



Harrisonburg & Rockingham County Real Estate Market Report

HarrisonburgHousing*today*.com

May 10, 2011

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: April

78 homes sold in April 2011, showing a 6% decrease from April 2010 when 83 homes sold -- and a 56% increase from April 2009 when 50 homes sold.

Home Values: April

Median sales prices decreased 16% to \$158,863 between April 2010 and April 2011, and average sales prices decreased 11%.

Days on Market: April

Homes sold in an average of 223 days in April 2011, a 23% increase over the 181 day average in both April 2010 and a 17% increase over April 2009.

Foreclosures

73 trustee deeds have been recorded thus far in 2011 compared to 216 home sales reported through the HRAR MLS. At this pace, foreclosures may increase again in 2011.

Inventory

Inventory levels rose again in April 2011 to 865 residential properties for sale, up from 832 one month ago, but down from 978 one year ago, in April 2010.

Pace of Home Sales: Year to Date

216 homes sold thus far in 2011. This marks a 6% decline from the 2010 year to date when 230 homes had sold, and a 9% increase as compared to 2009 year to date.

Home Values: Year to Date

Median sales prices declined 12% and average sales prices declined 12% when comparing 2011 year to date to 2010 year to date.

Days on Market: Year to Date

The length of time on the market for homes selling thus far in 2011 (218 days) increased 17% since 2010 year to date when the average was 187 days on market.

Supply

All price ranges still show an excess of housing supply, with 12 months under \$200k, 15 months between \$200k and \$300k, 17 months between 300k and \$400k, and 26 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes has decreased from \$101/sf in the 1st quarter of 2011 to \$96/sf in the 2nd quarter of 2011.

Buyer Activity

104 buyers committed to buy in April 2011, compared to 121 in April 2010, and 88 in April 2009. These 104 contracts are a 39% increase over the 75 buyers last month.

Single Family Home Sales

167 single family homes sold thus far in 2011, compared to a 2010 total of 555 homes. The median sales price has decreased to \$179,800.

Townhome Sales

49 townhomes sold thus far in 2011, compared to a 2010 total of 203 townhomes. The median townhome sales price has decreased to \$129,000 thus far in 2011.

Lot Sales

22 lots of less than an acre sold thus far in 2011, compared to a 2010 total of 63 lots. Median lot sales prices have decreased 1% to \$54,500 since the 2010 median sales price of \$55,000.

Land Sales

16 parcels of land greater than an acre sold thus far in 2011 compared to 27 land sales during 2010. This marks a 90% decline from the high of 168 sales in 2005.

HOME SALES REPORT

Harrisonburg & Rockingham County

May 10, 2011

# Home Sales	2008	2009	2010	2011	% Change ('10 - '11)
April	80	50	83	78	-6.02%
Year-To-Date	276	198	230	216	-6.09%

Median Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
April	\$185,700	\$187,750	\$188,800	\$158,863	-15.86%
Year-To-Date	\$194,000	\$188,650	\$183,950	\$162,000	-11.93%

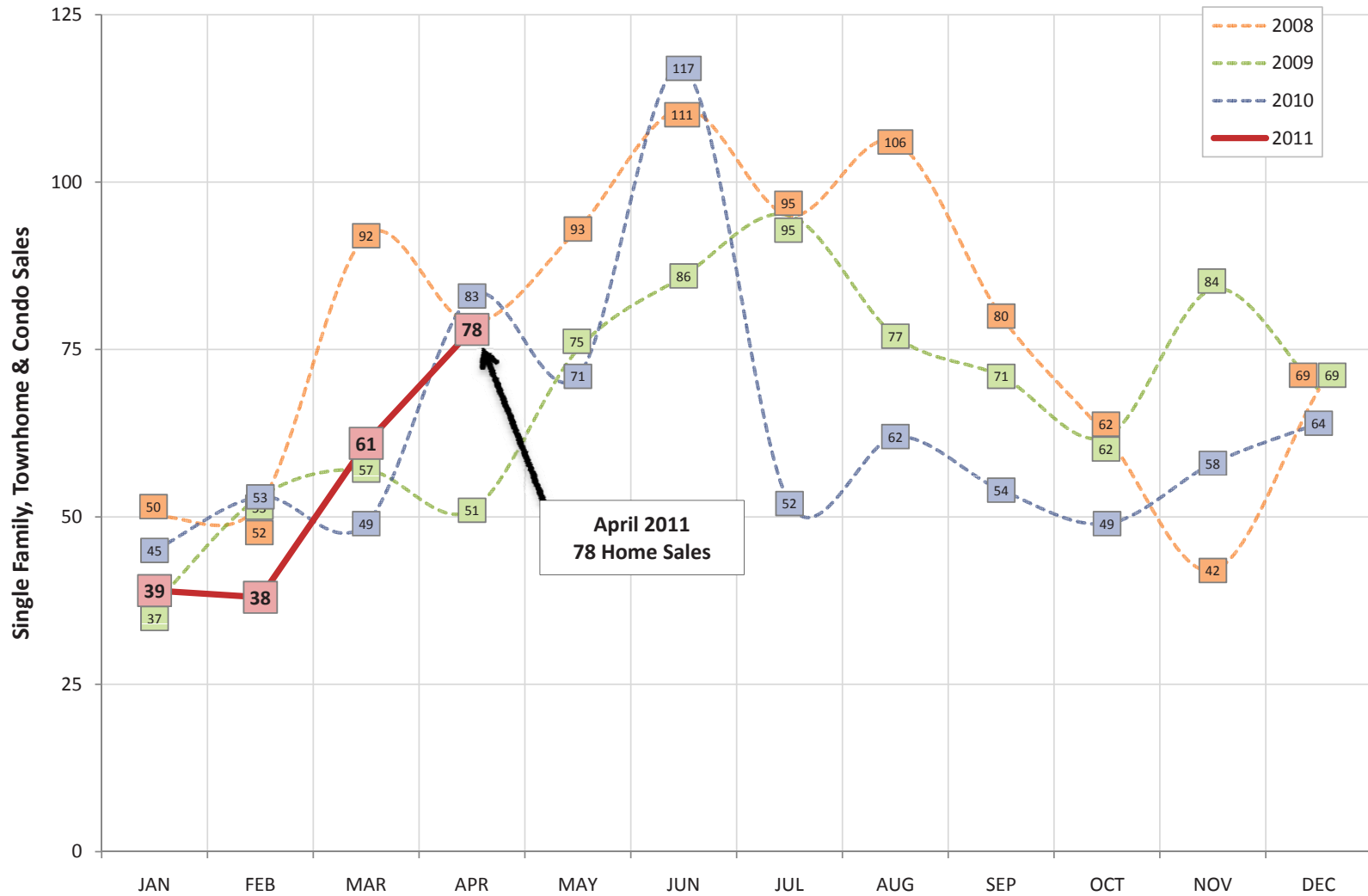
Average Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
April	\$213,194	\$230,703	\$215,569	\$192,265	-10.81%
Year-To-Date	\$224,298	\$231,623	\$212,699	\$186,653	-12.25%

Average Days on Market	2008	2009	2010	2011	% Change ('10 - '11)
April	159	191	181	223	23.20%
Year-To-Date	157	189	187	218	16.58%

Home sales remained relatively strong in Harrisonburg and Rockingham County during April 2011, showing only a 6% decrease compared to April 2010. Furthermore, the 78 home sales in April 2011 mark a significant improvement over the 50 home sales in April 2009. Year to date, the market has slowed 6% and median (and average)

prices have fallen 12%. When examining only the first four months of each year, median sales price has fallen 16% over the past three years. The length of time that it takes to sell a home continues to increase, with a current average days on market of 218 days, which is a 17% increase over January through April of 2010.

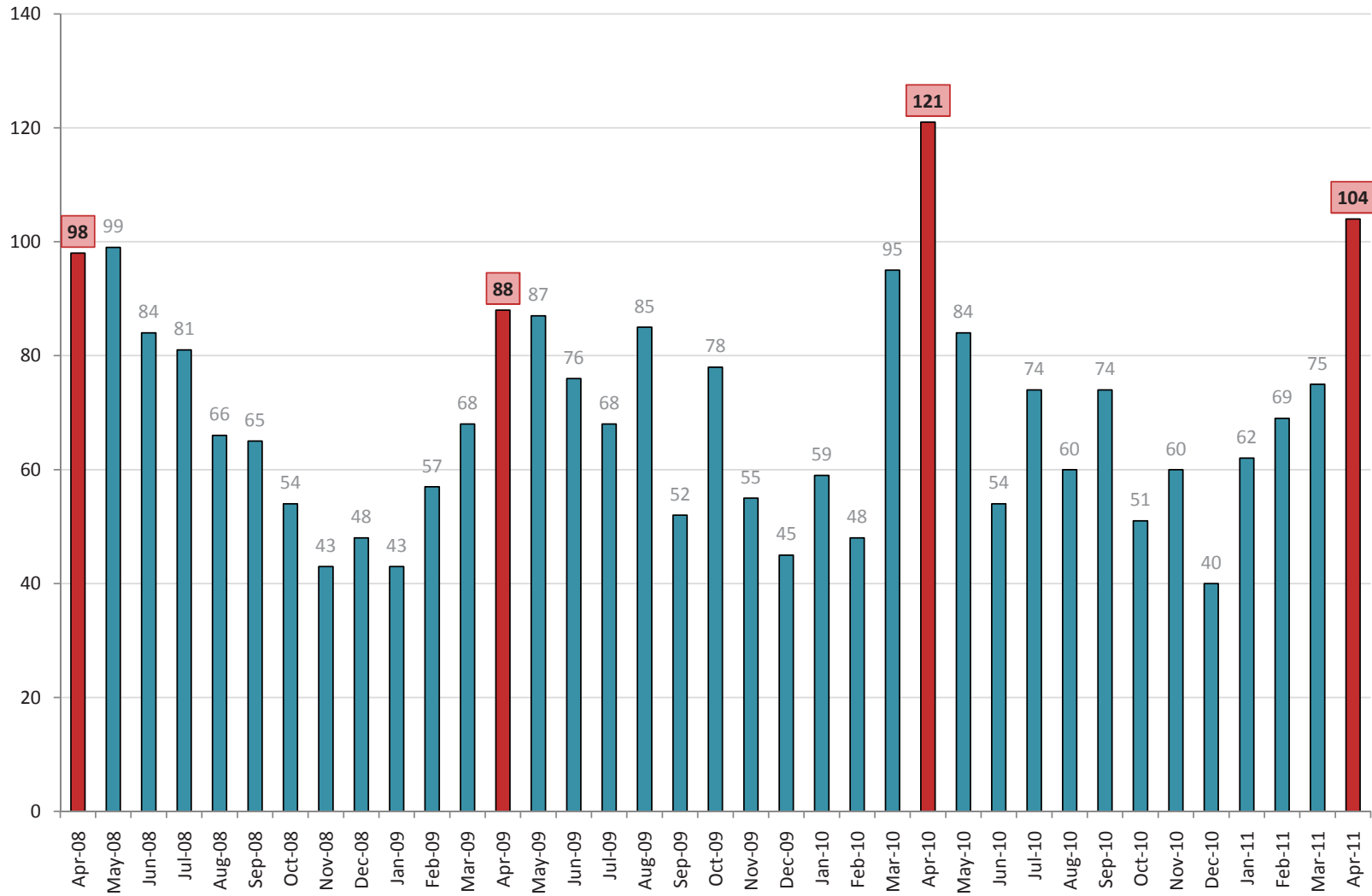
Harrisonburg & Rockingham County Month-By-Month Home Sales History



The local real estate market has shown signs of exuberance over the past several months, with home sales skyrocketing from 38 in February to 61 in March to 78 in April. This is actually a similar trajectory as last year, though March 2011 home sales exceeded March 2010. It seems reasonable to predict that we will see more than

71 home sales in May 2011 --- thus (likely) allowing 2011 YTD home sales (Jan-May) to exceed Jan-May 2010. Then, however, we'll be holding our breath to see if we can match the extraordinary high of 117 home sales in June 2010 brought on by the federal home buyer tax credit.

