



MAY 2012

Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through March 31, 2012
provided courtesy of Scott P. Rogers, Coldwell Banker Funkhouser Realtors*



4 bedroom, 3 bathroom, 2,100 SF Paired Home for \$269,900 TheGlenAtCrossKeys.com

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

71 homes sold in April 2012, showing an 8.97% decline from April 2011 when 78 homes sold -- and a 14% decline from April 2010 when 83 homes sold.

Home Values: April

Median sales prices increased 13% and average sales prices increased 1% when comparing April 2012 to April 2011.

Days on Market: April

Homes sold in an average of 182 days in April 2012, an 18% decline from 223 days in April 2011 and virtually no change from the 181 day average in April 2009.

Foreclosures

91 trustee deeds have been recorded thus far in 2012 compared to 222 home sales reported through the HRAR MLS.

Inventory

Inventory levels increased in April 2012 to 733 residential properties for sale, up from 708 one month ago, but down from 865 one year ago, in April 2011.

Pace of Home Sales: Year to Date

222 homes sold in the first four months of 2012. This marks a 2.3% increase from 2011 when 217 homes had sold, and a 3% decline as compared to 2010 when 230 homes sold.

Home Values: Year to Date

Median sales prices increased 4.1% and average sales prices increased 1.3% when comparing 2012 YTD values to 2011 YTD.

Days on Market: Year to Date

The length of time on the market for homes selling in 2012 (229 days) increased 5% since 2011 when the average was 218 days on the market.

Supply

All price ranges still show an excess of housing supply, with 9 months under \$200k, 12 months between \$200k and \$300k, 15 months between 300k and \$400k, and 33 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes declined to \$97/sf in the 2nd quarter of 2012, as compared to \$100/sf in the 1st quarter of 2012.

Buyer Activity

96 buyers committed to buy in April 2012, compared to 104 in April 2011, and 121 in April 2010.

Single Family Home Sales

173 single family homes sold thus far in 2012, compared to a total of 622 in 2011. The median sales price has declined to \$175,000.

Townhouse Sales

49 townhouses sold thus far in 2012, compared to a 2011 total of 169 townhomes. The median townhome sales price has declined to \$133,000 in 2012 from \$144,000 in 2011.

Lot Sales

15 lots of less than an acre sold thus far in 2012, compared to a 2011 total of 60 lots. Median lot sales prices have risen to \$61,000.

Land Sales

9 parcels of land greater than an acre sold thus far in 2012 compared to 49 land sales during all of 2011.

HOME SALES REPORT

Harrisonburg & Rockingham County

May 9, 2012

# Home Sales	2009	2010	2011	2012	% Change ('11 - '12)
April	50	83	78	71	-8.97%
Year-To-Date	198	230	217	222	2.30%

Median Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
April	\$187,750	\$188,800	\$158,863	\$179,900	13.24%
Year-To-Date	\$188,650	\$183,950	\$162,000	\$168,628	4.09%

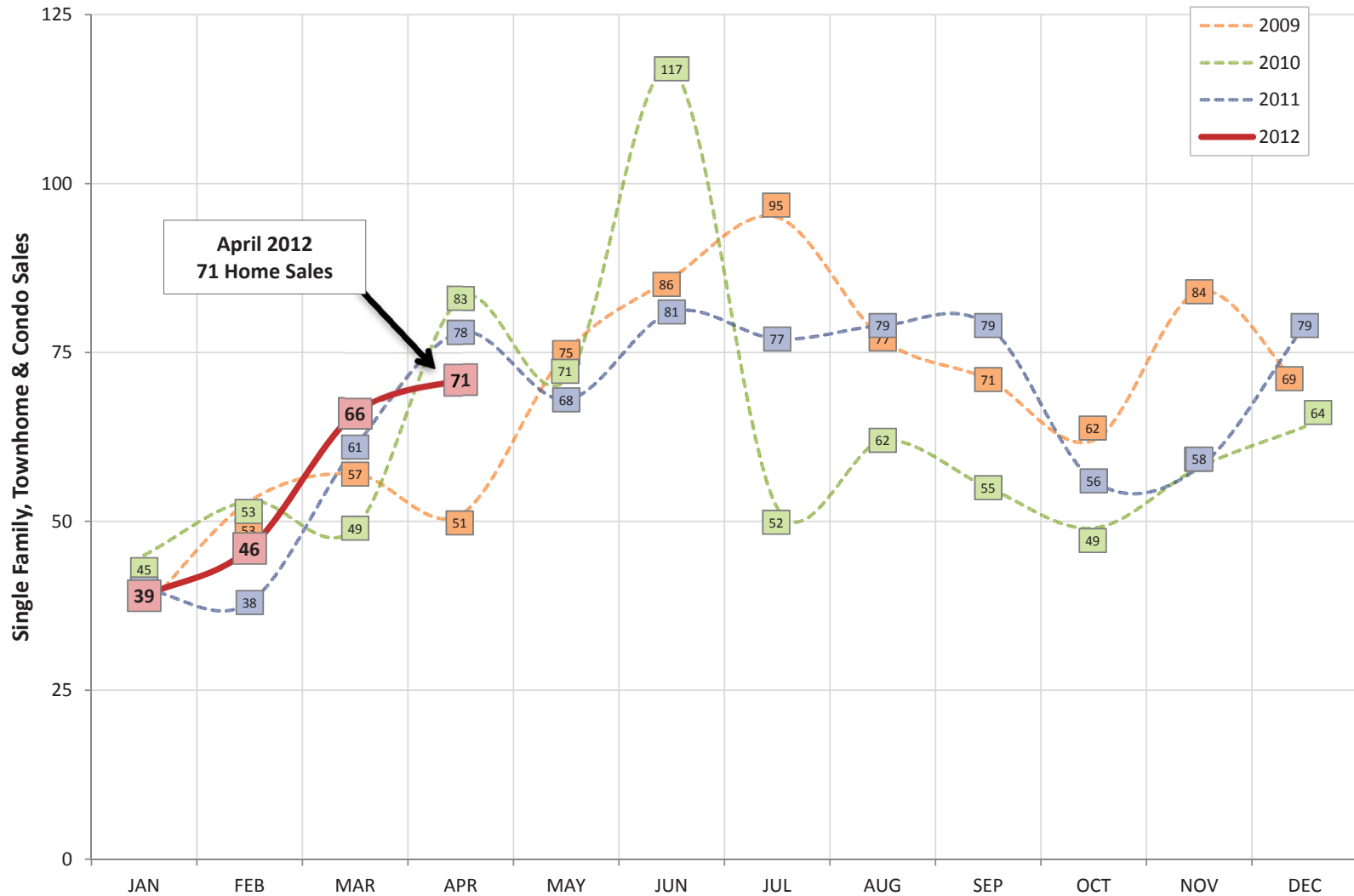
Average Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
April	\$230,703	\$215,569	\$192,265	\$194,292	1.05%
Year-To-Date	\$231,623	\$212,699	\$186,540	\$188,958	1.30%

Average Days on Market	2009	2010	2011	2012	% Change ('11 - '12)
April	191	181	223	182	-18.39%
Year-To-Date	189	187	218	229	5.05%

Despite a 9% decline in the pace of home sales during April 2012 (as compared to April 2011) the year-to-date pace of sales (222) still exceeds last year (217) by 2.3%. This contradiction is likely an indicator that some of the typical April home buyers went ahead and bought a month early during March -- perhaps due to the

unseasonably warm winter here in the Shenandoah Valley. In further good news, the median sales price (year-to-date) has increased 4% to \$168,628 and the average sales price (year-to-date) has also increased by 1.3%. The time it takes to market and sell a home, however, also continues to increase to the current average of 229 days.

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

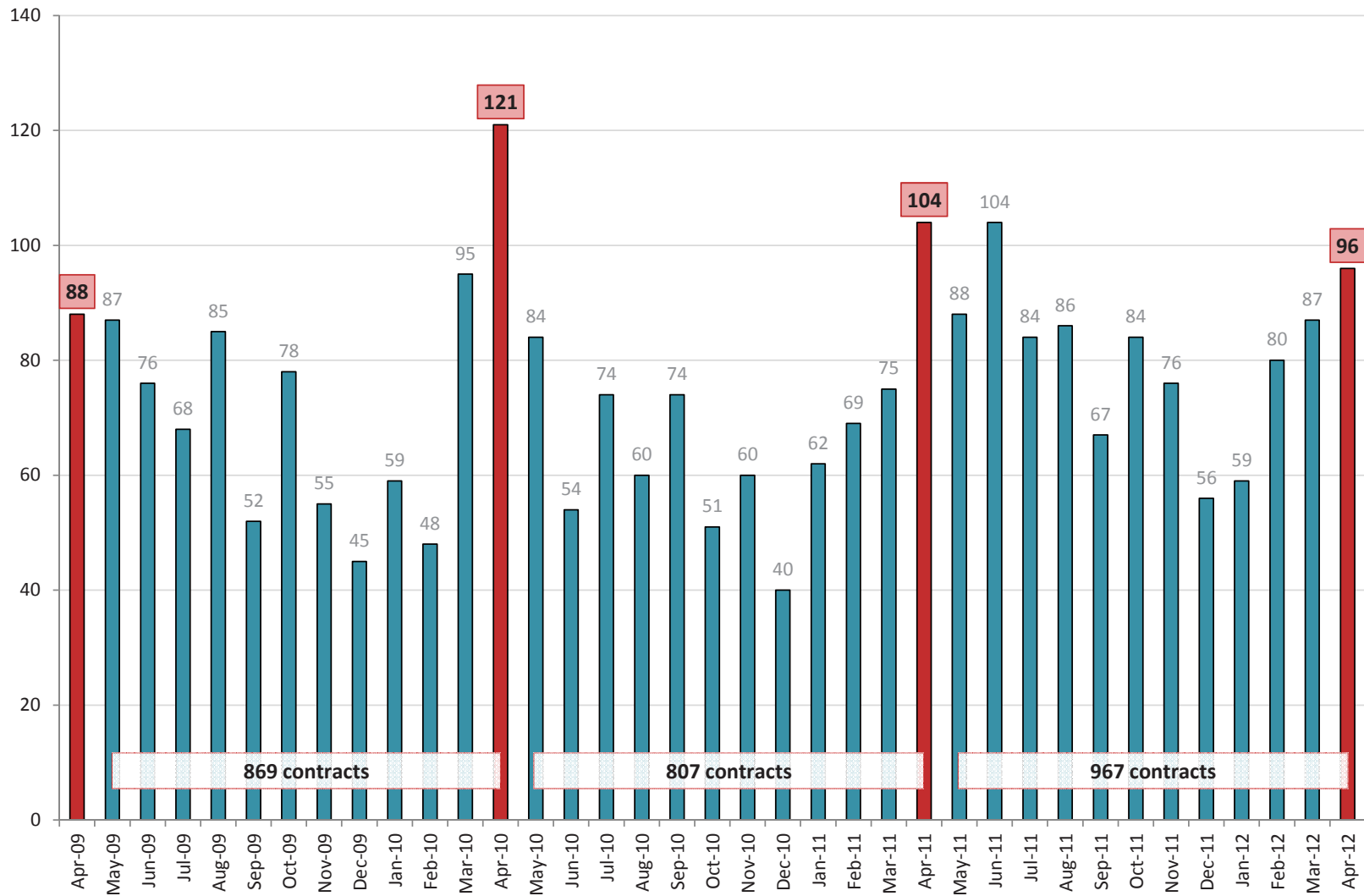


April 2012
71 Home Sales

What we are likely seeing in March and April of 2012 is a shift of buyers from April to March. Last month, as you will recall, there were more home sales than any of the three previous months of March. That early surge during 2012 was likely at the expense of April -- where we saw fewer buyers closing on homes as compared

to the two previous months of April. It seems a safe bet that the Harrisonburg and Rockingham County market may be able to out-perform recent months of May, though it would be very difficult to match the June 2010 sales level (117 sales) brought on by the federal home buyer tax credit deadline.

