

“ALL REAL ESTATE IS LOCAL” – Part 2

In the last issue of this newsletter, we focused on the local nature of real estate, identifying some reasons why the metro Washington market is different from any other market in the country. This time, we’re focusing on just how different markets are **within** the region.

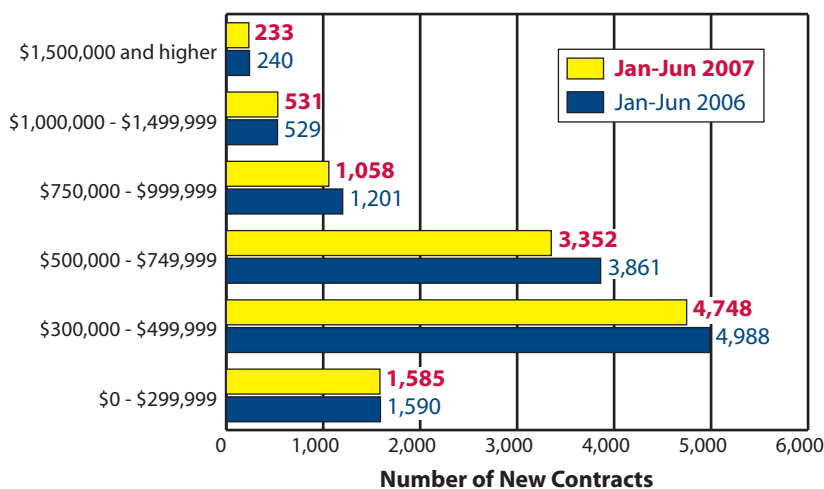
While it is undeniably true that the residential real estate market in the metropolitan area right now is softer as a whole than this time last year, market conditions vary widely among submarkets. As an example, and as the chart at the bottom of this page demonstrates, the number of contracts ratified in Northern Virginia (Fairfax and Arlington Counties, Alexandria, Fairfax and Falls Church Cities) as a whole is down 7.5% through the first half of 2007 compared to the first half of 2006. Washington, DC contract activity is actually up 6% year-to-date, while Montgomery County, Maryland contracts are off 13%.

Yet even within Northern Virginia, market activity is quite different. As the charts on page 2 indicate, activity in McLean and Great Falls has actually **increased almost 10%**. Activity in Vienna, Oakton and Reston is **up about 1%** - but it is **down almost 17%** in the rest of Fairfax County. There are similar variations throughout the region – Arlington County contract activity is up 7.5%, but the City of Alexandria’s is off about 5%. **So the trend is that there is no trend.** Each area is different and is impacted by elements unique to that community. Another example: there is a general perception that the condo market has been hit pretty hard, yet the number of condos going under contract in Arlington has increased almost 15% through the first half of 2007 compared to the first half of 2006. Proximity to Metro undoubtedly has a major, positive impact on that market.

We know that there are buyers out there, even if they are bit more cautious than last year, and they recognize value when they see it. And sellers who understand that they have to price their homes in accordance with the market conditions in their own community – on a **very** localized basis – will still get their homes sold. A well-informed REALTOR® is best equipped to understand just how rapidly evolving this market is and will help buyers and sellers alike make good decisions.

NEW CONTRACT ACTIVITY

Northern Virginia - First Half of 2006 vs. First Half of 2007

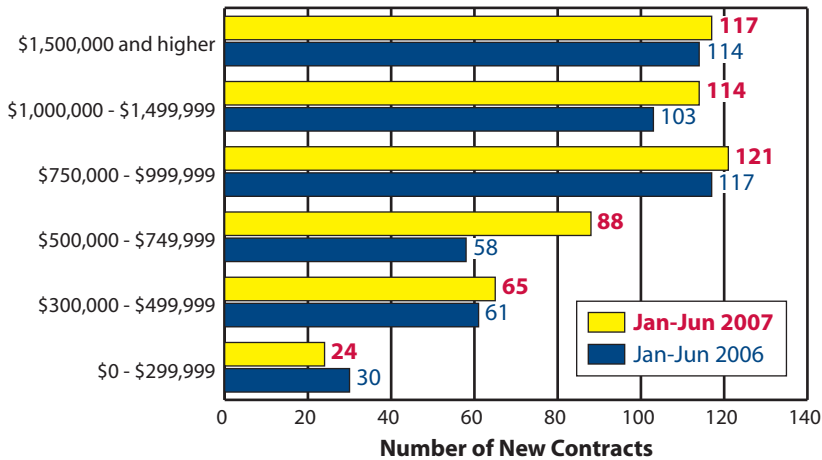


NEW CONTRACT ACTIVITY

- As noted above, the number of newly ratified contracts in Northern Virginia decreased 7.5% in the first half of 2007 compared to the first half of 2006. That performance is better than all area jurisdictions other than Washington, DC.
- Yet, this apparent softness in the market has not impacted every price range. Note that the number of contracts for homes priced under \$300,000 and over \$1,000,000 is essentially unchanged compared to the first half of 2006.

