

## IN A SELLER'S MARKET, EVERYTHING SELLS - RIGHT?

We've had a very healthy spring market in the Washington, DC area. Of course, some areas are faring better than others and pockets in DC and some of the close-in suburbs are seeing multiple offers and homes selling for more than list price. By almost every measure, this is a seller's market. And in a seller's market, everything sells – right?

Well, not exactly. Despite a strong spring market, there are still plenty of properties that have not sold. And there are three market indicators that can help explain why the wanna-be sellers are not getting their homes sold.

The first is the fall-through rate – those are the homes that go under contract that, ultimately, do not go to settlement. As hard as this may be to believe, 1 in every 8 homes that have received ratified contracts this year have fallen through and did not make it to settlement. This may be due to home inspection issues or purchaser financing – but whatever the cause, 13% of sellers who initially think they have their home sold find that's not the case.

The second is homes that linger on the market. Right now, there are more than 3,000 homes on the market in the immediate Metro area that have been on the market for 90 days or longer. And it's not just homes at the upper end of the market. More than 500 of those homes are priced less than \$300,000.

And the third is homes that are removed from the Multiple Listing Service (MLS) without selling. In April, there were almost 1,000 homes that were on the market for at least 90 days that had expired as unsold or were withdrawn. Some of those may be re-listed, but to put it in perspective, there were just over 4,000 homes that went to settlement in April and 1,000 that were taken off the market.

Does this mean that the market is shifting or turning softer? No. And we continue to see positive indicators across all jurisdictions. But it does mean that proper marketing matters. Negotiating skills matter. And above all, price matters.

The price at which a home comes on the market is critically important. That requires careful research by a knowledgeable

REALTOR® and a seller who is willing to avoid the trap of believing that everything sells. It requires listening to what the market is saying and making a price adjustment sooner rather than later, if an offer doesn't materialize.

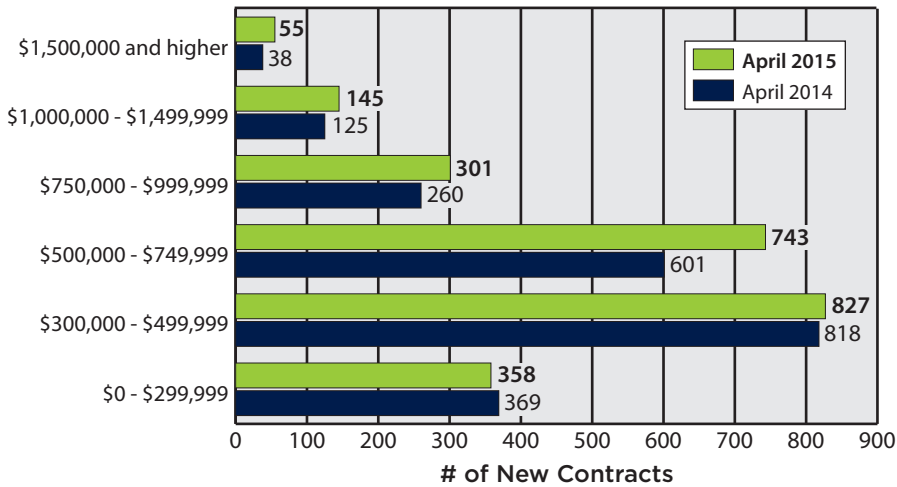
The significant numbers of homes that have been on the market for a long time, and those that have been removed from the market, certainly stand in stark contrast to the homes that are priced right and sell quickly.

It's still a very good market – for homes that are priced right.

	Northern Virginia	Washington, DC	Loudoun County	Montgomery County
Fall Through Rate	12%	14%	16%	13%
<b>OFF MARKET VS. SOLD</b>				
# Withdrawn/Expired	338	94	202	167
# Sold	1,827	722	1,031	576
<b>AGING INVENTORY</b>				
# On Market 90+ Days	1,182	275	785	650
# Less Than \$300,000	195	103	47	148

## NEW CONTRACT ACTIVITY

Northern Virginia - April 2014 vs. April 2015



## NEW CONTRACT ACTIVITY

- The number of new contracts ratified in April 2015 was **up 9.9%** from the number of contracts ratified in April 2014, and was up for all but the lowest price category.
- Contract activity year-to-date is **up 9.4%**.
- 22.9%** of all homes going under contract in April 2015 had at least one price reduction before going under contract.

## FULLY AVAILABLE LISTINGS

Northern Virginia - April 30, 2014 vs. April 30, 2015

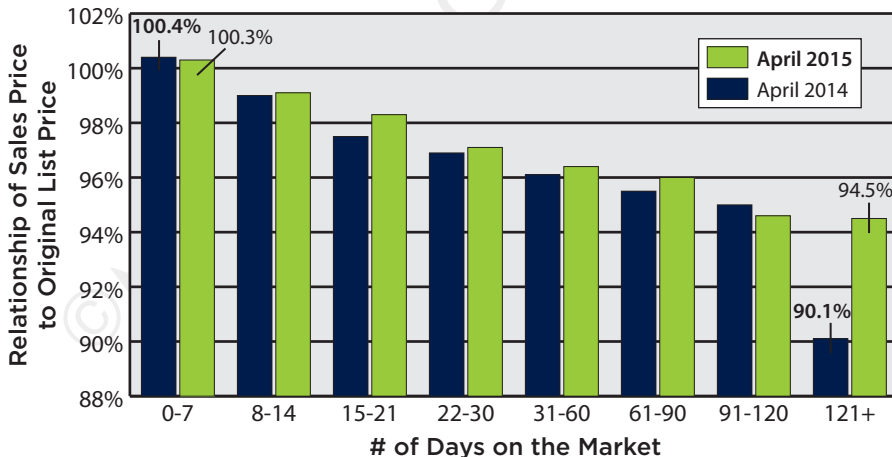


## FULLY AVAILABLE LISTINGS

- The month-end inventory **increased 31.3%** in April 2015 compared to April 2014 – and there was an increase of 25% in the number of homes coming on the market.
- Inventory is up in all six price categories as well.
- 32.1%** of all homes on the market have had at least one price reduction since coming on the market.
- In April 2014, 30.5% of all homes on the market had at least one price reduction.

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

Northern Virginia - April 2014 vs. April 2015 - Resale Properties Sold



## 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 April 2015 that received contracts their first week on the market sold, on average, **0.3% above original list price**. Those that took 4 months or longer to sell sold for **5.5% below original list price**.



[www.McEneaney.com](http://www.McEneaney.com)  
877.624.9322

LEADING  
REAL ESTATE  
COMPANIES®  
of THE WORLD

Copyright 2015 - McEneaney Associates, Inc.

