

**November 2010**  
**Harrisonburg & Rockingham County**  
**Real Estate Market Report**

An Analysis of Real Estate Activity Through October 31, 2010

**November 8, 2010**

*provided courtesy of*  
**HarrisonburgHousing***today*.com  
*and 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: October

49 homes sold in October 2010, showing a 21% decline from October 2009 when 62 homes sold. 62 homes also sold in October 2008, and 103 homes sold in October 2007.

### Home Values: October

Median sales prices increased 3% to \$189,900 between October 2009 and October 2010, though average sales prices declined 5%.

### Days on Market: October

Homes sold in an average of 210 days in October 2010, a 29% increase over the 163 day average in October 2009, and a 51% increase over the 139 day average in October 2008.

### Foreclosures

235 trustee deeds have been recorded thus far in 2010, a 33% increase over 2009 with another two months to go. This is also a 320% increase over the 56 trustee sales recorded in 2000.

### Inventory

Inventory levels remain high but are on the decline. 927 residential properties are currently for sale, down from 981 one month ago, and 1,015 in June 2010.

### Pace of Home Sales: YTD

636 homes sold between January and October of 2010. This marks a 4% decline from 2009 when 665 homes had sold in the same time frame, and a 23% decline from 2008.

### Home Values: YTD

Median and average sales prices have declined 4% - 5% when comparing 2010 home sales (YTD) to 2009 home sales.

### Days on Market: YTD

The length of time on the market for homes selling between January and October of 2010 (193 days) increased 3% since last year during the same time (187 days).

### Supply

All price ranges still show an excess of housing supply, with 11 months under \$200k, 17 months between \$200k and \$300k, 19 months between 300k and \$400k, and 27 months above \$400k.

### Price Per Square Foot

Median price per square foot of single family homes has increased from \$108/sf in the 3rd quarter of 2010 to \$112/sf in the 4th quarter.

### Buyer Activity

51 buyers committed to buy in October 2010, compared to 78 in October 2009, 54 in October 2008. This rate of 51 contracts is down from 74 buyers last month (September 2010).

### Single Family Home Sales

472 single family homes have sold thus far in 2010, compared to a 2009 total of 563 homes. The median sales price has decreased 3%.

### Townhome Sales

164 townhomes have sold thus far in 2010, compared to a 2009 total of 253 townhomes. The median townhome sales price has decreased 4% over the past year.

### Lot Sales

54 lots of less than an acre have sold in 2010, compared to 58 lot sales in all of 2009. Median lot sales prices have declined 8% to \$55,000 since last year, and 45% since 2006.

### Land Sales

22 parcels of land greater than an acre have sold at a median value of 13,856 per acre in 2010, down 48% since the 42 sales shown in 2009.

# HOME SALES REPORT

Harrisonburg &amp; Rockingham County

November 8, 2010

# Home Sales	2007	2008	2009	2010	% Change ('09 - '10)
October	103	62	62	49	-20.97%
January - October	1,074	824	665	636	-4.36%

Median Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
October	\$200,500	\$197,000	\$184,748	\$189,900	2.79%
January - October	\$195,000	\$197,900	\$190,000	\$180,750	-4.87%

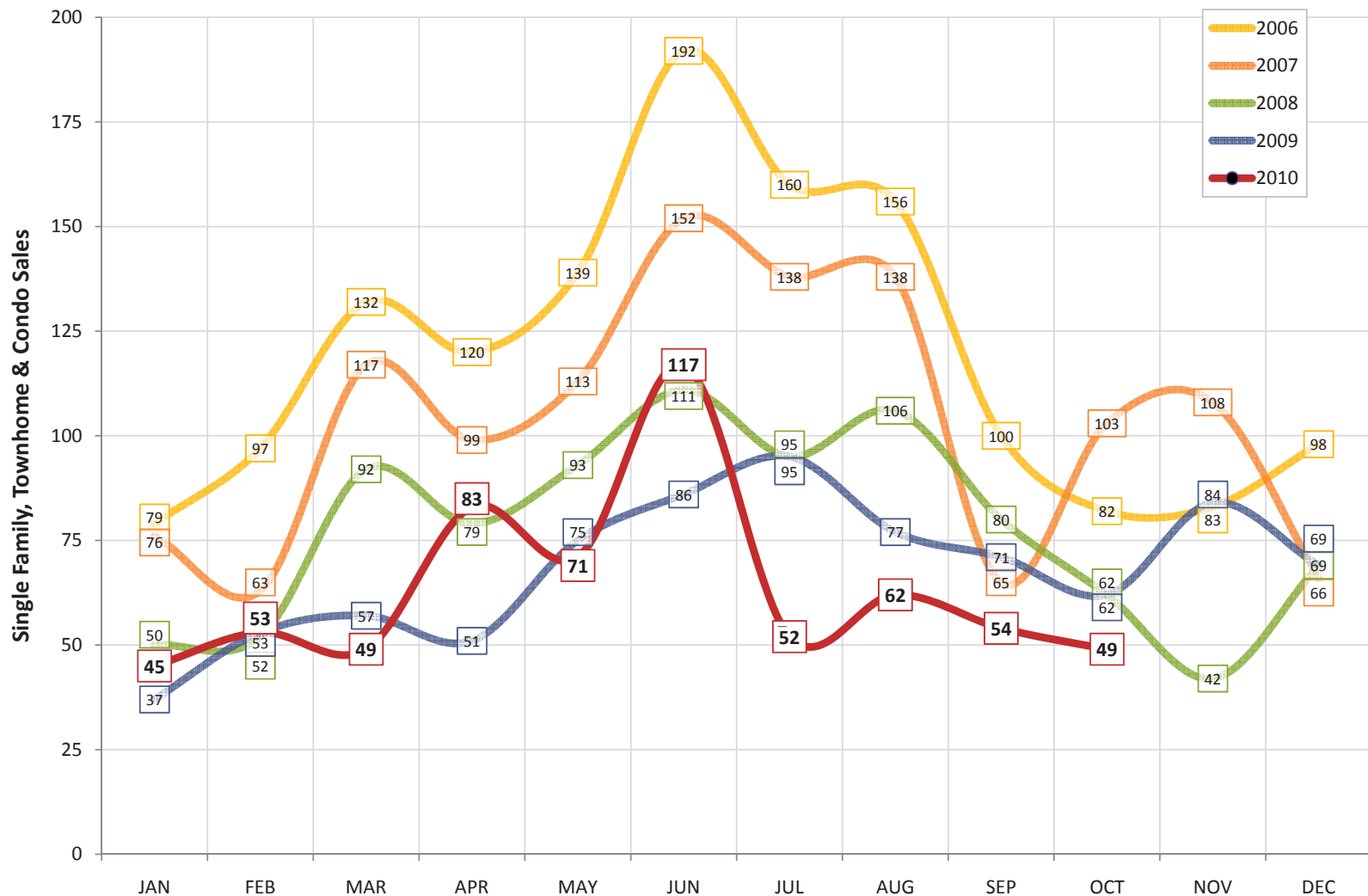
Average Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
October	\$220,755	\$226,057	\$205,617	\$192,382	-6.44%
January - October	\$223,053	\$223,881	\$218,096	\$209,120	-4.12%

Average Days on Market	2007	2008	2009	2010	% Change ('09 - '10)
October	135	139	163	210	28.83%
January - October	189	165	187	193	3.21%

Fewer and fewer homes have sold in Harrisonburg and Rockingham County over the past several years, and 2010 is no different. This multi-year decline in home sales, however, seems to be slowing down. After a 23% decline YTD between 2007 and 2008, and a 19% decline YTD between 2008 and 2009, we now only find a 4% decline

between 2009 and 2010. Yes, a slow down to the slow down is indeed progress. Home values continue to decline roughly 4% to 5% per year in this area, and (no surprise) it's taking 28% longer to sell homes this year as compared to last year. I thought it would be 2010, but in 2011 look for a reversal in the pace of home sales.

