

THE NEST REPORT

Charlottesville / Central Virginia Region

Q1 2013

Mixed Messages

If anyone ever said the road to real estate recovery would be simple and easy, well, they were wrong. The first quarter of 2013 proves this. After two straight quarters of double-digit sales growth and falling inventory levels, Q1 2013 brought us a combination of positive signs and potential causes for concern. While sales were up overall, inventory levels jumped fairly significantly and median prices fell in most categories. However, the underriding tone and feel of the market continues to be positive and signs continue to point toward a strong year for the Charlottesville area real market.

Sales in the Charlottesville area MSA were up slightly from Q1 2012 (+0.39, 516 vs. 514). However, the major sub-markets of Albemarle and Charlottesville did not perform as well. Charlottesville City sales were down 26.37% (67 vs. 91) and Albemarle sales were off by 6.78% (220 vs. 236). Interestingly enough, the four outlying counties in our MSA showed year-over-year sales improvements: Fluvanna (+2.3%), Greene (+17.6%), Louisa (+47.8%), and Nelson (66.7%). This goes against the recent trend we have been seeing where Charlottesville and Albemarle were leading the way in sales, while the outlying counties were following.

We always keep a close eye on inventory levels as it is a strong indicator of market strength. After experiencing 5-year inventory lows in several segments of the market in 2012, inventory levels increased fairly significantly across much of the Central Virginia real estate market. Overall, inventory was up 2.9% in the MSA and 7.6% in Albemarle County. The City of Charlottesville experienced a drop in inventory levels with a 11.39% drop. With year-over-year sales numbers dropping in both Charlottesville and Albemarle, Months of Inventory (which takes into account supply levels as compared to the current sales pace) increased in the overall MSA (12.25 months), Albemarle (12.90 months) and Charlottesville (9.79 months). 6 months of inventory is generally considered a balanced market.

Median prices in the Charlottesville MSA were off by 2.77% in Q1 2013. Within Albemarle County, single family homes (-3.4%), condominiums (-12.5%), and attached homes (-11.6%) also saw decreases in median home prices. In the City of Charlottesville, median prices for single family homes fell 2.8%, condos fell 4.3%, while attached homes increased by 39.8% (take this number with a grain of salt as there were only 6 sales).

However, we don't necessarily think that the drops in median prices tell the whole story when it comes to real estate values in our area. In Q1, there was a strong trend towards home sales in the sub-\$250,000 price ranges. In Q1, **the sub-\$250,000 market in Albemarle made up 44% of the market** (as compared to 39% in 2012), **while it consisted of 58% of the Charlottesville market** (as compared to 54% in 2012). This shift towards the under \$250,000 market does not necessarily indicate that home values are dropping. Instead, it tells us that there are more buyers in these lower price categories, which ultimately drives down median prices.

In reality, we are 'feeling' that prices and values are rising (albeit slightly). Whereas multiple offer situations were rare in 2011 and 2012, it's not uncommon to hear of them in 2013. In addition, even though the numbers tell us that sales are down in Charlottesville and Albemarle, we are 'feeling' there are more and more ready, willing, and able buyers out in the marketplace. Many of these buyers are looking longer term with their home purchase and, therefore, are not just jumping at the first house that fits their criteria. The 2013 buyer is much more methodical and thoughtful than the 2005 buyer. This is a very good thing for the long term stability of the real estate market.

