

Fredericksburg
Area Association
of REALTORS®

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Local Real Estate Market Posts Double Digit Gains in 2015

Greater Inventory and Promise of Interest Rate Hikes Motivate Buyers

Fredericksburg, VA – (January 26, 2016) – *The following analysis of the Fredericksburg, Virginia area housing market has been prepared for the Fredericksburg Area Association of REALTORS® based on analysis of MRIS multiple listing service (MLS) data by RealEstate Business Intelligence, LLC (RBI).*

The Fredericksburg area real estate market saw its best year in 2015 since the height of the market in 2005. Sold dollar volume was up an impressive 17.70% over 2014 at over \$1.46 billion in closed sales fueled by a 12.90% increase in units sold from 4,557 units in 2014 to 5,125 units in 2015. Median sold price was up 4.17% from \$252,000 in 2014 to \$262,500 in 2015. According to local REALTORS®, 2015 was an interesting year that didn't follow traditional patterns of buying and selling. 2016 FAAR President Christine Singhass stated, "Typical selling markets escalate in the spring and fall, and while the spring showed a surprisingly nice increase in sales, the fall fell short of expectations. Our usual market trends are becoming not so predictable and the trend seems to be that there no longer are reliable trends."

Local REALTORS® reported strong competition and quick sales in homes priced under \$500,000. Many agents noted a breaking point around \$500,000 when homes on the resale market could no longer compete with the boon of new construction throughout the region, especially in the Stafford County area.

While the fall bucked conventional trends and didn't see a rush of buyers, the end of the year more than made up for it. "Despite a slower autumn than expected, 2015 went out with a very strong December, posting a sold dollar volume gain of nearly 40%", continues Singhass. "A new closing disclosure process went into effect in October and had many real estate professionals worried about delayed closings and anxious buyers, but the big changes in procedure seemed to be uneventful for our buyers and sellers." More choice in housing options and the approaching possibility of increasing interest rates motivated buyers in the Fredericksburg area market during the fourth quarter yielding a 4.2% increase in new contracts over last year. The 1,191 contracts ratified during the fourth quarter was the highest level since the fourth quarter of 2005. The number of sellers entering the market slowed in the fourth quarter, in line with the seasonal patterns but still managed to add 1,471 new listings, a slight decrease from 2014.

