

# THE NEST REPORT

Charlottesville / Central Virginia Region

Q2 2011

# THE NEST REPORT

At the halfway point of 2011, we're about where we thought we'd be. As has been the case for the last several quarters, total year-over-year sales are down in most categories and median sold prices are only down slightly.

Let's jump into why sales are down. We can sum it up pretty easily: 2010 Homebuyer's Tax Credit. As you may recall, the tax credit expired in Q2 2010 – thus artificially pumping up sales in that quarter. Q2 2010 was one of the most active quarters in three years for Charlottesville area real estate. As expected, sales in Q3 and Q4 2010 dropped fairly significantly after the tax credit expiration.

As you read through this report, you'll see a lot of similarities between Q2 2011 numbers and Q2 2009 numbers. Fortunately, total Charlottesville area MSA sales are up about 10% over 2009. However, pricing and inventory levels are very similar. For example, median sales prices for the single family homes are exactly the same (\$275,000) and median sales prices for attached/condos are off by only \$500 (\$195,000 vs. \$194,500).

We've been talking here for a while that sales will only increase when prices get down to the level where buyers see value. So, this could be a good sign that buyers see value out there – at least in the properties that are selling.

It's also interesting to note a few 'sub-market' trends. Single family home sales in Albemarle County were relatively strong this past quarter (down 8% y-o-y) when compared to attached (down 38%) and condominiums (down 34%). In Charlottesville City, single family homes and attached home sales struggled. However, City condo sales were up almost 48% from Q2 2010. The increase in condo sales can be linked directly to price reductions in City condos.

Lower priced homes continue to sell at a much better clip than high priced homes. 95% of City sales and 82% of Albemarle County sales were under \$500,000. Inventory levels for \$500k+ homes continue to be extremely high in most parts of Central Virginia. YTD there have been 125 sales in the MSA over \$500,000 and 44 have taken place in Western Albemarle (that's 35%). As in year's past, Western Albemarle continues to have the highest percentage of high priced home sales. (One other interesting tidbit relating to the over \$500k market: 34% have been cash purchases. Compare that to 21% of the other sales.)

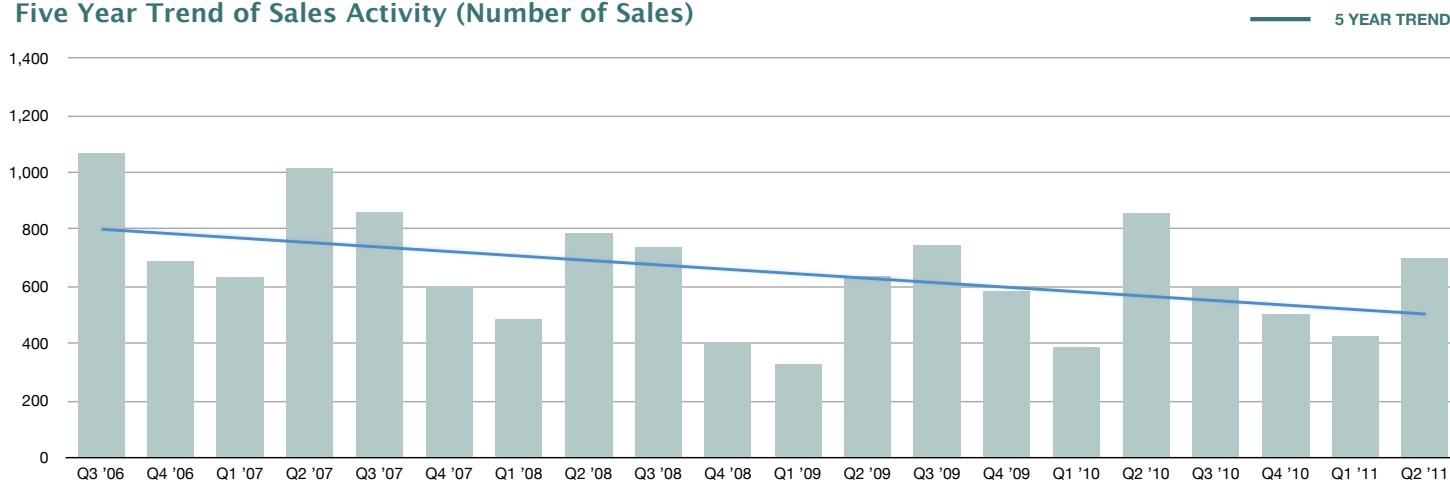
As with past Quarters, distressed sales (short sales and foreclosures) are definitely impacting the market and market values. Foreclosure rates seem to have slowed, but short sales continue to be a common occurrence. On the positive side, overall inventory levels have crept down ever-so-slightly. That trend must continue for the real estate recovery to happen. But the same story rings true: buyers are looking for values and sellers must be realistic with their pricing expectations if they expect to get their home sold.

