



## Harrisonburg & Rockingham County Real Estate Market Report

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HarrisonburgHousing*today*.com

April 11, 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: March

61 homes sold in March 2011, showing a 24% increase from March 2010 when 49 homes sold -- and a 7% increase from March 2009 when 57 homes sold.

### Home Values: March

Median sales prices decreased 17% to \$162,500 between March 2010 and March 2011, and average sales prices decreased 27%.

### Days on Market: March

Homes sold in an average of 227 days in March 2011, a 4% increase over the 218 day average in both March 2010 and a 22% increase over March 2009.

### Foreclosures

52 trustee deeds have been recorded thus far in 2011 compared to 138 home sales reported through the HRAR MLS. At this pace, foreclosures may increase again in 2011.

### Inventory

Inventory levels rose again in March 2011 to 832 residential properties for sale, up from 807 one month ago, but down from 962 one year ago, in March 2010.

### Pace of Home Sales: Year to Date

138 homes sold thus far in 2011. This marks a 6% decline from the 2010 year to date when 147 homes had sold, and a 7% decline as compared to 2009 year to date.

### Home Values: Year to Date

Median sales prices declined 6% 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 (219 days) increased 15% since 2010 year to date when the average was 190 days on market.

### Supply

All price ranges still show an excess of housing supply, with 12 months under \$200k, 14 months between \$200k and \$300k, 16 months between 300k and \$400k, and 25 months above \$400k.

### Price Per Square Foot

Median price per square foot of single family homes has decreased from \$115/sf in the 4th quarter of 2010 to \$101/sf in the 1st quarter of 2011.

### Buyer Activity

75 buyers committed to buy in March 2011, compared to 95 in March 2010, and 68 in March 2009. These 75 contracts are a 9% increase over the 69 buyers last month.

### Single Family Home Sales

106 single family homes sold thus far in 2011, compared to a 2010 total of 555 homes. The median sales price has decreased to \$183,175.

### Townhome Sales

32 townhomes sold thus far in 2011, compared to a 2010 total of 203 townhomes. The median townhome sales price has decreased to \$126,000 thus far in 2011.

### Lot Sales

17 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 9% to \$50,000 since the 2010 median sales price of \$55,000.

### Land Sales

13 parcels of land greater than an acre sold thus far in 2011 compared to 27 land sales during 2010. This marks a 92% decline from the high of 168 sales in 2005.

# HOME SALES REPORT

Harrisonburg &amp; Rockingham County

April 11, 2011

# Home Sales	2008	2009	2010	2011	% Change ('10 - '11)
March	92	57	49	61	24.49%
Year-To-Date	196	148	147	138	-6.12%

Median Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
March	\$206,000	\$210,775	\$194,000	\$162,500	-16.24%
Year-To-Date	\$199,950	\$189,450	\$175,000	\$165,250	-5.57%

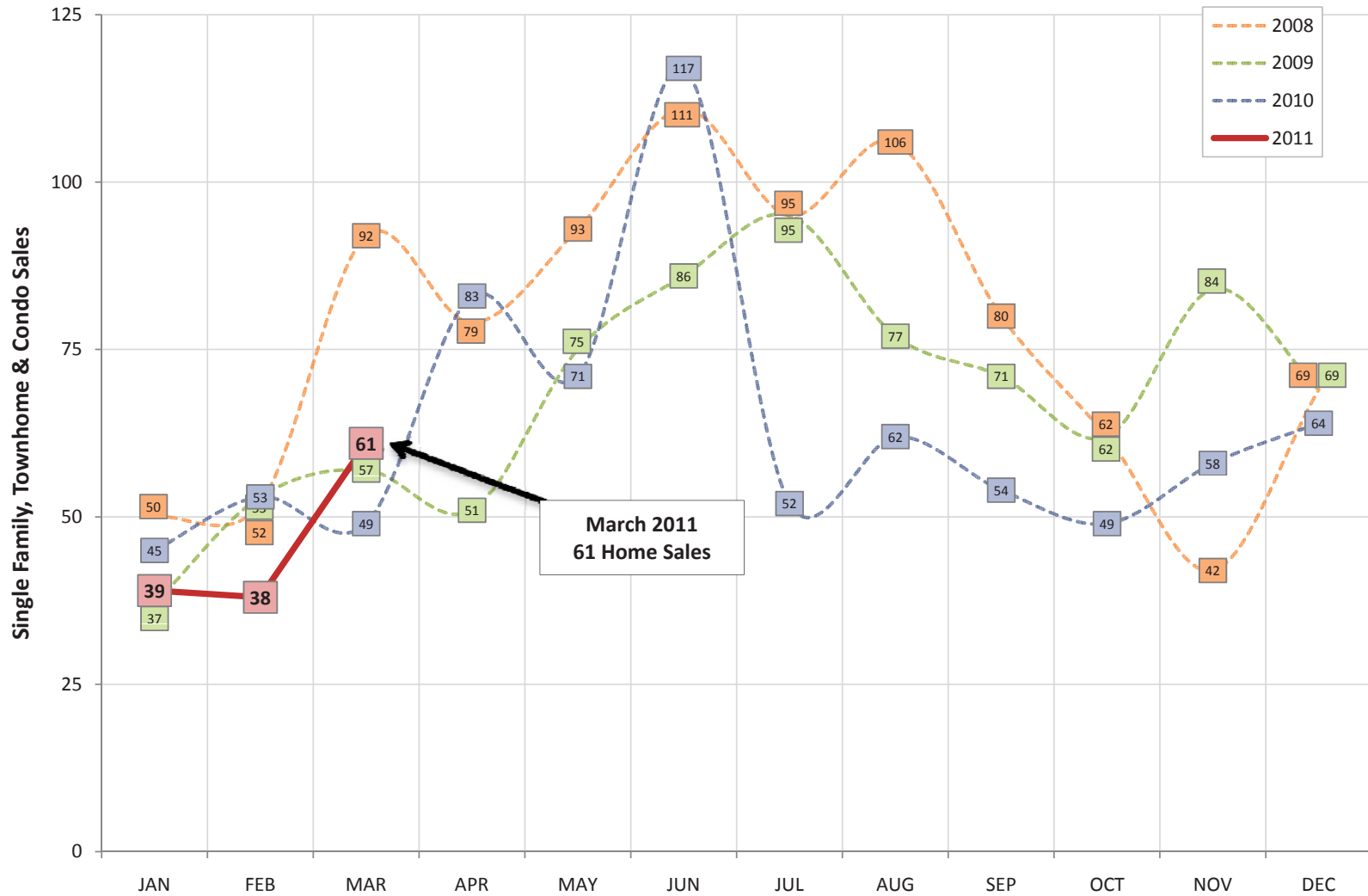
Average Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
March	\$232,237	\$237,353	\$240,354	\$175,835	-26.84%
Year-To-Date	\$228,830	\$231,934	\$211,078	\$185,156	-12.28%

Average Days on Market	2008	2009	2010	2011	% Change ('10 - '11)
March	153	186	218	227	4.13%
Year-To-Date	157	188	190	219	15.26%

Good News! Home sales increased in March 2011 (61 sales) as compared to March 2010 (49 sales) as well as March 2009 (57 sales). This slightly higher home sales pace, however, was accompanied by sharp downward adjustments in median sales prices (-16%) and average sales prices (-27%) likely due to many smaller or older

homes selling in March. March's increase brings 2011 home sales (138) within 7% of 2010 YTD home sales (147), and year-to-date we have only seen a 6% decline in the median sales price. As would be expected, the average time it takes to sell a home continues to increase, to 219 days -- a 15% increase over one year ago.

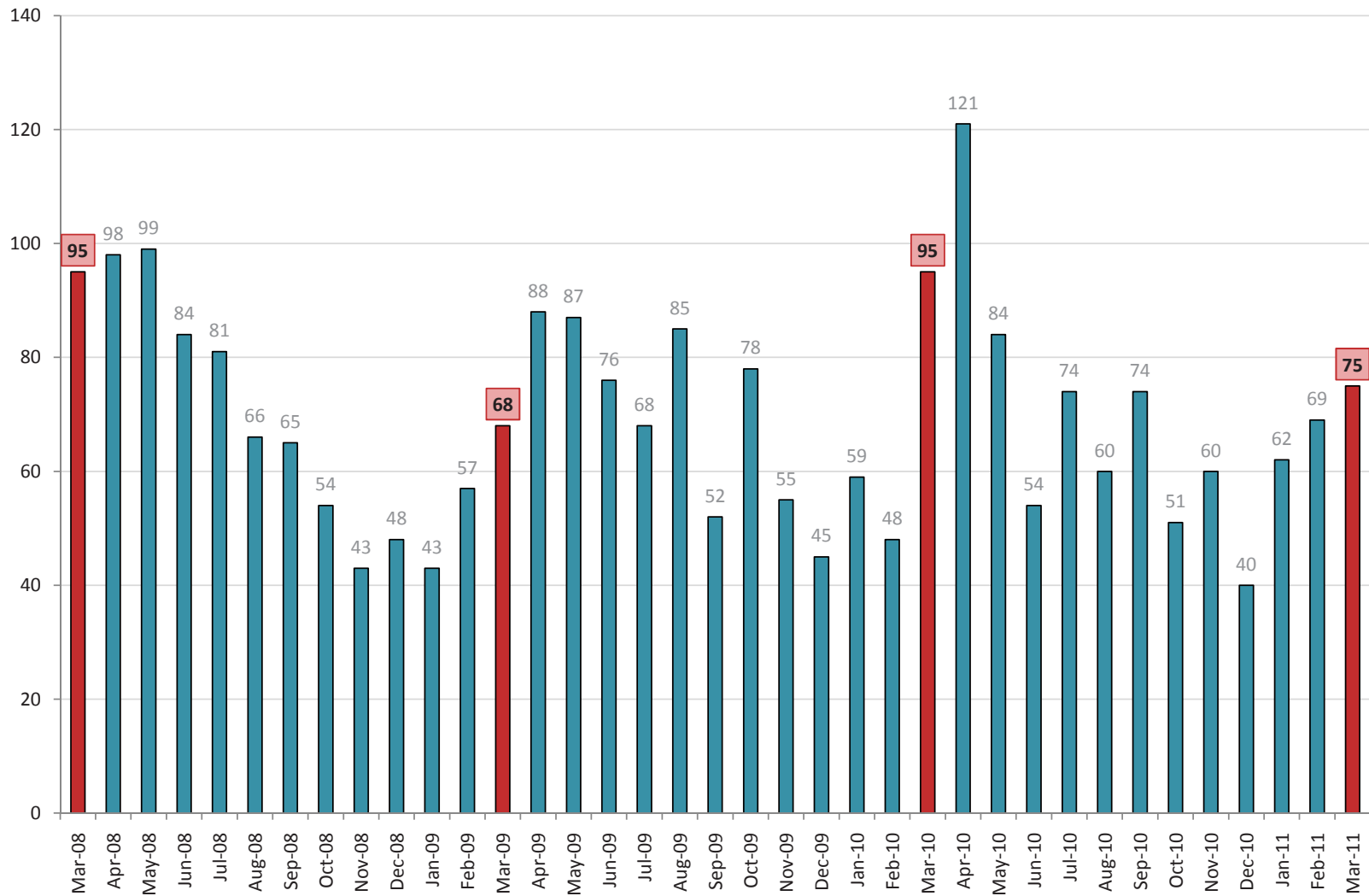
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



March 2011 home sales (61) mark a welcome recovery from very slow home sales in February 2011 (38), and a decent increase over March 2009 and March 2010. April 2011 home sales will (almost certainly) show a decline over last April, as April 30, 2010 was one of the deadlines for the home buyer tax credit. Looking at this graph,

you can somewhat easily pick out the three deadlines for the home buyer tax credit (Nov 2009, Apr 2010, Jun 2010), as sales during those months peaked as compared to the months surrounding them. The looming question is whether the 2011 home sales market can keep pace with the 2010 market without a tax credit.

