



DISTRICT OF COLUMBIA HOUSING MONITOR

SUMMER 2006

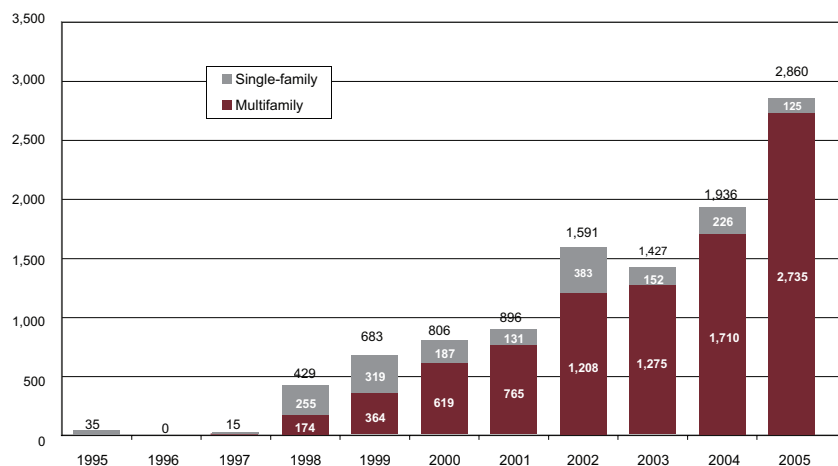
In this issue:

- Housing Market Update
- Affordable Housing Update
- Special Focus: A neighborhood-by-neighborhood look at home sales trends

IN THE SPOTLIGHT

HOME BUILDING IN THE DISTRICT OF COLUMBIA REACHED A 40-YEAR HIGH IN 2005 AND CONTINUES TO ACCELERATE.

Figure 4. New, Privately Owned Housing Units Authorized by Permit, Washington, D.C.



This quarterly report on the District of Columbia housing market supplements and complements the information presented in *Housing in the Nation's Capital*, published annually since 2003 by the Fannie Mae Foundation and the Urban Institute. The *Monitor* will provide a more frequent look at current trends in the D.C. housing market. Each report will use the most recent available data to illuminate housing market and affordable housing trends. In addition, each report will include a *special focus* section that will analyze, in greater depth, developments that are shaping the District of Columbia housing landscape. In this issue, the special section goes beyond the standard citywide perspective and offers a neighborhood-by-neighborhood view of home sales trends throughout Washington, D.C.

The data presented in this report are supplemented by data available on the NeighborhoodInfo DC Web site, www.NeighborhoodInfoDC.org.

Key findings from this report:

- *The District of Columbia's home sales market reached new heights in 2005.* Compared with 10 years earlier, inflation-adjusted sales prices were up by more than 200 percent.
- *By the end of 2005, the city's sales market showed signs of cooling, but strong price gains continued.* Compared with the same period a year earlier, sales volume in the fourth quarter of 2005 fell by 18 percent for single-family homes and 31 percent for condominiums. Prices, however, continued their robust increases, with after-inflation gains of 17 percent for single-family units and 10 percent for condominiums. These gains were off somewhat from this decade's average annual real increases of 19 percent.
- *Price growth leadership in the city is shifting to the east.* Wards 7 and 8 experienced the most rapid price increases in the past year; prices in Ward 3 started to level off. In Ivy City, Near Southeast, and neighborhoods east of the Anacostia, prices appear to be taking off, while the Capitol Hill and Howard University areas appear to be cooling off.
- *The role of investors and second-home buyers has increased, particularly in the condominium market.* Owner-occupants accounted for only 66 percent of D.C. condominium buyers in 2005, down from 80 percent just one year earlier.
- *Home building in the District of Columbia reached a 40-year high in 2005 and continues to accelerate.* Building permits for 2,860 new, privately owned housing units were issued in 2005, an increase of almost 50 percent over 2004 levels and the largest number since 1966. In the first three months of 2006, 1,327 permits were issued, up 135 percent from the same quarter last year. Construction of multifamily housing has accelerated especially sharply over the past eight years.
- *The city's stock of condominium units has mushroomed in the past four years.* Since 2001, the D.C. condominium stock has grown by 7,001 units, or 23.6 percent, and has accounted for essentially all of the growth in the city's supply of ownership housing. Condominiums now account for 26.4 percent of the city's ownership units, up four percentage points in just four years.
- *Thousands of the District of Columbia's federally assisted housing units are at risk of loss.* Almost half of the city's 10,561 project-based Section 8 and other federally assisted multifamily housing units are at risk of expiring within the next year; 842 units expired in 2005.

Housing Market Update

Home Sales

The District of Columbia's home sales market reached new heights in 2005.

Sales of single-family homes and condominium units slowed during the fourth quarter of 2005, but prices maintained their historically high levels. Figure 1 compares three indices of real price changes for new and existing single-family homes and condominiums for the past 10 years. All three indices measure the cumulative change in real prices since the first quarter of 1995. The first two indices were calculated by NeighborhoodInfo DC based on our analysis of all real property sales in the District;¹ the third index, created by the Office of Federal Housing Enterprise Oversight (OFHEO), is based on a sample of home sales and refinancing from Fannie Mae and Freddie Mac mortgage transactions.

All three price indices reveal a rising trend in the prices of single-family homes and condominiums over the past seven years. According to the real property sales index, single-family home prices rose only 15 percent in real terms between the first quarter of 1995 and the fourth quarter of 1999. Prices then began to accelerate dramatically, and by the fourth quarter of 2005, sales prices were 217 percent higher than at the start of 1995.

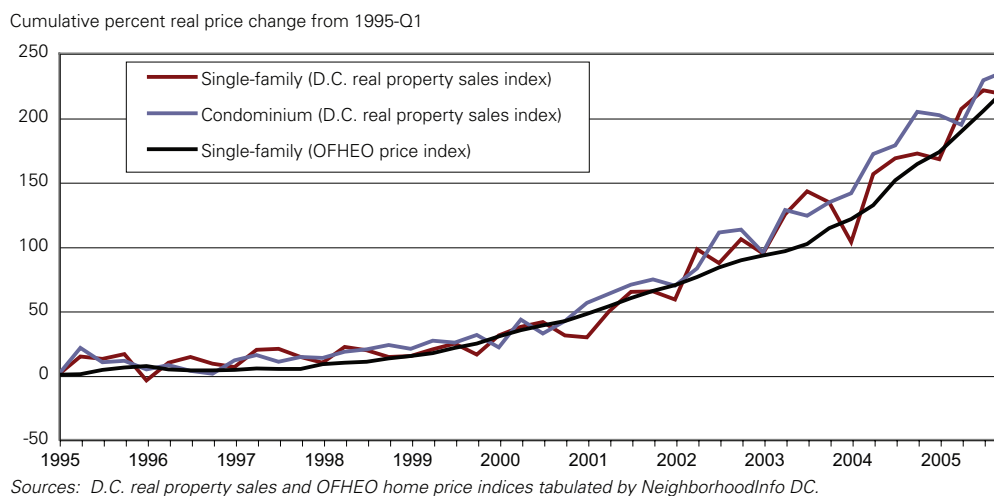
The OFHEO price index confirms this trend; it indicates that by the end of 2005, single-family home prices, adjusted for inflation, stood 221 percent above their 1995 levels. Similarly, condominium prices in the fourth quarter of 1999 were 31 percent higher than prices at the start of 1995; by the fourth quarter of 2005, prices were 236 percent higher.

