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The past couple of years of the economic downturn have been trying at best for the majority of people in the Fredericksburg region. Although our region has been somewhat insulated, the recession has lasted so long that the trickle-down effect has had a chance to affect almost all households and businesses in our region. There are opportunities to be realized and deals to be made, but it takes more collaboration, both publically and privately, to see them to fruition. The economic development departments of our localities are working hard to attract businesses into our area, but navigating through the hurdles of the planning and permitting process, when departments don't effectively communicate with each other internally, remains challenging. Encouraging businesses to come and personally doing business in the city have been difficult throughout this past year due to the gross receipts tax and other fees such as the water sewer availability fee.

On the residential real estate side, I expect things to continue to be slow throughout 2012. However I do believe that the average sales price in our area will increase due to the extremely low number of homes on the market. The inventory has dropped down to 1,500 homes on the market in our region, which is the lowest it's been since before 2007. With interest rates at an all-time low, buyers are ready to take advantage of the market conditions, but with the low inventory, and the high percentage of distressed properties, it can be difficult to find them just the right property. And with strict underwriting guidelines, it can be trying for buyers to realize the low interest rates. There were 272 home sales in the Fredericksburg region in November 2011, accounting for 18% of the total inventory, selling for 92% of their list price. That's compared to November 2010, which saw 255 homes sold accounting for 11% of the total inventory of 2,419 units, selling at 91% of their list price. This shows that things are recovering, but the road will be long and slow-going.

The uncertainty of the economy has been the underlying focus of 2011 and will continue into 2012. Looking forward, continuing uncertainty in the U.S. and financial conditions in Europe will likely keep businesses cautious. This will result in slow employment growth and sluggish economic expansion furthering consumer uncertainty, most likely through 2012. Therefore real estate markets should improve, albeit very modestly, due to declining inventory and rising sales prices and rents.