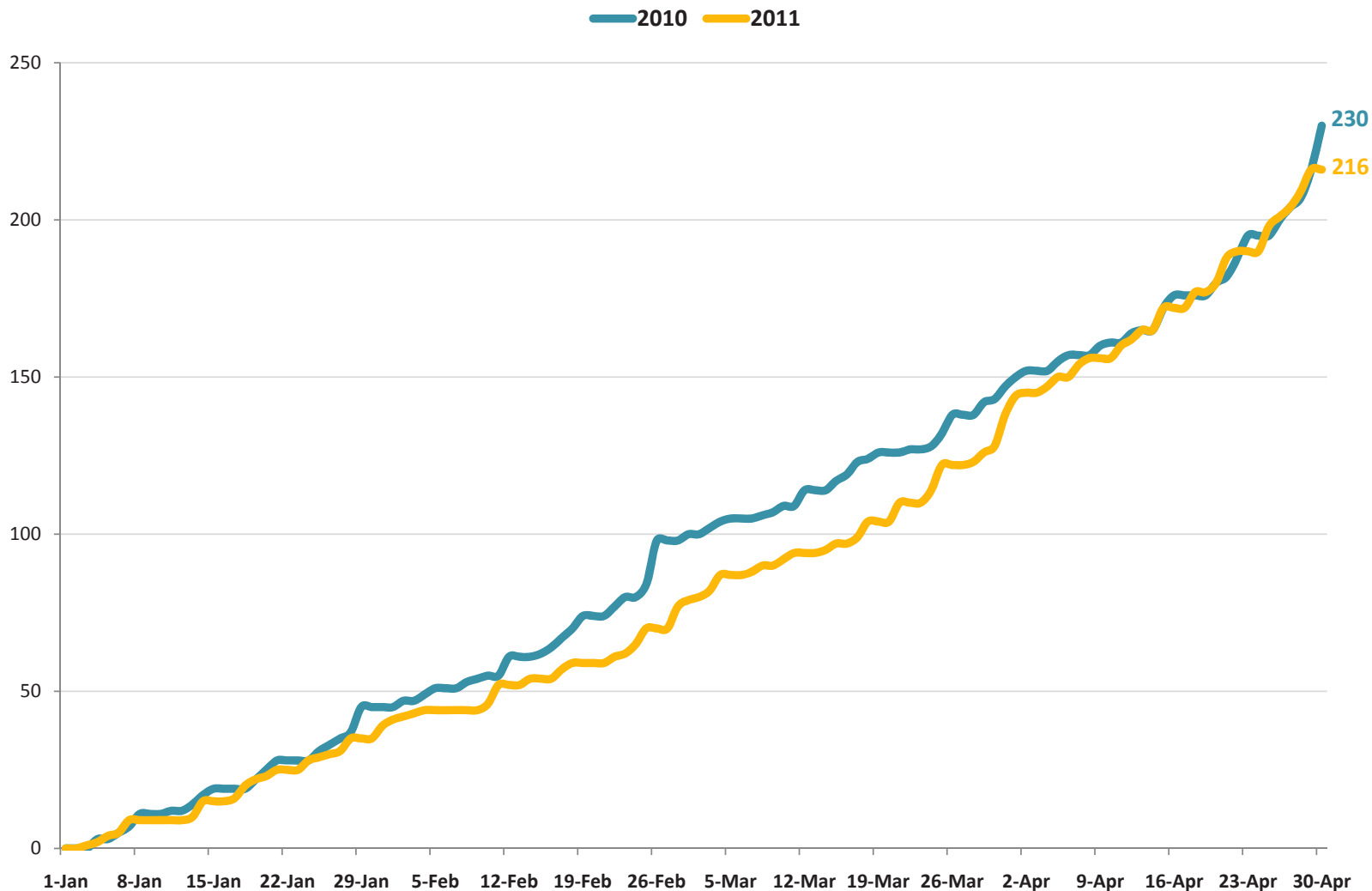
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Buyers surged forward to contract on homes in April, with a whopping 104 properties going under contract. While this was a decline from April 2010 when 121 homes went under contract, it is a significantly higher rate than in April 2008 and April 2010. In fact --- the 104 contracts last month (April 2011) was the highest rate of monthly

buyer commitment in any month over the past three years other than April 2010. This is especially encouraging news in the context of reduced inventory as seen in subsequent graphs.

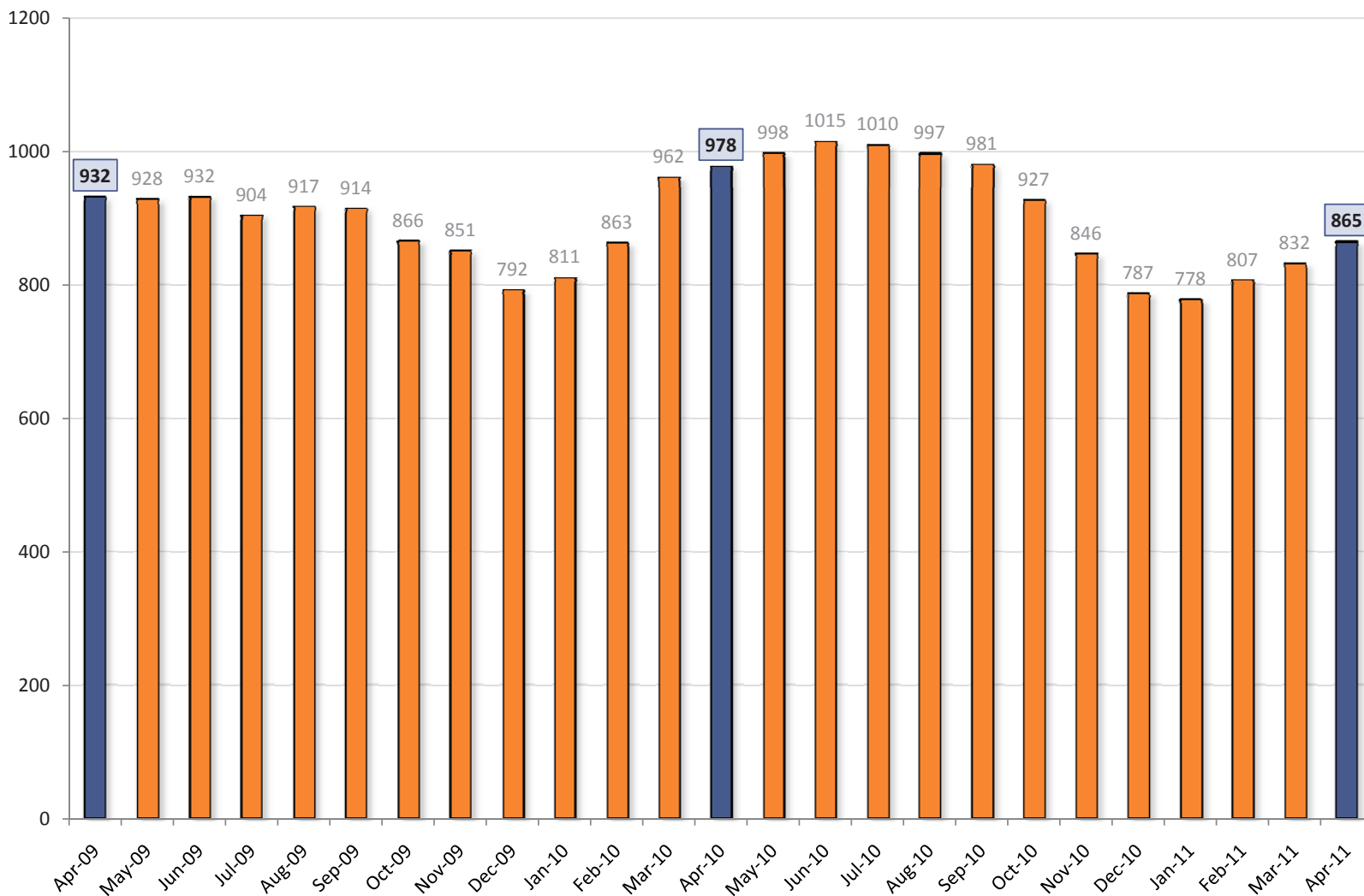
Harrisonburg & Rockingham County Daily Cumulative Residential Sales



This graph charts the ongoing battle between 2010 and 2011 as each line races 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 years have been neck and neck since that time, and it appears that we could be on track to have a market recovery in 2011. Stay tuned to see how 2011 sales compare with last year's housing market as we progress through the year.

