



# Harrisonburg & Rockingham County Real Estate Market Report

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HarrisonburgHousing*today*.com

December 8, 2011



*An analysis of real estate activity through November 30, 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: November

57 homes sold in November 2011, showing an 2% decline from November 2010 when 58 homes sold -- and a 32% decline from November 2009 when 84 homes sold.

### Home Values: November

Median sales prices decreased 7% and average sales prices decreased 8% when comparing November 2011 to November 2010.

### Days on Market: November

Homes sold in an average of 198 days in November 2011, a 5% decline from 208 days in November 2010 though a 6% increase from the 187 day average in November 2009.

### Foreclosures

203 trustee deeds have been recorded thus far in 2011 compared to 710 home sales reported through the HRAR MLS. At this pace, foreclosures will likely decrease in 2011.

### Inventory

Inventory levels decreased significantly in November 2011 to 748 residential properties for sale, down from 810 one month ago, and down from 846 one year ago, in November 2010.

### Pace of Home Sales: Year to Date

710 homes have sold thus far in 2011. This marks a 2% increase from the 2010 year to date when 694 homes had sold, and only a 5% decrease as compared to 2009 year to date.

### Home Values: Year to Date

Median sales prices decreased 4% and average sales prices decreased 6% 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 (208 days) increased 7% since 2010 year to date when the average was 195 days on the market.

### Supply

All price ranges still show an excess of housing supply, with 10 months under \$200k, 11 months between \$200k and \$300k, 16 months between 300k and \$400k, and 24 months above \$400k.

### Price Per Square Foot

Median price per square foot of single family homes increased to \$106/sf thus far in the 4th quarter of 2011, as compared to \$103/sf in the 3rd quarter of 2011.

### Buyer Activity

76 buyers committed to buy in November 2011, compared to 60 in November 2010, and 55 in October 2009. Year-to-date contracts (899) have increased 15% over last year.

### Single Family Home Sales

555 single family homes sold thus far in 2011, compared to a 2010 total of 555 homes. The median sales price has decreased to \$188,000.

### Townhome Sales

155 townhomes sold thus far in 2011, compared to a 2010 total of 203 townhomes. The median townhome sales price has decreased to \$143,360 thus far in 2011.

### Lot Sales

58 lots of less than an acre sold thus far in 2011, compared to a 2010 total of 63 lots. Median lot sales prices have fallen only slightly to \$52,750 over the past year.

### Land Sales

47 parcels of land greater than an acre sold thus far 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 &amp; Rockingham County

December 8, 2011

# Home Sales	2008	2009	2010	2011	% Change ('10 - '11)
November	42	84	58	57	-1.72%
Year-To-Date	866	749	694	710	2.31%

Median Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
November	\$189,750	\$177,000	\$187,250	\$175,000	-6.54%
Year-To-Date	\$197,000	\$187,900	\$181,750	\$175,000	-3.71%

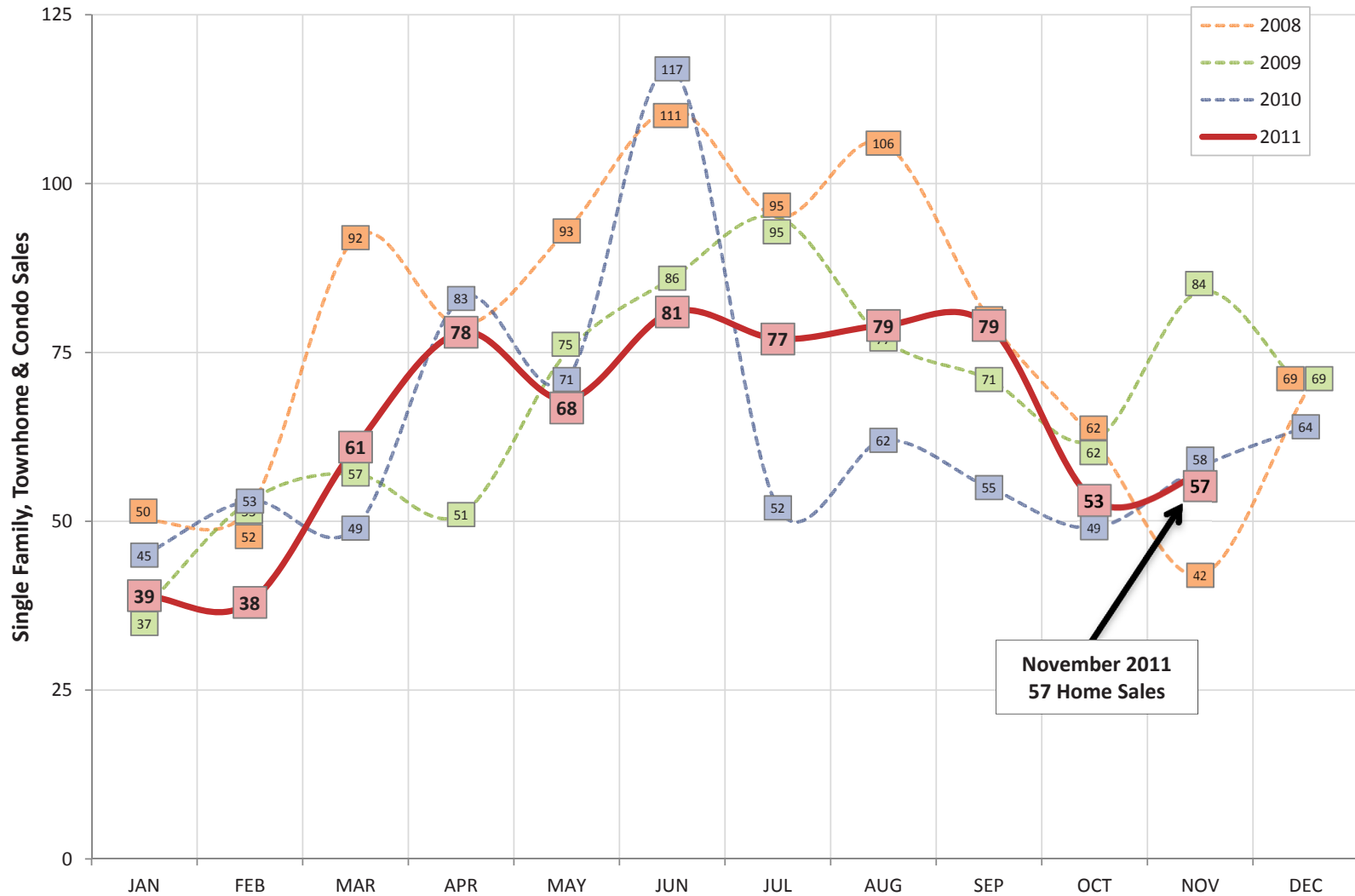
Average Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
November	\$216,388	\$204,866	\$217,626	\$198,377	-8.84%
Year-To-Date	\$223,518	\$216,612	\$209,831	\$196,730	-6.24%

Average Days on Market	2008	2009	2010	2011	% Change ('10 - '11)
November	176	187	208	198	-4.81%
Year-To-Date	166	188	195	208	6.67%

While there was a slight decline in November home sales (down to 57 in Nov 2011 compared to 58 in Nov 2010) the year-to-date pace of home sales is still on the rise, showing a 2.3% increase over the past year. Home values, however, are still slowly declining -- with a 3.7% decrease over the past

three years there has been a 3% to 5% decline in median sales price which is quite a modest adjustment compared to many other parts of the country. Year to date average days on market (208 days) is still the highest that we have seen in the past several years, though November 2011's average (198) is lower than last year (208).

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

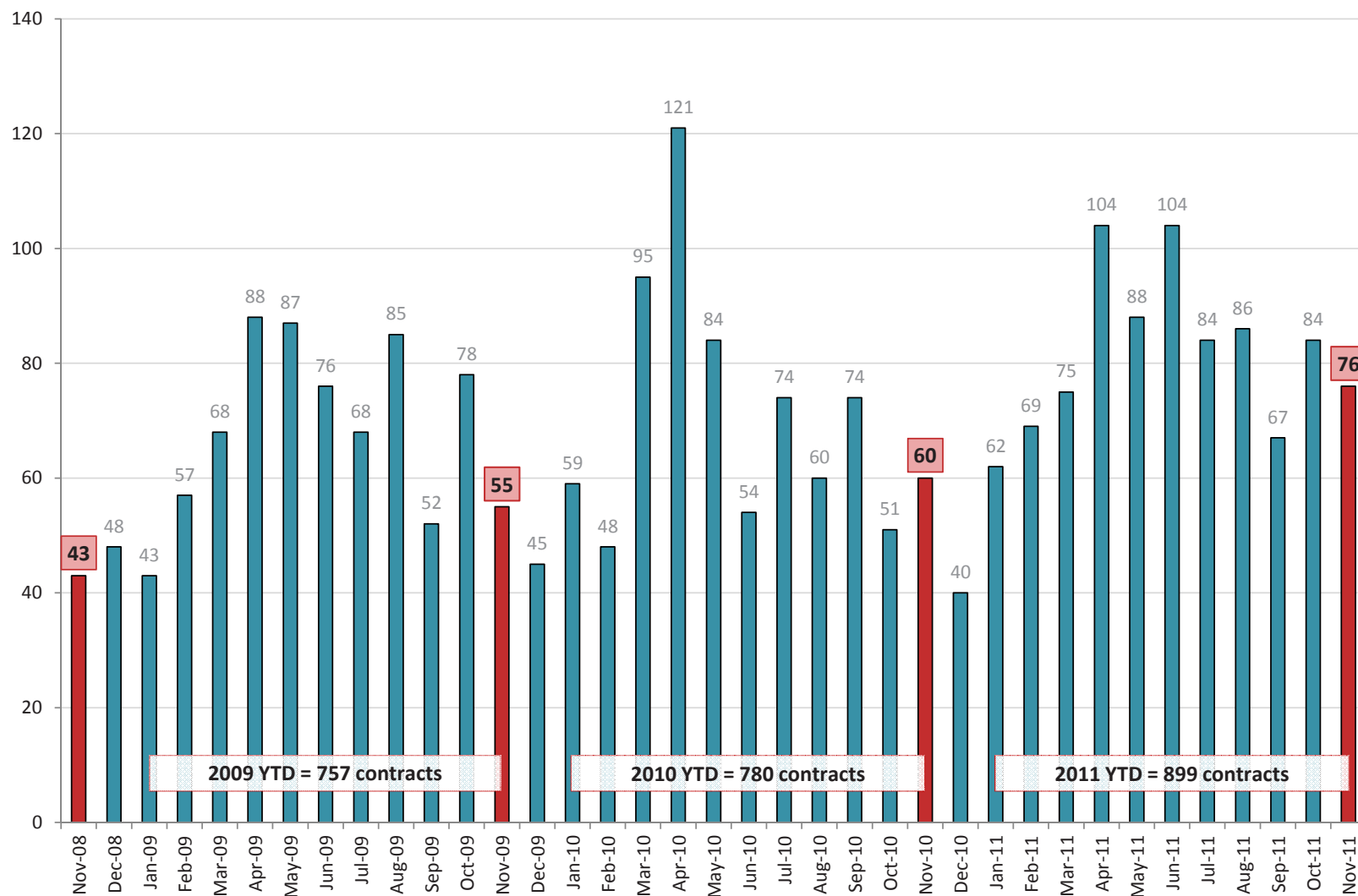


**November 2011  
57 Home Sales**

Despite Thanksgiving falling in November, and October having more days than November, we consistently see an increase in home sales each November -- and that trend continued in 2011. There were 57 home sales in Harrisonburg and Rockingham County during November 2011, up from 53 the prior month (Oct '11)

and down only slightly from 58 last year (Nov '11). Last December marked a strong month of home sales (64), and hopefully we will see another strong finish to this year to keep our market on track for an overall improvement in the annual pace of home sales.

