

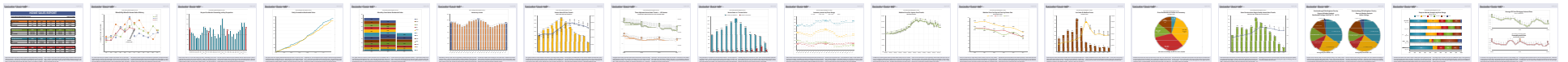


# Harrisonburg & Rockingham County Real Estate Market Report

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HarrisonburgHousing*today*.com

September 8, 2011



*An analysis of real estate activity through August 31, 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: August

79 homes sold in August 2011, showing a 27% increase from August 2010 when 62 homes sold -- and a 3% increase from August 2009 when 77 homes sold.

### Home Values: August

Median sales prices increased 15% but average sales prices declined 7% when comparing August 2011 to August 2010.

### Days on Market: August

Homes sold in an average of 178 days in August 2011, a 14% decrease from the 207 day average in August 2010 but a 13% increase from the 158 day average in August 2009.

### Foreclosures

144 trustee deeds have been recorded thus far in 2011 compared to 521 home sales reported through the HRAR MLS. At this pace, foreclosures will likely decrease in 2011.

### Inventory

Inventory levels decreased slightly in August 2011 to 877 residential properties for sale, down from 882 one month ago, and down from 997 one year ago, in August 2010.

### Pace of Home Sales: Year to Date

521 homes have sold thus far in 2011. This marks only a 2% decline from the 2010 year to date when 532 homes had sold, and a 2% decrease as compared to 2009 year to date.

### Home Values: Year to Date

Median sales prices declined 4% and average sales prices declined 5% 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 (209 days) increased 8% since 2010 year to date when the average was 193 days on market.

### Supply

All price ranges still show an excess of housing supply, with 12 months under \$200k, 14 months between \$200k and \$300k, 18 months between 300k and \$400k, and 26 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 \$101/sf in the 1st quarter of 2011.

### Buyer Activity

86 buyers committed to buy in August 2011, compared to 60 in August 2010, and 85 in August 2009. These 86 contracts are a 43% increase over the 60 contracts in August 2010.

### Single Family Home Sales

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

### Townhome Sales

114 townhomes sold thus far in 2011, compared to a 2010 total of 203 townhomes. The median townhome sales price has decreased to \$141,750 thus far in 2011.

### Lot Sales

49 lots of less than an acre sold thus far in 2011, compared to a 2010 total of 63 lots. Median lot sales prices have fallen slightly to \$51,500 over the past year.

### Land Sales

33 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 &amp; Rockingham County

September 8, 2011

# Home Sales	2008	2009	2010	2011	% Change ('10 - '11)
August	106	77	62	79	27.42%
Year-To-Date	682	531	532	521	-2.07%

Median Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
August	\$191,500	\$190,000	\$174,450	\$200,000	14.65%
Year-To-Date	\$197,650	\$189,000	\$181,750	\$174,000	-4.26%

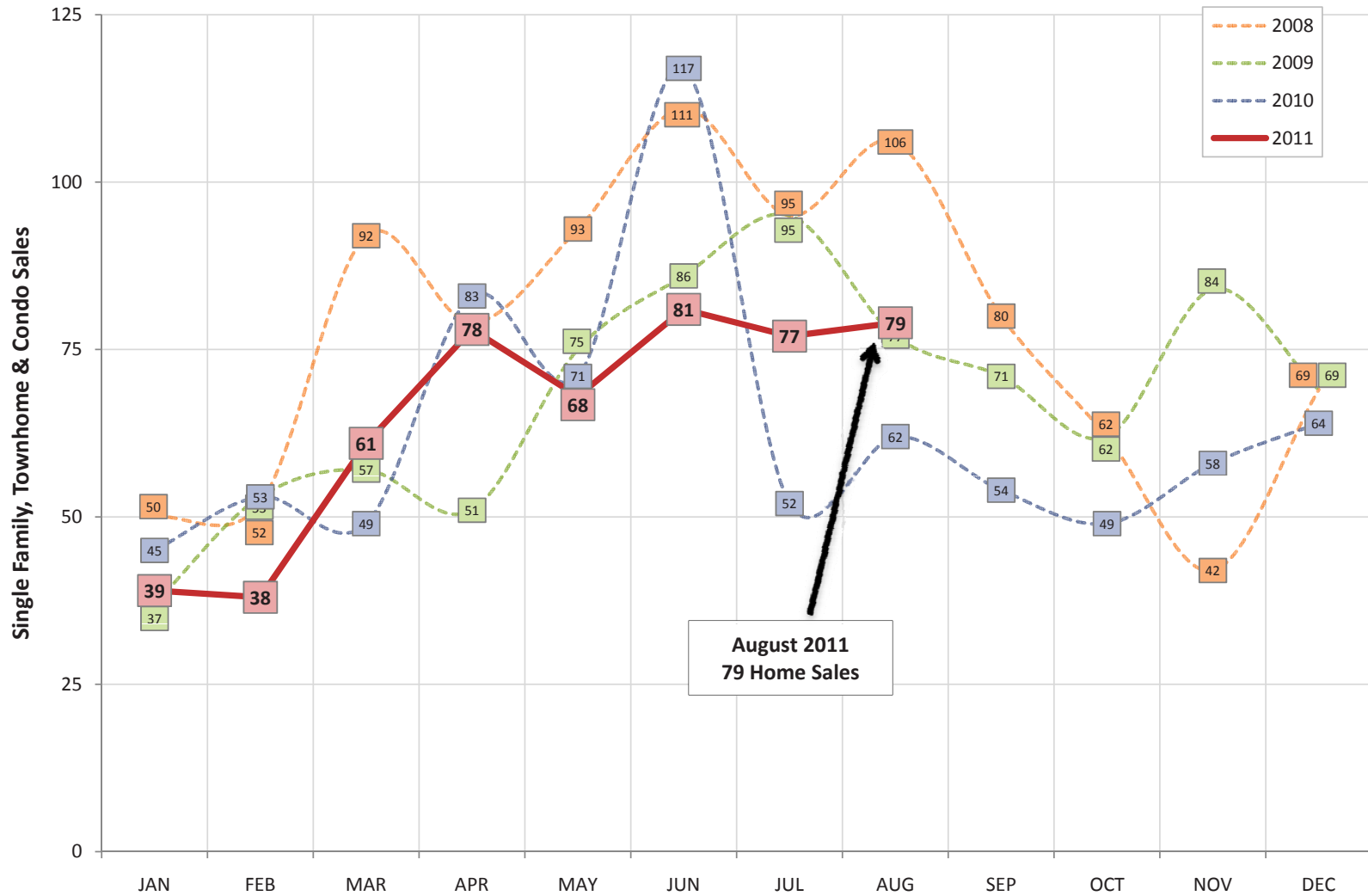
Average Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
August	\$231,653	\$210,042	\$217,941	\$201,725	-7.44%
Year-To-Date	\$224,604	\$219,333	\$212,279	\$200,660	-5.47%

Average Days on Market	2008	2009	2010	2011	% Change ('10 - '11)
August	170	158	207	178	-14.01%
Year-To-Date	163	186	193	209	8.29%

Home sales soared in August 2011 (79 sales) compared to August 2010 (62 sales), showing a 27% improvement -- and the August median sales price (\$200,000) shows a 15% year-over-year increase since \$174,450 in August 2010. The pace of home sales this year to date (521 sales) is just 2% slower than last year (532 sales), which

is an indicator of stability in the market, as home sales were buoyed last year by the federal home buyer tax credit. Despite a recovering sales pace, and potentially steadying sales prices, the length of time it takes to sell a home continues to increase, with an average of 209 days on market thus far this year.

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

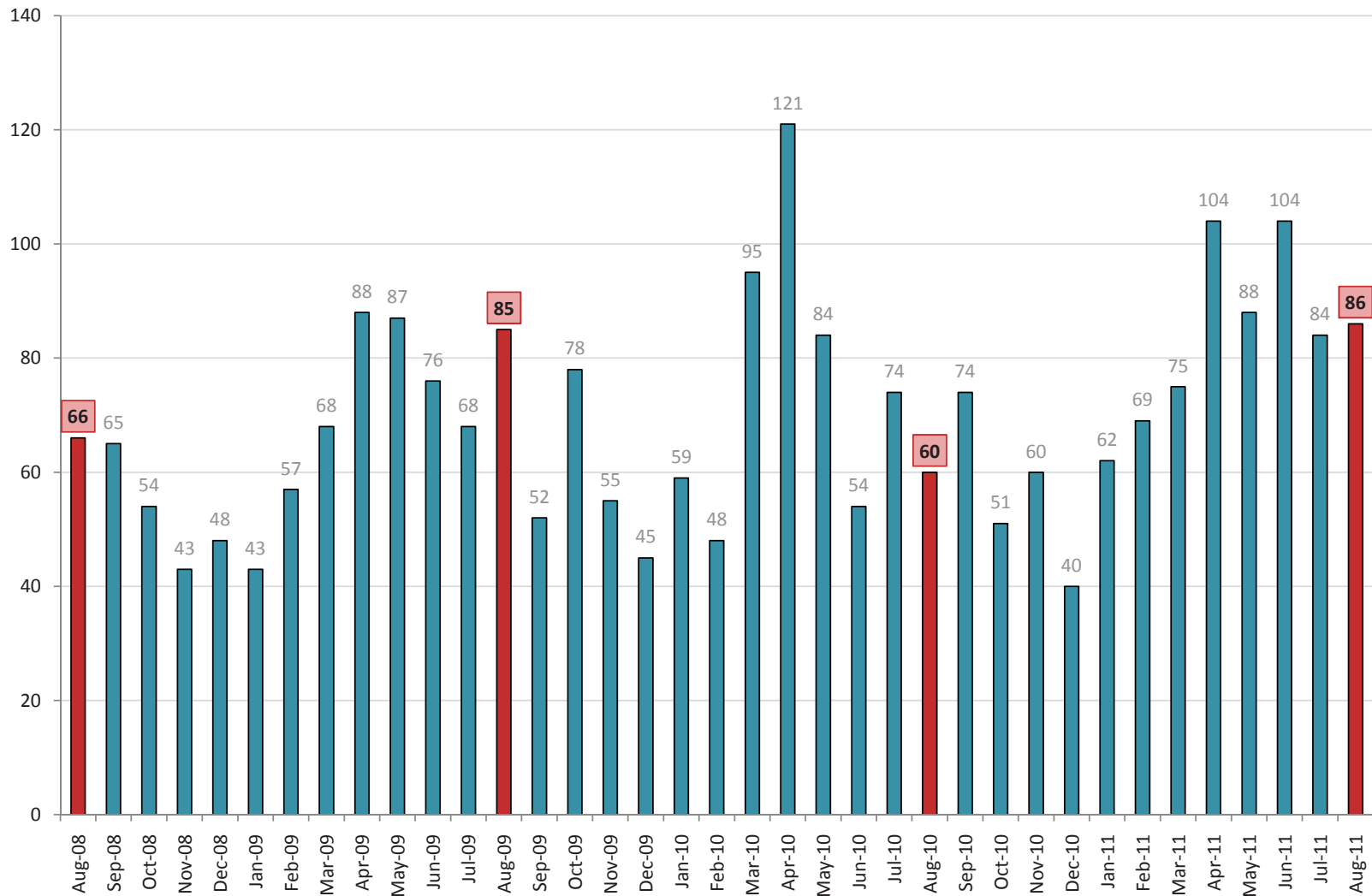


August 2011  
79 Home Sales

August 2011 home sales (79) showed a marked improvement over August 2010 (62) -- though last year's slow August sales were largely a result of the high sales figures in April and June 2010. Home sales were quite slow in the second half of 2010 based on the expiration of the federal home buyer tax credit, thus making 2011 Q3 sales

figures appear quite strong. The market still has plenty of time this year to show further improvement as compared to 2010, and it is likely that this year's monthly sales trends will follow 2009 sales more closely than 2010 sales due to the impact of last year's federal home buyer tax credit.