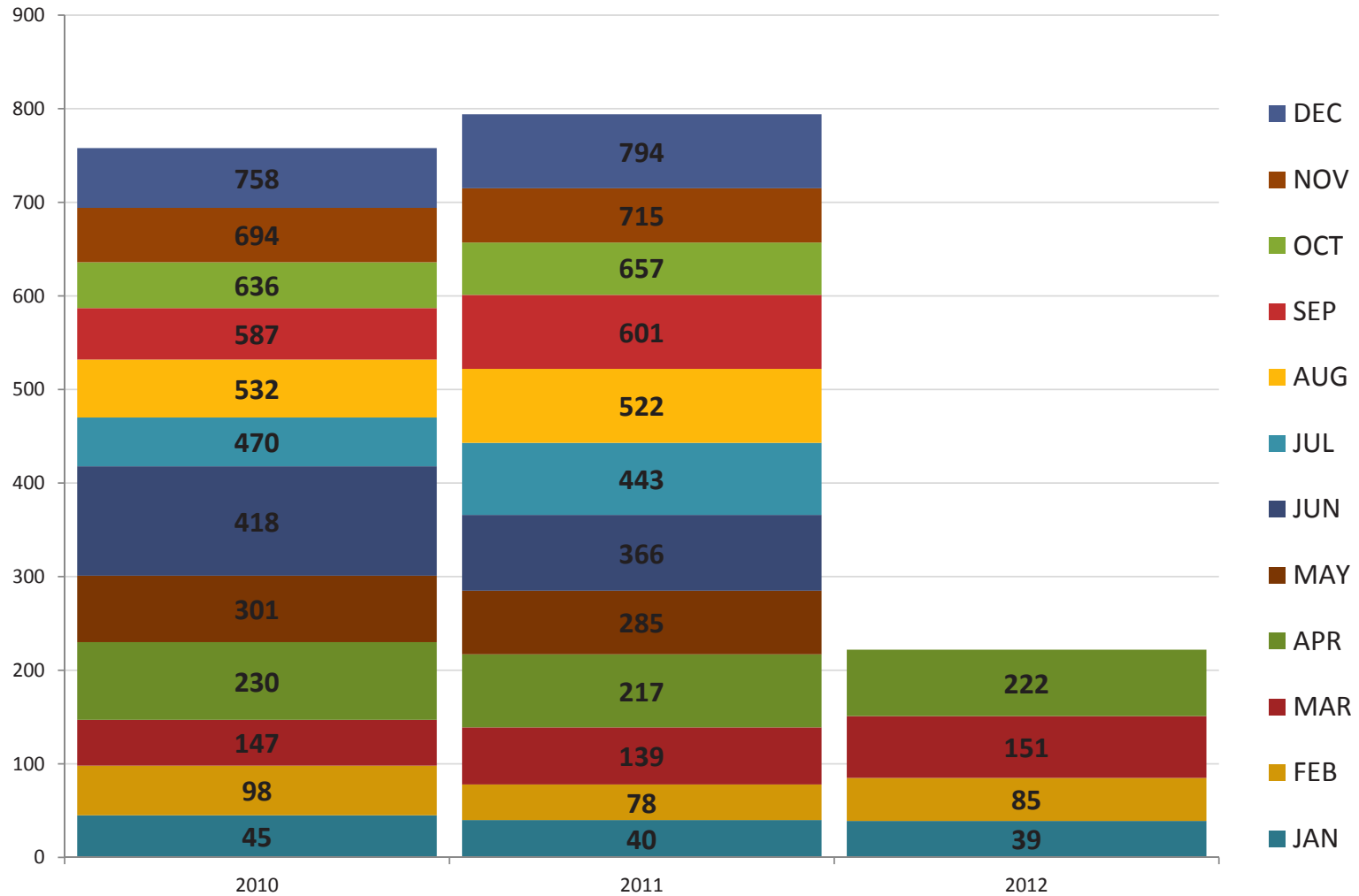
Harrisonburg & Rockingham County Buyers Per Month Committing to Buy Properties



During April 2012, 96 buyers committed to buy homes in Harrisonburg and Rockingham County -- down from 104 during last April. This is likely due to the surge of buyers in February and March of 2012 with the warmer weather we experienced during those months. February 2012 contracts were up 16% over the prior year;

March 2012 contracts were up 16% over the prior year; even with 8% decline in April 2012 (compared to April 2011) the year-to-date contract rate (322) is up 4% as compared to last year (310).

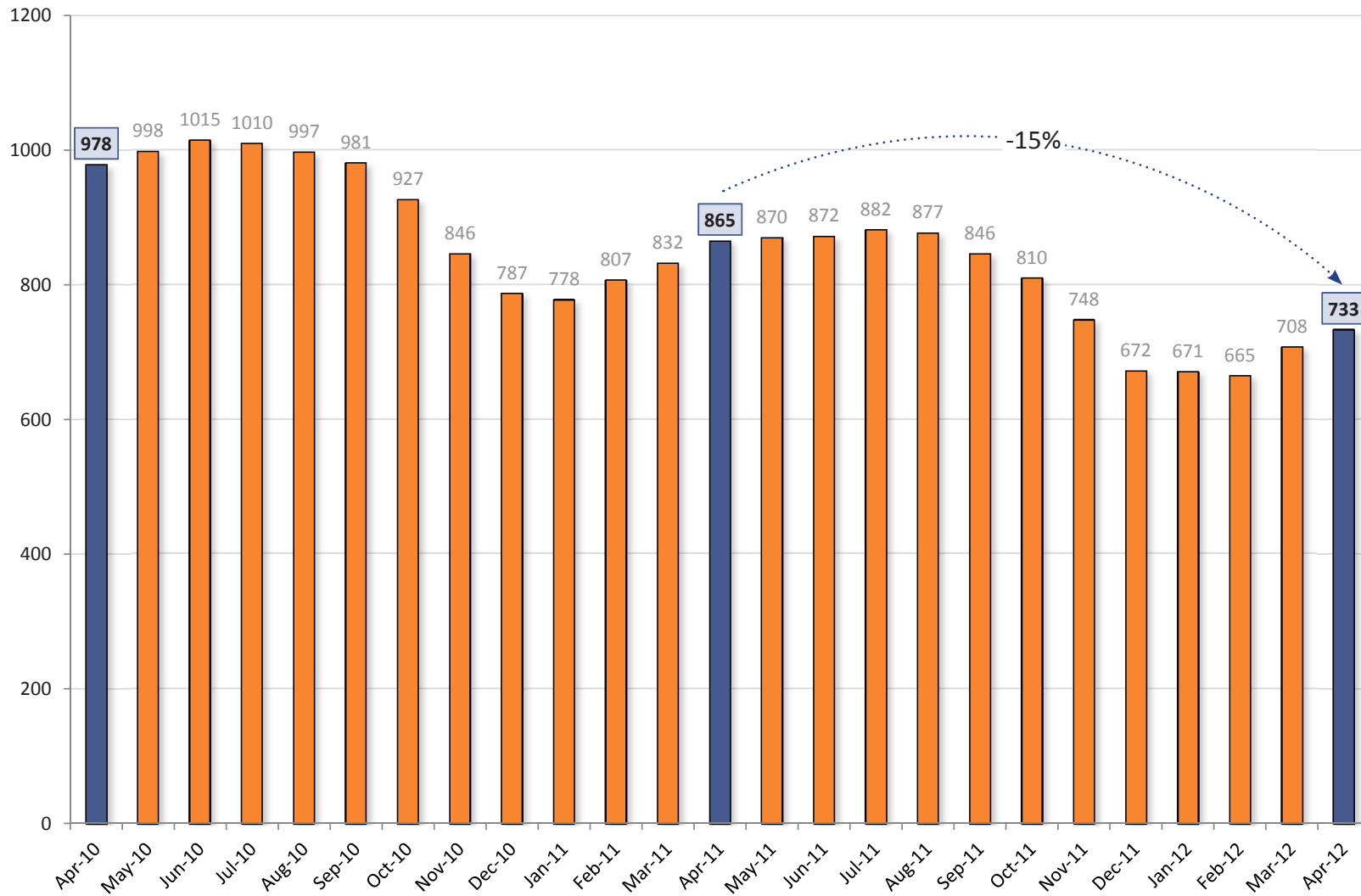
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Last year's home sales (794) exceeded 2010

home sales (758), and this year is off to a good start with stronger year-to-date sales (222) as compared to 2011 (217) at the same time period.

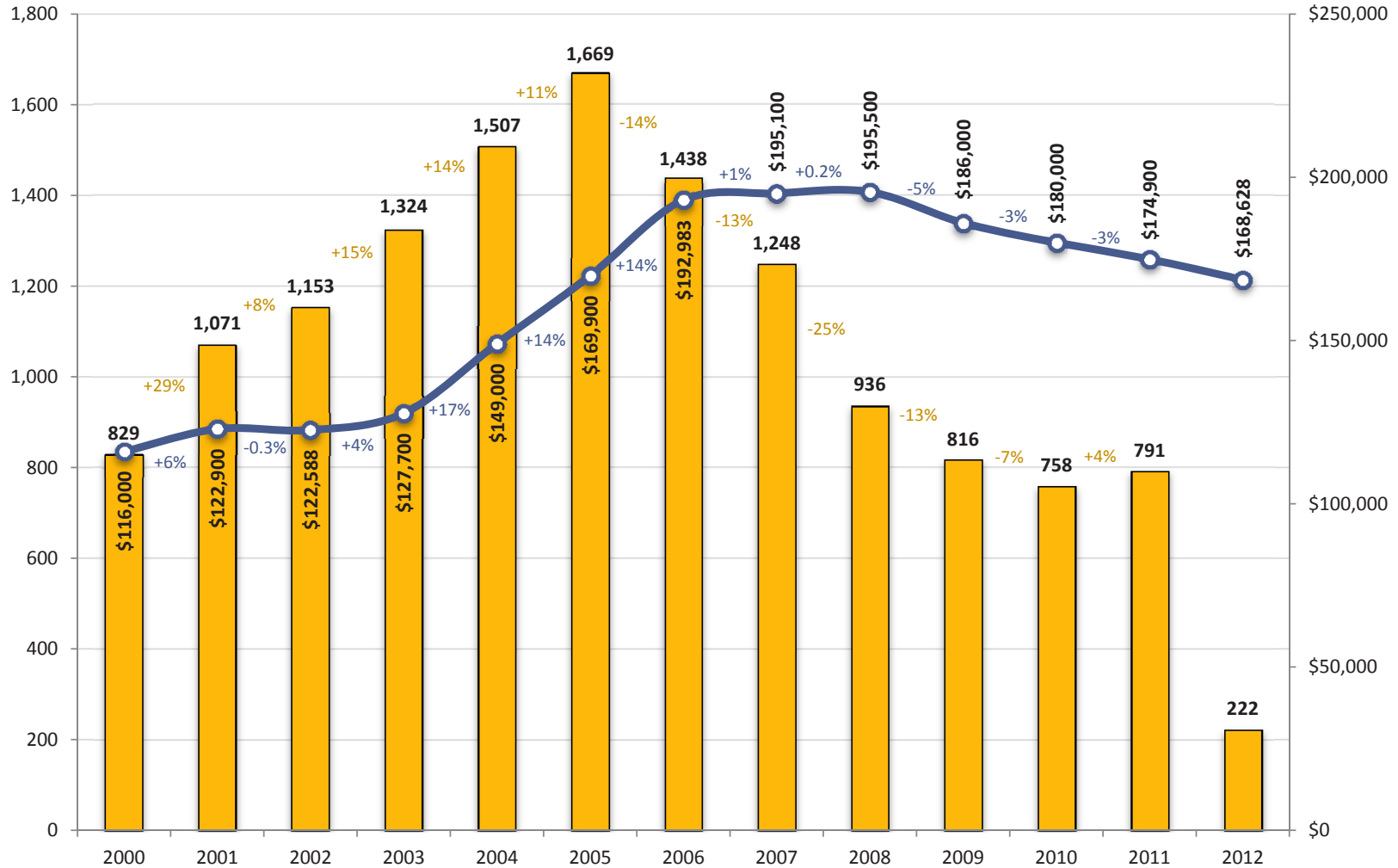
Harrisonburg & Rockingham County
Inventory Levels



Despite several months of increases in inventory (which are typical during this season of the year) the overall shift in housing inventory over the past year is a 15% decline in available properties. The two-year decline is even more significant at 25%. This decline in active inventory leaves buyers with fewer options for homes to pursue

and takes us a bit closer to having a local housing market that is balanced between buyers and sellers. Despite a 15% decline in inventory over the past year, there are still far more sellers in the market than buyers.

