

MARKET IN A MINUTE

A SUMMARY OF MARKET CONDITIONS FOR JANUARY 2018

CONTRACTS



Contract activity in January 2018 was **down 3.2%** from January 2017, but there was an increase in three of six price categories. The average number of days on the market for homes receiving contracts was 61 days in January 2018, down from 66 days in January of last year.

URGENCY INDEX



The Urgency Index, simply the percentage of homes going under contract that were on the market 30 days or less, was up in January compared to last January, despite the drop in contract activity. During the past 14 years, the Index has been as high as 95% (April 2004) and as low as 23% (November 2006), and the average for January is 41.4%. In January 2018, the Urgency Index was **51.0%**, **up** from 48.1% in January 2017.

INVENTORY



The number of homes on the market at the end of January was **down 20.1%** compared to the end of January 2017, and it was down in all six price categories. The number of new listings coming on the market was down **5.3%** compared to January. The drop in inventory more than offset the small drop in contract activity, reducing overall supply to 1.6 months, down from 1.9 months at the end of January 2017.

INTEREST RATES



The rate for a 30-year fixed mortgage ended January at 4.22%, up about a quarter point from 3.99% at the end of December. It's also slightly higher than it was a year ago at the end of January 2017. While rates remain low from any historical perspective, the days of sub-four-percent fixed rate mortgages are over. We expect rates to climb slowly throughout the year.

AFFORDABILITY



The payment on a no-money-down, 30-year fixed mortgage for a median-priced home is **essentially the same today** as it was a decade ago in January 2008, and is also **3.2% higher** than January of last year as a result of increases in home prices and interest rates. The mortgage payment for a median priced home (\$2,328) was **higher** in January than the median rented price (\$2,100).

DIRECTION OF THE MARKET



We expect 2018's real estate market in Northern Virginia to look a lot like 2017. The lack of inventory will continue to present headwinds to overall contract activity, as will rising interest rates. Homes will be a bit less affordable than last year, but the recent tax reform legislation that puts more take-home pay into the pockets of potential homebuyers should help balance that impact. We just don't see any indicators that are going to produce big moves in the market, up or down.

MONTHLY SUMMARY JANUARY 2017 vs. JANUARY 2018

NORTHERN VIRGINIA	January 2017	January 2018	% Change
Number of Sales	1,127	1,106	-1.9%
Fully Available Inventory on 1/31	2,728	2,180	-20.1%
Number of New Listings	1,695	1,606	-5.3%
Number of New Contracts	1,450	1,404	-3.2%
Days on Market - New Contracts	69	61	-11.6%
Average Sales Price	\$548,855	\$570,357	3.9%
Average Seller Subsidy	\$3,509	\$3,379	-3.7%
Urgency Index	48.1%	51.0%	6.0%
Months' Supply	1.9	1.6	-17.5%

LOUDOUN COUNTY

Number of Sales	358	325	-9.2%
Fully Available Inventory on 1/31	976	868	-11.1%
Number of New Listings	512	577	12.7%
Number of New Contracts	440	431	-2.0%
Days on Market - New Contracts	62	56	-9.7%
Average Sales Price	\$484,629	\$516,552	6.6%
Average Seller Subsidy	\$4,306	\$3,978	-7.6%
Urgency Index	55.9%	58.9%	5.4%
Months' Supply	2.2	2.0	-9.2%

WASHINGTON, DC

Number of Sales	554	563	1.6%
Fully Available Inventory on 1/31	1,100	1,002	-8.9%
Number of New Listings	824	807	-2.1%
Number of New Contracts	641	699	9.0%
Days on Market - New Contracts	45	48	6.7%
Average Sales Price	\$670,684	\$629,453	-6.1%
Average Seller Subsidy	\$2,675	\$2,637	-1.4%
Urgency Index	57.3%	55.8%	-2.6%
Months' Supply	1.7	1.4	-16.5%

MONTGOMERY COUNTY

Number of Sales	711	674	-5.2%
Fully Available Inventory on 1/31	1,764	1,440	-18.4%
Number of New Listings	998	876	-12.2%
Number of New Contracts	837	757	-9.6%
Days on Market - New Contracts	69	65	-5.8%
Average Sales Price	\$481,221	\$495,611	3.0%
Average Seller Subsidy	\$3,773	\$3,696	-2.0%
Urgency Index	47.3%	49.9%	5.5%
Months' Supply	2.1	1.9	-9.7%

