

MARKET IN A MINUTE

A SUMMARY OF MARKET CONDITIONS FOR JANUARY 2016

CONTRACTS



Contract activity in January 2016 was **down 11.2%** 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 decreased from 54 days in January 2015 to 49 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 up in January compared to the year prior. During the past 12 years, the Index has been as high as 93% (May 2005) and as low as 29% (December 2008). In January 2016, the Urgency Index was **56.1%**, up from 51.9% in January 2015. DC's Index is the best in the Metro Area by almost 20%.

INVENTORY



The number of homes on the market at the end of January was **13.9% higher** than the inventory at the end of January 2015. There were **10.7% more new listings** that came on the market in January this year. The decrease in contract activity combined with the increase in inventory pushed overall supply to 2.1 months, a half month higher than this time last year. Nonetheless, DC's supply remains the lowest in the region.

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 **5.0% lower** than it was in January 2008 but is also 3.5% higher than it was this time last year. The mortgage payment for a median priced home (\$2,347 in January) was slightly higher than the median rented price (\$2,250 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. The real estate market in Washington, DC continues to be the strongest in the region, but we don't see anything on the horizon domestically that is likely to make 2016 much different than 2015 and it is reasonable to expect that there will be some easing off on DC's home price appreciation rate.

MONTHLY SUMMARY JANUARY 2015 vs. JANUARY 2016

WASHINGTON, DC	January 2015	January 2016	% Change
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%

