

May 2010
Harrisonburg & Rockingham County
Real Estate Market Report

An Analysis of Real Estate Activity Through April 30, 2010

May 10, 2010

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

HOME SALES REPORT

Harrisonburg & Rockingham County

May 10, 2010

# Home Sales	2007	2008	2009	2010	% Change ('09 - '10)
April	101	80	50	81	62.00%
Last 12 Months (May-Apr)	1,368	1,166	857	845	-1.40%

Median Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
April	\$184,900	\$185,700	\$187,750	\$188,000	0.13%
Last 12 Months (May-Apr)	\$194,060	\$199,900	\$195,000	\$185,000	-5.13%

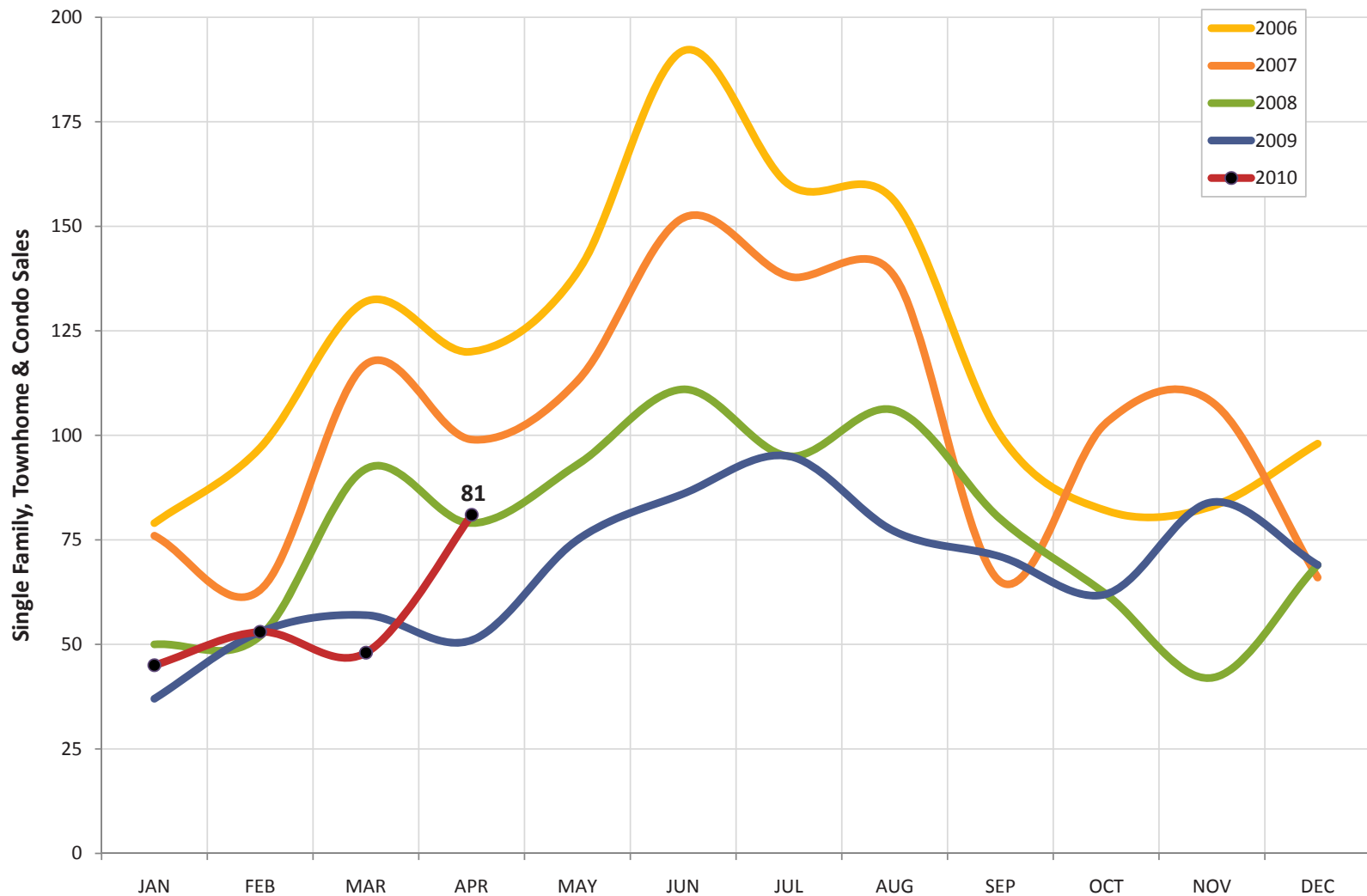
Average Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
April	\$235,660	\$213,194	\$230,703	\$213,732	-7.36%
Last 12 Months (May-Apr)	\$225,262	\$226,256	\$225,238	\$209,578	-6.95%

Average Days on Market	2007	2008	2009	2010	% Change ('09 - '10)
April	200	159	191	183	-4.19%
Last 12 Months (May-Apr)	151	169	176	187	6.25%

Home sales jumped up to a brisk 81 sales in April 2010, as compared to only 50 sales in the same month last year. This shows a 62% increase between April 2009 and April 2010. When we compare the last 12 months to the prior 12 months, we see that market activity has only decreased by 1.4%, a very small change compared

to market activity declines between 2007 and 2009. The median home price has shown no appreciable change (+0.13%) between April 2009 and April 2010, though when examining a fuller data set of 12 month time periods, we see a 5% decline in median home prices and a 7% decline in average sales prices.

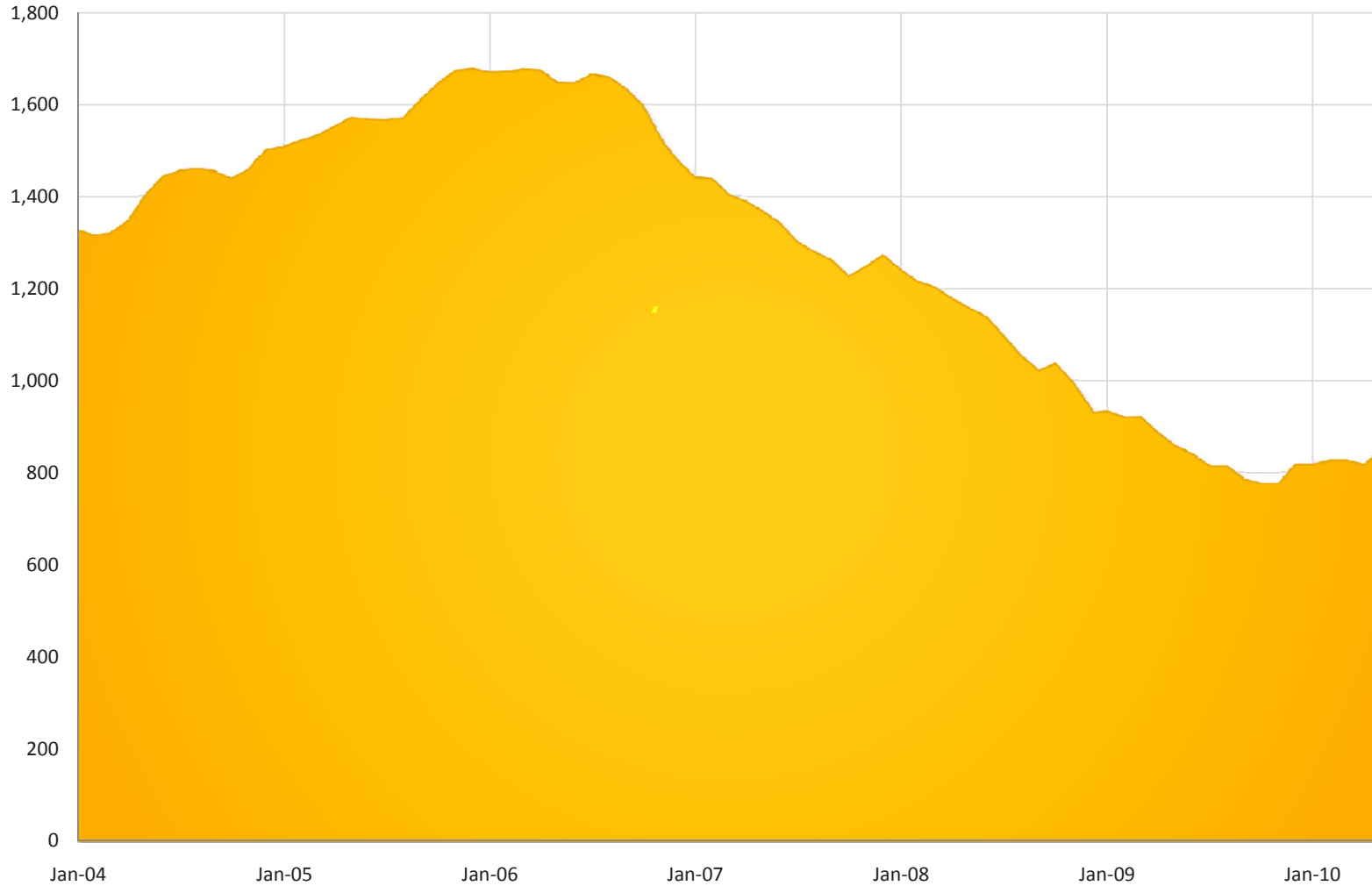
Harrisonburg & Rockingham County Month-By-Month Home Sales History