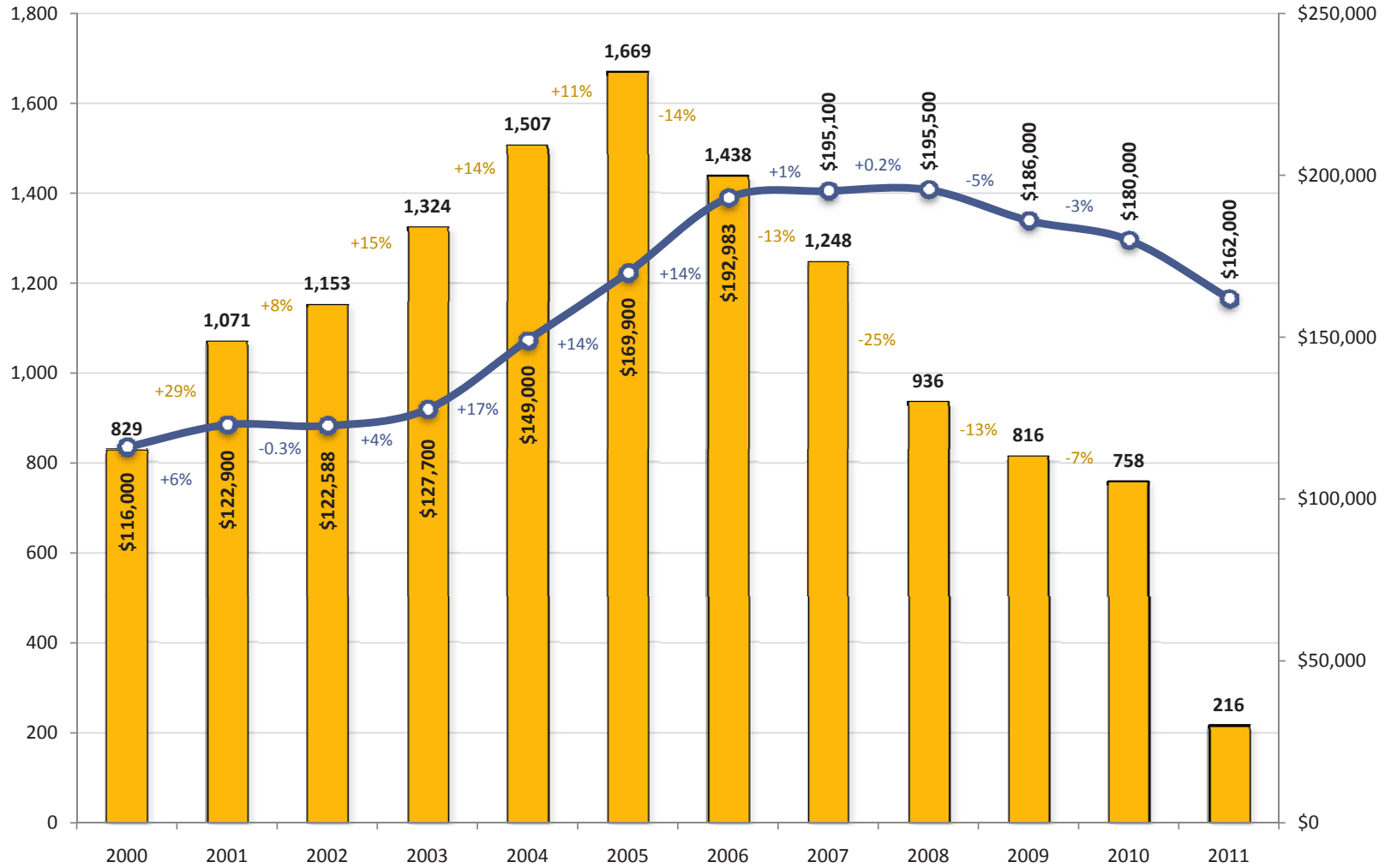
Harrisonburg & Rockingham County
Inventory Levels



As seen in the prior graphs, buyers are out in force putting contracts on properties - but despite this increase in buyer demand, inventory is staying relatively controlled within a short-term historical context. December 2009's inventory (792 homes for sale) is not too different from December 2010's inventory (787 homes for sale). The

interesting thing to note, however, is that in the following four months of 2010 inventory rose by 186 homes (to 978) as compared to the growth over the past four months of only 78 homes (to 865). These lower inventory levels help to move our local market more quickly towards a recovery.

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

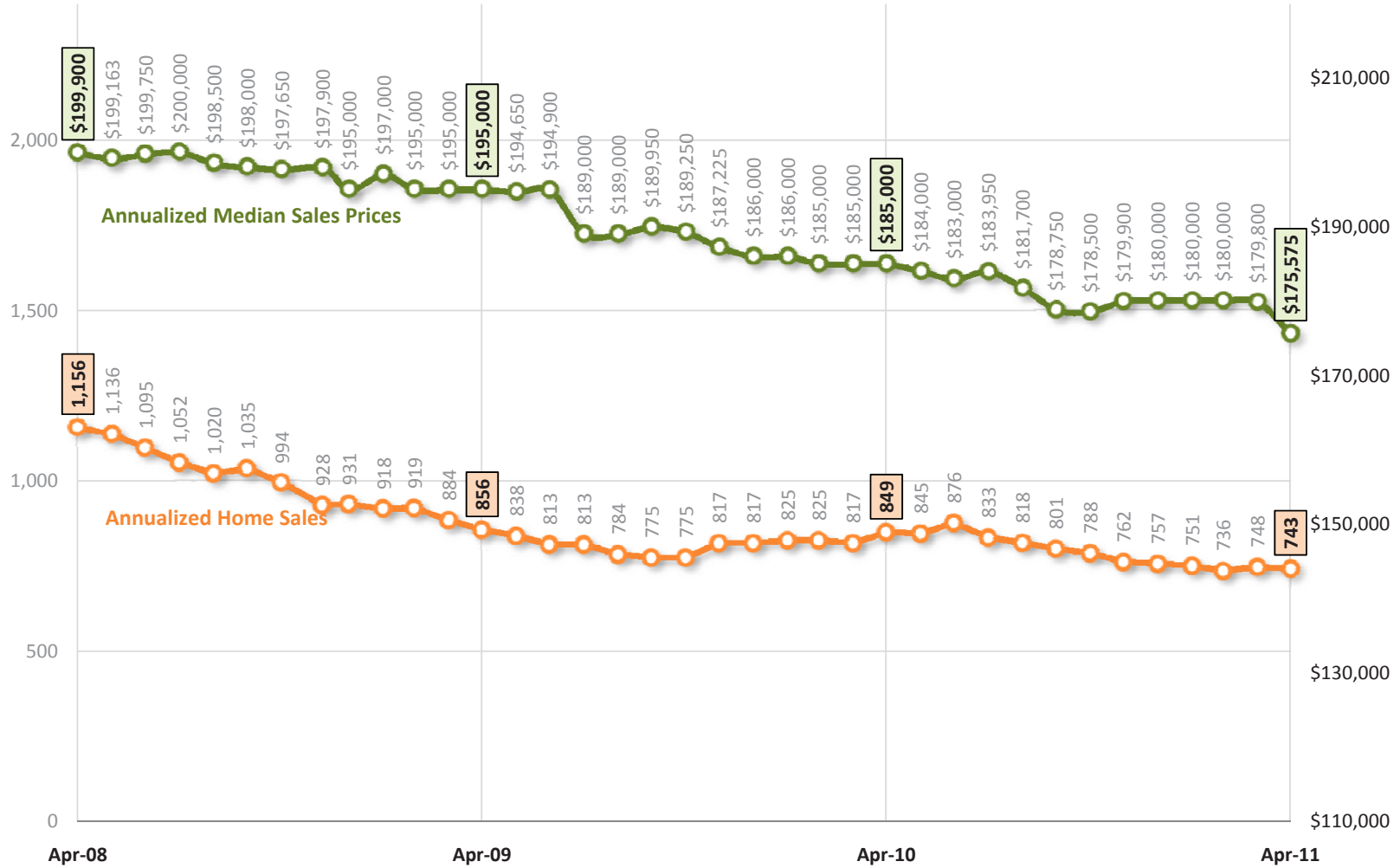


This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year (since 2000) as well as changes in the median sales price during the same time period. As we know from previous graphs, 2011 is close to keeping pace with 2010 (-6%). What is somewhat startling

is that we have seen nearly a \$18,000 decline in the median sales price over the past year -- which is a 10% decline in home values, as compared to only a 5% (2008-2009) and 3% (2009-2010) decline during the most recent two years.

Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes

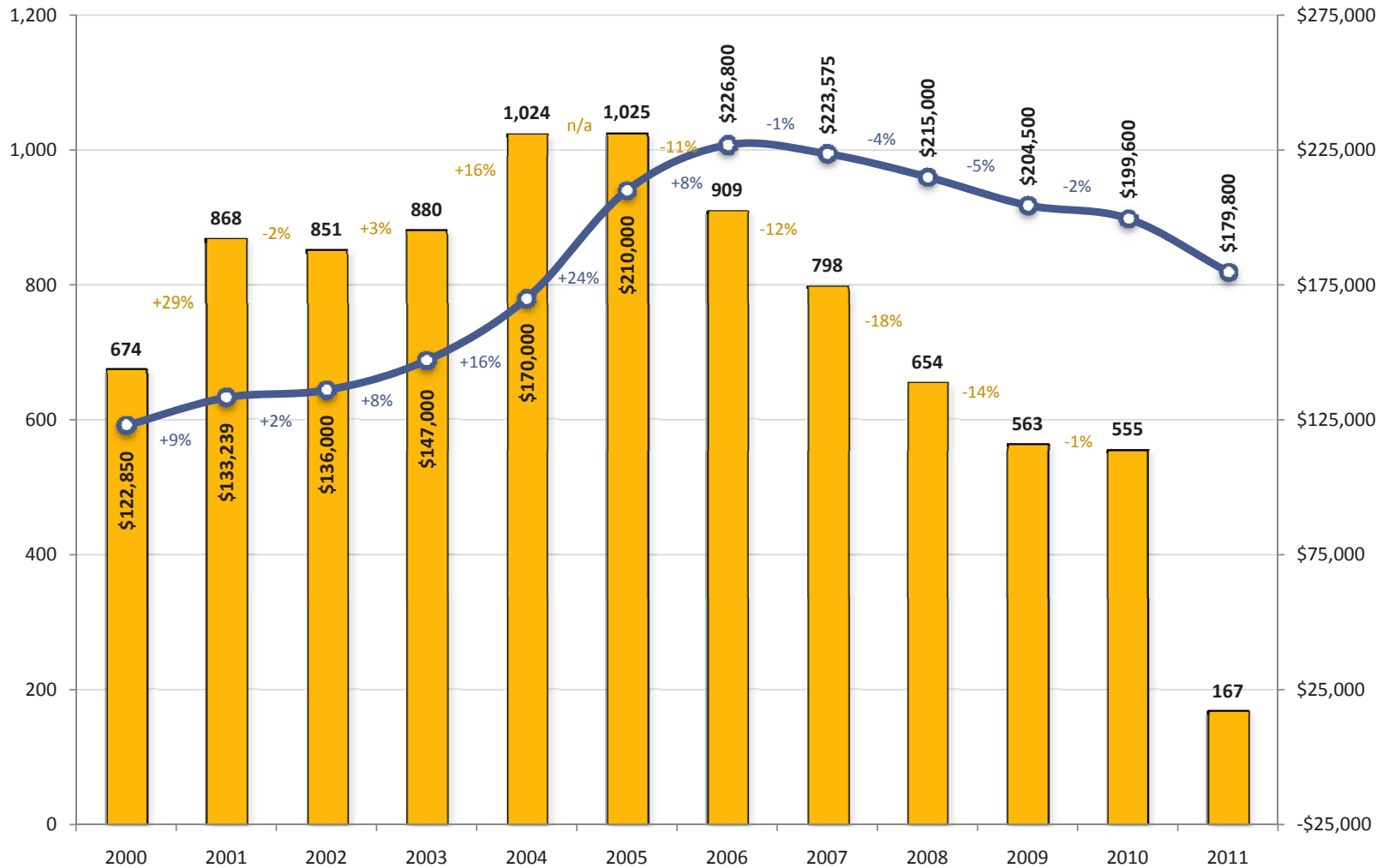
Home Sales, Median Sales Price in each 12 Month Period



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 36% decline in annualized home sales and a 12% decline in median sales prices. It is interesting to note that the median sales price had started to stabilize in the first few months of 2011, but it has now started to decline again.

