

# THE NEST REPORT

Charlottesville / Central Virginia Region

Q4 2010

# THE NEST REPORT

The 2010 Central Virginia real estate market was the tale of two halves. The first half was pretty good: sales were up, inventory levels were steady, buyer interest was frantic in some neighborhoods, it wasn't uncommon to hear about multiple offer situations. Total home sales were actually up year-over-year during the first 6 months of 2010.

However, 2010 home sales were artificially pushed up to the first half of the year because of the Homebuyer's Tax Credit. But when the tax credit expired, the market changed drastically. The second six months of 2010 represented a 180 degree change from the first six: buyer interest was down, sales were down, and great homes weren't getting showings. As the 4th Quarter rolled around, the panic of Q3 began to subside a bit. There was a sense of calmness in the market...and even a few positive signs. While sales were down in most market segments in Q4, Contracts Written during Q4 2010 were up (or relatively steady) in many market segments. Maybe a bit of hope for 2011...

There are definitely still some issues looming. First of all, inventory levels are still too high. A 'balanced' market represents approximately 6 months of inventory...many market segments have 12, 18, even 24+ months of inventory. If we think of basic supply and demand, there is way too much supply...meaning prices will probably continue to back off until inventory levels come under control.

The other major issue affecting buyer confidence and values are distressed properties (meaning short sales and foreclosures). Distressed property sales are becoming more common in Central Virginia (this is a national trend, not just specific to us). Distressed sales lead to buyer hesitancy (as they wonder if there is a better deal around the corner) and falling property values (banks are looking to unload inventory, not squeeze a few grand more out of each house). The uncertainty of the distressed home market (i.e. how many foreclosures are coming to the market moving forward?) has, to a certain extent, frozen the market.

Because of these two issues, 2011 could be another rocky year in Central Virginia real estate. If you are a buyer, make sure you make informed decisions by closely analyzing both recent sales and the current competition before making a decision. If you are selling, you need to ensure that your home shows well and that it is priced correctly in today's market.

Feel free to contact me if you'd like to discuss the market more...I'm here to help.

Sincerely,



Jim Duncan

Associate Broker

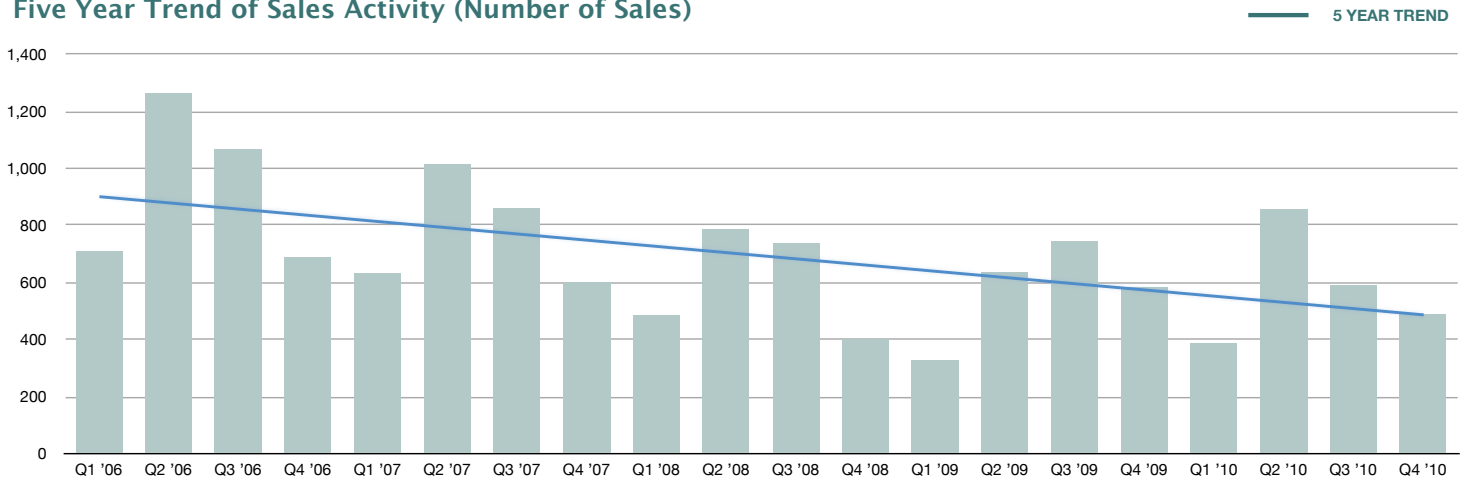
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# THE NEST REPORT

