

THE NEST REPORT

Charlottesville / Central Virginia Region

Q2 2013

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A Strong Quarter

Depending on what indicators you look at, the Charlottesville real estate market has been on the mend for somewhere between 12–18 months. There have been quarters where sales were up, but prices were down. And there were periods where prices were up, but sales were down. In fact, over the last 24 months, we've noticed a direct correlation between sales numbers and median prices: when one was up, the other was almost always down. Why? Buyers have been extremely price sensitive in recent years. When buyers saw value in a neighborhood or County, they bought homes. When median prices rose, buyers looked elsewhere.

Things were different in Q2 2013. In almost every major segment of the Charlottesville area real estate market, total sales and median prices edged higher in Q2. The only segments of the market that didn't see increases in both sales and median prices were single family homes in Charlottesville City, Nelson County, and Greene County, and condominiums.

Albemarle County had an extremely strong quarter with year-over-year sales up 6.6% (450 vs. 422) and median prices up 13%. Single family homes and attached homes within Albemarle also performed well, seeing increases in median prices and sales. Even with rising prices, demand stayed strong for both single family and attached homes, as contracts written were up for both in Q2 – single family contracts were up 25.3% and attached homes were up 35.3%. So, we expect sales to continue to be strong in Albemarle in Q3.

Home sales by price range also showed some interesting trends. In the previous 24 months, there has definitely been a shift towards more homes in the sub-\$250k selling. However, this changed dramatically in Q2 2013. Almost half (48%) of the home sales in Albemarle County were between \$250,000 – \$500,000. Only 29% of the total sales were in the sub-\$250k range. This is clearly a result of increased buyer confidence and buyers feeling better about not just the real estate market, but the economy overall.

Charlottesville City performed relatively well in Q2, although it did not have as strong a quarter as Albemarle. Overall sales were up slightly (167 vs. 164) and median prices were up in two of the three market segments. Median prices for single family homes fell 3.4%, but attached (+9.7%) and condominiums (+14.8%) were up. Contracts written for single family (+6.84%) and attached (+76.92%) were both up for Charlottesville. Strong sales success in Longwood, Brookwood and McGinnis Row led to high sales numbers for attached homes in the City.

While prices and sales were strong, inventory levels are starting to rise again. As predicted, the increase in market activity has brought sellers back to the market as they attempt to sell their homes. Inventory levels were up in almost every major market segment. Fortunately, the increase in sales has kept the Months of Inventory (a basic supply-and-demand indicator) in check. A balanced market (neither a buyers' or sellers' market) is considered to be 6 months of inventory. We are now seeing market segments with consistent inventory shortage: Albemarle attached (3.83 months), Charlottesville City attached (4.33 months), and Charlottesville single family (4.13 months) are a few examples. Even if you look at the average monthly sales totals over the last 12 months as compared to current inventory levels, Charlottesville City is at 6.8 months of inventory.

Foreclosure and short sale activity has been slowing locally and nationally for the last three quarters and we expect this will bring additional sellers back to the market. In addition, new construction activity has picked up dramatically throughout Charlottesville and Albemarle County. The inventory shortage in the City of Charlottesville may be eased a bit by development and construction starting in several new neighborhoods over the coming 6 months.

