

**March 2010**  
**Harrisonburg & Rockingham County**  
**Real Estate Market Report**

An Analysis of Real Estate Activity Through February 28, 2010

**March 10, 2010**

*provided courtesy of*  
**HarrisonburgHousing***today*.com  
*and Scott P. Rogers, Associate Broker,*  
*Coldwell Banker Funkhouser Realtors*

# HOME SALES REPORT

Harrisonburg &amp; Rockingham County

March 10, 2010

# Home Sales	2007	2008	2009	2010	% Change ('09 - '10)
February	64	52	53	53	0.00%
Last 12 Months (Mar-Feb)	1,402	1,212	922	823	-10.74%

Median Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
February	\$210,000	\$212,043	\$180,000	\$174,900	-2.83%
Last 12 Months (Mar-Feb)	\$193,500	\$197,000	\$195,000	\$185,000	-5.13%

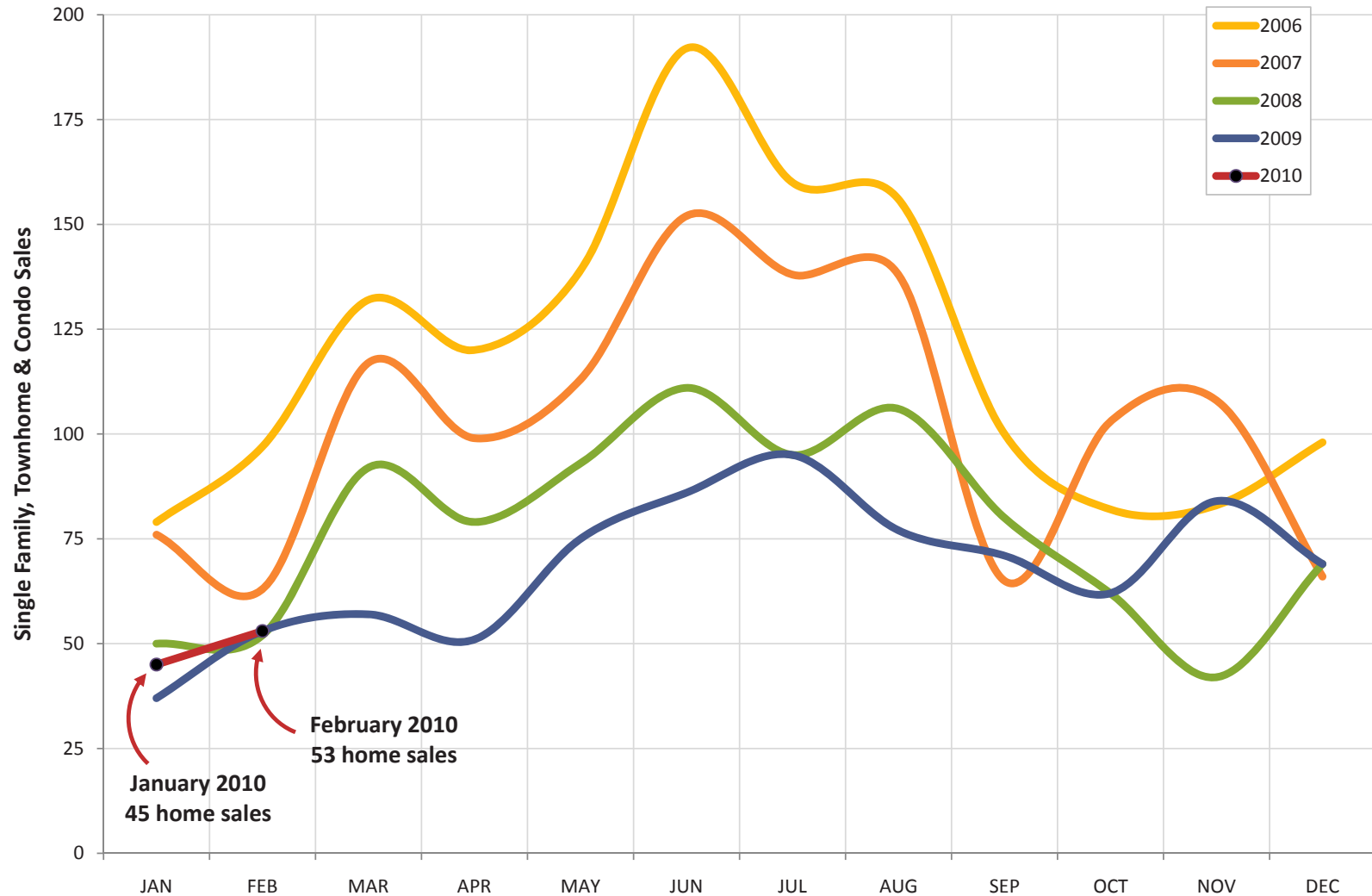
Average Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
February	\$227,788	\$238,499	\$243,858	\$188,113	-22.86%
Last 12 Months (Mar-Feb)	\$224,211	\$226,175	\$223,846	\$210,453	-5.98%

Average Days on Market	2007	2008	2009	2010	% Change ('09 - '10)
February	198	162	184	184	0.00%
Last 12 Months (Mar-Feb)	144	174	171	185	8.19%

Home sales held steady in February 2010 as compared to both February 2008 and February 2009. Furthermore, the last 12 months show only an 11% decline in sales pace as compared to the prior 12 month period --- and improvement over the 24% decline in sales pace seen when comparing the prior years' data sets. Home values,

as measured by median sales price, continue to decline slightly with a 3% decline when examining February 2010 to February 2009, and a 5% decline when comparing 12 month time periods. In addition to stability in the number of home sales between this and last February, we also saw no change in the average days on market.