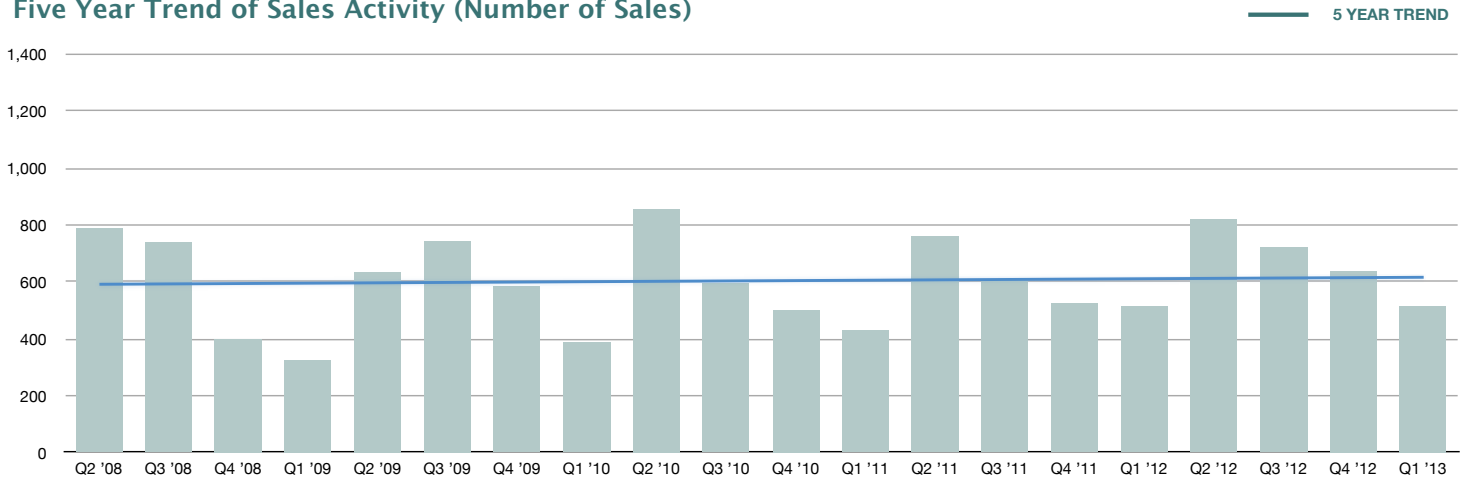
So, overall, even though the numbers are telling us this was not a great quarter (sales down in many market segments, median prices down in most major segments, inventory on the rise, days on market on the rise), we're 'feeling' better about the market than the numbers indicate. And, in reality, the numbers were not all that bad: contracts written in every area were up from Q1 2012 and, overall, **this was the 7th straight quarter in which year-over-year MSA sales increased**. Those are some pretty compelling numbers that still make us feel good about the direction of the Charlottesville area real estate market. The road to recovery is not a straight trajectory up...it will be a series of dips and swerves.

If you have any further questions or if you would like further analysis, please be sure to reach out to a Nest Associate.

Central Virginia/Charlottesville MSA Real Estate Market Snapshot

The overall sales trend for the Charlottesville MSA continues to trend in a slightly positive direction. For the 7th straight quarter, total year-over-year sales were up. However, Q1 2013 sales were up only 0.39% (516 vs. 514). Single family homes in the Charlottesville MSA continue to perform well with a 5.7% increase from Q1 2012. Attached and condo sales fell by 15.5% as Central Virginia home buyers have shown a preference for single family homes so far in 2013. Days on market levels were up across the board: +8.9% to 122 days for single family homes and +11.9% to 141 days for attached and condominiums.

Five Year Trend of Sales Activity (Number of Sales)



Median prices in Q1 continued to edge downward in the major Charlottesville MSA housing segments. Single family home median prices were down 3.9% to \$244,000. Attached/condo median prices fell 9.4% to \$183,520. After seeing 5-year lows in inventory during the 2nd half of 2012, inventory levels jumped in almost every Central Virginia market segment. With positive real estate market news, home sellers are seeing this as a good time to sell their home. Single family home inventory rose by 2.9% to 1515 units and 10.1 months of inventory. Attached and condominium inventory actually decreased by 5.1% to 430 units, but months of inventory jumped from 8.54 to 10.75 months.