## Central Virginia/Charlottesville MSA Market Snapshot

The overall Central Virginia market struggled in Q4. The expiration of the tax credit in the Spring left a lingering effect in our marketplace. Overall sales are down year-over-year and inventory levels continue to stay at extremely high levels. On the flip side, Average Days on Market (DOM) are down slightly, Median Sales Price is flat, and Average Sales Price is actually up from Q4 2009. Yet those blips don't overcome the two biggest issues in our local market: buyer hesitancy and high inventory levels.

### Five Year Trend of Sales Activity (Number of Sales)



ABOVE: the downward trend here is evident. Over the last 5 years, we've seen a steady sales decline. With the exception of Q2 2010 (thank you tax credit), year-over-year sales have steadily dropped throughout the area. BELOW: If you study the charts below, you'll see that Q4 2008 was brutal in terms of low sales and high inventory. Q4 2009 and 2010 have been slight improvements, but we still have a ways to go. The glaring numbers continue to be Months of Inventory, which have hovered consistently in the 12-18 month range. That's just too high for us to see any type of recovery. Talk of interest rate hikes and shadow inventory from the banks has not helped stimulate sales.

### MSA (Albemarle, Charlottesville, Fluvanna, Greene, Louisa, and Nelson)

| Single Family |         | Average List Price | Average Sale Price | Median Sale Price | Price per Square Foot | Avg Days on Market | Total Sales | Total Inventory | Months of Inventory |
|---------------|---------|--------------------|--------------------|-------------------|-----------------------|--------------------|-------------|-----------------|---------------------|
|               | Q4 2010 | 422,338            | 367,442            | 260,000           | \$142.95              | 114                | 425         | 1751            | 12.42               |
|               | Change  | 4%                 | 2%                 | -0%               | -5%                   | -7%                | -8%         | 0%              | 10%                 |
|               | Q4 2009 | 405,932            | 359,432            | 260,900           | \$150.29              | 123                | 463         | 1743            | 11.32               |
|               | Change  | -14%               | -15%               | -14%              | -12%                  | 4%                 | 48%         | -15%            | -42%                |
| Q4 2008       | 472,778 | 420,724            | 302,000            | \$169.91          | 118                   | 313                | 2047        | 19.68           |                     |

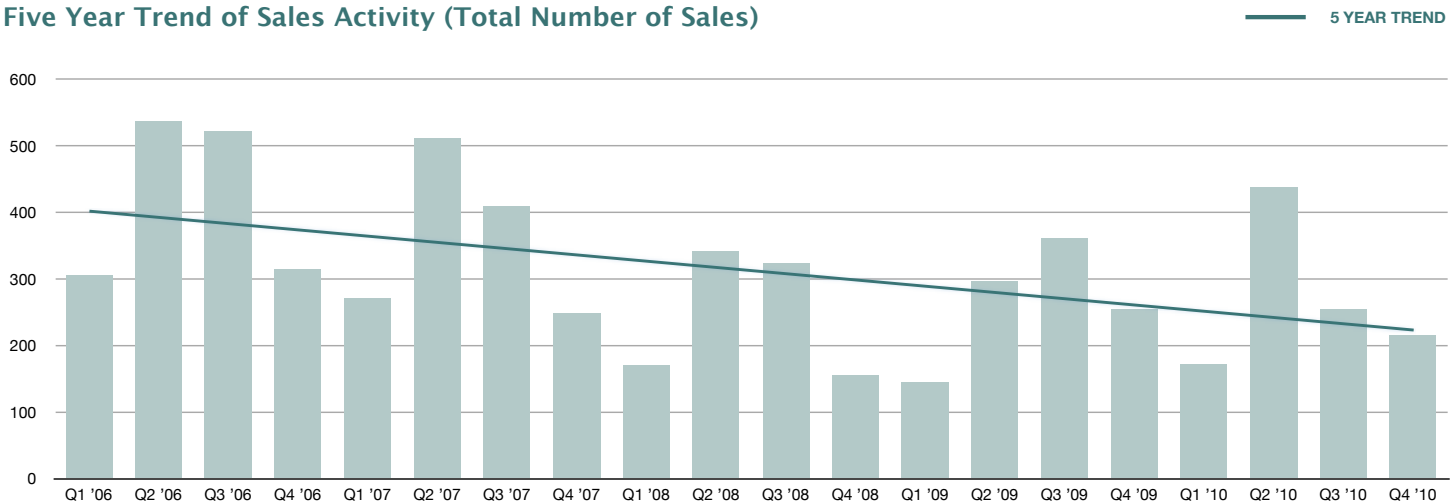
| Attached / Condo |         | Average List Price | Average Sale Price | Median Sale Price | Price per Square Foot | Avg Days on Market | Total Sales | Total Inventory | Months of Inventory |
|------------------|---------|--------------------|--------------------|-------------------|-----------------------|--------------------|-------------|-----------------|---------------------|
|                  | Q4 2010 | 251,422            | 237,271            | 216,707           | \$157.28              | 98                 | 112         | 593             | 17.44               |
|                  | Change  | 2%                 | 2%                 | -2%               | 12%                   | -13%               | -26%        | 0%              | 50%                 |
|                  | Q4 2009 | 245,422            | 231,730            | 220,750           | \$140.55              | 112                | 152         | 593             | 11.62               |
|                  | Change  | -9%                | -9%                | -11%              | -13%                  | 6%                 | 75%         | 20%             | -32%                |
| Q4 2008          | 270,053 | 253,664            | 248,000            | \$162.09          | 106                   | 87                 | 495         | 17.07           |                     |

