

MARKET IN A MINUTE

A SUMMARY OF MARKET CONDITIONS FOR JANUARY 2018

CONTRACTS



Contract activity in January 2018 was **up 9.0%** from January 2017, and there were increases in three of the six price categories and two were unchanged. The average number of days on the market for homes receiving contracts was 48 days in January 2018, up from 45 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 down slightly in January compared to the year prior. During the past 13 years, the Index has been as high as 83% (May 2005) and as low as 30% (December 2008). In January 2018, the Urgency Index was **55.8%**, down from 57.3% in January 2016.

INVENTORY



The number of homes on the market at the end of January was **down 8.9%** compared to the end of January 2017 and was down in all six price categories. The number of new listings coming on the market **decreased 2.1%**, compared to January 2017. The increase in contract activity combined with the drop in inventory decreased supply to just 1.4 months, down from 1.7 months this time last year. DC continues to have the lowest supply in the region.

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 almost identical to the payment a decade ago in January 2008, but prices are also \$75,000 higher. The payment now is slightly lower than this time last year. The mortgage payment for a median priced home (\$2,474) was the same in January as the median rented price (\$2,475).

DIRECTION OF THE MARKET



Washington, DC's real estate market continues its two-plus year run as the strongest in the region, but there are signs of the break-neck pace easing off a bit. And that's good for the long-term health of the market. We expect 2018 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, and price appreciation will be more modest as well.

MONTHLY SUMMARY JANUARY 2017 vs. JANUARY 2018

WASHINGTON, DC	January 2017	January 2018	% Change
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%