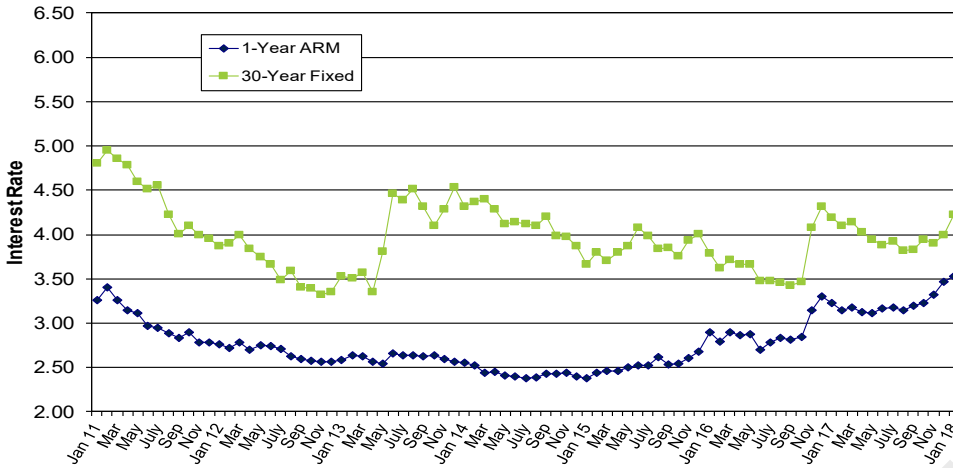
PRINCE GEORGE'S COUNTY

Number of Sales	707	699	-1.1%
Fully Available Inventory on 1/31	1,644	1,553	-5.5%
Number of New Listings	957	885	-7.5%
Number of New Contracts	788	953	20.9%
Days on Market - New Contracts	53	53	0.0%
Average Sales Price	\$272,502	\$278,981	2.4%
Average Seller Subsidy	\$5,552	\$5,809	4.6%
Urgency Index	48.1%	49.1%	2.1%
Months' Supply	2.1	1.6	-21.9%

* 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 - 2010-Current

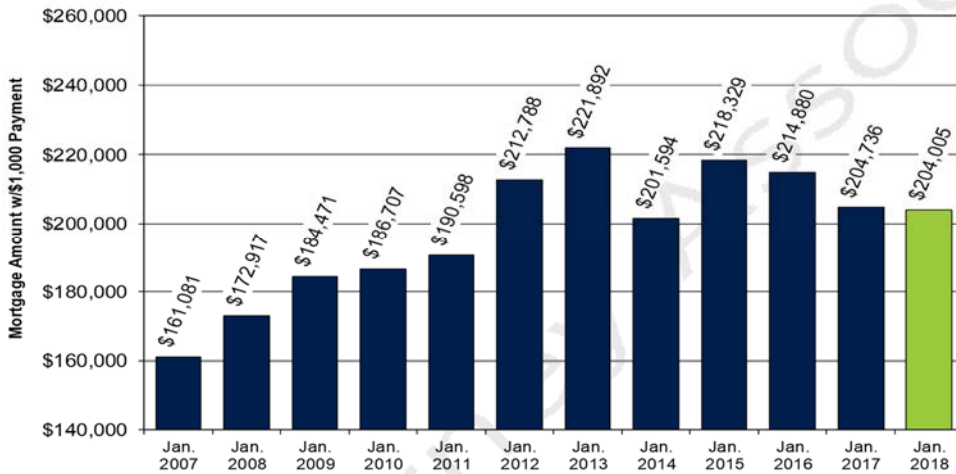


MORTGAGE RATES

- 30-year fixed interest rates at the end of January averaged **4.22%**, compared to 4.19% at the end of January 2017.
- One-year adjustable rate mortgages were 3.53% at the end of January 2018, which is up from 3.23% at the end of January 2017.

BUYING POWER

Mortgage Amount with \$1,000 Payment

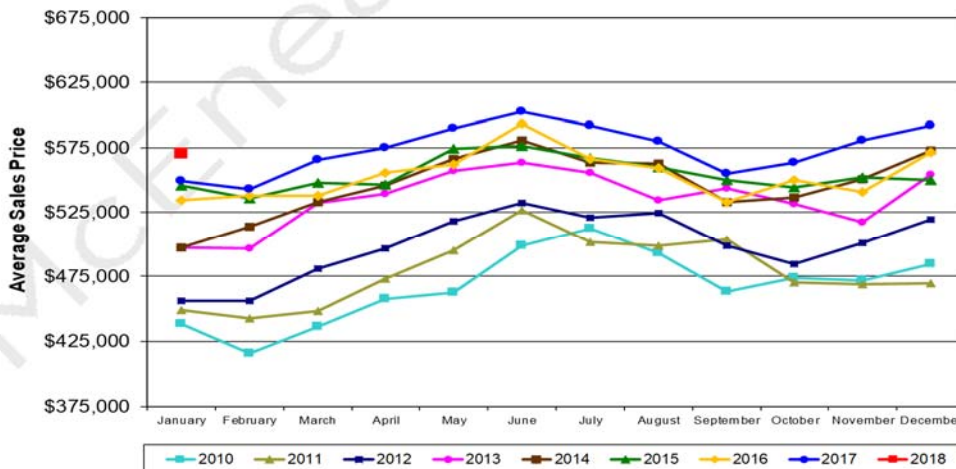


BUYING POWER

- A \$1,000 principal and interest payment supported a loan of \$204,005 at the end of January, which is **\$731 less** than January 2017 but **\$42,924 more** than January 2007.
- In January 2008, it would have taken a monthly PI payment of \$2,342 to purchase a median-priced home - now it takes an almost identical amount.
- Lower interest rates have offset the \$70,000 increase in the median price since January 2007.