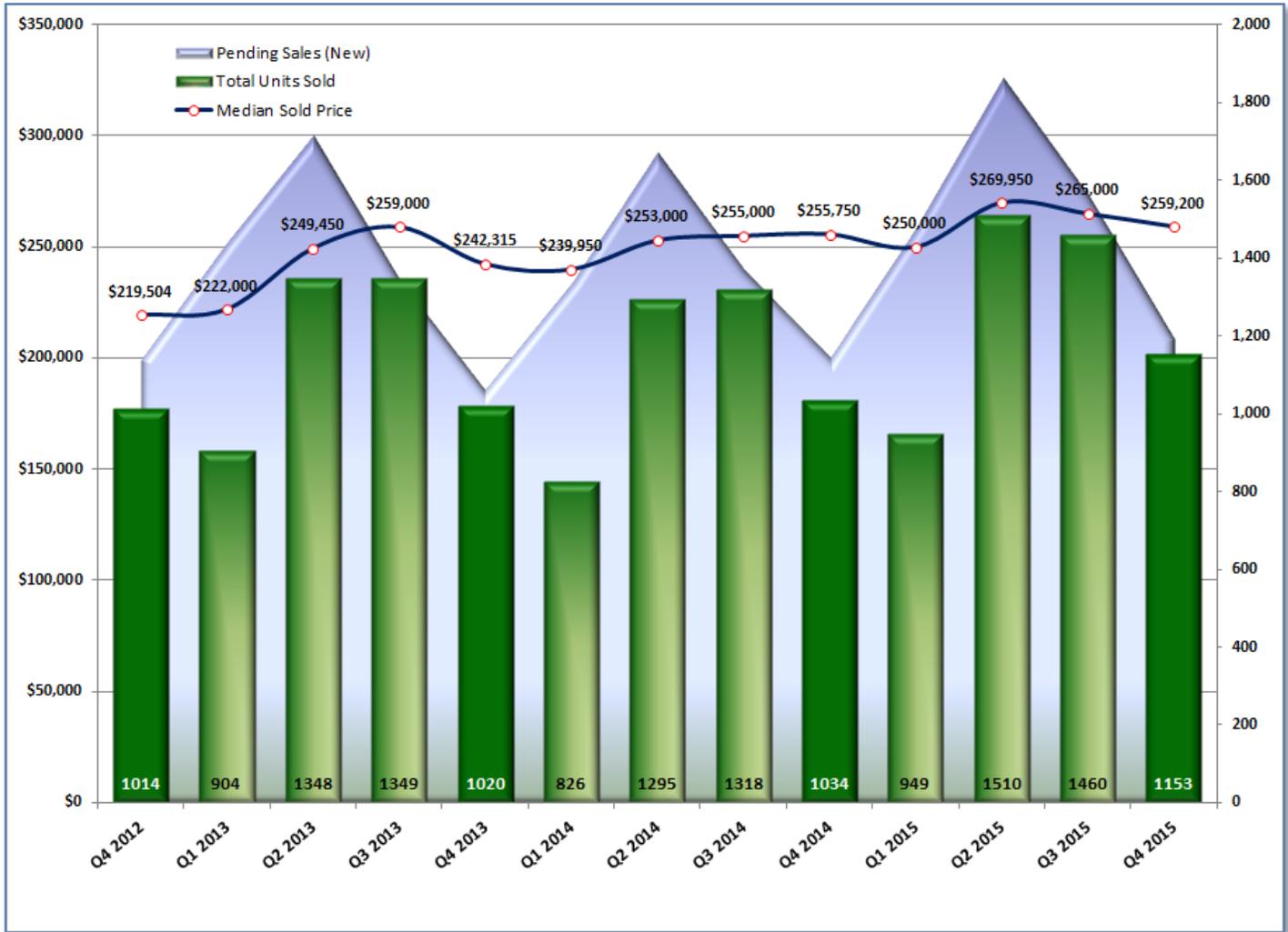
At \$259,200, the median sale price in the fourth quarter increased 1.4% from its year ago level but decreased 2.2% from the previous quarter. However, the 1,153 total units sold in the fourth quarter showed an increase of 11.5% from their year ago levels (1,034 sales). At \$328,374,585, the total sold dollar volume was the highest fourth quarter level since 2006 and represented a 15.3% increase over the 2014 level of \$284,750,378.

The median Days on Market (DOM), the number of days from when a listing enters the market until it obtains a ratified purchase contract, decreased from 54 days in the fourth quarter of 2014 to 52 days in the fourth quarter of 2015. This 3.7% decrease is more than the five-year fourth quarter median value of 44 days but just under the ten-year median value of 50 days. In the first quarter of 2016, days on market will likely remain below the previous five-year median level of 59 days. This follows

seasonal patterns and expanded inventory, and is expected to trend lower as the spring market approaches with anticipated higher sales volumes.

