

THE NEST REPORT

Charlottesville / Central Virginia Region

Q1 2011

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After a wild ride in 2010, the first quarter of 2011 was a relatively uneventful time. But we're not complaining. The market is showing signs of improvement. Overall, sales were up in Q1 2011 as compared to Q1 2010. In fact, this was the best first quarter in terms of sales since 2008.

Single family homes continue to be the leading housing type throughout Charlottesville and Central Virginia. While attached homes and condominiums gained popularity during the boom years (mainly because single family homes became unaffordable to many), there is a definite preference for buyers towards single family homes. Single family home sales throughout our MSA were up over 15% from Q1 2010...and that's after a 28.5% increase from 2009 to 2010. While median prices were down about 5%, Months of Inventory for single family homes has improved drastically to 11.46 months.

Condo and attached sales throughout the MSA stayed steady – we saw a 1% improvement in year-over-year sales. But Months of Inventory improved another 12% and Inventory levels are now hovering around 14.5.

No one market segment saw any dramatic increases in sales. Albemarle County remained steady, while sales in Louisa and Nelson continued to improve from dismal 2009 numbers. Surprisingly, Charlottesville City continues to lag – sales aren't happening at the rate we would expect and it continues to be an under performing market segment.

Overall, median prices have come down from Q1 2010. This is expected...and needed for continued recovery. The biggest issue we are facing continues to be high Months of Inventory levels. Most segments still maintain 10+ months of inventory – this is just too high and tells us that prices still have downward momentum in most market segments. But with overall sales up, there are definitely some positive trends in the market.

If you are considering selling your home, you must be priced correctly, staged correctly, and marketed correctly. Otherwise, you'll have a difficult time generating offers. In 2010, Nest Realty listings sold in 30 days less time and for 3% more than the average listing in the Charlottesville MSA. There has never been a better time to hire an experienced, committed, and full-time professional to help you sell your home.

If you are purchasing, continue to do your due diligence. Don't assume the list price is the correct value and make sure you are purchasing at the right value.

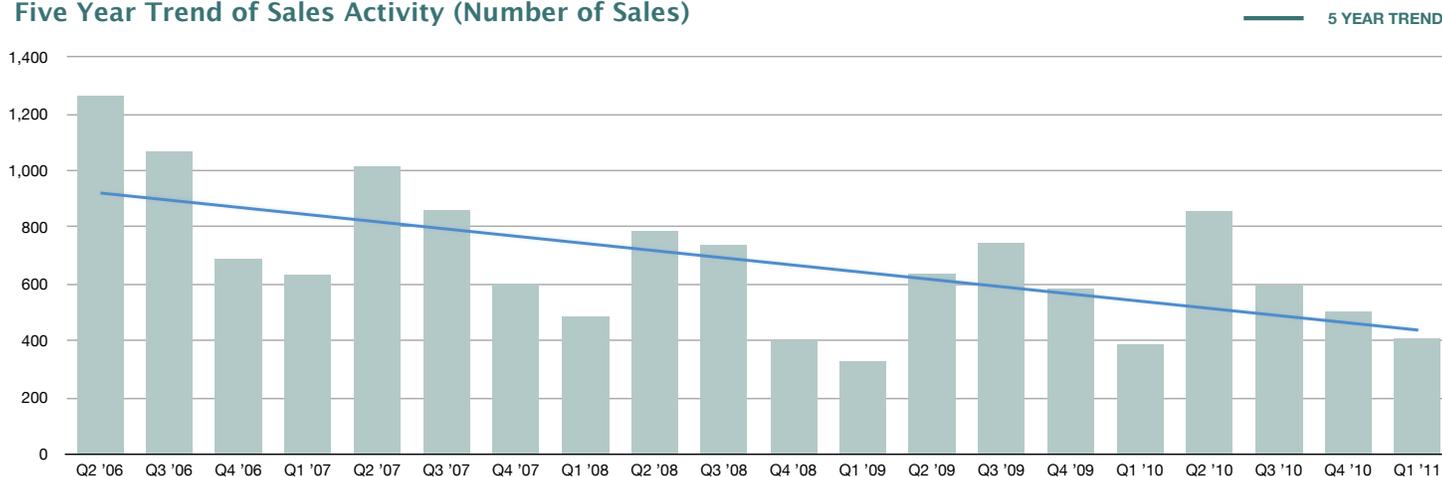
Feel free to contact a Nest Associate if you'd like to discuss the market more...we're here to help.

