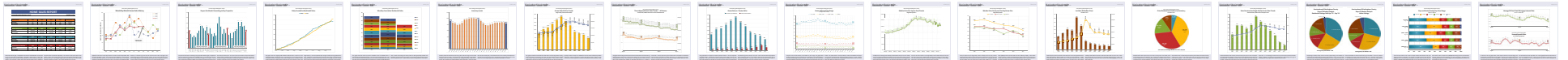




Harrisonburg & Rockingham County Real Estate Market Report

HarrisonburgHousing*today*.com

January 10, 2012



An analysis of real estate activity through December 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: December

79 homes sold in December 2011, showing an 23% increase from December 2010 when 64 homes sold -- and a 14% increase from December 2009 when 69 homes sold.

Home Values: December

Median sales prices increased 2% but average sales prices decreased 6% when comparing December 2011 to December 2010.

Days on Market: December

Homes sold in an average of 206 days in December 2011, a 4% increase from 198 days in December 2010 and a 10% increase from the 187 day average in December 2009.

Foreclosures

223 trustee deeds were recorded in 2011 compared to 791 home sales reported through the HRAR MLS. This is the first year that foreclosures have declined in the last six years.

Inventory

Inventory levels decreased significantly in December 2011 to 672 residential properties for sale, down from 748 one month ago, and down from 787 one year ago, in December 2010.

Pace of Home Sales: Year to Date

791 homes sold in 2011. This marks a 4% increase from 2010 when 758 homes had sold, and only a 3% decrease as compared to 2009 when 818 homes sold.

Home Values: Year to Date

Median sales prices decreased 3% and average sales prices decreased 6% when comparing 2011 values to 2010.

Days on Market: Year to Date

The length of time on the market for homes selling in 2011 (208 days) increased 7% since 2010 when the average was 195 days on the market.

Supply

All price ranges still show an excess of housing supply, with 8 months under \$200k, 10 months between \$200k and \$300k, 14 months between 300k and \$400k, and 26 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes declined to \$102/sf in the 4th quarter of 2011, as compared to \$103/sf in the 3rd quarter of 2011 and \$115/sf one year earlier in 2010-Q4.

Buyer Activity

56 buyers committed to buy in December 2011, compared to 40 in December 2010, and 45 in December 2009. Total contracts in 2011 (955) increased 16% over 2010.

Single Family Home Sales

622 single family homes sold in 2011, compared to 555 in 2010 -- a 12% increase. The median sales price has decreased to \$185,500.

Townhouse Sales

169 townhouses sold in 2011, compared to a 2010 total of 203 townhomes. The median townhome sales price has decreased to \$144,000 in 2011, from \$154,500 in 2010.

Lot Sales

60 lots of less than an acre sold in 2011, compared to a 2010 total of 63 lots. Median lot sales prices have fallen only slightly to \$54,500 over the past year.

Land Sales

49 parcels of land greater than an acre sold in 2011 compared to 27 land sales during all of 2010. Median price per acre has increased to \$16,355 in 2011 from \$14,552 in 2010.

HOME SALES REPORT

Harrisonburg & Rockingham County

January 10, 2012

# Home Sales	2008	2009	2010	2011	% Change ('10 - '11)
December	69	69	64	79	23.44%
Year-To-Date	935	818	758	791	4.35%

Median Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
December	\$180,000	\$165,000	\$167,333	\$169,900	1.53%
Year-To-Date	\$195,000	\$186,000	\$180,000	\$174,900	-2.83%

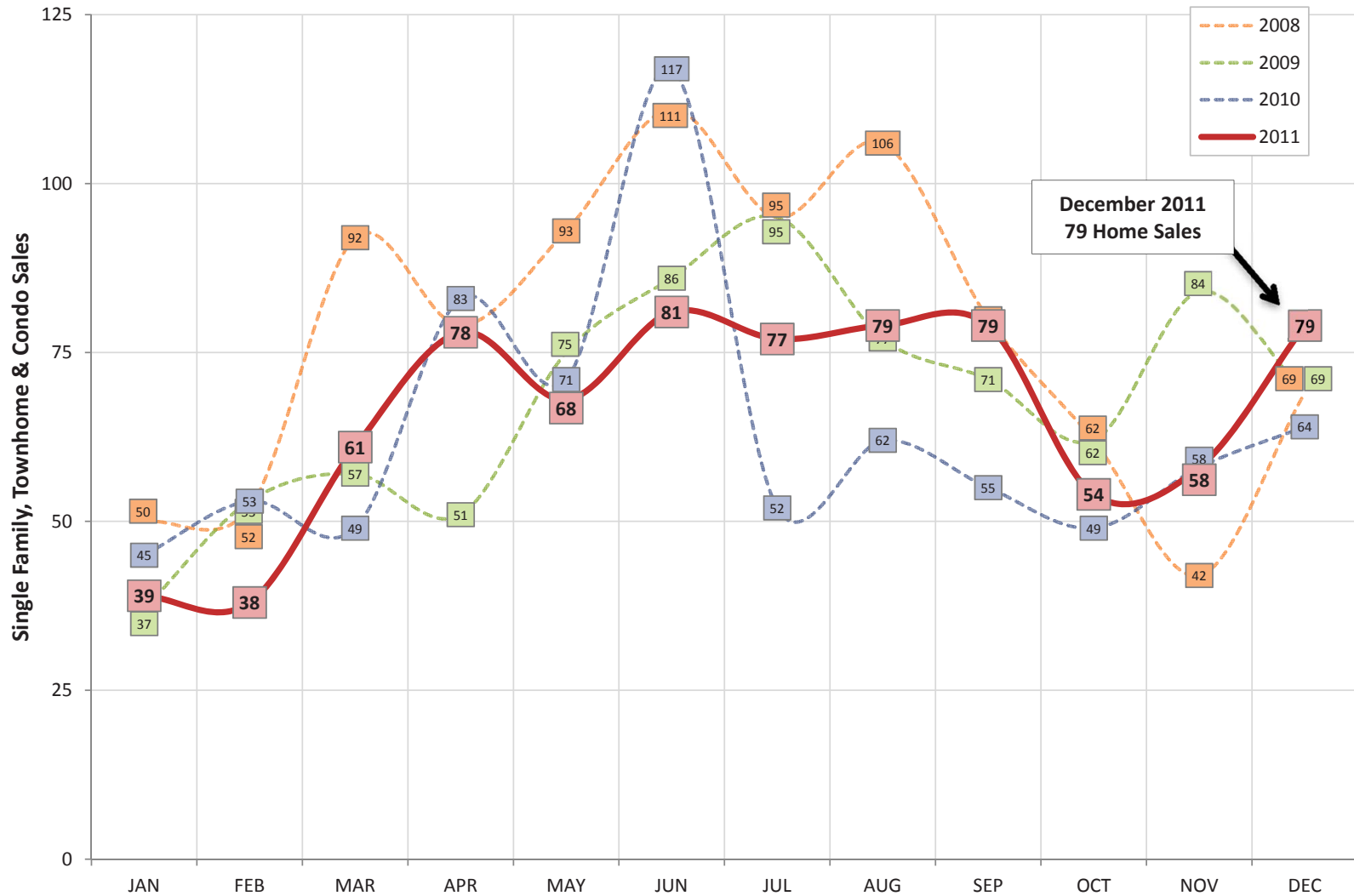
Average Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
December	\$224,749	\$187,006	\$199,878	\$187,406	-6.24%
Year-To-Date	\$223,608	\$214,115	\$208,990	\$195,495	-6.46%

Average Days on Market	2008	2009	2010	2011	% Change ('10 - '11)
December	192	187	198	206	4.04%
Year-To-Date	168	188	195	208	6.67%

Finally! After five years of declining sales in Harrisonburg and Rockingham County (from 1,669 sales in 2005 down to 758 sales in 2010), the pace of home sales has finally reversed itself with 791 home sales in 2011. These 791 sales mark a 4.35% improvement over the 2010 sales pace, though median prices declined by

an additional 2.83% over the past year in order to achieve this increase in sales pace. Of note, December median sales prices increased by 1.53% -- perhaps a sign of forthcoming price stability. Average Days on Market is still climbing, currently at 206 days -- a 4% increase over where we were one year ago.

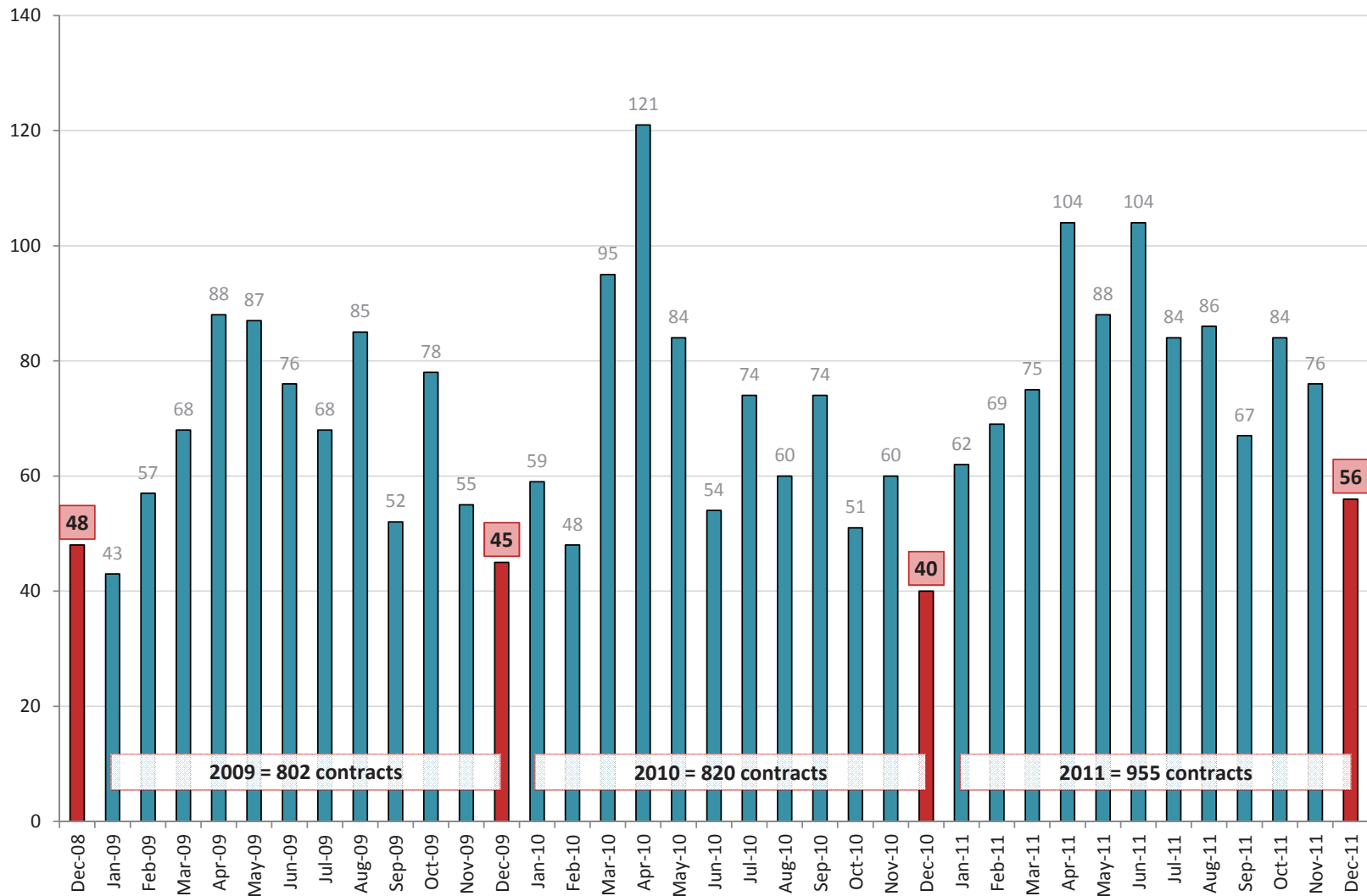
Harrisonburg & Rockingham County Month-By-Month Home Sales History



Home sales in December 2011 (79) handily exceeded December sales levels for at least the past three years. This upswing in sales at the end of the year helped 2011 finish out as a strong year of home sales. Remarkably, December sales (79) are tied for the second highest month of sales during 2011 -- exceeded only by 81 sales in

June. October and November sales may have given us pause -- dipping into the 50's after many months in the 70's, but patience through December revealed an overall strong fourth quarter for home sales in Harrisonburg and Rockingham County.