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

		Average List Price	Average Sale Price	Median Sale Price	Price per Square Foot	Avg Days on Market	Total Sales	Total Inventory	Months of Inventory
Single Family	Q1 2013	\$313,027	\$296,945	\$244,000	\$126.00	122	407	1515	10.1
	Change	-2.2%	-2.3%	-3.9%	4.1%	8.9%	5.7%	2.9%	21.4%
	Q1 2012	\$320,023	\$303,852	\$254,000	\$121.00	112	385	1473	8.32
	Change	-10.2%	-9.1%	-4.2%	-13.6%	-13.2%	20.7%	-13.1%	-41.1%
	Q1 2011	\$356,218	\$334,278	\$265,000	\$140.00	129	319	1695	14.12

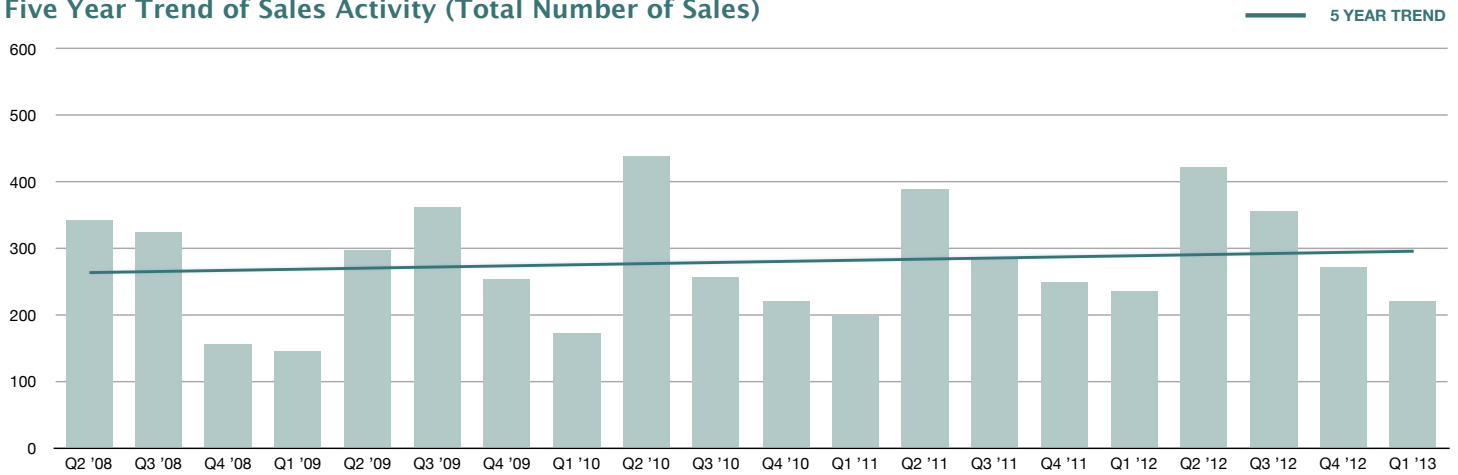
		Average List Price	Average Sale Price	Median Sale Price	Price per Square Foot	Avg Days on Market	Total Sales	Total Inventory	Months of Inventory
Attached / Condo	Q1 2013	\$201,342	\$195,205	\$183,520	\$136.00	141	109	430	10.75
	Change	-7.3%	-8.1%	-9.4%	6.3%	11.9%	-15.5%	-5.1%	25.9%
	Q1 2012	\$217,276	\$212,329	\$202,500	\$128.00	126	129	453	8.54
	Change	-1.9%	-0.3%	6.6%	-5.2%	-10.6%	15.2%	-12.7%	-19.4%
	Q1 2011	\$221,533	\$212,898	\$189,950	\$135.00	141	112	519	10.59

THE NEST REPORT

Albemarle County Real Estate Market Snapshot

Albemarle County home sales struggled a bit in the first quarter of 2013. Total sales for Albemarle were off by 6.78% from Q1 2012 (236 vs 220). This marks the first time in 6 quarters in which Albemarle saw a quarterly year-over-year decrease in home sales. Single family home sales were up 7.6%, but condominium (-42.6%) and attached (-12.1%) were both down double digits. Median prices were also down in all three housing categories: single family (-3.4%), condominiums (-12.5%), and attached (-11.6%).