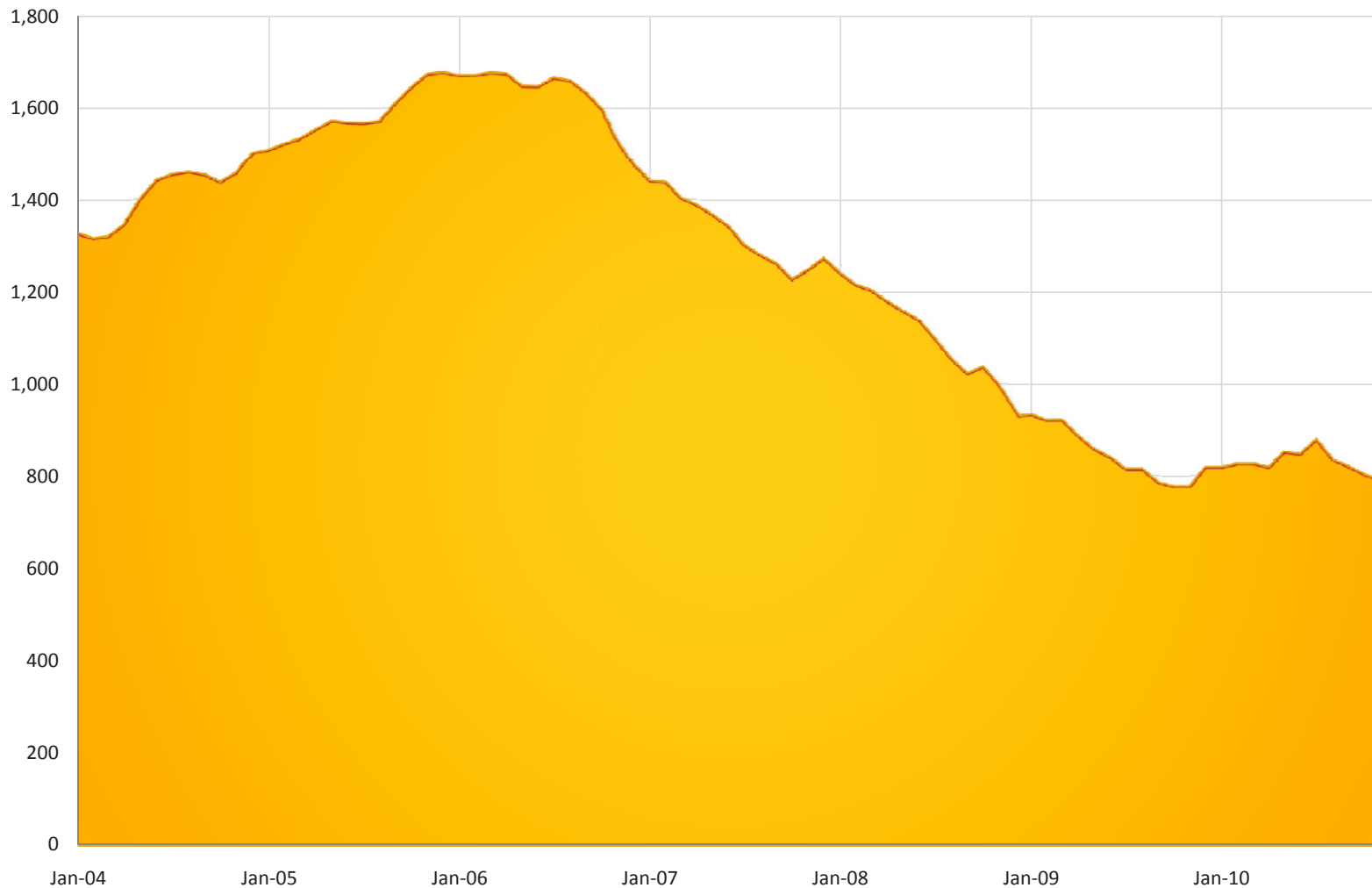
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



Thanks (at least in part) to the home buyer tax credit, 2010 has been a turbulent year in home sales. Home sales in 2010 stayed roughly level with 2009 for four months (Jan, Feb, Mar, May), soared above 2009 for two months (Apr, Jun), and have been woefully lower than 2009 for the past four months (Jul, Aug, Sep, Oct). It seems

reasonable to guess that November 2010 home sales won't nearly reach the heights of November 2009 sales --- as last November there was an intended expiration of the home buyer tax credit. Perhaps in December we can see a return to normalcy, given the stability of the last three December's home sales?

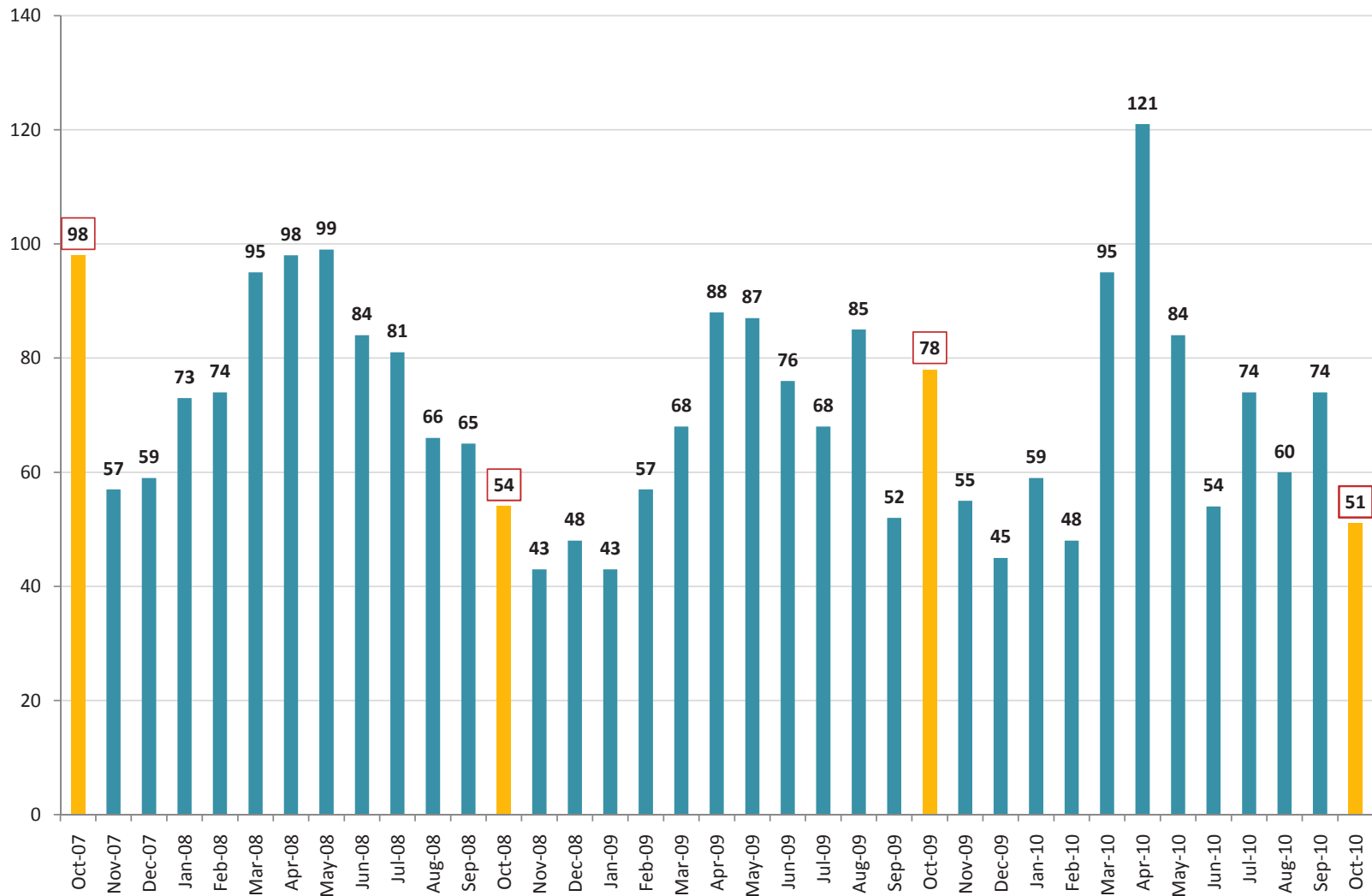
Harrisonburg & Rockingham County  
**Time-Adjusted Home Sales Trends :: All Homes**  
Sum of Preceding 12 Months



Since home sales fluctuate up and down from month to month, it's important to look at longer term trends. Each data point on this graph reflects the sum of 12 months of home sales -- thus including each month and season of the year. The pace of home sales increased dramatically between 2004 and 2006, and then declined

all the way through late 2009. The local market started to move upward with some momentum between late 2009 and mid 2010 before starting to falter for the last several months. This temporary turn-around followed by a continued decline may very well have been the result of the home buyer tax credit on our local market.

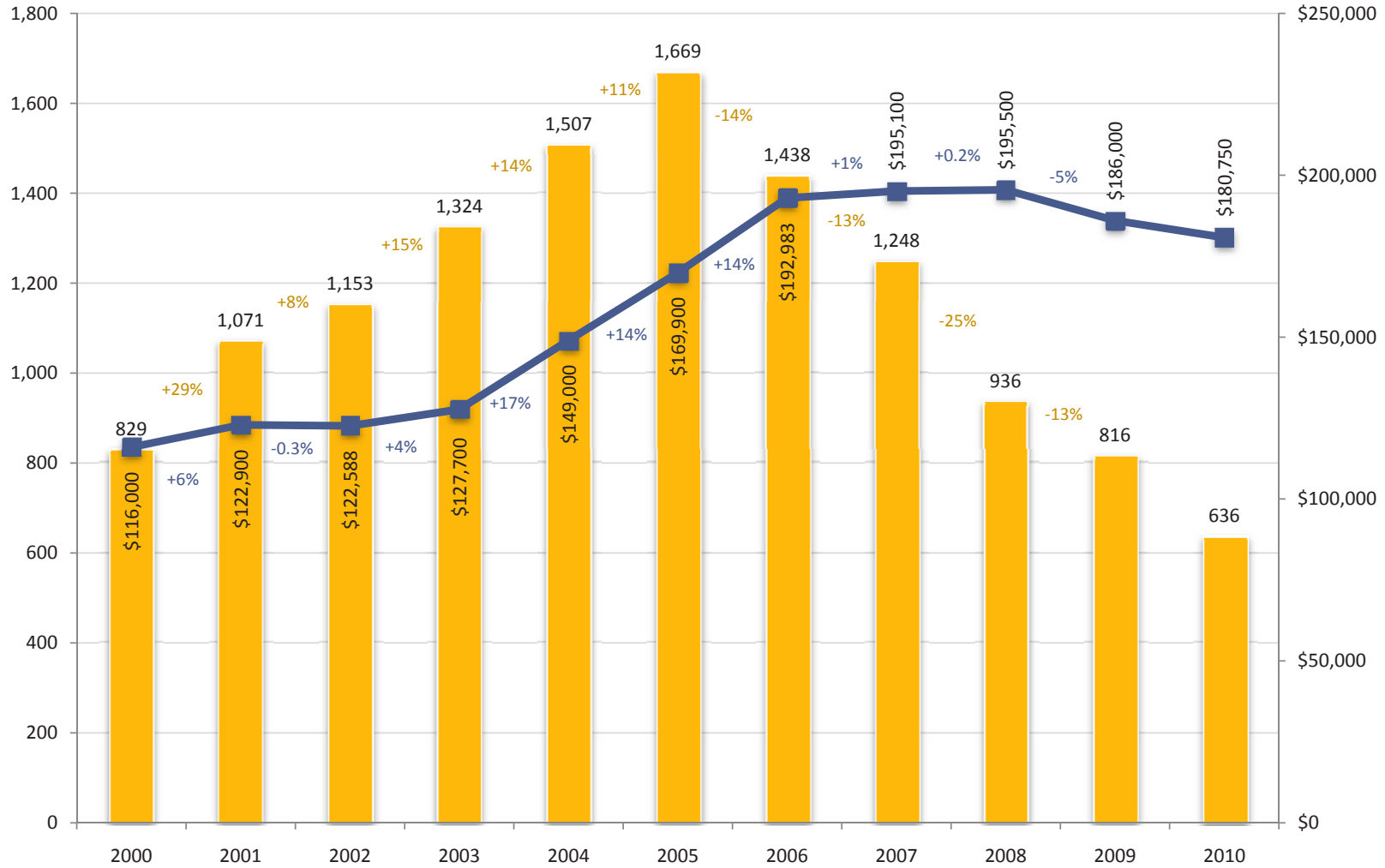
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