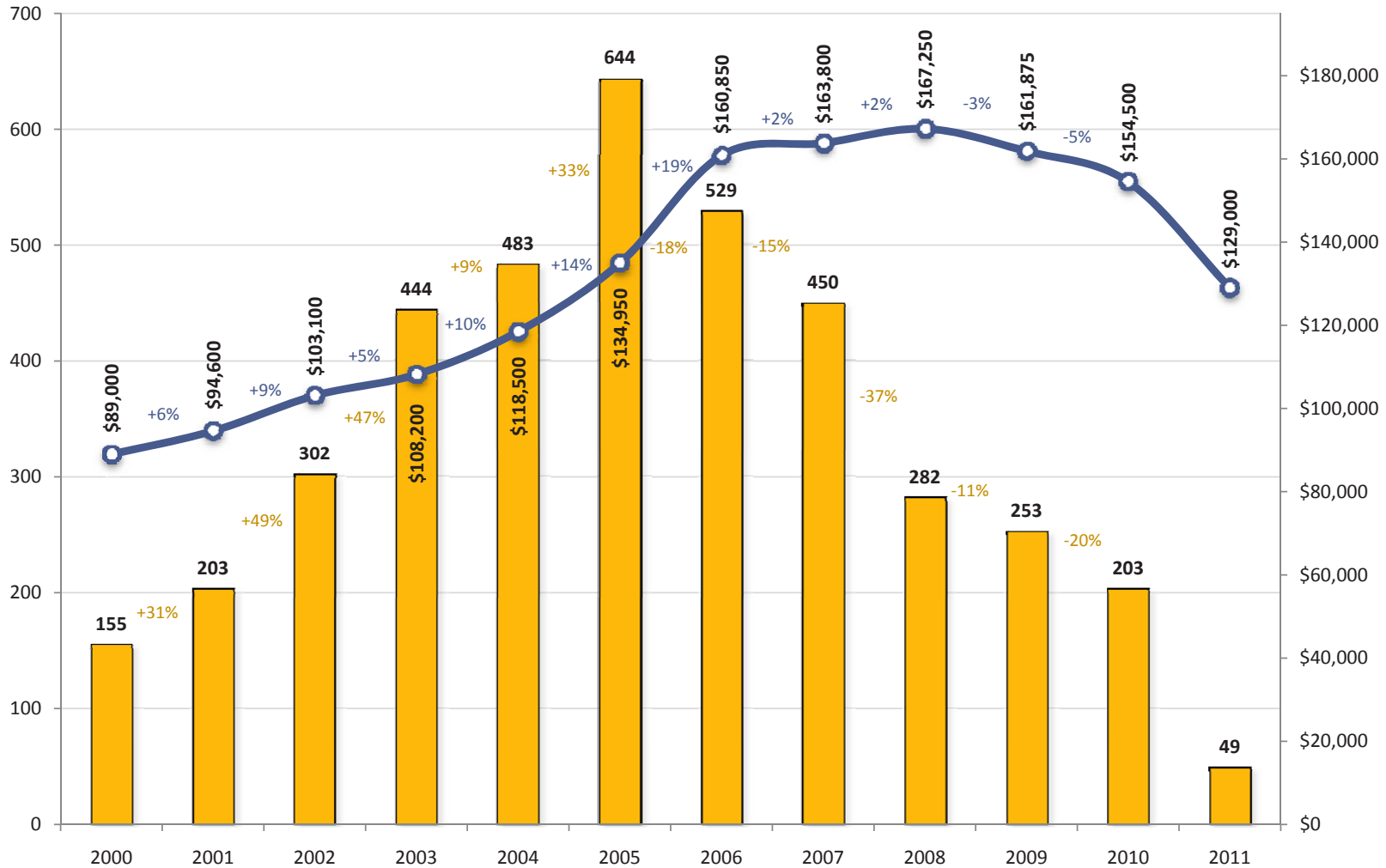
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



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. Despite this apparent stability in the number of

single family home sales, we are seeing a sharp decline in median sales price thus far in 2011. This could be a result of the composition of the homes that have sold thus far in 2011 -- if mostly smaller or older homes have sold, this could have led to the overall decline in the median sales price.

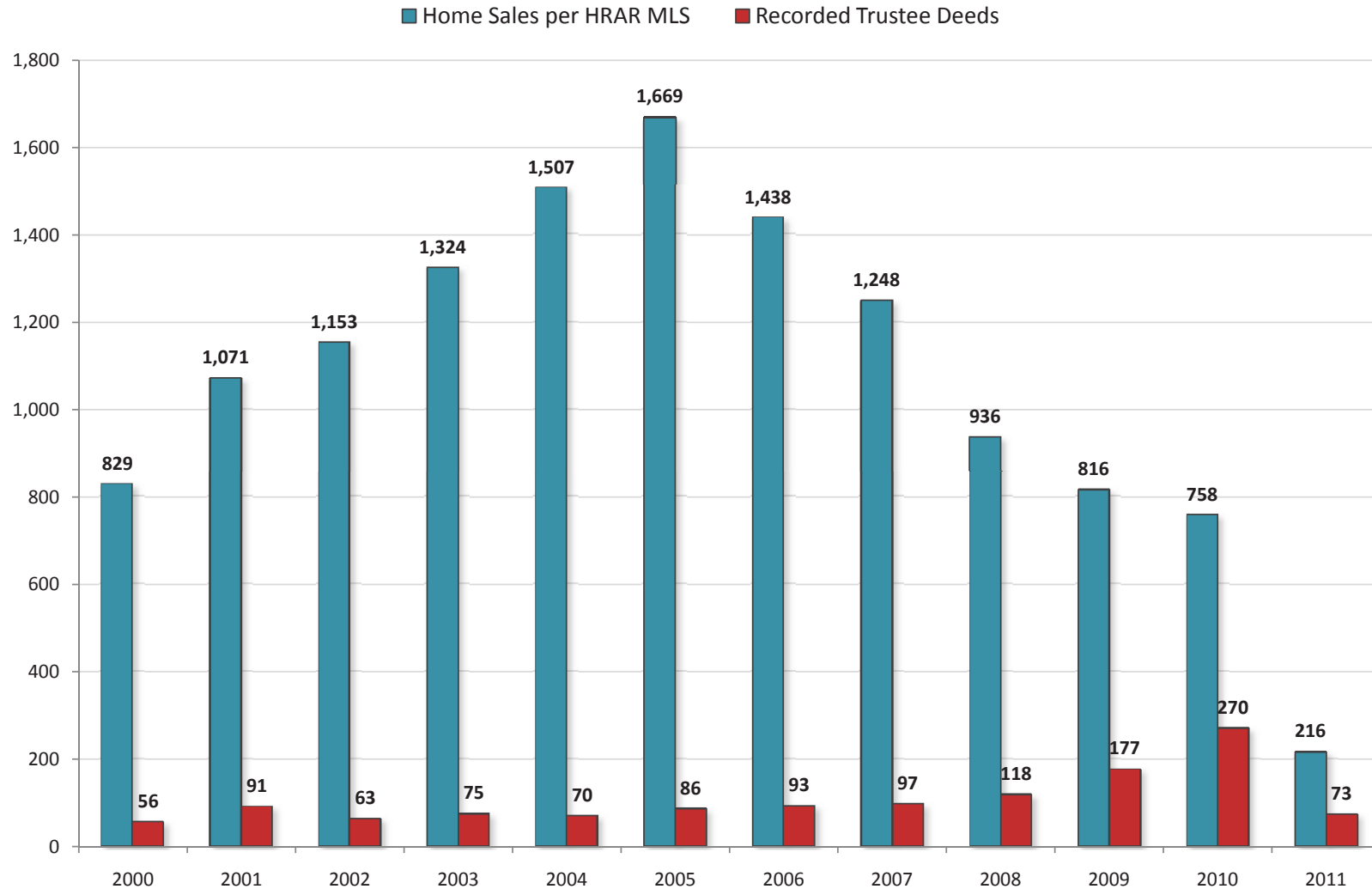
Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



Even if the single family home market may be stabilizing, the townhouse market is still trying to right itself. There will likely be another decline in the number of townhomes selling in 2011, and the median sales price continues to fall, rather quickly. At this point, the median sales price of townhomes is now down to \$129,000

which is a retreat to sales prices in early 2005. The big difference, however, is that in 2005 there were 644 townhome sales, as compared to a probably 150 townhome sales in 2011.