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



Single family and attached homes were the best performing segments of the Albemarle County real estate market. Contracts written in Q1 were positive for single family homes (+1.4%) and attached (+20.2%). Contracts written for condominiums were down 54.5% (from 33 to 15) in Q1. Based on the sales numbers and contracts written in Q1, condominiums clearly struggled with sales down (-42.3%), median prices down (-24.1%) and contracts written down significantly. The shift away from condos continues.

		Average	Average	Median	Avg Days	Avg	Total
		List Price	Sale Price	Sale Price	on Market	\$ PSF	Sales #
Single Family	Q1 2013	440,592	414,461	328,500	130	\$148	155
	Change	-17.5%	-14.2%	-10.4%	19.3%	-10.8%	-13.9%
	Q4 2012	533,998	482,975	366,500	109	\$166	180
	Q1 2013	440,592	414,461	328,500	130	\$148	155
	Change	1.6%	0.7%	-3.4%	31.3%	0.7%	7.6%
	Q1 2012	433,448	411,751	340,000	99	\$147	144

		Average	Average	Median	Avg Days	Avg	Total
		List Price	Sale Price	Sale Price	on Market	\$ PSF	Sales #
Attached	Q1 2013	224,105	221,260	210,100	95	\$124	51
	Change	-16.9%	-16.2%	-13.2%	-22.1%	-11.4%	-22.7%
	Q4 2012	269,767	263,974	242,186	122	\$140	66
	Q1 2013	224,105	221,260	210,100	95	\$124	51
	Change	-7.2%	-8.2%	-11.6%	2.2%	-4.6%	-12.1%
	Q1 2012	241,575	241,114	237,620	93	\$130	58

		Average	Average	Median	Avg Days	Avg	Total
		List Price	Sale Price	Sale Price	on Market	\$ PSF	Sales #
Condos	Q1 2013	133,393	127,233	88,500	35	\$108	15
	Change	-28.6%	-27.8%	-24.1%	-50.7%	-15.0%	-42.3%
	Q4 2012	186,911	176,117	116,650	71	\$127	26
	Q1 2013	133,393	127,233	88,500	35	\$108	15
	Change	-14.3%	-15.9%	-12.5%	-79.8%	-1.8%	-42.3%
	Q1 2012	155,726	151,240	101,200	173	\$110	26

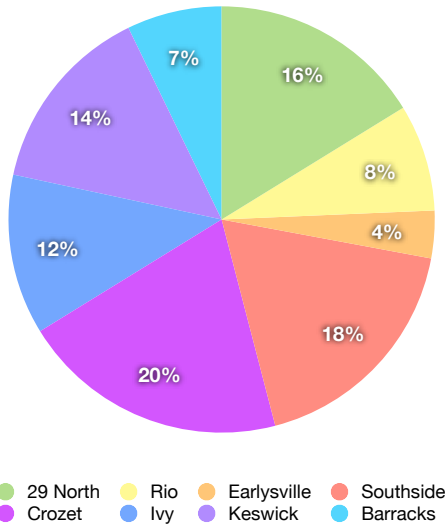
Contracts Written

	Q1 2012	Q1 2013	Change
Single Family	276	280	1.4%
Attached	84	101	20.2%
Condos	33	15	-54.5%

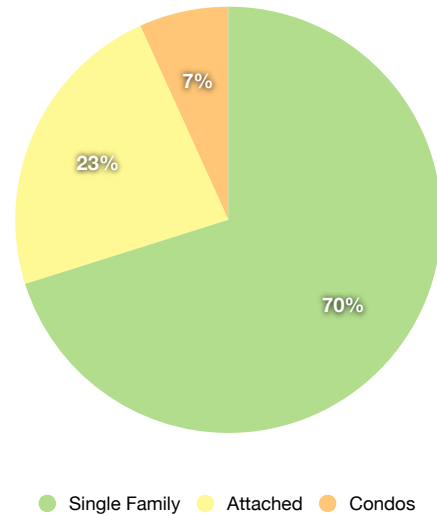
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Albemarle County Market Snapshot (Part 2)