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Central Virginia/Charlottesville MSA Market Snapshot

The overall Central Virginia market has chugged along so far in 2011. Moderate weather in January helped us get off to a solid start to the new year. And after a slow February (aren't they all slow?), the market had a fairly healthy March. Overall sales for Q1 2011 were up from Q1 2010 and Q1 2009 – a good sign that we've seen two straight years of year-over-year sales increases. On similar positive notes: months of inventory were down year-over-year from 09 and 10. In fact, months of inventory is down by over half since Q1 2009. That's very good news.

Five Year Trend of Sales Activity (Number of Sales)



ABOVE: the downward trend here continues. Tracking this 5-year trend line has not been pretty recently. But looking on the bright side, sales over the last 4 quarters have significantly outpaced sales from the previous year. Based on the above sales chart, we hit a 5-year 'bottom' in sales during Q4 2008 and Q1 2009. Since then, sales have seen a slight pop...though nothing close to what we saw in the early to mid-2000s. But the point remains: we haven't seen a significant 'bounce' to reverse the 5-year trend. While there are some positive trends with y-o-y sales up and inventories down, we need a few more good quarters to get to a more stable market.

MSA (Albemarle, Charlottesville, Fluvanna, Greene, Louisa, and Nelson)

Single Family		Average List Price	Average Sale Price	Median Sale Price	Price per Square Foot	Avg Days on Market	Total Sales	Total Inventory	Months of Inventory
	Q1 2011	343,173	321,479	256,000	\$149.00	123	348	1617	11.46
	Change	-3.2%	-4.1%	-5.2%	0.7%	-2.4%	15.2%	-2.0%	-29.8%
	Q1 2010	354,585	335,079	270,000	\$148.00	126	302	1650	16.33
	Change	-15.2%	-15.9%	-6.9%	-11.9%	0.8%	28.5%	-11.1%	-30.5%
Q1 2009	417,968	398,203	290,000	\$168.00	125	235	1856	23.49	

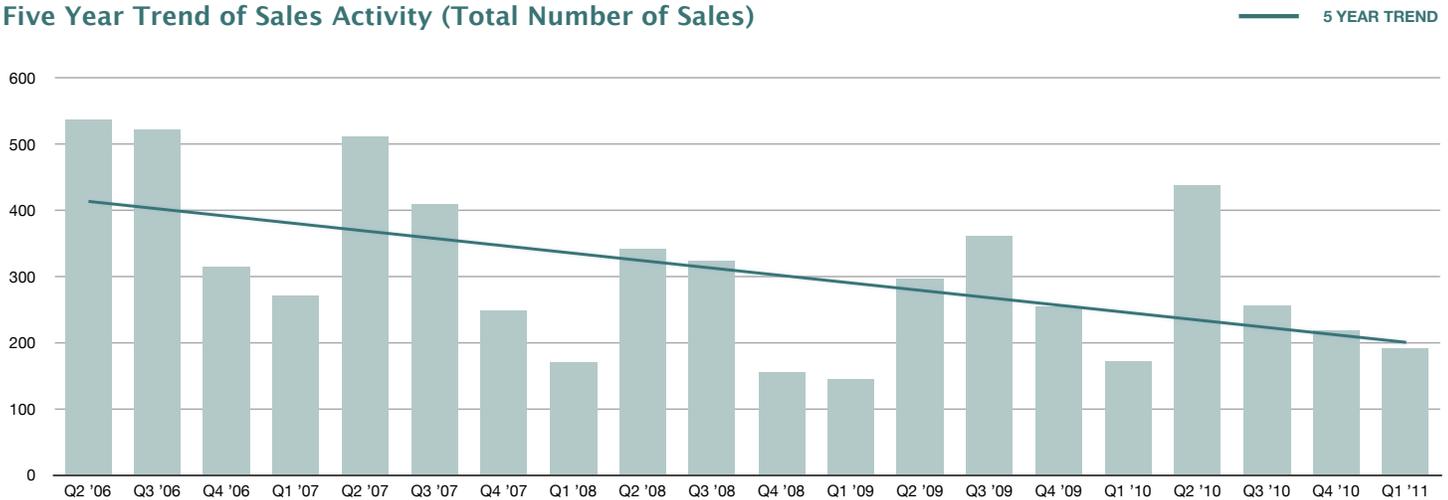
Attached / Condo		Average List Price	Average Sale Price	Median Sale Price	Price per Square Foot	Avg Days on Market	Total Sales	Total Inventory	Months of Inventory
	Q1 2011	211,361	203,155	186,140	\$131.00	150	103	479	14.52
	Change	-4.6%	-2.9%	0.1%	-7.7%	17.2%	1.0%	-14.5%	-11.8%
	Q1 2010	221,465	209,217	186,000	\$142.00	128	102	560	16.47
	Change	-13.3%	-18.7%	-25.3%	-3.4%	8.5%	10.9%	-11.9%	-19.7%
Q1 2009	255,536	257,251	248,918	\$147.00	118	92	636	20.52	