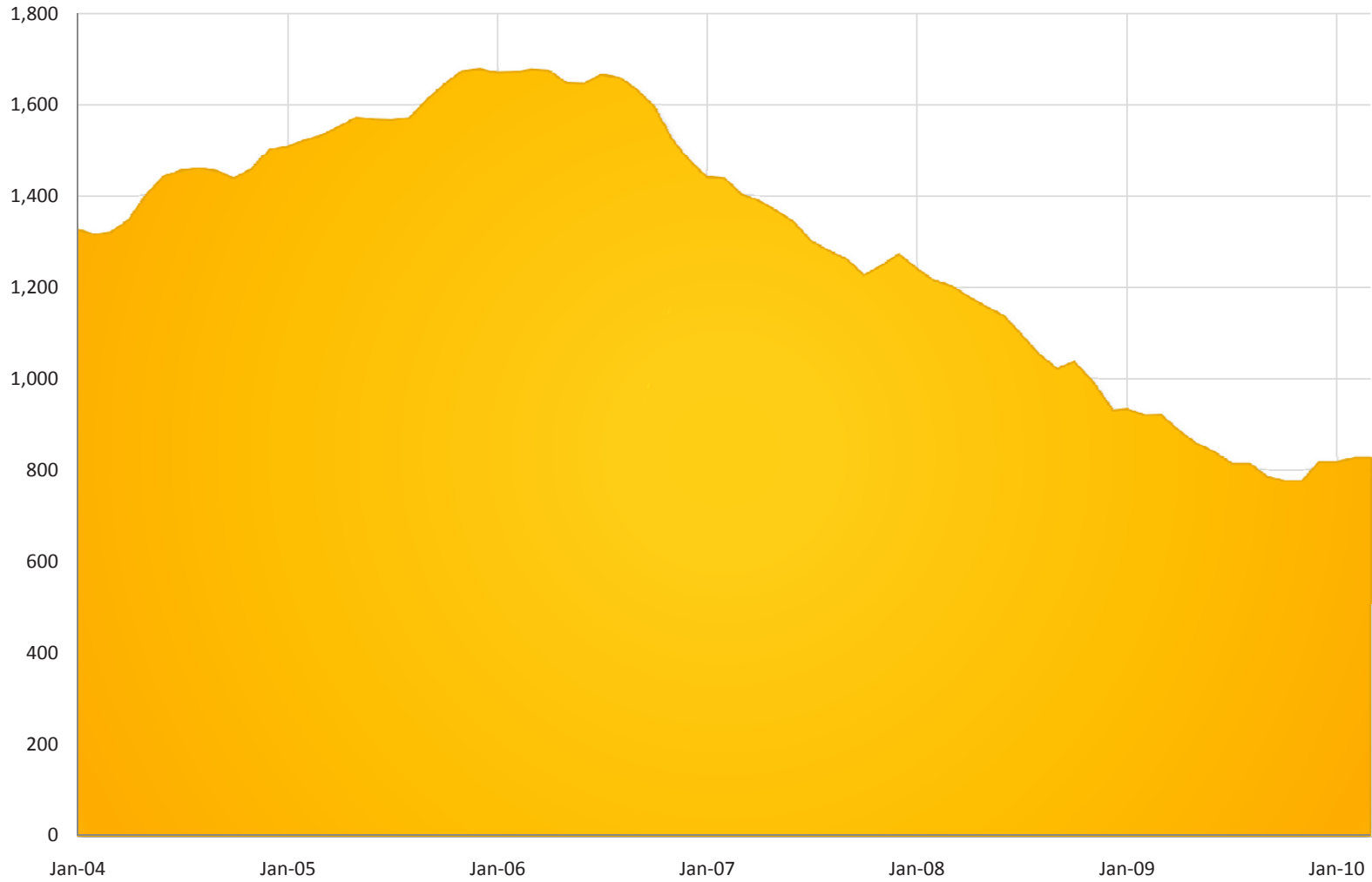
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



Despite three years of declining sales pace (2007, 2008, 2009), it appears that 2010 could be the year that our market finally sees a stabilization in the pace of home sales. January 2010 sales outpaced January 2009, and February 2010 sales were right in line with February 2009 sales. Furthermore, March and April of 2009 were

rather slow months for sales --- which may give March and April of 2010 a chance to continue to outperform them. All that said, I have predicted a halt in this declining sales pace for several years now, and have never been correct -- thus I'll avoid any weighty predictions until we have a few more months of data to work with.

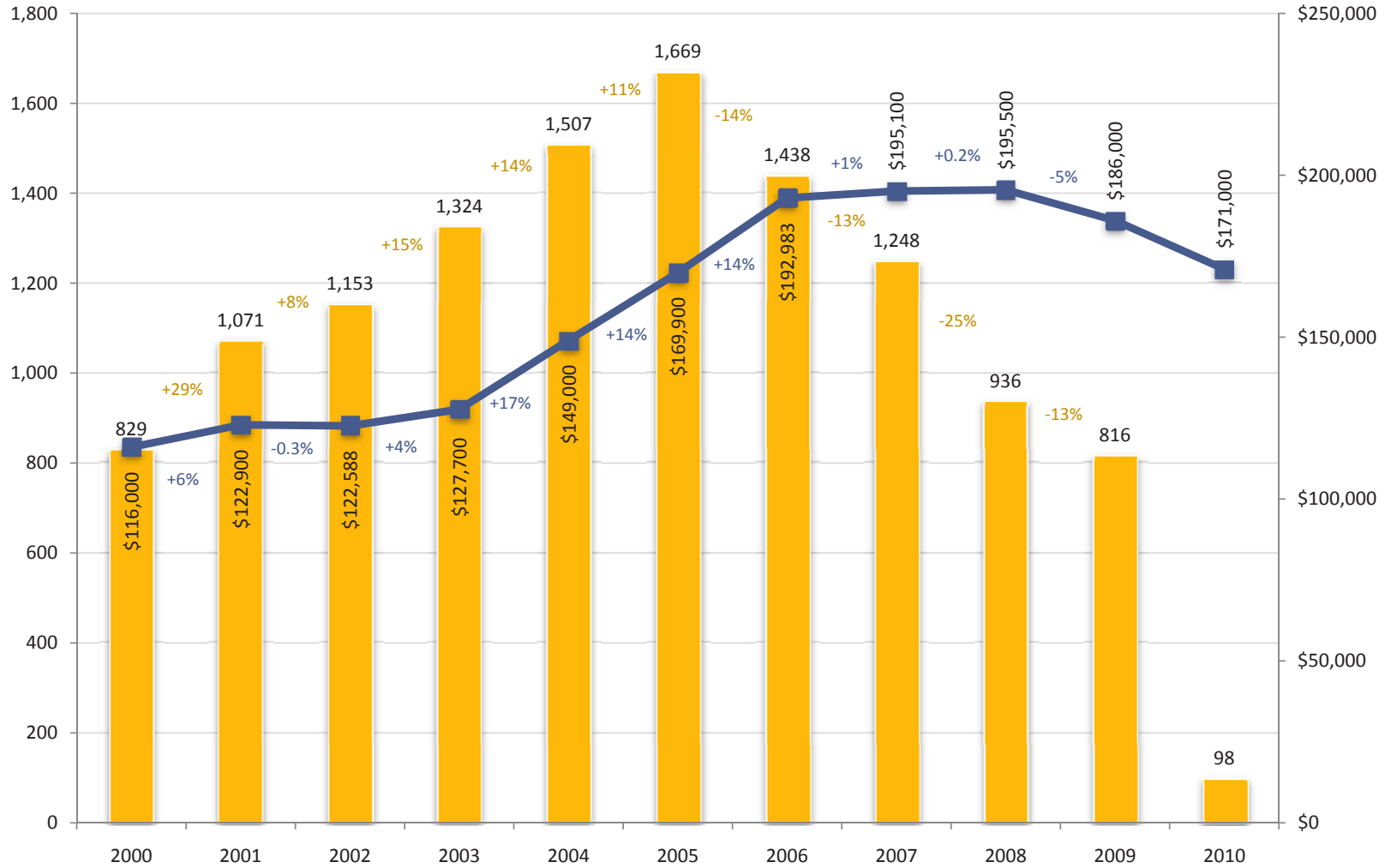
Harrisonburg & Rockingham County  
**Time-Adjusted Home Sales Trends :: All Homes**  
Sum of Preceding 12 Months



Each data point in the graph above shows the number of sales in a twelve month period, thus accounting for all seasons (and months) of the year. This graph can provide the most well rounded look at changes in sales pace, even though sometimes it takes several months for a new trend to appear. The last several months have

shown stability or increases in sales pace when looking at this comprehensive rolling twelve month sum, which is encouraging. After several years of a downhill roller coaster, it is exciting to consider that our market may finally start to see a moderately increasing pace of sales.