# THE NEST REPORT

## Albemarle County Market Snapshot

Albemarle County sales have mirrored the overall market in Central Virginia – we’ve seen a steady decline in sales since about Q3 2006. As expected in our area, the Winter months are worse, but that has been a trend for much longer than 5 years. Amazingly, Average List Prices continue to stay in the upper stratosphere – the average list price in Q4 2010 was over \$535,000. Along those same lines, Average Sale Price is up year-over-year. However, total sales are down across all categories. On the bright side, sales from Q3 to Q4 2010 were down less compared to year’s past.

### Five Year Trend of Sales Activity (Total Number of Sales)



Single family homes in Albemarle held the strongest in Q4 2010, down just 8% from Q3 and up 9% from Q4 2009. Attached homes and Condos didn't fare nearly as well, with attached homes being the hardest hit of the three. Why did Single Family Homes fare better? Prices were down, so demand popped a little. However, Attached and Condos didn't see much of a price drop...so demand didn't increase. If you are looking for a bright spot, look no further than the Contracts Written: there were 172 contracts written on SF Homes in Q4 2010 compared to 139 in Q4 2009.

| Single Family |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Avg \$ PSF | Total Sales # |
|---------------|---------|--------------------|--------------------|-------------------|--------------------|------------|---------------|
|               | Q4 2010 | 535,191            | 509,289            | 321,066           | 107                | \$146      | 158           |
| Change        | 13%     | 14%                | -6%                | 16%               | -11%               | -8%        |               |
| Q3 2010       | 473,678 | 447,292            | 339,950            | 92                | \$164              | 171        |               |
| Q4 2010       | 535,191 | 509,289            | 321,066            | 107               | \$146              | 158        |               |
| Change        | -15%    | -14%               | -6%                | -28%              | 1%                 | 9%         |               |
| Q4 2009       | 559,202 | 520,174            | 362,900            | 127               | \$162              | 157        |               |

| Attached |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Avg \$ PSF | Total Sales # |
|----------|---------|--------------------|--------------------|-------------------|--------------------|------------|---------------|
|          | Q4 2010 | 226,719            | 226,871            | 232,000           | 59                 | \$133      | 45            |
| Change   | -9%     | -8%                | 2%                 | -46%              | 6%                 | -22%       |               |
| Q3 2010  | 249,317 | 247,258            | 227,587            | 110               | \$125              | 58         |               |
| Q4 2010  | 226,719 | 226,871            | 232,000            | 59                | \$133              | 45         |               |
| Change   | -5%     | -5%                | -1%                | 12%               | -5%                | -25%       |               |
| Q4 2009  | 262,035 | 259,408            | 230,000            | 98                | \$131              | 77         |               |