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Albemarle County Market Snapshot

Albemarle County sales continue to mirror the overall Central Virginia market. There's reason for that: most sales take place in Albemarle. Q1 2011 marked the strongest first quarter in terms of sales since 2007. Sales for single family and attached homes were up from Q1 2010, but condo sales were down. As expected, median prices continue to come down. The most significant drop came in the condo market – sales are down over 35% from Q1 2010. This is a direct effect of the tightening of condo financing and the increased affordability of single family homes and town homes throughout Albemarle County.

Five Year Trend of Sales Activity (Total Number of Sales)



Surprisingly, attached housing was the strongest performing segment in the County this past quarter. Sales were up 25%, and median prices off just over 10% from Q1 2010. Single family home sales were, overall, fairly strong also. Sales were up 15.5% y-o-y, Days on Market were down slightly, and median prices were off about 14%. The pricing correction continues – however, that has clearly stimulated buyer activity. Looking forward, contracts written for single family homes were up 7% from last year...but contracts written for attached and condos were off fairly significantly. This isn't surprising considering the tax credit was enticing buyers this time last year.

Single Family		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q1 2011	473,859	440,754	312,000	148	\$170	127
Change	-11.5%	-13.5%	-2.8%	38.3%	16.4%	-19.6%	
Q4 2010	535,191	509,289	321,066	107	\$146	158	
Q1 2011	473,859	440,754	312,000	148	\$170	127	
Change	-2.4%	-2.0%	-14.6%	-3.3%	3.0%	15.5%	
Q1 2010	485,457	449,906	365,250	153	\$165	110	

Attached		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q1 2011	218,388	210,779	199,500	128	\$126	50
Change	-3.7%	-7.1%	-14.0%	116.9%	-5.3%	11.1%	
Q4 2010	226,719	226,871	232,000	59	\$133	45	
Q1 2011	218,388	210,779	199,500	128	\$126	50	
Change	-7.8%	-8.9%	-10.1%	33.3%	-4.5%	25.0%	
Q1 2010	236,856	231,315	222,000	96	\$132	40	

Condos		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q1 2011	137,534	131,056	90,000	167	\$100	16
Change	-37.0%	-36.5%	-39.8%	160.9%	-12.3%	23.1%	
Q4 2010	218,363	206,397	149,500	64	\$114	13	
Q1 2011	137,534	131,056	90,000	167	\$100	16	
Change	-40.9%	-35.6%	-28.8%	-5.6%	-24.8%	-27.3%	
Q1 2010	232,674	203,595	126,450	177	\$133	22	

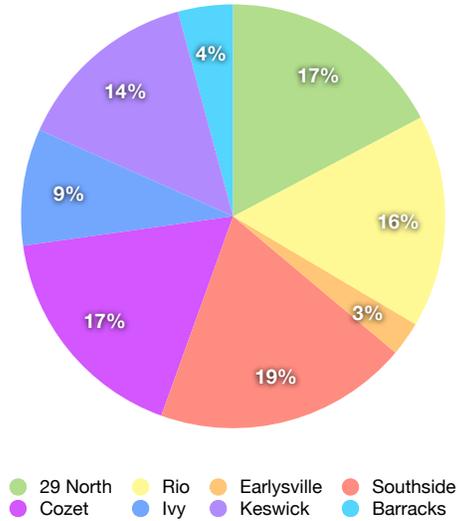
Contracts Written

	Q1 2010	Q1 2011	Change
Single Family	200	214	7.0%
Attached	95	75	-21.1%
Condos	42	23	-45.2%

