

MARKET IN A MINUTE

A SUMMARY OF MARKET CONDITIONS FOR JANUARY 2018

CONTRACTS



Contract activity in January 2018 was **down 9.6%** from January 2017, and there were decreases in five of the six price categories. The average number of days on the market for homes receiving contracts was 65 days in January 2018, down from 69 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 the year prior. During the past 14 years, the Index has been as high as 92% (May 2004) and as low as 19% (December 2007). In January 2018, the Urgency Index was 49.9%, up slightly from 47.3% in January 2017.

INVENTORY



The number of homes on the market at the end of January was **down 18.4%** compared to the end of January 2017, and was down in all six price categories. The number of new listings coming on the market was also off, down 12.2% from January 2017. The drop in inventory more than offset the drop in contracts, moving overall supply to 1.9 months, down slightly from the 2.1 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 **15% lower today** than it was a decade ago in January 2008, but is up 3.2% from January of last year. The mortgage payment for a median priced home (\$1,966) was slightly lower than the median rented price (\$2,000).

DIRECTION OF THE MARKET



We expect 2018's real estate market in Montgomery County 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. Montgomery County's market is the weakest of all the metro area suburban markets, and 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

MONTGOMERY COUNTY	January 2017	January 2018	% Change
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%

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%

NORTHERN VIRGINIA

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%

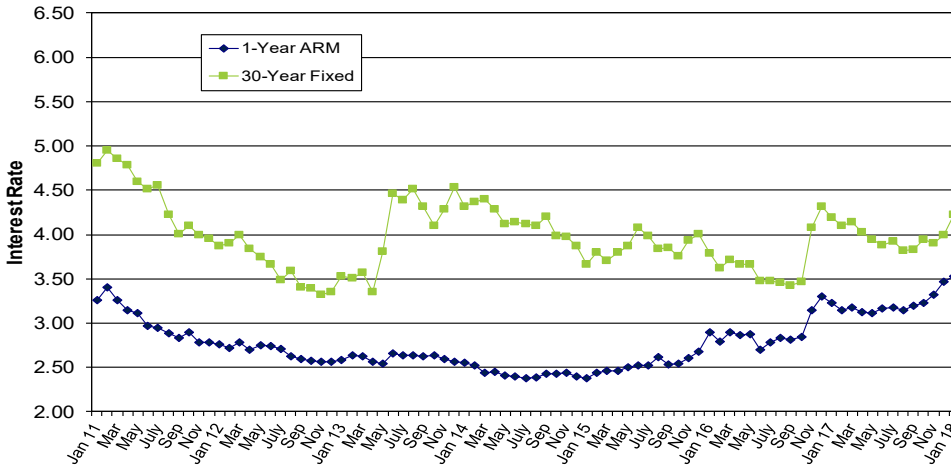
LOUDOUN COUNTY

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%

* 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

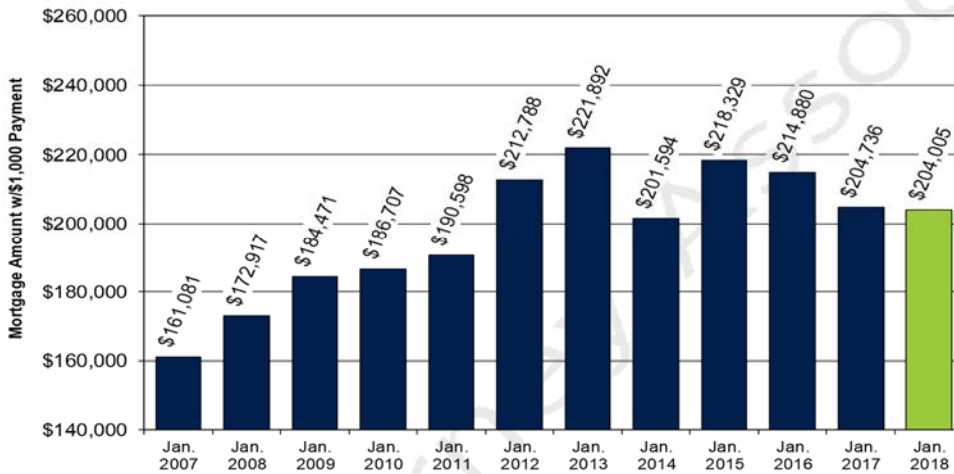


MORTGAGE RATES

- 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

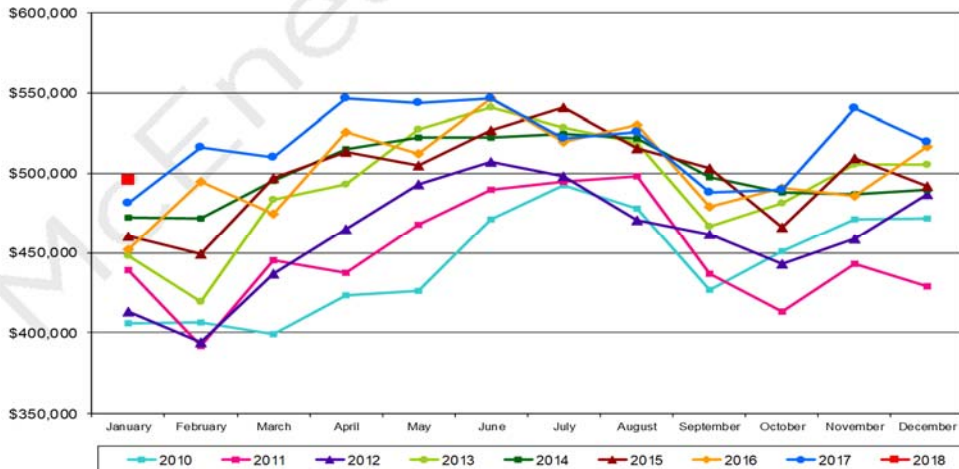


BUYING POWER

- 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 \$2,313 to purchase a median-priced home. Now it takes a payment of \$1,966 to buy a median-priced home. **That's a 15% decrease.**
- However, because of rising interest rates, it now takes a payment that is 3.2% higher than this time last year.

AVERAGES SALE PRICE

Montgomery County - 2010-Current

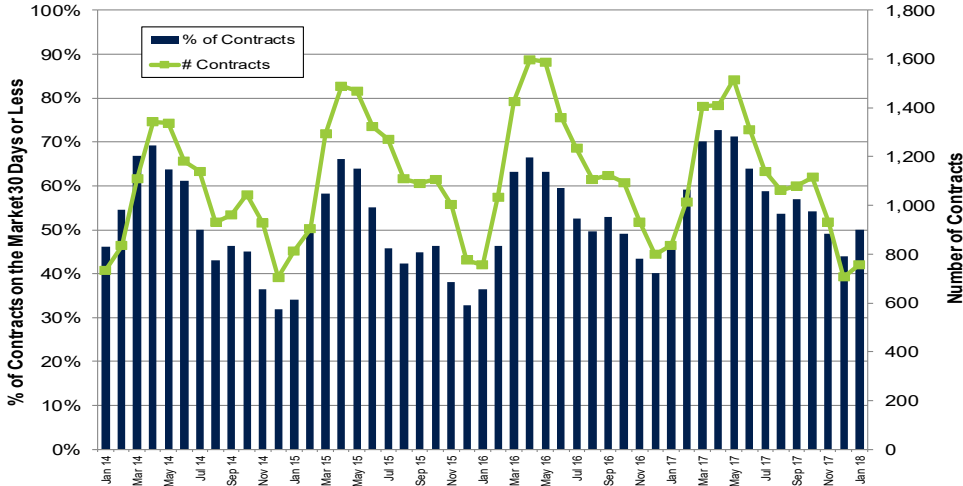


AVERAGE PRICES

- January 2018's average sales price was **\$495,611**, which **increased 3.0%** from the January 2017 average price of \$481,221.
- 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
Montgomery County - 2014-Current

