



JULY 2012

Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through June 30, 2012
provided courtesy of Scott P. Rogers, Coldwell Banker Funkhouser Realtors*



55+ Active Adult Community w/ Swimming Pool, Adjacent Golf Course HeritageEstates.us

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: June

84 homes sold in June 2012, showing a 3.7% increase from June 2011 when 81 homes sold -- but a 28.2% decrease from June 2010 (peak of home buyer tax credit) when 117 homes sold.

Home Values: June

Median sales prices increased 3.7% and average sales prices decreased 1.1% when comparing June 2012 to June 2011.

Days on Market: June

Homes sold in an average of 200 days in June 2012, a 4% increase from 192 days in June 2011 and a 7% increase from the 187 day average in June 2010.

Foreclosures

129 trustee deeds have been recorded thus far in 2012 compared to 385 home sales reported through the HRAR MLS.

Inventory

Inventory levels decreased during June 2012 to 721 residential properties currently for sale, down from 751 one month ago, and down from 872 one year ago, at the start of 2011.

Pace of Home Sales: Year to Date

385 homes sold in the first six months of 2012. This marks a 5.2% increase from 2011 when 366 homes had sold, though a 7.9% decrease as compared to 2010 when 418 homes sold.

Home Values: Year to Date

Median sales prices increased 4.2% and average sales prices decreased 1% 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 (218 days) increased 4% since 2011 when the average was 210 days on the market.

Supply

All price ranges still show an excess of housing supply, with 9 months under \$200k, 11 months between \$200k and \$300k, 16 months between 300k and \$400k, and 38 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes has increased to \$106/sf in the 2nd quarter of 2012, as compared to \$100/sf in the 1st quarter of 2012.

Buyer Activity

102 buyers committed to buy in June 2012, compared to 104 in June 2011 (a 2% decrease), and 54 in June 2010 (an 89% increase).

Single Family Home Sales

297 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

88 townhouses sold thus far in 2012, compared to a 2011 total of 169 townhomes. The median townhome sales price has declined to \$139,500 in 2012 from \$144,000 in 2011.

Lot Sales

22 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 \$58,500 from \$54,500 during 2011.

Land Sales

18 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 decreased slightly to \$15,491 in 2012.

HOME SALES REPORT

Harrisonburg & Rockingham County

July 9, 2012

# Home Sales	2009	2010	2011	2012	% Change ('11 - '12)
June	86	117	81	84	3.70%
Year-To-Date	359	418	366	385	5.19%

Median Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
June	\$202,500	\$187,900	\$175,482	\$173,500	-1.13%
Year-To-Date	\$190,000	\$181,750	\$165,000	\$172,000	4.24%

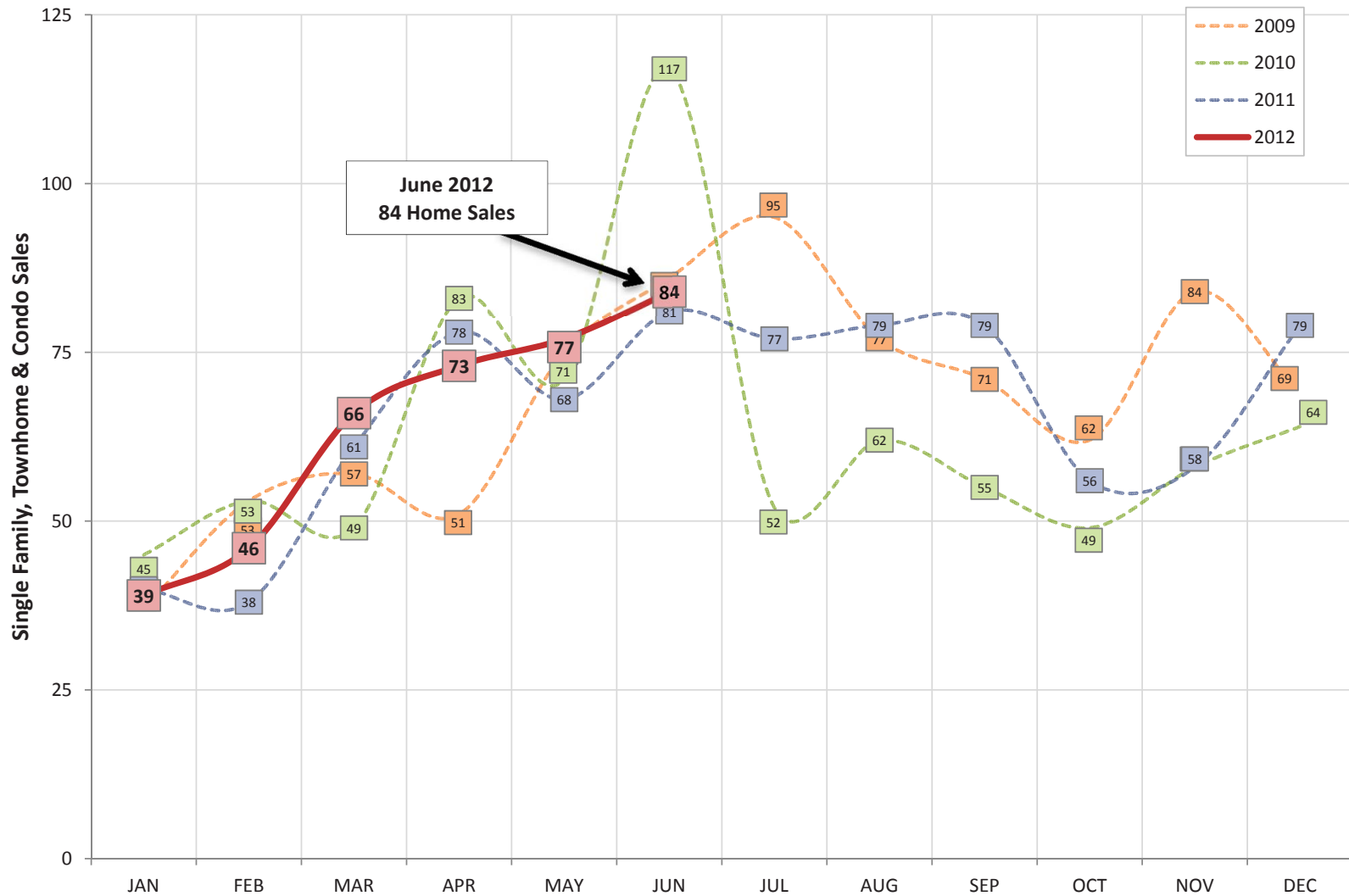
Average Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
June	\$226,592	\$224,086	\$217,914	\$194,237	-10.87%
Year-To-Date	\$222,152	\$211,321	\$195,401	\$193,408	-1.02%

Average Days on Market	2009	2010	2011	2012	% Change ('11 - '12)
June	171	187	192	200	4.17%
Year-To-Date	189	191	210	218	3.81%

YTD: sales pace increases; median price increases. With half of 2012 behind us, we can start to draw some big picture conclusions with year-to-date data, and the conclusions are quite positive. After a tax credit induced sales peak in 2010 (418 sales in six months), the pace of local home sales fell again in the first half of 2011

(366 home sales in six months) -- but the pace of sales has increased this year to 385 sales in six months (a 5% improvement). Median prices bottomed out last year at \$165,000 in the first six months of the year compared to a median price of \$172,000 in the first six months of 2012 (a 4% improvement).

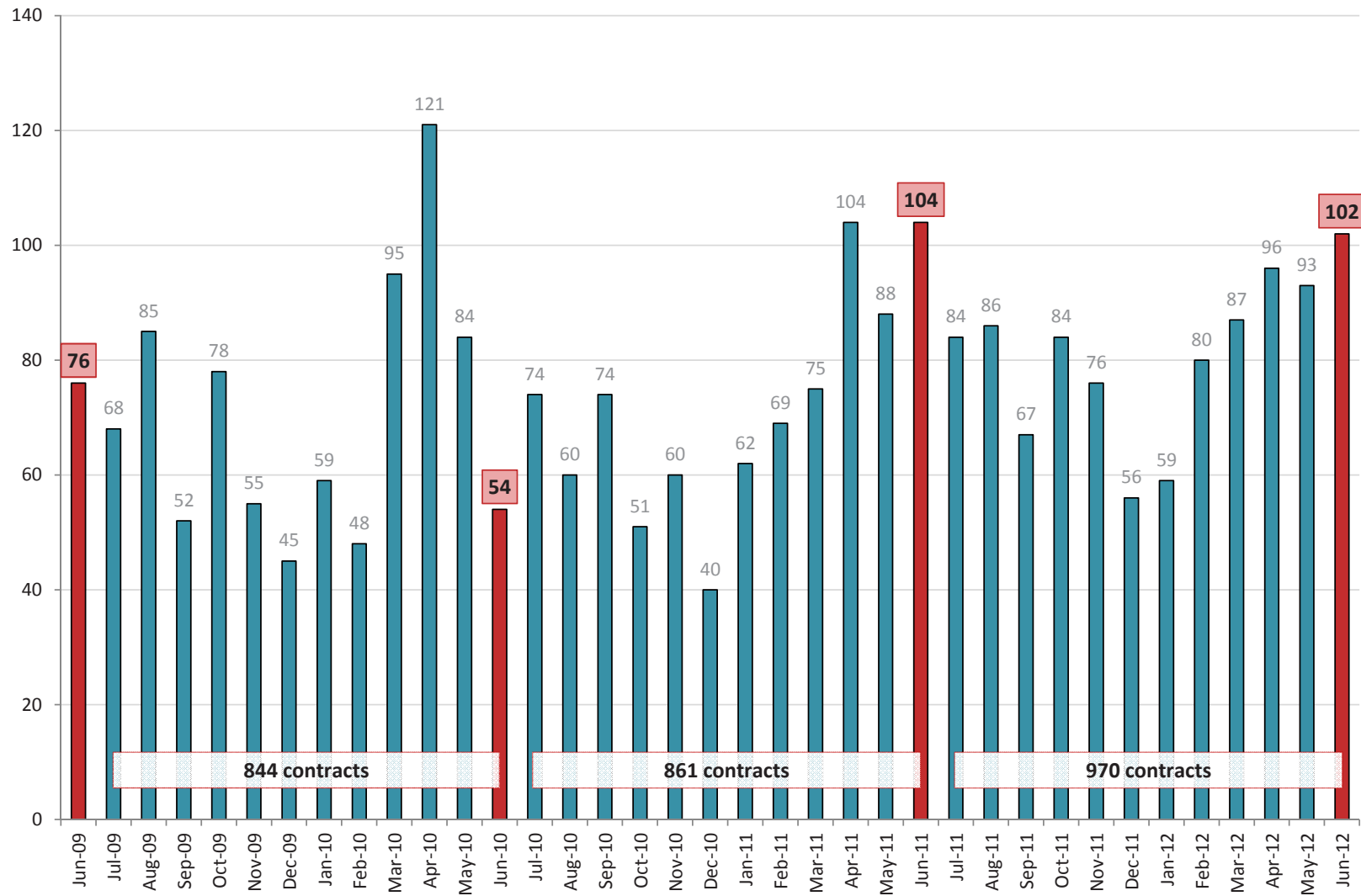
Harrisonburg & Rockingham County Month-By-Month Home Sales History



June sales match historic trends. Do bear in mind that June 2010 was one of the deadlines for the federal home buyer tax credit -- and that's why you see the record-breaking 117 home sales in that month two years ago. In fact, that was the only time we've seen more than 100 sales in a month during the past 3.5 years. This

June, however, there were 84 home sales in Harrisonburg and Rockingham County, which puts us on par with recent June sales trends of 81 sales last June (2011) and 86 sales in June 2009. Based on the 3rd quarter of last year, we are likely to see 70 to 80 home sales per month for the next several months.

