Washington, DC Housing Report
October 2009

The Market Overall

After a stellar September, which was led by a big increase in single family contracts, October sales surged even higher with increases in new condominium and cooperative contracts now keeping pace with expanding homes sales.

The combined number of new contracts jumped 37% from September and nearly doubled (up 95%) from October 2008 sales. Just as important as these overall numbers, every price category of homes and units showed gains over a year ago. October sales were also higher than any similar month going back to nearly the high point of the market in 2005.

As a result of the huge upswing in sales over the last two months, year-to-date sales are now 21% ahead of this time in 2008 and only trail the previous two years by approximately 9%. Although current 2008 sales still off the peak of the market in 2004 by 26%, this gap is now steadily narrowing.

October is traditionally the strongest month of the fall season so it is unlikely that we will continue to see month to month gains the rest of this year, but it is certainly reasonable to expect that the monthly gains over the previous years will continue.

The numbers of new listings in October increased by 14% from last year but the big increase in sales reduced the inventory of properties on the current market by 20%. This leaves an effective inventory at a new low for the year of only 3.25 months

The average price of all sales closed in October fell another 3% from those settled by mid year and prices on the single family side are still considerably lower than those in 2008; but the end of the single family price declines seems near and condo and co-op prices are now about even with those in 2008.

Single Family

As noted above, contracts for single family homes in October nearly doubled those in October of 2008. Significantly, this was achieved by double digit increases in every single price category. Even homes priced over $1.5 Million, which had been lagging all year, showed an increase of over 200%.

Through the first 10 months of this year, new contracts are now running 28% higher than a year ago with most price ranges showing gains. Homes over $1.25 Million are still trailing by 9% but even this gap is now substantially smaller.

Sales have so far outpaced the number of new listings that there is now only a 3.16 supply of houses on the market. In October of 2008 this stood at 8 months and in January of this year at 8.75 months. What a change on one-year's time!

The average sales price of a single family home settling in October was 17% less than at the end of 2008. On the other hand, these prices were down only 2% from mid year and 1% from September's – so the bottom appears to be at hand.

Condominiums and Cooperatives

Pending sales of condominium and cooperative unit jumped 20% from September to post the second highest monthly total in over two years. Sales were up 96% over last October with most price ranges doubling the October 2009 totals. Almost half the activity (48%) took place between #200,000 and $400,000 but the 4% of the market over $800,000 saw an increase of 400%.

Through the end of October, year-to-date sales of condos and co-ops are now 12% ahead of last year's pace. Units under $150,000 (with a 96% increase and between $800,000 and $1 million (with a 76% increase) have seen the largest gains over last year.

Surprisingly, the inventory of available units fell in October to the lowest point in 22 months. This, combined with the exceptional sales month, left only 3.37 months of inventory, compared to 9.76 months in January and 8.06 months a year ago.

For the year the average sales price of a condominium/cooperative unit in the District is even with 2008, while the median is down only 1%. With rising sales and falling inventory fueling the condo/co-op market, it seems likely that it may escape the double-digit drop in prices seen on the single family side.

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