NORTHERN VIRGINIA

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%

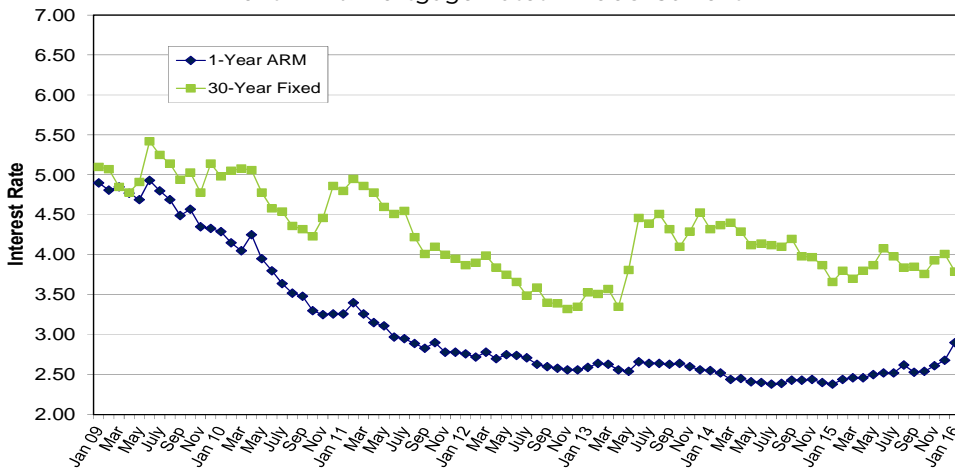
LOUDOUN COUNTY

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%

* 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

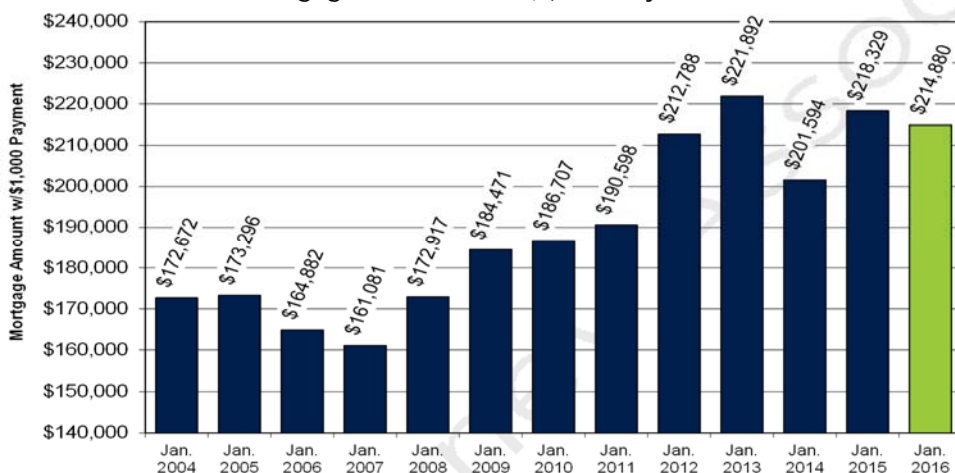


MORTGAGE RATES

- 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

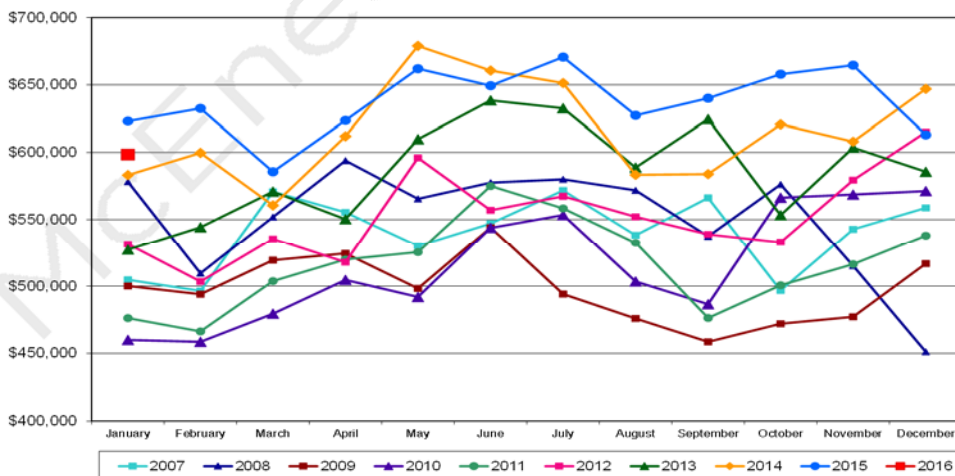


BUYING POWER

- 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 \$2,469 to purchase a median-priced home. Lower rates have offset the impact of today's higher prices – now it takes a payment of \$2,347 to buy a median-priced home. **That's a 5.0% decrease.**

AVERAGES SALE PRICE

Washington, DC – 2007-Current

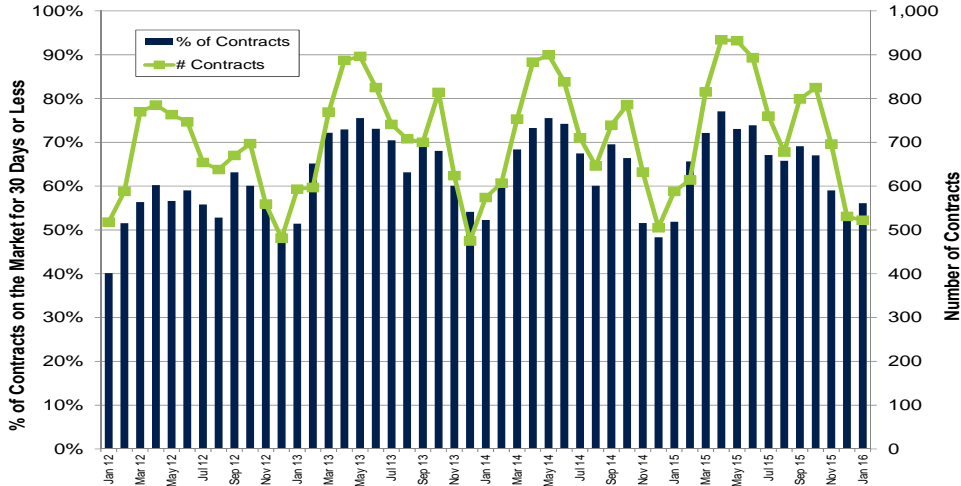


AVERAGE PRICES

- The average sales price in January 2016 was \$598,345, a decrease of 4.0% from the January 2015 average price of \$623,059.
- DC has the highest average and median sales price in the region.
- Remember that the change in the average sales price – up or down – doesn't mean that individual home prices are impacted the same way.

