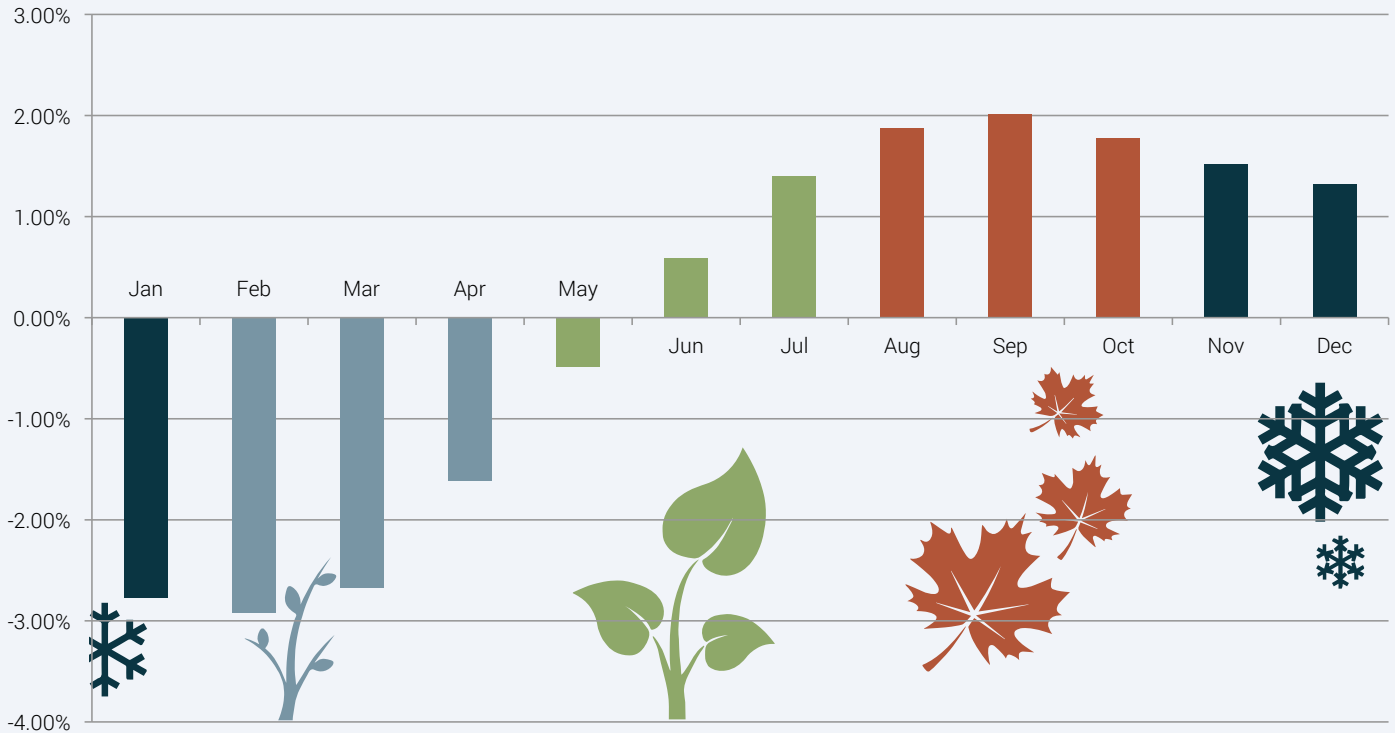


1980–2013 Seasonality Index: Washington DC Home Sale Prices

Source: S&P/Case-Shiller Washington DC Home Price Index, Capital Market Appraisal Research Desk

Note: The *average percentage method* was used to calculate seasonality, this method expresses the data of each month as a percentage of the average of the year. Monthly data was derived from the S&P/Case-Shiller Washington DC Home Price Index; (1980–2013) & includes only fee simple single-family property.



Washington DC Home Sale Prices: Seasonality Index (1980–2013)

By: Victor Brown | June, 13 2014

Victor Brown is the principle of Capital Market Appraisal, a residential real estate appraisal and consulting company in Washington, DC : Download their free research reports at capitalmarketappraisal.com and follow them on Twitter at @appraisaldesk.

In this figure we have constructed a seasonality index by charting monthly home sale prices, as measured by the S&P/Case-Shiller Washington DC Home Price Index (DC Index¹) – using data collected from 1980 to 2013. The graph expresses the data of each month as a percentage of the average of the year.

In other words, if the average annual home price in a given year is 'X' this figure is saying that the average home price in February of that year was 2.78% below 'X' – while in September it was 2.01% above 'X' (on average). 'X' in our figure represents the average annual home price in Washington, DC from 1980 to 2013 as measured by the DC Index.

In some years the DC Index will be up (in 2013 it was up 8.12%, year over year) and in other years it will be down (yes unfortunately as we all know home prices can fluctuate in both directions) – however empirically, the average intra-year month to month fluctuation of home prices measured against the annual mean, takes the shape of the sine wave depicted above.

The amplitudes are unique for any given year; last year for example the monthly low in February was 5.99% below the annual average, while the high in September was 3.43% above. Yet notice that the bottom and peak for the year was again in February and September, as it is with our 33-year average shown above (1980–2013). This will not always be the case, but on average it is – and that's what our figure is telling us.

What we observe is an intuitive cyclical pattern where prices decline throughout winter/early spring, rise during late spring and summer, peak in the fall—then roll over into winter, to begin the cycle once again.

I mean who really wants to go open-house hunting in 20-degree weather when you can do it during summer or fall right?

About Us

We are a locally owned, independent fee, residential real estate appraisal and consulting firm specializing in single-family, condominium, cooperative and multi-family income property in Washington, DC. We offer residential appraisal products and consulting services for national mortgage companies, local lenders, homeowners, private practice, and investors.

For more information

Please contact:

Victor Brown, MBA
Principal
Capital Market Appraisal
victor@capitalmarketappraisal.com
+1 202 320 3702

www.CapitalMarketAppraisal.com

End Notes:

1 (S&P/Case-Shiller Washington, DC Home Price Index 'DC Index'): "The S&P/Case-Shiller Home Price Indices are the leading measure of United States residential real estate prices.... The methodology for calculating the S&P/Case-Shiller Indices is based on...a repeat sales methodology, widely considered as the most accurate way to measure price changes for real estate. The repeat sales methodology measures the movement in the price of single-family homes by collecting data on actual sale prices of single-family homes in their specific regions. When a home is resold, months or years later, the new sale price is matched to its first sale price. These two data points are called a "sale pair." The difference in the sale pair is measured and recorded. All the sales pairs in a region are, then, aggregated into one index." Source: S&P Dow Jones Indices LLC and/or its affiliates.

General Disclaimer/ Important Information:

This document was produced by and the opinions expressed are those of Capital Market Appraisal as of the date of writing and are subject to change. It has been prepared solely for information purposes. Information and analysis contained in this document have been compiled or arrived at from sources believed to be reliable but Capital Market Appraisal does not make any representation as to their accuracy or completeness and does not accept liability for any loss arising from the use hereof. © 2014 Capital Market Appraisal. All rights reserved

