

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

An Analysis of Real Estate Activity Through January 31, 2010

**February 10, 2010**

*provided courtesy of*  
**HarrisonburgHousing***today*.com  
*and Scott P. Rogers, Associate Broker,*  
*Coldwell Banker Funkhouser Realtors*

# HOME SALES REPORT

Harrisonburg &amp; Rockingham County

February 10, 2010

# Home Sales	2007	2008	2009	2010	% Change ('09 - '10)
January	76	52	38	45	18.42%
Last 12 Months (Feb-Jan)	1,435	1,224	921	823	-10.64%

Median Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
January	\$177,000	\$168,500	\$168,975	\$159,500	-5.61%
Last 12 Months (Feb-Jan)	\$191,945	\$196,950	\$197,000	\$186,000	-5.58%

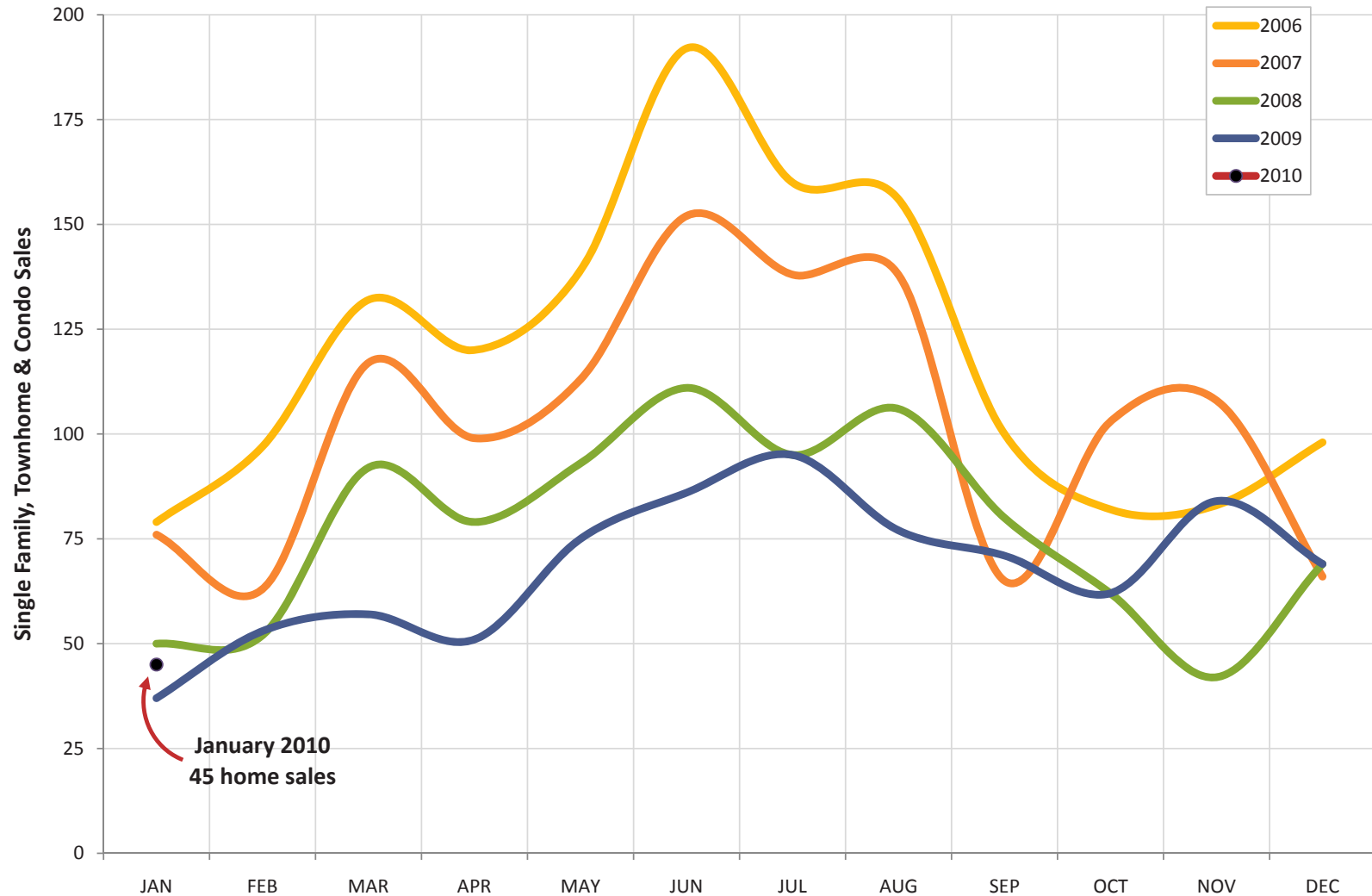
Average Sales Price	2007	2008	2009	2010	% Change ('09 - '10)
January	\$195,080	\$213,132	\$207,174	\$206,249	-0.45%
Last 12 Months (Feb-Jan)	\$222,924	\$225,736	\$223,522	\$214,043	-4.24%

Average Days on Market	2007	2008	2009	2010	% Change ('09 - '10)
January	191	158	199	165	-17.09%
Last 12 Months (Feb-Jan)	142	176	169	185	9.47%

Home sales were 18% higher in January 2010, with 45 sales, as compared to January 2009 when the Harrisonburg and Rockingham County market saw only 38 sales. That being said, the 823 home sales between February 2009 through January 2010 home sales were 11% lower than the 921 home sales during the same time period one

year prior. Sales prices continue to decline slightly, with a 6% decline in median sales price between January 2009 and January 2010, an a 6% decline when comparing Feb 2009 through January 2010 to the 12 month period prior. Of interest, the average days on market actually decreased 17% between January 2009 and January 2010.

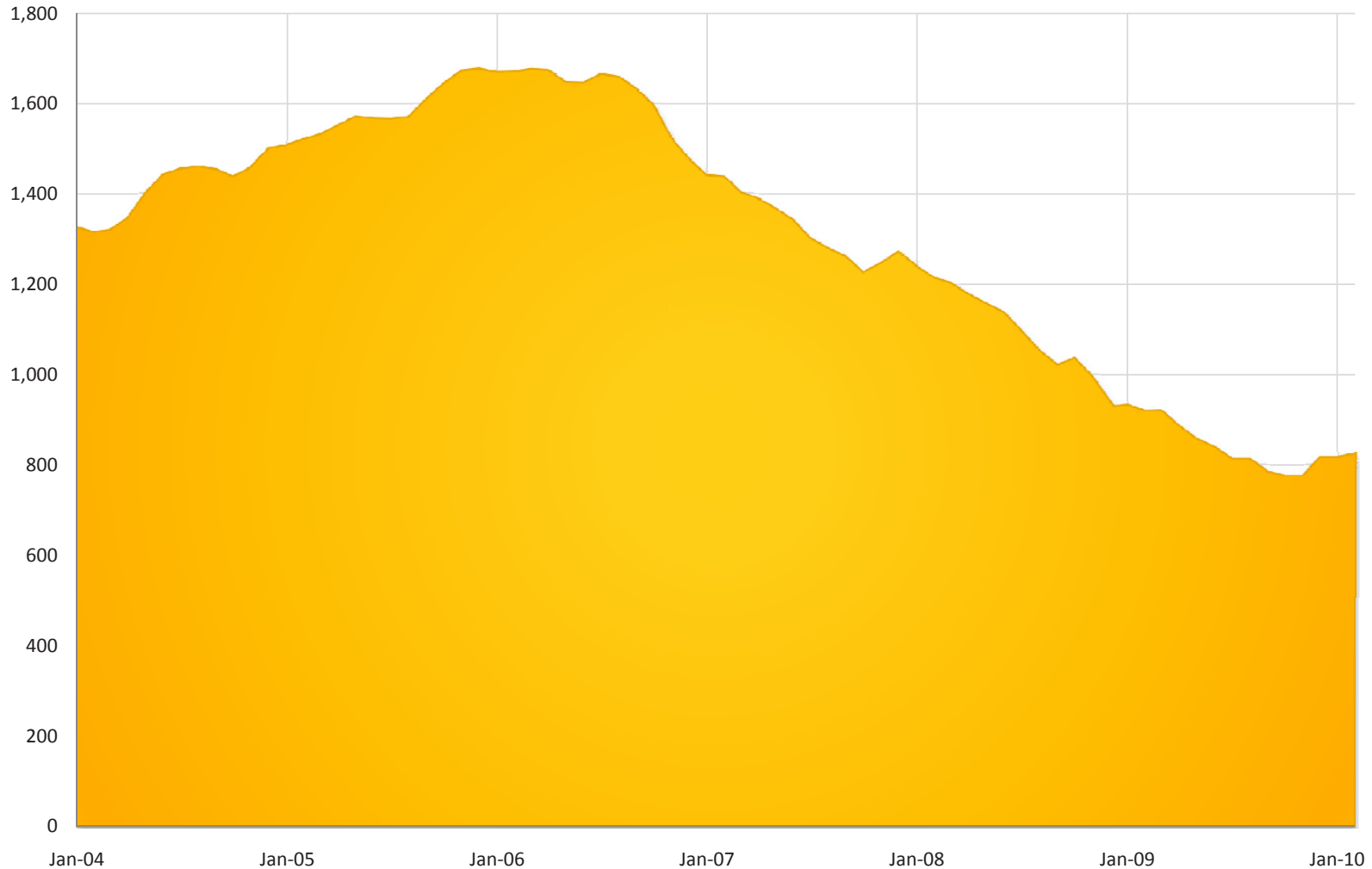
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