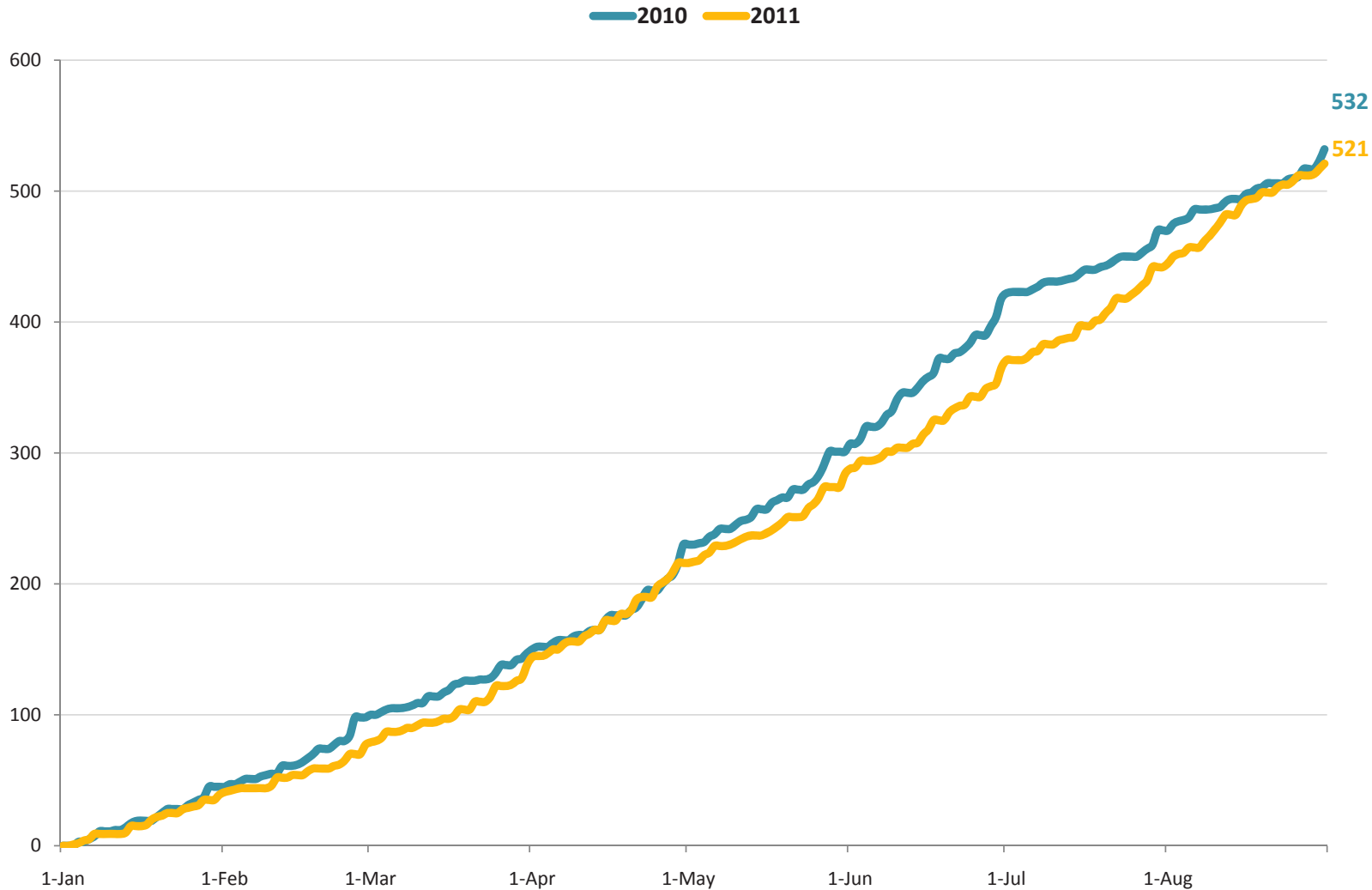
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



Home buyers continued to aggressively write contracts to buy real estate in August 2011, committing to buy more properties than any August over the past three years. While not summed up on the graph, there were only 595 contracts in the first eight months of 2010 as compared to 672 contracts written in the first eight months of

2011. The mere 2% drop in the pace of year-to-date home sales combined with this 13% increase in year-to-date contracts indicate that we will continue to see strong sales over the next several months. This graph is often the best indicator of what we should expect to see in the market over the coming months.

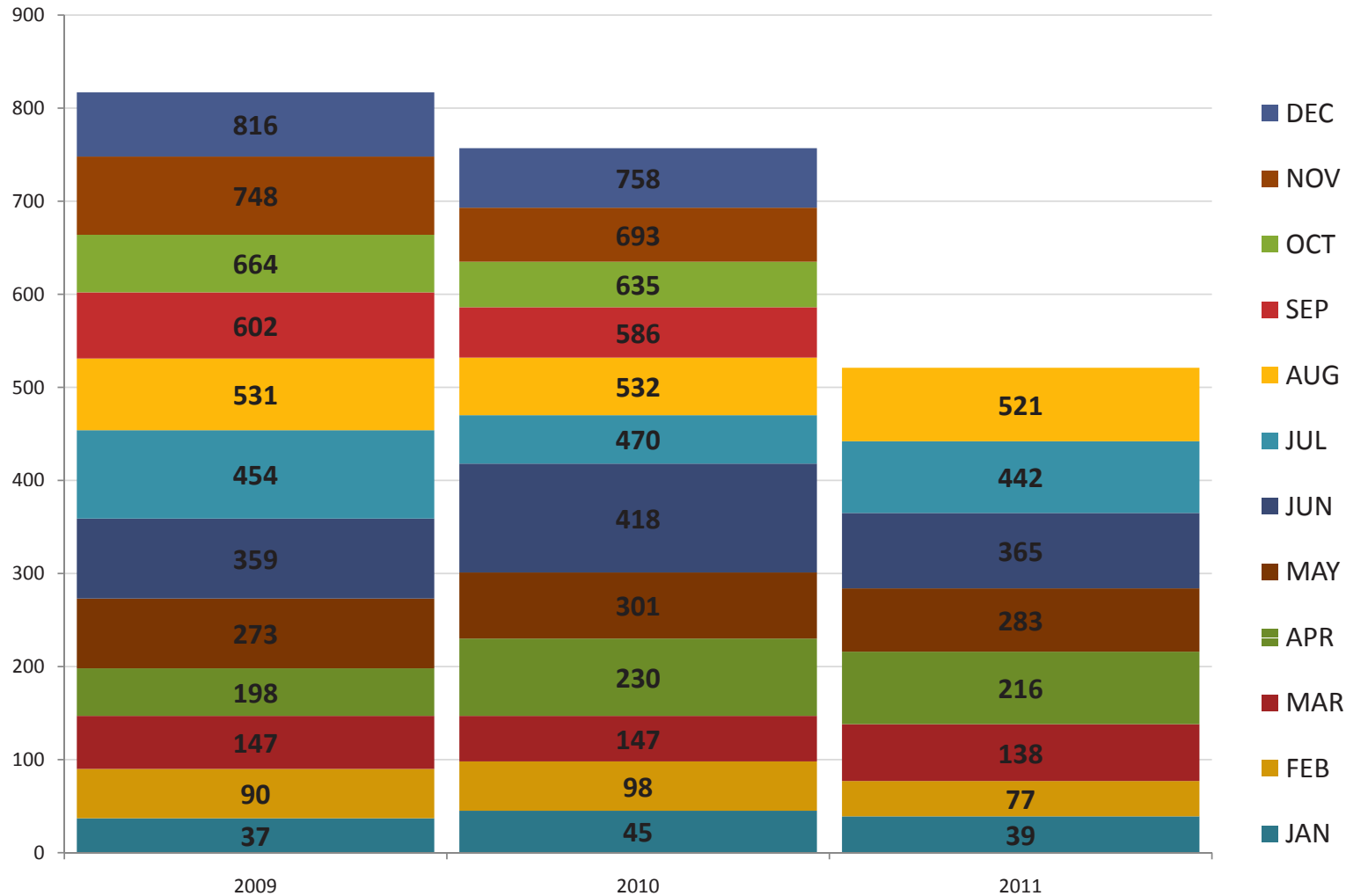
### Harrisonburg & Rockingham County Daily Cumulative Residential Sales



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 in 2010. The gap has now all but closed by the end of August, pointing to a likely overall annual improvement in the local housing market by the end of the year.

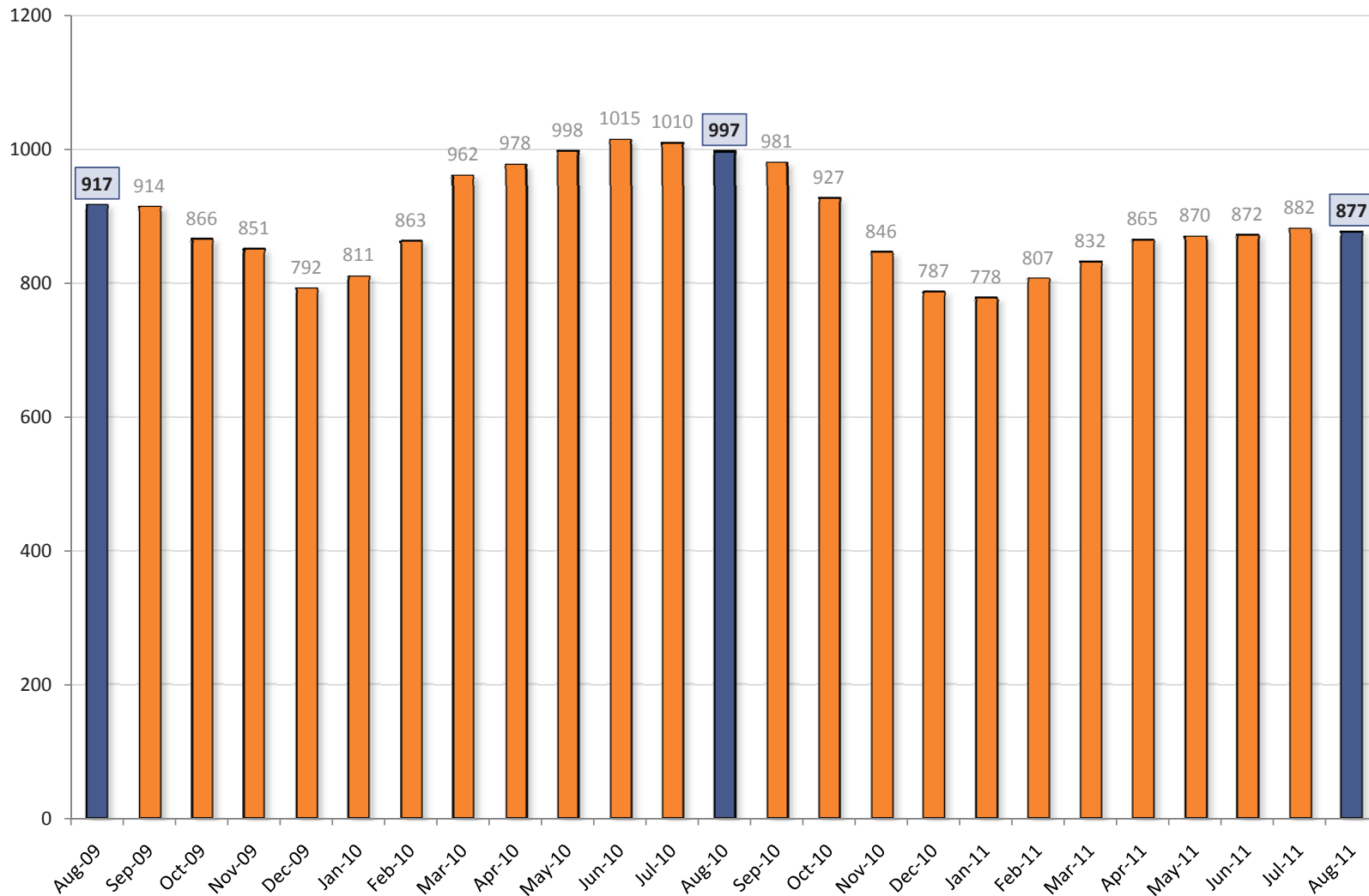
### Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. You'll note that the 521 home sales in the first eight months of 2011 were very close to matching the first eight months of 2009 (531 home sales) AND 2010 (532 home sales). It is also important to note how short

each of the next three months were last year (September, October, November). I suspect that monthly home sales in these same three 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**

