

July 2010
Harrisonburg & Rockingham County
Real Estate Market Report

An Analysis of Real Estate Activity Through June 30, 2010

July 8, 2010

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

HOME SALES REPORT

Harrisonburg & Rockingham County

July 8, 2010

# Home Sales	2007	2008	2009	2010	% Change ('09 - '10)
June	154	111	86	116	34.88%
January - June	628	481	359	417	16.16%

Median Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
June	\$198,913	\$205,000	\$202,500	\$186,450	-7.93%
January - June	\$190,000	\$195,000	\$190,000	\$181,500	-4.47%

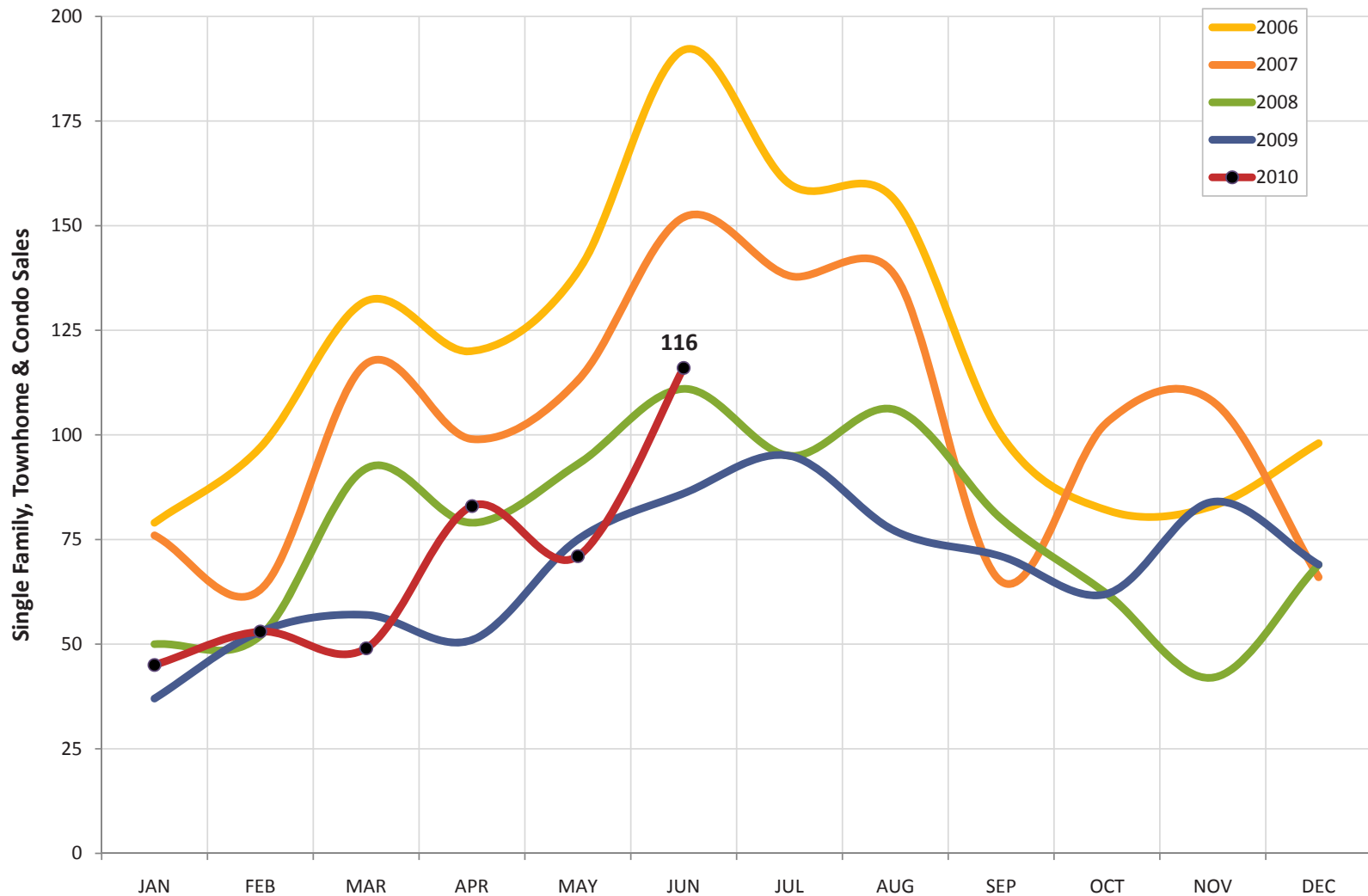
Average Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
June	\$225,941	\$219,885	\$226,592	\$223,641	-1.30%
January - June	\$222,848	\$222,522	\$222,152	\$211,167	-4.94%

Average Days on Market	2007	2008	2009	2010	% Change ('09 - '10)
June	181	156	171	189	10.53%
January - June	195	160	189	191	1.06%

My predictions still could come true -- this year really might (finally!) be the year when we finally see an uptick in home sales in Harrisonburg and Rockingham County. June sales certainly helped, possibly because of the tax credit, as we saw a 35% increase in June 2010 sales versus June 2009. Furthermore, 2010 year-to-date sales are a

sizable 16% higher than 2009 year-to-date. Despite the increases in market activity, values in our market continue to decline at approximately 5% per year, as measured by both the median and average sales price. Days on the market, however, is holding steady at about six months.

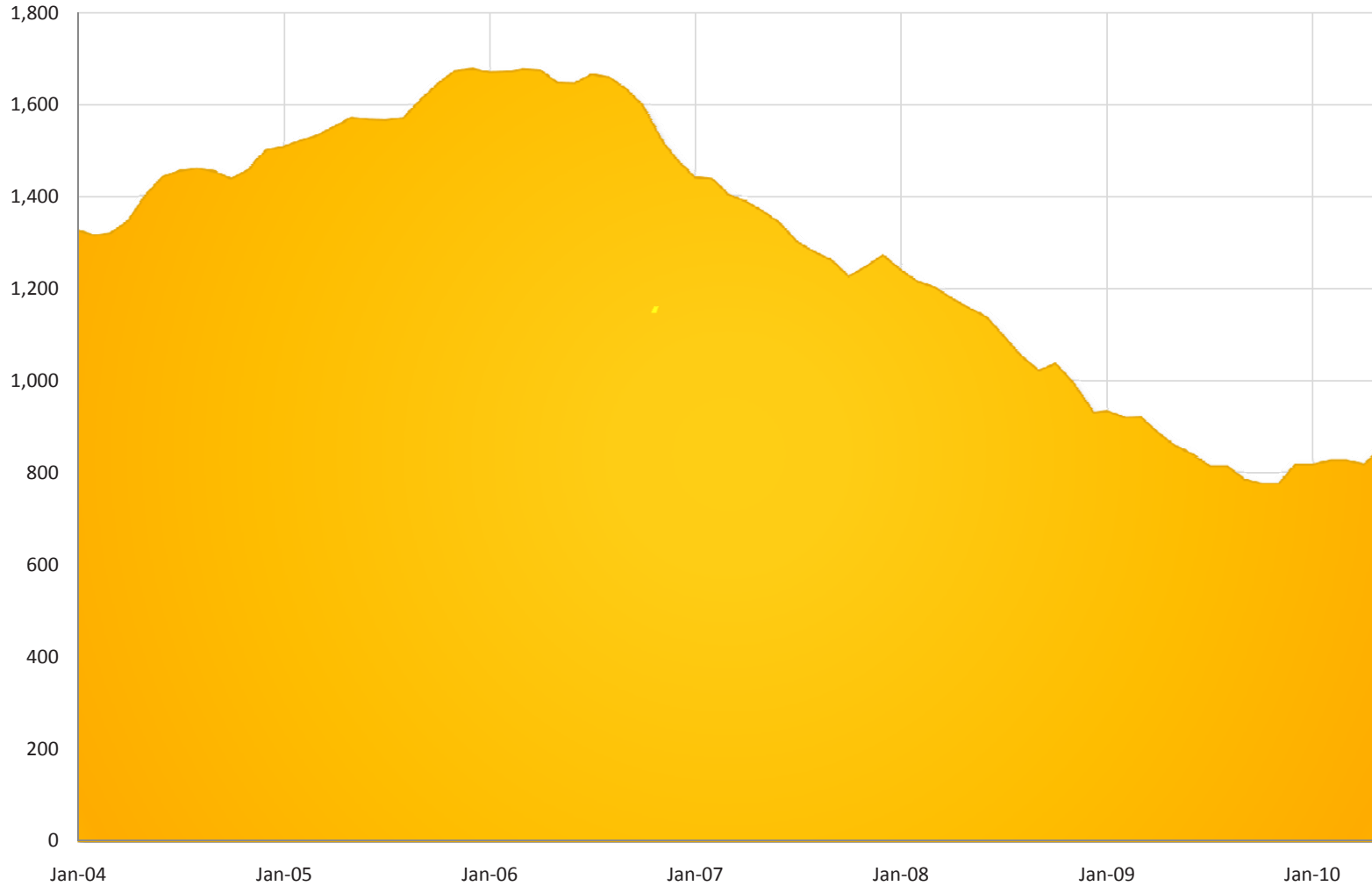
Harrisonburg & Rockingham County Month-By-Month Home Sales History



June 2010 sales eclipsed both June 2009 and June 2008 sales by a good margin. The remainder of 2010 will be interesting to watch -- for most of the past four years, there is a steady decline in sales between June and December, so we will likewise probably see a decline month after month -- but hopefully we will still come out ahead when

comparing the entire year's sales data. As I've mentioned before, the big question is whether home sales will now decline dramatically since the tax credit is no longer available. We should start to know this with next month's report, though the closing deadline for the tax credit has been extended through September 30, 2010 now.

