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Residential Real Estate

Investors look for upside of downturn with rentals

Washington Business Journal - May 18, 2007 by [Joe Coombs](#) Senior Staff Reporter

Housing sales continue to lag in Greater Washington and the rest of the nation, and Chris Finlay couldn't be happier.

Finlay's business is residential real estate, but he is capitalizing on the other side of the housing market's recent downturn.

Finlay's Vienna-based real estate management company, Mission Residential LLC, is investing heavily in apartment complexes in Dallas, Atlanta, Charlotte, N.C., and other cities at a time when more people are choosing to rent rather than own a house.

"We've seen a real surge in demand," said Finlay, Mission Residential's managing principal. "Housing is still too expensive for many people, and there's also been the subprime loan debacle, so there are fewer opportunities for ownership right now."

Mission Residential hasn't targeted any investments in Greater Washington yet, Finlay said, due to a fast run-up in real estate costs in recent years.

But the company is looking at other metro regions in the Southeast and Midwest that are seeing decent job growth and have strong local economies.

Part of Finlay's strategy is to target Generation Y, whose members probably aren't ready to buy homes just yet. About 80 million people from that population segment will enter the work force in the next seven years, he said.

Like other forecasters, Finlay said he can't predict when the housing market will make its turnaround.

"We don't think it's a doomsday scenario," he said, "but it's not looking better any time soon."

In Greater Washington, it's just flat at the moment.

Sales volume and the median sales price during April in the District for single-family homes dropped by about 1 percent on an annual basis, according to research compiled by Metropolitan Regional Information Systems.

Pricing was virtually unchanged in Montgomery and Prince George's counties, but both of those jurisdictions sustained double-digit percentage drops in sales volume in April, compared with the same month in 2006.

Sales volume and median price dipped in April in parts of Northern Virginia, said Jill Landsman, spokeswoman for the Northern Virginia Association of Realtors.

The organization tracks real estate activity in Arlington and Fairfax counties, and the cities of Alexandria, Fairfax and Falls Church.

Listings also tumbled in April in Northern Virginia on an annual basis, from 10,038 in April 2006 to 9,165 in April this year. But that's a good sign for buyers and sellers, Landsman said.

"This is what happens when you're dealing with a market correction," she said. "It's a slow recovery, but it's not necessarily a bad thing. Fewer listings means we can absorb the homes on the market more quickly."

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