



## Harrisonburg & Rockingham County Real Estate Market Report

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HarrisonburgHousing*today*.com

February 7, 2011

## 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: January

39 homes sold in January 2011, showing a 13% decline from January 2010 when 45 homes sold -- but a 3% increase from January 2009 when 38 homes sold.

### Home Values: January

Median sales prices increased 4% to \$166,000 between January 2010 and January 2011, but average sales prices decreased 3%.

### Days on Market: January

Homes sold in an average of 193 days in January 2011, a 17% increase over the 165 day average in January 2010, but at a similar rate as in January 2009, when the average was 199 days.

### Foreclosures

17 trustee deeds were recorded in January 2011 compared to 39 home sales reported through the HRAR MLS. At this pace, foreclosures may decline in 2011.

### Inventory

Inventory levels have declined over the past seven months. 778 residential properties are currently for sale, down from 787 one month ago, and from 1,015 seven months ago.

### Pace of Home Sales: Last 12 Months

752 homes sold in the last 12 months. This marks a 9% decline from the previous 12 months when 825 homes sold, and an 18% decline from the 12 months before that.

### Home Values: Last 12 Months

Median sales prices declined 3% and average sales prices declined 2% when comparing the last 12 months to the previous 12 months.

### Days on Market: Last 12 Months

The length of time on the market for homes selling during the past 12 months (197 days) increased 6% since the previous 12 months when the average was 185 days on market.

### Supply

All price ranges still show an excess of housing supply, with 11 months under \$200k, 13 months between \$200k and \$300k, 16 months between 300k and \$400k, and 18 months above \$400k.

### Price Per Square Foot

Median price per square foot of single family homes has decreased from \$115/sf in the 4th quarter of 2010 to \$102/sf in the 1st quarter.

### Buyer Activity

62 buyers committed to buy in January 2011, compared to 59 in January 2010, and 43 in January 2009. These 62 contracts are a 55% increase over the 40 buyers last month.

### Single Family Home Sales

31 single family homes sold in January 2011, compared to a 2010 total of 555 homes. The median sales price has decreased to \$190,000.

### Townhome Sales

8 townhomes sold in January 2011, compared to a 2010 total of 203 townhomes. The median townhome sales price has decreased to \$142,500 in January 2011.

### Lot Sales

4 lots of less than an acre sold in January 2011, compared to a 2010 total of 63 lots. Median lot sales prices have increased 14% to \$62,500 since the 2010 median sales price of \$55,000.

### Land Sales

Only 1 parcels of land greater than an acre sold in January 2011 compared to 27 land sales during 2010.

# HOME SALES REPORT

Harrisonburg &amp; Rockingham County

February 7, 2011

# Home Sales	2008	2009	2010	2011	% Change ('10 - '11)
January	52	38	45	39	-13.33%
Last 12 Months (Feb - Jan)	1,224	921	825	752	-8.85%

Median Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
January	\$168,500	\$168,975	\$159,500	\$166,000	4.08%
Last 12 Months (Feb - Jan)	\$196,950	\$197,000	\$186,000	\$180,000	-3.23%

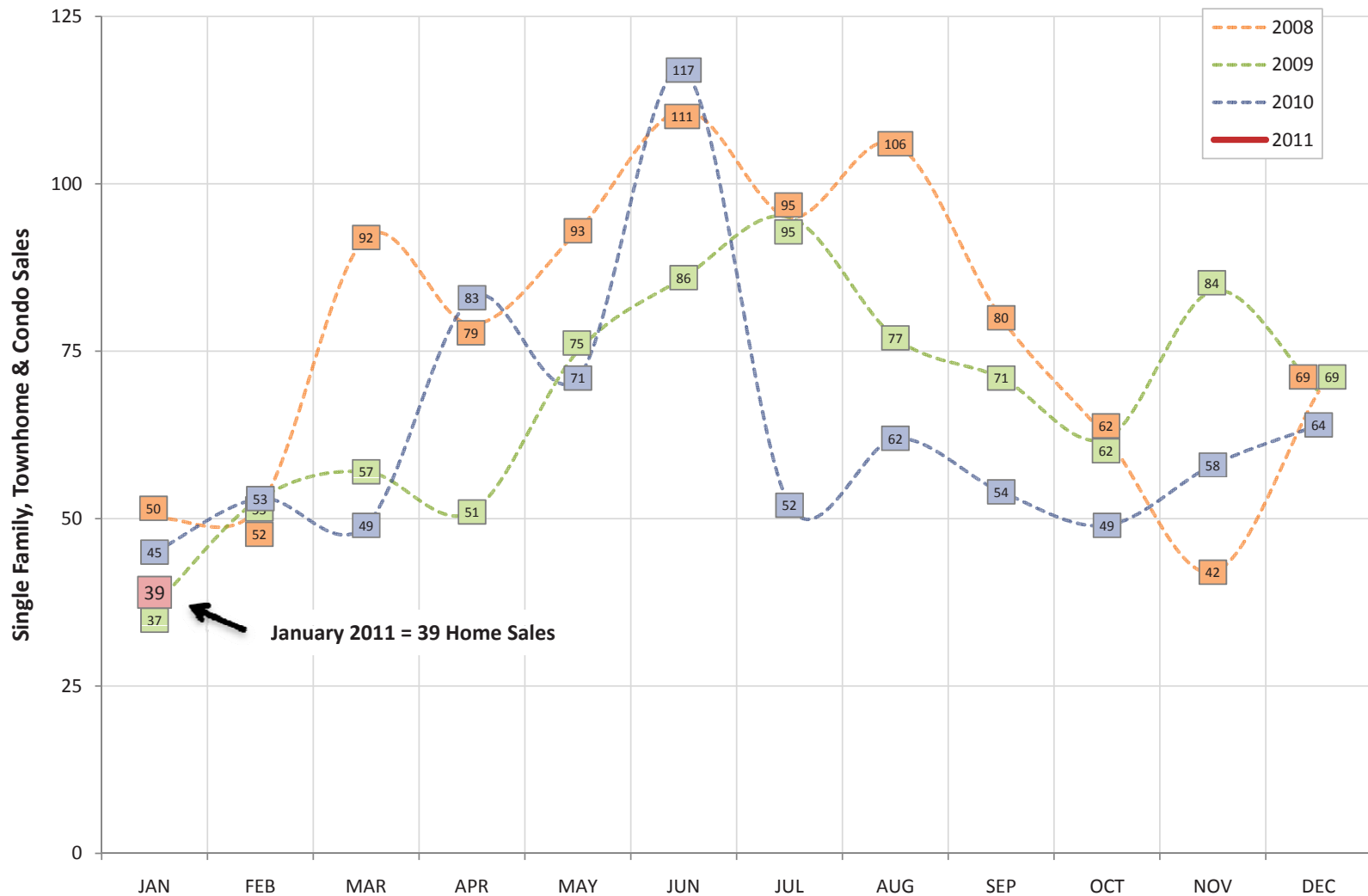
Average Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
January	\$213,132	\$207,174	\$206,249	\$204,970	-0.62%
Last 12 Months (Feb - Jan)	\$225,736	\$223,522	\$214,005	\$208,946	-2.36%

Average Days on Market	2008	2009	2010	2011	% Change ('10 - '11)
January	158	199	165	193	16.97%
Last 12 Months (Feb - Jan)	182	169	185	197	6.49%

Home sales declined in January 2011 (39 sales) as compared to January 2010 (45 sales) -- though if we look back a bit further this was a slight increase from the 38 home sales in January 2009. Along with this slightly slower home sales pace, however, we did see an increase in the median sales price between January 2010

and January 2011 (up 4%), though looking at a full year's worth of data we are still seeing a 3% annual decline in median sales price. Also of note, average Days on Market skyrocketed back up to 193 days after what was perhaps an abnormally low 165 days on market in January 2010.

