



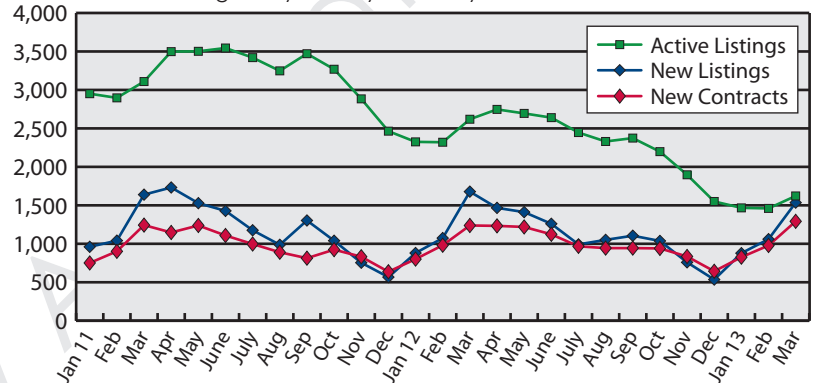
### CONVERGENCE

The dictionary says that “convergence” is the act of coming together from different directions – and that is exactly what is happening with three key indicators in the Montgomery County real estate market.

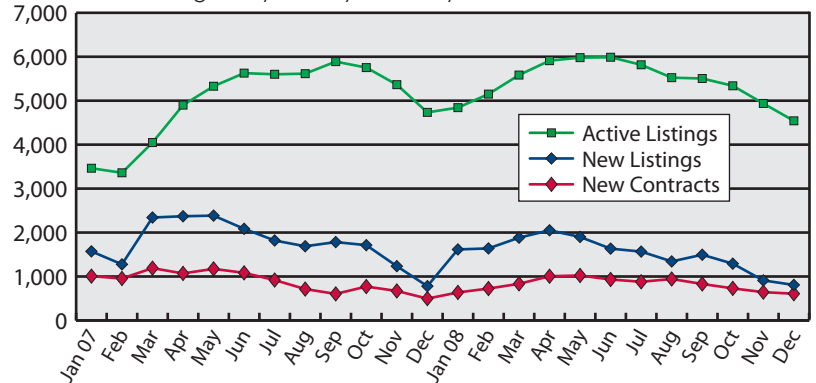
In the first quarter of 2013, we've seen the number of new contracts, new listings, and fully available inventory converge. A specific example: in March, there were 1,292 new contracts, 1,535 new listings, and just 1,622 listings on the market at the end of the month. Two short years ago in March 2011, there were three times as many available listings and 50% more new listings than new contracts.

It's a tight market in most price ranges right now, and we haven't seen these indicators so closely aligned since the peak of the market in 2004. It's so tight that there has actually been an 18% drop in contract activity year-to-date for homes priced less than \$300,000. There simply isn't enough inventory – just a 40 day supply – to support the level of demand. But the upper brackets, while still a small slice of the market, are doing well. There's been a 20% jump in contract activity through the first three months of the year for homes priced more than \$750,000.

**NUMBER OF NEW LISTINGS, NEW CONTRACTS, & ACTIVE LISTINGS**  
Montgomery County - January 2011-March 2013



**NUMBER OF NEW LISTINGS, NEW CONTRACTS, & ACTIVE LISTINGS**  
Montgomery County - January 2007-December 2008



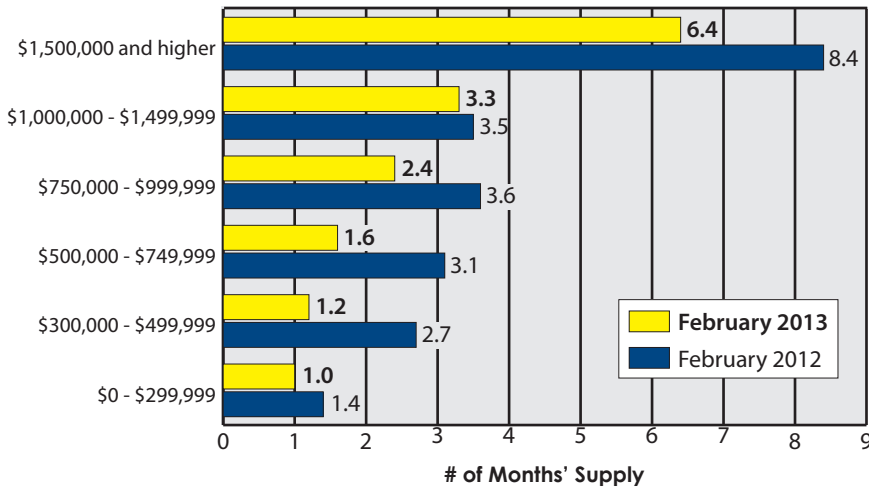
To give you an idea about how dramatically the market has changed, the second chart at right shows the same three indicators from January 2007 through the end of 2008. The number of active listings was as much a ten times the number of new contracts, and the number of new listings coming on the market was typically more than double the number of new contracts.

