

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

An Analysis of Real Estate Activity Through December 31, 2009

**January 11, 2010**

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

# HOME SALES REPORT

Harrisonburg &amp; Rockingham County

January 11, 2010

# Home Sales	2006	2007	2008	2009	% Change ('08-'09)
December ▲	98	66	69	67	-2.90%
Year To Date ▼	1,438	1,248	935	813	-13.05%

Median Sales Price	2006	2007	2008	2009	% Change ('08-'09)
December ▼	\$205,500	\$215,500	\$180,000	\$165,000	-8.33%
Year To Date ▼	\$192,983	\$195,100	\$195,000	\$186,300	-4.46%

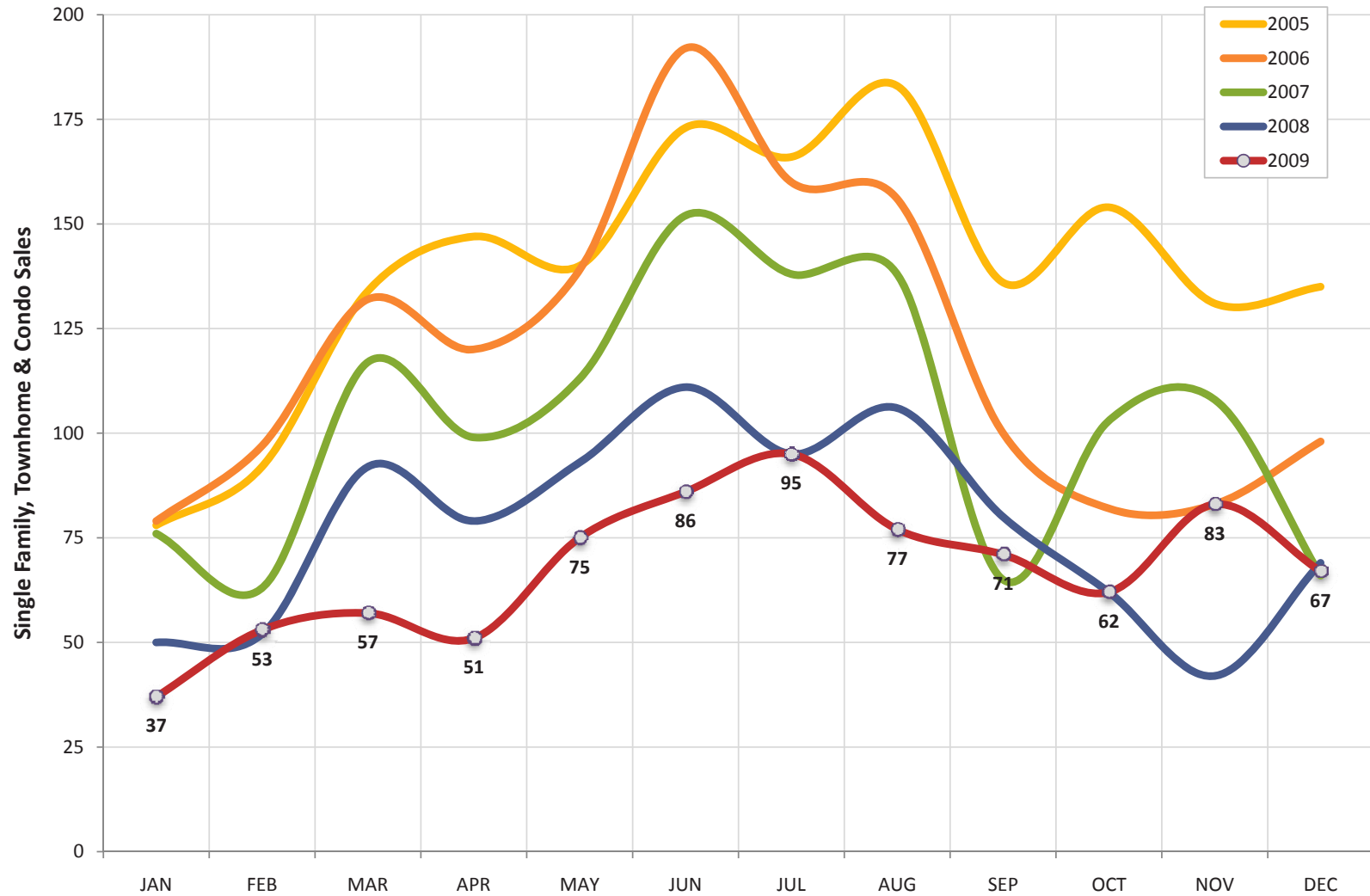
Average Sales Price	2006	2007	2008	2009	% Change ('08-'09)
December ▼	\$245,980	\$231,325	\$224,749	\$187,633	-16.51%
Year To Date ▼	\$223,304	\$224,394	\$223,608	\$214,393	-4.12%

Average Days on Market	2006	2007	2008	2009	% Change ('08-'09)
December ▼	165	141	192	187	-2.60%
Year To Date ▲	138	177	168	187	11.31%

Home sales in December 2009 remained at a level relatively similar to December 2008, and full year sales for 2009 came in 13% lower than in 2008. Of note, December sales have been surprisingly constant (66, 69, 67) over the past three years. That being said, the year that followed the consistent December figures (935 home sales

in 2008, 813 home sales in 2009) were not as similar. Thus, it is hard to predict what we might see in home sales pace for 2010. Both median and average sales prices declined by approximately 4% between 2008 and 2009. The time it takes a home to sell (days on market) increased by roughly 11% between 2008 and 2009.