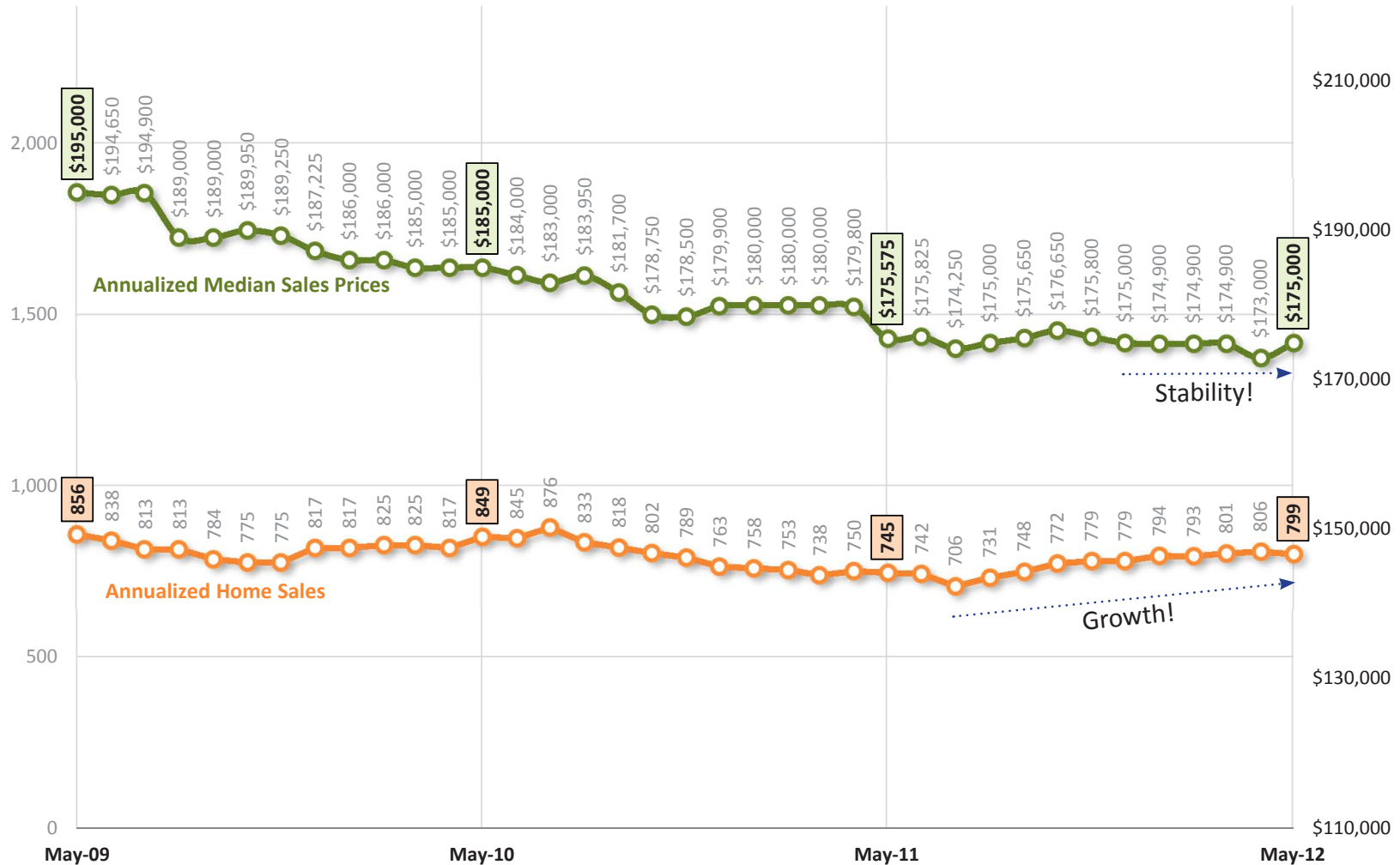
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



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 (yellow bars) as well as changes in the median sales price during the same time period (blue line). After five years of declines in home sales (2005-2010) the pace finally picked up in 2011

with a 4% year-over-year increase. With stronger YTD sales in 2012 (+2.3%) we will likely see further improvement in the pace of home sales this year, though perhaps an additional small decline in home values.

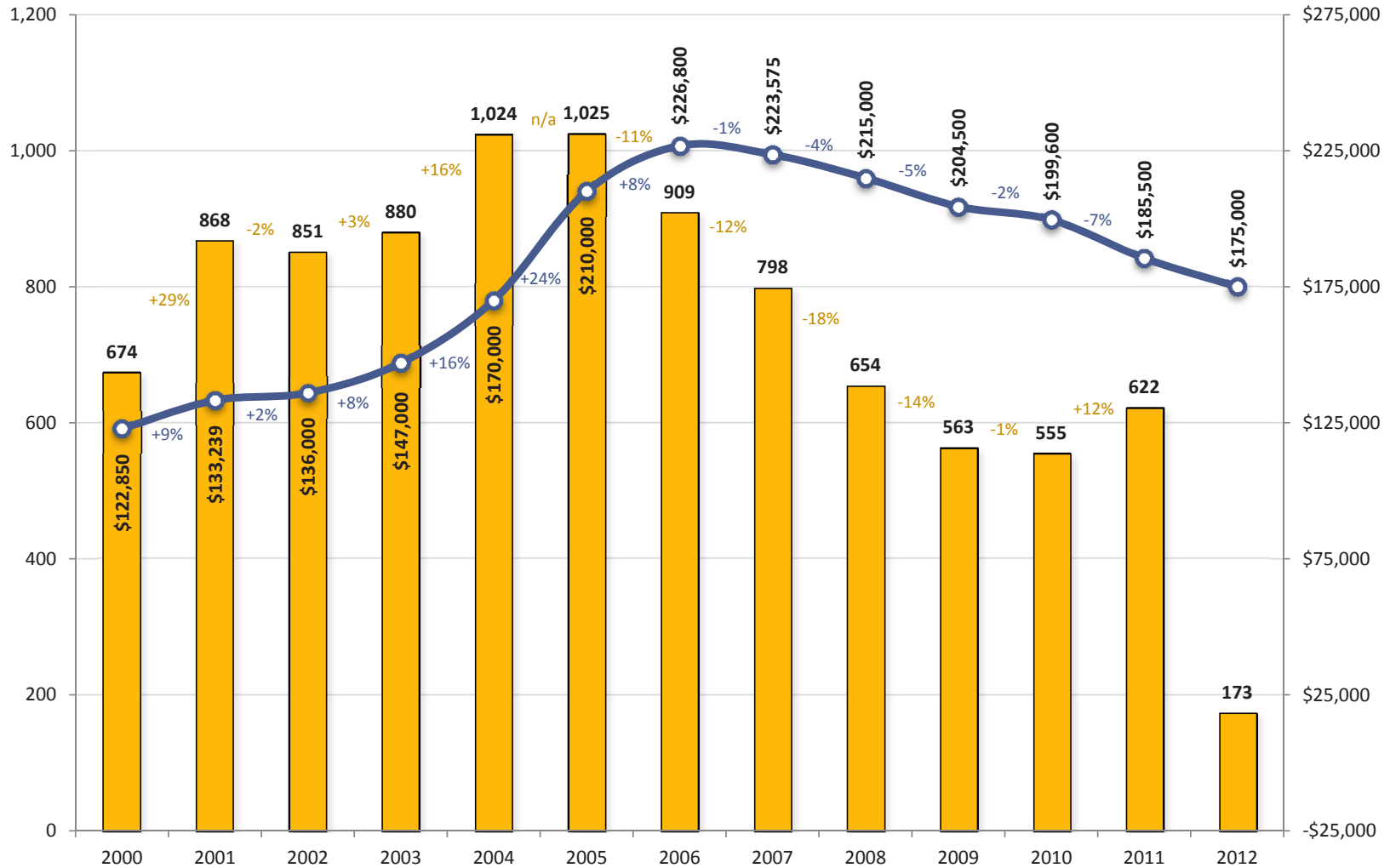
Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



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 7% decline in annualized home sales and a 10% decline in median sales prices. In better news, the annualized pace of home sales has steadily increased for most of the past ten months, and prices have been stable for most of the past six months.

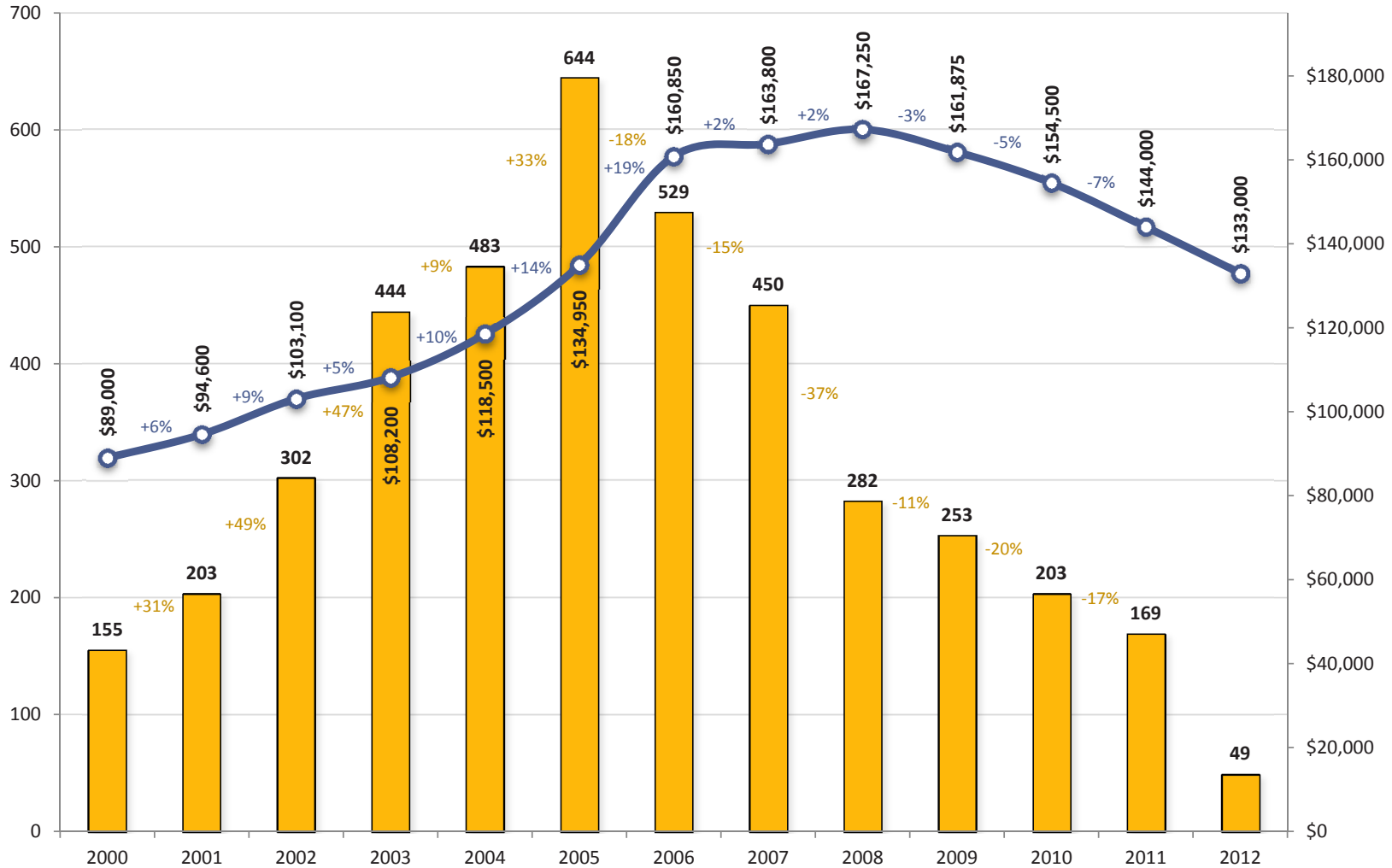
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



The single family home market in Harrisonburg and Rockingham County seems to be recovering quite nicely compared to the overall market. Last year, the pace of home sales in the single family home market increased by 12% -- nearing 2008 sales

levels with 622 sales. Single family homes are likely to perform well again in 2012, however median prices continue to decline, now at \$175,000 for the first four months of 2012.

