



CAAR Market Report

2010 Mid-Year

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Cynthia's Introductory Comments

The tax credit had a significant impact in helping the numbers look good, but moving forward the tax credit will likely have a negative effect on the numbers. Essentially, the tax credit moved a lot of sales into the April, May and June months that would have normally occurred in July, August and September. The market is still soft and still has far too much inventory, so the 19% increase in sales in this report can be considered a false recovery.

In other words, it is nice to have some really good news, but we need to be realistic about the challenging market we have. Out of the residential 1629 sales since January 2010, overall 13% have been foreclosures and short sales (in Albemarle, Buckingham, Charlottesville, Fluvanna, Greene, Louisa, Madison, Nelson, and Orange). Out of the 132 vacant land sales this year in these same counties, overall only 3% have been distressed. In some local areas, the distressed residential sales are as high as 24%. These are record numbers in our area, but compared to many areas in the rest of the country, we are blessed.

When reading the section below on how home prices are leveling out, keep in mind, many real estate transactions still do not statistically show that the sales price actually includes some closing costs that the seller has paid for the buyer (i.e. seller concessions), which can actually increase the reported sales price to as much as 3% above the actual contract price.

Where Are We Now?

The pace of home purchases in the Charlottesville market area showed a significant increase compared to last year at this time, with the exception of the City of Charlottesville. In the first half of 2010, sales (1391) were up 19.2% from the same period in 2009 (1167). The tax credit requiring homes to be under contract by April 30th and a slowly declining local unemployment rate were two strong influences for this occurrence, along with the knowledge that the first half of 2009 was the slowest six months of sales in our area in recent history.

As reported last quarter, the data had indicated a continuation of soft prices, but there seemed to be some evidence that the prices might be stabilizing. Our second quarter numbers seem to bear this out, showing mixed results depending on the county. For the entire area, the median price was up .4% as compared to last year at this time.



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Home Sales for 2010

There were 1391 homes sold in the Charlottesville area in the first half of 2010, which was up 19.2% (+224 sales) from 2009. Albemarle (+33.0%), Fluvanna (+29.7%), Greene (+20.5%), Louisa (+44.3%), Nelson (+79.6%), and Orange (14.8%) all showed an increase in sales, while only Charlottesville (-13.1%) showed a decrease.

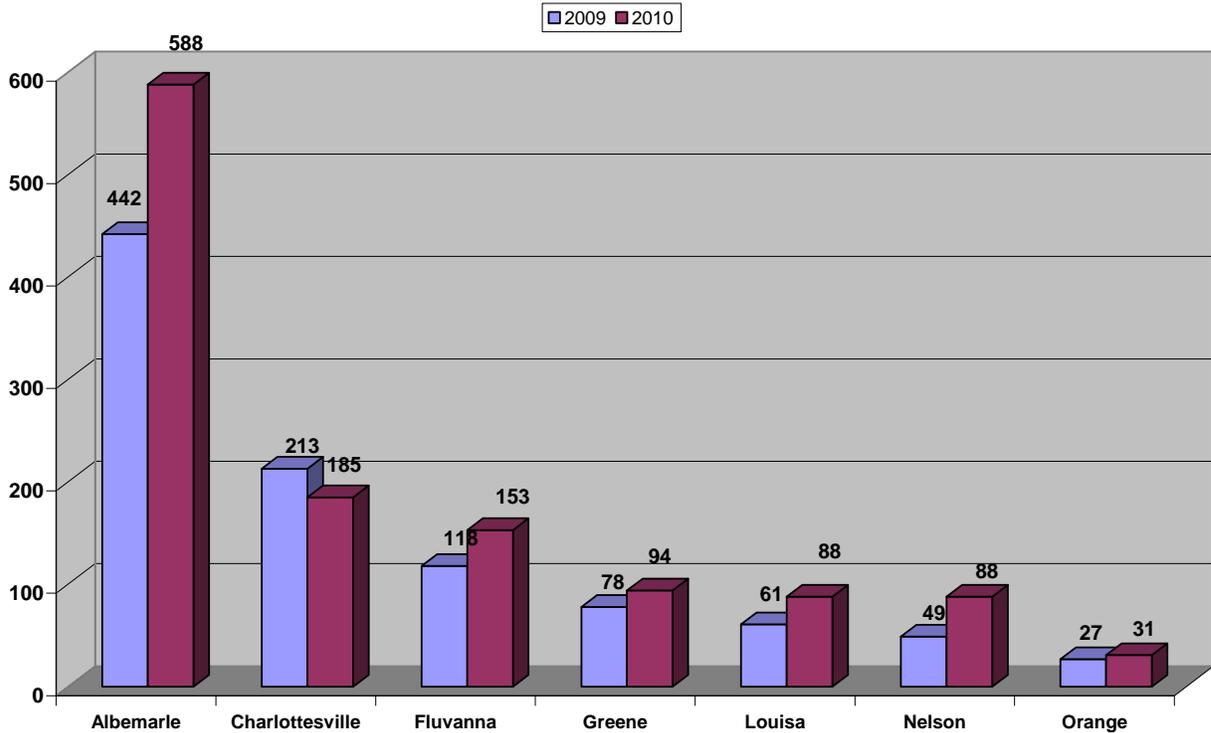
Sales in the Central Valley region were generated from the Greater Augusta MLS, which has more complete data on the Valley market than the CAAR MLS. Sales were up in the Valley by 8.1% compared to last year.

