



Harrisonburg & Rockingham County Real Estate Market Report

HarrisonburgHousing*today*.com

June 9, 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: May

67 homes sold in May 2011, showing a 6% decrease from May 2010 when 61 homes sold -- and an 11% decrease from May 2009 when 75 homes sold.

Home Values: May

Median sales prices decreased 3% to \$160,000 between May 2010 and May 2011, and average sales prices decreased 6%.

Days on Market: May

Homes sold in an average of 207 days in May 2011, a negligible change compared to the 208 day average in both May 2010 and the 211 day average in May 2009.

Foreclosures

90 trustee deeds have been recorded thus far in 2011 compared to 283 home sales reported through the HRAR MLS. At this pace, foreclosures will likely decrease in 2011.

Inventory

Inventory levels rose again in May 2011 to 870 residential properties for sale, up from 865 one month ago, but down from 998 one year ago, in May 2010.

Pace of Home Sales: Year to Date

283 homes sold thus far in 2011. This marks a 6% decline from the 2010 year to date when 301 homes had sold, but a 4% increase as compared to 2009 year to date.

Home Values: Year to Date

Median sales prices declined 10% and average sales prices declined 8% 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 (216 days) increased 13% since 2010 year to date when the average was 192 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, 18 months between 300k and \$400k, and 25 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes has stayed steady at \$101/sf in the 1st and 2nd quarter of 2011 as compared to \$115/sf in the 4th quarter of 2010.

Buyer Activity

88 buyers committed to buy in May 2011, compared to 84 in May 2010, and 87 in May 2009. These 88 contracts are a 5% increase over the 84 buyers in May 2010.

Single Family Home Sales

218 single family homes sold thus far in 2011, compared to a 2010 total of 555 homes. The median sales price has decreased to \$181,225.

Townhome Sales

65 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

29 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 \$51,500 since the 2010 median sales price of \$55,000.

Land Sales

19 parcels of land greater than an acre sold thus far in 2011 compared to 27 land sales during 2010. This marks a 89% decline from the high of 168 sales in 2005.

HOME SALES REPORT

Harrisonburg & Rockingham County

June 8, 2011

# Home Sales	2008	2009	2010	2011	% Change ('10 - '11)
May	94	75	71	67	-5.63%
Year-To-Date	370	273	301	283	-5.98%

Median Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
May	\$191,200	\$184,100	\$165,000	\$160,000	-3.03%
Year-To-Date	\$194,000	\$188,000	\$178,500	\$160,000	-10.36%

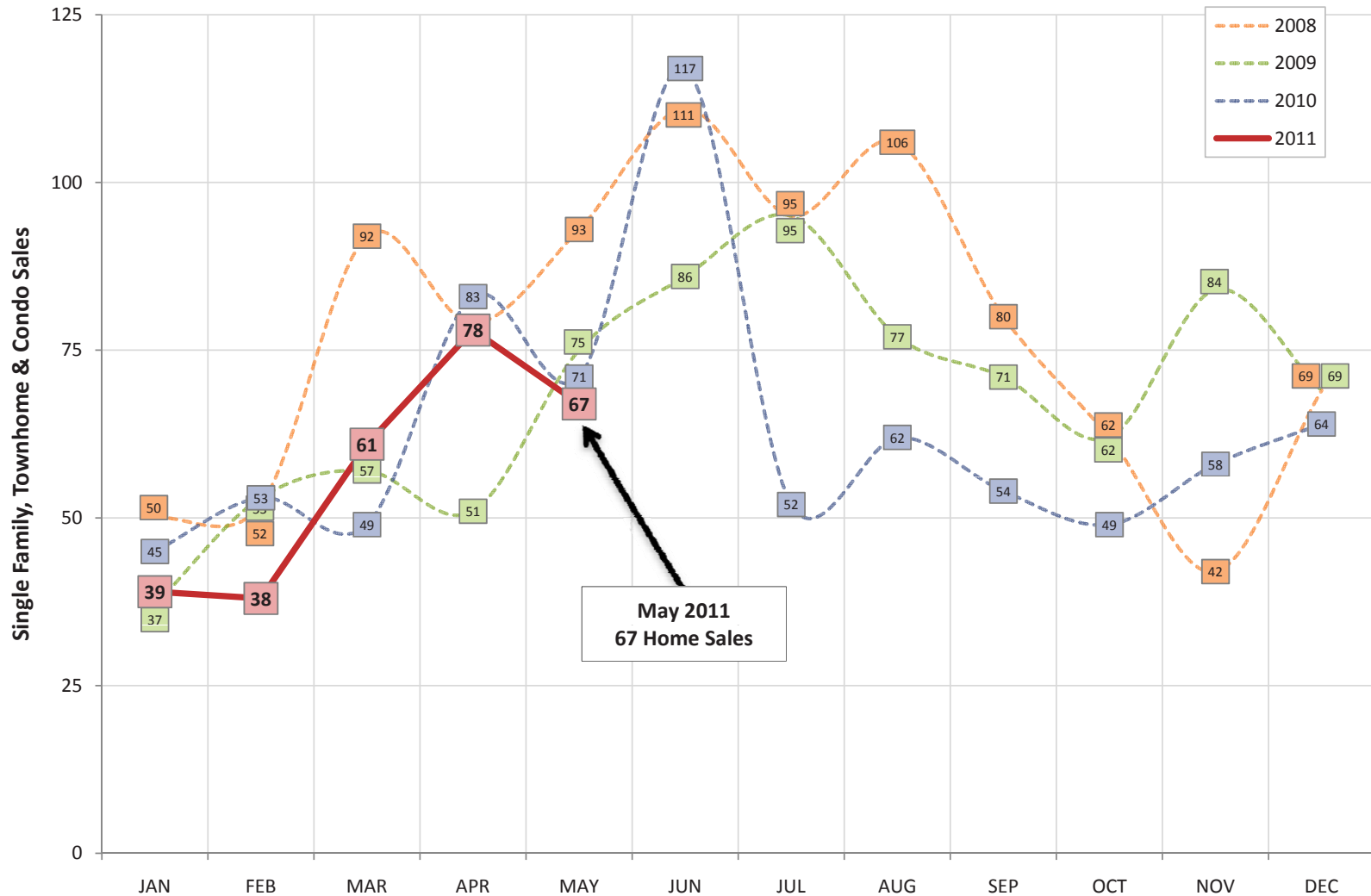
Average Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
May	\$220,424	\$192,057	\$185,822	\$197,285	6.17%
Year-To-Date	\$223,314	\$220,753	\$206,359	\$189,170	-8.33%

Average Days on Market	2008	2009	2010	2011	% Change ('10 - '11)
May	173	211	208	207	-0.48%
Year-To-Date	161	195	192	216	12.50%

Home sales dipped down a bit (-5.63%) in May 2011 compared to May 2010, and year-to-date home sales (283) are also falling a bit behind last year (301). It is important to note that last year's sales included a boost from the federal home buyer tax credit, and thus if you ignore May 2010 and compare May 2011 to May 2009, you'll

see that there has been a slight increase over the two year period. Home values as defined by median and average sales prices continue to decline, and we will likely not see these stabilize until we start to see an increase in the number of buyers in the market. Average days on market is still climbing higher, to 216 days YTD.

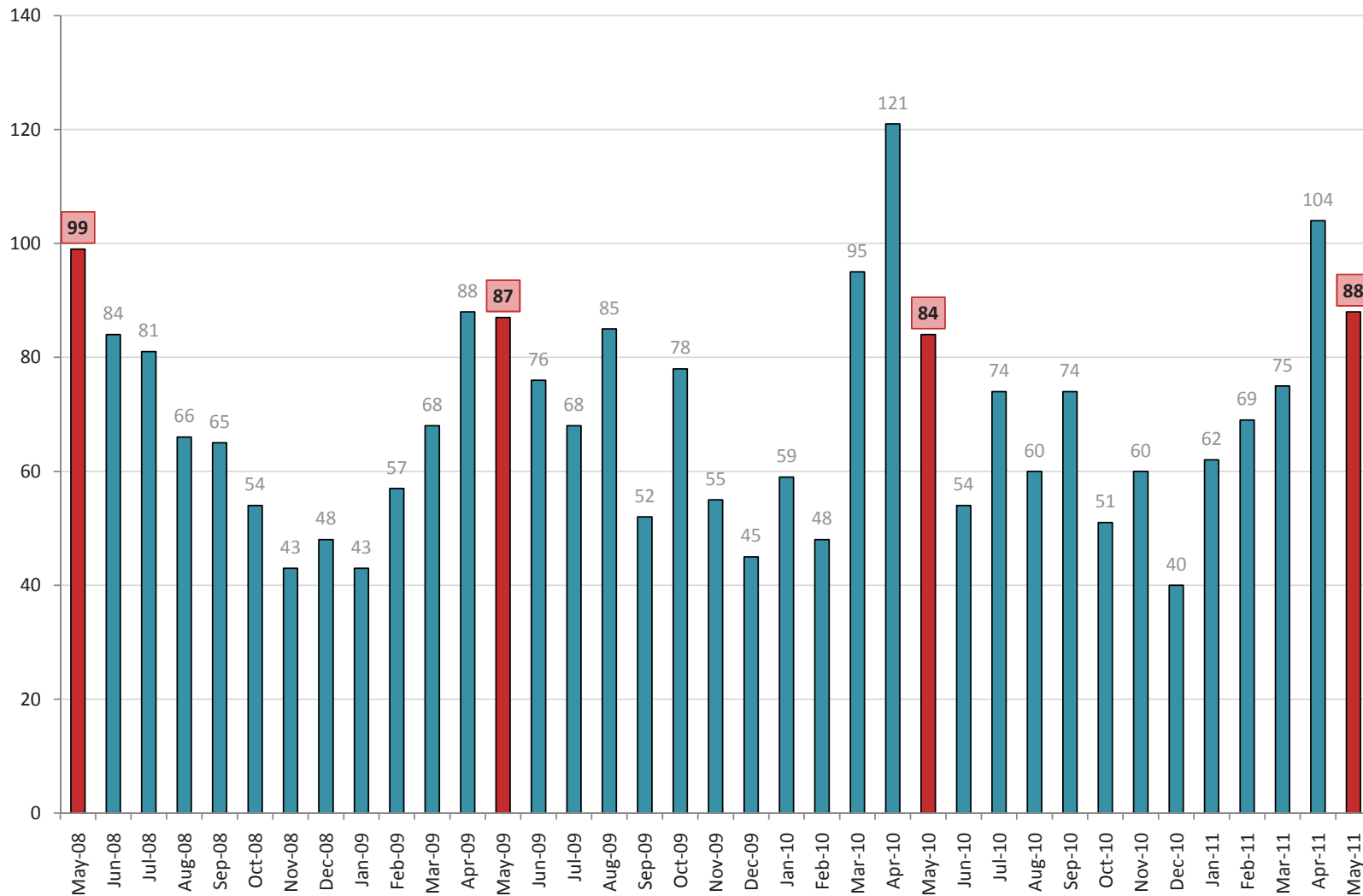
Harrisonburg & Rockingham County Month-By-Month Home Sales History



Just like last year, home sales dropped in May as compared to April in Harrisonburg and Rockingham County. The decline from May 2010 to May 2011 is not significant, but it is a small decline that makes the year-to-date numbers not quite as strong. Looking forward, I am doubtful that we will match last June's sales (117) in the coming

month, as many of those sales were a directly result of the expiration of the federal home buyer tax credit. My hope for 2011 is in July through October, where I believe we will see stronger sales than we did last summer and fall. I am still moderately optimistic that we will close out 2011 with more home sales than in 2010.