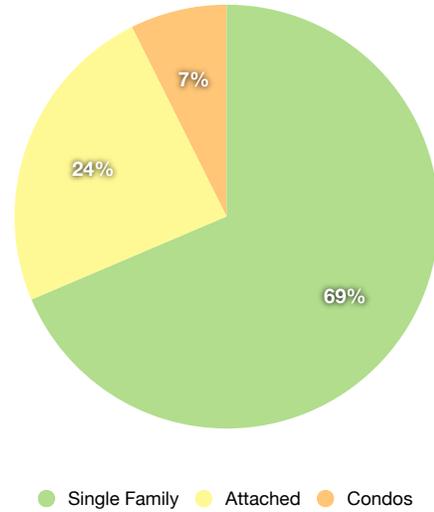
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Albemarle County Market Snapshot (Part 2)

Albemarle County Sales by Sub-Area

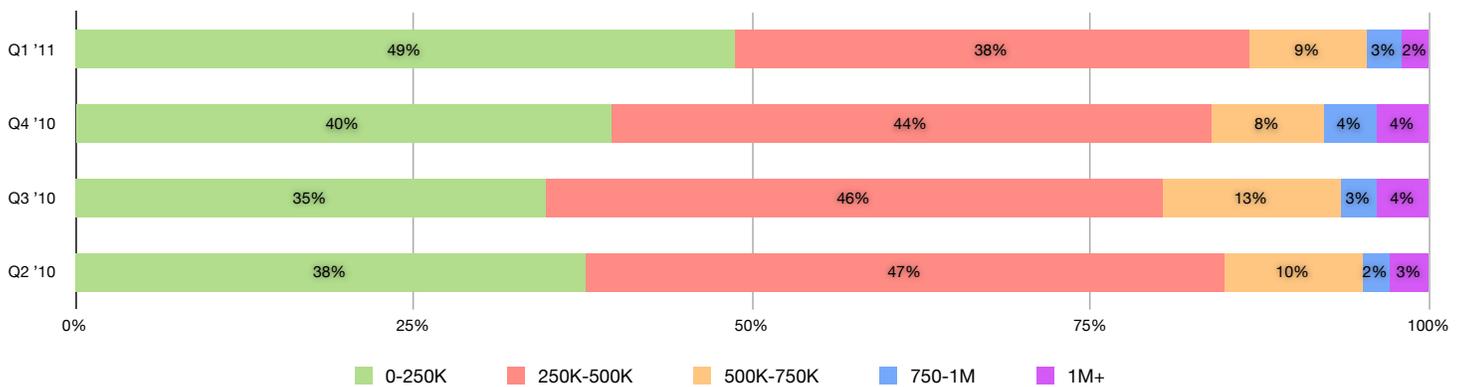


Albemarle County Sales by Type



The Southside of Charlottesville surprisingly produced the highest number of sales in Albemarle. Crozet and Northern Albemarle are typically the leaders in this category. Strong new home sales in Old Trail (in Crozet) and Belvedere (in Rio) continue to anchor those two regions. Once again, these two neighborhoods lead the new home sales category. Single family homes once again dominated the ‘sales type’ segment with 69% of sales. This stays in line with last quarter’s total of 70%. With contracts written for condos and attached homes down in Q1 and up for single family homes, we expect this differential to increase slightly in Q2.