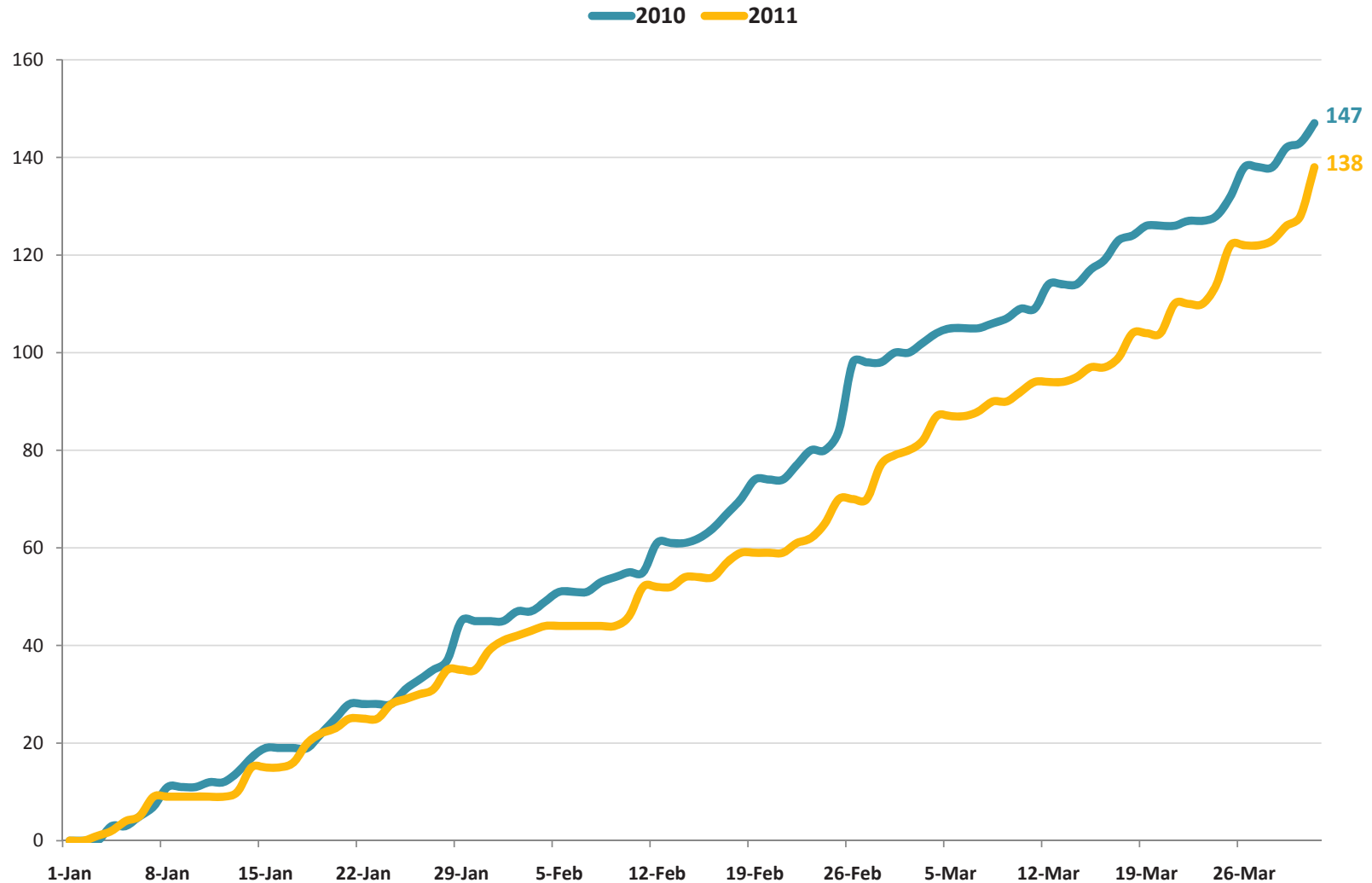
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



March was another (relatively) strong month for buyer activity, with 75 buyers committing to buy properties in Harrisonburg or Rockingham County. This shows a steady increase since the start of the year, and in fact buyer activity in March 2011 was the third highest month in the past year. While these 75 contracts show

a decline over March 2010 (due to the impending April 2010 home buyer tax credit closing deadline), these contracts are still in excess of the 68 contracts seen in March 2009. We should continue to see another month or two of solid sales figures based on the strong contract numbers in January, February and March 2011.

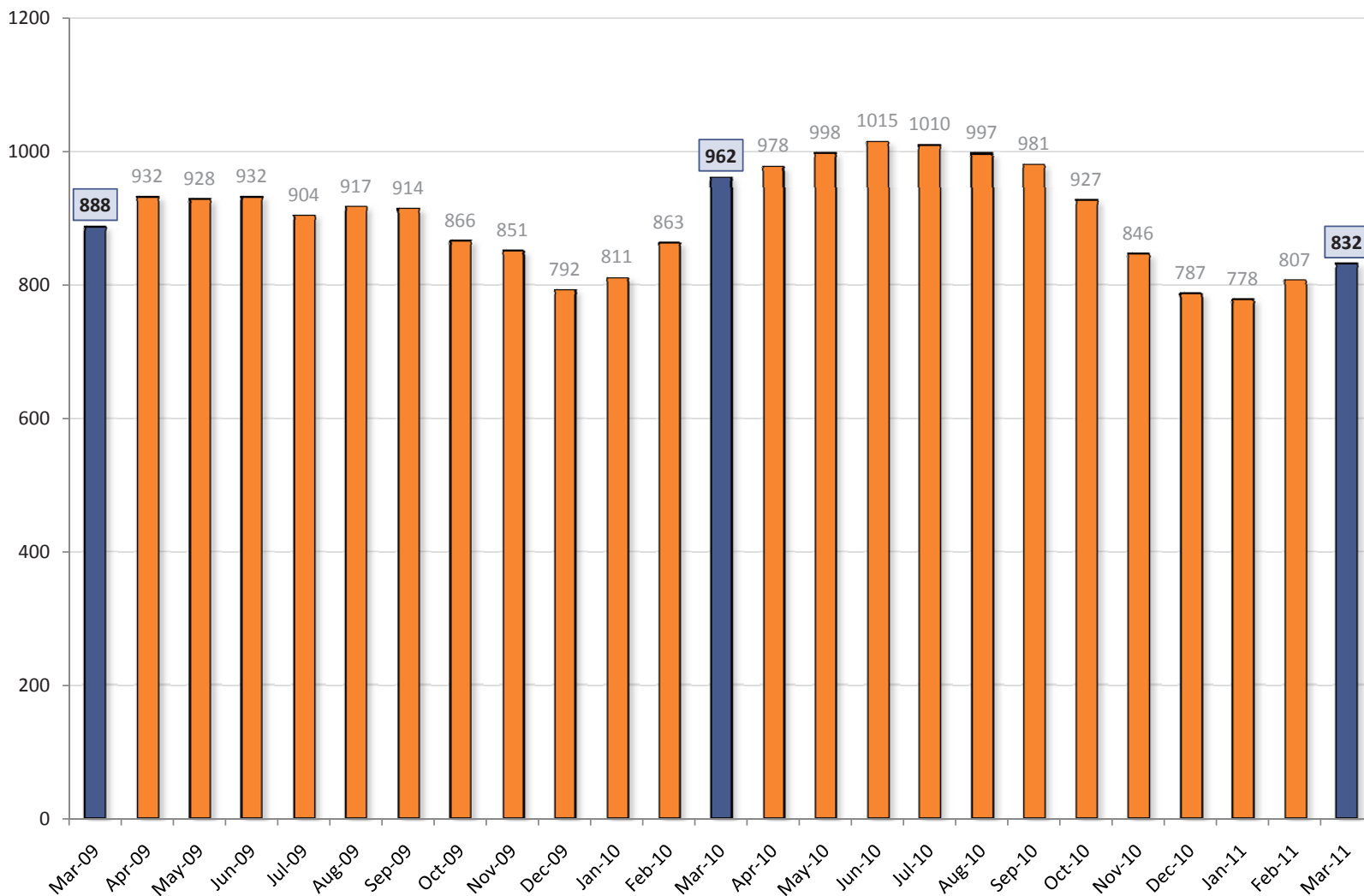
### Harrisonburg & Rockingham County Daily Cumulative Residential Sales



This (new) 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. You'll note that this year's housing market stayed relatively close to last year's through the end of

January, when the gap started to widen. Can the recent uptick (over the past few days of March 2011) continue, thus allowing 2011 home sales (yellow) to overtake 2010 home sales (2010)? Stay tuned to see how 2011 sales compare with last year's housing market as we progress through the year.