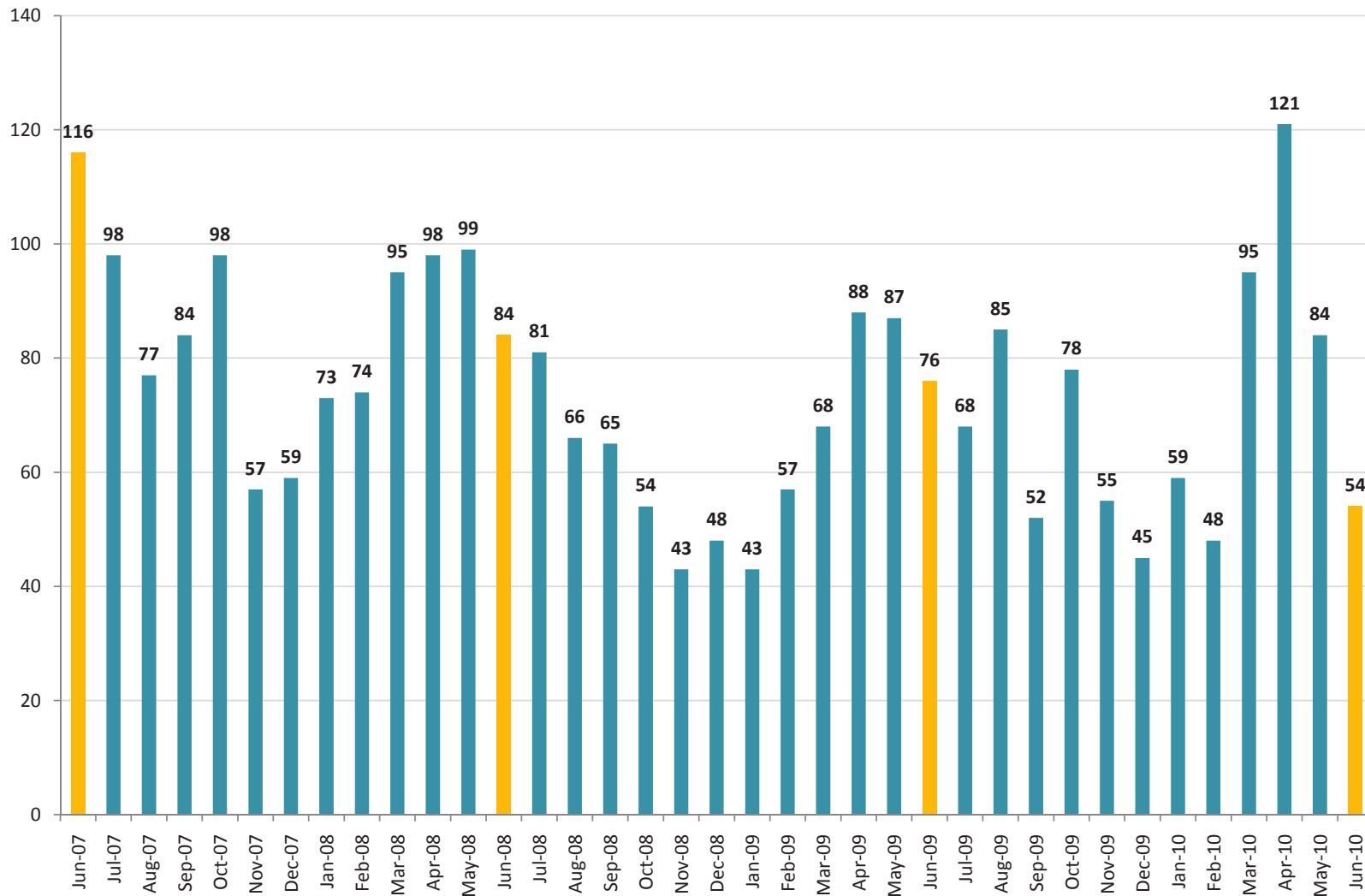
Harrisonburg & Rockingham County
Time-Adjusted Home Sales Trends :: All Homes
Sum of Preceding 12 Months



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. For over six months now, this

analysis of our local housing market has shown that we are seeing stabilization and growth in our market. Home sales have continued to hold steady or increase, in contrast to the steady (and relatively fast) decline between 2006 and 2010. Look for continued strong numbers over the next few months.

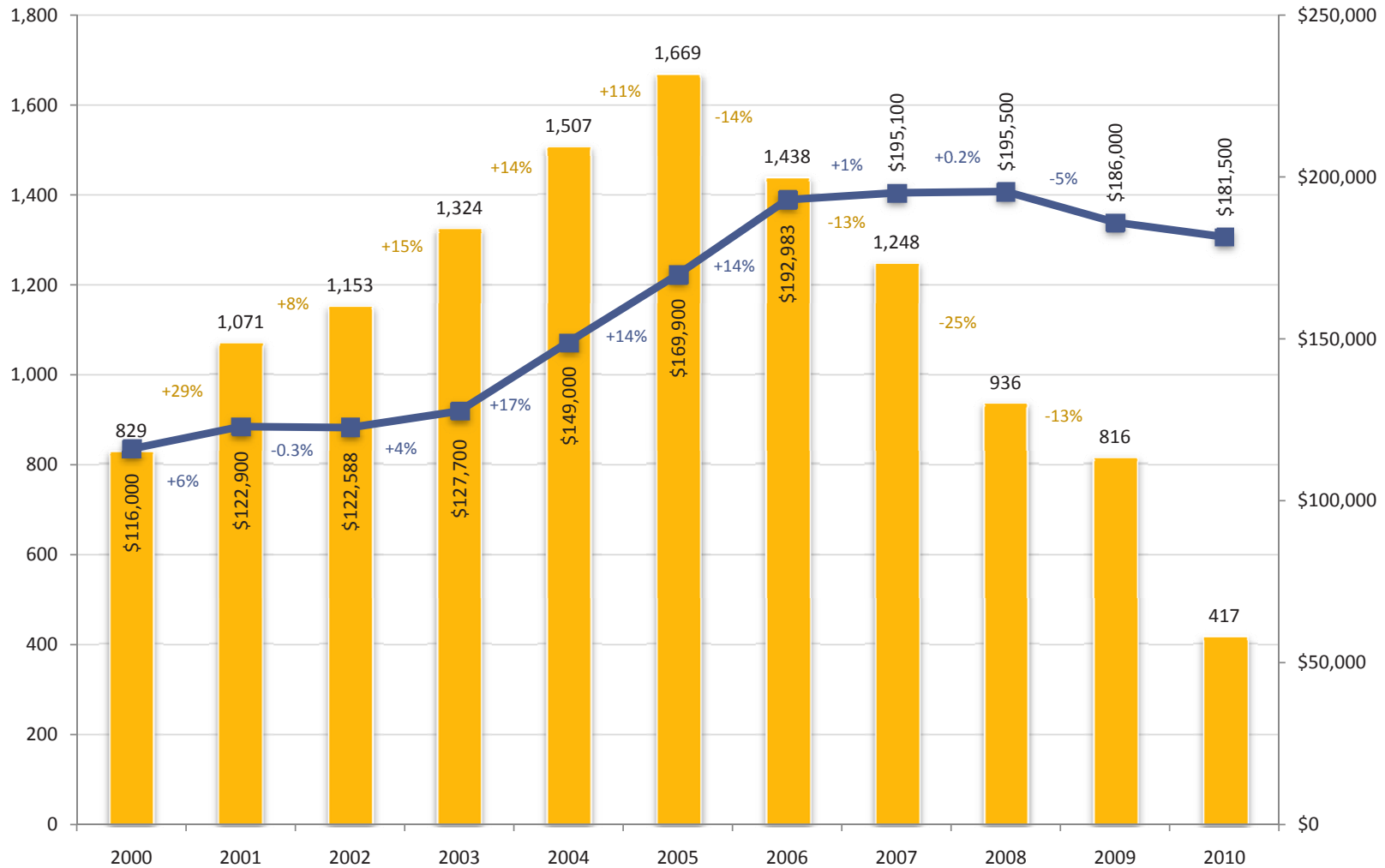
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