URGENCY INDEX

% of Contracts on the Market for 30 Days or Less
Washington, DC – 2012-Current

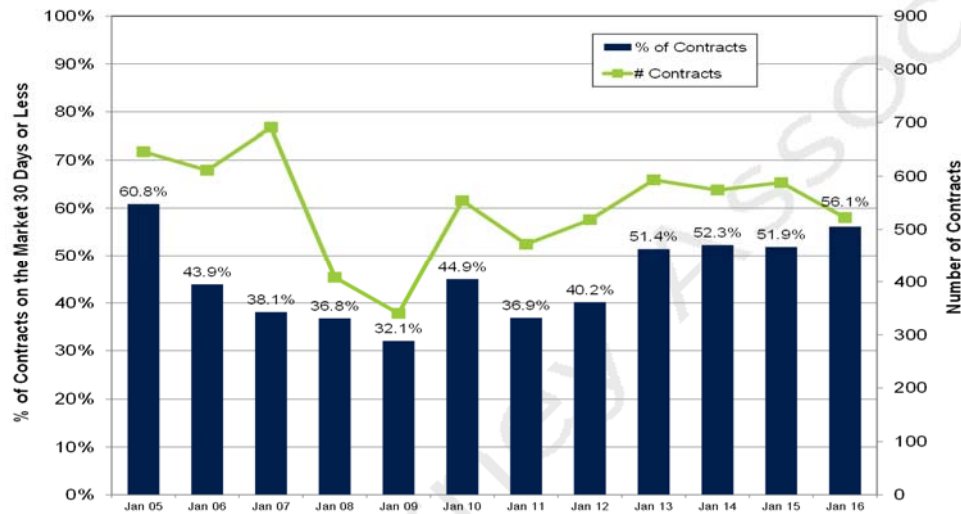


URGENCY INDEX – 2012-Current

- 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 may 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 an index near 30% range, but that jumped to 50% in 2012, an early indicator that the market was picking up heading into 2013.

URGENCY INDEX

Washington, DC – January 2005-2016

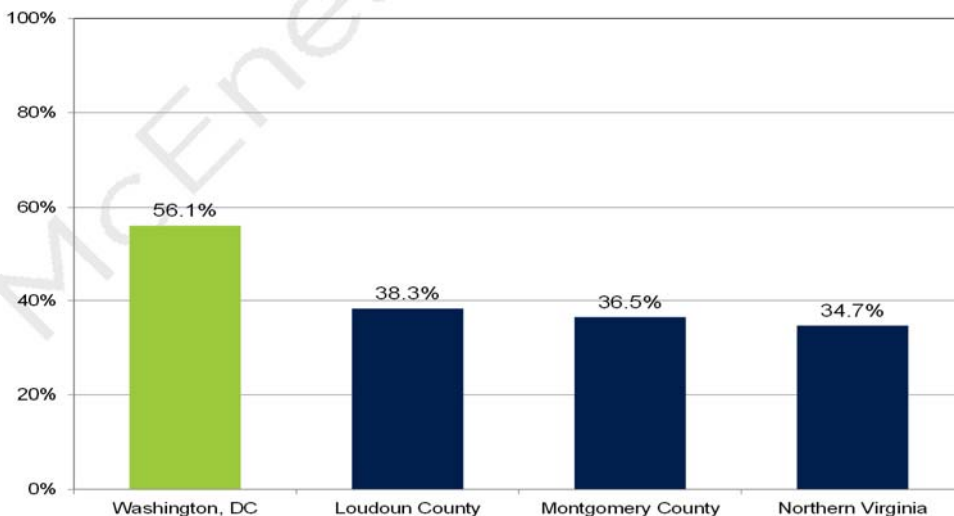


URGENCY INDEX - January

- In the past 12 years, the January Urgency Index has been as high as 60.8% and as low as 32.1%.
- Look how much buyer expectations changed from January 2005 to 2006. The number of ratified contracts decreased by 5.4%, but the Index fell by 27.8%, indicative of some real buyer pessimism.
- The average Jan. Urgency Index during the past 12 years is 45.4% - which is significantly lower than where it is now in DC.
- There was an 11.2% decrease in the number of new contracts for January 2016 compared to 2015, while the Urgency Index increased from 51.9% to 56.1%.