AVERAGE SALES PRICE

Northern Virginia - 2010-Current

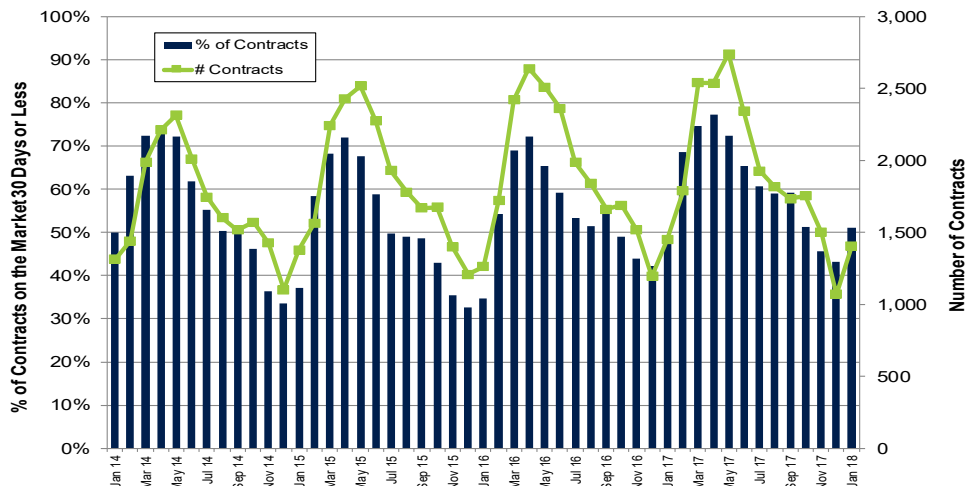


AVERAGE PRICES

- The average sales price in January 2018 was **\$570,357**, **up 3.9%** from the January 2017 average price of \$548,855.
- The median sales price was **\$479,950** in January 2018, **up 3.8%** from the median price in January 2017.
- 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 - 2014-Current

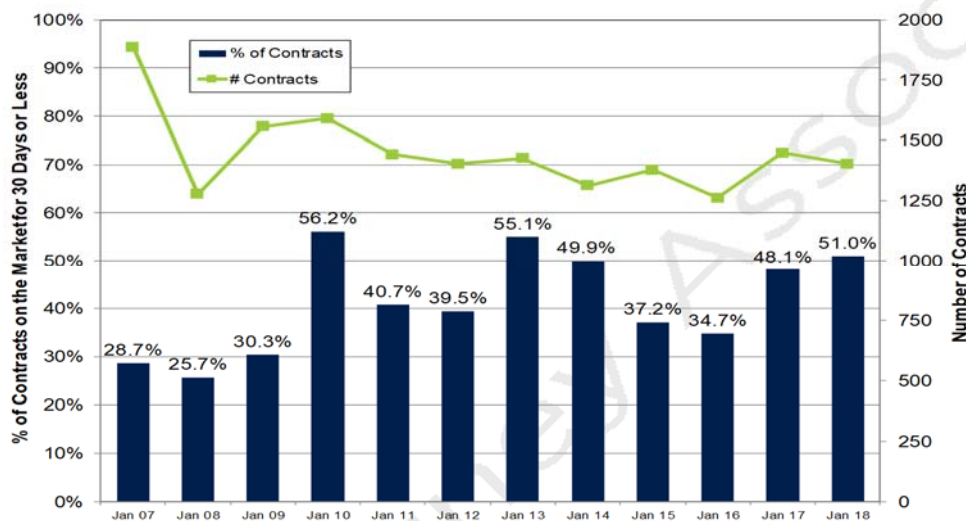


URGENCY INDEX - 2014-Current

- 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. 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 2007-2018