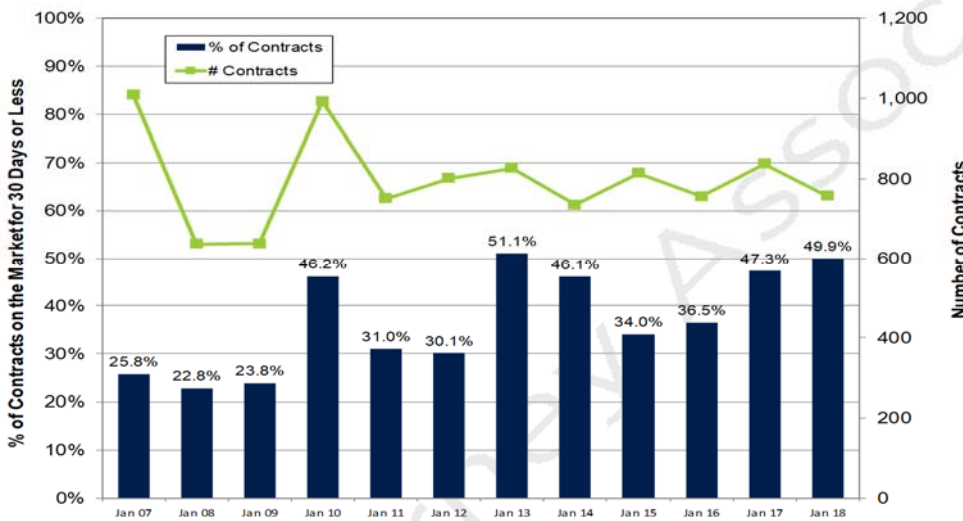


URGENCY INDEX - 2014-Current

- 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 30% index, but that jumped to 44% in 2012, an early indicator that the market was picking up heading into 2013.

URGENCY INDEX

Montgomery County - January 2007-2018

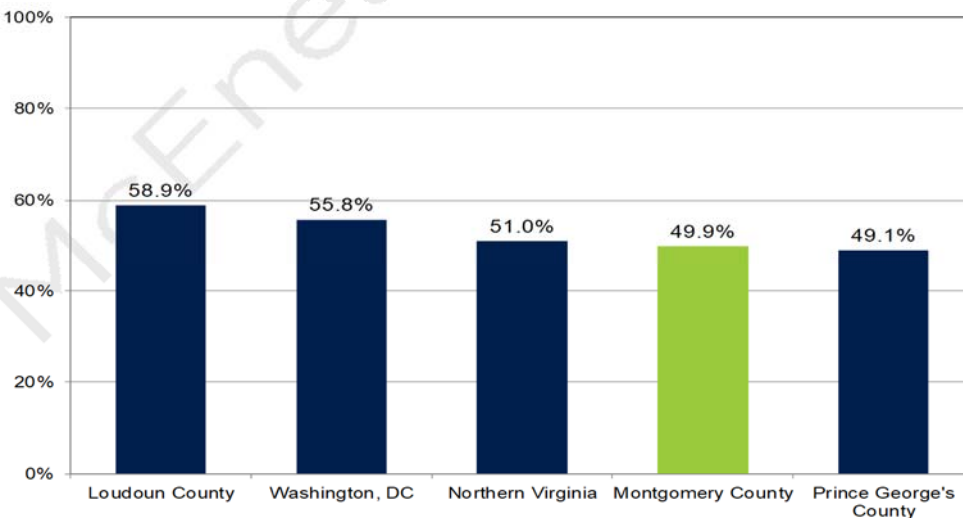


URGENCY INDEX - January

- During the past 12 years, the January Urgency Index has been as high as 51.1% and as low as 22.8%.
- The average January Urgency Index during the past 12 years is 37.1% – which is significantly lower than where we are today.
- There was a 9.6% decrease in the number of new contracts for January 2018 compared to 2017 – but the Urgency Index increased slightly from 47.3% to 49.9%.