Although the deadline for tax credit home buyers to close does not occur until June 30, 2010, we have already seen a significant increase in sales when examining April 2010 (81 sales) as compared to April 2008 and 2009. In last month's report I predicted that we would see a significant increase in April 2010 closings -- this did happen, it

was likely because of the snowstorm that delayed some buyers who would have otherwise closed in March 2010. May and June of this year will likely continue to show very strong numbers, as all of the buyers close on homes who committed to buy before the April 30, 2010 tax credit deadline.

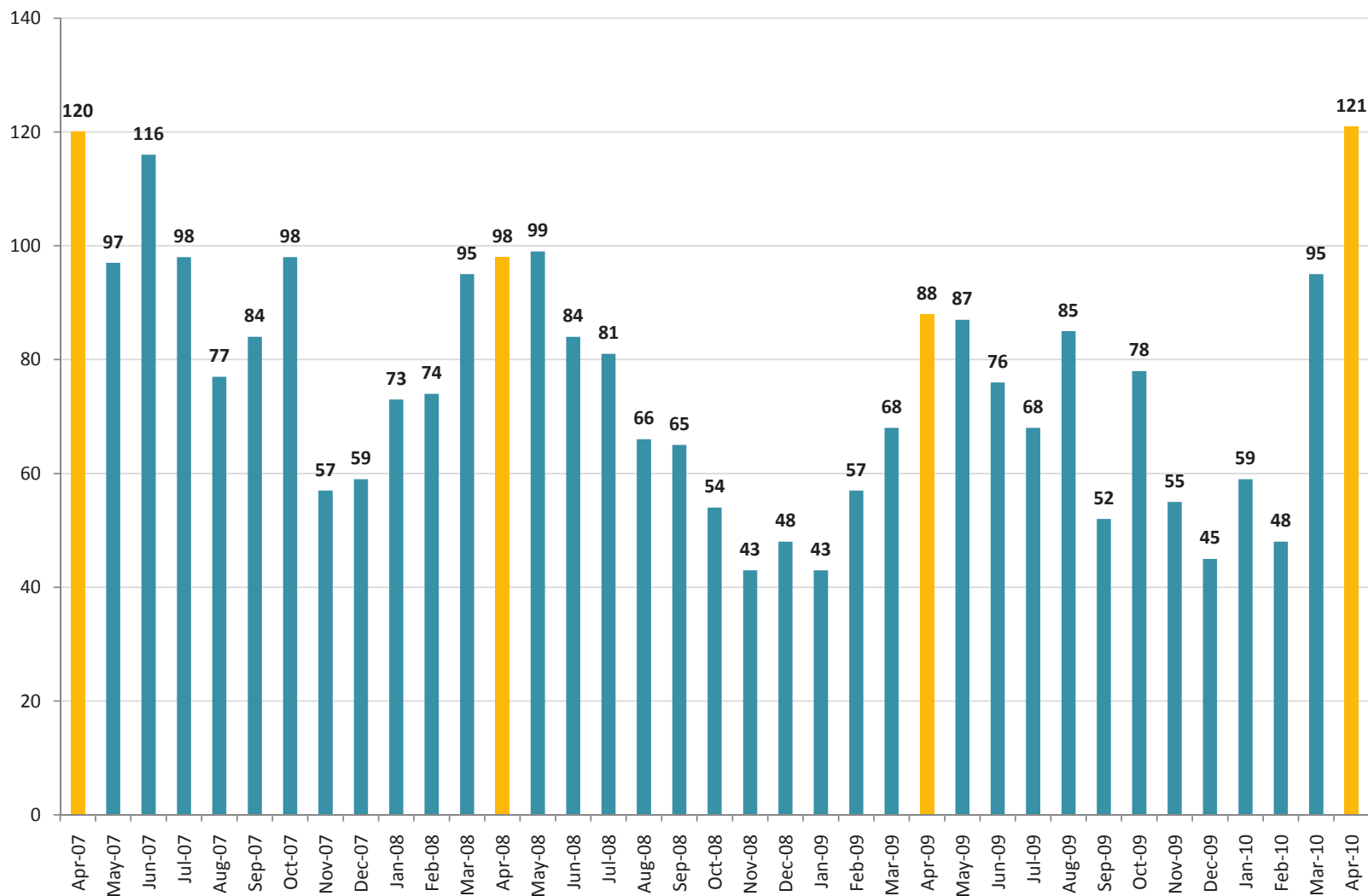
Harrisonburg & Rockingham County
Time-Adjusted Home Sales Trends :: All Homes
Sum of Preceding 12 Months



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.

