



**JUNE 2012**

# **Harrisonburg & Rockingham County Real Estate Market Report**



**FUNKHOUSER  
REALTORS®**

*An analysis of real estate activity through May 31, 2012  
provided courtesy of Scott P. Rogers, Coldwell Banker Funkhouser Realtors*



4 bedrooms, 2.5 bathrooms, 2191 SF for \$222,000 ..... 967Wren.com

## 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: May

77 homes sold in May 2012, showing a 13.24% increase from May 2011 when 68 homes sold -- and a 8.4% increase from May 2010 when 71 homes sold.

### Home Values: May

Median sales prices increased 19% and average sales prices increased 6% when comparing May 2012 to May 2011.

### Days on Market: May

Homes sold in an average of 217 days in May 2012, a 4% increase from 209 days in May 2011 and likewise a 4% increase from the 208 day average in May 2010.

### Foreclosures

113 trustee deeds have been recorded thus far in 2012 compared to 301 home sales reported through the HRAR MLS.

### Inventory

Inventory levels increased in May 2012 to 751 residential properties for sale, up from 733 one month ago, but down from 870 one year ago, in May 2011.

### Pace of Home Sales: Year to Date

301 homes sold in the first five months of 2012. This marks a 5.6% increase from 2011 when 285 homes had sold, and no change as compared to 2010 when 301 homes sold.

### Home Values: Year to Date

Median sales prices increased 6.5% and average sales prices increased 2.4% when comparing 2012 YTD values to 2011 YTD.

### Days on Market: Year to Date

The length of time on the market for homes selling in 2012 (224 days) increased 4% since 2011 when the average was 216 days on the market.

### Supply

All price ranges still show an excess of housing supply, with 9 months under \$200k, 12 months between \$200k and \$300k, 17 months between 300k and \$400k, and 31 months above \$400k.

### Price Per Square Foot

Median price per square foot of single family homes has stayed constant at \$100/sf in the 2nd quarter of 2012, as compared to \$100/sf in the 1st quarter of 2012.

### Buyer Activity

93 buyers committed to buy in May 2012, compared to only 88 in May 2011 (a 6% increase), and only 84 in May 2010 (a 12% increase).

### Single Family Home Sales

237 single family homes sold thus far in 2012, compared to a total of 622 in 2011. The median sales price has increased to \$189,500.

### Townhouse Sales

64 townhouses sold thus far in 2012, compared to a 2011 total of 169 townhomes. The median townhome sales price has declined to \$136,998 in 2012 from \$144,000 in 2011.

### Lot Sales

17 lots of less than an acre sold thus far in 2012, compared to a 2011 total of 60 lots. Median lot sales prices have risen to \$56,000 from \$54,500 during 2011.

### Land Sales

16 parcels of land greater than an acre sold thus far in 2012 compared to 49 land sales during all of 2011. The median price per acre has stayed relatively steady at \$16,191 in 2012.

# HOME SALES REPORT

Harrisonburg &amp; Rockingham County

June 9, 2012

# Home Sales	2009	2010	2011	2012	% Change ('11 - '12)
May	75	71	68	77	13.24%
Year-To-Date	<b>273</b>	<b>301</b>	<b>285</b>	<b>301</b>	<b>5.61%</b>

Median Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
May	\$184,100	\$165,000	\$160,000	\$190,000	18.75%
Year-To-Date	<b>\$188,000</b>	<b>\$178,500</b>	<b>\$161,500</b>	<b>\$172,000</b>	<b>6.50%</b>

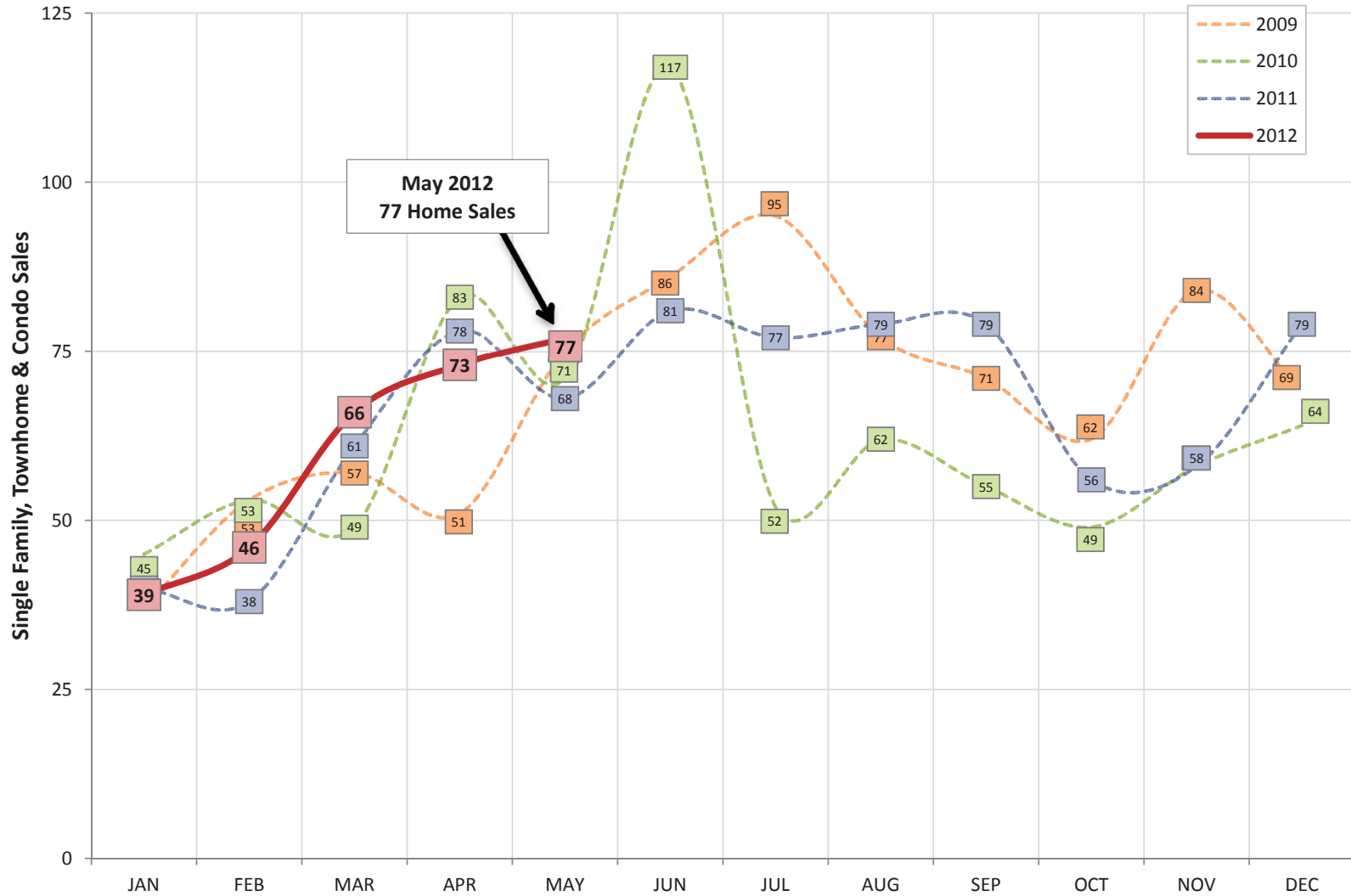
Average Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
May	\$192,057	\$185,822	\$196,862	\$209,031	6.18%
Year-To-Date	<b>\$220,753</b>	<b>\$206,359</b>	<b>\$189,003</b>	<b>\$193,625</b>	<b>2.45%</b>

Average Days on Market	2009	2010	2011	2012	% Change ('11 - '12)
May	211	208	209	217	3.83%
Year-To-Date	<b>195</b>	<b>192</b>	<b>216</b>	<b>224</b>	<b>3.70%</b>

**Sales pace increases; median price increases.** The local housing market has shown significant improvements thus far during 2012, with the pace of sales increasing 6% YTD from 285 sales to 301 sales, and the median sales price increasing 7% YTD from \$161,500 to \$172,000. The current pace of sales is the strongest we have seen in

the past three years, though it is tied with 2010 when the federal home buyer tax credit was in place. When considering May alone, however, the market experienced the best May (77 sales) seen since at least 2009 -- and the median sales price in May (\$190,000) was better by far than any of the previous three years.

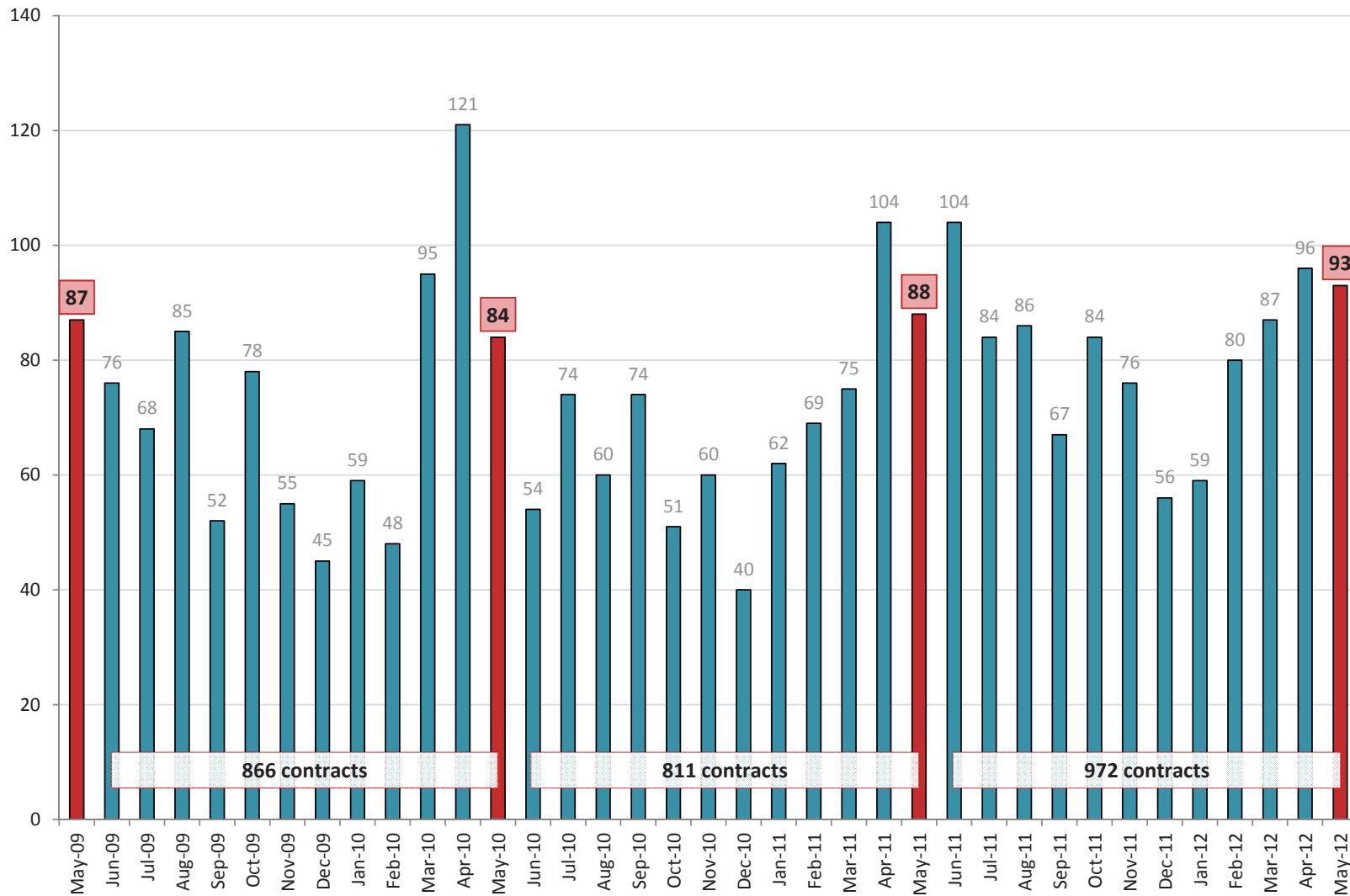
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



**Best May in 4 years.** Spring came early in 2012, shifting many would-be April buyers to March --- leading to the best March market in the past three years --- but leaving April feeling a bit short changed. Thankfully, we didn't get too forlorn as a result of April sales, as we now see that May home sales (77) surpassed all past months of

Mays since 2009. The next few months should be relatively easy to beat, as home sales remained flat last year during the summer months (81, 77, 79). Certainly, we won't see 117 home sales next month to compare to the peak seen in 2010 with the federal home buyer tax credit, but plan for a strong remainder of 2012.

