

July 2009
Harrisonburg & Rockingham County
Real Estate Market Report

August 9, 2009

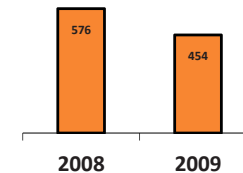
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HarrisonburgHousingtoday.com
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Coldwell Banker Funkhouser Realtors

HOME SALES REPORT

Harrisonburg & Rockingham County

August 8, 2009

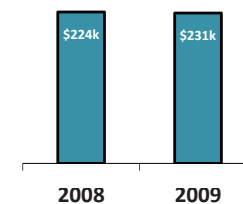
# Home Sales	2008	2009	% Change
July ▼	95	94	-1.05%
Year To Date ▼	576	454	-21.18%



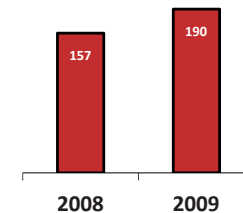
Median Sales Price	2008	2009	% Change
July ▼	\$204,900	\$185,000	-9.71%
Year To Date ▼	\$199,350	\$188,650	-5.37%



Average Sales Price	2008	2009	% Change
July ▼	\$227,276	\$221,045	-2.74%
Year To Date ▼	\$223,306	\$221,642	-0.75%



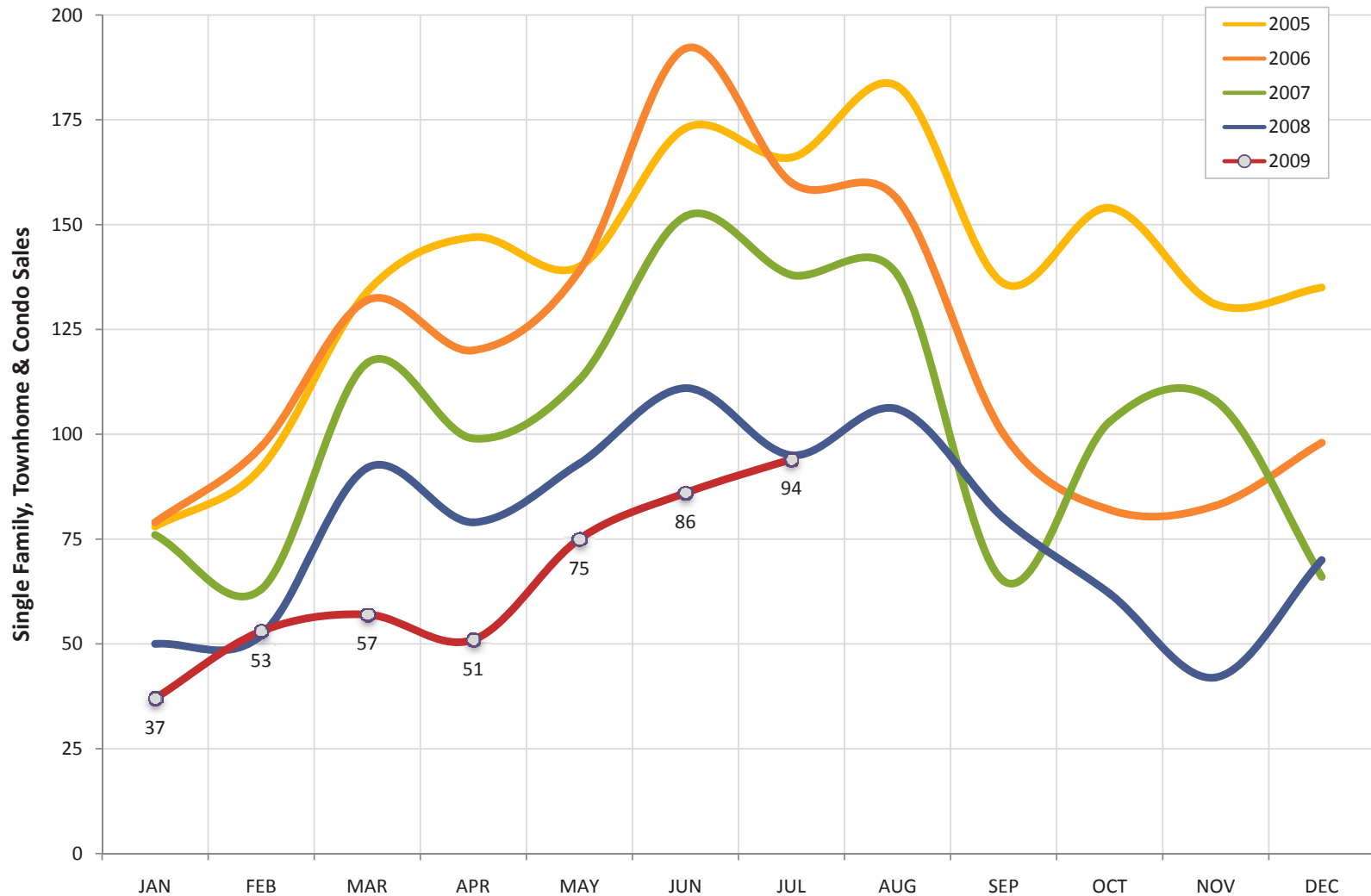
Average Days on Market	2008	2009	% Change
July ▲	171	195	14.04%
Year To Date ▲	162	190	17.28%



While the overall pace of home sales is still significantly slower in 2009 than in 2008 (a 21% decline), home sales this July (94) were down only 1% as compared to last July (95). This could be an early sign of stabilization of our real estate market, if the number of home sales can stay on pace with 2008 for the balance

of 2009. While activity has picked up in July (as compared to the first six months of the year), the median and average sales price have both declined (5% and 1% year over year). Also, as has become the norm, it takes longer this year to sell a home (average of 195 days) as compared to last year (average of 171 days).