January home sales declined steadily, year after year, between 2006 and 2009. This year, however, was the first increase in home sales with 45 sales in January 2010 as compared to only 38 in January 2009. Perhaps this will finally be the year that home sales stop declining as compared to the previous year. This would not be too

surprising after the fourth quarter of 2009, when sales each month were equivalent or higher than the same month in 2008. This slight traction in the number of home sales could be the momentum that is needed in our local market for values to stabilize and start to increase.

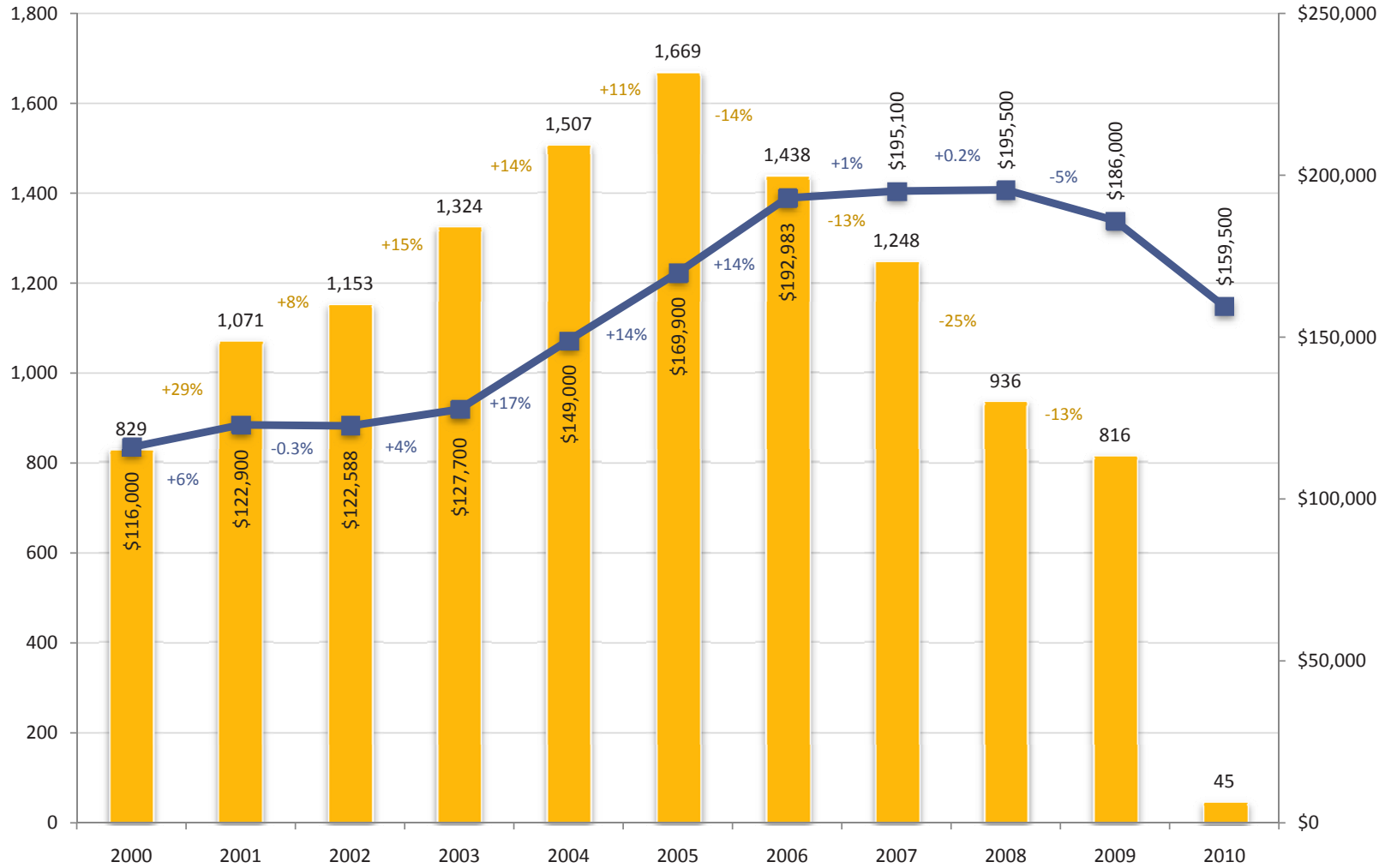
Harrisonburg & Rockingham County  
**Time-Adjusted Home Sales Trends :: All Homes**  
Sum of Preceding 12 Months



This graph quite possibly shows that the momentum has shifted in our local housing market, and that we may be returning to more positive times. This graph shows a normalized trend of home sales activity by plotting a running 12 month sum of home sales. That is to say that the most recent data point shows home sales for February

2009 through January 2010, the prior data point shows January 2009 through December 2009, etc. The coming months will be good indicators of whether this momentum can stick. It may be quite a while until we return to 2007 or even 2008 home sales levels, but it appears that we are now headed in the right direction.