Year to Date (thru June) Residential Sales					
County	2006	2007	2008	2009	2010
Albemarle	843	783	513	442	588
Charlottesville	450	326	310	213	185
Fluvanna	270	226	176	118	153
Greene	168	116	98	78	94
Louisa	120	102	99	61	88
Nelson	125	96	77	49	88
Orange	59	63	51	27	31
Area Total*	2280	2016	1571	1167	1391
Central Valley**			529	394	426

**includes sales outside the counties listed*

***numbers courtesy of the Greater Augusta MLS*

Mid-Year Sales by County



Home Prices Leveled Out

Based on the data from the CAAR MLS, we are seeing mixed results on median prices depending on the county. More counties are showing a small increase than they did last quarter. 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 and/or able to pay and is not a true reflection of individual home prices.

We believe the numbers displayed below provide evidence that prices are showing signs of holding their levels. As shown below, median prices in three counties have increased, and the area price per square foot remained unchanged from last quarter.

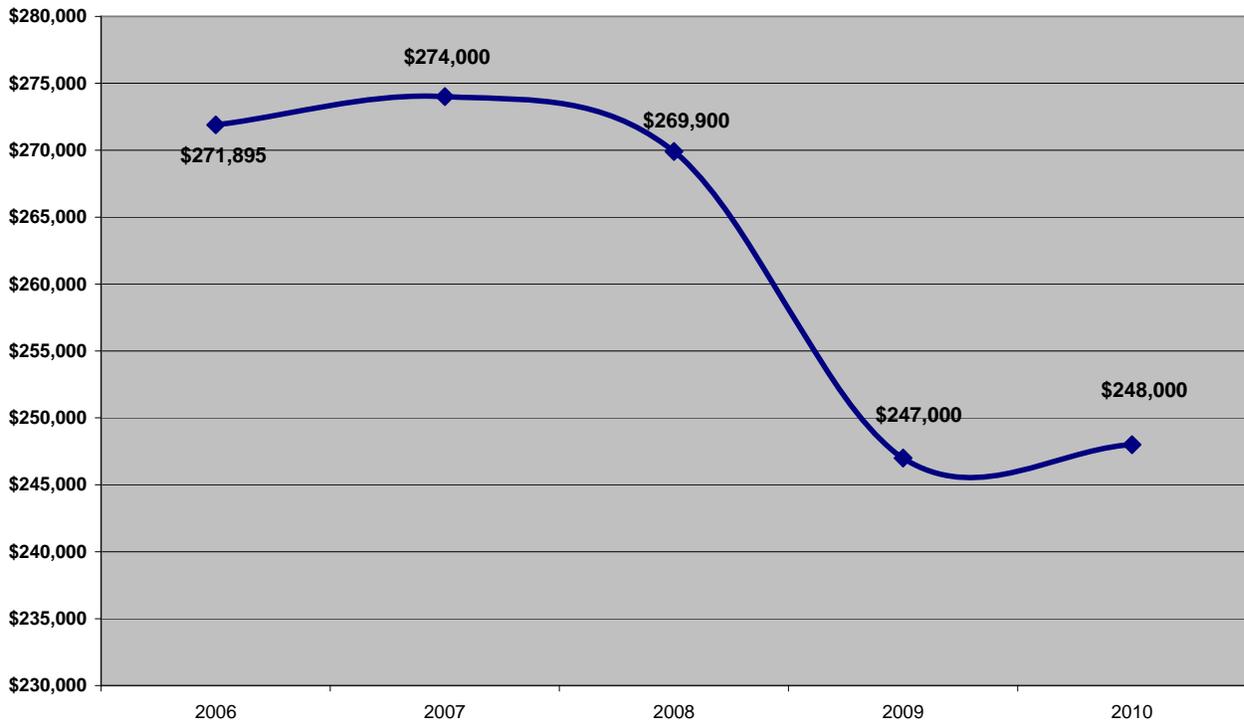
Overall, the median home price (including attached homes) increased \$1,000 (0.4%) compared to the first half of last year. The median price is now a little above where it was at this point in 2005, before the housing prices started increasing dramatically. There are three counties that showed increases in their median prices: Louisa (+10.1%), Fluvanna (+2.5%) and Albemarle (1.5%). All other areas covered in this report showed a decline as follows: Charlottesville (-0.8%), Greene (-2.0%), Nelson (-5.0%), Orange (-3.0%) and the Valley (-2.6%), all of which are less of a decline than last quarter.