Albemarle County Sales by Sub-Area

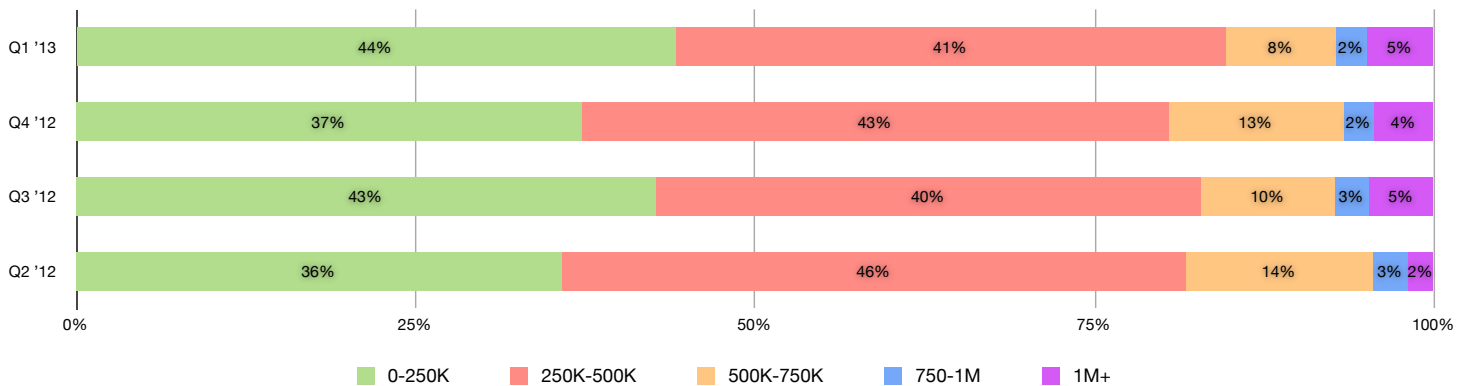


Albemarle County Sales by Type



Sales in Keswick, Southside, 29N, and Crozet once again led the way in Albemarle County. As has been the story for the last 8 quarters, strong new construction sales have helped boost sales in Crozet. Sales distribution across housing types was fairly consistent. The Albemarle condominium market made up just 7% of all sales (as compared to 10% in 2012). With the shortage of condominium contracts written in Q1, we expect this distribution to continue into Q2 2013.

Albemarle County Percent of Sales by Price Range



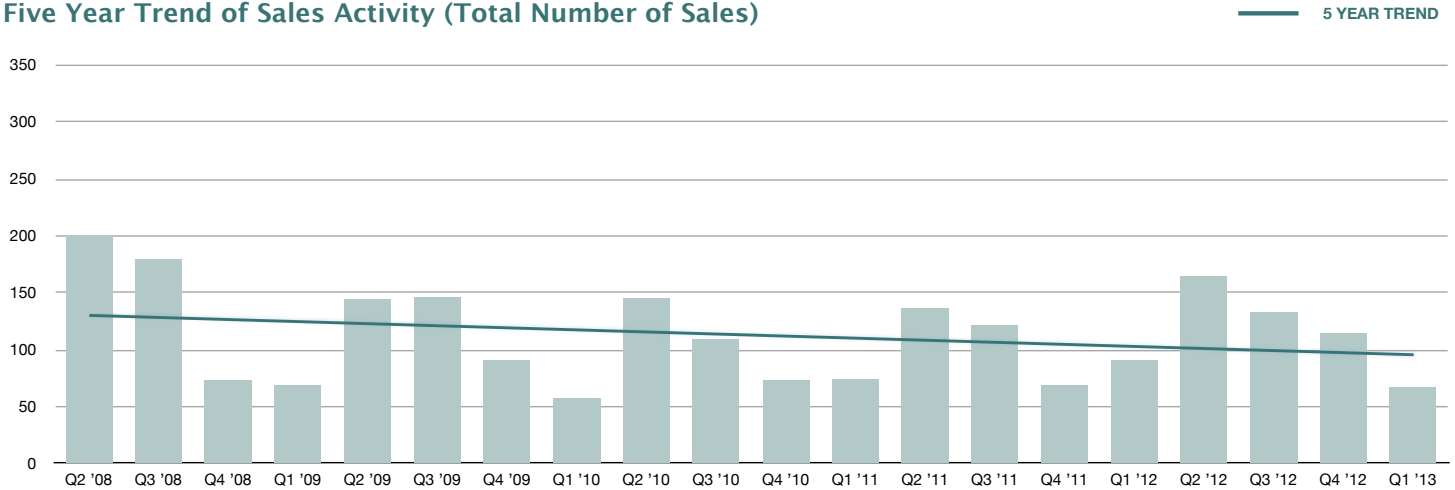
Home sale price distribution clearly shifted towards homes in the sub-\$500k range. In 2012, home sales under \$500,000 made up 82% of the market. In Q1, it made up 85% of the market. The sub-\$250,000 market made up 44% of the market (as compared to 39% in 2012). Homes above \$750k performed relatively well with a 7% market share. However, homes in the \$500,000 - \$750,000 range made up only 8% of the market. That is the lowest percentage in the last 4 quarters and off significantly as compared to 2012 when that segment was 12% of the market.