Albemarle County Percent of Sales by Price Range



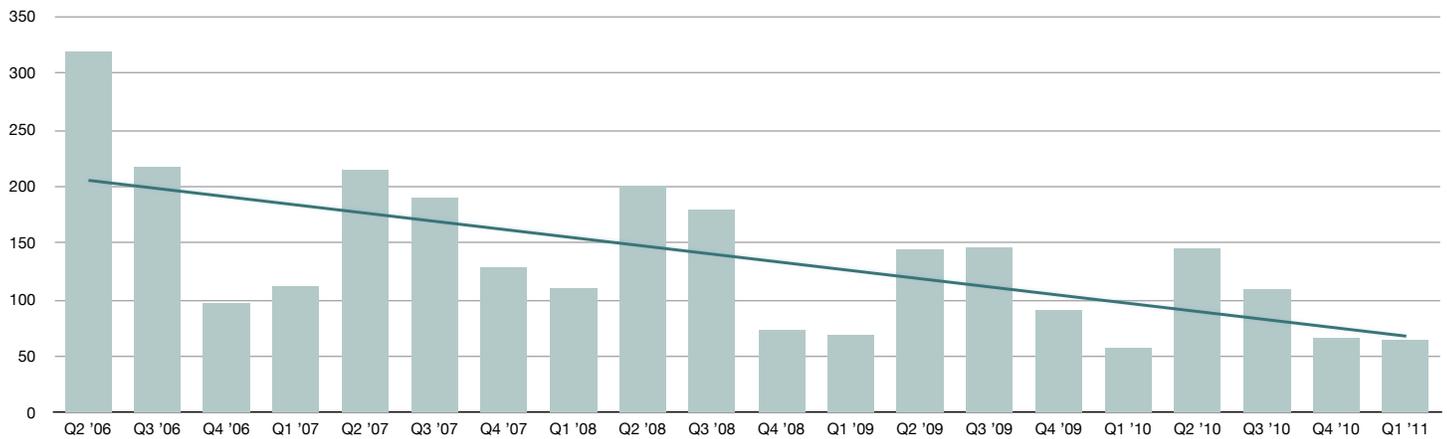
If there is one growing trend, it’s that homebuyers are not pushing the limits with their budgets. Combine that theory with falling prices and it’s clear that lower priced homes are making up a larger percentage of overall sales. Almost half of the homes sold in Albemarle during Q1 were under \$250,000 – that’s a major percentage increase from the previous 3 quarters. While the \$750k to \$1m range held steady as a percentage, the three other price segments saw decreased sales from what was typical during the previous 3 quarters.

Charlottesville City Market Snapshot

The conundrum continues. In a time when gas prices are reaching and all time high and 'Location. Location. Location.' is the core of many purchasing decisions, the City continues to be one of the worst performing areas in Central Virginia. Single family and attached home sales are down from Q1 2010. However, City condo sales saved the day and helped overall City sales to slightly outpace last year. Surprisingly, median prices in the City haven't decreased much...which could be the reason why sales have continued to lag. In other segments of the Central Virginia real estate market, prices have corrected, buyers have seen value and they've decided to jump into the market.

Five Year Trend of Sales Activity (Total Number of Sales)

5 YEAR TREND



Expect City sales to lag in Q2 also – contracts written are down significantly for single family, attached, and condos as compared to Q1 last year. However, we are seeing strong interest in good properties that are well-priced. It's not uncommon for exceptional City properties to get multiple offers or sell very quickly. This tells us that there is some pent up demand in the City...but those buyers are looking for the right property at the right price.

		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
Single Family	Q1 2011	308,665	290,185	260,000	100	\$165	37
	Change	-38.1%	-34.7%	-14.0%	-16.0%	6.5%	-17.8%
	Q4 2010	498,611	444,663	302,187	119	\$155	45
	Q1 2011	308,665	290,185	260,000	100	\$165	37
	Change	2.5%	1.9%	1.0%	14.9%	10.7%	-5.1%
	Q1 2010	301,247	284,790	257,500	87	\$149	39

		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
Attached	Q1 2011	185,875	184,100	144,950	89	\$116	8
	Change	0.6%	0.4%	-6.5%	2.3%	-1.7%	60.0%
	Q4 2010	184,680	183,300	155,000	87	\$118	5
	Q1 2011	185,875	184,100	144,950	89	\$116	8
	Change	-12.5%	-7.0%	-4.6%	-18.3%	-46.5%	-27.3%
	Q1 2010	212,459	197,991	152,000	109	\$217	11

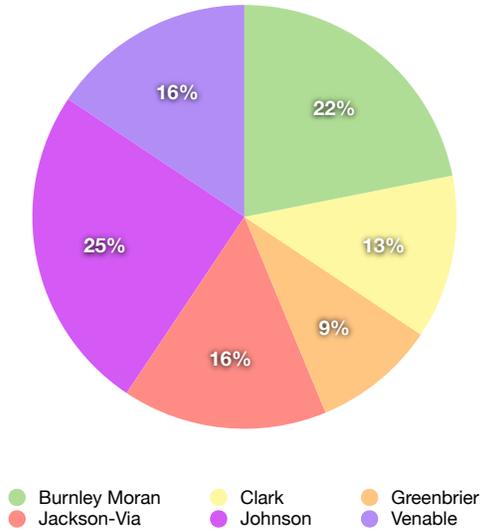
		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
Condos	Q1 2011	262,596	253,729	216,064	210	\$182	20
	Change	24.4%	18.9%	-2.1%	84.2%	24.7%	66.7%
	Q4 2010	211,010	213,366	220,775	114	\$146	12
	Q1 2011	262,596	253,729	216,064	210	\$182	20
	Change	23.6%	28.2%	42.1%	92.7%	-16.1%	81.8%
	Q1 2010	212,459	197,991	152,000	109	\$217	11