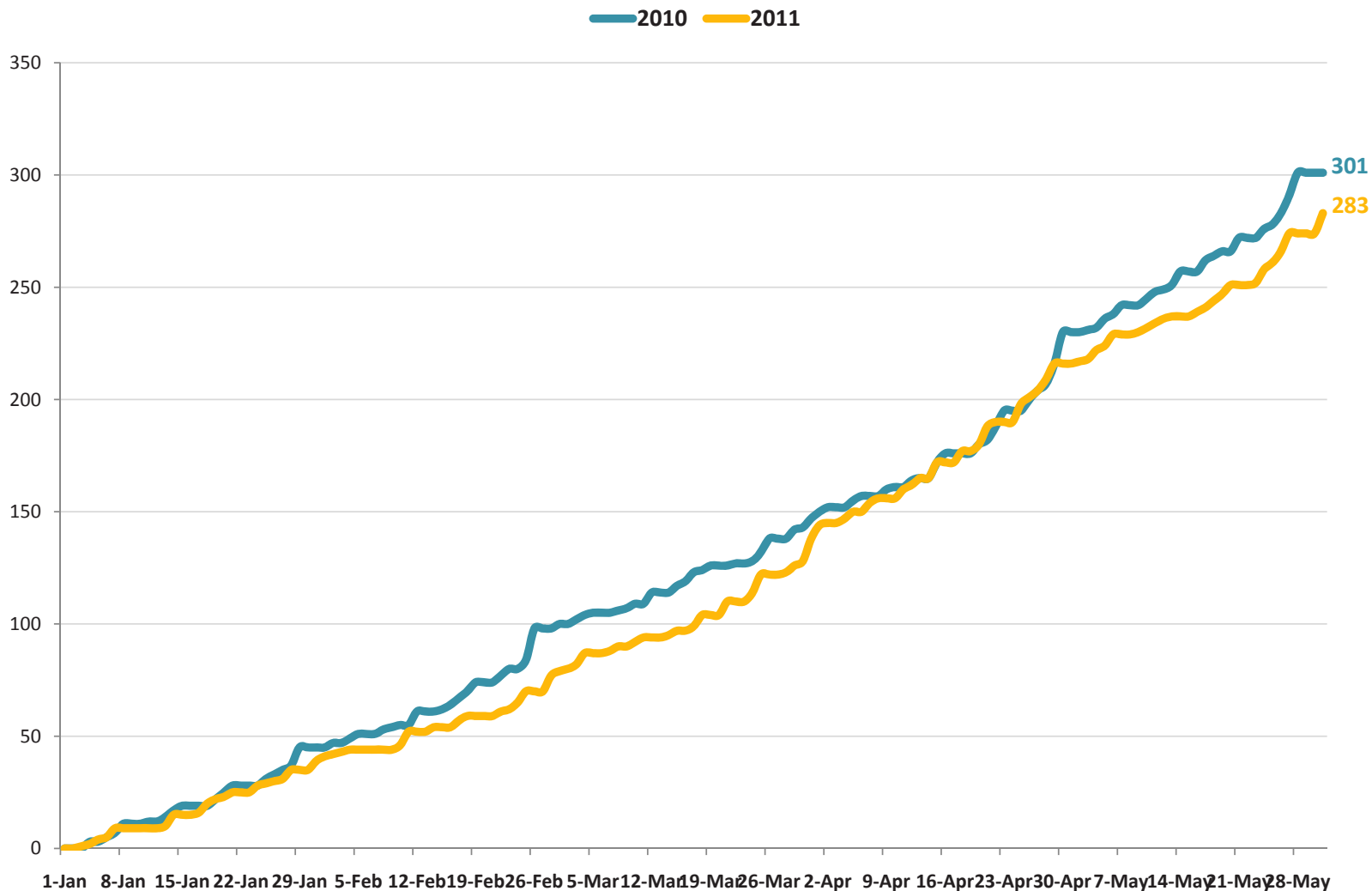
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Buyers were in full force in May 2011 writing contracts to purchase properties in Harrisonburg and Rockingham County. Indeed, despite sales being slightly down in May 2011 (compared to May 2010), contracts were up. This May there were 88 contracts ratified, as compared to 84 in May 2010. This should bode well for a

relatively strong June, July and August. When looking at contracts from a year-to-date perspective, there were 407 contracts between January and May of 2010, while only 398 contracts between January and May of 2011.

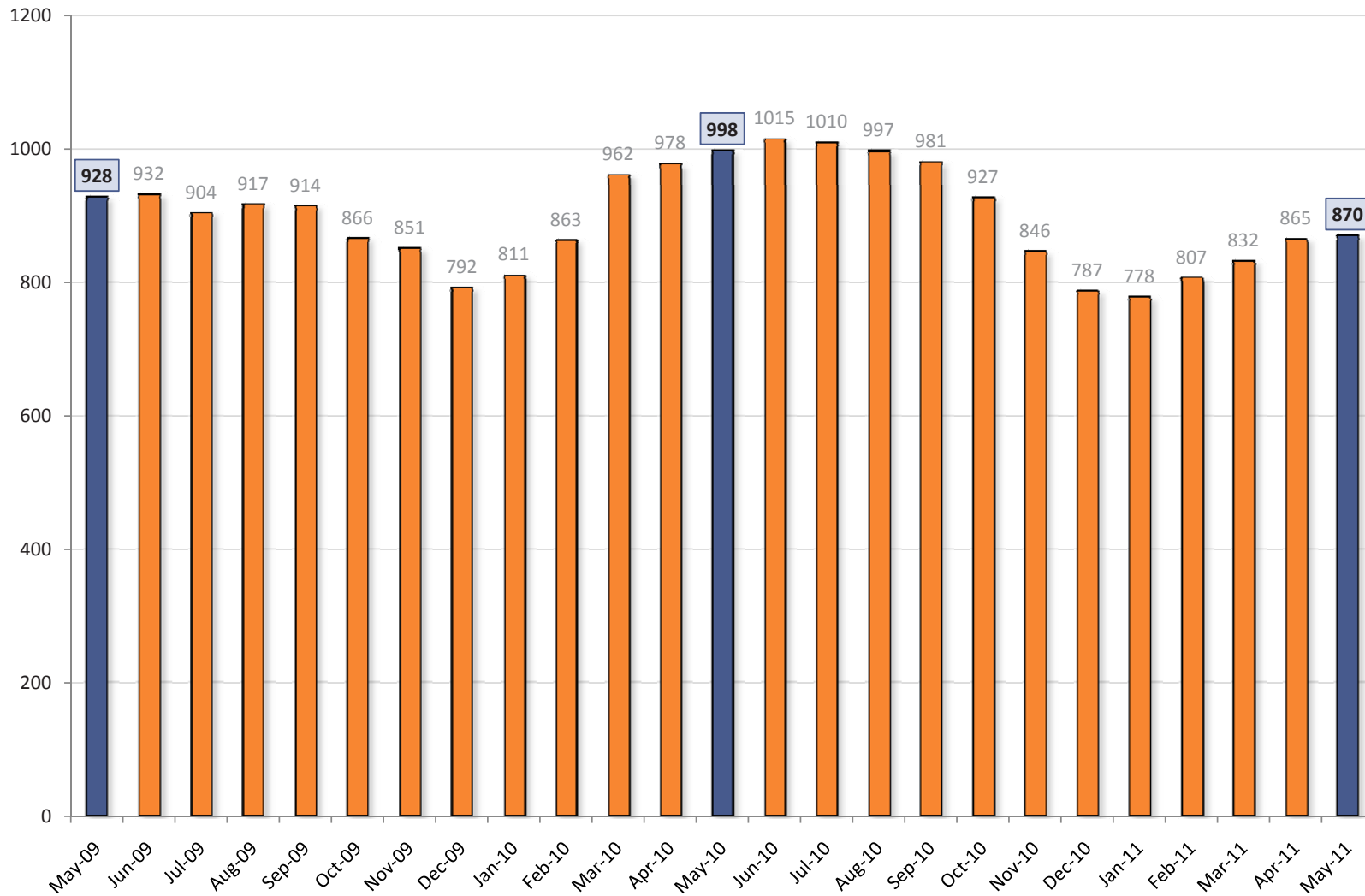
Harrisonburg & Rockingham County Daily Cumulative Residential Sales



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 trajectories split out again in May, and 2011 will have to work hard to catch back up with the cumulative pace of residential home sales experienced during 2010.