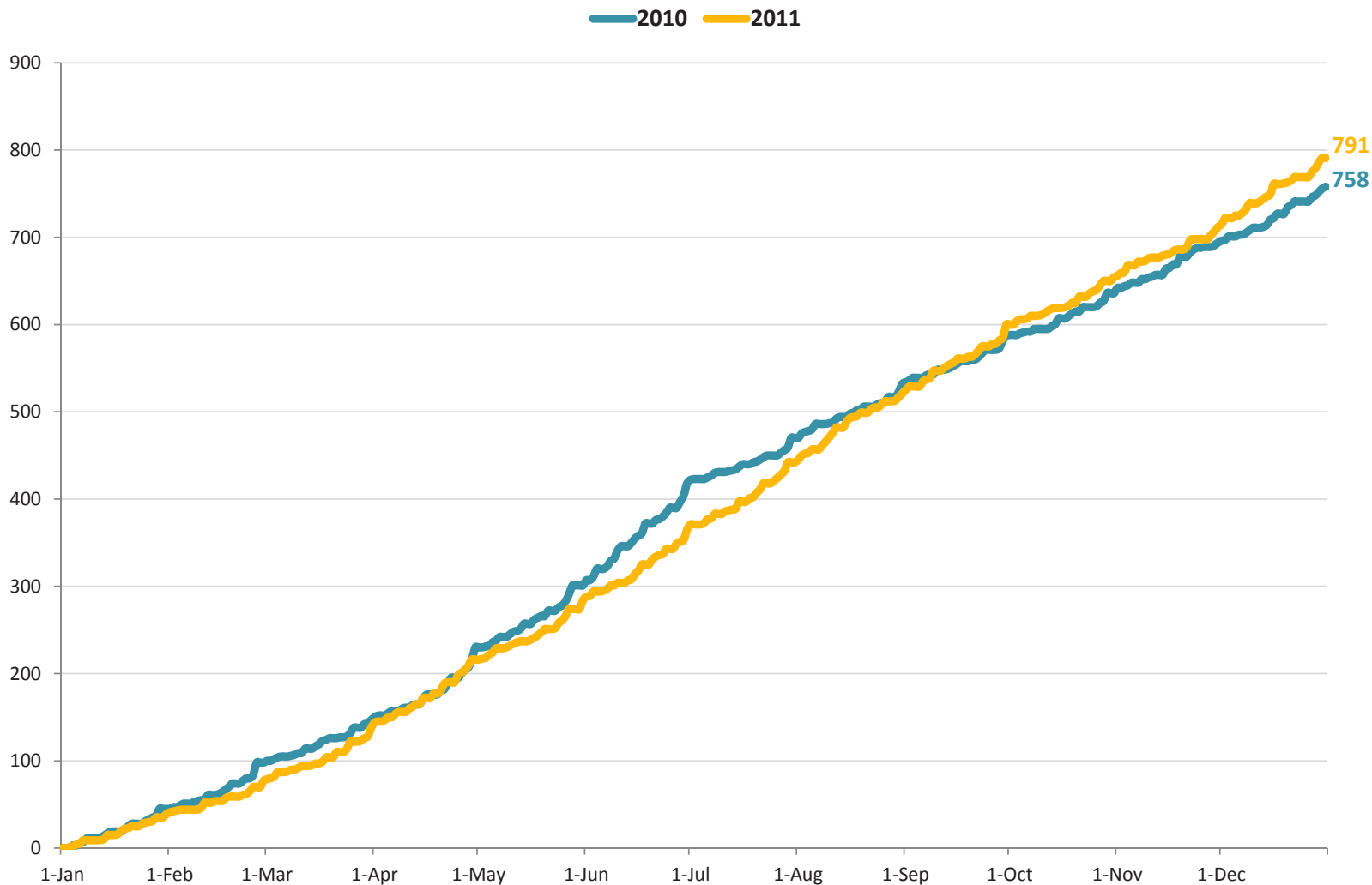
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



In addition to being a strong month for sales, December also showed a remarkable level of buyer activity in the form of contracts being signed. December's 56 contracts show a marked improvement over last December (+40%), and exceed the pace of contracts for at least the past three Decembers. While the percentage of contracts

that resulted in closings could have been slightly lower in 2011 as compared to 2010, the overall increase in contracts (+16%) has certainly shown itself to be an early indicator of increasing sales (+4%). The 820 contracts in 2010 exceeded sales in 2010 by 8%. The 955 contracts in 2011 exceeded sales in 2011 by 27%.

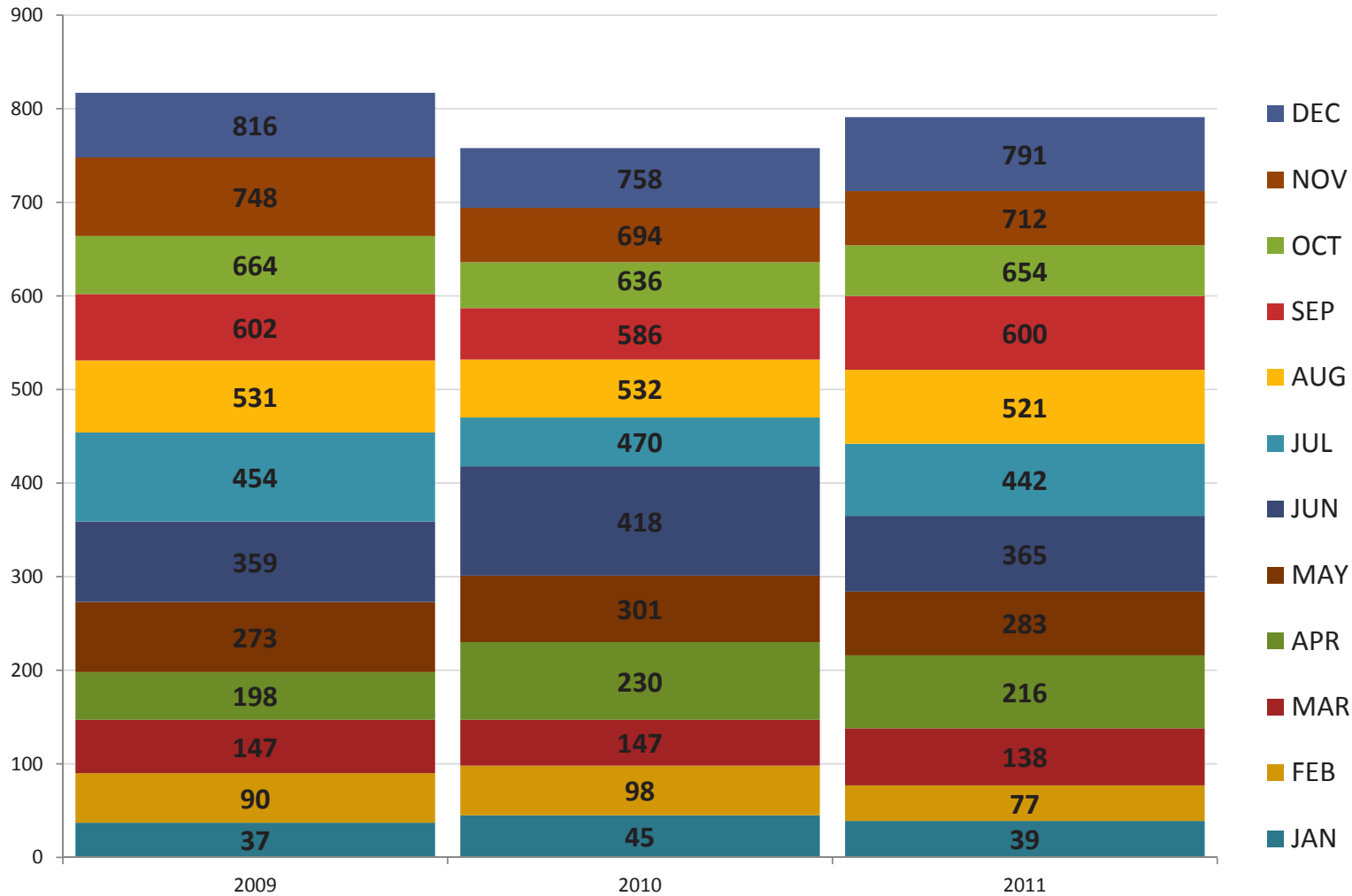
Harrisonburg & Rockingham County Daily Cumulative Residential Sales



This graph charts the ongoing battle between 2010 and 2011 as each year (and line) raced 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. Sometime during September 2011, this year took the lead and never looked back, with 2011 finishing out 4% stronger than 2010 in terms of home sales.

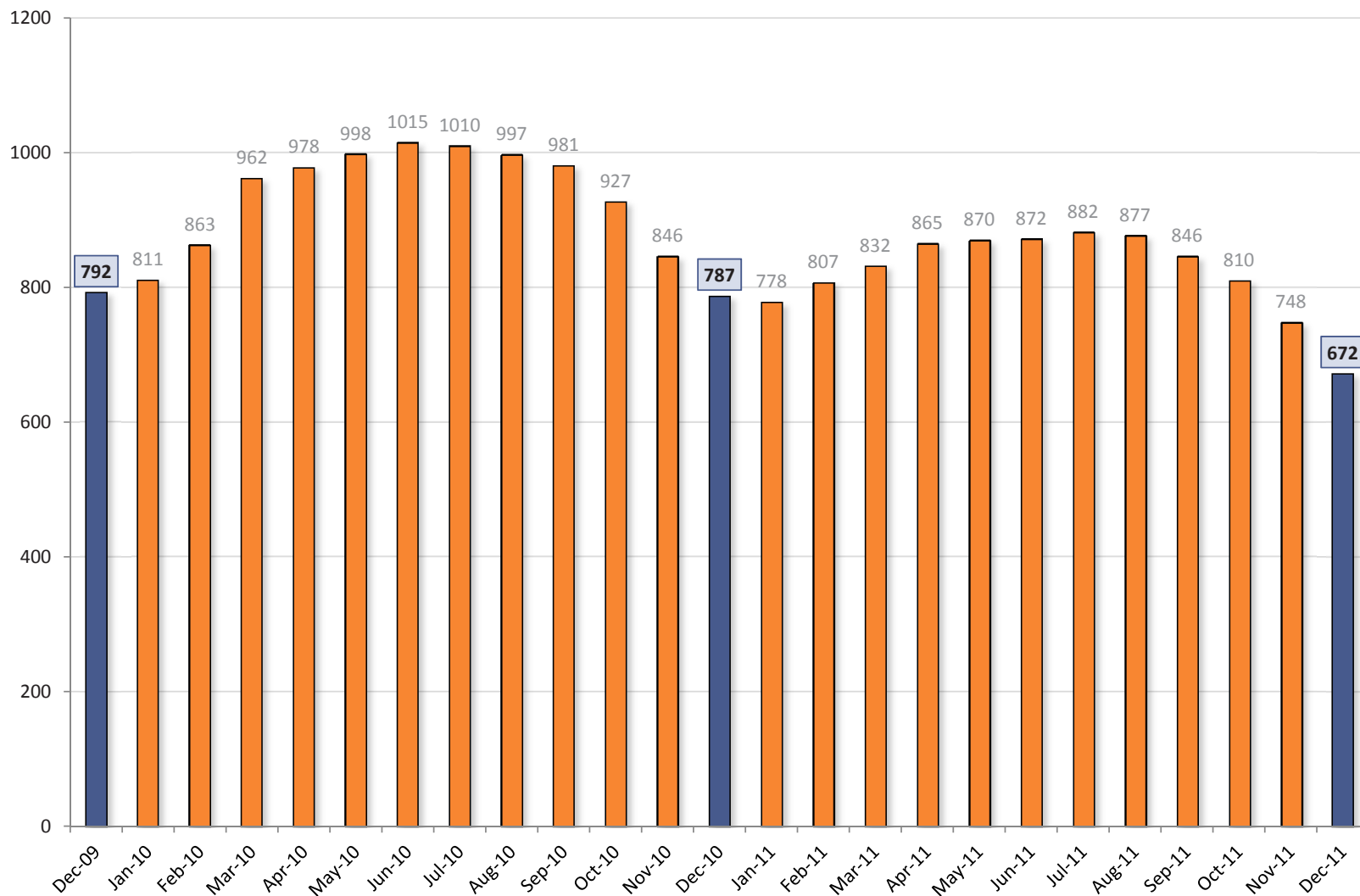
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Not only did 2011 home sales (791) exceed 2010 home sales (758), but they almost matched 2009 home sales levels. As fewer and fewer buyers have bought homes over each of the past five years (55% decline