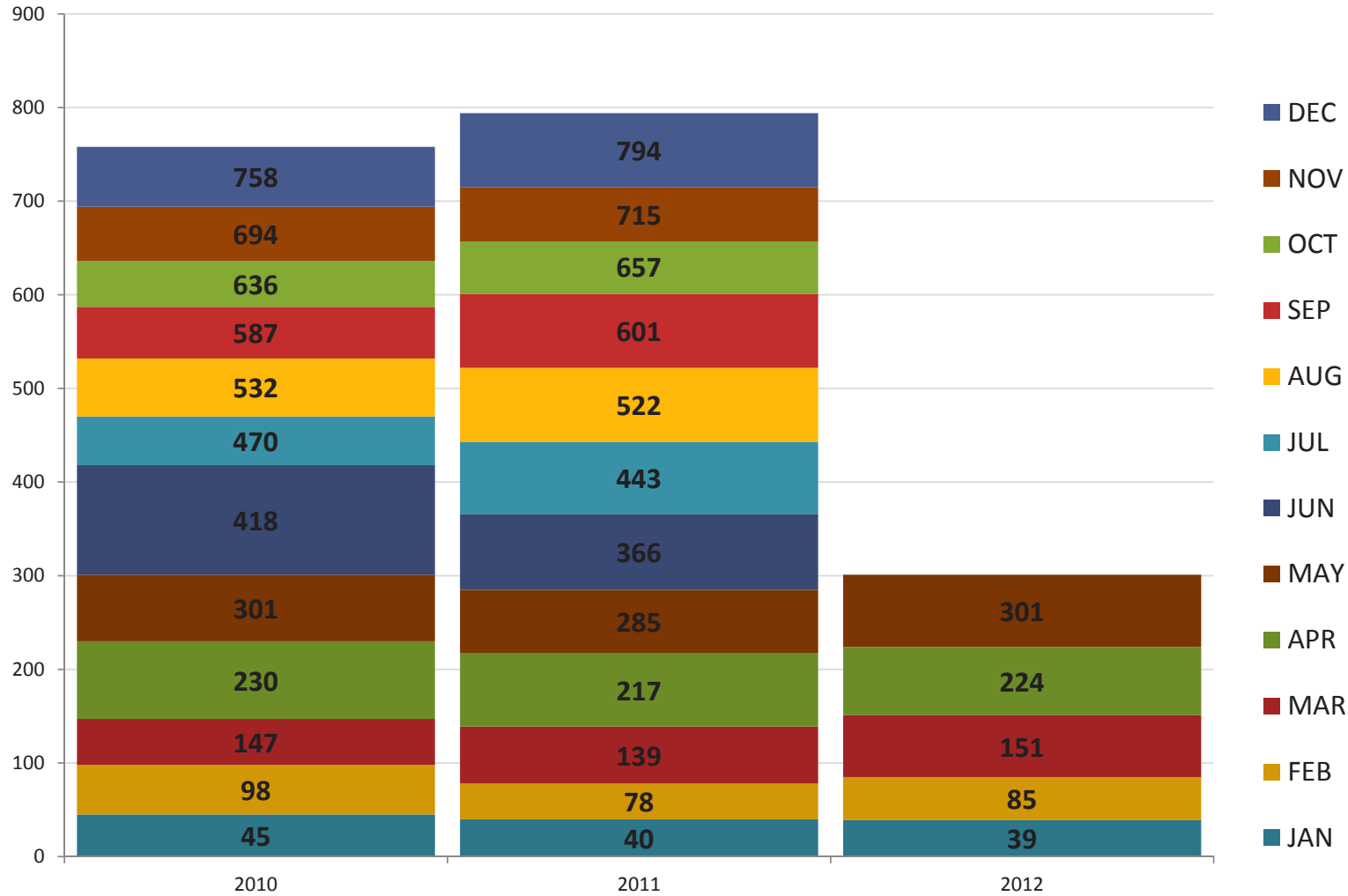
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



**Strong month of contracts!** During May 2012, 93 buyers committed to buy homes in Harrisonburg and Rockingham County -- up from 88 during last May. That is an indicator that we should see strong months of closings (sales) during June and July

this year. Furthermore, the annual pace of contracts being signed (972 in the past 12 months) has increased considerably from one year ago when the annual pace of contract signing was 811 in the previous 12 months.

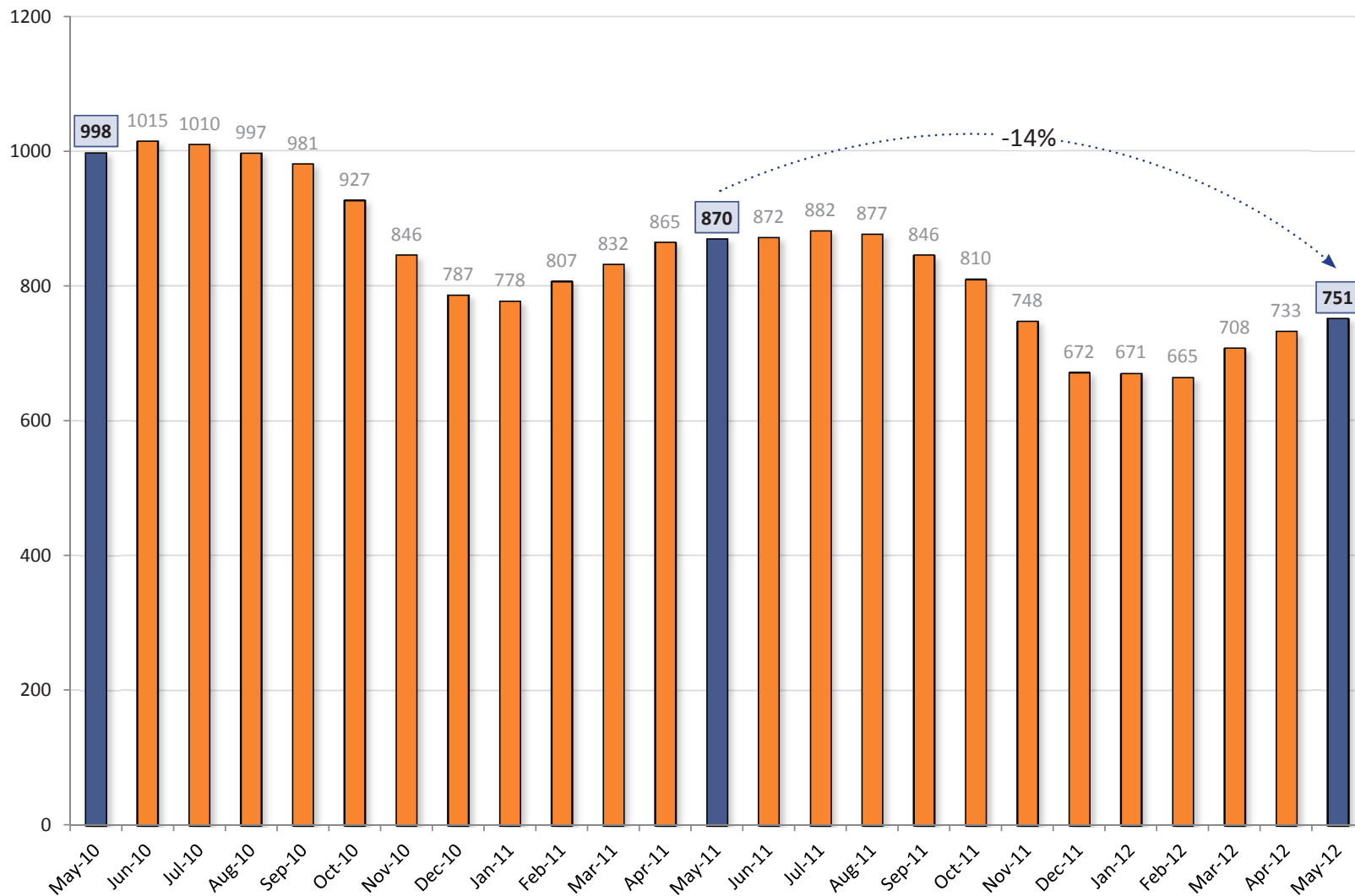
### Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



**May piles on to keep 2012 going strong.** This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Last year's home sales (794) exceeded 2010 home sales (758), and this year is off to a

good start with stronger year-to-date sales (301) as compared to 2011 (285) during the same time period. Looking at 2011 and 2012 side by side you will note that March and May have shown the biggest gains this yer as compared to last year.

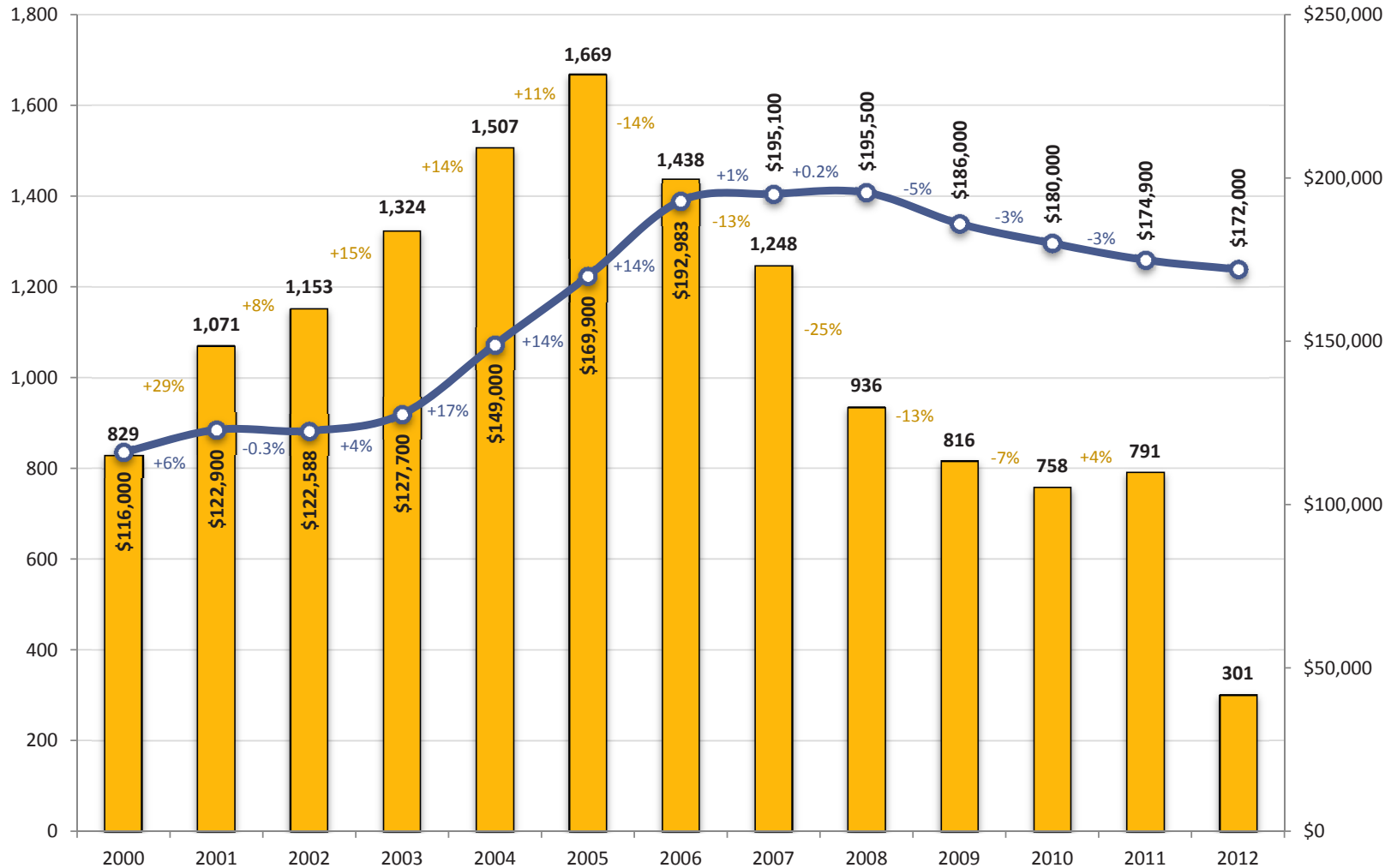
Harrisonburg & Rockingham County  
**Inventory Levels**



**Lower inventory levels than a year ago.** Despite several months of increases in inventory (which are typical during this season of the year) the overall shift in housing inventory over the past year is a 14% decline in available properties. The two-year decline is even more significant at 25%. This decline in active inventory

leaves buyers with fewer options for homes to pursue and takes us a bit closer to having a local housing market that is balanced between buyers and sellers. Despite a 14% decline in inventory over the past year, there are still far more sellers in the market than buyers.