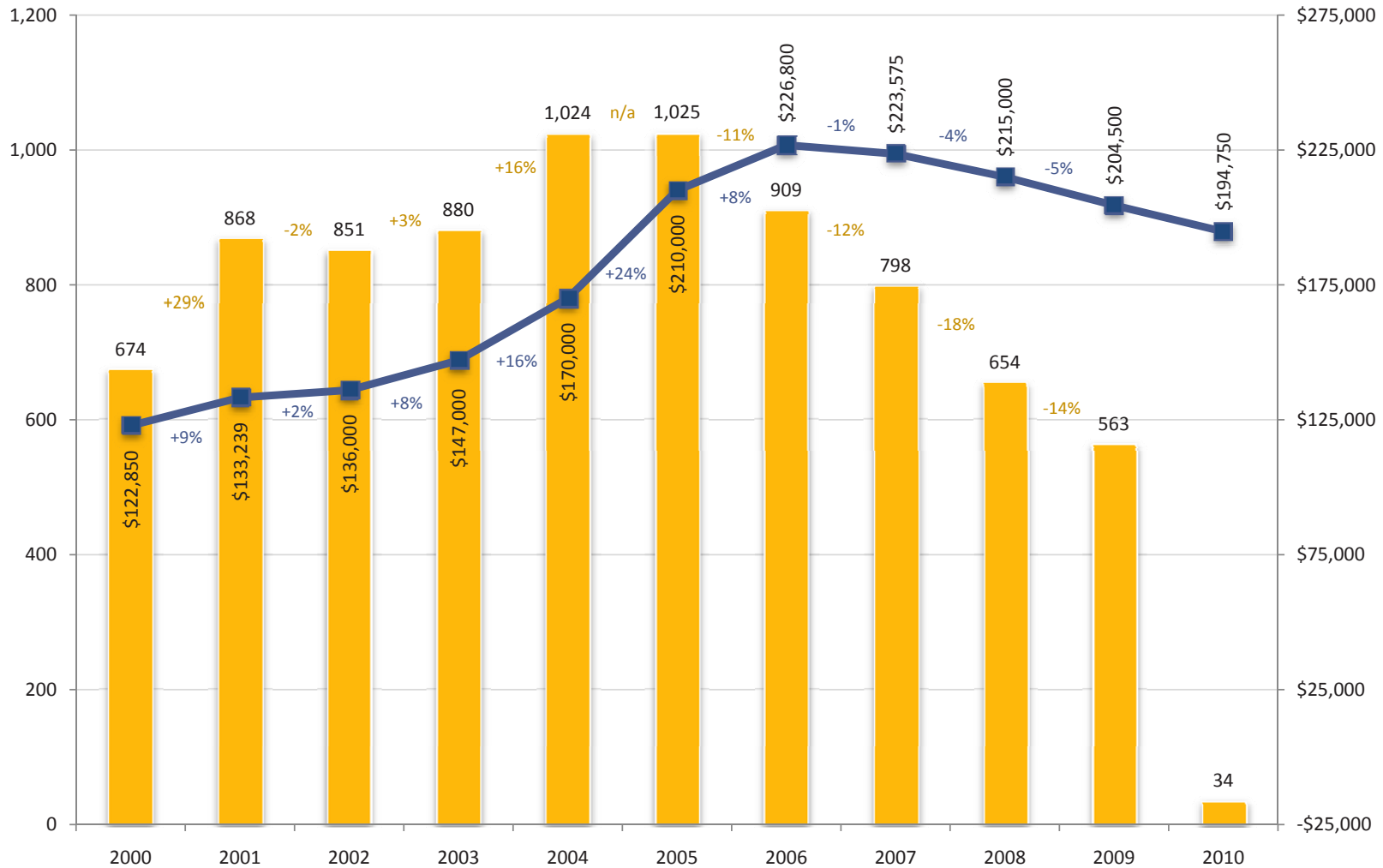
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes & Townhomes



This graph provides overall insight into the performance of the residential real estate market in Harrisonburg and Rockingham County. Last year's sales (2009) came almost back up to 2000 levels, and per the previous graphs in this report, we may see 2010 sales figures match or exceed 2009 sales. Also of note is that the median

sales price declined quite dramatically between 2009 and the January 2010. This is quite likely because of the very small sample size of 2010 home sales data. We can likely expect that the median sales price will increase for 2010 when several more months of data are included in this calculation.

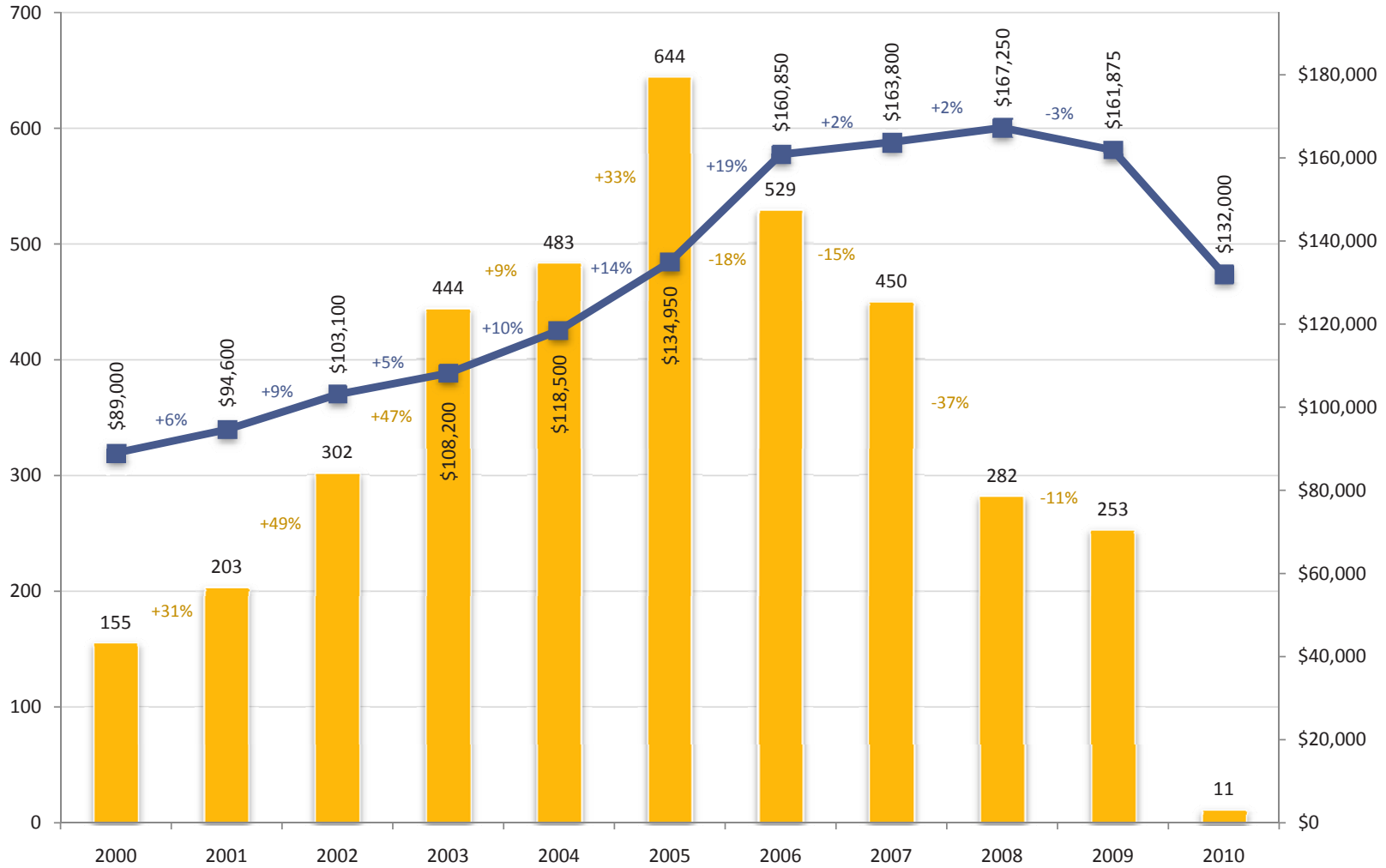
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes



Single family homes continue to show a moderate decline in median sales price, now showing 4% to 5% declines for a third year running. If our market starts to see a recovery this year in the pace of sales (with at least 563 single family home sales), then we may start to see this value trend line start to improve. Of note, the current

median sales price of \$194,750 is now hovering between the 2004 and 2005 home sales price. That is to say that homeowners who purchased since 2005 will likely have to sell at a loss if they are attempting to sell in our current market. This is not true for all properties or neighborhoods, but can be stated generally.