While not all contracts turn into sales, the number of buyers committing to buy homes each month can be an excellent indicator as to future sales trends. Buyers were present in the market in 2010, but not at any surprising rate. The 51 buyers that committed to buy during October was roughly on pace with October 2008. Do

note that last October the high number of contracts was almost assuredly related to the intended November 30th expiration of the home buyer tax credit. This also explains the record number of contracts in March, April and May of 2010.

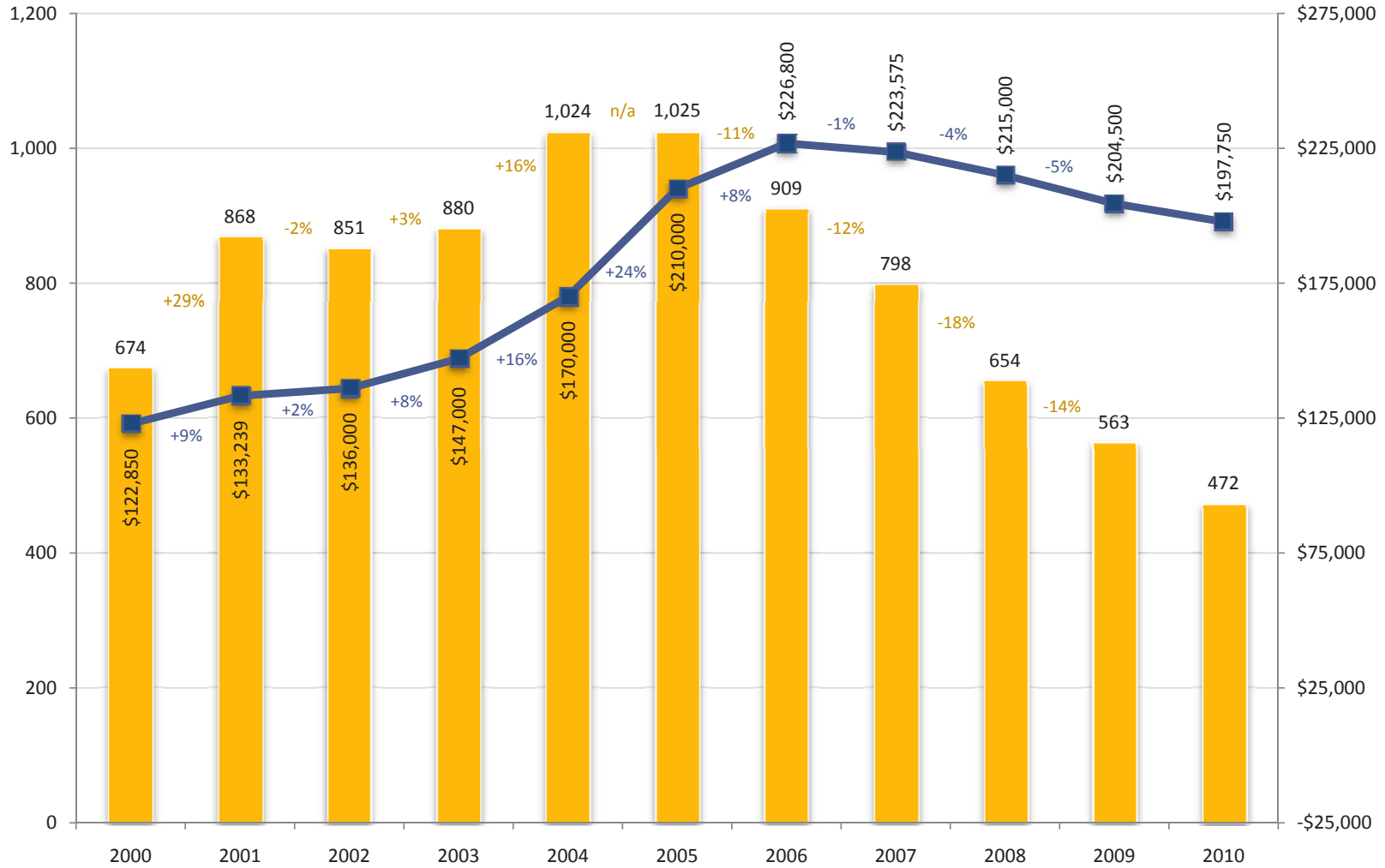
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



This graph depicts the overall picture of how the Harrisonburg and Rockingham County real estate markets have performed over the past 10 years. After a steady increase in the number of homes selling for many years (2000-2005), the number of closings then declined for the second half of the decade (2006-2010). Home

values have passed through three stages: moderate appreciation (2000-2003), rapid appreciation (2003-2006) and finally a period of a slow decline (2007-2010). While homeowners would prefer for home values be increasing again, it may be another year before we see that take place, after the number of home sales has leveled off.

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

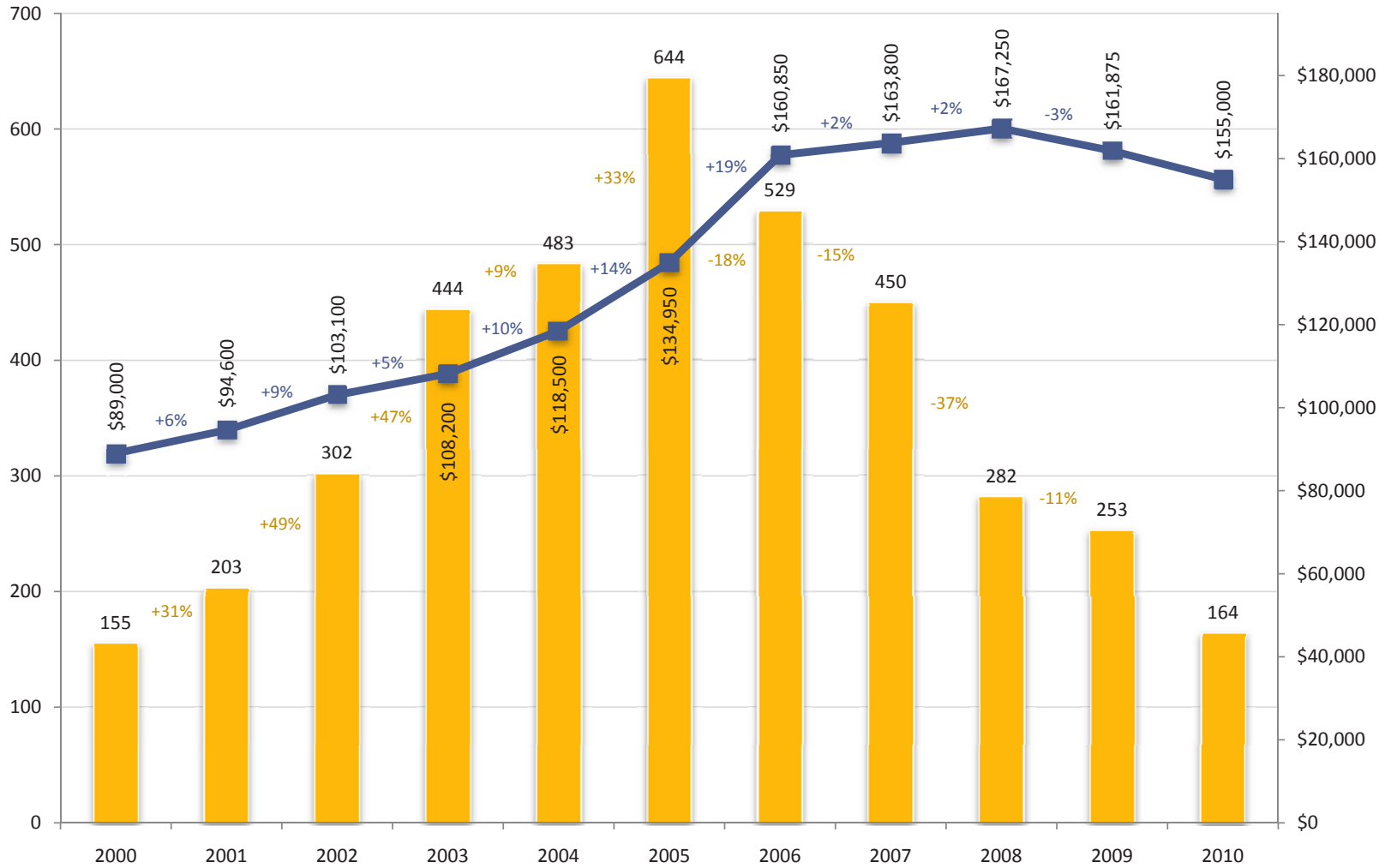


The prior graph showed overall market activity, including condos, townhomes and single family homes. This graph only measures the performance of single family homes, which have declined in value (per median sales prices) more quickly over the past several years. In fact, median sales prices of single family homes in Harrisonburg

and Rockingham County have declined 12.8% since 2006. It seems plausible that either in 2010 or 2011, the number of single family home sales will stabilize, which should then lead to a stabilization in home values another 6 to 18 months after sales volume stabilizes.