By the end of 2005, the city's sales market showed signs of cooling, but strong price gains continued.

Figure 2 compares quarter-to-quarter trends in sales volumes and prices of single-family homes and condominiums in Washington, D.C. The sales volume of single-family homes increased steadily from 1995 through 2004 but has begun to level off and decline. This may indicate a slight cooling of the very hot housing market. In the fourth quarter of 2005, the number of single-family homes sold dropped to 1,202, down from 1,386 sales in the third quarter of 2005 and from 1,469 sales in the fourth quarter 2004.

Similarly, the demand for condominium units, which increased strongly in the early part of the decade, has begun to drop off. Quarterly sales of condominiums rose from only 303 units in the fourth quarter of 1995 to more than double this volume five years later (687 units

Figure 1. Single-Family Home and Condominium Price Trends, 1995–2005 (Quarterly), Washington, D.C.



¹ Real property sales were compiled from successive extracts of the D.C. real property file, maintained by the D.C. Office of Tax and Revenue (OTR) and provided to NeighborhoodInfo DC by the D.C. Office of the Chief Technology Officer (OCTO).

in the fourth quarter of 2000), to more than four times this level (1,347 units) by the fourth quarter of 2004. Volume grew to 1,654 sales in the third quarter of 2005 but has dropped off sharply in the most recent quarter. Only 930 sales of condominium units were recorded in the fourth quarter of 2005, down 31 percent from the same period one year earlier.

Despite the declines in sales volume, prices of both single-family homes and condominiums have not shown signs of decreasing (figure 2). The median price in 2005 dollars of a single-family home rose from \$179,000 in the fourth quarter of 2000 to \$372,000 in the fourth quarter of 2004 to \$440,000 in the third quarter of 2005. The median price fell off slightly, to \$435,000, in the fourth quarter of 2005, but it still is 17 percent higher than the price in the last quarter of 2004.

Condominium prices have experienced similarly strong growth since 2000. The median price in 2005 dollars of a condominium unit more than doubled between the fourth quarters of 2000 and 2004, increasing from \$164,000 to \$353,000. Prices rose further in the third and fourth quarters of 2005 — to \$382,000 and \$390,000, respectively. The latter price represented a 10 percent real gain over the same period one year earlier.

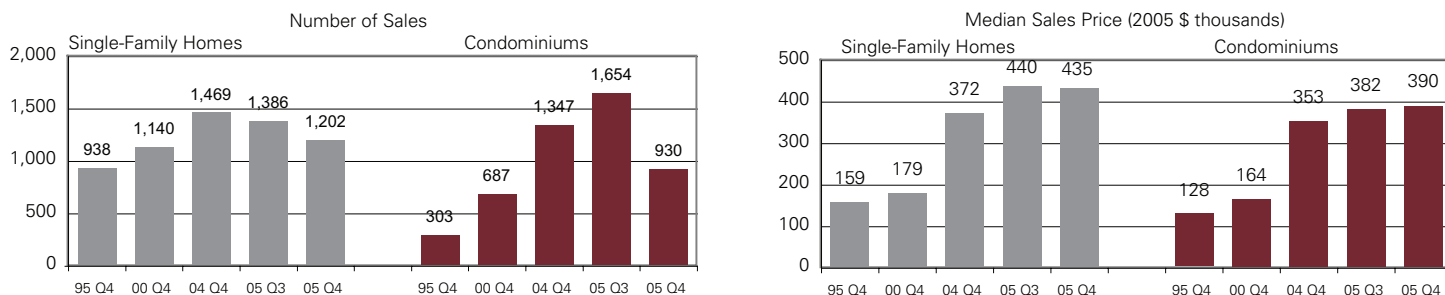
These data would seem to support the perception that the Washington, D.C., housing market is beginning to level off after the recent years of frenetic activity. Realtors have noted that it is harder to generate interest in properties than it was only a year ago, when buyers would typically bid well above the asking price and homes would be snapped up after being on the market only a matter of days. Nonetheless, although they may need to wait longer, sellers continue to get top dollar for their homes.

Price levels and trends varied across Wards. Wards 7 and 8 experienced the most rapid price increases in the past year; prices in Ward 3 started to level off.

Although the overall housing market remains strong, price trends vary from Ward to Ward. Single-family home prices remained highest in Wards 2 and 3, where the median homes sold for \$850,000 and \$868,000, respectively, in 2005 (Table 1 and Figure 3). The next highest median prices were in Ward 1 (\$485,000), Ward 6 (\$480,000), and Ward 4 (\$415,000). The lowest-priced homes in 2005 could be found in Ward 8, which had a median price of \$198,000, followed by Ward 7 (\$205,000), and Ward 5 (\$345,000).

Although all Wards experienced strong growth in housing prices during the first half of this decade, prices are showing signs of leveling off or even declining in some Wards. Single-family prices in Ward 3 were flat between the fourth quarters of 2004 and 2005, increasing less than 1 percent over the year in real terms and declining by -3.9 percent between the third and fourth quarters of 2005. In contrast, the rapid house price inflation in other Wards shows no signs of slowing down. The largest price increases between the fourth quarters of 2004 and 2005 were in Ward 8 (35.4 percent) and Ward 7 (31.9 percent).

Figure 2. Single-Family Home and Condominium Quarter-to-Quarter Sales Trends, Washington, D.C.



Source: NeighborhoodInfo DC analysis of District of Columbia real property sales data.

