

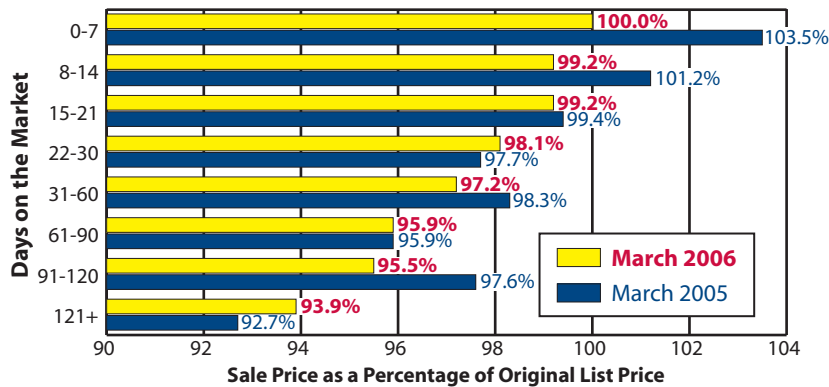
AS GAS PRICES AND TRAFFIC CONGESTION SOAR, LOCATION SEEMS TO MATTER

As we have noted here over the last several months, the metro DC housing market is clearly in transition from a strong seller's market to a more balanced one. The number of available homes has risen significantly throughout the region, and especially so in Northern Virginia, and at the same time, the number of ratified contracts has dropped in every jurisdiction. The end result is that buyers have more properties from which to choose, so properties are generally taking longer to sell, they are not selling as close to list price as they were this time last year, and the pace of price appreciation has cooled into the single-digit range. As the housing market seeks balance, that is precisely what we have been projecting.

However, the market seems to be cooling at a different rate, depending on location. We have noted with some considerable interest that Washington, DC and the closer-in suburbs have not been hit quite as hard as the jurisdictions further from the city-center. In Northern Virginia (Fairfax and Arlington Counties, Alexandria, Fairfax and Falls Church Cities), the number of ratified contracts in the first quarter of 2006 compared to the first quarter of 2005 is off 11%; in Montgomery County, it's off 4%; in DC it's off 9%. However, in Loudoun County, the number of contract has declined 31% and has declined in Prince William County by 27%. We suspect that the rising cost of gasoline and the ever-increasing congestion on the area's roads may be causing some purchasers to focus their attention a bit closer in. We're not sure that one quarter constitutes a trend, but we'll be keeping a close eye on it.

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

March 2005 vs. March 2006 - Resale Properties Sold in Northern Virginia

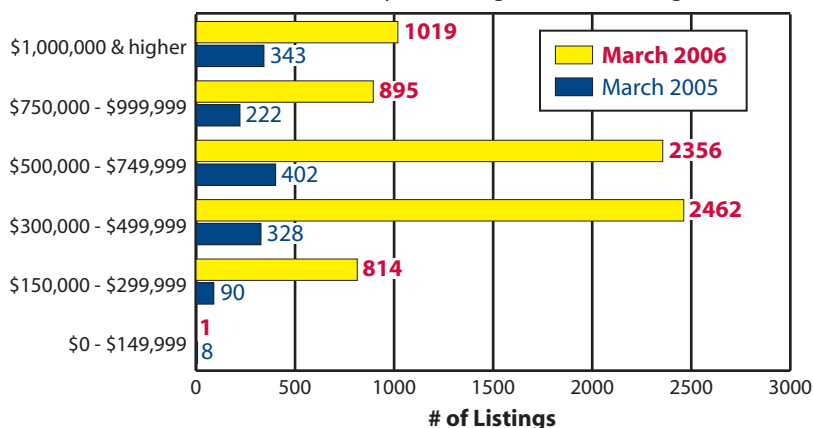


RELATIONSHIP OF SALES PRICE TO ORIGINAL LIST PRICE vs. DAYS ON MARKET

- With more homes from which to choose, buyers are not rushing out to pay well over list price as they did last year.
- Last March, homes receiving contracts their first week on the market sold at 3.5% above list. In March 2006, homes sold on average for "only" 100% of list.
- That's a significant change, and strongly suggests that buyers will readily pass over a home that is not priced in line with the new realities of the market.

FULLY AVAILABLE LISTINGS

March 2005 vs. March 2006 by Price Range in Northern Virginia



FULLY AVAILABLE LISTINGS

- Why are buyers not rushing out to pay above-list for new-on-the-market listings? Because they accurately perceive that they have more choices. Inventory has climbed substantially in all but the lowest price category.
- The overall inventory has increased 442% from this time last year; the number of listings priced between \$150,000 and \$299,999 is 9 times greater than March 2005!
- This time last year, 115 of all fully available homes on the market had a price change of at least \$1,000; today, it is 29.3%, again suggesting that sellers are adjusting to new market conditions.