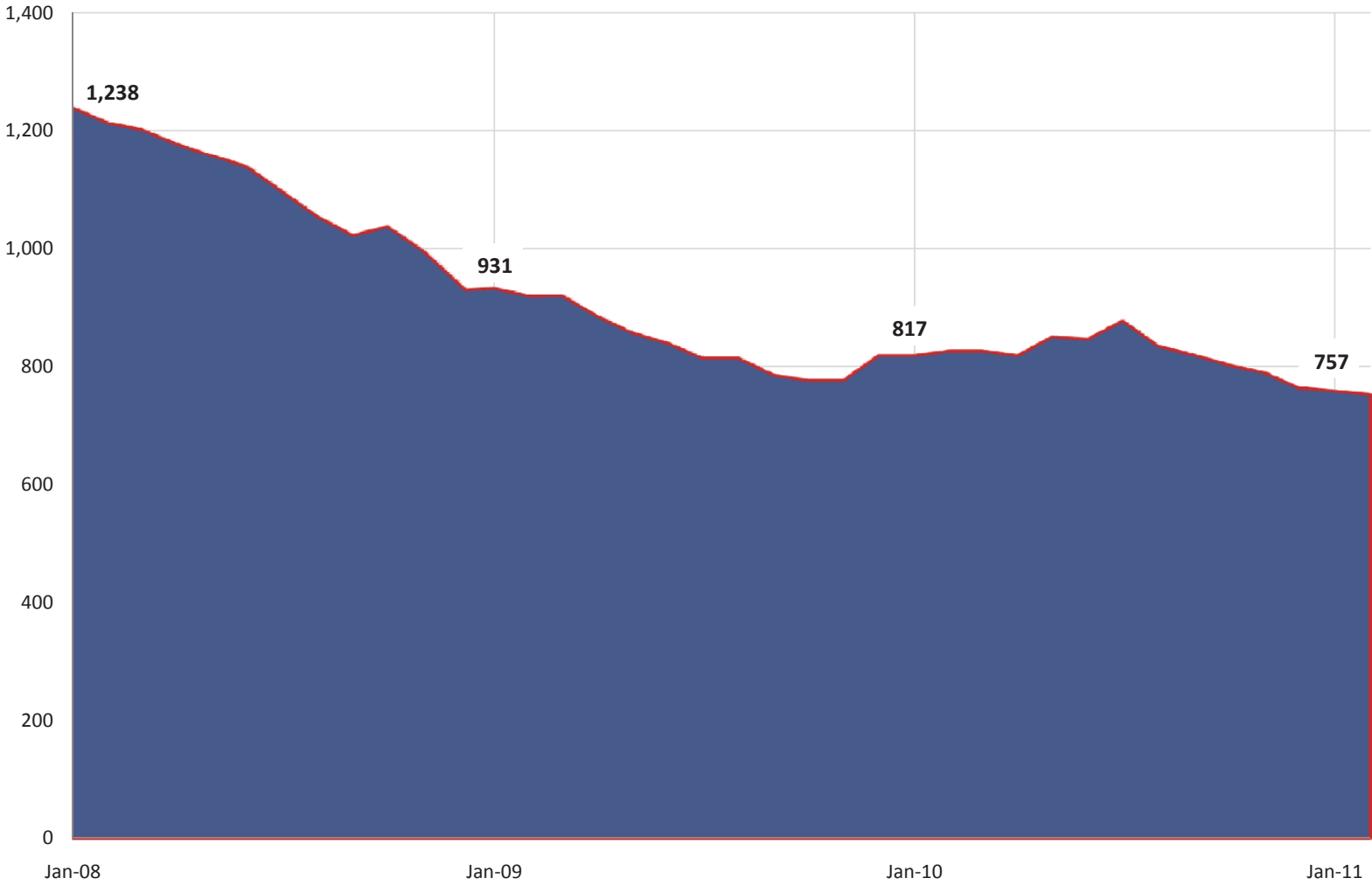
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



January 2011 home sales (39) give us a “middle of the pack” starting position for 2011, and if February 2011 follows the trend of the past three February’s, then we’ll have to wait until March to get a clear indication of where the market is headed. It is important to note early on during 2011 that we will likely have some comparatively

slow months of home sales in 2011 when looking at 2010 -- because of the home buyer tax credit’s impact on the 2010 housing market. This abnormal home sales increase was most notable in three months when the credit was to expire, or did expire: November 2009, April 2010 and June 2010.

Harrisonburg & Rockingham County  
**Time-Adjusted Home Sales Trends :: All Homes**  
# Home Sales in each 12 Month Period

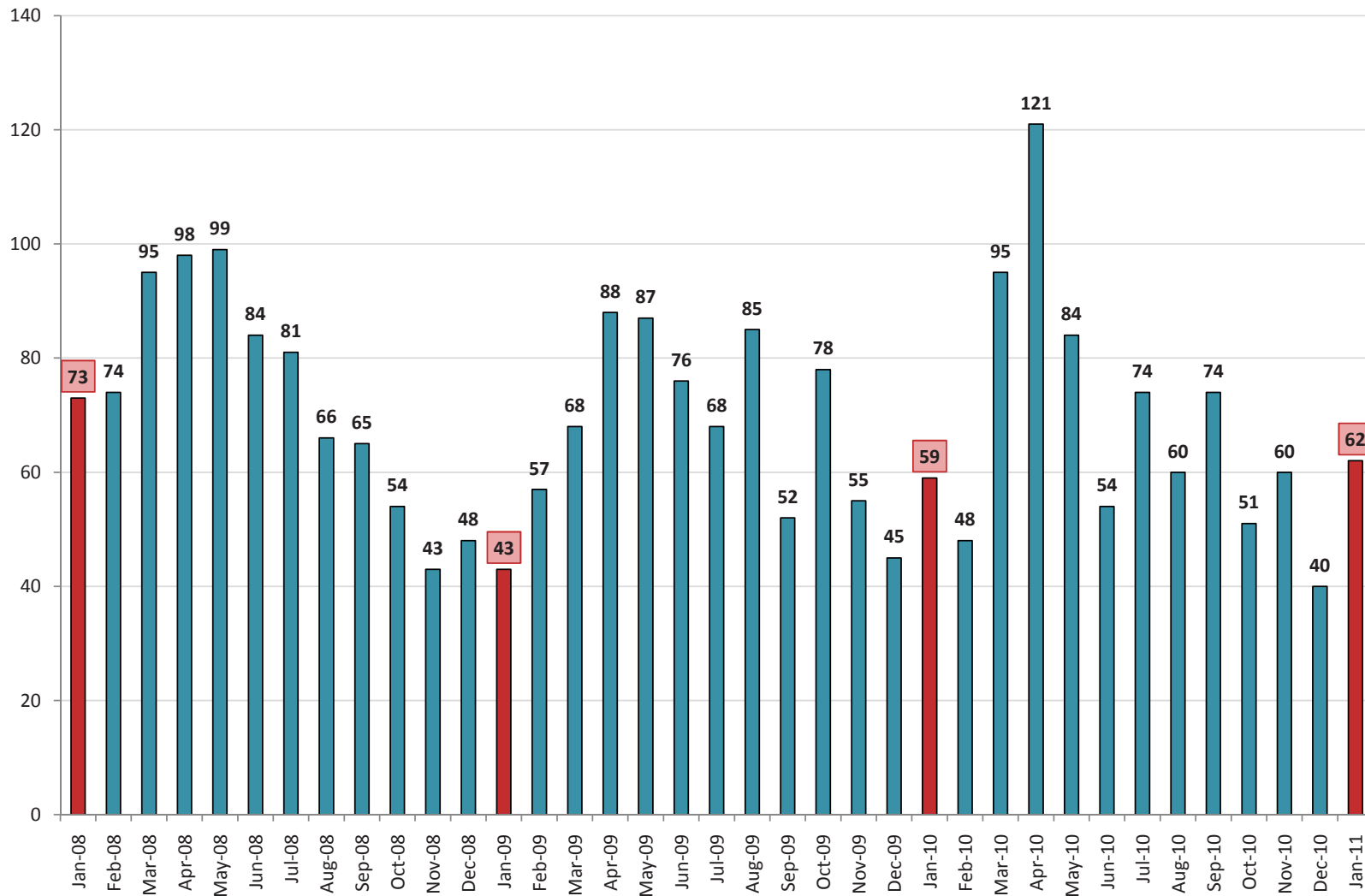


This graph shows a rolling 12 months of home sales for the Harrisonburg and Rockingham County area. Each data point is showing one year’s worth of home sales, which eliminates the volatility of evaluating sales figures on a month-by-month basis. The decline in market activity that we have witnessed since before 2008 was

temporarily slowed by the home buyer tax credits, but the market has continued to slow down since that time. The last several months of these annualized figures show a leveling off of some sort, which may mean we’ll see a more stable housing market as we continue through the first half of 2011.

Report courtesy of Scott P. Rogers, Associate Broker, Coldwell Banker Funkhouser Realtors, based on information from the Harrisonburg-Rockingham Association of REALTORS (R) or its MLS, for the period 01/01/2000 through 1/31/2011.