Year to Date (thru June) Median Prices					
County	2006	2007	2008	2009	2010
Albemarle	\$325,000	\$309,900	\$310,733	\$281,580	\$285,767
Charlottesville	\$238,450	\$278,000	\$265,000	\$247,000	\$245,000
Fluvanna	\$241,852	\$253,000	\$250,000	\$199,950	\$205,000
Greene	\$272,815	\$291,300	\$258,750	\$253,500	\$248,500
Louisa	\$249,900	\$252,310	\$259,000	\$205,000	\$226,750
Nelson	\$305,000	\$293,500	\$300,000	\$280,000	\$266,000
Orange	\$275,000	\$285,000	\$229,700	\$161,400	\$156,500
Area Median*	\$271,895	\$274,000	\$269,900	\$247,000	\$248,000
Central Valley**			\$199,912	\$183,912	\$176,765

*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 what is happening to home prices is the price per square foot numbers. The average price per square foot of finished space in homes is not an exact

science, but a downward trend over the years clearly indicates a decrease in prices (and vice versa). The second quarter number held its own year to date, and shows a slight decline year-over-year.

Price Per Finished Square Foot (Year to Date)					
County	2006	2007	2008	2009	2010
Albemarle	176	176	171	154	147
Charlottesville	204	189	189	168	163
Fluvanna	143	141	134	118	117
Greene	155	155	147	132	133
Louisa	149	147	143	108	112
Nelson	214	210	191	167	167
Orange	169	181	135	113	95
Area Average*	173	167	161	143	140
Central Valley**			136	113	123

**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 area rose this quarter breaking from last quarter's decline. It was also slightly above last year's number at the same point in time. As we have reported for the past year, 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 have soft home prices.

As of this writing, we have 3,646 homes on the market, compared to 3,602 at this time last year. The median price of homes currently for sale is \$289,900, which is \$9,100 less than last year. The average DOM (days on market) of these homes is 146 days, which is 9 days less than last year and 28 days more than homes that sold in the first two quarters. The most telling statistic related to homes currently on the market is that the average price per square foot is \$195, compared to \$140 for homes that sold in the first half of the year.

Housing affordability is the positive aspect of this market. There are 1041 homes for sale \$200,000 or less, with an average DOM of 140 and an average price per square foot of \$204. This is 170 more homes in this price range than last year at this time. There are 257 homes currently on the market priced at a million dollars or more, as compared to 289 last year with an average DOM of 230, up from 226.

Days on Market (DOM)

In this market, the average days (DOM) 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. This quarter shows a reflection of that, as the average days on market went

down by 6 from last year, and is below the 2008 level. We are still in a buyer's market, which means the best way to shorten the days your property is on the market is to price it correctly.