Condo/Coop	New This Month			Total Active		
	2005	2006	% Change	2005	2006	% Change
Listings						
\$149,999 and under	11	3	-72.7%	5	1	-80.0%
\$150,000 - \$299,999	428	545	27.3%	84	800	852.4%
\$300,000 - \$499,999	378	870	130.2%	145	1289	789.0%
\$500,000 - \$749,999	58	148	155.2%	44	250	468.2%
\$750,000 - \$999,999	13	19	46.2%	12	57	375.0%
\$1,000,000 & higher	9	11	22.2%	19	47	147.4%
Grand Total:	897	1596	77.9%	309	2444	690.9%

Condo/Coop	New This Month			Year-To-Date		
	2005	2006	% Change	2005	2006	% Change
Listings						
\$149,999 and under	14	3	-78.6%	40	4	-90.0%
\$150,000 - \$299,999	360	245	-31.9%	1003	605	-39.7%
\$300,000 - \$499,999	309	308	-0.3%	714	760	6.4%
\$500,000 - \$749,999	33	40	21.2%	74	93	25.7%
\$750,000 - \$999,999	3	7	133.3%	8	14	75.0%
\$1,000,000 & higher	1	3	200.0%	6	5	-16.7%
Grand Total:	720	606	-15.8%	1845	1481	-19.7%

Average Sales Price:	Mar 2005	Mar 2006	% Change	YTD 2005	YTD 2006	% Change
Condo/Coop	\$312,247	\$344,148	10.2%	\$304,723	\$342,875	12.5%

Fee Simple Attached	New This Month			Total Active		
	2005	2006	% Change	2005	2006	% Change
Listings						
\$149,999 and under	0	0	-	0	0	-
\$150,000 - \$299,999	50	11	-78.0%	6	14	133.3%
\$300,000 - \$499,999	583	845	44.9%	123	977	694.3%
\$500,000 - \$749,999	232	531	128.9%	100	747	647.0%
\$750,000 - \$999,999	42	74	76.2%	25	111	344.0%
\$1,000,000 & higher	16	33	106.3%	22	70	218.2%
Grand Total:	923	1494	61.9%	276	1919	595.3%

Fee Simple Attached	New This Month			Year-To-Date		
	2005	2006	% Change	2005	2006	% Change
Listings						
\$149,999 and under	0	0	-	0	0	-
\$150,000 - \$299,999	39	5	-87.2%	157	17	-89.2%
\$300,000 - \$499,999	474	392	-17.3%	1200	993	-17.3%
\$500,000 - \$749,999	170	167	-1.8%	374	373	-0.3%
\$750,000 - \$999,999	25	28	12.0%	55	66	20.0%
\$1,000,000 & higher	11	5	-54.5%	24	12	-50.0%
Grand Total:	719	597	-17.0%	1810	1461	-19.3%

Average Sales Price:	Mar 2005	Mar 2006	% Change	YTD 2005	YTD 2006	% Change
Fee Simple Attached	\$465,833	\$487,005	4.5%	\$446,331	\$483,374	8.3%

Fee Simple Detached	New This Month			Total Active		
	2005	2006	% Change	2005	2006	% Change
Listings						
\$149,999 and under	0	0	-	0	0	-
\$150,000 - \$299,999	1	1	0.0%	0	0	-
\$300,000 - \$499,999	270	181	-33.0%	60	196	226.7%
\$500,000 - \$749,999	647	1105	70.8%	258	1359	426.7%
\$750,000 - \$999,999	282	573	103.2%	185	727	293.0%
\$1,000,000 & higher	183	399	118.0%	302	902	198.7%
Grand Total:	1383	2259	63.3%	805	3184	295.5%

Fee Simple Detached	New This Month			Year-To-Date		
	2005	2006	% Change	2005	2006	% Change
Listings						
\$149,999 and under	0	0	-	0	0	-
\$150,000 - \$299,999	1	5	400.0%	3	6	100.0%
\$300,000 - \$499,999	181	95	-47.5%	603	242	-59.9%
\$500,000 - \$749,999	472	426	-9.7%	1009	998	-1.1%
\$750,000 - \$999,999	145	146	0.7%	325	316	-2.8%
\$1,000,000 & higher	91	84	-7.7%	216	184	-14.8%
Grand Total:	890	756	-15.1%	2156	1746	-19.0%

Average Sales Price:	Mar 2005	Mar 2006	% Change	YTD 2005	YTD 2006	% Change
Fee Simple Detached	\$706,654	\$737,186	4.3%	\$690,800	\$720,629	4.3%

CONDOS AND COOPS

- Look at the fully available inventory of condos as of the end of March 2006: it's almost **eight times** greater than this time last year.
- In fact, there are almost **twice as many** condos on the market now than there were all property types on the market this time last year.
- The number of condos and coops settling in March 2006 **dropped 15.8%** compared to March 2005, and the decline through the first three months of 2006 is 19.7%.
- The average price, however, was up **10.2%** compared to March 2005. The price increase so far this year has averaged 12.5%.

ATTACHED HOMES

- The number of new listings for fee simple, attached homes rose **61.9%** from March 2005.
- The fully active inventory at the end of March was up almost **seven-fold** from March 31, 2005.
- The number of settlements dropped 17% in March 2006 compared to March 2005.
- The average sales price continues to climb, however, **rising a modest 4.5%** in March. The average price of an attached home is **up 8.3%** for the first three months of the year.

DETACHED HOMES

- The number of new listings of fee simple detached homes **jumped 63.3%** in March 2006 compared to March 2005.
- The number of detached homes on the market on March 31, 2006 was **up almost 300%** compared to March 2005.
- The number of settlements in March was off 15.1% compared to last March, and is off 19% for the first three months of the year.
- Once again, however, the average sales price for detached homes increased **4.3%** in March 2006 compared to March 2005. The average price is up by the same percentage through the first quarter of the year.



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