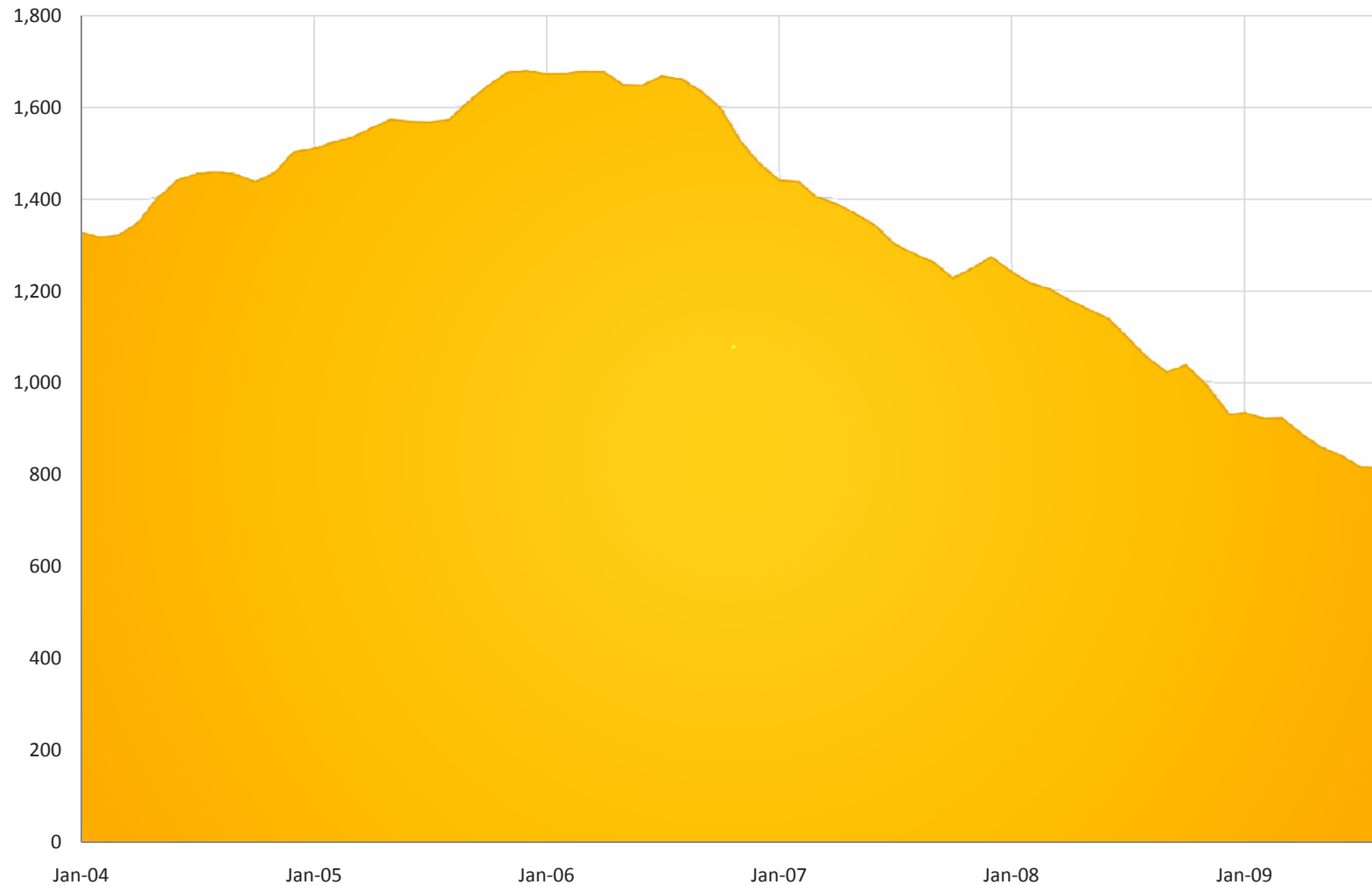
Harrisonburg & Rockingham County Month-By-Month Home Sales History



Earlier this year we saw February sales exceed the same month sales from 2008 --- and we have seen this again in July, or nearly so. The remainder of 2009 will be telling --- if we can continue to stay on pace with or exceed home sales from 2008, it may be a sign of stabilization in the Harrisonburg and Rockingham

County real estate markets. We have seen several years of 20% - 25% year over year declines in sales pace, and I am hopeful that 2009 will be the year that we break out of that pattern of declining sales. An increased pace of home sales will likely result in a stabilization and eventual increase of sales prices.

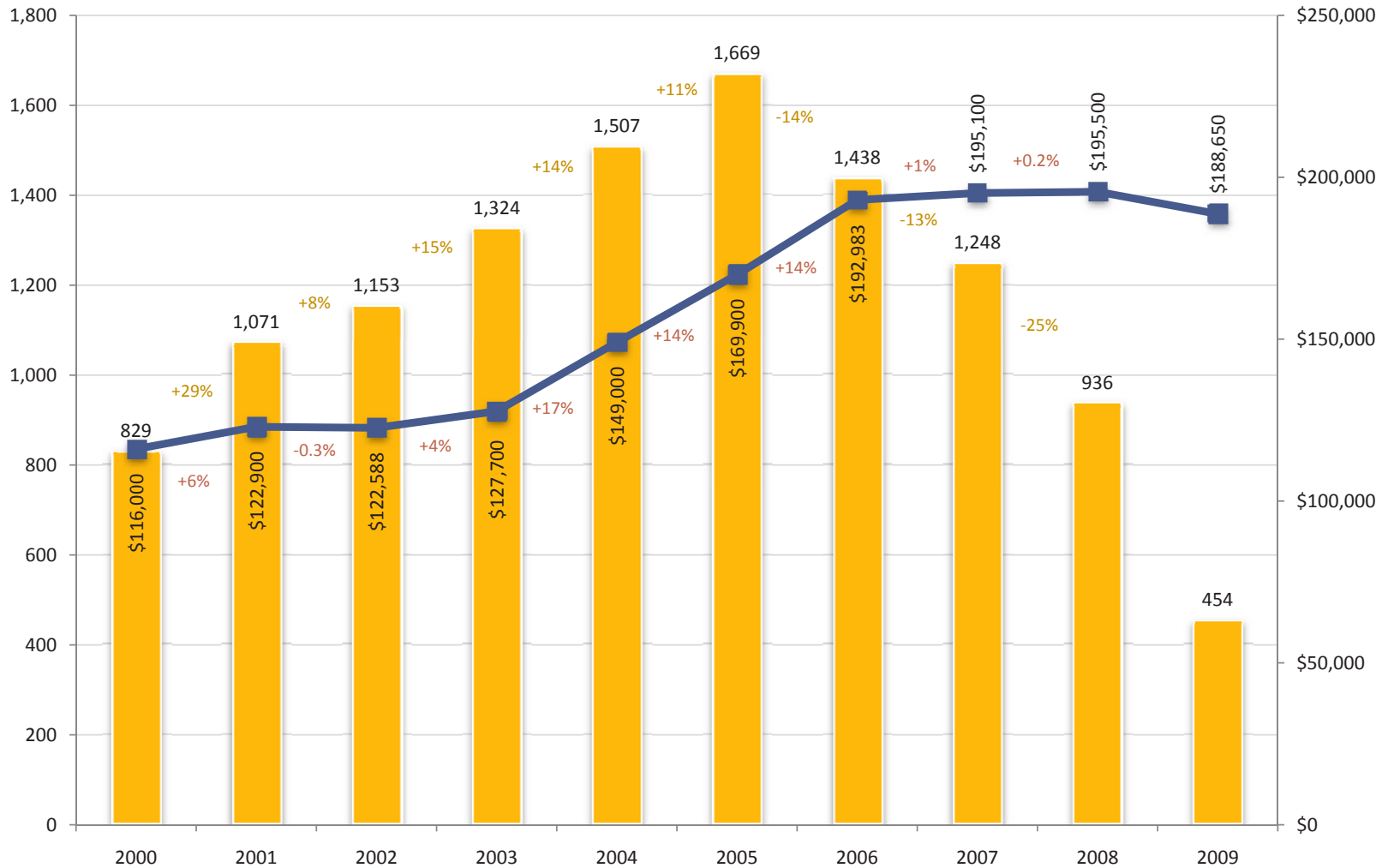
Harrisonburg & Rockingham County
Time-Adjusted Home Sales Trends :: All Homes
 Sum of Preceding 12 Months



This graph shows the running sum of 12 month home sales totals. That is to say that the July 2009 figure includes home sales from August 2008 - July 2009, and the value in the graph for each month previous also shows a 12 month total. We can see, thus, that the number of home sales has been declining since 2006, with

a only a few periods of leveling off or increasing. We saw a possible rebound in late 2008, early 2009, but it only lasted a few short months. We may be seeing the beginning of that rebound again this month, as the 12-month sum stayed at the same level this month as we saw last month.