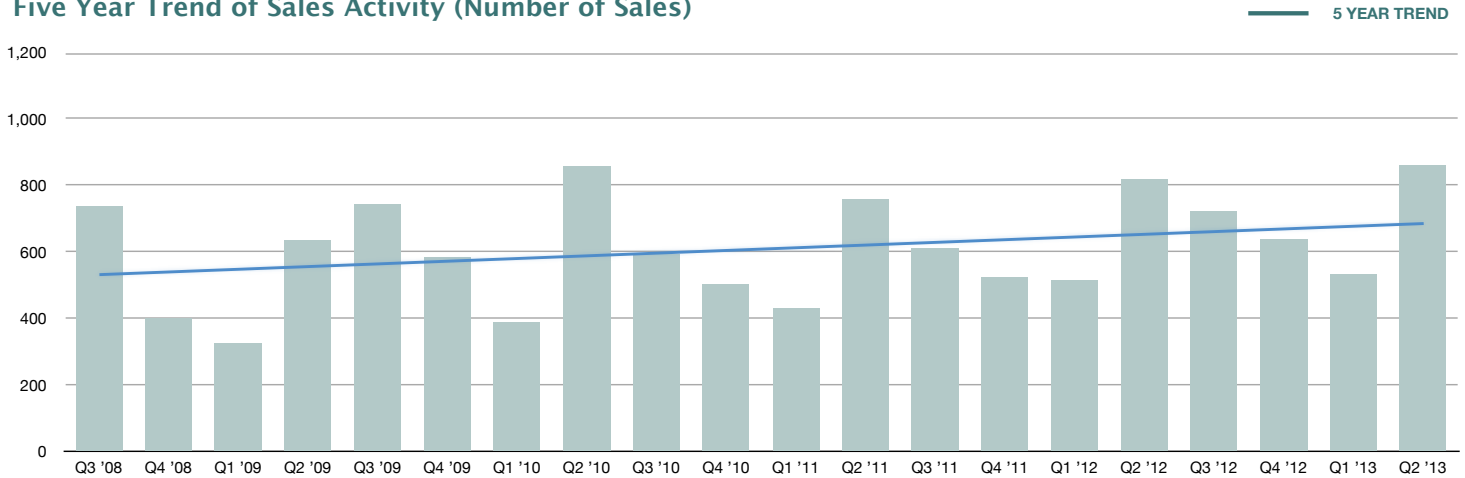
Moving forward, interest rates pose the biggest question to the local and national real estate market. As rates begin to rise (as they did in Q2) and costs increase, it will put more pressure on active buyers to make purchase decisions. To this point, the recent rate increases have not negatively affected sales in the Charlottesville MSA (as indicated by strong numbers for contracts written in Q2). We anticipate sales to continue to be strong through the remainder of the year. In fact, rising rates may escalate sales in the short term.

There's a good, strong (but not overconfident) vibe in the local marketplace right now. As always, if you have market and neighborhood-specific real estate questions, please reach out to your Nest agent for sound advice.

Central Virginia/Charlottesville MSA Real Estate Market Snapshot

The 861 total sales in the Charlottesville MSA in Q2 2013 represented the highest Q2 sales total since Q2 2007. Overall, sales trends continue to be positive throughout the region, as represented by the rising five-year trend line. Overall Q2 2013 sales were up 5% as compared to Q2 2012 (861 vs 820). Single family sales (652 vs. 621) and attached/condo sales (209 vs. 199) were each up 5% as compared to last year. In similar positive news: Days on Market were down for both single family homes (-8.4%) and attached/condos (-11.3%).

Five Year Trend of Sales Activity (Number of Sales)



Median prices in Q2 edged upward in the major Charlottesville MSA housing segments. Single family home median prices were up 4.3% to \$300,500. Attached/condo median prices jumped 18.5% to \$220,500. After seeing 5-year lows in inventory during the 2nd half of 2012, inventory levels continue to rise steadily throughout the region. 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 3.6% to 2040 units and 8.6 months of inventory. Attached and condominium inventory actually decreased by 8.5% to 511 units and months of inventory rose slightly from 6.03 to 6.23 months.