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%

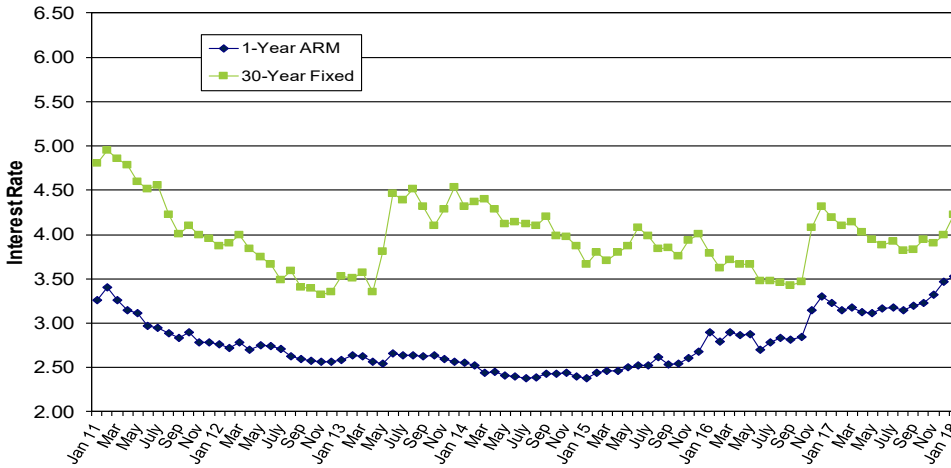
LOUDOUN COUNTY

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

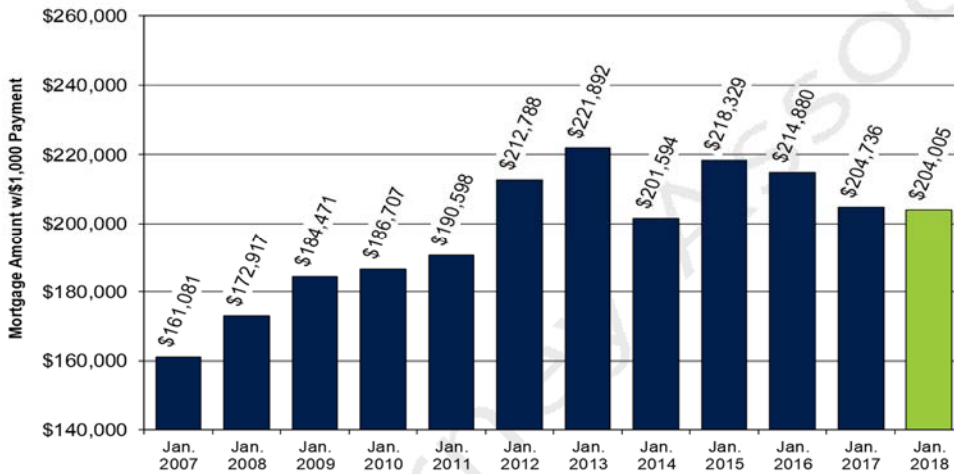


MORTGAGE RATES

- 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

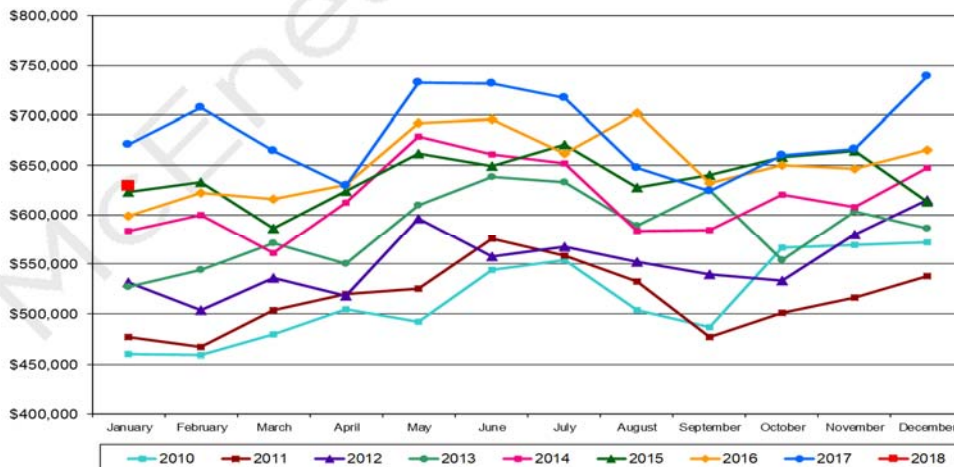


BUYING POWER

- 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 \$2,469 to purchase a median-priced home. Today it takes an almost identical payment of \$2,479 to buy a median-priced home. But the median price is \$75,000 higher.

AVERAGES SALE PRICE

Washington, DC - 2009-Current

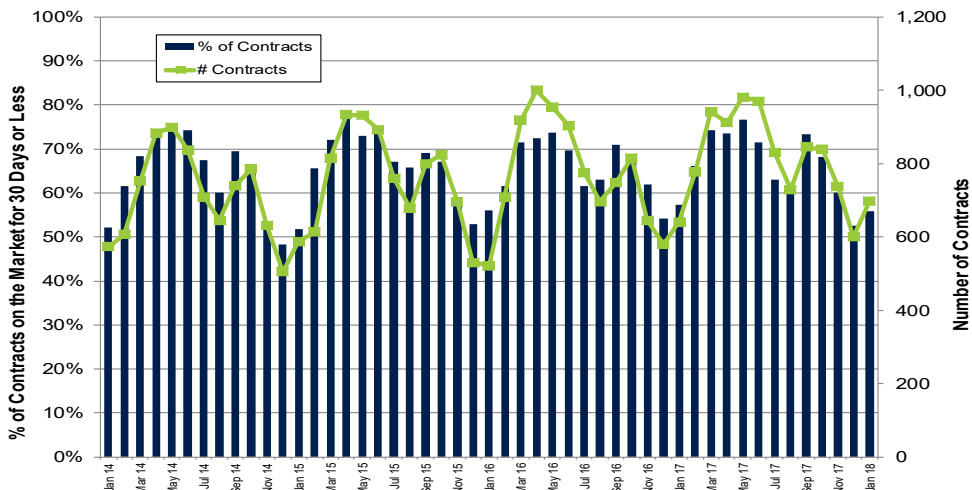


AVERAGE PRICES

- The average sales price in January 2018 was **\$629,453**, a **decrease of 6.1%** from the January 2017 average price of \$670,684.
- DC has the highest average and median sales price in the region.
- Remember that the change in the average sales price – up or down – doesn't mean that individual home prices are impacted the same way.