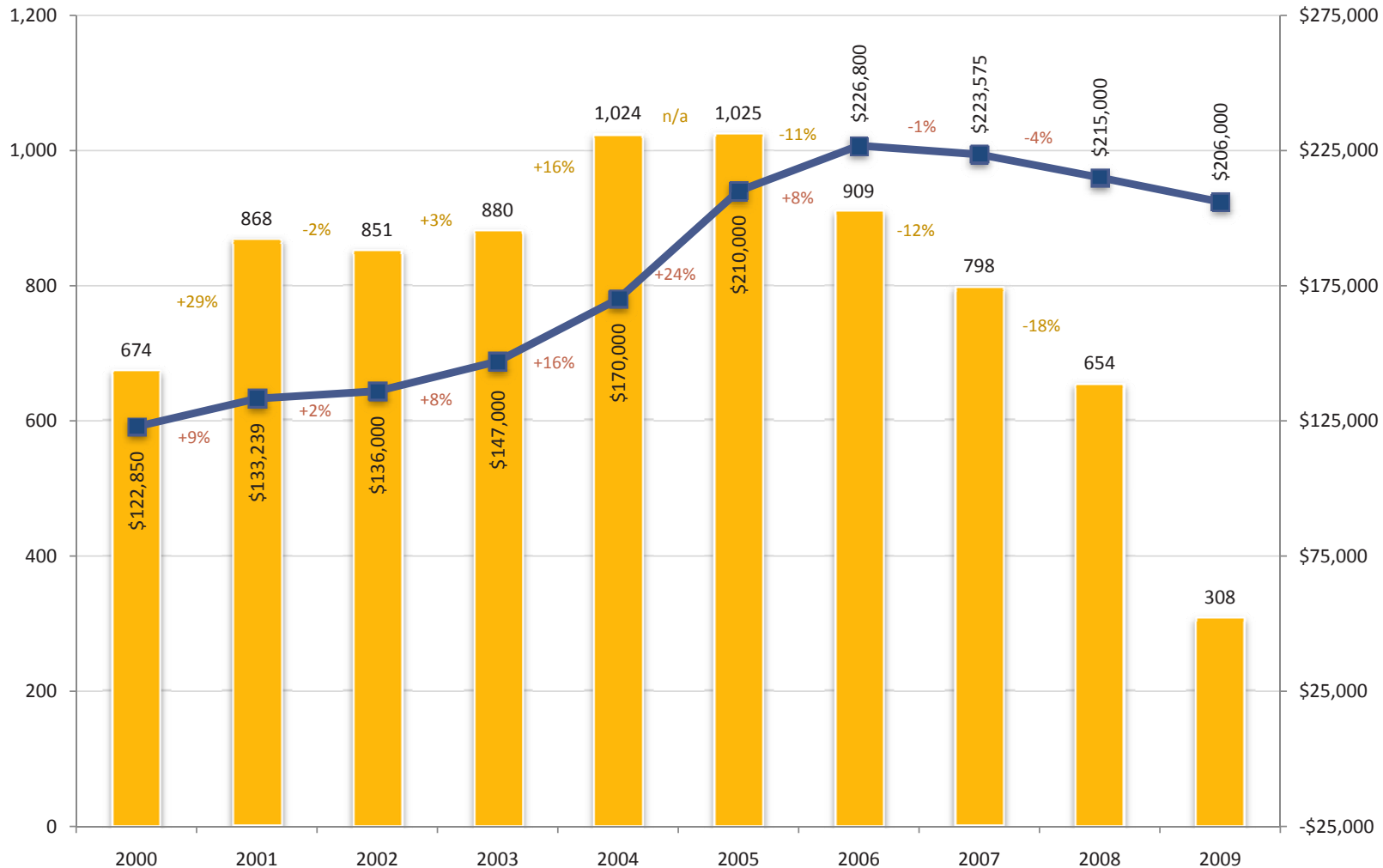
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



The yellow bars in this graph show the total number of single family homes and townhome sales for each of the last nine years. Last year, 2008, marked a return to a sales pace just above 2000. We will likely see yet another decline this year, as compared to 2008. This sharp decline (since 2005) is in contrast to the very

small changes that we have seen in median sales prices (shown by the blue line) during that same time period. The number of home sales declined 44% between 2005 and 2008, but the median sales price increased a remarkable 15% during those same years.

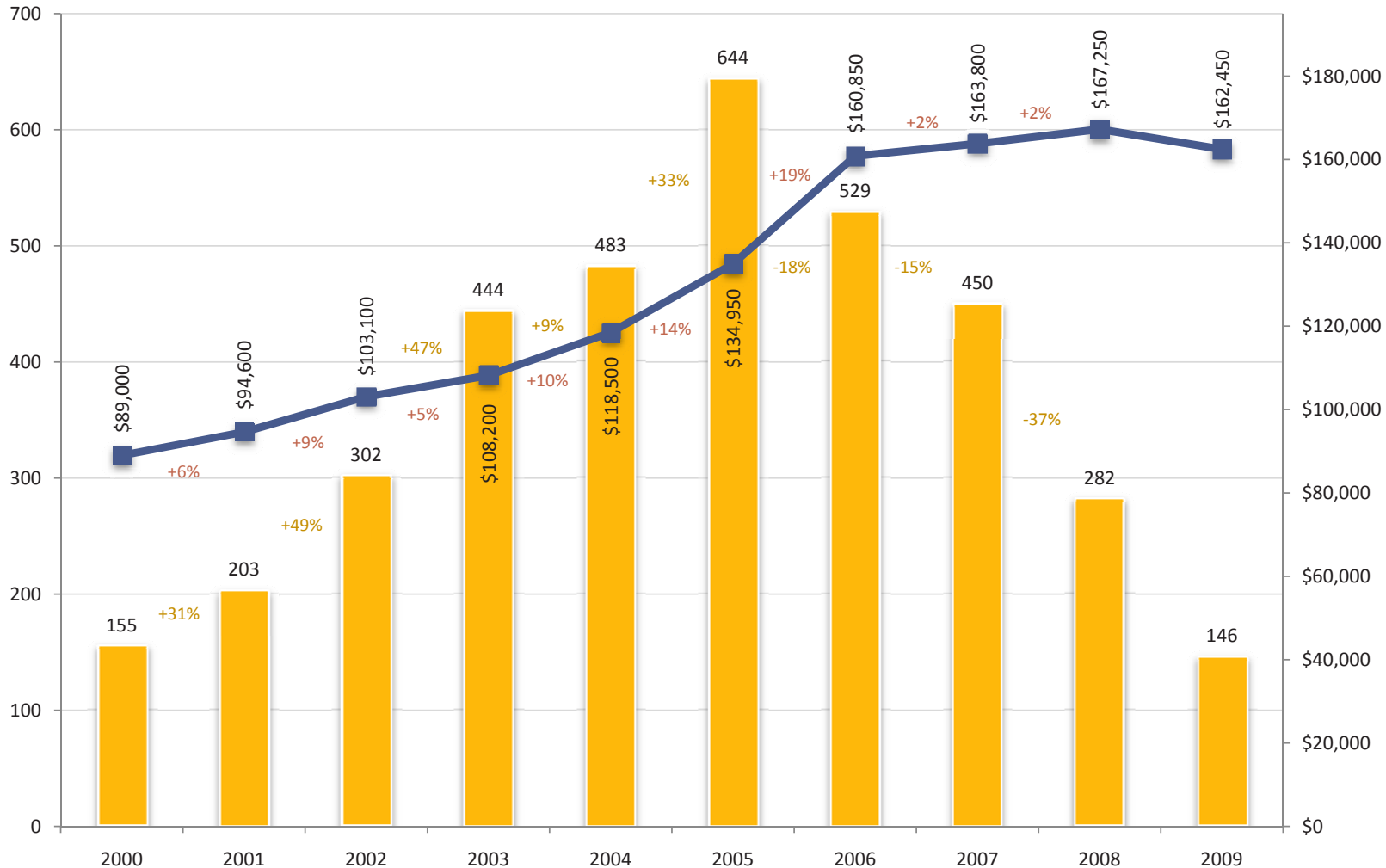
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