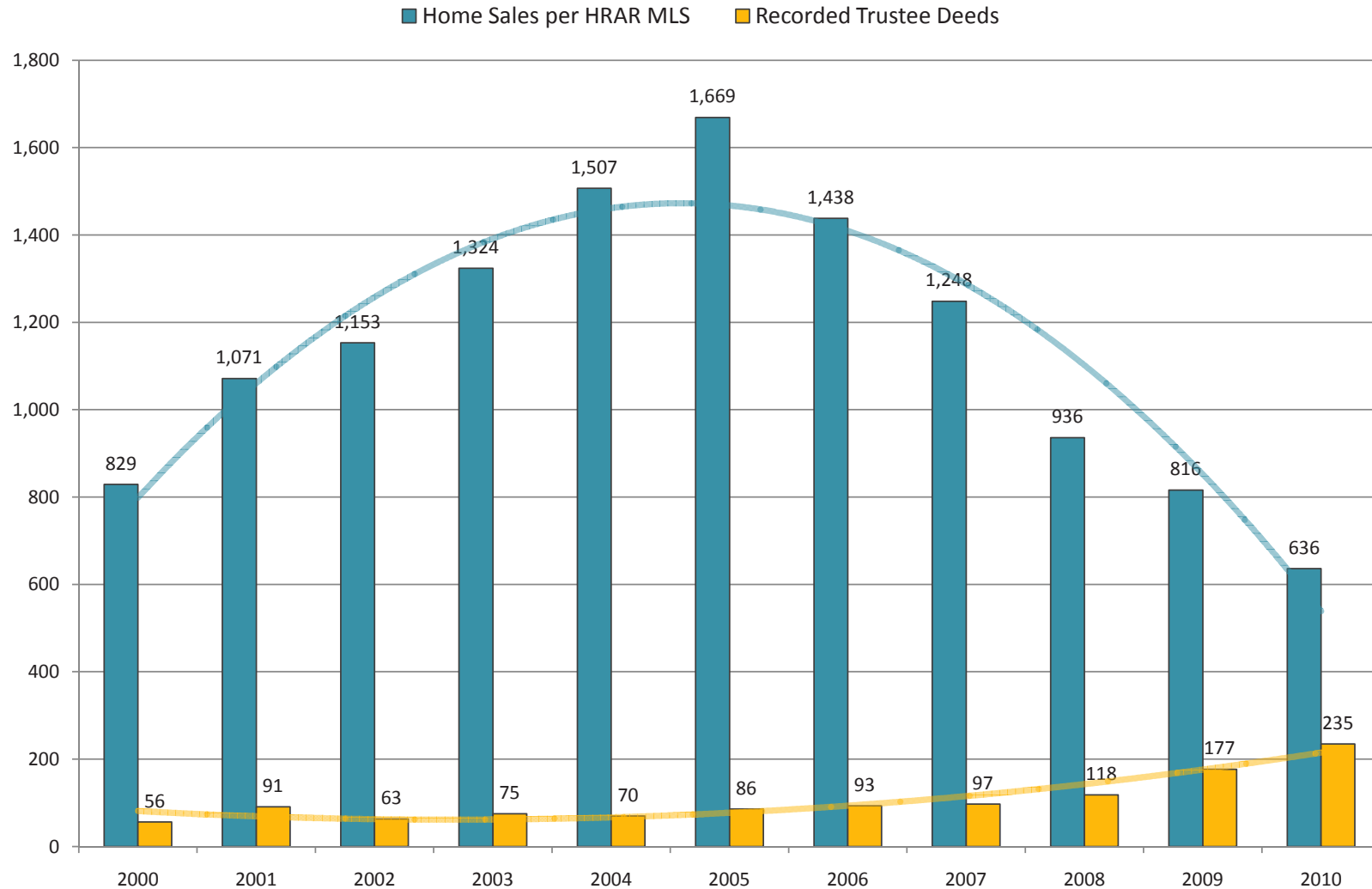
### Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



The townhouse market has been quite turbulent over the past decade. After a glorious increase in median sales prices from a mere \$90,000 to a soaring \$167,000, values have now slipped 7% over the past two years, back down to \$155,000. Of note, this is still a 75% increase in values over the decade, which shows overall

strength in the market. The sharp decline in townhome sales, from 644 in 2005 down to only 164 thus far this year, is likely due to many prospective buyers deciding to rent a townhome instead, and at the same time a departure of many investors who had been purchasing townhomes as investment properties.

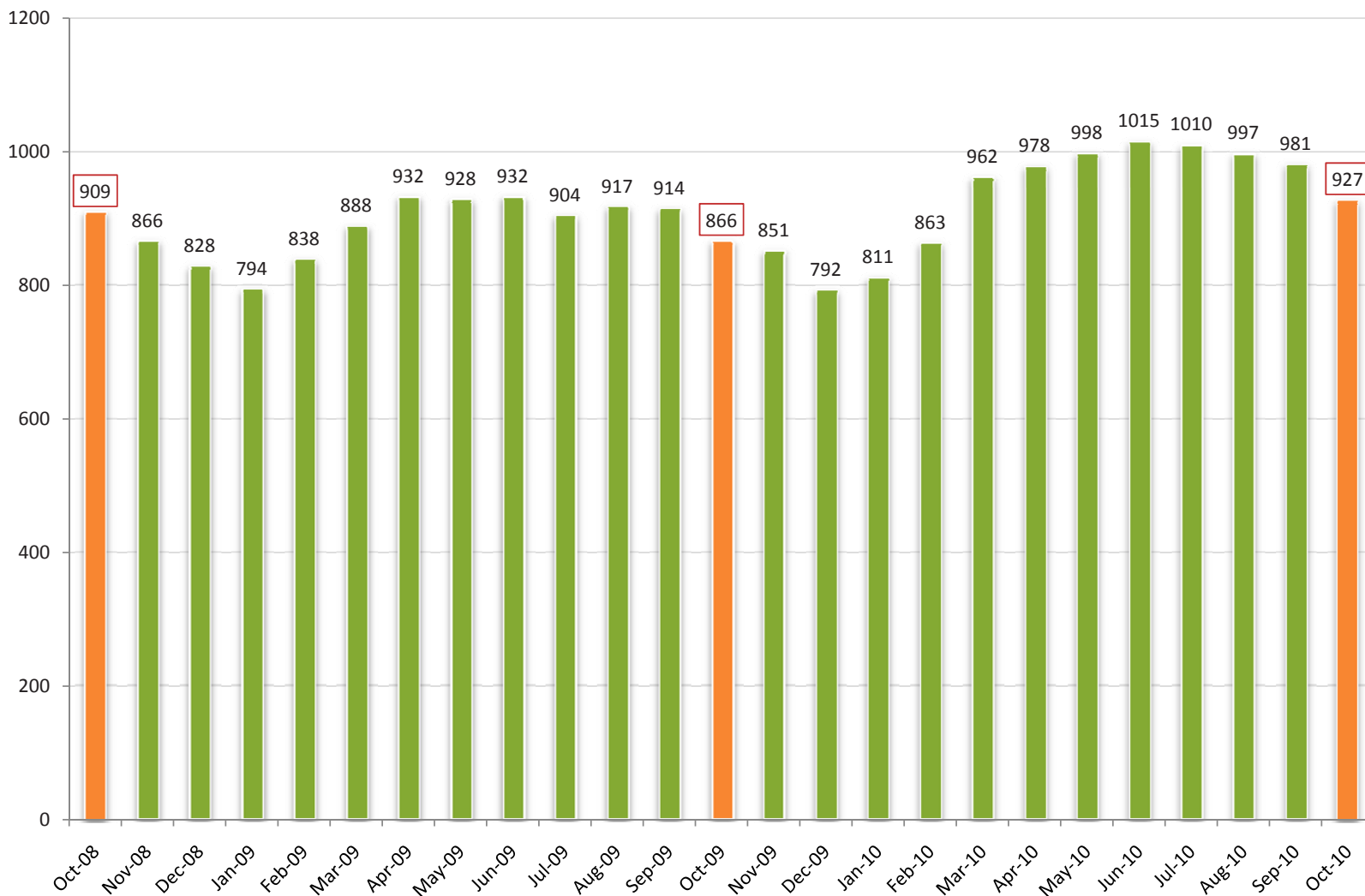
### Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



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), and some new home sales. The yellow bars show the number of Trustee Deeds recorded during

each of the past 10+ years. Some of these foreclosed properties (235 in 2010) then show up in the blue bar when they are listed and then sold as bank owned properties. Foreclosures have increased four-fold over the past ten years, and now make up somewhere between 15% and 27% of all home sales.