URGENCY INDEX

DC Metro Area by Jurisdiction Comparison - January 2018

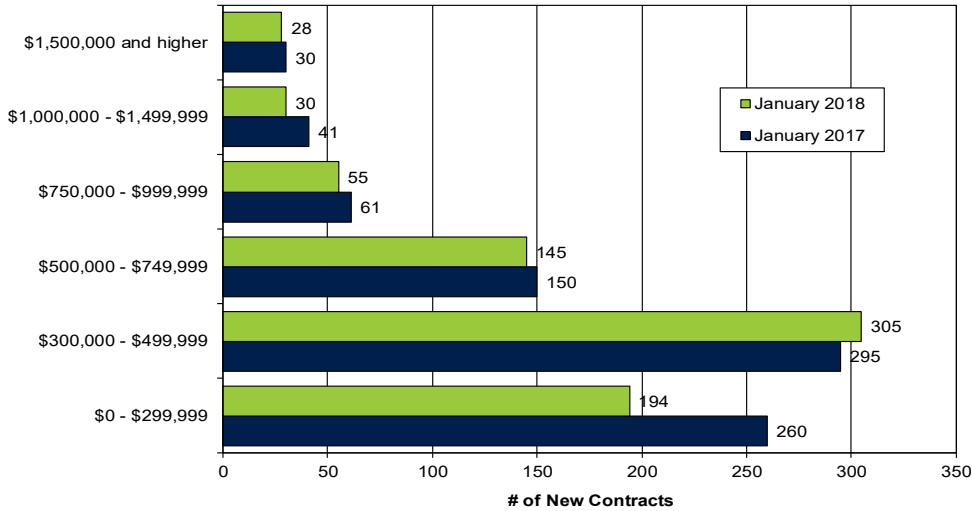


URGENCY INDEX - DC Metro Area

- 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.
- Montgomery County is in fourth place this month. As noted above, the urgency index is significantly higher than its 12-year average.

NEW CONTRACT ACTIVITY

Montgomery County - January 2017 vs. January 2018 by Price Range

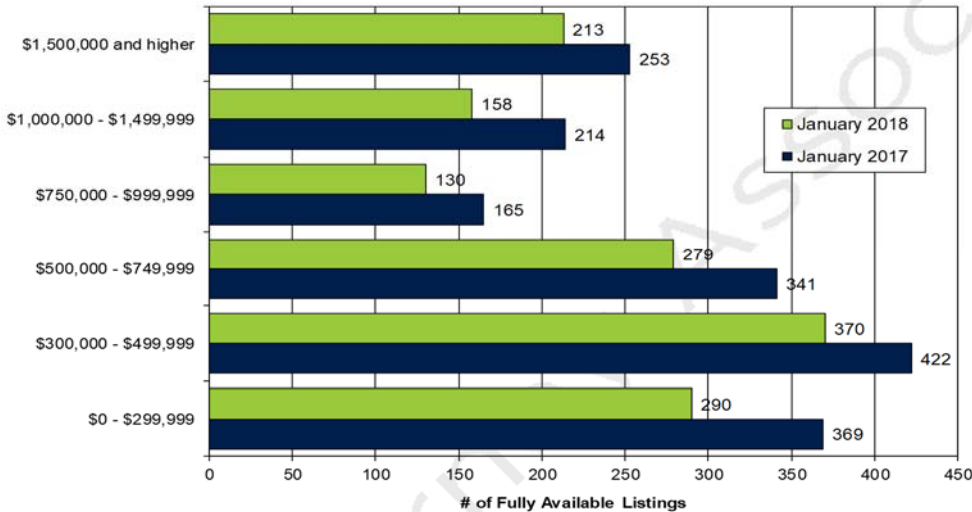


NEW CONTRACT ACTIVITY

- As noted on page 2, the number of new contracts ratified in January 2018 was **down 9.6%** from the number of contracts ratified in January 2017. There were decreases for five price categories.
- 26.6%** of all homes going under contract in January 2018 had a price reduction before going under contract.

