

THE NEST REPORT

Charlottesville / Central Virginia Region

Q4 2010

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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

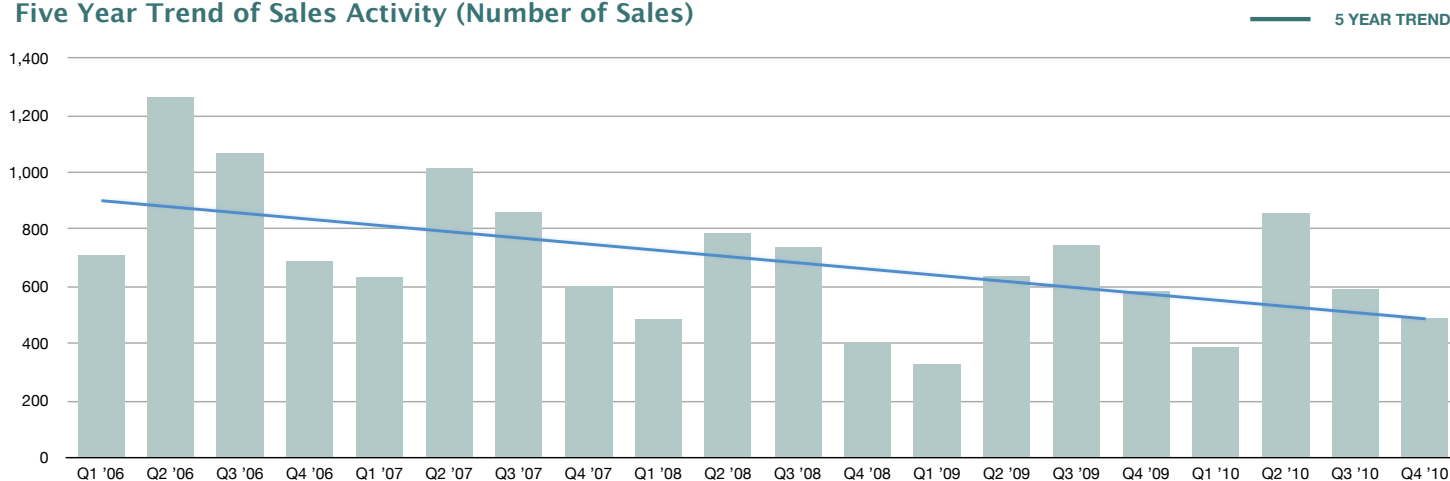
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Central Virginia/Charlottesville MSA Market Snapshot

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	4.0%	2.2%	-0.3%	-4.9%	-7.3%	-8.2%	0.5%	9.7%
	Q4 2009	405,932	359,432	260,900	\$150.29	123	463	1743	11.32
	Change	-14.1%	-14.6%	-13.6%	-11.5%	4.2%	47.9%	-14.9%	-42.5%
Q4 2008	472,778	420,724	302,000	\$169.91	118	313	2047	19.68	