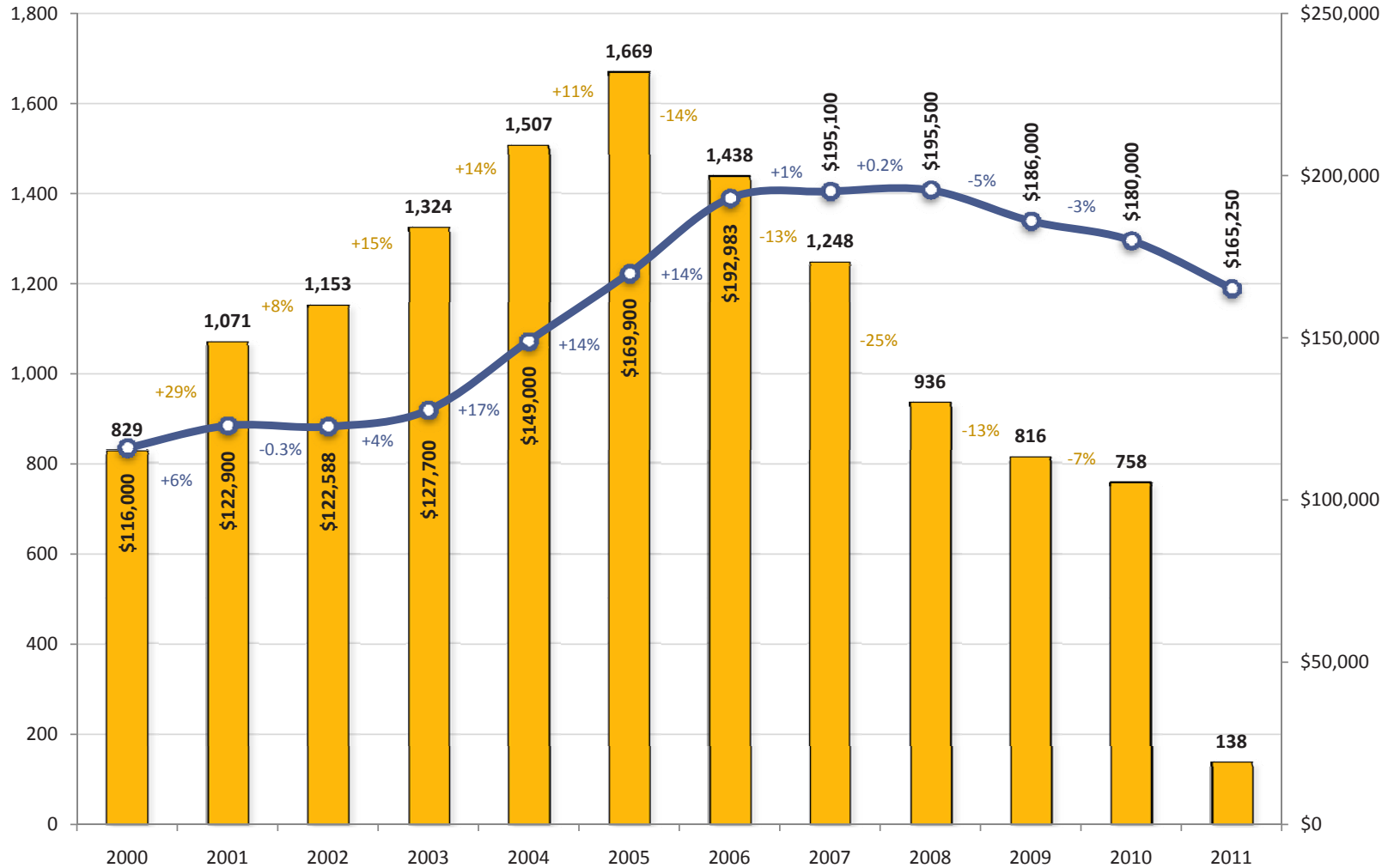
Harrisonburg & Rockingham County  
**Inventory Levels**



It seems that 2010 was the year to try to sell your house -- and for your neighbor to try to sell their house -- and for your neighbor's neighbor to try to sell their house! Inventory levels peaked in mid 2010 above 1,000 active residential listings in Harrisonburg and Rockingham County. While inventory levels are starting to

climb again this month (to 832 active listings) this is still a marked decrease (-13.5%) compared to March 2010, as well as compared to March 2009 (-6%). This is one metric in which we can find great joy in declining figures, as fewer sellers helps to balance the market, since buyers have become so scarce in recent years.

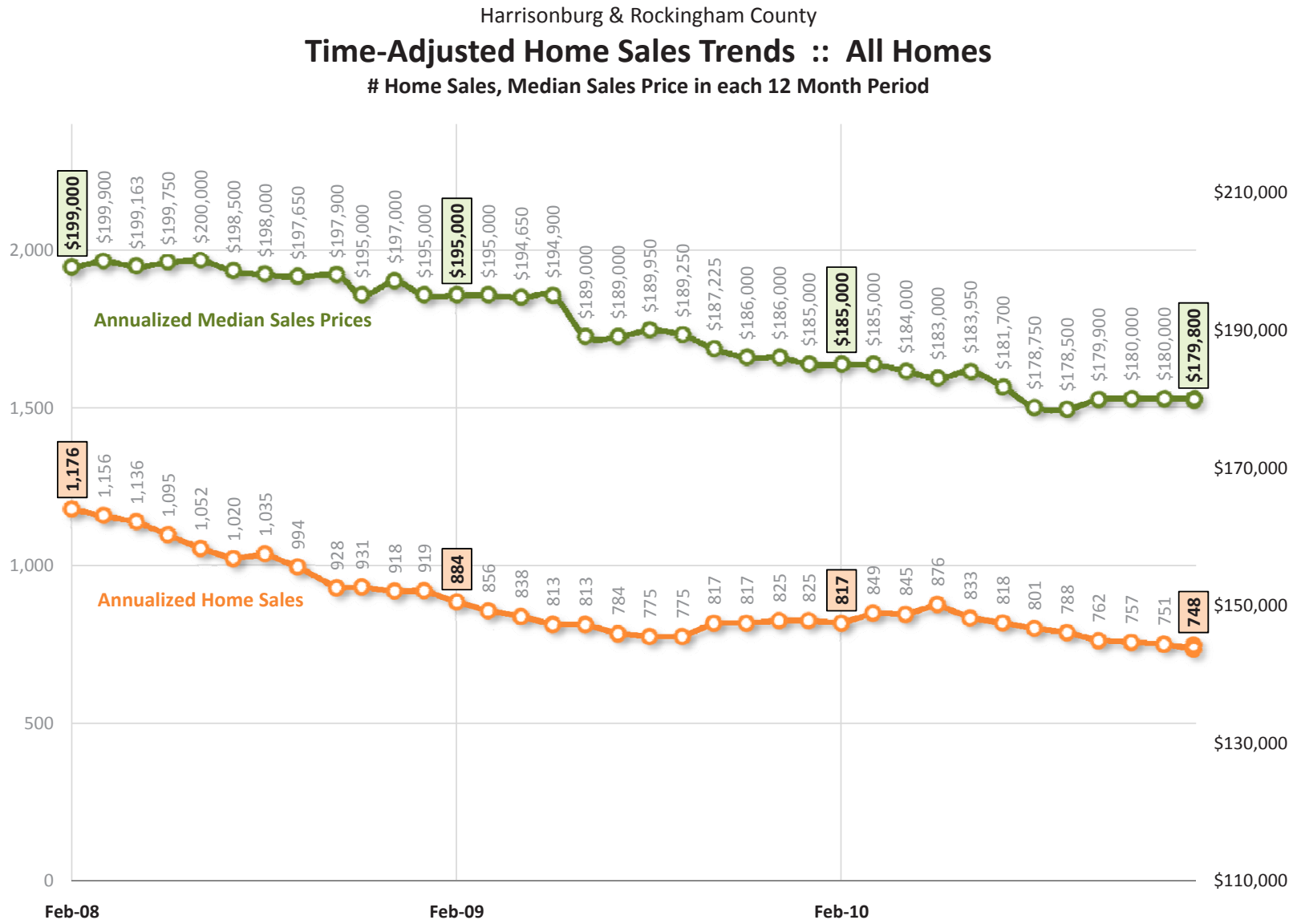
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



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 \$15,000 decline in the median sales price over the past year -- which is an 8% decline in home values, as compared to only a 5% (2008-2009) and 3% (2009-2010) decline during the most recent two years. This may be a result of a relatively small sample size of only January through March home sales.

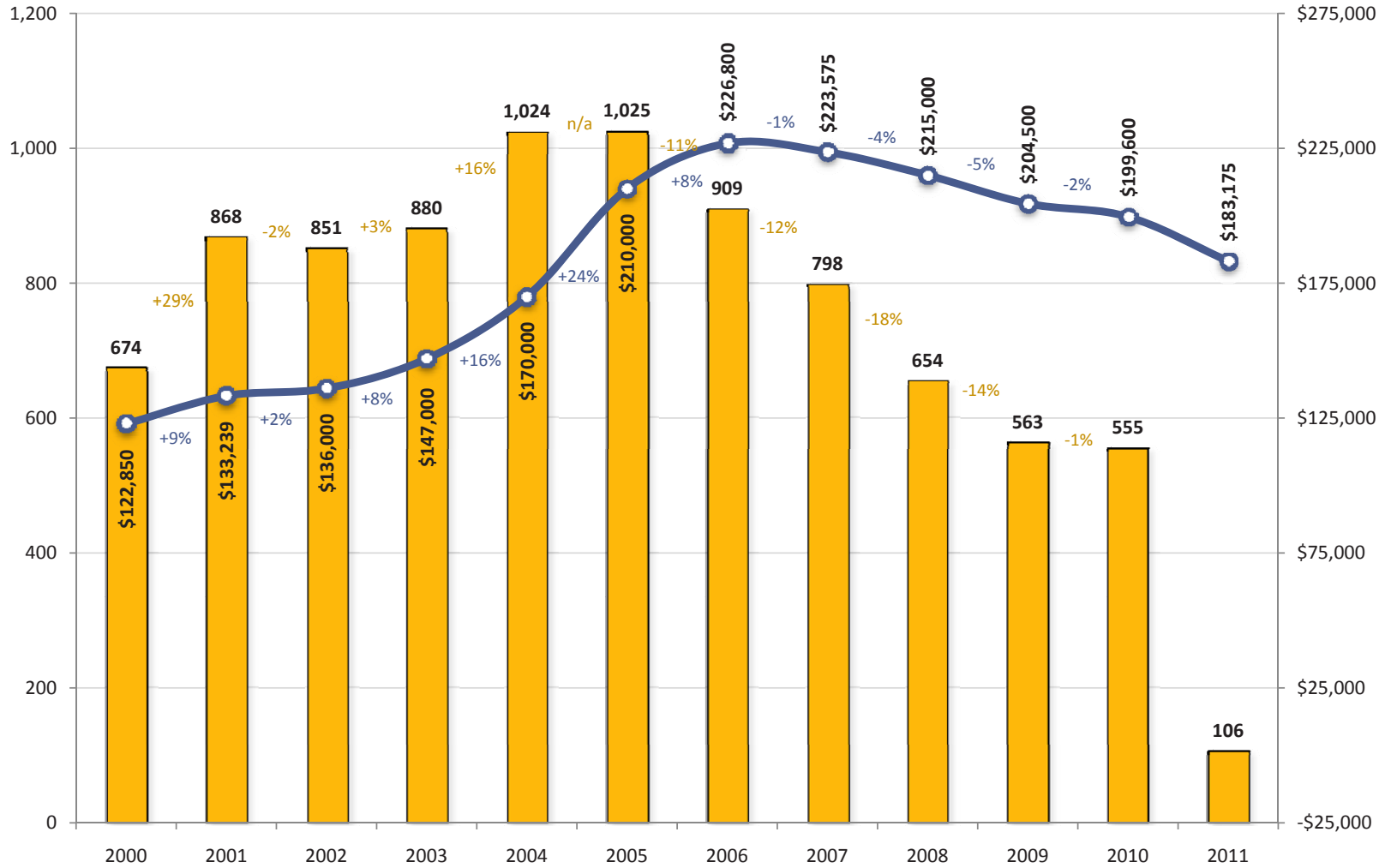




This graph shows a rolling 12 months of the number of home sales in the Harrisonburg and Rockingham County area, as well as the median price of the homes that sold during these time frames. Each data point is showing one year's worth of home sales, which eliminates the volatility of evaluating sales figures on a month-by-month

basis. Over the past three years we have seen a 36% decline in annualized home sales and a 10% decline in median sales prices. It is interesting to note that the median sales price has started to stabilize and/or increase over the past six months, even though the pace of home sales has continued to slowly decline.