FULLY AVAILABLE LISTINGS

Montgomery County - January 31, 2017 vs. January 31, 2018

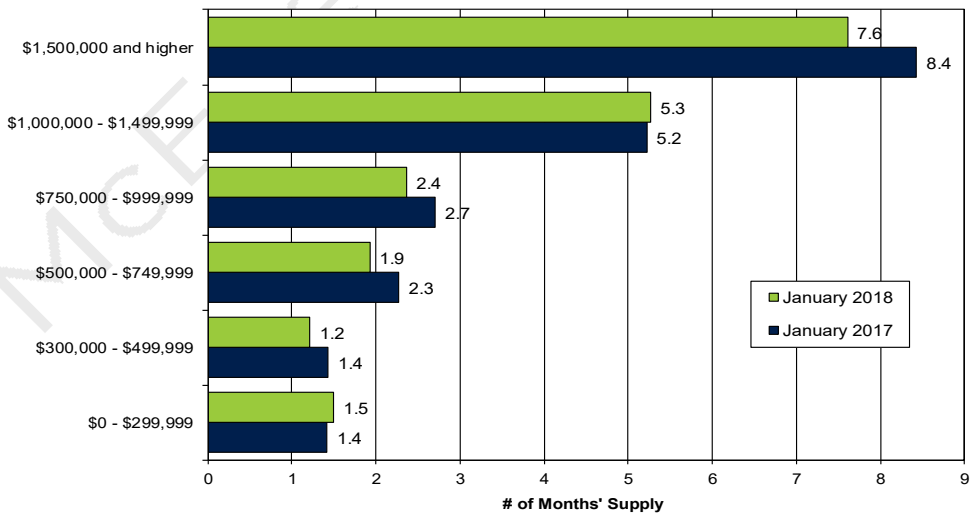


FULLY AVAILABLE LISTINGS

- As noted on page 2, the overall inventory **decreased 18.4%** in January 2018 compared to January 2017, and there was a 12.2% decrease in the number of new listings coming on the market.
- Inventory decreased for all price categories.
- 35.9%** of all homes on the market have had at least one price reduction since coming on the market. In January 2017, 34.2% of all homes on the market had at least one price reduction.

MONTHS' SUPPLY

Montgomery County - End of January 2017 vs. End of January 2018

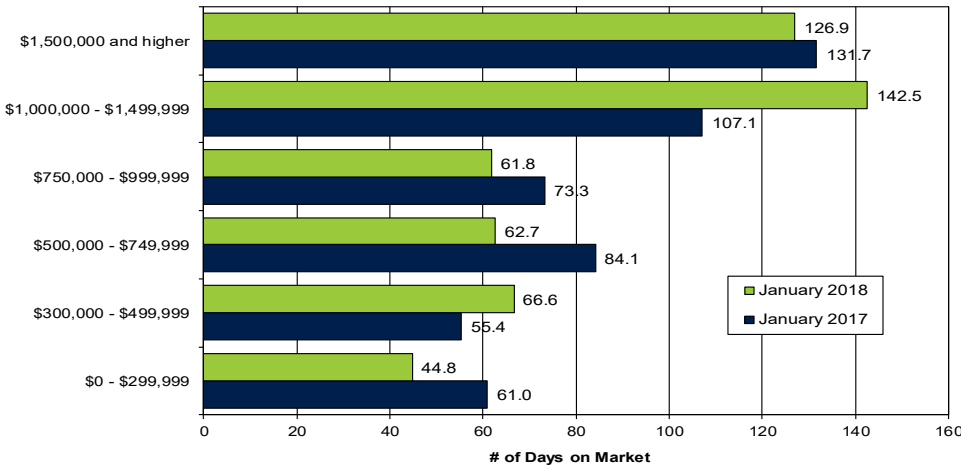


MONTHS' SUPPLY

- The overall supply of homes on the market at the end of January was **1.9 months**, down 9.7% from 2.1 months as at the end of January 2017.
- Supply is lower for four price categories.

AVERAGE NUMBER OF DAYS ON MARKET

Montgomery County - January 2017 vs. January 2018 - New Contracts

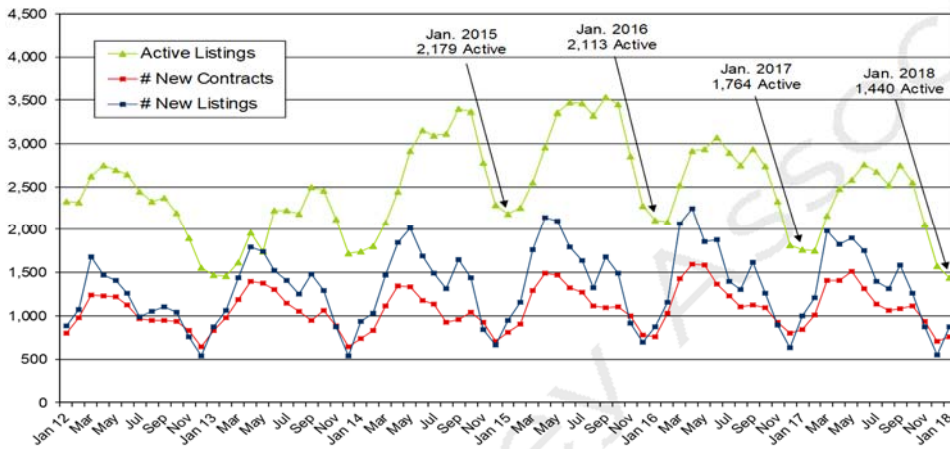


AVERAGE NUMBER OF DAYS ON THE MARKET - NEW CONTRACTS

- The average number of days on the market for homes receiving contracts in January was down for four price categories.
- Overall, the average number of days on the market for all homes receiving contracts in January 2018 was **65 days**, down from 69 days in January 2017.

