

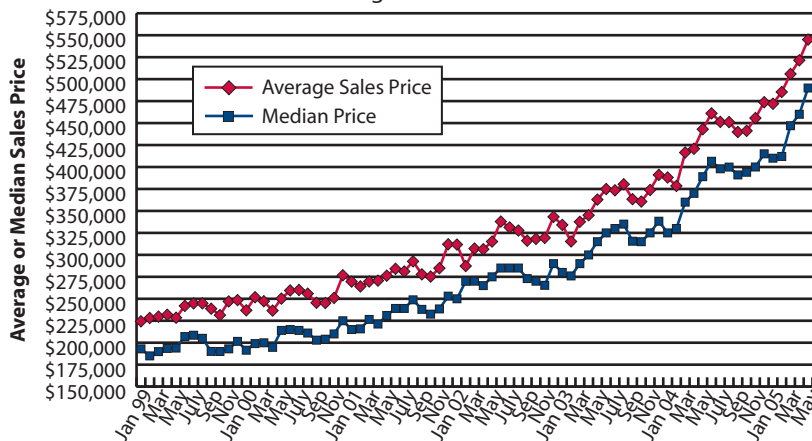
### HAS THE MARKET FINALLY TOPPED OUT?

No, it hasn't. In fact, in most senses the market has never been better - at least for sellers.

Here are the positives: As you will see in the charts below, average and median prices continue to climb at a dizzying pace. Homes that are selling are selling very quickly, and generally those homes are selling at or above list price. The average number of days on the market for all homes going to settlement in May was **just 12 days**, the shortest time ever. Although we did not include an interest rate chart this month, mortgage rates remain astoundingly low.

However, we may be seeing some initial signs of the market cooling off a bit, particularly for homes priced under \$500,000. Overall this year, the number of new contracts ratified has declined about 4%, but the drop in the number of contracts ratified for homes under \$500K is **down 27%**. The number of homes selling above \$500,000 has **jumped 62%**. We suspect that a growing number of first-time home purchasers are starting to get priced out of the market, despite low interest rates. The number of fully available homes on the market is climbing, which usually signals some future softening. And while the first two weeks a home is on the market is - in good markets and in bad - the most important time, that has never been more true than it is today. If a home sells in the first couple of weeks, the odds are very high that the seller will benefit greatly. But the longer it sits on the market, the more likely it is that the seller will have to lower their expectations.

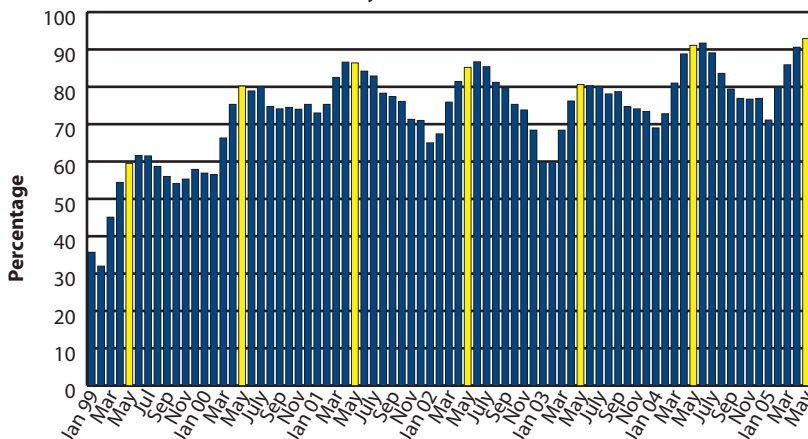
**AVERAGE AND MEDIAN PRICES**  
Northern Virginia - 1999-Current



### AVERAGE AND MEDIAN PRICES

- In May 2005, Northern Virginia's median home sales price was **\$489,900, up 25.9%** from the May 2004 median price of \$389,000.
- The average sales price in May 2005 was **\$545,043, up 23.0%** from the May 2004 average price of \$442,989. Both the average and median prices of homes in Northern Virginia have **doubled since May 2001!**