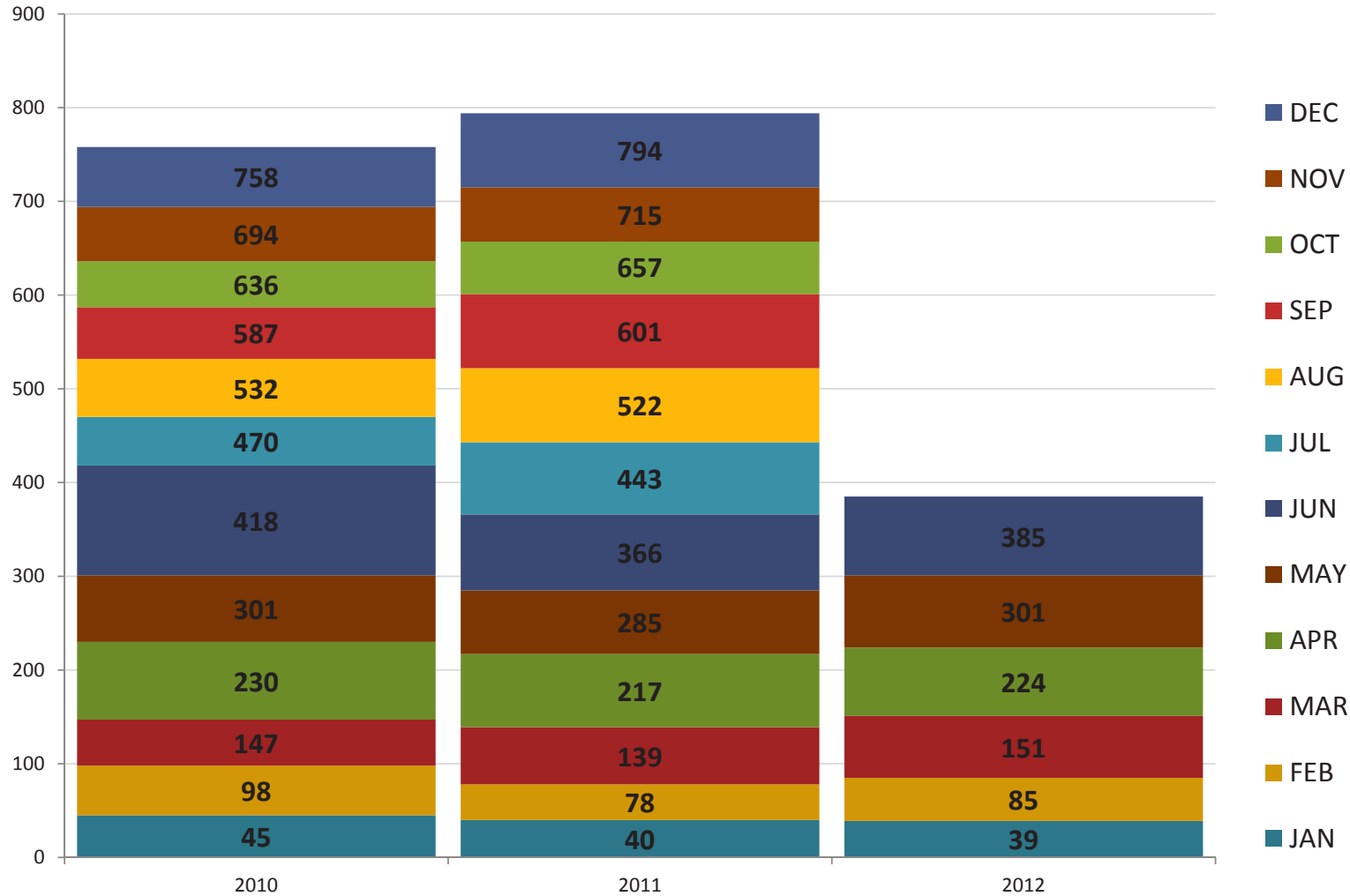
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Another stellar June for contracts! Last June we saw a record-breaking 104 contracts in a month. While it was a repeat of April 2011 (two months earlier) it had only been bested by the tax credit induced contract frenzy of 2010 (122 contracts in April 2010). This June, buyers came very close (102 contracts) to matching up to the

number of contracts we saw last June (104). In further good news, there have been 13% more contracts signed in the past 12 months as compared to the previous 12 months -- another indication of further improvement in the local housing market.

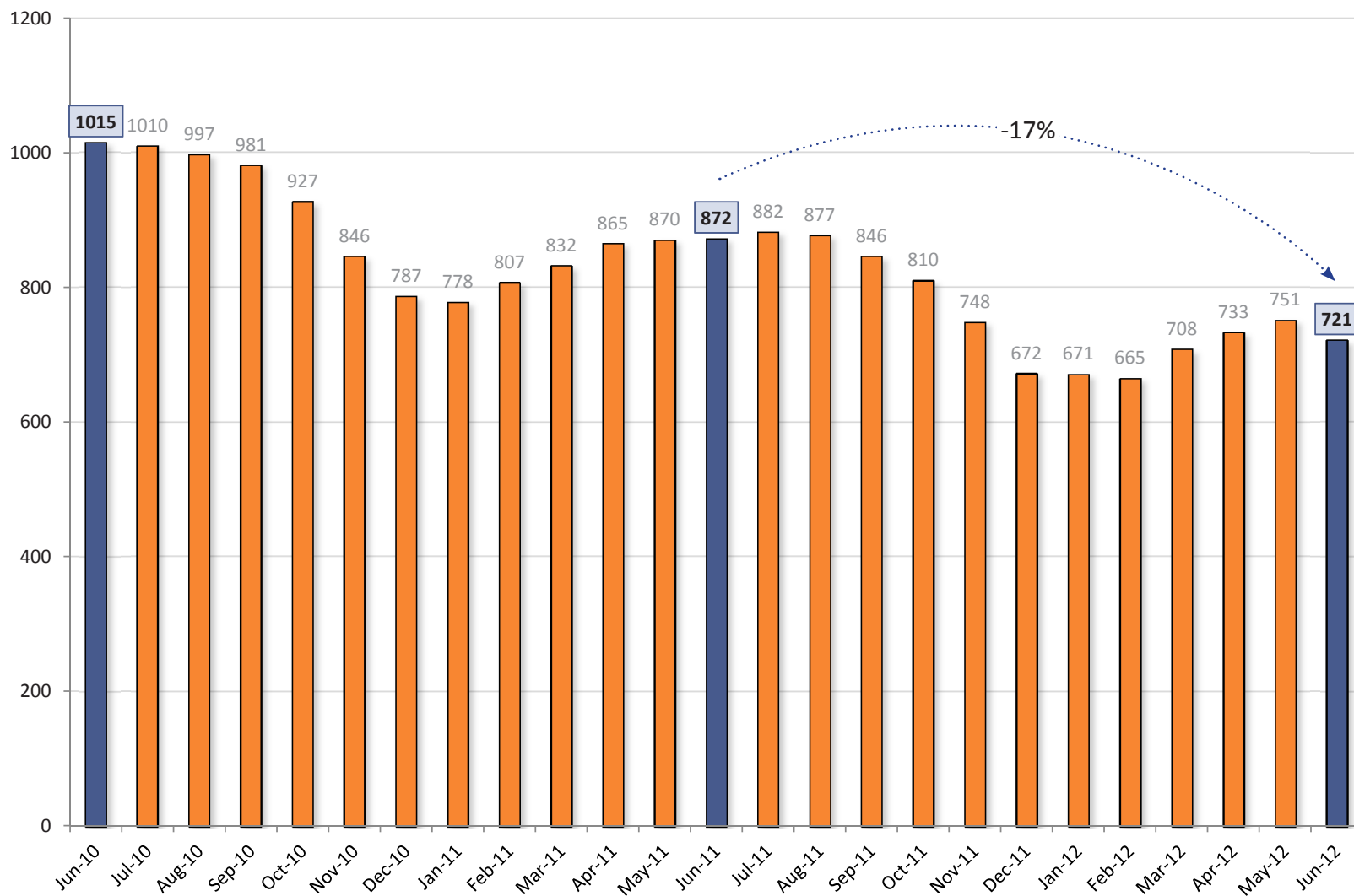
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



June 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 (385) as compared to 2011 (366) 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.

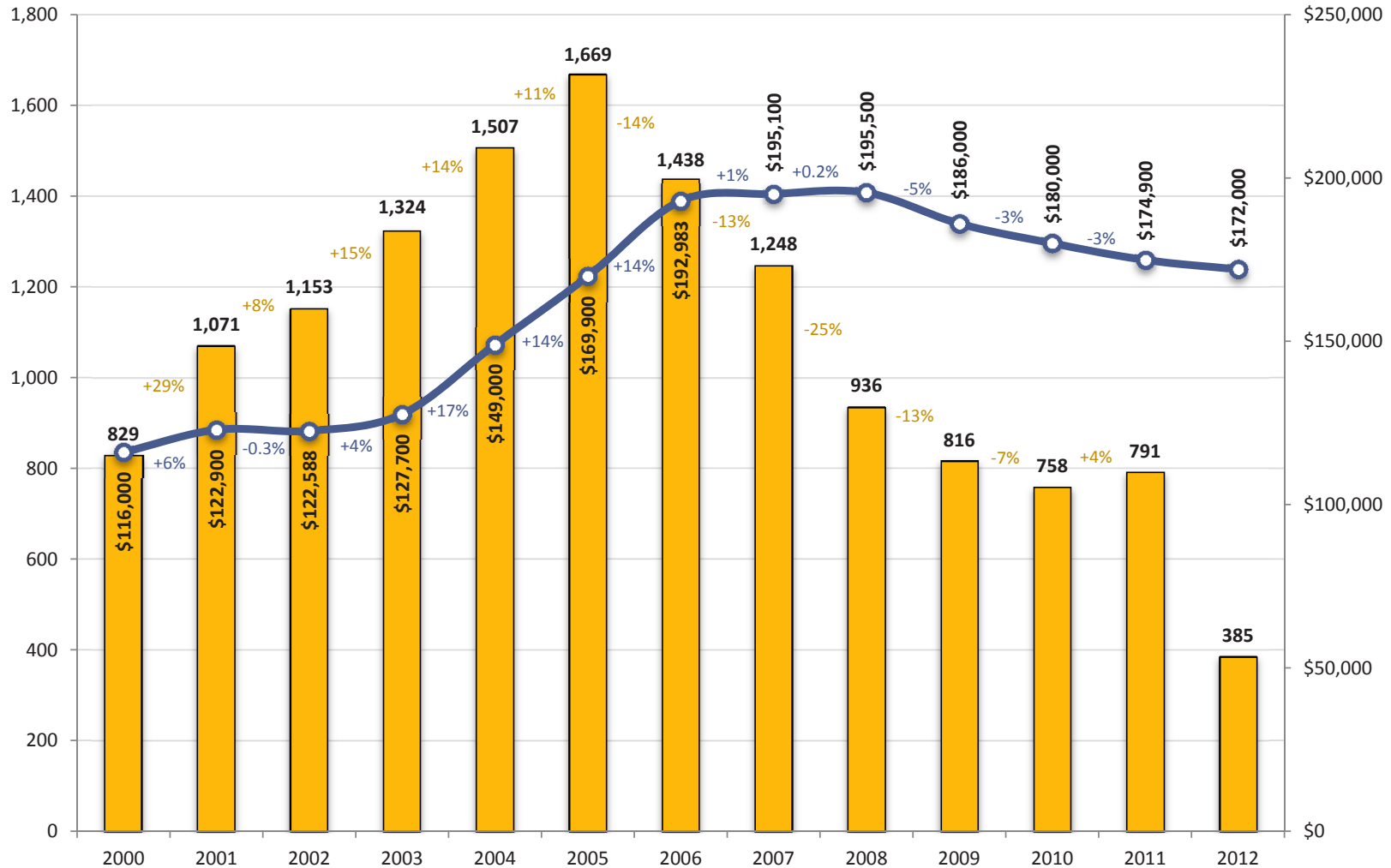
Harrisonburg & Rockingham County
Inventory Levels