URGENCY INDEX

% of Contracts on the Market for 30 Days or Less
Washington, DC - 2014-Current

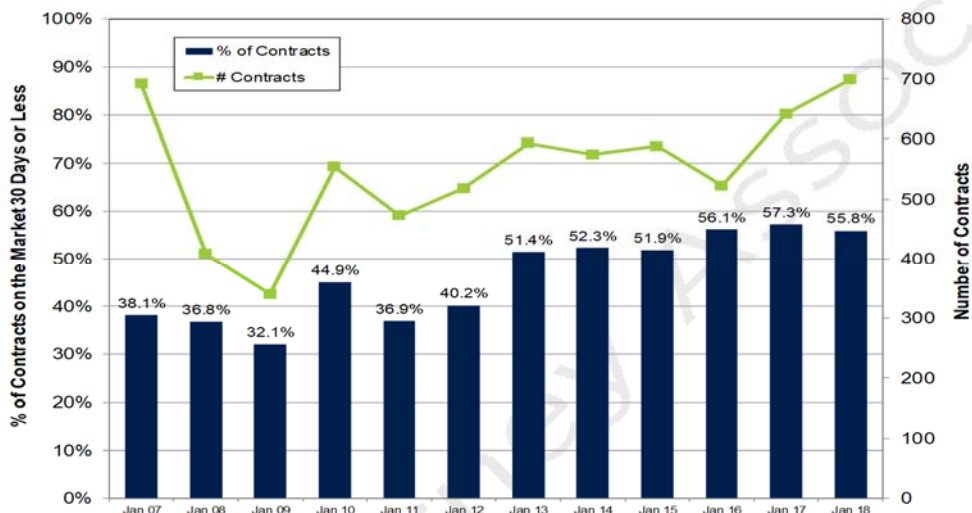


URGENCY INDEX - 2014-Current

- 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 may 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 an index near 30% range, but that jumped to 50% in 2012, an early indicator that the market was picking up heading into 2013.

URGENCY INDEX

Washington, DC - January 2007-2018

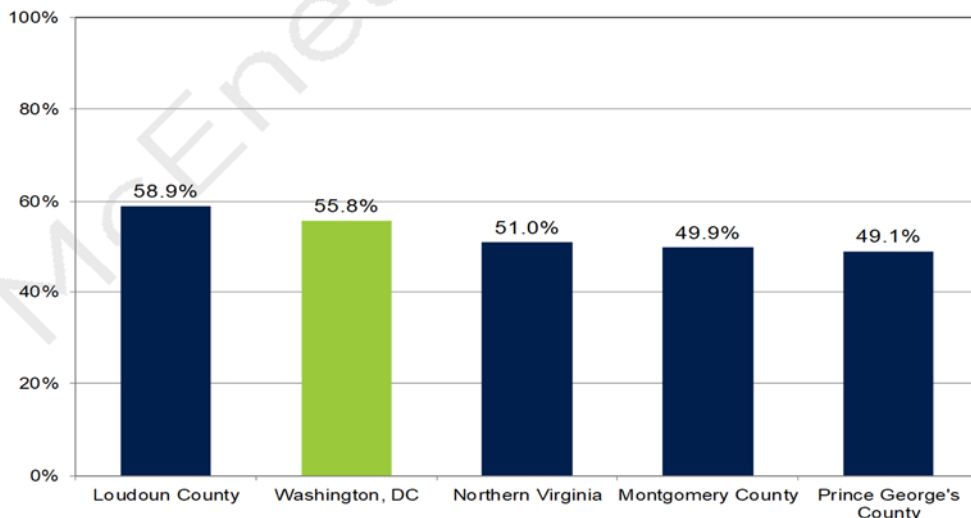


URGENCY INDEX - January

- In the past 12 years, the January Urgency Index has been as high as 57.3% and as low as 32.1%.
- The average January Urgency Index during the past 12 years is 46.1% – which is significantly lower than where it is now in DC.
- There was a 9.0% **increase** in the number of new contracts for January 2018 compared to 2017 – but the Urgency Index **decreased** slightly from 57.3% to 55.8%.