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 2013	\$369,962	\$357,033	\$300,500	\$140.00	98	652	2040	8.6
	Change	3.5%	5.0%	4.3%	0.0%	-8.4%	5.0%	3.6%	6.6%
	Q2 2012	\$357,539	\$339,915	\$288,000	\$140.00	107	621	1970	8.07
	Change	-1.3%	-1.4%	4.7%	-1.4%	-8.5%	6.9%	-12.4%	-19.6%
Q2 2011	\$362,183	\$344,725	\$275,000	\$142.00	117	581	2249	10.04	

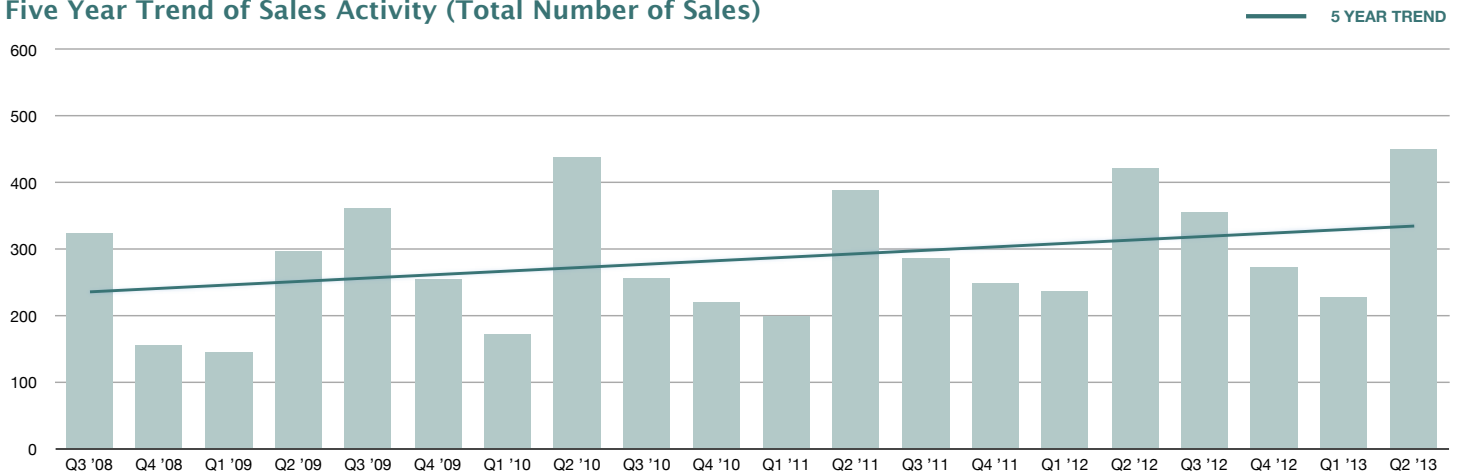
Attached / Condo		Average List Price	Average Sale Price	Median Sale Price	Price per Square Foot	Avg Days on Market	Total Sales	Total Inventory	Months of Inventory
	Q2 2013	\$249,172	\$244,584	\$220,500	\$148.00	71	209	511	6.23
	Change	16.3%	17.2%	18.5%	6.5%	-11.3%	5.0%	8.5%	3.3%
	Q2 2012	\$214,165	\$208,631	\$186,000	\$139.00	80	199	471	6.03
	Change	4.9%	5.1%	-1.6%	-4.1%	1.3%	11.8%	-17.8%	-11.6%
Q2 2011	\$204,208	\$198,569	\$189,000	\$145.00	79	178	573	6.82	

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Albemarle County Real Estate Market Snapshot

After the first year-over-year drop in sales in 6 quarters during Q1, Albemarle County home sales in Q2 rose by 6.6% over last year (450 vs. 422). Single family home sales were up 4.4% and attached sales increased 26.8%. On the downside, condominium sales in Albemarle County fell by 34.4% (from 32 to 21). However, median prices were up in all three housing categories: single family (+12.1%), condominiums (+6.7%), and attached (+4.4%).

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



For the 2nd straight quarter, single family and attached homes were the best performing segments of the Albemarle County real estate market. Contracts written in Q2 were positive for single family homes (+25.3%) and attached (+35.3%). Contracts written for condominiums were down 23.1% (from 39 to 30) in Q2. While the median prices for condominiums were up 6.7% and year-over-year months of inventory decreased from 12.38 to 9.35 months, the decrease in sales and contracts written on condominiums has been a trend over recent quarters.