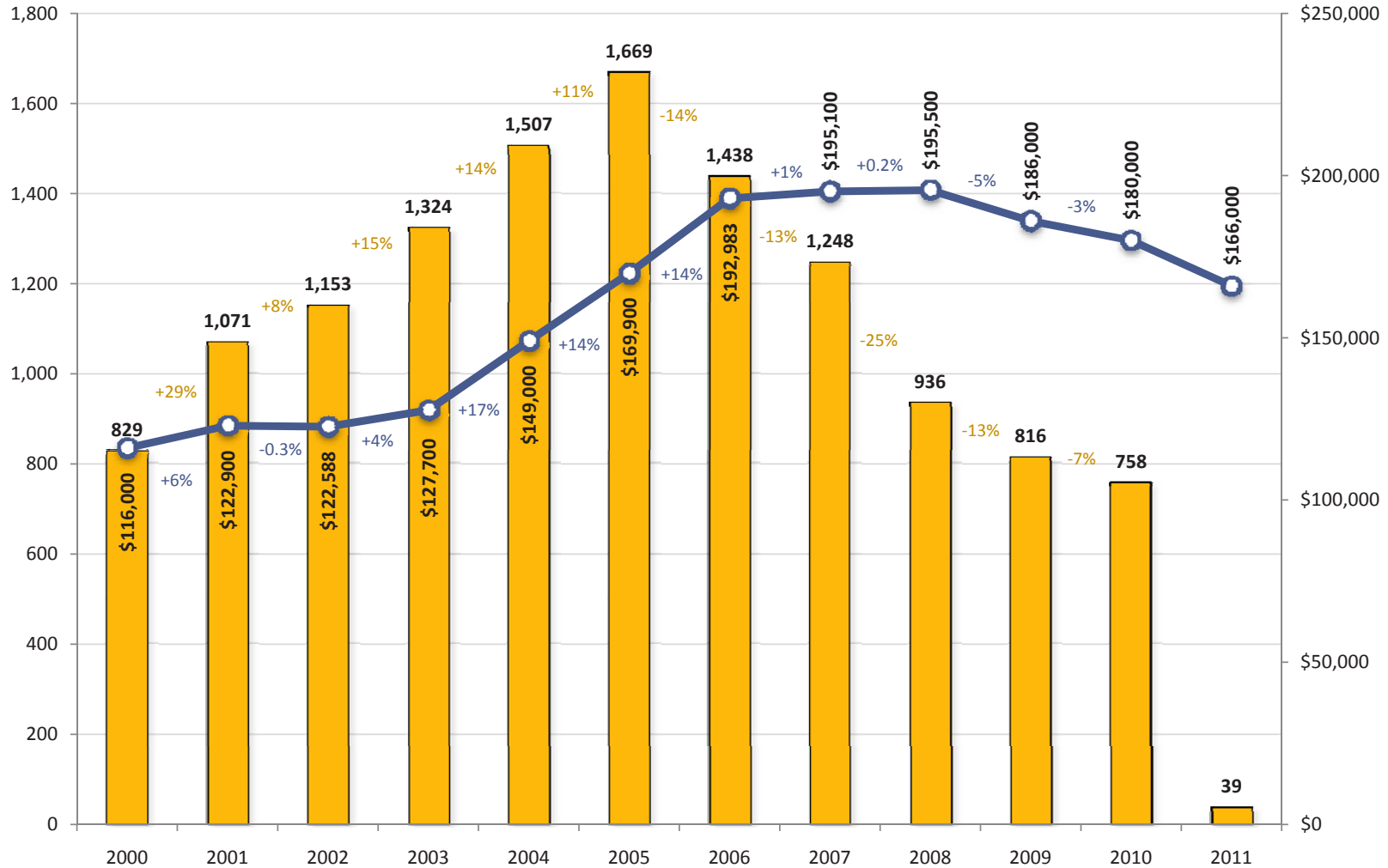
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



Even if sales were down in 2011 (39 in Jan 2011, compared to 45 in Jan 2010), the buyers were out in force during January -- signing contracts to buy houses. January 2011 showed 62 contracts, which is only a 5% increase over January 2010, but is a 44% increase over January 2009. Informal market surveys (of other Realtors I work

with) indicate that there are many buyers starting to look now, and strong contract numbers in January could be an early indicator that we will see a strong spring (and apparently pre-spring) market. This could be the momentum needed to propel us towards a slight increase in overall home sales during 2011 compared to 2010.

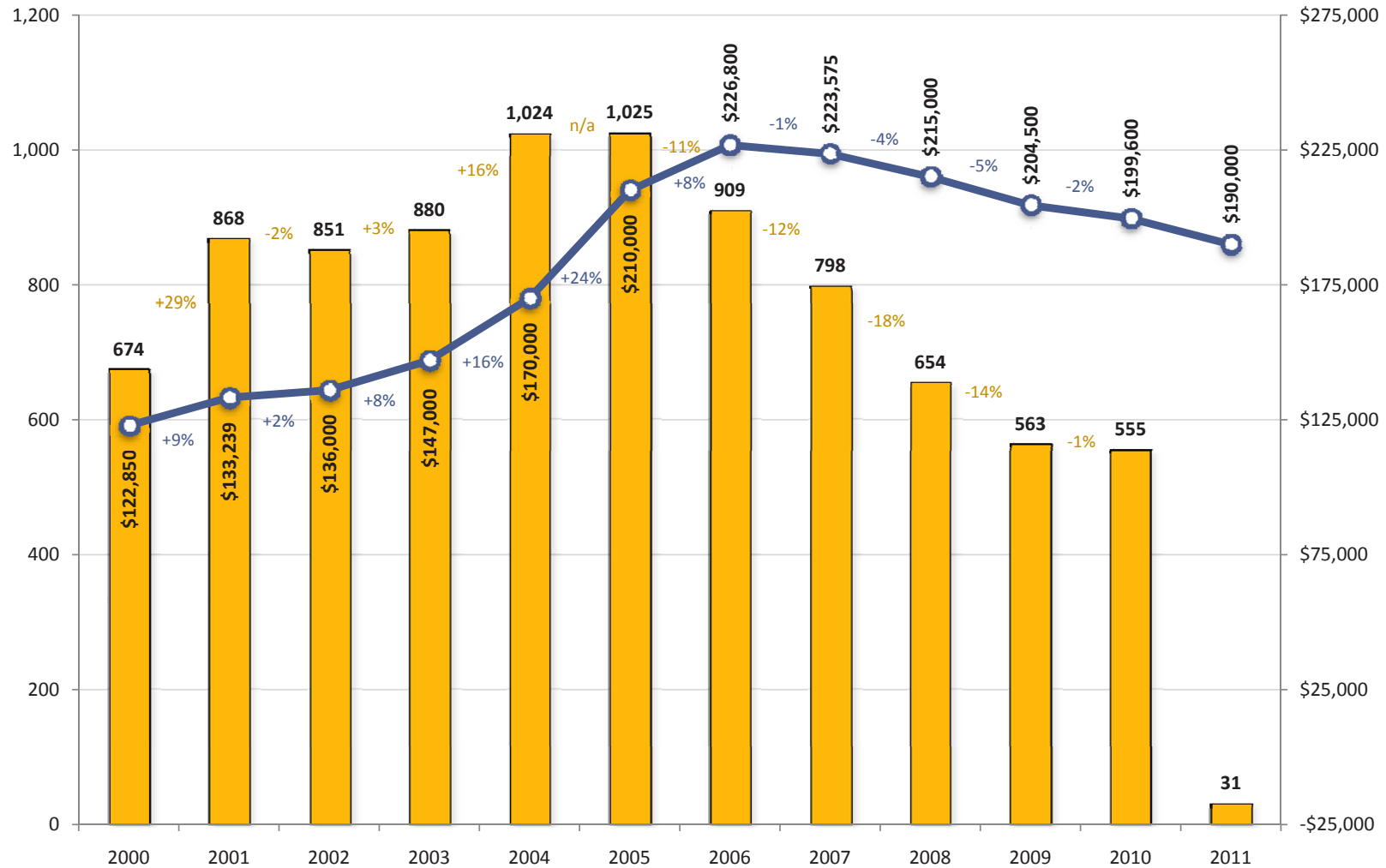
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes & Townhomes



We don't have too much data from 2011 to work with yet, but it seems that the Harrisonburg and Rockingham County real estate market may be headed back in a healthier direction. After four years of double digit declines in market activity (-14%, -13%, -25%, -13%) the local market only declined by 7% during 2010. If 2011 sales

can equal or exceed the 758 home sales in 2010, we may be headed towards more stable, predictable times -- even if we are still far below the peak market levels of 2003-2007. It will be important to monitor the median sales price as we proceed through 2011 --- hopefully the drop in January was due to a small data set.