Inventory levels keep on dropping. The declines in median sales price seen over the past several years are partly due to the imbalance in the market between the number of sellers (too many) and the number of buyers (too few). With contracts on the rise (see page 5) and inventory declining (see above) we are slowly moving

towards a more balanced market. It has actually been quite a rapid improvement over the past two years --- with a 17% decline in inventory over the past 12 months, and an overall 29% decline over the past 24 months. Surprisingly, inventory levels also declined between May 2012 and June 2012, which is not a typical trend.

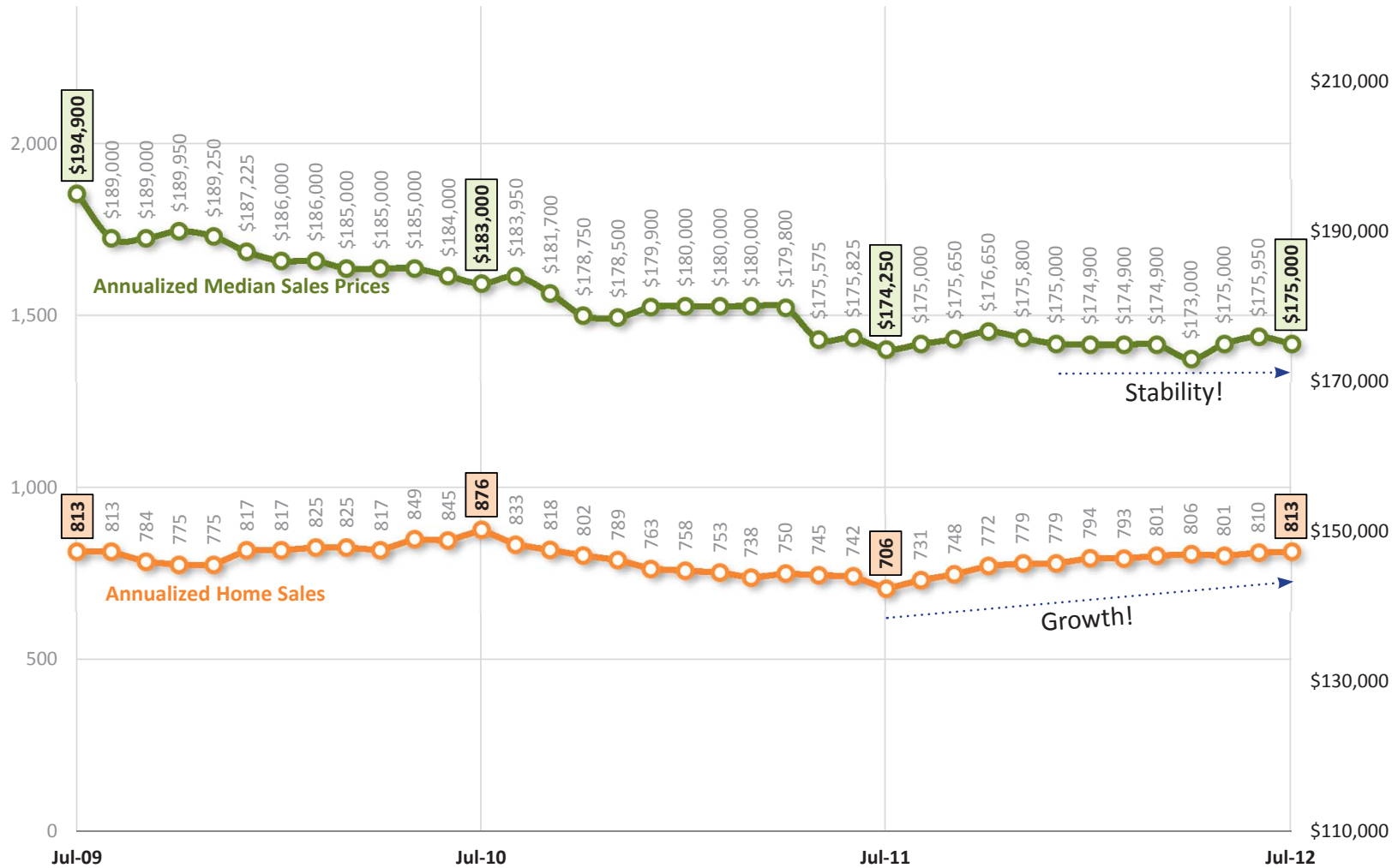
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



Home prices steady. 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 (+5.2%) 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.

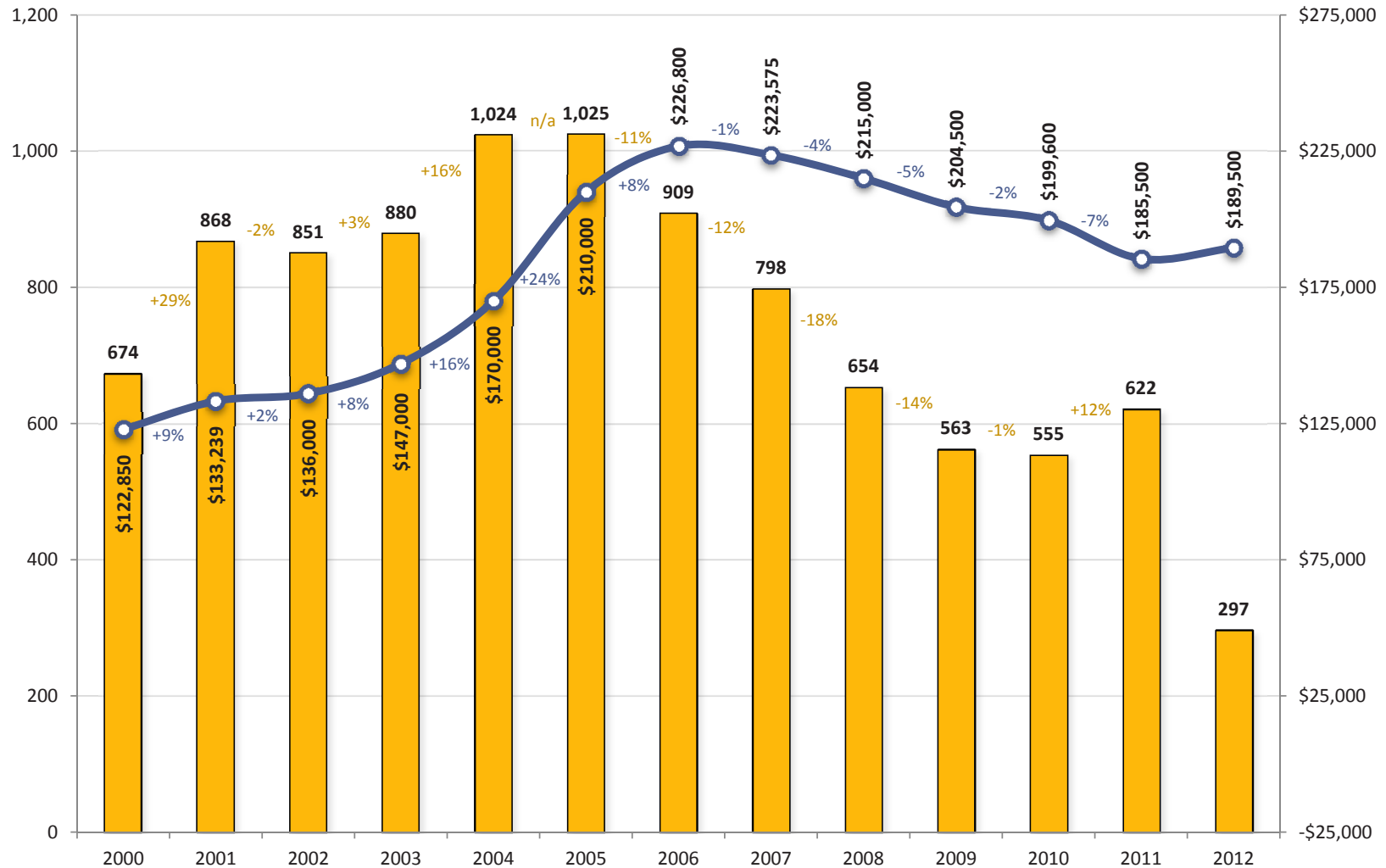
Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



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. After steady increases in the annualized pace of home sales over the past year, we have finally reached the 813 sales/year mark seen three years ago in July 2009. Perhaps as a result of this increase in sales pace, sales prices have been relatively stable for seven months.