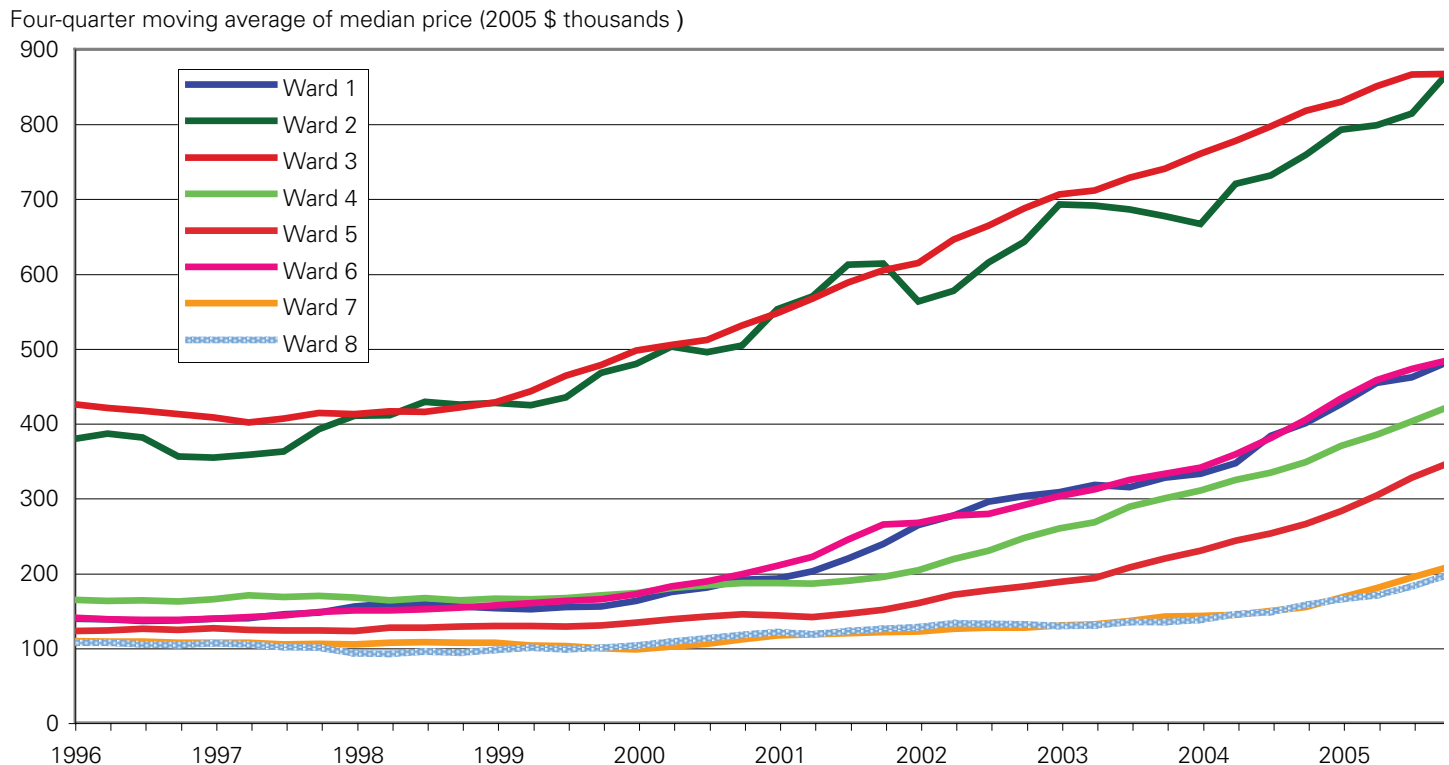
The role of investors and second-home buyers has increased, particularly in the condominium market.

Over the past year, fewer single-family homes in the city were being bought by people who intend to live in those homes (owner-occupants).² In 2005, 77.4 percent of all single-family homes were sold to owner-occupants, down from 80.9 percent in 2004 (Table 1). This trend was consistent across most of the wards, with the exception of Ward 2, where the percentage of owner-occupants was slightly higher in 2005 (83.3 percent) than 2004 (82.4

percent). Wards 7 and 8 had the lowest shares of home sales to owner-occupants — about 67 percent.

Relatively fewer condominium buyers lived in the units that they purchased in 2005, compared with both 2004 and with buyers of single-family homes. Only 65.8 percent of condominium buyers lived in the units they purchased in 2005, down from 80.1 in 2004. Fewer than half of the condominiums sold in Wards 7 and 8 were sold to owner-occupants in 2005. The lower share of purchases by owner-occupants may indicate the more speculative nature of the current condominium market.

Figure 3. Single-Family Home Price Trends by Ward, 1996–2005 (Quarterly), Washington, D.C.



Source: NeighborhoodInfo DC analysis of District of Columbia real property sales data.

² Owner-occupant status of single-family and condominium sales was determined by examining the tax assessor records for those properties. If the new owner's address, for tax billing purposes, was identical to the address for the property purchased, or if the owner was listed as receiving the District of Columbia's homestead exemption, then the sale was identified as being an "owner occupant" sale.

Table 1. Home Sales and Project-Based Section 8 Housing by Ward, Washington, D.C., 1995-2005

	D.C. Total	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7	Ward 8
Single-Family Home Sales									
Number of Sales									
2005	5,384	534	365	652	995	880	898	703	357
2004	5,934	591	415	741	1,113	967	1,012	734	361
1999–2003 (annual average)	5,089	577	425	750	896	754	912	499	276
1995–1998 (annual average)	4,475	475	375	711	832	675	718	481	211
Median sales price (2005 \$ thousands)									
2005	415	485	850	868	415	345	480	205	198
2004	341	391	770	817	344	264	400	155	155
1999–2003	223	228	578	610	218	160	249	117	118
1995–1998	154	144	391	410	162	122	144	104	97
Percent change, median sales price									
2005 Q3–2005 Q4	-1.1	-0.1	14.1	-3.9	0.6	-1.4	2.0	4.2	9.8
2004 Q4–2005 Q4	16.9	19.6	27.6	0.3	19.9	25.9	10.2	31.9	35.4
1999 Q4–2005 Q4 (annualized)	18.4	22.5	10.3	10.0	17.0	18.8	21.0	16.1	13.8
1995 Q4–2005 Q4 (annualized)	10.6	13.0	9.1	8.2	10.2	11.1	14.6	7.5	7.8
Percent units sold, owner occupants									
2005	77.4	78.5	83.3	90.5	81.3	71.5	78.8	66.6	67.0
2004	80.9	80.4	82.4	91.6	83.9	79.0	81.8	71.3	70.6
Condominium Sales									
Number of Sales									
2005	5,268	880	1,782	744	143	160	1,266	182	111
2004	4,048	649	1,541	618	54	147	778	141	120
1999–2003 (annual average)	2,506	456	1,000	580	34	66	261	54	53
1995–1998 (annual average)	1,554	212	633	415	10	49	170	34	31
Median sales price (2005 \$ thousands)									
2005	369	399	405	379	255	265	347	147	117
2004	321	336	361	319	173	209	318	114	108
1999–2003 (average)	193	215	214	198	129	138	171	64	77
1995–1998 (average)	131	141	140	138	128	116	125	50	59
Percent change, median sales price									
2005 Q3–2005 Q4	2.1	-5.1	-2.8	6.5	-26.7	-9.1	1.4	-3.0	-0.5
2004 Q4–2005 Q4	10.4	20.2	10.7	13.4	23.3	2.9	1.5	22.8	6.6
1999 Q4–2005 Q4 (annualized)	17.0	16.1	17.7	17.1	15.4	10.8	18.9	19.2	11.9
1995 Q4–2005 Q4 (annualized)	11.7	11.5	12.2	10.7	10.4	8.7	10.8	10.3	7.3
Percent units sold, owner occupants									
2005	65.8	73.2	67.9	79.2	54.6	75.0	55.1	46.2	41.4
2004	80.1	86.9	78.8	89.5	77.8	86.4	72.0	70.9	66.7
Housing Units in Section 8 Multifamily Projects									
Current active units	10,561	2,122	1,081	58	54	1,676	1,630	1,244	2,696
Upcoming expiring (Jan 2006–Dec 2006)	5,205	1,047	418	40	0	862	1,210	910	718
Renewals (Jan 2005–Dec 2005)	3,266	540	474	18	0	544	547	470	673
Expirations (Jan 2005–Dec 2005)	842	18	48	0	0	95	0	0	681

Sources: D.C. Real Property and HUD Section 8 databases tabulated by NeighborhoodInfo DC.