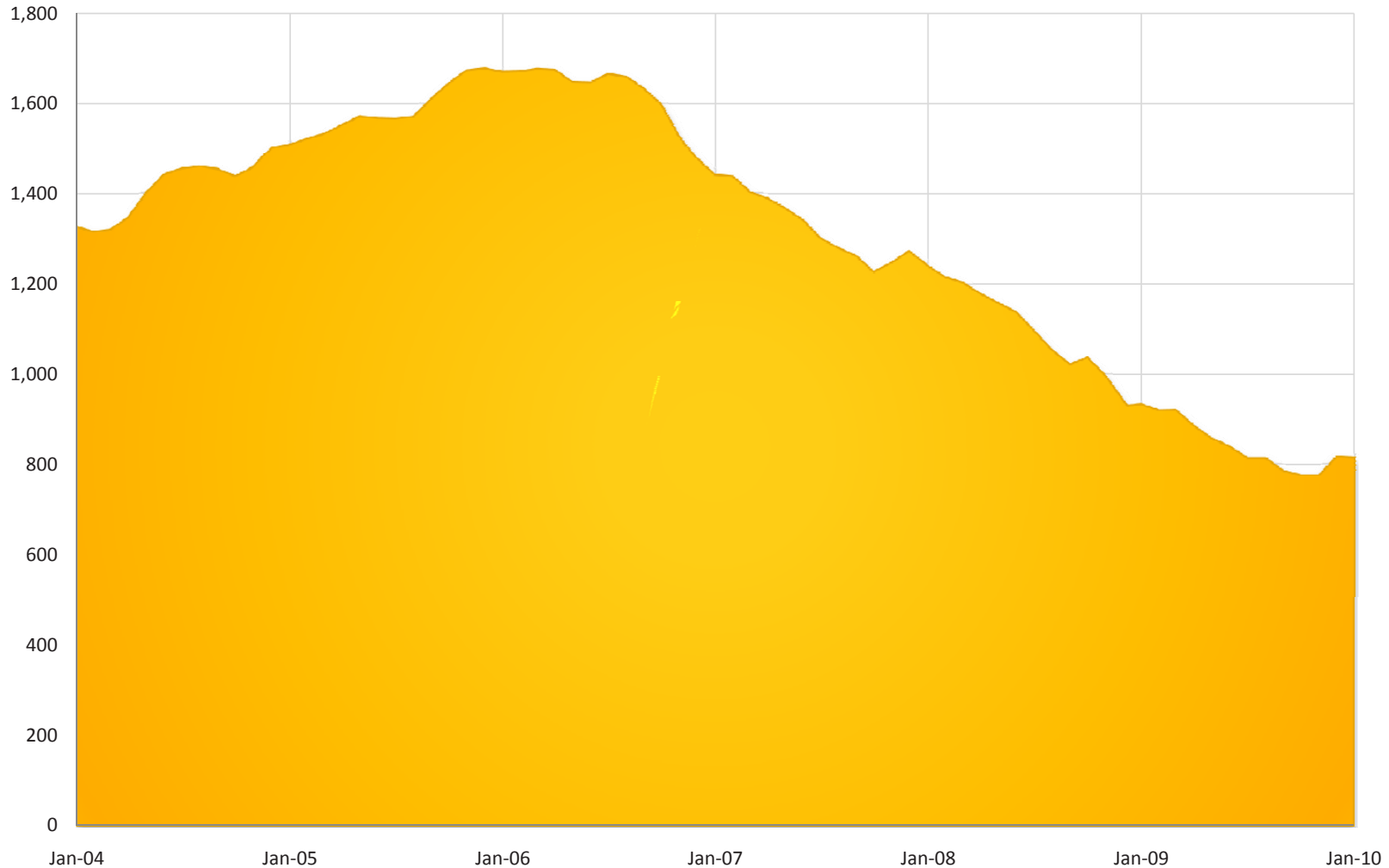
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



While December sales have been rather consistent over the past several years, the months that follow December have not been as consistent. Thus, January through March of 2010 will be important to watch as we try to gauge the general trajectory of our local housing market. By March, there was quite a discrepancy in sales when

comparing 2008 to 2009. While our overall market has seen fewer and fewer sales year after year since 2005, it is important to note that five of twelve months in 2009 showed equivalent or higher sales figures than in 2008. I read this as a sign of potential recovery of the local housing market.

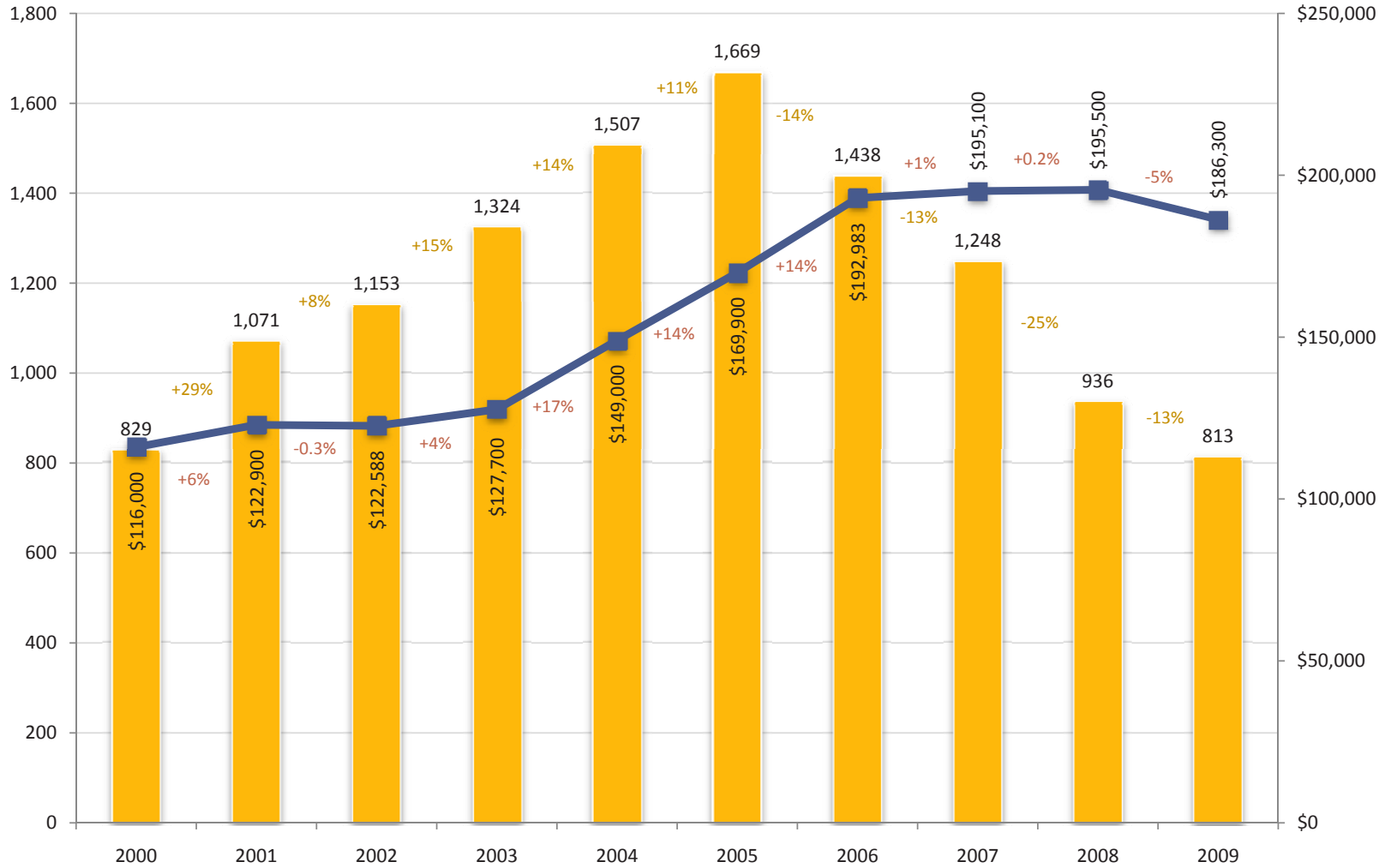
Harrisonburg & Rockingham County  
**Time-Adjusted Home Sales Trends :: All Homes**  
 Sum of Preceding 12 Months