NUMBER OF NEW LISTINGS, NEW CONTRACTS, AND ACTIVE LISTINGS

Montgomery County - January 2012-Current

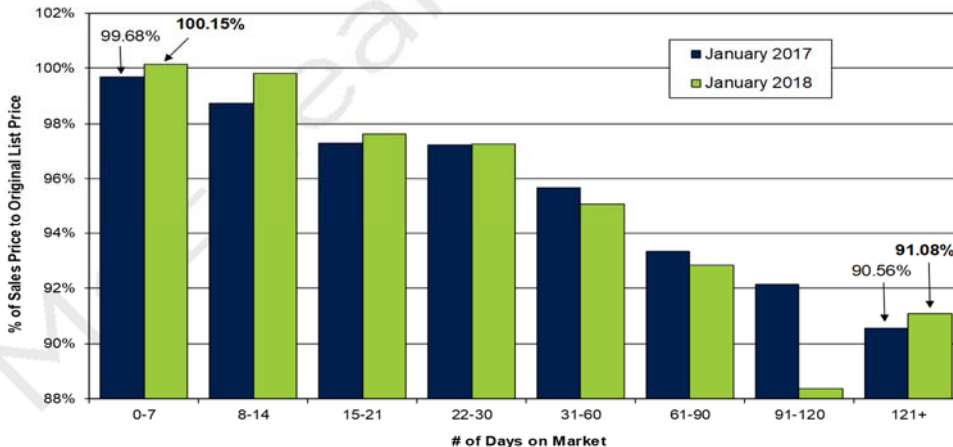


NUMBER OF NEW LISTINGS, CONTRACTS AND ACTIVE LISTINGS

- There were 876 new listings that came on the market in January 2018, a **12.2% decrease** from 998 in January 2017.
- The incredibly tight market in the spring of 2013 - shown by the convergence of the blue (new listings), green (active inventory) and red (new contracts) lines - now shows a larger gap.

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

Resale Properties Sold in Montgomery County - Jan. 2017 vs. Jan. 2018



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 2018 that received contracts their first week on the market sold, on average, **0.15% above** list price. Those that took 4 months or longer to sell sold at **8.92% below** original list!

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		
	2017	2018	% Change	2017	2018	% Change
\$299,999 and under	161	158	-1.9%	270	229	-15.2%
\$300,000 - \$499,999	71	54	-23.9%	119	105	-11.8%
\$500,000 - \$749,999	10	17	70.0%	39	31	-20.5%
\$750,000 - \$999,999	4	3	-25.0%	8	10	25.0%
\$1,000,000 - \$1,499,999	4	3	-25.0%	10	11	10.0%
\$1,500,000 & higher	5	2	-60.0%	20	28	40.0%
Grand Total:	255	237	-7.1%	466	414	-11.2%

CONDO/CO-OP - LISTINGS

- The number of **new** listings for condos and co-ops coming on the market **decreased 7.1%** compared to January 2017.
- The fully available inventory of condos as of January 31, 2018 is **11.2% less** than January 31, 2017.

CONTRACTS

Condo/Co-op Contracts	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
\$299,999 and under	157	132	-15.9%	157	132	-15.9%
\$300,000 - \$499,999	47	50	6.4%	47	50	6.4%
\$500,000 - \$749,999	10	13	30.0%	10	13	30.0%
\$750,000 - \$999,999	2	1	-50.0%	2	1	-50.0%
\$1,000,000 - \$1,499,999	3	1	-66.7%	3	1	-66.7%
\$1,500,000 & higher	1	1	0.0%	1	1	0.0%
Grand Total:	220	198	-10.0%	220	198	-10.0%