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## Central Virginia/Charlottesville MSA Market Snapshot

It's too easy to look at sales being down from Q2 2010 and say, 'The market's in rough shape.' So, we'll focus on some other market factors. As noted on the first page of this report – pricing and inventory levels in 2011 are almost identical to where they were in 2009. That could be construed as a positive (has the market stabilized?) or as a negative (do we really think that 2009 was the bottom?). Either way, the downward trend line of sales continues. Low interest rates have become 'the norm' and the only thing that will generate any urgency with buyers is lower inventory levels or exceptional values.

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



After a pop in sales in Q2 2010, sales have bumped down again. However, total MSA sales are up from 2009. The most positive sign on the below chart lies in the inventory levels: total inventory is down for both single family homes (2%) and for attached/condos (16.6%) from June 2009 levels. We consider months of inventory to be the most important real estate statistic – it's basic supply and demand and is truly the only number that we can use to forecast future pricing/values. High inventory levels typically lead to price depreciation, while low inventory levels translate to price stability (and maybe appreciation at some point in not-too-distant future).

### 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
	Q2 2011	\$361,191	\$343,333	\$275,000	\$134.00	119	544	1997	10.29
	Change	0.2%	-0.6%	-6.1%	-8.2%	11.2%	-14.5%	-2.8%	34.9%
	Q2 2010	\$360,319	\$345,365	\$293,000	\$146.00	107	636	2055	7.63
	Change	-1.6%	0.1%	6.5%	2.1%	-10.1%	40.1%	0.8%	-28.1%
Q2 2009	\$366,035	\$344,866	\$275,000	\$143.00	119	454	2039	10.61	