While the overall market showed a dramatic decline in sales pace over the last five years, the single family home market didn't decrease in sales pace as quickly. That being said, median home values have increased more significantly when looking solely at detached homes in Harrisonburg and Rockingham County. The

median sales price of single family homes has decreased a total of 9% since 2006, though that has been in very small increments, and a good portion of that decline between 2008 and 2009. We may yet see a shift in the overall median sales price in 2009, which would soften the blow of slightly declining home values.

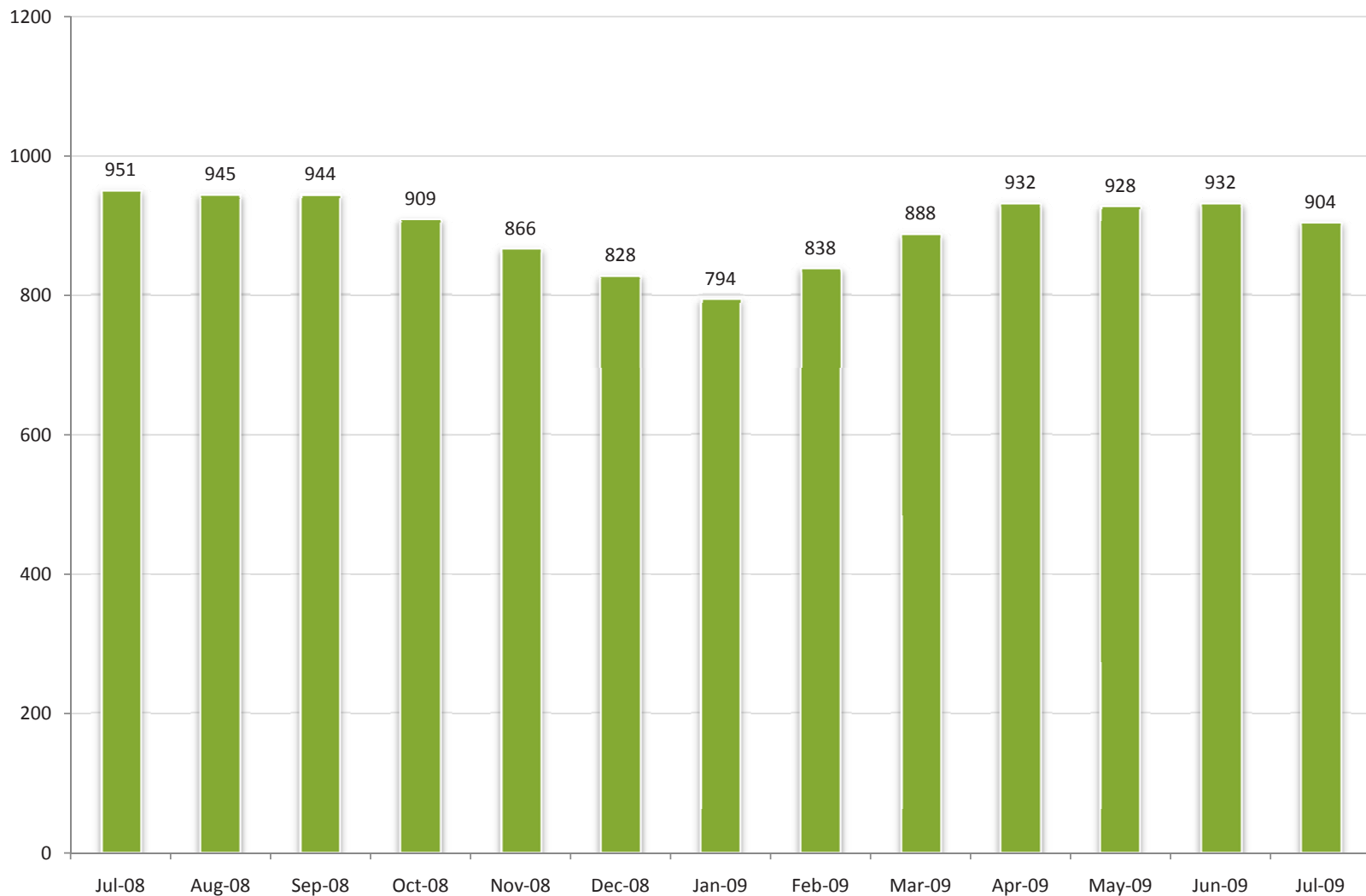
Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



Between 2000 and 2005, the Harrisonburg and Rockingham County market witnessed a dramatic increase in the number of townhome sales, many of which were built as new townhomes during that time period. In fact, there was a 315% increase in this segment of the market between 2000 and 2005. Since that time,

however, sales have declined again at least to pre-2002 levels. The saving grace of this segment of the Harrisonburg and Rockingham County housing market is that median sale prices have remained stable, with repeating year-over-year increases every year since 2000, with the possible exception of 2008 to 2009.