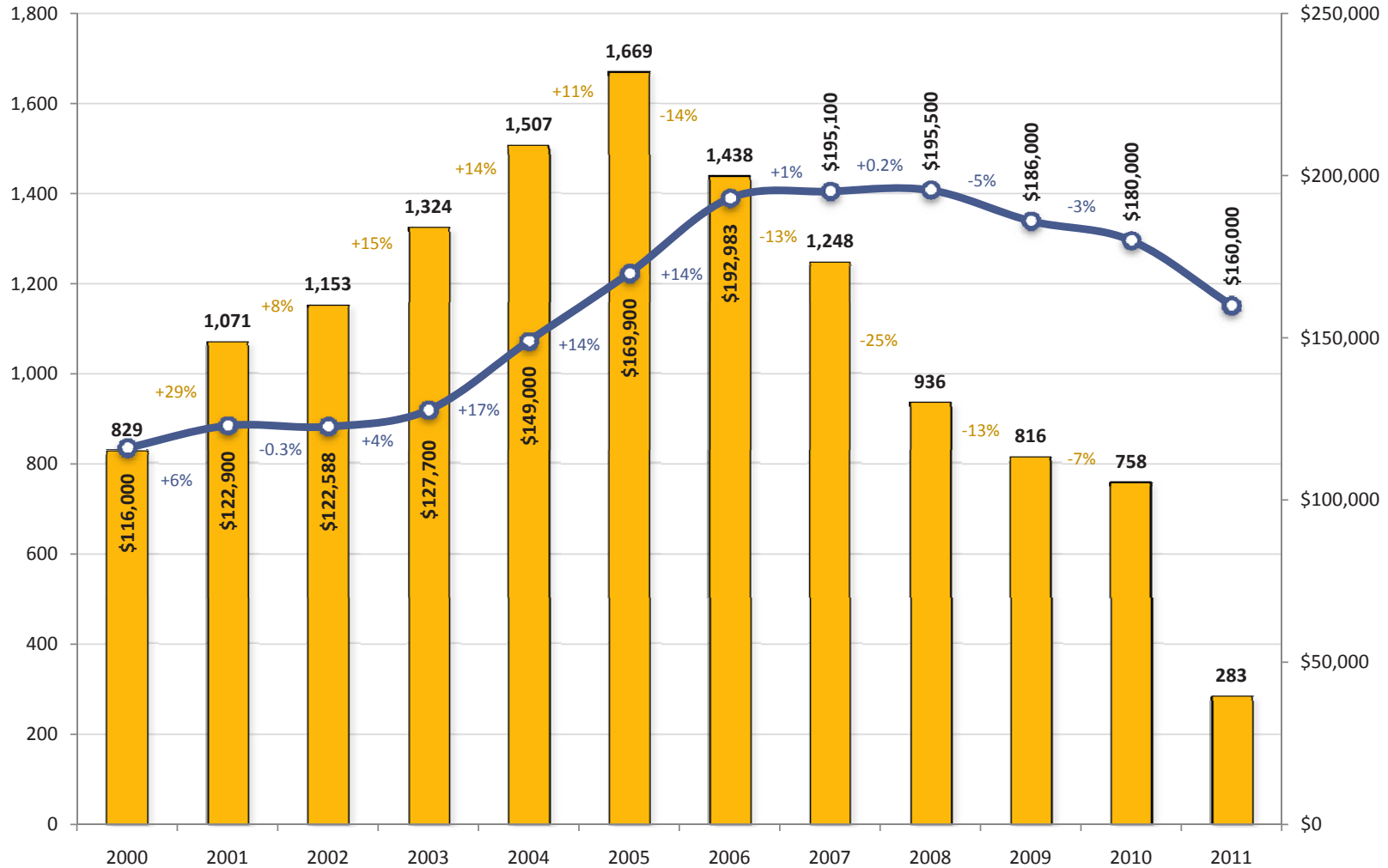
Harrisonburg & Rockingham County
Inventory Levels



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. Last year at this time, buyers had nearly 1,000 homes to choose from on the market (998), while this year there are only 870

homes to choose from. These lower inventory levels certainly offer the promise of a healthier real estate market as we move forward, as we obtain a closer balance between the supply of homes and the demand for those homes.

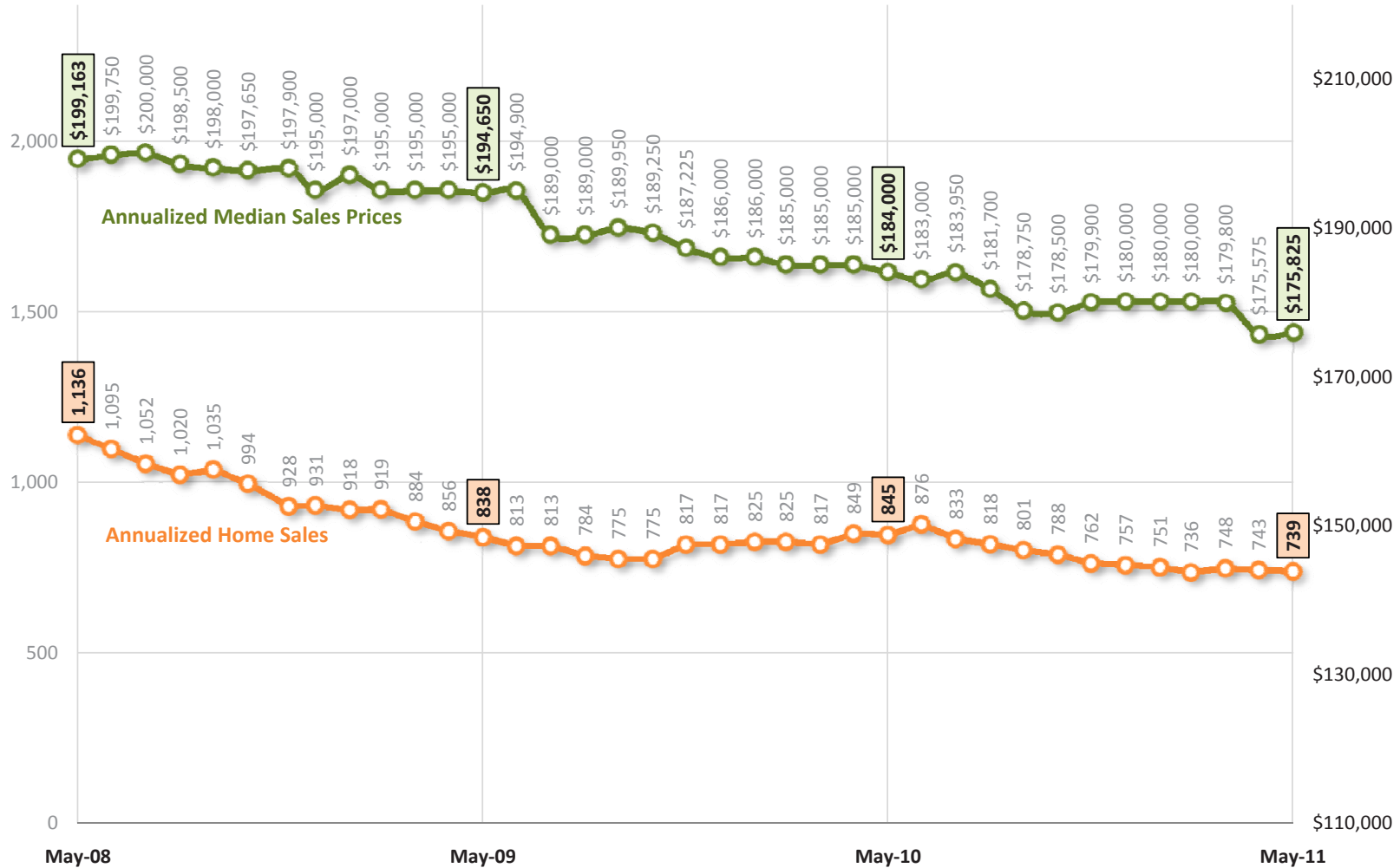
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



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 a \$20,000 decline in the median sales price over the past year -- which is an 11% decline in home values, as compared to only a 5% (2008-2009) and 3% (2009-2010) decline during the most recent two years.

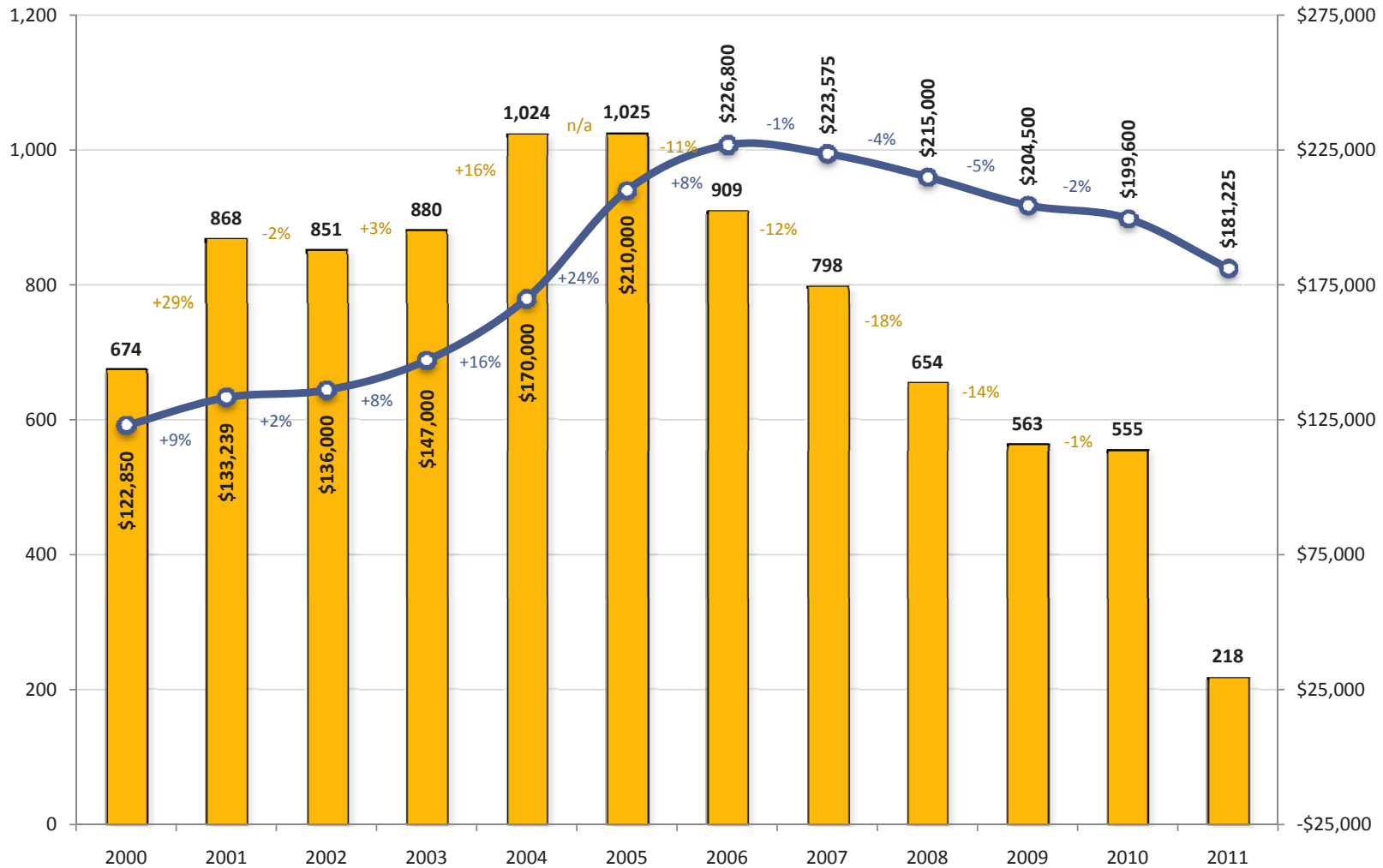
Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