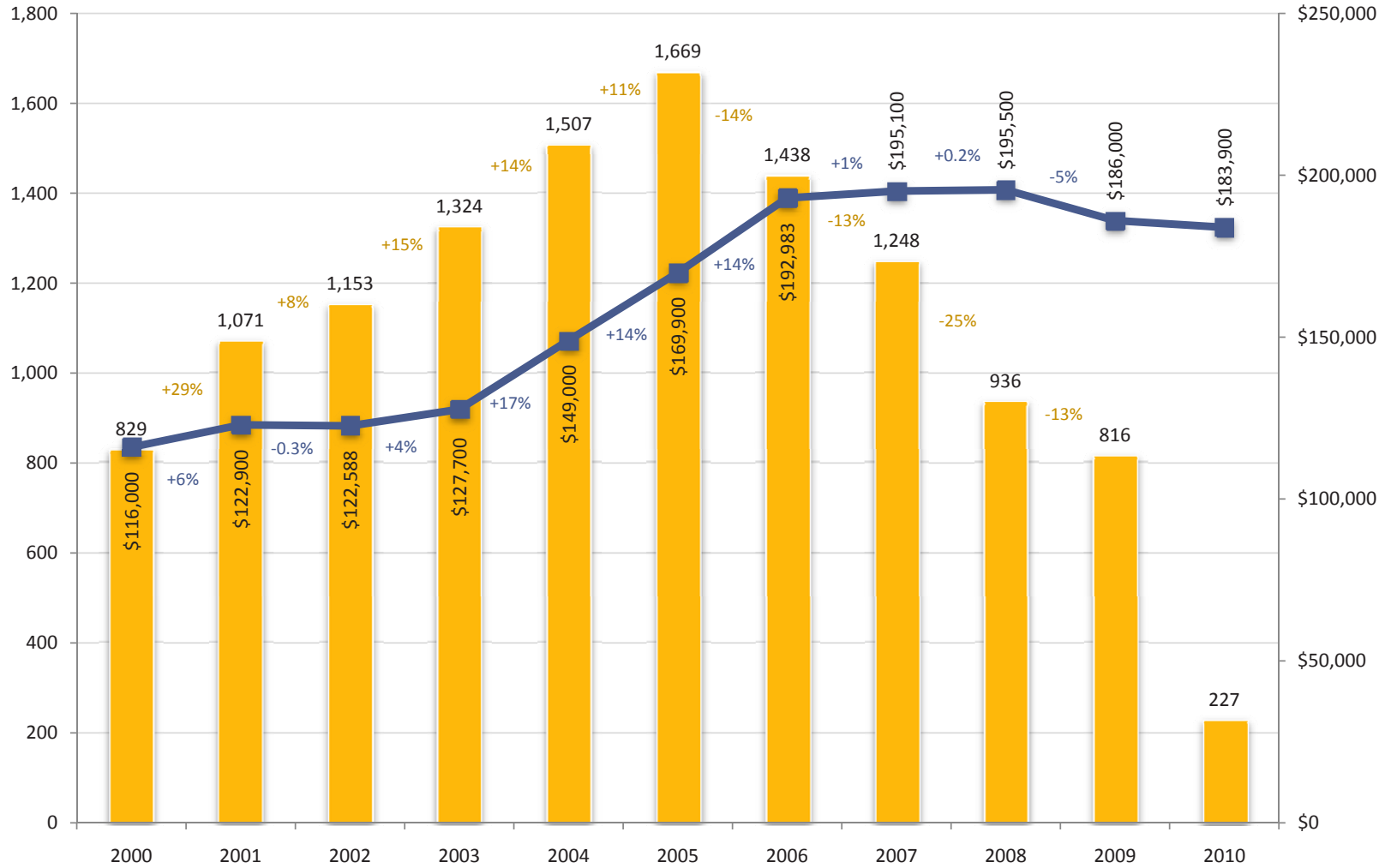
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



New this month, I am now starting to examine 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.

This graph is rather extraordinary this month --- in March, 95 properties went under contract, which is higher than any month since May 2008 --- then, this past month (April) an astounding 121 properties went under contract, which is higher than any month since March 2007 (not shown). Expect strong sales in May and June!

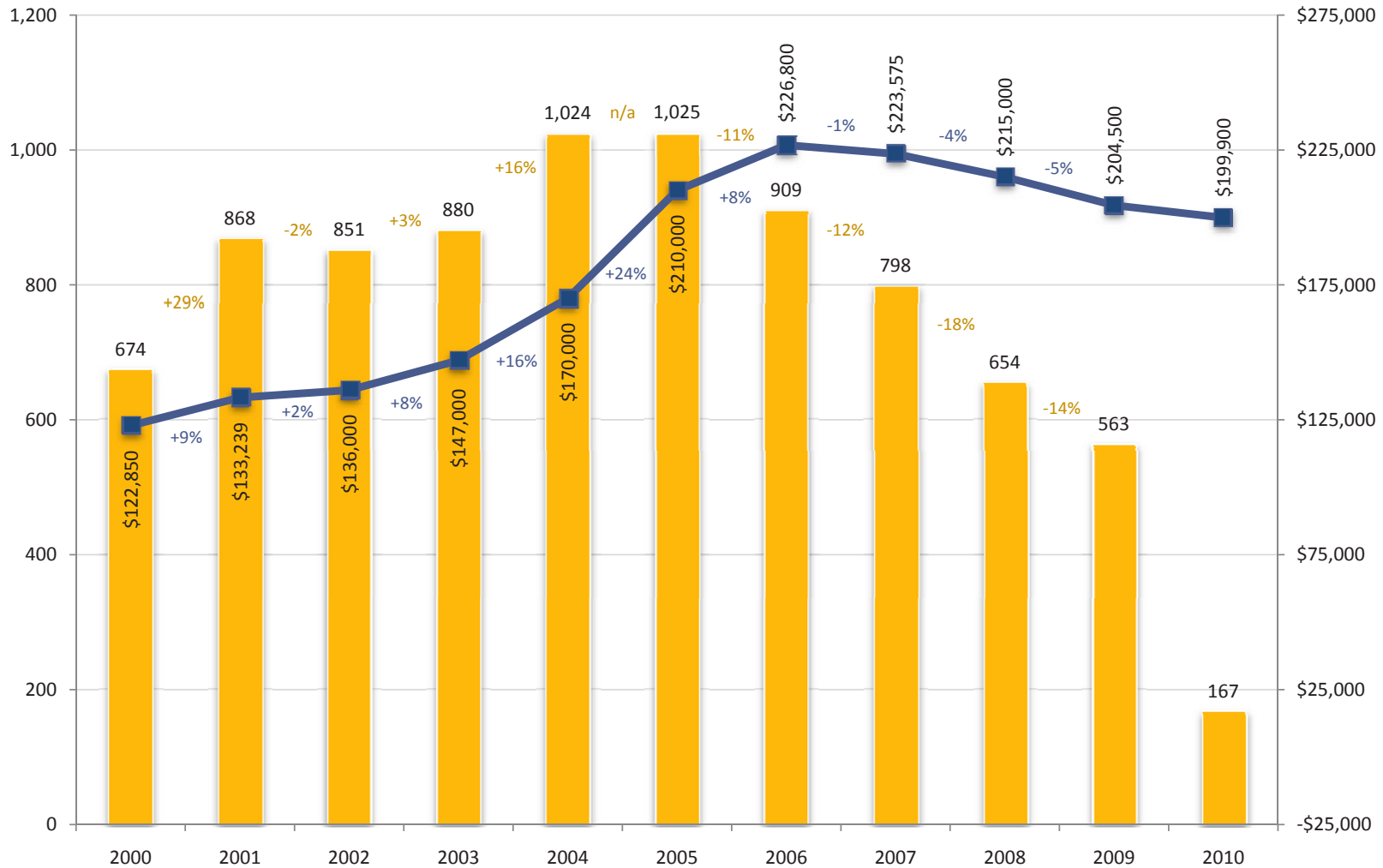
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



The median sales price of residential properties thus far in 2010 (\$183,900) shows an overall decline of 6% 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.

