

# Area housing market -- aided by tax credit -- picks up in Oct

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The D.C.-area housing market continued to inch forward in October, thanks in part to the federal government's tax credit for first-time homebuyers.

Homes were flying off the market in the D.C. suburbs last month. The average days spent on the market for a home in Prince William County dropped from 114 to 46 compared with October 2008, and in Montgomery County, the number dropped from 116 to 80, according to Metropolitan Regional Information Systems Inc.

A large number of the area's sales have been coming from foreclosures and short sales, and so loss mitigation companies have beefed up their staffs, said Jill Landsman, spokeswoman for the Northern Virginia Association of Realtors.

"As a result of that, the process is becoming faster," she said.

Units sold in the Maryland suburbs also jumped. They increased 38 percent in Montgomery County, from 678 to 942, and 76 percent in Prince George's County, from 408 to 709.

Right now is a "historically good market" for consumers because of low mortgage rates and the tax credit of up to \$8,000 available for first-time homebuyers, said Anirban Basu, chairman and chief executive officer of Sage Policy Group, a Baltimore-based economic and policy consulting firm. The federal government recently extended and expanded the credit, which was set to expire this month.

"Rarely will buyers encounter such fortuitous circumstances in the Washington metropolitan area," he said.

He did add, though, that many would-be buyers were remaining on the sidelines as poor consumer sentiment persisted. He said the market could weather the end of the extended tax credit, but that a strong economy would not be enough to sustain the real estate market momentum that the credit alone has generated.

Still, the tax credit was a significant factor in existing-home sales during the third quarter, said Lawrence Yun, chief economist for the National Association of Realtors.

"It's given buyers the confidence they needed to get off the fence and take advantage of extremely affordable housing conditions," he said.

"The buying conditions this year are the most favorable on record dating back to 1970, but the tax credit is allowing buyers to set aside any reservations about waiting for a better deal."