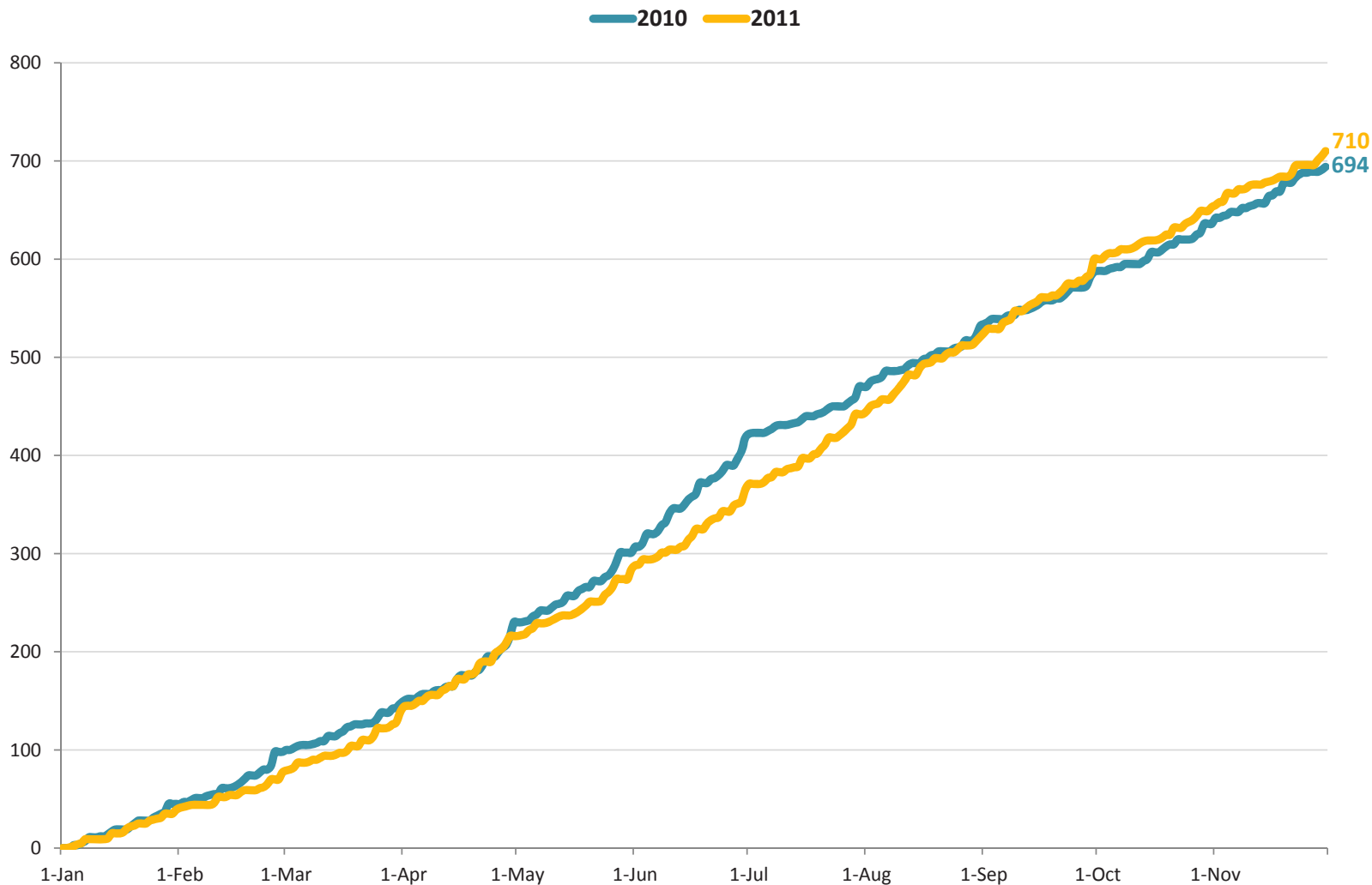
### Harrisonburg & Rockingham County Buyers Per Month Committing to Buy Properties



It certainly must have been a depressing time to be selling a home three Novembers ago when only 43 home buyers committed to buy homes. This November, however, showed a strong surge of buyers (76) -- and marked a 26% increase over last November. Year to date contracts (899) are also significantly higher than during the

same period in 2010 (780). This strong push of contracts in October and November of this year should be an indication that we will see a strong month of sales in December, and quite possibly some will spill over into January 2012 before closing. Healthy contract numbers are a leading indicator of returning health in the market.

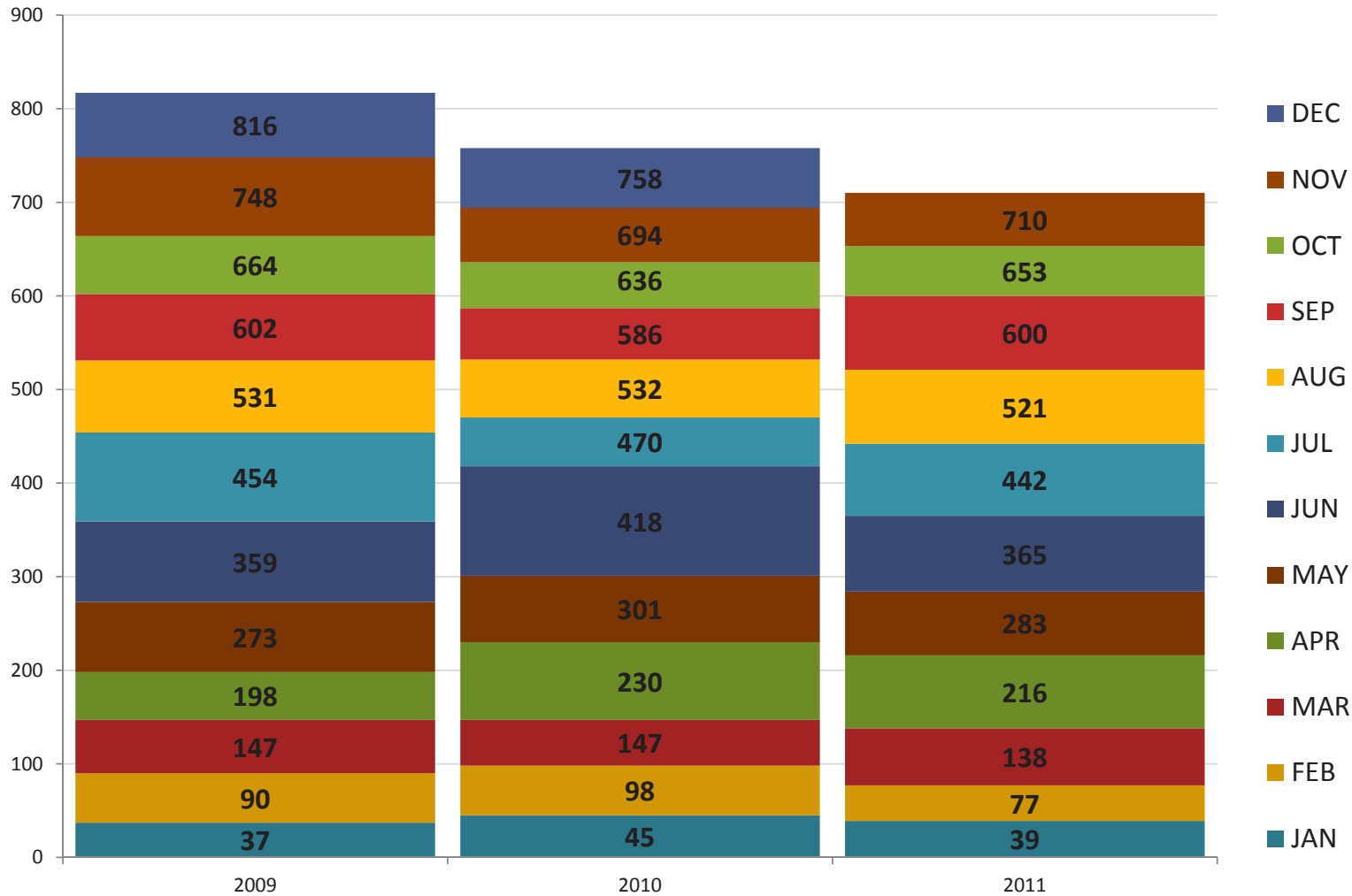
### Harrisonburg & Rockingham County Daily Cumulative Residential Sales



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 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, now with a 2.3% edge over 2010. Slower sales in the fourth quarter of 2010 should extend the lead for 2011 as we proceed.

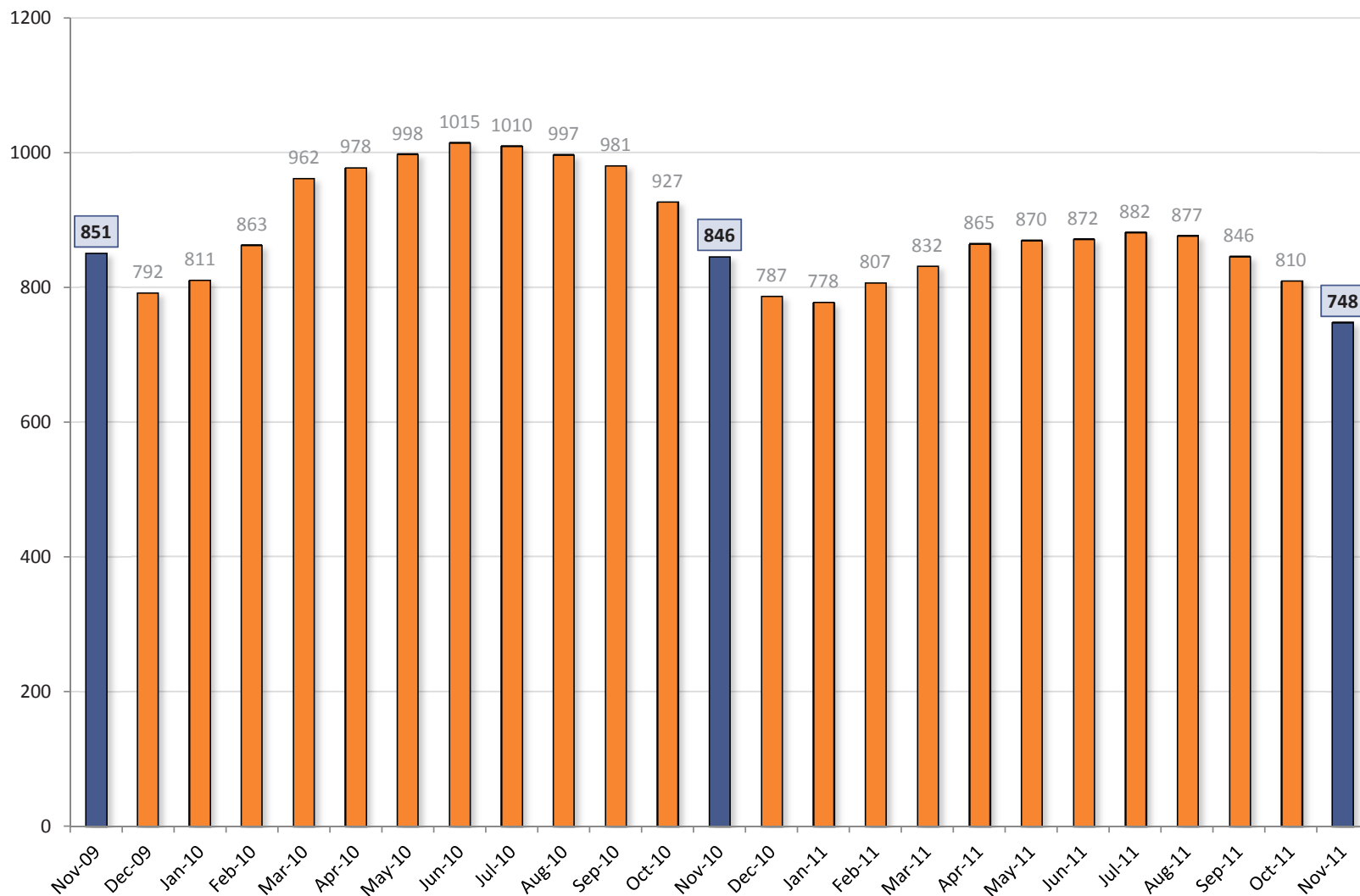
### Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. You'll note that the 710 home sales in the first eleven months of 2011 exceeded the first eleven months of 2010 (758 home sales). Even with modest December sales this year we should see an overall

improvement in the annual number of home sales in 2011 -- a phenomenon that has not happened in several years.