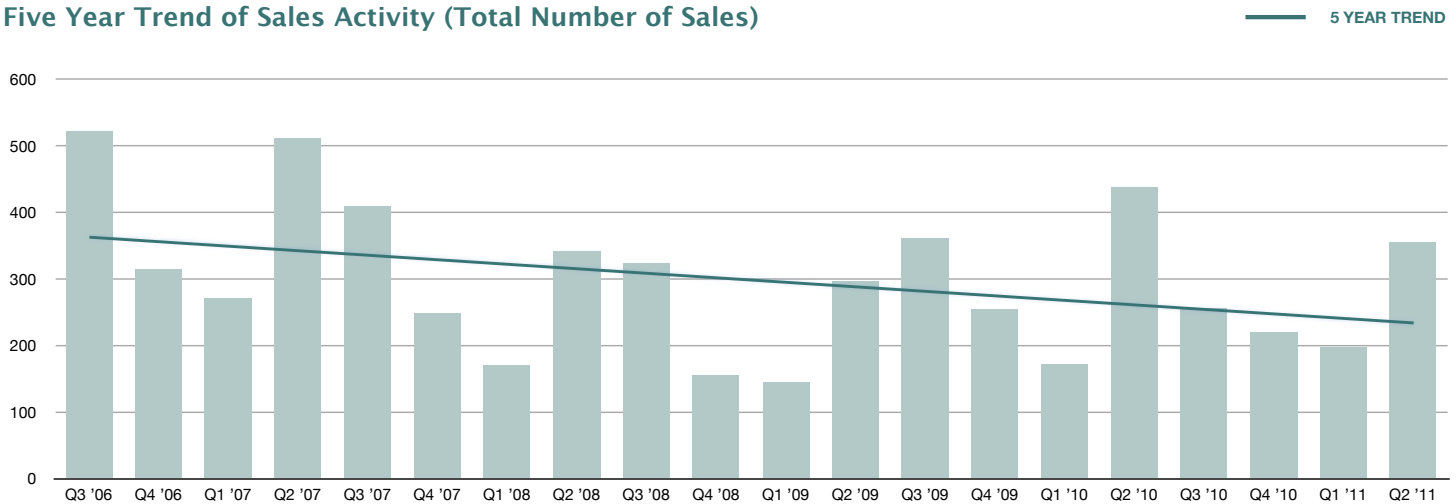
Attached / Condo		Average List Price	Average Sale Price	Median Sale Price	Price per Square Foot	Avg Days on Market	Total Sales	Total Inventory	Months of Inventory
	Q2 2011	\$207,029	\$202,207	\$194,500	\$153.00	83	155	546	8.14
	Change	-9.4%	-11.2%	-11.6%	17.7%	-2.4%	-29.9%	-5.0%	40.3%
	Q2 2010	\$228,597	\$227,642	\$220,000	\$130.00	85	221	575	5.8
	Change	3.2%	5.2%	12.8%	-5.8%	-8.6%	22.1%	-12.2%	-23.8%
Q2 2009	\$221,479	\$216,317	\$195,000	\$138.00	93	181	655	7.61	

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## Albemarle County Market Snapshot

Albemarle County performed relatively well in Q2 2011. Though down from 2010, sales were up almost 20% from 2009 levels. Within Albemarle County, single family homes performed the best. While average sales prices of single family homes were up year-over-year, median sales prices were down (though only about 2%). Sales of single family homes were down slightly y-o-y: from 272 to 250, but were up 94% from last quarter. However, that is a fairly seasonal trend for Q2 sales to significantly outpace Q1 sales.

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



While single family sales were relatively strong, attached homes and condominiums struggled. Condominium sales were off 34% and attached home sales down 36% from last year. Median prices for those segments held relatively well, though: attached home median prices were down 1.3% while condominiums were down 7.7%. On the bright side, total contracts written in Q2 2011 were up over 2010. While single family contracts written were down slightly, attached and condo contracts were both up. That's hopefully good news for Q3 sales in Albemarle.

Single Family		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q2 2011	471,883	446,487	346,750	117	\$143	250
	Change	0.6%	2.3%	11.1%	-21.5%	-4.7%	93.8%
	Q1 2011	469,178	436,528	312,000	149	\$150	129
	Q2 2011	471,883	446,487	346,750	117	\$143	250
	Change	4.0%	3.3%	-2.0%	11.4%	-13.3%	-8.1%
	Q2 2010	453,565	432,382	354,000	105	\$165	272

Attached		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q2 2011	234,231	233,194	234,500	78	\$131	79
	Change	9.7%	13.0%	19.0%	-36.6%	4.8%	49.1%
	Q1 2011	213,475	206,299	197,000	123	\$125	53
	Q2 2011	234,231	233,194	234,500	78	\$131	79
	Change	-2.2%	-4.5%	1.3%	8.3%	1.6%	-36.8%
	Q2 2010	239,489	244,289	231,490	72	\$129	125