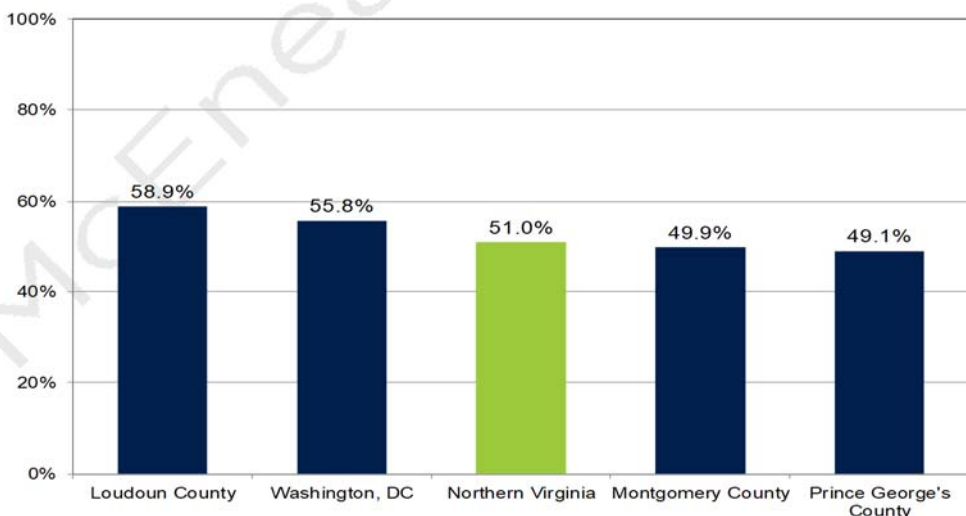


URGENCY INDEX - January

- During the past 12 years, the Urgency Index has been as high as 56.2% and as low as 25.7%.
- The average January Urgency Index in Northern Virginia during the past 12 years is 41.4% – which is significantly lower than where we are today.
- The number of new contracts was **down 3.2%** for January 2018 compared to 2017 – but the Urgency Index **increased** from 48.1% to 51.0%.

URGENCY INDEX

DC Metro Area by Jurisdiction Comparison - January 2018

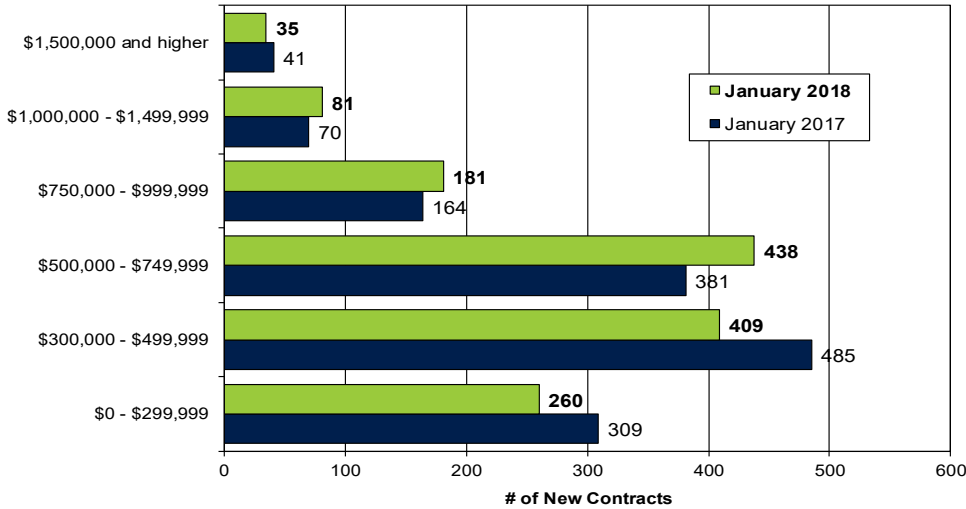


URGENCY INDEX - DC Metro Area

- The average January Urgency Index during the past 12 years for all five of the jurisdictions we track is 40.7% – lower than where we are today.
- Northern Virginia is in third place this month. As noted above, it is higher than its 12-year average.