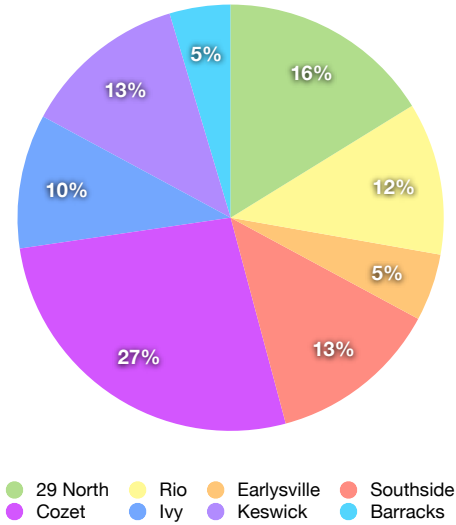
| Condos  |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Avg \$ PSF | Total Sales # |
|---------|---------|--------------------|--------------------|-------------------|--------------------|------------|---------------|
|         | Q4 2010 | 218,363            | 206,397            | 149,500           | 64                 | \$114      | 13            |
| Change  | -8%     | -7%                | 9%                 | -63%              | -9%                | -50%       |               |
| Q3 2010 | 237,005 | 222,863            | 136,825            | 174               | \$125              | 26         |               |
| Q4 2010 | 218,363 | 206,397            | 149,500            | 64                | \$114              | 13         |               |
| Change  | 47%     | 42%                | -3%                | 49%               | -7%                | 30%        |               |
| Q4 2009 | 161,357 | 156,942            | 141,000            | 117               | \$135              | 20         |               |

### Contracts Written

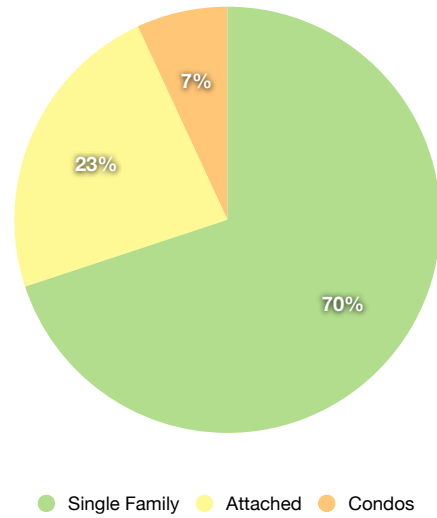
|               | Q4 2009 | Q4 2010 |
|---------------|---------|---------|
| Single Family | 139     | 172     |
| Attached      | 71      | 57      |
| Condos        | 25      | 17      |

## Albemarle County Market Snapshot (Part 2)

**Albemarle County Sales by Sub-Area**

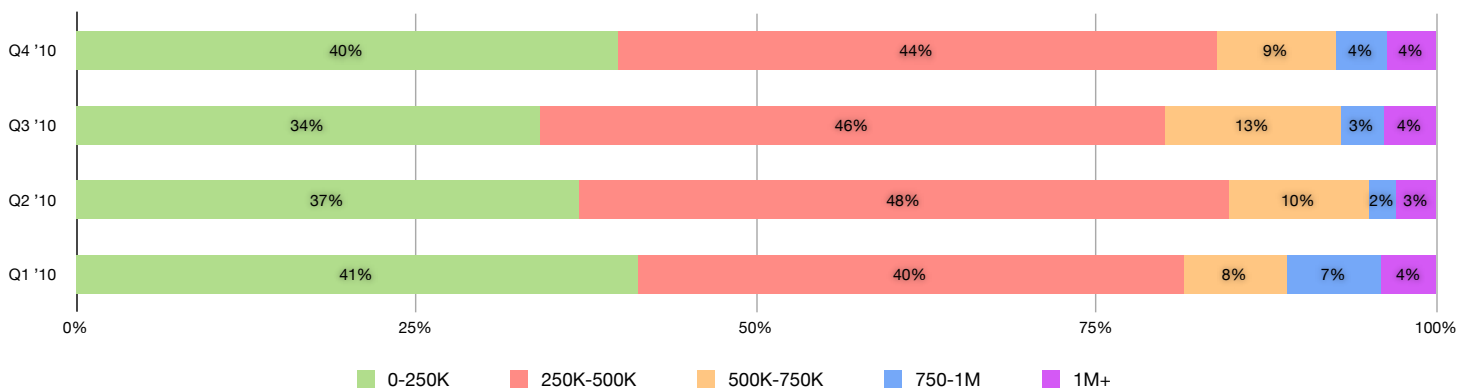


**Albemarle County Sales by Type**



Crozet dominated sales in Albemarle County with more than one in four Albemarle homes in this area...followed by 29 North, Southside, and Keswick. The distribution of sales was relatively normal as compared to years' past. Sales in Ivy continue to be strong. Crozet and Rio were chock full of new home sales from Old Trail (Crozet) and Belvedere (Rio), which continue to be two of the best selling neighborhoods in Central Virginia. Single family homes dominated the area, making up 70% of the total sales in Albemarle County. Attached and Condominium sales continue to be soft and with prices backing off, many buyers are choosing affordable single family homes over town homes and condos.