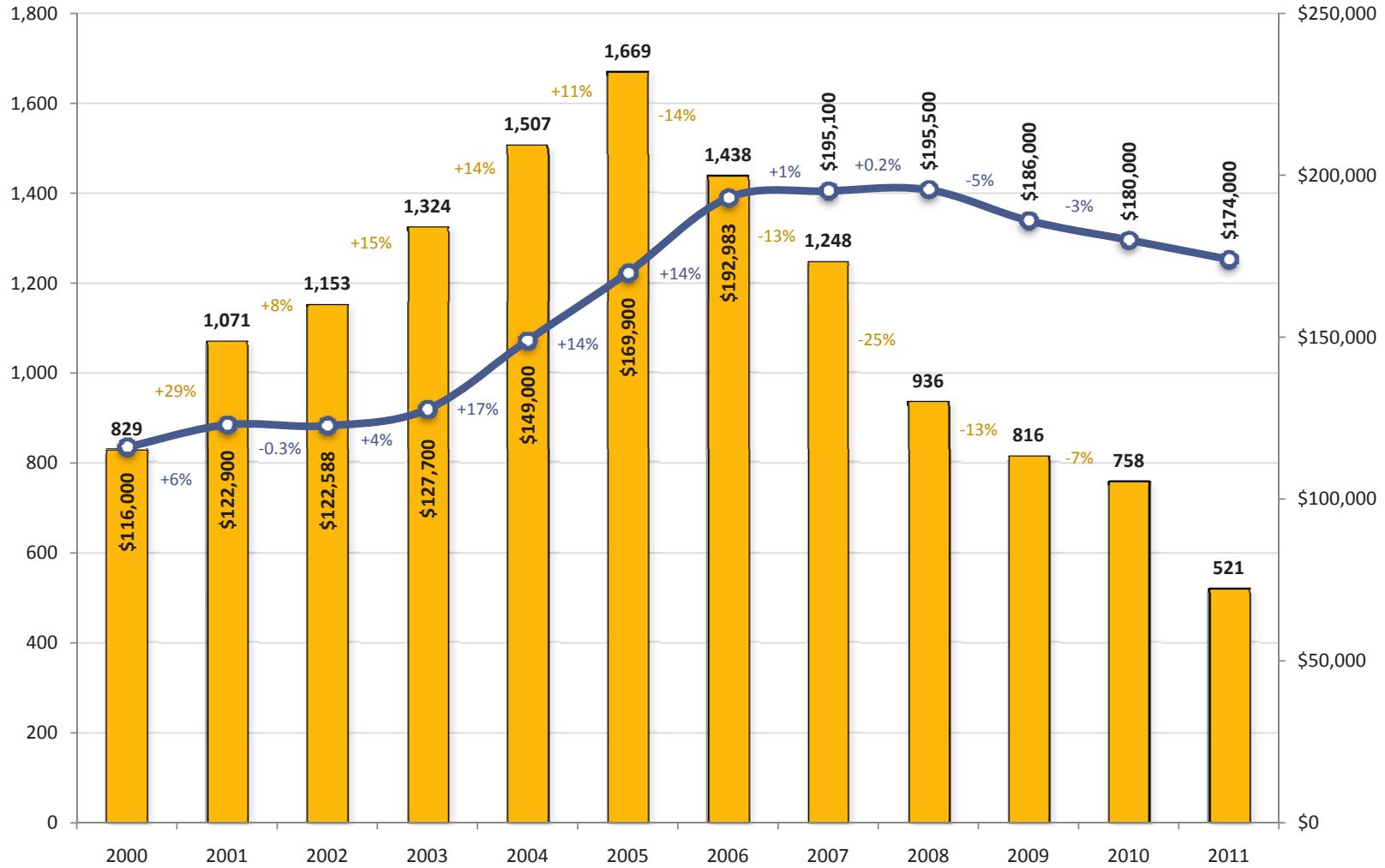


Remarkably, inventory levels have not significantly climbed during the first eight months of 2011 --- with only a 13% increase in inventory between January 2011 and August 2011. Comparatively, we witnessed a 23% increase in inventory during the first eight months of last year. Perhaps the high inventory 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

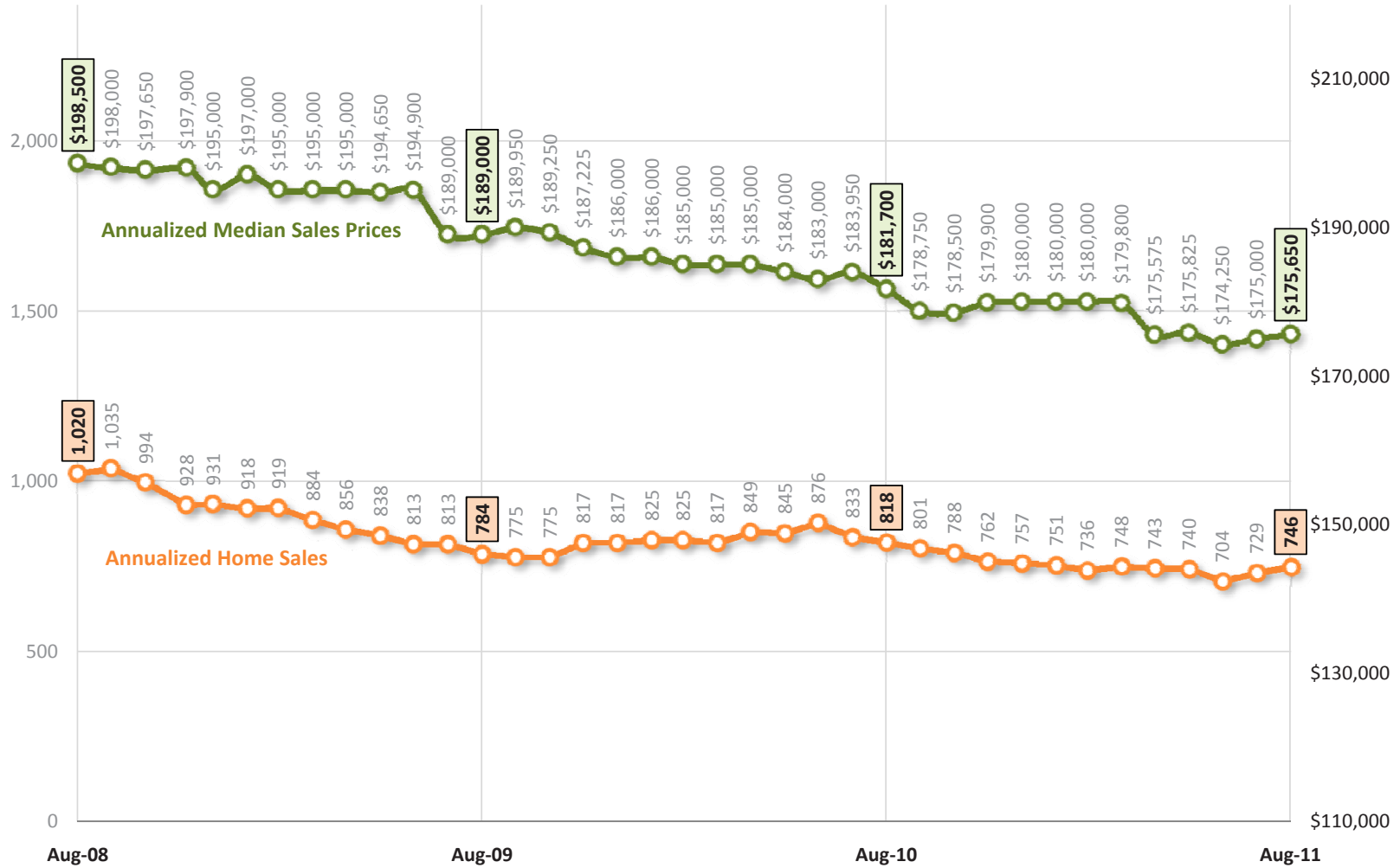


This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year (since 2000) as well as changes in the median sales price during the same time period. If we do start to see a stabilization of the pace of home sales (at least 758 sales 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 (-3%) is on par with the market adjustment we experienced between 2009 and 2010.

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

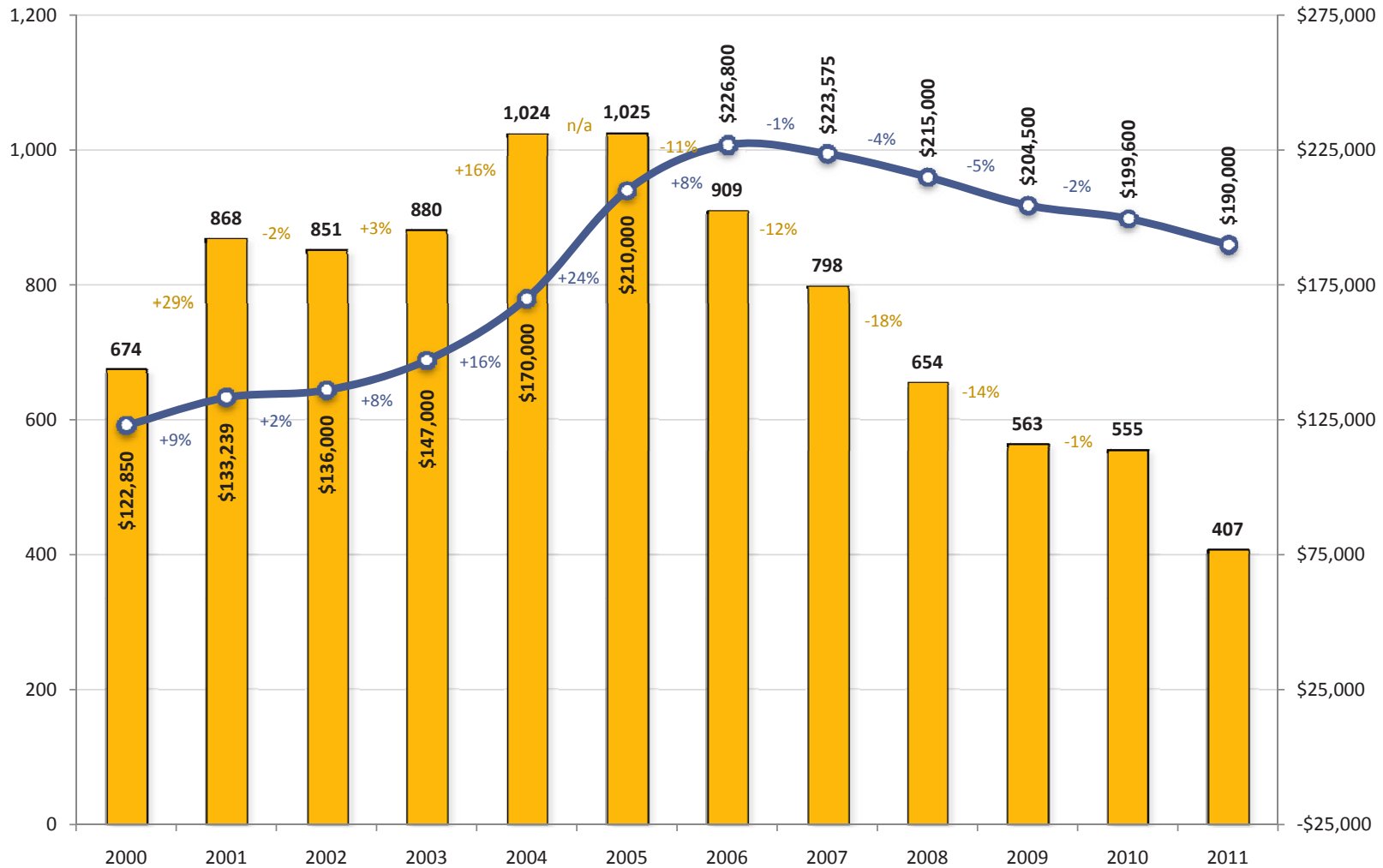
# Home Sales, Median Sales Price in each 12 Month Period



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 27% decline in annualized home sales and a 12% decline in median sales prices. It is interesting to note that the median sales price has started to increase over the past several months from \$174,250 (June 2011) to \$175,650 (August 2011).

