

“ALL REAL ESTATE IS LOCAL”

That’s been a central point of these MarketWatch newsletters for some time. It’s also the title of the newest book authored by David Lereah, the Chief Economist of the National Association of REALTORS®.

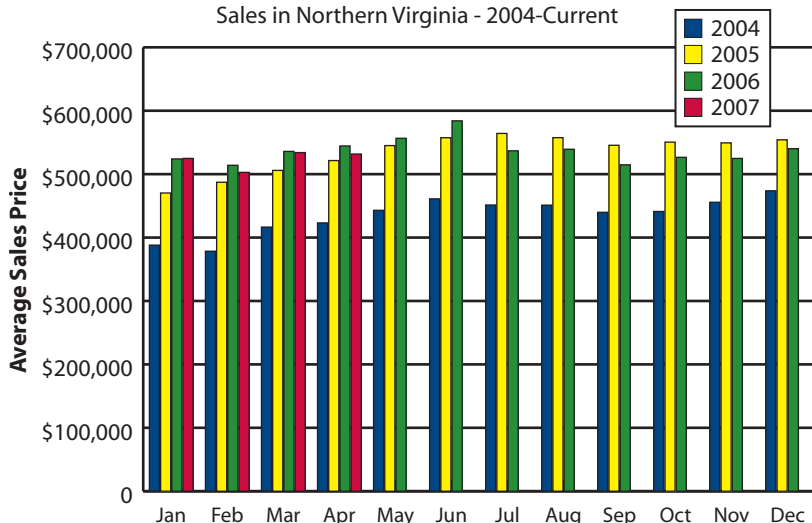
Dr. Lereah introduces the concept of a “DNA” for every real estate market, which he describes as the “characteristics that tend to attract households to a metropolitan area.” He identifies at least 18 characteristics that help determine how a metro area’s real estate market performs over the long term: mountains, water, climate, resources, diversified economy, jobs, education/universities, government, professional sports, hospital/medical services, recreation/parks, transportation systems, culture/ethnicity, entertainment, downtown, affordability, safety and the “X factor.” The “X factor,” by the way, is described as something that may not be obvious or tangible; Los Angeles has it because of Hollywood, and Washington has it because we’re the nation’s capital.

While readily acknowledging that the evaluation of these factors is subjective, in his view, San Francisco has the best “DNA” in the country. Temperate weather, incredible culture, wonderful universities, sports teams – it pretty much has it all. However, it also has one real estate “gene that could permanently damage its livability.” It happens to sit on top of the San Andreas Fault.

Dr. Lereah – who happens to be a long-time resident of Northern Virginia – hasn’t developed an “index” of the DNA of the country’s major cities, but that will be his next undertaking. So we’ll take a stab at it: how does the Washington area’s DNA measure up? Using the 18 characteristics, we think we fare exceptionally well in at least 12, including the “X factor.” (And yes, we have included professional sports teams among those positive characteristics – they don’t have to be playing well to still be a draw!) The ones that aren’t quite so strong: mountain, climate, natural resources, affordability, transportation systems and safety. Yet even among these characteristics, we still have some real strength. We’re pretty close to mountains, the climate is pretty temperate most of the time (even though visitors in August might disagree), and we don’t even make the top 25 list of metro areas with the highest rate of violent crimes. Undeniably, the affordability of housing is a major issue for our region, as are the stifling traffic and congestion problems. All-in-all though, we think this is the best place in the country to live and work, and the long-term strength of the real estate market is certainly strong evidence that lots of others agree.

AVERAGE SALES PRICE

Sales in Northern Virginia - 2004-Current



AVERAGE PRICES

- The average sales price in April 2007 was \$531,715, down 3.0% from the April 2006 average price of \$548,428.
- The average sales price of a home in Northern Virginia has been lower than the same month of the previous year nine of the last ten months.
- While it is clear that the softening of the market that began in late 2005 has had an impact on prices, prices are still well above prices from 2004.

Year-to-date Market Performance by Property Type – Number of Contracts

CONDO/CO-OP	NEW THIS MONTH			YEAR-TO-DATE		
	2006	2007	% Change	2006	2007	% Change
CONTRACTS						
\$299,999 & under	265	250	-5.7%	990	980	-1.0%
\$300,000 - \$499,999	295	258	-12.5%	1187	1030	-13.2%
\$500,000 - \$749,999	49	30	-38.8%	175	146	-16.6%
\$750,000 - \$999,999	9	7	-22.2%	27	34	25.9%
\$1,000,000 - \$1,499,999	3	3	0.0%	4	12	200.0%
\$1,500,000 & higher	1	1	0.0%	3	2	-33.3%
Grand Total	622	549	-11.7%	2386	2204	-23.0%

CONDO/CO-OP

- The number of condos and co-ops receiving ratified contracts decreased **11.7%** in April 2007 compared to April 2006.
- Through the first four months of the year, the number of new contracts is down **23%** compared to the first four months of 2006.

FEE SIMPLE ATTACHED	NEW THIS MONTH			YEAR-TO-DATE		
	2006	2007	% Change	2006	2007	% Change
CONTRACTS						
\$299,999 & under	7	15	114.3%	22	52	136.4%
\$300,000 - \$499,999	447	363	-18.8%	1625	1541	-5.2%
\$500,000 - \$749,999	192	129	-32.8%	662	543	-18.0%
\$750,000 - \$999,999	15	22	46.7%	96	73	-24.0%
\$1,000,000 - \$1,499,999	5	10	100.0%	20	34	70.0%
\$1,500,000 & higher	5	4	-20.0%	10	8	-20.0%
Grand Total	671	543	-19.1%	2435	2251	-7.6%

ATTACHED HOMES

- Contract activity for attached homes decreased **almost 20%** in April 2007 compared to April 2006.
- Year-to-date contract activity is down **7.6%** compared to the first four months of 2006.

FEE SIMPLE DETACHED	NEW THIS MONTH			YEAR-TO-DATE		
	2006	2007	% Change	2006	2007	% Change
CONTRACTS						
\$299,999 & under	0	1	-	1	1	0.0%
\$300,000 - \$499,999	114	140	22.8%	409	598	46.2%
\$500,000 - \$749,999	475	419	-11.8%	1711	1539	-10.1%
\$750,000 - \$999,999	187	170	-9.1%	660	571	-13.5%
\$1,000,000 - \$1,499,999	77	98	27.3%	280	312	11.4%
\$1,500,000 & higher	43	34	-20.9%	139	129	-7.2%
Grand Total	896	862	-3.8%	3200	3150	-1.6%

DETACHED HOMES

- There was a decrease of **3.8%** in the number of contracts on detached homes in April 2007 compared to April 2006.
- The number of contracts through the first four months of the year, however, is down only **1.6%**, outperforming condos and attached homes.

Overall, the number of contracts through the first four months of 2007 was **5.2% lower** than the number of contracts through the first four months of 2006.



www.McEneaney.com

The **BEST** address for **YOUR** address

LUXURY
PORTFOLIO[™]
FINE PROPERTY COLLECTION