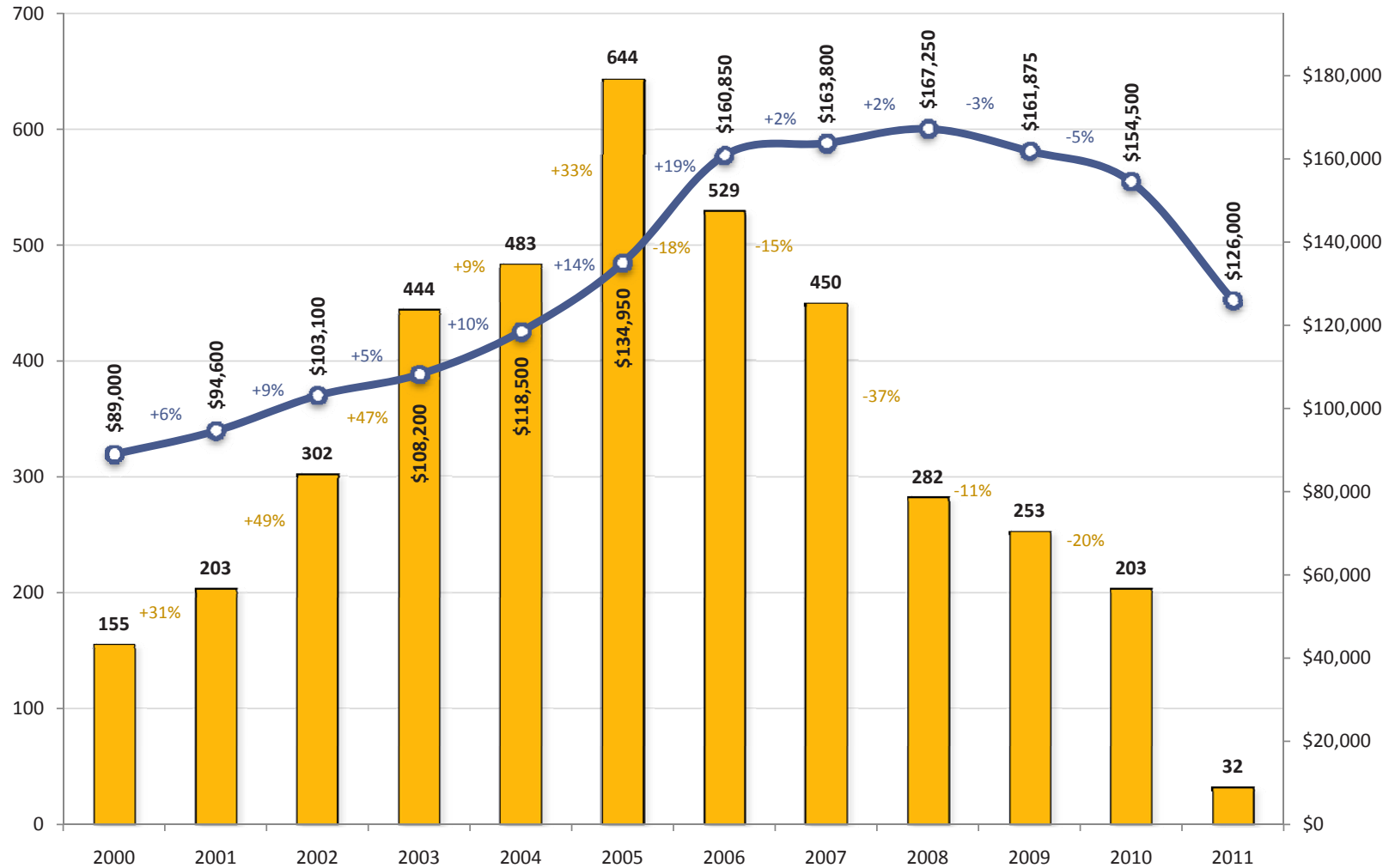
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes



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.

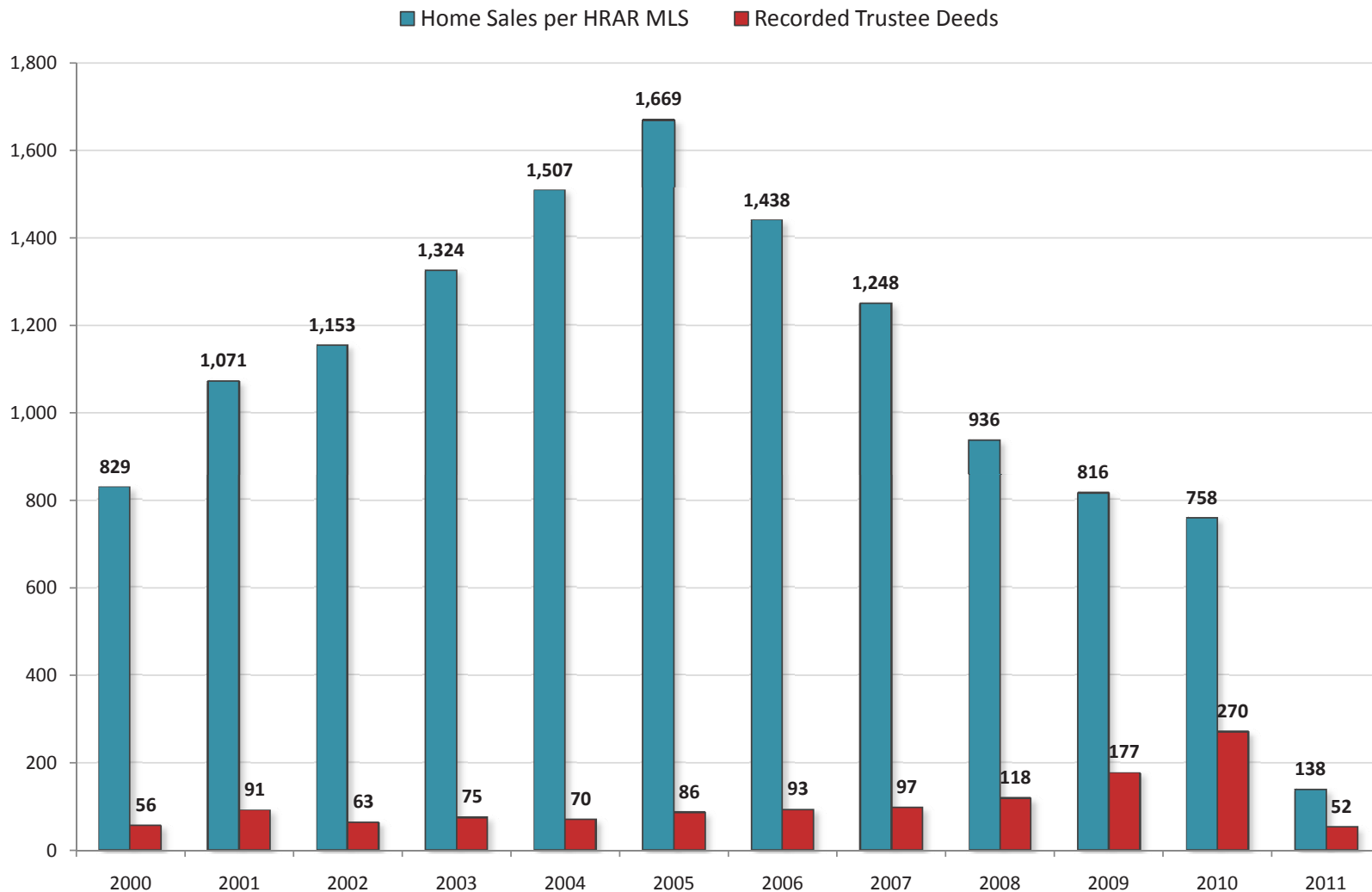
### Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



The townhouse market continues to falter. Fewer and fewer townhomes are selling - with an additional 20% drop in sales activity in 2010 compared to 2009. Townhome sales thus far in 2011 are even worse --- with only 32 townhome sales. Perhaps as a result of these faltering sales figures (volume) we are also starting to see a sharp

adjustment in the median sales price of townhomes. Of note, as recently as last month, the median sales price of townhomes in 2011 was higher than in 2010 -- thus it seems that quite a few townhomes sold in 2011 with low sales prices, bringing this median figure down.