Contracts Written

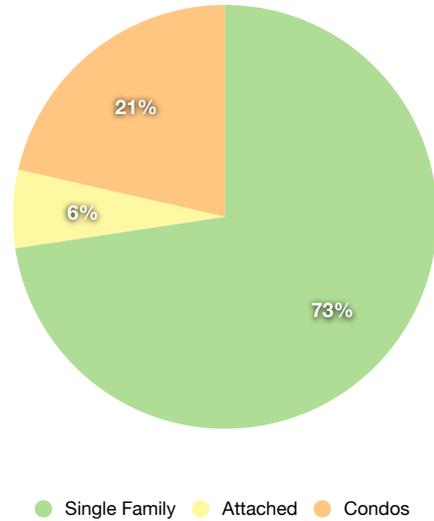
	Q1 2010	Q1 2011	Change
Single Family	76	61	-19.74%
Attached	10	5	-50.00%
Condos	19	18	-5.26%

Charlottesville City Market Snapshot (Part 2)

Charlottesville City Sales by Elementary School Area

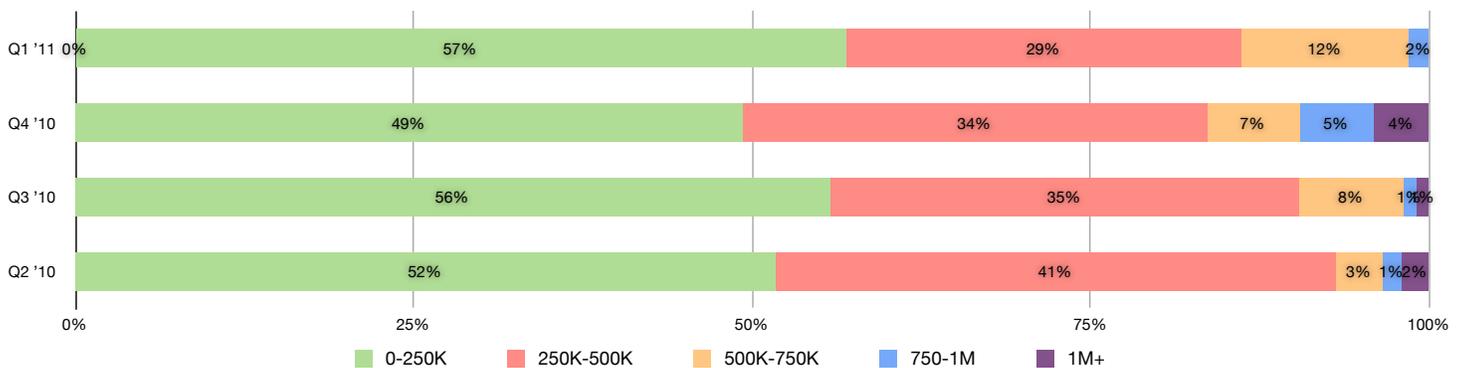


Charlottesville City Sales by Type



The Venable, Johnson, and Jackson-Via districts continue lead the way in Charlottesville City home sales in Q4, comprising a total of 55% of the City’s sales. The final sales in Rockcreek definitely helped to push City sales up. Certain City neighborhoods with mid-range pricing – Oxford, Rugby Ave, Greenbrier – also continue to be strong market segments. And while condominiums sold well this past quarter, single family homes continue to be the dominant segment of the City market – 73% of homes sold in the City last quarter were single family detached. However, we do expect condominium sales to continue – there is a demand for condos and there is talk of some new condo development in the works.

Charlottesville City Percent of Sales by Price Range



What’s the #1 factor in City home sales? Price. 57% of all sales in Q1 were under \$250,000 – that’s the highest percentage by price point in the last year. Surprisingly, homes in the \$500-\$750k range increased to their highest percentage of City sales (12%) over the last 4 quarters. However, properties above \$750k suffered with only 1 sale in the first quarter. Compare that with 7 from last quarter and there is clearly some tough competition in that category.