This graph examines trends in buyers committing to buy properties. This graph shows the number of properties that are marked “under contract” in our MLS each month. Some of these contracts may fall through, so this graph will help us to predict sales activity, but it won’t always be a perfect indicator. March, April and May were the

hot months for buyers committing to properties. Excitement amongst buyers has cooled somewhat since that time, with only 54 buyers committing to buy properties in June 2010. This June’s buyer commitment rate is notably lower than any of the past three Junes, which is not a good indicator for July and August sales figures.

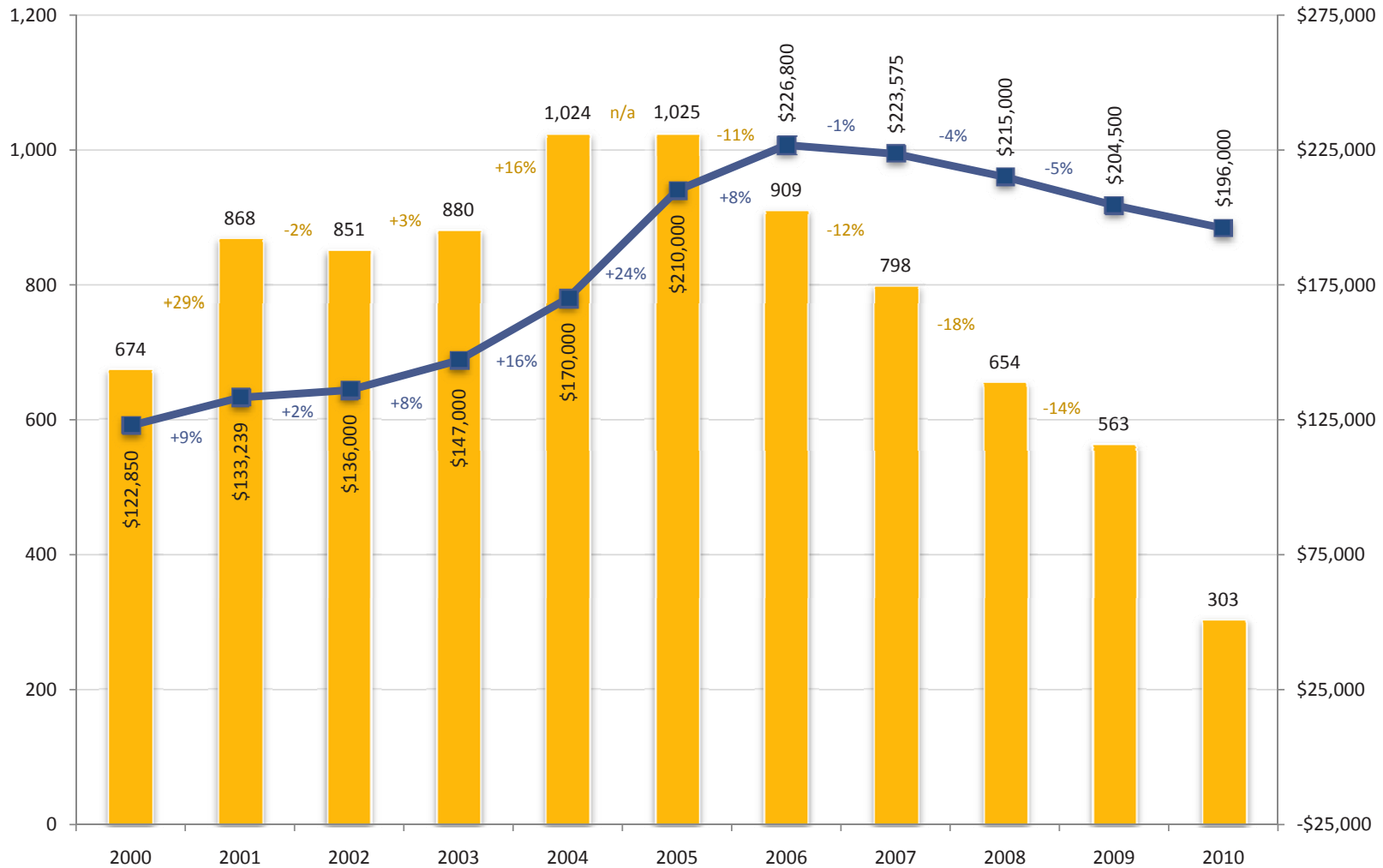
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



The median sales price of residential properties thus far in 2010 (\$181,500) shows an overall decline of 7% since the peak of \$195,500 in 2008. This is a remarkably small downward trend compared to most other metropolitan areas across the country, yet at the same time it is not helpful for homeowners who want to or need to sell their

homes after having only owned it for a few years. We will likely not see the median price start to increase again until the year over year sales pace increases. There was a 50% decline in sales between 2005 and 2009 --- thus far, 2010 appears to be the year when we will finally see an upward trend again in the number of home sales.

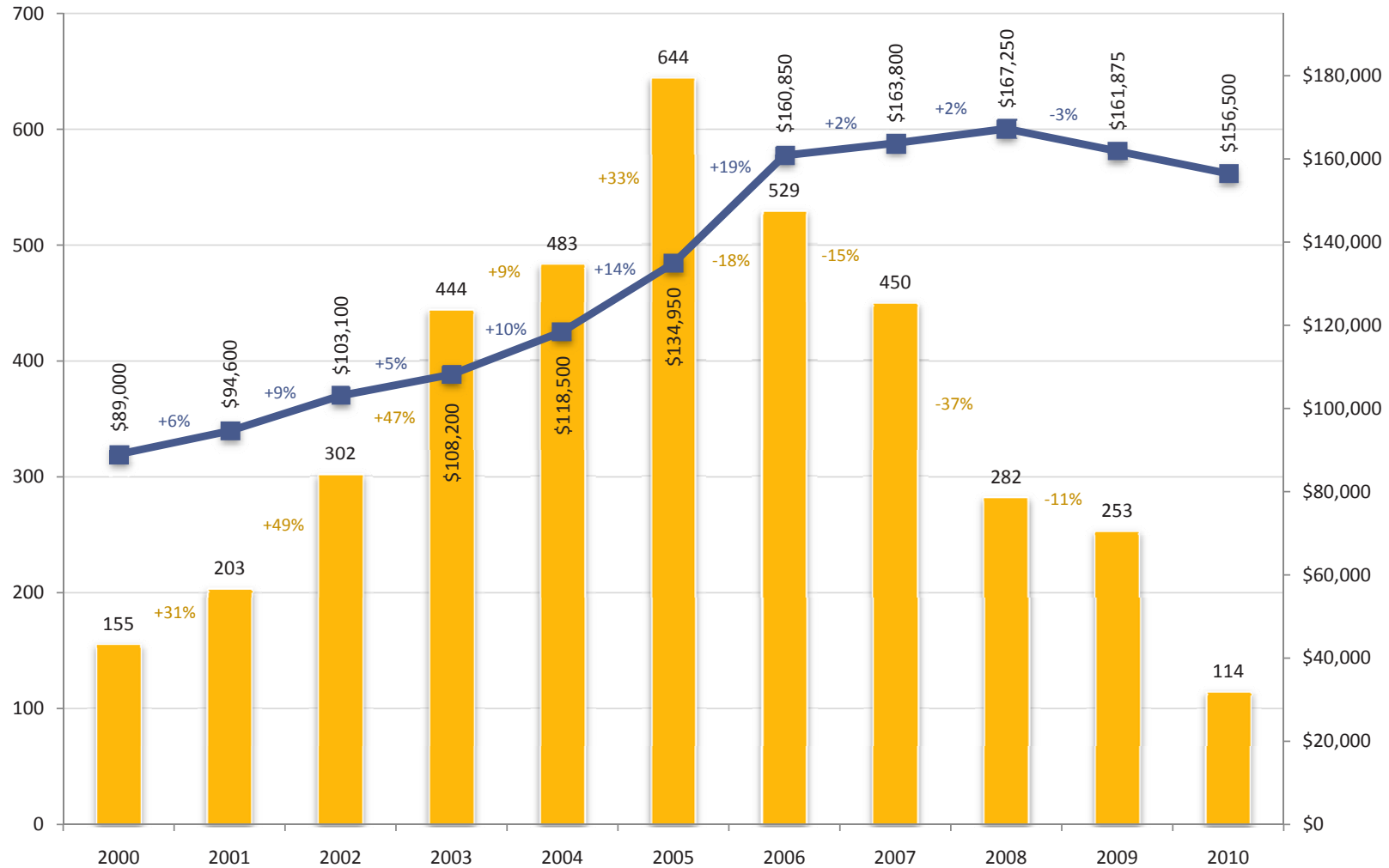
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