between 2005 and 2010), the leading indicator that we have been looking for has been a reversal of the pace of home sales. Last year we finally saw this take place, even without the benefit of the federal home buyer tax credit that was in play during much of 2010.

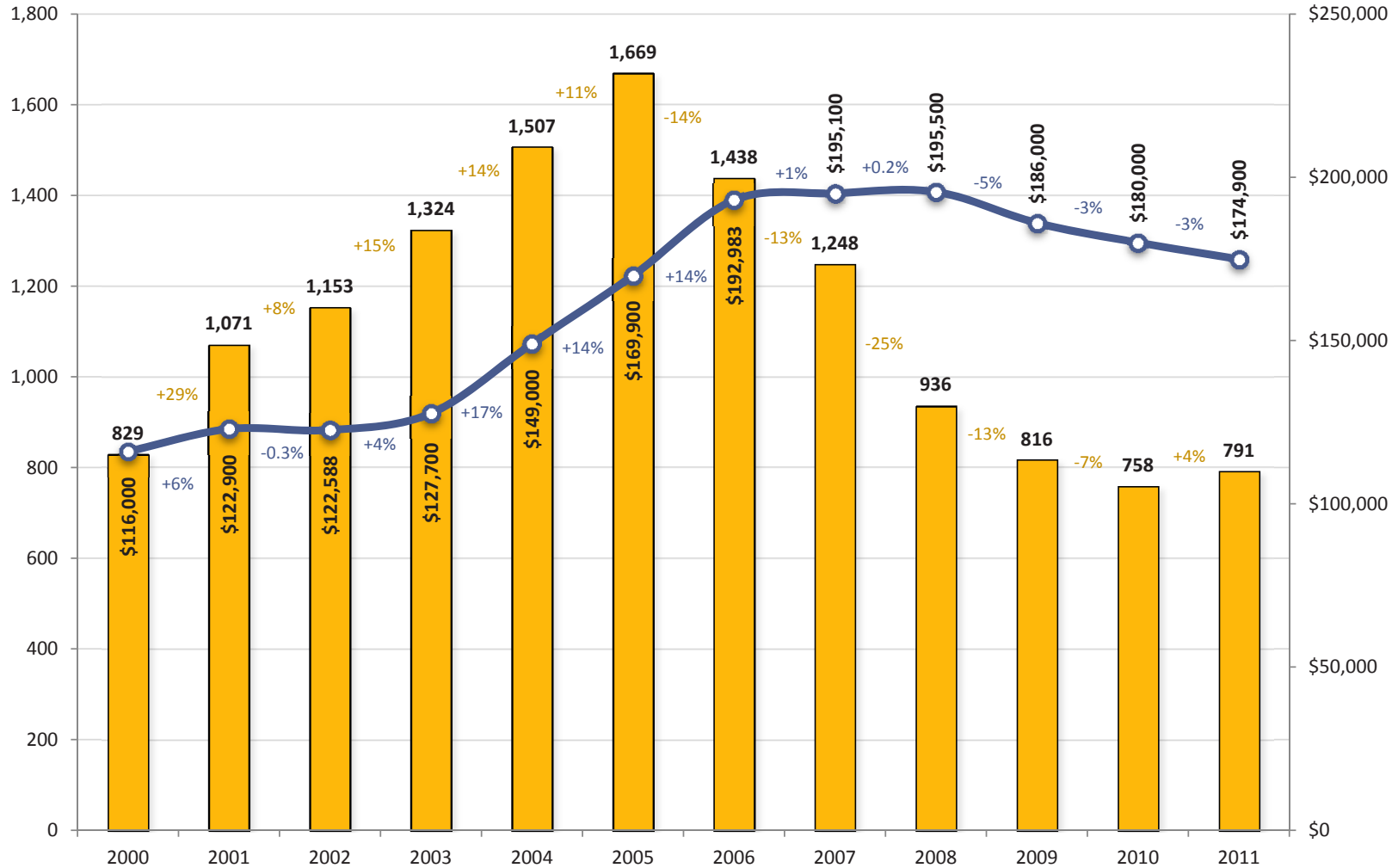
Harrisonburg & Rockingham County Inventory Levels



Inventory levels continue to significantly decline in Harrisonburg and Rockingham County when viewed in a one-year and two-year time horizon. There are 15% fewer homes on the market today than there were one year ago. This decline in the number of homes on the market for sale is certainly helping the overall health

of our local housing market. For several years now, the number of sellers in the market has far exceeded the number of buyers. Lower inventory levels help to move us back towards a balance in the market. We should continue to see declines in inventory through January before inventory starts to climb again in the Spring.

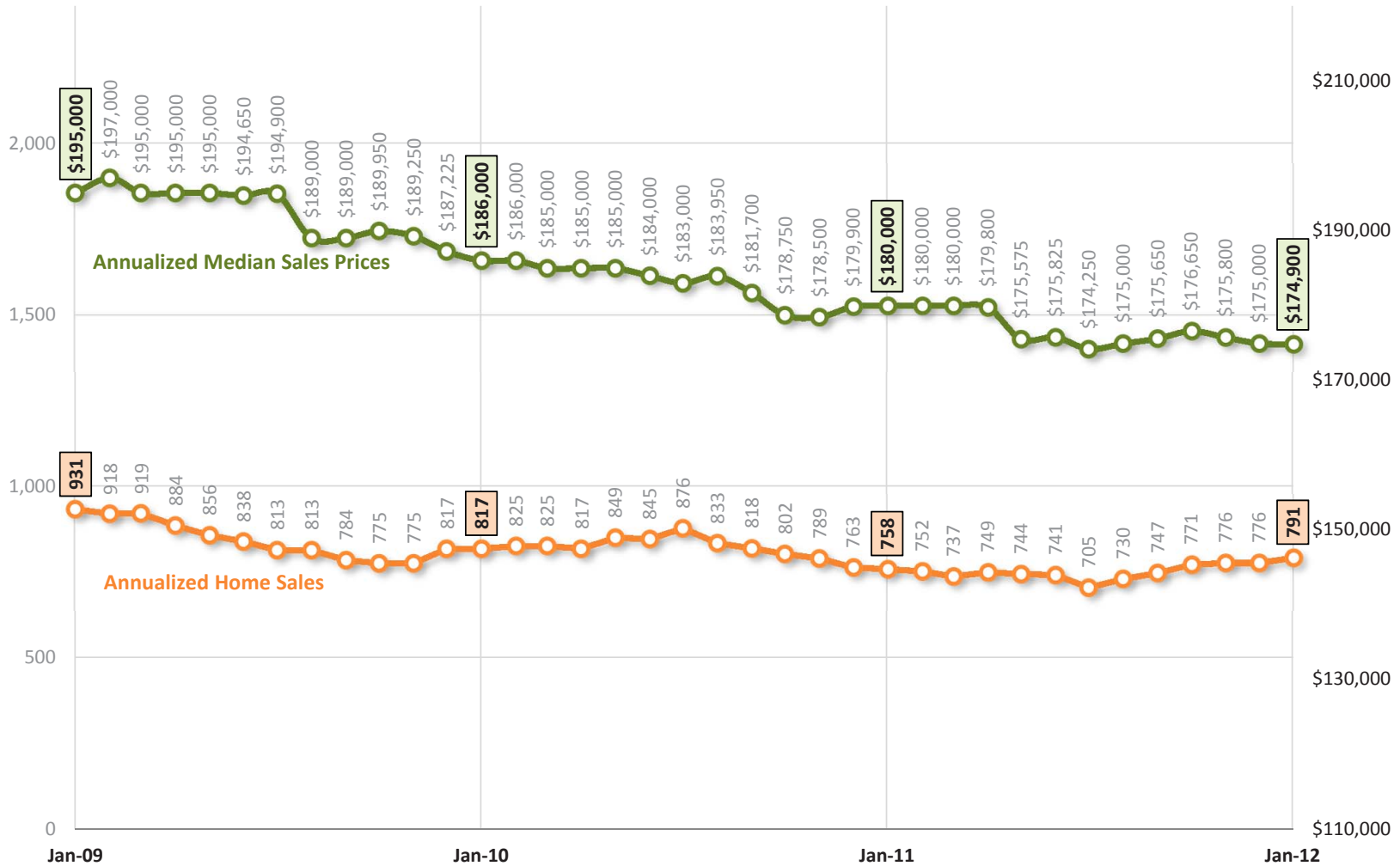
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



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. After five years of declines in home sales (2005-2010) the pace finally picked up in 2011 with a 4% year-over-year

increase. As the pace of home sales increases, we should expect to eventually see a stabilization in prices and then, eventually, a gradual increase in prices. Of note, the decline in median sales price this year (-2.8%) is a smaller decrease than we experienced for the past two years (-3.2%, -4.8%).