Condos		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q2 2011	141,681	137,850	120,000	69	\$116	27
	Change	-0.2%	2.0%	20.0%	-60.6%	-1.7%	80.0%
	Q1 2011	142,036	135,125	100,000	175	\$118	15
	Q2 2011	141,681	137,850	120,000	69	\$116	27
	Change	-25.3%	-23.5%	-7.7%	-37.3%	-12.8%	-34.1%
	Q2 2010	189,716	180,310	130,000	110	\$133	41

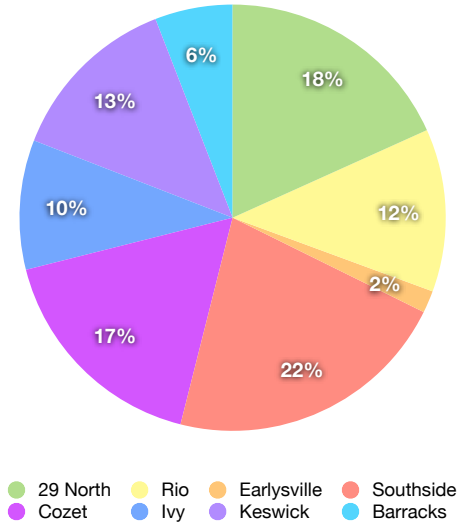
### Contracts Written

	Q2 2010	Q2 2011	Change
Single Family	250	240	-4.0%
Attached	80	100	25.0%
Condos	35	41	17.1%

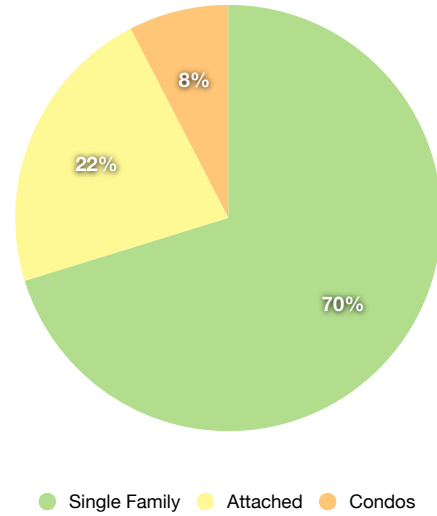
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## Albemarle County Market Snapshot (Part 2)