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 35% 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 then dropped by another \$5,000 come

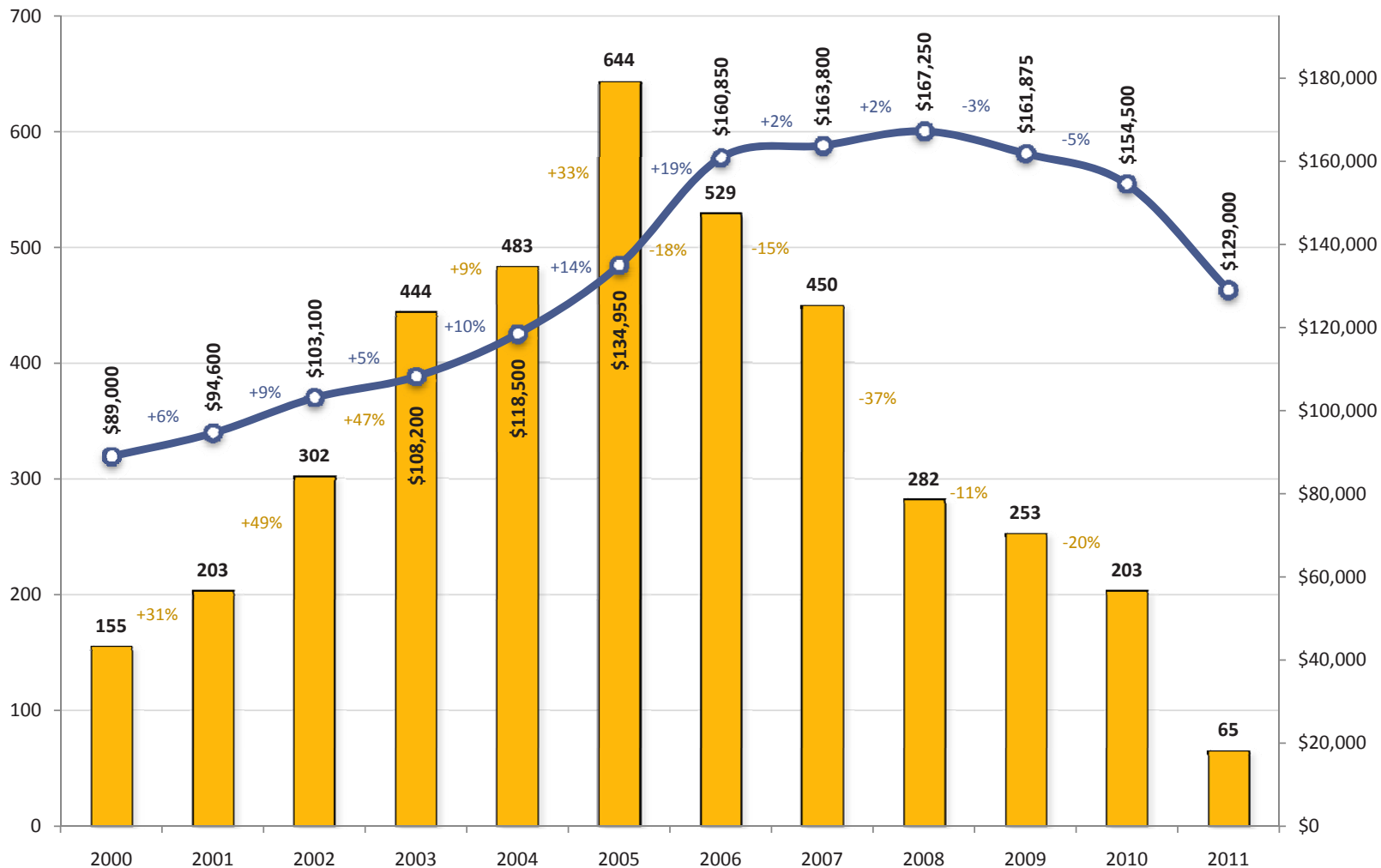
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



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 (-9%) 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.

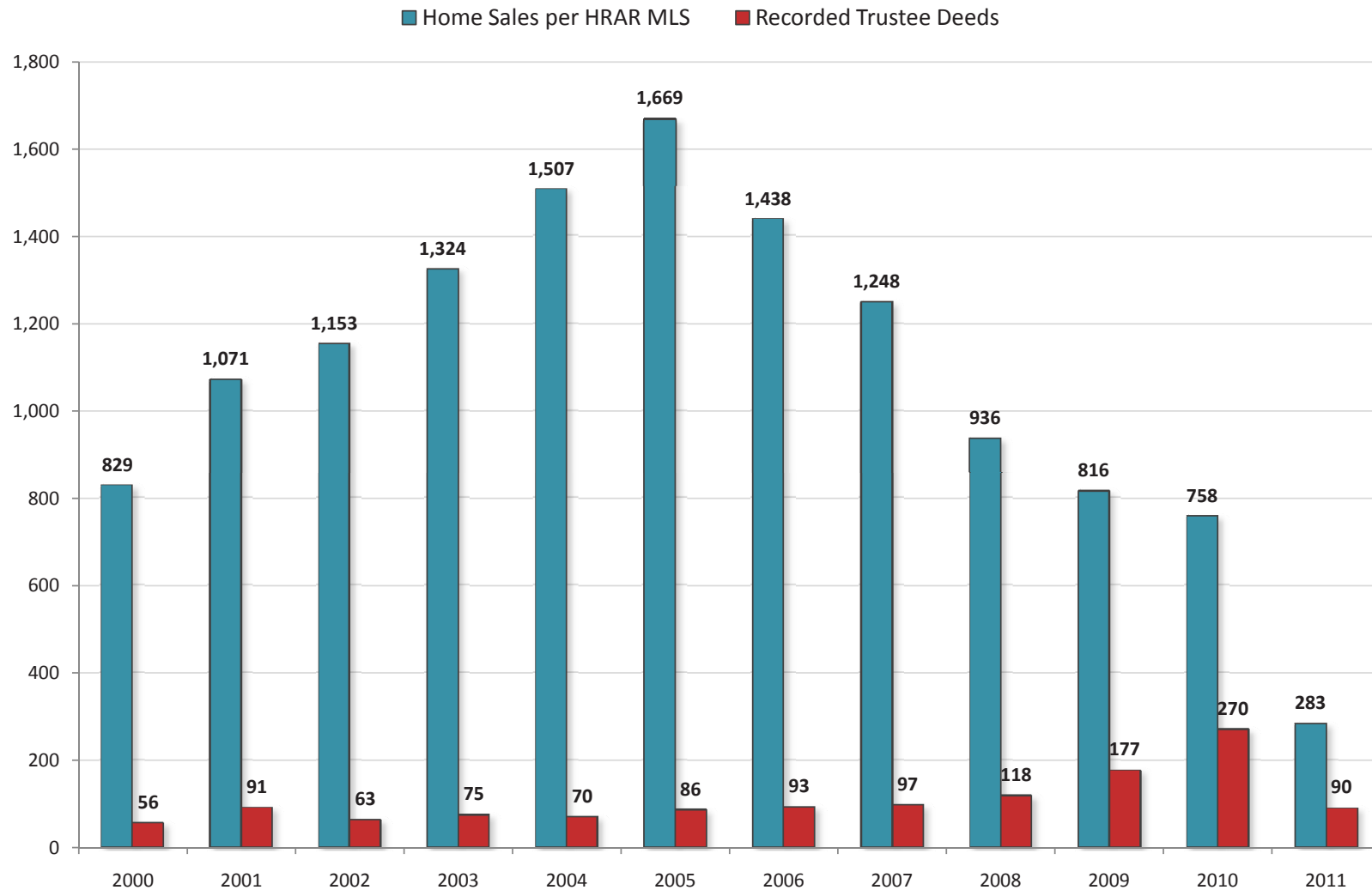
Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



Even if the single family home market may be stabilizing, the townhouse market is still having difficulty finding a balance. There will likely be another decline (perhaps a significant decline) in the number of townhomes selling in 2011, and the median sales price is continuing to fall, rather dramatically. At this point, the median sales

price of townhomes is now down to only \$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.