URGENCY INDEX

DC Metro Area by Jurisdiction Comparison - January 2018

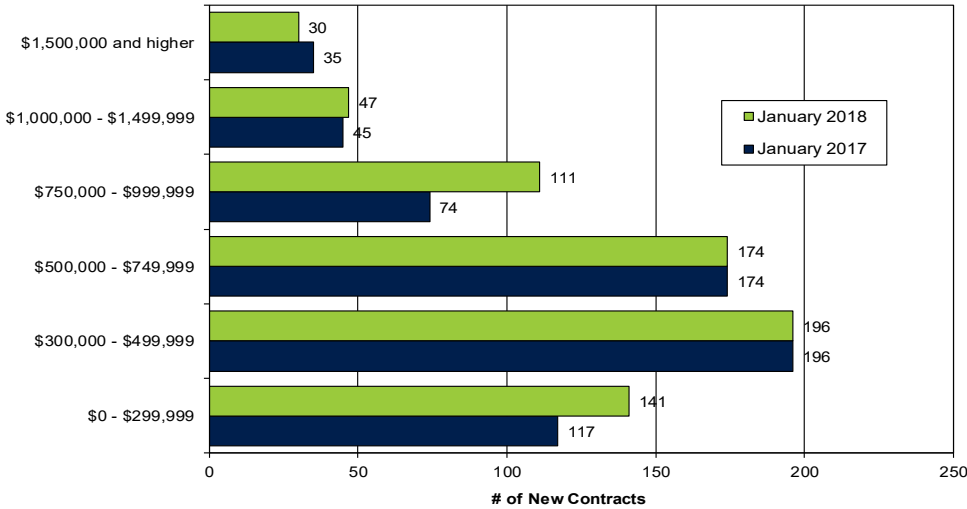


URGENCY INDEX - DC Metro Area

- 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.
- DC came in second this month. The District has fared better than its neighboring jurisdictions almost every month for about two years, and generally has the most robust market in the region.
- As noted above, it is significantly higher than its 12-year average.

NEW CONTRACT ACTIVITY

Washington, DC - January 2017 vs. January 2018 by Price Range

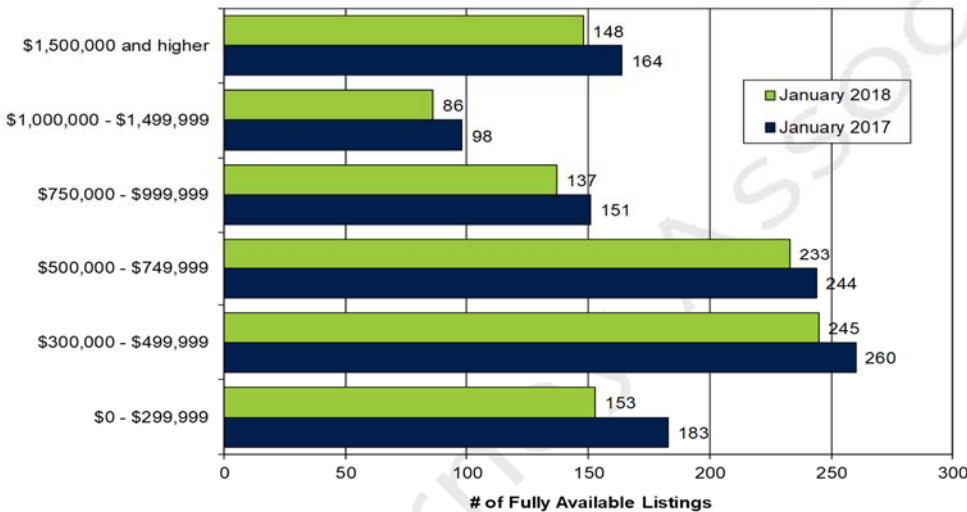


NEW CONTRACT ACTIVITY

- As noted on page 2, the number of new contracts ratified in January 2018 was **up 9.0%** from January 2017, and there were increases for three price categories and two remained the same.
- Only **25.6%** of all homes going under contract in January had at least one price reduction.