**Albemarle County Sales by Sub-Area**

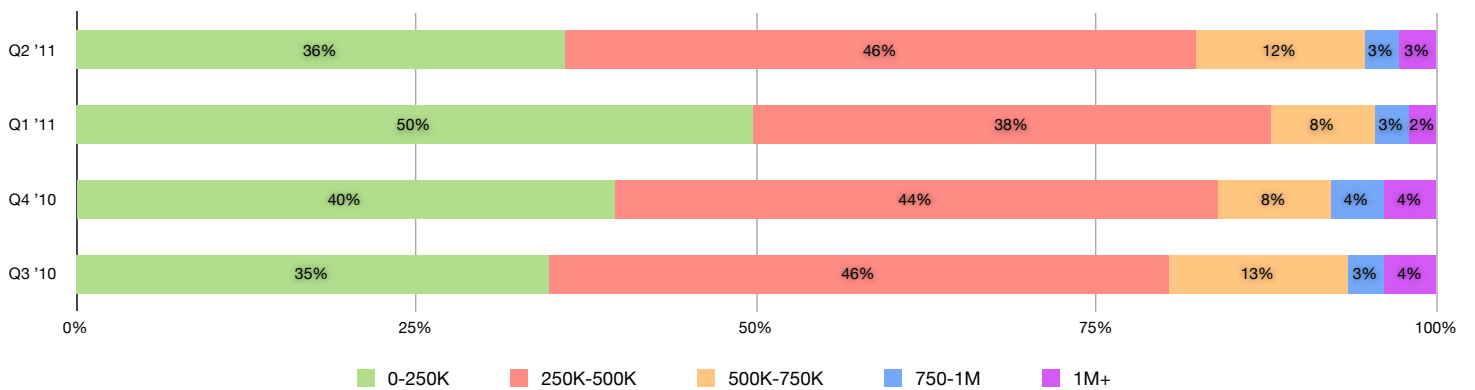


**Albemarle County Sales by Type**



The Southside of Charlottesville – encompassing the largest area of Albemarle County – continues to lead the way with 22% of total sales. Sales in the Rio district were down a little from last quarter (16% to 12%), but all of the other areas were relatively stable. 7 out of every 10 sales in Albemarle County last quarter were single family homes. This is a slight increase over previous quarters, but nothing out of the ordinary. Obviously, buyers found more values with detached homes as compared to attached and condominiums. The difficulty with getting condominium financing most likely is playing a role in the drop in condo sales. There is a definite demand for condos in Central Virginia, but the lack of financing makes purchasing them difficult for many prospective buyers.

**Albemarle County Percent of Sales by Price Range**

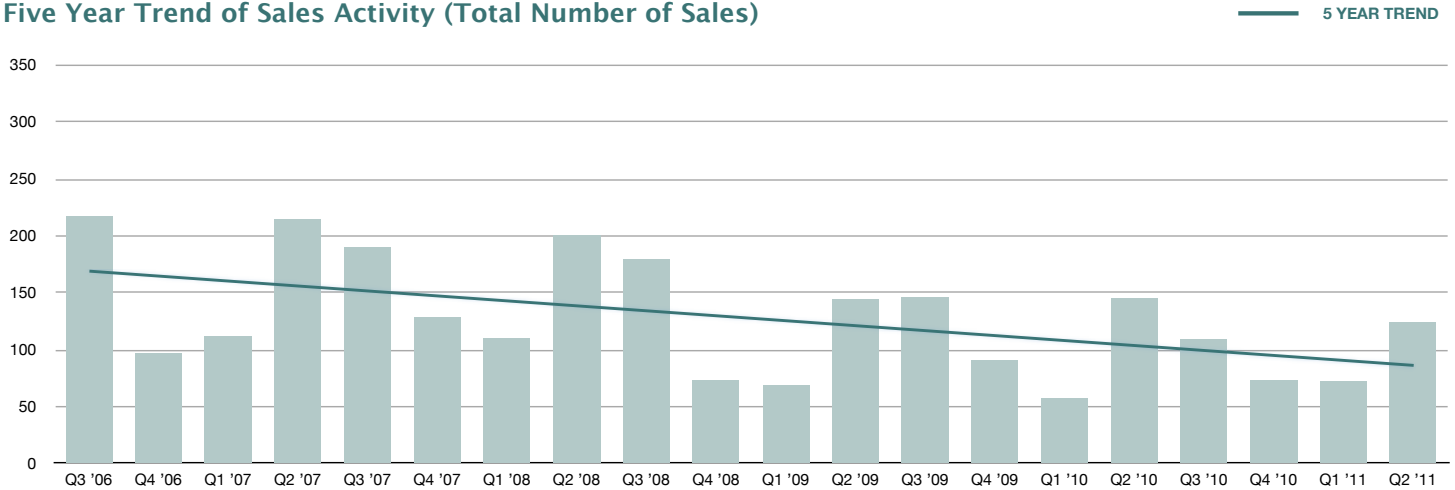


Interestingly, there was a shift to slightly more expensive home purchases this past quarter. In Q1 2011, half of the homes sold in Albemarle were below \$250,000. Compare that to 36% in Q2. In addition, homes over \$500,000 made up 18% of total sales. As we mentioned earlier, the majority of those higher end sales took place in the Western Albemarle school district (Crozet, Ivy, Free Union, Batesville, and White Hall). That increase in sales in the upper price range is a positive sign since high priced homes have struggled the most over the last few years.