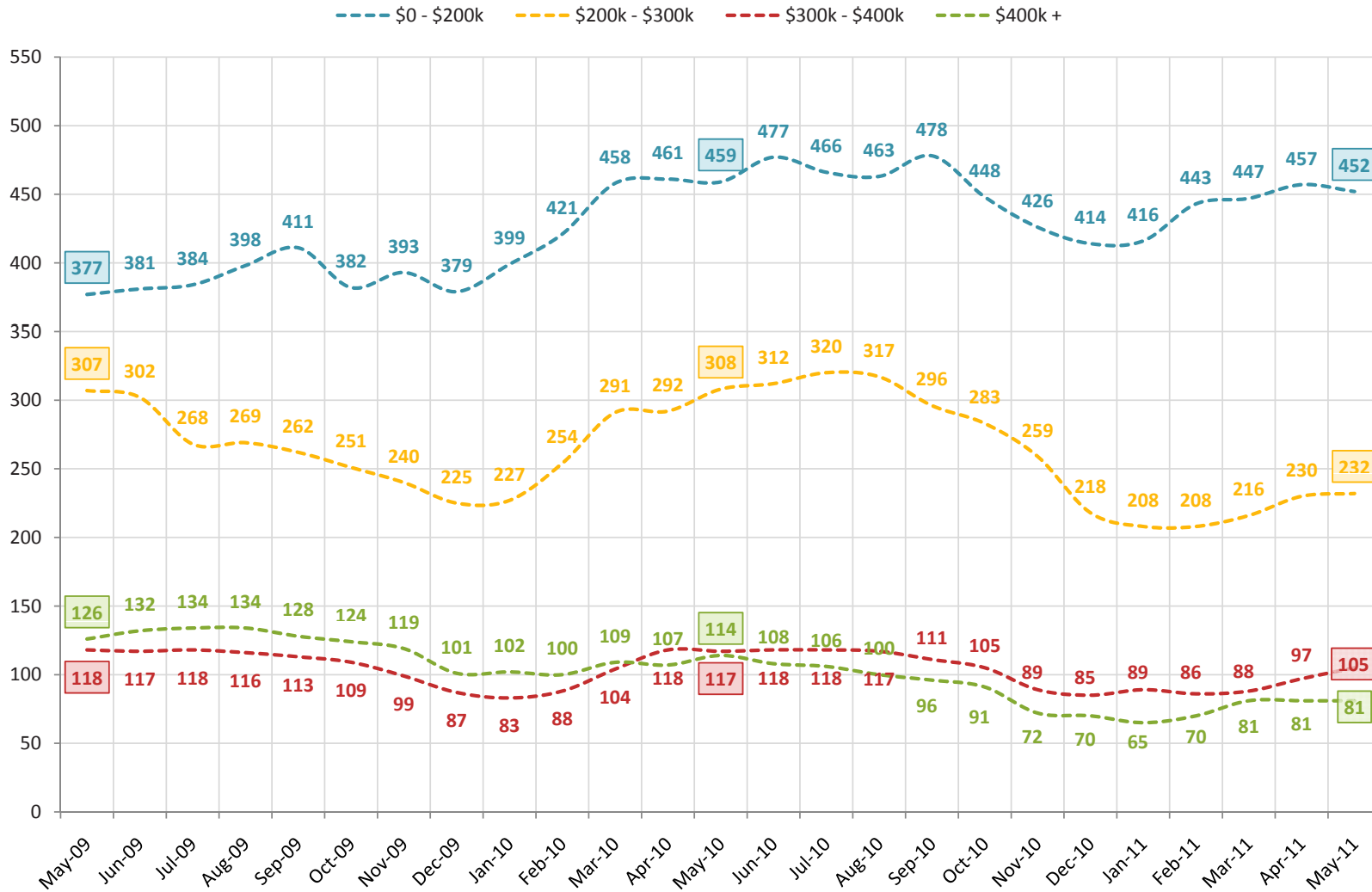
Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



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 (3.1 home sales per trustee deed) is a healthier ratio than we experienced last year (2.8 home sales per trustee deed).

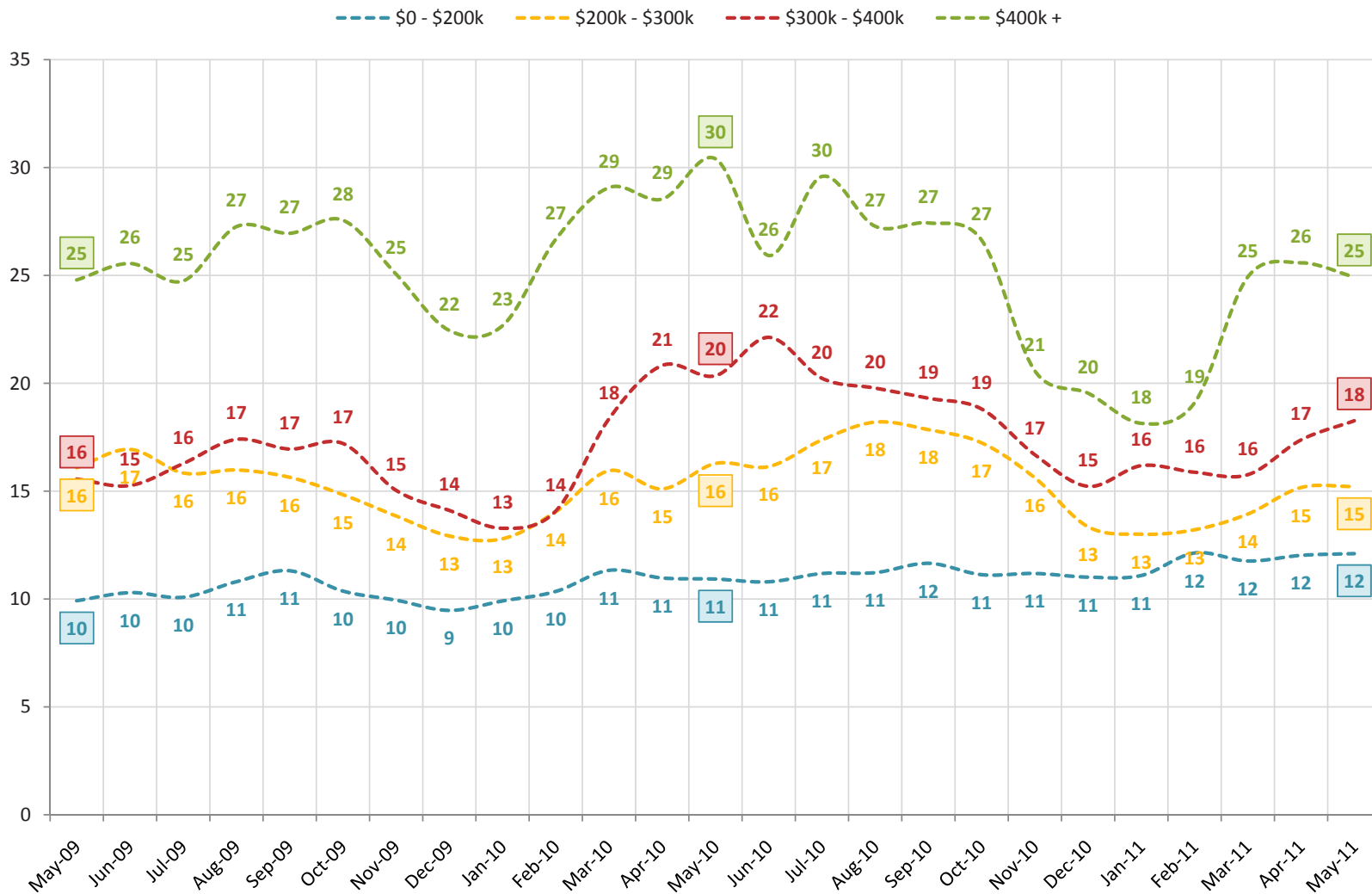
Harrisonburg & Rockingham County Inventory Levels by Price Range



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 36% decline in inventory from 126 homes for sale in May 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.

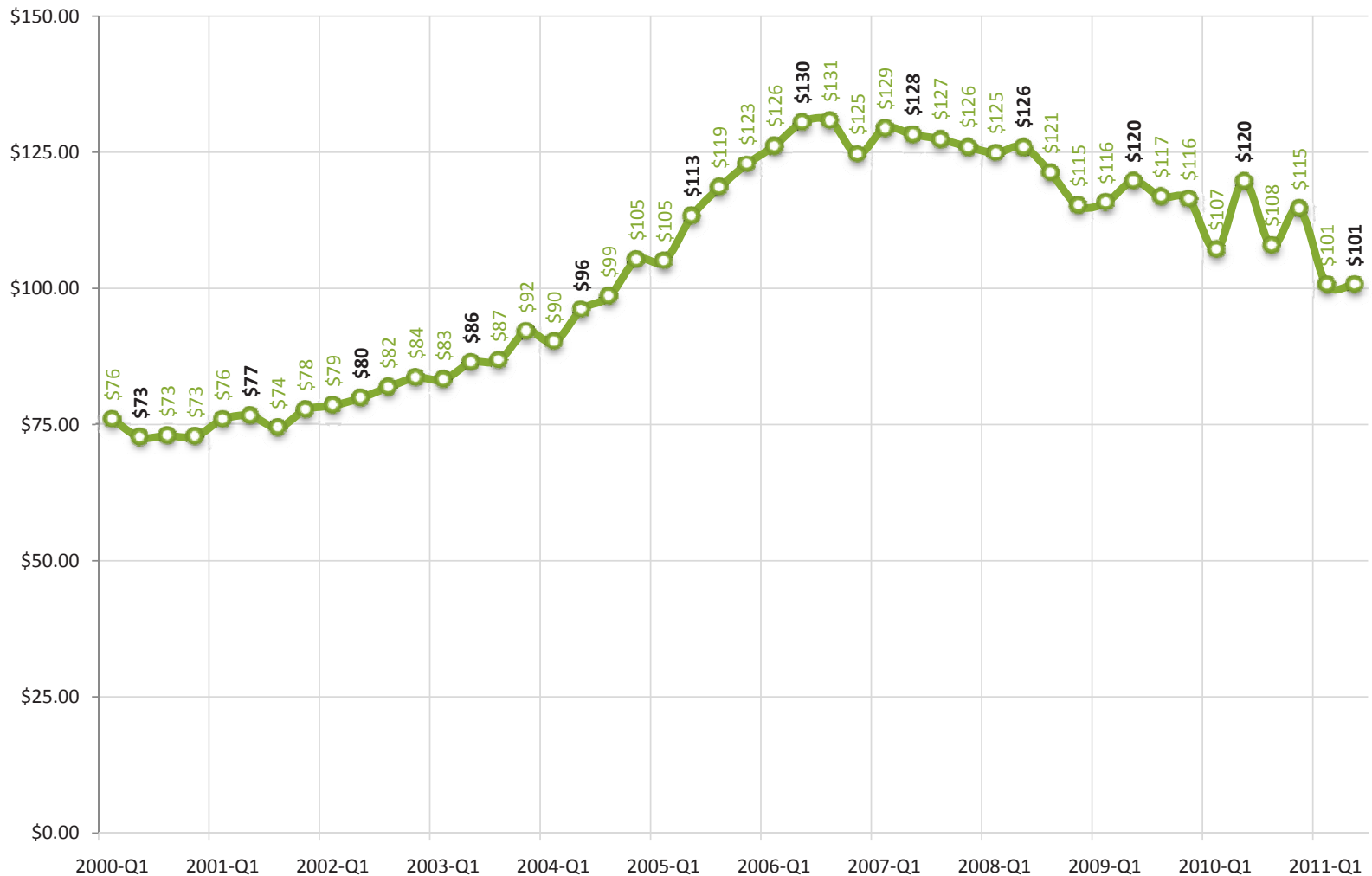
Harrisonburg & Rockingham County Housing Supply Trends by Price Range



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.