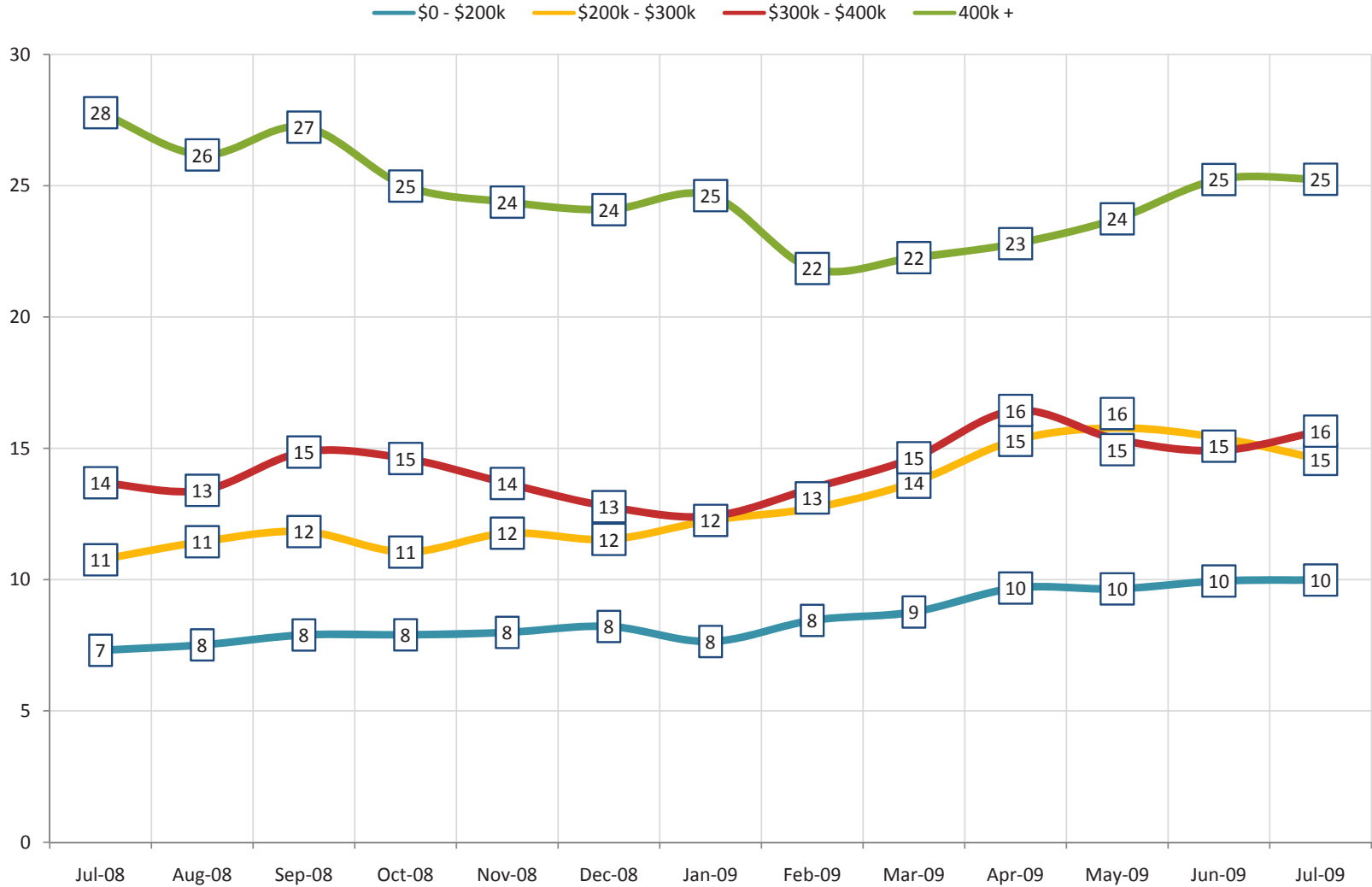
Harrisonburg & Rockingham County Inventory Levels



This graph shows a 13-month history of the inventory of available single family homes, townhomes and condos in Harrisonburg and Rockingham County. July 2009's inventory level of 904 is a 5% decline from July 2008's inventory level of 951. This modest reduction of inventory is a sign of our local market, hopefully,

returning to a greater degree of balance between buyers and sellers. Buyers should be aware that inventory will likely continue to decline through the remainder of 2009, as we head into the winter months -- this will limit buyers' options to some extent, until we get to February 2010.

Harrisonburg & Rockingham County
Housing Supply Trends by Price Range

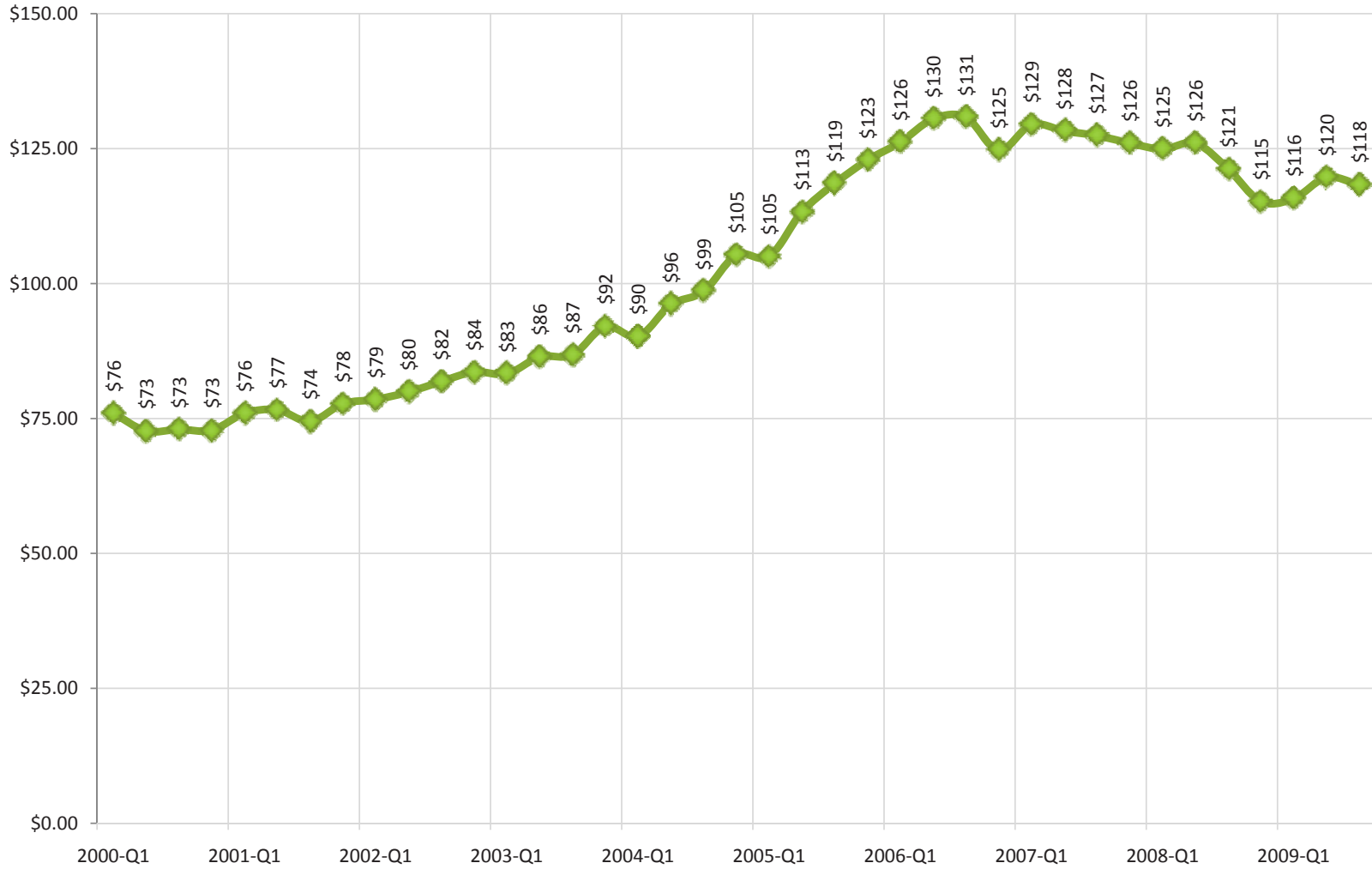


Supply levels as reflected in this graph are determined by dividing current inventory levels by the average number of homes sold per month over the past 12 months. Months of supply is broken down between price ranges, as there is a significant variation of the amount of housing supply that is available dependent

upon the price segment of the market that we examine. Higher end of homes (\$400k+) still show over a two year supply --- which also means a staggering number of choices for buyers. In contrast, the more affordable segment of our market (under \$200k) only offers 10 months of housing supply.