This graph shows a normalized trend of home sales activity by plotting a running 12 month sum of home sales. That is to say that the most recent data point shows home sales for January 2009 through December 2009, the prior data point shows December 2008 through November 2009, etc. There have been a few other upticks

in this measure amidst the steady decline we have seen since 2006, thus the next few months of data will be very instructive as to whether we are seeing a shift in momentum in the local real estate market. The past several months, as seen through this analysis, show signs of a possible (slow) recovery.

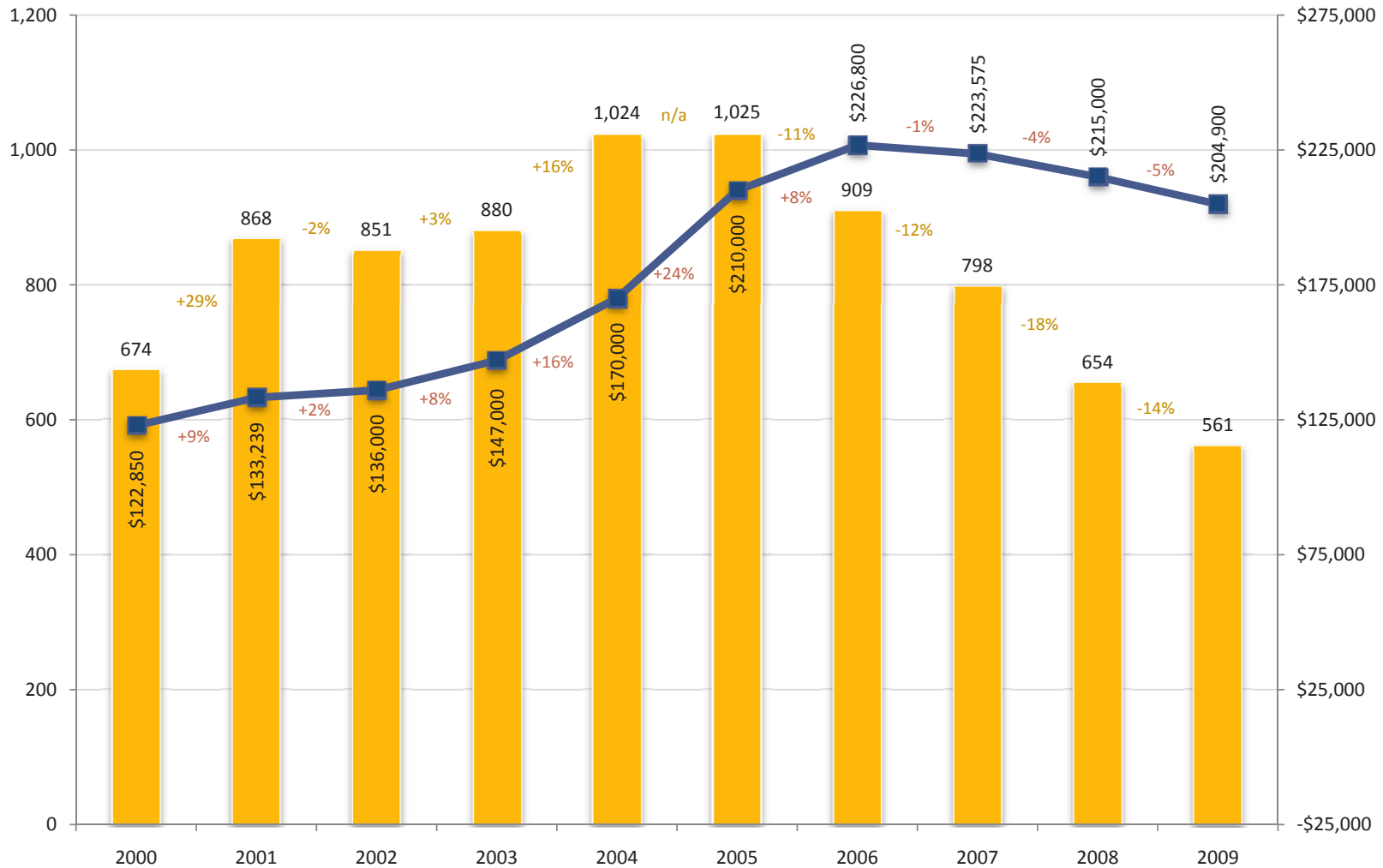
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes & Townhomes



This graph provides overall insight into the performance of the residential real estate market in Harrisonburg and Rockingham County. We see, via the yellow bars, that the pace of home sales has declined steadily since 2005, though the final decline between 2008 and 2009 (13%) is much more more gentle than the 25% decline

between 2007 and 2008. Home values are shown with a blue line, marking year to year changes in the median sales price. This past year (2009) we saw the first decline in this value (-5%) since the 0.3% decline between 2001 and 2002. It is possible that these minor price adjustments will spur on increased buyer activity this year.