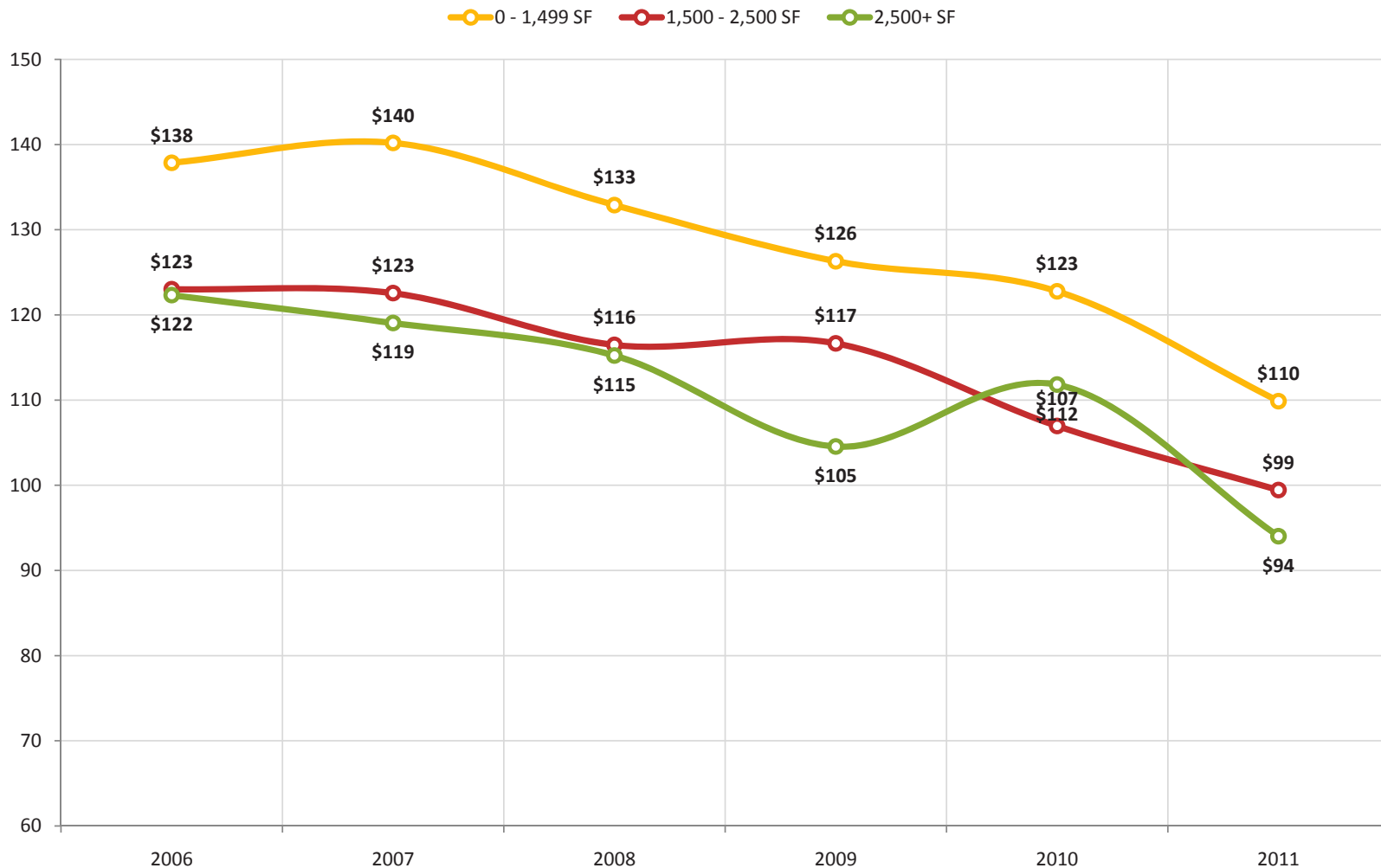
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



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.

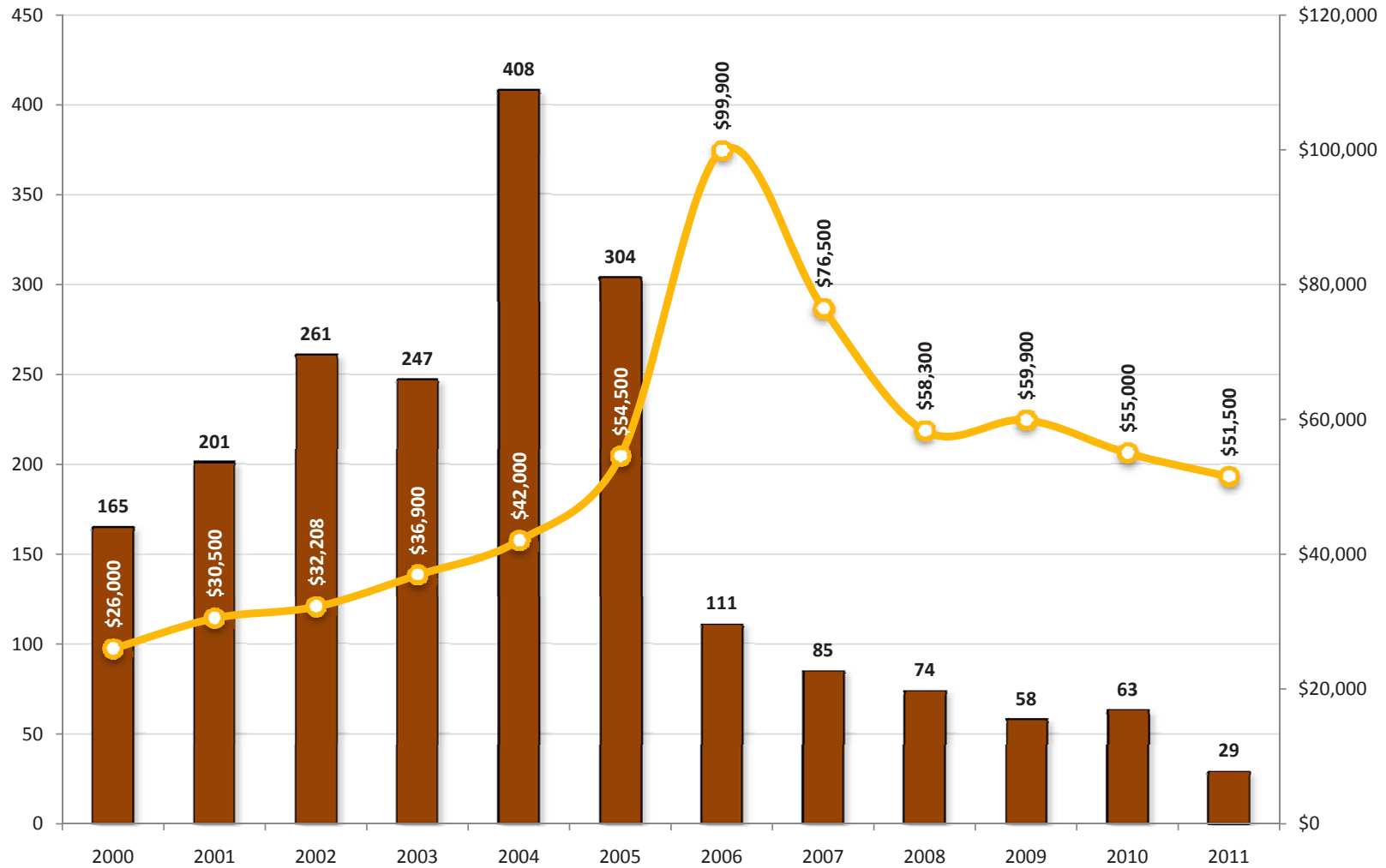
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



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

(\$94/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.

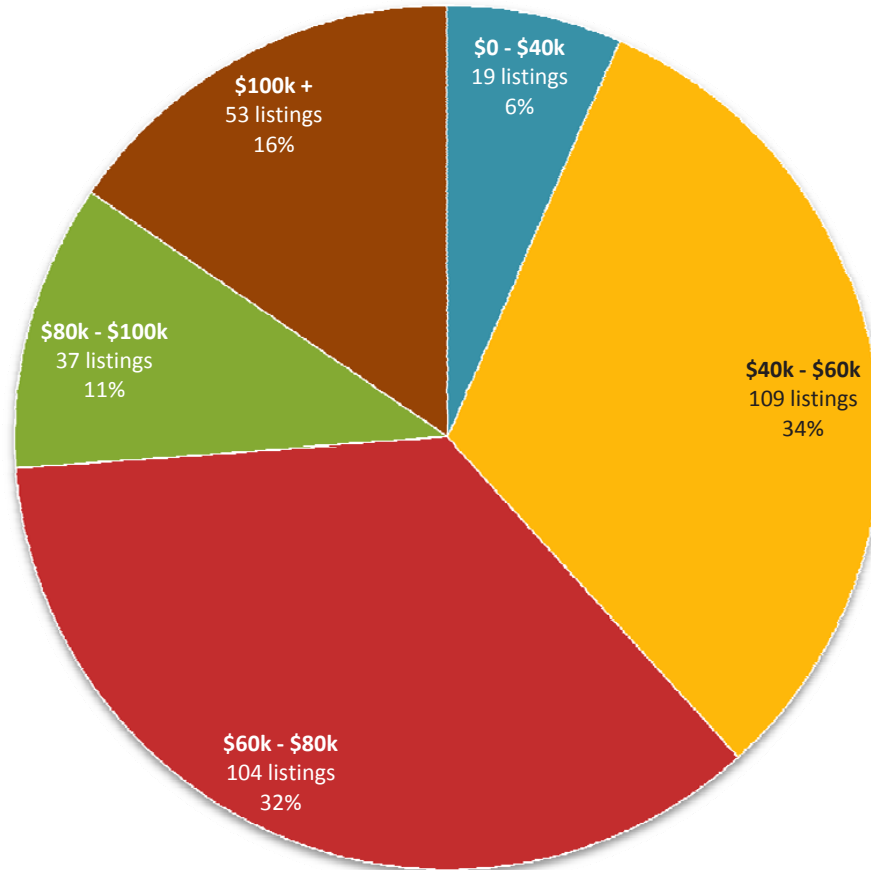
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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 29 lot sales. While the median sales price of these lots under one acre is still declining (\$60K->\$55K->\$51K from 2009-2011) the steadied pace of lot sales will hopefully mitigate any further declines in value.