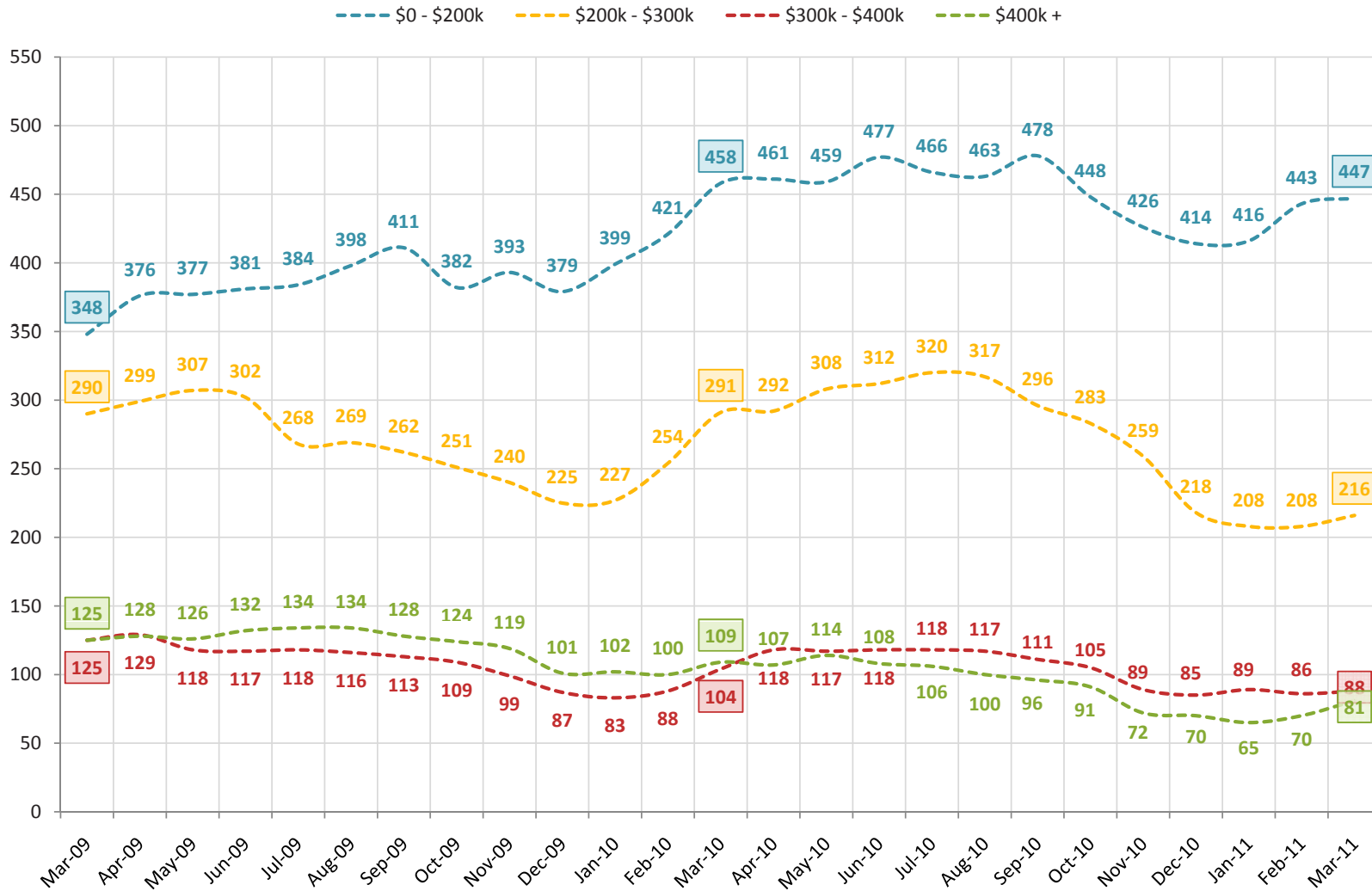
### Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



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 (2.6 to 1) is relatively similar to last year's ratio (2.8 to 1) thus far.

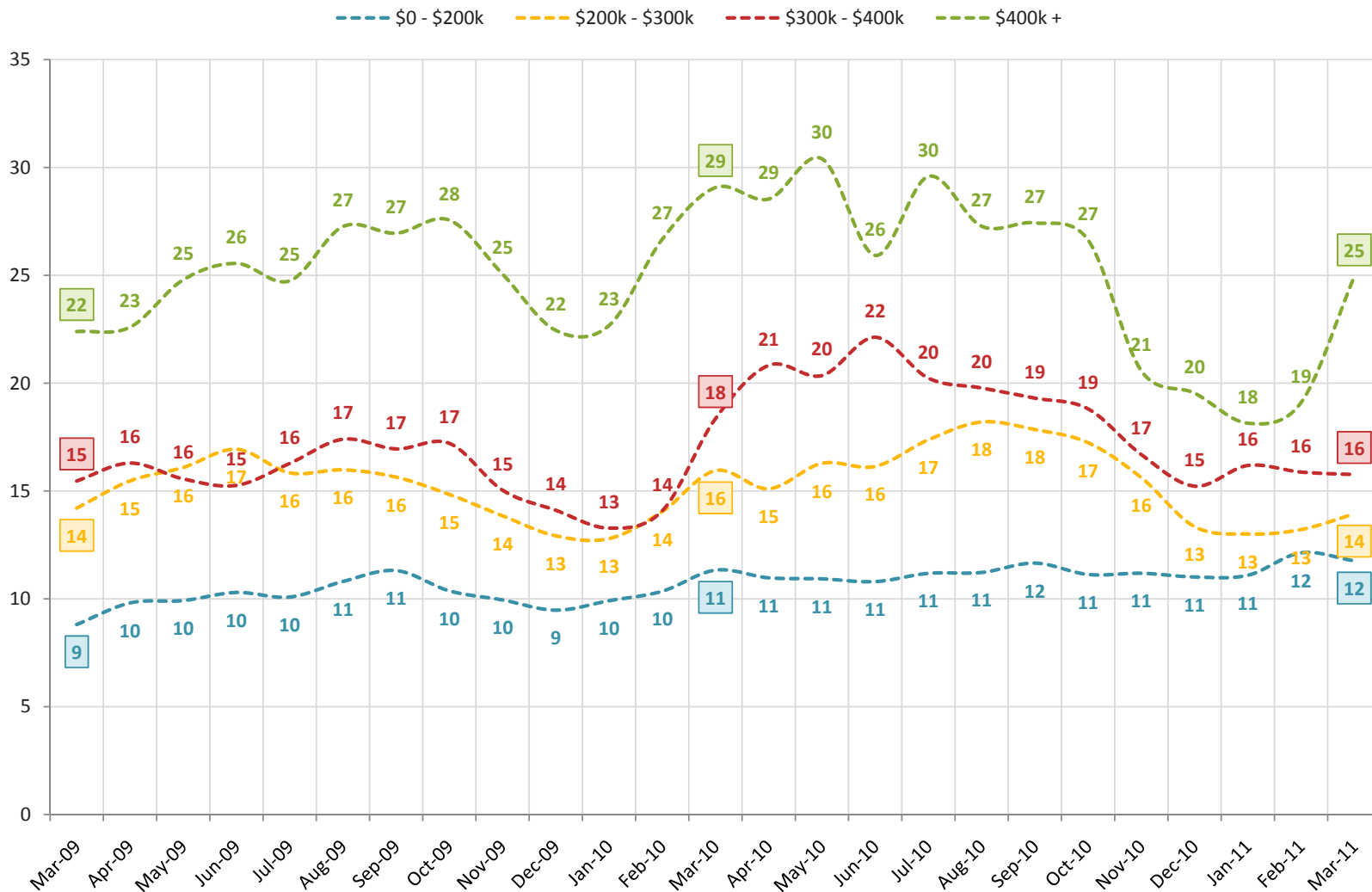
### Harrisonburg & Rockingham County Inventory Levels by Price Range



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 35% decline in inventory from 125 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.

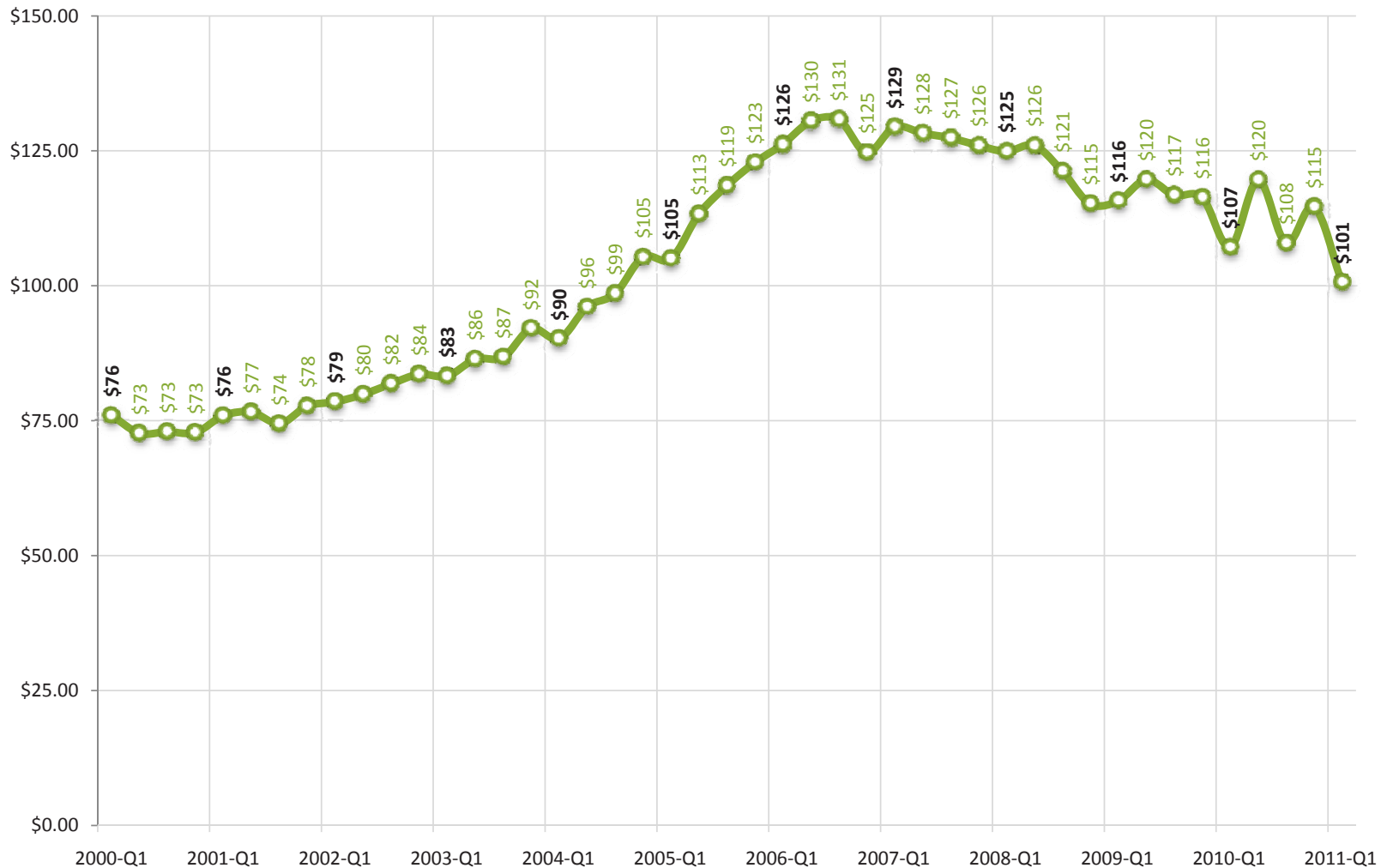
### Harrisonburg & Rockingham County Housing Supply Trends by Price Range



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.