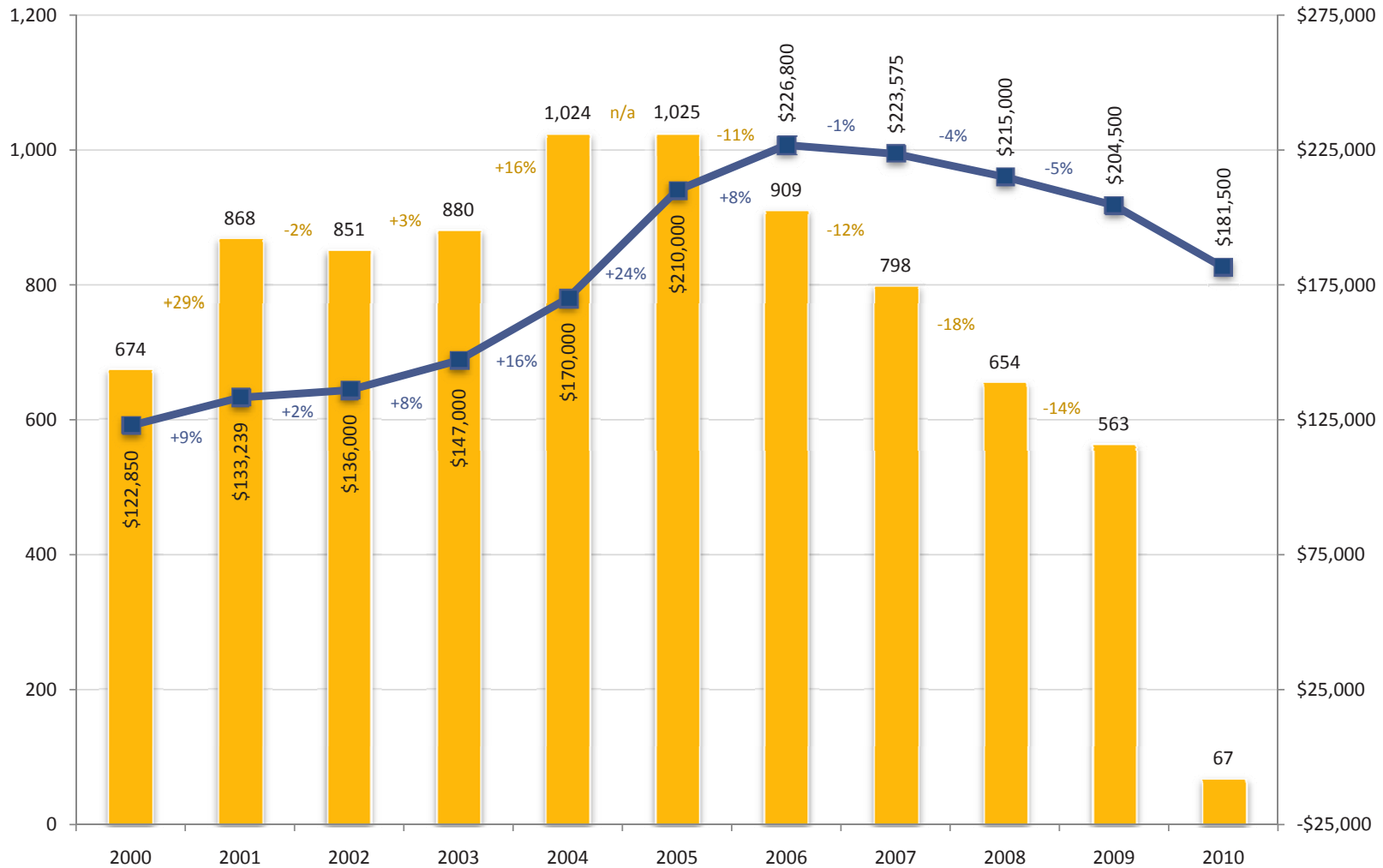
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



The median sales price of residential properties thus far in 2010 (\$171,000) has been roughly equivalent to 2005 values (\$169,900). This is a significant drop from the peak in 2008 of \$195,500, though it is certainly still a significant net increase from \$116,000 in 2000, or even \$127,700 in 2003. To put the ten year trend into

perspective, if the median sales price had increased a steady 4% per year since the 2000 value of \$116,000, the median sales price in 2010 would be approximately \$171,700. Thus, even with recent declines in median sales price, our market is still showing an average of a 4% increase per year over the past ten years.

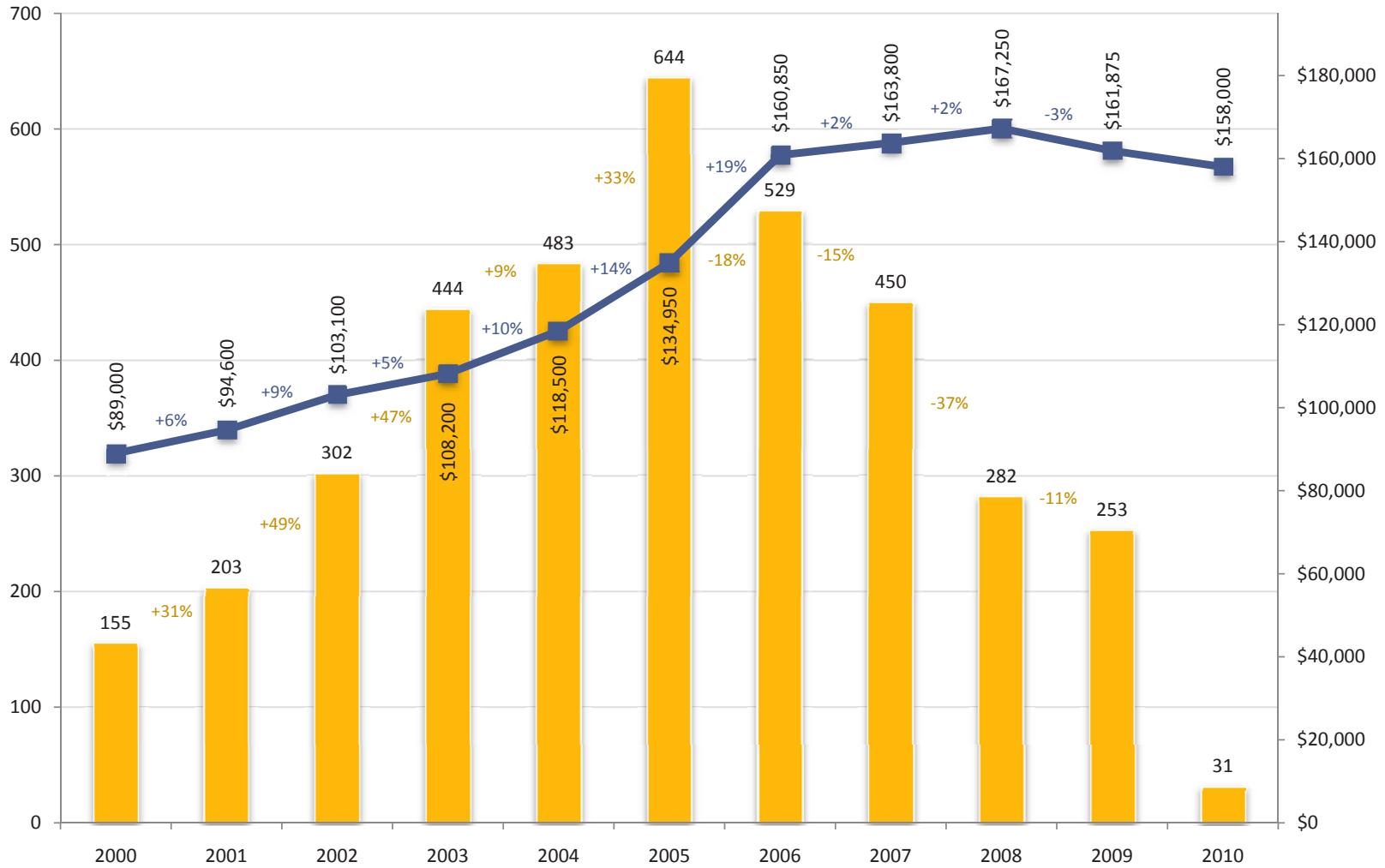
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