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Fluvanna County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q1 2011	250,194	238,814	210,000	99	43	313	21.35
	Change	11.6%	9.0%	5.1%	6.5%	-30.6%	-8.2%	19.0%
	Q1 2010	224,251	219,025	199,900	93	62	341	17.94
	Change	-9.8%	-9.2%	-0.3%	-26.8%	29.2%	0.3%	-15.6%
Q1 2009	248,509	241,189	200,450	127	48	340	21.25	

After a strong Q1 2010, Fluvanna sales fell from 62 to 43 (30.6%) in Q1 2011. Because of those sales drops, it's not surprising that average list price, average sale price, and median sales price all increased from Q1 2010. This could mark a bit of overconfidence from sellers. Days on Market held relatively steady from 2010, but is down significantly from 2009. And inventory continues to creep downward – a positive sign towards recovery. Along those lines, Months of Inventory continues to be too high...it's now hovering just over 21 months. Contracts written were up slightly from 2010, giving hope to continued market improvement in Fluvanna.

Contracts Written

Q1 2010	Q1 2011	Change
80	83	3.8%

Greene County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q1 2011	242,787	233,950	233,838	119	38	216	19.06
	Change	-16.8%	-18.1%	-6.4%	-4.8%	11.8%	8.5%	8.3%
	Q1 2010	291,769	285,807	249,750	125	34	199	17.6
	Change	3.3%	3.0%	-18.6%	50.6%	54.5%	-14.6%	-44.6%
Q1 2009	282,511	277,465	307,000	83	22	233	31.78	

In direct contrast to Fluvanna, Greene County list prices, average sale prices, and median sale prices are all down...but that has translated into an increase in sales and a decrease in DOM. The story holds true: when buyers see value, they buy...when they don't see value, they don't buy. Potential sellers have reacted to the increase in sales in Greene and inventory has increased by 8.5% from 2010. Along those lines, Months of Inventory is up about the same percentage to 19 months. However, that is a vast improvement over the 31 months in 2009. Contracts written are up by 10.3% – from 58 to 64. Overall, the Greene market is benefiting from the jobs coming to Northern Albemarle.

Contracts Written

Q1 2010	Q1 2011	Change
58	64	10.3%

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Louisa County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q1 2011	219,268	209,635	169,900	75	67	208	20.73
	Change	-32.4%	-34.0%	-32.0%	-20.2%	11.7%	-15.4%	-24.1%
	Q1 2010	324,396	317,673	249,968	94	60	246	27.33
	Change	30.0%	29.9%	13.2%	100.0%	172.7%	-18.5%	-36.7%
Q1 2009	249,561	244,585	220,913	47	22	302	43.19	

What happens when list prices drop 32%, average sales prices drop 34% and median prices drop 32%? You get an increase in sales. Louisa saw a year-over-year increase of almost 12% and a 20% decrease in DOM (from 94 to 75) – both of these are positive signs. Louisa hit rock bottom in Q1 2009 with just 22 sales. Since then, the market has rebounded nicely – thanks to more reasonable values. Inventory levels continue to come back down to earth. In Q1 2011, Months of Inventory fell to 20.73 months, a 24% improvement from Q1 2010. That being said, Q1 contracts written were off 16.3%. So, Louisa may be in for a tough Q2.

Contracts Written

Q1 2010	Q1 2011	Change
98	82	-16.3%

Nelson County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q1 2011	327,812	299,076	259,500	160	46	348	23.22
	Change	5.7%	4.2%	18.5%	-11.1%	7.0%	-8.2%	-12.4%
	Q1 2010	310,047	286,995	219,000	180	43	379	26.5
	Change	-39.2%	-37.1%	-27.0%	14.6%	104.8%	3.3%	-49.5%
Q1 2009	509,867	456,602	299,900	157	21	367	52.47	

Nelson County continues on a path to an improved market. Like Louisa, Nelson has bounced back nicely from a dreadful Q1 2009. Nelson average and median prices both increased from Q1 2010, which is surprising considering DOM were down and sales were up. The best news for Nelson is that Inventory is down and Months of Inventory has improved from 52 months in 2009 to 23.22 months. Inventory levels are still too high and must continue to improve for the Nelson real estate market to continue its path to recovery.

Contracts Written

Q1 2010	Q1 2011	Change
51	49	-3.9%