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

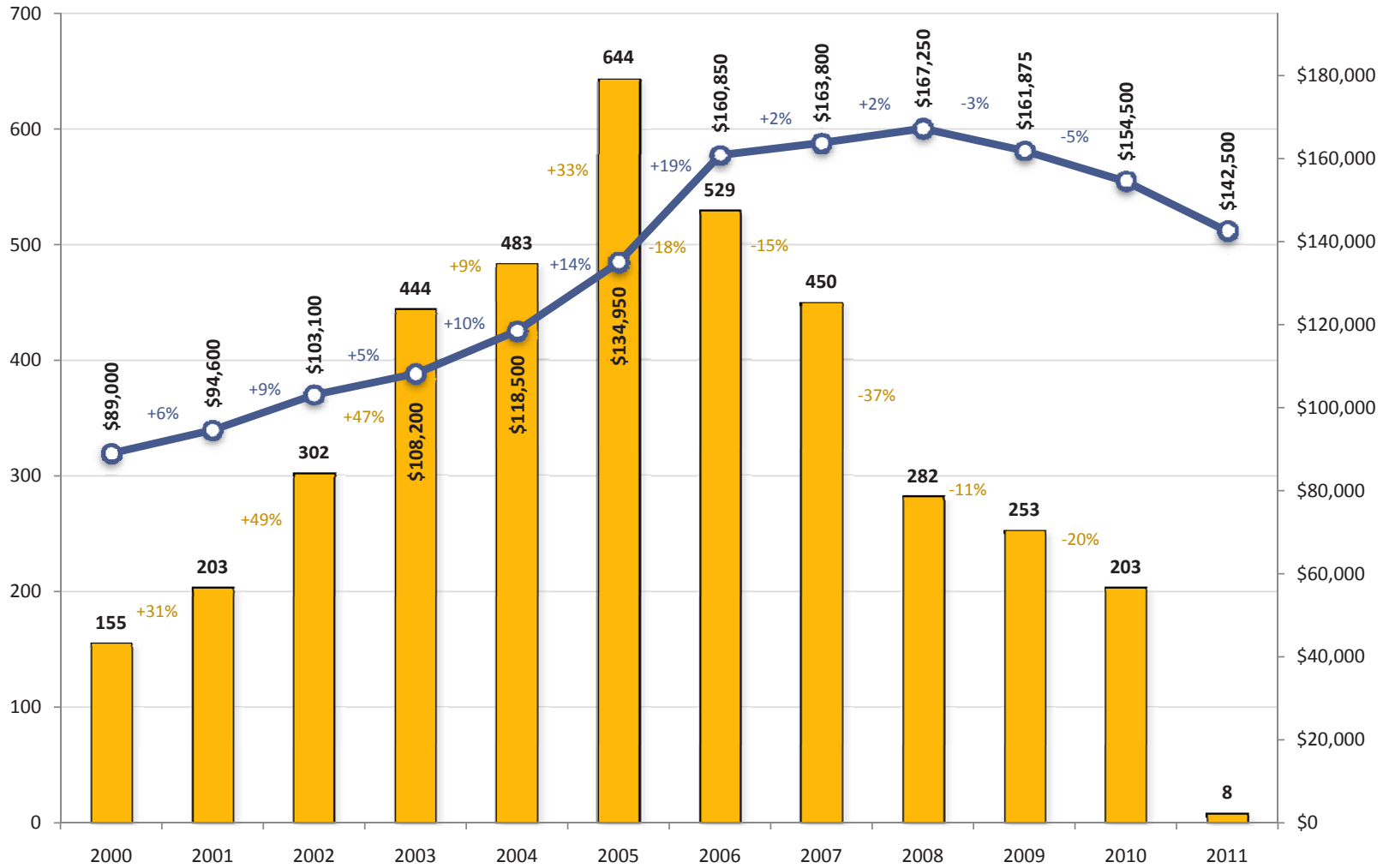


The single family home market in Harrisonburg and Rockingham County seems to be recovering quite nicely compared to the overall market. A full 555 detached single family homes sold in 2010 compared to 563 in 2009 -- this represents only a 1% decline in market pace. Furthermore, the median sales price is not dropping as

quickly as it had in past years. After a 4% decline in median sales prices (2007 to 2008) and a 5% decline (2008 to 2009) the detached single family home market only saw a 2% decline in median sales price between 2009 and 2010.



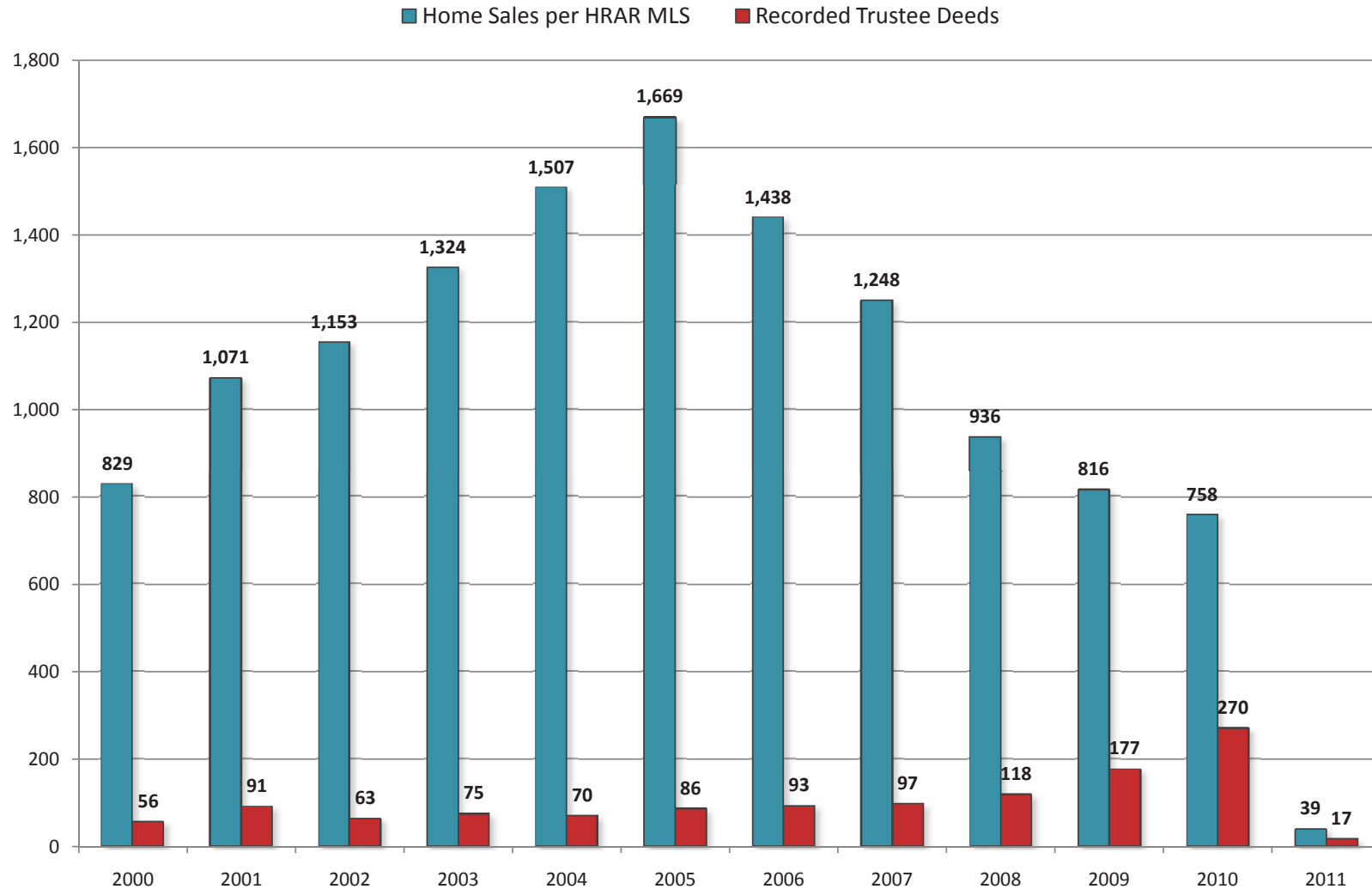
### Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



The townhouse market continues to falter. Fewer and fewer townhomes are selling -- with an additional 20% drop in sales activity in 2010 compared to 2009. January 2011 townhome sales numbers are even worse --- with only 8 townhome sales. The big drop in median sales price (to \$142,500 in January 2011) is very likely because of

a very small data set (8 sales) -- but if market activity does decline sharply again, the median sales price is certain to adjust downward again in 2011.

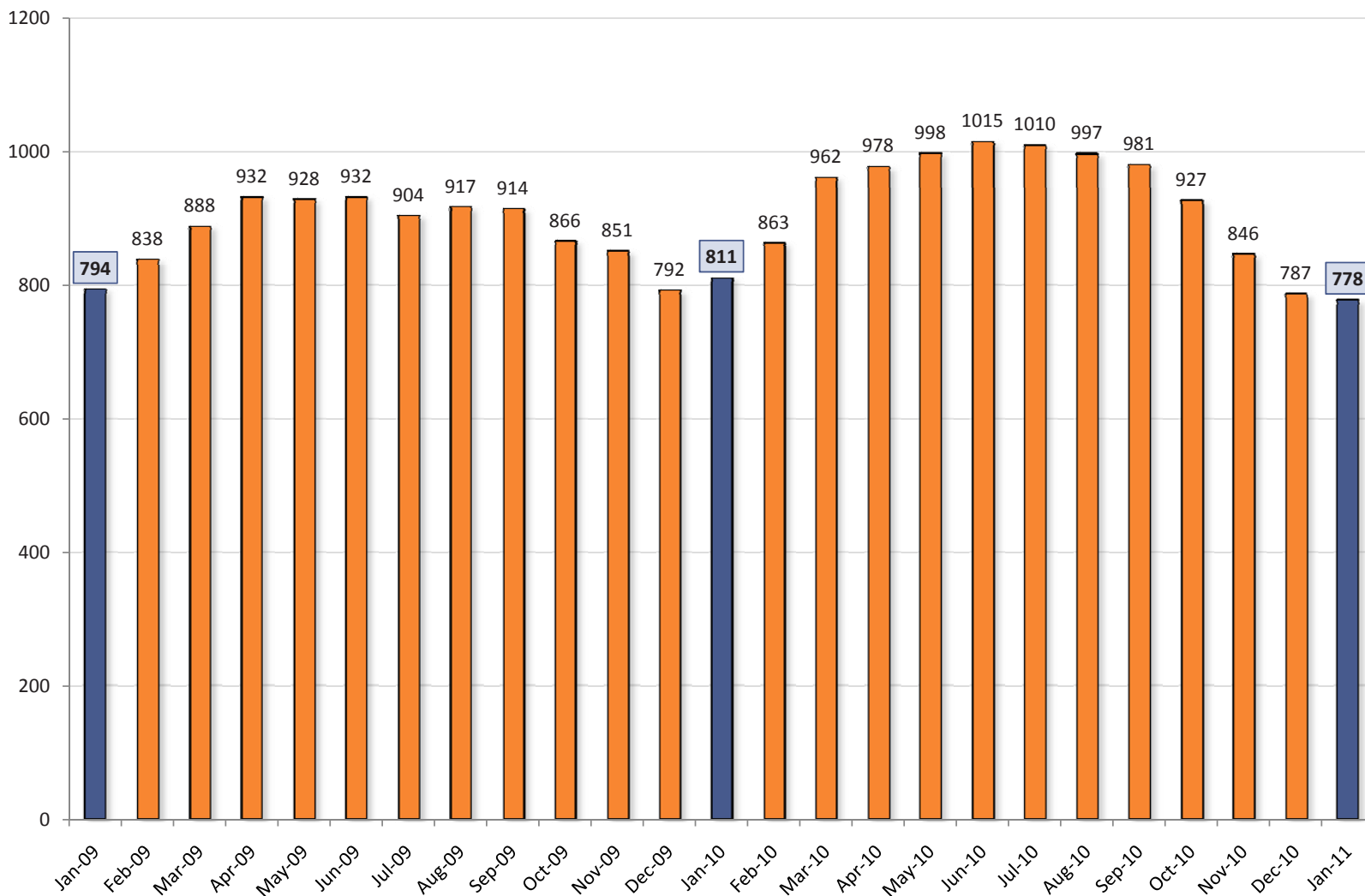
### Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



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), and some new home sales. 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. Foreclosures have increased four-fold over the past ten years, and now make up somewhere between 15% and 26% of all home sales.