The pace of sales of single family homes has not decreased as much as that of townhomes, but values have decreased much more significantly. The overall market (single family homes and townhomes) shows a 5.9% decline between 2006 and 2010, but the single family home market shows a 13.6% decline during this same

time. As sales volume stabilizes this year (per my predictions), we should start to see home values stabilize, and then start to increase. If sales volume stabilizes by the close of 2010, we may see home values stabilize towards the end of 2011, but it may take until 2012 for the downward shift in values to be reversed.

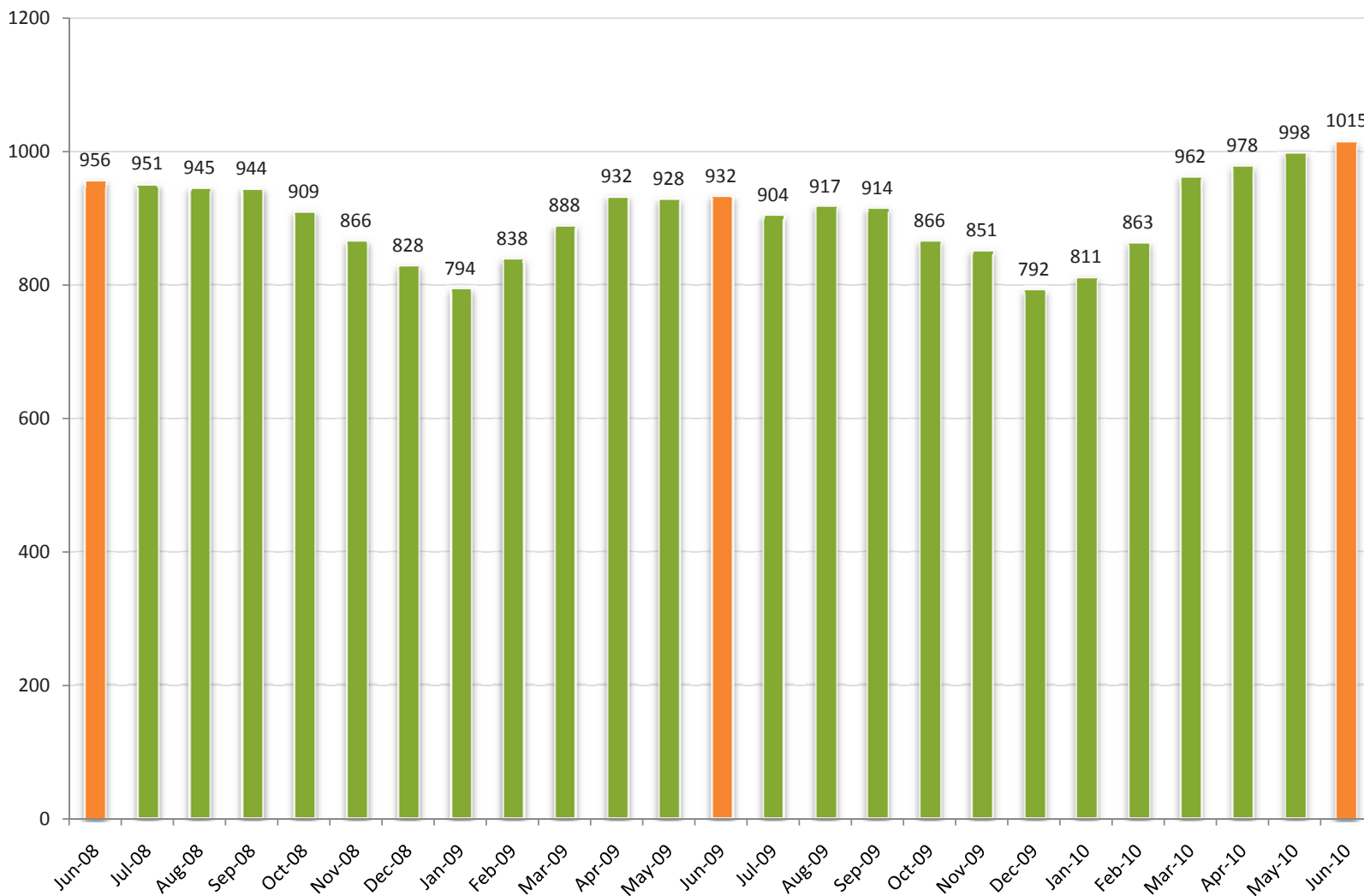
Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



Despite sharp declines in the number of townhomes selling in Harrisonburg and Rockingham County, they continued to perform quite well in regards to price all the way through 2008. The median sales prices did start to decline, however, in 2009 with a 3% decrease between 2008 and 2009, and a 3% decline between 2009 and

2010 based on year to date data. The number of sales this year has also been quite meager, though we may see these townhome sales increasing over the next few months as the eligibility period for tax credit first time home buyers ends. These buyers must have had a contract by April 30, and now must close by September 30.

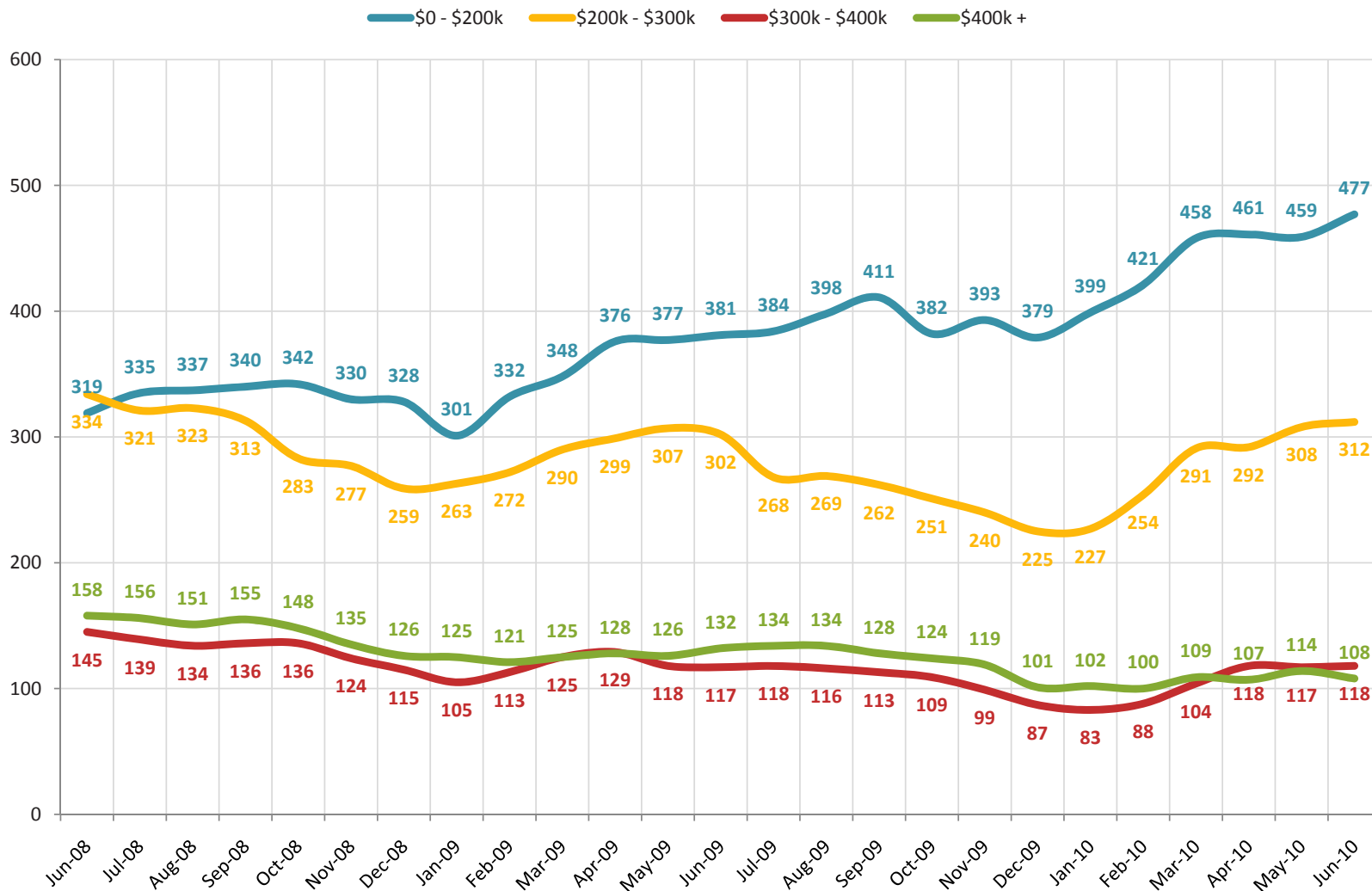
Harrisonburg & Rockingham County
Inventory Levels



