

Housing Report Shows Improvement, but Worries Persist

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Central Virginia home sales rose 19 percent in the first half of 2010 compared to the same period last year and median prices stabilized, stopping a year-long downward slide, according to a market report compiled by the Charlottesville Area Association of Realtors.

CAAR officials credited a stable unemployment rate with only mild fluctuations and a recently expired federal homebuyers tax credit for sparking sales in the year's first six months. Although the results are positive, officials are cautious.

"We're glad to see the sales trending upward, but we have to remember that we're comparing the first half of this year to the first half of one of the worst years we've had in a very long time," said Greg Slater, president and chief spokesman for CAAR. "We're also glad to see the median prices level off after steady decreases in the past few quarters."

Michael Guthrie, past president of CAAR, said the market may have stabilized, but it has a long way to go.

"You don't want to get overly excited when you say the first half of 2010 is better than the first half of 2009. It had to be," Guthrie said, noting that a struggling national economic recovery will likely affect the local housing market. "The housing market is doing better, but until people feel that the economy is getting better, the market is not going to be in a recovery."

The city of Charlottesville is the single exception to the region-wide hike in sales, the report shows. City home sales declined 13.1 percent compared to the same time period in 2009 according to CAAR figures.

In comparison:

- ? Nelson County sales rocketed up 79.6 percent from the same time in 2009
- ? Louisa County sales rose 44.3 percent
- ? Albemarle County sales rose 33 percent
- ? Fluvanna County sales rose 29.7 percent
- ? Greene County saw a 20.5 percent increase
- ? Orange County sales rose 14.8 percent

The median sale price for city homes decreased from \$247,000 in 2009 to \$245,000 in 2010.

Property values remain ahead of 2006 figures, however.

Median prices in Greene, Nelson and Orange counties also decreased while prices ticked upward in Albemarle, Fluvanna and Louisa.

Slater said Charlottesville's slide in sales and sale price is likely a combination of higher property values and a lot of homes on the market.

"There are plenty of homes to choose from and, historically, the closer you get to the urban center, the more expensive the real estate. Buyers have plenty of options without paying higher prices and that partly explains the lower sales in the city," he said.

Although the sales and median sale prices are encouraging, Slater said there are still too many homes on the market. The report shows 3,646 homes up for sale at the time the report was written compared to 3,602 at the same time last year.

The number of homes up for sale skews the market in favor of the buyer, Slater said. That's the opposite of what occurred during the real estate boom when sellers were in control.

"We hope that with the number of sales that we'd see a decrease in the inventory level, but that's not happening," he said. "What happens with more inventory is that sellers have to carefully price their homes to the market. A more moderate inventory level will balance the market."

Guthrie agreed.

"Houses are selling, but for every house that's sold another goes on the market," he said. "Some of that may be shadow inventory where lenders own homes from foreclosure and put another on the market once one sells.

They don't want to put them all on the market at once because they know that will negatively impact the market."

The CAAR report notes that new home sales, many of which do not go through real estate agents but are transactions between developer or builder and buyers, increased to 223 in 2010 from 204 in 2009.

Slater said that he's hopeful that the market may be recovering, but said it's too early to tell.

"We have to see the impacts of the tax credit having expired and there are a lot of uncertainties in the economy nationally that could have an impact," he said. "I don't think that, by the end of the year, the figures we see will be as strong as we see them right now. They're likely to be on par with 2009."

"The first half of 2009 was tough and the second half much improved," Guthrie said. "We could see 2010 be just the opposite of that."