**Albemarle County Percent of Sales by Price Range**

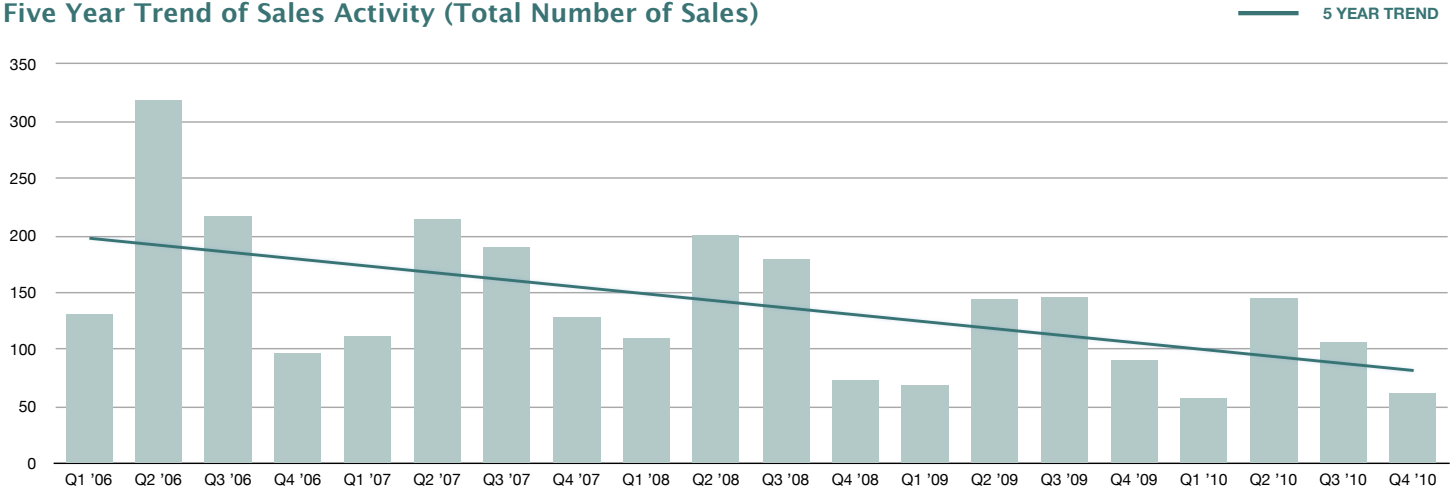


Home sales by price range remained relatively normal as compared to the previous three quarters. Homes under \$500,000 continue to be the majority of sales...making up 88% of total sales in Albemarle County in Q4. Surprisingly, the sub-\$250k homes have not gained more market share. However, many new homes are being built in the \$250,000 – \$350,000 range, which has helped to boost sales in that range. Those homes are driving prices not only for new homes, but also for re-sales. Upper end home sales numbers – as a percentage of total sales – in Albemarle County held relatively firm over the last 12 months.

## Charlottesville City Market Snapshot

The Charlottesville City market has arguably been the hardest hit of all of the regions throughout Central Virginia. Sales are down dramatically for Single Family Homes, Attached, and Condos. The lack of new construction in the City limits has been one factor for this. Buyers looking for new homes have had more options outside of the City of Charlottesville. However, high prices and the lack of negotiating from many sellers has also lead to lower sales. Median Prices for Single Family Homes are actually up 9% from Q3...something that will not lead to the long-term recovery of the City real estate market.