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 increase in inventory levels 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. Of note, inventory declined slightly in 2009 (compared to 2008) but has now increased in 2010 to exceed levels from each of the past two years. Each year we see inventory peak in June, so we shouldn't see too much of a net increase in homes for sale through the rest of the year.

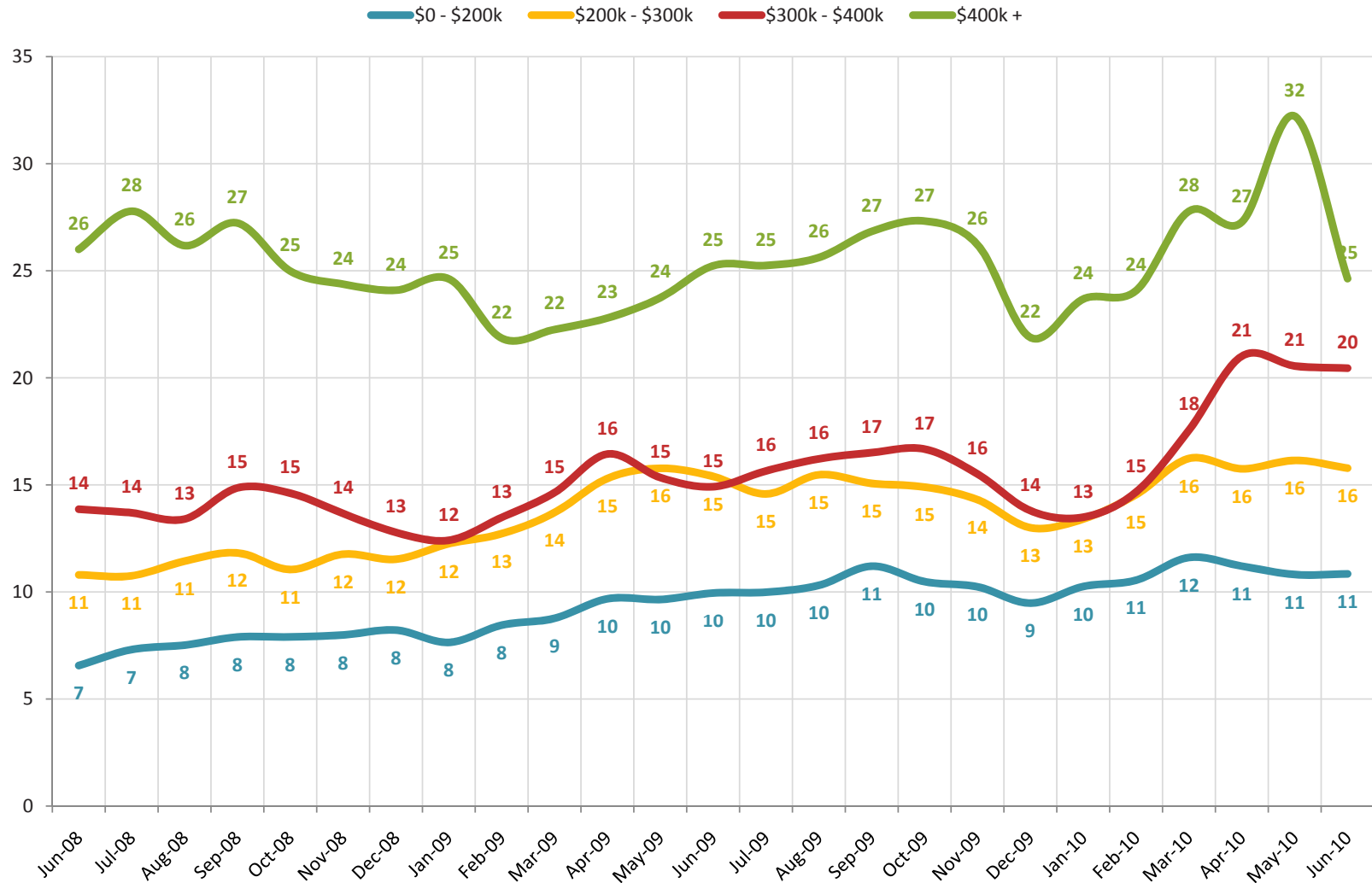
Harrisonburg & Rockingham County Inventory Levels by Price Range



Inventory trends over the past two years have varied quite a bit based on the price range. For example, there has been a steady increase in the number of homes for sale under \$200,000 from only 319 homes two years ago, to 477 homes today. In contrast to that increase, both the \$300k - \$400k and the \$400k + price ranges have

seen steady decreases over the past two years. Inventory of the highest price range of homes (\$400k +) has declined from 158 homes for sale two years ago, to only 108 homes for sale now. Compare this to the next graph, to see how the months of supply have fluctuated as compared to the number of homes for sale.

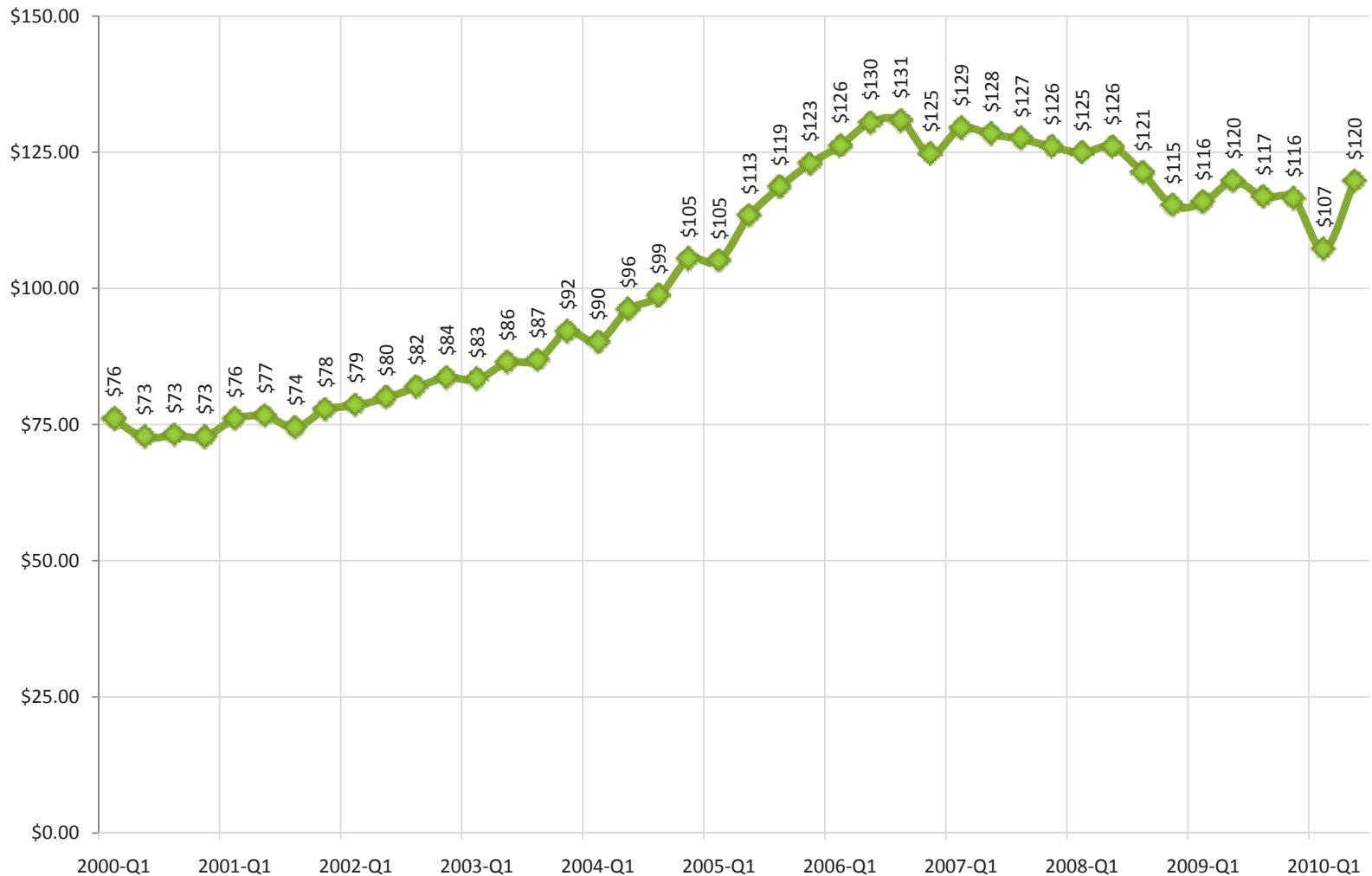
Harrisonburg & Rockingham County Housing Supply Trends by Price Range