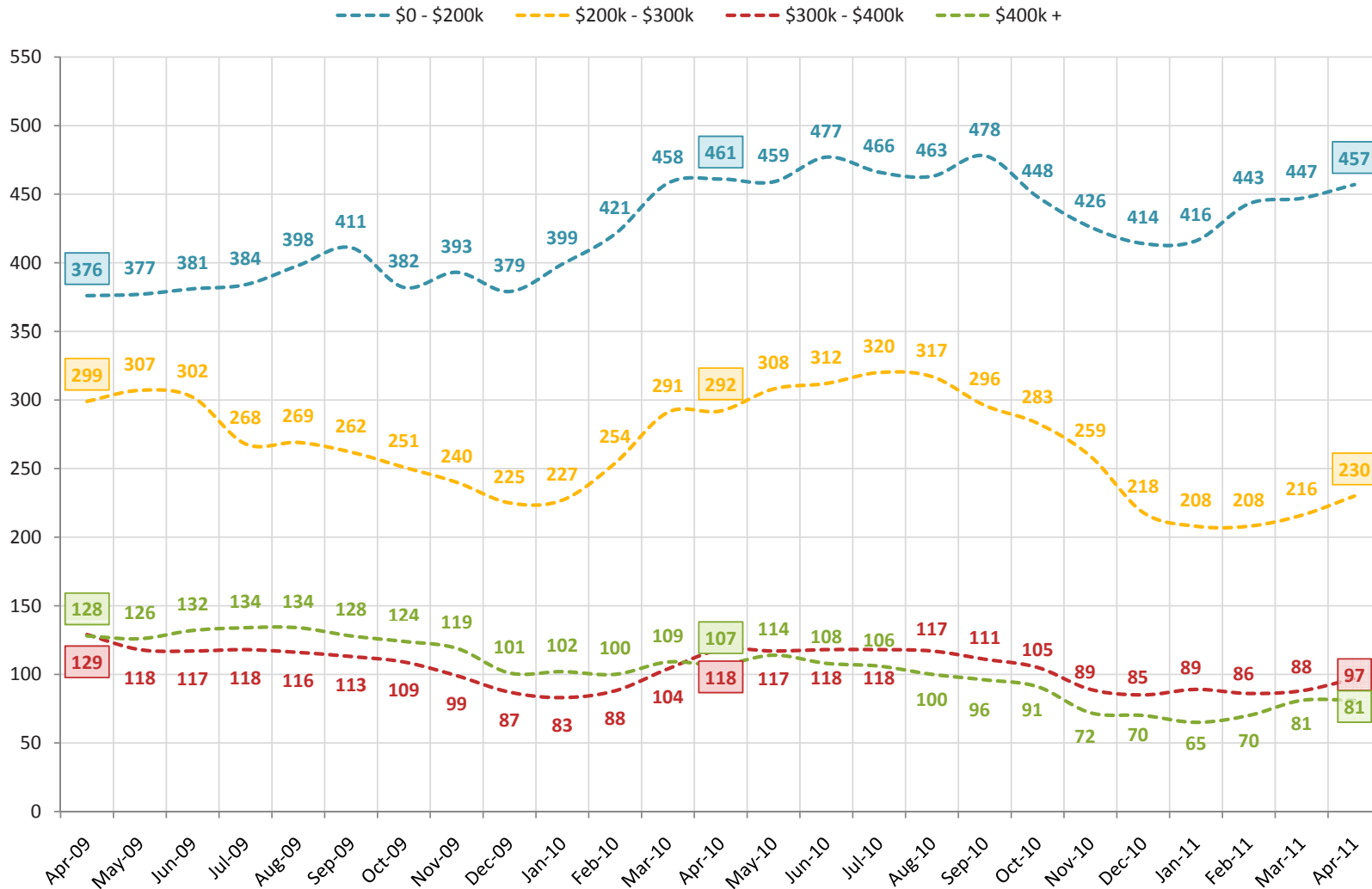
Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



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 (270 in 2010) then show up in the blue bar when they are listed and then sold as bank owned properties. This year's ratio (2.9 to 1) is relatively similar to last year's ratio (2.8 to 1) thus far.

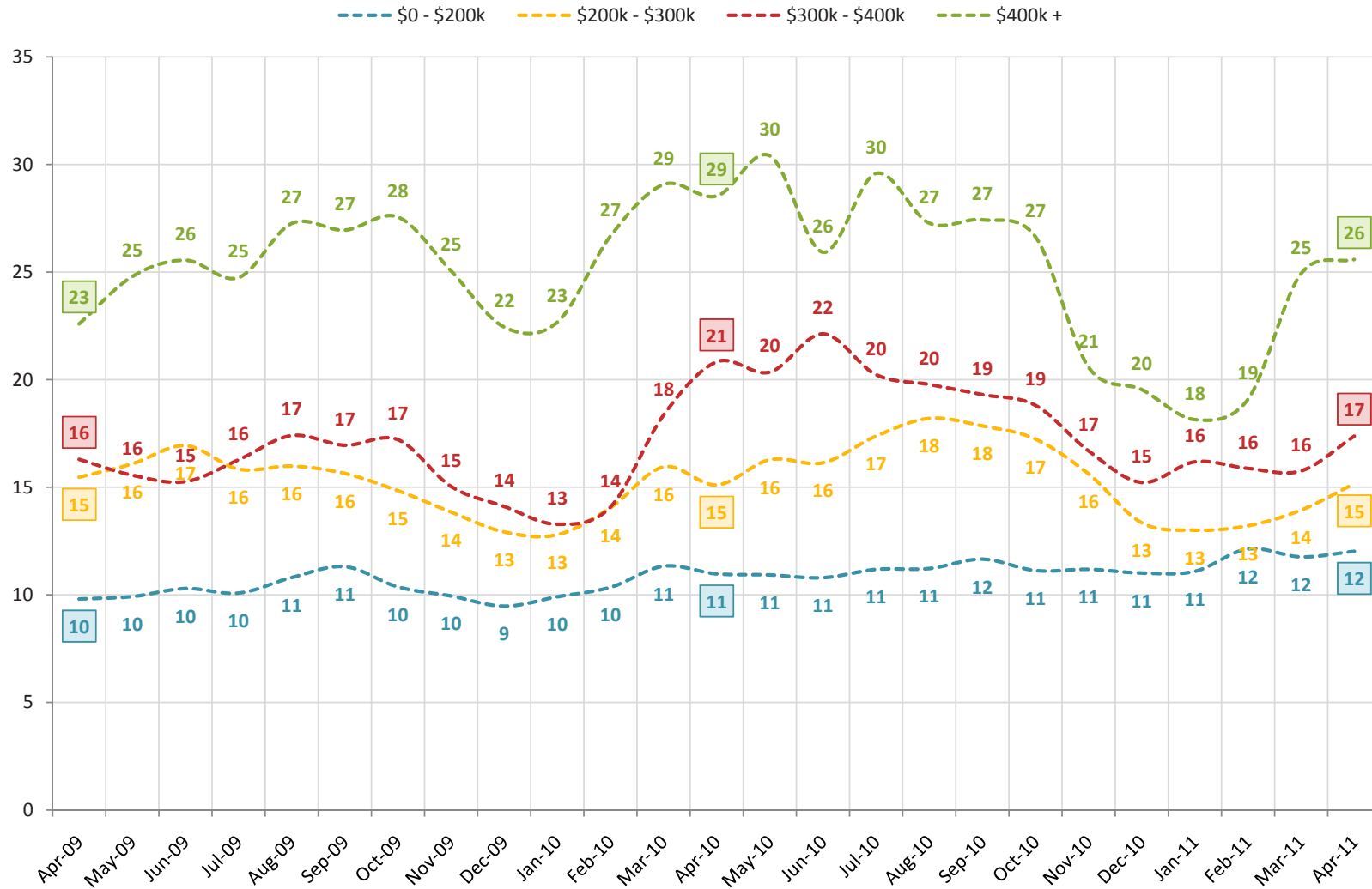
Harrisonburg & Rockingham County Inventory Levels by Price Range



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 an impressive 37% decline in inventory from 129 homes for sale in March 2009 to only 81 homes for sale today. 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 very high inventory levels of properties for sale under \$200,000.

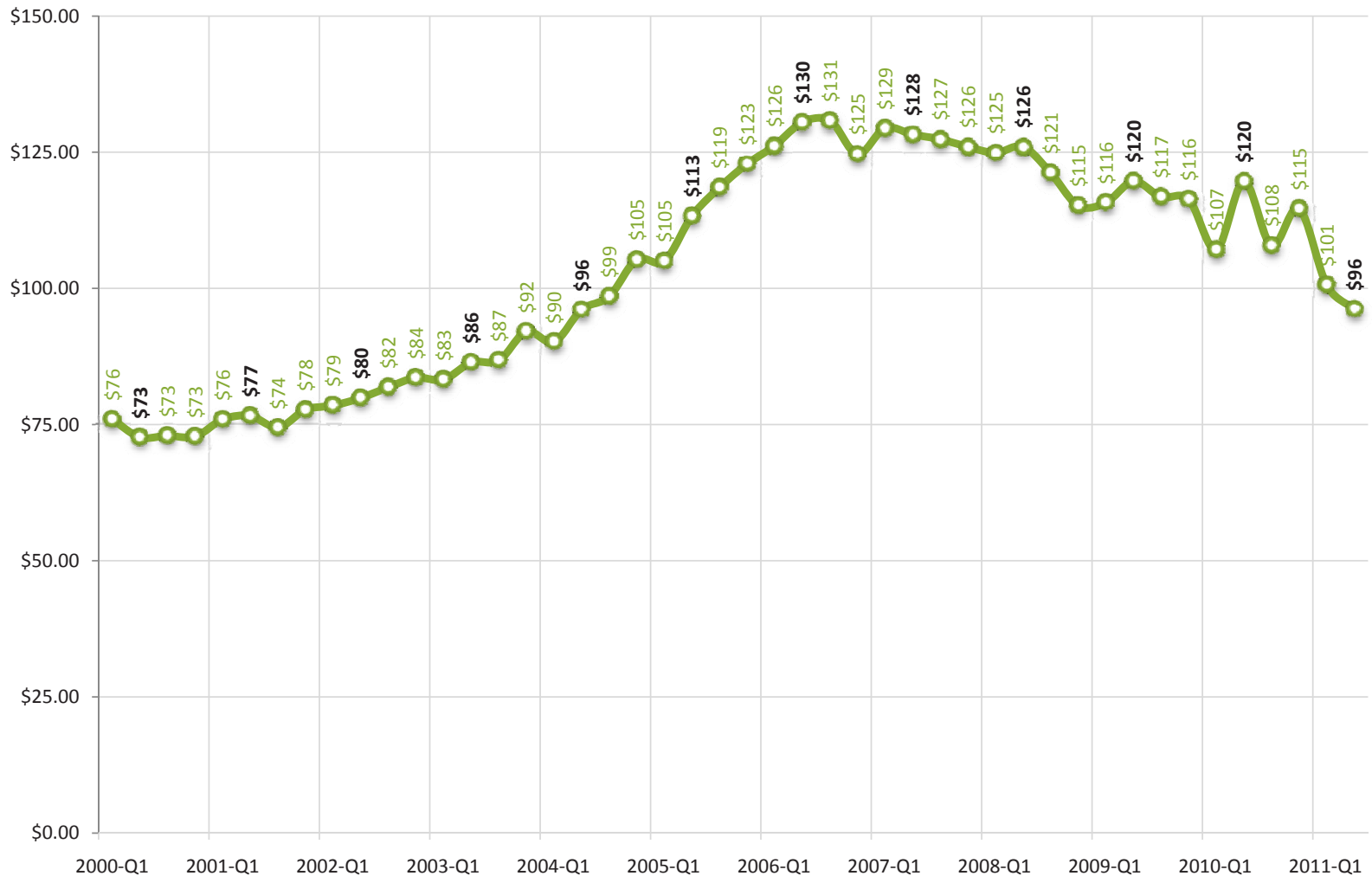
Harrisonburg & Rockingham County Housing Supply Trends by Price Range



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 12 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. Of note, after several months of healthier supply metrics in the \$400k+ market, the number of months of supply has increased yet again to more than two years of homes for sale.