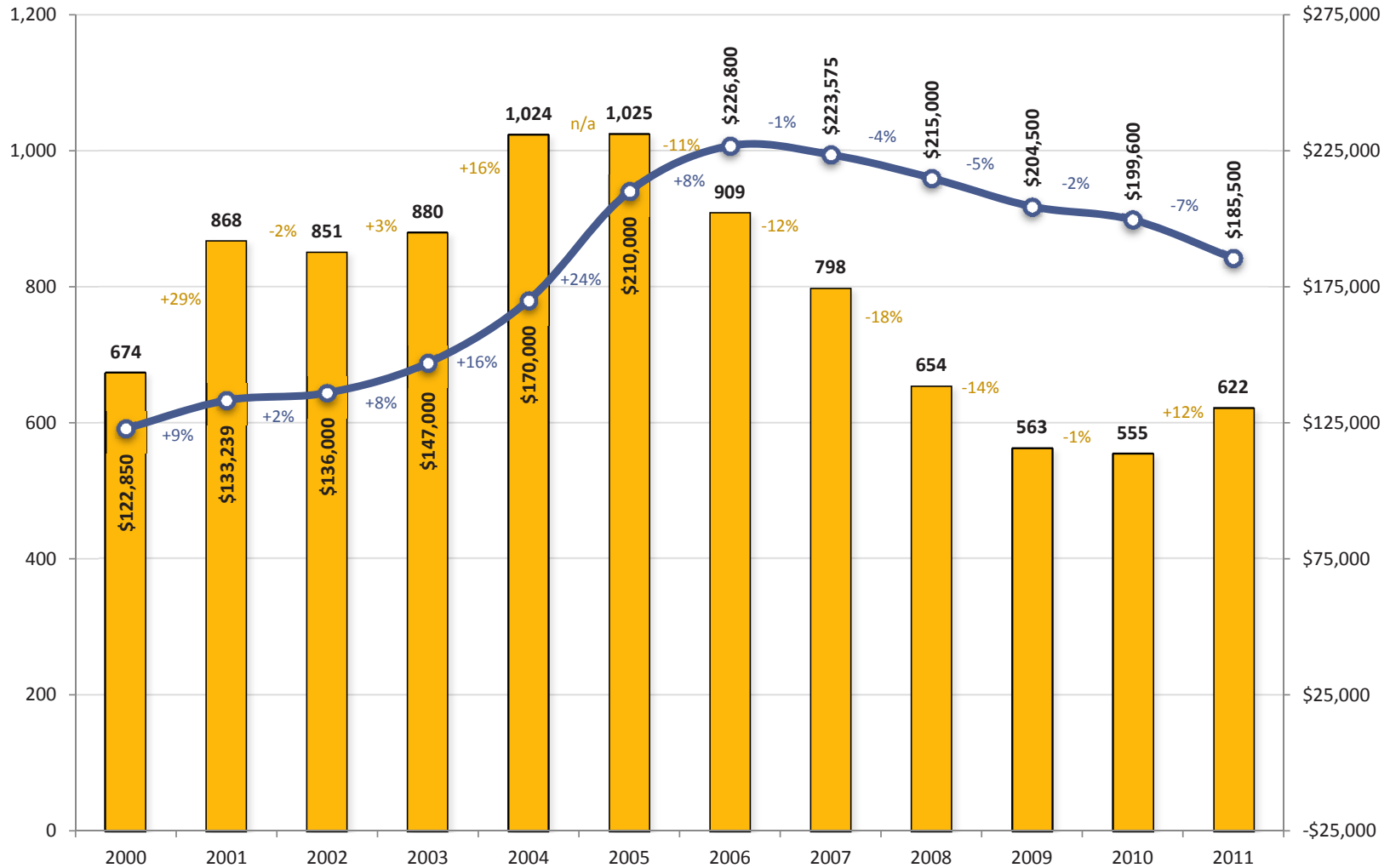
Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



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 15% decline in annualized home sales and a 10% decline in median sales prices. It is interesting to note that the annualized pace of home sales has been steadily increasing over the past six month.

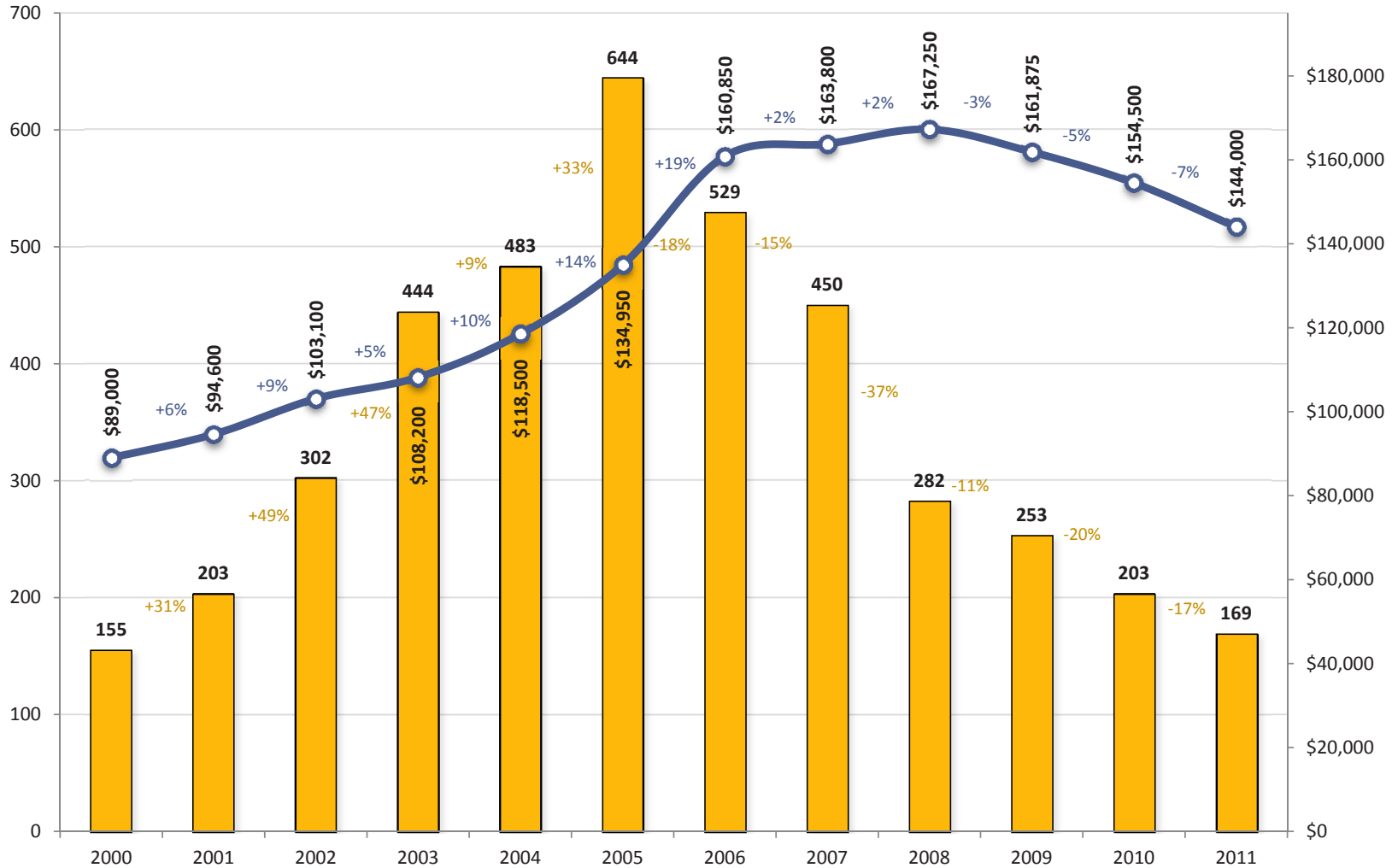
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



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. This year, the pace of home sales in

the single family home market increased by 12% -- nearing 2008 sales levels with 622 sales. Despite this stability in the pace of single family home sales, we have not yet seen stabilization in median sales prices, which declined 7% over the past year.

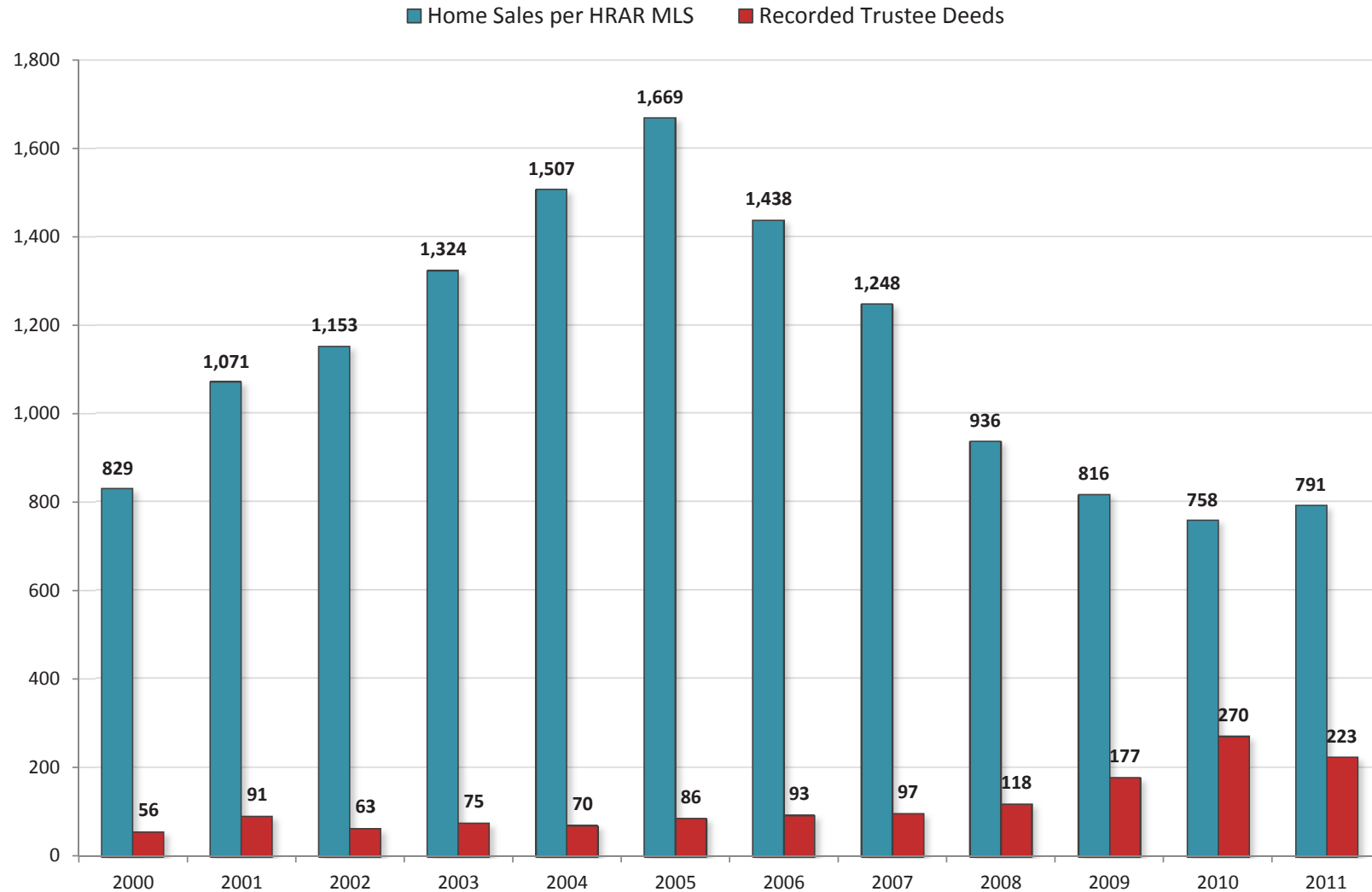
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Townhomes



If the single family home market is stabilizing, it may be at the expense of the townhouse market. The final count of 169 townhouse sales in 2011 marks an additional 17% decline in townhouse sales --- from an extraordinary peak of 644 sales in 2005. As could be expected, median sales prices are also still declining, with

an overall change of -7% over the past year. At this point, the median sales price of townhomes is down to only \$144,000 which is a retreat to median sales prices in 2005. We must see an increase in the number of townhome buyers before we will see any price stabilization.

