

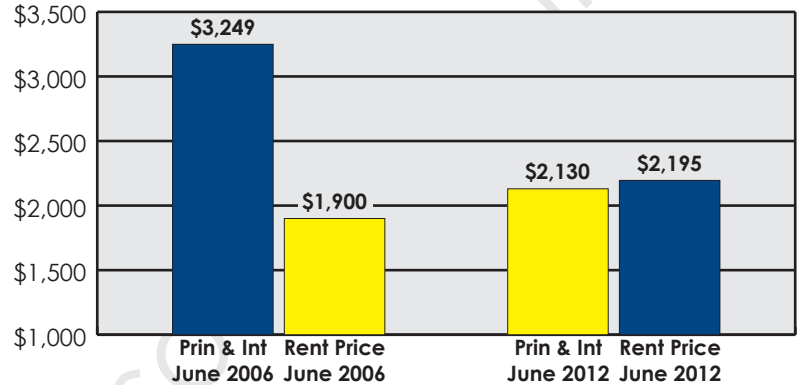


### OPPORTUNITY KNOCKING

When 2012 comes to a close, we believe we'll look back on it as a year of tremendous opportunity for home buyers and sellers alike – but for some it will be a missed opportunity.

We are witnessing something for the first time in our memory in Northern Virginia real estate: **the principal & interest payment for a median-priced home is now less than the median rental price.** At the market's peak in June 2006, the mortgage payment for a median priced home was 71% greater than the median rental price. We know there's more to the cost of owning a home than the mortgage payment, and we're certainly not suggesting that everyone should buy a home. But home prices are beginning to rise, and interest rates will almost certainly be higher a year from now – and we think that it will be a long time before we see the total cost of buying a home this low again. That also means the time is right if you're thinking of selling – inventory is very low and buyers in some areas and price ranges are having a tough time finding what they want.

**MORTGAGE PAYMENT vs. RENTED PRICE FOR MEDIAN PRICED HOME**  
Northern Virginia - June 2006 vs. June 2012



Lower inventory combined with fewer listings coming on the market is clearly putting upward pressure on home prices, especially in the lowest price ranges. One of the indicators we look at is the percentage of homes going under contract in a given month that have been on the market 30 days or less. In times other than a boom or bust, roughly 55-60% of homes going under contract are on the market for a month or less. In June 2006, at the peak of the boom, that climbed to 94% as buyers were snapping up everything in sight. In June 2009, it dropped to 24% as buyers were too nervous to do almost anything. It's at 63% now, a sure sign that buyers are willing to buy when they see value. Buyers still remain appropriately cautious – even in multiple offer situations they are rarely waiving home inspections and appraisals, and that's a good thing.

These unique circumstances also mean there is great opportunity if you're thinking of selling – inventory is very low and buyers in some areas and price ranges are having a tough time finding what they want. Take a look at the absorption rates tables that follow to see the hottest price ranges and property types. Attached and detached homes priced less than \$300,000 have absorption rates well in excess of 60%, and homes priced between \$300,000 and \$750,000 in all three property categories have rates exceeding 33%. Still, your personal circumstances have to be right to consider making a move, but if they are, this is a great time to sell.



## 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 condos priced \$500,000-\$749,999 in June 2012 was 34.1%, indicating that one third of the homes on the market for this category of homes went under contract in June. That compares to a rate of 26.4% in June 2011, and the increase means the market was better in 2012 for that type of home. If the absorption rate was less in 2012 than in 2011, we have put the more recent absorption rate in **red**. This month there was **improvement for 15 of 18 price categories**, and one remained the same.

Condo/Co-op	June 2011			June 2012		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 & under	650	340	34.3%	405	282	<b>41.0%</b>
\$300,000 - \$499,999	396	130	24.7%	253	153	<b>37.7%</b>
\$500,000 - \$749,999	95	34	26.4%	81	42	<b>34.1%</b>
\$750,000 - \$999,999	23	3	11.5%	25	6	<b>19.4%</b>
\$1,000,000 - \$1,499,999	16	0	0.0%	9	3	<b>25.0%</b>
\$1,500,000 & higher	7	0	0.0%	10	2	<b>16.7%</b>
<b>Grand Total:</b>	<b>1187</b>	<b>507</b>	<b>29.9%</b>	<b>783</b>	<b>488</b>	<b>38.4%</b>

### ABSORPTION RATES – CONDOS AND CO-OPS

- The overall absorption rate for condos and co-ops for June 2012 was 38.4%, an increase from the 29.9% rate in June 2011.

Fee Simple Attached	June 2011			June 2012		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 & under	138	156	53.1%	61	108	<b>63.9%</b>
\$300,000 - \$499,999	526	259	33.0%	383	305	<b>44.3%</b>
\$500,000 - \$749,999	209	100	32.4%	169	99	<b>36.9%</b>
\$750,000 - \$999,999	76	19	20.0%	58	17	<b>22.7%</b>
\$1,000,000 - \$1,499,999	27	5	15.6%	23	2	<b>8.0%</b>
\$1,500,000 & higher	15	3	16.7%	13	2	<b>13.3%</b>
<b>Grand Total:</b>	<b>991</b>	<b>542</b>	<b>35.4%</b>	<b>707</b>	<b>533</b>	<b>43.0%</b>

### ABSORPTION RATES – ATTACHED HOMES

- The overall absorption rate for attached homes in June 2012 was 43.0%, an increase from the 35.4% rate in June 2011.
- The rate for attached homes priced less than \$300,000 is 63.9% - clearly an indication of a sellers' market for this type of home.

Fee Simple Detached	June 2011			June 2012		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 & under	26	52	66.7%	8	16	<b>66.7%</b>
\$300,000 - \$499,999	564	308	35.3%	391	297	<b>43.2%</b>
\$500,000 - \$749,999	934	327	25.9%	734	391	<b>34.8%</b>
\$750,000 - \$999,999	526	144	21.5%	465	150	<b>24.4%</b>
\$1,000,000 - \$1,499,999	367	74	16.8%	373	77	<b>17.1%</b>
\$1,500,000 & higher	366	31	7.8%	362	30	<b>7.7%</b>
<b>Grand Total:</b>	<b>2783</b>	<b>936</b>	<b>25.2%</b>	<b>2333</b>	<b>961</b>	<b>29.2%</b>

### ABSORPTION RATES – DETACHED HOMES

- June 2012's absorption rate for detached homes was 29.2%, an increase from the 25.2% rate in June 2011.
- The rate for detached homes priced less than \$300,000 is 66.7%!



[www.McEneaney.com](http://www.McEneaney.com)

*The BEST address for YOUR address*

LEADING  
REAL ESTATE  
COMPANIES®  
OF THE WORLD