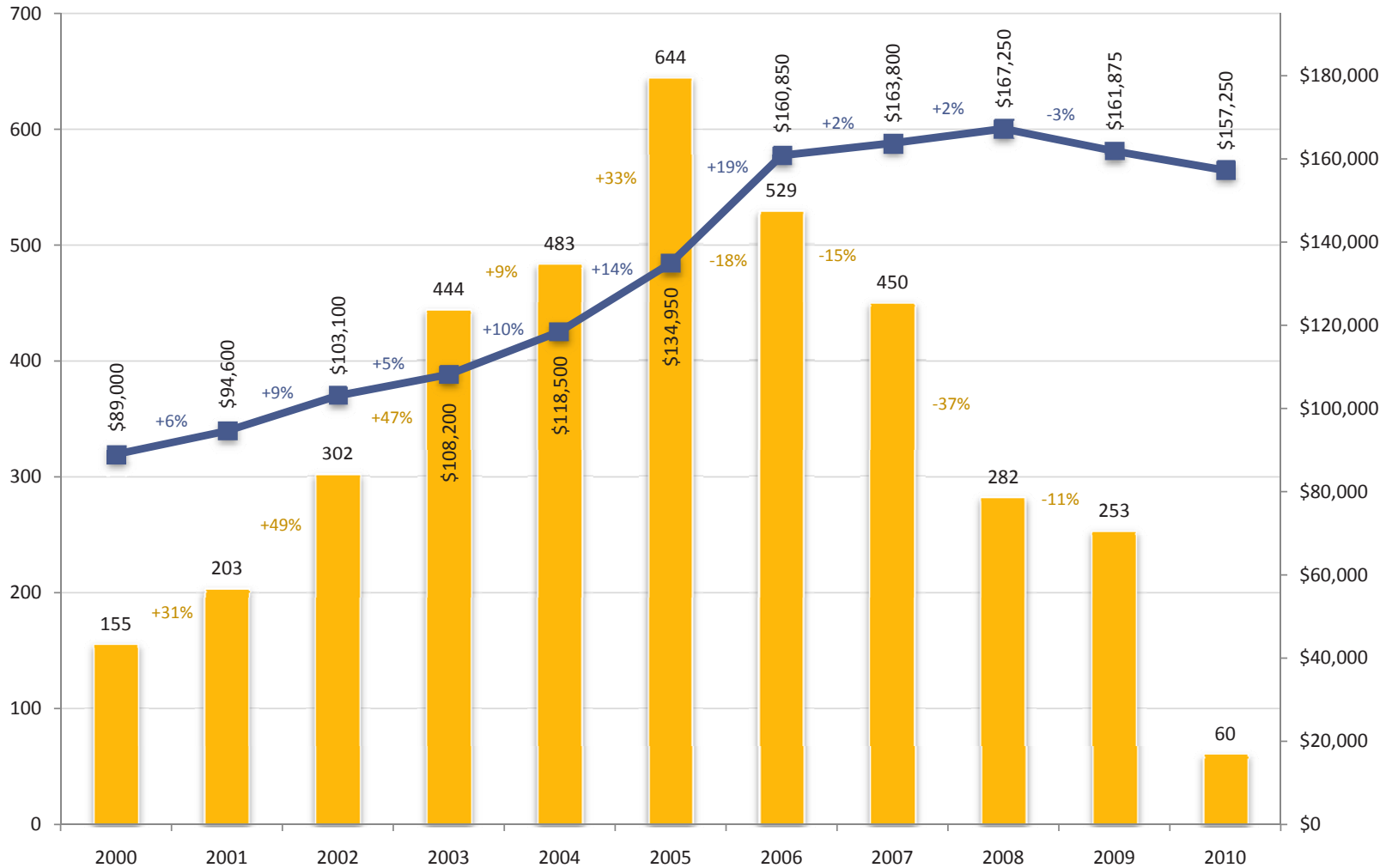
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



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 4.7% decline between 2006 and 2010, but the single family home market shows a 11.9% decline during this same

time. Thankfully, the most recent trend (2009 to 2010) shows a smaller decrease (2.2%) in median sales price than we have seen in the prior two years (4%, 5%). As market activity levels of this year (per my predictions), we should start to see values stabilize, and then perhaps we might even see them increase next year.

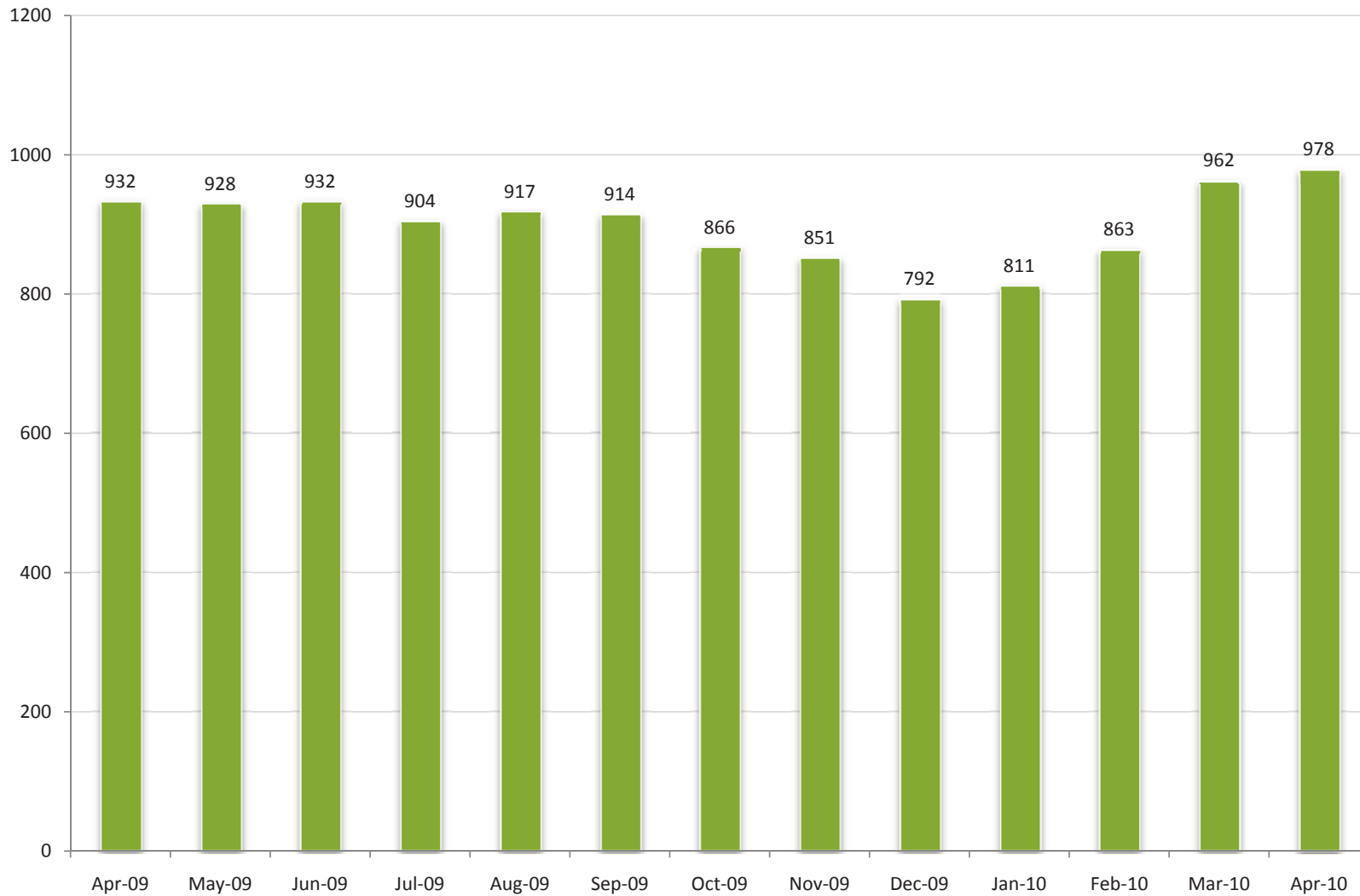
Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



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 home sales this year has also been quite meager, though we may see these townhome sales increasing over the next few months as we finish up the eligibility period for tax credit first time home buyers. These buyers must have had a contract by April 30, and must now close by June 30.