A Central Shenandoah Valley Real Estate Update courtesy of Scott P. Rogers, Associate Broker, Coldwell Banker Funkhouser Realtors. Data Source: Harrisonburg-Rockingham MLS.

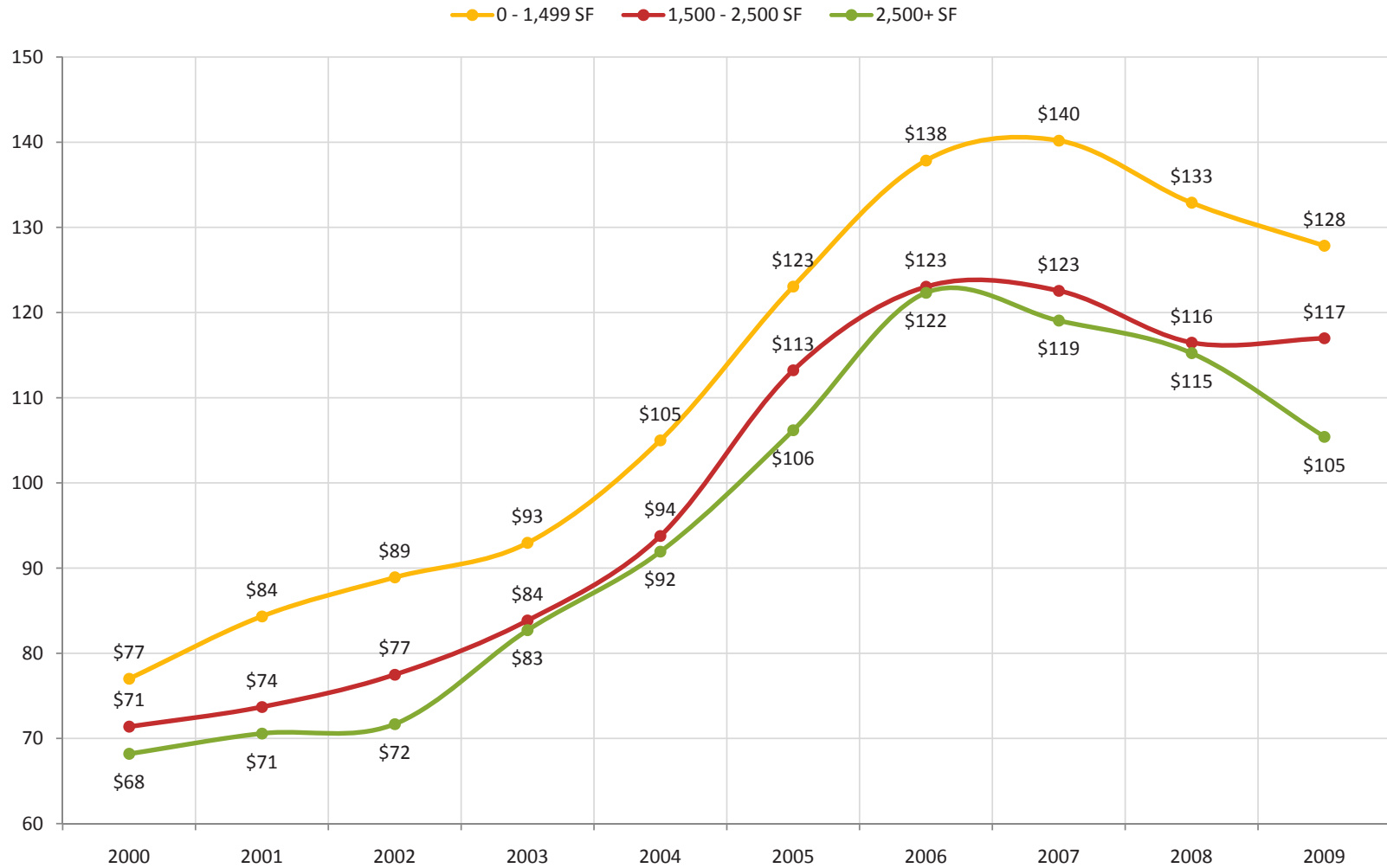
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



Median price per square foot, as shown in this graph, is calculated only on single family homes sold in Harrisonburg and Rockingham County. While the median price per square foot rose between 2000 and 2006, the rate at which it did so has varied significantly. Our market saw a 9% increase between 2000 and 2003,

a staggering 52% increase between 2003 and 2006. Perhaps this is why we have now seen an 8% decline between 2006 and 2009 --- resulting in an overall increase of 53%, or 17.5% for each of three year period. Median price per square foot has generally risen over the past year, which may indicate a new market trend.

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



There are some base costs in a home (land, water, sewer, etc) that do significantly vary from small home (less than 1,500 s.f.) to large home (greater than 2,500 s.f.). Thus, the median price per square foot varies significantly between these smaller homes (median of \$128 per square foot) and larger homes (median of \$105 per

square foot). It is also interesting to see how these median values trend over time. Both small and large homes have shown a decline in median price per square foot over the past year, while the median price per square foot of mid-sized homes (1,500 - 2,500 s.f.) has increased.

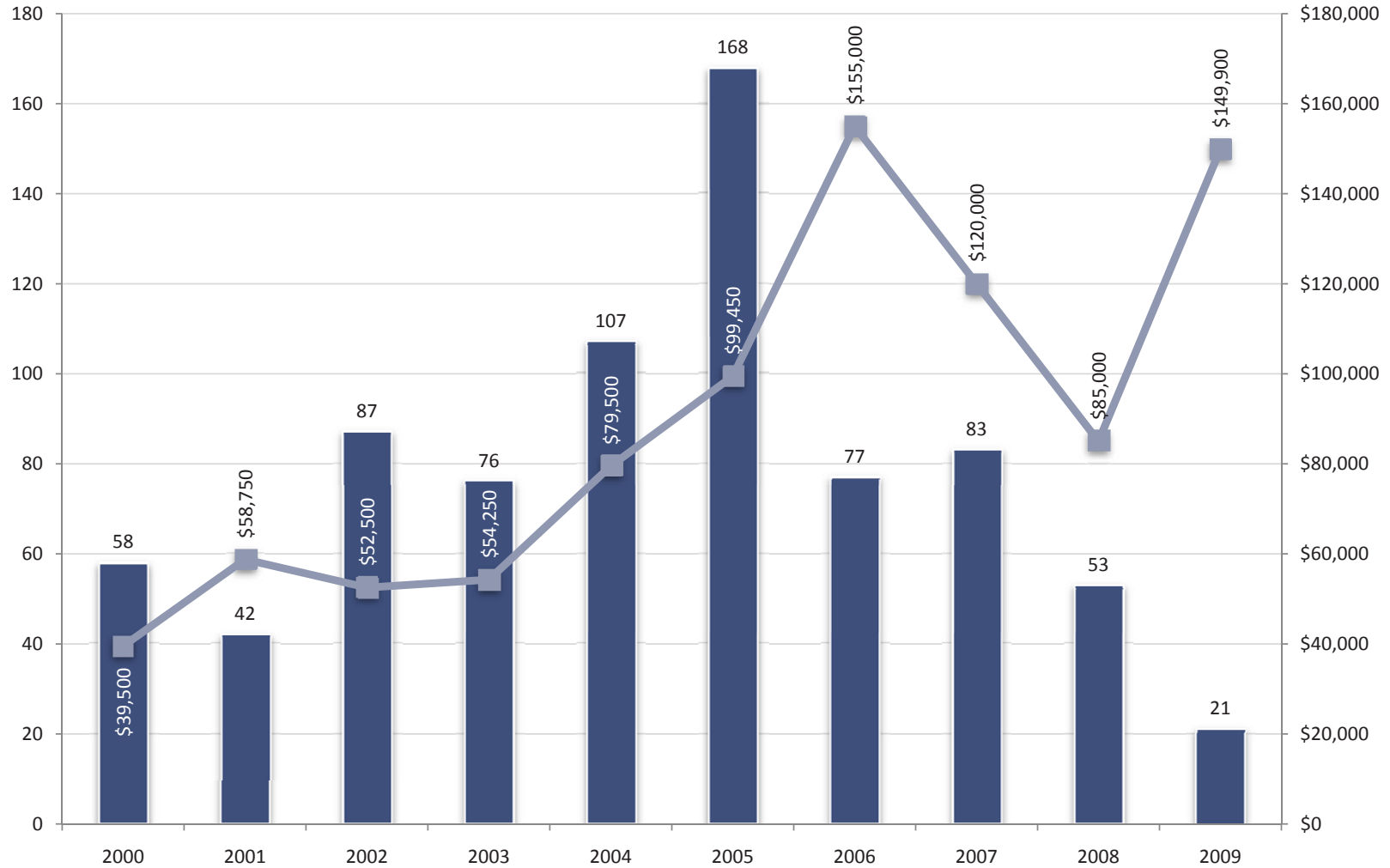
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



