



Harrisonburg & Rockingham County Real Estate Market Report

HarrisonburgHousing*today*.com

July 7, 2011



An analysis of real estate activity through June 30, 2011 provided courtesy of Scott P. Rogers, Associate Broker, Coldwell Banker Funkhouser Realtors

Executive Summary

The summary below is based on residential sales in Harrisonburg and Rockingham County as reflected in the HRAR MLS.

Pace of Home Sales: June

80 homes sold in June 2011, showing a 32% decrease from June 2010 when 117 homes sold -- but only a 7% decrease from June 2009 when 86 homes sold.

Home Values: June

Median sales prices decreased 7% to \$175,241 between June 2010 and June 2011, and average sales prices decreased 3%.

Days on Market: June

Homes sold in an average of 193 days in June 2011, a negligible change compared to the 187 day average in June 2010 and the 171 day average in June 2009.

Foreclosures

105 trustee deeds have been recorded thus far in 2011 compared to 364 home sales reported through the HRAR MLS. At this pace, foreclosures will likely decrease in 2011.

Inventory

Inventory levels rose slightly in June 2011 to 872 residential properties for sale, up from 870 one month ago, but down from 1,015 one year ago, in June 2010.

Pace of Home Sales: Year to Date

364 homes sold thus far in 2011. This marks a 13% decline from the 2010 year to date when 418 homes had sold, but a 1% increase as compared to 2009 year to date.

Home Values: Year to Date

Median sales prices declined 9% and average sales prices declined 8% when comparing 2011 year to date to 2010 year to date.

Days on Market: Year to Date

The length of time on the market for homes selling thus far in 2011 (211 days) increased 10% since 2010 year to date when the average was 191 days on market.

Supply

All price ranges still show an excess of housing supply, with 13 months under \$200k, 17 months between \$200k and \$300k, 17 months between 300k and \$400k, and 29 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes has stayed relatively steady at \$103/sf in the 2nd quarter of 2011 as compared to \$115/sf in the 4th quarter of 2010.

Buyer Activity

104 buyers committed to buy in June 2011, compared to 54 in June 2010, and 76 in June 2009. These 104 contracts are a 93% increase over the 54 buyers in June 2010.

Single Family Home Sales

285 single family homes sold thus far in 2011, compared to a 2010 total of 555 homes. The median sales price has decreased to \$180,000.

Townhome Sales

79 townhomes sold thus far in 2011, compared to a 2010 total of 203 townhomes. The median townhome sales price has decreased to \$136,000 thus far in 2011.

Lot Sales

40 lots of less than an acre sold thus far in 2011, compared to a 2010 total of 63 lots. Median lot sales prices have decreased 1% to \$54,500 since the 2010 median sales price of \$55,000.

Land Sales

26 parcels of land greater than an acre sold thus far in 2011 compared to 27 land sales during all of 2010. This marks a 84% decline from the high of 168 sales in 2005.

HOME SALES REPORT

Harrisonburg & Rockingham County

July 7, 2011

# Home Sales	2008	2009	2010	2011	% Change ('10 - '11)
June	111	86	117	80	-31.62%
Year-To-Date	481	359	418	364	-12.92%

Median Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
June	\$205,000	\$202,500	\$187,900	\$175,241	-6.74%
Year-To-Date	\$195,000	\$190,000	\$181,750	\$165,000	-9.22%

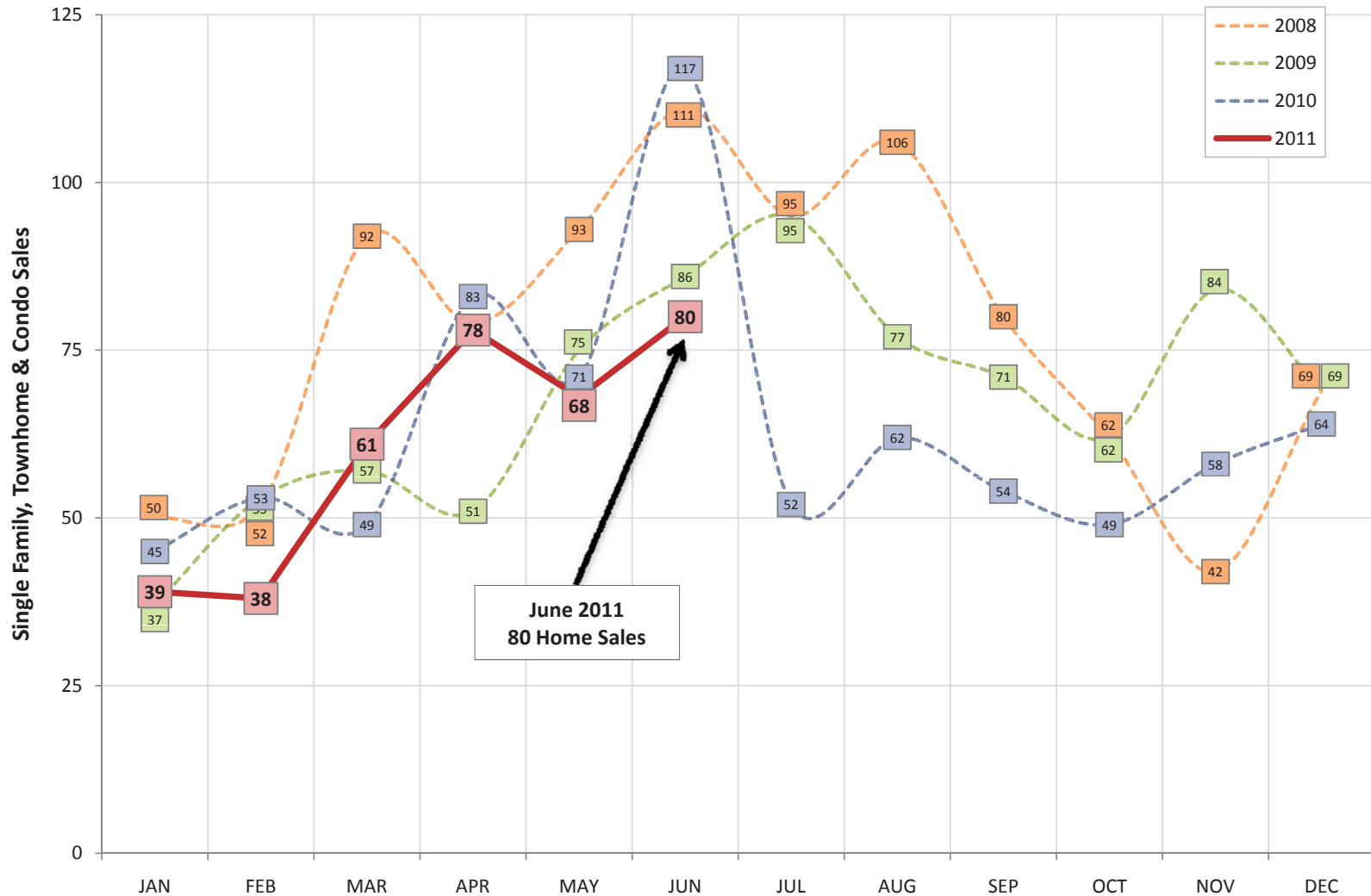
Average Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
June	\$219,885	\$226,592	\$224,086	\$217,089	-3.12%
Year-To-Date	\$222,522	\$222,152	\$211,321	\$195,250	-7.61%

Average Days on Market	2008	2009	2010	2011	% Change ('10 - '11)
June	156	171	187	193	3.21%
Year-To-Date	160	189	191	211	10.47%

While there were significantly fewer (-32%) home sales in June 2011 (80) as compared to June 2010 (117), this can primarily be attributed to the June 30, 2010 closing deadline for the federal home buyer tax credit. Year to date sales are down 13% compared to last year, but this may be the result of a higher proportion of home

sales being tilted towards the first half of 2010. You'll note that 2011 YTD home sales (364) are higher than 2009 YTD home sales (359). Median prices continue to decline, now down to \$165,000, and will likely not start to increase until the pace of sales has increased -- which could be seen in late 2011.

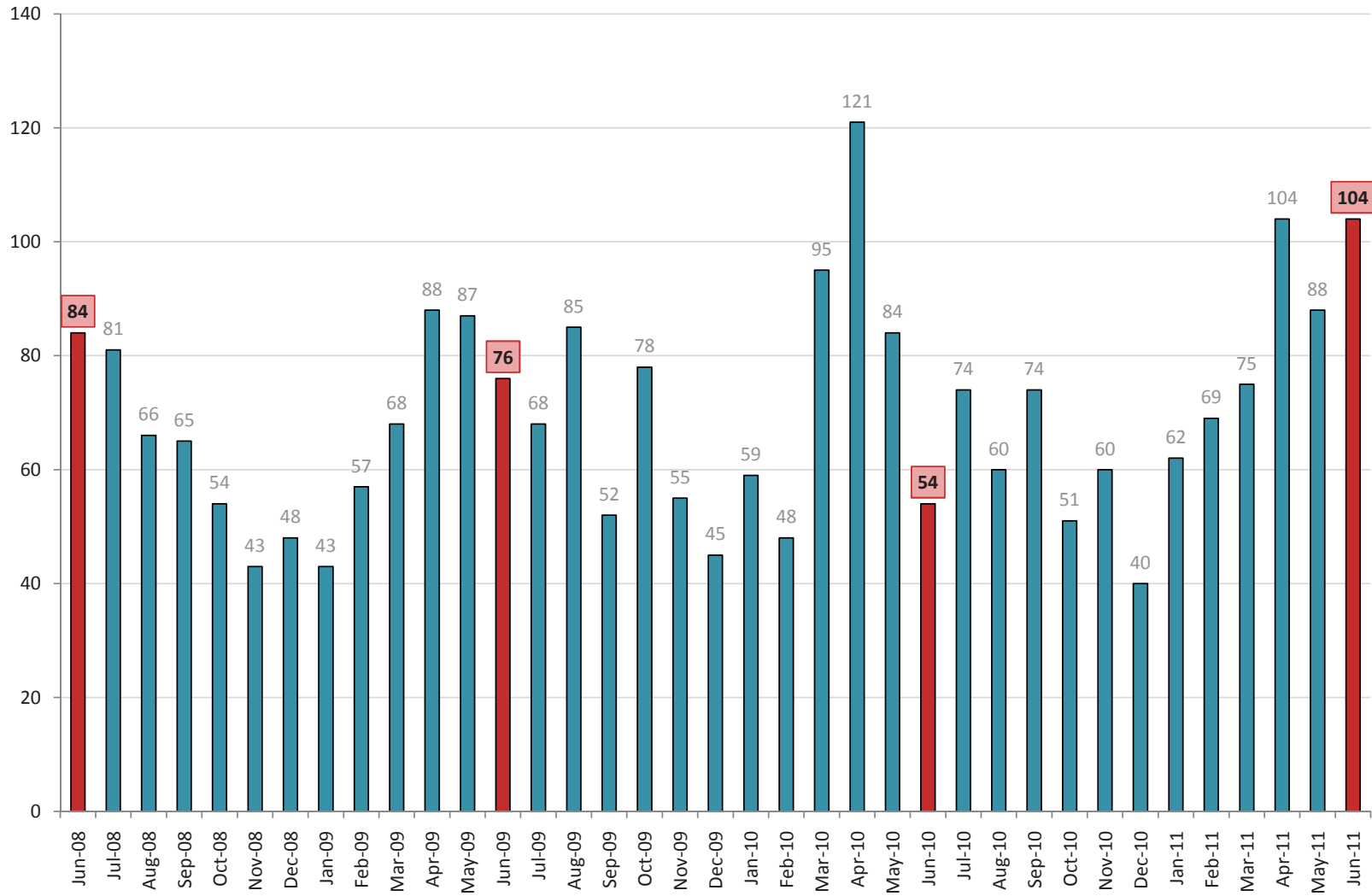
Harrisonburg & Rockingham County Month-By-Month Home Sales History



June 2011 home sales can be looked at extremely positively (the highest monthly rate of home sales all year) or extremely negatively (32% lower than last June). What is probably most indicative is to compare 2011 home sales to 2009. You'll see that May and June tracked together quite nicely, which suggests that we might see 90 to

100 home sales in July 2011, and then a decline back into the 70's and 60's through the late summer and fall. The federal home buyer tax credit drew many 2010 buyers into the first half of the year, so we are very unlikely to see an enormous June to July drop in home sales such as was experienced last year.