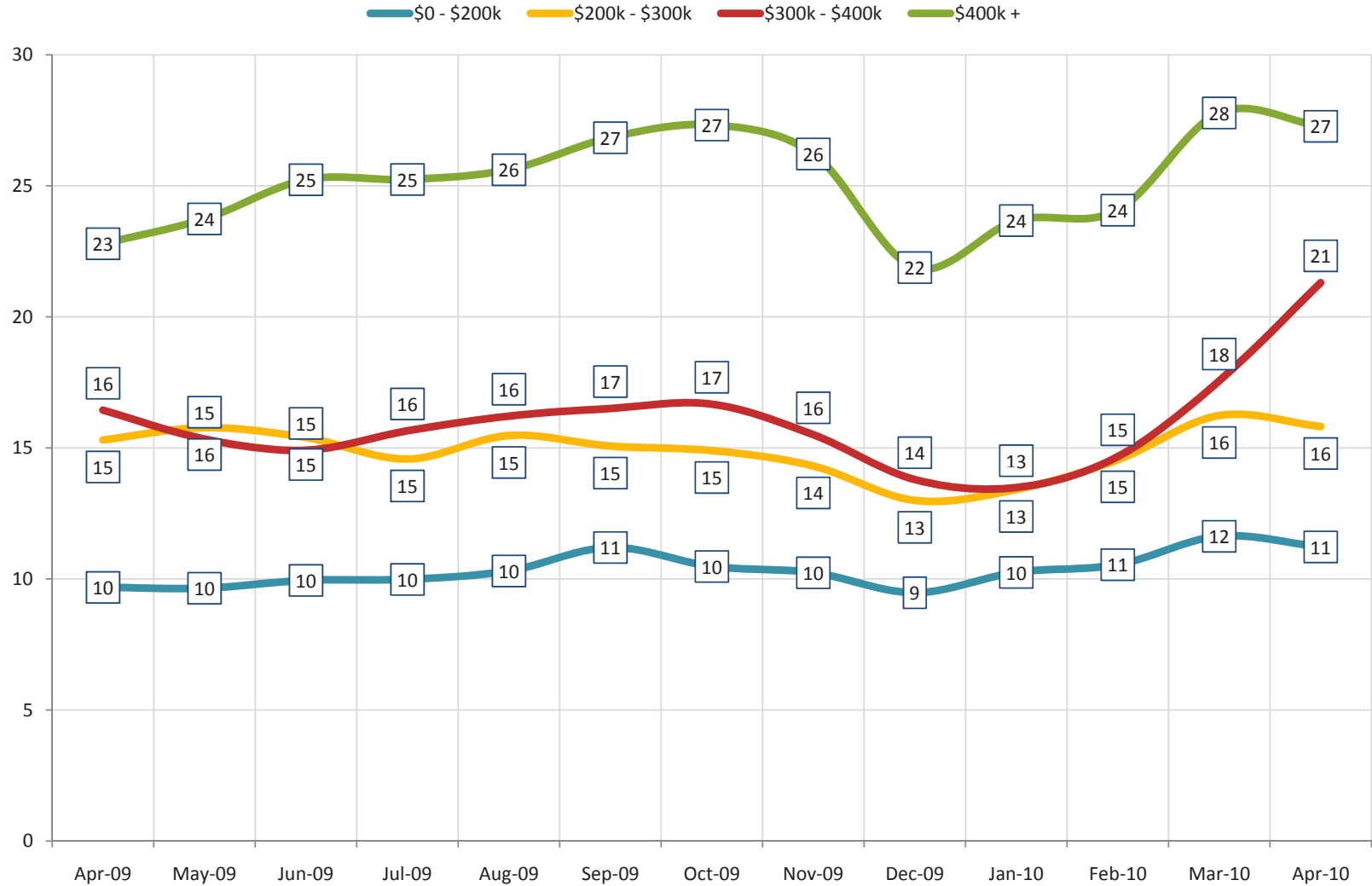
Harrisonburg & Rockingham County Inventory Levels



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 net increase from March 2009 (932 homes for sale) to March 2010 (978 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. Last year we saw inventory stabilize as of April, so we shouldn't necessarily see a large net increase in homes for sale as we move into May and June of this year.

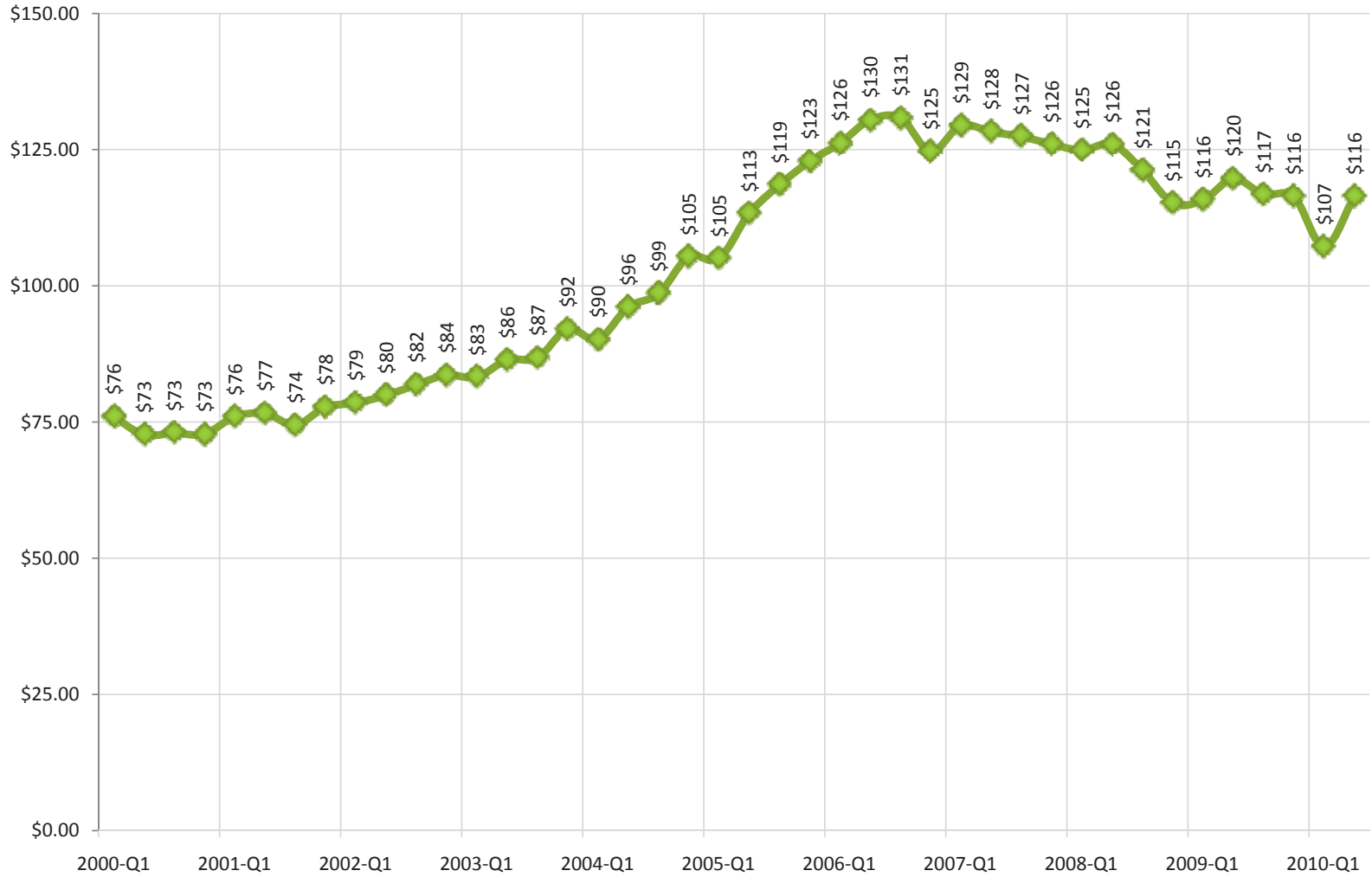
Harrisonburg & Rockingham County Housing Supply Trends by Price Range



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. Supply trends (or, shall we call them oversupply trends?) began to decline again this month in most price ranges, largely due to the sharp increase in home sales in April 2010. A normal balance between buyers and sellers in a market is considered to be six months of supply.