FULLY AVAILABLE LISTINGS

Washington, DC - January 31, 2017 vs. January 31, 2018

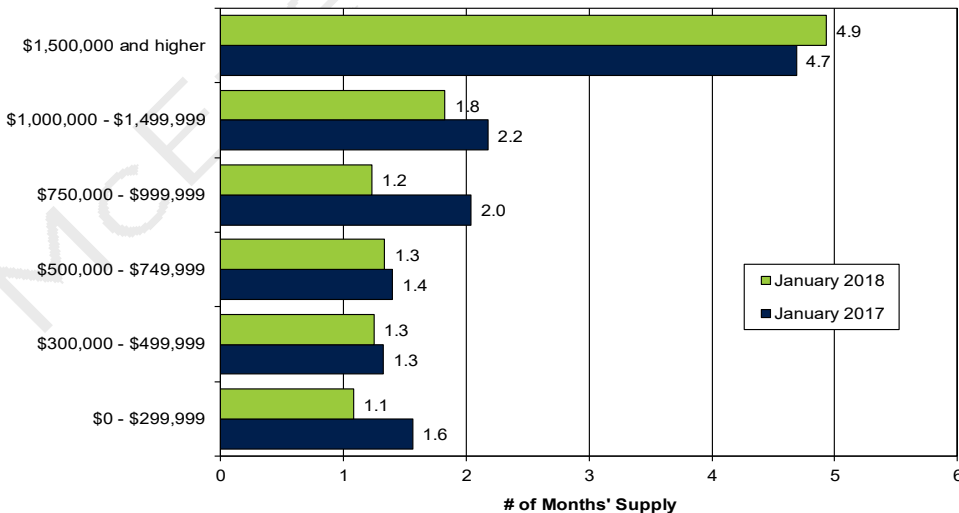


FULLY AVAILABLE LISTINGS

- As noted on page 2, the available inventory for January 2018 was **down 8.9%** from January 2017. Inventory decreased for all price categories.
- 29.1%** of all homes on the market have had at least one price reduction since coming on the market.

MONTHS' SUPPLY

Washington, DC - End of January 2017 vs. End of January 2018

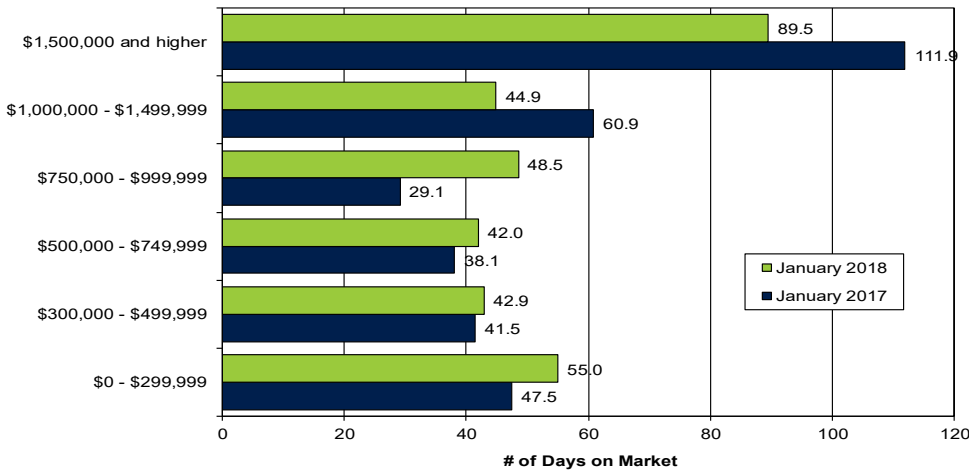


MONTHS' SUPPLY

- The overall supply of homes on the market at the end of January 2018 was **1.4 months**, which is a **16.5% decrease** from the supply at the end of January 2017.
- Washington, DC continues to have the lowest supply in the metro area.
- In addition to the lowest overall supply, DC has the most balanced supply in the region across all but the highest price category.