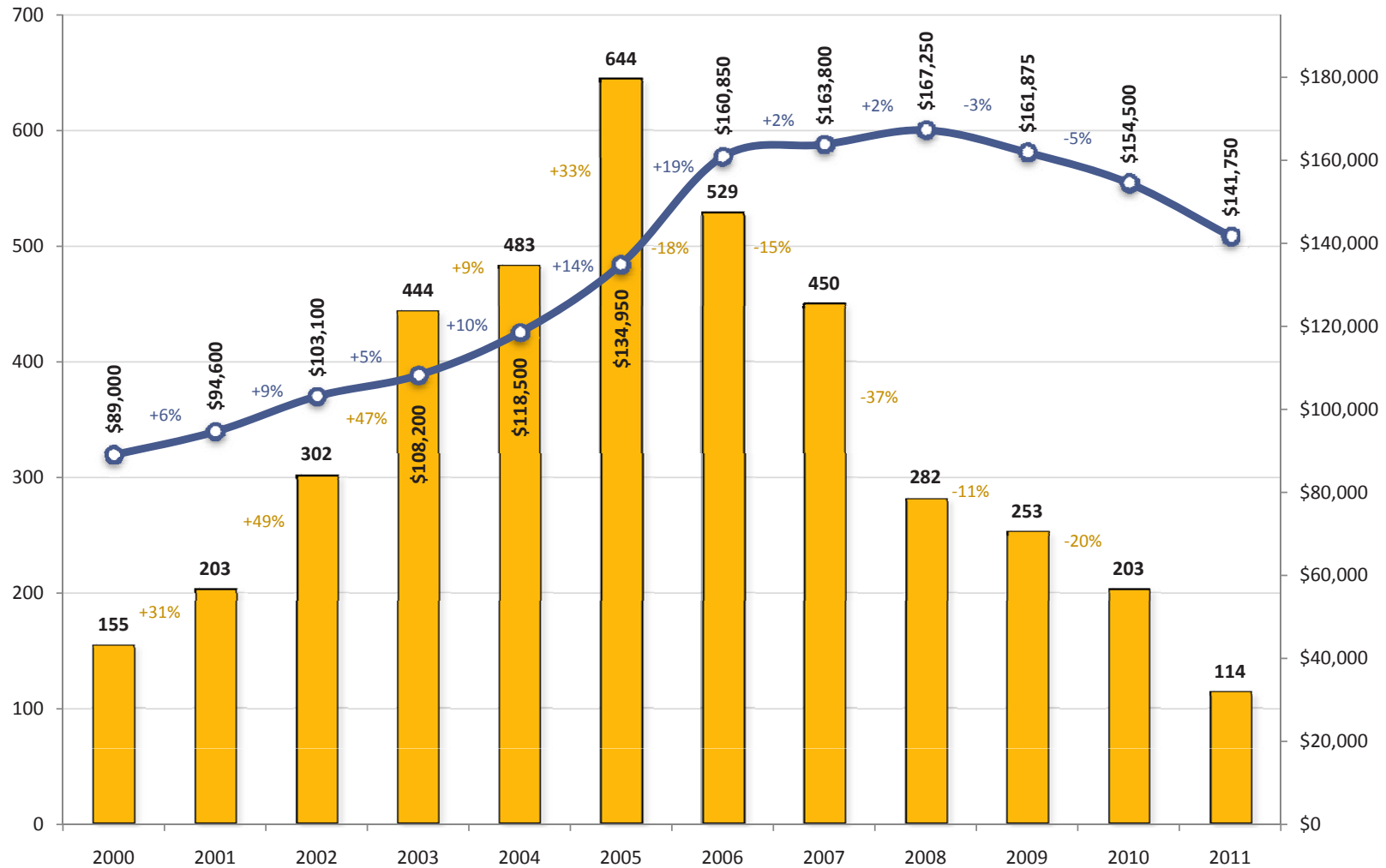
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



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 are likely to see an

increase in the number of single family homes sold in 2011 (as compared to 2010). Despite this forthcoming stability in the pace of single family home sales, we are continuing to see a decline in median sales price (-5%) thus far in 2011.

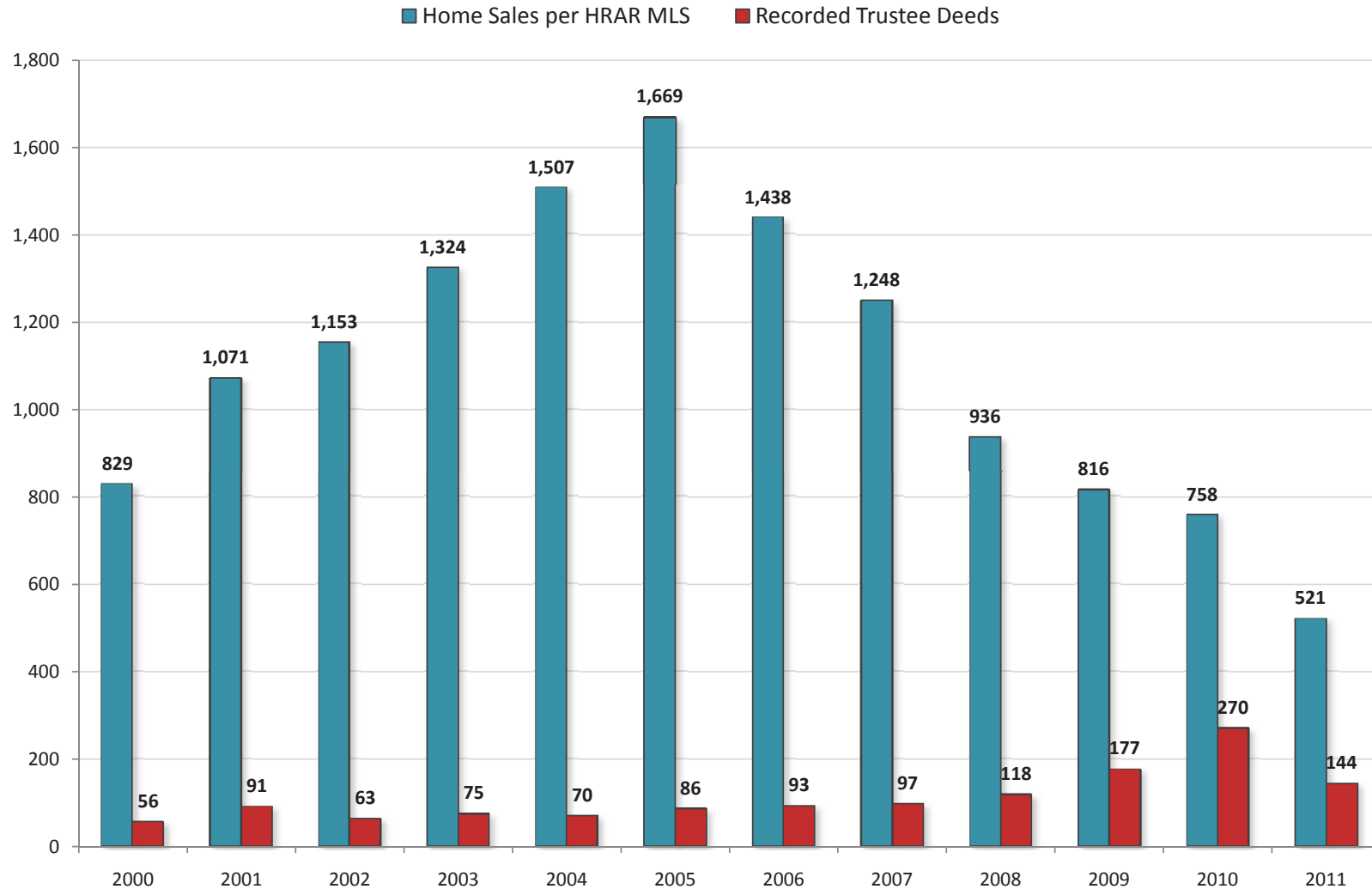
### Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



Even if the single family home market may be stabilizing, the townhouse market is still having difficulty finding a balance. There will likely be further decline in the number of townhomes selling in 2011, and the median sales price is continuing to fall rather quickly (-8%). At this point, the median sales price of townhomes is

down to only \$141,750 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 170 townhome sales in 2011.

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

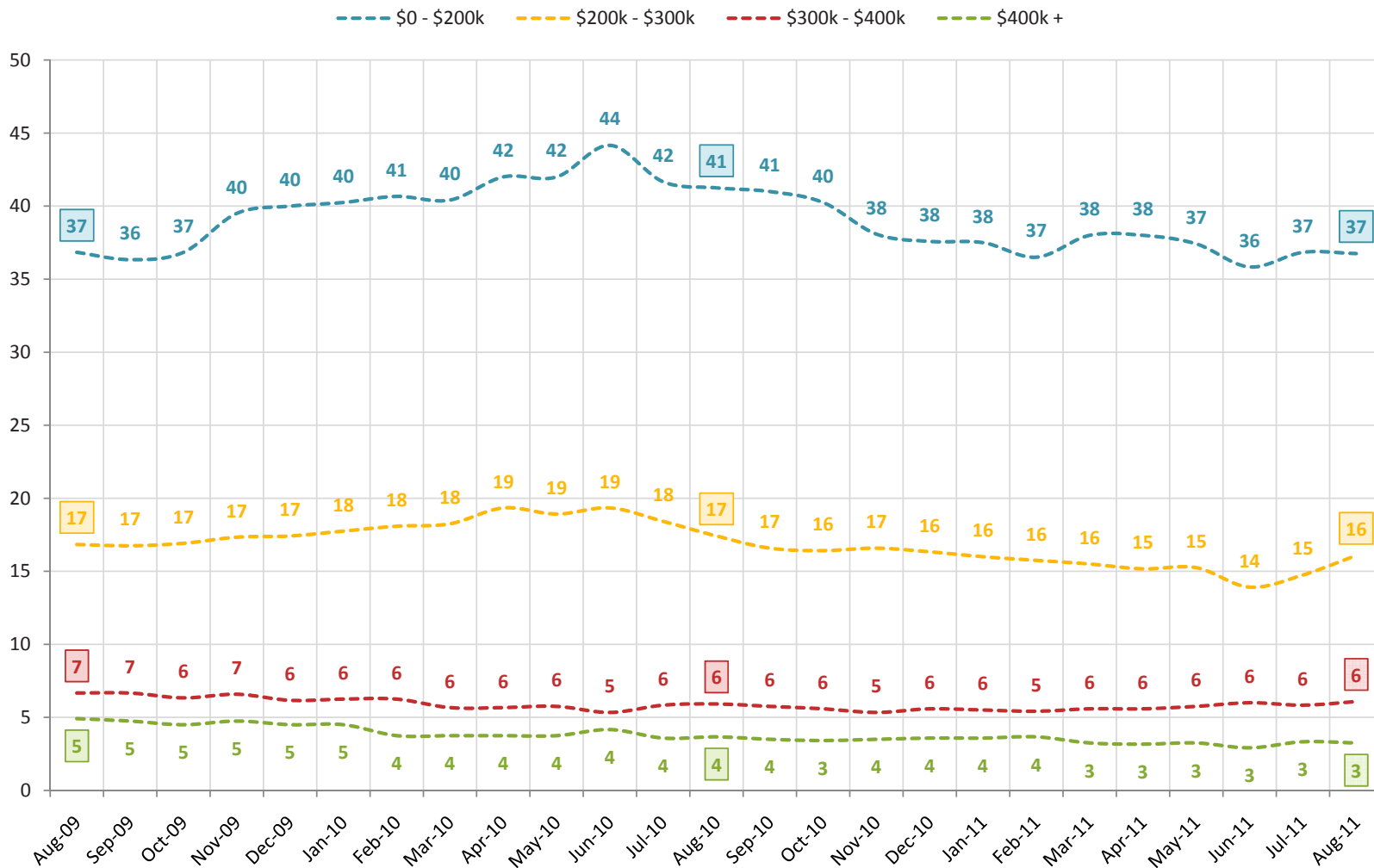


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor any new home sales directly from a builder. The red bars show the 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 (3.6 home sales per trustee deed) is a much healthier ratio than last year (2.8 home sales per trustee deed).