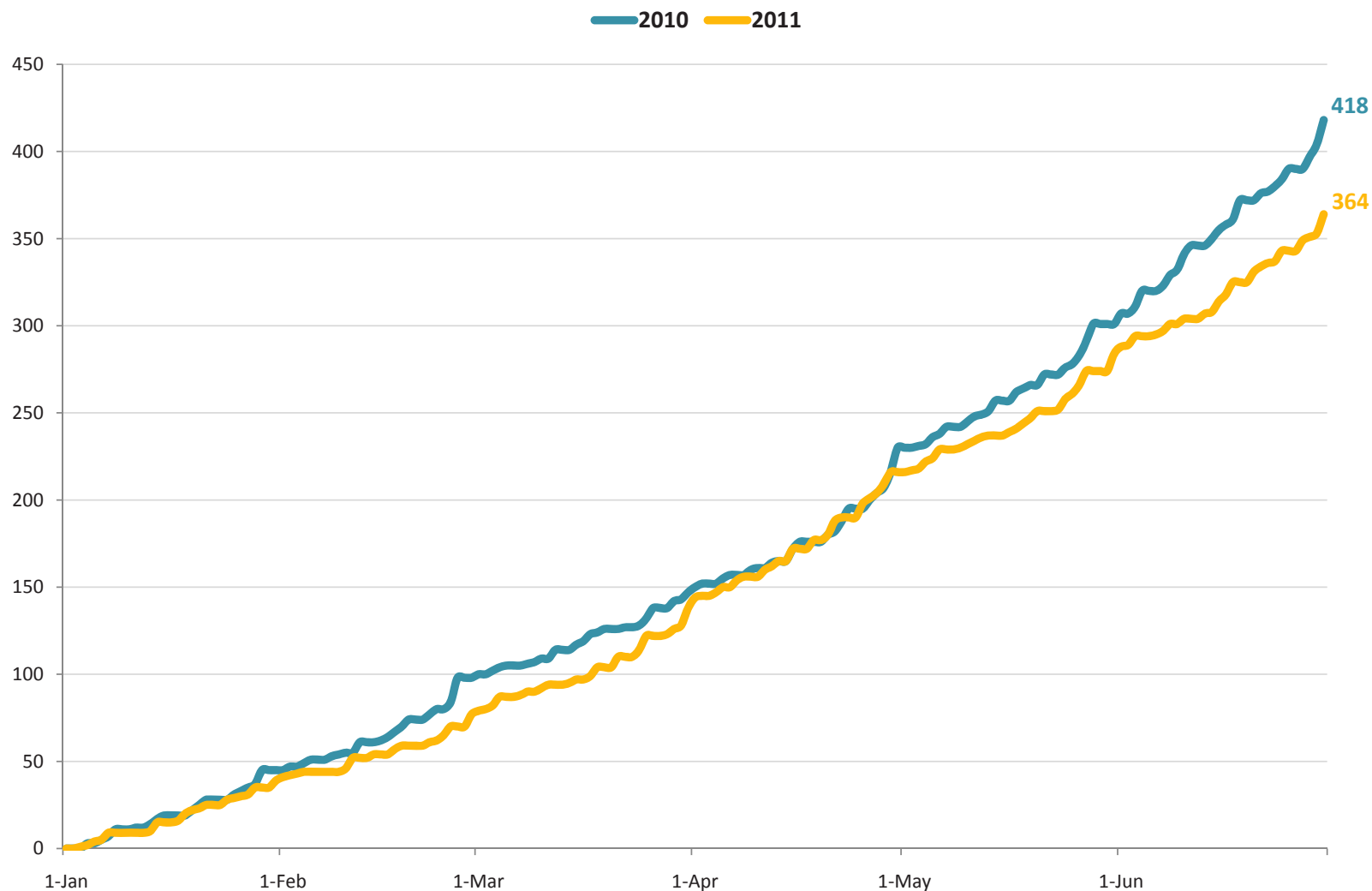
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



If we take April 2010 out of the mix (the last month to write a contract and receive the federal home buyer tax credit), then we see that June 2011 contracts (just like April 2011 contracts) were at the highest level witnessed anytime in the past three years. It is also remarkable to note how much higher the contract count was this

June (104 contracts) as compared to any of the past three Junes (84, 76, 54). While not summed up on the graph, there were 461 contracts in the first half of 2010 and 502 contracts written in the first half of 2011. The 13% drop in YTD sales combined with this 9% increase in contracts should point to strong sales in July and August.

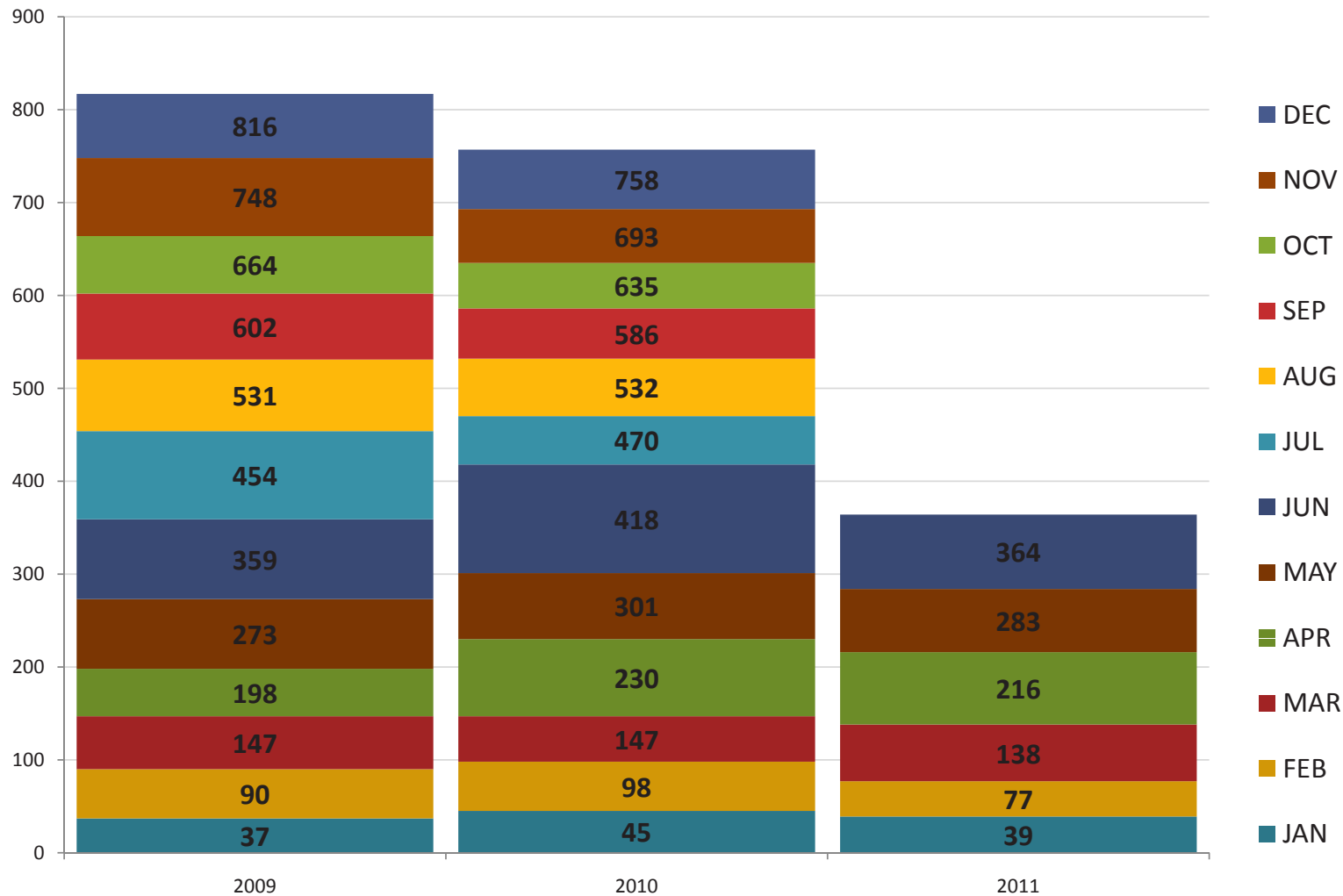
Harrisonburg & Rockingham County Daily Cumulative Residential Sales



This graph charts the ongoing battle between 2010 and 2011 as each line races towards December striving to be on top. Each data point on this graph shows the cumulative number of residential sales to date during each year. The 2011 market slowed (compared to 2010) starting in February, but by the first part of April, had

caught back up. The two trajectories split out again in May and the gap widened in June -- largely due to the federal home buyer tax credit. I believe we'll see this gap close quickly in July and August based on the number of contracts being signed in the past few months.

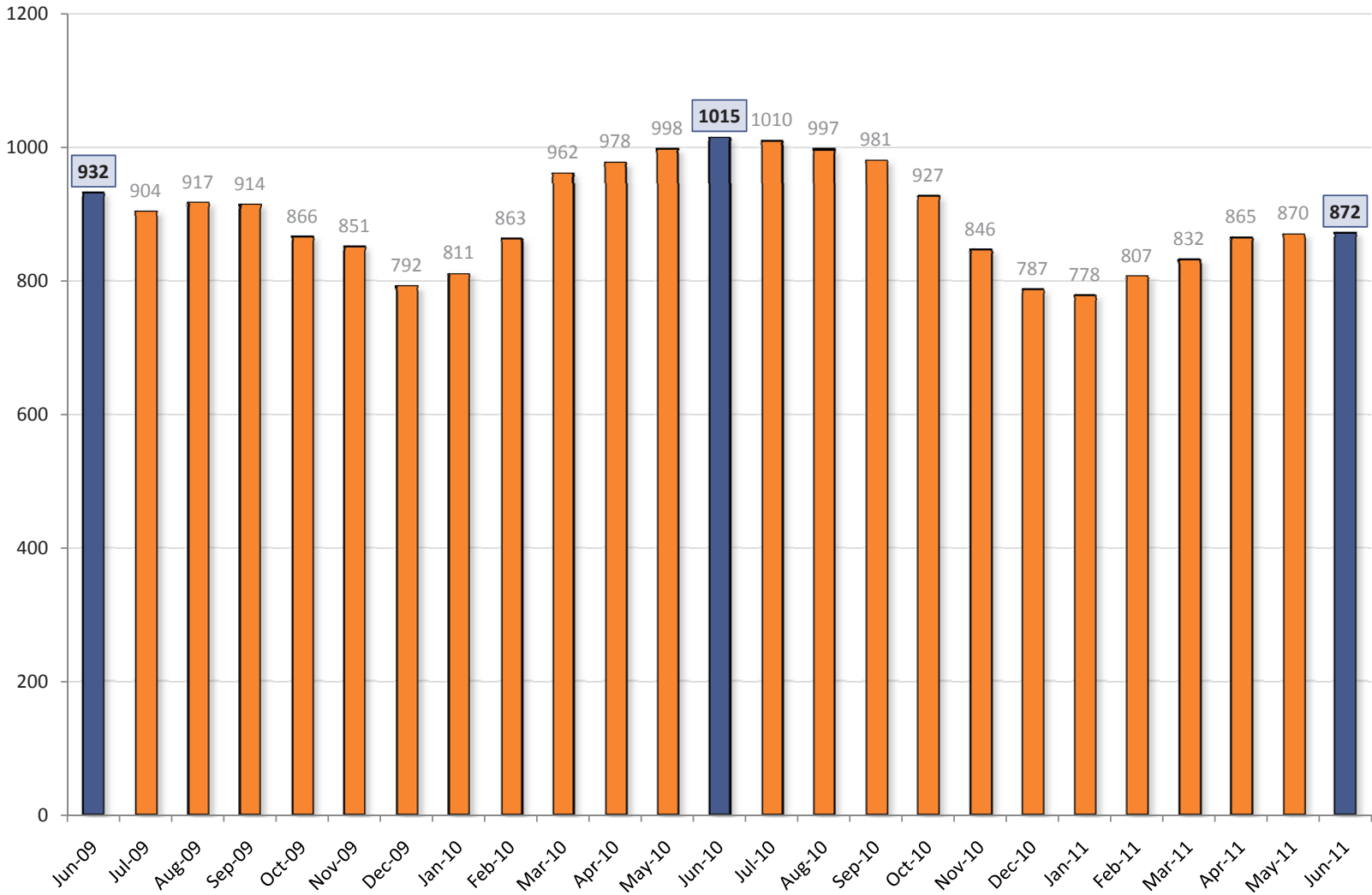
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. You'll note that the 364 home sales in the first six months of 2011 exceeded the first six months of 2009. It is also important to note how short each of the next four months were last year (July, August, September,

October). I suspect that monthly home sales in these same four months during 2011 will propel us beyond 2010 sales levels. This will be an encouraging indicator that we might (slowly) be returning to a more healthy real estate market.