Lot sales of less than one acre have declined dramatically since their peak of 408 sales in 2004. In fact, in the first seven months of 2009 only 19 sales have taken place (2.7 sales per month), as compared to a staggering 34 sales per month in 2004. Of interest, lot prices increased steadily (and then drastically) through

2006, but then showed a sharp decline between 2006 and 2008. The increase in median lot sales price shown between 2008 and 2009 may be a result of the small sample size of only 19 lot sales in 2009. As the year continues we will hopefully have fuller data from which to extrapolate potential value changes.

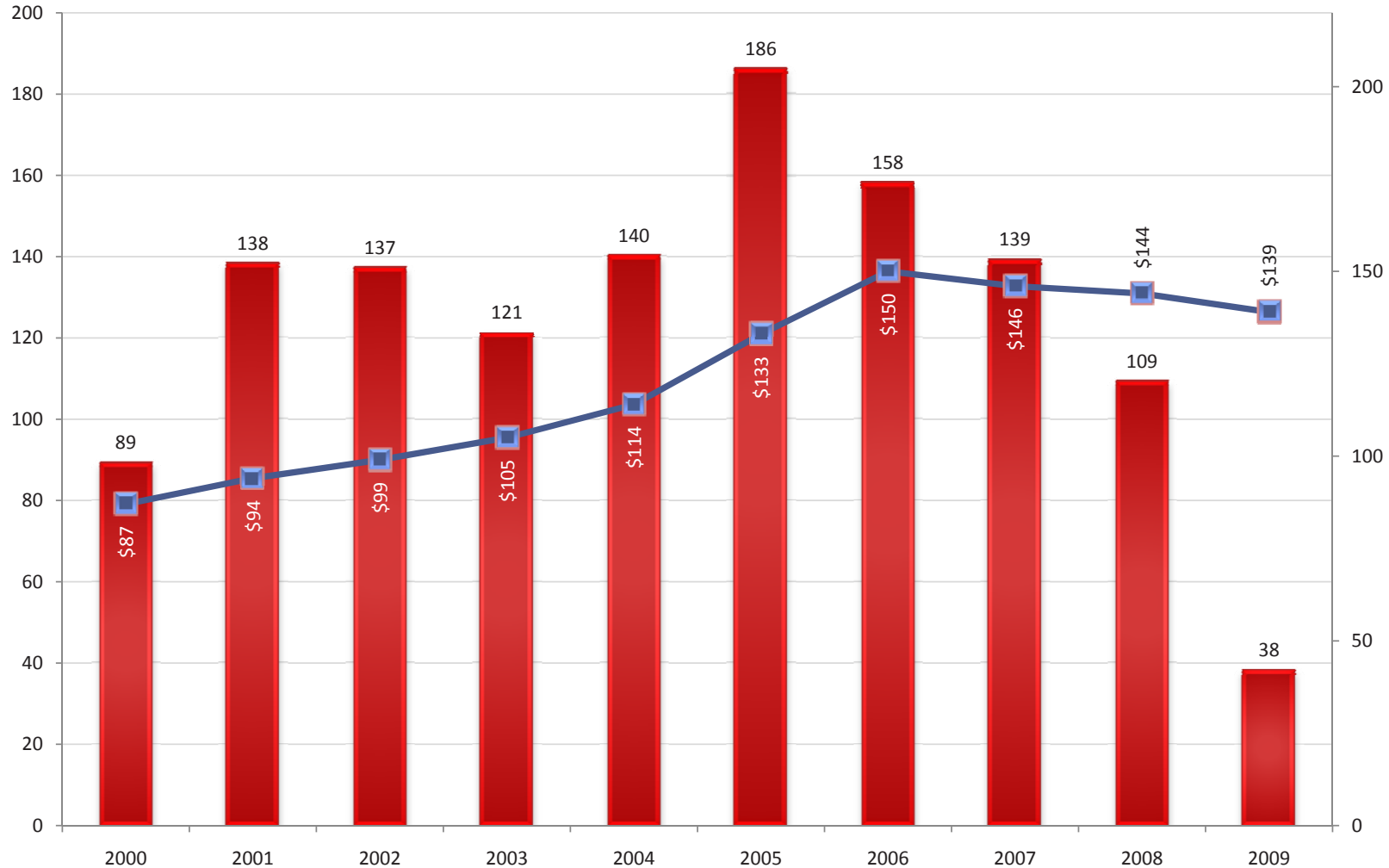
Harrisonburg & Rockingham County
Land Sales & Median Prices
 1 acre or more



With a few exceptions (2001, 2004, 2005), the number of land sales with at least one acre has remained relatively steady over the years, varying from 53 to 87. Land sales in 2009 are likely to be a bit lower than this normal range, but not dramatically so. However, we do see dramatic shifts in the median sales price of

these land transactions. The sharp increase in median sales price for land sales over the past year may be a sign of a remarkably recovered market, or just an anomaly based on small sample size of only 21 land sales thus far in 2009.