Harrisonburg & Rockingham County  
**Inventory Levels**

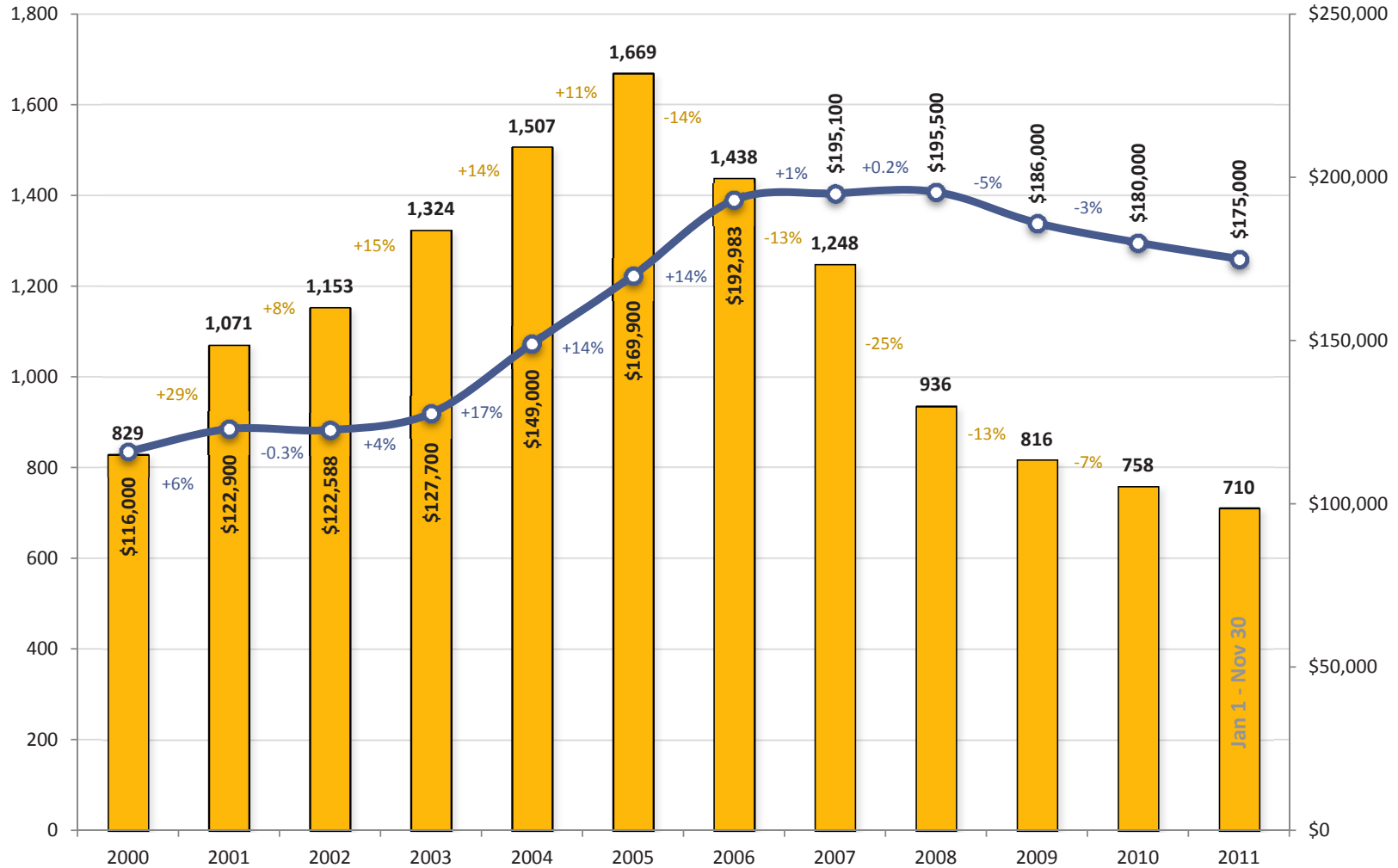


Inventory levels continue to significantly decline in Harrisonburg and Rockingham County when viewed in a one-year and two-year time horizon. There are 12% fewer homes on the market today than there were one year ago. Perhaps some of those sellers one year ago were hoping for a buyer taking advantage of the federal home

buyer tax credit, but despite 2010's potentially inflated inventory levels, today's inventory of 748 homes for sale is also 12% lower than two years ago in November 2009. We should continue to see declines in inventory through December or January before inventory starts to climb again in the Spring.



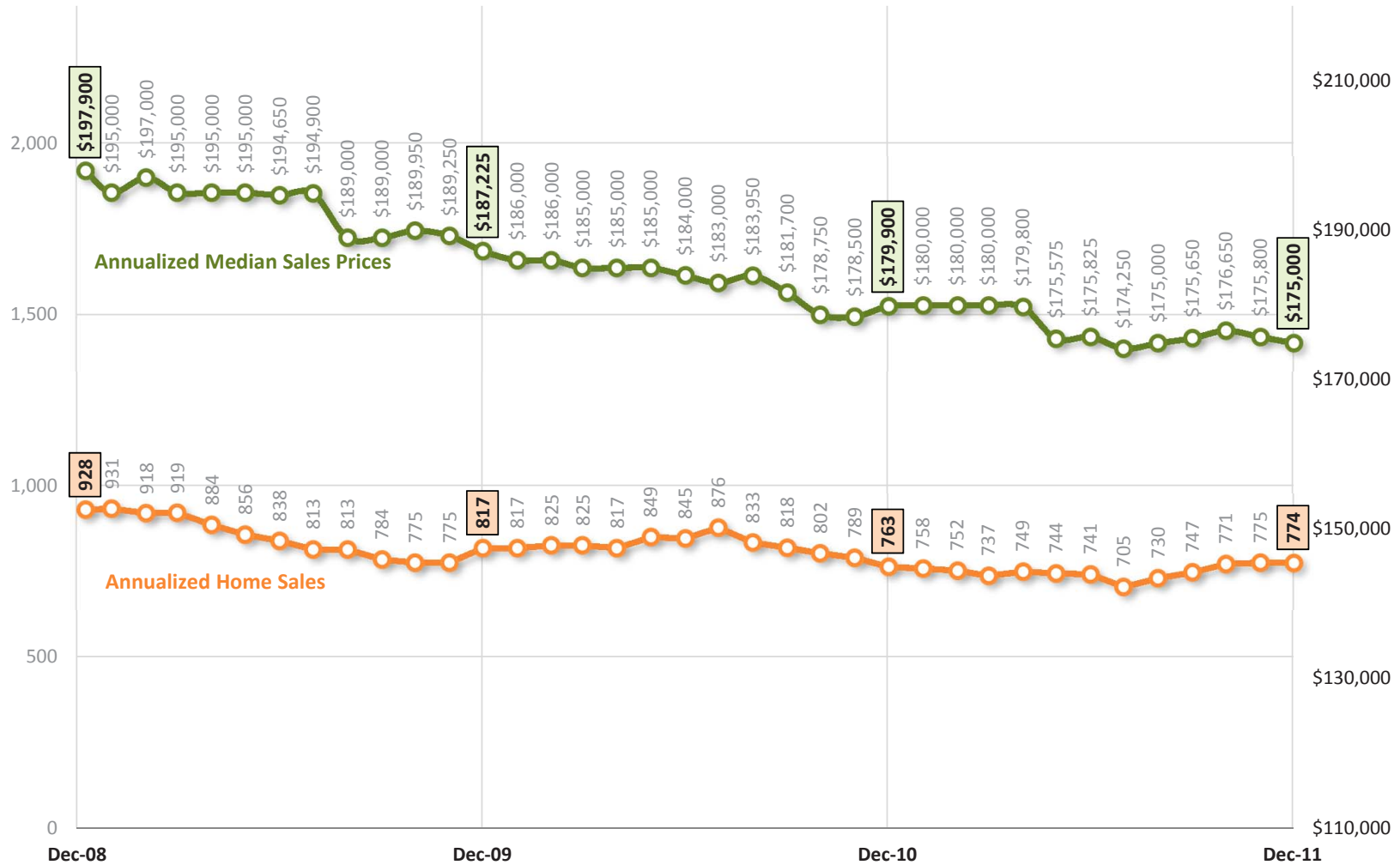
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



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. We should start to see a stabilization of the pace of home sales (at least 758 sales this year) which means we

should then (perhaps in 2012 or 2013) see a stabilization of home values as defined by median sales prices. Thus far, the decline in median sales price this year (-2.7%) is a smaller decrease than we experienced for the past two years (-3%, -5%).

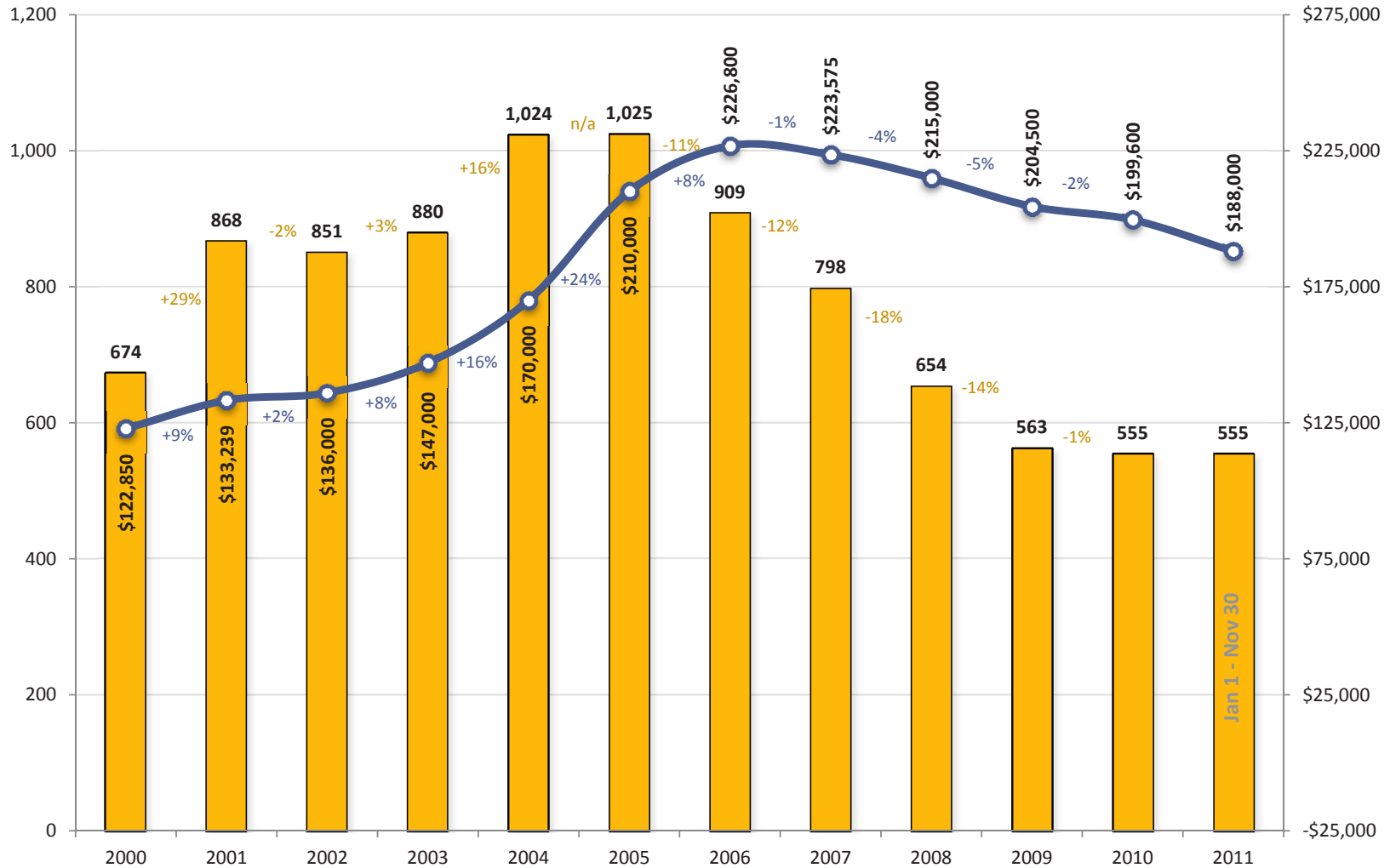
### Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



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 17% decline in annualized home sales and a 12% 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 months aside from a slight decline (by 1 home sale) over the past month.

