



## Charlottesville Housing Market Report - 2009 Year-End

*(Published by the Charlottesville Area Association of REALTORS®)*

*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.*

### Where Are We Now?

Home sales, compared to 2008, continued to show improvement in the second half of 2009. At mid-year, sales were down 28%, but by year-end sales were only 8.7% below the 2008 levels. In the 4<sup>th</sup> quarter of 2009, sales (696) were up 34.1% from the same period in 2008 (519). This is the first year-over-year increase in sales we have seen in several quarters in the Charlottesville area. While it is certainly exciting to see such a significant increase in sales, it is important to remember that the 4<sup>th</sup> quarter of 2008 was the height of the economic and housing crisis. As predicted, the 4<sup>th</sup> quarter of 2008 (and the 1<sup>st</sup> quarter of 2009) appear to be the bottom of the housing downturn in the Charlottesville area.

As reported for the [past two quarterly reports](#), significantly lower home prices (down 20% or more) are driving the pick-up in sales. In addition, the \$8,000 tax credit for first time buyers supercharged the sale of starter homes (below \$300,000) in 2009. 67.5% of home sales for the year were in this starter home category, which is approximately a 10% increase in this category.

### Home Sales for 2009

There were 2,730 homes sold in the Charlottesville area in 2009, which was down 8.7% (-261 sales) from 2008. Albemarle (+5.7) and Greene (+11.7) showed an increase in sales for the year. All other areas were down from last year: Charlottesville -19.9%, Fluvanna -15.4%, Louisa -15.8%, Nelson -12%, and Orange -20%.

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 down in the Valley by 14.9 % compared to last year.

Residential Sales					
County	2005	2006	2007	2008	2009
Albemarle	1973	1680	1440	993	1050
Charlottesville	555	764	644	562	450
Fluvanna	639	523	423	318	269
Greene	309	291	203	171	191
Louisa	241	217	208	209	176
Nelson	399	259	194	158	139
Orange	133	128	122	85	68
Area Total*	4677	4412	3768	2991	2730
Central Valley**				1063	905

\*includes sales outside the counties listed

\*\*numbers courtesy of the Greater Augusta MLS



CYNTHIA HASH, REALTOR/SRES/GRI/AHA/CSSS/CRPS/GREEN/VHDA/NOTARY

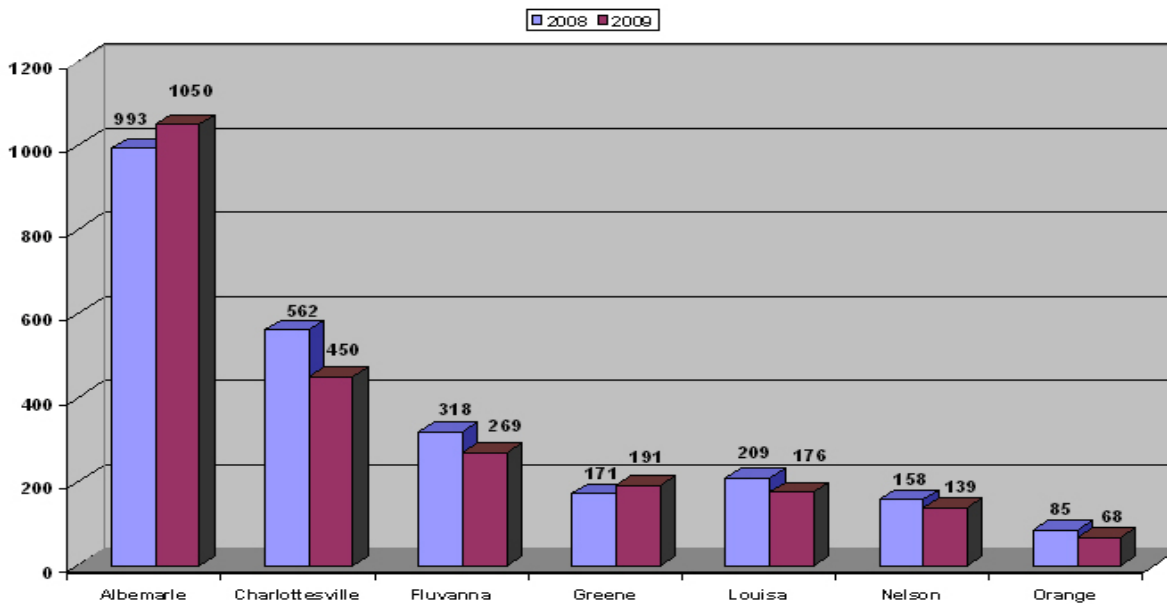
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## Year-End Sales by County



### Home Prices Have Dropped

Based on the data from the CAAR MLS, we believe that the numbers clearly show a significant decrease in home prices during 2009. 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/able to pay and is not a true reflection of individual home prices. It is probably safe to assume that a steady, year-to-year decrease in the median price is a good indication that prices are going down, but it is not an exact measurement.