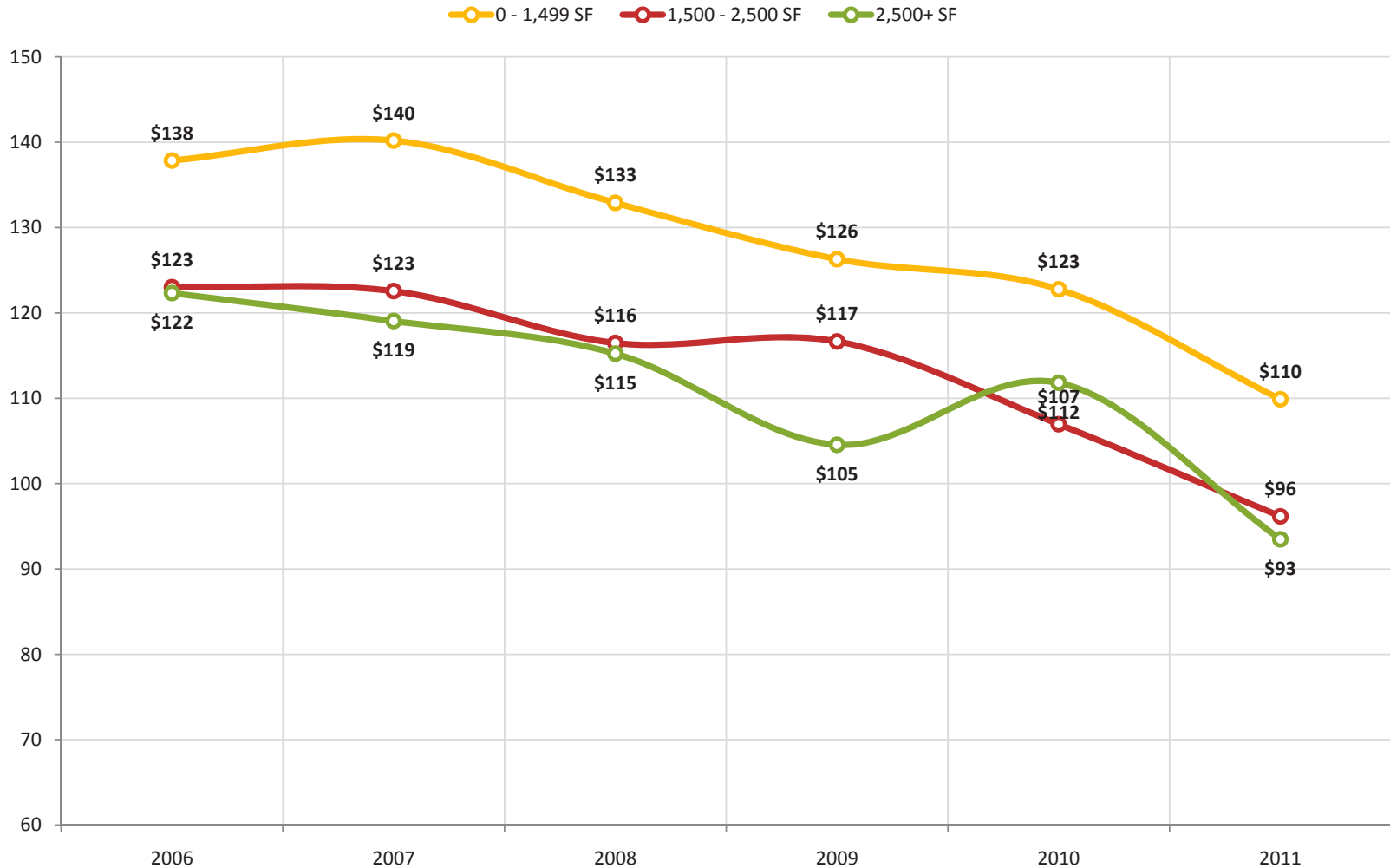
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



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 and fourth quarters of 2010 were apparently great times to sell a single family home, as there were quick blip upwards in this metric.

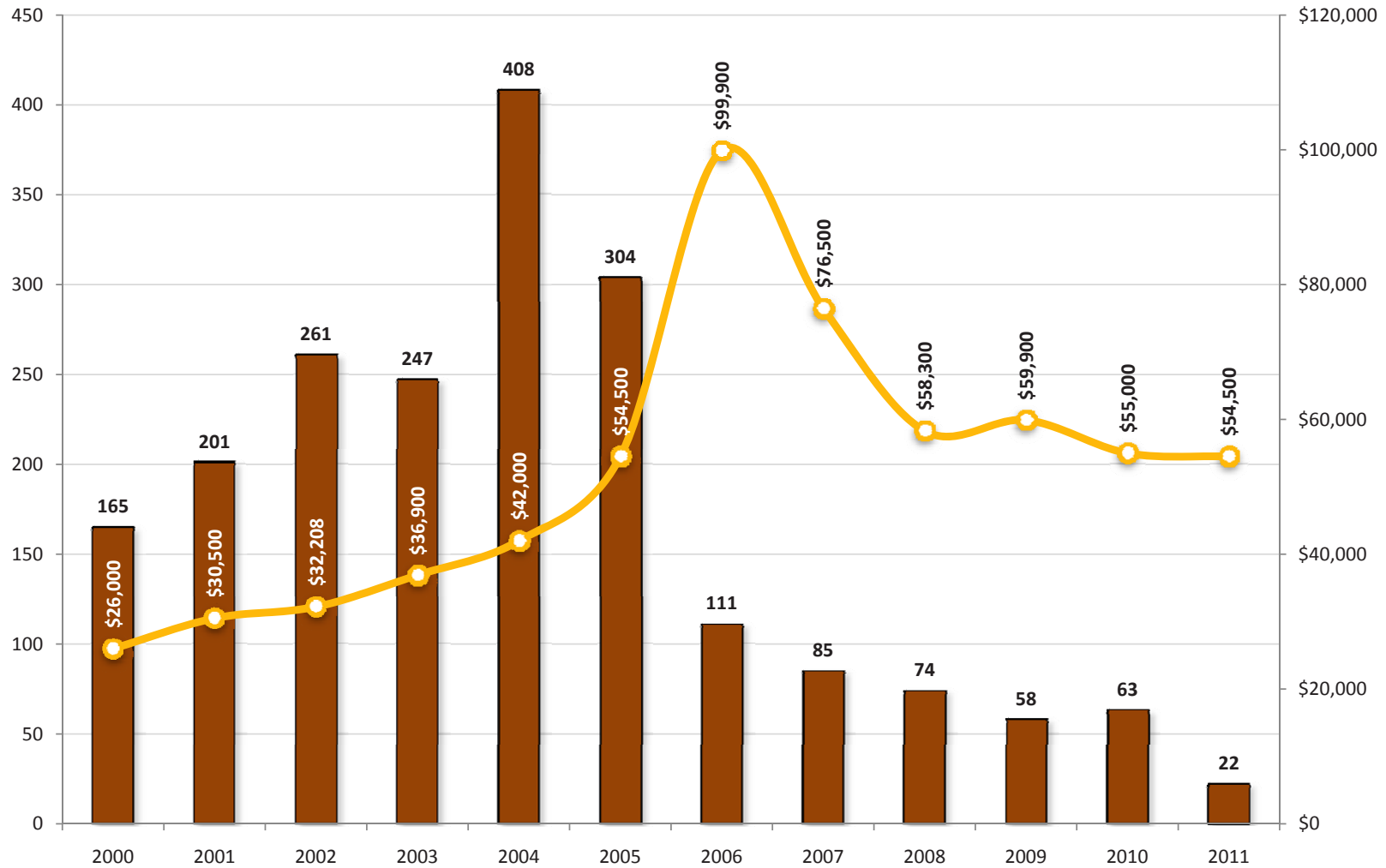
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



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

(\$93/SF) than homes that offer less than 1500 SF (\$110/SF). These values cannot be used as an absolute standard against which the value of any home can be measured, but they can provide some helpful guidance when trying to determine the value of a home that is for sale, or may be for sale in the near future.

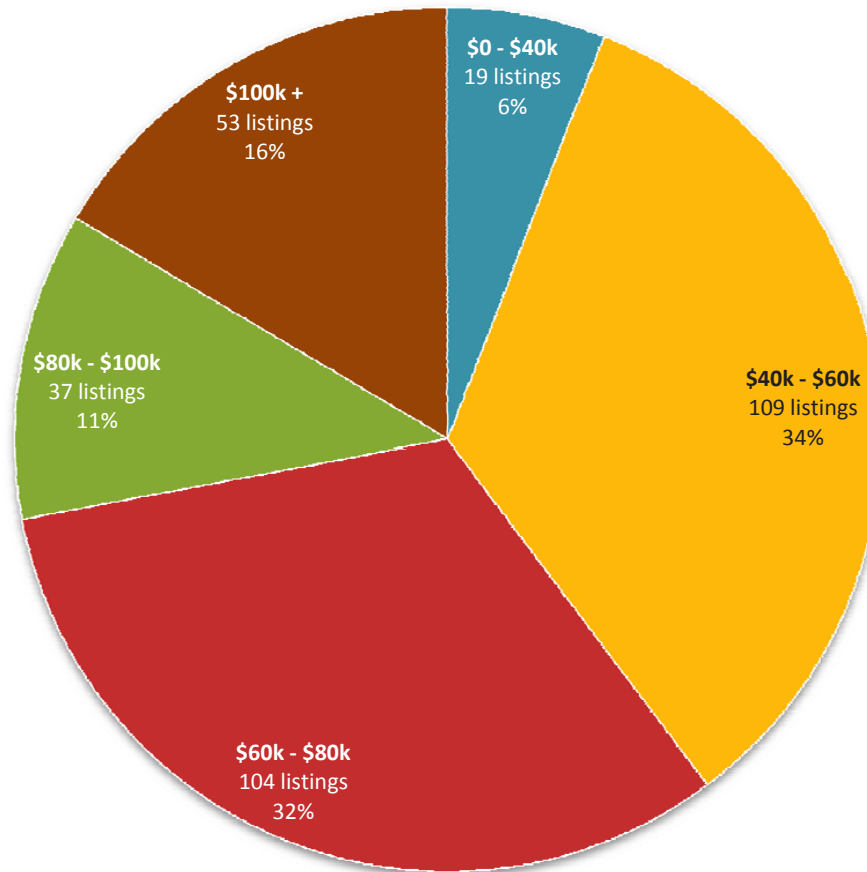
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



While sales of lots that are smaller than an acre have plummeted since 2004, they finally may have stabilized in 2010. In 2009, there were 58 lot sales of less than an acre --- and there were 63 lot sales in 2010, finally showing an increase in this category of sales. Thus far in 2011, we are seeing a healthy continuation of this

trend, with 22 lot sales. The median sales price of these lots also seems to have stabilized right around the \$55,000 price point. The temporary surge in sales price was apparently only a 2006 and 2007 phenomenon.