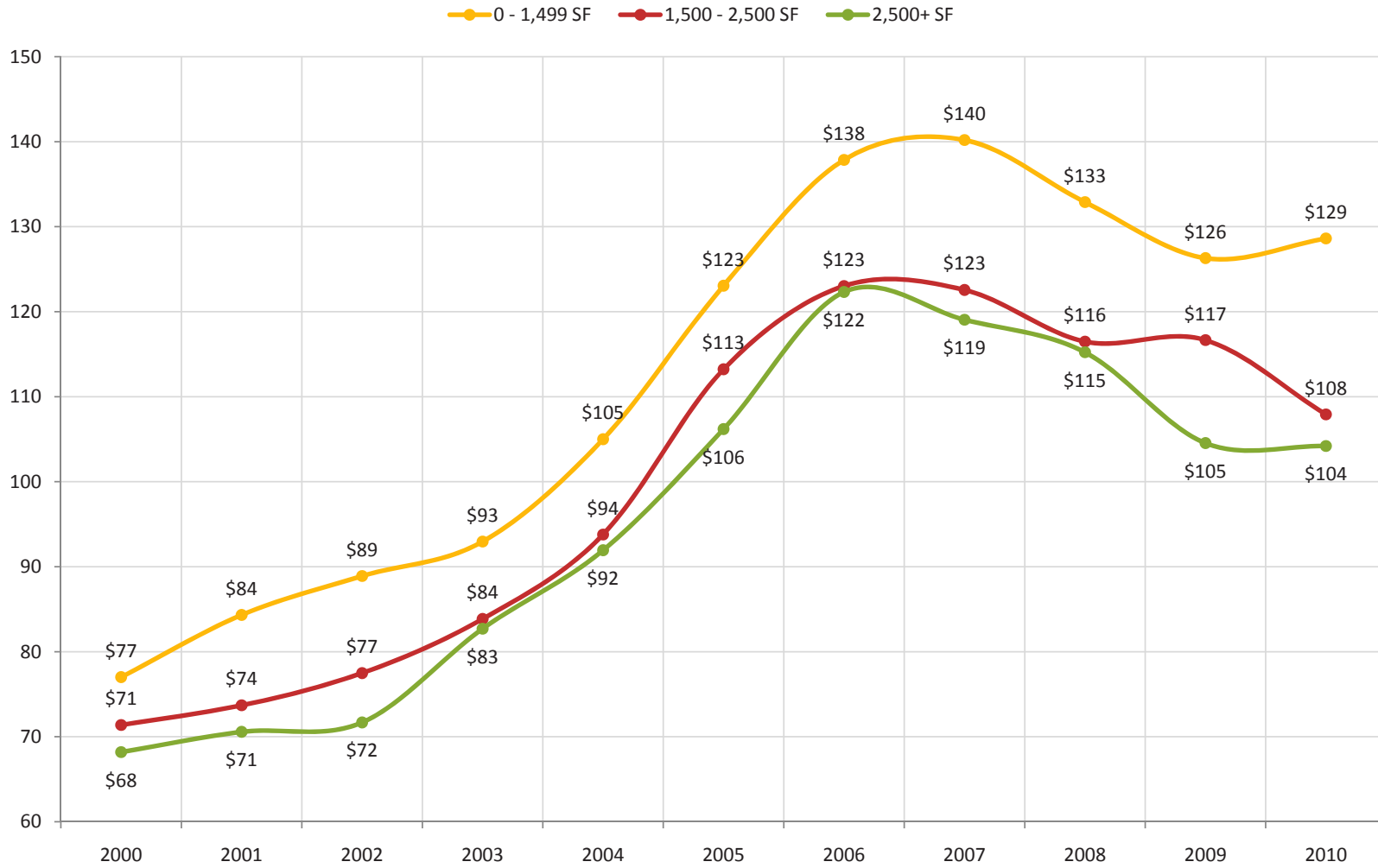
Harrisonburg & Rockingham County
Median Price Per Square Foot Trends
 Single Family Homes



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.

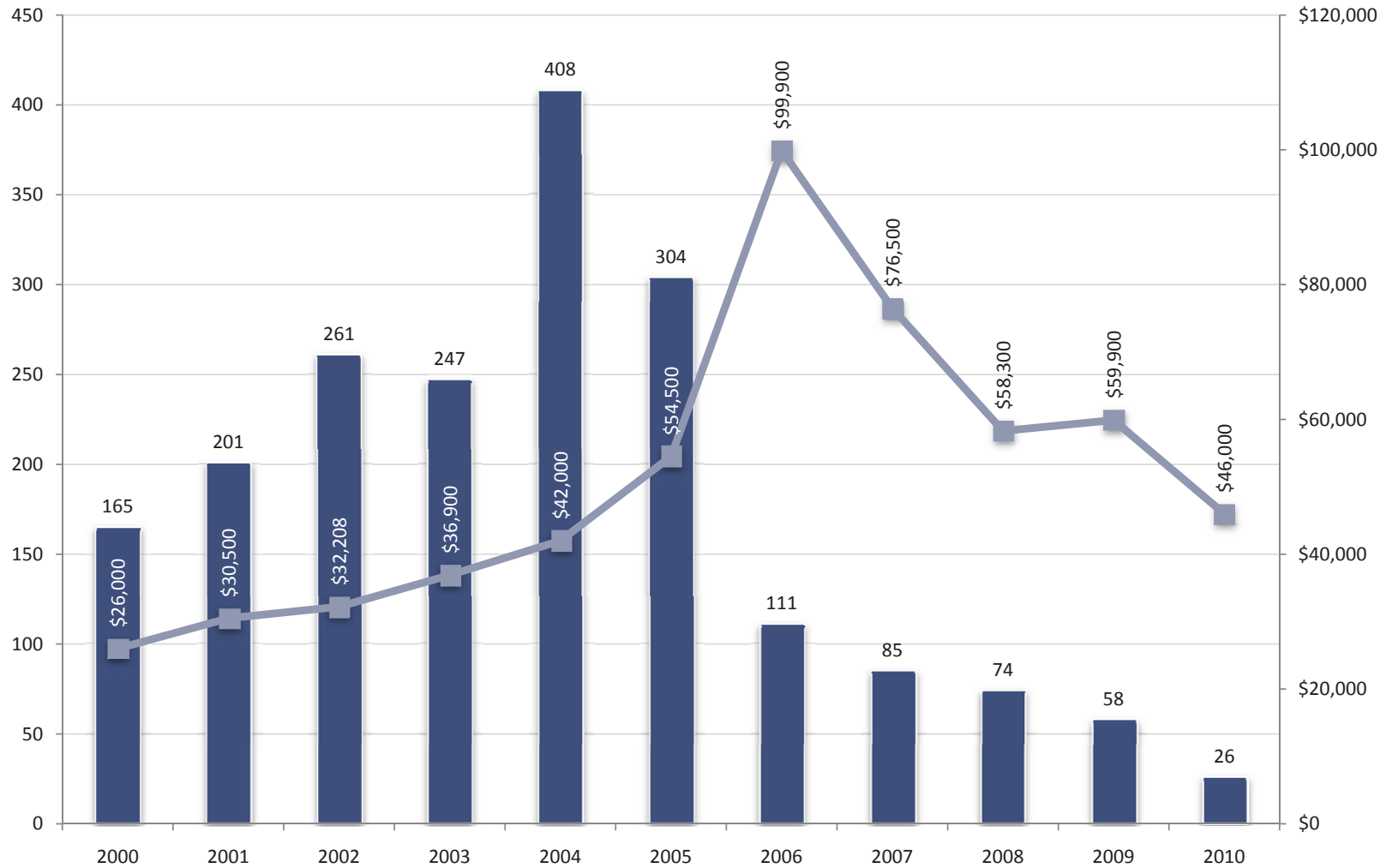
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



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.