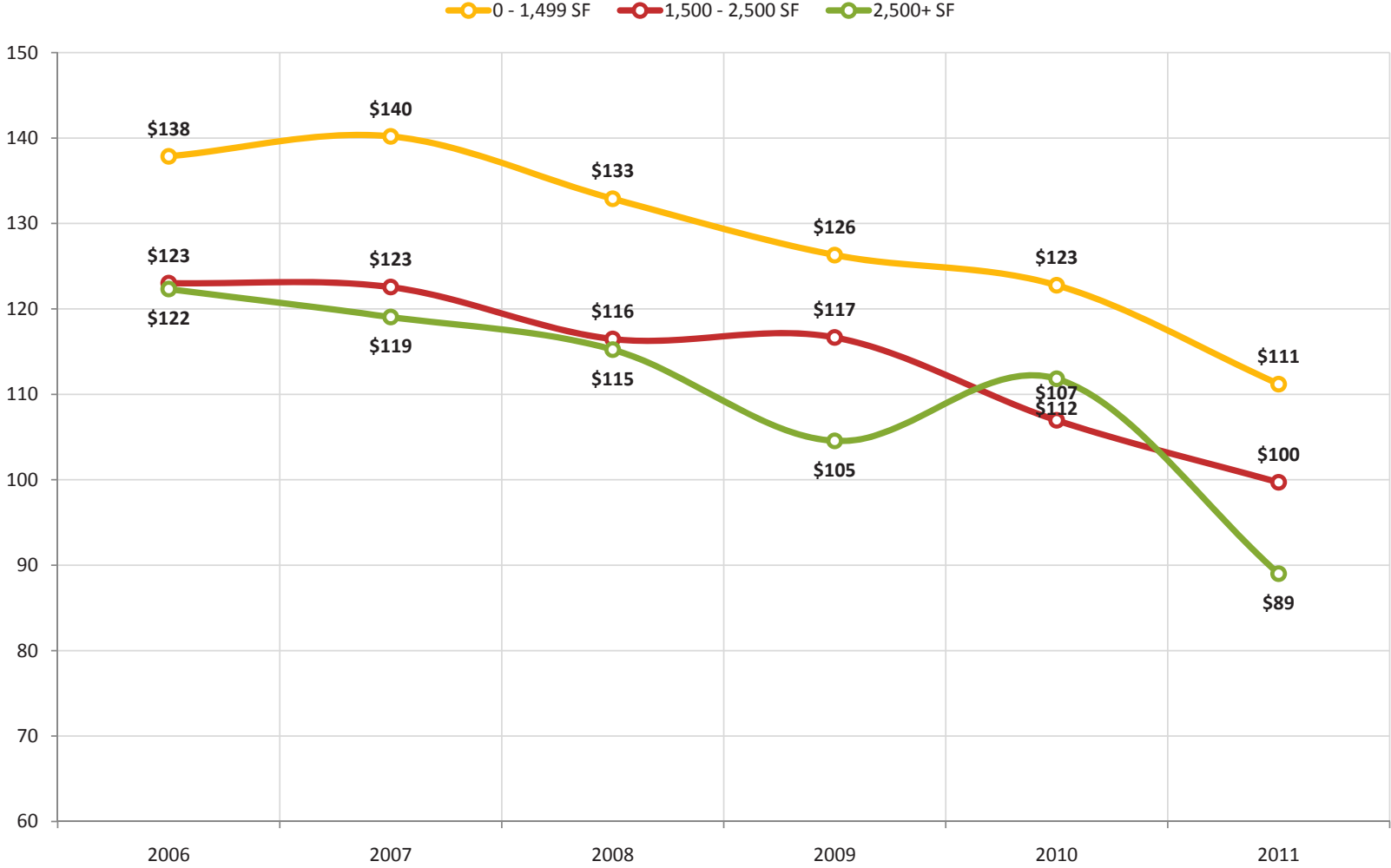
### Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



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

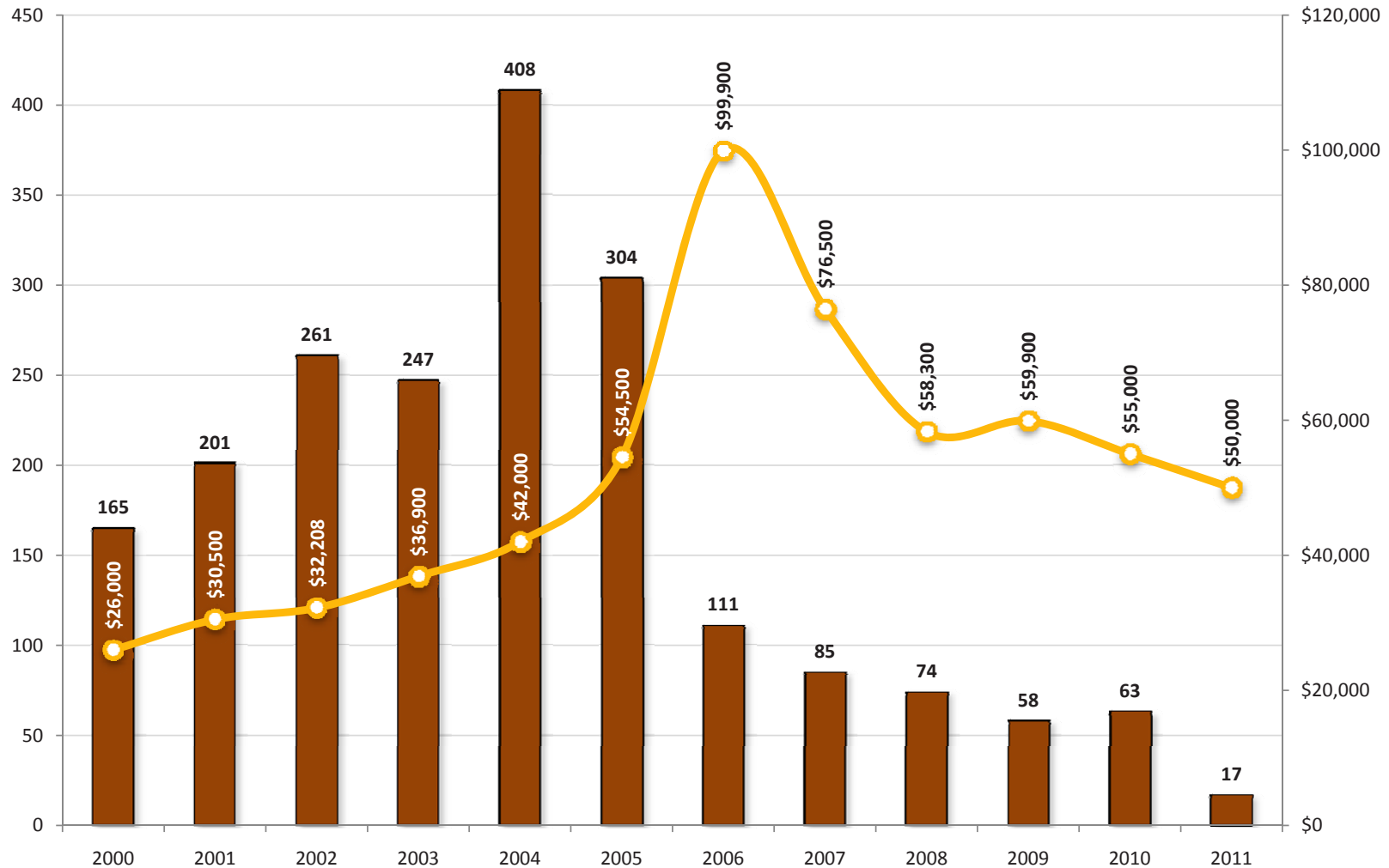


Price per square foot of single family homes certainly varies for many reasons, including the age, location, lot size and structural characteristics of each home sold. However, there are some similarities in homes of a similar size. This graph illustrates that the median price per square foot of larger homes (2500+ SF) is a good bit lower

(\$89/SF) than homes that offer less than 1500 SF (\$111/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.



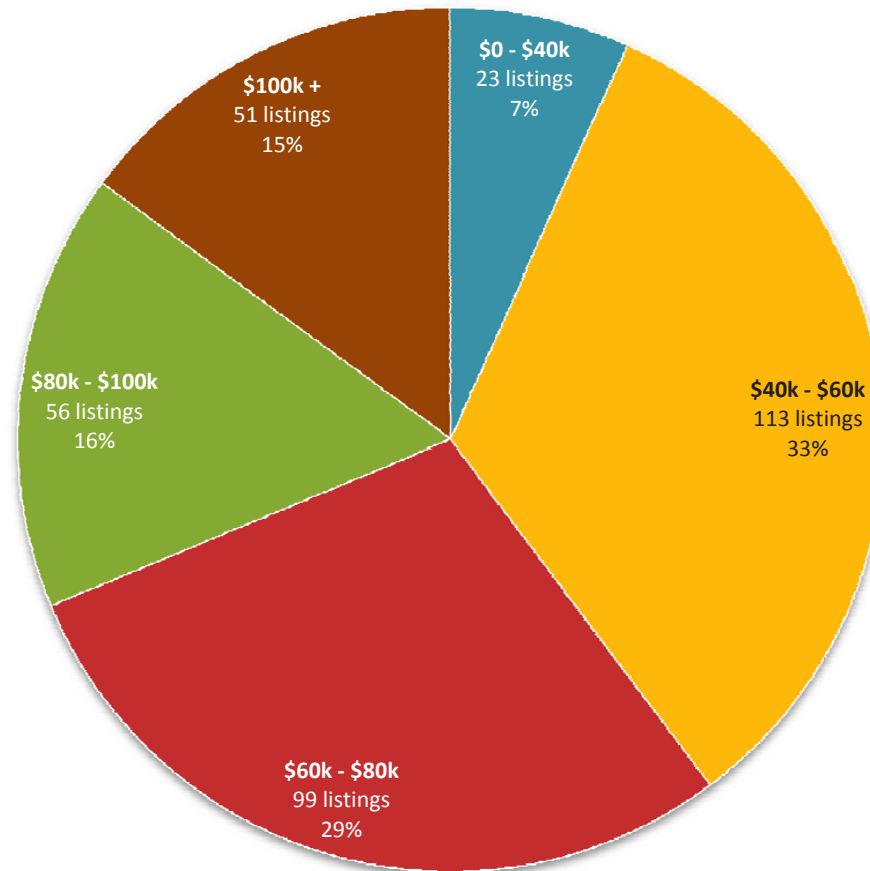
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



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 17 lot sales, though the median price of these lots has decreased even further to only \$50,000.

