



**Dan Melman and Mary Jane Molik**  
*W.C. & A.N. Miller Realtors*

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## Washington DC Real Estate Sales Analysis for the Third Quarter of 2006

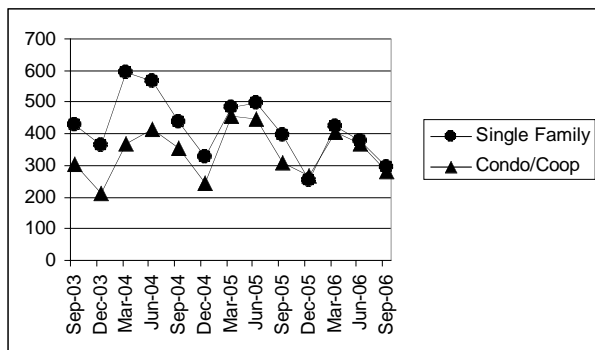
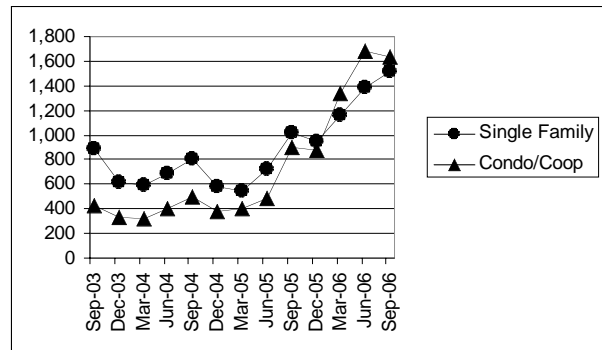
After several record years, even a year which plays out as a more balanced marketplace looks anemic in comparison. The alarm about the nation's troubled housing market is prominent in the Washington Post, Wall Street Journal and Moody's. This is to be weighed against a *Business Week* article that DC will weather this cycle well. But for individuals, real estate is about as 'micro' a concept as can be – one home to sell or one to buy. Houses in close-in DC neighborhoods should fare well and have even prospered this year, albeit with more moderate growth. Condos, which are more of a commodity, are suffering in the face of withering competition.

### Active Listings

**Single Family Houses:** At the end of the quarter, a total of 1516 homes were available for sale, more than 50% higher than the same time last year.

**Condos/Coops:** A surprising 1,639 condos and coops were available at the end of the quarter – Whereas two years ago this number was closer to 500 units.

**Forecast:** Hindsight is a wonderful thing. Supply has now been elevated for 12 months. While this September the rate of new listings slowed, the stockpile of residual listings and the slower pace of contracts has continued to swell the supply. Proper pricing is key and supply should remain high into the foreseeable future.



### Contracts

**Single Family Houses:** Contracts for September were 25% off from the same time last year and nearly 20% off for the year to date. This is consistent with our findings at the end of the second quarter.

**Condos/Coops:** Contracts for September were off by 13% or almost 400 units from the same time last year. This is actually an improvement since the second quarter where the cumulative numbers were down over 16%. Units priced 200000 – 700000 took the brunt of this hit.

**Forecast:** Demand has softened while supply has remained strong. This has created a more buyer friendly environment, but also given many buyers pause. We do not see any significant factors that will supercharge the local market to where we have recently been.

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4434 Connecticut Avenue NW  
 Washington, DC 20008  
 www.MelmanMolik.com  
 success@MelmanMolik.com  
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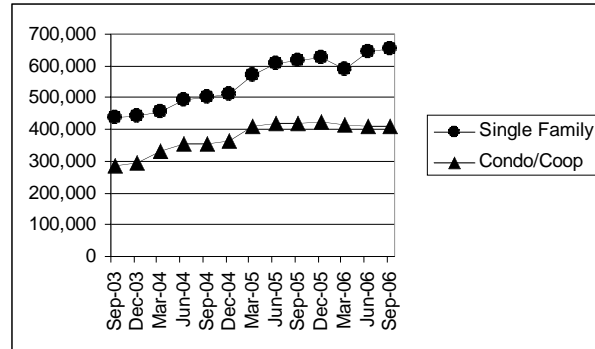
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**Prices**

**Single Family Houses:** The average District single family home price is now \$655,999. The median price is \$509,000. Remarkably, these numbers are still climbing from prior years, albeit at a more modest rate. If this trend continues, average prices will climb 6% on an annualized basis.

**Condos/Coops:** The average apartment home price continued to drop and now rests at \$409,997. The median sales price is \$357,500. These numbers are down slightly from midyear and down almost 4% from the end of last year.

**Forecast:** Price changes should be more moderate in the coming 18 months, with housing faring better than condos. Condos will continue to be flat into 2008.



**What we are watching:**

**Elections –** At the end of the second quarter, we were concerned about the upcoming primaries in DC which pretty accurately predict the local November elections. With the recent national political upheaval, the November congressional elections could play a pivotal role if the Democrats take back the House and try to elevate the role of our local representative Eleanor Holmes Norton (who acquitted herself wonderfully on the Colbert Report several weeks ago).

**Interest Rates –** Interest rates have stabilized, and are even down for some products. The Fed appears to be acting cautiously, and rate-wise this is a great time to buy.

**Upper Brackets –** Please visit our website for our Upper Bracket Market Report. DC fared better than the suburbs, but higher numbers of homes are available and moving slowly.

David Lereah, NAR’s Chief Economist, recently said “Given a positive economic backdrop of lower interest rates and job creation, we expect sales activity to pick up early next year.” The many wait and see purchasers who have been so methodical in their tracking of houses will find this a great time to take the plunge. Smart purchasers buy when others sell and sell when others are purchasing. This makes for interesting opportunities for investors and prospective home owners.

We hope you have found this summary helpful. Should you have specific real estate questions, please contact us for a private consultation.

*Dan Melman and Mary Jane Molik*  
 202.841.8353