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

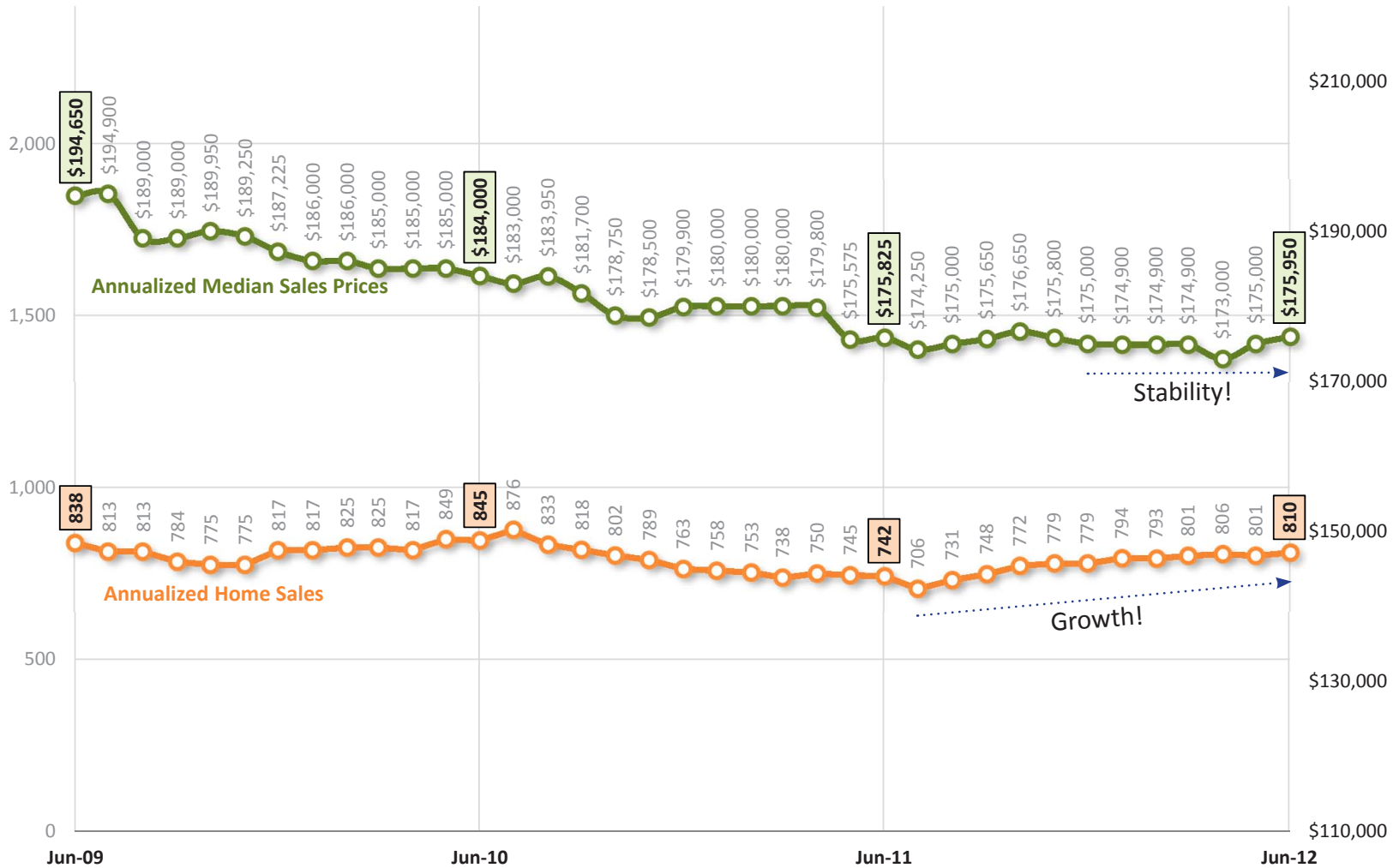


**Home prices leveling off.** This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2000 (yellow bars) as well as changes in the median sales price during the same time period (blue line). After five years of declines in home sales (2005-2010) the

pace finally picked up in 2011 with a 4% year-over-year increase. With stronger YTD sales in 2012 (+5.6%) we will likely see further improvement in the pace of home sales this year, and it seems quite possible that home values (as measured by median price) will level off this year.



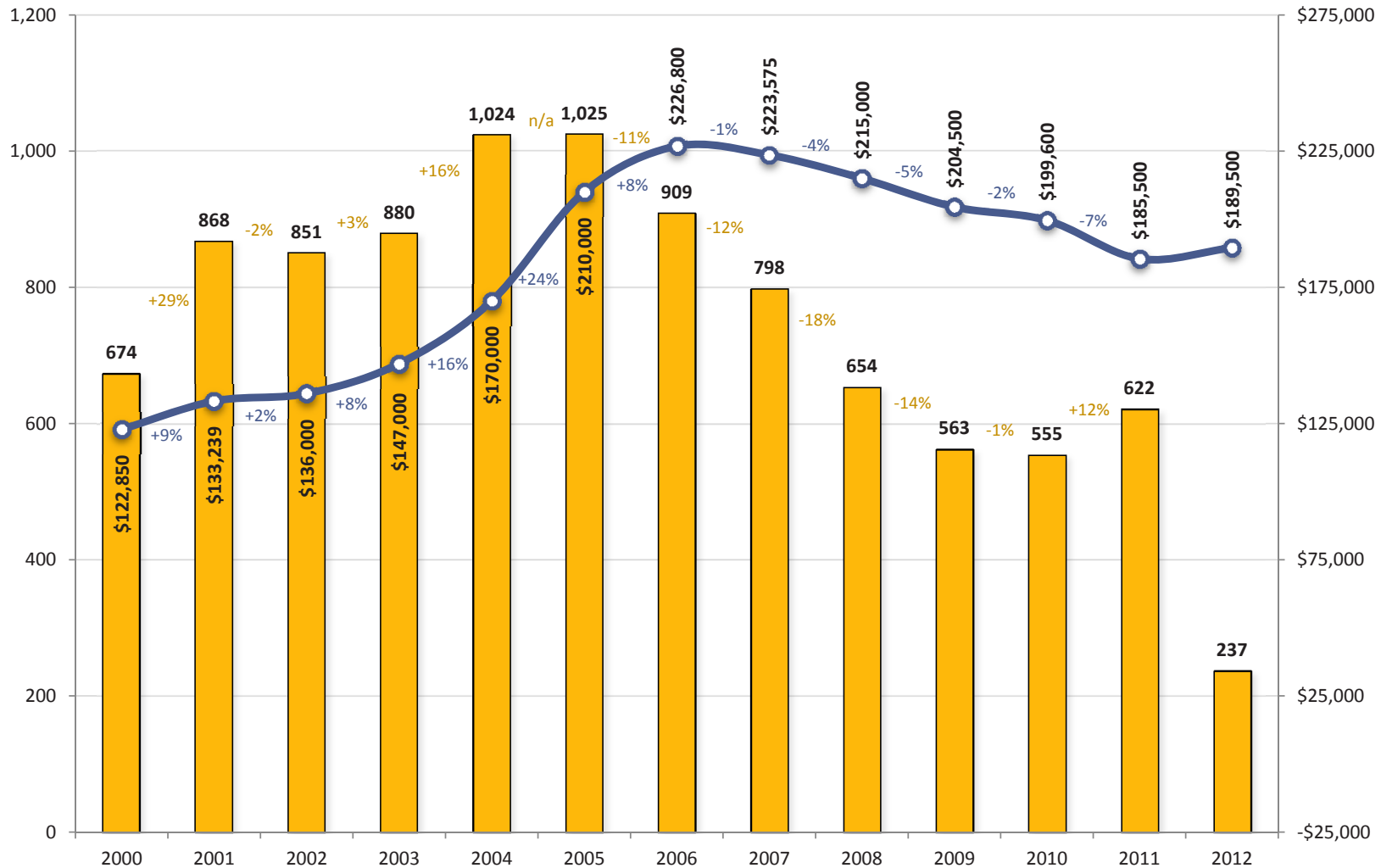
### Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



**Increasing sales pace; stable sales prices.** 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 3% decline in annualized home sales and a 10% decline in median sales prices. In better news, the annualized pace of home sales has steadily increased for the past eleven months, and prices have been relatively stable for six months.

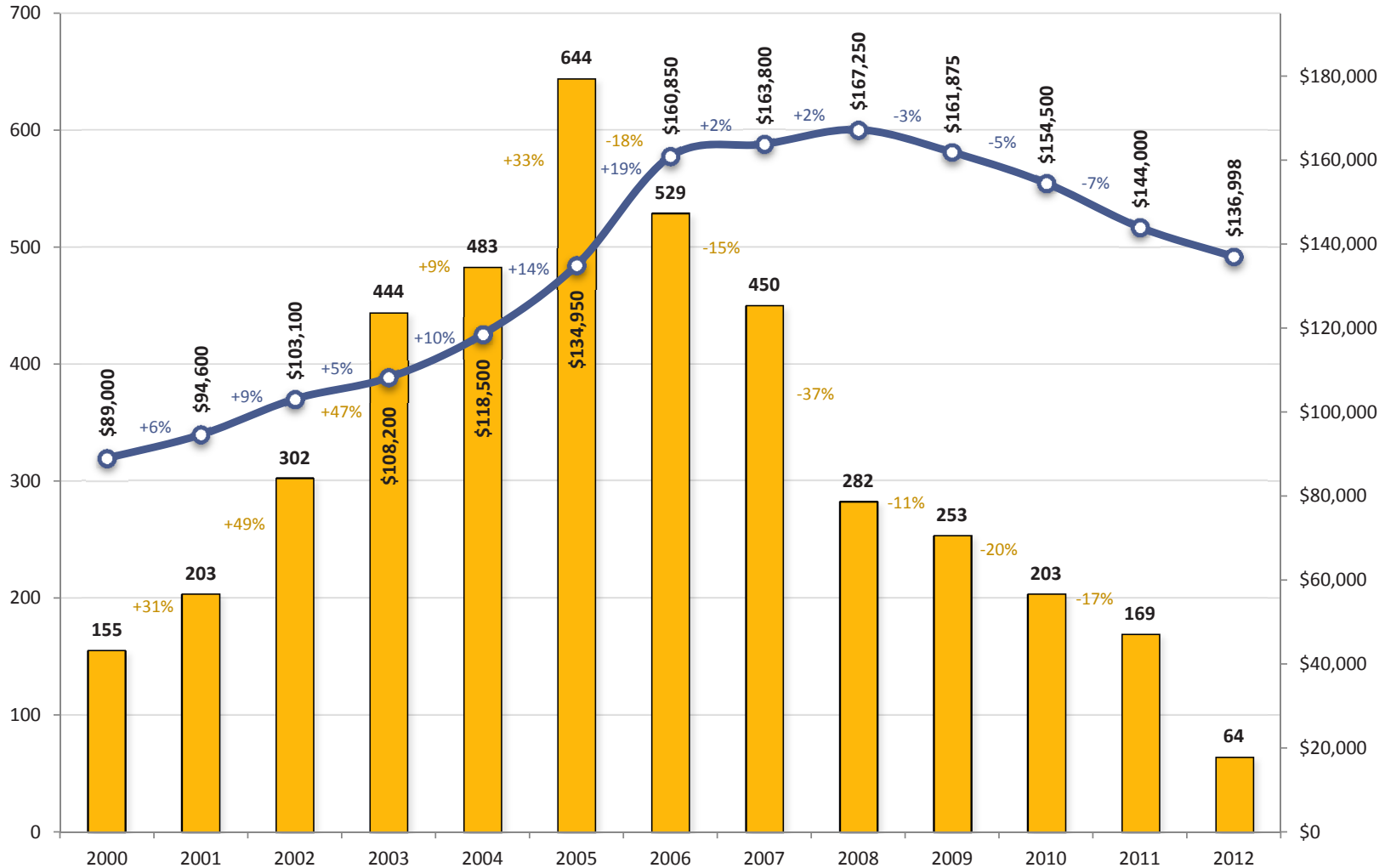
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes



**Prices of single family homes increase.** The single family home market in Harrisonburg and Rockingham County seems to be recovering quite nicely compared to the overall market. Last year, the pace of home sales in the single family home market increased by 12% -- nearing 2008 sales levels with 622 sales. Single family

homes are likely to perform well again in 2012, and median prices are currently showing an increase from \$185,500 (last year) to \$189,500 for the first five months of 2012.