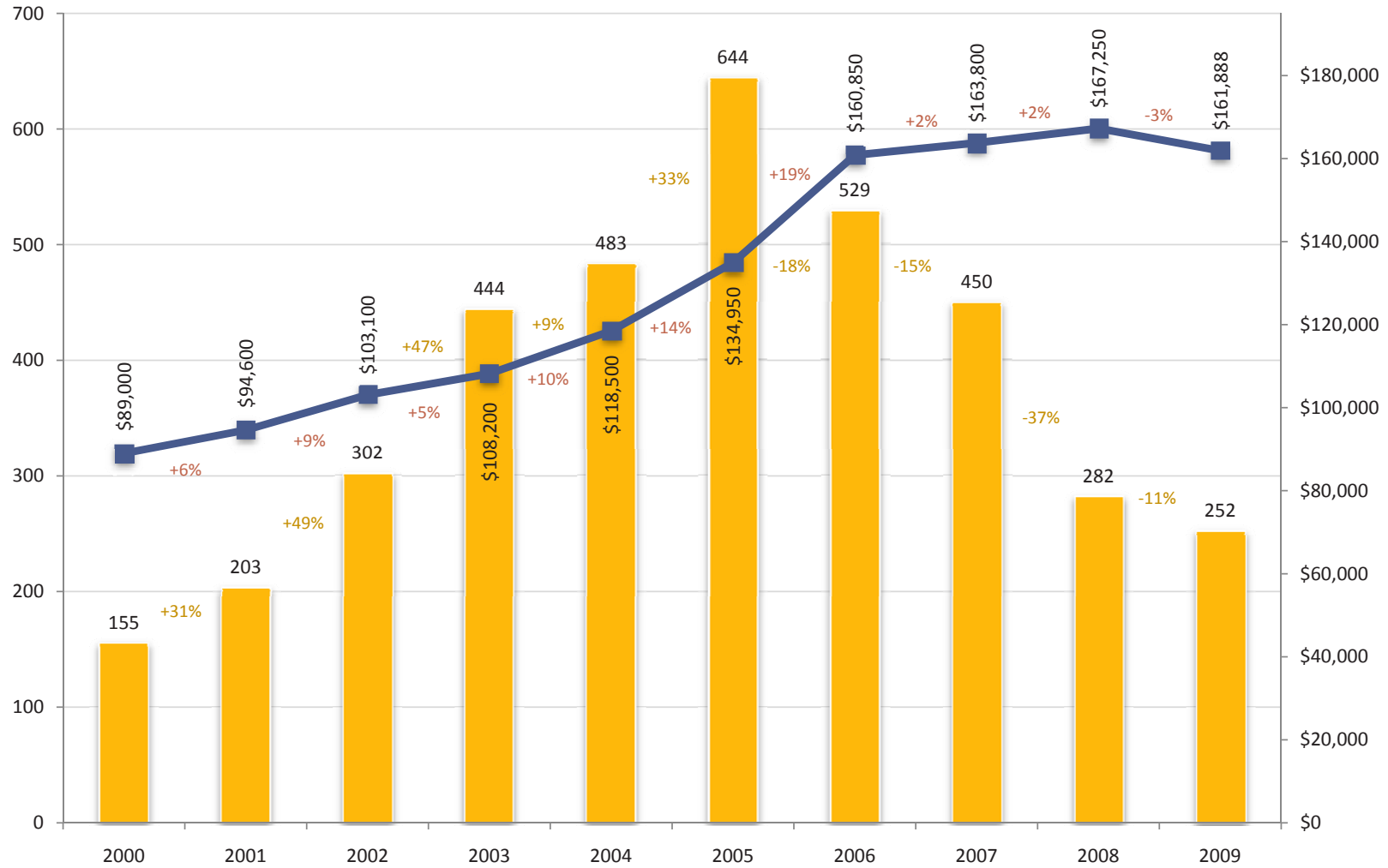
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes



Single family homes continue to show a moderate decline in median sales price, with a 5% decline between 2008 and 2009 that followed the 4% decline we saw between 2007 and 2008. This price decline was accompanied by an 14% decline (less of a decline than the prior year) in the number of homes sales. Many statisticians and

economists are surprised that home values have not declined more significantly in our market, given the slowing demand by buyers. Our local market has seen almost a 50% decline in demand since 2005, but has not seen a significant shift in home values as compared to other markets around the country.

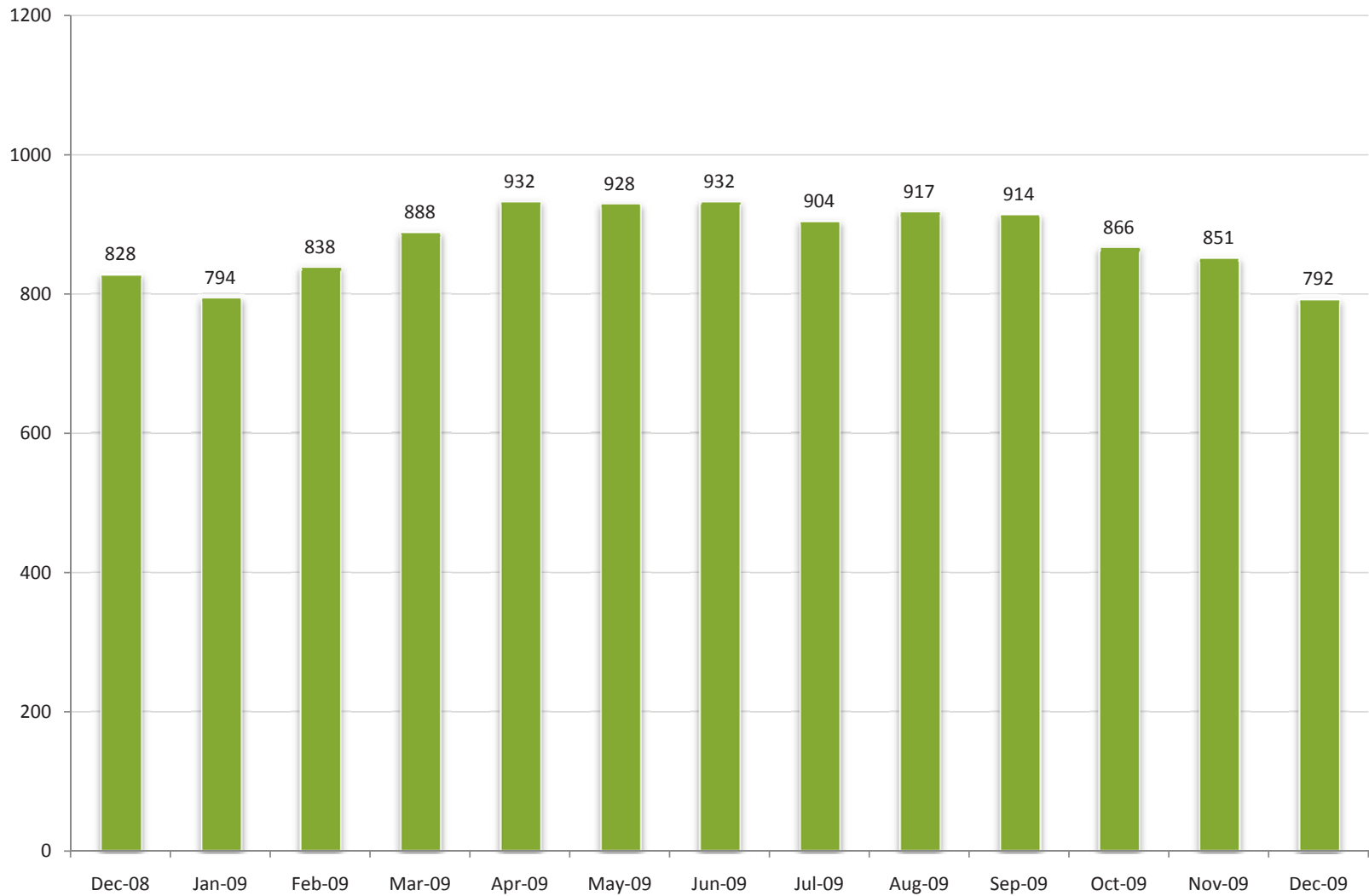
### Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