The pace of sales of single family homes has not decreased as much as that of townhomes, but values have decreased much more significantly. Perhaps there was and is more room for this value to adjust because the median sales price of single family homes (now \$181,500) is higher than the median sales price of townhomes

(now \$158,000). That said, when we examine the long term value trends (2000-2010) we find that a 4% per year increase since the 2000 median value of \$122,850 would show a present day value of \$181,800 --- which is exactly where the median sales price sits today.

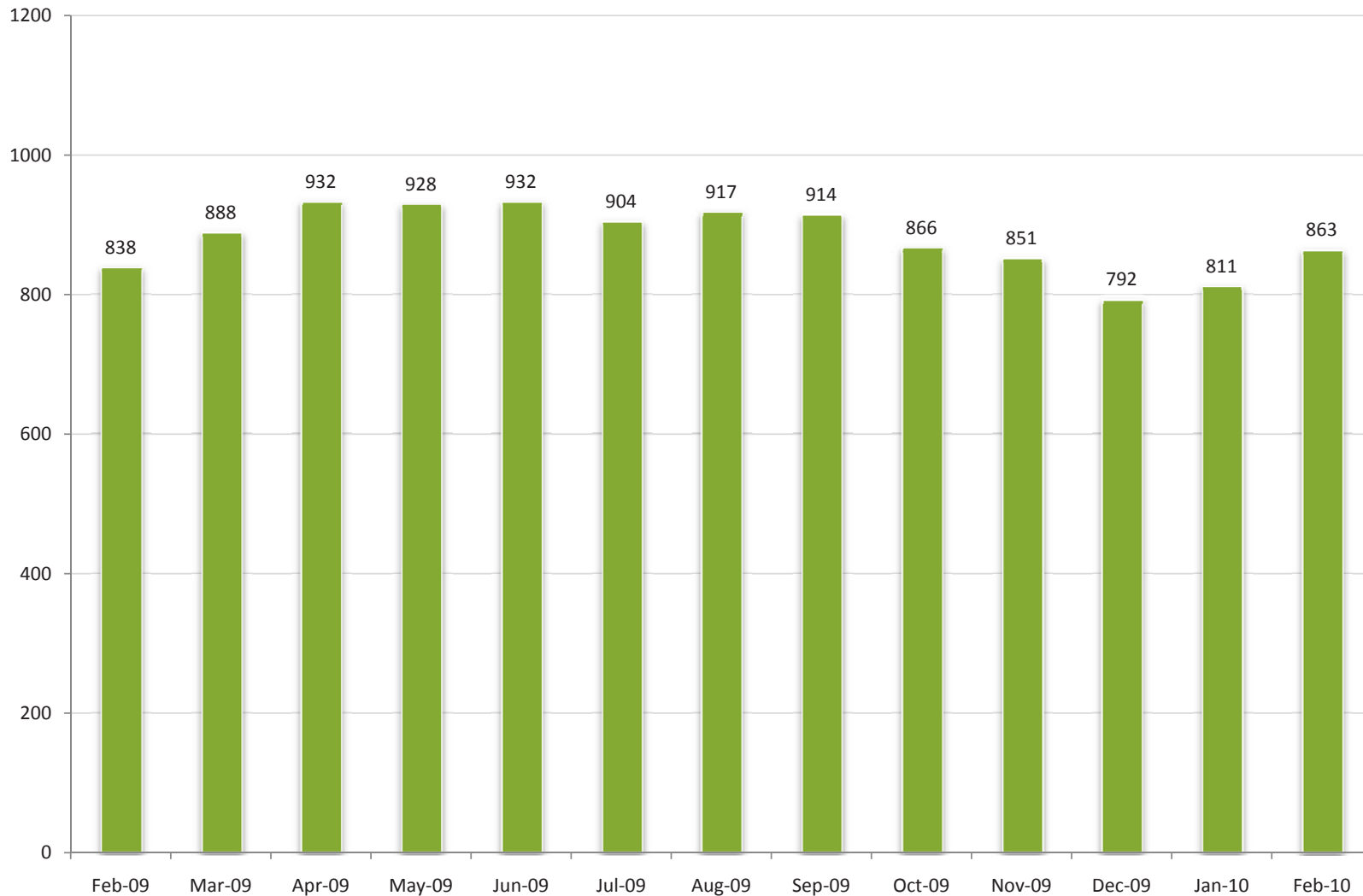
### Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



Despite sharp declines in the number of townhomes selling in Harrisonburg and Rockingham County, they continue to perform quite well in regards to price. In fact, we have only seen a 5.5% decline in median sales price from the peak in 2007. This is in comparison to a 20% decline in single family home median sales price. When

examining the full ten year trend, we find that a 6% increase per year of the median sales price would have resulted in the same increase (\$89,000 to \$158,000) that we have witnessed in a slightly different manner over the past ten years.