THE NEST REPORT

Charlottesville City Real Estate Market Snapshot

After showing signs of improvement for the last 18 months, the Charlottesville City real estate market hit a slight bump in the road in Q1. Total sales were off by 26.37% (67 vs 91). This comes after four straight quarters of year-over-year increases in sales. Single family homes (-10.2%) and condominiums (-60%) were down, while attached home sales were flat from Q1 2012. While median prices were down in 2 of the 3 housing segments, price per square foot prices were up for all three: single family (+11.4%), attached (+22.9%), and condominiums (+16.3%).

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



Median prices for single family homes fell by 2.8% to \$239,500. **The median prices of attached homes and condominiums in the City can basically be considered irrelevant in Q1 because the sample sizes were too small** - there were just 6 attached sales and 8 condominium sales. Condominium sales dropped dramatically (-60%) in Q1, mainly because of the lack of developer units available from Walker Square. Though condominium sales should be stronger in the coming quarters, total year-over-year sales will be off for the coming quarters because so many developer units sold in 2011 and 2012.

	Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #	
Single Family	Q1 2013	302,954	288,850	239,500	77	\$166	53
	Change	-14.3%	-13.4%	-19.8%	-18.9%	3.1%	-35.4%
	Q4 2012	353,528	333,459	298,500	95	\$161	82
	Q1 2013	302,954	288,850	239,500	77	\$166	53
	Change	2.2%	2.4%	-2.8%	-21.4%	11.4%	-10.2%
	Q1 2012	296,424	282,165	246,500	98	\$149	59

	Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #	
Attached	Q1 2013	238,783	277,966	196,000	105	\$134	6
	Change	42.6%	74.8%	38.0%	10.5%	42.6%	0.0%
	Q4 2012	167,416	159,026	142,075	95	\$94	6
	Q1 2013	238,783	277,966	196,000	105	\$134	6
	Change	2.8%	31.2%	39.8%	-36.4%	22.9%	0.0%
	Q1 2012	232,316	211,883	140,250	165	\$109	6

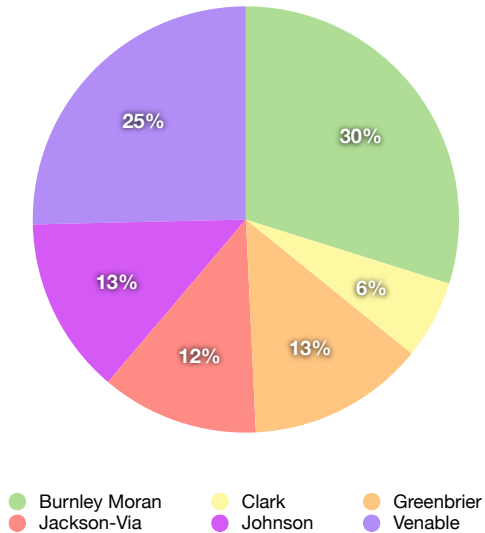
	Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #	
Condos	Q1 2013	221,662	213,562	155,000	71	\$228	8
	Change	18.1%	19.2%	8.8%	-61.2%	21.9%	-68.0%
	Q4 2012	187,714	179,150	142,500	183	\$187	25
	Q1 2013	221,662	213,562	155,000	71	\$228	8
	Change	2.0%	2.2%	-4.3%	-45.8%	16.3%	-60.0%
	Q1 2012	217,280	209,040	161,950	131	\$196	20

