

# CAAR Market Report

## 2008 After Three Quarters

Published by the Charlottesville Area Association of REALTORS®

### Overview

Not much has changed in the Charlottesville real estate market since the Mid-Year Market Report. Sales are still behind last year, the inventory of homes for sale is still too high, and prices are stagnant. Buyers still have the upper hand, and sellers are still struggling to find the right package (price, amenities, and location) to make their home stand out in a very competitive market. Attractive mortgages are still available (despite what you might have heard about the Wall Street meltdown), and our local economy is still relatively insulated from all the national troubles.

Sales of residential homes in the Charlottesville area continue at a moderate pace about equal to what we saw in 2001. From a historic perspective, the number of people buying a home in the area is at a fairly normal level, but missing from this market are the speculative investors that overheated the market a few years ago. These investors were buying and selling the same property in the same year and driving up statistics and prices. Today, the market seems to have stabilized, with median prices flat compared to the past two years and the inventory of properties for sale easing slightly.

### Homes Sold

There were 2396 homes sold between January and September of 2008, which was down 20.8% (-629 sales) from the first nine months of 2007. That is seven percentage points better than the mid-year report which showed a 27.5% decrease year-to-year. All local areas except Louisa (+4.5%) were down from last year (Albemarle -31.5%, Charlottesville -7.6%, Fluvanna -27.6%, Greene -13.8%, and Nelson -14%). This is the lowest number of sales reported in the MLS since 2001, but to help keep that in perspective you need to remember that 2001 was a record year for sales.

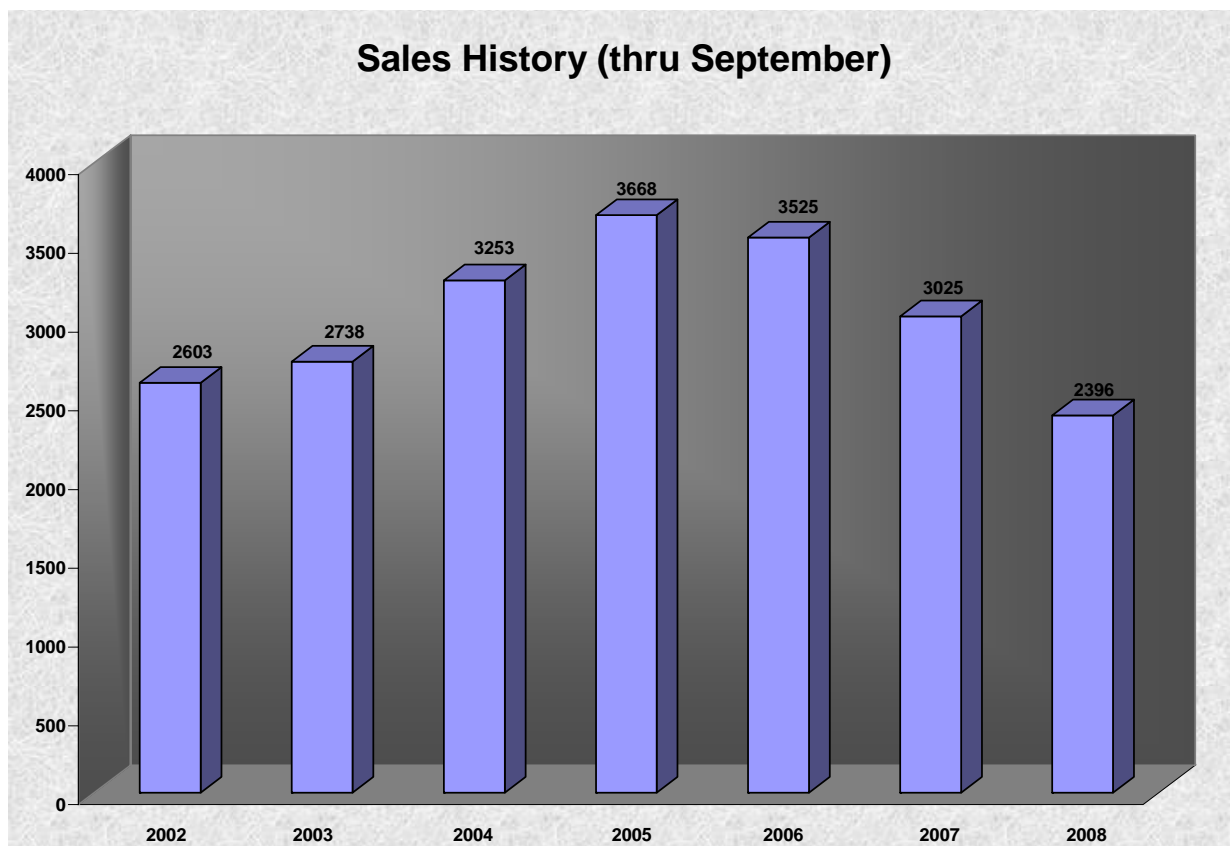
New to the CAAR Market Report this year are numbers from the other side of Afton Mountain. The Staunton/Waynesboro real estate market, referred to as the *Central Valley* in the charts below, now overlaps with the Charlottesville area market to such an extent that we need to report separate numbers for 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 17.2% compared to last year.