CONDO/CO-OP - CONTRACTS

- The number of condos and co-ops receiving ratified contracts **decreased 10.0%** 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	122	129	5.7%	122	129	5.7%
\$300,000 - \$499,999	44	43	-2.3%	44	43	-2.3%
\$500,000 - \$749,999	9	10	11.1%	9	10	11.1%
\$750,000 - \$999,999	0	3	-	0	3	-
\$1,000,000 - \$1,499,999	2	0	-100.0%	2	0	-100.0%
\$1,500,000 & higher	4	1	-75.0%	4	1	-75.0%
Grand Total:	181	186	2.8%	181	186	2.8%

CONDO/CO-OP - SETTLEMENTS AND AVERAGE PRICE

- The number of condos and co-ops settling in January 2018 **increased 2.8%** compared to January 2017.
- The average price was **down 14.0%** compared to January 2017.

Average Sales Price:	Jan 2017	Jan 2018	% Change	YTD 2017	YTD 2018	% Change
Condo/Co-op	\$314,402	\$270,278	-14.0%	\$314,402	\$270,278	-14.0%

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	82	57	-30.5%	85	51	-40.0%
\$300,000 - \$499,999	78	97	24.4%	96	113	17.7%
\$500,000 - \$749,999	28	23	-17.9%	51	42	-17.6%
\$750,000 - \$999,999	11	6	-45.5%	18	17	-5.6%
\$1,000,000 - \$1,499,999	15	7	-53.3%	23	18	-21.7%
\$1,500,000 & higher	3	2	-33.3%	6	8	33.3%
Grand Total:	217	192	-11.5%	279	249	-10.8%

ATTACHED HOMES - LISTINGS

- The number of new listings coming on the market in January 2018 for fee simple attached homes **decreased 11.5%** compared to January 2017.
- The fully available inventory as of January 31, 2018 is **10.8% less** than this time in 2017.

CONTRACTS

Fee Simple Attached	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
Contracts						
\$299,999 and under	83	56	-32.5%	83	56	-32.5%
\$300,000 - \$499,999	70	88	25.7%	70	88	25.7%
\$500,000 - \$749,999	20	21	5.0%	20	21	5.0%
\$750,000 - \$999,999	2	5	150.0%	2	5	150.0%
\$1,000,000 - \$1,499,999	0	1	-	0	1	-
\$1,500,000 & higher	0	0	-	0	0	-
Grand Total:	175	171	-2.3%	175	171	-2.3%

ATTACHED HOMES - CONTRACTS

- Contract activity for attached homes **decreased 2.3%** 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	72	52	-27.8%	72	52	-27.8%
\$300,000 - \$499,999	63	63	0.0%	63	63	0.0%
\$500,000 - \$749,999	19	18	-5.3%	19	18	-5.3%
\$750,000 - \$999,999	2	6	200.0%	2	6	200.0%
\$1,000,000 - \$1,499,999	0	2	-	0	2	-
\$1,500,000 & higher	0	0	-	0	0	-
Grand Total:	156	141	-9.6%	156	141	-9.6%

ATTACHED HOMES - SETTLEMENTS AND AVERAGE PRICE

- The number of settlements **decreased 9.6%** in January 2018 compared to January 2017.
- The average sales price was **up 12.4%** in January 2018 compared to January 2017.

Average Sales Price:	Jan 2017	Jan 2018	% Change	YTD 2017	YTD 2018	% Change
Fee Simple Attached	\$348,467	\$391,736	12.4%	\$348,467	\$391,736	12.4%

Analysis by Property Type - Fee Simple Detached

LISTINGS

Fee Simple Detached Listings	New This Month			Total Active		
	2017	2018	% Change	2017	2018	% Change
\$299,999 and under	14	10	-28.6%	14	10	-28.6%
\$300,000 - \$499,999	149	150	0.7%	207	152	-26.6%
\$500,000 - \$749,999	147	129	-12.2%	251	206	-17.9%
\$750,000 - \$999,999	83	63	-24.1%	139	103	-25.9%
\$1,000,000 - \$1,499,999	67	46	-31.3%	181	129	-28.7%
\$1,500,000 & higher	66	49	-25.8%	227	177	-22.0%
Grand Total:	526	447	-15.0%	1019	777	-23.7%

DETACHED HOMES - LISTINGS

- The number of new listings for fee simple detached homes was **down 15.0%** in January 2018 compared to January 2017.
- The number of detached homes on the market on January 31, 2018 **decreased 23.7%** compared to January 31, 2017.