Harrisonburg & Rockingham County
Home Sales vs. Trustee Sales

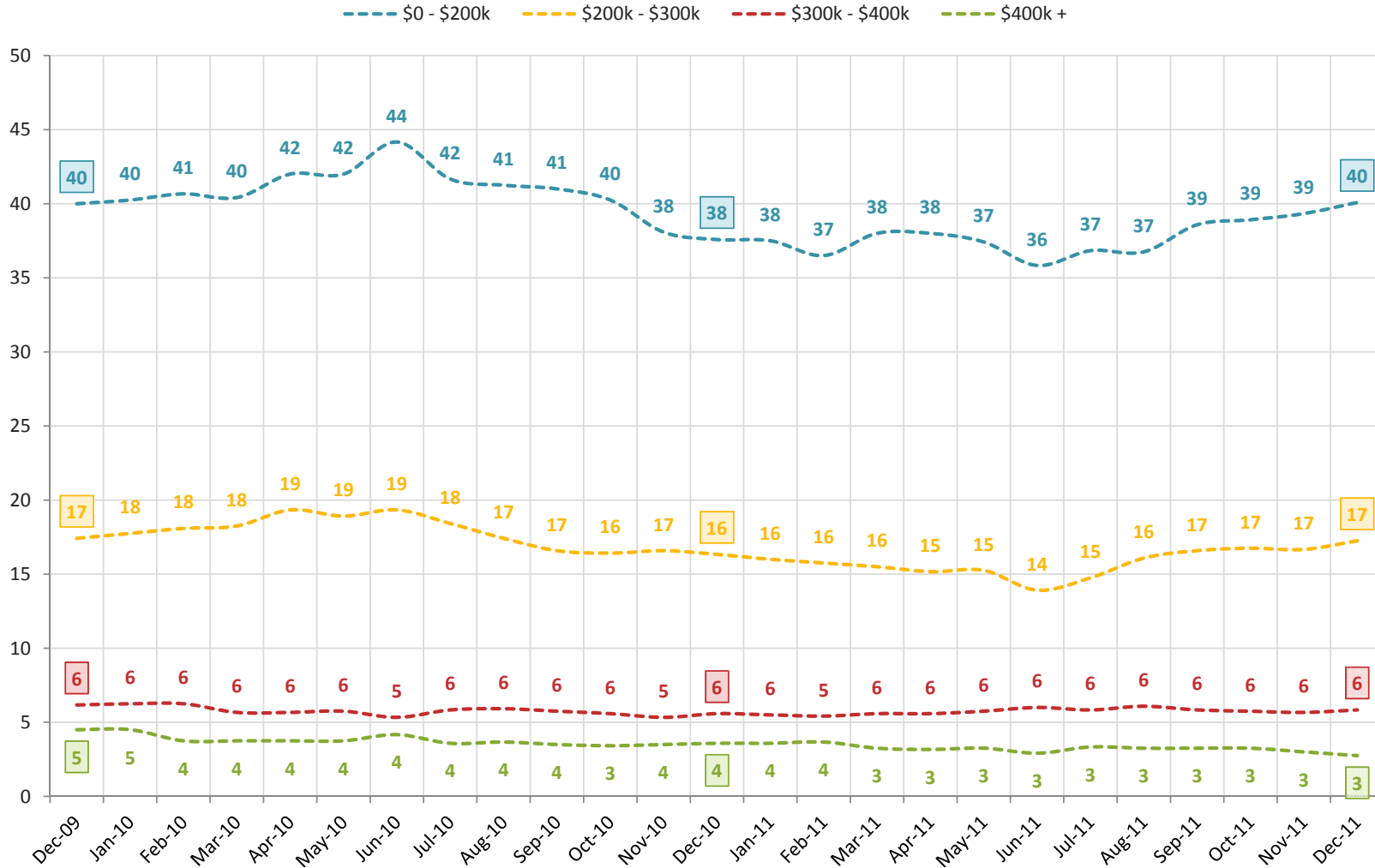


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor any new home sales directly from a builder. The red bars show the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

recorded during each of the past 10+ years. Some of these foreclosed properties then show up in the blue bar when they are listed and then sold as bank owned properties. The good news is that home sales finally increased in 2011 (after a 5 year decline) and foreclosures finally decreased in 2011 (after a 6 year increase).

Harrisonburg & Rockingham County Home Sales by Price Range

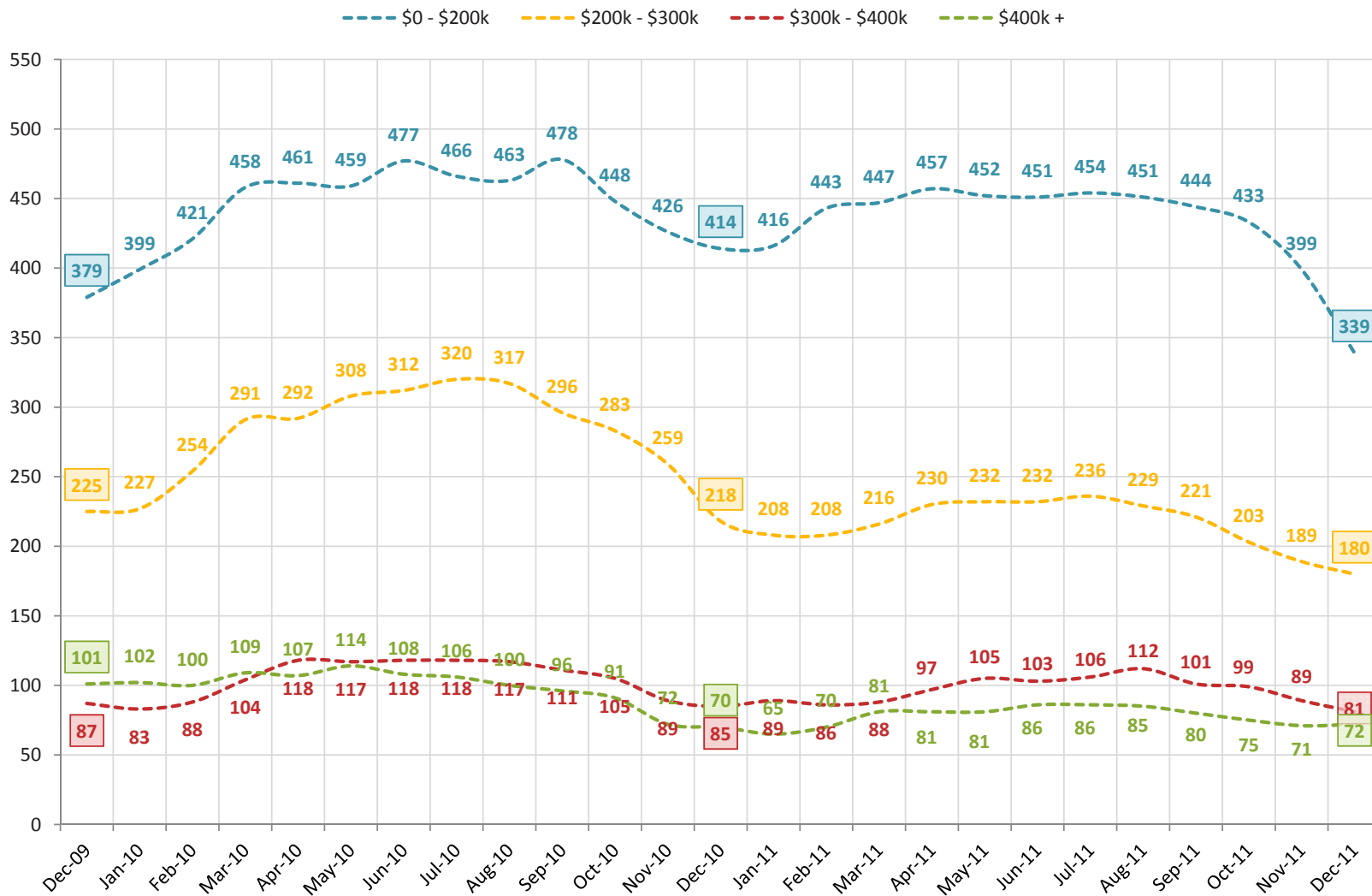
(Average of Past 12 Months)



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 then declined for the next 12

months. This phenomenon is almost positively a result of the federal home buyer tax credit that encouraged these sales during 2009 and 2010. Of note, however, this segment of the market (under \$200,000) has shown steady increases since June 2011, as has the \$200,000 to \$300,000 market.

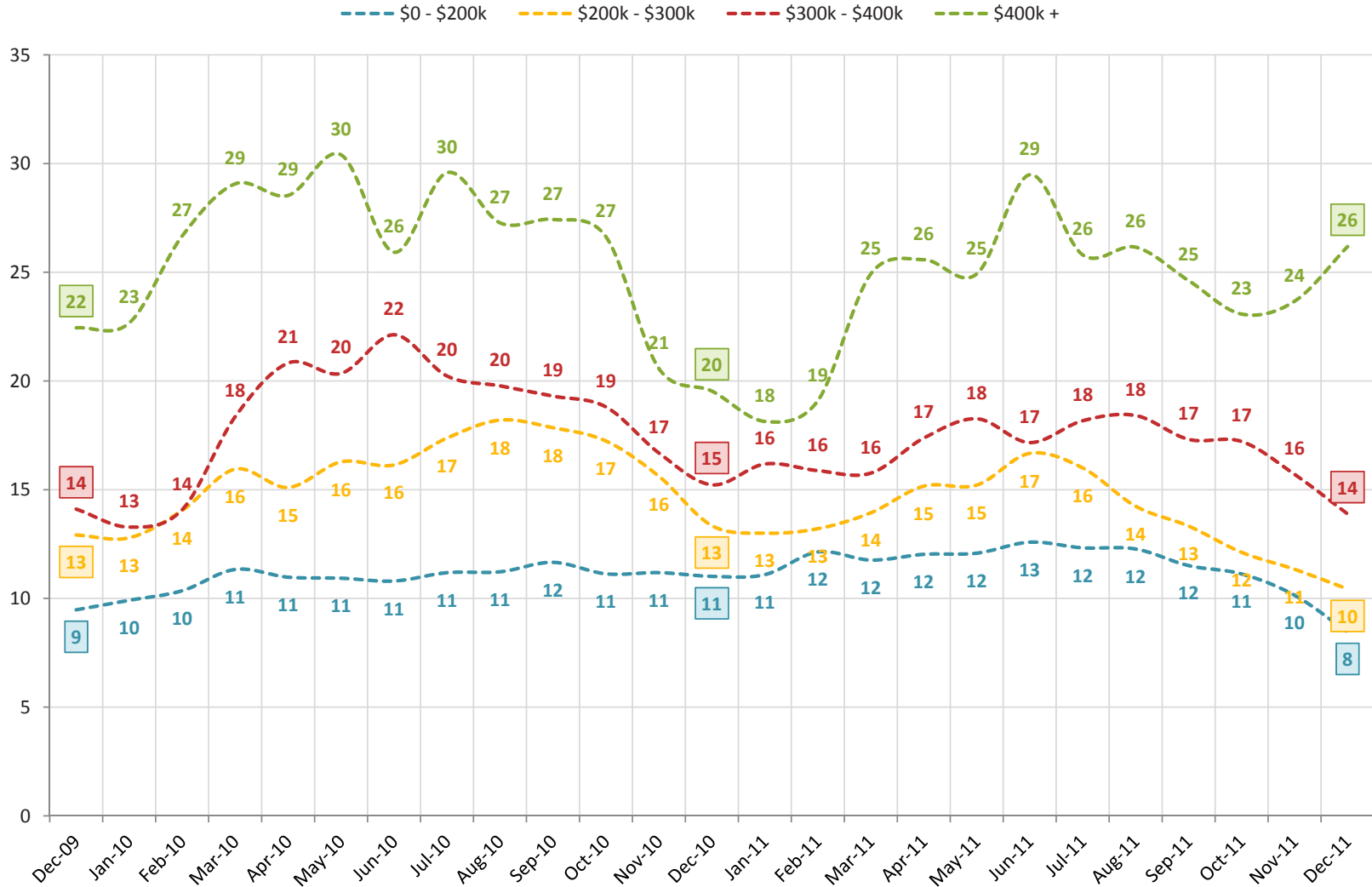
Harrisonburg & Rockingham County Inventory Levels by Price Range



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 six months ago there were 451 such properties for sale, and today there are only 339 for sale -- this marks a 25% decline

in inventory. While we should expect that inventory levels will increase during the spring and summer markets, 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.