It had seemed that townhomes would escape the slight price corrections seen by most other segments in the market, but alas the median price declined by 3% between 2008 and 2009. Thankfully, however, there has been a relatively small year-to-year shift in the number of townhomes being sold in 2009 compared to 2008.

Furthermore, 2009 sales volume exceeds 2000 and 2001 sales volume, which is not happening in the other segments of the market (overall sales, single family home sales). I expect we may see another small price correction in townhomes over the next year, though the pace of home sales will likely stay steady or increase.

### Harrisonburg & Rockingham County Inventory Levels

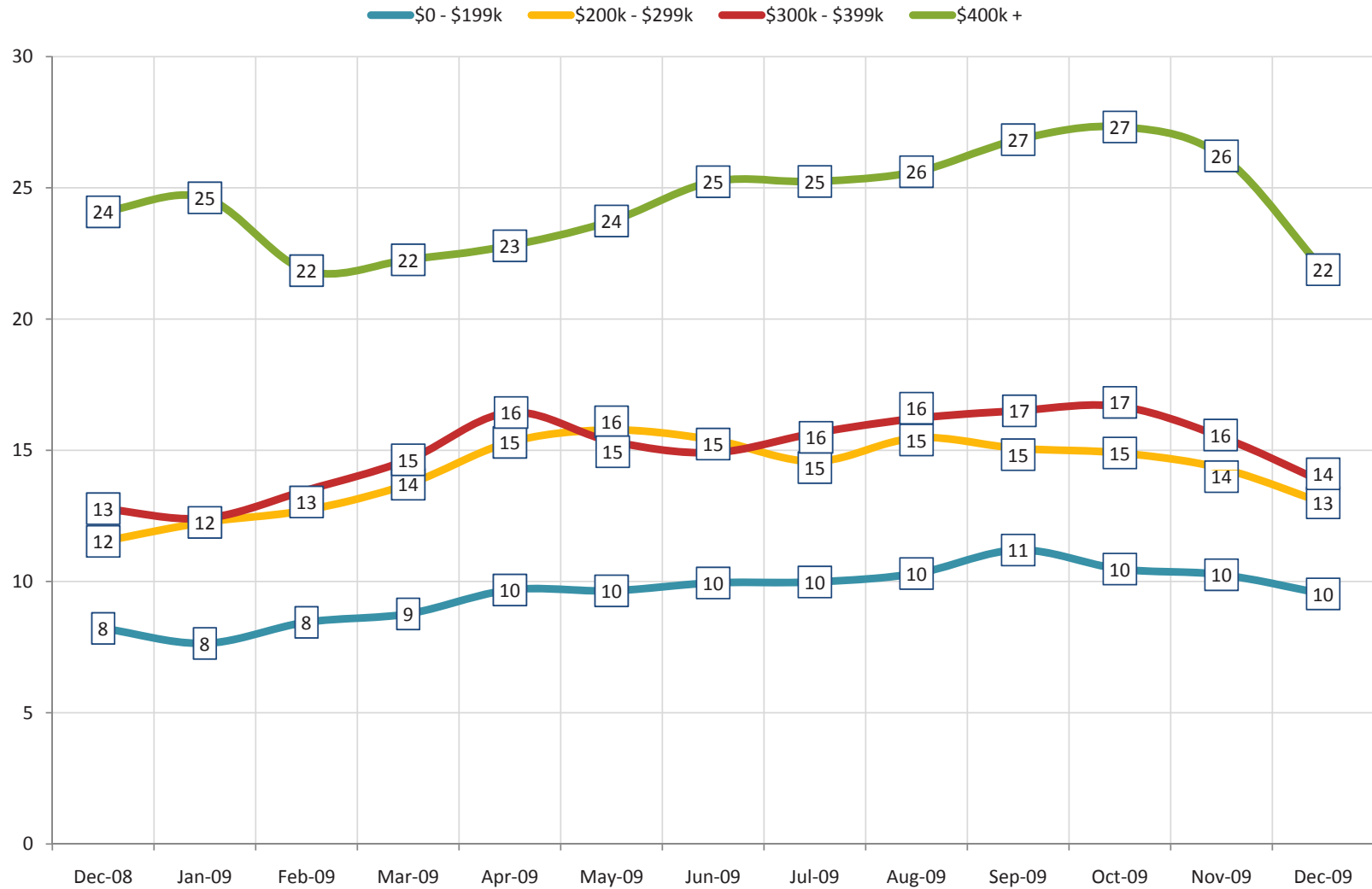


While our local market still has an excess of supply of homes for sale (as shown on the next page of this report), we do still see a decline in overall inventory levels when comparing December 2009 to December 2008. Furthermore, inventory is likely to decline again over the next month, if it follows last year's trajectory. It will, however,

be very interesting to see if we yet again creep back above 900 active listings as we get into the spring and summer months. Our market still needs a reduction of inventory before it will return to a healthy state.



