

MARKET IN A MINUTE

A SUMMARY OF MARKET CONDITIONS FOR JANUARY 2016

CONTRACTS



Contract activity in January 2016 was **down 8.4%** from January of 2015, and there were decreases in five of the six price categories. However, it's clear that the blizzard from the 22nd – 24th was responsible for this decline – the first half of the month had seen an increase in the number of newly-ratified contracts. The average number of days on the market for homes receiving contracts increased modestly from 78 days in January 2015 to 80 days in January 2016.

URGENCY INDEX



The Urgency Index, simply the measure of the percentage of homes going under contract that were on the market 30 days or less, was down slightly in January compared to the year prior – also because of the snowstorm. During the past 12 years, the Index has been as high as 95% (April 2004) and as low as 25% (November 2007). In January 2016, the Urgency Index was **34.7%**, down from 37.2% in January 2015.

INVENTORY



The number of homes on the market at the end of January was **up 6.0%** from the end of January 2015, and was up in all but the top price category. The number of listings coming on the market compared to January 2015 was **down 10.4%**. The decrease in contract activity combined with the increase in inventory pushed overall supply to 2.6 months, up from 2.2 months at the end of January 2015.

INTEREST RATES



Contrary to predictions, mortgage rates continue to fall – and while that's good for the housing market short term, it signals broader challenges. They're falling because investors are flooding the U.S. bond market. Mortgage rates follow the yield on bonds which loosely follow the 10-year Treasury. Investors are buying bonds as a safety play in a highly volatile and largely negative stock market. Signs of weakness in the U.S. economy, in addition to trouble in overseas markets, pushed the yield on the 10-year Treasury to its lowest level since 2012, and mortgage rates followed south. Rates at the end of January stood at 3.79%, almost a quarter point lower than the end of December.

AFFORDABILITY



The payment on a no-money-down, 30-year fixed mortgage for a median-priced home is **8.6% lower today** than it was in January 2008, but is also 4.3% higher than January of last year. For the 33rd straight month, the mortgage payment for a median priced home (\$2,141 in January) was higher than the median rented price (\$2,050 in January).

DIRECTION OF THE MARKET



The blizzard negatively impacted the housing market – and all other aspects of the economy – throughout the region, so don't read anything into the generally negative numbers in January. We haven't seen anything that changes our belief that the Northern Virginia real estate market has really returned to a sense of normalcy, with relatively good balance between supply and demand. We don't see anything on the horizon domestically that is likely to make 2016 much different than 2015, simply because there are so many conflicting signs regarding the health of the overall economy.

MONTHLY SUMMARY JANUARY 2015 vs. JANUARY 2016

NORTHERN VIRGINIA	January 2015	January 2016	% Change
Number of Sales	1,020	1,026	0.6%
Fully Available Inventory on 1/31	3,081	3,266	6.0%
Number of New Listings	1,715	1,536	-10.4%
Number of New Contracts	1,378	1,262	-8.4%
Days on Market - New Contracts	78	80	2.6%
Average Sales Price	\$545,910	\$533,898	-2.2%
Average Seller Subsidy	\$3,258	\$3,538	8.6%
Urgency Index	37.2%	34.7%	-6.7%
Months' Supply	2.2	2.6	15.7%

LOUDOUN COUNTY

Number of Sales	293	332	13.3%
Fully Available Inventory on 1/31	1,553	1,352	-12.9%
Number of New Listings	590	531	-10.0%
Number of New Contracts	434	415	-4.4%
Days on Market - New Contracts	95	88	-7.4%
Average Sales Price	\$470,353	\$483,549	2.8%
Average Seller Subsidy	\$3,790	\$4,295	13.3%
Urgency Index	30.6%	38.3%	25.2%
Months' Supply	3.6	3.3	-9.0%

WASHINGTON, DC

Number of Sales	472	457	-3.2%
Fully Available Inventory on 1/31	960	1,093	13.9%
Number of New Listings	675	747	10.7%
Number of New Contracts	588	522	-11.2%
Days on Market - New Contracts	54	49	-9.3%
Average Sales Price	\$623,059	\$598,345	-4.0%
Average Seller Subsidy	\$2,516	\$3,131	24.4%
Urgency Index	51.9%	56.1%	8.1%
Months' Supply	1.6	2.1	28.2%

