

## Value-conscious buyers dominate area market

By **CHRIS KAIN**  
Current Staff Writer

For Realtor Anshe Stokes, the summer market seemed sluggish, after a rush of activity in the late spring with the federal tax credit for home buyers about to expire. But Labor Day, she said, brought a renewed energy — and more listings, an essential ingredient if the fall market is to fulfill expectations.

"It's started off with a bang these first two weeks," said Stokes, an agent in the Spring Valley office of McEneaney Associates Inc. "There were a lot of new listings. Lots of buyers were out at open houses this past weekend."

Stokes and other agents working in D.C. see signs of strength in Northwest's real estate market — cause for optimism

among property owners who want to sell and buyers who are seeking good values

"I'm looking forward to the fall," said Dan Melman, an agent with W.C. & A.N. Miller Realtors, a Long & Foster Co. "I think prices are much fairer than they have been in the past. ... If you can navigate the financing, it's a great time to be in the market."

But Realtors stress that local buyers, for various reasons, are more discerning and value-minded than ever.

"We're not seeing the irrational exuberance we saw several years ago," said Fred Kendrick, an agent with the Georgetown office of TTR Sotheby's International

Realty. "Buyers are paying a fair price."

Buyers' attitudes toward price and condition create a wide gulf between homes that are selling quickly and those that sit on the market. On one side of the divide, homes can collect multiple offers and sell at or above list price. On the other, houses and condos languish due to price, condition or a mix of the two.

"If you put a property on the market and it's priced right, and you put the word out, and it looks good, it usually sells in the first two weeks," said Matjorie Dick



Bill Petros/The Current

**Sellers need to set realistic prices if they are to succeed in the current market, area Realtors say.**

Stuart, an agent with Randall Hagner. "The buyers are extremely value-conscious. When they walk in the door, the educated buyer knows. 'Is this priced right?'"

Agents are seeing the convergence of two trends.

Technological advances over the past decade mean that most buyers have taken virtual tours of dozens of homes. And the economic downturn has imparted important financial lessons, including a reminder that real estate prices do not go continuously upward.

"It's buyers not wanting to end up in the same position as those

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who bought four or five years ago — not wanting to start off the bat having overpaid," Stokes said.

"Nobody wants to get caught in that again," said Stuart, noting that even those who have been relatively immune from the effects of the recession want to make sure they can afford to sell their home for a competitive price if they have to move.

For the seller, she said, the current environment means "the best chance to get top dollar is to price it at a realistic number in the first place when it's new on the market."

It's also key for the home to look good. One reason is that buyers have seen a lot of houses while looking for just the right one. But there also are fewer buyers interested in undertaking costly renovations, particularly with home equity lines of credit less available and banks requiring larger down payments, Melman said.

"If [the house] needs another \$100,000, that's not as easy to come by," said Melman. "The option of renovating is still available, but there are fewer buyers who can do it."

Even so, setting the right price can help prime the pump for fixer-uppers. Kendrick said one of the agents in his office worked with the successful bidder for a 15th Street house that was not in good condition but got four offers nonetheless because of a suitable price.

Nathan Carnes, manager of the Chevy Chase offices of W.C. & A.N. Miller Realtors, a Long & Foster Co., said he believes many sellers have gotten the message about the importance of setting the right price.

"The sellers are becoming more reasonable," he said. "They're realizing that they can't get for their house what their neighbors got three or four years ago."

In terms of the homes that do linger — or seem likely to — the reasons can run the gamut.

Some agents don't believe in staging, Stokes said, and some owners don't have the money to spend on necessary improvements.

But they pay a huge price, she said. "They need to be in pristine showing condition," she said. "Otherwise, the seller will miss the market."

This past weekend, Stokes took prospective buyers through "a cute two-bedroom house." But the owners had turned one of the bedrooms into a closet, which "screamed that the house didn't have enough storage."

If no buyers are circling after three or four weeks, Stokes said, sellers need to act quickly. The answer might be reducing the price — but not incrementally. It's important to attract a new set of buyers, so you can't just go from \$720,000 to \$705,000, for instance. "You must put a six in front of that number," she said.

Still, Realtors can't always predict buyer behavior. Carnes said one of his agents had a listing on Nebraska Avenue in Chevy Chase. Both of them thought the house was well-priced, but the bus stop right in front turned off potential buyers. After dropping the price from \$715,000 to \$675,000, the house ultimately sold.

In another instance, the answer was taking an Alton Place home off the market for a few days, Carnes said. The agent had overseen a dramatic staging effort but got negative feedback about the poor condition of the floors. A brief hiatus to sand the wood paid off with a quick sale, Carnes said.

Whether due to similarly quick actions or other factors, Carnes said that recent statistics show a telling change: The number of days on the market is down dramatically in virtually every category.

"The market is busier," he said. Kendrick, who prepares a monthly report on the state of the D.C. market, said inventory at the end of August was down about 3 percent from last year. As expected, the number of homes on the market fell over the summer, he said.

Figures collected by the Metropolitan Regional Information Systems Inc. show the number of contracts in August down from the same period in 2009 — 5.5 percent for single-family homes, and 20.3 percent for condos and co-ops. But in both instances, the number of contracts was up year-to-date — 14.7 percent and 1.8 percent, respectively.

For the most part, according to Kendrick, it's problematic to extrapolate too much from August numbers, in part because so many Washingtonians spend all or part of the month away from the city.

"The August numbers were off compared to last year, but I'm not sure that means anything for us," he said.

While Realtors are often asked to assess the condition of the overall market, general trends don't always hold true. "At a certain point, what is happening in the rest of the market doesn't matter," Melman said.

According to Carnes, there's a new mantra in the industry: "All real estate is local."

Conditions vary by neighborhood, particularly given an increasing number of buyers who want to live in a walkable neighborhood with varied retail and transit options. That adds to the demand for many D.C. locales, from Columbia Heights and Adams Morgan addresses popular with many young professionals to areas along the long-established Connecticut and Wisconsin Avenue corridors.

The "local" mantra also conveys another meaning — accentuating the differences between a sluggish national market and comparatively strong conditions in a region bolstered by the presence of the federal government. There are also disparities between outer suburbs and the Washington area's inner core.

Carnes, immediate past president of the Washington, DC Association of Realtors, recalled attending a national conference last year, when officials from regional groups were asked to summarize conditions locally. Nevada's representatives noted that their state led the country in foreclosures, and Florida's had to acknowledge that home values had fallen dramatically.

"We're extremely lucky to be where we are," said Carnes.

It's a sentiment shared by many local agents. "We are in a prime and charmed location — always have been," Melman said.