### Harrisonburg & Rockingham County Home Sales by Price Range

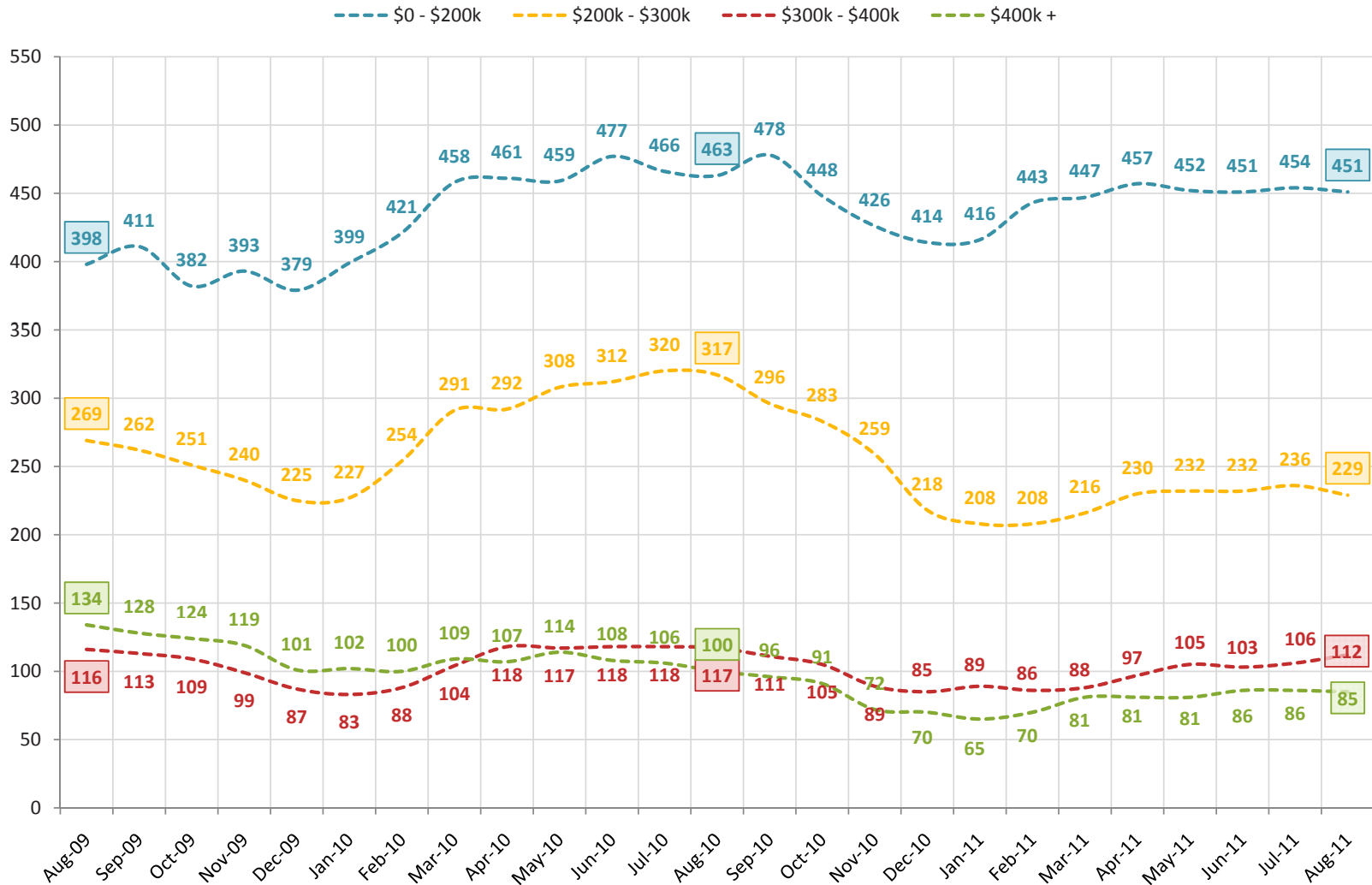
(Average of Past 12 Months)



The pace of home sales certainly varies based on price range. The graph above shows the average number of home sales per month (given a 12-month average) as we have passed through the past two years. You'll note that the sale of homes for less than \$200,000 increased through June 2010 and has since declined again. This

phenomenon is almost positively a result of the federal home buyer tax credit that pulled many first time buyers into the market this winter. Also of note, higher end properties (\$300,000 or above) haven't seemed to be affected too much by month by month changes in market conditions.

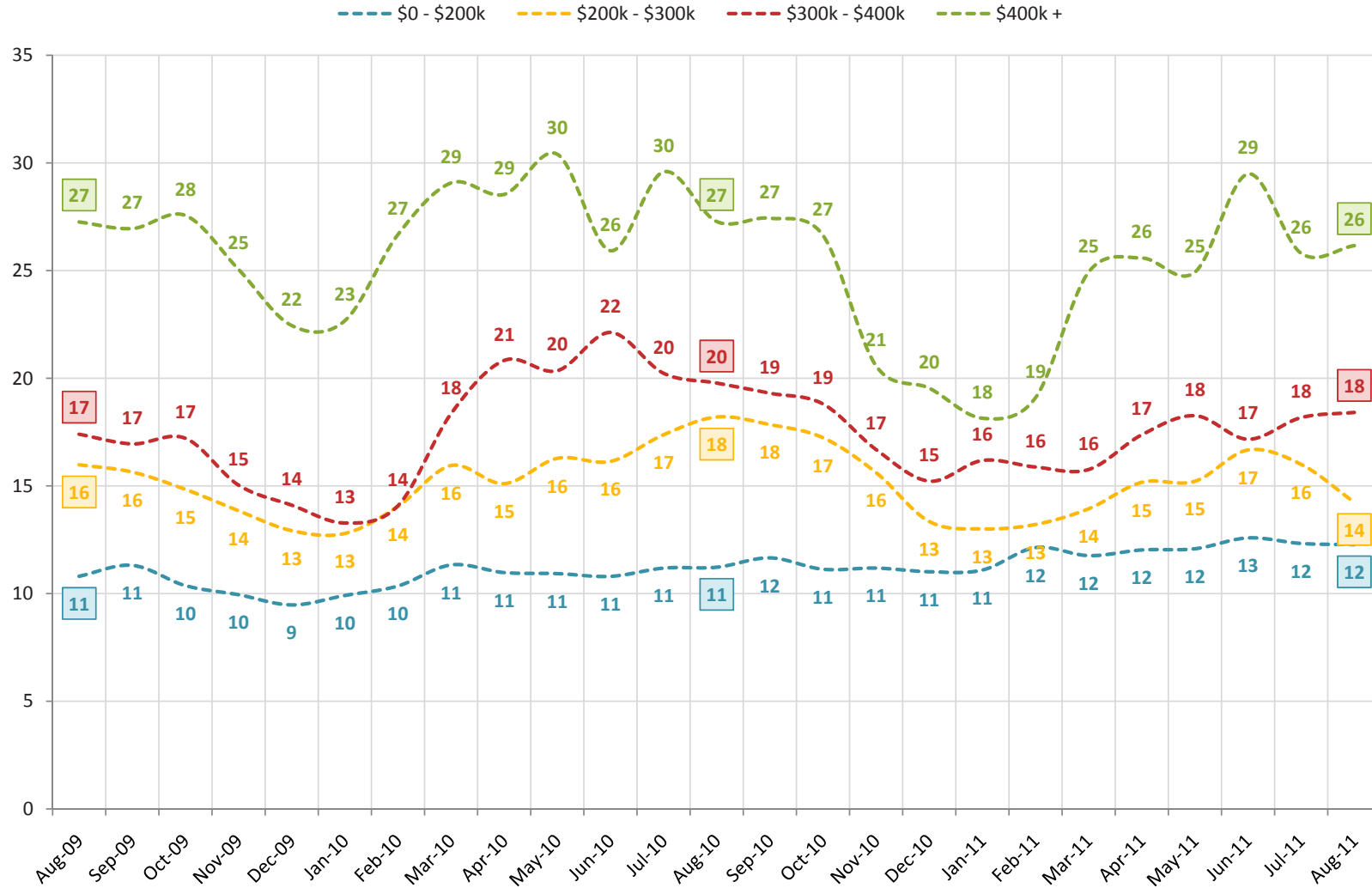
### Harrisonburg & Rockingham County Inventory Levels by Price Range



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 37% decline in inventory from 134 homes for sale in August 2009 to only 85 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 Months of Housing Supply by Price Range

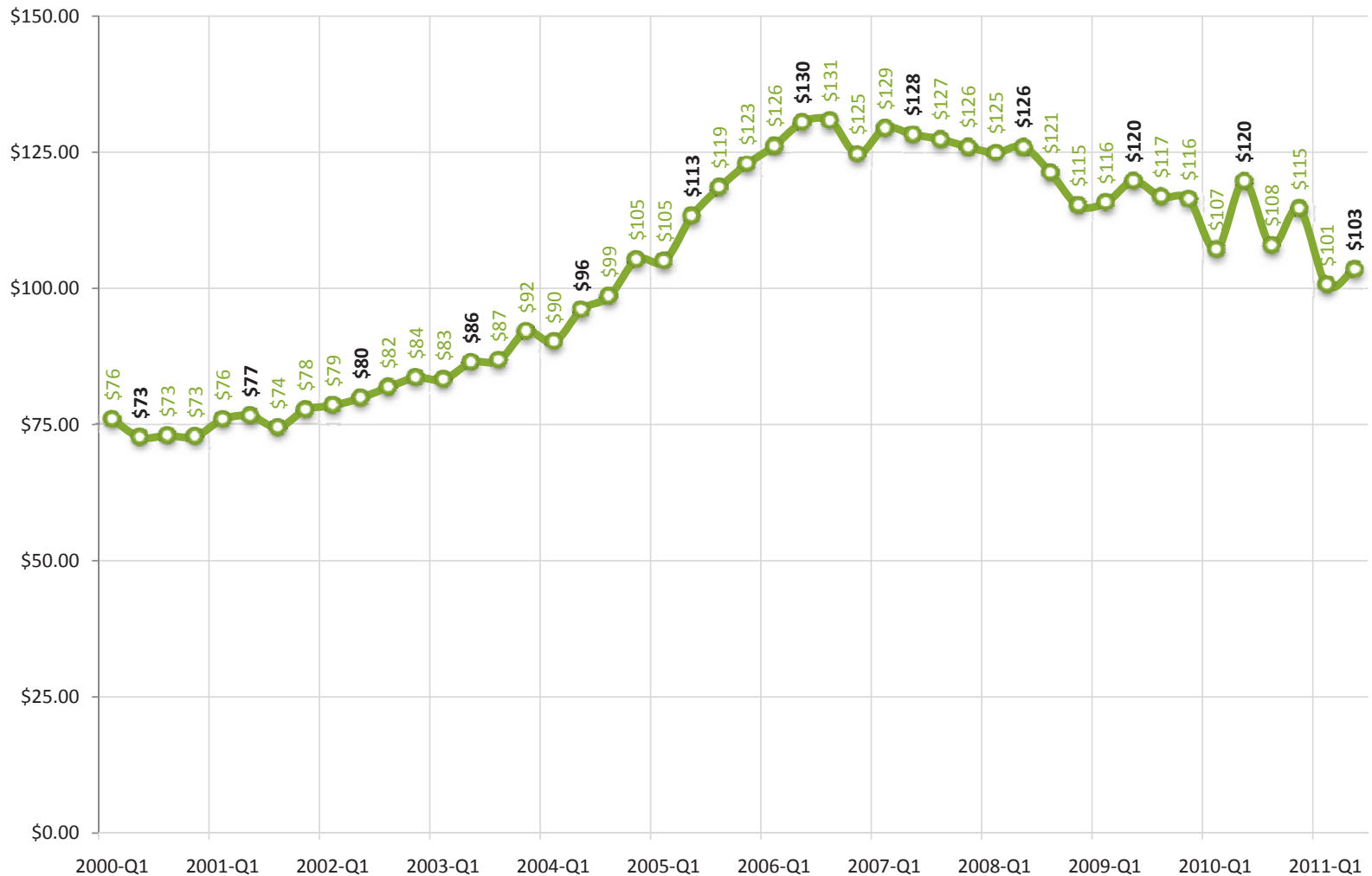


With so many homes on the market (lots of sellers) and so few home sales (not so many buyers), there are very high levels of supply in our local real estate market. The graph above illustrates that it would take 12 months to sell all of the homes currently for sale under \$200k if the same number of 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.