**PERCENTAGE OF LISTINGS SELLING IN FIRST 30 DAYS**  
January 1999-Current

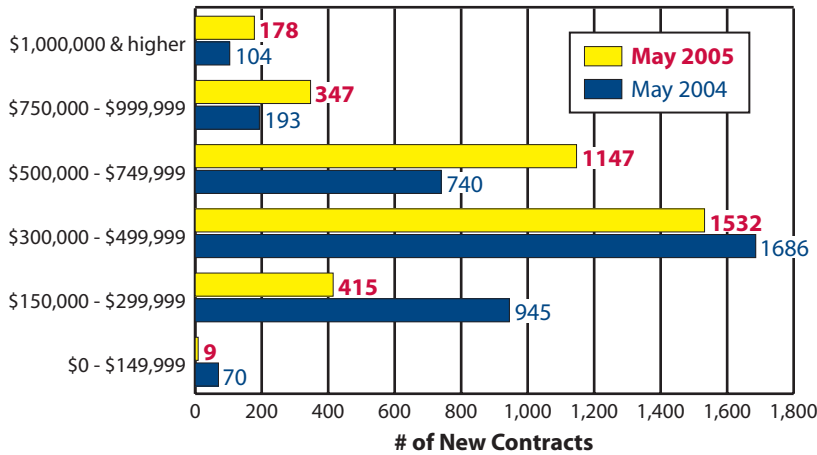


### PERCENTAGE OF LISTINGS SELLING IN FIRST 30 DAYS

- **92.9%** - that's right, **92.9%** - of all homes that settled in May 2005 were on the market for 30 days or less, **the best month ever.**
- But that doesn't mean that **everything** sells quickly; in fact more than a third of all homes on the market for more than 30 days had a reduction in list price. As you will see on the last chart on page two, the initial list price of a home is critical.

## NEW CONTRACT ACTIVITY

May 2004 vs. May 2005 by Price Range

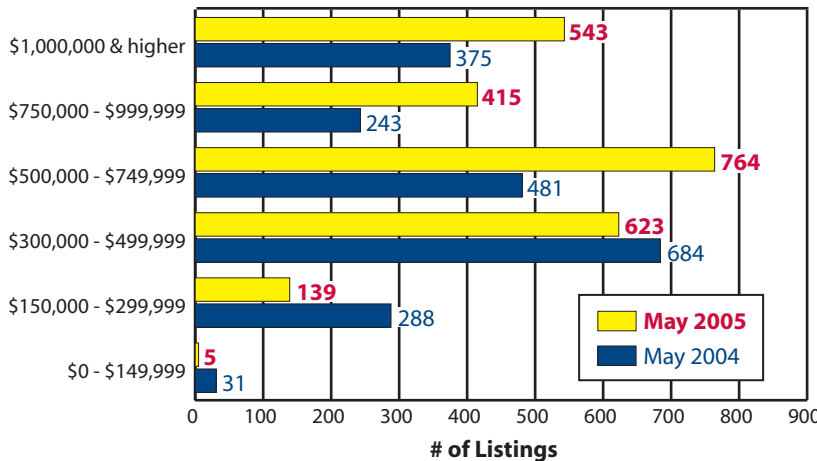


## NEW CONTRACT ACTIVITY

- The number of new contracts ratified in May 2005 was **down 2.9%** from the number of contracts ratified in May 2004.
- Bear in mind that this does not represent a drop in contract activity across all price ranges. For homes listed under \$500,000, there was a **28%** drop in new contract activity.
- However, there was a **61% increase** in the number of ratified contract for homes priced at \$750,000 and higher.

## FULLY AVAILABLE LISTINGS

May 2004 vs. May 2005 by Price Range

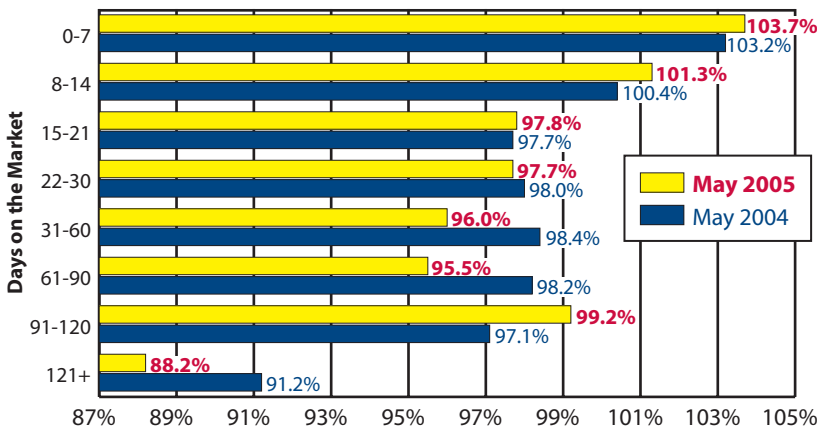


## FULLY AVAILABLE LISTINGS

- There were 2,489 homes fully available on the market at the end of May 2005, an **18.4% increase** from inventory at the end of May 2004.
- We continue to see lower-end inventory almost disappearing, while inventory over \$1,000,000 now constitutes **22%** of all homes on the market.

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

May 2004 vs. May 2005 - Resale Properties Sold in Northern Virginia



## RELATIONSHIP OF SALES PRICE TO ORIGINAL LIST PRICE

- In May 2005, homes sold closer to their original list price in four of the eight “days on market” categories we track, compared to May 2004.
- Homes that sell in the first two weeks are still selling **above list price** – even more than last year. Initial pricing strategy is **critical** to success for sellers – the longer a home is on the market, the greater the likelihood of a seller getting well below list.



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