Contracts Written

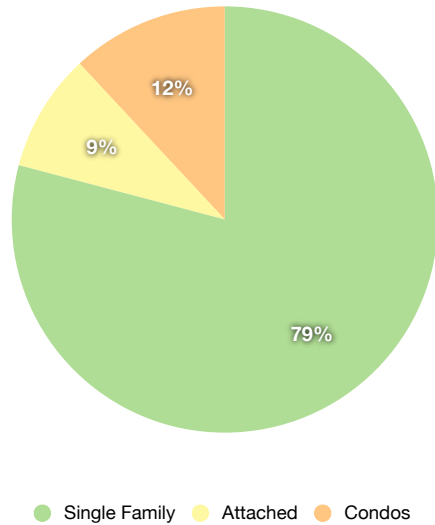
	Q1 2012	Q1 2013	Change
Single Family	97	98	1.03%
Attached	10	29	190.00%
Condos	29	18	-37.93%

Charlottesville City Market Snapshot (Part 2)

Charlottesville City Sales by Elementary School Area

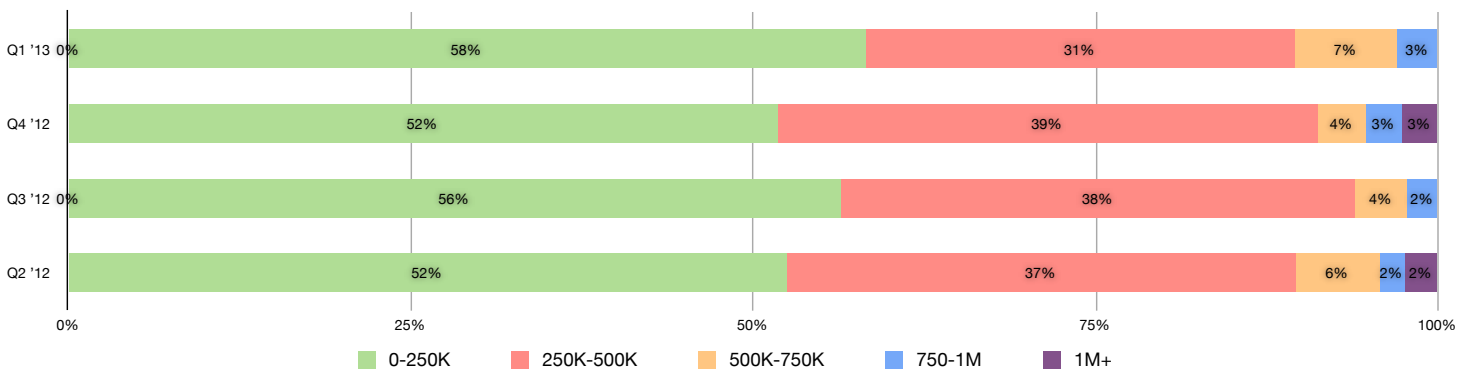


Charlottesville City Sales by Type



Sales in Venable and Burnley Moran were strong in Q1 as compared to 2012's percentages. Making up 55% of the Charlottesville City market, these two regions made up just 40% of the total City sales in 2012. With condominium and attached sales suffering, single family homes made up almost 8 out of every 10 home sales in the City of Charlottesville in Q1. In recent quarters, the breakdown has typically been 7 out of 10 for single family homes.

Charlottesville City Percent of Sales by Price Range



As was true with Albemarle County sales, the sub-\$250,000 market increased in Q1 making up 58% of the Charlottesville market. In 2012, 54% of all sales in Charlottesville were sub-\$250k. As opposed to Albemarle, the \$500-\$750k segment performed well with 7% of the market (compared to 4% in 2012). For the second time in the last four quarters, there were no home sales over \$1,000,000 in the City of Charlottesville.