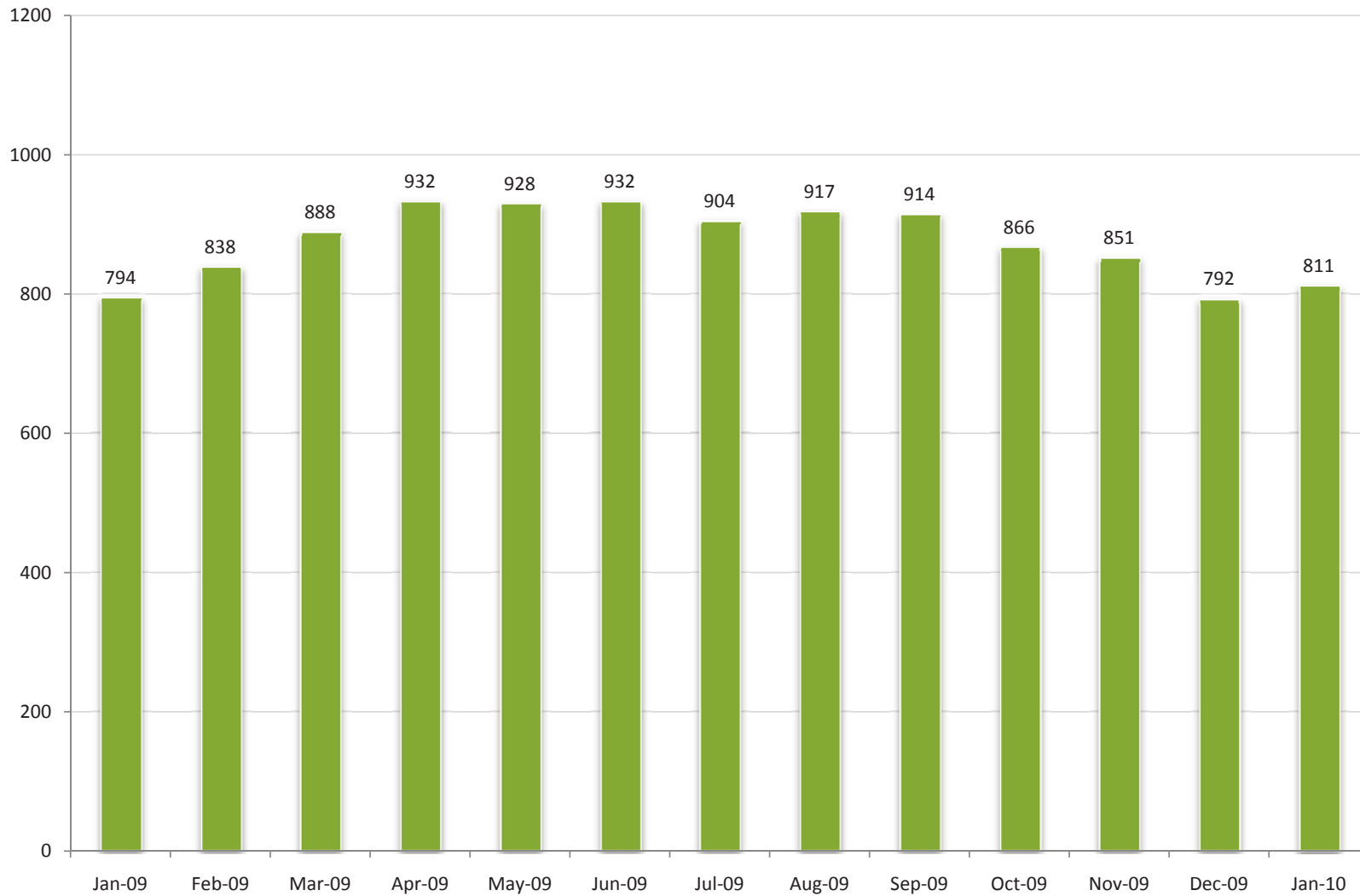
### Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



The pace of townhome sales leveled off quite nicely in 2009, with only an 11% decline in the pace of these sales, as compared to an enormous 37% decline between 2007 and 2008. This may have been due to the first time buyer tax credit that was originally to end in November 2009. The tax credit now extends through mid-2010, so we may

continue to see strong townhome sales, though only 11 townhomes sold in January in all of Harrisonburg and Rockingham County. The sharp drop in median sales price is again likely because of the very small data set of only 11 sales in January. We should see this median value increase once we include February and March data.

Harrisonburg & Rockingham County  
**Inventory Levels**

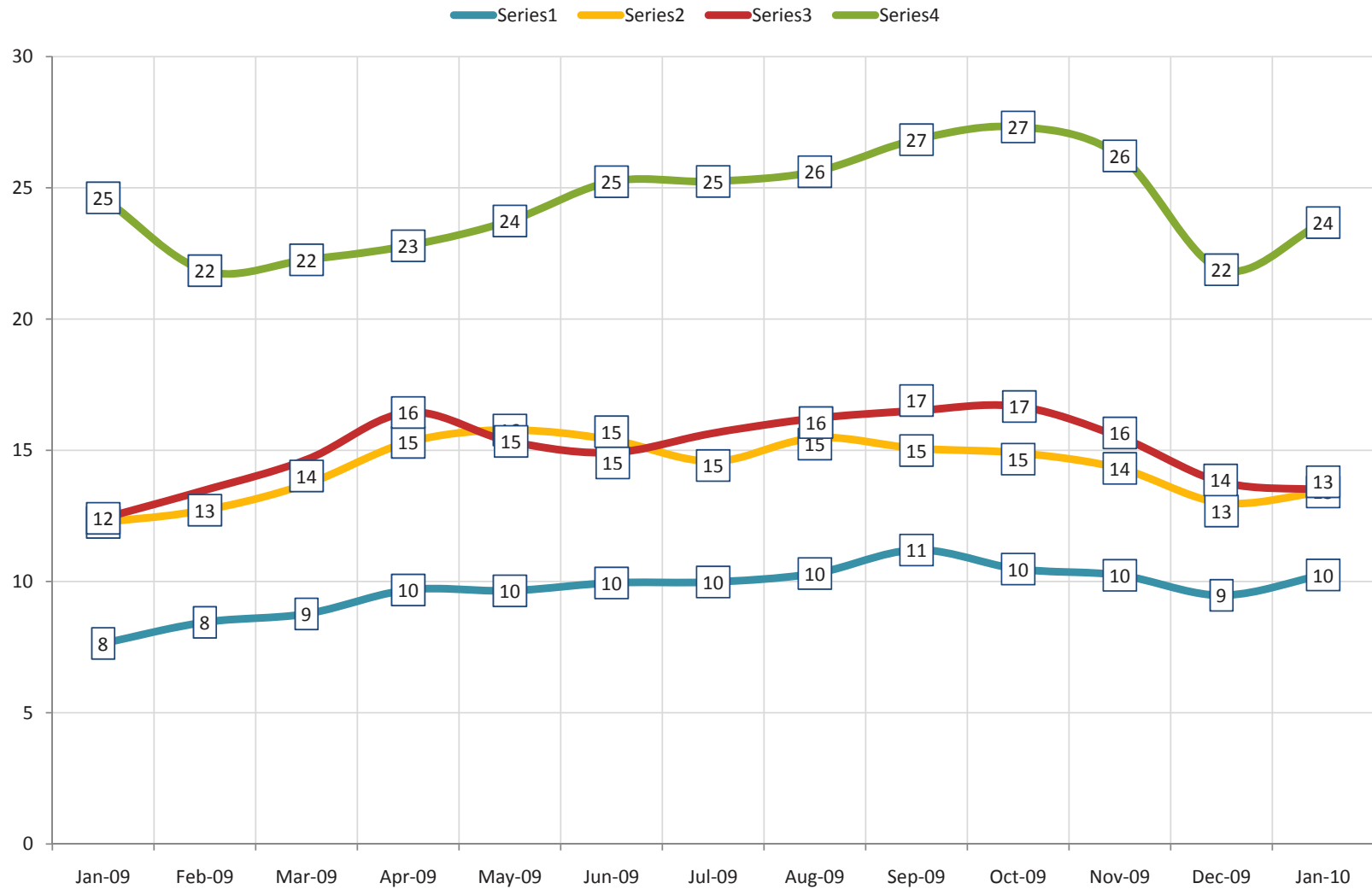


Up until this past month, inventory levels had been decreasing both month-to-month and year-to-year. This past month, however, inventory levels started to increase again, with 811 single family homes, townhomes and condos on the market. Yet, at the same time, the current number of homes on the market is the third lowest