### Harrisonburg & Rockingham County Inventory Levels

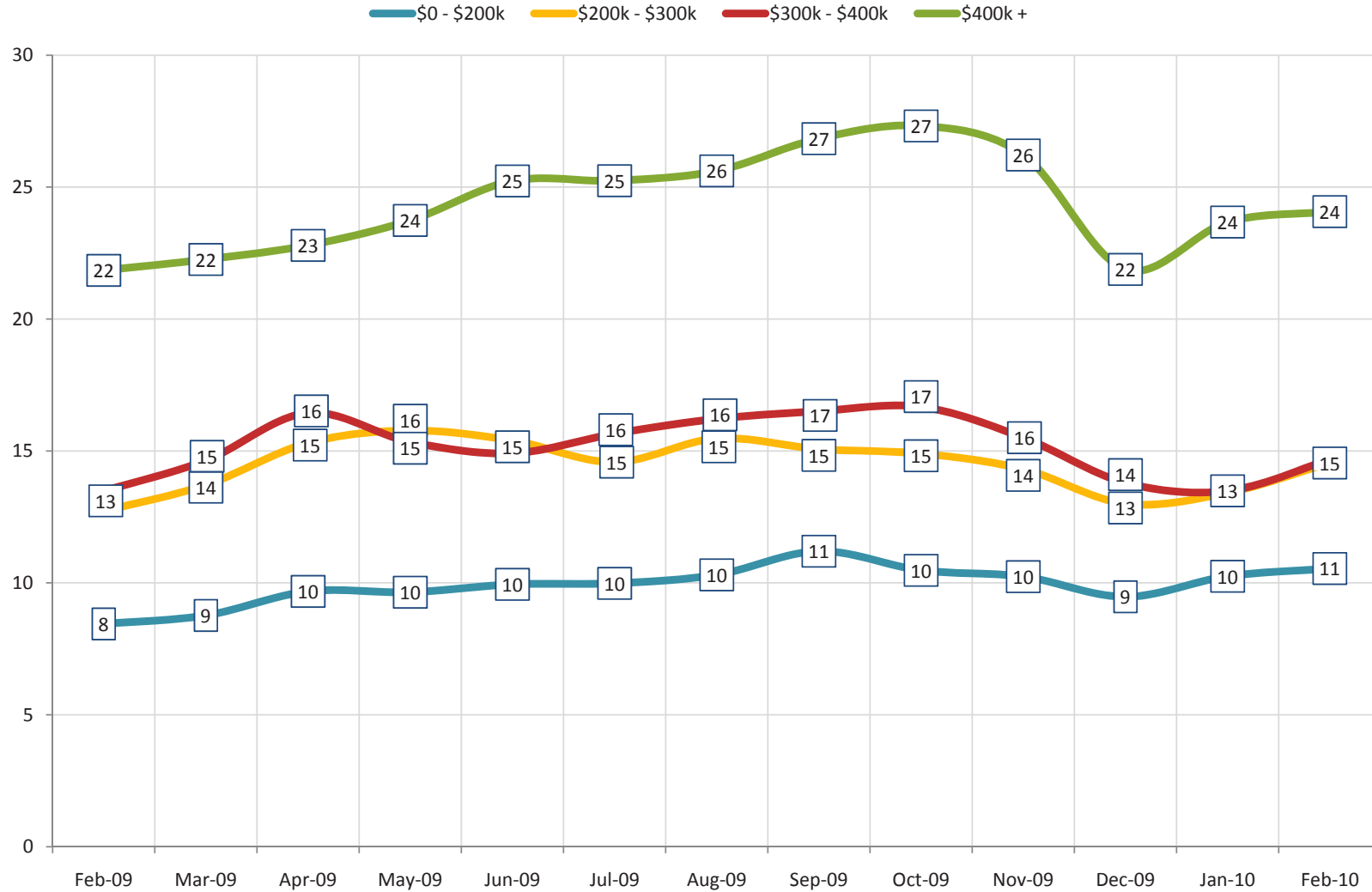


Buyers should be pleased to see more choices in homes for sale, though that was to be expected at this time of year. Of note, however, is that the net increase from February 2009 (838 homes for sale) to February 2010 (863 homes for sale) certainly doesn't help balance our local housing market. We continue to see far more sellers

in the market than buyers, and thus increasing year-to-year inventory levels makes the situation worse, not better. If last year's trends are any indication, we will likely see another increase in inventory levels as we move into March, and then again as we move into April.



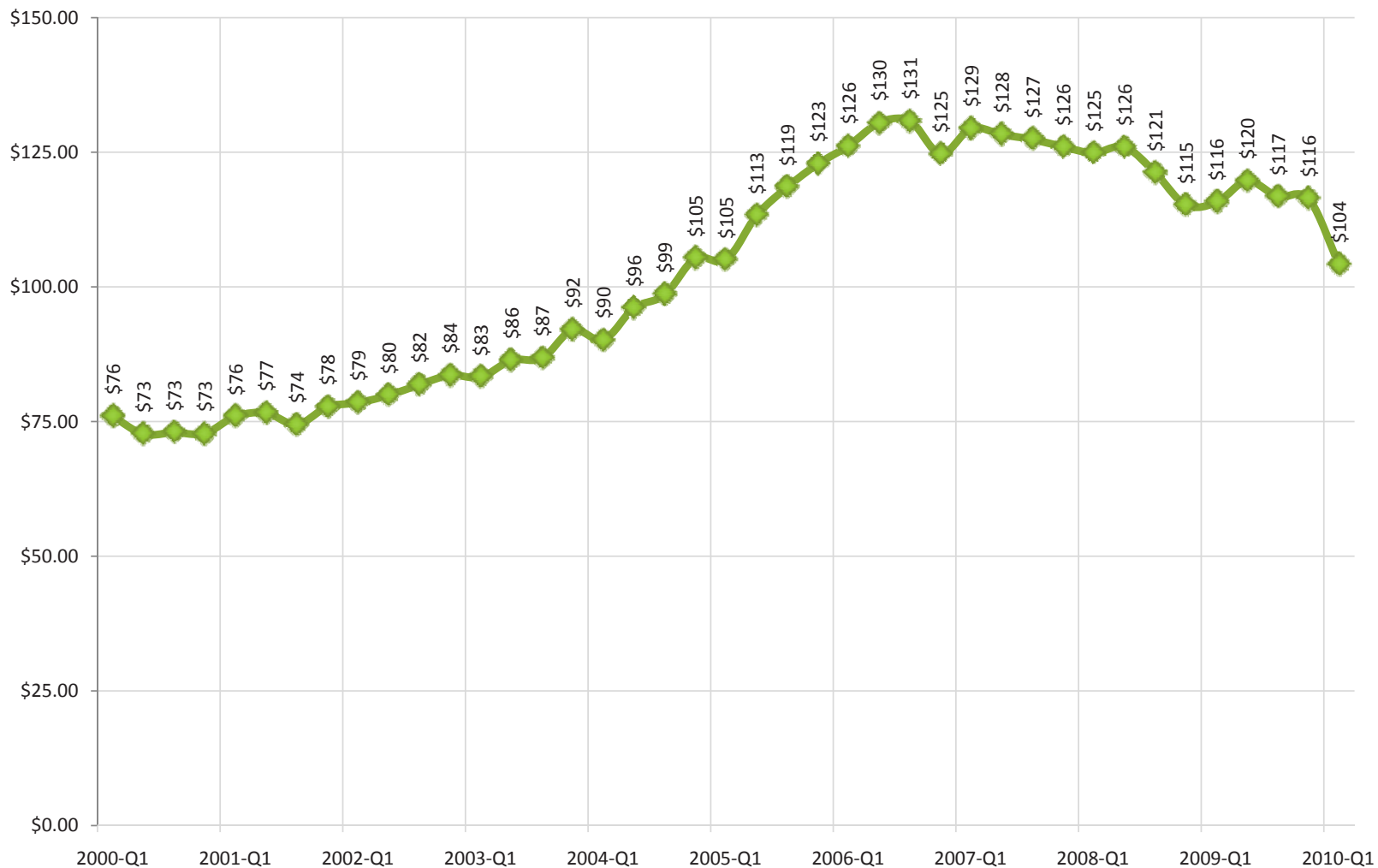
### Harrisonburg & Rockingham County Housing Supply Trends by Price Range



The supply levels shown above are calculated by comparing the number of homes currently on the market with the average number sold per month over the past year. This graph examines supply trends in several different price ranges, and as becomes quickly evident, the balance between buyers and sellers differs drastically depending

on the price range of the subject property. All price ranges have now started to trend upwards again, though this is most because of the first upward shift in inventory levels in several months. As a reference point, a normal balance between buyers and sellers in a market is considered to be six months of supply.