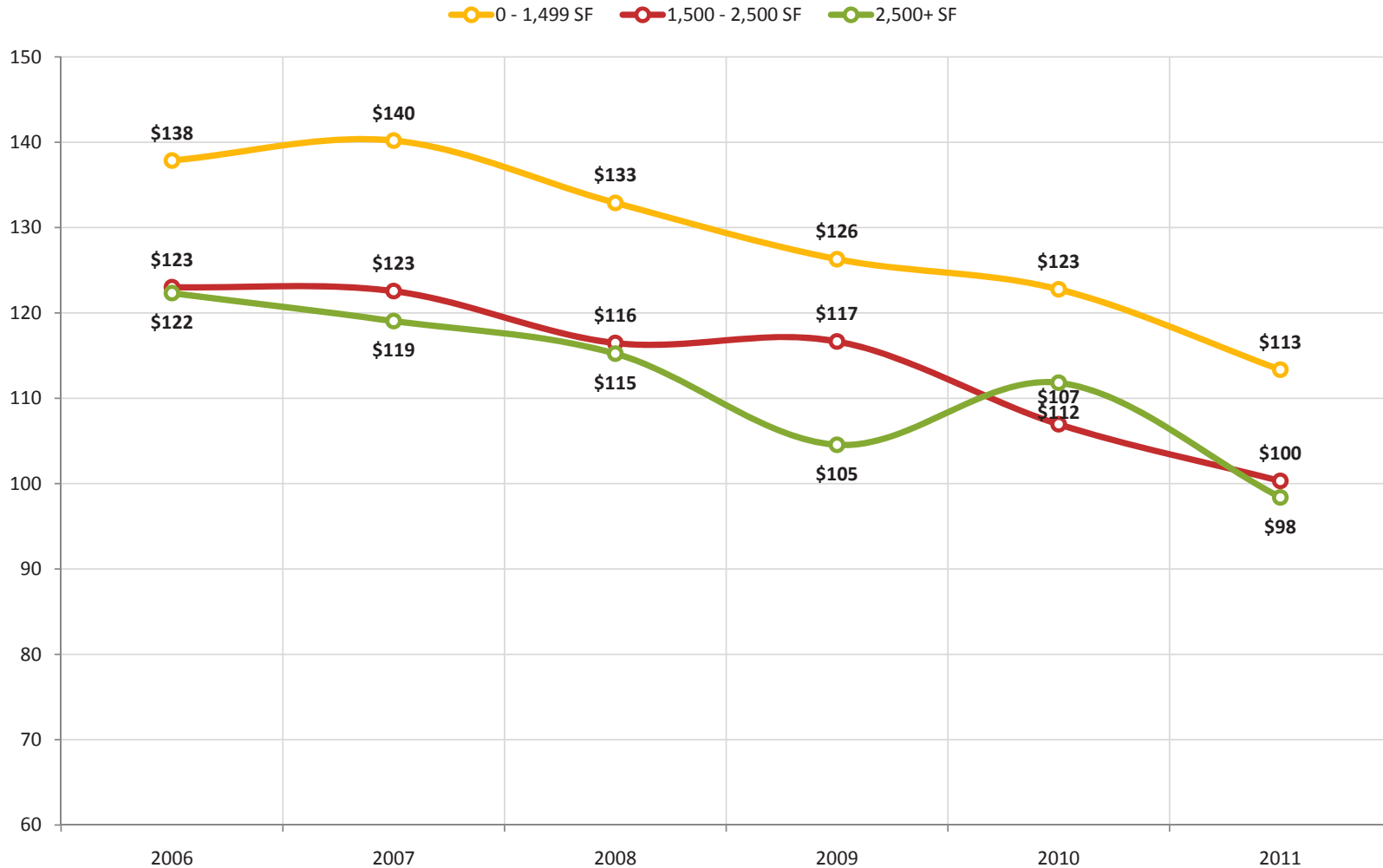
Harrisonburg & Rockingham County  
**Median Price Per Square Foot Trends**  
 Single Family Homes



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.

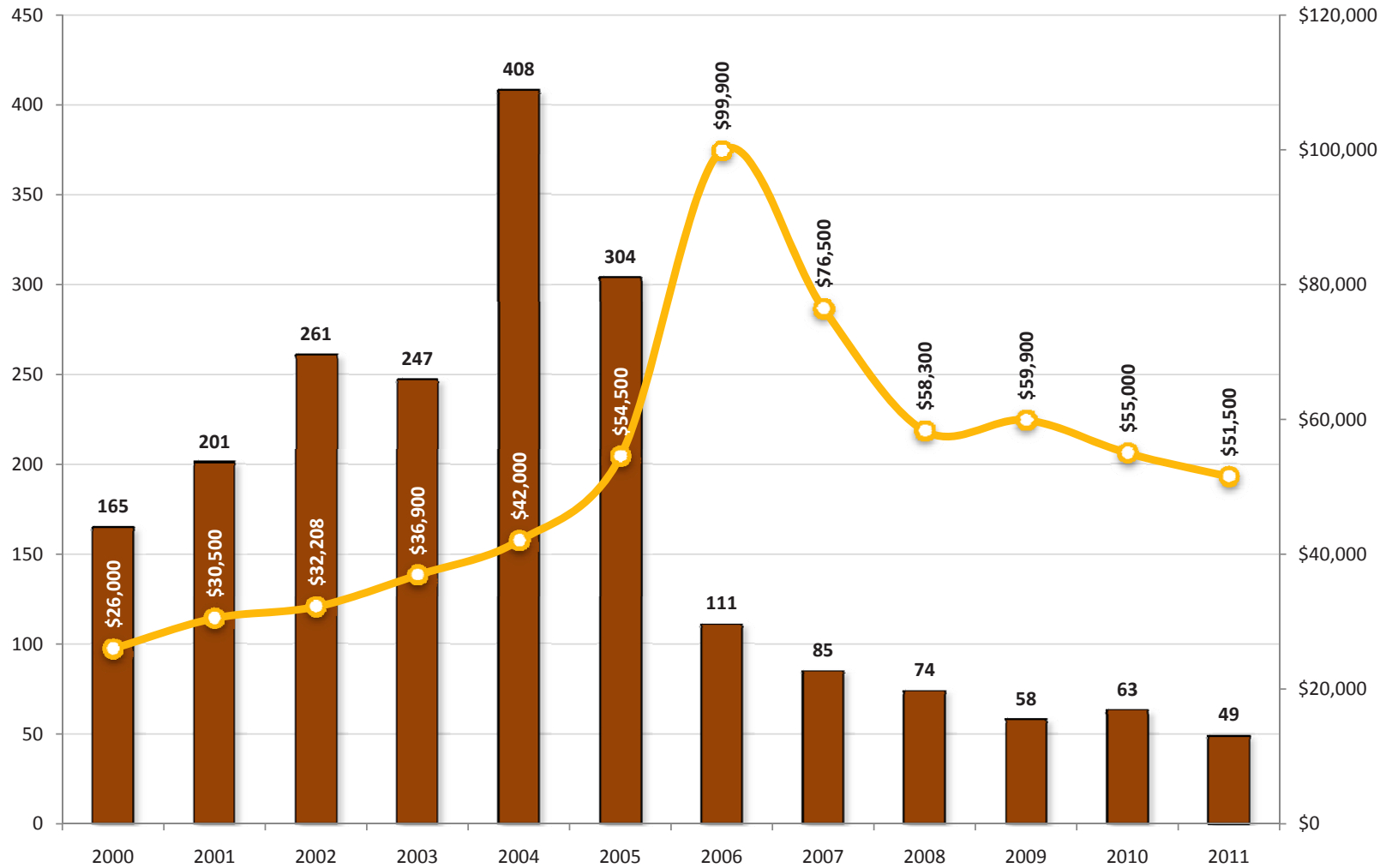
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



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

(\$98/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.

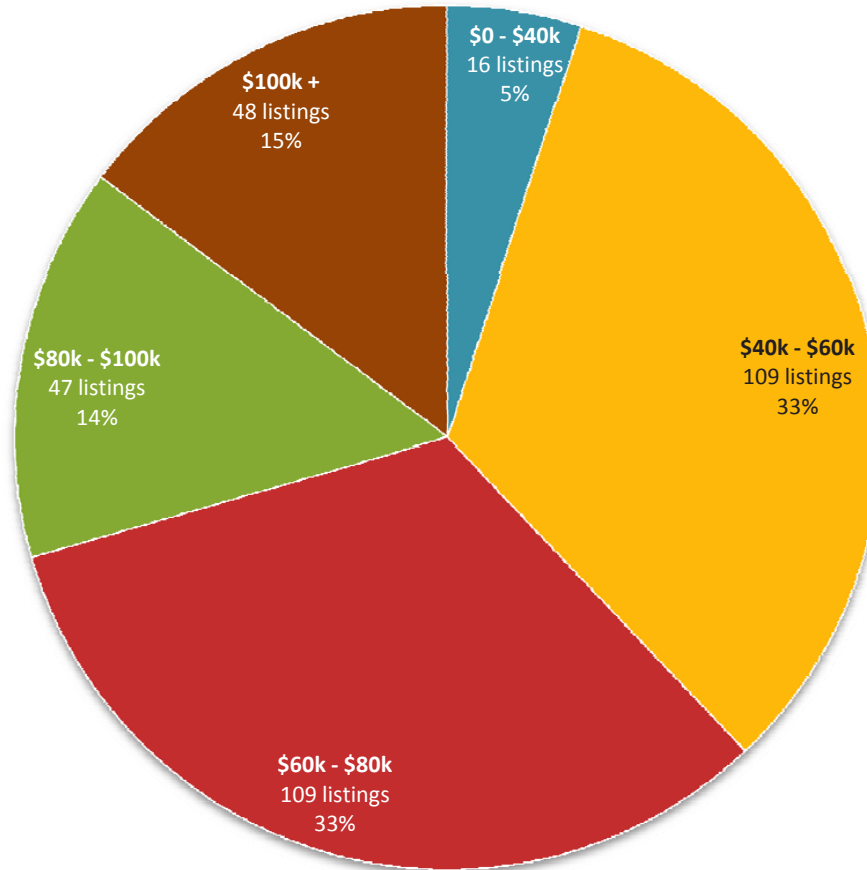
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



While the pace of sales of lots that are smaller than an acre have plummeted since 2004 (-85% between 2004 and 2010), they finally may have stabilized. 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 49 lot sales under an acre in size. At this pace, we could still see a strong increase in lot sales comparing 2011 to 2010. The median sales price of these lots under one acre is still declining slightly, to a current value of \$51,500.

