



Dan Melman and Mary Jane Molik

W.C. & A.N. Miller Realtors A Long & Foster Co.

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July 2007

1st Half 2007 Upper Bracket Real Estate Market Conditions

This year, three quarters of all the area's high dollar properties **sold** below the final list price; many of these homes repeatedly dropped the list prices to entice a broader pool of buyers. In the end, stagnant properties that finally went 'under contract' settled an additional 5-8% below the final list price -- months after the more accurately priced properties sold. Pricing does trump location, and although 'all real estate is local,' each of our localities is on a different trajectory. As you can see from the chart below, the District and Montgomery County are selling reasonably well while Northern Virginia is definitely a buyer's market. For specifics about your own real estate needs, please give us a call.

Washington, DC	Active listings (July 1, 2007)	Sold (6 months ended June 30, 2007)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	103	162	27.00	3.81
\$1.5M – \$2.0M	54	58	9.67	5.58
\$2.0M – \$3.0M	51	32	5.33	9.57
\$3.0M and above	42	24	4.00	10.50
Total	250	276	46.00	5.43

Montgomery County	Active listings (July 1, 2007)	Sold (6 months ended June 30, 2007)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	299	259	43.17	6.93
\$1.5M – \$2.0M	139	94	15.67	8.87
\$2.0M – \$3.0M	93	56	9.33	9.97
\$3.0M and above	43	18	3.00	14.33
Total	574	427	71.17	8.07

Northern Virginia	Active listings (July 1, 2007)	Sold (6 months ended June 30, 2007)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	604	433	72.17	8.37
\$1.5M – \$2.0M	242	115	19.17	12.62
\$2.0M – \$3.0M	157	45	7.50	20.93
\$3.0M and above	96	13	2.17	44.24
Total	1099	606	101.00	10.88

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Revised July 2007

2007 Upper Bracket Market Conditions

As Realtors, we can discuss real estate as purely a component of a fiscal plan, and speak broadly of how real estate holdings can diversify your assets and leverage your capital – but we try never to lose sight of the fact that we are discussing your home. As such, buying or selling real estate often melds the personal with the financial. The points below are intended to frame the economic interests relevant to any purchase or sale.

- Homes priced \$1 million and above represent the top 6-7% of sales in each locality. Upper bracket properties, those homes that would sell at the top 1% of the market, are better pegged at \$2.0 million – slightly higher in the District and a slightly lower in Northern Virginia.
- The District is faring best among the jurisdictions, where one in three homes still sell for full price or more. The number of successful sales above \$3 million has increased over the last two years in DC and Montgomery County, although at this rarified price point, the number of available homes has remained high. Northern Virginia, however, has seen the number of sales decrease while supply has risen, creating a bleak outlook for sellers who need to break through the clutter of literally dozens of competing homes.
- On average, District homes received a contract in 66 days, about three weeks longer than when we looked at these figures in 2006. Homes that sold in Montgomery County and Virginia took 102 days and 125 days, almost double from our figures of last year. As properties linger, they are less likely to get full price offers, need price reductions to maintain a realistic place in the crowded market, and take a final hit of 5-8% off the final list price when an offer is negotiated and agreed upon.
- Condos and coops do play a role in the higher price points, but only modestly so. While they accounted for 20% of recent million plus sales in the District, this form of ownership represents less than 3% of recent million plus sales in Virginia and Montgomery County. Interestingly, the units that did sell in Virginia and Montgomery County sold more rapidly than houses.
- This glut of properties available is likely understated as many homes are being quietly offered ‘off the market’ and additional luxury condos and coops are available as part of new construction or renovation that are not integrated into the multiple list.
- As the presidential primaries are already front page news, the typical question of how elections affect our local market always comes to play. Particularly given that any new administration will come out of tightly contested races, we project that more people from both political parties will come into the area either as part of a new administration or to gain footholds for the 2010 midterms and 2012 elections, with many heavy hitters shopping for homes priced above \$1 million.

Dan and Mary Jane believe that the current balance between buyers and sellers will remain the same through the end of the year and well into 2008. We do not see overall prices dropping or markets collapsing. As such, for those whose plans involve a long hold time, this is certainly a great time to make a purchase.

We understand these real estate trends and how they affect buyers and sellers. This enables us to negotiate strongly on behalf of our clients. We tour 10-15 properties every week to keep ourselves up-to-date on these price points. It is an essential aspect of what we do so we can inform our clients about the value and marketability of their purchases and sales. To discuss your real estate needs, please give us a call.

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1st Half 2006 Upper Bracket Real Estate Market Conditions

Washington, DC	Active listings (June 30, 2006)	Sold (6 months ended June 30, 2006)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	115	171	28.50	4.04
\$1.5M – \$2.0M	67	71	11.83	5.66
\$2.0M – \$3.0M	40	36	6.00	6.67
\$3.0M and above	45	20	3.33	13.50
Total	267	298	49.67	5.38

Montgomery County	Active listings (June 30, 2006)	Sold (6 months ended June 30, 2006)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	301	259	43.17	6.97
\$1.5M – \$2.0M	127	96	16.00	7.94
\$2.0M – \$3.0M	119	55	9.17	12.98
\$3.0M and above	46	14	2.33	19.74
Total	593	424	70.67	8.39

Northern Virginia	Active listings (June 30, 2006)	Sold (6 months ended June 30, 2006)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	670	415	69.17	9.69
\$1.5M – \$2.0M	246	91	15.17	16.22
\$2.0M – \$3.0M	134	55	9.17	14.61
\$3.0M and above	96	16	2.67	35.96
Total	1146	577	96.17	11.92



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1st Half 2005 Upper Bracket Real Estate Market Conditions

Washington, DC	Active listings (Aug 1, 2005)	Sold (6 months ended June 30, 2005)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	61	216	36.00	1.69
\$1.5M – \$2.0M	53	77	12.83	4.13
\$2.0M – \$3.0M	30	39	6.50	4.62
\$3.0M and above	24	19	3.17	7.57
Total	168	351	58.50	2.87

Montgomery County	Active listings (Aug 1, 2005)	Sold (6 months ended June 30, 2005)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	143	280	46.67	3.06
\$1.5M – \$2.0M	76	96	16.00	4.75
\$2.0M – \$3.0M	57	37	6.17	9.24
\$3.0M and above	42	10	1.67	25.15
Total	318	423	70.50	4.51

Northern Virginia	Active listings (Aug 1, 2005)	Sold (6 months ended June 30, 2005)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	361	481	80.17	4.50
\$1.5M – \$2.0M	134	119	19.83	6.76
\$2.0M – \$3.0M	72	44	7.33	9.82
\$3.0M and above	65	26	4.33	15.00
Total	632	670	111.67	5.66