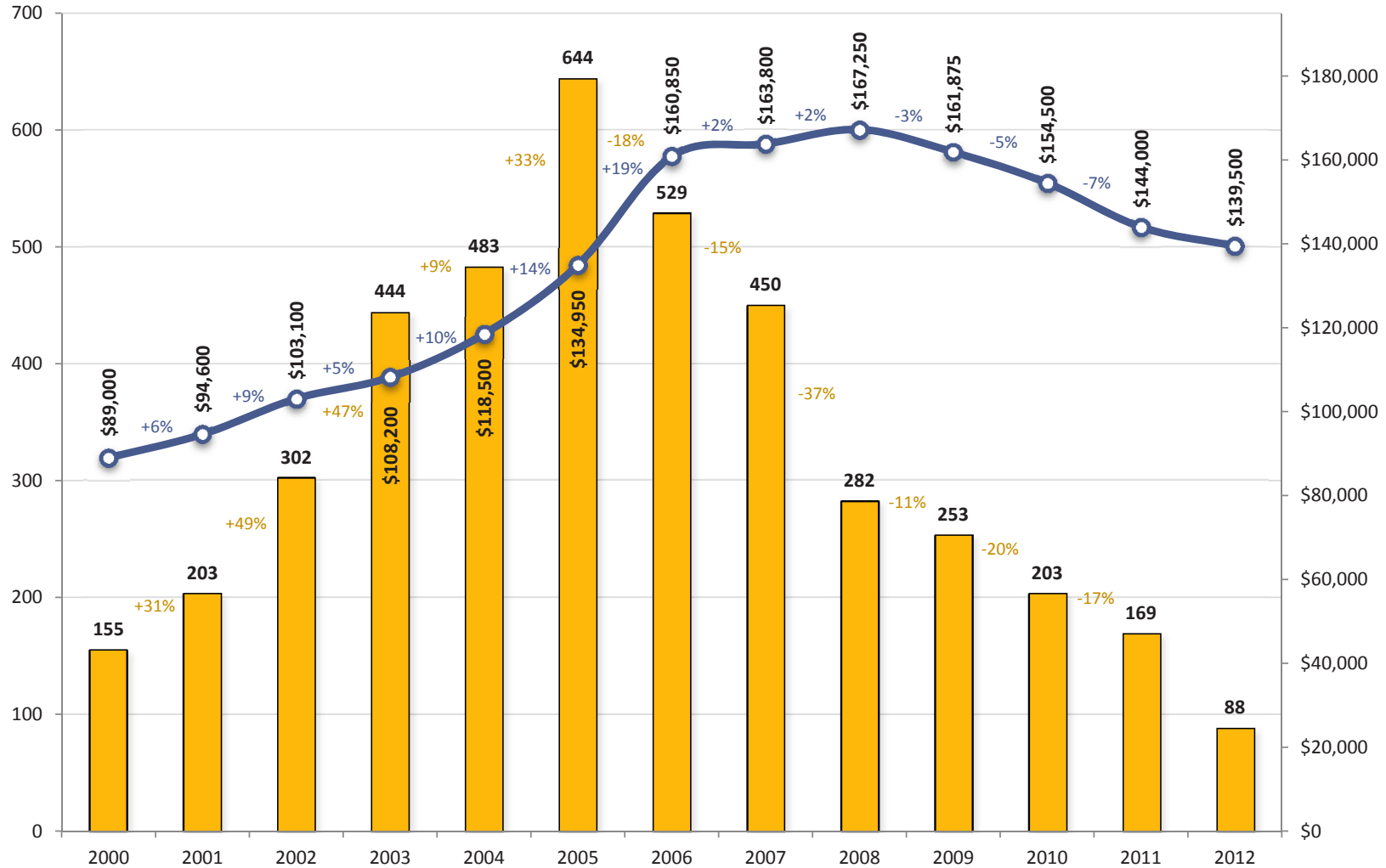
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



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 six months of 2012.

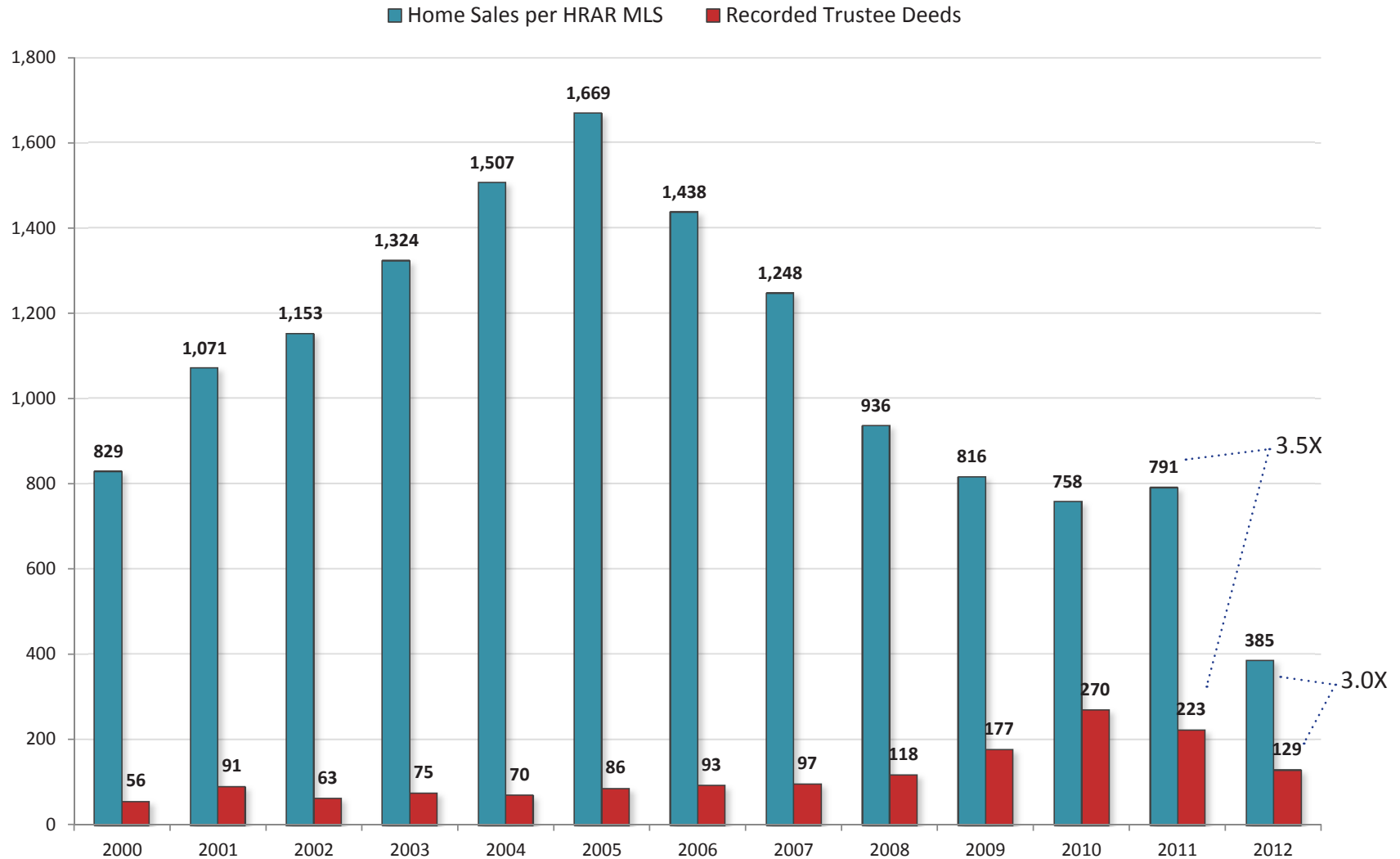
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



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 the past few months, with 88 year-to-date closings. Median sales prices, however, 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 3%.

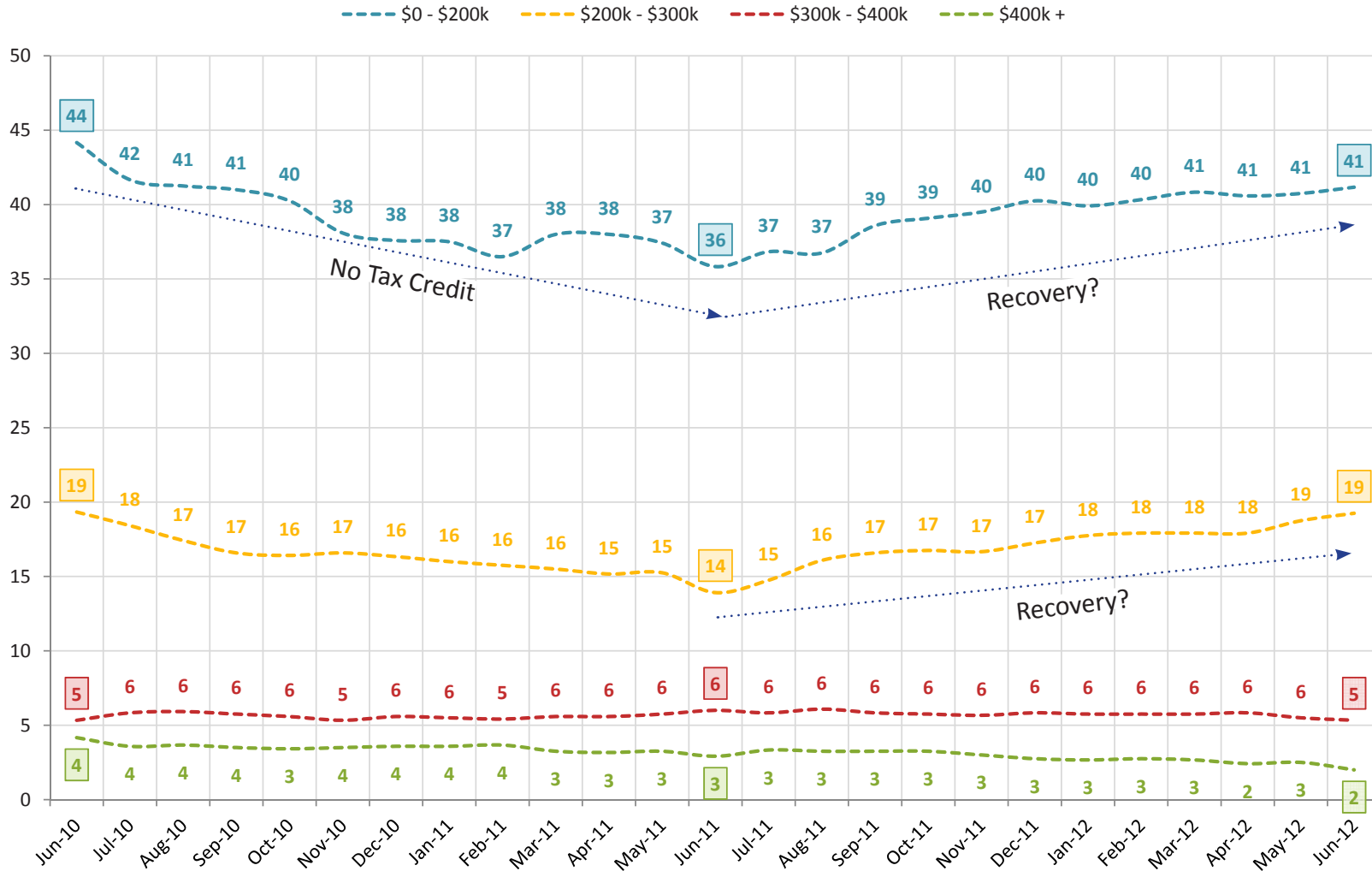
Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



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 3.0 times as many home sales as foreclosures thus far in 2012.