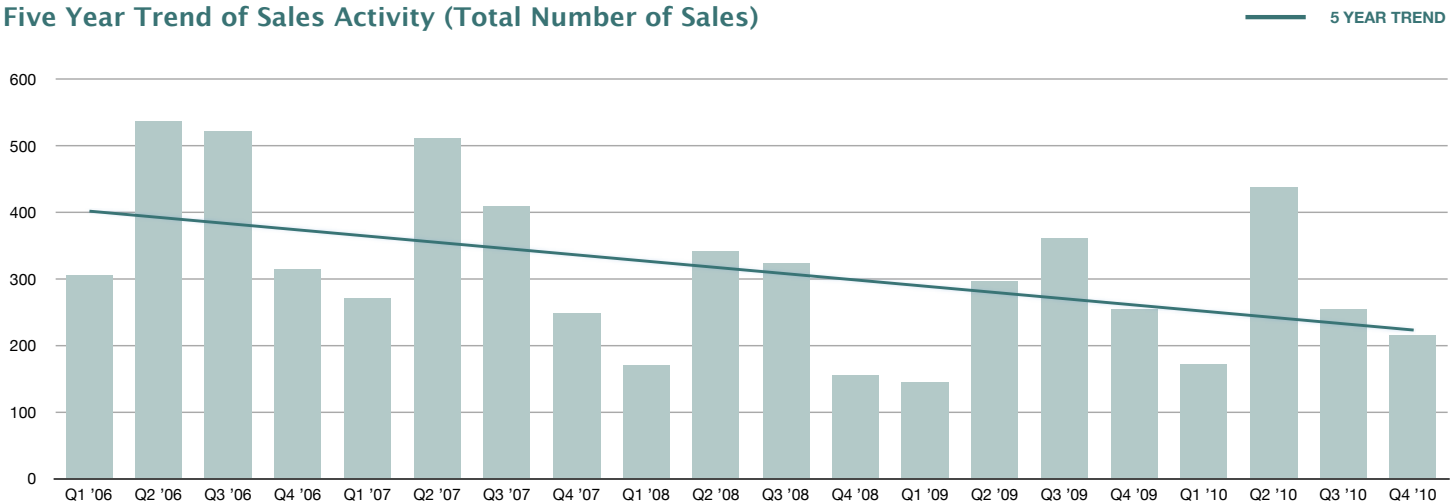
Attached / Condo		Average List Price	Average Sale Price	Median Sale Price	Price per Square Foot	Avg Days on Market	Total Sales	Total Inventory	Months of Inventory
	Q4 2010	251,422	237,271	216,707	\$157.28	98	112	593	17.44
	Change	2.4%	2.4%	-1.8%	11.9%	-12.5%	-26.3%	0.0%	50.1%
	Q4 2009	245,422	231,730	220,750	\$140.55	112	152	593	11.62
	Change	-9.1%	-8.6%	-11.0%	-13.3%	5.7%	74.7%	19.8%	-31.9%
Q4 2008	270,053	253,664	248,000	\$162.09	106	87	495	17.07	

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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 flat 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	13.0%	13.9%	-5.6%	16.3%	-11.0%	-7.6%	
Q3 2010	473,678	447,292	339,950	92	\$164	171	
Q4 2010	535,191	509,289	321,066	107	\$146	158	
Change	-4.3%	-2.1%	-11.5%	-15.7%	-9.9%	0.6%	
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	-9.1%	-8.2%	1.9%	-46.4%	6.4%	-22.4%	
Q3 2010	249,317	247,258	227,587	110	\$125	58	
Q4 2010	226,719	226,871	232,000	59	\$133	45	
Change	-13.5%	-12.5%	0.9%	-39.8%	1.5%	-41.6%	
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	-7.9%	-7.4%	9.3%	-63.2%	-8.8%	-50.0%	
Q3 2010	237,005	222,863	136,825	174	\$125	26	
Q4 2010	218,363	206,397	149,500	64	\$114	13	
Change	35.3%	31.5%	6.0%	-45.3%	-15.6%	-35.0%	
Q4 2009	161,357	156,942	141,000	117	\$135	20	

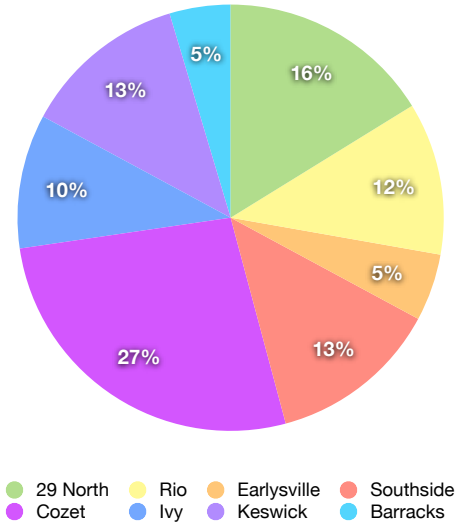
Contracts Written

	Q4 2009	Q4 2010	Change
Single Family	139	172	23.7%
Attached	71	57	-19.7%
Condos	25	17	-32.0%