AVERAGE NUMBER OF DAYS ON MARKET

Washington, DC - January 2017 vs. January 2018 - New Contracts

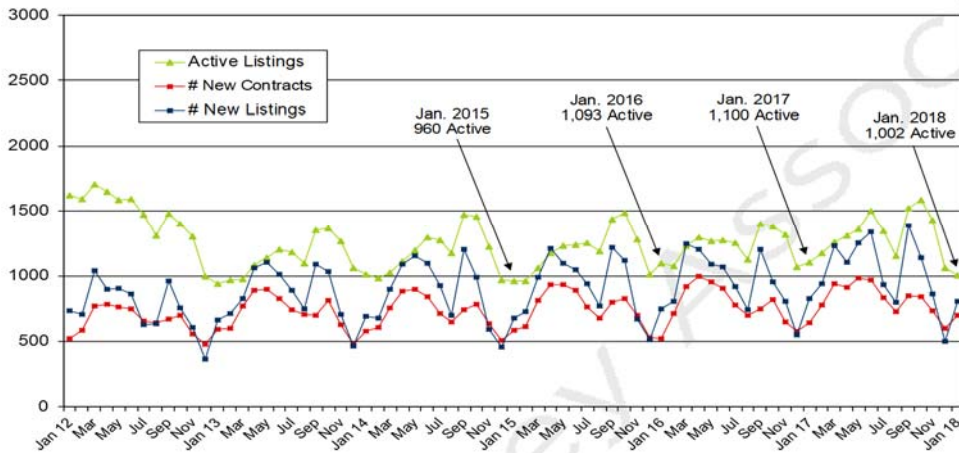


AVERAGE NUMBER OF DAYS ON THE MARKET - NEW CONTRACTS

- The average number of days on the market for all homes receiving contracts in January 2018 was **48 days**, which was a **6.7% increase** from last January's figure of 45 days.

NUMBER OF NEW LISTINGS, NEW CONTRACTS, AND ACTIVE LISTINGS

Washington, DC - January 2012-Current

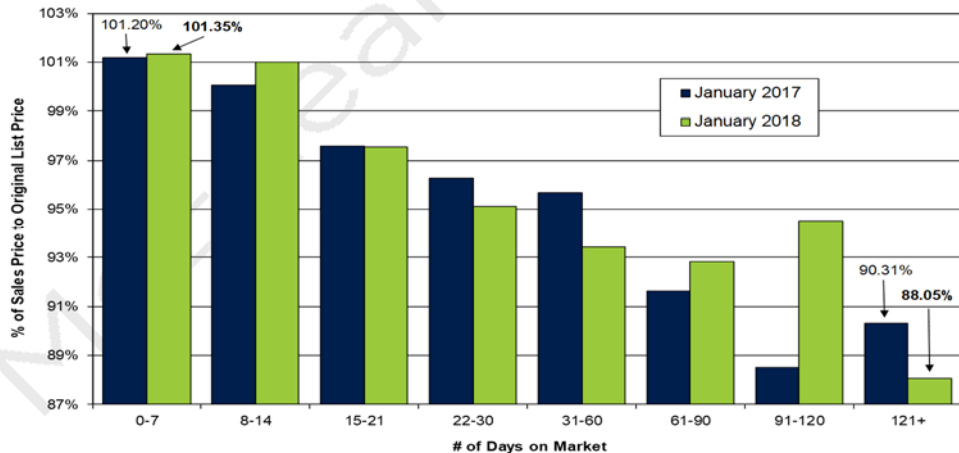


NUMBER OF NEW LISTINGS, CONTRACTS AND ACTIVE LISTINGS

- There were 807 new listings that came on the market in January 2018, a **2.1% decrease** from the 824 in January 2017.
- The wide gap between available listings and new contract activity that characterized the first couple of years of the decade has steadily narrowed during the past three years.

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

Resale Properties Sold in Washington, DC - 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, **1.35% above** list. Those that took 4 months or longer to sell sold for **11.95% below** the original price.

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	80	72	-10.0%	126	109	-13.5%
\$300,000 - \$499,999	141	158	12.1%	160	164	2.5%
\$500,000 - \$749,999	126	112	-11.1%	141	137	-2.8%
\$750,000 - \$999,999	48	48	0.0%	71	65	-8.5%
\$1,000,000 - \$1,499,999	20	23	15.0%	31	43	38.7%
\$1,500,000 & higher	17	14	-17.6%	33	43	30.3%
Grand Total:	432	427	-1.2%	562	561	-0.2%

CONDO/CO-OP - LISTINGS

- The number of **new** listings for condos and co-ops coming on the market **decreased 1.2%** compared to January 2017.
- The fully available inventory of condos as of January 31, 2018 is **0.2% 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	74	83	12.2%	74	83	12.2%
\$300,000 - \$499,999	118	113	-4.2%	118	113	-4.2%
\$500,000 - \$749,999	89	89	0.0%	89	89	0.0%
\$750,000 - \$999,999	23	34	47.8%	23	34	47.8%
\$1,000,000 - \$1,499,999	15	10	-33.3%	15	10	-33.3%
\$1,500,000 & higher	5	5	0.0%	5	5	0.0%
Grand Total:	324	334	3.1%	324	334	3.1%