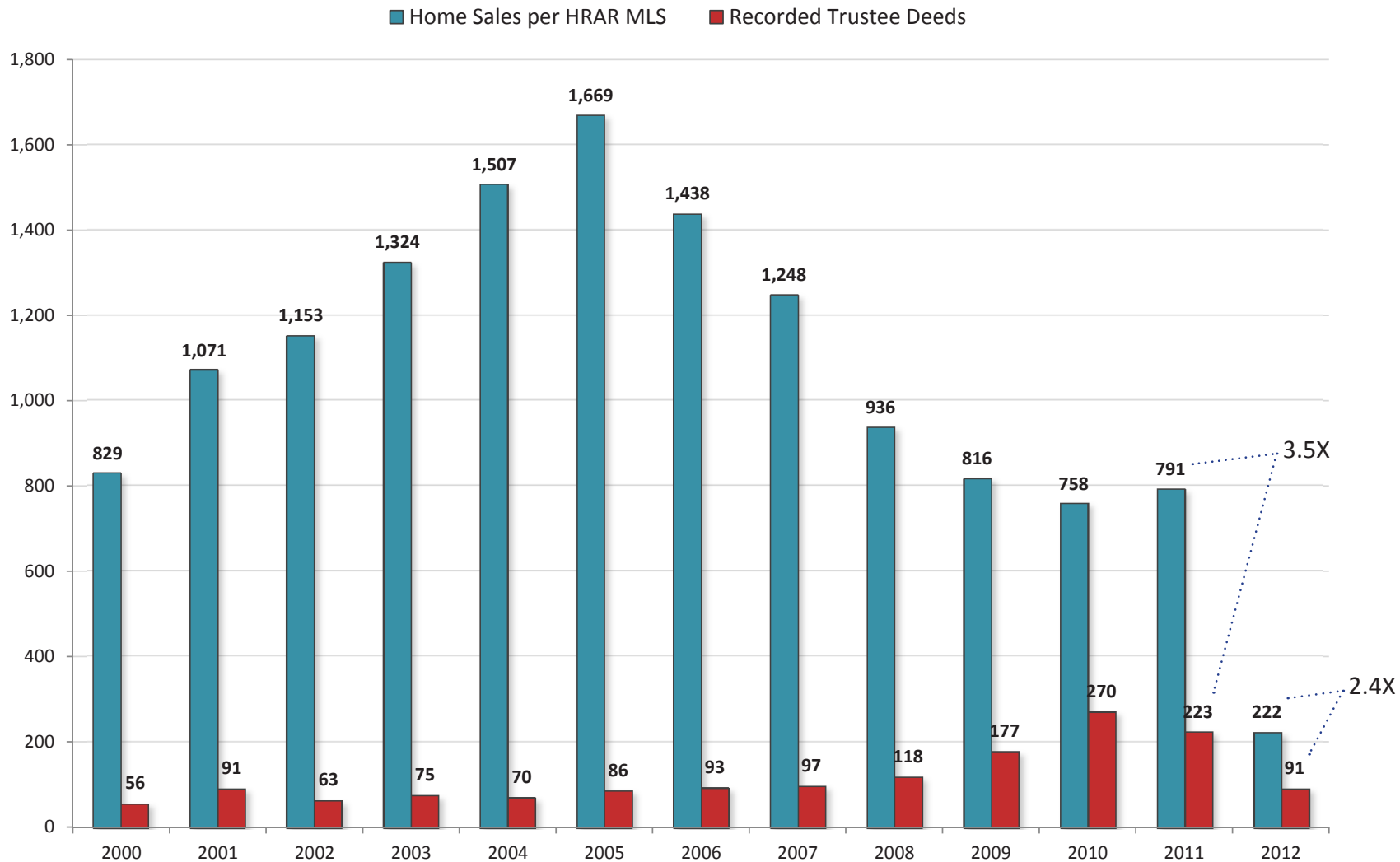
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



If the single family home market is stabilizing, it is at least partially at the expense of the townhouse market. The final count of 169 townhouse sales in 2011 marked a 17% year-over-year decline in townhouse sales --- from an extraordinary peak of 644

sales in 2005. Townhome sales thus far in 2012 have started to pick up pace in March and April, with 49 year-to-date closings. Median sales prices are continuing to decline, with an overall change of -8% when comparing 2012 YTD to all of 2011.

Harrisonburg & Rockingham County Home Sales vs. Trustee Sales

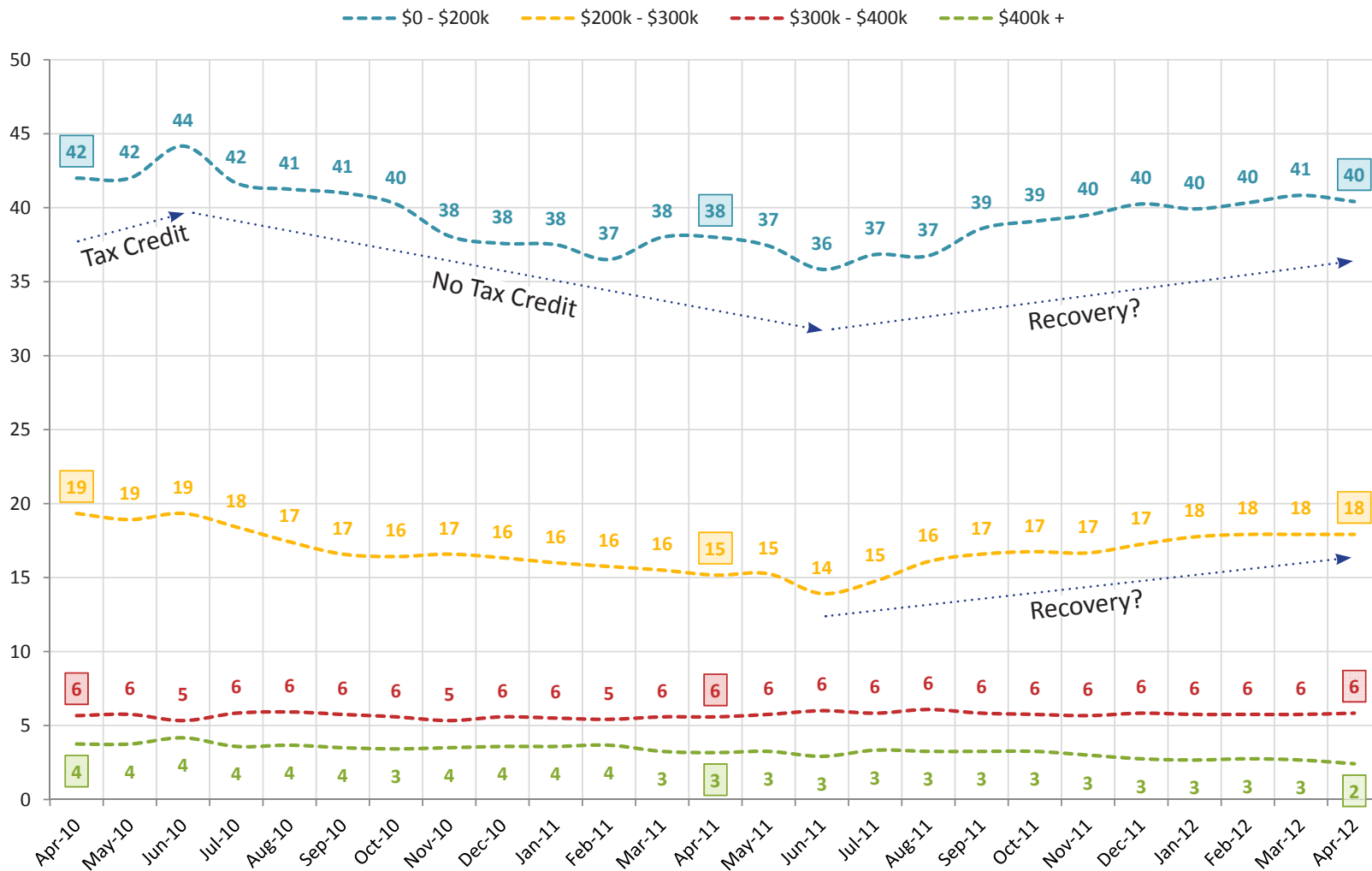


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor any new home sales directly from a builder. The red bars show the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

Some of these foreclosed properties then show up in the blue bar when they are listed and then sold as bank owned properties. The foreclosure rate has increased somewhat in 2012, as there were 3.5 times as many home sales as foreclosures during 2011 and only 2.4 times as many home sales as foreclosures thus far in 2012.