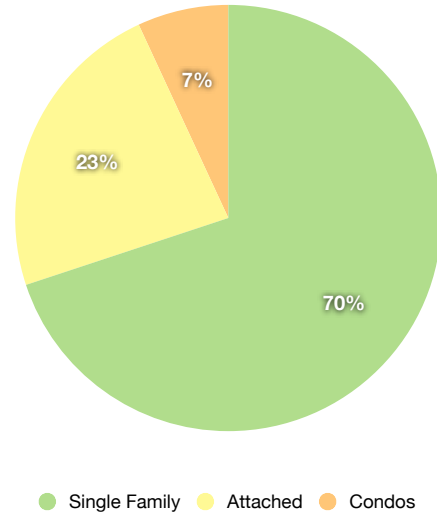
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Albemarle County Market Snapshot (Part 2)

Albemarle County Sales by Sub-Area

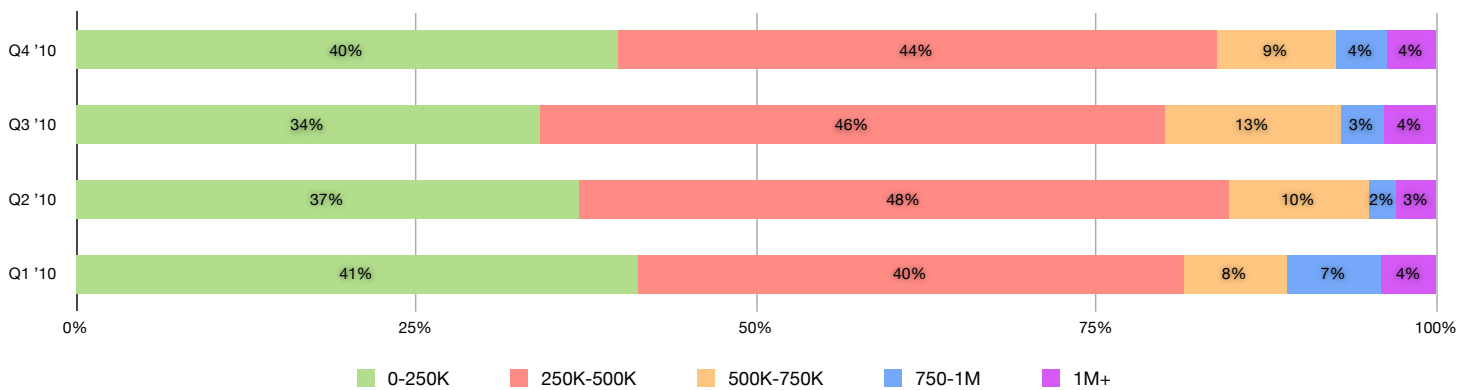


Albemarle County Sales by Type



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

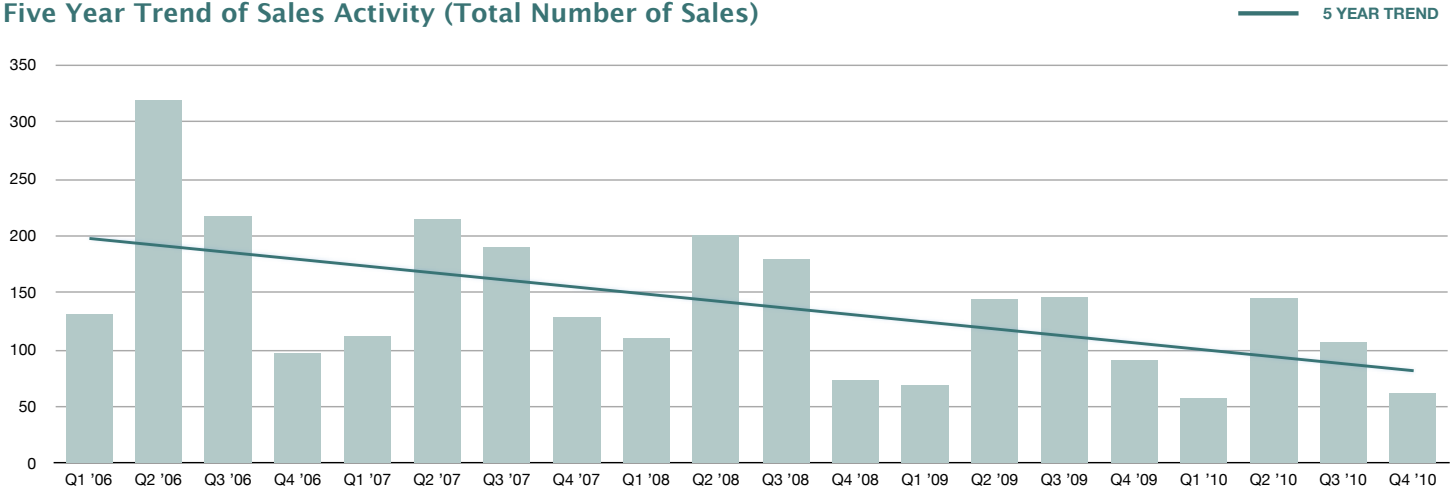


Home sales by price range remained relatively normal as compared to the previous three quarters. Homes under \$500,000 continue to be the majority of sales...making up 88% of total sales in Albemarle County in Q4. Surprisingly, the sub-\$250k homes have not gained more market share. However, many new 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	45.8%	36.7%	9.3%	2.6%	-10.4%	-31.8%	
Q3 2010	341,880	325,211	276,500	116	\$173	66	