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

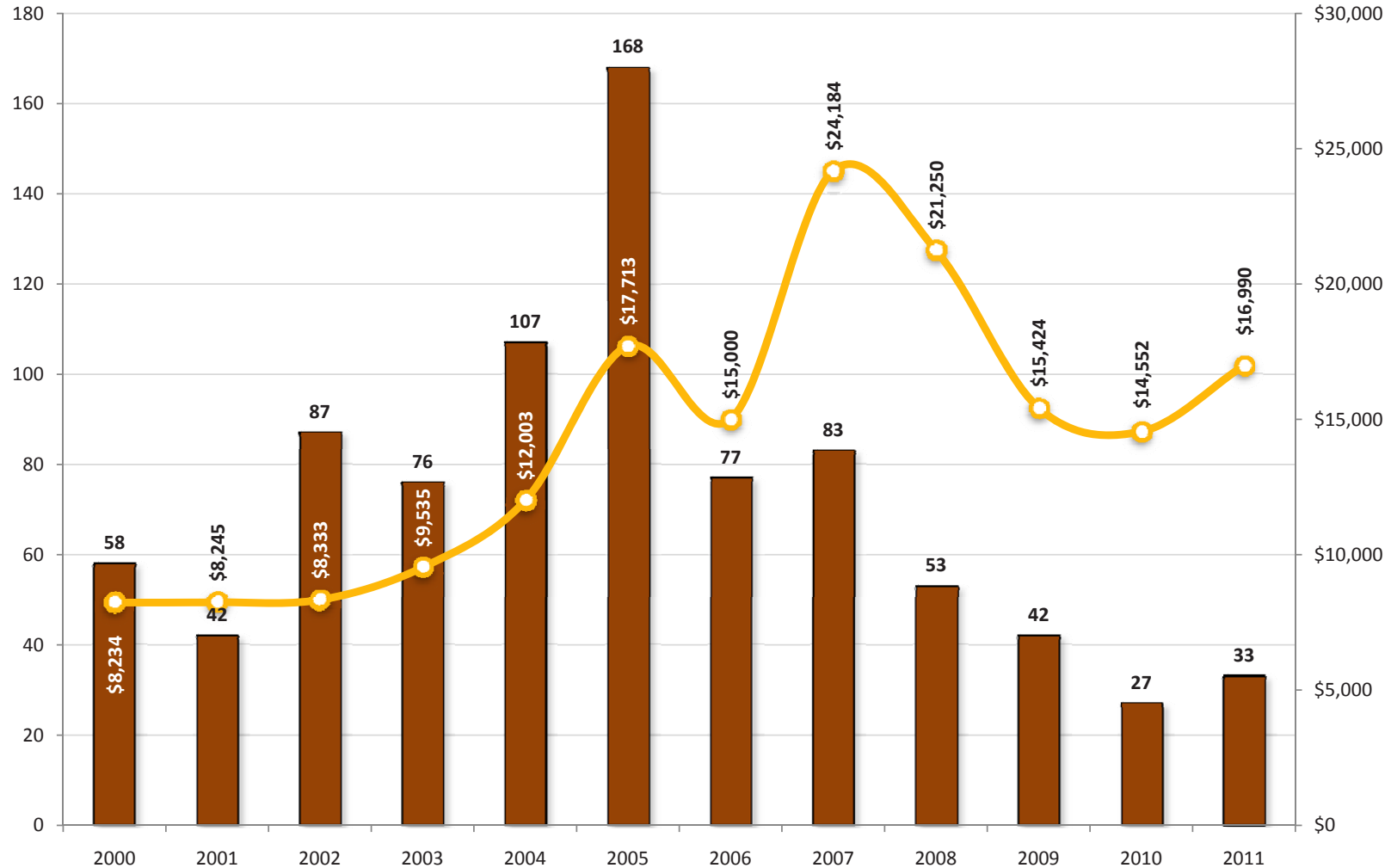


**319 Active Lot Listings; Median List Price: \$70,000**

Despite the fact that only 63 lots (of less than an acre) sold in all of 2010, there are an amazing 319 lots currently for sale. Furthermore, despite the fact that the median sales price of lots is hovering around \$51,500, the median list price of the 319 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 \$51,500.

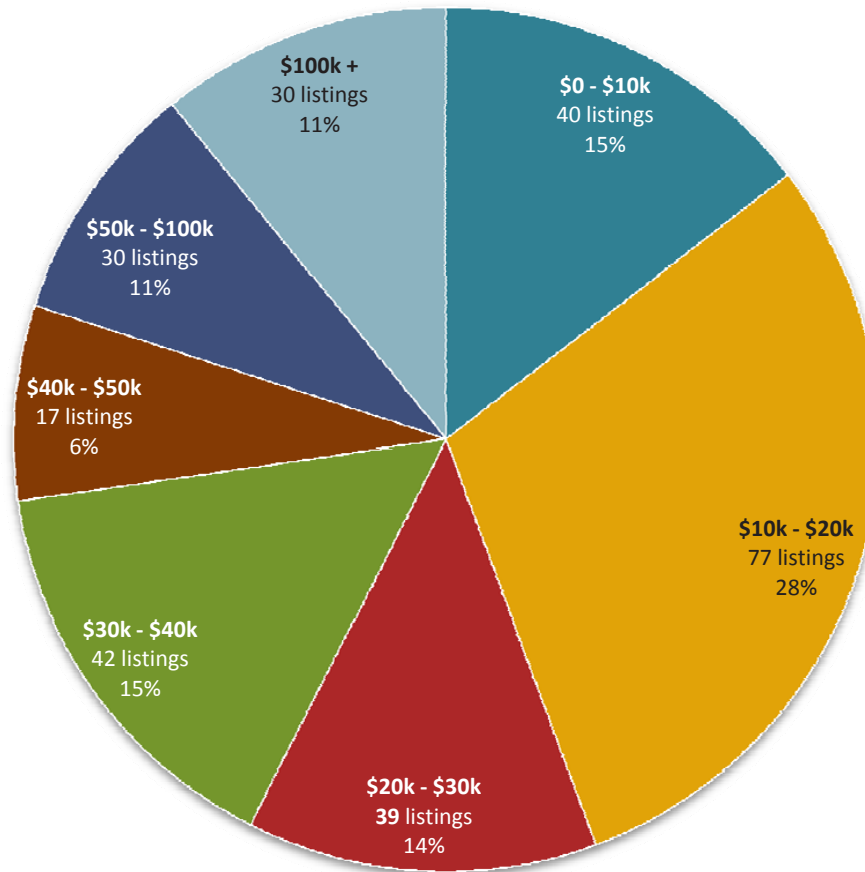
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County are selling quite quickly this year as compared to last year. During all of 2010, only 27 such land sales were recorded in the HRAR MLS, but we have already seen 33 sales during the first eight months of 2011. This increase in the pace of sales is very likely causing

the increase in median price per acre that has been experienced over the past year. Parcels were selling at a median of \$14,552 per acre last year, and thus far in 2011 they have been selling at a median of \$16,990 per acre.

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

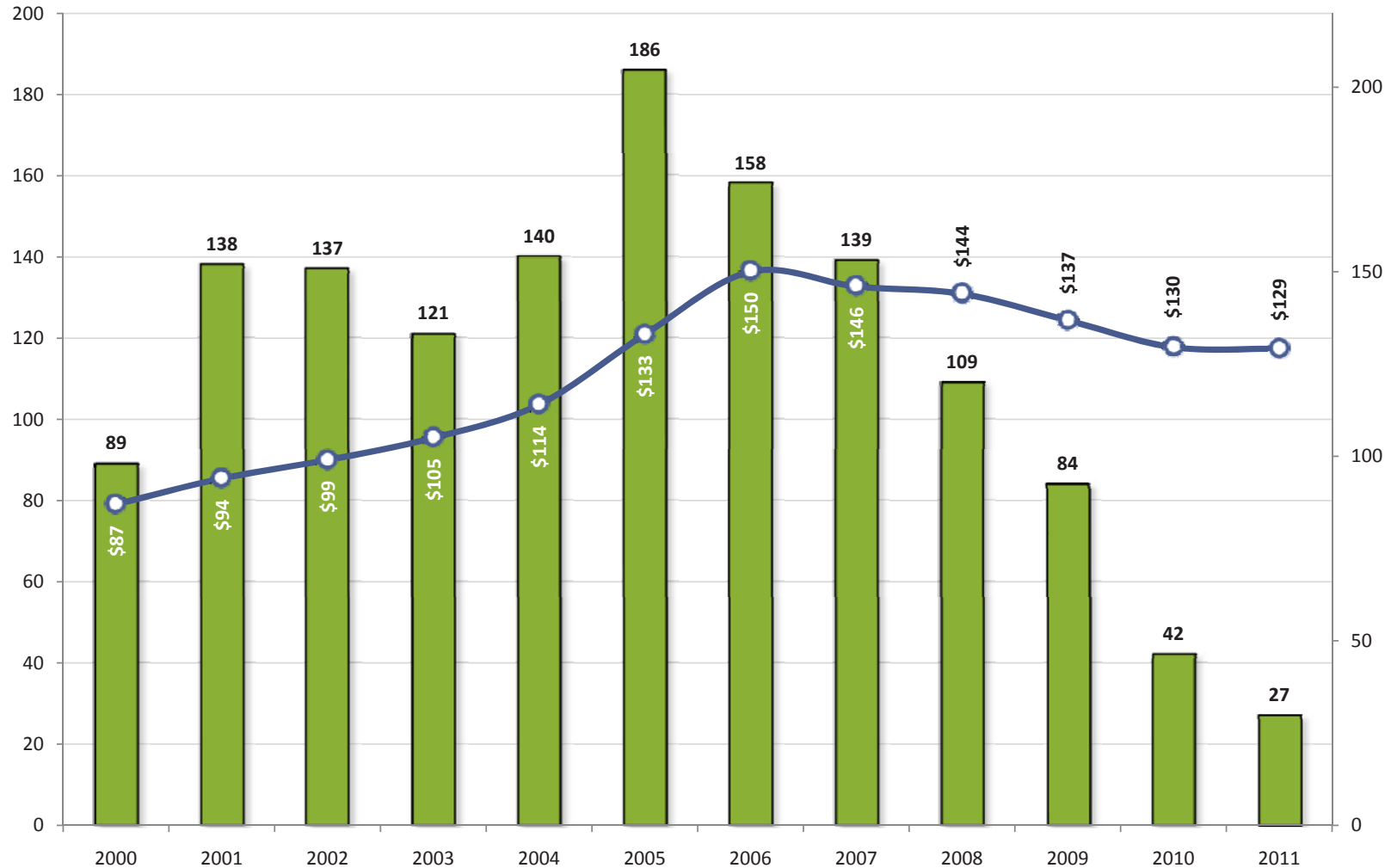


**279 Active Land Listing; Median List Price: \$23,277 / Acre**

Despite the fact that only 27 parcels of land (of one acre or more) sold in all of 2010, there are an amazing 279 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$17,000 per acre, the median list price of the 279 parcels for sale is currently \$23,277 per acre. Given last

year's 27 land sales, if no other land is listed for sale, it would take over 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.

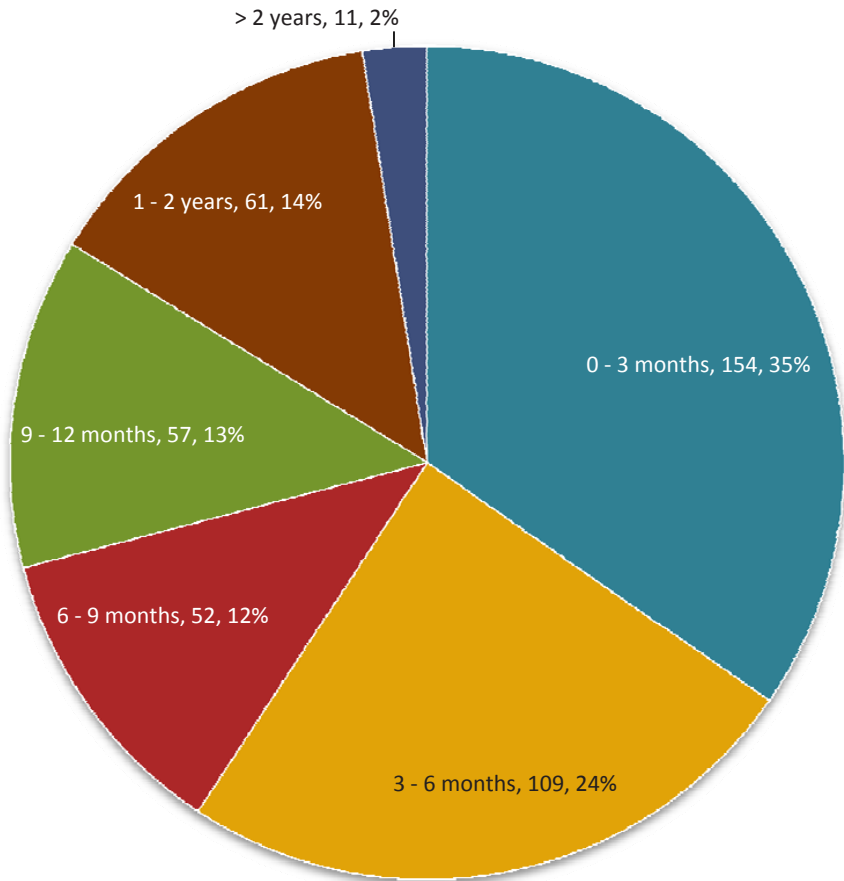
### Harrisonburg & Rockingham County New Construction Single Family Home Sales Trends Number of Sales, Median Price Per Square Foot



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 -- though new home sales in 2011 may (just barely) match last year's new