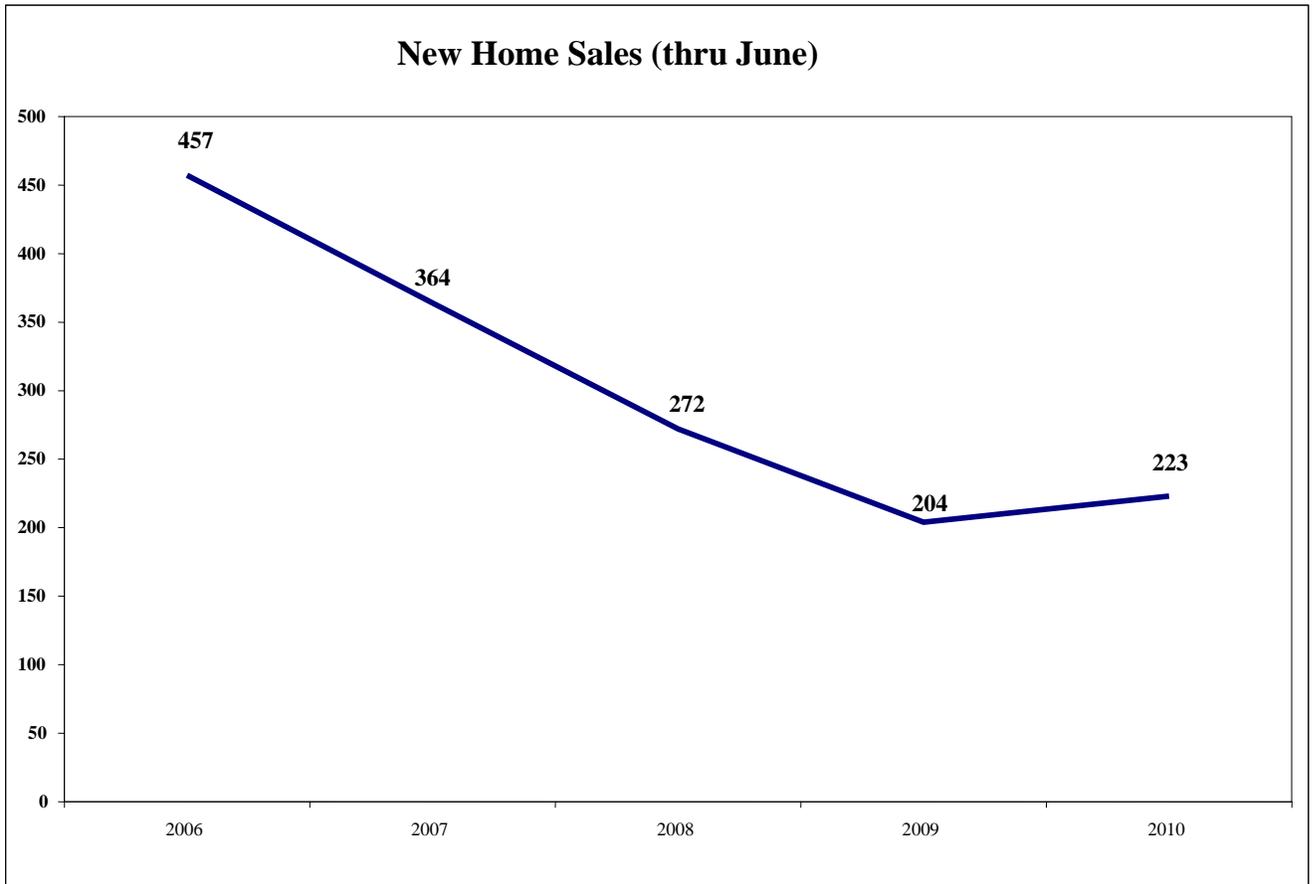
Average Days on Market (thru June)					
County	2006	2007	2008	2009	2010
Albemarle	59	91	114	107	112
Charlottesville	55	69	122	131	107
Fluvanna	69	86	128	129	87
Greene	85	94	93	92	121
Louisa	84	137	115	102	114
Nelson	82	113	163	159	159
Orange	76	111	140	152	134
Area Average*	69	92	122	124	118
Central Valley**			143	150	158