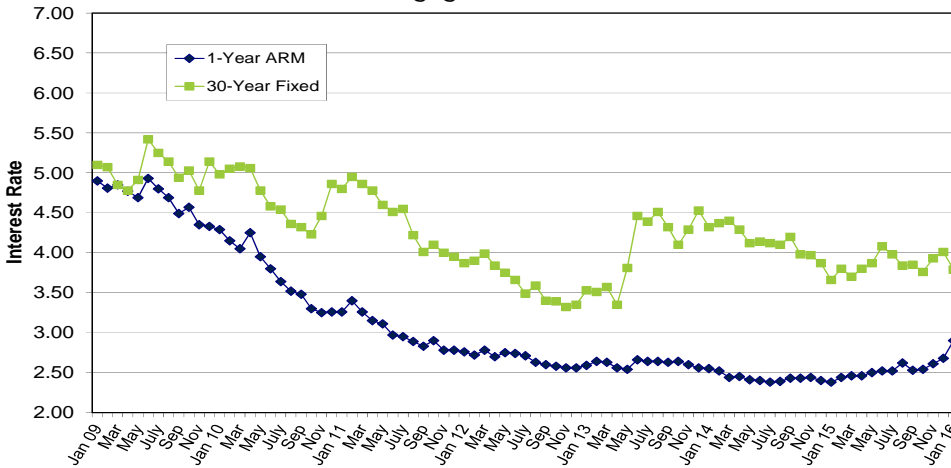
MONTGOMERY COUNTY

Number of Sales	605	662	9.4%
Fully Available Inventory on 1/31	2,179	2,113	-3.0%
Number of New Listings	951	873	-8.2%
Number of New Contracts	814	756	-7.1%
Days on Market - New Contracts	87	77	-11.5%
Average Sales Price	\$460,222	\$452,221	-1.7%
Average Seller Subsidy	\$3,402	\$3,685	8.3%
Urgency Index	34.0%	36.5%	7.4%
Months' Supply	2.7	2.8	4.4%

* Note: Percentages depicted in red indicate a negative market trend; black indicates a positive market trend

30-YEAR FIXED AND 1-YEAR ADJUSTABLE RATES

Month-End Mortgage Rates – 2008-Current

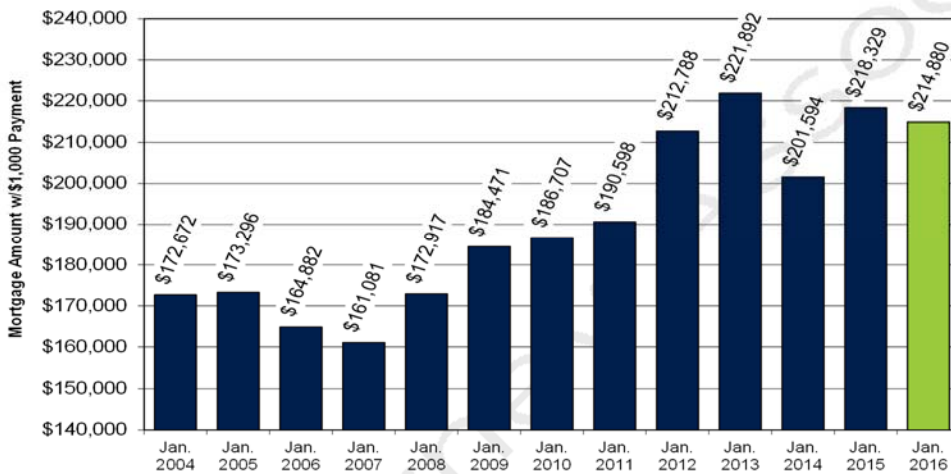


MORTGAGE RATES

- 30-year fixed interest rates at the end of January averaged 3.79%, compared to 3.66% at the end of January 2015.
- One-year adjustable rate mortgages were 2.90% at the end of January 2016, which is up from 2.38% at the end of January 2015.

BUYING POWER

Mortgage Amount with \$1,000 Payment

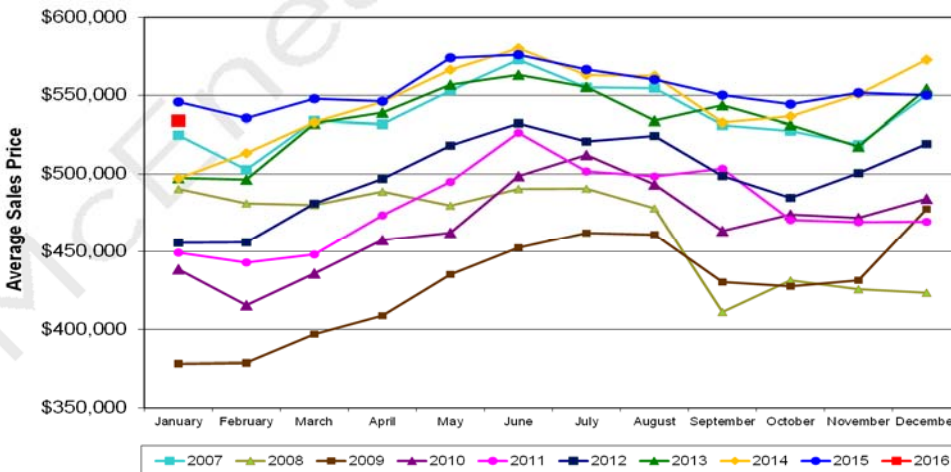


BUYING POWER

- A \$1,000 principal and interest payment supported a loan of \$209,209 at the end of January, which is \$3,449 less than January 2015 and \$42,208 more than January 2004.
- In January 2008, it would have taken a monthly PI payment of \$2,342 to purchase a median-priced home. Lower rates have offset the impact of today's higher prices – now it takes a payment of \$2,141 to buy a median-priced home. **That's an 8.6% decrease.**