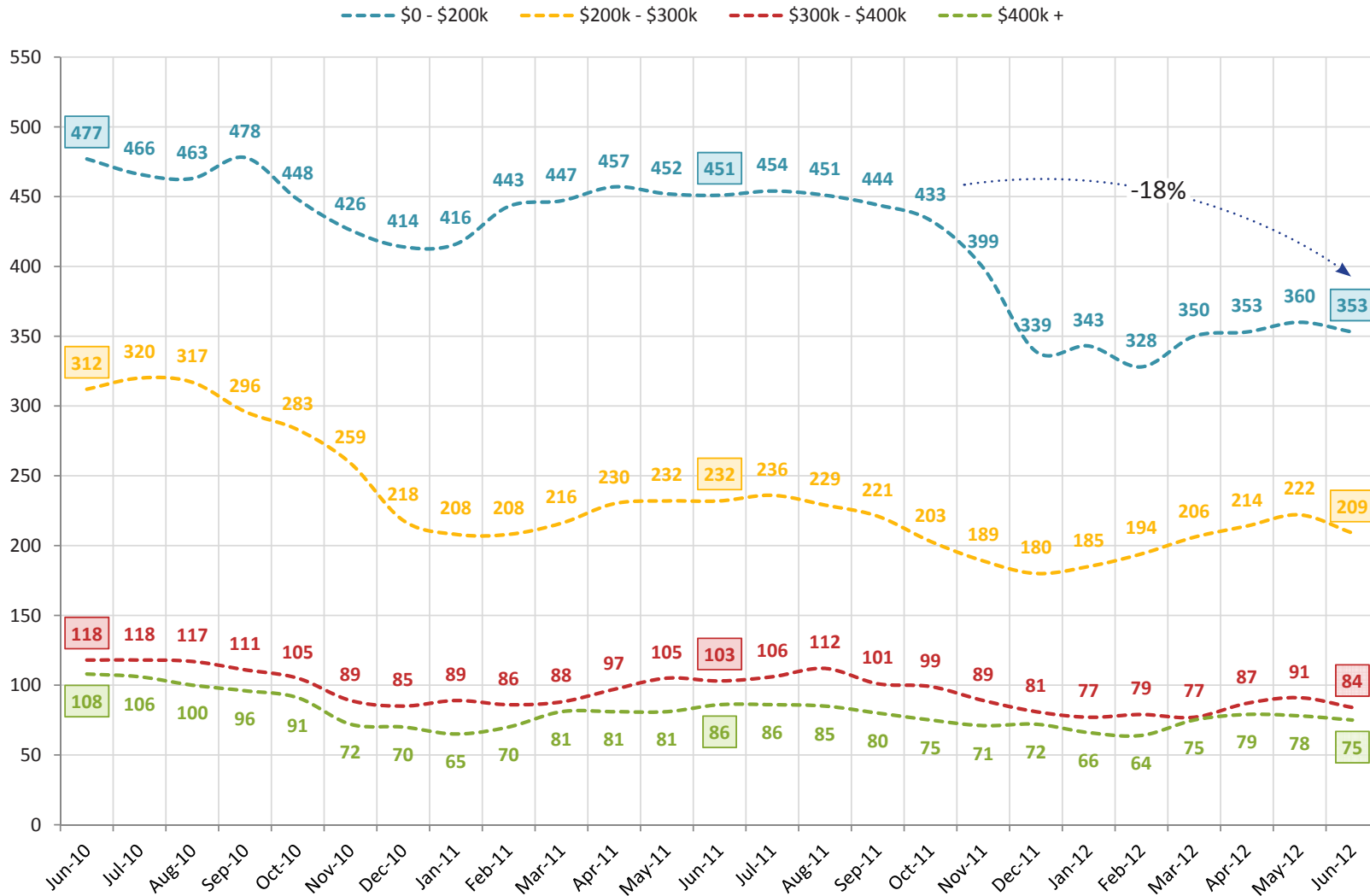
Harrisonburg & Rockingham County Home Sales by Price Range (Average of Past 12 Months)



Recovery more evident in lower price ranges. The pace of home sales in Harrisonburg and Rockingham County varies significantly 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 under \$200,000 has increased for the past year, as has the pace of sales between \$200,000 and \$300,000. The pace of home sales between \$300,000 and \$400,000 has been relatively steady, and the highest price range (\$400,000 and up) has seen slower sales over the past two years.

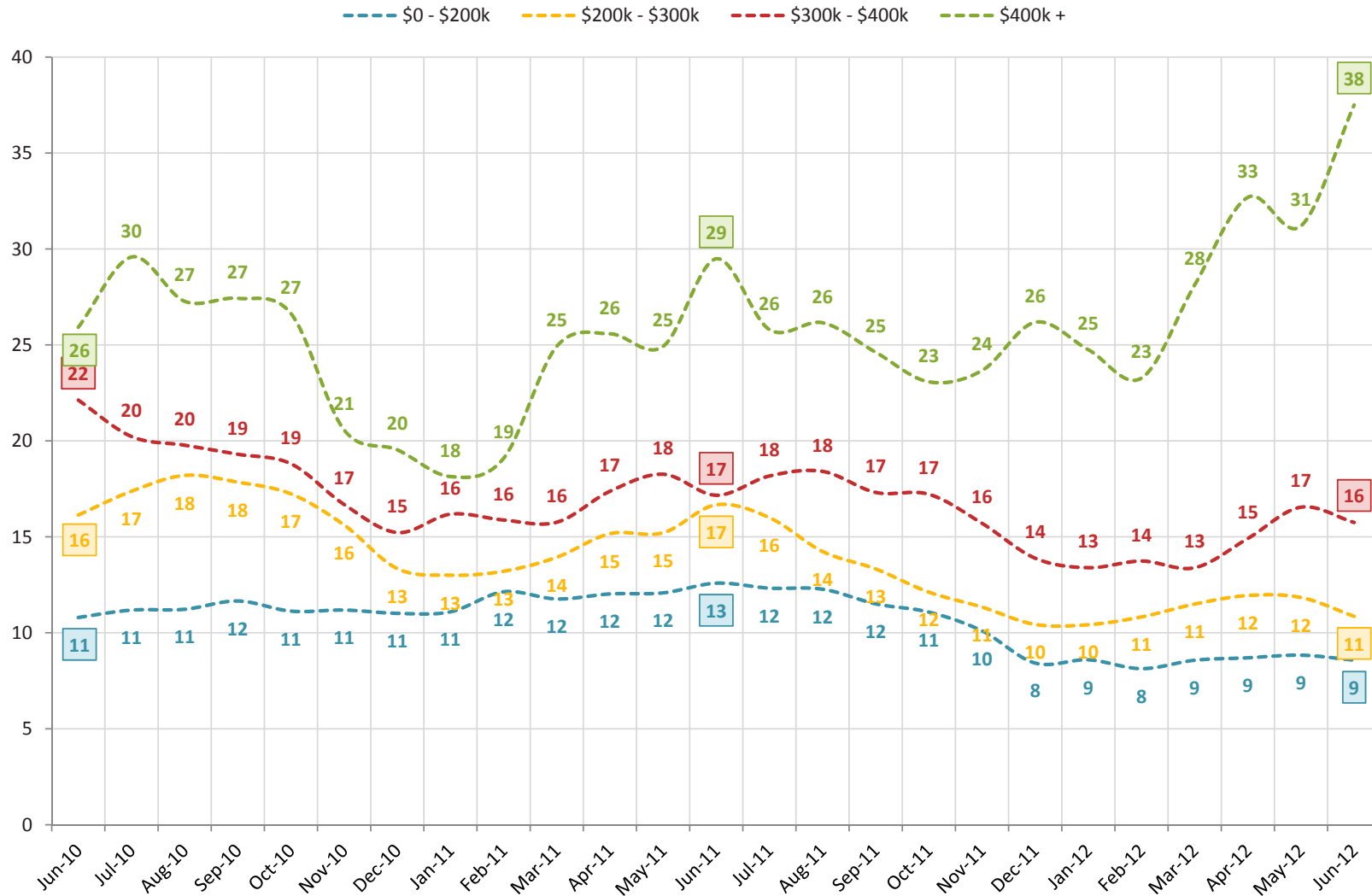
Harrisonburg & Rockingham County Inventory Levels by Price Range



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 eight months ago there were 433 such properties for sale, and today there are only

353 for sale -- this marks an 18% 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.

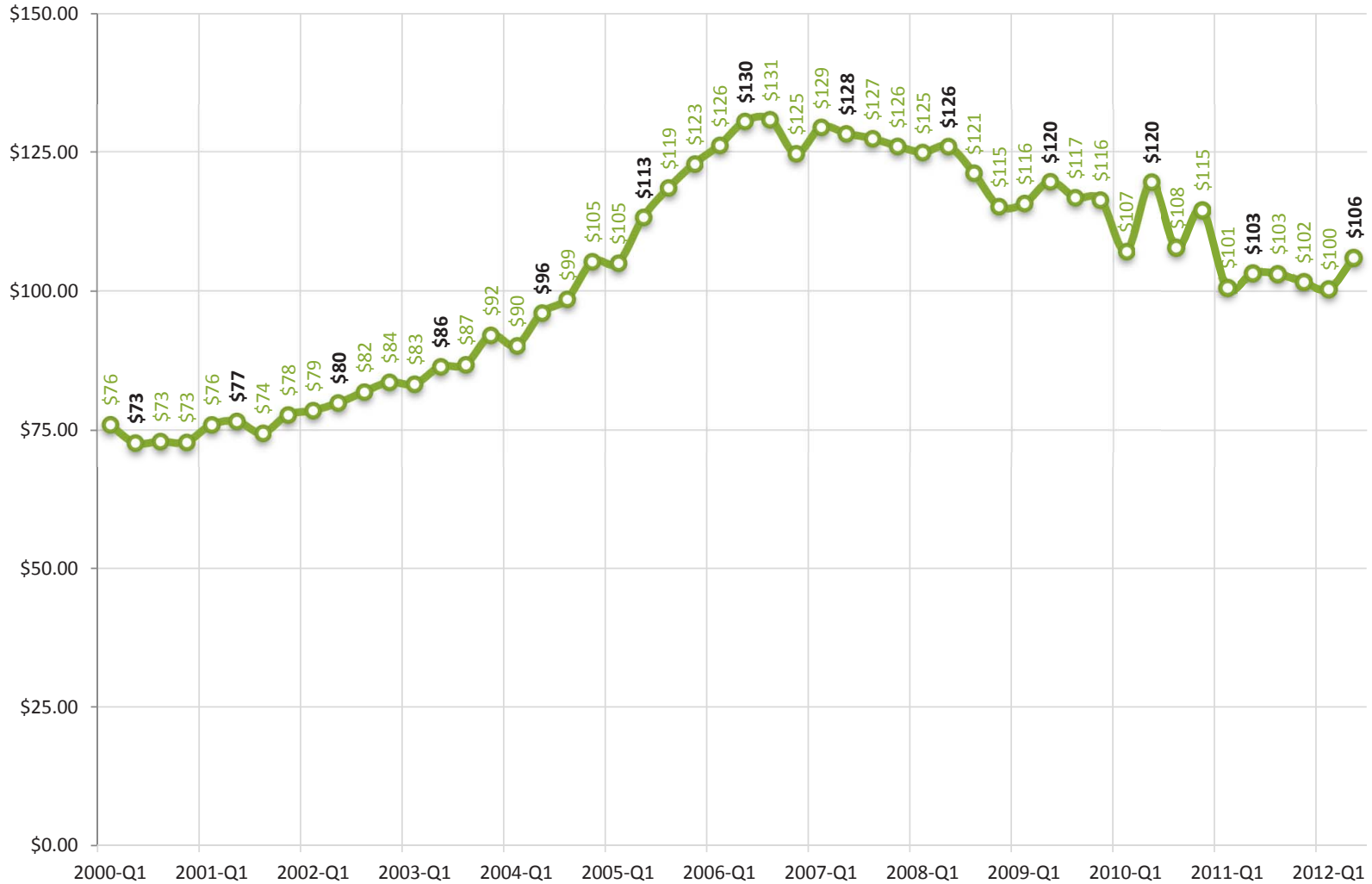
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 38 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.