that we have seen all year. We will likely see an increase in this inventory level as we head into the spring real estate market and many homeowners consider putting their homes on the market. Hopefully, though, this will be offset by increasing numbers of sales in the coming months.



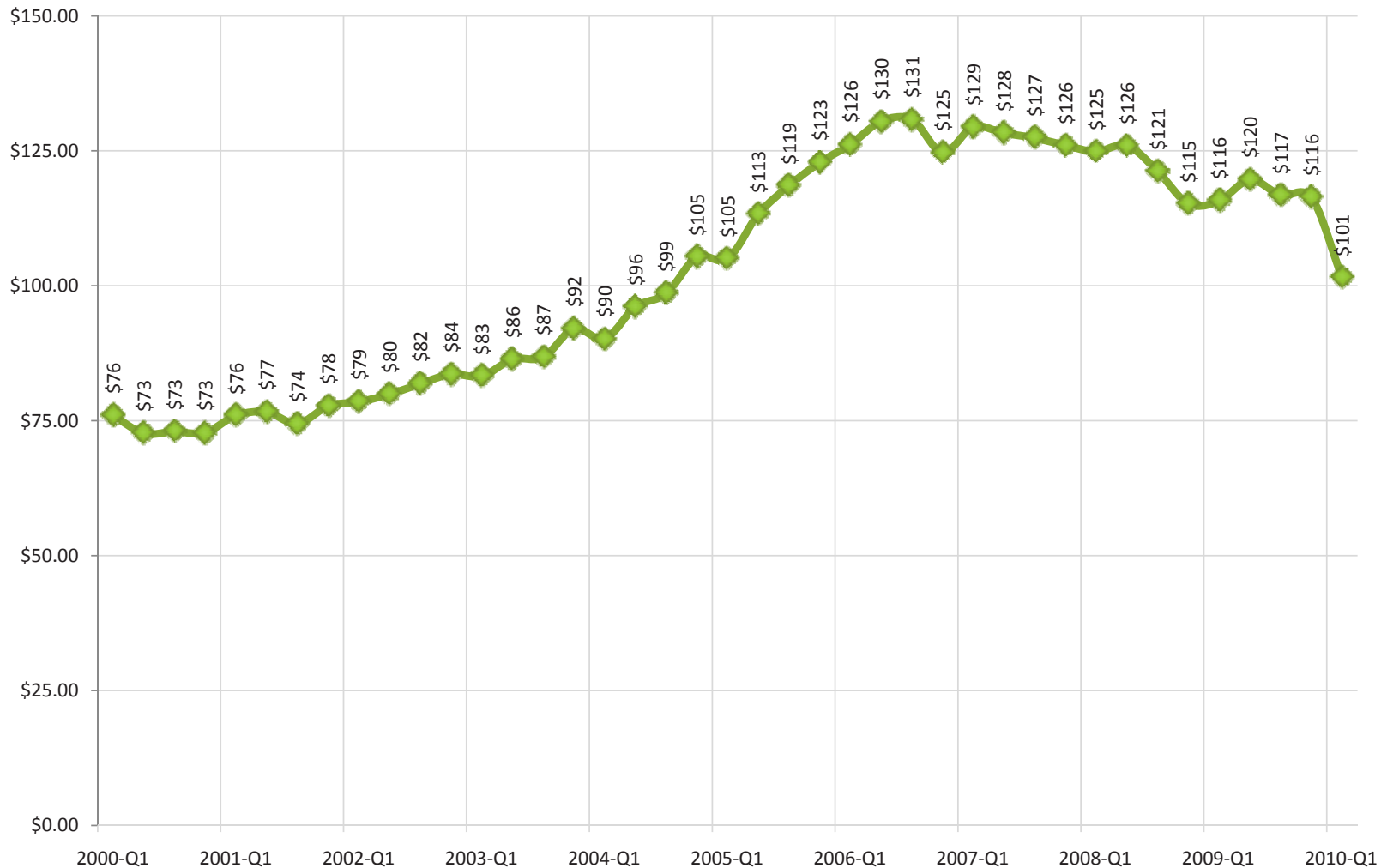
### Harrisonburg & Rockingham County Housing Supply Trends by Price Range



The supply levels shown above are calculated by comparing the number of homes currently on the market with the average number sold per month over the past year. This graph examines supply trends in several different price ranges, and as becomes quickly evident, the balance between buyers and sellers differs drastically depending

on the price range of the subject property. All price ranges have now started to trend upwards again, though this is most because of the first upward shift in inventory levels in several months. As a reference point, a normal balance between buyers and sellers in a market is considered to be six months of supply.

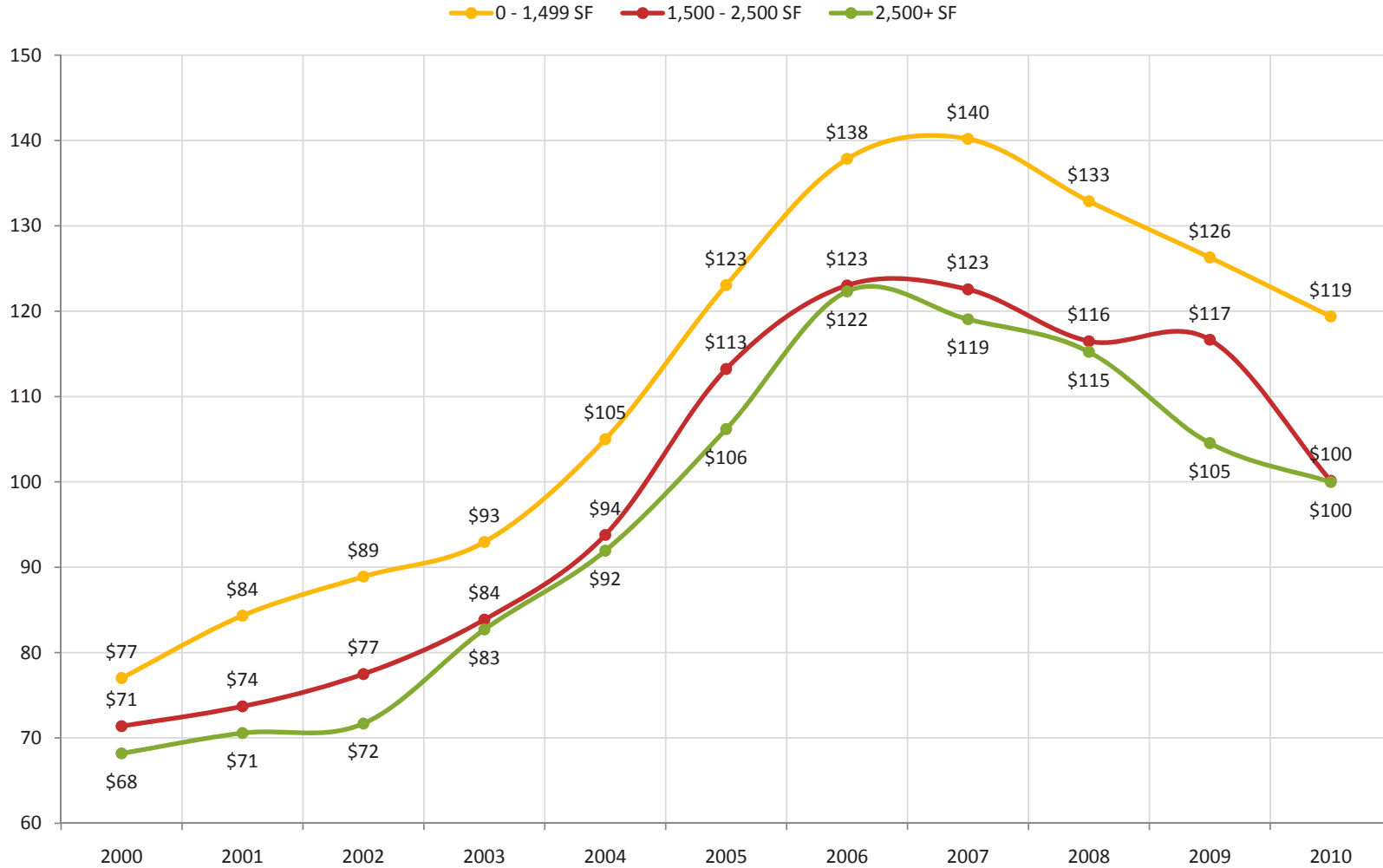
### Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