AVERAGE SALES PRICE

Northern Virginia – 2007-Current

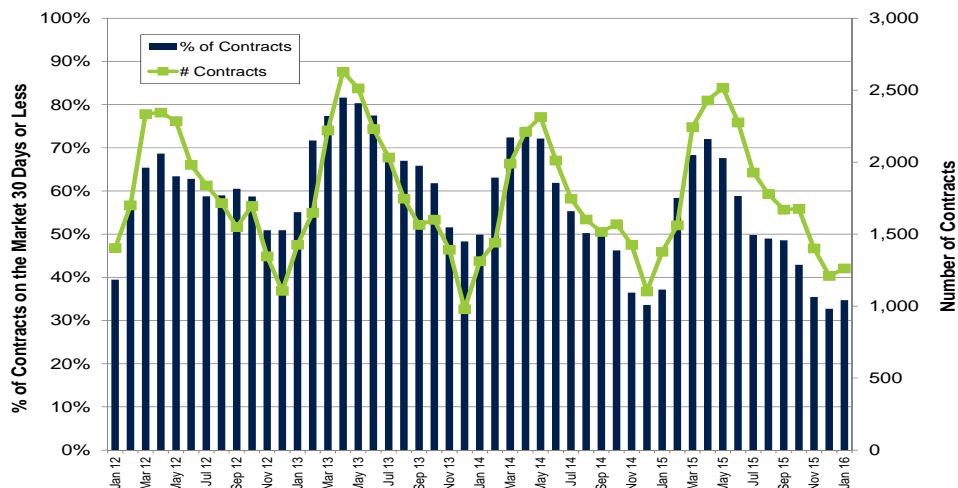


AVERAGE PRICES

- The average sales price in January 2016 was \$533,898, down 2.2% from the January 2015 average price of \$545,910.
- The median sales price was \$460,000 in January 2016, up 2.2% from the median price in January 2015.
- Remember that these indicators are arithmetic computations based on all properties sold and **do not** indicate the appreciation or depreciation of any individual property.

URGENCY INDEX

% of Contracts on the Market for 30 Days or Less
Northern Virginia – 2012-Current

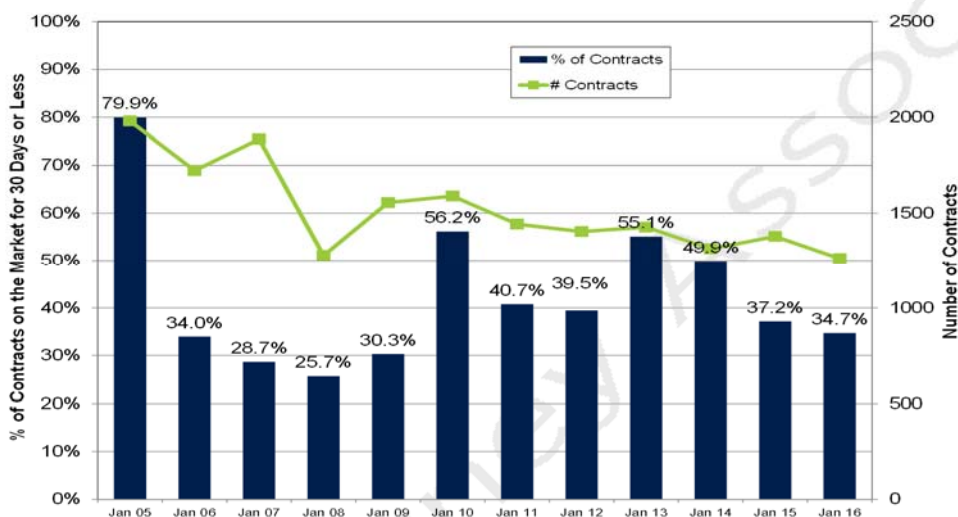


URGENCY INDEX – 2012-Current

- This chart compares the number of contracts (green line) to the percent that were on the market 30 days or less (blue bars). At first glance, it might appear that the lower contract activity also means a lower percentage of homes that sell quickly – but that’s not always true.
- As an example, December is always the month with the lowest number of contracts. In December 2011 (not on this chart) had a 35% index, but that jumped to 50% in 2012, an early indicator that the market was picking up heading into 2013.