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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 2013	\$188,211	\$181,956	\$169,900	145	81	315	9.84
	Change	-12.1%	-10.5%	-5.6%	17.9%	22.7%	8.6%	-8.4%
	Q1 2012	\$214,188	\$203,222	\$180,000	123	66	290	10.74
	Change	-13.9%	-14.5%	-14.3%	26.8%	50.0%	-11.6%	-34.5%
Q1 2011	\$248,825	\$237,704	\$210,000	97	44	328	16.4	

Fluvanna continues to be one of the strongest performing geographic segments of the market. Median prices continue to fall and buyers are seeing value and are purchasing homes. Median prices were down 5.6% to \$169,000, while total sales increased by 22.7% (from 71 to 85) in Q1. Inventory did jump up by 8.6% to 315 units. However, Fluvanna months of inventory dropped by 32.4%, thanks to the increase in sales. Contracts written in Q1 were up 2.3% from Q1 2012.

Contracts Written

Q1 2012	Q1 2013	Change
88	90	2.3%

Greene County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q1 2013	\$244,770	\$234,968	\$239,950	120	48	255	10.2
	Change	13.5%	13.9%	26.3%	13.2%	-2.0%	34.2%	2.0%
	Q1 2012	\$215,624	\$206,287	\$190,000	106	49	190	10
	Change	-12.5%	-14.4%	-21.6%	-13.1%	28.9%	-14.4%	-23.4%
Q1 2011	\$246,305	\$241,055	\$242,287	122	38	222	13.05	

Year-over-year sales in Greene County (-2%) were off slightly in Q1. However, median prices rose by 26.3%. Inventory (+34.2% to 255 units) and months of inventory (+2% to 10.2 months) were also up. On a positive trend, contracts written rose by 17.6% over Q1 2012. This should lead to a strong Q2 for Greene County.

Contracts Written

Q1 2012	Q1 2013	Change
51	60	17.6%

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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 2013	\$183,671	\$179,333	\$147,450	93	46	205	9.76
	Change	-14.3%	-19.0%	-34.4%	17.7%	48.4%	13.3%	-40.7%
	Q1 2012	\$214,358	\$221,302	\$224,900	79	31	181	16.45
	Change	0.1%	6.7%	11.9%	-2.5%	3.3%	-10.8%	-19.0%
Q1 2011	\$214,084	\$207,445	\$201,000	81	30	203	20.3	

Sales in Louisa were up by 48.4% to 46 units in Q1. This could be due, in part, to the median prices in Louisa being down by 34.3%. Home buyers in Louisa clearly saw some value in Q1. However, inventory rose by 13.3% (205 units) at the end of Q1. Contracts written in Q1 were up a dramatic 47.8% as compared to Q1 2012, setting Louisa up for a strong sales number in Q2.

Contracts Written

Q1 2012	Q1 2013	Change
46	68	47.8%

Nelson County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q1 2013	\$243,001	\$226,726	\$196,000	234	54	324	23.14
	Change	-13.1%	-10.2%	-19.9%	-2.5%	50.0%	1.3%	-42.2%
	Q1 2012	\$279,565	\$252,591	\$244,750	240	36	320	40
	Change	-15.5%	-16.2%	-5.9%	47.2%	-20.0%	-9.3%	58.7%
Q1 2011	\$330,674	\$301,499	\$260,000	163	45	353	25.21	

Nelson County real estate is still in a bit of flux from the sale of Wintergreen Resort. Yet sales activity was up dramatically in Q1. Total sales increased by 50% to 54 total sales. Median prices declined by almost 20% to \$196,000. Inventory levels in Nelson County stayed relatively steady (+1.3%), which is great for the health of the market. Moving forward, sales in Nelson County appear to be on the rise as contracts written were up 66.7% this past quarter.

Contracts Written

Q1 2012	Q1 2013	Change
33	55	66.7%

*Some statistics in this report come courtesy of the Charlottesville Area MLS as of 4/12/13.