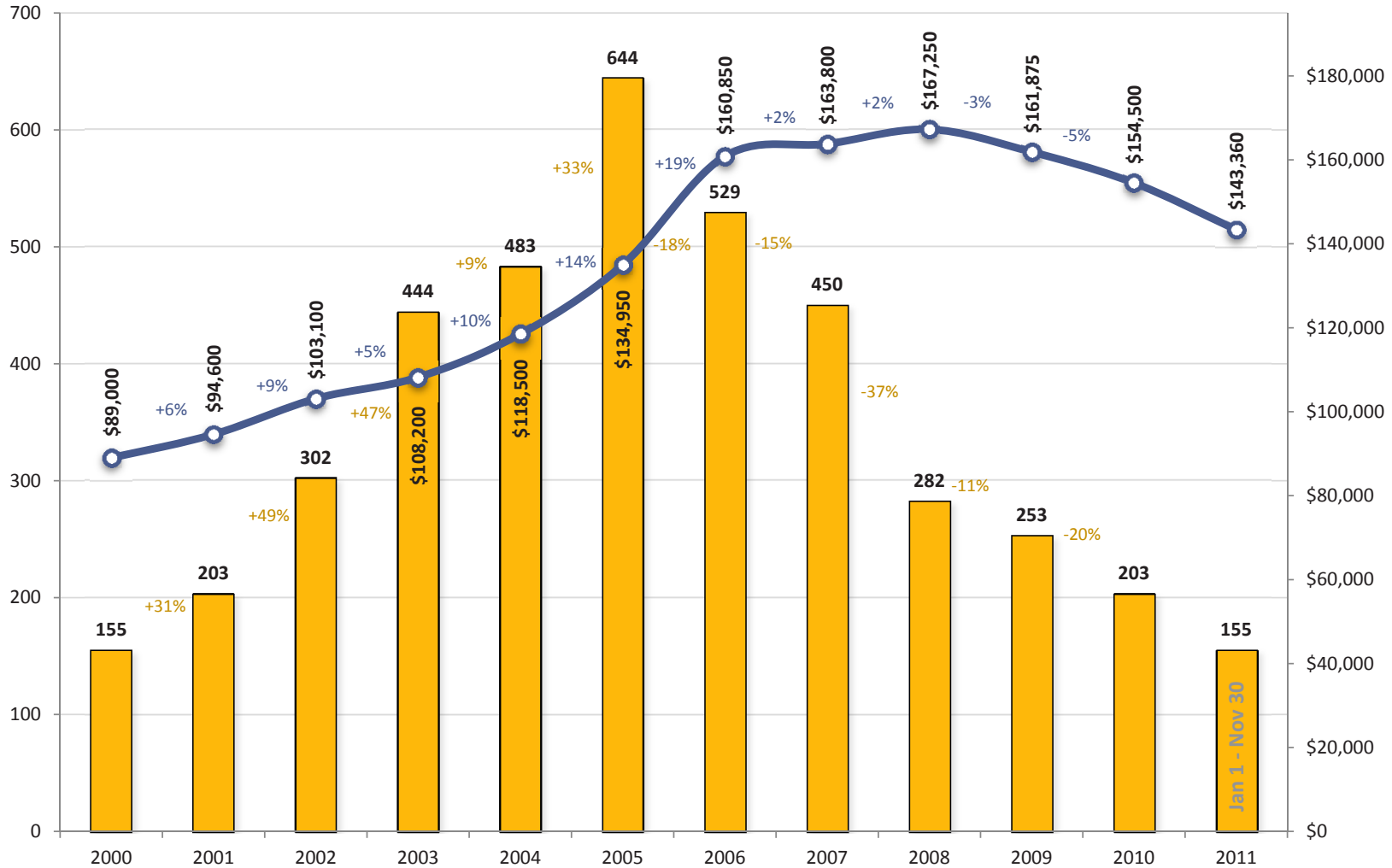
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



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, with 555 home sales already

taking place in the first eleven months of the year, we are certain to see an increase in the pace of single family homes. Despite this stability in the pace of single family home sales, we are continuing to see a decline in median sales price (-6%) thus far in 2011.

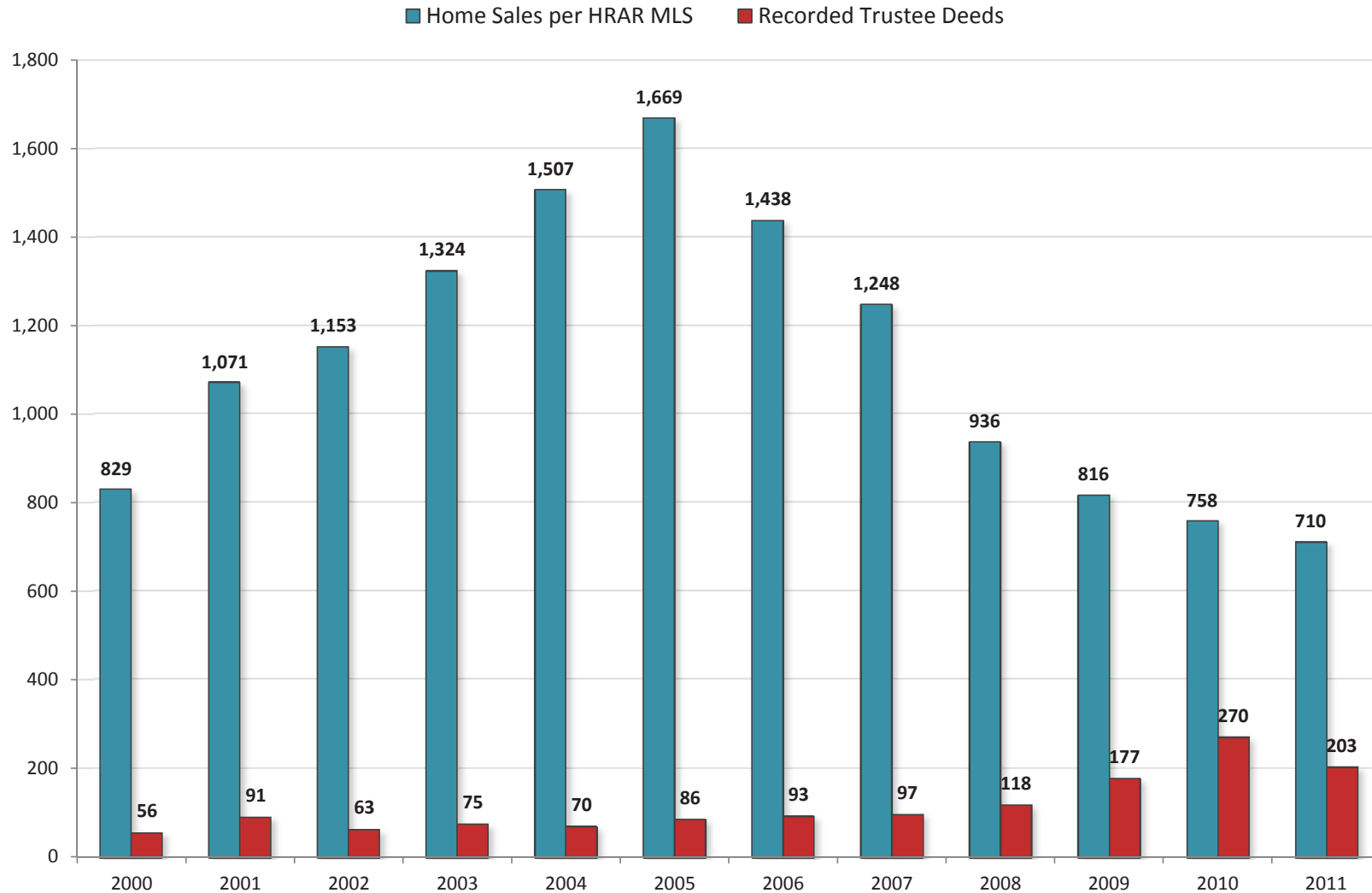
### Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



If the single family home market is stabilizing, it may be at the expense of the townhouse market. There will likely be further decline in the number of townhomes sold in Harrisonburg and Rockingham County during 2011, and the median sales price is continuing to fall rather quickly (-7%). At this point, the median sales price

of townhomes is down to only \$143,360 which is a retreat to median sales prices in 2005. The big difference, however, is that in 2005 there were 644 townhome sales, as compared to a probable 165 townhome sales in 2011. 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

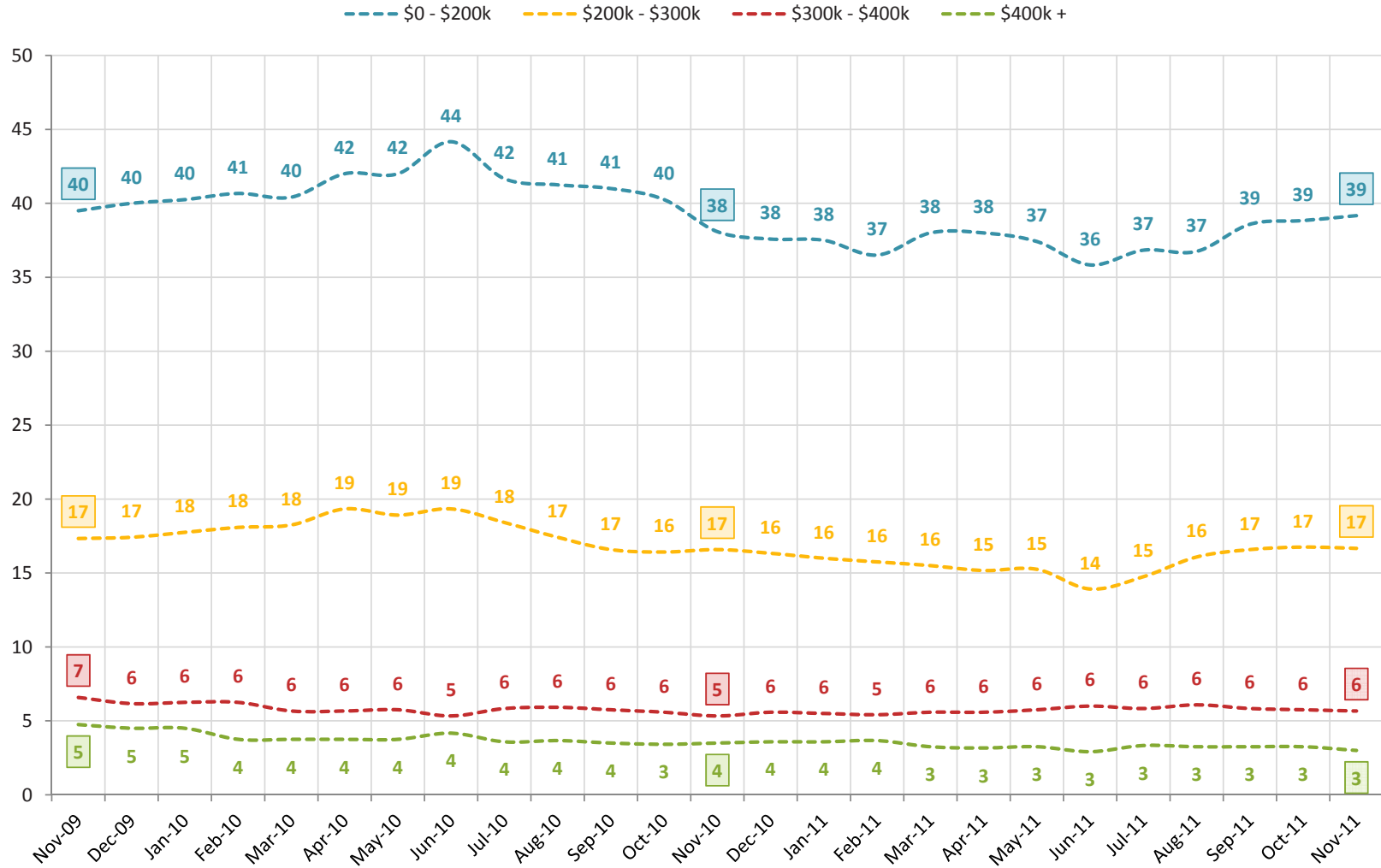


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor any new home sales directly from a builder. The red bars show the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