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

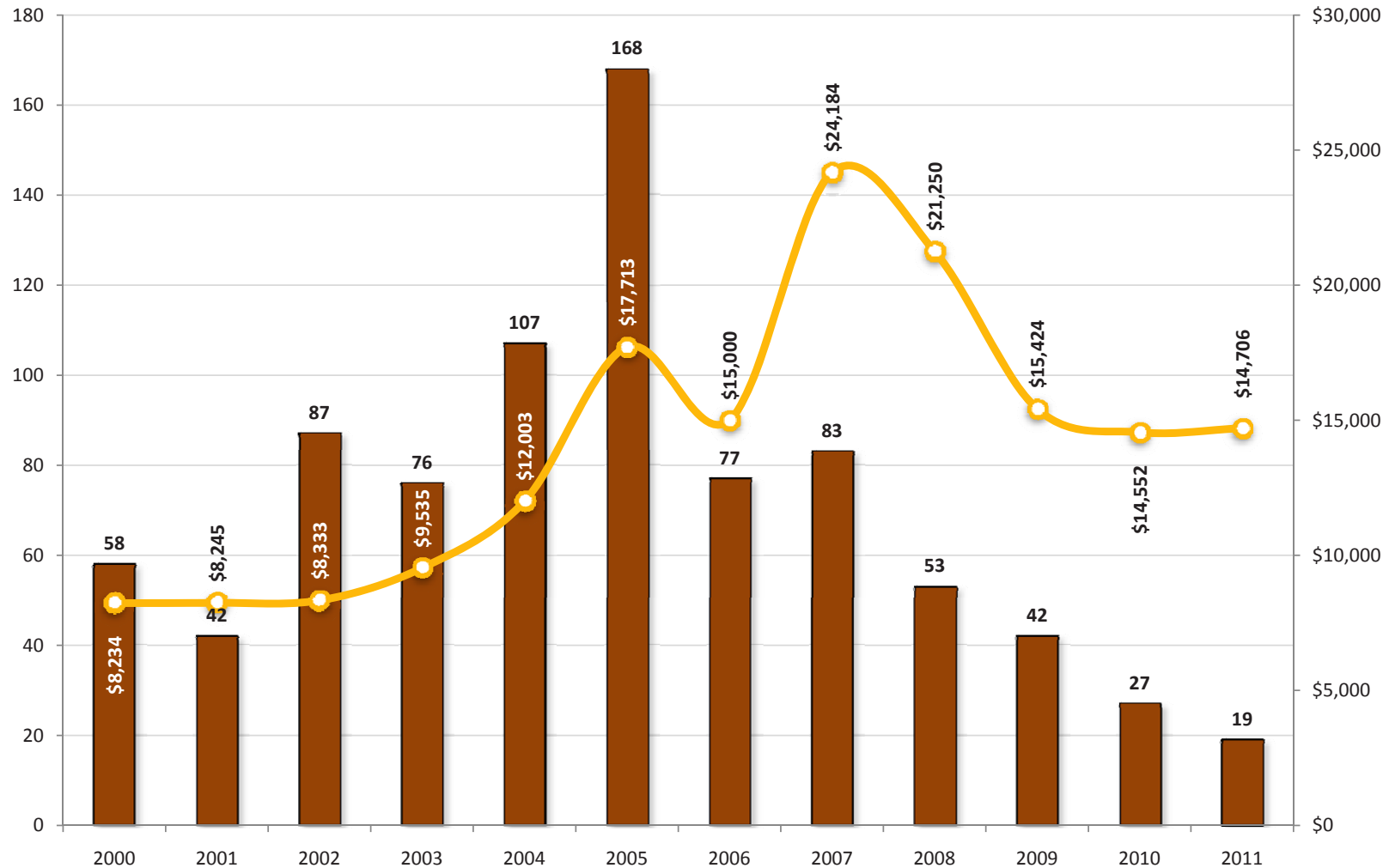


337 Active Lot Listings; Median List Price: \$70,000

Despite the fact that only 63 lots (of less than an acre) sold in all of 2010, there are an amazing 337 lots currently for sale. Furthermore, despite the fact that the median sales price of lots is hovering around \$51,500, 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, 60% 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 \$51,500.

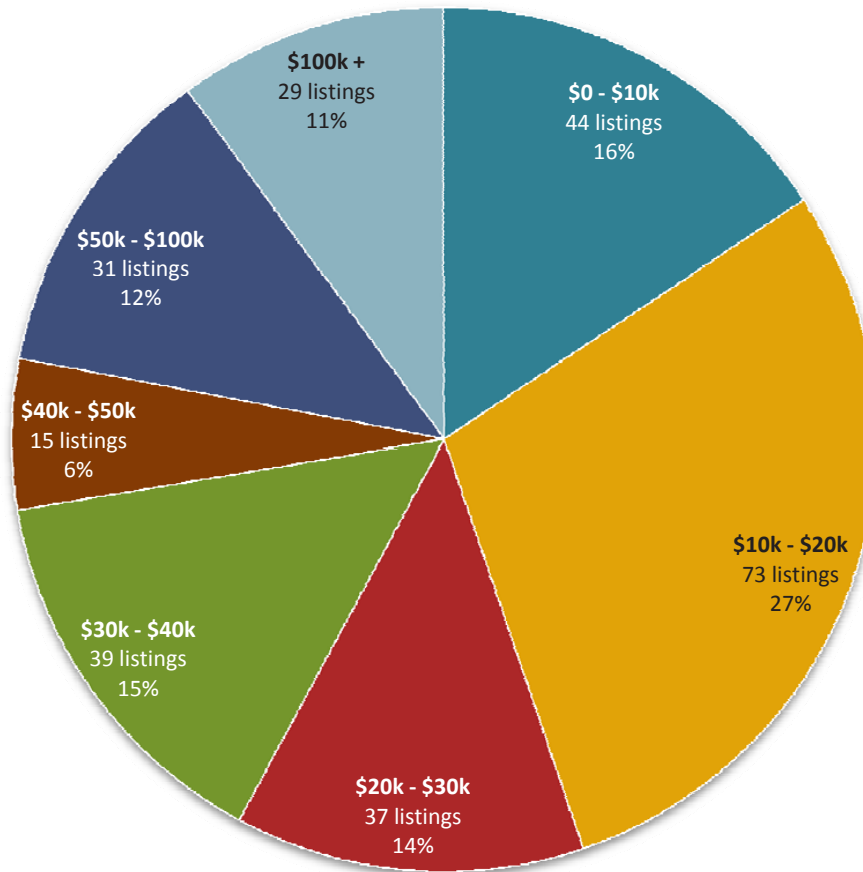
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



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 19 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

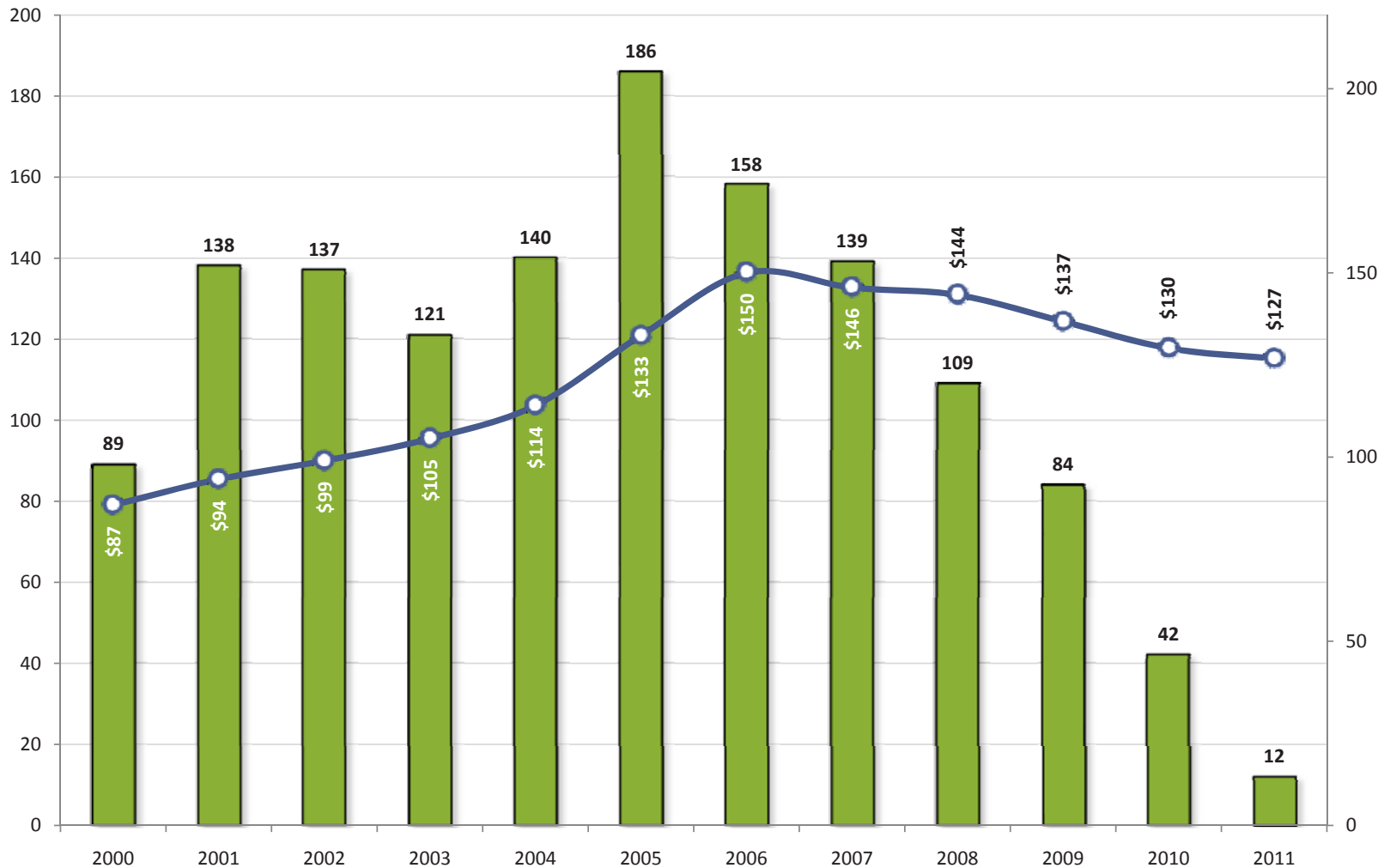


268 Active Land Listing; Median List Price: \$24,046 / Acre

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.