Low inventory continues to drive the market, with 37% fewer homes on the market right now than this time last year. We see more of the same in the months ahead. Thus far, there's no discernible negative impact from sequestration, and there's no reason to think that the low inventory situation is going to change anytime soon. Homebuyers below \$300,000 are going to find it particularly challenging to find what they're looking for.



## MONTHS' SUPPLY

Montgomery County - End of February 2012 vs. End of February 2013 by Price Range

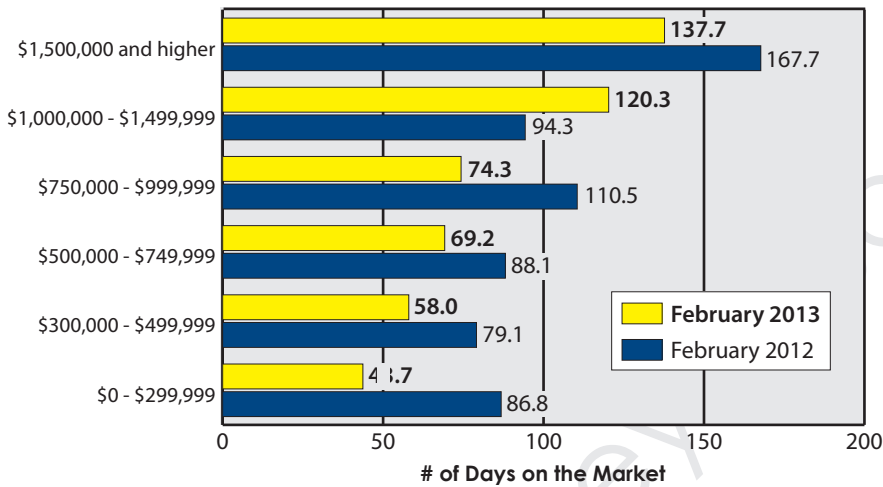


## MONTHS' SUPPLY

- The overall supply of homes on the market at the end of February was **1.5 months**, down from 2.4 months at the end of February 2012.
- The supply of homes priced less than \$300,000 is just 30 days.

## AVERAGE NUMBER OF DAYS ON THE MARKET

Montgomery County - February 2012 vs. February 2013 - New Contracts

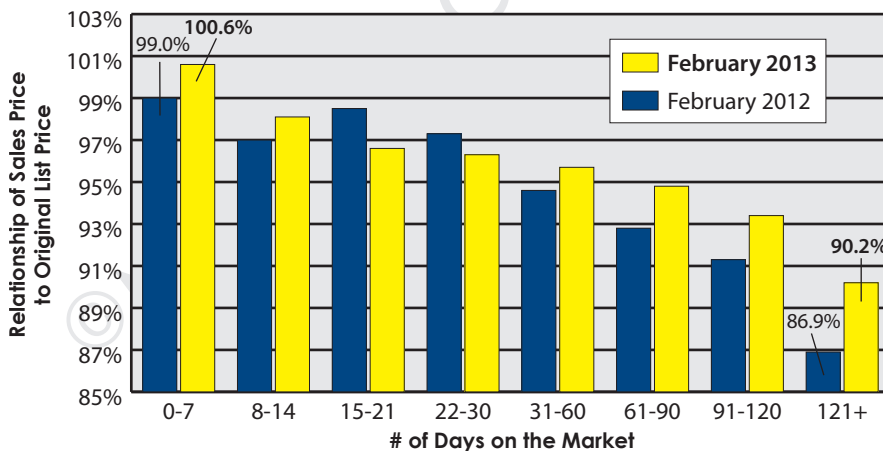


## AVERAGE NUMBER OF DAYS ON THE MARKET

- The average number of days on the market for homes receiving contracts in February was up for just one price category.
- Overall, the average number of days on the market for all homes receiving contracts in February 2013 was **61 days**, down **31.5%** from 89 days in February 2012.

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

Montgomery County - February 2012 vs. February 2013 - Resale Properties Sold



## RELATIONSHIP OF SALES PRICE TO 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 Feb. 2013 that received contracts their first week on the market sold, on average, for **0.6% above** list price. Those that took 4 months or longer to sell sold at **9.8% below** original list!



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