

Signs of Life in Local Housing; Prices Finally Rise in Hard-Hit Prince William, Loudoun

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Average home prices rose for the first time in at least two years in Virginia's Prince William and Loudoun counties, the Washington area's most troubled housing markets, according to the most recent data from the local multiple listing service.

In August, prices jumped 5.9 percent in Loudoun County from the same time last year, the first such increase in two years, according to a review of listing data by George Mason University's Center for

Regional Analysis. In Prince William County, prices climbed 2.5 percent during that period, up for the first time since mid-2006.

The most recent statistics add to the general optimism about the housing market both nationally and locally. For months, sales have surged as bargain hunters raced to take advantage of plummeting prices. But prices now appear to be stabilizing, and even rising, in some pockets of the country and the region, suggesting that the market may be on the mend.

Swelling unemployment and related delinquencies and foreclosures could undo the gains going forward, which is why it is too soon to declare a recovery, housing economists say. But for now, some of the federal policies aimed at stimulating the housing market appear to be helping.

The pickup in sales is largely driven by buyers eager to take advantage of near-record-low interest rates, a temporary tax credit for first-time home buyers and depressed prices in areas plagued by foreclosures, such as Prince William and Loudoun counties. The most frenzied buying activity is taking place in the lower price brackets.

"Sales are pretty much up everywhere in the region," said John McClain, a senior fellow at the center. "There's 13 consecutive months for which the number of sales metro-wide has been higher than it was in the same month the previous year."

As buyers snap up deals, the excess supply of homes shrinks, helping to stabilize prices.

For instance, the number of homes listed for sale in Northern Virginia has fallen 28.8 percent in August from a year ago, with a drop reported in every submarket, according to Metrostudy, a research firm that analyzed the most recent statistics. The listings now total 16,723, the lowest number since January 2006, said Kenneth Wenhold, a Metrostudy regional director.

As a result, the average price in Northern Virginia as a whole was flat in August compared with a year ago, down by 0.5 percent, to \$372,616. It also was nearly flat in Fairfax County, where the price dropped 1.7 percent over the same period.

The Maryland suburbs did not fare as well, with prices down 15 percent in August from the same time last year, to \$347,010, mostly because Maryland communities were hit by the housing downturn later than their Northern Virginia neighbors, McClain said.

"Maryland and Northern Virginia are in different parts of the cycle," McClain said. "Northern Virginia prices started going down several months before Maryland prices starting going down."

In Maryland, the biggest year-over-year drop took place in Charles County (22.6 percent), followed by Prince George's County (22.1 percent), Frederick County (11.3 percent) and Montgomery County (10.6 percent).

In the District, the average price dropped 16.3 percent in August to \$466,366.

While the price drops are painful for sellers, experts say they are a necessary part of getting past the excesses of the boom years. This region experienced one of the sharpest run-ups in home prices in the nation. Those prices must be brought down in order for buyers and sellers to deal with each other on more equal footing, as they had for decades before the boom.