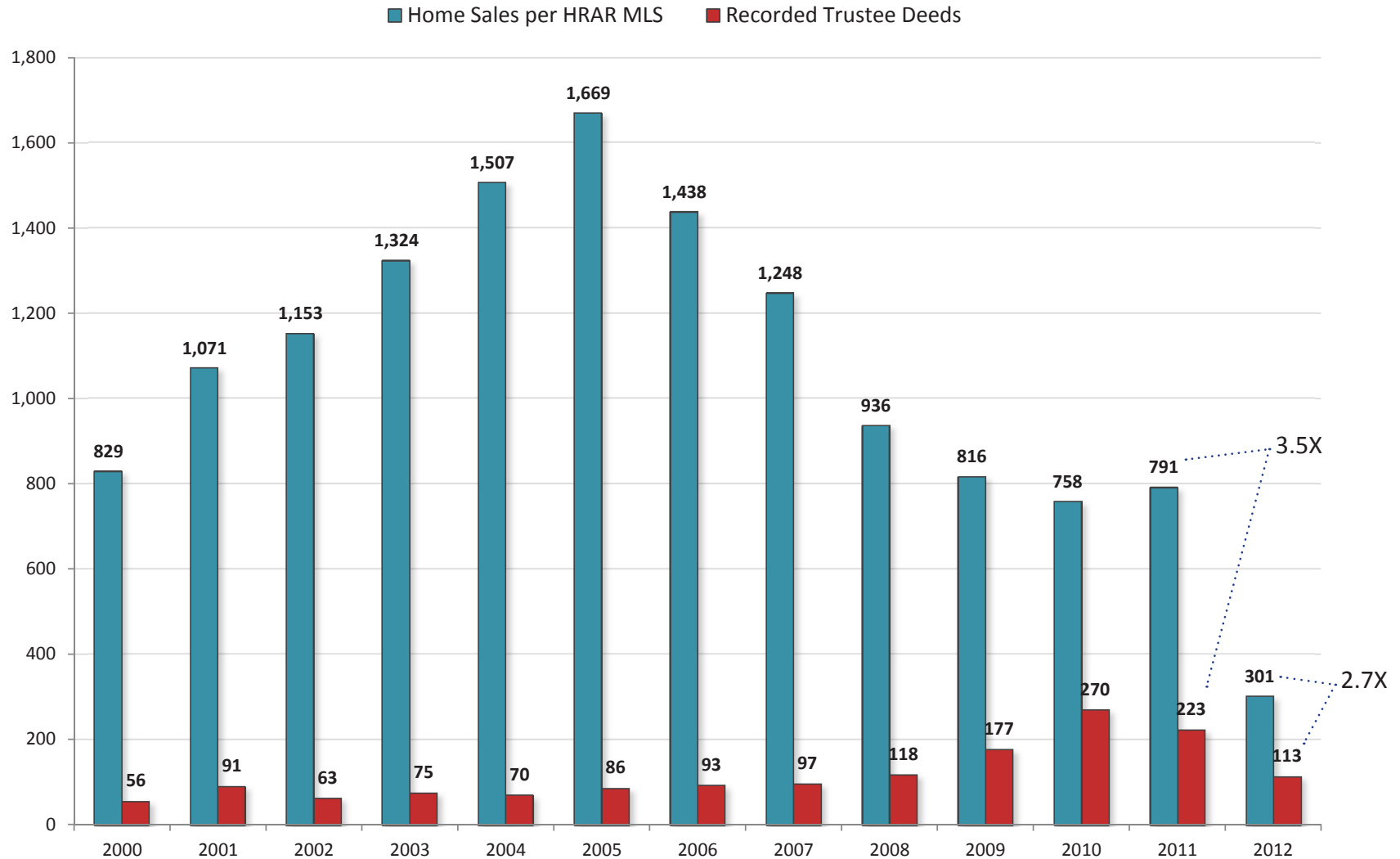
### Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



**Townhouse sales sluggish.** If the single family home market is stabilizing, it is at least partially at the expense of the townhouse market. The final count of 169 townhouse sales in 2011 marked a 17% year-over-year decline in townhouse sales --- from an extraordinary peak of 644 sales in 2005. Townhome sales thus far in

2012 have started to pick up pace in March and April, with 64 year-to-date closings. Median sales prices are continuing to decline this year, though at a slower pace of decline. After a 7% decline in price from 2010 to 2011, the price decline between last year and this year has only been 5%.

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

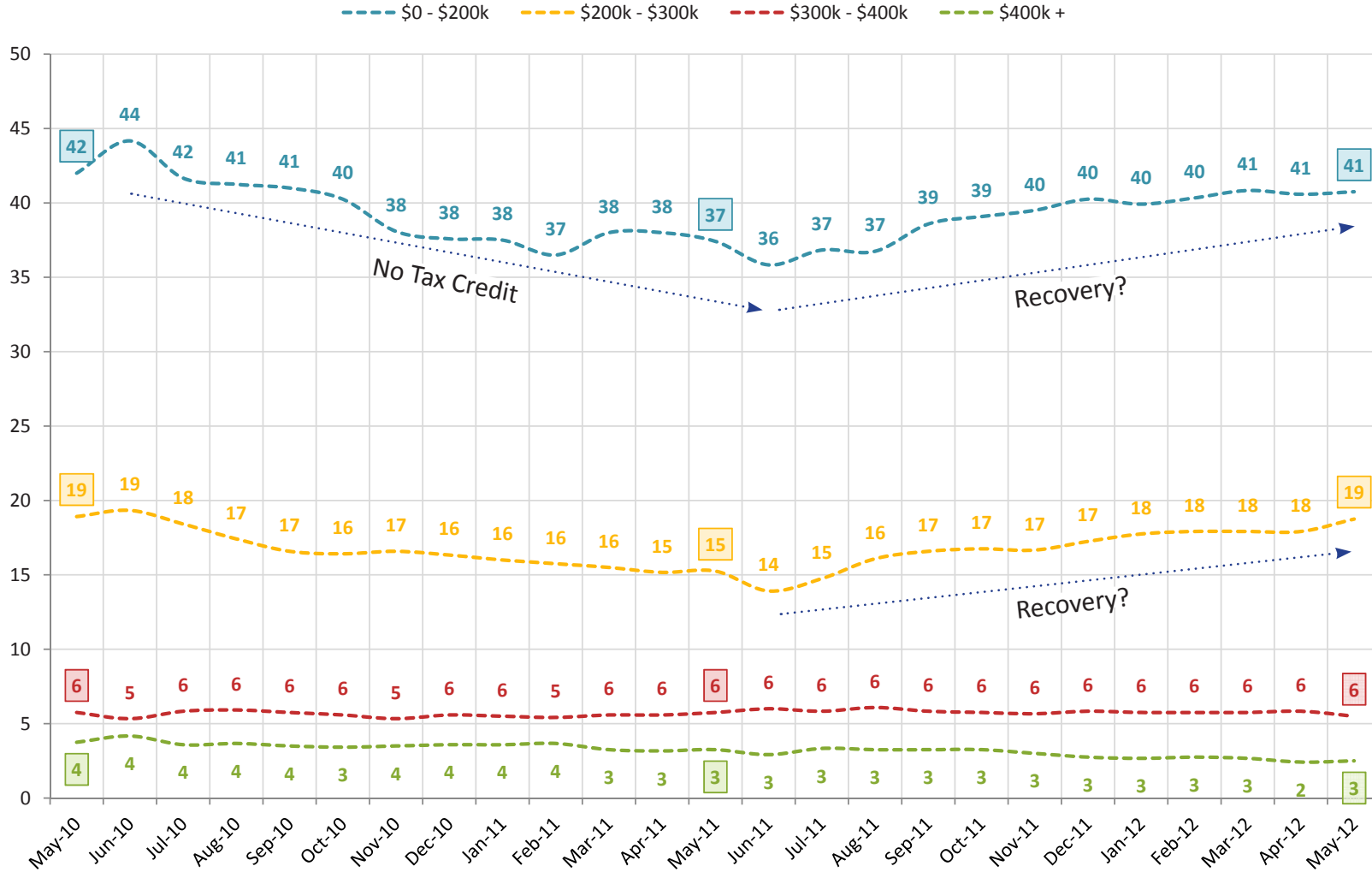


**Foreclosures up slightly from last year.** The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly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

show the number of Trustee Deeds. Some foreclosed properties then show up in blue when they are listed as REO properties. The foreclosure rate has increased somewhat in 2012, as there were 3.5 times as many home sales as foreclosures during 2011 and only 2.7 times as many home sales as foreclosures thus far in 2012.

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

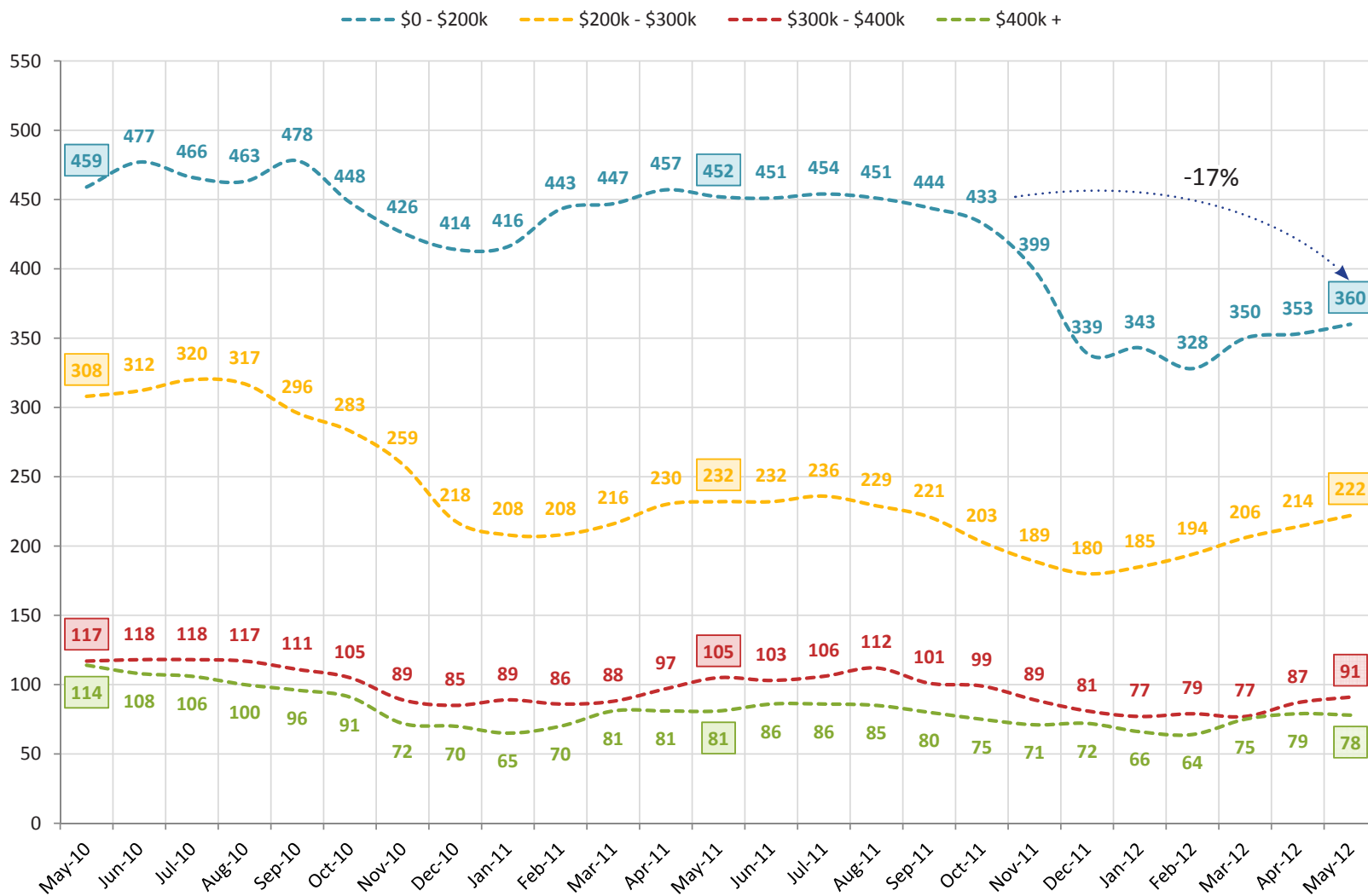
(Average of Past 12 Months)



**Recovery more evident in lower price range.** 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 has been increasing for the past year, as has the pace of sales between \$200,000 and \$300,000.