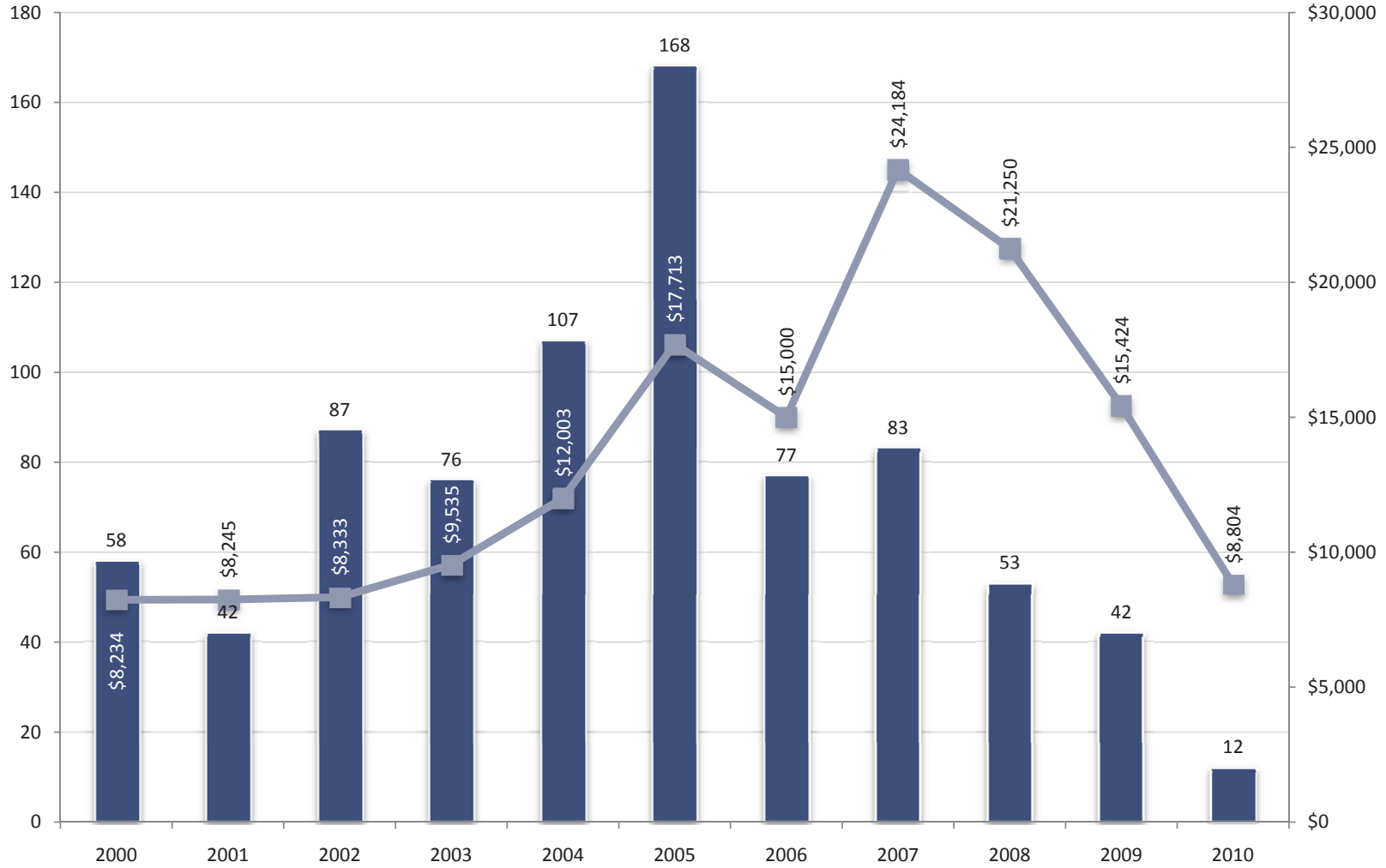
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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. This year may show an end to the decline in lot sales, as shown in a significant number of sales in the first four months of this year.

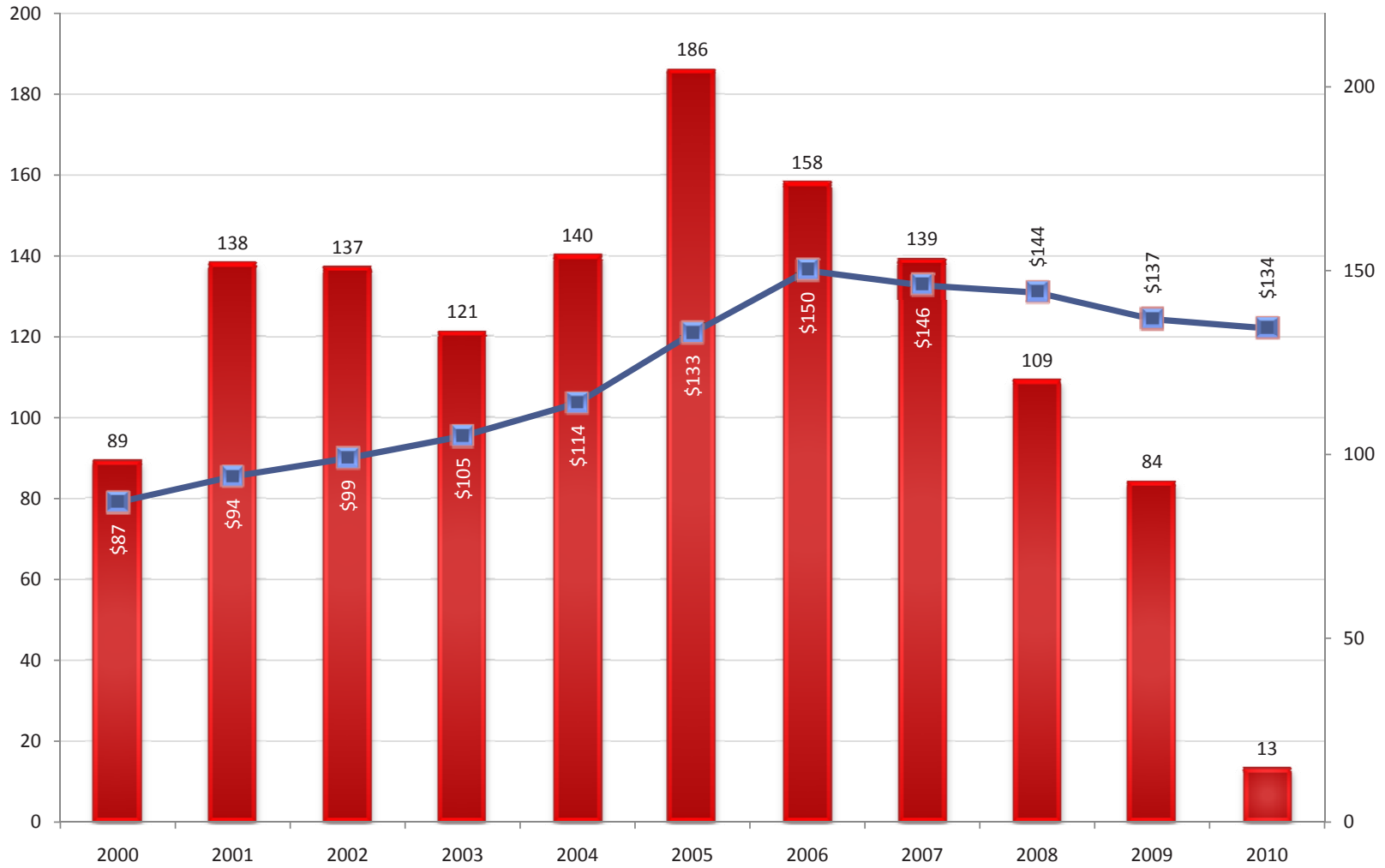
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



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 \$9k per acre in 2010. This is possibly due to a small sample size in 2010, however, so we will probably see this value increase as we move through the year.