URGENCY INDEX

DC Metro Area by Jurisdiction Comparison - January 2016

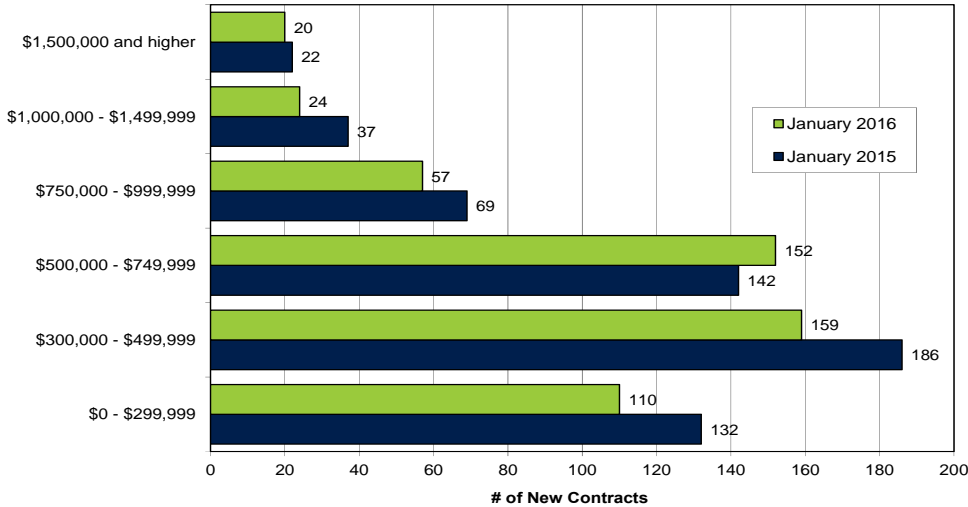


URGENCY INDEX – DC Metro Area

- There are significant differences among 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.
- DC has fared better than its neighboring jurisdictions for well over a year, and clearly has the most robust market in the region.

NEW CONTRACT ACTIVITY

Washington, DC – January 2015 vs. January 2016 by Price Range

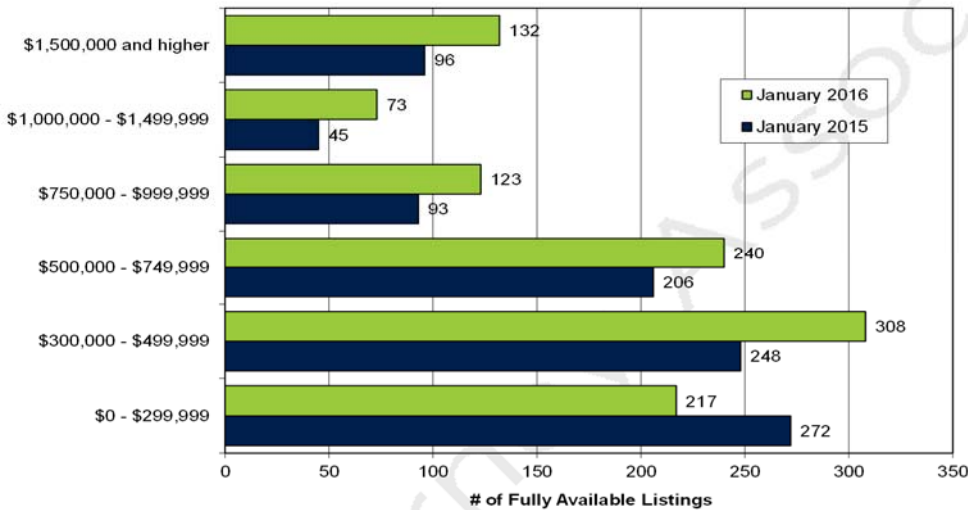


NEW CONTRACT ACTIVITY

- As noted on page 2, the number of new contracts ratified in January 2016 was **down 11.2%** from January 2015, but there was an increase for homes priced \$500,000-\$749,999.
- 25.3%** of all homes going under contract in January had at least one price reduction. The other jurisdictions in the Metro Area are typically seeing around 40% of homes with a price reduction before receiving a ratified contract.