### Home Sales (thru September)

County	2002	2003	2004	2005	2006	2007	2008
Albemarle	1120	1184	1367	1585	1364	1190	815
Charlottesville	309	333	434	439	667	515	476
Fluvanna	451	420	527	505	423	344	249
Greene	200	214	238	238	236	160	138
Louisa	109	118	139	184	169	154	161
Nelson	241	270	288	299	182	143	123
<b>Area Total*</b>	<b>2603</b>	<b>2738</b>	<b>3253</b>	<b>3668</b>	<b>3525</b>	<b>3025</b>	<b>2396</b>
<b>Staunton-Augusta**</b>						974	806

\*includes sales outside the counties listed

\*\*numbers courtesy of the Greater Augusta MLS



### Median Sales Price

The local market seems to have found the equilibrium for the price of properties that sell. The median price of homes that have sold through the first nine months of the year has remained steady for the past three years (see chart below). You should not compare a change (or lack of 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!

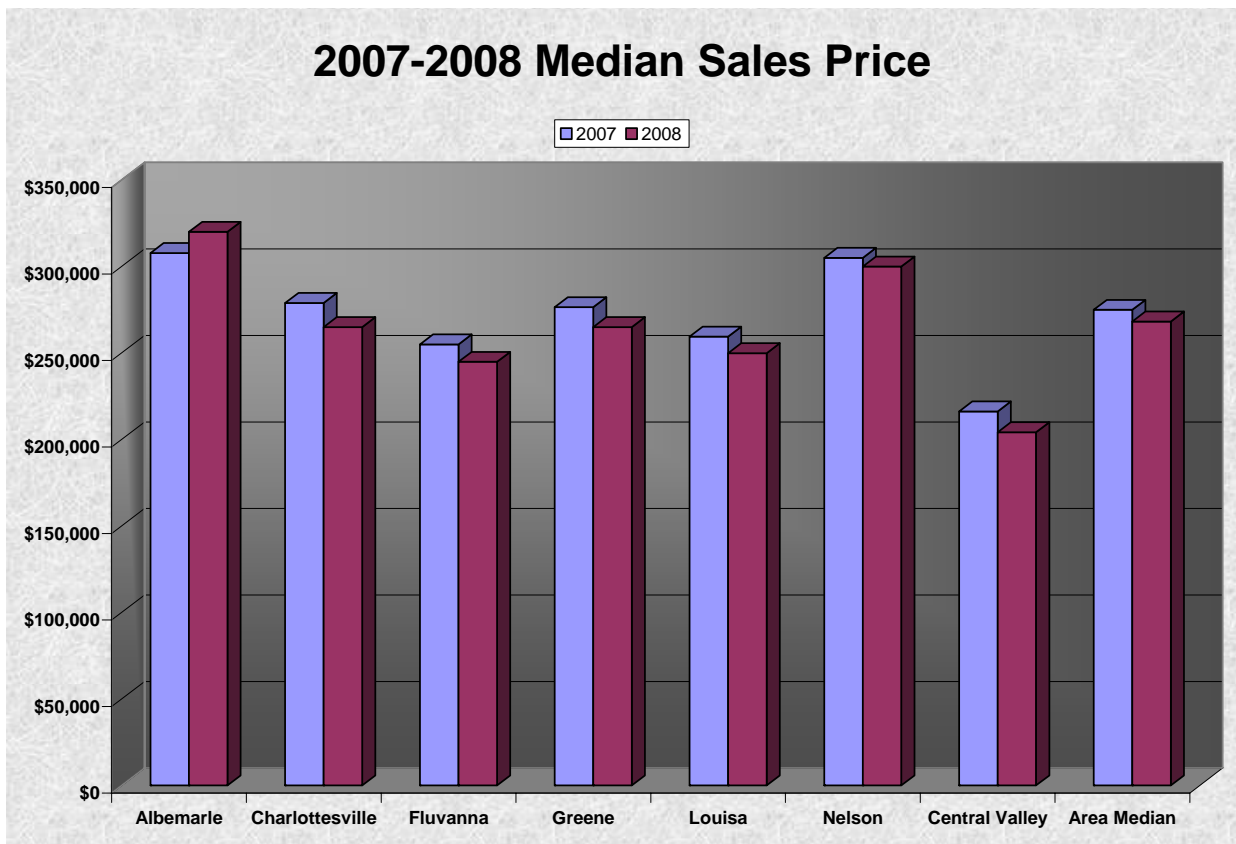
Overall, the median price declined \$6,841 (-2.5%). Albemarle (+4%) was the only county to show an increase in median price, with all other areas showing modest declines. Median prices for other locales include: Charlottesville (-5%), Fluvanna (-4%), Greene (-4.2%), Louisa (-3.7%), and Nelson (-1.6%), and the Valley (-9.8%).