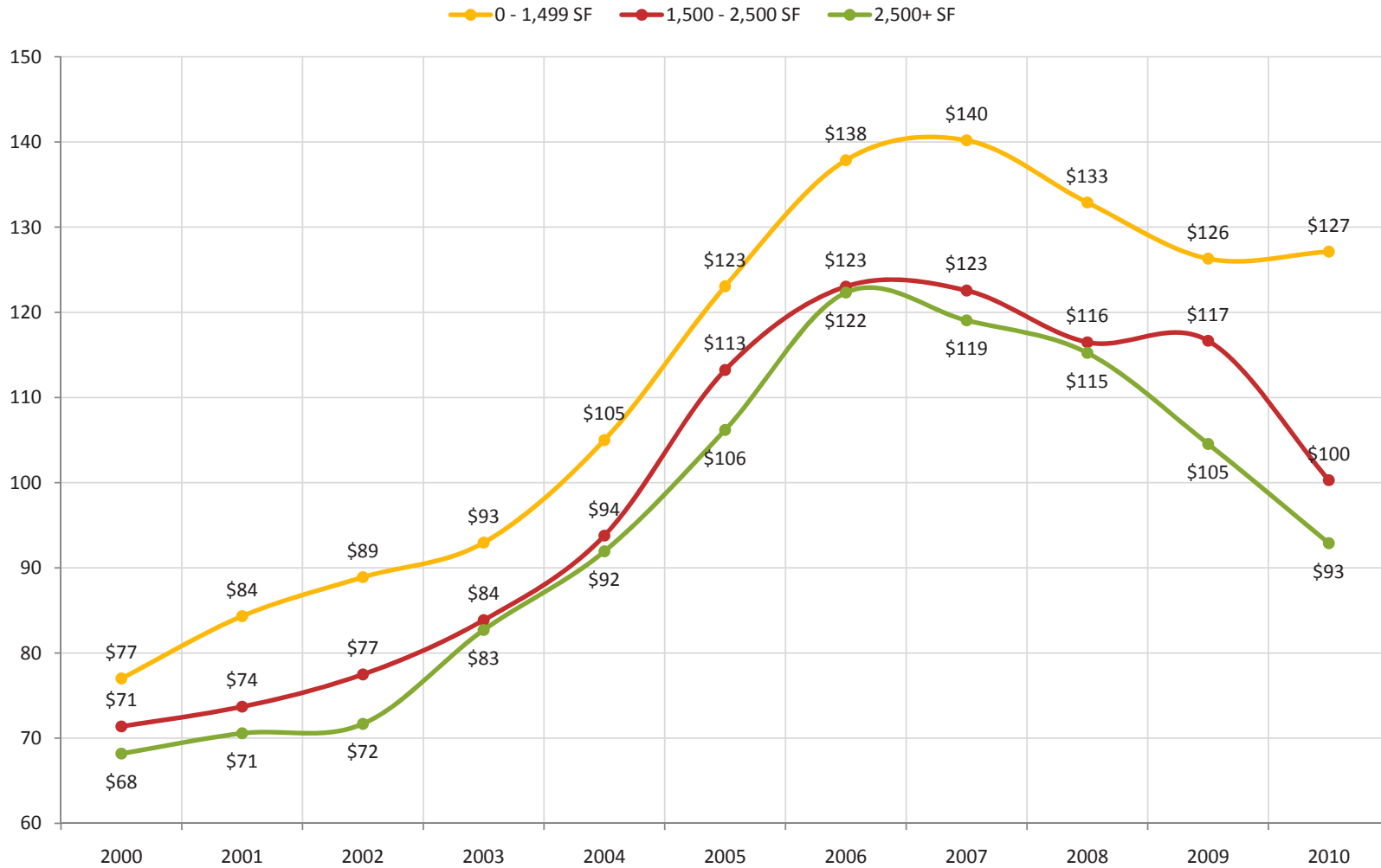
### Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



Another measurement of value over time is shown in the median price per square foot of single family homes sold in Harrisonburg and Rockingham County -- pictured above. As can be seen, this value has gradually shifted downward since 2006, as we saw in the median sales price of single family homes during this same time period.

This value dropped significantly in the first quarter of 2010, though it may again be the result of only a few home sales in the data set. The next few months will be quite indicative as to whether we have truly seen an adjustment in this value trend.

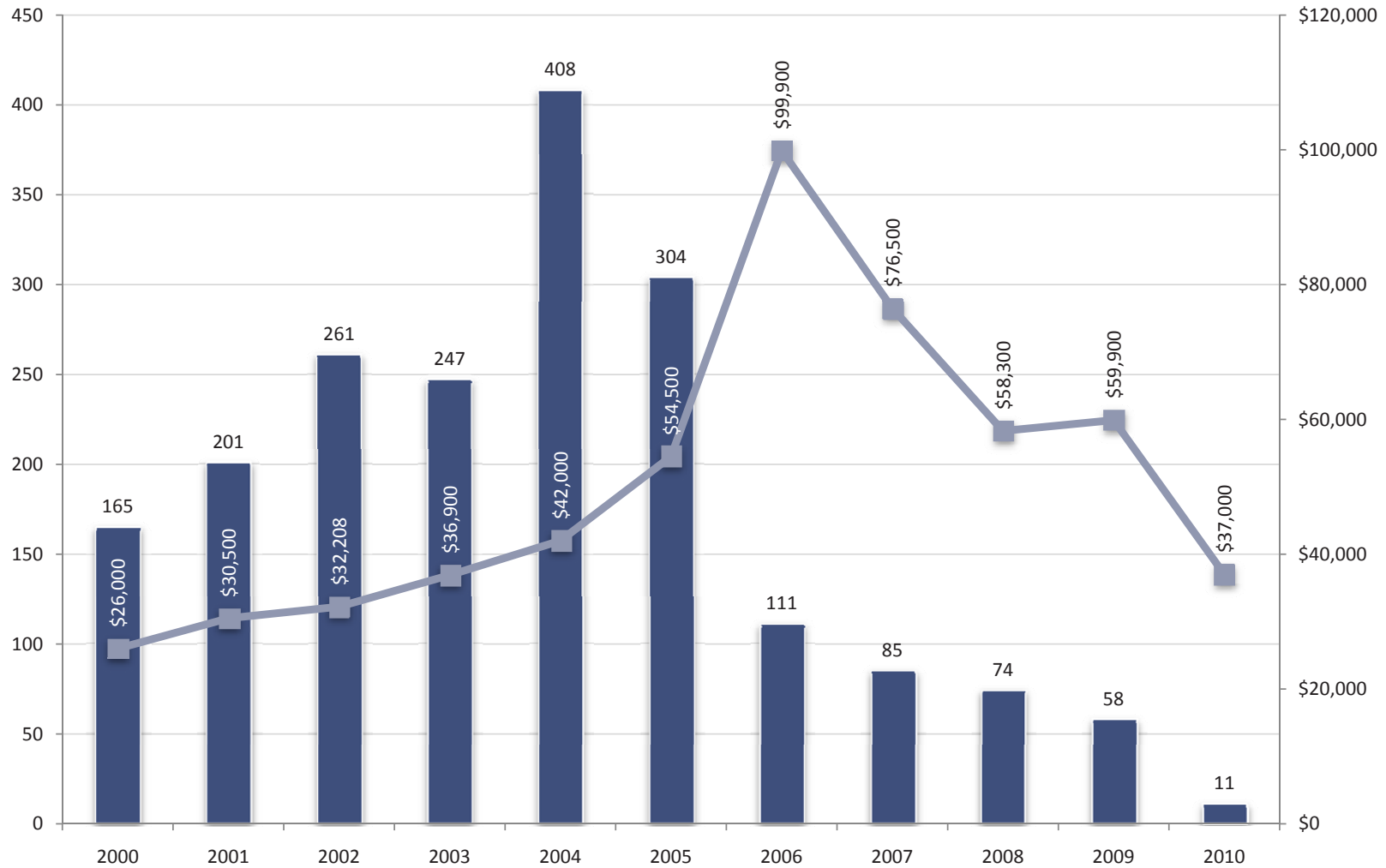
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