FULLY AVAILABLE LISTINGS

Washington, DC – January 31, 2015 vs. January 31, 2016

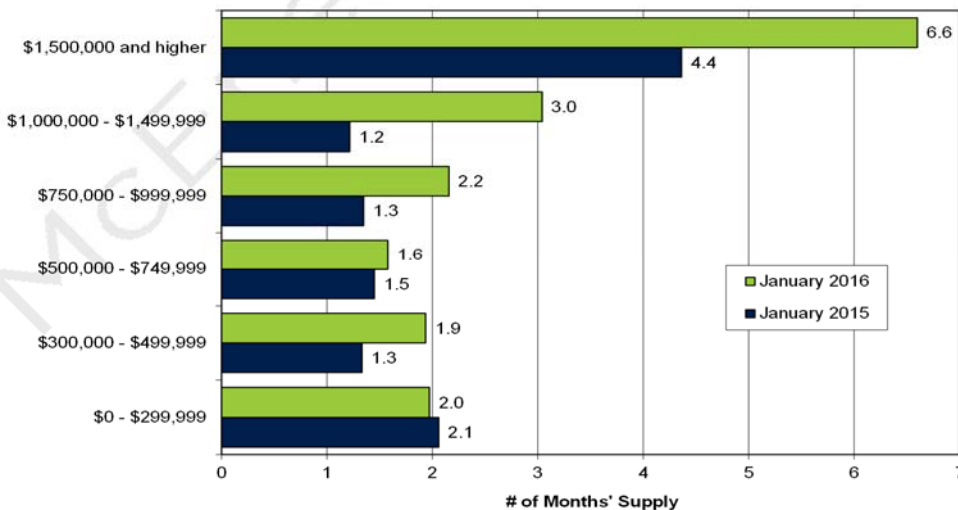


FULLY AVAILABLE LISTINGS

- As noted on page 2, the available inventory for January 2016 was **up 13.9%** from January 2015.
- 31.7%** of all homes on the market have had at least one price reduction since coming on the market.
- The lowest price category decreased in inventory.

MONTHS' SUPPLY

Washington, DC – End of January 2015 vs. End of January 2016

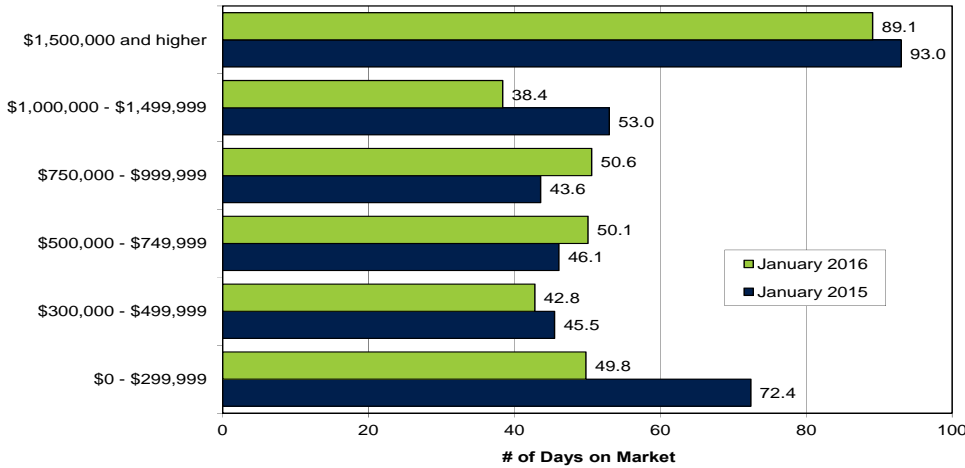


MONTHS' SUPPLY

- The overall supply of homes on the market at the end of January 2016 was **2.1 months**, which is an increase from the 1.6 months' supply at the end of January 2015.
- That's the lowest supply in the Metro Area.
- In addition to the lowest overall supply, DC has the most balanced supply in the region across all but the highest price category.

AVERAGE NUMBER OF DAYS ON MARKET

Washington, DC – January 2015 vs. January 2016 – New Contracts

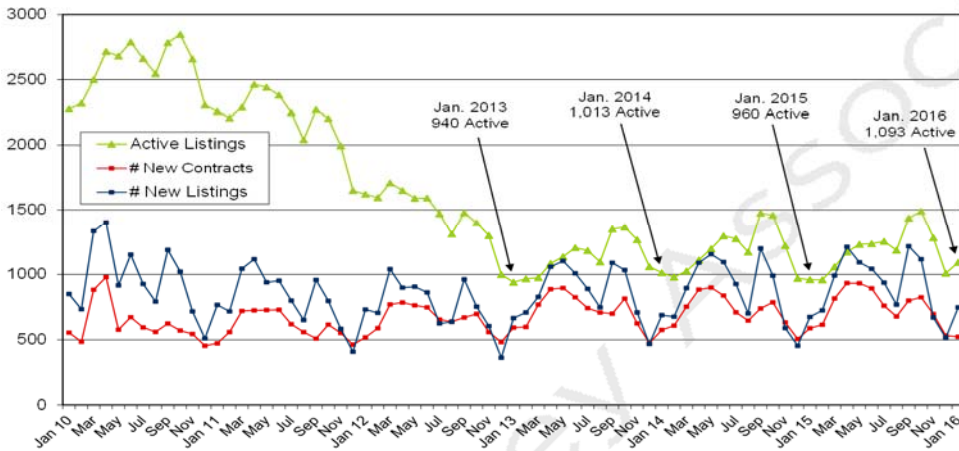


AVERAGE NUMBER OF DAYS ON THE MARKET – NEW CONTRACTS

- The average number of days on the market for all homes receiving contracts in January 2016 was **49 days**, which is a **decrease of 9.3%** from 54 days in January 2015.
- DC is the jurisdiction with the lowest average days on market, **twenty-eight days lower** than the next best area.