Another measurement of value over time is shown in the median price per square foot of single family homes sold in Harrisonburg and Rockingham County -- pictured above. As can be seen, this value has gradually shifted downward since 2006, as we saw in the median sales price of single family homes during this same time period.

This value dropped significantly in the first quarter of 2010, though it may again be the result of only a few home sales in the data set. The next few months will be quite indicative as to whether we have truly seen an adjustment in this value trend.

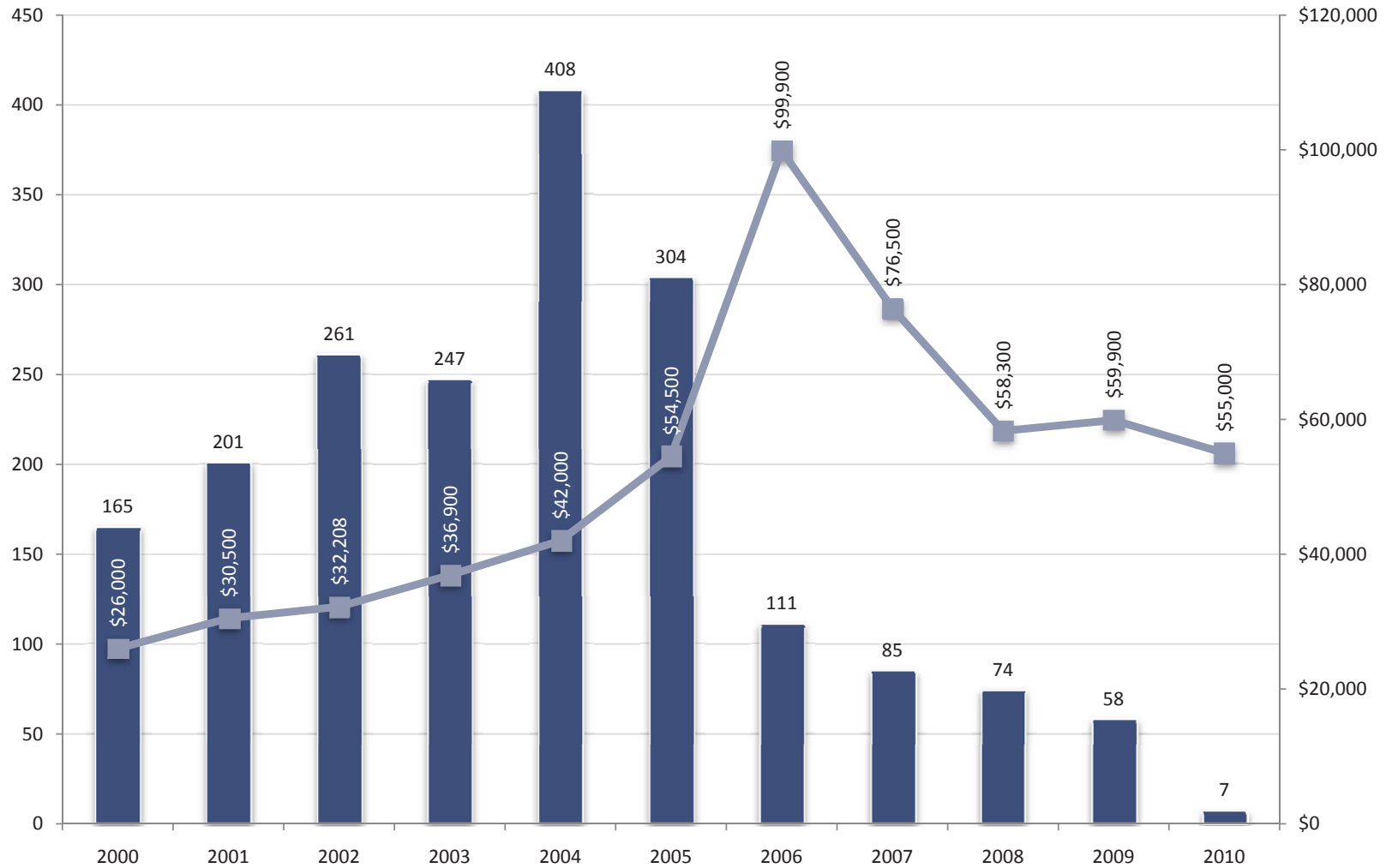
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



Expect to pay a bit more per square foot for smaller homes --- it has been that way for almost 10 years now. The graph above shows how median price per square foot varies based on the size of the house in question. Interestingly, the median price per square foot of mid-sized and large homes have remained relatively closely paired

over the past nine years, separated quite dramatically last year, and have again converged in the first month of 2010. The average price per square foot of most homes in our market is now just over \$100 per square foot, though these values vary greatly based on age, condition, location, etc.