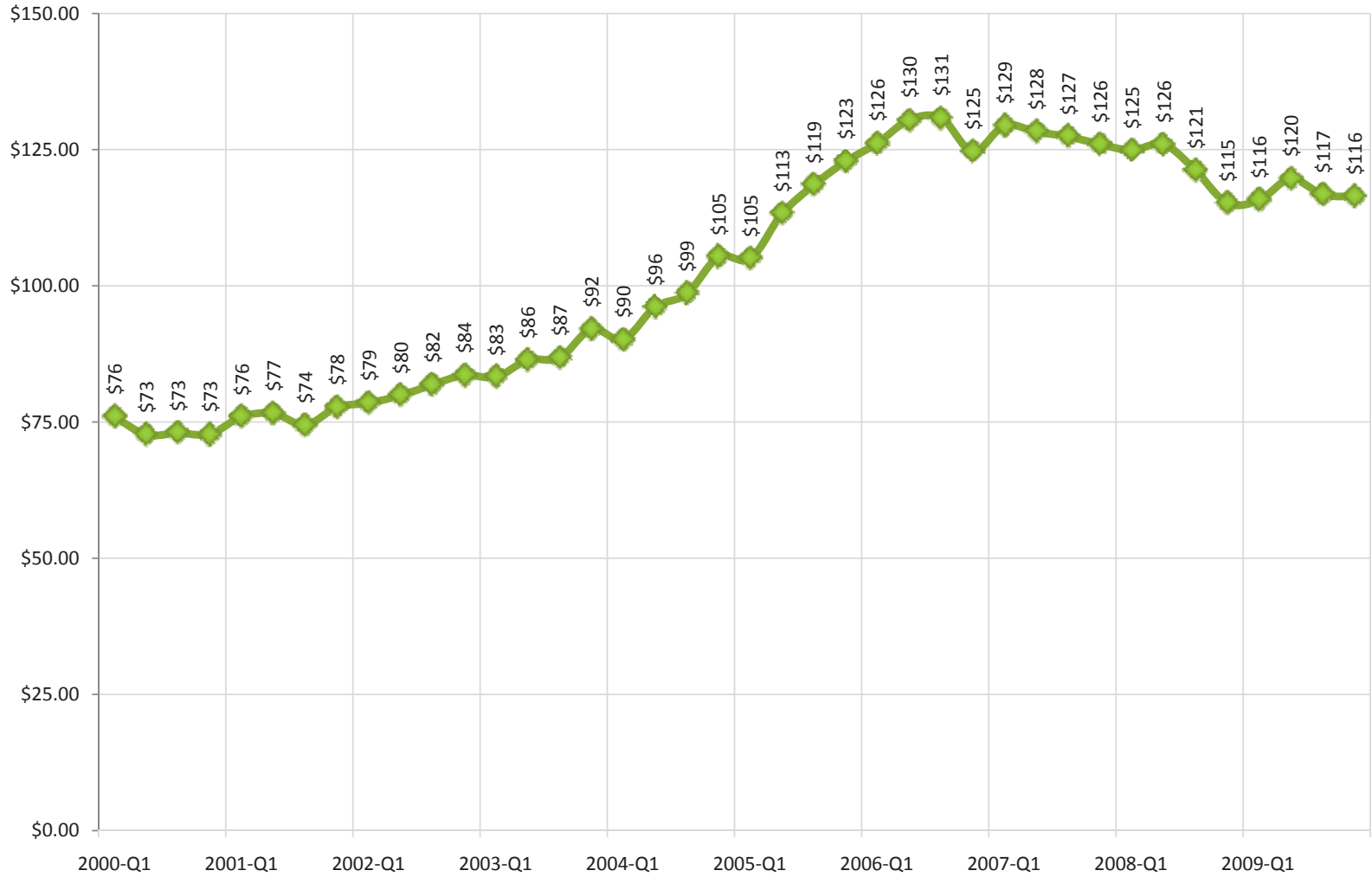
### Harrisonburg & Rockingham County Housing Supply Trends by Price Range



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 are now (for one to two months) trending down, towards lower (and healthier) supply levels. That being said, a six month supply is seen to be a normal balance between buyers and sellers in a market, so we still have some time to go before we get there.

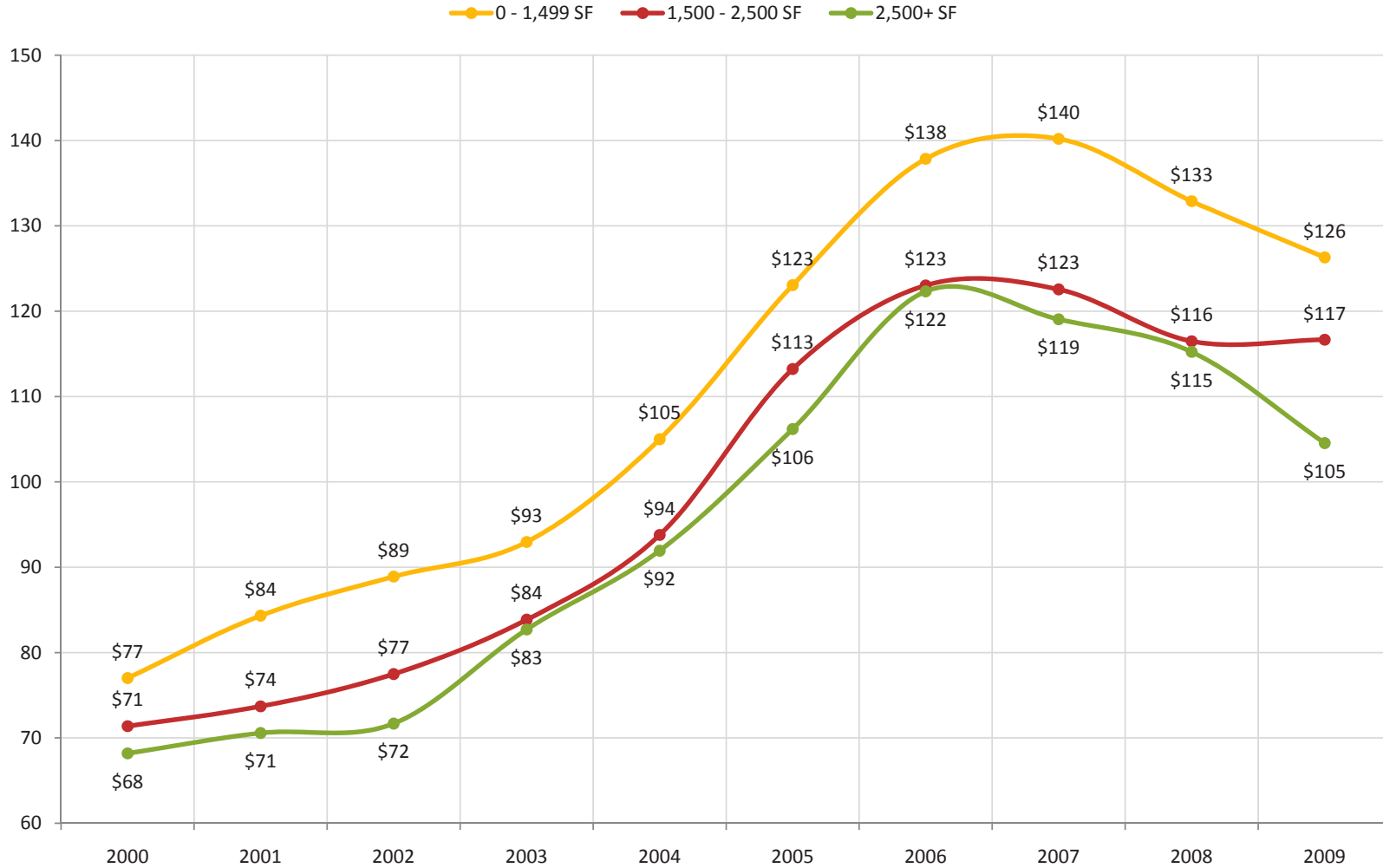
Harrisonburg & Rockingham County  
**Median Price Per Square Foot Trends**  
 Single Family Homes