Expect to pay a bit more per square foot for smaller homes --- it has been that way for almost 10 years now. The graph above shows how median price per square foot varies based on the size of the house in question. Interestingly, after seeing a decline in these values for several years, there has now been a stabilization (and

actually, an increase) in the median price per square foot of homes with less than 1,500 square feet. This may be due in part to the continued first time buyer tax credit that is bringing more buyers into the market, and helping to more quickly balance the lower end of our local housing market.

Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



The graph above illustrates the drastic decrease in lot sales that our local market has experienced over the past several years. With lot sizes smaller than one acre, most of these lots are in subdivisions, on public water and sewer. The main cause for this drastic decrease is that new construction has slowed -- most builders are no

longer buying building lots and building houses speculatively. Furthermore, many lot "end users" are no longer considering building, because of changing circumstances with their finances, or because of general economic and market uncertainties. The decrease in median lot prices is not surprising, given the large decrease in sales.

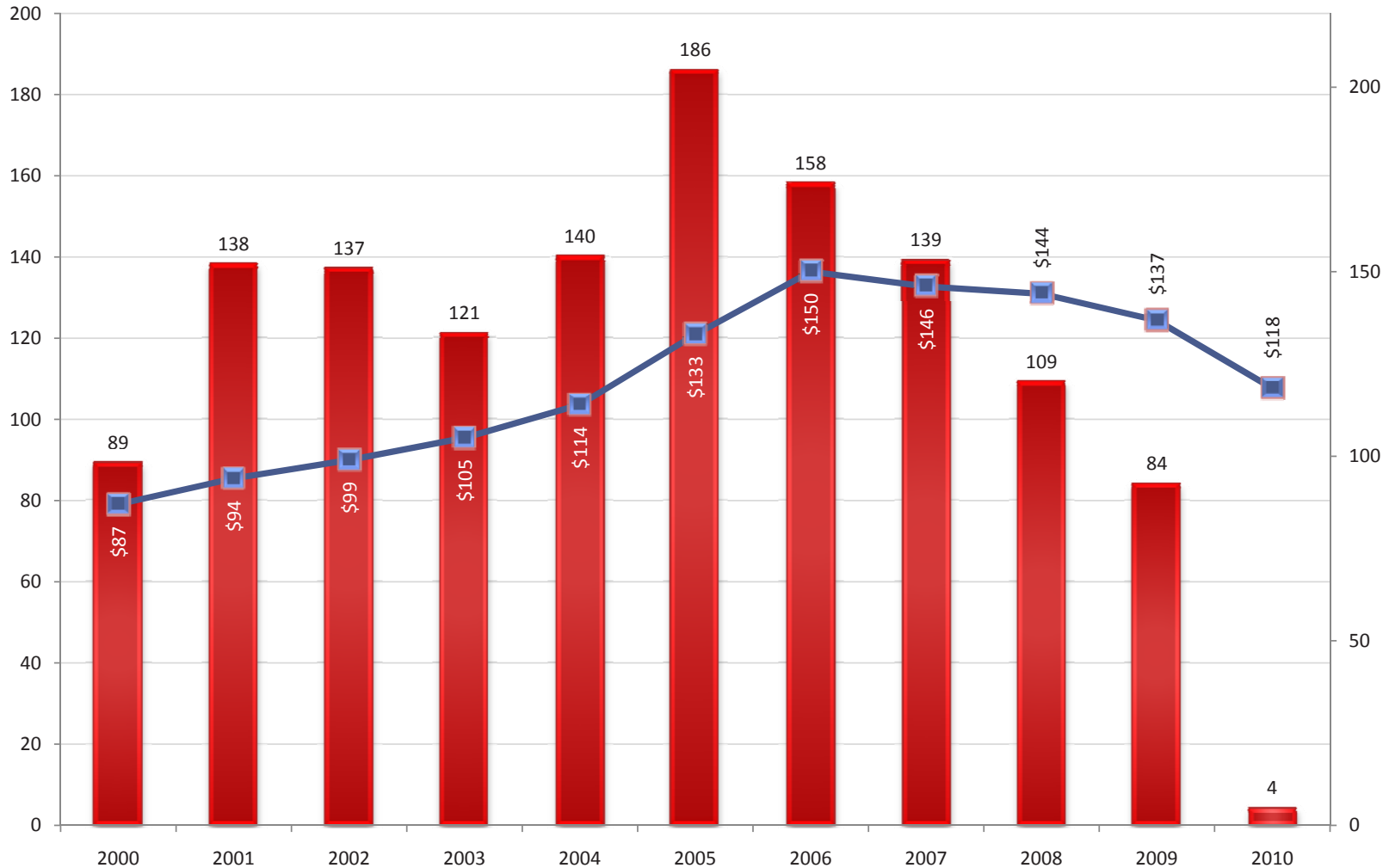
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



Land sales of parcels larger than one acre have not decreased as significantly as small lot sales have. We continue to see a decline, but aside from the spike in land sales in 2005, there has always been quite a bit of variation in the number of land sales happening in a given year. Of note, however, the median price per acre of the

land that is selling has slipped tremendously over the past two years, from a high of \$24k per acre down to \$15k per acre in 2009, and now down to a shocking \$5k per acre in 2010. This is likely due to a very small sample size in 2010, however, so we will probably see this value increase as we move through the year.