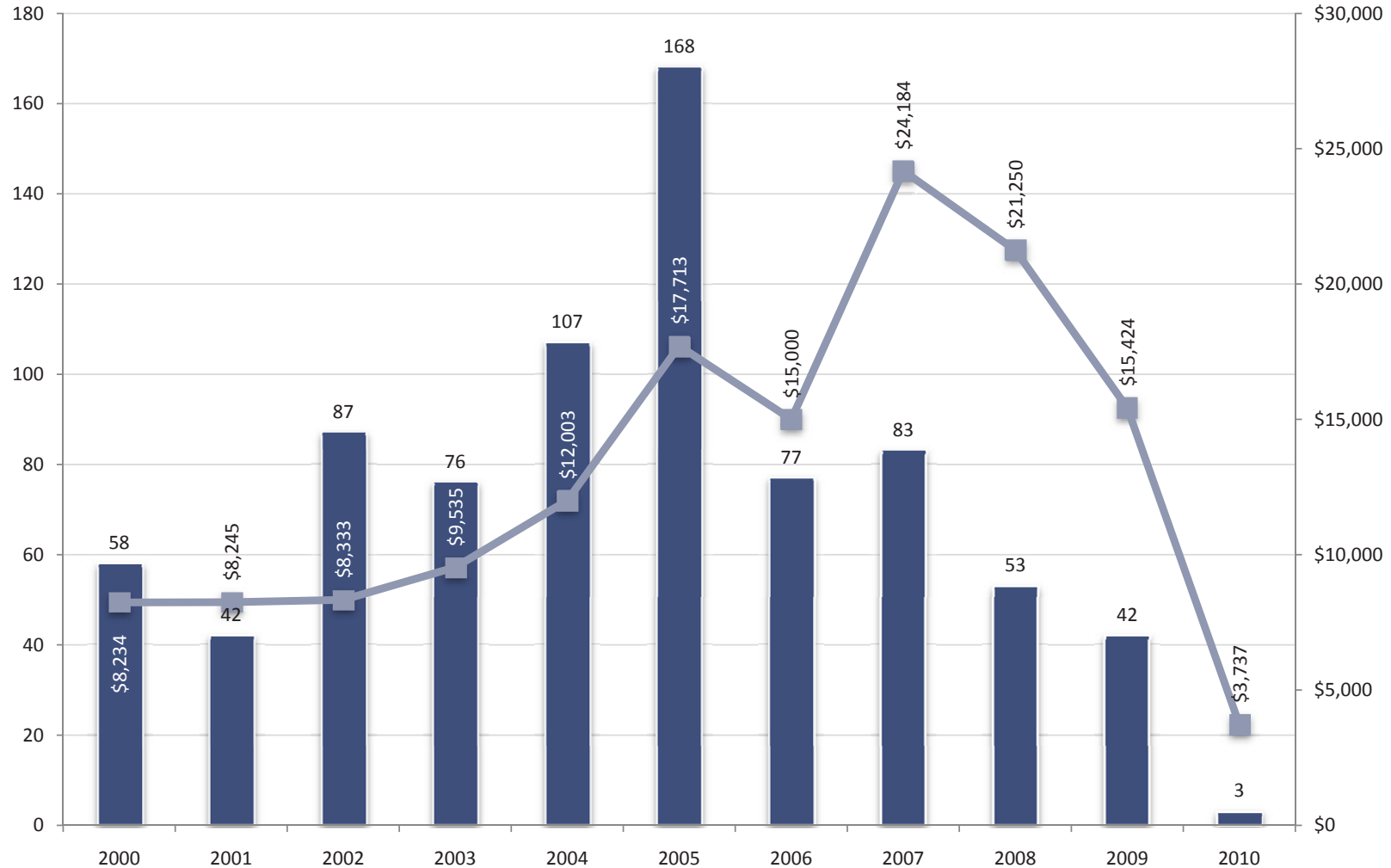
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



The graph above illustrates the drastic decrease in lot sales that our local market has experienced over the past several years. With lot sizes smaller than one acre, most of these lots are in subdivisions, on public water and sewer. The main cause for this drastic decrease is that new construction has slowed -- most builders are no

longer buying building lots and building houses speculatively. Furthermore, many lot "end users" are no longer considering building, because of changing circumstances with their finances, or because of general economic and market uncertainties. The decrease in median lot prices is not surprising, given the large decrease in sales.

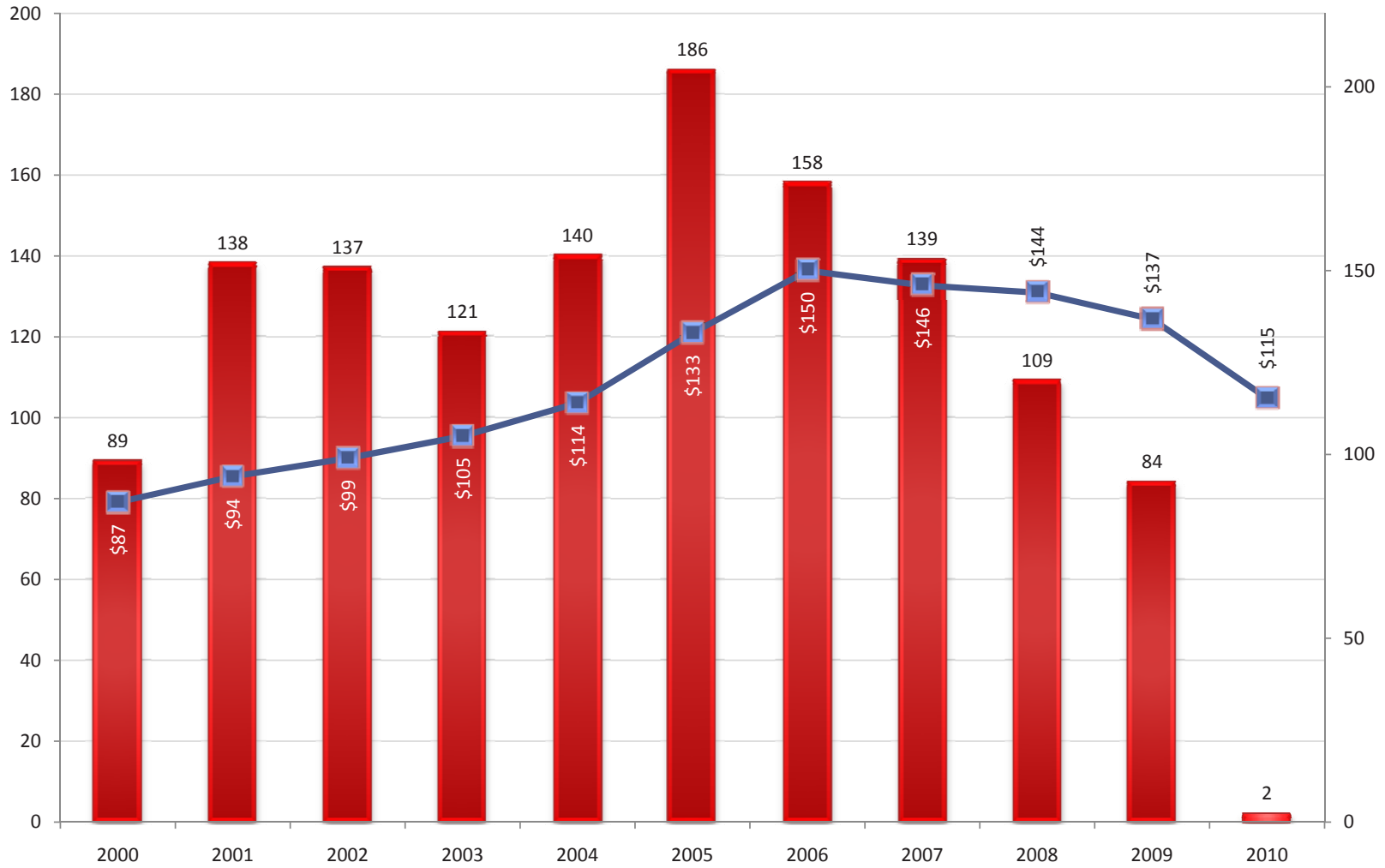
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



Land sales of parcels larger than one acre have not decreased as significantly as small lot sales have. We continue to see a decline, but aside from the spike in land sales in 2005, there has always been quite a bit of variation in the number of land sales happening in a given year. Of note, however, the median price per acre of the

land that is selling has slipped tremendously over the past two years, from a high of \$24k per acre down to \$15k per acre in 2009. One of the three land sales in January 2010 was a very large tract, which contributed to the low median price per acre value in January 2010.