NEW CONTRACT ACTIVITY

McLean and Great Falls - First Half of 2006 vs. First Half of 2007

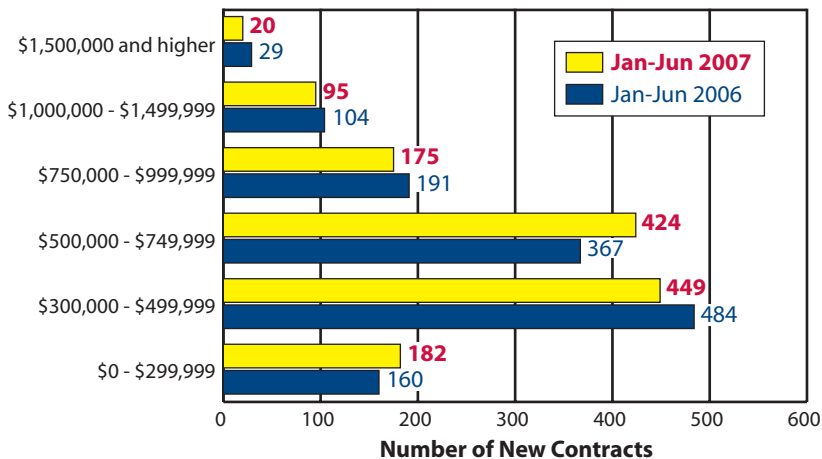


NEW CONTRACT ACTIVITY McLean and Great Falls

- As noted on page 1, overall contract activity in Northern Virginia was down 7.5%. However, in McLean and Great Falls, contract activity was **up 9.5%** for the first half of 2007 compared to the first half of 2006.
- Activity was up in five of the six price categories as well.
- The 117 homes priced over \$1.5 million that went under contract represent 52% of all such contracts in Northern Virginia.

NEW CONTRACT ACTIVITY

Vienna, Oakton and Reston - First Half of 2006 vs. First Half of 2007

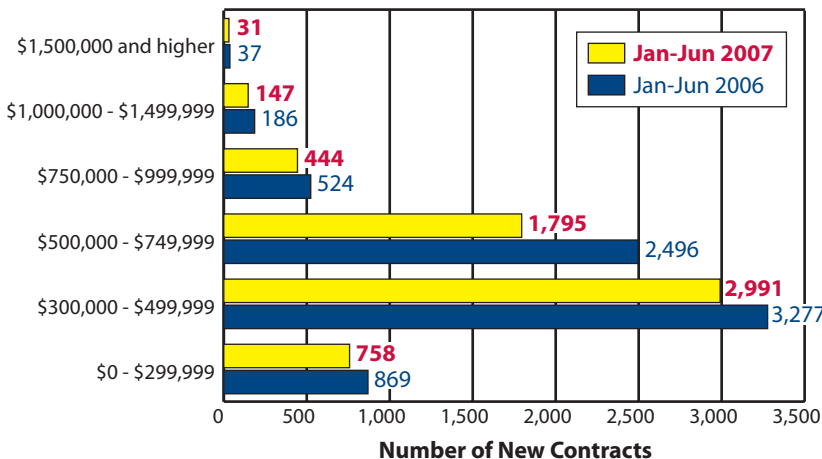


NEW CONTRACT ACTIVITY Oakton, Reston and Vienna

- Despite a sluggish market in other areas, in Oakton, Reston and Vienna, contract activity was **up 0.7%** for the first half of 2007 compared to the first half of 2006.
- That's not a huge increase by any means, but it certainly runs counter to the "conventional wisdom" that the market is rough everywhere.
- We also add, however, that the average days on the market for homes going under contract increased from 58 days in the first half of 2006 to 78 days so far in 2007.

NEW CONTRACT ACTIVITY

Remainder of Fairfax County - First Half of 2006 vs. First Half of 2007



NEW CONTRACT ACTIVITY Remainder of Fairfax County

- And then there's the rest of Fairfax County. Contract activity is down significantly - **16.6%** - so far this year, and homes priced between \$500,000 and \$750,000 have been hit the hardest, with a drop in contract activity of almost 40%.
- Why are the variations so significant? Proximity to major employment centers, proximity to major transit corridors, and lifestyle changes in the population account for much of the variations.



www.McEneaney.com

The BEST address for YOUR address

LUXURY
PORTFOLIO™
FINE PROPERTY COLLECTION