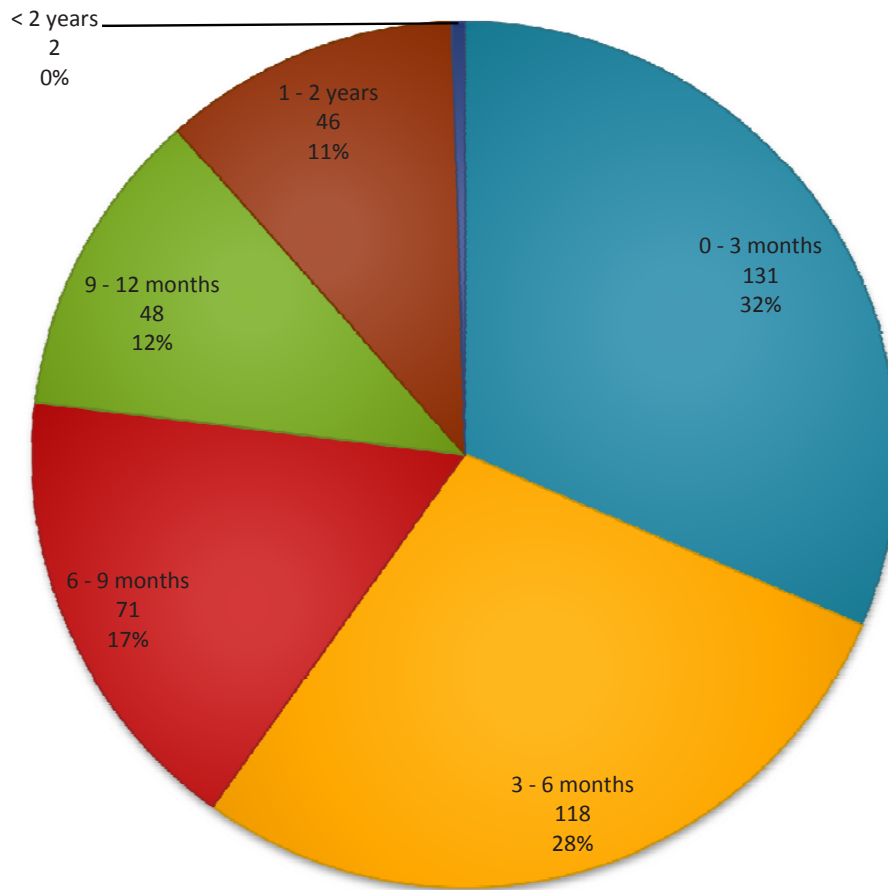
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



The median price per square foot of single family homes sold in the third quarter of 2009 in Harrisonburg and Rockingham County is \$118, in contrast to the median price per square foot of \$139 for all new construction homes sold in 2009. This gap is to be expected, as the overall median in the market reflects both old

and new homes, those in excellent condition, as well as those in need of repairs. Also, the new construction median of \$139 includes data from small single family homes as well as enormous newly built homes -- thus new construction price per square foot will vary from \$139 based on the size of the home.

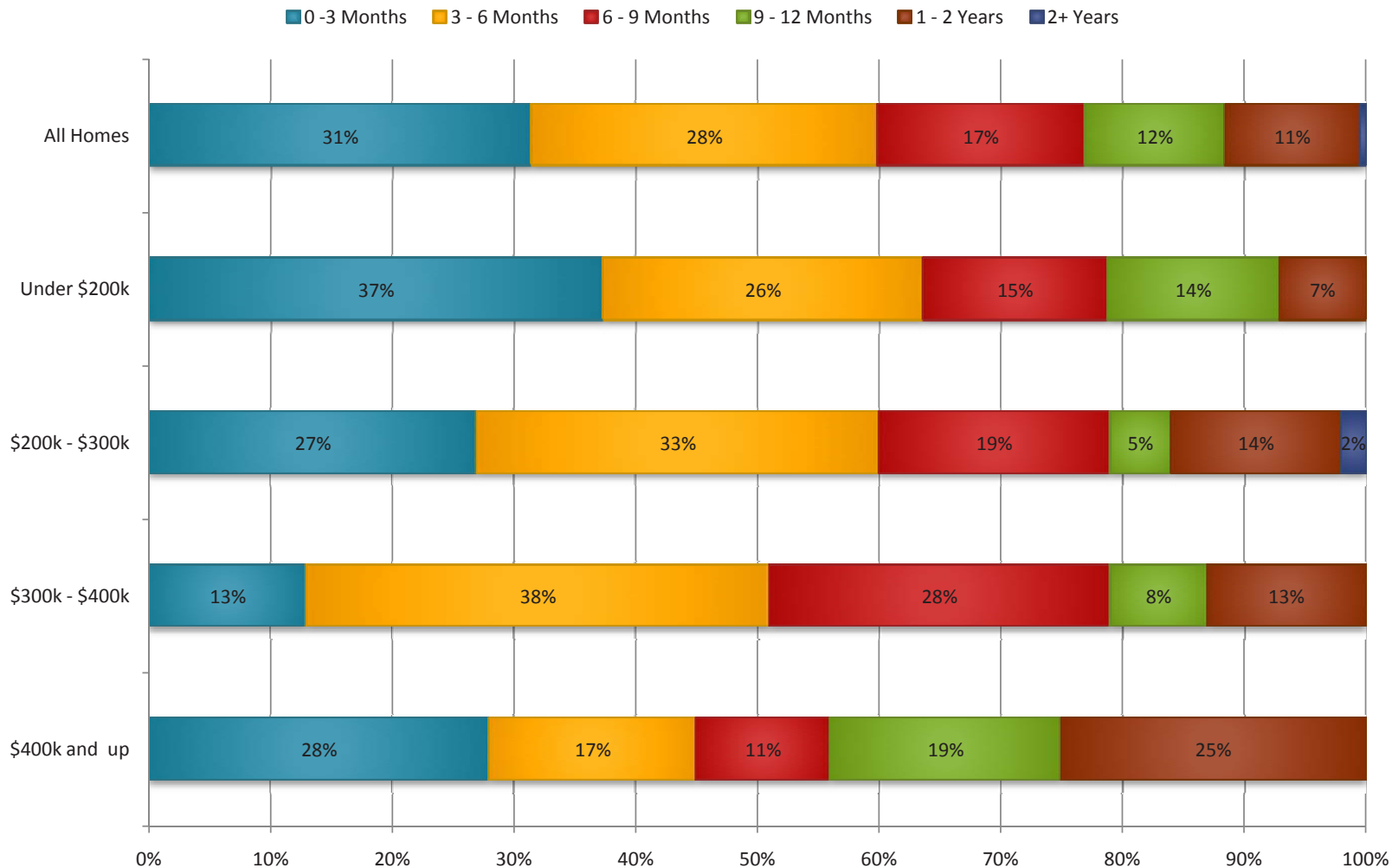
Harrisonburg & Rockingham County
Days on Market Analysis
Residential Listings Sold Feb '09 - July '09



While there is a 10 month to 25 month supply of homes on the market (depending on the price range), the homes that are actually selling are doing so much more quickly than those figures would suggest. Over half (60%) of the homes sold in the past six months (February 2009 - July 2009) have sold in 180 days or less,

and only 11% of the homes that have sold have taken longer than a year to do so. Also, a remarkable one-third (32%) of all homes that have recently sold (in the past six months) sold within three months. As defined in this graph, “sold” is the time from listing to closing.

Harrisonburg & Rockingham County
Days on Market Analysis by Price Range
 February 2009 - July 2009



The speed at which homes sell depends, to some extent, on their price. For example, 63% of homes that sold under \$200k went from a listing to a closing in less than 180 days, but only 45% of those homes priced above \$400k were able to match that speed. And, as we would perhaps expect, a full 25% of homes that

sold over \$400k took more than a year to sell, whereas only 7% of homes under \$200k took that length of time. If a seller prices their home appropriately and competitively, the data reflected on this graph will be a much better guide as to the time on the market, as compared to the graph showing months of supply.