Harrisonburg & Rockingham County Home Sales by Price Range

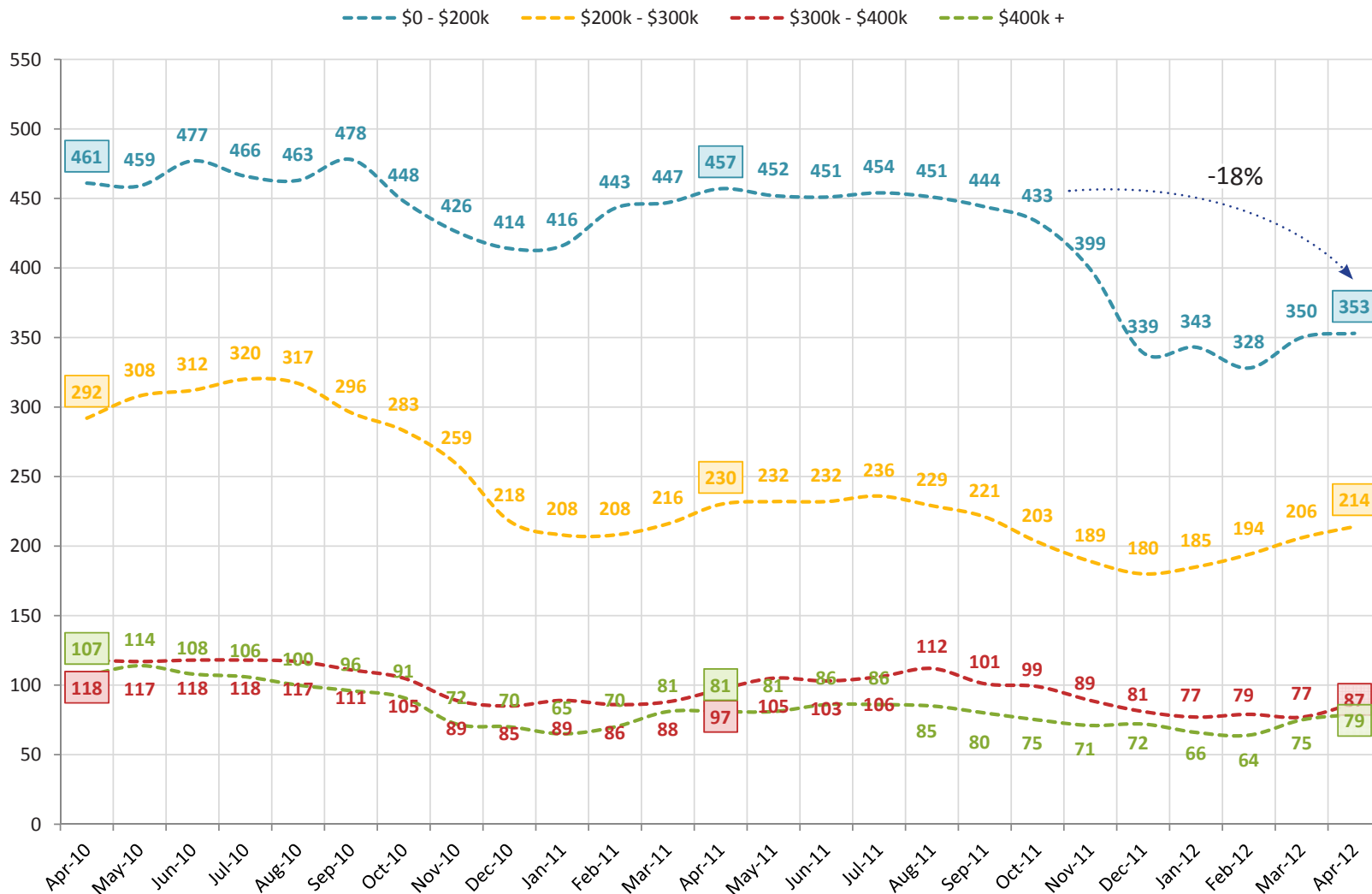
(Average of Past 12 Months)



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.

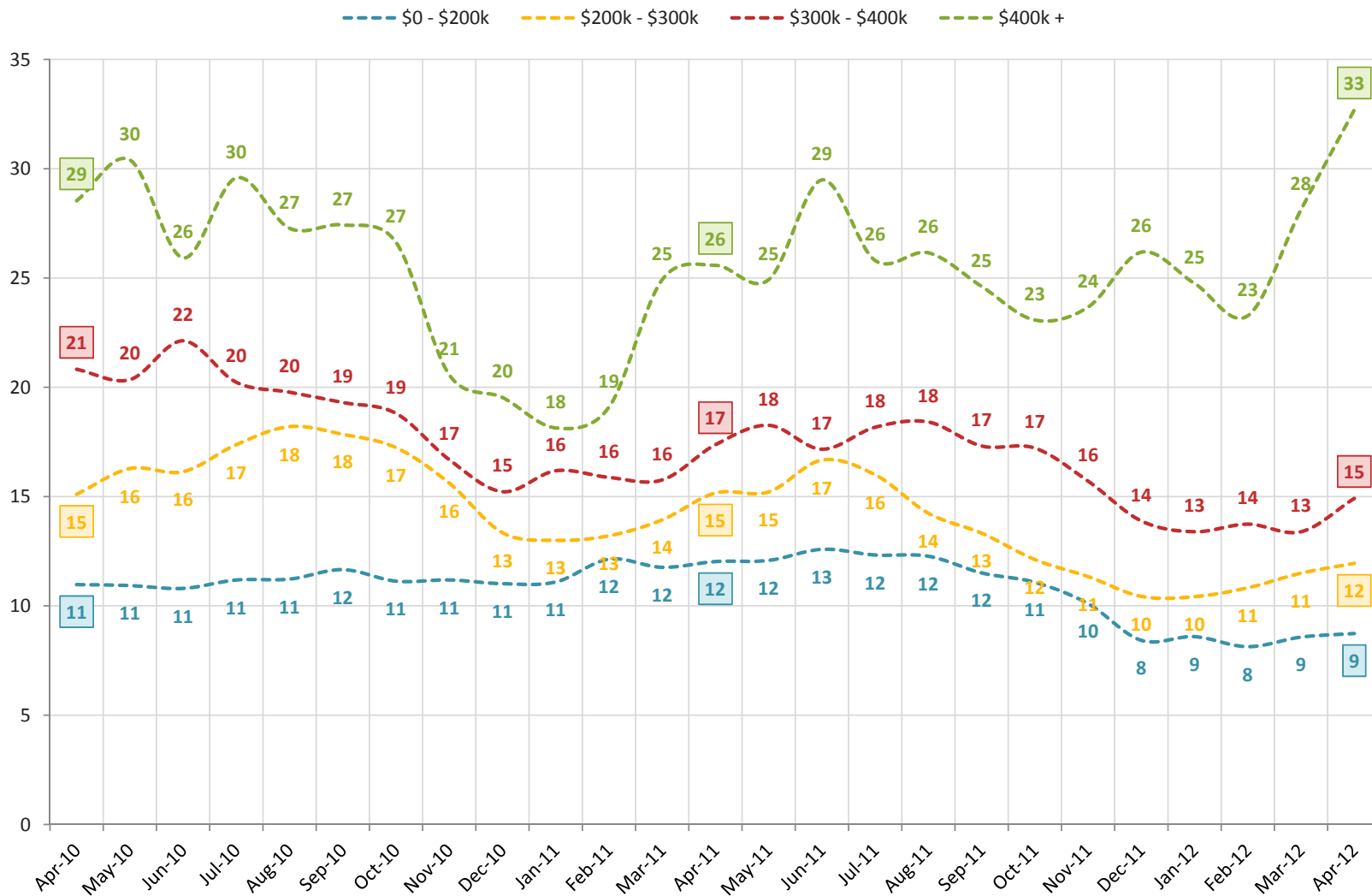
Harrisonburg & Rockingham County Inventory Levels by Price Range



Inventory levels have declined across the board over the past two years, but the changes have been quite different based on list prices. The most significant change has been in homes under \$200,000 -- just six months ago there were 433 such properties for sale, and today there are only 353 for sale -- this marks an 18%

decline in inventory. While we should expect that inventory levels will increase during the spring and summer markets, the overall declines in inventory over the past two years are definitely making a difference in helping to return us to greater balance in the local housing market.

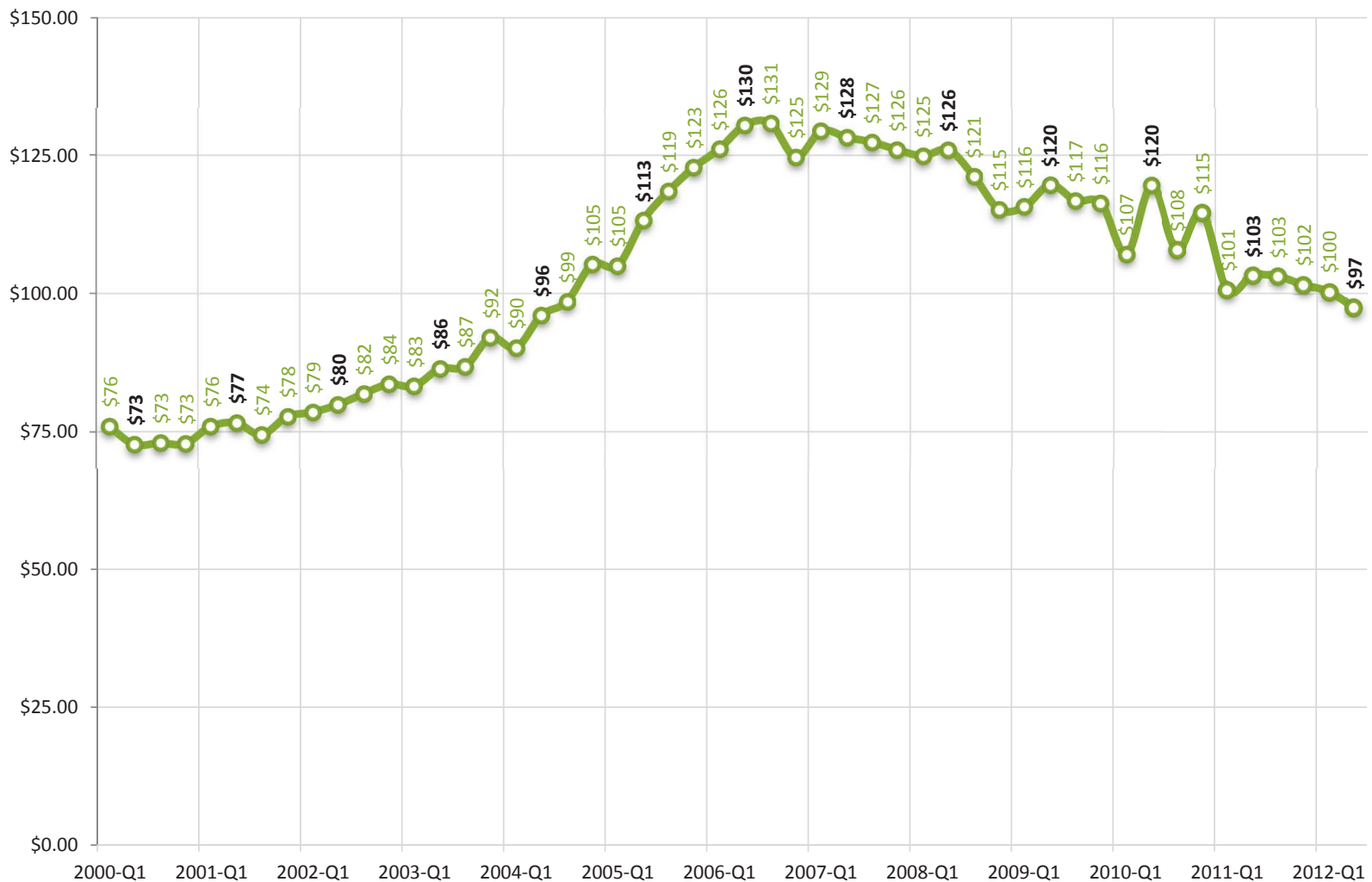
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 33 months to sell all of the homes currently for sale over \$400K if the same number of buyers bought each month as

have been buying (on average) over the past 12 months. Many experts consider a six months supply of housing to be a balance between buyers and sellers in the market, and it is remarkable to note that we are finally starting to approach that balance in the under \$200K market, where only 9 months of supply are available.