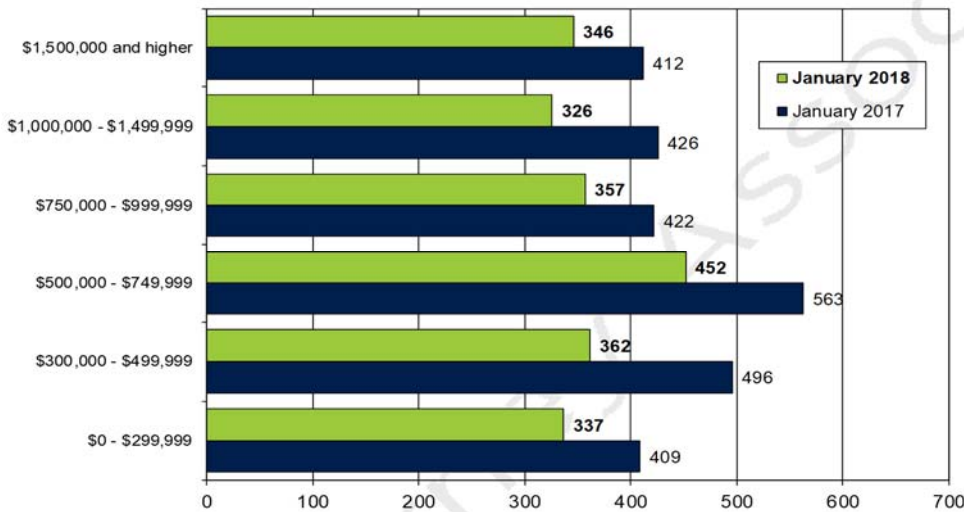
NEW CONTRACT ACTIVITY

Northern Virginia - January 2017 vs. January 2018 by Price Range



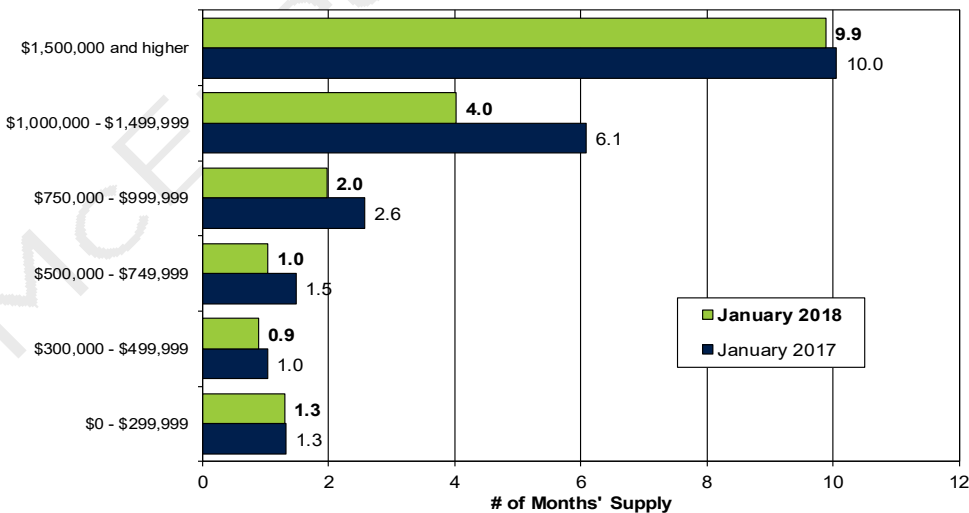
FULLY AVAILABLE LISTINGS

Northern Virginia - January 31, 2017 vs. January 31, 2018



MONTHS' SUPPLY

Northern Virginia - End of January 2017 vs. End of January 2018



NEW CONTRACT ACTIVITY

- The number of new contracts ratified in January 2018 was **down 3.2%** from the number of contracts ratified in January 2017 and was down for three price categories.
- 26.1%** of all homes going under contract in January 2018 had at least one price reduction before going under contract. Last January it was 29.7%.

FULLY AVAILABLE LISTINGS

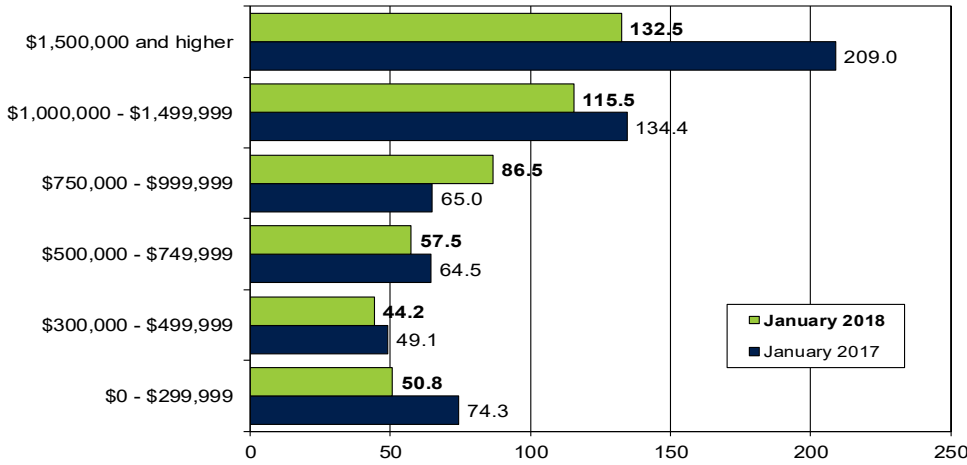
- As noted on page 2, the month-end inventory **decreased 20.1%** for January 2018 compared to January 2017 – and the number of homes coming on the market **decreased 5.3%**.
- Inventory is down for all price categories.
- 32.2%** of all homes on the market have had at least one price reduction since coming on the market.
- Last January, 34.3% of all homes on the market also had at least one price reduction.

MONTHS' SUPPLY

- The overall supply of homes on the market at the end of January was **1.6 months**, which was a **decrease of 17.5%** compared to the end of January 2017, when supply stood at 1.9 months.
- Price category supply ranges from a low of 0.9 months for homes priced between \$300,000 and \$499,999 and a high of 9.9 months for homes priced \$1,500,000 and higher.