URGENCY INDEX

Northern Virginia – January 2005-2016

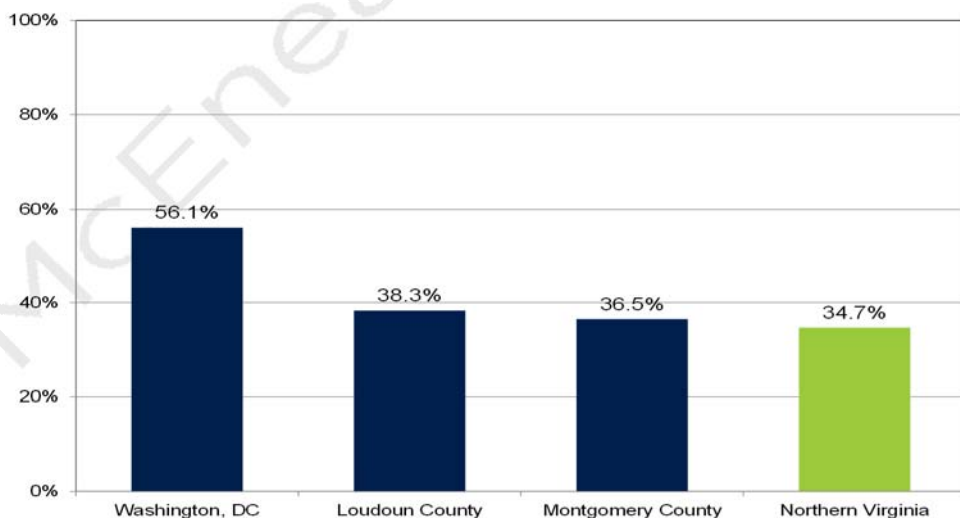


URGENCY INDEX - January

- During the past 12 years, the Urgency Index has been as high as 79.9% and as low as 25.7%.
- Look how much buyer expectations changed from January 2005 to 2006. The number of ratified contracts fell by 13.0%, but the Urgency Index fell by 57.4%, indicative of some real buyer pessimism.
- The average Jan. Urgency Index in Northern Virginia during the past 12 years is 42.7% - higher than where we are today.
- There was an 8.4% decrease in the number of new contracts for January 2016 compared to 2015 – and the Urgency Index **dropped** from 37.2% to 34.7%.

URGENCY INDEX

DC Metro Area by Jurisdiction Comparison - January 2016

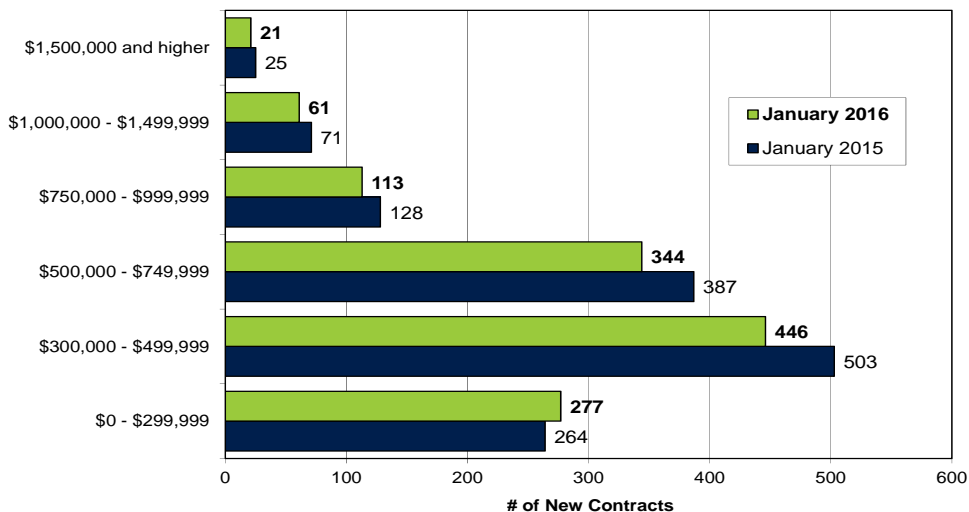


URGENCY INDEX – DC Metro Area

- There are significant differences between the DC Metro Area markets.
- The average January Urgency Index during the past 12 years for all four of the jurisdictions we track is 41.8%. Today, the District is outperforming its neighbors at 56.1%, which is higher than its historical average.
- Northern Virginia is in fourth place this month. As noted above, it is performing below its historical average.

NEW CONTRACT ACTIVITY

Northern Virginia – January 2015 vs. January 2016 by Price Range

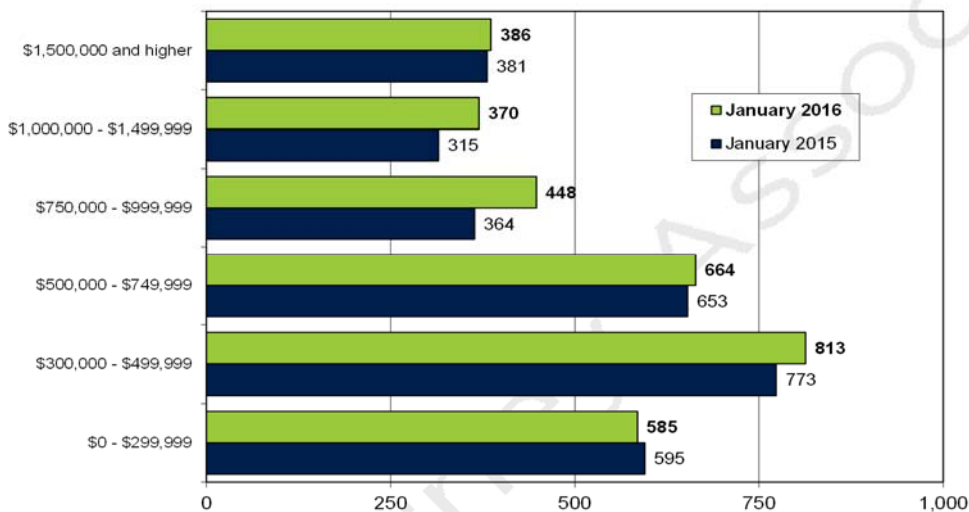


NEW CONTRACT ACTIVITY

- The number of new contracts ratified in January 2016 was **down 8.4%** from the number of contracts ratified in January 2015, and was down for five price categories.
- **39.8%** of all homes going under contract in January 2016 had at least one price reduction before going under contract.