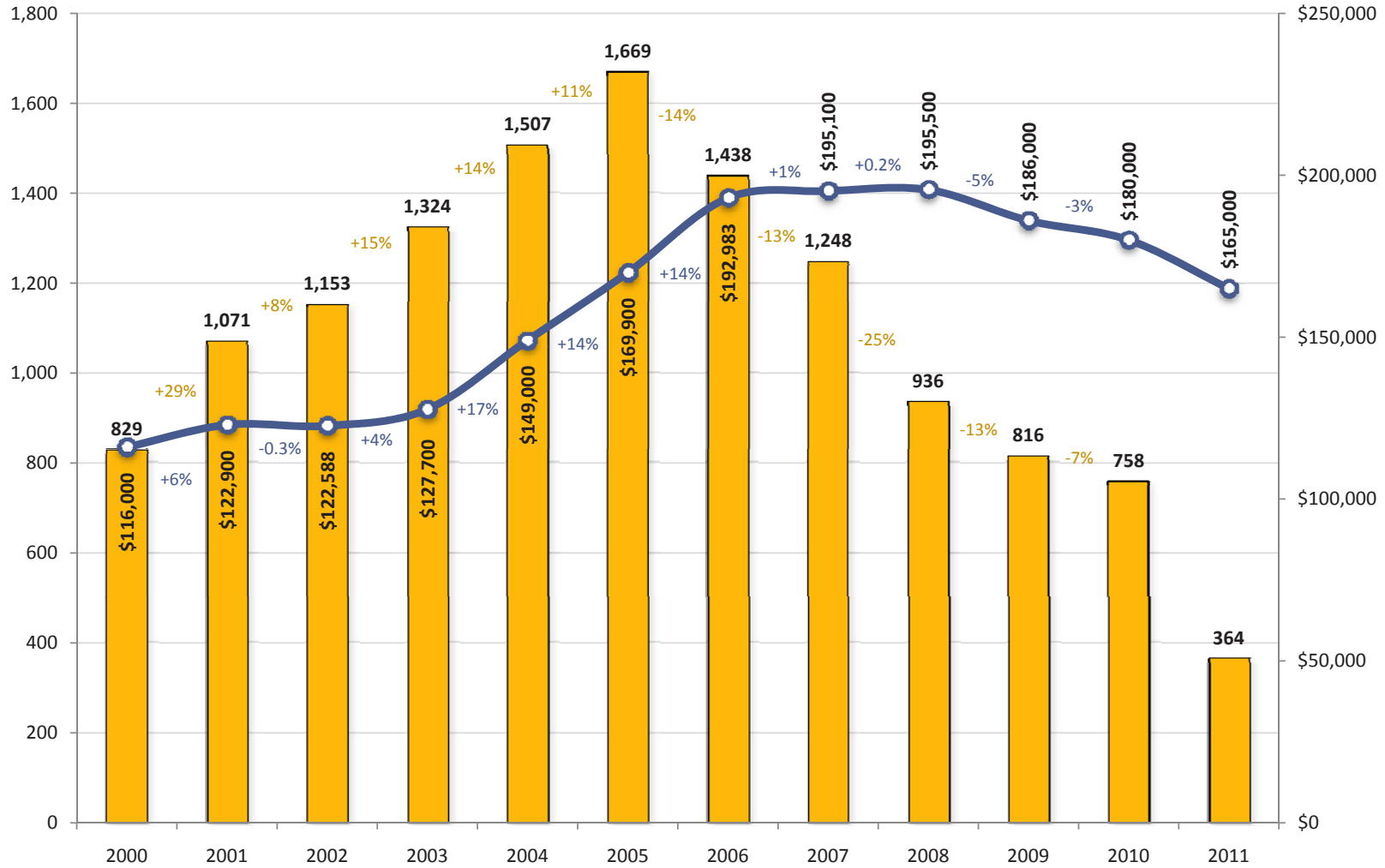
Harrisonburg & Rockingham County Inventory Levels



Remarkably, inventory levels have not significantly climbed during the first half of 2011 --- with only a 12% increase in inventory between January 2011 and June 2011. Comparatively, we witnessed a 25% increase in inventory during the first six months of last year. Perhaps the high inventory levels during the first half of 2010 were

hopeful sellers looking for a tax credit buyer. Whatever the reason, lower inventory levels help to provide greater balance in our housing market. Given the trends from the past several years, we should now start to see inventory levels decline as we continue through the remainder of 2011.

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

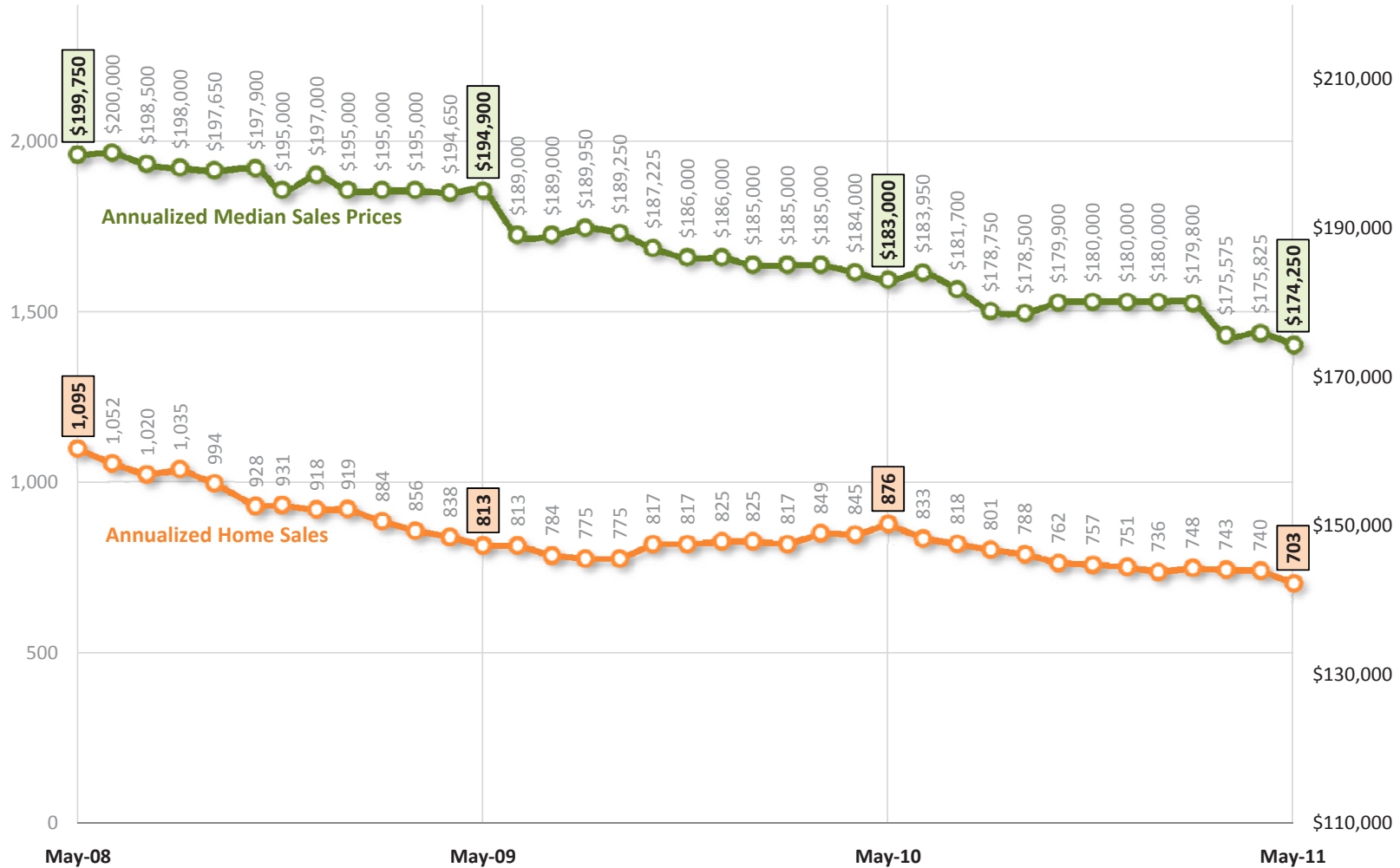


This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year (since 2000) as well as changes in the median sales price during the same time period. If we do start to see a stabilization of the pace of home sales (at least 758 sales this year) we might then (likely the

following year) see a stabilization of home values as defined by median sales prices. Thus far, the decline in median sales price this year (-8%) will be the largest decline we have seen in our market any time in recent history.

Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes

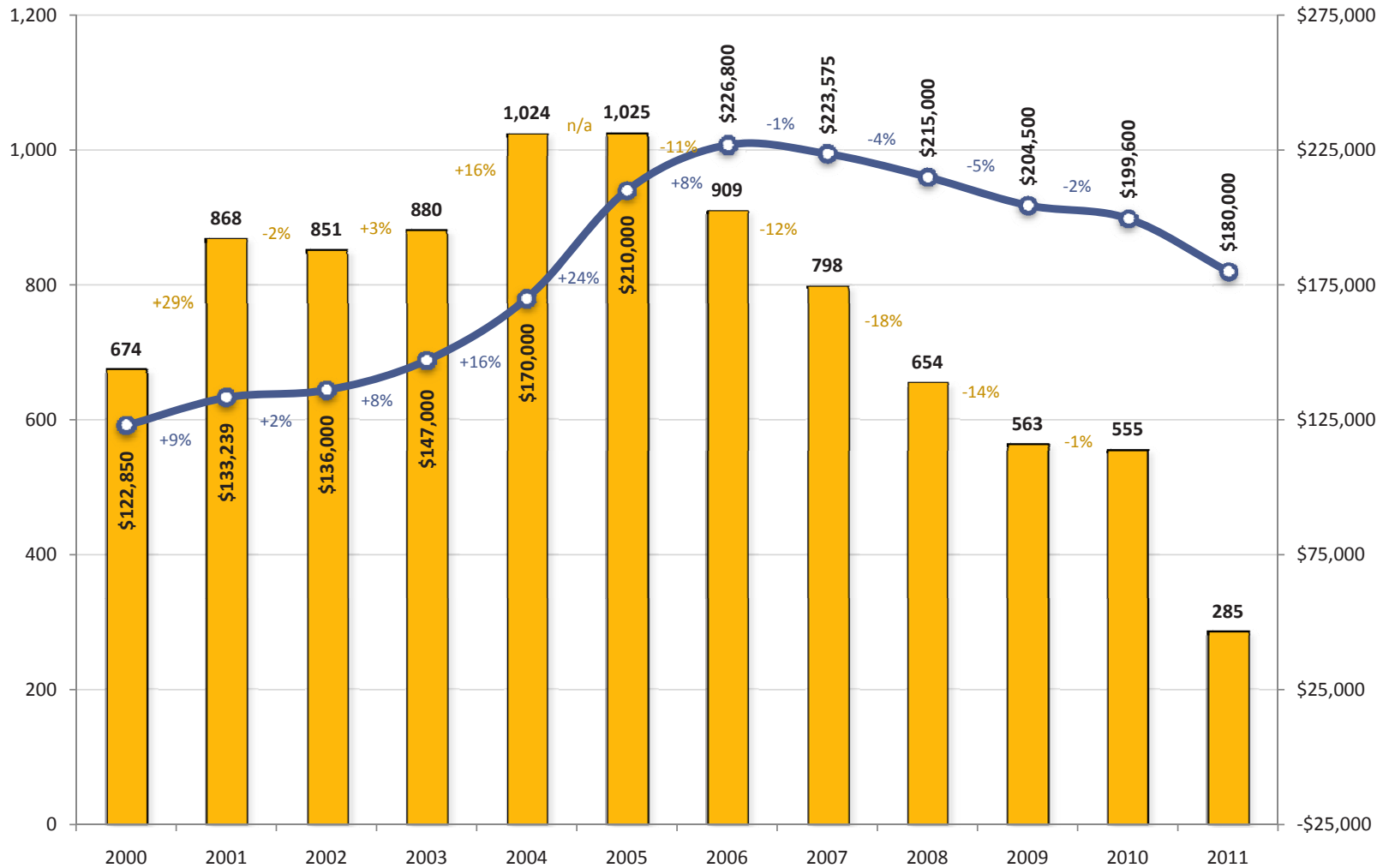
Home Sales, Median Sales Price in each 12 Month Period



This graph shows a rolling 12 months of the number of home sales in the Harrisonburg and Rockingham County area, as well as the median price of the homes that sold during these time frames. Each data point is showing one year's worth of home sales, which eliminates the volatility of evaluating sales figures on a month-by-

month basis. Over the past three years we have seen a 36% decline in annualized home sales and a 13% decline in median sales prices. It is interesting to note that the median sales price had started to stabilize in the first few months of 2011, but has started to decline again since that time.

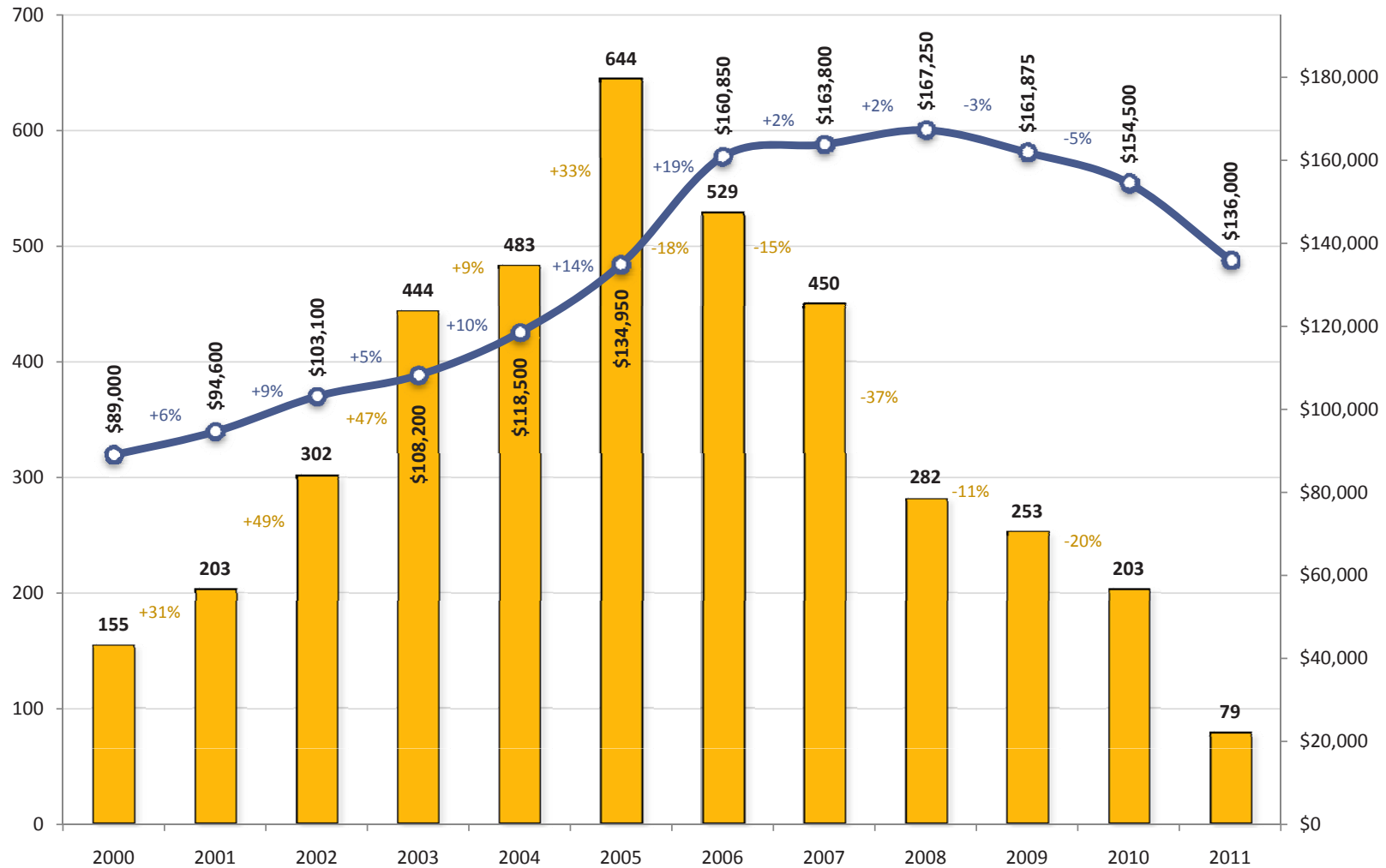
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



The single family home market in Harrisonburg and Rockingham County seems (in some ways) to be recovering quite nicely compared to the overall market. A full 555 detached single family homes sold in 2010 compared to 563 in 2009 -- this represents only a 1% decline in market pace. Based on year to date sales, we will

see an increase in the number of single family homes in 2011 (compared to 2010). Despite this forthcoming stability in the pace of single family home sales, we are continuing to see a sharp decline in median sales price (-10%) thus far in 2011.

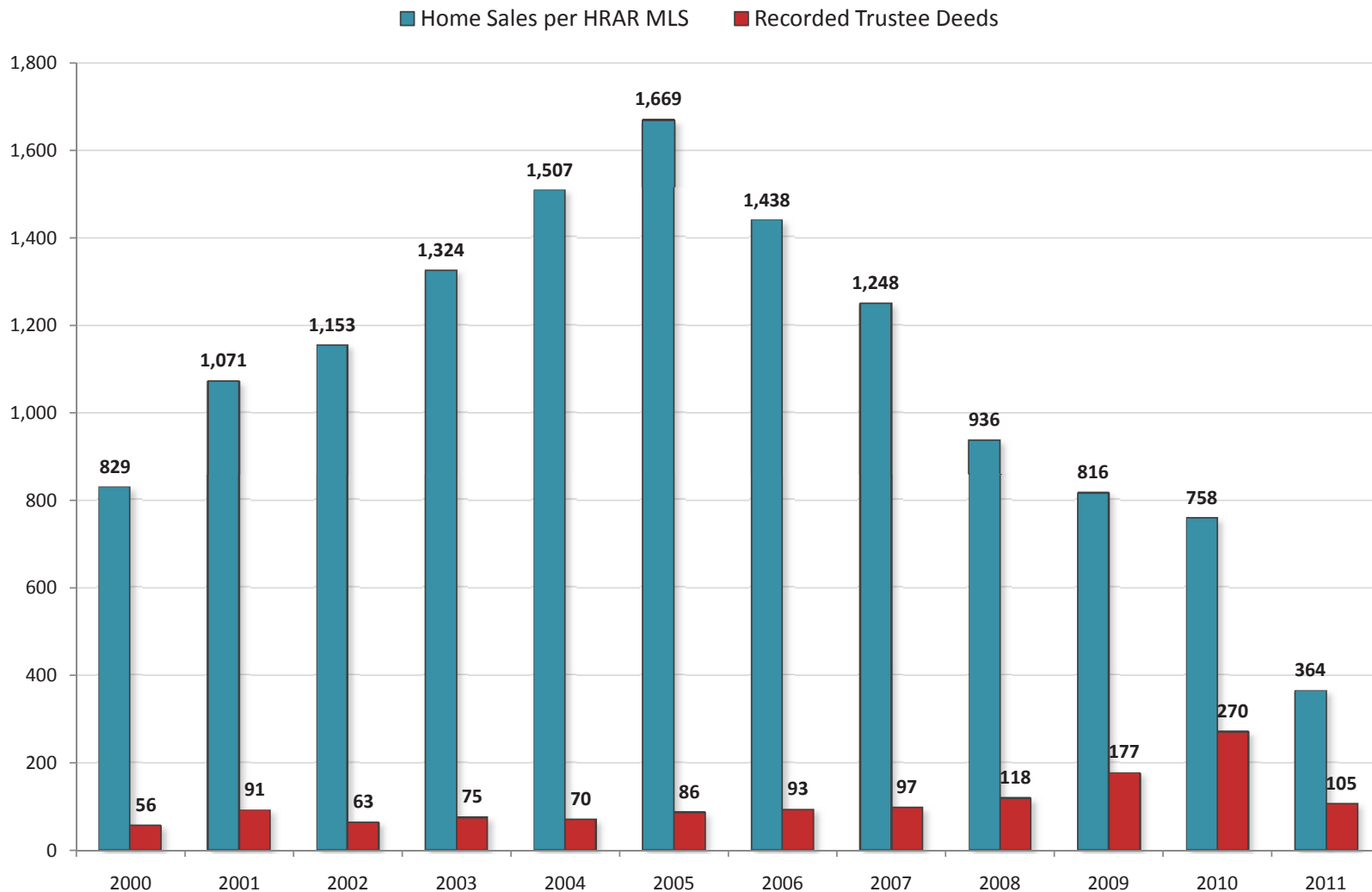
Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



Even if the single family home market may be stabilizing, the townhouse market is still having difficulty finding a balance. There will likely be another decline in the number of townhomes selling in 2011, and the median sales price is continuing to fall...rather dramatically. At this point, the median sales price of townhomes is

down to only \$136,000 which is a retreat to sales prices in 2005. The big difference, however, is that in 2005 there were 644 townhome sales, as compared to a probable 160 townhome sales in 2011.