We believe the numbers displayed below provide compelling evidence that our local real estate market has experienced a noteworthy drop in home prices. The CAAR market reports have been discussing this trend since the Fall of 2007, and this report shows further evidence of the decline. The one caveat that we need to make is that part of this median price decline is a reflection of an increase in home sales in the lower price ranges. Of the 2730 homes that sold this year, 1565 were sold for \$300,000 or less. This surge in the lower end of the market will naturally pull the median price down.

Overall, the median home price (including attached homes) declined \$20,823 (-7.8%) compared to last year. The median price in 2009 fell just below what we reported as the year-end median price in 2004. All areas covered in this report showed a decline as follows: Albemarle (-10.9%), Charlottesville (-7.1%), Fluvanna (-17%), Greene (-5.8%), Louisa (-15.7%), Nelson (-7.2%), Orange (-25.6%) and the Valley (-5.6%).

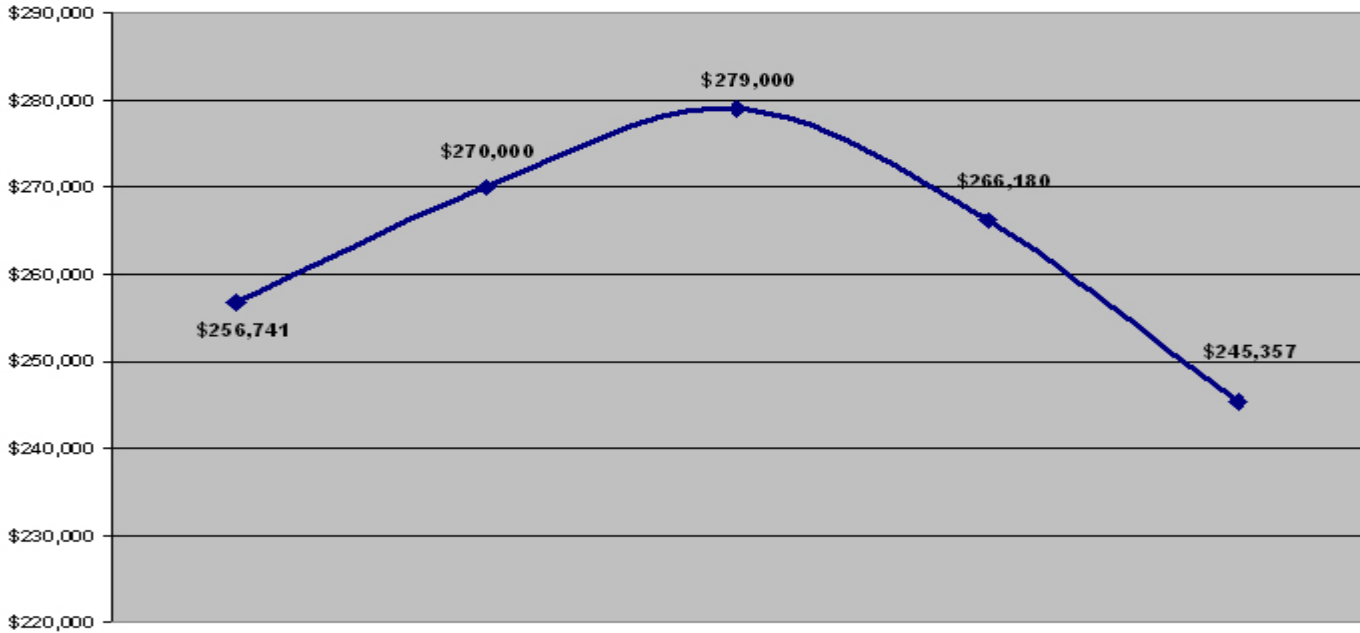
Median Prices

County	2005	2006	2007	2008	2009
Albemarle	\$289,000	\$320,000	\$307,000	\$320,000	\$285,000
Charlottesville	\$249,000	\$240,000	\$280,000	\$265,509	\$246,750
Fluvanna	\$234,000	\$244,900	\$260,000	\$243,250	\$201,978
Greene	\$234,900	\$267,000	\$285,000	\$260,000	\$245,000
Louisa	\$205,900	\$231,900	\$265,000	\$249,000	\$209,900
Nelson	\$300,000	\$325,000	\$310,000	\$300,000	\$278,500
Orange	\$215,000	\$259,750	\$277,500	\$215,000	\$160,000
Area Median*	\$256,741	\$270,000	\$279,000	\$266,180	\$245,357
Central Valley**				\$201,211	\$189,929