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. This graph indicates that it would take 11 months to sell all of the existing inventory in the \$0 - \$200k price range, 16 months to sell the inventory in the \$200k - \$300k range, etc. A normal balance between buyers and sellers in a market is considered to be six months of supply.

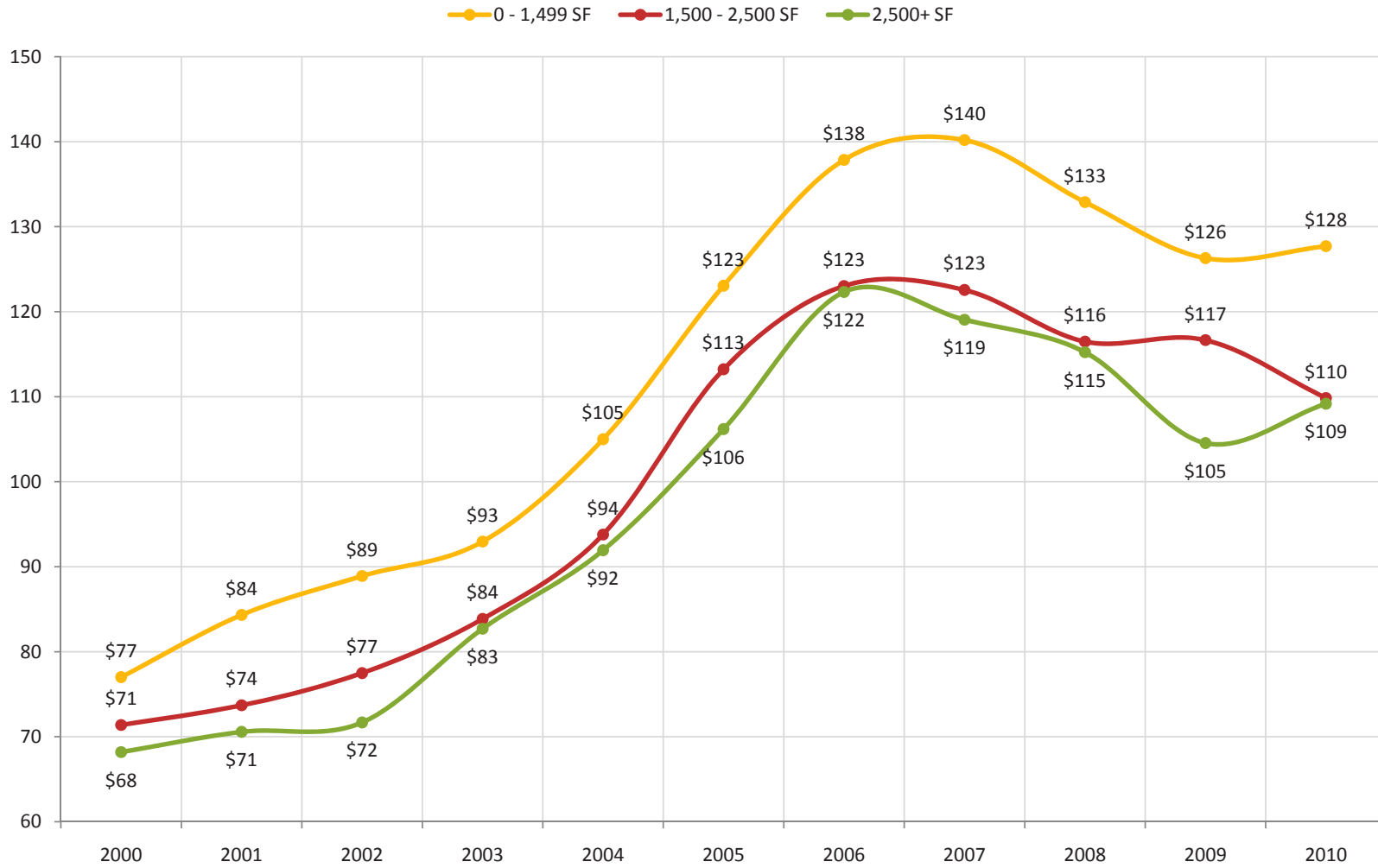
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



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.

Though this value dropped significantly in the first quarter of 2010, it has ticked sharply back up in the first month of the second quarter of 2010 --- indicating that the first quarter median value may have been an anomaly. The highest value we saw in this metric was \$130/sf, though we are now back up to \$120/sf.

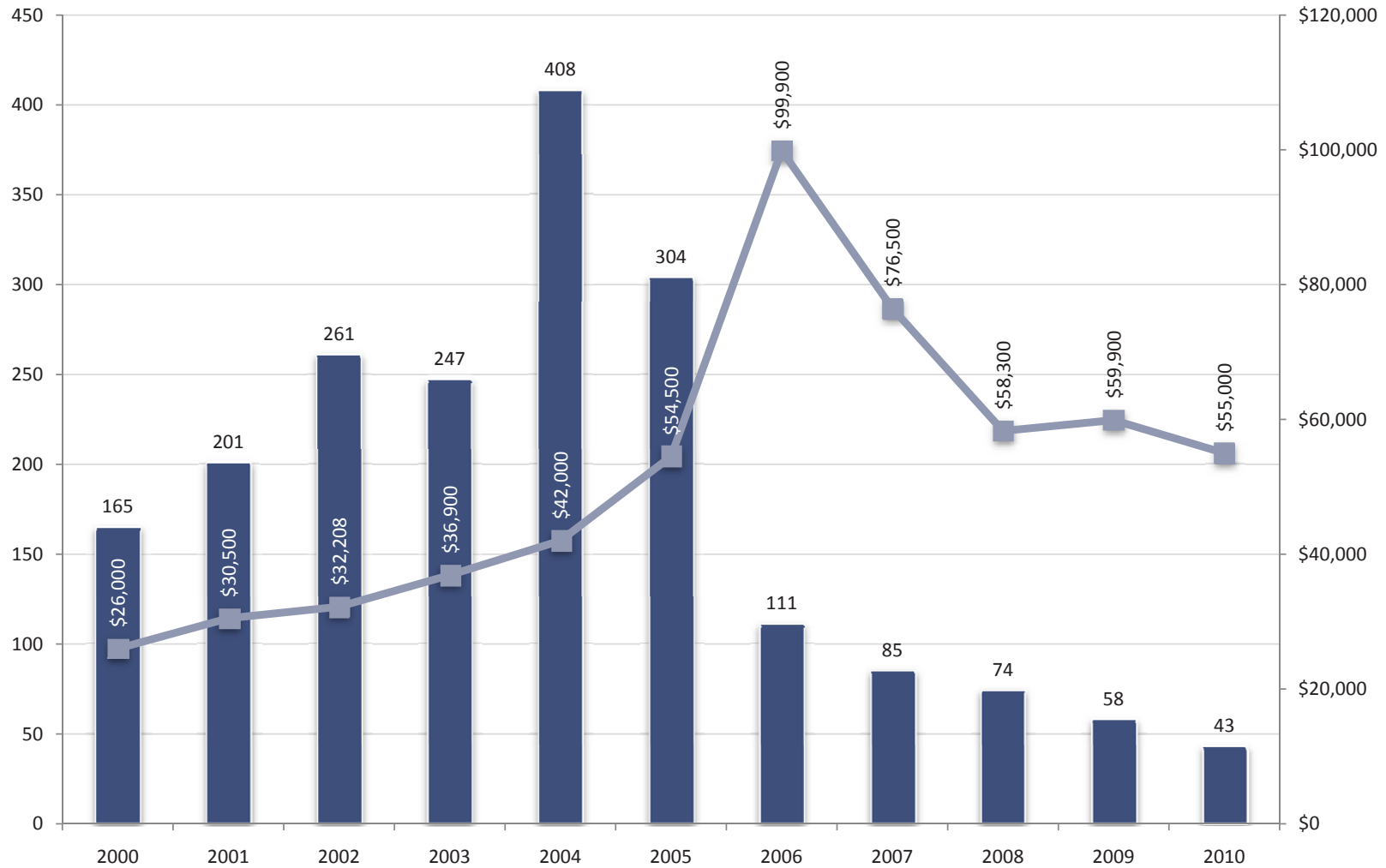
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