CONTRACTS

Fee Simple Detached Contracts	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
\$299,999 and under	20	6	-70.0%	20	6	-70.0%
\$300,000 - \$499,999	178	167	-6.2%	178	167	-6.2%
\$500,000 - \$749,999	120	111	-7.5%	120	111	-7.5%
\$750,000 - \$999,999	57	49	-14.0%	57	49	-14.0%
\$1,000,000 - \$1,499,999	38	28	-26.3%	38	28	-26.3%
\$1,500,000 & higher	29	27	-6.9%	29	27	-6.9%
Grand Total:	442	388	-12.2%	442	388	-12.2%

DETACHED HOMES - CONTRACTS

- The number of contracts on detached homes in January 2018 was **down 12.2%** compared to January 2017.

SETTLEMENTS

Fee Simple Detached Settlements	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
\$299,999 and under	19	8	-57.9%	19	8	-57.9%
\$300,000 - \$499,999	163	140	-14.1%	163	140	-14.1%
\$500,000 - \$749,999	119	111	-6.7%	119	111	-6.7%
\$750,000 - \$999,999	32	48	50.0%	32	48	50.0%
\$1,000,000 - \$1,499,999	29	25	-13.8%	29	25	-13.8%
\$1,500,000 & higher	12	15	25.0%	12	15	25.0%
Grand Total:	374	347	-7.2%	374	347	-7.2%

DETACHED HOMES - SETTLEMENTS AND AVERAGE PRICE

- The number of settlements in January was **down 7.2%** compared to January 2017.
- The average sales price for detached homes **increased 6.7%** in January 2018 compared to January 2017.

Average Sales Price:	Jan 2017	Jan 2018	% Change	YTD 2017	YTD 2018	% Change
Fee Simple Detached	\$616,158	\$657,746	6.7%	\$616,158	\$657,746	6.7%

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 between \$500,000 and \$749,999 in January 2018 was 35.0%; that compares to a rate of 32.3% 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 categories**, and one remained the same.

Condo/Co-op	January 2017			January 2018		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	270	157	36.8%	229	132	36.6%
\$300,000 - \$499,999	119	47	28.3%	105	50	32.3%
\$500,000 - \$749,999	39	10	20.4%	31	13	29.5%
\$750,000 - \$999,999	8	2	20.0%	10	1	9.1%
\$1,000,000 - \$1,499,999	10	3	23.1%	11	1	8.3%
\$1,500,000 & higher	20	1	4.8%	28	1	3.4%
Grand Total:	466	220	32.1%	414	198	32.4%

ABSORPTION RATES - CONDOS AND CO-OPS

- The overall absorption rate for condos and co-ops for January 2018 was 32.4%, up slightly from the 32.1% rate in January 2017.

Fee Simple Attached	January 2017			January 2018		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	85	83	49.4%	51	56	52.3%
\$300,000 - \$499,999	96	70	42.2%	113	88	43.8%
\$500,000 - \$749,999	51	20	28.2%	42	21	33.3%
\$750,000 - \$999,999	18	2	10.0%	17	5	22.7%
\$1,000,000 - \$1,499,999	23	0	0.0%	18	1	5.3%
\$1,500,000 & higher	6	0	0.0%	8	0	0.0%
Grand Total:	279	175	38.5%	249	171	40.7%

ABSORPTION RATES - ATTACHED HOMES

- The overall absorption rate for attached homes for January 2018 was 40.7%, up slightly from the 38.5% rate in January 2017.

Fee Simple Detached	January 2017			January 2018		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	14	20	58.8%	10	6	37.5%
\$300,000 - \$499,999	207	178	46.2%	152	167	52.4%
\$500,000 - \$749,999	251	120	32.3%	206	111	35.0%
\$750,000 - \$999,999	139	57	29.1%	103	49	32.2%
\$1,000,000 - \$1,499,999	181	38	17.4%	129	28	17.8%
\$1,500,000 & higher	227	29	11.3%	177	27	13.2%
Grand Total:	1019	442	30.3%	777	388	33.3%

ABSORPTION RATES - DETACHED HOMES

- January 2018's absorption rate for detached homes was 33.3%, up from the 30.3% rate of January 2017.
- And as we have seen in the other property types, the absorption rates are higher for the lower-priced categories.