## Charlottesville City Market Snapshot

Sales in Charlottesville City continue to lag. We've been tracking this trend for about a year now. It's still a bit baffling. However, as we have noted before, prices in the City have not moved much. Therefore, we believe that buyers aren't seeing City properties as solid values yet. When prices come down in the City, we expect there to be a flurry of activity. As a bit of foreshadowing for our Q3 2011 report, we have seen strong activity in the Charlottesville City market during the final few weeks of Q2 with a multitude of high end City properties going 'under contract.' We'll see if that trend continues in Q3.

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



As we projected in our Q1 report, City sales do continue to lag though. The combination of high prices and the fact that many City properties are in need of renovating/updating has led to slow sales. Buyers are very conscious of values and won't pay top dollar in today's market for properties in need of a lot of work. Year-over-year City condominium sales significantly outpaced single family and attached sales. Why? Developer price reductions at Walker Square – one of the area's largest condo communities – lead to 19 total sales this past quarter.

Single Family		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q2 2011	307,883	296,914	250,000	110	\$147	85
Change	3.0%	5.4%	-2.9%	8.9%	-1.3%	102.4%	
Q1 2011	298,985	281,582	257,500	101	\$149	42	
Q2 2011	307,883	296,914	250,000	110	\$147	85	
Change	-6.3%	-5.2%	-7.4%	-3.5%	-6.4%	-19.8%	
Q2 2010	328,415	313,169	270,000	114	\$157	106	

Attached		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q2 2011	216,675	204,362	212,850	165	\$130	8
Change	8.5%	4.6%	12.0%	91.9%	19.3%	0.0%	
Q1 2011	199,625	195,362	190,000	86	\$109	8	
Q2 2011	216,675	204,362	212,850	165	\$130	8	
Change	5.8%	4.8%	10.6%	32.0%	7.4%	-55.6%	
Q2 2010	204,855	194,981	192,450	125	\$121	18	

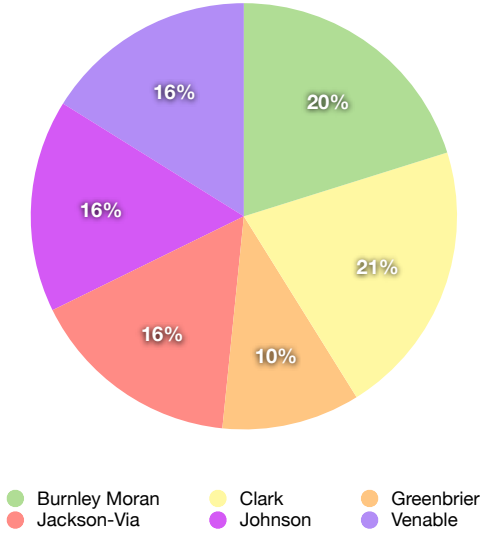
Condos		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q2 2011	204,496	192,171	159,900	69	\$206	31
Change	-37.6%	-39.5%	-27.2%	-67.8%	7.9%	40.9%	
Q1 2011	327,505	317,842	219,657	214	\$191	22	
Q2 2011	204,496	192,171	159,900	69	\$206	31	
Change	-23.8%	-26.7%	-29.7%	-8.0%	19.1%	47.6%	
Q2 2010	268,327	262,336	227,361	75	\$173	21	

### Contracts Written

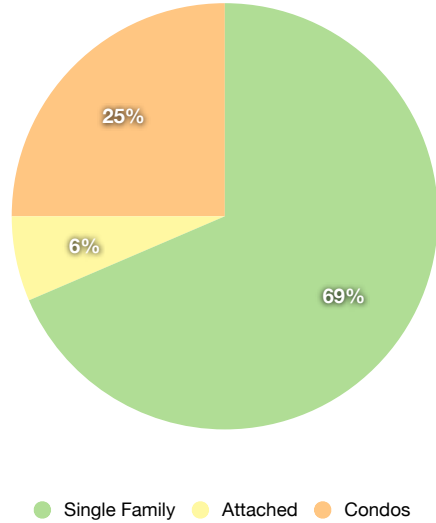
	Q2 2010	Q2 2011	Change
Single Family	84	102	21.43%
Attached	18	15	-16.67%
Condos	30	26	-13.33%