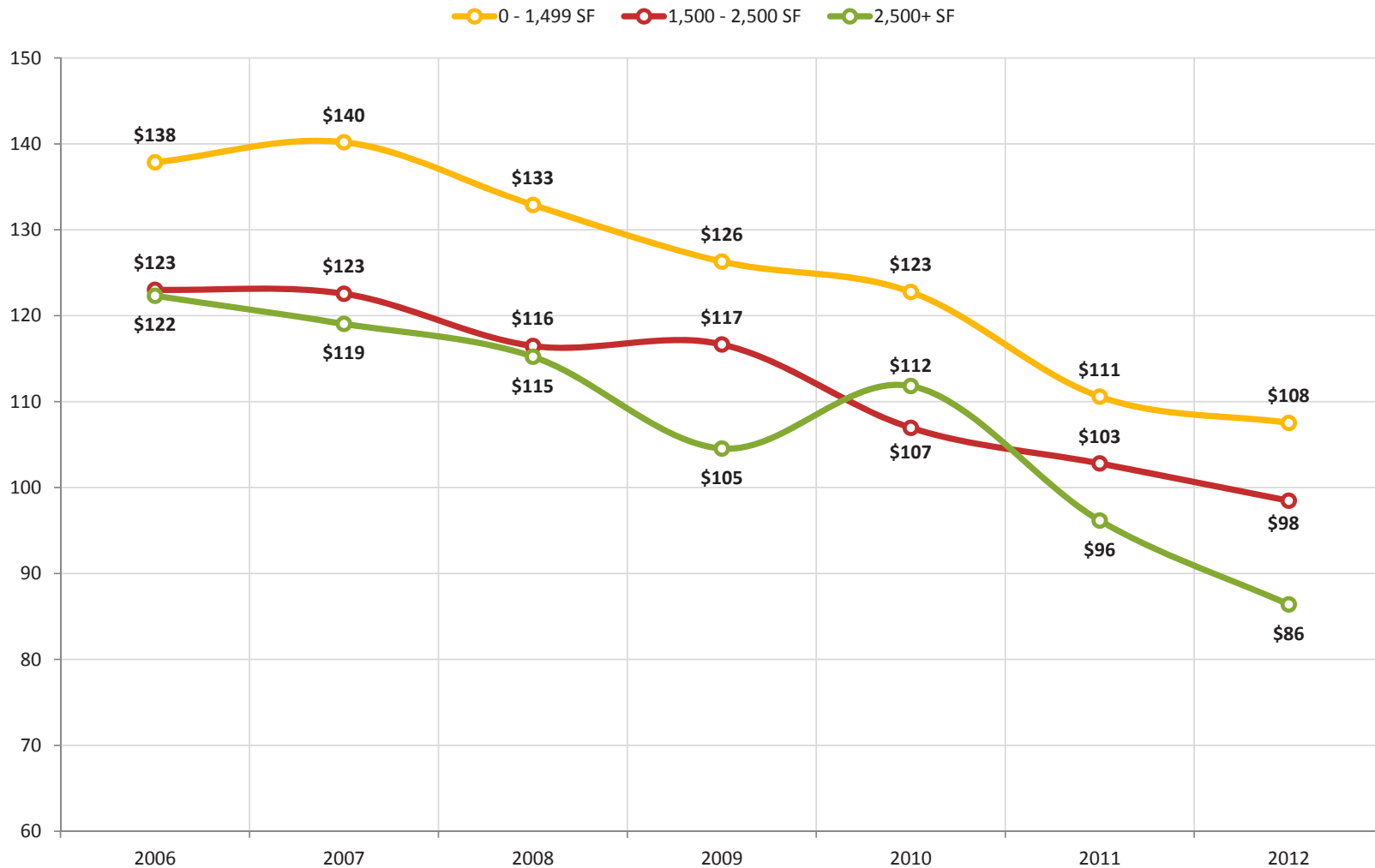
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



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 during the same time, which validates that assumed set of changes in home values.

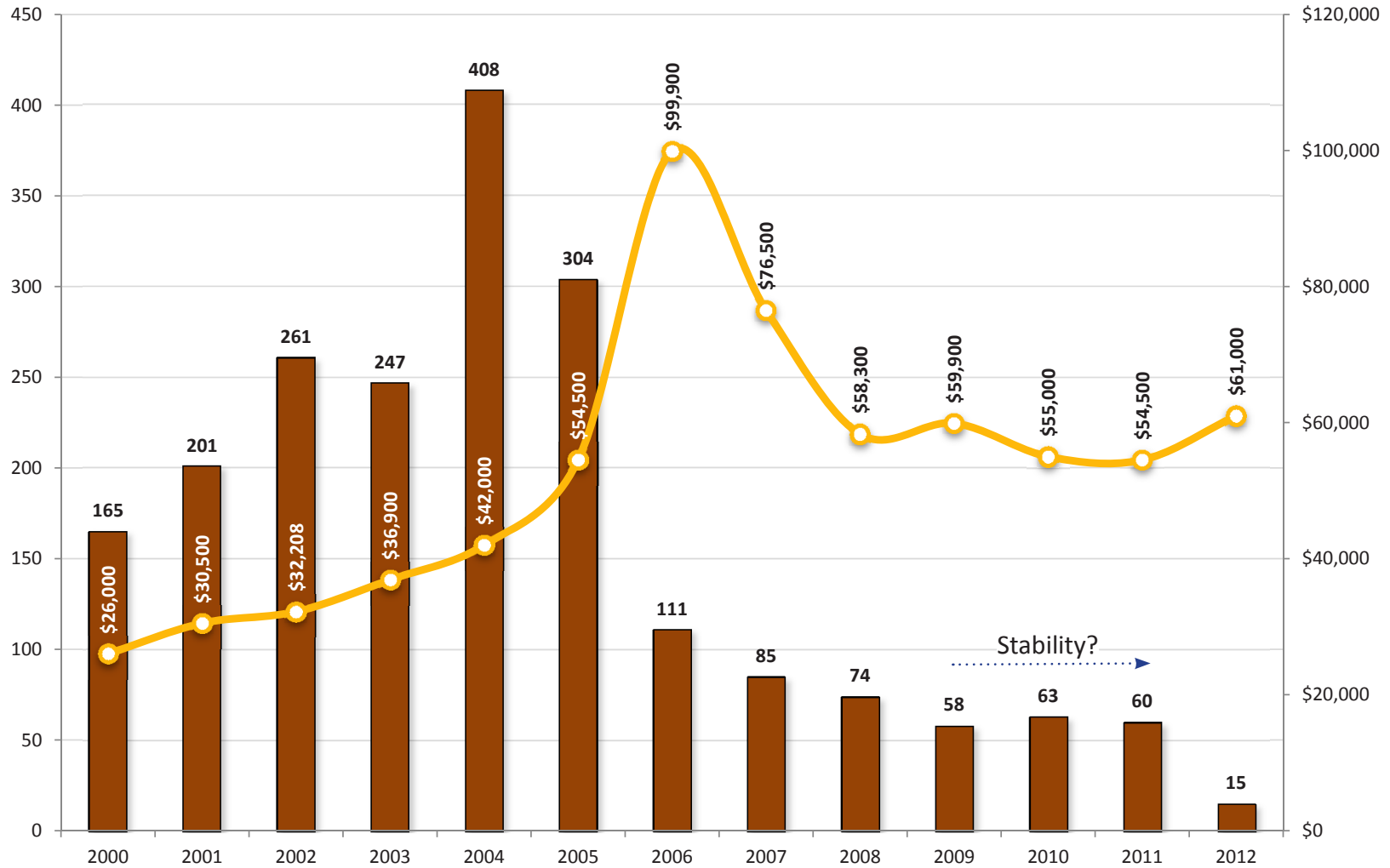
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



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 (\$86/SF) than homes that offer less than 1500 SF (\$108/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.

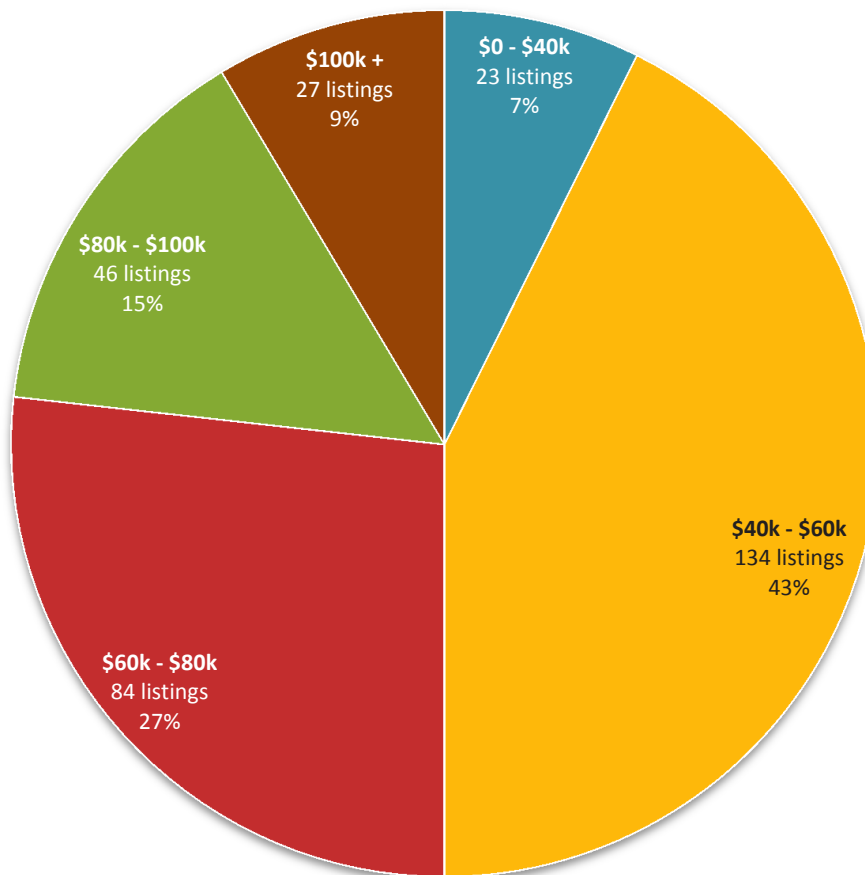
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



While the pace of sales of lots that are smaller than an acre have plummeted since 2004 (-85% between 2004 and 2010), they may have finally stabilized in 2011. In 2009, there were 58 lot sales of less than an acre, in 2010 that increased to 63 sales, and 2011 finished out with 60 sales. The median sales price of these lots under one

acre may have also starting to increase, at least when examining 2012 YTD data to 2011 median sales prices. This segment of our local housing market has become relatively predictable -- presumably we will see around 60 such sales in 2012 with a median price between \$55,000 and \$60,000.