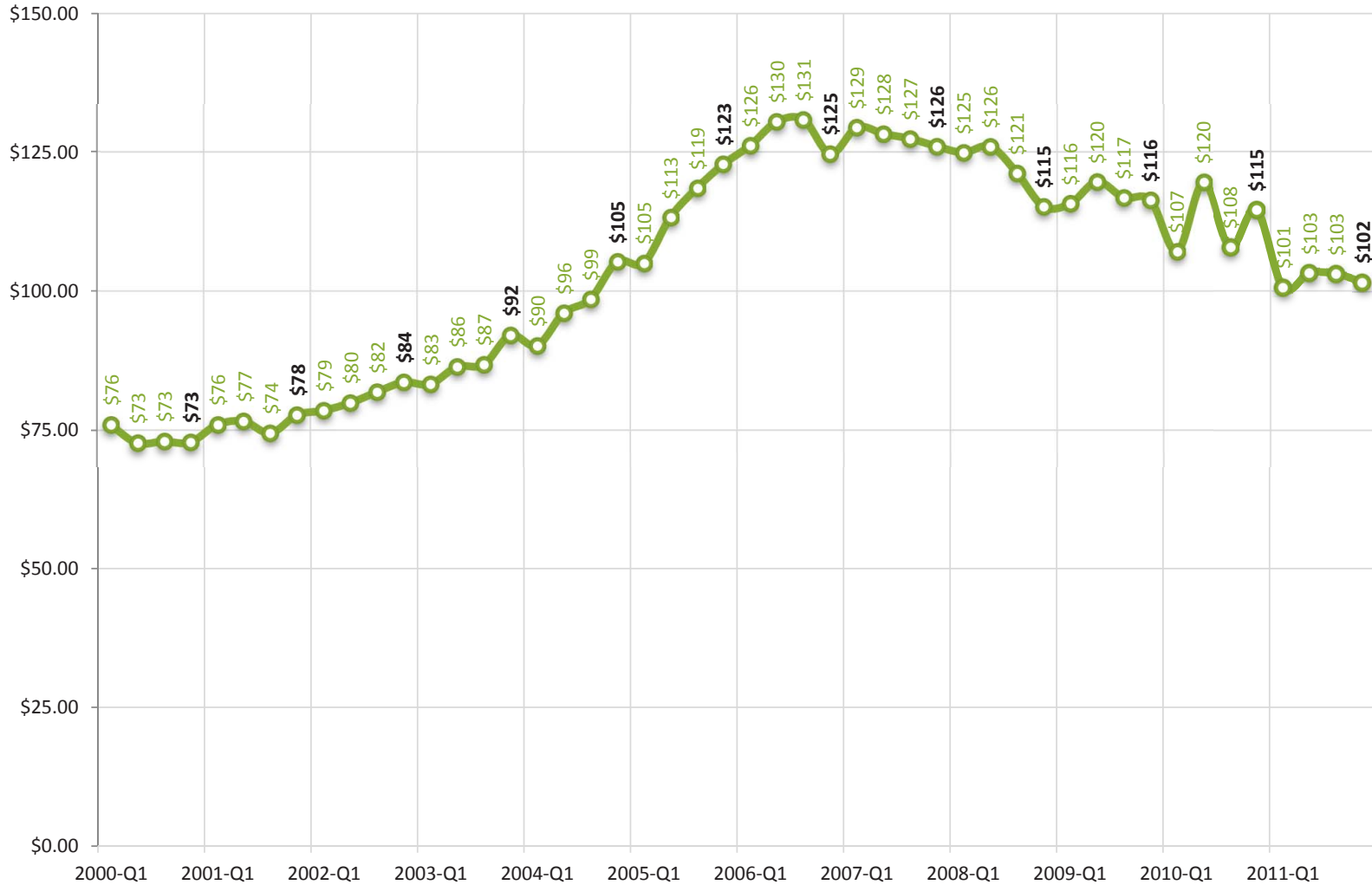
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 8 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. 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 near that balance in the under \$200K market, where only 8 months of supply are available.

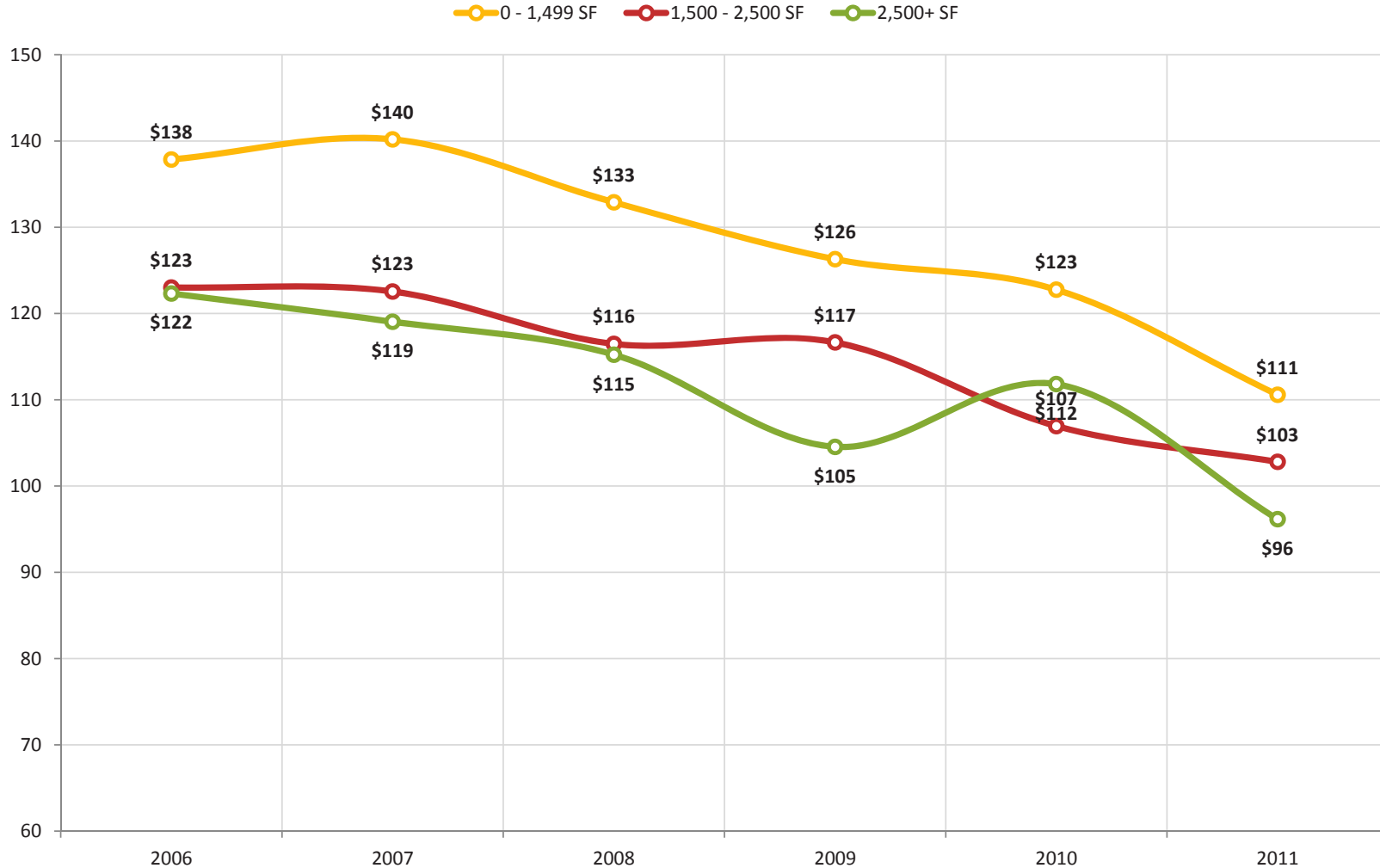
Harrisonburg & Rockingham County
Median Price Per Square Foot Trends
 Single Family Homes



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. However, the median price per square foot of single family homes sold has been staying relatively level through 2011 -- a trajectory we have not seen recently.

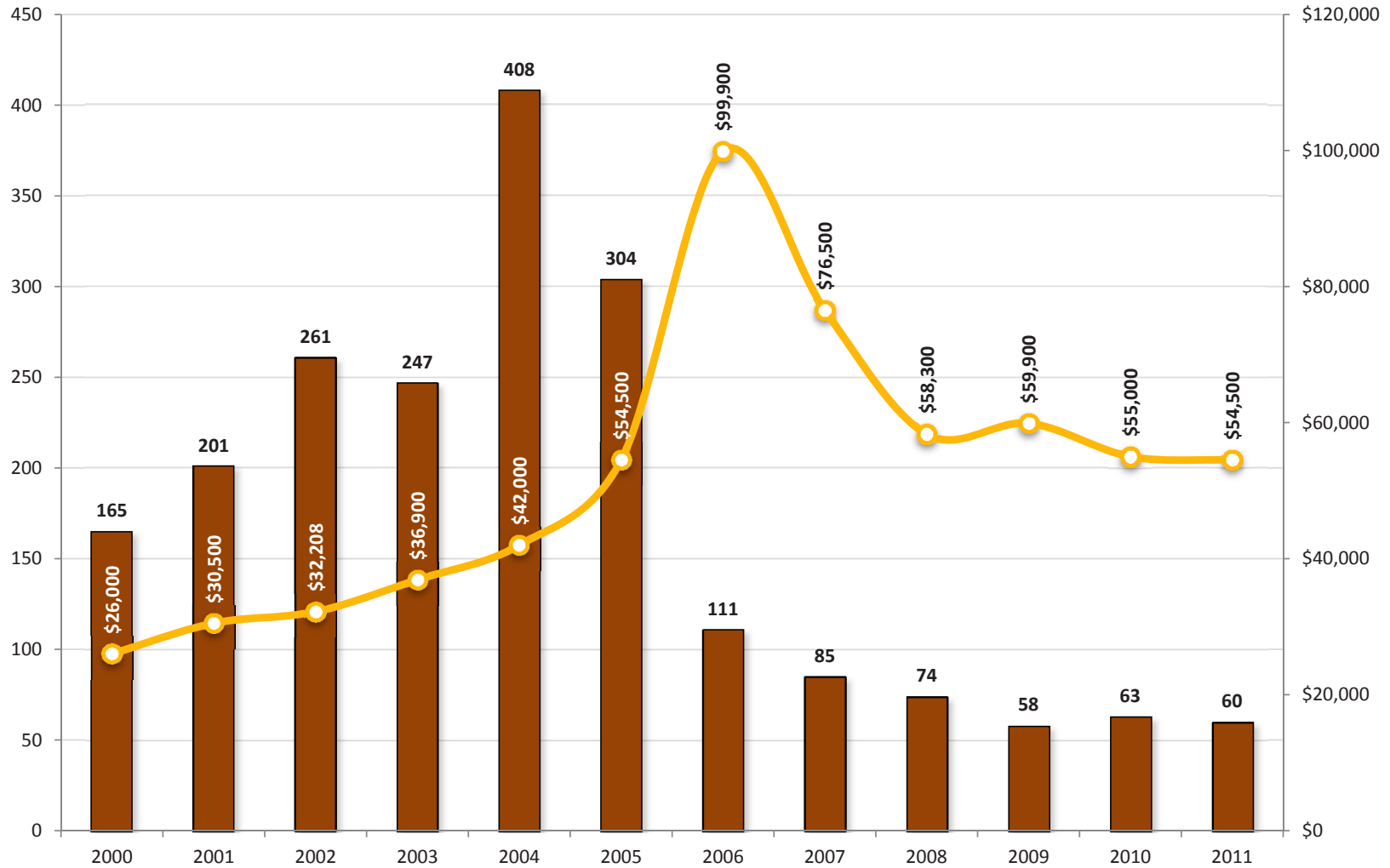
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



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 (\$96/SF) than homes that offer less than 1500 SF (\$111/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.