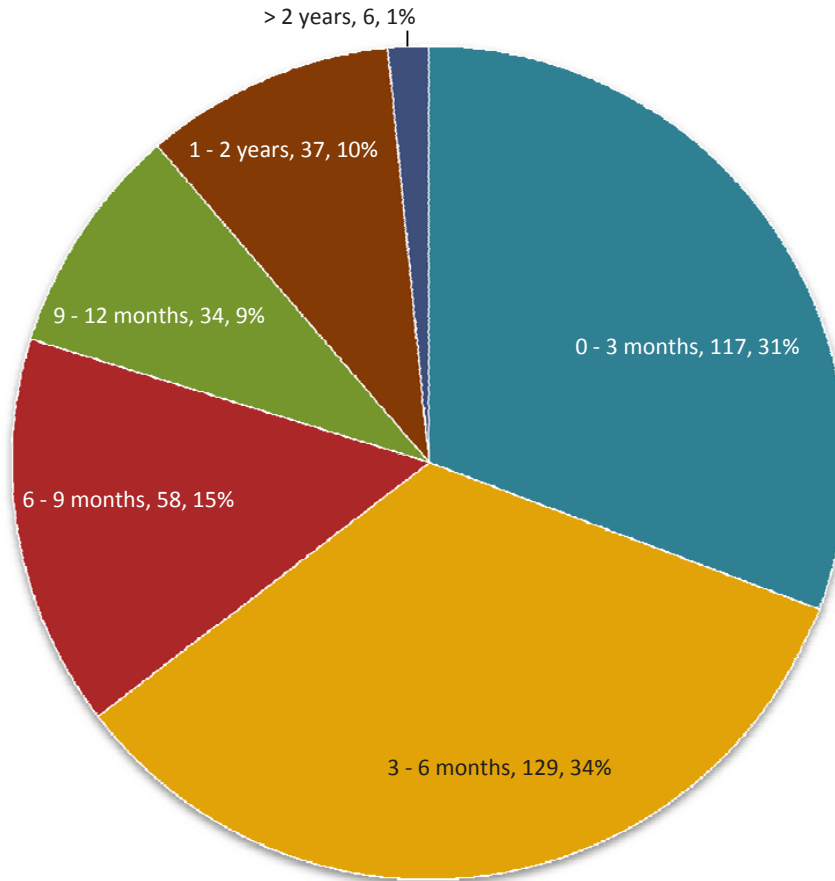
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



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 three 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. 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 Nov '09 - Apr '10

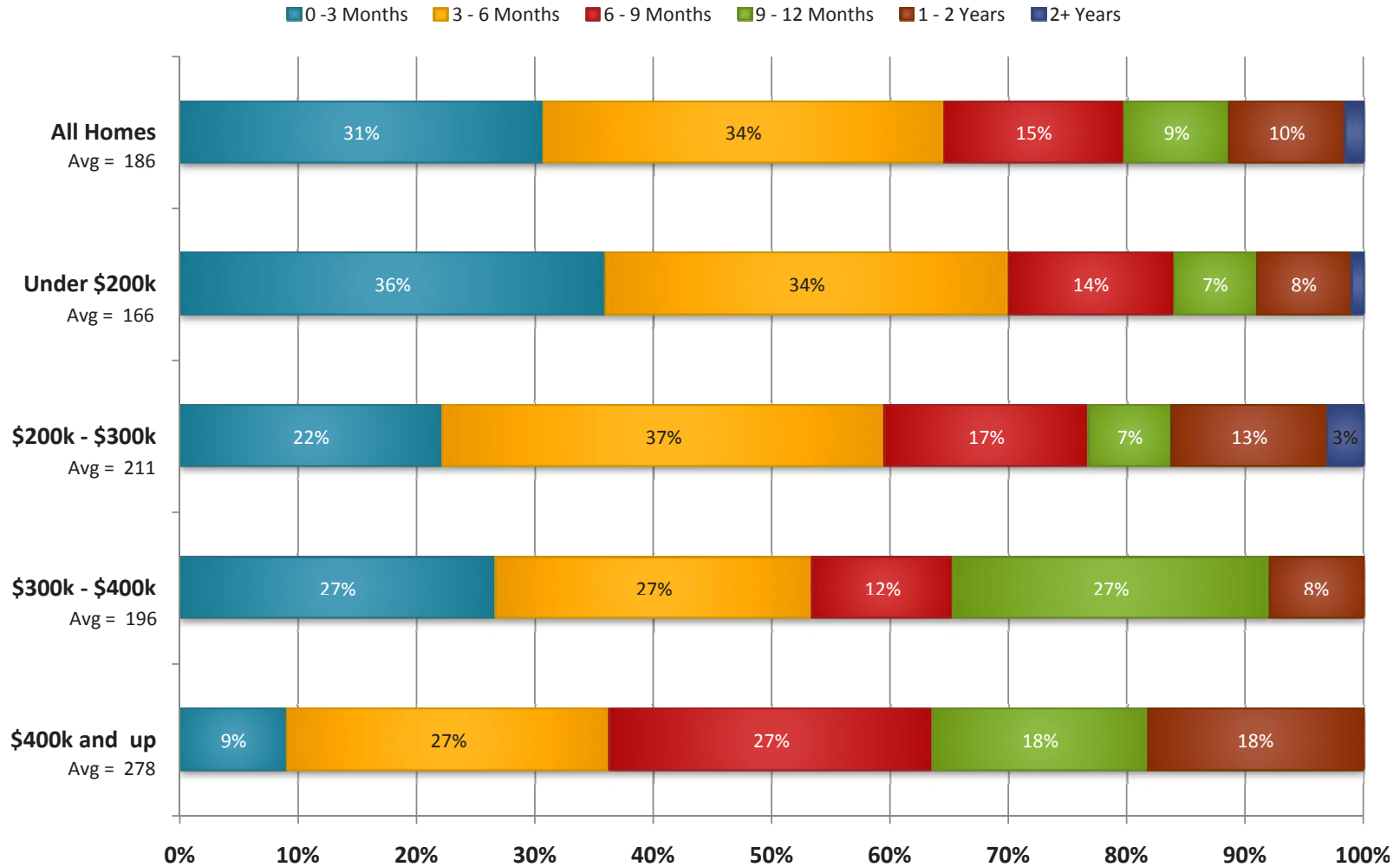


Average Days On Market: 186

We are continuing to find that a remarkable 65% 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 -- 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 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 likely under contract within the first 45 days of being listed.

Harrisonburg & Rockingham County
Days on Market Analysis by Price Range
 November 2009 - April 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 36% of homes that sold for less than \$200,000 sold in the first 90 days of being on the market, while only 9% of homes above \$400,000 were able to sell in that same time period. On

the other end of the spectrum, only 8% of homes that sold for less than \$200,000 took more than a year to sell, but a full 35% of homes priced between \$300,000 and \$400,000 took over a year to sell. The average days on market for homes over \$400k (278 days) is drastically higher than that of homes under \$200,000 (166 days).