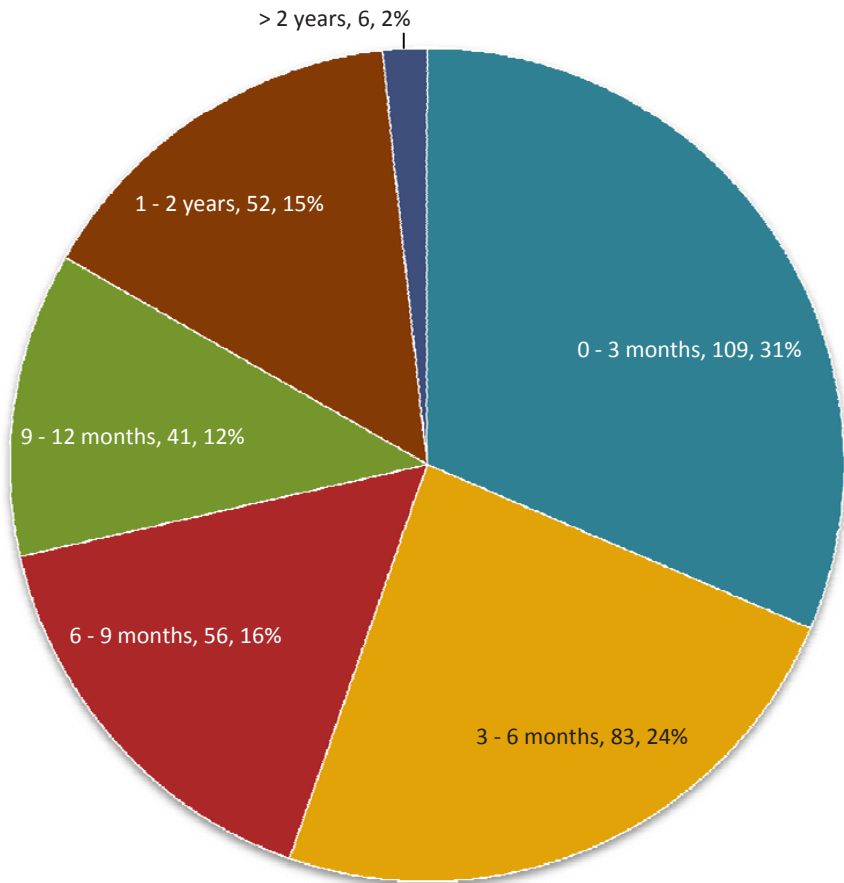
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



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

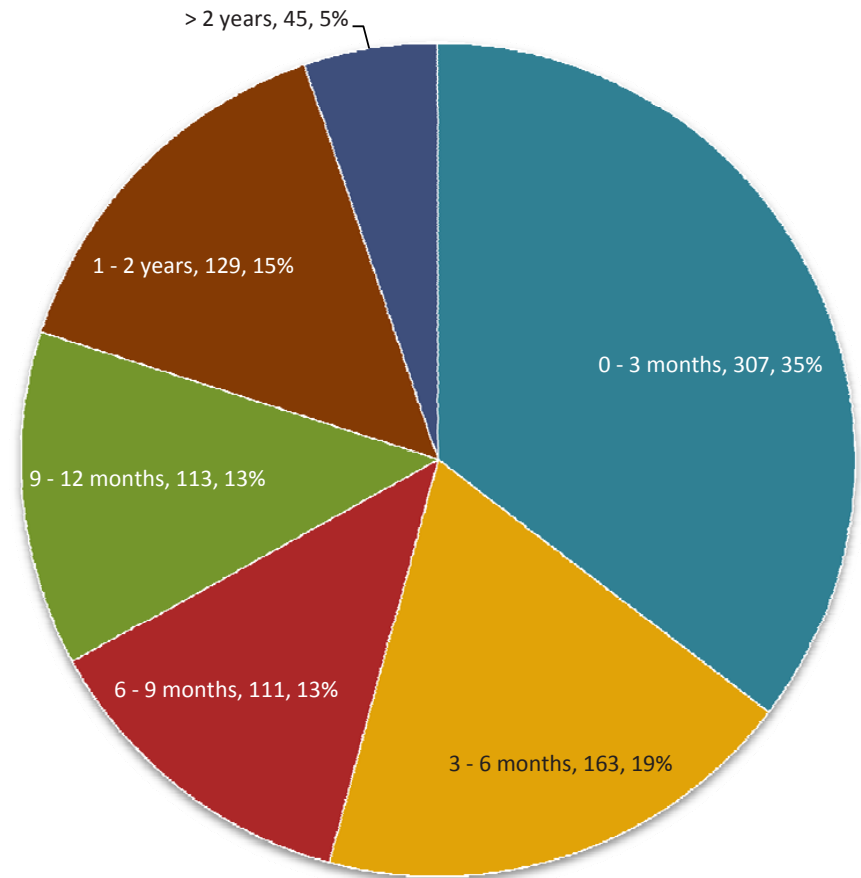
that remains is when the market for new construction will return, even in any small measure --- many people predict that it will take a further reduction of housing inventory. We have seen a significant overall decline in inventory over the past eight months -- so perhaps new construction will start to increase in late 2011 or 2012.

Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Dec '10 - May '11



Average Days On Market: 211

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

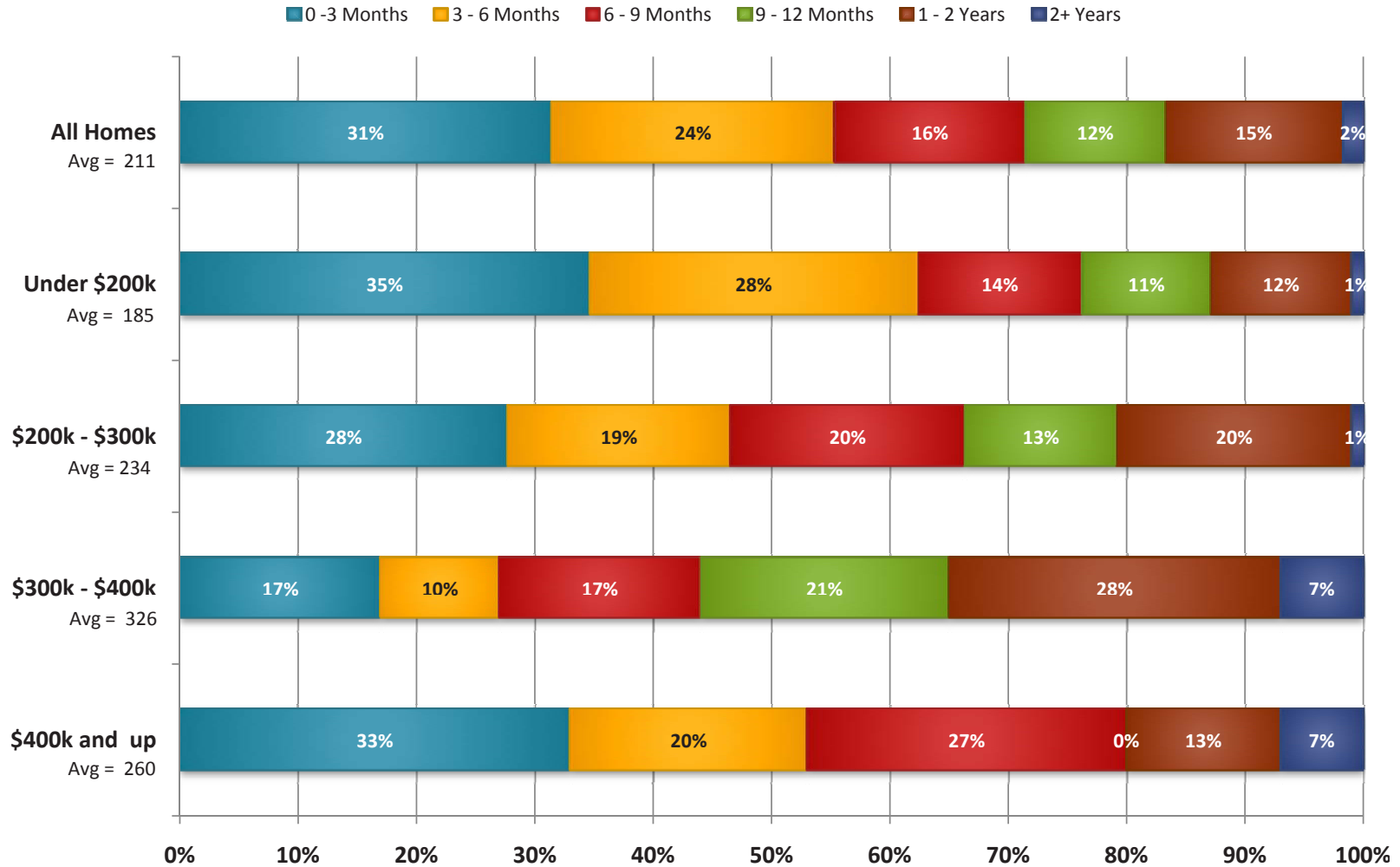


Average Days On Market: 233

Despite record inventory levels, and very few buyers being in the market, homes that are actually selling are selling rather quickly. In fact, more than 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 55% 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
 Dec '10 - May '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.

For more information, or with questions, contact:

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