



Stable Investments During Unstable Times Local Opportunities Offer Reliable Assets

According to the National Association of REALTORS®, the average price of a home, now \$206,500, has dropped 7.6% over the median home a year ago.† While states like California and Florida lead the way in depreciating values, Central Virginia is not exempt. “Here in Lynchburg, our residential real estate does not fluctuate to the extremes seen in major metro markets,” noted Greg Lester, a real estate developer based in Forest. “While our local inventories have swelled, especially in the luxury sector, we’ve not seen the level of price reductions being felt in Northern Virginia and around the country’s larger cities.”

“Individual investors have a chance to stabilize their investments through land and their local economy by keeping their investments local.”

While the faltering national housing market seems to be in the headlines almost daily, the significant rise in the land market attracts little attention. Agricultural property values, driven by growing commodity prices, have appreciated at double-digit percentages as more and more ethanol plants come online.

According to *Land Lines*,†† a Midwest auction publication, Wall Street investment funds have been bidding on (and buying) agricultural land as a safe and profitable alternative to the roller coaster on the trading floor. The Federal Reserve Bank of Chicago reported



George McDaniel

in August††† that land in Illinois, Indiana, Iowa, Michigan, and Wisconsin has averaged a 15% increase in dollar value over the same period in 2007.

“Timberland, farm land, and investment properties, all of which are abundant in the Virginia Commonwealth, have seen increased values, as well,” reported Bill Bryant, President of Counts Realty & Auction Group. In residential real estate, scarcity (or at least perceived scarcity), determines home values; and scarcity can be determined by housing inventories. “But with land,” said Bryant, “it’s a static quantity. It can only grow more scarce. As the old timers like to say, ‘They aren’t making any more land.’ So, land prices are all but guaranteed to increase over time.”

Bryant’s auction company, like several of his local competitors’ firms, has seen an increase in land properties heading to auction. Many of these auction properties, like the 211 acres hitting the auction block on November 8, are even being offered without a reserve price. “If you’re the high bidder—regardless of amount—you’re going home a land owner. By offering properties in tracts, the end user and the developer or land speculator can fairly compete against each other. We’re seeing more sellers comfortable with selling at auction and more buyers comfortable with buying at auction.”

As touted on radio commercials and TV infomer-



Bill Bryant, CAI, AARE

cial, it’s a buyer’s market—a great time for investors with cash to build a real estate portfolio. George McDaniel, a Forest-area real estate agent commented, “Time will tell

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how many buyers take advantage of these opportunities.” McDaniel added, “Individual investors have a chance to stabilize their investments through land and their local economy by keeping their investments local.”

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† Holden Lewis, “Median prices fall in most places,” August 14, 2008, www.bankrate.com

†† pp. 1, 3 Fall 2008 *Land Lines*

††† pg. 1, issue 1941, August 2008, *AgLetter*