FULLY AVAILABLE LISTINGS

Northern Virginia – January 31, 2015 vs. January 31, 2016

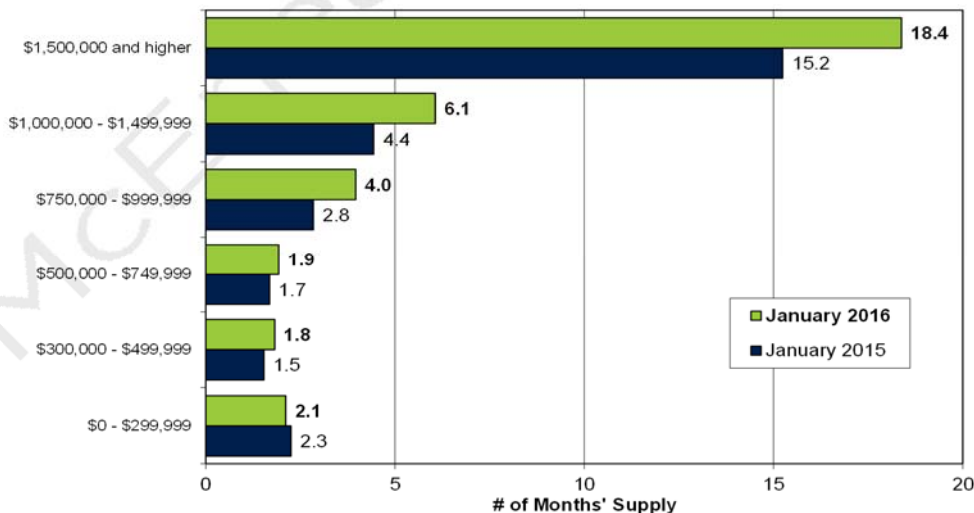


FULLY AVAILABLE LISTINGS

- As noted on page 2, the month-end inventory **increased 6.0%** in January 2016 compared to January 2015 – and there was a decrease of 10.4% in the number of homes coming on the market.
- Inventory is up for all but the lowest price category.
- **36.6%** of all homes on the market have had at least one price reduction since coming on the market.
- In January 2015, 34.6% of all homes on the market had at least one price reduction.

MONTHS' SUPPLY

Northern Virginia – End of January 2015 vs. End of January 2016

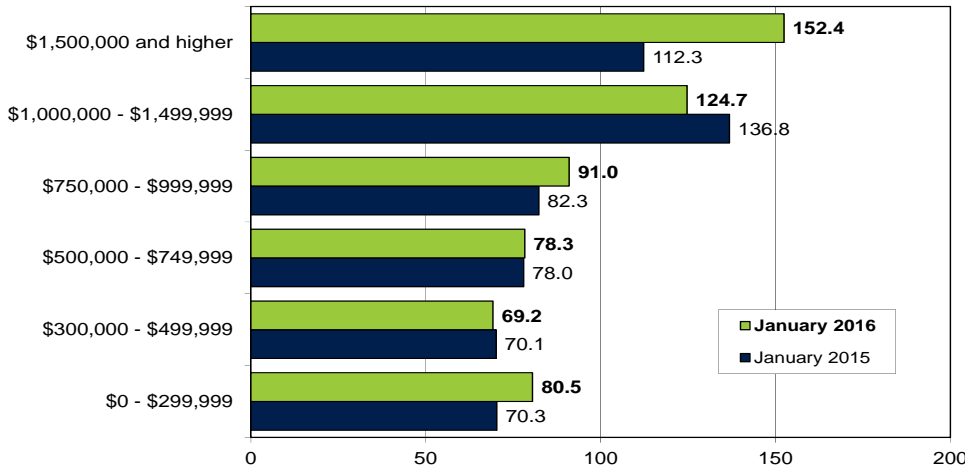


MONTHS' SUPPLY

- The overall supply of homes on the market at the end of January was **2.6 months**, which was an **increase of 15.7%** compared to the end of January 2015, when supply stood at 2.2%.
- Price category supply ranges from a low of 1.8 months for homes priced between \$300,000 and \$599,999 and a high of 18.4 months for homes priced \$1,500,000 and higher.

AVERAGE NUMBER OF DAYS ON MARKET

Northern Virginia – January 2015 vs. January 2016 – New Contracts

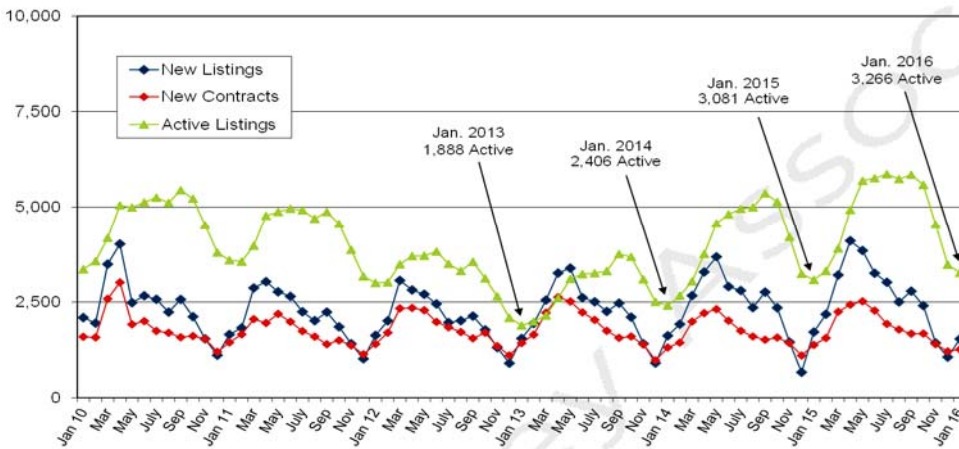


AVERAGE NUMBER OF DAYS ON THE MARKET – NEW CONTRACTS

- The average number of days on the market for homes receiving contracts in January was up for three price categories.
- Overall, the average number of days on the market for homes receiving contracts in January 2016 was **80**, up **2.6%** from 78 days in January 2015.