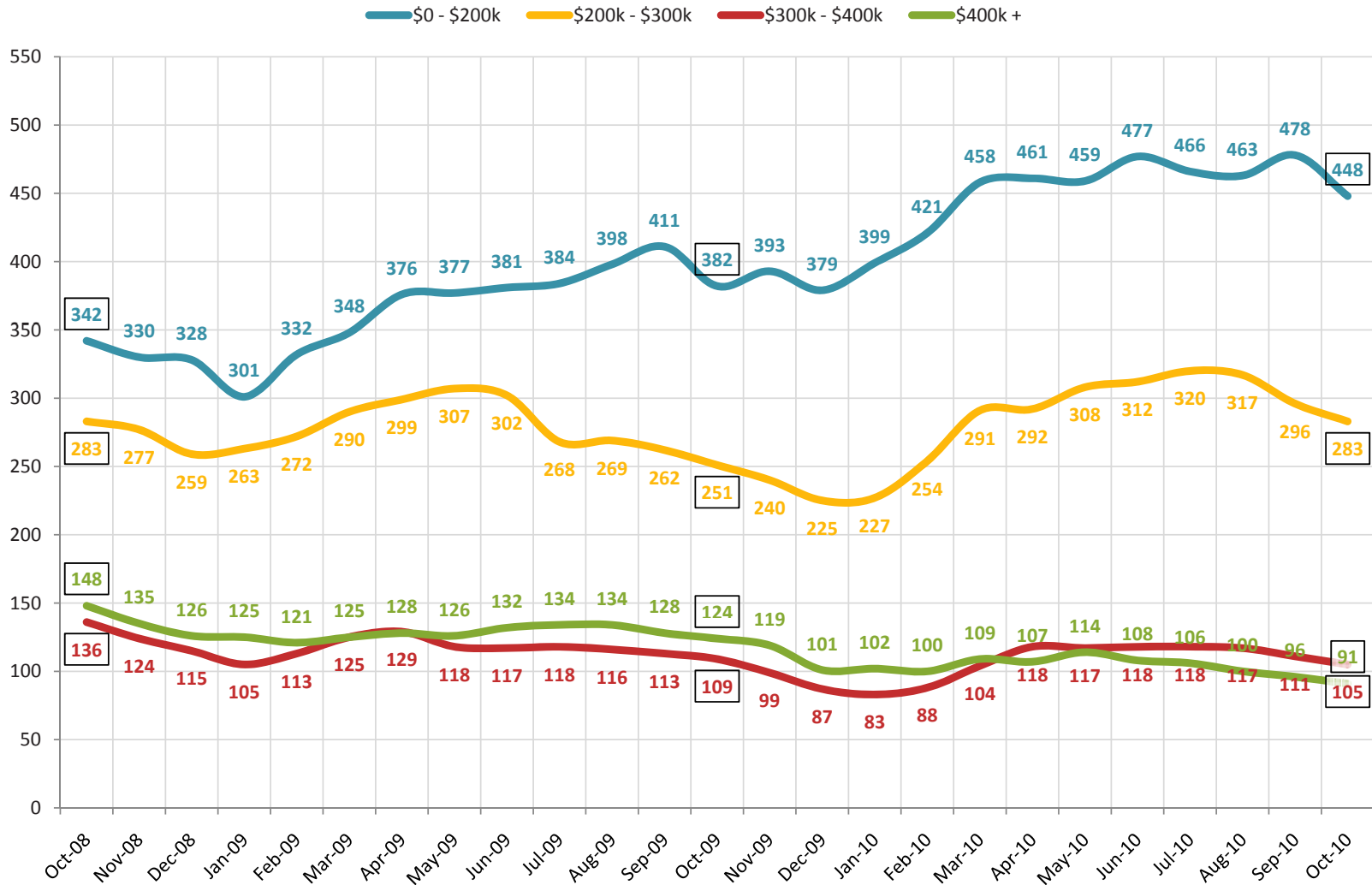
Harrisonburg & Rockingham County  
**Inventory Levels**



The number of homes for sale in Harrisonburg and Rockingham County has fluctuated between 800 and 950 for most of the past two years. The past six months, however, have shown remarkably high inventory levels -- peaking at 1,015 homes for sale in May 2010. Overall inventory levels have declined for the past four months, and it is

reasonable to assume that they will continue to do so as we continue through the fall and winter months, as is a typical trend seen each year. It will be interesting to see what takes place in the spring, however, as we may see another record created as many homeowners try once again to sell their home.

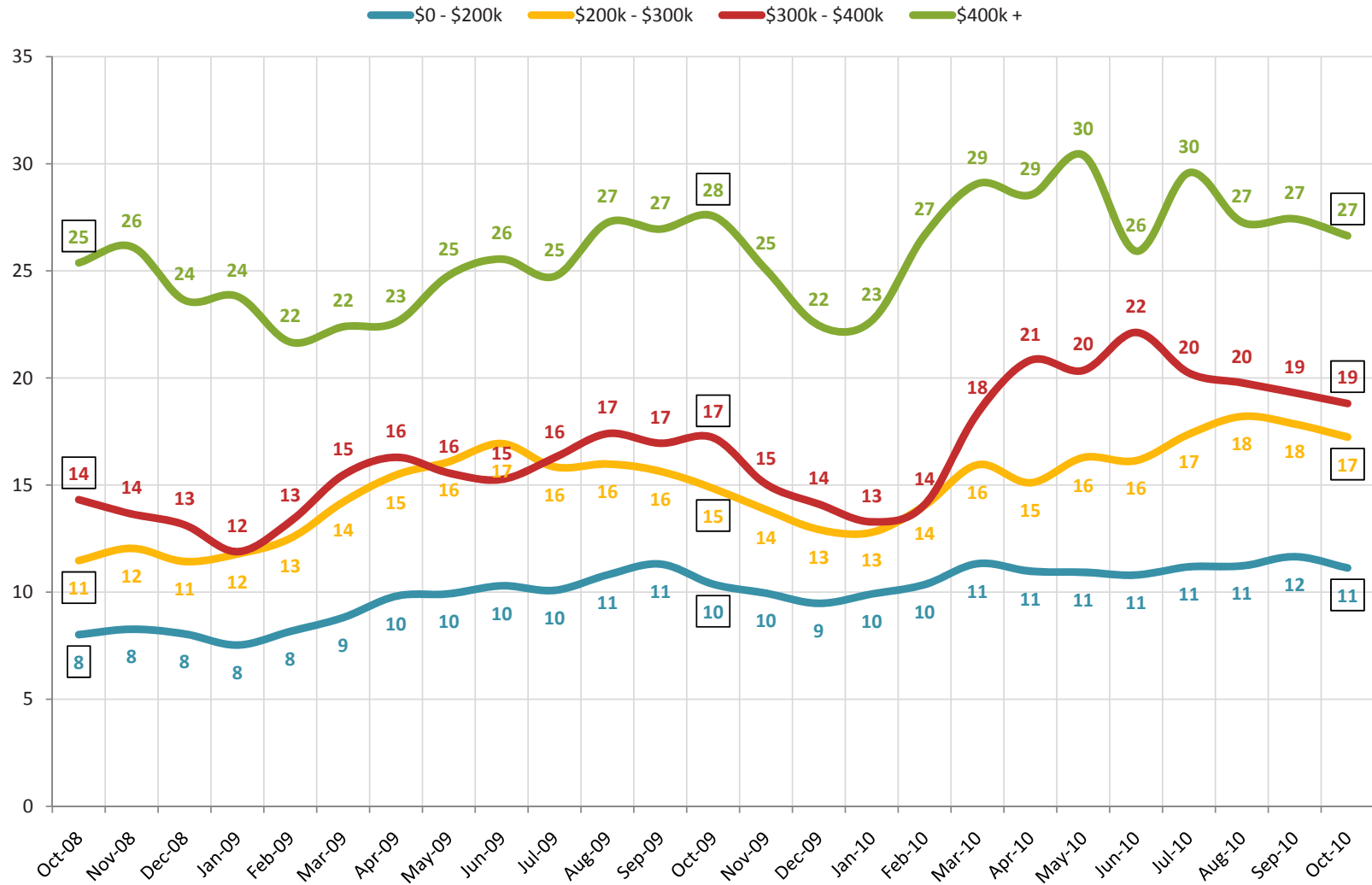
### Harrisonburg & Rockingham County Inventory Levels by Price Range



While overall inventory levels have increased over the past two years, the same is not true in all price ranges. The \$400k+ price range, for example, has seen a 39% decline in inventory from 148 homes for sale in October 2008 to only 91 homes or sale at the present time. Inventory levels of homes between \$300k and \$400k have

also shown a decrease over the past two years. This phenomenon is likely a result of fewer and fewer builders engaging in speculative building, as had been occurring en masse during the “boom years” in the local and national housing markets. There continue to be more and more properties for sale under \$200,000.