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 is not an absolute guide on what to expect to pay for a house in today's market, since this median value includes new homes, very old homes, homes with and without basements and garages, and many other variations of homes that could affect the oversimplified value judgement of price per square foot.

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, the median price per square foot of mid-sized and large homes have remained relatively closely paired

over the past nine years, but have separated quite dramatically over the past year. Price per square foot of the largest homes in our market is now just over \$100 per square foot, while the median price per square foot of mid-sized homes is much closer to the overall median value for this metric.

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.

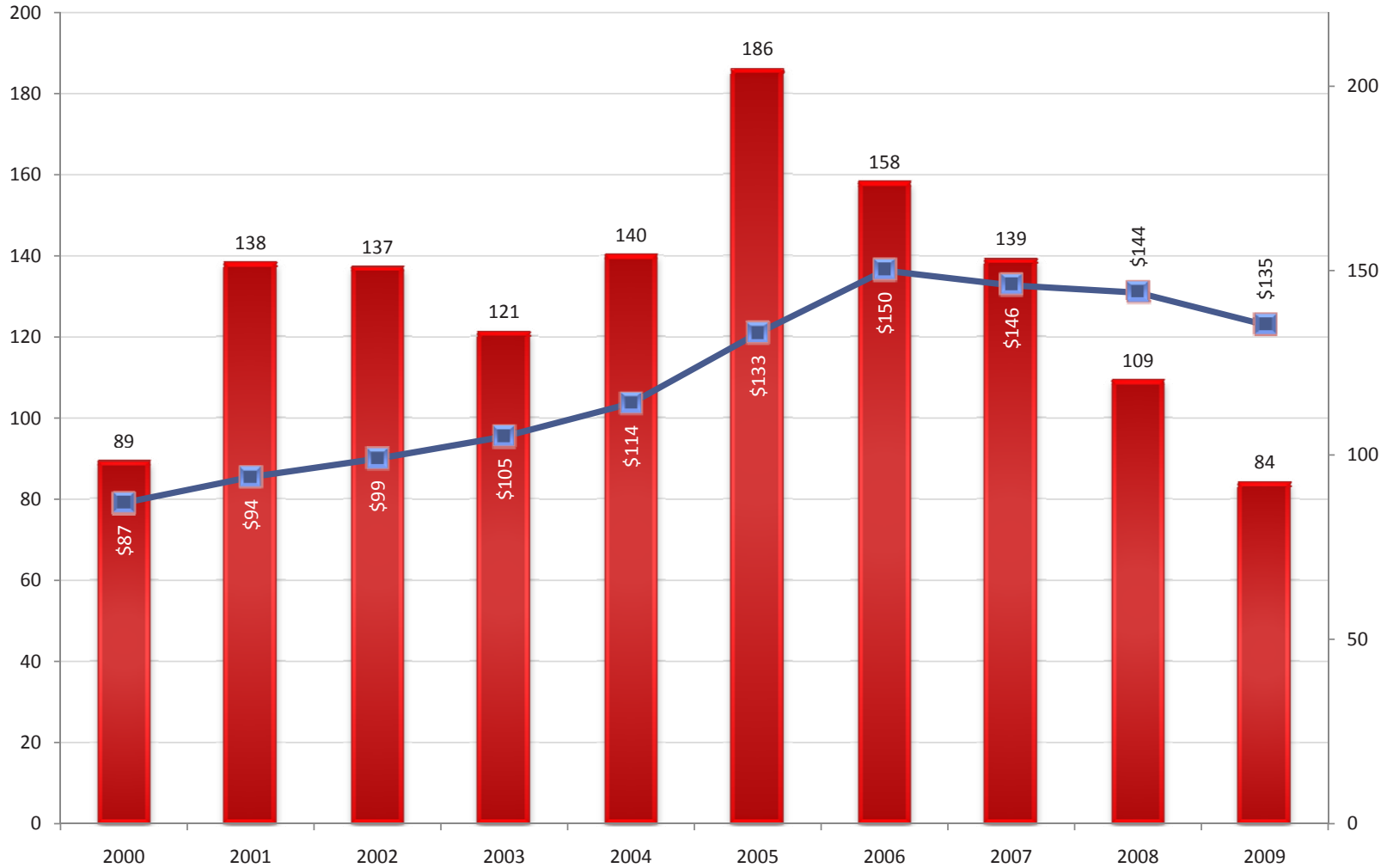
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



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 the current level of \$15k per acre. This is likely to slip a bit further if land sales continue to decline, or even if they continue to stay at their current low level.