### 2008 Median Prices (thru September)

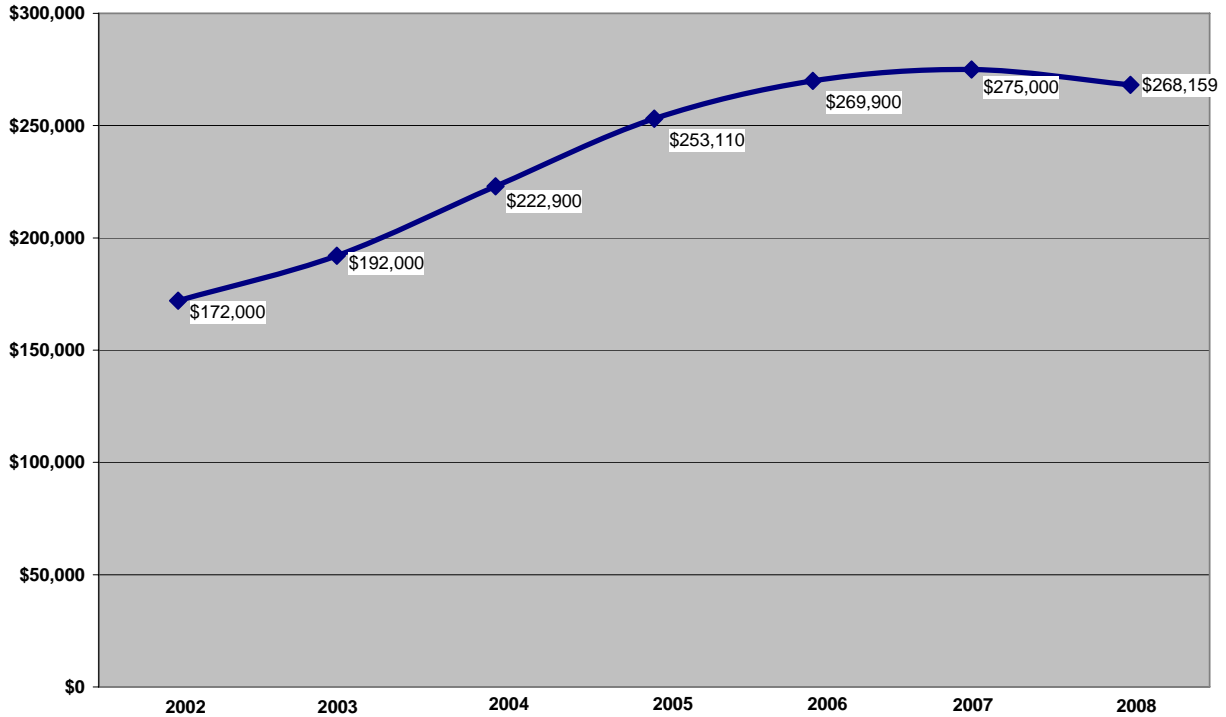
County	2002	2003	2004	2005	2006	2007	2008
<b>Albemarle</b>	\$224,900	\$250,000	\$260,000	\$282,600	\$316,750	\$307,750	\$320,000
<b>Charlottesville</b>	\$155,500	\$175,000	\$214,250	\$247,950	\$239,000	\$279,000	\$265,000
<b>Fluvanna</b>	\$140,900	\$162,525	\$180,000	\$228,300	\$242,900	\$255,000	\$244,900
<b>Greene</b>	\$138,950	\$162,675	\$175,250	\$232,429	\$271,315	\$276,500	\$265,000
<b>Louisa</b>	\$137,000	\$149,975	\$175,000	\$204,153	\$237,061	\$259,450	\$249,900
<b>Nelson</b>	\$145,000	\$169,000	\$234,500	\$297,000	\$293,750	\$305,000	\$300,000
<b>Area Median*</b>	\$172,000	\$192,000	\$222,900	\$253,110	\$269,900	\$275,000	\$268,159
<b>Central Valley**</b>						\$216,231	\$204,162