Housing Stock

Home building in the District of Columbia reached a 40-year high in 2005 and continues to accelerate.

Housing producers have responded to the increase in demand with an exceptional level of home building activity. Figure 4 shows the number of new, privately owned housing units authorized by building permits in the District of Columbia for single-family homes and multifamily housing units (rental, condominium, and cooperative apartments). Between 1995 and 1997, almost no new housing units were authorized, with permits issued for only 46 single-family homes and four multifamily housing units.

Sharp change arrived in 1998, when permits for 255 new single-family homes and 174 multifamily units were issued. Since 1998, the number of permits for new single-family homes has fluctuated but has averaged 222 homes per year. Construction of new multifamily housing has accelerated greatly, however, to 2,735 units in 2005, roughly two and a half times the average of 1,106 units per year between 1998 and 2005. The 2,860 total housing units authorized last year represent the greatest volume of housing construction in the city since 1966.³

Early data for 2006 indicate that the construction boom is continuing. In the first three months of this year, 1,327 permits were issued, up 135 percent over the same quarter last year. Almost all of these 2006 permits (1,316 units) were for multifamily housing.

The city's stock of condominium units has mushroomed in the past four years.

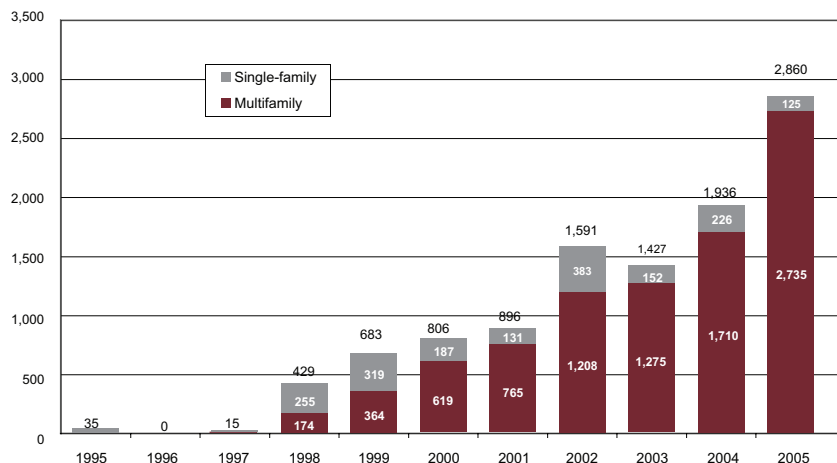
The new level of home building is already having a measurable impact on the city's housing supply. Through analysis of real property records, we are able

to track the number and type of "ownership" housing units in the District of Columbia from the second quarter of 2001 through the fourth quarter of 2005.⁴ During this period, the supply of ownership housing units has increased by 5.4 percent, from 131,901 to 139,082.

Almost all of this increase is attributable to growth in condominium units. Between the second quarter 2001 and the fourth quarter 2005, the number of condominium units grew from 29,669 to 36,670, a net increase of 7,001 units or 23.6 percent. The number of single-family homes increased much more modestly, from 92,757 to 93,045 units, a net increase of 288 homes or 0.3 percent. Over this same period, the number of cooperative units has decreased, dropping from 9,475 to 9,367 units, a net loss of 108 units or -1.1 percent.

As a result of these recent trends, condominiums now constitute more than a quarter (26.4 percent) of all ownership units in Washington, D.C., up four percentage points in just four years. Single-family homes now account for 66.9 percent of all ownership units, while cooperative units account for 6.7 percent.

Figure 4. New, Privately Owned Housing Units Authorized by Permit, Washington, D.C.



Source: NeighborhoodInfo DC analysis of data from the U.S. Bureau of the Census Building Permits Survey.

³ According to the 1969 edition of the *Statistical Abstract of the United States*, the District authorized construction of approximately 5,400 housing units in 1966, a total that included public housing construction contracts.

⁴ The term "ownership units" means all real property parcels registered as single-family homes or condominiums in the D.C. real property file, plus all units in parcels registered as cooperative buildings. The ownership unit designation does not necessarily indicate that the owner lives in the housing unit.

Affordable Housing Update

Section 8 and Multifamily Projects

This section of the *District of Columbia Housing Monitor* will focus on the District of Columbia's affordable housing supply. Over time, we plan to expand this section to include multiple types of affordable housing. In this first quarterly report, however, we examine only federally subsidized multifamily housing, primarily units assisted under the project-based Section 8 Housing Assistance Payments program (Section 8).⁵

Section 8 is a federal rent subsidy program funded through the U.S. Department of Housing and Urban Development (HUD).⁶ Families in Section 8 housing, who must be low-income, receive the benefit of a rental subsidy paid by HUD. Housing owners in the Section 8 program sign a contract with HUD that requires them to keep a set number of units affordable for a specified period of time. When the contract term is about to expire, owners can either renew their HUD contract or decide to opt out of the program. If an owner opts out, he or she has no further obligation to keep housing units in the property affordable.⁷

The District of Columbia Housing Monitor will track the current supply of subsidized multifamily units in the District of Columbia as well as the number of units for which contracts have expired or been renewed in the past four quarters. We will also report the number of units that have expiration dates approaching in the next four quarters — units that are at risk of being lost to the affordable housing stock.

Thousands of Washington, D.C.'s federally assisted housing units are at risk of loss.

The District of Columbia currently has 10,561 units subsidized under Section 8 and other federal multifamily programs (Table 1). Contracts for almost half of these units (5,205 units) are set to expire in 2006, putting the units at risk of being lost as affordable housing. If past experience is a guide, however, many of these units will have their rental assistance contracts renewed — although for shorter terms. During the past year, 3,266 assisted units were renewed, more than half of them (1,852 units) for terms of one to two years. Contracts for the remaining 1,414 units were renewed for five or more years.

Map 1 shows the locations of D.C. properties with existing Section 8 and other multifamily contracts. The largest numbers of active subsidized units are located in Ward 8 (2,696 units) and Ward 1 (2,122 units). Of the 5,205 units set to expire in 2006, the largest numbers are in Ward 6 (1,210 units) and Ward 1 (1,047 units).