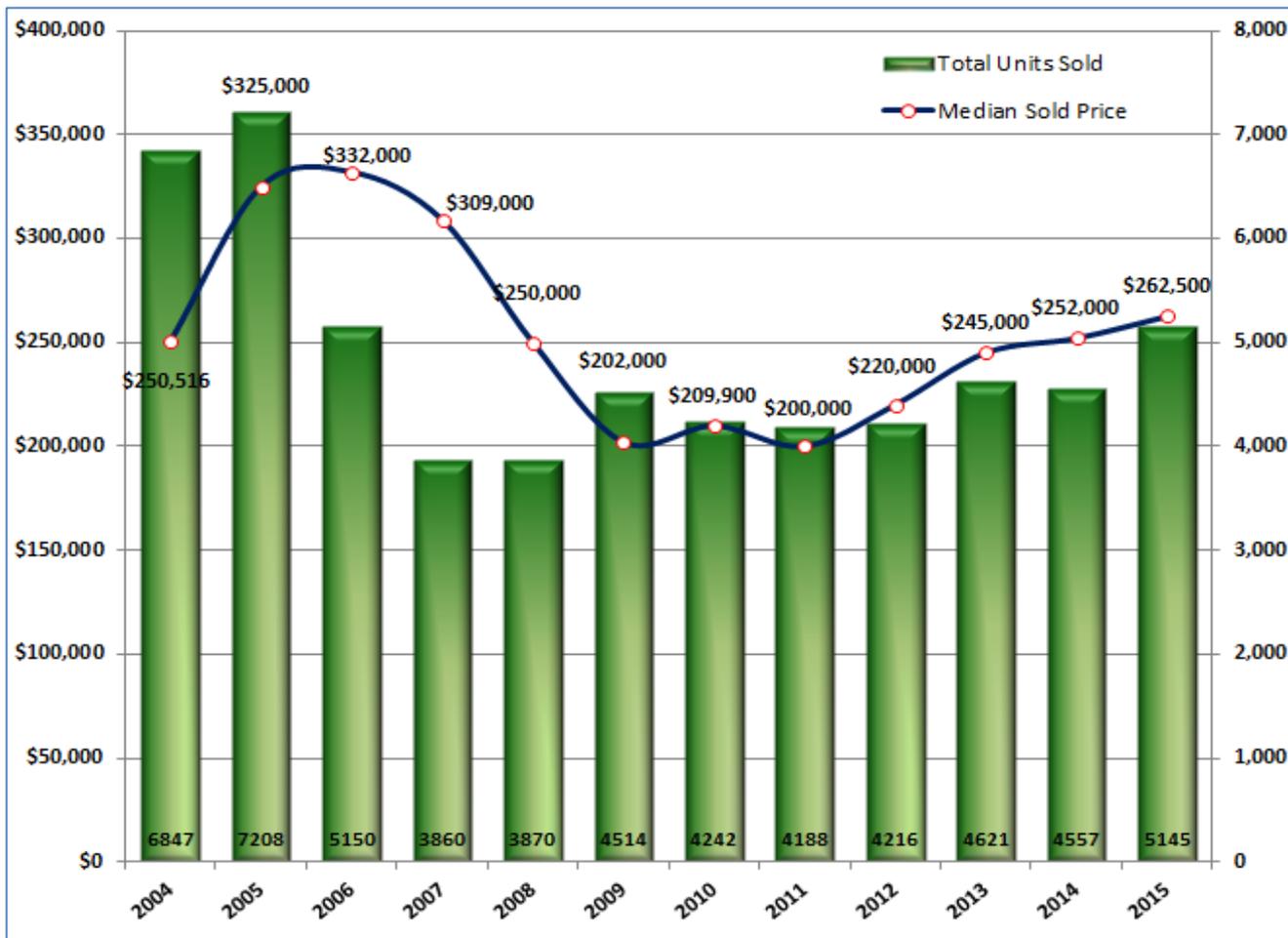
REALTORS® throughout the area are anticipating a continuation of the strong market experienced in 2015. Interest rates will most likely remain affordable and the possibility of increasing rates may prompt some sales. Sellers are gaining more confidence as median home price continues to increase. New construction will continue to pose some serious competition for resale homes in the higher price ranges. Singhass notes that "REALTORS® throughout the area are looking forward to a busy spring and a successful 2016."

Quarterly Home Sales Index - Fredericksburg Area Association of REALTORS® Q4-2015



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Sales and Price Index – Fredericksburg Area Association of REALTORS® 2004 - 2015



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About the Fredericksburg Area Association of REALTORS®

Founded in 1957, the Fredericksburg Area Association of REALTORS® is the trade association for more than 1,500 REALTOR® and affiliate members serving the areas noted above. Members also work in the surrounding counties of Westmoreland, Louisa, Orange and Prince William and in Northern Virginia. FAAR strongly supports the availability of affordable housing for all market segments and supports government policies designed to enhance homeownership opportunities. For more information about FAAR, visit www.faarmembers.com or contact Kim McClellan, Government Affairs Director at kmcclellan@faarmembers.com or 540-373-7711.