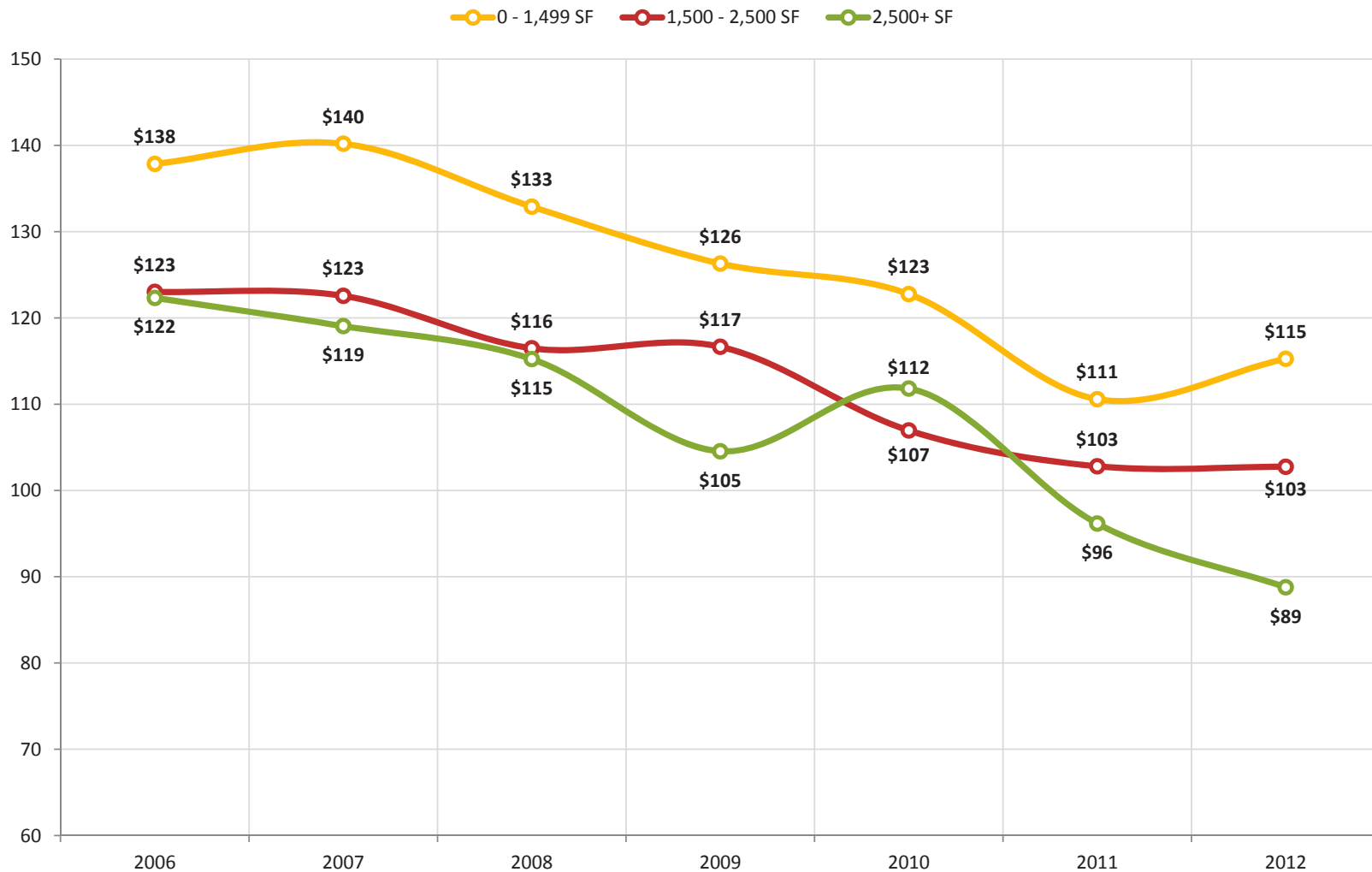
Harrisonburg & Rockingham County
Median Price Per Square Foot Trends
 Single Family Homes



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.

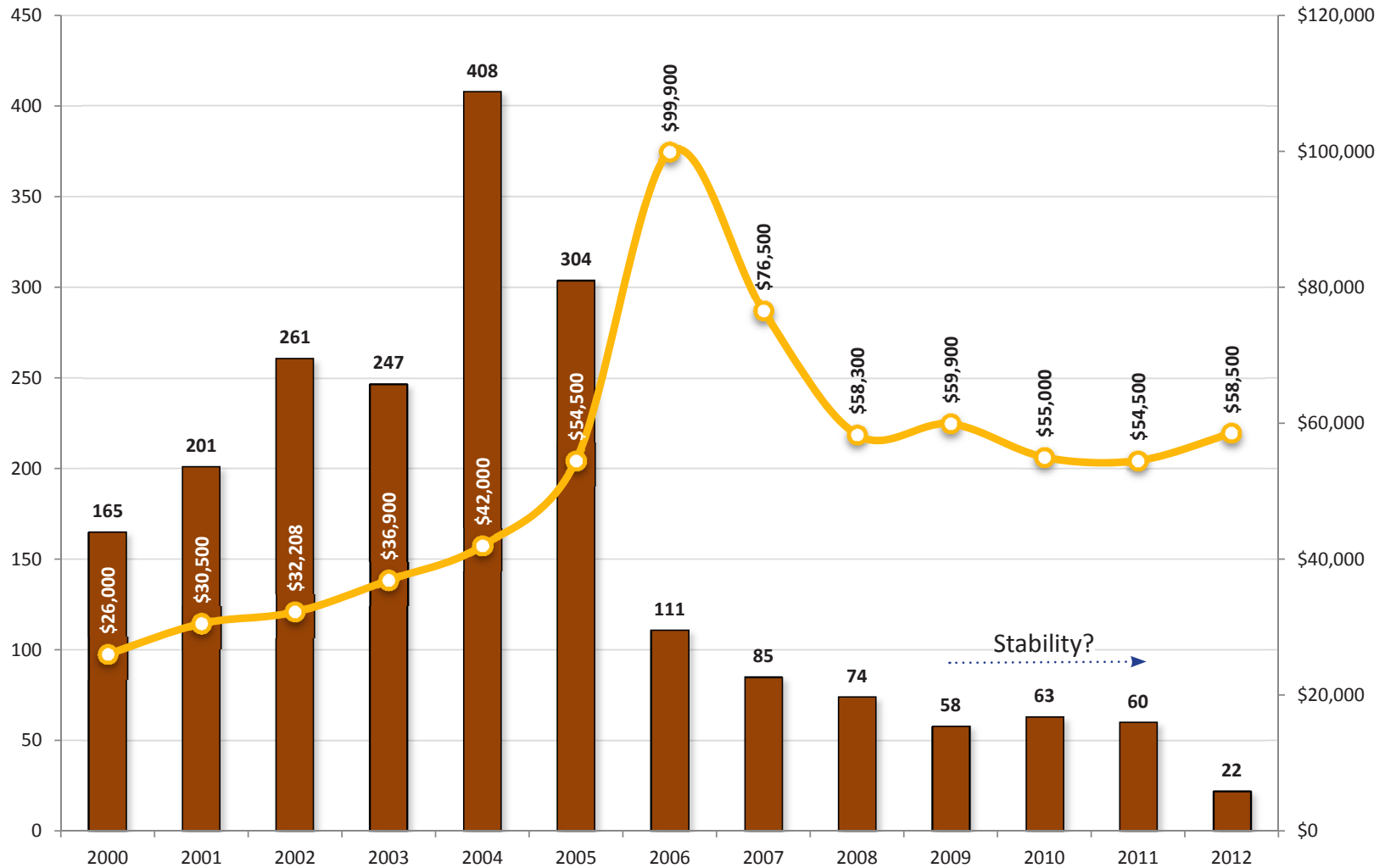
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



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 (\$89/SF) than homes that offer less than 1500 SF (\$115/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.

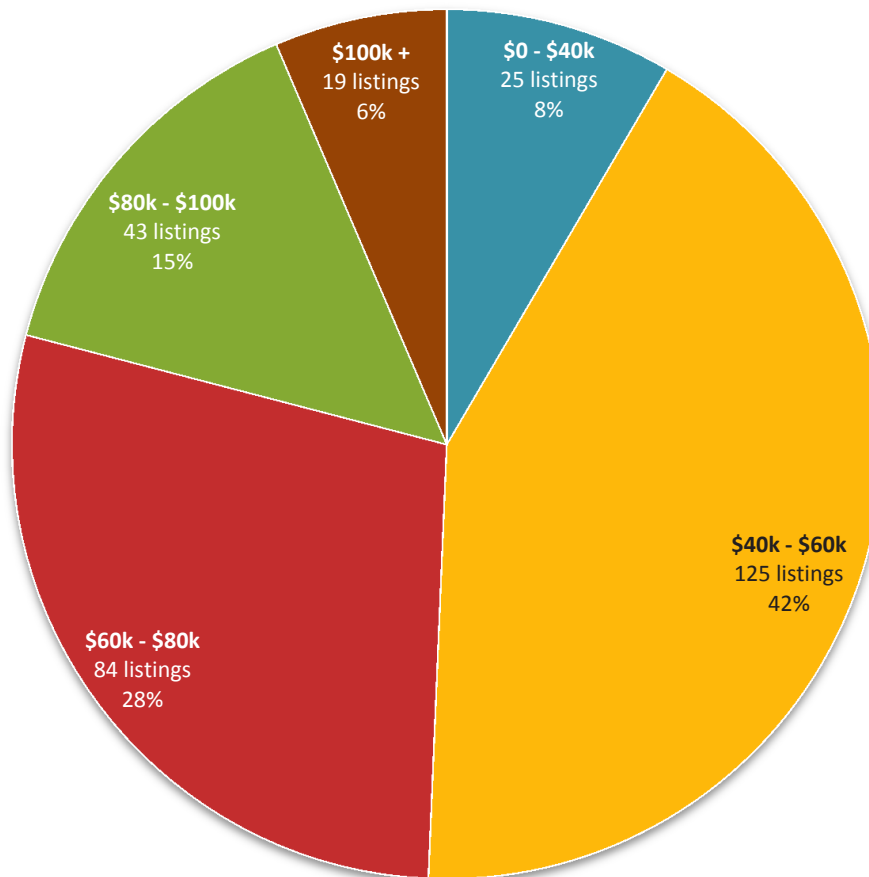
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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