During 2005, contracts for 842 units expired, resulting in potential losses to the affordable housing stock. These units were located in Ward 8 (681 units), Ward 5 (95 units), Ward 2 (48 units), and Ward 1 (18 units). In some cases, buildings that opt out of the Section 8 program may be kept affordable under another subsidy program, or existing tenants may be able to purchase the building to maintain affordability. In future reports, we hope to track these affordable housing preservation activities more closely.

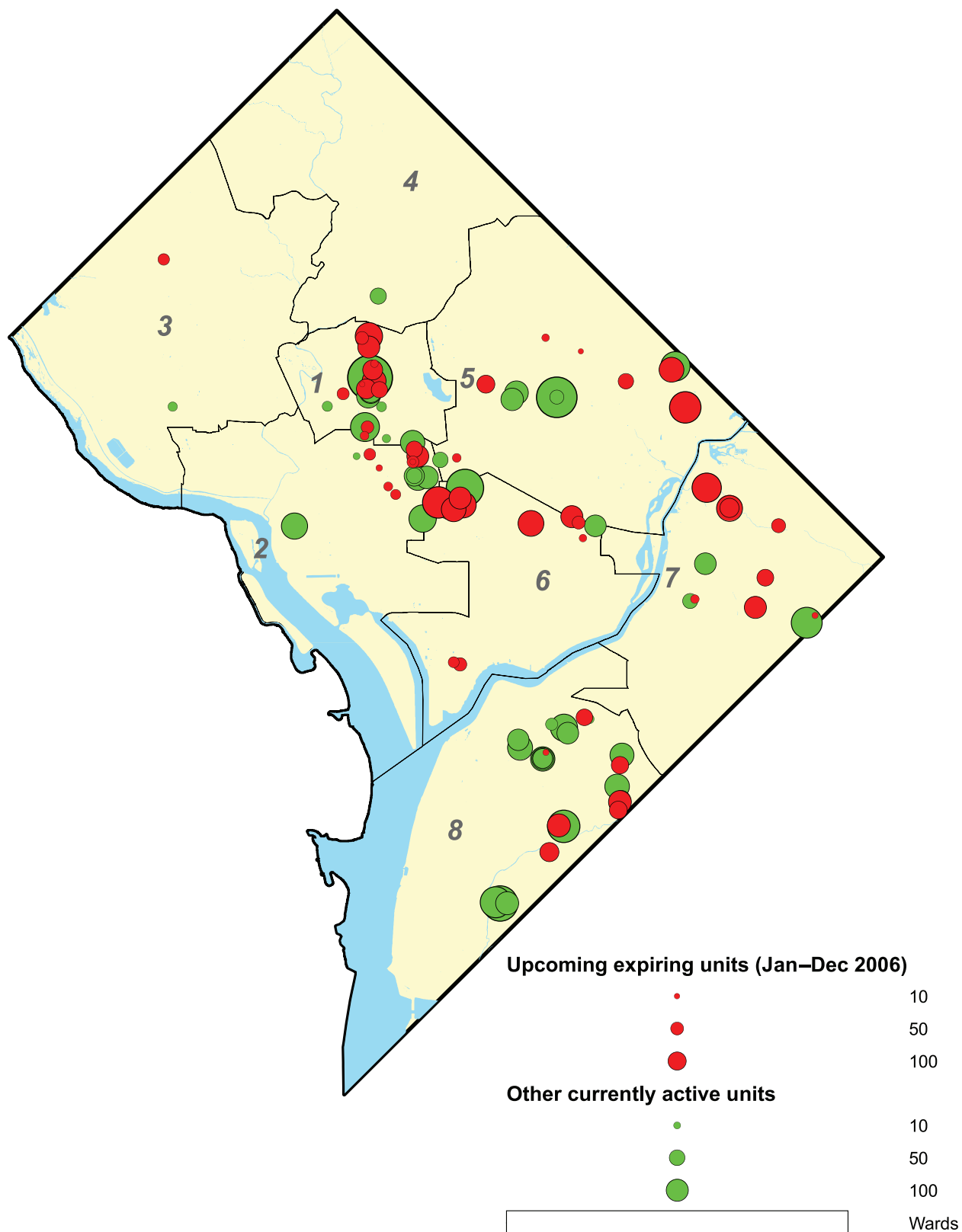
Additional detailed reports on Section 8 and other multifamily projects are available on our Web site: www.NeighborhoodInfoDC.org/housing.

⁵ These data also include housing units subsidized through other HUD contracts, such as under the Section 202 program. The data do not include either public housing or Housing Choice Vouchers (previously known as Section 8 vouchers), however.

⁶ Information on the Section 8 program was obtained from the U.S. Department of Housing and Urban Development (HUD) Web site: <http://www.hud.gov/sec2b.cfm>.

⁷ HUD can also terminate an owner's participation in Section 8 for failing to maintain units in a decent, safe, and sanitary condition. In future reports, we hope to be able to track these terminations more closely.

Map 1. Currently Active and Upcoming Expiring Section 8 and Multifamily Housing Projects, Washington, D.C.
As of February 2006



Source: NeighborhoodInfo DC analysis of data from HUD's Multifamily Assistance and Section 8 Contracts database.

Special Section: Neighborhood Home Sales Trends

The 2005 *Housing in the Nation's Capital* report introduced a *housing market typology* to categorize the District of Columbia's neighborhood clusters according to their housing market performance and potential. The typology used three price-level categories (lower, middle, and higher), based on 1994 prices, and three price-increase categories (moderate, rapid, and very rapid), based on 1999–2004 rates of increase, to organize clusters into six housing market groups. In addition,

the new typology included a Downtown group, which consisted of neighborhoods with predominantly multifamily condominium housing units. The result was seven groups of neighborhoods, each of which is named for one of the neighborhood clusters that falls within it. (Map 2 displays the seven groups and the clusters that they comprise.) Current price trends for single-family homes in each group are presented in Table 2.

Map 2. Wards, Neighborhood Clusters, and Housing Market Typology Groups, Washington, D.C.