CONDO/CO-OP - CONTRACTS

- The number of condos and co-ops receiving ratified contracts **increased 3.1%** 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	54	61	13.0%	54	61	13.0%
\$300,000 - \$499,999	97	110	13.4%	97	110	13.4%
\$500,000 - \$749,999	77	66	-14.3%	77	66	-14.3%
\$750,000 - \$999,999	24	23	-4.2%	24	23	-4.2%
\$1,000,000 - \$1,499,999	10	9	-10.0%	10	9	-10.0%
\$1,500,000 & higher	5	4	-20.0%	5	4	-20.0%
Grand Total:	267	273	2.2%	267	273	2.2%

CONDO/CO-OP - SETTLEMENTS AND AVERAGE PRICE

- The number of condos and co-ops settling in January 2018 **increased 2.2%** compared to January 2017.
- The average price was **down 6.9%** compared to January 2017.

Average Sales Price:	Jan 2017	Jan 2018	% Change	YTD 2017	YTD 2018	% Change
Condo/Co-op	\$532,478	\$495,648	-6.9%	\$532,478	\$495,648	-6.9%

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	28	40	42.9%	43	32	-25.6%
\$300,000 - \$499,999	52	69	32.7%	54	59	9.3%
\$500,000 - \$749,999	69	65	-5.8%	68	71	4.4%
\$750,000 - \$999,999	52	68	30.8%	56	55	-1.8%
\$1,000,000 - \$1,499,999	39	27	-30.8%	47	30	-36.2%
\$1,500,000 & higher	18	24	33.3%	45	54	20.0%
Grand Total:	258	293	13.6%	313	301	-3.8%

ATTACHED HOMES - LISTINGS

- The number of new listings coming on the market in January 2018 for fee simple attached homes **increased 13.6%** compared to January 2017.
- The fully active inventory at the end of January **decreased 3.8%** 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	31	43	38.7%	31	43	38.7%
\$300,000 - \$499,999	49	68	38.8%	49	68	38.8%
\$500,000 - \$749,999	68	65	-4.4%	68	65	-4.4%
\$750,000 - \$999,999	33	56	69.7%	33	56	69.7%
\$1,000,000 - \$1,499,999	23	24	4.3%	23	24	4.3%
\$1,500,000 & higher	12	14	16.7%	12	14	16.7%
Grand Total:	216	270	25.0%	216	270	25.0%

ATTACHED HOMES - CONTRACTS

- Contract activity for attached homes **increased 25.0%** 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	21	24	14.3%	21	24	14.3%
\$300,000 - \$499,999	61	54	-11.5%	61	54	-11.5%
\$500,000 - \$749,999	51	60	17.6%	51	60	17.6%
\$750,000 - \$999,999	39	43	10.3%	39	43	10.3%
\$1,000,000 - \$1,499,999	14	22	57.1%	14	22	57.1%
\$1,500,000 & higher	14	10	-28.6%	14	10	-28.6%
Grand Total:	200	213	6.5%	200	213	6.5%

ATTACHED HOMES - SETTLEMENTS AND AVERAGE PRICE

- The number of settlements **increased 6.5%** in January 2018 compared to January 2017.
- The average sales price was **down just 0.1%** in January 2018 compared to January 2017.

Average Sales Price:	Jan 2017	Jan 2018	% Change	YTD 2017	YTD 2018	% Change
Fee Simple Attached	\$681,852	\$681,175	-0.1%	\$681,852	\$681,175	-0.1%

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	12	8	-33.3%	14	12	-14.3%
\$300,000 - \$499,999	33	12	-63.6%	46	22	-52.2%
\$500,000 - \$749,999	22	20	-9.1%	35	25	-28.6%
\$750,000 - \$999,999	22	22	0.0%	24	17	-29.2%
\$1,000,000 - \$1,499,999	12	13	8.3%	20	13	-35.0%
\$1,500,000 & higher	33	12	-63.6%	86	51	-40.7%
Grand Total:	134	87	-35.1%	225	140	-37.8%

DETACHED HOMES - LISTINGS

- The number of new listings for fee simple detached homes **decreased 35.1%** in January 2018 compared to January 2017.
- The number of detached homes on the market on January 31, 2018 was **down 37.8%** 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	12	15	25.0%	12	15	25.0%
\$300,000 - \$499,999	29	15	-48.3%	29	15	-48.3%
\$500,000 - \$749,999	17	20	17.6%	17	20	17.6%
\$750,000 - \$999,999	18	21	16.7%	18	21	16.7%
\$1,000,000 - \$1,499,999	7	13	85.7%	7	13	85.7%
\$1,500,000 & higher	18	11	-38.9%	18	11	-38.9%
Grand Total:	101	95	-5.9%	101	95	-5.9%

DETACHED HOMES - CONTRACTS

- Contract activity for detached homes **decreased 5.9%** in January 2018 compared to January 2017.