Single Family		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q2 2013	483,724	464,577	392,500	94	\$154	306
	Change	8.7%	11.1%	21.0%	-27.7%	2.7%	93.7%
	Q1 2013	444,973	418,116	324,500	130	\$150	158
	Q2 2013	483,724	464,577	392,500	94	\$154	306
	Change	10.0%	11.1%	12.1%	-7.8%	2.0%	4.4%
	Q2 2012	439,646	418,254	350,000	102	\$151	293

Attached		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q2 2013	268,035	266,611	240,129	66	\$142	123
	Change	19.7%	20.6%	14.3%	-29.0%	13.6%	86.4%
	Q1 2013	223,956	220,984	210,050	93	\$125	66
	Q2 2013	268,035	266,611	240,129	66	\$142	123
	Change	9.4%	9.9%	4.4%	-9.6%	8.4%	26.8%
	Q2 2012	245,055	242,685	230,000	73	\$131	97

Condos		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q2 2013	210,826	202,011	129,050	110	\$134	21
	Change	58.0%	58.8%	45.8%	214.3%	24.1%	40.0%
	Q1 2013	133,393	127,233	88,500	35	\$108	15
	Q2 2013	210,826	202,011	129,050	110	\$134	21
	Change	31.4%	32.9%	6.7%	7.8%	11.7%	-34.4%
	Q2 2012	160,496	152,032	121,000	102	\$120	32

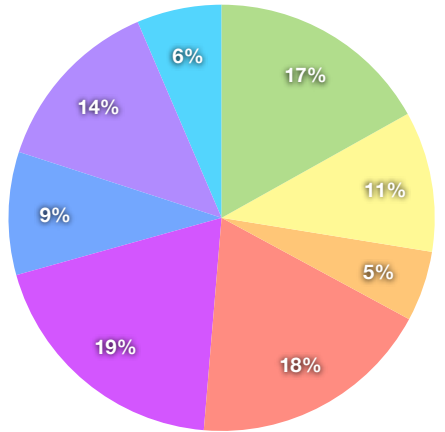
Contracts Written

	Q2 2012	Q2 2013	Change
Single Family	273	342	25.3%
Attached	102	138	35.3%
Condos	39	30	-23.1%

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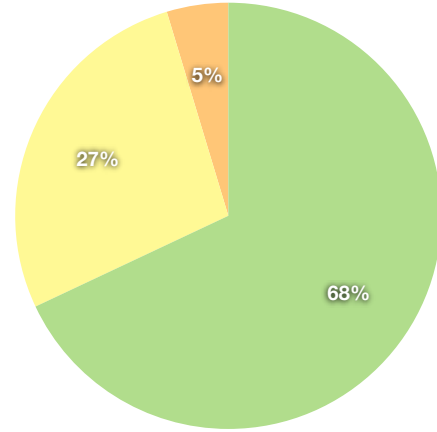
Albemarle County Market Snapshot (Part 2)