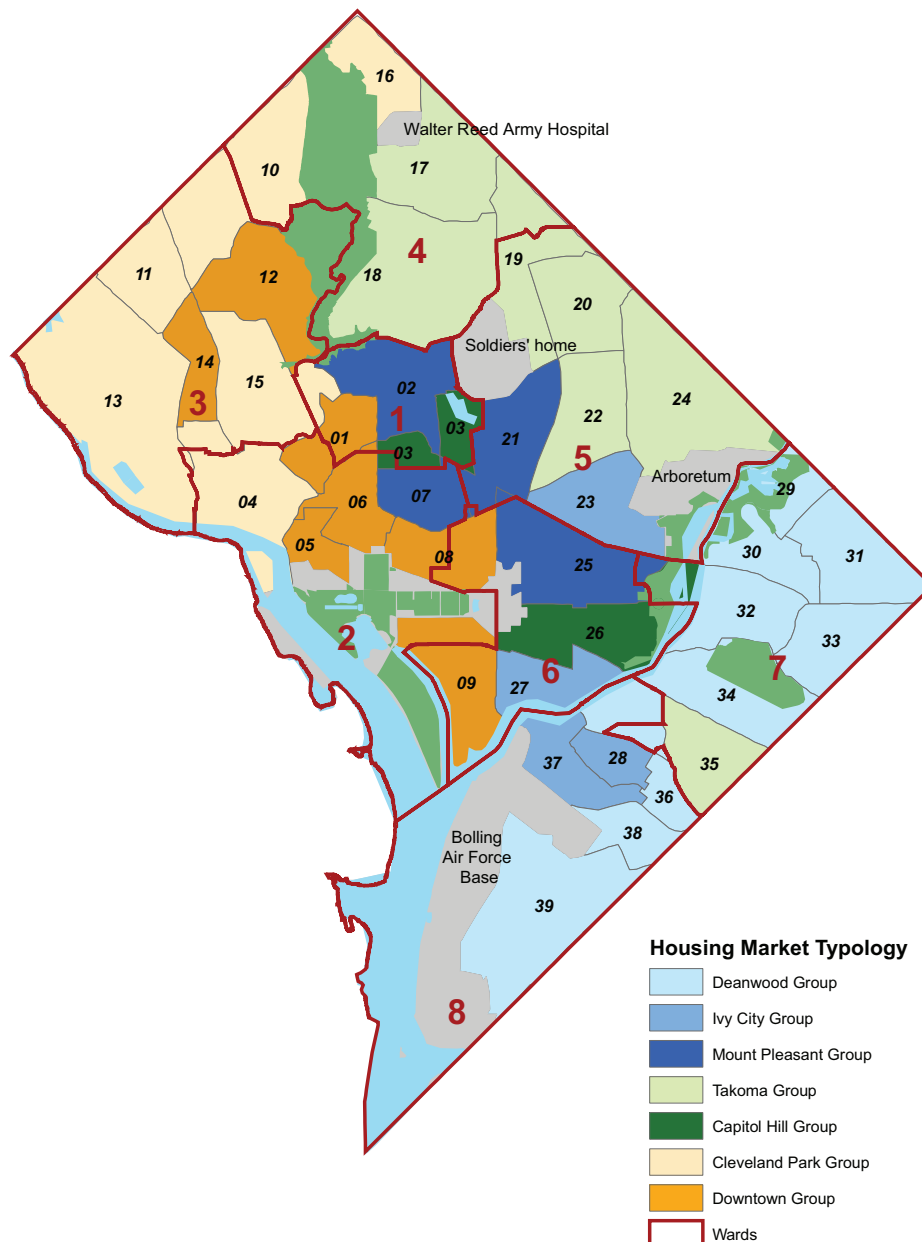


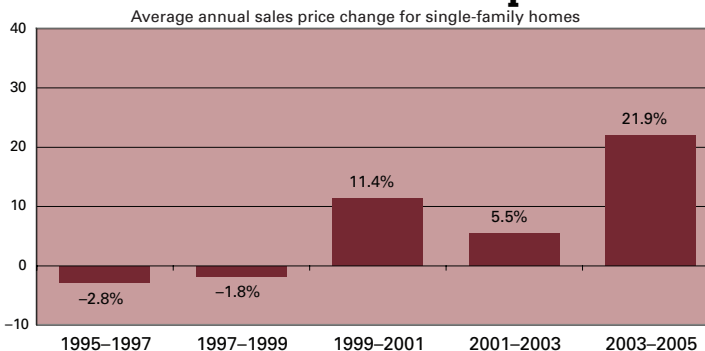
Table 2. Home Sales by Housing Market Typology and Neighborhood Cluster, Washington, D.C., 1995-2005

Housing Market Typology Neighborhood Cluster	Number of Sales			Median Sales Price (2005 \$ thousands)			Annual Real Change in Median Sales Price (percent)		
	1995	2000	2005	1995	2000	2005	1995-2005	2000-2005	2004-2005
Single-Family Home Sales									
Washington, D.C., Total	3,632	4,264	5,384	152	184	415	10.6	17.6	21.6
Deanwood Group	463	566	903	106	109	199	6.5	12.8	30.1
29 Eastland Gardens/Kenilworth	9	5	17	109	125	260	9.1	15.8	38.6
30 Mayfair/Hillbrook	22	30	38	76	99	188	9.5	13.6	48.9
31 Deanwood/Burrville	104	124	250	87	85	183	7.7	16.5	36.0
32 River Terrace/Benning	57	64	102	108	106	190	5.8	12.4	30.6
33 Capitol View/Marshall Heights	67	79	142	103	102	195	6.6	13.8	32.8
34 Twining/Fairlawn	108	95	133	120	125	240	7.1	14.0	34.6
36 Woodland/Fort Stanton	11	11	8	150	113	230	4.4	15.2	42.6
38 Douglas/ShIPLEY Terrace	17	39	68	91	138	195	7.9	7.1	30.2
39 Congress Heights/Bellevue	68	119	145	109	116	200	6.3	11.6	24.8
Ivy City Group	163	159	274	86	96	234	10.5	19.4	41.2
23 Ivy City/Arboretum	85	76	149	87	91	250	11.1	22.5	43.4
27 Near Southeast/Navy Yard	34	41	32	95	136	402	15.5	24.2	38.9
28 Historic Anacostia	23	28	61	74	95	185	9.5	14.3	35.8
37 Sheridan/Barry Farm	21	14	32	85	74	161	6.6	16.9	14.9
Takoma Group	884	901	1,274	148	162	375	9.7	18.2	25.1
17 Takoma/Brightwood	131	158	193	169	192	385	8.6	14.9	18.2
18 Brightwood Park/Crestwood	369	365	565	147	160	400	10.5	20.1	23.6
19 Lamond Riggs/Queens Chapel	76	69	105	142	145	295	7.6	15.2	18.9
20 N. Michigan Park/Michigan Park	99	99	102	154	162	325	7.8	14.9	18.5
22 Brookland/Brentwood	56	88	111	128	152	375	11.4	19.8	32.6
24 Woodridge/Fort Lincoln	114	96	166	139	158	350	9.7	17.2	35.4
35 Fairfax Village/Naylor Gardens	39	26	32	179	197	383	7.9	14.2	25.1
Mt. Pleasant Group	881	1,108	1,359	119	162	435	13.8	21.8	25.6
2 Columbia Heights/Mt. Pleasant	292	327	376	134	173	450	12.9	21.1	29.0
7 Shaw/Logan Circle	71	102	92	96	152	482	17.5	26.0	16.6
21 Edgewood/Bloomingdale	179	226	313	103	142	391	14.3	22.5	22.0
25 Union Station/Stanton Park	339	453	578	126	174	448	13.6	20.9	27.1
Capitol Hill Group	256	364	428	147	213	535	13.8	20.2	7.6
3 Howard Univ./Le Droit Park	71	119	128	125	187	525	15.4	23.0	8.6
26 Capitol Hill/Lincoln Park	185	245	300	158	245	540	13.1	17.1	7.6
Cleveland Park Group	771	936	944	402	518	859	7.9	10.6	7.2
4 Georgetown/Burleith	192	267	261	413	539	899	8.1	10.8	14.4
10 Hawthorne/Barnaby Woods	135	139	153	372	471	795	7.9	11.1	8.7
11 Friendship Heights/AU Park	166	142	160	375	488	800	7.9	10.4	7.2
13 Spring Valley/Palisades	165	208	239	500	598	995	7.1	10.7	12.7
15 Cleveland Park/Woodley Park	67	112	83	545	703	1,150	7.8	10.4	6.2
16 Colonial Village/Shepherd Park	46	68	48	324	375	653	7.3	11.7	5.2
Downtown Group	214	230	202	397	519	825	7.6	9.7	5.3
1 Kalorama Heights/Adams Morgan	45	58	42	416	683	1,125	10.4	10.5	9.2
5 West End/Foggy Bottom	9	14	12	384	296	773	7.2	21.1	47.4
6 Dupont Circle/Conn. Av./K St.	33	38	39	295	530	860	11.3	10.2	4.0
8 Downtown/Chinatown	5	3	4	106	102	243	8.6	18.9	-46.1
9 SW Employment Area/Waterfront	13	23	15	256	312	450	5.8	7.6	20.9
12 N. Cleveland Park/Forest Hills	83	74	72	422	530	855	7.3	10.0	8.1
14 Cathedral Heights/McLean Gardens	26	20	18	481	601	929	6.8	9.1	8.9
Condominium Sales									
Washington, D.C., Total	1,288	2,364	5,268	128	157	369	11.2	18.7	14.8
Downtown Group	791	1,378	2,787	141	166	379	10.4	18.0	12.1
1 Kalorama Heights/Adams Morgan	183	275	371	161	206	409	9.7	14.6	6.8
5 West End/Foggy Bottom	100	190	360	102	118	461	16.3	31.3	46.6
6 Dupont Circle/Conn. Av./K St.	229	444	417	132	168	369	10.8	17.0	13.3
8 Downtown/Chinatown	13	33	922	167	181	394	9.0	16.8	4.5
9 SW Employment Area/Waterfront	75	88	350	135	108	309	8.7	23.4	20.0
12 N. Cleveland Park/Forest Hills	67	157	134	135	163	372	10.7	17.9	8.3
14 Cathedral Heights/McLean Gardens	124	191	233	153	166	373	9.3	17.6	20.3