## Five Year Trend of Sales Activity (Total Number of Sales)



There aren't many positive signs to the Charlottesville City real estate market. The lack of sales in all categories has caused many to scratch their heads. It's all about location, right? The City definitely has the location, but there are a flood of under-maintained/over-priced homes within the City limits. Homes in the City that are priced right are selling. As you'll see, Contracts Written in Charlottesville City are up slightly year-over-year, which is a good sign after a tough 2010 for the City real estate market.

| Single Family |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Avg \$ PSF | Total Sales # |
|---------------|---------|--------------------|--------------------|-------------------|--------------------|------------|---------------|
|               | Q4 2010 | 498,611            | 444,663            | 302,187           | 119                | \$155      | 45            |
| Change        | 46%     | 37%                | 9%                 | 3%                | -10%               | -32%       |               |
| Q3 2010       | 341,880 | 325,211            | 276,500            | 116               | \$173              | 66         |               |
| Q4 2010       | 498,611 | 444,663            | 302,187            | 119               | \$155              | 45         |               |
| Change        | -2%     | -2%                | -1%                | 40%               | 4%                 | 12%        |               |
| Q4 2009       | 349,563 | 331,745            | 280,000            | 83                | \$167              | 59         |               |

| Attached |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Avg \$ PSF | Total Sales # |
|----------|---------|--------------------|--------------------|-------------------|--------------------|------------|---------------|
|          | Q4 2010 | 184,680            | 183,300            | 155,000           | 87                 | \$118      | 5             |
| Change   | -1%     | 1%                 | -16%               | -60%              | 9%                 | -50%       |               |
| Q3 2010  | 187,199 | 180,940            | 183,500            | 215               | \$108              | 10         |               |
| Q4 2010  | 184,680 | 183,300            | 155,000            | 87                | \$118              | 5          |               |
| Change   | -18%    | -19%               | -23%               | 37%               | -16%               | -41%       |               |
| Q4 2009  | 229,547 | 222,409            | 238,630            | 157               | \$129              | 17         |               |

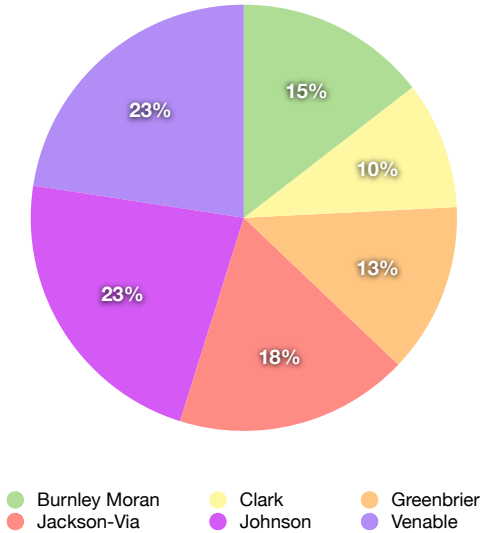
| Condos  |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Avg \$ PSF | Total Sales # |
|---------|---------|--------------------|--------------------|-------------------|--------------------|------------|---------------|
|         | Q4 2010 | 211,010            | 213,366            | 220,775           | 114                | \$146      | 12            |
| Change  | -28%    | -27%               | -0%                | 104%              | 7%                 | -60%       |               |
| Q3 2010 | 291,589 | 290,398            | 221,267            | 56                | \$136              | 30         |               |
| Q4 2010 | 211,010 | 213,366            | 220,775            | 114               | \$146              | 12         |               |
| Change  | 30%     | 42%                | 29%                | -57%              | -33%               | -49%       |               |
| Q4 2009 | 224,482 | 204,750            | 172,000            | 130               | \$202              | 59         |               |

### Contracts Written

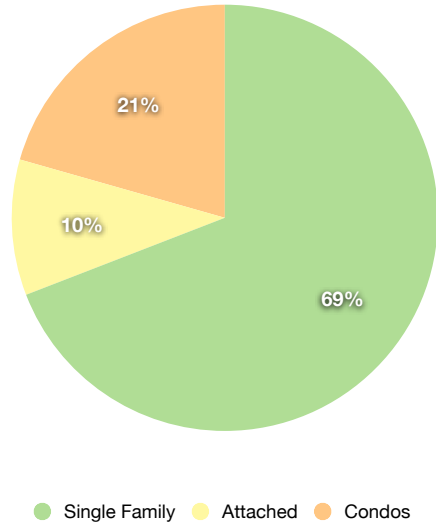
|               | Q4 2009 | Q4 2010 |
|---------------|---------|---------|
| Single Family | 48      | 47      |
| Attached      | 8       | 7       |
| Condos        | 10      | 14      |