AVERAGE NUMBER OF DAYS ON MARKET

Northern Virginia - January 2017 vs. January 2018 - New Contracts

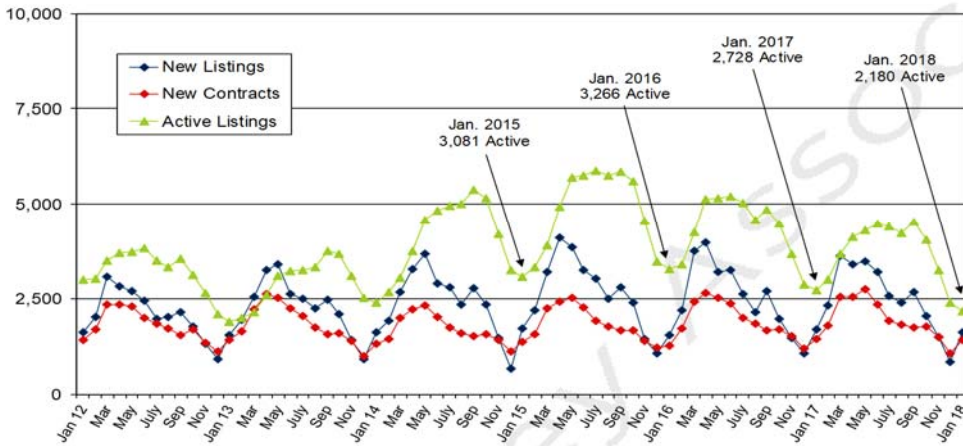


AVERAGE NUMBER OF DAYS ON THE MARKET - NEW CONTRACTS

- The average number of days on the market for homes receiving contracts in January was down for five price categories.
- Overall, the average number of days on the market for homes receiving contracts in January 2018 was **61**, down **11.6%** from 69 days in January 2017.

NUMBER OF NEW LISTINGS AND CONTRACTS; ACTIVE LISTINGS

Northern Virginia - January 2012-Current

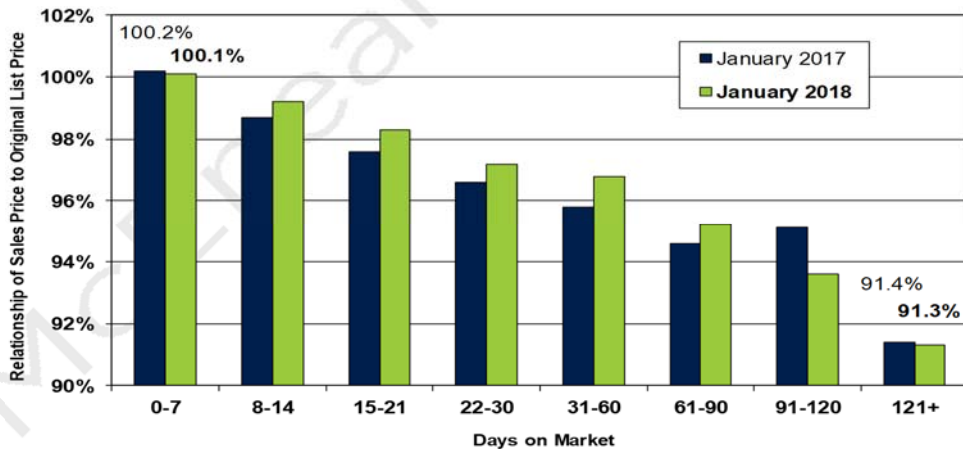


NUMBER OF NEW LISTINGS, CONTRACTS AND ACTIVE LISTINGS

- There were 1,606 new listings that came on the market in January 2018, **down 5.3%** from the 1,695 in January 2017.
- The lines representing active listings (green), new listings (blue) and new contracts (red) are not 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 - Jan. 2017 vs. Jan. 2018



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 sellers' success.
- Homes settling in January 2018 that received contracts their first week on the market sold, on average, **0.1% above original list price**. Those that took 4 months or longer to sell sold for **8.7% 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 Listings	New This Month			Total Active		
	2017	2018	% Change	2017	2018	% Change
\$299,999 and under	267	249	-6.7%	398	325	-18.3%
\$300,000 - \$499,999	187	176	-5.9%	261	180	-31.0%
\$500,000 - \$749,999	58	57	-1.7%	86	78	-9.3%
\$750,000 - \$999,999	14	28	100.0%	47	52	10.6%
\$1,000,000 - \$1,499,999	8	6	-25.0%	19	18	-5.3%
\$1,500,000 & higher	6	3	-50.0%	11	16	45.5%
Grand Total:	540	519	-3.9%	822	669	-18.6%

CONDO/CO-OP - LISTINGS

- The number of **new** listings for condos and co-ops coming on the market was **down 3.9%** compared to January 2017.
- The fully available inventory of condos as of January 31, 2018 is **18.6% less** than the same time in 2017.