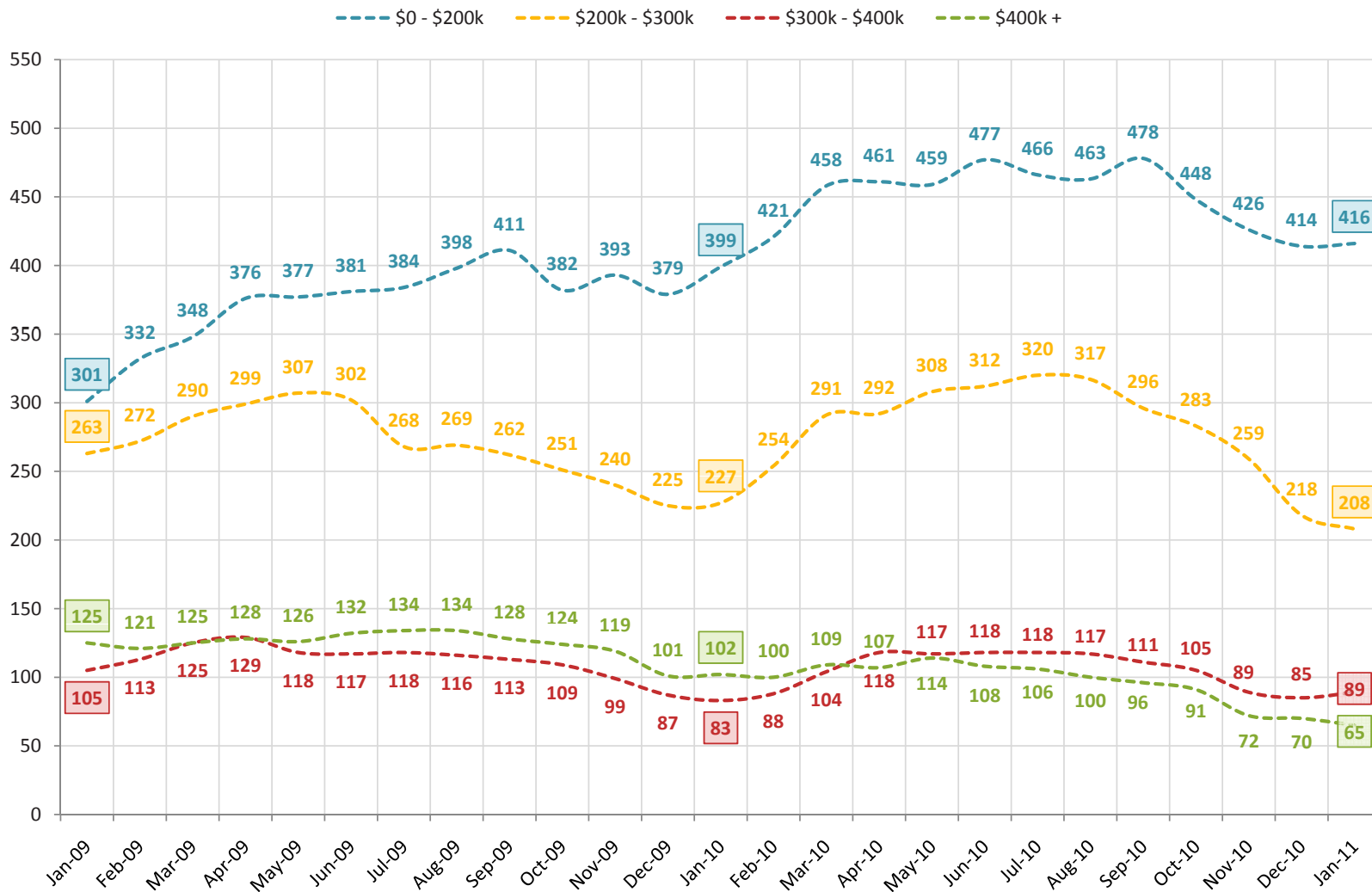
Harrisonburg & Rockingham County  
**Inventory Levels**



After overall increases in housing inventory between 2009 and 2010 the local market is now experiencing a new low in housing inventory with only 778 properties for sale. This is, in fact, the lowest number of homes for sale anytime during the past two years. It will be interesting (and telling) to observe whether inventory again is given

a big boost during February, March and April. Our market would be healthier with fewer homes on the market, as this would help to level the playing field between buyers and sellers. That said, I do expect a spring rush of properties to hit the market in hopes that THIS will be the year to sell.

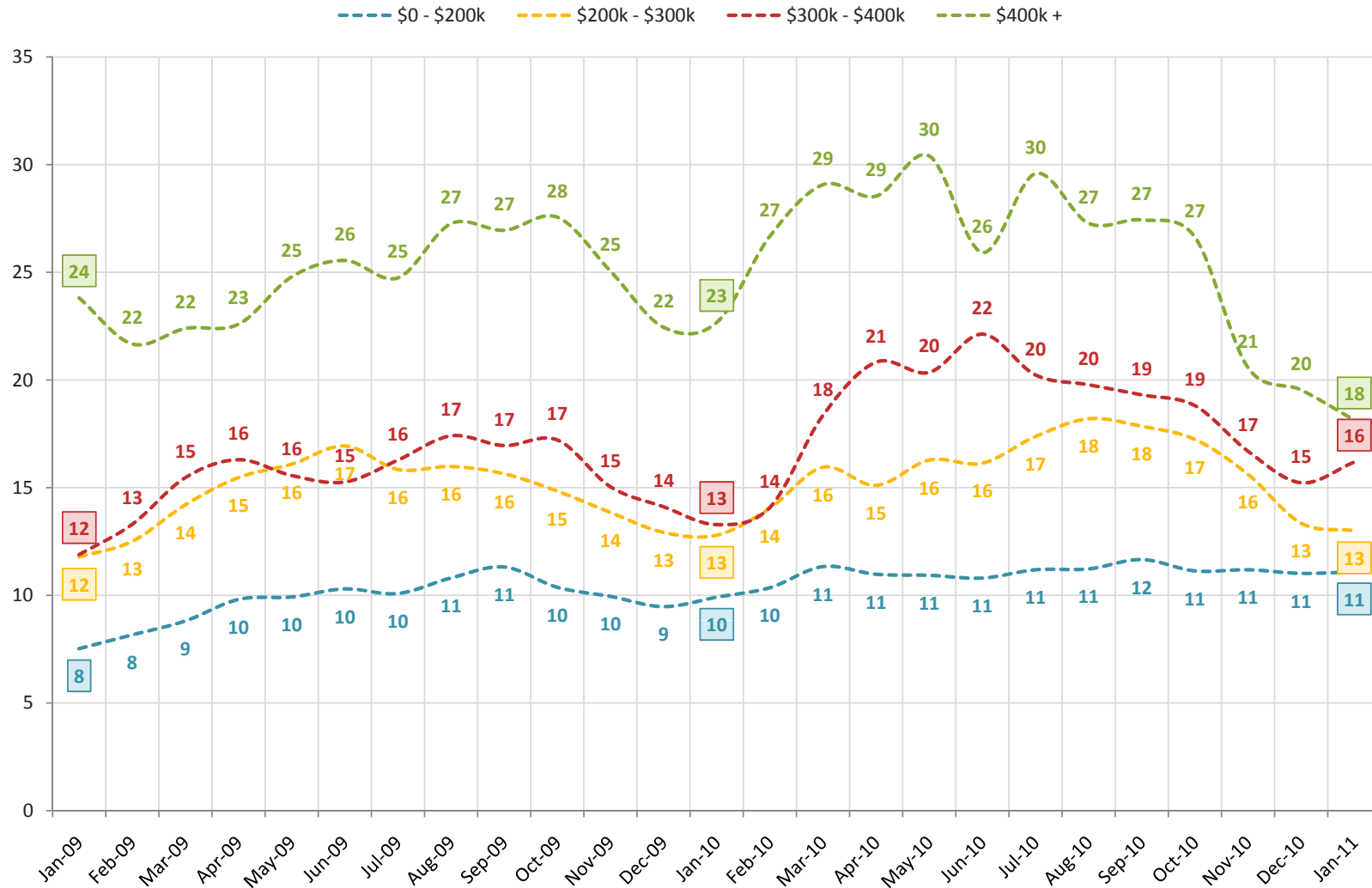
### Harrisonburg & Rockingham County Inventory Levels by Price Range



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 48% decline in inventory from 125 homes for sale in January 2009 to only 65 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.

