

A Message from the President

GREATER WASHINGTON METRO



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In Position for Price Increases

What a year 2009 turned out to be! We have seen unprecedented financial changes globally, nationally and locally in the past 18 months. Yet despite everything going on, the DC Metro real estate market shows signs of making a come back.

According to Lawrence Yun, NAR chief economist, the buyer conditions are the most favorable they have been since 1970. And the DC market reflects this! From January 2009 through November 2009, our 4 major markets (DC, Montgomery County, Fairfax County and Prince William County) have seen the median sales price increase.

As you know, our area is known for traffic, the high tech corridor, nationally ranked school districts and tourists but it is also known for being a leading economic indicator. Washington, DC Metro was one of the first areas to boom, one of the first to crash and now one of the first to turn the recovery corner. While other parts of the country are still seeing prices decline, locally we are seeing prices stabilize or increase.

Fannie Mae, responsible for almost one in four U.S. residential mortgages, said the three-year housing slump may end in 2010 with an 11 percent jump in home sales as the economic recession is "unofficially" over. This I believe for our area! In Montgomery County, November settlements in 2009 compared to November 2008 were up 68%, DC was up 81%, Fairfax up 21% and Loudoun was up 10%. That tells me some buyers understand now is the time to buy before our area heads down the straight way to recovery. According to NAR, the first time homebuyer accounted for 47% of national home sales in 2009. The first time homebuyer is driving our market under the \$400,000 price point!!

The national prediction for 2010 is a 13% increase in sales over 2009. I think locally in many areas we will see that increase. Of course, the more homes that sell, the more stable the market becomes gradually pushing prices back up.

I have said it before, and I'll say it again, trying to "time" the market is ill-advised. By the time most people realize the market has hit bottom, prices will already be inching up. There is no crystal ball for me to look into to predict when the market will officially turn. But overall in our DC Metro the early signs are there: fewer days on market, multiple offers, and stabilizing of prices. We won't know for sure until we are past the doubt stage, and by then your clients will have missed the bottom.

Job growth for the DC Metro is predicted to increase in 2010. More jobs, mean more people coming to the area, and more people moving up, down and around. All of these factors set the stage for the real estate market to recover. I am not saying every neighborhood and every price range will fully recover in 2010. And when I say recover I don't mean prices will go back to 2005 prices. But I am saying there are pockets poised to have substantial price increases in 2010. It is your job as the neighborhood expert to help advise buyers that now is the time to buy, before a neighborhood becomes too expensive for them, again.

Like life, real estate is cyclical. What goes down, must go up. Here in the DC Metro we are in a position for prices to go up. As the real estate experts, it is our job to explain this to our clients and properly prepare them for bidding wars and increased demand.



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