**includes sales outside the counties listed*

***numbers courtesy of the Greater Augusta MLS*

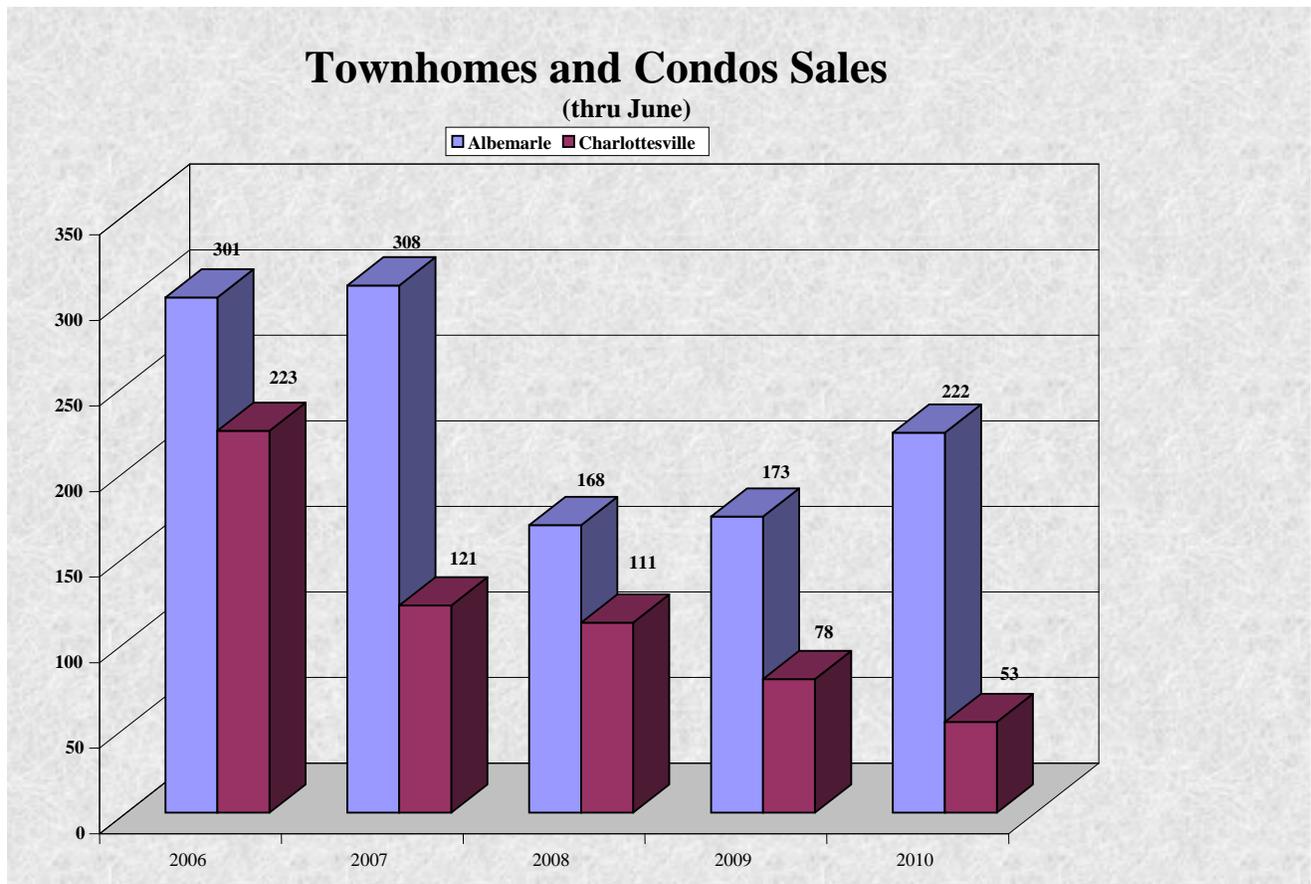
New Construction Show Small Increase

It is important to note that many "new" homes are not included in CAAR MLS statistics. Some buyers work with 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 finally showing a small upward mobility. If this continues for the next two quarters, then we may be able to say that 2009 was the bottom of the market.



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 large increase (28.3%) in the sale of attached homes in Albemarle in 2010 compared to the same period last year. The Albemarle median sold price dropped slightly, from \$222,000 to \$220,000 and the days on market was 94. In Charlottesville, there were only 53 attached home sales, showing a continuous, strong downward trend. The median price was down also down 16.5% from \$239,388 to \$199,900 but days on market decreased from 152 to 108.



Conclusions and Predictions

The good news is that while the stimulus package is behind us, the extension of the Federal tax credit for homes that were contracted by April 30th but were unable to close by June 30th has been extended, so those sales should close in the third quarter. It is impossible to quantify how much the stimulus affected both the number of transaction and the price levels, but there is little doubt that it had an impact. The closed data for the 2nd quarter as compared to 2009 is encouraging. However, we have seen a year over year decline in new sales reported to the MLS

in May and June, since the end of the stimulus. Be sure and find out what's going on in your segment of the market if you are buying or selling real estate in the next quarter.

CAAR is also watching the median price of homes for sale to see if the prices continue to stabilize. A reduction in inventory will help take pressure off home prices and indicate that the market is becoming more balanced. Price sensitivity is still the key factor in this market, so if you are looking to put your house on the market, be sure to have a REALTOR® or appraiser prepare a comparative market analysis (CMA) for your property so that you can price it to sell (not to just sit on the market). And, if you are looking to buy, a REALTOR® can help you understand the current marketplace so you can buy what is right for you.

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.

Sincerely,



P.S. I love referrals! Is there someone you know who is interested in buying, selling, or investing in real estate ... or paying off their mortgage in a fraction of the time? If so, call me!

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