recorded during each of the past 10+ years. Some of these foreclosed properties (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 (3.5 home sales per trustee deed) is a much healthier ratio than last year (2.8 home sales per trustee deed).

### Harrisonburg & Rockingham County Home Sales by Price Range

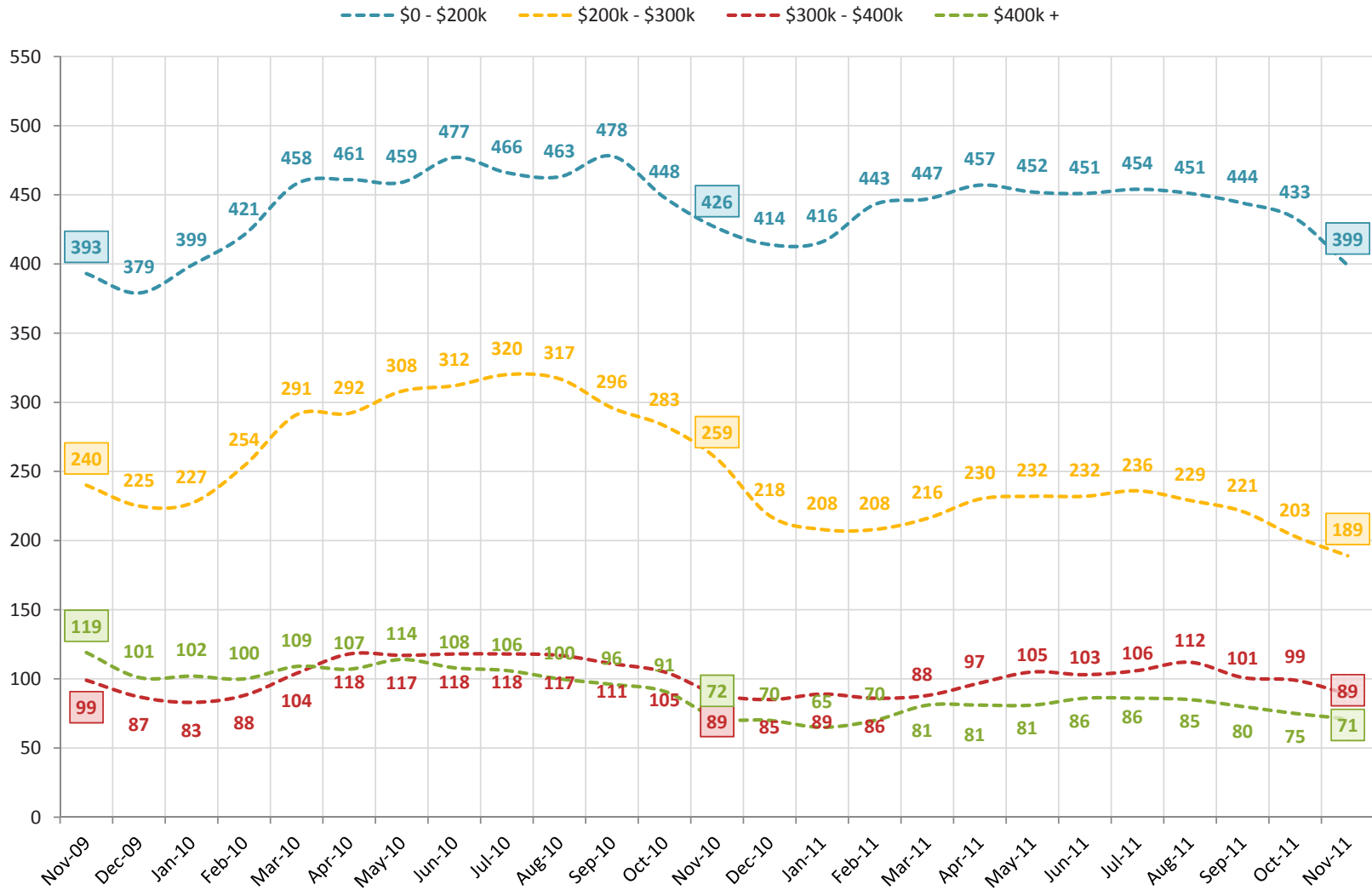
(Average of Past 12 Months)



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.

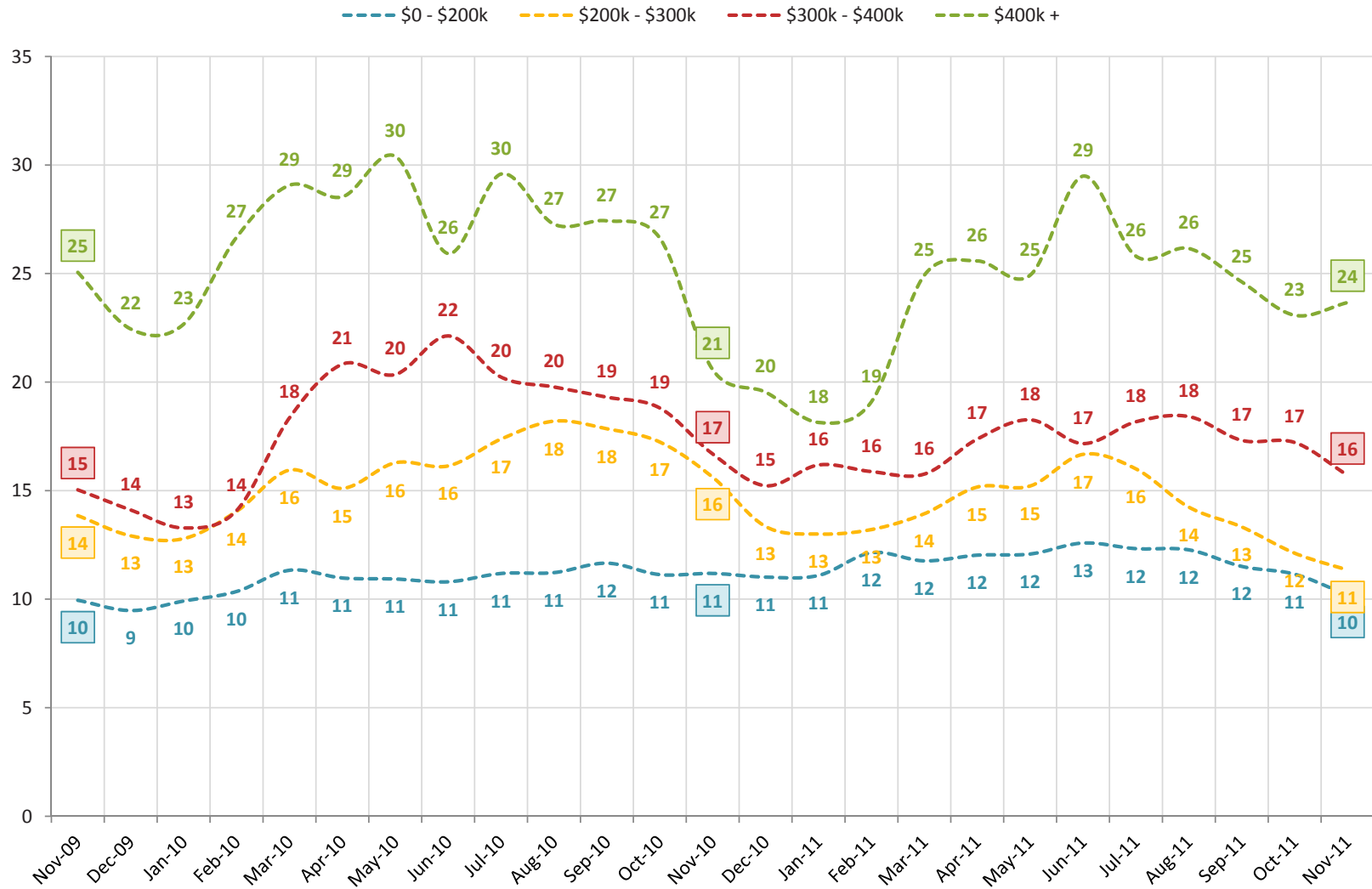
### Harrisonburg & Rockingham County Inventory Levels by Price Range



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 40% decline in inventory from 119 homes for sale in November 2009 to only 71 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 high inventory levels of properties under \$200,000.