Albemarle County Sales by Sub-Area



● 29 North ● Rio ● Earlsville ● Southside
● Crozet ● Ivy ● Keswick ● Barracks

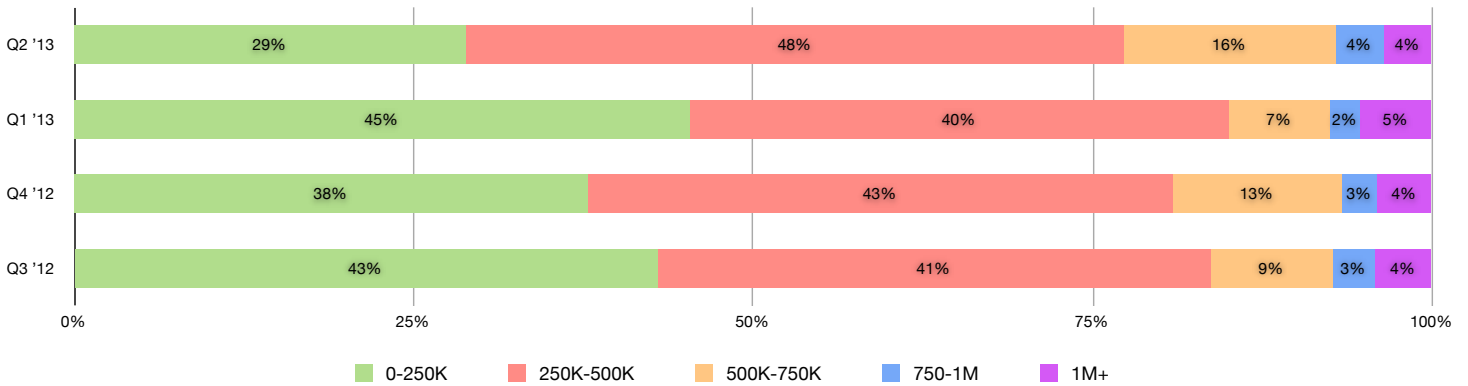
Albemarle County Sales by Type



● Single Family ● Attached ● Condos

Sales in Keswick, Southside, 29N, and Crozet once again led the way in Albemarle County. As has been the story for the last 9 quarters, strong new construction sales have helped boost sales in Crozet. Sales distribution across housing types was consistent with previous quarters. Single family and attached homes dominated the Albemarle County market, making up 95% of sales. Condominium sales in Albemarle fell to just 5% of the overall market – this represents a drop from 7% from Q2 2012.

Albemarle County Percent of Sales by Price Range



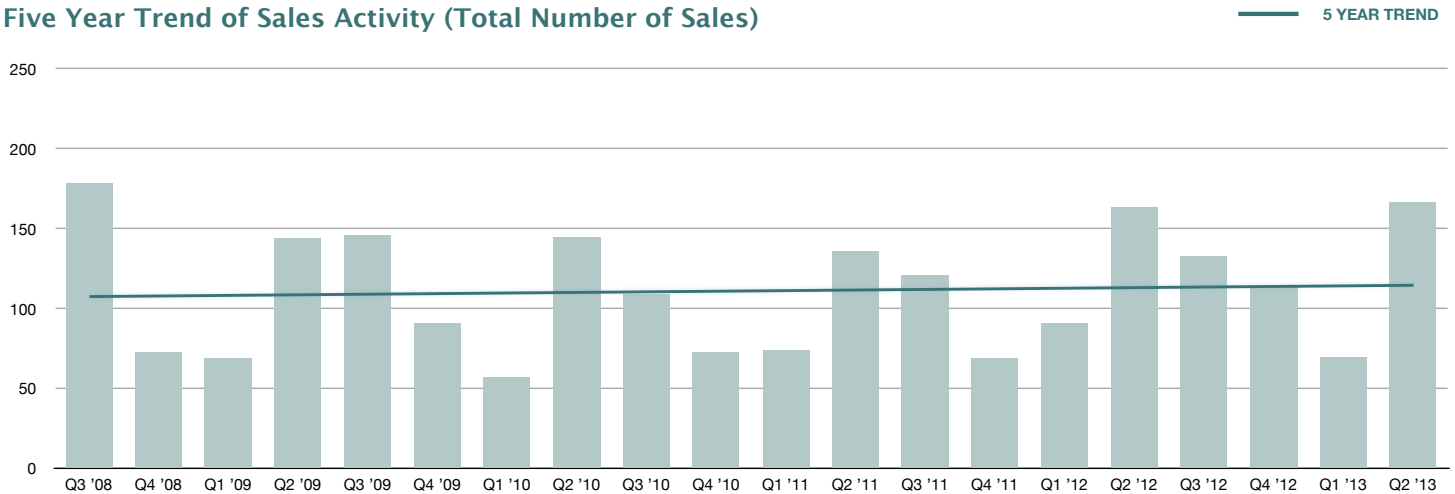
After a trend during the previous year of increasing activity in the sub-\$250k and sub-\$500k price points, Q2 2013 saw a shift towards higher price points. In Q1, only 14% of sales were above \$500,000. In Q2, 24% of home sales were above \$500,000. This shift in price distribution is partly seasonal, but was much more dramatic this past quarter. There were 16 sales in Albemarle between \$750,000 and \$1,000,000 in Q2. There were also 16 sales over \$1,000,000 this past quarter.