## Charlottesville City Market Snapshot (Part 2)

### Charlottesville City Sales by Elementary School Area

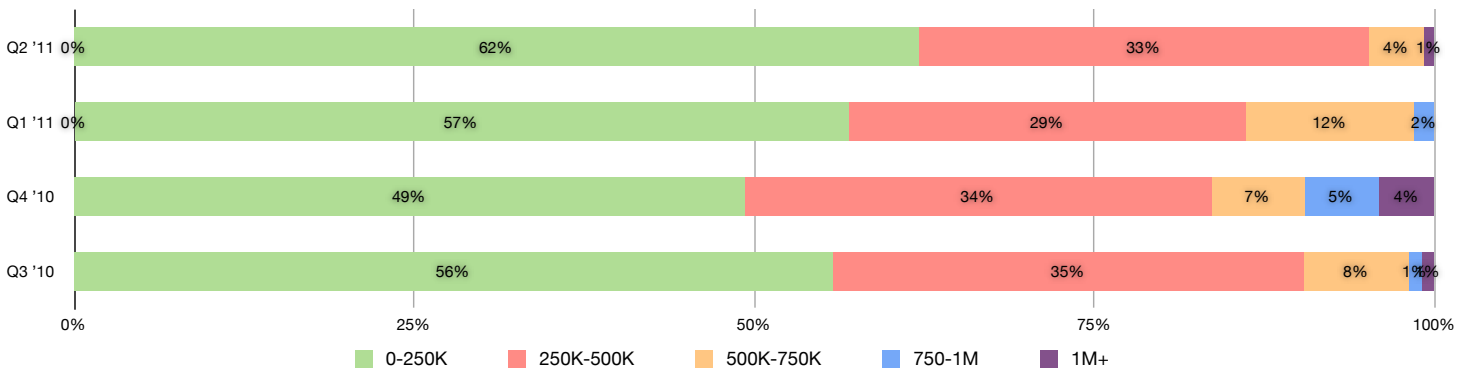


### Charlottesville City Sales by Type



Sales in the different Charlottesville elementary school districts were fairly evenly spread out in Q2 with each district comprising at least 10% of the total sales. Sales by type of property wasn't so evenly disbursed: single family and condominium sales comprised 94% of the City real estate market. Sales of attached homes – with median sales prices up over 10% – suffered fairly significantly again. This marks the second straight quarter that attached homes in Charlottesville made up only 6% of total sales. Yet, to be fair, single family homes and condominiums make up the vast majority of housing options in the City so this isn't too surprising.

### Charlottesville City Percent of Sales by Price Range



Unlike Albemarle County, which saw a decrease in the percentage of sub-\$250k sales, the percentage of sub-\$250k sales in the City jumped from 57% to 62% from last quarter. In fact, 95% of sales in the City were under \$500,000 – that's a pretty amazing stat. But it's exactly what the City needs to get back on track. Want another amazing stat? In all of Q2 2011, there was only 1 sale in the City above \$750,000. However, there are currently 6 properties under contract above \$750,000. We'll keep an eye on this as the year progresses to see if this uptick in high-priced homes in the City continues.

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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
	Q2 2011	\$225,427	\$214,152	\$196,000	132	76	387	14.88
	Change	-6.1%	-9.8%	-8.4%	59.0%	-23.2%	-1.0%	60.0%
	Q2 2010	\$240,162	\$237,444	\$214,000	83	99	391	9.3
	Change	6.1%	8.6%	7.0%	-36.2%	41.4%	-2.3%	-39.5%
Q2 2009	\$226,290	\$218,714	\$199,950	130	70	400	15.38	

After a nice pop in sales and median prices from Q2 2009 to Q2 2010, Fluvanna sales and prices have come back down. Median prices have fallen ever-so-slightly from 2009 and total sales have increased ever-so-slightly. Average list price, average sales price, average days on market, total inventory, and months of inventory are at almost identical levels as they were in 2009. However, contracts written in Q2 2011 were down about 11%. Short sales and foreclosures tend to be influencing the market in Fluvanna even more so than in Charlottesville and Albemarle County. Inventory levels continue to be too high in Fluvanna, so expect values to suffer more as the year progresses.