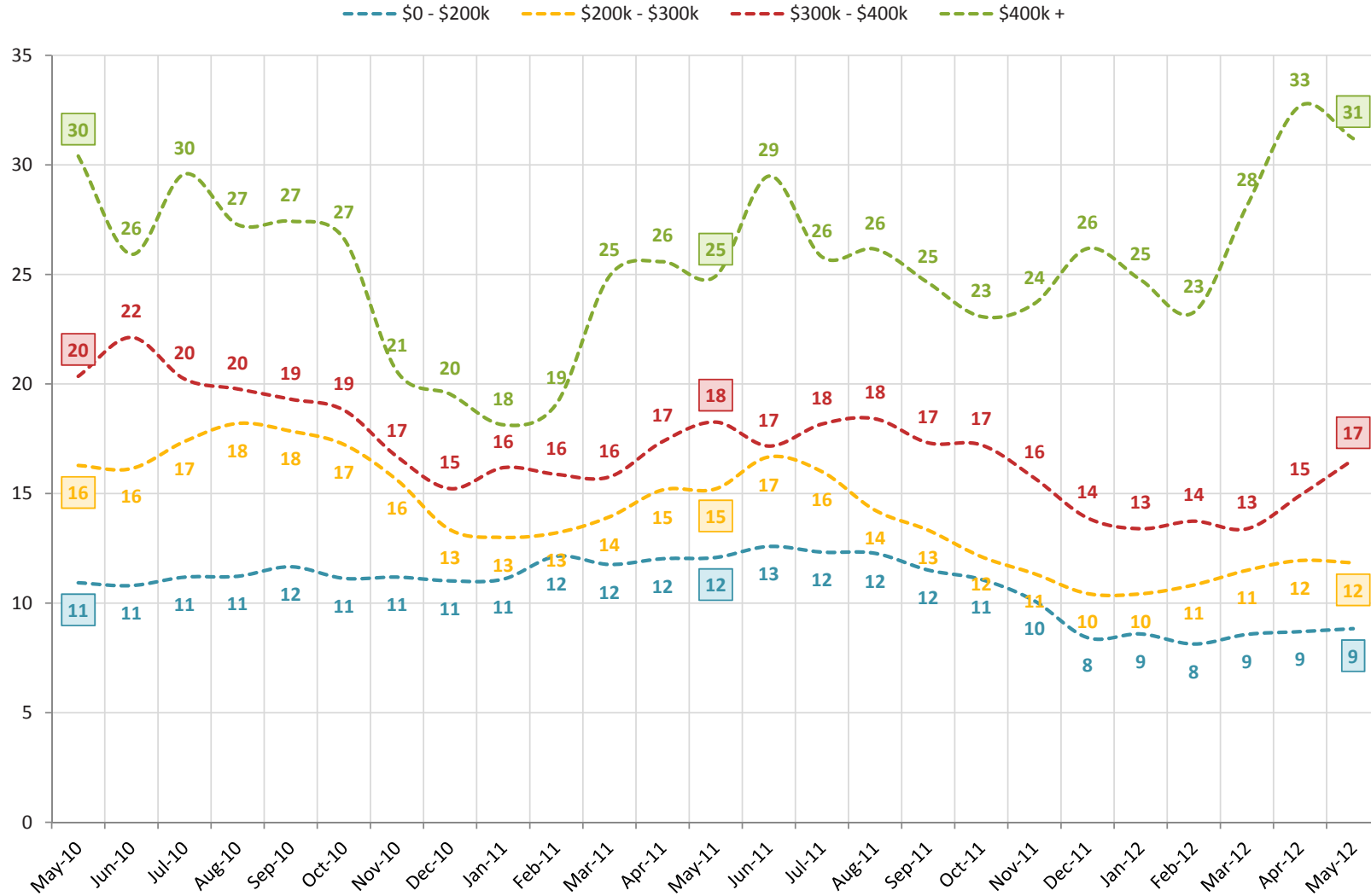
### Harrisonburg & Rockingham County Inventory Levels by Price Range



**Big drop in inventory in lowest price segment.** Inventory levels have declined across the board over the past two years, but the changes have been quite different based on list prices. The most significant change has been in homes under \$200,000 -- just seven months ago there were 433 such properties for sale, and today there are only

360 for sale -- this marks a 17% decline in inventory. While we should expect that inventory levels will increase through the summer market, the overall declines in inventory over the past two years are definitely making a difference in helping to return us to greater balance in the local housing market.

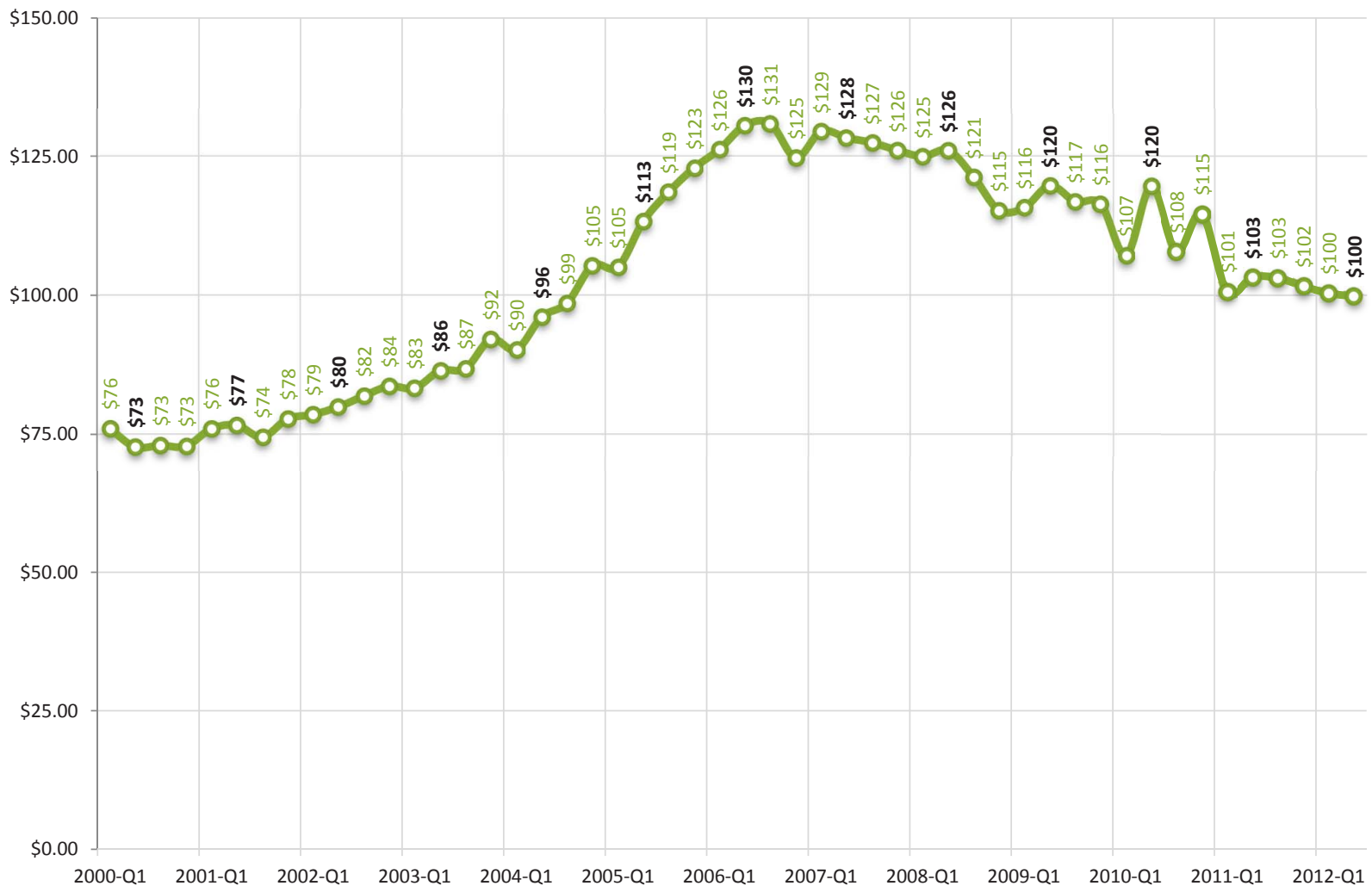
### Harrisonburg & Rockingham County Months of Housing Supply by Price Range



**Housing supply spikes in high price ranges.** 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 31 months to sell all of the homes currently for sale over \$400K if the

same number of buyers bought each month as have been buying (on average) over the past 12 months. Many experts consider a six months supply of housing to be a balance between buyers and sellers in the market, and it is remarkable to note that we are finally starting to approach that balance in the under \$200K market.