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

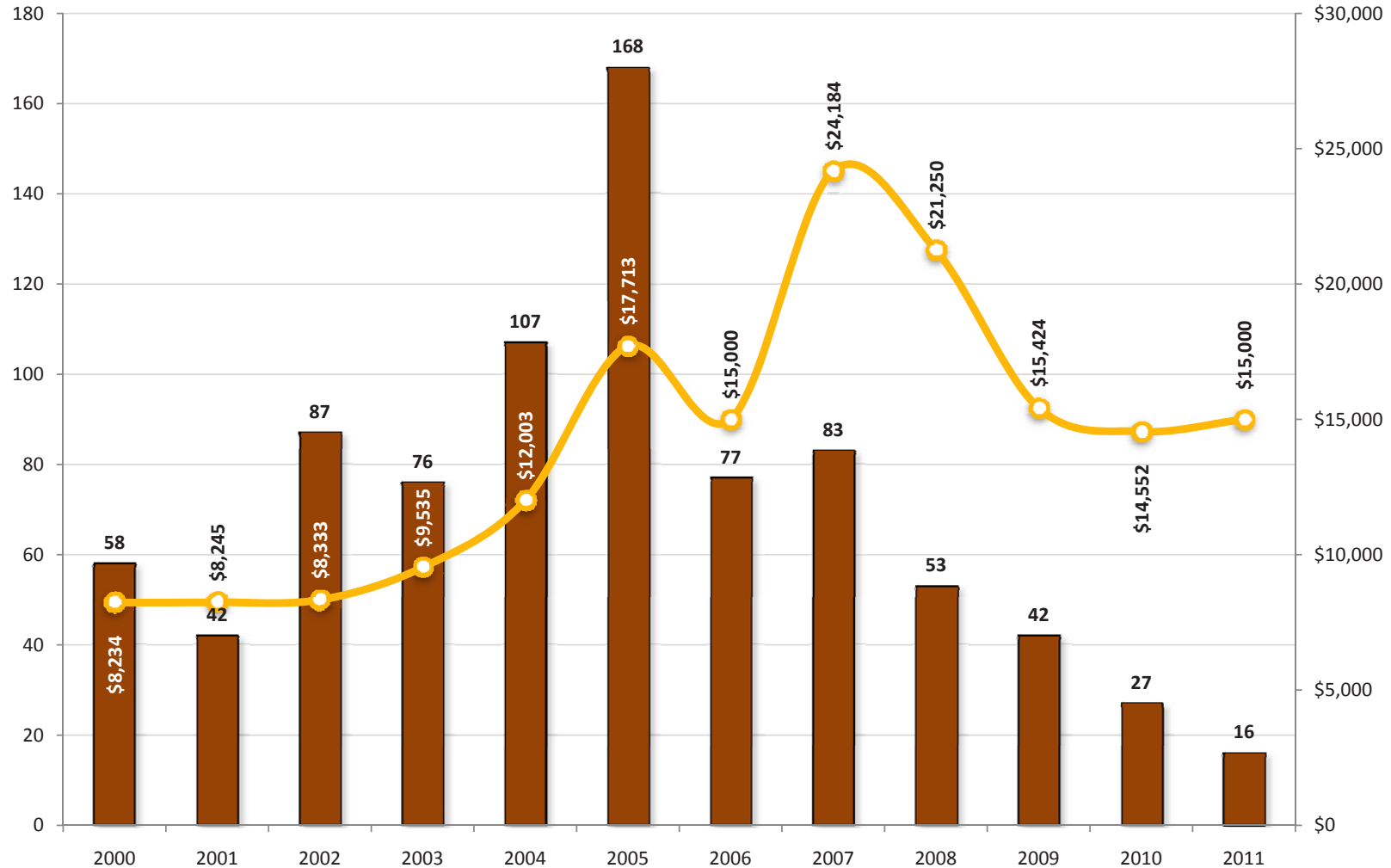


322 Active Lot Listings; Median List Price: \$69,700

Despite the fact that only 63 lots (of less than an acre) sold in all of 2010, there are an amazing 322 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 351 lots for sale is currently \$69,700. Given last year's 63 lot sales, if no other lots

were listed for sale, it would take just over five years to sell all of the lots currently listed for sale. As you can see above, almost two-thirds of the lots currently listed for sale are priced above \$60,000 --- a solid gap above the 2011 median sales price of \$54,500.

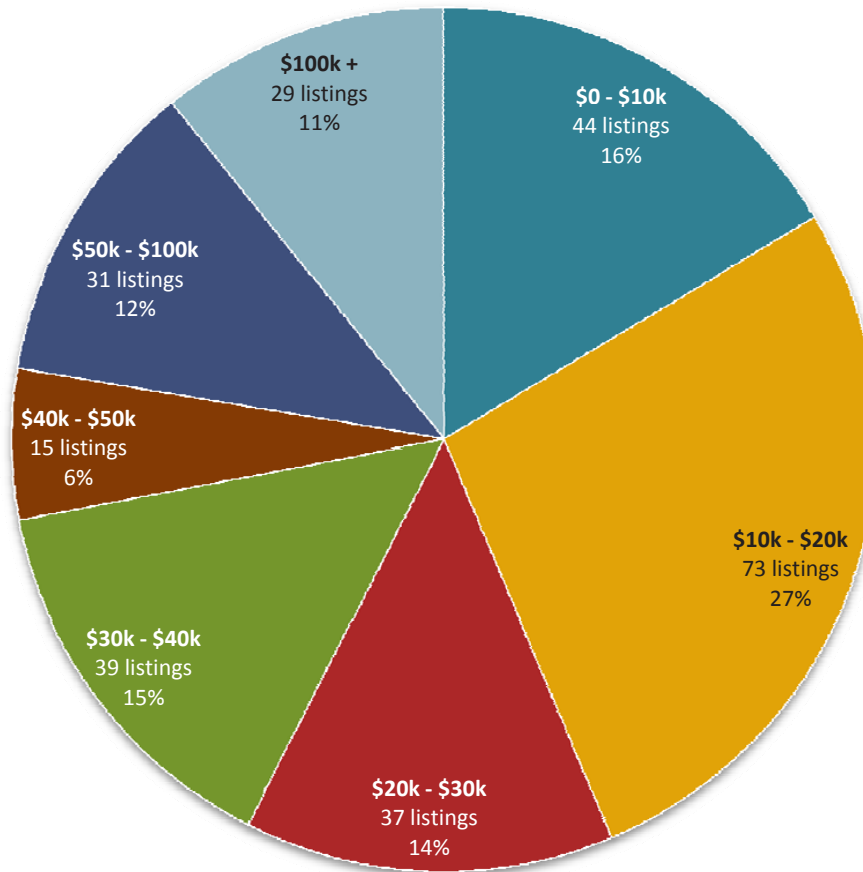
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County are selling quite slowly given the recent historical context. Only 27 such transactions were recorded in the HRAR MLS in 2010, compared to an amazing 168 in 2005 -- however, an impressive 16 parcels of land have sold thus far in 2011 -- possibly an indicator

that we will finally see a recovery in the market for land through the duration of 2011. Also of interest is that the median price per acre seems to have stabilized right around \$15,000 per acre.

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

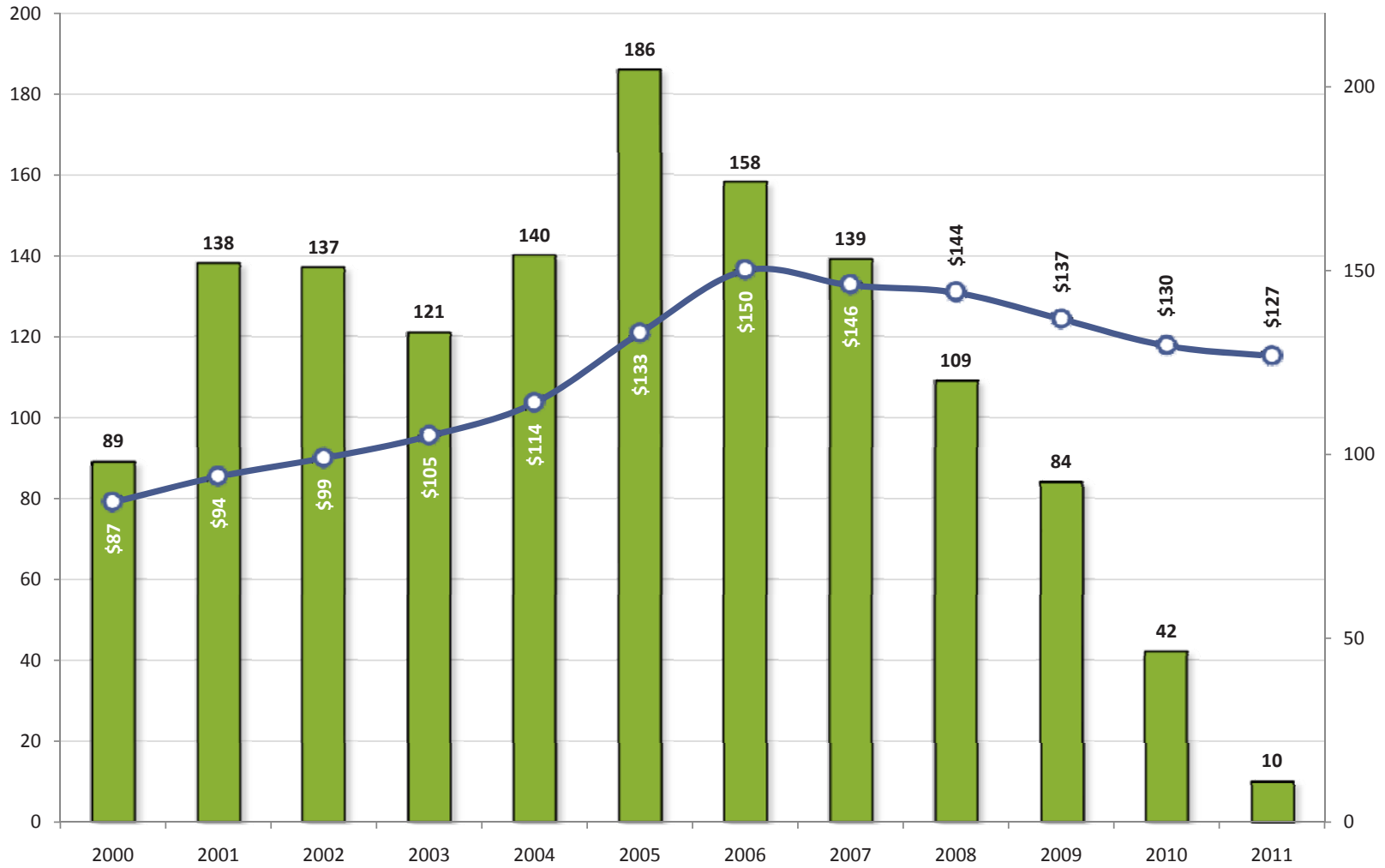


268 Active Land Listing; Median List Price: \$24,046 / Acre

Despite the fact that only 27 parcels of land (of one acre or more) sold in all of 2010, there are an amazing 268 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 268 parcels for sale is currently \$24,046 per acre. Given last

year's 27 land sales, if no other land is listed for sale, it would take almost ten 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.