## Charlottesville City Market Snapshot (Part 2)

**Charlottesville City Sales by Elementary School Area**

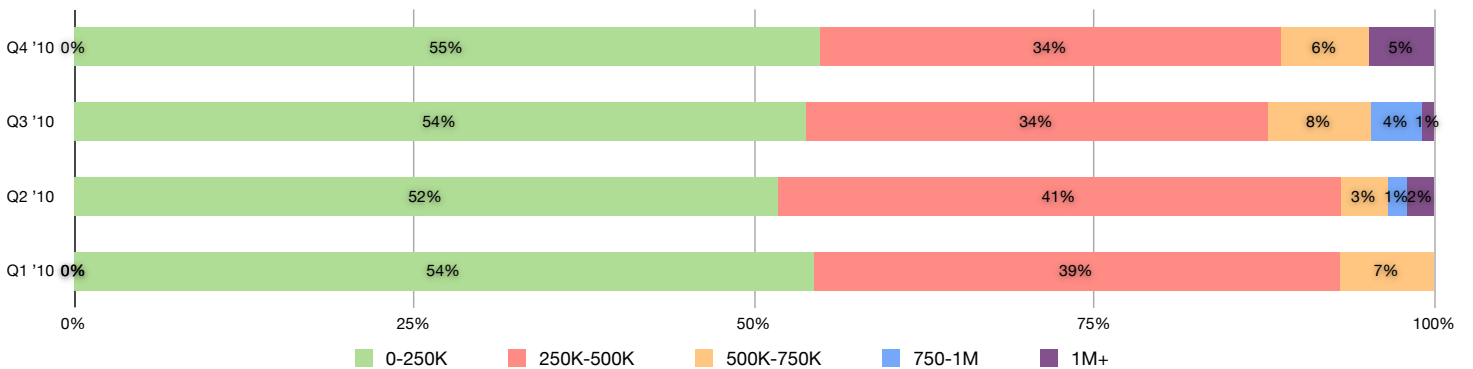


**Charlottesville City Sales by Type**



The Venable and Johnson districts lead the way in Charlottesville City home sales in Q4, comprising a total of 46% of the City's sales. The popularity of new homes in Rockcreek and established neighborhoods around UVa continued to prove popular. Single Family homes were overwhelmingly more popular than Attached homes and Condos. Overall, there are not a large number of Attached homes and problems with Condominium financing have slowed Condo sales throughout Central Virginia.

**Charlottesville City Percent of Sales by Price Range**



Homes under \$500,000 made up almost 90% of total sales in the City in Q4. Higher priced home sales have slowed considerably in 2010. Throughout the entire year, there were only 6 City sales between \$750k – \$1m and only 7 sales over \$1,000,000. The most expensive home sold in the City this year was \$4,000,000. For 2010, there was an average of 17.71 months of inventory for Charlottesville homes between \$500k – \$750k and more than 21 months of inventory for homes priced over \$750k.

# THE NEST REPORT

## Fluvanna County

| Overall |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Total Sales # | Total Inventory | Months of Inventory |
|---------|---------|--------------------|--------------------|-------------------|--------------------|---------------|-----------------|---------------------|
|         | Q4 2010 | 218,026            | 211,343            | 209,500           | 126                | 72            | 362             | 17.23               |
|         | Change  | -1%                | -3%                | 5%                | 5%                 | -11%          | 10%             | -5%                 |
|         | Q4 2009 | 220,703            | 217,091            | 200,000           | 120                | 81            | 328             | 18.22               |
|         | Change  | -20%               | -19%               | -16%              | 29%                | 25%           | 12%             | -6%                 |
| Q4 2008 | 276,384 | 267,921            | 237,750            | 93                | 65                 | 294           | 19.47           |                     |

Over the past two years, the median home price in Fluvanna has dropped from \$237,500 to \$209,500 – a modest drop of about 12%. After a pop in total sales from Q4 2008 to Q4 2009, Q4 2010 sales fell approximately 11% year-over-year. Inventory levels continue to be high throughout Fluvanna – Q4 2010 levels stood at 17.23 months, which is down slightly from the last few years. The good news is that the sales and price free fall in Fluvanna from Q4 2008 to Q4 2009 did not continue in Q4 2010. That being said, Contracts Written were down almost 30% year-over-year.