NUMBER OF NEW LISTINGS, NEW CONTRACTS, AND ACTIVE LISTINGS

Washington, DC – January 2010-Current

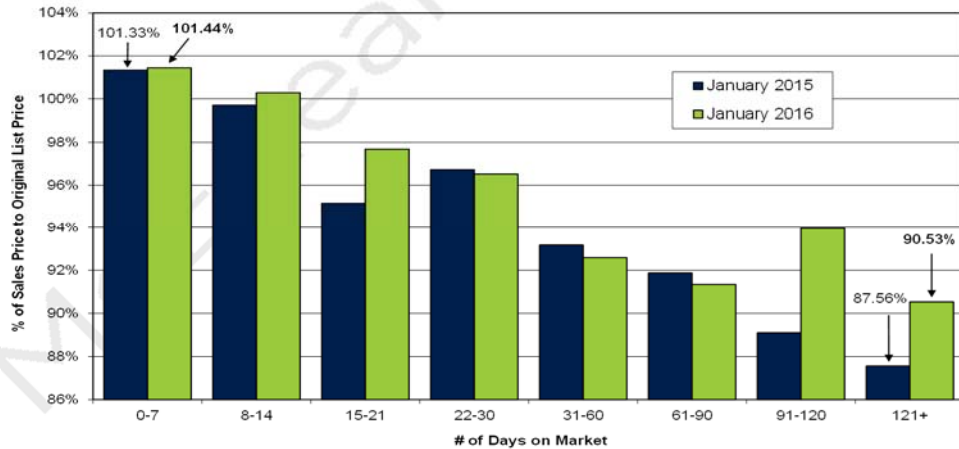


NUMBER OF NEW LISTINGS, CONTRACTS AND ACTIVE LISTINGS

- There were 747 new listings that came on the market in January 2016, a **10.7% increase** from the 675 in January 2015.
- The wide gap between available listings and new contract activity that characterized the second half of the last decade has steadily narrowed during the past three years.

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

Resale Properties Sold in Washington, DC – January 2015 vs. January 2016



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

- Initial pricing strategy is critical to the listing process, regardless of market conditions. The longer a home sits on the market, the deeper the discount to its original list price will likely be.
- Homes settling in January 2016 that received contracts their first week on the market sold, on average, **1.44% above** list. Those that took 4 months or longer to sell sold for **9.47% below** the original price.

SOME DEFINITIONS AND EXPLANATIONS TO AID YOUR UNDERSTANDING OF THE DATA

- 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 Listings	New This Month			Total Active		
	2015	2016	% Change	2015	2016	% Change
\$299,999 and under	86	89	3.5%	178	144	-19.1%
\$300,000 - \$499,999	144	153	6.3%	152	193	27.0%
\$500,000 - \$749,999	81	132	63.0%	88	131	48.9%
\$750,000 - \$999,999	20	19	-5.0%	42	44	4.8%
\$1,000,000 - \$1,499,999	10	12	20.0%	16	22	37.5%
\$1,500,000 & higher	6	9	50.0%	18	35	94.4%
Grand Total:	347	414	19.3%	494	569	15.2%

CONDO/CO-OP - LISTINGS

- The number of **new** listings for condos and co-ops coming on the market **increased 19.3%** compared to January 2015.
- The fully available inventory of condos as of January 31, 2016 is **15.2% more** than the same time in 2015.

CONTRACTS

Condo/Co-op Contracts	New This Month			Year-To-Date		
	2015	2016	% Change	2015	2016	% Change
\$299,999 and under	69	67	-2.9%	69	67	-2.9%
\$300,000 - \$499,999	107	92	-14.0%	107	92	-14.0%
\$500,000 - \$749,999	67	80	19.4%	67	80	19.4%
\$750,000 - \$999,999	16	13	-18.8%	16	13	-18.8%
\$1,000,000 - \$1,499,999	11	5	-54.5%	11	5	-54.5%
\$1,500,000 & higher	4	3	-25.0%	4	3	-25.0%
Grand Total:	274	260	-5.1%	274	260	-5.1%

CONDO/CO-OP - CONTRACTS

- The number of condos and co-ops receiving ratified contracts **decreased 5.1%** in January 2016 compared to January 2015.