Expect to pay a bit more per square foot for smaller homes --- it has been that way for more than 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.

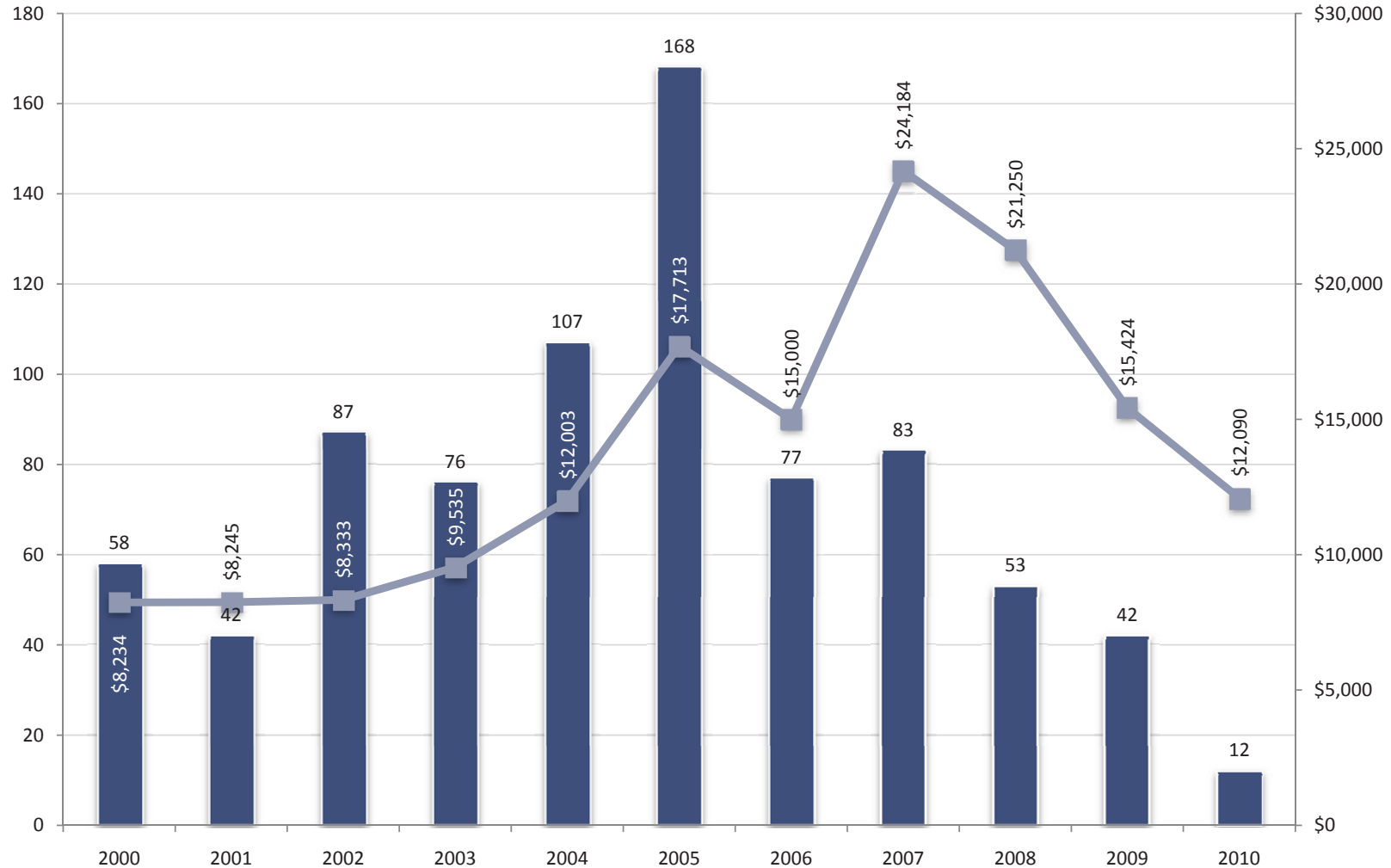
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



The graph above illustrates the drastic decrease in lot sales 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 not buying building lots to build houses

speculatively. The decrease in median lot prices is not surprising, given the large decrease in sales. Do note that 2010 will almost positively show an increase in lot sales (finally!) as compared to 2009. Furthermore, prices of these lots seem to have stabilized over the past several years, and perhaps will start to increase next year.

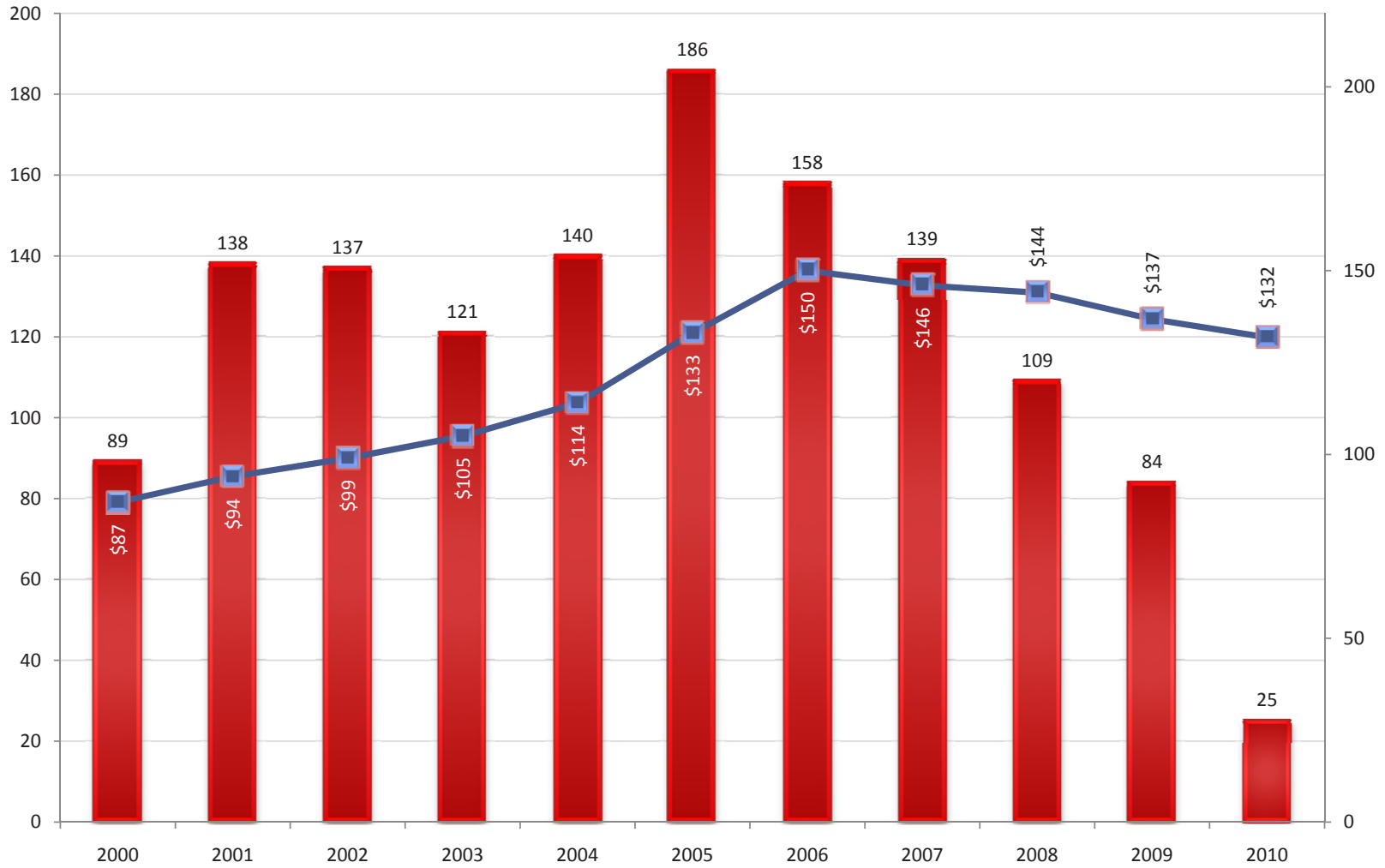
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Land sales of parcels larger than one acre had not decreased as significantly as small lot sales had --- until this year. There have been very, very few land sales this year, with only twelve sales in the first six months of the year. The median price per acre of the land that is selling has also slipped tremendously over the past several years,