*\*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)

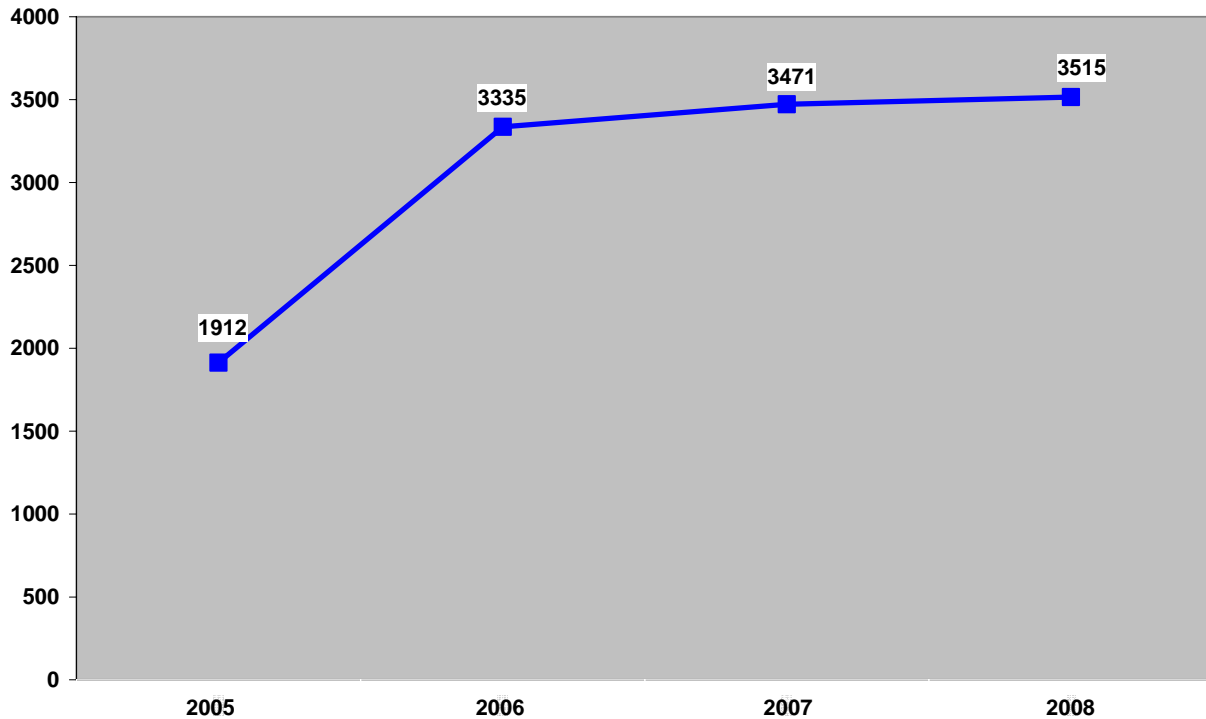


### Inventory of Homes for Sale

For the second quarter in a row, the inventory of homes for sale in the Charlottesville area has declined slightly. 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 3,519 homes on the market, just a few more than we had 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 these homes for sale is \$316,250. The average DOM (days on market) of these homes is 165 days. It is a great time for first-time buyers, because there are 723 homes for sale under \$200,000 with an average DOM of 143. There are 274 homes currently on the market priced at a million dollars or more with an average DOM of 238.