SETTLEMENTS

Condo/Co-op Settlements	New This Month			Year-To-Date		
	2015	2016	% Change	2015	2016	% Change
\$299,999 and under	54	64	18.5%	54	64	18.5%
\$300,000 - \$499,999	79	73	-7.6%	79	73	-7.6%
\$500,000 - \$749,999	55	70	27.3%	55	70	27.3%
\$750,000 - \$999,999	12	11	-8.3%	12	11	-8.3%
\$1,000,000 - \$1,499,999	7	4	-42.9%	7	4	-42.9%
\$1,500,000 & higher	5	0	-100.0%	5	0	-100.0%
Grand Total:	212	222	4.7%	212	222	4.7%

CONDO/CO-OP – SETTLEMENTS AND AVERAGE PRICE

- The number of condos and co-ops settling in January 2016 **increased 4.7%** compared to January 2015.
- The average price was **down 8.1%** compared to January 2015.

Average Sales Price:	Jan 2015	Jan 2016	% Change	YTD 2015	YTD 2016	% Change
Condo/Co-op	\$488,663	\$448,934	-8.1%	\$488,663	\$448,934	-8.1%

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	43	34	-20.9%	60	53	-11.7%
\$300,000 - \$499,999	51	47	-7.8%	55	63	14.5%
\$500,000 - \$749,999	79	64	-19.0%	95	85	-10.5%
\$750,000 - \$999,999	39	38	-2.6%	39	56	43.6%
\$1,000,000 - \$1,499,999	17	33	94.1%	16	34	112.5%
\$1,500,000 & higher	9	15	66.7%	23	34	47.8%
Grand Total:	238	231	-2.9%	288	325	12.8%

ATTACHED HOMES – LISTINGS

- The number of new listings coming on the market in January 2016 for fee simple attached homes **decreased 2.9%** compared to January 2015.
- The fully active inventory at the end of January is **up 12.8%** 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	49	36	-26.5%	49	36	-26.5%
\$300,000 - \$499,999	54	51	-5.6%	54	51	-5.6%
\$500,000 - \$749,999	59	52	-11.9%	59	52	-11.9%
\$750,000 - \$999,999	36	31	-13.9%	36	31	-13.9%
\$1,000,000 - \$1,499,999	16	14	-12.5%	16	14	-12.5%
\$1,500,000 & higher	12	7	-41.7%	12	7	-41.7%
Grand Total:	226	191	-15.5%	226	191	-15.5%

ATTACHED HOMES – CONTRACTS

- Contract activity for attached homes **decreased 15.5%** 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	34	26	-23.5%	34	26	-23.5%
\$300,000 - \$499,999	39	37	-5.1%	39	37	-5.1%
\$500,000 - \$749,999	53	44	-17.0%	53	44	-17.0%
\$750,000 - \$999,999	26	37	42.3%	26	37	42.3%
\$1,000,000 - \$1,499,999	14	7	-50.0%	14	7	-50.0%
\$1,500,000 & higher	12	8	-33.3%	12	8	-33.3%
Grand Total:	178	159	-10.7%	178	159	-10.7%

ATTACHED HOMES – SETTLEMENTS AND AVERAGE PRICE

- The number of settlements **decreased 10.7%** in January 2016 compared to January 2015.
- The average sales price was **down just 0.3%** in January 2016 compared to January 2015.

Average Sales Price:	Jan 2015	Jan 2016	% Change	YTD 2015	YTD 2016	% Change
Fee Simple Attached	\$650,893	\$649,194	-0.3%	\$650,893	\$649,194	-0.3%

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	19	11	-42.1%	34	20	-41.2%
\$300,000 - \$499,999	19	30	57.9%	41	52	26.8%
\$500,000 - \$749,999	14	20	42.9%	23	24	4.3%
\$750,000 - \$999,999	14	16	14.3%	12	23	91.7%
\$1,000,000 - \$1,499,999	11	10	-9.1%	13	17	30.8%
\$1,500,000 & higher	13	15	15.4%	55	63	14.5%
Grand Total:	90	102	13.3%	178	199	11.8%

DETACHED HOMES – LISTINGS

- The number of new listings for fee simple detached homes was **up 13.3%** in January 2016 compared to January 2015.
- The number of detached homes on the market on January 31, 2016 was **up 11.8%** 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	14	7	-50.0%	14	7	-50.0%
\$300,000 - \$499,999	25	16	-36.0%	25	16	-36.0%
\$500,000 - \$749,999	16	20	25.0%	16	20	25.0%
\$750,000 - \$999,999	17	13	-23.5%	17	13	-23.5%
\$1,000,000 - \$1,499,999	10	5	-50.0%	10	5	-50.0%
\$1,500,000 & higher	6	10	66.7%	6	10	66.7%
Grand Total:	88	71	-19.3%	88	71	-19.3%

DETACHED HOMES – CONTRACTS

- Contract activity for detached homes **decreased 19.3%** in January 2016 compared to January 2015.