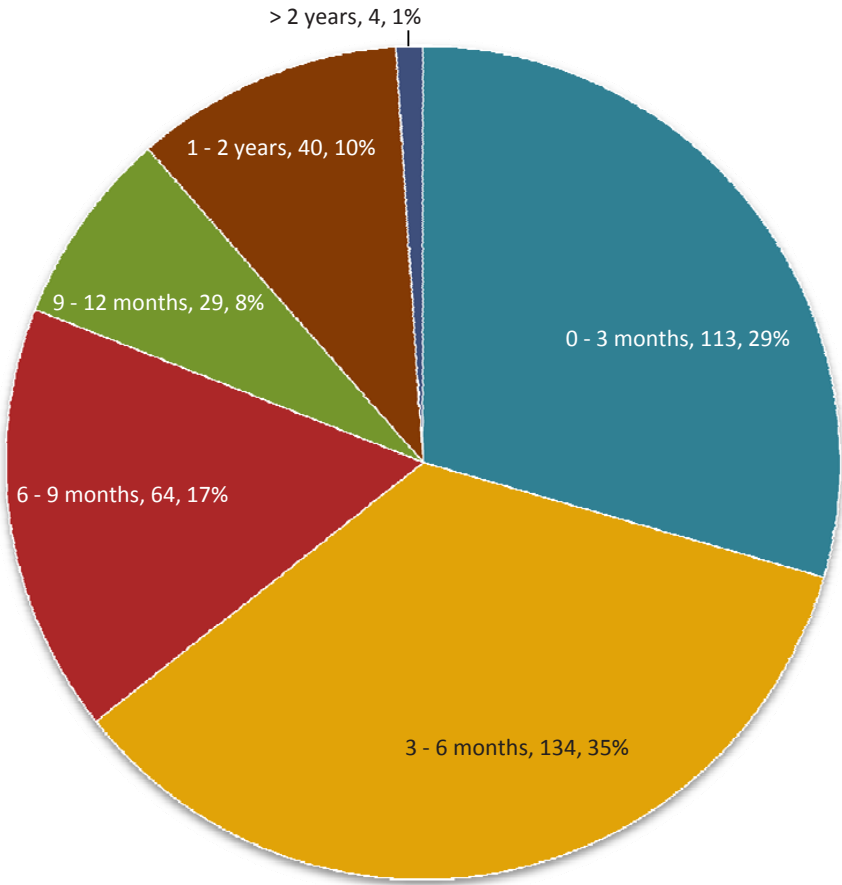
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



This graph isolates new or almost new single family homes that have sold for each of the past ten years. We have seen a steady decline in the number of new construction single family homes selling since 2005, but of note, except for in the first two months of 2010, the median price per square foot of these homes has not shifted as much

as we might otherwise expect. This metric includes houses with significant variation in their characteristics (basement, garage, lot size), thus this price per square foot metric can only be so helpful in assessing a potential building cost for a new home.

### Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Sep '09 - Feb '10

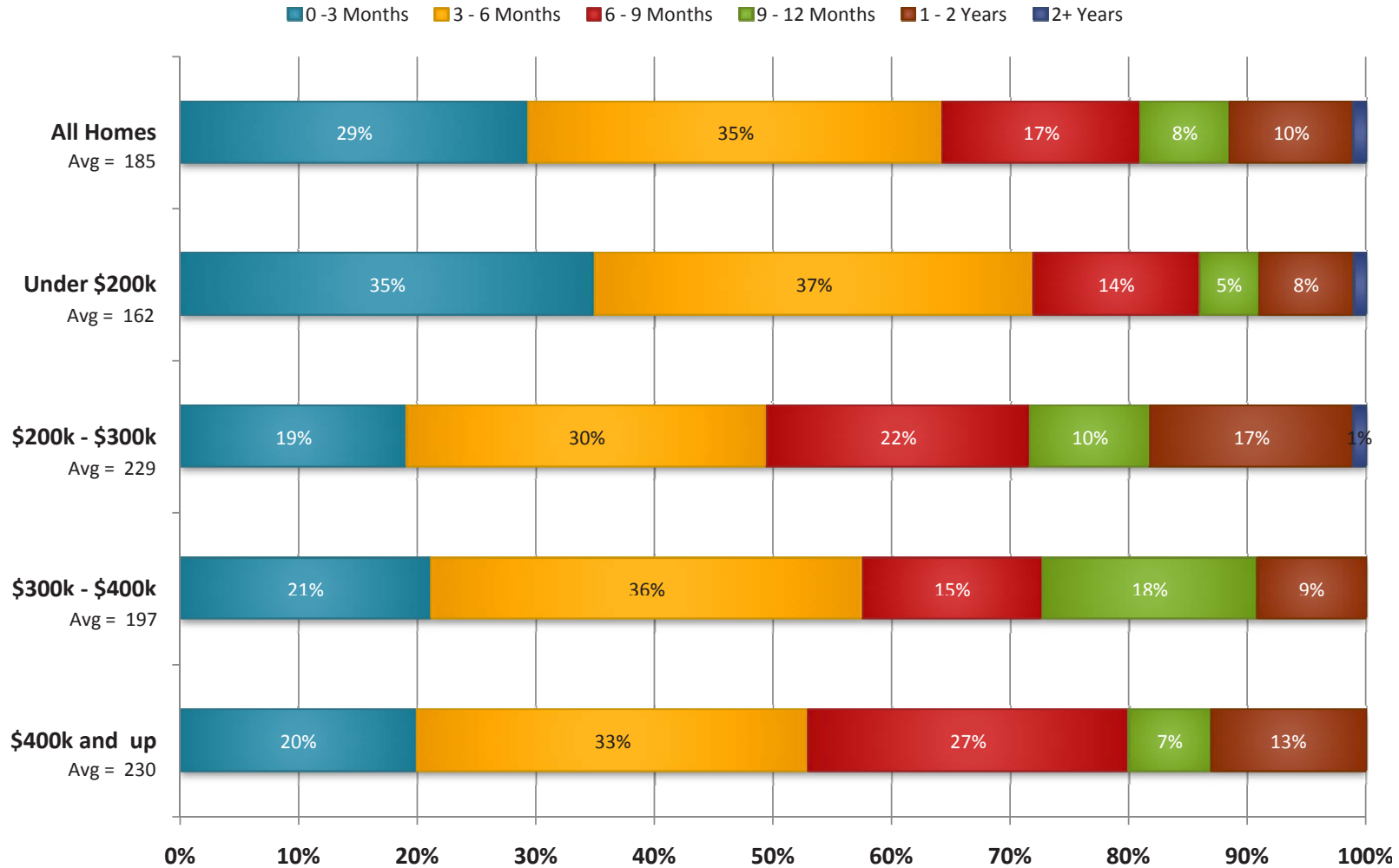


**Average Days On Market: 185**

A remarkable 66% of the homes that are selling do so within six months of coming onto the market. This, of course, does not factor in the many (many) homes that languish on the market and do not sell -- leading to a higher average days on market statistic. Given that it typically takes 45 - 60 days to move from a ratified contract to

the closing table, it is quite extraordinary that a full 29% of home sales in the past six months have taken place within 3 months of the date when those properties came on the market. This means that they were under contract within the first 30 or 45 days of being listed, which is likely a surprising figure for many hopeful sellers.

Harrisonburg & Rockingham County  
**Days on Market Analysis by Price Range**  
 September 2009 - February 2010



The time that it takes to sell a home in today's market varies quite significantly based on the price range of the home in question. For example, a full 35% of homes that sold for less than \$200,000 sold in the first 90 days of being on the market, while only 20% of homes above \$400,000 were able to sell in that same time period. On

the other end of the spectrum, only 14% of homes that sold for less than \$200,000 took more than a year to sell, but a full 27% of homes priced between \$300,000 and \$400,000 took over a year to sell. The average days on market for homes over \$400k (230 days) is a full 42% higher than that of homes under \$200,000 (162 days).