Source: D.C. Real Property data tabulated by NeighborhoodInfo DC.

The Deanwood group, which underperformed the city average in the first half of the decade, shows signs of taking off.

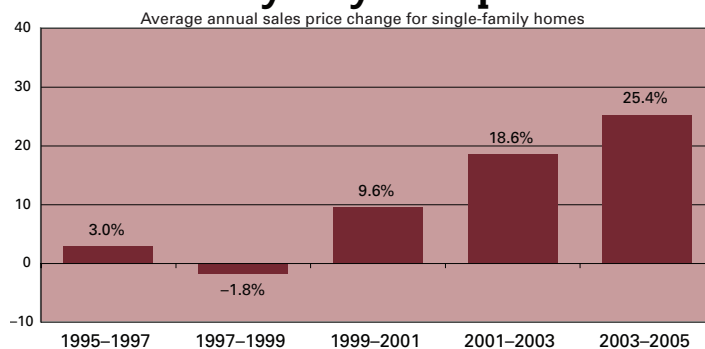
Deanwood Group



The Deanwood group, which includes nine clusters located east of the Anacostia River, was in the low price range in 1994 and has experienced only moderate price increases since 1999. More recently, however, prices have begun to take off. The average annual real price increase of single-family homes in the Deanwood group was 21.9 percent between 2003 and 2005, compared with only 5.5 percent per year from 2001 to 2003. Price increases in the past year (2004 to 2005) for the Deanwood group ranged from a low of 24.8 percent for cluster 39 (Congress Heights/Bellevue) to a high of 48.9 percent for cluster 30 (Mayfair/Hillbrook). By 2005, the median price of a single-family home in the Deanwood group was \$199,000, ranging from a low price of \$183,000 in cluster 31 (Deanwood/Burrville) to a high of \$260,000 in cluster 29 (Eastland Gardens/Kenilworth).

The Ivy City and Takoma groups have experienced continued accelerating price growth since 1999.

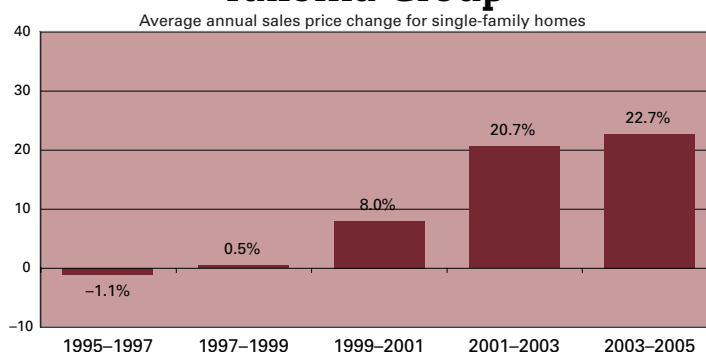
Ivy City Group



The Ivy City group, made up of four clusters west of the National Arboretum, southeast of Capitol Hill, and east of the Anacostia River, had an average real price increase of 25.4 percent between 2003 and 2005, compared with 18.6 percent per year from 2001 to 2003 and 9.6 percent per year from 1999 to 2001. All of the clusters in this group had price increases of more than 35 percent in the past year (2004 to 2005), except for cluster 37 (Sheridan/Barry Farm), where prices grew only 14.9 percent and the median sales price was \$161,000 in 2005. In contrast, cluster 27 (Near Southeast/Navy Yard) had a median sales price of \$402,000 in 2005. The higher prices in this cluster are likely explained, at least in part, by the city's plans for future development in this area, which include the new baseball stadium.

Similarly, the Takoma group, which contains seven clusters (one east of the Anacostia River and the other six east of 16th Street and north of the Capitol), was in the medium price range in the mid-1990s and has since then experienced rapidly accelerating price growth. Prices in this group grew 22.7 percent per year from 2003 to 2005, compared with 20.7 percent per year from 2001 to 2003 and 8.0 percent per year from 1999 to 2001. Among the clusters that make up the Takoma group, the most recent price changes have varied considerably. Prices in cluster 17 (Takoma/Brightwood) grew by 18.2 percent between 2004 and 2005, below average for the group and the city. Sales prices in cluster 24 (Woodridge/Fort Lincoln), however, jumped by 35.4 percent this past year.