## Inventory of Homes for Sale



### 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 has a glut of inventory, so the 165 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.

### Days on Market

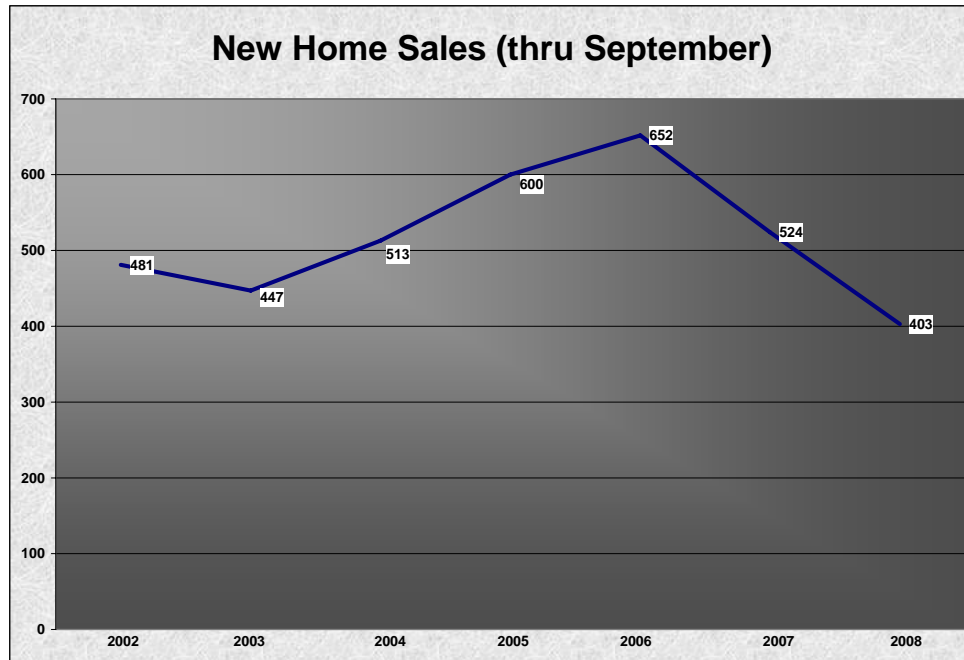
County	2002	2003	2004	2005	2006	2007	2008
Albemarle	70	72	70	52	62	89	111
Charlottesville	41	43	121	53	54	71	112
Fluvanna	73	69	62	58	74	86	125
Greene	71	69	85	60	77	91	105
Louisa	101	106	87	93	87	129	114
Nelson	135	97	97	70	86	108	140
Area Average*	77	75	82	62	70	91	118
Central Valley**						126	140

*\*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.