NUMBER OF NEW LISTINGS AND CONTRACTS; ACTIVE LISTINGS

Northern Virginia – January 2010-Current

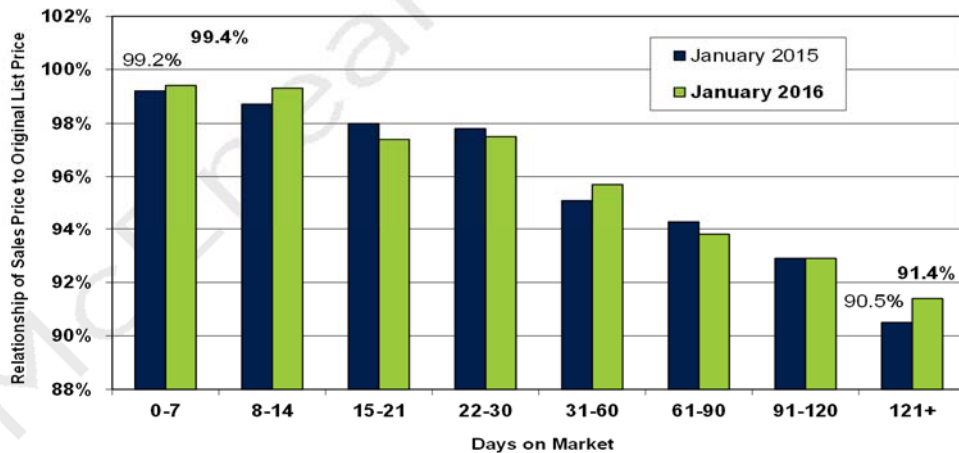


NUMBER OF NEW LISTINGS, CONTRACTS AND ACTIVE LISTINGS

- There were 1,536 new listings that came on the market in January 2016, **down 10.4%** from the 1,715 in January 2015.
- The lines representing active listings (green), new listings (blue) and new contracts (red) are nowhere near as tightly grouped as they were almost all of 2013 and the first few months of 2014.

RELATIONSHIP OF SALES PRICE TO ORIGINAL LIST PRICE vs. DAYS ON MARKET

Resale Properties Sold in Northern Virginia – January 2015 vs. January 2016



RELATIONSHIP OF SALES PRICE TO ORIGINAL PRICE vs. DAYS ON MARKET

- As we have noted in this space for years, initial pricing strategy is critical to the success of sellers.
- Homes settling in January 2016 that received contracts their first week on the market sold, on average, **0.6% below original list price**. Those that took 4 months or longer to sell sold for **8.6% below original list price**.

SOME DEFINITIONS AND EXPLANATIONS TO AID YOUR UNDERSTANDING OF THE DATA

- All data describing "Northern Virginia" include the counties of Arlington and Fairfax, the cities of Alexandria, Fairfax and Falls Church, and the towns of Vienna, Herndon & Clifton
- The data shown here are collected, in whole or in part, from the Metropolitan Regional Information System, Inc. and are believed to be reliable but are not guaranteed
- "Sales" are transactions that settled during the statistical period; "Under Contracts" are contracts negotiated during the statistical period, but not yet settled
- "Available Listings" reflects single-family homes, town homes, new homes and condos on the market at the end of the period in question.
- "Months' Supply" is simply the number of "Fully Available Listings" on the market at the end of the month divided by the number of "Contracts" ratified that month.

Analysis by Property Type – Condo/Co-op

LISTINGS

Condo/Co-op	New This Month			Total Active		
	2015	2016	% Change	2015	2016	% Change
Listings						
\$299,999 and under	278	253	-9.0%	536	552	3.0%
\$300,000 - \$499,999	195	157	-19.5%	303	353	16.5%
\$500,000 - \$749,999	54	56	3.7%	100	100	0.0%
\$750,000 - \$999,999	14	9	-35.7%	26	32	23.1%
\$1,000,000 - \$1,499,999	5	5	0.0%	16	23	43.8%
\$1,500,000 & higher	4	1	-75.0%	14	9	-35.7%
Grand Total:	550	481	-12.5%	995	1069	7.4%

CONDO/CO-OP – LISTINGS

- The number of **new** listings for condos and co-ops coming on the market was **down 12.5%** compared to January 2015.
- The fully available inventory of condos as of January 31, 2015 is **7.4% more** than the same time in 2015.

CONTRACTS

Condo/Co-op	New This Month			Year-To-Date		
	2015	2016	% Change	2015	2016	% Change
Contracts						
\$299,999 and under	212	236	11.3%	212	236	11.3%
\$300,000 - \$499,999	128	106	-17.2%	128	106	-17.2%
\$500,000 - \$749,999	22	31	40.9%	22	31	40.9%
\$750,000 - \$999,999	3	6	100.0%	3	6	100.0%
\$1,000,000 - \$1,499,999	6	3	-50.0%	6	3	-50.0%
\$1,500,000 & higher	3	1	-66.7%	3	1	-66.7%
Grand Total:	374	383	2.4%	374	383	2.4%

CONDO/CO-OP – CONTRACTS

- The number of condos and co-ops receiving ratified contracts **increased 2.4%** in January 2016 compared to January 2015.