Q4 2010	498,611	444,663	302,187	119	\$155	45	
Change	42.6%	34.0%	7.9%	43.4%	-7.2%	-23.7%	
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	-1.3%	1.3%	-15.5%	-59.5%	9.3%	-50.0%	
Q3 2010	187,199	180,940	183,500	215	\$108	10	
Q4 2010	184,680	183,300	155,000	87	\$118	5	
Change	-19.5%	-17.6%	-35.0%	-44.6%	-8.5%	-70.6%	
Q4 2009	229,547	222,409	238,630	157	\$129	17	

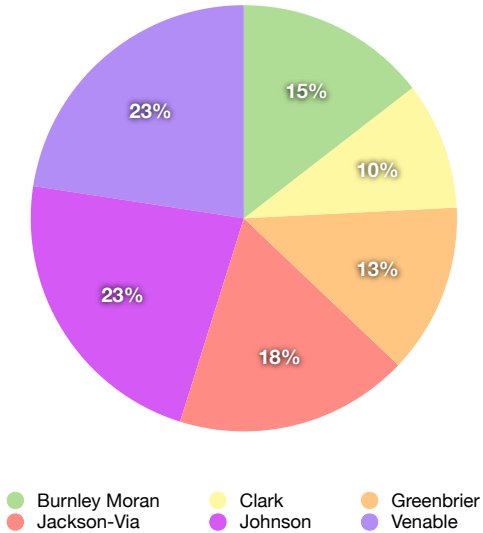
Condos		Average List Price	Average Sale Price	Median Sale Price	Avg Days on Market	Avg \$ PSF	Total Sales #
	Q4 2010	211,010	213,366	220,775	114	\$146	12
Change	-27.6%	-26.5%	-0.2%	103.6%	7.4%	-60.0%	
Q3 2010	291,589	290,398	221,267	56	\$136	30	
Q4 2010	211,010	213,366	220,775	114	\$146	12	
Change	-6.0%	4.2%	28.4%	-12.3%	-27.7%	-79.7%	
Q4 2009	224,482	204,750	172,000	130	\$202	59	