### Harrisonburg & Rockingham County Months of Housing Supply by Price Range

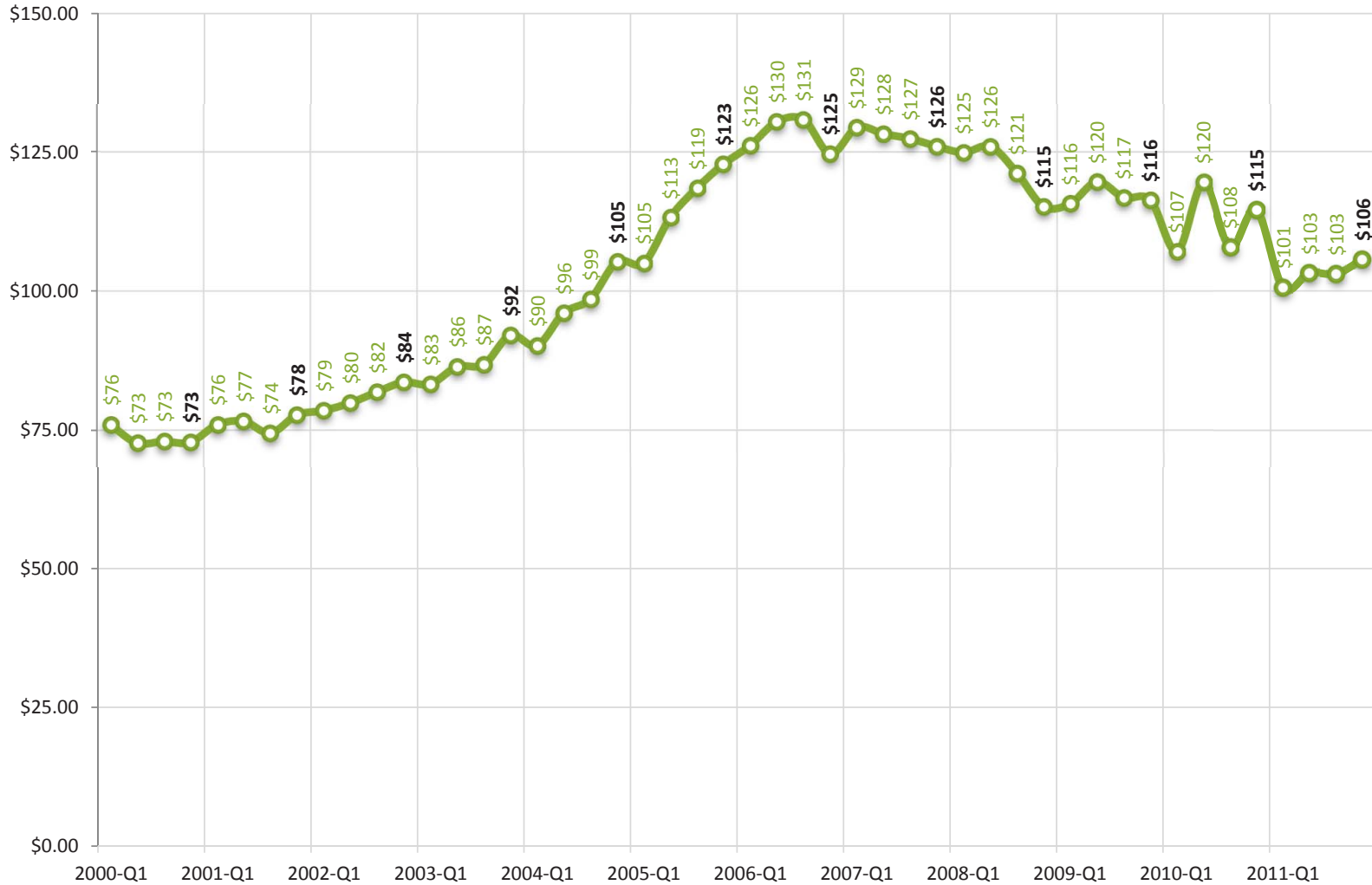


With so many homes on the market (lots of sellers) and so few home sales (not so many buyers), there are very high levels of supply in our local real estate market. The graph above illustrates that it would take 10 months to sell all of the homes currently for sale under \$200k if the same number of buyers bought each month

as have been buying (on average) over the past 12 months. This supply metric gets even more extreme prices increase. Of note, the supply of higher end homes (\$400K+) has started to normalize again -- coming down to 24 months of homes for sale after having hit a peak of 29 months of supply in June 2011.



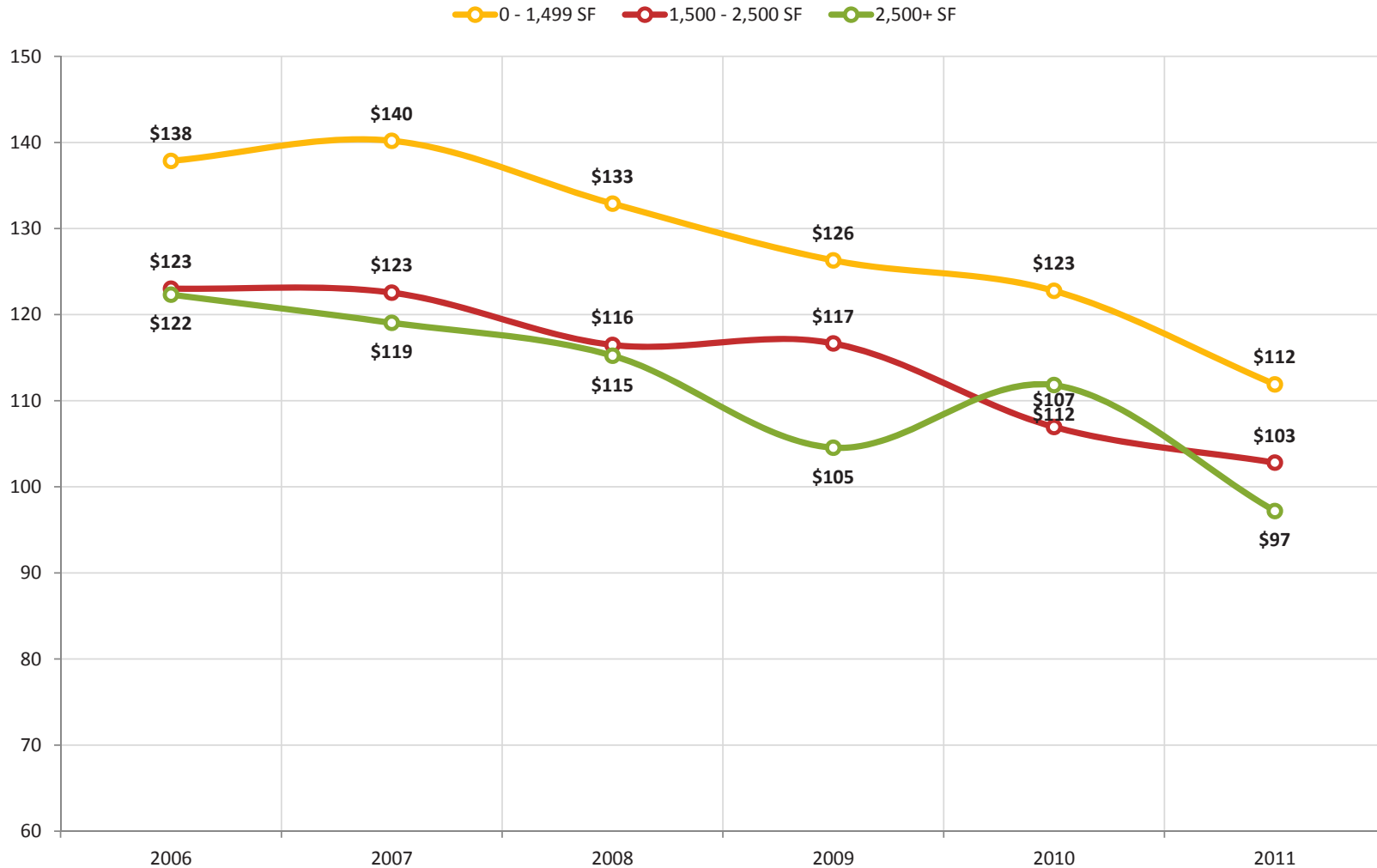
Harrisonburg & Rockingham County  
**Median Price Per Square Foot Trends**  
 Single Family Homes



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 steadily rising through 2011 -- a trajectory we have not seen in quite some time.

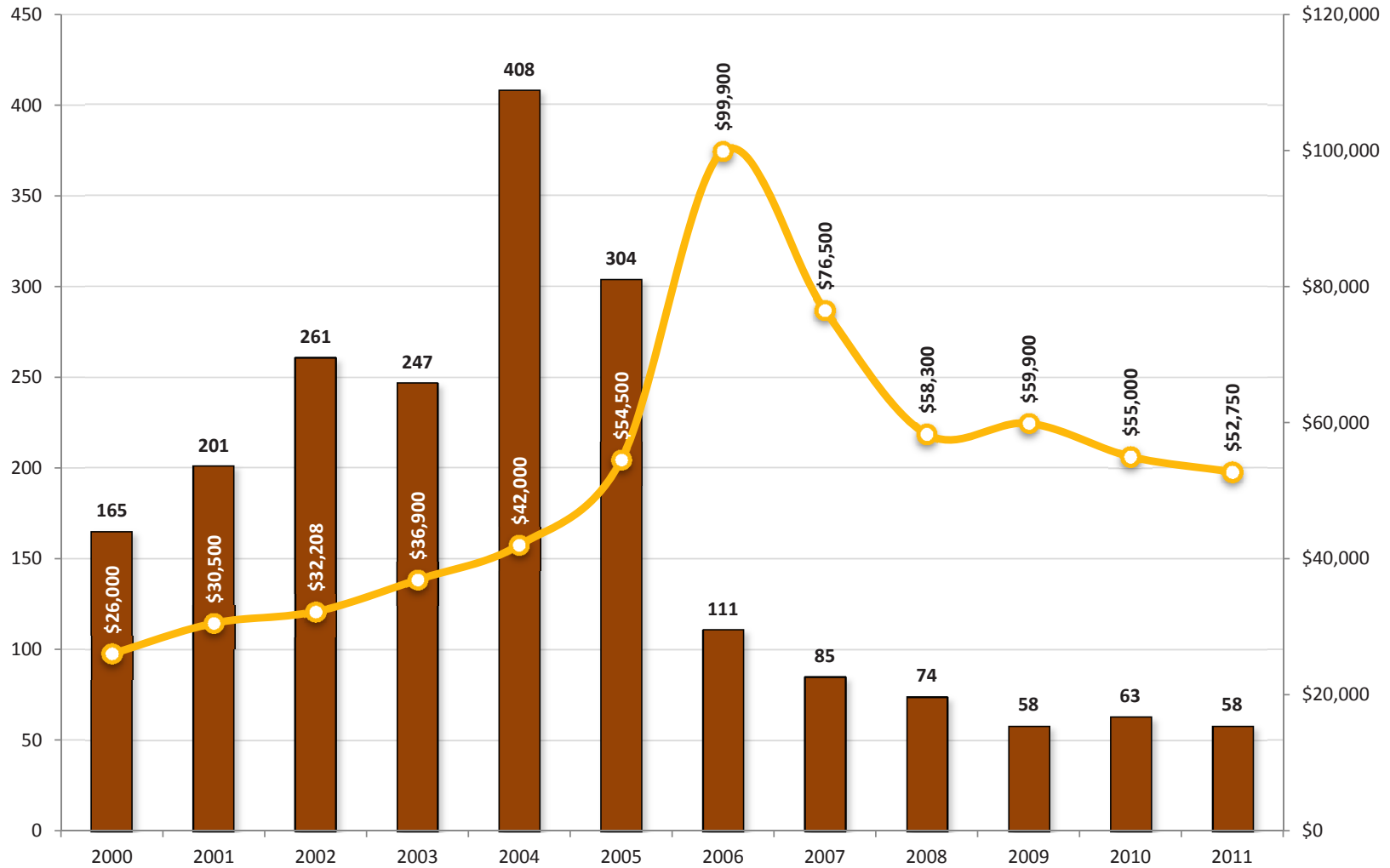
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



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 (\$97/SF) than homes that offer less than 1500 SF (\$112/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.

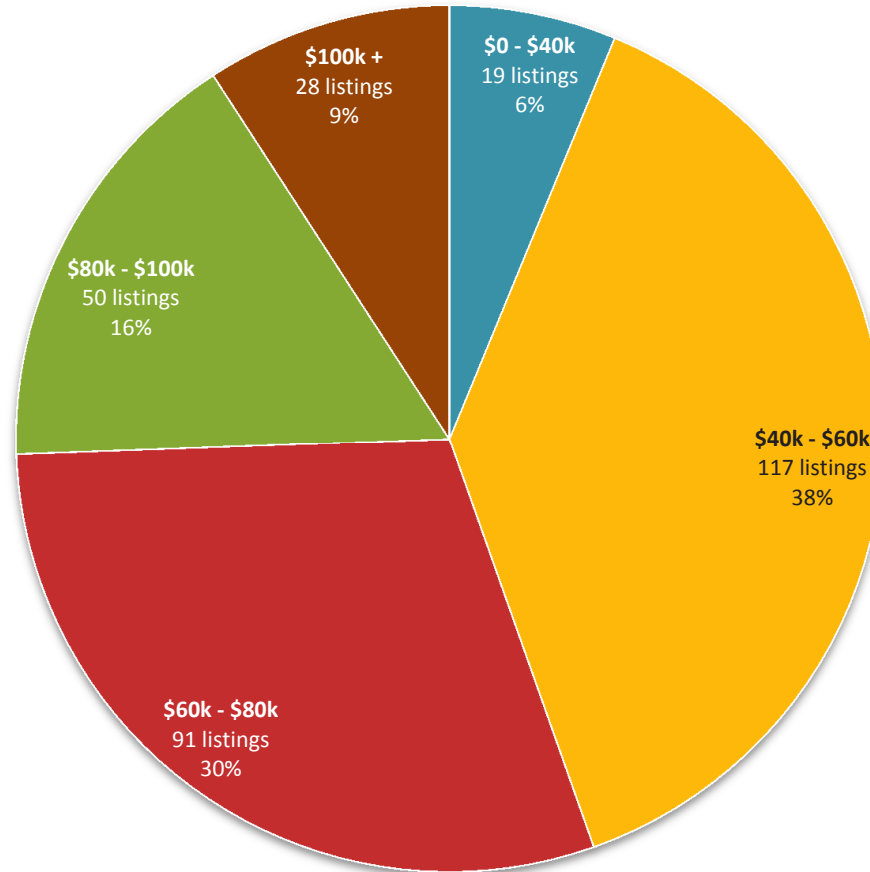
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



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 --- 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 58 lot sales under an acre in size. At this pace, we could still see an increase in lot sales when comparing 2011 to 2010. The median sales price of these lots under one acre is still declining -- but only slightly, to a current value of 52,750.