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

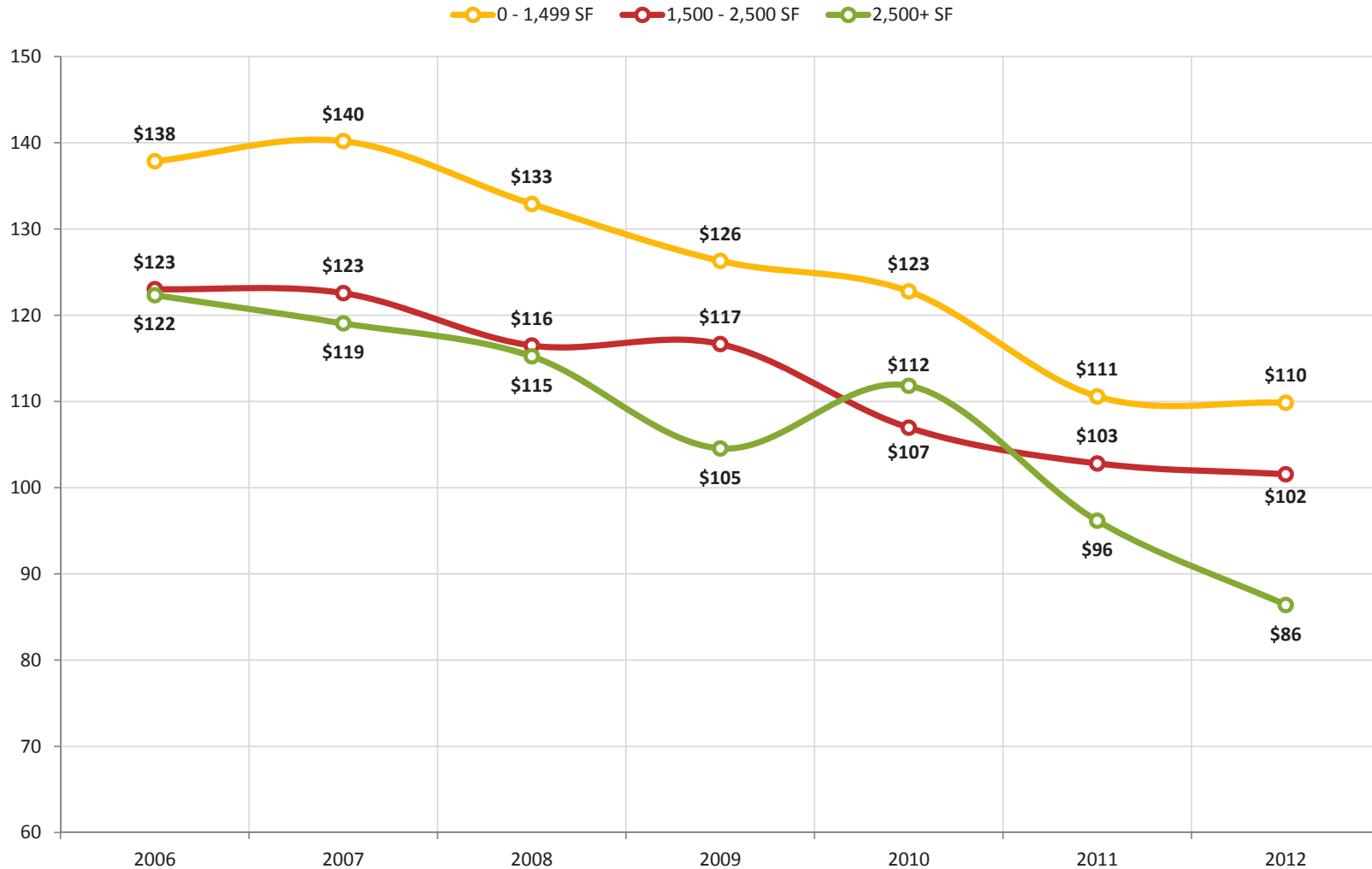


**Price per square foot showing possible signs of stability.** In addition to monitoring home values by overall median sales prices in our market, it can be insightful to examine the median price per square foot of homes that are selling. The graph above shows the median price per square foot of all 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 during the same time, which validates that assumed set of changes in home values. Of late, however, the price per square foot has shown signs of stabilization.



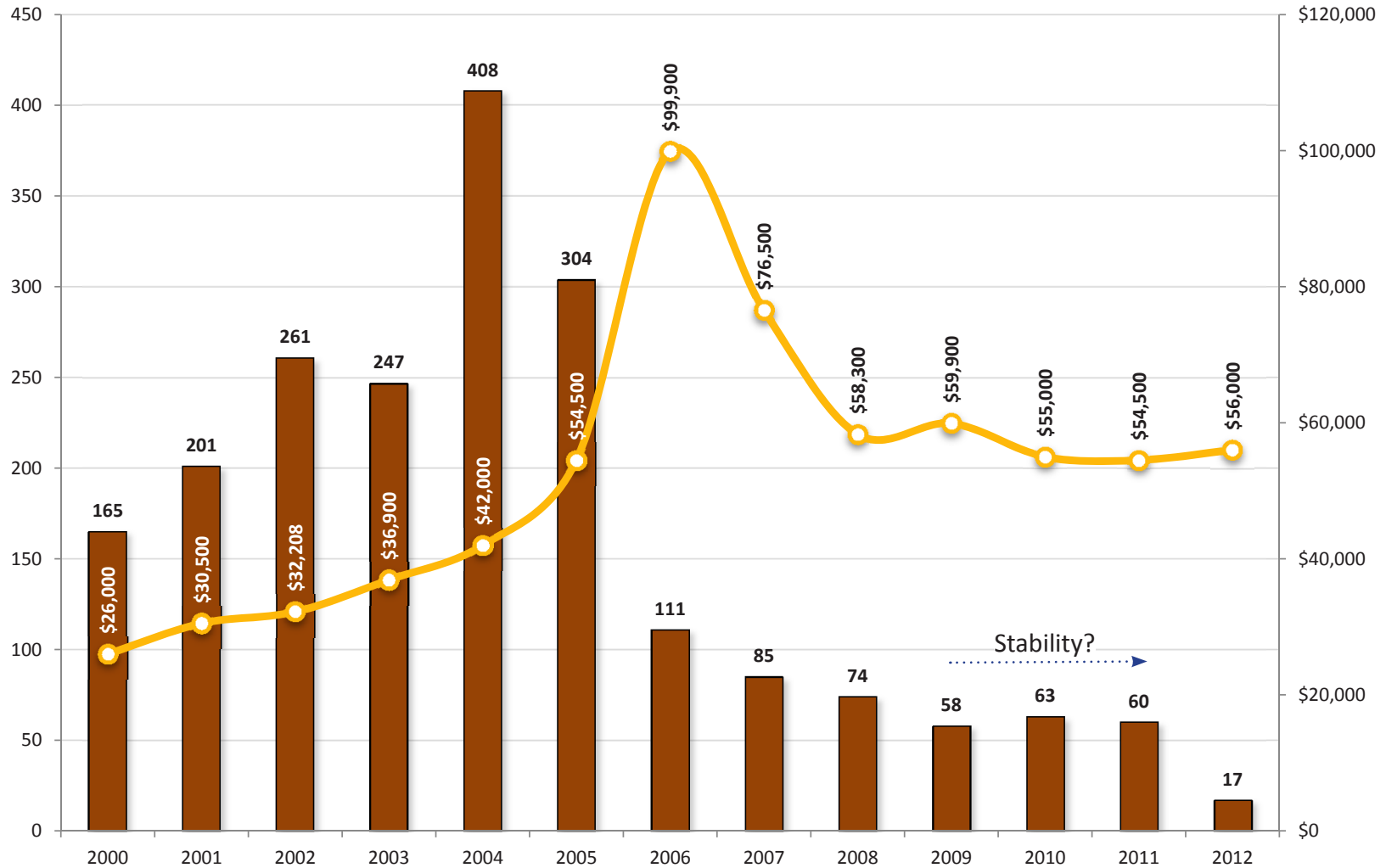
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



**Prices edge up under 1500 SF.** 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 (\$86/SF) than homes that offer less than 1500 SF (\$110/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.

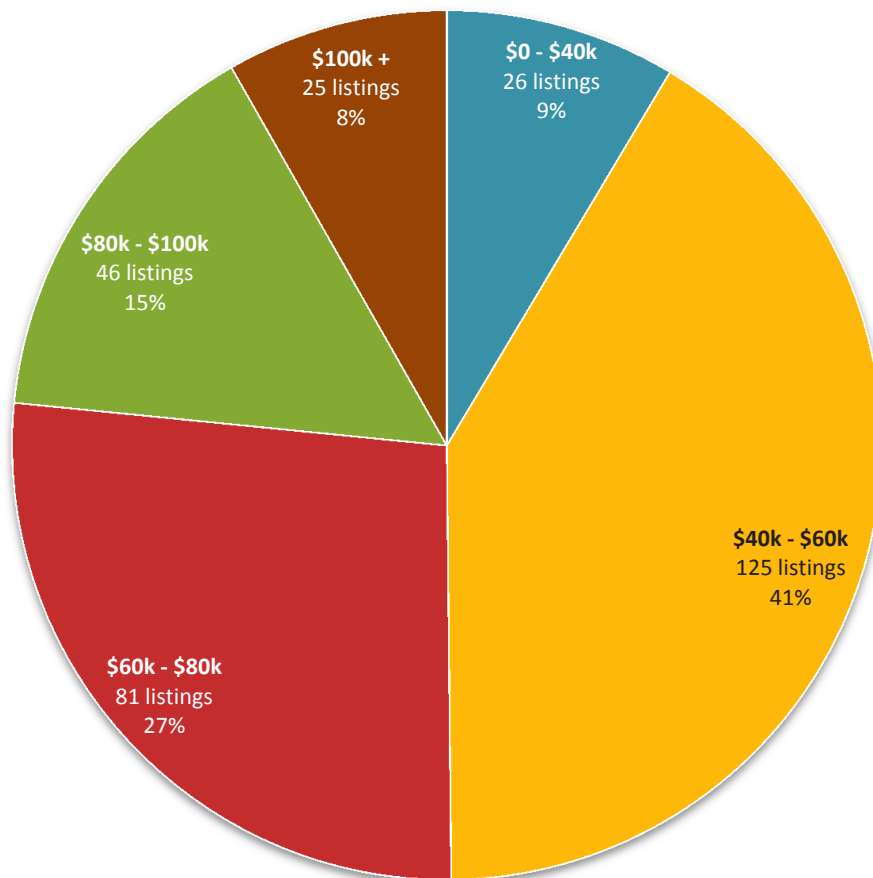
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



**Lot sales (< 1 acre) stabilizing?** While the pace of sales of lots that are smaller than an acre have plummeted since 2004 (-85% between 2004 and 2010), they may have finally stabilized in 2011. In 2009, there were 58 lot sales of less than an acre, in

2010 that increased to 63 sales, and 2011 finished out with 60 sales. The median sales price of these lots under one acre may also be stabilizing around \$55,000.

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

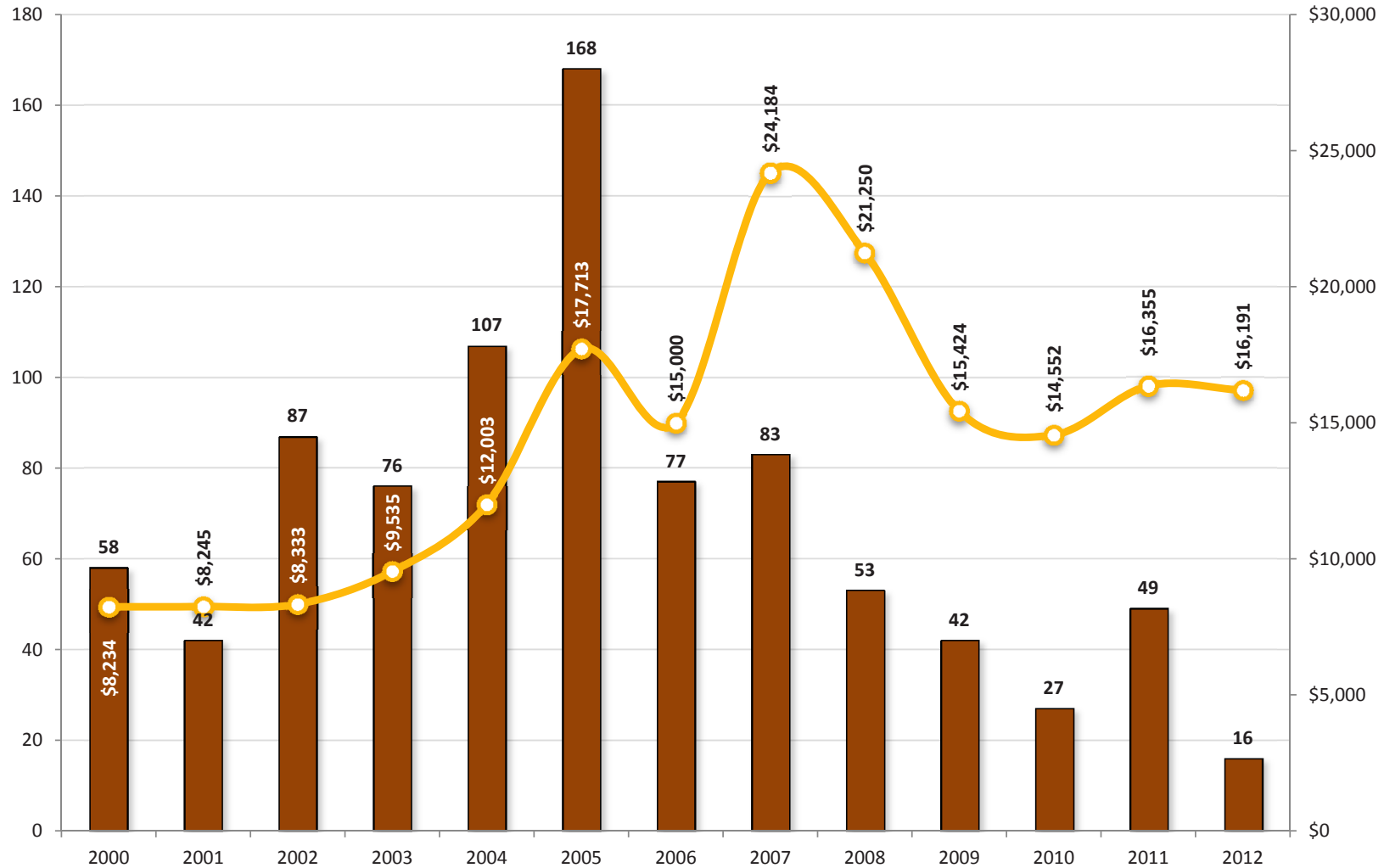


**303 Active Lot Listings; Median List Price: \$62,000**

**Many (many) lots for sale.** Despite the fact that only 60 lots (of less than an acre) sold in all of 2011, there are a remarkable 303 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$62,000) is only slightly higher than the 2012 YTD median sales price of \$56,000. Given last

year's 60 lot sales, if no other lots were listed for sale, it would take just over five years to sell all of the lots currently listed for sale. As you can see above, half of the lots currently listed for sale are priced above \$60,000 --- thus many sellers are have offering prices much higher than recent (2011, 2012) median sales prices.