Contracts Written

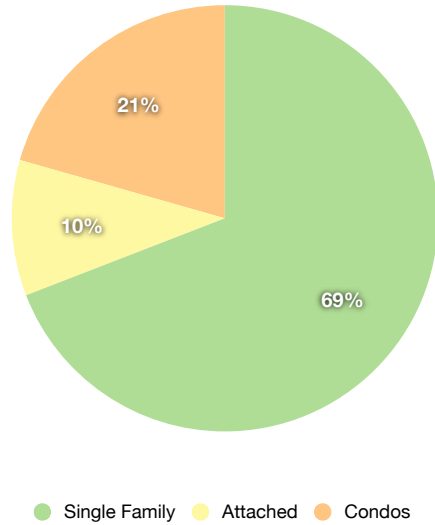
	Q4 2009	Q4 2010	Change
Single Family	48	47	-2.08%
Attached	8	7	-12.50%
Condos	10	14	40.00%

Charlottesville City Market Snapshot (Part 2)

Charlottesville City Sales by Elementary School Area

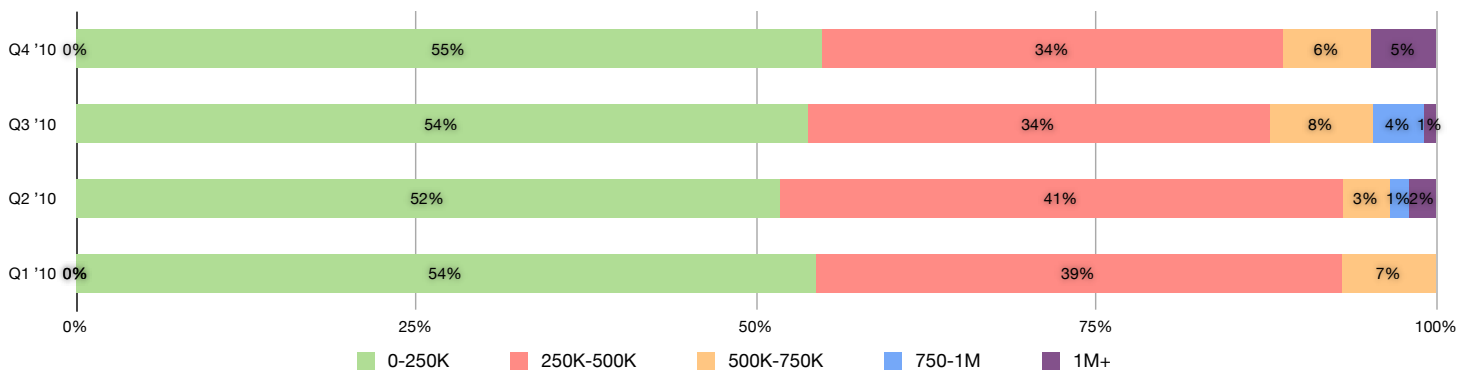


Charlottesville City Sales by Type



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.

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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	-1.2%	-2.6%	4.8%	5.0%	-11.1%	10.4%	-5.4%
	Q4 2009	220,703	217,091	200,000	120	81	328	18.22
	Change	-20.1%	-19.0%	-15.9%	29.0%	24.6%	11.6%	-6.4%
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	Change
74	53	-28.4%

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	-2.6%	-3.8%	8.3%	11.7%	1.9%	7.3%	-4.6%
	Q4 2009	251,530	247,558	217,000	103	54	219	13.68
	Change	-7.1%	-3.0%	-5.9%	-24.8%	86.2%	-5.6%	-17.4%
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	Change
37	52	40.5%

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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	-21.7%	-24.4%	-17.0%	-15.2%	-52.5%	25.0%	93.2%
	Q4 2009	237,137	237,825	215,000	132	59	252	14.82
	Change	-13.1%	-12.6%	-13.7%	48.3%	37.2%	12.5%	-47.1%
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	Change
68	71	4.4%

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	-6.2%	-7.5%	-2.1%	30.4%	22.2%	-2.5%	-13.4%
	Q4 2009	405,478	359,107	240,000	158	45	394	24.62
	Change	23.5%	16.2%	-17.5%	-14.6%	32.4%	7.4%	20.8%
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	Change
44	53	20.5%