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

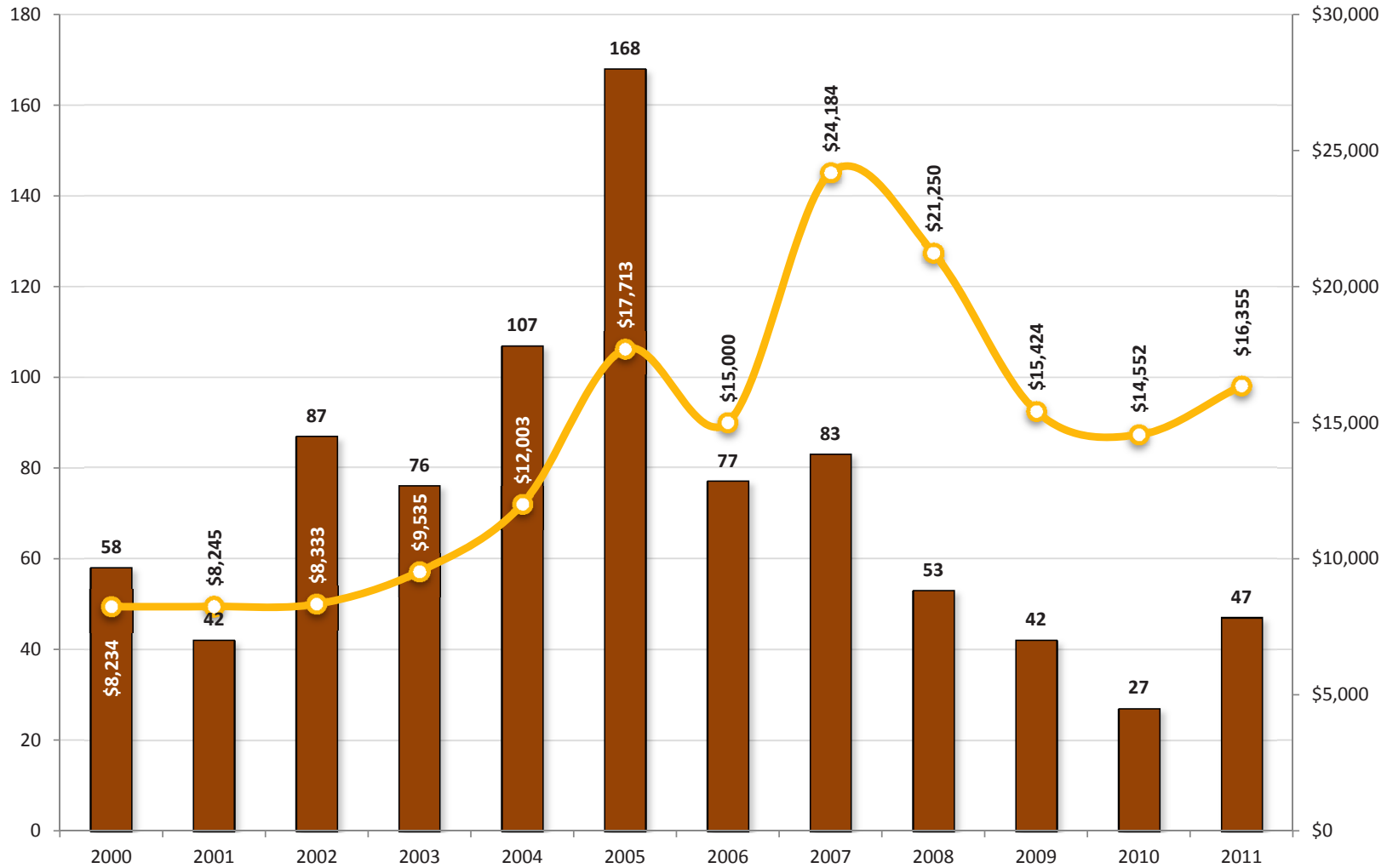


**305 Active Lot Listings; Median List Price: \$67,900**

Despite the fact that only 63 lots (of less than an acre) sold in all of 2010, there are an amazing 305 lots currently for sale. Furthermore, despite the fact that the median sales price of lots is hovering around \$53,000, the median list price of the 305 lots for sale is currently \$67,900. Given last year's 63 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, 56% 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 \$52,750.

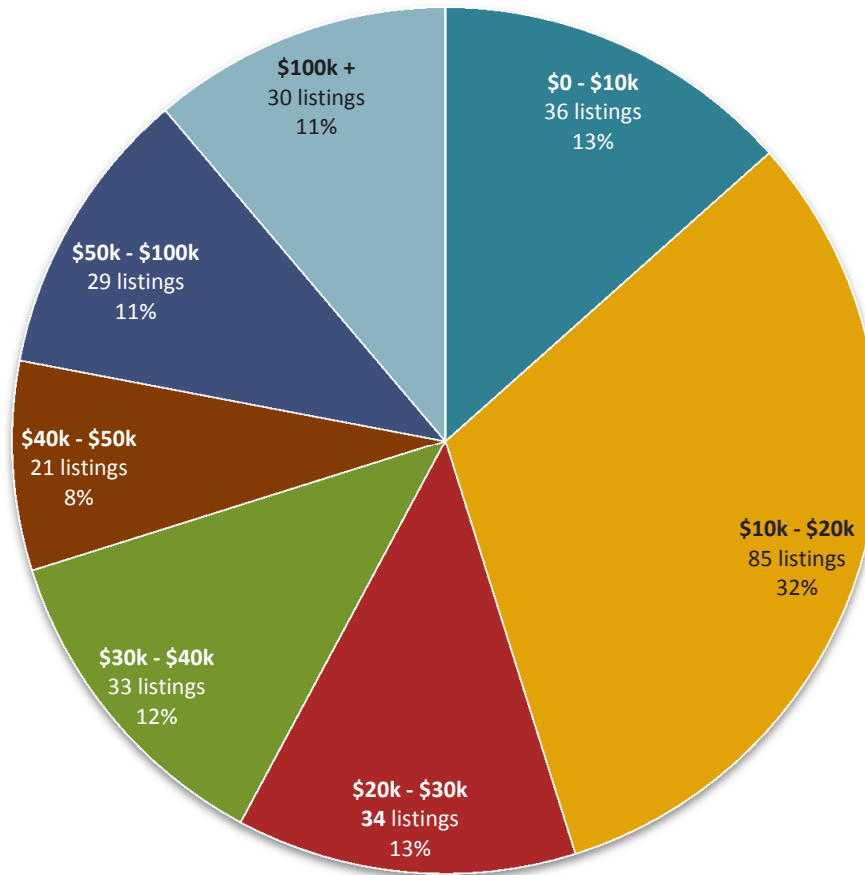
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County are selling quite quickly this year as compared to both last year and 2009. During all of 2010, only 27 such land sales were recorded in the HRAR MLS, but we have already seen 47 sales during the first eleven months of 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 last year, and thus far in 2011 they have been selling at a median of \$16,355 per acre. This also brings the median price per acre above 2009 levels.

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

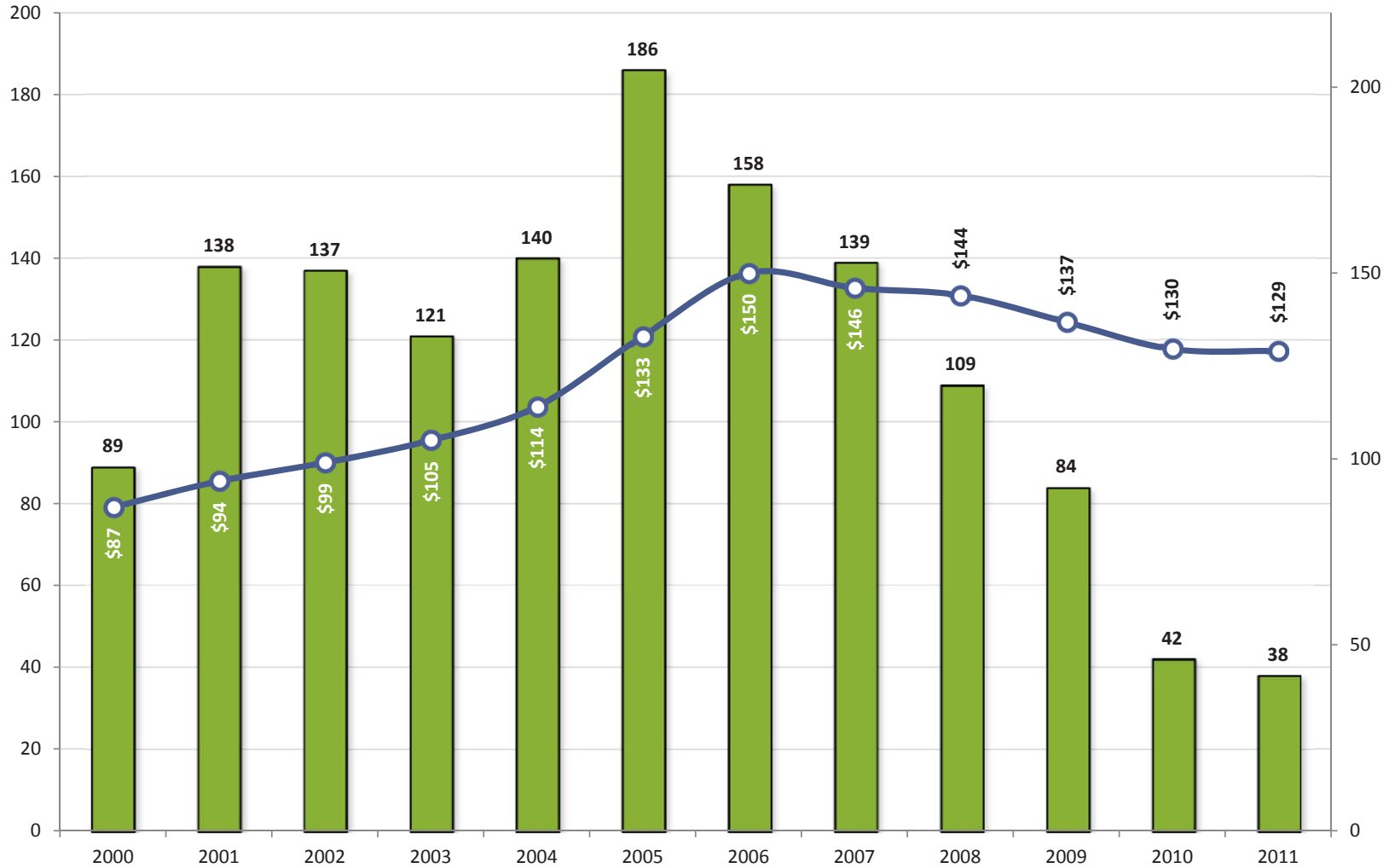


**268 Active Land Listing; Median List Price: \$23,546 / Acre**

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 \$16,000 per acre, the median list price of the 268 parcels for sale is currently \$23,546 per acre. Given last

