capital Association of REALTORS**