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Charlottesville City Real Estate Market Snapshot

The 167 total sales in Q2 2013 represented the highest total sales in any quarter in Charlottesville since Q3 2008. After a fairly significant year-over-year drop in sales in Q1 2013, Charlottesville City sales bounced back in Q2 with slight increase in sales as compared to Q2 2012 (167 vs 164). However, single family (-1.7%) and condominium (-40.5%) sales were down as compared to last year. Attached home sales jumped dramatically from 10 to 29 sales (+190%).

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



Median prices for single family homes fell by 3.4% to \$281,000, attached prices increased by 9.7% to \$220,500, and condominium prices increased by 14.8% to \$197,500. Contracts written for single family homes in Q2 rose by 6.84%. Attached home contracts written jumped from 13 to 23 (+76.92%). The condominium struggle looks to continue with a 46.51% drop in contracts written. This drop in condominium sales and contracts can be tied directly to Walker Square, which saw large sales numbers throughout most of 2012 as the developers dramatically dropped prices to increase sales. Though Walker Square continues to sell well, there just are not as many units available as there were in 2012.

	Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #	
Single Family	Q2 2013	325,947	318,106	281,000	54	\$170	116
	Change	8.2%	10.7%	17.3%	-30.8%	2.4%	110.9%
	Q1 2013	301,190	287,255	239,500	78	\$166	55
	Q2 2013	325,947	318,106	281,000	54	\$170	116
	Change	-12.7%	-9.2%	-3.4%	-43.8%	0.6%	-1.7%
	Q2 2012	373,438	350,449	291,000	96	\$169	118

	Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #	
Attached	Q2 2013	213,032	206,350	220,500	47	\$133	29
	Change	-10.8%	-9.5%	12.5%	-55.2%	-0.7%	383.3%
	Q1 2013	238,783	227,966	196,000	105	\$134	6
	Q2 2013	213,032	206,350	220,500	47	\$133	29
	Change	8.3%	6.6%	9.7%	-45.3%	9.9%	190.0%
	Q2 2012	196,690	193,485	200,950	86	\$121	10

	Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #	
Condos	Q2 2013	266,000	254,340	197,500	47	\$226	22
	Change	25.0%	24.0%	29.1%	-67.4%	-2.2%	144.4%
	Q1 2013	212,800	205,055	153,000	144	\$231	9
	Q2 2013	266,000	254,340	197,500	47	\$226	22
	Change	32.7%	33.1%	14.8%	-35.6%	23.5%	-40.5%
	Q2 2012	200,521	191,148	172,000	73	\$183	37

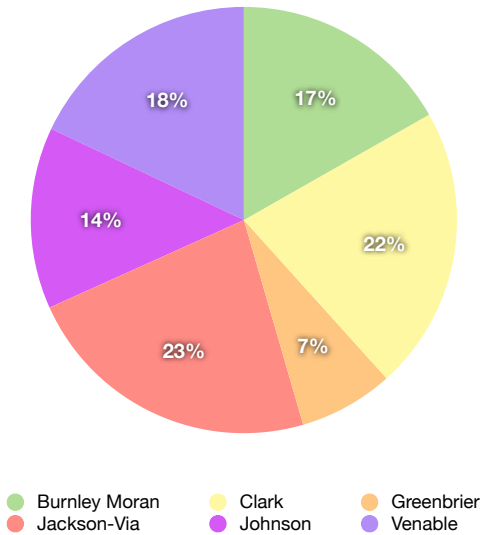
Contracts Written

	Q2 2012	Q2 2013	Change
Single Family	117	125	6.84%
Attached	13	23	76.92%
Condos	43	23	-46.51%