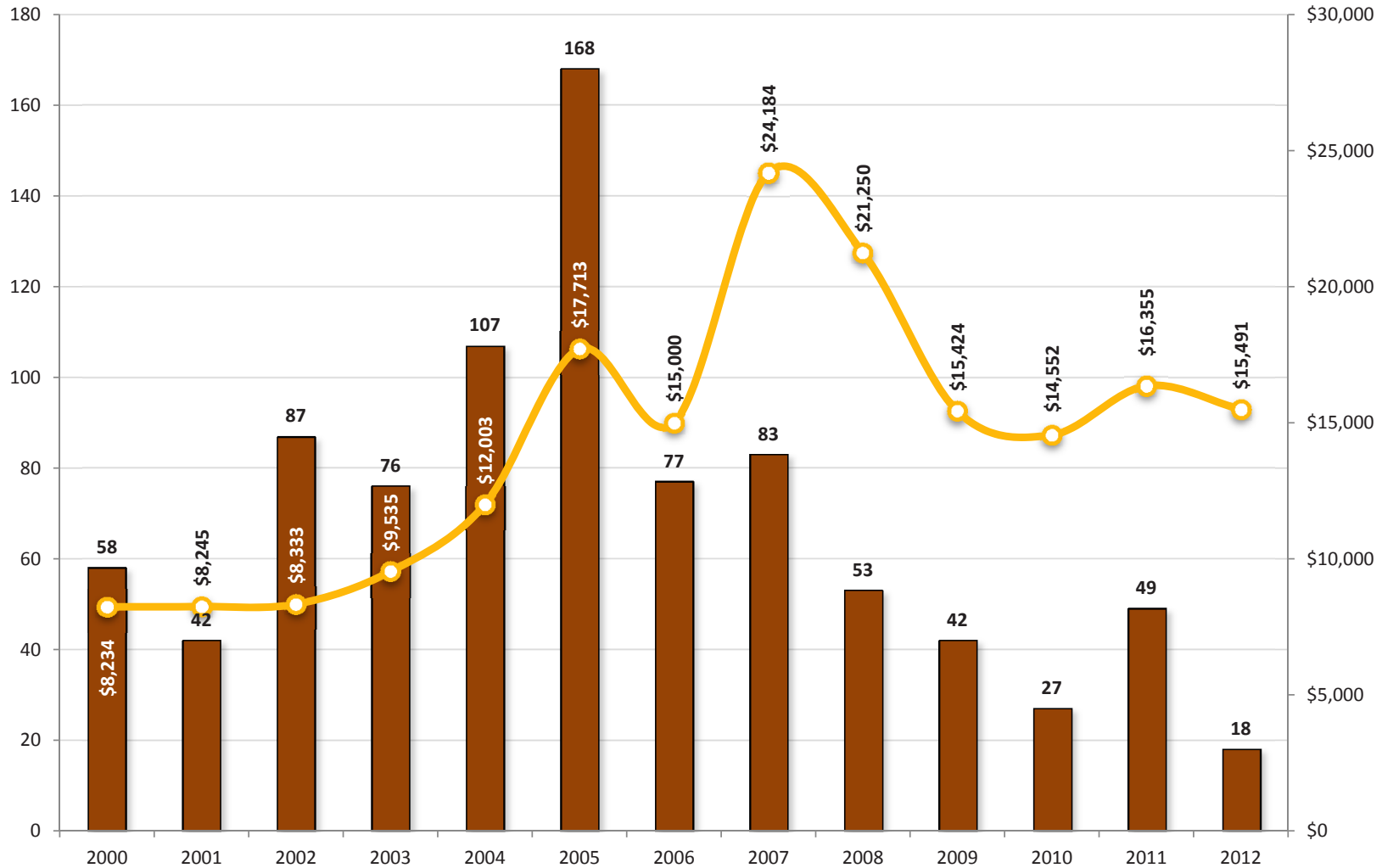


296 Active Lot Listings; Median List Price: \$60,000

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 296 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$60,000) is only slightly higher than the 2012 YTD median sales price of \$58,500. Given last

year's 60 lot sales, if no other lots were listed for sale, it would take just under five years to sell all of the lots currently listed for sale. As you can see above, almost 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.

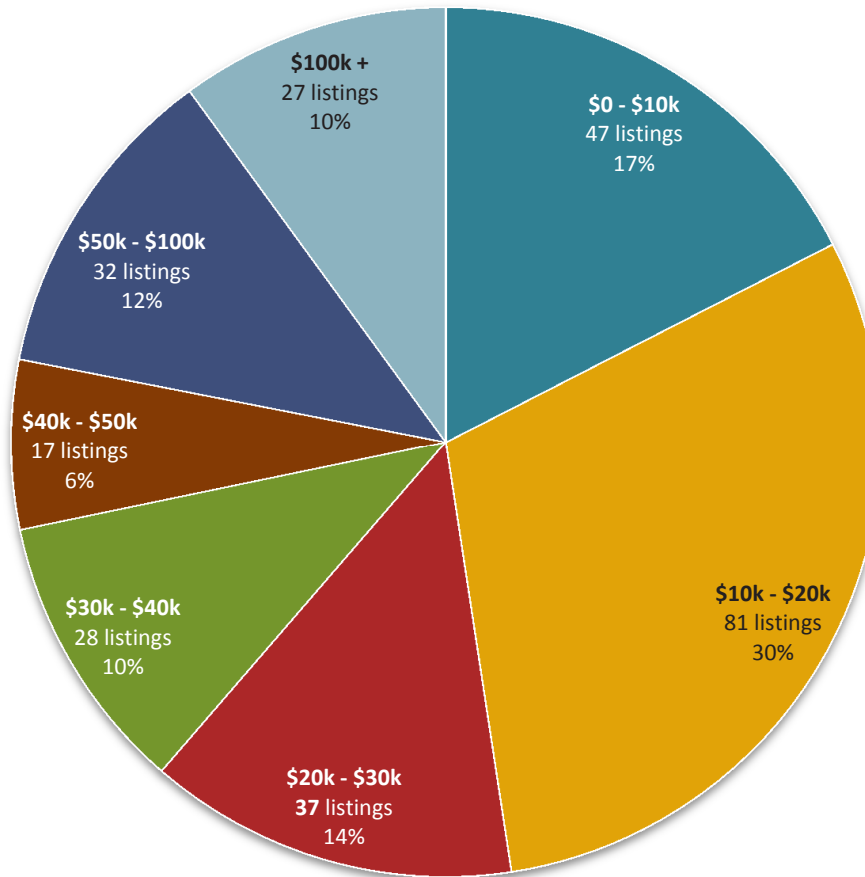
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



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 (18 sales) thus far in 2012, the median price per acre continues to show an improvement over 2010 -- currently at \$15,491 per acre during 2012 year-to-date.

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

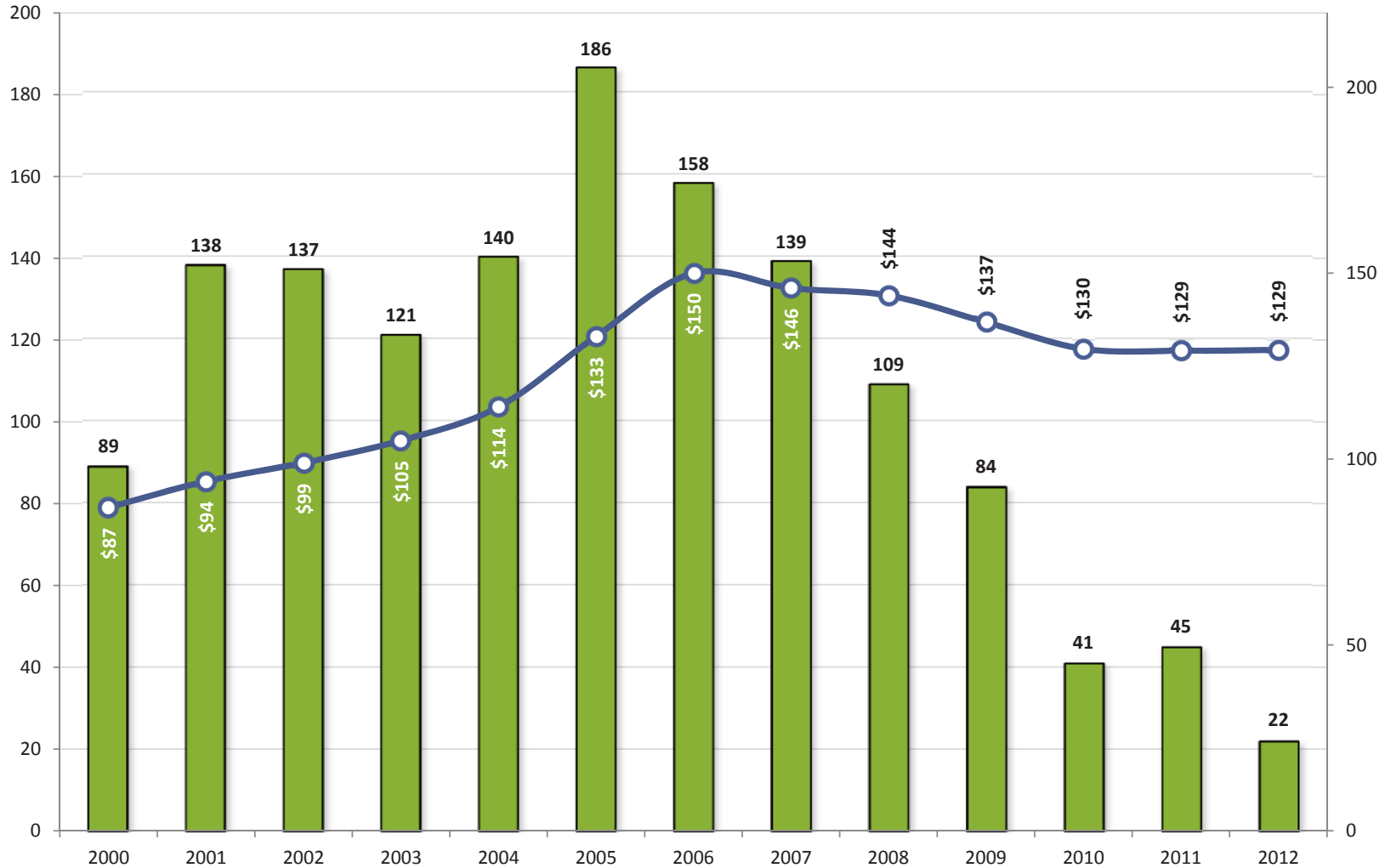


269 Active Land Listing; Median List Price: \$22,151 / Acre

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 269 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 \$22,151 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.