Takoma Group

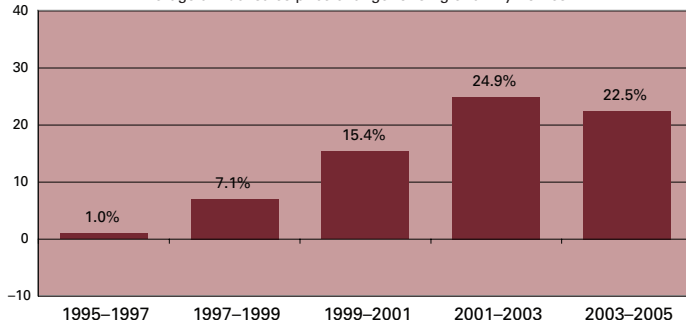


Price growth in the Mt. Pleasant group is still very strong, although somewhat slower than a few years ago.

The Mt. Pleasant group, which includes four clusters just north and east of downtown, has undergone some of the most dramatic change in the city. Clusters in this group were in the low price category in 1994 but have experienced very rapid price increases since 1999. The average price of single-family homes in the Mt. Pleasant group increased 15.4 percent per year between 1999 and 2001; the rate of price growth accelerated to 24.9 percent per year between 2001 and 2003.

Mt. Pleasant Group

Average annual sales price change for single-family homes

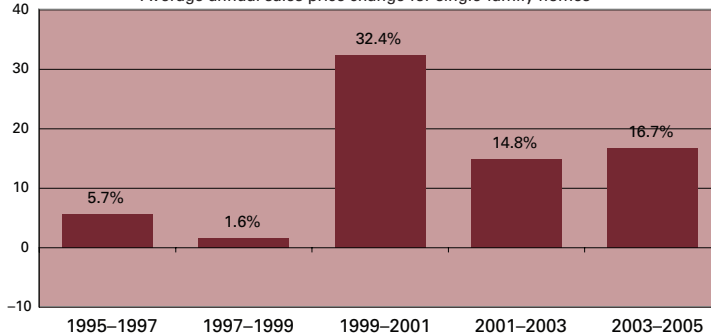


More recently, the price increases have slowed slightly, but at 22.5 percent per year, the Mt. Pleasant group is still among the city's most robust markets. The strongest price growth in this group over the past year was in cluster 2 (Columbia Heights/Mt. Pleasant), where prices increased 29.0 percent. Price growth in cluster 7 (Shaw/Logan Circle) slowed somewhat this past year, with an increase of 16.6 percent, compared with 26.0 percent per year in this cluster between 2000 and 2005.

The Capitol Hill group continues to experience strong price growth but is showing some signs of cooling off.

Capitol Hill Group

Average annual sales price change for single-family homes



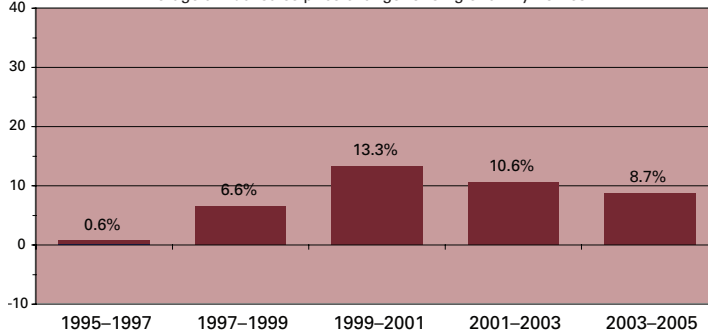
The Capitol Hill group, which includes just the Capitol Hill/Lincoln Park and the Howard University/Le Droit Park clusters, started in the medium price category in 1994 (which is notable given the fact that the city's other hot-test markets began with far lower initial price levels). The Capitol Hill group has since experienced very rapid price increases. From a blistering rate of real price growth of 32.4 percent per year between 1999 and 2001, the group experienced relatively moderate price increases from 2001 to 2003 (14.8 percent per year) and from 2003 to 2005 (16.7 percent per year). Prices in the past year, from 2004 to 2005, increased only 7.6 percent, however, well below the city average of 21.6 percent.

Price growth in the high-priced Cleveland Park group continues at a moderate pace, but is slowing.

The Cleveland Park group, made up of six clusters located mostly west of Rock Creek Park, has long been in the high price range but has generally experienced only moderate price increases in this decade. Moderate growth continues, but with definite slowing of price increases. Homes in the Cleveland Park group are among the most expensive in the city, with a median price of \$859,000 in 2005. The average price increase between 2003 and 2005 was 8.7 percent per year, down from 10.6 percent per year from 2001 to 2003 and 13.3 percent per year from 1999 to 2001. Two clusters in this group, however, experienced faster price growth this past year. Prices in cluster 10 (Georgetown/Burleith) increased 14.4 percent, and prices in cluster 13 (Spring Valley/Palises) grew by 12.7, compared with 7.2 percent for the group as a whole.

Cleveland Park Group

Average annual sales price change for single-family homes

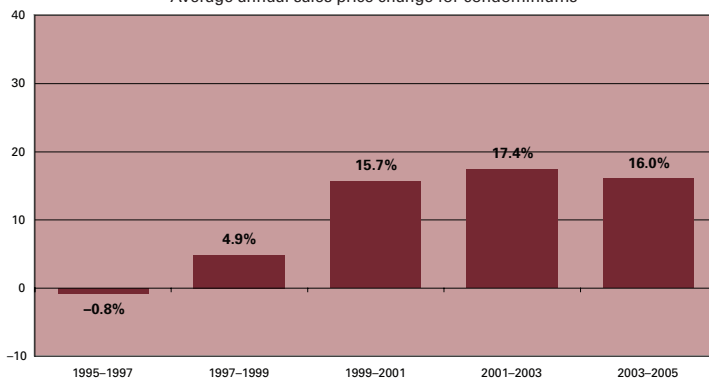


The housing market in the Downtown group, which is heavily dominated by condominiums, has continued to show steady, strong price growth throughout the decade.

The Downtown group consists of seven clusters, all of which stand out from the rest of the city because most of their housing units are in multifamily buildings. In 2005, 93.2 percent of all home sales in the Downtown group were condominium units, and this group accounted for more than half of the city's total condominium sales. The trends in this group reflect the growing importance of condominium housing in Washington, D.C. Condominium sales in the Downtown group grew from only 791 sales in 1995 to 2,787 sales in 2005, an increase of more than 250 percent.

Downtown Group

Average annual sales price change for condominiums



The Downtown group has experienced steady, strong real price growth since 1999, ranging between 15 and 17 percent per year between 1999 and 2005. Several neighborhood clusters within the group had exceptionally strong price growth this past year. Condominium prices in cluster 5 (West End/Foggy Bottom) grew 46.6 percent from 2004 to 2005 and, with a median price of \$461,000 in 2005, are the highest in the group.

For More Information:

Electronic versions of current and past editions of the District of Columbia Housing Monitor and more detailed data tables are available online at www.NeighborhoodInfoDC.org.

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