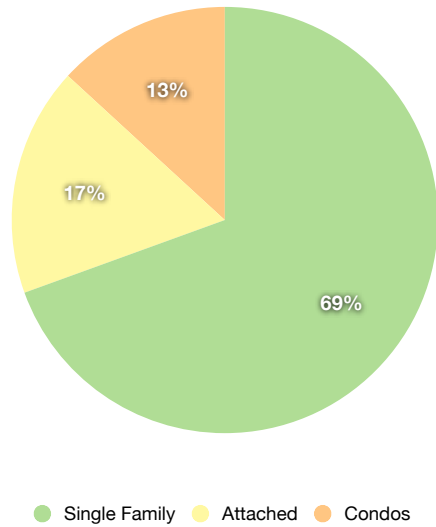
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Charlottesville City Market Snapshot (Part 2)

Charlottesville City Sales by Elementary School Area

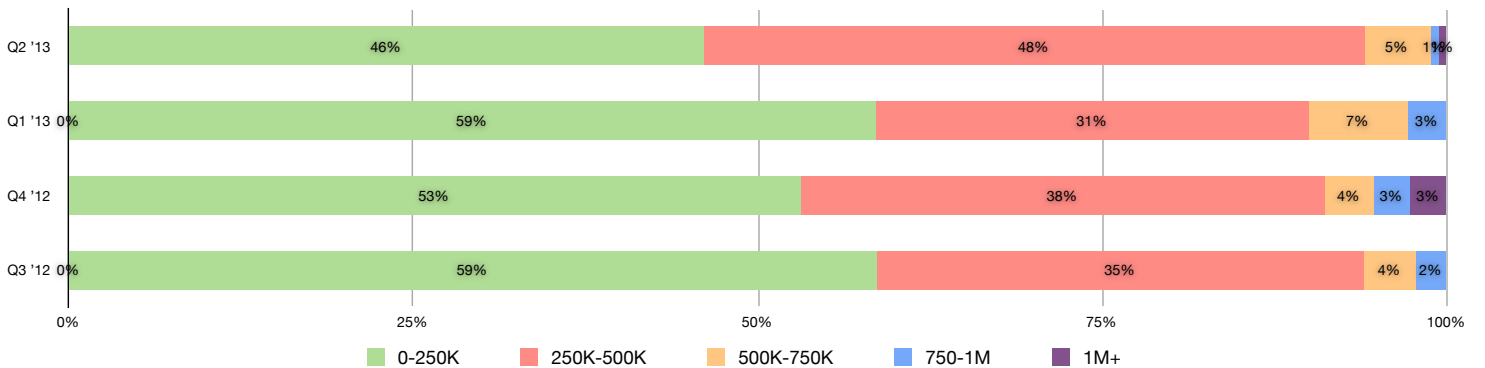


Charlottesville City Sales by Type



Charlottesville City sales were fairly well distributed in Q2, with 5 of the 6 districts seeing at least a 14% share of the market. Strong sales numbers in the Belmont neighborhood pushed sales in the Clark district to 22% of the market. After making up almost 80% of the market in Q1, single family homes made up 69% of the market in Q2. Strong attaches sales pushed their market share to 17%.

Charlottesville City Percent of Sales by Price Range



The \$250,000 – \$500,000 price point was extremely strong in Charlottesville in Q2, as that price point made up almost half (48%) of the market. As compared to Albemarle County, upper end home sales in the City of Charlottesville did not see much of an increase. There were just 2 sales above \$750,000 in the Second Quarter.