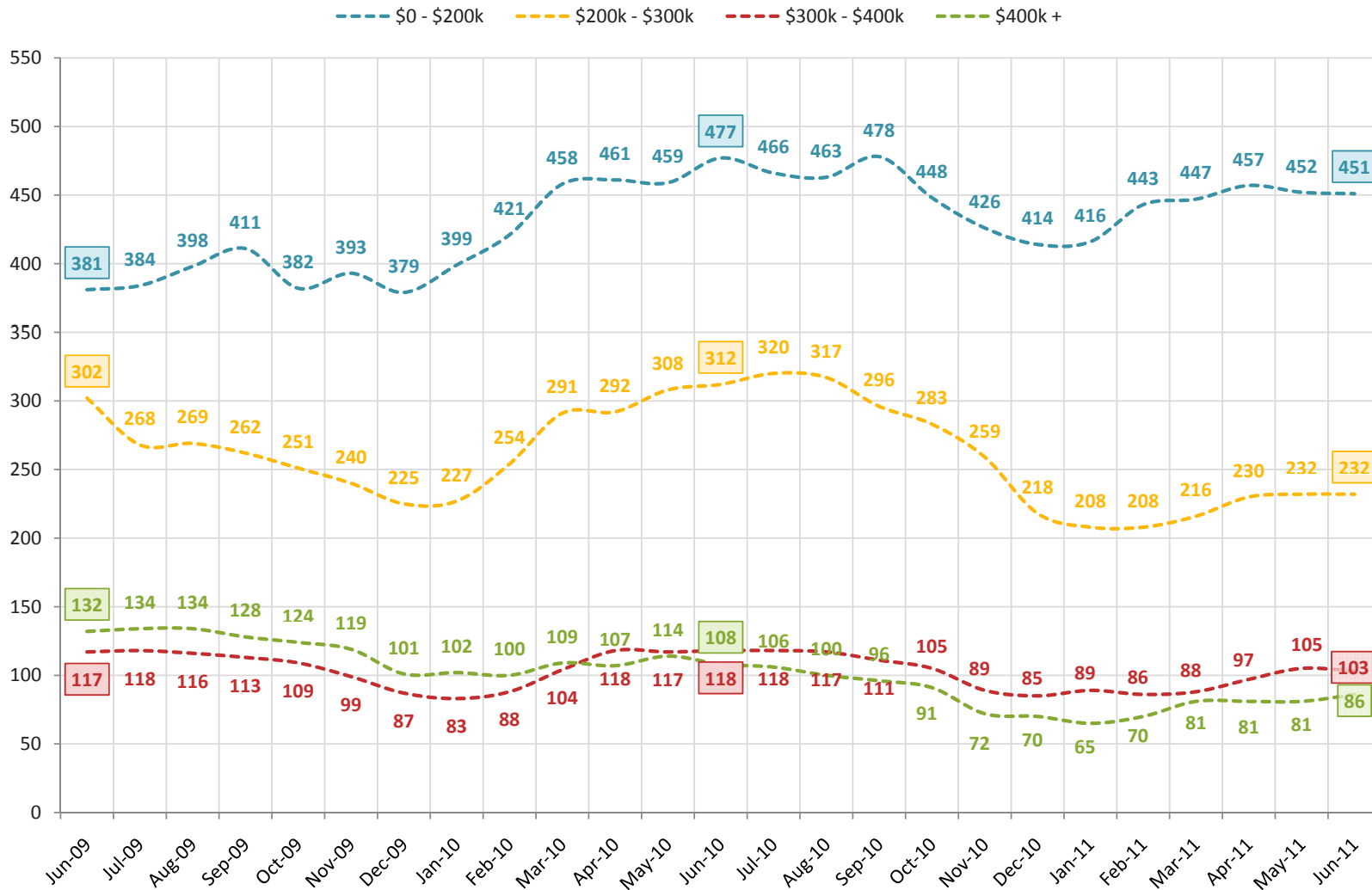
Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor any new home sales directly from a builder. The red bars show the number of Trustee Deeds

recorded during each of the past 10+ years. Some of these foreclosed properties (270 in 2010) then show up in the blue bar when they are listed and then sold as bank owned properties. This year's ratio (3.5 home sales per trustee deed) is a much healthier ratio than last year (2.8 home sales per trustee deed).

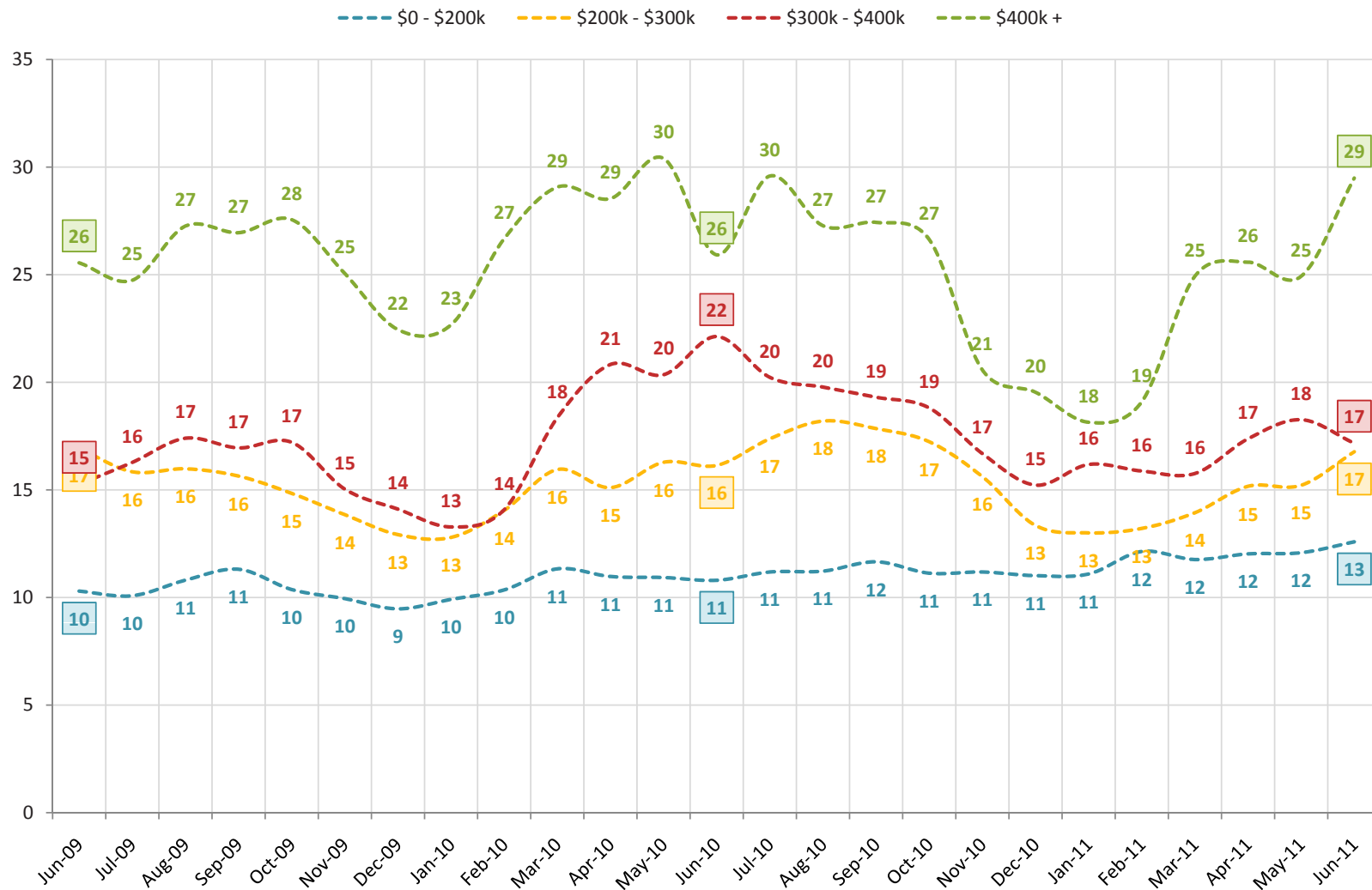
Harrisonburg & Rockingham County Inventory Levels by Price Range



While overall inventory levels have increased over the past two years, the same is not true in all price ranges. The \$400k+ price range, for example, has seen an impressive 35% decline in inventory from 132 homes for sale in June 2009 to only 86 homes for sale today. Inventory levels of homes between \$300k and \$400k have

also shown a decrease over the past two years. This phenomenon is likely a result of fewer and fewer builders engaging in speculative building, as had been occurring en masse during the “boom years” in the local and national housing markets. There continue to be very high inventory levels of properties for sale under \$200,000.

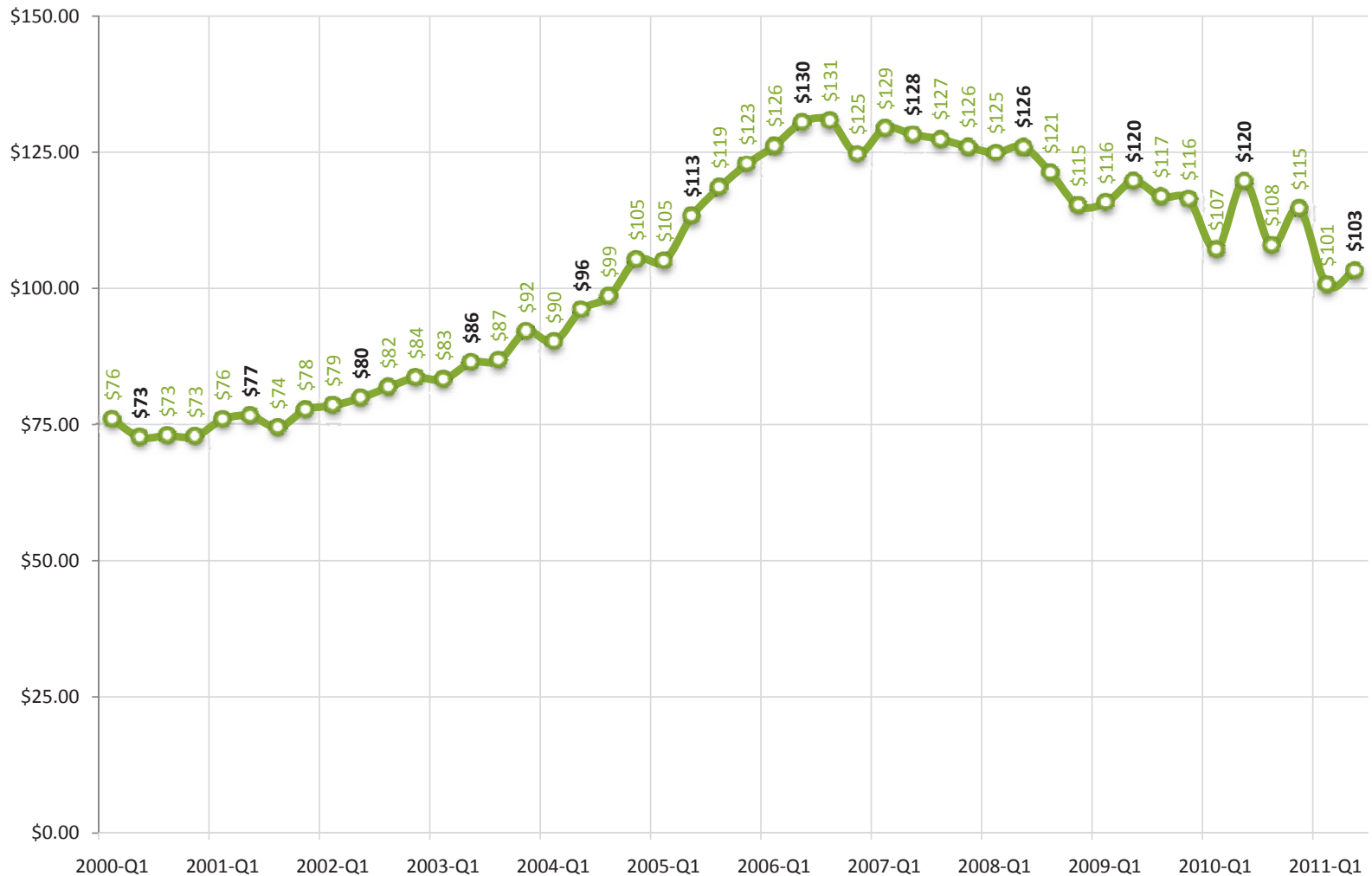
Harrisonburg & Rockingham County Housing Supply Trends by Price Range



With so many homes on the market (lots of sellers) and so few home sales (not so many buyers), there are very high levels of supply in our local real estate market. The graph above illustrates that it would take 13 months to sell all of the homes currently for sale under \$200k if the same number of buyers bought each month

as have been buying (on average) over the past 12 months. This supply metric gets even more extreme as the price range increases. Of note, after several months of healthier supply metrics in the \$400k+ market, the number of months of supply has increased yet again to more than two years of homes for sale.