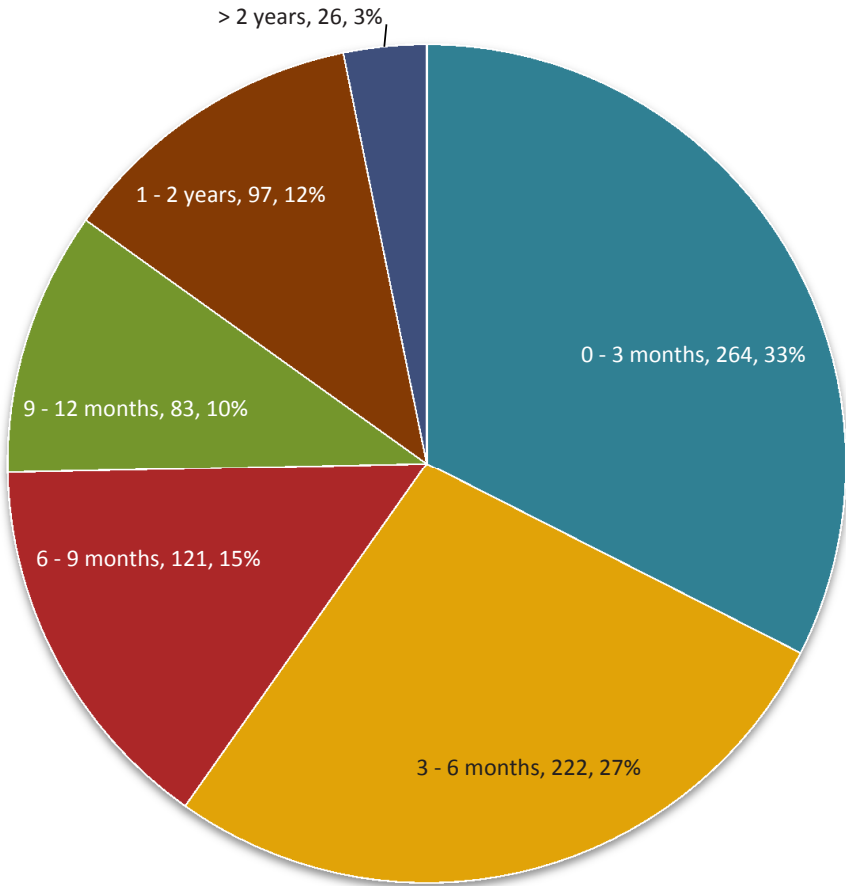
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



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, it is unclear whether we will see another increase in new home

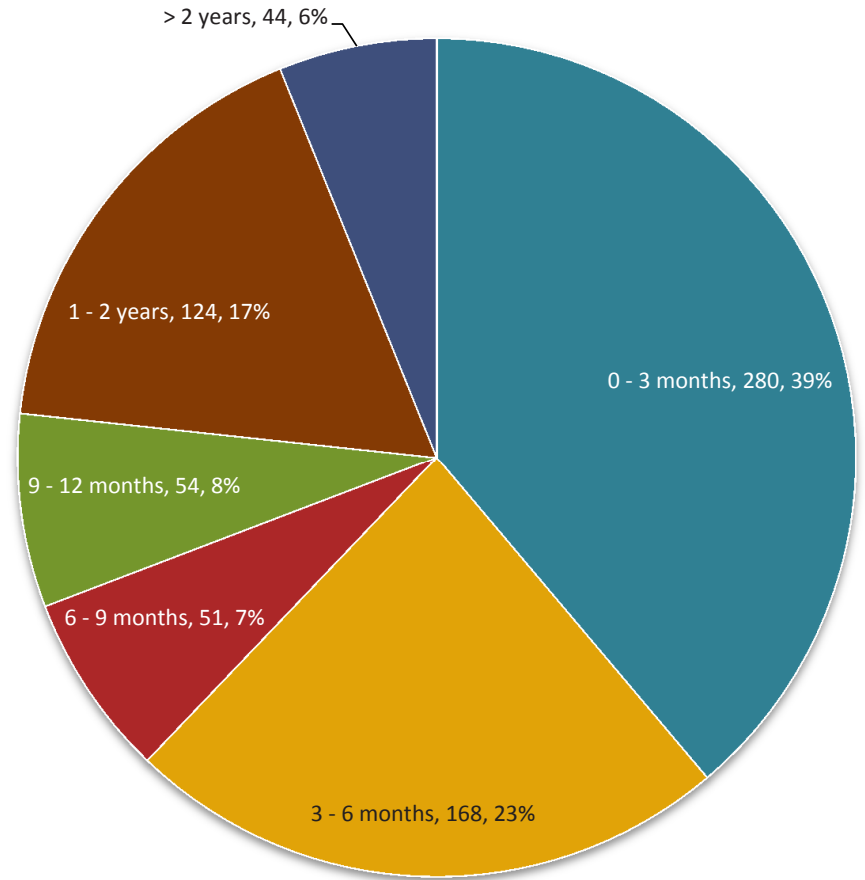
sales, as there have only been 22 such sales so far this year. It is interesting to note that the median price per square foot is showing signs of steadying, with only a very small decline between 2010 and 2011 (and 2012). As the inventory of re-sale homes slims down, the sales of new homes may continue to increase.

Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold in the Past 12 Months



Average Days On Market: 211

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

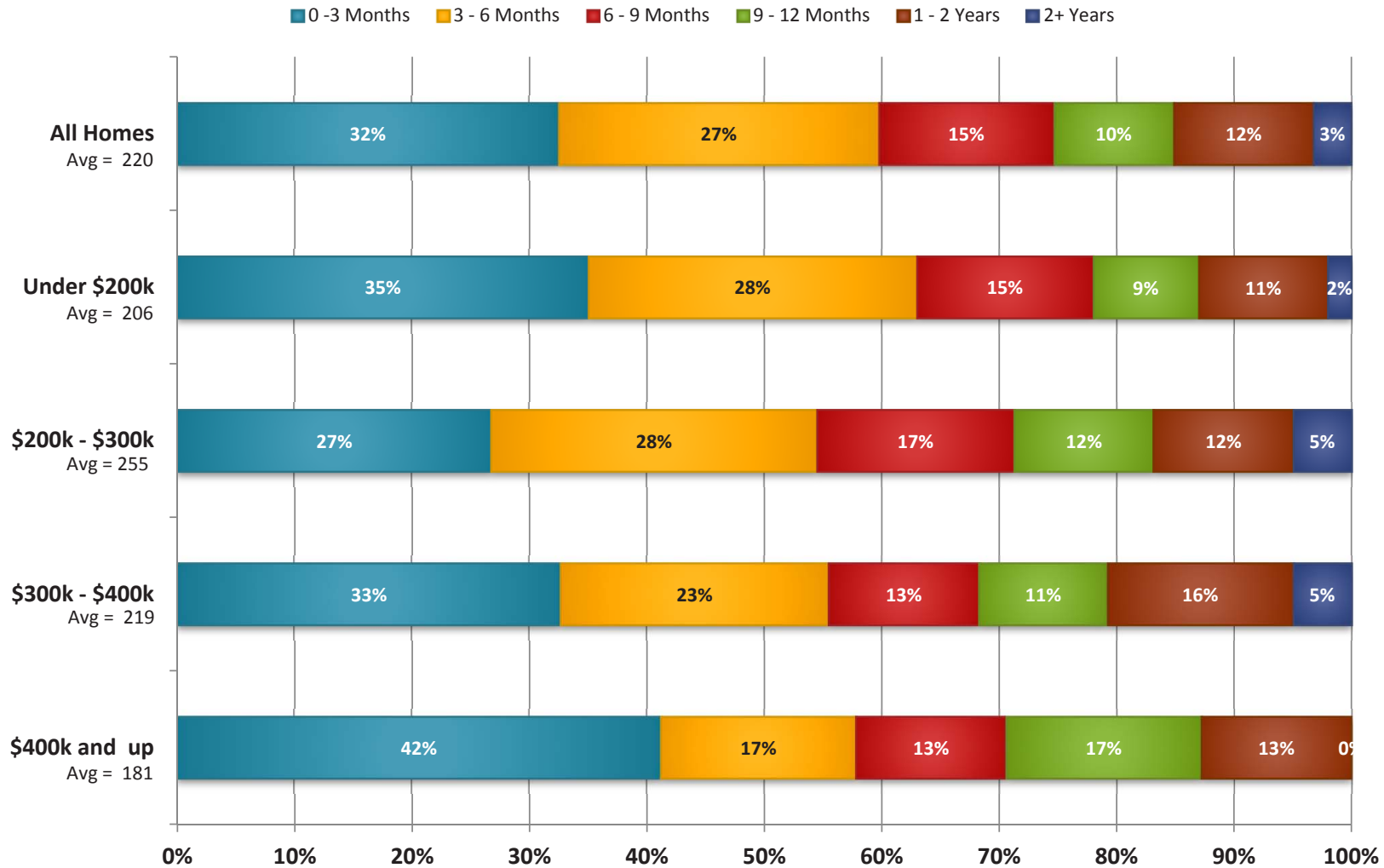


Average Days On Market: 243

Days on market relatively low amongst many 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 (33%) 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 60% 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
 Properties Sold in the Past 12 Months

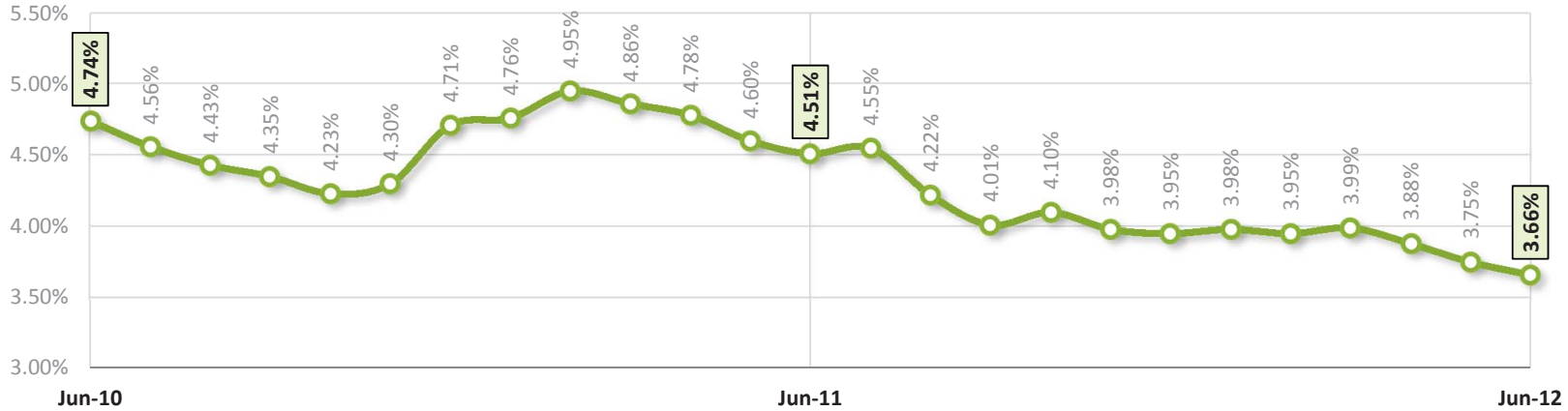


Sales pace varies by price range. The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, only 27% of homes that sold between \$200K and \$300K sold in the first three months of being on the market, while 42% of homes over \$400,000 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 down; unemployment levels up. 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 3.66% continuing the eight-month streak of staying below 4.0%. Despite consistent warnings that interest rates will

be increasing, they continue to fall lower and lower. The second graph above illustrates trends in the local unemployment rate -- which showed an exciting low of 5.3% in April 2012, but then reverted back to 5.8% in May 2012 just where it was in March 2012.

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 sellers of luxury homes and builder/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.

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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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
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Lease/Purchase Properties in Harrisonburg & Rockingham County
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