CONTRACTS

Condo/Co-op Contracts	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
\$299,999 and under	279	246	-11.8%	279	246	-11.8%
\$300,000 - \$499,999	154	175	13.6%	154	175	13.6%
\$500,000 - \$749,999	35	44	25.7%	35	44	25.7%
\$750,000 - \$999,999	7	11	57.1%	7	11	57.1%
\$1,000,000 - \$1,499,999	4	6	50.0%	4	6	50.0%
\$1,500,000 & higher	4	2	-50.0%	4	2	-50.0%
Grand Total:	483	484	0.2%	483	484	0.2%

CONDO/CO-OP - CONTRACTS

- The number of condos and co-ops receiving ratified contracts **increased 0.2%** in January 2018 compared to January 2017.

SETTLEMENTS

Condo/Co-op Settlements	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
\$299,999 and under	198	228	15.2%	198	228	15.2%
\$300,000 - \$499,999	120	112	-6.7%	120	112	-6.7%
\$500,000 - \$749,999	31	33	6.5%	31	33	6.5%
\$750,000 - \$999,999	7	8	14.3%	7	8	14.3%
\$1,000,000 - \$1,499,999	3	5	66.7%	3	5	66.7%
\$1,500,000 & higher	2	4	100.0%	2	4	100.0%
Grand Total:	361	390	8.0%	361	390	8.0%

CONDO/CO-OP - SETTLEMENTS AND AVERAGE PRICE

- The number of condos and co-ops settling in January 2018 **increased 8.0%** compared to January 2017.
- The average price was **up just 3.5%** compared to January 2017.

Average Sales Price:	Jan 2017	Jan 2018	% Change	YTD 2017	YTD 2018	% Change
Condo/Co-op	\$328,679	\$340,106	3.5%	\$328,679	\$340,106	3.5%

Analysis by Property Type - Fee Simple Attached

LISTINGS

Fee Simple Attached	New This Month			Total Active		
	2017	2018	% Change	2017	2018	% Change
Listings						
\$299,999 and under	16	11	-31.3%	8	11	37.5%
\$300,000 - \$499,999	200	168	-16.0%	137	107	-21.9%
\$500,000 - \$749,999	91	105	15.4%	106	92	-13.2%
\$750,000 - \$999,999	38	42	10.5%	51	63	23.5%
\$1,000,000 - \$1,499,999	15	11	-26.7%	24	21	-12.5%
\$1,500,000 & higher	4	3	-25.0%	19	17	-10.5%
Grand Total:	364	340	-6.6%	345	311	-9.9%

ATTACHED HOMES - LISTINGS

- The number of new listings coming on the market in January 2018 for fee simple attached homes **decreased 6.6%** from January 2017.
- Fully active inventory at the end of January is **down 9.9%** compared to the available inventory at the end of January 2017.

CONTRACTS

Fee Simple Attached	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
Contracts						
\$299,999 and under	27	14	-48.1%	27	14	-48.1%
\$300,000 - \$499,999	210	156	-25.7%	210	156	-25.7%
\$500,000 - \$749,999	98	100	2.0%	98	100	2.0%
\$750,000 - \$999,999	36	39	8.3%	36	39	8.3%
\$1,000,000 - \$1,499,999	9	10	11.1%	9	10	11.1%
\$1,500,000 & higher	0	2	-	0	2	-
Grand Total:	380	321	-15.5%	380	321	-15.5%

ATTACHED HOMES - CONTRACTS

- Contract activity for attached homes **decreased 15.5%** in January 2018 compared to January 2017.

SETTLEMENTS

Fee Simple Attached	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
Settlements						
\$299,999 and under	20	13	-35.0%	20	13	-35.0%
\$300,000 - \$499,999	171	162	-5.3%	171	162	-5.3%
\$500,000 - \$749,999	68	82	20.6%	68	82	20.6%
\$750,000 - \$999,999	17	15	-11.8%	17	15	-11.8%
\$1,000,000 - \$1,499,999	6	4	-33.3%	6	4	-33.3%
\$1,500,000 & higher	0	0	-	0	0	-
Grand Total:	282	276	-2.1%	282	276	-2.1%

ATTACHED HOMES - SETTLEMENTS AND AVERAGE PRICE

- The number of settlements **decreased 2.1%** in January 2018 compared to January 2017.
- The average sales price **increased 3.2%** in January 2018 compared to January 2017.

Average Sales Price:	Jan 2017	Jan 2018	% Change	YTD 2017	YTD 2018	% Change
Fee Simple Attached	\$474,170	\$489,158	3.2%	\$474,170	\$489,158	3.2%

Analysis by Property Type - Fee Simple Detached

LISTINGS

Fee Simple Detached	New This Month			Total Active		
	2017	2018	% Change	2017	2018	% Change
Listings						
\$299,999 and under	4	0	-100.0%	3	1	-66.7%
\$300,000 - \$499,999	97	76	-21.6%	98	75	-23.5%
\$500,000 - \$749,999	286	314	9.8%	371	282	-24.0%
\$750,000 - \$999,999	172	175	1.7%	324	242	-25.3%
\$1,000,000 - \$1,499,999	149	108	-27.5%	383	287	-25.1%
\$1,500,000 & higher	83	74	-10.8%	382	313	-18.1%
Grand Total:	791	747	-5.6%	1561	1200	-23.1%

DETACHED HOMES - LISTINGS

- The number of new listings for fee simple detached homes was **down 5.6%** in January 2018 compared to January 2017.
- The number of detached homes on the market on January 31, 2018 was **down 23.1%** compared to January 31, 2017.