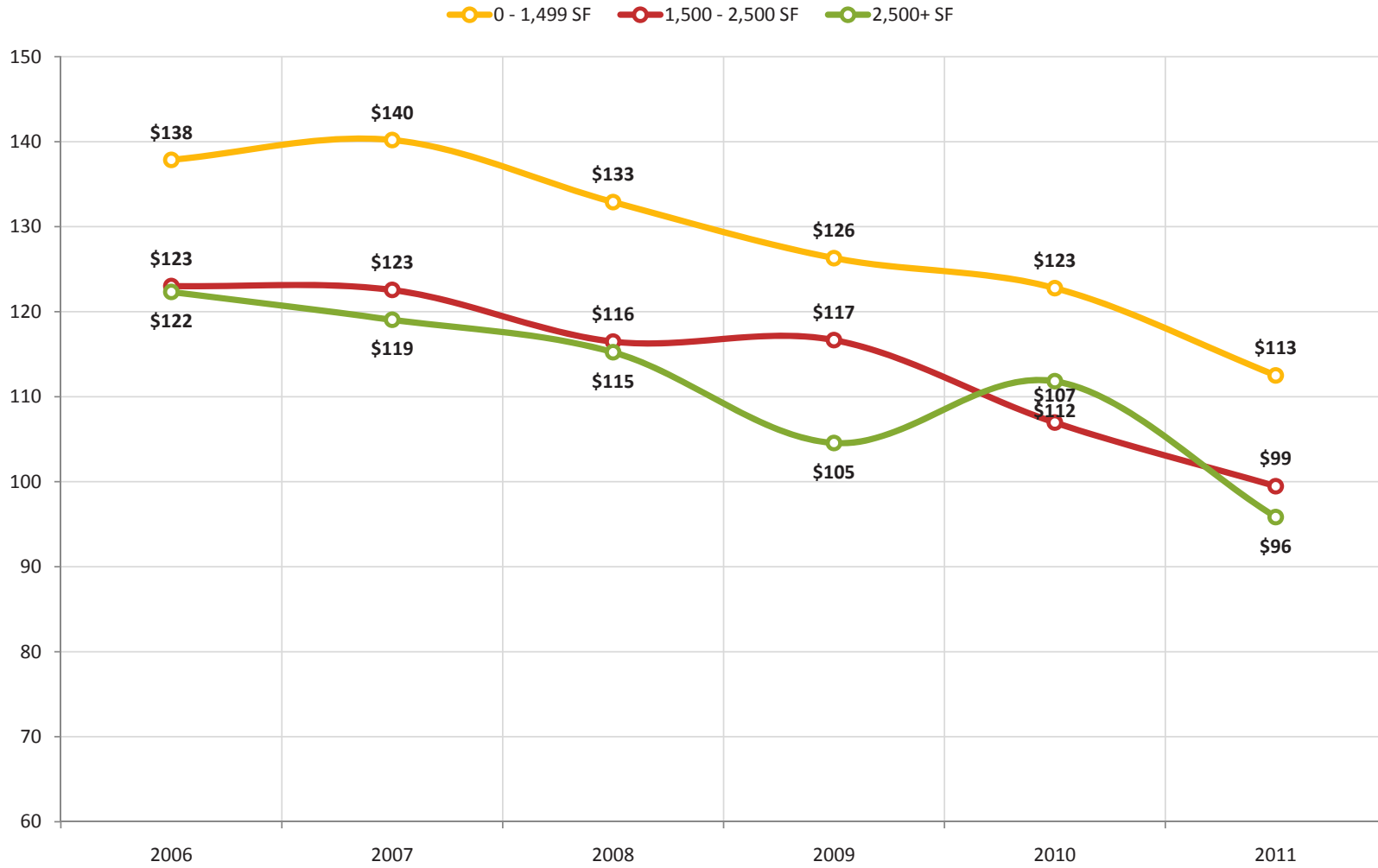
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



In addition to monitoring home values by overall median sales prices in our market, it can be insightful to examine the median price per square foot of homes that are selling. The graph above shows the median price per square foot of all single family homes sold over the past 10+ years. The value trend captured by this graph is quite

similar to the trend shown in the single family home median sales price over the same time period, which validates that assumed set of changes in home values. The second and fourth quarters of 2010 were apparently great times to sell a single family home, as there were quick blips upward in this metric.

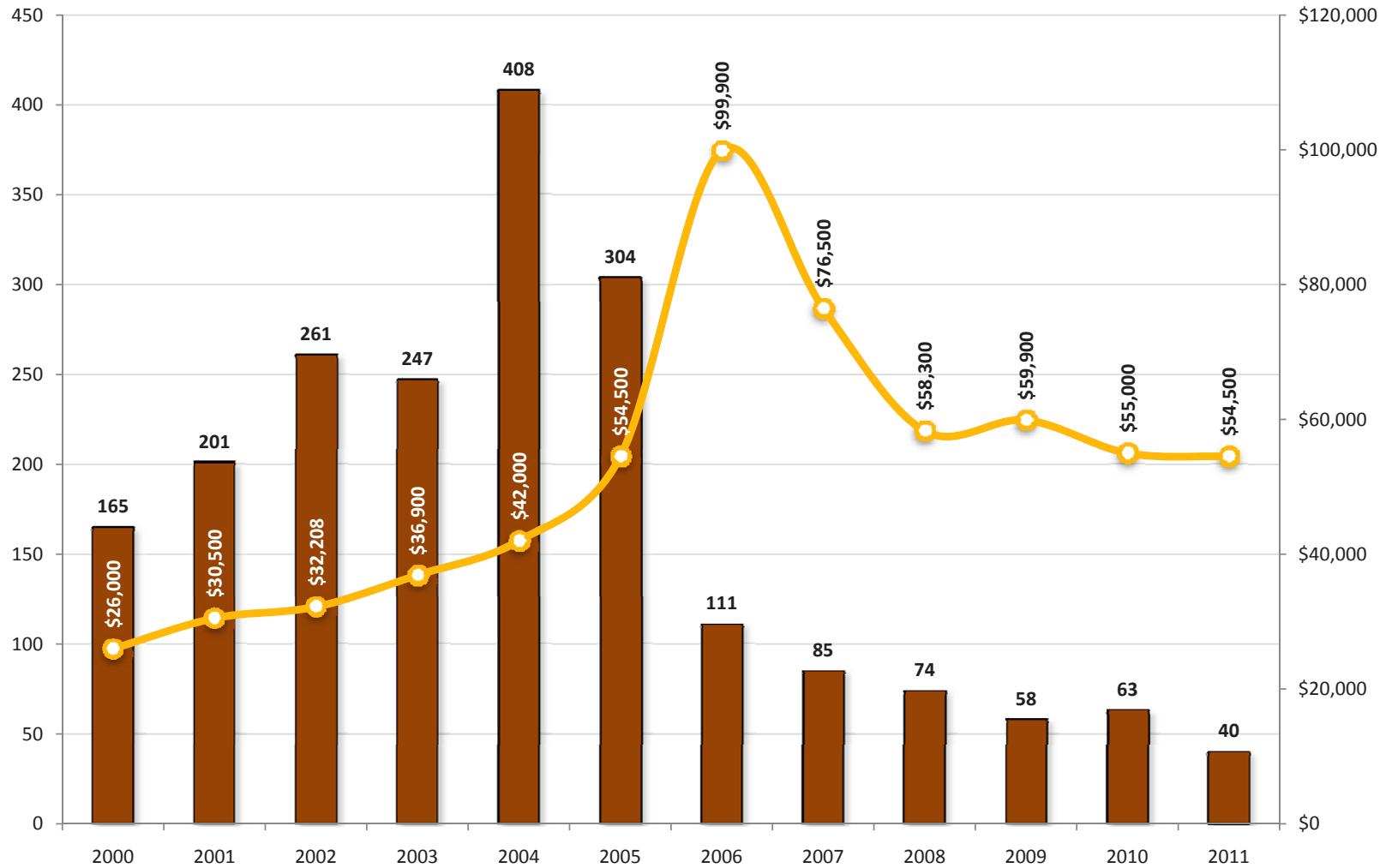
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



Price per square foot of single family homes certainly varies for many reasons, including the age, location, lot size and structural characteristics of each home sold. However, there are some similarities in homes of a similar size. This graph illustrates that the median price per square foot of larger homes (2500+ SF) is a good bit lower

(\$96/SF) than homes that offer less than 1500 SF (\$113/SF). These values cannot be used as an absolute standard against which the value of any home can be measured, but they can provide some helpful guidance when trying to determine the value of a home that is for sale, or may be for sale in the near future.

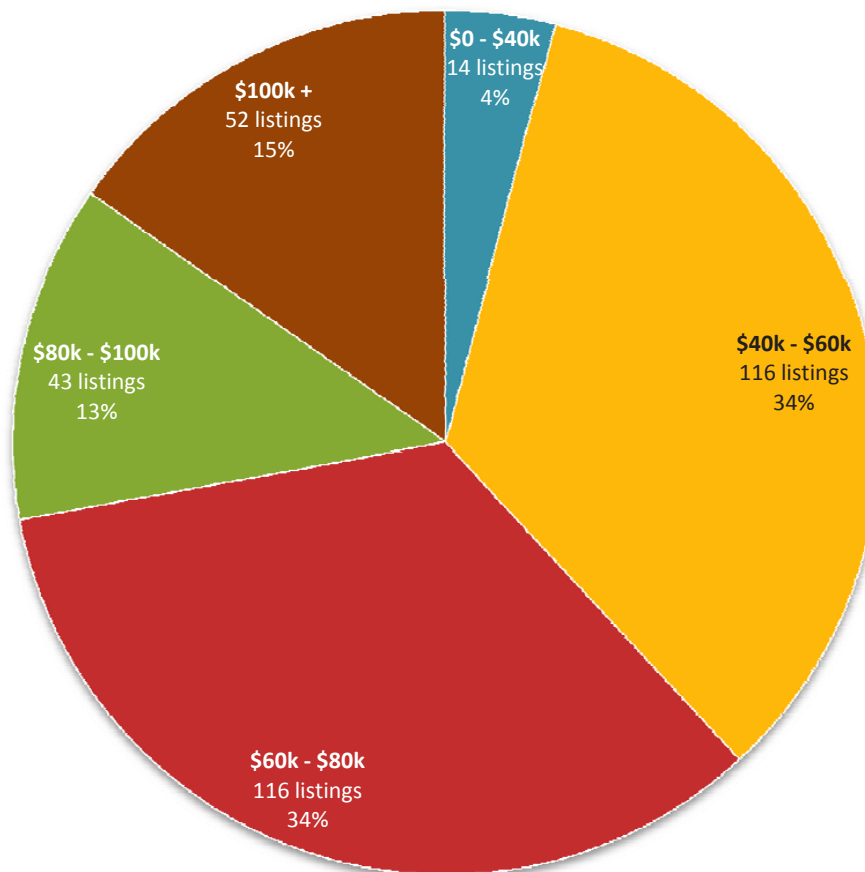
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



While sales of lots that are smaller than an acre have plummeted since 2004, they finally may have stabilized in 2010. In 2009, there were 58 lot sales of less than an acre --- and there were 63 lot sales in 2010, finally showing an increase in this category of sales. Thus far in 2011, we are seeing a healthy continuation of this

trend, with 40 lot sales. While the median sales price of these lots under one acre is still declining (\$60K->\$55K->\$55K from 2009-2011) the steadied pace of lot sales will hopefully mitigate any further declines in value.