### Price Per Sq. Foot

County	2002	2003	2004	2005	2006	2007	2008
Albemarle	118	129	142	164	176	175	169
Charlottesville	111	130	146	172	206	194	190
Fluvanna	88	101	108	129	142	141	135
Greene	96	103	113	138	157	152	145
Louisa	96	102	110	129	147	149	135
Nelson	114	134	161	202	211	208	193
Area Average*	108	121	134	157	172	168	160
Central Valley**						130	133

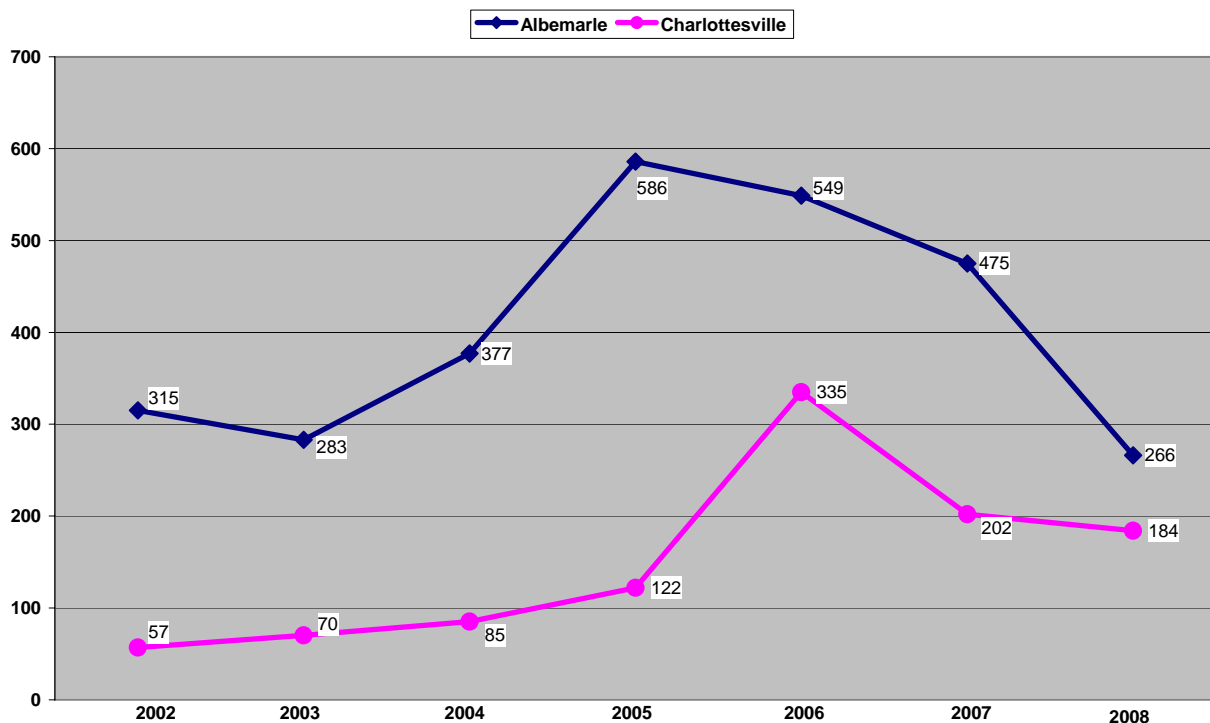
\*includes sales outside the counties listed

\*\*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 44% compared to the first nine months of 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 404 listed for sale in Charlottesville and Albemarle, but this number has decreased significantly since the mid-year report. This over-supply is presented in the 169 average DOM for the attached properties currently on the market. The median price of an attached home is \$230,800.

## Condo and Townhome Sales



## Conclusions and Predictions

The overall condition of the real estate market in the Charlottesville area has not changed much in the past three quarters. If anything, the market has picked up a little compared to last year. September marked the first month sales did not show a decline from the previous year in many months. That is good news and hopefully indicates a stabilization of the market. As we concluded in previous Market Reports, it is a GREAT time to be a buyer. If you are looking to move or invest and plan to hold the property at least 3 to 5 years, this market offers an extraordinary opportunity if you purchase a property that is priced correctly. Some sellers seem to finally be seeing this market from the proper perspective. In this type of market, they 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.

Looking ahead, we expect to see similar market conditions through the first quarter of 2009. The key to improvement in the market is a reduction in inventory. 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. That is where we need to be to have a balanced market where buyers and sellers are on even terms.

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®.

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