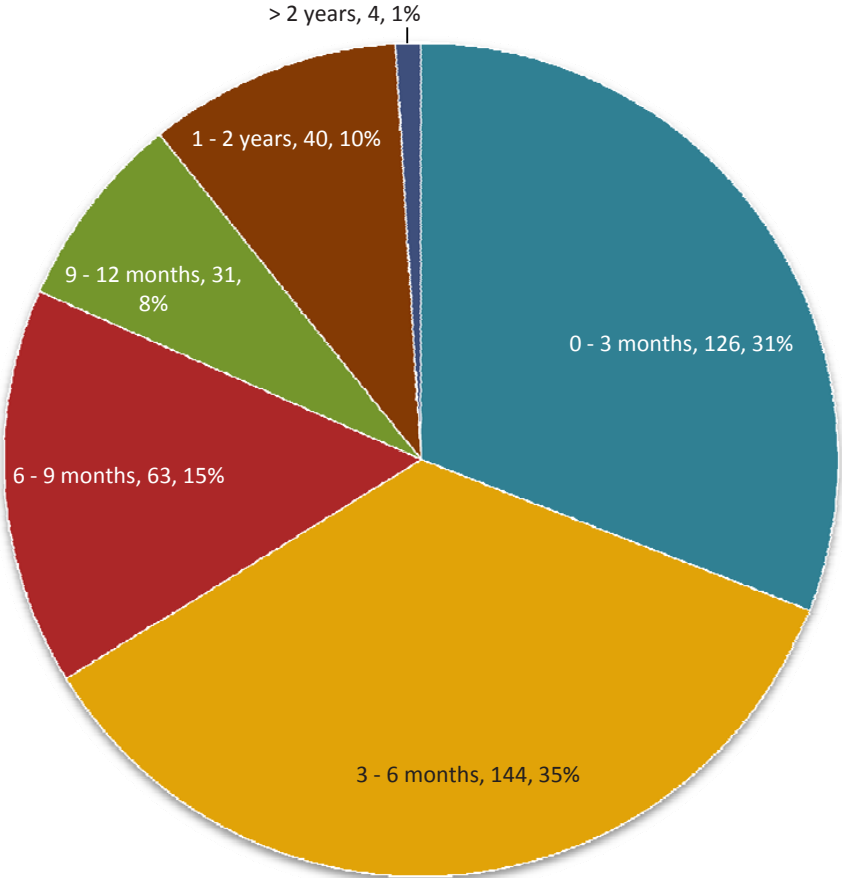
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



This graph isolates new or almost new single family homes that have sold for each of the past ten years. We have seen a steady decline in the number of new construction single family homes selling since 2005, but of note, except for in the first month of 2010, the median price per square foot of these homes has not shifted as much as

we might otherwise expect. This metric includes houses with significant variation in their characteristics (basement, garage, lot size), thus this price per square foot metric can only be so helpful in assessing a potential building cost for a new home.

### Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Aug '09 - Jan '10

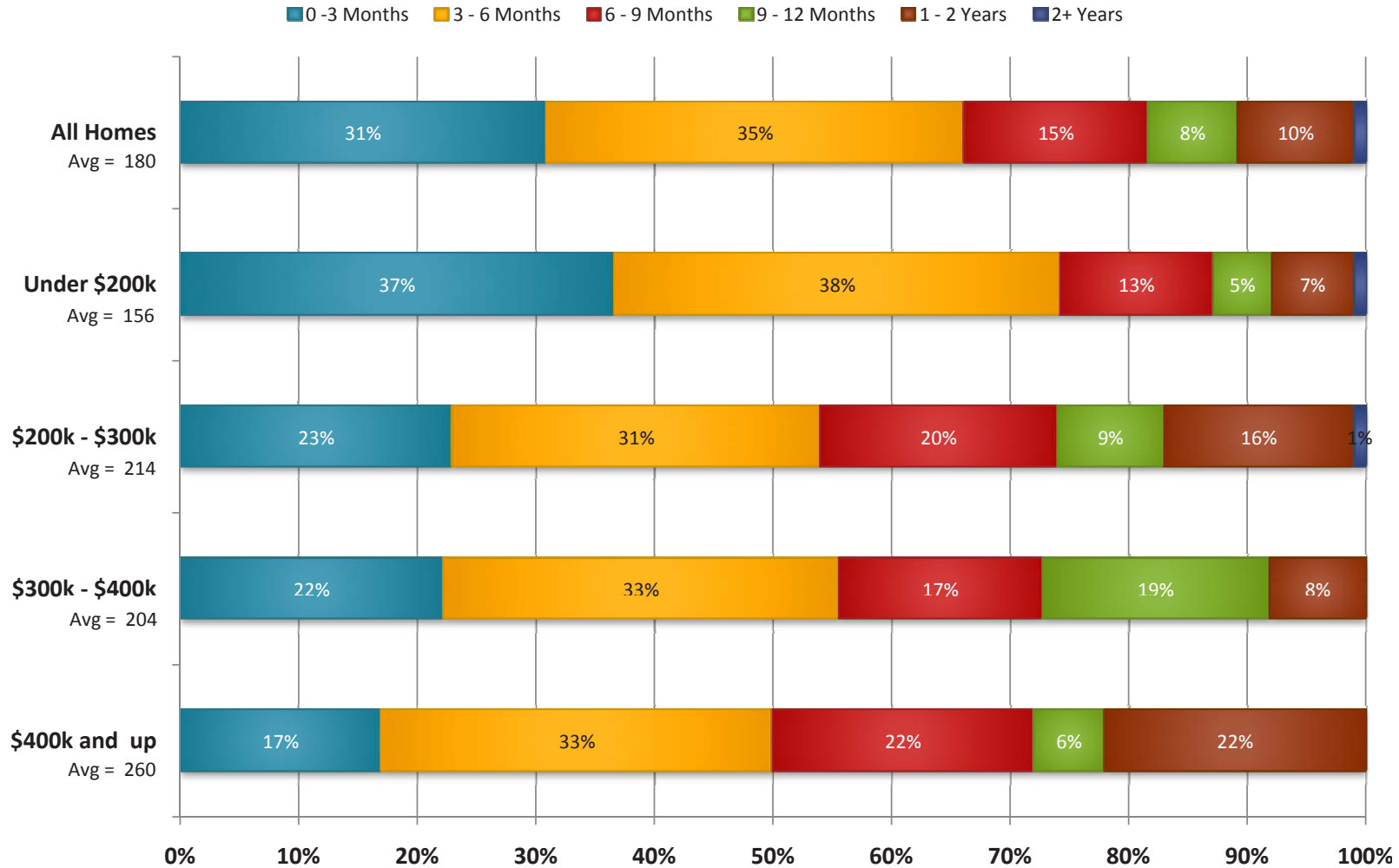


**Average Days On Market: 180**

A remarkable 66% of the homes that are selling do so within six months of coming onto the market. This, of course, does not factor in the many (many) homes that languish on the market and do not sell -- leading to a higher average days on market statistic. Given that it typically takes 45 - 60 days to move from a ratified contract to

the closing table, it is quite extraordinary that a full 31% of home sales in the past six months have taken place within 3 months of the date when those properties came on the market. This means that they were under contract within the first 30 or 45 days of being listed, which is likely a surprising figure for many hopeful sellers.

Harrisonburg & Rockingham County  
**Days on Market Analysis by Price Range**  
 August 2009 - January 2010



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 37% of homes that sold for less than \$200,000 sold in the first 90 days of being on the market, while only 17% of homes between \$300,000 and \$400,000 were able to sell in that same

time period. On the other end of the spectrum, only 11% of homes that sold for less than \$200,000 took more than a year to sell, but a full 22% of homes priced over \$400,000 took over a year to sell. The average days on market for homes over \$400k (260 days) is a full 67% higher than that of homes under \$200,000 (156 days).