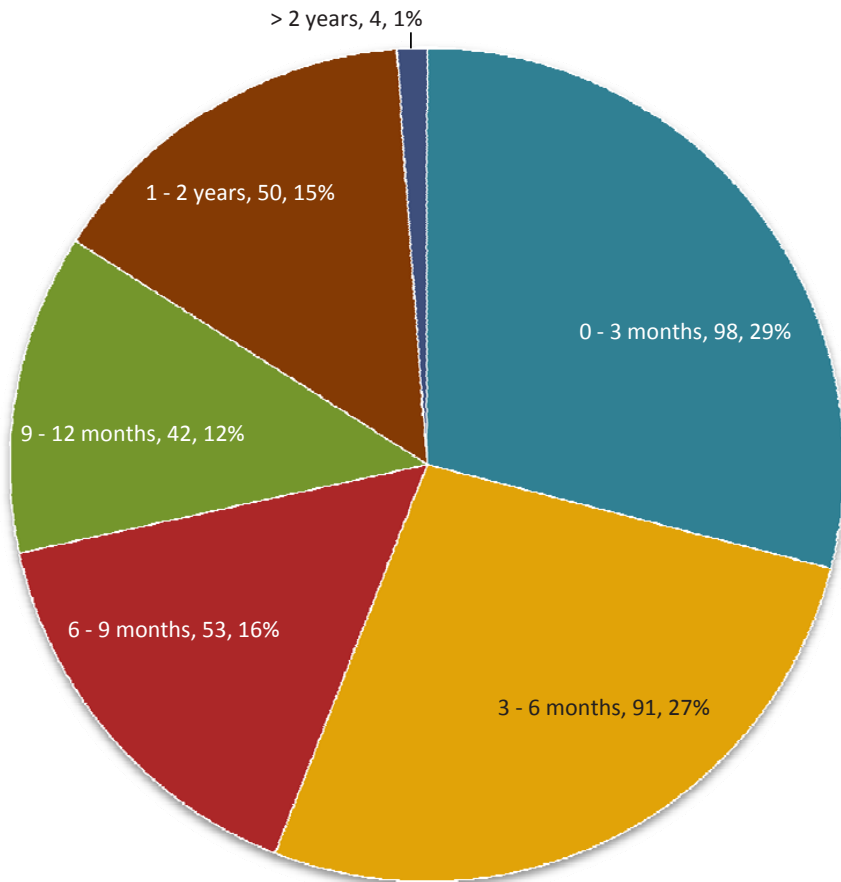
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home builders 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. Remarkably, new home sales took a 50% drop in 2010 compared to 2009 -- and we have not seen a strong start thus far in 2011. The question

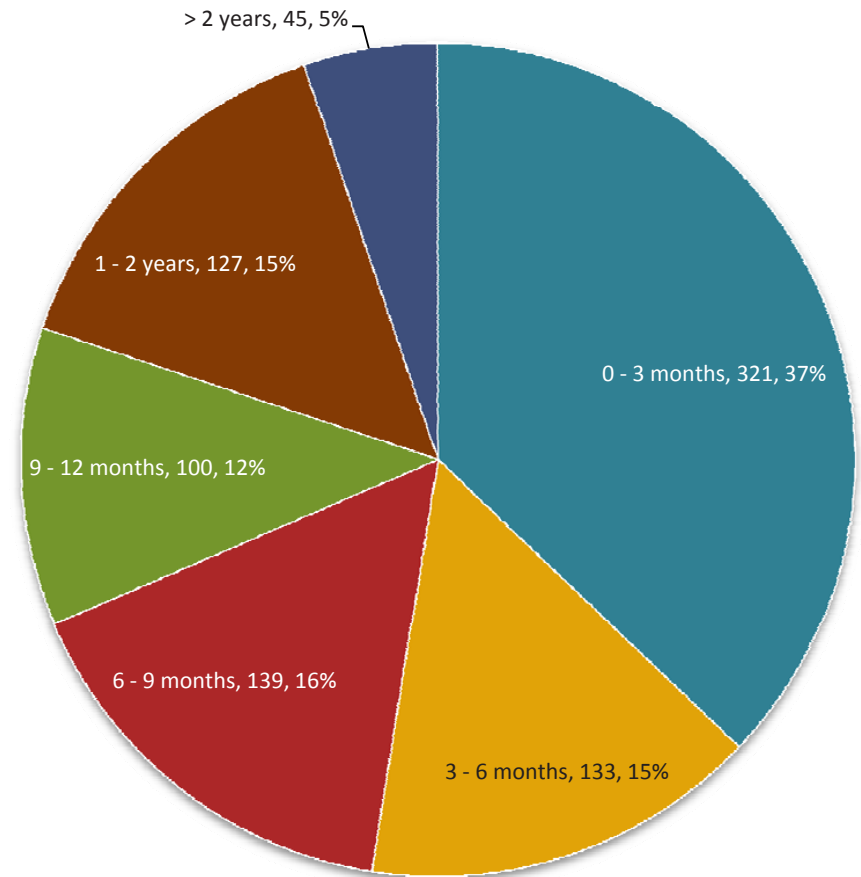
that remains is when the market for new construction will return, even in any small measure --- many people predict that it will take a further reduction of housing inventory. We have seen a significant overall decline in inventory over the past eight months -- so perhaps new construction will start to increase in late 2011.

Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Nov '10 - Apr '11



Average Days On Market: 212

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

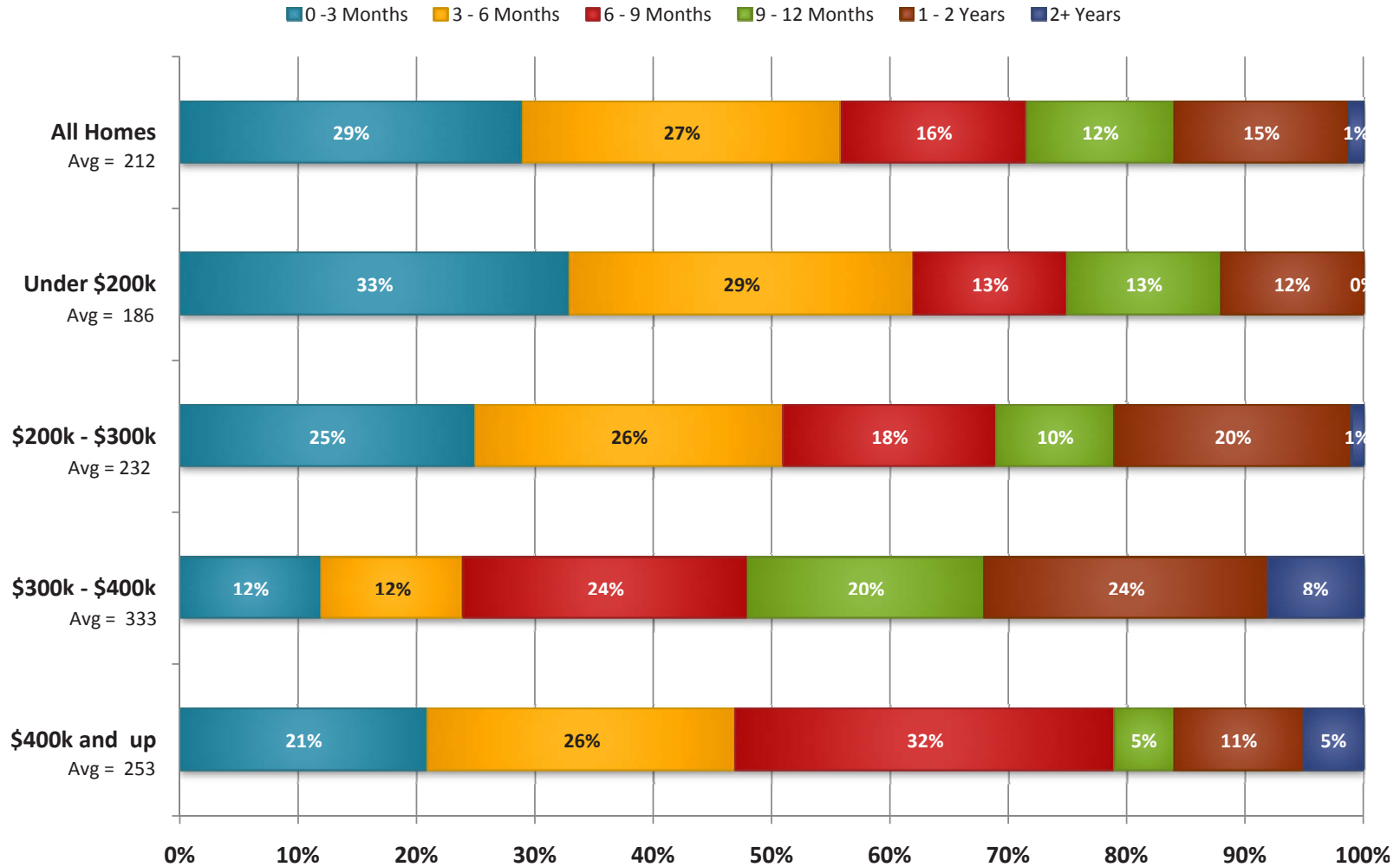


Average Days On Market: 231

Despite record inventory levels, and very few buyers being in the market, homes that are actually selling are selling rather quickly. In fact, over 1 out of 4 homes that sell close 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 56% 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
 Nov '10 - Apr '11



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 33% of homes that sold under \$200,000 sold in the first 90 days of being on the market, while only 12% 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 (253 days) is also significantly higher than that of homes under \$200,000 (186 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, 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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