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

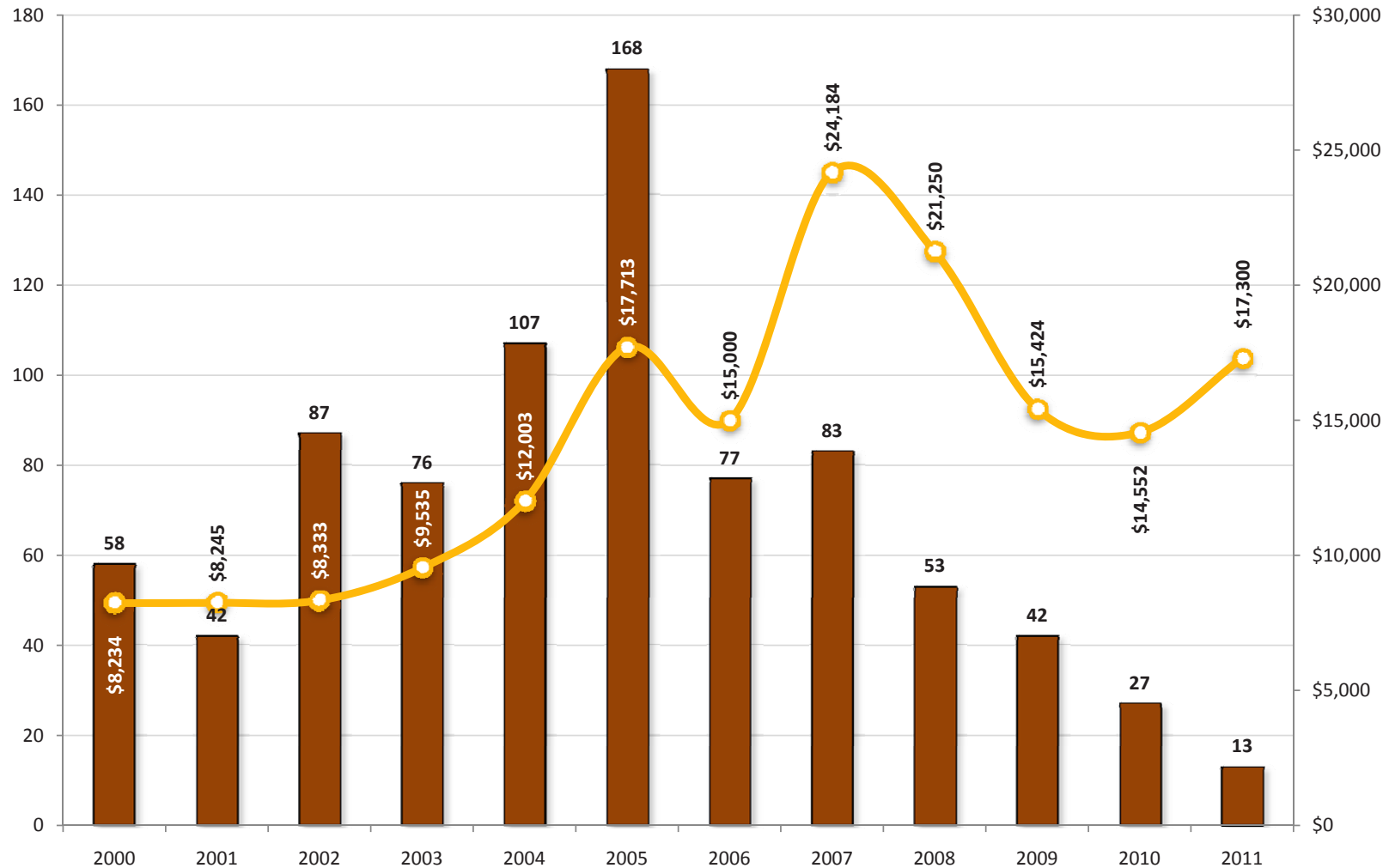


**342 Active Lot Listings; Median List Price: \$70,000**

Despite the fact that only 63 lots (of less than an acre) sold in all of 2010, there are an amazing 342 lots currently for sale. Furthermore, despite the fact that the median sales price of lots is hovering between \$50,000 and \$55,000, the median list price of the 351 lots for sale is currently \$70,000. Given last year's 63 lot sales, if no

other lots were listed for sale, it would take approximately five and a half years to sell all of the lots currently listed for sale. As you can see above, a full two-thirds of the lots currently listed for sale are priced above \$60,000 --- a solid gap above the 2011 median sales price of \$50,000.

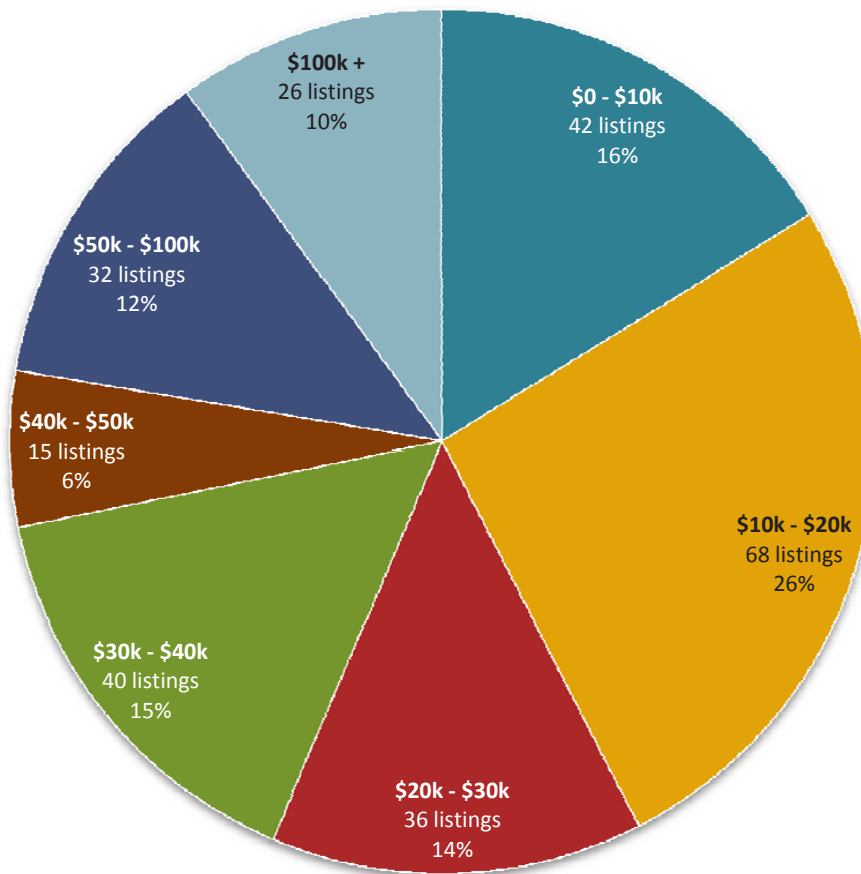
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



If you are trying to sell a piece of land larger than one acre in Harrisonburg or Rockingham County, you might be waiting for a while. Only 27 such transactions were recorded in the HRAR MLS in 2010, compared to a whopping 168 in 2005 -- however, an impressive 13 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 has also started to increase again. This may still be a result of the small data set in 2011, but there may be hope of some price stabilization this year.

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

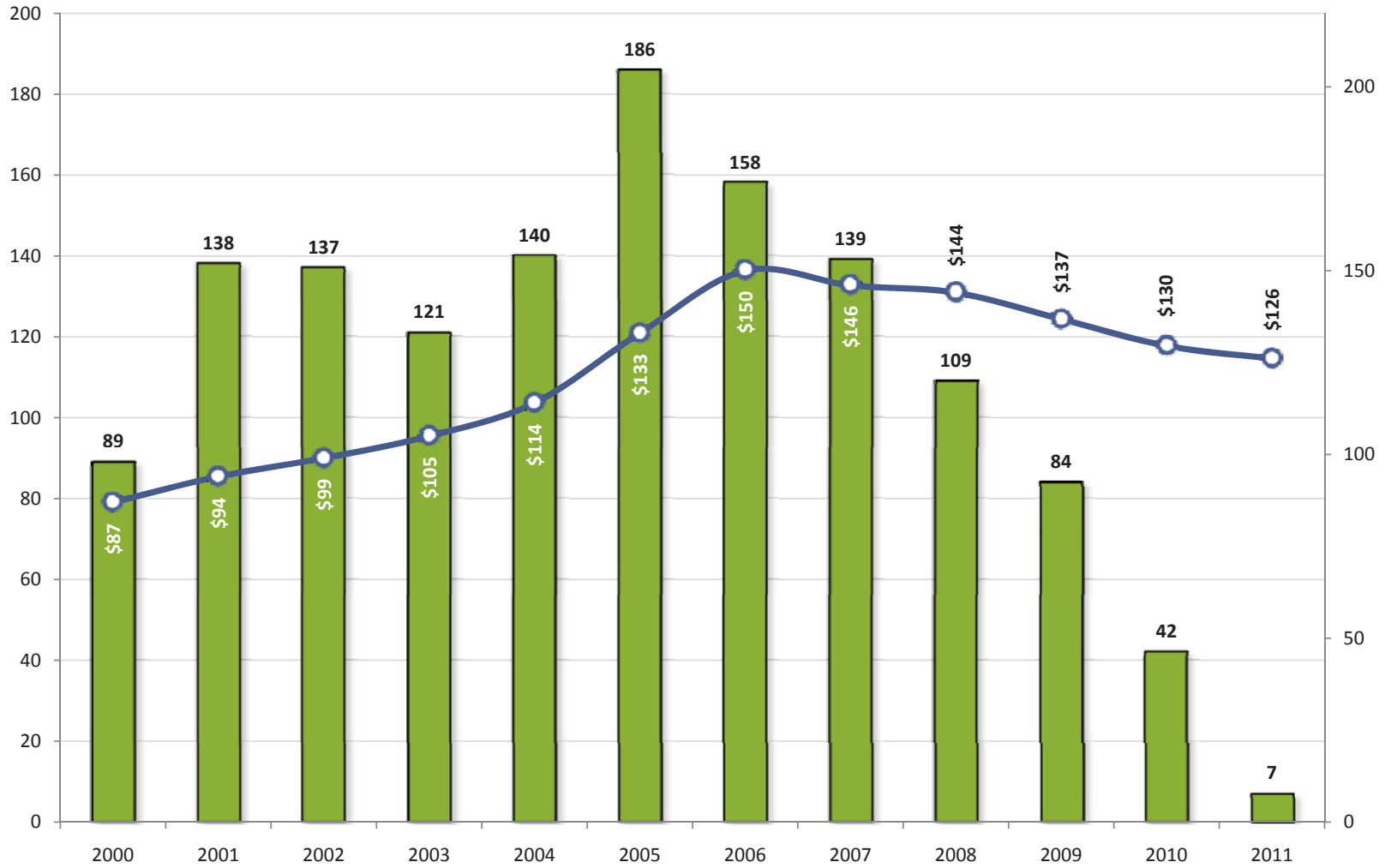


**259 Active Land Listing; Median List Price: \$24,778 / Acre**

Despite the fact that only 27 parcels of land (of one acre or more) sold in all of 2010, there are an amazing 259 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 259 parcels for sale is currently \$24,778 per acre. Given last

year's 27 land sales, if no other land is listed for sale, it would take approximately nine and a half 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.