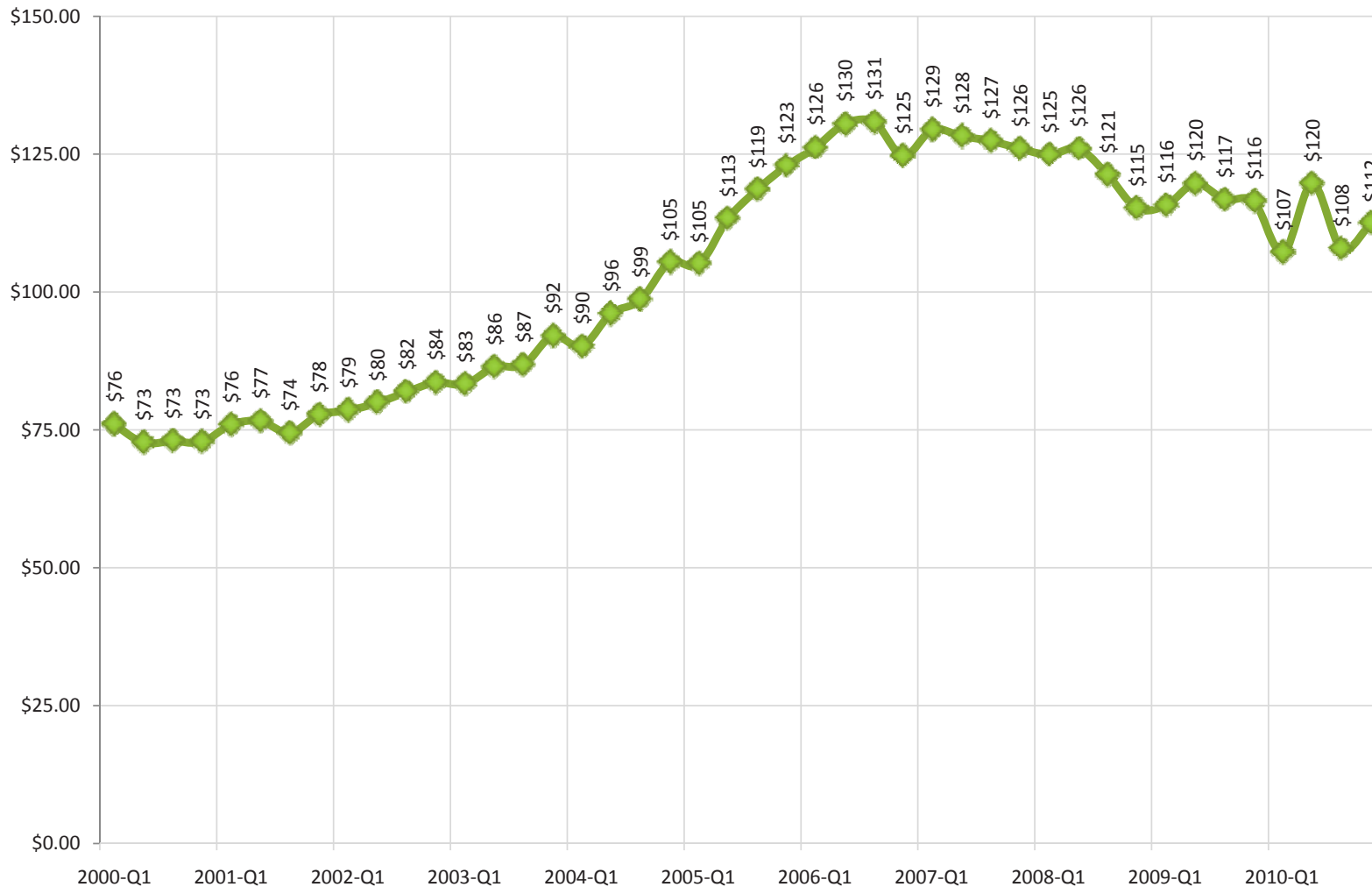
### Harrisonburg & Rockingham County Housing Supply Trends by Price Range



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 11 months to sell all of the homes currently for sale under \$200k if the same number of buyers bought each month

as have been buying (on average) over the past 12 months. This supply metric gets even more extreme as the price range increases. It is interesting to note that the supply level of \$400k homes has remained relatively unchanged over the past two years despite the fact that inventory levels have declined during the same period.

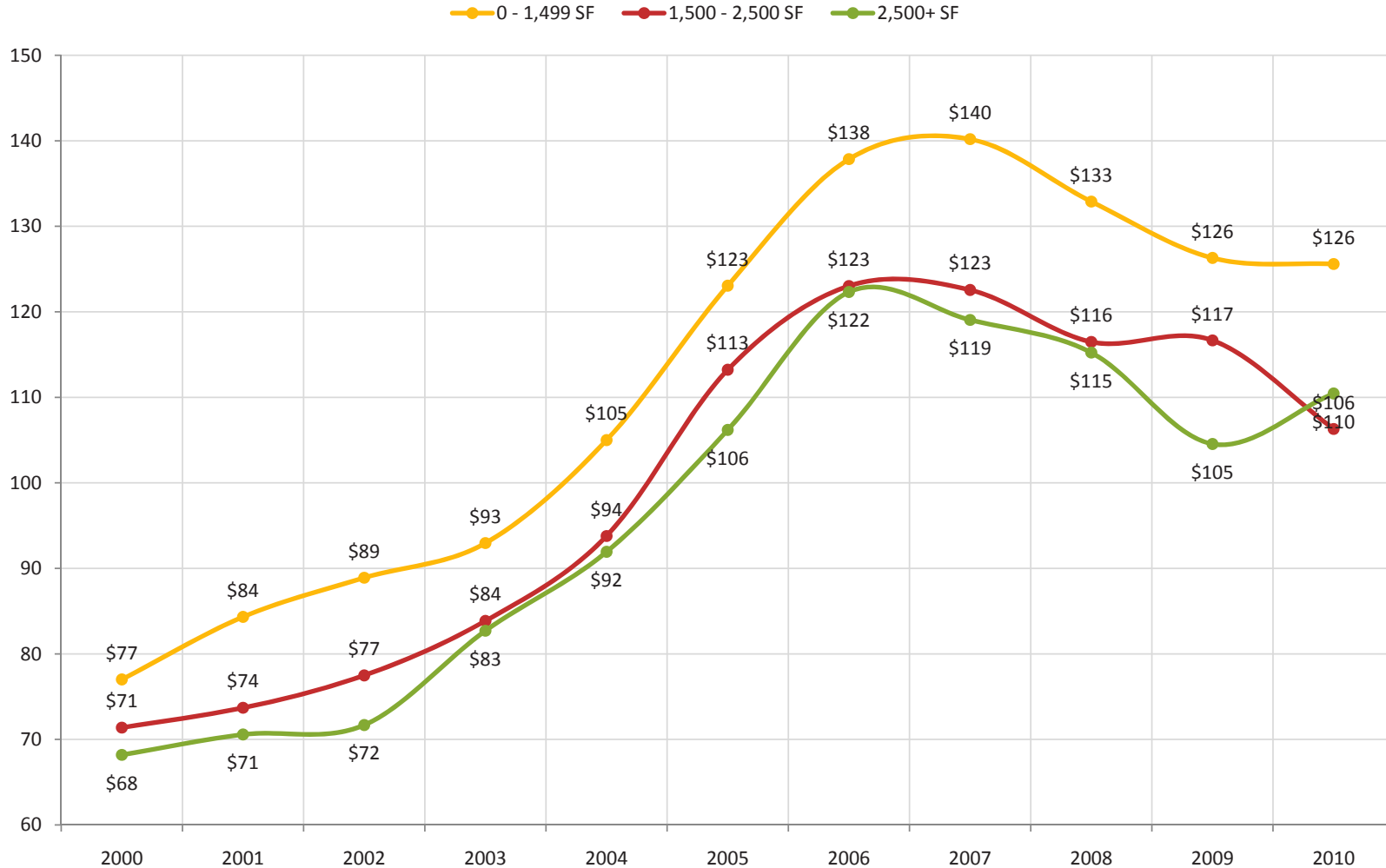
### Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



In addition to monitoring home values by overall median sales prices in our market, it can be insightful to examine the median price per square foot of homes that are selling. The graph above shows the median price per square foot of all single family homes sold over the past 10+ years. The value trend captured by this graph is quite

similar to the trend shown in the single family home median sales price over the same time period, which validates that assumed set of changes in home values. The second quarter of 2010 was apparently a great time to sell a single family home, as there was a quick blip upwards in this metric.