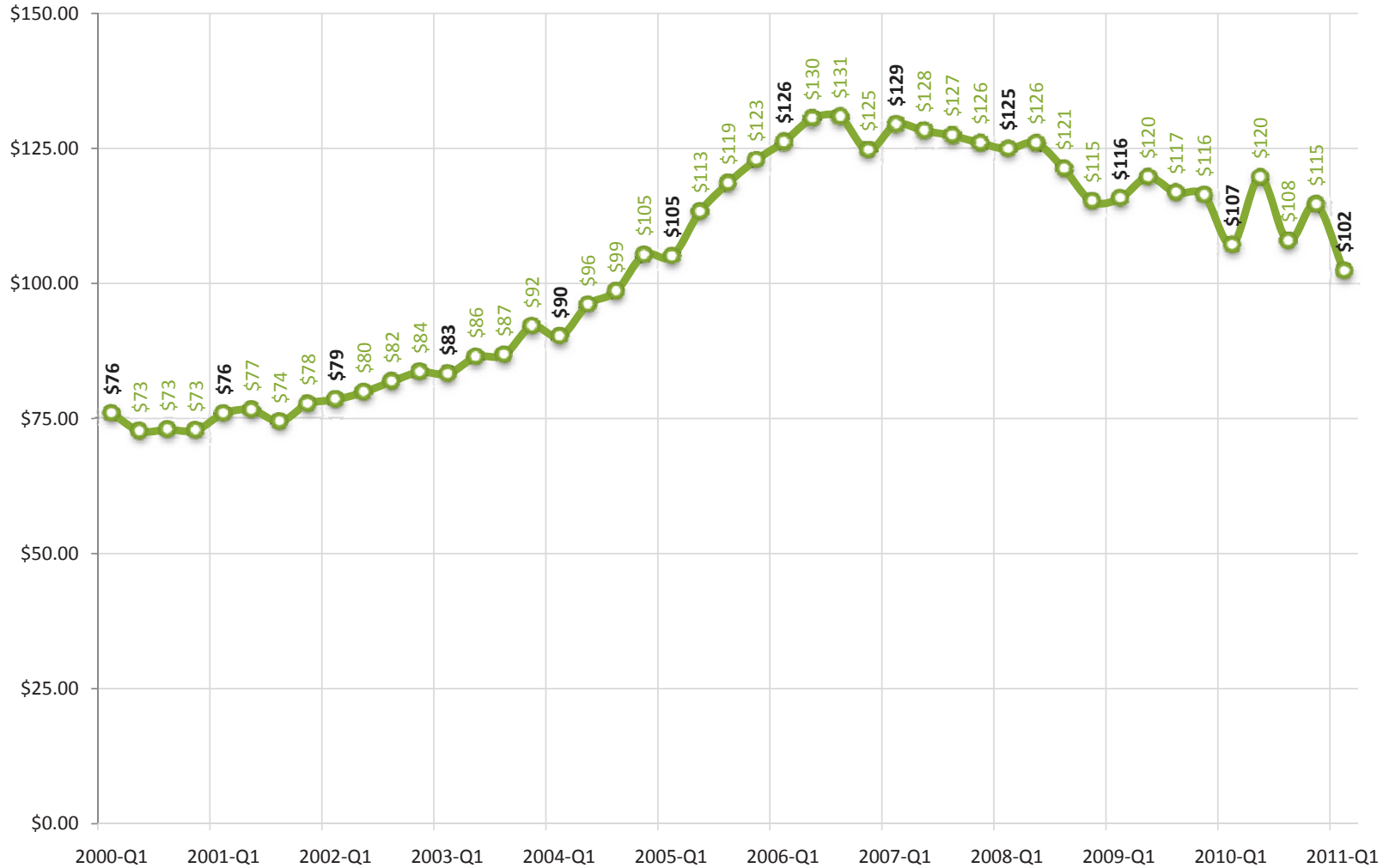
### Harrisonburg & Rockingham County Housing Supply Trends by Price Range



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 11 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. It is interesting to note that the supply level of \$400k homes dropped significantly over the past several months --- largely because of a decline in the number of homes for sale in this price range.

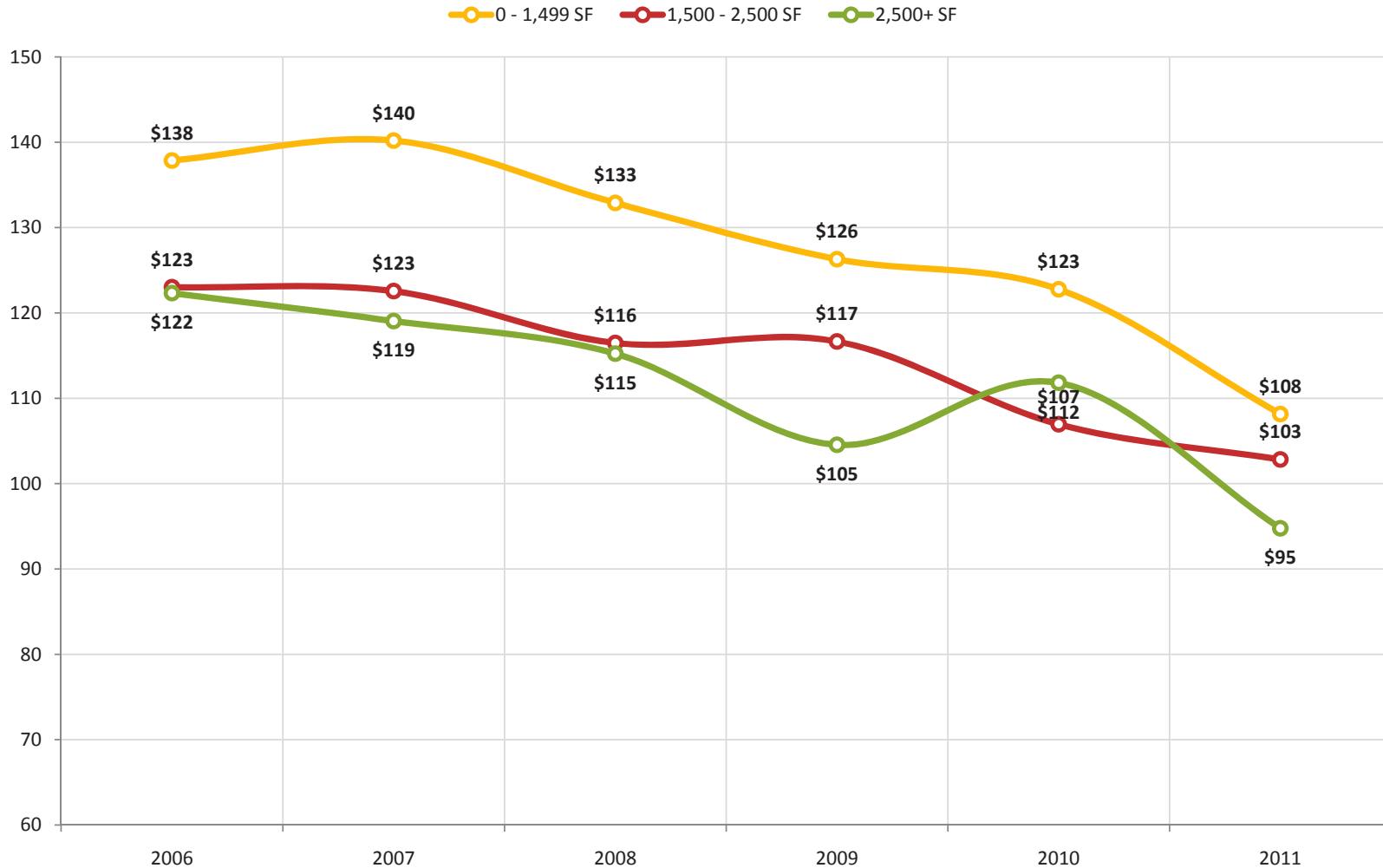
Harrisonburg & Rockingham County  
**Median Price Per Square Foot Trends**  
 Single Family Homes



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 blip upwards in this metric.