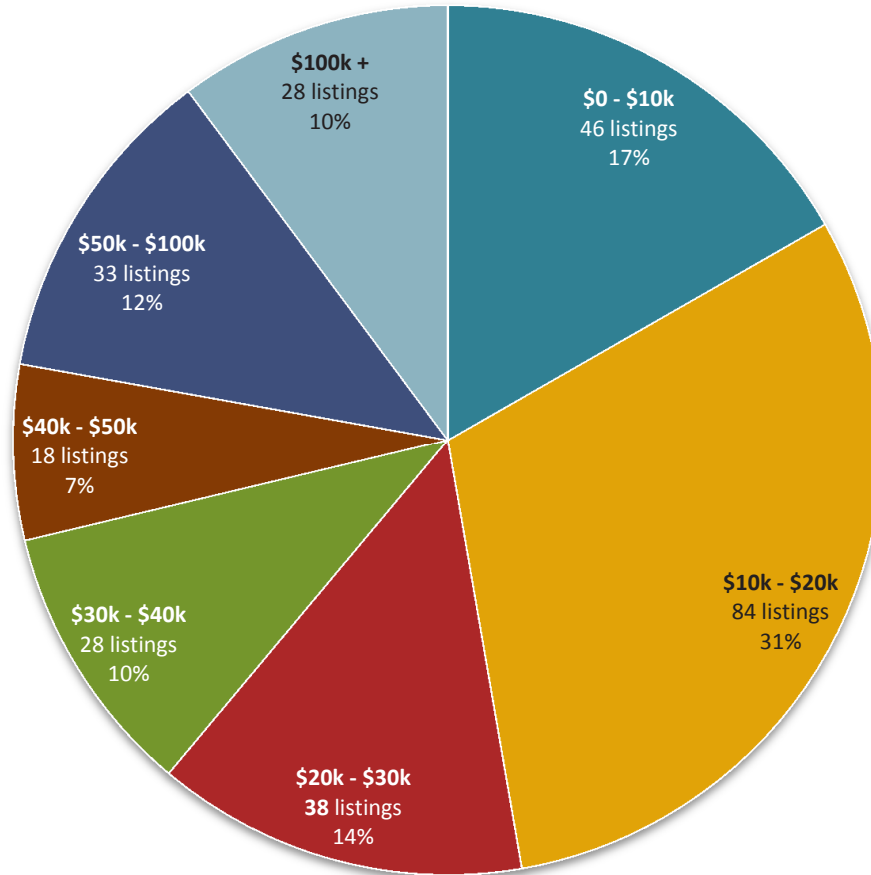
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



**Larger lot sales slow again in 2012.** Parcels of land larger than one acre in Harrisonburg or Rockingham County sold quite quickly in 2011 as compared to both 2009 and 2010. During all of 2010, only 27 such land sales were recorded in the HRAR MLS, but there were a total of 49 such sales during 2011. This increase in the

pace of sales is very likely causing the increase in median price per acre that was experienced between 2010 and 2011. Despite a slower pace (16 sales) thus far in 2012, the median price per acre continues to show an improvement over 2010 -- currently at \$16,191 per acre during 2012 year-to-date.

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

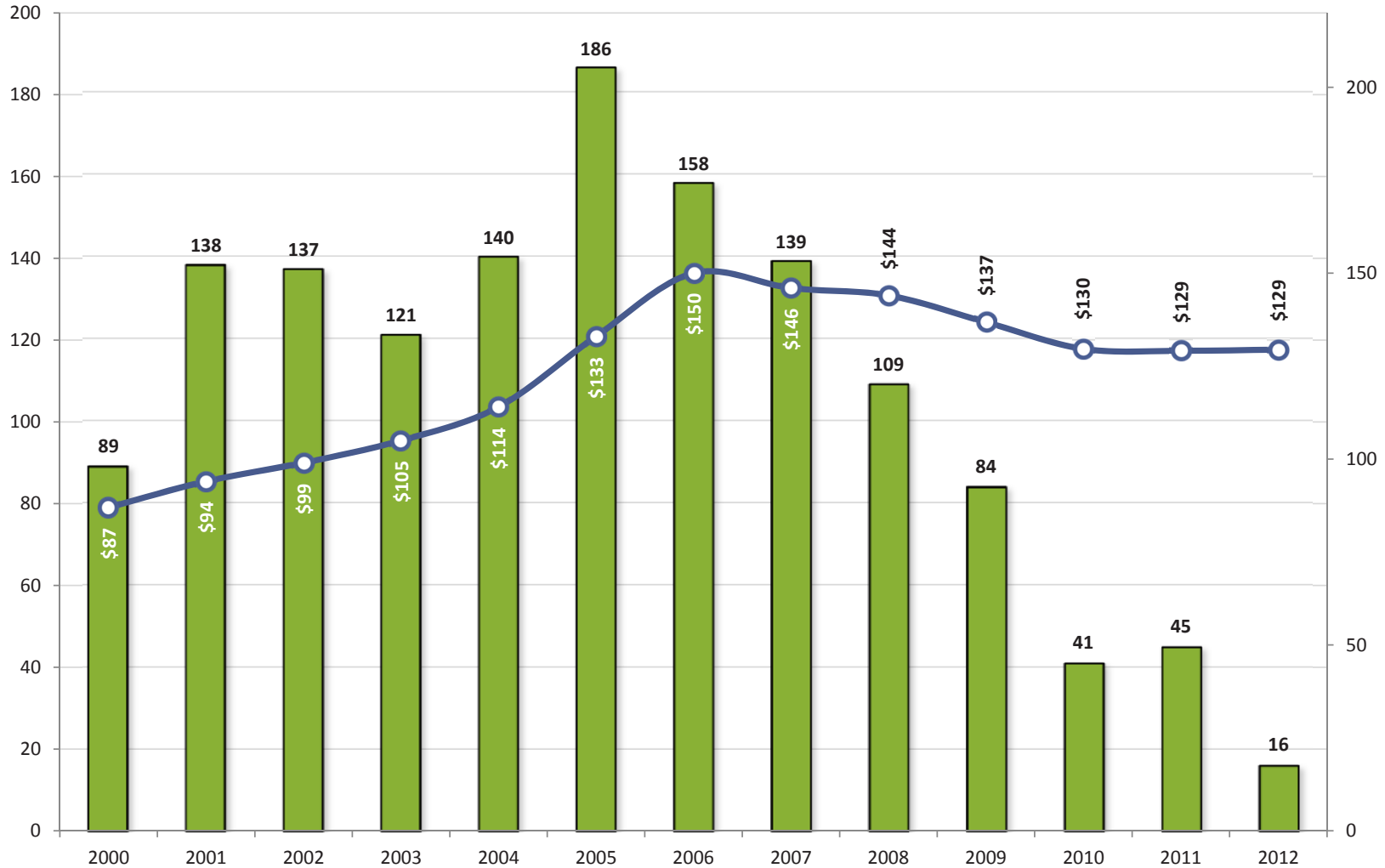


**275 Active Land Listing; Median List Price: \$22,756 / Acre**

**High (really high) levels of lot inventory.** Despite the fact that only 49 parcels of land (of one acre or more) sold in all of 2011, there are a remarkable 275 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$15,000 per acre, the median list price of the 279 parcels

for sale is currently \$22,756 per acre. Given last year's 49 land sales, if no other land is listed for sale, it would take over five 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.

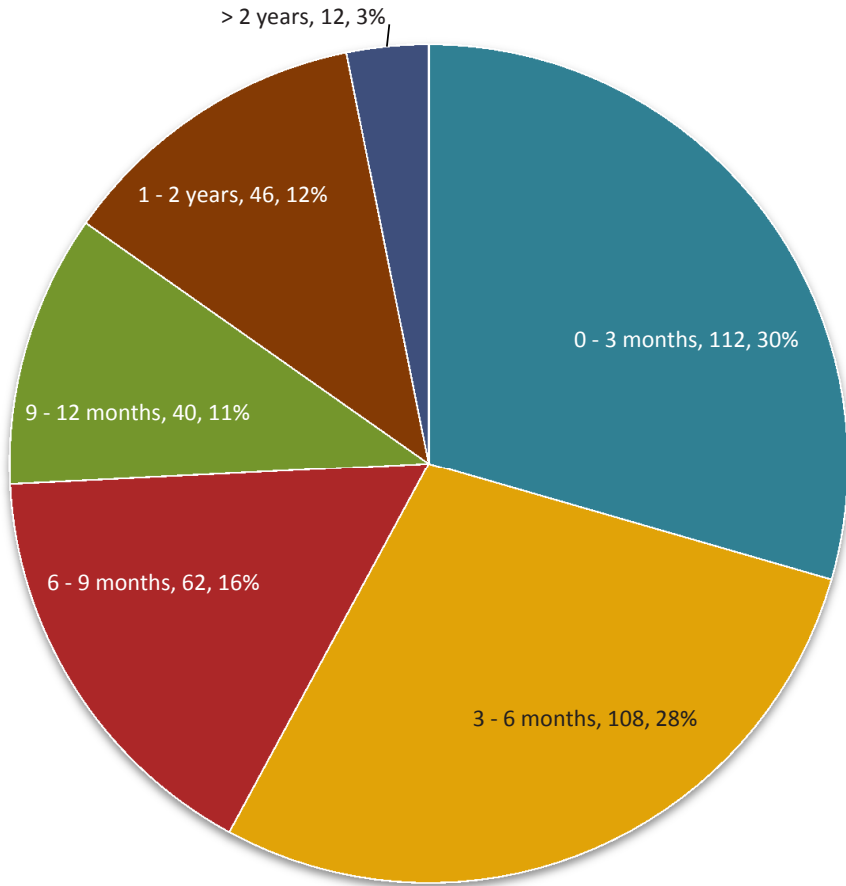
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



**New home sales slow, but prices steady.** New home builders finally saw an increase in the pace of new home sales during 2011 -- after a steady decline since 2005. This small increase (42 to 45), however, still leaves plenty of room for improvement -- and thus far in 2012, the trend has not continued, as there have only been 7 such