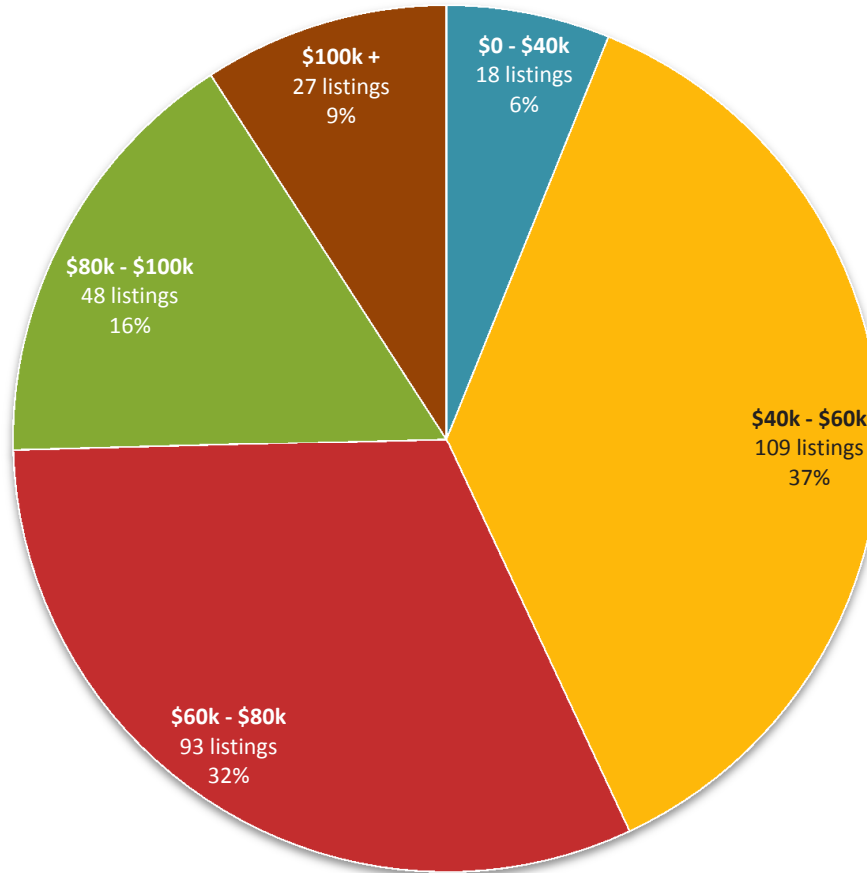
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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, in 2010 that increased to 63 sales, and 2011 finished out with 60 sales. The median sales price of these lots under one acre is

still declining -- but only ever so slightly, to a current value of \$54,500. This segment of our local housing market has become relatively predictable -- presumably we will see around 60 such sales in 2012 with a median price of approximately \$55,000.

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

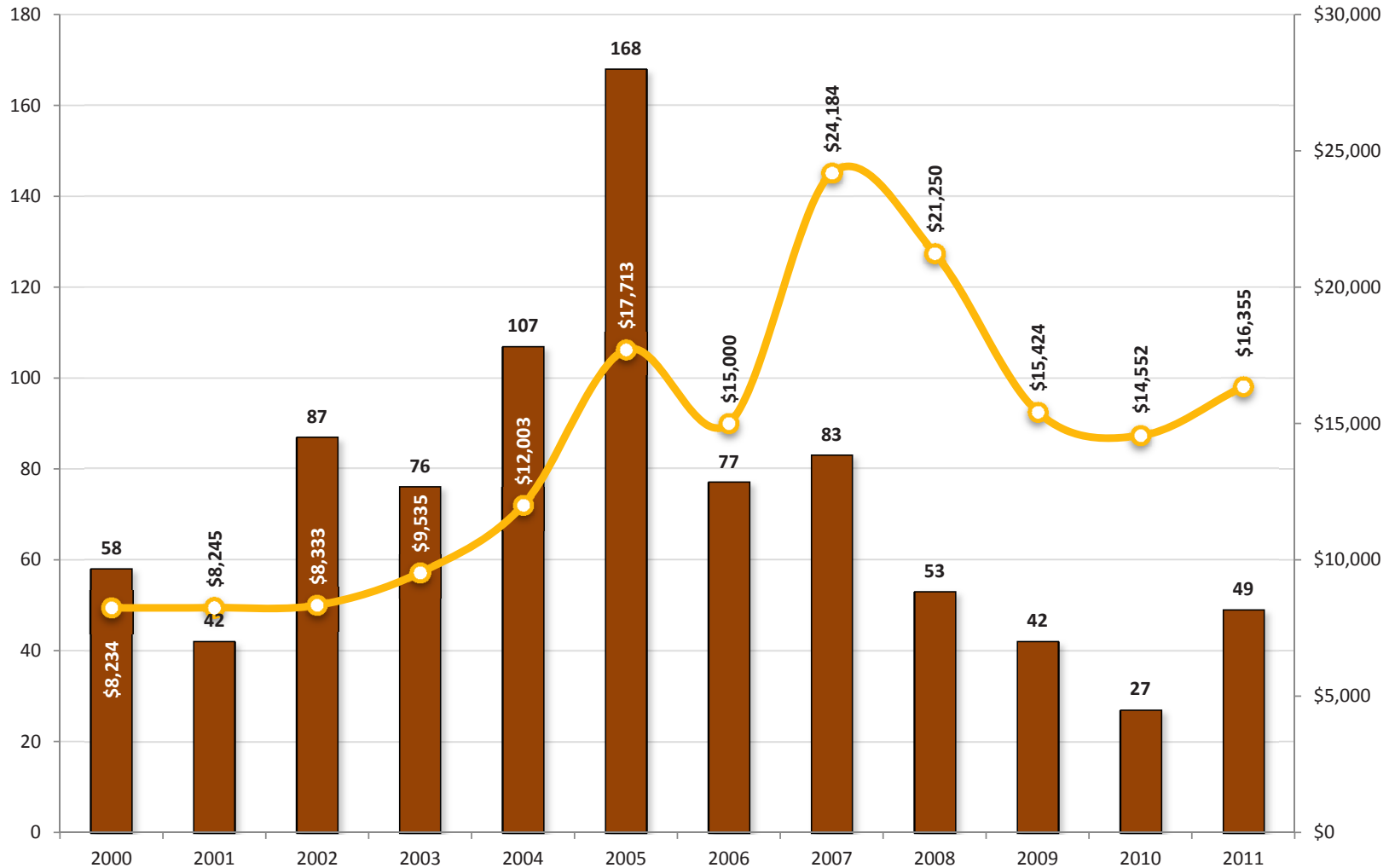


295 Active Lot Listings; Median List Price: \$67,900

Despite the fact that only 60 lots (of less than an acre) sold in all of 2011, there are a remarkable 295 lots currently for sale. Furthermore, despite the fact that the median sales price of lots is hovering around \$55,000, the median list price of the 295 lots for sale is currently \$67,900. 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, 57% 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 \$54,500.

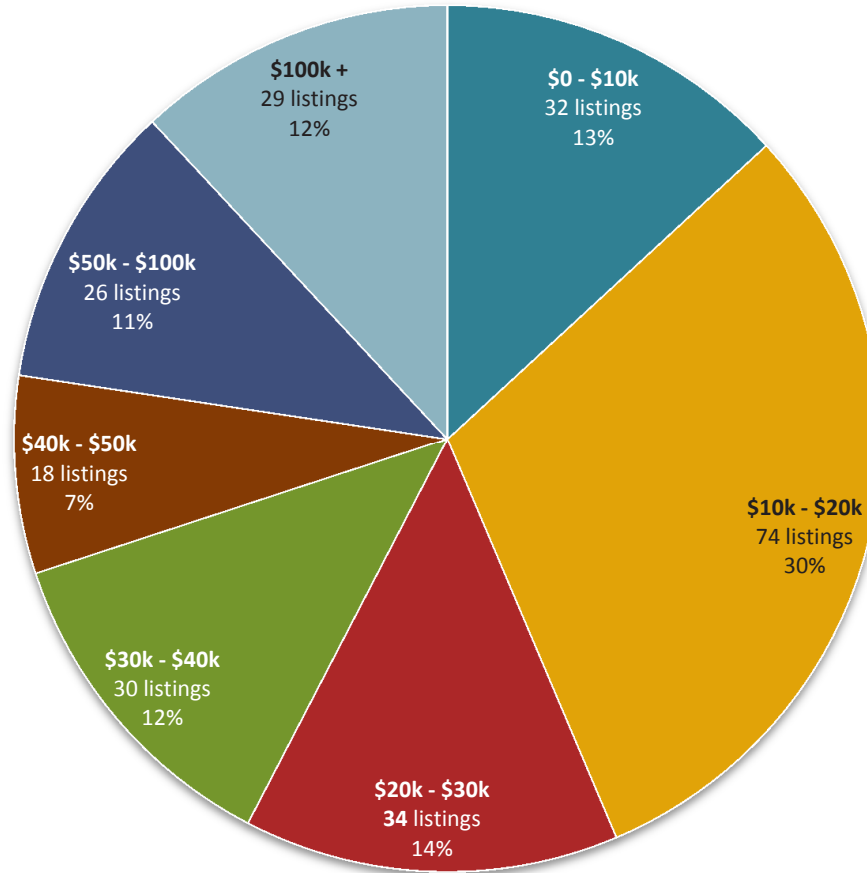
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County 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 has been experienced over the past year. Parcels were selling at a median of \$14,552 per acre during 2010, and finished out 2011 selling at a median of \$16,355 per acre. This brings the median price per acre above 2009 levels.