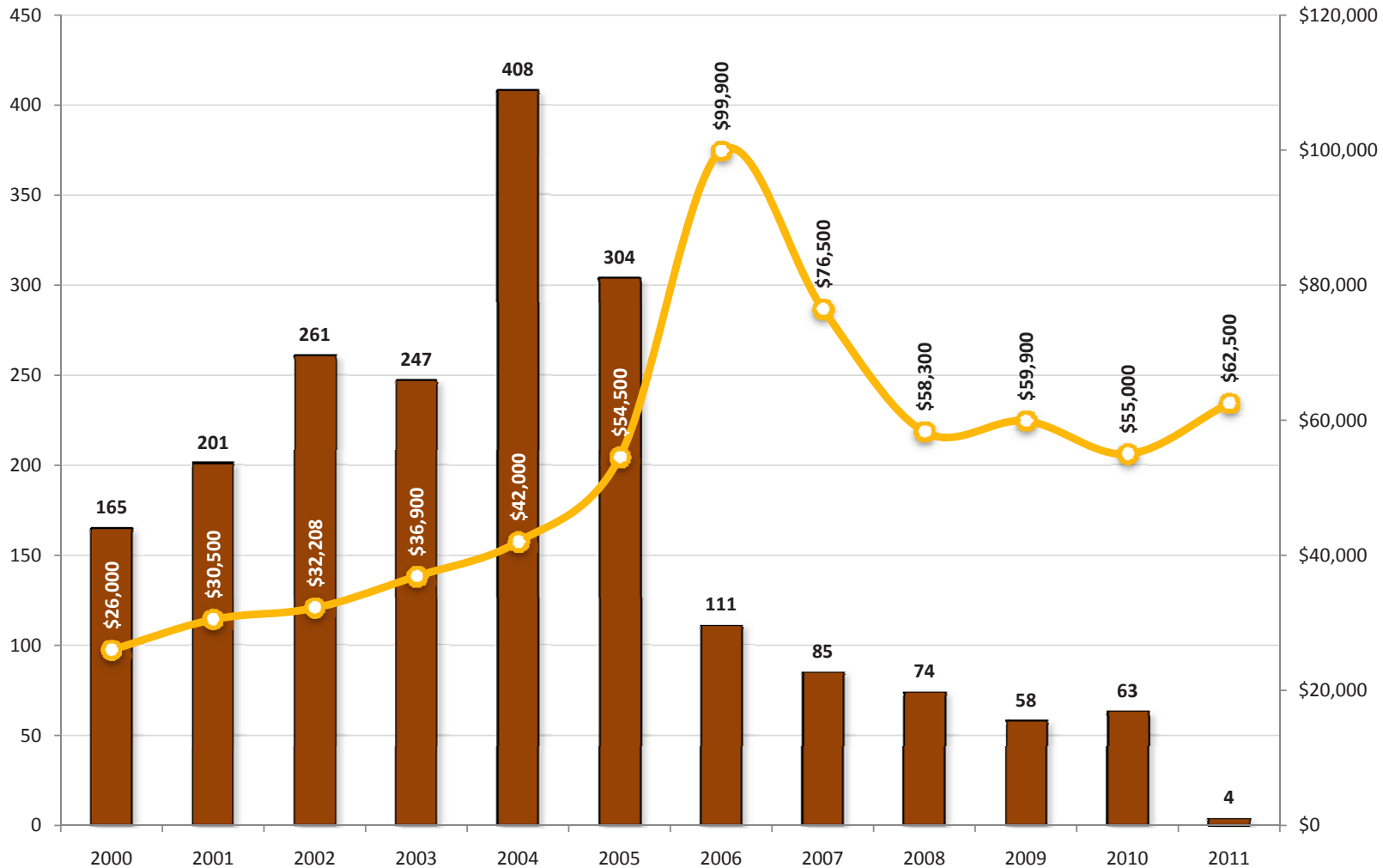
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



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

(\$95/SF) than homes that offer less than 1500 SF (\$108/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

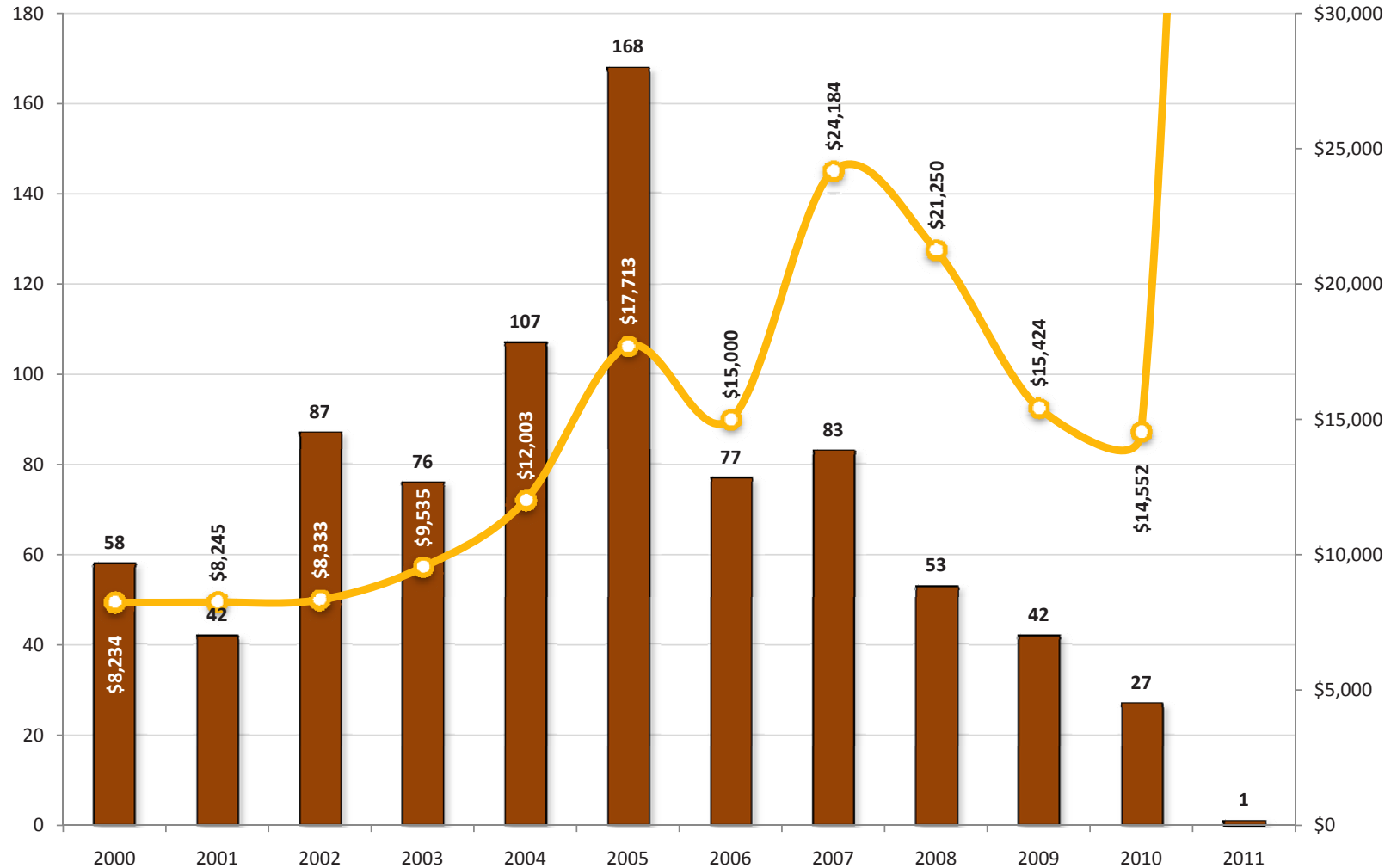


While sales of lots that are smaller than an acre have plummeted since 2004, they finally may have stabilized in 2010. In 2009, there were 58 lot sales of less than an acre --- and there were 63 lot sales in 2010, finally showing an increase in this category of sales. January 2011, however, did not show a strong start, as we only

saw four lot sales in all of Harrisonburg and Rockingham County -- though these four sales did contribute to an increase to a median sales price of \$62,500. Hopefully (for all you lot sellers out there) we will start to see more market activity as we move through the first half of 2011.



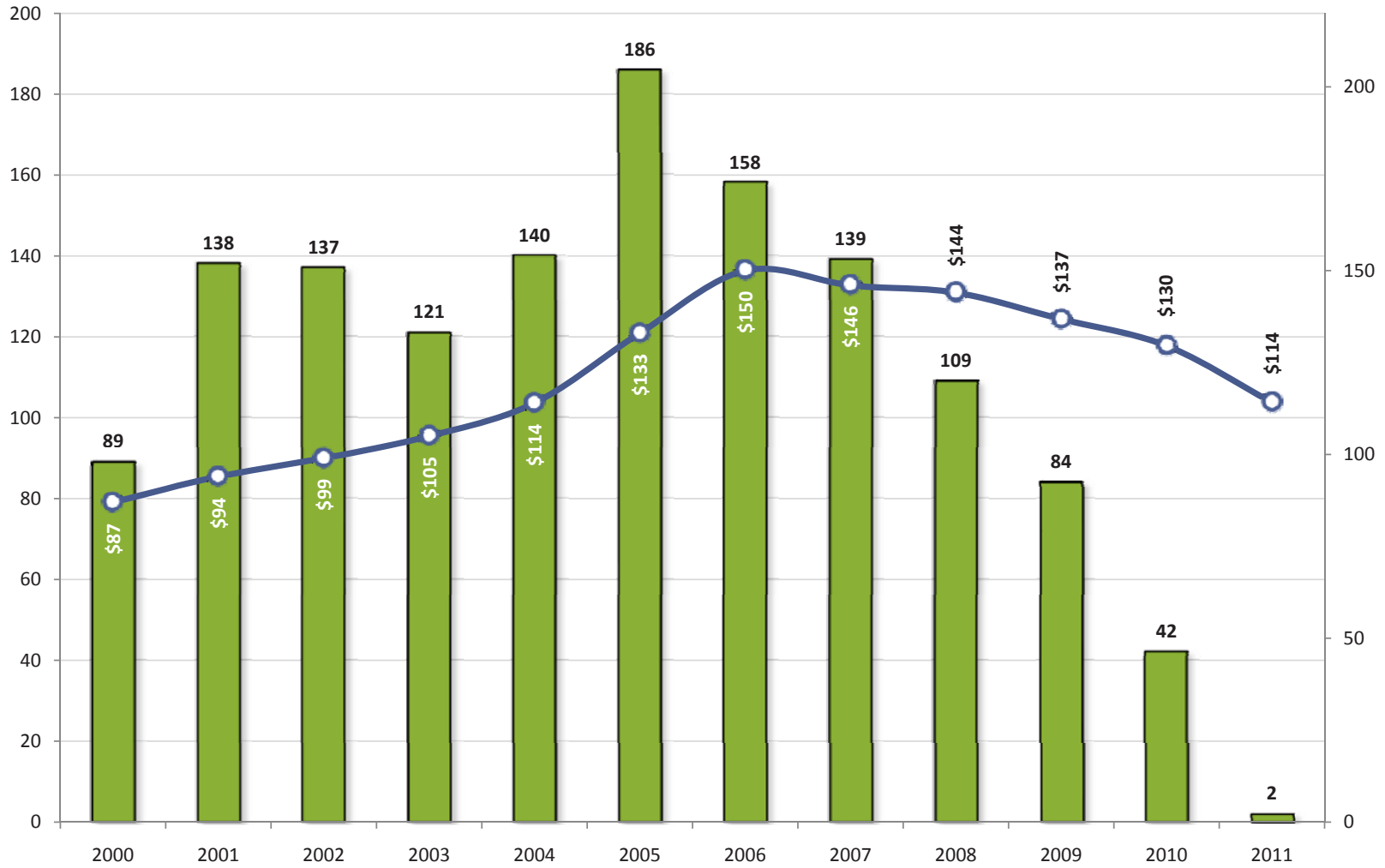
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