SETTLEMENTS

Condo/Co-op	New This Month			Year-To-Date		
	2015	2016	% Change	2015	2016	% Change
Settlements						
\$299,999 and under	171	163	-4.7%	171	163	-4.7%
\$300,000 - \$499,999	102	113	10.8%	102	113	10.8%
\$500,000 - \$749,999	25	24	-4.0%	25	24	-4.0%
\$750,000 - \$999,999	5	4	-20.0%	5	4	-20.0%
\$1,000,000 - \$1,499,999	1	3	200.0%	1	3	200.0%
\$1,500,000 & higher	3	1	-66.7%	3	1	-66.7%
Grand Total:	307	308	0.3%	307	308	0.3%

CONDO/CO-OP – SETTLEMENTS AND AVERAGE PRICE

- The number of condos and co-ops settling in January 2016 **increased just 0.3%** compared to January 2015.
- The average price was **down 1.5%** compared to January 2015.

Average Sales Price:	Jan 2015	Jan 2016	% Change	YTD 2015	YTD 2016	% Change
Condo/Co-op	\$330,326	\$325,386	-1.5%	\$330,326	\$325,386	-1.5%

Analysis by Property Type – Fee Simple Attached

LISTINGS

Fee Simple Attached	New This Month			Total Active		
	2015	2016	% Change	2015	2016	% Change
Listings						
\$299,999 and under	33	25	-24.2%	59	30	-49.2%
\$300,000 - \$499,999	219	192	-12.3%	270	261	-3.3%
\$500,000 - \$749,999	119	101	-15.1%	139	130	-6.5%
\$750,000 - \$999,999	30	29	-3.3%	50	50	0.0%
\$1,000,000 - \$1,499,999	8	7	-12.5%	19	20	5.3%
\$1,500,000 & higher	1	2	100.0%	15	10	-33.3%
Grand Total:	410	356	-13.2%	552	501	-9.2%

ATTACHED HOMES – LISTINGS

- The number of new listings coming on the market in January 2016 for fee simple attached homes **decreased 13.2%** from January 2015.
- Fully active inventory at the end of January is **down 9.2%** compared to the available inventory at the end of January 2015.

CONTRACTS

Fee Simple Attached	New This Month			Year-To-Date		
	2015	2016	% Change	2015	2016	% Change
Contracts						
\$299,999 and under	47	38	-19.1%	47	38	-19.1%
\$300,000 - \$499,999	224	208	-7.1%	224	208	-7.1%
\$500,000 - \$749,999	110	85	-22.7%	110	85	-22.7%
\$750,000 - \$999,999	17	19	11.8%	17	19	11.8%
\$1,000,000 - \$1,499,999	7	10	42.9%	7	10	42.9%
\$1,500,000 & higher	1	2	100.0%	1	2	100.0%
Grand Total:	406	362	-10.8%	406	362	-10.8%

ATTACHED HOMES – CONTRACTS

- Contract activity for attached homes **decreased 10.8%** in January 2016 compared to January 2015.

SETTLEMENTS

Fee Simple Attached	New This Month			Year-To-Date		
	2015	2016	% Change	2015	2016	% Change
Settlements						
\$299,999 and under	33	30	-9.1%	33	30	-9.1%
\$300,000 - \$499,999	160	157	-1.9%	160	157	-1.9%
\$500,000 - \$749,999	55	65	18.2%	55	65	18.2%
\$750,000 - \$999,999	20	13	-35.0%	20	13	-35.0%
\$1,000,000 - \$1,499,999	6	5	-16.7%	6	5	-16.7%
\$1,500,000 & higher	2	3	50.0%	2	3	50.0%
Grand Total:	276	273	-1.1%	276	273	-1.1%

ATTACHED HOMES – SETTLEMENTS AND AVERAGE PRICE

- The number of settlements **decreased 1.1%** in January 2016 compared to January 2015.
- The average sales price **decreased just 0.4%** in January 2016 compared to January 2015.

Average Sales Price:	Jan 2015	Jan 2016	% Change	YTD 2015	YTD 2016	% Change
Fee Simple Attached	\$477,504	\$475,608	-0.4%	\$477,504	\$475,608	-0.4%

Analysis by Property Type – Fee Simple Detached

LISTINGS

Fee Simple Detached	New This Month			Total Active		
	2015	2016	% Change	2015	2016	% Change
Listings						
\$299,999 and under	2	3	50.0%	0	3	-
\$300,000 - \$499,999	142	126	-11.3%	200	199	-0.5%
\$500,000 - \$749,999	276	244	-11.6%	414	434	4.8%
\$750,000 - \$999,999	176	143	-18.8%	288	366	27.1%
\$1,000,000 - \$1,499,999	96	108	12.5%	280	327	16.8%
\$1,500,000 & higher	63	75	19.0%	352	367	4.3%
Grand Total:	755	699	-7.4%	1534	1696	10.6%

DETACHED HOMES – LISTINGS

- The number of new listings for fee simple detached homes was **down 7.4%** in January 2016 compared to January 2015.
- The number of detached homes on the market on January 31, 2016 was **up 10.6%** compared to January 31, 2015.