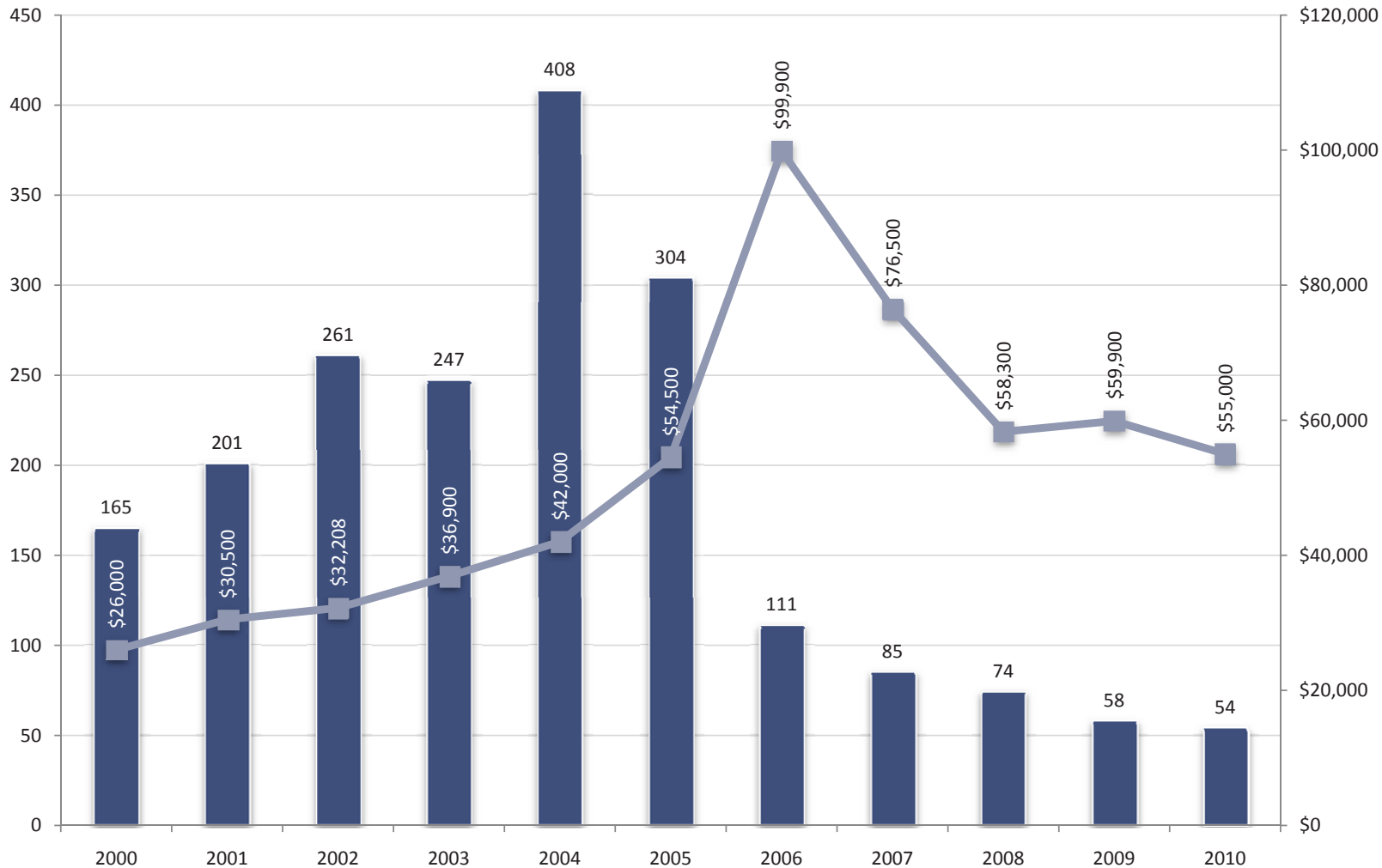
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



Price per square foot of single family homes certainly varies for many reasons, including the age, location, lot size and structural characteristics of each home sold. However, there are some similarities in homes of a similar size. This graph illustrates that the median price per square foot of larger homes (2500+ SF) is a good bit lower

(\$110/SF) than homes that offer less than 1500 SF (\$126/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

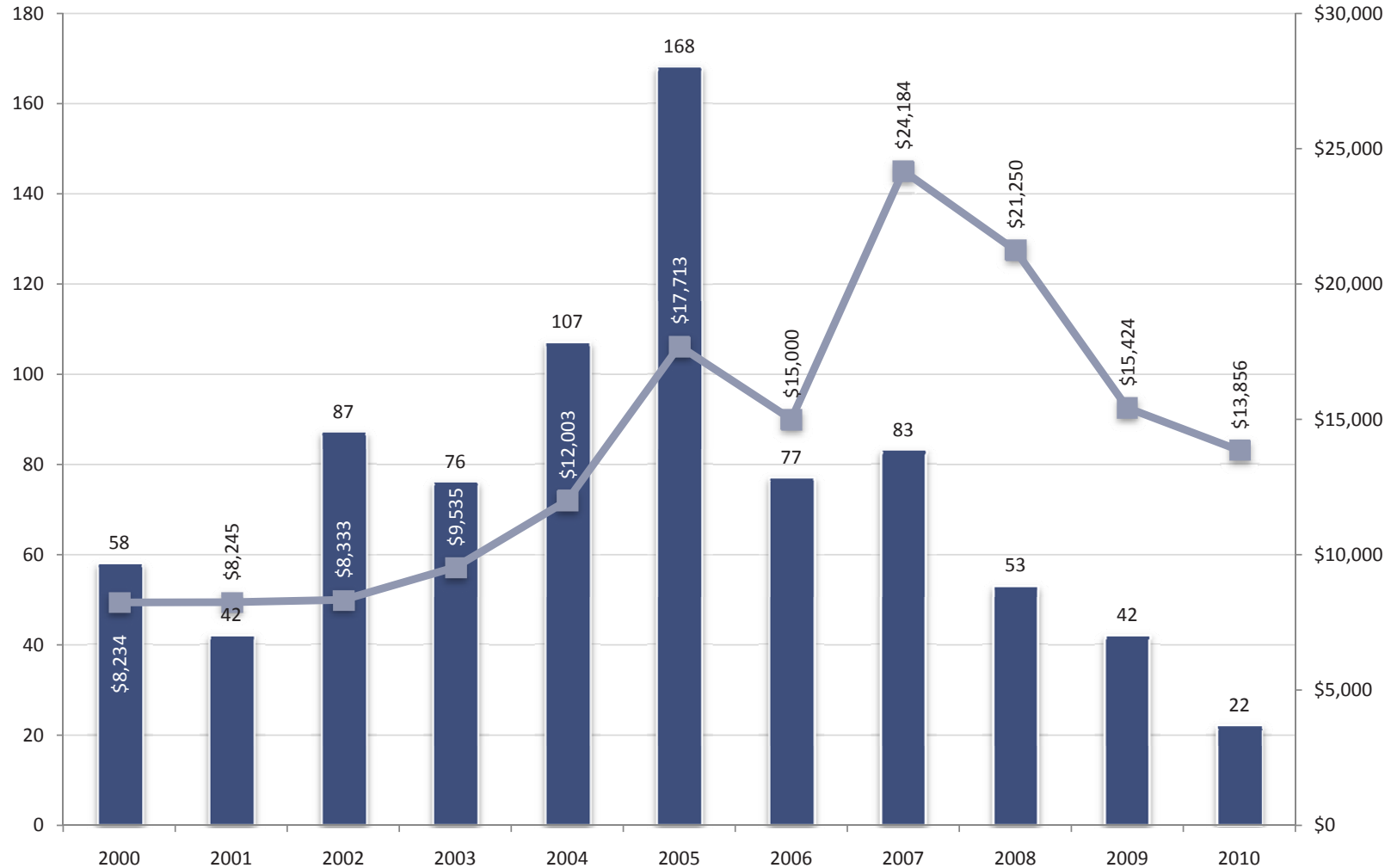


If home sales have decreased over the past five years, the sale of lots have plummeted! 2004 was certainly a great year for developers, as 408 lots less than one acre sold in Harrisonburg and Rockingham County. That figure has declined all the way to a total of 58 lots last year, and this year we seem poised to exceed that figure. Despite the

pace of lot sales starting to slip drastically in 2005, the values of these lots did not show that same trend until two years later, in 2007. Indeed, the largest increase in median lot values (2005-2006) was during the time frame when the number of lot sales first started to drastically decline. Who could have known!?!



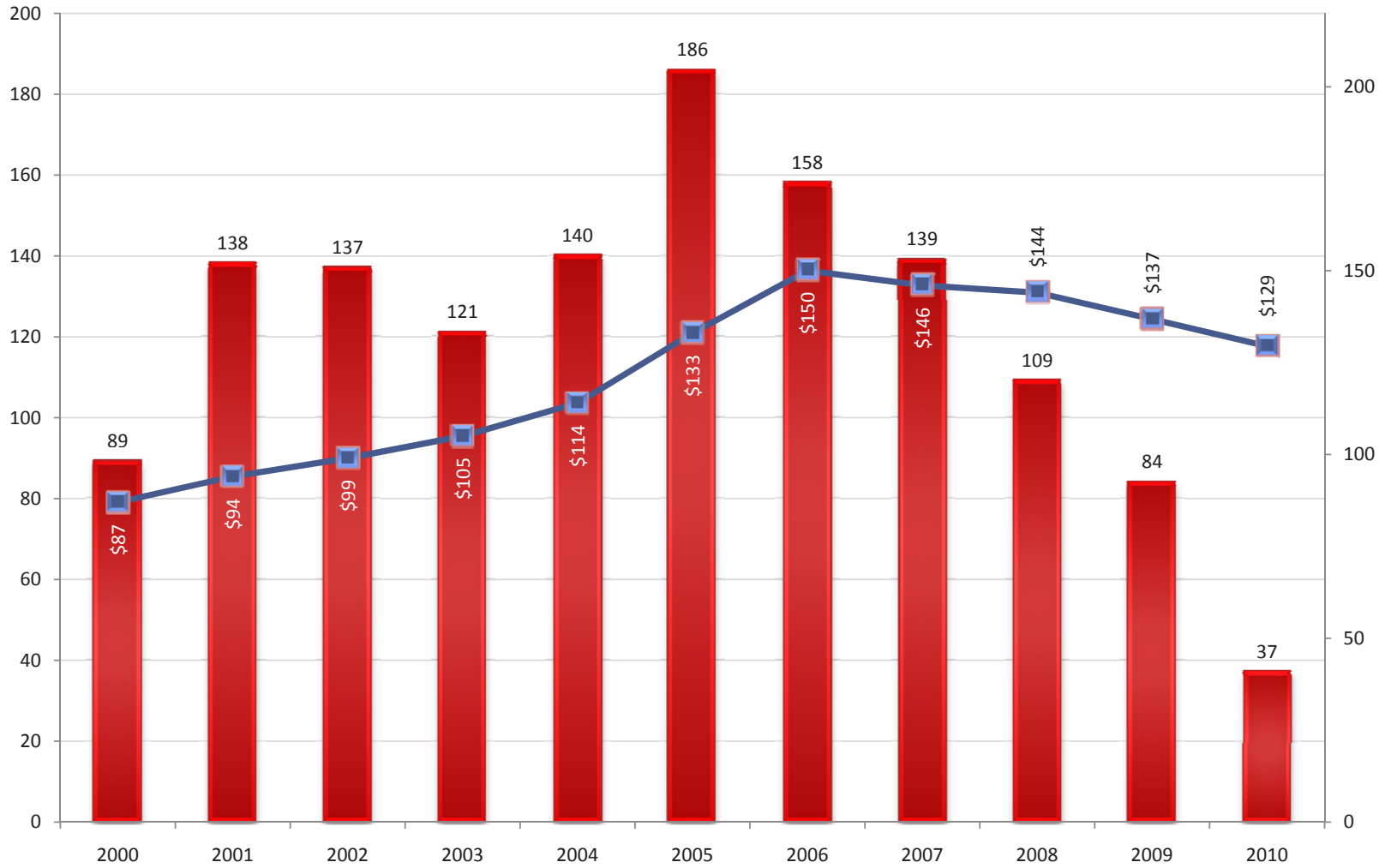
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