Harrisonburg & Rockingham County
Price Distribution of Active Lot Inventory
less than 1 acre

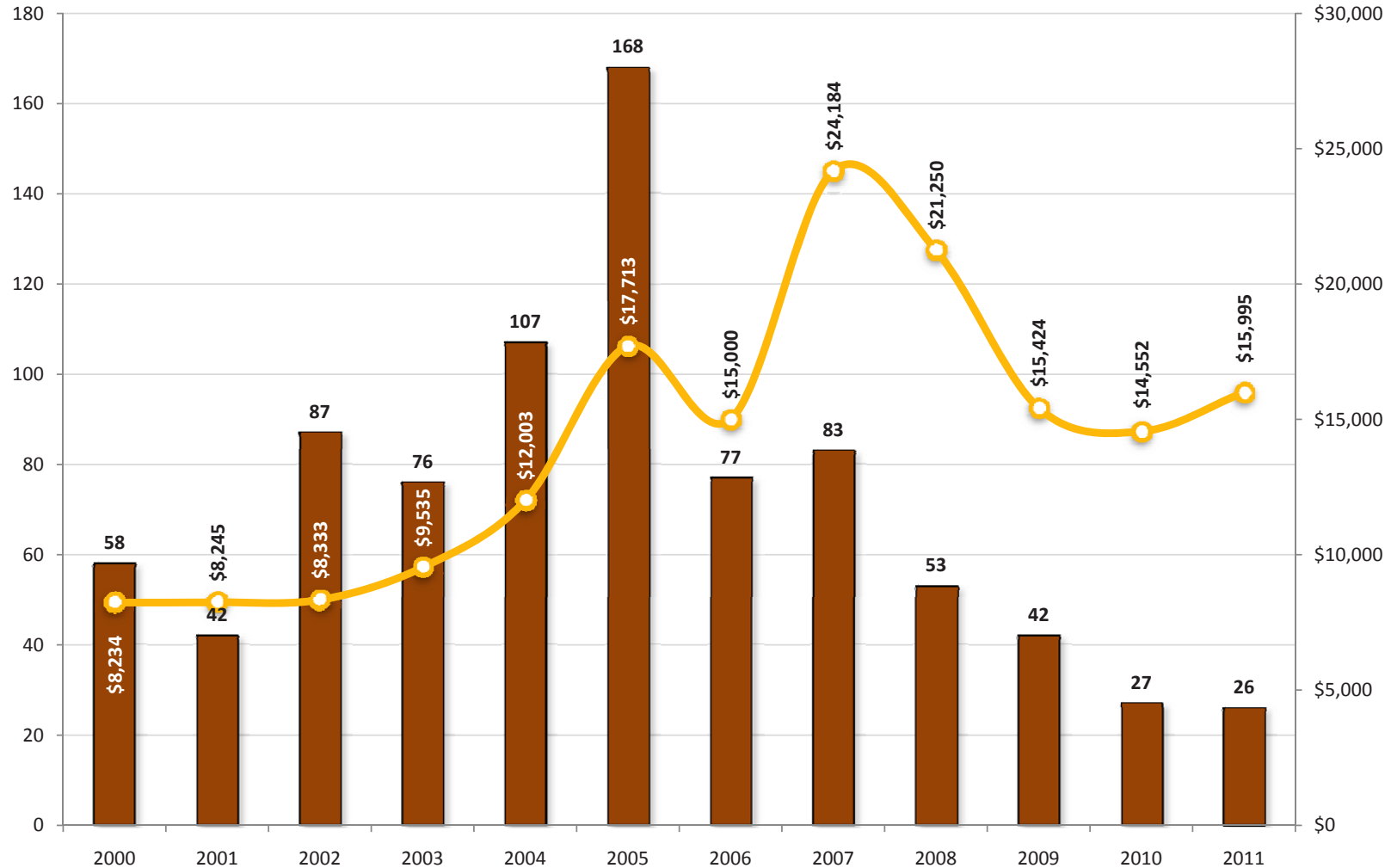


341 Active Lot Listings; Median List Price: \$70,000

Despite the fact that only 63 lots (of less than an acre) sold in all of 2010, there are an amazing 341 lots currently for sale. Furthermore, despite the fact that the median sales price of lots is hovering around \$54,500, the median list price of the 341 lots for sale is currently \$70,000. Given last year's 63 lot sales, if no other lots

were listed for sale, it would take over five years to sell all of the lots currently listed for sale. As you can see above, 62% of the lots currently listed for sale are priced above \$60,000 --- thus most sellers are have offering prices much higher than the 2011 median sales price of \$54,500.

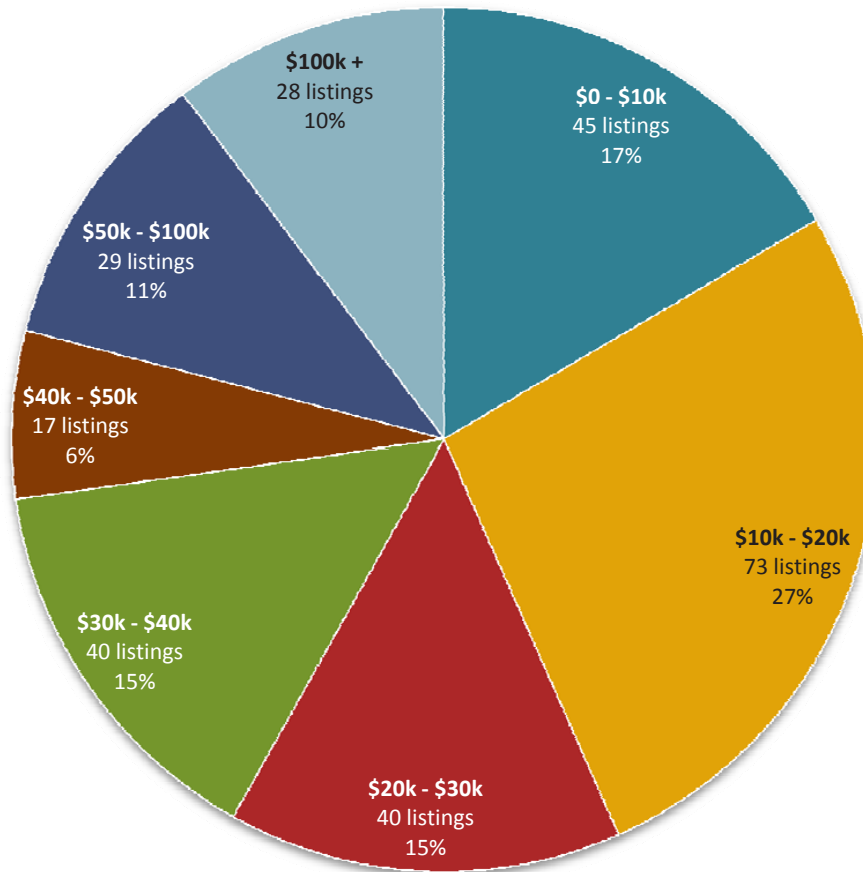
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County are selling quite slowly given the recent historical context, but they may be starting to improve in pace. Only 27 such land sales were recorded in the HRAR MLS in 2010, compared to an amazing 168 in 2005 -- however, an amazing 26 parcels of land have sold thus

far in 2011. Halfway through 2011, we have already seen as many land sales (within 1) as we saw in all of 2010. This very likely is an indicator of why the median price per acre has started to increase again, now almost to \$16,000 per acre.

Harrisonburg & Rockingham County
Price/Acre Distribution of Active Land Inventory
 1 acre or more

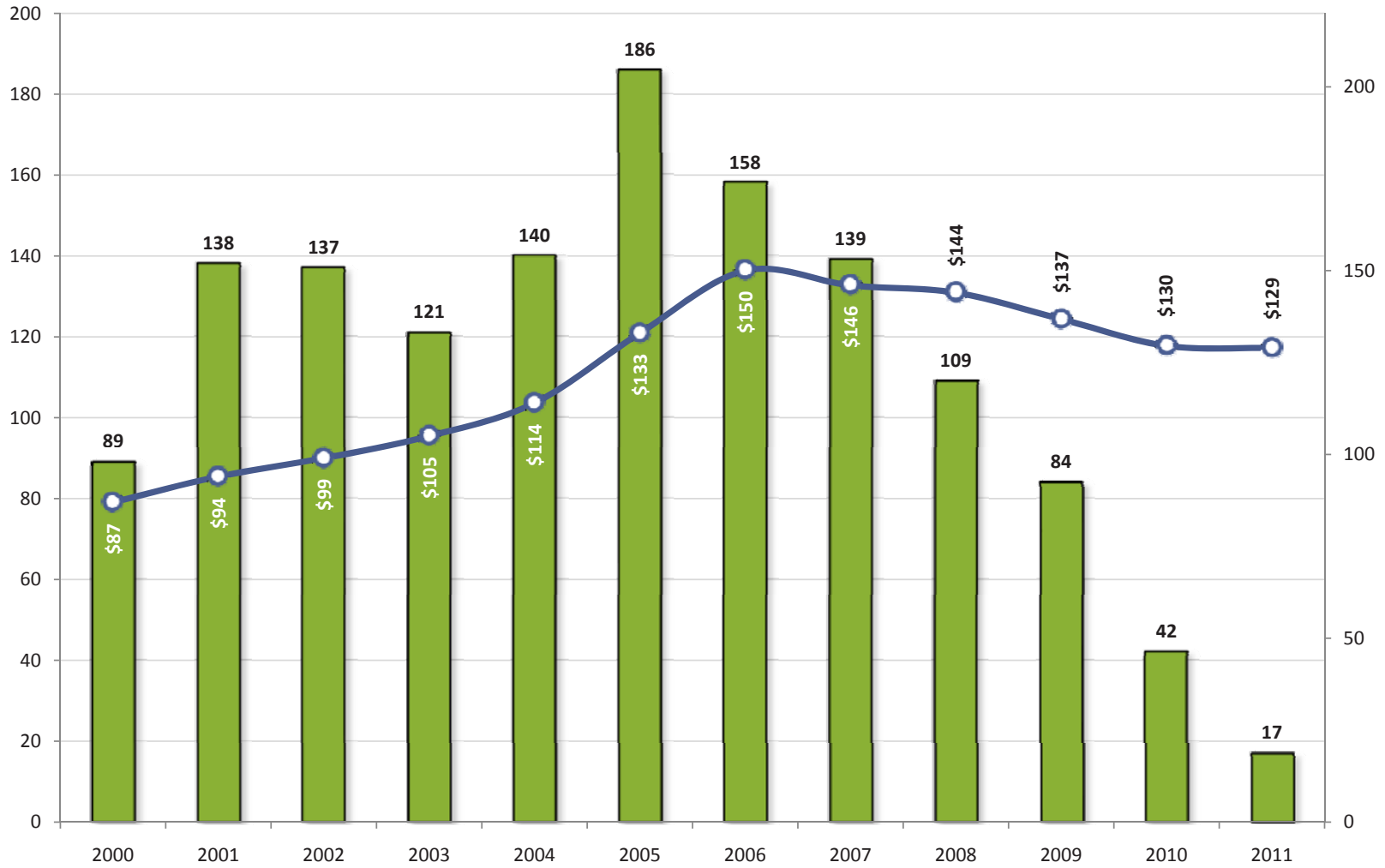


272 Active Land Listing; Median List Price: \$23,719 / Acre

Despite the fact that only 27 parcels of land (of one acre or more) sold in all of 2010, there are an amazing 272 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$16,000 per acre, the median list price of the 272 parcels for sale is currently \$23,719 per acre. Given last

year's 27 land sales, if no other land is listed for sale, it would take almost ten years to sell all of the parcels of land currently listed for sale. As you can see above, the vast majority of land listed for sale is listed at median prices per acre well above the median sales price per acre.