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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 2013	\$220,452	\$215,932	\$185,000	89	73	367	15.95
Change	1.7%	3.4%	5.3%	-6.3%	10.6%	7.9%	111.3%	
Q2 2012	\$216,850	\$208,857	\$175,750	95	66	340	7.55	
Change	-3.2%	-2.1%	-10.3%	-26.9%	-15.4%	-11.9%	-45.2%	
Q2 2011	\$223,921	\$213,368	\$196,000	130	78	386	13.78	

Fluvanna continues to be one of the strongest performing geographic segments of the market. Over the previous year, if home sales rose in Fluvanna, median prices fell. This was not the case in Q2 as both sales (+10.6%) and median prices (+5.3%) rose. Inventory did jump up by 7.9% to 367 units. Contracts written in Q2 were off by 14.8% year-over-year. Expect to see the hot market in Fluvanna start to slow a little.

Contracts Written

Q2 2012	Q2 2013	Change
122	104	-14.8%

Greene County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q2 2013	\$226,537	\$221,456	\$205,640	126	57	255	10.2
Change	-4.4%	-5.1%	-13.9%	0.0%	18.8%	21.4%	-27.1%	
Q2 2012	\$237,005	\$233,477	\$238,960	126	48	210	14	
Change	-1.0%	-2.1%	5.5%	23.5%	-28.4%	-13.6%	72.8%	
Q2 2011	\$239,512	\$238,523	\$226,500	102	67	243	8.1	

Year-over-year sales in Greene County have been on a roller coaster ride for the past two years. Total sales did increase by 18.8% in Q2. However, median prices fell by 13.9% to \$205,640. Inventory (+21.4% to 255 units) increased over Q2 2012. On a positive trend, contracts written rose by 54.3% over Q2 2012. This should lead to a strong Q3 for Greene County.

Contracts Written

Q2 2012	Q2 2013	Change
46	71	54.3%

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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
	Q2 2013	\$226,254	\$221,536	\$201,750	132	66	217	8.03
	Change	-4.3%	-1.3%	26.1%	20.0%	50.0%	9.0%	-15.2%
	Q2 2012	\$236,525	\$224,540	\$160,000	110	44	199	9.47
	Change	9.4%	6.7%	-3.0%	7.8%	7.3%	-21.3%	-36.4%
Q2 2011	\$216,296	\$210,490	\$165,000	102	41	253	14.88	

After a 48.4% year-over-year increase in sales in Q1, Louisa sales jumped 50% in Q2. In addition, the median price increased by 26.1% to \$201,750. Home buyers continue to see Louisa as having value. However, inventory rose by 9% (217 units) at the end of Q2. Contracts written in Q2 were up 21.3% as compared to Q2 2012, again setting Louisa up for a strong sales number next quarter.

Contracts Written

Q2 2012	Q2 2013	Change
61	74	21.3%

Nelson County

Overall		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Total Sales #	Total Inventory	Months of Inventory
	Q2 2013	\$290,878	\$271,927	\$264,000	191	44	368	46
	Change	16.9%	18.0%	32.0%	5.5%	25.7%	10.2%	65.3%
	Q2 2012	\$248,765	\$230,442	\$200,000	181	35	334	27.83
	Change	-23.9%	-24.3%	-13.0%	5.8%	-27.1%	-12.3%	9.6%
Q2 2011	\$326,863	\$304,335	\$230,000	171	48	381	25.4	

Nelson County real estate had a strong quarter with a 25.7% increase in sales and a 32% jump in median prices. However, June inventory rose 10.2% to 368 units. That being said, Q3 looks to be a strong one for Nelson as contracts written were up 77.4% in Q2 (from 31 to 55). This should set up Q3 in Nelson County to be one of its strongest quarters in recent memory.

Contracts Written

Q2 2012	Q2 2013	Change
31	55	77.4%

*Some statistics in this report come courtesy of the Charlottesville Area MLS as of 7/15/13.