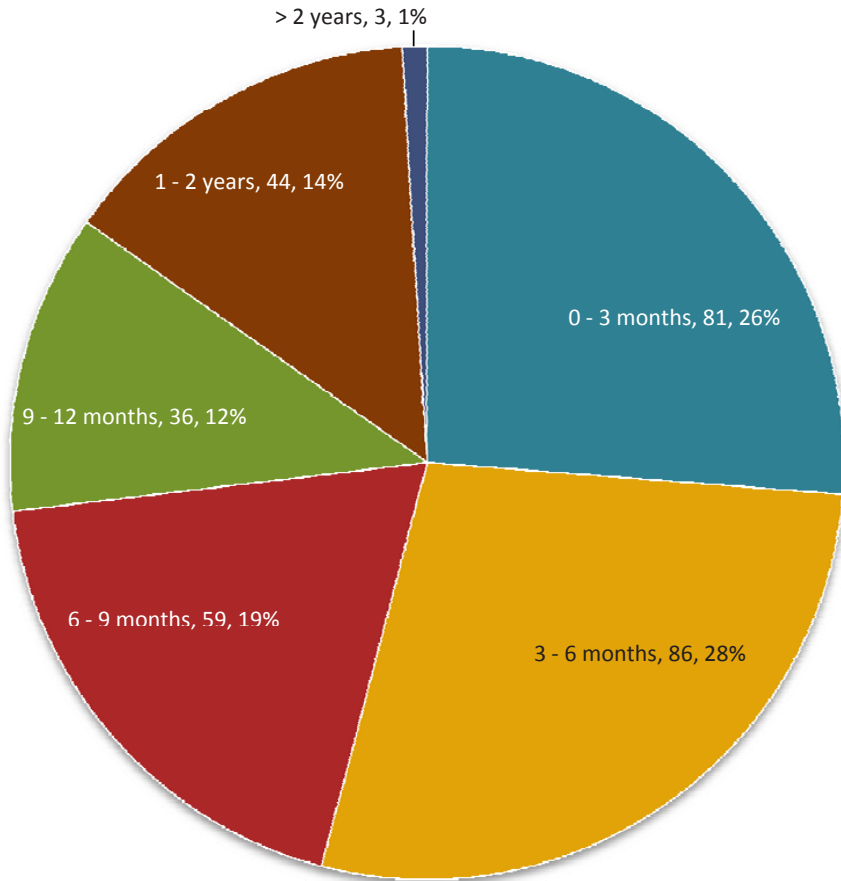
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



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

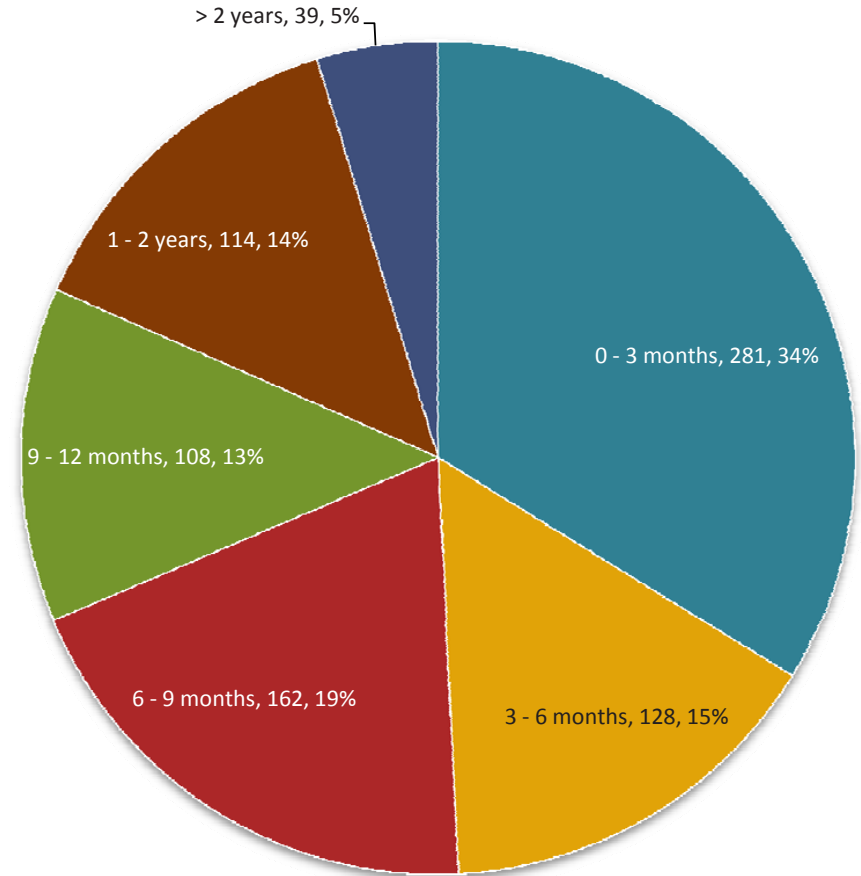
that remains is when the market for new construction will return, even in any small measure --- many people predict that it will take a further reduction of housing inventory. We have seen a significant overall decline in inventory over the past eight months -- so perhaps new construction will start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

**Harrisonburg & Rockingham County  
Days on Market Analysis  
Residential Listings Sold Oct '10 - Mar '11**



**Average Days On Market: 210**

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

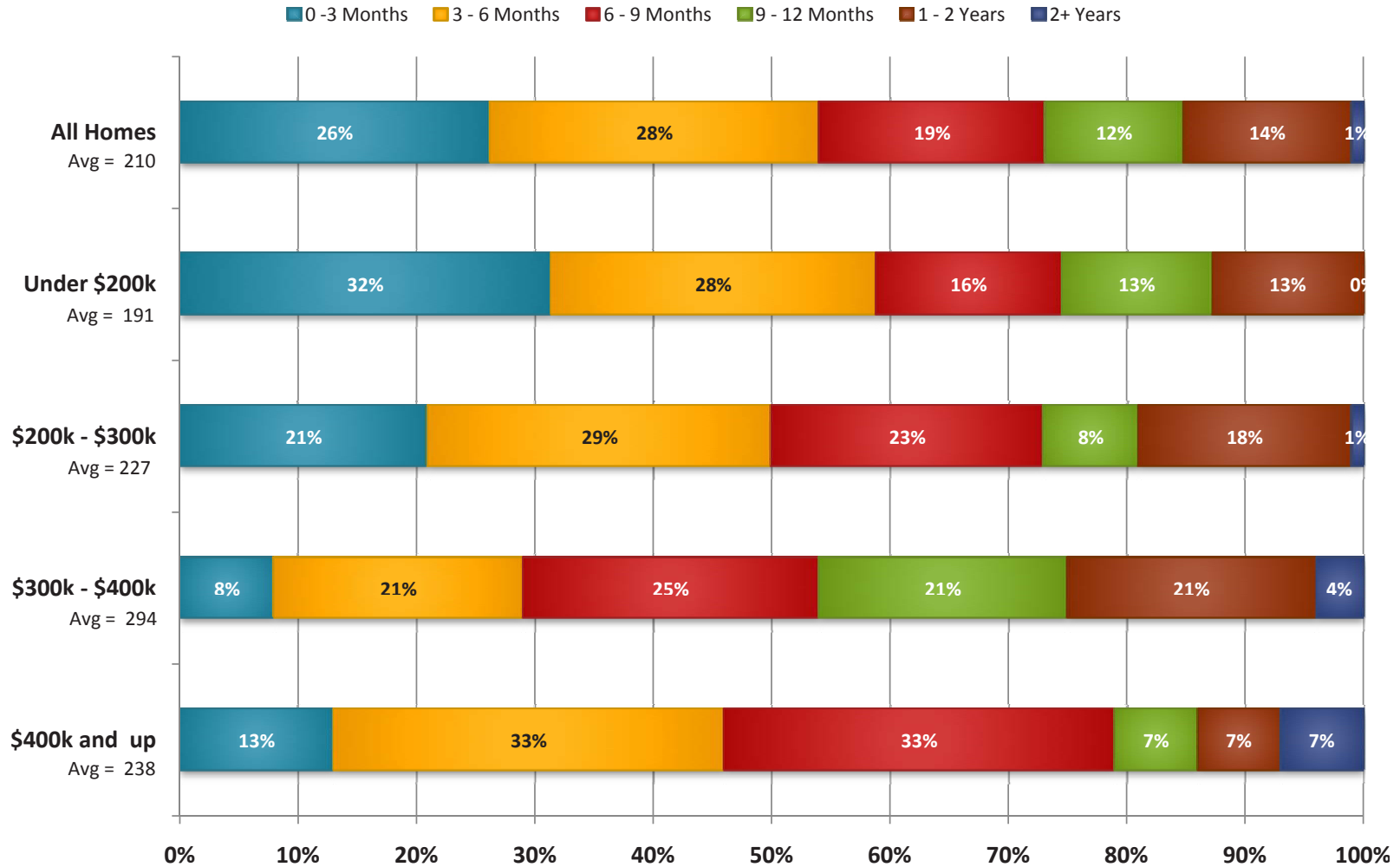


**Average Days On Market: 236**

Despite record inventory levels, and very few buyers being in the market, homes that are actually selling are selling rather quickly. In fact, roughly 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 54% 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**  
 Oct '10 - Mar '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 32% of homes that sold under \$200,000 sold in the first 90 days of being on the market, while only 8% 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 (238 days) is also significantly higher than that of homes under \$200,000 (191 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, 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).

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<http://www.ScottPRogers.com>

### Monthly Real Estate Market Reports

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### Ongoing Housing Market Analysis & Commentary

<http://www.HarrisonburgHousingToday.com>

### New Home Communities

<http://www.HarrisonburgNewHomes.com>

### Harrisonburg & Rockingham County Trustee Sales

<http://www.HarrisonburgForeclosures.com>