### Contracts Written

| Q4 2009 | Q4 2010 |
|---------|---------|
| 74      | 53      |

## Greene County

| Overall |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Total Sales # | Total Inventory | Months of Inventory |
|---------|---------|--------------------|--------------------|-------------------|--------------------|---------------|-----------------|---------------------|
|         | Q4 2010 | 244,882            | 238,161            | 235,000           | 115                | 55            | 235             | 13.05               |
|         | Change  | -3%                | -4%                | 8%                | 12%                | 2%            | 7%              | -5%                 |
|         | Q4 2009 | 251,530            | 247,558            | 217,000           | 103                | 54            | 219             | 13.68               |
|         | Change  | -7%                | -3%                | -6%               | -25%               | 86%           | -6%             | -17%                |
| Q4 2008 | 270,732 | 255,240            | 230,600            | 137               | 29                 | 232           | 16.57           |                     |

Greene County has seen a slight uptick in sales and activity over the past quarter. New jobs and the talk of additional jobs have fueled a bit of consumer confidence in Greene. Median Sales prices were actually up 8% and total sales were also up from Q4 2009. Inventory levels were down slightly from 2009 and are down over 20% from 2008. 52 contracts were written in Q4 2010 – an increase from 37 from the same period last year. Clearly buyers are seeing value in Greene County as compared to other parts of Central Virginia.

### Contracts Written

| Q4 2009 | Q4 2010 |
|---------|---------|
| 37      | 52      |



# THE NEST REPORT

## Louisa County

| Overall |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Total Sales # | Total Inventory | Months of Inventory |
|---------|---------|--------------------|--------------------|-------------------|--------------------|---------------|-----------------|---------------------|
|         | Q4 2010 | 185,766            | 179,862            | 178,455           | 112                | 28            | 315             | 28.63               |
|         | Change  | -22%               | -24%               | -17%              | -15%               | -53%          | 25%             | 93%                 |
|         | Q4 2009 | 237,137            | 237,825            | 215,000           | 132                | 59            | 252             | 14.82               |
|         | Change  | -13%               | -13%               | -14%              | 48%                | 37%           | 13%             | -47%                |
| Q4 2008 | 272,977 | 272,211            | 249,000            | 89                | 43                 | 224           | 28              |                     |

Sales and pricing in Louisa were down significantly for the second straight Q4. Median Sales price has plummeted from \$249,000 in Q4 2008 to \$178,455 this past quarter. However, the drop in values have not spurred a big increase in sales: total sales in Q4 totaled just 28 in the entire county, a 53% drop from Q4 2009. With sales down and inventory levels also up 25%, Louisa's Months of Inventory spiked to 28.63 months. However, on a positive note, Contracts Written in Q4 2010 were up...though ever-so-slightly.

### Contracts Written

| Q4 2009 | Q4 2010 |
|---------|---------|
| 68      | 71      |

## Nelson County

| Overall |         | Average List Price | Average Sale Price | Median Sale Price | Avg Days on Market | Total Sales # | Total Inventory | Months of Inventory |
|---------|---------|--------------------|--------------------|-------------------|--------------------|---------------|-----------------|---------------------|
|         | Q4 2010 | 380,450            | 332,306            | 235,000           | 206                | 55            | 384             | 21.33               |
|         | Change  | -6%                | -7%                | -2%               | 30%                | 22%           | -3%             | -13%                |
|         | Q4 2009 | 405,478            | 359,107            | 240,000           | 158                | 45            | 394             | 24.62               |
|         | Change  | 23%                | 16%                | -18%              | -15%               | 32%           | 7%              | 21%                 |
| Q4 2008 | 328,391 | 309,114            | 291,000            | 185               | 34                 | 367           | 20.38           |                     |

Nelson County was hit hard during 2009, but sales and values held on in 2010. Year-over-year sales were up from 45 to 55, while Median Sales Price fell just 2%. Inventory levels also held steady year-over-year. Along those lines, Months of Inventory dropped slightly to 21.33 months (which is still high). There has been a slight uptick in interest in resort purchasers, which will help Wintergreen and the surrounding communities. In addition, the Contracts Written in Nelson was up to 53 (from 44 in Q4 2009) – another positive sign for that market.

### Contracts Written

| Q4 2009 | Q4 2010 |
|---------|---------|
| 44      | 53      |