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

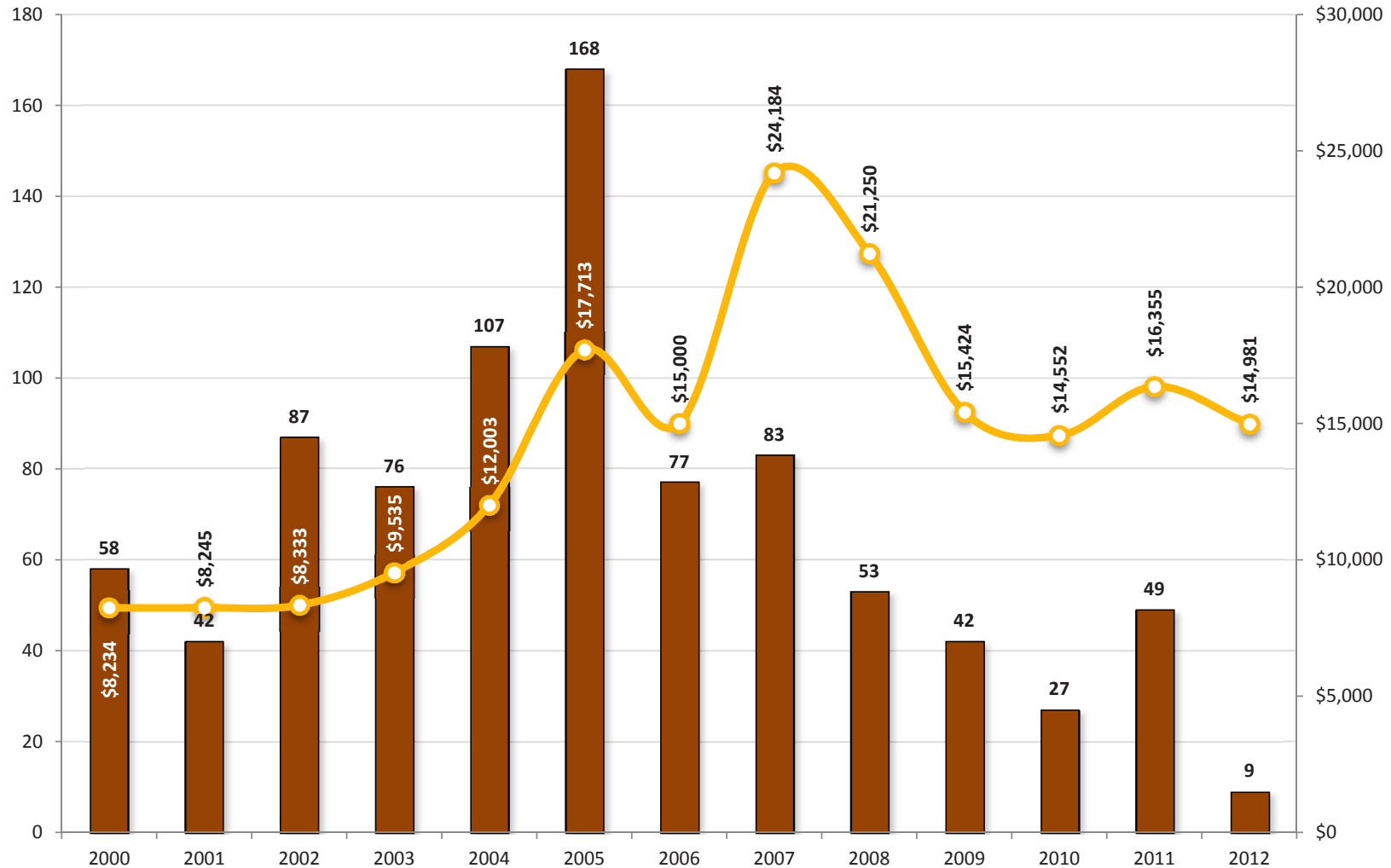


314 Active Lot Listings; Median List Price: \$61,000

Despite the fact that only 60 lots (of less than an acre) sold in all of 2011, there are a remarkable 314 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$61,000) is the same as the 2012 YTD median sales price of \$61,000. Given last year's 60 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, half of the lots currently listed for sale are priced above \$60,000 --- thus many sellers are have offering prices much higher than recent (2011, 2012) median sales prices.

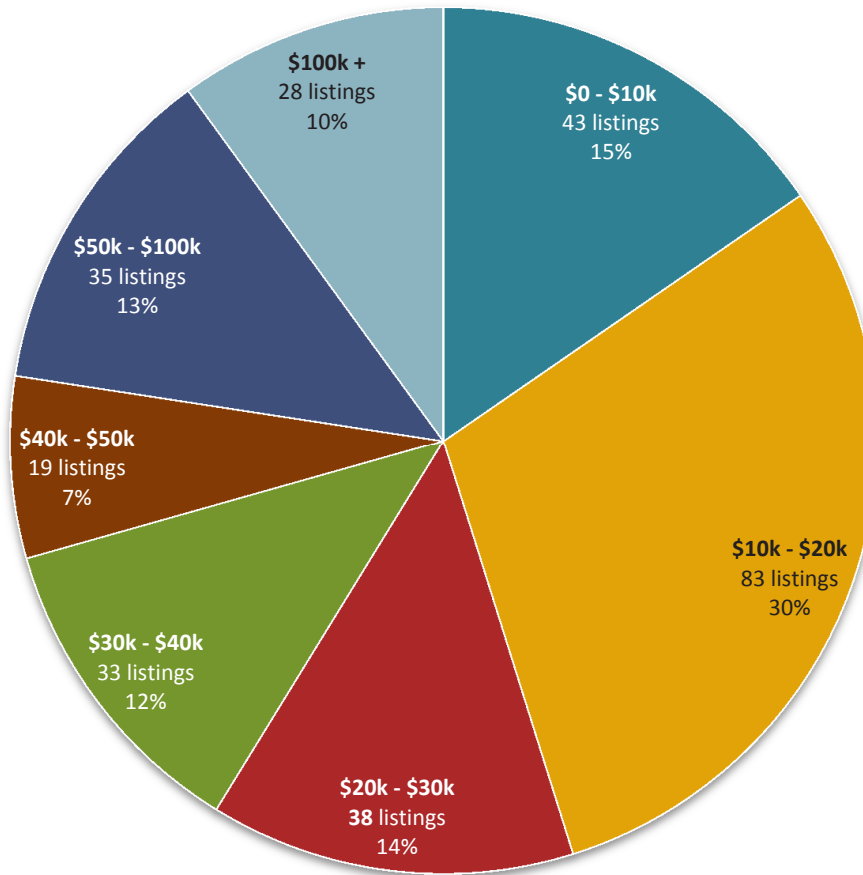
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County sold quite quickly in 2011 as compared to both 2009 and 2010. During all of 2010, only 27 such land sales were recorded in the HRAR MLS, but there were a total of 49 such sales during 2011. This increase in the pace of sales is very likely causing the

increase in median price per acre that was experienced between 2010 and 2011. Despite a slower pace (9 sales) thus far in 2012, the median price per acre continues to show an improvement over 2010 -- currently at \$14,981 per acre during 2012 year-to-date.

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

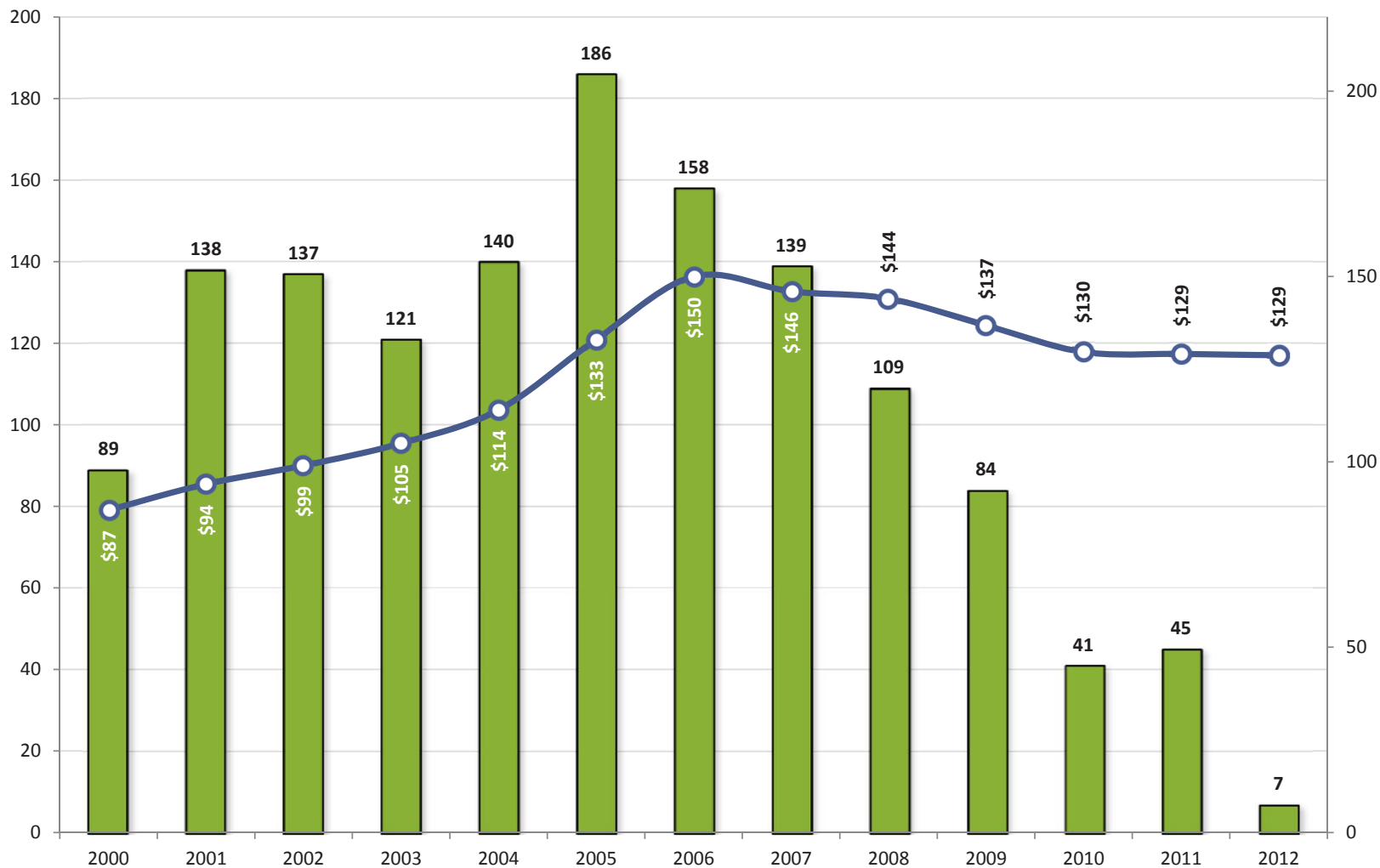


279 Active Land Listing; Median List Price: \$23,158/ Acre

Despite the fact that only 49 parcels of land (of one acre or more) sold in all of 2011, there are a remarkable 279 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 279 parcels for sale is currently \$23,158 per acre. Given last

year's 49 land sales, if no other land is listed for sale, it would take over five 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.

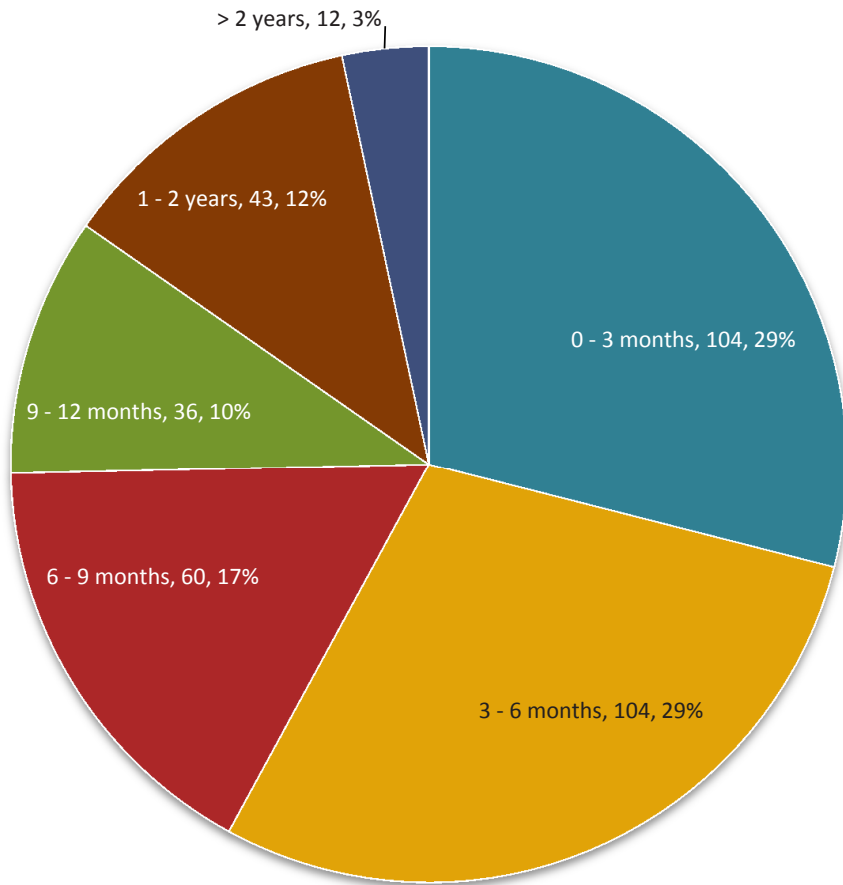
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home builders finally saw an increase in the pace of new home sales during 2011 -- after a steady decline since 2005. This small increase (42 to 45), however, still leaves plenty of room for improvement -- and thus far in 2012, the trend has not continued, as there have only been 7 such sales so far this year. It is interesting to