If you are trying to sell a piece of land larger than on acre in Harrisonburg Rockingham County, you might be waiting for a while. Only 22 such transactions have been recorded in the HRAR MLS thus far in 2010, compared to a whopping 168 in 2005. As could be expected, the median price per acre has also fallen over the past several

years, as demand for such real estate decreased. Land was selling at a peak of \$24k per acre back in 2007, but the 22 sales thus far in 2010 show a median price of \$14k per acre. It is hard to believe that these land sales could decline much further.

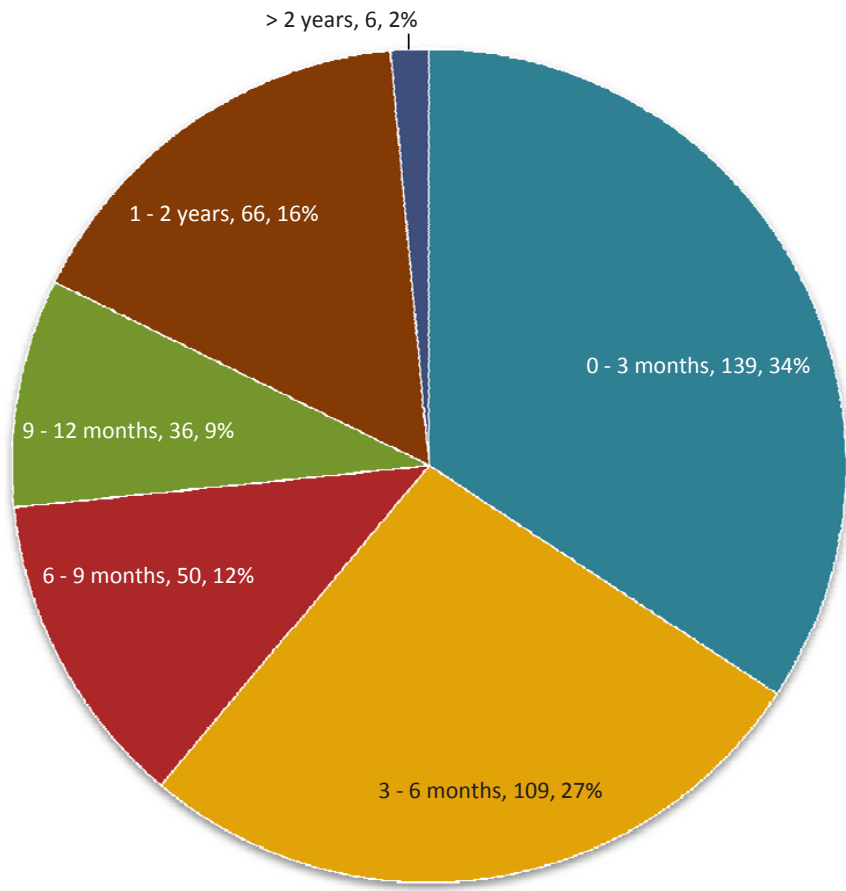
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



New home builders have certainly not been as busy this year as in the recent past. This graph illustrates changes in new (or almost new) single family home sales over the past decade. This year will likely show a total of less than 50 new homes having sold per the Harrisonburg and Rockingham MLS. This is a mere fraction of the peak

of 186 new single family home sales in 2005, and also still well below 120-140 new home sales, which could be viewed as a norm based on home sales between 2000 and 2004.

### Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold May '10 - Oct '10

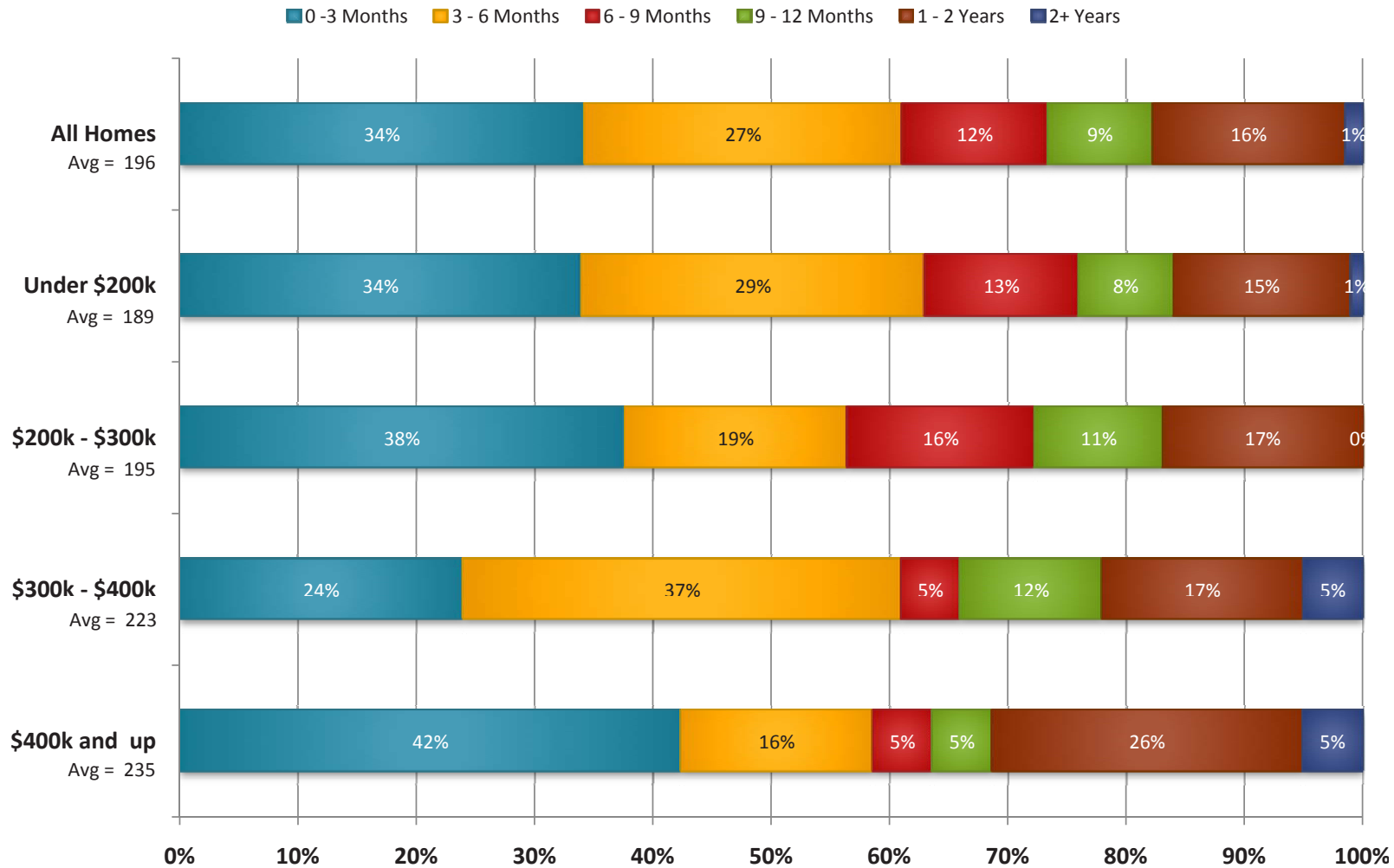


**Average Days On Market: 196**

Despite record inventory levels, and very few buyers being in the market, homes that are actually selling are selling rather readily. In fact, more than 1 out of 3 homes that sells closes less than 90 days after it is listed for sale. Include with that those that close in the next 90 days and we find that an amazing 61% of homes close within six

months of first coming on the market. This is not, however accounting for the many, many homes that never sell -- that linger on the market, or are eventually removed from the market by the owner. The lesson to be learned here is the importance of pricing correctly from the start in order to sell in a reasonable time frame.

Harrisonburg & Rockingham County  
**Days on Market Analysis by Price Range**  
 May '10 - Oct '10



The time that it takes to sell a home in today's market varies quite significantly based on the price range of the home in question. For example, a full 34% of homes that sold for less than \$200,000 sold in the first 90 days of being on the market, while only 24% of homes between \$300,000 and \$400,000 were able to sell in that

same time period. The average days on market for homes over \$400k (235 days) is also significantly higher than that of homes under \$200,000 (189 days). Inventory (oversupply) and sales volume in each of these price ranges contributes directly to the variation in length of time on the market.



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).

**For more information, or with questions, contact:**

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**Ongoing Housing Market Analysis & Commentary**  
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**New Home Communities**  
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**Harrisonburg & Rockingham County Trustee Sales**  
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