from a high of \$24k per acre down to \$15k per acre in 2009, and now down to only \$12k per acre in 2010. This is possibly due to a small sample size in 2010, however, so we may see this value increase as we move through the year.

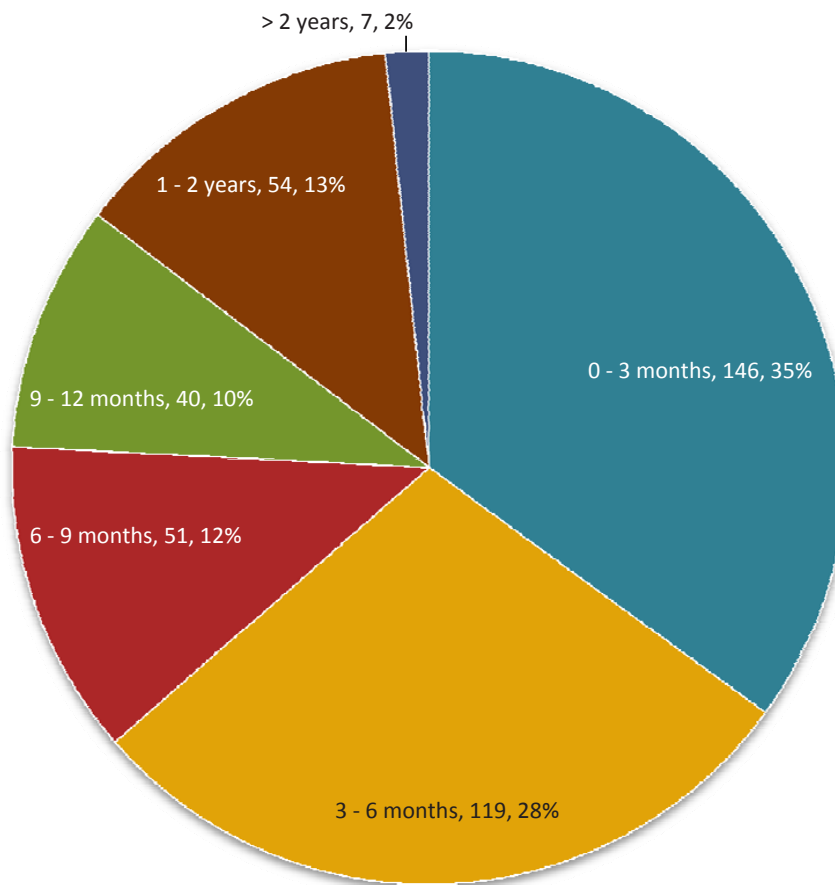
Harrisonburg & Rockingham County New Construction Single Family Home Sales Trends Number of Sales, Median Price Per Square Foot



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 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. Please note the very, very low number of new home sales thus far in 2010.

Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Jan '10 - Jun '10

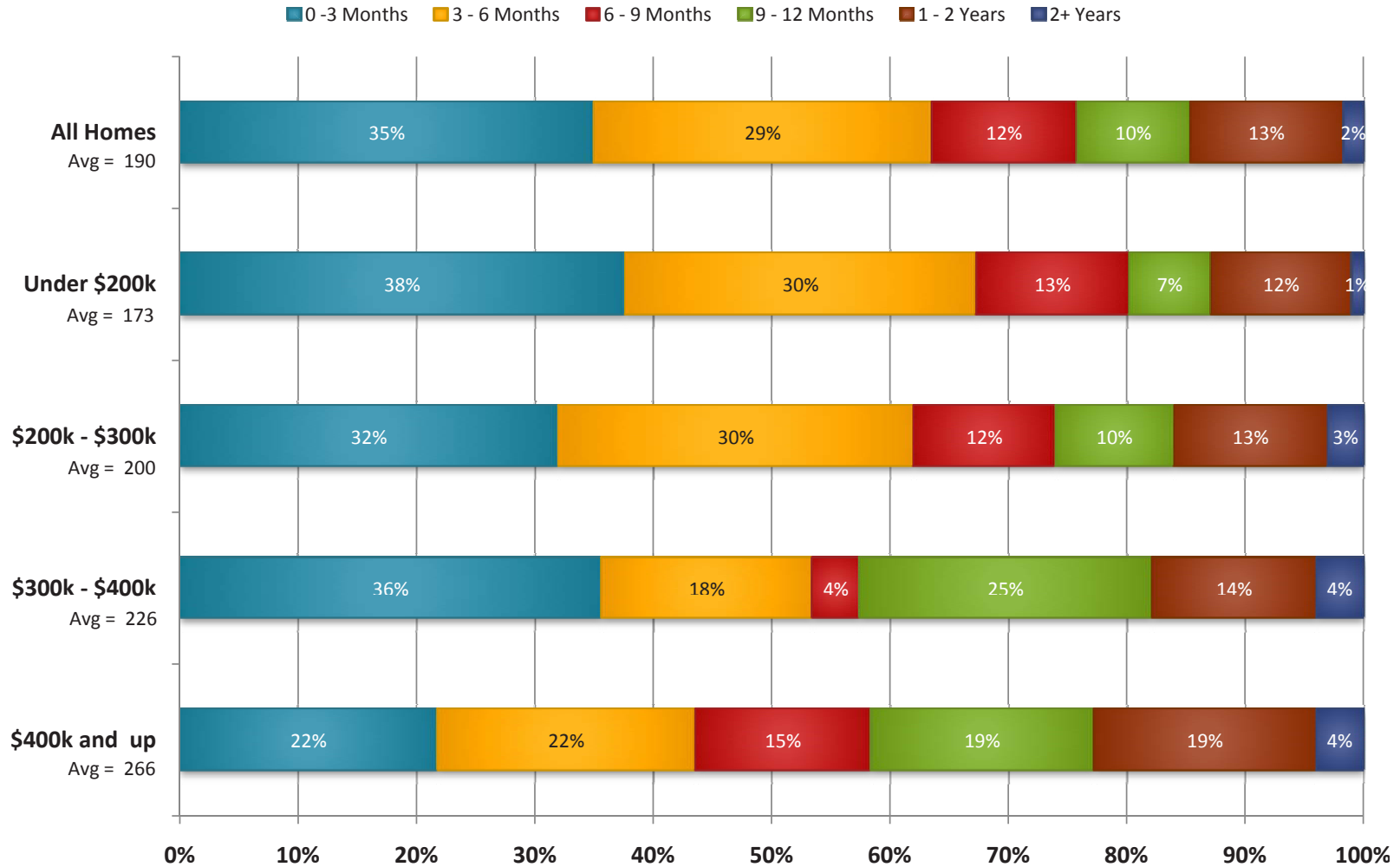


Average Days On Market: 190

We are continuing to find that a remarkable 63% 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 homes that languish on the market and do not sell. 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 35% of home sales in the past six months have taken place within three months of the date when those properties came on the market. This means that they were likely under contract within the first 45 days of being listed.

Harrisonburg & Rockingham County
Days on Market Analysis by Price Range
 Jan '10 - Jun '10



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 38% of homes that sold for less than \$200,000 sold in the first 90 days of being on the market, while only 22% of homes above \$400,000 were able to sell in that same time period. The

average days on market for homes over \$400k (266 days) is also drastically higher than that of homes under \$200,000 (173 days). Inventory (oversupply) and sales volume in each of these price ranges contributes directly to the variation in length of time on the market.