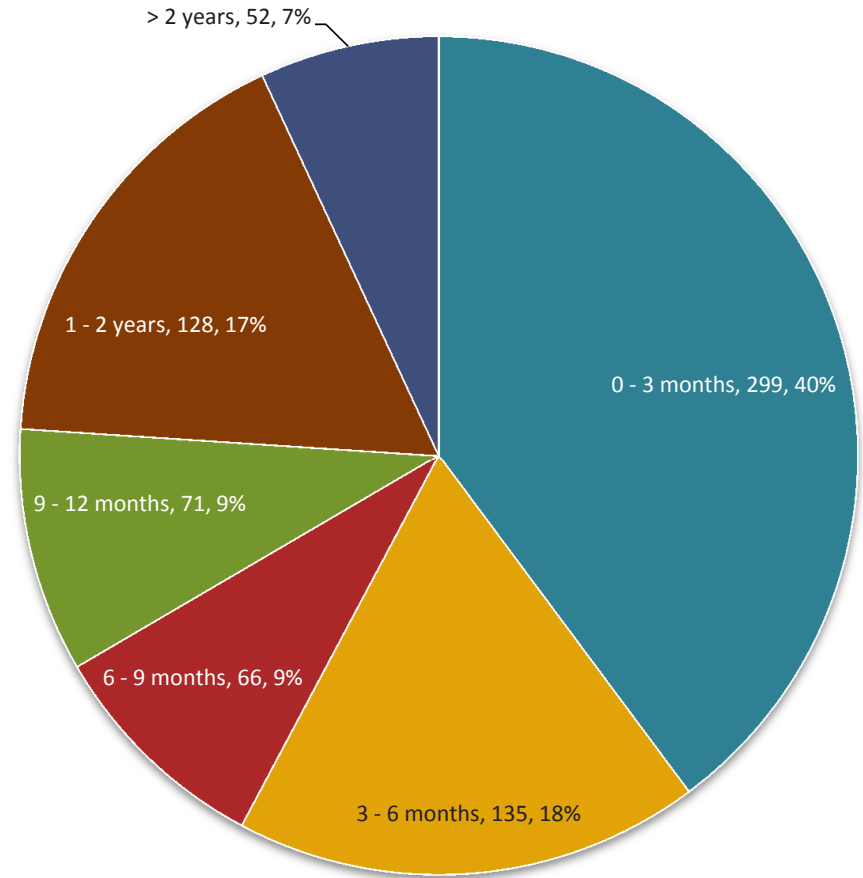
sales so far this year. It is interesting to note that the median price per square foot is showing signs of steadying, with only a very small decline between 2010 and 2011 (and 2012). As the inventory of re-sale homes slims down, the sales of new homes may continue to increase.

### Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Dec '11 - May '12



**Average Days On Market: 220**

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

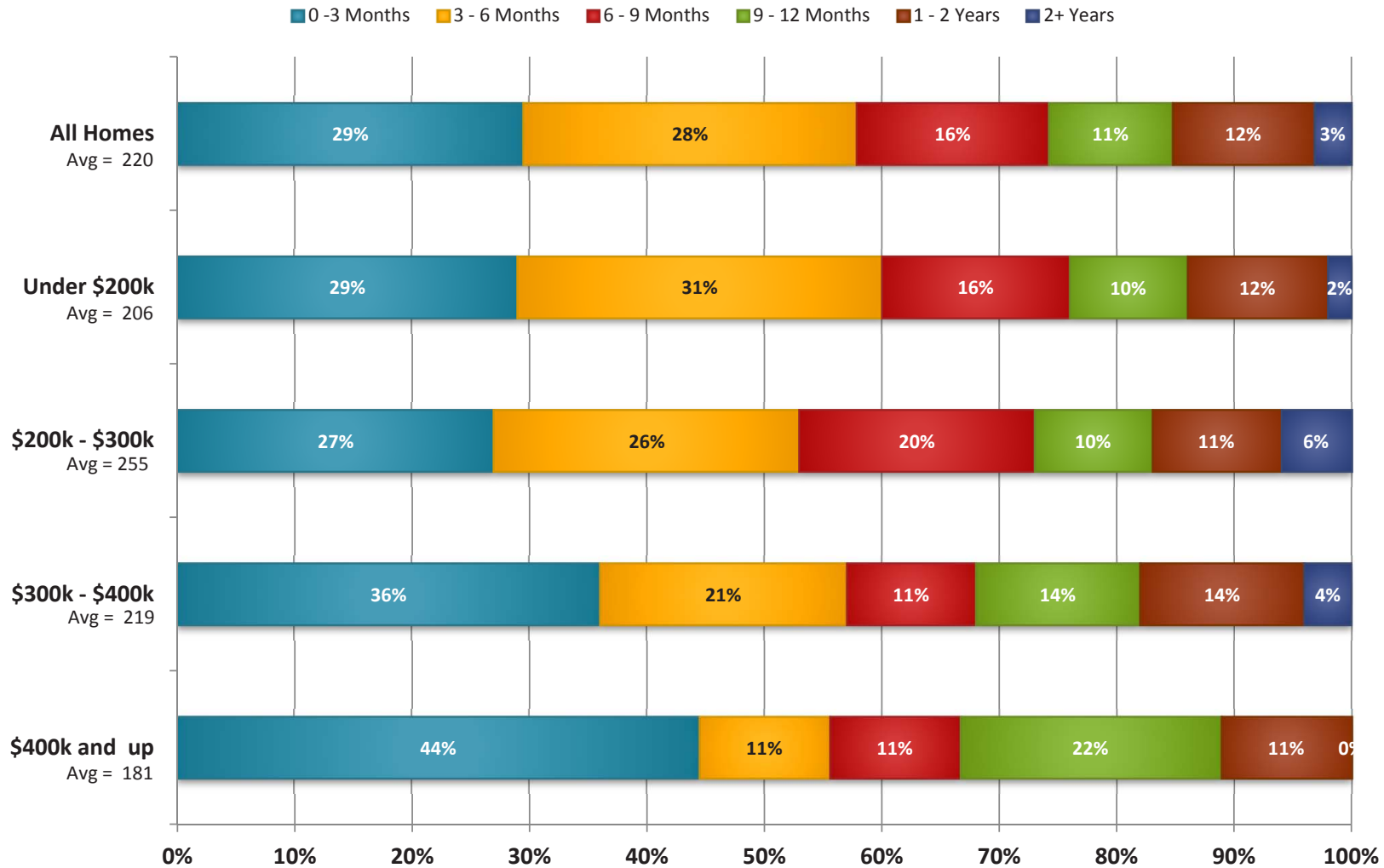


**Average Days On Market: 251**

**Days on market relatively low amongst homes that actually slow.** Despite high inventory levels, and low numbers of buyers in the market, the homes that are actually selling are selling rather quickly. In fact, nearly 1 out of 3 homes (30%) 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 58% of homes that sell have closed within six months of first coming on the market. This is not, however accounting for the many homes that never sell -- that linger on the market, or are eventually taken off the market.

Harrisonburg & Rockingham County  
**Days on Market Analysis by Price Range**  
 Dec '11 - May '12



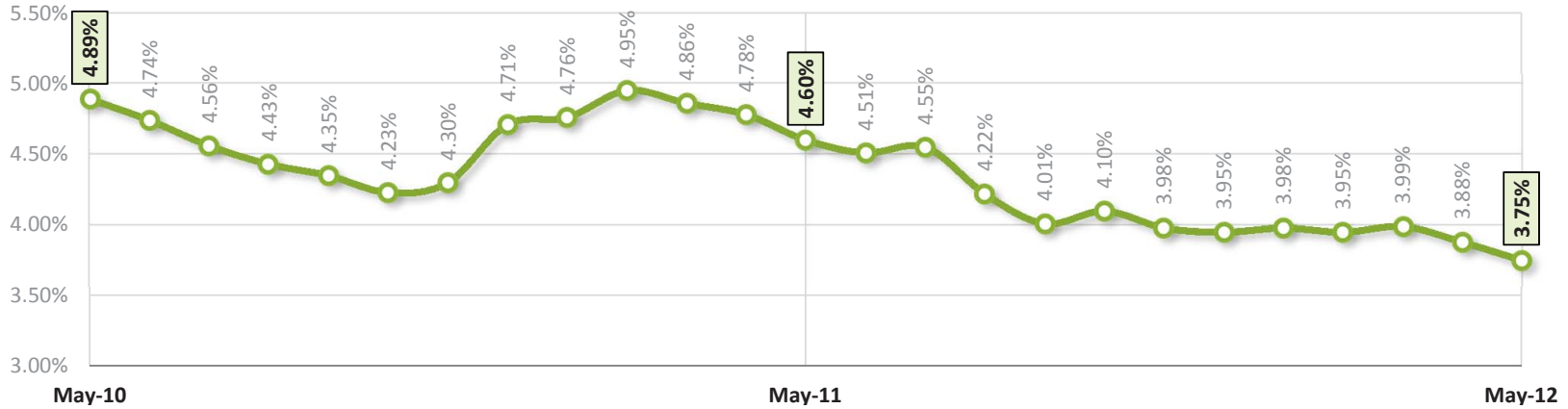
**Sales pace varies by price range.** The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, only 27% of homes that sold between \$200K and \$300K sold in the first three months of being on the market, while 44% of homes over \$400,000 were able to sell in that

same time period. Also, there were no sales of homes over \$400,000 after having been on the market for one year, despite such sales happening in all other price ranges. This offers some interesting implications for current listings priced over \$400,000 that have been on the market for longer than a year.



### Average 30-Year Fixed Mortgage Interest Rate

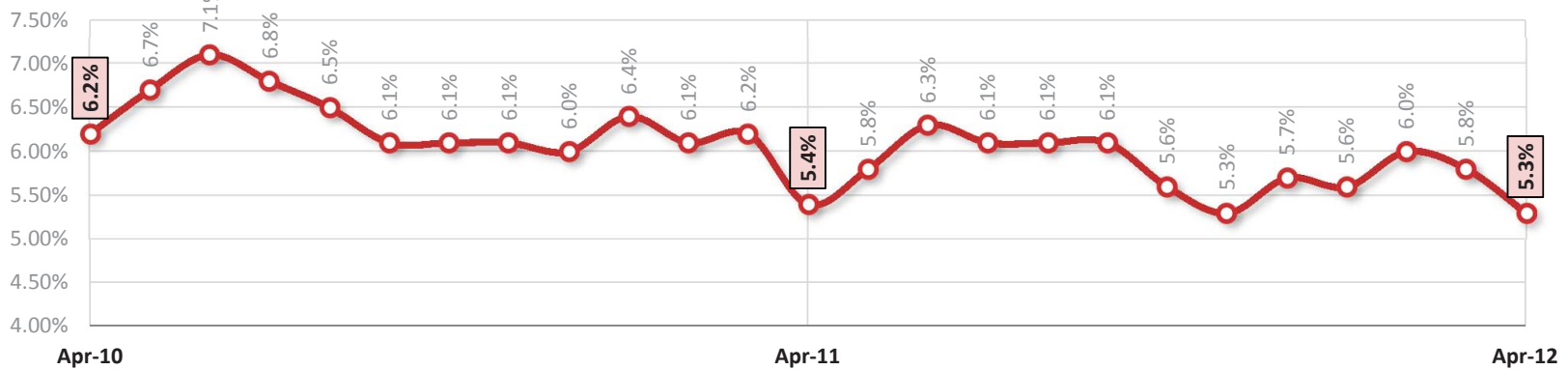
Source: Freddie Mac



Harrisonburg-Rockingham MSA

### Unemployment Rate

Not Seasonally Adjusted



**Mortgage rates and unemployment levels down.** 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 3.75% continuing the seven-month streak of staying below 4.0%. Despite consistent warnings that interest rates will be

increasing, they have not been above 5% anytime in the past two years. The second graph above illustrates trends in the local unemployment rate -- which showed levels below 6% for most of the past several months, and a significant decline (to 5.3%) during the most recent month of reporting.

## 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 both 2010 and 2011, 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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## Local Online 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>

**Comprehensive Data on Harrisonburg Townhouse Communities**  
<http://www.HarrisonburgTownhouses.com>

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

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

**Bank Owned Properties in Harrisonburg & Rockingham**  
<http://www.HarrisonburgREO.com>

**Potential Short Sales in Harrisonburg & Rockingham County**  
<http://www.HarrisonburgShortSales.com>

**Owner Financed Properties in Harrisonburg & Rockingham County**  
<http://www.HarrisonburgOwnerFinancing.com>

**Lease/Purchase Properties in Harrisonburg & Rockingham County**  
<http://www.HarrisonburgLeasePurchase.com>

**Property Transfers in Harrisonburg & Rockingham County**  
<http://www.HarrisonburgPropertyTransfers.com>