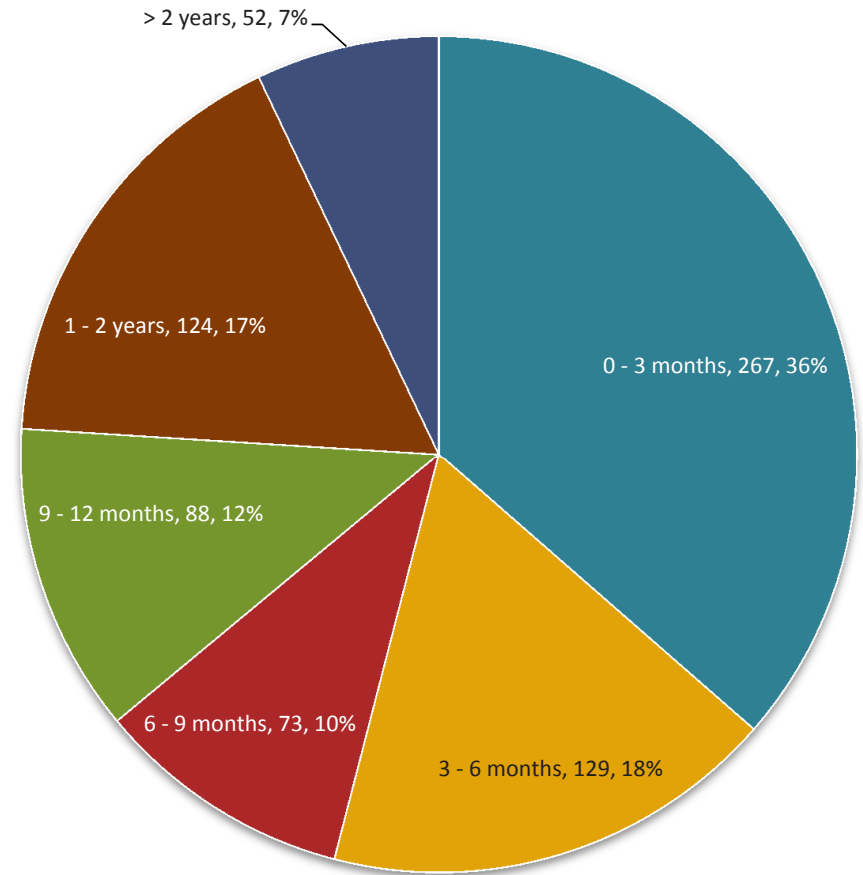
note that the median price per square foot is also showing signs of steadying, with only a very small decline between 2010 and 2011 (and 2012). As the inventory of re-sale homes slims down, the sales of new homes may continue to increase.

Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Nov '11 - Apr '12



Average Days On Market: 220

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

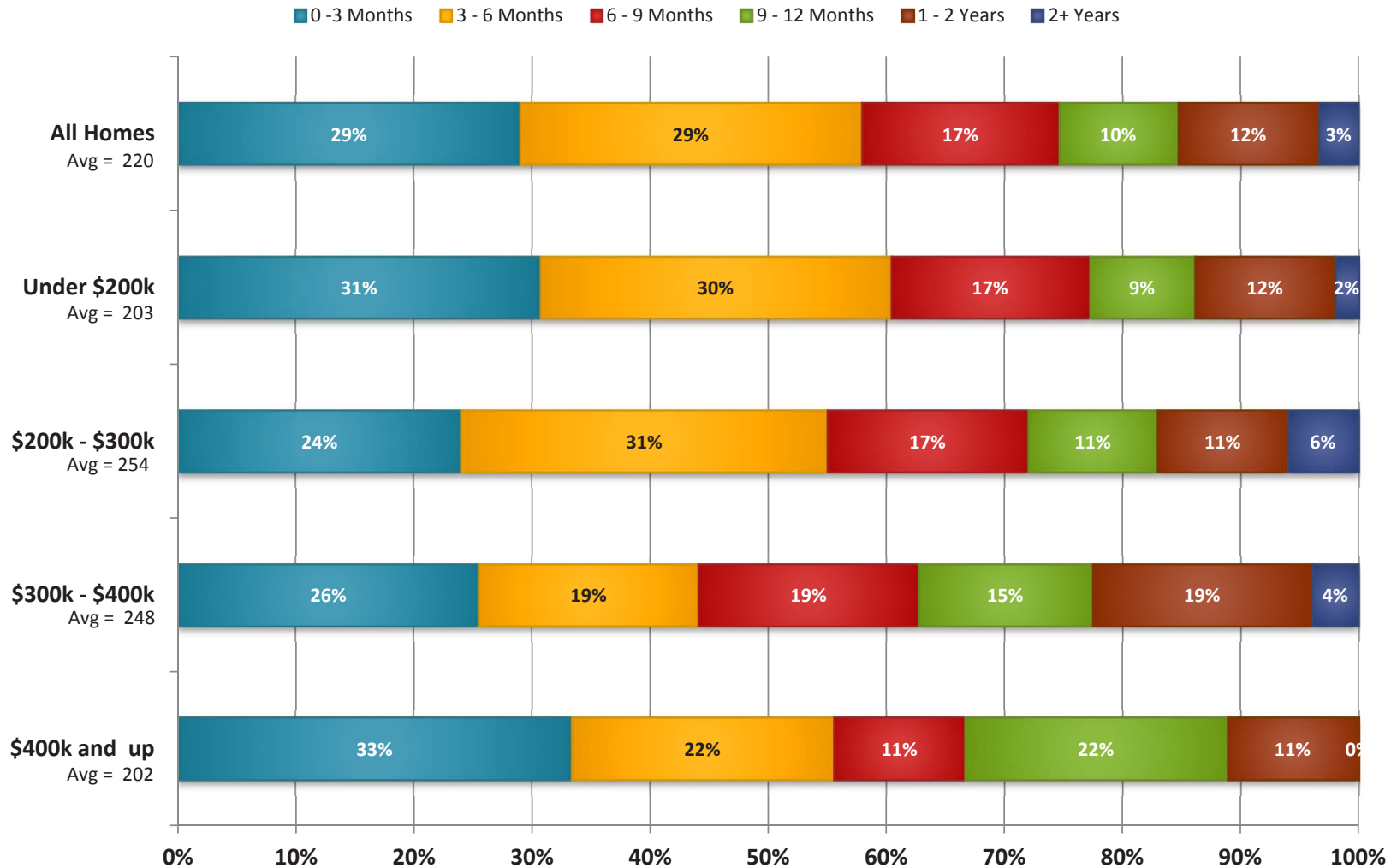


Average Days On Market: 256

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, nearly 1 out of 3 homes (29%) 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 58% 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
 Nov '11 - Apr '12

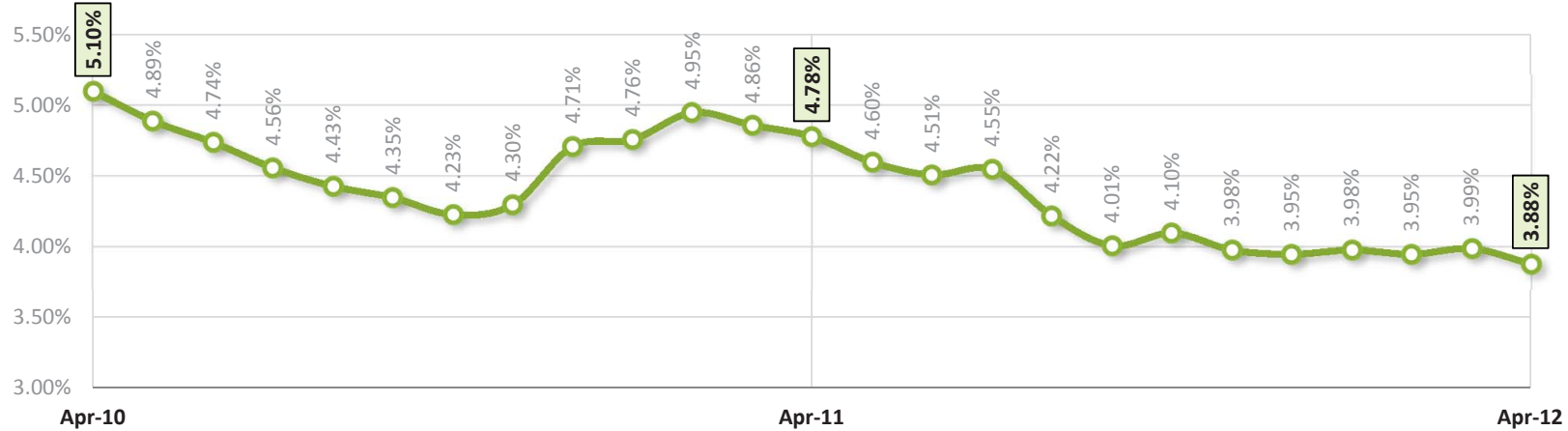


The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, a full 61% of homes that sold under \$200K sold in the first six months of being on the market, while only 45% of homes between \$200,000 and \$300,000 were able to sell in that 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

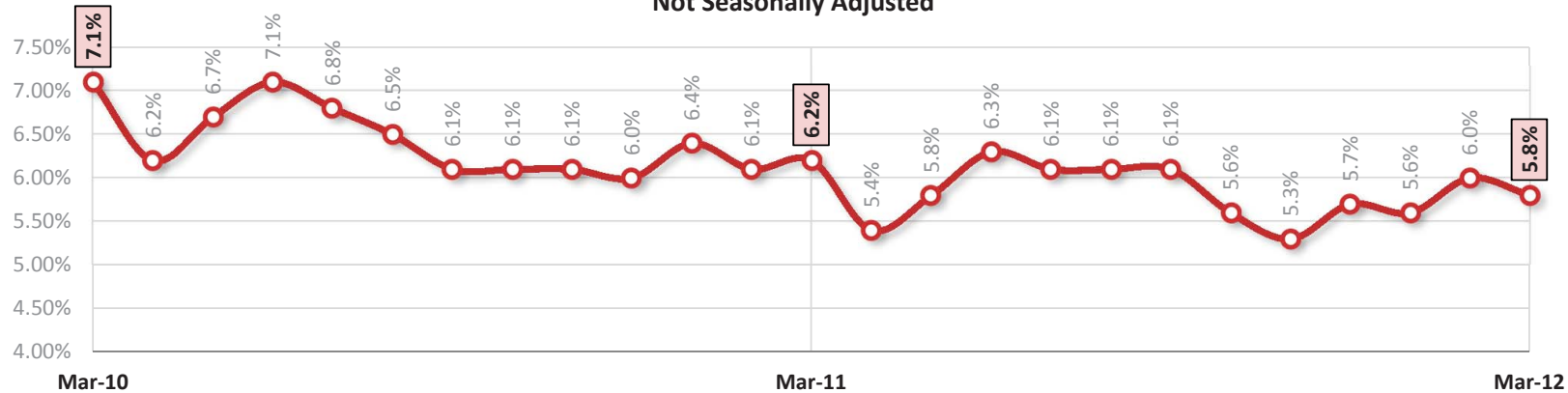
Source: Freddie Mac



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 3.88% continuing the six-month streak of staying below 4.0%. Despite consistent warnings that interest rates will be increasing, they have not been above 5% since

early 2010. The second graph above illustrates trends in the local unemployment rate -- which showed levels below 6% for most of the past several months, and a slight decline (to 5.8%) during the most recent month of reporting.

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 both 2010 and 2011, 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>

Comprehensive Data on Harrisonburg Townhouse Communities
<http://www.HarrisonburgTownhouses.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
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