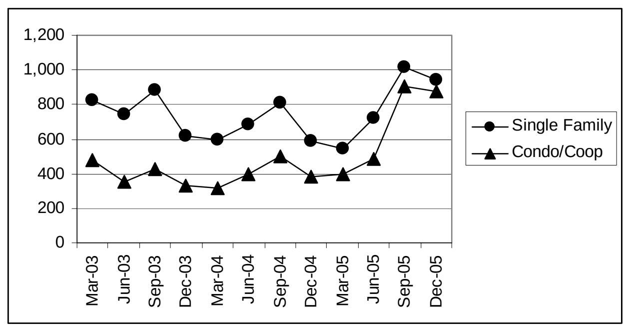

# Washington DC Real Estate Sales Analysis for the Year ended December 2005

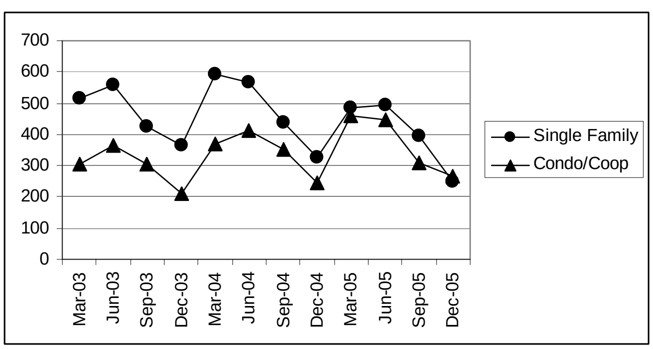
By the numbers – fewer District houses were sold in 2005 than in the previous year – albeit at an average price that soared almost 22% to more than $625,000. With a higher availability of homes, we expect sales to be healthy well into spring. Perhaps we won't see double digit price increases or the prevalence of multiple offers – but sustaining the astonishing price gains seen over the last several years is a desired goal for Spring home sellers. For condo buyers, overall sales were stronger than last year and prices climbed nearly 17% compounded on previous increases. Similarly, more condominiums and coops are available, but often at the higher price points associated with the glut of high-end new construction. Overall - property condition, access, and value remain key. Do not wait for a price drop – we do not see one ahead. Rising interest rates, the main factor slowing the market, appear to have stabilized – and we do not foresee a drop in this area either.

## Active Listings

***Single Family Houses:*** At year end, a total of 945 homes available, and that usually marks the lower threshold for the year to come. This 61% climb from the prior year is due to a preponderance of homes available between $300,000 and $1 million – a welcome sign for most of the District's buyers.
***Condos/Coops:*** At year end, there were 878 homes available, up 131% over the prior year. There were big jumps in all points above $200,000, but most notably in the market above $500,000 which accounts for a third of all active listings.




***Forecast:*** Harried purchasers not only have more choices, but also the hope of even more additional options each week. While this takes some pressure out of the market, this does not mean that all the homes are appealing. When you do spot a great home – act fast – many more properties now take offers as they are received, even in advance of the first Sunday open.




## Contracts

***Single Family Houses:*** The overall contract level did not break the 5000 threshold this year but was still strong by any measure. Although each of the last four years were above this point, it is important to note that the drop off in the number of contracts is in the lowest price points.
***Condos/Coops:*** Contract jumped 7.8% for the year, mainly on the strength of the $500,000 and above price point.

***Forecast:*** We see strong first quarter sales, particularly for condos which at times will surpass single family houses. What the numbers do not detail is that for most of the contracts ratified in the last few years, there were several willing and able buyers in the winds. While we do not foresee a buyer's market, there will be more equity in the marketplace.

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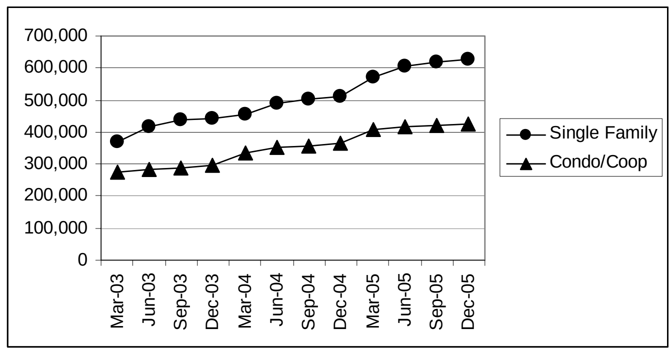
## Prices

***Single Family Houses:*** The average District home price is now $627,502. The median price is $490,000. This large difference indicates that there are many $1 million plus homes being sold to offset lower selling prices in transitional neighborhoods or of dilapidated conditions found elsewhere.
***Condos/Coops:*** The average apartment home now costs $425,525. The median sales price is $375,000. This market still has momentum to run strong through 2006.




***Forecast:*** We will watch the first quarter pricing trends carefully to see if there is a spring bump – which is typically the main thrust upward in any given year. As we have said for the last few years, only to be proven wrong, we think pricing will be flat into the Spring and Summer – sustaining the current pricing, but not appreciably building on it.

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**In for 2006:** Federal Reserve Board Chairman Ben Bernanki; **Out:** Federal Reserve Board Chairman Alan Greenspan
The messenger is different, but the message is probably the same. Greenspan has certainly served this country well, and we expect Bernanki and the Fed to limit quarter point rate changes to a total of two for the year.

**In for 2006:** Griping about home heating oil prices; **Out:** Griping about home prices
With a bit of home price stability, .perhaps folks will obsess over something else for a change. With projected increases of over 40%, home heating oil affects everyone.

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