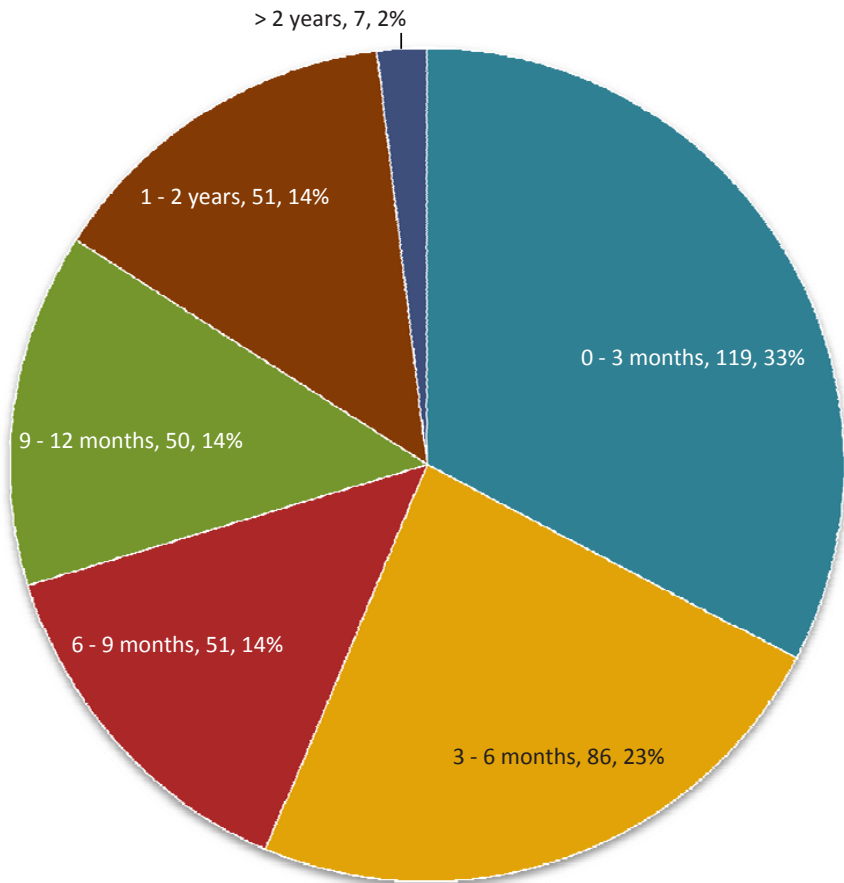
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home builders have certainly not been as busy this year as in the recent past. This graph illustrates changes in new (or almost new) single family home sales over the past decade. Remarkably, new home sales took a 50% drop in 2010 compared to 2009 -- and we have not seen a strong start thus far in 2011. The question

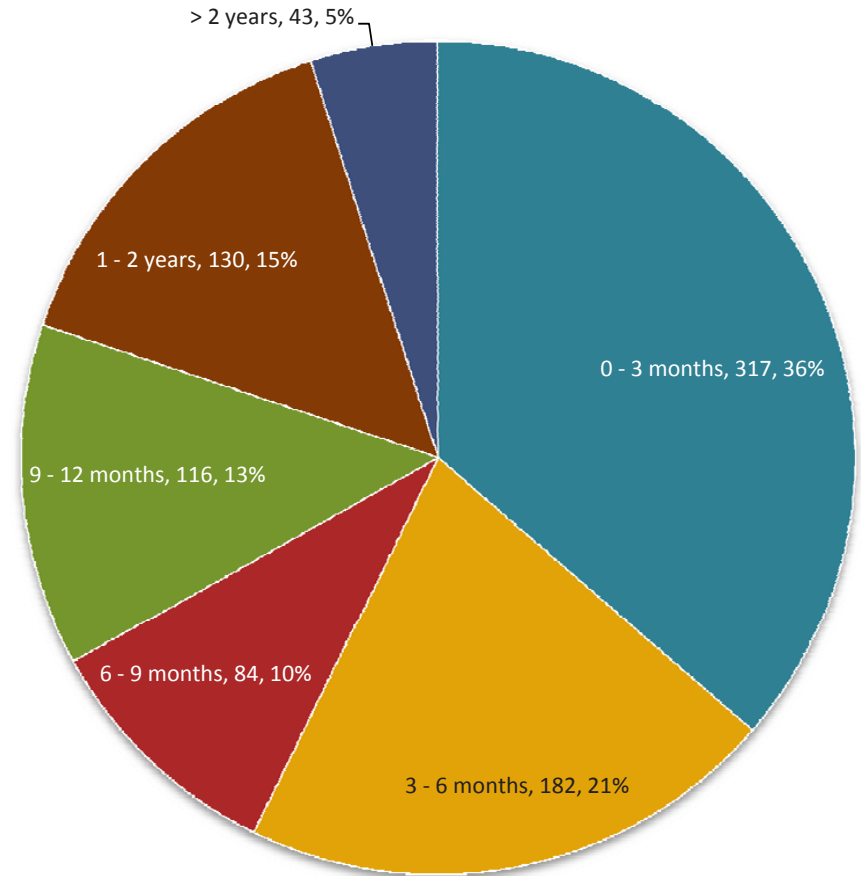
that remains is when the market for new construction will return, even in any small measure --- many people predict that it will take a further reduction of housing inventory. We have seen a significant overall decline in inventory over the past eight months -- so perhaps new construction will start to increase in late 2011 or 2012.

Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Jan '11 - Jun '11



Average Days On Market: 210

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

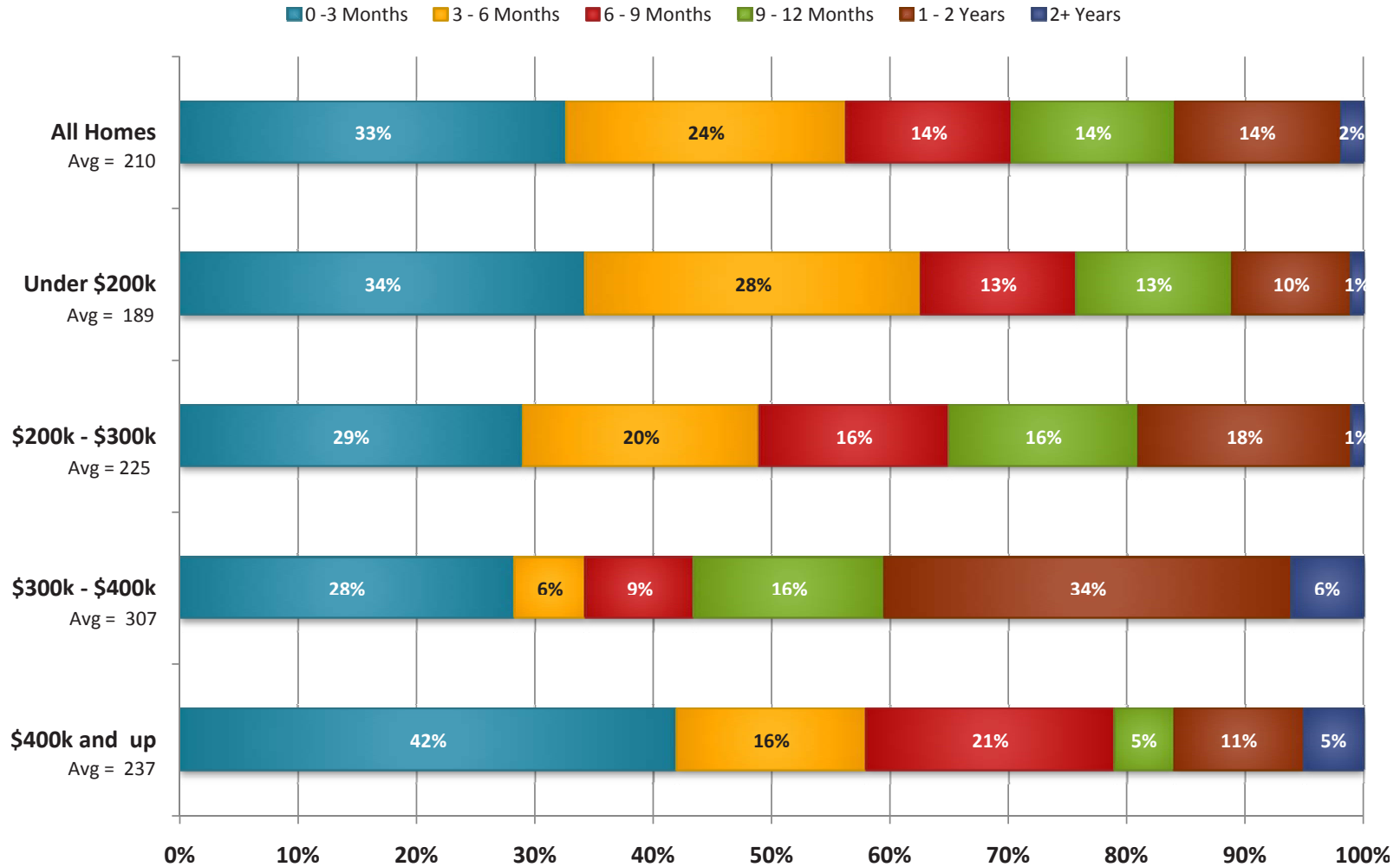


Average Days On Market: 229

Despite record inventory levels, and very few buyers being in the market, homes that are actually selling are selling rather quickly. In fact, 1 out of 3 homes that sells closes less than 90 days after being listed for sale. Include with that those that close in the next 90 days and we find that an amazing 56% of homes that sell have closed

within six months of first coming on the market. This is not, however accounting for the many, many homes that never sell -- that linger on the market, or are eventually removed from the market. The lesson to be learned here is the importance of pricing correctly from the start in order to sell in a reasonable time frame.

Harrisonburg & Rockingham County
Days on Market Analysis by Price Range
 Jan '11 - Jun '11



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 62% of homes that sold under \$200,000 sold in the first 180 days of being on the market, while only 34% of homes between \$300,000 and \$400,000 were able to sell in that same time period.

The average days on market for homes over \$400k (237 days) is also significantly higher than that of homes under \$200,000 (189 days). Inventory (oversupply) and sales volume in each of these price ranges contributes directly to the variation in length of time on the market.

Scott P. Rogers, Associate Broker



Scott P. Rogers, an Associate Broker with Coldwell Banker Funkhouser Realtors, has built a successful real estate career around providing valuable market data, insight and analysis to buyers, sellers, investors and developers. From first time home buyers to builders and developers, Scott provides exceptional and comprehensive service before, during and after the real estate transaction.

Scott earned a B.A. and M.Ed. from James Madison University, providing him formal education in graphic design, management and counseling -- all of which he leverages on a daily basis to the benefit of his clients. Scott's graphic design and web development background allows him to create and leverage high caliber technology and marketing solutions.

In 2007, Scott began providing in depth analysis and insight into the local real estate market via his real estate blog, at HarrisonburgHousingToday.com.

In 2010, Scott was recognized by the Harrisonburg / Rockingham Association of Realtors as being in the top 1% of all area Realtors.

For more information, or with questions, contact:

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Online, Local, Real Estate Resources

Central Shenandoah Valley Property Search
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Monthly Real Estate Market Reports
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Harrisonburg & Rockingham County Trustee Sales
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