SETTLEMENTS

Fee Simple Detached	New This Month			Year-To-Date		
	2017	2018	% Change	2017	2018	% Change
Settlements						
\$299,999 and under	7	12	71.4%	7	12	71.4%
\$300,000 - \$499,999	21	18	-14.3%	21	18	-14.3%
\$500,000 - \$749,999	17	10	-41.2%	17	10	-41.2%
\$750,000 - \$999,999	12	15	25.0%	12	15	25.0%
\$1,000,000 - \$1,499,999	13	13	0.0%	13	13	0.0%
\$1,500,000 & higher	17	9	-47.1%	17	9	-47.1%
Grand Total:	87	77	-11.5%	87	77	-11.5%

DETACHED HOMES - SETTLEMENTS AND AVERAGE PRICE

- The number of settlements **decreased 11.5%** in January 2018 compared to January 2017.
- The average sales price for detached homes **decreased 11.8%** in January 2018 compared to January 2017.

Average Sales Price:	Jan 2017	Jan 2018	% Change	YTD 2017	YTD 2018	% Change
Fee Simple Detached	\$1,049,438	\$925,564	-11.8%	\$1,049,438	\$925,564	-11.8%

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-\$749,000 in January 2018 was 44.4%; that compares to a rate of 32.7% 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 13 of the 18 individual price categories – and DC still has the highest absorption rates in the region.**

Condo/Co-op	January 2017			January 2018		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	126	74	37.0%	109	83	43.2%
\$300,000 - \$499,999	160	118	42.4%	164	113	40.8%
\$500,000 - \$749,999	141	89	38.7%	137	89	39.4%
\$750,000 - \$999,999	71	23	24.5%	65	34	34.3%
\$1,000,000 - \$1,499,999	31	15	32.6%	43	10	18.9%
\$1,500,000 & higher	33	5	13.2%	43	5	10.4%
Grand Total:	562	324	36.6%	561	334	37.3%

ABSORPTION RATES - CONDOS AND CO-OPS

- The overall absorption rate for condos and co-ops for January was 37.3%, which is a slight increase from the 36.6% rate in January 2017.
- The absorption rate for condos across most price ranges is more balanced in DC than anywhere else in the region.

Fee Simple Attached	January 2017			January 2018		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	43	31	41.9%	32	43	57.3%
\$300,000 - \$499,999	54	49	47.6%	59	68	53.5%
\$500,000 - \$749,999	68	68	50.0%	71	65	47.8%
\$750,000 - \$999,999	56	33	37.1%	55	56	50.5%
\$1,000,000 - \$1,499,999	47	23	32.9%	30	24	44.4%
\$1,500,000 & higher	45	12	21.1%	54	14	20.6%
Grand Total:	313	216	40.8%	301	270	47.3%

ABSORPTION RATES - ATTACHED HOMES

- The overall absorption rate for attached homes for January was 47.3%, which is a decrease from the 40.8% rate in January 2017.
- Again, look at the balance across most price ranges.

Fee Simple Detached	January 2017			January 2018		
	Absorption Rates	Listings	Contracts	Rate	Listings	Contracts
\$299,999 and under	14	12	46.2%	12	15	55.6%
\$300,000 - \$499,999	46	29	38.7%	22	15	40.5%
\$500,000 - \$749,999	35	17	32.7%	25	20	44.4%
\$750,000 - \$999,999	24	18	42.9%	17	21	55.3%
\$1,000,000 - \$1,499,999	20	7	25.9%	13	13	50.0%
\$1,500,000 & higher	86	18	17.3%	51	11	17.7%
Grand Total:	225	101	31.0%	140	95	40.4%

ABSORPTION RATES - DETACHED HOMES

- January 2018's absorption rate for detached homes was 40.4%, an increase from 31.0% in January 2017.
- And the balance among the price ranges is evident here as well.