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

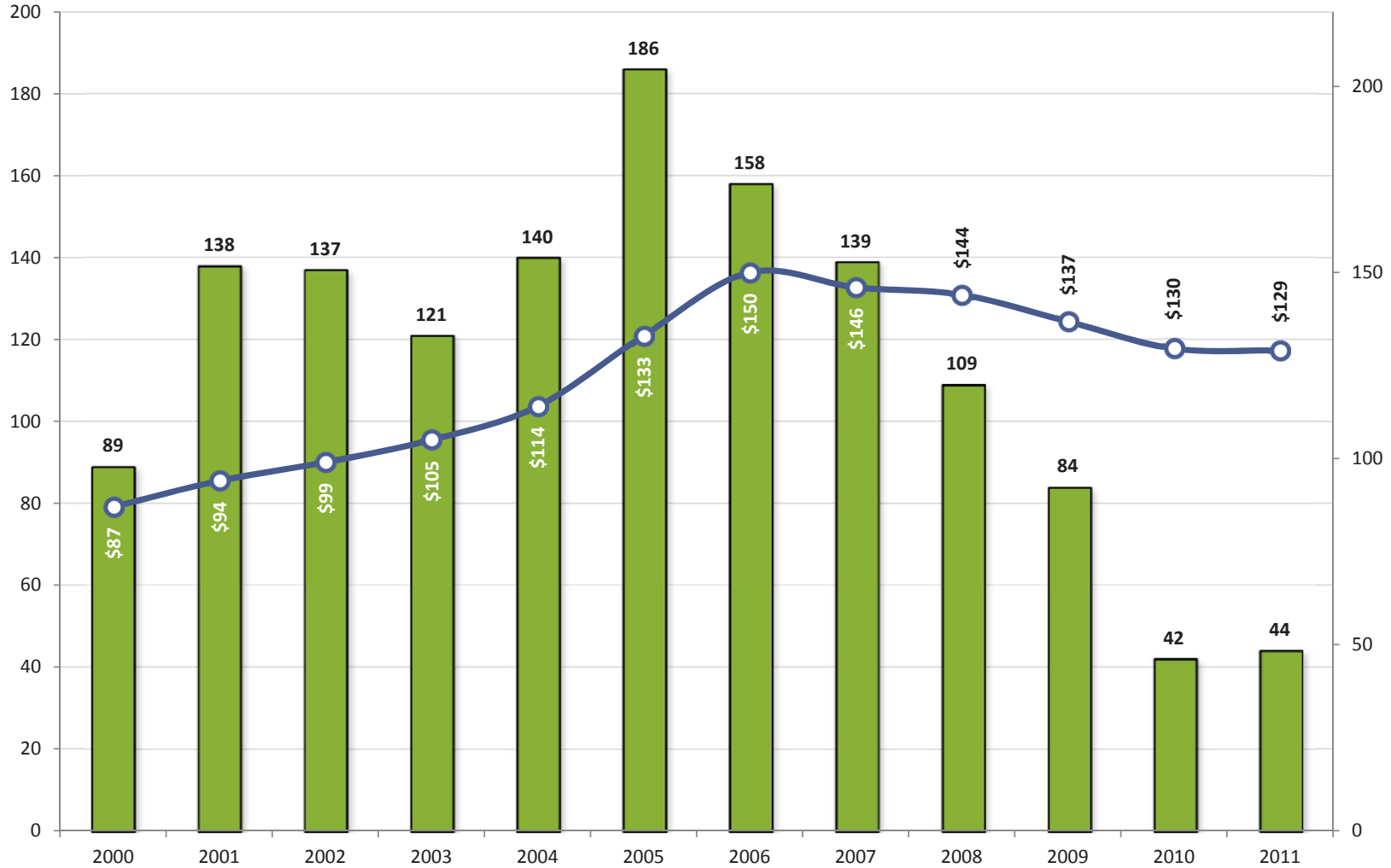


243 Active Land Listing; Median List Price: \$23,636 / Acre

Despite the fact that only 49 parcels of land (of one acre or more) sold in all of 2011, there are a remarkable 243 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$16,000 per acre, the median list price of the 243 parcels for sale is currently \$23,636 per acre. Given last

year's 49 land sales, if no other land is listed for sale, it would take just under 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.

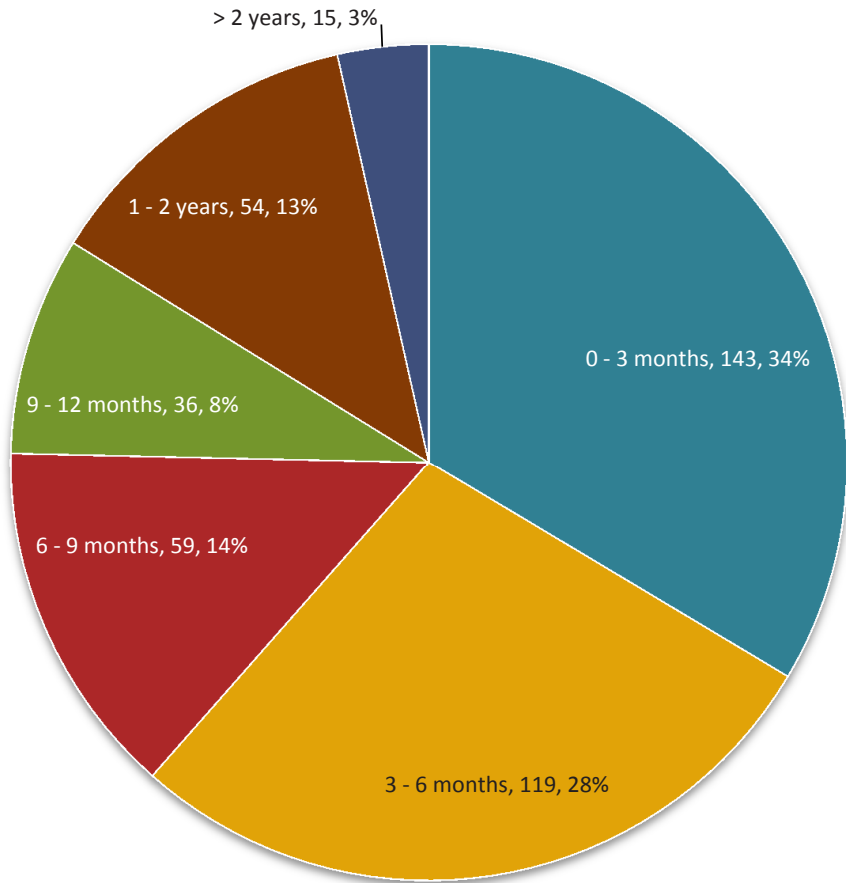
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home 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 44), however, still leaves plenty of room for improvement. It is interesting to note that not only has the pace of new home sales started to stabilize, the median price per square

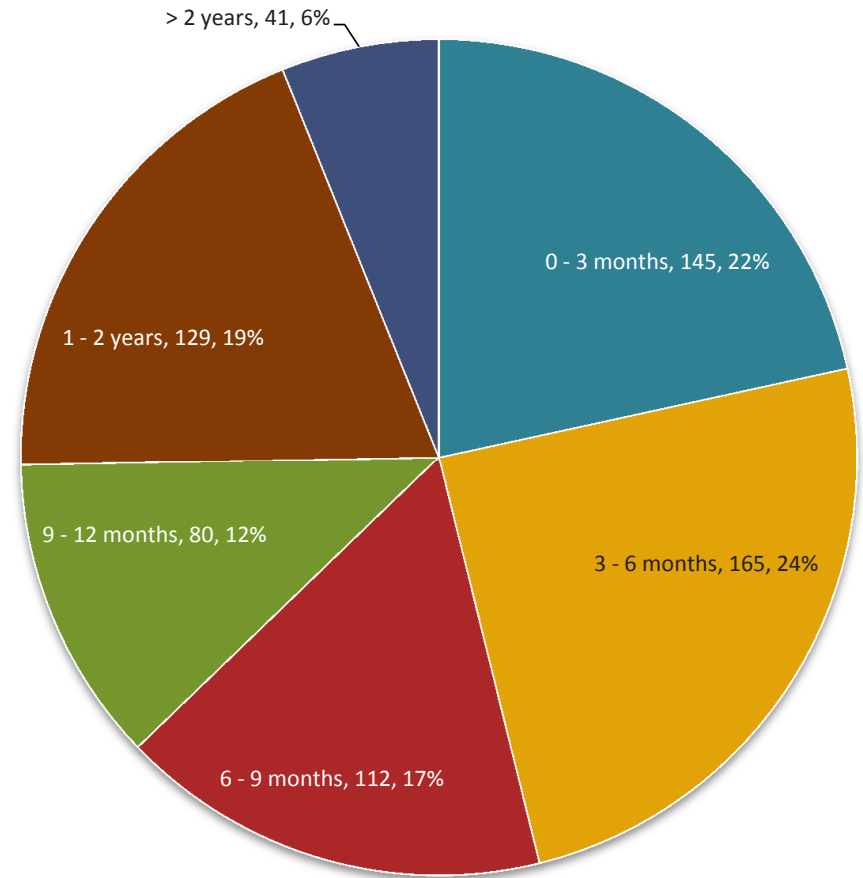
foot is also showing some signs of steadying, with only a very small decline between 2010 and 2011. As the inventory of re-sale homes slims down, the sales of new homes should continue to increase.

Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Jul '11 - Dec '11



Average Days On Market: 205

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

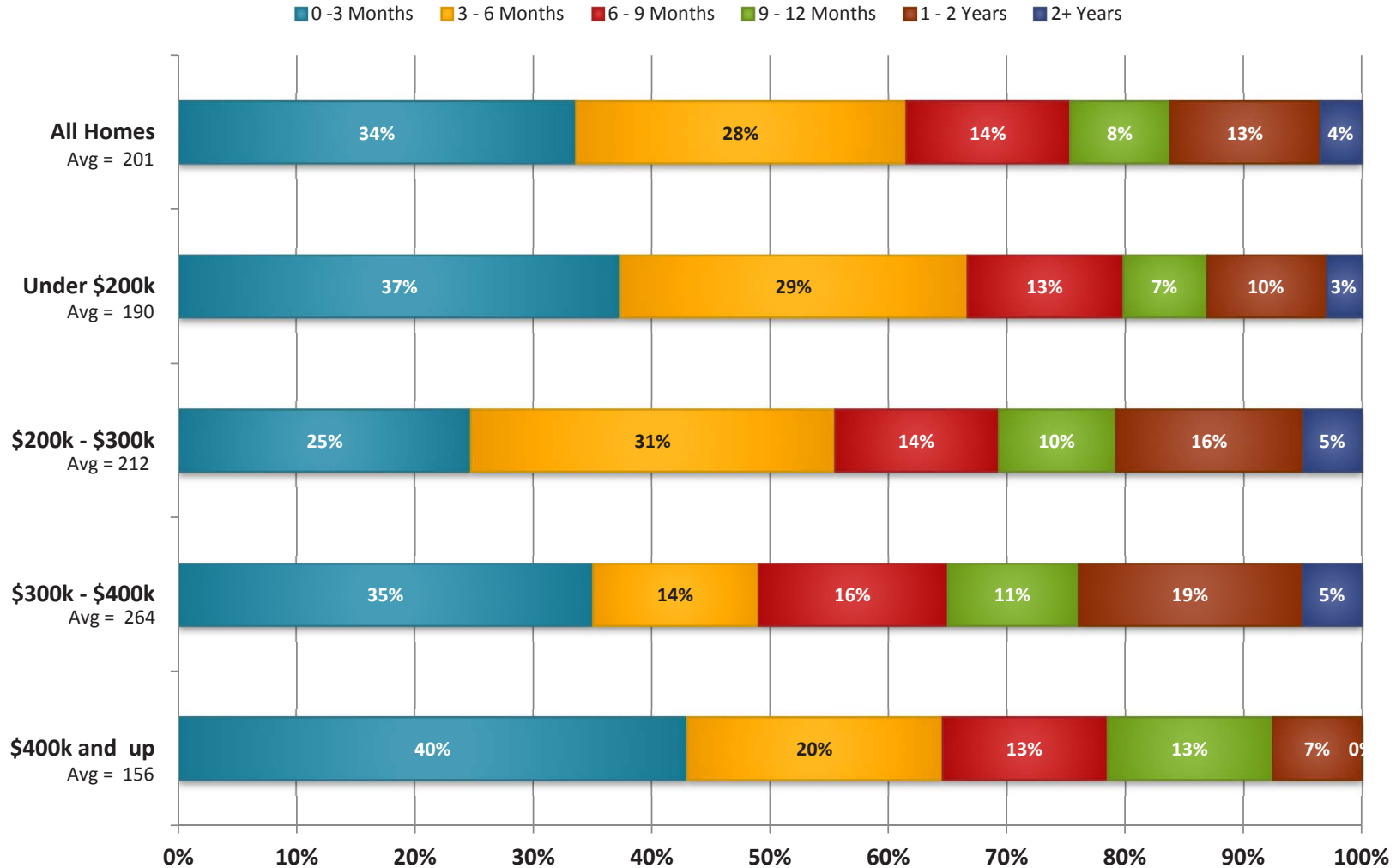


Average Days On Market: 288

Despite high inventory levels, and not too many buyers being in the market, the homes that are actually selling are selling rather quickly. In fact, over 1 out of 3 homes (34%) 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 62% 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. The lesson 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
 Jul '11 - Dec '11



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, a full 40% of homes that sold over \$400,000 sold in the first 90 days of being on the market, while only 25% of homes between \$200,000 and \$300,000 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



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 4.0% (actually 3.95%) the lowest interest rate seen in many (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 showed a sharp drop since September to 5.3% in November 2011. This is the lowest monthly unemployment rate seen anytime in the past two years for our local area.

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.

In 2010, Scott was recognized by the Harrisonburg / Rockingham Association of Realtors as being in the top 1% of all area Realtors.

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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>

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>