CONTRACTS

Fee Simple Detached	New This Month			Year-To-Date		
	2015	2016	% Change	2015	2016	% Change
Contracts						
\$299,999 and under	5	3	-40.0%	5	3	-40.0%
\$300,000 - \$499,999	151	132	-12.6%	151	132	-12.6%
\$500,000 - \$749,999	255	228	-10.6%	255	228	-10.6%
\$750,000 - \$999,999	108	88	-18.5%	108	88	-18.5%
\$1,000,000 - \$1,499,999	58	48	-17.2%	58	48	-17.2%
\$1,500,000 & higher	21	18	-14.3%	21	18	-14.3%
Grand Total:	598	517	-13.5%	598	517	-13.5%

DETACHED HOMES – CONTRACTS

- There was a **decrease of 13.5%** in the number of contracts on detached homes in January 2016 compared to January 2015.
- There is very little inventory for would-be purchasers looking to buy for less than \$300,000.

SETTLEMENTS

Fee Simple Detached	New This Month			Year-To-Date		
	2015	2016	% Change	2015	2016	% Change
Settlements						
\$299,999 and under	2	3	50.0%	2	3	50.0%
\$300,000 - \$499,999	108	102	-5.6%	108	102	-5.6%
\$500,000 - \$749,999	174	204	17.2%	174	204	17.2%
\$750,000 - \$999,999	89	74	-16.9%	89	74	-16.9%
\$1,000,000 - \$1,499,999	44	46	4.5%	44	46	4.5%
\$1,500,000 & higher	20	16	-20.0%	20	16	-20.0%
Grand Total:	437	445	1.8%	437	445	1.8%

DETACHED HOMES – SETTLEMENTS AND AVERAGE PRICE

- The number of settlements in January was **up 1.8%** compared to last January.
- The average sales price for detached homes **decreased 3.7%** in January 2016 compared to January 2015.

Average Sales Price:	Jan 2015	Jan 2016	% Change	YTD 2015	YTD 2016	% Change
Fee Simple Detached	\$739,190	\$711,768	-3.7%	\$739,190	\$711,768	-3.7%

Absorption Rate by Property Type

The following tables track absorption rate by property type, comparing the rates in the just-completed month to the rates in the same month of the previous year. The absorption rate is a measure of the health of the market, and tracks the percentage of homes that were on the market during the given month and in the given price range that went under contract. [The formula is # Contracts/(# Contracts + # Available).] An example: The absorption rate for attached homes priced \$750,000-\$999,999 in January 2016 was 27.5%. That compares to a rate of 25.4% in January 2015, and the increase means the market was better in 2016 for that type of home. If the absorption rate was less in 2015 than in 2014, we have put the more recent absorption rate in **red**. This month there was **improvement for just 7 of 18 individual price categories**.

Condo/Co-op	January 2015			January 2016		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	536	212	28.3%	552	236	29.9%
\$300,000 - \$499,999	303	128	29.7%	353	106	23.1%
\$500,000 - \$749,999	100	22	18.0%	100	31	23.7%
\$750,000 - \$999,999	26	3	10.3%	32	6	15.8%
\$1,000,000 - \$1,499,999	16	6	27.3%	23	3	11.5%
\$1,500,000 & higher	14	3	17.6%	9	1	10.0%
Grand Total:	995	374	27.3%	1069	383	26.4%

ABSORPTION RATES – CONDOS AND CO-OPS

- The overall absorption rate for condos and co-ops for January 2016 was **26.4%**, a decrease from the 27.3% rate in January 2015.

Fee Simple Attached	January 2015			January 2016		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	59	47	44.3%	30	38	55.9%
\$300,000 - \$499,999	270	224	45.3%	261	208	44.3%
\$500,000 - \$749,999	139	110	44.2%	130	85	39.5%
\$750,000 - \$999,999	50	17	25.4%	50	19	27.5%
\$1,000,000 - \$1,499,999	19	7	26.9%	20	10	33.3%
\$1,500,000 & higher	15	1	6.3%	10	2	16.7%
Grand Total:	552	406	42.4%	501	362	41.9%

ABSORPTION RATES – ATTACHED HOMES

- The overall absorption rate for attached homes in January 2016 was **41.9%**, a slight decrease from the 42.4% rate in January 2015.

Fee Simple Detached	January 2015			January 2016		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	0	5	100.0%	3	3	50.0%
\$300,000 - \$499,999	200	151	43.0%	199	132	39.9%
\$500,000 - \$749,999	414	255	38.1%	434	228	34.4%
\$750,000 - \$999,999	288	108	27.3%	366	88	19.4%
\$1,000,000 - \$1,499,999	280	58	17.2%	327	48	12.8%
\$1,500,000 & higher	352	21	5.6%	367	18	4.7%
Grand Total:	1534	598	28.0%	1696	517	23.4%

ABSORPTION RATES – DETACHED HOMES

- January 2016's absorption rate for detached homes was **23.4%**, a decrease from the 28.0% rate in January 2015.
- There were only three homes priced less than \$300K on the market at the end of the month.