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

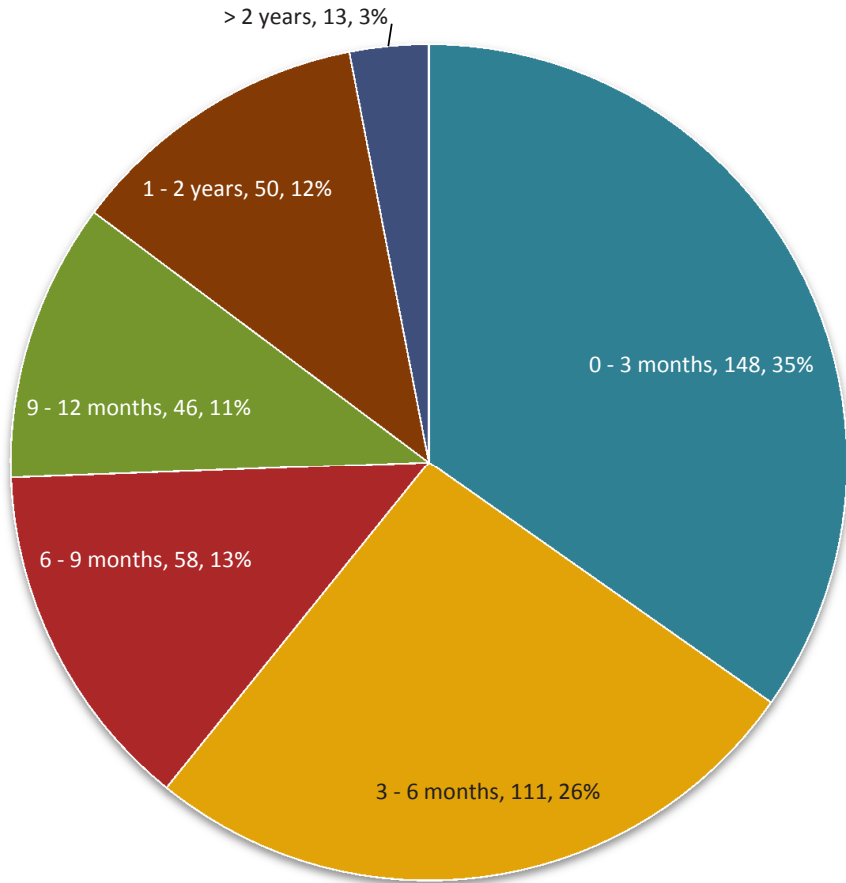
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



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 -- though new home sales in 2011 may (just barely) match last year's new

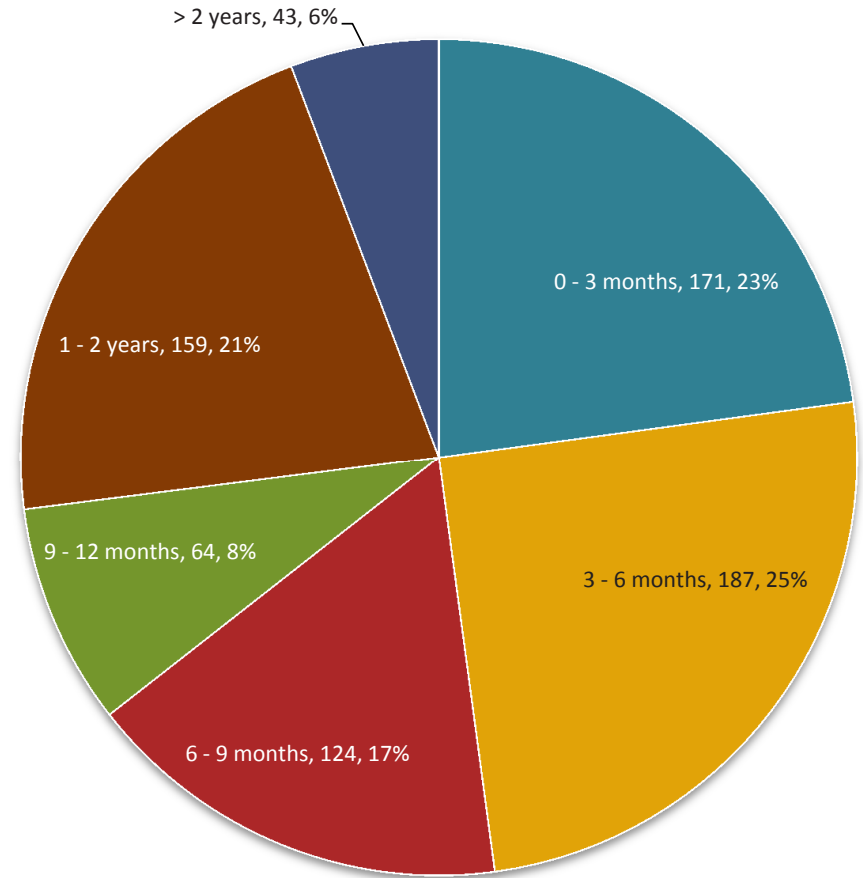
home sales. It is interesting to note that not only has the pace of new home sales started to stabilize, the median price per square foot is also showing some signs of steadying, with only a very small decline between 2010 and 2011.

### Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Jun '11 - Nov '11



**Average Days On Market: 201**

### Harrisonburg & Rockingham County Days on Market Analysis Active Listings



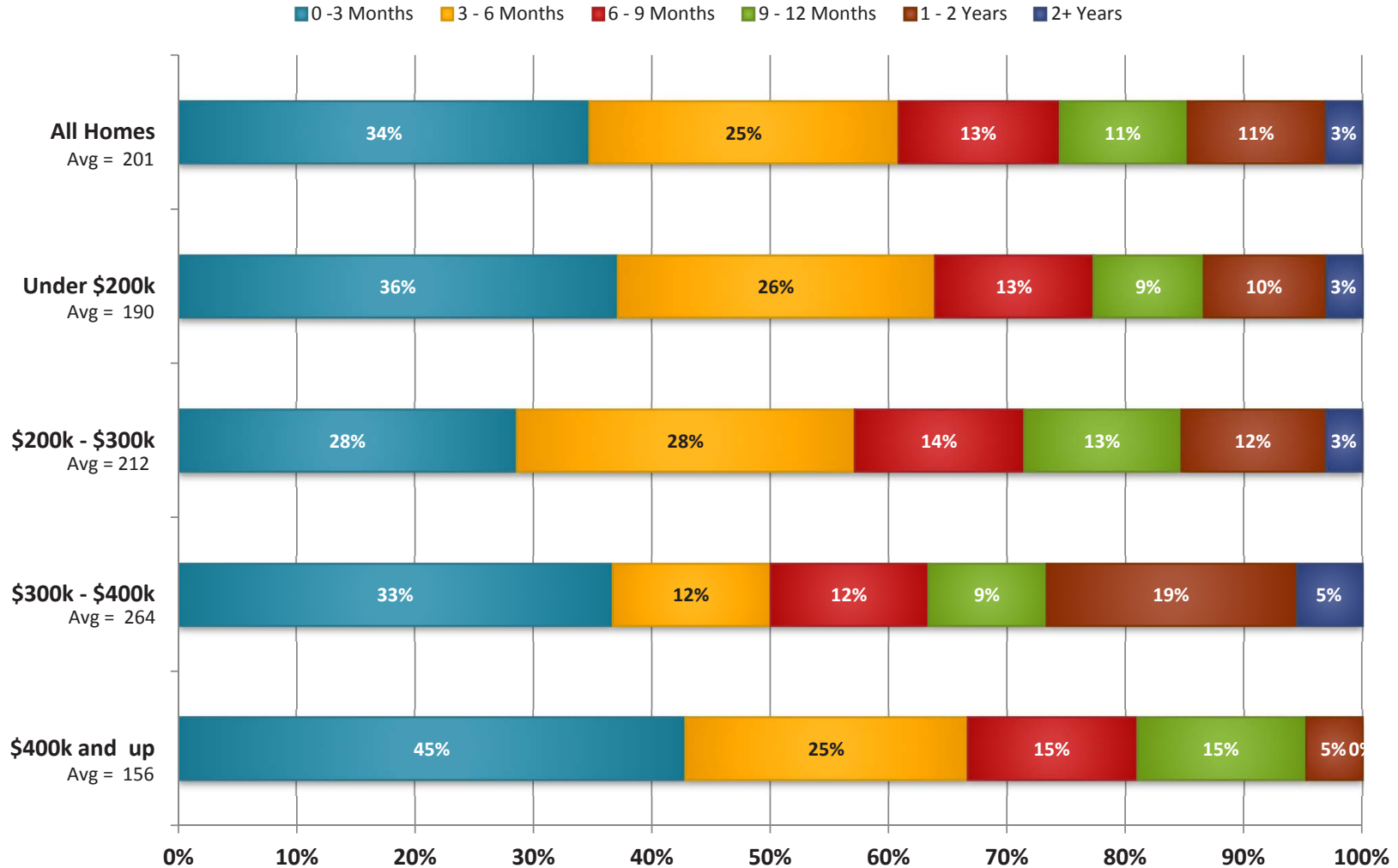
**Average Days On Market: 280**

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 (35%) 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 61% 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**  
 Jun '11 - Nov '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 45% of homes that sold over \$400,000 sold in the first 90 days of being on the market, while only 28% 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

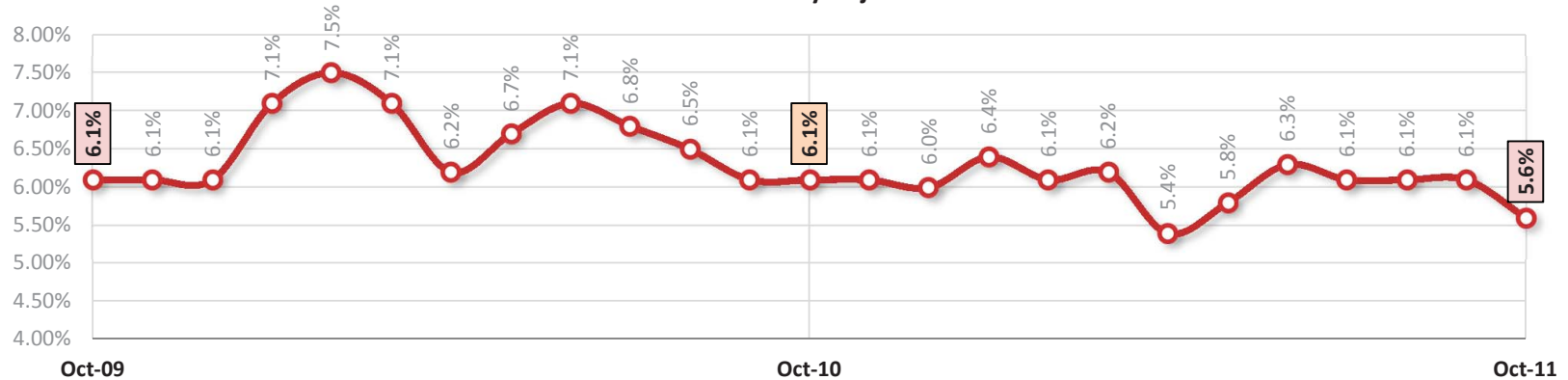
Source: Freddie Mac



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 3.98%) one of the lowest interest rate seen in 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 in October 2011 to 5.6%. This marks the second lowest monthly unemployment rate over the past two years in 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](http://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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## 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>