\*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 the decline in home prices is a major drop in the price per square foot numbers. The average price per square foot of finished space in homes is not a scientific number, but a downward trend over the years clearly indicates a decrease in prices (and vice versa). According to the chart below, prices peaked in 2006 and have declined for the past three years. There has been a \$28 per square foot drop since the peak in 2006. The current \$143 per square foot is the lowest number since 2004.

Price Per Finished Square Foot					
County	2005	2006	2007	2008	2009
Albemarle	165	178	175	169	152
Charlottesville	171	201	197	185	171
Fluvanna	130	142	141	134	120
Greene	140	155	152	143	128
Louisa	132	147	151	135	114
Nelson	206	212	209	192	171
Orange	137	164	166	129	117
Area Average*	158	171	168	158	143
Central Valley**				134	119

\*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 has continued to decline very slowly. As we have reported for the past several quarters, the excess of inventory is causing many of the problems with our local housing market. The decline in inventory is very encouraging, but we will still have too many homes on the market for the current demand. This could change very quickly going into the busy spring market.

Currently, we have 2,877 homes on the market, compared to 3,086 at this time last year. This is the largest year-over-year decrease in several years, but we are still a little bit above a balanced inventory level in the 2,000 to 2,500 range. The

median price of homes currently for sale is \$289,900, which is \$10,000 less than last year. The average DOM (days on market) of these homes is 182 days, which is ten days less than last year and 42 days more than homes that have sold. The most telling statistic related to homes currently on the market is that the average price per square foot is \$208 compared to \$143 for homes that sold in 2009.

Housing affordability is the positive aspect of this market. There are 786 homes for sale \$200,000 or less with an average DOM of 164 and an average price per square foot of \$146. There are 232 homes currently on the market priced at a million dollars or more with an average DOM of 270.

**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. The local area DOM stabilized in the second half of 2009 which, combined with the decrease in inventory, may indicate a change in the market. 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.

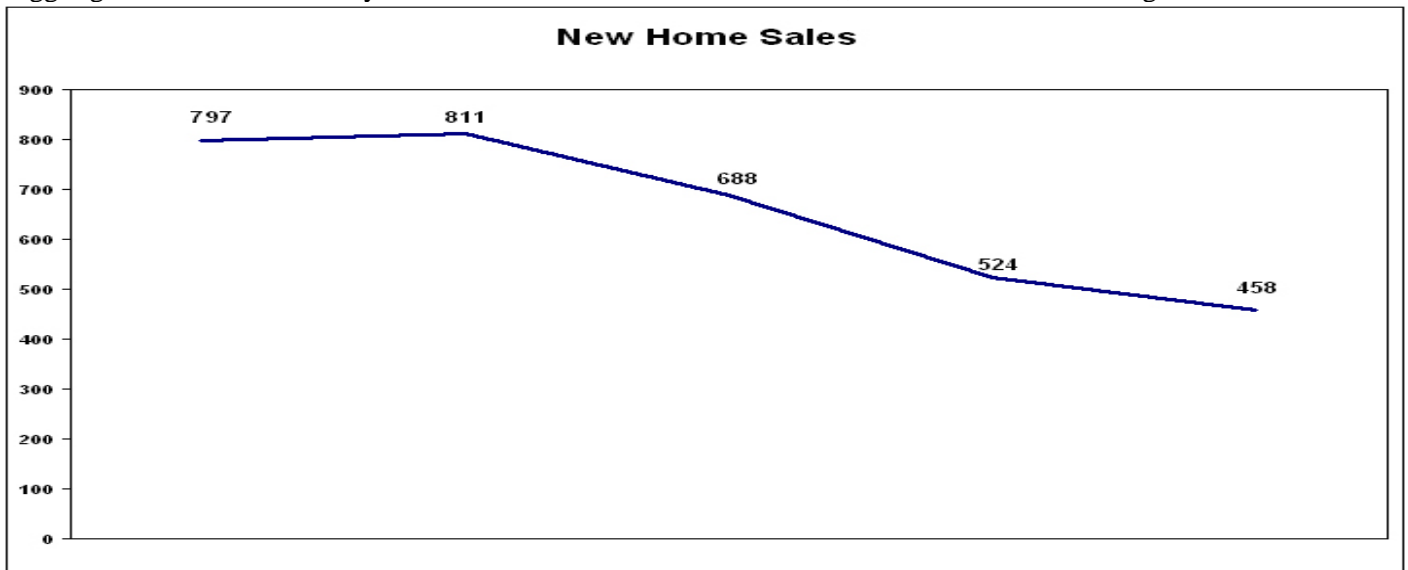
Average Days on Market					
County	2005	2006	2007	2008	2009
Albemarle	53	69	91	114	107
Charlottesville	51	57	79	111	116
Fluvanna	60	75	88	118	123
Greene	59	79	93	108	98
Louisa	85	91	126	108	134
Nelson	71	86	111	149	159
Orange	72	72	110	154	135
Area Average*	62	75	94	119	120
Central Valley**				142	150