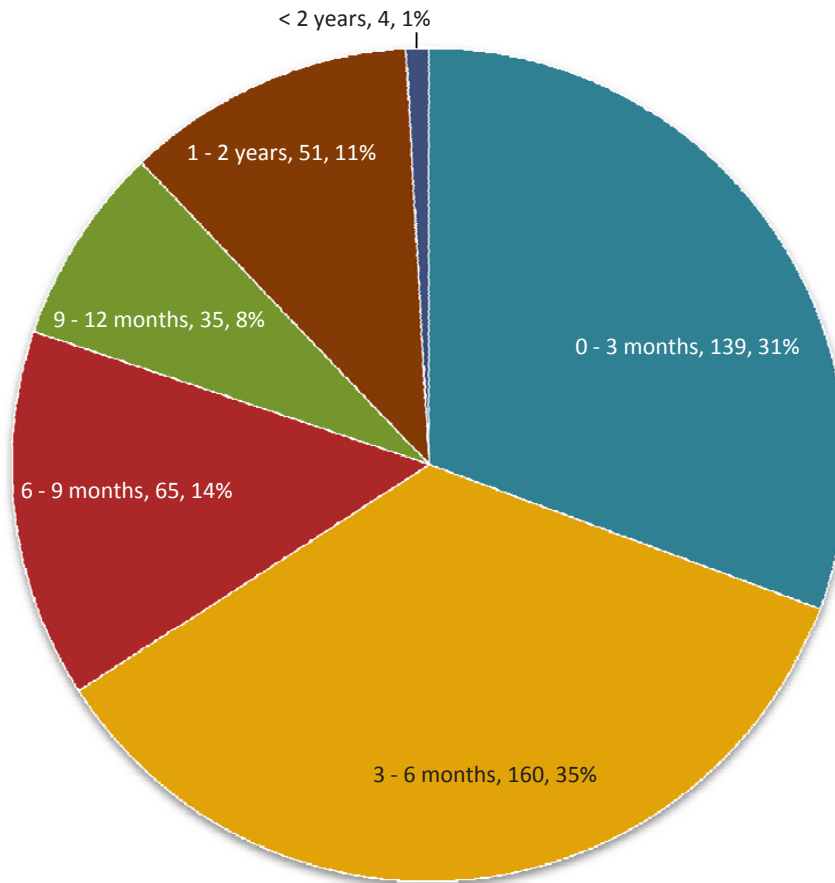
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



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, the median price per square foot of these homes has not shifted as much as we might otherwise expect. While this

metric includes houses with significant variation in their characteristics (basement, garage, lot size), this price per square foot metric can likely be a helpful rule of thumb in discussing price per square foot or building costs with a builder. Please do bear in mind that this price per square foot includes the cost of the lot or land.

### Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Jul '09 - Dec '09

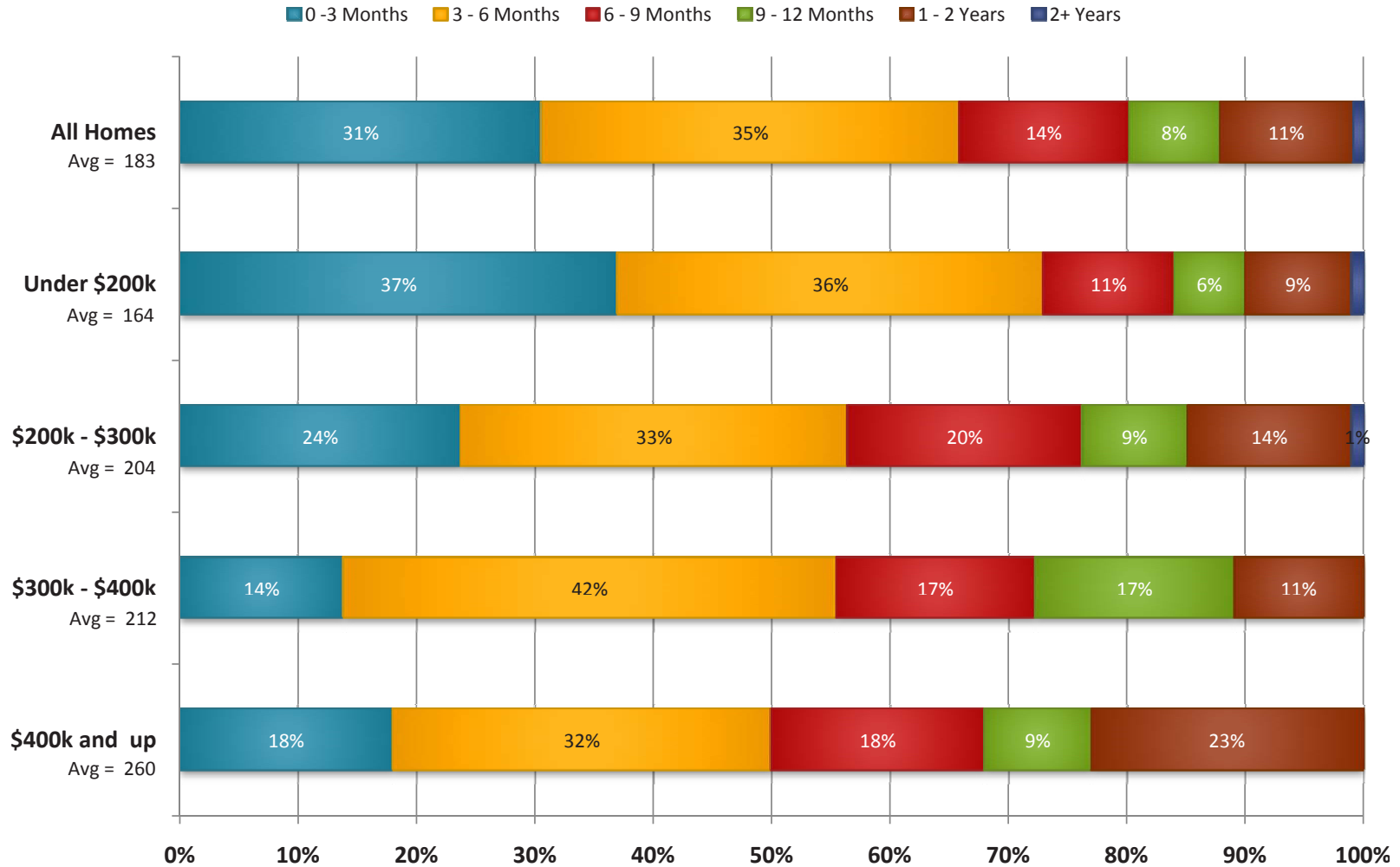


**Average Days On Market: 183**

Most homes that sell (66%) are selling (and closing) 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 remarkable that a full 31% 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**  
 July 2009 - December 2009



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 37% of homes that sold for less than \$200,000 sold in the first 90 days of being on the market, while only 14% of homes between \$300,000 and \$400,000 were able to sell in that same

time period. On the other end of the spectrum, only 9% of homes that sold for less than \$200,000 took more than a year to sell, but a full 23% of homes priced over \$400,000 took over a year to sell. The average days on market for homes over \$400k (260 days) is a full 59% higher than that of homes under \$200,000 (164 days).