SETTLEMENTS

Fee Simple Detached	New This Month			Year-To-Date		
	2015	2016	% Change	2015	2016	% Change
Settlements						
\$299,999 and under	15	12	-20.0%	15	12	-20.0%
\$300,000 - \$499,999	24	15	-37.5%	24	15	-37.5%
\$500,000 - \$749,999	11	14	27.3%	11	14	27.3%
\$750,000 - \$999,999	8	14	75.0%	8	14	75.0%
\$1,000,000 - \$1,499,999	12	12	0.0%	12	12	0.0%
\$1,500,000 & higher	12	9	-25.0%	12	9	-25.0%
Grand Total:	82	76	-7.3%	82	76	-7.3%

DETACHED HOMES – SETTLEMENTS AND AVERAGE PRICE

- The number of settlements **decreased 7.3%** in January 2016 compared to January 2015.
- The average sales price for detached homes **increased 8.6%** in January 2016 compared to January 2015.

Average Sales Price:	Jan 2015	Jan 2016	% Change	YTD 2015	YTD 2016	% Change
Fee Simple Detached	\$844,681	\$917,028	8.6%	\$844,681	\$917,028	8.6%

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 detached homes priced \$500,000-\$749,999 in January 2016 was 45.5%; that compares to a rate of 41.0% 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 2016 than in 2015, we have put the more recent absorption rate in **red**. This month there was **improvement for only 3 of the 18 individual price categories**.

Condo/Co-op	January 2015			January 2016		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	178	69	27.9%	144	67	31.8%
\$300,000 - \$499,999	152	107	41.3%	193	92	32.3%
\$500,000 - \$749,999	88	67	43.2%	131	80	37.9%
\$750,000 - \$999,999	42	16	27.6%	44	13	22.8%
\$1,000,000 - \$1,499,999	16	11	40.7%	22	5	18.5%
\$1,500,000 & higher	18	4	18.2%	35	3	7.9%
Grand Total:	494	274	35.7%	569	260	31.4%

ABSORPTION RATES – CONDOS AND CO-OPS

- The overall absorption rate for condos and co-ops for January was 31.4%, a decrease from the 35.7% rate in January 2015.
- The absorption rate for condos across most price ranges is more balanced in DC than anywhere else in the region.

Fee Simple Attached	January 2015			January 2016		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	60	49	45.0%	53	36	40.4%
\$300,000 - \$499,999	55	54	49.5%	63	51	44.7%
\$500,000 - \$749,999	95	59	38.3%	85	52	38.0%
\$750,000 - \$999,999	39	36	48.0%	56	31	35.6%
\$1,000,000 - \$1,499,999	16	16	50.0%	34	14	29.2%
\$1,500,000 & higher	23	12	34.3%	34	7	17.1%
Grand Total:	288	226	44.0%	325	191	37.0%

ABSORPTION RATES – ATTACHED HOMES

- The overall absorption rate for attached homes for January was 37.0%, a decrease from the 44.0% rate in January 2015.
- Again, look at the balance across most price ranges.

Fee Simple Detached	January 2015			January 2016		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	34	14	29.2%	20	7	25.9%
\$300,000 - \$499,999	41	25	37.9%	52	16	23.5%
\$500,000 - \$749,999	23	16	41.0%	24	20	45.5%
\$750,000 - \$999,999	12	17	58.6%	23	13	36.1%
\$1,000,000 - \$1,499,999	13	10	43.5%	17	5	22.7%
\$1,500,000 & higher	55	6	9.8%	63	10	13.7%
Grand Total:	178	88	33.1%	199	71	26.3%

ABSORPTION RATES – DETACHED HOMES

- January 2016's absorption rate for detached homes was 26.3%, a decrease from 33.1% in January 2015.
- And the balance among the price ranges is evident here as well.