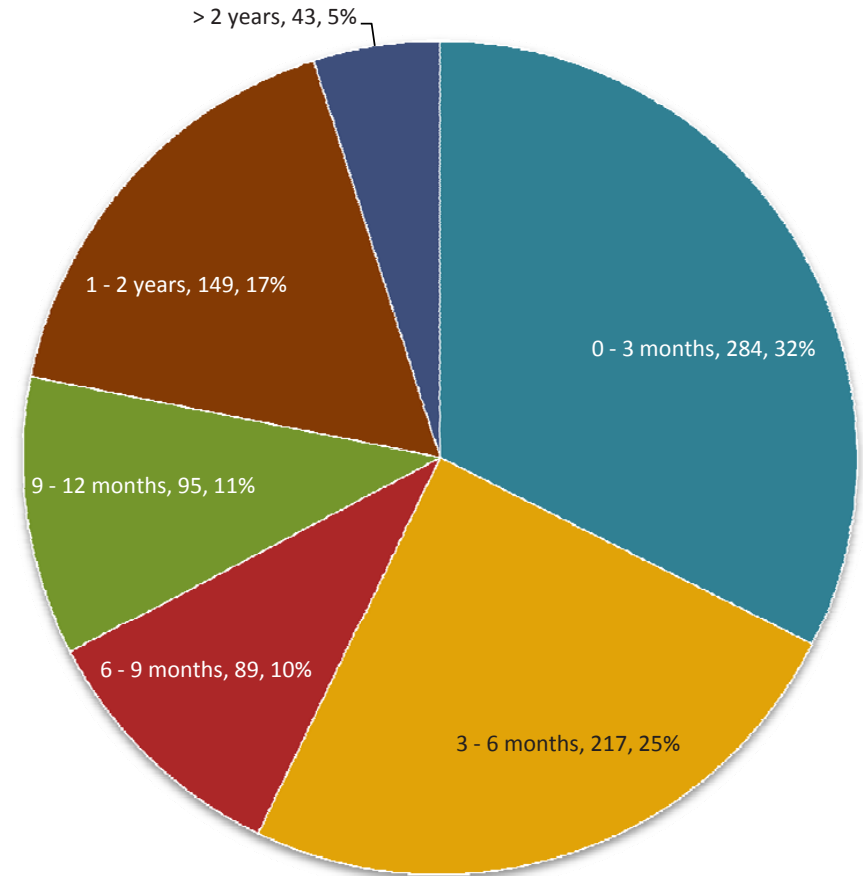
home sales. It is interesting to note that not only has the pace of new home sales started to stabilize, the median price per square foot is also showing some signs of steadying, with only a 1% decline between 2010 and 2011.

**Harrisonburg & Rockingham County  
Days on Market Analysis  
Residential Listings Sold Mar '11 - Aug '11**



**Average Days On Market: 207**

**Harrisonburg & Rockingham County  
Days on Market Analysis  
Active Listings**



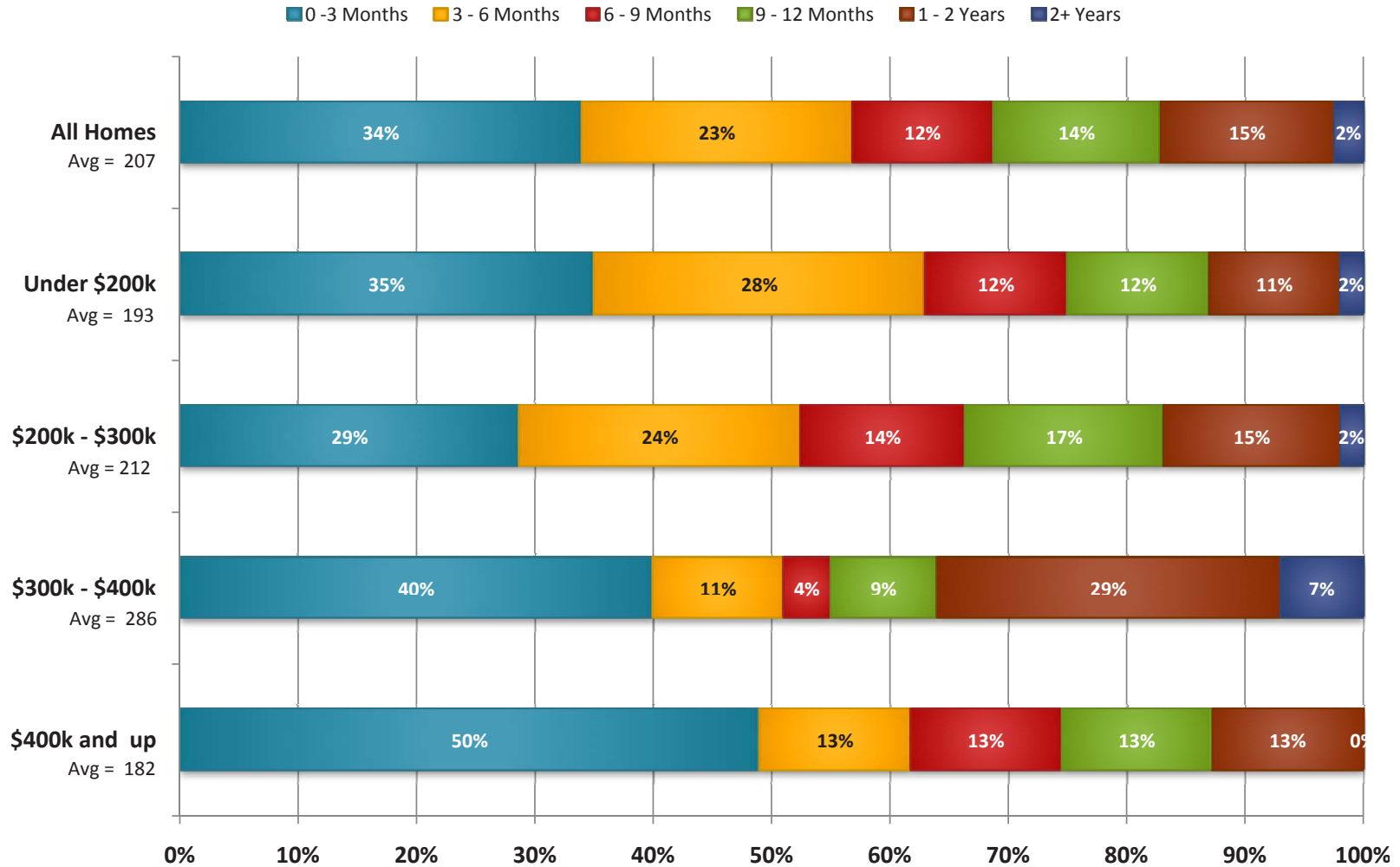
**Average Days On Market: 233**

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 59% 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**  
 Mar '11 - Aug '11

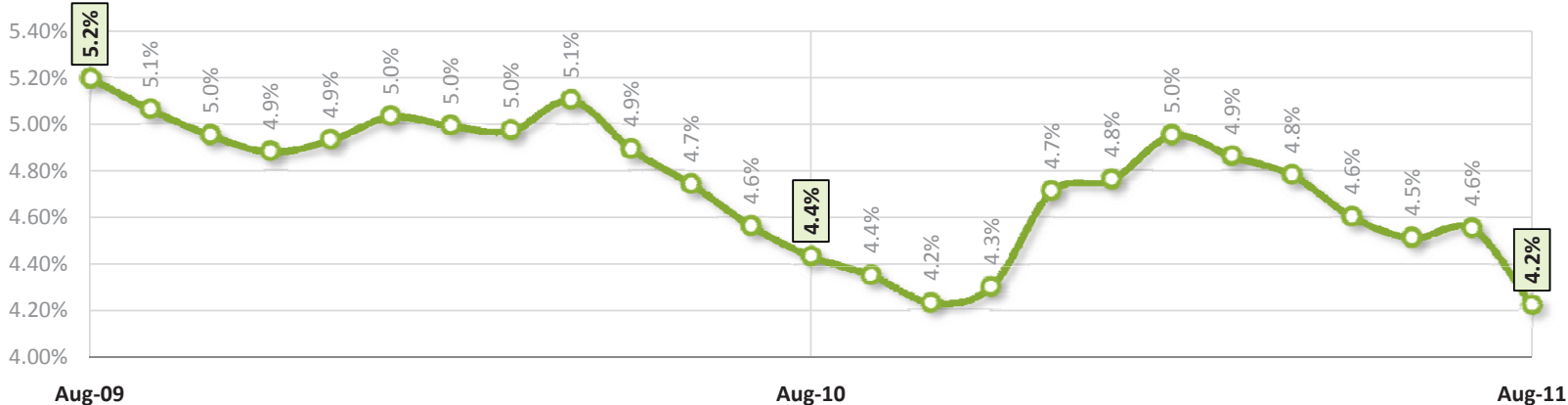


The time that it takes to sell a home in today's market varies quite significantly based on the price range of the home in question. For example, a full 63% of homes that sold under \$200,000 sold in the first 180 days of being on the market, while only 51% of homes between \$300,000 and \$400,000 were able to sell in that same time period.

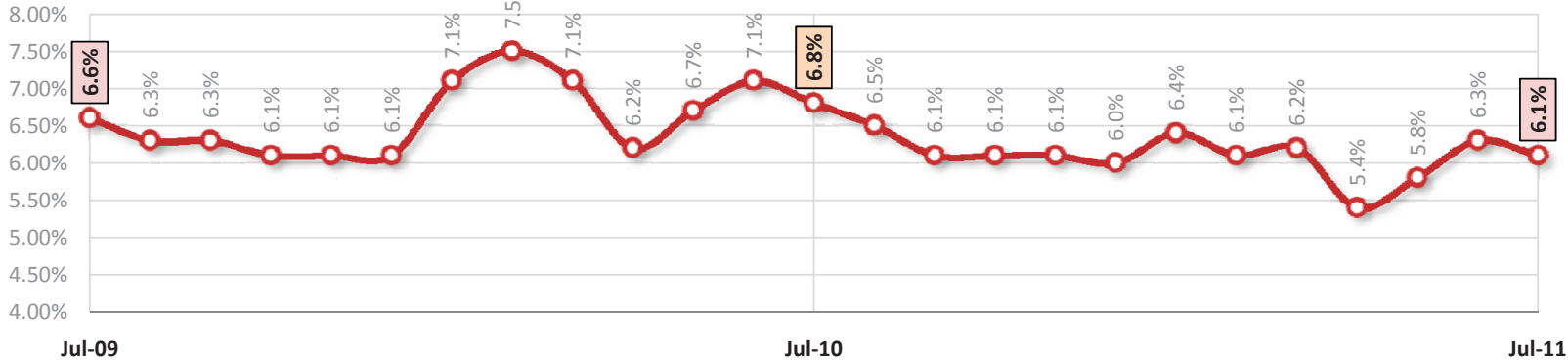
Also, the average days on market for homes between \$300,000 and \$400,000 (286 days) is also significantly higher than that of homes between \$200,000 and \$300,000 (193 days). Inventory (oversupply) and sales volume in each of these price ranges contributes directly to the variation in length of time on the market.

### Average 30-Year Mortgage Interest Rate

Source: Freddie Mac



### Harrisonburg-Rockingham MSA Unemployment Rate Not Seasonally Adjusted



As shown in the top graph above, home buyers continue to find amazingly low interest rates on 30-year fixed rate mortgages, with the current average rate of 4.2% the lowest interest rate seen in many years. Despite the consistent warnings that we have heard about interest rates increasing, they have not been above 5% since

early 2010. The second graph above illustrates trends in the local unemployment rate -- which fell again in July 2011 to only 6.1%. Ignoring April and May of this year, the local unemployment rate has stayed rather steadily around 6.1% over the past nine months.

## 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](http://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**  
<http://www.ScottPRogers.com>

**Monthly Real Estate Market Reports**  
<http://www.HarrisonburgHousingMarket.com>

**Ongoing Housing Market Analysis & Commentary**  
<http://www.HarrisonburgHousingToday.com>

**New Home Communities**  
<http://www.HarrisonburgNewHomes.com>

**Harrisonburg & Rockingham County Trustee Sales**  
<http://www.HarrisonburgForeclosures.com>