### Contracts Written

Q2 2010	Q2 2011	Change
92	82	-10.9%

## Greene County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q2 2011	\$235,409	\$235,793	\$225,750	96	76	255	10.2
	Change	-18.2%	-15.7%	-9.3%	-12.7%	10.1%	2.0%	14.3%
	Q2 2010	\$287,646	\$279,668	\$249,000	110	69	250	8.92
	Change	11.0%	9.0%	3.9%	15.8%	23.2%	1.2%	-2.4%
Q2 2009	\$259,241	\$256,665	\$239,650	95	56	247	9.14	

Greene County sales continue to be strong. In fact, it's one of the only segments of the Central Virginia real estate market to actually increase sales from Q2 2010. How'd it happen? Simple – median prices are down over 9%. The combination of a drop in prices and an influx of jobs has led to one of the stronger segments of the regional real estate market. In addition, contracts written are up by almost 7% over last year. So, overall, the health of the Greene County market seems relatively strong. Inventory levels, though, are still in double digits. However, if sales continue with the current trend, we expect that number to decrease over time.

### Contracts Written

Q2 2010	Q2 2011	Change
73	78	6.8%



# THE NEST REPORT

## Louisa County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q2 2011	\$202,214	\$197,525	\$158,500	105	38	255	18.21
	Change	-15.8%	-15.1%	-26.8%	-2.8%	-38.7%	5.8%	73.9%
	Q2 2010	\$240,147	\$232,687	\$216,500	108	62	241	10.47
	Change	16.8%	16.4%	8.5%	-15.6%	55.0%	-16.6%	-38.4%
Q2 2009	\$205,573	\$199,911	\$199,495	128	40	289	17	

Louisa serves as a bit of an outlier to our theory that when median prices drop, sales increase. Median sales are down over 25% from Q2 2010, but sales are also down almost 40%. Couple that with the fact that Months of Inventory have jumped almost 75% and the Louisa real estate market is, unfortunately, in tough shape right now. On the positive side, total inventory and days on market are down...and contracts written this past quarter were off by just one from last year's Q2. Once again, inventory levels are too high and distressed sales are taking a major toll on home values in Louisa.

### Contracts Written

Q2 2010	Q2 2011	Change
106	105	-0.9%

## Nelson County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q2 2011	\$335,397	\$311,446	\$235,000	174	45	379	27.07
	Change	-7.5%	-8.5%	-24.9%	23.4%	2.3%	-11.9%	-11.9%
	Q2 2010	\$362,533	\$340,424	\$312,750	141	44	430	30.71
	Change	20.3%	23.6%	15.8%	-11.9%	57.1%	7.5%	-46.3%
Q2 2009	\$301,299	\$275,514	\$270,000	160	28	400	57.14	

Nelson County real estate market conditions continue on the slow road to improvement. As was the case with Greene, sales were actually up from Q2 2010. As we would expect when sales increase, median sales price was down. Combine that with a drop in total inventory and the Nelson's months of inventory dropped almost 12% from last June. The market in Nelson is in much better shape than it was 2 years ago when there were 57 months of inventory. It's now less than half of that at 27 months. However, there's still a lot of room for improvement, but Nelson seems to be on it's way. Whereas the second home market seemed to be almost non-existent two years ago, there's been a slight resurgence...and Nelson has definitely benefitted from that.

### Contracts Written

Q2 2010	Q2 2011	Change
45	39	-13.3%

\*Some statistics in this report come courtesy of the Charlottesville Area MLS as of 7/6/11.