\*includes sales outside the counties listed

\*\*numbers courtesy of the Greater Augusta MLS

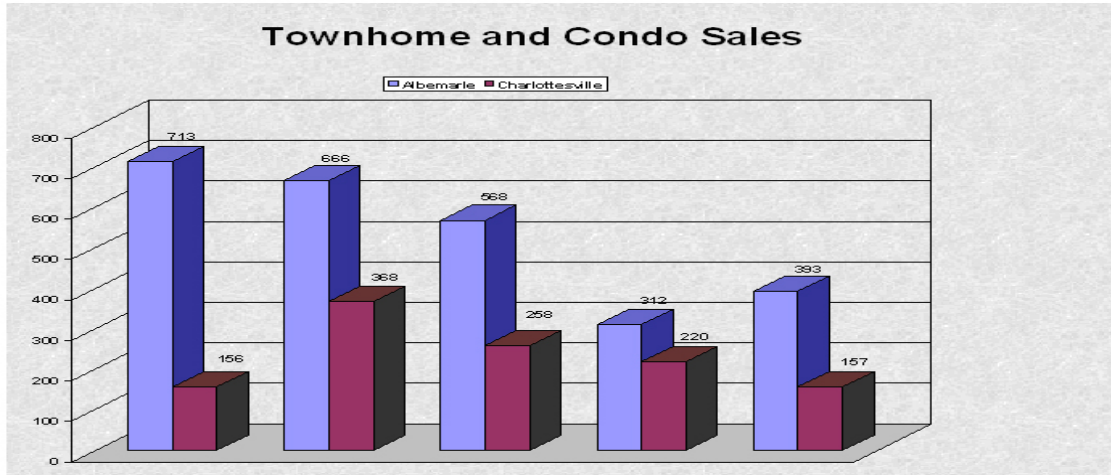
**New Construction Still Slow**

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 are still struggling and until the inventory of re-sale homes for sale declines more, new construction will lag.



## 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 26% increase in the sale of attached homes in Albemarle in 2009. Charlottesville attached home sales, on the other hand, are down 28.6%. Inventory levels of attached homes dropped during 2009 due to reasonably strong sales and little new inventory being created. The average DOM of the 333 attached homes currently on the market is 232, and the median price of an attached home currently on the market is \$206,000. The median price for an attached home sold in 2009 was \$221,500 with a DOM of 102.



## Conclusions and Predictions

Hindsight is always helpful in seeing the overall market twists and turns. Now that we can look back on 2009, it is easy to see that the local real estate market shifted in 2009. Based on the sales figures for the past 2 years, the market was at its lowest point between July 2008 and June 2009. The obvious conclusion is that the market has hit bottom and that we are on our way to better times in local real estate. CAAR is cautiously optimistic that we are looking at a bright future, but there are a lot of unknowns in front of us. What will happen when the home buyer tax credit expires in April? Will interest rates increase dramatically? Will the overall economy and the job market continue to improve?

With the benefit of hindsight, we will look forward to answering these questions when we publish the 2010 year-end report.

For now, we will continue to watch the inventory of homes for sale and the number of foreclosures that happen in our local market. If we see inventory levels continue to decline and the pace of foreclosures stays steady, we can expect prices to start creeping up. If inventory climbs again and the overall economy and home financing see further troubles, 2010 may end up being a repeat of 2009.

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If you would like more information on the housing market in your area or are in the market to buy or sell a home, contact me at [hash@kw.com](mailto:hash@kw.com) or call (434) 531-5351.

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!