If you are trying to sell a piece of land larger than an acre in Harrisonburg Rockingham County, you might be waiting for a while. Only 27 such transactions were recorded in the HRAR MLS in 2010, compared to a whopping 168 in 2005 -- and only 1 single solitary piece of land (over an acre) sold in January 2011. Please ignore the yellow

line skyrocketing off the chart -- there are always some parcels with high price/acre values which are leveled out by using the median figure -- but the single land sale in January 2011 happened to be at a very high price per acre. This does not mean that land has just become ten times more valuable than a month ago.

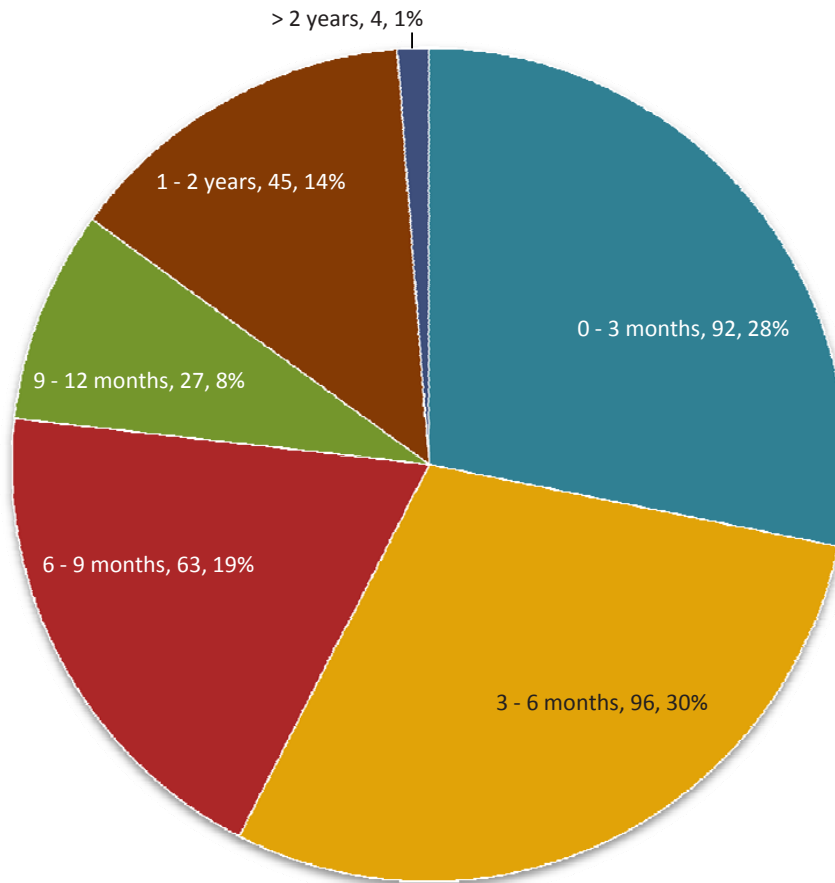
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



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 January did not show a strong start for 2011. The question that remains

in every builder's mind 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 steady decline in inventory over the past seven months -- so perhaps new construction will start to increase in late 2011.

### Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Aug '10 - Jan '11

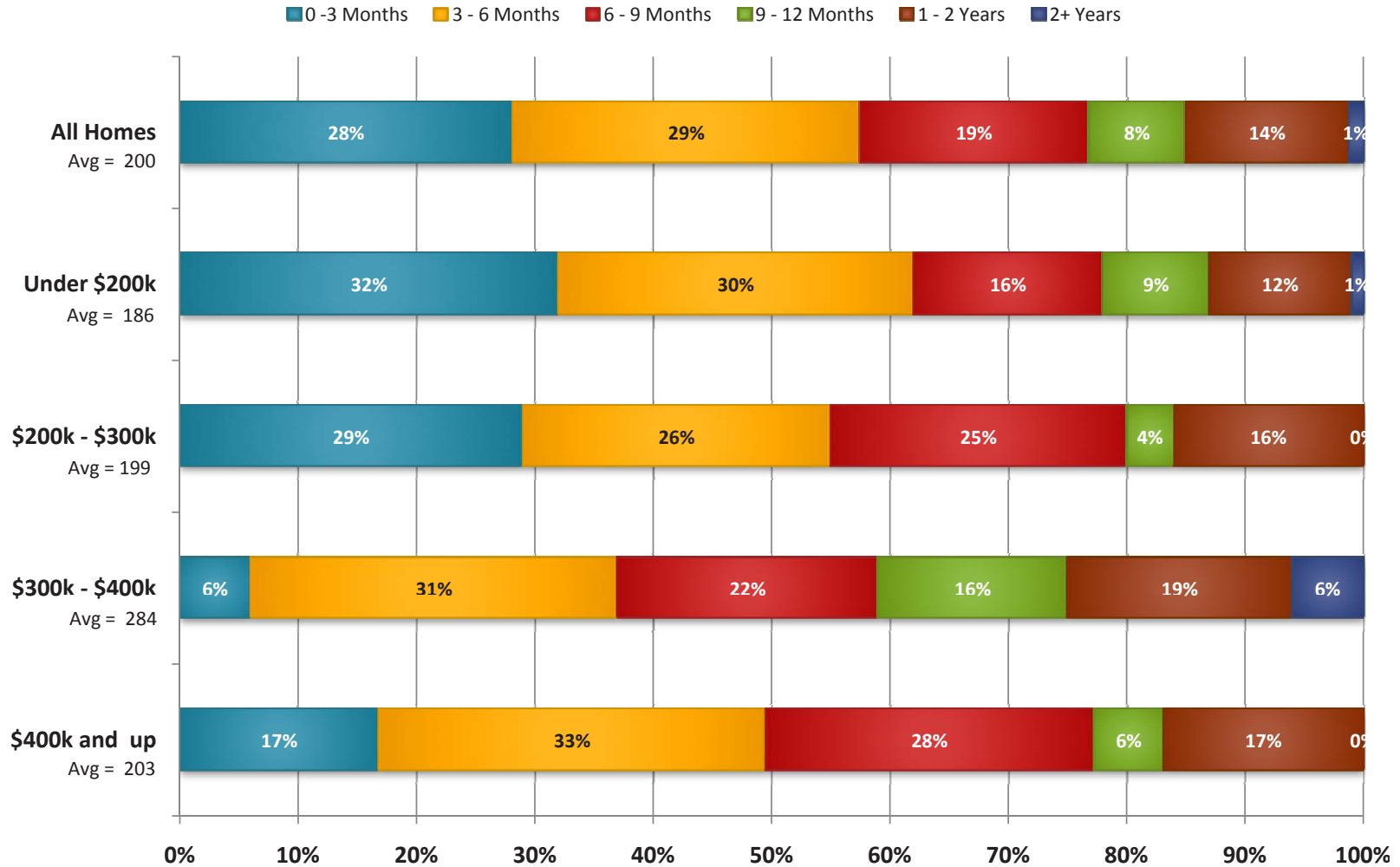


**Average Days On Market: 200**

Despite record inventory levels, and very few buyers being in the market, homes that are actually selling are selling rather readily. In fact, roughly 1 out of 3 homes that sell close 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 58% of homes close 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 by the owner. 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**  
 Aug '10 - Jan '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 32% of homes that sold under \$200,000 sold in the first 90 days of being on the market, while only 6% 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 (203 days) is also significantly higher than that of homes under \$200,000 (186 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, 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](http://HarrisonburgHousingToday.com).

**For more information, or with questions, contact:**

SCOTT P. ROGERS, Associate Broker  
540-578-0102 (mobile)  
[scott@HarrisonburgHousingToday.com](mailto:scott@HarrisonburgHousingToday.com)



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### Harrisonburg & Rockingham County Trustee Sales

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