CONTRACTS

Fee Simple Detached	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
Contracts						
\$299,999 and under	3	0	-100.0%	3	0	-100.0%
\$300,000 - \$499,999	121	78	-35.5%	121	78	-35.5%
\$500,000 - \$749,999	248	294	18.5%	248	294	18.5%
\$750,000 - \$999,999	121	131	8.3%	121	131	8.3%
\$1,000,000 - \$1,499,999	57	65	14.0%	57	65	14.0%
\$1,500,000 & higher	37	31	-16.2%	37	31	-16.2%
Grand Total:	587	599	2.0%	587	599	2.0%

DETACHED HOMES - CONTRACTS

- There was an **increase of 2.0%** in the number of contracts on detached homes in January 2018 compared to January 2017.
- There is basically no inventory for would-be purchasers looking to buy for less than \$300,000.

SETTLEMENTS

Fee Simple Detached	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
Settlements						
\$299,999 and under	3	0	-100.0%	3	0	-100.0%
\$300,000 - \$499,999	111	74	-33.3%	111	74	-33.3%
\$500,000 - \$749,999	199	207	4.0%	199	207	4.0%
\$750,000 - \$999,999	84	80	-4.8%	84	80	-4.8%
\$1,000,000 - \$1,499,999	58	55	-5.2%	58	55	-5.2%
\$1,500,000 & higher	29	24	-17.2%	29	24	-17.2%
Grand Total:	484	440	-9.1%	484	440	-9.1%

DETACHED HOMES - SETTLEMENTS AND AVERAGE PRICE

- The number of settlements in January was **down 9.1%** compared to last January.
- The average sales price for detached homes **increased 8.9%** in January 2018 compared to January 2017.

Average Sales Price:	Jan 2017	Jan 2018	% Change	YTD 2017	YTD 2018	% Change
Fee Simple Detached	\$757,029	\$824,617	8.9%	\$757,029	\$824,617	8.9%

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 2018 was 51.0%. That compares to a rate of 40.1% in January 2017, and the increase means the market was better in 2018 for that type of home. If the absorption rate was less in 2018 than in 2017, we have put the 2018 rate in **red**. This month there was **improvement for 12 of 18 individual price categories**.

Condo/Co-op	January 2017			January 2018		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	398	279	41.2%	325	246	43.1%
\$300,000 - \$499,999	261	154	37.1%	180	175	49.3%
\$500,000 - \$749,999	86	35	28.9%	78	44	36.1%
\$750,000 - \$999,999	47	7	13.0%	52	11	17.5%
\$1,000,000 - \$1,499,999	19	4	17.4%	18	6	25.0%
\$1,500,000 & higher	11	4	26.7%	16	2	11.1%
Grand Total:	822	483	37.0%	669	484	42.0%

ABSORPTION RATES - CONDOS AND CO-OPS

- The overall absorption rate for condos and co-ops for January 2018 was **42.0%**, an increase from the 37.0% rate in January 2017.

Fee Simple Attached	January 2017			January 2018		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	8	27	77.1%	11	14	56.0%
\$300,000 - \$499,999	137	210	60.5%	107	156	59.3%
\$500,000 - \$749,999	106	98	48.0%	92	100	52.1%
\$750,000 - \$999,999	51	36	41.4%	63	39	38.2%
\$1,000,000 - \$1,499,999	24	9	27.3%	21	10	32.3%
\$1,500,000 & higher	19	0	0.0%	17	2	10.5%
Grand Total:	345	380	52.4%	311	321	50.8%

ABSORPTION RATES - ATTACHED HOMES

- The overall absorption rate for attached homes in January 2018 was **50.8%**, a slight decrease from the 52.4% rate in January 2017.

Fee Simple Detached	January 2017			January 2018		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	3	3	50.0%	1	0	0.0%
\$300,000 - \$499,999	98	121	55.3%	75	78	51.0%
\$500,000 - \$749,999	371	248	40.1%	282	294	51.0%
\$750,000 - \$999,999	324	121	27.2%	242	131	35.1%
\$1,000,000 - \$1,499,999	383	57	13.0%	287	65	18.5%
\$1,500,000 & higher	382	37	8.8%	313	31	9.0%
Grand Total:	1561	587	27.3%	1200	599	33.3%

ABSORPTION RATES - DETACHED HOMES

- January 2018's absorption rate for detached homes was **33.3%**, an increase from the 27.3% rate in January 2017.
- There was one home priced less than \$300K on the market at the end of the month.